

VIRIDIAN

Results Presentation Year Ended 31 March 2017

25 May 2017



Forward looking statements

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Financial highlights

Solid set of results for the Year Ended 31 March 2017 in line with expectations

- Pro-forma EBITDA* for the Year Ended 31 March 2017 increased to £102.5m (2016 - £94.8m)
- Pro-forma cash flow before interest and tax** for the Year Ended 31 March 2017 was £93.8m (2016 - £103.3m)
- Senior net debt was £403.4m at 31 March 2017 (2016 - £589.9m). Including the benefit of the fair value of the foreign exchange hedge on €225m of the senior secured notes, senior net debt was £379.9m (2016 - £579.6m). The reduction in net debt reflects the extinguishment of the shareholder loan arising from the merger of VGHL and VGIL in June 2016

* 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 89.3% for Huntstown 1 and 91.1% for Huntstown 2 for Year Ended 31 March 2017 reflecting outages of 31 days and 29 days respectively
 - Work to carry out a necessary repair of Huntstown 2's high pressure stop valve is expected to be undertaken during the summer period - cost of repair is estimated at £0.4m (excluding loss of market revenue) and estimated to take around 5 weeks
- Unconstrained utilisation of 8.1% for Huntstown 1 and 29.0% for Huntstown 2 for Year Ended 31 March 2017
- Incremental impact of constrained utilisation was an increase of 9.7% for Huntstown 1 and an increase of 13.2% for Huntstown 2 for Year Ended 31 March 2017
- During the year Huntstown 1 and 2 successfully completed work to reduce their minimum generation levels from 171MW to 120MW for Huntstown 1 and 170MW to 121MW for Huntstown 2. This provides more flexibility for each plant to the Transmission System Operator, Eirgrid.

Retail sales

- RoI residential customer sites supplied at 31 March 2017 increased to 145,300 (31 December 2016 – 137,200; 31 March 2016 – 117,600) with continued growth in the customer base
- Non-residential electricity customer sites supplied at 31 March 2017 were 51,800 (31 December 2017 – 52,200; 31 March 2016 – 53,800)
- Non-residential gas customer sites supplied at 31 March 2017 were 5,300 (31 December 2016 – 5,600; 31 March 2016 – 5,500)
- Total electricity sales volumes for Year Ended 31 March 2017 were 4.8TWh (2016 – 4.6TWh)
- Total gas sales volumes for Year Ended 31 March 2017 were 81.0m therms (2016 – 80.6m therms)

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
- SEM Committee has confirmed its decision on CRM Parameters and auction timings
 - Further consultation of CRM locational capacity constraints methodology is underway
 - First CRM transitional auction will take place on 15 December 2017 and cover capacity delivery over period from I-SEM go-live to 30 September 2019
- On 23 May 2017 the DCCAE published a scoping paper on an emerging approach for the treatment of Renewable Support Schemes in the I-SEM
 - DCCAE's proposal is to use the clearing price of the Day Ahead Market as the reference price for the Total Market Revenue in the support calculation
 - A final decision will be made following meetings with industry representative groups

Energy Efficiency Obligation

- In December 2016, 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
- On 20 March 2017 Energia secured leave from the High Court to bring judicial review proceedings against the Minister challenging the Energy Efficiency Notices

Energia Group business developments (cont'd)

Renewable PPAs

- Average contracted renewable generation capacity for Year Ended 31 March 2017 was 849MW (2016 - 797MW) with 1,013MW operational capacity at 31 March 2017 (31 December 2016 – 825MW; 31 March 2016 – 802MW)
- 38MW of contracted capacity was in construction at 31 March 2017 (31 December 2016 – 222MW; 31 March 2016 - 211MW)

Renewable Assets

- Renewable assets availability for Year Ended 31 March 2017 was 97.3% (2016 – 97.3%) with a wind factor of 25.9% (2016 – 32.2%)
- 202MW operational at 31 March 2017 (31 December 2016 – 34MW)
 - Six wind farms with a total capacity of 168MW completed in Q4 2017 (51MW of which was energised at 31 March 2017 and became operational in the period 1-18 April 2017)
 - Three NI wind farms with a total capacity of 64MW were in construction at 31 March 2017
 - Remaining NI projects will be constructed within grace periods to gain NIROC accreditation
- In April 2017 the Group completed the acquisition of the 11MW Teiges wind farm development project in NI
- Project finance now in place for all operational wind farms
- Project financing for the remaining 75MW of capacity in construction (inc Teiges) expected to be put in place with commissioning of each wind farm by the end of 2018

Power NI business developments

Electricity sales

- Residential customer numbers at 31 March 2017 were 483,000 (31 December 2016 – 488,000; 31 March 2016 – 510,000)
- Non-residential customer numbers at 31 March 2017 were 34,000 (31 December 2016 – 34,000; 31 March 2016 – 35,000)
- Total electricity sales for Year Ended 31 March 2017 were 2.5TWh (2016 – 2.7TWh)

Price control

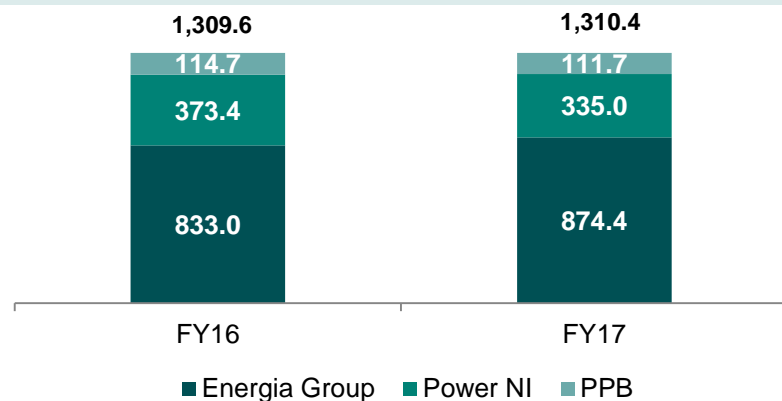
- On 17 November 2016 the Utility Regulator published its final decision on a two year extension of Power NI's current price control from 1 April 2017 to 31 March 2019
 - Also confirmed the removal of the remaining price controls, from 1 April 2017, for the non-residential sector i.e. SME customers with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

Deregulated renewable PPA portfolio

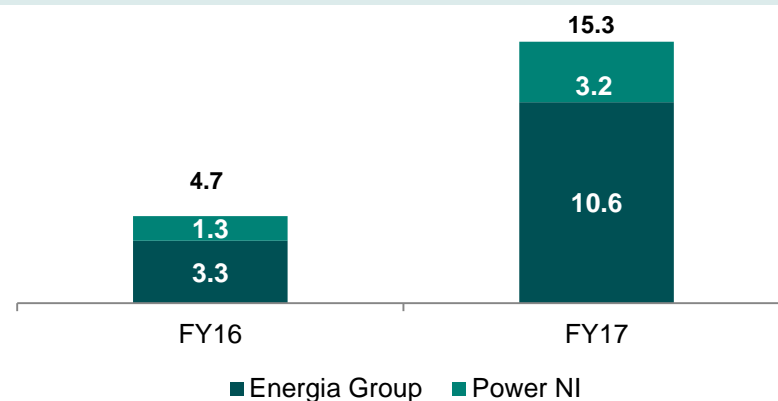
- Power NI's deregulated renewable PPA portfolio consists of small and medium scale renewable generation sites from wind, anaerobic digestion and biomass technologies
- Average contracted generation capacity in operation during the Year Ended 31 March 2017 was 112MW (2016 – 89MW) with operational capacity of 127MW at 31 March 2017 (2016 - 101MW)

Financial summary – Year Ended 31 March 2017

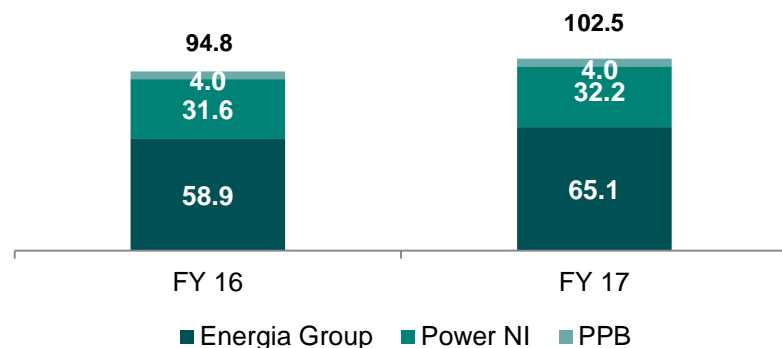
Revenue (£m)^(a)



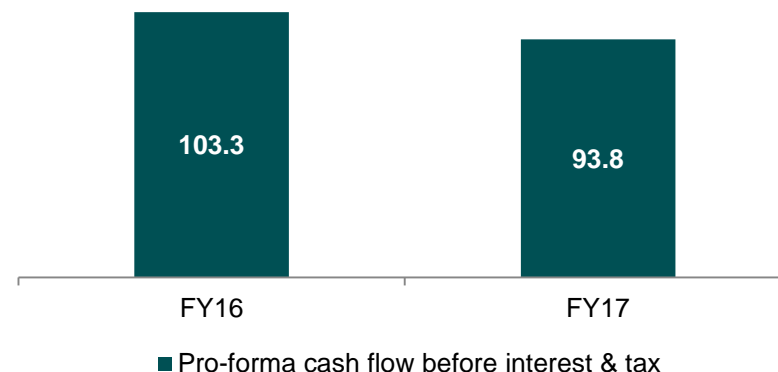
Capital expenditure for continuing operations (£m)^(c)



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 £132.3m in Year Ended 31 March 2017 and £58.8m in Year Ended 31 March 2016. Total includes other group capex of £1.6m in Year Ended 31 March 2017 and £0.1m in Year Ended 31 March 2016.

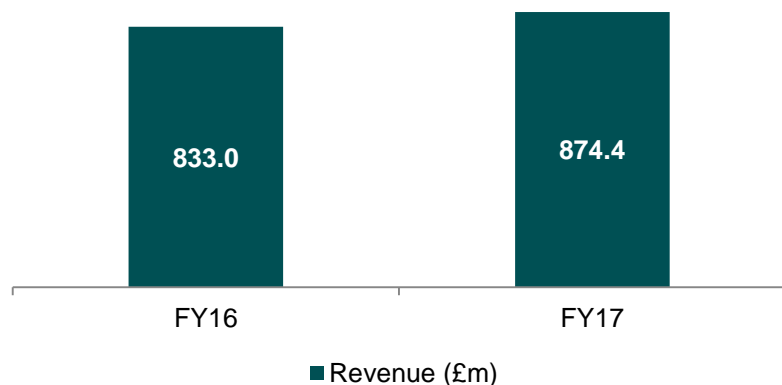
(d) Pro-forma cash flow before interest and tax defined as Pro-forma EBITDA, less pension charges, plus movements in provisions and working capital (inc purchase of and proceeds from sale of other intangibles), less gross capex (excluding capex of renewable wind farm assets) and exceptional items and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

Energia Group KPIs

Energia Group	FY16	FY17
Availability (%)		
Huntstown 1	95.8	89.3
Huntstown 2	97.5	91.1
Unconstrained utilisation (%)		
Huntstown 1	1.0	8.1
Huntstown 2	2.9	29.0
Incremental impact of constrained utilisation (%)		
Huntstown 1	25.4	9.7
Huntstown 2	30.1	13.2
Sales		
Electricity sales (TWh)	4.6	4.8
Gas sales (million therms)	80.6	81.0
Total customer sites (No.)		
Non-residential	59,300	57,100
Residential	117,600	145,300
Wind farm operational PPAs (MW)		
Average capacity during the period	797	849
Period end capacity – at 31 March	802	1,013
Wind farm assets operational performance		
Availability (%)	97.3	97.3
Wind factor (%)	32.2	25.9

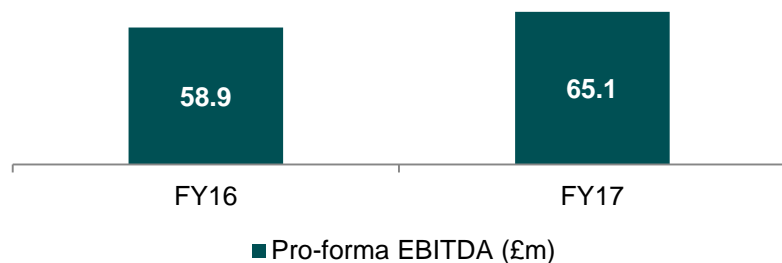
Energia Group financial highlights – Year Ended 31 March 2017

Revenue



- Revenue for Year Ended 31 March 2017 increased from £833.0m to £874.4m primarily reflecting:
 - Impact of foreign exchange translation;
 - Higher residential sales volumes; partly offset by
 - Lower non-residential revenue;
 - Lower interconnector revenue;
 - Lower Huntstown plant revenues; and
 - Lower renewable PPA revenues

Pro-forma EBITDA^(a)



- Pro-forma EBITDA for Year Ended 31 March 2017 increased from £58.9m to £65.1m primarily reflecting:
 - Impact of foreign exchange translation;
 - Higher residential earnings;
 - Revaluation of Huntstown distillate oil stock to current market price (with last year being impacted by a negative valuation);
 - Higher contribution from renewable PPAs; partly offset by
 - Lower availability of both Huntstown plants associated with outages during the year

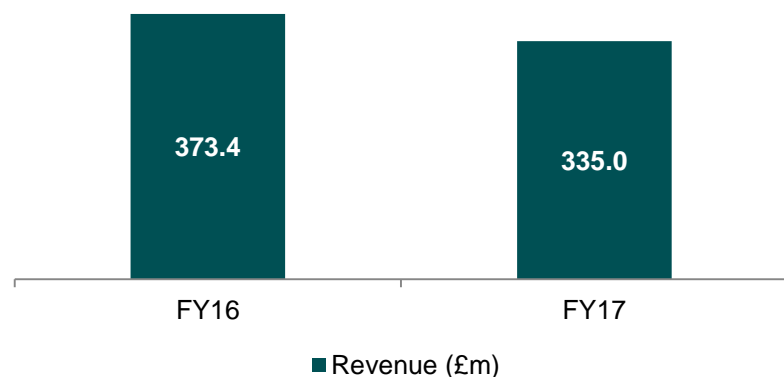
(a) Pro-forma EBITDA excludes EBITDA from renewable wind farm assets of £4.9m in Year Ended 31 March 2017 and £5.3m in Year Ended 31 March 2016

Power NI KPIs

Power NI	FY16	FY17
Sales		
Electricity sales (TWh)	2.7	2.5
Total customer sites (No.)		
Residential	510,000	483,000
Non-residential	35,000	34,000
Contracted operational renewable PPA capacity (deregulated) (MW)		
Average capacity during the period	89	112
Period end capacity – 31 March 2017	101	127

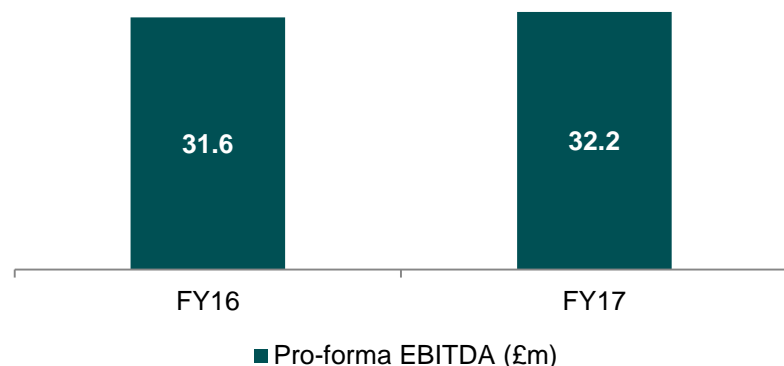
Power NI financial highlights – Year Ended 31 March 2017

Revenue



- Revenue for Year Ended 31 March 2017 decreased from £373.4m to £335.0m primarily 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)

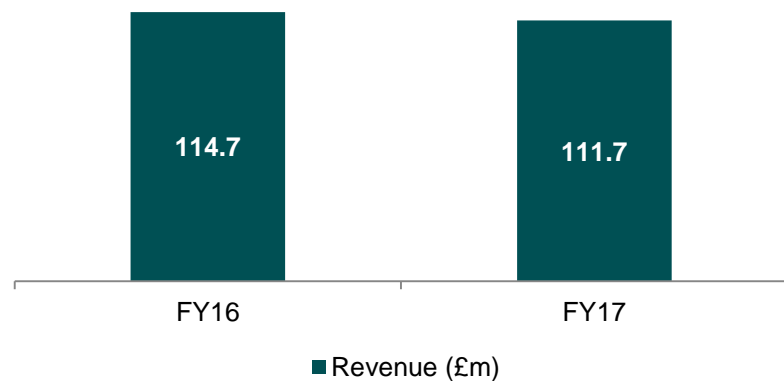


- Pro-forma EBITDA for Year Ended 31 March 2017 increased to £32.3m (2016 - £31.6m) primarily reflecting:
 - Lower operating costs; and
 - Higher contribution from small scale renewable PPAs; partly offset by
 - Lower unregulated margins

(a) Based on regulated entitlement

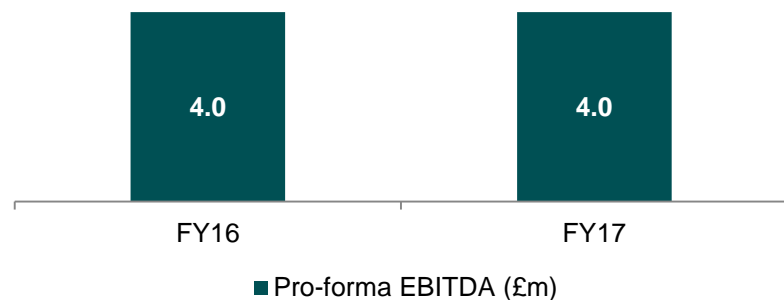
PPB financial highlights – Year Ended 31 March 2017

Revenue



- Revenue for Year Ended 31 March 2017 decreased from £114.7m to £111.7m

Pro-forma EBITDA^(a)



- Pro-forma EBITDA for Year Ended 31 March 2017 was flat at £4.0m (2016 - £4.0m)

(a) Based on regulated entitlement

Restricted group cash flow summary

(£m)	FY16	FY17
Pro-forma EBITDA ^(a)	94.8	102.5
Defined benefit pension charge less contributions paid	(2.3)	(1.3)
Changes in working capital ^(b)	14.3	5.9
Effects of FX	1.2	2.0
Pro-forma cash flow from operating activities	108.0	109.1
Net capital expenditure ^(c)	(4.7)	(15.3)
Pro-forma cash flow before interest and tax	103.3	93.8
Net movement in security deposits	(8.5)	8.5
Over-recovery of regulated entitlement	4.3	(0.5)
Exceptional items ^(e)	-	(2.4)
Net equity investment in in-development wind farm assets	(39.9)	(22.7) ^(d)
Pro-forma cash flow before interest, tax and acquisitions and disposals	59.2	76.7

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 £1.0m increase in Year Ended 31 March 2017 (Year Ended 31 March 2016 - £0.1m decrease)
- (c) Net capex excludes capex on renewable wind farm assets of £132.3m in Year Ended 31 March 2017 (Year Ended 31 March 2016 - £58.8m)
- (d) Total investment on in-development wind farm assets of £22.7m in Year Ended 31 March 2017 of which £15.9m still remains within the senior restricted group at 31 March 2017
- (e) Includes exceptional costs associated with acquisitions whether successful or unsuccessful

Net debt

Net debt (£m) As at	31 Mar 16	31 Mar 17	Fair value forward contracts 31 Mar 17	Pro-forma 31 Mar 17
Cash and investments	(69.2)	(108.2)	-	(108.2)
Senior secured notes due 2020	468.5	507.6	(23.5)	484.1
Interest accruals	3.7	4.0	-	4.0
Subordinated shareholder loan	386.8	-	-	-
Junior bank facility asset	(199.4)	-	-	-
Amount due from fellow subsidiary	(0.5)	-	-	-
Senior net debt	589.9	403.4	(23.5)	379.9
Project finance cash	(8.7)	(13.4)	-	(13.4)
Project finance bank facilities	73.6	207.2	-	207.2
Interest accruals	0.1	-	-	-
Total net debt	654.9	597.2	(23.5)	573.7

- FX rate at 31 March 2017: €/£ 1.1691 (2016 - €/£ 1.2613)

Conclusion

Solid set of results for the Year Ended 31 March 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
- 1GW of operational PPAs achieved for Energia
- 168MW of renewable assets recently completed will contribute to earnings from April 2017
- Further 75MW of renewable assets in construction expected to be commissioned by end of 2018
- Continued managed growth in RoI residential supply with positive earnings expected to grow
- Work to carry out a necessary repair of Huntstown 2's high pressure stop valve is expected to be undertaken during the summer period and estimated to take around 5 weeks
- I-SEM go-live date remains 23 May 2018
 - Viridian continues to fully participate in all areas of the I-SEM project
 - First CRM transitional auction will take place on 15 December 2017
 - SEM Committee consulting on CRM Locational Capacity Constraints Methodology