



# ENEA GROUP in Q3 2019



21 November 2019

# ENEA Group results in Q1-Q3 2019

Strong financial and operational performance



**PLN 12.2 bn**

Revenue growth of **PLN 2.8 bn**,  
up by **29.7% y/y**



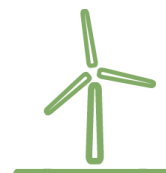
**PLN 2,556 m**

EBITDA growth of **PLN 582 m**  
– up by **29.5% y/y**



**PLN 1,491 m**

CAPEX  
– up by **2.5% y/y**



**11.4% y/y**

Growth in energy generation from  
renewable sources of **165 GWh**



**7.1 m tonnes**

Net coal production  
– up by **4.5% y/y**



**19.9 TWh**

Nearly **19.9 TWh** of electricity  
generated

# Mining Area

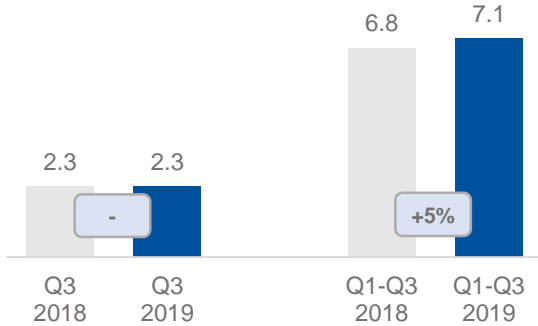


# LW Bogdanka's operating data

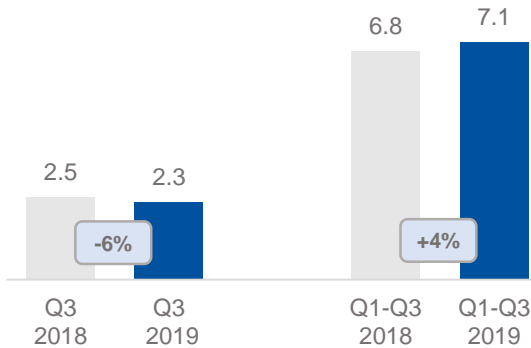


Stable operating data of LW Bogdanka

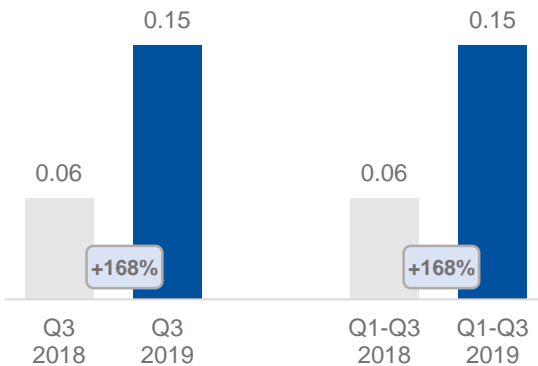
Commercial coal production [m tonnes]



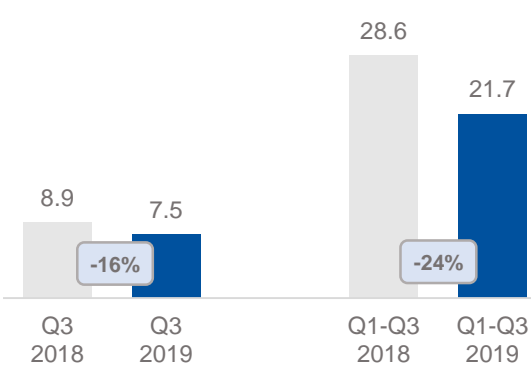
Coal sales [m tonnes]



Closing stocks [m tonnes]

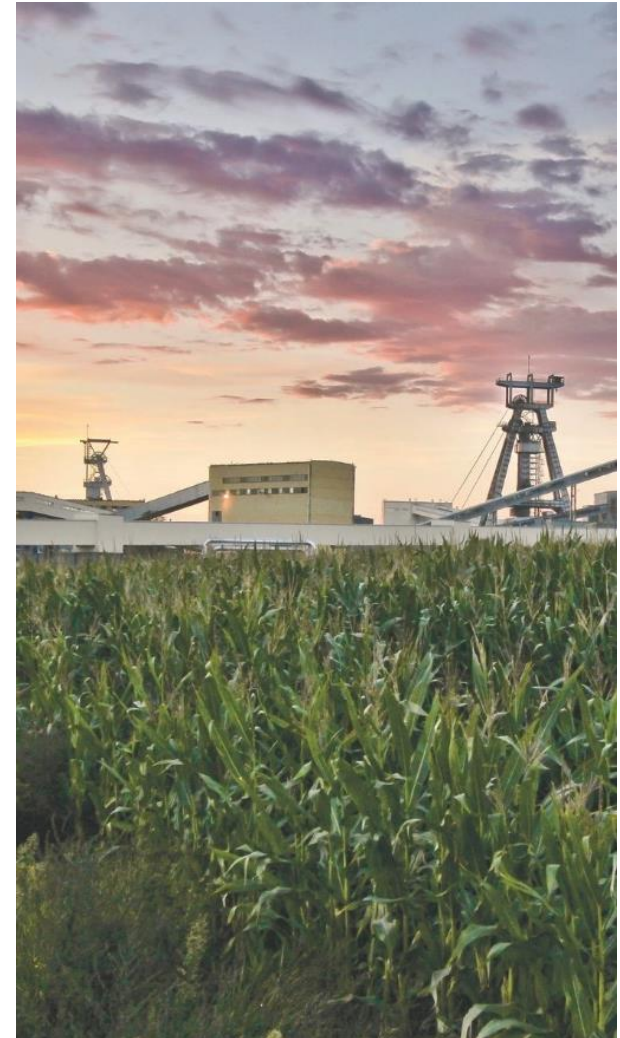


Excavation works [km]



## Key operating factors

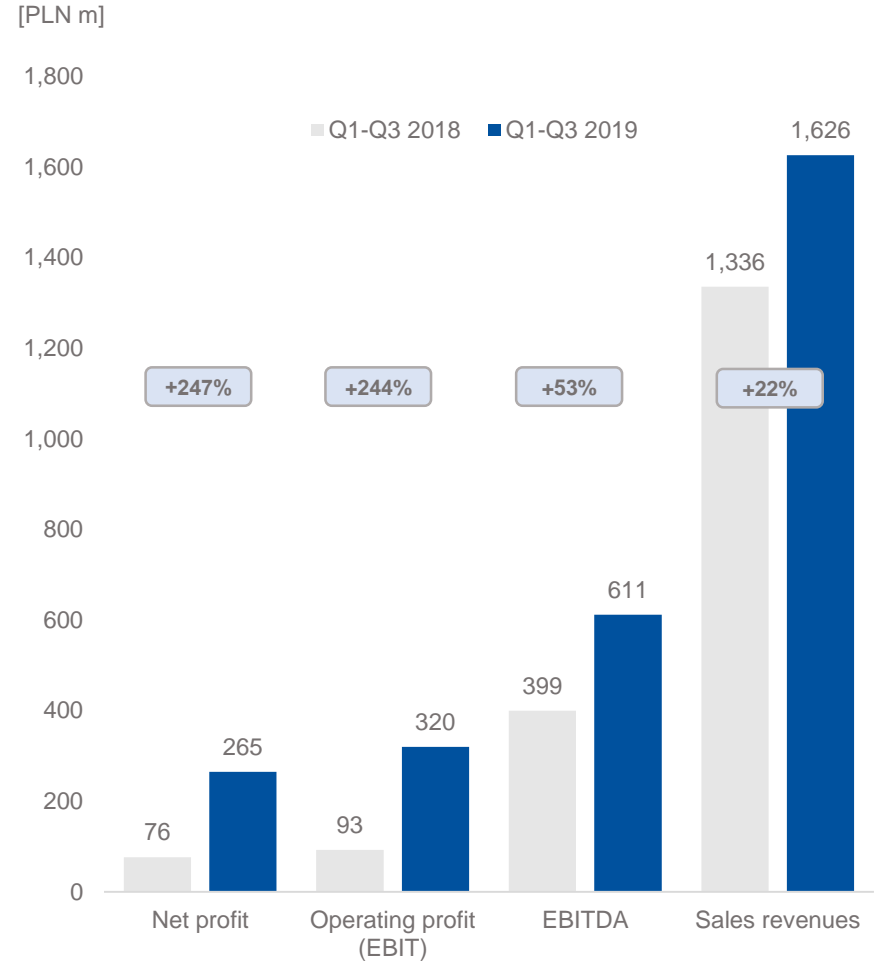
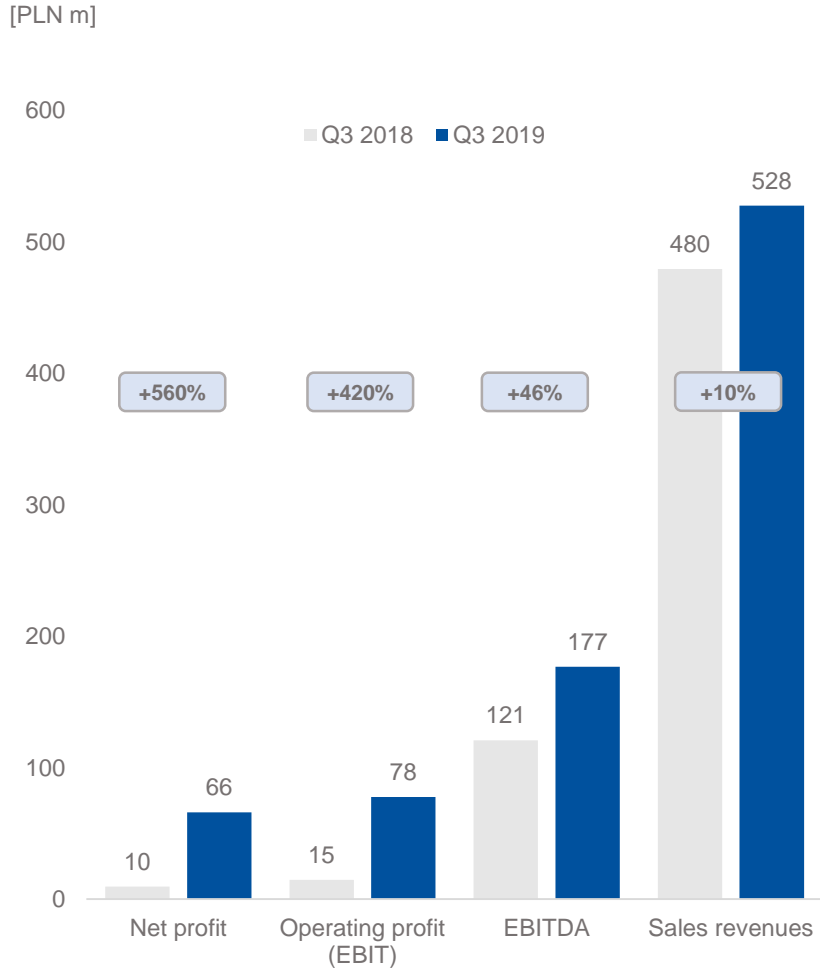
- (+) Higher net production in Q1-Q3 2019 by 4.5%
- (+) Higher coal sales in Q1-Q3 2019 by 4.0%
- (+) Yield growth: 65.0% in Q1-Q3 2019 vs. 60.3% in Q1-Q3 2018
- (-) Renovation of railway routes



# EBITDA in Q3 2019



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

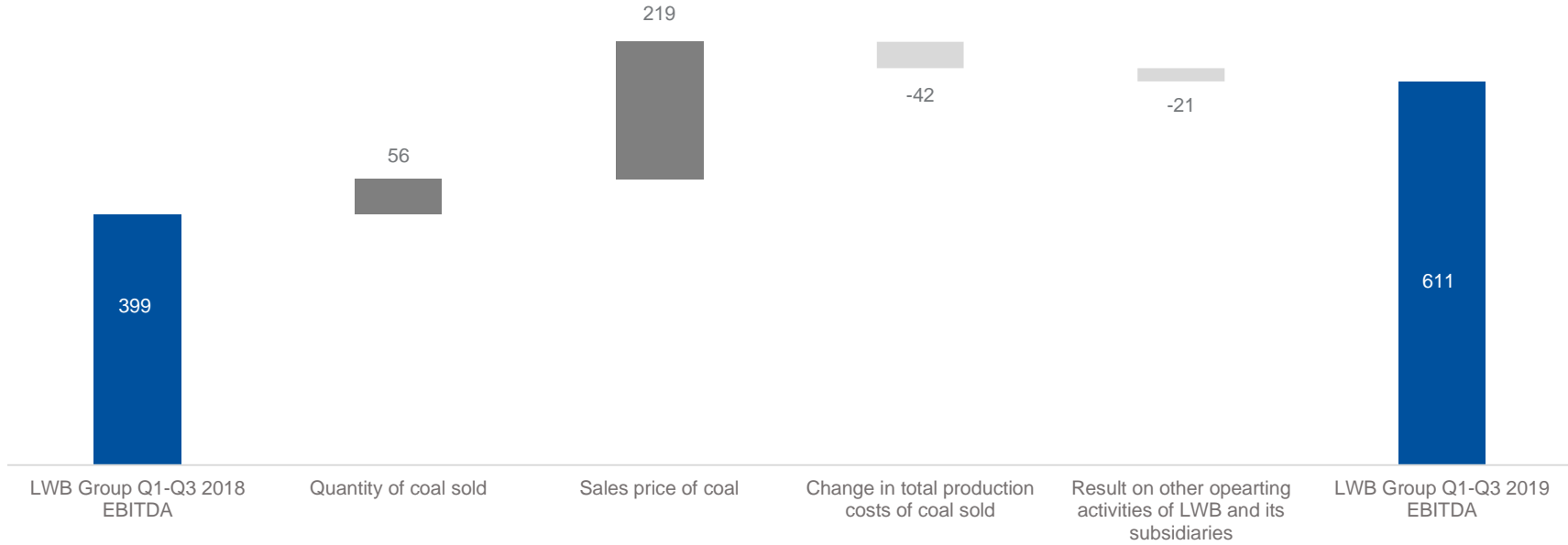


# EBITDA in Q1-Q3 2019



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

[PLN m]



## EBITDA change factors in Q1-Q3 2019

EBITDA increase of approx. PLN 212 million

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



A blue-tinted photograph of a city street at night. The scene is filled with blurred lights from buildings and street lamps, creating a bokeh effect. A large, semi-transparent number '2' is overlaid on the left side of the image. The text 'Market environment' is written in white, sans-serif font across the middle of the image, partially overlapping the number '2'.

Market environment

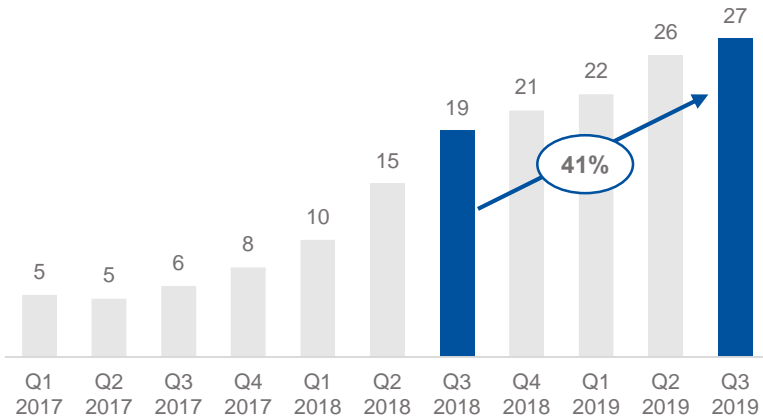
# Market environment



Electricity prices remain under the pressure of rising prices of CO<sub>2</sub> emission rights allowances and property rights that have been in a sideways trend since Q2 2019

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

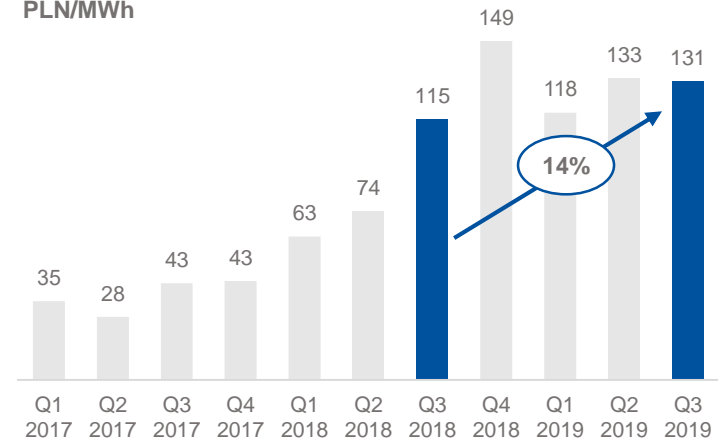
EUR/t



Source: ICE, settlement prices

## Prices of “green” property rights (PMOZE\_A)

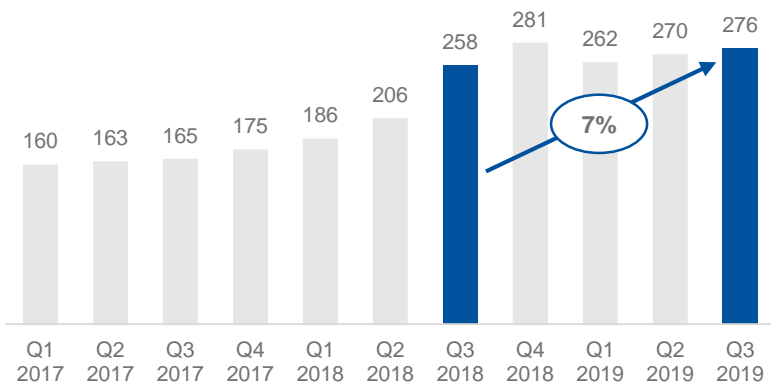
PLN/MWh



Source: TGE, session market indexes

## BASE\_Y\_18/19/20

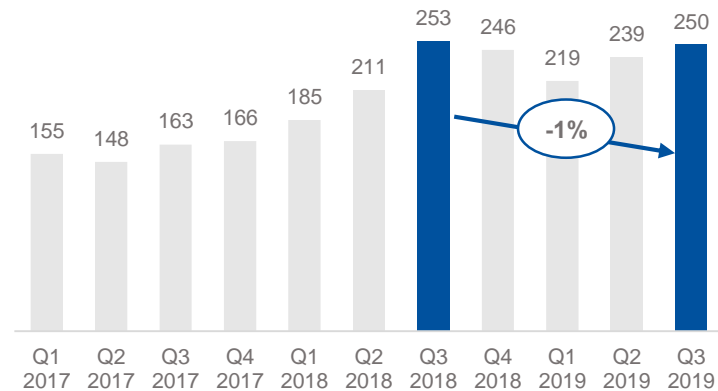
PLN/MWh



Source: TGE, settlement prices

## Day Ahead Market BASE

PLN/MWh



Source: TGE, settlement prices





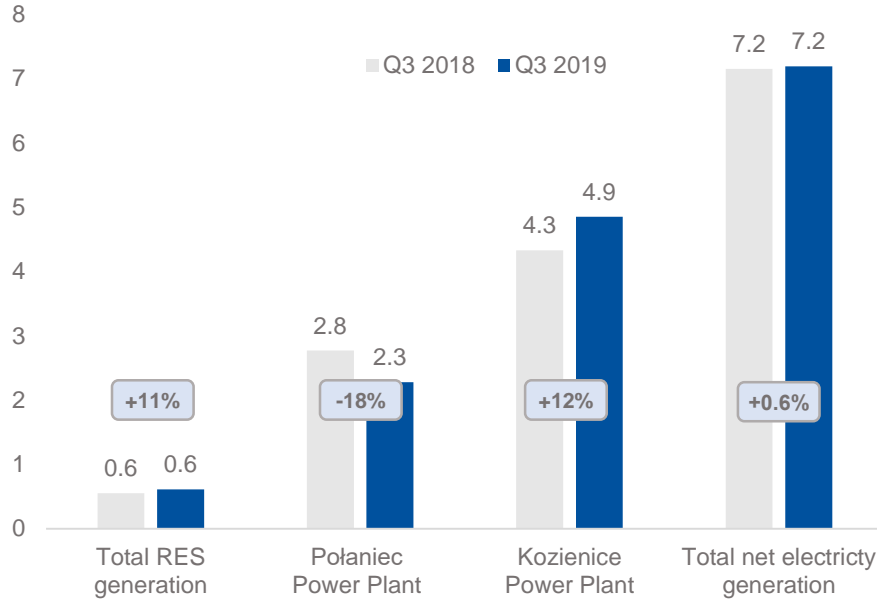
Generation Area

# ENEA Group's operating data

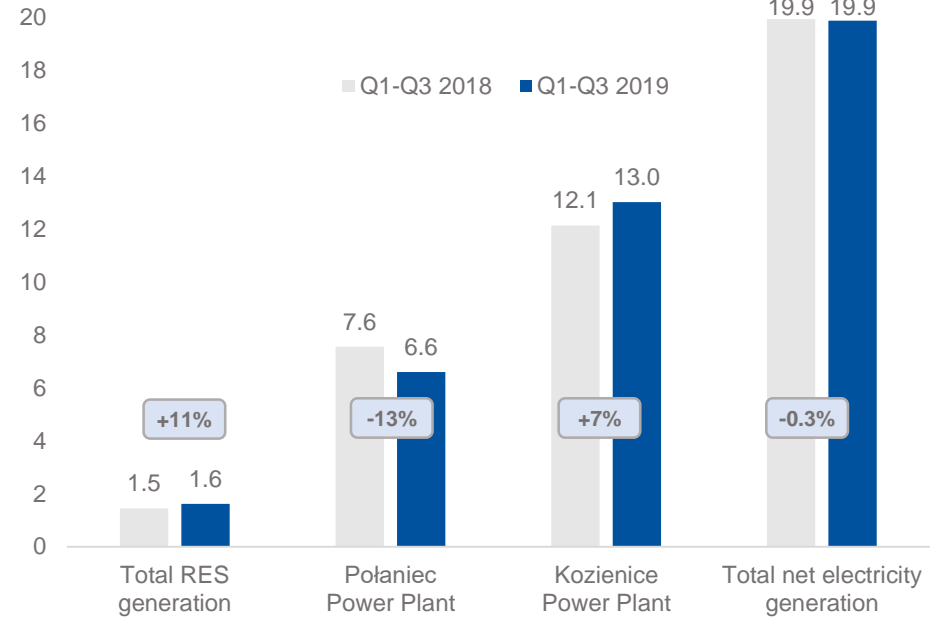


## Growth in RES generation

[TWh]



[TWh]



### Key operating factors

- (+) Volume of electricity generation in Q3 2019 remained stable
- (+) Increased unit availability at Kozenice Power Plant
- (+) Higher sales of electricity from RES generation in Q3 2019 by 11.0%
- (-) Lower generation from conventional sources at Polaniec Power Plant due to, i.a., the upgrade of Unit 5

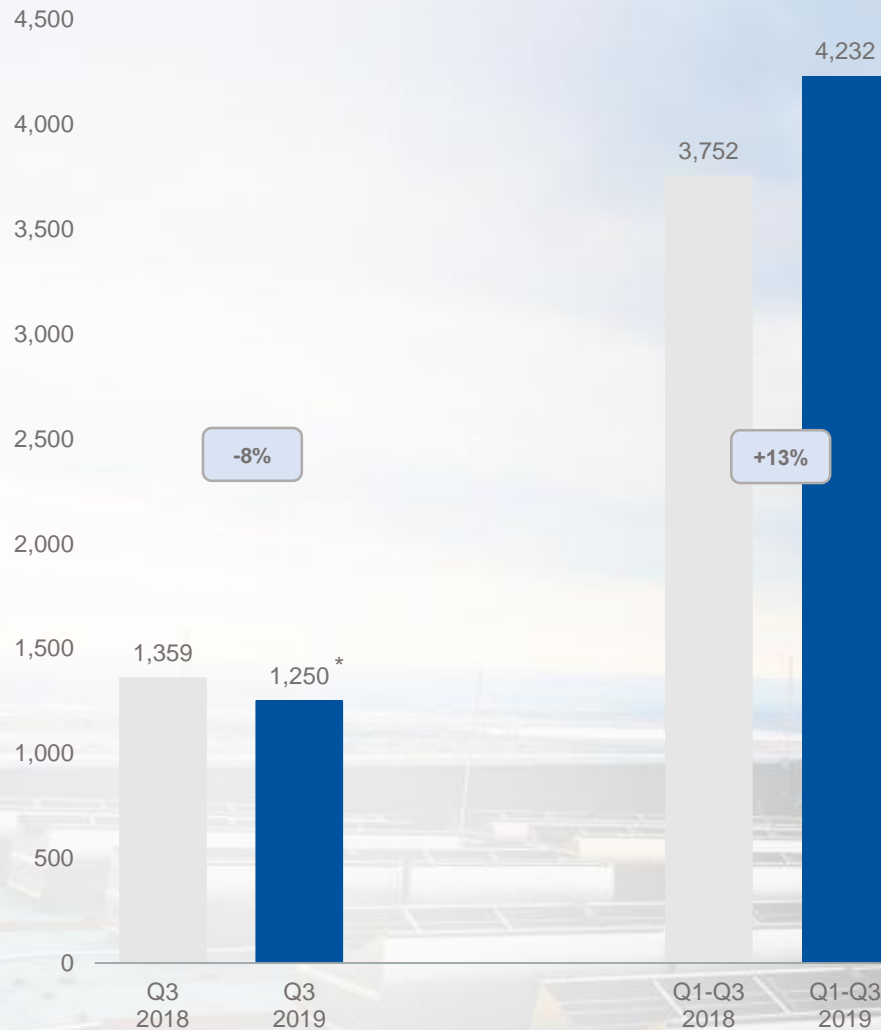


# Unit 11



The use of Unit 11 as planned: nearly 5,400 hours of operation in Q1-Q3 2019

### Net electricity generation [GWh]



\* The generation volume was affected by the planned repair shutdown resulting from the standard procedure implemented during the operation of the units - shutdown from 15 August 2019 to 7 September 2019



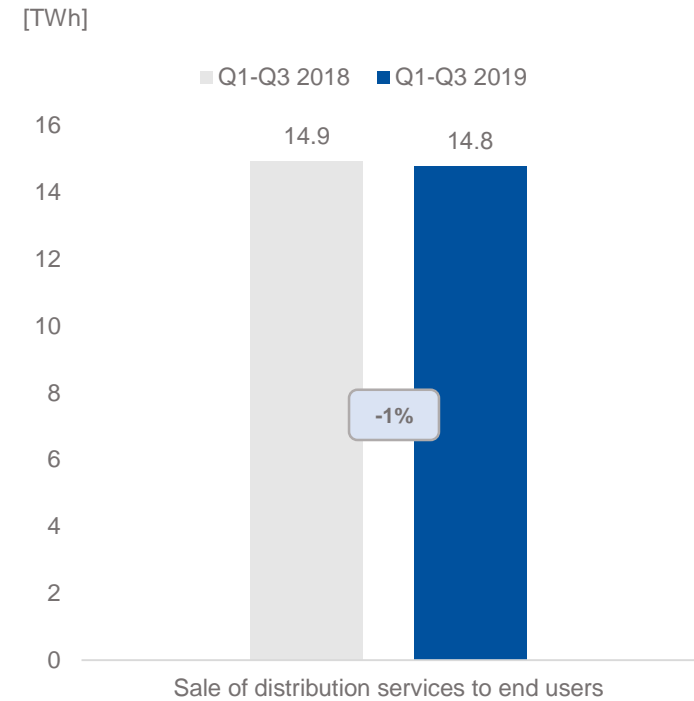
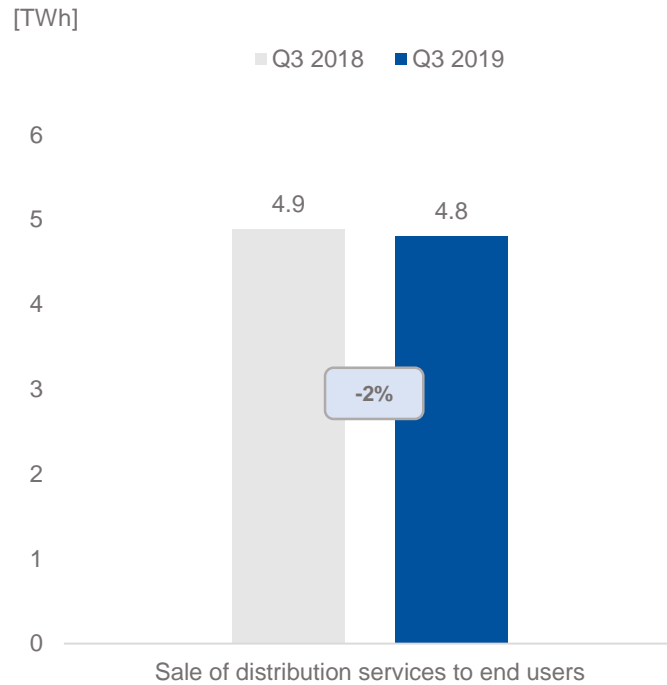
# Distribution Area



# Sales volume of distribution services



Stable sales volume of distribution services



## Key operating factors

- (+) Increase in the number of customers of 1.4% y/y
- (-) Lower volume of electricity supplied by 1.1% in Q1-Q3 2019
- (+) Increase in the sales of distribution services to households



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Trading Area

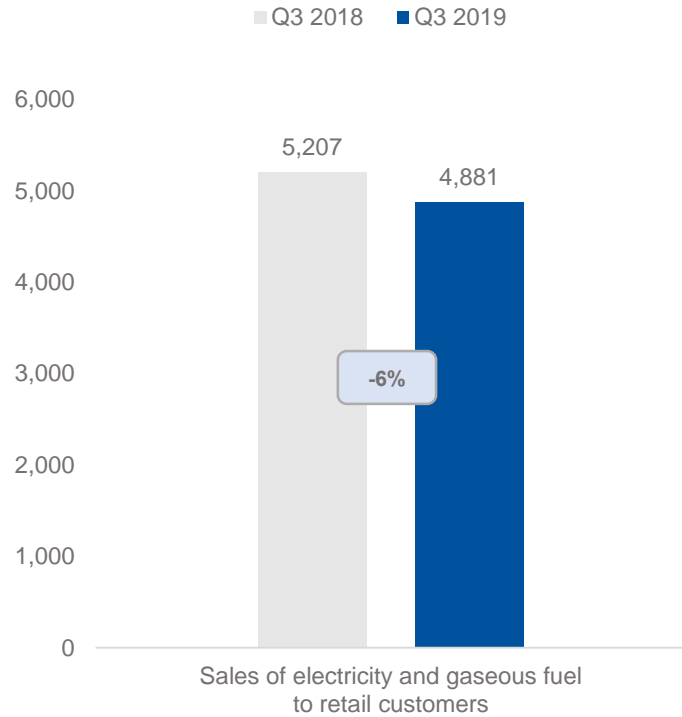


# Sales volume of electricity

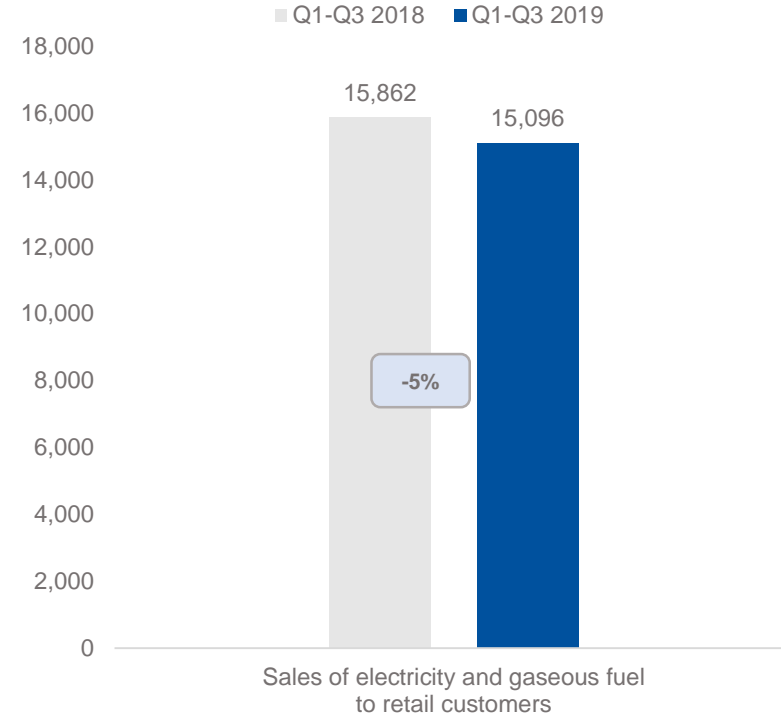


Decrease in the total sales volume to retail customers

[GWh]



[GWh]



## Key operating factors

- (+) Increase in the volume of sales of gaseous fuel by 6% y/y due to higher contracting with delivery mainly in the segment of key industrial customers
- (-) Decrease in the volume of electricity sales by approx. 5% y/y caused by the change in the portfolio of strategic customers
- (+) Increase in the sales of electricity to households by approx. 2% y/y





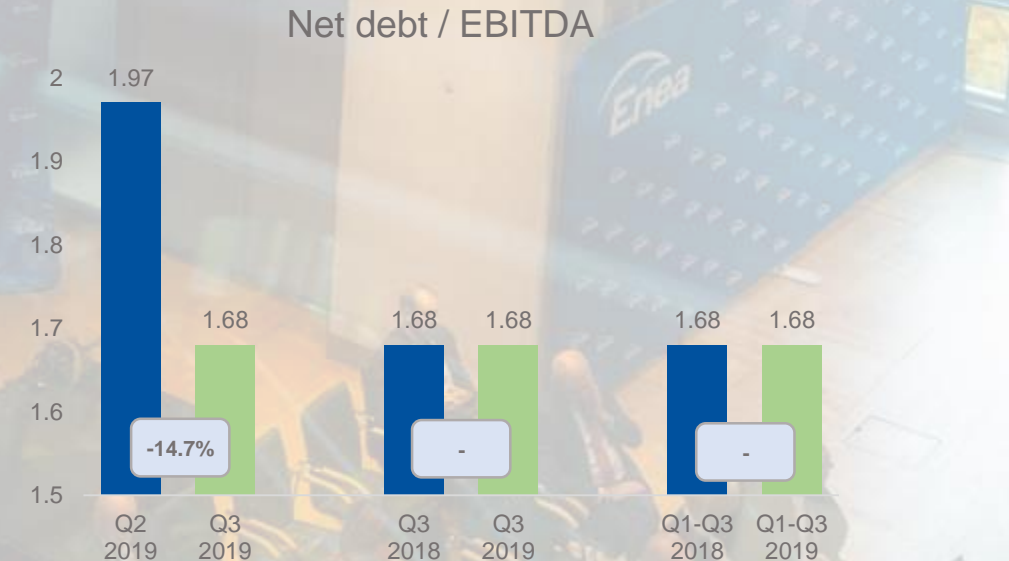
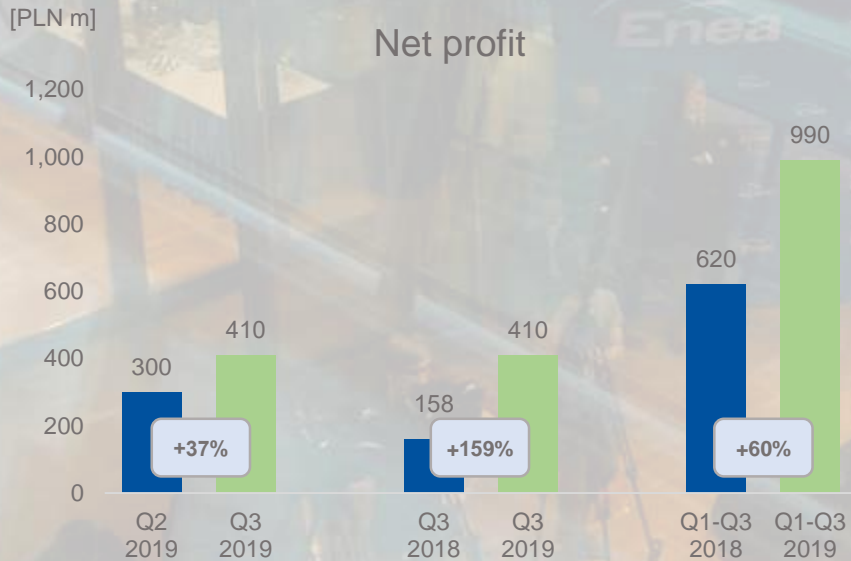
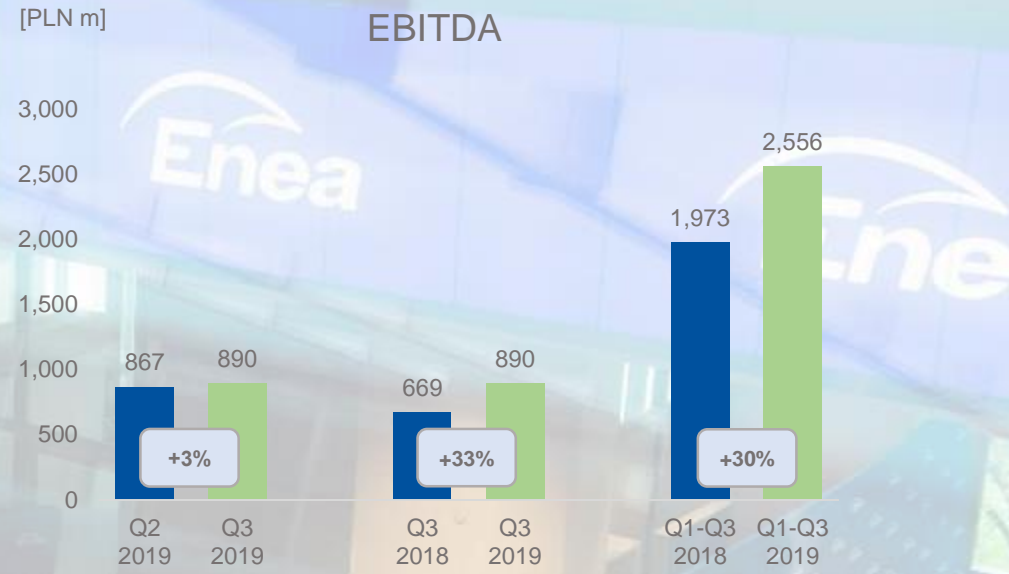
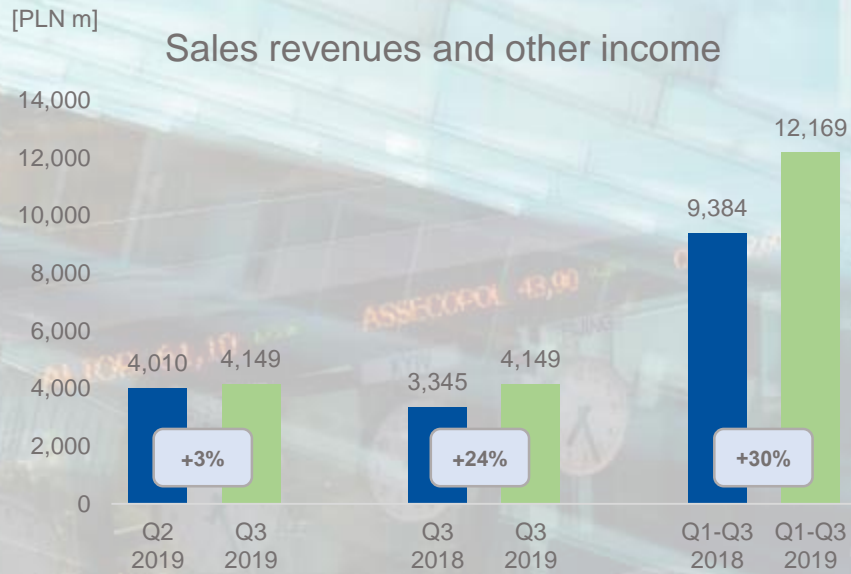
# ENEIA Group's results in Q1-Q3 2019



# Key financials



ENEA Group's strong financial performance

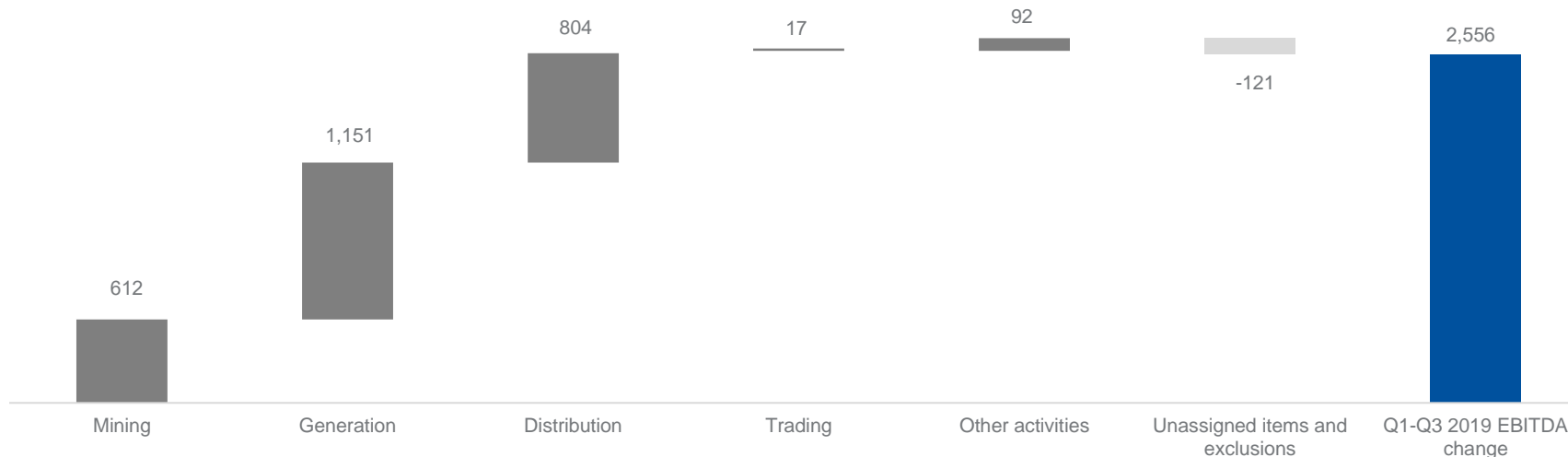


# EBITDA in Q1-Q3 2019



Consistently good EBITDA result in the Generation Area

[PLN m]



## Mining



|     |   |
|-----|---|
| (+) | Higher revenues from coal sales [higher sales price by 15%, higher volume by 4%]  |
| (+) | Improved yield  |
| (-) | Lower result on other operating activities [conclusion of a settlement agreement with a consortium of Mostostal Warszawa S.A. and Acciona Infraestructuras for PLN 28.7 in H1 2018] |
| (-) | Higher costs by type [higher average employment in the Mine, introduction of PPE and additional medical package, third party services]  |

## Generation



|     |  |
|-----|--|
| (+) | Higher margin on production by PLN 331.5 million [higher unit CDS]   |
| (+) | Higher margin on trading and the Balancing Market by PLN 110.8 million [higher unit margins, lower volume] |
| (+) | EBITDA growth in the RES Segment of PLN 60.9 million [higher price of electricity and green certificates]  |
| (+) | Higher generation from renewable energy sources by 11%   |

## Distribution



|     |   |
|-----|---|
| (-) | Lower other operating profit by PLN 53.3 million  |
| (+) | Higher operating expenses [employee benefits, taxes and fees]   |
| (-) | Lower sales volume of distribution services to end users  |
| (-) | Higher margin on licensed activities by PLN 14.3 million [higher rates in the approved tariff for 2019] |

## Trading

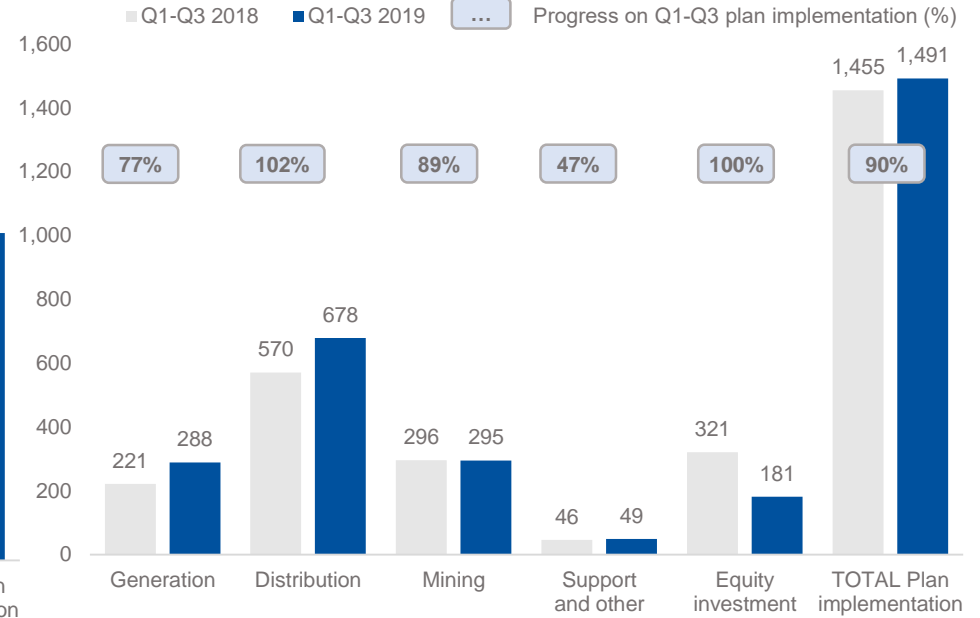
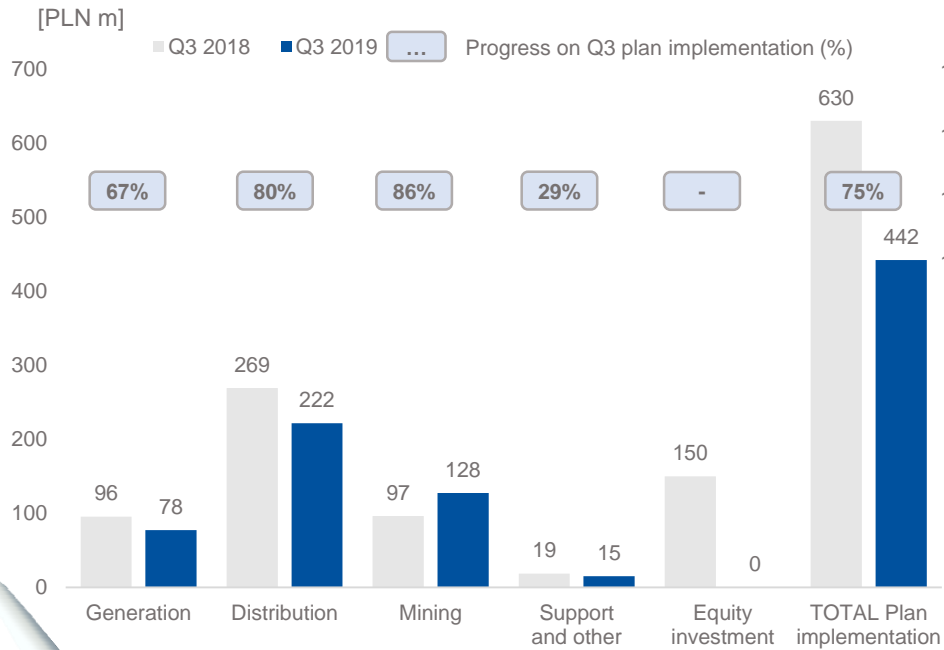


|     |   |
|-----|---|
| (-) | Higher average price of energy purchase by 35.4%            |
| (-) | Higher costs of environmental obligations by 3.6%           |
| (+) | Compensation (price difference amount)                      |
| (+) | Change in provisions for onerous contracts PLN 60.7 million |

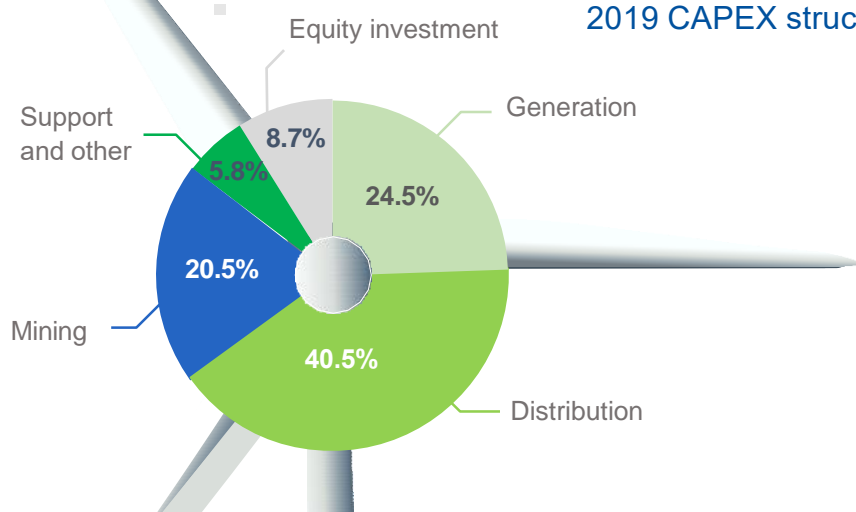
# CAPEX investment programme



Implementation of investment plans in line with assumptions



## 2019 CAPEX structure



PLN 141 million  
for pro-environmental investment  
in Q1-Q3 2019



# New technologies and environmental protection

# Investments in photovoltaic (PV) farms



We focus on the development of renewable energy sources

## Cooperation with the National Support Centre for Agriculture – building PV farms on agricultural land

- Development of large-size PV farms
- Rise in the share of RES in Poland's energy mix
- Reduction of CO<sub>2</sub> emissions



## PV – construction of PV farms on the land of LW Bogdanka

- Total capacity – approx. 30 MW
- Innovative formula – ‘corporate PPA’
- Leveraging the synergy effects between ENEA and LWB
- Zero-emission energy for Bogdanka mine and its production processes



# Electromobility



We develop and expand e-mobility infrastructure in Poland

- Letter of intent with Poczta Polska (Polish Post) and Kolejowe Zakłady Łączności (KZŁ, manufacturer and supplier of railway communications systems):
  - taking advantage of business opportunities
  - joint implementation of projects
  - exchange of experience on the operation of EV charging stations and electric vehicles
- ENEA Operator – agreement with the West Pomeranian University of Technology concerning, among others, the connection of renewable energy sources and electromobility:
  - carrying out analytical and conceptual work
  - consultancy services
- Kozienice Electromobility Picnic with ENEA





# ENEA Group's social engagement



# Corporate Social Responsibility

Activities targeted at building relations with local communities



## Development of ongoing CSR projects:

### Educational

- ENEA Talent Academy – summary of 2nd edition, inauguration of 3rd edition
- Patronage schools – 12 educational and care centres under the patronage of ENEA Group

### Ecological

- ENEA Eco Projects – implementation of an ongoing pro-environmental campaign

### Charitable

- ENEA Group was involved in Poznań Business Run, a charity run. Runners from ENEA Group constituted the largest group (145 people).

### Prohealth

- ENEA Group implements “Energy in our blood“, a blood donation programme

## Distinction

The project “Electricity – nothing to be afraid of” recognized as one of the most important local initiatives in the last thirty years





The text "Data highlights" is centered in the lower half of the image. It is written in a large, white, sans-serif font. The background behind the text is a semi-transparent circular graphic that contains a complex network of lines and nodes, resembling a data visualization or a technical diagram. The overall background of the slide is a photograph of a large industrial facility with numerous silver pipes, yellow safety railings, and a yellow vehicle labeled "ZBUD".

# Q1-Q3 2019 in numbers



## Financial results



**Return on equity (ROE)**  
a rise to 8.3%



**PLN 1,491 million** in CAPEX  
**1.68** net debt / EBITDA



**PLN 12 billion** in revenues  
**PLN 2,556 million** in EBITDA  
**PLN 990 million** in net profit

## Operating data



Nearly **20 TWh** in electricity generation volume



More than **15 TWh** in sales volume of electricity and gas to retail customers



**PLN 207.9 million** in the result of Unit 11



# Annexes



## Operating data of LW Bogdanka



| LW Bogdanka's operating data | Q3 2018 | Q3 2019 | Change | Q1-Q3 2018 | Q1-Q3 2019 | Change |
|------------------------------|---------|---------|--------|------------|------------|--------|
| Net production [m tonnes]    | 2.30    | 2.30    | 0.0%   | 6.82       | 7.13       | 4.5%   |
| Coal sales [m tonnes]        | 2.45    | 2.29    | -6.5%  | 6.79       | 7.06       | 4.0%   |
| Closing stocks [m tonnes]    | 0.06    | 0.15    | 150.0% | 0.06       | 0.15       | 150.0% |
| Excavation works [km]        | 8.85    | 7.48    | -15.5% | 28.60      | 21.73      | -24.0% |

# EBITDA – Q1-Q3 2019 vs. Q1-Q3 2018



| LW Bogdanka Group's financial results [PLN m] | Q3 2018 | Q3 2019 | Change | Q1-Q3 2018 | Q1-Q3 2019 | Change |
|---|---------|---------|--------|------------|------------|--------|
| Net sales revenue                             | 480     | 528     | 10,0%  | 1 336      | 1 626      | 21,7%  |
| EBITDA  | 121     | 177     | 46,3%  | 399        | 611        | 53,1%  |
| EBIT  | 15      | 78      | 420,0% | 93         | 320        | 244,0% |
| Net profit                                    | 10      | 66      | 560,0% | 76         | 264        | 247,0% |

PLN m



## Operating data of ENEA Group



| ENEA Group's operating data [GWh]     | Q3 2018 | Q3 2019 | Change | Q1-Q3 2018 | Q1-Q3 2019 | Change |
|---------------------------------------|---------|---------|--------|------------|------------|--------|
| Total net generation of electricity   | 7,147   | 7,193   | +0.6%  | 19,940     | 19,878     | -0.3%  |
| Including:                            |         |         |        |            |            |        |
| Kozienice Power Plant                 | 4,334   | 4,850   | +11.9% | 12,141     | 13,020     | +7.24% |
| Połaniec Power Plant                  | 2,769   | 2,275   | -17.9% | 7,560      | 6,602      | -12.7% |
| Total electricity generation from RES | 548     | 608     | +11.0% | 1,450      | 1,615      | +11.4% |

## Volume of distribution services

| ENEA Group's sales figures [GWh]            | Q3 2018 | Q3 2019 | Change | Q1-Q3 2018 | Q1-Q3 2019 | Change |
|---|---------|---------|--------|------------|------------|--------|
| Sales of distribution services to end users | 4,888   | 4,811   | -2%    | 14,935     | 14,778     | -1%    |

## Sales volume of electricity

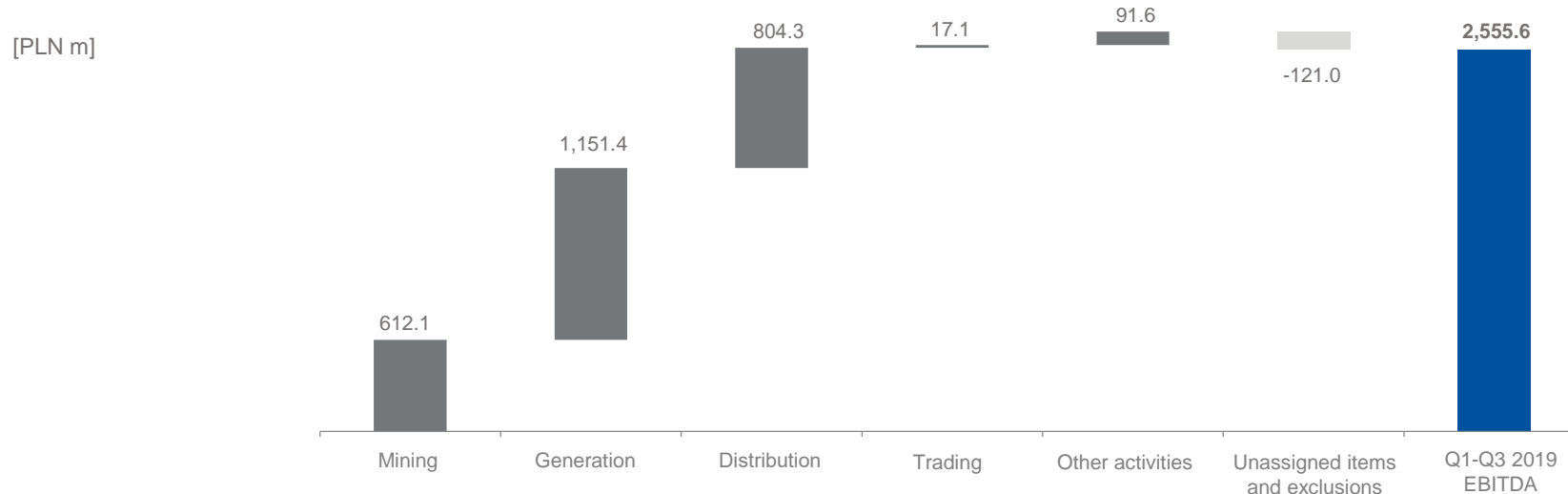


| ENEA Group's sales figures [GWh]                          | Q3 2018 | Q3 2019 | Change | Q1-Q3 2018 | Q1-Q3 2019 | Change |
|---|---------|---------|--------|------------|------------|--------|
| Sales of electricity and gaseous fuel to retail customers | 5,207   | 4,881   | -6%    | 15,862     | 15,096     | -5%    |

## Key financials

| ENEA Group's financials [PLN m]                               | Q3 2018 | Q3 2019 | Change | Q1-Q3 2018 | Q1-Q3 2019 | Change |
|---|---------|---------|--------|------------|------------|--------|
| Sales revenue and other income                                | 3,345   | 4,149   | 24%    | 9,384      | 12,169     | 30%    |
| EBITDA  | 669     | 890     | 33%    | 1,973      | 2,556      | 30%    |
| EBIT  | 287     | 503     | 75%    | 920        | 1,429      | 55%    |
| Net profit  | 158     | 410     | 159%   | 620        | 990        | 60%    |
| Net profit attributable to shareholders of the parent company | 153     | 386     | 152%   | 584        | 892        | 53%    |
| Net debt / EBITDA   | 1.68    | 1.68    | -      | 1.68       | 1.68       | -      |

# Financial results in Q3 2019



|                                  |              |                |              |              |             |               |                |
|----------------------------------|--------------|----------------|--------------|--------------|-------------|---------------|----------------|
| <b>Q3 2019 EBITDA [PLN m]</b>    | <b>177.6</b> | <b>421.8</b>   | <b>289.4</b> | <b>-17.9</b> | <b>31.3</b> | <b>-12.5</b>  | <b>889.8</b>   |
| EBITDA margin                    | 33.7%        | 20.1%          | 40.2%        | -0.7%        | 18.8%       | -             | 21.4%          |
| Change [PLN m]                   | 51.3         | 194.9          | -2.5         | -26.6        | 4.5         | -1.2          | 220.5          |
| Change [%]                       | 40.7%        | 85.9%          | -0.8%        | -304.7%      | 17.0%       | 10.7%         | 32.9%          |
| <b>Q1-Q3 2019 EBITDA [PLN m]</b> | <b>612.1</b> | <b>1,151.4</b> | <b>804.3</b> | <b>17.1</b>  | <b>91.6</b> | <b>-121.0</b> | <b>2,555.6</b> |
| EBITDA margin                    | 37.6%        | 19.1%          | 37.9%        | 0.3%         | 19.0%       | -             | 21.0%          |
| Change [PLN m]                   | 212.3        | 487.9          | -67.43       | -20.8        | 29.8        | -59.6         | 582.3          |
| Change [%]                       | 53.1%        | 73.5%          | -7.7%        | -54.9%       | 48.3%       | 97.2%         | 29.5%          |



# Results of the Generation Area segments



| [PLN m]       | Generation, including: |            |        |            |            |        |            |            |        |
|---------------|------------------------|------------|--------|------------|------------|--------|------------|------------|--------|
|               | System Power Plants    |            |        | Heat       |            |        | RES        |            |        |
|               | Q3 2018                | Q3 2019    | Change | Q3 2018    | Q3 2019    | Change | Q3 2018    | Q3 2019    | Change |
| Sales revenue | 1,675                  | 1,800      | 125    | 73         | 95         | 22     | 168        | 217        | 49     |
| EBIT          | 51                     | 224        | 173    | (12)       | -          | 12     | 56         | 59         | 3      |
| EBITDA        | 161                    | 337        | 176    | 2          | 15         | 13     | 64         | 70         | 6      |
| CAPEX         | 79                     | 54         | (25)   | 16         | 20         | 4      | -          | 3          | 3      |
|               | Q1-Q3 2018             | Q1-Q3 2019 | Change | Q1-Q3 2018 | Q1-Q3 2019 | Change | Q1-Q3 2018 | Q1-Q3 2019 | Change |
| Sales revenue | 4,622                  | 5,141      | 519    | 327        | 354        | 27     | 373        | 561        | 188    |
| EBIT          | 124                    | 566        | 442    | 42         | 30         | (12)   | 142        | 143        | 1      |
| EBITDA        | 467                    | 903        | 436    | 82         | 74         | (8)    | 114        | 175        | 61     |
| CAPEX         | 184                    | 240        | 56     | 35         | 43         | 8      | 2          | 5          | 3      |



# Development strategy

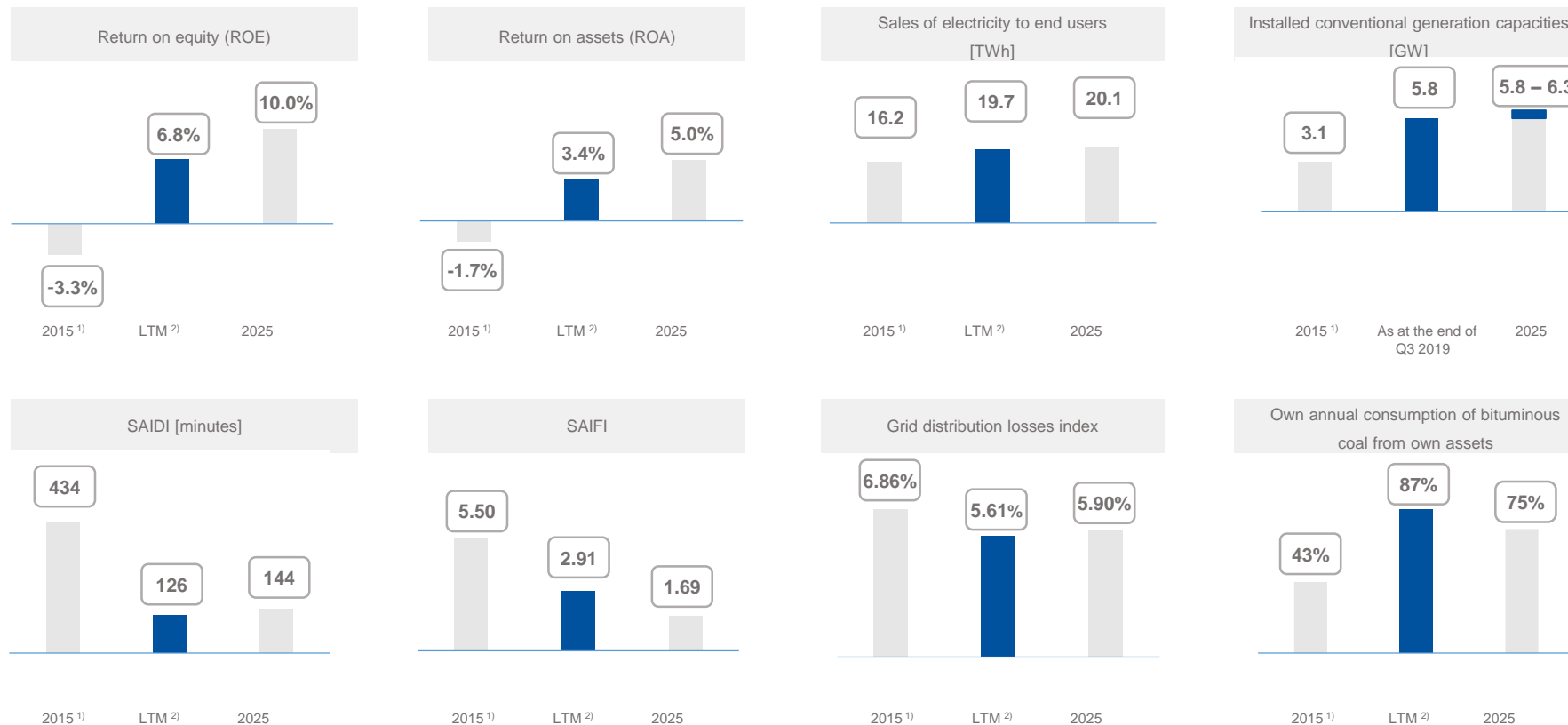
## MISSION:

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 Q4 2018 – Q3 2019



# ENEA GROUP in Q3 2019



21 November 2019

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