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VIRIDIAN

Results Presentation Second Quarter 2014

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Financial highlights

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- Results for the Second Quarter 2014 were in line with expectations and previous guidance despite challenging market conditions with continuing lower levels of utilisation of the Huntstown plants
- Pro-forma EBITDA* for the Second Quarter 2014 was £24.8m (Second Quarter 2013 - £25.4m)
- Pro-forma cash flow before interest and tax** for the Second Quarter 2014 was £19.3m (Second Quarter 2013 - £46.1m)
- Senior net debt*** was £548.7m at 30 September 2013 (30 June 2013 - £555.7m)

* EBITDA based on regulated entitlement, before exceptional items and Arcapita advisory fees and excluding earnings from renewable wind farm assets

** Pro-forma EBITDA, less pension charges, plus movements in provisions and working capital (inc purchase of and proceeds from sale of other intangibles), less gross capex (excluding capex of renewable wind farm assets) and exceptional items and including the effects of FX

*** Excludes project finance bank facilities and project finance cash

Energia Group business developments

High availability of Huntstown plants with reduction in utilisations

- Availability of Huntstown 1 was 100% for Second Quarter 2014 (Second Quarter 2013 – 97.4%).
- Availability of Huntstown 2 was 99.2% for Second Quarter 2014 (Second Quarter 2013 – 99.8%).
- Utilisations of both Huntstown 1 at 3.9% and Huntstown 2 at 42.9% decreased over the same quarter last year as a result of:
 - Commercial operation of the East/West interconnector at full capacity from 1 May 2013
 - Commissioning of new wind capacity
 - The ongoing impact of the coal/gas price switch

Gas capacity bidding in the SEM

- During the period the Huntstown 1 plant continued to bid gas capacity costs into its SRMC to ensure recovery of such costs when required to run by the system operator
- The SEM committee consultations on gas capacity bidding in the SEM closed on 26 September 2013. Consultations confirmed the possibility of including certain gas capacity costs in SEM bidding, but the CER decided to make changes to the availability of certain gas capacity products with effect from 2 December 2013
 - Viridian filed judicial review proceedings against the CER's decisions
 - In light of the proceedings, the CER have deferred the implementation of the decision until 6 January 2014

Capacity Payment Mechanism

- Final decision on 2014 calendar year capacity pot published 12 August 2013
 - Pot set at €565.8m (2013 - €529.9m)

Energia Group business developments (cont'd)

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Electricity sales volumes

- Electricity sales volumes for the Second Quarter 2014 was 1.2TWh (Second Quarter 2013 – 1.3TWh)
- Customer sites supplied were 60,700 at 30 September 2013 (30 June 2013 – 61,000; 31 March 2013 – 60,200)

Continued growth in windfarm portfolio

- Average contracted renewable generation capacity for the Second Quarter 2014 was 602MW (Second Quarter 2013 – 546MW) with 608MW operational capacity at 30 September 2013 (30 June 2013 – 599MW; 31 March 2013 – 582MW)
- 9MW of contracted capacity currently in construction and 241MW in various stages of development
- Direct investment in in-development windfarm capacity 100MW at 30 September 2013
 - Acquisition of a 27MW windfarm development project in Northern Ireland completed in October 2013

Power NI Energy business developments

Power NI

Electricity Sales and Competition

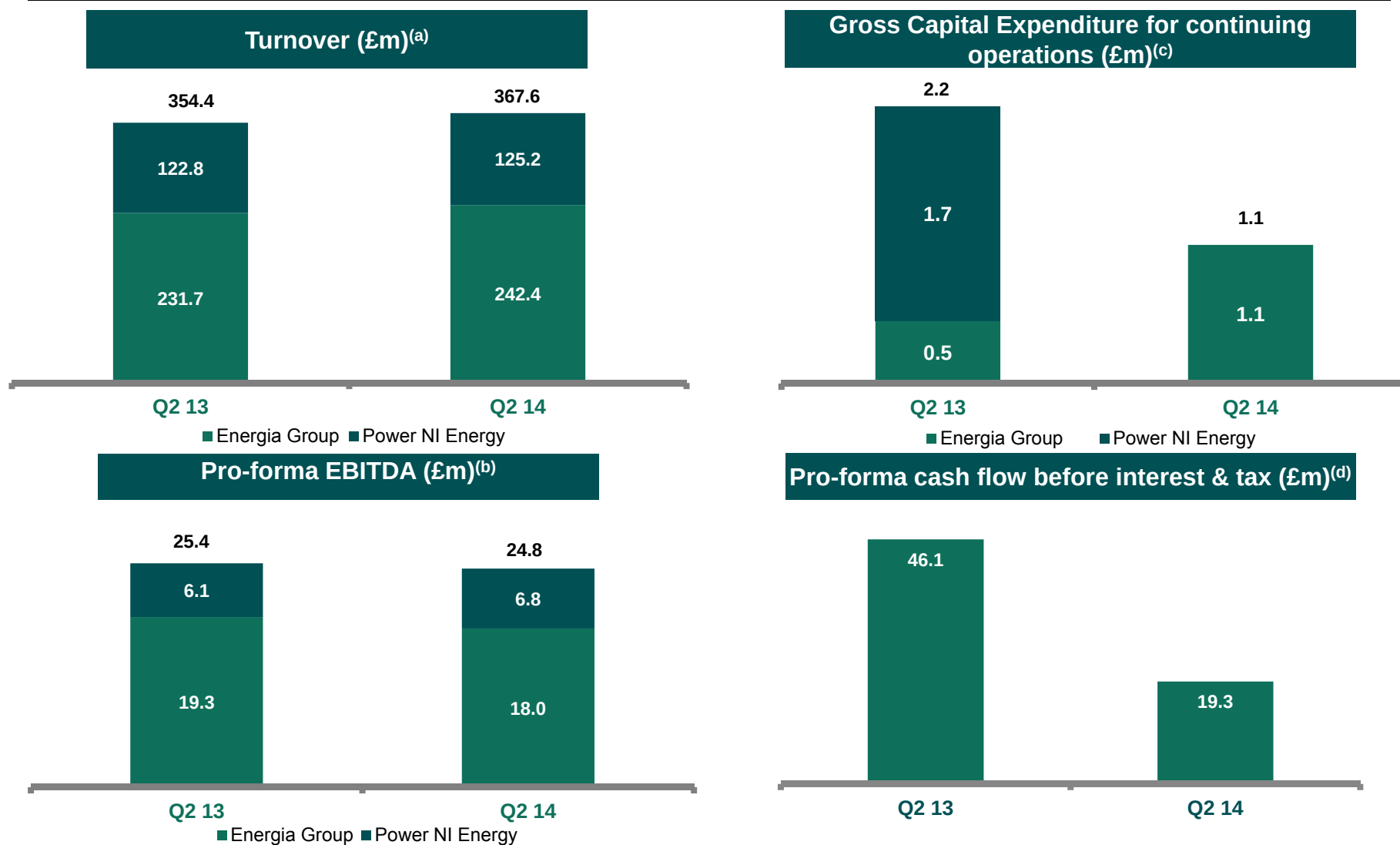
- Continued competition in the market
- Residential customer numbers reduced to 570,000 (30 June 2013 – 574,000; 31 March 2013 – 584,000)
- Total electricity sales for Second Quarter 2014 was 0.7TWh (Second Quarter 2013 – 0.7TWh)

Price control

- On 23 July 2013, the Utility Regulator published initial proposals for the new price control which will apply from 1 April 2014
- Power NI responded to the proposals on 1 October 2013 and final proposals expected by the end of December 2013

Financial summary – Second Quarter 2014

Encouraging performance across all businesses



(a) Turnover is based on regulated entitlement and excludes external turnover from renewable wind farm assets.

(b) Pro-forma EBITDA is EBITDA based on regulated entitlement, before exceptional items and Arcapita advisory fees and excluding earnings from renewable wind farm assets.

(c) Excludes capital expenditure on renewable wind farm assets of £3.8m in Second Quarter 2014 and £0.5m in Second Quarter 2013.

(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 wind farm assets) and exceptional items and including the effects of FX

Energia Group KPIs

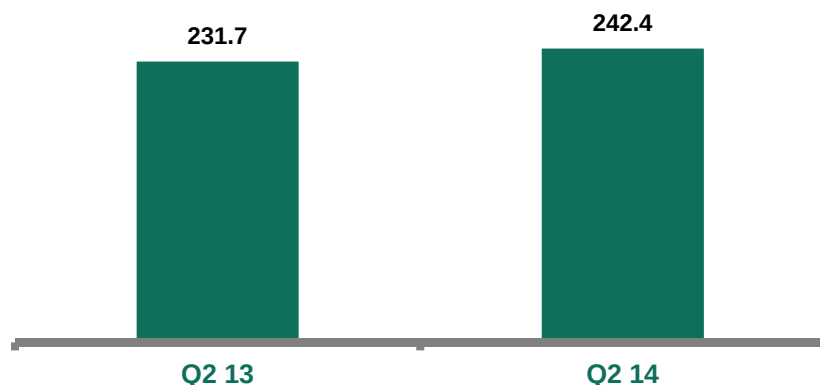
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	Q2 13	Q2 14
Energia Group		
Availability (%)		
Huntstown 1	97.4	100.0
Huntstown 2	99.8	99.2
Utilisation (%)		
Huntstown 1	37.0	3.9
Huntstown 2	71.0	42.9
Energia electricity sales (TWh)	1.3	1.2
Energia natural gas sales (therms million)	14	13
Wind farm operational PPA contracts (MW)		
Average capacity during the period	546	602
Period end capacity – at 30 September	547	608

Energia Group financial highlights – Second Quarter 2014

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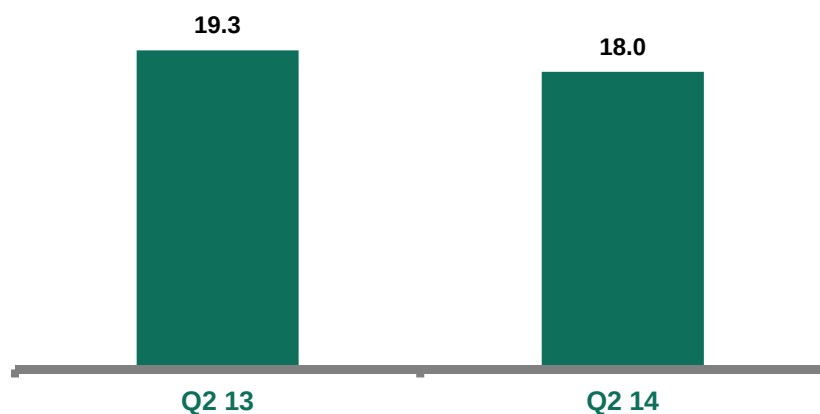
Turnover (£m)



Turnover for Second Quarter 2014 increased from £231.7m to £242.4m reflecting:

- Higher electricity retail tariffs;
- Higher renewable PPA revenues;
- Higher ROC sales;
- Trading over East/West Interconnector; and
- Impact of foreign exchange translation; partly offset by
- Lower Huntstown plant utilisations;
- Lower electricity and gas sales volumes; and
- Lower wind factors

Pro-forma EBITDA (£m)



Pro-forma EBITDA for Second Quarter 2014 decreased from £19.3m to £18.0m reflecting:

- Lower Huntstown plant utilisations; partly offset by
- Impact of foreign exchange translation.

Power NI KPIs

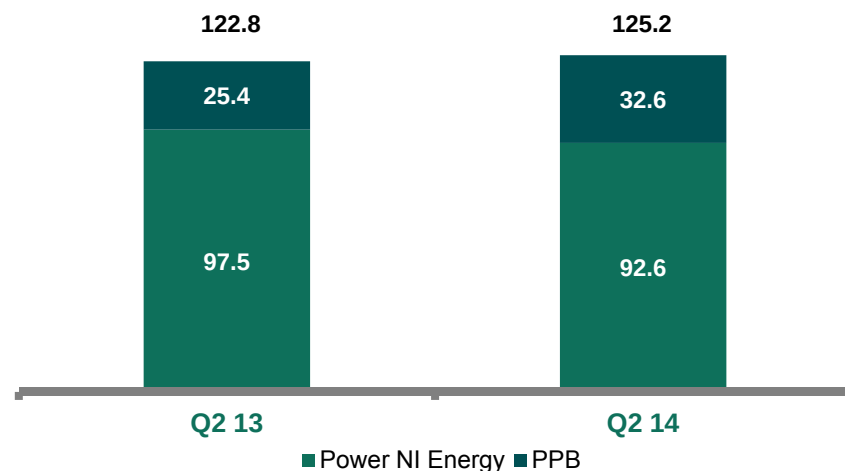
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	Q2 13	Q2 14
Power NI		
Power NI electricity sales (TWh)	0.7	0.7
Power NI customer sites (No.)		
Residential	621,000	570,000
Non-residential	36,000	37,000

Power NI Energy financial highlights – Second Quarter 2014

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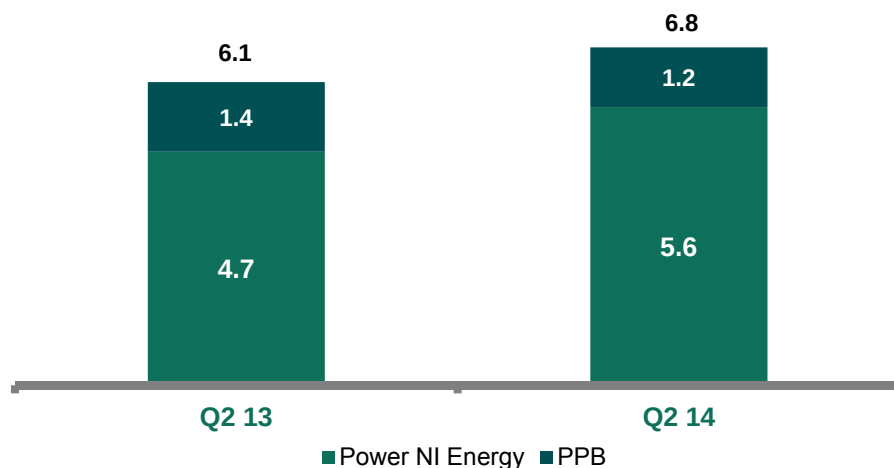
Turnover (£m)^(a)



Power NI

- Turnover for the Second Quarter 2014 reduced from £97.5m to £92.6m reflecting reduction in residential customer numbers partly offset by higher average consumption per customer together with higher average tariff prices and higher unregulated sales volumes.
- Pro-forma EBITDA for the Second Quarter 2014 increased from £4.7m to £5.6m reflecting higher unregulated customer margins and unregulated sales volumes together with lower generating costs.

Pro-forma EBITDA (£m)^(a)



PPB

- Turnover for the Second Quarter 2014 increased from £25.4m to £32.6m reflecting higher constrained utilisation of the Ballylumford plant partly offset by the expiry of 116MW of capacity with Ballylumford and 58MW with Kilroot from 1 November 2012 and 58MW with Coolkeeragh from 1 February 2013.
- Pro-forma EBITDA for the Second Quarter 2014 decreased from £1.4m to £1.2m primarily as a result of reduced regulated entitlement.

Group cash flow summary

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(£m)	Q2 13	Q2 14	H1 13	H1 14
Pro-forma EBITDA^(a)	25.4	24.8	49.7	47.2
Defined benefit pension charge less contributions paid	-	-	-	(0.1)
Changes in working capital ^(b)	23.2	(4.5)	19.8	(2.2)
Effects of FX	0.3	0.1	1.0	(0.2)
Exceptional items	(0.6)	-	(1.8)	-
Pro-forma cash flow from operating activities	48.3	20.4	68.7	44.7
Net capital expenditure ^(c)	(2.2)	(1.1)	(4.1)	(3.1)
Pro-forma cash flow before interest and tax	46.1	19.3	64.6	41.6
Net movement in security deposits	1.4	0.8	37.4	0.6
Over/(under)-recovery of regulated entitlement	5.5	6.6	15.3	3.1
Equity investment in in-development windfarm assets	(1.1)	(0.2)	(1.4)	(5.6)
Pro-forma cash flow before interest, tax and acquisitions and disposals	51.9	26.5	115.9	39.7

Note:

- (a) Pro-forma EBITDA is defined as EBITDA before exceptional items and Arcapita advisory fees and adjusted for over/under-recovery of Viridian's regulated business against their regulated entitlement and excludes EBITDA from Viridian's wind farm assets
- (b) Includes proceeds from sale and purchase of other intangibles which related to trading activities with respect to emissions allowances and ROCs and excludes changes in working capital from Viridian's wind farm assets of £0.2m increase in Q2 14 and £0.5m increase in Q2 13; £0.6m increase in H1 14 and £0.5m increase in H1 13
- (c) Net capex excludes capex on renewable windfarm assets of £3.8m in Q2 14 and £0.5m in Q2 13; £6.2m in H1 14 and £0.8m in H1 13

Senior net debt

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Senior net debt (£m)			
As at	31 March 2013	30 June 2013	30 Sept 2013
Cash and investments	(50.3)	(39.0)	(21.4)
Senior Secured Notes	392.5	358.5	353.8
Senior RCF	-	18.6	-
Subordinated shareholder loan	543.6	550.1	557.0
Junior bank facility asset	(342.8)	(345.8)	(342.9)
Interest accruals	2.4	13.3	2.2
Senior net debt *	545.4	555.7	548.7

- Senior net debt decreased during the period to £548.7m at 30 September 2013 (30 June 2013 - £555.7m)
 - Senior secured notes decrease reflects the change in foreign exchange translation €/£1.20 at 30 September 2013 (30 June 2013 - €/£1.17) partly offset by the amortisation of transaction expenses and OID
 - Senior RCF £nil at 30 September 2013 (30 June 2013 - £18.6m)
 - Increase in subordinated shareholder loan reflects the capitalisation of PIK interest
 - Junior bank facility asset decrease reflects foreign exchange translation
 - Interest accruals decrease reflects the semi-annual payment of interest for H1 2014 on the senior secured notes in September 2013

* Excludes project finance bank facilities of £8.0m at 30 September 2013 (31 March and 30 June 2013 - £nil) and project finance cash of £3.6m at 30 September 2013 (31 March and 30 June 2013 - £nil)

Conclusion

- Challenging market conditions have continued but results were in line with expectations and previous guidance and only marginally behind the same period last year
- Outlook:
 - Capacity pot for calendar year 2014 agreed
 - Retail margin contribution continues to be sustained
 - Renewable PPA pipeline continues to be delivered and enhanced
 - Low coal and carbon prices continue to affect gas plant utilisations
 - Outcome of challenge on gas capacity products expected after year end
 - Market entry pilot on-going and intention remains to enter the RoI residential market in 2013/14
 - Power NI price control expected to be concluded within current financial year

Investor relations

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