

VIRIDIAN

Results Presentation Third Quarter 2018

16 March 2018



Forward looking statements

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Index

Section	Contents	Page No.
1	Financial highlights	4
2	Business developments	5
3	Financial summary and KPIs	10
4	Cash flow and net debt	16
5	Conclusion	18

Financial highlights

Solid set of results for the Third Quarter 2018 despite competitive market pressures

- Pro-forma EBITDA* for the Third Quarter 2018 was £24.4m (2017 - £25.3m)
- Pro-forma cash flow before interest and tax** for the Third Quarter 2018 was £34.1m (2017 - £21.1m)
- Senior net debt was £415.1m at 31 December 2017 (30 September 2017 - £430.7m)

* 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

Huntstown plant availability and utilisation

- Availability of 100.0% for Huntstown 1 and 100.0% for Huntstown 2 for Third Quarter 2018
- Unconstrained utilisation of 0.2% for Huntstown 1 and 4.7% for Huntstown 2 for Third Quarter 2018
- Incremental impact of constrained utilisation was an increase of 46.7% for Huntstown 1 and 28.4% for Huntstown 2 for Third Quarter 2018

Retail sales

- Total electricity sales volumes for Third Quarter 2018 were 1.5TWh (2017 – 1.3TWh)
- Total gas sales volumes for Third Quarter 2018 were 22.3m therms (2017 – 23.6m therms)
- Non-residential electricity customer sites supplied at 31 December 2017 were 56,500 (30 September 2017 – 55,100)
- Non-residential gas customer sites supplied at 31 December 2017 were 4,400 (30 September 2017 – 4,500)
- RoI residential customer sites supplied at 31 December 2017 increased to 179,000 (30 September 2017 – 164,500) with continued growth in the customer base

Energia Group business developments (cont'd)

Suspension of modification of generation and supply licences

- In October 2017 the Group appealed the Commission for Regulation of Utilities' (CRU) proposed industry wide modifications to all generation and supply licences required to implement I-SEM
- On 13 November 2017, the Group filed an application for a judicial review of the proposed licence modifications
- The Minister of the Department of Communications, Climate Action and Environment has established an Appeal Panel to consider the appeal and, in light of the process, licence modifications have been suspended pending the decision of the Appeal Panel
- The Appeal process is ongoing with affidavit evidence having been exchanged in advance of hearings by the Appeal Panel
- The judicial review of the proposed licence modifications has been adjourned on consent until 14 May 2018

Energia Group business developments (cont'd)

Impact of I-SEM capacity remuneration mechanism including first transitional auction and subsequent regulatory process

- On 26 January 2018 EirGrid and SONI, the joint system operators of the electricity market in Ireland, announced the outcome of the first transitional auction for capacity in the new Integrated Single Electricity Market ("I-SEM"). This confirmed that Huntstown 1 was awarded a reliability option contract but Huntstown 2 was not awarded such a contract
- The Group subsequently announced that it had placed relevant Huntstown staff on protective notice of redundancy for an initial period of eight weeks
- Following conclusion of the auction bidding process, on 18 December 2017 the CRU issued an information note that contemplates putting in place transmission reserve contracts to meet local security of supply issues. We are engaged in a regulatory process with CRU and EirGrid to determine whether a transmission reserve contract may be agreed for the Huntstown plants ("the Process")
- On 23 January 2018 the CRU confirmed that the "Demonstrable, Material and Imminent Likelihood of Closure" test, as set out in the information note, had been passed
- In accordance with the Process Huntstown 1 and Huntstown 2 were required to submit an application for derogation ("the Derogation Request") from the provision of the Grid Code
- As part of its assessment of the Derogation Request, EirGrid concluded that closure of the Huntstown plants would put the power system almost immediately outside the regulatory approved Transmission System Security and Planning Standards and recommended that neither Huntstown plant should be permitted to close
- On 23 February 2018 CRU confirmed to the Group that it had accepted EirGrid's recommendations; following which the CRU directed EirGrid to explore options and recommend approaches to the CRU for approval
- Limited progress has been made regarding a potential transmission reserve contract for the Huntstown plants
- We cannot be certain what the outcome of the ongoing discussions will be or that they will deliver an acceptable solution in the time available so as to prevent the closure of the Huntstown plants from the commencement of I-SEM on 23 May 2018
- We continue to plan for the potential closure of the Huntstown plants from the commencement of I-SEM and will accordingly extend the period of protective notice of redundancy for relevant Huntstown staff

Energia Group business developments (cont'd)

Renewable PPAs

- Average contracted renewable generation capacity Third Quarter 2018 was 986MW (2017 - 825MW) with 998MW operational capacity at 31 December 2017 (30 September 2017 – 978MW)
- There were no wind farms under construction at 31 December 2017 (30 September 2017 – 20MW)

Renewable Assets

- Renewable assets availability for Third Quarter 2018 was 96.0% (2017 – 98.9%) with a wind factor of 29.5% (2017 – 29.7%)
- 202MW operational at 31 December 2017 (30 September 2017 – 202MW)
- Four NI wind farms with a total capacity of 75MW were in construction at 31 December 2017
- The 21MW Rathsherry wind farm project was commissioned on 9 February 2018
- Remaining NI projects will be constructed within grace periods to gain NIROC accreditation

Other renewable development projects

- In January 2018, Energia Group acquired additional land at Huntstown in North Dublin for the potential development of a 4.9MW anaerobic digestion plant
- Currently in the process of putting an EPC contract and feedstock supply contracts in place and initial works are being undertaken in respect of the plant design and build
- The plant if commissioned by December 2019 is expected to benefit from REFIT 3 support

Power NI business developments

Electricity sales

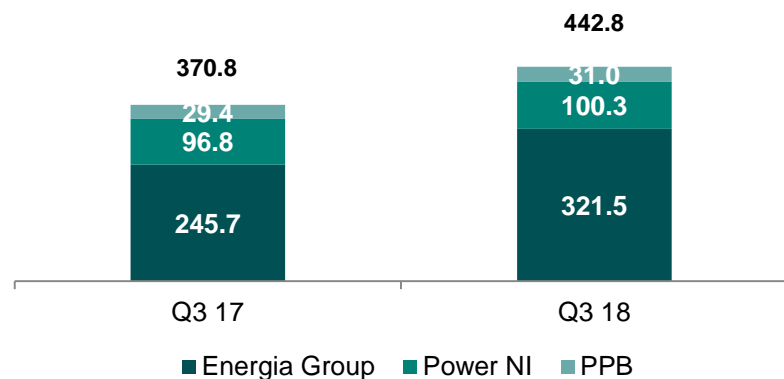
- Residential customer numbers at 31 December 2017 were 470,000 (30 September 2017 – 475,000)
- Non-residential customer numbers at 31 December 2017 were 34,000 (30 September 2017 – 34,000)
- Total electricity sales for Third Quarter 2018 were 0.7Wh (2017 – 0.7TWh)

Deregulated renewable PPA portfolio

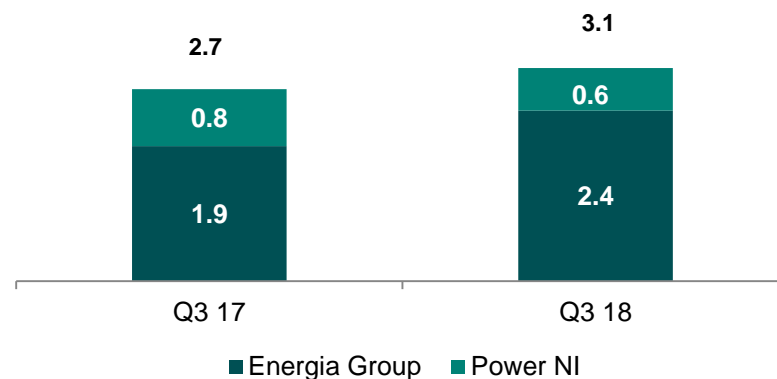
- Power NI's deregulated renewable PPA portfolio consists of small and medium scale renewable generation sites from wind, anaerobic digestion and biomass technologies
- Average contracted generation capacity in operation during the third quarter was 232MW (2017 – 115MW) with operational capacity of 247MW at 31 December 2017 (30 September 2017 - 215MW)

Financial summary – Third Quarter 2018

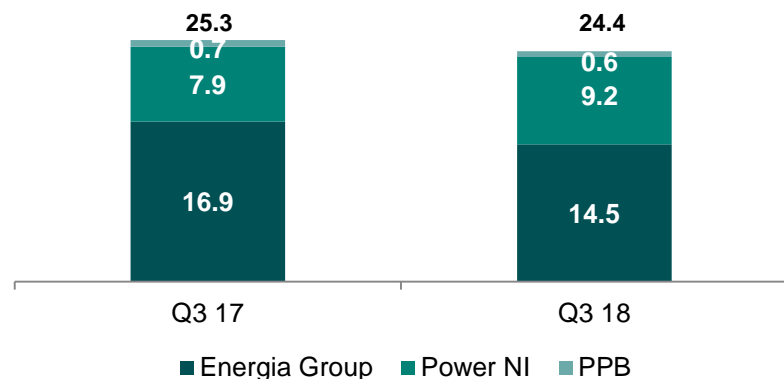
Revenue (£m)^(a)



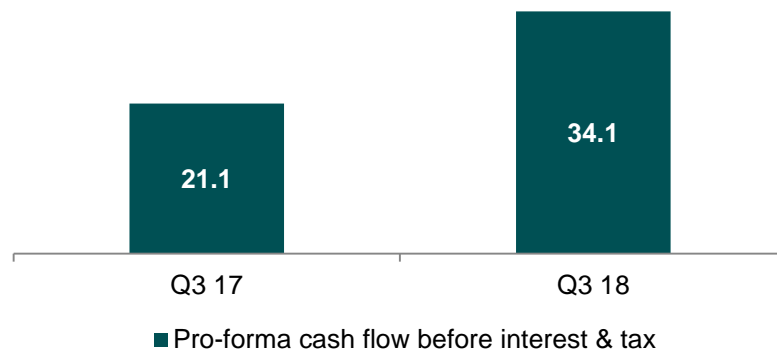
Capital expenditure for continuing operations (£m)^(c)



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 excluding earnings from renewable wind farm assets

(c) Excludes capital expenditure on renewable wind farm assets of £7.2m in Third Quarter 2018 and £33.7m in Third Quarter 2017 and total includes other Group companies capital expenditure of £0.1m in Third Quarter 2018 and £nil in Third Quarter 2017.

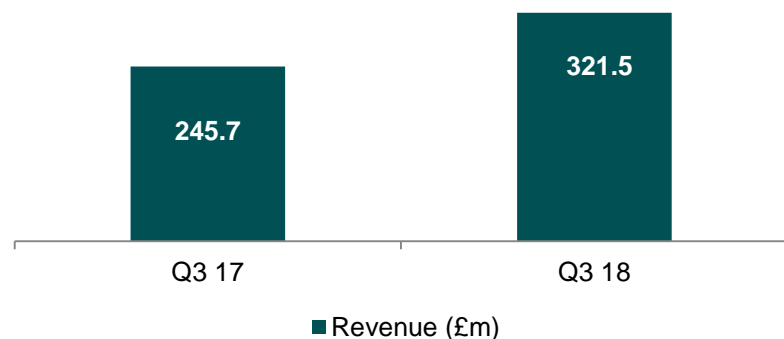
(d) Pro-forma cash flow before interest and tax defined as Pro-forma EBITDA, less pension charges, plus movements in provisions and working capital (inc purchase of and proceeds from sale of other intangibles), less gross capex (excluding capex of renewable wind farm assets) and exceptional items and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

Energia Group KPIs

Energia Group	Q3 17	Q3 18
Availability (%)		
Huntstown 1	93.2	100.0
Huntstown 2	100.0	100.0
Unconstrained utilisation (%)		
Huntstown 1	13.7	0.2
Huntstown 2	39.9	4.7
Incremental impact of constrained utilisation (%)		
Huntstown 1	(6.0)	46.7
Huntstown 2	6.8	28.4
Total customer sites (No.)		
Non-residential	57,800	60,900
Residential	137,200	179,000
Sales		
Electricity sales (TWh)	1.3	1.5
Gas sales (million therms)	23.6	22.3
Wind farm operational PPAs		
Average capacity during the period	825	986
Period end capacity – at 31 December	825	998

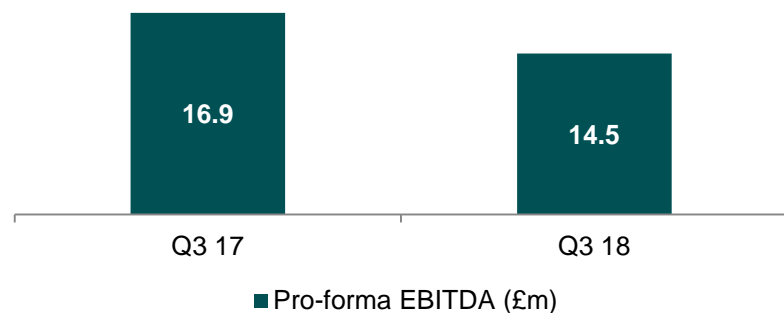
Energia Group financial highlights – Third Quarter 2018

Revenue



- Revenue for Third Quarter increased from £245.7m to £321.5m primarily reflecting:
 - Higher utilisation and availability of Huntstown 1;
 - Higher interconnector revenue;
 - Higher non-residential electricity sales volumes;
 - Higher renewable PPA revenues; and
 - Higher residential sales revenue; partly offset by
 - Lower utilisation of Huntstown 2

Pro-forma EBITDA^(a)



- Pro-forma EBITDA for Third Quarter 2018 decreased from £16.9m to £14.5m primarily reflecting:
 - Lower unconstrained utilisation of Huntstown 2; and
 - Lower non-residential electricity margins; partly offset by
 - Higher contributions from renewable PPAs;
 - Higher non-residential gas margins;
 - Higher residential margins; and
 - Lower operating costs

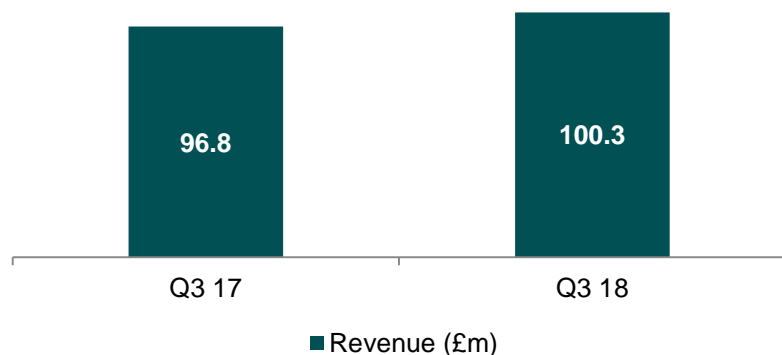
(a) Pro-forma EBITDA excludes EBITDA from renewable wind farm assets of £7.6m in Third Quarter 2018 and £1.0m in Third Quarter 2017

Power NI KPIs

Power NI	Q3 17	Q3 18
Total customer sites (No.)		
Residential	488,000	470,000
Non-residential	34,000	34,000
Sales		
Electricity sales (TWh)	0.7	0.7
Contracted operational renewable PPA capacity (deregulated) (MW)		
Average capacity during the period	115	232
Period end capacity – 31 December	116	247

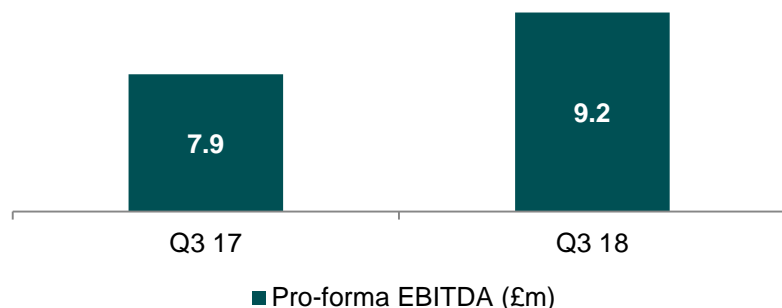
Power NI financial highlights – Third Quarter 2018

Revenue



- Revenue for Third Quarter increased from £96.8m to £100.3m reflecting:
 - Higher unregulated 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)

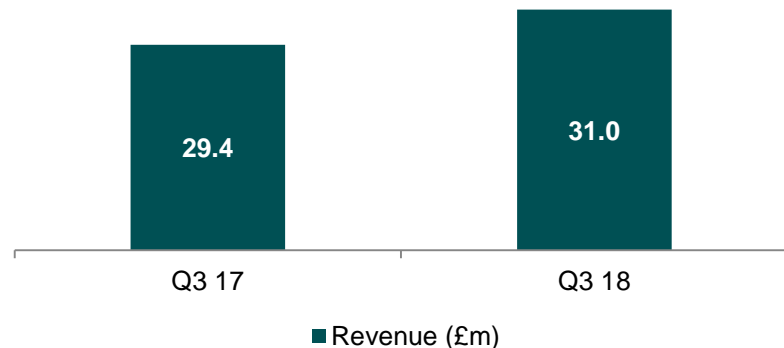


- Pro-forma EBITDA for Third Quarter 2018 was £9.2m (2017 - £7.9m) primarily reflecting:
 - Higher contributions from small scale PPAs; and
 - Higher unregulated margins (associated with the full deregulation of the business market from 1 April 2017); partly offset by
 - Lower regulated margins; and
 - Higher operating costs

(a) Based on regulated entitlement

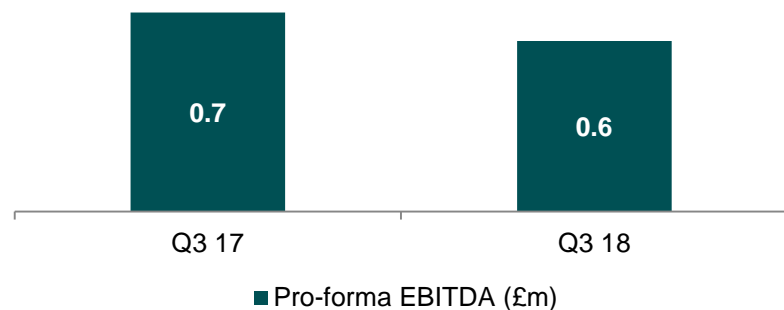
PPB financial highlights – Third Quarter 2018

Revenue



- Revenue for Third Quarter 2018 increased from £29.4m to £31.0m primarily reflecting:
 - Higher capacity income (due to less outages compared to the prior year period); partly offset by
 - Lower utilisation of the Ballylumford plant; and
 - Lower market prices

Pro-forma EBITDA^(a)



- Pro-forma EBITDA for Third Quarter 2018 was broadly in line with the prior period at £0.6m (2017 - £0.7m)

(a) Based on regulated entitlement

Restricted group cash flow summary

(£m)	Q3 17	Q3 18	9M 17	9M 18
Pro-forma EBITDA ^(a)	25.3	24.4	69.4	73.6
Defined benefit pension charge less contributions paid	(0.1)	-	(0.1)	-
Changes in working capital ^(b)	(0.7)	13.1	7.3	22.6
Effects of FX	(0.7)	(0.3)	1.7	1.0
Pro-forma cash flow from operating activities	23.8	37.2	78.3	97.2
Net capital expenditure ^(c)	(2.7)	(3.1)	(12.2)	(9.3)
Pro-forma cash flow before interest and tax	21.1	34.1	66.1	87.9
Net movement in security deposits	(4.7)	(0.6)	(3.5)	0.3
Over/(under)-recovery of regulated entitlement	1.2	(3.1)	8.9	11.2
Exceptional items ^(d)	(2.3)	(0.1)	(2.3)	(0.4)
Net equity investment in in-development wind farm assets	(22.1)	(1.7)	(38.1)	(3.8)
Pro-forma cash flow before interest, tax and acquisitions and disposals	(6.8)	28.6	31.1	95.2

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 £1.5m increase in Third Quarter 2018 (Third Quarter 2017 - nil); First Nine Months 2018 £3.5m increase (First Nine Months 2017 £3.7m increase)
- (c) Net capex excludes capex on renewable wind farm assets of £7.2m in Third Quarter 2018 (Third Quarter 2017 - £33.7m); First Nine Months 2018 £50.3m (First Nine Months 2017 £122.4m)
- (d) Includes exceptional costs associated with acquisitions whether successful or unsuccessful

Net debt

Net debt (£m) As at	31 Mar 17	30 Sep 17	31 Dec 17
Cash and investments	(108.2)	(93.2)	(117.7)
Senior secured notes €350m (2025)	-	302.6	305.0
Senior secured notes £225m (2024)	-	220.8	220.9
Senior secured notes €600m (2020)	507.6	-	-
Interest accruals	4.0	0.5	6.9
Senior net debt	403.4	430.7	415.1
Project finance cash	(13.4)	(21.7)	(27.8)
Project finance bank facilities	207.2	259.3	265.8
Interest accruals	-	0.2	2.6
Total net debt	597.2	668.5	655.7

- Senior net leverage at 31 December 2017 was 3.9x

Conclusion

Solid set of results for the Third Quarter 2018 despite competitive market pressures

Outlook

- Ongoing interaction with EirGrid and CRU in relation to the future of the Huntstown plants but outcome remains uncertain
- Business readiness for I-SEM progressing well
- Continued growth in Energia's RoI residential customer base
- Competitive pressures in the commercial retail market impacting margins
- 21 MW Rathsherry wind farm commissioned on 9 February 2018 contributing to earnings
- Remaining 3 wind farm projects in-construction expected to come online by December 2018