

Energia Group

**Results Presentation
First Quarter 2023**

9 September 2022

energía group

Financial highlights

Solid set of results for the First Quarter 2023 demonstrating the benefits of the integrated nature of the Group notwithstanding exceptionally challenging market conditions

- Total Group EBITDA* for the First Quarter 2023 was €69.2m (2022 - €27.5m) with last year notably impacted by the unplanned outage of Huntstown 2
- Pro-forma EBITDA for the Senior Secured Notes Restricted Group** for the First Quarter 2023 was €77.6m (2022 - €28.8m)
- Pro-forma cash flow before interest and tax*** for the First Quarter 2023 was €70.6m inflow (2022 - €29.5m)
- Senior net debt was €220.4m at 30 June 2022 (31 March 2022 - €303.6m)

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 €28.8m from wholly owned assets in the First Quarter 2023 (2022 - €10.6m);*

**** 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*

Energy Markets

Impact on financial performance for the First Quarter 2023 and outlook

- The Group's financial performance remained strong in First Quarter 2023, notwithstanding the backdrop of continued high and volatile commodity prices, reflecting the integrated benefit and complementary nature of the Group's operating segments.
- The higher I-SEM market prices in First Quarter 2023 have once again notably impacted the EBITDA of the Group's Customer Solutions business, however, as there is no explicit Contract for Difference (CfD) between the Huntstown plants and the Customer Solutions businesses and due to the segmental presentation of the Renewable PPAs (which are specifically attributable to the Customer Solutions businesses), this was offset by higher EBITDA for the Group's Renewables and Flexible Generation businesses which have benefitted from the higher I-SEM market prices.
- Notwithstanding the financial performance in First Quarter 2023, uncertainty remains over the future impact of high commodity prices and increasing inflation on the Group's businesses and customers.
- We continue to monitor and assess developments in the wider energy market, influenced by geopolitical circumstances (including any regulatory changes or market interventions), and the potential impact of such developments might have on the Group's businesses.
- The Group continues to have strong liquidity, with €393.5m of cash and cash equivalents (excluding project finance cash) and undrawn committed revolving credit facilities of €112.2m at 30 June 2022 and is therefore well positioned to manage the current trading environment of higher commodity and I-SEM market prices.

Renewables business developments

The Renewables business:

- Owns and operates 309MW of wind assets at 30 June 2022;
- Purchases electricity from 1,271MW of renewable generation capacity throughout Ireland; and
- Is developing a further pipeline of wind and solar projects across Ireland.

Onshore wind generation assets

- 309MW of onshore wind generation assets operational at 30 June 2022 (31 March 2022 – 309MW).
- Renewable assets availability for the First Quarter 2023 was 97.3% (2022 – 96.6%) with a wind factor of 24.4% (2022 – 18.2%)
- Distributions of €28.8m were made in the First Quarter 2023 (2022 - €10.6m) from the wholly owned renewable assets to the Restricted Group.

Renewables business developments

Renewable PPA portfolio

- Average contracted renewable generation capacity for the First Quarter 2023 was 1,272MW (2022 – 1,282MW) with 1,271MW operational capacity at 30 June 2022 (31 March 2022 – 1,282MW).

Solar

- The Group has consented solar projects in the RoI for which it has submitted planning applications to increase the scale of these projects.
- In addition, the Group is progressing a number of further greenfield solar development opportunities in the RoI.
- The current pipeline of in-development solar projects is 433MW.

Renewables business developments

Hydrogen

- The Group continues to progress its hydrogen production project at the Long Mountain wind farm.
- Civil works are largely complete and commissioning of the electrolyser remains targeted for Third Quarter 2023.

Offshore wind

- The Group has 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 and public consultation processes are ongoing for both projects.
- Geophysical and geotechnical surveys commenced in April 2022.

Outlook

- The Group 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 2023 was 99.8% for Huntstown 1 (2022 – 100.0%) and 99.4% for Huntstown 2 (2022 – nil%) reflecting the plant being on outage in the prior year.
- Unconstrained utilisation for First Quarter 2023 was 64.3% for Huntstown 1 (2022 – 92.0%) and 79.4% for Huntstown 2 (2022 – nil%).
- Incremental impact of constrained utilisation was 1.8% constrained on for Huntstown 1 (2022 – 13.6% constrained off) and 11.4% constrained off for Huntstown 2 (2022 – nil%).

Flexible Generation business developments

Storage

- Construction works on the Group's 50MW battery storage project in Belfast progressed well during the quarter and commissioning of the project remains on track for the 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 2022 were 276,600 (31 March 2022 – 265,100).
- RoI non-residential customer sites for electricity were 47,100 (31 March 2022 – 48,000) and for gas were 3,400 (31 March 2022 – 3,500).
- Northern Ireland residential customer sites were 470,100 (31 March 2022 – 465,700).
- Northern Ireland non-residential customer sites were 38,700 (31 March 2022 – 38,700).
- Total electricity sales volumes in the RoI for the First Quarter 2023 were 1.2TWh (2022 – 1.2TWh) and in Northern Ireland were 0.6TWh (2022 – 0.7TWh). RoI gas sales volumes were 19.0m therms (2022 – 20.8m therms).

Customer Solutions business developments

Tariffs

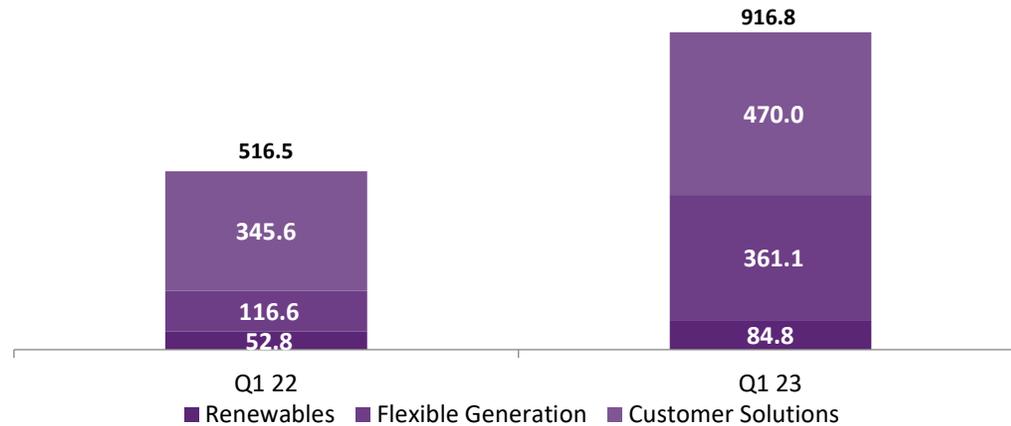
- In response to higher wholesale costs, both Energia and Power NI increased tariffs during the First Quarter 2023.
- In March 2022 Energia announced electricity and gas increases of 15% effective from 25 April 2022 and in May 2022 Power announced an increase of 27.5% in its electricity tariff effective from 1 July 2022.
- On 7 September 2022 Energia announced an increase of 29% in its electricity tariff and 39% in its gas tariff, both effective from 7 October 2022.
- Both Energia and Power NI continue to monitor wholesale prices and their implications for tariffs going forward.

Outlook

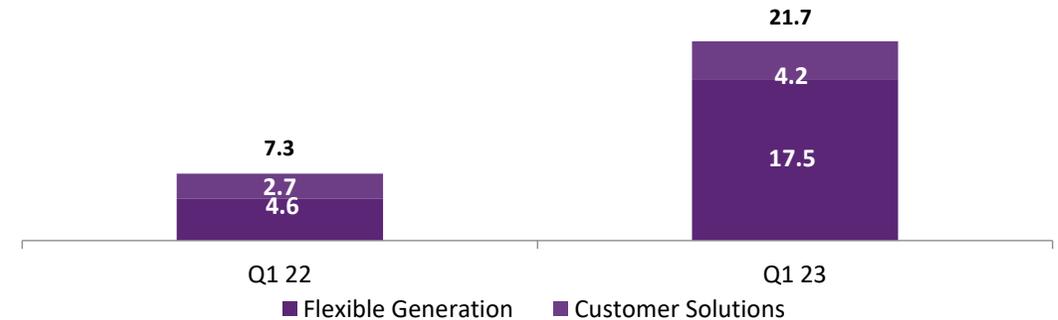
- The Group continues to invest in its development of innovative, enhanced and differentiated product offerings to customers in line with its strategy.
- Digitalisation will remain a strong focus and work will continue on a range of initiatives in the 'new energy' space.

Senior Secured Notes Restricted Group financial summary – First Quarter 2023

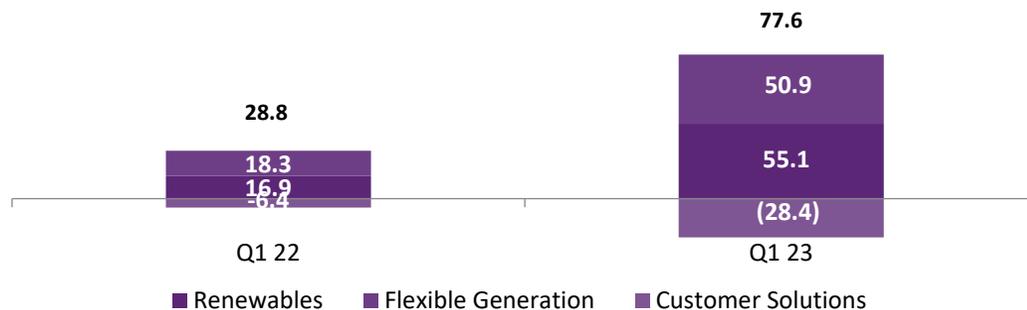
Revenue (€m)^(a)



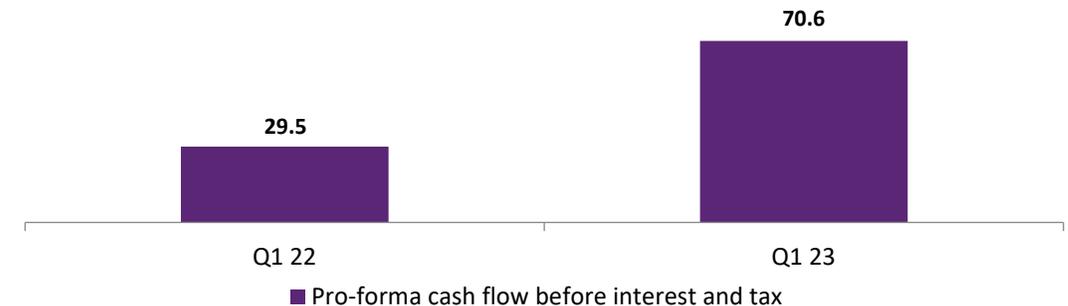
Capital expenditure for continuing operations (€m)^(c)



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 €28.8m from wholly owned assets in the First Quarter 2023 (2022 - €10.6m).

(c) Excludes capital expenditure on renewable assets of €11.5m in First Quarter 2023 (2022 - €0.2m).

(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 22	Q1 23
Renewables	16.9	55.1
Flexible Generation	18.3	50.9
Customer Solutions	(6.4)	(28.4)
	28.8	77.6

Renewables

- Pro-forma EBITDA increased from €16.9m to €55.1m primarily reflecting:
 - Higher contributions from renewable PPAs (due to higher prices and higher wind volumes); and
 - Higher distributions from wind generation assets primarily associated with higher market prices benefitting NI assets and higher wind volumes across the portfolio.

Flexible Generation

- Pro-forma EBITDA increased from €18.3m to €50.9m reflecting:
 - Higher availability and utilisation of Huntstown 2 (due to the plant being on outage in the prior year);
 - Higher margins for both plants (associated with higher commodity prices and outages of other thermal plants); partly offset by
 - Higher operating costs.

Customer Solutions

- Pro-forma EBITDA decreased from €6.4m loss to €28.4m loss reflecting:
 - Lower Energia electricity and gas margins (reflecting higher commodity and energy prices (from which the Renewables and Flexible Generation businesses have benefited) and higher operating costs, partly offset by increases in tariffs); partly offset by
 - Favourable Power NI non-residential margins (reflecting tariff increases partly offset by lower volumes).

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 €28.8m from wholly owned assets in the First Quarter 2023 (2022 - €10.6m)

Senior Secured Notes Restricted group cash flow summary

(€m)	Q1 22	Q1 23
Pro-forma EBITDA ^(a)	28.8	77.6
Changes in working capital ^(b)	6.8	15.7
Effects of FX	1.2	(1.0)
Pro-forma cash flow from operating activities	36.8	92.3
Net capital expenditure ^(c)	(7.3)	(21.7)
Pro-forma cash flow before interest and tax	29.5	70.6
Net movement in security deposits	0.5	7.7
Over-recovery of regulated entitlement	17.3	26.9
Exceptional items ^(d)	(0.6)	-
Equity investment in in-development assets	(29.0)	(10.2)
Pro-forma cash flow before interest, tax and acquisitions and disposals	17.7	95.0

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 €28.8m from wholly owned assets in the First Quarter 2023 (2022 - €10.6m).

(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 €8.9m decrease in the First Quarter 2023 (2022 - €1.0m decrease).

(c) Net capex excludes capex on renewable assets of €11.5m in the First Quarter 2023 (2022- €0.2m).

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

Net debt

Net debt (€m) As at	31 Mar 22	30 Jun 22
Cash and investments	(369.3)	(394.8)
Senior secured notes due 2025	346.8	347.0
Senior secured notes due 2024	264.7	259.5
Senior revolving credit facility	59.3	-
Interest accruals	2.1	8.7
Senior net debt	303.6	220.4
Project finance cash	(53.0)	(52.1)
Project finance bank facilities	333.6	330.2
Interest accruals	-	2.8
Total net debt	584.2	501.3

- FX rate at 30 June 2022: €/£1.1617(31 March 2022: €/£1.1856).
- Cash drawings under the RCF of €59.3m at 31 March 22 were repaid in full in April 2022.
- Senior net leverage at 30 June 2022 was 1.2x (31 March 22 – 2.2x).

Conclusion

Solid set of results for the First Quarter 2023 demonstrating the benefits of the integrated nature of the Group notwithstanding exceptionally challenging market conditions

Outlook

- The Group expects commodity prices to continue to remain high and volatile and therefore continue to impact segmental financial performance.
 - There is no explicit CfD between the Huntstown plants and the Customer Solutions entities and due to the segmental presentation of the Renewable PPAs (which are specifically attributable to the Customer Solutions entities), the impact of higher I-SEM market prices on the Customer Solutions entities should continue to be offset by higher EBITDA for the Group's Renewables and Flexible Generation businesses which benefit from the higher I-SEM market prices.
- Management are monitoring developments in the wider energy markets and will react as necessary to proposed market interventions
- The Group continues to make good progress in building its pipeline of onshore wind, solar, data centre and offshore wind development opportunities.
- The Group has strong liquidity at 30 June 2022 (with €393.5m cash and cash equivalents excluding project finance cash) and has undrawn committed revolving credit facilities of €112.2m and is therefore well positioned to manage the current trading environment of higher commodity and I-SEM market prices.

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