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VIRIDIAN

First Quarter Results For the period ended 30 June 2012

12 September 2012

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Financial highlights

- Encouraging set of results against background of reduced utilisation of the Huntstown plants
- Pro-forma EBITDA* for the First Quarter 2013 reduced slightly to £24.3m (First Quarter 2012 - £24.6m)
- Pro-forma cash flow before interest and tax** for the First Quarter 2013 was £18.7m
- Pro-forma net debt reduced to £670.3m at 30 June 2012 (31 March 2012 - £701.7m)
 - Senior RCF cash drawings reduced to £8.0m at 30 June 2012 (31 March 2012 - £55.0m)

* EBITDA based on regulated entitlement, before exceptional items and excluding earnings from renewable wind farm assets

** Cash flow before interest and tax for continuing operations and before movement in security deposits and over/(under)-recovery of regulated entitlement

Energia Group business developments

Increased availability of Huntstown plants with reduction in utilisations

- Availability of both Huntstown 1 at 100% and Huntstown 2 at 98.5% increased over the same quarter last year as a result of the timing of outages
- Utilisations of both Huntstown 1 at 22.1% and Huntstown 2 at 56.2% decreased over the same quarter last year as a result of:
 - Coal/gas price switch from November 2011
 - Commissioning of new wind capacity

Electricity sales volumes maintained

- Electricity sales volumes for the First Quarter 2013 remained flat at 1.3 TWh
- Customer sites supplied were 60,000 at 30 June 2012 (31 March 2012 – 61,400)

Growth in windfarm portfolio

- Average contracted renewable generation capacity for the First Quarter 2013 was 487MW (First Quarter 2012 – 335MW) with 510MW operational capacity at 30 June 2012 (31 March 2012 – 446MW)
- 70MW of contracted capacity currently in construction
- 260MW of capacity in development expected to become operational in the next three years including direct investment in 80MW of in-development windfarm capacity

Energia Group business developments (cont'd)

Capacity Payment Mechanism

- Final decision on capacity pot available for calendar year 2013 published on 31 August 2012
 - Capacity pot set at €529.9m

Carbon revenue levy ended

- Carbon revenue levy originally scheduled to run to 31 December 2012
- RoI Government repealed the legislation enabling the levy
 - levy ended on 25 May 2012

Sale of operating and in-construction windfarm assets

- 15 June 2012 – sale of 80% of VRL and 75% of EWP to AMP Capital Partners completed
 - Proceeds used to repay bridge loan and c£24m* prepayment to junior lenders
 - Remaining 20% of VRL transferred back to Viridian

* Based on prevailing Sterling/Euro exchange rates

Electricity Sales and Competition

- Continued competition from Airtricity and Budget Energy
- Residential customer numbers reduced to c648,000 (31 March 2012 – 666,000)
- Total electricity sales for First Quarter 2013 reduced to 0.8 TWh (First Quarter 2012 – 0.9 TWh) reflecting reduction in residential customer numbers
- Reduction in residential tariffs of 14.1% with effect from 1 October 2012

Enduring Solution Project

- Joint IT project with NIE to separate NIE and Power NI customer records
- System go-live achieved in May 2012

PPB business developments

Price Control

- New three year price control effective from 1 April 2012
- Licence modifications required to reflect the price control were incorporated in August 2012

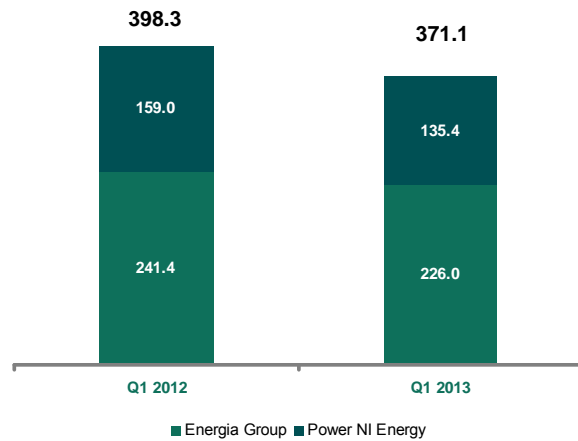
Contracted capacity

- Capacity currently under contract 832MW
- NIAUR to exercise cancellation rights in respect of 232MW of capacity under contract from 1 November 2012

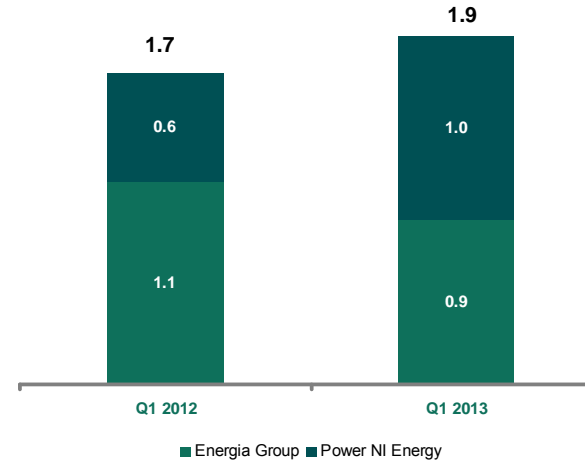
Financial summary

Encouraging performance across all businesses

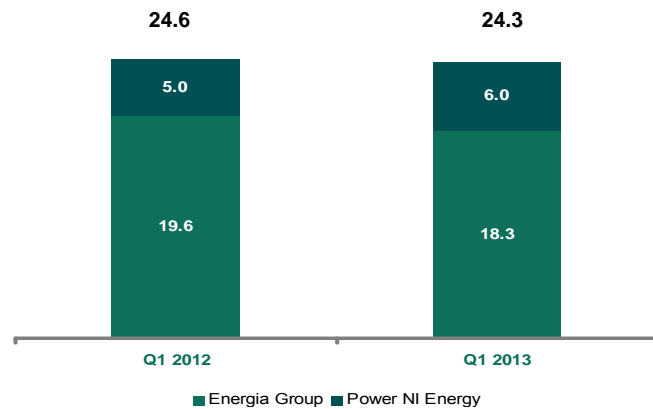
Turnover (£m)^(a)



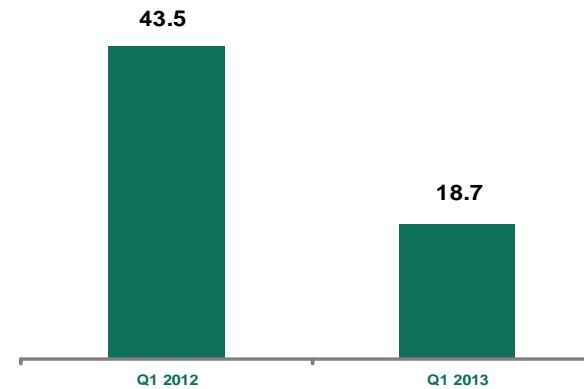
Gross Capital Expenditure for continuing operations (£m)^(c)



Pro-forma EBITDA (£m)^(b)



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



- (a) Turnover is based on regulated entitlement and excludes external turnover from renewable wind farm assets of £nil in First Quarter 2013 and £0.2m in First Quarter 2012.
- (b) Pro-forma EBITDA is EBITDA based on regulated entitlement, before exceptional items and excluding earnings from renewable wind farm assets £nil in First Quarter 2013 and £0.9m in First Quarter 2012.
- (c) Excludes capital expenditure on renewable wind farm assets of £0.3m in First Quarter 2013 and £8.7m in First Quarter 2012.
- (d) Pro-forma cash flow before interest and tax defined as Pro-forma EBITDA from continuing operations, 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: challenging operating environment

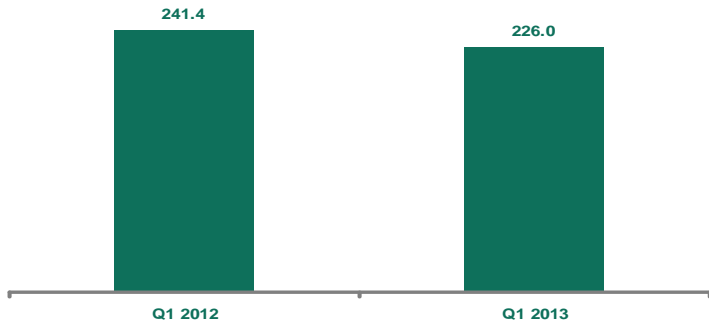


	Q1 2012	Q1 2013
Energia Group		
Availability (%)		
Huntstown 1	75.4	100.0
Huntstown 2	85.0	98.5
Utilisation (%)		
Huntstown 1	73.7	22.1
Huntstown 2	82.9	56.2
Energia electricity sales (TWh)	1.3	1.3
Energia natural gas sales (therms million)	21	16
Wind farm operational PPA contracts (MW)		
Period end capacity	336	510
Average period capacity	335	487

Energia Group financial highlights



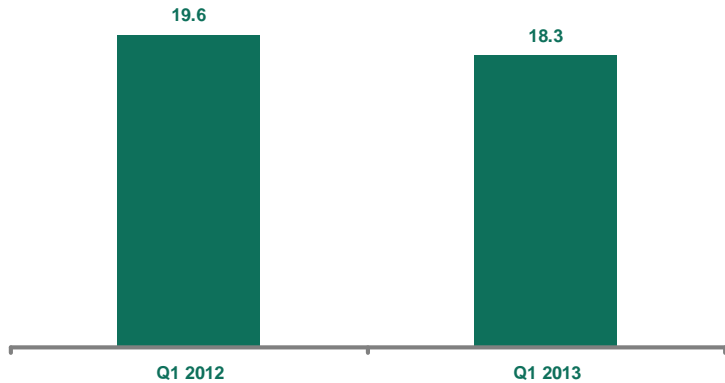
Turnover (£m)^(a)



Turnover for First Quarter 2013 decreased from £241.4m to £226.0m reflecting:

- Impact of foreign exchange translation;
- Lower Huntstown plant utilisations;
- Lower wholesale electricity and gas prices;
- Lower gas sales volumes;
- Lower PPA revenues due to lower wind factors and lower wholesale prices; partly offset by
- Higher availability of the Huntstown plant; and
- Increased renewable capacity

Pro-forma EBITDA (£m)^(b)



Pro-forma EBITDA for First Quarter 2013 decreased from £19.6m to £18.3m reflecting:

- Impact of foreign exchange translation;
- Lower Huntstown plant utilisations;
- Lower sale of carbon allowances to match the exceptional carbon revenue levy;
- Lower renewable wind factors and wholesale prices; partly offset by
- Higher electricity retail margins;
- Higher availability of Huntstown plants (together with lower Q&M costs); and
- Increased renewable capacity

(a) Turnover excludes external turnover from renewable wind farm assets £nil in the First Quarter 2013 and £0.2m in the First Quarter 2012

(b) Pro-forma EBITDA excludes EBITDA from renewable wind farm assets of £nil in the First Quarter 2013 and £0.9m in the First Quarter 2012

Power NI KPIs: continued competition in the market

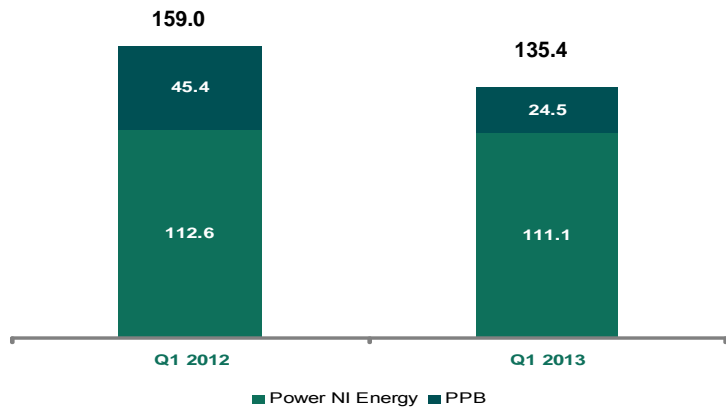
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	Q1 2012	Q1 2013
Power NI		
Power NI electricity sales (TWh)	0.9	0.8
Power NI customer sites (No.)		
Residential	721,000	648,000
Non-residential	36,000	37,000

Power NI Energy financial highlights



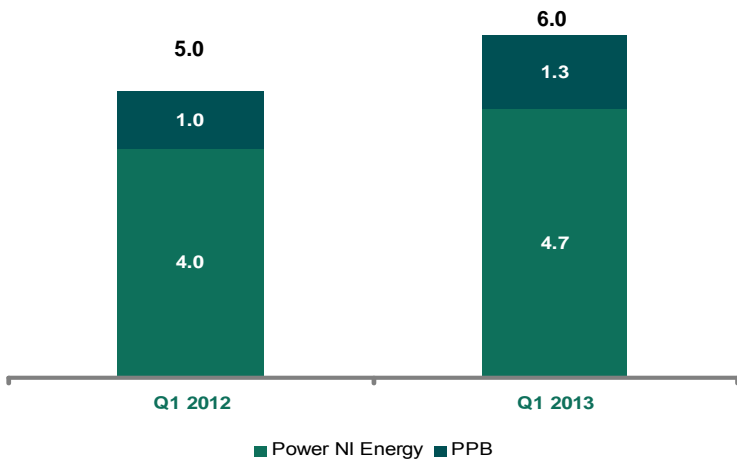
Turnover (£m)^(a)



Power NI

- Turnover for the First Quarter 2013 reduced from £112.6m to £111.1m reflecting reduction in residential customer numbers partly offset by an increase in electricity tariffs
- Pro-forma EBITDA for the First Quarter 2013 increased from £4.0m to £4.7m – reflecting an increase in regulated entitlement associated with the RAB for the billing IT project implemented in May 2012; higher renewable PPA gross margins; partly offset by higher operating costs arising from additional resources required on implementation of the billing IT project.

Pro-forma EBITDA (£m)^(a)



PPB

- Turnover for the First Quarter 2013 reduced from £45.4m to £24.5m reflecting expiry of the 180MW Ballylumford contract on 31 March 2012 and lower availability and utilisation of the remaining plant under contract
- Pro-forma EBITDA for the First Quarter 2013 increased from £1.0m to £1.3m as a result of the phasing of regulated entitlement in the same period last year

(a) Based on regulated entitlement

Group cash flow summary

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(£m)	Q1 2012	Q1 2013
Pro-forma EBITDA^(a)	24.6	24.3
Defined benefit pension charge less contributions paid	0.1	-
Changes in working capital ^(b)	24.4	(3.1)
Effects of FX	(0.5)	0.6
Exceptional items	(3.4)	(1.2)
Pro-forma cash flow from operating activities	45.2	20.6
Capital expenditure used in continuing operations ^(c)	(1.7)	(1.9)
Pro-forma cash flow before interest and tax	43.5	18.7
Net movement in security deposits	(2.8)	36.0
Over / (under)-recovery of regulated entitlement	(1.5)	9.8
Equity investment in in-development windfarm assets	(1.1)	(0.3)
Pro-forma cash flow before interest, tax and acquisitions and disposals	38.1	64.2

Note:

- (a) Pro-forma EBITDA is defined as EBITDA from continuing operations before exceptional items 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 £nil First Quarter 2013 and £0.9m for the First Quarter 2012.
- (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 £nil First Quarter 2013 and £0.4m decrease for the First Quarter 2012.
- (c) Gross capex excludes capex on renewable windfarm assets of £0.3m in the First Quarter 2013 and £8.7m in the First Quarter 2012.

Cash flow movements

Changes in working capital

- Net increase in working capital (inc. proceeds from sale and purchase of other intangibles) in the First Quarter 2013 of £3.1m (First Quarter 2012 – decrease £24.4m) in line with expectations primarily due to:
 - Energia Group reduction of £1.0m (First Quarter 2012 – reduction £10.2m)
 - Power NI increase of £5.9m (First Quarter 2012 – reduction £10.5m)
 - Other reduction £1.8m (First Quarter 2012 – reduction £3.7m)

Exceptional items

- Exceptional cash outflows in the First Quarter 2013 of £1.2m (First Quarter 2012 - £3.4m) consist of carbon revenue levy payments:
 - Carbon levy ended 25 May 2012

Gross capital expenditure

- Gross capex (excl. capex on renewable windfarm assets) for the First Quarter 2013 was £1.9m (First Quarter 2012 - £1.7m) primarily due to:
 - Energia Group: timing of the planned outages at Huntstown 1 in line with requirements of maintenance agreements; partly offset by
 - An increase in capital expenditure on the Enduring Solution project, an IT project to separate Power NI and NIE customer records and remove restrictions on residential customer switching. Project go-live achieved in May 2012.

Cash flow movements (cont'd)

Net movement in security deposits

- Net movement in security deposits for the First Quarter 2013 was an inflow of £36.0m (First Quarter 2012 – outflow of £3.4m) as a result of the replacement of cash security deposits with LOCs
 - At June 2012 there were £2.2m of security deposits in place (excluding £0.8m security deposits in place for renewable windfarm assets)

Over/(under)-recovery in regulated entitlement

- Regulated businesses of Power NI and PPB over-recovered by £9.8m in the First Quarter 2013 (First Quarter 2012 – under-recovered £1.5m) against regulated entitlement
 - Due to phasing of regulated tariffs
- Cumulative under-recovery against regulated entitlement at 30 June 2012 was £3.2m
- Cumulative under-recovery expected to be recovered in the Second Quarter 2013, subject to movement in fuel prices.

Net debt

Net debt		
£m	At 31 March 2012	At 30 June 2012
Cash and investments	(35.4)	(47.7)
Senior Secured Notes	380.9	374.2
Senior RCF	55.0	8.0
Subordinated shareholder loan	634.7	652.9
Junior bank facility asset	(336.9)	(333.5)
Interest accruals	3.4	16.4
Net debt	701.7	670.3

- Senior secured notes reduction reflects change in foreign exchange translation
- Senior RCF reduction reflects underlying cash generation in the period and in particular the over-recovery of regulated entitlement and cash security deposits replaced with LOCs
- Increase in subordinated shareholder loan reflects the transfer back of 20% of VRL assets and 25% of EWP and the capitalisation of PIK interest
- Junior bank facility asset reduction reflects foreign exchange translation
- Interest accruals increase primarily reflects interest on the senior secured notes payable bi-annually from September 2012

Conclusion

- Encouraging set of results despite challenging conditions.

- Outlook:
 - Low coal and carbon prices continue to affect gas plant utilisations
 - Retail margin contribution continues to be sustained
 - Renewable PPA pipeline continues to be delivered
 - Reasonable clarity on medium term outlook for capacity payments regime
 - East/West interconnector expected to be commissioned in early Autumn 2012

Investor relations

VIRIDIAN

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