Energia Group

Results Presentation
Second Quarter 2023

8 December 2022

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Financial highlights

Solid results for the Second Quarter 2023 continue to prove the benefits of integration in exceptionally challenging market conditions

- Total Group EBITDA* for the Second Quarter 2023 was €65.6m (2022 - €33.9m) with last year notably impacted by the unplanned outage of Huntstown 2.
- Pro-forma EBITDA for the Senior Secured Notes Restricted Group** for the Second Quarter 2023 was €49.0m (2022 - €27.3m)
- Pro-forma cash flow before interest and tax*** for the Second Quarter 2023 was €153.2m (2022 - €31.6m)
- Senior net debt was €97.2m at 30 September 2022 (31 March 2022 - €303.6m)

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;*
*** *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 First Half 2023

- Average gas prices for First Half 2023 were 201p/therm (2022 – 90p/therm) and carbon prices were on average €84/TCO2 (2022 – €54/TCO2) resulting in average I-SEM prices of €246/MWh (2022 – €124/MWh).
- The Group's financial performance remained strong in First Half 2023, notwithstanding the backdrop of continued high and volatile commodity prices, reflecting the integrated benefit and complementary nature of the Group's operating segments.
    - The higher I-SEM market prices in First Half 2023 have once again notably impacted the EBITDA of the Group's Customer Solutions business however this was offset by higher EBITDA for the Group's Renewables and Flexible Generation businesses which have benefitted from the higher I-SEM market prices.
- The RoI and UK Governments have introduced a number of customer support measures to address the energy related cost of living crisis (summarised on the next slide).
- While such support measures are intended to be in place for a short-term duration they are positive for the Group's residential and business customers.
- Furthermore both the RoI and UK Governments have announced a number of market interventions in order to, among other things, raise revenue to help pay for the customer support measures (summarised on the next slide).
- Management continues to monitor and assess the implementation of market interventions and other developments in the wider energy markets, influenced by geopolitical circumstances, and the potential impact on the Group's businesses and financial performance.

Customer support and market interventions

Relevant customer support and market interventions in the RoI and Northern Ireland

Customer support / market intervention	RoI	Northern Ireland
Residential customer supports	***Electricity Support Credit*** €600 credit applied to electricity customers' bills. Paid in three €200 instalments (Nov 22, Jan23 and Mar 23)	***Energy Bills Support Scheme*** £400 credit to customers. Timings for payment to customers not yet known. ***Energy Price Guarantee (EPG)*** Applies a discount of up to 20p/KWh for the initial period 1 November – 31 December 2022. EPG discount amount to be reset on 1 January 2023 and run to 31 March 2023. ***Alternative Fuels Payment*** £200 credit to be paid to all households in Northern Ireland in recognition of the prevalence of alternative fuel usage. Timings for payment to customers not yet known.
Commercial customer supports	***Temporary Business Energy Support Scheme*** Provides qualifying businesses with support of up to 40% of the increase in electricity or gas bills up to €10,000/month. Scheme is backdated to 1 September 2022 and runs to 28 February 2023.	***Energy Bill Relief Scheme*** Discount applied to energy usage initially between 1 October 2022 and 31 March 2023. Government supported price has been set at £211/MWh for electricity and £75/MWh for gas.
Market Revenue Cap / Windfall tax	***Inframarginal Revenue Cap*** EU Council Regulation to limit, on a temporary basis, the market revenues of electricity generators (excluding gas generators) including wind. Ireland has announced that the cap will be set at €120/MWh for wind and solar generators and €180/MWh for oil and coal-fired generators. The cap will apply to suppliers in receipt of market revenues on behalf of generators but will **exclude** suppliers where it can be demonstrated that surplus revenues are already being passed on to end customers.* Market Revenue Cap will apply from 1 December 2022 to 30 June 2023.	***Windfall tax on low carbon electricity generators*** The UK Government has announced the introduction of the Electricity Generator Levy from 1 January 2023 to 31 March 2028. The Electricity Generator Levy will result in a 45% tax on the aggregate revenue in excess of £75/MWh of in-scope electricity generators (including onshore wind) in a given period. The tax will be limited to in-scope generators whose generation output exceeds 100GWh across a period, and provides an allowance of £10 million.**

* It is expected that the Group will be able to avail of this exemption. Should the Group not be able to demonstrate that revenues above €120/MWh have been passed onto end customers then such surplus revenues will be paid to the Government. Revenues for the six month period 1 April – 30 September 2022 (First Half 2023) received by the Group's supply business in the RoI in excess of €120/MWh were c.€46m.

** Had the Electricity Generator Levy been in place for the six month period 1 April – 30 September 2022 (First Half 2023) it is estimated that the levy would have been c.€4m.

Renewables business developments

The Renewables business:

- Owns and operates 309MW of wind assets;
- Purchases electricity from 1,271MW of renewable generation capacity throughout Ireland; and
- Is developing a further pipeline of wind and solar projects across Ireland.

Onshore wind generation assets

- 309MW of onshore wind generation assets operational at 30 September 2022 (31 March 2022 – 309MW).
- Renewable assets availability for the Second Quarter 2023 was 95.8% (2022 – 95.9%) with a wind factor of 15.6% (2022 – 11.4%).

Renewable PPA portfolio

- Average contracted renewable generation capacity for the Second Quarter 2023 was 1,271MW (2022 – 1,282MW) with 1,271MW operational capacity at 30 September 2022 (31 March 2022 – 1,282MW)

Renewables business developments

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 433MW.

Hydrogen

- Civil works on the Group’s hydrogen production project at the Long Mountain wind farm were completed in Second Quarter 2023.
- Commissioning of the electrolyser and first hydrogen production is targeted by the end of the Third Quarter 2023.

Onshore wind development assets

- The Group continues to progress the development of its onshore wind pipeline projects (267MW under construction and in development) and expects to enter into Corporate PPAs for such development projects
- Construction of the Drumlin wind farm (49MW) continued during the quarter and commercial operation is expected in 2024. The project will be underpinned by a corporate PPA with Microsoft.

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Renewables business developments

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.
- Monthly public information clinics and the geophysical and geotechnical surveys continued during Second Quarter 2023.

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 Second Quarter 2023 for Huntstown 1 was 99.5% (2022 – 99.2%) and for Huntstown 2 was 98.1% (2022 – nil%). The prior year availability of nil% for Huntstown 2 reflected the plant being on outage.
- Unconstrained utilisation for Huntstown 1 for Second Quarter 2023 was 79.9% (2022 – 90.7%) and 89.7% for Huntstown 2 (2022 – nil %).
- The incremental impact of constrained utilisation was 3.9% constrained off for Huntstown 1 (2022 – 13.4%) and 16.0% constrained off for Huntstown 2 (2022 – nil%).

Storage

- Construction works for the Group's 50MW battery storage project in Belfast continued during Second Quarter 2023.
- Commissioning was completed in October 2022.

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

- RoI residential customer sites supplied at 30 September 2022 were 272,700 (31 March 2022 – 265,100)
- Non-residential electricity customer sites in the RoI were 48,700 (31 March 2022 – 48,000)
- Non-residential gas customer sites in the RoI were 3,200 (31 March 2022 – 3,500)
- Residential customer numbers in Northern Ireland were 472,000 (31 March 2022 – 465,700)
- Non-residential customer numbers in Northern Ireland were 38,900 (31 March 2022 – 38,700)
- Total electricity sales volumes in the RoI for the Second Quarter 2023 were 1.2TWh (2022 – 1.2TWh) and in Northern Ireland were 0.6TWh (2022 – 0.7TWh)
- RoI gas sales volumes for the Second Quarter 2023 were 14.6m therms (2022 – 14.8m therms)

Customer Solutions business developments

Tariffs

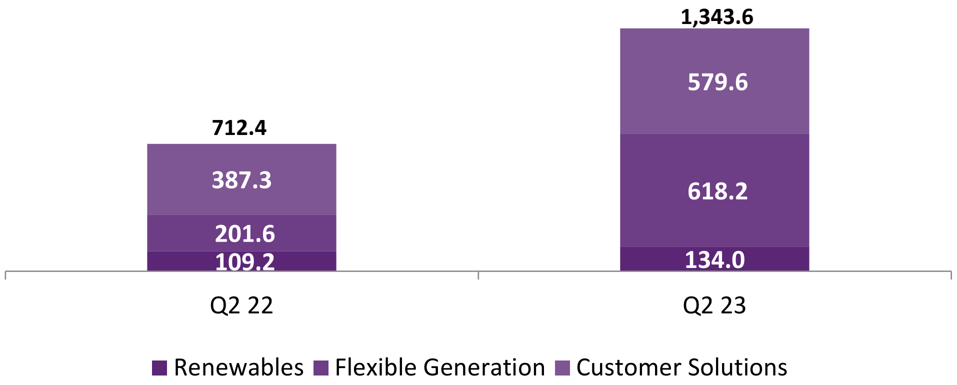
- In response to the continued increase in wholesale costs, in September 2022 Energia announced an electricity tariff increase of 29% and a gas tariff increase of 39% effective from 7 October 2022.
- On 14 October 2022 Power NI announced an increase of 60.5% in its electricity tariff effective from 1 November 2022. However due to the introduction of the UK Government's Energy Price Guarantee ("EPG"), which applies a discount to Power NI's tariffs, the actual unit rates charged to customers from 1 November 2022 decreased by a net 10.4%.
- The EPG will run to 31 March 2023 and it is expected that the UK Government will consider more targeted measures to support households with their energy bills after this period.
- Both Energia and Power NI will continue to monitor wholesale prices and their implications for tariffs going forward.

Outlook

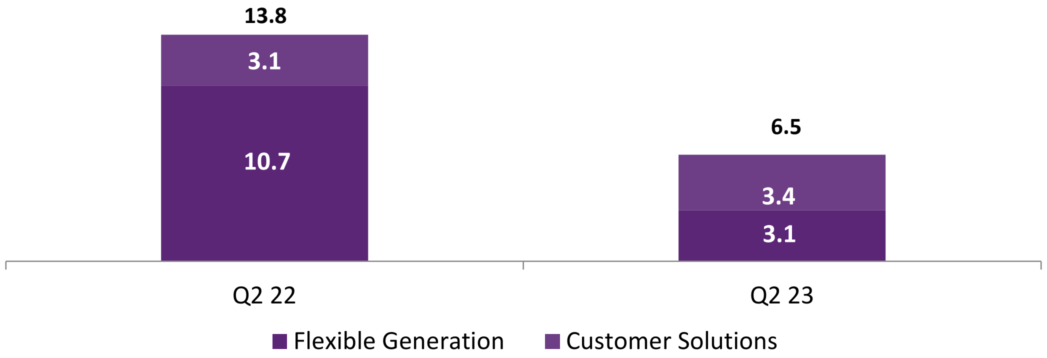
- The Group continues to invest in its development of innovative, enhanced and differentiated product offerings to customers in line with its strategy.
- Digitalisation will remain a strong focus, and work will continue on a range of initiatives in the 'new energy' space.

Senior Secured Notes Restricted Group financial summary – Second Quarter 2023

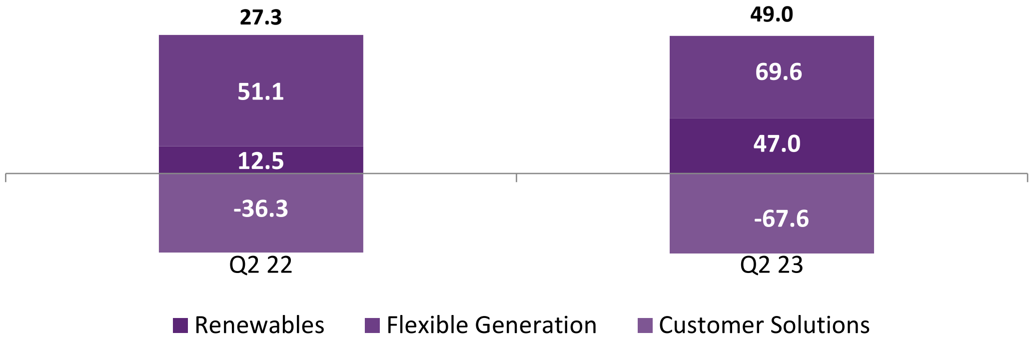
Revenue (€m)[a]



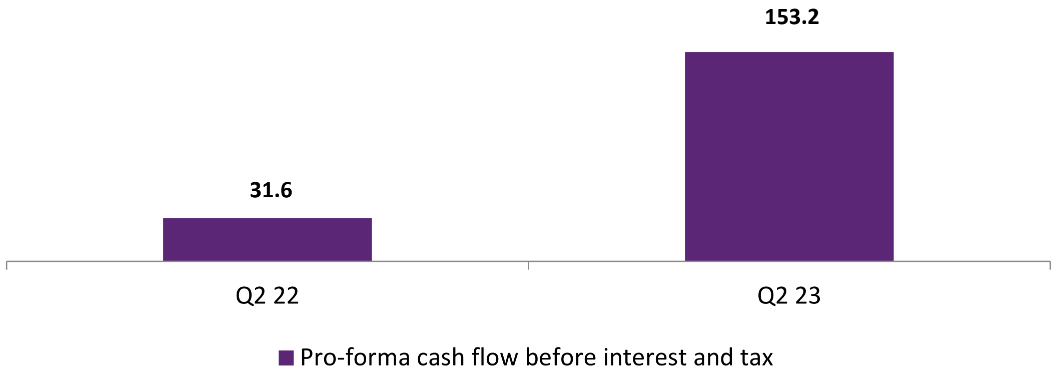
Capital expenditure for continuing operations (€m)[c]



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 assets of €9.7m in Second Quarter 2023 (2022 - €3.8m)
(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)]	Q2 22	Q2 23	H1 22	H1 23
Renewables	12.5	**47.0**	29.4	**102.1**
Flexible Generation	51.1	**69.6**	69.4	**120.5**
Customer Solutions	(36.3)	**(67.6)**	(42.7)	**(96.0)**
	27.3	**49.0**	**56.1**	**126.6**

Renewables

- Pro-forma EBITDA increased from €12.5m to €47.0m primarily reflecting:
  - Higher contributions from renewable PPAs (due to higher energy prices and higher wind volumes)

Flexible Generation

- Pro-forma EBITDA increased from €51.1m to €69.6m primarily reflecting:
  - Higher Huntstown 2 availability and utilisation (due to the plant being on outage in the prior year (noting the prior year Second Quarter 2022 did benefit from the recognition of business interruption insurance for the First Half 2022)); and
  - Higher margins for both plants (associated with higher commodity prices and outages of other thermal plant); partly offset by
  - Higher operating costs

Customer Solutions

- Pro-forma EBITDA decreased from €36.3m loss to €67.6m loss primarily reflecting:
  - Lower Energia electricity and gas margins (reflecting higher commodity and energy prices (from which the Renewables and Flexible Generation businesses have benefitted) partly offset by higher tariffs); and
  - Higher operating costs; partly offset by
  - Favourable Power NI non-residential electricity margins (reflecting tariff increases partly offset by lower volumes).

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 €nil from wholly owned assets in Second Quarter 2023 (2022 - €nil); First Half 2023 €28.8m from wholly owned assets (2022 - €10.6m)

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Senior Secured Notes Restricted group cash flow summary

(€m)	Q2 22	Q2 23	H1 22	H1 23
Pro-forma EBITDA[(a)]	27.3	49.0	56.1	126.6
Defined benefit charge less contributions paid	(0.8)	-	(0.8)	-
Changes in working capital[(b)]	18.9	110.3	25.7	126.0
Effects of FX	-	0.4	1.2	(0.6)
Pro-forma cash flow from operating activities	45.4	**159.7**	82.2	**252.0**
Net capital expenditure[(c)]	(13.8)	(6.5)	(21.1)	(28.2)
Pro-forma cash flow before interest and tax	31.6	**153.2**	61.1	**223.8**
Net movement in security deposits	(0.8)	(4.5)	(0.3)	3.2
Over / (under) - recovery of regulated entitlement	7.1	(6.1)	24.4	20.8
Exceptional items[(d)]	(0.1)	(0.1)	(0.7)	(0.1)
Equity investment in in-development assets	(3.0)	(8.8)	(32.0)	(19.0)
Pro-forma cash flow before interest, tax and acquisitions and disposals	34.8	**133.7**	52.5	**228.7**

Working capital expected to reverse in Q3 with the purchase of carbon credits in respect of the emissions liability (c€127m at 30 September) and the payment of PPB's Public Service Obligation (c€42m at 30 September)

Note:
(a) Pro-forma EBITDA is defined as EBITDA before exceptional items and certain remeasurements and adjusted for 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 €nil from wholly owned assets in Second Quarter 2023 (Second Quarter 2022 - €nil); First Half 2023 €28.8m from wholly owned assets (2022 - €10.6m)
(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 €1.7m decrease in the Second Quarter 2023 (2022 - €2.9m); First Half 2023 €10.6m decrease (2022 - €3.9m)
(c) Net capex excludes capex on renewable assets of €9.7m in the Second Quarter 2023 (2022 - €3.8m); First Half 2023 €21.2m (2022 - €4.0m)
(d) Includes exceptional costs associated with acquisitions whether successful or unsuccessful and share based payments

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Net debt

Net debt (€m) As at	31 Mar 22	30 Sep 22
Cash and investments	(369.3)	(506.1)
Senior secured notes due 2025	346.8	347.2
Senior secured notes due 2024	264.7	254.3
Senior revolving credit facility	59.3	-
Interest accruals	2.1	1.8
Senior net debt	**303.6**	**97.2**
Project finance cash	(53.0)	(52.3)
Project finance bank facilities	333.6	317.9
Interest accruals	-	0.5
Total net debt	**584.2**	**363.3**

- FX rate at 30 September 2022: €/£1.1370 (31 March 2022: €/£1.1856)
- Senior net leverage at 30 September 2022 was 0.5x (31 March 2022 – 2.2x)

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Conclusion

Solid results for the Second Quarter 2023 continue to prove the benefits of integration in exceptionally challenging market conditions

Outlook

- Commodity prices are expected to remain highly volatile in the short to medium term and while the Group is vertically integrated, such volatility is expected to continue to impact segmental financial performance.
- We are monitoring and assessing the implementation of the Inframarginal Revenue Cap in the RoI and the Electricity Generator Levy in Northern Ireland and the impact these interventions will have on the Group's businesses and financial performance. Delivery of the customer support schemes in both the RoI and Northern Ireland will mitigate the effects of higher prices for customers.
- Higher commodity prices are expected to continue to impact liquidity and could result in an increased requirement to provide additional collateral to the I-SEM market and with the Group's gas supply counterparties.
- The Group continues to have strong liquidity, with €506.1m of cash and cash equivalents (excluding project finance cash) and undrawn committed revolving credit facilities of €104.8m at 30 September 2022 and is therefore well positioned to manage the current trading environment.
- We continue to progress the development of our pipeline of onshore wind, solar, data centre and offshore wind opportunities.

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.

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