Annual results 30 June 2012

15 October 2012

Andrew Whalley, Chief Executive Officer
David Crockford, Finance Director

Highlights

- **Financial highlights**

  - Revenue of £12.1 million (2011: £9.8 million)
  - Adjusted EBITDA £2.7m (2011: £0.1 million)
  - Loss after tax of £1.8 million (2011: loss of £3.0 million)
  - Second round of asset financing raises £25 million loan
  - Cash and cash equivalents of £9.6 million (2011: £14.9 million)
  - Proposal to pay final dividend of 1.5p per Ordinary Share (2011: 1.5p)

- **Operational highlights**

  - Construction of 10MW Sancton Hill site and 2MW Leeds North Bio-Power site.
  - Planning permission granted for 10MW Denzell Downs wind farm
  - National Grid Short Term Operating Reserve contract extended
  - Construction at South Sharpley (6MW) and Orchard End (4MW) wind farms underway

- **Post year end events**

  - Approval gained for re-powering of 10MW St Breock wind farm
  - Third round of asset financing raises £16 million loan

The year in review

- Completion of 10MW Sancton Hill wind farm, P50 AEP of 28,000MWh
- Construction underway at 6MW South Sharpley due for operation before end of 2012
- 4MW Orchard End wind farm in construction, turbines arrive January 2013
- Planning permission granted for 10MW Denzell Downs wind farm
- 8 new planning applications totalling 68.8MW submitted in the year
- 1 planning appeal for 12MW lodged

- Leeds North Bio-Power plant (2MW) begins operation
- 8MW National Grid STOR contract extended to 2014

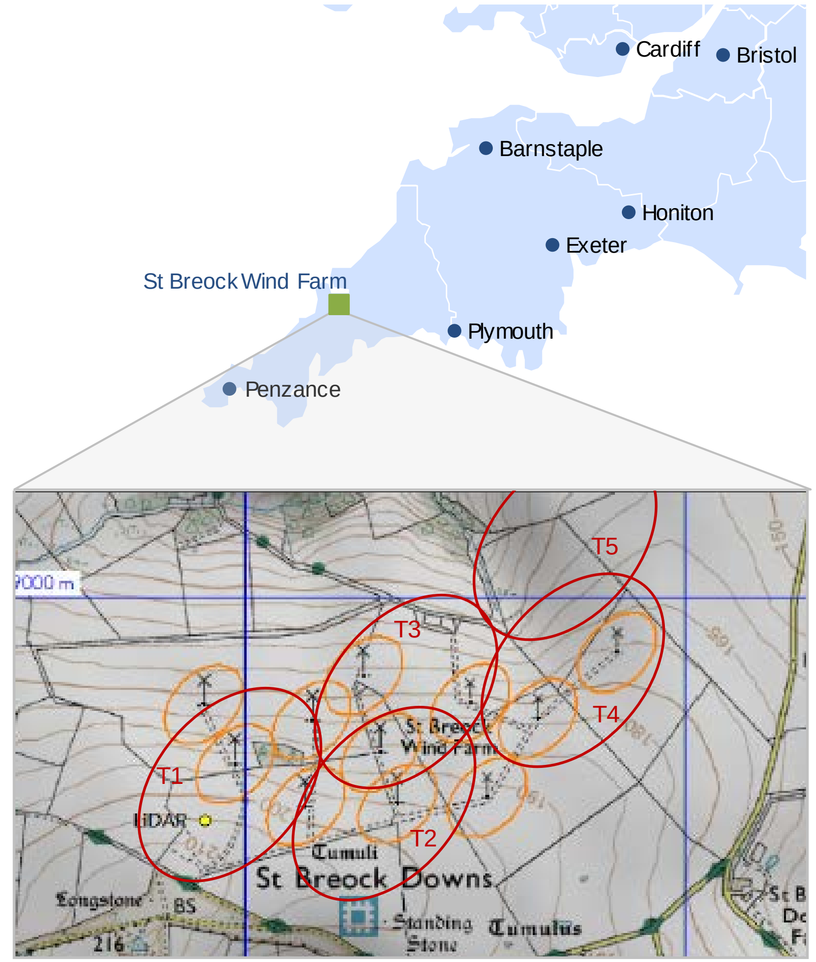
- Second round of asset financing raises £25m loan against 20.5MW of operational wind farms

Sancton Hill Wind Farm

Post year end events

- **Permission granted for 10MW St.Breock repowering**
  - Site purchased from E.ON in 2010
  - Repeat of success at Goonhilly
- **£100m commitment target achieved**
  - 3 year strategy met early
  - 35.5MW of operational wind added to the portfolio
  - 10MW in construction
  - 36MW consented
  - 2MW STOR plant added
- **Tranche 3 asset finance closed**
  - £16m project financing secured on Sancton Hill (10MW) and South Sharpley (6MW)
  - £9.7m drawn on financial close
  - £6.3m to be drawn on COD for South Sharpley
  - 10 year term, fixed at 5.7%

Location and Site Layout



Existing configuration (11 Bonus 450kW MkIII turbines)
Repowered configuration

Financial Review – Income Statement

	Wind	Biopower	Central Costs	Year ended 30 June 2012	6 months ended 31 Dec 2011	Year ended 30 June 2011
MW	51.15	8.55	-	59.7	49.7	46.5
MWh	105,000	3,000	-	108,000	57,000	83,000
	£m	£m	£m	£m	£m	£m
Revenue	10.4	1.7	-	12.1	6.3	9.8
Cost of Sales	(2.3)	(1.4)	-	(3.7)	(1.8)	(3.3)
Gross Profit	8.1	0.3	-	8.4	4.5	6.5
Administration	(2.6)	(0.5)	(1.6)	(4.7)	(2.3)	(4.7)
Development - external	(1.0)	-	-	(1.0)	(0.6)	(1.7)
EBITDA	4.5	(0.2)	(1.6)	2.7	1.6	0.1
Depreciation and amortisation	(3.0)	(0.3)	-	(3.3)	(1.5)	(2.8)
Finance income / (cost)	(0.8)	-	-	(0.8)	-	0.3
Share based payments	(0.2)	-	-	(0.2)	-	(0.1)
Exceptional items	(0.4)	-	-	(0.4)	(0.1)	(0.5)
Discontinued	-	-	-	-	-	(0.4)
Tax	0.2	-	-	0.2	0.1	0.4
PAT/(LAT)	0.3	(0.5)	(1.6)	(1.8)	0.1	(3.0)

On budget year-on-year wind volumes and 97% availability

78% gross margin, a 90% increase on EBITDA year-on-year

STOR business model has significantly reduced our exposure to the WCO market

No additions to cost base in period

External spend capitalised as development portfolio matures

Financial review – Balance Sheet and cash

	30 June 2012	30 June 2011
NON-CURRENT ASSETS	£m	£m
Intangibles	15.1	12.4
Property, plant and equipment	67.2	50.6
	82.3	63.0
CURRENT ASSETS		
Trade and other receivables	7.0	7.8
Cash and restricted cash	18.1	15.8
	25.1	23.6
CURRENT LIABILITIES		
Trade and other payables	(4.9)	(2.9)
Borrowings	(1.4)	(0.7)
	(6.3)	(3.6)
Long term liabilities	(35.8)	(11.6)
Deferred Tax	0.8	-
NET ASSETS	66.1	71.4

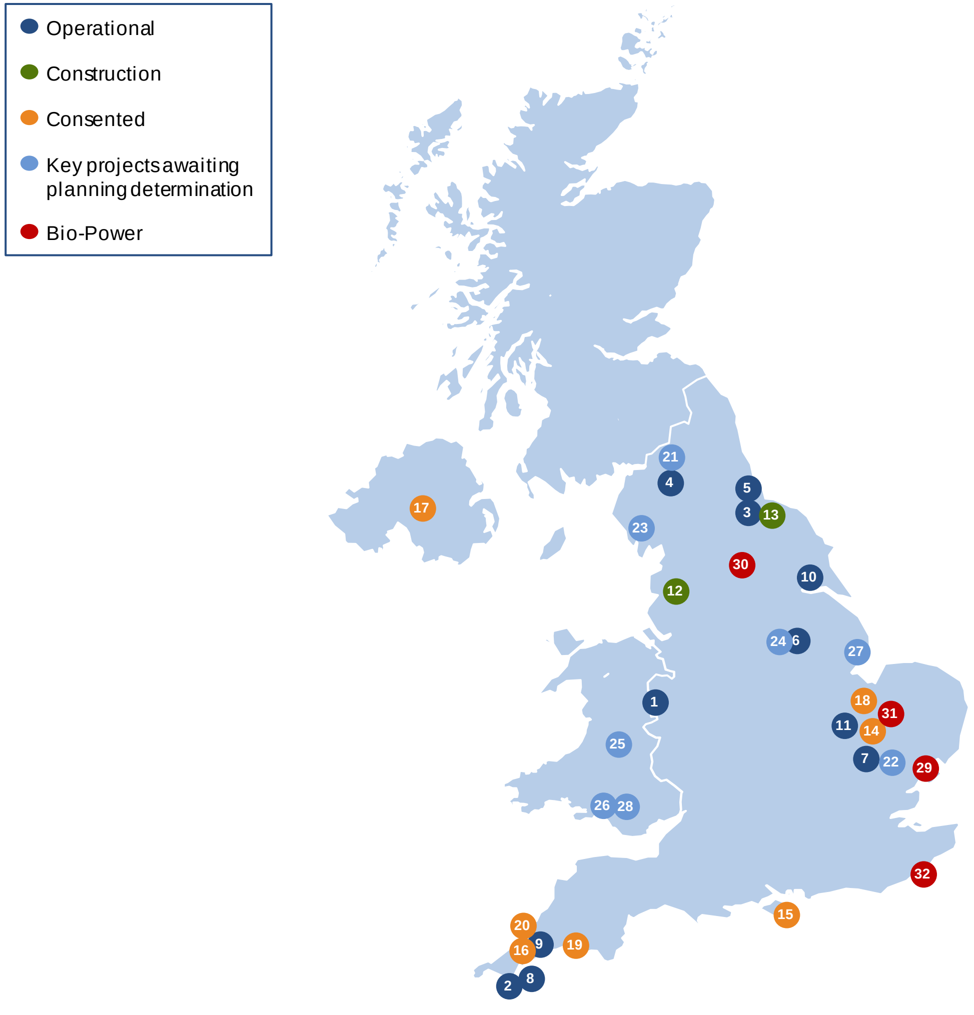
- Completion of Sancton Hill
- Orchard End and South Sharpley under construction, £6m spent by 30 June 2012

- £9.5 of free cash
- £4.0m of cash backed LCs for Orchard End and South Sharpley
- Tranche 3 financing closed in October 2012, releasing a further £9.7m with £6.3m to be released following COD at South Sharpley
- Orchard End remains all equity funded with plans to refinance in 2013

Project portfolio

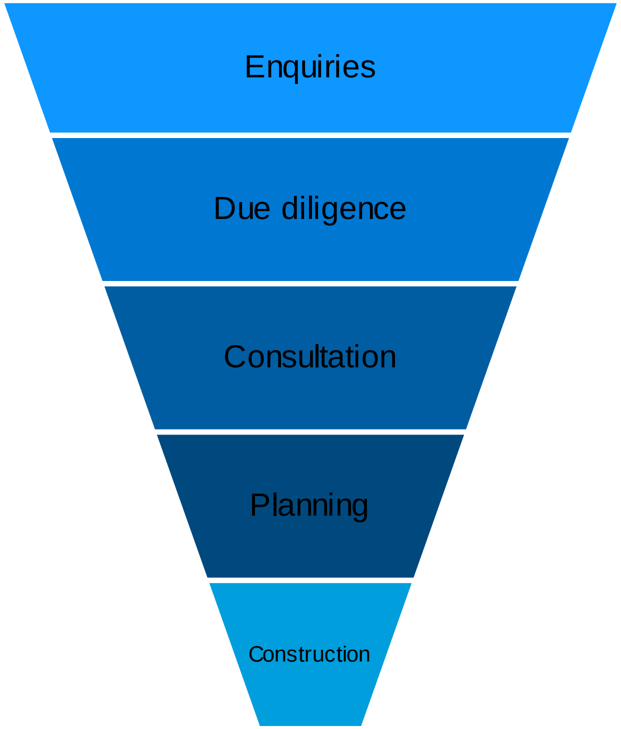
REG has a development pipeline of 800MW, of which approximately 400MW consists of mid to late stage development projects. Operating, construction and consented wind projects represent c.92MW, and Bio-Power projects c. 9MW

	Site	Location	Status	MW
1	Braich Ddu	Gwynedd	Operating	3.9
2	Goonhilly Downs	Cornwall	Operating	12.0
3	High Haswell	County Durham	Operating	4.0
4	High Pow	Cumbria	Operating	3.9
5	High Sharpley	County Durham	Operating	2.6
6	Loscar	Yorkshire	Operating	4.5
7	Ramsey	Cambridgeshire	Operating	1.8
8	Roskrow Barton	Cornwall	Operating	1.7
9	St. Breock	Cornwall	Operating	5.0
10	Sancton Hill	Yorkshire	Operating	10.0
11	Whittlesey	Cambridgeshire	Operating	1.8
	Total Operating Wind			**51.2**
12	*Orchard End*	*Lancashire*	*Construction*	*4.0*
13	*South Sharpley*	*County Durham*	*Construction*	*6.0*
	Total Construction			**10.0**
14	Burnthouse Farm	Cambridgeshire	*Consented*	6.0
15	Cheverton Down	Isle of Wight	*Consented*	1.2
16	Denzell Downs	Cornwall	*Consented*	10.0
17	Draperstown	Co. Londonderry	*Consented*	4.0
18	French Farm	Cambridgeshire	*Consented*	4.0
19	High Down	Cornwall	*Consented*	0.9
20	St Breock Repower	Cornwall	*Consented*	10.0
	Total Consented			**36.1**
21	Hallburn	Cumbria	*Awaiting Planning Determination*	12.0
22	Ramsey II	Cambridgeshire	*Awaiting Planning Determination*	7.2
23	Langthwaite	Cumbria	*Awaiting Planning Determination*	12.0
24	Barlborough	Derbyshire	*Awaiting Planning Determination*	0.9
25	Pentre Tump	Powys	*Awaiting Planning Determination*	6.0
26	Mynydd Brombil	Neath Port Talbot	*Awaiting Planning Determination*	10.0
27	Bank House Farm	Lincolnshire	*Awaiting Planning Determination*	10.0
28	Mynydd Portref	Rhondda Cynon Taff	*Awaiting Planning Determination*	14.0
	Total Awaiting Planning Determination			**72.1**
29	Bentwaters	Suffolk		**6.0**
30	Leeds North	Yorkshire		**2.0**
31	Hockwold	Norfolk		**0.4**
32	Dover	Kent		**0.2**
	Total Operating Bio-Power			**8.6**



RENEWABLE ENERGY GENERATION

REG Windpower development pipeline



51.15MW

- Development pipeline of 800MW+
- The portfolio is maturing rapidly:
  - 36MW consented and awaiting construction
  - 72MW in the planning system, awaiting a planning decision
  - c.70 MW at advanced pre-planning, due to enter the planning system in the next financial year
- Continued focus on 'consentability' and maintaining rates of return
- Evidence that 5 – 20MW projects have more favourable planning prospects

REG's strong pipeline growth ensures flow of projects over coming years

REG Bio-Power

- REG Bio recovers used cooking oil through proprietary patented process to an Environment Agency approved fuel called LF100
- Provides short term operating reserve generating plant for National Grid
- REG Bio revenue comprises:
  - Availability payment for 4000 hours of STOR per annum – relatively £low
  - Utilisation payment when plant operational – relatively £high
  - ROC payments when plant operational
  - The occasional Triad payment
- Also free to operate outside STOR hours
- STOR is integral part of UK generation system
  - National Grid ten year plan envisages doubling of STOR capacity
- REG Bio currently collects and processes around 1500 tons of fuel per annum
  - Around 250 tons used in STOR, the rest used opportunistically
- Expansion opportunities significant with 75MW of near term projects and scope to increase that to 200MW in the next 3 years

Route to shareholder returns

- Recent offerings in the market have aimed to purchase wind farms at 9-10% project IRR, transaction multiples have been at £1.75 - £2m per MW for average levels of energy yield.

		£m
Equity in new wind	46.2MW	90.0
Equity in older wind	4.95MW	0.5
Debt associated with wind assets		(34.5)
Equity in construction assets	10MW	17.5
Planning consents	36MW	20.0
Cash and net current assets		20.0
REG Bio-Power	(book value of plant)	5.0
Other assets, incl. land		1.5
Total sum of parts		120.0
Value of c1GW pipeline		???

Our fleet of projects and pipeline is worth at least 100p per share

Markets - UK Energy Policy

- UK has binding legal target to achieve 15% of energy requirement from renewable sources by 2020
  - Currently around 6.5%
  - Onshore wind recognised as a key technology
- DECC's Renewable Energy Roadmap identifies potential increase in installed capacity from 4GW to 13GW by 2020
- ROC support mechanism will reduce onshore ROCs to from 1 to 0.9 ROCs per MWh in April 2013
- Electricity Market Reform is designed to ensure low carbon options viable to achieve 2020 targets and beyond
- RO to be replaced in 2017 by CfD feed in tariff proposed under the EMR

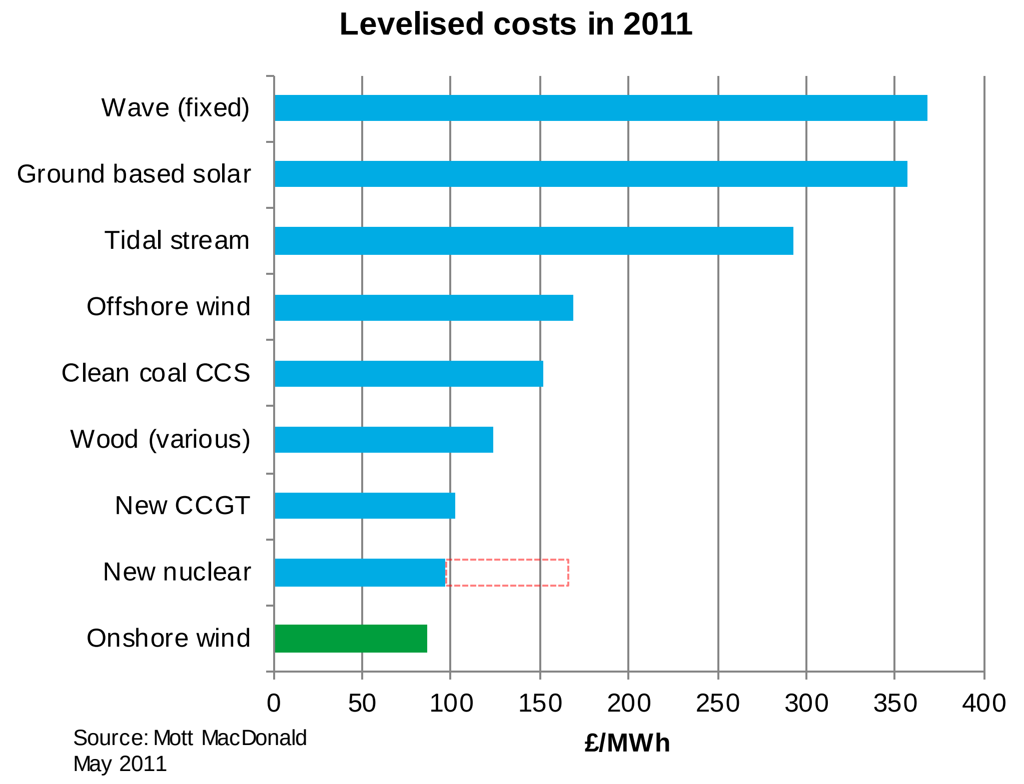
- National Grid Company STOR program is a key part of NGC's strategic management of the Grid
- NGC expects to double the network's STOR capacity from 4000MW to 8000MW over the coming years

- Our recent meetings with Ed Davey, Secretary of State for Energy and Climate Change, have been positive and he has been very supportive

Markets – low carbon technologies

- Onshore wind is the cheapest and most proven renewable technology
- Can deliver power for around £85/MWh
- On best sites is only marginally more expensive than CCGT gas…

  …and is significantly cheaper than offshore wind
- Recent uncertainty over nuclear costs increase attractiveness of onshore wind
  - A recent Times article states that the new nuclear plants in the UK may deliver power for considerably more than £100/MWh requiring significant government subsidy



Onshore wind is a competitive, well understood and maturing market.
Developers with a strong pipeline will continue to have a major part to play in the UK energy mix.

Summary

- 51.15MW of wind assets in operation, generating an average annual output of 134,500MWh
- 10MW in Construction at South Sharpley and Orchard End, adding a further 28,500MWh
- 36MW of consents moving to construction, which could boost the Group's annual output to over 250GWh
- Substantial development pipeline of 800MW progressing towards submissions of planning applications
- Bio-Power business has significant opportunities with National Grid STOR
- Government remains supportive of UK onshore wind industry

REG is well funded, growing and paying a dividend