



Viridian Group

Results presentation First Quarter 2016

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27 August 2015

VIRIDIAN

Forward looking statements

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- Encouraging set of results for the First Quarter 2016 which were in line with expectations
- Pro-forma EBITDA* for the First Quarter 2016 was £21.5m (2015 - £23.8m) primarily reflecting foreign exchange translation losses and the impact of the new price control for PPB
- Pro-forma cash flow before interest and tax** for the First Quarter 2016 was £21.2m (2015 - £19.9m)
- Senior net debt was £541.7m at 30 June 2015 (31 March 2015 – £553.9m)

* 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 100.0% for Huntstown 1 and 95.7% for Huntstown 2 for First Quarter 2016
- Unconstrained utilisation for Huntstown 1 at 0.0% and Huntstown 2 at 1.5% for First Quarter 2016
- Incremental impact of constrained utilisation was an increase of 5.7% for Huntstown 1 and an increase of 50.4% for Huntstown 2 for First Quarter 2016
- Planned Huntstown 1 rotor replacement outage in August 2015

Retail sales

- Total electricity sales volumes for the First Quarter 2016 were 1.1TWh (2015 – 1.2TWh)
- Business electricity customer sites supplied at 30 June 2015 were 55,000 (31 March 2015 – 56,500)
- Business gas customer sites supplied at 30 June 2015 were 5,300 (31 March 2015 – 4,800)
- RoI residential customers supplied at 30 June 2015 increased to 63,200 (31 March 2015 – 56,000) with continued growth in the customer base

I - SEM

- The detailed market design phase is ongoing and the latest Project Plan Quarterly Update published on 11 August 2015 reconfirmed that the project remains on track for Go-Live of I-SEM in Q4 2017

Energia Group business developments (cont'd)

End of ROC support for UK onshore wind

- The UK Government intends to end ROC support for new onshore wind farms in Great Britain from 1 April 2016, one year earlier than previously planned
- On 18 June 2015, the Department of Enterprise Trade and Investment announced that NI would not follow UK Government policy
 - To date the appropriate legislation has not been passed by the NI Assembly

Removal of LECs for CCL exemption

- On 8 July 2015 the UK Government announced the end of Levy Exemption Certificates (LECs) attaching to electricity from renewable sources from 1 August 2015
 - LECs previously used to provide exemption from Climate Change Levy borne by UK business customers

Capacity pot for 2016

- Proposed capacity pot for 2016 published on 11 May 2015
 - Proposed capacity pot of €463.1m (2016 - €574.2m) represents a 19% reduction on 2015
 - Reduction mainly due to lower cost of capital in the Best New Entrant component of the calculation
 - Comprehensive response submitted by Energia and the Electricity Association of Ireland
- Final Decision expected shortly

Renewable portfolio

PPAs

- Average contracted renewable generation capacity for First Quarter 2016 was 793MW (2015 - 689MW) with 793MW operational capacity at 30 June 2015 (31 March 2015 – 778MW)
- 95MW of contracted capacity in construction at 30 June 2015 (31 March 2015 – 100MW)
- 67MW in various stages of development (31 March 2015 – 66MW)

Assets

- Direct investment in operational and in-development windfarm capacity 163MW at 30 June 2015
 - 34MW operational at 30 June 2015 (31 March 2015 – 29MW) following the successful commissioning of a 5MW windfarm in Northern Ireland during May 2015
 - One windfarm with a total capacity of 95MW in construction as at 30 June 2015 – expected to become operational within the next two years
 - 34MW of fully-consented capacity in development expected to become operational within the next two years
- Three additional fully-consented windfarm development projects in Northern Ireland (38MW) acquired in July and August 2015 for a total consideration of £13.5m including contingent consideration of £1.8m

Power NI business developments

Electricity sales

- Residential customer numbers at 30 June 2015 was 536,000 (31 March 2015 – 545,000)
- Total electricity sales for First Quarter 2016 was 0.6TWh (2015 – 0.7TWh)

PPB business developments

Price control

- On 1 July 2015 the Utility Regulator published its final determination for PPB's new price control
 - Final determination unchanged from draft proposals published on 2 April 2015
 - Two year period with option to extend to September 2018

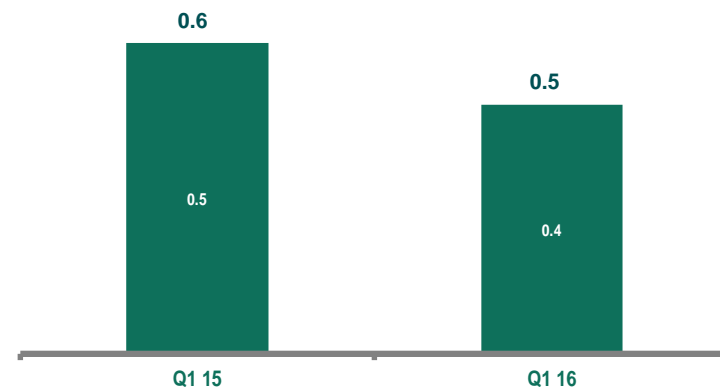
Financial summary – First Quarter 2016

Revenue (£m)^(a)



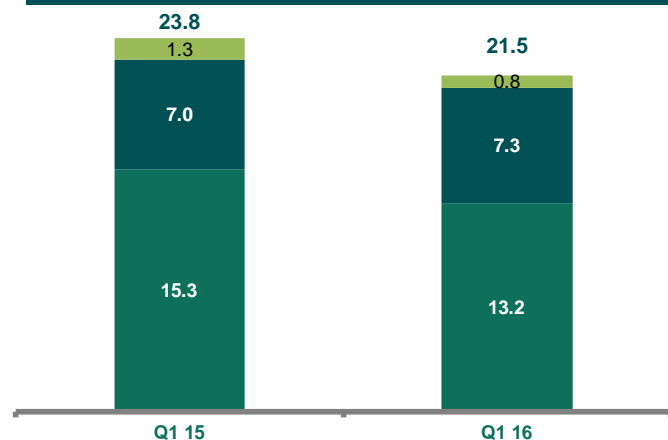
■ Energia Group ■ Power NI ■ PPB

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



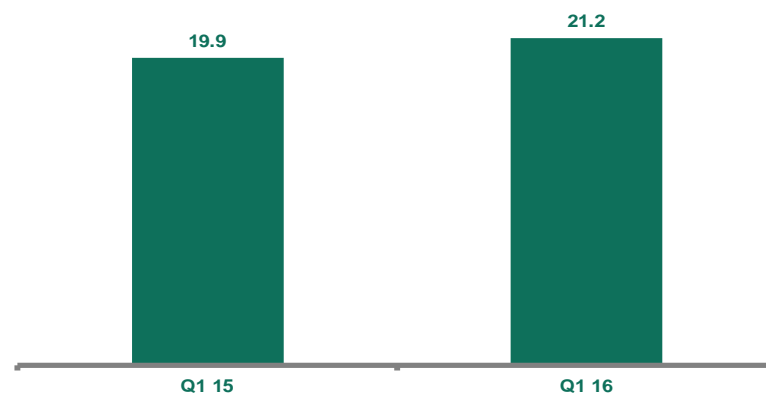
■ Energia Group ■ Power NI

Pro-forma EBITDA (£m)^(b)



■ Energia Group ■ Power NI ■ PPB

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



- (a) Revenue is based on regulated entitlement and excludes revenue of renewable windfarm assets
- (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 £0.6m in First Quarter 2016 and £0.2m in First Quarter 2015.
- (c) Excludes capital expenditure on renewable wind farm assets of £13.6m in First Quarter 2016 and £5.6m in First Quarter 2015. Total includes other group capex of £0.1m in First Quarter 2016 and £0.1m First Quarter 2015
- (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

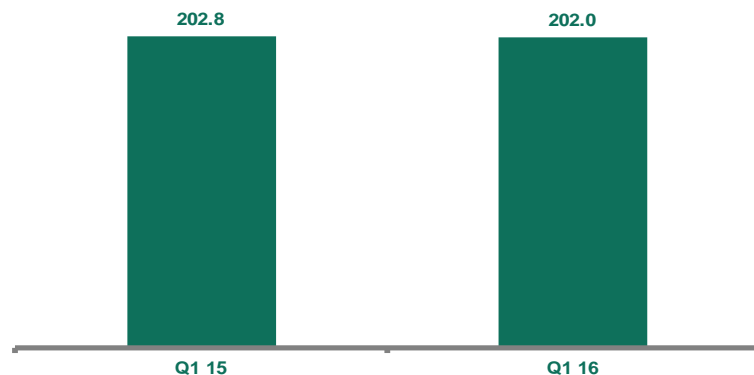
Energia Group KPIs



	Q1 15	Q1 16
Energia Group		
Availability (%)		
Huntstown 1	99.9	100.0
Huntstown 2	89.8	95.7
Unconstrained utilisation (%)		
Huntstown 1	4.4	0.0
Huntstown 2	35.7	1.5
Incremental impact of constrained utilisation (%)		
Huntstown 1	(2.7)	5.7
Huntstown 2	8.5	50.4
Energia electricity sales (TWh)	1.2	1.1
Energia gas sales (therms million)	13.1	17.3
Total customers (No.)		
Non-residential	65,400	60,300
Residential	21,700	63,200
Wind farm operational PPA contracts (MW)		
Average capacity during the period	689	793
Period end capacity – at 30 June	692	793

Energia Group financial highlights – First Quarter 2016

Revenue (£m)



Revenue for First Quarter 2016 was broadly flat at £202m reflecting:

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

Pro-forma EBITDA (£m)^(a)



Pro-forma EBITDA for First Quarter 2016 decreased from £15.3m to £13.2m reflecting:

- Impact of foreign exchange translation; and
- Lower Huntstown margins due to lower unconstrained utilisation; partly offset by
- Higher contribution from renewable PPAs

(a) Pro-forma EBITDA excludes EBITDA from renewable wind farm assets of £0.6m in First Quarter 2016 and £0.2m in First Quarter 2015

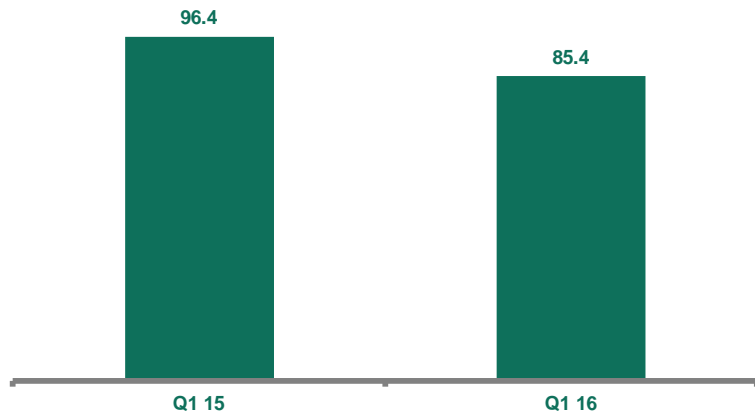
Power NI KPIs



	Q1 15	Q1 16
Power NI		
Power NI electricity sales (TWh)	0.7	0.6
Power NI customer sites (No.)		
Residential	559,000	536,000
Non-residential	37,000	37,000

Power NI financial highlights – First Quarter 2016

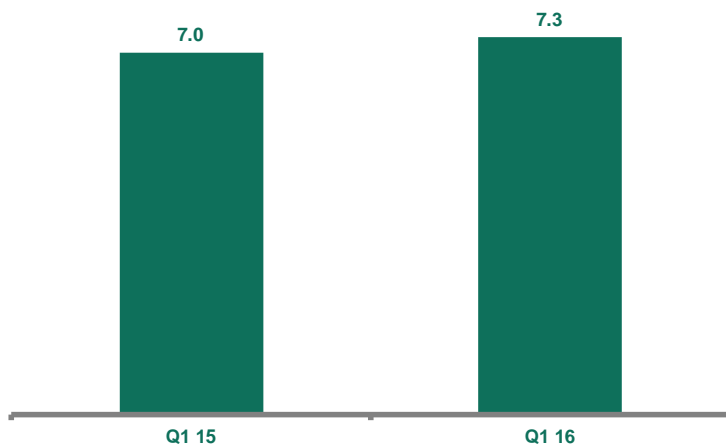
Revenue (£m)^(a)



Revenue for First Quarter 2016 decreased from £96.4m to £85.4m reflecting:

- Reduction in residential customer numbers;
- Lower average consumption; and
- Impact of a 9.2% tariff reduction

Pro-forma EBITDA (£m)^(a)



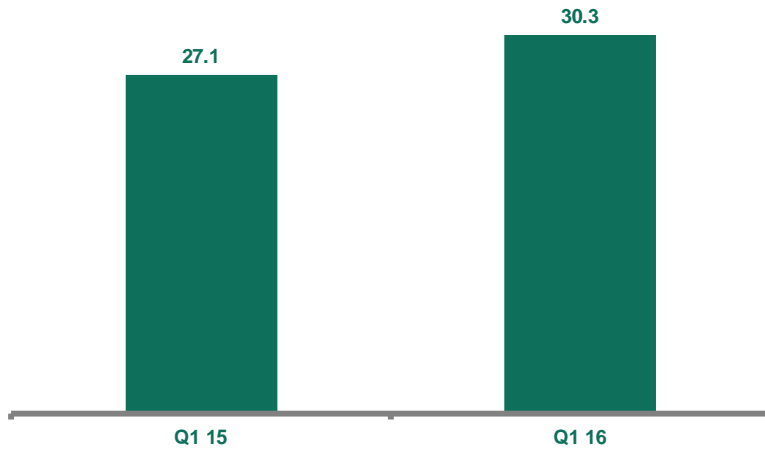
Pro-forma EBITDA for First Quarter 2016 increased from £7.0m to £7.3m primarily reflecting:

- Higher contribution from small scale renewable PPAs

(a) Based on regulated entitlement

PPB financial highlights – First Quarter 2016

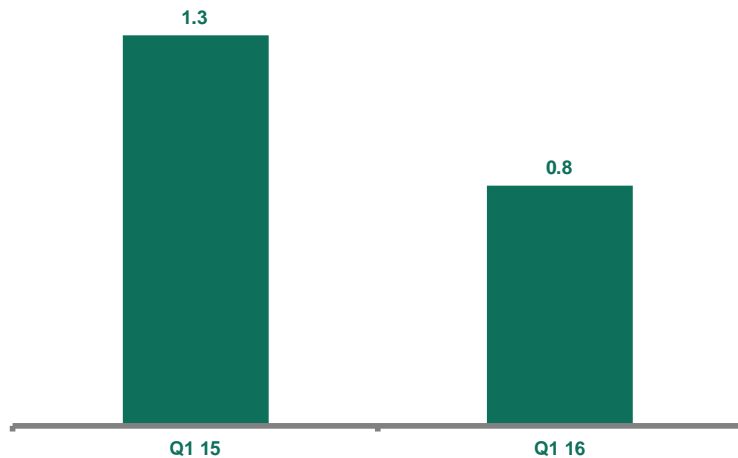
Revenue (£m)^(a)



Revenue for First Quarter 2016 increased from £27.1m to £30.3m primarily reflecting:

- Higher utilisation of the Ballylumford plant

Pro-forma EBITDA (£m)^(a)



Pro-forma EBITDA for First Quarter 2016 decreased from £1.3m to £0.8m primarily reflecting:

- Lower regulatory entitlement under the new price control proposals

(a) Based on regulated entitlement

Group cash flow summary

(£m)	Q1 15	Q1 16
Pro-forma EBITDA^(a)	23.8	21.5
Defined benefit pension charge less contributions paid	-	(1.0)
Changes in working capital ^(b)	(3.0)	1.7
Effects of FX	(0.3)	(0.5)
Pro-forma cash flow from operating activities	20.5	21.7
Net capital expenditure ^(c)	(0.6)	(0.5)
Pro-forma cash flow before interest and tax	19.9	21.2
Net movement in security deposits	(3.4)	0.3
Over-recovery of regulated entitlement	10.9	7.6
Equity investment in in-development windfarm assets	(1.9)	(8.8)
Pro-forma cash flow before interest, tax and acquisitions and disposals	25.5	20.3

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 £0.6m in First Quarter 2016 (First Quarter 2015 - £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 wind farm assets of £0.6m increase in First Quarter 2016 (First Quarter 2015- £0.9m increase)
- (c) Net capex excludes capex on renewable windfarm assets of £13.6m in First Quarter 2016 (First Quarter 2015 - £5.6m)

Net debt

Net debt (£m) As at	31 Mar 15	30 June 15
Cash and investments	(70.1)	(82.9)
Senior secured notes due 2020	425.2	416.6
Subordinated shareholder loan ^{1,2}	356.9	364.4
Junior bank facility asset ¹	(162.6)	(169.0)
Amount due from fellow subsidiary	(0.2)	(0.3)
Interest accruals	4.7	12.9
Senior net debt	553.9	541.7
Project finance cash	(3.8)	(9.5)
Project finance bank facilities	37.0	48.5
Total net debt	587.1	580.7

¹ Subordinated shareholder loan and junior bank facility asset at 30 June 2015 net to £195.4m (31 March 2015 net to £194.3m). Junior facility A held on balance sheet of the Company's parent VGHL at 30 June 2015 was £139.8m (31 March 2015 - £141.2m)

² Subordinated shareholder loan at 30 June 2015 split between non-interest bearing £189.2m (31 March 2015 - £182.8m) and interest bearing £175.2m (31 March 2015 - £174.1m) which accrues interest on a payment in kind basis

- Senior net debt was £541.7m at 30 June 2015 (31 March 2015 - £553.9m)
 - Cash and investments increased to £82.9m (31 March 2015 - £70.1m) reflecting positive cash generation and over-recovery of regulated entitlement in the year;
 - Decrease in senior secured notes reflects foreign exchange translation differences partly offset by the amortisation of transaction expenses; and
 - Decrease in subordinated shareholder loan and junior bank facility asset reflects the unwinding of the discounted fair values
- Foreign exchange forward contracts put in place in June 2015 to hedge €150m of principal of the senior secured notes

- Encouraging set of results for the First Quarter 2016 which were in line with expectations

- Outlook:
 - Challenging regulatory environment
 - Potential reduction in capacity payment pot for calendar year 2016 – decision expected shortly
 - Clarity required on ROC support for onshore wind in Northern Ireland
 - End of LECs for CCL exemption
 - Renewable PPA pipeline continues to be delivered
 - Renewable asset investments proceeding according to plan
 - Challenging competitive environment for business electricity supply
 - Continued managed growth in the residential supply market in the Rol
 - I-SEM detailed design phase continues – go-live remains on target for Q4 2017

Investor relations



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