



Energetický a průmyslový holding, a.s.

1H 2020 Results

13 October 2020

EPH

Disclaimer

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□ The Information contains certain measures that are not measures defined by International Financial Reporting Standards, namely, EBITDA, Adjusted EBITDA, Capital Expenditures, Cash Generation, Reported Free Cash Flow, Adjusted Free Cash Flow, Cash Conversion Ratio, Group Cash Conversion Ratio, Gross Debt, Net Debt, Net Leverage Ratio. 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 “Selected Financial Information for the six-month period ended 30 June 2020” as published on www.epholding.cz.

EPH overview



EPH is unique energy group active in energy infrastructure, conventional and regulated and contracted renewable power generation

EPH overview

- EPH is a Prague-based vertically integrated energy group active in energy infrastructure, power generation and regulated and long term contracted renewable power generation. EPH is present in the Czech Republic, Slovakia, Germany, Italy, the UK, France, Ireland, Poland, Hungary and Switzerland with seat in Prague
- Adjusted Last Twelve Month (“LTM”) EBITDA¹ reached EUR 2.08bn on a fully consolidated basis (EUR 2.11bn in 2019) maintaining very strong performance despite very demanding situation associated with Covid-19
- Vast majority of EBITDA is generated either from regulated and/or long-term contracted businesses concentrated within EP Infrastructure (“EPIF”): EPIF Group consists of four segments: Gas transmission in Slovakia, Gas and Power Distribution in Slovakia, Gas storage in the Czech Republic, Slovakia and Germany and Heat infrastructure in the Czech Republic and Hungary
- The activities related to power generation are predominantly consolidated under EP Power Europe (“EPPE”). These comprise of power generation and associated lignite mining (including related activities). EPPE Group is active mainly in Germany, the UK, Italy, France and Ireland. Long-term contracted or regulated renewable energy (biomass/biogas) are another EPPE’s strategic area of development
- Consolidated companies by EPH employ over 11,000 employees
- Both EPIF and EPPE have a strong management team with a proven track-record
- Companies operated by EPH generate over 100 TWh of power, which places it as the 7th largest power producer in Europe²

1. Adjusted EBITDA represents Operating profit before Depreciation and amortization and Negative goodwill (if any) further adjusted for selected effects of impairment items, special items (e.g. profit/loss realized on goodwill and disposal of fixed assets), dividend income, changes in provisions, and pro-forma impact of acquisitions

2. Based on total European energy production (data for EPH presented on a 100% ownership basis, including equity consolidated companies such as LEAG and SE)

3. Operating data for year 2019 Source: EPH 2019 Annual Reports

4. Represents entry capacity bookings

KPIs of the Group (2019)³

Natural Gas

Gas transmission capacity ⁴	bcm	84.3
Gas transmission / distribution	bcm	69.1 / 4.8
Gas storage capacity	bcm	5.7

Heat and Power

Installed capacity (net)	GW _e	13.0
Power production (net)	TWh _e	33.4
Power distribution	TWh _e	6.2
Heat supplied	PJ	26.3



Largest gas transmission route in Europe



Gas distributor in Slovakia

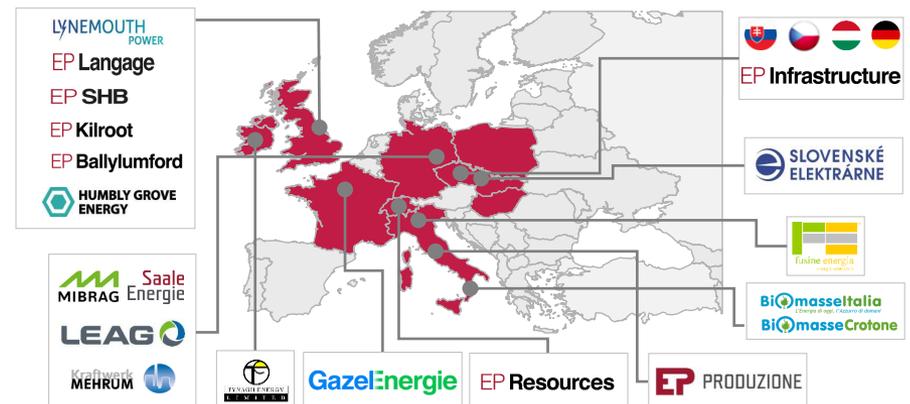


Czech district heating infrastructure



Gas storage player in region of Slovakia, the Czech Republic and Austria

Geographic presence of EPH



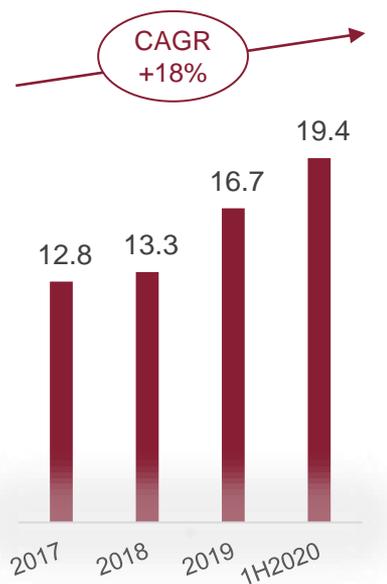
Summary of key EPH financials

Consolidated results in the LTM period ending on 30 June 2020

- Assets reached EUR 19.4 bn¹
- Sales reached EUR 8.9 bn¹
- Adjusted EBITDA² was EUR 2.1 bn¹
- Net debt was EUR 5.1 bn¹
- Net leverage ratio stood at 2.5x

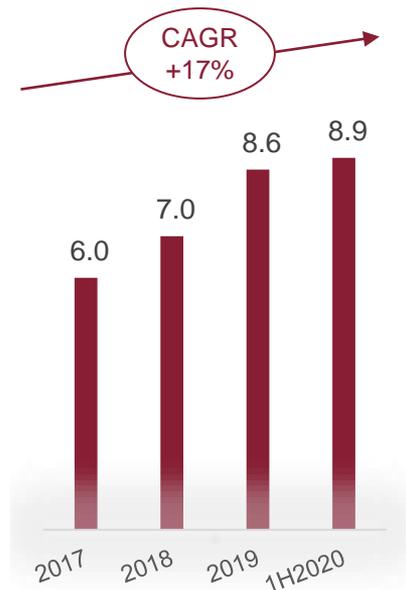
Assets

EUR bn



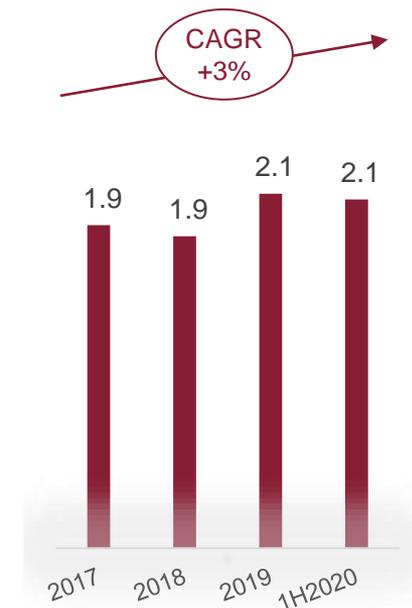
Sales

EUR bn

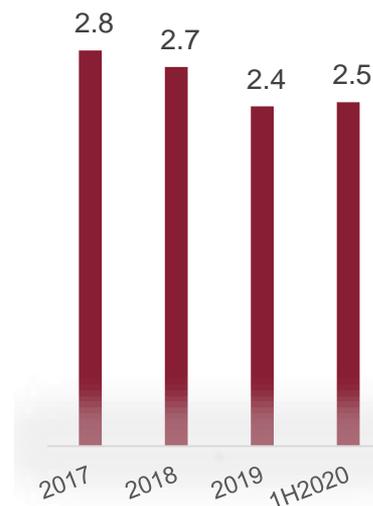


Adjusted EBITDA²

EUR bn



Leverage ratio



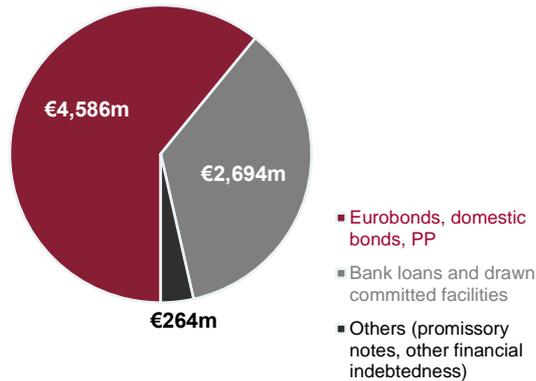
1. Based on unaudited consolidated 1H 2020 financials

2. Adjusted EBITDA represents Operating profit before Depreciation and amortization and Negative goodwill (if any) further adjusted for selected effects of impairment items, special items (e.g. profit/loss realized on goodwill and disposal of fixed assets), dividend income, changes in provisions, and pro-forma impact of acquisitions.

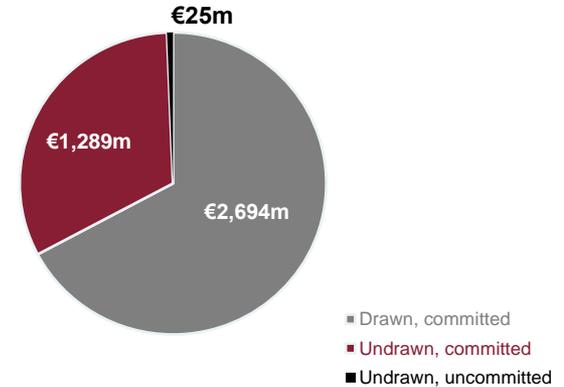
Gross debt overview as of 30 June 2020

Bank and bond debt breakdown by instrument¹

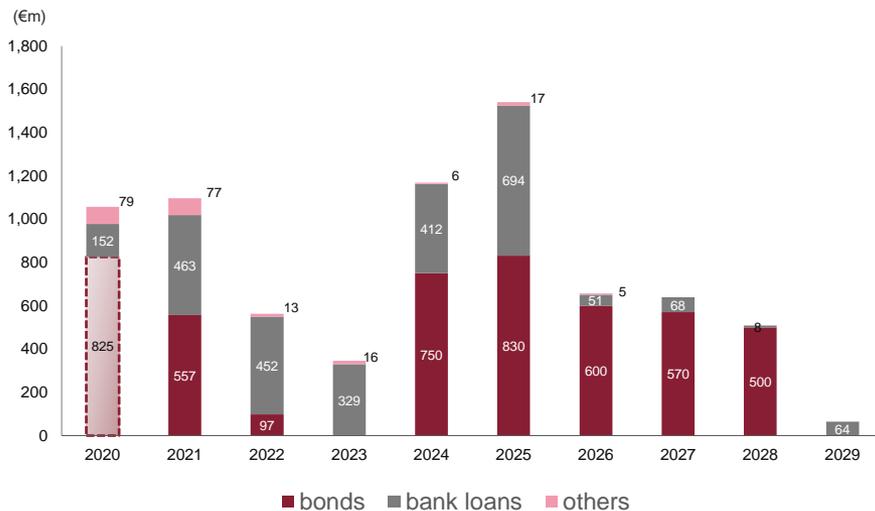
Total debt: €7,544m



Utilization of bank financing



Debt maturity profile^{1,2,3}



1. SPP Infrastructure Financing BV bond of EUR 750 million repaid in July 2020
 2. EPH Financing SK bond of EUR 75 million repaid in August 2020

1. Excluding operating leases

2. Including bond issues (EPH PP in volume EUR 50 million due 2025; an additional CZK 2.5 billion of EPH Financing CZ bond due 2025) placed in July-August 2020

3. Excluding financial leases

Commentary

- Majority of debt is EUR denominated
- As of 30 June 2020 the EPH Group had EUR 1.3 billion of undrawn revolving credit lines
- On 14 January 2020, EPIF signed a new bank financing agreement for the total amount of EUR 800 million. The funds comprise a term loan of EUR 400 million and a committed revolving credit facility of up to EUR 400 million; both are unsecured and have a five-year term. The Group used the funds to fully refinance the existing EPIF's bank debt which was due in 2023 (EUR 500 million)
- On 25 June 2020, eustream issued 7-year senior unsecured bond in the total amount of EUR 500 million bearing fixed interest rate of 1.625% per annum
- On 17 March 2020, EPH FIN CZ issued 5-year senior unsecured bond (guaranteed by EPH) in the total amount of CZK 5 billion bearing fixed interest rate of 4.5% per annum. During July 2020 the issuance was successfully increased to maximum volume of CZK 7.5 billion
- On 15 July 2020, the Group repaid bonds issued by SPP Infrastructure Financing B.V. in 2013 in the nominal amount of EUR 750 million using combination of proceeds from 2027 bonds issued by eustream (EUR 500 million) on 25 June 2020 and own sources

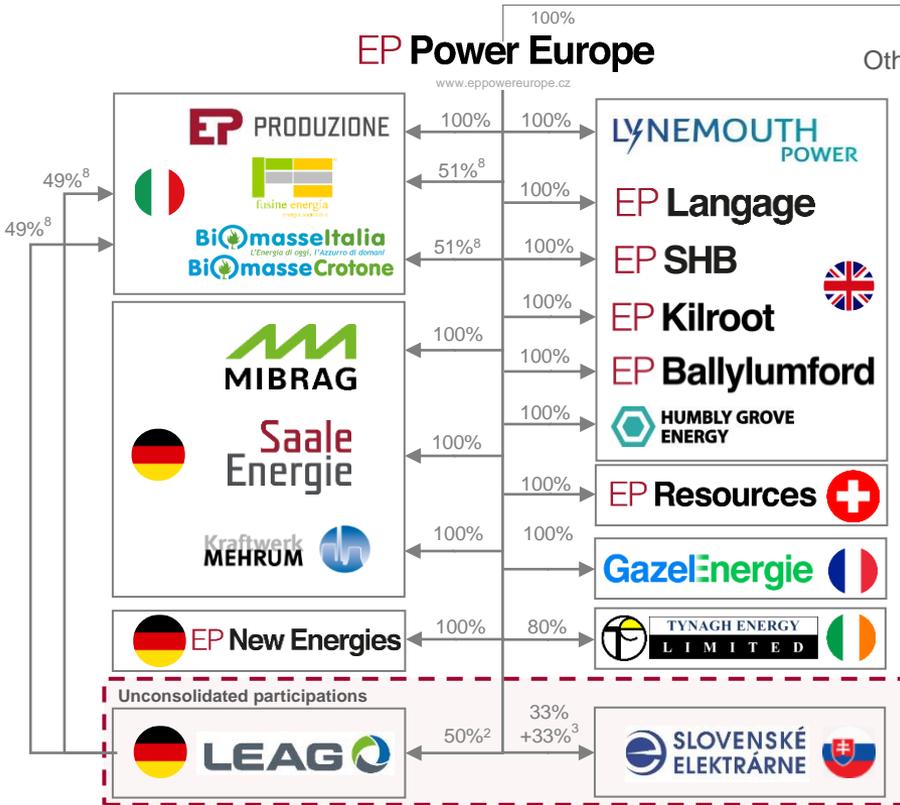
EPH Group Structure

EPH

www.eppholding.cz

EP Power Europe

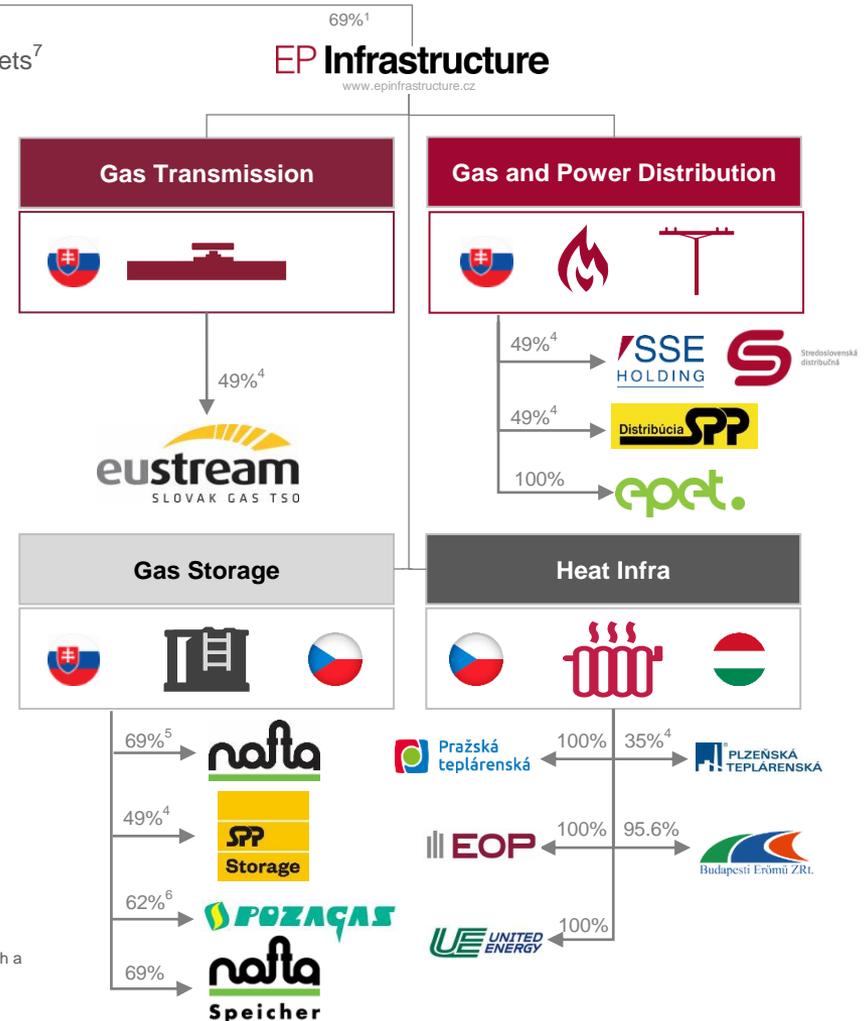
www.eppowereurope.cz



Other assets⁷

EP Infrastructure

www.epinfrastructure.cz



1. 31% owned by a consortium of global infrastructure investors led by Macquarie Infrastructure and Real Assets ("MIRA")
2. 50% shareholding in LEAG acquired in 2016 as a 50-50 consortium with PPF Investments
3. Not (yet) formally part of EPPE but presented under EPPE due to same business rationale. EPH holds a 33% stake in SE with a put-call option structure for additional 33%
4. including management control
5. 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
6. 65% is controlled by Nafta and 35% is owned by SPP infrastructure
7. Other assets primarily comprise sourcing and logistics
8. EPPE holds 75.5% stake in total (following the sale of 49% stake in EPNEI to LEAG)

COVID-19 impact on the EPH Group

Central priorities since the beginning of the outbreak

- ❑ Guaranteeing the **health and safety** of our **employees** mainly through
 - Internal communication from the first day of the emergency, in order to share with our employees the health and behavioral rules established by the authorities
 - Remote working where possible (communication through conference calls and virtual working sessions)
 - Distribution of protective equipment to staff whose on-site presence is essential
- ❑ Safeguarding the **continuity** of the essential **energy security** service in the countries where we operates
 - Critical employees strictly divided into smaller teams
 - Identification of essential CAPEX and maintenance works which will be prioritized, while other projects might be postponed if necessary

Corporate responsibility

- ❑ EPH has substantially participated on large scale aid representing a purchase of **vital medical supplies** which were donated to healthcare facilities, municipalities and others in need in Slovakia and Czech Republic

Financial impacts

- ❑ Decline in economic activity adversely affected demand for commodities and their prices. However, **the impact** of economic slowdown on EPH operations **is limited thanks** to the nature of EPH's business which is largely **regulated or long-term contracted**
- ❑ **Financial stability** is further supported by excellent cash conversion, tight control over counterparty credit risk and sufficient committed liquidity lines arranged with strong financial institutions and houses
- ❑ Future outlook of the COVID-19 and possible economic consequences are hardly predictable, therefore EPH cannot exclude potential negative impacts on EPH's business operations

EPH is highly committed to environmental, social and safety aspects of its operations



EPH takes an active role in transforming the energy system: Key highlights (I/II)

EPH is highly committed to environmental, social and safety aspects of its operations

- ❑ Sustainability, social, health and safety topics are cornerstones of EPH's operations
- ❑ EPH already implemented and continues to pursue a number of initiatives to materially **decrease** its **environmental footprint**, whilst keeping focus on social, health and safety aspects of this strategy
- ❑ To assure even greater focus and best practice governance, Mr. Gary Mazzotti has been appointed as the independent member of the boards of directors of EPIF and EPPE in charge of the ESG agenda

Vast majority of EPH's financial results is stemming from infrastructure assets with negligible CO2 footprint

- ❑ EPH consists of two pillars: EP Infrastructure (EPIF) and EP Power Europe (EPPE). As the name suggests, EPIF owns and operates infrastructure assets while EPPE owns and operates power and heat generation assets
- ❑ Vast majority of our EBITDA is generated from regulated and/or long-term contracted businesses of EPIF having only a marginal CO₂ footprint (**69% of EBITDA in 2019; 3% of CO₂ emissions**). These include gas transmission, gas and power distribution or gas storage
- ❑ The gas infrastructure assets also contribute through gas transmission, distribution, storage and supply to final consumers to reliable supply of natural gas which we view as the key bridging fuel in the transition period

EPH is (largely through EPPE) a major contributor to reduction of CO2 footprint in the EU

- ❑ The initiatives realized by **EPH in 2014-2018 reduced CO₂ emissions** by c. 18mt per annum, **12% share** of the **total emissions reductions** from heat and power generation sector **in the EU**
- ❑ **The emission intensity** of our assets **declined between 2014-2019 by 43%** and we plan further substantial decrease
- ❑ Our goal is to **save more than 40Mt of CO₂ annually by 2035**

EPH takes an active role in transforming the energy system: Key highlights (II/II)

EPH is one of the leading players in decarbonization of conventional power plants

- ❑ In our decarbonization efforts, we strive to seek **real solutions** - not merely offloading but truly **decommissioning** the most **carbon-intensive sources** while investing and actively **converting** our plants **to** low-carbon or fully **renewable sources**
- ❑ We endorse decarbonization efforts and actively pursue it. As a major European energy player, EPH acknowledges its role in the energy transition and supports the process by already realized as well as planned decommissioning and conversion projects
- ❑ For each of the assets we have prepared a **clear transition plan**. In cases without any restrictions (power system stability, social or other) we typically implement the transition very quickly (e.g. Mehrum 2021, France 2022). In the remaining cases with restrictions we strive to communicate with the regulators and/or stakeholders to agree upon the **fastest possible transition** that would reflect the specific requirements and constraints (e.g. in case of Czech CHP¹ where we through the industry association communicate with the Government on a new regulatory framework that would enable much faster decarbonization)

EPH massively invests to carbon footprint reduction

- ❑ In the **last 5 years EPH invested** over **EUR 1 bn** into **zero and/or low carbon footprint** power plans (primarily biomass and modern CCGTs)
- ❑ EPH continues to invest to developing a fleet of dispatchable low carbon footprint assets (biomass, waste to energy, natural gas, and storage), to either replace its existing coal fired power plants or to build completely new ones to back up intermittent renewables and provide much needed security of supply. Beyond that we invest into cutting edge technologies and innovations involving storage, hydrogen and smart technology couplings

EPH through EPPE operates a balanced portfolio of power generation assets with a key weight on natural gas

- ❑ The share of **coal generation** in our portfolio **dropped in 2019 to 21% of which ca ¼ are CHPs¹** operated in highly efficient cogeneration mode. The share will further decline as large portion of coal-based assets will be either decommissioned or shifted to capacity reserve or converted to zero or low carbon footprint technologies
- ❑ Already **by 2022** we expect that **approx. 50%** of our current **coal fired powerplants** to be **closed** and **100% of our hard coal fired powerplants** will be **closed by 2025**

1. Combined heat and power

EPH actively decommissions coal-fired power plants or converts them to low or zero carbon capacities

Specific examples of realized initiatives

- ❑ **Lynemouth** is a power plant (net installed capacity 407 MW) running on biomass, which was converted from hard coal. The conversion helped to significantly reduce SO_x and NO_x emissions. This conversion saves approximately 2.7 Mt of CO₂-eq emissions annually
- ❑ **Eggborough** power plant (net installed capacity 1960 MW) was decommissioned in 2018, saving 11.5 Mt of CO₂-eq emissions annually (compared to baseload operations in 2013). There are several site development plans in consideration, especially a new build CCGT project (<http://www.eggboroughccgt.co.uk>)
- ❑ **Buschhaus** power plant (net installed capacity 352 MW) in Helmstedter Revier was transferred into security stand-by mechanism in October 2016 until September 2020 and then was finally decommissioned
- ❑ Decommissioning of our **Mumsdorf** power plant (net installed capacity 110 MW) in Germany led to an annual saving of about 800 kt of CO₂-eq emissions
- ❑ Decommissioning of 2 older oil units (Unit 1 and Unit 2) in **Fiume Santo** (net installed capacity approx. 80 MW)
- ❑ Our investment in Czech CHP **Elektrárny Opatovice** (net installed capacity 378 MW) led to a 60% reduction of NO_x emissions

Planned closures and conversion projects¹

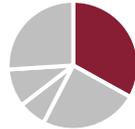
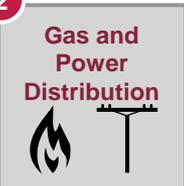
- ❑ Coal Coal-fired assets operated by **Gazel Energie** (net installed capacity 1190 MW) in France should be decommissioned no later than by 2022 due to the coal phase-out decided by the government. It is planned to end the activity of one of the power plants Provence 5, located in Bouches du Rhone, beginning of next year after the information-consultation process launched with the trade unions. The second power plant Emile Huchet 6, located in Moselle, is expected to be operated until 2022
- ❑ Decommissioning of our **Mehrum** power plant (net installed capacity 690 MW) in Germany is expected in 2021 following the participation in the auction run in September 2020 with outcome announcement expected in December 2020. Power generated by Mehrum in the remaining lifetime will be limited and will only be driven by grid stability needs
- ❑ **Kilroot** power plant (net coal installed capacity 350 MW) in the UK planned to be decommissioned in 2023. Power production from coal is driven by a capacity contract to ensure grid stability. The closed coal capacity will be replaced by newly built natural gas units
- ❑ One of the lignite-fired boilers operated by **United Energy** (net installed capacity 239 MW) in the Czech Republic will be refurbished for biomass combustion (tender already ongoing) with operation to commence in 2021. The remaining lignite units are planned to be replaced by CCGT technology in 2025
- ❑ Coal power plant **Fiume Santo** (net installed capacity 599 MW) in Sardinia, Italy where sustained operations are required by local government is expected to be decommissioned in 2025. As the power plant is a key source of power on the island, an alternative source of power needs to be identified prior to the shutdown. The selected technology depends on discussions with local authorities, biomass is considered optimal by EPH provided that adequate generation subsidy is provided. In addition, we expect to build photovoltaic panels on the site
- ❑ In 2027-2035, the rest of predominantly **lignite-fired heating plants operated by EPIF** in the Czech Republic (net installed capacity 848 MW) are planned to be gradually replaced by a balanced mix of CCGTs, biomass boilers and waste-to-energy plants

1. The described actions are only indicative and are based solely on management estimates in respect of closures and refurbishments of individual plants. These plans are subject to future management decisions, market development as well as numerous risks and uncertainties

EP Infrastructure



EPIF includes predominantly regulated and/or contracted businesses with leading market positions

Segment	Group Companies	LTM EBITDA ¹ share	Assets highlights	Business profile
<p>1</p> <p>Gas Transmission</p> 		 <p>EUR 689 mil.</p>	<p>#1</p> <p>Part of the largest transmission route in Europe²</p>	<ul style="list-style-type: none"> Regulated Long-term contracted
<p>2</p> <p>Gas and Power Distribution</p> 		 <p>EUR 506 mil.</p>	<p>#1</p> <p>Gas distributor in Slovakia³</p> <p>#2</p> <p>Electricity distributor in Slovakia²</p>	<ul style="list-style-type: none"> Almost fully regulated; natural monopoly position in distribution business in the region of operation Predominantly regulated
<p>3</p> <p>Heat Infra</p> 		 <p>EUR 144 mil.</p>	<p>#1</p> <p>Czech district heating infrastructure⁴</p>	<ul style="list-style-type: none"> Predominantly regulated
<p>4</p> <p>Gas Storage</p> 		 <p>EUR 198 mil.</p>	<p>#1</p> <p>Storage capacity in the region of Slovakia, Czech Republic and Germany⁵</p>	<ul style="list-style-type: none"> Predominantly long-term regulated

Source: Company information, internal research and analysis, Gas Storage Europe

1. As of 30 June 2020, Adjusted EBITDA („Adj. EBITDA“) represents operating profit plus depreciation of property, plant and equipment and amortization of intangible assets less negative goodwill (if applicable), adjusted for selected items

2. Based on volume transmitted

3. Based on volume distributed

4. Based on PJ distributed to final consumers

5. Based on storage capacity

EPIF is a stable, diversified infrastructure with investment grade ratings, high cash-flow and strong shareholder structure

EP Infrastructure

BBB

Outlook: stable

S&P Global

Baa3

Outlook: stable

MOODY'S

BBB-

Outlook: stable

FitchRatings

EPIF operates critical energy infrastructure of regulated and long-term contracted assets

- ❑ Active in gas transmission, gas and power distribution, heating infrastructure and gas storage across low-risk and developed markets in Slovakia (A+ / A2 / A)¹, Czech Republic (AA- / Aa3 / AA-)¹ and Germany (AAA/Aaa/AAA)¹
- ❑ Mostly regulated and/or long term contracted businesses
- ❑ Highly diversified across different infrastructure asset types
- ❑ Dominant or leading businesses in their area of operation or in their region

Modern assets with low CAPEX needs and high cash flow conversion

- ❑ Well-invested, modern asset base with long remaining asset lives
- ❑ Low maintenance CAPEX needs in the medium to long term, resulting in a strong cash conversion

EPIF is committed to maintaining a financial profile consistent with investment-grade rating, currently rated BBB / Baa3 / BBB-¹, all with stable outlook¹

- ❑ Strong conversion to cash-flow resulting in low leverage compared to peers
- ❑ Conservative financial policy with dividend lock-up covenant $\leq 4.5x$ EBITDA
- ❑ Given the high cash flow conversion, EPIF has the capacity to reduce leverage quickly if desired

Strong management team supported by long-term, committed shareholders

- ❑ Consortium of global institutional investors led by by Macquarie Infrastructure and Real Assets is an important minority shareholder of EPIF
- ❑ Experienced and well-structured stable management team ensuring efficient continuous operations of EPIF

EPIF Group obtained an ESG rating “Average Performer” from Sustainalytics and 65/100 ESG rating from S&P

- ❑ 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. Sustainability report for 2019 was published at the end of August 2020 and for the first time, it incorporates EPIF's alignment with the United Nations Sustainable Development Goals and the 2030 Agenda

EPIF group reports resilient results supported by its contracted and regulated business nature

- In the LTM period ending on 30 June 2020¹ EP Infrastructure a.s. („EPIF“) reached:
 - **Consolidated LTM sales** of **EUR 3,331 million** (EUR 3,476 million in 2019)
 - **Adjusted LTM EBITDA²** of **EUR 1,536 million** (EUR 1,606 million in 2019)
 - **Proportionate Net Leverage Ratio³** of **4.1x** (3.9x in 2019)
 - **Adjusted LTM Free Cash Flow⁴** of **EUR 969 million** (EUR 1,107 million in 2019)
 - **Group Cash Conversion Ratio⁵** at approx. **63%** (69% in 2019)
- Decline in operational performance was to certain extent driven by **gas frontloading in 2019**, which shifted a portion of gas flows from 2020 to 2019
- **Impact of Covid-19** outbreak on EPIF business was fairly limited due to its critical infrastructure nature
- Recently, EP Energy, 100% subsidiary of EPIF, entered into a **contract to dispose its stake** in Pražská teplárenská Group⁶ and Budapesti Erömű Zrt. to Veolia Environment S.A. Group (BBB/Baa1/-). Both transactions are subject to an approval of competition authorities and certain technical conditions

Note: for detail information on EPIF 1H 2020 performance please follow the link <https://www.epinfrastructure.cz/en/investors/results-centre/>

1. All figures calculated on fully consolidated basis of EPIF, unless explicitly stated otherwise

2. Adjusted EBITDA represents operating profit plus depreciation of property, plant and equipment and amortization of intangible assets less negative goodwill (if applicable), adjusted for selected items

3. Net Leverage Ratio represents Net Debt divided by Adjusted EBITDA.

4. Adjusted Free Cash Flow represents Cash generated from operations, disregarding Change in restricted cash, less Income tax paid, Acquisition of property, plant and equipment and intangible assets and emission rights as presented in the consolidated statement of cash flows of the Group, adjusted for selected items

5. Group Cash Conversion Ratio represents Adjusted Free Cash Flow divided by Adjusted EBITDA

6. Defined as Pražská teplárenská a.s., its subsidiaries and PT Transit, a.s.

EP Power Europe



EP Power Europe consists of strategic power generation assets across several European markets

Country	Net installed capacity / fuel	Group Companies	Asset highlights	Business profile
 UK	0.4 GW biomass 2.9 GW in gas 0.5 GW in hard coal 2.6 TWh gas storage capacity	 EP Langage EP SHB EP Ballylumford EP Kilroot 	<ul style="list-style-type: none"> Completed biomass conversion project with UK government backed contract for difference until 2027 Highly efficient CCGTs with a leading position within the UK merit order Natural gas and hard coal assets in Northern Ireland Underground gas storage facility in Hampshire (acquired in 2020) 	<ul style="list-style-type: none"> Contract for difference / Contracted Merchant
 Italy	3.7 GW in gas ¹ 0.6 GW in hard coal 0.1 GW in biomass	  	<ul style="list-style-type: none"> Fleet of 5 modern gas-fired power plants in mainland Italy and Sicily and 1 coal-fired power plant in Sardinia 2 biomass plants with total capacity of 73 MW 	<ul style="list-style-type: none"> Merchant / must-run / ancillary services Contracted
 France	1.2 GW in hard coal 0.8 GW in gas 0.2 GW in biomass 0.1 GW in wind & solar		<ul style="list-style-type: none"> 2 CCGT plants and 1 hard coal plant in Saint-Avold 1 hard coal and one biomass plant in Gardanne 2 solar farms and several wind farms 	<ul style="list-style-type: none"> Merchant / ancillary services Contracted
 Ireland	0.4 GW in gas		<ul style="list-style-type: none"> CCGT power plant located in County Galway 	<ul style="list-style-type: none"> Merchant / ancillary services
 Germany	17 – 19 mt annual lignite production 0.1 GW in lignite ² 0.7 GW in hardcoal	  Saale Energie 	<ul style="list-style-type: none"> Two lignite mines and two CHP plants Lignite mine and Buschhaus power plant in strategic reserve since 2016 and ending the operation in 2020 Share in Schkopau power plant with contract until 2021 Highly efficient hard coal power plant 	<ul style="list-style-type: none"> Contracted / security reserve Merchant
Equity consolidated participations				
 Germany	7.6 GW in lignite 0.2 GW in gas		<ul style="list-style-type: none"> Four critical and dependable baseload power plants and associated lignite mines in Germany 	<ul style="list-style-type: none"> Merchant / ancillary services / heat co-generation
 Slovakia	1.8 GW in nuclear 1.6 GW in hydro 0.4 GW in hard coal / lignite		<ul style="list-style-type: none"> Largest power generation company in Slovakia with 3.4 GW of carbon free capacity 	<ul style="list-style-type: none"> Merchant / ancillary services

1. Does not include 407MW capacity of Scandale power plant that is equity consolidated

2. Does not include 400MW capacity of Schkopau power plant that is equity consolidated

3. EPPE owns 50% share in LEAG (indirectly)

4. EPH owns a 33.33% share in Slovenské elektrárne (indirectly), included in this section due to the same business rationale

EPPE owns and operates a fleet of safe and controllable power generation and renewable assets

- ❑ EPPE owns operations across developed markets including the UK, Italy, Ireland, France and Germany with a focus on power generation and sophisticated renewable energy (biomass)
- ❑ Through a fleet of controllable power plants, EPPE provides security of supply as solar and wind renewables with their limited load factor can only partially cover the power demand
- ❑ Post conversion completion of Lynemouth to the biomass power plant, approx. 60% of the EPPE Group EBITDA comes from contracted or regulated activities (e.g. CFD contract in the UK, Green Energy subsidy and Must Run contract in Italy)

Low leverage, strong and predictable cash-flow generation

- ❑ A substantial part of the profit and cash-flow is generated from regulated and contracted activities (see above)
- ❑ Cash conversion ratio above 60% (post completion of the development projects such as the Lynemouth project even higher, 66% in 1H2020)
- ❑ Diversified Adjusted EBITDA split mainly among developed markets of Italy, the UK, Ireland, France and Germany

Low leverage and conservative funding strategy

- ❑ Conservative financing structure with current net external leverage of approx. 0.5x Adjusted EBITDA

Focus on costs and assets optimization

- ❑ Strong and successful track-record of EPH/EPPE in costs and assets management and optimization of acquired assets (e.g. SPPI group, SSE, renegotiated LTSA in EPP, etc.)
- ❑ In most cases, EPH/EPPE has been able to improve the cost base by at least 10-20%

Balanced and diversified fuel mix

- ❑ EPPE's power generation portfolio provides a balanced and diversified mix of thermal and biomass power plants and other renewable sources
- ❑ Favourable position in the merit order and/or strong market position of EPPE power generation assets in respective markets

Strong position in international commodity markets

- ❑ Via its group trading arms, EP Commodities and EP Resources, EPPE has a significant presence in international power, gas, carbon and other commodity markets

An active participant in the power generation market transition

- ❑ The current economic and political environment with almost no new construction of reliable baseload capacities and expected huge decommissioning of the existing ones will lead to a difficult and unsustainable situation on the power markets with potential capacity shortages in the future
- ❑ EPPE expects that markets will need to undergo fundamental changes (e.g. market consolidation, closure of loss-making excess capacities, the introduction of capacity market schemes, etc.) to re-establish stable and secure electricity supplies
- ❑ EPPE already plays an active role in this transition

Prudent and disciplined acquisition strategy

- ❑ Long-term track-record of EPPE in prudent, conservative and disciplined acquisitions
- ❑ EPPE has been able to acquire critical generation assets substantially below their replacement values while meeting its strict investment criteria and has adopted an individual strategy for each market
- ❑ Acquisition in selected and predefined markets with a focus on:
 - power generation on markets where the capacity market was or will be shortly implemented, and
 - sophisticated renewables (biomass and biogas) and waste to energy, which currently represent a non-consolidated and fragmented market

Responsible and environmentally sustainable operations

- ❑ EPPE is committed to operating its portfolio responsibly to gradually reduce environmental footprint, meet interests of all key stakeholders and stands ready to meet its liabilities, particularly associated with future decommissioning and re-cultivations
- ❑ EPPE overview of operations and commitments to ESG area are included in the EPH Sustainability Report

Value-driven management team with a proven track record

- ❑ EPPE is a very experienced operator of power generation assets (track-record since 2004 through its parent EPH) with a focus on costs and optimal dispatch profile
- ❑ A successful combination of EPPE experienced managers and management of acquired companies with a long-term track record of managing power generation assets
- ❑ Proven track record in spotting and extracting value and synergies

EPPE group reports strong results underpinned by diversity across various regions with different market fundamentals

- ❑ **Despite challenges stemming from the Covid-19 crisis outbreak during 2020, EPPE benefitted from diversification of its activities both country wise and fuel wise and from substantial share of the regulated or quasi-regulated revenues streams**
- ❑ In the LTM period ending on 30 June 2020 EP Power Europe a.s. („EPPE“) reached:
 - **Consolidated LTM sales of EUR 5,552 million** (EUR 5,106 million in 2019)
 - **Adjusted LTM EBITDA¹ of EUR 473 million** (EUR 474 million in 2019)
 - **Adjusted LTM Free Cash Flow² of EUR 313 million** (EUR 331 million in 2019)
 - **Group Cash Conversion Ratio³ at approx. 66%,** (70% in 2019)
- ❑ UK gas assets (mainly SHB) seized the opportunity to provide system services (namely BM⁴) in times when power markets were distressed, which helped them, despite low CSS², to overperform. Lynemouth biomass power plant produced more than 20% more power in the 1H 2020 period than in the same period last year and benefiting from Contract For Difference and improved its performance. Overall, UK assets showed very good performance in 1H 2020
- ❑ Italian gas assets outperformed despite low CSS⁵, as similarly to the UK gas assets, they used the opportunity to provide system services (namely MSD⁶) in times when power markets were distressed. This supported by Fiume Santo operating under must run regime resulted in very strong performance in 1H 2020
- ❑ The German coal and lignite operations were negatively affected by windy weather 1Q 2020 (strong wind allowing German wind parks to contribute significantly more power to the grid), low gas price leading to ongoing “coal to gas” switching and by COVID-19 lockdown put in place in late March

1. Adjusted EBITDA represents Operating profit before Depreciation & Amortization and Negative goodwill (if any) further adjusted for selected items. Pro Forma Adjusted EBITDA represents Adjusted EBITDA reflecting the effects of pre-acquisition date Adjusted EBITDA generated by the assets acquired by EPPE in a particular period

2. Forma Free Cash Flow represents Pro Forma Adjusted EBITDA less Pro Forma CAPEX (excl. CO2). Pro Forma CAPEX (excl. CO2) represents Additions to tangible and intangible assets excluding impact of emission rights and disregarding actual cashflows (“CAPEX (excl. CO2)”) including the effects of pre-acquisition date CAPEX (excl. CO2) incurred by the assets acquired by EPPE in a particular period

3. Cash Conversion Ratio is calculated as (Pro Forma Adjusted EBITDA less Pro Forma CAPEX (excl. CO2)) divided by Pro Forma Adjusted EBITDA

4. Balancing mechanism in UK

5. Clean spark spread

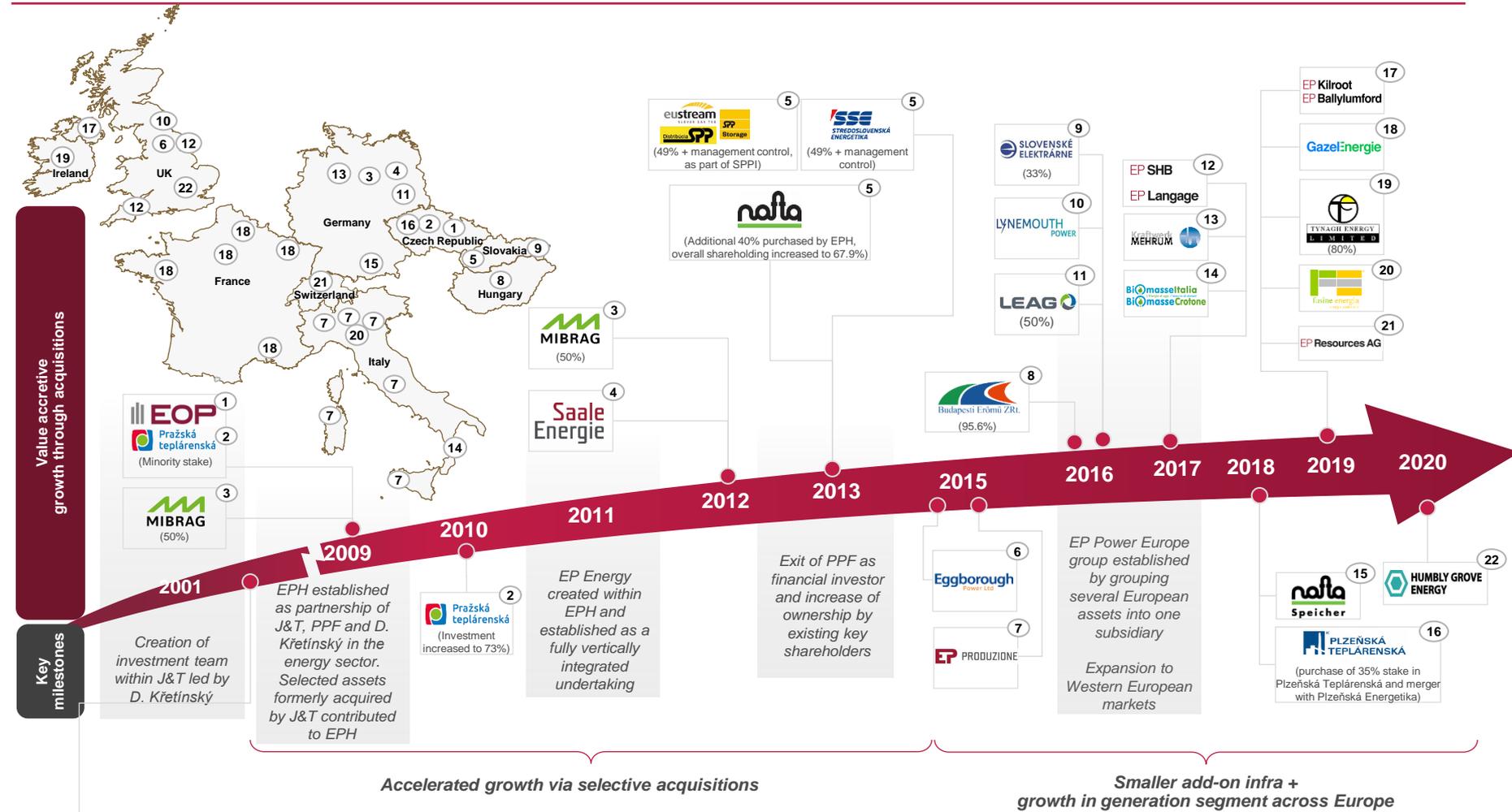
6. “Mercato per il Servizio di Dispacciamento» or Italian service market used as balancing mechanism in Italy

Appendix



EPH has been created through series of strategic acquisitions and subsequent consolidations during the past years...

A long-standing history of successful acquisitive growth

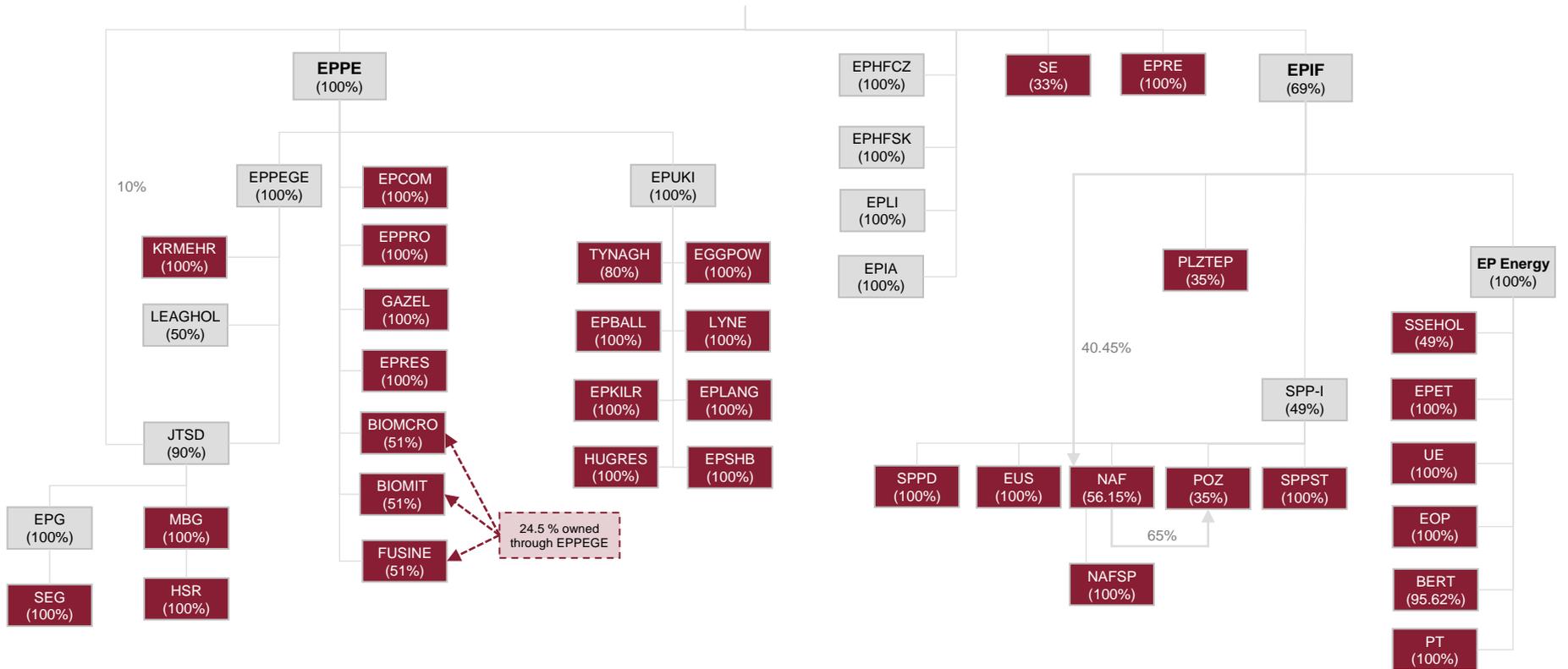


- 2004 - Acquisition of 34% of PRE, the Prague region electricity distribution company
- 2005 - Acquisition of 85% in United Energy, a major electricity and heat producer in the northern Bohemian region
- 2006 - Acquisition of first 50% of Plzeňská energetika, a leading electricity and heat producer in the western Bohemian region
- 2008 - Share in PRE increased to 41% and acquisition of remaining 50% of Plzeňská energetika

Simplified structure chart of the EPH group



EPH



Legend

Legend:

BERT	Budapesti Erőmű Zártkörűen Működő Részvénytársaság	HU	EPLI	EP Logistics International, a.s.	CZ	LYNE	Lynemouth Power Limited	UK
BIOMCRO	Biomasse Crotone S.p.A.	IT	EPPE	EP Power Europe, a.s.	CZ	MBG	Mitteldeutsche Braunkohlen GmbH	DE
BIOMIT	Biomasse Italia S.p.A.	IT	EPPEGE	EPPE Germany, a.s.	CZ	NAF	NAFTA a.s.	SK
EGGPOW	Eggborough Power Ltd	UK	EPPRO	EP PRODUZIONE S.P.A.	IT	NAFSP	NAFTA Speicher GmbH & CO. KG	DE
EOP	Elektrárny Opatovice, a.s.	CZ	EPRE	EP Real Estate, a.s.	CZ	PLZTEP	Pižeňská teplárenská a.s.	CZ
EP Energy	EP Energy, a.s.	CZ	EPRES	EP Resources AG	CH	POZ	POZAGAS a.s.	SK
EPBALL	EP Ballylumford Limited	UK	EPSHB	EP SHB Limited	UK	PT	Pražská teplárenská a.s.	CZ
EPCOM	EP Commodities, a.s.	CZ	EPUKI	EP UK Investments Ltd	UK	SE	Slovenské elektrárne, a.s.	SK
EPET	EP Energy Trading, a.s.	CZ	EUS	eustream, a.s.	SK	SEG	Saale Energie GmbH	DE
EPG	EP Germany GmbH	DE	FUSINE	Fusine Energia S.r.l.	IT	SPPD	SPP – distribúcia, a.s.	SK
EPHFCZ	EPH Financing CZ, a. s.	CZ	GAZEL	EP France S.A.S.	FR	SPP-I	SPP Infrastructure, a.s.	SK
EPHFSK	EPH Financing SK, a. s.	SK	HSR	Helmstedter Revier GmbH	DE	SPPST	SPP Storage, s.r.o.	CZ
EPIA	EP Investments Advisors, s.r.o.	CZ	HUGRES	Humbly Grove Energy Limited	UK	SSEHOL	Stredoslovenská energetika Holding, a.s.	SK
EPIF	EP Infrastructure, a.s.	CZ	JTSD	JTSD Braunkohlebergbau GmbH	DE	TYNAGH	Tynagh Energy Limited	IR
EPKILR	EP Kilroot Limited	UK	KRMEHR	Kraftwerk Mehrum GmbH	DE	UE	United Energy a.s.	CZ
EPLANG	EP Langage Limited	UK	LEAGHOL	LEAG Holding, a.s.	CZ			

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