

Energia Group

**Results Presentation
Third Quarter 2021**

12 March 2021

enÉrgia group

Forward looking statements

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Financial highlights

Solid performance for the Third Quarter 2021 despite the ongoing COVID-19 pandemic

- Total Group EBITDA* for the Third Quarter 2021 was €51.0m (2020 - €50.3m)
- Pro-forma EBITDA for the Senior Secured Notes Restricted Group** for the Third Quarter 2021 was €39.2m (2020 - €41.1m)
- Pro-forma cash flow before interest and tax*** for the Third Quarter 2021 was €35.4m outflow (2020 - €4.5m)
- Senior net debt at 31 December 2020 was €423.9m (31 March 2020 - €406.1m)

Unaudited reconciliations for pro-forma EBITDA and net debt of the Senior Secured Notes Restricted Group are provided in the Appendix to the Group's consolidated financial statements

* EBITDA based on regulated entitlement, before exceptional items and certain remeasurements;

** EBITDA based on regulated entitlement, before exceptional items and certain remeasurements and excluding earnings from renewable assets, but including distributions from renewable assets of €3.1m for the Third Quarter 2021 (2020 - €1.9m);

*** Pro-forma EBITDA for the Senior Secured Notes Restricted Group, 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 assets) and exceptional items and including the effects of FX

COVID-19

Update on impact of COVID-19 on Energia Group

- The Group's businesses have proved to be resilient in meeting the challenges of operating during the COVID-19 pandemic and delivering on strategic development projects while at the same time continuing to support the communities in which they operate
- Following a reduction in First Quarter 2021, demand for electricity in the I-SEM market has largely recovered to levels broadly consistent with the same period last year
- The Group's financial performance has remained strong during the periods of restrictions in Ireland and Northern Ireland however, management continues to remain vigilant and will take appropriate steps to protect the Group's businesses from the potential financial impact of COVID-19
 - In this regard, the Irish and UK Government's willingness to support their respective economies in transitioning to the post-COVID-19 era will be a key consideration for the Group going forward
- The Group has strong liquidity at 31 December 2020 with €177.2m of cash and cash equivalents excluding project finance cash (31 March 2020 - €190.8m) and has undrawn committed revolving credit facilities of €114.5m (31 March 2020 - €91.0m) and remains well positioned to manage the potential impact of COVID-19

Renewables business developments

The Renewables business:

- owns and operates 309MW of wind assets;
- purchases electricity from 1,284MW of renewable generation capacity throughout Ireland; and
- is in the advanced stages of constructing a 4.0MW bioenergy plant in Dublin as well as developing a further pipeline of wind, bioenergy and solar projects across Ireland

Wind generation assets

- Renewable assets availability for the Third Quarter 2021 was 98.4% (2020 – 98.6%) with a wind factor of 31.6% (2020 – 29.7%)

Renewable PPA portfolio

- Average contracted renewable generation capacity for the Third Quarter 2021 was 1,285MW (2020 – 1,270MW) with 1,284MW operational capacity at 31 December 2020 (31 March 2020 – 1,268MW)

Renewables business developments

Bioenergy assets

- Construction of the plant is substantially complete however the commissioning phase continues to experience a number of delays, including those due to COVID-19, and commercial operation is not now expected to complete by the end of Financial Year 2021

Solar

- The Group has two consented solar projects, Glenamoy and Darthogue, totalling 32MW in the RoI for which it has submitted planning applications to increase the scale of these projects
 - During the period, planning consent was received for a first phase extension to the Darthogue site for an additional 47MW of capacity
- The Group is also exploring a number of further greenfield solar development opportunities

Hydrogen

- During the period, delivery of hydrogen from third party suppliers commenced to enable commissioning of Translink's buses however delivery of the electrolyser and fuelling station has been delayed as a result of the COVID-19 pandemic
- Commissioning of a temporary electrolyser and the fuelling station is targeted for First Quarter 2022

Renewables business developments

Corporate PPAs

- Two of the Group's proposed onshore wind farm development projects (Coolberrin 21MW and Crossmore 15MW) had been successful in securing support under the RoI Renewable Electricity Support Scheme (RESS) in the first competitive auction during 2020
- Subsequent to the auction, the Group intends to enter into Corporate PPAs for both of these wind farm development projects

Offshore wind

- Applications to the Department of Housing, Planning and Local Government (DHPLG) for foreshore licences were submitted in August 2019 and October 2019 respectively and public consultations have been completed
- In October 2020 the DHPLG introduced a prioritisation process for the consideration of foreshore licence applications
- The Group is legally challenging the decision by the Minister to establish this priority order for foreshore licences and on 18 January 2021 leave was granted to judicially review this decision

Outlook

- Development is ongoing for the Group's pipeline of wind and solar projects across Ireland together with the proposed bioenergy plant at Giant's Park in Belfast

Flexible Generation business developments

The Flexible Generation business:

- owns and operates 747MW of conventional generation assets at the Huntstown site in Dublin in the RoI; and
- procures power under contract with Ballylumford power station in Northern Ireland for the output from 600MW of conventional generation assets

Huntstown plant availability and utilisation

- Availability for Third Quarter 2021 was 36.7% for Huntstown 1 (2020 – 95.7%) reflecting a 57 day planned outage which commenced in October 2020 and was successfully completed in December 2020
- Availability for Third Quarter 2021 was 100.0% for Huntstown 2 (2020 – 96.1%)
- Unconstrained utilisation for Third Quarter 2021 was 30.1% for Huntstown 1 (2020 – 83.5%) and 56.3% for Huntstown 2 (2020 – 6.7%)
- Incremental impact of constrained utilisation was 16.7% constrained on for Huntstown 1 (2020 – 13.2% constrained off) and 3.7% constrained off for Huntstown 2 (2020 – 22.4% constrained on)
- During the period, planning also continued for the 45 day major scheduled outage at Huntstown 2 which commenced on 1 March 2021
- However a fault has been separately identified on the Huntstown 2 main generator transformer which has resulted in the plant not being available to the market since 29 January 2021. A number of options for return to service are currently being assessed and, depending on the option agreed, the plant could remain out of service for all of Financial Year 2022

Flexible Generation business developments

Capacity auctions

- The T-4 auction for the 2024/25 capacity year was held in January 2021
- On 10 February 2021, the Single Electricity Market Operator (“SEMO”) published provisional results which confirmed that both Huntstown plants had been awarded reliability options for the 2024/25 capacity year
- The auction clearing price was €47,820/MW. Final auction results are expected to be confirmed on 12 March 2021
- On 22 December 2020 SEMO confirmed that it will run a T-1 auction in October 2021 for the 2022/23 capacity year. Huntstown 1 does not yet have a reliability option for the 2022/23 capacity year and is expected to participate in this upcoming auction

Data centre

- The Group is in preliminary stages of developing a data centre at its Huntstown campus in Dublin adjacent to the CCGT plants

Outlook

- The Group continues to assess a number of flexible generation, energy storage and behind the meter projects in line with its strategy to grow the business in a manner which supports its renewable asset portfolio and product offerings to customers

Customer Solutions business developments

The Customer Solutions business:

- The Group's Customer Solutions business operates under the Energia and Power NI brands:
 - Energia supplies electricity and natural gas to business and residential customers in the RoI; and
 - Power NI is the regulated electricity supplier in Northern Ireland and supplies electricity to business and residential customers

Energy sales

- Residential customer sites in the RoI at 31 December 2020 were 251,900 (31 March 2020 – 215,500)
- Non-residential customer sites in the RoI were 54,600 (31 March 2020 – 49,400)
- Residential customer sites in Northern Ireland at 31 December 2020 were 450,800 (31 March 2020 – 453,500)
- Non-residential customer sites in Northern Ireland were 41,300 (31 March 2020 – 44,400)
- Total electricity sales volumes in the RoI for the Third Quarter 2021 were 1.1TWh (2020 – 1.1TWh) and in Northern Ireland were 0.9TWh (2020 – 1.0TWh)
- RoI gas sales volumes for the Third Quarter 2021 were 28.8m therms (2020 – 28.9m therms)

Note - sales volumes include estimates for non-half hourly metered customers and reflect estimates for the reduction in customer usage as a result of COVID-19. The impact of COVID-19 to customer usage will be clearer once estimates are updated with actual market resettlement data in M+4 and M+13

Customer Solutions business developments

RoI Smart Metering

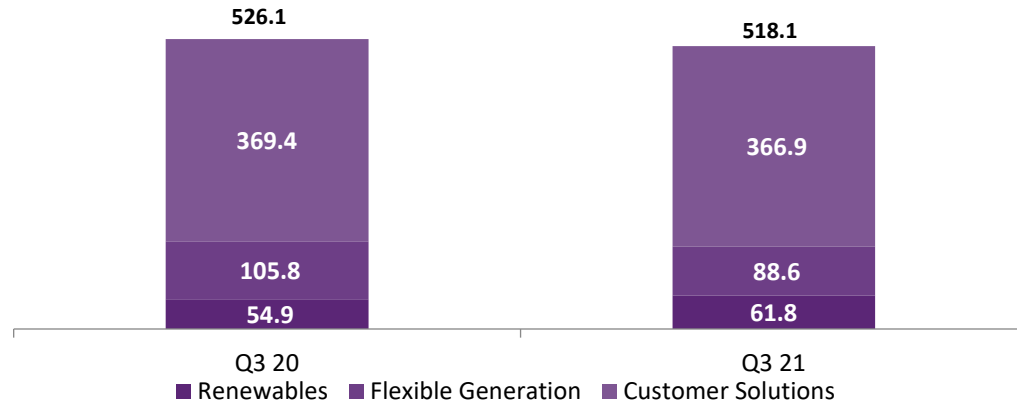
- The Commission for Regulation of Utilities (CRU) is co-ordinating the National Smart Metering Programme in the RoI which will see traditional analogue meters in customer premises being replaced with modern smart meters
- ESB Networks commenced the replacement of meters in Autumn 2019 and will continue to replace 500,000 meters per annum until 2024
- On 15 February 2021, Energia successfully implemented the changes to its systems required in order to offer smart services to its customers
- The market go-live for offering smart services to customers was on 1 March 2021

Outlook

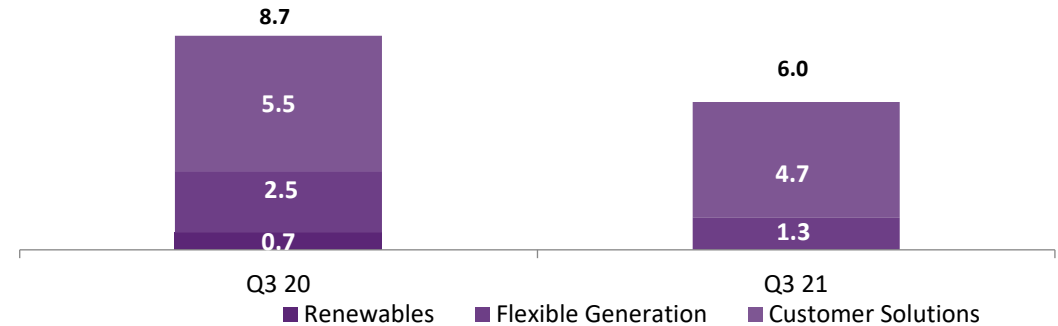
- The Group continues to invest in its development of innovative, enhanced and differentiated product offerings to customers in line with its strategy. Digitalisation will remain a strong focus, and work will continue on a range of initiatives in the 'new energy' space

Senior Secured Notes Restricted Group financial summary – Third Quarter 2021

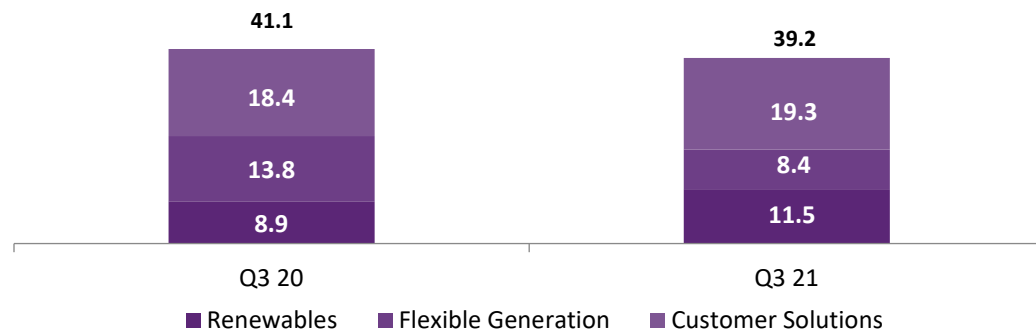
Revenue (€m)^(a)



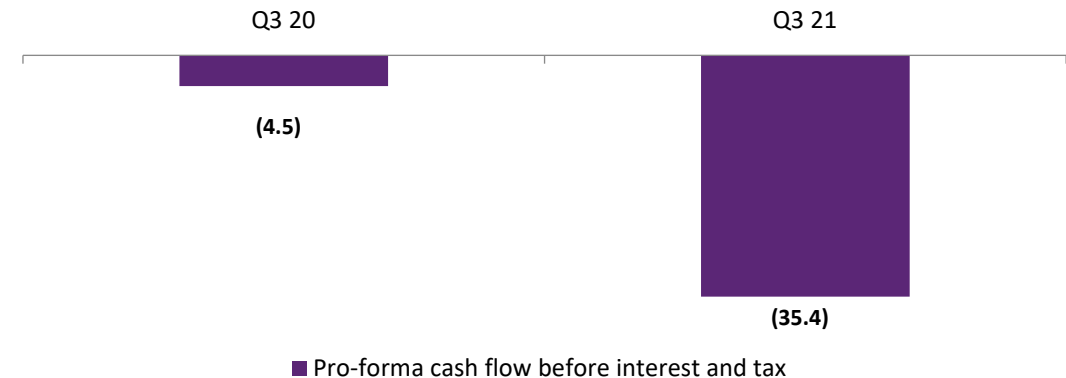
Capital expenditure for continuing operations (€m)^(c)



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, but including distributions from renewable assets of €3.1m for the Third Quarter 2021 (2020 - €1.9m)

(c) Excludes capital expenditure on renewable assets of €7.2m in Third Quarter 2021 (2020 - €12.4m)

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

Senior Secured Notes Restricted Group pro-forma EBITDA

Pro-forma EBITDA (€m) ^(a)	Q3 20	Q3 21	9M 20	9M 21
Renewables	8.9	11.5	29.9	23.3
Flexible Generation	13.8	8.4	30.7	38.3
Customer Solutions	18.4	19.3	47.8	55.1
	41.1	39.2	108.4	116.7

Renewables

- Pro-forma EBITDA increased from €8.9m to €11.5m primarily reflecting:
 - Higher market prices including ROC prices; and
 - Higher PPA volumes; partly offset by
 - Lower ROC sales volumes

Flexible Generation

- Pro-forma EBITDA decreased from €13.8m to €8.4m primarily reflecting:
 - Lower availability and utilisation of Huntstown 1 and higher maintenance costs (due to the major outage); partly offset by
 - Higher utilisation and availability of Huntstown 2;
 - Favourable reassessment of I-SEM market resettlement provisions (reflecting a number of market system fixes implemented and additional resettlement experience); and
 - Favourable revaluation of distillate stock (reflecting an increase in oil prices)

Customer Solutions

- Pro-forma EBITDA increased from €18.4m to €19.3m primarily reflecting:
 - Higher Energia non-residential electricity margins; and
 - Lower Customer Solutions operating costs; partly offset by
 - Lower gas margins

Note:

(a) Pro-forma EBITDA is defined as EBITDA before exceptional items and certain remeasurements and adjusted for (under)/over -recovery of Energia Group's regulated business against their regulated entitlement and excludes earnings from renewable wind farm assets but includes distributions from renewable assets of €3.1m in Third Quarter 2021 (Third Quarter 2020 - €1.9m); Nine Months 2021 €8.1m from wholly owned assets (2020 - €11.0m) and €nil from minority owned assets (2020 - €0.3m)

Senior Secured Notes Restricted group cash flow summary

(€m)	Q3 20	Q3 21	9M 20	9M 21
Pro-forma EBITDA ^(a)	41.1	39.2	108.4	116.7
Defined benefit charge less contributions paid	(0.6)	(0.1)	(1.3)	(0.1)
Changes in working capital ^(b)	(33.3)	(66.6)	(35.7)	(104.3)
Effects of FX	(3.0)	(1.9)	0.1	1.3
Pro-forma cash flow from operating activities	4.2	(29.4)	71.5	13.6
Net capital expenditure ^(c)	(8.7)	(6.0)	(27.0)	(15.0)
Pro-forma cash flow before interest and tax	(4.5)	(35.4)	44.5	(1.4)
Net movement in security deposits	(2.4)	1.6	(3.5)	(2.6)
Over-recovery of regulated entitlement	10.5	13.7	24.6	36.7
Exceptional items ^(d)	(0.3)	-	(0.8)	-
Equity (investment in)/refunds from in-development unrestricted entities	(13.7)	(2.5)	(57.8)	15.8
Pro-forma cash flow before interest, tax and acquisitions and disposals	(10.4)	(22.6)	7.0	48.5

Note:

(a) Pro-forma EBITDA is defined as EBITDA before exceptional items and certain remeasurements and adjusted for (under)/over -recovery of Energia Group's regulated business against their regulated entitlement and excludes earnings from renewable wind farm assets but includes distributions from renewable assets of €3.1m in Third Quarter 2021 (Third Quarter 2020 - €1.9m); Nine Months 2021 €8.1m from wholly owned assets (2020 - €11.0m) and €nil from minority owned assets (2020 - €0.3m)

(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 Energia Group's renewable assets of €3.2m increase in the Third Quarter 2021 (2020 - €3.8m); Nine Months 2021 €5.7m increase (2020 - €1.7m)

(c) Net capex excludes capex on renewable assets of €7.2m in the Third Quarter 2021 (2020- €12.4m); Nine Months 2021 €15.3m (2020 - €23.1m)

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

Net debt

Net debt (€m) As at	31 Mar 20	30 Dec 20
Cash and investments	(192.2)	(178.6)
Senior secured notes due 2025	345.3	345.9
Senior secured notes due 2024	251.0	248.5
Interest accruals	2.0	8.1
Senior net debt	406.1	423.9
Project finance cash	(30.0)	(42.1)
Project finance bank facilities	338.0	370.5
Interest accruals	0.2	2.9
Total net debt	714.3	755.2

- FX rate at 31 December 2020: €/ \pounds 1.1166 (31 March 2020: €/ \pounds 1.1301)
- Senior net leverage at 31 December 2020 was 3.0x

Conclusion

Solid performance for the Third Quarter 2021 despite the ongoing COVID-19 pandemic

Outlook

- Complete the Huntstown 2 major scheduled outage and progress repair of the main generator transformer fault
- Continue to actively manage the impact of COVID-19 and take appropriate steps to protect staff, customers, and the Group's businesses
- Continue to develop the Group's pipeline of onshore and offshore wind, bioenergy and solar development projects as well as hydrogen production, battery storage and a data centre in line with the Group's strategy