Energia Group

Results Presentation
Second Quarter 2021

4 December 2020

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Forward looking statements

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Financial highlights

Strong results for the Second Quarter 2021 despite the backdrop of the COVID-19 pandemic

- Total Group EBITDA* for the Second Quarter 2021 was €47.7m (2020 - €36.8m)
- Pro-forma EBITDA for the Senior Secured Notes Restricted Group** for the Second Quarter 2021 was €40.6m (2020 - €29.1m)
- Pro-forma cash flow before interest and tax*** for the Second Quarter 2021 was €34.7m (2020 - €16.7m)
- Senior net debt was €351.6m at 30 September 2020 (31 March 2020 - €406.1m)

Unaudited reconciliations for 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;*
*** *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*

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COVID-19

Update on impact of COVID-19 on Energia Group

- The Group’s operations have continued throughout the periods of restrictions in Ireland and Northern Ireland and have proved to be resilient while meeting the challenges faced to date and no employees have been furloughed or made redundant
- In the initial period of the national lockdowns in Ireland and Northern Ireland, and through the First Quarter 2021, the Group experienced a reduction in demand for electricity in the I-SEM market (average 7.5% reduction in market demand)
- During the Second Quarter 2021, the demand for electricity had recovered to levels slightly above the same period last year
- With further tightening of restrictions in both Ireland and Northern Ireland from October 2020, demand for electricity is expected to reduce albeit not to levels experienced in the initial lockdown
- For October 2020 market demand was on average 1% above last year, with November 2020 demand reducing to 2.6% below last year
- With the continuation of Irish and UK government financial support for homes and businesses, management remains of the view that it is still too early to predict the full potential financial impact from COVID-19 on the Group
- The Group has strong liquidity at 30 September 2020 with €199.4m* of cash and cash equivalents excluding project finance cash (31 March 2020 - €190.8m) and has undrawn committed revolving credit facilities of €107.2m (31 March 2020 - €91.0m) and is therefore well positioned to manage the potential impact of COVID-19
- Management remains vigilant and will continue to take appropriate steps to protect staff, customers and the Group’s businesses

Note:
* €239.4m of cash and cash equivalents at 30 September 2020 less payment of the dividend deferred from 31 March 2020 of €40.0m which was paid to the parent undertaking on 1 October 2020

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Renewables business developments

The Renewables business:

- owns and operates 309MW of wind assets;
- purchases electricity from 1,285MW of renewable generation capacity throughout Ireland; and
- is in the advanced stages of constructing a 4.0MW bioenergy plant in Dublin as well as developing a further pipeline of wind, bioenergy and solar projects across Ireland

Wind generation assets

- Renewable assets availability for the Second Quarter 2021 was 97.0% (2020 – 98.2%) with a wind factor of 20.2% (2020 – 20.8%)

Renewable PPA portfolio

- Average contracted renewable generation capacity for the Second Quarter 2021 was 1,285MW (2020 – 1,275MW) with 1,285MW operational capacity at 30 September 2020 (31 March 2020 – 1,268MW)

Renewables business developments

Bioenergy assets

- Construction of the 4MW bioenergy plant at Huntstown in Dublin is substantially complete and the commissioning phase is continuing
- Commercial operation is targeted by the end of FY21, subject to commissioning delays including those due to COVID-19

Solar

- The Group has continued to progress the development of its solar projects
- The Group has two consented solar projects, Glenamoy and Darthogue, in the RoI and during the period, planning applications to increase the scale of these projects were submitted
- The Group is also exploring a number of further greenfield solar development opportunities

Hydrogen

- The Group has secured Interreg and Office for Low Emission Vehicles (OLEV) grant funding for an electrolyser, to produce hydrogen from renewable electricity at the Long Mountain wind farm, and a fuelling station to be located in Belfast
- The fuelling station and the electrolyser have been delayed due to the COVID-19 pandemic however commissioning is targeted to commence by the end of FY21

Renewables business developments

RoI Renewable Electricity Support Scheme (RESS)

- The final auction results published on 10 September 2020 confirmed the provisional results that two of the Group's proposed onshore wind farm development projects (Coolberrin 21MW and Crossmore 15MW) had been successful in securing support under the RESS scheme
- Subsequent to the RESS auction, planning approval for the overhead line connection to the Coolberrin wind farm was over-ruled by An Bord Pleanála (the independent body that decides on appeals on planning decisions in the RoI)
- The Group has made an application to judicially review this decision

Outlook

- Development is ongoing for the Group's pipeline of wind and solar projects across Ireland together with the proposed bioenergy plant at Giant's Park in Belfast

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 for Second Quarter 2021 was 94.9% for Huntstown 1 (2020 – 55.2%) and 100.0% for Huntstown 2 (2020 – 100.0%). The prior year lower availability for Huntstown 1 reflects a 43 day planned outage which commenced in August 2019 and was successfully completed in September 2019
- Unconstrained utilisation for Second Quarter 2021 was 90.6% for Huntstown 1 (2020 – 82.9%) and 84.6% for Huntstown 2 (2020 – nil)
- Incremental impact of constrained utilisation was 15.0% constrained off for Huntstown 1 (2020 – 28.9%) and 32.3% constrained off for Huntstown 2 (2020 – 59.5% constrained on)
- Planned outage work at Huntstown 1 in the period included the successful completion of a five day minor outage on 25 July 2020 and the commencement of a 63 day major outage on 2 October. The major outage is progressing in line with plan and is nearing completion
- Planning has also continued for the 45 day major scheduled outage at Huntstown 2 which is expected to commence in Q4 2021

Outlook

- The Group continues to assess a number of flexible generation, energy storage and behind the meter projects in line with its strategy to grow the business in a manner which supports its renewable asset portfolio and product offerings to customers

Customer Solutions business developments

The Customer Solutions business:

- The Group's Customer Solutions business operates under the Energia and Power NI brands:
  - Energia supplies electricity and natural gas to business and residential customers in the RoI; and
  - Power NI is the regulated electricity supplier in Northern Ireland and supplies electricity to business and residential customers

Energy sales

- RoI residential customer sites supplied at 30 September 2020 were 234,400 (31 March 2020 – 215,500)
- Non-residential electricity customer sites in the RoI were 44,500 (31 March 2020 - 45,300)
- Non-residential gas customer sites in the RoI were 4,000 (31 March 2020 – 4,100)
- Residential customer numbers in Northern Ireland at 30 September 2020 were 452,600 (31 March 2020 – 453,500)
- Non-residential customer numbers in Northern Ireland at 30 September 2020 were 41,500 (31 March 2020 – 44,400)
- Total electricity sales volumes in the RoI for the Second Quarter 2021 were 1.0TWh (2020 – 1.0TWh) and in Northern Ireland were 0.7TWh (2020 – 0.7TWh)
- RoI gas sales volumes for the Second Quarter 2021 were 15.5m therms (2020 – 14.6m therms)

Note - sales volumes include estimates for non-half hourly metered customers and reflect estimates for the reduction in customer usage as a result of COVID-19. The impact of COVID-19 to customer usage will be clearer once estimates are updated with actual market resettlement data in M+4 and M+13

Customer Solutions business developments

RoI Smart Metering

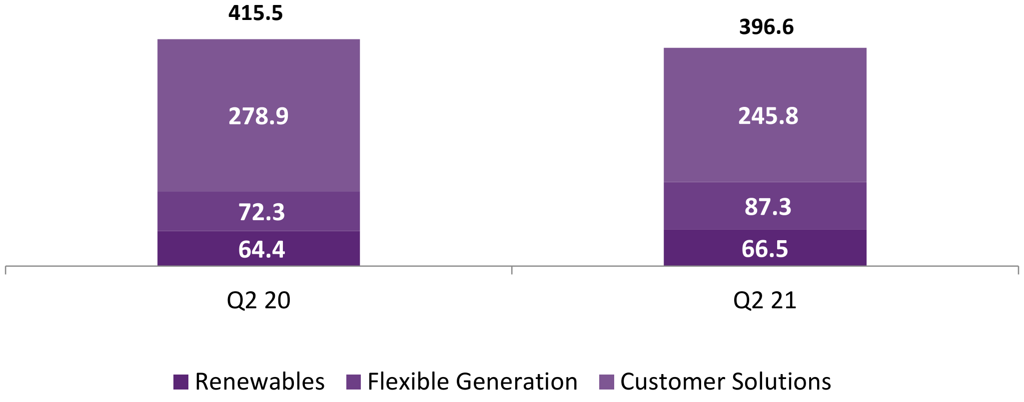
- The Commission for Regulation of Utilities ("CRU") is co-ordinating the National Smart Metering Programme in the RoI which will see traditional analogue meters in customer premises being replaced with modern smart meters
- ESB Networks commenced the replacement of meters in Autumn 2019 and will continue to replace 500,000 meters per annum until 2024
- Energia, as a supplier of electricity in the RoI, has continued to work on its systems in order to ensure readiness for go-live

Outlook

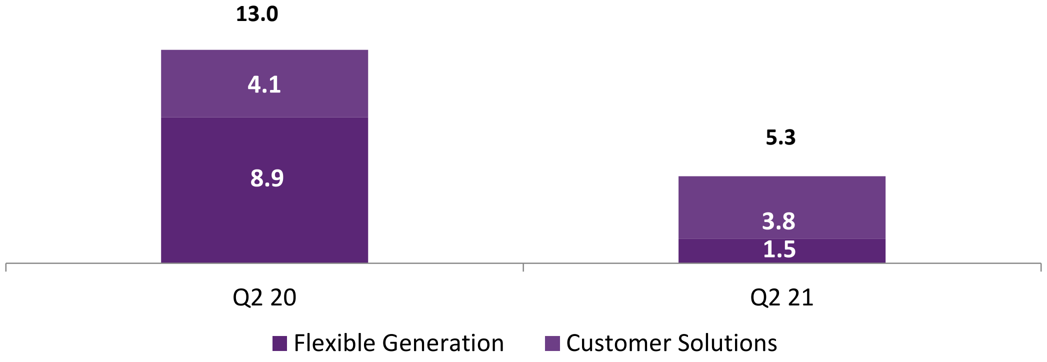
- The Group continues to invest in its development of innovative, enhanced and differentiated product offerings to customers in line with its strategy. Digitalisation will remain a strong focus, and work will continue on a range of initiatives in the 'new energy' space

Senior Secured Notes Restricted Group financial summary – Second Quarter 2021

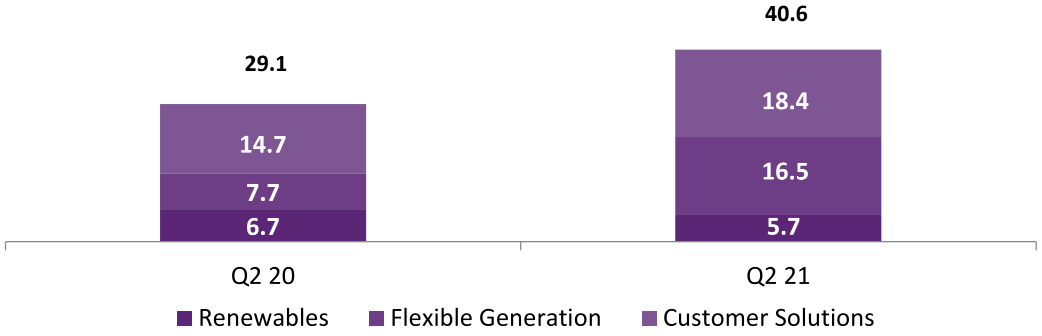
Revenue (€m)(a)



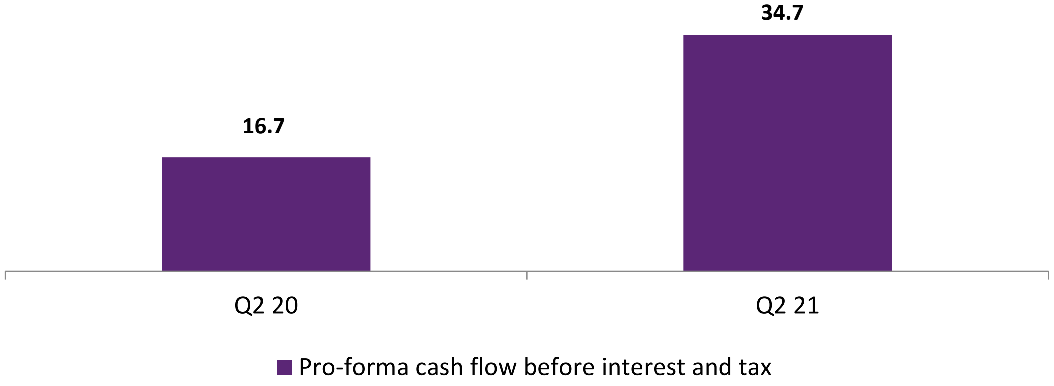
Capital expenditure for continuing operations (€m)(c)



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
(c) Excludes capital expenditure on renewable assets of €7.2m in Second Quarter 2021 and €4.4m in Second Quarter 2020
(d) Pro-forma cash flow before interest and tax defined as Pro-forma EBITDA, less pension charges, plus movements in provisions and working capital (including 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

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Senior Secured Notes Restricted Group pro-forma EBITDA

Pro-forma EBITDA (€m)[(a)]	Q2 20	Q2 21	H1 20	H1 21
Renewables	6.7	**5.7**	21.0	**11.8**
Flexible Generation	7.7	**16.5**	16.9	**29.9**
Customer Solutions	14.7	**18.4**	29.4	**35.8**
	29.1	**40.6**	**67.3**	**77.5**

Renewables

- Pro-forma EBITDA decreased from €6.7m to €5.7m primarily reflecting:
  - Lower energy market prices including lower Renewable Obligation Certificate (ROC) prices; and
  - Lower wind volumes

Flexible Generation

- Pro-forma EBITDA increased from €7.7m to €16.5m primarily reflecting:
  - Higher availability of Huntstown 1 (due to the outage in the prior year);
  - Higher combined unconstrained utilisation of the Huntstown plants; and
  - Lower maintenance costs (due to the outage in the prior year for Huntstown 1); partly offset by
  - Adverse distillate revaluation (reflecting a decrease in oil prices in the Second Quarter 2021)

Customer Solutions

- Pro-forma EBITDA increased from €14.7m to €18.4m primarily reflecting:
  - Higher Energia residential and non-residential margins (including higher Energia residential customer numbers and); and
  - Lower operating costs; partly offset by
  - Lower Energia non-residential electricity volumes; and
  - Lower Power NI non-residential margins (due to lower volumes)

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 2021 (Second Quarter 2020 - €nil) and €nil from minority owned assets (Second Quarter 2020 - €nil); First Half 2021 €5.0m from wholly owned assets (2020 - €9.1m) and nil from minority owned assets (2020 - €0.3m)

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Senior Secured Notes Restricted group cash flow summary

(€m)	Q2 20	Q2 21	H1 20	H1 21
Pro-forma EBITDA[(a)]	29.1	40.6	67.3	77.5
Defined benefit charge less contributions paid	(0.8)	-	(0.7)	-
Changes in working capital[(b)]	1.7	(0.2)	(2.4)	(37.7)
Effects of FX	(0.3)	(0.4)	3.1	3.2
Pro-forma cash flow from operating activities	**29.7**	**40.0**	**67.3**	**43.0**
Net capital expenditure[(c)]	(13.0)	(5.3)	(18.3)	(9.0)
Pro-forma cash flow before interest and tax	**16.7**	**34.7**	**49.0**	**34.0**
Net movement in security deposits	(2.2)	(3.7)	(1.1)	(4.2)
Over-recovery of regulated entitlement	4.0	12.1	14.1	23.0
Exceptional items[(d)]	(0.1)	-	(0.5)	-
Equity (investment in)/refunds from in-development renewable assets	(55.5)	(8.8)	(44.1)	18.3
Pro-forma cash flow before interest, tax and acquisitions and disposals	**(37.1)**	**34.3**	**17.4**	**71.1**

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 2021 (Second Quarter 2020 - €nil) and €nil from minority owned assets (Second Quarter 2020 - €nil); First Half 2021 €5.0m from wholly owned assets (2020 - €9.1m) and nil from minority owned assets (2020 - €0.3m)
(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 €3.2m increase in the Second Quarter 2021 (2020 - €3.8m); First Half 2021 €2.5m increase (2020 - €2.1m decrease)
(c) Net capex excludes capex on renewable assets of €7.2m in the Second Quarter 2021 (2020- €4.4m); First Half 2021 €8.1m (2020 - €10.7m)
(d) Includes exceptional costs associated with acquisitions whether successful or unsuccessful and share based payments

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Net debt

Net debt (€m) As at	31 Mar 20	30 Sep 20
Cash and investments	(192.2)	**(240.7)**
Senior secured notes due 2025	345.3	**345.8**
Senior secured notes due 2024	251.0	**245.0**
Interest accruals	2.0	**1.5**
Senior net debt	**406.1**	**351.6**
Project finance cash	(30.0)	**(38.7)**
Project finance bank facilities	338.0	**367.1**
Interest accruals	0.2	**0.1**
Total net debt	**714.3**	**680.1**

- FX rate at 30 September 2020: €/£1.1014 (31 March 2020: €/£1.1301)
- Senior net leverage at 30 September 2020 was 2.4x
- The Group continues to have strong liquidity and on 1 October the dividend deferred from March 2020 of €40.0m was paid

Conclusion

Strong results for the Second Quarter 2021 despite the backdrop of the COVID-19 pandemic

Outlook

- Continue to actively manage the impact of COVID-19 and take appropriate steps to protect staff, customers, and the Group's businesses
- Complete the Huntstown 1 major scheduled outage and continue to plan for the upcoming major scheduled outage at Huntstown 2 which is expected to commence in Q4 2021
- Monitor and respond to potential outcomes which may arise from Brexit
- Continue to develop the Group's pipeline of onshore and offshore wind, bioenergy and solar development projects as well as hydrogen production and battery storage in line with the Group's strategy