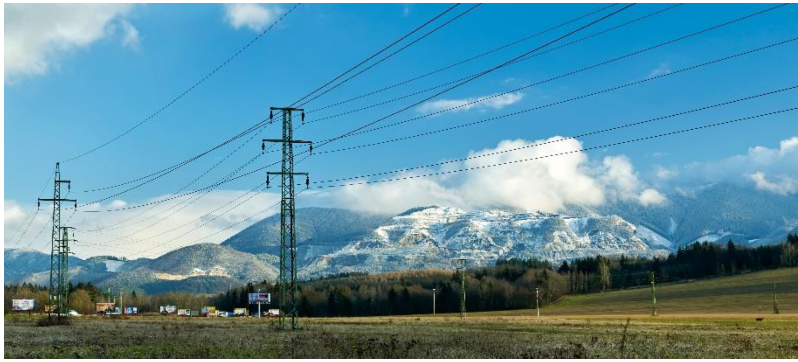
EP Infrastructure

H1 2019 Results Call

11 September 2019

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

www.epinfrastructure.cz



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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 2019" as published on www.epinfrastructure.cz.

Presenting team

Gary Mazzotti

Deputy Chairman of EPIF Management Board

- *Independent Management Board member*
- *31 years of experience*
- *Serves on boards of other EPIF‘s entities*

Filip Bělák

Finance Director

- *16 years of experience*
- *Serves on boards of other EPIF‘s entities*
- *Also serves as CFO of EP Energy*

Agenda

1) **Executive summary**
2) Group performance
3) Financial profile update
4) Business segment highlights
5) Subsequent events & Summary
6) Appendix

Executive summary

- **EP Infrastructure** ("**EPIF**" or "the **Group**") is a leading Central European group which operates traditional energy infrastructure assets
- EPIF's core activities are transmission, distribution and storage of gas, distribution of electricity and provision of district heating
- EPIF assets are predominantly located in the low risk and fast-growing economies of Slovakia and the Czech Republic along with the gas storage assets in Germany acquired at the end of 2018
- EPIF's strategy is to operate **regulated and/or long-term contracted assets which have a critical feature of converting a substantially higher part of their operating result into free cash flow** than its peers. The primary reason for superb cash conversion ability is due to low Capex intensity. This is driven by (a) excellent conditions of the assets underpinned by effective maintenance, (b) high cost to build and low cost to operate (gas transmission, gas storage and heat infra segments), (c) use of modern durable materials (gas distribution segment), and (d) large investments performed by previous owners (electricity distribution segment)
- In H1 2019[1] EPIF reached:
  - **Consolidated LTM sales** of **EUR 3,325 million** (EUR 3,106 million in 2018)
  - **Adjusted LTM EBITDA[2]** of **EUR 1,528 million** (EUR 1,466 million in 2018)
  - **Proportionate Net Leverage Ratio[3]** of **4.1x**
  - **LTM Free Cash Flow[4]** of **EUR 1,168 million** (EUR 1,055 million in 2018)
  - **Group Cash Conversion Ratio[5]** for LTM H1 2019 at approx. **76%** (72% in 2018)
- The improvement in financial results in H1 2019 was primarily driven by the Gas transmission segment (22% growth in volumes of transmitted gas representing to certain extent frontloading of transmitted volumes), the Heat Infra segment (partly through acquisition of share in Plzeňská teplárenská, a.s. in October 2018 increasing Heat Infra EBITDA by 8%) with acquisition of NAFTA Speicher in December 2018 having positive effect on the results as well (EUR 14 million)

1. All figures in the presentation calculated on fully consolidated basis, unless explicitly stated otherwise
2. 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. For more details see slides 30-32
3. 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. For Net Debt definition see slide 34
4. 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 (without emission allowances) as presented in the consolidated statement of cash flows of the Group
5. Group Cash Conversion Ratio represents Free Cash Flow divided by Adjusted EBITDA
6. LTM means Last Twelve Month

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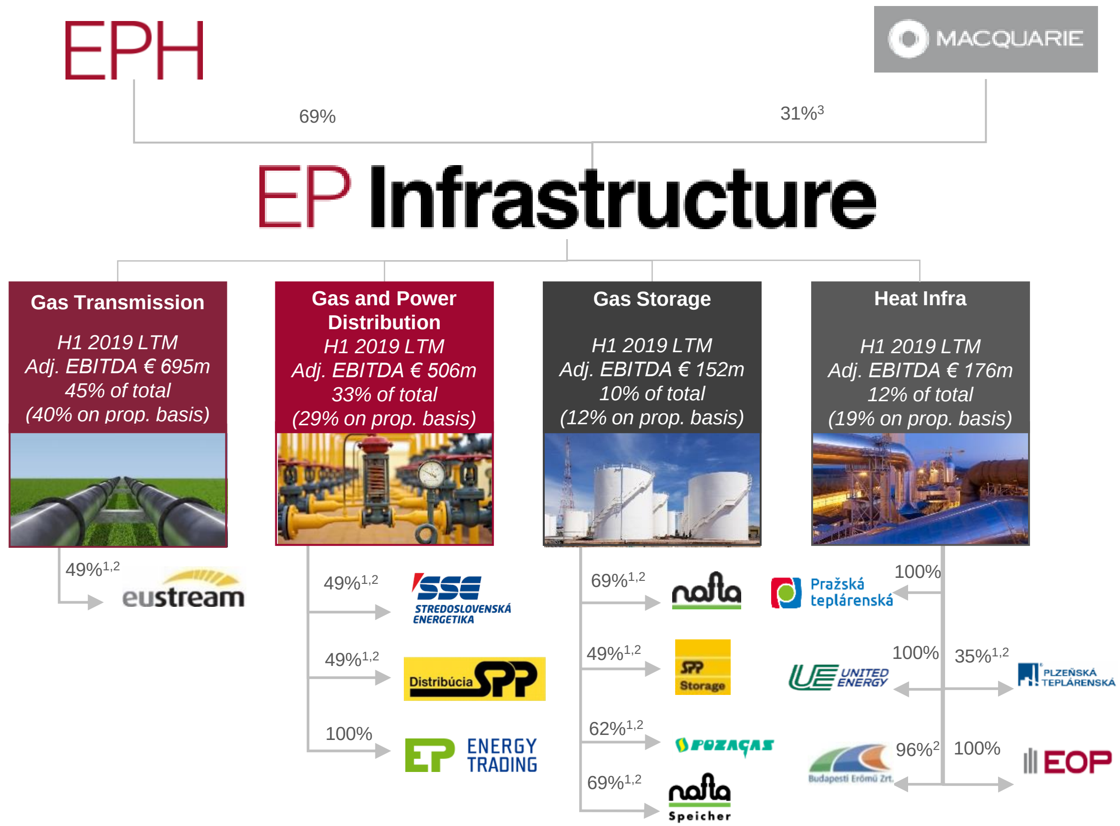
EPIF Group overview



BBB
S&P Global

Baa3
Moody's

BBB-
FitchRatings

EPIF group overview

- EPIF is an essential 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+)[5] and the Czech Republic (AA- / A1 / AA-)[5] and Germany (AAA/Aaa/AAA)[5]
- 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 vital 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 segments: Gas Transmission, Gas and Power Distribution, Gas Storage and Heat Infra

(€mn)	H1 2019 LTM	2018	2017
Adj. EBITDA[4]	1,528	1,466	1,461
Prop. Adj. EBITDA[4]	848	818	800
Free Cash Flow[6]	1,168	1,055	1,040
Group Cash Conversion Ratio[7]	76%	72%	71%
Prop. Net Debt[9]	3,514		
Prop. Net Leverage Ratio[8]	4.1x		

1. Includes management control and represents fully consolidated entity
2. Minority shareholders are: Slovak government (Pozagas, eustream, SPPD, SSE), Slovak government and other minor shareholders (Nafta, Nafta Speicher), City of Pilsen (Plzeňská teplárenská) and FÖTAV, City of Budapest and other minor shareholders (BERT)
3. 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
4. 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. For more details see slides 30-32. Proportionate Adjusted EBITDA represents Adjusted EBITDA, taking into consideration the proportionate ownership of EPIF in its subsidiaries
5. S&P / Moody's / Fitch
6. 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 (without emission allowances) as presented in the consolidated statement of cash flows of the Group
7. Group Cash Conversion Ratio represents Free Cash Flow divided by Adjusted EBITDA
8. 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
9. For Net Debt definition see slide 34. Proportionate Net Debt represents Net Debt, taking into consideration the proportionate ownership of EPIF in its subsidiaries

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

2018 | H1 2019 LTM

2018 and H1 2019 LTM comparison (all figures for a 12-month period)

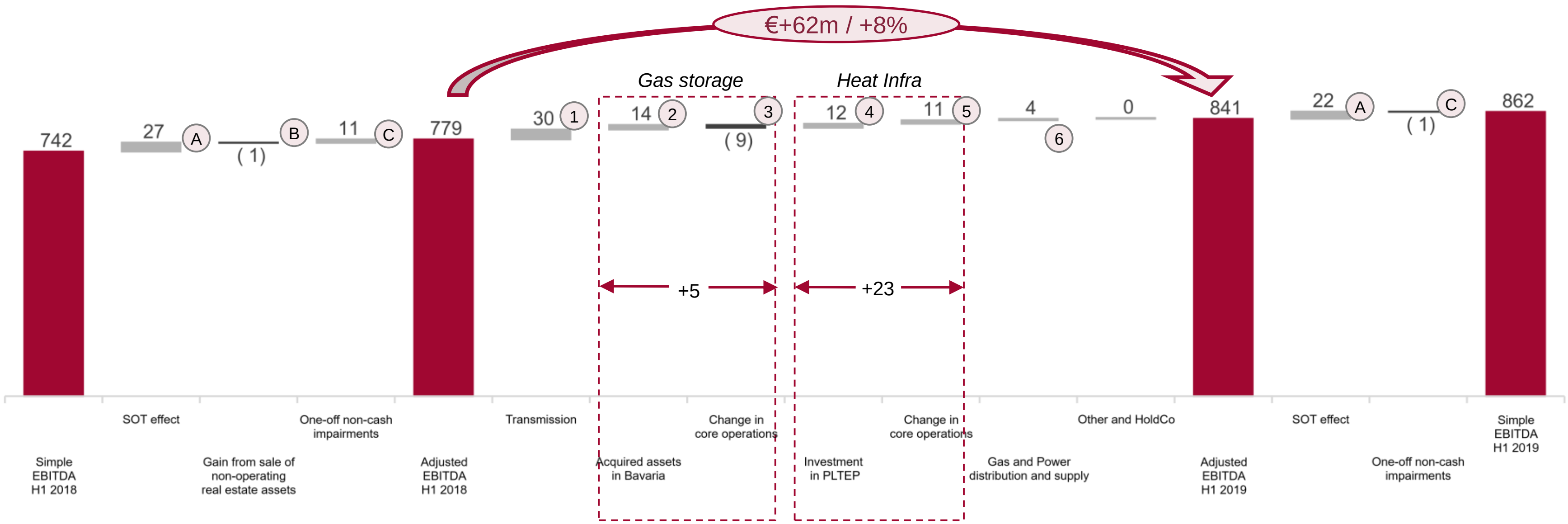
Segment	Adj. EBITDA 2018	Adj. EBITDA H1 2019 LTM	Cash conversion (excl. WoCa & Tax)[2] 2018	Cash conversion (excl. WoCa & Tax)[2] H1 2019 LTM	Operating KPIs	Operating KPIs 2018	Operating KPIs H1 2019 LTM	Business profile
Gas Transmission	45% €665mm	45% €695mm	92%	91%	Gas transmission (bcm)	59,8	65,9	Regulated / long-term contracted
Gas and Power Distribution	35% €502mm	33% €506mm	84%	84%	Gas and power distribution (TWh)	Gas 51,3; Power 6,3	Gas 51,4; Power 6,3	Almost fully regulated; natural monopoly position in distribution business in the region of operation
Gas Storage	10% €147mm	10% €152mm	96%	95%	Storage capacity (TWh)	60,8	60,8	Predominantly long-term contracted
Heat Infra	10% €153mm	12% €176mm	65%	68%	Heat sold (PJ)[3]	21,2	22,6	Predominantly regulated
EPIF (Total for the Group)[1]	€1,466mm	€1,528mm	87%	86%				

1. Total figure includes also other segments of the Group (Other and Holding Results)
2. Cash Conversion (excl. WoCa & Tax) represents Adjusted EBITDA less CAPEX (Acquisition of property, plant and equipment and intangible assets (without emission allowances and goodwill) as presented in the Operating segments information in the consolidated financial statements of the Group) divided by Adjusted EBITDA
3. Heat sold does not take into account pro forma heat supplies of merged Plzeňská teplárenská in 2018 (affecting both 2018 and H1 2019 volumes)

Overview of H1 2019 results

Adjusted EBITDA bridge H1 2019 vs. H1 2018

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 27 million negative effect on H1 2018 results while EUR 22 million positive effect on H1 2019 results
- B Gain from sale of non-core non-operational real estate assets with the one-off effect of EUR 1 million in H1 2018
- C One-off items related to impairments of EUR 1 million in H1 2019 and of EUR 11 million in H1 2018 of which EUR 10 million relates to impairment of property, plant and equipment and goodwill, a non-cash non-recurring item, as a result of commercial negotiations between EPIF and City of Pilsen in relation to a merger of Plzeňská energetika („PE“) and Plzeňská teplárenská („PLTEP“)

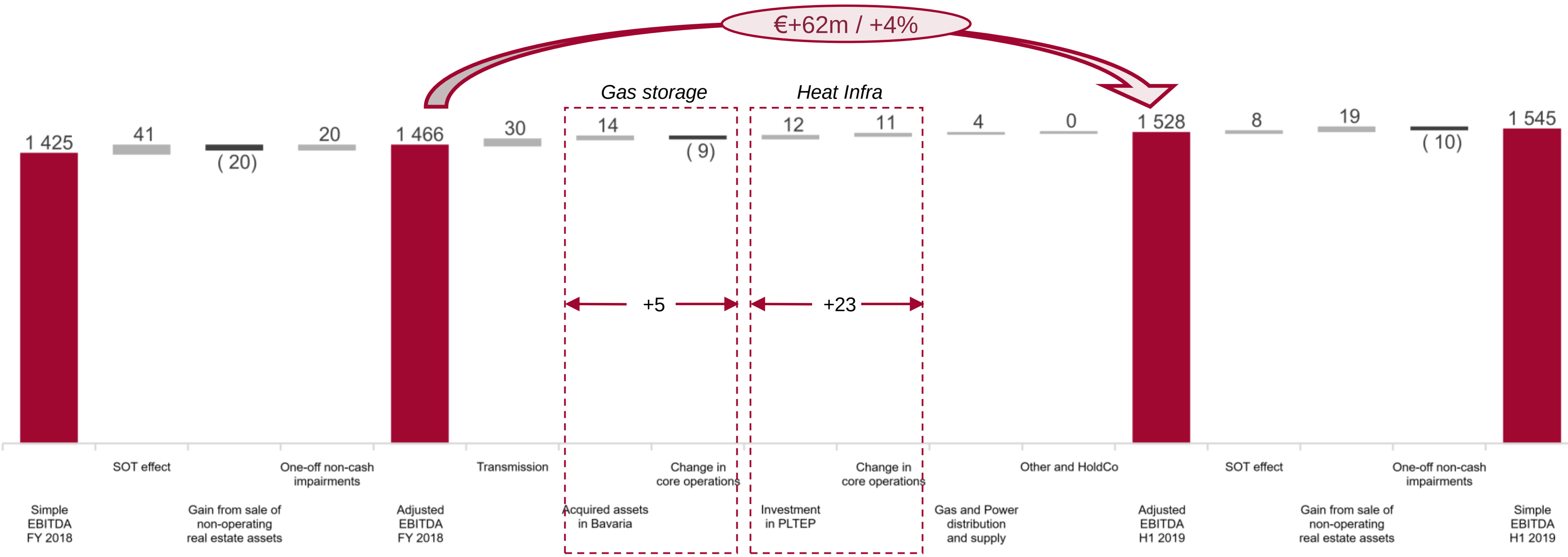
Core business

1. The results in the Gas transmission segment were favourably affected by growing volumes of transmitted gas (to certain extent frontloading effect)
2. Acquisition of storage assets (NAFTA Speicher) at the end of 2018 resulted in positive Adjusted EBITDA effect of EUR 14 million
3. Decline in Adjusted EBITDA mainly attributable to NAFTA (down by EUR 8 million) due to one-off exceptional sale of stored gas in Feb/Mar 2018 due to high gas prices at that time
4. Adjusted EBITDA improvement was partly attributable to merger of PE with PLTEP in October 2018. The incremental Adj. EBITDA generated by the merged entities in H1 2019 was EUR 12 million higher compared to Adj. EBITDA generated by PE as a stand-alone entity before the merger in H1 2018
5. Performance of the Heat Infra segment was positively affected by rising realized prices of electricity, higher volume of provided ancillary services and higher heat prices realized by Bert
6. Improvement in the Gas and Power distribution and supply mainly due to the increased SPPD EBITDA caused by higher needs of balancing gas network in H1 2018

1. Figures might not add up due to rounding
2. System Operations Tariff („SOT“) mechanism explained on slide 33

Overview of H1 2019 LTM results
Adjusted H1 2019 LTM EBITDA vs. 2018 Adjusted EBITDA

Indicative Adjusted EBITDA bridge[1] (m EUR)



See previous slide for details

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Financing strategy of EPIF Group

➢ We are currently aiming:

- To continue with diversification of sources of financing available to the group and **keep 60 – 90% of debt exposure in bonds** (or similar products, subject to market conditions)
- To increase average duration of the debt in EPIF Group while optimizing the interest cost
  - Latest development was extremely successful issuance of EPIF's longest international eurobond in July amounting EUR 600 million with a 7-year tenor and 1.698% coupon

➢ The targeted financing structure of EPIF Group is presently based on the following cornerstones:

- Financing of the Group relying on two pillars: SPP-I Group and EPIF (parent company of the group)
- **Overall Proportionate Net Leverage Ratio of the Group to be below 4.5x** (strongly supported by dividend lock-up covenant at 4.5x) **while EPIF reported a proportionate net leverage ratio of 4.1x as of 30 June 2019**
- SPP-I group financing with **historical net leverage around 2.0x** EBITDA (1.5x as of 30 June 2019) against a leverage upper limit as agreed in the SHA of 2.5x
- Limited debt at SSE Group level, with current Net Leverage remaining negative and being also limited to 2.5x under Shareholders' Agreement with the Slovak State
- Repayment of EPE financing (bonds maturing in November 2019) latest at maturity and refinance at parent company level (EPIF). We envisage EPE OpCos to become and remain almost debt-free once the bonds have been refinanced at EPIF level. EPIF has secured sufficient funding for repayment of EPE Notes via a combination of the following:
  - On 8 April 2019, EPIF issued 8-Year Floating Rate Notes due in 2027 in the total nominal volume of EUR 70 million, which have been admitted to trading on the Third Market operated by Vienna Stock Exchange
  - On 24 April 2019, EPIF collected proceeds from an EUR 182.5 million loan agreement issued under German law (so called "Schuldschein"). The transaction was launched with a volume of EUR 100 million, but given the strong demand by Schuldschein investor community, EPIF decided to increase the final size. The term of the floating rate Schuldschein loan agreements is five and seven years
  - On 21 May 2019, EPIF signed a new EUR 265 million term facilities agreement. The facilities are unsecured and rank pari passu with other financial indebtedness of EPIF and have a six and seven-year term (not yet drawn)
- The contemplated refinancing of the EPE notes and the current low leverage at SPP-I Group level structurally supports a greater proportion of financing at parent level (EPIF). After refinancing of EPE bond of EUR 496 million, the target financing structure by the end of 2019 would look as follows:
- **EPIF's share on the overall proportionate Group´s financing shall represent app. 70% of the overall Group's proportionate gross debt**

Conservative capital structure and financial policy strongly supported by the shareholders

Summary capital structure

Fully consolidated basis (€mm)	30 June 2019
Gross debt[1]	5,041
Cash	720
Net debt	**4,321**
Adjusted EBITDA H1 2019 LTM[4]	1,528
Net debt / Adjusted EBITDA[4]	**2.8x**

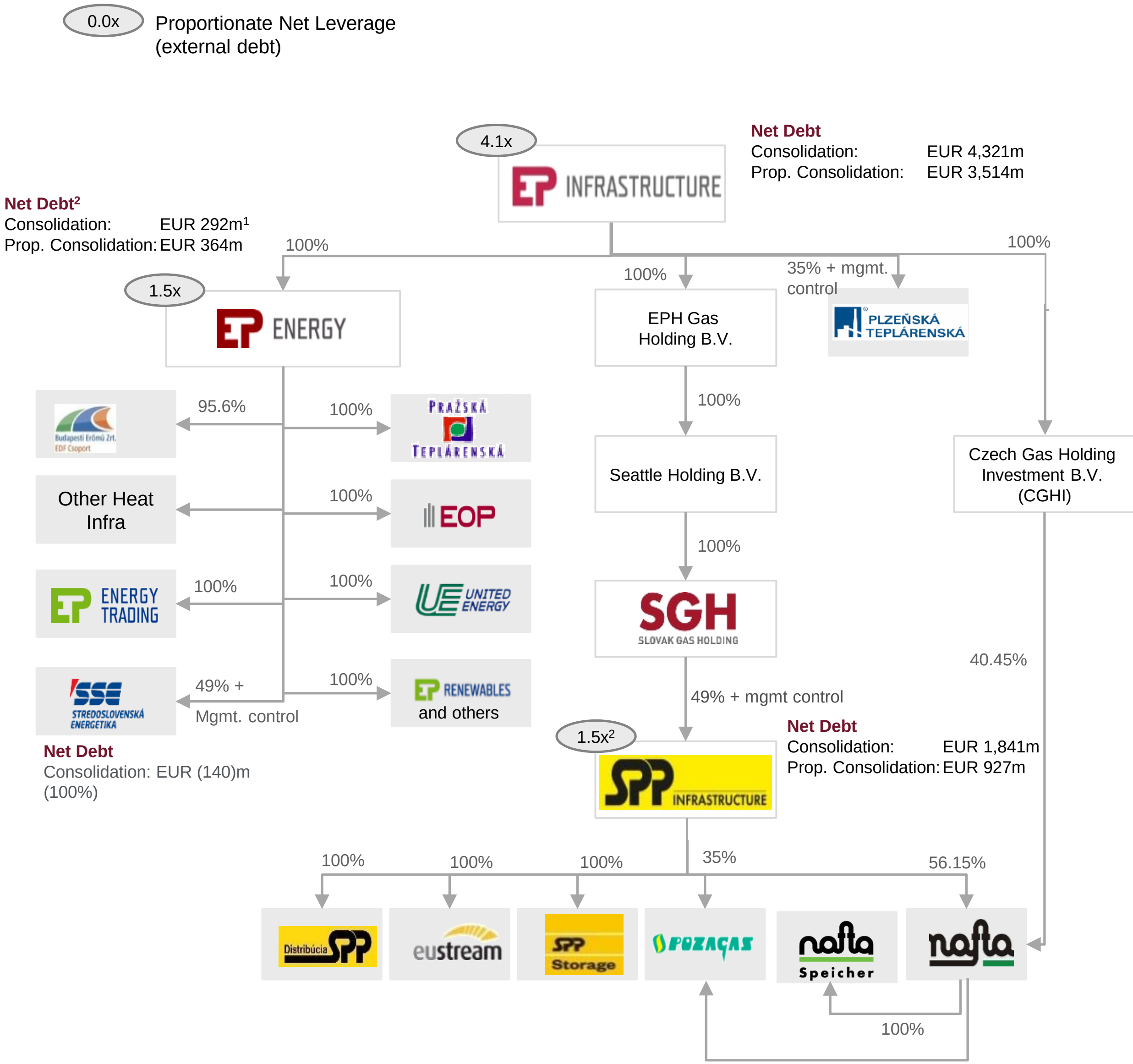
Proportionately[2] consolidated basis (€mm)	30 June 2019
Gross debt[1]	3,927
Cash	413
Net debt	**3,514**
Adjusted EBITDA H1 2019 LTM[4]	848
Net debt / Adjusted EBITDA[4]	**4.1x**

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 1.5x[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 (maturing in November 2019)
  - 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 lease liabilities disregarding accrued interest and unamortized fees
2. Calculated by taking into consideration the proportionate ownership of EPIF in its subsidiaries
3. Disregarding intra-group loans (loan EUR 216 million from EPIF)
4. 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. For more details see slides 30-32

Capital structure overview as at 30 June 2019 – external debt



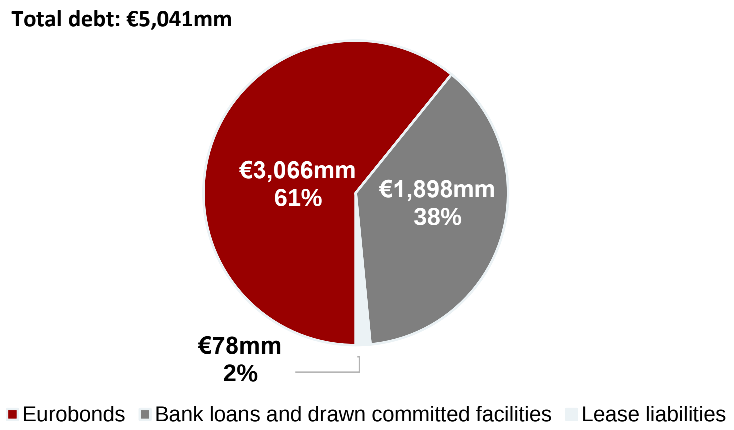
Key highlights

- Being a parent company, EPIF has very strong access to all cash flow generated across the group:
  - Ultimately fully unencumbered access to the cash flows generated by EP Energy OpCos, which will all be virtually debt-free
  - Current bonds on EP Energy will be refinanced at EPIF level (bonds due in November 2019), which means that this structural subordination for EPIF is only temporary
  - Modest level of debt around 2.0x will remain at SPPI group entities, which allows for comfortable dividend upstreaming versus the shareholders' agreement (SHA) with a threshold at 2.5x
  - EPIF proportionately consolidated group is subject to 4.5x dividend lock-up, limiting distribution from EPIF to its shareholders

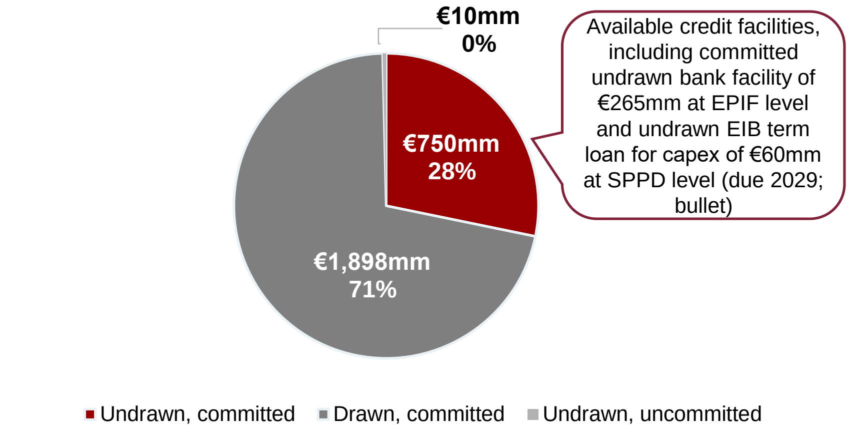
1. Excluding EPIF loan of EUR 216 million
2. Proportionate Net Leverage of SPPI reflects shareholding of SPPI in its subsidiaries

Gross debt overview as of 30 June 2019

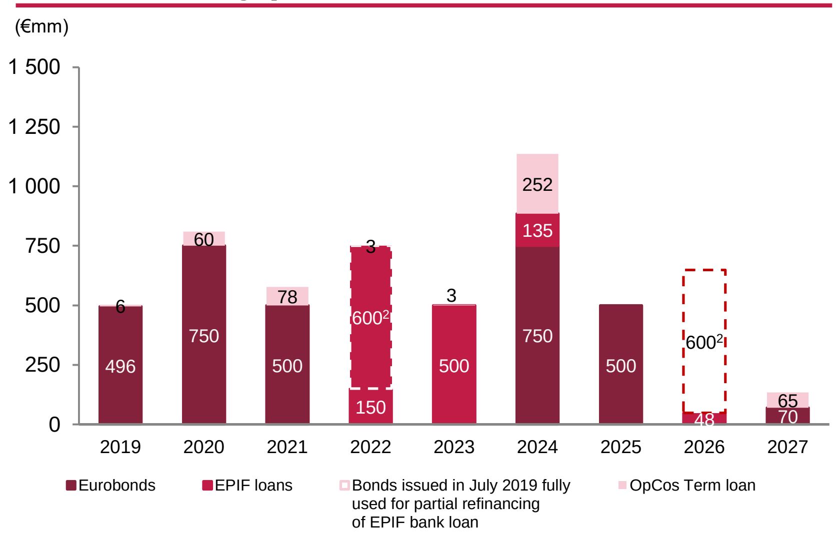
Bank and bond debt breakdown by instrument



Utilization of bank financing



Debt maturity profile[1]



Commentary

- Almost all debt is €-denominated
- EPIF expects to continue in its strategy of improvement of its maturity profile and financing costs including potential issuance of additional long tenor eurobonds (subject to market conditions)
- Refinancing of EPE Bonds

  The Group already secured sufficient funding to refinance EUR 496 million of EPE Bonds on the EPIF level
- On 30 June 2019 the EPIF Group had EUR 750 million (committed) of undrawn revolving credit lines and term loans

1. Excluding operating lease
2. In July 2019, EPIF issued 7-year bonds of EUR 600 million and used the proceeds to prepay EUR 600 million of EPIF bank loans due in 2022. The bonds are due in 2026, coupon of 1.698% p.a.

ESG Pillars and Strategy

ESG matters are monitored and managed on the Group level

EPIF Group obtained an ESG rating "Average Performer" from Sustainalytics	❑ EPIF plans to further improve its awareness of the ESG areas, including implementation of new ESG policies and disclosures in Q3/Q4 2019 which may prospectively lead to an ESG rating upgrade
First Sustainability Report issued in September 2019	❑ The issued Sustainability report provides a complete overview of the EPIF Group's business and the links between EPIF's strategy and commitment to a sustainable global economy
Commitment to low carbon business model	❑ Heat is generated in a highly efficient cogeneration process and is supported both on a local and EU level
Transparent corporate governance structure	❑ EPH/MIRA Shareholders' Agreement protects minority shareholder rights, and outlines clear corporate governance and approval of capital structure, including financial policy

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Gas Transmission: key highlights

H1 2019 LTM Adj. EBITDA[2]: EUR 695 million
2018 Adj. EBITDA: EUR 665 million

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 **a third 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+[1]) 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 on international front
- Eustream began with construction of SK-PL interconnector. This strategic project is on the EU top priority list 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 (so called benchmarking system)
- Transmission fees of the long-term contracts are fixed for the lifetime of every contract and escalated by 50% of the European inflation

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
- Results of a non-binding market survey held in December 2016 showed **strong interest for Eustream's transit capacities until December 2043 (in case NS2 is implemented)**
- 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

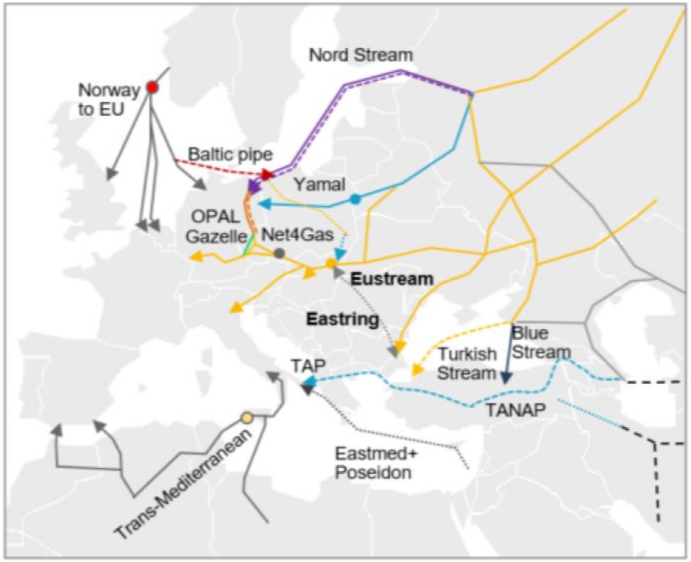
- Optimally maintained, well developed pipelines and facilities
- EUR 695m Adj. EBITDA[2] in H1 2019 LTM, with **high Cash Conversion (excl. WoCa & Tax)**[3] of 91%, while EUR 665m Adj. EBITDA[2] 2018, with Cash Conversion (excl. WoCa & Tax)[3] of 92%
- Eustream H1 2019 LTM results driven by long-term ship-or-pay contracts and increased gas flows as compared to previous period
- 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

1. S&P / Moody's / Fitch
2. For definition of Adjusted EBITDA please see slides 30-32
3. Cash Conversion (excl. WoCa & Tax) represents Adjusted EBITDA less CAPEX (Acquisition of property, plant and equipment and intangible assets (without emission allowances and goodwill) as presented in the Operating segments information in the consolidated financial statements of the Group) divided by Adjusted EBITDA

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

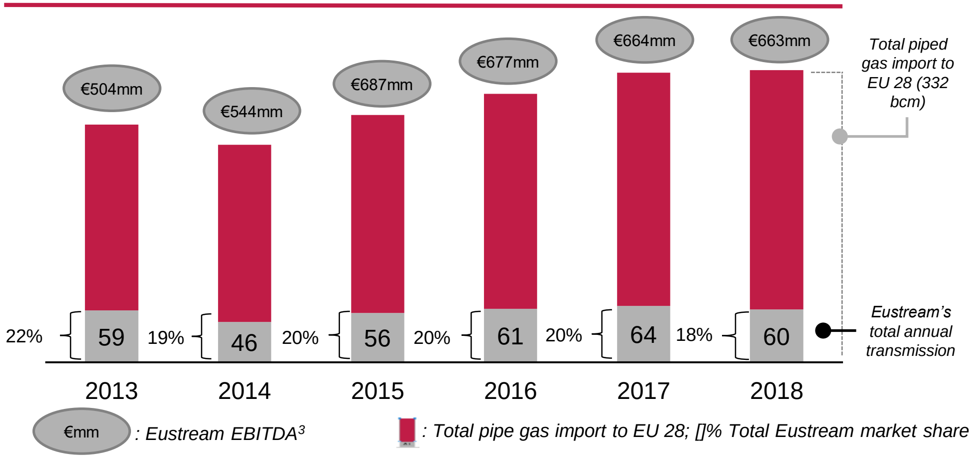
Prominent role in European gas sourcing

- **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 60 bcm of gas in 2018 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 **75% of imported gas from EU to Ukraine[4]** is transmitted using Eustream network (point Budince) since start of commercial operation of the SK UA reverse flow mechanism[1]



Pipeline Name	Status 05/2019	Yearly Capacity
Existing pipelines		
Eustream		**77.4 bcm[1]**
Nord Stream		55 bcm
Yamal		36.5 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		55 bcm
Eastring		**20-40 bcm**

Stable market share and EBITDA development of Eustream[2]



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. 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. Based on average imports in 2015-2018

H1 2019 LTM Adj. EBITDA[1]: EUR 506 million
2018 Adj. EBITDA: EUR 502 million

Gas and Power Distribution (I/II): SPPD key highlights

Distribúcia SPP

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

- Regulated **natural monopoly** of gas distribution in Slovakia
- Key strategic asset located in a country with the 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)
- While having revenues relatively stable, Adj. EBITDA[1] and performance has been improving due to **continuous focus on cost control and efficiencies**. Results in H1 2019 LTM and 2018 are below 2017 results due to increase in gas consumption due to cold weather conditions during 2017
- 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 Cash Conversion (excl. WoCa & Tax)**[2] in the Gas and power distribution segment, reached 84% in H1 2019 LTM (2018: 84%)
- 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. Represents Adj. EBITDA for the whole segment. For definition of Adjusted EBITDA please see slides 30-32
2. Cash Conversion (excl. WoCa & Tax) represents Adjusted EBITDA less CAPEX (Acquisition of property, plant and equipment and intangible assets (without emission allowances and goodwill) as presented in the Operating segments information in the consolidated financial statements of the Group) divided by Adjusted EBITDA

H1 2019 LTM Adj. EBITDA[2]: EUR 506 million
2018 Adj. EBITDA: EUR 502 million

Gas and Power Distribution (II/II): SSE key highlights

Stredoslovenská distribučná

STREDOSLOVENSKÁ ENERGETIKA

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**
- **SOT issue** that causes fluctuation in results is **expected to be solved from 1 January 2020** (see next slide for details)

3 ***Strong operational performance***

- **Stable distribution volumes** around 6 TWh per year with 6.3 TWh in H1 2019 LTM (2018: 6.3 TWh)
- 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 stable Cash Conversion (excl. WoCa & Tax)**[3] in the gas and power distribution segment, reached 84% in H1 2019 LTM (2018: 84%)
- **Stable core business Adjusted EBITDA**[2] 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**
- Leverage capped in SHA with Slovak government by 2.5x EBITDA

1. Refers to SSD which contributed the vast majority of SSE's Adj. EBITDA in 2018, H1 2019 LTM periods. Other SSE activities consist primarily of electricity supply
2. Represents Adj. EBITDA for the whole segment. For definition of Adjusted EBITDA please see slides 30-32
3. Cash Conversion (excl. WoCa & Tax) represents Adjusted EBITDA less CAPEX (Acquisition of property, plant and equipment and intangible assets (without emission allowances and goodwill) as presented in the Operating segments information in the consolidated financial statements of the Group) divided by Adjusted EBITDA

Heat Infra: key investment highlights

H1 2019 LTM Adj. EBITDA[1]: EUR 176 million
2018 Adj. EBITDA: EUR 153 million

PRAŽSKÁ TEPLÁRENSKÁ
Budapesti Erőmű Zrt.
UNITED ENERGY
EOP
PLZEŇSKÁ TEPLÁRENSKÁ

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 producer in the city of Budapest** ❑ Additional potential for small bolt-on acquisitions such as a merger of Plzeňská energetika and Plzeňská teplárenská as a result of which EPIF has 35% shareholding and management control in the merged entity. Merger was completed on 31 October 2018
2 *Robust district heating systems producing low cost heat mainly for households*	❑ Ownership of approximately 1,500 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
3 *Favorable 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
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** ❑ The segment reports reasonably solid **Cash Conversion (excl. WoCa & Tax)[2]** of 68% for H1 2019 LTM (2018: 65%)
5 *Electricity produced in cogeneration mode with strong contribution from ancillary services*	❑ 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

1. For definition of Adjusted EBITDA please see slides 30-32
2. Cash Conversion (excl. WoCa & Tax) represents Adjusted EBITDA less CAPEX (Acquisition of property, plant and equipment and intangible assets (without emission allowances and goodwill) as presented in the Operating segments information in the consolidated financial statements of the Group) divided by Adjusted EBITDA

Gas Storage: key investment highlights

H1 2019 LTM Adj. EBITDA[1]: EUR 152 million
2018 Adj. EBITDA: EUR 147 million

Gas Transmission
Distribution
Heat Infra
Gas storage

nafta
SPP Storage
POZAGAS
nafta Speicher

1	*Market leader in the CE region with significant position in Bavaria*	❑ **Market leader** (24.8% share) in terms of capacity in the gas storage market **in the CE region** (the Slovak Republic, the Czech Republic and Austria) ❑ Monopoly gas storage operator in Slovakia, with 100% market share ❑ Significant market position in Bavaria through acquisition of storage assets (NAFTA Speicher) at the end of 2018 (19.9 TWh)
2	*Strategically located asset*	❑ **Connection to the Central European gas routes** ❑ Interconnection with and ability to deliver to the VTP Austria / CEGH gas hub
3	*Medium and long-term contracts, Stable and predictable cash flow generation and modern asset base*	❑ Currently 71% of **capacity contracted on a long-term basis** until 2019/20, 55% until 2025/26 and 42% until 2026/27 (shares as of end of 2018) supporting stable performance (incl. NAFTA Speicher) ❑ **Moderate investment needs** due to modern facilities and strong cost control on opex side ❑ Track record of **superb Cash Conversion (excl. WoCa & Tax)[2]** - 95% in H1 2019 LTM (2018: 96%)
4	*No price regulation*	❑ No price regulation[3] ❑ 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. For definition of Adjusted EBITDA please see slides 30-32
2. Cash Conversion (excl. WoCa & Tax) represents Adjusted EBITDA less CAPEX (Acquisition of property, plant and equipment and intangible assets (without emission allowances and goodwill) as presented in the Operating segments information in the consolidated financial statements of the Group) divided by Adjusted EBITDA
3. Price regulation can be introduced in case of Emergency situation

Agenda

1) Executive summary
2) Group performance
3) Financial profile update
4) Business segment highlights
5) **Subsequent events & Summary**
6) Appendix

Subsequent events

Financing

- On 23 July 2019, EPIF successfully placed its longest international eurobond of EUR 600 million with a 7-year tenor and 1.698% coupon. EPIF used the bond proceeds to prepay EUR 600 million of EPIF bank loans due in 2022

- Aim of the new financing was to further optimize the maturity profile of the EPIF Group, to diversify EPIF's investors base and to have a second point on a yield curve

Environmental, Social and Governance matters

- EPIF views the areas of environmental, social and governance matters as being vital to the overall well-being of the EPIF Group and its stakeholders. **In 2019** for the first time, **the EPIF Group obtained an ESG rating "Average Performer" from the renowned ESG rating agency Sustainalytics**. EPIF is committed to further improve its awareness of the ESG areas, incl. implementation of new ESG policies in Q3/Q4 2019 and publishing disclosures which should prospectively lead to an ESG rating upgrade as well

- **EPIF issued in September its debut Sustainability report**. The Sustainability report covers a wide spectrum of economic, environmental, social and governance related topics and enables report users to obtain a comprehensive understanding of the EPIF Group's business and the links between EPIF's strategy and commitment to a sustainable global economy

Summary

- The core operations of EPIF for H1 2019 reported **considerable improvement** as compared to the previous period. EPIF Group **historical LTM consolidated sales** for H1 2019 reached **EUR 3,325 million,** being 7% higher compared to 2018. **Adjusted LTM EBITDA** for H1 2019 amounted to **EUR 1,528 million,** being 4% higher compared to 2018. The improved performance in LTM H1 2019 was primarily driven by the Gas Transmission segment (growing volumes of transmitted gas with some effect of frontloading) and the Heat Infra segment (partly through acquisition of PLTEP in October 2018) and by the Storage segment driven by EPIF's latest acquisition of NAFTA Speicher in December 2018
- The LTM H1 2019 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 with **Group LTM Cash Conversion Ratio of 76%** in H1 2019
- The **Proportionate Net Leverage Ratio** as of 30 June 2019 stood at **4.1x**

Financing

- On 8 April 2019, EPIF issued 8-Year Floating Rate Notes due in 2027 in the total nominal volume of EUR 70 million, which have been admitted to trading on the Third Market operated by Vienna Stock Exchange
- On 24 April 2019, EPIF collected proceeds from an EUR 182.5 million loan agreement issued under German law (so called "Schuldschein"). The term of the floating rate Schuldschein loan agreements is five and seven years
- On 21 May 2019, EPIF signed a new EUR 265 million term facilities agreement. The facilities are unsecured and rank pari passu with other financial indebtedness of EPIF and have a six and seven-year term
- New financing secures sufficient funds for refinancing of EUR 496 million EP Energy bonds on the EPIF level and thus allowing for approximately 70% of the overall Group proportionate debt to be located on the EPIF level

Agenda

1) Executive summary
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6) **Appendix**

Strongly performing business with excellent cash conversion (I/II)

❑ Southern Europe peers

	EP Infrastructure (1)	Snam	Terna	Red Eléctrica de España	Enagás	Italgas (4)	
Key countries	Slovakia Czech Republic Germany	Italy Austria	Italy	Spain	Spain	Italy	
2018A Adjusted EBITDA and 2018A Cash generation (ex Taxes and WoCa) (€m)[(2)]	1 466 / 1274	2 095 / 1246	1 651 / 560	1 540 / 1083	967 / 925	840 / 317	*Average: 1,418* *Average: 826*
2018A Cash conversion (ex Taxes and WoCa)[(3)]	87%	59%	34%	70%	96%	38%	*Average: 59%*
2018A Net debt / EBITDA and 2018A Net debt / cash generation (ex Taxes and WoCa)[(2)]	2.9x / 3,4x	5.5x / 9,3x	4.8x / 14,1x	3.0x / 4,3x	4.4x / 4,6x	4.4x / 11,7x	*Average: 8.8x* *Average: 4.4x*
Company rating and outlook (S&P / Moody's / Fitch)	BBB / Baa3 / BBB- Stable / Stable / Stable	BBB+ /Baa2 /BBB+ Neg. / Stable / Stable	BBB+ / Baa2 /BBB+ Neg. / Stable / Stable	A- / n.r. / A- Stable / n.r. / stable	BBB+ / Baa1 / A- Stable / Neg. / Stable	n.r. / Baa2 / BBB+. n.r. / Stable / Stable	
Country rating (S&P / Moody's / Fitch)	A+ / A2 / A+ AA- / A1 / AA- AAA / Aaa / AAA	BBB / Baa3 / BBB AA+ / Aa1 / AA+	BBB / Baa3 / BBB	A- / Baa1 / A-	A- / Baa1 / A-	BBB / Baa3 / BBB	

Adjusted EBITDA — Cash generation — Avg. EBITDA — Avg. cash generation

Net debt/EBITDA — Net debt/ cash generation — Avg. net debt/EBITDA — Avg. net debt/ cash generation

Source: Company information, Rating reports
Note:
1. EPIF information is shown on a fully consolidated basis
2. Cash generation (excluding taxes, working capital) calculated as Adj. EBITDA – Capex
3. Cash conversion (excluding taxes, working capital) calculated as (Adj. EBITDA – Capex) / Adj. EBITDA. Excludes effect of taxes and working capital adjustments
4. Capex includes concession agreements

Strongly performing business with excellent cash conversion (II/II)

❑ Northern Europe peers

	EP Infrastructure (1)	nationalgrid	innogy	FLUXYS	ELENIA
Key countries	**Slovakia Czech Republic Germany**	**UK**	**Germany Czech Republic Slovakia**	**Belgium Germany**	**Finland**
2018A Adjusted EBITDA and 2018A Cash generation (ex Taxes and WoCa) (€m)[(2)]	1 466 1 274	5 379 886	4 097 1 409	278 200	196 37
2018A Cash conversion (ex Taxes and WoCa)[(3)]	87%	16%	34%	72%	19%
2018A Net debt / EBITDA and 2018A Net debt / cash generation (ex Taxes and WoCa)[(2)]	2,9x 3,4x	5,3x 32,5x	4,1x 12,1x	3,2x 4,4x	10,1x 53,0x
Company rating and outlook (S&P / Moody's / Fitch)	BBB / Baa3 / BBB- Stable / Stable / Stable	A- / Baa1 / BBB Stable / Stable / Stable	BBB / Baa2 / BBB+ Stable / Stable / Stable	n.a.	BBB / n.a. / n.a.[(5)].
Country rating (S&P / Moody's / Fitch)	A+ / A2 / A+ AA- / A1 / AA- AAA / Aaa / AAA	AA / Aa2 / AA	AAA / Aaa / AAA AA- / A1 / AA- A+ / A2 / A+	AA / Aa3 /AA- AAA / Aaa / AAA	AA+ / Aa1 / AA+

Adjusted EBITDA — Cash generation — Avg. EBITDA — Avg. cash generation

Average: 2,488

Average: 633

Average: 35%

Net debt/EBITDA — Net debt/ cash generation — Avg. net debt/EBITDA — Avg. net debt/ cash generation

Average: 25.5x

Average: 5.7x

Source: Company information, Rating reports

Note:

1. EPIF information is shown on a fully consolidated basis
2. Cash generation (ex Tax, WC) calculated as Adj. EBITDA – Capex
3. Cash conversion (ex Tax, WC) calculated as (Adj. EBITDA – Capex) / Adj. EBITDA. Excludes effect of taxes and working capital adjustments
4. Long-term bond credit rating for Elenia Finance Oyj

Appendix – Adjusted EBITDA calculation (I/III)

- **EBITDA** represents Profit from operations less Depreciation and amortisation and Negative goodwill (if any). **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 charges relating to property, plant and equipment and intangible assets (H1 2019: EUR -1 million; H1 2018: EUR -11 million; H1 2019 LTM: EUR -10 million; 2018: EUR -20 million), when a majority related to impairment charged at Plzeňská energetika a.s. ("PE") as a result of commercial negotiations between the Group and the City of Pilsen in relation to a merger of PE and Plzeňská teplárenská, a.s. ("PLTEP"). The merger was completed on 31 October 2018 and EPIF holds 35% and a management control in PLTEP as the successor entity and (b) excluding one-off gain from sale of unused non-operational land and assets (H1 2019: EUR 0 million; H1 2018: EUR 1 million; H1 2019 LTM: EUR 19 million; 2018: EUR 20 million) and (c) 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 (H1 2019: EUR 22 million; H1 2018: EUR -27 million; H1 2019 LTM: EUR 8 million; 2018: EUR -41 million)

- 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)

- The EBITDA and Adjusted EBITDA included in this presentation do not represent the terms EBITDA or Adjusted EBITDA as may be defined by any documentation for any financial liabilities of the EP Infrastructure Group

Appendix – Adjusted EBITDA calculation (II/III)

❑ EBITDA and Adjusted EBITDA calculation (H1 2019 LTM and 2018):

Key Metrics	Gas Transmission	Gas and Power Distribution	Heat Infra	Gas Storage	Total segments	Other	Holding entities	Intersegment-eliminations	Consolidated financial information
					(in EUR millions)				
12 months ended 30 June 2019									
Profit from operations	588	360	103	124	1,175	18	(7)	-	1,186
Depreciation and amortization	105	154	77	25	361	3	-	-	364
Negative goodwill	-	-	-	(5)	(5)	-	-	-	(5)
EBITDA	**693**	**514**	**180**	**144**	**1,531**	**21**	**(7)**	**-**	**1,545**
Non-cash non-recurring impairments of assets	2	-	-	8	10	-	-	-	10
One off gain from sale of unused non-operational land and assets	-	-	(4)	-	(4)	(15)	-	-	(19)
System Operation Tariff (surplus) / deficit	-	(8)	-	-	(8)	-	-	-	**(8)**
Adjusted EBITDA	**695**	**506**	**176**	**152**	**1,529**	**6**	**(7)**	**-**	**1,528**
2018									
Profit from operations	579	308	78	123	1,088	17	(6)	-	1,099
Depreciation and amortization	84	153	70	21	328	3	0	0	331
Negative goodwill				(5)	(5)				(5)
EBITDA	**663**	**461**	**148**	**139**	**1,411**	**20**	**(6)**	**-**	**1,425**
Non-cash non-recurring impairments of assets	2	-	10	8	20	-	-	-	20
One off gain from sale of unused non-operational land and assets	-	-	(5)	-	(5)	(15)	-	-	(20)
System Operation Tariff (surplus) / deficit	-	41	-	-	41	-	-	-	**41**
Adjusted EBITDA	**665**	**502**	**153**	**147**	**1,467**	**5**	**(6)**	**-**	**1,466**

Appendix – Adjusted EBITDA calculation (III/III)

- EBITDA and Adjusted EBITDA calculation (H1 2019 and H1 2018):

Key Metrics	Gas Transmission	Gas and Power Distribution	Heat Infra	Gas Storage	Total segments	Other	Holding entities	Intersegment-eliminations	Consolidated financial information
					(in EUR millions)				
Six months ended 30 June 2019									
Profit from operations	301	222	73	72	668	1	(4)	-	665
Depreciation and amortization	63	77	42	14	196	1	0	0	197
Negative goodwill	-	-	-	-	-	-	-	-	-
EBITDA	**364**	**299**	**115**	**86**	**864**	**2**	**(4)**	**-**	**862**
Non-cash non-recurring impairments of assets	1	-	-	-	1	-	-	-	1
One off gain from sale of unused non-operational land and assets	-	-	-	-	-	-	-	-	-
System Operation Tariff (surplus) / deficit	-	(22)	-	-	(22)	-	-	-	**(22)**
Adjusted EBITDA	**365**	**277**	**115**	**86**	**843**	**2**	**(4)**	**-**	**841**
Six months ended 30 June 2018									
Profit from operations	292	170	48	71	581	-	(3)	-	578
Depreciation and amortization	42	76	35	10	163	1	0	0	164
Negative goodwill	-	-	-	-	-	-	-	-	-
EBITDA	**334**	**246**	**83**	**81**	**744**	**1**	**(3)**	**-**	**742**
Non-cash non-recurring impairments of assets	1	-	10	-	11	-	-	-	11
One off gain from sale of unused non-operational land and assets	-	-	(1)	-	(1)	-	-	-	(1)
System Operation Tariff (surplus) / deficit	-	27	-	-	27	-	-	-	**27**
Adjusted EBITDA	**335**	**273**	**92**	**81**	**781**	**1**	**(3)**	**-**	**779**

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 2018, the total amount due from the system resulting from the temporary system imbalance reached EUR 236 million, which is assumed to be fully recognised on SSD‘s balance sheet in course of 2019 and 2020 (and collected latest by 2021), according to current Regulatory Framework (specifically the Coll. 309/2009 paragraph 5, section 1)

Recent development

- As the SOT system has created a deficit, 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 2018, Slovak government approved the legal act relating to SOT (amendment to the Slovak Renewable Energy Sources Act) drafted by Slovak Ministry of economy („ME“). Parliament approved the change later in 2018 and in November 2018 the final version of legal act relating to SOT (amendment to the Slovak Renewable Energy Sources Act) was published in Official Journal
- The legal act relating to SOT includes all major attributes that were promised on a meeting between all three Slovak distribution companies and Ministry of Economy. Primarily, the legal act envisages 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 foreseen to occur during the course of 2020 and 2021 at the latest

Appendix - Capital structure related definitions

- **Gross debt** for the Group represents the sum of indebtedness (representing principal amount and disregarding, among other things, unamortized fees, discounts and accrued interest) including lease liabilities 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 unamortized 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 Gross debt, Net debt, 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 EP Infrastructure Group

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