

VIRIDIAN

Results Presentation Third Quarter 2017

23 February 2017



Forward looking statements

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Financial highlights

Solid set of results for the Third Quarter 2017 in line with expectations

- Pro-forma EBITDA* for the Third Quarter 2017 increased to £25.3m (2016 - £22.4m) primarily reflecting higher underlying performance of £0.4m and foreign exchange translation gains of £2.5m
- Pro-forma cash flow before interest and tax** for the Third Quarter 2017 was £21.1m (2016 - £23.2m)
- Senior net debt was £436.7m at 31 December 2016 (30 September 2016 - £426.1m). Including the benefit of the fair value of the foreign exchange hedge on €225m of the senior secured notes, senior net debt was £412.0m (30 September 2016 - £399.4m)

* 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

Energia Group business developments

Huntstown plant availability and utilisation

- Availability of 93.2% for Huntstown 1 and 100% for Huntstown 2 for Third Quarter 2017
- Unconstrained utilisation of 13.7% for Huntstown 1 and 39.9% for Huntstown 2 for Third Quarter 2017
- Incremental impact of constrained utilisation was a decrease of 6.0% for Huntstown 1 and an increase of 6.8% for Huntstown 2 for Third Quarter 2017

Retail sales

- Total electricity sales volumes for Third Quarter 2017 were 1.3TWh (2016 – 1.2TWh)
- Total gas sales volumes for Third Quarter 2017 were 23.6m therms (2016 – 21.6m therms)
- Non-residential electricity customer sites supplied at 31 December 2016 were 52,200 (30 September 2016 – 53,300)
- Non-residential gas customer sites supplied at 31 December 2016 were 5,600 (30 September 2016 – 5,700)
- RoI residential customer sites supplied at 31 December 2016 increased to 137,200 (30 September 2016 – 131,200) with continued growth in the customer base

Energia Group business developments (cont'd)

I-SEM

- The I-SEM project is ongoing
- No further change to the revised go-live date of 23 May 2018
- Viridian continues to fully participate in all areas of the I-SEM project

Energy Efficiency Obligation

- The Department of Communications, Climate Action and Environment in the RoI announced energy savings targets under the Energy Efficiency Obligation for the four year period from 2017
- Energia's obligation has been set at 71.4Gwh for 2017 and 79.9Gwh for the years 2018 to 2020 with a higher proportion allocated to the residential market from the business market in comparison to the 2014 to 2016 requirement

Energia Group business developments (cont'd)

Renewable PPAs

- Average contracted renewable generation capacity Third Quarter 2017 was 825MW (2016 - 793MW) with 825MW operational capacity at 31 December 2016 (30 September 2016 – 825MW)
- 222MW of contracted capacity was in construction at 31 December 2016 (30 September 2016 – 222MW)

Renewable Assets

- EBITDA from renewable assets for Third Quarter 2017 was £1.0m (2016 - £1.6m) primarily due to development costs incurred in respect of renewable development projects together with lower wind factors partly offset by higher market prices
- 34MW operational at 31 December 2016 (30 September 2016 – 34MW)
 - Nine wind farms with a total capacity of 232MW in construction at 31 December 2016 of which 168MW remains on target to be commissioned in FY2017
 - Remaining NI projects will be constructed within grace periods to gain NIROC accreditation
- In February 2017 non-recourse project finance facilities of up to £18.4m were put in place for a 14MW wind farm in NI

Power NI business developments

Electricity sales

- Residential customer numbers at 31 December 2016 were 488,000 (30 September 2016 – 494,000)
- Non-residential customer numbers at 31 December 2016 were 34,000 (30 September 2016 – 34,000)
- Total electricity sales for Third Quarter 2017 were 0.7Wh (2016 – 0.8TWh)

Price control

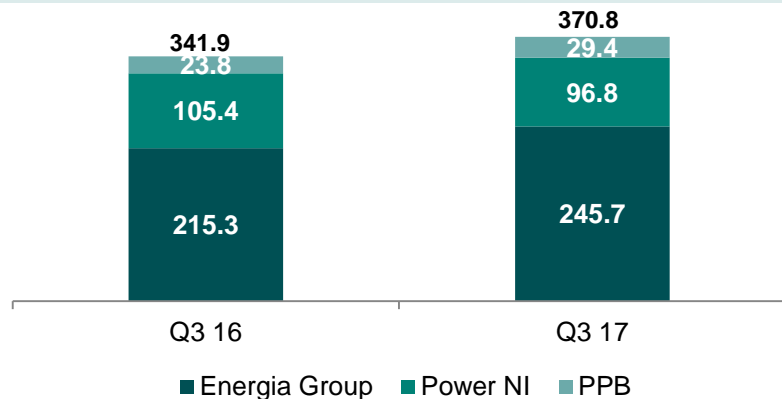
- On 17 November 2016 the Utility Regulator published its final decision on a two year extension of Power NI's current price control from 1 April 2017 to 31 March 2019
 - Also confirmed the removal of the remaining price controls, from 1 April 2017, for the non-residential sector i.e. SME customers with annual consumption of less than 50MWh

Supplier of Last Resort

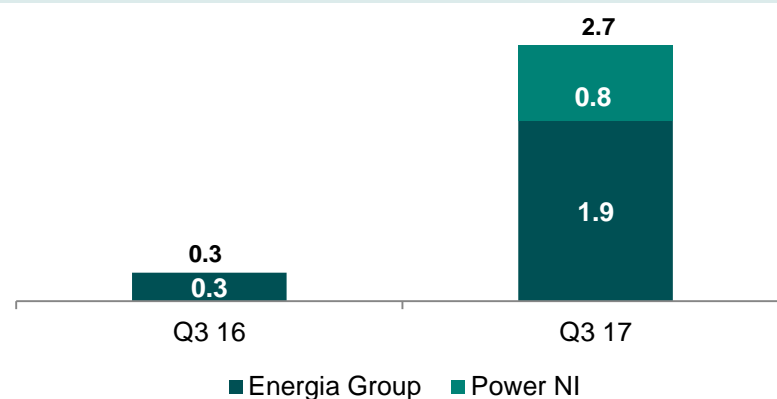
- On 18 December 2016 the Utility Regulator revoked the licence of Open Electric, a small supplier for the NI residential market
- All Open Electric's c1,100 customers were successfully transferred to Power NI as the designated Supplier of Last Resort ("SOLR")
- All costs incurred by Power NI as a result of the SOLR event are fully recoverable through an adjustment to its regulated entitlement

Financial summary – Third Quarter 2017

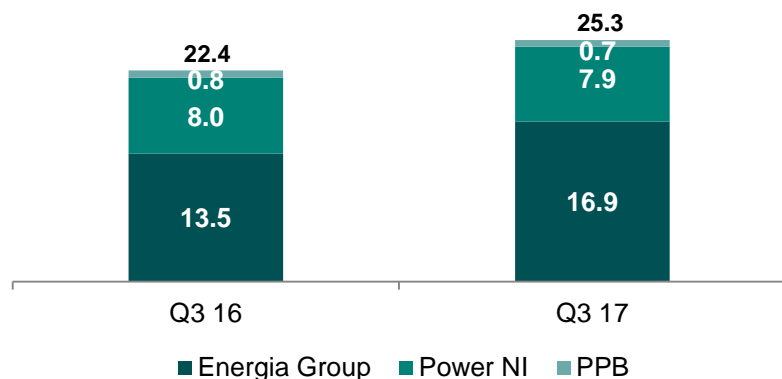
Revenue (£m)^(a)



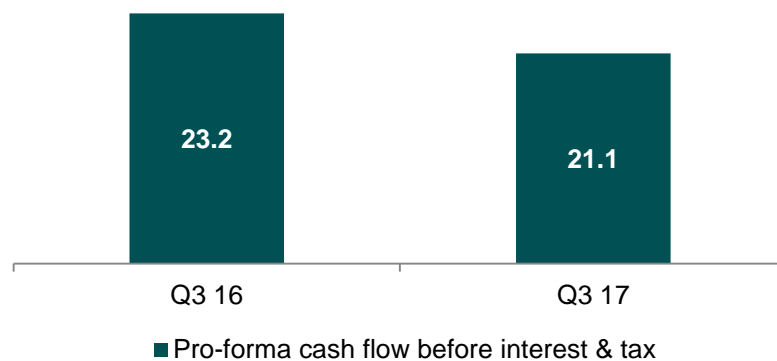
Capital expenditure for continuing operations (£m)^(c)



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 Arcapita advisory fees and excluding earnings from renewable wind farm assets

(c) Excludes capital expenditure on renewable wind farm assets of £33.7m in Third Quarter 2017 and £12.9m in Third Quarter 2016.

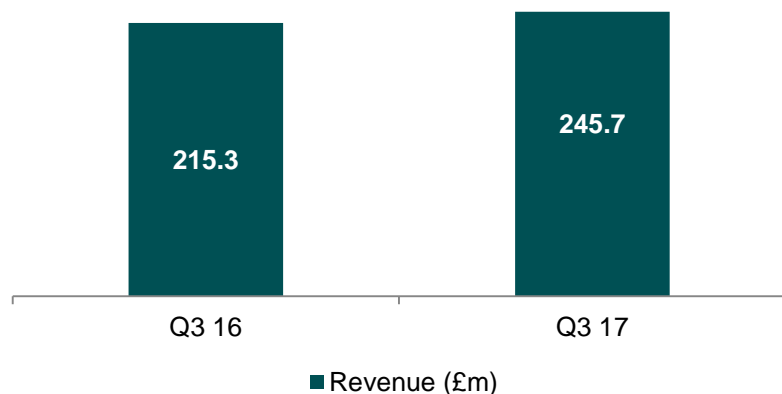
(d) Pro-forma cash flow before interest and tax defined as Pro-forma EBITDA, less pension charges, plus movements in provisions and working capital (inc purchase of and proceeds from sale of other intangibles), less gross capex (excluding capex of renewable wind farm assets) and exceptional items and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

Energia Group KPIs

Energia Group	Q3 16	Q3 17
Availability (%)		
Huntstown 1	99.8	93.2
Huntstown 2	100.0	100.0
Unconstrained utilisation (%)		
Huntstown 1	0.8	13.7
Huntstown 2	1.2	39.9
Incremental impact of constrained utilisation (%)		
Huntstown 1	38.1	(6.0)
Huntstown 2	17.0	6.8
Sales		
Electricity sales (TWh)	1.2	1.3
Gas sales (million therms)	21.6	23.6
Total customer sites (No.)		
Non-residential	59,800	57,800
Residential	102,400	137,200
Wind farm operational PPAs		
Average capacity during the period	793	825
Period end capacity – at 31 December	793	825

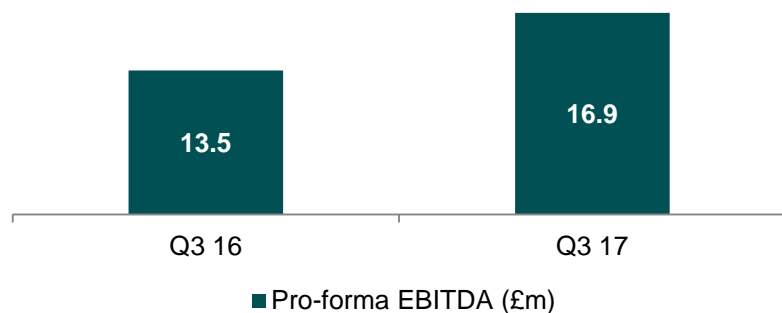
Energia Group financial highlights – Third Quarter 2017

Revenue



- Revenue for Third Quarter increased from £215.3m to £245.7m primarily reflecting:
 - Impact of foreign exchange translation;
 - Higher residential sales volumes;
 - Higher utilisation of Huntstown 2; partly offset by
 - Lower interconnector revenue;
 - Lower renewable PPA revenues; and
 - Lower availability and utilisation of Huntstown 1

Pro-forma EBITDA^(a)



- Pro-forma EBITDA for Third Quarter 2017 increased from £13.5m to £16.9m primarily reflecting:
 - Impact of foreign exchange translation;
 - Higher contribution from renewable PPAs;
 - Revaluation of Huntstown distillate oil stock to current market price (with last year being impacted by a negative valuation); partly offset by
 - Lower availability of Huntstown 1

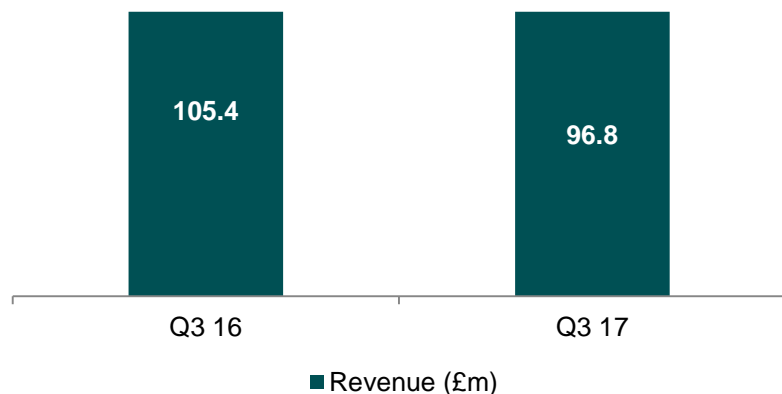
(a) Pro-forma EBITDA excludes EBITDA from renewable wind farm assets of £1.0m in Third Quarter 2017 and £1.6m in Third Quarter 2016

Power NI KPIs

Power NI	Q3 16	Q3 17
Sales		
Electricity sales (TWh)	0.8	0.7
Total customer sites (No.)		
Residential	520,000	488,000
Non-residential	36,000	34,000

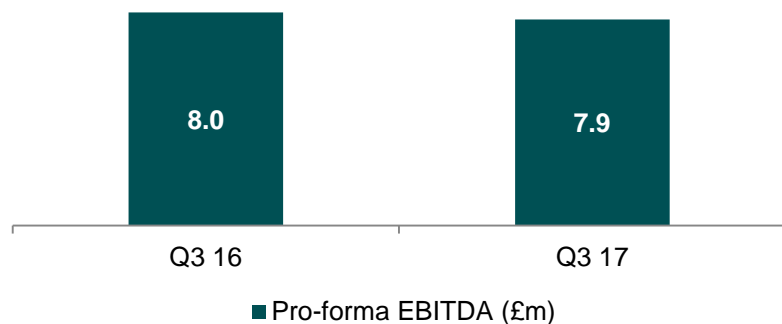
Power NI financial highlights – Third Quarter 2017

Revenue



- Revenue for Third Quarter decreased from £105.4m to £96.8m reflecting:
 - Reduction in residential and non-residential customer numbers;
 - Lower average consumption; and
 - 10.3% reduction in regulated tariffs effective 1 April 2016

Pro-forma EBITDA^(a)

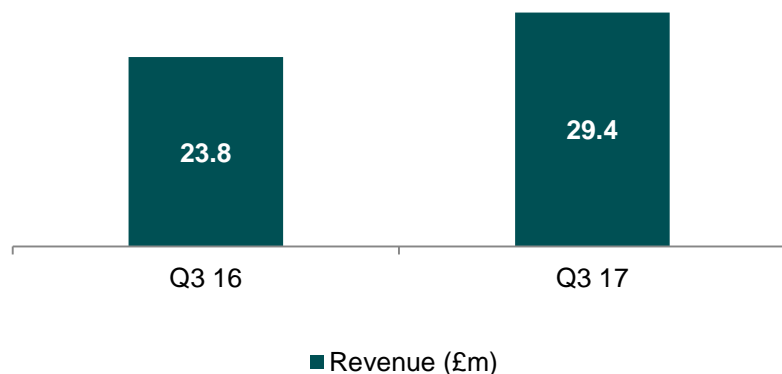


- Pro-forma EBITDA for Third Quarter 2017 was £7.9m (2016 - £8.0m) primarily reflecting lower regulated margins partly offset by higher unregulated margins

(a) Based on regulated entitlement

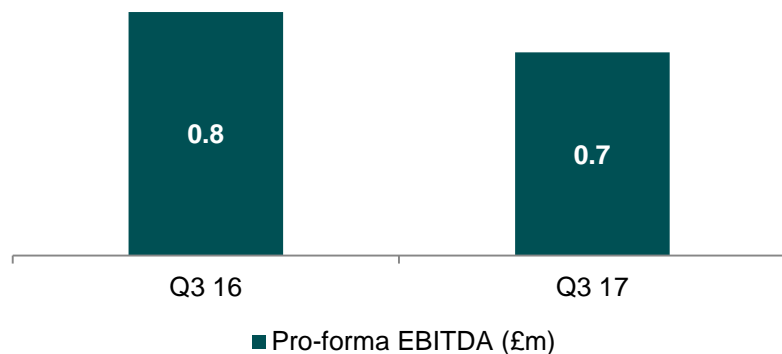
PPB financial highlights – Third Quarter 2017

Revenue



- Revenue for Third Quarter 2017 increased from £23.8m to £29.4m primarily reflecting:
 - Higher utilisation of the Ballylumford plant; and
 - Higher market prices

Pro-forma EBITDA^(a)



- Pro-forma EBITDA for Third Quarter 2017 was £0.7m (2016 - £0.8m) primarily reflecting lower regulatory entitlement

(a) Based on regulated entitlement

Restricted group cash flow summary

(£m)	Q3 16	Q3 17	9M 16	9M 17
Pro-forma EBITDA ^(a)	22.4	25.3	67.2	69.4
Defined benefit pension charge less contributions paid	(0.2)	(0.1)	(1.2)	(0.1)
Changes in working capital ^(b)	1.4	(0.7)	6.1	7.3
Effects of FX	(0.1)	(0.7)	(0.2)	1.7
Pro-forma cash flow from operating activities	23.5	23.8	71.9	78.3
Net capital expenditure ^(c)	(0.3)	(2.7)	(2.8)	(12.2)
Pro-forma cash flow before interest and tax	23.2	21.1	69.1	66.1
Net movement in security deposits	(4.5)	(4.7)	(4.7)	(3.5)
Over-recovery of regulated entitlement	0.2	1.2	6.6	8.9
Exceptional items ^(e)	-	(2.3)	-	(2.3)
Net equity investment in in-development wind farm assets	(8.5)	(22.1)	(34.8)	(38.1) ^(d)
Pro-forma cash flow before interest, tax and acquisitions and disposals	10.4	(6.8)	36.2	31.1

Note:

- (a) Pro-forma EBITDA is defined as EBITDA before exceptional items and certain remeasurements and Arcapita advisory fees and adjusted for (under)/over-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 £nil increase in Third Quarter 2017 (Third Quarter 2016 - £1.9m increase); First Nine Months 2017 £3.7m increase (First Nine Months 2016 £0.9m increase)
- (c) Net capex excludes capex on renewable wind farm assets of £33.7m in Third Quarter 2017 (Third Quarter 2016 - £12.9m); First Nine Months 2017 £122.4m (First Nine Months 2016 £43.8m)
- (d) Total expenditure on in-development wind farm assets of £38.1m in First Nine Months 2017 of which £27.2m still remains within the senior restricted group
- (e) Includes exceptional costs associated with acquisitions whether successful or unsuccessful

Net debt

Net debt (£m) As at	31 Mar 16	30 Sep 16	31 Dec 16	Fair value forward contracts 31 Dec16	Pro-forma 31 Dec16
Cash and investments	(69.2)	(91.0)	(83.2)	-	(83.2)
Senior secured notes due 2020	468.5	513.0	506.1	(24.7)	481.4
Interest accruals	3.7	4.1	13.8	-	13.8
Subordinated shareholder loan	386.8	-	-	-	-
Junior bank facility asset	(199.4)	-	-	-	-
Amount due from fellow subsidiary	(0.5)	-	-	-	-
Senior net debt	589.9	426.1	436.7	(24.7)	412.0
Project finance cash	(8.7)	(13.4)	(8.2)	-	(8.2)
Project finance bank facilities	73.6	164.8	179.4	-	179.4
Interest accruals	0.1	0.2	0.7	-	0.7
Total net debt	654.9	577.7	608.6	(24.7)	583.9

Conclusion

Solid set of results for the Third Quarter 2017 in line with expectations

Outlook

- Continuation of Power NI price control to 31 March 2019
 - Removal of remaining non-residential price controls, from 1 April 2017, for NI SME customers with annual consumption <50MWh
- Renewable PPA pipeline continues to be delivered
- 168MW of renewable assets expected to be commissioned by end of March 2017
- Continued managed growth in RoI residential supply with positive earnings expected to grow
- I-SEM go-live date remains 23 May 2018
 - Viridian continues to fully participate in all areas of the I-SEM project