

# Results Presentation Third Quarter 2020

12 March 2020

**enÉrgia group**

# Financial highlights

## Strong set of results for the Third Quarter 2020

- Total Group EBITDA\* for the Third Quarter 2020 was €50.3m (2019 - €47.1m)
- Pro-forma EBITDA for the Senior Secured Notes Restricted Group\*\* for the Third Quarter 2020 was €41.1m (2019 - €35.2m)
- Pro-forma cash flow before interest and tax\*\*\* for the Third Quarter 2020 was €4.5m outflow (2019 - €32.4m inflow)
- Senior net debt was €448.6m at 31 December 2019 (30 September 2019 - €422.8m, 31 March 2019 - €437.1m)

*Prior year comparatives have been restated where applicable for the change in presentational currency and for new accounting standards as referred to in the First Quarter 2020 accounts*

*Unaudited reconciliations for revenue, pro-forma EBITDA and net debt of the Senior Secured Notes Restricted Group are provided in the Appendix to the Group's consolidated financial statements*

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

*\*\* EBITDA based on regulated entitlement, before exceptional items and certain remeasurements and excluding earnings from renewable assets, but includes distributions from renewable assets of €1.9m from wholly owned assets in Third Quarter 2020 (Third Quarter 2019 - €1.9m) and €nil from minority owned assets (Third Quarter 2019 - €0.8m);*

*\*\*\* Pro-forma EBITDA for the Senior Secured Notes Restricted Group, 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*

# Renewables business developments

---

## The Renewables business:

- owns and operates 277MW of wind assets;
- purchases electricity from 1,269MW of renewable generation capacity throughout Ireland;
- has completed the acquisition of a number of renewable development projects (including a 32MW wind farm in County Sligo which is in the final stage of construction) and is in the process of developing out this pipeline; and
- has commenced the commissioning phase on a 4MW bioenergy plant in Dublin.

### Wind generation assets

- Renewable assets availability for the Third Quarter 2020 was 98.6% (2019 – 96.9%) with a wind factor of 29.7% (2019 – 34.4%)

### Renewable PPA portfolio

- Average contracted renewable generation capacity for the Third Quarter 2020 was 1,270MW (2019 – 1,315MW) with 1,269MW operational capacity at 31 December 2019 (31 March 2019 – 1,281MW)

# Renewables business developments

## Bioenergy assets

### Huntstown

- Construction continues at the Group's 4.0MW bioenergy facility at Huntstown in Dublin
- Construction of the plant is substantially complete and the commissioning phase is progressing with commercial operation expected during FY2021 and the plant benefitting from REFIT support

### Giant's Park

- A planning application was lodged in June 2019 for a 4.1MW bioenergy project at Giant's Park in Belfast
- The outcome of the planning application is awaited

## Hydrogen

- In November 2019 , in relation to its proof of concept project, the Group entered into a Hydrogen Gas Purchase Agreement with Translink (Northern Ireland's public transport provider) for the supply of hydrogen
- The project had previously been awarded Interreg and Office for Low Emission Vehicles (OLEV) grant funding
- We expect the pilot project to go-live by Third Quarter 2021

# Renewables business developments

## Offshore wind

- The Group has applied to the Department of Housing, Planning and Local Government (DHPLG) 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 consideration closed on 6 August and a decision on the Investigative Foreshore Licence application is expected shortly
- In October 2019 the Group applied to DHPLG in the RoI for permission to carry out preliminary surveys to investigate feasibility of offshore wind energy generation in the South Irish Sea
- The public consultation in respect of this consultation is expected to commence shortly

## RoI Renewable Electricity Support Scheme (RESS)

- On 17 December 2019, EirGrid published an indicative timetable for the proposed new Renewable Electricity Support Scheme (RESS) which will provide support to renewable electricity projects in the RoI
- A qualification information pack was published on 9 March 2020. The final qualification decision is on 12 June 2020 and the auction will run from 23 to 30 June 2020. Final auction results are expected to be confirmed by 17 July 2020.

# Renewables business developments

## Outlook

- The current portfolio of renewable projects (exc offshore wind) is summarised as follows:

MW	Operating	In-construction	In-development	Total
<b>Onshore wind</b>				
NI	173	-	52	225
Rol	104	32	116	252
	<b>277</b>	<b>32</b>	<b>168</b>	<b>477</b>
<b>Bioenergy</b>				
NI	-	-	4	4
Rol	-	4	-	4
	-	<b>4</b>	<b>4</b>	<b>8</b>
<b>Solar</b>				
Rol	-	-	32	32
<b>Total portfolio (exc offshore wind)</b>	<b>277</b>	<b>36</b>	<b>204</b>	<b>517</b>

- The Group continues to assess a number of other opportunities to acquire and develop further renewable development projects

# Flexible Generation business developments

## The Flexible Generation business:

- owns and operates 747MW of conventional generation assets at the Huntstown site in Dublin in the RoI; and
- procures power under contract with Ballylumford power station in Northern Ireland for the output from 600MW of conventional generation assets.

### Huntstown plant availability and utilisation

- Availability was 95.7% for Huntstown 1 for the Third Quarter 2020 (2019 – 99.9%)
- Availability was 96.1% for Huntstown 2 for the Third Quarter 2020 (2019 – 99.9%)
- Huntstown 1 unconstrained utilisation for the Third Quarter 2020 was 83.5% (2019 – 89.9%) and Huntstown 2 unconstrained utilisation for the Third Quarter 2020 was 6.7% (2019 – nil)
- Incremental impact of constrained utilisation was 13.2% constrained off for Huntstown 1 (2019 – 32.7% constrained off)
- The incremental impact of constrained utilisation for Huntstown 2 was 22.4% constrained on (2019 – 23.6% constrained on)

# Flexible Generation business developments

## Capacity auction

- On 5 December 2019, SEMO published provisional results which confirmed that both Huntstown plants had been awarded reliability options in the T-1 capacity auction for the 2020/21 capacity.
  - The auction clearing price was €46,150/MW
- On 17 December 2019 SEMO published provisional results which confirmed that both Huntstown plants had been awarded reliability options in the T-2 capacity auction for the 2021/22 capacity year
  - The auction clearing price was €45,950/MW
- The final results for both the T-1 and T-2 auctions were confirmed on 15 January 2020
- The next T-4 auction for the 2023/24 capacity year had been expected to take place in March 2020, however on 24 January 2020 the SEM Committee advised that the auction would be deferred for 4 weeks until April 2020

## Outlook

- 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



# Customer Solutions business developments

## The Customer Solutions business:

- supplies electricity and gas to customer sites in the RoI and in Northern Ireland through its two retail brands, Energia and Power NI. On 1 October 2019, Energia transferred all its commercial customers with a supply address in Northern Ireland to Power NI in line with the Group's strategy previously disclosed

### Energy sales

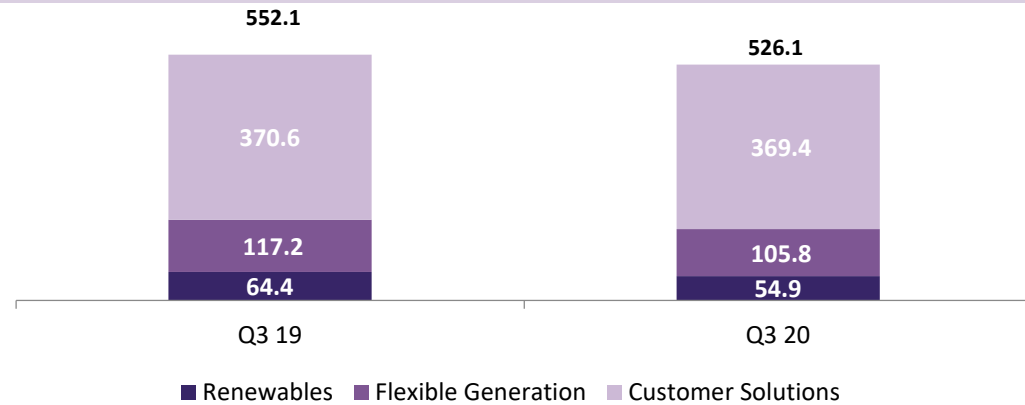
- RoI residential customer sites supplied at 31 December 2019 were 219,300 (31 March 2019 – 210,500)
- Non-residential electricity customer sites in the RoI were 45,400 (31 March 2019 - 42,000)
- Non-residential gas customer sites in the RoI were 4,200 (31 March 2019 – 3,800)
- Residential customer numbers in Northern Ireland at 31 December 2019 were 454,300 (31 March 2019 – 457,300)
- Non-residential customer numbers in Northern Ireland at 31 December 2019 were 44,600 (31 March 2019 – 42,500)
- Total electricity sales volumes in the RoI for the Third Quarter 2020 were 1.1TWh (2019 – 1.2TWh) and in Northern Ireland were 1.0TWh (2019 – 1.0TWh)
- RoI gas sales volumes for the Third Quarter 2020 were 28.9m therms (2019 – 22.6m therms)

### Outlook

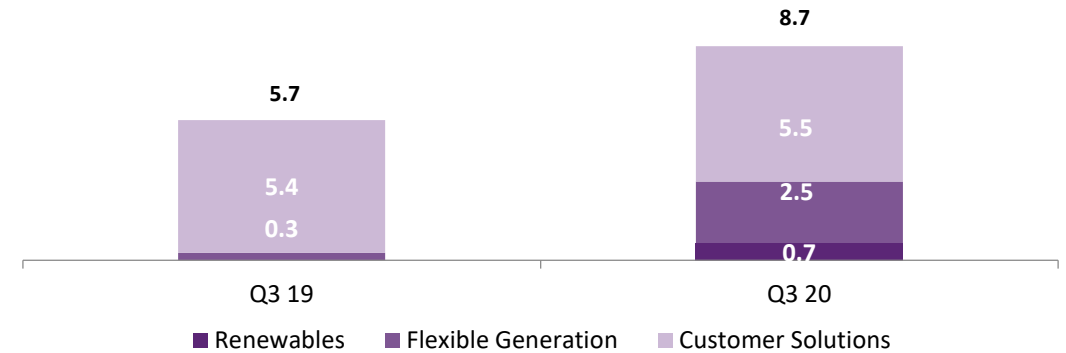
- The Group continues to progress its development of innovative, enhanced and differentiated product offerings to customers

# Senior Secured Notes Restricted Group financial summary – Third Quarter 2020

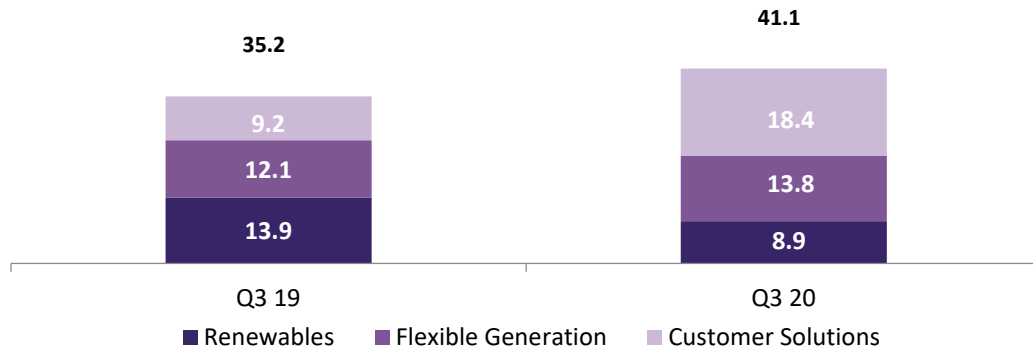
Revenue (€m)<sup>(a)</sup>



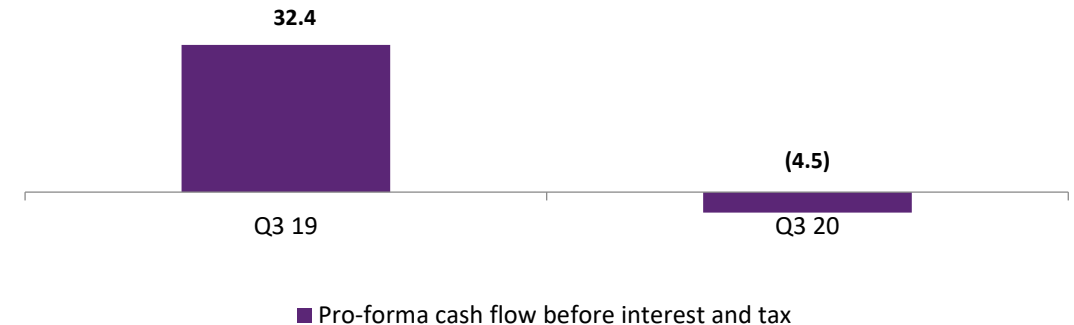
Capital expenditure for continuing operations (€m)<sup>(c)</sup>



Pro-forma EBITDA (€m)<sup>(b)</sup>



Pro-forma cash flow before interest & tax (€m)<sup>(d)</sup>



(a) Revenue is based on regulated entitlement and excludes revenue of renewable wind farm assets.

(b) Pro-forma EBITDA is EBITDA based on regulated entitlement, before exceptional items and certain remeasurements and excludes earnings from renewable wind farm assets but includes distributions from renewable assets of €1.9m from wholly owned assets in Third Quarter 2020 (Third Quarter 2019 - €1.9m) and €nil from minority owned assets (Third Quarter 2019 - €0.8m);

(c) Excludes capital expenditure on renewable assets of €12.4m in the Third Quarter 2020 (Third Quarter 2019 - €8.7m);

(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.

# Senior Secured Notes Restricted Group pro-forma EBITDA

Pro-forma EBITDA (€m) <sup>(a)</sup>	Q3 19	Q3 20	9M 19	9M 20
Renewables	13.9	8.9	35.5	29.9
Flexible Generation	12.1	13.8	31.8	30.7
Customer Solutions	9.2	18.4	27.7	47.8
	<b>35.2</b>	<b>41.1</b>	<b>95.0</b>	<b>108.4</b>

## Renewables

- Pro-forma EBITDA for Third Quarter 2020 decreased from €13.9m to €8.9m primarily reflecting:
  - Lower contributions from renewable PPAs (due to lower market prices, lower output including lower average capacity and lower ROC sales)

## Flexible Generation

- Pro-forma EBITDA for Third Quarter 2020 increased from €12.1m to €13.8m reflecting:
  - Higher unconstrained utilisation of Huntstown 2; partly offset by
  - Lower unconstrained utilisation of Huntstown 1; and
  - Lower operating and maintenance costs for Huntstown 2

## Customer Solutions

- Pro-forma EBITDA for Third Quarter 2020 increased from €9.2m to €18.4m reflecting:
  - Higher Energia residential margins (reflecting lower energy costs and higher customer numbers);
  - Higher Energia non-residential margins (due to lower energy costs partly offset by lower volumes); and
  - Higher Power NI deregulated margins

Note:

(a) Pro-forma EBITDA is defined as EBITDA before exceptional items and certain remeasurements and adjusted for (under)/over -recovery of Energia Group's regulated business against their regulated entitlement and excludes earnings from renewable wind farm assets but includes distributions from renewable assets of €1.9m from wholly owned assets in Third Quarter 2020 (Third Quarter 2019 - €1.9m) and €nil from minority owned assets (Third Quarter 2019 - €0.8m); Nine Months 2020 €11.0m from wholly owned assets (Nine Months 2019 - €5.3m) and €0.3m from minority owned assets (Nine Months 2019 - €1.5m);

# Senior Secured Notes Restricted group cash flow summary

(€m)	Q3 19	Q3 20	9M 19	9M 20
Pro-forma EBITDA <sup>(a)</sup>	35.2	41.1	95.0	108.4
Defined benefit charge less contributions paid	(0.6)	(0.6)	(0.6)	(1.3)
Changes in working capital <sup>(b)</sup>	3.2	(33.3)	17.2	(35.7)
Effects of FX	0.3	(3.0)	1.8	0.1
<b>Pro-forma cash flow from operating activities</b>	<b>38.1</b>	<b>4.2</b>	<b>113.4</b>	<b>71.5</b>
Net capital expenditure <sup>(c)</sup>	(5.7)	(8.7)	(18.0)	(27.0)
<b>Pro-forma cash flow before interest and tax</b>	<b>32.4</b>	<b>(4.5)</b>	<b>95.4</b>	<b>44.5</b>
Net movement in security deposits	(0.8)	(2.4)	(14.7)	(3.5)
Over-recovery of regulated entitlement	6.4	10.5	4.7	24.6
Exceptional items <sup>(d)</sup>	(0.1)	(0.3)	0.1	(0.8)
Equity investment in in-development renewable assets	(26.2)	(13.7)	(31.1)	(57.8)
<b>Pro-forma cash flow before interest, tax and acquisitions and disposals</b>	<b>11.7</b>	<b>(10.4)</b>	<b>54.4</b>	<b>7.0</b>

Note:

- (a) Pro-forma EBITDA is defined as EBITDA before exceptional items and certain remeasurements and adjusted for (under)/over -recovery of Energia Group's regulated business against their regulated entitlement and excludes earnings from renewable wind farm assets but includes distributions from renewable assets of €1.9m from wholly owned assets in Third Quarter 2020 (Third Quarter 2019 - €1.9m) and €nil from minority owned assets (Third Quarter 2019 - €0.8m); Nine Months 2020 €11.0m from wholly owned assets (Nine Months 2019 - €5.3m) and €0.3m from minority owned assets (Nine Months 2019 - €1.5m);
- (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 Energia Group's renewable assets of €3.8m increase in Third Quarter 2020 (Third Quarter 2019 - €6.3m increase); Nine Months 2020 €1.7m increase (Nine Months 2019 €9.1m increase);
- (c) Net capex excludes capex on renewable assets of €12.4m in the Third Quarter 2020 (Third Quarter 2019 - €8.7m); Nine Months 2020 €23.1m (Nine Months 2019 - €53.1m);
- (d) Includes exceptional costs associated with acquisitions whether successful or unsuccessful and share based payments

# Net debt

Net debt (€m) As at	31 Mar 19	30 Sep 19	31 Dec 19
Cash and investments	(166.9)	(174.5)	(167.3)
Senior secured notes due 2025	344.7	345.1	345.1
Senior secured notes due 2024	257.3	250.1	262.3
Interest accruals	2.0	2.1	8.5
<b>Senior net debt</b>	<b>437.1</b>	<b>422.8</b>	<b>448.6</b>
Project finance cash	(31.2)	(24.7)	(30.0)
Project finance bank facilities	336.0	344.3	356.9
Interest accruals	0.1	0.1	3.2
<b>Total net debt</b>	<b>742.0</b>	<b>742.5</b>	<b>778.7</b>

- FX rate at 31 December 2019: €/£1.1813 (30 September 2019: €/£1.1272; 31 March 2019: €/£1.1605)
- Senior net leverage at 31 December 2019 was 3.1x
- A €40m dividend has been approved for payment in March 2020

# Conclusion

## Strong set of results for Third Quarter 2020

### Outlook

- 9 of the 10 turbines at our 32MW wind farm in County Sligo are now erected and commercial operation is expected to be achieved by First Quarter 2021
- Construction of the Huntstown bioenergy plant is substantially complete and the commissioning phase is progressing. Commercial operation is expected during FY2021
- We continue to develop our 204MW pipeline of onshore wind, bioenergy and solar development projects
- We continue to assess a number of other opportunities to acquire and develop further wind farm and other development projects in order to under-pin the Group's ambitions for growth
- We have contingency plans in place for potential risks arising as a result of the COVID-19 coronavirus outbreak and we continue to refine these as further information becomes available
- We will continue to monitor potential outcomes which may arise from Brexit

# Forward looking statements

This presentation may include forward looking statements. These forward looking statements can be identified by the use of forward looking terminology, including the terms "believes," "estimates," "anticipates," "expects," "intends," "may," "will" or "should" or, in each case, their negative, or other variations or comparable terminology. These forward looking statements include all matters that are not historical facts and include statements regarding the Group's intentions, beliefs or current expectations concerning, among other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which it operates. By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Readers are cautioned that forward looking statements are not guarantees of future performance and that the Group's actual results of operations, financial condition and liquidity, and the development of the industry in which it operates may differ materially from those made in or suggested by the forward looking statements contained in this presentation. In addition, even if the Group's results of operations, financial condition and liquidity, and the development of the industry in which the Group operates are consistent with the forward looking statements contained in this presentation, those results or developments may not be indicative of results or developments in subsequent periods.