

Energia Group

**Results Presentation
First Quarter 2022**

9 September 2021

energía group

Financial highlights

High I-SEM market prices and Huntstown 2 outage have impacted results for the First Quarter 2022

- Total Group EBITDA* for the First Quarter 2022 was €27.5m (2021 - €37.9m)
- Pro-forma EBITDA for the Senior Secured Notes Restricted Group** for the First Quarter 2022 was €28.8m (2021 - €36.9m)
- Pro-forma cash flow before interest and tax*** for the First Quarter 2022 was €29.5m inflow (2021 - €0.7m outflow)
- Senior net debt was €421.2m at 30 June 2021 (31 March 2021 - €429.3m)

Unaudited reconciliations for 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 €10.6m from wholly owned assets in the First Quarter 2022 (2021 - €5.0m);*

**** 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*

Wholesale prices and I-SEM market

Impact on financial performance for First Quarter 2022

- First Quarter 2022 I-SEM market prices (avg €92/MWh, prior year €26/MWh) have been significantly influenced by high wholesale commodity prices combined (gas 64p/therm, prior year 13p/therm and carbon €50/TCO₂, prior year €26/TCO₂) with the impact of long-term outages of thermal plants, including Huntstown 2, BGE's Whitegate and ESB's Dublin Bay and low wind generation.
- The higher I-SEM market prices throughout First Quarter 2022 have notably impacted the EBITDA of the Group's Customer Solutions business however, as there is no Contract for Difference (CfD) between the Group's generation and customer retail businesses, this was partially offset by higher EBITDA for the Huntstown 1 plant and the Group's Renewables business which have benefitted from the higher I-SEM market prices.
- A significant contributor to the higher I-SEM market prices and the adverse impact on the Group financial performance for the First Quarter 2022 was the forced outage at the Huntstown 2 plant. Had the Huntstown 2 plant been available, it's contribution would have substantially offset the overall reduction in Group EBITDA in First Quarter 2022.

Renewables business developments

The Renewables business:

- Owns and operates 309MW of wind assets;
- Purchases electricity from 1,282MW of renewable generation capacity throughout Ireland; and
- Is developing a further pipeline of wind and solar projects across Ireland.

Onshore wind operational generation assets

- 309MW of onshore wind generation assets operational at 30 June 2021 (31 March 2021 – 309MW).
- Renewable assets availability for the First Quarter 2022 was 96.6% (2021 – 97.1%) with a wind factor of 18.2% (2021 – 18.6%)
- Distributions of €10.6m were made in the First Quarter 2022 (2021 - €5.0m) from the wholly owned renewable assets to the Restricted Group.

Onshore wind development assets

- On 27 May 2021 the Group completed the acquisition of Drumlins Park Limited (Drumlin), a 49MW wind farm development project in County Monaghan, ROI.
- The Group continues to progress the development of its onshore wind pipeline projects (242MW) and expects to enter into Corporate PPAs for such development projects.

Renewables business developments

Renewable PPA portfolio

- Average contracted renewable generation capacity in operation throughout First Quarter 2022 and at 30 June 2021 was 1,282MW (2021 – 1,258MW).

Bioenergy assets

- Construction of the 4MW bioenergy plant at Huntstown in Dublin is substantially complete however the commissioning phase continues to experience significant delays and the EPC contractor has not yet been able to demonstrate that the plant is capable of meeting the technical and performance parameters required.
- On 25 August 2021, Belfast City Council's Planning Committee refused the Group's application for planning permission in respect of its proposed bioenergy plant at Giant's Park in Belfast. The Group is currently considering its options in relation to this decision.

Solar

- The Group has two consented solar projects, Glenamoy and Darthogue, totalling 79MW in the RoI for which it has submitted planning applications to increase the scale of these.
- In July 2021, planning consent was received for a first phase extension to the Darthogue site for an additional 70MW of capacity.
 - In August 2021, Meath County Council's decision to grant planning permission was appealed and the case will now be considered by An Board Pleanala.
- The Group is also exploring a number of further greenfield solar development opportunities and in August 2021, planning consent was received for 75MW of capacity at the Group's Fieldstown solar project in the RoI.

Renewables business developments

Hydrogen

- The Group intends to commission an electrolyser, to produce hydrogen from renewable electricity at the Long Mountain wind farm.
- Civil works have commenced and commissioning of a temporary electrolyser is targeted for Second Half 2022.

Offshore wind

- In July 2021 the Group received draft foreshore licences to carry out preliminary surveys in order to investigate the feasibility of offshore wind generation at sites in the North Celtic Sea and the South Irish Sea.
- The draft licences are currently undergoing review before finalisation and issue.

Outlook

- The continues to develop its pipeline of wind and solar projects across Ireland.

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 for First Quarter 2022 was 100.0% for Huntstown 1 (2021 – 100.0%) and nil for Huntstown 2 (2021 – 99.6%) reflecting the plant being on outage since 29 January 2021.
- Unconstrained utilisation for First Quarter 2022 was 92.0% for Huntstown 1 (2021 – 87.1%) and nil for Huntstown 2 (2021 – 27.8%).
- Incremental impact of constrained utilisation was 13.6% constrained off for Huntstown 1 (2021 – 9.7%) and nil for Huntstown 2 (2021 – 8.2% constrained on).
- On 29 January 2021, a fault was identified on the Huntstown 2 main generator transformer which has resulted in the plant not being available to the market.
- A new replacement transformer has been manufactured and is expected to arrive in Dublin shortly.
- It is targeted to complete the installation and commissioning of the new transformer, including some final commissioning procedures associated with the March 2021 planned outage, and return the plant to service during Third Quarter 2022.
- The Group has insurance in place to cover both property damage and business interruption to the Group (including the Group's retail operations) in respect of the Huntstown plant. Following root cause analysis of the transformer failure, insurers have confirmed that the transformer failure was an insurable event and an initial interim payment on account has been approved.
 - This interim payment on account is in respect of property damage and the financial impact to the Huntstown plant. While discussions are ongoing, the insurers have not yet confirmed that business interruption cover will be provided in respect of the impact to the Group's retail operations. The initial interim payment on account is being processed and the business interruption element for the Huntstown plant in respect of the period up to 30 June 2021 is c.€6m (and has not been accrued for in the First Quarter 2022 results).

Flexible Generation business developments

Data Centre

- The Group is in preliminary stages of developing a data centre at its Huntstown campus in Dublin adjacent to the CCGT plants.
- In August 2021 the Group submitted an application for planning permission in respect of the proposed data centre.

Storage

- During First Quarter 2022 the Group entered in an EPC contract and commenced construction works for its 50MW battery storage project in Belfast.
- It is targeted to complete construction and commissioning of the battery storage project by the end of Third Quarter 2023.

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:

- The Group's Customer Solutions business operates under the Energia and Power NI brands:
 - Energia supplies electricity and natural gas to business and residential customers in the RoI; and
 - Power NI is the regulated electricity supplier in Northern Ireland and supplies electricity to business and residential customers.

Energy sales

- RoI residential customer sites supplied at 30 June 2021 were 287,700 (31 March 2021 – 276,800).
- Non-residential electricity customer sites in the RoI were 48,000 (31 March 2021 – 49,400).
- Non-residential gas customer sites in the RoI were 3,700 (31 March 2021 – 3,800).
- Residential customer numbers in Northern Ireland at 30 June 2021 were 452,200 (31 March 2021 – 452,700).
- Non-residential customer numbers in Northern Ireland at 30 June 2021 were 40,900 (31 March 2021 – 41,200).
- Total electricity sales volumes in the RoI for the First Quarter 2022 were 1.2TWh (2021 – 0.9TWh) and in Northern Ireland were 0.7TWh (2021 – 0.6TWh).
- RoI gas sales volumes for the First Quarter 2022 were 20.8m therms (2021 – 17.5m therms).

Customer Solutions business developments

Tariffs

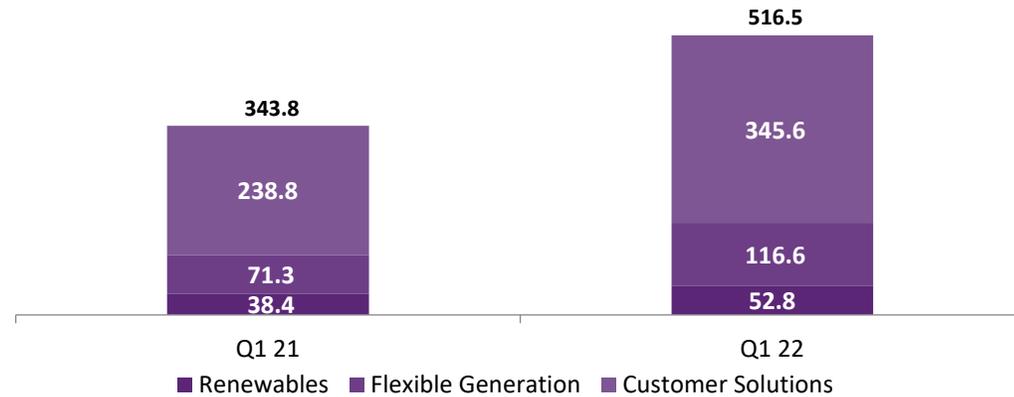
- The impact of higher I-SEM market prices has resulted in reduced financial performance for First Quarter 2022 relative to the prior year. However, this has primarily impacted the Group's Customer Solutions business.
- As a result both Energia and Power NI announced tariff increases in response to higher wholesale costs.
- On 5 March 2021 Energia announced residential tariff increases of 8.6% for electricity, 5.7% for gas and 7.4% for dual fuel customers effective from 5 April 2021.
- On 14 May 2021 Power NI announced a 6.9% increase to its residential electricity tariff. The Power NI tariff increase, agreed with the UR, is effective from 1 July 2021.
- Furthermore on 9 June 2021 Energia announced a second tariff increase of 9.7% for both electricity and gas effective from 8 July 2021.
- Both Energia and Power NI continue to monitor wholesale prices, including the impact on wholesale electricity prices as a result of the current long-term outages of the Huntstown 2 and BGE's Whitegate generation plants.

Outlook

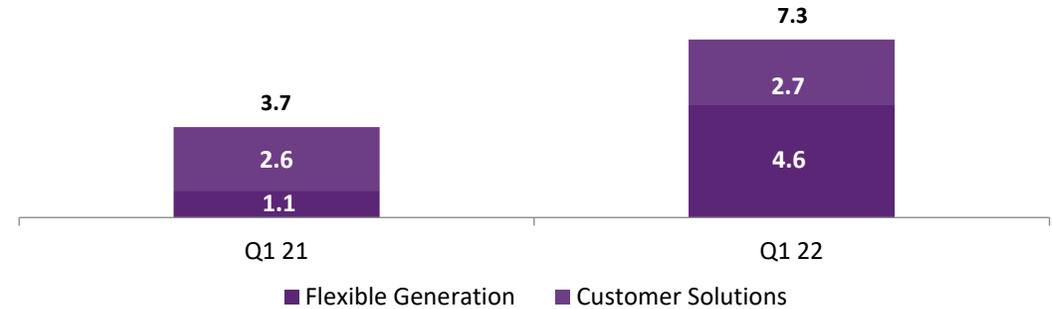
- The Group continues to invest in its development of innovative, enhanced and differentiated product offerings to customers in line with its strategy. Digitalisation will remain a strong focus, and work will continue on a range of initiatives in the 'new energy' space.

Senior Secured Notes Restricted Group financial summary – First Quarter 2022

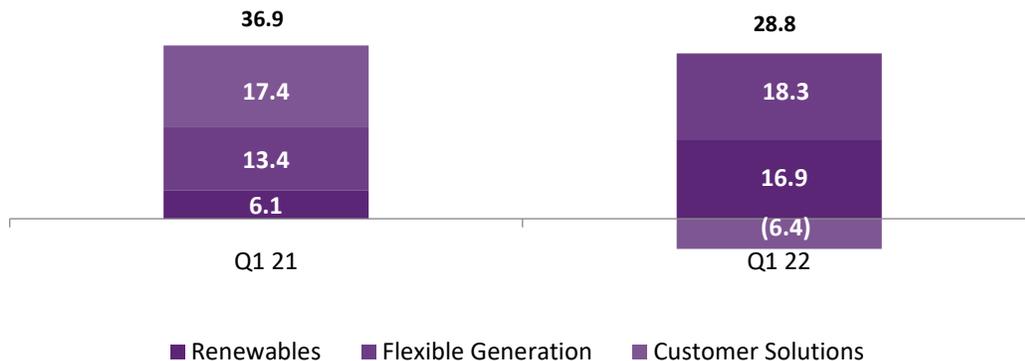
Revenue (€m)^(a)



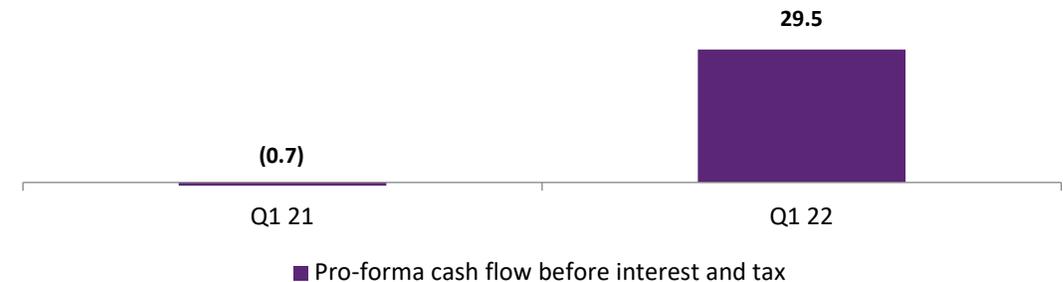
Capital expenditure for continuing operations (€m)^(c)



Pro-forma EBITDA (€m)^(b)



Pro-forma cash flow before interest & tax (€m)^(d)



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

(b) Pro-forma EBITDA is EBITDA based on regulated entitlement, before exceptional items and certain remeasurements and excluding earnings from renewable wind farm assets but includes distributions from renewable assets of €10.6m from wholly owned assets in the First Quarter 2022 (2021 - €5.0m);

(c) Excludes capital expenditure on renewable assets of €0.2m in First Quarter 2022 (2021 - €0.9m);

(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) ^(a)	Q1 21	Q1 22
Renewables	6.1	16.9
Flexible Generation	13.4	18.3
Customer Solutions	17.4	(6.4)
	36.9	28.8

Note:

- There is no CfD with the Flexible Generation or Renewables businesses however both provide a hedge for the Energia Customer Solutions business.
- No insurance proceeds in respect of the business interruption claim for losses arising as a result of the Huntstown 2 transformer fault have been included in the First Quarter 2022 results with €6m interim payment for the Huntstown plant recently approved for payment

Renewables

- Pro-forma EBITDA increased from €6.1m to €16.9m primarily reflecting:
 - Higher contributions from renewable PPAs (due to higher prices partly offset by lower wind volumes); and
 - Higher distributions from wind generation assets; partly offset by
 - Increased costs of development projects.

Flexible Generation

- Pro-forma EBITDA increased from €13.4m to €18.3m reflecting:
 - Higher utilisation of Huntstown 1 (driven by lower availability of other plants (including Huntstown 2) and low market wind generation) and higher prices; partly offset by
 - Lower availability and utilisation of Huntstown 2 (due to the ongoing transformer outage);
 - Lower distillate revaluation benefit; and
 - Higher operating costs

Customer Solutions

- Pro-forma EBITDA decreased from €17.4m profit to €6.4m loss reflecting:
 - Lower Energia residential and non-residential electricity margins (reflecting higher energy costs from which Huntstown 1 and the Renewables businesses have benefitted); and
 - Higher operating costs.

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 €10.6m from wholly owned assets in the First Quarter 2022 (2021 - €5.0m).

Senior Secured Notes Restricted group cash flow summary

(€m)	Q1 21	Q1 22
Pro-forma EBITDA ^(a)	36.9	28.8
Changes in working capital ^(b)	(37.5)	6.8
Effects of FX	3.6	1.2
Pro-forma cash flow from operating activities	3.0	36.8
Net capital expenditure ^(c)	(3.7)	(7.3)
Pro-forma cash flow before interest and tax	(0.7)	29.5
Net movement in security deposits	(0.5)	0.5
Over-recovery of regulated entitlement	10.9	17.3
Exceptional items ^(d)	-	(0.6)
Equity refunds from/(investment in) in-development renewable assets	27.1	(29.0)
Pro-forma cash flow before interest, tax and acquisitions and disposals	36.8	17.7

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 €10.6m from wholly owned assets in the First Quarter 2022 (2021 - €5.0m).

(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 €1.0m decrease in the First Quarter 2022 (2021 - €0.7m).

(c) Net capex excludes capex on renewable assets of €0.2m in the First Quarter 2022 (2021- €0.9m).

(d) Includes exceptional costs associated with acquisitions whether successful or unsuccessful and share based payments.

Net debt

Net debt (€m) As at	31 Mar 21	30 Jun 21
Cash and investments	(180.0)	(192.9)
Senior secured notes due 2025	346.0	346.2
Senior secured notes due 2024	261.5	259.5
Interest accruals	1.8	8.4
Senior net debt	429.3	421.2
Project finance cash	(37.9)	(38.7)
Project finance bank facilities	353.3	350.8
Interest accruals	0.1	2.8
Total net debt	744.8	736.1

- FX rate at 30 June 2021: €/£1.1648 (31 March 2021: €/£1.1745)
- Senior net leverage at 30 June 2021 was 2.8x

Conclusion

High I-SEM market prices and Huntstown 2 outage have impacted results for the First Quarter 2022

Outlook

- The Group has been impacted by high commodity prices, low availability of thermal plant and low wind generation in First Quarter 2022.
- High commodity prices, low thermal plant availability and low wind generation have continued to be experienced through July and August 2021. Higher I-SEM market prices (at levels higher than First Quarter 2022) are therefore expected to impact the Group's results for Second Quarter 2022 (notably the Customer Solutions business) to the extent not mitigated by anticipated insurance proceeds.
 - An initial interim payment on account in respect of insurance proceeds for property damage and the business interruption impact on the Huntstown plant is being processed.
- The Group remains focused on delivery of its strategic objectives.
 - The development pipeline of renewable projects excluding offshore wind and hydrogen production has increased to 783MW (638MW at March 2021).
 - Foreshore licences to investigate the feasibility of offshore wind generation at sites in the North Celtic Sea and the South Irish Sea are expected to be received shortly.
 - A decision is awaited on planning permission in respect of the proposed data centre.
- Some uncertainty remains over the potential future impact of COVID-19 related factors on the Group's businesses and the delivery of its development projects. The Group has strong liquidity at 30 June 2021 and is therefore well positioned to manage the potential impact of COVID-19.

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.