

We focus on an optimum
use of ENEA CG's potential

Q4 2013, 2013

Krzysztof Zamasz

President of the Board

Grzegorz Kinelski

Vice-President of the Board for Commercial Affairs

Dalida Gepfert

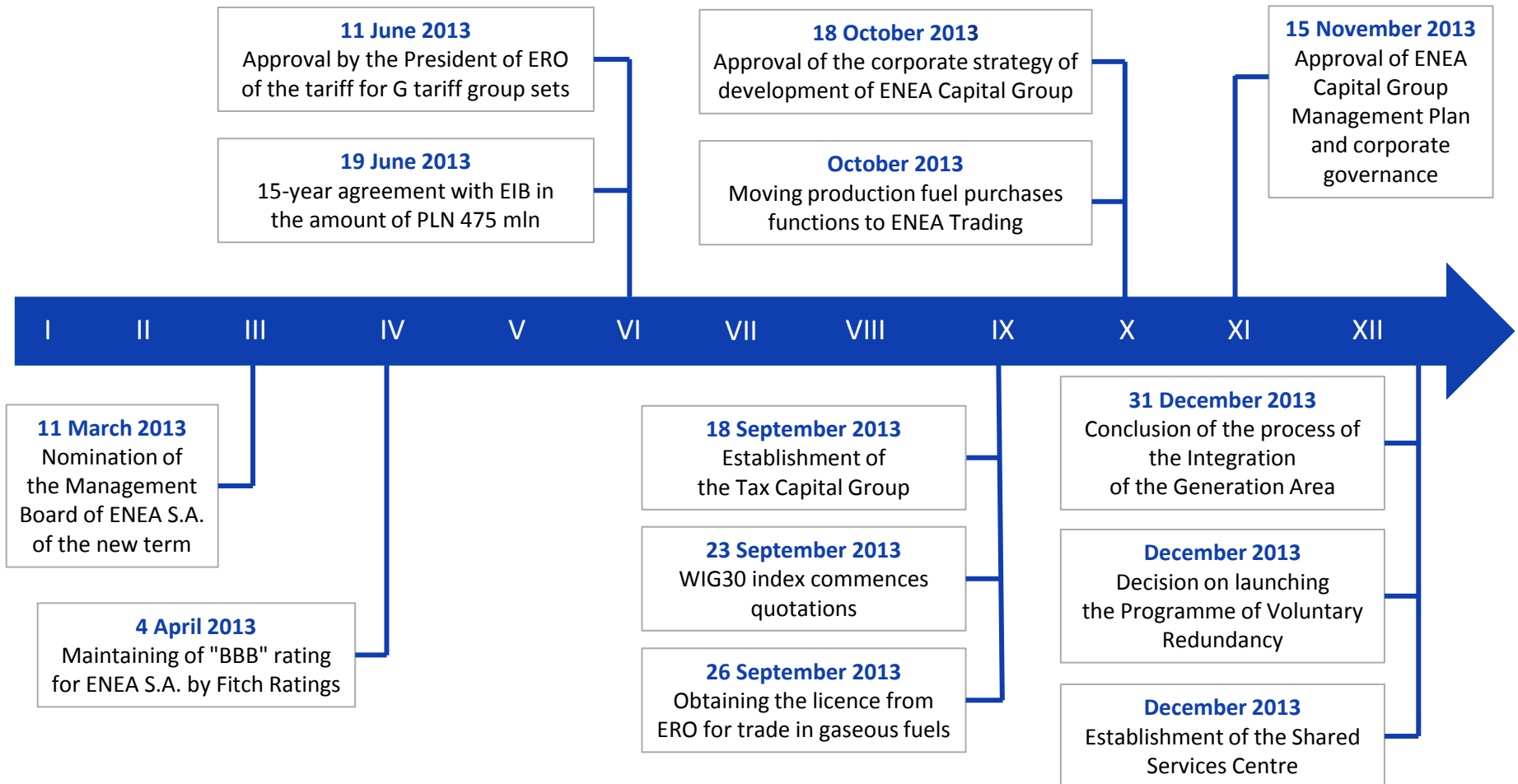
Vice-President of the Board for Financial Affairs

Paweł Orlof

Vice-President of the Board for Corporate Affairs



2013 was a period of intensive work and new challenges for ENEA CG



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Energy market and key operating data

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Perspectives for 2014

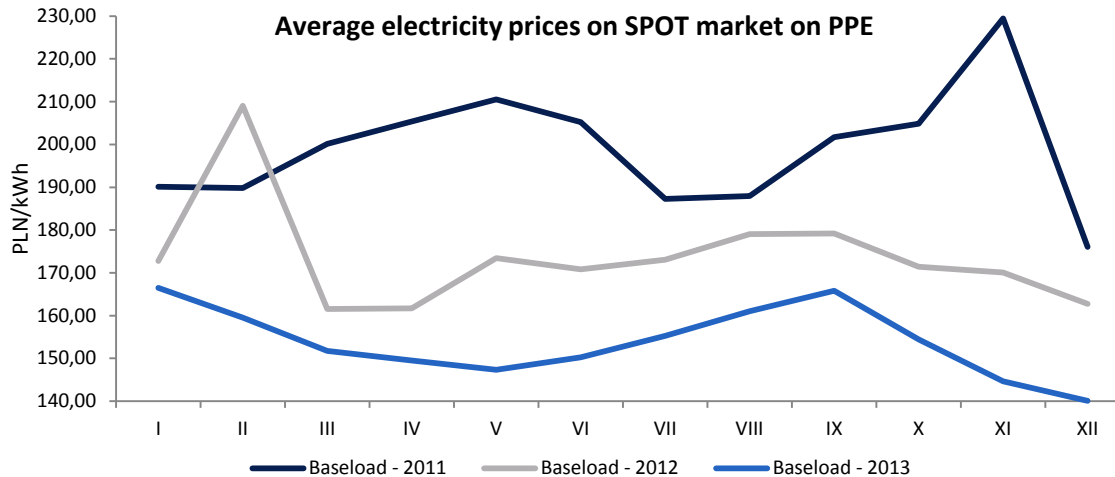
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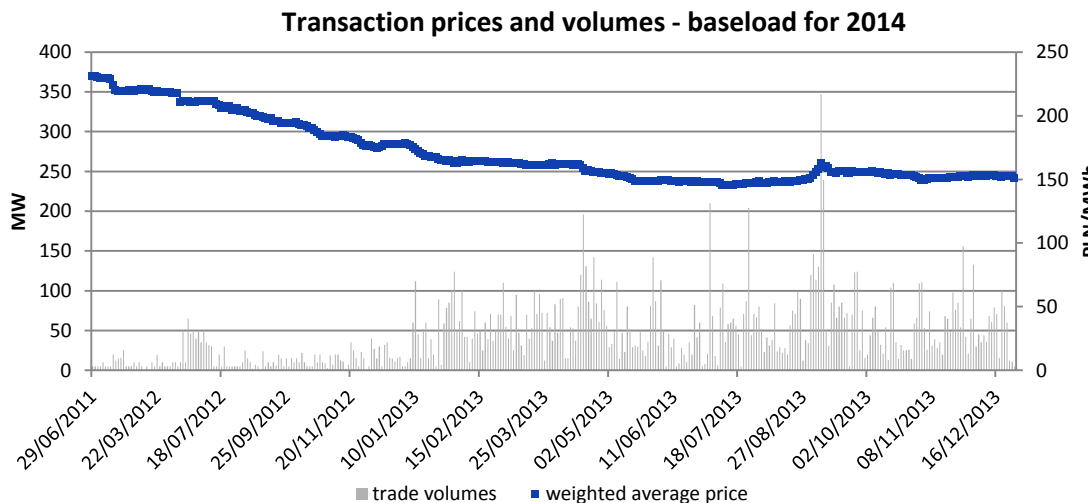
**The energy sector needs to adapt
to the demanding market situation**



Persistent low energy prices are a challenge for the sector companies



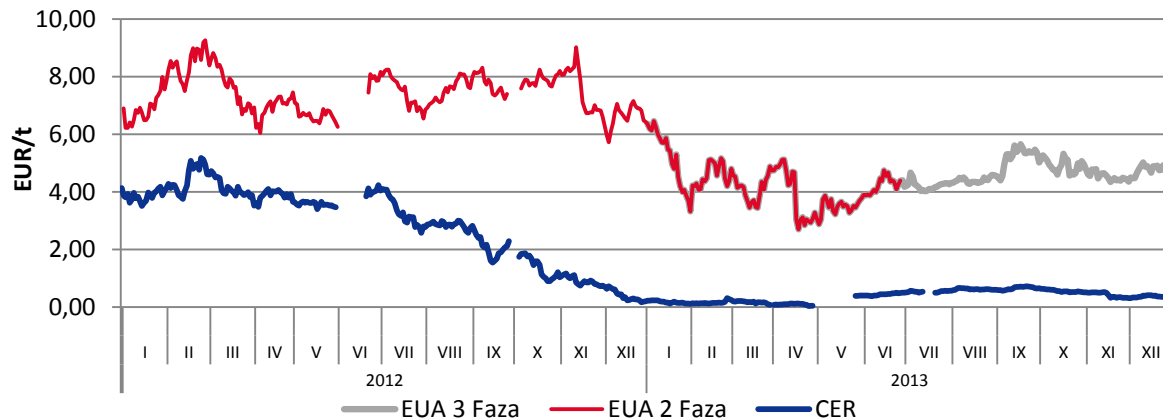
- Lower average baseload price yoy by 11.4%
- Higher energy prices during summer (from May to September), later on back to the downturn trend till the end of the year



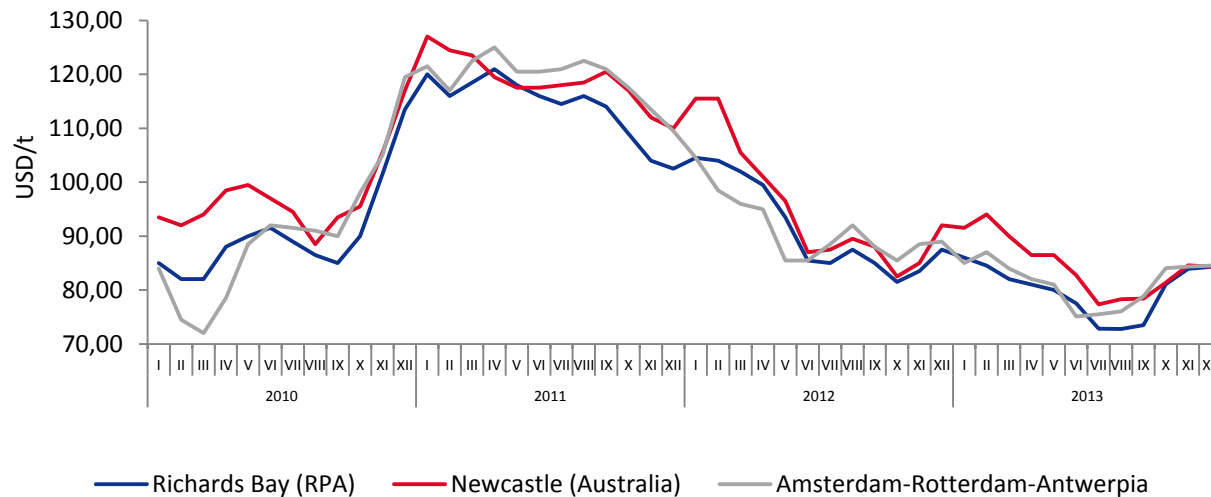
- Reaching the lowest prices in July 2013
- After short increases a sideways trend
- End of quotations on the level of 151.00 PLN/MWh (on TFS)

Low prices of allowances for emissions of CO₂ and coal determined energy prices in 2013

EUA and CER quotations - closing prices on SPOT market



Monthly indices of coal prices (globalCOAL)



- Low prices of allowances for emissions of CO₂
- Great surplus of EUA in EU ETS
- EUA price fluctuations dependant on moods on the market, expectations regarding backloading and political decisions of EU member states
- Low prices of coal on foreign markets
- After a drop in coal prices to values close to those from the beginning of 2010, return to the level from the second half of 2012 and first half of 2013

Higher energy generation of ENEA CG

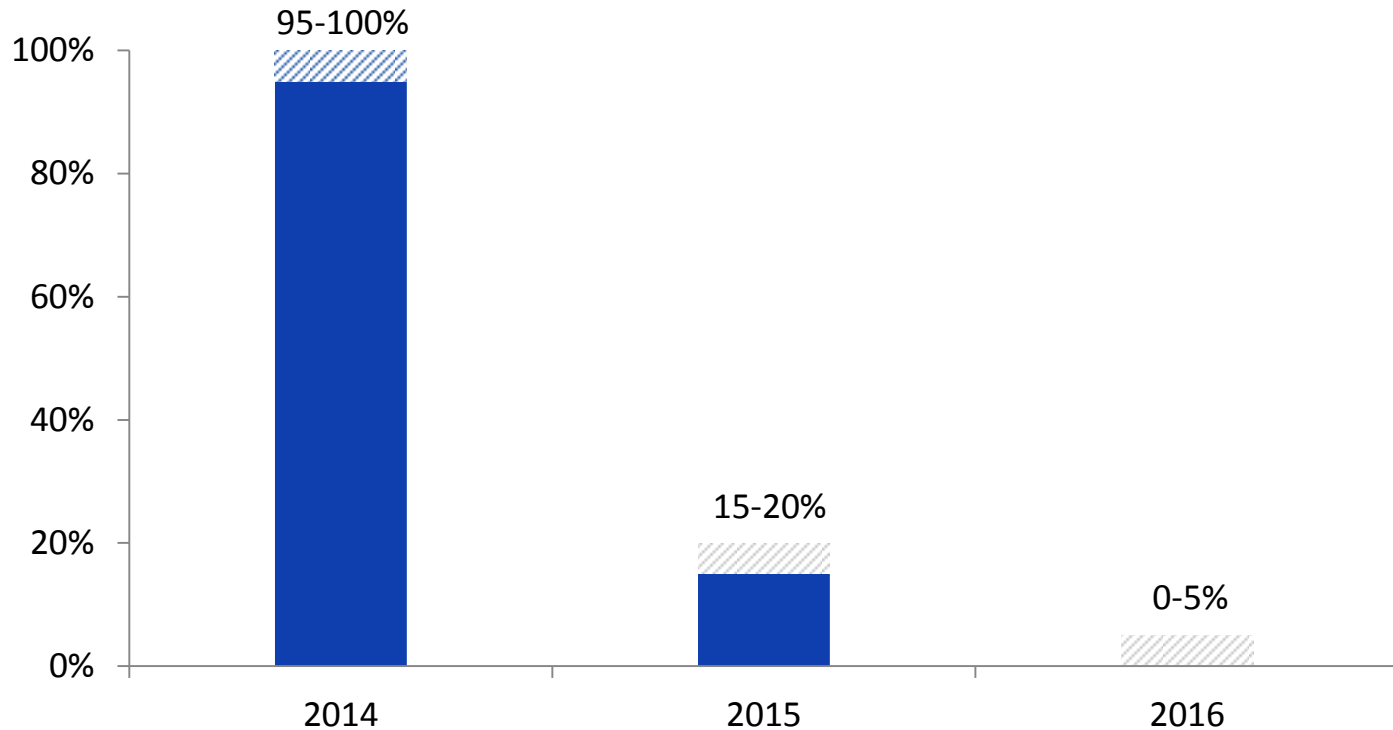
[GWh]	Q4 2012	Q4 2013	Change	2012	2013	Change
Total generation of energy, including:	3 102	2 865	-7.6%	11 482	11 854	3.2% ✓
Conventional generation	2 853	2 568	-10.0%	10 580	10 889	2.9% ✓
Generation from RES	249	297	19.3% ✓	902	965	7.0% ✓



ENEA CG increased energy generation in 2013 both from conventional sources and RES

Significant part of volumes on generation in 2014 is hedged

% of hedged electricity



	2014	2015	2016
Hedging prices	155 - 165 PLN/MWh	160 - 170 PLN/MWh	160 - 170 PLN/MWh

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Dalida Gepfert

Member of the Board for Financial Affairs

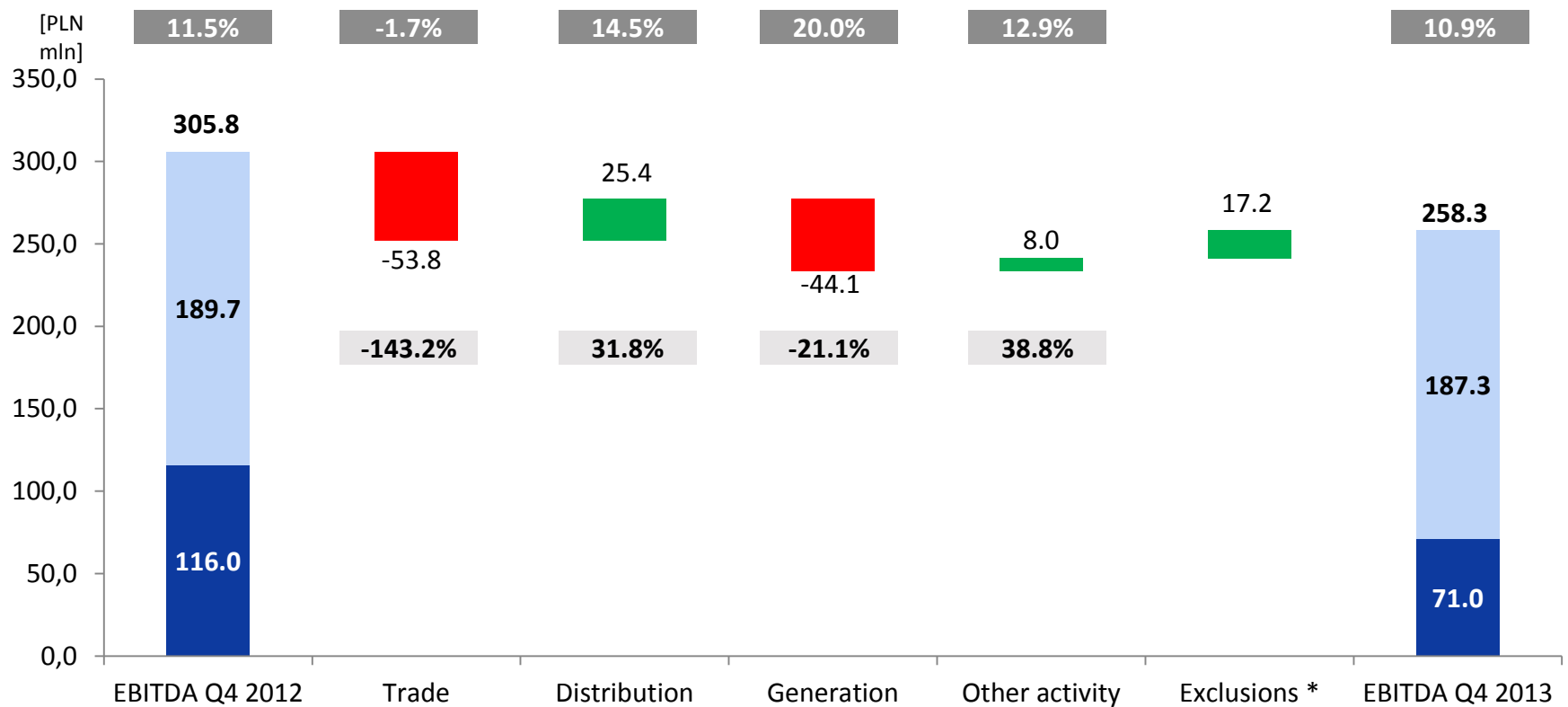
**ENEA CG closed 2013
above market expectations**



In 2013 ENEA CG improved EBITDA result by 5.3%

[PLN mln]	Q4 2012	Q4 2013	Change	2012	2013	Change	
Net sales revenues	2 664.3	2 363.3	-11.3%	10 091.4	9 150.5	-9.3%	
EBITDA	305.8	258.3	-15.5%	1 574.6	1 658.8	5.3%	✓
Net profit	84.4	48.5	-42.5%	694.1	715.4	3.1%	✓
Net debt/EBITDA	-0.9	-0.6	-	-0.9	-0.6	-	

EBITDA in Q4 2013 demonstrates better results yoy in the segment of distribution



- EBIT
- Growth in segment
- Change in segment yoy [%]
- Amortisation/ depreciation
- Drop in segment
- EBITDA margin [%]

* Includes undistributed expenses of the whole Group and exclusions

EBITDA in Q4 2013 demonstrates better results yoy in the segment of distribution

[PLN mln]	Q4 2012	Q4 2013	Change
Trade	37.6	-16.2	-143.2%

[PLN mln]	Q4 2012	Q4 2013	Change
Distribution	79.7	105.1	31.8%

[PLN mln]	Q4 2012	Q4 2013	Change
Generation	208.8	164.7	-21.1%

[PLN mln]	Q4 2012	Q4 2013	Change
Other activity	20.5	28.4	38.8%

Segment of trade

Lower EBITDA by PLN 53.8 mln (-143.2%)

- Lower first contribution margin
- Settlement of the balance between purchases and sales of energy

Segment of distribution

Higher EBITDA by PLN 25.4 mln (31.8%) ✓

- higher tariffs for rendered services with a positive change in the volumes of supply of energy and lower costs of energy purchases for covering the book-tax difference ✓

Segment of generation

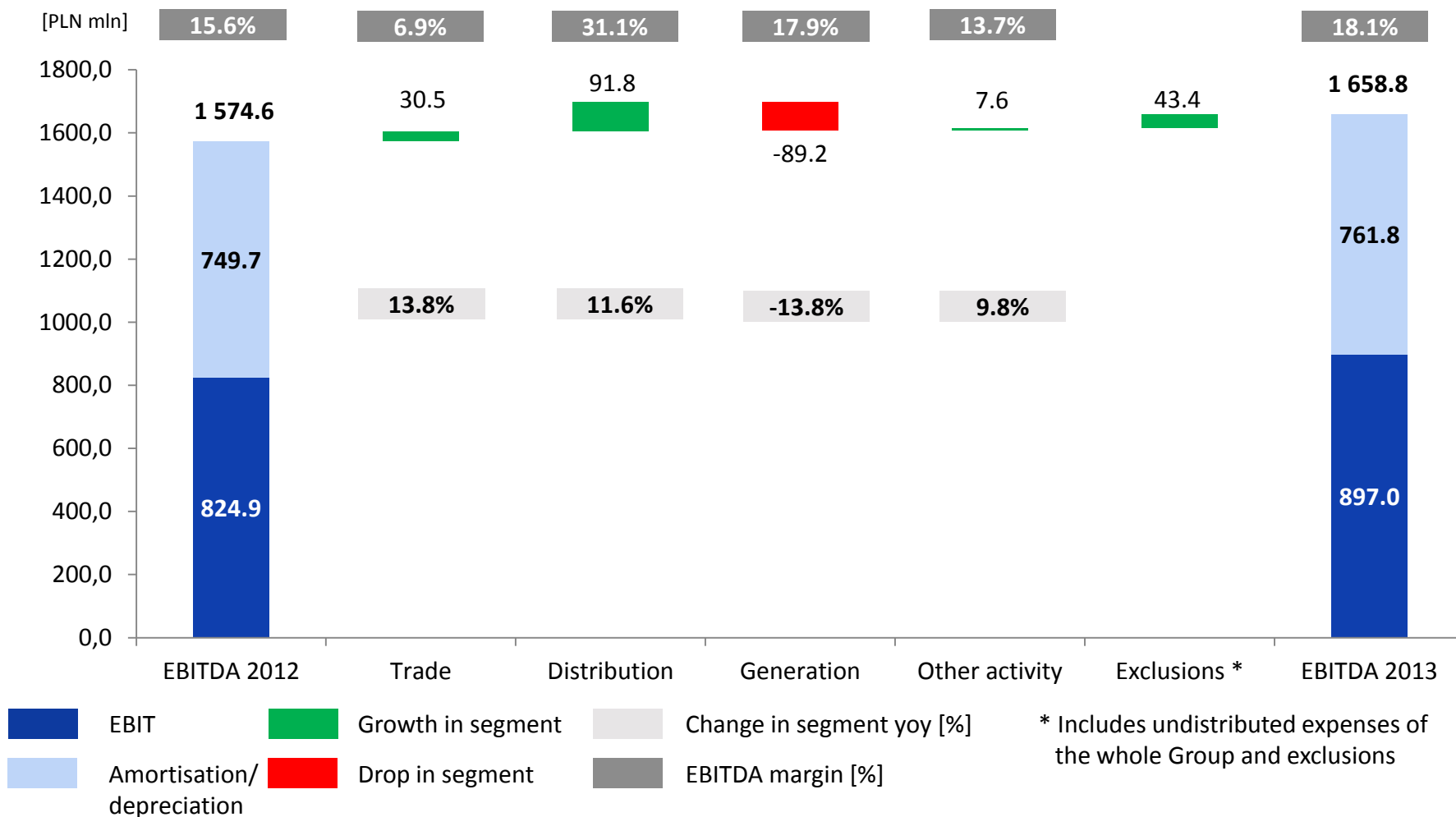
Lower EBITDA by PLN 44.1 mln (-21.1%)

- Establishment of the provisions for the Programme of Voluntary Redundancy
- Lower margin on electricity generation

Other activity

Increase of EBITDA by PLN 8.0 mln (38.8%) ✓

Results generated by the segment of trade and distribution impacted the 5.3% growth in the Group's EBITDA in 2013



Results generated by the segment of trade and distribution impacted the 5.3% growth in the Group's EBITDA in 2013

[PLN mln]	2012	2013	Change
Trade	220.7	251.2	13.8%

Segment of trade

Increase of EBITDA by PLN 30.5 mln (13.8%) ✓

- Higher first contribution margin on trade activity as a result of lower average purchase price by 6.2% ✓

[PLN mln]	2012	2013	Change
Distribution	788.9	880.7	11.6%

Segment of distribution

Increase of EBITDA by PLN 91.8 mln (11.6%) ✓

- higher tariffs for rendered services with a positive change in the volumes of supply of energy and lower costs of energy purchases for covering the book-tax difference ✓

[PLN mln]	2012	2013	Change
Generation	648.6	559.4	-13.8%

Segment of generation

Drop of EBITDA by PLN 89.2 mln (-13.8%)

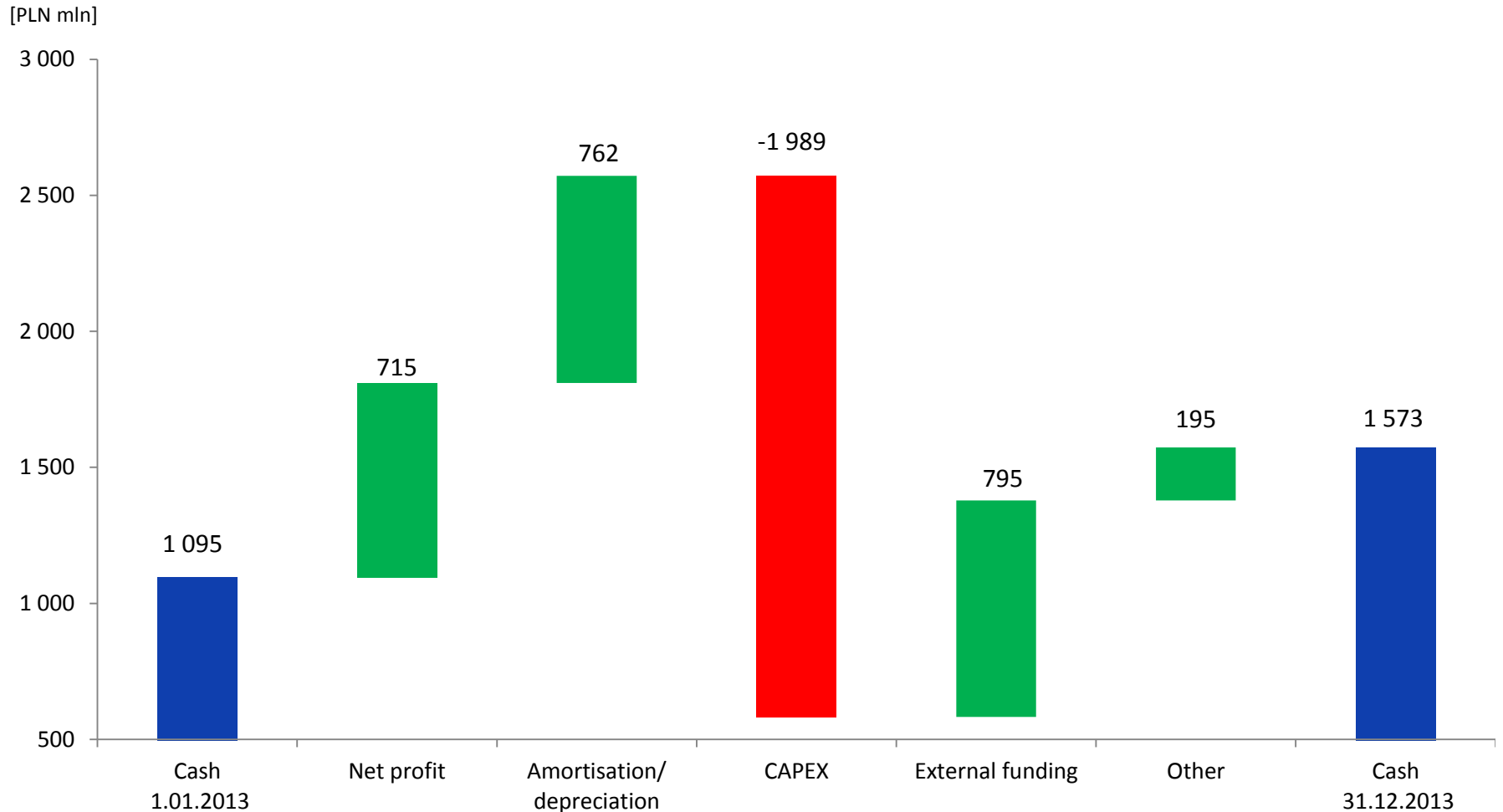
- Lower margin on electricity generation and on biomass co-firing

[PLN mln]	2012	2013	Change
Other activity	77.6	85.3	9.8%

Other activity

Increase of EBITDA by PLN 7.6 mln (9.8%) ✓

Stable cash flows are a guarantee of the Group's financial security



ENEA CG generated satisfactory results despite unfavourable impact of the market environment



Financial results of ENEA CG in 2013 are better than market expectations



Q4 2013 results were charged with one-off events



The level of cash flows from operating activities is stable



Consistent development of ENEA CG - capital expenditures higher by PLN 0.4 bln with a favourable value of net debt/EBITDA -0.6



The corporate strategy adopted in October for 2014-2020 will increase the strength of ENEA CG on the Polish energy market

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Paweł Orlof

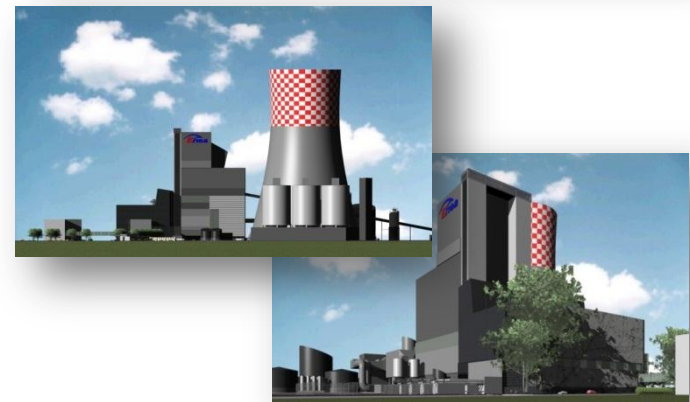
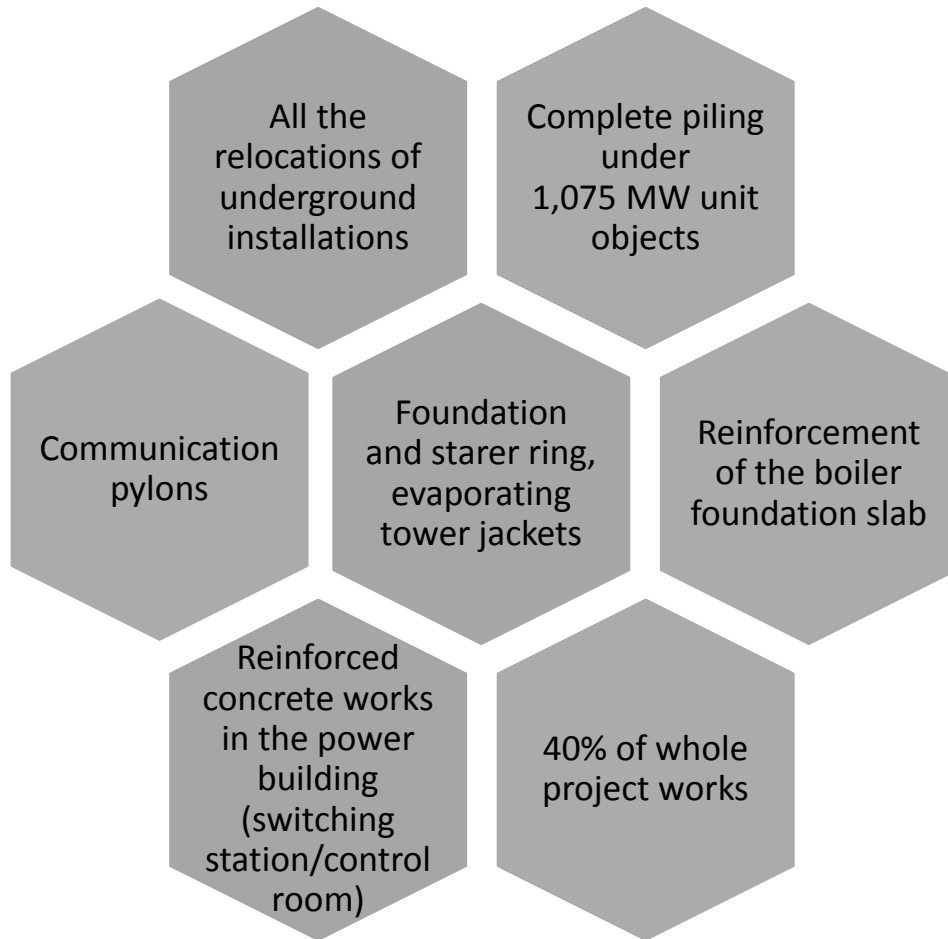
Member of the Board for Corporate Affairs

**The construction of the new
power unit is on the schedule**



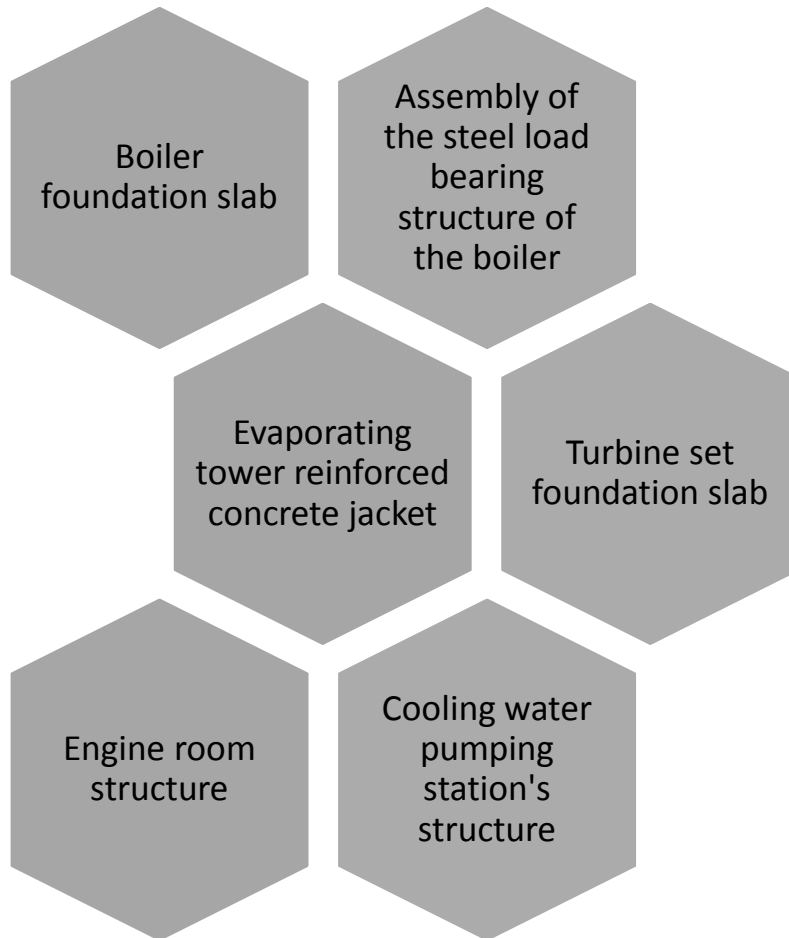
All the tasks anticipated for realisation for 2013 were precisely performed

Key elements realised in 2013

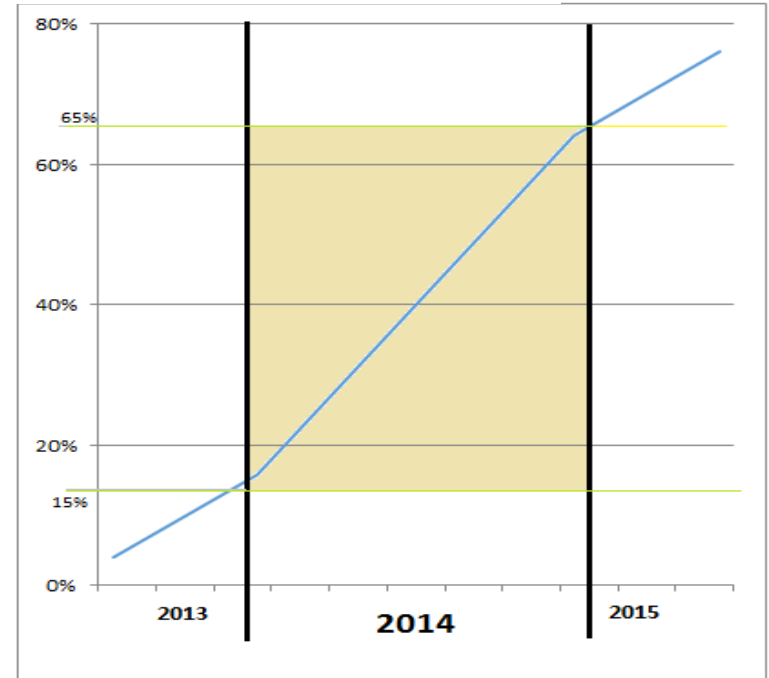


2014 is particularly important for the success of the investment implementation

Scope of works to be executed in 2014



Scope of work to be done in 2014



We manage the risks within:

- Designing
- Construction works
- Purchases (deliveries)
- Start-up (technical controls)

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President of the Board

**The priority of ENEA CG is preparation
the organisation for market challenges**



In 2013 we realised 24 key initiatives

	2013	2014
1. Corporate Strategy of ENEA CG for 2014-2020	✓	
Finance		
2. Debt collection activities intensification	✓	➔
3. Tax Capital Group	✓	
4. Shorter times of preparation of financial statements and management information (fast close)	✓	
5. Risk management process implementation	✓	➔
6. Investment financing restructuring (long-term)	✓	
7. Insurance Policy	✓	
8. Comprehensive bank service / Cash pooling	✓	
Customer		
9. Common Customer Service	✓	➔
10. Declogging of internal sale channels	✓	
11. Products loyalising G tariff group set customers	✓	➔
12. Sponsoring and marketing plan	✓	

Undertaken activities will enable in 2014 to reduce costs by PLN 100 mln

In 2013 we realised 24 key initiatives

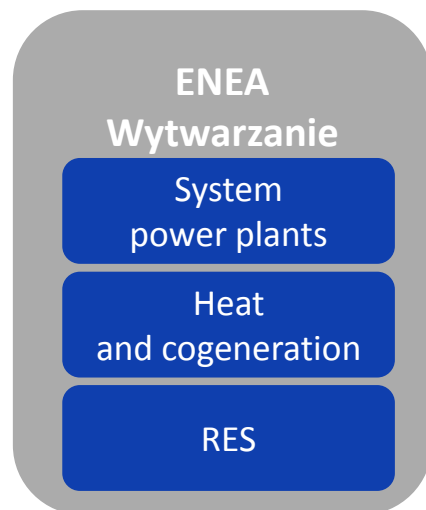
<i>Internal processes</i>	2013	2014
13. Consolidation of production fuels trading	✓	
14. SSC - Accounting and Payroll, IT	✓	➔
15. Good Purchases	✓	➔
16. Integration of the Generation Area	✓	
17. Preparation of non-core companies restructuring	✓	➔
18. Corporate governance	✓	➔
19. ENEA CG management plan	✓	➔
20. Development and implementation of BCM standards	✓	➔
21. Change in the model of legal and business services ordering	✓	
22. New system of ownership supervision	✓	
23. Management information	✓	➔
<i>Intellectual capital</i>		
24. ENEA CG's Code of Ethics	✓	

Undertaken activities will enable in 2014 to reduce costs by PLN 100 mln

Full Integration of the Generation Area will ensure optimum use of the segment's resources

On 31 December 2013 ENEA Wytwarzanie merged with Białystok Heat and Power Plant, Elektrownie Wodne and Dobitt Energia

Integrated structure



Quickening of decision-making processes



Better efficiency of the investment portfolio management



Optimisation of finance management

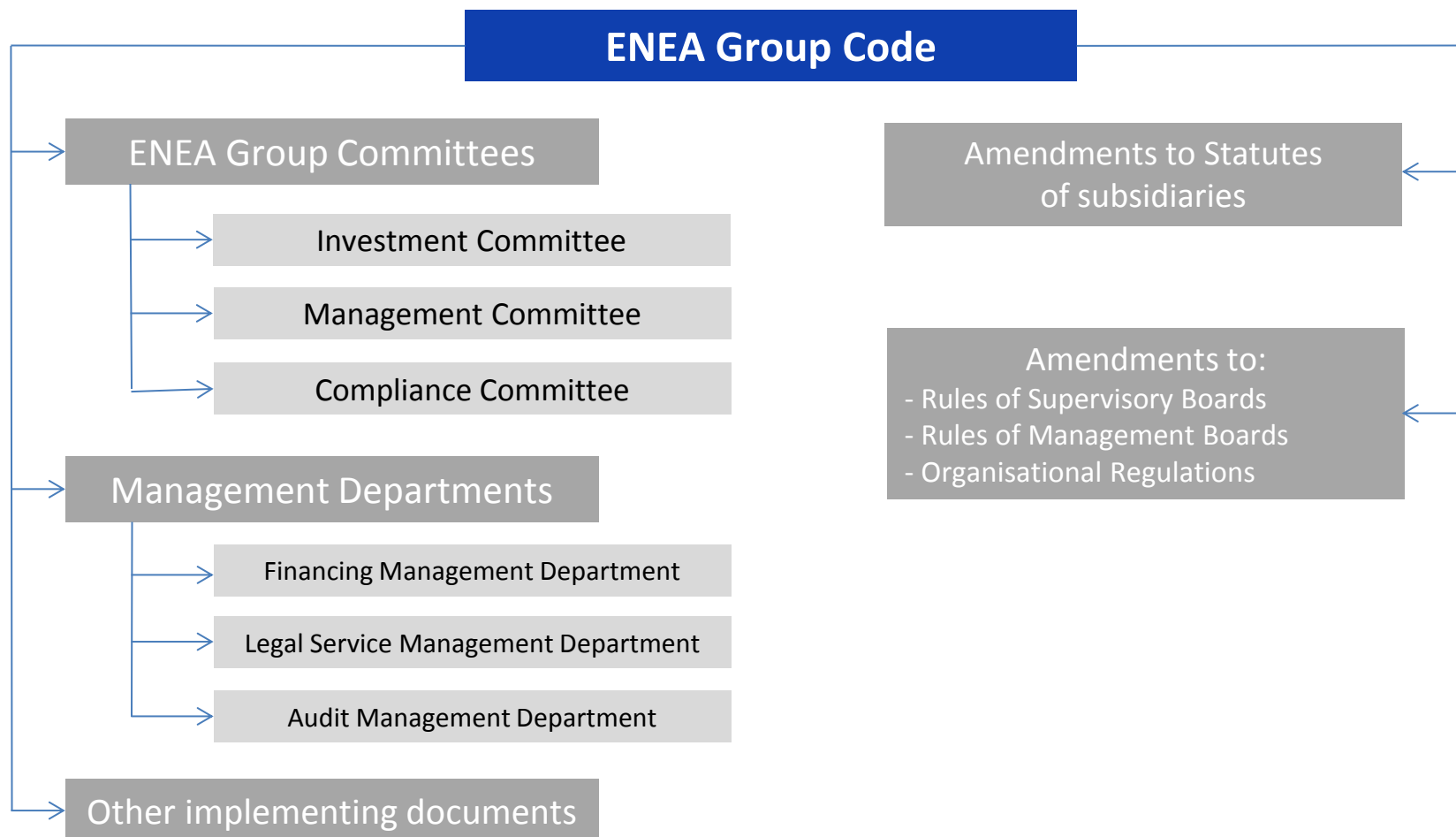


Reducing the number of internal settlements

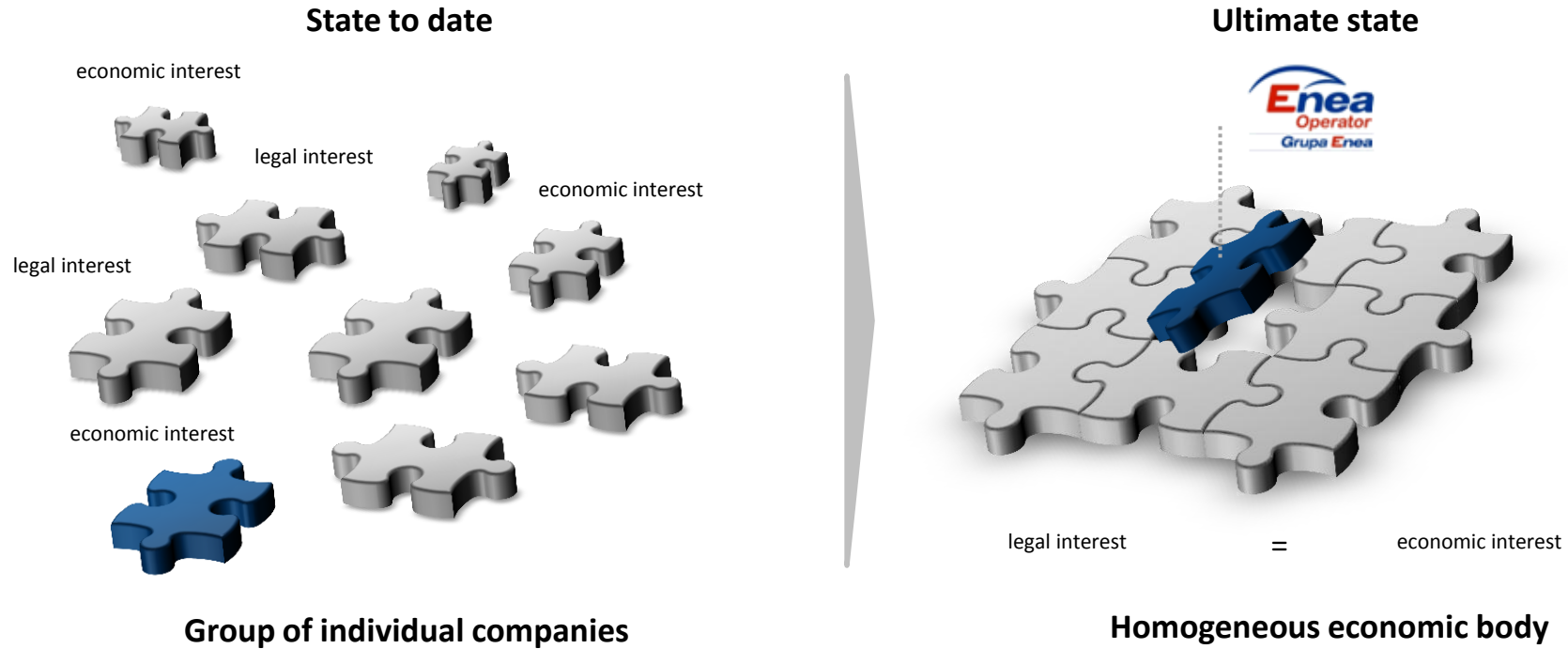


Cost reduction

ENEA CG management plan provides for the implementation of specific legal and corporate solutions within the new corporate governance



Adopted corporate governance is a new method of managing ENEA CG



Change of ENEA Group's organisational DNA

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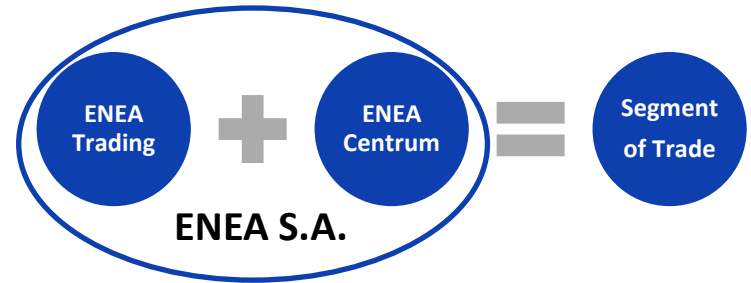
Grzegorz Kinelski

Vice-President of the Board for Commercial Affairs

**2013 is new areas of cooperation
and development of sales channels**



ENEA CG is concentrated on Customer needs



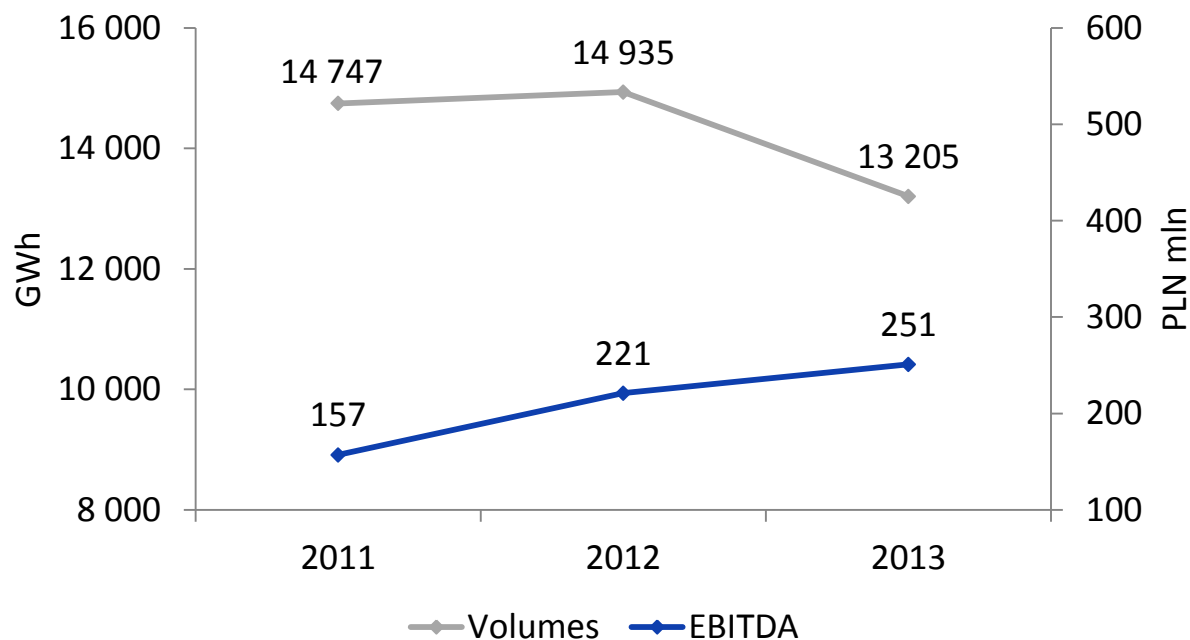
ENEA Trading

- Better bargaining power
- Higher sales
- Purchases made on more favourable terms

ENEA Centrum

- More efficient Customer service process

In 2013 we improved EBITDA result on the segment of trade



➤ In 2013 we generated EBITDA result on the level of PLN 251 mln - growth by PLN 30.5 mln yoy

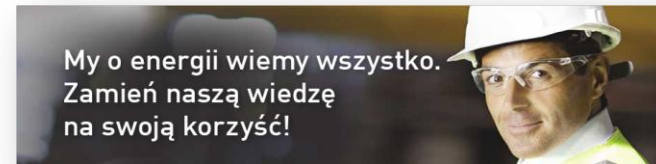
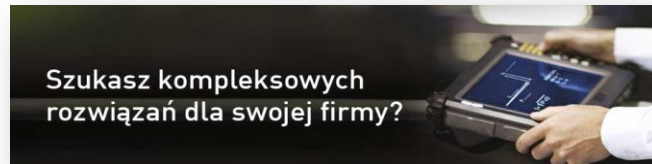
➤ As regards quantities 2013 resulted in a loss of significant volumes mainly in A tariff group set

➤ In 2014 we undertaken activities directed at regaining the market share

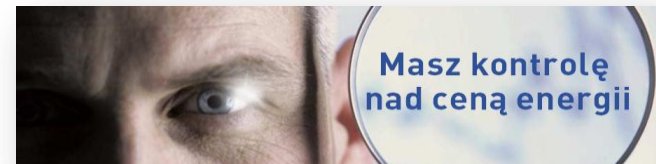
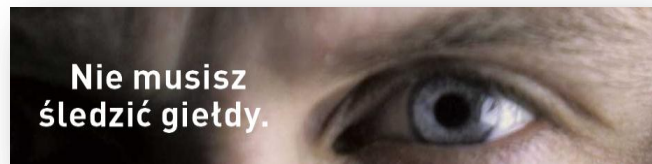
In 2013 we successfully implemented new products to our offer

In 2013 ENEA S.A. considerably developed the range of products. The following products were e.g. introduced:

ENEA Professional Product – programme within which energy-related services are realised for Customer such as audits, consumption optimisation, execution services



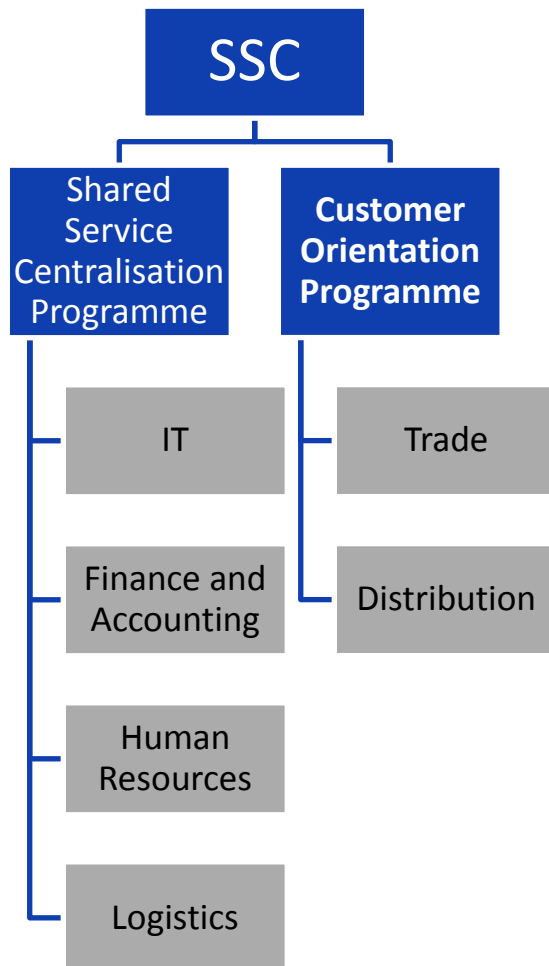
ENEA Index Product – the product gives Customers a possibility of purchasing electricity at price related to the rate from the wholesale electricity market



FIXED PRICE Product – the product allows Customers to secure the price for the subsequent two or even three years on the same level



Shared Service Centre will make business processes more efficient in ENEA CG



The process of takeover of tasks, functions and employees commenced on 1 January 2014

- Better efficiency
- Lower costs
- Better Customer service
- Concentration of companies on core operations

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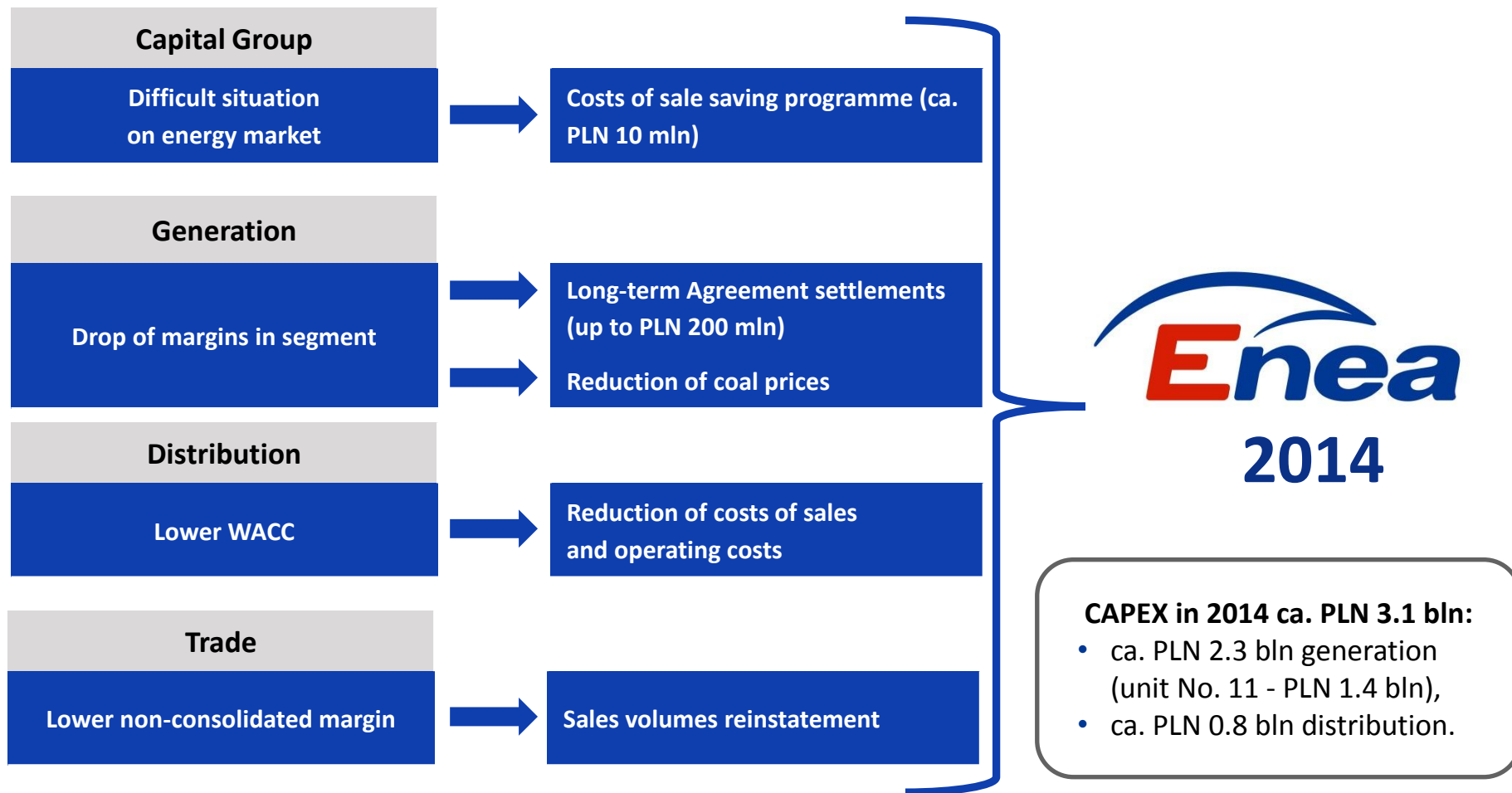
Krzysztof Zamasz

President of the Board

**2014 perspectives – ENEA CG intensively
counteracts unfavourable trends on
energy market**



Flexibility of ENEA CG will allow to actively counteract unfavourable trends persistent on the energy market in 2014



We focus on an optimum
use of ENEA CG's potential

Q4 2013, 2013

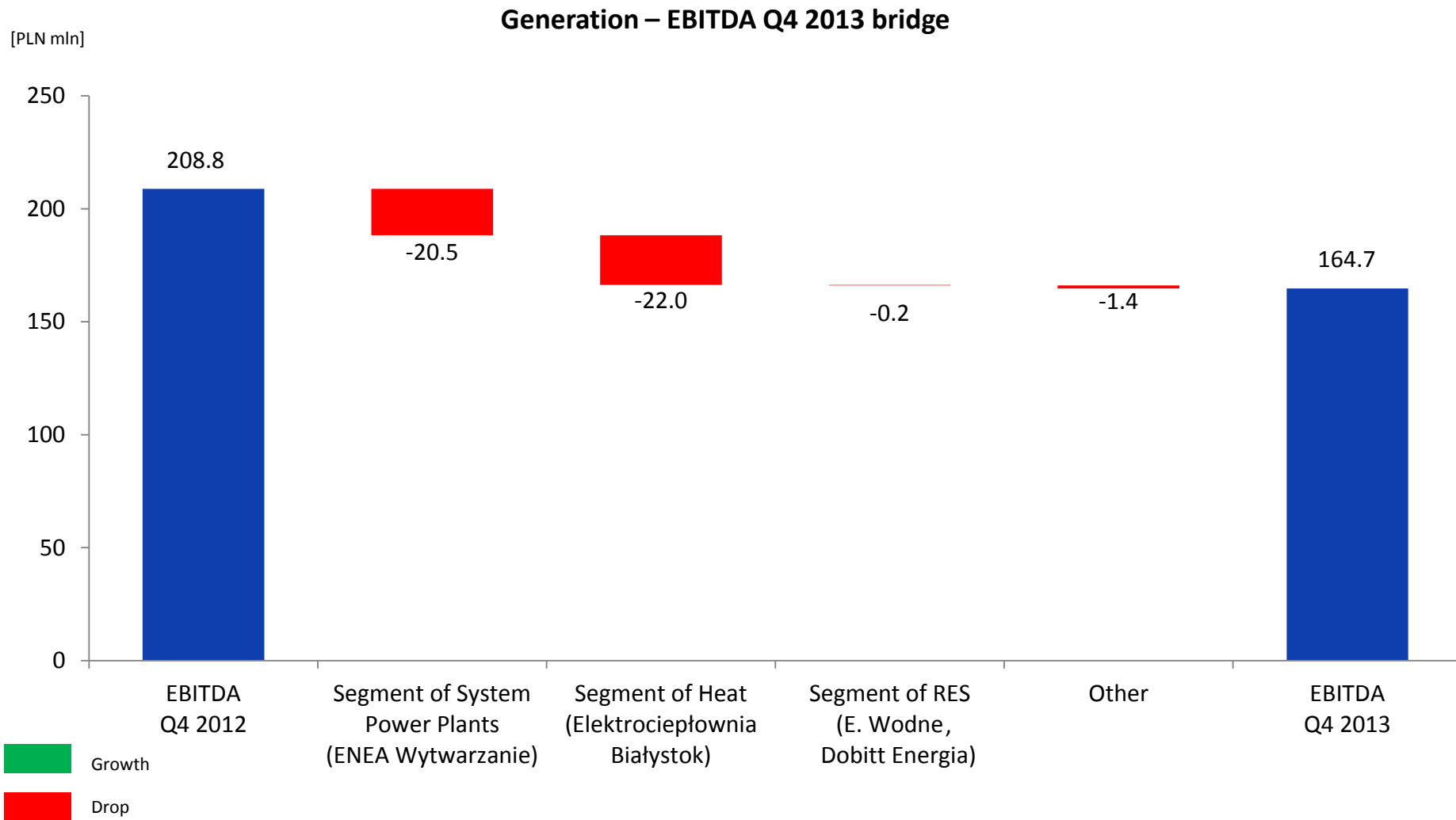
gielada@enea.pl



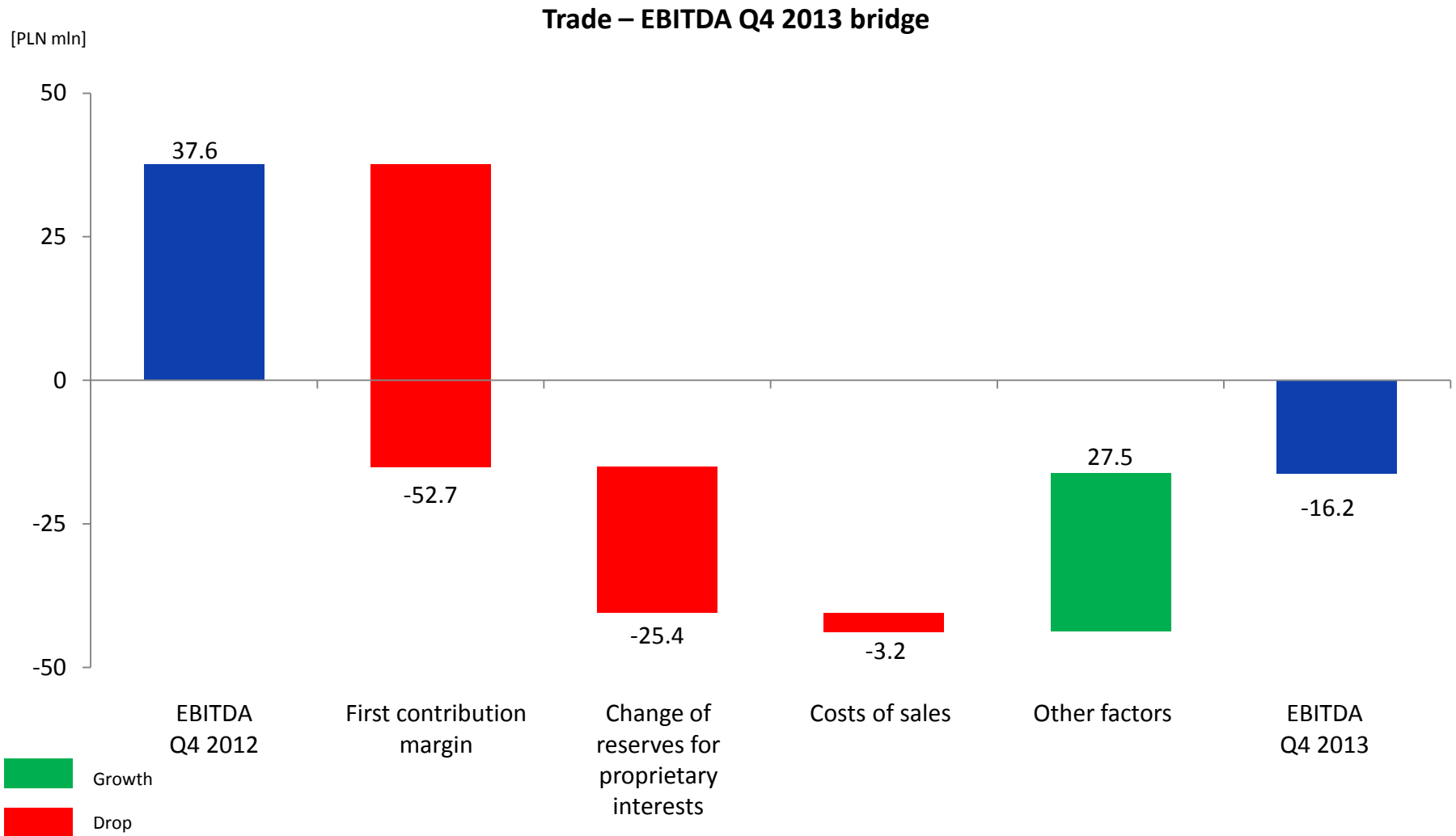
Additional information



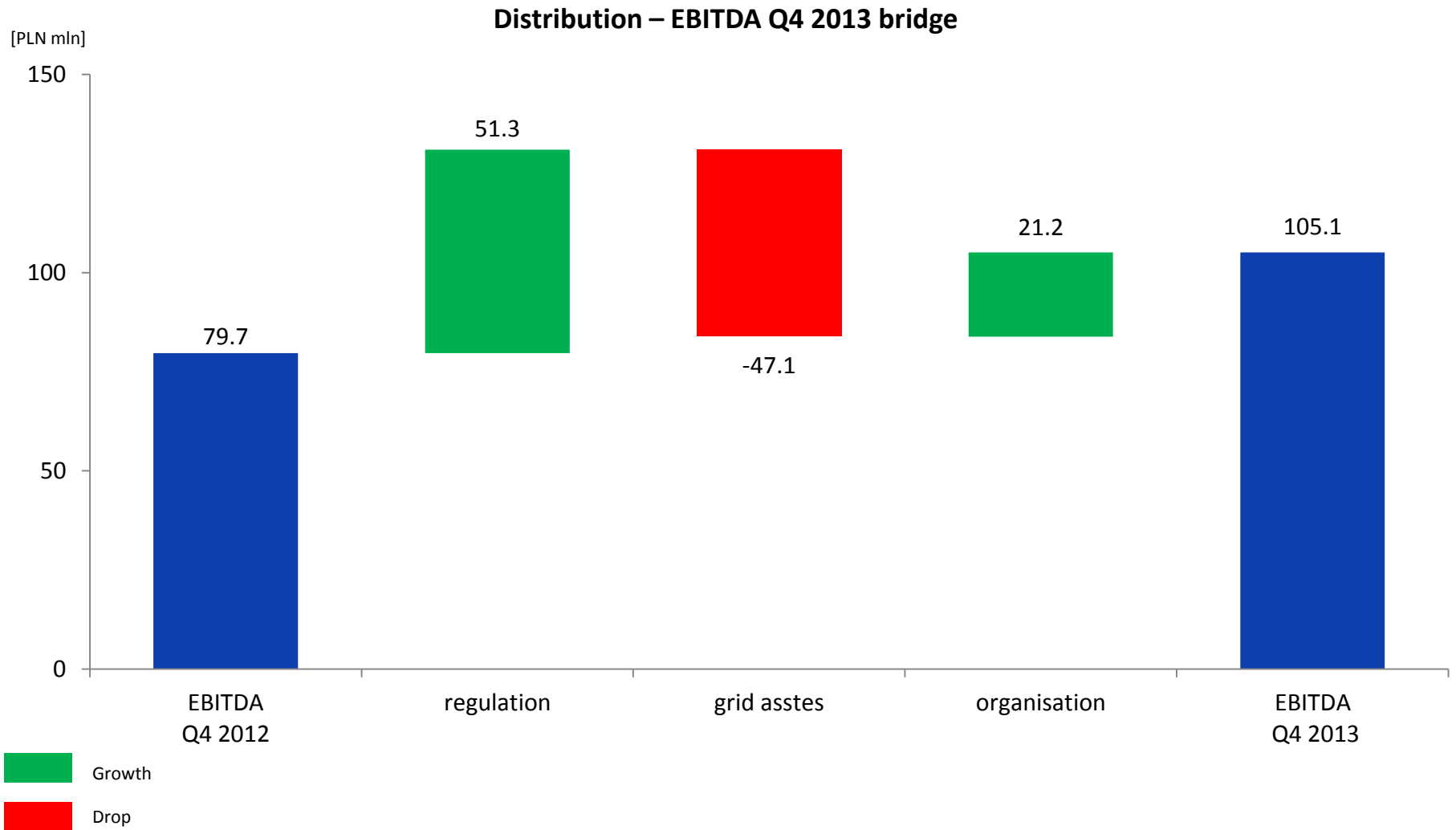
Attachment No. 1 - Drop in the segment of generation results from e.g. lower margins on energy generation and established provisions for the Programme of Voluntary Redundancy



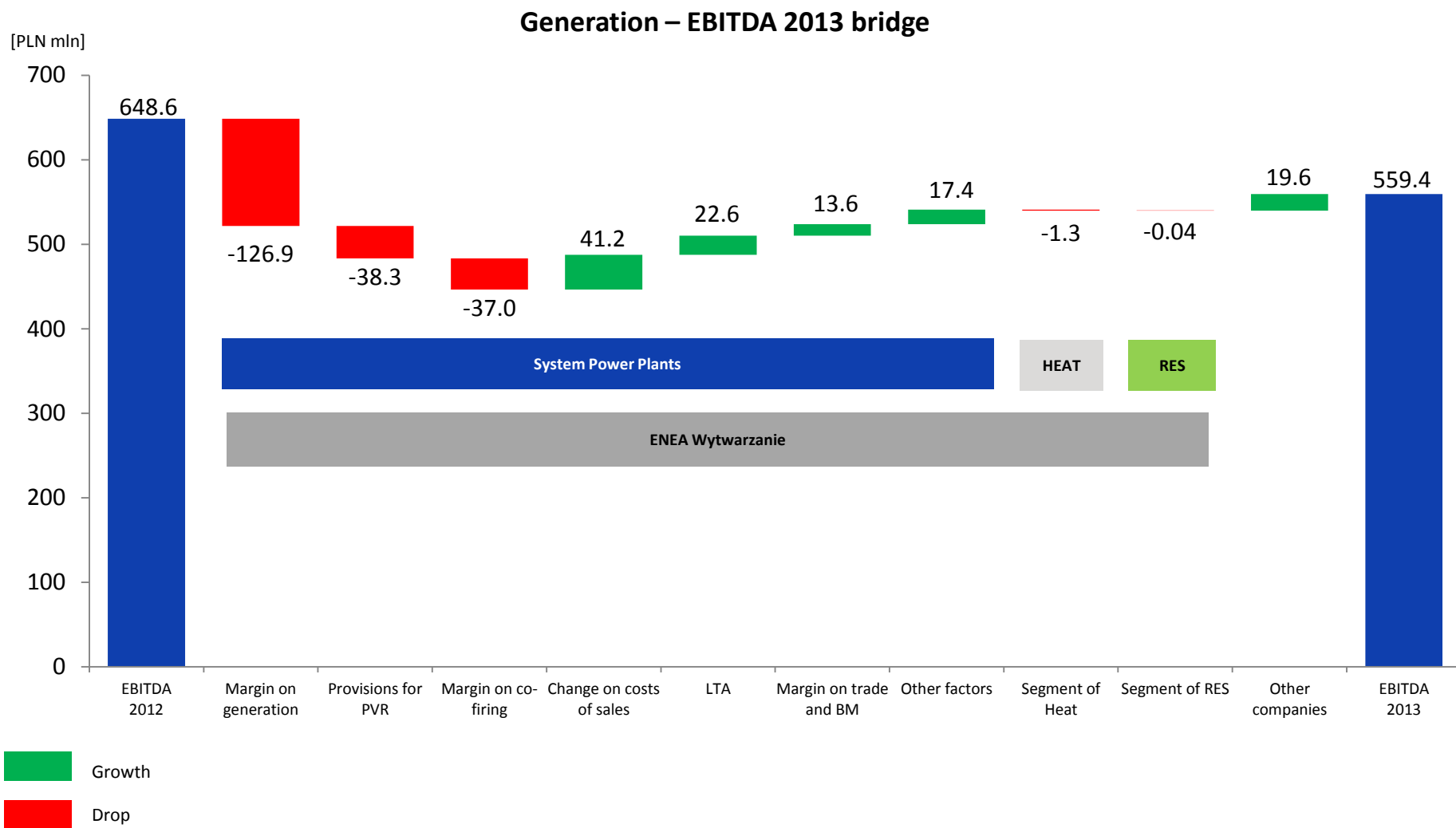
Attachment No. 2 – Lower first contribution margin and settlement of energy unbalancing impaired the results of the segment of trade in Q4 2013



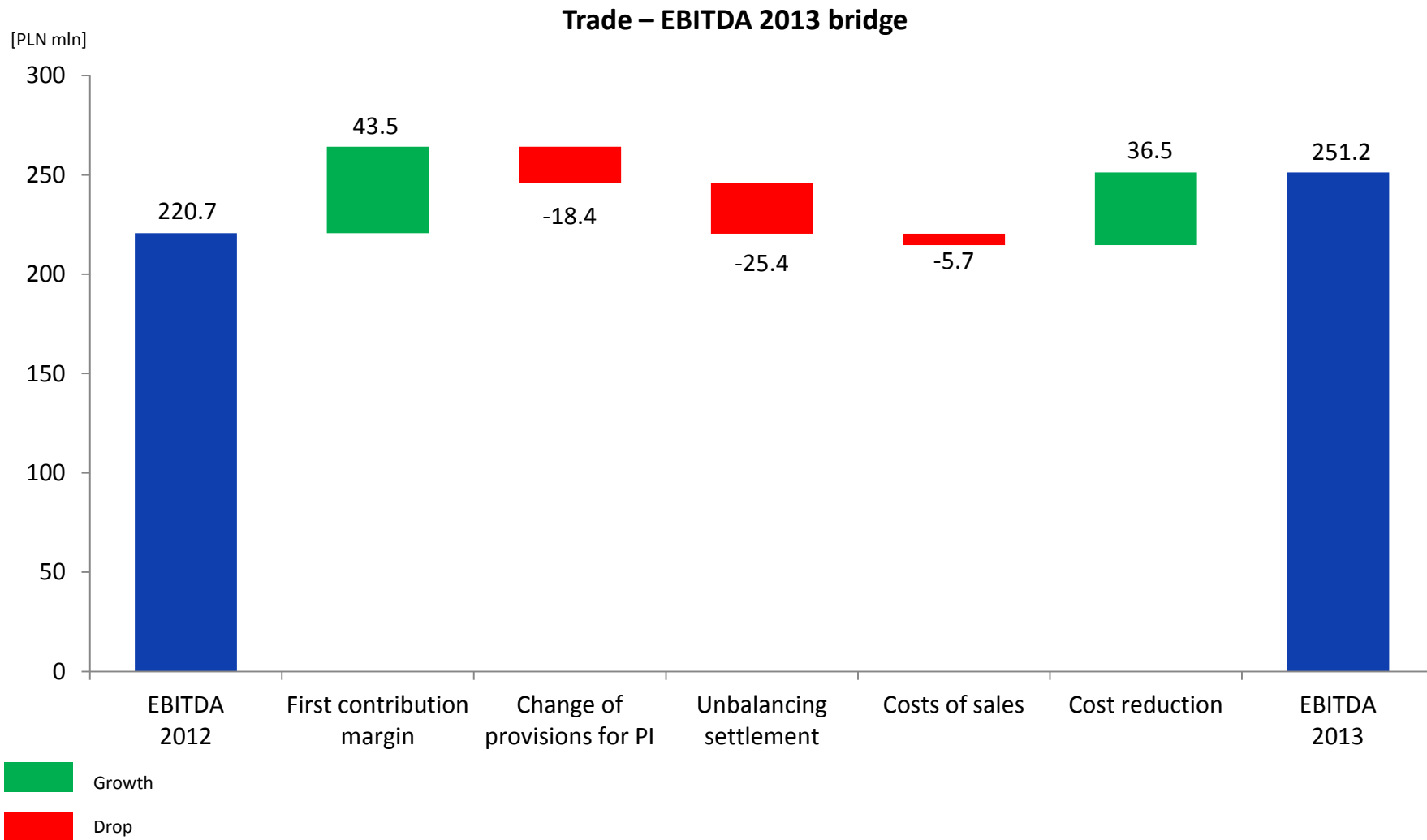
Attachment No. 3 – Higher tariffs for rendered services had a significant impact on the segment of trade: (+) volumes of energy deliveries, (+) lower costs of energy for covering book-tax difference



Attachment No. 4 – Results of the segment of generation in 2013 were under the pressure of the dropping margin on generation of electricity



Attachment No. 5 – Higher first contribution margin in 2013 enabled balancing the result of change in the provisions for proprietary interests and settlements of energy unbalancing



Attachment No. 6 – The greatest growth in EBITDA in 2013 was noted in the segment of distribution

