



RESULTS of the ENEAA GROUP

in 2020



26 March 2021

Results of the ENEA Group in 2020

ENEA Group generated stable financial results



PLN 18.2 bn

revenue, up
by **PLN 1.8 billion** (11% y/y)



PLN 3.3 bn

EBITDA, down
by **PLN 36 million** (-1% y/y)



1.95

net debt/ EBITDA
improvement
by **0,04** (-2% y/y)



22.5 TWh

of electricity generated,
down by **3.4 TWh** (-13% y/y)



7.6 mln t

of net coal production,
down by **1.9 mln t**
(-19% y/y)



5% y/y

increase in energy production
from renewable sources
(by **114 GWh**)



MINING

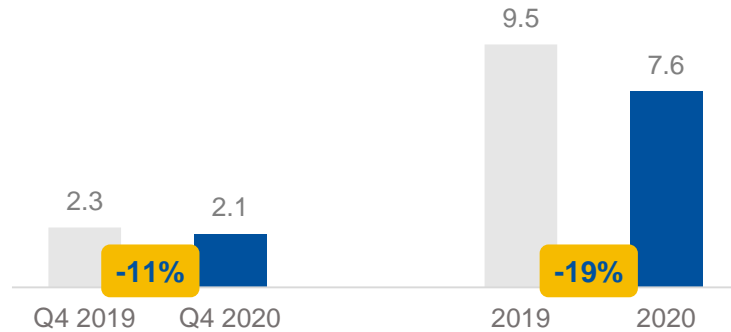
Area

Operating results of LW Bogdanka

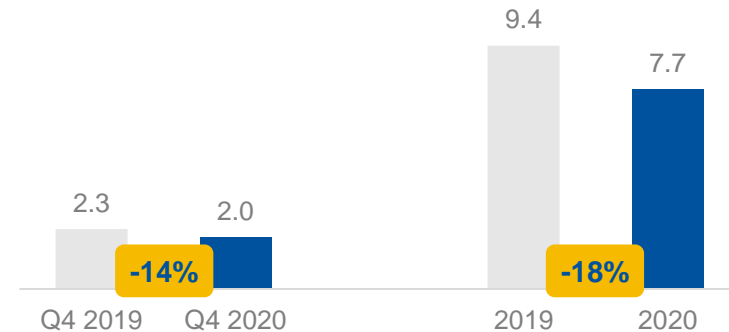


Operating results affected by tough market environment

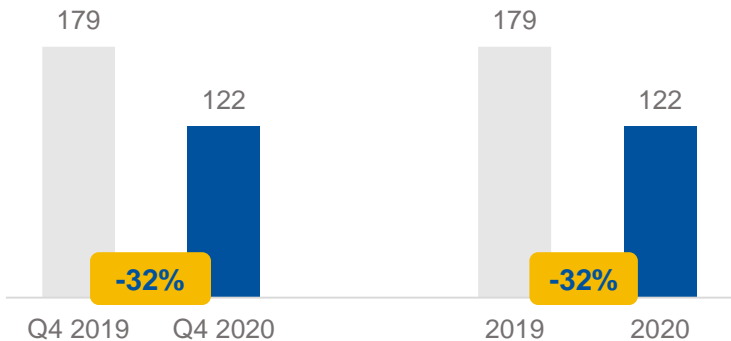
Production of commercial coal [million tons]



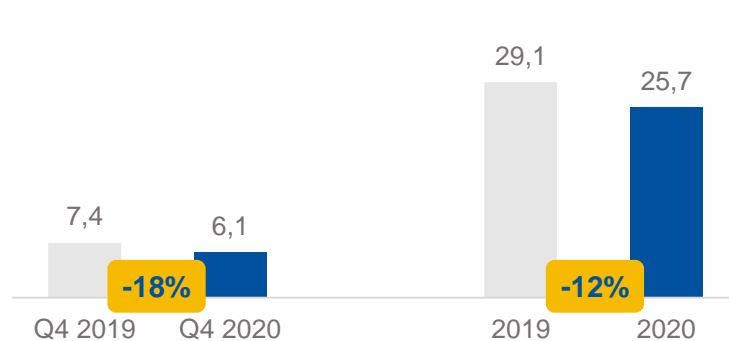
Sales of coal [million tons]



Coal inventories [thou. tons]



New excavations [km]



Key drivers

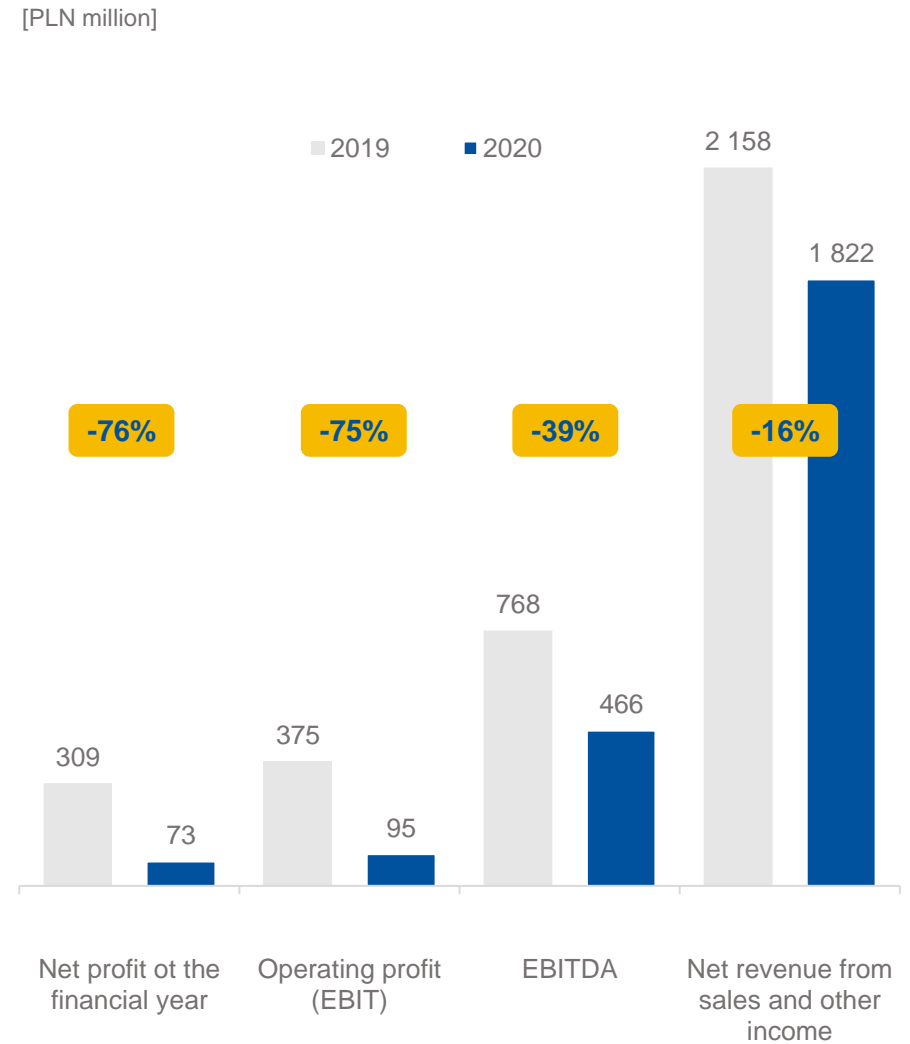
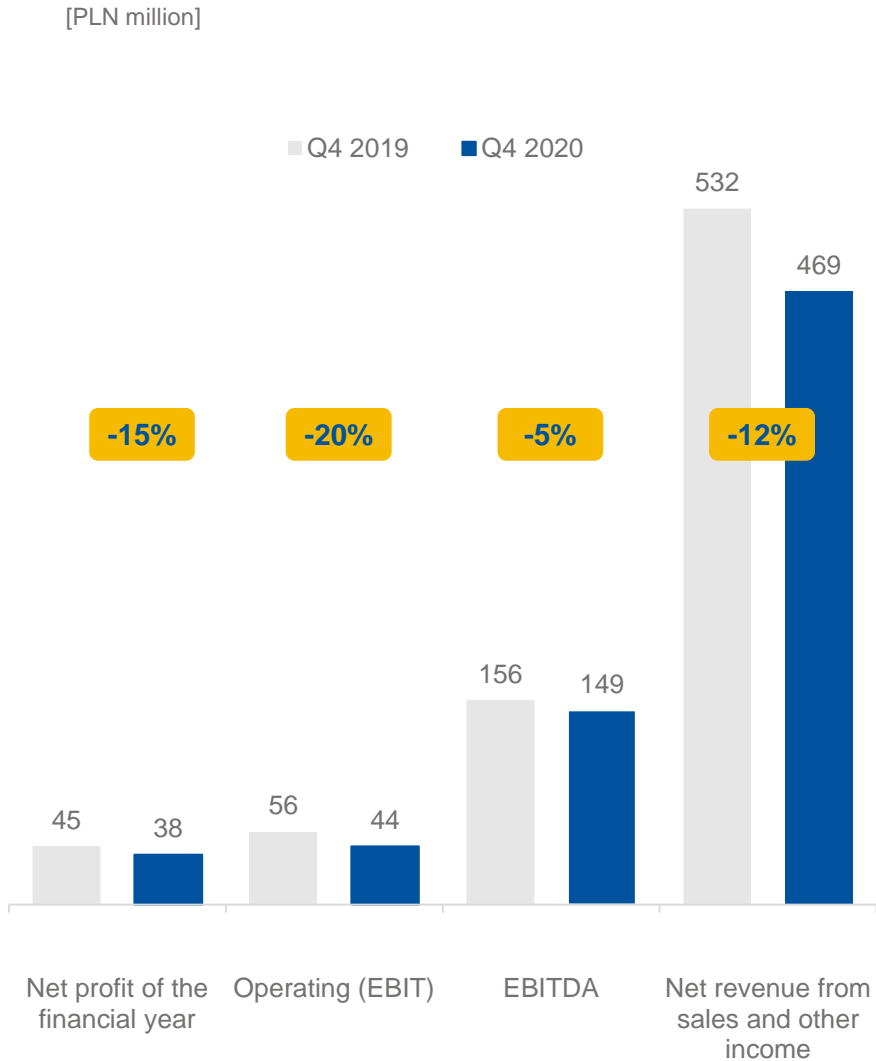
(-) Weaker demand for electricity caused by the slowdown in economic processes due to the coronavirus pandemic

(+) High yield in Q4 2020 positively affected the 2020 yield and, despite technical and geological problems, the yield in 2020 was 64.0%, which was similar to 2019.

LW Bogdanka Group's EBITDA in Q4 and 2020



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



EBITDA in 2020



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

[PLN million]



EBITDA drivers in 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

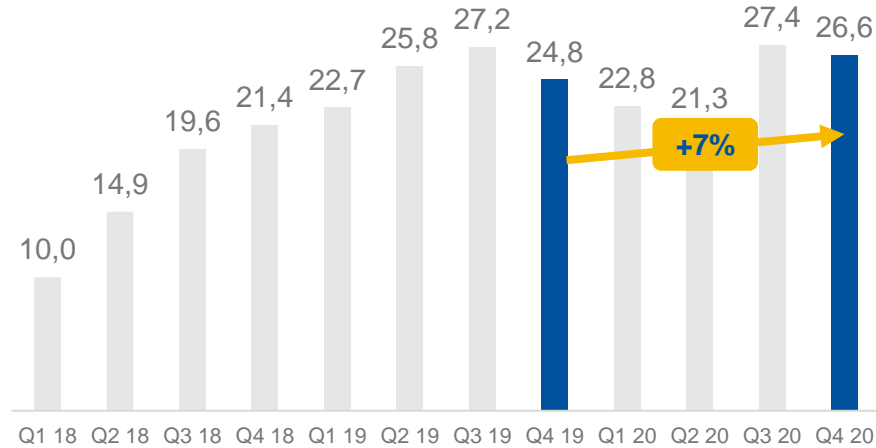
Market environment



CO₂ prices remain high

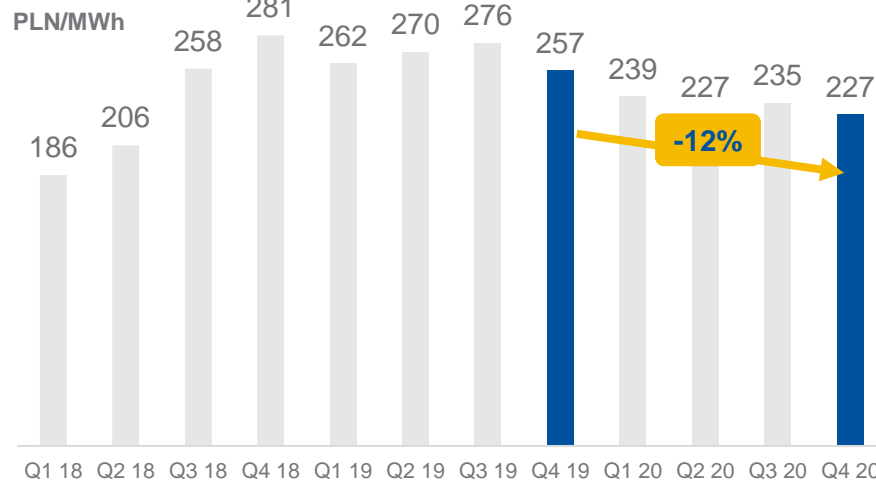
CO₂ (Dec-20) emission allowances

EUR/t



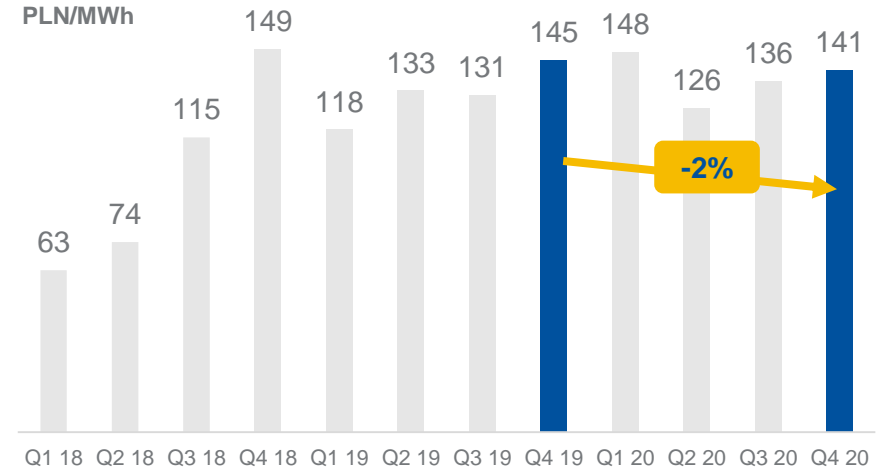
Source: ICE, clearing prices

BASE_Y_19/20/21 (band price)



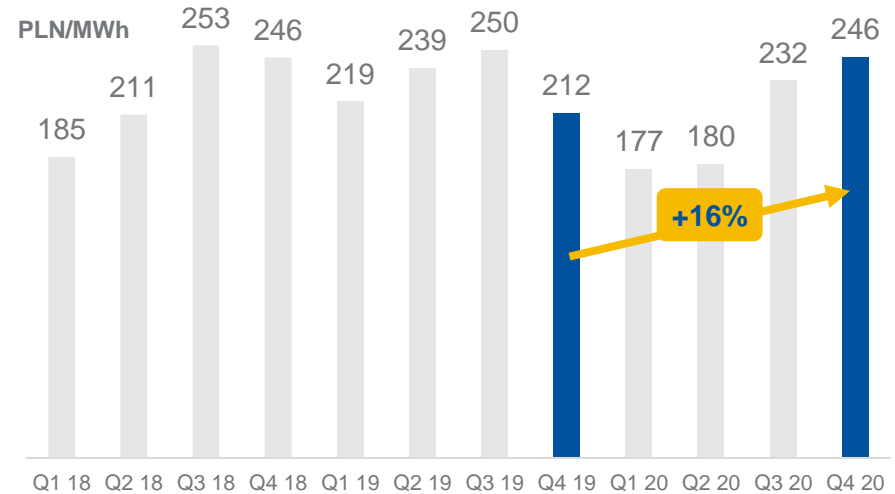
Source: PPE, clearing prices

Prices of „green” property rights (PMOZE_A)



Source: PPE, session market indices

(Day-Ahead Market) BASE



Source: PPE, clearing prices



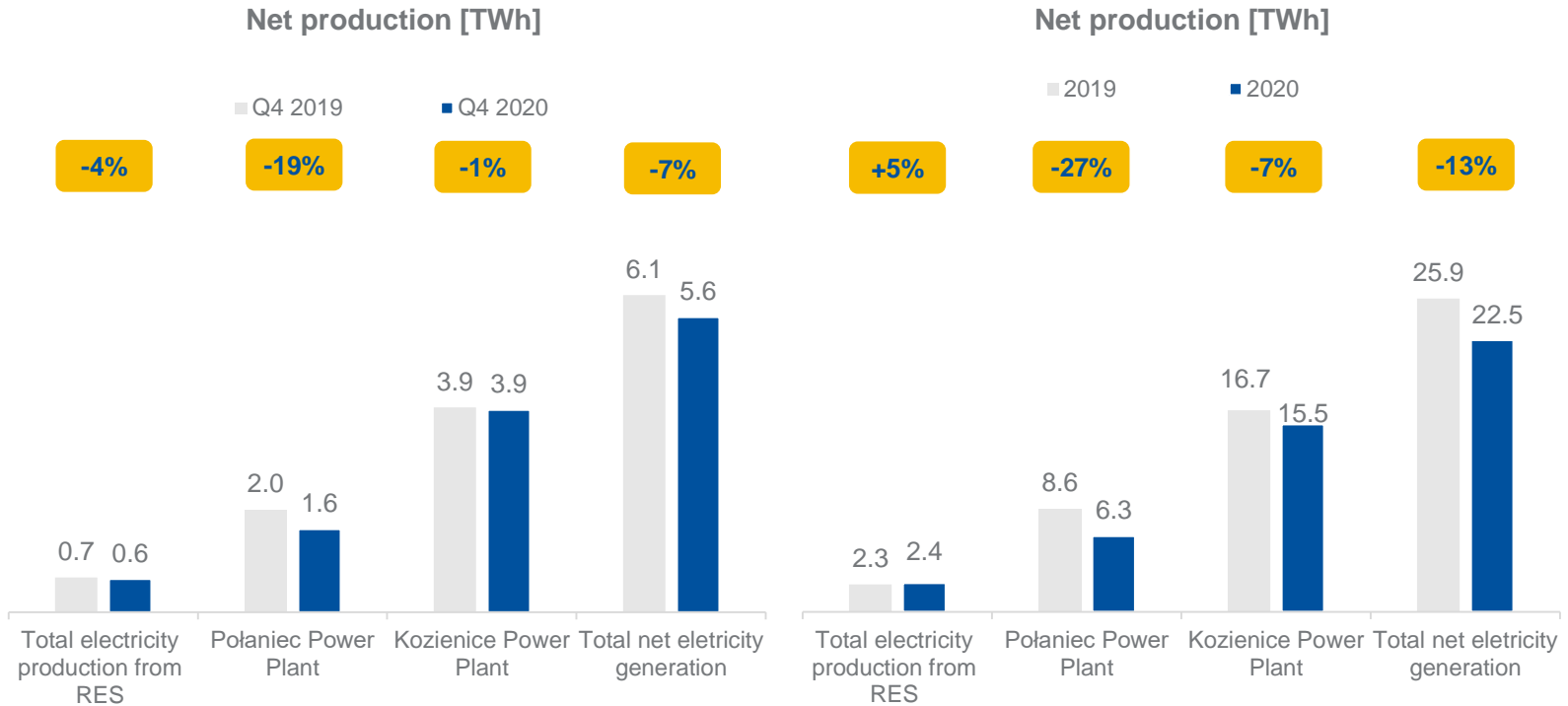
GENERATION

Area

ENEA Group's operational data



The production level was affected by external factors



Key drivers

(+) Higher energy production using RES in 2020

(-) Lower generation from conventional sources due to the lower availability of units (scheduled modernizations), higher electricity imports and weaker demand due to the coronavirus epidemic



DISTRIBUTION

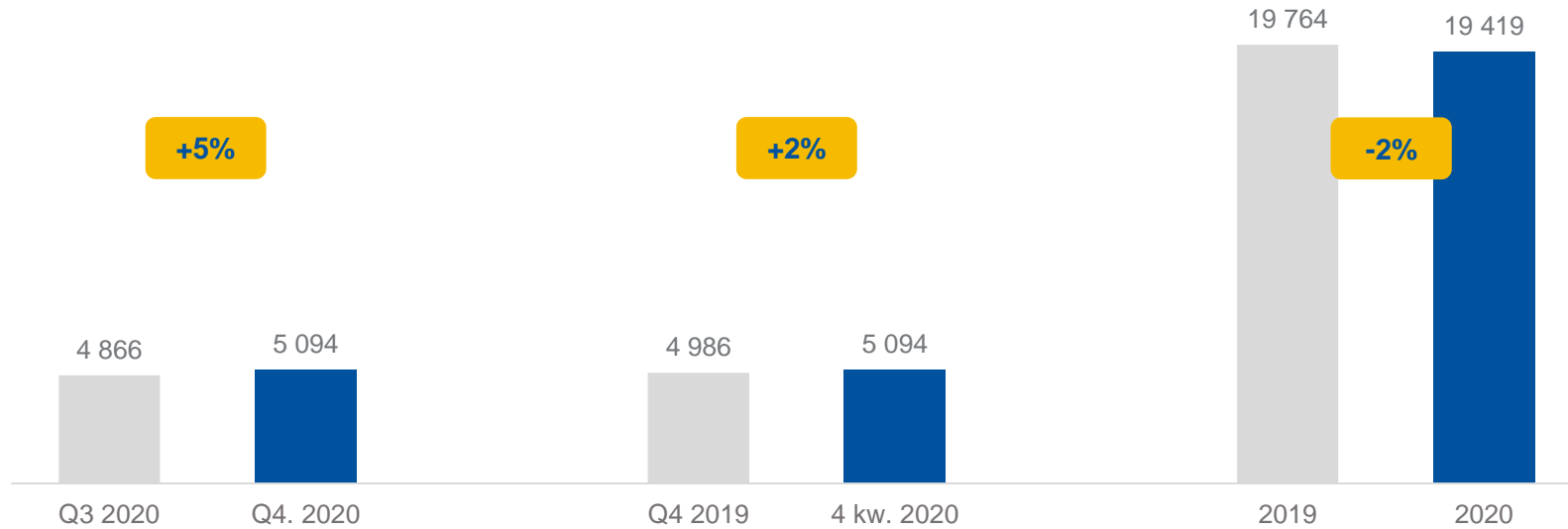
Area

Volume of distribution services



In Q4 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 1.3%
- (+) Increase of sales of distribution services to households
- (+) In 2020, more than 43 thous. new connections of renewable energy sources, including micro-installations
- (-) Decrease in sales of distribution services to business customers



TRADING

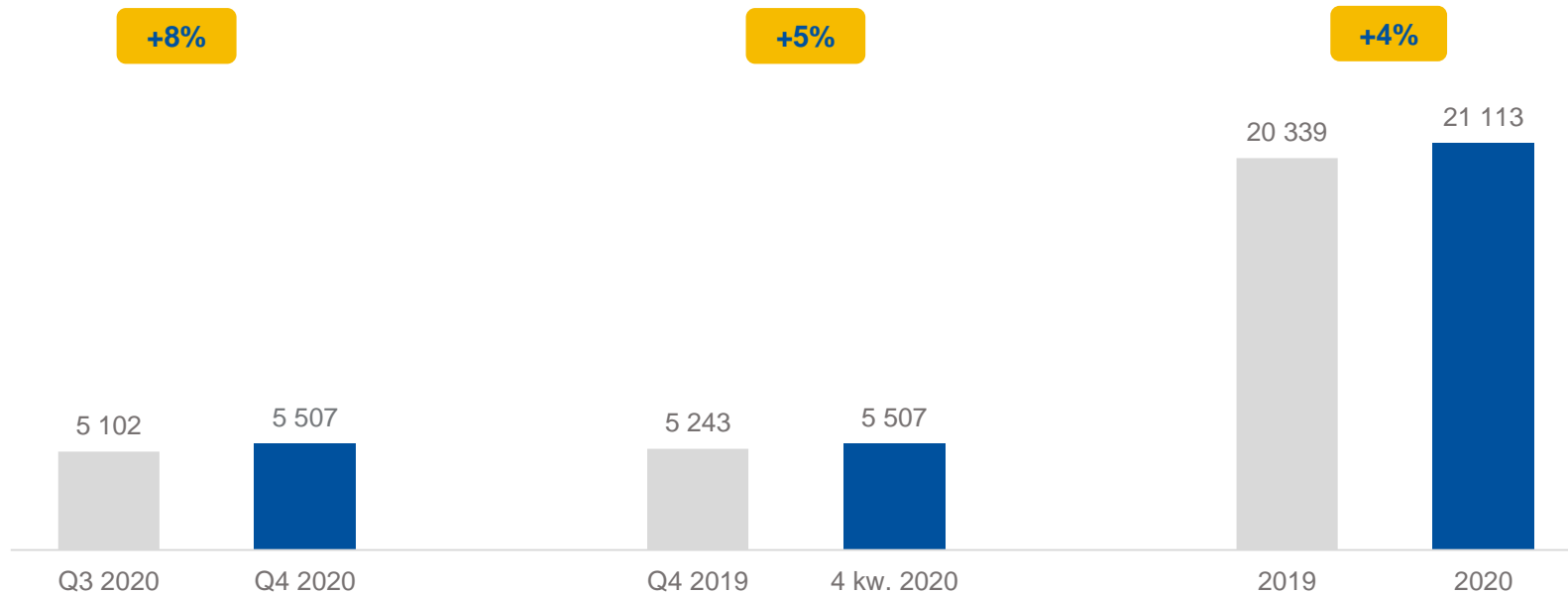
Area

Volume of energy sales



Increase in the total sales volume of electricity in Q4 and the entire year 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 approx. 3%
- (+) Sales volume of electricity in the business segment up by over 2%
- (+) Sales volume of gaseous fuel up by more than 25%

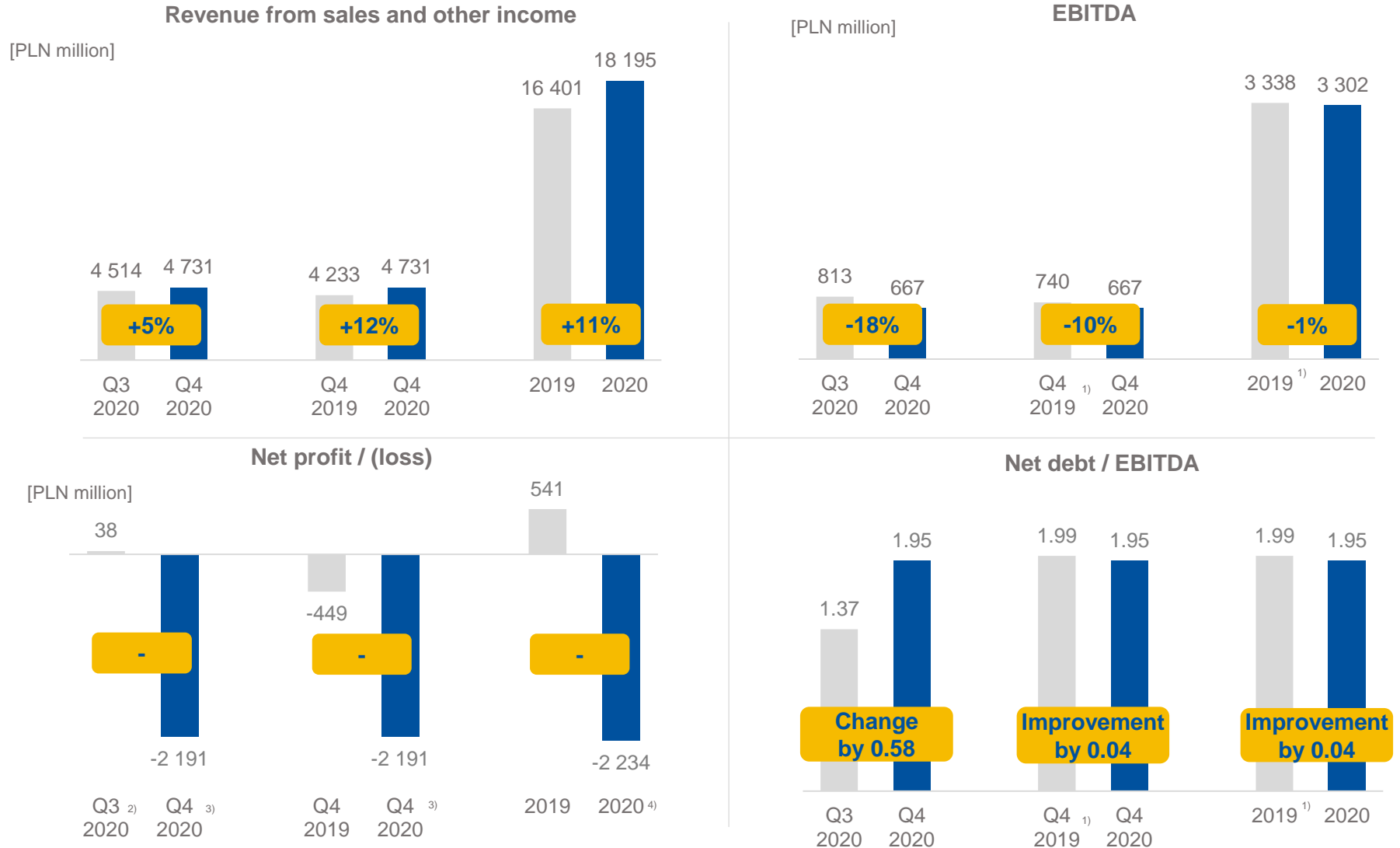


Financial performance in
2020

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 consolidated financial statements.

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

3) Including: an impairment allowance on generating assets, an impairment allowance on the value of loans with interest granted to Elekrownia Ostrołęka Sp. z o.o.

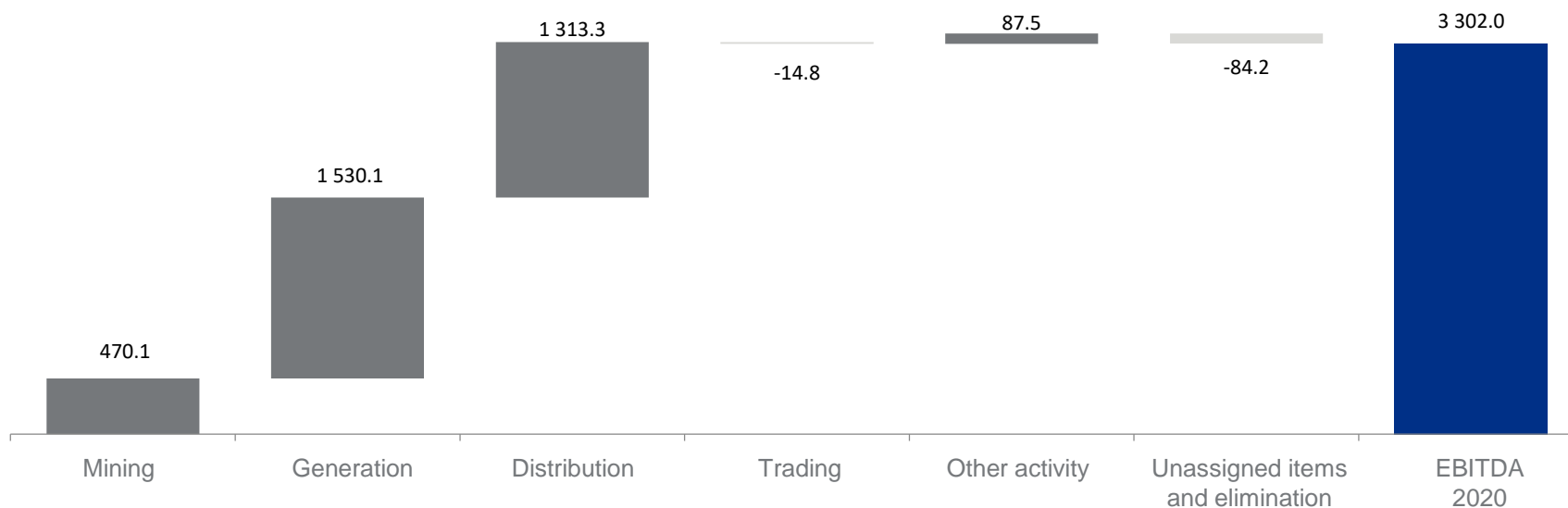
4) Including: an impairment allowance on generating assets, an impairment allowance on the value of loans with interest granted to Elekrownia Ostrołęka Sp. z o.o., a provision established for future investment commitments to Elekrownia Ostrołęka Sp. z o.o. as well as an impairment allowance on the value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

EBITDA in 2020



The highest EBITDA was earned by the Generation and Distribution Areas

[PLN million]



Mining

Decrease in revenue from sales [sales price up by +2%, volume down by 18%]

Reversal of the provision for disputed claims with ZUS (PLN 16.4 million) in 2019

Generation

In 2019, the provision for the purchase of the Skoczykłody wind farm in the amount of PLN 129 million was reversed

Generation margin down by PLN 298 million

Trading and Balancing Market margin up by PLN 308 million [higher unit margins]

EBITDA of the Heat area up by PLN 21 million and in the RES area up by PLN 12 million

Distribution

Margin on licensed activity up by PLN 221 million [higher rates in the tariff approved for 2020]

Result on other operating activities up by PLN 76 million (mainly due to the movement in provisions related to grid assets), an increase in revenues on contractual penalties and indemnities)

Operating expenses up by PLN 73 million

Trading

Average energy sales price up by 8.4%

Improved result due to the remeasurement of CO₂ contracts

Average energy purchase price up by 11.4%

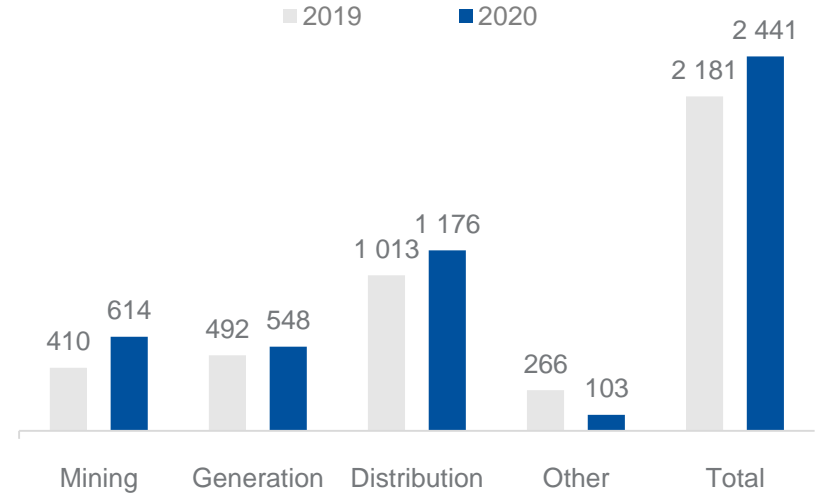
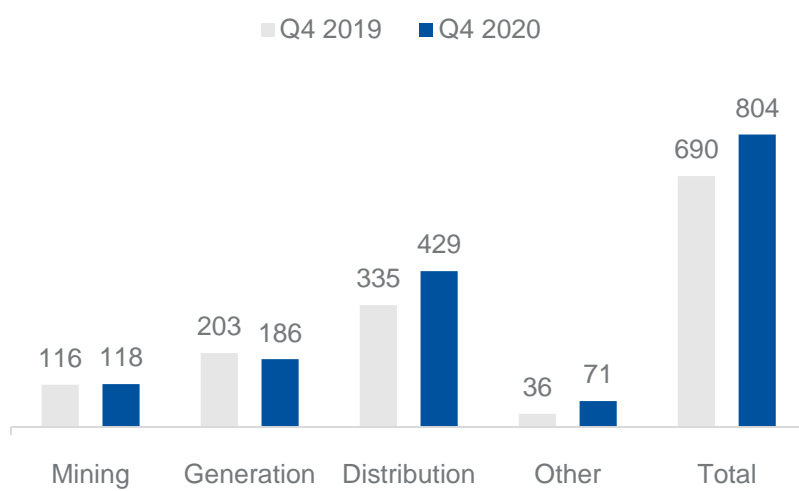
Costs of environmental obligations up by 3.9%

Capital expenditures



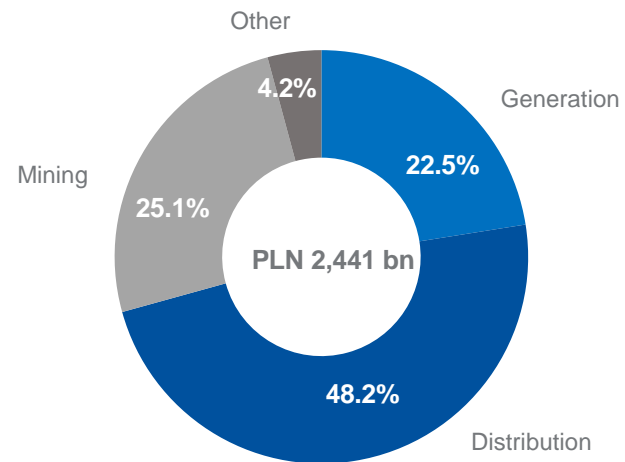
In 2020 capital expenditures increased in the key areas of Enea Group's activities

Capital expenditures [PLN million]



PLN 273 million
designated for capital expenditures related to the protection of the environment in 2020

Execution structure 2020





SOCIAL INVOLVEMENT

PLN
5,3
million



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

More than PLN 5.3 million – this is how much we donated in 2020 for combating the coronavirus pandemic

- Since March 2020, financial and material donations have been received by 51 hospitals and treatment centers across Poland. In November and December alone, that was nearly PLN 850 thousand for 13 centers
- This aid gifted through the ENEA Foundation and LW Bogdanka is used, among others, to purchase medical equipment and necessary sanitary and personal protection products
- This support is provided to medical centers operating in the territory where the Enea Group operates. They included, among others, medical centers in Białystok, Busko-Zdrój, Chodzież, Poznań, Radom, Szczecin or Zwoleń
- The list of medical institutions receiving the support is developed in cooperation with the Minister of Health and the Ministry of State Assets

Mission: Prevention. Health begins in your head

- It is a preventive health care project for Enea Group employees, which was launched in 2018 and run by the Enea Foundation
- Last year in November, employees attended a meeting with specialists in the field of neuroscience and psychodietetics and learned how to reduce stress at work and deal with the negative effects of the pandemic
- As part of the Mission: Prevention campaign, a series devoted to healthy spine and correct posture during remote working was also carried out



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

More than 75 liters of blood were collected in 2020 as part of the “Energy in Our Blood” program

- This project is carried out in cooperation with the Regional Blood Donation and Hemotherapy Centers. Since the beginning of the campaign, nearly 275 liters of blood was collected in the Enea Group
- What is important, in addition to the Group’s employees, their families and people from outside the Group, such as uniformed services, have become involved in the blood collection drives
- This year the activity was extended to include information campaigns were conducted to encourage employees to turn up for vaccinations against COVID-19 and to donate plasma by individuals who had been infected with the SARS-CoV-2 virus



75
liters of
blood

The Enea Group continues to engage in activities to promote safety, education, culture and sport among local communities

- The Group provided financial support to the “naGranie nad Rusalką” project – a series of outdoor concerts by young bands from Poznań, which was broadcast on the Internet
- As part of employee volunteerism, employees joined in the “Buy for your loved ones, help everyone” Christmas campaign. At a traditional charity fair, this time using a remote formula, employees purchased Christmas decorations made by participants of occupational therapy workshops for people with intellectual disabilities in Poznań, Piła and Police. Proceeds from the fair were used to support medical treatment of individuals taken care of by these institutions



Projects related to environmental protection

Minimizing power supply interruptions



ENEa Operator implements projects aimed at environmental protection and improves the quality of life of its customers

proprietary failure localization and identification system installed in an electric car

- positive impact on the environment by reducing noise and exhaust emissions
- facilitating the work of brigades in the field
- cost optimization of new equipment

the first vehicle in the history of the Polish energy sector to support the Work under Voltage

- improving the quality of network operation
- increasing the safety and comfort of electricians
- elimination of burdensome interruptions in energy supplies

cooperation within the initiated „e-VAN” program

- a joint project of the National Center for Research and Development and energy companies: ENEA, Energa-Operator, PGE Dystrybucja i Tauron Dystrybucja
- the goal is to create innovative, emission-free commercial vehicles
- popularization of electric transport





KEY DATA

Financial data



PLN 3.3 billion of EBITDA



PLN 2.4 billion of capital expenditures
Net debt / EBITDA of **1.95**



PLN 18.2 billion in revenue



22.5 TWh of electricity generated



21.1 TWh of energy and gas sold to retail customers



Nearly **2.4 TWh** electricity generated from renewable sources

Operational data



ATTACHMENTS

Operating results of LW Bogdanka



Item	Q4 2019	Q4 2020	Change	2019	2020	Change
Net production [000s of tons]	2 324	2 074	-10.8%	9 451	7 612	-19.5%
Sales of coal [000s of tons]	2 298	1 970	-14.3%	9 359	7 670	-18.0%
Inventories (at th end of the period) [000s of tons]	179	122	-31.8%	179	122	-31.8%
Excavation works [km]	7.4	6.1	-17.6%	29.1	25.7	-11.7%

ENEA Group's operational data



ENEA Group's operational data [GWh]	Q4 2019	Q4 2020	Change	2019	2020	Change
Total net electricity generation	6 053	5 629	-7.0%	25 931	22 482	-13.3%
of which:						
ENEA Wytwarzanie including MEC Piła	3 905	3 862	-1.1%	16 694	15 518	-7.0%
Połaniec Power Plant	1 956	1 581	-19.2%	8 557	6 280	-26.6%
ENEA Ciepło	104	103	-1.0%	361	361	0.0%
ENEA Nowa Energia	88	83	-5.6%	320	323	1.1%
Total electricity production from RES	663	635	-4.2%	2 278	2 392	5.0%

Volume of distribution services

ENEA Group's sales data [GWh]	Q4 2019	Q4 2020	Change	2019	2020	Change
Sales of distribution services to end users	4 986	5 094	2.2%	19 764	19 419	-1.7%

Volume of energy sales



ENEA Group's sales data [GWh]	Q4 2019	Q4 2020	Change	2019	2020	Change
Sales of electricity and gaseous fuel to retail customers	5,243	5,507	5.0%	20,339	21,113	3.8%

Key financial data of the Group

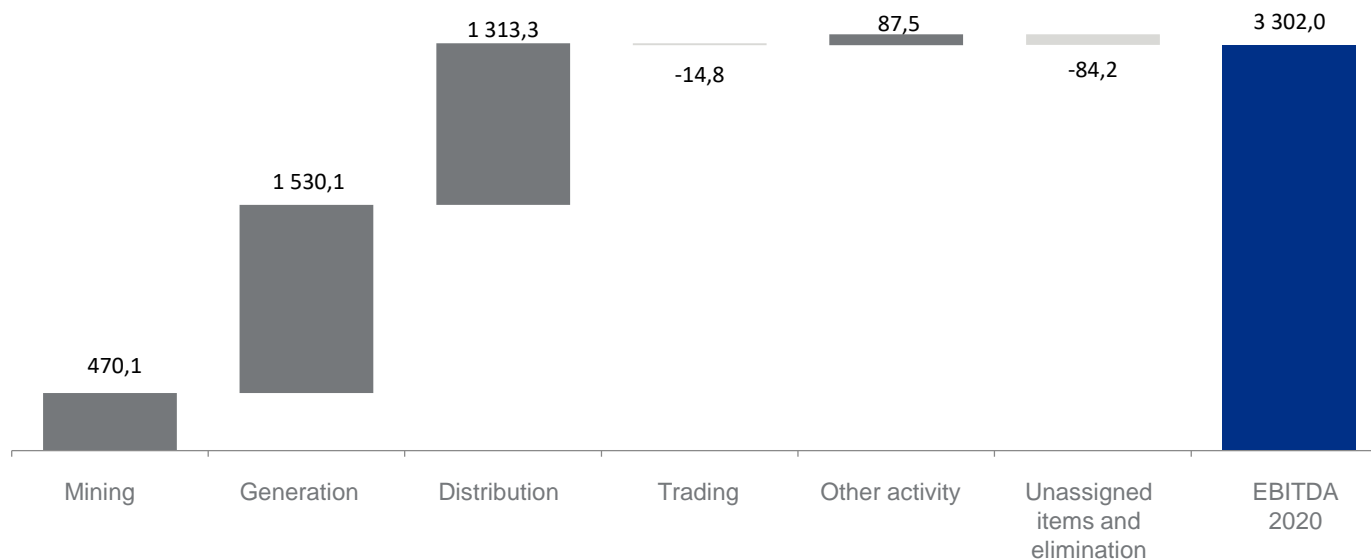
ENEA Group's financial data [PLN million]	Q4 2019 ¹⁾	Q4 2020	Change	2019 ¹⁾	2020	Change
Revenue from sales and other income	4,233	4,731	12%	16 401	18 195	11%
EBITDA	740	667	-10%	3 338	3 302	-1%
EBIT	313	-2,630	-941%	1 784	-1 706	-196%
Net profit / (loss) for the reporting period	(449)	(2,191)	388%	541	(2 234)	-513%
Net profit/(loss) attributable to shareholders of the parent company	(468)	(2,206)	-371%	423	(2 268)	-636%
Net debt / EBITDA	1,99	1,95	-0,04	1,99	1,95	-0,04

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

EBITDA in Q4 and 2020



[PLN million]



	Mining	Generation	Distribution	Trading	Other activity	Unassigned items and elimination	EBITDA 2020
Q4 2020 EBITDA [PLN million]	145.2	321.1	319.3	-73.7	3.5	-48.5	666.9
EBITDA margin	31.0%	14.9%	38.4%	-1.6%	3.2%	1.5%	14.1%
Change [PLN million]	-13.6	-121.6	32.3	35.8	6.4	-11.9	-72.7
Change [%]	-8.6%	-27.5%	11.2%	32.7%	219.9%	-32.6%	-9.8%
2020 EBITDA [PLN million]	470.1	1,530.1	1,313.3	-14.8	87.5	-84.2	3,302.0
EBITDA margin	25.8%	18.2%	40.7%	-0.1%	18.5%	1.4%	18.1%
Change [PLN million]	-300.8	-64.1	220.9	34.8	-0.2	73.3	-36.0
Change [%]	-39.0%	-4.0%	20.2%	70.1%	-0.2%	46.6%	-1.1%

Results of the Generation Area



Generation, including:									
[PLN million]	Must-run power plants			Heat			RES		
	Q4 2019	Q4 2020	Change	Q4 2019	Q4 2020	Change	Q4 2019	Q4 2020	Change
Revenue from sales and other income	1 719	1 788	69	146	162	16	192	211	19
EBIT	254	(2 801)	(3 055)	(18)	24	42	55	75	20
EBITDA	357	196	(161)	18	39	21	67	86	19
CAPEX	167	153	(14)	24	22	(2)	12	11	(1)
	2019	2020	Change	2019	2020	Change	2019	2020	Change
Revenue from sales and other income	6 860	7 214	354	500	512	12	753	737	(16)
EBIT	820	(2 707)	(3 527)	12	53	41	198	211	13
EBITDA	1 260	1 163	(97)	92	113	21	242	254	12
CAPEX	407	469	62	67	48	(19)	17	31	14



RESULTS of the ENEA GROUP

in 2020



26 March 2021

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