

## IRISH STOCK EXCHANGE ANNOUNCEMENT

For Immediate Release  
11 September 2017

### **Gas Networks Ireland**

**Series 1 - EUR 500,000,000 1.375 per cent. Notes due 5 December 2026  
(ISIN: XS1529684695)**

**Series 2 - EUR 125,000,000 2.250 per cent. Notes due 5 December 2036  
(ISIN: XS1529684349)**

**(the "Notes")**

### **Ervia Publishes Annual Report for 2016**

Ervia today publishes its Annual Report for 2016, the third full year of operations for the multi-utility company responsible for Ireland's national gas and water infrastructure. Ervia delivers its services through two operating companies, Gas Networks Ireland and Irish Water.

In 2016, Ervia continued to address the underinvestment in Ireland's water and waste water infrastructure, and expand the national gas network. Ervia is one of Ireland's largest indigenous companies with 1,621 direct employees in 2016 and a further 5,700 employed in partner companies directly involved in providing services to its 1.67m customers.

Ervia delivered a solid financial performance in 2016 with revenue up 5% to €1,404m helped by the continuing development of Irish Water and stable performance at Gas Networks Ireland. Profit before tax rose 35% to €203m, with profits in Gas Networks Ireland up 10% in the prior year and Irish Water up 218% to €54m. Any surplus earned at Irish Water is reinvested directly to fund critical infrastructure projects. In 2016, Ervia paid a dividend to the Exchequer of €135 million, all of which was earned through operating Ireland's national gas network.

Gas Networks Ireland received a credit rating upgrade from Moody's and raised €625m in two well received bond issues. This supported the delivery of €125m in capital investment, and the continued operation of Ireland's natural gas network to the highest safety standards. Network investment achievements included the completion of the 46km gas main extension to Wexford Town and commencing construction on a 50km twinning gas pipeline with Scotland. Thanks to the development of Corrib, ongoing investment in infrastructure and the imminent arrival of renewable gas on the network, Ireland's gas supply has never been more secure. There are over 680,000 natural gas customers in Ireland with natural gas now available in 20 counties. In 2016 Gas Networks Ireland also celebrated 40 years in existence since it was established in 1976 to ensure a modern gas transmission and distribution network throughout Ireland.

In 2016 Irish Water delivered significant benefits to customers from its targeted investment programme which will invest a total of €5.5bn in Ireland's water and waste water infrastructure, under the Irish Water Business Plan to 2021. Investment of €459m in critical infrastructure in 2016 has delivered important improvements in drinking water quality. The majority of remaining long-term Boil Water Notices which affected over 16,000 people in 2015, were lifted in 2016. Irish Water also reduced the risk of drinking water contamination at 37 Water Treatment Plants, removing them from the

Environmental Protection Agency's Remedial Action List in 2016. Investment in the Water Conservation and First Fix schemes for leakage repair and reduction meant that Irish Water was saving 77.3m litres of clean treated drinking water every single day. In 2016 the process of transferring responsibility for business customers from Local Authorities to Irish Water started, and by year end customers of 24 Local Authorities had been migrated. The government confirmed during 2016 that any impact from the suspension of domestic water billing was to be offset by increased Government subvention income.

Commenting on the publication of the 2016 Ervia Annual Report, Sean Casey, acting Group Chief Executive of Ervia said:

"Only three years into its existence, Ervia has made significant progress in establishing a new state-owned multi-utility with technical, engineering and financial capability to deliver essential services to our customers. We have delivered a solid financial performance and met the needs of our 1.7m customers. I am especially proud of the capital investment we have delivered during the year, which has helped us to extend the gas transmission network into new towns, and started addressing the decades of under investment in Ireland's water and waste water infrastructure."

Ervia's Annual Report 2016 is available at:

[http://www.ervia.ie/media/ervia\\_annual\\_report\\_2016.pdf?v=NTcx](http://www.ervia.ie/media/ervia_annual_report_2016.pdf?v=NTcx).

Irish Water's Financial Statements for 2016 are available at:

[http://www.ervia.ie/media/iw\\_financial\\_statements\\_2016.pdf?v=NTcy](http://www.ervia.ie/media/iw_financial_statements_2016.pdf?v=NTcy).

Gas Networks Ireland's Financial Statements for 2016 are available at:

[http://www.ervia.ie/media/gni\\_financial\\_statements\\_2016.pdf?v=NTcz](http://www.ervia.ie/media/gni_financial_statements_2016.pdf?v=NTcz).

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