

ESB Annual General Meeting – Monday 30 April 2018

Statement by ESB ESOP Trustee Limited on behalf of the 10,620 participants in the ESB Employee Share Ownership Plan (ESOP)

Chairman, thank you for inviting me to address the meeting on behalf of the ESOP, representing the 10,620 participants who are both current and former staff.

At the outset, I would like to recognise the outstanding work undertaken by ESB staff in recent months – in particular the Networks crews and supporting staff across the organisation – in responding to Storms Ophelia and Emma. Whilst this level of service and response is what we have come to expect from ESB staff, it is nonetheless truly remarkable.

Turning to the performance of the ESB Group in 2017, we note that operating profit is down and that the impact of an exceptional impairment charge resulted in a loss of €32 million.

We acknowledge, however, that this reflects the very challenging environment the ESB Group continues to operate in – in particular the Generation and Wholesale Markets Business with increased competition and downward pressure on energy margins. The introduction of the new Integrated Single Electricity Market later this year and the continued transition to a low-carbon economy will further add to those challenges, requiring sound strategic analysis; major investment backed by a strong balance sheet; and the development of new business opportunities.

We thank you, the Board, Chief Executive, management and staff for their continued commitment to delivering long term value and maintaining ESB's strong financial position in these challenging times.

In noting ESB's Strategy for a Brighter Future, and the recent announcement on the high-level organisational review, we wish all Executive Directors well in their roles in the new structure.

Now turning briefly to the ESOP's own business, I am pleased to report that an internal market in ESB stock – held under the amended rules agreed by all parties in 2015 - was successfully held in September 2017. We are currently preparing for this year's market.

The amendments to the market agreed in 2015 provided for a review to be undertaken to assess market performance – that review to be completed before the end of this year. We are seeking to progress the review, and associated matters, with the Company and other stakeholders. While we had hoped the review to be further advanced at this point, we do, however, expect to begin engagement with the Company shortly.

Finally, I would remind the meeting that as the ESOP Trustee votes certain of the stock at its own discretion and also represents at the meeting those participants who have the right to decide how to vote their ESB stock, I will be voting in accordance with those directions as well as at the direction of the Trustee Board. This, as has happened before, will result in a mix of abstentions and votes both for and against the motions and resolutions put to the meeting.

Thank you.

David Beattie
ESOP Chairman
30 April 2018