Energia Group Limited
(Formerly known as Viridian Group Investments Limited)

Financial Year 2020 Quarterly Report

Unaudited Interim Consolidated Financial Statements
First Quarter 2020

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Key Facts and Figures

Underlying Business Results[1]

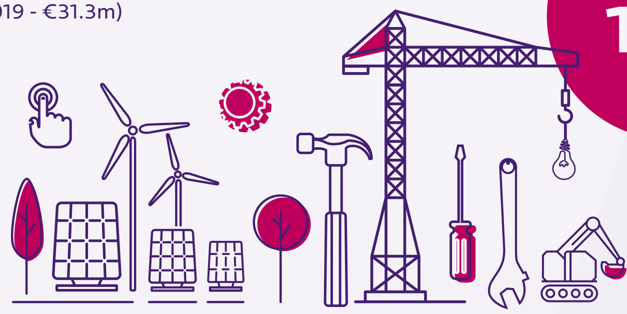
Group Pro-Forma EBITDA

Group Pro-Forma EBITDA	First Quarter 2020 €m	First Quarter 2019 €m
Renewables	12.7	13.8
Flexible Generation	9.2	8.9
Customer Solutions	14.7	9.5
	36.6	32.2

€m
36.6

Capital expenditure

(First Quarter 2019 - €31.3m)



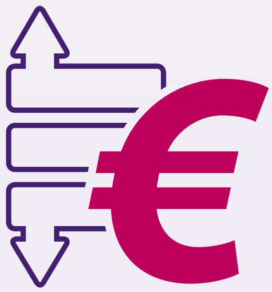
€m
11.6

IFRS Results[2]

Revenue

(First Quarter 2019 - €459.1m)

€m
441.9



€m
33.2

Operating profit

(First Quarter 2019 - €23.8m)

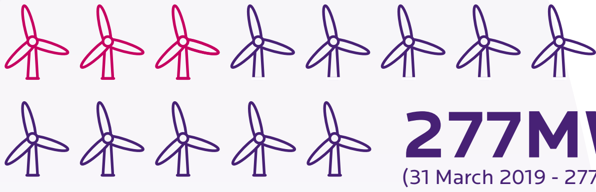
[1] Based on regulated entitlement and before exceptional items and certain remeasurements as outlined in note 2.
[2] Before exceptional items and certain remeasurements.

Operational Facts

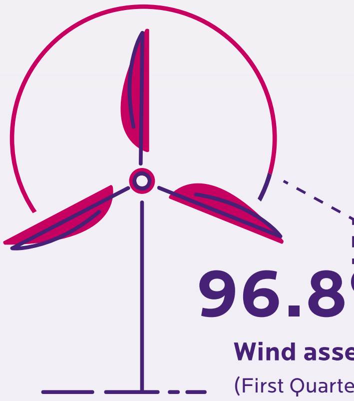
801

Employee numbers
(31 March 2019 – 795)

Wind generation assets operational at 30 June 2019



277MW
(31 March 2019 - 277MW)



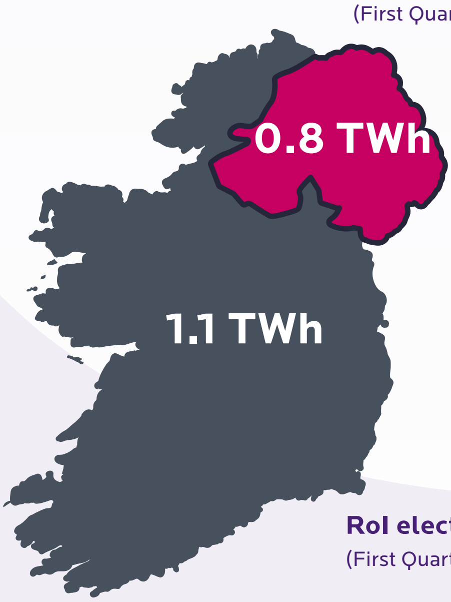
96.8%
Wind asset availability
(First Quarter 2019 - 98.4%)

99.1%
69.0%

Huntstown CCGT 1 & 2 availability
(First Quarter 2019 - 88.5% / 99.7%)

673,000
Residential customer sites supplied
(31 March 2019 - 667,800)

NI electricity sales volume
(First Quarter 2019 - 0.8 TWh)



RoI electricity sales volume
(First Quarter 2019 - 1.2 TWh)

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Management Report

Management Report

The Director of Energia Group Limited (EGL) (formerly known as Viridian Group Investments Limited) presents the condensed interim consolidated financial statements for EGL for the three months ended 30 June 2019 (First Quarter 2020) including comparatives for the three months ended 30 June 2018 (First Quarter 2019). All references in this document to 'Group' denote Energia Group Limited and its subsidiary undertakings and to 'Company' denote Energia Group Limited, the parent company. The principal activity of the Company is that of a holding company.

Group Strategic Review

As disclosed by the Company in its annual report for the financial year ended 31 March 2019 (Annual Report 2019), the Board completed a review of the Group's strategy in the context of the recent developments in the Group's business, changes in the wider energy market and trends which will affect the Group's business going forward. As a result of this review, the Board has determined that it is more appropriate to manage the Group through reportable business units aligned to business drivers rather than business units and therefore from 31 March 2019 the Board has organised the Group into the following business units for management and reporting purposes:

- **Renewables;**
- **Flexible Generation;** and
- **Customer Solutions.**

As part of a Group rebranding exercise, also disclosed in the Annual Report 2019, on 16 May 2019 the Company changed its name from Viridian Group Investments Limited to Energia Group Limited to better align its corporate identity with the activities of the operational business.

Business Model and Principal Activities

As disclosed in detail within the Annual Report 2019, the Group is a leading integrated Irish energy business with substantial businesses in both the RoI and Northern Ireland. During First Quarter 2020 there were no changes to the principal activities of the Group's businesses.

The Renewables business owns and operates 277MW of wind assets and purchases electricity from 1,275MW of renewable generation capacity throughout Ireland. In addition, the Renewables business is currently in the advanced stages of constructing a 4MW bioenergy plant in Dublin.


Huntstown Bioenergy Plant in construction

The Flexible Generation business owns and operates 747MW of conventional generation assets in the RoI and procures power under contract with 600MW of conventional generation assets in Northern Ireland.

The Customer Solutions business supplies electricity and gas to 265,200 customer sites in the RoI and 498,600 customer sites in Northern Ireland through its two retail brands, Energia and Power NI.

New Accounting Standards

The Group has adopted IFRS 16 Leases under the modified retrospective approach which has not resulted in the restatement of previous financial statements. The nature and effect of these changes are described in note 1 to the accounts.

Change in presentational currency

As disclosed in the Annual Report 2019, the Group changed the presentational currency of the financial statements from pounds Sterling to Euro. Financial information included in the Group's consolidated financial statements for the First Quarter 2019 previously reported in Sterling have been restated to Euro.

BUSINESS REVIEWS

Renewables

Overview

The Group owns and operates a generation portfolio comprising onshore wind assets across the RoI and Northern Ireland and a bioenergy plant under construction in the RoI. The Group also purchases electricity under long-term off-take Power Purchase Agreement (PPA) contracts with third party renewable generators and the Group's owned renewable assets through its Customer Solutions businesses.

Financial performance

The Renewables financial KPIs are shown below:

	First Quarter 2020 €m	First Quarter 2019 €m
EBITDA	12.7	13.8
Capital expenditure	6.3	26.3

Renewables EBITDA decreased to €12.7m (2019 - €13.8m) primarily reflecting lower contributions from renewable PPAs (due to lower market prices and lower Renewable Obligation Certificate (ROC) sales volumes, partly offset by higher output), partly offset by higher wind generation assets EBITDA (reflecting the commissioning of wind farms).

Net capital expenditure decreased to €6.3m (2019 - €26.3m) primarily reflecting lower capital expenditure in respect of wind farms commissioned in the prior year.


Cornavarrow wind farm, Co. Tyrone

Operational performance

KPIs	First Quarter 2020	First Quarter 2019
Onshore wind generation assets Wind generation capacity in operation in the RoI and Northern Ireland		
- average during the period (MW)	277	223
- at end of period (MW)	277	223
Availability (%)	96.8	98.4
Wind factor (%)	21.6	20.3
Renewable PPA portfolio Contracted renewable generation capacity in operation in the RoI and Northern Ireland		
- average during the period (MW)	1,275	1,259
- at end of period (MW)	1,275	1,262

Onshore wind generation assets

The Group owns onshore wind farm assets across the RoI and Northern Ireland. The average onshore wind generation capacity in operation during the First Quarter 2020 was 277MW (2019 - 223MW) and at 30 June 2019, total generation capacity was 277MW (31 March 2019 – 277MW). This comprised 104MW (31 March 2019 – 104MW) of operating wind generation capacity in the RoI and 173MW (31 March 2019 – 173MW) of operating wind generation capacity in Northern Ireland.

Renewable assets availability was 96.8% (2019 – 98.4%) with a wind factor of 21.6% (2019 – 20.3%).

On 1 August 2019 the Group sold its 25% minority share in a 52MW portfolio of wind generation assets in the RoI, for proceeds of €6.5m (the Irish Infrastructure Fund, as majority shareholder, also disposed of its interest in these assets).

Distributions of €9.1m were made in the First Quarter 2020 (2019 - €3.4m) from the wholly owned wind generation assets together with €0.3m (2019 - €0.7m) from the minority owned wind generation assets.

Renewable PPA portfolio

The Group's renewable PPA portfolio primarily consists of off-take contracts with third party owned wind farms alongside wind generation assets in which the Group has an equity interest. The Group, via its Customer Solutions business, has entered into contracts with developers under which it has agreed to purchase the long-term output of a number of wind farm projects and with generators from other renewable sources (e.g. anaerobic digestion and biomass technologies).

The average contracted generation capacity in operation during the First Quarter 2020 was 1,275MW (2019 – 1,259MW) with 30 June 2019 operating capacity of 1,275MW (31 March 2019 – 1,281MW) of which the Northern Ireland operating capacity was 689MW (31 March 2019 - 695MW) and the RoI operating capacity was 586MW (31 March 2019 – 586MW).

Bioenergy assets

The Group continues to develop its bioenergy assets.

The bioenergy plant at Huntstown in Dublin is a state of the art 4.0MW anaerobic digestion facility which will process up to 100,000 tonnes of organic municipal waste from the Dublin region. It is at an advanced stage of construction and will produce c32GWh of green renewable electricity on an annual basis. Huntstown Bioenergy Limited has entered into a long-term fuel supply agreement to supply the majority of the organic waste required for the plant over 10 years at fixed prices. On 18 April 2019, the Group put in place a debt finance package of €44m in respect of the Huntstown bioenergy plant. Commercial operation is expected by the Fourth Quarter 2020 with the plant benefitting from Renewable Energy Feed-In Tariff scheme (REFIT) support.

On 26 June 2019, a planning application was lodged for a 4.1MW anaerobic digestion project at Giant's Park in Belfast. The site is adjacent to operational ROC accredited Combined Heat and Power (CHP) engines which the Group owns. Subject to planning and licensing the plant is expected to be operational by the end of 2021. It is intended to put project financing in place in due course.

Offshore wind

The Group has applied to the Department of Housing, Planning and Local Government in the RoI for permission to carry out preliminary surveys to investigate the feasibility of offshore wind energy generation in the North Celtic Sea. Public consultation closed on 6 August 2019 and a decision on the Investigative Foreshore Licence application is expected shortly.

Outlook

The Group continues to develop its 21MW Coolberrin wind farm development project in County Monaghan, RoI and is also assessing a significant number of other opportunities to acquire and develop further wind farm development projects.

It is also continuing to develop its plans for a proposed bioenergy plant at Giant's Park in Belfast while assessing opportunities to invest in solar and offshore wind farm development projects throughout Ireland.

Huntstown Bioenergy Plant in construction

Flexible Generation

Overview

The Group owns and operates two CCGT plants at the Huntstown site in north Dublin. Huntstown 1, a 343MW CCGT plant was commissioned in November 2002 and Huntstown 2, a 404MW CCGT plant adjacent to Huntstown 1, was commissioned in October 2007.

In addition, the Group's PPB business administers 600MW of contracted generation capacity from the Ballylumford Power Station in Northern Ireland. This legacy contract runs to September 2023 and is cancellable by the Utility Regulator (UR) with six months notice.

Financial performance

	First Quarter 2020 €m	First Quarter 2019 €m
EBITDA	9.2	8.9
Capital expenditure	0.1	1.5

EBITDA increased to €9.2m (2019 – €8.9m) primarily reflecting higher availability and unconstrained utilisation of Huntstown 1, partly offset by lower availability and unconstrained utilisation of Huntstown 2.

Net capital expenditure decreased to €0.1m (2019 - €1.5m) primarily due to lower capital expenditure in respect of Huntstown 1's outage costs.

Operational performance

KPIs	**First Quarter 2020**	First Quarter 2019
Huntstown CCGTs Availability (%)		
- Huntstown 1	99.1	88.5
- Huntstown 2	69.0	99.7
Unconstrained utilisation (%)		
- Huntstown 1	95.0	21.1
- Huntstown 2	-	50.4
Incremental impact of constrained utilisation (%)		
- Huntstown 1	(27.1)	9.2
- Huntstown 2	63.5	12.3

Huntstown 1 availability was 99.1% (2019 – 88.5%). The prior year lower availability reflects a 10 day planned outage in relation to a minor inspection on the gas turbine.

Huntstown 2 availability was 69.0% (2019 – 99.7%) primarily reflecting 28 days of a total 42 day planned outage which commenced in March 2019 and was successfully completed on 28 April 2019.

Huntstown 1 unconstrained utilisation was 95.0% (2019 – 21.1%). Huntstown 2 unconstrained utilisation was nil (2019 – 50.4%).

The incremental impact of constrained utilisation for Huntstown 1 was 27.1% constrained off (2019 – 9.2% constrained on). The incremental impact of constrained utilisation for Huntstown 2 was 63.5% constrained on (2019 – 12.3%).

Outlook

On 4 April 2019, SEMO published results which confirmed that Huntstown 2 had been awarded a reliability contract but Huntstown 1 had not been awarded such a contract in the T-4 capacity auction for the 2022/23 capacity year. Given the importance of the Huntstown plants to security of supply in the Dublin area, the Group continues to consider its options regarding the longer-term sustainability of the Huntstown plants.

On 12 August 2019, Huntstown 1 commenced a scheduled 33 day outage. The outage is currently ongoing and it is expected that the plant will return to service in mid-September 2019.

The Group continues to assess a number of flexible generation, energy storage and behind the meter projects in line with its strategy to grow the business in a manner which supports its renewable asset portfolio and product offerings to customers.

Huntstown CCGT Plant, Dublin

Customer Solutions

Overview

The Group's Customer Solutions business operates under the Energia and Power NI brands.

Energia supplies electricity to business and residential customers in the RoI and business customers in Northern Ireland. Energia also supplies natural gas to business and residential customers in the RoI.

Power NI is the regulated electricity supplier in Northern Ireland and supplies electricity to business and residential customers.

Power NI – engaging with customers at the 2019 Balmoral Show

Financial performance

	First Quarter 2020 €m	First Quarter 2019 €m
EBITDA	14.7	9.5
Capital expenditure	5.2	3.5

EBITDA increased to €14.7m (2019 - €9.5m) primarily reflecting higher Power NI deregulated margins and higher Energia non-residential and residential margins (reflecting lower energy costs and higher customer numbers).

Net capital expenditure increased to €5.2m (2019 - €3.5m) primarily reflecting higher capital expenditure in relation to IT projects.

Operational performance

KPIs	**First Quarter 2020 €m**	First Quarter 2019 €m
Customer sites (number) **RoI**		
- Residential electricity	157,000	143,400
- Residential gas	59,900	51,700
	216,900	**195,100**
- Non-residential electricity	44,400	47,800
- Non-residential gas	3,900	4,100
	48,300	**51,900**
Total RoI	**265,200**	**247,000**
Northern Ireland		
- Residential electricity	456,100	463,000
- Non-residential electricity	42,500	42,200
Total Northern Ireland	**498,600**	**505,500**
Energy sales **RoI**		
- Electricity sales (TWh)	1.1	1.2
- Gas sales (million therms)	20.1	15.7
Northern Ireland		
- Electricity sales (TWh)	0.8	0.8
Complaints (number)		
Complaints to the CRU in the RoI	5	-
Complaints to the CCNI in Northern Ireland	-	1

Residential electricity and gas customer sites in the RoI increased to 216,900 at 30 June 2019 (31 March 2019 – 210,500) reflecting the continued growth in these markets.

Non-residential electricity customer sites in the RoI were 44,400 at 30 June 2019 (31 March 2019 – 42,000). Non-residential gas customer sites in the RoI were 3,900 at 30 June 2019 (31 March 2019 – 3,800).

Residential customer numbers in Northern Ireland were 456,100 at 30 June 2019 (31 March 2019 – 457,300). Non-residential customer numbers in Northern Ireland were 42,500 at 30 June 2019 (31 March 2019 – 42,500).

Total electricity sales volumes in the RoI were 1.1TWh (2019 – 1.2TWh) and in Northern Ireland were 0.8TWh (2019 – 0.8TWh). RoI gas sales volumes were 20.1m therms (2019 – 15.7m therms).

During the period, the Group received five complaints (2019 – nil) which were referred to the CRU and no complaints (2019 – one) which were referred to the CCNI.

Outlook

The Group continues to invest in its digital platform in order to enable the continued delivery of innovative, enhanced and differentiated product offerings to customers.

Following its rebranding earlier this year the Group has decided that its Energia brand should cease to compete against Power NI in the deregulated business electricity market in Northern Ireland. Therefore with effect from 1 October 2019 all Energia commercial customers with a supply address in Northern Ireland will transfer to Power NI.

Regulatory and other business developments

Flexible Generation

PPB price control

The UR published its decision paper and proposed licence modifications necessary to implement the revised PPB price control on 14 January 2019. The final licence modifications were published on 10 June 2019, with the modifications taking effect from 6 August 2019. The revised price control is scheduled to run until September 2023 to coincide with the expiry of the Generating Unit Agreements covering 600MW of CCGT capacity at the Ballylumford Power Station.

Summary of Financial Performance

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Summary of Financial Performance

Revenue

Revenue from continuing operations decreased to €441.9m (2019 - €459.1m).
The breakdown by business is as follows:

	First Quarter 2020 €m	First Quarter 2019 €m
Renewables	49.2	47.2
Flexible Generation (based on regulated entitlement)	96.3	92.6
Customer Solutions (based on regulated entitlement)	286.4	316.5
Adjustment for over-recovery	10.1	1.8
Inter business elimination	(0.1)	1.0
Total revenue from continuing operations	**441.9**	**459.1**

Total revenue from continuing operations decreased to €441.9m (2019 - €459.1m).

Revenue from the Renewables business increased to €49.2m (2019 - €47.2m) primarily reflecting higher revenues from the commissioning of wind farms and higher renewable PPA revenues due to higher output partly offset by lower prices and lower ROC sales volumes.

Flexible Generation revenue increased to €96.3m (2019 - €92.6m) primarily reflecting higher availability and utilisation of Huntstown 1 and higher utilisation of the Ballylumford plant, partly offset by lower availability of Huntstown 2.

Customer Solutions revenue decreased to €286.4m (2019 - €316.5m) primarily due to lower Energia non-residential revenue (reflecting lower electricity sales volumes and lower market prices partly offset by higher gas sales volumes) and lower interconnector revenue (due to the new I-SEM market design effective 1 October 2018), partly offset by higher Energia residential revenue (reflecting higher customer numbers).

During the period the regulated businesses of Power NI and PPB collectively over-recovered against their regulated entitlement by €10.1m (2019 – €1.8m) and at 30 June 2019 the joint cumulative over-recovery against regulated entitlement was €11.4m. The over-recovery of regulated entitlement reflects the phasing of tariffs.

Operating costs

Operating costs (pre-exceptional items and certain remeasurements and excluding depreciation) decreased to €395.2m (2019 - €425.1m). The breakdown is as follows:

	First Quarter 2020 €m	First Quarter 2019 €m
Energy costs	364.6	399.9
Employee costs	10.4	8.9
Other operating charges	20.2	16.3
Total pre-exceptional items and certain remeasurements	**395.2**	**425.1**

Energy costs decreased to €364.6m (2019 - €399.9m) primarily reflecting lower market prices, lower non-residential electricity volumes and lower availability of Huntstown 2, partly offset by higher availability and utilisation of Huntstown 1 and higher utilisation of the Ballylumford plant.

Employee costs increased to €10.4m (2019 - €8.9m) reflecting an increase in headcount due to additional staff required to participate in the new I-SEM market and an increase in the Group's corporate development team.

Other operating charges increased to €20.2m (2019 - €16.3m) primarily reflecting higher maintenance costs for the Huntstown plant and higher marketing costs.

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Group EBITDA

The following table shows the Group pro-forma EBITDA (pre-exceptional items and certain remeasurements) by business:

	First Quarter 2020 €m	First Quarter 2019 €m
Renewables	12.7	13.8
Flexible Generation	9.2	8.9
Customer Solutions	14.7	9.5
Group pro-forma EBITDA	**36.6**	**32.2**
Over-recovery of regulated entitlement	10.1	1.8
EBITDA	**46.7**	**34.0**

All of the above amounts are pre-exceptional items and certain remeasurements as shown in note 2 to the accounts

Group pro-forma EBITDA (pre-exceptional items and certain remeasurements) increased to €36.6m (2019 – €32.2m) primarily reflecting an increase in EBITDA in the Customer Solutions and Flexible Generation businesses, partly offset by a reduction in the Renewables business.

Renewables EBITDA (pre-exceptional items and certain remeasurements) decreased to €12.7m (2019 – €13.8m) primarily reflecting lower contributions from renewable PPAs (due to lower market prices and lower ROC sales volumes, partly offset by higher output), partly offset by higher wind generation assets EBITDA (reflecting the commissioning of wind farms).

Flexible Generation EBITDA increased to €9.2m (2019 – €8.9m) primarily reflecting higher availability and unconstrained utilisation of Huntstown 1, partly offset by lower availability and unconstrained utilisation of Huntstown 2.

Customer Solutions EBITDA increased to €14.7m (2019 – €9.5m) primarily reflecting higher Power NI deregulated margins and higher Energia non-residential and residential margins (reflecting lower energy costs and higher customer numbers).

Depreciation

The Group's depreciation and amortisation by business is summarised as follows:

	First Quarter 2020 €m	First Quarter 2019 €m
Renewables	6.3	4.5
Flexible Generation	4.3	4.0
Customer Solutions	2.9	1.7
Total Depreciation	**13.5**	**10.2**

Depreciation and amortisation increased to €13.5m (2019 - €10.2m) primarily reflecting higher depreciation for the Renewables businesses (associated with the commissioning of wind farms), together with the Customer Solutions businesses (associated with the new I-SEM and other IT systems).

Group operating profit

The Group's operating profit by business is summarised as follows:

	First Quarter 2020 €m	First Quarter 2019 €m
Renewables	6.4	9.3
Flexible Generation	4.9	4.9
Customer Solutions	11.8	7.8
Total Operating Profit	**23.1**	**22.0**

Group pro-forma operating profit (pre-exceptional items and certain remeasurements) increased to €23.1m (2019 - €22.0m) primarily reflecting a higher operating profit in the Customer Solutions business, partly offset by a lower operating profit in the Renewables businesses.

Exceptional items and certain remeasurements

Exceptional items and certain remeasurements were a €2.5m cost (2019 - €17.9m credit). The breakdown by business is as follows:

	First Quarter 2020 €m	First Quarter 2019 €m
Renewables	(0.4)	-
Customer Solutions	(2.1)	17.9
Total Exceptional Items and Certain Remeasurements	**(2.5)**	**17.9**

Exceptional items in the Renewables business were a €0.4m cost (2019 - €nil) reflecting costs associated with acquisitions whether successful or unsuccessful.

Exceptional items in the Customer Solutions business were a €2.1m cost (2019 - €17.9m credit) reflecting certain remeasurements relating to the recognition of fair value of derivatives.

Further information is outlined in note 5 to the accounts.

Net finance costs

Net finance costs (pre-exceptional items and certain remeasurements) decreased from €8.6m to €3.8m primarily reflecting the impact of foreign exchange movements in the period compared to the same period last year.

Tax charge

The total tax charge (pre-exceptional items and certain remeasurements) was €3.0m (2019 – €0.8m). A detailed analysis of the tax charge is outlined in note 7 to the accounts.

Cash flow before acquisitions, disposals, interest and tax

Group cash flow before acquisitions, disposals, interest and tax of continuing operations is summarised as follows:

	First Quarter 2020 €m	First Quarter 2019 €m
Group pro-forma EBITDA[1]	36.6	32.2
Defined benefit pension charge less contributions paid	0.1	-
Net movement in security deposits	1.1	2.5
Changes in working capital[2]	1.8	5.3
Over-recovery of regulated entitlement	10.1	1.8
Exceptional items	(0.4)	(0.3)
Foreign exchange translation	3.4	0.8
Share-based payment	-	0.5
Cash flow from operating activities	**52.7**	**42.8**
Net capital expenditure[3]	**(11.6)**	**(31.3)**
Cash flow before acquisitions, disposals, interest and tax	**41.1**	**11.5**

[1] Includes EBITDA of project financed renewable assets of €7.8m (2019 - €6.0m)

[2] Includes changes in working capital of project financed renewable assets of €5.9m decrease (2019 – €1.6m increase) and net expenditure from the sale and purchases of other intangibles of €1.6m for First Quarter 2020 (2019 - €4.2m)

[3] Includes capital expenditure on project financed renewable assets of €6.3m (2019 - €26.3m) and intangible asset (software and customer acquisition costs) expenditure of €3.9m (2019 - €3.5m)

Group cash flow from operating activities increased to €52.7m (2019 - €42.8m) primarily reflecting a higher over-recovery of regulated entitlement of €10.1m (2019 - €1.8m), an increase in EBITDA of €4.4m from €32.2m to €36.6m and foreign exchange translation gains of €3.4m (2019 - €0.8m), partly offset by a lower decrease in working capital of €1.8m (2019 - €5.3m) and a lower decrease in security deposits of €1.1m (2019 - €2.5m).

Net movement in security deposits

The net movement in security deposits was a €1.1m decrease (2019 – €2.5m). As at 30 June 2019 there were €10.5m of security deposits in place.

Changes in working capital

Working capital decreased by €1.8m (2019 – €5.3m) primarily due to a decrease in trade and other receivables (reflecting lower sales volumes and market prices partly offset by an increase in ROC debtors) and an increase in emissions and ROC liabilities, partly offset by a decrease in the REFIT creditor for renewable PPAs and a decrease in trade payables (due to lower volumes and prices and settlement timing).

Over-recovery of regulated entitlement

As noted previously the regulated businesses of Power NI and PPB collectively over-recovered against their regulated entitlement by €10.1m (2019 – €1.8m) and at 30 June 2019 the joint cumulative over-recovery against regulated entitlement was €11.4m. The over-recovery of regulated entitlement reflects the phasing of tariffs.

Capital expenditure

Net capital expenditure in respect of tangible fixed assets and intangible software assets decreased to €11.6m (2019 - €31.3m). The breakdown by business is as follows:

Period to 30 June	First Quarter 2020 €m	First Quarter 2019 €m
Renewables	6.3	26.3
Flexible Generation	0.1	1.5
Customer Solutions	5.2	3.5
Total Capital Expenditure	**11.6**	**31.3**

Renewables capital expenditure decreased to €6.3m (2019 - €26.3m) primarily reflecting lower capital expenditure in respect of wind farms commissioned in the prior year.

Flexible Generation capital expenditure decreased to €0.1m (2019 - €1.5m) primarily due to lower capital expenditure in respect of Huntstown 1's outage costs.

Customer Solutions capital expenditure increased to €5.2m (2019 - €3.5m) primarily reflecting higher capital expenditure in relation to IT projects.

Other cash flows

Net interest paid

Net interest paid (excluding exceptional finance costs) increased to €1.3m (2019 - €1.1m).

Dividends

No dividends were paid in First Quarter 2020 (2019 - €nil).

Net debt

The Group's net debt is summarised in the following table:

	30 June 2019 €m	31 March 2019 €m
Investments	1.4	1.5
Cash and cash equivalents	250.1	196.6
Senior secured notes	(592.8)	(602.0)
Project finance facilities	(347.4)	(336.0)
Interest accruals	(11.5)	(2.1)
Total net debt	**(700.2)**	**(742.0)**

The Group's net debt decreased by €41.8m from €742.0m at 31 March 2019 to €700.2m at 30 June 2019 primarily reflecting higher cash and cash equivalents, partly offset by higher project finance facilities and higher interest accruals. Net debt at 30 June 2019 includes project finance net debt of €314.8m (31 March 2019 - €304.9m). Excluding project financed net debt, net debt was €385.4m (31 March 2019 - €437.1m).

Treasury

The Group is financed through a combination of retained earnings, medium-term bond issuance and both medium-term and long-term bank facilities. Liquidity, including short-term working capital requirements, is managed through committed Senior revolving credit bank facilities together with available cash resources. The Group continues to keep its capital structure under review and may from time to time undertake certain transactions such as financing transactions, acquisitions and disposals which affect its capital structure.

The Group may also from time to time repurchase its Senior secured notes, whether through tender offers, open market purchases, private purchases or otherwise.

At 30 June 2019, the Group had letters of credit issued out of the Senior revolving credit facility of €166.4m resulting in undrawn committed facilities of €85.1m (31 March 2019 - €81.4m). There were no cash drawings under the Senior revolving credit facility at 30 June 2019 (31 March 2019 - €nil).

During the period the Group has met all required financial covenants in the Senior revolving credit facility and project finance facilities.

At 30 June 2019, there was €35.7m (31 March 2019 - €31.2m) of restricted cash in the project financed wind farms which is subject to bi-annual distribution debt service requirements.

There have been no other significant changes in the Group's exposure to interest rate, foreign currency, commodity and credit risks. A discussion of these risks can be found in the Risk Management and Principal Risks and Uncertainties section of the Annual Report 2019.

Defined benefit pension liability

The pension liability in the Group's defined benefit scheme under International Accounting Standard (IAS) 19 was €0.3m at 30 June 2019 (2019 – nil).

Huntstown Bioenergy Plant in construction

Consolidated Financial Statements

Consolidated Income Statement

for the three month period ended 30 June 2019

		Results before exceptional items and certain remeasure-ments First Quarter 2020 Unaudited €m	Exceptional items and certain remeasure-ments (note 5) First Quarter 2020 Unaudited €m	Total First Quarter 2020 Unaudited €m	[1]Restated Results before exceptional items and certain remeasure-ments (note 22) First Quarter 2019 Unaudited €m	Exceptional items and certain remeasure-ments (note 5) First Quarter 2019 Unaudited €m	Restated Total First Quarter 2019 (note 22) Unaudited €m
Continuing operations	**Notes**						
Revenue	2	441.9	-	441.9	459.1	-	459.1
Operating costs	4	(408.7)	(2.5)	(411.2)	(435.3)	17.9	(417.4)
Operating profit	**2**	**33.2**	**(2.5)**	**30.7**	**23.8**	**17.9**	**41.7**
Finance costs	6	(4.1)	-	(4.1)	(8.9)	-	(8.9)
Finance income	6	0.3	-	0.3	0.3	-	0.3
Net finance cost		(3.8)	-	(3.8)	(8.6)	-	(8.6)
Share of loss in associates		(0.2)	-	(0.2)	(0.5)	-	(0.5)
Profit before tax		**29.2**	**(2.5)**	**26.7**	**14.7**	**17.9**	**32.6**
Taxation	7	(3.0)	0.3	(2.7)	(0.8)	(2.6)	(3.4)
Profit for the period		**26.2**	**(2.2)**	**24.0**	**13.9**	**15.3**	**29.2**

[1] Restated due to change in presentational currency

Consolidated Statement of Other Comprehensive Income

for the three month period ended 30 June 2019

	First Quarter 2020 Unaudited €m	[1]Restated First Quarter 2019 Unaudited €m
Profit for the period	**24.0**	**29.2**
Items that will be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(24.4)	(5.6)
Net (loss) / gain on cash flow hedges	(9.8)	2.7
Transferred loss / (gain) from equity to income statement on cash flow hedges	2.2	(2.4)
Share of associates net loss on cash flow hedges	(0.1)	-
Income tax effect	0.9	-
	(6.8)	**0.3**
	(31.2)	**(5.3)**
Items that will not be reclassified to profit or loss:		
Remeasurement loss on defined benefit scheme	(0.3)	(0.2)
Income tax effect	0.1	-
	(0.2)	**(0.2)**
Other comprehensive expense for the period, net of taxation	**(31.4)**	**(5.5)**
Total comprehensive (expense) / income for the period	**(7.4)**	**23.7**

[1] Restated due to change in presentational currency

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Consolidated Balance Sheet

as at 30 June 2019

ASSETS	Notes	30 June 2019 Unaudited €m	31 March 2019 Audited €m
Non-current assets:			
Property, plant and equipment		499.7	513.9
Intangible assets		669.6	694.2
Right-of-use assets		19.1	-
Investment in associates		2.4	2.9
Derivative financial instruments	14	2.0	2.7
Deferred tax assets		31.3	29.7
		1,224.1	**1,243.4**
Current assets:			
Inventories		5.3	5.6
Trade and other receivables	10	194.0	216.4
Derivative financial instruments	14	21.8	22.4
Other current financial assets	9	11.9	13.1
Cash and cash equivalents	11	250.1	196.6
		483.1	**454.1**
TOTAL ASSETS		**1,707.2**	**1,697.5**

LIABILITIES	Notes	30 June 2019 Unaudited €m	31 March 2019 Audited €m
Current liabilities:			
Trade and other payables	12	(396.9)	(421.4)
Income tax payable		(2.4)	(2.6)
Financial liabilities	13	(40.8)	(30.8)
Derivative financial instruments	14	(33.5)	(15.7)
		(473.6)	**(470.5)**
Non-current liabilities:			
Financial liabilities	13	(940.6)	(915.4)
Derivative financial instruments	14	(22.0)	(31.7)
Net employee defined benefit liabilities		(0.3)	-
Deferred tax liabilities		(13.9)	(11.9)
Provisions		(16.3)	(16.3)
		(993.1)	**(975.3)**
TOTAL LIABILITIES		**(1,466.7)**	**(1,445.8)**
NET ASSETS		**240.5**	**251.7**
Equity			
Share capital		-	-
Share premium		738.3	766.6
Retained earnings		(516.6)	(567.9)
Capital contribution reserve		79.9	83.0
Hedge reserve		(20.6)	(13.9)
Foreign currency translation reserve		(40.5)	(16.1)
TOTAL EQUITY		**240.5**	**251.7**

The financial statements were approved by the Board and authorised for issue on 3 September 2019.

Consolidated Statement of Changes In Equity

for the three month period ended 30 June 2019

	Notes	Share capital €m	Share premium €m	Retained earnings €m	Capital contribution reserve €m	Hedge reserve €m	Foreign currency translation reserve €m	Total equity €m
At 1 April 2018 (restated [1])		**-**	**753.4**	**(601.2)**	**115.8**	**(5.5)**	**(27.9)**	**234.6**
Exchange adjustment		-	(6.5)	7.5	(1.0)	-	-	-
Profit for the period		-	-	29.2	-	-	-	29.2
Other comprehensive (expense)/income		-	-	(0.2)	-	0.3	(5.6)	(5.5)
Share-based payments		-	-	0.5	-	-	-	0.5
Total comprehensive (expense)/income		**-**	**(6.5)**	**37.0**	**(1.0)**	**0.3**	**(5.6)**	**24.2**
At 30 June 2018 (restated[1])		**-**	**746.9**	**(564.2)**	**114.8**	**(5.2)**	**(33.5)**	**258.8**
At 1 April 2019		**-**	**766.6**	**(567.9)**	**83.0**	**(13.9)**	**(16.1)**	**251.7**
Effect of new accounting standard	1	-	-	(3.8)	-	-	-	(3.8)
At 1 April 2019 (restated)		**-**	**766.6**	**(571.7)**	**83.0**	**(13.9)**	**(16.1)**	**247.9**
Exchange adjustment		-	(28.3)	31.3	(3.1)	0.1	-	-
Profit for the period		-	-	24.0	-	-	-	24.0
Other comprehensive expense		-	-	(0.2)	-	(6.8)	(24.4)	(31.4)
Total comprehensive (expense)/income		**-**	**(28.3)**	**55.1**	**(3.1)**	**(6.7)**	**(24.4)**	**(7.4)**
At 30 June 2019		**-**	**738.3**	**(516.6)**	**79.9**	**(20.6)**	**(40.5)**	**240.5**

[1] Restated due to change in presentational currency

Consolidated Statement of Cash Flows

for the three month period ended 30 June 2019

	Notes	**First Quarter 2020 Unaudited €m**	[1]Restated First Quarter 2019 Unaudited €m
Cash generated from operations before working capital movements	15	**46.4**	**34.2**
Working capital adjustments:			
Decrease/(increase) in inventories		0.3	(0.1)
Decrease in trade and other receivables		22.4	27.4
Decrease in security deposits		1.1	2.5
Decrease in trade and other payables		(19.3)	(17.8)
Effects of foreign exchange		3.4	0.8
		54.3	**47.0**
Interest received		0.1	-
Interest paid		(1.4)	(1.1)
		(1.3)	**(1.1)**
Income tax paid		(1.0)	(0.1)
Net cash flows from operating activities		**52.0**	**45.8**
Investing activities			
Purchase of property, plant and equipment		(7.6)	(27.9)
Purchase of intangible assets		(37.5)	(37.9)
Proceeds from sale of intangible assets		31.9	30.2
Disposal of subsidiary, net of cash disposed		(0.2)	(0.2)
Distributions received from associates		-	0.1
Interest received from associates		0.3	0.6
Acquisition of subsidiaries		-	(1.3)
Net cash flows used in investing activities		**(13.1)**	**(36.4)**
Financing activities			
Proceeds from issue of borrowings		20.8	30.4
Issue costs of new long-term loans		(1.2)	(1.0)
Payment of lease liabilities		(0.5)	-
Net cash flows from financing activities		**19.1**	**29.4**
Net increase in cash and cash equivalents		**58.0**	**38.8**
Net foreign exchange difference		(4.5)	(0.9)
Cash and cash equivalents at 1 April	11	196.6	144.0
Cash and cash equivalents at 30 June	**11**	**250.1**	**181.9**

[1] Restated due to change in presentational currency

1. BASIS OF PREPARATION

The condensed interim consolidated financial statements of the Group have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union.

The accounting policies applied by the Group in these condensed interim consolidated financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 March 2019, except for the adoption of new standards effective as of 1 April 2019 (described below), and reflect the change in presentational currency and change in segmental reporting as adopted for the year ended 31 March 2019.

The Group applies, for the first time, IFRS 16 Leases. As required by IAS 34, the nature and effect of these changes are disclosed below:

IFRS 16 - Leases

IFRS 16 specifies the recognition, measurement, presentation and disclosure of leases and has been applied for the first time in the Group's consolidated financial statements for the quarter ended 30 June 2019. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases, unless the lease term is 12 months or less, or the underlying asset has a low value.

Transition to IFRS 16

Following a detailed impact assessment the Group has concluded that PPB's generating unit agreement with AES Ballylumford, whilst considered an operating lease under the existing standard is not regarded as a lease under the new standard. Similarly PPAs with renewable generators are not regarded as operating leases under the new standard. The Group has entered into operating leases for the hire of equipment, buildings and land (primarily relating to the renewable asset portfolio) which do fall under the scope of IFRS 16.

The Group has adopted IFRS 16 under the modified retrospective approach with the cumulative effect of initially applying IFRS 16 recognised as an adjustment to the opening balance of retained earnings at the date of initial application which is 1 April 2019 for the Group. In summary the impact of IFRS 16 adoption is as follows:

Impact on the consolidated balance sheet as at 1 April 2019:

	1 April 2019 €m
Assets	
Right-of-use assets	19.7
Deferred tax asset	0.9
Liabilities	
Lease liabilities	(24.4)
Net impact on equity	**(3.8)**

Due to the adoption of IFRS 16, operating lease rentals recognised within other operating costs have decreased to a negligible amount however depreciation has increased in respect of the depreciation of the right-of-use asset over the term of the lease and finance costs have increased due to accretion of the lease liability.

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of land and buildings. Before the adoption of IFRS 16, the Group classified each of its leases at the inception date as an operating lease. In an operating lease, the leased property was not capitalised and the lease payments were recognised as a rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Trade and other payables, respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the carrying amount as if the standard had always been applied, apart from the use of the incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relied on its assessment of whether leases are onerous immediately before the date of initial application;
- Applied the short-term leases exemptions to leases with a lease term that ends within 12 months at the date of initial application;
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as of 31 March 2019 as follows:

	€m
Operating lease commitments as at 31 March 2019	**36.5**
Weighted average incremental borrowing rate as at 1 April 2019	5.0%
Discounted operating lease commitments as at 1 April 2019	**23.0**
Less	
Commitments relating to short-term leases	(0.1)
Add	
Effect of change in lease assumptions	1.5
Lease liabilities as at 1 April 2019	**24.4**

Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating the term of some of its leases. For those leases which have expired, the Group has assumed that these will continue to be leased for a minimum period of five years.

Amounts recognised in the balance sheet and income statement

	Right-Of-Use Asset (Land & Buildings) €m	Lease Liabilities €m
As at 1 April 2019	**19.7**	**(24.4)**
Amortisation	(0.4)	-
Exchange adjustment	(0.2)	0.5
Interest	-	(0.3)
Payments	-	0.5
As at 30 June 2019	**19.1**	**(23.7)**

2. SEGMENTAL ANALYSIS

For management purposes, the Group is organised into business units based on its products and services and has three reportable segments, as follows:

(i) **Renewables**

The Renewables business owns and operates 277MW of wind assets and purchases electricity from 1,275MW of renewable generation capacity throughout Ireland. In addition, the Renewables business is currently developing a 4MW bioenergy anaerobic digestion facility in Dublin;

(ii) **Flexible Generation**

Consists of electricity generation from the Group's two Huntstown CCGT plants together with the administration of the contracted generation capacity from the Ballylumford power station in Northern Ireland under legacy generating unit agreements which were originally established in 1992 when the Northern Ireland electricity industry was restructured;

(iii) **Customer Solutions**

Consists of the competitive supply of electricity and gas to business and residential customers in the RoI, the supply of electricity to business customers in Northern Ireland through its brand Energia, together with the supply of electricity to residential and business customers in Northern Ireland through its brand Power NI.

The Group's Board monitors the operating results of its business units separately for the purpose of making decisions with regard to resource allocation and performance assessment. The measure of profit used by the Board is pro-forma EBITDA which is before exceptional items and certain remeasurements (arising from certain commodity, interest rate and currency contracts which are not designated in hedge accounting relationships) and based on regulated entitlement (whereby the adjustment for (under) / over-recovery outlined in the segmental analysis below represents the amount by which the regulated businesses (under) / over-recovered against their regulated entitlement). The Board also monitors revenue on a regulated entitlement basis.

(a) Revenue by segment

	First Quarter 2020 Unaudited €m	First Quarter 2019 Unaudited €m
Renewables	49.2	47.2
Flexible Generation	96.3	92.6
Customer Solutions	286.4	316.5
Inter-group eliminations	(0.1)	1.0
Group	**431.8**	**457.3**
Adjustment for over-recovery	10.1	1.8
Total	**441.9**	**459.1**

The adjustment for over-recovery represents the amount by which the regulated businesses over-recovered against their regulated entitlement.

(b) Operating Profit

	First Quarter 2020 Unaudited €m	First Quarter 2019 Unaudited €m
Segment Pro-Forma EBITDA		
Renewables	12.7	13.8
Flexible Generation	9.2	8.9
Customer Solutions	14.7	9.5
Group Pro-Forma EBITDA	**36.6**	**32.2**
Adjustment for over-recovery	10.1	1.8
Group EBITDA	**46.7**	**34.0**
Depreciation/amortisation		
Renewables	(6.3)	(4.5)
Flexible Generation	(4.3)	(4.0)
Customer Solutions	(2.9)	(1.7)
Group depreciation and amortisation	**(13.5)**	**(10.2)**
Operating profit pre exceptional items and certain remeasurements		
Renewables	6.4	9.3
Flexible Generation	4.9	4.9
Customer Solutions	11.8	7.8
Group Pro-Forma operating profit	**23.1**	**22.0**
Adjustment for over-recovery	10.1	1.8
Operating profit pre exceptional items and certain remeasurements	**33.2**	**23.8**
Exceptional items and certain remeasurements		
Renewables	(0.4)	-
Customer Solutions	(2.1)	17.9
Group operating profit post exceptional items and certain remeasurements	**30.7**	**41.7**
Finance cost	(4.1)	(8.9)
Finance income	0.3	0.3
	(3.8)	**(8.6)**
Share of loss in associates	(0.2)	(0.5)
Profit on ordinary activities before tax	**26.7**	**32.6**

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3. REVENUE FROM CONTRACTS WITH CUSTOMERS

3.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers for the First Quarter 2020:

First Quarter 2020 Unaudited	Renewables €m	Flexible Generation €m	Customer solutions €m	Total €m
Type of goods or service:				
Supply of electricity and gas	-	-	285.9	285.9
Electricity generation	49.2	96.3	-	145.5
Other	-	-	0.5	0.5
Inter-group eliminations	-	-	(0.1)	(0.1)
Group	**49.2**	**96.3**	**286.3**	**431.8**
Adjustment for over-recovery	-	7.4	2.7	10.1
Total revenue from contracts with customers	**49.2**	**103.7**	**289.0**	**441.9**

The Group primarily offers standard payment terms to customers of 14 days from date of invoice.

Set out below is the disaggregation of the Group's revenue from contracts with customers for the First Quarter 2019:

First Quarter 2019 Unaudited	Renewables €m	Flexible Generation €m	Customer solutions €m	Total €m
Type of goods or service:				
Supply of electricity and gas	-	-	315.5	315.5
Electricity generation	47.2	92.6	-	139.8
Other	-	-	1.0	1.0
Inter-group eliminations	-	1.1	(0.1)	1.0
Group	**47.2**	**93.7**	**316.4**	**457.3**
Adjustment for over / (under) recovery	-	2.5	(0.7)	1.8
Total revenue from contracts with customers	**47.2**	**96.2**	**315.7**	**459.1**

Geographical markets:	First Quarter 2020 Unaudited €m	First Quarter 2019 Unaudited €m
UK	199.9	205.2
RoI	242.0	253.9
Total revenue from contracts with customers	**441.9**	**459.1**

Timing of revenue recognition:		
Transferred over time	417.4	434.7
Transferred at a point in time	24.5	24.4
Total revenue from contracts with customers	**441.9**	**459.1**

Trade receivables arising from contracts with customers are disclosed in note 10.

4. OPERATING COSTS

	First Quarter 2020 Unaudited €m	First Quarter 2019 Unaudited €m
Operating costs are analysed as follows:		
Energy costs	364.6	399.9
Employee costs	10.4	8.9
Depreciation, amortisation and impairment	13.5	10.2
Other operating charges	20.2	16.3
Total pre-exceptional items and certain remeasurements	**408.7**	**435.3**
Exceptional costs and certain remeasurements:		
Energy costs / (income)	2.1	(18.2)
Other operating charges	0.4	0.3
Total exceptional costs and certain remeasurements	**2.5**	**(17.9)**
Total operating costs	**411.2**	**417.4**

4.1 Depreciation, amortisation and impairment

	First Quarter 2020 Unaudited €m	First Quarter 2019 Unaudited €m
Depreciation	10.1	8.9
Amortisation of intangible assets	3.0	1.3
Amortisation of right-of-use assets	0.4	-
Total depreciation, amortisation and impairment	**13.5**	**10.2**

5. EXCEPTIONAL ITEMS AND CERTAIN REMEASUREMENTS

	First Quarter 2020 Unaudited €m	First Quarter 2019 Unaudited €m
Exceptional items in arriving at profit from continuing operations:		
Acquisition costs[1]	(0.4)	(0.3)
	(0.4)	**(0.3)**
Certain remeasurements in arriving at profit		
Net (loss)/profit on derivatives at fair value through operating costs[2]	(2.1)	18.2
	(2.1)	**18.2**
Exceptional items and certain remeasurements before taxation	**(2.5)**	**17.9**
Taxation on exceptional items and certain remeasurements	0.3	(2.6)
Exceptional items and certain remeasurements after taxation	**(2.2)**	**15.3**

The tax credit/(charge) in the profit and loss account relating to exceptional items and certain remeasurements is:

	First Quarter 2020 Unaudited €m	First Quarter 2019 Unaudited €m
Fair valued derivatives through profit & loss	0.2	(2.6)
Exceptional acquisition costs	0.1	-
	0.3	**(2.6)**

[1] Exceptional acquisition costs of €0.4m (2019 - €0.3m) relate to costs associated with acquisitions whether successful or unsuccessful.
[2] Net loss on derivatives at fair value through operating costs of €2.1m (2019 - €18.2m profit) relates to fair value movements in commodity swap contracts and foreign exchange forward contracts relating to commodity purchases.

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6. FINANCE COSTS / INCOME

	Results before exceptional items and certain remeasurements First Quarter 2020 Unaudited €m	Exceptional items and certain remeasurements First Quarter 2020 Unaudited €m	Total First Quarter 2020 Unaudited €m	Results before exceptional items and certain remeasurements First Quarter 2019 Unaudited €m	Exceptional items and certain remeasurements First Quarter 2019 Unaudited €m	Total First Quarter 2019 Unaudited €m
Finance costs						
Interest on external bank loans and borrowings	(4.2)	-	(4.2)	(3.7)	-	(3.7)
Interest on Senior secured notes	(6.6)	-	(6.6)	(6.6)	-	(6.6)
Total interest expense	**(10.8)**	**-**	**(10.8)**	**(10.3)**	**-**	**(10.3)**
Amortisation of financing charges	(0.5)	-	(0.5)	(0.5)	-	(0.5)
Unwinding of discount on decommissioning provision	(0.1)	-	(0.1)	(0.1)	-	(0.1)
Unwinding of discount on contingent liabilities	-	-	-	(0.5)	-	(0.5)
Accretion of lease liability	(0.3)	-	(0.3)	-	-	-
Other finance charges	(0.1)	-	(0.1)	-	-	-
Total other finance charges	**(1.0)**	**-**	**(1.0)**	**(1.1)**	**-**	**(1.1)**
Net exchange gain on net foreign currency borrowings	7.3	-	7.3	1.8	-	1.8
Less interest capitalised in qualifying asset	0.4	-	0.4	0.7	-	0.7
Total finance costs	**(4.1)**	**-**	**(4.1)**	**(8.9)**	**-**	**(8.9)**
Finance income						
Interest income on loan to an associate	0.1	-	0.1	0.2	-	0.2
Interest income on bank deposits	0.2	-	0.2	0.1	-	0.1
Total finance income	**0.3**	**-**	**0.3**	**0.3**	**-**	**0.3**

The average capitalisation rate applied in determining the amount of borrowing costs to be capitalised in the First Quarter 2020 was 3.9% (First Quarter 2019 – 3.5%).

7. INCOME TAX

The major components of the tax charge for the periods ended 30 June 2019 and 30 June 2018 are:

	Results before exceptional items and certain remeasure-ments First Quarter 2020 Unaudited €m	Exceptional items and certain remeasure-ments First Quarter 2020 Unaudited €m	Total First Quarter 2020 Unaudited €m	Results before exceptional items and certain remeasure-ments First Quarter 2019 Unaudited €m	Exceptional items and certain remeasure-ments First Quarter 2019 Unaudited €m	Total First Quarter 2019 Unaudited €m
Current tax:						
Current tax (charge)/ credit	(1.1)	0.3	(0.8)	2.4	(2.6)	(0.2)
Total current tax (charge)/credit	**(1.1)**	**0.3**	**(0.8)**	**2.4**	**(2.6)**	**(0.2)**
Deferred tax:						
Adjustments in respect of current period	(1.9)	-	(1.9)	(3.2)	-	(3.2)
Total deferred tax	**(1.9)**	**-**	**(1.9)**	**(3.2)**	**-**	**(3.2)**
Total taxation (charge)/credit	**(3.0)**	**0.3**	**(2.7)**	**(0.8)**	**(2.6)**	**(3.4)**

8. CAPITAL EXPENDITURE

	Capital additions to property, plant and equipment		**Capital additions to intangible assets**	
	First Quarter 2020 Unaudited €m	First Quarter 2019 Unaudited €m	**First Quarter 2020 Unaudited €m**	First Quarter 2019 Unaudited €m
Renewables	5.3	32.8	30.7	27.8
Flexible Generation	-	3.8	-	-
Customer Solutions	0.3	0.1	4.5	4.1
Total	**5.6**	**36.7**	**35.2**	**31.9**

9. OTHER FINANCIAL ASSETS

	30 June 2019 Unaudited €m	31 March 2019 Audited €m
Other financial assets		
Financial assets at amortised cost:		
Security deposits	10.5	11.6
Short-term managed funds	1.4	1.5
Total other financial assets	**11.9**	**13.1**

10. TRADE AND OTHER RECEIVABLES

	30 June 2019 Unaudited €m	31 March 2019 Audited €m
Trade receivables (including unbilled consumption)	171.2	200.4
Contract assets (accrued income)	17.1	20.4
Prepayments	5.5	3.1
Other receivables	13.3	5.1
	207.1	**229.0**
Allowance for expected credit losses	(13.1)	(12.6)
	194.0	**216.4**

11. CASH AND CASH EQUIVALENTS

	30 June 2019 Unaudited €m	31 March 2019 Audited €m
Cash at bank and on hand	80.0	70.3
Short-term bank deposits	170.1	126.3
	250.1	**196.6**

12. TRADE AND OTHER PAYABLES

	30 June 2019 Unaudited €m	31 March 2019 Audited €m
Trade creditors	97.2	123.9
Other creditors	68.6	63.0
Amounts owed to associate	0.5	1.0
Contract liabilities (payments on account)	28.6	29.2
Tax and social security	16.8	10.2
Accruals	185.2	194.1
	396.9	**421.4**

13. FINANCIAL LIABILITIES

	30 June 2019 Unaudited €m	31 March 2019 Audited €m
Current financial liabilities:		
Senior secured notes interest payable	7.6	1.2
Other interest payable	0.8	0.8
Project financed bank facilities (NI)	9.5	9.9
Project financed bank facilities (RoI)	12.9	13.1
Project finance interest accruals	3.1	0.1
Lease liability	1.3	-
Contingent consideration	5.6	5.7
Total current financial liabilities	**40.8**	**30.8**
Non-current financial liabilities:		
Senior secured notes €350m (2025)	344.9	344.7
Senior secured notes £225m (2024)	247.9	257.3
Project financed bank facilities (NI)	206.3	214.1
Project financed bank facilities (RoI)	118.7	98.9
Lease liability	22.4	-
Contingent consideration	0.4	0.4
Total non-current financial liabilities	**940.6**	**915.4**
Total current and non-current financial liabilities	**981.4**	**946.2**

The Senior secured notes (2024) are denominated in Sterling £225.0m (Sterling notes) and the Senior secured notes (2025) are denominated in Euro €350.0m (Euro notes). Interest, which is payable semi-annually, is charged at a fixed rate coupon of 4.75% for the Sterling notes and 4.0% for the Euro notes.

The Sterling notes are repayable in one instalment on 15 September 2024 and the Euro notes are repayable in one instalment on 15 September 2025. Both Senior secured notes (2024 and 2025) include an option for the period to 15 September 2020 to redeem annually up to 10% of the original principal at a redemption price of 103%.

At 30 June 2019, the Group had letters of credit issued out of the Senior revolving credit facility of €166.3m resulting in undrawn committed facilities of €85.2m (31 March 2019 - €81.4m). There were no cash drawings under the Senior revolving credit facility at 30 June 2019 (31 March 2019 - €nil). Interest is charged under the Senior revolving credit facility at floating interest rates based on Libor and Euribor.

Project financed bank facilities

The project financed bank loan facilities are repayable in semi-annual instalments to 2034 and are secured on a non-recourse basis over the assets and shares of the specific project finance companies. Interest on the project finance bank loan facilities has been predominantly fixed through interest rate swaps resulting in an effective rate of interest of 3.40% (2019 - 3.80%) on project financed bank facilities NI and 2.57% (2019 – 2.79%) on the project financed bank facilities RoI.

Contingent consideration

In July 2017, the Group completed the acquisition of Dargan Road Biogas Limited, a 4.1MW anaerobic digestion development project at Giant's Park in Belfast. On acquisition contingent consideration of €2.8m was recognised reflecting the present value of the maximum amount payable, with the minimum amount payable being €nil. Contingent consideration relates to the execution of a lease option and the grant of planning and are anticipated to be paid in 2019/20.

In May 2018, the Group acquired 100% of the shares of CEHL (Dublin) Bioenergy Limited together with its subsidiary Huntstown Bioenergy Limited (Huntstown AD), a 4.0MW anaerobic digestion facility in North Dublin. On acquisition contingent consideration of €2.7m was recognised and reflects the present value of the maximum amount payable, with the minimum amount payable being €nil. Contingent consideration is expected to be paid in 2019/20 when construction and commissioning of the plant is forecast to be achieved.

In February 2019, the Group acquired 100% of the shares of Coolberrin Wind Limited (Coolberrin), an unlisted wind farm company in County Monaghan. On acquisition, contingent consideration of €0.4m was recognised and reflects the present value of the maximum amount payable, with the minimum amount payable being €nil. Contingent consideration is expected to be paid in 2021/22 when construction and commissioning of the plant is forecast to be achieved.

14. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Derivative financial assets

	30 June 2019 Unaudited €m	31 March 2019 Audited €m
Derivatives at fair value through other comprehensive income		
Cash flow hedges:		
Foreign exchange forward contracts	1.8	3.5
Commodity swap contracts	14.5	16.7
Interest rate swap contracts	0.1	0.4
Total derivatives at fair value through other comprehensive income	**16.4**	**20.6**
Derivatives at fair value through profit and loss		
Derivatives not designated as hedges:		
Foreign exchange forward contracts	0.5	1.5
Commodity swap contracts	6.9	3.0
Total derivatives at fair value through profit and loss	**7.4**	**4.5**
Total derivative financial assets	**23.8**	**25.1**
Total non-current	**2.0**	**2.7**
Total current	**21.8**	**22.4**

Derivative financial liabilities

	30 June 2019 Unaudited €m	31 March 2019 Audited €m
Derivatives at fair value through other comprehensive income		
Cash flow hedges:		
Foreign exchange forward contracts	(2.2)	(1.8)
Commodity swap contracts	(16.4)	(18.8)
Interest rate swap contracts	(21.8)	(16.4)
Total derivatives at fair value through other comprehensive income	**(40.4)**	**(37.0)**
Derivatives at fair value through profit and loss		
Derivatives not designated as hedges:		
Foreign exchange forward contracts	(0.8)	(1.0)
Commodity swap contracts	(14.3)	(9.4)
Total derivatives at fair value through profit and loss	**(15.1)**	**(10.4)**
Total derivative financial liabilities	**(55.5)**	**(47.4)**
Total non-current	**(22.0)**	**(31.7)**
Total current	**(33.5)**	**(15.7)**

Fair Values

As indicated in note 3(e) in the consolidated financial statements for the year ended 31 March 2019 the Group uses the hierarchy as set out in IFRS 7 Financial Instruments: Disclosures for categorising financial instruments.

A summary of the fair values of the financial assets and liabilities of the Group together with their carrying values shown in the balance sheet and their fair value hierarchy is as follows:

	30 June 2019		31 March 2019	
	Carrying value €m	**Fair value €m**	Carrying value €m	Fair value €m
Level 1				
Non-current liabilities				
Senior secured notes (2024 and 2025)	(592.8)	(609.9)	(602.0)	(602.5)
Level 2				
Non-current liabilities				
Project financed bank facilities (NI)	(206.3)	(206.3)	(214.1)	(214.1)
Project financed bank facilities (RoI)	(118.7)	(118.7)	(98.9)	(98.9)
Level 3				
Non-current liabilities				
Financial liabilities (contingent consideration)	(0.4)	(0.4)	(0.4)	(0.4)
Financial liabilities (lease liability)	(22.4)	(22.4)	-	-
Current liabilities				
Financial liabilities (contingent consideration)	(5.6)	(5.6)	(5.7)	(5.7)
Financial liabilities (lease liability)	(1.3)	(1.3)	-	-

The carrying value of cash, trade receivables, trade payables and other current assets and liabilities is equivalent to fair value due to the short-term maturities of these items. Contingent consideration is estimated as the present value of future cash flows disclosed at the market rate of interest at the reporting date. Derivatives are measured at fair value. There have been no transfers between hierarchy.

The fair value of the Group's project financed bank facilities (RoI), project financed bank facilities (NI) and Senior revolving credit facility are determined by using discounted cash flows based on the Group's borrowing rate. The fair value of the Group's Senior secured notes are based on the quoted market price.

The fair value of interest rate swaps, foreign exchange forward contracts, foreign exchange cross currency swaps and commodity contracts has been valued by calculating the present value of future cash flows, estimated using forward rates from third party market price quotations.

The fair value of the Group's project financed bank facilities (RoI) and project financed bank facilities (NI) are a close approximation to their carrying value given that they bear interest at floating rates based on Libor/Euribor.

The fair value of contingent consideration is considered by the Director to fall within the level 3 fair value hierarchy and is measured using the present value of the pay-out associated with earnouts set out in the relevant purchase agreement. The carrying value of €6.0m is estimated to approximate to its fair value determined by using discounted cash flows based on the Company's borrowing rate.

The fair value of the lease liability is considered by the Director to fall within the level 3 fair value hierarchy and is measured using the present value of the future lease payments over the lease term. The carrying value of €23.7m is estimated to approximate to its fair value determined by using discounted cash flows based on the Company's borrowing rate.

15. NOTES TO GROUP CASH FLOW STATEMENT

	First Quarter 2020 Unaudited €m	First Quarter 2019 Unaudited €m
Operating activities		
Profit before tax from continuing operations	26.7	32.6
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and impairment of property, plant and equipment	10.1	8.9
Amortisation and impairment of intangible assets	3.0	1.3
Amortisation of right-of-use assets	0.4	-
Derivatives at fair value through income statement	2.1	(18.2)
Net finance costs	3.8	8.6
Defined benefit charge less contributions paid	0.1	-
Share of loss in associates	0.2	0.5
Share-based payments	-	0.5
Cash generated from operations before working capital movements	**46.4**	**34.2**

16. ANALYSIS OF NET DEBT

	Cash and cash equivalents €m	Short-term managed funds €m	Debt due within one year €m	Debt due after more than one year €m	Total €m
At 1 April 2018	**144.0**	**1.5**	**(21.5)**	**(871.6)**	**(747.6)**
Net increase in cash and cash equivalents	38.8	-	-	-	38.8
Proceeds from issue of borrowings	-	-	(2.8)	(27.6)	(30.4)
Issue costs on new long-term loans	-	-	-	1.1	1.1
Increase in interest accruals	-	-	(9.0)	-	(9.0)
Amortisation	-	-	(0.2)	(0.3)	(0.5)
Reclassifications	-	-	(0.3)	0.3	-
Translation difference	(0.9)	-	(0.1)	3.6	2.6
At 30 June 2018	**181.9**	**1.5**	**(33.9)**	**(894.5)**	**(745.0)**
At 1 April 2019	**196.6**	**1.5**	**(25.1)**	**(915.0)**	**(742.0)**
Net increase in cash and cash equivalents	58.0	-	-	-	58.0
Proceeds from issue of borrowings	-	-	-	(20.8)	(20.8)
Issue costs on new long-term loans	-	-	1.2	-	1.2
Increase in interest accruals	-	-	(9.4)	-	(9.4)
Amortisation	-	-	(0.2)	(0.3)	(0.5)
Reclassifications	-	-	(0.8)	0.8	-
Translation difference	(4.5)	(0.1)	0.4	17.5	13.3
At 30 June 2019	**250.1**	**1.4**	**(33.9)**	**(917.8)**	**(700.2)**

17. CAPITAL COMMITMENTS

At 30 June 2019 the Group had contracted future capital expenditure in respect of tangible fixed assets of €19.0m (31 March 2019 - €22.2m).

18. DISTRIBUTIONS MADE AND PROPOSED

No dividends have been paid or proposed for the First Quarter 2020 (2019 - €nil).

19. RELATED PARTY TRANSACTIONS

The nature and type of related party transactions for the First Quarter 2020 do not differ significantly from those in the consolidated financial statements for the year ended 31 March 2019.

20. SEASONALITY OF OPERATIONS

Certain activities of the Group are affected by weather and temperature conditions and seasonal market price fluctuations. As a result of this, the amounts reported for the interim period may not be indicative of the amounts that will be reported for the full year due to seasonal fluctuations in customer demand for gas and electricity, the impact of weather on demand, renewable generation output and commodity prices, market changes in commodity prices and changes in retail tariffs.

In the Customer Solutions business, notable seasonal effects include the impact on customer demand of warmer temperatures in the first half of the financial year. In Flexible Generation, there is the impact of lower customer demand on commodity prices, the weather impact on renewable generation and other seasonal effects.

The impact of temperature on customer demand for gas is more volatile than the equivalent demand for electricity.

21. RESTATED PRIOR PERIOD COMPARATIVES

ROC income of €11.4m within the Group's renewables business which was previously recognised within operating costs has been reclassified to turnover.

Income of €0.3m in relation to the reimbursement of costs associated with the administration of the Northern Ireland Sustainable Energy Programme (NISEP) which was previously included in revenue within the Group's Customer Solutions business of Power NI has been netted with the corresponding operating costs.

The consolidated income statement for the First Quarter 2019 was restated resulting in a combined increase in both revenue and operating costs amounting to €11.1m.

22. EVENTS AFTER THE BALANCE SHEET DATE

On 1 August 2019 the Group sold its 25% minority share in a 52MW portfolio of wind generation assets in the RoI for proceeds of €6.5m .

Appendix

energia group

Appendix

The consolidated financial statements comprise the financial performance and position of the Group's Senior secured notes Restricted Group and its renewable asset portfolio which are separately project financed. The following sets out the unaudited reconciliations for pro-forma EBITDA and net debt for the Senior secured Restricted Group.

Pro-forma EBITDA for the Senior secured notes Restricted Group

The following table shows the reconciliation of Pro-forma EBITDA (pre-exceptional items and certain remeasurements) for the Senior secured notes Restricted Group:

	First Quarter 2020 €m	First Quarter 2019 €m
Group pro-forma EBITDA	**36.6**	**32.2**
Less EBITDA from project financed renewable assets	(7.8)	(6.1)
Pro-forma EBITDA for the Senior secured notes Restricted Group	**28.8**	**26.1**

All of the above amounts are pre-exceptional items and certain remeasurements

Pro-forma EBITDA for the Senior secured notes Restricted Group (pre-exceptional items and certain remeasurements) increased to €28.8m (2019 – €26.1m) primarily reflecting an increase in EBITDA from the Customer Solutions and Flexible Generation businesses, partly offset by a decrease in EBITDA from the Renewable PPA contracts.

Pro-forma Net Debt for the Senior secured notes Restricted Group

The following table shows the Pro-forma Net Debt for the Senior secured notes Restricted Group:

	30 June 2019 €m	31 March 2019 €m
Investments	1.4	1.5
Cash and cash equivalents	214.4	165.4
Senior secured notes €350m (2025)	(344.9)	(344.7)
Senior secured notes £225m (2024)	(247.9)	(257.3)
Interest accruals – Senior secured notes	(7.6)	(1.2)
Other interest accruals	(0.8)	(0.8)
Pro-forma Net Debt for the Senior secured notes Restricted Group	**(385.4)**	**(437.1)**

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