



RESULTS of the ENEA GROUP

in Q1-Q3 2020

27 November 2020

Results of the ENEA Group in Q1-Q3 2020



ENEA Group generated stable financial results



PLN 13.5 bn

revenue up
by **PLN 1.3 billion** (11% y/y)



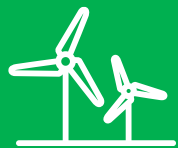
PLN 2.6 bn

EBITDA, up
by **PLN 37 million** (1% y/y)



1.37

net debt / EBITDA
(improvement by 0.27 y/y)



9% y/y

increase in energy production
from renewable sources
(by **142 GWh**)



16.9 TWh

of electricity generated



5,5 mln t

of net coal production



MINING

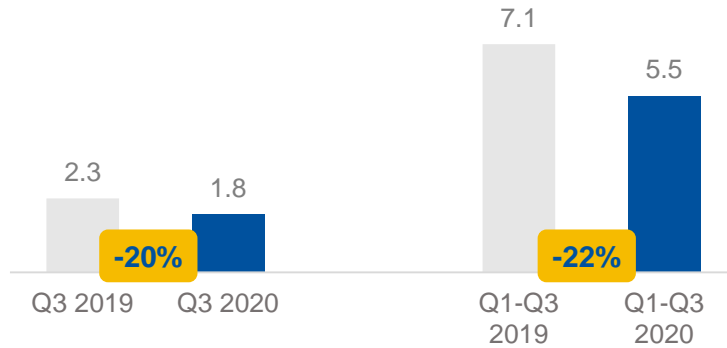
Area

Operating results of LW Bogdanka

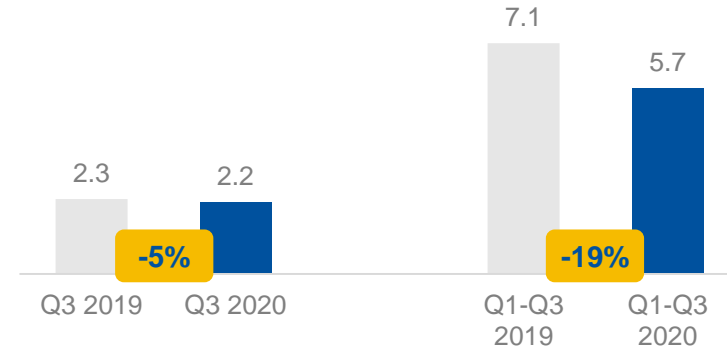


Operating results affected by tough market environment and technical and geological difficulties

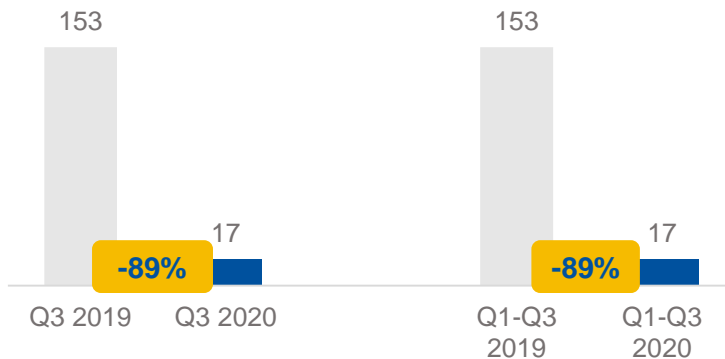
Production of commercial coal [million tons]



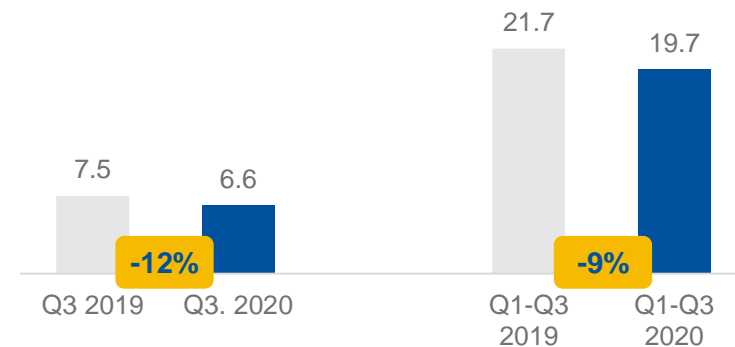
Sales of coal [million tons]



Coal inventories [thou. tons]



New excavations [km]



Key drivers

- (-) Decrease in yield in connection with technical and geological problems: 64.5% in Q1-Q3 2020; 65.0% in Q1-Q3 2019
- (-) Lower demand for coal due to the warm and windy winter
- (-) Weaker demand for electricity caused by the slowdown in economic processes due to the coronavirus pandemic

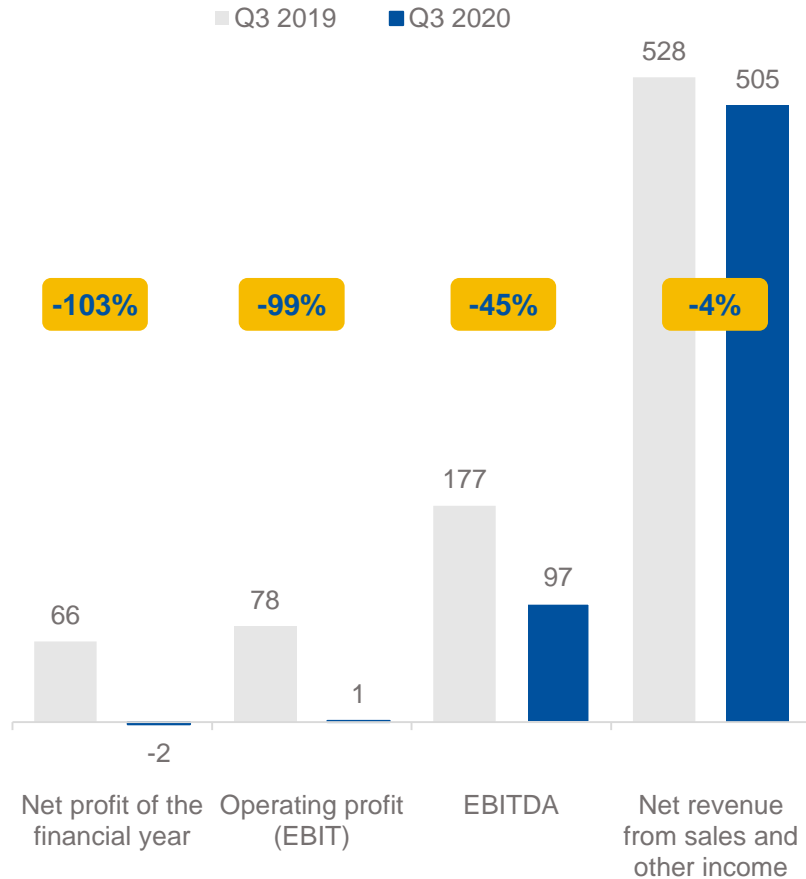


LW Bogdanka Group's EBITDA in Q3 and Q1-Q3 2020

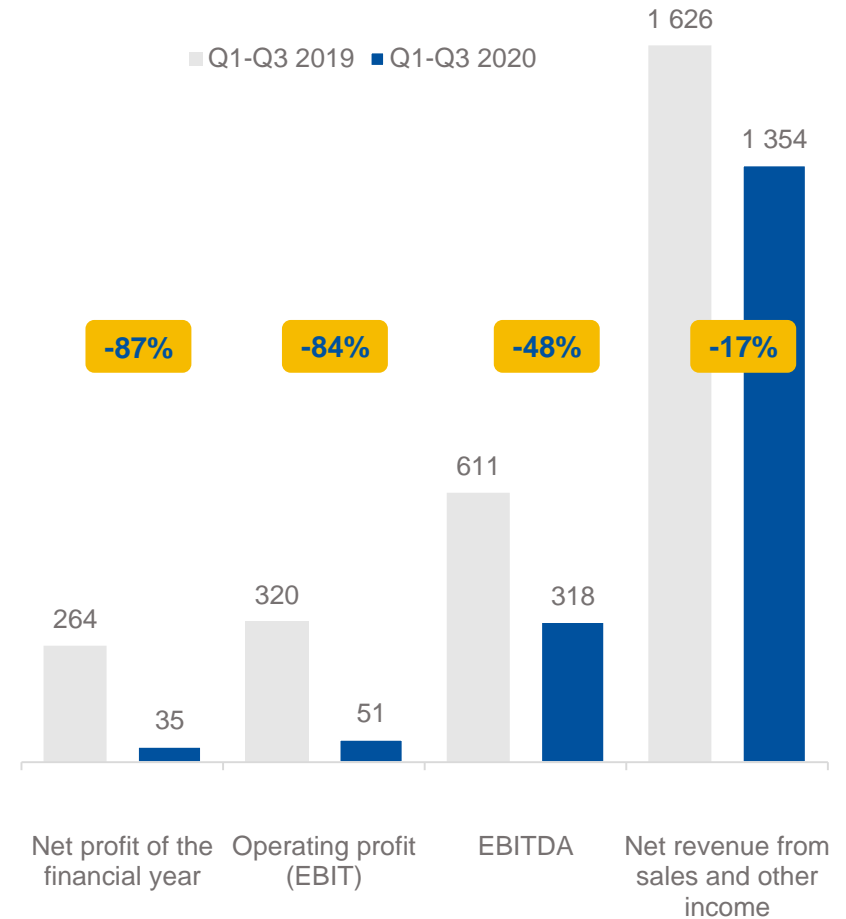


LW Bogdanka Group's EBITDA was affected by the temporary deterioration in the market situation

[PLN million]



[PLN million]



EBITDA in Q1-Q3 2020



A decrease in the sales volume was the key factor affecting the LW Bogdanka Group's EBITDA

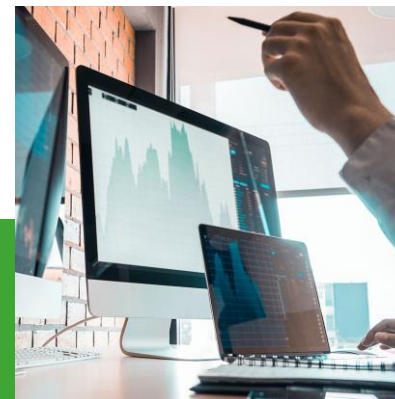
[mln zł]



EBITDA drivers in Q1-Q3 2020

- (-) Lower quantity of coal sold
- (+) Higher price of coal sold
- (+) Lower production costs: the decrease in mining output translated into a lower cost of consumption of materials and third-party services





MARKET

Environment

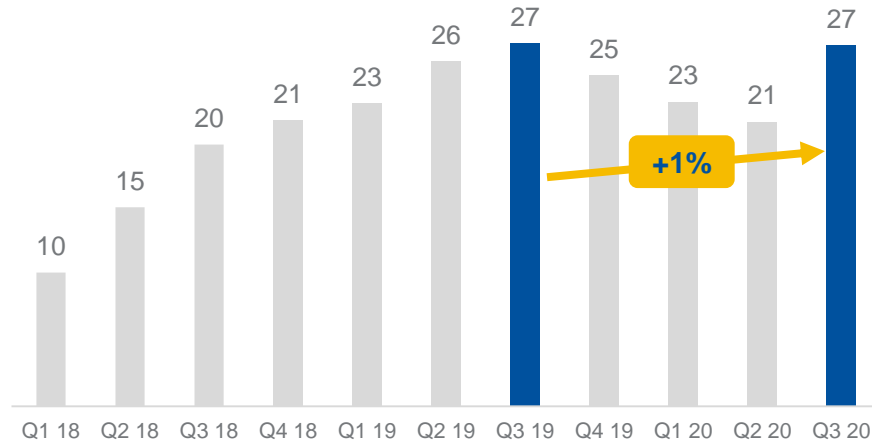
Market environment



Electricity prices remain in a downward trend

CO₂ (Dec-20) emission allowances

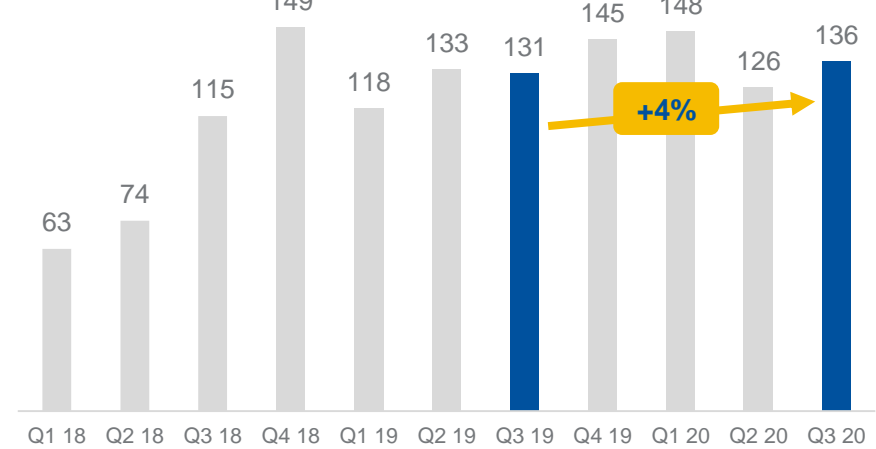
EUR/t



Source: ICE, clearing prices

Prices of "green" property rights (PMOZE_A)

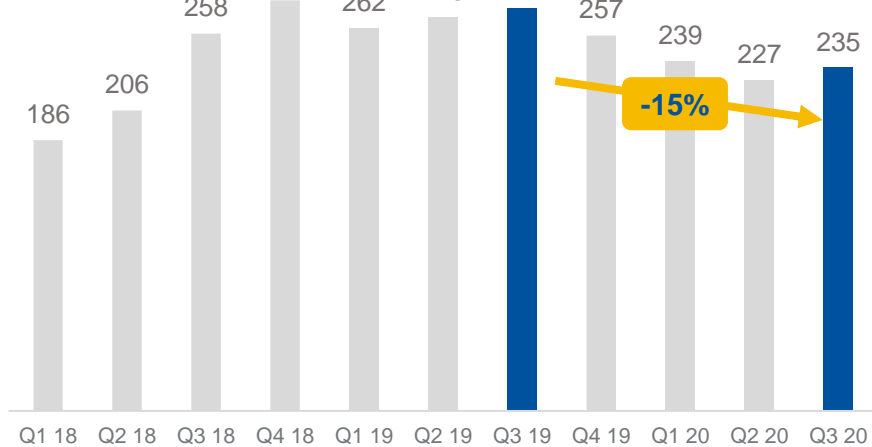
PLN/MWh



Source: PPE, session market indices

BASE_Y_19/20/21 (band price)

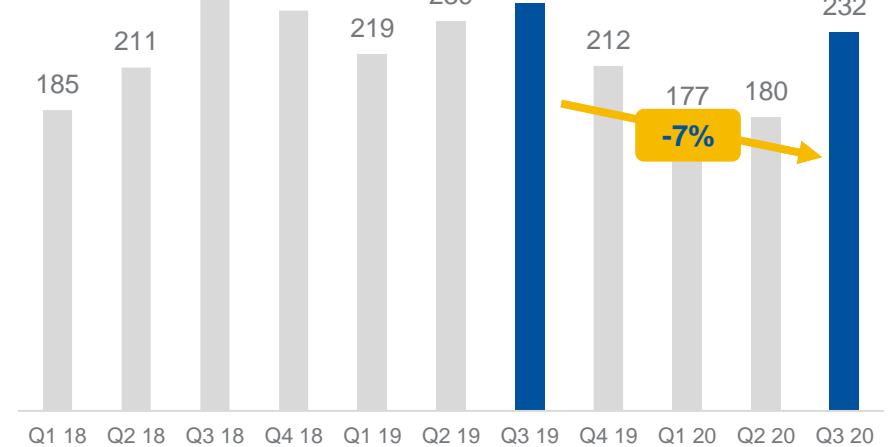
PLN/MWh



Source: PPE, clearing prices

RDN (Day-Ahead Market) BASE

PLN/MWh



Source: PPE, clearing prices



GENERATION

Area

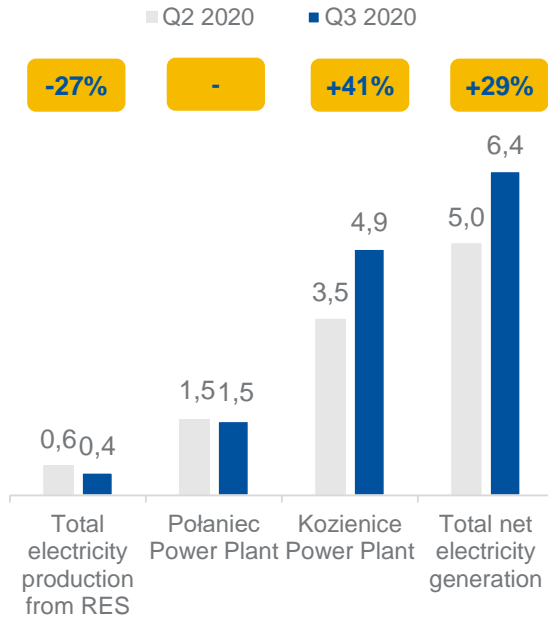


ENEA Group's operational data

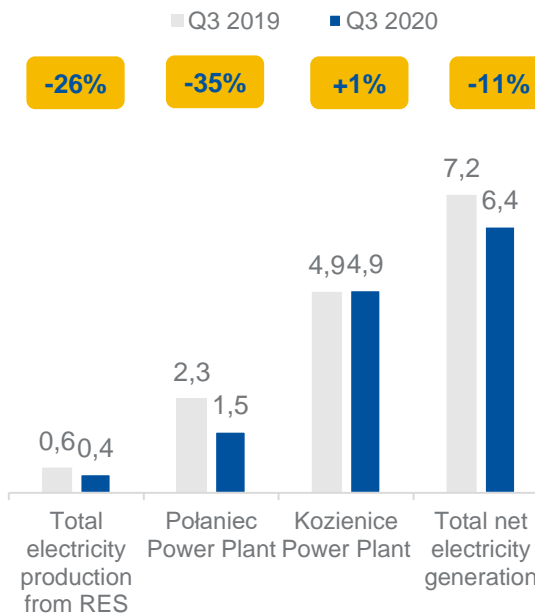


External factors affected the production level

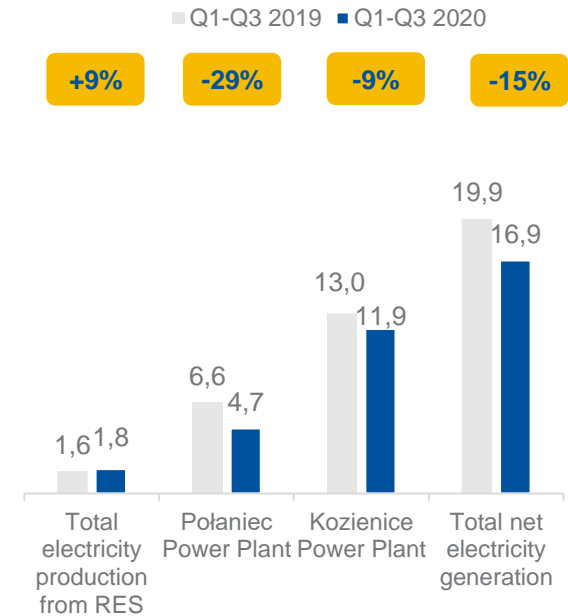
Net production [TWh]



Net production [TWh]



Net production [TWh]



Key drivers

- (+) Higher RES energy production during 3 quarters of 2020
- (-) Lower generation from conventional sources due to the lower availability of units, higher electricity imports and weaker demand due to the coronavirus epidemic

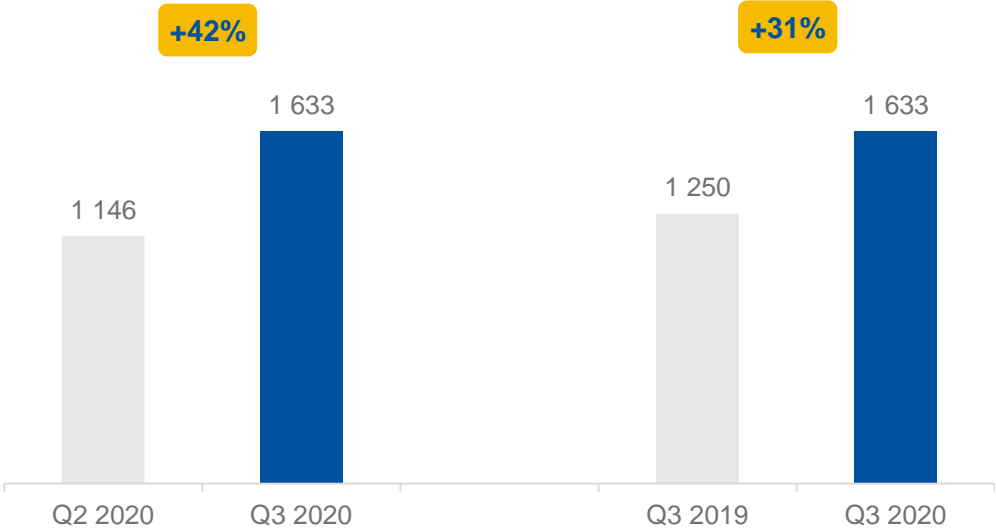


Unit 11

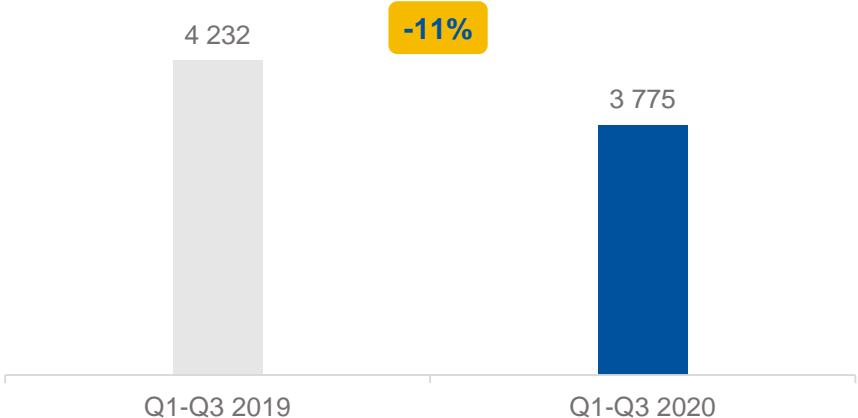


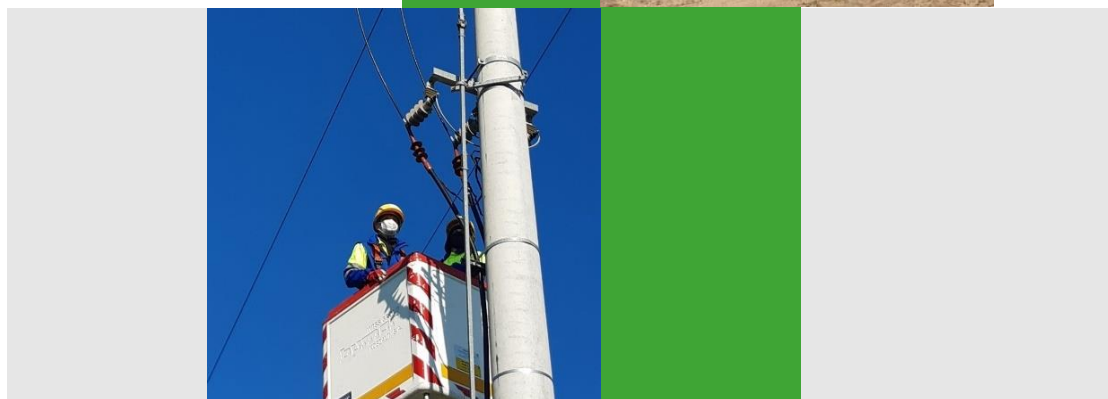
The unit's production within the 3 quarters was over 5,300 operating hours

Net electricity production [GWh]
in Q3 2020



Net electricity production [GWh]
Q1-Q3 2020





DISTRIBUTION

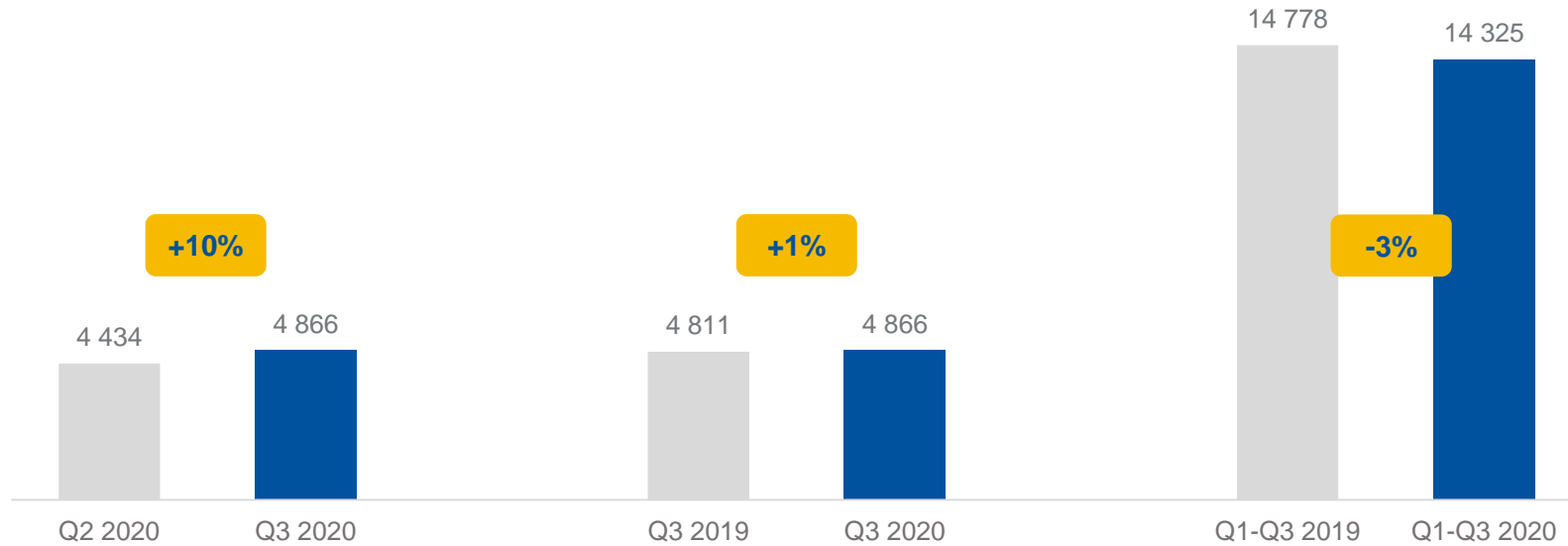
Area

Volume of distribution services



In Q3 2020, the sales volume of distribution services increased

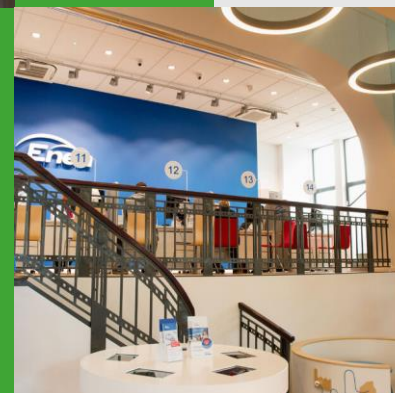
Sales of distribution services to end users [GWh]



Key drivers

- (+) Increase in the number of customers by 1.4%
- (+) Increase in sales to households
- (+) In Q1-Q3 2020, 26.8 thous. connections of renewable energy sources, including micro-installations (19.5 thous. at yearend 2019).
The total connected RES capacity is 1,873 MW
- (-) Decrease in sales of distribution services to business customers





TRADING

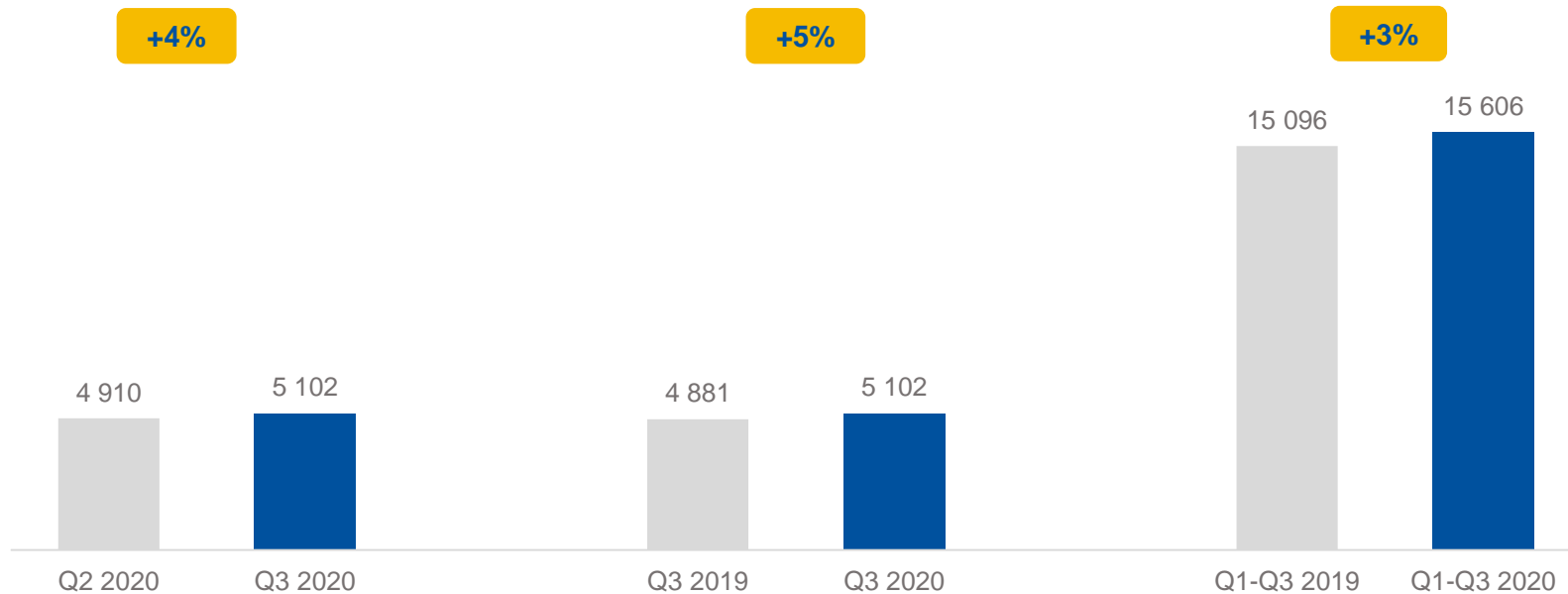
Area

Volume of energy sales



Increase in the total sales volume of electricity in Q3 and Q1-Q3 2020

Sales of electricity and gaseous fuel to retail customers [GWh]



Key drivers

- (+) Increase in the sales volume of electricity in the household segment by nearly 3%
- (+) Sales volume of electricity in the business segment up by 2%
- (+) Sales volume of gaseous fuel up by more than 26%





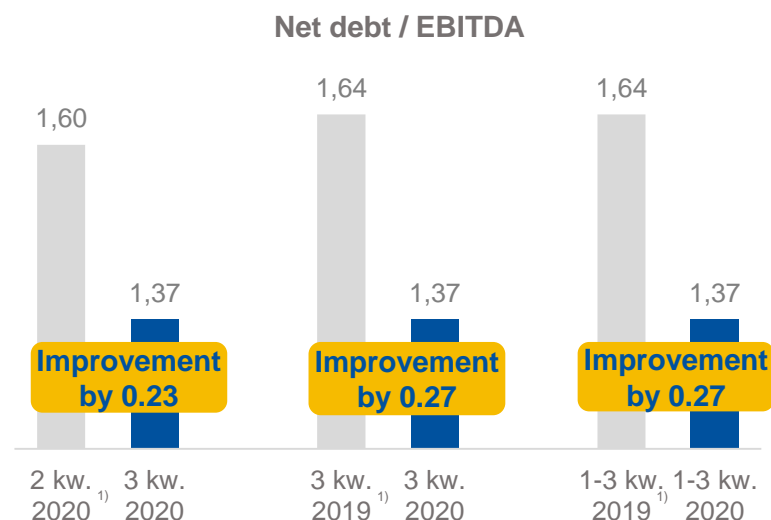
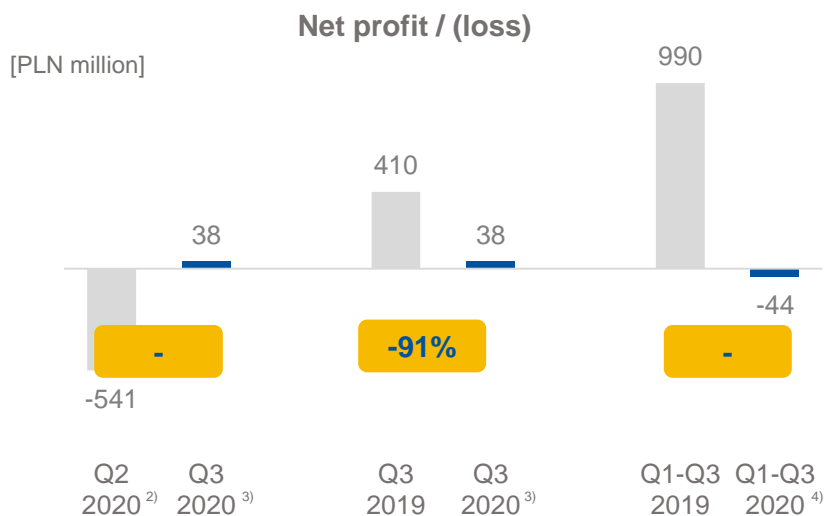
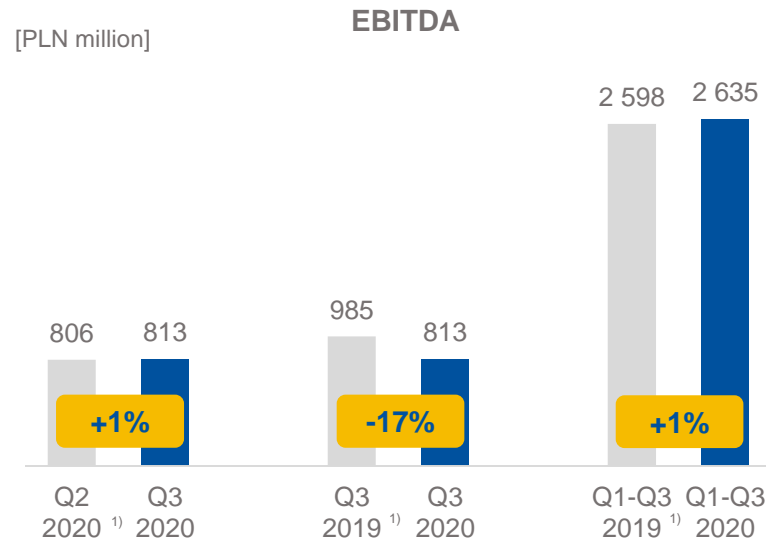
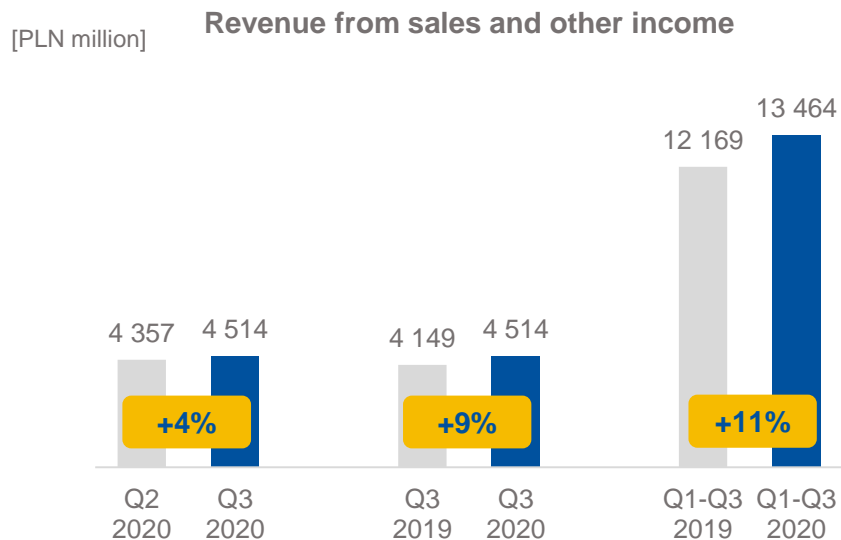
Financial performance in
Q1-Q3 2020



Key financial data



The key financial data were affected among others by non-recurring accounting events



¹⁾ Restatement of data for presentation purposes in accordance with the condensed interim consolidated financial statements.

²⁾ Including: an impairment allowance on generating assets, an impairment allowance on the value of loans with interest granted to Elektrownia Ostrołęka Sp. z o.o., a provision established for future investment commitments to Elektrownia Ostrołęka Sp. z o.o. and Energa S.A.

³⁾ Including: an impairment allowance on the value of the block of shares held by the Company in Polska Grupa Górnicza S.A.

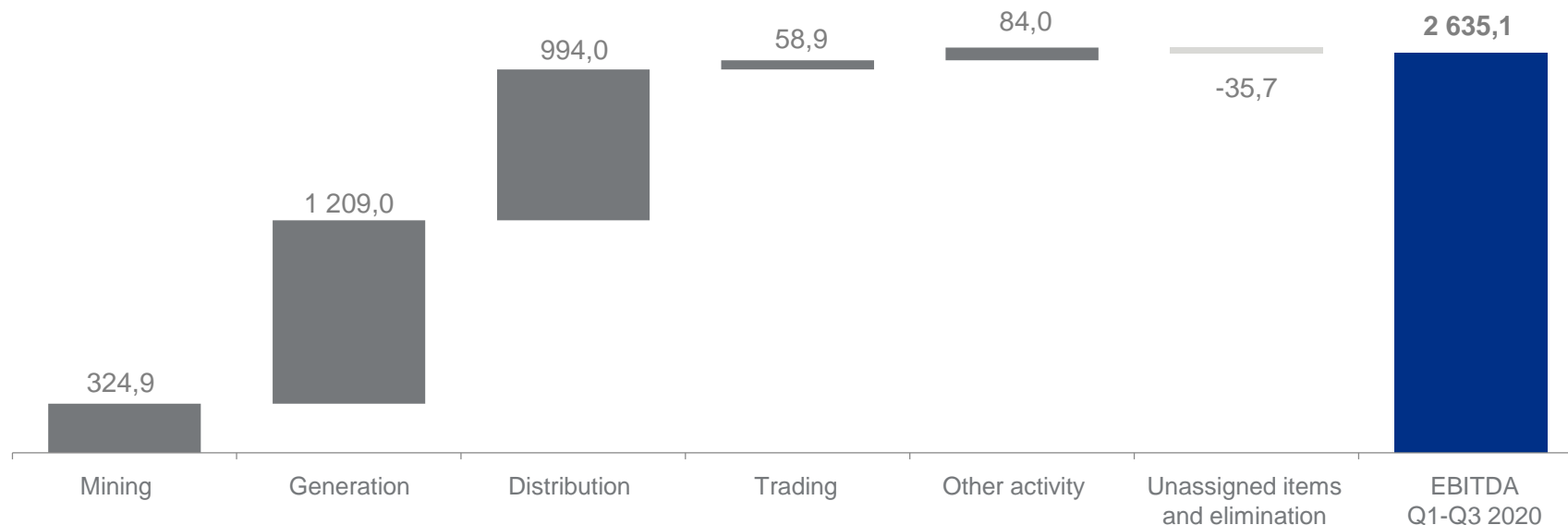
⁴⁾ Including: an impairment allowance on generating assets, an impairment allowance on the value of loans with interest granted to Elektrownia Ostrołęka Sp. z o.o., a provision established for future investment commitments to Elektrownia Ostrołęka Sp. z o.o. and Energa S.A. as well as an impairment allowance on the value of the block of shares held by the Company in Polska Grupa Górnicza S.A.

EBITDA in Q1-Q3 2020



The highest EBITDA was earned by the Generation and Distribution Areas

[mln zł]



Mining

Decrease in revenue from sales [sales price up by 2%, volume down by 19%]

In Q1-Q3 2019, reversal of the provision for claims under the dispute with ZUS (PLN 16.4 million)

Generation

Trading and Balancing Market margin up by PLN 301.5 million [higher unit margins]

Revenues from Regulatory System Services up by PLN 19.8 million

Generation margin down by PLN 274.4 million

Distribution

Margin on licensed activity up by PLN 178.4 million [higher rates in the tariff approved for 2020]

Operating expenses up by PLN 48 million

Result on other operating activities up by PLN 60 million (mainly due to the movement in provisions related to grid assets), an increase in revenues on contractual penalties and indemnities)

Trading

Average energy sales price up by 23.7%

Improved result due to the remeasurement of CO₂ contracts

Average energy purchase price up by 11%

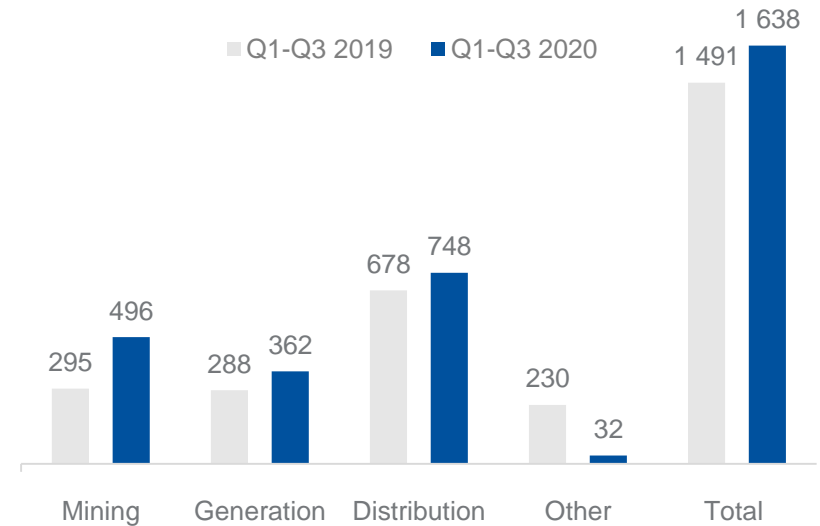
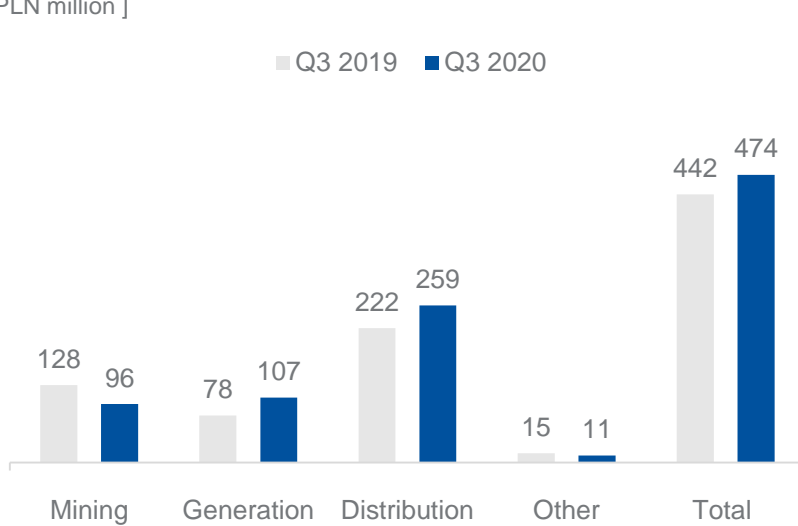
Costs of environmental obligations up by 6.1%

Capital expenditures

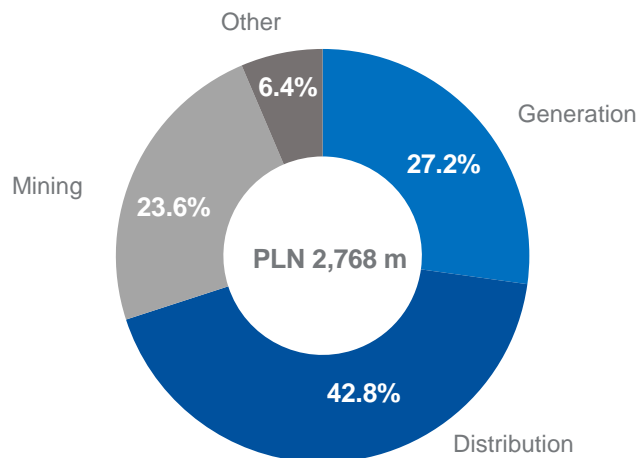


Capital expenditures increased in the key areas of ENEA Group's activities

[PLN million]



Structure of the 2020 Plan



PLN 225 million
designated for capital expenditures related to the protection of the environment in Q1-Q3 2020





SOCIAL INVOLVEMENT

Corporate Social Responsibility



The ENEA Group is developing social projects and actively supports the fight with the pandemic



The ENEA Group has promised another PLN 1 million of aid for support activities for hospitals and specialist centers fighting the COVID-19 pandemic. In total, the ENEA Group will donate more than PLN 5 million for fighting the pandemic. The ENEA Foundation will carry out aid activities in accordance with the guidelines issued by the Ministry of State Assets.

ENEA for Generations – support for senior citizens

The third edition of the program entitled “ENEA for generations. Safe and healthy senior” implemented this year featured a free TeleAdvice hotline.

The hotline at the phone number 800 805 605 offered, 5 years a week, services of experts of selected areas: a dietician, a lawyer, a social worker, a consumer ombudsman, a physician and a pharmacist



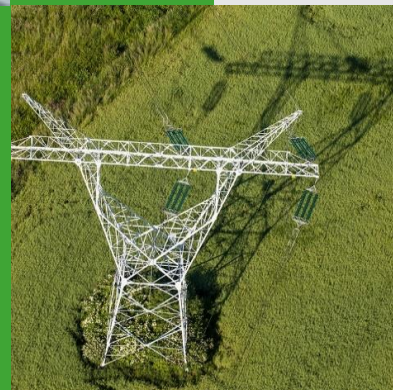
Continuation of volunteering activities – purchases for senior citizens

Customers of the ENEA Group aged 60+ living in Poznań and the Poznań county received an invitation to take advantage of help provided by ENEA Group's volunteers in daily shopping.

Aid for the travel industry, which suffered as a result of the pandemic

In August, ENEA launched the #DoZobaczenia campaign to support local communities and promote the Polish travel industry as part of the activities related to the mitigation of effects of the COVID-19 pandemic.





KEY DATA

Q1-Q3 2020 in figures



Financial data



PLN 2.6 billion of EBITDA



Over **PLN 1.6 billion** of capital expenditures
Net debt / EBITDA of **1.37**



PLN 13.5 billion in revenue



Operational data



16.9 TWh of electricity generated



15.6 TWh of energy and gas sold to retail customers

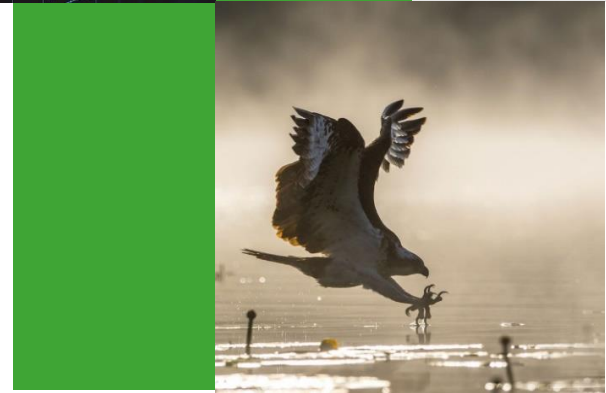


Nearly **1.8 TWh** electricity generated from renewable sources





ATTACHMENTS



Operating results of LW Bogdanka



Item	Q3 2019	Q3 2020	Change	Q1-Q3 2019	Q1-Q3 2020	Change
Net production [000s of tons]	2,301	1,841	-20%	7,127	5,538	-22.3%
Sales of coal [000s of tons]	2,292	2,178	-5.0%	7,061	5,700	-19.3%
Inventories (at th end of the period) [000s of tons]	153	17	-88.9%	153	17	-88.9%
Excavation works [km]	7.5	6.6	-12.0%	21.7	19.7	-9.2%

ENEA Group's operational data

ENEA Group's operational data [GWh]	Q3 2019	Q3 2020	Change	Q1-Q3 2019	Q1-Q3 2020	Change
Total net electricity generation	7,193	6,426	-10.7%	19,878	16,853	-15.2%
of which:						
ENEA Wytwarzanie including MEC Piła	4,850	4,888	0.8%	13,019	11,895	-8.6%
Połaniec Power Plant	2,275	1,473	-35.3%	6,602	4,699	-28.8%
ENEA Ciepło	69	64	-6.4%	257	258	0.3%
Total electricity production from RES	608	448	-26.3%	1,615	1,757	8.8%

Volume of distribution services

ENEA Group's sales data [GWh]	Q3 2019	Q3 2020	Change	Q1-Q3 2019	Q1-Q3 2020	Change
Sales of distribution services to end users	4,811	4,866	1%	14,778	14,325	-3%

Volume of energy sales



ENEA Group's sales data [GWh]	Q3 2019	Q3 2020	Change	Q1-Q3 2019	Q1-Q3 2020	Change
Sales of electricity and gaseous fuel to retail customers	4,881	5,102	4.5%	15,096	15,606	3.4%

Key financial data of the Group

ENEA Group's financial data [PLN million]	Q3 2019 ¹⁾	Q3 2020	Change	Q1-Q3 2019 ¹⁾	Q1-Q3 2020	Change
Revenue from sales and other income	4,149	4,514	9%	12,169	13,464	11%
EBITDA	985	813	-17%	2,598	2,635	1%
EBIT	598	394	-34%	1,471	923	-37%
Net profit / (loss) for the reporting period	410	38	-91%	990	-44	-104%
Net profit/(loss) attributable to shareholders of the parent company	386	37	-90%	892	-62	-107%
Net debt / EBITDA	1.64	1.37	-0.27	1.64	1.37	-0.27

¹⁾ Restatement of data for presentation purposes in accordance with the condensed interim consolidated financial statements

EBITDA in Q3 and Q1-Q3 2020



Q3 2020 ¹⁾ EBITDA [PLN million]	110.6	336.9	315.5	18.5	31.5	0.2	813.4
EBITDA margin	21.9%	15.6%	40.7%	1.0%	25.2%	-	18.0%
Change [PLN million]	-67.0	-84.8	25.9	-58.8	0.5	12.7	-171.6
Change [%]	-37.7%	-20.1%	8.9%	-76.0%	1.6%	102.0%	-17.4%
Q1-Q3 2020 ¹⁾ EBITDA [PLN million]	324.9	1,209.0	994.0	58.9	84.0	-35.7	2,635.1
EBITDA margin	24.0%	19.3%	41.5%	1.0%	23.0%	1.3%	19.6%
Change [PLN million]	-287.2	57.6	188.6	-1.0	-6.5	85.3	36.7
Change [%]	-46.9%	5.0%	23.4%	-1.6%	-7.2%	70.5%	1.4%

1) Restatement of data for presentation purposes in accordance with the condensed interim consolidated financial statements

Results of the Generation Area



[PLN million]	Generation, including:								
	Must-run power plants			Heat			RES		
	Q3 2019	Q3 2020	Change	Q3 2019	Q3 2020	Change	Q3 2019	Q3 2020	Change
Revenue from sales and other income	1,800	1,943	143	95	85	(10)	217	148	(69)
EBIT	224	170	(54)	-	(10)	(10)	59	34	(25)
EBITDA	337	287	(50)	15	5	(10)	70	45	(25)
CAPEX	54	82	28	20	13	(7)	3	12	9
	Q1-Q3 2019	Q1-Q3 2020	Change	Q1-Q3 2019	Q1-Q3 2020	Change	Q1-Q3 2019	Q1-Q3 2020	Change
Revenue from sales and other income	5,141	5,426	285	354	350	(4)	561	526	(35)
EBIT	566	94	(472)	30	29	(1)	143	136	(7)
EBITDA	903	967	64	74	74	-	175	168	(7)
CAPEX	240	316	76	43	26	(17)	5	20	15

Growth strategy



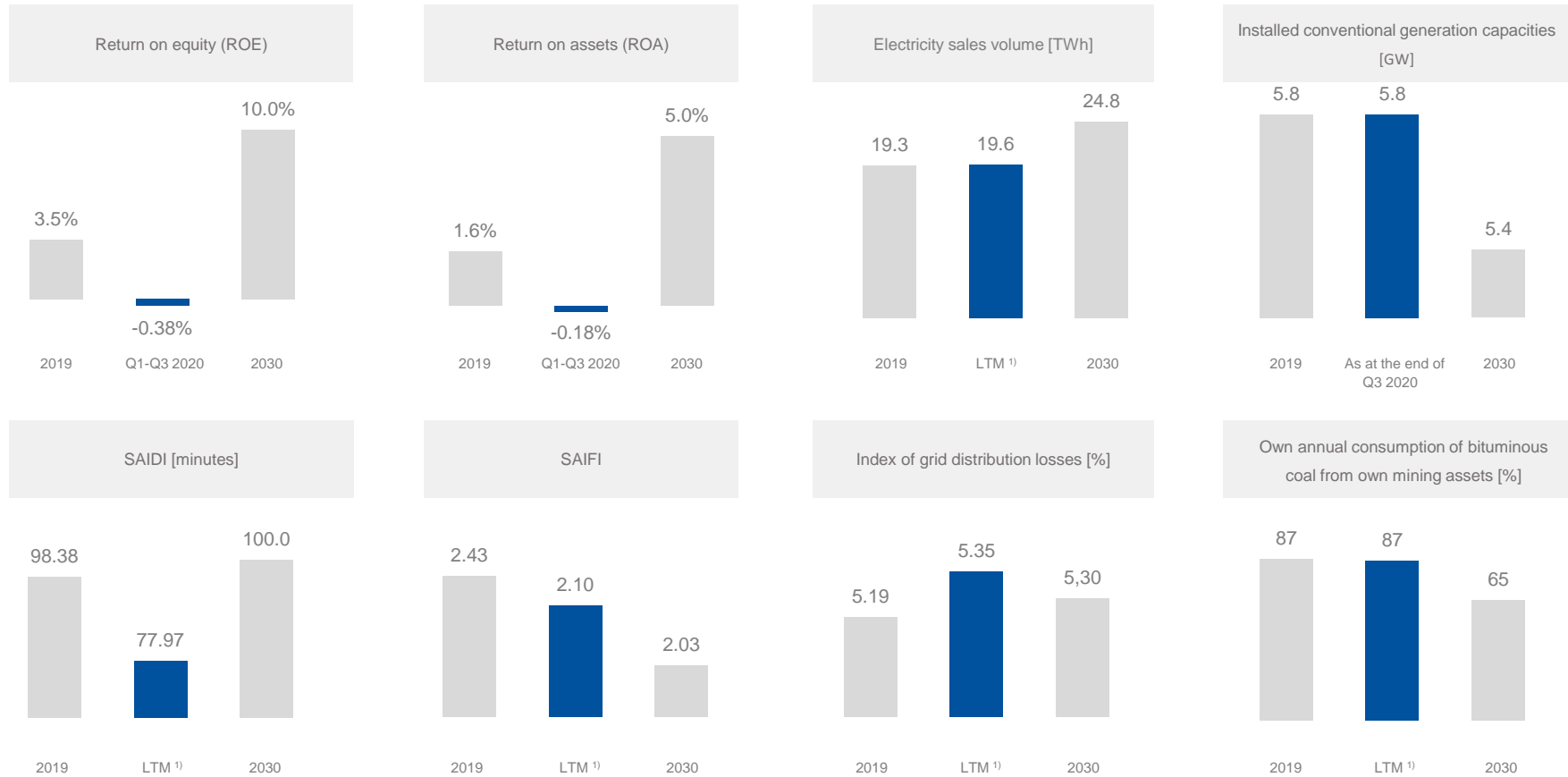
MISSION:

ENE A provides reliable products and services to its customers by building lasting relationships based on respect for the environment and shared values

VISION:

ENE A is a leading supplier of integrated products and services valued for quality, comprehensive approach and reliability

Implementation of the ENEA Group Development Strategy until 2030 with an outlook to 2035



¹⁾ LTM covering the period Q4 2019 – Q1-Q3 2020

