

**Energia Group**

**Results Presentation  
Third Quarter 2022**

10 March 2022

**enÉrgia group**

# Financial highlights

## Integrated business model sustains Third Quarter 2022 results despite volatile commodity environment

- Total Group EBITDA\* for the Third Quarter 2022 was €58.5m (2021 - €51.0m)
- Pro-forma EBITDA for the Senior Secured Notes Restricted Group\*\* for the Third Quarter 2022 was €39.5m (2021 - €39.2m)
- Pro-forma cash flow before interest and tax\*\*\* for the Third Quarter 2022 was €25.2m inflow (2021 - €35.4m outflow)
- Senior net debt at 31 December 2021 was €456.4m (31 March 2021 - €429.3m)

*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 €7.5m for the Third Quarter 2022 (2021 - €3.1m);

\*\*\* 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

# Wholesale prices and I-SEM market

## Impact on financial performance for Nine Months 2022

- Gas and carbon prices increased significantly during the Third Quarter 2022 which in turn led to significant increases in the I-SEM market price.
- The higher I-SEM market prices throughout First Nine Months 2022 have notably impacted the EBITDA of the Group's Customer Solutions business however, as there is no Contract for Difference (CfD) between the Group's generation and customer retail businesses, this was partially offset by higher EBITDA for the Group's Renewables and Flexible Generation businesses which have benefitted from the higher I-SEM market prices.
- High commodity prices continued to be experienced through January and February 2022 and are expected to remain highly volatile as a result of the current geopolitical situation in Ukraine.
- We expect the impact of higher I-SEM market prices on the Group's Customer Solutions business in the Fourth Quarter 2022 to be offset by the benefit of higher prices to the Group's Renewables and Flexible Generation businesses combined with higher tariffs.
- During December 2021 the Group drew its RCF (€59.4m) in cash in order to manage liquidity over the Christmas holiday period in light of the high commodity price environment.
- Liquidity at 31 December 2021 comprised €222.3m of cash and cash equivalents excluding project finance cash (31 March - €178.6m) and undrawn committed RCF of €32.3m.
- The Group expects to shortly conclude a process to increase its RCF by £80m.

# Renewables business developments

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## The Renewables business:

- Owns and operates 309MW of wind assets;
- Purchases electricity from 1,282MW of renewable generation capacity throughout Ireland; and
- Is developing a further pipeline of wind and solar projects across Ireland.

### Onshore wind operational generation assets

- 309MW of onshore wind generation assets operational at 31 December 2021 (31 March 2021 – 309MW).
- Renewable assets availability for the Third Quarter 2022 was 98.7% (2021 – 98.4%) with a wind factor of 29.1% (2021 – 31.6%).

### Renewable PPA portfolio

- Average contracted renewable generation capacity for the Third Quarter 2022 was 1,282MW (2021 – 1,285MW) with 1,282MW operational capacity at 31 December 2021 (31 March 2021 – 1,284MW)

# Renewables business developments

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## Solar

- The Group has consented solar projects in the RoI for which it has submitted planning applications to increase the scale of these projects.
- In addition, the Group is progressing a number of further greenfield solar development opportunities in the RoI. The current pipeline of in-development solar projects is 313MW.

## Offshore wind

- The Group has foreshore licences to carry out preliminary surveys in order to investigate the feasibility of offshore wind generation at sites in the North Celtic Sea and the South Irish Sea and public consultation processes are ongoing for both projects.
- During the period the Group completed the procurement process for geophysical and geotechnical surveys for both projects.

## Outlook

- The Group continues to develop its pipeline of wind and solar projects across Ireland.

# 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 2022 was 99.7% for Huntstown 1 (2021 – 36.7%) and 76.1% for Huntstown 2 (2021 – 100.0%)
- Unconstrained utilisation for Third Quarter 2022 was 46.6% for Huntstown 1 (2021 – 30.1%) and 49.3% for Huntstown 2 (2021 – 56.3%)
- Incremental impact of constrained utilisation was 9.2% constrained on for Huntstown 1 (2021 – 16.7%) and 5.0% constrained off for Huntstown 2 (2021 – 3.7%)
- As reported previously, on 29 January 2021 a fault identified on the Huntstown 2 main generator transformer resulted in the plant not being available to the market. A new replacement transformer was procured and, following successful installation and commissioning, the plant returned to service on 23 October 2021.
- The Group's insurers have confirmed that the transformer failure was an insurable event and a c.€24m accrual was provided for in the First Half 2022 accounts for the business interruption element of the claim.
  - An initial payment on account of €13.0m was paid to Huntstown in the Third Quarter 2022 while a second interim payment on account of €9.5m has been approved by insurers.
  - The Group expects to conclude the remaining outstanding items of the business interruption claim in the Fourth Quarter 2022.

# Flexible Generation business developments

## Capacity auctions

- Final results for the T-1 auction for the 2022/23 capacity year, published on 10 December 2021, confirmed that Huntstown 1 had been awarded a reliability option.
  - The auction clearing price was €46,150/MW.
- The Group's 50MW battery storage project in Belfast was also successful in the auction and was awarded a reliability option for the 2022/23 capacity year at €46,150/MW.

## Data Centre

- The Group is in preliminary stages of developing a data centre at its Huntstown campus in Dublin adjacent to the CCGT plants.
- The Group's application for planning permission for the proposed data centre was submitted in August 2021 and a decision is awaited.

## Storage

- Construction works for the Group's 50MW battery storage project in Belfast continued during Third Quarter 2022.
- It is targeted to complete construction and commissioning of the battery storage project by the Third Quarter 2023.

## 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 in NI.

## Energy sales

- Residential customer sites in the RoI at 31 December 2021 were 276,200 (31 March 2021 – 276,800)
- Non-residential customer sites in the RoI were 48,500 (31 March 2021 – 49,400)
- Non-residential gas customer sites in the RoI were 3,600 (31 March 2021 – 3,800)
- Residential customer sites in Northern Ireland at 31 December 2021 were 460,400 (31 March 2021 – 452,700)
- Non-residential customer sites in Northern Ireland were 38,700 (31 March 2021 – 41,200)
- Total electricity sales volumes in the RoI for the Third Quarter 2022 were 1.3TWh (2021 – 1.1TWh) and in Northern Ireland were 0.8TWh (2021 – 0.9TWh)
- RoI gas sales volumes for the Third Quarter 2022 were 26.5m therms (2021 – 28.8m therms)



# Customer Solutions business developments

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## Tariffs

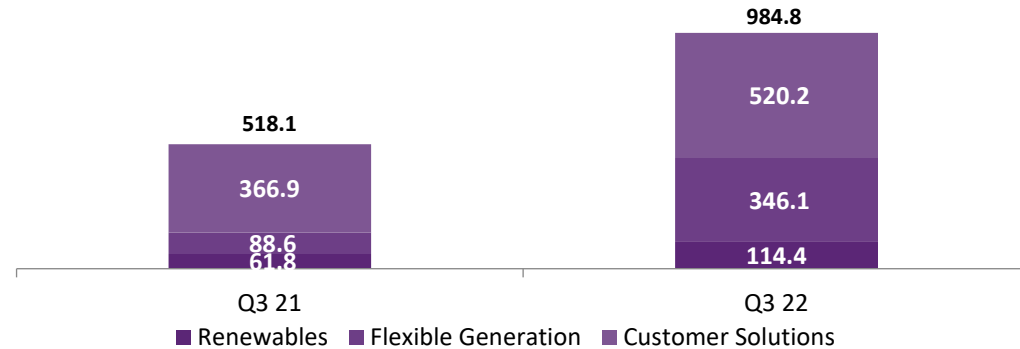
- Wholesale commodity and I-SEM market prices continued to increase further in the Third Quarter 2022 and primarily impacted the Group's Customer Solutions business.
- In response to higher wholesale costs, both Energia and Power NI increased tariffs at several points during the year. During the Third Quarter 2022, Power NI agreed its second tariff increase of the year with the UR and increased its residential electricity tariff by 21.4% from 1 January 2022.
- Both Energia and Power NI continue to monitor wholesale prices and their implications for tariffs going forward.

## Outlook

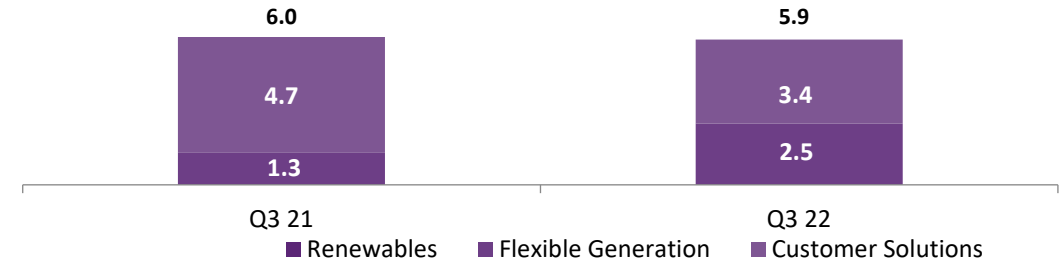
- The Group continues to invest in its development of innovative, enhanced and differentiated product offerings to customers in line with its strategy. Digitalisation will remain a strong focus, and work will continue on a range of initiatives in the 'new energy' space

# Senior Secured Notes Restricted Group financial summary – Third Quarter 2022

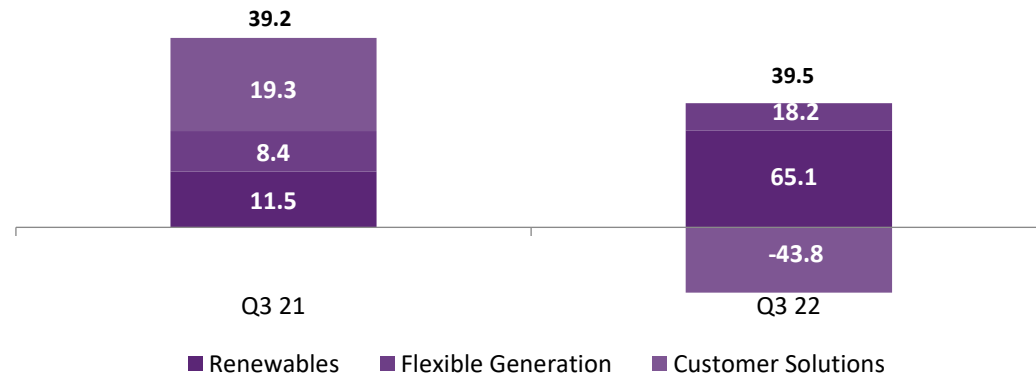
Revenue (€m)<sup>(a)</sup>



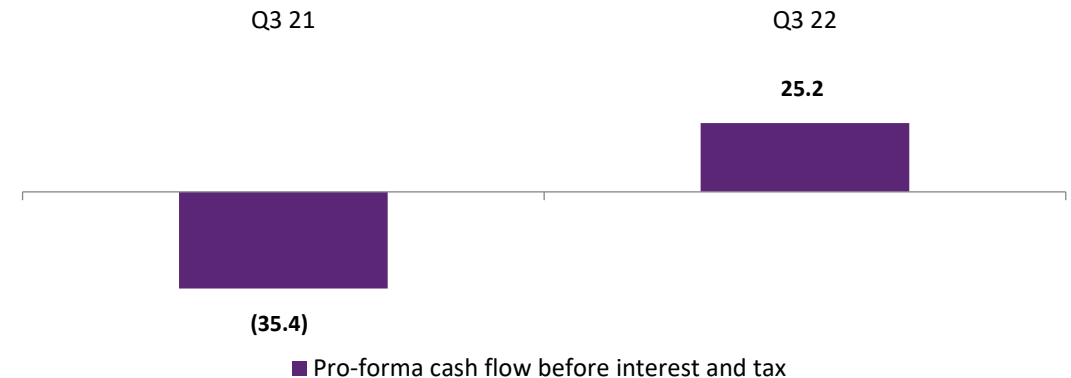
Capital expenditure for continuing operations (€m)<sup>(c)</sup>



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 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 €7.5m for the Third Quarter 2022 (2021 - €3.1m)

(c) Excludes capital expenditure on renewable assets of €3.3m in Third Quarter 2022 (2021 - €7.2m)

(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) <sup>(a)</sup>	Q3 21	Q3 22	9M 21	9M 22
Renewables	11.5	65.1	23.3	94.5
Flexible Generation	8.4	18.2	38.3	87.6
Customer Solutions	19.3	(43.8)	55.1	(86.5)
	<b>39.2</b>	<b>39.5</b>	<b>116.7</b>	<b>95.6</b>

## Renewables

- Pro-forma EBITDA increased from €11.5m to €65.1m primarily reflecting:
  - Higher contribution from renewable PPAs (due to higher prices partly offset by lower wind volumes and lower ROC prices); and
  - Higher distributions from the Renewable Assets.

## Flexible Generation

- Pro-forma EBITDA increased from €8.4m to €18.2m primarily reflecting:
  - Higher Huntstown 1 margins (due to higher availability and higher prices); partly offset by
  - Lower availability of Huntstown 2 with the plant returning to service from its outage on 23 October 2021

## Customer Solutions

- Pro-forma EBITDA decreased from €19.3m profit to €43.8m loss primarily reflecting:
  - Lower Energia electricity and gas margins;
  - Lower Power NI non-residential electricity margins; and
  - Higher operating costs including an increase in ECL provisions as a result of higher commodity prices.

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 €7.5m in Third Quarter 2022 (Third Quarter 2021 - €3.1m); Nine Months 2022 €18.1m from wholly owned assets (2021 - €8.1m)

# Senior Secured Notes Restricted group cash flow summary

(€m)	Q3 21	Q3 22	9M 21	9M 22
Pro-forma EBITDA <sup>(a)</sup>	39.2	39.5	116.7	95.6
Defined benefit charge less contributions paid	(0.1)	-	(0.1)	(0.8)
Changes in working capital <sup>(b)</sup>	(66.6)	(7.5)	(104.3)	18.2
Effects of FX	(1.9)	(0.9)	1.3	0.3
<b>Pro-forma cash flow from operating activities</b>	<b>(29.4)</b>	<b>31.1</b>	<b>13.6</b>	<b>113.3</b>
Net capital expenditure <sup>(c)</sup>	(6.0)	(5.9)	(15.0)	(27.0)
<b>Pro-forma cash flow before interest and tax</b>	<b>(35.4)</b>	<b>25.2</b>	<b>(1.4)</b>	<b>86.3</b>
Net movement in security deposits	1.6	(32.4)	(2.6)	(32.7)
Over-recovery of regulated entitlement	13.7	5.2	36.7	29.6
Exceptional items <sup>(d)</sup>	-	(0.1)	-	(0.8)
Equity (investment in)/refunds from in-development unrestricted entities	(2.5)	(1.6)	15.8	(33.6)
<b>Pro-forma cash flow before interest, tax and acquisitions and disposals</b>	<b>(22.6)</b>	<b>(3.7)</b>	<b>48.5</b>	<b>48.8</b>

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 €7.5m in Third Quarter 2022 (Third Quarter 2021 - €3.1m); Nine Months 2022 €18.1m from wholly owned assets (2021 - €8.1m)

(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 €12.5m increase in the Third Quarter 2022 (2021 - €3.2m increase); Nine Months 2022 €8.6m increase (2021 - €5.7m)

(c) Net capex excludes capex on renewable assets of €3.3m in the Third Quarter 2022 (2021- €7.2m); Nine Months 2022 €7.3m (2021 - €15.3m)

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

# Net debt

Net debt (€m) As at	31 Mar 21	31 Dec 21
Cash and investments	(180.0)	(223.7)
Senior secured notes due 2025	346.0	346.6
Senior secured notes due 2024	261.5	265.2
Senior revolving credit facility	-	59.4
Interest accruals	1.8	8.9
<b>Senior net debt</b>	<b>429.3</b>	<b>456.4</b>
Project finance cash	(37.9)	(35.2)
Project finance bank facilities	353.3	346.5
Interest accruals	0.1	2.7
<b>Total net debt</b>	<b>744.8</b>	<b>770.4</b>

- FX rate at 31 December 2021: €/£1.1889 (31 March 2021: €/£1.1745)
- Senior net leverage at 31 December 2021 was 3.3x

# Conclusion

## Integrated business model sustains Third Quarter 2022 results despite volatile commodity environment

### Outlook

- High commodity prices continued to be experienced through January and February 2022 and are expected to remain highly volatile as a result of the current geopolitical situation in Ukraine.
- We expect the impact of higher I-SEM market prices on the Group's Customer Solutions business in the Fourth Quarter 2022 to be offset by the benefit of higher prices to the Group's Renewables and Flexible Generation businesses combined with higher tariffs.
- Liquidity at 31 December 2021 comprised €222.3m of cash and cash equivalents excluding project finance cash (31 March 2021 - €178.6m) and undrawn committed RCF of €32.3m. The Group expects to shortly conclude a process to increase its RCF by £80m.
- The Group remains focused on delivery of its strategic objectives and the development of its pipeline of renewable projects.

# Forward looking statements

This presentation may include forward looking statements. These forward looking statements can be identified by the use of forward looking terminology, including the terms "believes," "estimates," "anticipates," "expects," "intends," "may," "will" or "should" or, in each case, their negative, or other variations or comparable terminology. These forward looking statements include all matters that are not historical facts and include statements regarding the Group's intentions, beliefs or current expectations concerning, among other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which it operates. By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Readers are cautioned that forward looking statements are not guarantees of future performance and that the Group's actual results of operations, financial condition and liquidity, and the development of the industry in which it operates may differ materially from those made in or suggested by the forward looking statements contained in this presentation. In addition, even if the Group's results of operations, financial condition and liquidity, and the development of the industry in which the Group operates are consistent with the forward looking statements contained in this presentation, those results or developments may not be indicative of results or developments in subsequent periods.