

Viridian Group

Results presentation

Third Quarter 2016

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VIRIDIAN

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Financial highlights

- Solid set of results for the Third Quarter 2016 which were in line with expectations
- Pro-forma EBITDA* for the Third Quarter 2016 was £22.4m (2015 - £24.0m) primarily reflecting foreign exchange translation losses, the revaluation of distillate oil stock and the impact of the new price control for PPB
- Pro-forma cash flow before interest and tax** for the Third Quarter 2016 was £23.2m (2015 - £19.8m)
- Senior net debt was £570.6m at 31 December 2015 (30 September 2015 - £567.0m)

* 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 99.8% for Huntstown 1 and 100% for Huntstown 2 for Third Quarter 2016
- Unconstrained utilisation for Huntstown 1 at 0.8% and Huntstown 2 at 1.2% for Third Quarter 2016
- Incremental impact of constrained utilisation was an increase of 38.1% for Huntstown 1 and an increase of 17.0% for Huntstown 2 for Third Quarter 2016
 - We expect Huntstown 1 to continue with constrained operation over the winter period

Retail sales

- Total electricity sales volumes for the Third Quarter 2016 were 1.2TWh (2015 – 1.3TWh)
- Business electricity customer sites supplied at 31 December 2015 were 54,300 (30 September 2015 – 54,600)
- Business gas customer sites supplied at 31 December 2015 were 5,500 (30 September 2015 – 5,500)
- RoI residential customer sites supplied at 31 December 2015 increased to 102,400 (30 September 2015 – 99,400) 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 29 January 2016 reconfirmed that the project remains on track for go-live of I-SEM in Q4 2017

Energia Group business developments (cont'd)

Renewable portfolio

PPAs

- Average contracted renewable generation capacity for Third Quarter 2016 was 793MW (2015 - 752MW) with 793MW operational capacity at 31 December 2015 (30 September 2015 – 793MW)
- 147MW of contracted capacity in construction at 31 December 2015 (30 September 2015 – 147MW)
- 53MW in various stages of development (30 September 2015 – 53MW)

Assets

- Direct investment in operational and in-development wind farm capacity 202MW at 31 December 2015
 - 34MW operational at 31 December 2015 (30 September 2015 – 34MW)
 - Four wind farms with a total capacity of 147MW in construction at 31 December 2015
 - 21MW of fully-consented capacity in development
- Further pipeline of wind farm development projects (31MW) which are in various stages of obtaining planning permission and grid connections
- EBITDA from renewable assets for Third Quarter 2016 was £1.6m (2015 - £0.7m)

Regulation

- Legislation to close ROC scheme for onshore wind in Northern Ireland, in line with GB, expected to be passed by the NI Assembly shortly

Financing

- Non-recourse financing facilities of up to £23.2m put in place in December 2015 in respect of a 28MW wind farm in Northern Ireland
- Further non-recourse financing facilities of up to £11.9m put in place in February 2016 in respect of a 9MW wind farm in Northern Ireland

Other

- With deep regret we report that on 21 December 2015 a fatal accident occurred on the Meenadreen Extension wind farm construction site involving a subcontractor of a specialist tree felling contractor
 - The accident is under investigation by the Health & Safety Authority in the RoI

Power NI business developments

Electricity sales

- Residential customer numbers at 31 December 2015 were 520,000 (30 September 2015 – 528,000)
- Total electricity sales for Third Quarter 2016 was 0.8TWh (2015 – 0.8TWh)

Price control

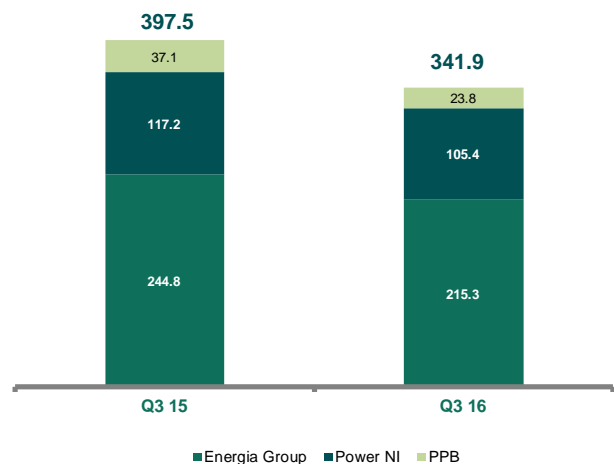
- In accordance with the Utility Regulator's alternative option to extend the existing price control for a period of two years
 - Power NI have agreed with the Utility Regulator to share with customers the benefits of efficiency gains made during the current price control period
 - Formal extension proposal expected shortly

Regulated electricity tariffs

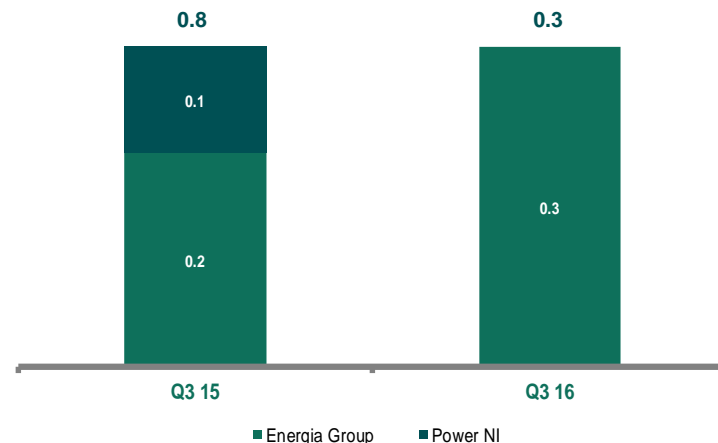
- On 12 February 2016, Power NI announced a 10.3% reduction in regulated electricity tariffs effective from 1 April 2016
 - The tariff reduction was agreed with the Utility Regulator

Financial summary – Third Quarter 2016

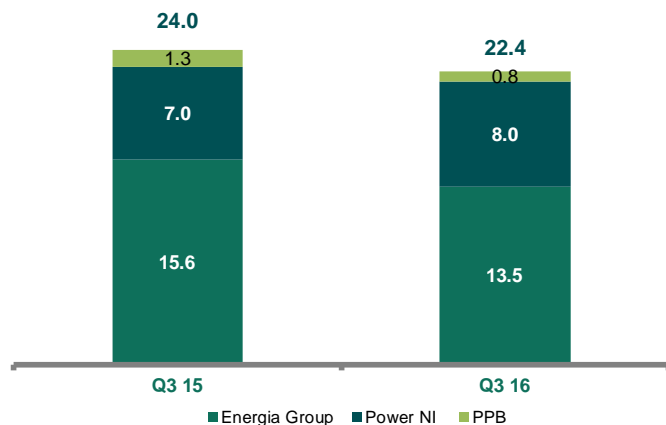
Revenue (£m)^(a)



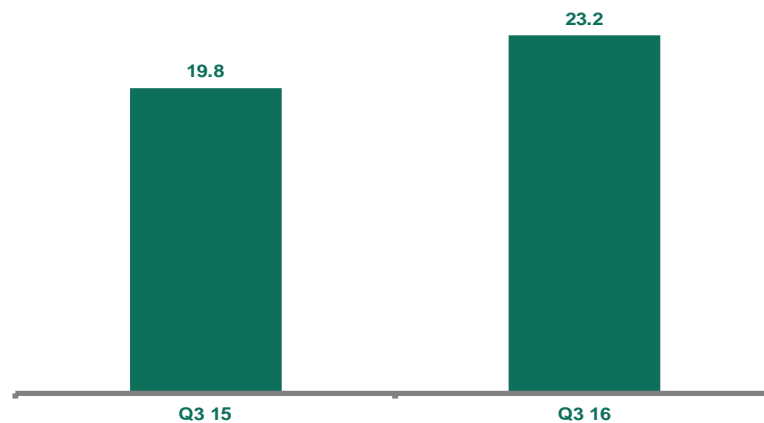
Capital Expenditure for continuing operations (£m)^(c)



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 £1.6m in Third Quarter 2016 and £0.7m in Third Quarter 2015.
- (c) Excludes capital expenditure on renewable wind farm assets of £12.9m in Third Quarter 2016 and £9.0m in Third Quarter 2015. Total includes other group capex of £nil in Third Quarter 2016 and £0.5m Third 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

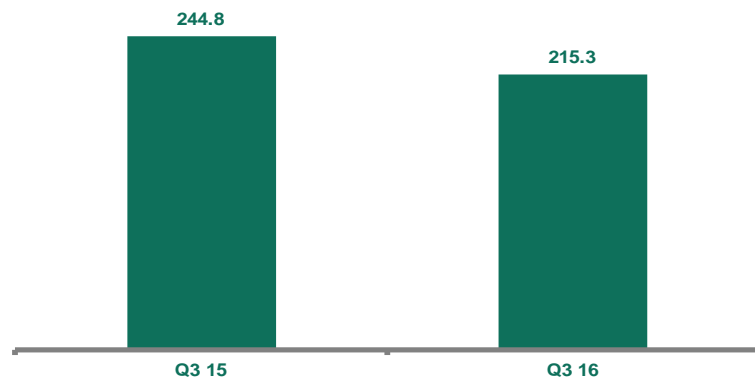
Energia Group KPIs



	Q3 15	Q3 16
Energia Group		
Availability (%)		
Huntstown 1	99.5	99.8
Huntstown 2	100.0	100.0
Unconstrained utilisation (%)		
Huntstown 1	0.0	0.8
Huntstown 2	9.9	1.2
Incremental impact of constrained utilisation (%)		
Huntstown 1	8.5	38.1
Huntstown 2	17.8	17.0
Energia electricity sales (TWh)	1.3	1.2
Energia gas sales (therms million)	19.2	21.6
Total customers (No.)		
Non-residential	61,300	59,800
Residential	72,900	102,400
Wind farm operational PPA contracts (MW)		
Average capacity during the period	752	793
Period end capacity – at 31 December	752	793

Energia Group financial highlights – Third Quarter 2016

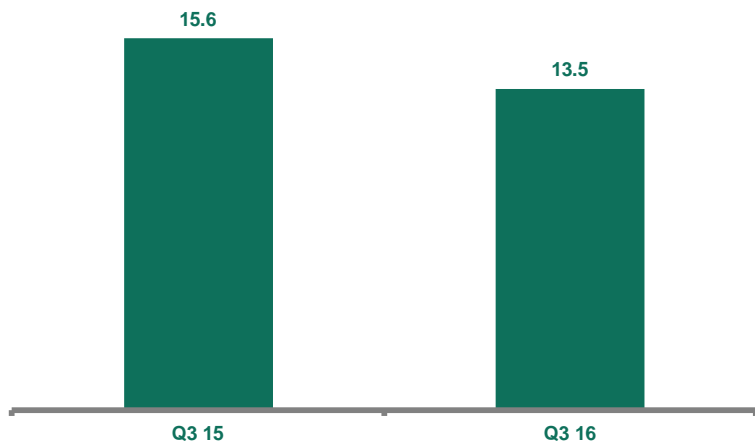
Revenue (£m)



Revenue for Third Quarter 2016 decreased from £244.8m to £215.3m:

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

Pro-forma EBITDA (£m)^(a)



Pro-forma EBITDA for Third Quarter 2016 decreased from £15.6m to £13.5m reflecting:

- Impact of foreign exchange translation;
- Revaluation of Huntstown distillate oil stock; and
- Lower contribution from renewable PPAs; partly offset by
- Higher residential sales margins

(a) Pro-forma EBITDA excludes EBITDA from renewable wind farm assets of £1.6m in Third Quarter 2016 and £0.7m in Third Quarter 2015

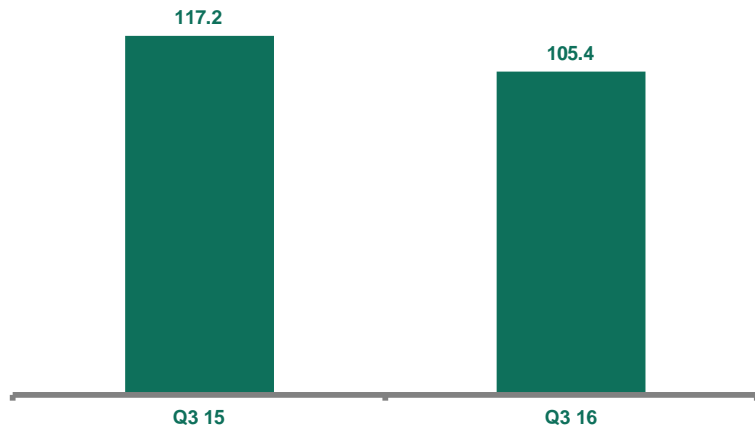
Power NI KPIs



	Q3 15	Q3 16
Power NI		
Power NI electricity sales (TWh)	0.8	0.8
Power NI customer sites (No.)		
Residential	552,000	520,000
Non-residential	37,000	36,000

Power NI financial highlights – Third Quarter 2016

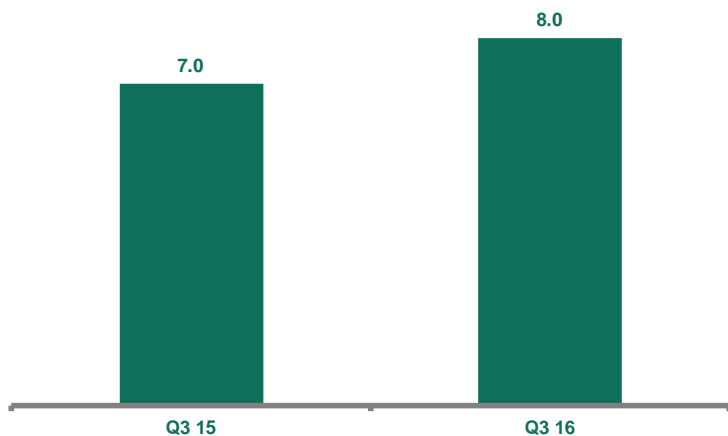
Revenue (£m)^(a)



Revenue for Third Quarter 2016 decreased from £117.2m to £105.4m 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)



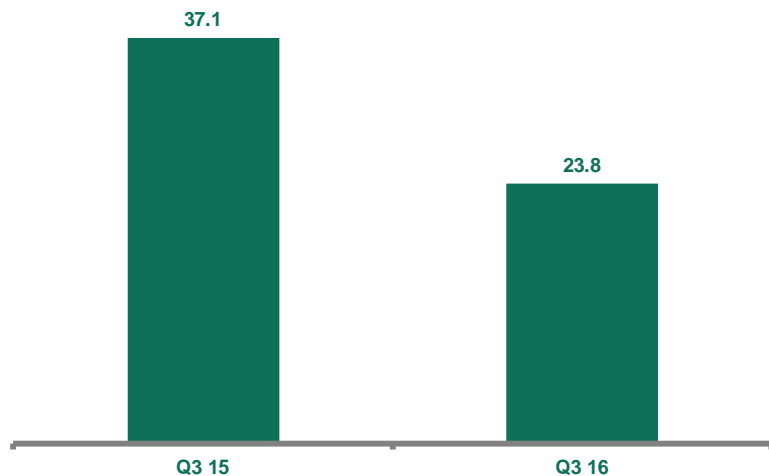
Pro-forma EBITDA for Third Quarter 2016 increased from £7.0m to £8.0m primarily reflecting:

- Higher contribution from small scale renewable PPAs

(a) Based on regulated entitlement

PPB financial highlights – Third Quarter 2016

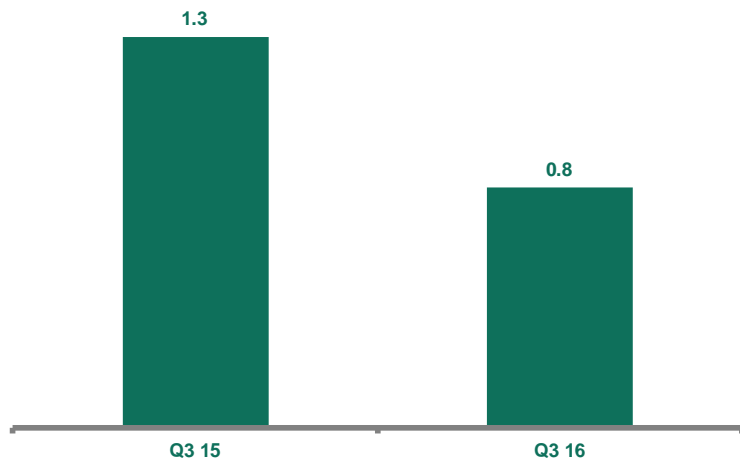
Revenue (£m)^(a)



Revenue for Third Quarter 2016 decreased from £37.1m to £23.8m primarily reflecting:

- Lower utilisation and availability of the Ballylumford plant; and
- Lower market prices

Pro-forma EBITDA (£m)^(a)



Pro-forma EBITDA for Third Quarter 2016 decreased from £1.3m to £0.8m primarily reflecting:

- Lower regulatory entitlement under the new price control

(a) Based on regulated entitlement

Group cash flow summary

(£m)	Q3 15	Q3 16	9M 15	9M 16
Pro-forma EBITDA^(a)	24.0	22.4	72.5	67.2
Defined benefit pension charge less contributions paid	-	(0.2)	(0.1)	(1.2)
Changes in working capital ^(b)	(3.0)	1.4	7.8	6.1
Effects of FX	(0.4)	(0.1)	(1.1)	(0.2)
Pro-forma cash flow from operating activities	20.6	23.5	79.1	71.9
Net capital expenditure ^(c)	(0.8)	(0.3)	(2.1)	(2.8)
Pro-forma cash flow before interest and tax	19.8	23.2	77.0	69.1
Net movement in security deposits	-	(4.5)	(0.3)	(4.7)
Over recovery of regulated entitlement	11.0	0.2	31.3	6.6
Equity investment in in-development windfarm assets	(3.7)	(8.5)	(5.6)	(34.8)
Pro-forma cash flow before interest, tax and acquisitions and disposals	27.1	10.4	102.4	36.2

Note:

- (a) Pro-forma EBITDA is defined as EBITDA before exceptional items and certain remeasurements 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 £1.6m in Third Quarter 2016 (Third Quarter 2015 - £0.7m) and £4.2m in First Nine Months 2016 (First Nine Months 2015 - £1.1m)
- (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 £1.9m increase in Third Quarter 2016 (Third Quarter 2015- £2.0m increase) and £0.9m increase in First Nine Months 2016 (First Nine Months 2015 - £2.1m increase)
- (c) Net capex excludes capex on renewable windfarm assets of £12.9m in Third Quarter 2016 (Third Quarter 2015 - £9.0m) and £43.8m in First Nine Months 2016 (First Nine Months 2015 - £21.9m)

Net debt

Net debt (£m) As at	31 Mar 15	30 Sep 15	31 Dec 15
Cash and investments	(70.1)	(63.6)	(68.0)
Senior secured notes due 2020	425.2	434.5	434.1
Subordinated shareholder loan ^{1,2}	356.9	371.9	379.5
Junior bank facility asset ¹	(162.6)	(179.0)	(186.5)
Amount due from fellow subsidiary	(0.2)	(0.3)	(0.4)
Interest accruals	4.7	3.5	11.9
Senior net debt	553.9	567.0	570.6
Project finance cash	(3.8)	(8.7)	(7.4)
Project finance bank facilities	37.0	56.4	62.2
Interest accruals	-	0.1	0.7
Total net debt	587.1	614.8	626.1

1. Subordinated shareholder loan and junior bank facility asset at 31 December 2015 net to £193.0m (30 September 2015 net to £192.9m; 31 March 2015 net to £194.3m). Junior facility A held on balance sheet of the Company's parent VGHL at 31 December 2015 was £142.2m (30 September 2015 - £142.3m; 31 March 2015 - £141.2m)

2. Subordinated shareholder loan at 31 December 2015 split between non-interest bearing £202.0m (30 September 2015 - £195.6m; 31 March 2015 - £182.8m) and interest bearing £177.5m (30 September 2015 - £176.3m; 31 March 2015 - £174.1m) which accrues interest on a payment in kind basis

- Senior net debt was £570.6m at 31 December 2015 (30 September 2015 - £567.0m; 31 March 2015 - £553.9m)
 - Cash and investments £68.0m (30 September 2015 - £63.6m; 31 March 2015 - £70.1m)
 - Decrease in senior secured notes reflects foreign exchange translation differences partly offset by the amortisation of transaction expenses; and
 - Increase in subordinated shareholder loan and junior bank facility asset reflects the unwinding of the discounted fair values

- Solid set of results for the Third Quarter 2016 which were in line with expectations

- Outlook:
 - Expected continuation of Power NI price control to 31 March 2019 following agreement with the Utility Regulator to share realised efficiency gains
 - ROC support for onshore wind in Northern Ireland to end on 31 March 2016 with grace period to 31 March 2017 for eligible projects
 - Renewable PPA pipeline continues to be delivered
 - Renewable asset investments – challenging programme but proceeding according to plan
 - Continued managed growth in the residential supply market in the RoI – on target to breakeven for FY16
 - 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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