

# VIRIDIAN

## Results Presentation Second Quarter 2018

24 November 2017



# Forward looking statements

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# Financial highlights

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## Solid set of results for the Second Quarter 2018

- Pro-forma EBITDA\* for the Second Quarter 2018 was £25.4m (2017 - £22.5m) primarily reflecting foreign exchange translation gains of £0.9m and higher underlying performance of £2.0m
- Pro-forma cash flow before interest and tax\*\* for the Second Quarter 2018 was £31.1m (2017 - £20.9m)
- Senior net debt was £430.7m at 30 September 2017 (30 June 2017 - £406.4m)

## Refinancing

- In September 2017, the Group completed the full refinancing of its €600m 7.5% senior secured notes due March 2020 with €350m 4.0% senior secured notes due September 2025 and £225m 4.75% senior secured notes due September 2024

\* EBITDA based on regulated entitlement, before exceptional items and certain remeasurements 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

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## Huntstown plant availability and utilisation

- Availability of 90.4% for Huntstown 1 and 92.7% for Huntstown 2 for Second Quarter 2018
- Huntstown 1 completed a scheduled 10 day outage which commenced 2 September 2017 to perform an interim minor inspection of the gas and steam turbine
- Huntstown 2 completed a 23 day outage which commenced on 14 June 2017 to carry out a weld repair on the high pressure stop valve identified as necessary during last year's outage
- Unconstrained utilisation of 43.5% for Huntstown 1 and 76.1% for Huntstown 2 for Second Quarter 2018
- Incremental impact of constrained utilisation was an increase of 11.2% for Huntstown 1 and a decrease of 17.1% for Huntstown 2 for Second Quarter 2018

## Retail sales

- Total electricity sales volumes for Second Quarter 2018 were 1.2TWh (2017 – 1.2TWh)
- Total gas sales volumes for Second Quarter 2018 were 12.5m therms (2017 – 13.2m therms)
- Non-residential electricity customer sites supplied at 30 September 2017 were 55,100 (30 June 2017 – 53,400)
- Non-residential gas customer sites supplied at 30 September 2017 were 4,500 (30 June 2017 – 4,500)
- RoI residential customer sites supplied at 30 September 2017 increased to 164,500 (30 June 2017 – 151,700) with continued growth in the customer base

## Energia Group business developments (cont'd)

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### Capacity pot for calendar year 2018

- On 6 September the SEM committee published its decision on the capacity pot for calendar year 2018 (to apply for the five month period to commencement of I-SEM on 23 May 2018)
- The SEM committee decided to implement Option 1 which is in line with previous methodology employed
  - This will see the annual capacity pot increase by 5.2% to €546.1m (2017 - €519.2m)

### I-SEM generation and supply licences

- The Group has appealed the Commission for Regulation of Utilities' (CRU) proposed industry wide modification of all generation and supply licences required to implement I-SEM
- The Group has also filed an application for a judicial review of the proposed licence modifications
- An Appeal Panel has been established and in light of the process, the licence modifications have been suspended pending the decision of the Appeal Panel

## Energia Group business developments (cont'd)

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### Renewable PPAs

- Average contracted renewable generation capacity in operation during the Second Quarter 2018 was 980MW (2017 - 819MW) with 978MW operational capacity at 30 September 2017 (30 June 2017 – 981MW)
- 20MW of contracted capacity was in construction at 30 September 2017 (30 June 2017 – 20MW)

### Renewable Assets

- Renewable assets availability for Second Quarter 2018 was 95.9% (2017 – 98.6%) with a wind factor of 20.3% (2017 – 25.1%)
- 202MW operational at 30 September 2017 (30 June 2017 – 202MW)
- Four NI wind farms with a total capacity of 75MW were in construction at 30 September 2017
- Remaining NI projects will be constructed within grace periods to gain NIROC accreditation
- In July 2017, non-recourse project finance facilities of up to £28.4m were put in place in respect of the 21MW Rathsherry project
- In September 2017, non-recourse project finance facilities of up to £56.7m were put in place in respect of the 36MW Cornavarrow project
- In 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

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## Electricity sales

- Residential customer numbers at 30 September 2017 were 475,000 (30 June 2017 – 479,000)
- Non-residential customer numbers at 30 September 2017 were 34,000 (30 June 2017 – 34,000)
- Total electricity sales for Second Quarter 2018 were 0.5TWh (2017 – 0.5TWh)

## 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

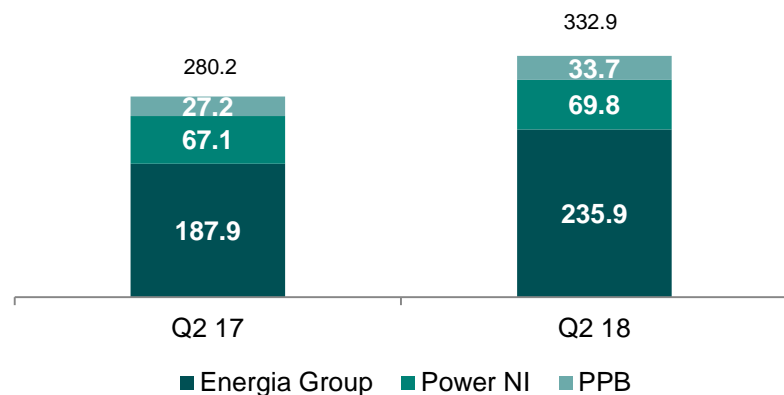
## Deregulated renewable PPA portfolio

- 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 second quarter was 213MW (2017 – 109MW) with operational capacity of 215MW at 30 September 2017 (30 June 2017 - 207MW)

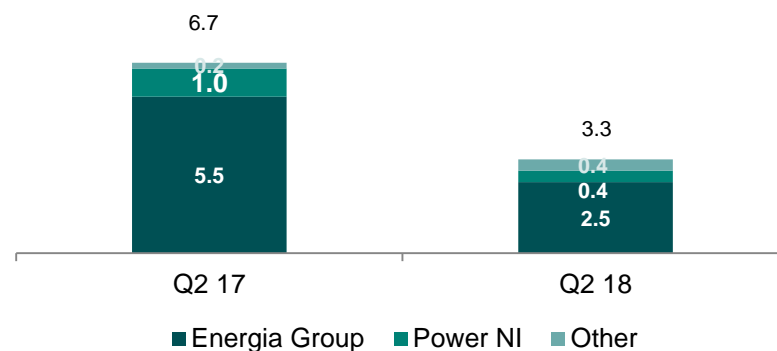


# Financial summary – Second Quarter 2018

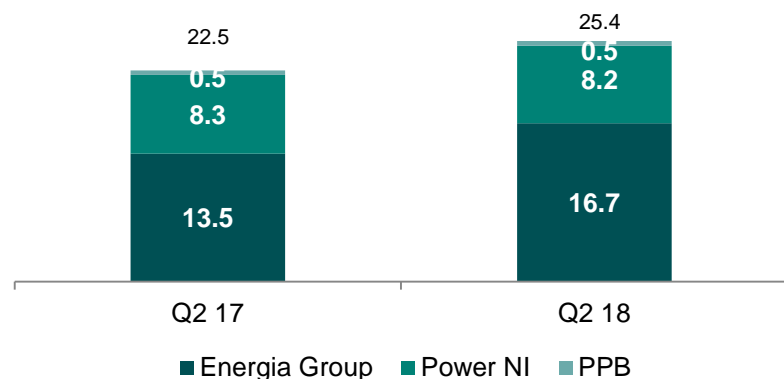
Revenue (£m)<sup>(a)</sup>



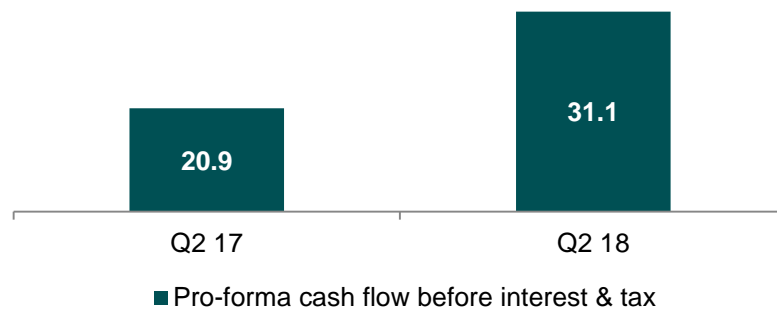
Capital expenditure for continuing operations (£m)<sup>(c)</sup>



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

(c) Excludes capital expenditure on renewable wind farm assets of £23.2m in Second Quarter 2018 and £49.6m in Second Quarter 2017.

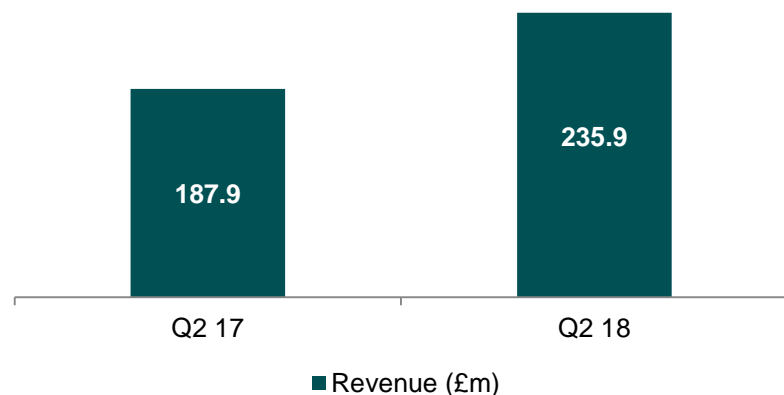
(d) Pro-forma cash flow before interest and tax defined as Pro-forma EBITDA, less pension charges, plus movements in provisions and working capital (inc purchase of and proceeds from sale of other intangibles), less gross capex (excluding capex of renewable wind farm assets) and exceptional items and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

# Energia Group KPIs

Energia Group	Q2 17	Q2 18
<b>Availability (%)</b>		
Huntstown 1	84.1	<b>90.4</b>
Huntstown 2	68.0	<b>92.7</b>
<b>Unconstrained utilisation (%)</b>		
Huntstown 1	19.3	<b>43.5</b>
Huntstown 2	35.3	<b>76.1</b>
<b>Incremental impact of constrained utilisation (%)</b>		
Huntstown 1	12.4	<b>11.2</b>
Huntstown 2	33.8	<b>(17.1)</b>
<b>Sales</b>		
Electricity sales (TWh)	1.2	<b>1.2</b>
Gas sales (million therms)	13.2	<b>12.5</b>
<b>Total customer sites (No.)</b>		
Non-residential	59,000	<b>59,600</b>
Residential	131,200	<b>164,500</b>
<b>Wind farm operational PPAs</b>		
Average capacity during the period	819	<b>980</b>
Period end capacity – at 30 September	825	<b>978</b>

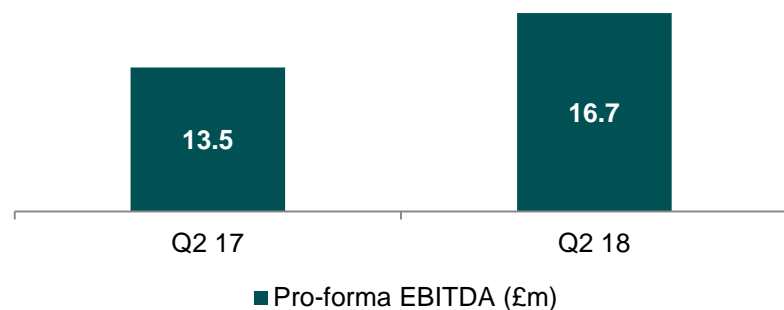
# Energia Group financial highlights – Second Quarter 2018

## Revenue



- Revenue for Second Quarter increased from £187.9m to £235.9m primarily reflecting:
  - Higher availability and utilisation of Huntstown plants;
  - Impact of foreign exchange translation;
  - Higher interconnector revenue;
  - Higher residential sales revenues; and
  - Higher renewable PPA revenues

## Pro-forma EBITDA<sup>(a)</sup>



- Pro-forma EBITDA for Second Quarter 2018 increased from £13.5m to £16.7m primarily reflecting:
  - Higher availability and utilisation of Huntstown 2 associated with the 29 day outage in the prior year;
  - Higher availability and utilisation of Huntstown 1;
  - Higher contributions from renewable PPAs;
  - Impact of foreign exchange translation; partly offset by
  - Lower non-residential earnings

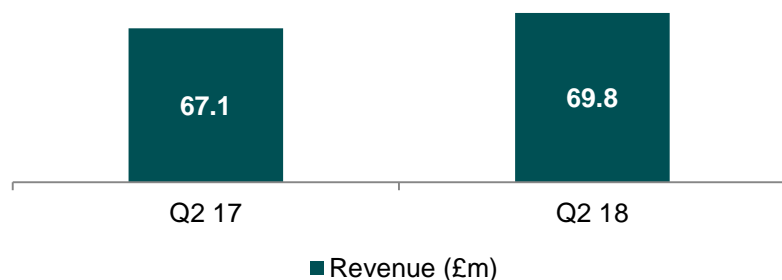
(a) Pro-forma EBITDA excludes EBITDA from renewable wind farm assets of £4.3m in Second Quarter 2018 and £0.7m in Second Quarter 2017

## Power NI KPIs

Power NI	Q2 17	Q2 18
<b>Sales</b>		
Electricity sales (TWh)	0.5	<b>0.5</b>
<b>Total customer sites (No.)</b>		
Residential	494,000	<b>475,000</b>
Non-residential	34,000	<b>34,000</b>
<b>Contracted operational renewable PPA capacity (deregulated) (MW)</b>		
Average capacity during the period	109	<b>213</b>
Period end capacity – 30 September	112	<b>215</b>

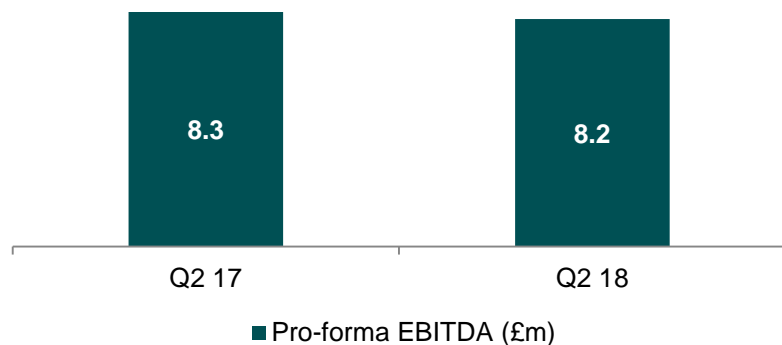
# Power NI financial highlights – Second Quarter 2018

## Revenue



- Revenue for Second Quarter increased from £67.1m to £69.8m 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<sup>(a)</sup>

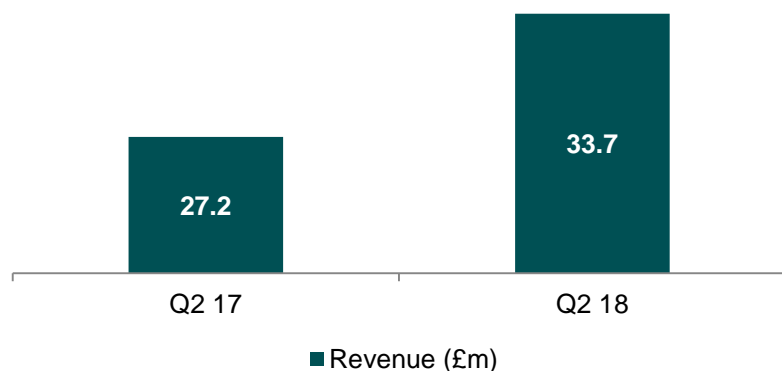


- Pro-forma EBITDA for Second Quarter 2018 decreased slightly from £8.3m to £8.2m reflecting higher operating costs partly offset by higher contributions from small scale PPAs

(a) Based on regulated entitlement

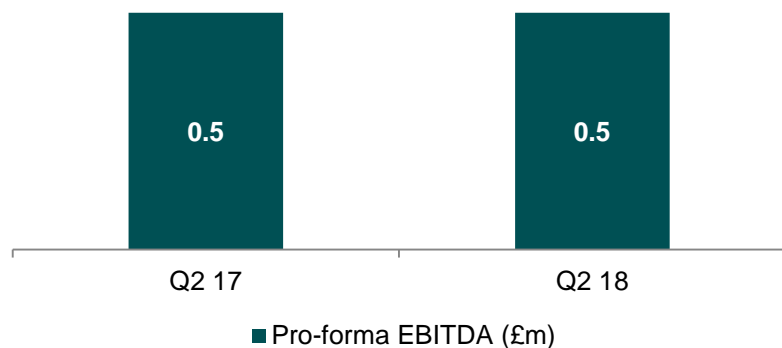
# PPB financial highlights – Second Quarter 2018

## Revenue



- Revenue for Second Quarter 2018 increased from £27.2m to £33.7m primarily reflecting:
  - Higher utilisation of the Ballylumford plant; and
  - Higher market prices

## Pro-forma EBITDA<sup>(a)</sup>



- Pro-forma EBITDA for Second Quarter 2018 was in line with the prior year at £0.5m

(a) Based on regulated entitlement

## Restricted group cash flow summary

(£m)	Q2 17	Q2 18	H1 17	H1 18
Pro-forma EBITDA <sup>(a)</sup>	22.5	25.4	44.1	49.2
Changes in working capital <sup>(b)</sup>	3.9	7.5	8.0	9.5
Effects of FX	1.2	1.5	3.6	1.3
<b>Pro-forma cash flow from operating activities</b>	<b>27.6</b>	<b>34.4</b>	<b>55.7</b>	<b>60.0</b>
Net capital expenditure <sup>(c)</sup>	(6.7)	(3.3)	(9.5)	(6.2)
<b>Pro-forma cash flow before interest and tax</b>	<b>20.9</b>	<b>31.1</b>	<b>46.2</b>	<b>53.8</b>
Net movement in security deposits	3.4	0.4	1.2	0.9
Over-recovery of regulated entitlement	2.4	5.8	7.7	14.3
Exceptional items <sup>(d)</sup>	-	(0.2)	-	(0.3)
Net equity investment in in-development wind farm assets	(14.9)	9.5	(16.0)	(2.1)
<b>Pro-forma cash flow before interest, tax and acquisitions and disposals</b>	<b>11.8</b>	<b>46.6</b>	<b>39.1</b>	<b>66.6</b>

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 £2.3m increase in Second Quarter 2018 (Second Quarter 2017 - £3.2m); First Half 2018 - £2.0m increase (First Half 2017 - £3.7m)
- (c) Net capex excludes capex on renewable wind farm assets of £23.2m in Second Quarter 2018 (Second Quarter 2017 - £49.6m); First Half 2018 - £43.1m (First Half 2017 - £88.7m)
- (d) Includes exceptional costs associated with acquisitions whether successful or unsuccessful

## Net debt

Net debt (£m) As at	31 Mar 17	30 Jun 17	30 Sep 17
Cash and investments	(108.2)	(129.3)	(93.2)
Senior secured notes €350m (2025)	-	-	302.6
Senior secured notes £225m (2024)	-	-	220.8
Senior secured notes €600m (2020)	507.6	521.6	-
Interest accruals	4.0	14.1	0.5
<b>Senior net debt</b>	<b>403.4</b>	<b>406.4</b>	<b>430.7</b>
Project finance cash	(13.4)	(17.4)	(21.7)
Project finance bank facilities	207.2	220.1	259.3
Interest accruals	-	1.8	0.2
<b>Total net debt</b>	<b>597.2</b>	<b>610.9</b>	<b>668.5</b>

- FX rate at 30 September 2017: €/£1.1349 (30 June 2017: €/£1.1389; 31 March 2017: €/£1.1691)
- On 29 August 2017 the Group redeemed 10% of its €600m Senior secured notes at a redemption price of 103%
- On 25 September 2017 the Group completed the full refinancing of its remaining €600m Senior secured notes with €350m 4.0% Senior secured notes due 2025 and £225m 4.75% Senior secured notes due 2024



# Conclusion

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Solid set of results for the Second Quarter 2018

## Outlook

- Energia continues to grow its RoI residential customer base
- Newly commissioned renewable assets continue to contribute to earnings
- Successful refinancing completed on 25 September 2017
  - Improved capital structure positions the Group for future opportunities
- I-SEM go-live remains set for 23 May 2018 and the first CRM transitional auction is expected to take place on 15 December 2017