



Viridian Group

Results presentation Second Quarter 2016

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27 November 2015

VIRIDIAN

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- Encouraging set of results for the Second Quarter 2016 which were in line with expectations
- Pro-forma EBITDA* for the Second Quarter 2016 was £23.4m (2015 - £24.8m) primarily reflecting foreign exchange translation losses and the impact of the new price control for PPB
- Pro-forma cash flow before interest and tax** for the Second Quarter 2016 was £23.1m (2015 - £38.3m)
- Senior net debt was £567.0m at 30 September 2015 (30 June 2015 - £541.7m)

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

Huntstown plant availability and utilisation

- Availability of 84.4% for Huntstown 1 and 97.4% for Huntstown 2 for Second Quarter 2016
- Huntstown 1 availability reflects the completion of a planned 13 day outage in August 2015 when a rotor replacement was successfully completed to rectify the previously identified defect in the gas turbine
- During the Huntstown 1 outage a minor defect in the steam turbine generator was identified
 - repair will take place at a future planned maintenance outage depending on utilisation of the plant
 - cost of €0.4m agreed with Siemens
- Unconstrained utilisation for Huntstown 1 at 3.6% and Huntstown 2 at 8.7% for Second Quarter 2016
- Incremental impact of constrained utilisation was an increase of 1.8% for Huntstown 1 and an increase of 51.5% for Huntstown 2 for Second Quarter 2016
 - We expect Huntstown 1 to be constrained on over the winter period

Retail sales

- Total electricity sales volumes for the Second Quarter 2016 were 1.1TWh (2015 – 1.2TWh)
- Business electricity customer sites supplied at 30 September 2015 were 54,600 (30 June 2015 – 55,000)
- Business gas customer sites supplied at 30 September 2015 were 5,500 (30 June 2015 – 5,300)
- RoI residential customer sites supplied at 30 September 2015 increased to 99,400 (30 June 2015 – 91,000) with continued growth in the customer base

I - SEM

- The detailed market design phase is ongoing and the latest Project Plan Quarterly Update published on 30 October 2015 reconfirmed that the project remains on track for Go-Live of I-SEM in Q4 2017

Energia Group business developments (cont'd)

End of ROC support for UK onshore wind

- The UK Government intends to end ROC support for new onshore wind farms in Great Britain from 1 April 2016, one year earlier than previously planned
- On 30 September 2015, the Department of Enterprise Trade and Investment published a consultation on revised proposals that NI would follow UK Government Policy
 - Projects which meet eligibility criteria will be able to apply for NIROC accreditation to 31 March 2017 with further 12 months grid and radar delay grace period
 - The appropriate legislation required to enact the changes is expected to be passed by the NI Assembly
 - Energia's portfolio of NI assets under construction and in development (73MW) expected to meet the eligibility criteria

Removal of LECs for CCL exemption

- On 8 July 2015 the UK Government announced the end of Levy Exemption Certificates (LECs) attaching to electricity from renewable sources from 1 August 2015
 - LECs previously used to provide exemption from Climate Change Levy borne by UK business customers
 - Impact not material for Viridian

Capacity pot for 2016

- Regulatory Authorities confirmed the final capacity pot for calendar year 2016 on 28 August 2015
 - 2016 capacity pot of €514.8m represents a 10% reduction on 2015
 - The final decision is a sizeable improvement from the consultation proposal for a 19% reduction

Energia Group business developments (cont'd)

Renewable portfolio

PPAs

- Average contracted renewable generation capacity for Second Quarter 2016 was 793MW (2015 - 692MW) with 793MW operational capacity at 30 September 2015 (30 June 2015 – 793MW)
- 147MW of contracted capacity in construction at 30 September 2015 (30 June 2015 – 95MW)
- 53MW in various stages of development (30 June 2015 – 67MW)

Assets

- Direct investment in operational and in-development windfarm capacity 202MW at 30 September 2015
 - 34MW operational at 30 September 2015 (30 June 2015 – 34MW)
 - Four windfarms with a total capacity of 147MW in construction at 30 September 2015
 - 21MW of fully-consented capacity in development
- Further pipeline of windfarm development projects in Northern Ireland (31MW) which are in various stages of obtaining planning permission and grid connections
- EBITDA from renewable assets for Second Quarter 2016, including the sale of surplus connection capacity, was £2.0m (2015 - £0.2m)

Power NI business developments

Electricity sales

- Residential customer numbers at 30 September 2015 was 528,000 (30 June 2015 – 536,000)
- Total electricity sales for Second Quarter 2016 was 0.6TWh (2015 – 0.6TWh)

Price control

- On 27 October 2015 the Utility Regulator (“UR”) published a consultation on its approach to the price controls for electricity and gas regulated companies
 - Proposes to retain current structure and form for new Power NI price control effective from 1 April 2017
 - UR will review price regulation in the <50MWh/year SME market. Proposes continuation of price regulation in the domestic market
 - Proposes an alternative option to rollover existing price control until such time UR can make informed decision on I-SEM impact

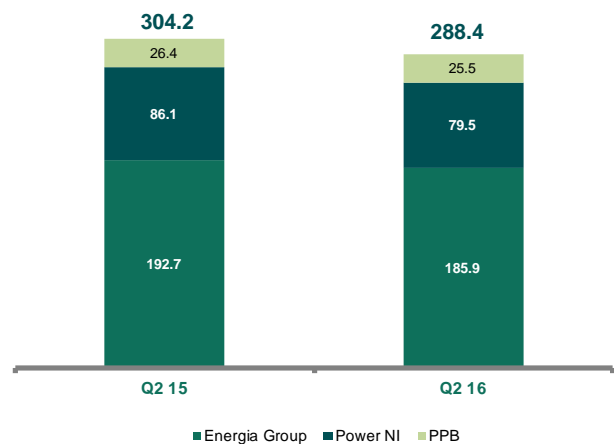
PPB business developments

Price control

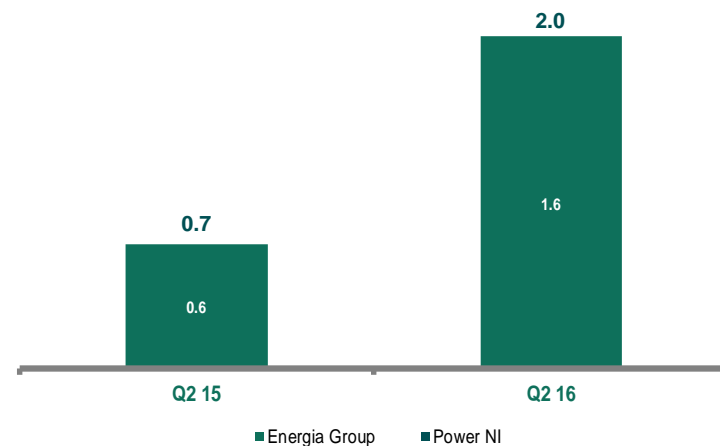
- On 1 July 2015 the Utility Regulator published its final determination for PPB's new price control
 - Final determination unchanged from draft proposals published on 2 April 2015
 - Price control runs to 31 March 2017 with option to extend to September 2018
- Licence modifications necessary to implement the new price control are expected to be adopted shortly

Financial summary – Second Quarter 2016

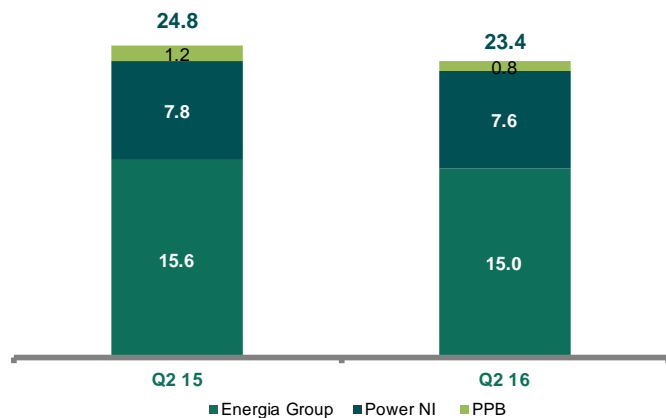
Revenue (£m)^(a)



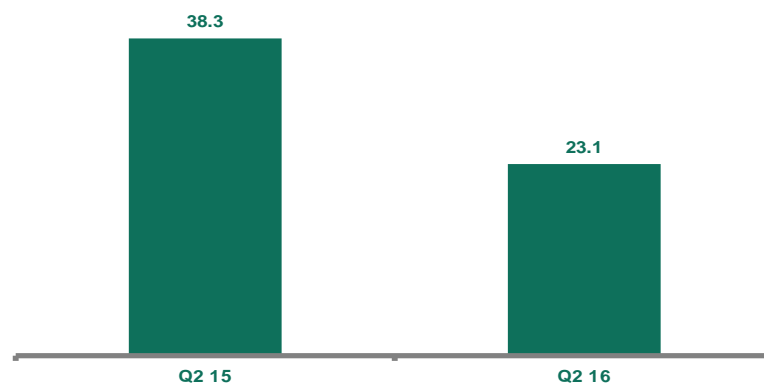
Capital Expenditure for continuing operations (£m)^(c)



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 windfarm assets

(b) Pro-forma EBITDA is EBITDA based on regulated entitlement, before exceptional items and certain remeasurements and Arcapita advisory fees and excluding earnings from renewable wind farm assets £2.0m in Second Quarter 2016 and £0.2m in Second Quarter 2015.

(c) Excludes capital expenditure on renewable wind farm assets of £15.5m in Second Quarter 2016 and £7.3m in Second Quarter 2015. Total includes other group capex of £0.4m in Second Quarter 2016 and £0.1m Second Quarter 2015

(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

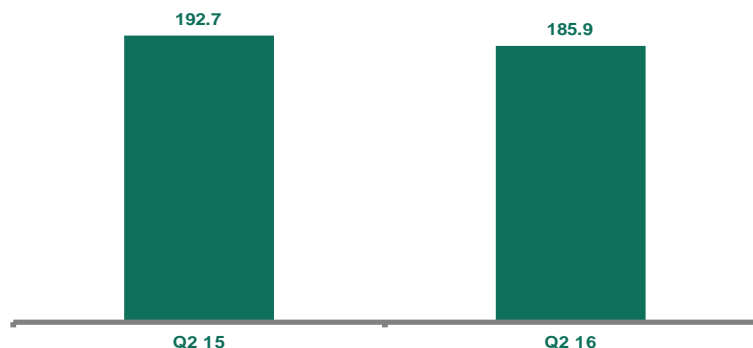
Energia Group KPIs



	Q2 15	Q2 16
Energia Group		
Availability (%)		
Huntstown 1	100.0	84.4
Huntstown 2	100.0	97.4
Unconstrained utilisation (%)		
Huntstown 1	3.3	3.6
Huntstown 2	53.0	8.7
Incremental impact of constrained utilisation (%)		
Huntstown 1	(1.4)	1.8
Huntstown 2	(13.9)	51.5
Energia electricity sales (TWh)	1.2	1.1
Energia gas sales (therms million)	11.4	14.3
Total customers (No.)		
Non-residential	65,800	60,100
Residential	57,000	99,400
Wind farm operational PPA contracts (MW)		
Average capacity during the period	692	793
Period end capacity – at 30 September	692	793

Energia Group financial highlights – Second Quarter 2016

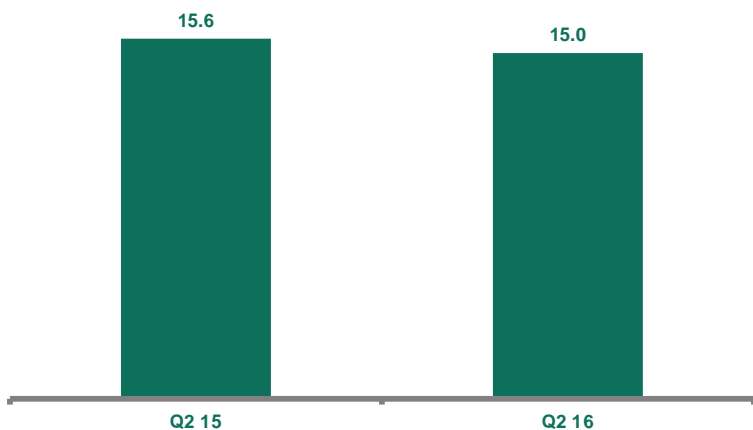
Revenue (£m)



Revenue for Second Quarter 2016 decreased from £192.7m to £185.9m:

- Impact of foreign exchange translation; and
- Lower business electricity sales volumes and prices; partly offset by
- Higher residential and business gas sales volumes;
- Higher residential electricity sales volumes
- Higher renewable PPA revenues; and
- Higher Huntstown plant output

Pro-forma EBITDA (£m)^(a)



Pro-forma EBITDA for Second Quarter 2016 decreased slightly from £15.6m to £15.0m reflecting:

- Impact of foreign exchange translation; and
- Lower availability of Huntstown 1 association with the planned rotor replacement outage; partly offset by
- Higher residential sales margins; and
- Higher contribution from renewable PPAs

(a) Pro-forma EBITDA excludes EBITDA from renewable wind farm assets of £2.0m in Second Quarter 2016 and £0.2m in Second Quarter 2015

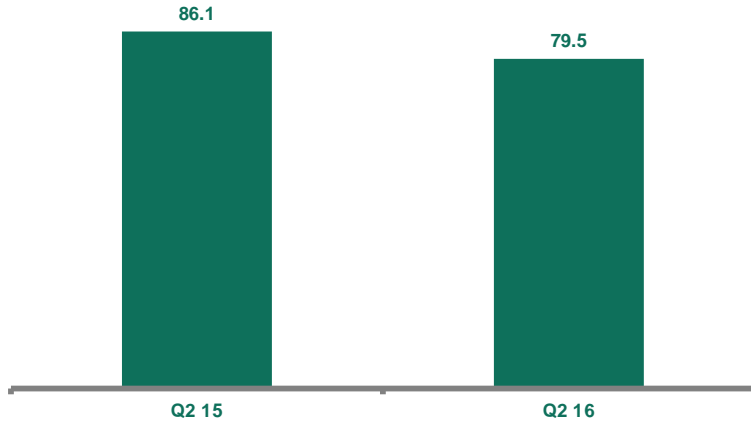
Power NI KPIs



	Q2 15	Q2 16
Power NI		
Power NI electricity sales (TWh)	0.6	0.6
Power NI customer sites (No.)		
Residential	556,000	528,000
Non-residential	37,000	36,000

Power NI financial highlights – Second Quarter 2016

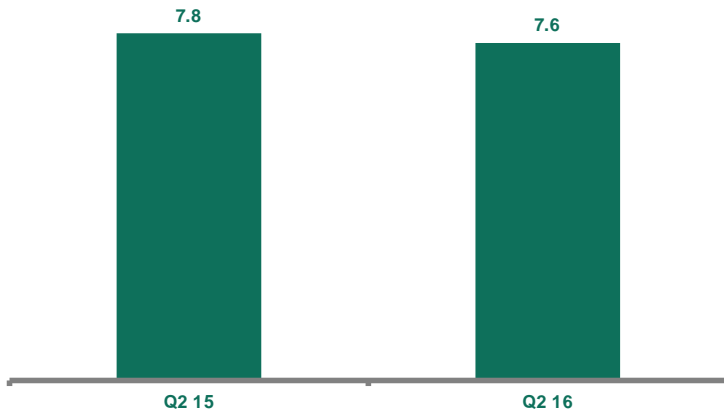
Revenue (£m)^(a)



Revenue for Second Quarter 2016 decreased from £86.1m to £79.5m reflecting:

- Reduction in residential customer numbers;
- Lower average consumption; and
- Impact of a 9.2% tariff reduction effective 1 April 2015

Pro-forma EBITDA (£m)^(a)



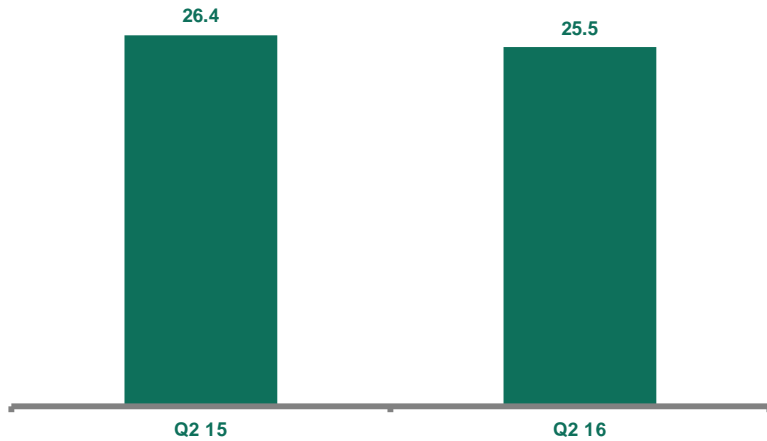
Pro-forma EBITDA for Second Quarter 2016 decreased from £7.8m to £7.6m primarily reflecting:

- Higher operating costs; partly offset by
- Higher contribution from small scale renewable PPAs

(a) Based on regulated entitlement

PPB financial highlights – Second Quarter 2016

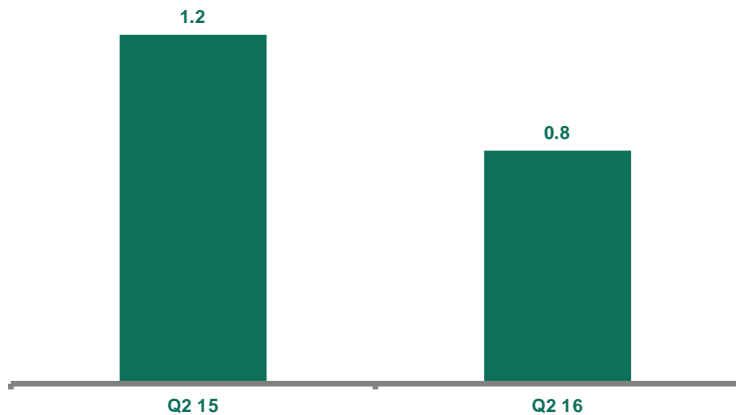
Revenue (£m)^(a)



Revenue for Second Quarter 2016 decreased from £26.4m to £25.5m primarily reflecting:

- PSO rebate; partly offset by
- Higher availability and utilisation of the Ballylumford plant

Pro-forma EBITDA (£m)^(a)



Pro-forma EBITDA for Second Quarter 2016 decreased from £1.2m to £0.8m primarily reflecting:

- Lower regulatory entitlement proposed under the new price control

(a) Based on regulated entitlement

Group cash flow summary

(£m)	Q2 15	Q2 16	H1 15	H1 16
Pro-forma EBITDA^(a)	24.8	23.4	48.5	44.8
Defined benefit pension charge less contributions paid	-	-	(0.1)	(1.0)
Changes in working capital ^(b)	14.6	1.3	10.8	2.9
Effects of FX	(0.4)	0.4	(0.7)	(0.1)
Pro-forma cash flow from operating activities	39.0	25.1	58.5	46.6
Net capital expenditure ^(c)	(0.7)	(2.0)	(1.3)	(2.5)
Pro-forma cash flow before interest and tax	38.3	23.1	57.2	44.1
Net movement in security deposits	3.1	(0.5)	(0.3)	(0.2)
Over/(under)-recovery of regulated entitlement	9.4	(1.2)	20.3	6.4
Equity investment in in-development windfarm assets	-	(17.5)	(1.9)	(26.3)
Pro-forma cash flow before interest, tax and acquisitions and disposals	50.8	3.9	75.3	24.0

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 of £2.0m in Second Quarter 2016 (Second Quarter 2015 - £0.2m) and £2.6m in First Half 2016 (First Half 2015 - £0.4m)
- (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 £1.0m decrease in Second Quarter 2016 (Second Quarter 2015- £0.1m increase) and £0.5m decrease in First Half 2016 (First Half 2015 - £0.1m increase)
- (c) Net capex excludes capex on renewable windfarm assets of £15.5m in Second Quarter 2016 (Second Quarter 2015 - £7.3m) and £29.1m in First Half 2016 (First Half 2015 - £12.9m)

Net debt

Net debt (£m) As at	31 Mar 15	30 June 15	30 Sept 15
Cash and investments	(70.1)	(82.9)	(63.6)
Senior secured notes due 2020	425.2	416.6	434.5
Subordinated shareholder loan ^{1,2}	356.9	364.4	371.9
Junior bank facility asset ¹	(162.6)	(169.0)	(179.0)
Amount due from fellow subsidiary	(0.2)	(0.3)	(0.3)
Interest accruals	4.7	12.9	3.5
Senior net debt	553.9	541.7	567.0
Project finance cash	(3.8)	(9.5)	(8.7)
Project finance bank facilities	37.0	48.0	56.4
Interest accruals	-	0.5	0.1
Total net debt	587.1	580.7	614.8

¹ Subordinated shareholder loan and junior bank facility asset at 30 September 2015 net to £192.9m (30 June 2015 net to £195.4; 31 March 2015 net to £194.3m). Junior facility A held on balance sheet of the Company's parent VGHL at 30 September 2015 was £142.3m (30 June 2015 - £139.8m; 31 March 2015 - £141.2m)

² Subordinated shareholder loan at 30 September 2015 split between non-interest bearing £195.6m (30 June 2015 - £189.2m; 31 March 2015 - £182.8m) and interest bearing £176.3 (30 June 2015 - £175.2m; 31 March 2015 - £174.1m) which accrues interest on a payment in kind basis

- Senior net debt was £567.0m at 30 September 2015 (30 June 2015 - £541.7m; 31 March 2015 - £553.9m)
 - Cash and investments decreased to £63.6m (30 June 2015 - £82.9m; 31 March 2015 - £70.1m)
 - Increase in senior secured notes reflects foreign exchange translation differences and the amortisation of transaction expenses; and
 - Increase in subordinated shareholder loan and junior bank facility asset reflects the unwinding of the discounted fair values

- Encouraging set of results for the Second Quarter 2016 which were in line with expectations

- Outlook:
 - Regulatory developments being effectively managed
 - 10% reduction in capacity payment pot for calendar year 2016
 - ROC support for onshore wind in Northern Ireland to end on 31 March 2016 with grace period to 31 March 2017 for eligible projects
 - End of LECs for CCL exemption
 - Renewable PPA pipeline continues to be delivered
 - Renewable asset investments – challenging programme but proceeding according to plan
 - Utility Regulator consulting on structure and form of the next Power NI price control
 - Continued managed growth in the residential supply market in the RoI
 - I-SEM detailed design phase continues – Regulatory Authorities have re-confirmed go-live remains on target for Q4 2017

Investor relations

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