



Viridian Group

Results presentation

First Quarter 2015

Ian Thom – Group Chief Executive

Siobhan Bailey – Group Finance Director

28 August 2014

VIRIDIAN

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.

Table of contents

Page No.

1	Financial highlights	4
2	Business developments	5
3	Financial summary and KPIs	8
4	Cash flow and net debt	14
5	Conclusion	16

- Encouraging set of results for the First Quarter 2015 which were in line with expectations
- Pro-forma EBITDA* for the First Quarter 2015 was £23.8m (2014 - £22.4m)
- Pro-forma cash flow before interest and tax** for the First Quarter 2015 was £19.9m (2014 - £22.7m)
- Senior net debt was £549.8m at 30 June 2014 (31 March 2014 – £560.9m)

* 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

Energia Group business developments

High availability of Huntstown plants with reduction in utilisations

- Huntstown 1 availability of 99.9% for First Quarter 2015
- Huntstown 2 availability of 89.8% for First Quarter 2015
- Utilisations of both Huntstown 1 at 4.4% and Huntstown 2 at 35.7% increased slightly over the same period last year

Electricity sales volumes

- Business electricity sales volumes for the First Quarter 2015 were 1.2TWh (First Quarter 2014 – 1.2 TWh)
- Business customer sites supplied at 30 June 2014 were 61,100 (31 March 2014 – 61,100)
- RoI residential customers supplied at 30 June 2014 increased to 21,700 (31 March 2014 – 10,000) reflecting continued growth in customer base following entry to this market in January 2014.

I- SEM Consultation

- I-SEM high level design published by SEM Committee on 9 June 2014
 - Proposals for new Day Ahead Market (“DAM”)
 - Participation in the DAM will be mandatory with optional participation in the common European intra-day electricity market
- Capacity Remuneration Mechanism (“CRM”) to be incorporated into the I-SEM
 - Proposed that CRM be quantity-based in the form of reliability options
- Detailed market design due to commence after final high level design decision published in early September 2014

Proposed capacity pot for 2015

- Final decision on capacity pot for calendar year 2015 published on 5 August 2014
 - Capacity pot of €574.95m (2014 - €565.82m) – 1.6% increase on 2014

Continued growth in windfarm portfolio

PPAs

- Continued growth in renewable portfolio
 - Average contracted renewable generation capacity for First Quarter 2015 was 689MW (First Quarter 2014 - 594MW) with 692MW operational capacity at 30 June 2014 (31 March 2014 – 687MW)
 - 88MW of contracted capacity currently in construction (31 March 2014 – 88MW)
 - 149MW in various stages of development (31 March 2014 – 154MW)

Assets

- Direct investment in operational and in-development windfarm capacity 164MW^(a) at 30 June 2014
 - 9MW operational at 30 June 2014 (31 March 2014 – 9MW)
 - Two windfarms with a total capacity of 25MW in construction as at 30 June 2014
 - 130MW^(a) of fully-consented capacity in development expected to become operational in the next three years
- Further pipeline of projects (43MW) in various stages of obtaining planning permission and grid connections
- Project finance facilities of up to £6.8m in respect of 5MW Northern Ireland windfarm project put in place in May 2014

(a) Includes 31MW for which the acquisition of the minority partner's share will become effective on financial close

Power NI business developments

Electricity Sales and Competition

- Residential customer numbers reduced to 559,000 (31 March 2014 – 562,000)
- Total electricity sales for First Quarter 2015 remained flat at 0.7TWh (First Quarter 2014 – 0.7TWh)

PPB business developments

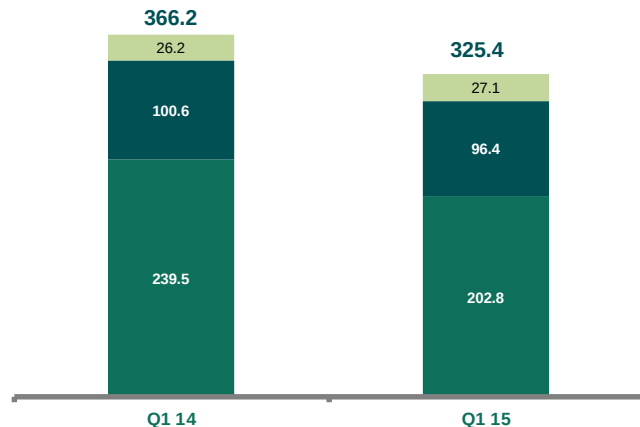
Contracted capacity

- Capacity under contract at 30 June 2014 was 600MW (30 June 2013 – 600MW; 31 March 2014 – 600MW) with Ballylumford
- On 19 March 2014 the Utility Regulator announced a consultation on the possible cancellation of PPB's remaining contracted capacity with Ballylumford from December 2014 based on their economic assessment of the contracts
- Update paper published by the Utility Regulator on 31 July 2014
 - GUAs expected to provide value to Northern Ireland customers but offset by administrative costs of PPB
 - PPB has indicated its willingness to consider different price control structure
 - Regulator expects to give final decision in September

Financial summary – First Quarter 2015

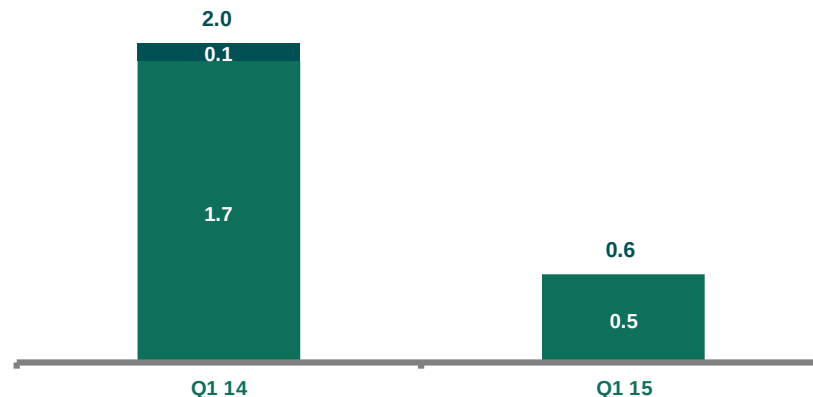
Encouraging performance across all businesses

Turnover (£m)^(a)



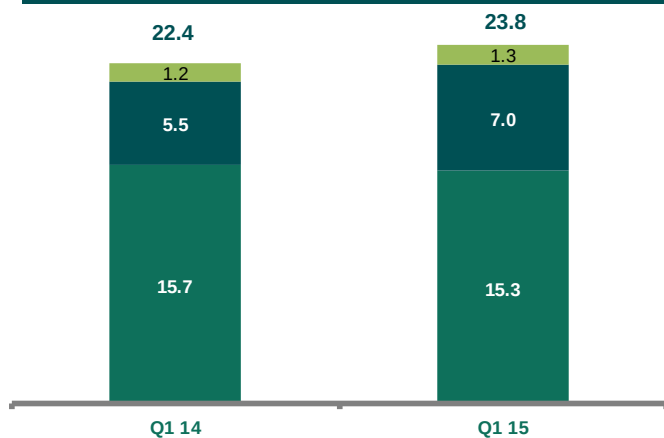
■ Energia Group ■ Power NI ■ PPB

Gross Capital Expenditure for continuing operations (£m)^(c)



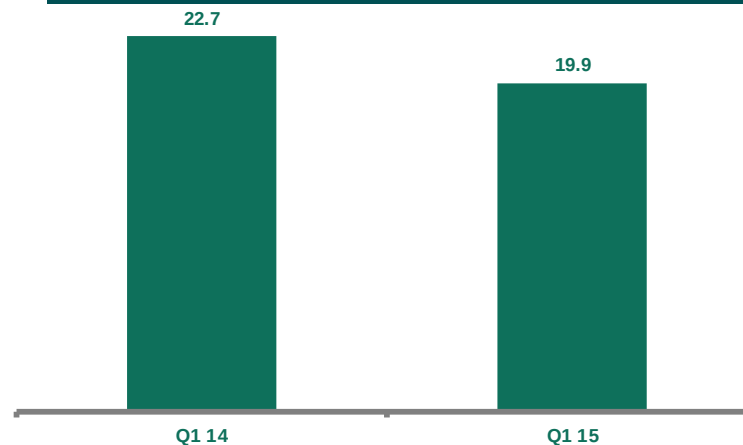
■ Energia Group ■ Power NI

Pro-forma EBITDA (£m)^(b)



■ Energia Group ■ Power NI ■ PPB

Pro-forma cash flow before interest & tax (£m)^(d)



- (a) Turnover is based on regulated entitlement
- (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 £0.2m in First Quarter 2015 and £nil in First Quarter 2014.
- (c) Excludes capital expenditure on renewable wind farm assets of £5.6m in First Quarter 2015 and £2.4m in First Quarter 2014. Includes other group capex of £0.1m in First Quarter 2015 and £0.2m in First Quarter 2014
- (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

VIRIDIAN

	Q1 14	Q1 15
Energia Group		
Availability (%)		
Huntstown 1	100.0	99.9
Huntstown 2	96.1	89.8
Utilisation (%)		
Huntstown 1	—	4.4
Huntstown 2	32.8	35.7
Energia business electricity sales (TWh)	1.2	1.2
Energia business gas sales (therms million)	17.0	12.8
Wind farm operational PPA contracts (MW)		
Average capacity during the period	594	689
Period end capacity – at 30 June	599	692

Energia Group financial highlights – First Quarter 2015

Turnover (£m)

239.5

202.8

Q1 14

Q1 15

Pro-forma EBITDA (£m)^(a)

15.7

15.3

Q1 14

Q1 15

Turnover for First Quarter 2015 decreased from £239.5m to £202.8m reflecting:

- Lower renewable PPA revenues;
- Lower market prices;
- Lower interconnector trading;
- Lower gas sales volumes; and
- Impact of foreign exchange translation; partly offset by
- RoI residential sales revenues

Pro-forma EBITDA for First Quarter 2015 decreased from £15.7m to £15.3m reflecting:

- Lower contribution from renewable PPAs;
- Costs associated with entering the RoI residential market;
- Lower availability of the Huntstown plant together with higher operating costs; and
- Impact of foreign exchange translation; partly offset by
- Impact of booking variable gas capacity costs versus fixed capacity costs

(a) Pro-forma EBITDA excludes EBITDA from renewable wind farm assets of £0.2m in First Quarter 2015 and £nil in First Quarter 2014

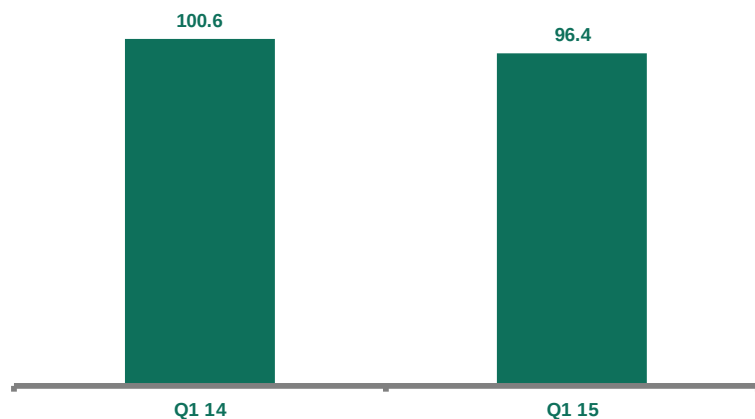
Power NI KPIs

VIRIDIAN

	Q1 14	Q1 15
Power NI		
Power NI electricity sales (TWh)	0.7	0.7
Power NI customer sites (No.)		
Residential	574,000	559,000
Non-residential	36,000	37,000

Power NI financial highlights – First Quarter 2015

Turnover (£m)^(a)



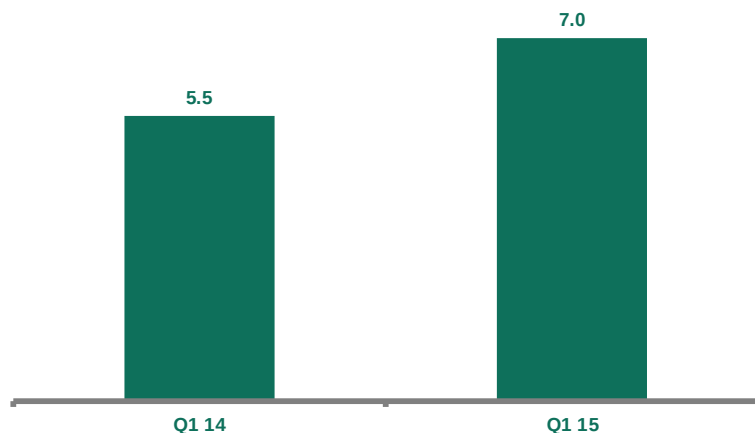
Turnover for First Quarter 2015 reduced from £100.6m to £96.4m reflecting:

- reduction in residential customer numbers; partly offset by
- tariff increases

Pro-forma EBITDA for First Quarter 2015 increased from £5.5m to £7.0m reflecting:

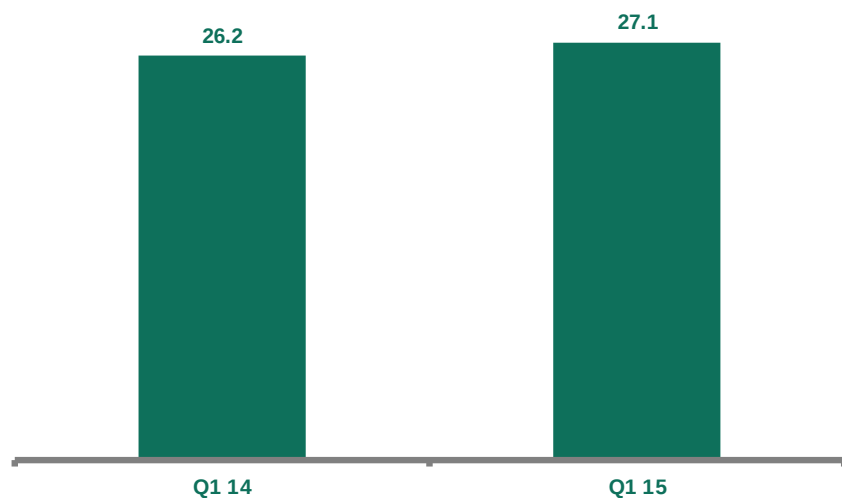
- higher unregulated earnings including higher unregulated sales; and
- lower operating costs

Pro-forma EBITDA (£m)^(a)



PPB financial highlights – First Quarter 2015

Turnover (£m)^(a)

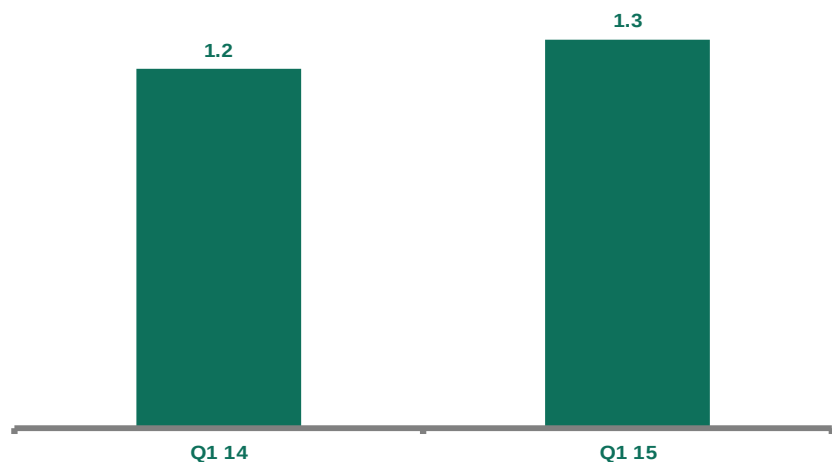


Turnover for First Quarter 2015 increased from £26.2m to £27.1m reflecting:

- higher utilisation of the Ballylumford plant

Pro-forma EBITDA for First Quarter 2015 was £1.3m (First Quarter 2014 - £1.2m)

Pro-forma EBITDA (£m)^(a)



(a) Based on regulated entitlement

Group cash flow summary

VIRIDIAN

(£m)	Q1 14	Q1 15
Pro-forma EBITDA^(a)	22.4	23.8
Changes in working capital ^(b)	3.1	(3.0)
Effects of FX	(0.8)	(0.3)
Pro-forma cash flow from operating activities	24.7	20.5
Net capital expenditure ^(c)	(2.0)	(0.6)
Pro-forma cash flow before interest and tax	22.7	19.9
Net movement in security deposits	(0.2)	(3.4)
(Under)/Over-recovery of regulated entitlement	(3.5)	10.9
Equity investment in in-development windfarm assets	(5.4)	(1.9)
Pro-forma cash flow before interest, tax and acquisitions and disposals	13.6	25.5

Note:

- (a) Pro-forma EBITDA is defined as EBITDA before exceptional items 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 of £0.2m in First Quarter 2015 and £nil in First Quarter 2014
- (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 £0.9m increase in First Quarter 2015 and £0.8m increase in First Quarter 2014
- (c) Net capex excludes capex on renewable windfarm assets of £5.6m in First Quarter 2015 and £2.4m in First Quarter 2014

Net debt

Net debt (£m) As at	31 Mar 14	30 Jun 14
Cash and investments	(24.9)	(48.3)
Senior secured notes	346.5*	337.5
Senior RCF	-	-
Subordinated shareholder loan ^{1,2}	382.9	396.1
Junior bank facility asset ¹	(144.8)	(146.9)
Interest accruals	1.2	11.4
Senior net debt	560.9	549.8
Project finance cash	(2.8)	(3.2)
Project finance bank facilities	16.6	21.9
Total net debt	574.7	568.5

¹ Subordinated shareholder loan and junior bank facility asset at 30 June 2014 net to £249.2m (31 March 2014 net to £238.1m). Junior facility A held on balance sheet of the Company's parent VGHL at 30 June 2014 was £207.5m (31 March 2014 - £203.6m)

² Subordinated shareholder loan at 30 June 2014 split between non-interest bearing £166.1m (31 March 2014 - £160.3m) and interest bearing £230.0m (31 March 2014 - £222.6m) which accrues interest on a payment in kind basis

* Adjusted for US\$ denominated senior secured notes retranslation as outlined in Note 1 to the interim accounts

- Senior net debt decreased to £549.8m at 30 June 2014 (31 March 2014 - £560.9m)
 - Cash and investments increased to £48.3m (31 March 2014 - £24.9m) reflecting positive cash generation and over-recovery of regulated entitlement in the period;
 - Senior secured notes decrease reflects changes in foreign exchange translation partly offset by the amortisation of transaction expenses and OID;
 - Senior RCF £nil at 30 June 2014 (31 March 2014 - £nil);
 - Increase in subordinated shareholder loan reflects capitalisation of PIK interest and the unwinding of the discounted fair value; and
 - Increase in junior bank facility asset reflects the unwinding of the discounted fair value

- Encouraging set of results for the First Quarter 2015 which were in line with expectations

- Outlook:
 - Capacity pot for 2015 calendar year confirmed – 1.6% increase on 2014
 - Renewable PPA pipeline continues to be delivered and enhanced
 - I-SEM final high level design decision expected early September
 - Utility Regulator expected to give final decision on PPB's contracted capacity in September
 - Continued managed growth in the residential supply market in the RoI
 - Current phase of renewable asset investment proceeding according to plan

Investor relations



Investor relations contact:

Alwyn Whitford

+44 28 9038 3765

alwyn.whitford@viridiangroup.co.uk