

VIRIDIAN

Results Presentation Year Ended 31 March 2018

27 July 2018



Forward looking statements

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Financial highlights

Solid set of results despite competitive market pressures throughout the year

- Pro-forma EBITDA* for the Year Ended 31 March 2018 was £99.5m (2017 - £102.5m)
- Exceptional item of £124.2m representing impairment charge recognised in relation to the Huntstown plants (2017 - £nil)
- Pro-forma cash flow before interest and tax** for the Year Ended 31 March 2018 was £110.3m (2017 - £93.8m)
- Senior net debt was £421.7m at 31 March 2018 (2017 - £403.4m)

* 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 assets) and exceptional items and including the effects of FX

Energia Group business developments

Huntstown plant availability and utilisation

- Availability of 97.5% for Huntstown 1 and 92.9% for Huntstown 2 for Year Ended 31 March 2018 reflecting outages of 10 days and 22 days respectively
- A planned 10 day minor inspection outage for Huntstown 1 was completed in May 2018
- Unconstrained utilisation of 21.3% for Huntstown 1 and 23.2% for Huntstown 2 for Year Ended 31 March 2018
- Incremental impact of constrained utilisation was an increase of 29.9% for Huntstown 1 and an increase of 6.7% for Huntstown 2 for Year Ended 31 March 2018

Retail sales

- Total electricity sales volumes for Year Ended 31 March 2018 were 5.3TWh (2017 – 4.8TWh)
- Total gas sales volumes for Year Ended 31 March 2018 were 78.3m therms (2017 – 81.0m therms)
- Non-residential electricity customer sites supplied at 31 March 2018 were 55,800 (2017 – 51,800)
- Non-residential gas customer sites supplied at 31 March 2018 were 4,300 (2017 – 5,300)
- RoI residential customer sites supplied at 31 March 2018 were 192,100 (2017 – 145,300) with continued growth in the customer base

Energia Group business developments (cont'd)

Appeal against 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 the new Integrated Single Electricity Market (I-SEM)
- The Appeal hearings were conducted in May 2018 and on 2 July 2018 the Appeal Panel published its decision
- The Appeal Panel has directed the CRU not to make the proposed modifications to the Huntstown plant generation licences
- The Appeal Panel found that when implementing the I-SEM market design, the CRU fell into "serious and significant error" by not putting in place a Targeted Contracting Mechanism, as it had envisaged, as a key element of the design of the new market
- The outcome of the appeal does not of itself provide a basis upon which the Huntstown plants may remain open in I-SEM and raises significant questions regarding the introduction of the I-SEM market due to commence on 1 October 2018

Energia Group business developments (cont'd)

Impact of I-SEM capacity remuneration mechanism and update on regulatory process to put in place a transmission reserve contract

- 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 ("the Auction") for capacity in the new I-SEM. This confirmed that Huntstown 1 had been awarded a reliability option contract but Huntstown 2 was not awarded such a contract
- 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, in the context of which 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
- Discussions are ongoing in respect of putting in place transmission reserve contracts for the Huntstown plants. We remain committed to participate constructively with CRU and EirGrid to find an appropriate solution but we cannot be certain what the outcome of the ongoing discussions will be or that they will deliver an acceptable solution
- We continue to plan for the potential closure of the Huntstown plants from the commencement of I-SEM on 1 October 2018 and the period of protective notice of redundancy for relevant Huntstown staff has been extended to 30 September 2018

Energia Group business developments (cont'd)

Renewable PPAs

- Average contracted renewable generation capacity for Year Ended 31 March 2018 was 984MW (2017 - 849MW) with 998MW operational capacity at 31 March 2018 (2017 – 1,013MW)

Renewable Assets – Wind farms

- Renewable assets availability for Year Ended 31 March 2018 was 96.3% (2017 – 97.3%) with a wind factor of 27.3% (2017 – 25.9%)
- 223MW operational at 31 March 2018 (2017 – 202MW) following the commissioning of the 21MW Rathsherry wind farm in February 2018
- Three NI wind farms with a total capacity of 54MW were in construction at 31 March 2018. All are now energised and on track for commissioning by December 2018 within grace periods to gain NIROC accreditation
- Project finance put in place in July 2017 for a 21MW wind farm; in September 2017 for a 36MW wind farm; and in June 2018 for two wind farms representing 18MW. All wind farm projects in construction now have project finance in place
- Distribution of £3m paid to the senior secured restricted group in Q1 FY2019

Renewable Assets – Bioenergy

- In May 2018, Energia Group completed the acquisition of CEHL (Dublin) Bioenergy Limited and its subsidiary, Huntstown Bioenergy Limited and has entered into an Engineering Procurement Contract (EPC) for the design and build of a 4.9MW anaerobic digestion facility at Huntstown in North County Dublin
- Huntstown Bioenergy Limited has entered into a long term fuel supply agreement to supply the majority of organic waste for the plant over 10 years at fixed prices
- The project is expected to benefit from REFIT support

Power NI business developments

Electricity sales

- Residential customer numbers at 31 March 2018 were 466,000 (2017 – 483,000)
- Non-residential customer numbers at 31 March 2018 were 34,000 (2017 – 34,000)
- Total electricity sales for Year Ended 31 March 2018 were 2.5TWh (2017 – 2.5TWh)

Price control

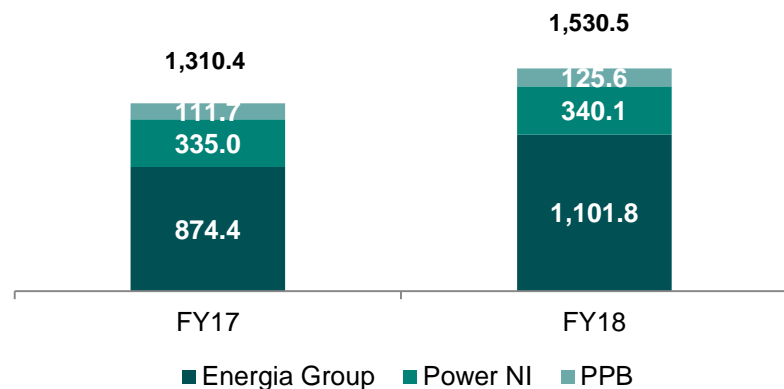
- On the 25 May 2018 the Utility Regulator (UR) confirmed its intention to extend Power NI's current price control a further 2 years, from 1 April 2019 to 31 March 2021
- Power NI will share with customers the benefits of annual efficiency gains made during the current price control period

Deregulated renewable PPA portfolio

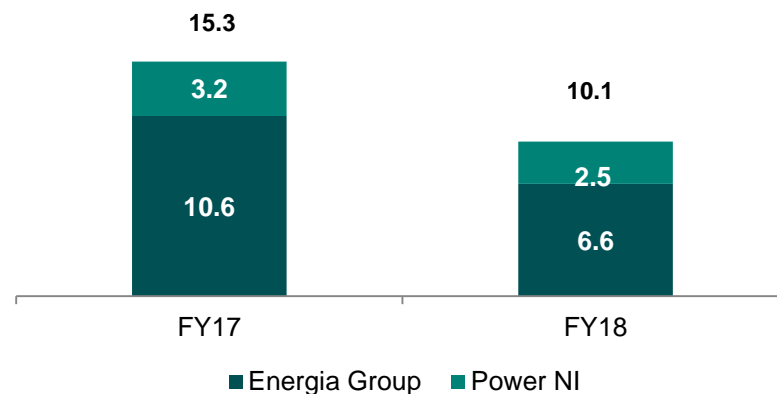
- Average contracted generation capacity in operation during the Year Ended 31 March 2018 was 214MW (2017 – 112MW) with operational capacity of 251MW at 31 March 2018 (2017 - 127MW)

Financial summary – Year Ended 31 March 2018

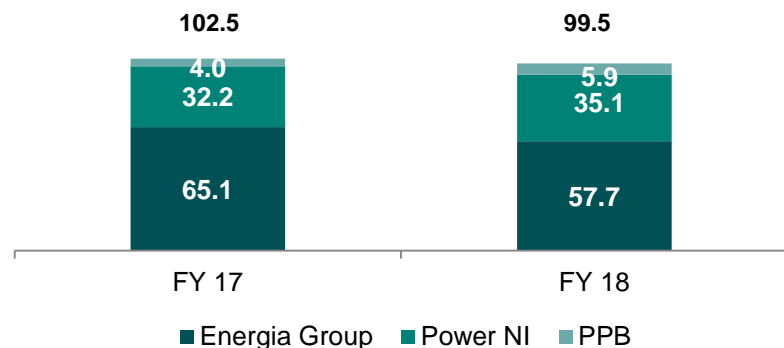
Revenue (£m)^(a)



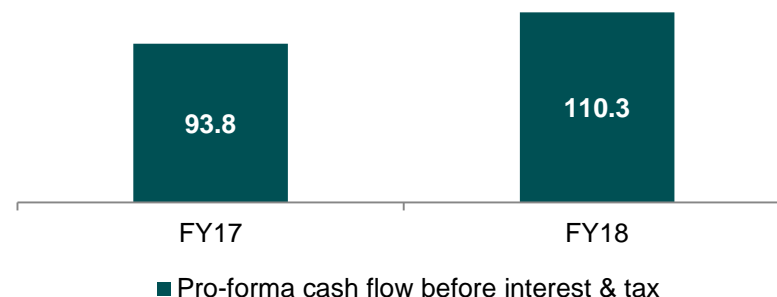
Capital expenditure for continuing operations (£m)^(c)



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 assets of £61.0m in Year Ended 31 March 2018 and £132.3m in Year Ended 31 March 2017. Total includes other group capex of £1.0m in Year Ended 31 March 2018 and £1.6m in Year Ended 31 March 2017.

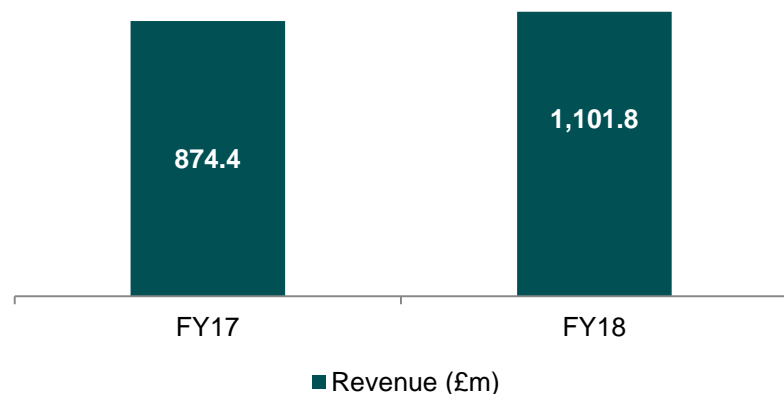
(d) Pro-forma cash flow before interest and tax defined as Pro-forma EBITDA, less pension charges, plus movements in provisions and working capital (inc purchase of and proceeds from sale of other intangibles), less gross capex (excluding capex of renewable assets) and exceptional items and including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

Energia Group KPIs

Energia Group	FY17	FY18
Availability (%)		
Huntstown 1	89.3	97.5
Huntstown 2	91.1	92.9
Unconstrained utilisation (%)		
Huntstown 1	8.1	21.3
Huntstown 2	29.0	23.2
Incremental impact of constrained utilisation (%)		
Huntstown 1	9.7	29.9
Huntstown 2	13.2	6.7
Sales		
Electricity sales (TWh)	4.8	5.3
Gas sales (million therms)	81.0	78.3
Total customer sites (No.)		
Non-residential	57,100	60,100
Residential	145,300	192,100
Wind farm operational PPAs (MW)		
Average capacity during the period	849	984
Period end capacity – at 31 March	1,013	998
Wind farm assets operational performance (%)		
Availability	97.3	96.3
Wind factor	25.9	27.3

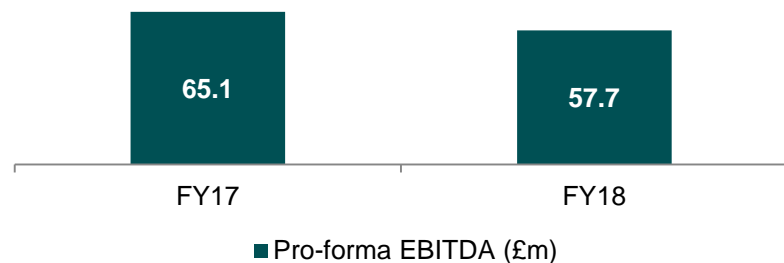
Energia Group financial highlights – Year Ended 31 March 2018

Revenue



- Revenue for Year Ended 31 March 2018 increased from £874.4m to £1,101.8m primarily reflecting:
 - Higher availability and utilisation of Huntstown 1;
 - Higher non-residential electricity sales volumes and prices;
 - Higher interconnector revenue;
 - Impact of foreign exchange translation;
 - Higher renewable PPA revenues;
 - Higher residential revenue; partly offset by
 - Lower utilisation of Huntstown 2.

Pro-forma EBITDA^(a)



- Pro-forma EBITDA for Year Ended 31 March 2018 decreased from £65.1m to £57.7m primarily reflecting:
 - Lower non-residential electricity and gas margins; and
 - Lower residential margins; partly offset by
 - Higher availability and utilisation of Huntstown 1;
 - Higher contributions from renewable PPAs;
 - Lower operating costs; and
 - Impact of foreign exchange translation.

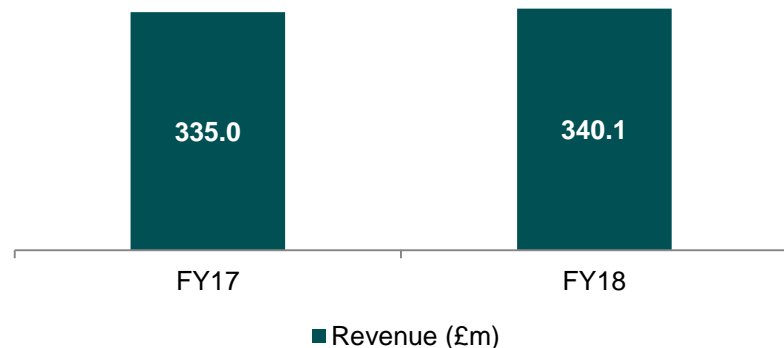
(a) Pro-forma EBITDA excludes EBITDA from renewable wind farm assets of £27.6m in Year Ended 31 March 2018 and £4.9m in Year Ended 31 March 2017

Power NI KPIs

Power NI	FY17	FY18
Sales		
Electricity sales (TWh)	2.5	2.5
Total customer sites (No.)		
Residential	483,000	466,000
Non-residential	34,000	34,000
Contracted operational renewable PPA capacity (deregulated) (MW)		
Average capacity during the period	112	214
Period end capacity – 31 March	127	251

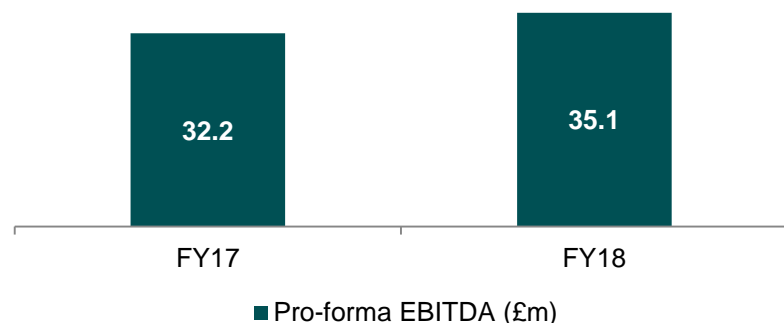
Power NI financial highlights – Year Ended 31 March 2018

Revenue



- Revenue for Year Ended 31 March 2018 increased from £335.0m to £340.1m primarily reflecting:
 - Higher unregulated revenue (associated with the full deregulation of the business market from 1 April 2017); partly offset by
 - Lower regulated revenue; and
 - Lower customer numbers

Pro-forma EBITDA^(a)

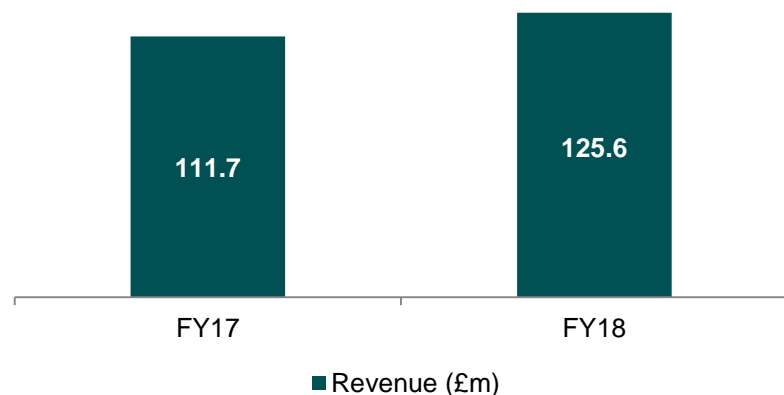


- Pro-forma EBITDA for Year Ended 31 March 2018 increased to £35.1m (2017 - £32.2m) primarily reflecting:
 - Higher contributions from renewable PPAs; and
 - Higher unregulated margins; partly offset by
 - Lower regulated margins; and
 - Higher operating costs

(a) Based on regulated entitlement

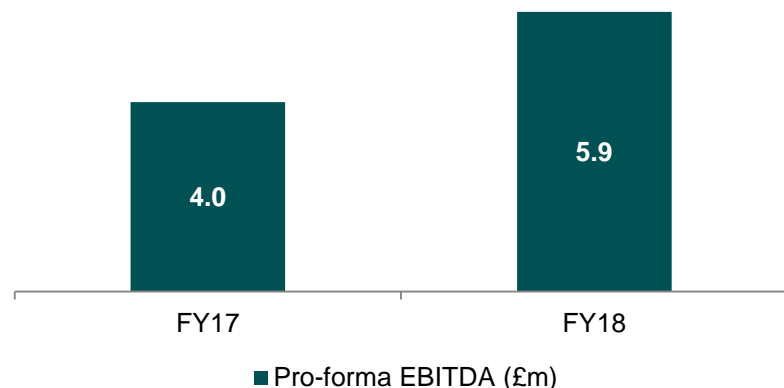
PPB financial highlights – Year Ended 31 March 2018

Revenue



- Revenue for Year Ended 31 March 2018 increased from £111.7m to £125.6m primarily reflecting:
 - Higher utilisation of the Ballylumford plant;
 - Higher market prices; and
 - Higher regulated entitlement associated with the gain share earned for the year

Pro-forma EBITDA^(a)



- Pro-forma EBITDA for Year Ended 31 March 2018 increased to £5.9m (2017 - £4.0m) primarily reflecting an increase in regulated entitlement associated with the gain share earned for the year

(a) Based on regulated entitlement

Restricted group cash flow summary

(£m)	FY17	FY18
Pro-forma EBITDA ^(a)	102.5	99.5
Defined benefit pension charge less contributions paid	(1.3)	(1.1)
Changes in working capital ^(b)	5.9	20.9
Effects of FX	2.0	1.1
Pro-forma cash flow from operating activities	109.1	120.4
Net capital expenditure ^(c)	(15.3)	(10.1)
Pro-forma cash flow before interest and tax	93.8	110.3
Net movement in security deposits	8.5	(1.7)
Under-recovery of regulated entitlement	(0.5)	(4.3)
Exceptional items ^(d)	(2.4)	(0.3)
Net equity investment in in-development renewable assets	(22.7)	(12.1)
Pro-forma cash flow before interest, tax and acquisitions and disposals	76.7	91.9

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 £3.9m increase in Year Ended 31 March 2018 (Year Ended 31 March 2017 - £1.0m)
- (c) Net capex excludes capex on renewable assets of £61.0m in Year Ended 31 March 2018 (Year Ended 31 March 2017 - £132.3m)
- (d) Includes exceptional costs associated with acquisitions whether successful or unsuccessful

Net debt

Net debt (£m) As at	31 Mar 17	31 Mar 18
Cash and investments	(108.2)	(102.7)
Senior secured notes due 2025	-	301.6
Senior secured notes due 2024	-	221.1
Senior secured notes due 2020	507.6	-
Interest accruals	4.0	1.7
Senior net debt	403.4	421.7
Project finance cash	(13.4)	(24.9)
Project finance bank facilities	207.2	258.2
Interest accruals	-	0.4
Total net debt	597.2	655.4

- FX rate at 31 March 2018: €/£ 1.1406 (2017 - €/£ 1.1691)
- Senior net leverage at 31 March 2018 was 4.3x

Conclusion

Solid set of results despite competitive market pressures throughout the year

Outlook

- Discussions ongoing in respect of putting in place transmission reserve contracts for the Huntstown plants following successful outcome of appeal but outcome remains uncertain and the Group continues to plan for the closure of the plants
- Final preparations progressing for business readiness for I-SEM go-live on 1 October 2018
- Competitive pressures in retail markets expected to continue
- Continued growth in Energia's Rol residential customer base
- Contribution to earnings from the 21MW Rathsherry wind farm commissioned in February 2018
- Remaining 3 in-construction wind farm projects have project finance in place, are all energised and on track for commissioning by December 2018
- Huntstown bioenergy project in-construction and expected to commission by December 2019