



# ENEA Group H1 2019 results

30 September 2019



# ENEA Group results in H1 2019 vs. H1 2018



ENEA Group's stable performance in H1 2019 – improvement in key performance indicators



## PLN 8bn

Revenue growth of nearly **PLN 2bn**, up by 33% y/y



## PLN 1,666m

EBITDA growth of nearly **PLN 362m** – up by 28% y/y



## PLN 1,049m

CAPEX – up by 27% y/y



## 12.2% y/y

Growth in energy generation from renewable sources of **105 GWh**



## 4.8m tons

Growth in net coal production of **306k tons** (up by 6.8% y/y)



## 12 TWh

More than 12 TWh of electricity generated

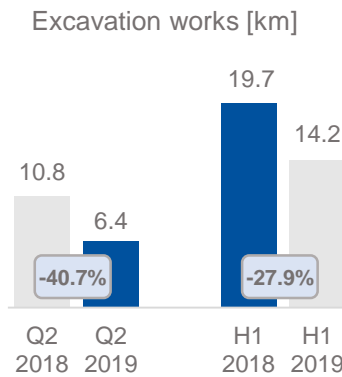
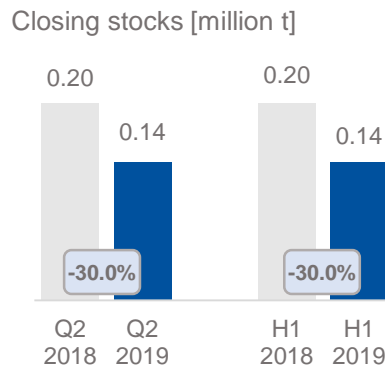
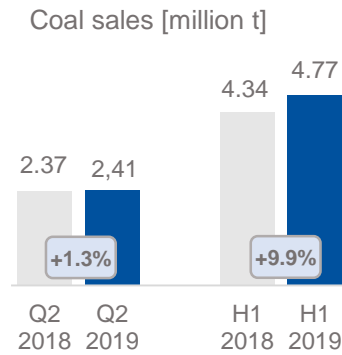
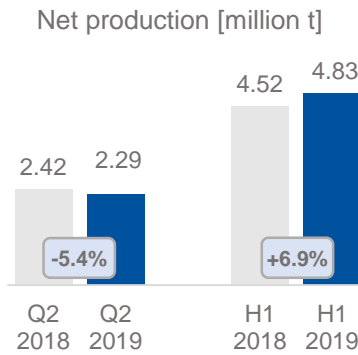
# Mining Area



# LW Bogdanka's operating data

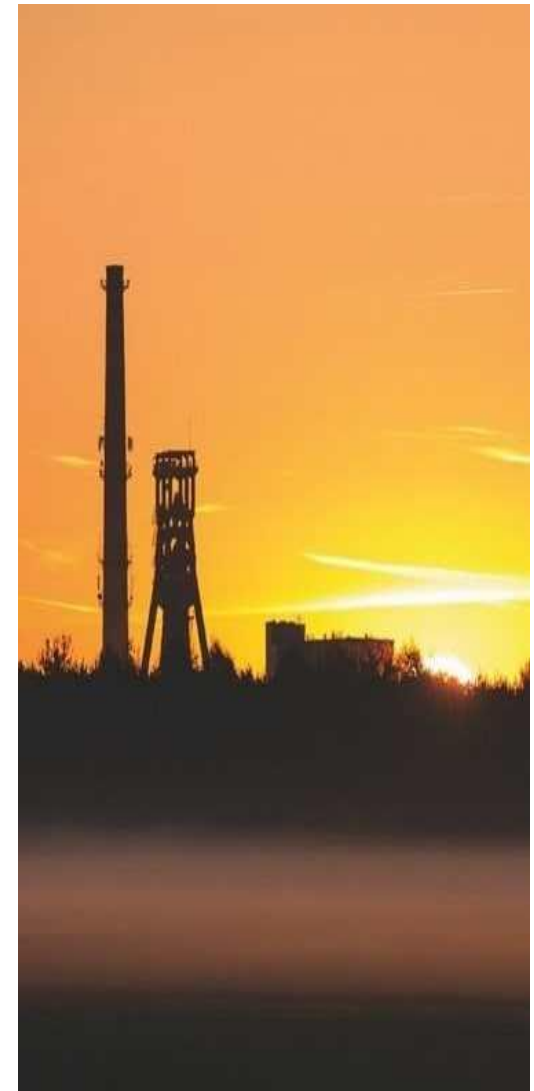


Stable operating data of LW Bogdanka



## Key operating factors

- (+) Higher net production in H1 2019 by 6.9%
- (+) Higher coal sales in H1 2019 by 9.9%
- (+) Yield growth: 65.1% in H1 2019 vs. 59.6% in H1 2018
- (-) Renovation of railway routes

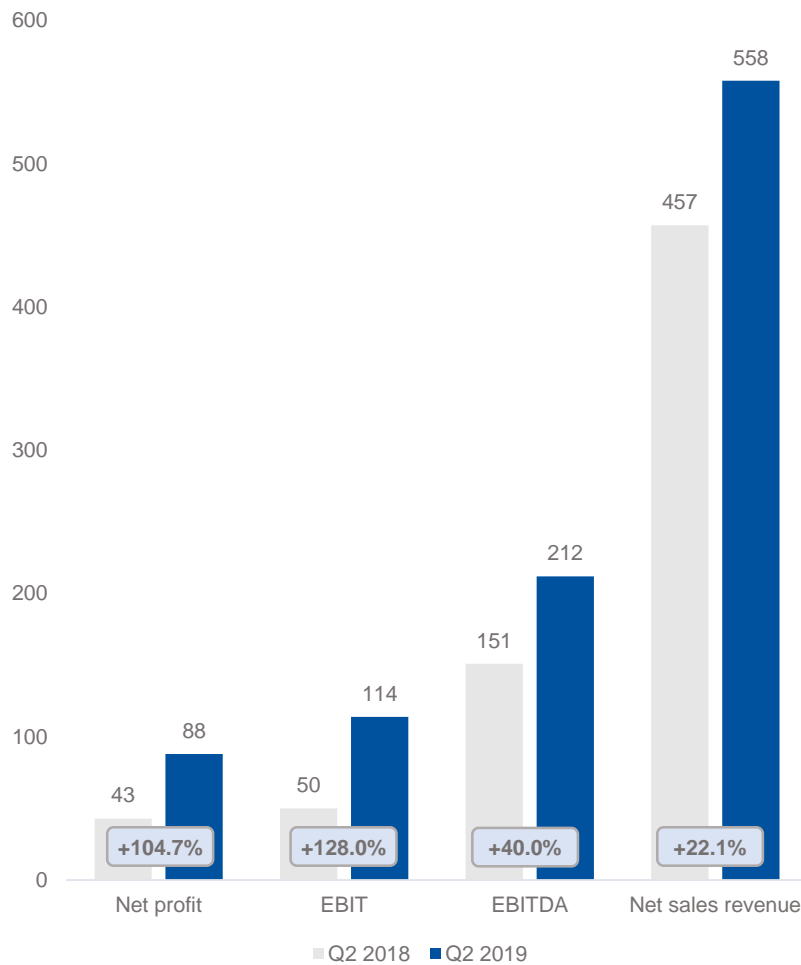


# EBITDA – H1 2019 vs. H1 2018

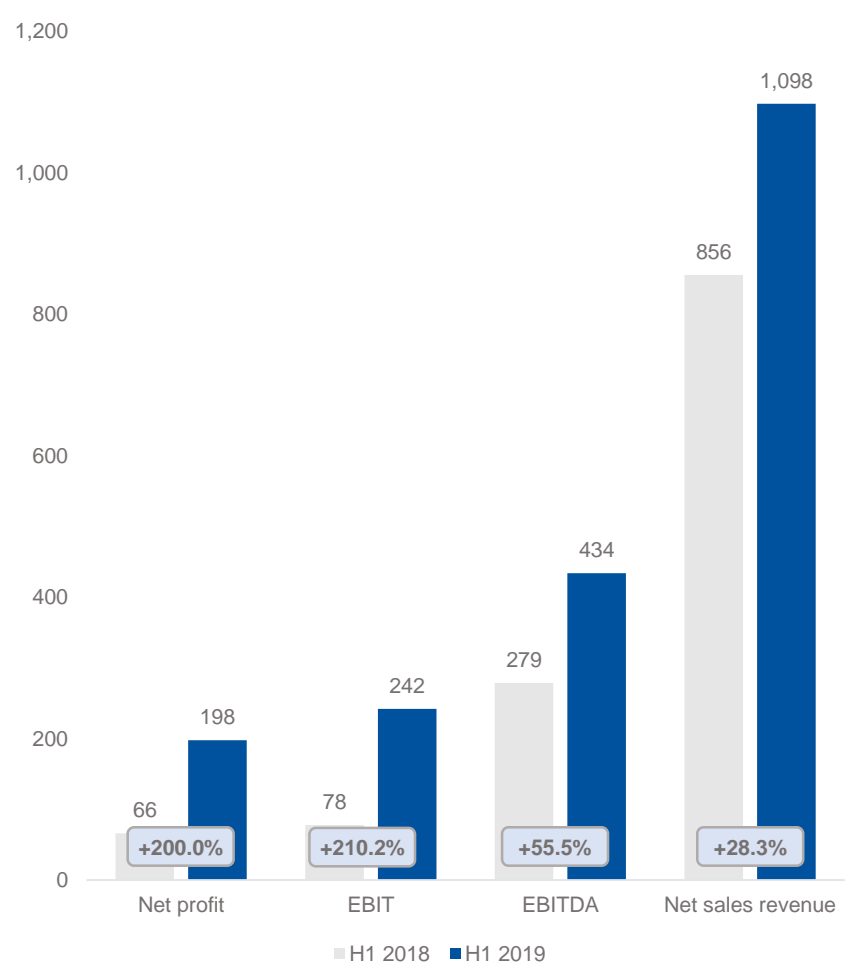


The volume and price of coal sold had a positive impact on LW Bogdanka's EBITDA

[PLN m]



[PLN m]



# EBITDA – H1 2019 vs. H1 2018



The volume and price of coal sold had a positive impact on the area's EBITDA

[PLN m]



## EBITDA change factors in H1 2019

EBITDA increase of approx. PLN 156 million

- (+) Higher coal sales
- (+) Higher coal price
- (+) Improved yield
- (-) Lower revenues from other activities





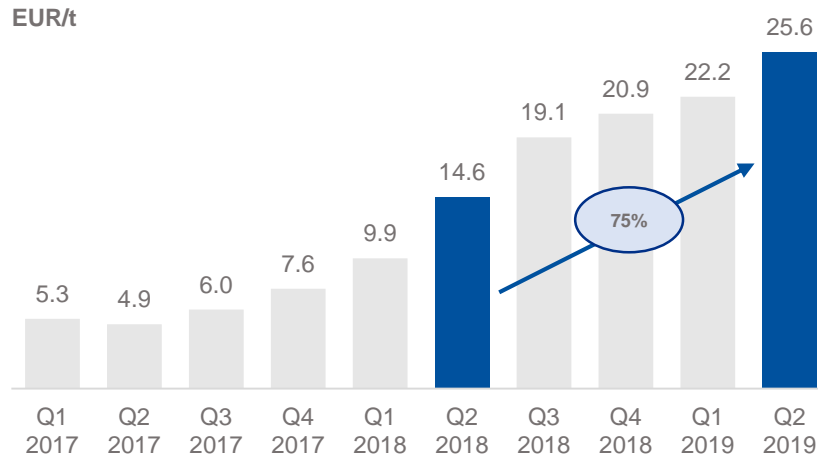
Market environment

# Market data



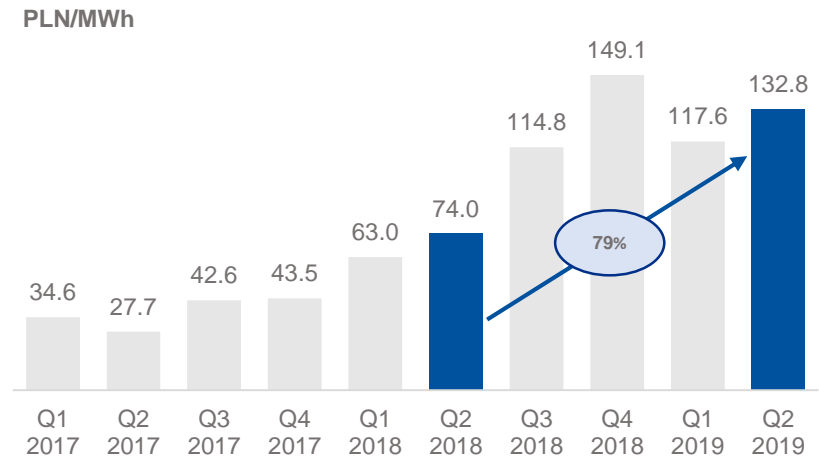
Electricity prices remain under the pressure of high prices of CO<sub>2</sub> emission allowances and property rights

**CO<sub>2</sub> emissions allowances (Dec-19)**



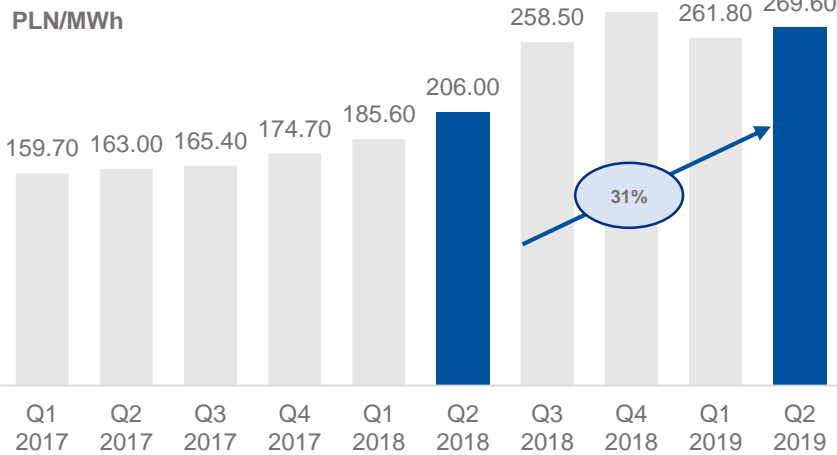
Source: ICE, settlement prices

**Prices of "green" property rights (PMOZE\_A)**



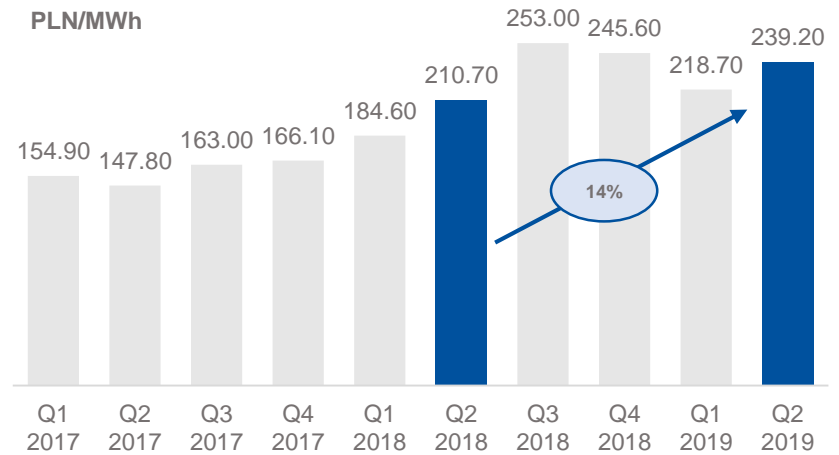
Source: TGE, session market indexes

**BASE\_Y\_18/19/20**



Source: TGE, settlement prices

**RDN BASE**





The background of the entire image is a photograph of a green, rolling landscape under a blue sky with light clouds. Several white wind turbines with three blades are scattered across the scene. In the center, the word "Enea" is rendered in large, semi-transparent white letters. The letters are filled with a collage of images related to wind energy, including close-ups of turbine blades, towers, and wind farms in various settings. The overall composition is clean and modern, emphasizing renewable energy.

# Enea

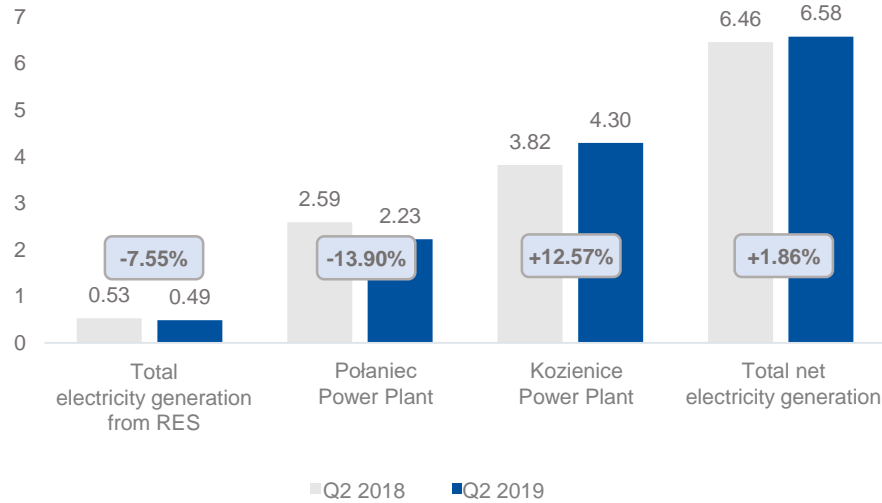
## Generation Area

# ENEA Group's operating data

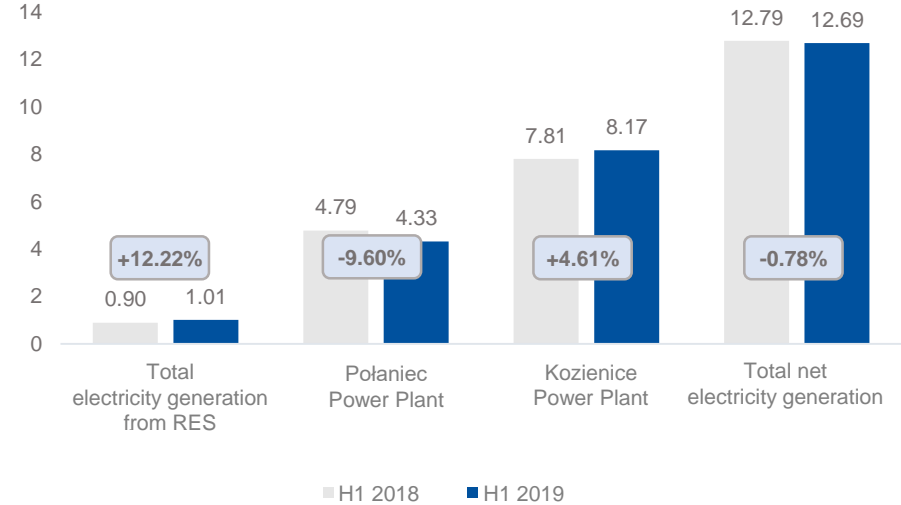


Optimum use of generation assets

[TWh]



[TWh]



## Key operating factors

- (+) Higher volume of electricity generation in Q2 2019 by almost 2%
- (+) Increased unit availability at Kozienice Power Plant, in particular Units 10 and 11
- (+) Higher sales of electricity from RES in H1 2019 by 12.2%
- (-) Lower production from conventional sources at Polaniec Power Plant due to, i.a., the upgrade of Unit 5

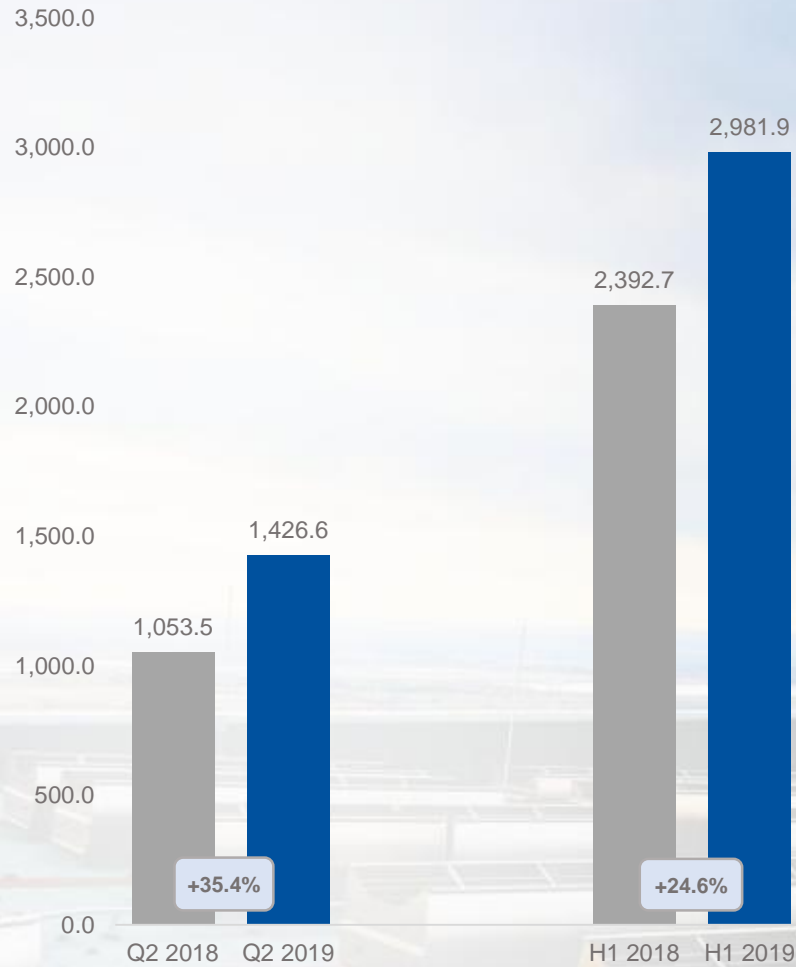


# Unit 11



Effective use of Unit 11: 3,800 hours of operation in H1 2019

Net electricity generation  
[GWh]



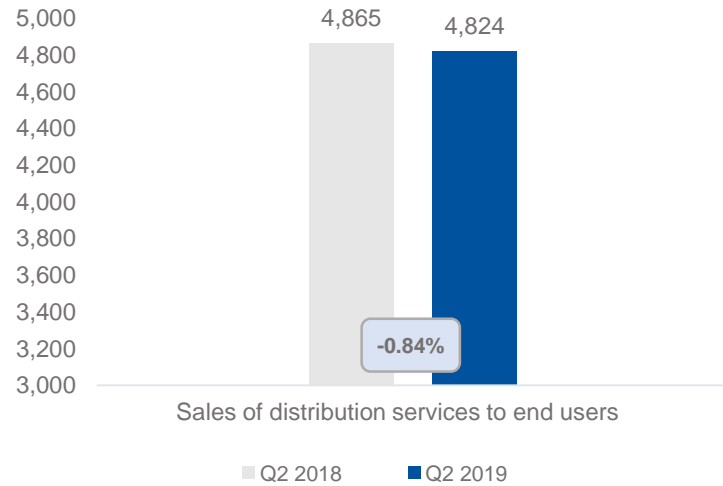
The text "Distribution Area" is written in a large, white, sans-serif font, centered in the lower half of the image. It is overlaid on a semi-transparent blue rectangular area that also contains a faint, large number "4". The background of the entire image is a low-angle shot of several high-voltage power line towers against a sky with soft, wispy clouds, suggesting a sunrise or sunset.

# Sales volume of distribution services

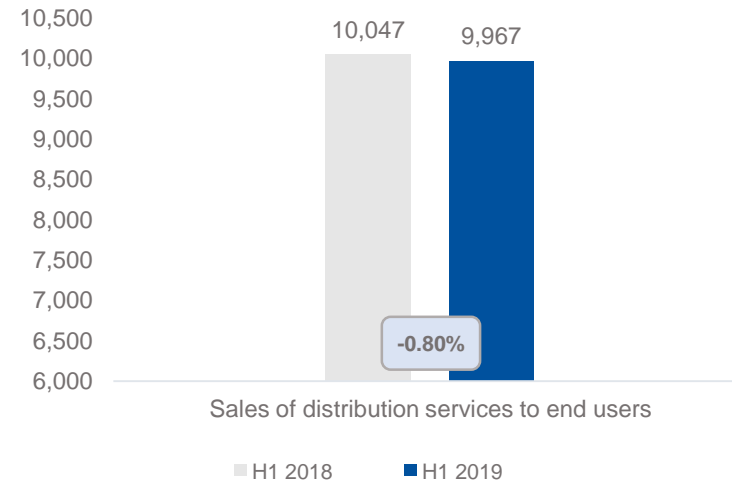


A slight decrease in the total sales volume of distribution services, with a simultaneous increase in the number of users and in the volume of distribution services sold to households

[GWh]



[GWh]



## Key operating factors

- (-) Lower volume of electricity supplied in H1 2019 by 0.8%
- (+) Increase in the number of customers of 1.4%
- (+) Increase in the sales of distribution services to households



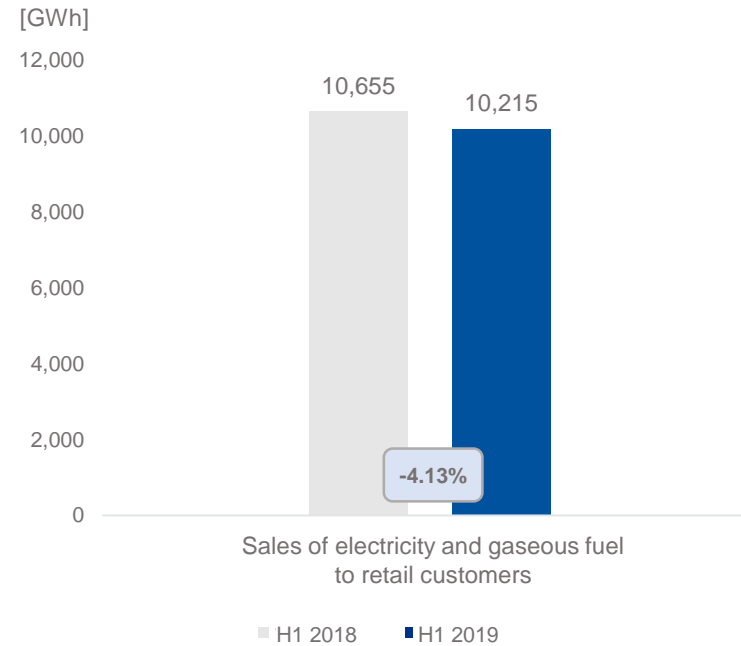
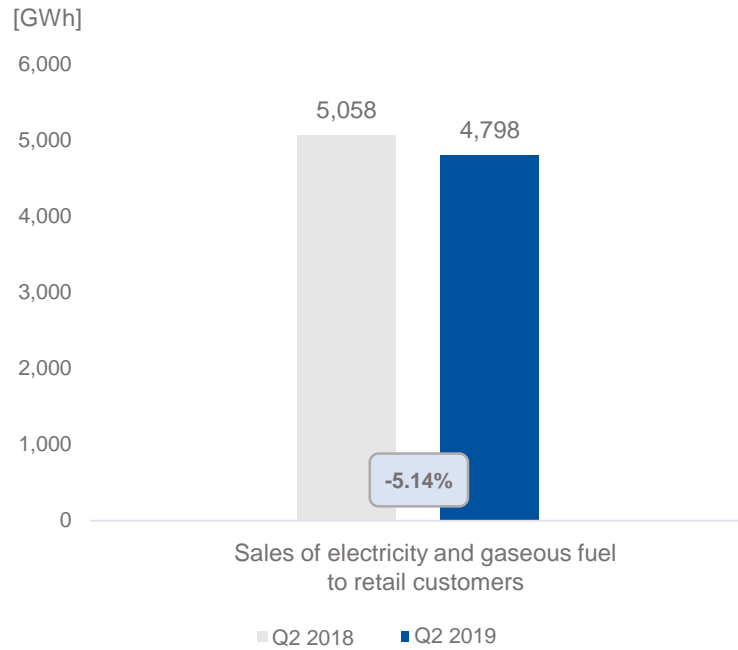


# Trading Area

# Sales volume of electricity



Slight decrease in the total volume of electricity and gaseous fuel sold to retail customers



## Key operating factors

- (-) Slight decrease in the volume of electricity sales in H1 2019 by approx. 4%
- (+) Increase in the volume of sales of gaseous fuel by approx. 5%
- (+) Increase in the sales of electricity to households





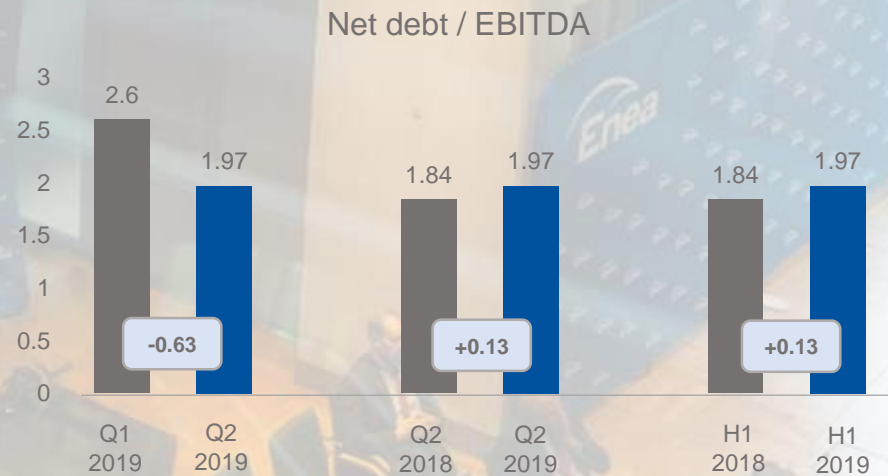
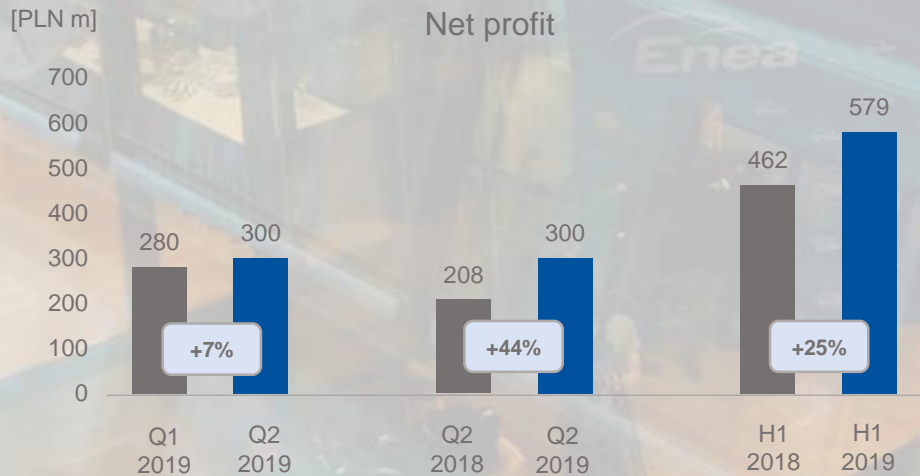
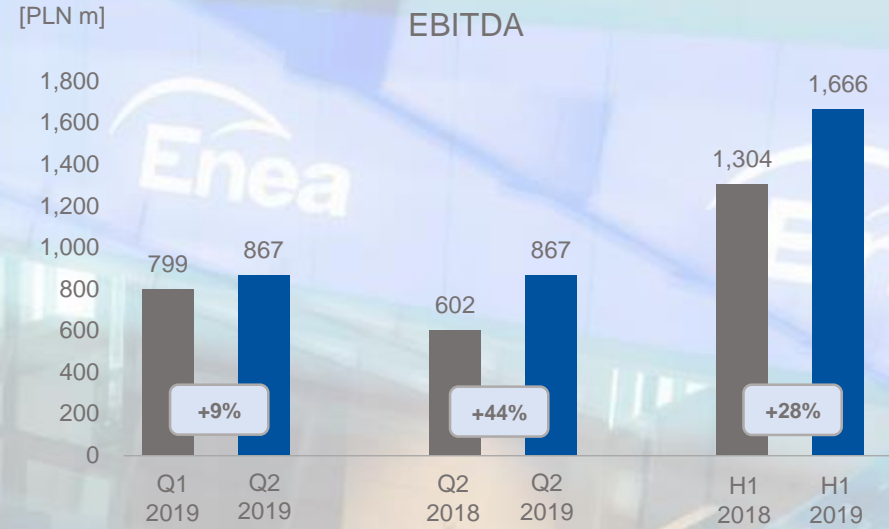
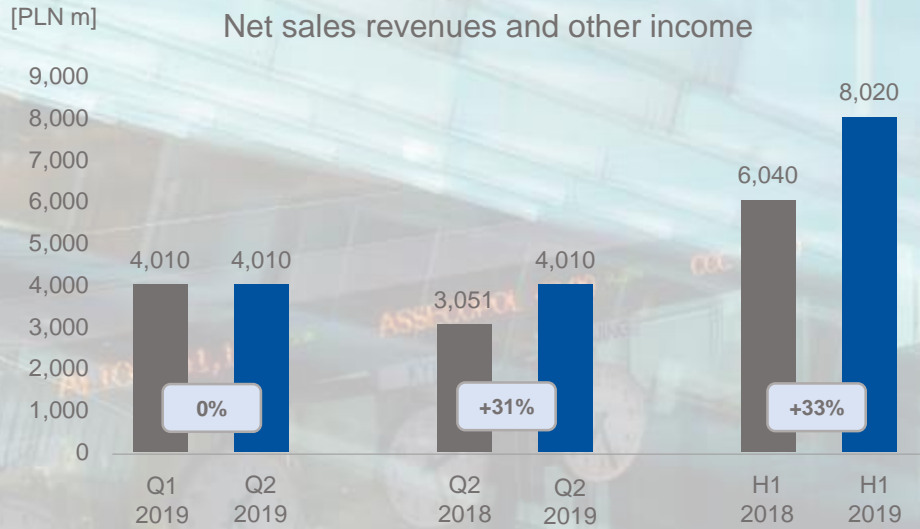
# ENE A Group's results in H1 2019



# Key financials



ENEA Group's strong financial performance



# EBITDA change in H1 2019

Stable EBITDA based on three solid foundations



[PLN m]



## Mining



## Generation



## Distribution



## Trading



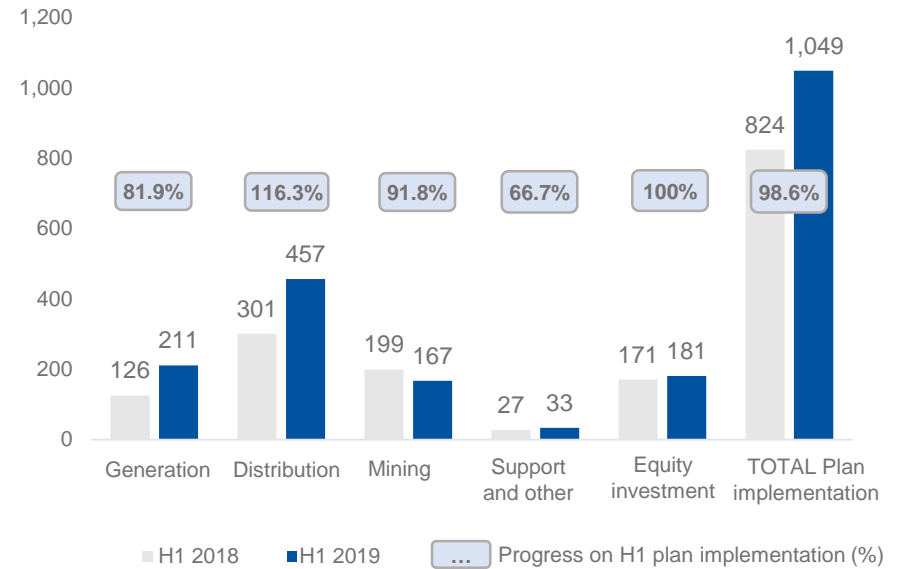
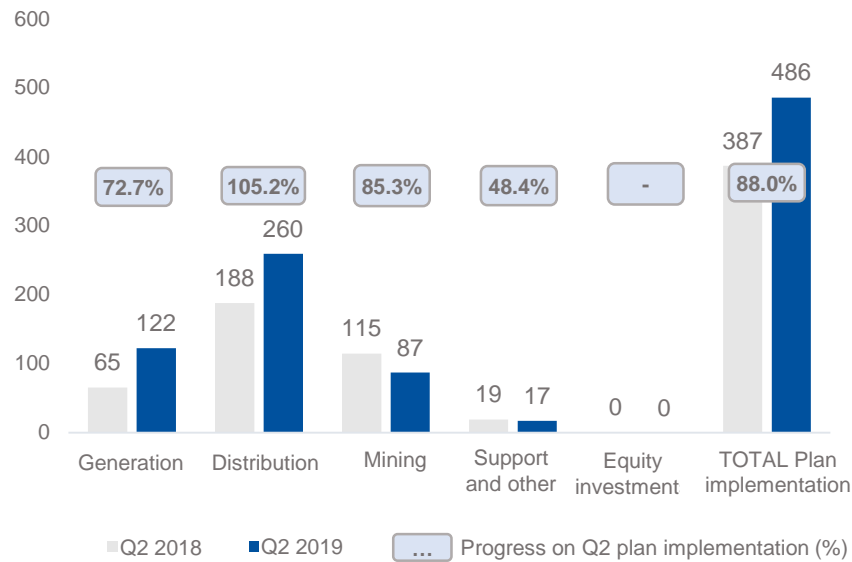
<p>(+) Higher revenues from coal sales [higher sales price, higher volume]</p>	<p>(+) Higher margin on production by PLN 244.7 million</p>	<p>(-) Lower margin on licensed activities by PLN 16.3 million</p>	<p>(-) Higher average price of energy purchase by 38.7%</p>
<p>(-) Lower result on other operating activities [conclusion of a settlement agreement PLN 28.7 million in H1 2018]</p>	<p>(+) EBITDA growth in the RES Segment of PLN 55.1 million [prices of electricity and green certificates]</p>	<p>(-) Lower sales volume of distribution services to end users</p>	<p>(-) Higher costs of environmental obligations by 7.1%</p>
<p>(+) Lower costs by type [payroll, materials]</p>	<p>(+) Higher volume of electricity generation [RES]</p>	<p>(-) Lower profit on other operating activities by PLN 39.6 million</p>	<p>(+) Compensation (price difference amount) PLN 430.4 million</p>
	<p>(+) Higher margin on trading and on the Balancing Market by PLN 28.3 million</p>		<p>(+) Change in provisions for onerous contracts PLN 41.0 million</p>

# CAPEX investment programme



Implementation of investment plans as planned

[PLN m]



## 2019 CAPEX structure

- 24.5 % Generation
- 40.5 % Distribution
- 20.5 % Mining
- 5.8 % Support and other
- 8.7 % Equity investment

PLN 104 million for pro-environmental investment in H1 2019



A sunset scene over a body of water with mountains in the background. The sun is a bright, glowing orb in the center of the sky, casting a long, shimmering reflection on the water. The sky is a gradient of orange and red. In the foreground, there are large, semi-transparent numbers "0" and "7" overlaid on the water. The "0" is on the left and the "7" is on the right, both appearing to be part of a larger graphic or design.

# Environmental performance

## Taking care of the natural environment as a manifestation of Corporate Social Responsibility



Significant investments in RES, increasing environmental awareness and reducing the carbon footprint of coal-fired power units

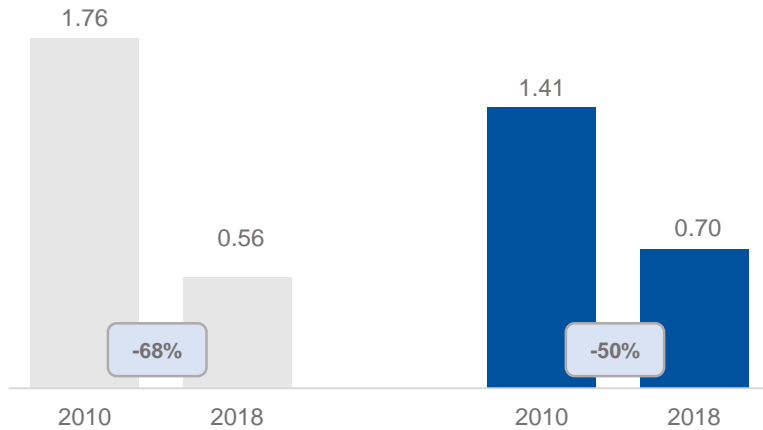
- Enea EkoProjekty
- Cooperation with the Regional State Forest Directorate - 13 environmental initiatives
- Execution of 7 environmental actions
- Voluntary action #TrashChallengeEnei
- Volume of electricity generation from the Green Unit – over 638 GWh in H1 2019
- Pro-environmental investment – PLN 104 million
- Development plan for an installation based on three gas sources in Piła – emissions reduction and smog prevention
- Adjustment programme for ENEA's generation units to the BAT conclusions: all generation sources to be adjusted (except for Unit 1 in Połaniec Power Plant, which is subject to a derogation until 2023): outlays for this purpose will amount to approx. PLN 400 million
- At present, 17 units already meet the requirements of the BAT conclusions for NO<sub>x</sub> emissions (Unit 5 in Połaniec Power Plant is being upgraded)

# Emissions intensity of ENEA's generation units in the years 2010-2018

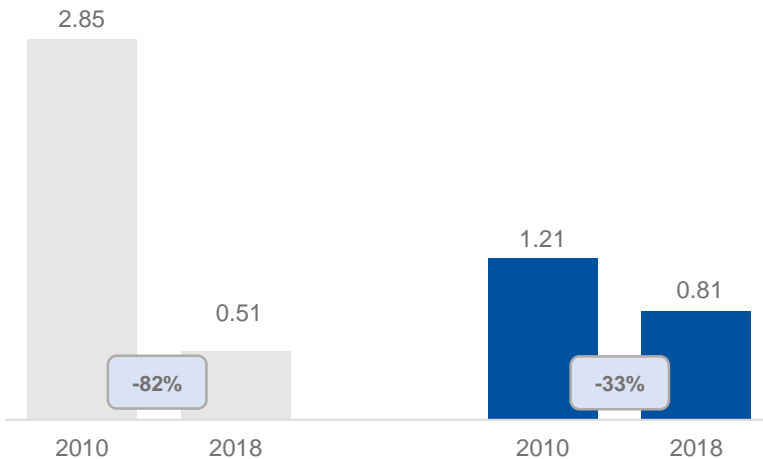


We are consistently reducing our environmental impact

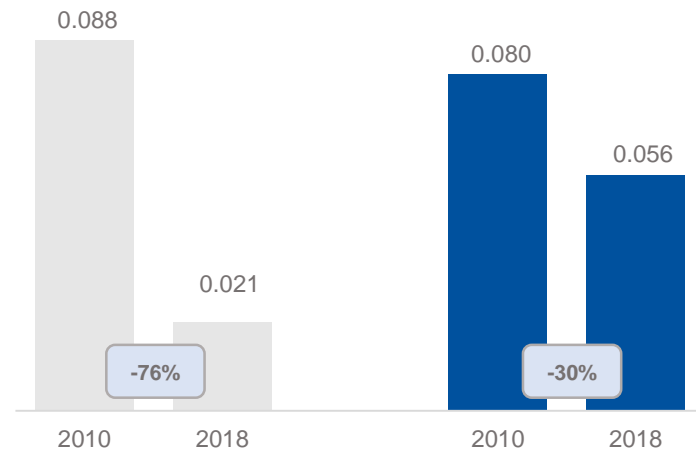
NO<sub>x</sub> emissions intensity [kg/MWh]



SO<sub>x</sub> emissions intensity [kg/MWh]



Dust emissions intensity [kg/MWh]



■ ENEA Wytwarzanie Sp. z o.o. ■ ENEA Elektrownia Polaniec S.A.

■ ENEA Wytwarzanie Sp. z o.o. ■ ENEA Elektrownia Polaniec S.A.



ENE A Group's customer and  
social commitment  
& sponsorship

# ENEA is changing with its customers in mind



For several years now, the company has been conducting intensive activities aimed at improving the quality of services

**ENEA adapts itself to the needs** and expectations of its Customers

We develop and focus on innovation and **high standards of service**

Our modern Customer Service Offices ensure **comfort and short waiting times**

Professional team of consultants guarantees **quick realization** of tasks entrusted to them

New, remote contact channels provide comfort and possibility to handle matters **in a convenient time for the Customer** (eBOK application, chatroom and hotline)



The introduction of an **electronic signature in all CSCs** has improved the process of signing contracts and archiving digital documents

Our **32 centres** offer the same **comfort and quality of service** in both larger and smaller towns

We have introduced **facilities for people with disabilities and pregnant women**

Thanks to the **digitalization of customer service processes**, we have reduced the amount of paper used and the number of pages in invoices



# Education is one of the pillars of ENEA Group's CSR activities



Continuous development of educational programs supporting the development of children and youth

## ENEA Talent Academy – development of passions and talents of children and youth

Scholarship programme for primary and secondary school students from the area of operations of ENEA Group Companies, distinguished by outstanding achievements in sport, science and art

2 editions of ENEA Talent Academy:  
**40 scholarship recipients**  
**18 original educational projects**  
**PLN 300,000 for the development of young talents**

## AKADEMIA TALENTÓW

TWOJE DZIECKO ENERGIĄ DLA ŚWIATA



## Patronage programme – effective management of the generation gap

- Cooperation of ENEA Group companies with local vocational and technical secondary schools, including ones related to the energy industry
- Dual system of vocational training within the framework of cooperation with universities
- Promotion at universities and job fairs of ENEA Group as a reliable prospective employer
- Organisation of a traineeship scheme and the “Install yourself in ENEA” apprenticeship scheme

# ENEA Group as a sponsor of success



Sponsorship of the Polish National Rowing Team and a number of sports clubs



## POLISH NATIONAL ROWING TEAM

4 medals of the World Championships  
4 medals of the European Championship  
6 qualifications for the Tokyo Olympic Games



**ENEA ASTORIA BYDGOSZCZ** – promotion to the top Polish men’s basketball league



**ENEA PTPS PIŁA** – top Polish women’s volleyball league



**STELMET ENEA BC ZIELONA GÓRA** – 4<sup>th</sup> place in the top Polish men’s basketball league



**ENEA AZS POZNAŃ** – top Polish women’s basketball league



**INVESTINTHEWEST ENEA GORZÓW WLKP.**  
– Polish Women’s Basketball Vice-Champion title



**CERRAD ENEA CZARNI RADOM** – 5<sup>th</sup> place in the top Polish men’s volleyball league



**ENEA SIARKA TARNOBREZG** – Polish Table Tennis Champion and Winner of the 2018/2019 Champions’ League

The background of the slide is a photograph of the interior of a nuclear reactor. It features a complex network of large, silver, insulated pipes and metal walkways with yellow safety railings. Two large circular cutouts are overlaid on the image. The left cutout shows a person on a walkway. The right cutout shows a yellow vehicle with the text "ZBUD" and an arrow pointing left. The text "Data highlights" is overlaid in white on the right side of the image.

# Data highlights

# H1 2019 in numbers

## Robust operating data



More than **12 TWh** in electricity generation volume



More than **10 TWh** in sales volume of electricity and gas to retail customers



Nearly **3 TWh** of electricity production in Unit 11, result: **PLN 160 million**

## Strong financial results



**PLN 8 billion** in revenues  
Nearly **PLN 1.7 billion** in EBITDA  
**PLN 0.6 billion** in net profit



More than **PLN 1 billion** in CAPEX  
**1.97** net debt / EBITDA



**Return on equity (ROE)**  
an increase to **7.4%**



10

Annexes

## Operating data of LW Bogdanka



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LW Bogdanka's operating data	Q2 2018	Q2 2019	Change	H1 2018	H1 2019	Change
Net production ['000 tonnes]	2,424	2,293	-5.4%	4,519	4,825	6.8%
Coal sales ['000 tonnes]	2,374	2,405	1.3%	4,341	4,770	9.9%
Closing stocks ['000 tonnes]	202	144	-28.7%	202	144	-28.7%
Excavation works [km]	10.8	6.4	-40.7%	19.7	14.2	-27.9%

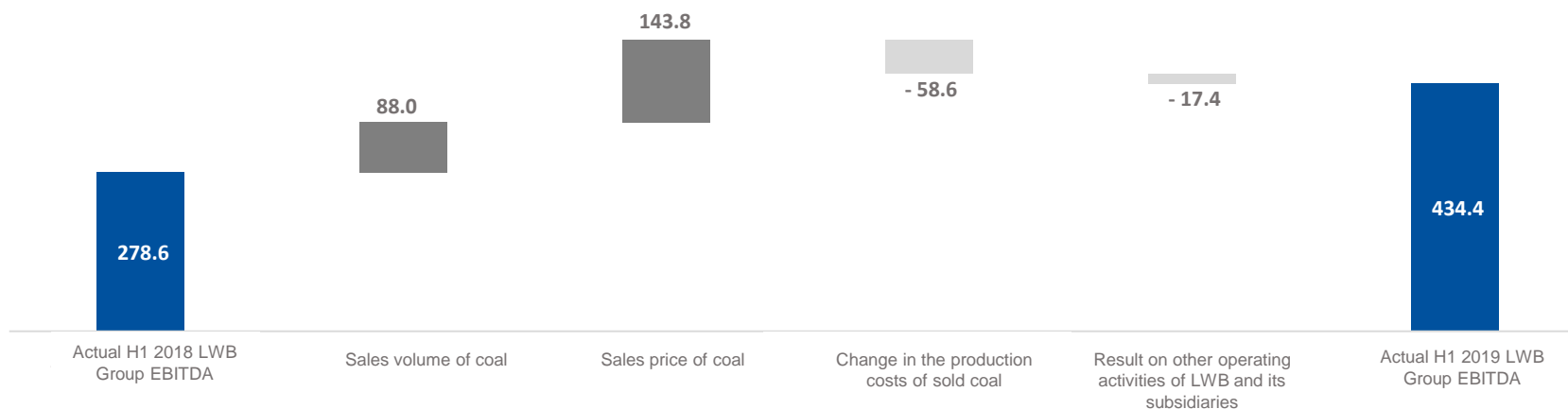
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# EBITDA – H1 2019 vs. H1 2018



LW Bogdanka Group's financial results [PLN m]	Q2 2018	Q2 2019	Change	H1 2018	H1 2019	Change
Net sales revenue	457	558	22.1%	856	1,098	28.3%
EBITDA	151	212	40%	279	434	55.5%
EBIT	50	114	128%	78	242	210.2%
Net profit	43	88	104.7%	66	198	200.0%

PLN m



## H1 2019 EBITDA change factors:

EBITDA growth by PLN 155,798 thousand

(+) higher coal sales (+9.9%, +429,000 tonnes)

(+) higher coal price

(+) lower nominal production costs

(-) lower revenues from other activities (in 2018, settlement of the arrangement entered into by and between the Parent Company and the consortium of Mostostal Warszawa S.A. and Acciona Infraestructuras [positive impact on result: PLN 28,666 thousand]; in 2019, release of the provision for the contentious claim of the Social Insurance Institution (ZUS) [positive impact on result PLN 16,398 thousand])

## Operating data of ENEA Group



ENEA Group's operating data [GWh]	Q2 2018	Q2 2019	Change	H1 2018	H1 2019	Change
Total net generation of electricity	6,458	6,577	+1.85%	12,793	12,685	-0.84%
including:						
Kozienice Power Plant	3,824	4,296	+12.34%	7,807	8,170	+4.65%
Połaniec Power Plant	2,587	2,232	-13.72%	4,792	4,327	-9.70%
Total electricity generation from RES	530	490	-7.55%	902	1,007	+11.64%

## Volume of distribution services

ENEA Group's sales figures [GWh]	Q2 2018	Q2 2019	Change	H1 2018	H1 2019	Change
Sales of distribution services to end users	4,865	4,824	-0.84%	10,047	9,967	-0.80%



## Sales volume of electricity

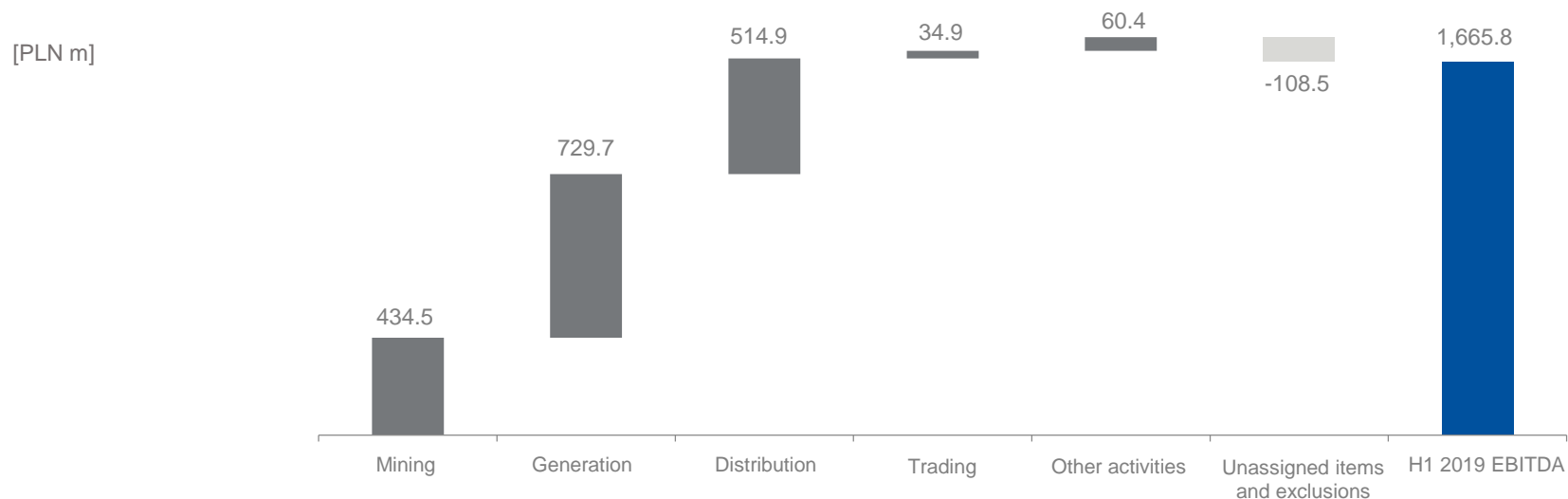


ENEA Group's sales figures [GWh]	Q2 2018	Q2 2019	Change	H1 2018	H1 2019	Change
Sales of electricity and gaseous fuel to retail customers	5,058	4,798	-5.14%	10,655	10,215	-4.13%

## Key financials

ENEA Group's financials [PLN m]	Q1 2018	Q1 2019	Change	Q2 2018	Q2 2019	Change	H1 2018	H1 2019	Change
Net sales revenue	4,010	4,010	-	3,051	4,010	31%	6,040	8,020	33%
EBITDA	799	867	9%	602	867	44%	1,304	1,666	28%
EBIT	441	485	10%	294	485	65%	633	926	46%
Net profit	280	300	7%	208	300	44%	462	579	25%
Net profit attributable to shareholders of the parent company	246	260	6%	190	260	37%	431	506	17%
Net debt / EBITDA	2.60	1.97	-0.63	1.84	1.97	0.13	1.84	1.97	0.13

# Financial results in H1 2019



H1 2019 EBITDA [PLN m]	434.5	729.7	514.9	34.9	60.4	-108.5	1,665.8
EBITDA margin	39.6%	18.6%	36.7%	0.8%	19.1%	-	20.8%
Change [PLN m]	160.9	293.1	-64.9	5.8	25.3	-58.4	361.8
Change [%]	58.8%	67.1%	-11.2%	20.0%	72.1%	116.6%	27.7%
<hr/>							
Q2 2019 EBITDA [PLN m]	215.1	329.9	266.0	45.7	34.0	-23.6	867.0
EBITDA margin	38.6%	16.5%	38.2%	2.1%	21.4%	-	21.6%
Change [PLN m]	64.8	120.5	-16.3	69.9	17.9	8.2	265.1
Change [%]	43.1%	57.5%	-5.8%	-289.1%	112.1%	-25.9%	44.0%

# Results of the Generation Area segments



[PLN m]	Generation, including:								
	System Power Plants			Heat			RES		
	Q2 2018	Q2 2019	Change	Q2 2018	Q2 2019	Change	Q2 2018	Q2 2019	Change
Sales revenue	1,550	1,763	213	80	91	11	125	151	26
EBIT	51	165	114	3	3	(0)	75	25	(50)
EBITDA	162	277	115	16	17	1	31	36	5
CAPEX	52	105	53	12	16	4	1	2	1
	H1 2018	H1 2019	Change	H1 2018	H1 2019	Change	H1 2018	H1 2019	Change
Sales revenue	2,947	3,341	394	254	259	5	205	344	139
EBIT	73	342	269	54	30	(24)	86	84	(2)
EBITDA	306	566	260	80	59	(21)	50	105	55
CAPEX	105	186	81	19	23	4	2	2	-



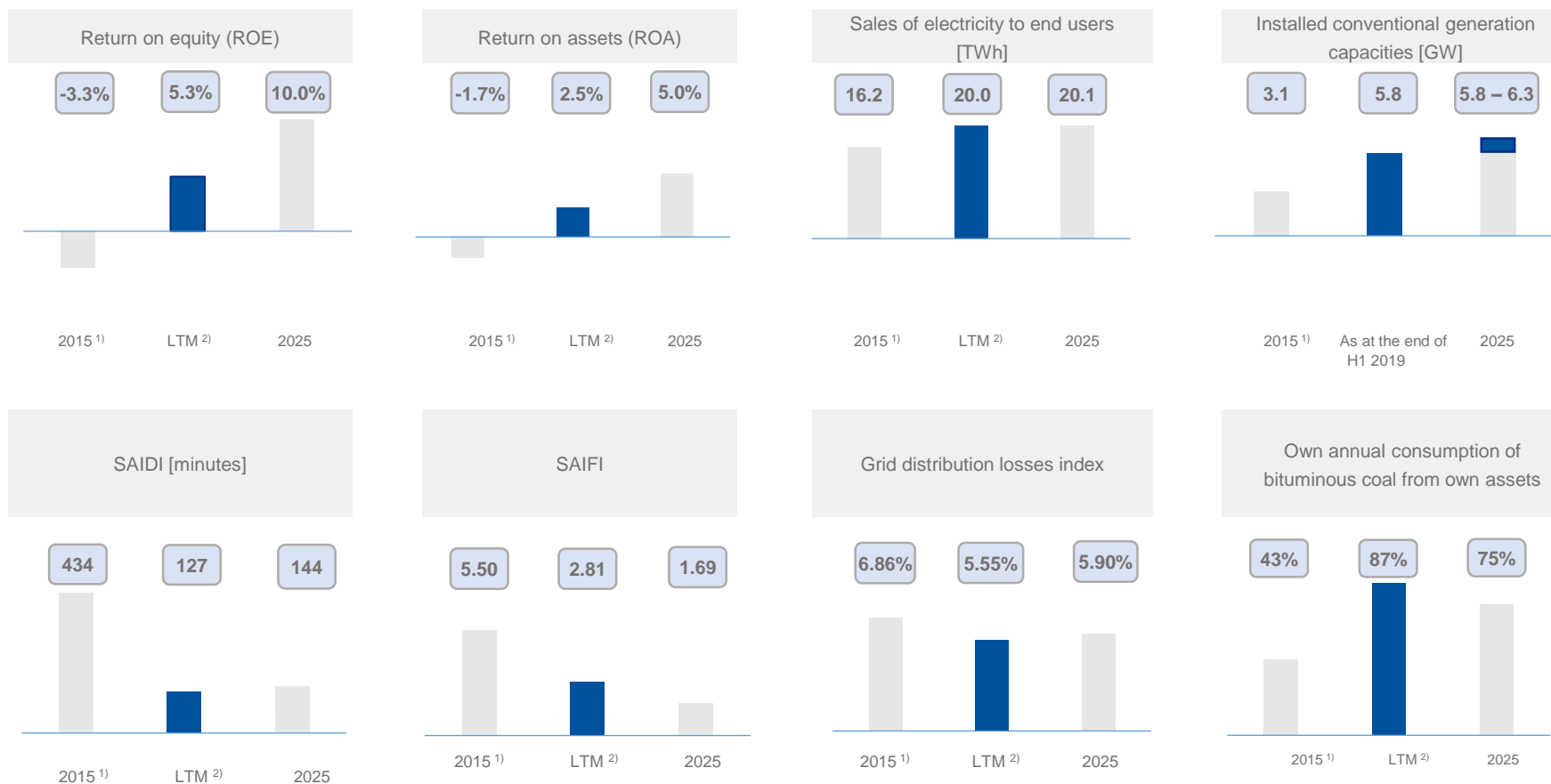
## MISSION:

Enea delivers constantly improved products and services, exceeding Customers' expectations due to motivated teams working in a friendly, safe and innovative organisation.

## VISION:

Enea is a leading supplier of integrated raw materials and energy related products and services and other innovative services for the wide range of Customers, recognised for the quality, comprehensiveness and reliability.

## ENEA Group's Development Strategy until 2030 – status of implementation



<sup>1)</sup> Reference year

<sup>2)</sup> LTM (Last Twelve Months) covering the period from H2 2018 to H1 2019



# ENEA Group H1 2019 results

30 September 2019

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