

IMPORTANT NOTICE

You must read the following before continuing. The following applies to this document, the oral presentation of the information in this document by EP Infrastructure, a.s. (the “**Company**”) or any person on behalf of the Company, and any question-and-answer session that follows the oral presentation (collectively, the “**Information**”). In accessing the Information, you agree to be bound by the following terms and conditions.

The Information has been prepared and is presented by the Company on a voluntary basis. It does not constitute ‘regulated information’ within the meaning of the Transparency Directive (Directive 2004/109/EC, as amended) or ‘mandatorily published information’ within the meaning of Act No. 256/2004 Coll., the Czech Capital Markets Act, as amended. The Company expressly disclaims any obligation or undertaking to prepare and present its future financial results and other information similar to the Information unless required by applicable laws and regulations.

Further, no representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the Information or the opinions contained therein. The Information has not been independently verified and will not be updated. The Information, including but not limited to forward-looking statements, applies only as of the date of this document and is not intended to give any assurances as to future results. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to the Information, including any financial data or forward-looking statements, and will not publicly release any revisions it may make to the Information that may result from any change in the Company’s expectations, any change in events, conditions or circumstances on which these forward-looking statements are based, or other events or circumstances arising after the date of this document. Market data used in the Information not attributed to a specific source are estimates of the Company and have not been independently verified.

The Information contains forward-looking statements. All statements other than statements of historical fact included in the Information are forward-looking statements. Forward-looking statements give the Company’s current expectations and projections relating to its financial condition, results of operations, plans, objectives, future performance and business. These statements may include, without limitation, any statements preceded by, followed by or including words such as “target,” “believe,” “expect,” “aim,” “intend,” “may,” “anticipate,” “estimate,” “plan,” “project,” “will,” “can have,” “likely,” “should,” “would,” “could” and other words and terms of similar meaning or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company’s control that could cause the actual results, performance or achievements of the Company and its subsidiaries (collectively the “**Group**”) to be materially different from the expected results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which it will operate in the future. Many factors may cause the Group’s results of operations, financial condition, liquidity, reserves and the development of the industry in which the Group competes to differ materially from those expressed or implied by the forward-looking statements. These factors include, among others (i) negative or uncertain global and regional economic conditions, (ii) failure to implement the Group’s key strategies, (iii) in the supply of, or the unexpected increase in the price of, fuel and other raw materials, as well as transportation costs, (iv) reliance on a small number of suppliers in the Group’s power and heat business, (v) failure to successfully integrate and manage acquired companies, and (vi) changes in laws or regulatory schemes. Given these risks and uncertainties, you should not rely on forward-looking statements as a prediction of actual results.

The Information contains certain measures that are not measures defined by International Financial Reporting Standards, namely, EBITDA, Adjusted EBITDA, Capital Expenditures, Cash Generation, Free cash flow, Cash Conversion Ratio and Net Leverage Ratio (either on fully consolidated or proportionate basis). These measures do not represent the measures of the same or similar names as may be defined by any documentation for any financial liabilities of the Group.

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.

H1 2018 Results of EP Infrastructure Group

The core operations of the EP Infrastructure Group (“EPIF”) remained stable in the first half of 2018. EBITDAⁱ and Adjusted EBITDAⁱⁱ reached EUR 742 million and EUR 779 million, respectively, for the six months ended 30 June 2018, which represents a slight decrease in Adjusted EBITDA of EUR 14 million (-1.8%) compared to the six months ended 30 June 2017. For the twelve months ended 30 June 2018, EBITDA and Adjusted EBITDA, reached EUR 1 450 million and EUR 1 454 million. The minor decline in performance measured by Adjusted EBITDA primarily relates to the fact that 2018 was warmer than 2017.

The Group also generated Free cash flowⁱⁱⁱ of EUR 606 million for the six months ended 30 June 2018, a decrease of 1% on the six months ended 30 June 2017. The half-year results reconfirm that the Group, with its diversified character of regulated and long-term contracted activities, has operated in a stable and predictable business environment and has continued to excel at converting operating profit into cash.

For more details on the results, as well as the financial indicators used, please refer to <https://www.epinfrastructure.cz/en/investors/results-centre/>.

ⁱ EBITDA represents operating profit plus depreciation of property, plant and equipment and amortisation of intangible assets less negative goodwill (if applicable).

ⁱⁱ Adjusted 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 teplotárenská, a.s. (“PLTEP”), resulting in PLTEP as a successor company in which the Group would have a 35 per cent. interest and management control (effect of EUR -10 million in H1 2018) and (b) adding back (if negative) or deducting (if positive) the difference between (i) compensation for the expenses for mandatory purchase and off-take of energy from renewable sources pursuant to the Slovak RES Promotion Act and the Decree recognised in revenues in the 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 (effect of EUR -27 million in H1 2018; EUR 8 million in H1 2017; EUR 41 million in 2017; EUR 6 million in LTM).

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).

Decree means the Slovak Decree of the Regulator No. 18/2017 Coll. (or any other applicable decree or law replacing it).

Reconciliation is as follows:

Key Metrics	Gas Transmission	Gas and Power Distribution	Heat Infra	Gas Storage	Other	Total segments	Holding entities	Intersegment- eliminations	Consolidated financial information
<i>(in EUR millions)</i>									
Six months ended 30 June 2018									
EBITDA	334	246	83	81	1	745	(3)	-	742
Impairment to the line items property, plant and equipment and intangible assets at PE	-	-	10	-	-	10	-	-	10

System Operation Tariff surplus / deficit	-	27	-	-	-	27	-	-	27
Adjusted EBITDA..	334	273	93	81	1	782	(3)	-	779
Six months ended									
30 June 2017									
EBITDA	336	292	99	76	2	805	(2)	(2)	801
Impairment to the line items property, plant and equipment and intangible assets at PE	-	-	-	-	-	-	-	-	-
System Operation Tariff surplus / deficit	-	(8)	-	-	-	(8)	-	-	(8)
Adjusted EBITDA..	336	284	99	76	2	797	(2)	(2)	793
12 months ended									
30 June 2018									
LTM EBITDA	662	505	141	149	4	1,461	(13)	2	1,450
Impairment to the line items property, plant and equipment and intangible assets at PE	-	-	10	-	-	10	-	-	10
System Operation Tariff surplus / deficit	-	(6)	-	-	-	(6)	-	-	(6)
LTM Adjusted EBITDA.....	662	499	151	149	4	1,465	(13)	2	1,454
2017									
EBITDA	664	551	157	144	5	1,521	(12)	-	1,509
Impairment to the line items property, plant and equipment and intangible assets at PE	-	-	-	-	-	-	-	-	-
System Operation Tariff surplus / deficit	-	(41)	-	-	-	(41)	-	-	(41)
Adjusted EBITDA..	664	510	157	144	5	1,480	(12)	-	1,468

iii 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