EP ENERGY

Investor and Analyst Q1 2013 Conference Call

Prague, 30 May, 2013

Tomáš David — Chief Executive Officer

Pavel Horský — Chief Financial Officer

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

- In the first quarter 2013, which is strong due to seasonality, the consolidated sales reached EUR 548.3 million, consolidated EBITDA EUR 135.7 million and net consolidated debt amounted to EUR 971.9 million
- Financial performance remained good in all segments in the first quarter 2013
- Long term group financing secured through the EUR 600 mln 2018 maturing bond that was issued in April 2013 and fully refinanced senior secured club loan granted to EP Energy.
- In May 2013, the parent company of EP Energy, Energetický a průmyslový holding, signed share purchase agreement with Életricité de France on the purchase of 49% share associated with management control in Stredoslovenská Energetika, a.s., where is expected contribution of this company to EP Energy once this transaction is completed.

EP ENERGY KEY PERFORMANCE INDICATORS

EPE is a **vertically integrated energy utility** generating the majority of its EBITDA in:

- **Contracted brown coal mining business in Germany** providing brown coal to long-term contracted off-takers
- **Regulated heat generation, supply & distribution business in the Czech Republic** serving primarily municipal and residential customers
- **Power generation business in the Czech Republic** operating in a highly-efficient cogeneration as well as traditional condensation mode

Consolidated financial results			
EUR million	Not audited Q1 2012[2]	Not audited Q1 2013[2]	Year-on-year change
Sales	436.0	548.3	25.8%
EBITDA[1]	126.2	135.7	7.5%
Profit from operations	90.4	76.3	-15.6%
Income before tax	87.2	58.7	-32.7%
Net profit attrib. to EPE	67.9	55.5	-18.3%
Total assets	x	3,406.9	x
Net debt	x	971.9[3]	x
CAPEX	-7.1	-8.6	21.1%
Operating cash flow before changes in working capital	127.8	162.3	27.0%

Non financial performance				
	Units	Q1 2012	Q1 2013	Year-on-year change
Coal production	Mt	4.6	5.0	8.7%
Installed cogeneration capacity[4]	Mwe	500	500	0.0%
Installed condensation capacity[4]	Mwe	360	360	0.0%
Installed heat capacity[4]	MWth	4,105	4,105	0.0%
Power produced[4]	GWh	1,021	912	-10,7%
Heat supplied[4,5]	TJ	8,234	8,544	3.8%
Power traded[4]	GWh	3,453	4,303	24.6%
Power supplied[4]	GWh	476	542	13.9%
Natural gas supplied[4]	GWh	449	798	77.7%
Saale Energie	MWe	x	400	x

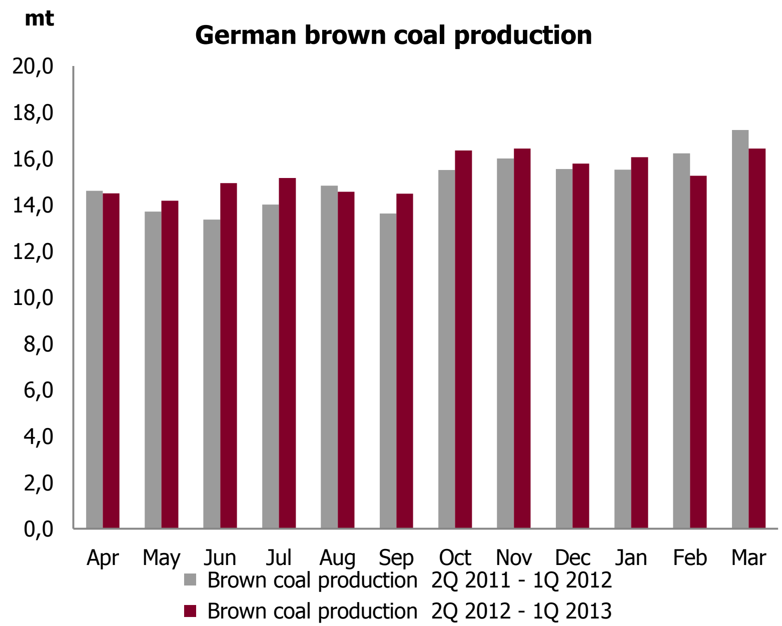
(1) EBITDA represents profit from operations plus depreciation of property, plant and equipment and amortization of intangible assets minus revaluation of negative goodwill (if applicable). The EBITDA included in this report does not represent the term EBITDA as may be defined by any documentation for any financial liabilities of the group.
(2) Difference between consolidation scope for the first quarter in 2012 and the first quarter of the 2013 is described in full report 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 the cash used for the purpose of the net debt calculation excludes the cash reserved at PT for the PT´s minority shareholders in the amount of CZK 4,390.0 mln. The amount of loans and borrowings includes accrued interest and reflects deduction of unamortized issuance costs.
(4) 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.
(5) 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 . ("PT")
(6) does not include data for the Saale Energie and its subsidiaries

DEVELOPMENT IN MINING SEGMENT

- Mining segment consists solely of the Mitteldeutsche Braunkohlengesellschaft mbH (“MIBRAG”) and some of its subsidiaries.
- Despite the fact that the overall German brown coal production volumes decreased slightly in Q1 2013, production and sales volumes of MIBRAG brown coal increased in Q1 2013 mainly due to higher demand from Schkopau.
- Significant increase in sales and EBITDA is caused primarily by the change in the consolidation scope relating to acquisition of remaining 50% in MIBRAG in June 2012 (100% of MIBRAG is consolidated in the first quarter 2013 compared to 50% consolidation in the first quarter 2012)
- On a like-for-like comparison, the sales increased slightly, mainly due to better brown coal sales (combination of better quality and higher quantity) as well as power revenues and heat sales due to the longer winter period.
- EBITDA was also positively influenced by higher sales volumes and implementation of IFRIC 20. This new IFRS rule requires the mining companies to capitalize the overburden removal (it was part of operating expenses in the past).
- Mining segment accounted for approx. 35.7% of consolidated EPE EBITDA in Q1 2013

	Unit	Q1 2012	Q1 2013
Production	Mt	4.6	5.0
Sales volume	Mt	4.3	4.5
Sales*	mEUR	55.7	114.1
Adj. EBITDA*	mEUR	19.6	48.5

*Note: Based on consolidated financial statements of EPE Group – Segment Mining according to IFRS, i.e. only 50% of MIBRAG in Q1 2012



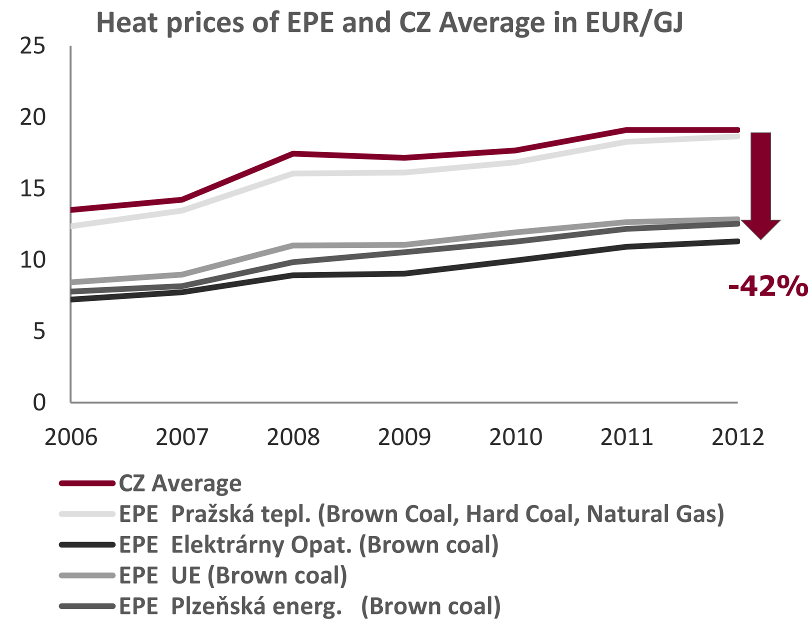
Source: Kohlenwirtschaft e.V.

DEVELOPMENT IN HEAT AND POWER SEGMENT

- For the Q1 2013, our heat supplied increased by 3.8% compared to the Q1 2012.
  - This increase was mainly driven by colder weather in Q1 2013 compared to the previous year.
- The power production, excluding the Saale Energie GmbH, decreased in the first quarter 2013 10.7% y-t-y reflecting the production optimization activities of the group.
- Sales of heat and electricity increased by 7.0%.
  - The result is influenced by the change of the consolidation scope including the acquisition of Saale Energie GmbH included to the group from July 17, 2012, increase in volume and prices of heat and decreased by lower power prices.
- EBITDA decreased by 16.5% in Q1 2013 compared to the previous year.
  - This decrease is mainly result of the sale of the Energotrans a.s. in June 2012 that was partly offset by full consolidation of PT (starting June 2012), acquisition of Saale Energie (in July 2012) and colder weather supporting performance of heat segment.
- Heat and power segment accounted for approx. 62.8% of consolidated EPE EBITDA in Q1 2013

	Unit	Q1 2012	Q1 2013
Heat supplied	TJ	8,234.0	8,544.0
Power production	GWh	1,021.3	912.2
Sales of heat and electricity*	m EUR	213.3	228.2
Cons. EBITDA*	mEUR	102.2	85.3

*Note: Based on consolidated financial statements of EPE Group according to IFRS; Segment Heat & Power



Source: EP Energy a.s. internal analysis

POTENTIAL ACQUISITIONS

- Policy: Prudent approach to potential acquisitions to keep and preserve risk profile of the group.
- on May 24th parent company EPH signed an SPA to acquire a 49% interest associated with management control in Stredoslovenská energetika, a.s. („SSE“)
  - Transaction value approximately €400 million
  - SSE is operating distribution business (regulated activity) and supply of power both to businesses and households
  - It is expected that EPH contributes the asset to EPE
  - Acquisition rationale:
    - SSE is regulated business with strong fixed asset base and stable and predictable cash flows
    - Slovak Republic is one of the three core markets of EPE and is economically interconnected with Czech and German power markets; EPE will become one of the key players in the Slovak market
    - Acquisition of SSE complements the vertical chain of EPE and enhances its overall market position
  - EPH expects to close the transaction during the third quarter of 2013 subject to obtaining anti-trust clearance.
  - Financing: (i) structured to enable contribution of SSE from EPH to EPE, (ii) after contribution to be pari-passu with existing EPE bonds
- Ongoing negotiations to acquire a German brown coal-fired plant and its adjacent brown coal mine
  - Rationale: utilization of spare mining capacity in MIBRAG
  - If negotiations are successful transaction is expected to be completed during 2013
- Bid in an open tender process to acquire 2 coal-fired cogeneration plants in Czech Republic has been submitted and discussion still continue
  - Relatively new plants with long-term coal supply contracts

KEY TAKEAWAYS

- Financial performance remained stable in all segments in the first quarter 2013 with high EBITDA to cash flow conversion
- Favorable debt maturity profile after issuance of EUR 600 million, 2018 and EUR 500 million, 2019 bonds.
- Enhancement of vertical integration and increase of regulated revenues in connection with expected contribution of SSE to EPE.

Q&A

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