

Report on the first three quarters of the year 2013 for EP Energy, a.s.

- ✓ Consolidated sales reached EUR 1,311.6 million, consolidated EBITDA EUR 280.0 million and consolidated net debt amounted to EUR 891.7
- ✓ Financial performance remained good in all segments
- ✓ Our parent Energetický a průmyslový holding, a.s. completed the acquisition of Stredoslovenská energetika, a.s.

EP Energy, a.s. ("group or Group or EPE") is vertically integrated energy utility that includes 59 companies. In 2012 the Group was the leading heat supplier in the Czech Republic, the second largest power generator in the Czech Republic and the third largest mining company in Germany. Group benefits from relatively low exposure to market developments, as significant majority of EBITDA is generated by regulated assets or assets with long term off take contracts. The key operations are located in the Czech Republic and Germany, with smaller activities also in the Slovak Republic.

KEY FIGURES AT A GLANCE

Million	Consolidated financial results CZK		Consolidated financial results in EUR	
	Not audited 30.9.2012 ²	Not audited 30.9.2013 ²	Not audited 30.9.2012 ²	Not audited 30.9.2013 ²
Sales	27,681	33,776	1,101.2	1,311.6
EBITDA ¹	6,300	7,210	250.6	280.0
Profit from operations	5,843	2,648	232.5	102.8
Profit before tax	9,244	801	367.8	31.1
Net profit attrib. to EPE	8,938	329	355.6	12.8
Total assets		79,967		3,107.3
Total net debt ³		22,947		891.7
CAPEX ⁷	1,158	1,426	46.1	55.4
Operating cash flow before changes in working capital	5,426	7,420	215.9	288.1

	1-9 2012	1-9 2013
Coal production Mt	13.6	14.2
Installed <i>cogeneration</i> Capacity ⁴ MW _e	500	500
Installed <i>condensation</i> Capacity ⁴ .. MW _e	360	360
Installed heat capacity ⁴ MW _{th}	4,105	4,105
Heat supplied ^{4,5} TJ ⁶	13,259	14,306
Power produced ⁴ GWh	2,355	2,126
Power traded ⁴ GWh	8,672	9,381
Power supplied ⁴ GWh	1,366	1,538
Natural gas supplied ⁴ GWh	1,228	1,461
Saale Energie MW _e	400	400

(1) 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.

(2) Difference between consolidation scope for the first three quarters of 2012 and the first three quarters of the year 2013 is described later in section: "Key factors affecting comparability of the results of operations of the EPE group"

(3) Net debt figure is based on the consolidated financial statement, but excludes the liabilities towards the Pražská Teplárenská Holding, a.s. (also "PTH")

(4) The operating data are based on the results of the respective entities 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, MIBRAG and Saale Energie are excluded.

(5) Represented by Elektrárny Opatovice a.s. (also "EOP"), Severočeská teplárenská a.s. (also "ST"), Plzeňská energetika a.s. (also "PE") and Pražská teplárenská a.s. (also "PT")

(6) 1 TJ = 0,2778 GWh

(7) Excluding emission allowances

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EP Energy, a.s. - Unaudited Condensed Consolidated Interim Financial Statements as of and for the nine-month period ended 30 September 2013 are presented in separate files as attachments to this report.

>> *We remain focused on maintaining and improving our risk-profile and exploring further synergies across the group.* <<

Dear investors, customers and partners,

Benefiting from EP Energy's resilient operations and inherently low risk profile, we report consolidated EBITDA of EUR 280.0 million in the first three quarters of 2013. In comparison to the first three quarters of 2012, our EBITDA has grown by approximately 11.7%. This can be attributed mainly to the changes in the consolidation scope as well as favourable weather conditions supporting solid performance of Heat & Power segment.

There have been no material changes to the operations of the group in the first three quarters of 2013 and we concentrated on efficiency and cost discipline.

We remain focused on maintaining and improving our risk-profile and exploring further synergies across the group. At the same time, we closely follow the market development and, in line with our prudent acquisition strategy, are following a limited number of opportunities in our core business either to utilize spare mining capacity of Mibrag or to further strengthen our vertical integration. In line with this strategy we have progressed in the following two areas:

- MIBRAG mbH, signed on September 18, 2013 a share and purchase agreement to acquire the Helmstedt mining district (including the Buschhaus lignite fired power plant) with E.ON. The transaction is expected to be completed at the very end of 2013 and the assets would become part of the consolidated EPE Group. This transaction help us to further increase utilization of our mining capacities in MIBRAG, i.e. exploit synergies and strengthen the EPE group's vertical integration.
- As of November 27, 2013 our parent company Energetický a průmyslový holding, a.s. ("EPH") completed the acquisition of 49% equity share (associated with management control) in Stredoslovenská Energetika, a.s. ("SSE") from Électricité de France S.A. ("EdF"). SSE is one of the major power distribution and supply company in Slovak Republic. It is expected that EPH will contribute this asset and related financing to EP Energy. As a result, EP Energy would further increase its share of EBITDA from regulated businesses and it would also perfectly fit into our strategy of creating and strengthening a vertically integrated value chain. In addition EP Energy would have excess of power supply over the generation which represents rather an advantage given the recent development of power market. We expect contribution of SSE into EP Energy could be done during the fourth quarter of 2013 or in the first quarter of 2014.

I would like to thank all EP Energy group staff for their contribution to what has been a successful first three quarters of the year.

Sincerely yours,



Tomáš David
Member of the Board and CEO

Economy and Market development

Economy development:

According to preliminary estimates of the Czech Statistical Office, the Czech gross domestic product adjusted for price, seasonal, and calendar effects decreased in the third quarter 2013 by 1.6%, year-on-year and decreased by 0.5%, quarter-on-quarter. Negative effects were weak investment activity and the decrease in net export. Government spending and household consumption has remained the same as compared to the third quarter of previous year.

According to estimates of Federal Statistical Office (Destatis) the German gross domestic product adjusted for price, seasonal, and calendar effects increased in the third quarter 2013 by 0.6%, year-on-year, and increased by 0.3%, quarter-on-quarter.

The outlook for the economy development remains quite uncertain. Nevertheless, according to the Czech Central Bank, the Czech GDP should decrease by 0.9% in 2013; the Bundesbank expects German GDP to grow by 0.3% in 2013.

Weather:

The heat segment, the renewables segment and electricity production in cogeneration mode are correlated to weather development. Thus, seasonality may be observed in the group performance, where the heat segment is the strongest in 1Q and also in 4Q accompanied by higher power production in cogeneration mode.

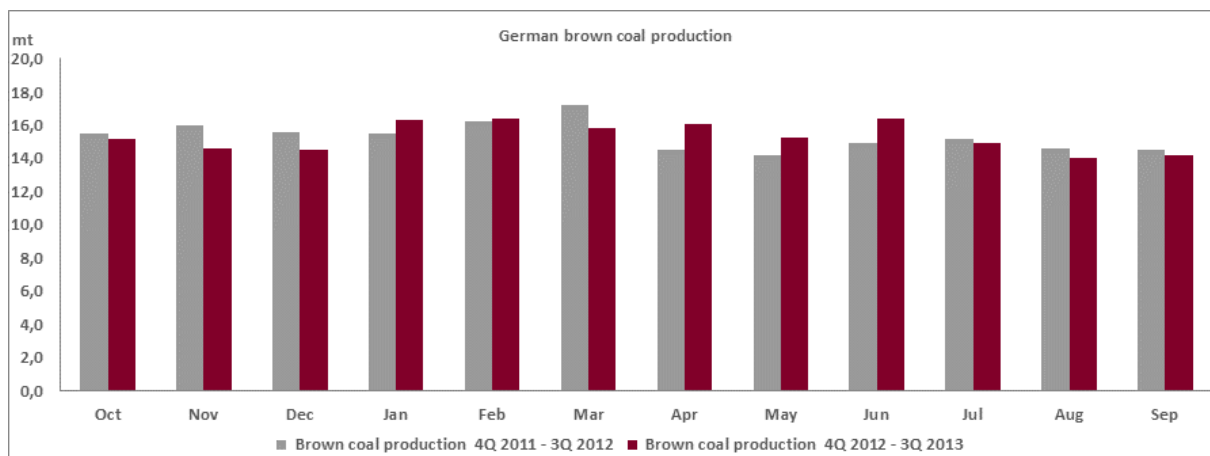
From the heating business perspective, the first three quarters of 2013 were colder than the first three quarters of 2012. An approximate metrics representing "coldness" of the weather pattern is so called "day-degrees" (a metric integrating difference between reference indoor temperature and outdoor temperature over the given period of time), which was for the group and in the areas where we deliver the heat Q3-t-Q3 18.7% higher.

German brown coal market:

Unlike hard coal, brown coal is not a commodity traded on international markets and, therefore, brown coal prices and production volumes are less dependent on market developments compared to other fuels. Brown coal production is rather driven by local demand of several power plants, mainly due to relatively high transportation costs and specific design of such power plants to utilize a certain quality of brown coal. Since brown coal is usually sold under long term contracts, the prices of brown coal are typically driven by escalation formulas specified in such contracts. Overall, brown coal is a relatively cheap fuel, which secures better position of brown coal fuelled power plants in the power generation merit order compared to other fossil fuels such as hard coal, gas or oil. The favourable merit order position translates to a relatively stable share of brown coal on German power generation of around 26%.

Overall brown coal production in Germany decreased from 136.9 million tons in Q1-Q3 2012 to 134.9 million tons in Q1-Q3 2013, i.e. by 1.5% according to the statistics of Kohlenwirtschaft e.V.

Through our German subsidiary, MIBRAG, we produce and sell brown coal in Central Germany. MIBRAG is the third largest producer of brown coal in Germany with a total annual production of approximately 19 million tons. Our two biggest customers (Lippendorf and Schkopau) are efficient, state-of-the-art power plants operating in base load and both well positioned in the German power merit order. This could be demonstrated by the stable demand of our customers, which persisted also in Q1-Q3 2013. Furthermore, we sell our brown coal based on long term contracts with a high degree of price stability, which mainly depends on indexation related to mining costs, such as labour costs increases. Our three major contracts last until 2039, 2020 and 2022 respectively.



Source: Kohlenwirtschaft e.V.

Heat market:

The group heat business is concentrated in the Czech Republic, where the market remains solid and stable. The market is regionally diversified with local natural “monopolies”, as the infrastructure for heat transportation creates substantial barriers to entry. The fuel basis varies, although the most commonly used ones in the Czech Republic are brown coal, hard coal and natural gas.

Due to our favourable cost structure (given predominantly by the fact that we produce heat in cogeneration mode and based on brown coal, the most cost efficient source of primary energy), we are able to offer our customers highly competitive prices.

Heat prices are based on a “costs plus reasonable profit” mechanism, required by the legislation and regulation by the independent Energy Regulatory Office, which we fully comply with. This mechanism supports the stability of the heat segment for market participants and allows us to benefit from our favourable cost position. Given the low price levels we charge compared to market average, we are allowed to set prices (i.e. there is no tariff imposed to us) and we are only monitored by the Energy Regulatory Office.

Electricity and CO2 market:

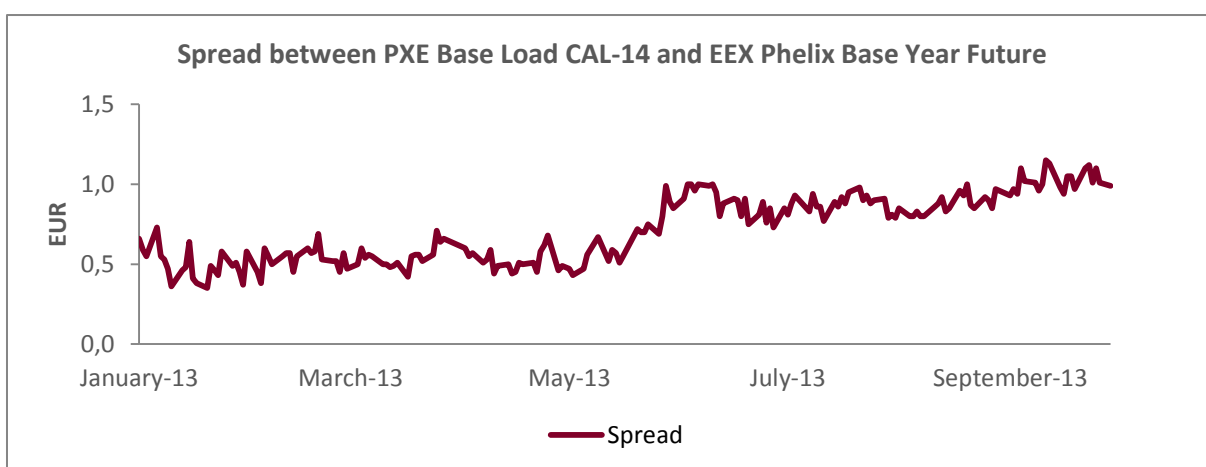
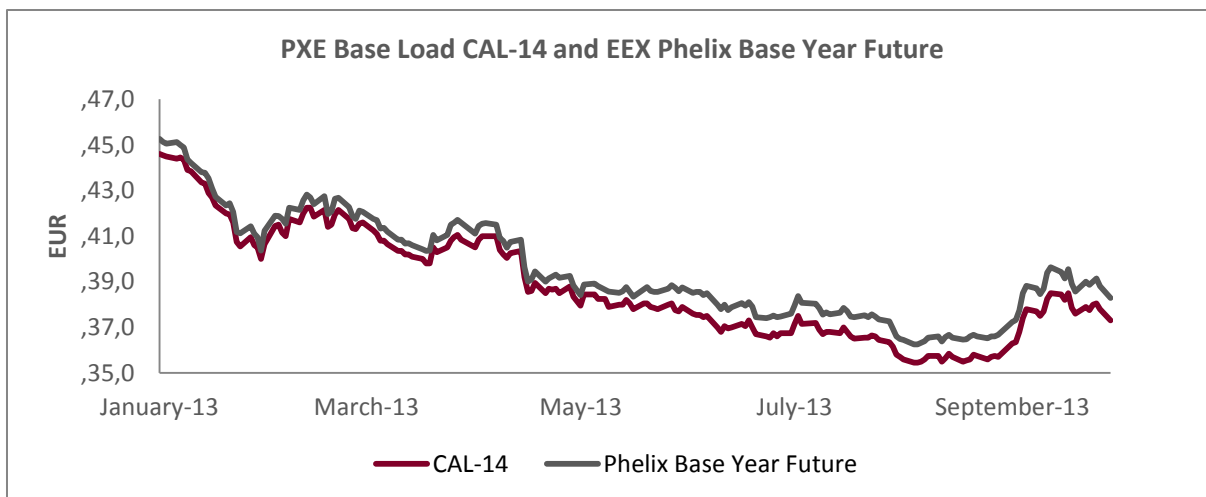
During the first three quarters of 2013 power and EU Allowance (“EUA”) prices remained under pressure due to lower economic activity in respective markets, low prices of hard coal and renewable energy production. In the first three quarters of 2013 the 1-year forward electricity prices on the European Energy Exchange (also “EEX”) dropped in base load to EUR 39.5 per MWh (compared to EUR 50.1 per MWh year ago) and peak load dropped to EUR 50.0 per MWh (compared to EUR 61.7 per MWh year ago), representing a decrease for the base load and peak load prices of 21.1% and 19.1% respectively.¹

EUA with spot delivery was traded at average around EUR 4.39 per ton in the first three quarters of 2013², which represents substantial drop of the y-t-y prices of 39.8%.

As for the Czech market, the power prices follow the German market, as the two markets are physically well interconnected. The spread between German and Czech power prices was in the 3rd quarter 2013 oscillating around 1.0 EUR/MWh. The low spreads encourage cross border trading and, vice versa, the liquidity of the Czech market increases.

¹ Source: EEX, Phelix Base Year Future and Phelix Peak Year Future (simple average of the daily price for 1 year forward prices calculated for period January 1 until September 30 of respective year)

²Source: European Energy Exchange: EU Emission Allowances Rights, contract EUSP, simple average

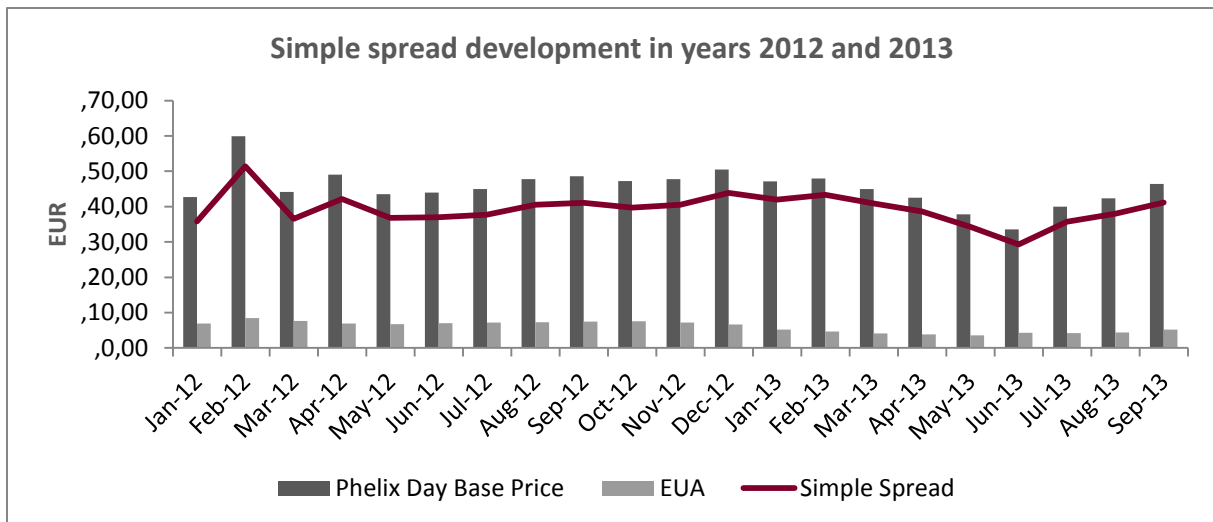


Source: PXE Base Load CAL14; EEX Phelix Base Year Future.

On the Czech market, electricity production from cogenerating units benefits from regulatory support. Currently, CZK 200 is received as subsidy for each MWh produced in cogeneration mode, which represents increase of CZK 155 per MWh provided in 2012.

Additionally, the Czech Energy Regulatory Office has reintroduced a subsidy for producers supplying their power production directly to distribution grids for 2013. Based on that we benefit from the subsidy of CZK 12 for one MWh delivered directly to the distribution grid, which applies to our entire power production in the Czech Republic.

Besides relatively low share of power production on EBITDA and cash flow generation of the group, let us note that from the performance perspective, EPE is exposed to the spread between the power price and the price of emission allowance rather than to development of power prices alone.



Source: EEX Simple Spread defined as the difference between Phelix Day Base and EUA price, using trading days data when both power and EUA are traded and simple monthly averages.

Note: simple spread represents the price difference between power price and EUA price.

Key developments in the first three quarters 2013

Acquisitions

Our German subsidiary, MIBRAG, signed a share and purchase agreement to acquire the Helmstedt mining district (including the Buschhaus lignite fired power plant) with E.ON on September 18, 2013. A new company called Helmstedter Revier GmbH (HSR) is being formed by spinning off the Buschhaus power plant and the Schöningen mine from the E.ON Group. The transaction is expected to be completed at the very end of 2013 and the assets would become part of the consolidated EPE Group. The Buschhaus power plants is currently consuming predominantly fuel from adjacent Schöningen mine, however, the mine is expected to be fully depleted in 2017, at which time, MIBRAG will become the sole brown coal supplier. HSR would be also liable for reclamation payments in relation to exhausted mines as well as certain personnel related obligations, which we expect to finance by cash generated from the plant's operations. By using MIBRAG brown coal to generate power at this plant, we would benefit from the synergies between our business lines and strengthen the vertical integration of the EPE Group through this acquisition.

Subsequent events:

As of November 27, 2013 our parent company Energetický a průmyslový holding, a.s. ("EPH") completed the acquisition of 49% equity share (associated with management control) in Stredoslovenská Energetika, a.s. ("SSE") from Électricité de France S.A. ("EdF")

EPE completed the process of cross-border merger, where the following companies were merged: Honor Invest, a.s., Czech Energy Holding, a.s., EAST BOHEMIA ENERGY HOLDING LIMITED, HC Fin3 N.V. and LIGNITE INVESTMENTS 1 LIMITED with EP Energy, a.s. as successor company.

In November 2013 EPE distributed approximately EUR 70.1 mln to its parent company Energetický a průmyslový holding, a.s. as part of the permitted distribution basket.

By currency, our revenues denominated in euro for the nine months ended September 30, 2013 represented a very significant share of the overall revenues. In addition, a significant part of our costs is also denominated in euro. We currently expect that EPH will contribute its newly acquired 49% stake in SSE to EPE before the end of 2013. Following that contribution, the Group's revenue and EBITDA denominated in euro will further increase. As a result, we expect that beginning with the Group's financial statements as of and for the year ending December 31, 2013, the Group will change its presentation currency from Czech crowns to euro. It is also expected that during December 2013 we will complete the recently concluded acquisition of a German brown-coal fired plant and its adjacent brown coal mine that shall further increase the share of euro within the Group. The change will allow the Group's financial statements to be presented in the currency that most closely represents the Group's operations.

EP Energy, a.s. (the “Company”) Report for the first three quarters of 2013

Reporting

This report (the “Report”) is the report required under Section 4.03 of the indenture governing the senior secured notes (the “Notes I”), dated as of October 31, 2012 (the “Indenture I”) and Section 4.03 of the indenture governing the senior secured notes (the “Notes II”) dated as of April 18, 2013 (the “Indenture II”) (both also the “Notes” and “Indenture”) for the first three quarters of the year 2013.

Presentation of financial information

This Report summarizes consolidated financial and operating data derived from the unaudited condensed consolidated interim financial statements of EP Energy, a.s. as of and for the nine-month period ended September 30, 2013 prepared in accordance with IFRS as adopted by the European Union (“IFRS”).

In addition, we have included certain non-IFRS financial measures in this Report, such as EBITDA and certain other financial measures and ratios. Non-IFRS financial measures are derived on the basis of methodologies other than IFRS.

EBITDA is calculated as profit from operations plus depreciation of property, plant and equipment and amortization of intangible assets minus 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.

After the listing of the Notes on the Irish Stock Exchange, the EPE Group has begun to report segment information in accordance with IFRS 8 Segment Reporting (starting with the 2012 annual consolidated financial statements). Since we did not previously report segment information using IFRS 8 rules, it may be difficult to compare our segment data with our “line of business” data previously reported elsewhere. For the purposes of this report we have restated segment information comparatives to comply with the IFRS 8 methodology.

We present EBITDA and other certain financial measures and ratios because we believe these financial measures may enhance an investor’s understanding of the profitability and cash flow generation of our business that could be used to service or pay down debt, pay income taxes and for other uses, and because they are frequently used by securities analysts, investors and other interested parties in the evaluation of companies generally. We use EBITDA to assess our performance. EBITDA is not a measure calculated in accordance with IFRS and our use of the term EBITDA may vary from others in our industry. EBITDA differs from Consolidated EBITDA as defined in the Indenture. EBITDA should not be considered as an alternative to “Sales: energy,” “Sales: other,” “Gross profit,” “Profit/(loss) from operations,” “Cash generated from (used in) operating activities” or any other performance measure derived in accordance with IFRS.

Although we believe EBITDA and other certain financial measures and ratios to be useful performance indicators for our group as a whole and certain of our segments, we believe that such measurements may not accurately reflect our results of operations, and may not serve as accurate performance indicators, of our Energy Supply and Trading segment due to the implementation of our power optimization strategy in this segment.

EBITDA and all the other non-IFRS measures presented herein have important limitations as analytical tools and you should not consider them in isolation or as substitutes for analysis of our results as reported under IFRS. We also note that differences in the consolidation scope as described in part of this Report “Key factors affecting comparability of the results of operations of the EPE group” are impacting the comparability of the financial data.

The financial information presented in this Report is presented in Czech crowns. For your convenience, we have translated certain Czech crown amounts in this Report into euro. We include a number of convenience euro translations throughout the Report. The exchange rates for the income statement and cash flow statement items are the following average exchange rates of the Czech National Bank in Czech crown per euro for the relevant period.

- First three quarters ended September 30, 2012: CZK 25.136 per €1.00
- First three quarters ended September 30, 2013: CZK 25.751 per €1.00

The exchange rates for balance sheet items are the rates as of period end.

- As of September 30, 2012: CZK 24.865 per €1.00
- As of September 30, 2013: CZK 25.735 per €1.00

You should not view such translations as a representation that such Czech crown amounts actually represent such euro amounts, or could be or could have been converted into euro at the rate indicated or at any other rate. The exchange rates for balance sheet items are the rates as of period end.

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;
- failures, breakdowns or other outages, as well as natural disasters, sabotage, or terrorism in our mines or in our generation and distribution facilities;
- the effects of waning political or public support for the brown coal used in our operations;
- the sensitivity of certain of our businesses to variations in weather;
- the effects of volatility in prices for electricity, natural gas, hard coal and CO₂ emission allowances;
- disruptions 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; and
- other factors discussed on “Risk factors.”

These risks and others described under “Risk factors” are not exhaustive. Other sections of this Report describe additional factors that could adversely affect our business, financial condition, results of operation, cash flows, reserves and the development of the industry in which we operate. New risks can emerge from time to time, and it is not possible for us to predict all such risks, nor can we assess the impact of all such risks on our business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. 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.

Business, operational and financial performance

EPE lines of business

EPE has five principal lines of business (in the Report we use also “segments”) Mining, Heat and Cogeneration, Power Generation, Renewables and Energy Supply and Trading. However, because we cannot separate sales of power generated in cogeneration mode (combined production of heat and power) from sales of power generated in condensation mode (power generation only) and because we cannot separate the costs of sales of heat and power (as they are produced in the same facilities), for financial presentation purposes and for purposes of this discussion and analysis, we present the Heat and Cogeneration and Power Generation lines of business as a single line of business “Heat and Power.”

The operating data are based on the results of the respective entities 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 and Saale Energie GmbH are excluded.

For the purpose of the Chapters “Business and operation performance” and “Financial performance”, we comment on the segments and their performance, based on the segment reporting as presented in the Notes to the consolidated statements of EP Energy, a.s. as of and for the period ended September 30, 2013 prepared according to IFRS. The EBITDA and any other EBITDA included in this report does not represent EBITDA, as may be defined by any documentation for any financial liabilities of the group.

Business and operation performance

Mining:

For the nine-month period ended September 30, 2013, our brown coal sales slightly grew and reached 12.8 mt as compared to 12.2 mt for the nine-month period ended September 2012, with total production 14.2 mt as compared to 13.6 mt for the nine-month period ending September 2012, mainly due to higher demand from one of the supplied power plants.

Heat and power:

For the nine-month period ending September 30, 2013, our heat supplied reached 14,306 TJ (3,973.9 GWh), compared to 13,259 TJ (3,683.1 GWh) supplied in the first three quarters of 2012. This represents an increase of 1,047 TJ y-t-y (+7.9%). This increase is caused primarily by the colder weather in 2013 compared to the previous year.

The power production, excluding the Saale Energie GmbH that we do not include here, decreased in the first three quarters of 2013 compared to the first three quarters of 2012 by 9.7% reflecting the low power prices and production optimization activities of the group.

Renewables:

For the nine-month period ended September 30, 2013, the group generated 28.1 GWh from solar, wind and biogas power plants. This represents y-t-y decrease of 8.1%. This is driven by worse wind and solar conditions throughout the first three quarters and temporary technical outage of one wind tower.

Energy Supply and Trading:

For the nine-month period ended September 30, 2013, the division in aggregate traded 9,381.0 GWh of electricity, which represents +8.2% y-t-y change. Additionally, in the first three quarters of 2013, the power supply reached 1,538 GWh, i.e. increased by 12.6% and natural gas supplied reached 1,461 GWh, i.e. increased by 19.0%, compared to the first three quarters of 2012. The power traded

volumes grew due to an increased resale of power purchased on the wholesale market in connection with our power optimization process. The power supply is driven by group's intention to grow the sales to end customers. Gas and power supply growth corresponds mainly to the increase in the number off-take points and colder winter season.

Financial performance

Millions	1-9 2012 (CZK)	1-9 2013 (CZK)	1-9 2012 (EUR)	1-9 2013 (EUR)
Sales:				
Mining	5,439	7,225	216.4	280.6
Heat and Power	8,331	10,551	331.4	409.7
Trading and Supply	13,761	15,836	547.5	615.0
Renewables	104	115	4.1	4.5
Other	46	49	1.8	1.9
EBITDA:				
Mining	2,004	3,575	79.7	138.8
Heat and Power	4,002	3,450	159.2	134.0
Trading and Supply	291	167	11.6	6.5
Renewables	86	85	3.4	3.3
Other	-85	-65	-3.4	-2.5

Note: Sales represent external revenues only, i.e. disregarding intersegment sales.

Note: EBITDA is reported before the inter-segment eliminations

Sales:

Mining:

Sales of Mining segment increased to CZK 7,225 (EUR 280.6) million in the nine-month period ended September 30, 2013, as compared to CZK 5,439 (EUR 216.4) million in the nine-month period ended September 30, 2012. The sales contain mainly sales of coal, but also external sales of power and heat produced by MIBRAG's own power plants. The increase in sales was caused primarily by the change of the consolidation scope relating to acquisition of remaining 50% in MIBRAG in June 2012.

Heat and power:

Sales of heat and electricity increased by 26.6%, to CZK 10,551 (EUR 409.7) million in the nine-month period ended September 30, 2013 as compared to CZK 8,331 (EUR 331.4) million in the nine-month period ended September 30, 2012. The result is influenced by the change of the consolidation scope including the acquisition of Saale Energie GmbH which has been consolidated to the Group from July 17, 2012, increase in volume and prices of heat. These positive effects were partly offset by lower power prices.

Renewables:

Sales of electricity produced by renewables division increased to CZK 115 (EUR 4.5) million in the nine-month period ended September 30, 2013, as compared to CZK 104 (EUR 4.1) million in the nine-month period ended September 30, 2012. This is influenced by accounting for the subsidies, one off revenues and also by higher power prices for the renewable energy segment.

Energy Supply and Trading:

The sales of power and gas increased by 15.1% to CZK 15,836 (EUR 615.0) million in the nine-month period ended September 30, 2013, as compared to CZK 13,761 (EUR 547.5) million in the nine-month period ended September 30, 2012. The increase in sales of electricity corresponds to higher volumes traded and was partly offset by power lower prices.

Operating results and consolidated EBITDA:

Mining:

The Mining segment accounted for 49.6%³ of consolidated EBITDA in the nine-month period ended September 30, 2013 (before intersegment eliminations). The EBITDA increased by 78.4%, to CZK 3,575 (EUR 138.8) million in the nine-month period ended September 30, 2013 (before intersegment eliminations), as compared to CZK 2,004 (EUR 79.7 million in the nine-month period ended September 30, 2012 (before intersegment eliminations), with key driver being the change of the consolidation scope, where in the first three quarters of 2013 the whole MIBRAG is consolidated as compared to only 50% share consolidation in the first half of 2012. Additionally, effective from January 1, 2013 a new standard, IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine, became effective requiring mining companies to capitalize the costs connected to overburden (positive effect on EBITDA of CZK 565 (EUR 21.9) million for the first three quarters 2013).

Heat and power:

The Heat and Power line of business accounted for 47.8%³ of consolidated EBITDA in the nine-month period ended September 30, 2013 (before intersegment eliminations). The EBITDA decreased by 13.8%, to CZK 3,450 (EUR 134.0) million in the nine-month period ended September 30, 2013 (before intersegment eliminations), as compared to CZK 4,002 (EUR 159.2) million in the nine-month period ended September 30, 2012 (before intersegment eliminations). This decrease is driven by change of the consolidation scope and also by lower power prices realized in the first three quarters of 2013 compared to the first three quarters of 2012.

Renewables:

The Renewables line of business accounted for 1.2%³ of consolidated EBITDA representing CZK 85 (EUR 3.3) million in the nine-month period ended September 30, 2013 (before intersegment eliminations) compared to CZK 86 (EUR 3.4) million in the nine-month period ended September 30, 2012 (before intersegment eliminations). The aspects influencing higher revenues, see above, were off set mainly by one off costs.

Energy supply and trading

The Energy Supply and Trading line of business accounted for 2.3%³ of consolidated EBITDA in the nine-month period ended September 30, 2013 (before intersegment eliminations). EBITDA decreased by 42.6%, to CZK 167 (EUR 6.5) million in the nine-month period ended September 30, 2013 (before intersegment eliminations) as compared to CZK 291 (EUR 11.6) million in the nine-month period ended September 30, 2012 (before intersegment eliminations). Lower EBITDA in the first three quarters of 2013 is primarily affected by lower realized margins.

Consolidated financial statements of the group

Revenues:

The group reported consolidated total revenues of CZK 33,776 (EUR 1,311.6) million in the first three quarters of 2013, which represents CZK 6,095 (EUR 210.4) million y-t-y increase.

The biggest contributor, apart from change of consolidation scope, to the group revenues are trading activities, followed by heat and power division and mining division, where all segments reported y-t-y growth.

³ The percentages do not add up to 100% because of non-presented „Other“ items which account for -0.9% of consolidated EBITDA.

Operating profit and EBITDA :

The group reported in the first three quarters of 2013 EBITDA of CZK 7,210 (EUR 280.0) million (with excluded effect from negative goodwill) and operating profit of CZK 2,592 (EUR 100.7) million (with excluded release of negative goodwill), which represent a y-t-y increase of EBITDA of CZK 910 (EUR 29.4) million and y-t-y decrease of operating profit of CZK 239 (EUR 9.3) million. In addition to that, as a result of recent acquisitions (in particular MIBRAG, gaining of control over PT, Saale), there are significant charges to the operating profit reflecting additional depreciation/amortization of assets related to revaluation during the acquisition process (according to IFRS 3).

The key drivers were changes in the consolidation scope (described in section of this Report "Key factors affecting comparability of the results of operations of the EPE group"), improved operating performance of mining division, increased heat volumes and prices, new IFRS rules influencing MIBRAG, lower power prices and influence of the emission allowances.

Effect of negative goodwill was CZK 56 (EUR 2.2) million in the first three quarters of 2013 as compared to CZK 3,012 (EUR 119.8) million in the first three quarters of 2012.

Interest costs:

Net interest increased by CZK 526 (EUR 20.4) million to CZK 1,368 (EUR 53.1) million in the first three quarters of 2013 as compared to CZK 842 (EUR 33.5) million in first the three quarters of 2012. The major reason was the issue of the bonds in the fourth quarter of 2012, utilization of the bank financing during the first quarter 2013 and refinancing of the bank financing by the second bond issued in April 2013.

Income tax:

The current income tax cost reached CZK 881 (EUR 34.2) million and deferred tax was positive CZK 423 (EUR 16.4) million in the first three quarters of 2013 as compared to CZK 579 (EUR 23.0) million current income tax and positive CZK 199 (EUR 7.9) million deferred tax in the first three quarters of 2012.

Net profit attributable to EPE:

As a result of absence of material one-off items (mainly substantially lower negative goodwill and limited gain on sale of the subsidiaries) compared to the first three quarters of 2012, the group posted a net profit attributable to EPE of CZK 329 (EUR 12.8) million in the first three quarters of 2013, compared to CZK 8,938 (EUR 355.6) million in the first three quarters of 2012. The net profit reported in the first three quarters of 2013 was CZK 343.0 (EUR 13.3) million, compared to CZK 8,864 (EUR 352.6) million in in the first three quarters of 2012.

Minority interest:

In the period under review the minority interest amounted to CZK 14 (EUR 0.5) million. The key entity contributing to the minority interest is Pražská teplárenská a.s., where approx. 26.7% is owned by City of Prague and other minority shareholders.

Cash flow:

Operating activities:

The group cash flow from (used in) operating activities (before changes in working capital, paid interest and income taxes) reached CZK 7,420 (EUR 288.1) million in the first three quarters of 2013, compared to CZK 5,426 (EUR 215.9) million in the first three quarters of 2012. The operating cash flow reflects the change in the scope of the consolidation, accounting for the emission allowances and also the improved EBITDA of the group in this period.

The group cash flows from (used in) operating activities (after change in working capital but before paid interest and income taxes) reached CZK 3,108 (EUR 120.7) million in the first three quarters of 2013 as compared to negative CZK 19,311 (EUR 768.3) million in the first three quarters of 2012. The

principal reason for the variance was repayment of previously received advance totalling CZK 12,767.44 (EUR 507.3) million in H1 2012.

Investing Activities:

Cash flows from (used in) investing activities decreased by CZK 13,620 (EUR 528.9) million to negative CZK 578.0 (EUR 22.4) million in the first three quarters of 2013 as compared to cash inflow CZK 13,042.0 (EUR 518.9) million in the first three quarters of 2012. The principal reason for the variance was sale of Energotrans a.s. which took place during the first three quarters of 2013.

Financing Activities:

Cash flows from (used in) financing activities decreased by CZK 13,330.0 (EUR 517.6) million to negative CZK 2,360.0 (EUR 91.6) million in the first three quarters of 2013, as compared to CZK 10,970.0 (EUR 436.4) million in the first three quarters of 2012. The variance is attributable to proceeds from new loans and the second issued bond, where the proceeds were used for repayment of existing senior borrowings and partial repayment of shareholder's loan. Additionally, Pražská teplárenská a.s. declared dividends where part attributable to minority shareholders and associate Pražská teplárenská Holding, a.s. is reported as Dividends paid within Cash flows from (used in) financing activities.

Capital expenditures:

Our strategy is to focus capital investments on projects that maintain our technical equipment and increase operational efficiency. We have managed to keep capital expenditures at reasonably low levels by means of controlled business planning, engineering, procurement and project management at our operating subsidiaries.

Capital expenditures for tangible and intangible fixed assets reached CZK 1,426 (EUR 55.4) million in the first three quarters of 2013 as compared to CZK 1,158 (EUR 46.1) million in the first three quarters of 2012..

Total net debt of the group:

The group net debt as of September 30, 2013 reached CZK 22,947 (EUR 891.7) million, where major key components are issued debentures at amortised cost with included accrued interest CZK 28,458 (EUR 1,105.8) million. The group net debt does not include the liability of CZK 3,876 (EUR 150.6) million reported by the EPE Group towards Pražská teplárenská Holding, a.s. ("PTH"), an equity accounted associate. This liability corresponds to a loan provided by PTH to PT-Holding Investments B.V. ("PTHI"), a subsidiary of EP Energy. The reason for exclusion from Net debt balance is the fact that EPE expects that PTHI will receive dividend from PTH in 2014 in a same or similar amount as the debt and the debt shall be thus extinguished.

Balance sheet:

Total assets as of September 30, 2013 were CZK 79,967 (EUR 3,107.3) million, a CZK 3,723 (EUR 144.7) million or 4.4% decrease compared to the end of 2012. In June 2013, EPE declared dividends of CZK 6,842.4 (EUR 263.7) million to its sole shareholder and the resulting dividend liability was fully set off with the loan provided by EPE to EPH.

Key factors affecting comparability of the results of operations of the EPE group

The EPE Group was formed through a series of strategic acquisitions and business combinations. The current EPE Group was originally formed with acquisitions of ownership interests in Pražská energetika (“PRE”) in 2004 and in UE in 2005 by J&T Group, which is one of beneficial owners of EPH (our parent company). EPH was formed in 2009 and the ownership interests in PE, EOP, UE, EPET and PEAS were transferred to it by J&T Group. We were formed on December 16, 2010, but we have restated financial statements from August 2009, based on the results of our subsidiaries that were owned by EPH during that period. Before our formation, many of our current subsidiaries were subsidiaries of EPH, but because the EPE Group has grown steadily through acquisitions, these entities have been under common control for only a short period of time. The acquisition of various subsidiaries or additional interests in such subsidiaries and the disposition of certain subsidiaries mean that our results of operations necessarily differ before and after these acquisitions and dispositions and do not reflect a change in organic operating results but rather the impact of an acquisition or disposition.

The following table sets out the periods for which the major entities are included in our consolidated financial statements and the basis for the stand-alone financial information, which we used in Chapters “Business and operation performance” and “Financial performance”:

Periods presented in the Issuer’s consolidated IFRS financial statement		
Subsidiary	First three quarters of 2012	First three quarters of 2013
EOP	Fully consolidated	Fully consolidated
UE	Fully consolidated	Fully consolidated
PT	Proportionately consolidated (73.3%) in first half and fully consolidated in third quarter	Fully consolidated
Energotrans, a.s.	Proportionately consolidated (73.3%), together with PT in first half and fully consolidated in third quarter	Not included, as it was sold in June 2012
Plzeňská energetika a.s.	Fully consolidated	Fully consolidated
JTSD/MIBRAG	Proportionately consolidated (50%) in first half and fully consolidated in third quarter	Fully consolidated
Saale Energie GmbH	n.a.	Fully consolidated
PEAS, EPET	Fully consolidated as separate entities	PEAS merged to EP Energy Trading, a.s. (“EPET”) effective January 1, 2013. However, there is no impact on financial performance.
První mostecká, a.s.	Equity consolidated	Fully consolidated

We have recently added new businesses to the EPE Group and may have made and may make acquisitions in the future. Newly added or acquired businesses may not be integrated or managed

successfully, and we may fail to realize the anticipated synergies, growth opportunities and other benefits expected from these additions or acquisitions. Our consolidated financial statements included in this Report may not be representative of our historical or future results of operations and may not be comparable across periods, which may make it difficult to evaluate our results of operations and future prospects.”

Development of the key risks for the group

The risk profile of the Group has not materially changed since the Bond issue and the risk analysis provided in the Offering Memorandum is still a valid indication of the key risks that the Group faces. The Group continues to actively keep track of the risks and has dedicated staff to follow different risk areas.

Attachments:

Unaudited condensed consolidated interim statement of comprehensive income for the period from 1 July to 30 September 2013

Unaudited condensed consolidated interim statement of cash flows for the period from 1 July to 30 September 2013

Attachment that are available at <http://www.epenergy.cz/en/investors-2/reports/year2013/>

Unaudited Condensed Consolidated Interim Financial Statements as of and for the nine-month period ended September 30, 2013 prepared in accordance with International Financial Reporting Standards as adopted by the European Union

EP Energy, a.s.
Unaudited condensed consolidated interim statement of
comprehensive income

For the period from 1 July to 30 September 2012
and 2013

In millions of CZK ("MCZK")

	PL for 3Q 2013 (period 9-6/2013)	PL for 3Q 2012 (period 9-6/2012)
Sales: Energy	9 144	9 087
<i>of which: Electricity</i>	5 713	5 805
<i>Heat</i>	669	593
<i>Gas</i>	788	508
<i>Coal</i>	1 974	2 233
<i>Other energy products</i>	-	(52)
Sales: Other	600	592
Total sales	9 744	9 679
	-	-
Cost of sales: Energy	(6 189)	(6 366)
Cost of sales: Other	(191)	224
Cost of sales	(6 380)	(6 142)
	-	-
Gross profit	3 364	3 537
	-	-
Personnel expenses	(1 124)	(1 112)
Depreciation and amortisation	(1 351)	(1 698)
Repairs and maintenance	(95)	(57)
Emission rights, net	(308)	181
Negative goodwill	-	472
Taxes and charges	(54)	(109)
Other operating income	533	396
Other operating expenses	(767)	(942)
Profit/(loss) from operations	198	668
	-	-
Finance income	123	87
Finance expense	(463)	(418)
Profit/(loss) from financial instruments	(92)	(41)
	-	-
Net finance income/(expense)	(432)	(372)
	-	-
Share of profit of equity accounted investees, net of tax	34	1
Gain/(loss) on disposal of subsidiaries, special purpose entities, joint ventures and associates	5	-
	-	-
Profit/(loss) before income tax	(195)	297
	-	-
Income tax expenses	9	112
Profit/(loss) for the period	(186)	409

EP Energy, a.s.
Unaudited condensed consolidated interim statement of cash flows

For the period from 1 July to 30 September 2012 and 2013

In millions of CZK ("MCZK")

	1 July to 30 September 2013	1 July to 30 September 2012
OPERATING ACTIVITIES		
Profit (loss) for the period	(186)	409
<i>Adjustments for:</i>		
Income taxes	(9)	(112)
Depreciation and amortization	1 351	1 698
Dividend income	-	24
Impairment losses on property, plant and equipment and intangible assets	52	10
Gain/Loss on disposal of property, plant and equipment, investment property and intangible asset	44	38
Gain / Loss on disposal of inventories	(3)	(2)
Emission rights	308	(181)
Gain on disposal of subsidiaries, special purpose entities, joint ventures, associates and non-controlling interests	(5)	-
Share of profit of equity accounted investees	(34)	(1)
Gain / Loss on financial instruments	92	41
Net interest expense	387	324
Change in allowance for impairment to trade receivables and other assets, write-offs	(18)	-
Change in provisions	(35)	(209)
Negative goodwill	-	(472)
Unrealized foreign exchange gains/(losses), net	(266)	(593)
Operating profit before changes in working capital	1 678	974
Change in financial instruments not at fair value	17	(4 538)
Change in trade receivables and other assets	(168)	296
Change in inventories (including proceeds from sale)	(332)	(136)
Change in extracted minerals and mineral products	(32)	(3)
Change in assets held for sale and related liabilities	-	(2 546)
Change in trade payables and other liabilities	377	186
Cash generated from (used in) operations	1 540	(5 767)
Interest paid	(118)	(624)
Income taxes paid	(198)	(50)
Cash flows generated from (used in) operating activities	1 224	(6 441)
INVESTING ACTIVITIES		
Received dividends	-	-
Proceeds from sale of financial instruments - derivatives	8	223
Acquisition of property, plant and equipment, investment property and intangible assets	(785)	(805)
Purchase of emission rights	(45)	(225)
Proceeds from sale of emission rights	-	212
Proceeds from sale of property, plant and equipment, investment property and other intangible assets	51	(4)
Proceeds from sale of inventories	-	-
Acquisition of subsidiaries and special purpose entities, net of cash acquired	-	(1 516)
Net cash (outflow)/ inflow from disposal of subsidiaries and special purpose entities including received dividends	-	933
Increase in participation in existing subsidiaries and special purpose entities	-	-
Interest received	(12)	19
Cash flows from (used in) investing activities	(783)	(1 163)
FINANCING ACTIVITIES		
Proceeds from issue of share capital	30	-
Proceeds from loans received	(3 424)	2 866
Repayment of borrowings	3 197	(1 308)
Proceeds from bonds issued	140	-
Payment of finance lease liabilities	-	-
Dividends paid	-	1
Cash flows from (used in) financing activities	(57)	1 559
<i>Net increase (decrease) in cash and cash equivalents</i>	<i>384</i>	<i>(6 045)</i>
Cash and cash equivalents at beginning of the period	-	-
Effect of exchange rate fluctuations on cash held	25	(24)
Cash and cash equivalents at end of the period	409	(6 069)