

# VIRIDIAN

## Results Presentation First Quarter 2017

25 August 2016



# Forward looking statements

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- Encouraging set of results for the First Quarter 2017
- Pro-forma EBITDA\* for the First Quarter 2017 was £21.6m (2016 - £21.5m) primarily reflecting foreign exchange translation gains of £0.9m partly offset by lower underlying performance of £0.8m
- Pro-forma cash flow before interest and tax\*\* for the First Quarter 2017 was £25.3m (2016 - £21.2m)
- Senior net debt was £407.7m at 30 June 2016 (31 March 2016 - £589.9m)
- Simplification of the Group's capital structure completed on 28 June 2016 through the merger of the Company with its parent, Viridian Group Holdings Limited ("VGHL"), with the Company being the surviving entity
  - VGIL assumed VGHL's Junior bank facility B liability and fully extinguished this liability against the Junior bank facility asset held by the group
  - Shareholder loan owed to VGHL also extinguished on completion of the merger

\* 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

## Huntstown plant availability and utilisation

- Availability of 80.0% for Huntstown 1 and 96.3% for Huntstown 2 for First Quarter 2017. Huntstown 1 has completed a 31 day outage which commenced on 14 June 2016
  - outage had been extended by 7 days to complete additional repairs required to the gas turbine and steam turbine
- Unconstrained utilisation of 0% for Huntstown 1 and 42.9% for Huntstown 2 for First Quarter 2017
- Incremental impact of constrained utilisation was an increase of 2.6% for Huntstown 1 and an increase of 17.8% for Huntstown 2 for First Quarter 2017
- Huntstown 2 commenced a 20 day planned outage in August 2016

## Retail sales

- Total electricity sales volumes for First Quarter 2017 were 1.1TWh (2016 – 1.1TWh)
- Total gas sales volumes for First Quarter 2017 were 17.6m therms (2016 – 17.3m therms)
- Business electricity customer sites supplied at 30 June 2016 were 53,700 (31 March 2016 – 53,800)
- Business gas customer sites supplied at 30 June 2016 were 5,600 (31 March 2016 – 5,500)
- RoI residential customer sites supplied at 30 June 2016 increased to 127,800 (31 March 2016 – 117,600) with continued growth in the customer base

## I - SEM

- The I-SEM project is ongoing and the latest Project Plan Quarterly Update published on 16 August 2016 reconfirmed that the project remains on track for go-live in Q4 2017

## Capacity Payment Pot

- On 10 August 2016 the RAs confirmed the final value of the capacity pot for calendar year 2017 of €519.2m
  - Capacity payment mechanism will run to 30 September 2017 i.e. up until the commencement of I-SEM
  - Capacity payments will total €366.2m in the period 1 January – 30 September 2017

# Energia Group business developments (cont'd)

## Renewable PPAs

- Average contracted renewable generation capacity First Quarter 2017 was 811MW (2016 - 793MW) with 815MW operational capacity at 30 June 2016 (31 March 2016 – 802MW)
- 232MW of contracted capacity in construction at 30 June 2016 (31 March 2016 – 211MW)

## Renewable Assets

- EBITDA from renewable assets for First Quarter 2017 was £0.7m (2016 - £0.6m)
  - 34MW operational at 30 June 2016 (31 March 2016 – 34MW)
  - Six wind farms with a total capacity of 168MW in construction at 30 June 2016 targeted to be commissioned in FY2017
- Non-recourse financing facilities of up to £7.3m put in place in June 2016 in respect of a 7MW wind farm in Northern Ireland
- Non-recourse financing facilities for remaining 14MW of capacity under construction expected to be put in place shortly
- In July 2016 the Group acquired 100% of a 21MW fully consented wind farm development project (Rathsherry) in Northern Ireland
  - Project will avail of the grace period to gain NIROC accreditation and is expected to be funded on balance sheet until project finance facility put in place at commissioning

# Power NI business developments

## Electricity sales

- Residential customer numbers at 30 June 2016 were 501,000 (31 March 2016 – 510,000)
- Non-residential customer numbers at 30 June 2016 were 34,000 (31 March 2016 – 35,000)
- Total electricity sales for First Quarter 2017 was 0.6TWh (2016 – 0.6TWh)

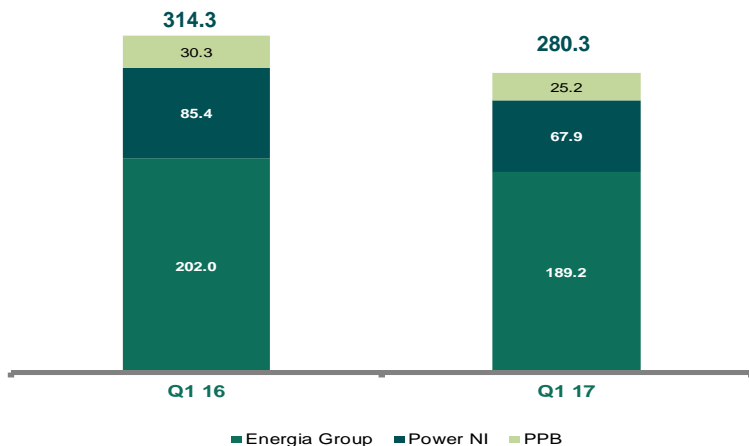
## Price control

- In June 2016 the Utility Regulator published a consultation confirming the agreement reached with Power NI in respect of the two year extension of the current price control
  - Also confirmed proposal to remove remaining price controls for the non-domestic sector i.e. SME customers with annual consumption of less than 50MWh

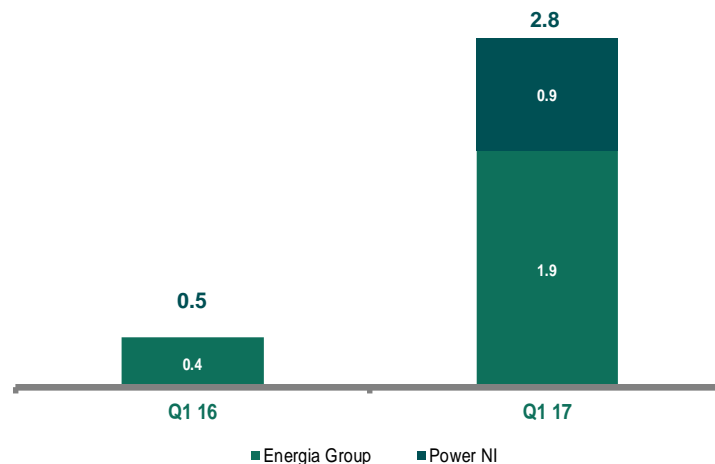


# Financial summary – First Quarter 2017

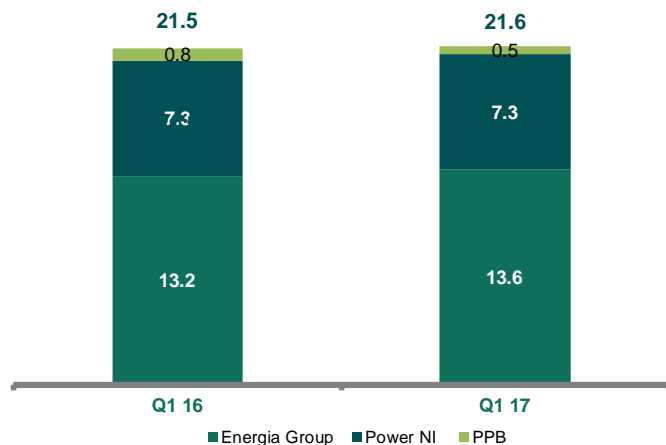
## Revenue (£m)<sup>(a)</sup>



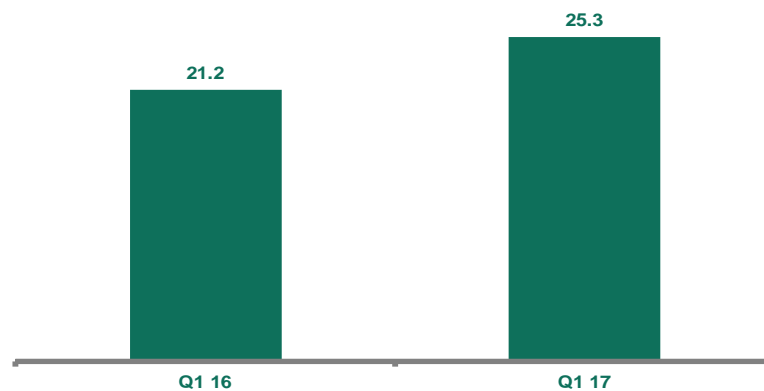
## Capital Expenditure for continuing operations (£m)<sup>(c)</sup>



## Pro-forma EBITDA (£m)<sup>(b)</sup>



## Pro-forma cash flow before interest & tax (£m)<sup>(d)</sup>



- (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
- (c) Excludes capital expenditure on renewable wind farm assets of £39.1m in First Quarter 2017 and £13.6m in First Quarter 2016. Total includes other group capex of £nil in First Quarter 2017 and £0.1m First Quarter 2016
- (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

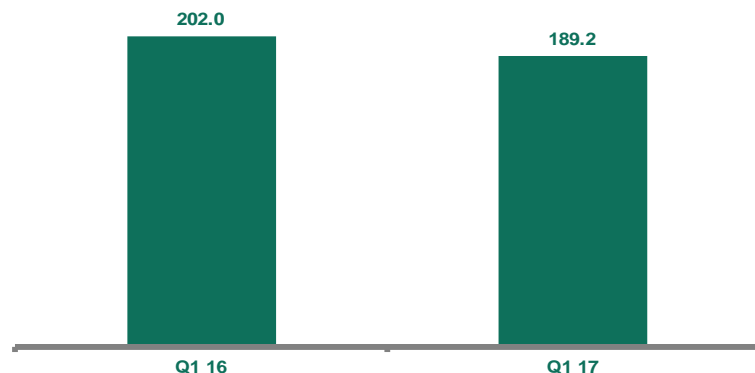
# Energia Group KPIs



	Q1 16	Q1 17
<b>Energia Group</b>		
<b>Availability (%)</b>		
Huntstown 1	100.0	80.0
Huntstown 2	95.7	96.3
<b>Unconstrained utilisation (%)</b>		
Huntstown 1	-	-
Huntstown 2	1.5	42.9
<b>Incremental impact of constrained utilisation (%)</b>		
Huntstown 1	5.7	2.6
Huntstown 2	50.4	17.8
<b>Energia electricity sales (TWh)</b>	1.1	1.1
<b>Energia gas sales (therms million)</b>	17.3	17.6
<b>Total customer sites (No.)</b>		
Non-residential	60,300	59,300
Residential	91,000	127,800
<b>Wind farm operational PPA contracts (MW)</b>		
Average capacity during the period	793	811
Period end capacity – at 30 June	793	815

# Energia Group financial highlights – First Quarter 2017

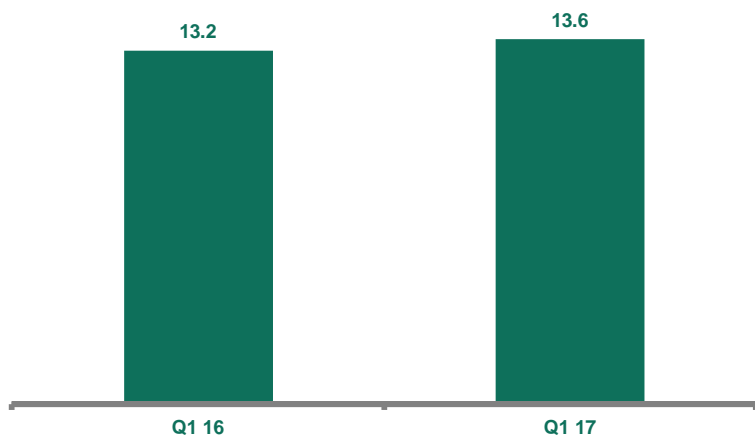
## Revenue (£m)



Revenue for First Quarter 2017 decreased from £202.0m to £189.2m:

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

## Pro-forma EBITDA (£m)<sup>(a)</sup>



Pro-forma EBITDA for First Quarter 2017 increased from £13.2m to £13.6m reflecting:

- Impact of foreign exchange translation;
- Higher business and residential sales margins; and
- Revaluation of Huntstown distillate oil stock; partly offset by
- Lower availability of Huntstown 1 associated with the planned outage in June 2016 including higher operating costs; and
- Lower contribution from renewable PPAs

(a) Pro-forma EBITDA excludes EBITDA from renewable wind farm assets of £0.7m in First Quarter 2017 and £0.6m in First Quarter 2016

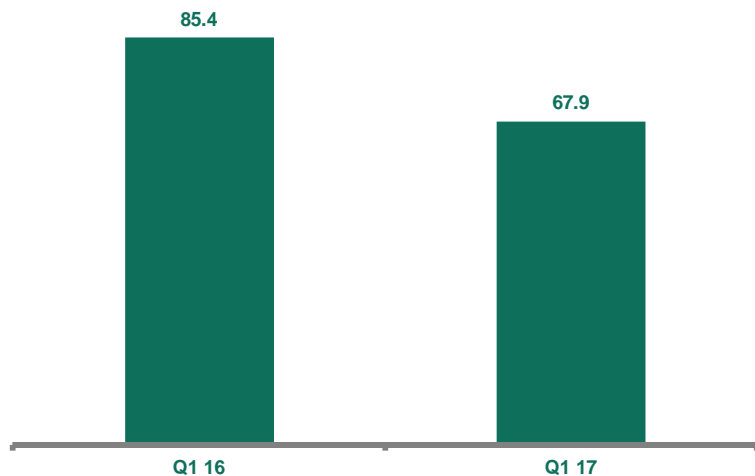
# Power NI KPIs



	Q1 16	Q1 17
<b>Power NI</b>		
<b>Power NI electricity sales (TWh)</b>	0.6	0.6
<b>Power NI customer sites (No.)</b>		
Residential	536,000	501,000
Non-residential	37,000	34,000

# Power NI financial highlights – First Quarter 2017

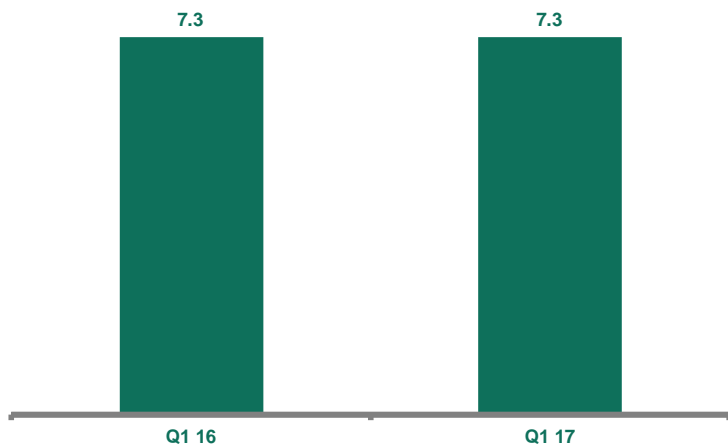
## Revenue (£m)<sup>(a)</sup>



Revenue for First Quarter 2017 decreased from £85.4m to £67.9m reflecting:

- Reduction in business and residential customer numbers;
- Lower average consumption; and
- 10.3% reduction in regulated tariffs effective 1 April 2016

## Pro-forma EBITDA (£m)<sup>(a)</sup>

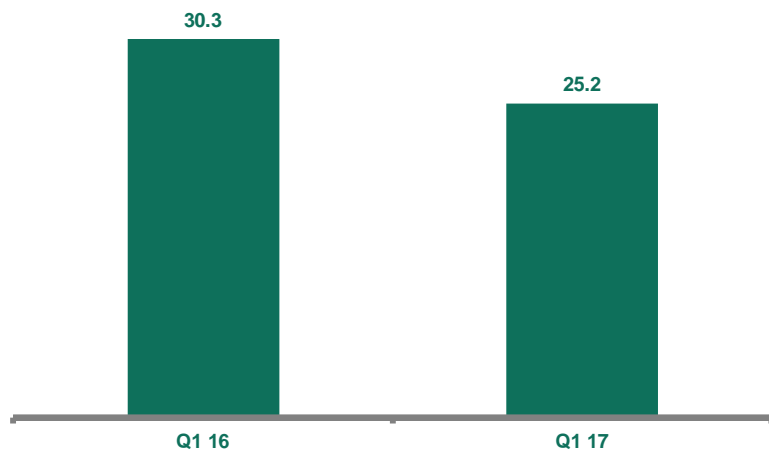


Pro-forma EBITDA for First Quarter 2017 was flat at £7.3m

(a) Based on regulated entitlement

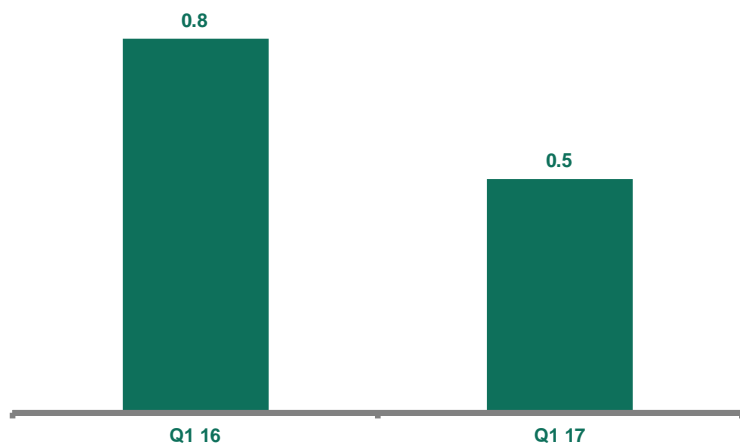
# PPB financial highlights – First Quarter 2017

## Revenue (£m)<sup>(a)</sup>



Revenue for First Quarter 2017 decreased from £30.3m to £25.2m primarily due to lower market prices

## Pro-forma EBITDA (£m)<sup>(a)</sup>



Pro-forma EBITDA for First Quarter 2017 decreased from £0.8m to £0.5m primarily reflecting lower regulatory entitlement and higher operating costs

(a) Based on regulated entitlement

# Group cash flow summary

(£m)	Q1 16	Q1 17
<b>Pro-forma EBITDA<sup>(a)</sup></b>	<b>21.5</b>	<b>21.6</b>
Defined benefit pension charge less contributions paid	(1.0)	-
Changes in working capital <sup>(b)</sup>	1.7	4.1
Effects of FX	(0.5)	2.4
<b>Pro-forma cash flow from operating activities</b>	<b>21.7</b>	<b>28.1</b>
Net capital expenditure <sup>(c)</sup>	(0.5)	(2.8)
<b>Pro-forma cash flow before interest and tax</b>	<b>21.2</b>	<b>25.3</b>
Net movement in security deposits	0.3	(2.2)
Over recovery of regulated entitlement	7.6	5.3
Net equity investment in in-development windfarm assets	(8.8)	(1.1)
<b>Pro-forma cash flow before interest, tax and acquisitions and disposals</b>	<b>20.3</b>	<b>27.3</b>

Note:

- (a) Pro-forma EBITDA is defined as EBITDA before exceptional items and certain remeasurements 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
- (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 £0.5m increase in First Quarter 2017 (First Quarter 2016 - £0.6m increase)
- (c) Net capex excludes capex on renewable windfarm assets of £39.1m in First Quarter 2017 (First Quarter 2016 - £13.6m)

# Net debt

Net debt (£m) As at	31 Mar 16	30 Jun 16	Fair value forward contracts	Pro-forma
			30 Jun 16	30 Jun 16
Cash and investments	(69.2)	(97.3)	-	(97.3)
Senior secured notes due 2020	468.5	491.8	(20.6)	471.2
Interest accruals	3.7	13.2	-	13.2
Subordinated shareholder loan <sup>1,2</sup>	386.8	-	-	-
Junior bank facility asset <sup>1</sup>	(199.4)	-	-	-
Amount due from fellow subsidiary	(0.5)	-	-	-
<b>Senior net debt</b>	<b>589.9</b>	<b>407.7</b>	<b>(20.6)</b>	<b>387.1</b>
Project finance cash	(8.7)	(12.8)	-	(12.8)
Project finance bank facilities	73.6	119.4	-	119.4
Interest accruals	0.1	0.7	-	0.7
<b>Total net debt</b>	<b>654.9</b>	<b>515.0</b>	<b>(20.6)</b>	<b>494.4</b>

1. Subordinated shareholder loan and junior bank facility asset at 31 March 2016 net to £187.4m. Junior facility A held on balance sheet of the Company's parent VGHL at 31 March 2016 was £147.3m

2. Subordinated shareholder loan at 31 March 2016 split between non-interest bearing £208.4m and interest bearing £178.4m which accrued interest on a payment in kind basis

- On 28 June VGIL merged with VGHL, with VGIL being the surviving entity
  - VGIL assumed VGHL's Junior bank facility B liability and fully extinguished the liability against the Junior bank facility asset held by the Group
  - Subordinated shareholder loan owed to VGHL also extinguished on completion of the merger
- Capital structure now simply comprises Senior secured notes and project finance facilities in respect of the wind farm assets
- Senior net debt was £407.7m at 30 June 2016 (31 March 2016 - £589.9m)
  - Cash and investments increased to £97.3m (31 March 2016 - £69.2m)
  - Increase in senior secured notes reflects foreign exchange translation differences (30 June 2016 - €/\$=1.20; 31 March 2016 - €/\$=1.26) and the amortisation of transaction expenses
- Foreign exchange forward contracts on Senior secured notes increased to €225m in June 2016 (31 March 2016 - €150m). Fair value of forward contracts was £20.6m in the money at 30 June 2016
  - Pro-forma senior net debt (including the fair value of foreign exchange forward contracts) was £387.1m at 30 June 2016



- Encouraging set of results for the First Quarter 2017 despite the continued challenges of low commodity prices
  - Renewable asset investments – challenging programme but proceeding according to plan with another NI development project acquisition completed in July 2016
  - Continued managed growth in the residential supply market in the RoI – positive EBITDA expected to grow
- Outlook:
  - Continuation of Power NI price control to 31 March 2019
    - Removal of remaining non-domestic price controls for NI SME customers with annual consumption <50MWh
  - Renewable PPA pipeline continues to be delivered
  - I-SEM project – Regulatory Authorities have re-confirmed project remains on target for go-live in Q4 2017

# Investor relations

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Investor relations contact:

Alwyn Whitford

+44 28 9038 3765

[alwyn.whitford@viridiangroup.co.uk](mailto:alwyn.whitford@viridiangroup.co.uk)