

VIRIDIAN

Results Presentation Second Quarter 2017

25 November 2016



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Financial highlights

Solid set of results for the Second Quarter 2017 in line with expectations

- Pro-forma EBITDA* for the Second Quarter 2017 was £22.5m (2016 - £23.4m) primarily reflecting lower underlying performance of £2.6m partly offset by foreign exchange translation gains of £1.7m
- Pro-forma cash flow before interest and tax** for the Second Quarter 2017 was £19.7m (2016 - £23.1m)
- Senior net debt was £426.1m at 30 September 2016 (30 June 2016 - £407.7m). Including the benefit of the fair value of the foreign exchange hedge on €225m of the senior secured notes, senior net debt was £399.4m (30 June 2016 - £387.1m)

* 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

Huntstown plant availability and utilisation

- Availability of 84.1% for Huntstown 1 and 68.0% for Huntstown 2 for Second Quarter 2017
- Huntstown 1 completed a 31 day outage which commenced on 14 June 2016 which included a 7 day extension to complete additional works required to the gas turbine and steam turbine
- Huntstown 2 completed a 29 day outage which commenced on 15 August which included a 9 day extension to complete additional works required to the gas turbine
- Unconstrained utilisation of 19.3% for Huntstown 1 and 35.3% for Huntstown 2 for Second Quarter 2017
- Incremental impact of constrained utilisation was an increase of 12.4% for Huntstown 1 and an increase of 33.8% for Huntstown 2 for Second Quarter 2017

Retail sales

- Total electricity sales volumes for Second Quarter 2017 were 1.2TWh (2016 – 1.1TWh)
- Total gas sales volumes for Second Quarter 2017 were 13.2m therms (2016 – 14.3m therms)
- Non-residential electricity customer sites supplied at 30 September 2016 were 53,300 (30 June 2016 – 53,700)
- Non-residential gas customer sites supplied at 30 September 2016 were 5,700 (30 June 2016 – 5,600)
- RoI residential customer sites supplied at 30 September 2016 increased to 131,200 (30 June 2016 – 127,800) with continued growth in the customer base

Energia Group business developments (cont'd)

I-SEM

- The I-SEM project is ongoing
- An independent stocktake on progress of the I-SEM project was completed for the SEM Committee
- On 23 November 2016 the SEM Committee announced a delay in the project go-live date to 23 May 2018 to ensure all I-SEM systems will be ready by Q4 2017 and to provide an additional period for system trials for market participants

Energia Group business developments (cont'd)

Renewable PPAs

- Average contracted renewable generation capacity Second Quarter 2017 was 819MW (2016 - 793MW) with 825MW operational capacity at 30 September 2016 (30 June 2016 – 815MW)
- 222MW of contracted capacity in construction at 30 September 2016 (30 June 2016 – 232MW)

Renewable Assets

- EBITDA from renewable assets for Second Quarter 2017 was £0.7m (2016 - £2.0m inc. sale of connection capacity)
- 34MW operational at 30 September 2016 (30 June 2016 – 34MW)
 - Seven wind farms with a total capacity of 189MW in construction at 30 September 2016 of which 168MW is targeted to be commissioned in FY2017
- In July 2016 the Group acquired 100% of the Rathsherry wind farm development project in NI (21MW)
- In October 2016 the Group acquired 100% of two fully consented wind farm development projects with combined capacity of 43MW.
 - Projects will be constructed within grace periods to gain NIROC accreditation

Power NI business developments

Electricity sales

- Residential customer numbers at 30 September 2016 were 494,000 (30 June 2016 – 501,000)
- Non-residential customer numbers at 30 September 2016 were 34,000 (30 June 2016 – 34,000)
- Total electricity sales for Second Quarter 2017 was 0.5Wh (2016 – 0.6TWh)

Price control

- On 17 November 2016 the Utility Regulator published its final decision on a two year extension of Power NI's current price control from 1 April 2017 to 31 March 2019
- Also confirmed the removal of the remaining price controls, from 1 April 2017, for the non-residential sector i.e. SME customers with annual consumption of less than 50MWh

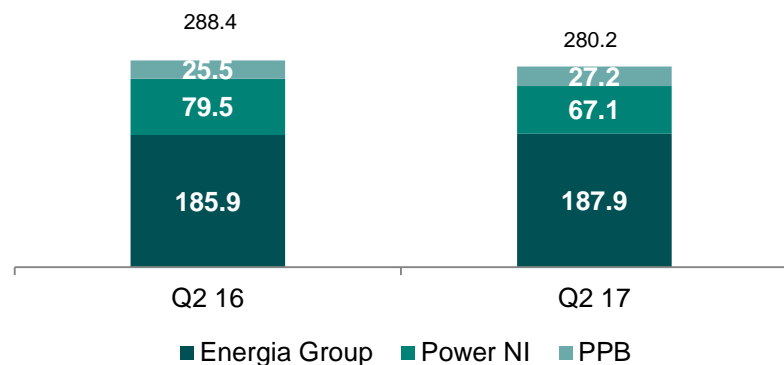
PPB business developments

Contract extension

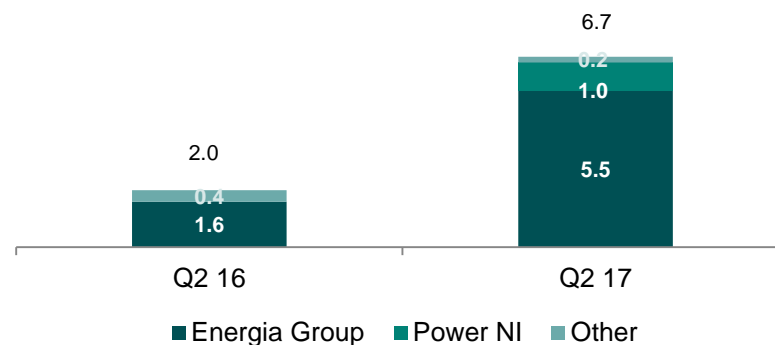
- In September 2016, PPB exercised its option with AES Ballylumford to extend the term of its contract for 600MW of CCGT capacity by 5 years from 2018 to 2023

Financial summary – Second Quarter 2017

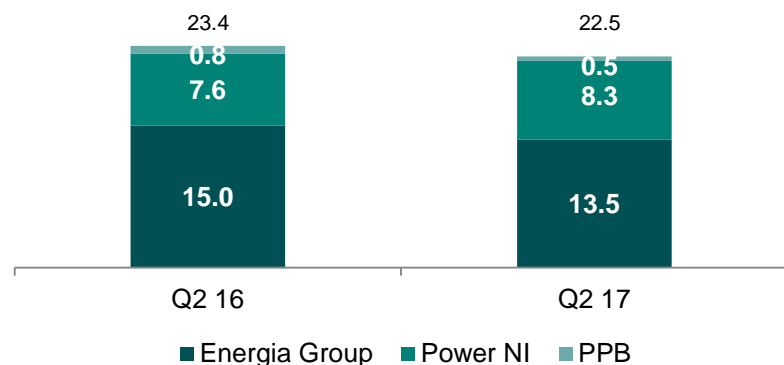
Revenue (£m)^(a)



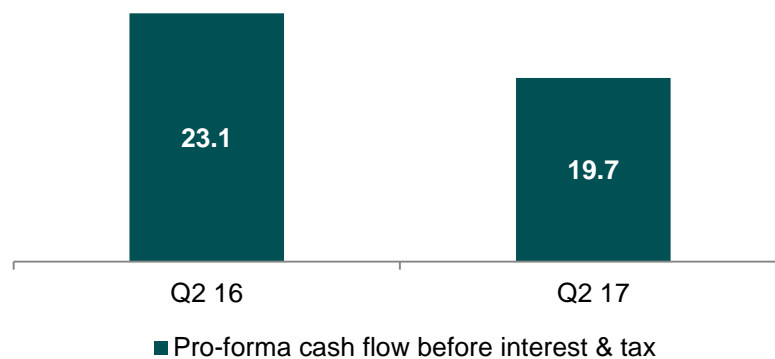
Capital expenditure for continuing operations (£m)^(c)



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 Arcapita advisory fees and excluding earnings from renewable wind farm assets

(c) Excludes capital expenditure on renewable wind farm assets of £49.6m in Second Quarter 2017 and £15.5m in Second Quarter 2016.

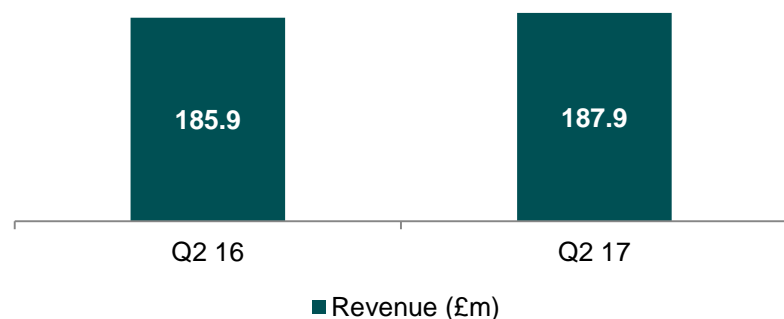
(d) Pro-forma cash flow before interest and tax defined as Pro-forma EBITDA, less pension charges, plus movements in provisions and working capital (inc purchase of and proceeds from sale of other intangibles), less gross capex (excluding capex of renewable wind farm assets) and exceptional items and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

Energia Group KPIs

Energia Group	Q2 16	Q2 17
Availability (%)		
Huntstown 1	84.4	84.1
Huntstown 2	97.4	68.0
Unconstrained utilisation (%)		
Huntstown 1	3.6	19.3
Huntstown 2	8.7	35.3
Incremental impact of constrained utilisation (%)		
Huntstown 1	1.8	12.4
Huntstown 2	51.5	33.8
Sales		
Electricity sales (TWh)	1.1	1.2
Gas sales (million therms)	14.3	13.2
Total customer sites (No.)		
Non-residential	60,100	59,000
Residential	99,400	131,200
Wind farm operational PPAs		
Average capacity during the period	793	819
Period end capacity – at 30 September	793	825

Energia Group financial highlights – Second Quarter 2017

Revenue



- Revenue for Second Quarter increased from £185.9m to £187.9m primarily reflecting:
 - Impact of foreign exchange translation;
 - Higher residential sales volumes; partly offset by
 - Lower non-residential sales revenues;
 - Lower interconnector revenue; and
 - Lower availability of Huntstown 2

Pro-forma EBITDA^(a)



- Pro-forma EBITDA for Second Quarter 2017 decreased from £15.0m to £13.5m primarily reflecting:
 - Lower availability of Huntstown 2 associated with the planned outage in August 2016; and
 - Lower contribution from renewable PPAs; partly offset by
 - Impact of foreign exchange translation; and
 - Higher residential sales margins

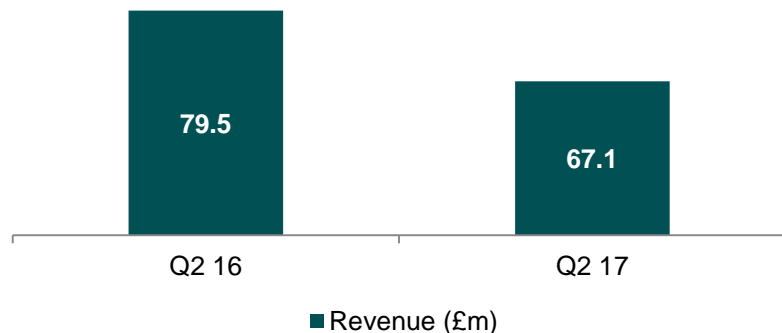
(a) Pro-forma EBITDA excludes EBITDA from renewable wind farm assets of £0.7m in Second Quarter 2017 and £2.0m in Second Quarter 2016

Power NI KPIs

Power NI	Q2 16	Q2 17
Sales		
Electricity sales (TWh)	0.6	0.5
Total customer sites (No.)		
Residential	528,000	494,000
Non-residential	36,000	34,000

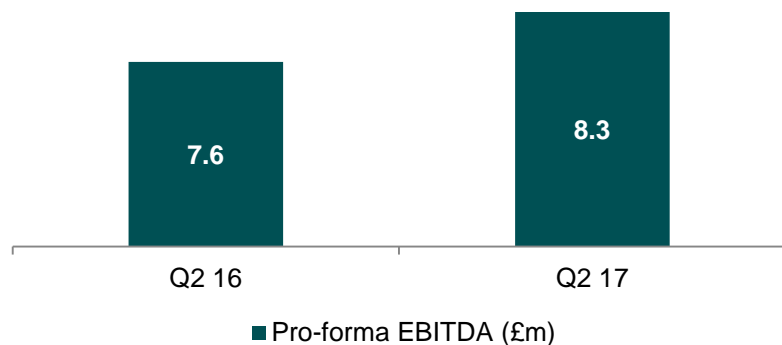
Power NI financial highlights – Second Quarter 2017

Revenue



- Revenue for Second Quarter decreased from £79.5m to £67.1m reflecting:
 - Reduction in residential and non-residential customer numbers;
 - Lower average consumption; and
 - 10.3% reduction in regulated tariffs effective 1 April 2016

Pro-forma EBITDA^(a)

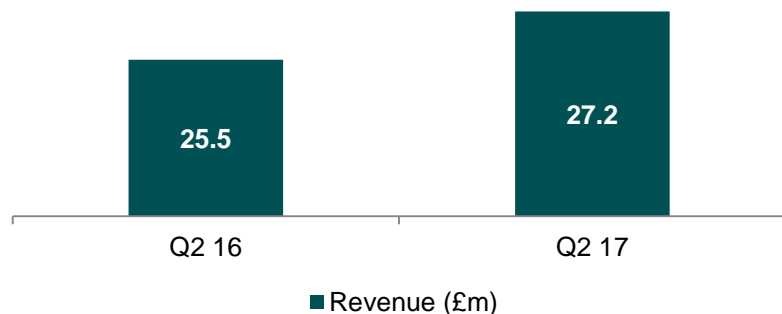


- Pro-forma EBITDA for Second Quarter 2017 increased from £7.6m to £8.3m primarily reflecting lower operating costs

(a) Based on regulated entitlement

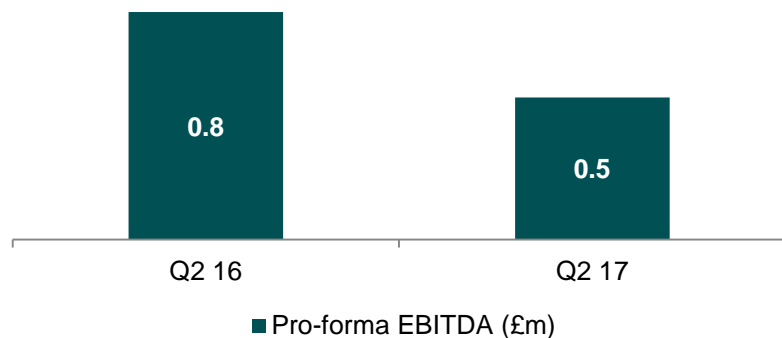
PPB financial highlights – Second Quarter 2017

Revenue



- Revenue for Second Quarter 2017 increased from £25.5m to £27.2m primarily reflecting:
 - Higher utilisation of the Ballylumford plant; partly offset by
 - Lower market prices

Pro-forma EBITDA^(a)



- Pro-forma EBITDA for Second Quarter 2017 decreased from £0.8m to £0.5m primarily reflecting lower regulatory entitlement and higher operating costs

(a) Based on regulated entitlement

Restricted group cash flow summary

(£m)	Q2 16	Q2 17	H1 16	H1 17
Pro-forma EBITDA ^(a)	23.4	22.5	44.8	44.1
Defined benefit pension charge less contributions paid	-	-	(1.0)	-
Changes in working capital ^(b)	1.3	3.9	2.9	8.0
Effects of FX	0.4	-	(0.1)	2.4
Pro-forma cash flow from operating activities	25.1	26.4	46.6	54.5
Net capital expenditure ^(c)	(2.0)	(6.7)	(2.5)	(9.5)
Pro-forma cash flow before interest and tax	23.1	19.7	44.1	45.0
Net movement in security deposits	(0.5)	3.4	(0.2)	1.2
(Under)/over-recovery of regulated entitlement	(1.2)	2.4	6.4	7.7
Net equity investment in in-development wind farm assets	(17.5)	(14.9)	(26.3)	(16.0) ^(d)
Pro-forma cash flow before interest, tax and acquisitions and disposals	3.9	10.6	24.0	37.9

Note:

- (a) Pro-forma EBITDA is defined as EBITDA before exceptional items and certain remeasurements and Arcapita advisory fees and adjusted for (under)/over-recovery of Viridian's regulated business against their regulated entitlement and excludes EBITDA from Viridian's wind farm assets
- (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 £3.2m increase in Second Quarter 2017 (Second Quarter 2016 - £1.0m decrease); First Half 2017 £3.7m increase (First Half 2016 £0.5m decrease)
- (c) Net capex excludes capex on renewable wind farm assets of £49.6m in Second Quarter 2017 (Second Quarter 2016 - £15.5m); First Half 2017 £88.7m (First Half 2016 £29.1m)
- (d) Total expenditure on in-development wind farm assets of £16.0m in First Half 2017 of which £6.5m still remains within the senior restricted group

Net debt

Net debt (£m) As at	31 Mar 16	30 Jun 16	30 Sep 16	Fair value forward contracts 30 Sep 16	Pro-forma 30 Sep 16
Cash and investments	(69.2)	(97.3)	(91.0)	-	(91.0)
Senior secured notes due 2020	468.5	491.8	513.0	(26.7)	486.3
Interest accruals	3.7	13.2	4.1	-	4.1
Subordinated shareholder loan	386.8	-	-	-	-
Junior bank facility asset	(199.4)	-	-	-	-
Amount due from fellow subsidiary	(0.5)	-	-	-	-
Senior net debt	589.9	407.7	426.1	(26.7)	399.4
Project finance cash	(8.7)	(12.8)	(13.4)	-	(13.4)
Project finance bank facilities	73.6	119.4	164.8	-	164.8
Interest accruals	0.1	0.7	0.2	-	0.2
Total net debt	654.9	515.0	577.7	(26.7)	551.0

Conclusion

Solid set of results for the Second Quarter 2017 in line with expectations

Renewable asset investments

- Challenging programme proceeding according to plan with another two NI development project acquisitions completed in October 2016

Continued managed growth in the RoI residential supply market

- Positive EBITDA expected to grow

Outlook

- Continuation of Power NI price control to 31 March 2019
 - Removal of remaining non-residential price controls, from 1 April 2017, for NI SME customers with annual consumption <50MWh
- Renewable PPA pipeline continues to be delivered
- The SEM Committee have announced a delay in the I-SEM go-live date to 23 May 2018