

**Energia Group**

**Results Presentation  
First Quarter 2021**

11 September 2020

**energía group**

# Forward looking statements

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# Financial highlights

## Solid set of results for the First Quarter 2021 despite the impact of the COVID-19 pandemic

- Total Group EBITDA\* for the First Quarter 2021 was €37.9m (2020 - €36.6m)
- Pro-forma EBITDA for the Senior Secured Notes Restricted Group\*\* for the First Quarter 2021 was €36.9m (2020 - €38.2m)
- Pro-forma cash flow before interest and tax\*\*\* for the First Quarter 2021 was €0.7m outflow (2020 - €32.3m inflow)
- Senior net debt was €377.4m at 30 June 2020 (31 March 2020 - €406.1m)

*Unaudited reconciliations for pro-forma EBITDA and net debt of the Senior Secured Notes Restricted Group are provided in the Appendix to the Group's consolidated financial statements*

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

*\*\* EBITDA based on regulated entitlement, before exceptional items and certain remeasurements and excluding earnings from renewable assets, but includes distributions from renewable assets of €5.0m from wholly owned assets in the First Quarter 2021 (2020 - €9.1m) and nil from minority owned assets (2020 - €0.3m);*

*\*\*\* Pro-forma EBITDA for the Senior Secured Notes Restricted Group, 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 assets) and exceptional items and including the effects of FX*

# COVID-19

## Update on impact of COVID-19 on Energia Group

- During the First Quarter 2021, the Group continued to focus on the health & safety of our staff and customers whilst contributing to the efforts of the Irish and UK Governments in ensuring that consumers continue to have access to energy and essential services.
- The Group has continued to support the communities in which it operates and which have been impacted by COVID-19.
- The Group's operations have proved to be resilient and have met the challenges faced to date and no employees have been furloughed or made redundant.
- In the initial period of the national lockdowns in Ireland and the UK, the Group experienced a reduction in demand for electricity from its commercial customer base. However in the period since 30 June 2020, the demand for electricity in the I-SEM market has recovered to levels broadly similar to the same period last year.
- While these early signs are encouraging, the Group remains of the view that it is still too early to predict the full potential financial impact from COVID-19 on the Group.
- The Group's liquidity remains strong with €219.8m cash and cash equivalents excluding project finance cash and undrawn committed revolving credit facilities of €91.4m at 30 June 2020.
- We remain vigilant and will continue to take appropriate steps to protect staff, customers and the Group's businesses.

# Renewables business developments

## The Renewables business:

- owned and operated 277MW of wind assets at 30 June 2020. On 6 July 2020 the 32MW Derrysallagh wind farm was commissioned bringing the total operating capacity to 309MW;
- purchases electricity from 1,258MW of renewable generation capacity throughout Ireland; and
- is in the advanced stages of constructing a 4.0MW bioenergy plant in Dublin as well as developing a further pipeline of wind, bioenergy and solar projects across Ireland.

## Wind generation assets

- Renewable assets availability for the First Quarter 2021 was 97.1% (2020 – 96.8%) with a wind factor of 18.6% (2020 – 21.6%)
- On 16 April 2020 the Group completed the acquisition of XMR Energy Limited (Crossmore), a 15MW wind farm development project in County Clare, RoI.
- On 25 June 2020, the Group put in place a debt finance package of €49.9m in respect of the 32MW Derrysallagh wind farm in the RoI. The wind farm was commissioned on 6 July 2020 and benefits from Renewable Energy Feed in Tariff (REFIT) support.
- Distributions of €5.0m were made in the First Quarter 2021 (2020 - €9.1m) from the wholly owned renewable assets to the Restricted Group.

# Renewables business developments

## Renewable PPA portfolio

- Average contracted renewable generation capacity for the First Quarter 2021 was 1,258MW (2020 – 1,275MW) with 1,258MW operational capacity at 30 June 2020 (31 March 2020 – 1,268MW).

## Bioenergy assets

- Construction of the 4MW bioenergy plant at Huntstown in Dublin is substantially complete and the commissioning phase is continuing. Commercial operation is still targeted during FY21, subject to potential COVID-19 related delays.

## Hydrogen

- The Group has secured Interreg and Office for Low Emission Vehicles (OLEV) grant funding for an electrolyser, to produce hydrogen from renewable electricity at the Long Mountain wind farm, and a fuelling station to be located in Belfast.
- The fuelling station and the electrolyser have been delayed due to the COVID-19 pandemic and we are targeting commissioning by the end of FY21.

# Renewables business developments

## RoI Renewable Electricity Support Scheme (RESS)

- The first competitive auction under the RoI RESS scheme took place during July 2020.
- Provisional results published on 4 August 2020 confirmed that two of the Group's proposed onshore wind farm development projects (Coolberrin 21MW and Crossmore 15MW) had been successful in securing support under the RESS scheme.
- The final auction results, confirming the provisional results in respect of Coolberrin and Crossmore, were published on 10 September.
- Planning approval for the overhead line connection to the Coolberrin wind farm has recently been over-ruled by An Bord Pleanála (the independent body that decides on appeals on planning decisions in the RoI). We are currently exploring options to challenge this decision.

## Outlook

- The Group is in the final stages of construction and commissioning of its 4MW bioenergy plant in Dublin.
- Development is ongoing for the Group's pipeline of wind and solar projects across Ireland together with the proposed bioenergy plant at Giant's Park in Belfast.

# Flexible Generation business developments

## The Flexible Generation business:

- owns and operates 747MW of conventional generation assets at the Huntstown site in Dublin in the RoI; and
- procures power under contract with Ballylumford power station in Northern Ireland for the output from 600MW of conventional generation assets.

### Huntstown plant availability and utilisation

- Availability for First Quarter 2021 was 100.0% for Huntstown 1 (2020 – 99.1%) and 99.6% for Huntstown 2 (2020 – 69.0%). The prior year lower availability for Huntstown 2 reflects 28 days of a total 42 day planned outage which commenced in March 2019 and was successfully completed in April 2019.
- Unconstrained utilisation for First Quarter 2021 was 87.1% for Huntstown 1 (2020 – 95.0%) and 27.8% for Huntstown 2 (2020 – nil).
- Incremental impact of constrained utilisation was 9.7% constrained off for Huntstown 1 (2020 – 27.1%) and 8.2% constrained on for Huntstown 2 (2020 – 63.5%).
- On 25 July 2020 a five day planned minor outage was successfully completed for Huntstown 1. Ongoing planning continues for upcoming major scheduled outages at both Huntstown plants:
  - Huntstown 1 - 63 days, Q3 2021; and
  - Huntstown 2 - 45 days, commencing Q4 2021.

### Outlook

- The Group continues to assess a number of flexible generation, energy storage and behind the meter projects in line with its strategy to grow the business in a manner which supports its renewable asset portfolio and product offerings to customers.

# Customer Solutions business developments

## The Customer Solutions business:

- The Group's Customer Solutions business operates under the Energia and Power NI brands:
  - Energia supplies electricity and natural gas to business and residential customers in the RoI; and
  - Power NI is the regulated electricity supplier in Northern Ireland and supplies electricity to business and residential customers.

## Energy sales

- RoI residential customer sites supplied at 30 June 2020 were 215,200 (31 March 2020 – 215,500).
- Non-residential electricity customer sites in the RoI were 47,700 (31 March 2020 - 45,300).
- Non-residential gas customer sites in the RoI were 4,100 (31 March 2020 – 4,100).
- Residential customer numbers in Northern Ireland at 30 June 2020 were 452,600 (31 March 2020 – 453,500).
- Non-residential customer numbers in Northern Ireland at 30 June 2020 were 41,600 (31 March 2020 – 44,400).
- Total electricity sales volumes in the RoI for the First Quarter 2021 were 0.9TWh (2020 – 1.1TWh) and in Northern Ireland were 0.6TWh (2020 – 0.8TWh).
- RoI gas sales volumes for the First Quarter 2021 were 17.5m therms (2020 – 20.1m therms).
- NB: Electricity sales volumes include estimates for non-half hourly metered customers and reflect estimates for the reduction in customer usage as a result of COVID-19. The impact of COVID-19 to customer usage will be clearer once estimates are updated with actual market resettlement data.

# Customer Solutions business developments

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## Power NI Price control

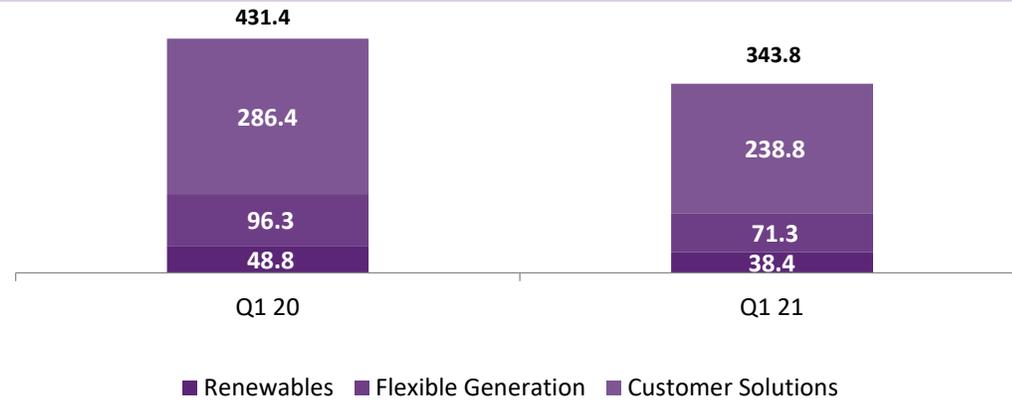
- On 16 April 2020 the Utility Regulator (UR) confirmed its intention to extend Power NI's current price control by a further two years from 1 April 2021 to 31 March 2023.
- Draft licence modifications, which will give effect to the price control, have been published.

## Outlook

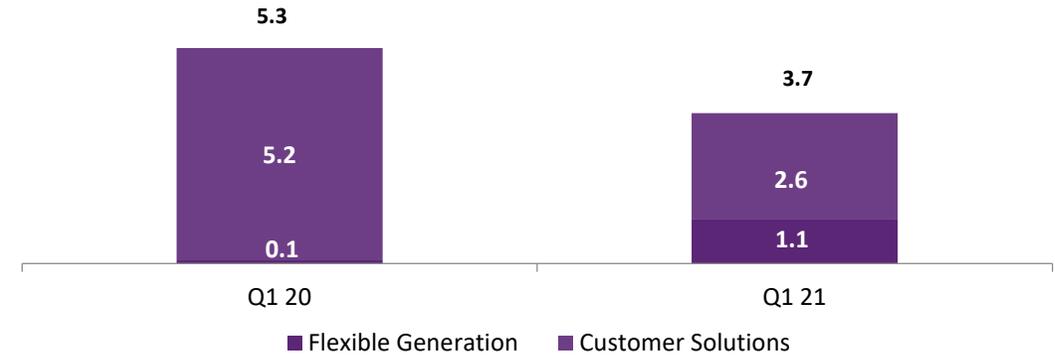
- The Group continues to invest in its development of innovative, enhanced and differentiated product offerings to customers in line with its strategy. Digitalisation will remain a strong focus, and work will continue on a range of initiatives in the 'new energy' space.

# Senior Secured Notes Restricted Group financial summary – First Quarter 2021

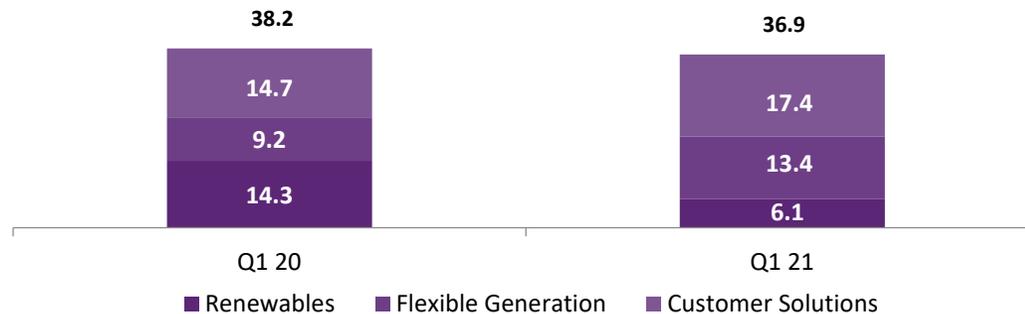
Revenue (€m)<sup>(a)</sup>



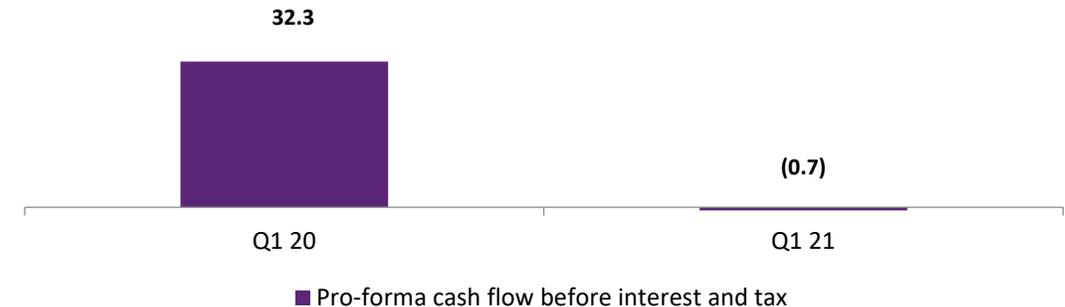
Capital expenditure for continuing operations (€m)<sup>(c)</sup>



Pro-forma EBITDA (€m)<sup>(b)</sup>



Pro-forma cash flow before interest & tax (€m)<sup>(d)</sup>



(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 excluding earnings from renewable wind farm assets but includes distributions from renewable assets of €5.0m from wholly owned assets in the First Quarter 2021 (2020 - €9.1m) and €nil from minority owned assets (2020 - €0.3m);

(c) Excludes capital expenditure on renewable assets of €0.9m in First Quarter 2021 and €6.3m in First Quarter 2020.

(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 assets) and exceptional items and including the effects of FX.

# Senior Secured Notes Restricted Group pro-forma EBITDA

Pro-forma EBITDA (€m) <sup>(a)</sup>	Q1 20	Q1 21
Renewables	14.3	6.1
Flexible Generation	9.2	13.4
Customer Solutions	14.7	17.4
	<b>38.2</b>	<b>36.9</b>

## Renewables

- Pro-forma EBITDA decreased from €14.3m to €6.1m primarily reflecting:
  - Lower distributions from wind generation assets primarily associated with lower market prices;
  - Lower contributions from renewable PPAs (due to lower wind volumes, lower ROC sales and lower market prices); and
  - Increased costs of development projects.

## Flexible Generation

- Pro-forma EBITDA increased from €9.2m to €13.4m reflecting:
  - Higher availability of Huntstown 2 (due to the outage in the prior year);
  - Favourable distillate revaluation (reflecting an increase in oil prices);
  - Higher combined unconstrained utilisation of the plants; and
  - Lower maintenance costs for Huntstown 2.

## Customer Solutions

- Pro-forma EBITDA increased from €14.7m to €17.4m reflecting:
  - Higher Energia residential and non-residential electricity margins; partly offset by
  - Lower residential gas volumes;
  - Lower non-residential electricity volumes;
  - Lower Power NI non-residential margins (due to lower volumes); and
  - Higher operating costs.

### Note:

(a) Pro-forma EBITDA is defined as EBITDA before exceptional items and certain remeasurements and adjusted for (under)/over -recovery of Energia Group's regulated business against their regulated entitlement and excludes earnings from renewable wind farm assets but includes distributions from renewable assets of €5.0m from wholly owned assets in the First Quarter 2021 (2020 - €9.1m) and nil from minority owned assets (2020 - €0.3m)

# Senior Secured Notes Restricted group cash flow summary

(€m)	Q1 20	Q1 21
Pro-forma EBITDA <sup>(a)</sup>	38.2	36.9
Defined benefit charge less contributions paid	0.1	-
Changes in working capital <sup>(b)</sup>	(4.1)	(37.5)
Effects of FX	3.4	3.6
<b>Pro-forma cash flow from operating activities</b>	<b>37.6</b>	<b>3.0</b>
Net capital expenditure <sup>(c)</sup>	(5.3)	(3.7)
<b>Pro-forma cash flow before interest and tax</b>	<b>32.3</b>	<b>(0.7)</b>
Net movement in security deposits	1.1	(0.5)
Over-recovery of regulated entitlement	10.1	10.9
Exceptional items <sup>(d)</sup>	(0.4)	-
Equity refunds from/(investment in) in-development renewable assets	11.4	27.1
<b>Pro-forma cash flow before interest, tax and acquisitions and disposals</b>	<b>54.5</b>	<b>36.8</b>

Note:

(a) Pro-forma EBITDA is defined as EBITDA before exceptional items and certain remeasurements and adjusted for (under)/over-recovery of Energia Group's regulated business against their regulated entitlement and excludes earnings from renewable wind farm assets but includes distributions from renewable assets of €5.0m from wholly owned assets in the First Quarter 2021 (2020 - €9.1m) and nil from minority owned assets (2020 - €0.3m).

(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 Energia Group's renewable assets of €0.7m decrease in the First Quarter 2021 (2020 - €5.9m).

(c) Net capex excludes capex on renewable assets of €0.9m in the First Quarter 2021 (2020- €6.3m).

(d) Includes exceptional costs associated with acquisitions whether successful or unsuccessful and share based payments.

# Net debt

Net debt (€m) As at	31 Mar 20	30 Jun 20
Cash and investments	(192.2)	(221.2)
Senior secured notes due 2025	345.3	345.5
Senior secured notes due 2024	251.0	244.7
Interest accruals	2.0	8.4
<b>Senior net debt</b>	<b>406.1</b>	<b>377.4</b>
Project finance cash	(30.0)	(42.7)
Project finance bank facilities	338.0	369.7
Interest accruals	0.2	3.1
<b>Total net debt</b>	<b>714.3</b>	<b>707.5</b>

- FX rate at 30 June 2020: €/ $\text{£}1.1010$  (31 March 2020: €/ $\text{£}1.1301$ )
- Senior net leverage at 30 June 2020 was 2.8x

# Conclusion

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**Solid set of results for the First Quarter 2021 despite the impact of the COVID-19 pandemic**

## Outlook

- Continue to actively manage the impact of COVID-19 and take appropriate steps to protect staff, customers, and the Group's businesses. While early signs are encouraging in terms of the Group's financial robustness, it is still too early to predict the full potential financial impact from COVID-19 on the Group.
- Continue to plan for the upcoming major scheduled outages at both Huntstown plants later this year.
- Monitor and respond to potential outcomes which may arise from Brexit.
- Continue to develop the Group's pipeline of onshore wind, bioenergy and solar development projects as well as hydrogen production and battery storage projects in line with the Group's strategy.