



## **Investor and Analyst 1-9/2012 Conference Call**

Prague, December 20, 2012

**Jan Špringl**

Chief Executive Officer

**Pavel Horský**

Chief Financial Officer

**Tomáš David**

Director, Heat and Power

**Tomáš Miřacký**

Investor Relations



# DISCLAIMER

## Forward-looking statements

This Report contains “forward-looking statements” within the meaning of the securities laws of certain jurisdictions. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the words “assume,” “believe,” “could,” “estimate,” “anticipate,” “expect,” “intend,” “may,” “will,” “plan,” “continue,” “ongoing,” “potential,” “predict,” “project,” “risk,” “target,” “seek,” “should” or “would” and similar expressions or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, targets, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth and strategies, our reserves and the industry in which we operate.

By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. You should not place undue reliance on these forward-looking statements.

Many factors may cause our results of operations, financial condition, liquidity, reserves and the development of the industry in which we compete to differ materially from those expressed or implied by the forward-looking statements contained in this Report.

These factors include, among others:

- negative or uncertain global and regional economic conditions;
- failure to implement our key strategies;
- in the supply of, or the unexpected increase in the price of, fuel and other raw materials, as well as transportation costs;
- reliance on a small number of suppliers in our power and heat business;
- customer concentration in our mining business;
- failure to successfully integrate and manage acquired companies; and
- changes in laws or regulatory schemes.

Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. Given these risks and uncertainties, you should not rely on forward-looking statements as a prediction of actual results.

Any forward-looking statements are only made as of the date of this Report and we do not intend, and do not assume any obligation, to update forward-looking statements set forth in this Report. You should interpret all subsequent written or oral forward-looking statements attributable to us or to persons acting on our behalf as being qualified by the cautionary statements in this Report. As a result, you should not place undue reliance on these forward-looking statements.

## KEY MESSAGES

- For the first nine months of 2012, pro-forma consolidated sales reached EUR 1,240 million, EBITDA was EUR 261 million and net debt amounted to EUR 745 million
- Financial performance of all lines of business better than in 2011
- Finalization of the acquisitions further strengthens the group's vertical integration and supports low risk profile of the group
- Long term group financing secured through senior bank facility and successful placement of first EPE bond
- Group on track to outperform the annual budget

# EP ENERGY KEY PERFORMANCE INDICATORS

Consolidated financial results			
EUR million	Audited YE 2011 <sup>3</sup>	Unaudited 1-9/2011 <sup>3</sup>	Unaudited 1-9/2012 <sup>4</sup>
Sales	1,359.5	895.0	1,095.9
EBITDA <sup>2</sup>	250.5	136.5	243.8
Profit from operations	118.8	44.4	227.7 <sup>5</sup>
Income before tax	62.8	12.2	356.4 <sup>5</sup>
Net profit attrib. to EPE	36.7	2.5	341.2 <sup>5</sup>
Total assets	2,326.7	n.a.	3,220.2
Net debt	489.8	n.a.	742.5
CAPEX	- 67.9	- 51.4	- 61.1
Operating cash flow before changes in working capital	241.9	154.2	233.7

Non financial performance				
	Units	YE 2011	1-9/2011	1-9/ 2012
Coal production <sup>6</sup>	Mt	19.0	13.8	13.6
Installed cogeneration capacity <sup>7</sup>	Mwe	500	500	500
Installed condensation capacity <sup>7</sup>	Mwe	360	360	760 <sup>9</sup>
Installed heat capacity <sup>7</sup>	MWth	4,105	4,105	4,105
Heat supplied <sup>7,8</sup>	TJ	18,092.2	11,787.9	11,934.5
Power traded <sup>7</sup>	GWh	10,638.0	7,224.2	8,928.0
Power supplied <sup>7</sup>	GWh	1,709.4	1,184.0	1,366.3
Natural gas supplied <sup>7</sup>	GWh	1,866.1	1,303.5	1,227.8

Unaudited pro forma consolidated financial data in EUR <sup>1</sup>			
EUR million	Unaudited YE 2011 <sup>1</sup>	Unaudited 1-6/2012 <sup>1</sup>	Unaudited 1-9/2012 <sup>1</sup>
Sales	1,665.6	830.4	1,239.6
EBITDA <sup>2</sup>	312.5	186.2	260.7
Profit from operations	23.5	55.3	64.3
Income before tax	-23.5	34.8	14.7
Net profit attrib. to EPE	-26.7	26.8	6.8
Total assets	n.a.	n.a.	3,222.5
Net debt	n.a.	n.a.	744.5

(1) The unaudited pro forma consolidated financial data are representing results, as if the acquisition of 100% of the JTSD Braunkohlebergbau GmbH and its subsidiaries (including Mittledeutsche Braunkohlengesellschaft mbH "MIBRAG"), the full consolidation of Pražská teplárenská a.s. (also "PT"), consolidation of Energotrans SERVIS a.s., acquisition of Saale Energie GmbH and the disposition of Energotrans, a.s. (also "ET") had all occurred on January 1, 2011. Additionally it is considered that the bonds are issued as of September 30, 2012.

(2) EBITDA represents profit from operations plus depreciation of property, plant and equipment and amortization of intangible assets minus revaluation of negative goodwill (if applicable). The EBITDA included in this report does not represent the term EBITDA as may be defined by any documentation for any financial liabilities of the group.

(3) The consolidation includes 50% of the MIBRAG Group only starting June 30, 2011 for the balance sheet purposed and July 1, 2011 for the profit and loss purposes.

(4) The consolidation includes 50% of the MIBRAG Group until June 28, 2012 and 100% of the MIBRAG Group starting June 29, 2012 for the balance sheet and profit and loss purposes, Pražská teplárenská a.s. is consolidated fully starting June 29, 2012 for the balance sheet and profit and loss purposes and Energotrans a.s. cased to be part of the consolidation starting June 28, 2012.

(5) The results are positively influenced by sale of Energotrans a.s. and release of negative goodwill.

(6) Reported as were reported in Offering memorandum for the Bond issue

(7) The operating data are based on the results of the entity on a 100% basis for the full period, regardless of the date when each entity joined the EP Energy a.s. group or the ownership share of the EPE group in each entity. Nevertheless, operating data for Energotrans are excluded.

(8) Represented by Elektrárny Opatovice a.s. (also "EOP"), United Energy a.s. (also "UE") (starting 2012 replaced by Severočeská teplárenská a.s.(also "ST")), Plzeňská energetika a.s. (also "PE") and Pražská teplárenská a.s.

(9) The data for Saale Energie GmbH are included first time as of September 30, 2012

## KEY EVENTS IN Q3 2012

### ■ Acquisition of Saale Energie GmbH (Schkopau)

- In July 2012 EPE Group acquired a 100% stake in Saale Energie which holds 41.9% interest in the Schkopau power plant
- The share entitles EP Energy to 400 MWe net power generation capacity in the plant (virtual unit)
- Schkopau power plant is supplied from MIBRAG and its capacity is fully contracted to Vattenfall until 2021

### ■ Full control of Pražská teplárenská

- A shareholders agreement with the minority shareholder in Pražská teplárenská was finalized securing full control and consolidation by EPE

## KEY EVENTS IN Q4 2012

### ■ Dispute with Czech Coal a.s.

- Regional Court ordered Czech Coal, by means of a preliminary injunction, to continue supplying brown coal to EOP in 2013

### ■ Optimization of organizational structure

- The group aims to reduce the number of subsidiaries companies by mergers with other subsidiaries resulting in more effective corporate structure

### ■ Acquisition of Chvaletice power plant

- EPH, the parent company of EPE, submitted binding bid to purchase brown coal power plant Chvaletice
- If successful we expect the transaction to close in the first half of 2013 and the power plant to become part of EPE consolidation scope

### ■ Further acquisition prospects

- An update offer for acquisition of a brown coal fired power plant in Germany has been submitted and, if successful, the transaction closing is expected in the first half of 2013

### ■ První mostecká

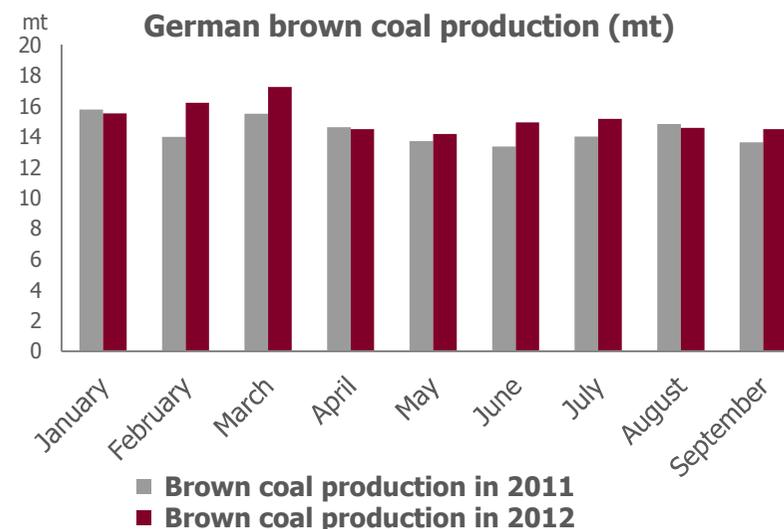
- We have increased the share in První mostecká and gained the control in December

## DEVELOPMENT IN MINING LINE OF BUSINESS

- Mining business line consists solely of the Mitteldeutsche Braunkohlengesellschaft mbH ("MIBRAG").
- The overall German brown coal production volumes increased slightly in the year 2012
- Production and sales volumes of MIBRAG brown coal remained stable in the respective periods
- The increase in sales figures was driven mainly by the sales of brown coal and, to lesser extent by external sales of power produced by MIBRAG in own power plants
- Adj. EBITDA increased by 27.5% mainly due to increase in average prices of brown coal sold
- Mining line of business accounted for approx. 40% of aggregate adj. EBITDA of EPE

MIBRAG performance	Unit	Unaudited 1-9/2011	Unaudited 1-9/2012
Production	Mt	13.8	13.6
Sales volume	Mt	12.2	12.2
Sales*	mEUR	287.4	318.9
Adj. EBITDA*	mEUR	83.0	105.8

\*Note: Based on unaudited individual financial statements of MIBRAG according to German GAAP



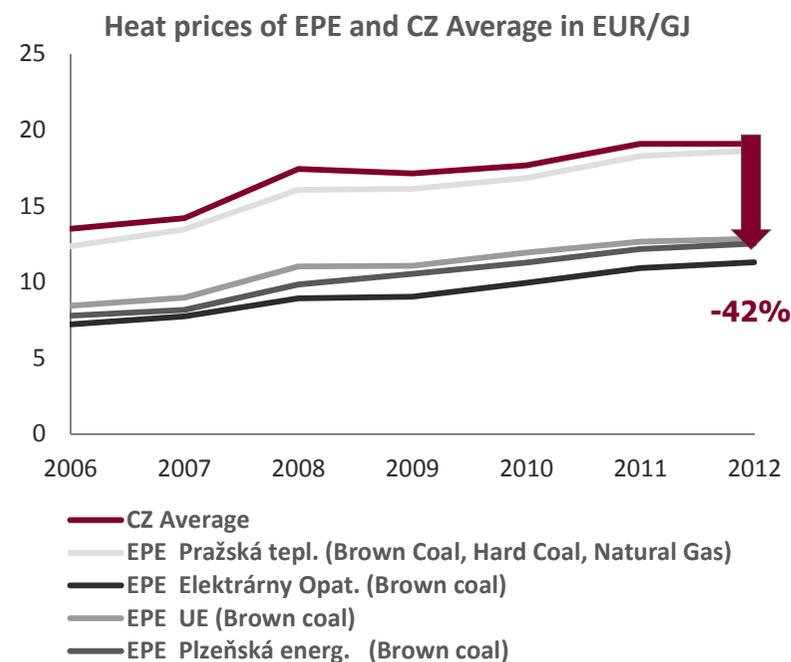
Source: Kohlenwirtschaft e.V.

Note: Percentage changes based on EUR values

## DEVELOPMENT IN HEAT AND POWER LINE OF BUSINESS

- For the nine-month period ended September 30, 2012, our heat supplied increased by 1,2% compared to the same period last year
- This increase was mainly driven by colder weather in first half 2012 compared to the same period of the previous year
- Sales of heat and electricity increased by 13.6%. This increase was driven by acquisition of Saale Energie as well as by increase in volume of heat, slightly increased heat pricing and higher electricity prices
- Adj. EBITDA increased by 24.0% for the nine months ended September 30, 2012 compared to the the same period in 2011
- This increase was primarily due to increased volumes of heat, better prices of electricity and heat sold, increased revenues from grid balancing services; lower gift tax on EUA and also inclusion of the Saale Energie GmbH for the period starting July 1, 2012

	Unit	Unaudited 1-9/2011	Unaudited 1-9/2012
Heat supplied	TJ	11,787.9	11,934.5
Sales of heat and electricity	m EUR	362.4	411.8
Adj. EBITDA	mEUR	111.3	138.0



Source: EP Energy a.s. internal analysis

Note: Percentage changes based on EUR values

## KEY TAKEAWAYS

- For the nine months ended September 30, 2012, EPE outperformed 2011 results as well as budget for 2012
- EPE on track to show strong annual results for 2012, especially compared to 2011 figures
- Strengthening of vertical integration remains the core strategic goal of EPE
- Selective potential acquisitions creating synergies with existing operations
- Targeted financing structure to be implemented in 1H 2013

# Q&A

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