

**Energia Group**

**Results Presentation  
Third Quarter 2023**

10 March 2023

**enÉrgia group**

# Financial highlights

## Solid results for Third Quarter 2023 continue to prove the benefits of integration in exceptionally challenging market conditions

- Total Group EBITDA\* for the Third Quarter 2023 was €59.7m (2022 - €58.5m)
- Pro-forma EBITDA for the Senior Secured Notes Restricted Group\*\* for the Third Quarter 2023 was €64.1m (2022 - €39.5m)
- Pro-forma cash flow before interest and tax\*\*\* for the Third Quarter 2023 was €(171.8)m outflow (2022 - €25.2m inflow)
- Senior net debt at 31 December 2022 was €256.2m (31 March 2022 - €303.6m)

*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 including distributions from renewable assets of €33.0m for the Third Quarter 2023 (2022 - €7.5m);

\*\*\* 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

# Wholesale prices and I-SEM market

## Impact on financial performance for Nine Months 2023

- Volatility in day-ahead gas and carbon prices has resulted in average Day Ahead Market (“DAM”) prices for electricity for Nine Months 2023 being higher than the same period last year but being lower for the Third Quarter 2023 compared to last year.
- The Group’s financial performance remained strong in Third Quarter 2023, notwithstanding the reduction in average DAM prices, reflecting the integrated benefit and complementary nature of the Group’s operating segments.
- Since December 2022, forward gas prices have reduced and management continues to monitor the impact of the volatility of commodities on the Group.
- Delivery of Government support payments to customers is underway in both the RoI and Northern Ireland and while such support measures are intended to be in place for a short-term duration, they are positive for the Group’s residential and business customers.
- While legislation to enact the Inframarginal Revenue Cap in the RoI and the Windfall tax in the UK is awaited, management continues to monitor and assess the implementation of such market interventions and the potential impact on the Group’s businesses and financial performance.
- The Group continues to have strong liquidity, with €352.3m of cash and cash equivalents (excluding project finance cash) and undrawn committed revolving credit facilities of €116.5m at 31 December 2022 and is therefore well positioned to manage the current trading environment.

# Renewables business developments

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## The Renewables business:

- Owns and operates 309MW of wind assets;
- Purchases electricity from 1,262MW of renewable generation capacity throughout Ireland; and
- Is developing a further pipeline of wind and solar projects across Ireland.

### Onshore wind operational generation assets

- 309MW of onshore wind generation assets operational at 31 December 2022 (31 March 2022 – 309MW).
- Renewable assets availability for the Third Quarter 2023 was 98.9% (2022 – 98.7%) with a wind factor of 31.8% (2022 – 29.1%).

### Renewable PPA portfolio

- Average contracted renewable generation capacity for the Third Quarter 2023 was 1,266MW (2022 – 1,282MW) with 1,262MW operational capacity at 31 December 2022 (31 March 2022 – 1,282MW)

# Renewables business developments

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## Solar

- The Group has consented solar projects in the RoI for which it has submitted planning applications to increase the scale of these projects.
- In addition, the Group is progressing a number of further greenfield solar development opportunities in the RoI.
- The current pipeline of in-development solar projects is 433MW.

## Hydrogen

- Commissioning of the electrolyser is ongoing and first hydrogen production is expected shortly.

## Onshore wind development assets

- The Group continues to progress the development of its onshore wind pipeline projects and expects to enter into Corporate PPAs for these projects.
- Construction of the Drumlin wind farm (49MW) continued during the quarter with turbine foundations now largely complete. Commissioning is expected in 2024 and the project will be underpinned by a Corporate PPA with Microsoft.

# Renewables business developments

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## Offshore wind

- The Group has completed initial site investigation works permitted under its foreshore licences in respect of the North Celtic Sea and South Irish Sea projects.
- Environmental Impact Assessment scoping is expected to be issued for both projects in Fourth Quarter 2023.

## Sale of Hunstown bioenergy plant

- In February 2022 the Group completed the sale of its 4MW bioenergy plant located at Huntstown in Dublin.

## Outlook

- The Group continues to make good progress in the development of its pipeline of wind and solar projects across Ireland.

# Flexible Generation business developments

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## 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 Third Quarter 2023 for Huntstown 1 was 87.6% (2022 – 99.7%) and for Huntstown 2 was 100.0% (2022 – 76.1%).
- Unconstrained utilisation for Third Quarter 2023 for Huntstown 1 was 54.6% (2022 – 46.6%) and for Huntstown 2 was 63.1% (2022 – 49.3%).
- The incremental impact of constrained utilisation for Third Quarter 2023 was 9.0% constrained on for Huntstown 1 (2022 – 9.2%) and 6.2% constrained off for Huntstown 2 (2022 – 5.0%).

### Capacity auctions

- The T-4 auction for the 2026/27 capacity year is expected to be held in March 2023 and final results confirmed in May 2023.

# Flexible Generation business developments

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## Storage

- Commissioning of the Group's 50MW battery storage project in Belfast completed in October 2022 with day-to-day operations and trading of the battery now under the control of the Group.

## Emergency generation capacity

- In December 2022 the Group was awarded a contract with EirGrid to provide 50MW of emergency gas generation capacity to be located at the Huntstown site.
- The three-year contract includes an option for EirGrid to extend for an additional two years. Preliminary construction works are underway, and the new gas generation capacity is targeted to be commissioned in Second Half 2024.

## 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 in NI.

## Customer sites and energy sales

- Residential customer sites in the RoI at 31 December 2022 were 268,500 (31 March 2022 – 265,100)
- Non-residential electricity customer sites in the RoI were 48,200 (31 March 2022 – 48,000)
- Non-residential gas customer sites in the RoI were 3,100 (31 March 2022 – 3,500)
- Residential customer sites in Northern Ireland were 473,400 (31 March 2022 – 465,700)
- Non-residential customer sites in Northern Ireland were 38,800 (31 March 2022 – 38,700)
- Total electricity sales volumes in the RoI for the Third Quarter 2023 were 1.3TWh (2022 – 1.3TWh) and in Northern Ireland were 0.7TWh (2022 – 0.8TWh)
- RoI gas sales volumes for the Third Quarter 2023 were 22.6m therms (2022 – 26.5m therms)

# Customer Solutions business developments

## Tariffs

- On 8 December 2022, Power NI announced that its tariff, net of the UK Government's Energy Price Guarantee ("EPG"), would remain unchanged for the period 1 January 2023 to 31 March 2023.
- The EPG will run to 31 March 2023 and it is expected that the UK Government will consider more targeted measures to support households with their energy bills after this period.
- Both Energia and Power NI will continue to monitor wholesale prices and their implications for tariffs going forward.

## Customer Support Schemes

- The RoI Government is supporting all households with their energy costs through a €600 credit being applied to electricity customers' bills.
  - Energia has to date delivered the first two of the three €200 instalments due to be made under the scheme.
- A single non-repayable support payment totalling £600 is being made by the UK Government to all households in Northern Ireland (£400 under the Energy Bills Support Scheme and £200 under the Alternative Fuels Payment).
  - Acting on behalf of the UK Government, Power NI is administrating delivery of the support payments to its residential electricity customers. Power NI received funds from the UK Government in January 2023 for payment to its residential customers during the Fourth Quarter 2023.

# Customer Solutions business developments

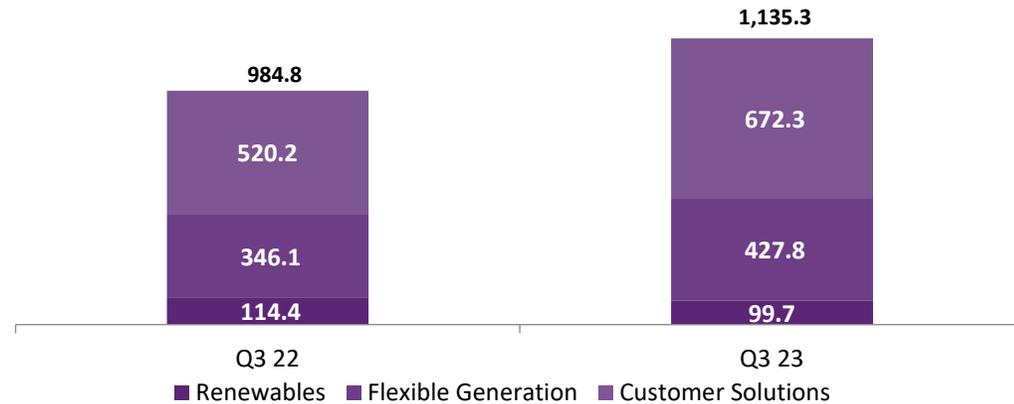
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## Outlook

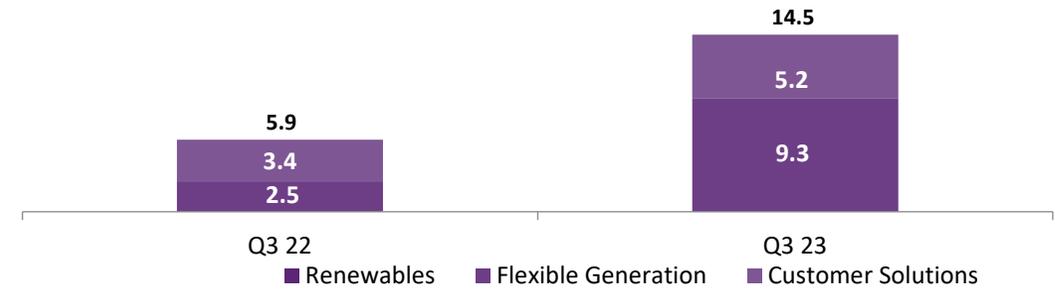
- The Group continues to progress its development of innovative, enhanced and differentiated product offerings to customers in line with its strategy.
- Digitalisation will remain a strong focus, and work will continue on a range of initiatives in the 'new energy' space.

# Senior Secured Notes Restricted Group financial summary – Third Quarter 2023

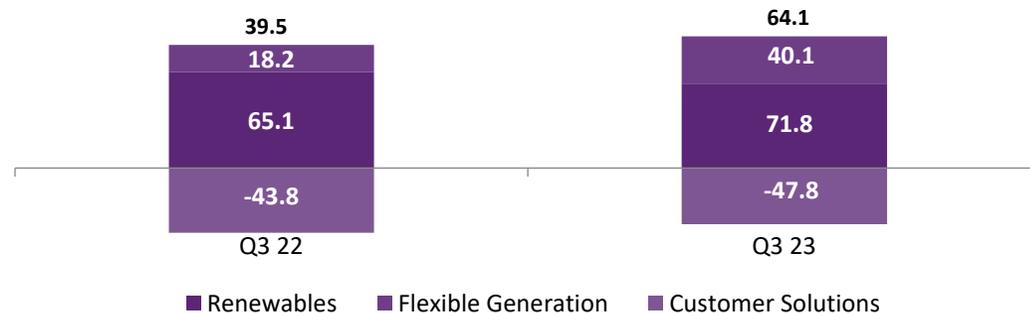
Revenue (€m)<sup>(a)</sup>



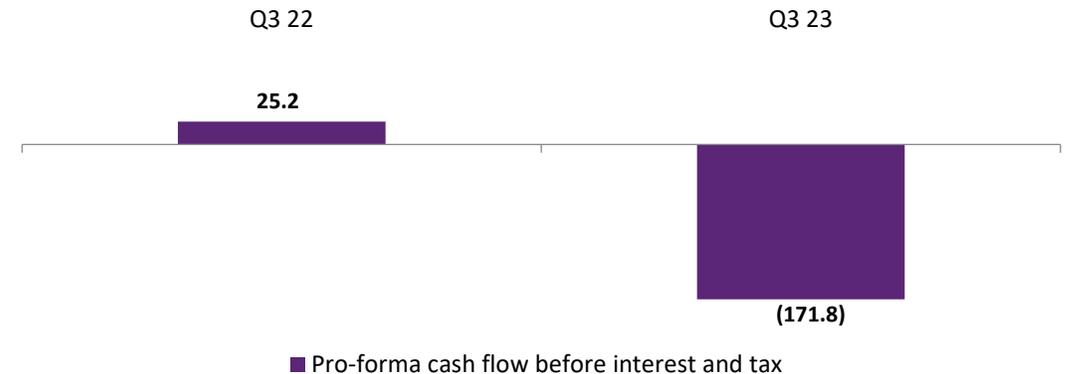
Capital expenditure for continuing operations (€m)<sup>(c)</sup>



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 assets, but including distributions from renewable assets of €33.0m for the Third Quarter 2023 (2022 - €7.5m)

(c) Excludes capital expenditure on renewable assets of €13.7m in Third Quarter 2023 (2022 - €3.3m)

(d) Pro-forma cash flow before interest and tax defined as Pro-forma EBITDA, less pension charges, plus movements in provisions and working capital (including 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>	Q3 22	Q3 23	9M 22	9M 23
Renewables	65.1	71.8	94.5	173.9
Flexible Generation	18.2	40.1	87.6	160.6
Customer Solutions	(43.8)	(47.8)	(86.5)	(143.8)
	<b>39.5</b>	<b>64.1</b>	<b>95.6</b>	<b>190.7</b>

## Renewables

- Pro-forma EBITDA increased from €65.1m to €71.8m primarily reflecting:
  - Higher distributions from renewable assets; and
  - Higher wind volumes; partly offset by
  - Lower contributions from the renewable PPAs due to lower energy prices and provision for the Inframarginal Revenue Cap in RoI effective from 1 December 2022 (pending assessment of the legislation in respect of the basis of exemption for suppliers).

## Flexible Generation

- Pro-forma EBITDA increased from €18.2m to €40.1m primarily reflecting:
  - Higher Huntstown 2 availability and utilisation (due to the plant being on outage in the prior year);
  - Higher margins for both plants (associated with higher commodity prices and outages of other thermal plants); and
  - Development milestone payments in relation to the emergency generation project; partly offset by
  - The impact of lower availability for Huntstown 1.

## Customer Solutions

- Pro-forma EBITDA decreased from €43.8m loss to €47.8m loss primarily reflecting:
  - Lower Energia electricity and gas margins (reflecting higher commodity and energy prices (from which the Renewables and Flexible Generation businesses have benefited) partly offset by increases in tariffs), partly offset by;
  - Favourable Power NI non-residential electricity margins and residential regulated margins; and
  - Lower operating costs.

Note:

(a) Pro-forma EBITDA is defined as EBITDA before exceptional items and certain remeasurements and adjusted for over - recovery of Energia Group's regulated business against their regulated entitlement and excludes earnings from renewable assets but includes distributions from renewable assets of €33.0m in Third Quarter 2023 (Third Quarter 2022 - €7.5m); Nine Months 2023 €61.8m from wholly owned assets (2022 - €18.1m)

# Senior Secured Notes Restricted group cash flow summary

(€m)	Q3 22	Q3 23	9M 22	9M 23
Pro-forma EBITDA <sup>(a)</sup>	39.5	64.1	95.6	190.7
Defined benefit charge less contributions paid	-	(1.4)	(0.8)	(1.4)
Changes in working capital <sup>(b)</sup>	(7.5)	(222.5)	18.2	(96.5)
Effects of FX	(0.9)	2.5	0.3	1.9
<b>Pro-forma cash flow from operating activities</b>	31.1	<b>(157.3)</b>	113.3	<b>94.7</b>
Net capital expenditure <sup>(c)</sup>	(5.9)	<b>(14.5)</b>	(27.0)	<b>(42.7)</b>
<b>Pro-forma cash flow before interest and tax</b>	25.2	<b>(171.8)</b>	86.3	<b>52.0</b>
Net movement in security deposits	(32.4)	<b>(14.1)</b>	(32.7)	<b>(10.9)</b>
Over-recovery of regulated entitlement	5.2	<b>66.8</b>	29.6	<b>87.6</b>
Exceptional items <sup>(d)</sup>	(0.1)	<b>(0.5)</b>	(0.8)	<b>(0.6)</b>
Equity investment in in-development assets	(1.6)	<b>(14.6)</b>	(33.6)	<b>(33.6)</b>
<b>Pro-forma cash flow before interest, tax and acquisitions and disposals</b>	(3.7)	<b>(134.2)</b>	48.8	<b>94.5</b>

Note:

(a) Pro-forma EBITDA is defined as EBITDA before exceptional items and certain remeasurements and adjusted for over - recovery of Energia Group's regulated business against their regulated entitlement and excludes earnings from renewable assets but includes distributions from renewable assets of €33.0m in Third Quarter 2023 (Third Quarter 2022 - €7.5m); Nine Months 2023 €61.8m from wholly owned assets (2022 - €18.1m)

(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 Energia Group's renewable assets of €6.0m increase in the Third Quarter 2023 (2022 - €12.5m increase); Nine Months 2023 €4.6m decrease (2022 - €8.6m)

(c) Net capex excludes capex on renewable assets of €13.7m in the Third Quarter 2023 (2022- €3.3m); Nine Months 2023 €34.9m (2022 - €7.3m)

(d) Includes exceptional costs associated with acquisitions whether successful or unsuccessful

# Net debt

Net debt (€m) As at	31 Mar 22	30 Dec 22
Cash and investments	(369.3)	(352.3)
Senior secured notes due 2025	346.8	347.4
Senior secured notes due 2024	264.7	252.6
Senior revolving credit facility	59.3	-
Interest accruals	2.1	8.5
<b>Senior net debt</b>	<b>303.6</b>	<b>256.2</b>
Project finance cash	(53.0)	(42.2)
Project finance bank facilities	333.6	316.5
Interest accruals	-	2.6
<b>Total net debt</b>	<b>584.2</b>	<b>533.1</b>

- FX rate at 31 December 2022: €/£1.1292 (31 March 2022: €/£1.1856)
- Senior net leverage at 31 December 2022 was 1.1x

# Conclusion

**Solid results for the Third Quarter 2023 continue to prove the benefits of integration in exceptionally challenging market conditions**

## Outlook

- Notwithstanding the volatility of commodity prices over the past nine months the Group has demonstrated resilient financial performance and the benefits of its integrated business model.
- We are pleased to have commissioned our first battery storage project – a 50 MW battery in Northern Ireland
- We are delighted to have entered into the emergency generation contract with EirGrid, demonstrating the importance of gas as a transition fuel and protecting the security of supply of electricity for Ireland
- The Group continues to have strong liquidity, with €352.3m of cash and cash equivalents (excluding project finance cash) and undrawn committed revolving credit facilities of €116.5m at 31 December 2022 and is therefore well positioned to manage the current trading environment.
- We continue to progress the development of our pipeline of onshore wind, solar, data centre and offshore wind opportunities.

# Forward looking statements

This presentation may include forward looking statements. These forward looking statements can be identified by the use of forward looking terminology, including the terms "believes," "estimates," "anticipates," "expects," "intends," "may," "will" or "should" or, in each case, their negative, or other variations or comparable terminology. These forward looking statements include all matters that are not historical facts and include statements regarding the Group's intentions, beliefs or current expectations concerning, among other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which it operates. By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Readers are cautioned that forward looking statements are not guarantees of future performance and that the Group's actual results of operations, financial condition and liquidity, and the development of the industry in which it operates may differ materially from those made in or suggested by the forward looking statements contained in this presentation. In addition, even if the Group's results of operations, financial condition and liquidity, and the development of the industry in which the Group operates are consistent with the forward looking statements contained in this presentation, those results or developments may not be indicative of results or developments in subsequent periods.