

VIRIDIAN

Results Presentation First Quarter 2019

12 September 2018



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Financial highlights

Solid set of results for the First Quarter 2019 despite volatile commodity prices

- Pro-forma EBITDA* for the First Quarter 2019 was £26.6m (2018 - £25.0m**)
- Pro-forma cash flow before interest and tax*** for the First Quarter 2019 was £29.0m (2018 - £23.0m)
- Senior net debt was £400.9m at 30 June 2018 (31 March 2018 - £403.4m)

* EBITDA based on regulated entitlement, before exceptional items and certain remeasurements and excludes EBITDA from renewable assets of £5.3m (2018 - £4.5m) but includes distributions from renewable assets of £3.0m from wholly owned assets (2018 - £0.1m) and £0.6m from minority interest assets (2018 - £0.2m)

** Prior year comparatives have been restated where applicable for new accounting standards as referred to in the First Quarter 2019 accounts

*** Pro-forma EBITDA, less pension charges, plus movements in provisions and working capital (inc purchase of and proceeds from sale of other intangibles), less gross capex (excluding capex of renewable wind farm assets) and exceptional items and including the effects of FX

Energia Group business developments

Huntstown plant availability and utilisation

- Availability was 88.5% for Huntstown 1 and 99.4% for Huntstown 2 for First Quarter 2019
- A 10 day planned outage for a minor inspection on the gas turbine of Huntstown 1 was successfully completed in May 2018
- Unconstrained utilisation was 21.1% for Huntstown 1 and 50.4% for Huntstown 2 for First Quarter 2019
- Incremental impact of constrained utilisation was an increase of 9.2% for Huntstown 1 and an increase of 12.3% for Huntstown 2 for First Quarter 2019

Retail sales

- Rol residential customer sites supplied at 30 June 2018 increased to 195,100 (31 March 2018 – 192,100) with continued growth in the customer base
- Non-residential electricity customer sites supplied at 30 June 2018 were 55,300 (31 March 2018 – 55,800)
- Non-residential gas customer sites supplied at 30 June 2018 were 4,100 (31 March 2018 – 4,300)
- Total electricity sales volumes for First Quarter 2019 were 1.5TWh (2018 – 1.1TWh)
- Total gas sales volumes for First Quarter 2019 were 15.7m therms (2018 – 14.7m therms)
- On 29 June 2018 Energia announced tariff increases for its residential electricity and gas customers effective from 1 August 2018. The average tariff increase for dual fuel customers was 9.6%.

Energia Group business developments (cont'd)

Regulatory process in respect of the I-SEM capacity remuneration mechanism

- The Group has reached agreement with EirGrid on Heads of Terms for transmission reserve contracts for the Huntstown plants
- We expect to sign the contracts before I-SEM go-live on 1 October 2018

I-SEM go-live

- On 31 August 2018 the SEM Committee confirmed that the new I-SEM market will go-live on 1 October 2018

Renewable Energy Support Scheme in RoI

- On 24 July 2018 the RoI government approved its Renewable Energy Support Scheme ("RESS"). The RESS will comprise of a series of competitive auctions over the life of the scheme
- The State Aid Notification process has commenced and the first auction is expected in 2019 once state aid clearance has been obtained

Energia Group business developments (cont'd)

Renewable PPAs

- Average contracted renewable generation capacity for First Quarter 2019 was 998MW (2018 – 1,035MW) with 998MW operational capacity at 30 June 2018 (31 March 2018 – 998MW)

Renewable Assets – Wind Farms

- Renewable assets availability for First Quarter 2019 was 98.4% (2018 – 96.9%) with a wind factor of 20.3% (2018 – 21.6%)
- 223MW of wind generation capacity was operational at 30 June 2018 (31 March 2018 – 223MW)
- In June 2018, non-recourse project finance facilities of up to £24.7m were put in place in respect of the two remaining wind farms with a combined capacity of 18MW in Northern Ireland
- All wind farm projects now have project finance facilities in place
- Distributions of £3.0m from wholly owned assets (2018 - £0.1m) and £0.6m from minority interest assets (2018 - £0.2m) were paid to the Senior secured restricted group in First Quarter 2019

Renewable Assets - Bioenergy

- Construction continues at Energia's 4.9MW anaerobic digestion facility at Huntstown in North County Dublin
- It is intended to put project finance facilities in place and commercial operation is expected by December 2019
- The project is expected to benefit from REFIT support

Power NI business developments

Electricity sales

- Residential customer numbers at 30 June 2018 were 463,000 (31 March 2018 – 466,000)
- Non-residential customer numbers at 30 June 2018 were 35,000 (31 March 2018 – 34,000)
- Total electricity sales for First Quarter 2019 were 0.5TWh (2018 – 0.5TWh)

Price control

- On the 25 May 2018 the Utility Regulator confirmed its intention to extend Power NI's current price control a further 2 years, from 1 April 2019 to 31 March 2021
- Power NI will share with customers the benefits of annual efficiency gains made during the current price control period
- The Utility Regulator's consultation on the licence modifications required to implement the new price control is awaited

Regulated Tariffs

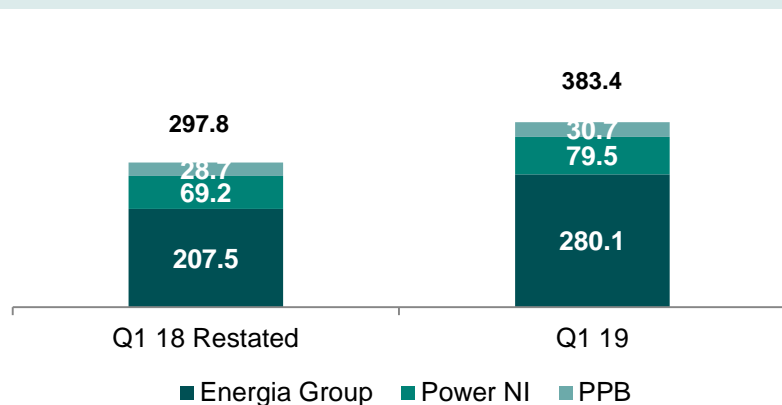
- On 16 August 2018, Power NI announced a 13.8% increase in its regulated electricity tariff, effective 1 October 2018, reflecting an increase in its expected wholesale energy costs
- The tariff increase was agreed with the Utility Regulator

Deregulated renewable PPA portfolio

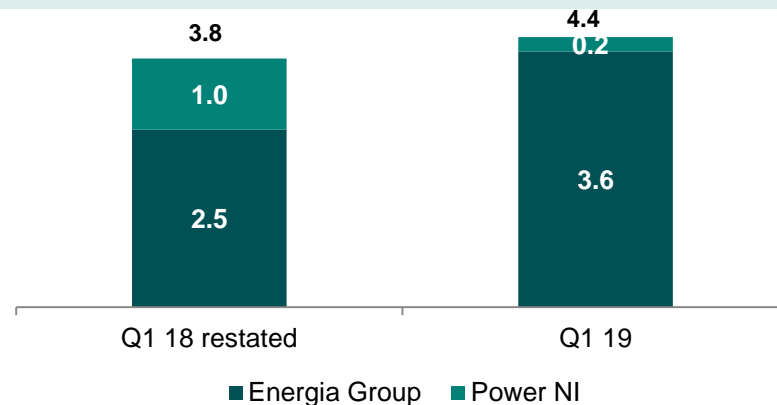
- Average contracted generation capacity in operation during the First Quarter 2019 was 261MW (2018 – 144MW) with operational capacity of 264MW at 30 June 2018 (31 March 2018 - 251MW)

Financial summary – First Quarter 2019

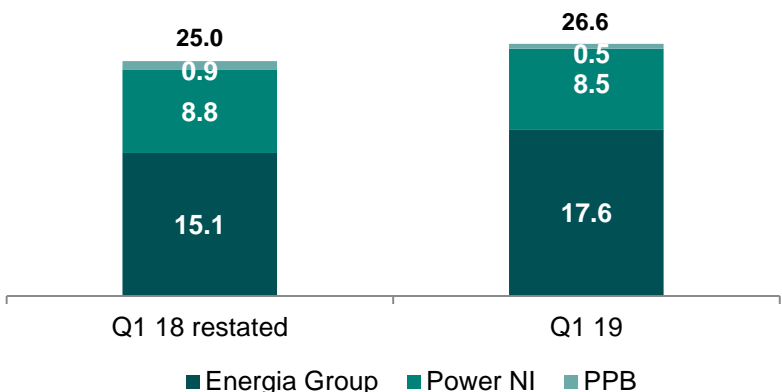
Revenue (£m)^(a)



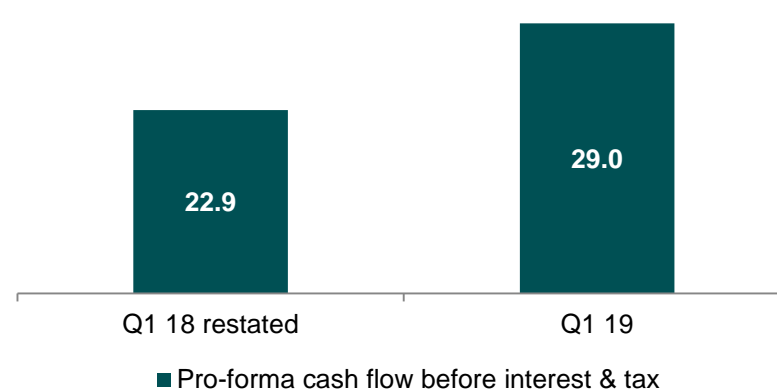
Capital expenditure for continuing operations (£m)^(c)



Pro-forma EBITDA (£m)^(b)



Pro-forma cash flow before interest & tax (£m)^(d)



(a) Revenue is based on regulated entitlement and excludes revenue of renewable assets

(b) Pro-forma EBITDA is EBITDA based on regulated entitlement, before exceptional items and certain remeasurements and excludes EBITDA from renewable assets of £5.3m (2018 - £4.5m) but includes distributions from renewable assets of £3.0m from wholly owned assets (2018 - £0.1m) and £0.6m from minority interest assets (2018 - £0.2m)

(c) Excludes capital expenditure on renewable assets of £23.3m in First Quarter 2019 and £19.9m in First Quarter 2018. Total includes other group capex of £0.6m in First Quarter 2019 and £0.3m in First Quarter 2018.

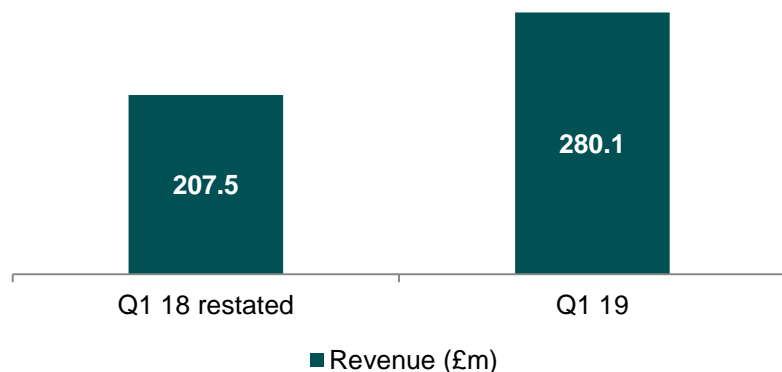
(d) Pro-forma cash flow before interest and tax defined as Pro-forma EBITDA, less pension charges, plus movements in provisions and working capital (inc. purchase of and proceeds from sale of other intangibles), less gross capex (excluding capex of renewable assets) and exceptional items and including the effects of FX

Energia Group KPIs

Energia Group	Q1 18	Q1 19
Availability (%)		
Huntstown 1	100.0	88.5
Huntstown 2	79.0	99.4
Unconstrained utilisation (%)		
Huntstown 1	40.3	21.1
Huntstown 2	11.7	50.4
Incremental impact of constrained utilisation (%)		
Huntstown 1	26.2	9.2
Huntstown 2	0.3	12.3
Sales		
Electricity sales (TWh)	1.1	1.5
Gas sales (million therms)	14.7	15.7
Total customer sites (No.)		
Non-residential	57,900	59,400
Residential	151,700	195,100
Wind farm operational PPAs (MW)		
Average capacity during the period	1,035	998
Period end capacity – at 30 June	981	998
Wind farm assets operational performance		
Availability (%)	96.9	98.4
Wind factor (%)	21.6	20.3

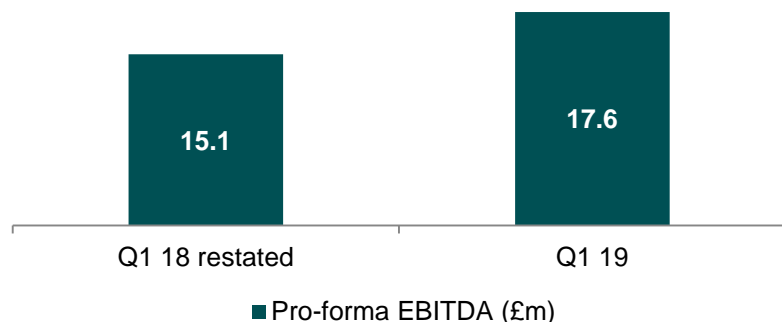
Energia Group financial highlights – First Quarter 2019

Revenue



- Revenue for First Quarter 2019 increased from £207.5m to £280.1m primarily reflecting:
 - Higher non-residential electricity sales volumes and prices;
 - Higher availability and utilisation of Huntstown 2;
 - Higher residential revenue;
 - Impact of foreign exchange translation;
 - Higher interconnector revenue; and
 - Higher renewable PPA revenues; partly offset by
 - Lower availability and utilisation of Huntstown 1

Pro-forma EBITDA^(a)



- Pro-forma EBITDA for First Quarter 2019 increased from £15.1m to £17.6m primarily reflecting:
 - Higher distributions from renewable assets (inc associates);
 - Higher availability and utilisation of Huntstown 2;
 - Higher contribution from renewable PPAs;
 - Higher residential earnings; and
 - Impact of foreign exchange translation; partly offset by
 - Lower non-residential earnings; and
 - Lower availability and utilisation of Huntstown 1

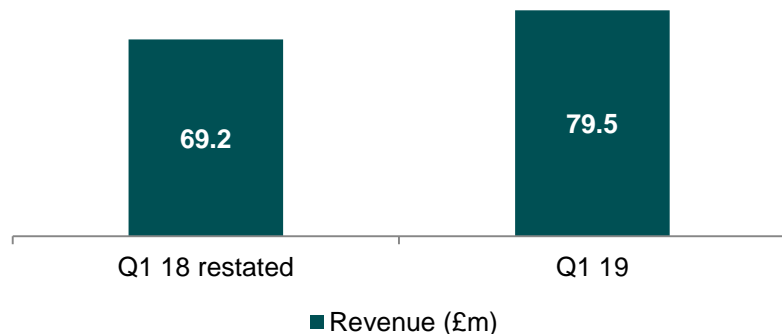
(a) Pro-forma EBITDA excludes EBITDA from renewable assets of £5.3m in First Quarter 2019 and £4.5m in First Quarter 2018 but includes distributions from renewable assets (inc associates) of £3.6m in First Quarter 2019 and £0.3m in First Quarter 2018

Power NI KPIs

Power NI	Q1 18	Q1 19
Sales		
Electricity sales (TWh)	0.5	0.5
Total customer sites (No.)		
Residential	479,000	463,000
Non-residential	34,000	35,000
Contracted operational renewable PPA capacity (deregulated) (MW)		
Average capacity during the period	144	261
Period end capacity – 30 June 2018	207	264

Power NI financial highlights – First Quarter 2019

Revenue



- Revenue for First Quarter 2019 increased from £69.2m to £79.5m primarily reflecting:
 - Higher regulated revenue (reflecting the tariff increase in October 2017); and
 - Higher deregulated revenue; partly offset by
 - A reduction in residential customer numbers

Pro-forma EBITDA^(a)

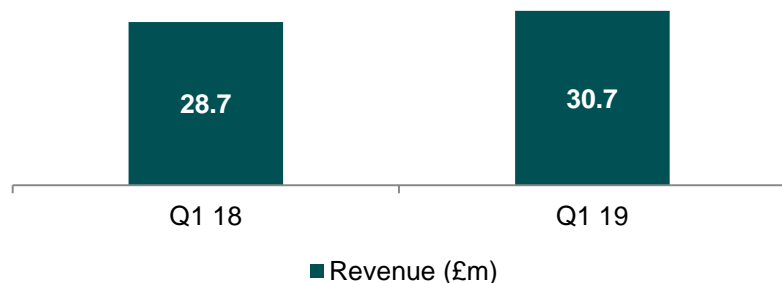


- Pro-forma EBITDA for First Quarter 2019 decreased to £8.5m (2018 - £8.8m) primarily reflecting:
 - Lower regulated and deregulated margins; and
 - Higher operating costs; partly offset by
 - Higher contributions from small scale renewable PPAs

(a) Based on regulated entitlement

PPB financial highlights – First Quarter 2019

Revenue



- Revenue for First Quarter 2019 increased from £28.7m to £30.7m primarily due to higher pass through of wholesale costs partly offset by lower availability and utilisation of the Ballylumford plant

Pro-forma EBITDA^(a)



- Pro-forma EBITDA for First Quarter 2019 decreased to £0.5m (2018 - £0.9m) reflecting higher operating costs

(a) Based on regulated entitlement

Restricted group cash flow summary

(£m)	Restated Q1 18	Q1 19
Pro-forma EBITDA ^(a)	25.0	26.6
Changes in working capital ^(b)	2.0	6.9
Effects of FX	(0.2)	(0.1)
Pro-forma cash flow from operating activities	26.8	33.4
Net capital expenditure ^(c)	(3.8)	(4.4)
Pro-forma cash flow before interest and tax	23.0	29.0
Net movement in security deposits	0.5	2.2
Over-recovery of regulated entitlement	8.5	1.6
Exceptional items ^(d)	(0.1)	0.5
Equity investment in in-development renewable assets	(11.6)	(1.9)
Pro-forma cash flow before interest, tax and acquisitions and disposals	20.3	31.4

Note:

- (a) Pro-forma EBITDA is defined as EBITDA before exceptional items and certain remeasurements and adjusted for (under)/over-recovery of Viridian's regulated business against their regulated entitlement and excludes EBITDA from renewable assets of £5.3m (2018 - £4.5m) but includes distributions from renewable assets of £3.0m from wholly owned assets (2018 - £0.1m) and £0.6m from minority interest assets (2018 - £0.2m)
- (b) Includes proceeds from sale and purchase of other intangibles which related to trading activities with respect to emissions allowances and ROCs and excludes changes in working capital from Viridian's renewable assets of £1.6m increase in First Quarter 2019 (First Quarter 2018 - £0.3m decrease)
- (c) Net capex excludes capex on renewable assets of £23.3m in First Quarter 2019 (First Quarter 2018- £19.9m)
- (d) Includes exceptional costs associated with acquisitions whether successful or unsuccessful and share based payments

Net debt

Net debt (£m) As at	31 Mar 18	30 Jun 18
Cash and investments	(102.7)	(132.4)
Senior secured notes due 2025	301.6	304.4
Senior secured notes due 2024	221.1	221.3
Interest accruals	1.7	7.6
Senior net debt	421.7	400.9
Project finance cash	(24.9)	(29.8)
Project finance bank facilities	258.2	285.2
Interest accruals	0.4	2.5
Total net debt	655.4	658.8

- FX rate at 30 June 2018: €£ 1.1308 (2018 - €£ 1.1406)
- Senior net leverage at 30 June 2018 was 3.9x

Conclusion

Solid set of results for the First Quarter 2019 despite volatile commodity prices

Outlook

- Heads of Terms agreed with EirGrid for transmission reserve contracts for the Huntstown plants and contracts expected to be signed by the end of September 2018
- Volatility in commodity prices expected to continue
- Continued growth in Energia's Rol residential customer base
- Contribution to earnings from the 21MW Rathsherry wind farm commissioned in February 2018
- Remaining 3 in-construction wind farm projects have project finance in place, are all energised and on track for commissioning by December 2018
- Huntstown bioenergy project in-construction and expected to commission by December 2019
- I-SEM go-live on 1 October 2018 confirmed, final preparations for business readiness ongoing