

Energia Group **(formerly known as Viridian Group)**

Results Presentation **First Quarter 2020**

6 September 2019

energía group

Forward looking statements

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Financial highlights

Solid set of results for the First Quarter 2020

- Total Group EBITDA* for the First Quarter 2020 was €36.6m (2019 - €32.2m)
- Pro-forma EBITDA for the Senior Secured Notes Restricted Group** for the First Quarter 2020 was €38.2m (2019 - €30.2m)
- Pro-forma cash flow before interest and tax*** for the First Quarter 2020 was €32.3m (2019 - €32.9m)
- Senior net debt was €385.4m at 30 June 2019 (31 March 2019 - €437.1m)

Prior year comparatives have been restated where applicable for the change in presentational currency and for new accounting standards as referred to in the First Quarter 2020 accounts

Unaudited reconciliations for revenue, pro-forma EBITDA and net debt of the Senior Secured Notes Restricted Group are provided in the Appendix to the Group's consolidated financial statements

** EBITDA based on regulated entitlement, before exceptional items and certain remeasurements;*

*** EBITDA based on regulated entitlement, before exceptional items and certain remeasurements and excluding earnings from renewable assets, but includes distributions from renewable assets of €9.1m from wholly owned assets in the First Quarter 2020 (2019 - €3.4m) and €0.3m from minority owned assets (2019 - €0.7m);*

**** Pro-forma EBITDA for the Senior Secured Notes Restricted Group, 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*

Renewables business developments

The Renewables business:

- owns and operates 277MW of wind assets;
- purchases electricity from 1,275MW of renewable generation capacity throughout Ireland; and
- is in the advanced stages of constructing a 4.0MW bioenergy plant in Dublin and is developing a 4.1MW bioenergy plant in Belfast and the 21MW Coolberrin wind farm in Co Monaghan.

Wind generation assets

- Renewable assets availability for the First Quarter 2020 was 96.8% (2019 – 98.4%) with a wind factor of 21.6% (2019 – 20.3%)
- Distributions of €9.1m were made in the First Quarter 2020 (2019 - €3.4m) from the wholly owned renewable assets together with €0.3m (2019 - €0.7m) from the minority assets

Sale of minority share wind generation assets

- On 1 August 2019, the Group sold its 25% share in a 52MW portfolio of wind generation assets in the ROI for cash proceeds of €6.5m. The Irish Infrastructure Fund also sold its majority interest in these assets.
- The disposal will be recognised in the Second Quarter 2020.

Renewables business developments

Renewable PPA portfolio

- Average contracted renewable generation capacity for the First Quarter 2020 was 1,275MW (2019 – 1,259MW) with 1,275MW operational capacity at 30 June 2019 (31 March 2019 – 1,281MW)

Bioenergy assets

- **Huntstown**
 - Construction continues at the Group's 4.0MW bioenergy facility at Huntstown in Dublin.
 - On 18 April 2019, the Group put in place a debt finance package of €44.0m in respect of the plant.
 - Commercial operation is expected by the Fourth Quarter 2020 with the plant benefitting from REFIT support.
- **Giant's Park**
 - On 26 June 2019, a planning application was lodged for a 4.1MW bioenergy project at Giant's Park in Belfast.
 - Subject to planning and licensing the plant is expected to be operational by the end of 2021.
 - The plant is adjacent to ROC accredited CHP engines which the project will benefit from.

Renewables business developments

Offshore wind

- The Group has applied to the Department of Housing, Planning and Local Government in the RoI for permission to carry out preliminary surveys to investigate the feasibility of offshore wind energy generation in the North Celtic Sea.
- Public consultation closed on 6 August 2019 and a decision on the Investigative Foreshore Licence application is expected shortly.

Outlook

- Continue with the development of the Coolberrin wind farm project in County Monaghan.
- Complete the construction of the Huntstown bioenergy plant and continue to develop plans for the Giant's Park bioenergy plant in Belfast.
- Continue to assess a significant number of other opportunities to acquire and develop wind farm (onshore and offshore) and other development projects.

Flexible Generation business developments

The Flexible Generation business:

- owns and operates 747MW of conventional generation assets at the Huntstown site in Dublin in the RoI; and
- procures power under contract with Ballylumford power station in Northern Ireland for the output from 600MW of conventional generation assets.

Huntstown plant availability and utilisation

- Availability was 99.1% for Huntstown 1 for the First Quarter 2020 (2019 – 88.5%). The prior year lower availability reflects a 10 day planned outage in relation to a minor inspection on the gas turbine.
- Availability was 69.0% for Huntstown 2 for the First Quarter 2020 (2019 – 99.7%) reflecting 28 days of a total 42 day planned outage which commenced in March 2019 and was successfully completed on 28 April 2019.
- Huntstown 1 unconstrained utilisation for the First Quarter 2020 was 95.0% (2019 – 21.1%) and Huntstown 2 unconstrained utilisation for the First Quarter 2020 was nil (2019 – 50.4%).
- Incremental impact of constrained utilisation was 27.1% constrained off for Huntstown 1 (2019 – 9.2% constrained on).
- The incremental impact of constrained utilisation for Huntstown 2 was 63.5% constrained on (2019 – 12.3%).
- On 12 August 2019, Huntstown 1 commenced a scheduled 33 day outage. The outage is currently ongoing and it is expected that the plant will return to service in mid-September 2019.

Flexible Generation business developments

PPB price control

- On 14 January 2019 the Utility Regulator published its decision paper and proposed licence modifications to implement a revised price control for PPB.
- The final licence modifications were published on 10 June 2019, with the modifications taking effect from 6 August 2019.
- The revised price control is scheduled to run until September 2023 to coincide with the expiry of the Ballylumford Generating Unit Agreements.

Outlook

- On 4 April 2019, SEMO published results which confirmed that Huntstown 2 had been awarded a reliability contract but Huntstown 1 had not been awarded such a contract in the T-4 capacity auction for the 2022/23 capacity year.
- Given the importance of the Huntstown plants to security of supply in the Dublin area, the Group continues to consider its options regarding the longer-term sustainability of the Huntstown plants.
- The Group continues to assess a number of flexible generation, energy storage and behind the meter projects in line with its strategy to support the renewable assets portfolio and product offerings to customers.

Customer Solutions business developments

The Customer Solutions business:

- supplies electricity and gas to customer sites in the RoI and in Northern Ireland through its two retail brands, Energia and Power NI

Energy sales

- RoI residential customer sites supplied at 30 June 2019 were 216,900 (31 March 2019 – 210,500).
- Non-residential electricity customer sites in the RoI were 44,400 (31 March 2019 - 42,000).
- Non-residential gas customer sites in the RoI were 3,900 (31 March 2019 – 3,800).
- Residential customer numbers in Northern Ireland at 30 June 2019 were 456,100 (31 March 2019 – 457,300).
- Non-residential customer numbers in Northern Ireland at 30 June 2019 were 42,500 (31 March 2019 – 42,500).
- Total electricity sales volumes in the RoI for the First Quarter 2020 were 1.1TWh (2019 – 1.2TWh) and in Northern Ireland were 0.8TWh (2019 – 0.8TWh).
- RoI gas sales volumes for the First Quarter 2020 were 20.1m therms (2019 – 15.7m therms).

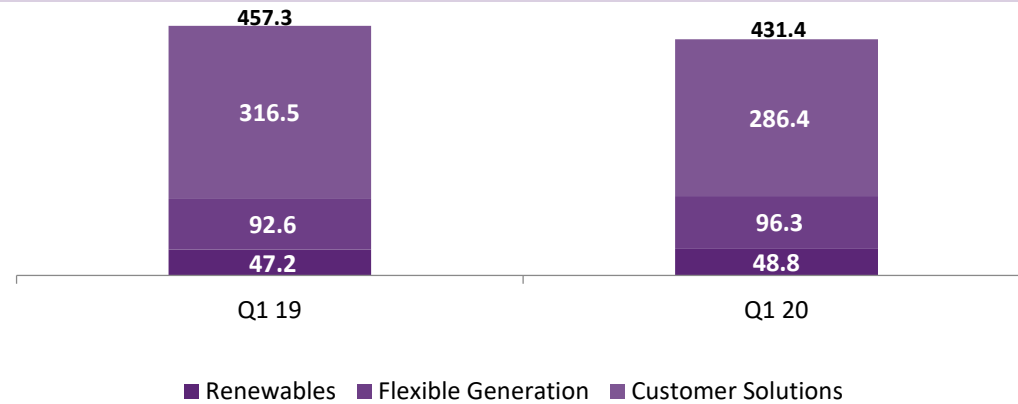
Customer Solutions business developments

Outlook

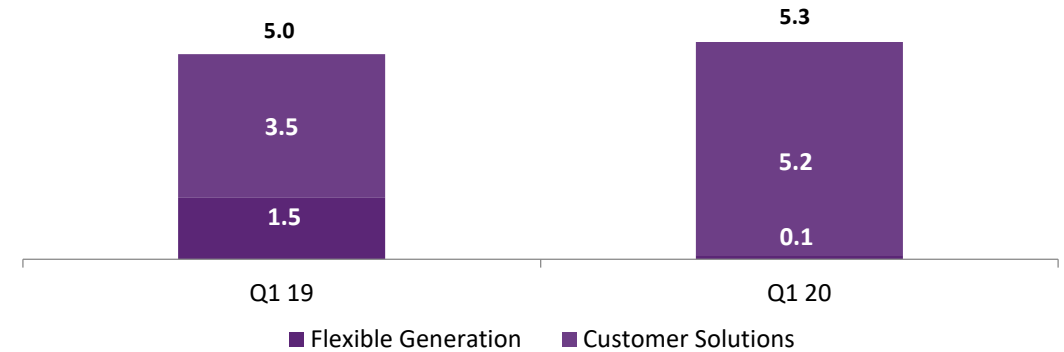
- Continue to invest in the Group's digital platform to enable the continued delivery of innovative, enhanced and differentiated product offerings to customers
- Following its rebranding earlier this year, the Group has decided that Energia should cease to compete against Power NI in the deregulated business electricity market in Northern Ireland. With effect from 1 October 2019 all Energia commercial customers with a supply address in Northern Ireland will transfer to Power NI

Senior Secured Notes Restricted Group financial summary – First Quarter 2020

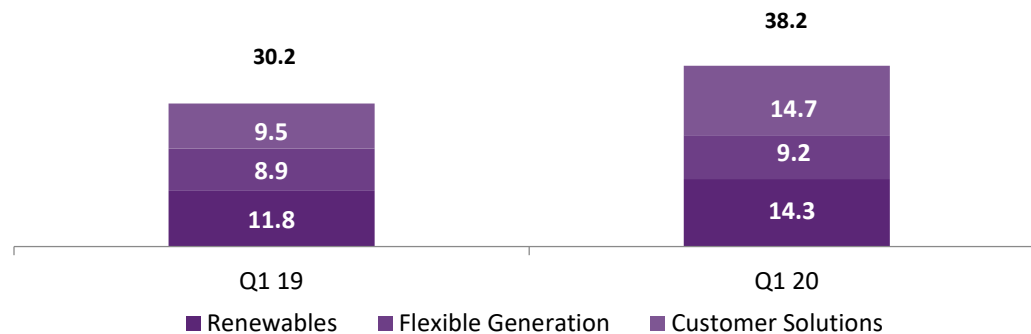
Revenue (€m)^(a)



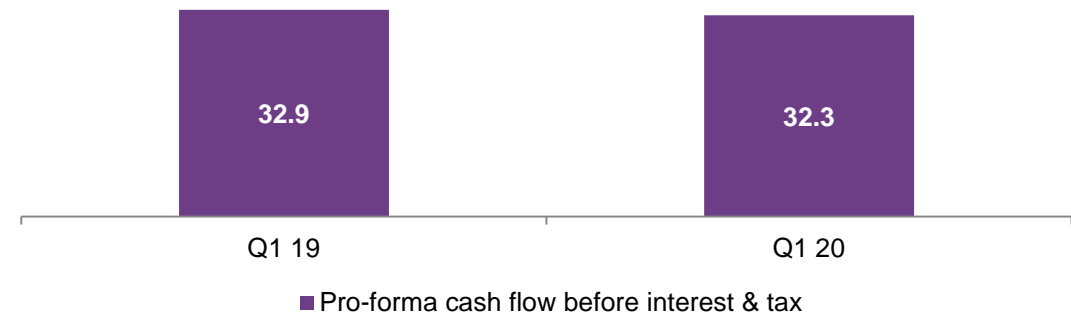
Capital expenditure for continuing operations (€m)^(c)



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 wind farm assets.

(b) Pro-forma EBITDA is EBITDA based on regulated entitlement, before exceptional items and certain remeasurements and excluding earnings from renewable wind farm assets but includes distributions from renewable assets of €9.1m from wholly owned assets in the First Quarter 2020 (2019 - €3.4m) and €0.3m from minority owned assets (2019 - €0.7m);

(c) Excludes capital expenditure on renewable assets of €6.3m in First Quarter 2020 and €26.3m in First Quarter 2019.

(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.

Senior Secured Notes Restricted Group pro-forma EBITDA

| Pro-forma EBITDA (€m) ^(a) | Q1 19 | Q1 20 |
|--------------------------------------|-------------|-------------|
| Renewables | 11.8 | 14.3 |
| Flexible Generation | 8.9 | 9.2 |
| Customer Solutions | 9.5 | 14.7 |
| | 30.2 | 38.2 |

Renewables

- Pro-forma EBITDA increased from €11.8m to €14.3m primarily reflecting:
 - Increased distributions from wind generation assets; partly offset by
 - Lower contributions from renewable PPAs (due to lower market prices and lower ROC sales volumes, partly offset by higher output).

Flexible Generation

- Pro-forma EBITDA increased from €8.9m to €9.2m reflecting:
 - Higher availability and unconstrained utilisation of Huntstown 1; partly offset by
 - Lower availability and unconstrained utilisation of Huntstown 2.

Customer Solutions

- Pro-forma EBITDA increased from €9.5m to €14.7m reflecting:
 - Higher Power NI deregulated margins; and
 - Higher Energia non-residential and residential margins (reflecting lower energy costs and higher customer numbers).

Note:

(a) Pro-forma EBITDA is defined as EBITDA before exceptional items and certain remeasurements and adjusted for (under)/over -recovery of Energia Group's regulated business against their regulated entitlement and excludes earnings from renewable wind farm assets but includes distributions from renewable assets of €9.1m from wholly owned assets in the First Quarter 2020 (2019 - €3.4m) and €0.3m from minority owned assets (2019 - €0.7m)

Senior Secured Notes Restricted group cash flow summary

| (€m) | Q1 19 | Q1 20 |
|--|-------------|-------------|
| Pro-forma EBITDA ^(a) | 30.2 | 38.2 |
| Defined benefit charge less contributions paid | - | 0.1 |
| Changes in working capital ^(b) | 6.9 | (4.1) |
| Effects of FX | 0.8 | 3.4 |
| Pro-forma cash flow from operating activities | 37.9 | 37.6 |
| Net capital expenditure ^(c) | (5.0) | (5.3) |
| Pro-forma cash flow before interest and tax | 32.9 | 32.3 |
| Net movement in security deposits | 2.5 | 1.1 |
| Over-recovery of regulated entitlement | 1.8 | 10.1 |
| Exceptional items ^(d) | 0.2 | (0.4) |
| Equity investment in in-development renewable assets | (2.3) | 11.4 |
| Pro-forma cash flow before interest, tax and acquisitions and disposals | 35.1 | 54.5 |

Note:

- (a) Pro-forma EBITDA is defined as EBITDA before exceptional items and certain remeasurements and adjusted for (under)/over-recovery of Energia Group's regulated business against their regulated entitlement and excludes earnings from renewable wind farm assets but includes distributions from renewable assets of €9.1m from wholly owned assets in the First Quarter 2020 (2019 - €3.4m) and €0.3m from minority owned assets (2019 - €0.7m)
- (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 Energia Group's renewable assets of €5.9m decrease in the First Quarter 2020 (2019 - €1.6m increase)
- (c) Net capex excludes capex on renewable assets of €6.3m in the First Quarter 2020 (2019 - €26.3m)
- (d) Includes exceptional costs associated with acquisitions whether successful or unsuccessful and share based payments

Net debt

| Net debt (€m) As at | 31 Mar 19 | 30 Jun 19 |
|---------------------------------|--------------|--------------|
| Cash and investments | (166.9) | (215.8) |
| Senior secured notes due 2025 | 344.7 | 344.9 |
| Senior secured notes due 2024 | 257.3 | 247.9 |
| Interest accruals | 2.0 | 8.4 |
| Senior net debt | 437.1 | 385.4 |
| Project finance cash | (31.2) | (35.7) |
| Project finance bank facilities | 336.0 | 347.4 |
| Interest accruals | 0.1 | 3.1 |
| Total net debt | 742.0 | 700.2 |

- FX rate at 30 June 2019: €/ \pounds 1.1176 (31 March 2019: €/ \pounds 1.1605)
- Senior net leverage at 30 June 2019 was 2.7x

Conclusion

Solid set of results for First Quarter 2020

Outlook

- Complete the 33 day scheduled outage of Huntstown 1 and return the plant to service in mid-September 2019.
- Transfer all Energia commercial customers with a supply address in Northern Ireland to Power NI with effect from 1 October 2019.
- Commercial operation of the Huntstown bioenergy plant expected by the Fourth Quarter 2020.
- Continue to monitor potential outcomes which may arise from Brexit.
- Continue to develop the Coolberrin wind farm development in County Monaghan and assess a significant number of other opportunities to acquire and develop further wind farm and other development projects in order to under-pin the Group's ambitions for growth.
- Continue with development plans for a proposed bioenergy plant at Giant's Park in Belfast.
- Assess a number of flexible generation, energy storage and behind the meter projects in line with strategy.
- Invest in a digital platform to enable the continued delivery of innovative, enhanced and differentiated product offerings to customers.