



Viridian Group

Results presentation Second Quarter 2015

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VIRIDIAN

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- Encouraging set of results for the Second Quarter 2015 which were in line with expectations
- Pro-forma EBITDA* for the Second Quarter 2015 was £24.8m (2014 - £24.8m) and for the First Half 2015 was £48.5m (2014 - £47.2m)
- Pro-forma cash flow before interest and tax** for the First Quarter 2015 was £38.3m (2014 - £18.6m) and for the First Half 2015 was £57.2m (2014 - £41.6m)
- Senior net debt was £526.9m at 30 September 2014 (30 June 2014 – £549.8m)
- Redemption of 10% of senior secured notes at 103% effective 28 October 2014

* EBITDA based on regulated entitlement, before exceptional items and certain remeasurements and Arcapita advisory fees and excluding earnings from renewable wind farm assets

** 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

High availability of Huntstown plants with reduction in utilisations

- Availability of 100% for Huntstown 1 and 2 for Second Quarter 2015
- Utilisations of Huntstown 1 at 3.3% and Huntstown 2 at 53.0% for Second Quarter 2015

Electricity sales volumes

- Business electricity sales volumes for the Second Quarter 2015 were 1.2TWh (Second Quarter 2014 – 1.2TWh)
- Business customer sites supplied at 30 September 2014 were 61,500 (30 June 2014 – 61,100)
- RoI residential customers supplied at 30 September 2014 increased to 38,800 (30 June 2014 – 21,700) reflecting continued growth in customer base following entry into this market in January 2014.

I- SEM

- I-SEM high level design published by SEM Committee on 17 September 2014. High level design is as proposed in the draft decision published on 9 June 2014
 - New centralised Day Ahead Market (“DAM”)
 - Participation in the DAM will be mandatory with optional participation in the common European intra-day electricity market
- Capacity Remuneration Mechanism (“CRM”) will be incorporated into the I-SEM
 - CRM will be quantity-based in the form of reliability options
- The detailed market design phase has commenced and the Project Plan Quarterly Update published on 10 October 2014 anticipates a delivery date for Go-Live of I-SEM in Q4 2017

Energia Group business developments (cont'd)

Renewable portfolio

PPAs

- Average contracted renewable generation capacity for Second Quarter 2015 was 692MW (Second Quarter 2014 - 602MW) with 692MW operational capacity at 30 September 2014 (30 June 2014 – 692MW)
- 88MW of contracted capacity currently in construction (30 June 2014 – 88MW)
- 144MW in various stages of development (30 June 2014 – 149MW)

Assets

- Direct investment in operational and in-development windfarm capacity 164MW^(a) at 30 September 2014
 - 9MW operational at 30 September 2014 (30 June 2014 – 9MW)
 - Two windfarms with a total capacity of 25MW in construction as at 30 September 2014
 - 130MW^(a) of fully-consented capacity in development expected to become operational in the next three years
- Further pipeline of projects (43MW) in various stages of obtaining planning permission and grid connections

(a) Includes 31MW for which the acquisition of the minority partner's share will become effective on financial close

Power NI business developments

Electricity Sales and Competition

- Residential customer numbers at 30 September 2014 was 556,000 (30 June 2014 – 559,000)
- Total electricity sales for Second Quarter 2015 was 0.6TWh (Second Quarter 2014 – 0.7TWh)
- Regulated residential tariffs held flat with effect from 1 October 2014 as agreed with Utility Regulator
- The Utility Regulator commissioned Cornwall Energy to undertake a review of effectiveness of competition in the NI energy retail market
 - Initial report published on 19 November 2014 concludes that competition is established and increases with customer size

PPB business developments

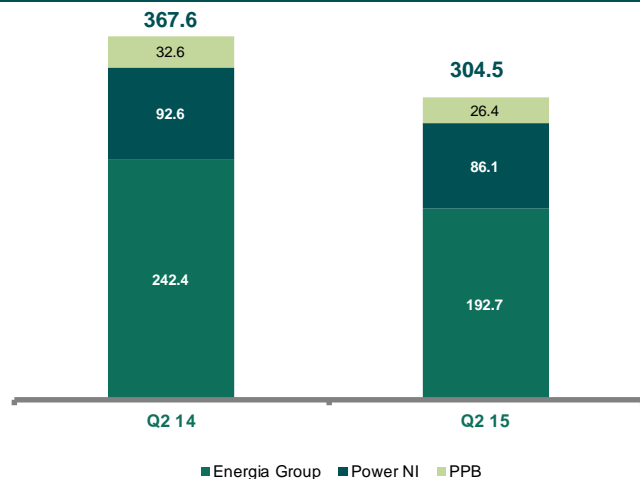
Contracted capacity

- Capacity under contract at 30 September 2014 was 600MW with Ballylumford
- On 19 March 2014 the Utility Regulator announced a consultation on the possible cancellation of PPB's remaining contracted capacity with Ballylumford from December 2014 based on their economic assessment of the contracts
- Update paper published by the Utility Regulator on 31 July 2014
 - PPB proposed to reduce its costs by £2.4m per annum with a 'gain share' mechanism
- Final decision published on 10 October 2014
 - Latest assessment is that retention of the contract would be beneficial to Northern Ireland customers
 - Utility Regulator has decided not to instruct cancellation of PPB's remaining contracted capacity with Ballylumford at this time but keep under review from both a policy and economic perspective

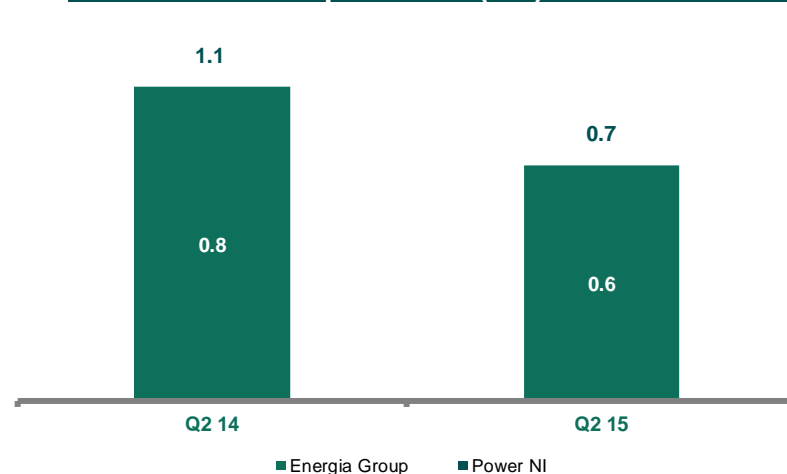
Financial summary – Second Quarter 2015

Encouraging performance across all businesses

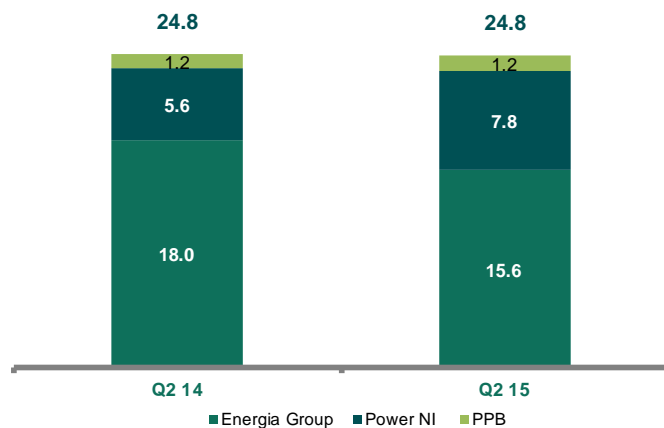
Turnover (£m)^(a)



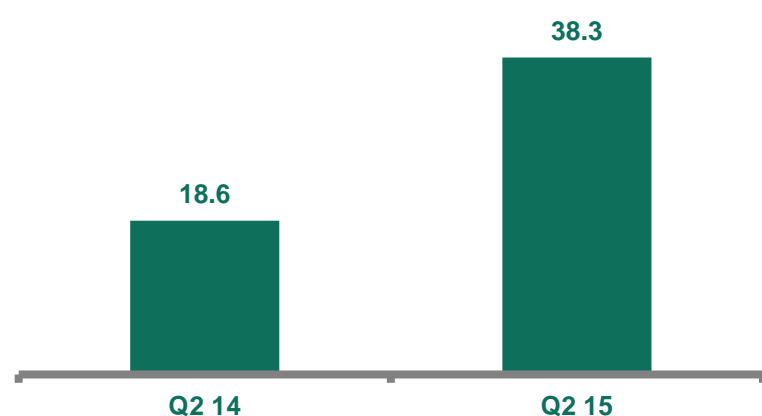
Gross Capital Expenditure for continuing operations (£m)^(c)



Pro-forma EBITDA (£m)^(b)



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



(a) Turnover is based on regulated entitlement

(b) Pro-forma EBITDA is EBITDA based on regulated entitlement, before exceptional items and certain remeasurements and Arcapita advisory fees and excluding earnings from renewable wind farm assets £0.2m Second Quarter 2015 and £nil in Second Quarter 2014.

(c) Excludes capital expenditure on renewable wind farm assets of £7.3m in Second Quarter 2015 and £3.8m in Second Quarter 2014. Includes other group capex of £0.2m in Second Quarter 2015 and £0.3m in Second Quarter 2014

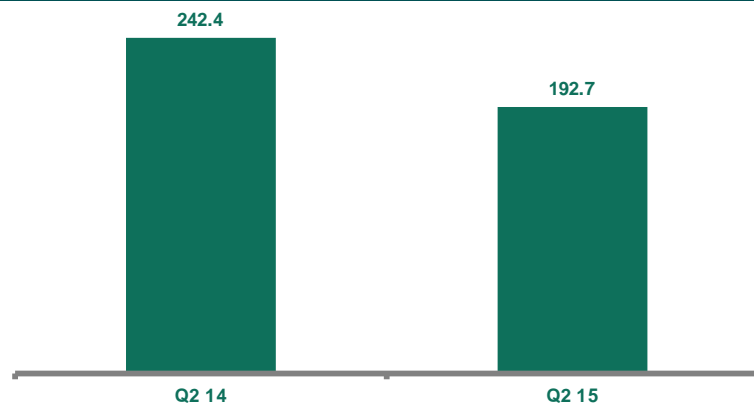
(d) Pro-forma cash flow before interest and tax defined as Pro-forma EBITDA, less pension charges, plus movements in provisions and working capital (inc purchase of and proceeds from sale of other intangibles), less gross capex (excluding capex of renewable wind farm assets) and exceptional items and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

Energia Group KPIs

	Q2 14	Q2 15
Energia Group		
Availability (%)		
Huntstown 1	100.0	100.0
Huntstown 2	99.2	100.0
Utilisation (%)		
Huntstown 1	3.9	3.3
Huntstown 2	42.9	53.0
Energia business electricity sales (TWh)	1.2	1.2
Energia business gas sales (therms million)	13	11
Wind farm operational PPA contracts (MW)		
Average capacity during the period	602	692
Period end capacity – at 30 September	608	692

Energia Group financial highlights – Second Quarter 2015

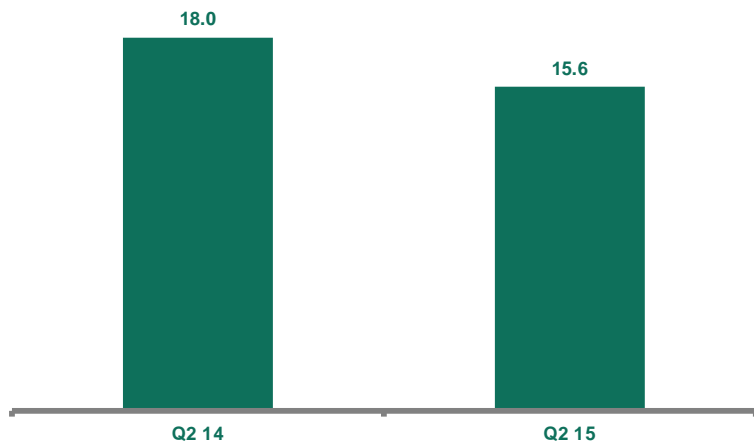
Turnover (£m)



Turnover for Second Quarter 2015 decreased from £242.4m to £192.7m reflecting:

- Lower electricity prices;
- Impact of foreign exchange translation;
- Lower interconnector trading;
- Lower gas sales volumes; and
- Lower renewable PPA revenues; partly offset by
- Higher Rol residential sales revenues

Pro-forma EBITDA (£m)^(a)



Pro-forma EBITDA for First Quarter 2015 decreased from £18.0m to £15.6m reflecting:

- Costs associated with entering the Rol residential market;
- Impact of foreign exchange translation; and
- Lower contribution from renewable PPAs; partly offset by
- Impact of booking variable gas capacity costs versus fixed capacity costs

(a) Pro-forma EBITDA excludes EBITDA from renewable wind farm assets of £0.2m in Second Quarter 2015 and £nil in Second Quarter 2014

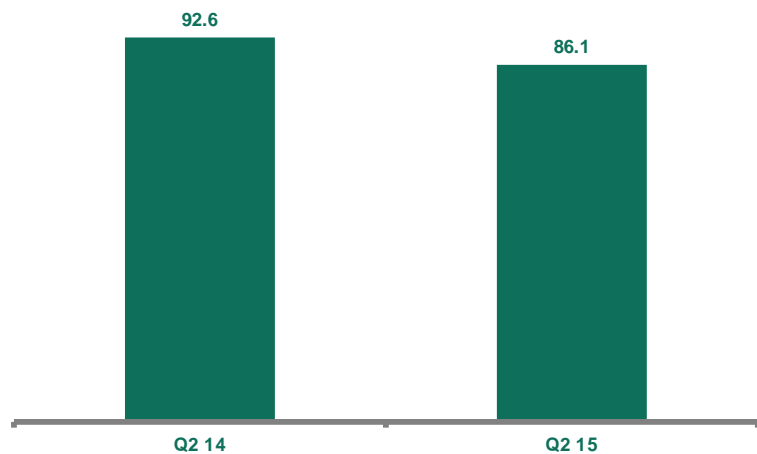
Power NI KPIs



	Q2 14	Q2 15
Power NI		
Power NI electricity sales (TWh)	0.7	0.6
Power NI customer sites (No.)		
Residential	570,000	556,000
Non-residential	37,000	37,000

Power NI financial highlights – Second Quarter 2015

Turnover (£m)^(a)



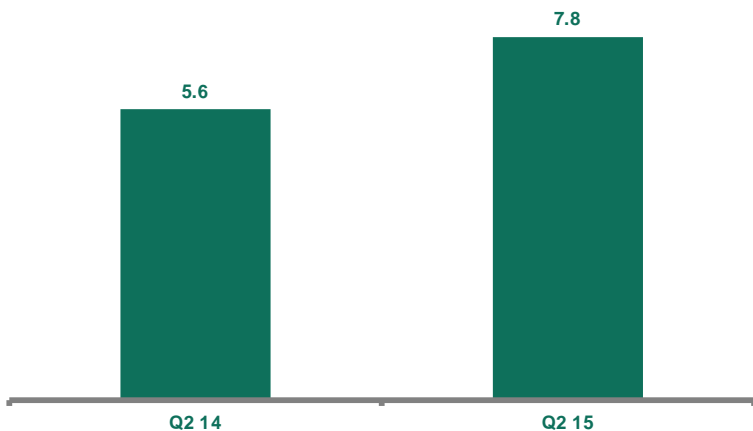
Turnover for Second Quarter 2015 decreased from £92.6m to £86.1m reflecting:

- Reduction in residential customer numbers;
- Lower consumption; and
- Lower market prices

Pro-forma EBITDA for Second Quarter 2015 increased from £5.6m to £7.8m reflecting:

- Higher unregulated earnings associated with higher unregulated sales; and
- Lower operating costs

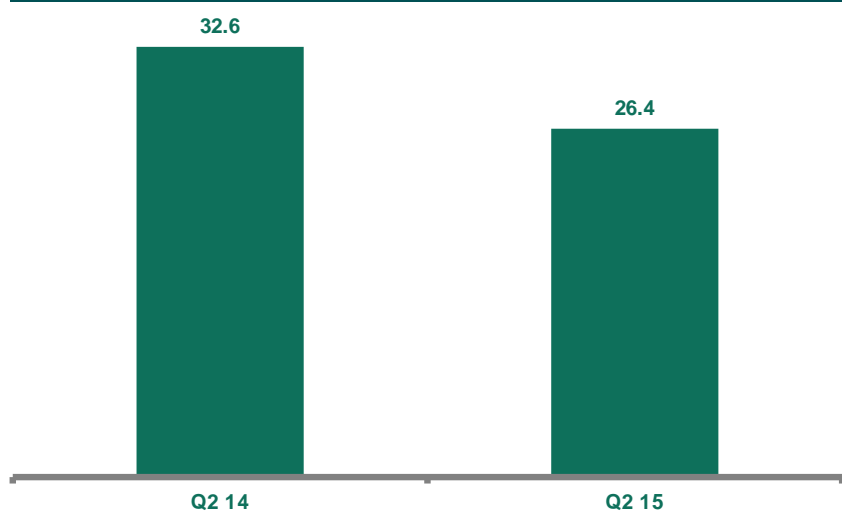
Pro-forma EBITDA (£m)^(a)



(a) Based on regulated entitlement

PPB financial highlights – Second Quarter 2015

Turnover (£m)^(a)

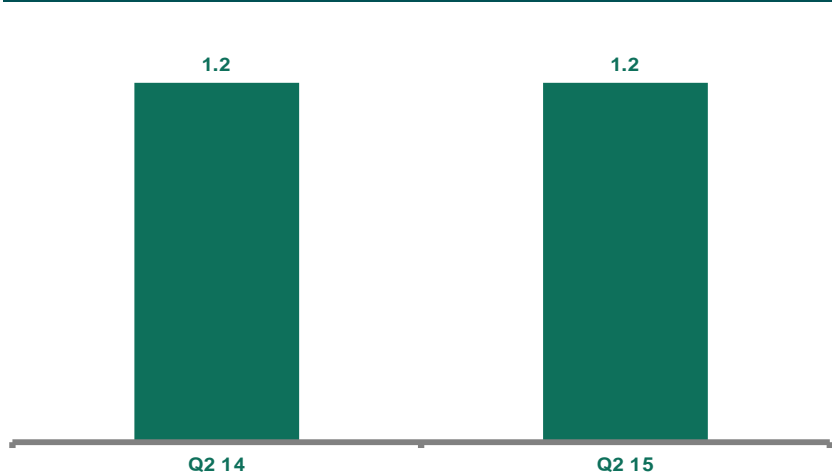


Turnover for Second Quarter 2015 decreased from £32.6m to £26.4m reflecting:

- Lower availability and utilisation of the Ballylumford plant; and
- Lower market prices

Pro-forma EBITDA for Second Quarter 2015 was £1.2m (Second Quarter 2014 - £1.2m)

Pro-forma EBITDA (£m)^(a)



(a) Based on regulated entitlement

Group cash flow summary

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(£m)	Q2 14	Q2 15	H1 14	H1 15
Pro-forma EBITDA^(a)	24.8	24.8	47.2	48.5
Defined benefit pension charge less contributions paid	-	-	(0.1)	(0.1)
Changes in working capital ^(b)	(5.2)	14.6	(2.2)	10.8
Effects of FX	0.1	(0.4)	(0.2)	(0.7)
Pro-forma cash flow from operating activities	19.7	39.0	44.7	58.5
Net capital expenditure ^(c)	(1.1)	(0.7)	(3.1)	(1.3)
Pro-forma cash flow before interest and tax	18.6	38.3	41.6	57.2
Net movement in security deposits	0.8	3.1	0.6	(0.3)
Over-recovery of regulated entitlement	6.6	9.4	3.1	20.3
Equity investment in in-development windfarm assets	(0.2)	-	(5.6)	(1.9)
Pro-forma cash flow before interest, tax and acquisitions and disposals	25.8	50.8	39.7	75.3

Note:

- (a) Pro-forma EBITDA is defined as EBITDA before exceptional items and Arcapita advisory fees and adjusted for over/under-recovery of Viridian's regulated business against their regulated entitlement and excludes EBITDA from Viridian's wind farm assets of £0.2m in Second Quarter 2015 (Second Quarter 2014 - £nil), and £0.4m in First Half 2015 (First Half 2014 - £nil)
- (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 wind farm assets of £0.1m increase in Second Quarter 2015 (Second Quarter 2014 - £0.2m increase); and £0.1m increase in First Half 2015 (First Half 2014 - £0.6m increase)
- (c) Net capex excludes capex on renewable windfarm assets of £7.3m in Second Quarter 2015 (Second Quarter 2014 - £3.8m); and £12.9m in First Half 2015 (First Half 2014 - £6.2m)

Net debt

Net debt (£m) As at	31 Mar 14	30 Jun 14	30 Sept 14
Cash and investments	(24.9)	(48.3)	(68.0)
Senior secured notes	346.5	337.5	341.5
Senior RCF	-	-	-
Subordinated shareholder loan ^{1,2}	382.9	396.1	402.4
Junior bank facility asset ¹	(144.8)	(146.9)	(149.7)
Amount due from fellow subsidiary	-	-	(0.2)
Interest accruals	1.2	11.4	0.9
Senior net debt	560.9	549.8	526.9
Project finance cash	(2.8)	(3.2)	(5.4)
Project finance bank facilities	16.6	21.9	30.2
Total net debt	574.7	568.5	551.7

¹ Subordinated shareholder loan and junior bank facility asset at 30 September 2014 net to £252.7m (30 June 2014 net to £249.2m; 31 March 2014 net to £238.1m). Junior facility A held on balance sheet of the Company's parent VGHL at 30 September 2014 was £204.8m (30 June 2014 - £207.5m; 31 March 2014 - £203.6m)

² Subordinated shareholder loan at 30 September 2014 split between non-interest bearing £171.6m (30 June 2014 - £166.1m; 31 March 2014 - £160.3m) and interest bearing £230.8m (30 June 2014 - £230.0m; 31 March 2014 - £222.6m) which accrues interest on a payment in kind basis

- Senior net debt decreased to £526.9m at 30 September 2014 (30 June 2014 - £549.8m; 31 March 2014 - £560.9m)
 - Cash and investments increased to £68.0m (30 June 2014 - £48.3m; 31 March 2014 - £24.9m) reflecting positive cash generation and over-recovery of regulated entitlement in the period;
 - Senior secured notes increase since June 2014 reflects the amortisation of transaction expenses and OID partly offset by changes in foreign exchange translation;
 - Senior RCF £nil at 30 September 2014 (30 June 2014 - £nil; 31 March 2014 - £nil);
 - Increase in subordinated shareholder loan since June 2014 reflects the unwinding of the discounted fair value – interest cash paid for first time in September 2014 whereas previously capitalised; and
 - Increase in junior bank facility asset reflects the unwinding of the discounted fair value

- Encouraging set of results for the Second Quarter 2015 which were in line with expectations

- Outlook:
 - Renewable PPA pipeline continues to be delivered
 - I-SEM final high level design decision published together with an overall programme for detailed design phase
 - Utility Regulator formally announced decision not to cancel PPB's remaining contracted capacity
 - Continued managed growth in the residential supply market in the RoI
 - Capacity pot for 2015 calendar year confirmed – 1.6% increase on 2014
 - Current phase of renewable asset investment proceeding according to plan

Investor relations

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