

VIRIDIAN

Results Presentation Second Quarter 2019

4 December 2018



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Financial highlights

Solid performance for the Second Quarter 2019 ahead of new I-SEM market go-live

- Pro-forma EBITDA* for the Second Quarter 2019 was £26.3m (2018 - £26.3m**)
- Pro-forma cash flow before interest and tax*** for the Second Quarter 2019 was £27.7m (2018 - £32.5m)
- Senior net debt was £402.4m at 30 September 2018 (30 June 2018 - £400.9m)
- LRSAs secured for the Huntstown plant ahead of the commencement of the new I-SEM market

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

*** Prior year comparatives have been restated where applicable for new accounting standards as referred to in the Second Quarter 2019 accounts*

**** 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 business developments

Huntstown plant availability and utilisation

- Availability was 100.0% for both Huntstown 1 and 2 for Second Quarter 2019
- Unconstrained utilisation was 23.0% for Huntstown 1 and 63.2% for Huntstown 2 for Second Quarter 2019
- Incremental impact of constrained utilisation was an increase of 25.6% for Huntstown 1 and a decrease of 6.4% for Huntstown 2 for Second Quarter 2019
- Huntstown 2 will undertake a planned maintenance outage in Spring 2019

Retail sales

- RoI residential customer sites supplied at 30 September 2018 increased to 201,300 (30 June 2018 – 195,100) with continued growth in the customer base
- Non-residential electricity customer sites supplied at 30 September 2018 were 54,100 (30 June 2018 – 55,300)
- Non-residential gas customer sites supplied at 30 September 2018 were 4,000 (30 June 2018 – 4,100)
- Total electricity sales volumes for Second Quarter 2019 were 1.4TWh (2018 – 1.2TWh)
- Total gas sales volumes for Second Quarter 2019 were 12.0m therms (2018 – 12.5m therms)

Energia Group business developments (cont'd)

Regulatory process in respect of the I-SEM capacity remuneration mechanism

- On 30 September 2018 the Group reached agreement with EirGrid and CRU and entered into Local Reserve Services Agreements (“LRSAs”) for the Huntstown plants
- The four year LRSAs ensure that the Huntstown plants continue to be available to meet security of supply in the Dublin area whilst providing sufficient remuneration to the plants for the services being provided in the new I-SEM market
- Following expiry of the LRSAs on 30 September 2022, the Group has agreed to potentially make a proportion of Huntstown’s firm access rights to the transmission system available to EirGrid for a period of two years to facilitate EirGrid in alleviating the Dublin transmission constraints
- On signing of the LRSAs the Group accepted the I-SEM related generating licence modifications previously challenged by the Group
- The protective notice of redundancy was also removed for relevant Huntstown staff thereby ending the period of uncertainty over the future of the Huntstown plants

I-SEM market update

- Following the SEM Committee’s confirmation on 31 August 2018, the new I-SEM market went live on 1 October 2018 as planned
- The first T-4 auction covering the 2022/23 capacity year is scheduled to take place in March 2019

Energia Group business developments (cont'd)

Renewable PPAs

- Average contracted renewable generation capacity in operation during the Second Quarter 2019 was 998MW (2018 – 980MW) with 998MW operational capacity at 30 September 2018 (30 June 2018 – 998MW)

Renewable Assets – Wind Farms

- 223MW operational at 30 September 2018 (30 June 2018 – 223MW)
- Renewable assets availability for Second Quarter 2019 was 96.9% (2018 – 95.9%) with a wind factor of 19.0% (2018 – 20.3%)
- 3 wind farm projects (54MW) were in-construction at 30 September 2018. These sites were all commissioned in October 2018 and ROC accreditation has now been achieved
- Distributions of £3.0m from wholly owned renewable assets (2018 - £0.1m) and £0.6m from minority interest assets (2018 - £0.2m) were paid to the Senior secured restricted group in First Quarter 2019. The next distributions will be received in Third Quarter 2019

Renewable Assets - Bioenergy

- Construction continues at Energia's 4.9MW anaerobic digestion facility at Huntstown in North County Dublin
- It is intended to put project finance facilities in place and commercial operation is expected by December 2019
- The project is expected to benefit from REFIT support

Power NI business developments

Electricity sales

- Residential customer numbers at 30 September 2018 were 460,000 (30 June 2018 – 463,000)
- Non-residential customer numbers at 30 September 2018 were 35,000 (30 June 2018 – 35,000)
- Total electricity sales for Second Quarter 2019 were 0.5TWh (2018 – 0.5TWh)

Price control

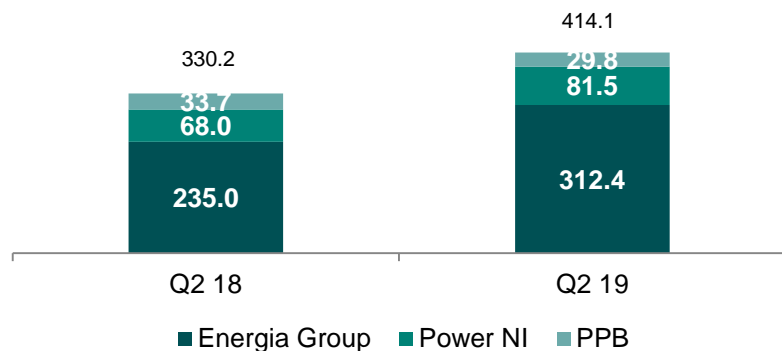
- On the 25 May 2018 the Utility Regulator confirmed its intention to extend Power NI's current price control a further 2 years, from 1 April 2019 to 31 March 2021
- Power NI will share with customers the benefits of annual efficiency gains made during the current price control period
- The related licence modifications were published for consultation on 11 October 2018 and on 8 November 2018 the Utility Regulator confirmed that the licence modifications will take effect from 1 April 2019

Deregulated renewable PPA portfolio

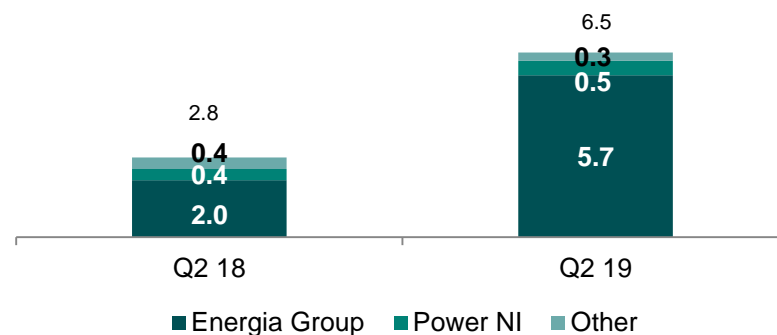
- Average contracted generation capacity in operation during the Second Quarter was 316MW (2018 – 213MW) with operational capacity of 318MW at 30 September 2018 (30 June 2018 - 264MW)

Financial summary – Second Quarter 2019

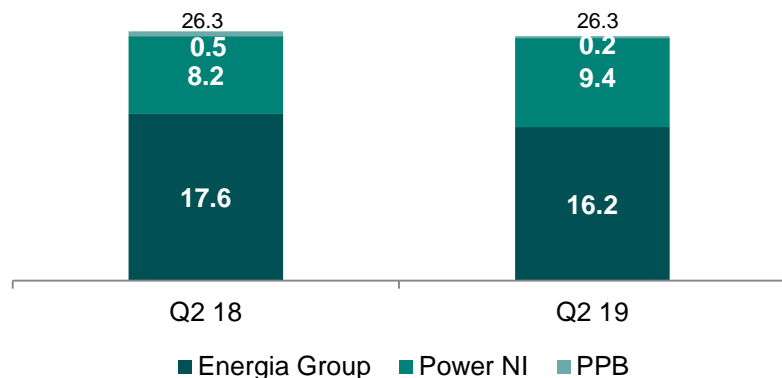
Revenue (£m)^(a)



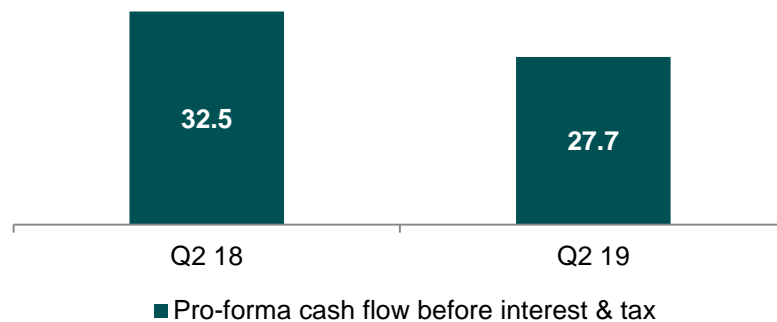
Capital expenditure for continuing operations (£m)^(c)



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 wind farm assets of £16.3m in Second Quarter 2019 and £24.6m in Second Quarter 2018.

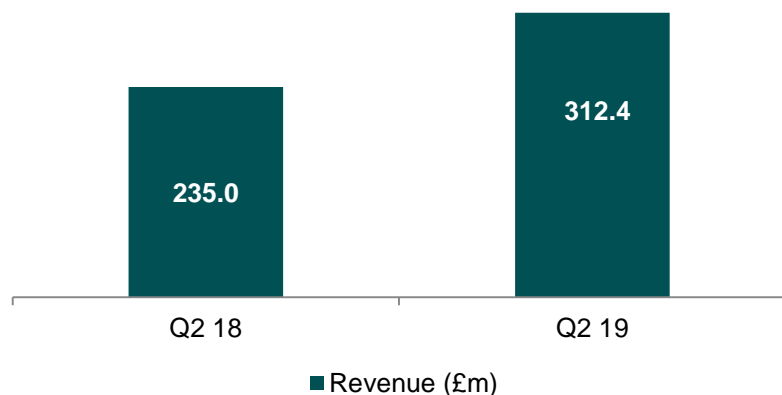
(d) Pro-forma cash flow before interest and tax defined as Pro-forma EBITDA, less pension charges, plus movements in provisions and working capital (inc purchase of and proceeds from sale of other intangibles), less gross capex (excluding capex of renewable wind farm assets) and exceptional items and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

Energia Group KPIs

Energia Group	Q2 18	Q2 19
Availability (%)		
Huntstown 1	90.4	100.0
Huntstown 2	92.7	100.0
Unconstrained utilisation (%)		
Huntstown 1	43.5	23.0
Huntstown 2	76.1	63.2
Incremental impact of constrained utilisation (%)		
Huntstown 1	11.2	25.6
Huntstown 2	(17.1)	(6.4)
Sales		
Electricity sales (TWh)	1.2	1.4
Gas sales (million therms)	12.5	12.0
Total customer sites (No.)		
Non-residential	59,600	58,100
Residential	164,500	201,300
Wind farm operational PPAs		
Average capacity during the period	980	998
Period end capacity – at 30 September	978	998

Energia Group financial highlights – Second Quarter 2019

Revenue



- Revenue for Second Quarter 2019 increased from £235.0m to £312.4m primarily reflecting:
 - Higher residential and non-residential electricity sales volumes and prices;
 - Higher interconnector revenue;
 - Higher Huntstown plant revenues; and
 - Higher renewable PPA revenues; partly offset by
 - Adverse foreign exchange translation

Pro-forma EBITDA^(a)



- Pro-forma EBITDA for Second Quarter 2019 decreased from £17.6m to £16.2m primarily reflecting:
 - Lower non-residential earnings;
 - Lower unconstrained utilisation of both Huntstown plant; partly offset by
 - Higher contributions from renewable PPAs; and
 - Higher availability of both Huntstown plant including lower maintenance costs in Huntstown 1 (due to higher outage costs in the prior year)

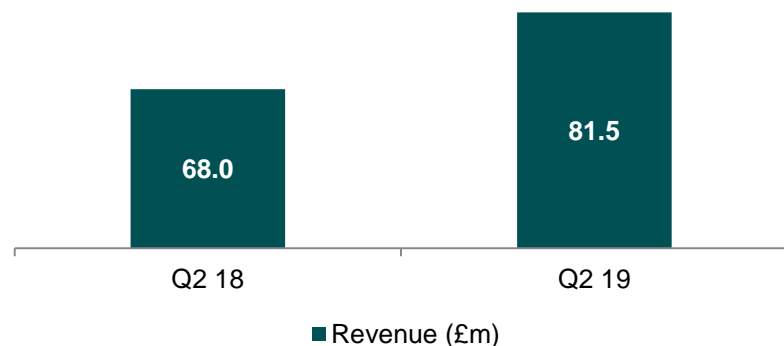
(a) Pro-forma EBITDA excludes EBITDA from renewable assets of £5.2m in Second Quarter 2019 and £4.3m in Second Quarter 2018

Power NI KPIs

Power NI	Q2 18	Q2 19
Sales		
Electricity sales (TWh)	0.5	0.5
Total customer sites (No.)		
Residential	475,000	460,000
Non-residential	34,000	35,000
Contracted operational renewable PPA capacity (deregulated) (MW)		
Average capacity during the period	213	316
Period end capacity – 30 September	215	318

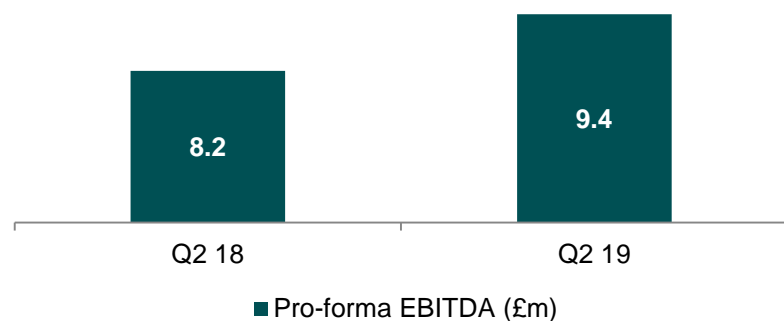
Power NI financial highlights – Second Quarter 2019

Revenue



- Revenue for Second Quarter increased from £68.0m to £81.5m reflecting:
 - Higher regulated revenue;
 - Higher deregulated revenue (reflecting the tariff increase in October 2017); partly offset by
 - A reduction in residential customer numbers

Pro-forma EBITDA^(a)

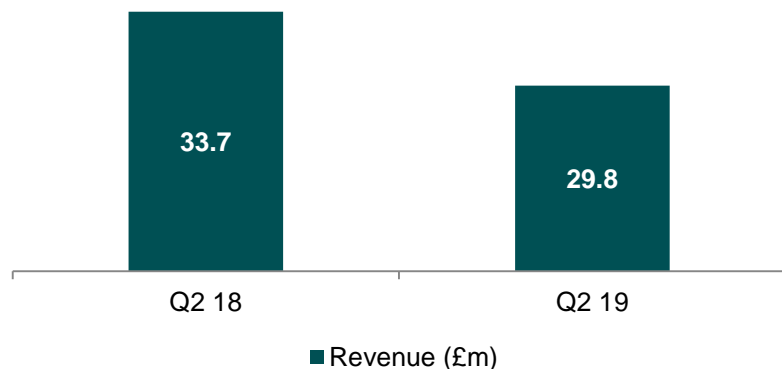


- Pro-forma EBITDA for Second Quarter 2019 increased from £8.2m to £9.4m reflecting:
 - Higher contributions from small scale renewable PPAs;
 - Higher unregulated margins; partly offset by
 - Lower regulated margins; and
 - Higher operating costs

(a) Based on regulated entitlement

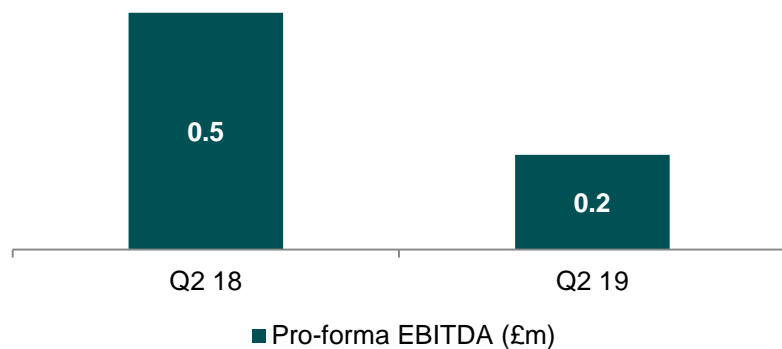
PPB financial highlights – Second Quarter 2019

Revenue



- Revenue for Second Quarter 2019 decreased from £33.7m to £29.8m primarily reflecting lower availability and utilisation of the Ballylumford plant

Pro-forma EBITDA^(a)



- Pro-forma EBITDA for Second Quarter 2019 decreased from £0.5m to £0.2m reflecting higher operating costs.

(a) Based on regulated entitlement

Restricted group cash flow summary

(£m)	Restated Q2 18	Q2 19	Restated H1 18	H1 19
Pro-forma EBITDA ^(a)	26.3	26.3	51.3	52.9
Changes in working capital ^(b)	7.5	8.0	9.5	14.9
Effects of FX	1.5	(0.1)	1.3	(0.2)
Pro-forma cash flow from operating activities	35.3	34.2	62.1	67.6
Net capital expenditure ^(c)	(2.8)	(6.5)	(6.6)	(10.9)
Pro-forma cash flow before interest and tax	32.5	27.7	55.5	56.7
Net movement in security deposits	0.4	(14.6)	0.9	(12.4)
Over/(under)-recovery of regulated entitlement	5.8	(3.2)	14.3	(1.6)
Exceptional items ^(d)	(0.2)	(0.2)	(0.3)	0.3
Equity investment in in-development renewable assets	8.1	(2.6)	(3.5)	(4.5)
Pro-forma cash flow before interest, tax and acquisitions and disposals	46.6	7.1	66.9	38.5

Note:

(a) Pro-forma EBITDA is defined as EBITDA before exceptional items and certain remeasurements and adjusted for over/(under) -recovery of Viridian's regulated business against their regulated entitlement and excludes EBITDA from renewable assets of £5.2m in Second Quarter 2019 (Second Quarter 2018 - £4.3m); First Half 2019 £10.5m (First Half 2018 - £8.8m) but includes distributions from renewable assets of £nil from wholly owned assets in Second Quarter 2019 (Second Quarter 2018 - £nil) and £nil from minority owned assets (Second Quarter 2018 - £nil); First Half 2019 £3.0m from wholly owned assets (First Half 2018 - £0.1m) and £0.6m from minority interest assets (First Half 2018 - £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 renewable assets of £1.5m increase in Second Quarter 2019 (Second Quarter 2018 - £2.3m); First Half 2019 £3.1m (First Half 2018 £2.0m)

(c) Net capex excludes capex on renewable assets of £16.3m in Second Quarter 2019 (Second Quarter 2018- £24.6m); First Half 2019 £39.6m (First Half 2018 - £44.5m)

(d) Includes exceptional costs associated with acquisitions whether successful or unsuccessful and share based payments

Net debt

Net debt (£m) As at	31 Mar 18	30 Jun 18	30 Sep 18
Cash and investments	(102.7)	(132.4)	(127.5)
Senior secured notes due 2025	301.6	304.4	306.7
Senior secured notes due 2024	221.1	221.3	221.4
Interest accruals	1.7	7.6	1.8
Senior net debt	421.7	400.9	402.4
Project finance cash	(24.9)	(29.8)	(21.4)
Project finance bank facilities	258.2	285.2	292.8
Interest accruals	0.4	2.5	0.3
Total net debt	655.4	658.8	674.1

- FX rate at 30 September 2018: €/\$1.1227 (30 June 2018: €/\$1.1308; 31 March 2018: €/\$1.1406)
- Senior net leverage at 30 September 2018 was 4.0x

Conclusion

Solid performance for the Second Quarter 2019 ahead of new I-SEM market go-live

Outlook

- All Group businesses successfully operating in the new I-SEM market from go-live on 1 October 2018
- Volatility in commodity prices expected to continue
- Key milestone of over 200,000 RoI residential customers achieved
- All in-construction wind farms are now commissioned, ROC accredited and contributing to earnings
- Construction continues on the Huntstown bioenergy project which is expected to commission next year
- Focus on opportunities for sustainable growth