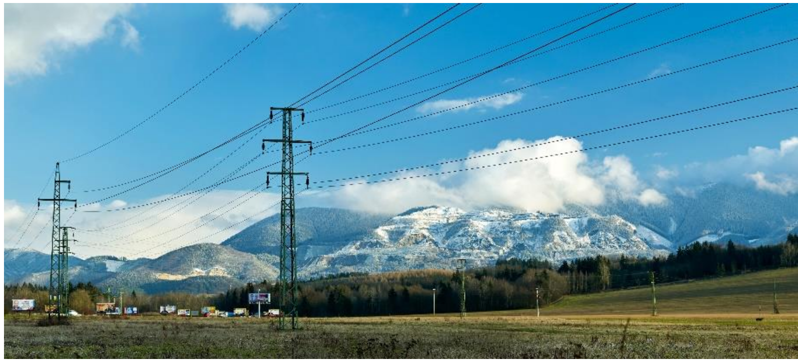
EP Infrastructure



H1 2018 Results

12 September 2018

Gary Mazzotti, Vice-chairman of the Board of Directors
Filip Bělák, Finance Director

www.epinfrastructure.cz/en/

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- The Information should be read in conjunction with the "Condensed Consolidated Interim Financial Statements as of and for the six-month period ended 30 June 2018" as published on www.epinfrastructure.cz.

Presenting team

EPIF	 **Gary Mazzotti** ***Vice-chairman of EPIF Board of Directors*** *Independent Director*	 **Filip Bělák** ***Finance Director***
Other Roles within EPIF and EPH	Member of the Board of Directors of other EPIF entities; Member of EPIF's Risk Committee	CFO of EP Energy; Member of the Board of Directors of other EPIF entities; Member of EPIF's Risk Committee
Previous Roles	Member of the Board of Directors and CFO of Kooperativa and Česká podnikatelská pojišťovna (Vienna Insurance Group)	Manager at KPMG
Years of Experience	30	16

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1) **Introduction**
2) Group performance
3) Financial profile update
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Summary of key results of EP Infrastructure for H1 2018[1,2]

Historical consolidated results for H1 2018

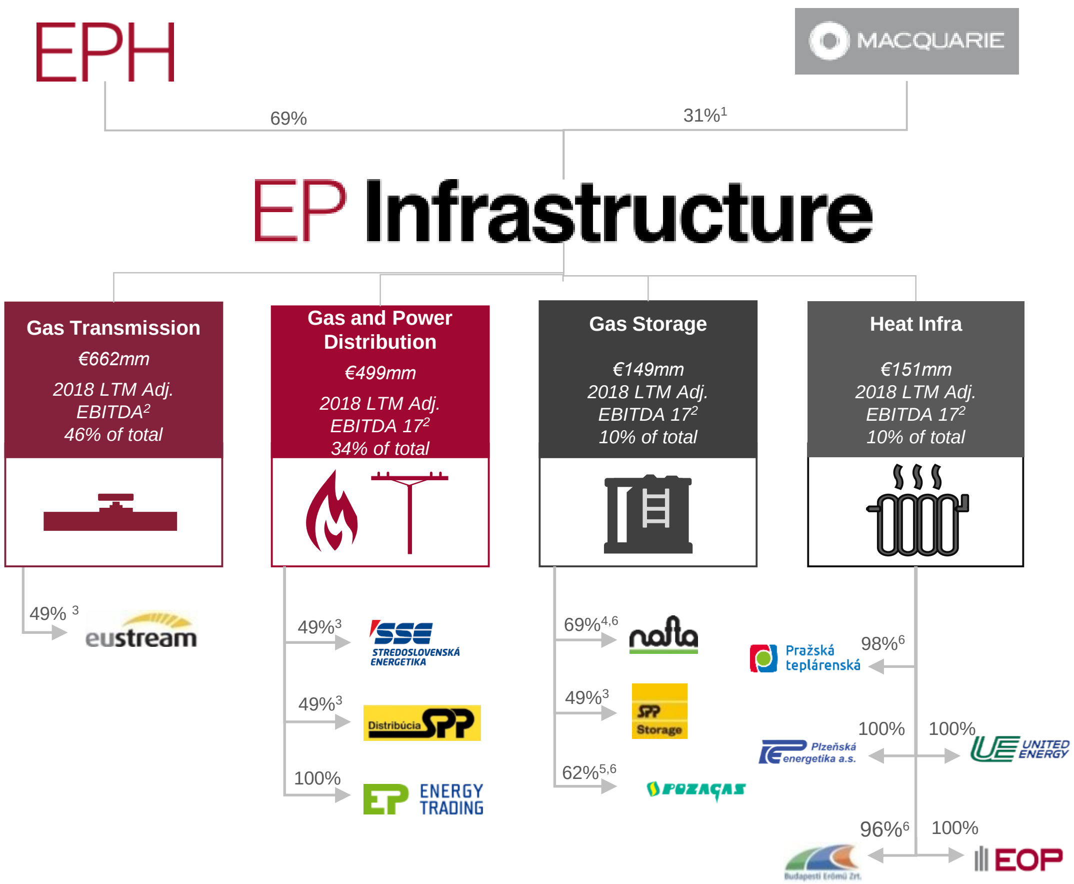
- In the first half of 2018, EP Infrastructure Group (“EPIF“ or „the Group“) continued to operate successfully its **traditional energy infrastructure assets** in Central Europe. EPIF core activities remain transmission, distribution and storage of natural gas, the distribution of electricity and district heating
- The core operations of EPIF remained **stable** in the first half 2018. EPIF Group **historical consolidated sales** for H1 2018 reached **EUR 1,569 million** (EUR 1,595 million in H1 2017). **Adjusted EBITDA**[3] for H1 2018 amounted to **EUR 779 million** (EUR 793 million in H1 2017). Both indicators for H1 2018 being **1.6%** and **1.8%**, respectively, **lower** compared to H1 2017. The minor decline in performance is primarily related to the fact that 2018 was warmer than 2017
- **Free cash flow**[5] generated in the first half 2018 reached EUR 606 million, which is **1.1% lower** than EUR 613 million generated in the first half of 2017. Minor drop is primarily driven by aforementioned weather pattern

Last twelve month historical consolidated results

- EPIF Group **consolidated sales** for H1 2018 Last Twelve Months („LTM“)[4] reached **EUR 3,078 million** (EUR 3,104 million in 2017). **Adjusted EBITDA**[3] for H1 2018 amounted to **EUR 1,454 million** (EUR 1,468 million in 2017). Both indicators for H1 2018 LTM being **1.0% lower** compared to 2017
- The **Proportionate Net Debt**[6] as of 30 June 2018 was **EUR 3,418 million** (EUR 3,597 million as of 31 December 2017)
- The **Proportionate Net Leverage Ratio**[7] as of 30 June 2018 stood at **4.25x**

1. All figures in the presentation calculated on **fully consolidated basis**, unless explicitly stated otherwise
2. **H1 2018 (or 2017)** stands for 6 month period ended 30 June 2018 (or 30 June 2017) while **H1 2018 LTM** stands for 12 month period ended 30 June 2018
3. **Adjusted EBITDA („Adj. EBITDA“)** represents operating profit plus depreciation of property, plant and equipment and amortisation of intangible assets less negative goodwill (if applicable), adjusted for selected items, i.e. (i) non-cash impairment at Plzeňská energetika (PE) and (ii) effect of temporary imbalance due from System Operations Tariff at SSE. For more details see slide 27
4. For **LTM figures** calculation see slide 28
5. **Free cash flow** represents Cash generated from operations, disregarding Change in restricted cash, less Income tax paid and Acquisition of property, plant and equipment and intangible assets as presented in the consolidated statement of cash flows of the Group
6. **Net Debt** represents the sum of indebtedness (representing principal amount and disregarding, among other things, unamortised fees, discounts and accrued interest) including finance leases but excluding mark-to-market of hedging instruments as included in the consolidated financial statements of the Group as of 30 June 2018 in the line items Non-current loans and borrowings and Current loans and borrowings, disregarding unamortised fees and accrued interest, less cash and cash equivalents. **Proportionate Net Debt** represents Net Debt, taking into consideration the proportionate ownership of EPIF in its subsidiaries
7. **Net Leverage Ratio** represents Net Debt divided by Adjusted EBITDA. **Proportionate Net Leverage Ratio** represents Net Leverage Ratio, taking into consideration the proportionate ownership of EPIF in its subsidiaries

EPIF Group overview



EPIF group overview

- EPIF is an important and diversified infrastructure group in the EU. EPIF owns and operates its critical infrastructure assets in stable and developed markets of Slovakia (A+ / A2 / A+)[10] and the Czech Republic (AA- / A1 / AA-)[10]
- All major EPIF assets have stable and resilient cash flows, leading market positions and a track record of operational excellence
- EPIF's assets are strategic and important for the region and transmit natural gas to the EU countries; major subsidiaries are co-owned by the Slovak government, whereby EPIF keeps management control over all its subsidiaries
- The Group consists of four principal divisions: Gas Transmission, Gas and Power Distribution, Gas Storage and Heat Infra

Financial summary

(€mm)	H1 2018 LTM	2017	2016
Adj. EBITDA[2]	**1,454**	**1,468**	**1,458**
Cash generation[7]	**1,290**	**1,323**	**1,265**
Cash conversion[8]	89%	90%	87%
Prop. Net Debt / EBITDA[9]	**4.25x**		

1. Macquarie Infrastructure and Real Assets (MIRA Co.) and several other institutional co-investors co-own the Holding Company ("MacCo"); MIRA has the controlling rights and the MacCo is the only party to the SHA with EPH
2. Adj. EBITDA defined on slide 5; figures exclude segment "Other" as well as inter-segment eliminations
3. 49% including management control; remaining stake owned by Slovak state
4. 40.45% controlled directly and 56.15% is controlled by SPP Infrastructure. EPIF stake in SPP infrastructure is 49% including management control; considers own shares held in Nafta
5. 65% is controlled by Nafta and 35% is owned by SPP infrastructure
6. Minority shareholders are: Slovak government (Pozagas), Slovak government and other minor shareholders (Nafta), other minor shareholders (PT) and FÖTAV, City of Budapest and other minor shareholders (BERT)
7. **Cash generation** calculated as Adj. EBITDA – Capex; Capex defined as "additions to tangible and intangible assets less emission rights"
8. **Cash conversion** calculated as (Adj. EBITDA – Capex) / Adj. EBITDA
9. Calculated taking into consideration the proportionate ownership of EPIF in its subsidiaries, disregarding any pro forma effects due from acquisitions (Pražská teplárenská, Pozagas)
10. S&P / Moody's / Fitch

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Large and diversified portfolio of strategically-important infrastructure assets, under stable regulatory environment and/or long-term contracts

2017 | H1 2018 LTM

2017 and H1 2018 LTM comparison (all figures for a 12-month period)

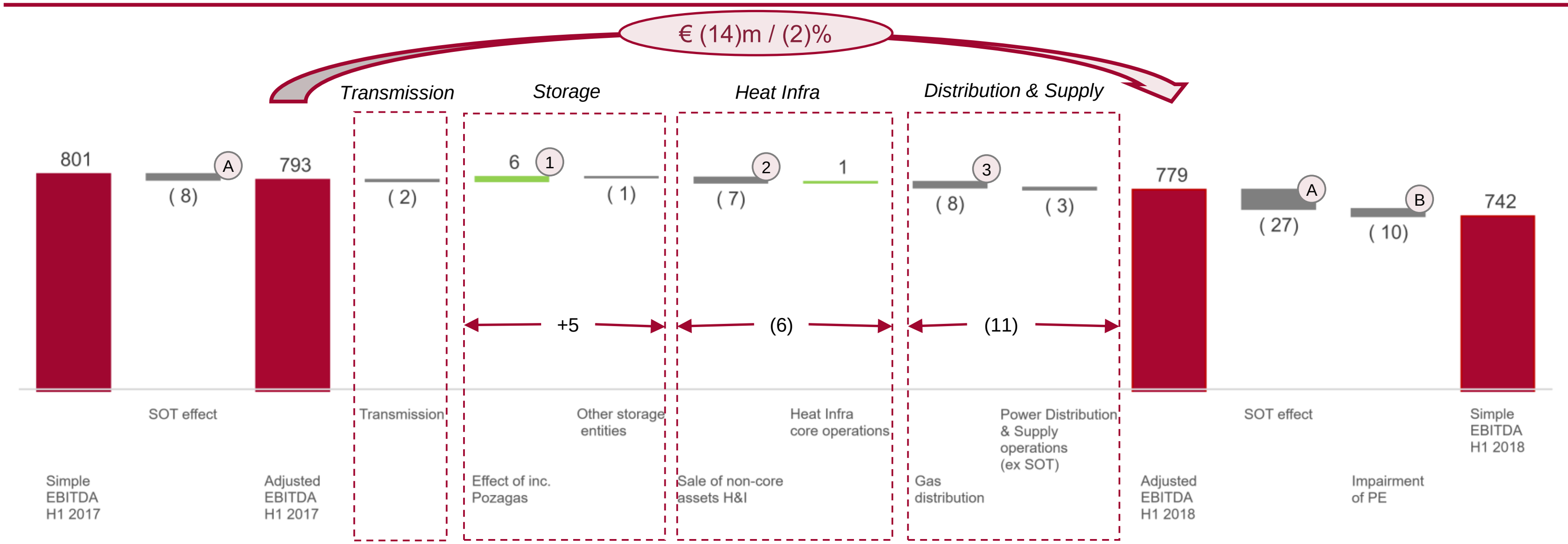
Segment	Adj. EBITDA 2017	Adj. EBITDA H1 2018 LTM	Cash conversion 2017	Cash conversion H1 2018 LTM	Operating KPIs	Business profile
Gas Transmission	45% €664mm	46% €662mm	98%	96%	Gas transmission (bcm): 64,2 / 61,2	Regulated / long-term contracted
Gas and Power Distribution	35% €510mm	34% €499mm	85%	84%	Gas and power distribution (TWh): 2017 Gas 52,7, Power 6,2; H1 2018 LTM Gas 52,2, Power 6,3	Almost fully regulated; natural monopoly position in distribution business in the region of operation
Heat Infra	11% €157mm	10% €151mm	69%	66%	Heat sold (PJ): 22,1 / 21,2	Predominantly regulated
Gas Storage	10% €144mm	10% €149mm	97%	97%	Storage capacity (TWh): 40,8 / 40,8	Predominantly long-term contracted
EPIF (Total for the Group)[1]	€1,468mm	€1,454mm	90%	89%		

1. Total figure includes also other segments of the Group; Percentage of share of particular segment on the group results is calculated disregarding holding costs

Breakdown of H1 2018 results (1/2)

Adjusted EBITDA bridge H1 2018 vs. H1 2017

Indicative Adjusted EBITDA bridge[1] (m EUR)



Non-core business:

A Adjustments for effect of SOT deficit/surplus[2] that is merely a timing difference with EUR 8 million positive effect on H1 2017 results while EUR 27 million negative effect on H1 2018 results

B In H1 2018 EPIF Group booked an impairment charge of EUR 10 million, a non-cash non-recurring item, as result of commercial negotiations between EPIF and City of Pilsen in relation to a merger of Plzeňská energetika („PE“) and Plzeňská teplárenská („PLTEP“). EPIF is expected to have 35% shareholding and management control in PLTEP (the successor company)

Core business:

1 H1 2017 Group results do not include EBITDA of Pozagas that was partially acquired in December 2017 and fully consolidated since then

2 H1 2017 Heat Infra segment results were positively influenced by gain from sale of unused non-core assets of EUR 7 million in 2017

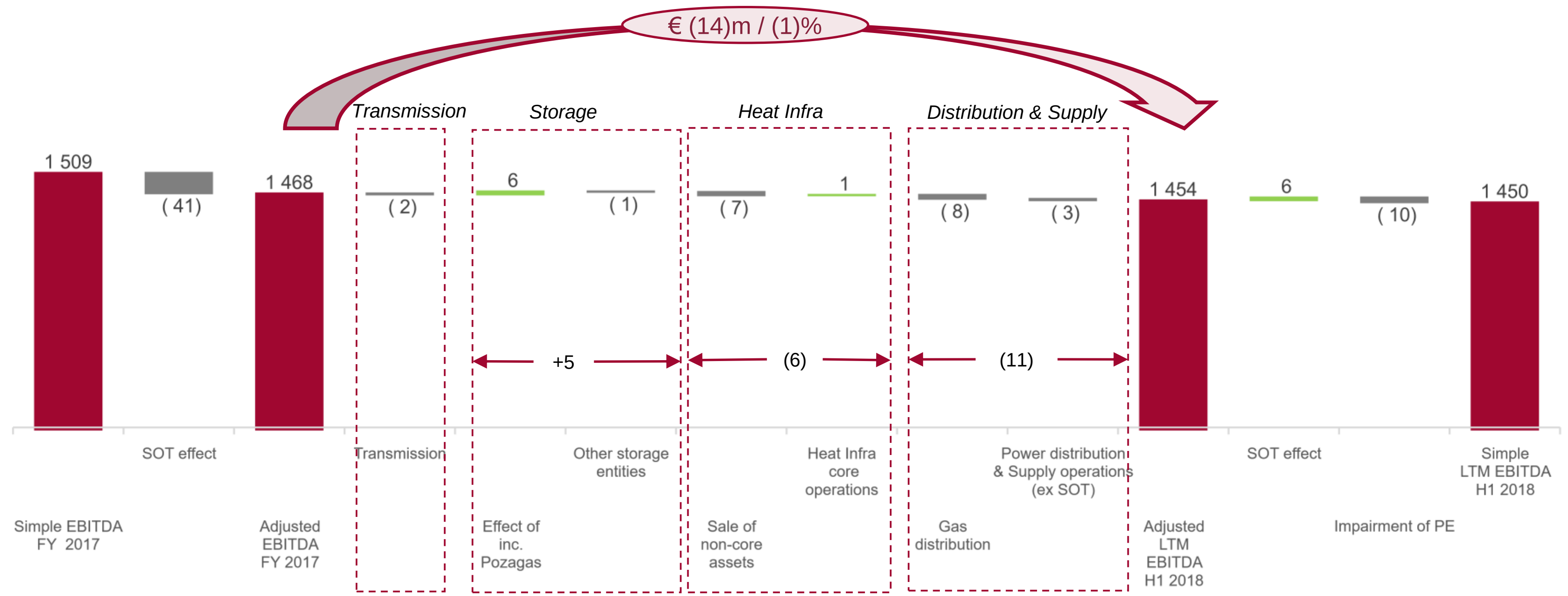
3 H1 2018 Gas and Power Distribution segment is lower by EUR 8 million due to cold weather pattern in January 2017, which was not anticipated by gas shippers that made bookings on underlying assumption of rather mild winter in recent years. As a result, gas suppliers, customers of SPPD, were forced to book additional distribution capacity at significantly higher price, which had exceptionally positive effect on SPPD‘s 2017 performance

1. Figures might not add up due to rounding
2. System Operations Tariff („SOT“) mechanism explained on slide 27

Breakdown of H1 2018 LTM results (2/2)

Adjusted LTM EBITDA H1 2018 vs. Adjusted EBITDA 2017

Indicative Adjusted EBITDA bridge[1] (m EUR)



- ❑ See previous slide for details

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Conservative capital structure and financial policy strongly supported by the shareholders

Summary capital structure

Fully consolidated basis (€mm)	30 June 2018
Gross debt[1]	4,816
Cash	523
Net debt	**4,293**
Adjusted EBITDA H1 2018 LTM	1,454
Net debt / Adjusted EBITDA[4]	**2.95x**

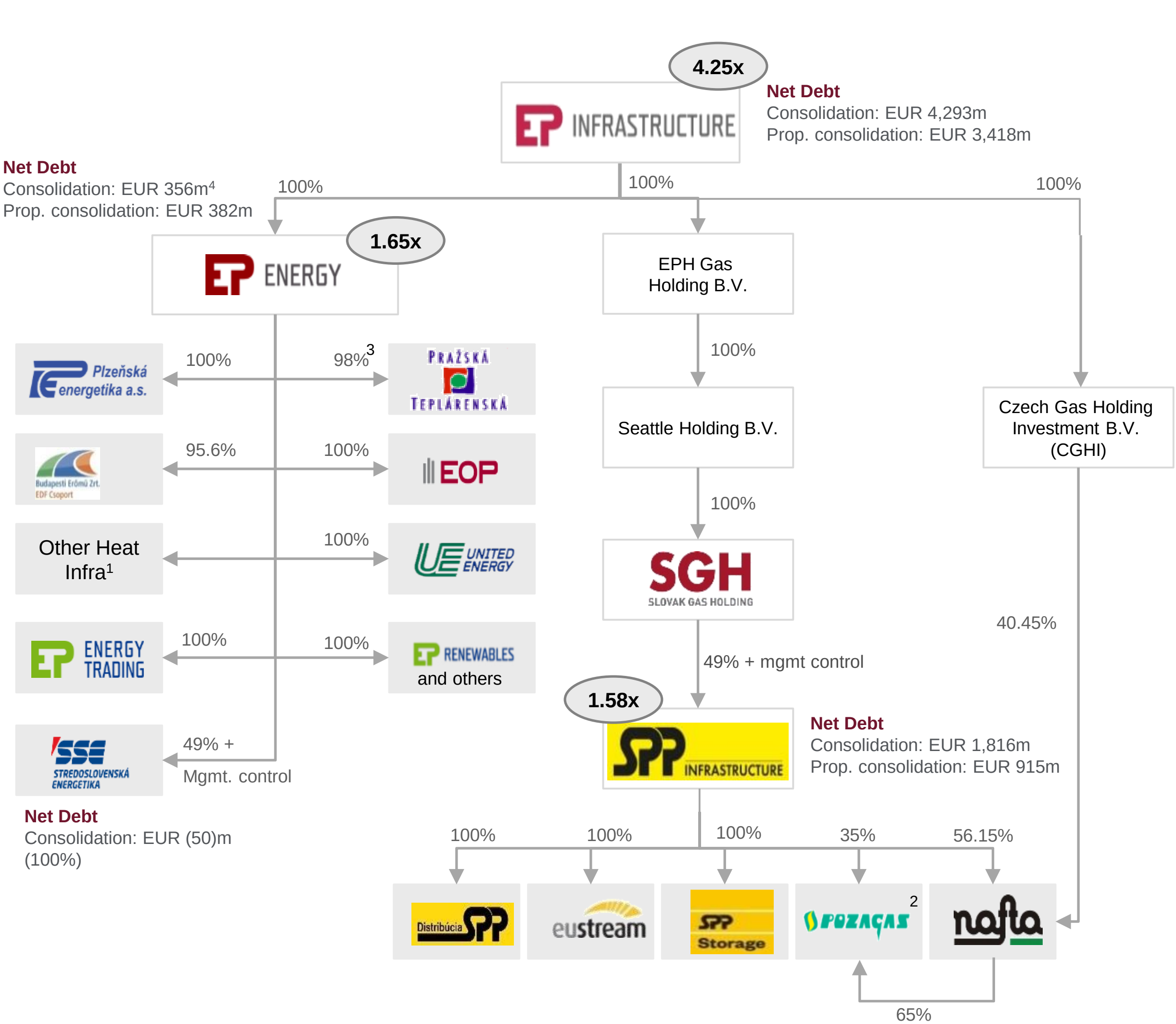
Proportionately[2] consolidated basis (€mm)	30 June 2018
Gross debt[1]	3,738
Cash	320
Net debt	**3,418**
Adjusted EBITDA H1 2018 LTM	805
Net debt / Adjusted EBITDA[4]	**4.25x**

EPIF financial policy

- EPIF has a stable financial policy established in the Shareholders' Agreement between EPH and MIRA further emphasized by the dividend lock-up covenant of 4.5x Net Debt/EBITDA (on proportionate basis)
- EPIF is committed to maintaining a financial profile consistent with investment-grade ratings
  - Currently rated BBB by S&P's / Baa3 by Moody's / BBB- by Fitch, all with stable outlook
  - In addition to EPIF's overall leverage distribution limit, there are limitations on leverage at operating subsidiaries
    - At SPP-I and SSE, Net Debt/EBITDA limited to 2.5x under shareholders' agreement with the Slovak state
    - At EP Energy, Proportionate Net Debt/EBITDA currently 1.65x[3], however the management expects that the EP Energy group shall be largely free of external debt after the EP Energy 2019 bonds are settled (in Q4 2019 at the latest)
  - Potential bolt-on acquisitions only if consistent with EPIF's conservative financial policy. Investment policy fully in line with financial profile of the group and having in mind the target to maintain investment grade profile
- EPIF's financial policy is supported by robust corporate governance, reinforced by MIRA's strong minority shareholder rights in the Shareholders' Agreement

1. Represent principal owed and financial lease, disregarding accrued interest and unamortized fees
2. Calculated by taking into consideration the proportionate ownership of EPIF in its subsidiaries
3. H1 2018 disregarding intra-group loans (loan EUR 250 million from EPIF)
4. Ratio does not include any pro forma effects due from acquisitions (Pražská teplárenská, Pozagas)

Capital structure overview as at 30 June 2018 – external debt



Key highlights

- Being a parent company, EPIF has very strong access to all the cash flow generated across the group:
  - Ultimately fully unencumbered access to the cash flows generated by EPE OpCos, which will all be virtually debt-free
  - Current bonds on EPE will be refinanced at EPIF level at the earliest commercially sensible opportunity in 2018/19, which means that this structural subordination for EPIF is only temporary
  - A modest level of debt around 2.0x will remain at SGH group entities, which allows for comfortable dividend upstreaming versus the shareholder agreement with a threshold at 2.5x
  - EPIF proportionately consolidated group is subject to 4.5x dividend lock-up, limiting distributions from EPIF to its shareholders

1. Mainly include EP Cargo and EP Sourcing (suppliers of Heat Infra entities)
2. EPIF indirectly owns approx. 62% of Pozagas, reflecting acquisition of 21% stake completed in December 2017
3. Reflects acquisition of 24% stake completed in December 2017
4. Does not include the intercompany debt of EUR 250 million from EPIF

EPIF successfuly delivered strategic goals in financing

Key financing events during H1 2018

- On 20 April 2018, EPIF successfully placed its **debut international offering of EUR 750 million 1.659% fixed rate notes due 2024**

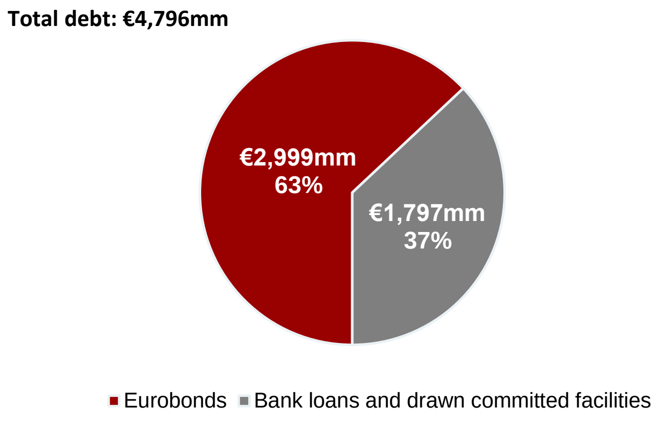
- On 1 May 2018, **EP Energy repaid EUR 598 million of bonds** using combination of intercompany loan provided by EP Infrastructure totaling EUR 250 million and own cash of EUR 348 million

- In July 2018 *(i.e. subsequent event),* **EPIF refinanced its remaining bank loans** at holding level in order to extend maturity and optimize interest costs. Total refinancing of EUR 1.5 billion, with maturities of tranches of 4 and 5 years, met with a great interest of banks and was significantly oversubscribed

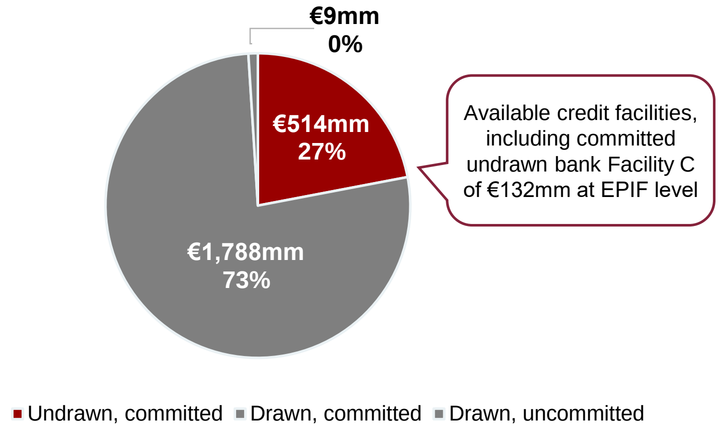
- Through the bond issuance and bank loan refinancing at EPIF level, EPIF has been able to benefit from the favorable conditions in the international debt capital markets at that time in order to extend its debt maturity profile, while reducing the average cost of its borrowings

Gross debt overview as of 31 August 2018 (i.e. after July refinancing)

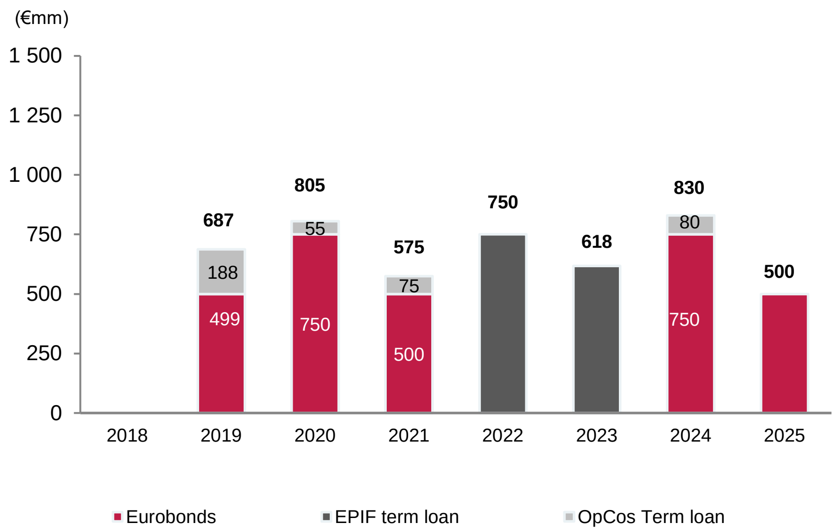
Bank and bond debt breakdown by instrument



Utilization of bank financing



Debt maturity profile[1]



Commentary

- Following the recent bond issuance and the bank debt refinancing, EPIF expects to refinance EP Energy's EUR 499 million bond at EPIF level (latest in November 2019). NAFTA bank loans are anticipated to be refinanced on NAFTA level before maturity
- Almost all debt is €-denominated
- EPIF expects to continue in its strategy of improvement of its maturity profile and financing costs

Note: Debt figures as of 31 August, 2018, unless otherwise stated. Gross debt represents principal owed, disregarding accrued interest and amortized fees and finance lease

1. Excludes (i) SSE group bank loans of EUR 22m which are amortizing over the period 2018-2023, (ii) finance lease of EUR 4m and (iii) SPPI's overdraft of EUR 9m

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Gas Transmission: Key highlights

H1 2018 LTM Adj. EBITDA €662m
2017 Adj. EBITDA €664m

eustream

1 — *Key strategic asset for Slovakia and the EU*

- Sole gas transmission system operator (TSO) in Slovakia and owner of all transmission infrastructure
- Almost **half of the European import capacity from Russia**. The largest and most used natural gas import route to Ukraine from Western Europe
- Key **strategic assets for Slovak government** (51% ownership, A+ / A2 / A+) and one of the largest contributors to the state budget
- Trend of increasing need for Russian gas in Europe because of decrease of domestic production and anticipated growing gas consumption
- Support from Slovak government while negotiating with major stakeholders
- Eustream began with construction of SK-PL interconnector. This strategic project is heavily subsidized by the EU and scheduled to commence operations in 2021

2 — *Stable and fully EU compliant regulatory environment*

- Tariffs are set by the regulator for 5 year period (2017-2021) in accordance with methodology of comparison of the international transmission tariffs
- Transmission fees of the long-term contracts are fixed for the lifetime of every contract

3 — *100% ship-or-pay contracts and majority of capacity contracted for upcoming years*

- **100% ship-or-pay contracts** assure stable revenue streams over time due to fixed prices
- Approximately **50% of annual current capacity booked until 2028** by a major Russian shipper
- Other long term contracts signed with counterparties with strong credit standing and excellent credit history

4 — *Highly cash generative business with limited maintenance capex needs and sound financial performance and outlook*

- Optimally maintained, well developed pipelines and facilities
- €664m Adj. EBITDA 2017, with **high cash conversion** of 98%, while €662m Adj. EBITDA LTM H1 2018, with cash conversion of 96%
- Eustream H1 2018 results driven by long-term ship-or-pay contracts
- Lower volumes of transmitted gas and associated lower volume of gas-in-kind received almost fully compensated by higher gas prices realised
- Conservative leverage cap of 2.5x net debt / EBITDA set by the shareholder agreement (SHA) with Slovak government
- Standalone credit rating: Baa2 by Moody's / A- by Fitch, outlook stable

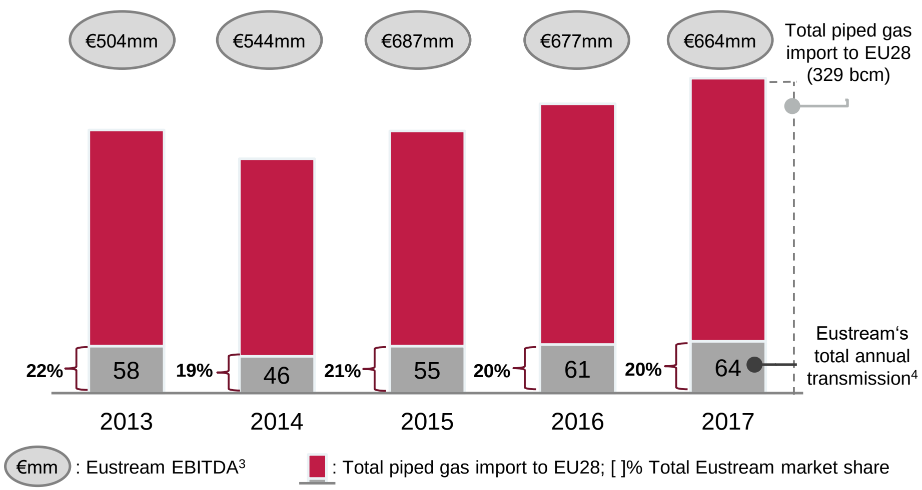
Eustream is the key player in transit of gas to Western and Southern Europe

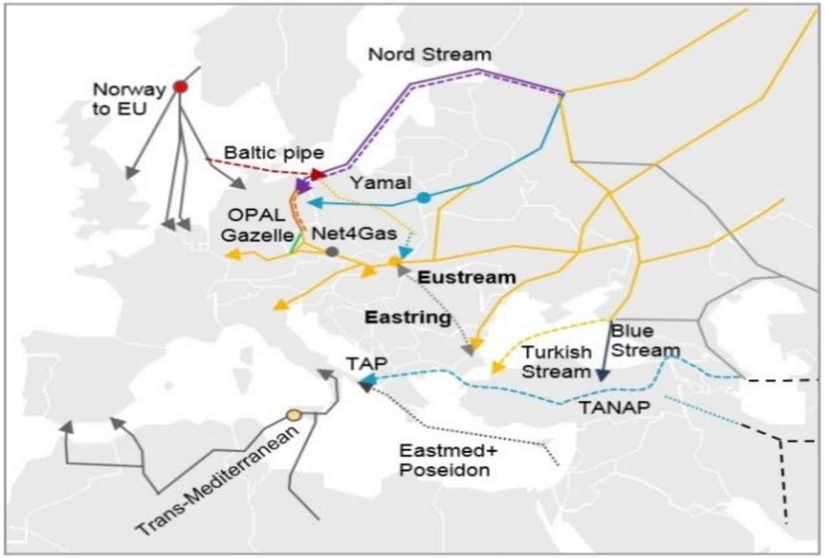
eustream

Prominent role in European gas sourcing

- **Critical infrastructure** for the European Union (particularly for Italy, Austria, Central Europe) and for Ukraine
- No other existing transmission route with sufficient capacity to supply major part of the aforementioned region in the context of expected increase in imports of Russian gas to meet EU consumption
- Large majority of 64 bcm of gas in 2017 was transmitted under **long-term ship-or-pay contracts** to traditional markets of Eustream
- Eustream presently plays a **pivotal role in North-to-South natural gas flows** (mostly from Nord Stream I). Eustream shall transmit also gas from Nord Stream II, if implemented
- More than **70% of imported gas from EU to Ukraine** is transmitted using Eustream network (point Budince) since start of commercial operation of the SK-UA reverse flow mechanism[1]

Stable market share and EBITDA development of Eustream[2]





Pipeline Name	Status 06/2018	Yearly Capacity
Existing pipelines		
Eustream		**77.4 bcm[1]**
Nord Stream		55 bcm
Yamal		33 bcm
Blue Stream		16 bcm
Net4Gas		66 bcm
OPAL		36.5 bcm
Gazelle		33 bcm
Trans-Mediterranean		30 bcm
Other Africa to EU		31.7 bcm
Norway to EU		152.7 bcm
Potential pipelines		
Turkish Stream		15.75-31.5 bcm
TANAP+TAP		16 bcm
Baltic pipe		10 bcm
Eastmed+Poseidon		10 bcm
Nord Stream II		55 bcm
Eugal		51 bcm
Eastring		**10-20 bcm**

Source: Company Information, Eustream company information, Argus
1. Source: Data of the operators of the individual entry points to Ukraine, ie FGSZ Zrt. (Hungary), GazSystem S.A. (Poland) and Eustream a.s.
2. Total piped gas import to EU28 includes pipeline deliveries from Russia, Norway, Algeria and Libya (2017 data are preliminary). Total Eustream share is calculated as Eustream total annual transmission / Total piped gas import to EU28
3. Source: EPIF consolidated financial statements; EBITDA defined as "Operating profit plus depreciation and amortization less negative goodwill"
4. In 1-6/2018 Eustream's transported approximately 28 bcm of gas

Gas and Power Distribution: SPPD key highlights

H1 2018 LTM Adj. EBITDA €499m
2017 Adj. EBITDA €510m

Gas Transmission | ***Distribution*** | *Heat Infra* | *Gas storage*

Distribúcia SPP

1 — *Regulated monopoly in the gas distribution market in Slovakia*

- Regulated **natural monopoly** of gas distribution in Slovakia with approx. 98% market share[1]
- Key strategic asset with limited headroom for new entrants and second highest gas penetration in Europe (94%)
- Customers primarily top gas suppliers with lower credit risk than households
- Obligation for all new customers to connect to SPPD's existing distribution network

2 — *Stable and established regulatory regime*

- Relatively long regulatory period enabling SPPD to retain achieved benefits
- **Stable distribution tariff** set by the regulator for the whole regulatory period 2017 – 2021 with only minor changes possible (includes higher fixed portion of revenue)
- The same EU compliant regulation principles have been in place since 2009

3 — *Strong gas market fundamentals and performance track record*

- **Stable distribution volumes** between 4.5 and 5.0 bcm per year during the last 5 years (except for 2014 due to warm winter) [2]
- While having revenues relatively stable, EBITDA and cash generation improved due to **continuous focus on cost control and efficiencies**. Year 2017 experienced increase in gas consumption due to cold weather conditions
- Consistently low levels of gas losses and excellent safety results in operations

4 — *Stable and predictable cash flow generation and modern asset base*

- **Track record of strong and improving cash conversion** in the gas and power distribution segment, reached 85% in 2017 (84% in H1 2018 LTM)
- Low investment requirements due to modern network facilities and recent implementation of Capex optimisation initiatives. Majority of the network was built between 1990 and 2000
- Limited expansion Capex as network connection costs born by residential customers
- Standalone rating: Baa2 by Moody's / A- by Fitch, outlook stable

5 — *Part of well invested infrastructure group (SPP-I) with supportive shareholders*

- Part of leading gas infrastructure group with critical position within Slovakia
- While EPH has a successful track record in management of energy assets, the Government supports SPPD's interests locally due to its strategic scale
- Conservative leverage cap of 2.5x net debt / EBITDA set by the SHA

1. Based on gas distributed (source: 2017 Annual Report of SPPD)
2. In 1-6/2018 period SPPD distributed 2.7 bcm of gas, which is approximately 2% less as compared to 1-6/2017 period

H1 2018 LTM Adj. EBITDA €499m
2017 Adj. EBITDA €510m

Gas and Power Distribution: SSE key highlights

1 — *#1 electricity distribution company in its region of operation (natural monopoly)*

- **Monopoly distribution company** in its region of operation[1]
- Critical distribution asset in Slovakia with network length of ca 35,000 km
- Diversified customer base of c. 750,000 electricity off-take points

2 — *Stable and established regulatory regime*

- **Stable distribution tariffs** approved by the regulator for the whole regulatory period 2017 – 2021 with only minor changes possible
- SSD receives **stable and predictable returns from its regulated business**

3 — *Strong operational* *performance*

- **Stable distribution volumes** c. 6.0 TWh per year[2]
- Strong process, cost and work efficiency improvements, regulated opex outperformance
- Consistently achieving low levels of distribution losses and meeting reliability indicators set by the regulator

4 — *Proven track record of cash-flow generation*

- **Track record of strong and improving cash conversion** in the gas and power distribution segment, reached 85% in 2017 (84% in H1 2018 LTM)
- **Stable core business EBITDA** with moderate increase potential due to cost optimization and efficiency driven initiatives
- Stable investment requirements primarily to the backbone and high voltage infrastructure. Substantial part of reconstructions and development investments realised by own sources that allows for higher productivity and efficiency in general
- SSE is **almost unlevered**

1. Refers to SSD which contributed the vast majority of SSE's Adj. EBITDA in 2017. Other SSE activities consist primarily of electricity supply
2. In 1-6/2018 period SSD distributed 3.2 TWh of electricity, which is approximately 2% more as compared to 1-6/2017 period

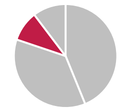
Heat Infra: key highlights

H1 2018 LTM Adj. EBITDA €151m
2017 Adj. EBITDA €157m

Pražská Teplárenská
Budapesti Erőmű Zrt.
United Energy
Plzeňská energetika a.s.
EOP

1	*Leading market positions in the countries and regions of operation*	**Largest Czech district heating infrastructure and heat supplier** Through its Hungarian operations, largest heat generator in the city of Budapest
2	*Robust district heating systems producing low cost heat mainly for households*	Ownership of approximately 1,100 km of district heating pipelines supplying heat to large number of municipal and residential customers The system of PT is one of the largest in the EU in terms of length / customers The direct contracts with final consumers in cities and full ownership of distribution network makes from our CHPs standard utility business Cost efficient assets, ensuring competitive price positioning and benign regulatory supervision
3	*Favorable and stable regulatory environment supporting cogeneration and district heating*	Significant support for cogeneration assets from both national and EU legislation **Highly efficient cogeneration** with strict emission limits helping to meet country's energy efficiency and environmental protection goals CO2 exposure is currently mostly limited to power generation business, which has rather small contribution to the Group results
4	*Stable returns and high entry barriers*	District heating is a **regulated business** with very high barriers to entry due to limited possibility to replicate the existing heating systems Business resilient to economic cycles Cash conversion of 69% achieved in 2017 (66% in H1 2018 LTM)
5	*Electricity produced in cogeneration mode with strong contribution from ancillary services*	With the exception of PT, all plants are cogeneration plants, i.e. operate in a mode of combined heat and power production with high overall efficiency Significant share of power revenues from grid balancing services, the Group successfully recently tendered a considerable portion of the Czech grid balancing services for the following three years

Gas Storage: key highlights



H1 2018 LTM Adj. EBITDA €149m
2017 Adj. EBITDA €144m

Gas Transmission
Distribution
Heat Infra
Gas storage

1	*Market leader in the CE region and Slovakia*	❑ **Market leader** (24% share) in terms of capacity in the gas storage market **in the Slovak Republic, the Czech Republic and Austria** ❑ Monopoly gas storage operator in Slovakia, with 100% market share
2	*Strategically located asset*	❑ **Connection to the Central European gas routes** ❑ Interconnection with and ability to deliver to the VTP[1] Austria / CEGH gas hub
3	*Medium and long-term contracts, Stable and predictable cash flow generation and modern asset base*	❑ **65% of capacity contracted on a long-term basis until 2018/19, 62% until 2019/20 and 45% until 2025/26** (shares as of end of August 2018) supporting stable EBITDA ❑ Moderate investment needs due to modern facilities and strong cost control on opex side ❑ Track record of strong cash conversion, reached 97% in 2017 (97% in H1 2018 LTM)
4	*No price regulation*	❑ No price regulation[2] ❑ Long-term contracts usually include price adjustment formulas reflecting inflation and have a store-or-pay principle ❑ Short-term contracts mainly based on winter-summer spreads
5	*Further opportunities generating value*	❑ Strategic storage for security of supply needs ❑ Additional operational synergies and initiatives within the EPIF Storages ❑ Direct connection of SPP Storage to Czech transmission system planned ❑ Use of innovative products with a potential upside in energy storage

1. Virtual Trading Point
2. Price regulation can be introduced in case of Emergency situation

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Subsequent events

- In July 2018, **EPIF refinanced its remaining bank loans** in order to extend maturity and optimize interest costs. Total refinancing of EUR 1.5 billion, with maturities of tranches of 4 and 5 years, met with a great interest of banks and was significantly oversubscribed. EPIF anticipates to continue in its strategy of maturity profile and interest costs‘ optimization

- On 23 August 2018, general meeting of Plzeňská energetika and Plzeňská teplárenská approved merger as a result of which EPIF is expected to have a **35% shareholding and management control** in a successor company (PLTEP). Transaction is anticipated to complete in October 2018 (subject to receiving the necessary competition approvals)

- On 27 August 2018, EPIF **declared and paid a dividend** of EUR 75 million to its shareholders

- EPIF is in process of **squeeze out of minority shareholders** from Pražská teplárenská group (approx. 2% shareholdings). The process is expected to complete in October 2018

Summary

H1 2018 summary

- The core operations of EPIF remained **stable and predictable** in the first half 2018. EPIF Group **historical consolidated sales** for H1 2018 reached **EUR 1,569 million** being 1.6% lower compared to H1 2017. **Adjusted EBITDA** for H1 2018 amounted to **EUR 779 million** being 1.8% lower compared to H1 2017. The minor decline in performance is primarily related to the fact that 2018 was warmer than 2017

- The H1 2018 results reconfirmed that EPIF, with its diversified character of regulated and long-term contracted activities, operates in a **stable and expectable business environment** and that EPIF continues to excel in **conversion of operating profit into cash**

- The **Proportionate Net Leverage Ratio** as of 30 June 2018 stood **at 4.25x**

- On 20 April 2018, **EPIF successfully placed its debut international offering of EUR 750 million** 1.659% fixed rate notes due 2024. Through this bond issuance, EPIF has been able to benefit from the favorable conditions in the international debt capital markets at that time in order to partially refinance its existing bank loans at the EPIF level and extend its debt maturity profile, while reducing the average cost of its borrowings

- On 1 May 2018, **EP Energy repaid EUR 598 million of bonds** using combination of intercompany loan provided by EP Infrastructure totaling EUR 250 million and own cash of EUR 348 million

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SOT regulatory mechanism overview

SOT Gap current mechanism overview

- Under the applicable legislation, SSD, SSE's subsidiary, is legally bound to connect producers of green energy, if they comply with requirements set by the Regulator and to purchase the green electricity generated, which is used to cover network losses. The purchase tariff for green energy is set by the Slovak Regulatory Office for Network Industries („RONI") for each year and usually at higher than market prices in support of renewable energy sources in the Slovak Republic and is compensated through a special regulated tariff charged to end customers, the **System Operations Tariff („SOT")**. However, differences and fluctuations in power consumption by end customers and power generation by renewable sources are causing a mismatch between the amounts of subsidies paid and the compensation received through SOT and it results in accumulation of deficit by the SSE Group
- As of 31 December 2017, the total amount due from RONI resulting from the temporary system imbalance reached EUR 235 million, which is assumed to be fully recognised on SSD's balance sheet in course of 2018 and 2019, according to current Regulatory Framework (specifically the Coll. 309/2009 paragraph 5, section 1)

Recent development

- As the SOT system has created a deficit, which has been increasing over the past years, EPIF together with other market participants have been expecting changes in regulatory environment in a way so that no temporary imbalance between SOT relevant revenues and expenses is further incurred at distribution companies (DSOs). There is a very recent development and thus **improved visibility on the SOT situation**. In the middle of August, Slovak government approved the legal act relating to SOT (amendment to the Slovak Renewable Energy Sources Act) drafted by Slovak Ministry of economy („ME"). Subsequently, final approval of the act by the Slovak parliament is needed
- The legal act relating to SOT includes all major attributes that were promised on a meeting between all three Slovak distribution companies and ME. Primarily, the draft envisaged that the **SOT clearing duty is going to be transferred from the distribution companies** to a state owned body, in this case OKTE a.s., **from 1 January 2020** (i.e. zero P/L impact of SOT at DSOs in 2020 and following years). From the accounting and cash flow perspective, EPIF expects the SOT deficit to be fully recognised on SSD balance sheet in course of 2019. Settlement of the receivable is to occur during the course of 2020 and 2021 at the latest

Adjusted LTM EBITDA calculation

- **H1 2018 (or 2017)** stands for 6 month period ended on 30 June 2018 (or 30 June 2017) while **H1 2018 LTM** stands for 12 month period ended on 30 June 2018

- **Adjusted EBITDA (or Adj. EBITDA)** represents operating profit plus depreciation of property, plant and equipment and amortisation of intangible assets less negative goodwill (if applicable), adjusted by (a) excluding non-cash non-recurring impairment charge relating to property, plant and equipment and intangible assets at Plzeňská energetika a.s. ("PE") as a result of commercial negotiations between the Group and the City of Pilsen in relation to a potential future merger of PE and Plzeňská teplárenská, a.s. ("PLTEP"), resulting in PLTEP as a successor company in which the Group would have a 35 per cent. interest and management control and (b) adding back (if negative) or deducting (if positive) the temporary difference between (i) compensation for the expenses for mandatory purchase and off-take of energy from renewable sources pursuant to the Slovak Renewable Energy Sources („RES")[1] Act recognised in revenues in relevant period and (ii) net expenses accounted for the mandatory purchase of energy from renewable resources in accordance with the Slovak RES Promotion Act, in each case inclusive of accruals. The terms EBITDA or Adjusted EBITDA included in this presentation do not represent the term EBITDA as may be defined by any documentation for any financial liabilities of the EPIF Group

- For more detail also refer to Condensed Consolidated Interim Financial Statements as of and for the six-month period ended 30 June 2018

- EBITDA and Adjusted EBITDA calculation:

Adjusted EBITDA calculation	Dec 31, 2017 (m EUR)	Jun 30, 2018 LTM (m EUR)
EBITDA 1-6/2017 (per IFRS FS, Segment reporting)		801
EBITDA 1-12/2017 (per IFRS FS, Segment reporting)		1,509
EBITDA 1-6/2018 (per IFRS FS, Segment reporting)		742
LTM EBITDA	**1,509**	**1,450**
Impairment of PE assets (H1 2018)	-	10
SOT impact (LTM: 41(FY2017; gain) - 8(H1 2017; gain) -27(H1 2018; loss))	(41)	(6)
Adjusted LTM EBITDA	**1,468**	**1,454**

1. Slovak RES Promotion Act means Slovak Act No. 309/2009 Coll., on promotion of renewable energy sources and high-efficiency cogeneration and on amendments to certain acts (zákon o podpore obnoviteľných zdrojov energie a vysoko účinnej kombinovanej výroby a o zmene a doplnení niektorých zákonov).

Capital structure related definitions

- **Gross debt** for the Group represents the sum of indebtedness (representing principal amount and disregarding, among other things, unamortised fees, discounts and accrued interest) including finance leases but excluding mark-to-market of hedging instruments as included in the consolidated financial statements of the Group in the line items Non-current loans and borrowings and Current loans and borrowings, disregarding unamortised fees and accrued interest

- **Net debt** represents Gross debt less Cash and cash equivalents (as included in the consolidated financial statements of the Group). **Proportionate Net Debt** represents Net Debt, taking into consideration the proportionate ownership of EPIF in its subsidiaries

- **Net Leverage Ratio** represents Net Debt divided by Adjusted EBITDA. **Proportionate Net Leverage Ratio** represents Net Leverage Ratio, taking into consideration the proportionate ownership of EPIF in its subsidiaries

- The terms Proportionate Net Debt, Net leverage Ratio and Proportionate Net leverage Ratio do not represent similarly named measures as may be defined and included in any documentation for any financial liabilities of EPIF