



RESULTS of the ENEAGROUP

in H1 2020

4 September 2020

Results of the ENEA Group in H1 2020

Stable financial performance



PLN 8.9 bn

revenue up
by **PLN 0.9 billion** (12% y/y)



PLN 1.8 bn

EBITDA up
by **PLN 0.2 billion** (13% y/y)



1.6

net debt / EBITDA
(improvement by 0.43 y/y)



30% y/y

increase in energy production
from renewable sources
by **302 GWh**



10.4 TWh

of electricity generated



3.7 mln t

of net coal production



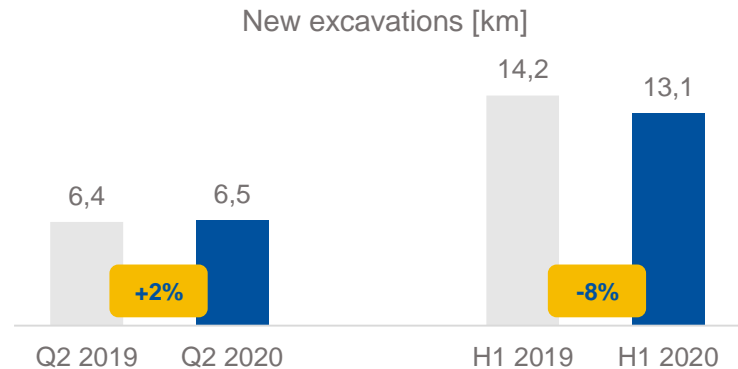
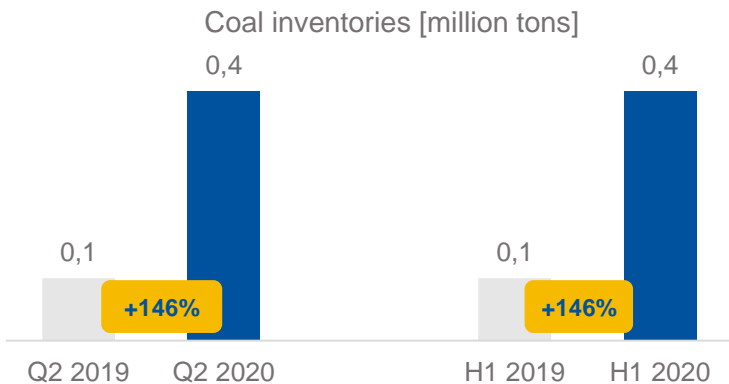
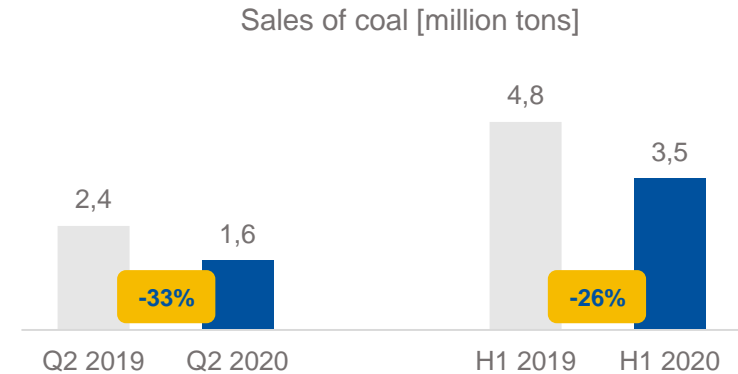
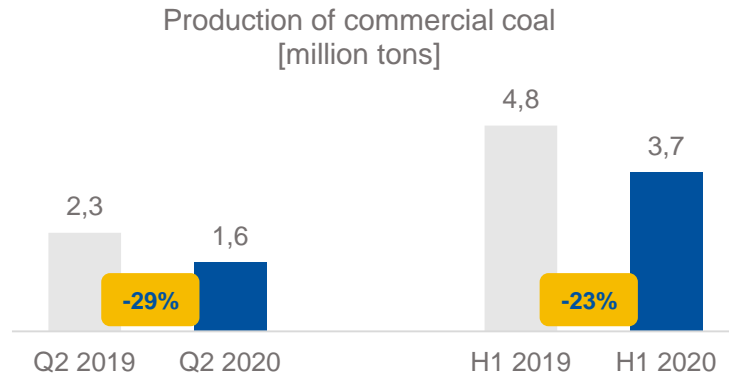
MINING

Area

Operating results of LW Bogdanka Group



Operating results affected by tough market environment



Key drivers

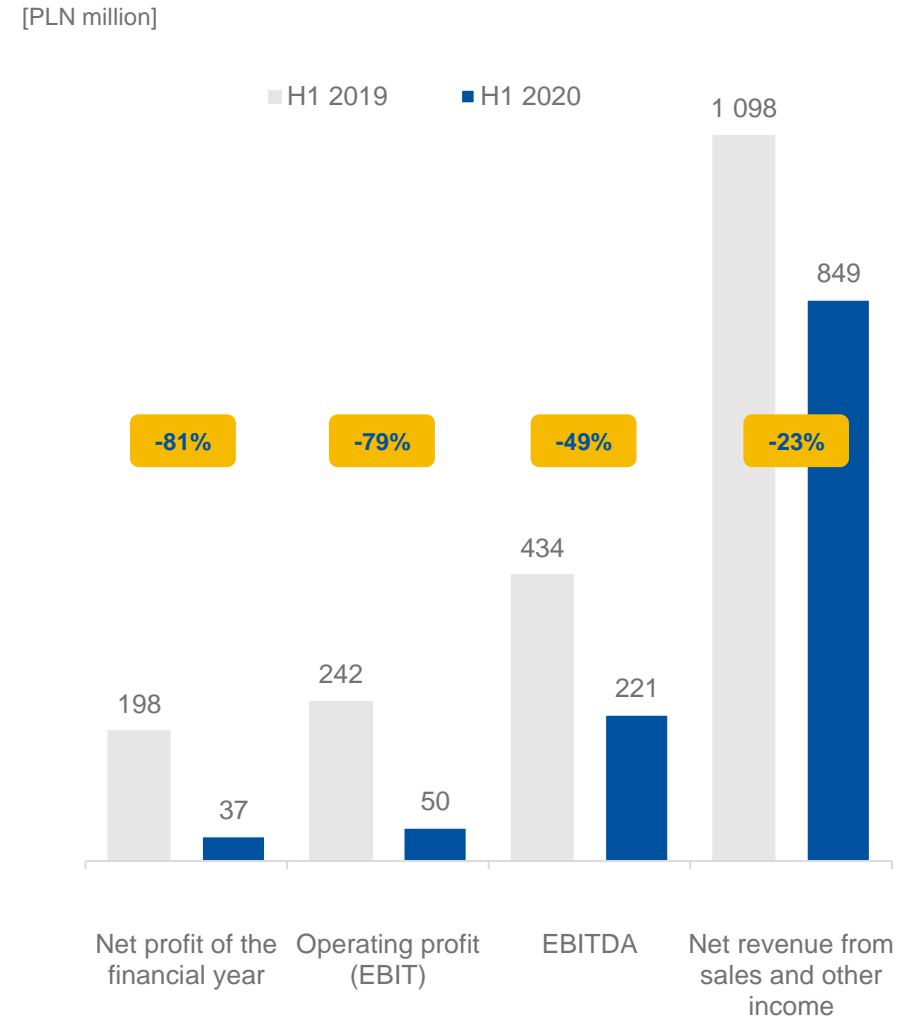
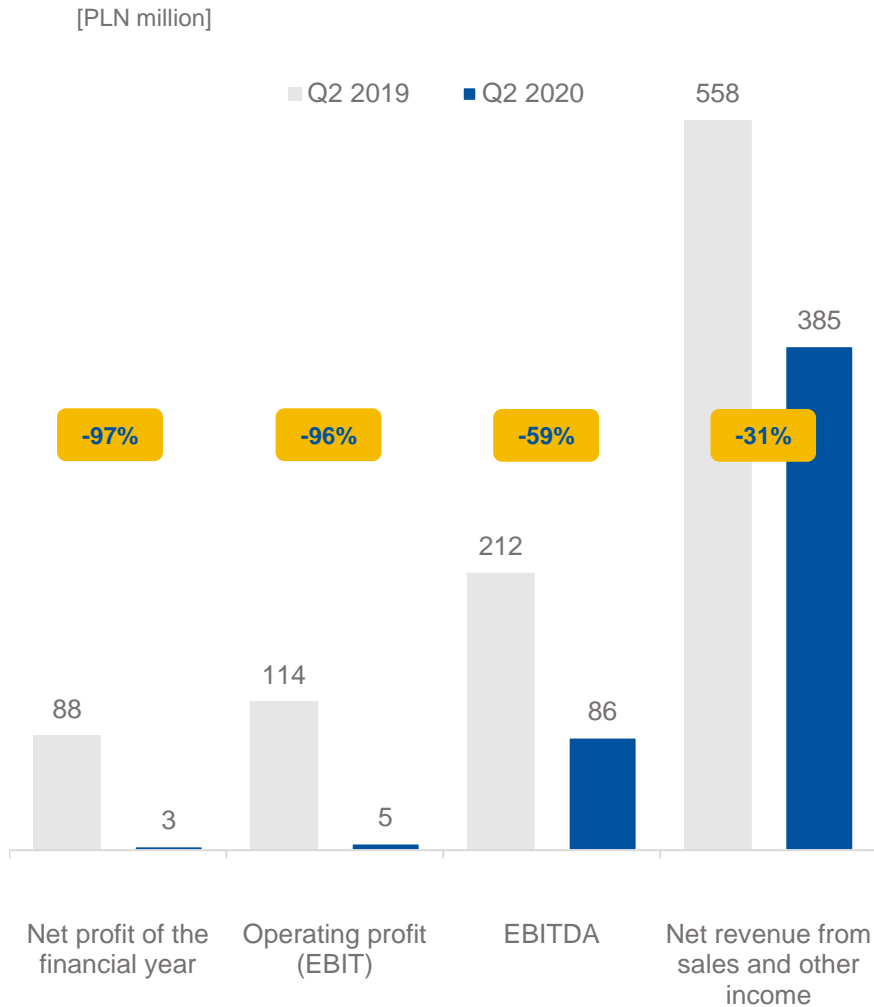
- (+) Increase in yield: 65.1% in H1 2019 and 66.8% in H1 2020
- (-) Renovation of railway routes
- (-) Decrease in demand for coal due to the warm and windy winter
- (-) Weaker demand for electricity caused by the slowdown in economic processes due to the coronavirus pandemic



EBITDA in Q2 and H1 2020



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

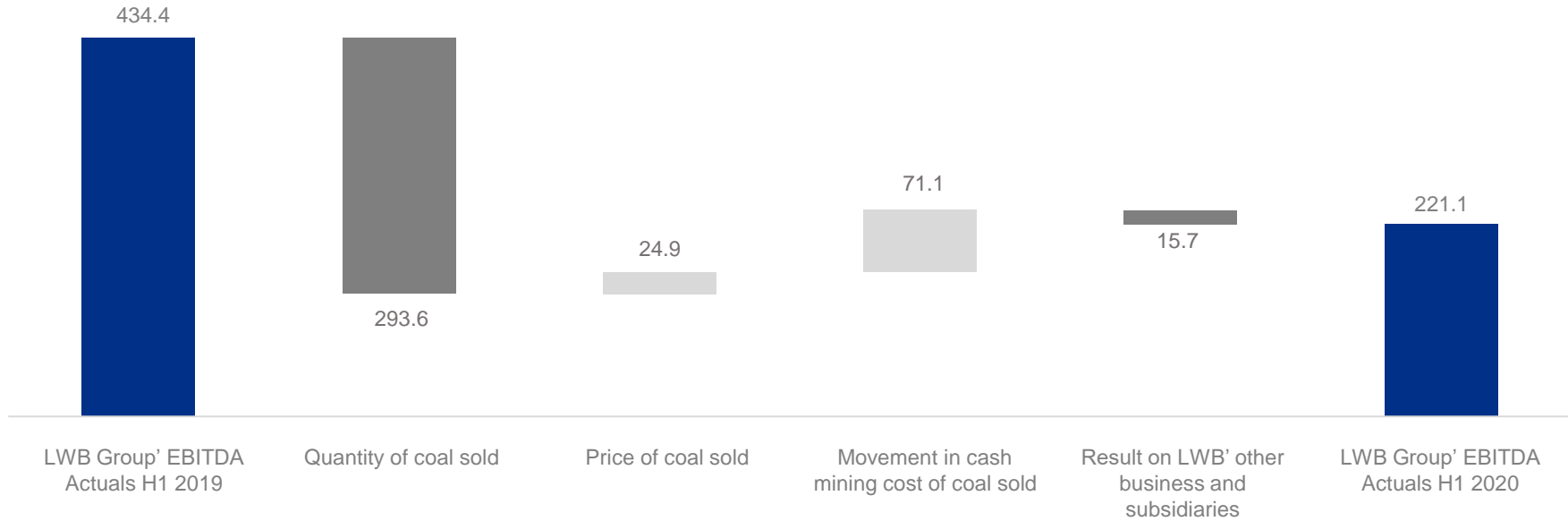


EBITDA in H1 2020



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

[PLN million]



EBITDA drivers in H1 2020

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





MARKET

Environment

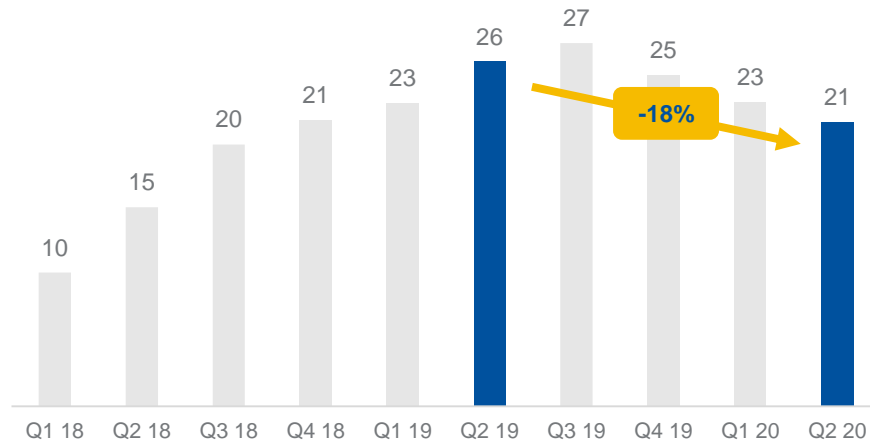
Market environment



Concerns about the second coronavirus wave caused price fluctuations

CO₂ (Dec-20) emission allowances

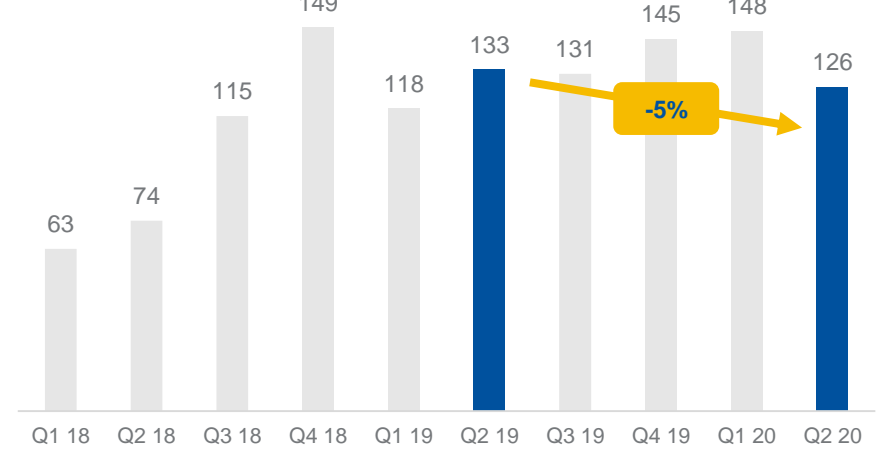
EUR/t



Source: ICE, clearing prices

Prices of "green" property rights (PMOZE_A)

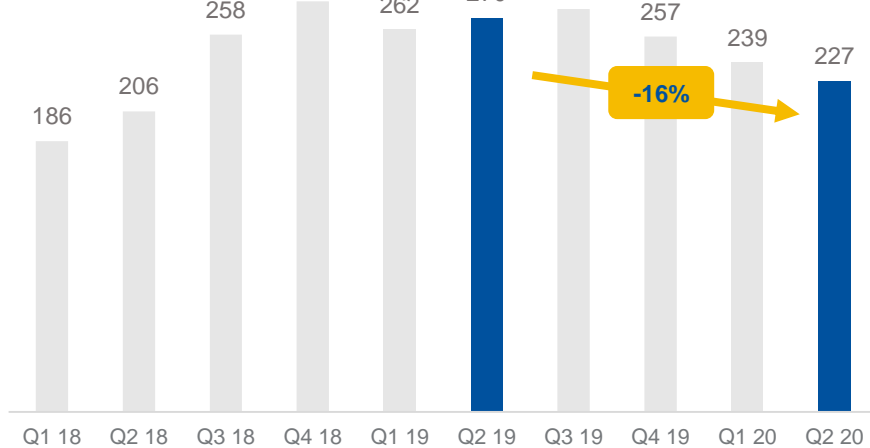
PLN/MWh



Source: PPE, session market indices

BASE_Y_19/20/21 (band price)

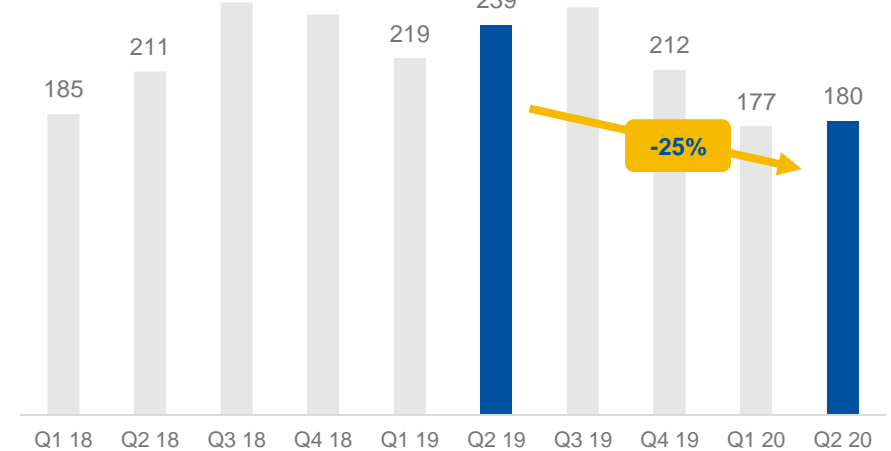
PLN/MWh



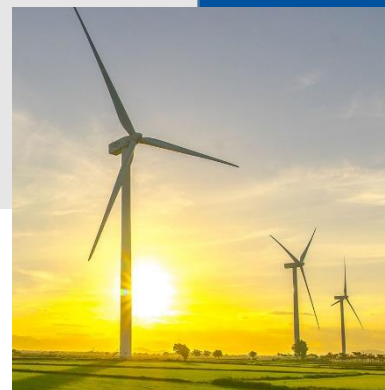
Source: PPE, clearing prices

RDN (Day-Ahead Market) BASE

PLN/MWh



Source: PPE, clearing prices



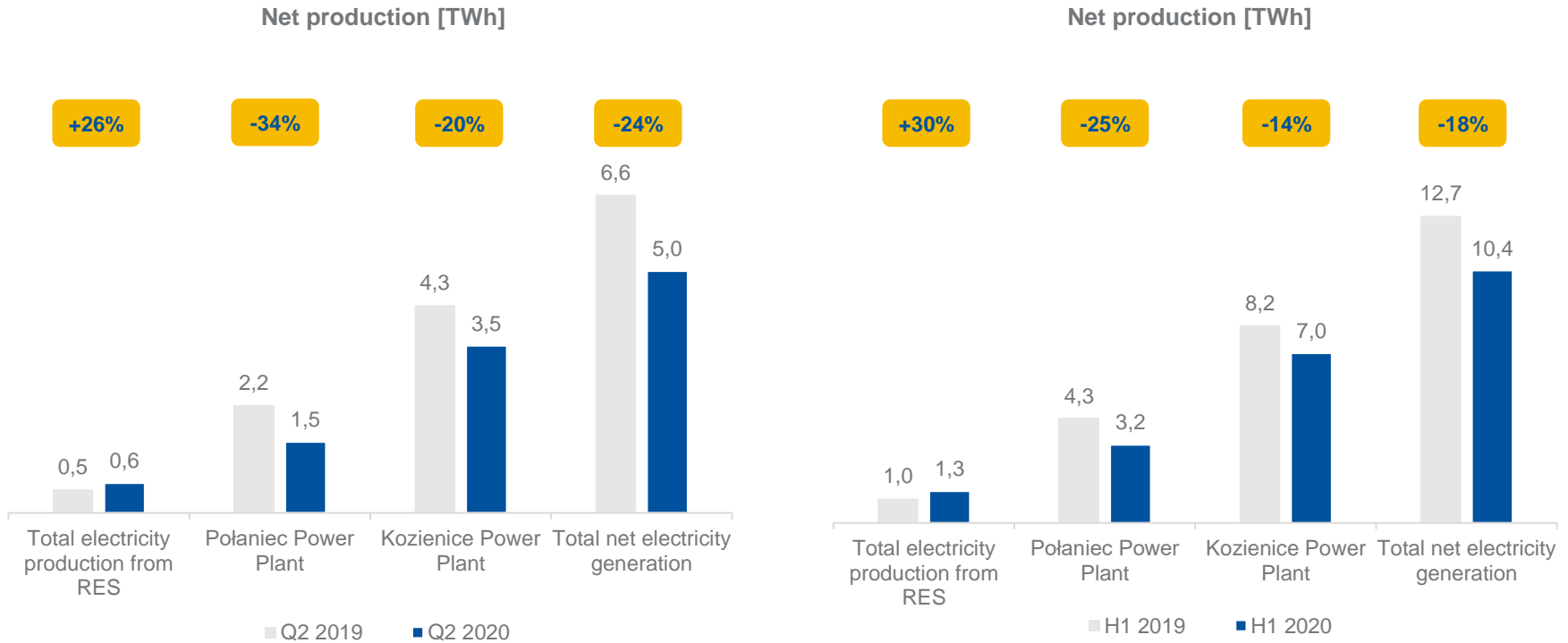
GENERATION

Area

ENEA Group's operational data



External factors determined the production level



Key drivers

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

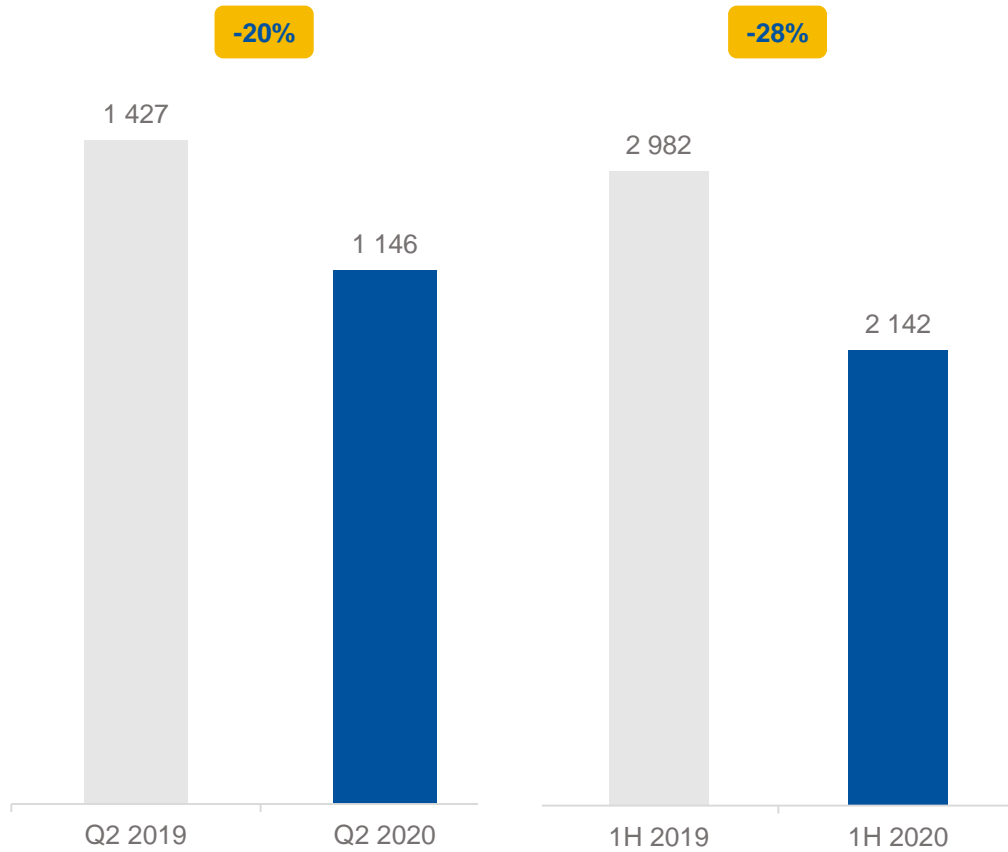


Unit 11

Production of the unit in H1 2020



Net electricity production [GWh]



more than

3,100

working hours
in H1 2020



The ENEA Group founded a company by the name of ENEA Nowa Energia to manage and develop projects based on renewable energy sources. First, the company will be entrusted with RES assets developed to date within ENEA Wytwarzanie's RES Segment



The main objective of ENEA Nowa Energia is to build a strong position on the RES market combined with the ability to build and acquire generation assets in this area



According to the Development Strategy, the ENEA Group intends to invest PLN 14.7 billion in RES by 2035. The benefit of the establishment of a new company consists of greater opportunities to obtain funding for the development of RES projects



According to the Development Strategy, by 2025 and 2030 the ENEA Group will reach a 22% and 33% share, respectively, of RES in its electricity generation mix



The establishment of ENEA Nowa Energia is a step in the ongoing transformation process of the Polish and European energy sectors





DISTRIBUTION

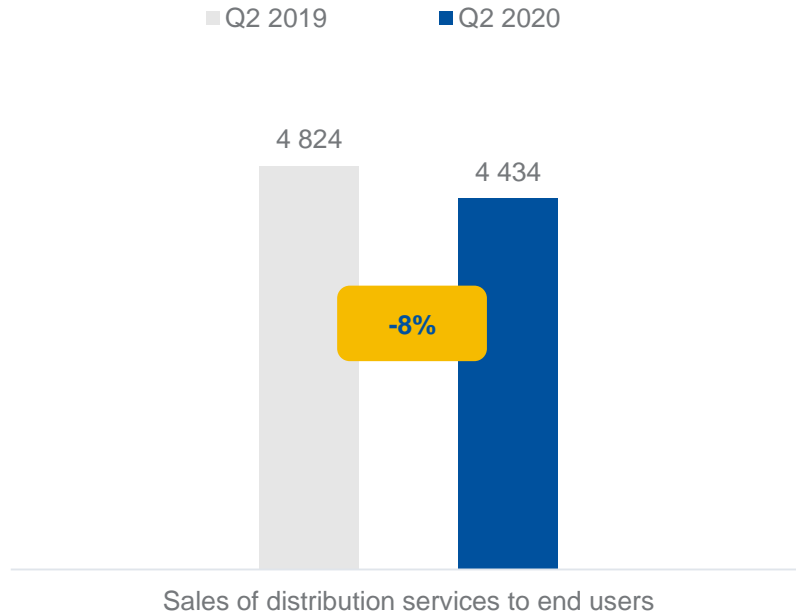
Area

Volume of distribution services

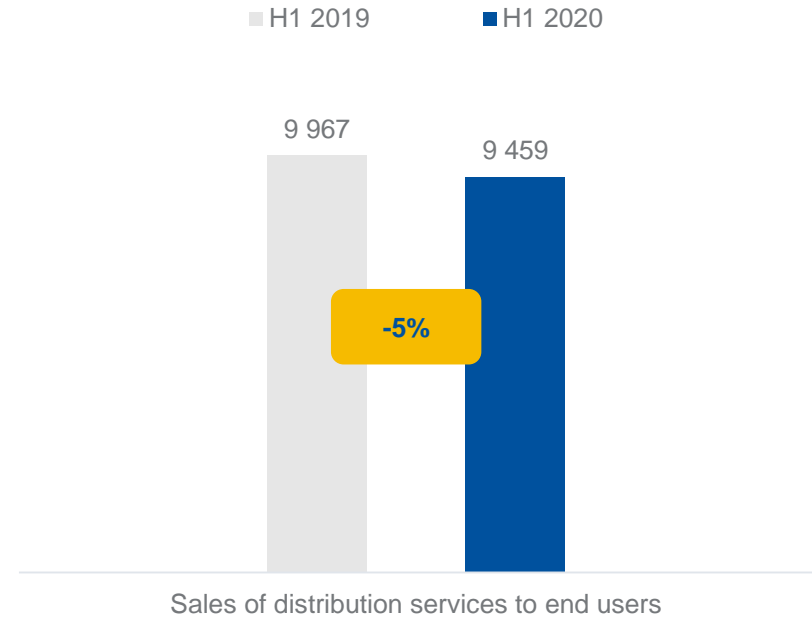


Decrease in the sales volume of distribution services

[GWh]



[GWh]



Key drivers

- (+) Increase in the number of customers by 1.3%
- (+) Increase in sales to households
- (+) In H1 2020, 14,700 connections of renewable energy sources, including microinstallations (19,500 at year end 2019). The total connected RES capacity is 1,778 MW
- (-) Decrease in sales of distribution services to business customers





TRADING

Area

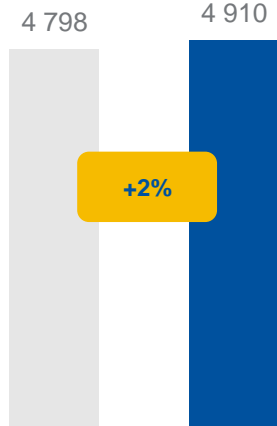
Volume of energy sales



Increase in the total sales volume of electricity

[GWh]

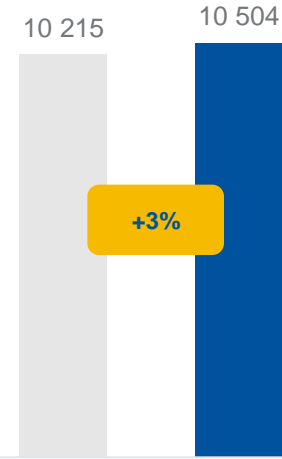
■ Q2 2019 ■ Q2 2020



Sales of electricity and gaseous fuel to retail customers

[GWh]

■ H1 2019 ■ H1 2020



Sales of electricity and gaseous fuel to retail customers

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 approx. 1%
- (+) Sales volume of gaseous fuel up by more than 27%





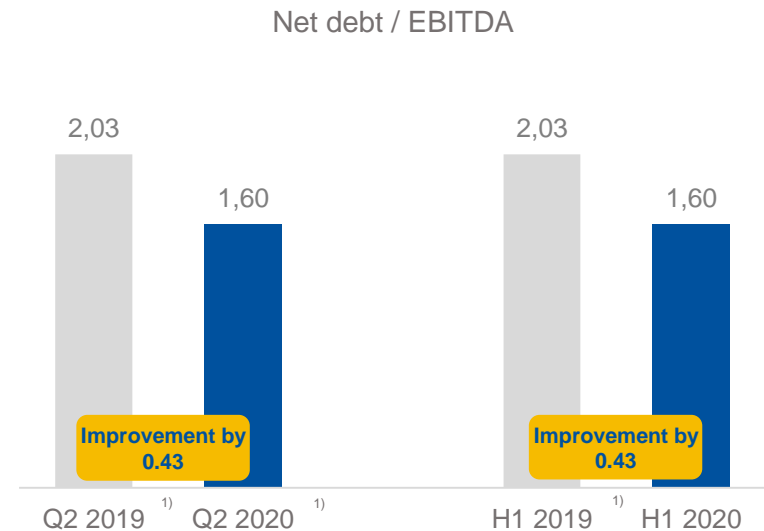
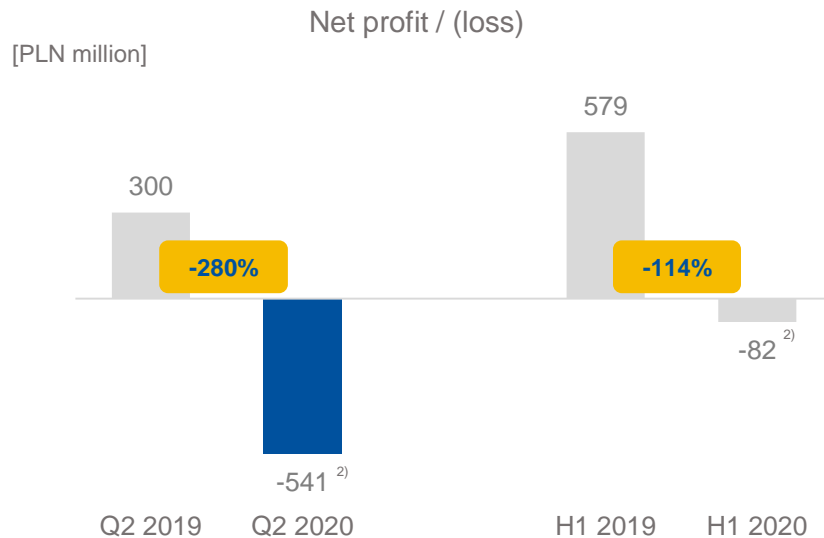
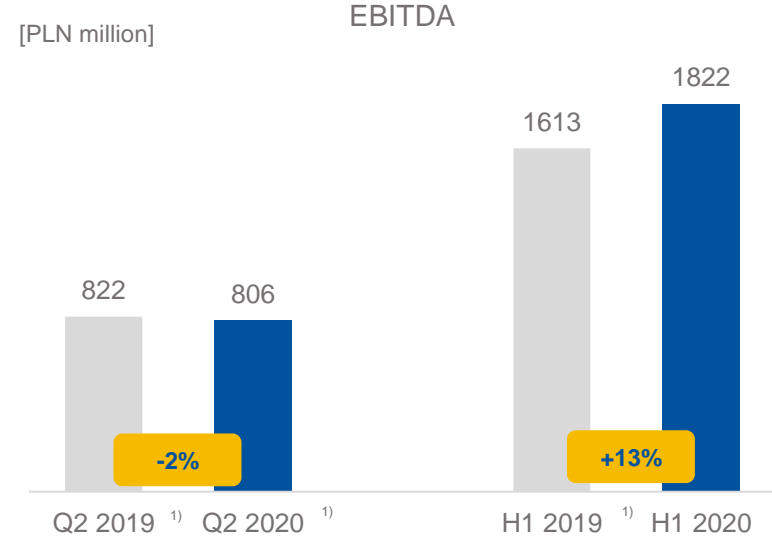
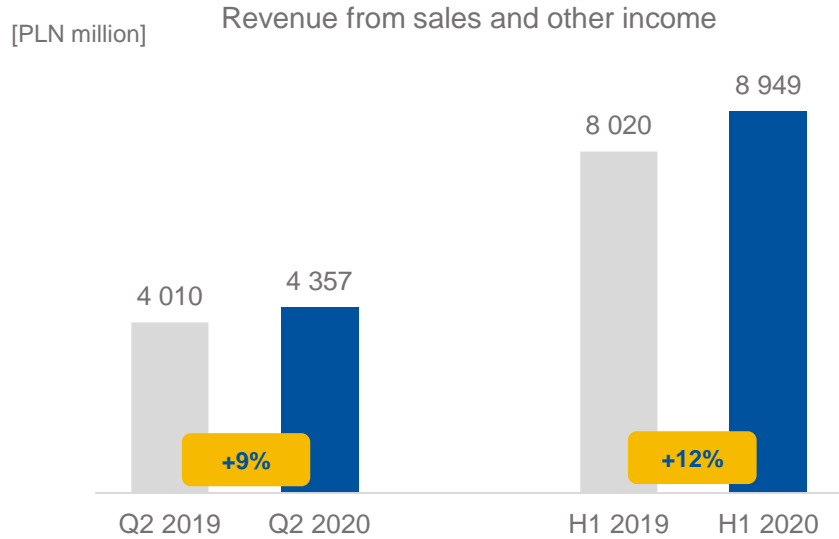
Financial performance in
H1 2020



Key financial data of the Group



Good financial performance of the ENEA Group and improvement of the net debt / EBITDA ratio



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

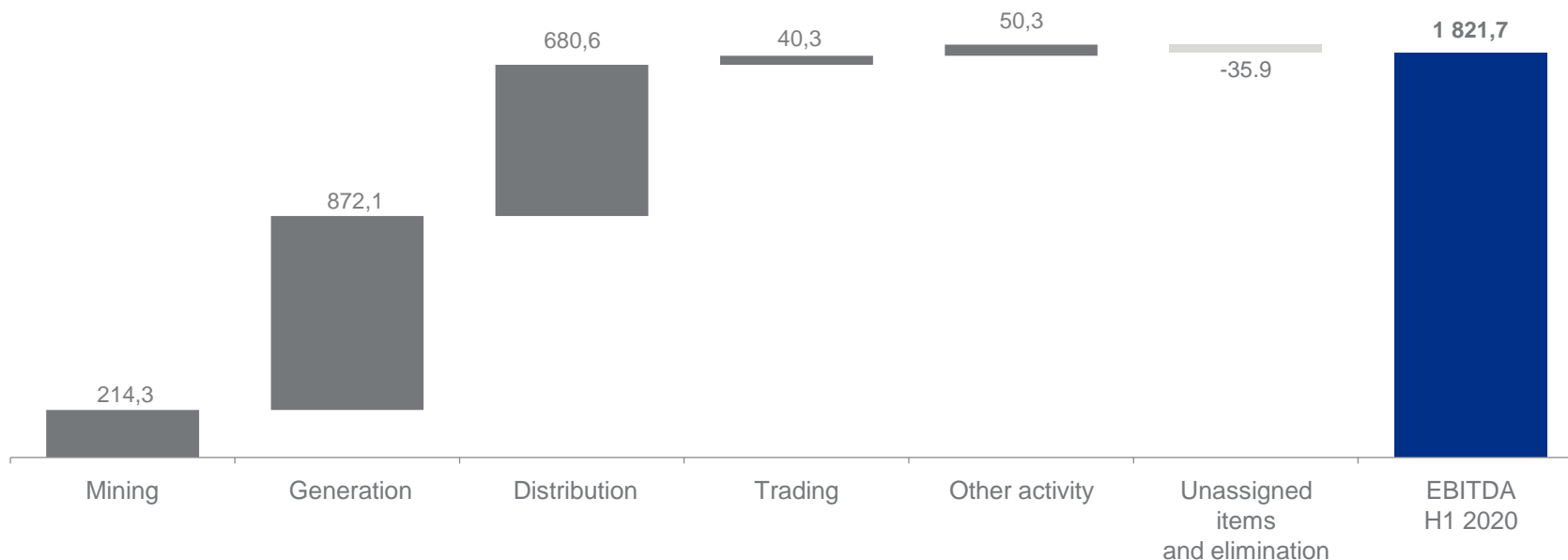
2) Including an impairment allowance on generating assets, an impairment allowance on the value of loans with interest granted to Elektrownia Ostrołęka Sp. z o.o. and a provision established for future investment commitments to Elektrownia Ostrołęka Sp. z o.o. and Energa S.A.

EBITDA in H1 2020



The best EBITDA was earned by the Generation and Distribution Areas

[PLN million]



Mining

Decrease in revenue from sales (higher sales price, 26% lower volume)

In H1 2019, reversal of the provision for claims under a dispute with ZUS (PLN 16.4 million)

Generation

Repurchase and Balancing Market margin up by PLN 262.4 million (higher unit margins)

Revenues from Regulatory System Services up by PLN 29.6 million

Higher EBITDA in the RES and Heat segments by PLN 18 million and PLN 11 million, respectively

Distribution

Margin on licensed activity up by PLN 150.9 million (higher rates in the tariff approved for 2020)

Operating expenses up by PLN 34 million

Result on other operating activities up by PLN 50 million (mainly due to the movement in provisions related to grid assets)

Trading

Average energy sales price up by 29% (price freeze in H1 2019 in accordance with the Act)

Improved result due to the remeasurement of CO₂ contracts by PLN 97 million

Average energy purchase price up by 11%

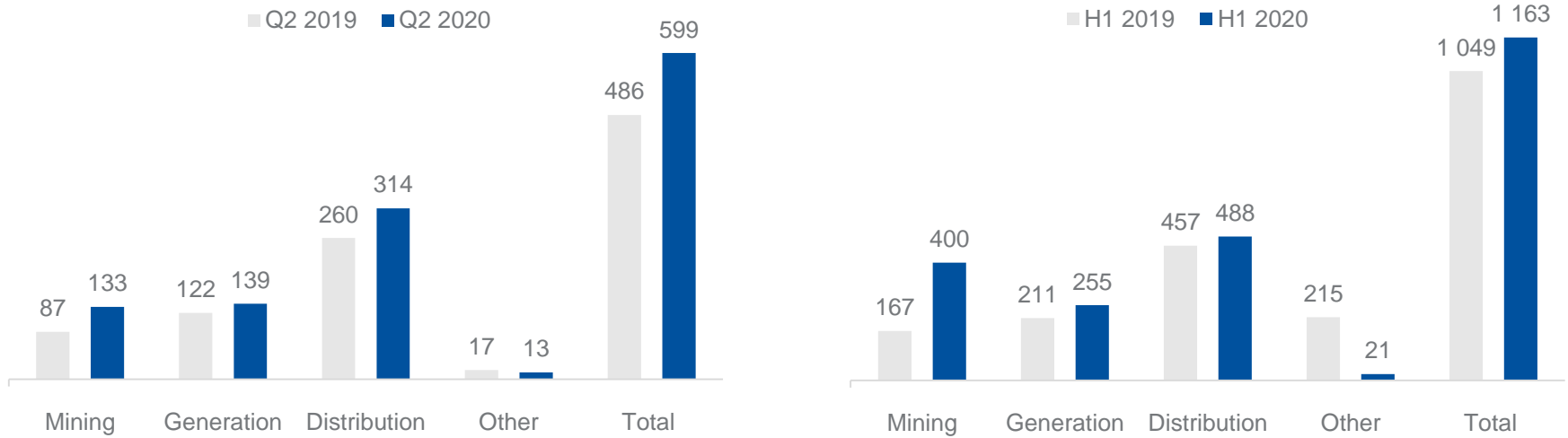
Costs of environmental obligations up by 3%

Capital expenditures

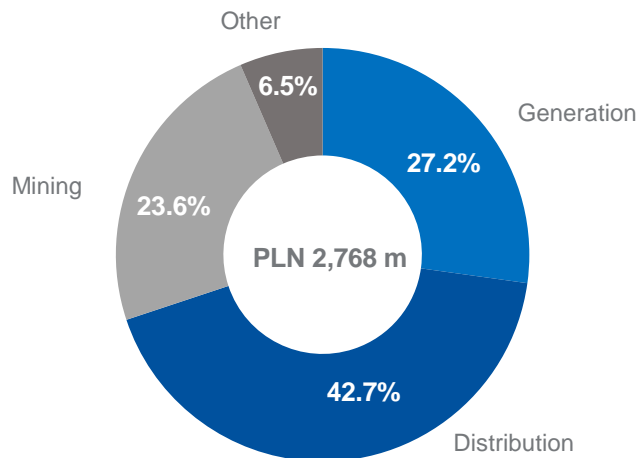


Higher expenditures on environmental protection

[PLN million]



Structure of the 2020 Plan



PLN 193 million

designated for capital expenditures related to the protection of the environment in H1 2020 (PLN 104 million in H1 2019)



SOCIAL INVOLVEMENT



Corporate Social Responsibility



Development of social projects and support in the fight against the pandemic



For the ninth time this year, the ENEA Group sums up its activities in another sustainable development report. The report contains a description of non-financial aspects of the Group's business and activities focused on striking a balance between economic growth and energy security, improving the quality of life and protecting the environment

Through the ENEA Foundation and employee volunteerism programs, the ENEA Group takes initiatives responding to important social problems and develops permanent CSR projects: "Talent Academy", "We have energy in our blood", "Power of Help"

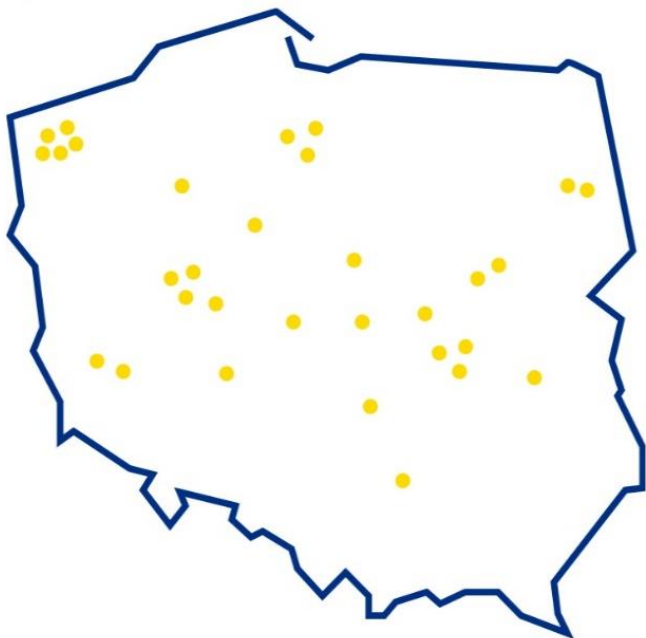


The Group's Corporate Social Responsibility is also manifested in care for the health of employees. The ENEA Foundation has been conducting preventive pro-health campaigns for a number of years. An example is the "Prevention mission. Protect yourself and others!" campaign, focused on the sewing and collection of reusable masks as well as the launch of a special account for fundraising purposes to support infectious disease hospitals in their fight against COVID-19

The ENEA Group has joined the partners of the nationwide contest for students called "Exempt from theory". The victorious projects included the "Code::Girls" project. This social campaign, demonstrating the potential for women to achieve excellency in the field of information technology, won a special prize

zwolnieni ^z **teorii**

In the first half of 2020, the ENEA Foundation was actively involved in assistance activities related to the prevention of the COVID-19 epidemic. The ENEA Foundation and LW Bogdanka donated over PLN 4.1 million to fight the pandemic



List of assisted entities:

- Szpital Kliniczny im. Karola Jonschera Uniwersytetu Medycznego w Poznaniu
- Wojewódzki Szpital Obserwacyjno - Zakaźny im. Tadeusza Browicza w Bydgoszczy
- Zespół Opieki Zdrowotnej w Busku - Zdroju
- Polskie Towarzystwo Higieniczne w Warszawie
- Szpital Specjalistyczny im. Stanisława Staszica w Pile
- Radomski Szpital Specjalistyczny im. dr Tytusa Chałubińskiego w Radomiu
- Wojewódzka Stacja Sanitarno - Epidemiologiczna w Szczecinie
- Samodzielny Publiczny Wojewódzki Szpital Zespolony w Szczecinie
- Samodzielny Publiczny Zespół Zakładów Opieki Zdrowotnej w Zwoleniu
- Szpital Uniwersytecki im. K. Marcinkowskiego w Zielonej Górze
- Mazowiecki Szpital Specjalistyczny w Radomiu
- Powiatowe Centrum Medyczne w Grójcu
- Samodzielny Publiczny Zespół Zakładów Opieki Zdrowotnej w Kozienicach
- Samodzielny Publiczny Zakład Opieki Zdrowotnej w Nowym Mieście nad Pilicą
- Samodzielny Publiczny Zespół Zakładów Opieki Zdrowotnej w Pionkach
- Samodzielny Wojewódzki Publiczny Zespół Zakładów Psychiatrycznej Opieki Zdrowotnej w Radomiu
- Samodzielny Publiczny Specjalistyczny Zakład Opieki Zdrowotnej „Zdroje” w Szczecinie
- 10. Wojskowy Szpital Kliniczny z Polikliniką w Bydgoszczy
- Stowarzyszenie Ludzie Dla Ludzi w Ostrowie Wielkopolskim
- Wielospecjalistyczny Szpital Miejski im. J. Strusia w Poznaniu
- Samodzielny Publiczny Zakład Opieki Zdrowotnej Wojewódzka Stacja Pogotowia Ratunkowego w Białymstoku
- Białostockie Centrum Onkologii im. M. Skłodowskiej-Curie w Białymstoku
- Polskie Towarzystwo Opieki Paliatywnej Oddział w Poznaniu
- Wojewódzka Stacja Pogotowia Ratunkowego w Zielonej Górze
- Szpital Średzki Serca Jezusowego w Środzie Wielkopolskiej
- Wielospecjalistyczny Szpital Miejski im. dr. Emila Warmińskiego w Bydgoszczy
- Samodzielny Publiczny Szpital Kliniczny Nr 1 im. prof. Tadeusza Sokołowskiego w Szczecinie
- Szpital Pomnik Chrztu Polski w Gnieźnie
- Fundacja Eskulap



KEY DATA

H1 2020 in figures



Financial data



PLN 1.8 billion of EBITDA



Nearly **PLN 1.2 billion** of capital expenditures
Net debt / EBITDA of **1.6**



Approx. **PLN 9 billion** in revenue

Operational data



10.4 TWh of electricity generated



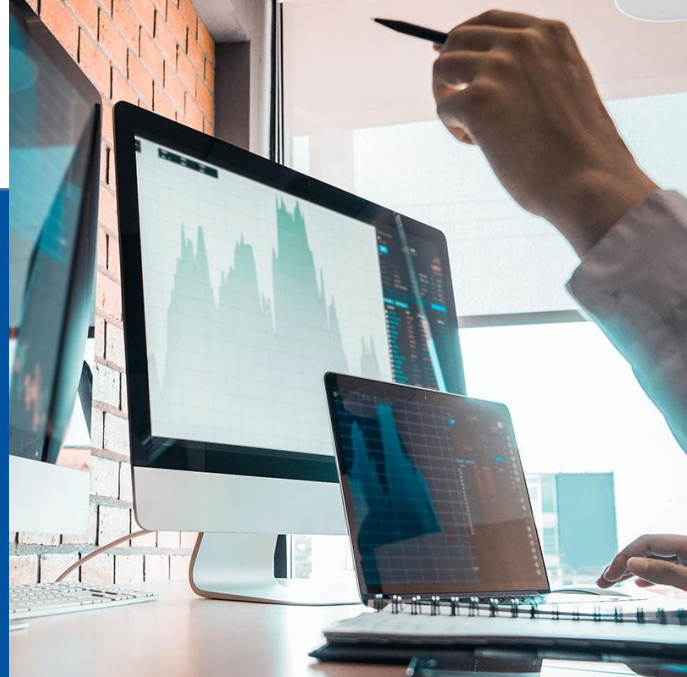
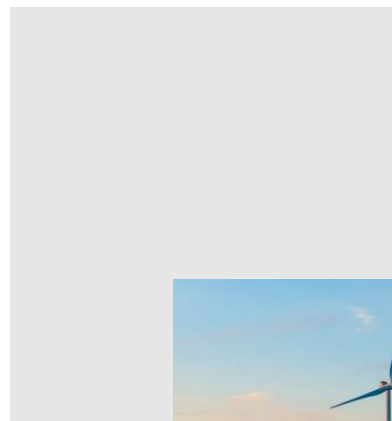
10.5 TWh of energy and gas sold to
retail customers



Nearly **1.3 TWh** electricity generated
from renewable sources



ATTACHMENTS



Operating results of LW Bogdanka



Item	Q2 2019	Q2 2020	Change	H1 2019	H1 2020	Change
Net production [000s of tons]	2,293	1,631	-28.9%	4,825	3,697	-23.4%
Sales of coal [000s of tons]	2,405	1,604	-33.3%	4,770	3,522	-26.2%
Inventories (at th end of the period) [000s of tons]	144	354	145.8%	144	354	145.8%
Excavation works [km]	6.4	6.5	1.6%	14.2	13.1	-7.7%

ENEA Group's operational data



ENEA Group's operational data [GWh]	Q2 2019	Q2 2020	Change	H1 2019	H1 2020	Change
Total net electricity generation	6,577	4,996	-24.0%	12,685	10,427	-17.8%
Of which:						
ENEA Wytwarzanie including MEC Piła	4,296	3,456	-19.6%	8,170	7,007	-14.2%
Połaniec Power Plant	2,232	1,469	-34.2%	4,327	3,226	-25.4%
Total electricity production from RES	489	615	+25.7%	1,007	1,309	+30.0%

Volume of distribution services

ENEA Group's sales data [GWh]	Q2 2019	Q2 2020	Change	H1 2019	H1 2020	Change
Sales of distribution services to end users	4,824	4,434	-8%	9,967	9,459	-5%

Volume of energy sales



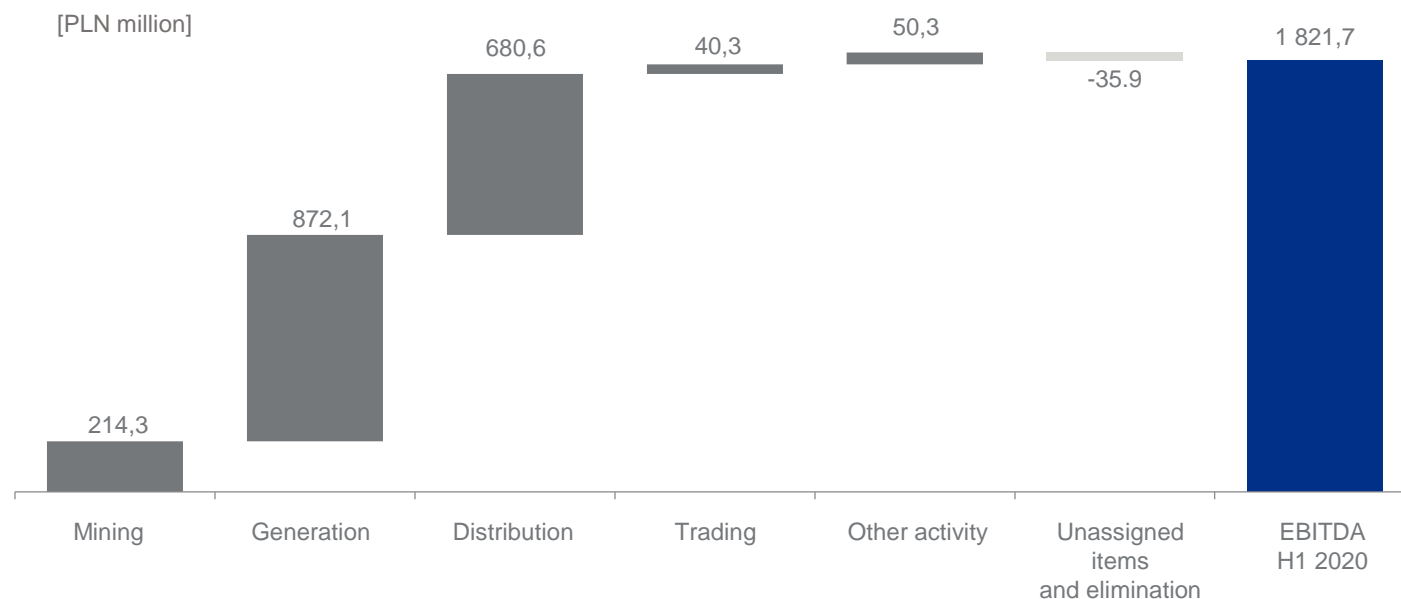
ENEA Group's sales data [GWh]	Q2 2019	Q2 2020	Change	H1 2019	H1 2020	Change
Sales of electricity and gaseous fuel to retail customers	4,798	4,910	2%	10,215	10,504	3%

Key financial data of the Group

ENEA Group's financial data [PLN million]	Q2 2019 ¹⁾	Q2 2020 ¹⁾	Change	H1 2019 ¹⁾	H1 2020	Change
Revenue from sales and other income	4,010	4,357	9%	8,020	8,949	12%
EBITDA	822	806	-2%	1,613	1,822	13%
EBIT	440	-106	-124%	873	529	-39%
Net profit / (loss) for the reporting period	300	(541)	-280%	579	(82)	-114%
Net profit/(loss) attributable to shareholders of the parent company	260	(544)	-309%	506	(99)	-120%
Net debt / EBITDA	2.03	1.60	-0.43	2.03	1.60	-0.43

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

EBITDA in Q2 and H1 2020



Q2 2020 ¹⁾ EBITDA [PLN million]	84.9	399.8	373.3	-70.0	26.9	-8.9	806.1
EBITDA margin	22.1%	19.9%	46.7%	-3.6%	17.3%	-	18.5%
Change [PLN million]	-130.1	69.9	107.31	-70.7	-7.0	14.8	-15.9
Change [%]	-60.5%	21.2%	40.3%	-9,585.5%	-20.7%	62.4%	-1.9%
H1 2020 EBITDA [PLN million]	214.3	872.1	680.6	40.3	50.3	-35.9	1,821.7
EBITDA margin	25.2%	21.2%	42.7%	1.0%	16.5%	-	20.4%
Change [PLN million]	-220.2	142.4	165.75	57.8	-10.1	72.6	208.3
Change [%]	-50.7%	19.5%	32.2%	329.9%	-16.7%	66.9%	12.9%

Results of the Generation Area



Generation, including:									
[PLN million]	Must-run power plants			Heat			RES		
	Q2 2019	Q2 2020	Change	Q2 2019	Q2 2020	Change	Q2 2019	Q2 2020	Change
Revenue from sales and other income	1,763	1,736	(27)	91	103	12	151	181	30
EBIT	165	(311)	(476)	3	-	(3)	25	45	20
EBITDA	277	330	53	17	15	(2)	36	55	19
CAPEX	105	127	22	16	8	(8)	2	5	3
	H1 2019	H1 2020	Change	H1 2019	H1 2020	Change	H1 2019	H1 2020	Change
Revenue from sales and other income	3,341	3,483	142	259	265	6	344	378	34
EBIT	342	(76)	(418)	30	39	9	84	102	18
EBITDA	566	680	114	59	69	10	105	123	18
CAPEX	186	234	48	23	13	(10)	2	8	6

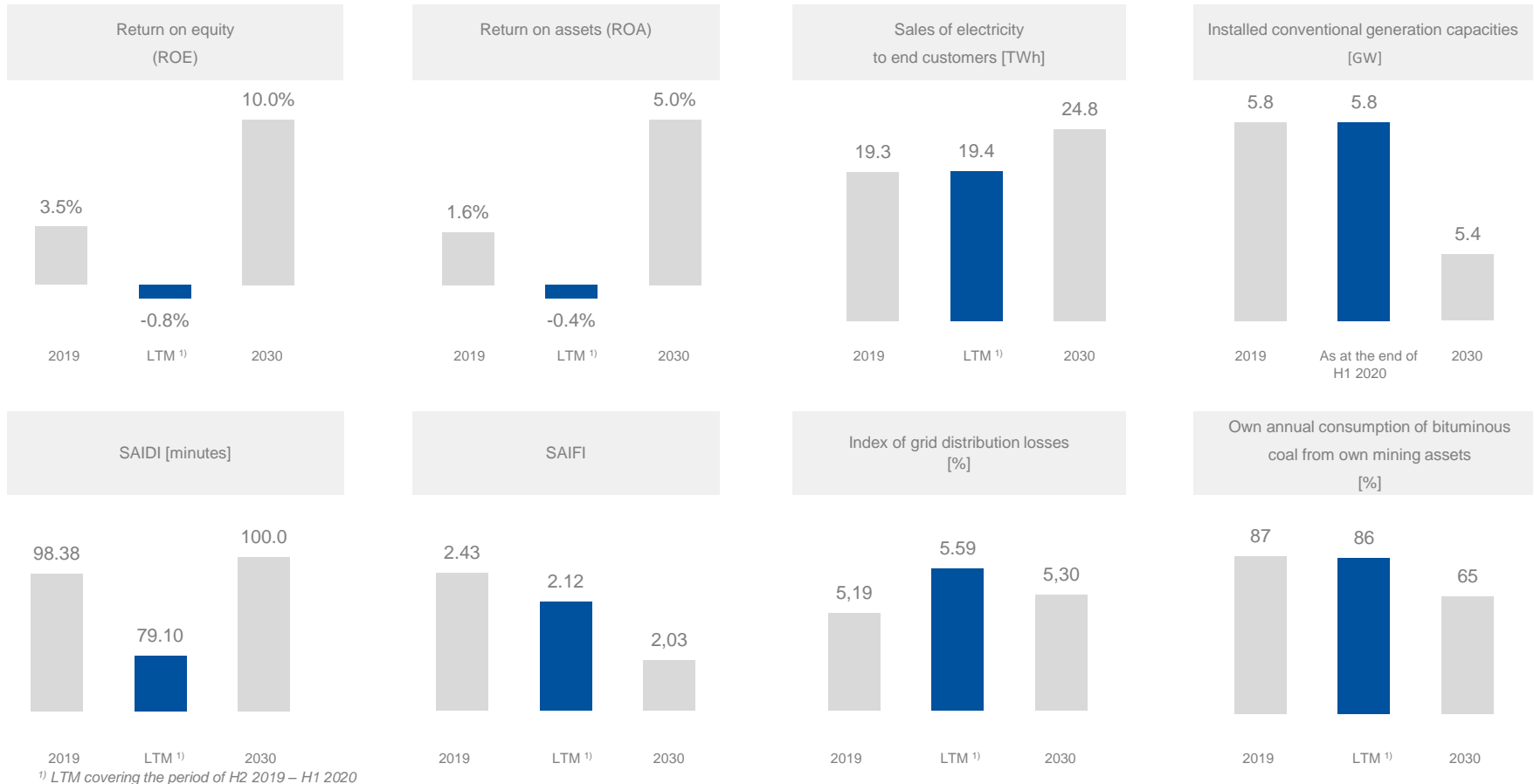
Growth strategy



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

VISION:
ENEA 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





RESULTS of the ENEAGROUP

in H1 2020

4 September 2020