EP Infrastructure

MANDATORY DISCLOSURE
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EP Infrastructure: Q3 2018 unaudited financial results and plans for optimization of financing structure

The core operations of the EP Infrastructure Group ("**EPIF**") remained strong and stable in the first three quarters of 2018. Based on the internally compiled unaudited consolidated financial information of the Group approved by the board of directors of EPIF on 1 February 2019, adjusted EBITDA[i] reached EUR 1,086 million for the nine months ended 30 September 2018 and EUR 1,439 million for the twelve months ended 30 September 2018 (the "**LTM adjusted EBITDA**"). The 2.0 % decline in LTM adjusted EBITDA as compared to full year 2017 was primarily attributable to colder weather conditions (reflected mainly in higher heat and gas distribution revenues) in 2017. The Group's proportionate net leverage ratio[ii] of 4.3x remained in line with the net leverage target of the Group.

As a response to the achieved results, Gary Mazzotti, Vice Chairman of the EPIF's Board of Directors, stated that "the EPIF corporate strategy of predictable and stable returns based on a diversified Group structure remains in place and is highlighted by the financial results for the nine months ended 30 September 2018 which are fully in line with our plan and expectations and pinpoint once more the robustness of our earnings".

The Group continuously assesses all options to achieve optimal financing structure while not increasing its net indebtedness. As part of this strategy, the board of directors of EPIF currently considers incurring new bank debt, issuing Schuldschein instruments or privately placed bonds.

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[i] 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 merger of PE and Plzeňská teplárenská, a.s. ("**PLTEP**") which was completed on 31 October 2018, resulting in PLTEP as a successor company in which the Group has a 35 per cent. interest and management control (effect of negative EUR 10 million in first three quarters of 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 -45 million in first three quarters of 2018; EUR 8 million in first three quarters of 2017; EUR 41 million in 2017; EUR -12 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 to internally compiled unaudited consolidated financial information is as follows:

Key Metrics	**Consolidated financial information In EUR millions**
Nine months ended 30 September 2018	
Profit from operations	786
Depreciation and amortisation	245
Impairment to the line items property, plant and equipment and intangible assets at PE	10
System Operation Tariff (surplus) / deficit	45
Adjusted EBITDA	**1,086**
Nine months ended 30 September 2017	
Profit from operations	870
Depreciation and amortisation	253
Impairment to the line items property, plant and equipment and intangible assets at PE	-
System Operation Tariff (surplus) / deficit	(8)
Adjusted EBITDA	**1,115**
12 months ended 30 September 2018	
Profit from operations	1,080
Depreciation and amortisation	337
Impairment to the line items property, plant and equipment and intangible assets at PE	10
System Operation Tariff (surplus) / deficit	12
LTM Adjusted EBITDA	**1,439**
Year ended 31 December 2017	
Profit from operations	1,164
Depreciation and amortisation	345
Impairment to the line items property, plant and equipment and intangible assets at PE	-
System Operation Tariff (surplus) / deficit	(41)
Adjusted EBITDA	**1,468**

[ii] Net leverage ratio represents net debt divided by adjusted EBITDA (calculated as of and for the last twelve months ended 30 September 2018).

Proportionate net leverage ratio represents net leverage ratio, taking into consideration the proportionate ownership of EPIF in its subsidiaries.

Net debt represents gross debt less cash and cash equivalents (as included in the internally compiled unaudited consolidated financial information of the Group).

Gross debt of 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 internally compiled unaudited consolidated financial information of the Group in the line items non-current loans and borrowings and current loans and borrowings, disregarding unamortised fees and accrued interest.