Investor and Analyst H1 2013 Conference Call

Prague, 29 August, 2013

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.

Financial indicators such as EBITDA or Net Debt are not defined terms in IFRS and do not represent the term EBITDA or Net Debt as may be defined by any documentation for any financial liabilities of the group.

KEY MESSAGES

- In the first half 2013 the consolidated sales reached EUR 935.1 million, consolidated EBITDA EUR 220.3 million and net consolidated debt amounted to EUR 900.3 million
- Financial performance remained good in all segments in the first half 2013
- Long term group financing secured through the EUR 500 mln 2019 maturing bond that was issued in October 2012 and EUR 600 mln 2018 maturing bond that was issued in April 2013 and fully refinanced senior secured club loan granted to EP Energy; EPE has a comfortable level of cash
- 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 H1 2012[2]**	**Not audited H1 2013[2]**	**Year-on-year change**
Sales	715.2	935.1	30.7%
EBITDA[1]	175.0	220.3	25.9%
Profit from operations	205.6	95.3	-53.6%
Income before tax	355.5	38.8	-89.1%
Net profit attrib. to EPE	336.0	17.3	-94.9%
Total assets	x	3,075.0	x
Net debt[3]	x	900.3	x
CAPEX[7]	-14.0	-24.9	77.9%
Operating cash flow before changes in working capital	176.9	223.4	26.3%

Non financial performance				
	Units	**H1 2012**	**H1 2013**	**Year-on-year change**
Coal production	**Mt**	8.3	9.5	14.5%
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**	1,646	1,478	-10,2%
Heat supplied[4,5]	**TJ[6]**	10,688	11,455	7.2%
Power traded[4]	**GWh**	5,498	6,020	9.5%
Power supplied[4]	**GWh**	920	1,028	11.7%
Natural gas supplied[4]	**GWh**	983	1,185	20.5%
Saale Energie capacity	**MWe**	x	400	x

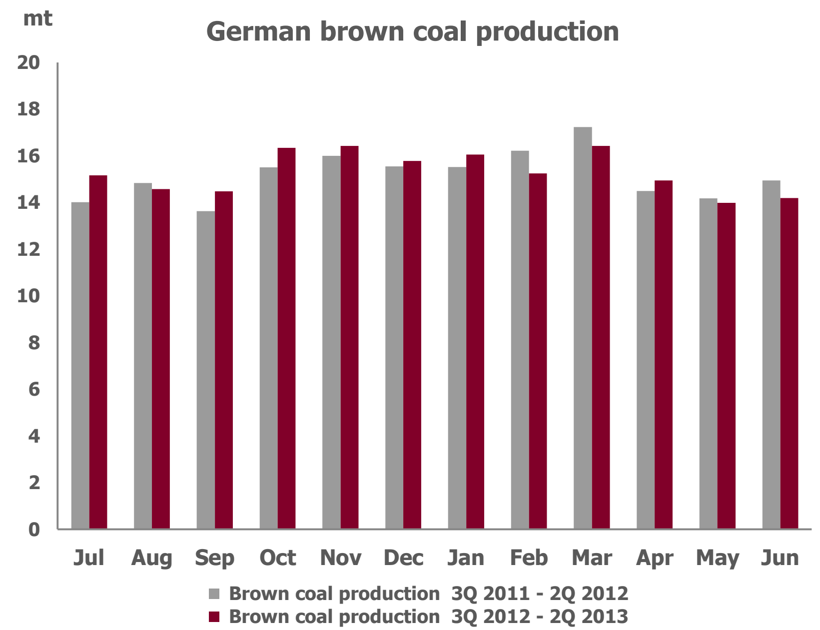
(1) EBITDA represents profit from operations plus depreciation of property, plant and equipment and amortization of intangible assets minus revaluation of negative goodwill (if applicable). The EBITDA included in this report does not represent the term EBITDA as may be defined by any documentation for any financial liabilities of the group.
(2) Difference between consolidation scope for the first half in 2012 and the first half 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.
(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 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. ("PT")
(6) 1 TJ = 0,2778 GWh
(7) Excluding emission allowances

DEVELOPMENT IN MINING SEGMENT

- Mining segment accounted for approx. 42.8% of consolidated EPE EBITDA in H1 2013.
- 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 H1 2013, production and sales volumes of MIBRAG brown coal increased in H1 2013 mainly due to higher demand from Lippendorf, Schkopau and Buschhaus.
- 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 half 2013 compared to 50% consolidation in the first half 2012).
- On a like-for-like comparison, the EBITDA increased mainly due to better brown coal sales (higher quantity and better quality to Lippendorf). Longer winter period in the 2013 enabled higher heat sales from MIBRAG´s own plants.
- Beside higher sales volumes and material cost savings, EBITDA was positively influenced by 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) - effect of EUR 14.7 million for the H1 2013.

	Unit	H1 2012	H1 2013
Production	Mt	8.3	9.5
Sales volume	Mt	7.5	8.5
Sales*	mEUR	99.8	189.6
EBITDA*	mEUR	30.0	94.2

*Note: Based on consolidated financial statements of EPE Group – Segment Mining according to IFRS, i.e. only 50% of MIBRAG in H1 2012



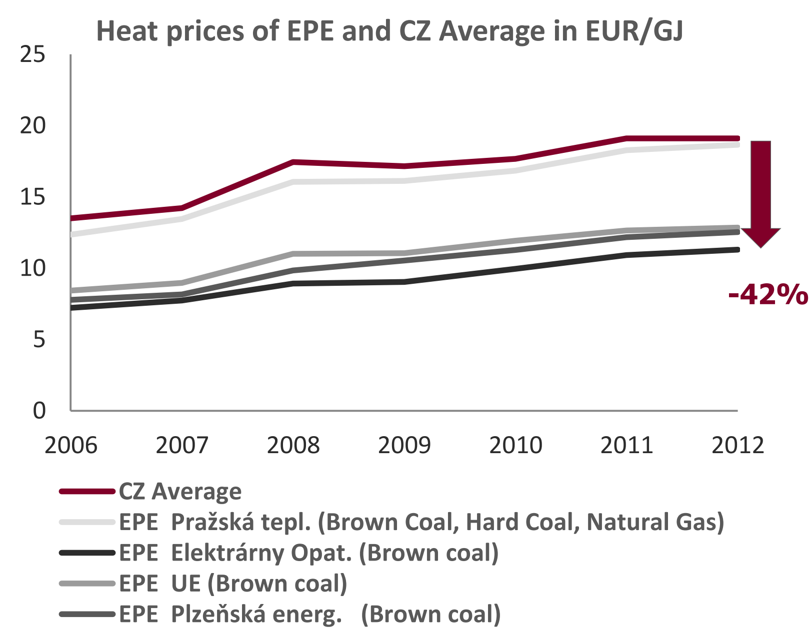
Source: Kohlenwirtschaft e.V.

DEVELOPMENT IN HEAT AND POWER SEGMENT

- Heat and power segment accounted for approx. 54.9% of consolidated EPE EBITDA in H1 2013
- For the H1 2013, our heat supplied increased by 7.2% compared to the H1 2012.
  - This increase was mainly driven by colder weather in H1 2013 compared to the previous year.
- The power production, excluding the Saale Energie GmbH, decreased in the first half 2013 by 10.2% y-t-y reflecting the production optimization activities of the group.
- Sales of heat and electricity to the third parties increased by 29.2%.
  - 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 11.4% in H1 2013 compared to the previous year.
  - This decrease is driven by change of the consolidation scope (mainly sale of the Energotrans a.s. in June 2012) and also by lower power prices realized in 1H 2013 compared to 1H 2012.

	Unit	H1 2012	H1 2013
Heat supplied	TJ	10,688	11,455
Power production	GWh	1,646	1,478
Sales of heat and electricity*	m EUR	247.5	319.7
EBITDA*	mEUR	136.4	120.9

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



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 the May 24th parent company EPH signed an SPA to acquire a 49% interest associated with management control in Stredoslovenská energetika, a.s. („SSE")
  - 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 or first quarter 2014 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
  - Rational: utilization of spare mining capacity in MIBRAG
  - If negotiations are successful transaction is expected to be completed during 2013

KEY TAKEAWAYS

- Financial performance remained stable in all segments in the first half 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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