

Results Presentation Second Quarter 2020

6 December 2019

enÉrgia group

Financial highlights

Solid set of results for the Second Quarter 2020

- Total Group EBITDA* for the Second Quarter 2020 was €36.8m (2019 - €35.4m)
- Pro-forma EBITDA for the Senior Secured Notes Restricted Group** for the Second Quarter 2020 was €29.1m (2019 - €29.5m)
- Pro-forma cash flow before interest and tax*** for the Second Quarter 2020 was €16.7m (2019 - €29.9m)
- Senior net debt was €422.8m at 30 September 2019 (30 June 2019 - €385.4m, 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 €nil from wholly owned assets in Second Quarter 2020 (Second Quarter 2019 - €nil) and €nil from minority owned assets (Second Quarter 2019 - €nil);*

**** 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 1,274MW of renewable generation capacity throughout Ireland;
- is in the advanced stages of constructing a 4MW bioenergy plant in Dublin; and
- Has completed the acquisition of a number of renewable development projects (including a 32MW wind farm in County Sligo which is in the advanced stage of construction) and is in the process of developing out this pipeline

Wind generation assets

- Renewable assets availability for the Second Quarter 2020 was 98.2% (2019 – 96.9%) with a wind factor of 20.8% (2019 – 19.0%)

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 a profit of €4.1m and cash proceeds of €6.5m.
- The Irish Infrastructure Fund also sold its majority interest in these assets

Renewables business developments

Renewable PPA portfolio

- Average contracted renewable generation capacity for the Second Quarter 2020 was 1,275MW (2019 – 1,314MW) with 1,274MW operational capacity at 30 September 2019 (30 June 2019 – 1,275MW)

Bioenergy assets

Huntstown

- Construction continues at the Group's 4.0MW bioenergy facility at Huntstown in Dublin
- Commercial operation is expected by the Fourth Quarter 2020 with the plant benefitting from REFIT support

Giant's Park

- A planning application was lodged in June 2019 for a 4.1MW bioenergy project at Giant's Park in Belfast
- The planning decision is expected shortly

Renewables business developments

Hydrogen

- In November 2019 , in relation to its proof of concept project, the Group entered into a Hydrogen Gas Purchase Agreement with Translink for the supply of Hydrogen to the Belfast fuelling station
- The project had previously been awarded Interreg and Office for Low Emission Vehicles (OLEV) grant funding

Offshore wind

- The Group has applied to the Department of Housing, Planning and Local Government (DHPLG) 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 consideration closed on 6 August and a decision on the investigative Foreshore Licence application is expected shortly
- In October 2019 the Group applied to DHPLG in the RoI for permission to carry out preliminary surveys to investigate feasibility of offshore wind energy generation in the South Irish Sea
- The public consultation in respect of this consultation is expected to commence in January 2020

Renewables business developments

Outlook

- The current portfolio of renewable projects (exc offshore wind) is summarised as follows:

MW	Operating	In-construction	In-development	Total
Onshore wind				
NI	173	-	52	225
Rol	104	32	116	252
	277	32	168	477
Bioenergy				
NI	-	-	4	4
Rol	-	4	-	4
	-	4	4	8
Solar				
Rol	-	-	32	32
Total portfolio (exc offshore wind)	277	36	204	517

- The Group continues to assess a number of other opportunities to acquire and develop further renewable 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 55.2% for Huntstown 1 for the Second Quarter 2020 (2019 – 100.0%) reflecting a 43 day planned outage which commenced in August 2019 and was successfully completed in September 2019
- Availability was 100.0% for Huntstown 2 for the Second Quarter 2020 (2019 – 100.0%)
- Huntstown 1 unconstrained utilisation for the Second Quarter 2020 was 82.9% (2019 – 23.0%) and Huntstown 2 unconstrained utilisation for the Second Quarter 2020 was nil (2019 – 63.2%)
- Incremental impact of constrained utilisation was 28.9% constrained off for Huntstown 1 (2019 – 25.6% constrained on)
- The incremental impact of constrained utilisation for Huntstown 2 was 59.5% constrained on (2019 – 6.4% constrained off)

Flexible Generation business developments

Outlook

- Transitional period auctions for capacity year 2020/21 took place in November and the auction for capacity year 2021/22 closed on 5 December
 - On 5 December 2019, SEMO published the results of the T-1 auction for capacity year 2020/21 which confirmed that both Huntstown plants had been awarded reliability option contracts for the 2020/21 capacity year
 - The results of the T-2 auction for capacity year 2021/22 are expected to be published in mid-December
- The next T-4 auction for the 2023/24 capacity year will take place in March 2020
- Planning is underway for a further planned outage of Huntstown 1 in FY21
- 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. On 1 October 2019, Energia transferred all its commercial customers with a supply address in Northern Ireland to Power NI in line with the Group's strategy previously disclosed

Energy sales

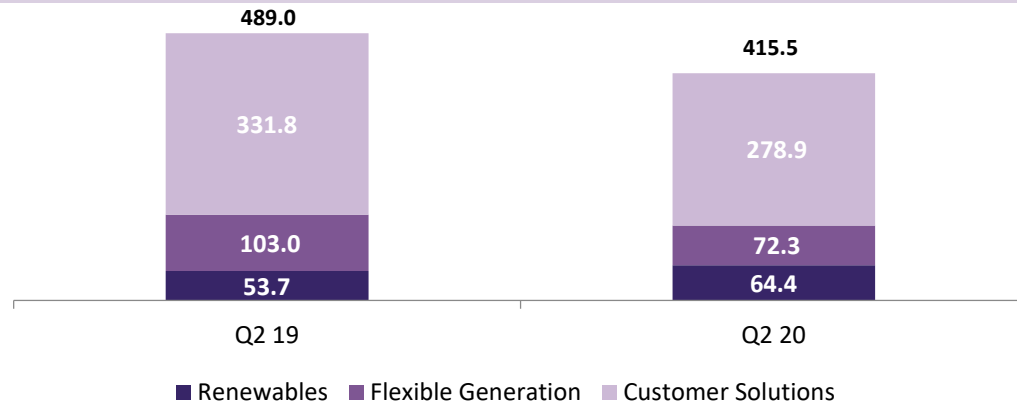
- RoI residential customer sites supplied at 30 September 2019 were 221,000 (30 June 2019 – 216,900, 31 March 2019 – 210,500)
- Non-residential electricity customer sites in the RoI were 45,700 (30 June 2019 – 44,400, 31 March 2019 - 42,000)
- Non-residential gas customer sites in the RoI were 4,000 (30 June 2019 – 3,900, 31 March 2019 – 3,800)
- Residential customer numbers in Northern Ireland at 30 September 2019 were 455,200 (30 June 2019 – 456,100, 31 March 2019 – 457,300)
- Non-residential customer numbers in Northern Ireland at 30 September 2019 were 42,400 (30 June 2019 – 42,500, 31 March 2019 – 42,500)
- Total electricity sales volumes in the RoI for the Second Quarter 2020 were 1.0TWh (2019 – 1.2TWh) and in Northern Ireland were 0.7TWh (2019 – 0.8TWh)
- RoI gas sales volumes for the Second Quarter 2020 were 14.6m therms (2019 – 12.0m therms)

Outlook

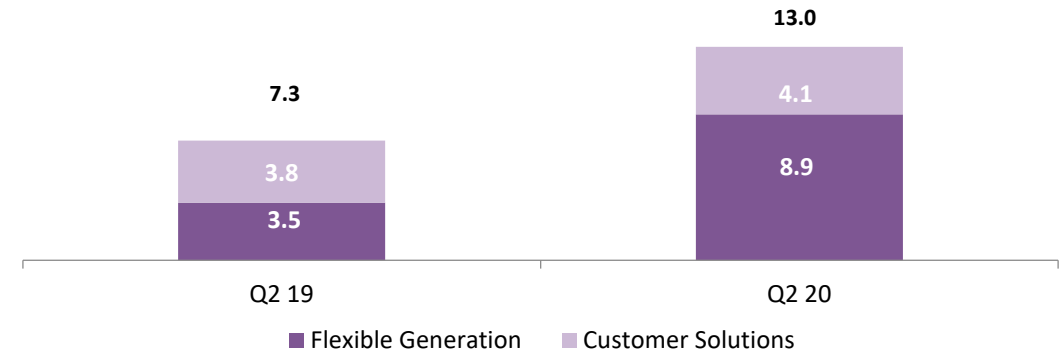
- The Group continues to work on the delivery of innovative, enhanced and differentiated product offerings to customers

Senior Secured Notes Restricted Group financial summary – Second Quarter 2020

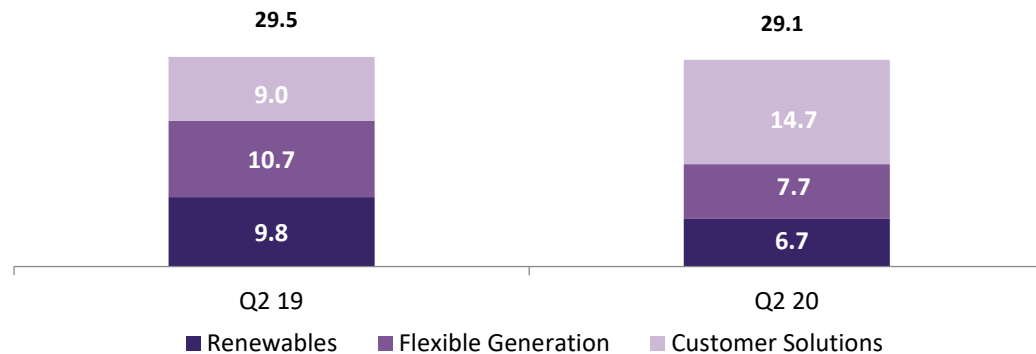
Revenue (€m)^(a)



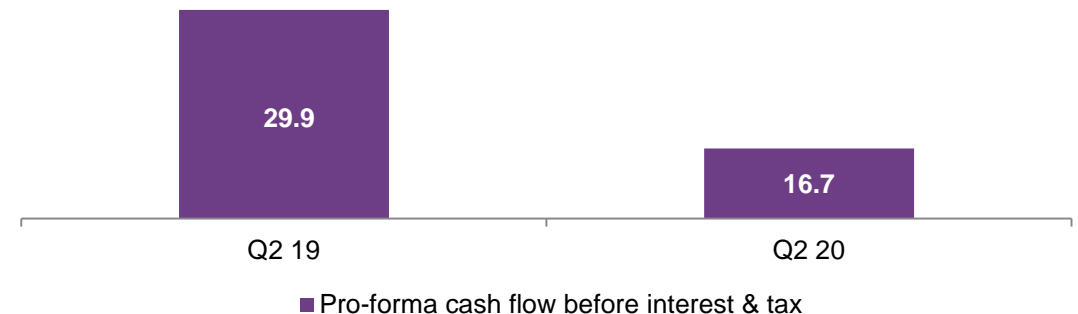
Capital expenditure for continuing operations (€m)^(c)



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 excludes earnings from renewable wind farm assets but includes distributions from renewable assets of €nil from wholly owned assets in Second Quarter 2020 (Second Quarter 2019 - €nil) and €nil from minority owned assets (Second Quarter 2019 - €nil);

(c) Excludes capital expenditure on renewable assets of €4.4m in the Second Quarter 2020 (Second Quarter 2019 - €18.1m);

(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)	Q2 19	Q2 20	H1 19	H1 20
Renewables	9.8	6.7	21.6	21.0
Flexible Generation	10.7	7.7	19.7	16.9
Customer Solutions	9.0	14.7	18.5	29.4
	29.5	29.1	59.8	67.3

Renewables

- Pro-forma EBITDA for Second Quarter 2020 decreased from €9.8m to €6.7m primarily reflecting:
 - Lower contributions from renewable PPAs (due to lower market prices and lower average capacity, partly offset by higher output)

Flexible Generation

- Pro-forma EBITDA for Second Quarter 2020 decreased from €10.7m to €7.7m reflecting:
 - Lower availability of Huntstown 1 due to the planned outage

Customer Solutions

- Pro-forma EBITDA for Second Quarter 2020 increased from €9.0m to €14.7m reflecting:
 - Higher Energia residential margins (reflecting lower energy costs and higher customer numbers);
 - Higher Energia non-residential margins (due to lower energy costs partly offset by lower volumes); and
 - Higher Power NI deregulated margins

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 €nil from wholly owned assets in Second Quarter 2020 (Second Quarter 2019 - €nil) and €nil from minority owned assets (Second Quarter 2019 - €nil); First Half 2020 €9.1m from wholly owned assets (First Half 2019 - €3.4m) and €0.3m from minority owned assets (First Half 2019 - €0.7m);

Senior Secured Notes Restricted group cash flow summary

(€m)	Q2 19	Q2 20	H1 19	H1 20
Pro-forma EBITDA ^(a)	29.5	29.1	59.8	67.3
Defined benefit charge less contributions paid	-	(0.8)	-	(0.7)
Changes in working capital ^(b)	7.0	1.7	13.9	(2.4)
Effects of FX	0.7	(0.3)	1.5	3.1
Pro-forma cash flow from operating activities	37.2	29.7	75.2	67.3
Net capital expenditure ^(c)	(7.3)	(13.0)	(12.3)	(18.3)
Pro-forma cash flow before interest and tax	29.9	16.7	62.9	49.0
Net movement in security deposits	(16.4)	(2.2)	(13.9)	(1.1)
Over-recovery of regulated entitlement	(3.5)	4.0	(1.7)	14.1
Exceptional items ^(d)	-	(0.1)	0.2	(0.5)
Equity investment in in-development renewable assets	(2.6)	(55.5)	(4.9)	(44.1)
Pro-forma cash flow before interest, tax and acquisitions and disposals	7.4	(37.1)	42.6	17.4

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 €nil from wholly owned assets in Second Quarter 2020 (Second Quarter 2019 - €nil) and €nil from minority owned assets (Second Quarter 2019 - €nil); First Half 2020 €9.1m from wholly owned assets (First Half 2019 - €3.4m) and €0.3m from minority owned assets (First Half 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 €3.8m increase in Second Quarter 2020 (Second Quarter 2019 - €1.1m increase); First Half 2020 €2.1m decrease (First Half 2019 €2.7m increase);
- (c) Net capex excludes capex on renewable assets of €4.4m in the Second Quarter 2020 (Second Quarter 2019 - €18.1m); First Half 2020 €10.7m (First Half 2019 - €44.4m);
- (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	30 Sep 19
Cash and investments	(166.9)	(215.8)	(174.5)
Senior secured notes due 2025	344.7	344.9	345.1
Senior secured notes due 2024	257.3	247.9	250.1
Interest accruals	2.0	8.4	2.1
Senior net debt	437.1	385.4	422.8
Project finance cash	(31.2)	(35.7)	(24.7)
Project finance bank facilities	336.0	347.4	344.3
Interest accruals	0.1	3.1	0.1
Total net debt	742.0	700.2	742.5

- FX rate at 30 September 2019: €/£1.1272 (30 June 2019: €/£1.1176; 31 March 2019: €/£1.1605)
- Senior net leverage at 30 September 2019 was 3.0x

Conclusion

Solid set of results for Second Quarter 2020

Outlook

- Commercial operation of the Huntstown bioenergy plant and the 32MW wind farm in County Sligo expected by the Fourth Quarter 2020
- Develop the Group's 204MW pipeline of onshore wind, bioenergy and solar development projects
- Continue to assess a 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 to monitor potential outcomes which may arise from Brexit

Forward looking statements

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