

VIRIDIAN

Results Presentation First Quarter 2018

29 August 2017



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Financial highlights

Strong set of results for the First Quarter 2018

- Pro-forma EBITDA* for the first quarter 2018 increased to £23.8m (2017 - £21.6m)
- Pro-forma cash flow before interest and tax** for the First Quarter 2018 was £22.7m (2017 - £25.3m)
- Senior net debt was £406.4m at 30 June 2017 (31 March 2017 - £403.4m). Including the benefit of the fair value of the foreign exchange hedge on €225m of the senior secured notes, senior net debt was £377.6m (31 March 2017 - £379.9m)

* 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

Huntstown plant availability and utilisation

- Availability of 100.0% for Huntstown 1 and 79.0% for Huntstown 2 for First Quarter 2018
- Work to carry out a weld repair of Huntstown 2's high pressure stop valve (identified as necessary during last year's scheduled outage) commenced on 14 June 2017 and was completed on 6 July 2017 when the plant returned to full availability
- Unconstrained utilisation of 40.3% for Huntstown 1 and 11.7% for Huntstown 2 for First Quarter 2018
- Incremental impact of constrained utilisation was an increase of 26.2% for Huntstown 1 and an increase of 0.3% for Huntstown 2 for First Quarter 2018

Retail sales

- RoI residential customer sites supplied at 30 June 2017 increased to 151,700 (31 March 2017 – 145,300) with continued growth in the customer base
- Non-residential electricity customer sites supplied at 30 June 2017 were 53,400 (31 March 2017 – 51,800)
- Non-residential gas customer sites supplied at 30 June 2017 were 4,500 (31 March 2017 – 5,300)
- Total electricity sales volumes for First Quarter 2018 were 1.1TWh (2017 – 1.1TWh)
- Total gas sales volumes for First Quarter 2018 were 14.7m therms (2017 – 17.6m therms)

Energia Group business developments (cont'd)

I-SEM

- Viridian continues to fully participate in all areas of the I-SEM project
- On 3 July 2017, SEM Committee published its decision on the Capacity Remuneration Mechanism (CRM) Locational Capacity Constraints Methodology. This confirms Northern Ireland and greater Dublin as capacity constrained areas for the purpose of the first CRM transitional auction on 15 December 2017 which will cover capacity delivery over the period from I-SEM go-live to 30 September 2019

Capacity Pot

- On 10 July 2017 the SEM Committee published a consultation on the proposed capacity pot for calendar year 2018
- As the commencement of I-SEM has been delayed to 23 May 2018, the consultation proposes to use the previously published values for the period October to December 2017
- The consultation also proposes two values for the capacity pot for calendar year 2018 (which will be applied for the five month period to 23 May 2018):
 - Option 1 is based on the same indexation methodology as last year and would see the capacity pot increase c.5% to €545.5 million
 - Option 2 seeks to dilute the impact of the exchange rate of Sterling against the Euro and would see the capacity pot decrease c.10% to €467.9 million
- The Group has responded to the consultation in support of the first option, which is in line with previous methodology employed, and a final decision is expected shortly

Energia Group business developments (cont'd)

Renewable PPAs

- Average contracted renewable generation capacity for First Quarter 2018 was 1,035MW (2017 - 811MW) with 981MW operational capacity at 30 June 2017 (31 March 2017 – 1,013MW)
 - The reduction to 981 at 30 June 2017 reflects 54MW of contracted capacity in the process of being novated to Power NI
- 20MW of contracted capacity was in construction at 30 June 2017 (31 March 2017 – 38MW)

Renewable Assets

- Renewable assets availability for First Quarter 2018 was 96.9% (2017 – 99.0%) with a wind factor of 21.6% (2017 – 21.8%)
- 202MW operational at 30 June 2017 (31 March 2017 – 202MW)
- In April 2017 the Group completed the acquisition of the 11MW Teiges wind farm development project in NI
 - Four NI wind farms with a total capacity of 75MW were in construction at 30 June 2017
 - Remaining NI projects will be constructed within grace periods to gain NIROC accreditation
- Project finance now in place for all operational wind farms
- Project finance for the 21MW Rathsherry project currently in construction was put in place during April 2017
 - Project financing for the remaining three projects in construction (54MW of capacity) is in the process of being put in place
- On 14 July 2017, the Group completed the acquisition of Dargan Road Biogas Ltd, a 3.6MW anaerobic digestion development project in Northern Ireland

Power NI business developments

Electricity sales

- Residential customer numbers at 30 June 2017 were 479,000 (31 March 2017 – 483,000)
- Non-residential customer numbers at 30 June 2017 were 34,000 (31 March 2017 – 34,000)
- Total electricity sales for First Quarter 2018 were 0.5TWh (2017 – 0.6TWh)

Regulated Tariffs

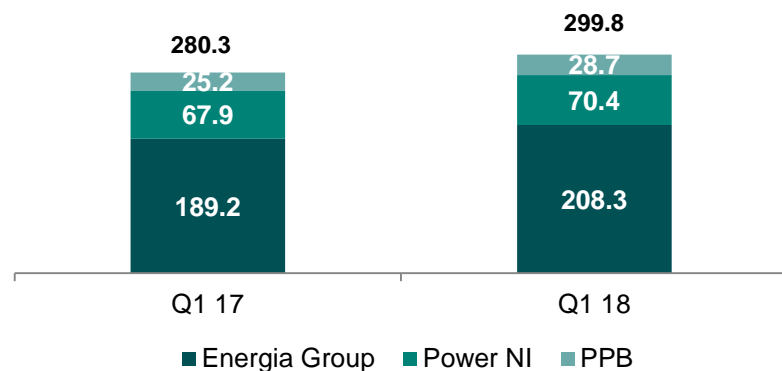
- On 17 August 2017, Power NI announced a 5.6% increase in its regulated electricity tariff, effective 1 October 2017, reflecting an increase in its expected wholesale energy costs.
 - The tariff increase was agreed with the Utility Regulator.

Deregulated renewable PPA portfolio

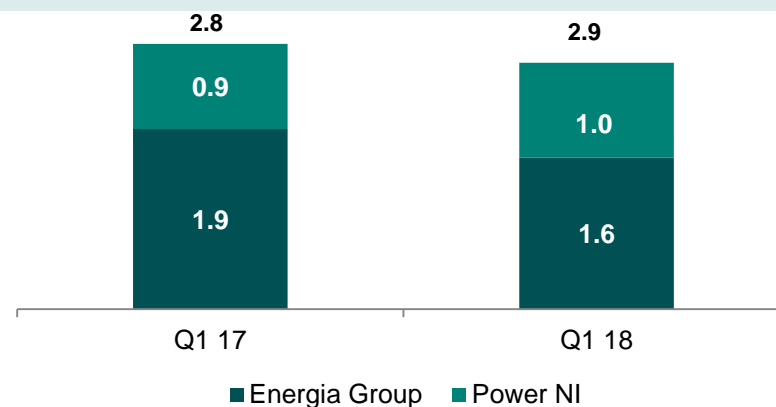
- Power NI's deregulated renewable PPA portfolio consists of small and medium scale renewable generation sites from wind, anaerobic digestion and biomass technologies
- Average contracted generation capacity in operation during the First Quarter 2018 was 144MW (2017 – 103MW) with operational capacity of 207MW at 30 June 2017 (31 March 2017 - 127MW)
 - The 207MW at 30 June 2017 includes 54MW of contracted capacity in the process of being novated to Power NI from Energia

Financial summary – First Quarter 2018

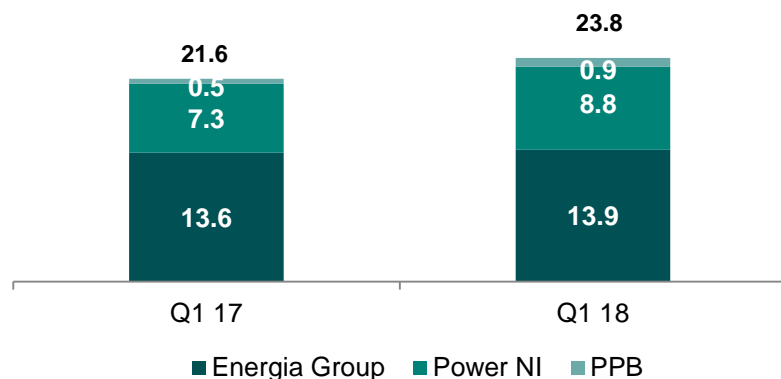
Revenue (£m)^(a)



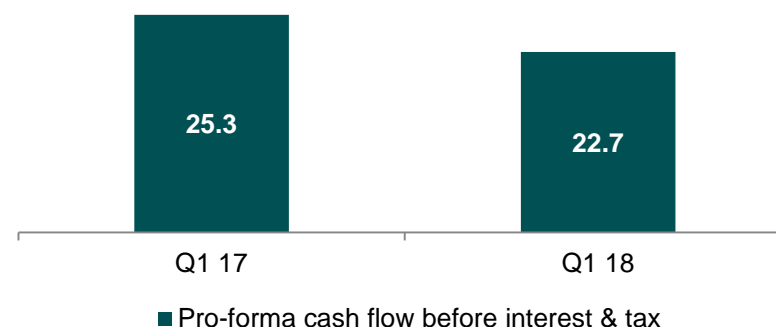
Capital expenditure for continuing operations (£m)^(c)



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 £19.9m in First Quarter 2018 and £39.1m in First Quarter 2017. Total includes other group capex of £0.3m in First Quarter 2018 and £nil in First Quarter 2017.

(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	Q1 17	Q1 18
Availability (%)		
Huntstown 1	80.0	100.0
Huntstown 2	96.3	79.0
Unconstrained utilisation (%)		
Huntstown 1	-	40.3
Huntstown 2	42.9	11.7
Incremental impact of constrained utilisation (%)		
Huntstown 1	2.6	26.2
Huntstown 2	17.8	0.3
Sales		
Electricity sales (TWh)	1.1	1.1
Gas sales (million therms)	17.6	14.7
Total customer sites (No.)		
Non-residential	59,300	57,900
Residential	127,800	151,700
Wind farm operational PPAs (MW)		
Average capacity during the period	811	1,035
Period end capacity – at 31 March	815	981
Wind farm assets operational performance		
Availability (%)	99.0	96.9
Wind factor (%)	21.8	21.6

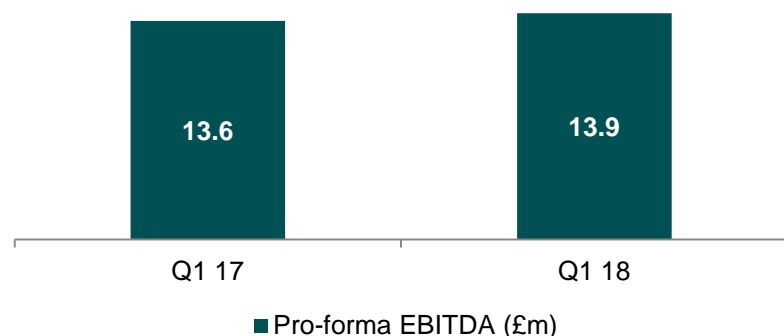
Energia Group financial highlights – First Quarter 2018

Revenue



- Revenue for First Quarter 2018 increased from £189.2m to £208.3m primarily reflecting:
 - Impact of foreign exchange translation;
 - Higher residential sales revenues;
 - Higher renewable PPA revenues;
 - Higher availability and utilisation of Huntstown 1; partly offset by
 - Lower availability and utilisation of Huntstown 2; and
 - Lower non-residential revenues

Pro-forma EBITDA^(a)



- Pro-forma EBITDA for First Quarter 2018 increased from £13.6m to £13.9m primarily reflecting:
 - Higher availability and utilisation of Huntstown 1;
 - Impact of foreign exchange translation;
 - Higher contribution from renewable PPAs;
 - Higher residential earnings; partly offset by
 - Lower availability of Huntstown 2 associated with an outage in June 17;
 - Revaluation of Huntstown distillate oil stock; and
 - Lower non-residential earnings (with last year benefitting from lower wholesale prices)

(a) Pro-forma EBITDA excludes EBITDA from renewable wind farm assets of £4.5m in First Quarter 2018 and £0.7m in First Quarter 2017

Power NI KPIs

Power NI	Q1 17	Q1 18
Sales		
Electricity sales (TWh)	0.6	0.5
Total customer sites (No.)		
Residential	501,000	479,000
Non-residential	34,000	34,000
Contracted operational renewable PPA capacity (deregulated) (MW)		
Average capacity during the period	103	144
Period end capacity – 30 June 2017	105	207

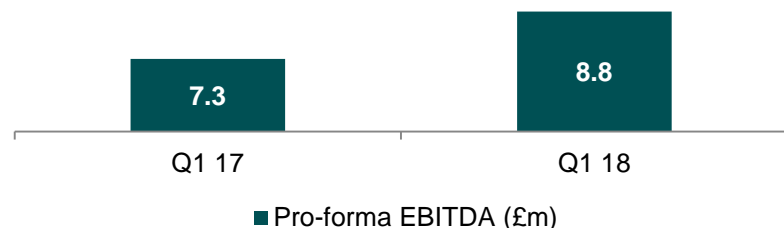
Power NI financial highlights – First Quarter 2018

Revenue



- Revenue for First Quarter 2018 increased from £67.9m to £70.4m primarily reflecting:
 - Higher deregulated revenue (associated with the full deregulation of the business market from 1 April 2017); partly offset by
 - Lower regulated revenue; and
 - A reduction in residential customer numbers

Pro-forma EBITDA^(a)



- Pro-forma EBITDA for First Quarter 2018 increased to £8.8m (2017 - £7.3m) primarily reflecting:
 - Higher contribution from small scale renewable PPAs; and
 - Higher unregulated margins (associated with the full deregulation of the business market from 1 April 2017); partly offset by
 - Lower regulated margins

(a) Based on regulated entitlement

PPB financial highlights – First Quarter 2018

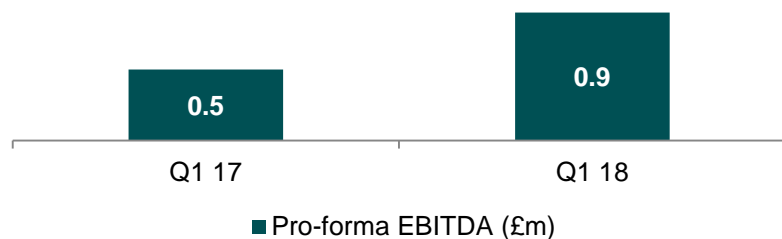
Revenue

- Revenue for First Quarter 2018 increased from £25.2m to £28.7m primarily due to higher availability and utilisation of the Ballylumford plant



Pro-forma EBITDA^(a)

- Pro-forma EBITDA for First Quarter 2018 increased to £0.9m (2017 - £0.5m) reflecting lower operating costs (associated with recovery of I-SEM costs)



(a) Based on regulated entitlement

Restricted group cash flow summary

(£m)	Q1 17	Q1 18
Pro-forma EBITDA ^(a)	21.6	23.8
Changes in working capital ^(b)	4.1	2.0
Effects of FX	2.4	(0.2)
Pro-forma cash flow from operating activities	28.1	25.6
Net capital expenditure ^(c)	(2.8)	(2.9)
Pro-forma cash flow before interest and tax	25.3	22.7
Net movement in security deposits	(2.2)	0.5
Over-recovery of regulated entitlement	5.3	8.5
Exceptional items ^(e)	-	(0.1)
Net equity investment in in-development wind farm assets	(1.1)	(11.6) ^(d)
Pro-forma cash flow before interest, tax and acquisitions and disposals	27.3	20.0

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 £0.3m decrease in First Quarter 2018 (First Quarter 2017 - £0.5m increase)
- (c) Net capex excludes capex on renewable wind farm assets of £19.9m in First Quarter 2018 (First Quarter 2017- £39.1m)
- (d) Total investment on in-development wind farm assets of £11.6m in First Quarter 2018 of which £5.8m still remains within the senior restricted group
- (e) Includes exceptional costs associated with acquisitions whether successful or unsuccessful

Net debt

Net debt (£m) As at	31 Mar 17	30 Jun 17	Fair value forward contracts 30 Jun 17	Pro-forma 30 Jun 17
Cash and investments	(108.2)	(129.3)	-	(129.3)
Senior secured notes due 2020	507.6	521.6	(28.8)	492.8
Interest accruals	4.0	14.1	-	14.1
Senior net debt	403.4	406.4	(28.8)	377.6
Project finance cash	(13.4)	(17.4)	-	(17.4)
Project finance bank facilities	207.2	220.1	-	220.1
Interest accruals	-	1.8	-	1.8
Total net debt	597.2	610.9	(28.8)	582.1

- FX rate at 30 June 2017: €/\$ 1.1389 (31 March 2017 - €/\$ 1.1691)
- On 18 August 2017 the Group issued a redemption notice for 10% of the €600m senior secured notes at a redemption price of 103%
 - Redemption will take effect on 29 August 2017

Conclusion

Strong set of results for the First Quarter 2018

Outlook

- 168MW of renewable assets completed at the end of FY17 and now contributing to earnings
 - Further 75MW of renewable assets in construction expected to be commissioned by end of 2018
- Outage to carry out weld repair of Huntstown 2's high pressure stop valve, identified as necessary during last year's scheduled outage, was successfully completed on 6 July
- I-SEM go-live date remains 23 May 2018
 - Viridian continues to fully participate in all areas of the I-SEM project
 - First CRM transitional auction will take place on 15 December 2017
- Continued managed growth in RoI residential supply with positive earnings expected to continue and grow