



ENEA Group results in FY 2018

Revenue growth of PLN 1.3 billion, i.e. by over 11% YoY

Growth in electricity generation of 5.5 TWh, i.e. by 26.4% YoY

Results of Capacity Market auctions - sound financial position



First year of operation of Unit No. 11 at Kozenice Power Plant – generation as planned

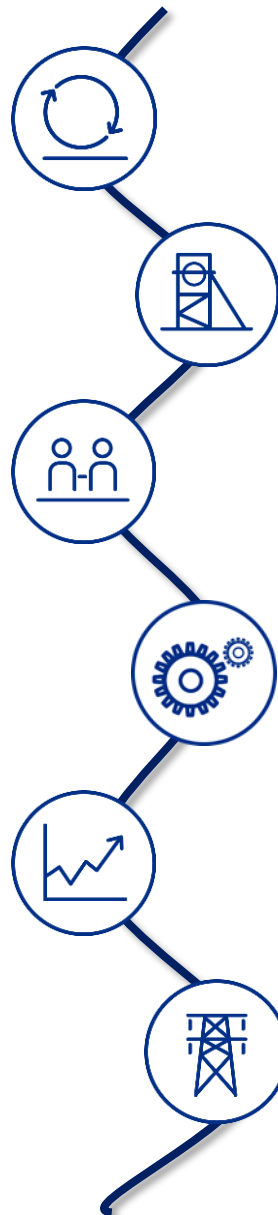
Growth in energy generation from renewable sources by 11% YoY

Reduction by over 7% in CO₂ emissions per 1 MWh of electricity generated by ENEA Group in 2016-2018

Record-high prices of CO₂ emission allowances

Increased social engagement of the Group and continued support for education

Higher costs of energy purchase and environmental obligations



Stabilisation of net coal production and over 20% increase in excavation works

Significant changes in the regulatory environment

CAPEX of PLN 2.3 billion, including PLN 173 million for pro-environmental investment

Improved operating data in three areas of activity of ENEA Group



	FY 2017	FY 2018	Change	Q4 2017	Q4 2018	Change
Net generation of electricity [GWh]	20,973	26,503	▲ 26.4%	5,795	6,563	▲ 13.3%
Sale of distribution services [GWh]	19,259	19,877	▲ 3.2%	4,937	4,941	▲ 0.1%
Retail sale of electricity and gaseous fuel [GWh]	18,916	21,457	▲ 13.4%	4,877	5,595	▲ 14.7%
Net coal production [million tonnes]	9.05	9.01	▼ -0.5%	2.34	2.19	▼ -6.4%



Coal market, energy market, operating data

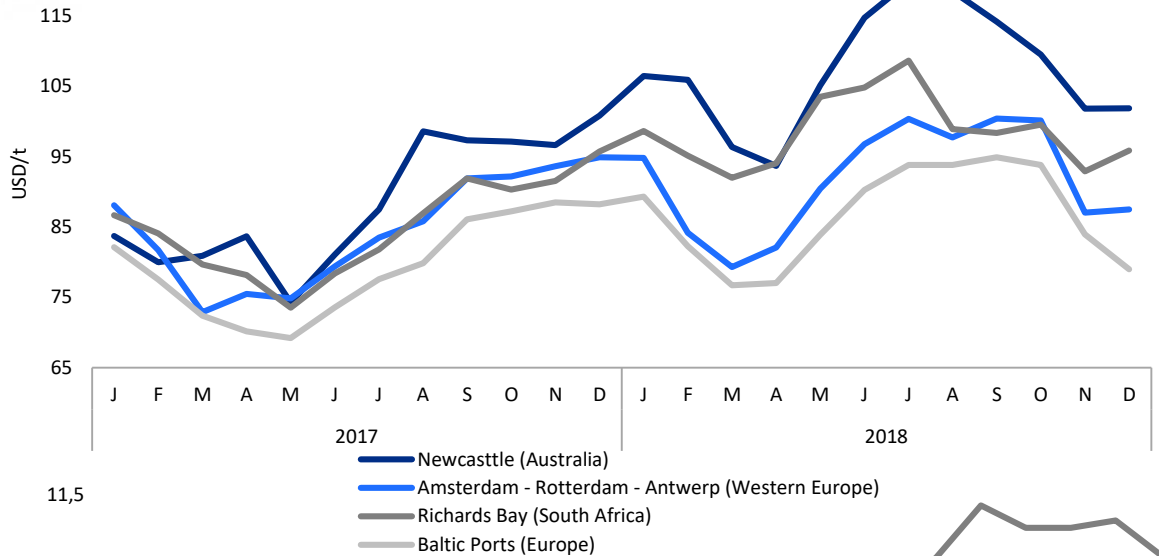
ENEA Group's financial results in FY 2018

Financial results of LW Bogdanka Group in FY 2018

Summary

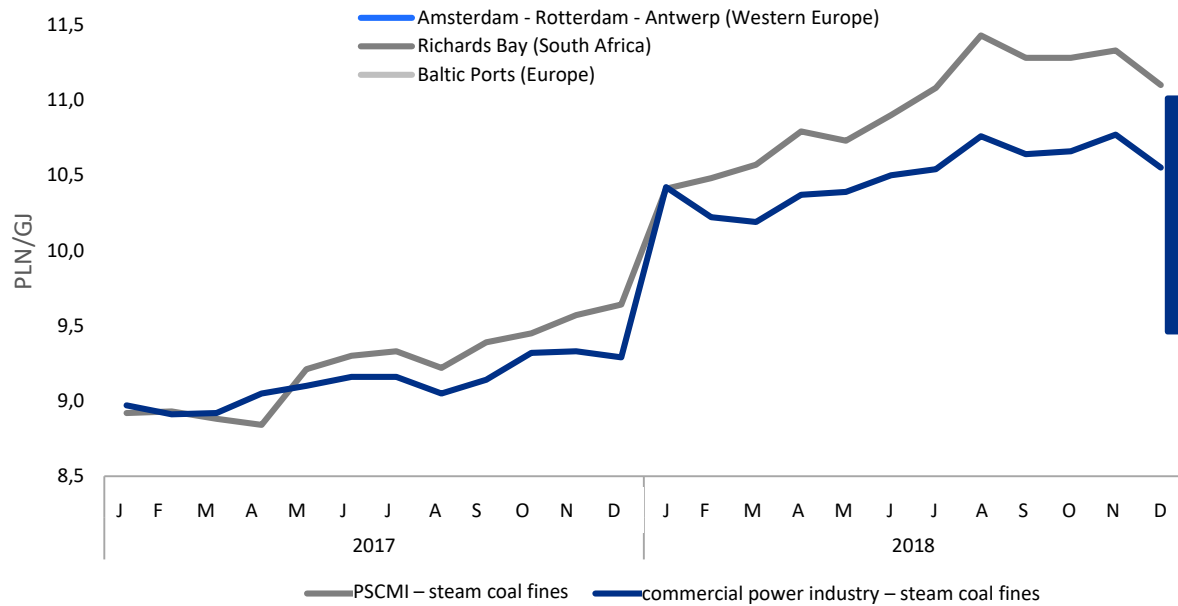
Additional information

Coal prices remained high throughout 2018



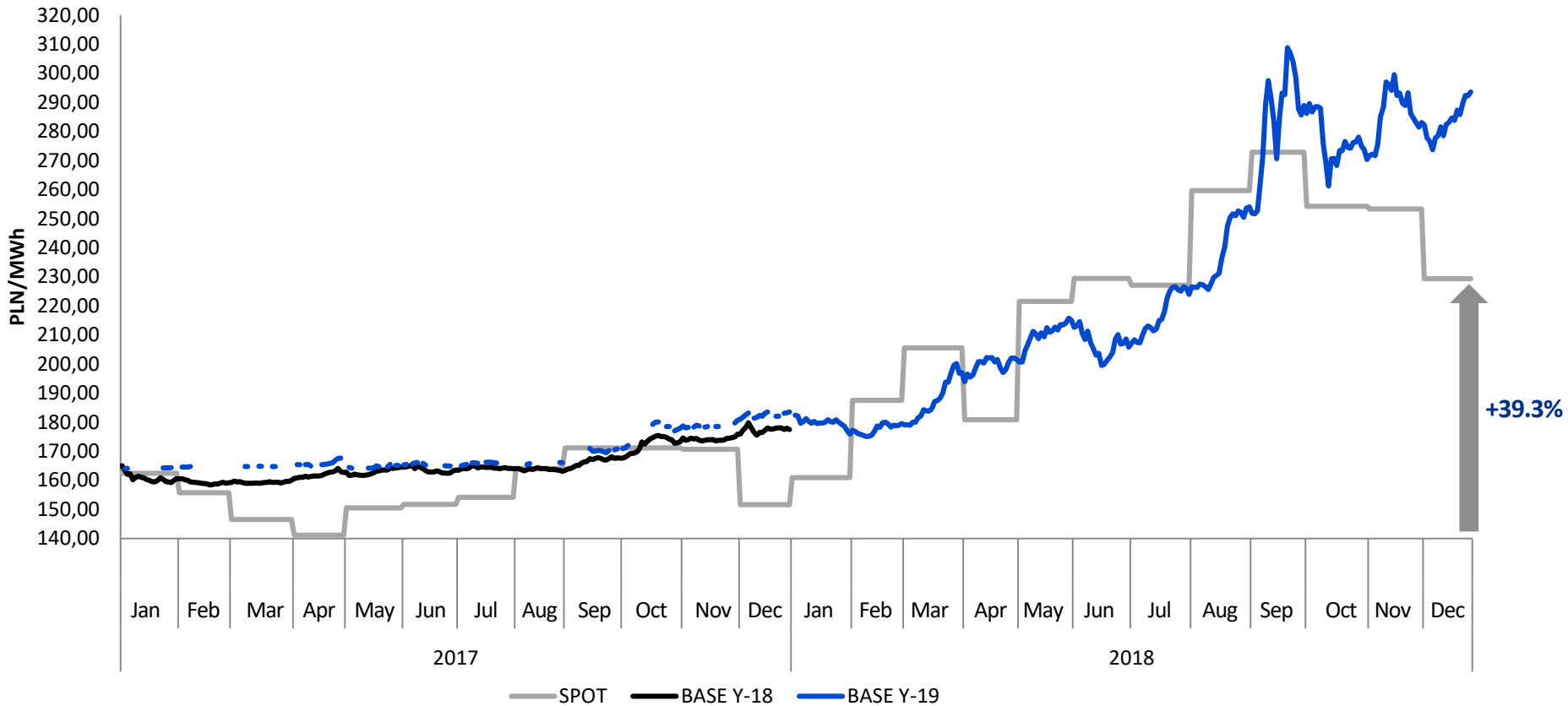
Average prices in 2018

- Amsterdam - Rotterdam - Antwerp: 91.72 USD/t
- Richards Bay: 98.53 USD/t
- Newcastle: 107.34 USD/t
- Baltic Ports: 86.55 USD/t



In 2018, the average price of steam coal fines for commercial power industry rose by 15.2% on 2017

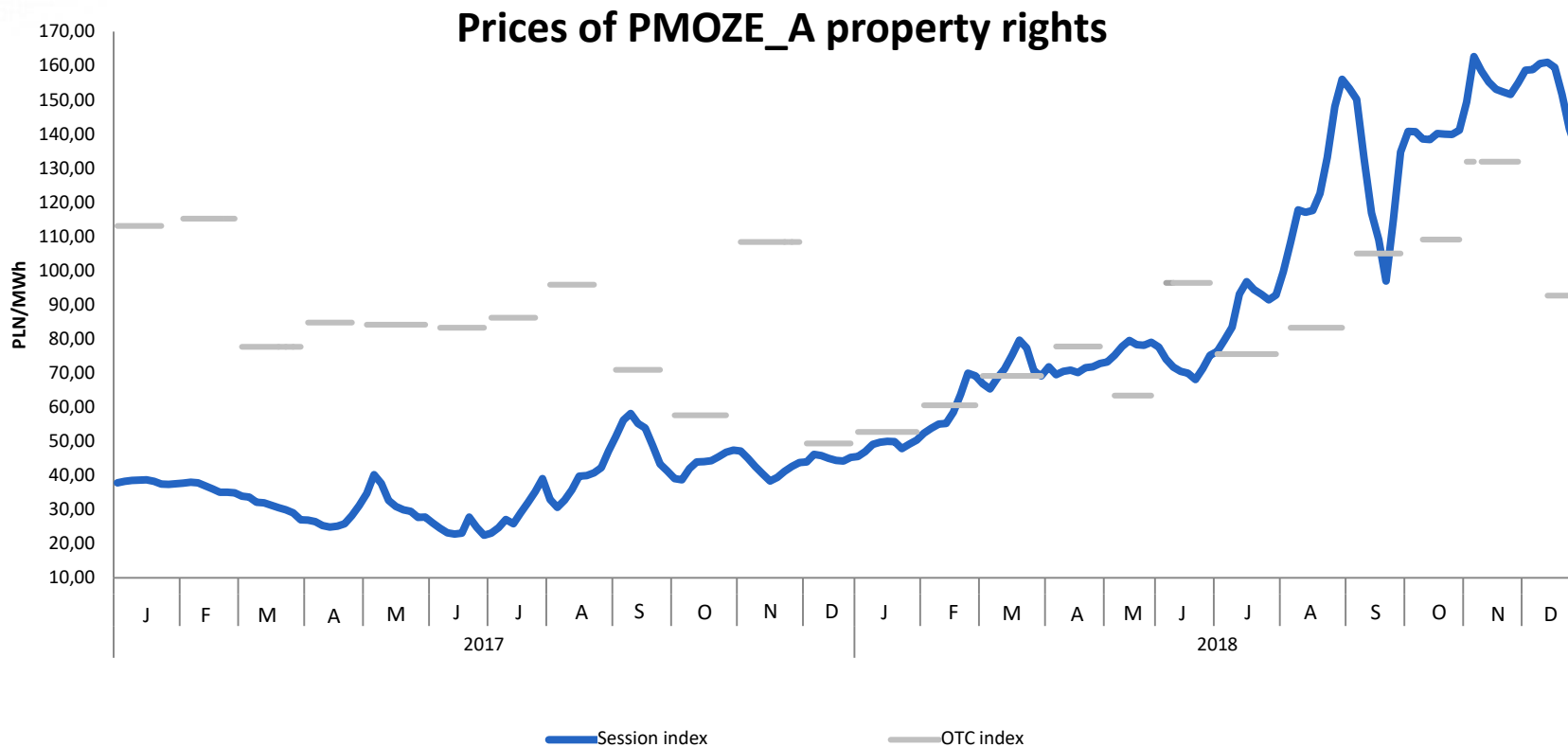
BASE Y prices vs SPOT prices



+39.3%

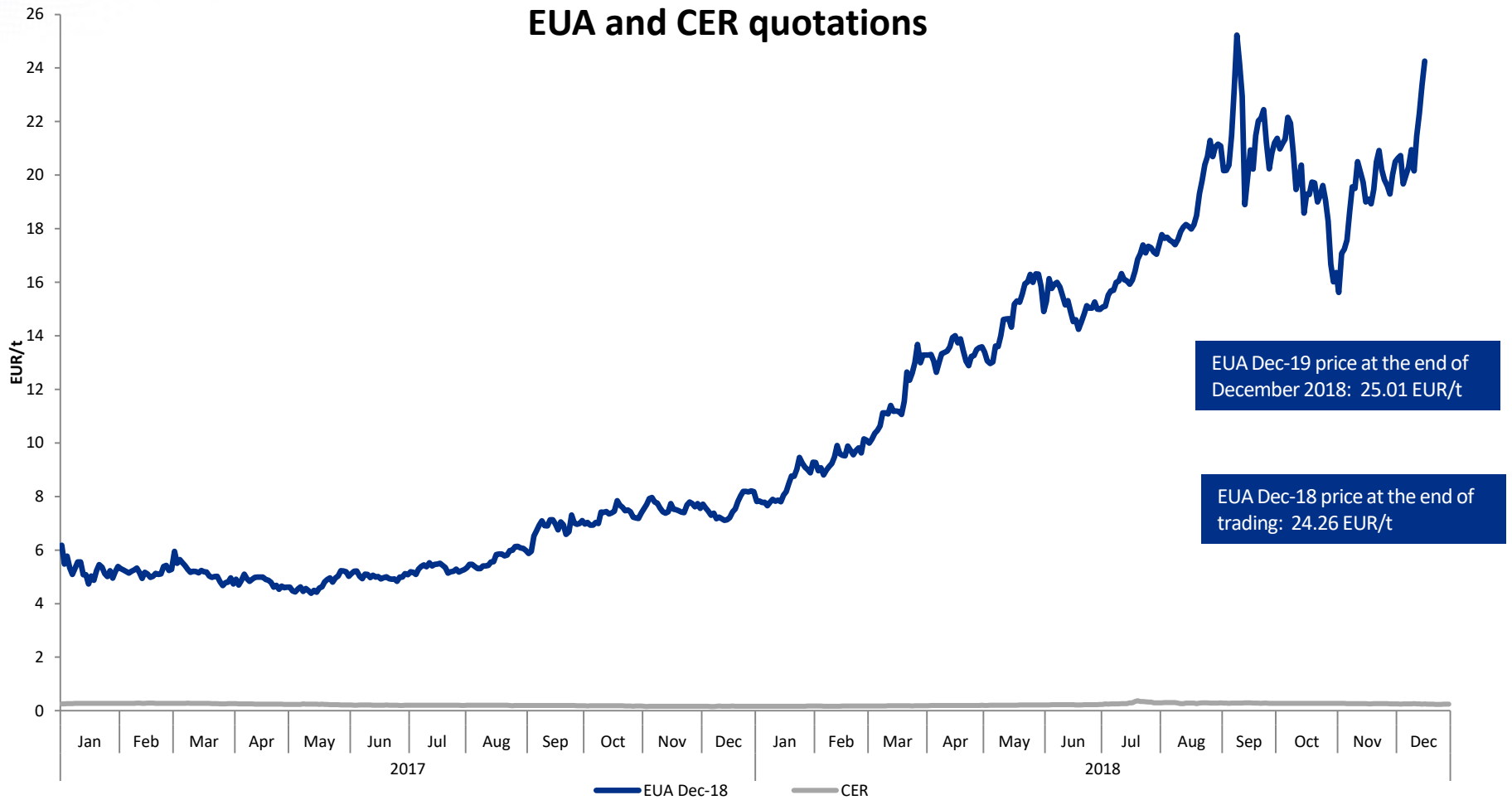
In 2018, the average energy price for BASE Y-19 on the forward market increased by 42.0% (reaching 294.50 PLN/MWh at the end of 2018), as compared to the BASE Y-18 price in the same period. The weighted average price for BASE Y-19 from January to December 2018 was 241.65 PLN/MWh

Upward trend in prices of property rights



In 2018, the weighted average value of the session index increased by 167.4% on 2017, to 135.20 PLN/MWh at the end of the year
 For "green" rights, the OTC market index reached 114.70 PLN/MWh at the end of the year

Record-high prices of CO₂ emission allowances



EUA Dec-18 saw a 210.6% price increase at the end of trading compared to the beginning of 2018.

Significant growth in the volume of electricity generated



Operating data Enea Group [GWh]	FY 2017	FY 2018	Change	Q4 2017	Q4 2018	Change
Total net generation of electricity	20,973	26,503	▲ 26.4%	5,795	6,563	▲ 13.3%
including:						
Kozienice Power Plant	13,599	16,426	▲ 20.8%	3,598	4,046	▲ 12.5%
Połaniec Power Plant ¹⁾	9,129	10,077	▲ 10.4%	2,197	2,517	▲ 14.6%
including in Enea Group	7,374	10,077	▲ 36.7%	2,197	2,517	▲ 14.6%

¹⁾ In Enea Group since 14 March 2017

Dynamic production growth after the first full year of operation of Połaniec Power Plant and Unit No. 11 at Kozienice Power Plant.

Increase in the sales volume of electricity and distribution services

Sales figures Enea Group [GWh]	FY 2017	FY 2018	Change	Q4 2017	Q4 2018	Change
Sales of electricity and gaseous fuel to retail customers	18,916	21,457	▲ 13.4%	4,877	5,595	▲ 14.7%
Sales of distribution services to end users	19,259	19,877	▲ 3.2%	4,937	4,941	▲ 0.1%

The total volume of electricity and gaseous fuel sales to retail customers increased by 2,541 GWh, i.e. by 13.4%.

In Q4 2018 and 2018, the results of the LWB were significantly influenced by geological and hydrological events

Operating data	FY 2017	FY 2018	Change	Q4 2017	Q4 2018	Change
LW Bogdanka						
Net coal production ['000 tonnes]	9,050	9,007	▼ -0.5%	2,338	2,187	▼ -6.5%
Coal sales ['000 tonnes]	9,151	8,943	▼ -2.3%	2,453	2,155	▼ -12.1%
Closing stocks ['000 tonnes]	24	88	▲ 267.3%	24	88	▲ 267.3%
Excavations works [km]	30.7	37.0	▲ 20.4%	8.3	8.4	▲ 1.7%

Year-on-year, net coal production stayed at a similar level. We recorded over 20% rise in the scope of excavations works

Objective: to ensure security of electricity supply in the future



Tools: investment incentives for construction of new modern generation units and modernisation of existing ones, also taking into account environmental protection



Estimated revenues from the capacity market at the level of PLN 6.6 billion

Estimated revenues [PLN m] ¹⁾	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
1-year contract (existing units)	9	7	8												
5-year contract (modernized units)	651	651	651	651	651										
15-year contract (new units)	220	220	220	220	220	220	220	220	220	220	220	220	220	220	220
Total	880	878	879	871	871	220	220	220	220	220	220	220	220	220	220

¹⁾ Non-indexed values



Coal market, energy market, operating data

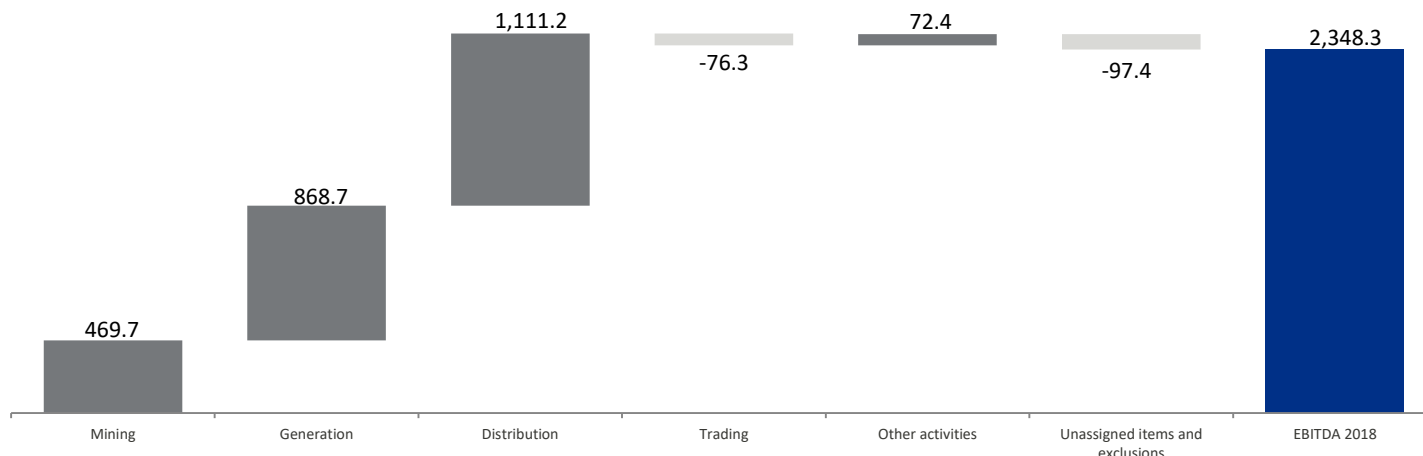
ENEA Group's financial results in FY 2018

Financial results of LW Bogdanka Group in FY 2018

Summary

Additional information

Generation and Distribution stabilise the Group's EBITDA



FY 2018 EBITDA [PLN m]	469.7	868.7	1,111.2	-76.3	72.4	-97.4	2,348.3
Share in FY 2018 EBITDA	20.0%	37.0%	47.3%	-3.2%	3.1%	-4.1%	100.0%
EBITDA margin	26.7%	12.1%	40.7%	-0.9%	12.0%	-	18.5%
Change [PLN m]	-239.3	133.3	37.9	-254.1	21.1	-34.2	-335.3
Change [%]	-33.7%	18.1%	3.5%	-142.9%	41.1%	54.1%	-12.5%

Mining



(+)	Higher revenues from coal sales [higher sales price]
(+)	Higher result on other operating activities [conclusion of a settlement agreement 28.7 million PLN]
(-)	Higher output and larger scope of excavation works
(-)	Higher production costs [i.a., the price of steel, "mining" services]

Generation



(+)	Higher generation margin by PLN 283.6 million
(+)	EBITDA growth in the RES Segment by PLN 109.6 million [price of electricity and green certificates]
(+)	Higher volume of electricity generated [RES and System Power Plants]
(-)	Lower margin on trading and on the Balancing Market by PLN 173.9 million
(-)	Higher fixed costs in the System Power Plants Segment by PLN 71.1 million [operation of Unit No. 11].

Distribution



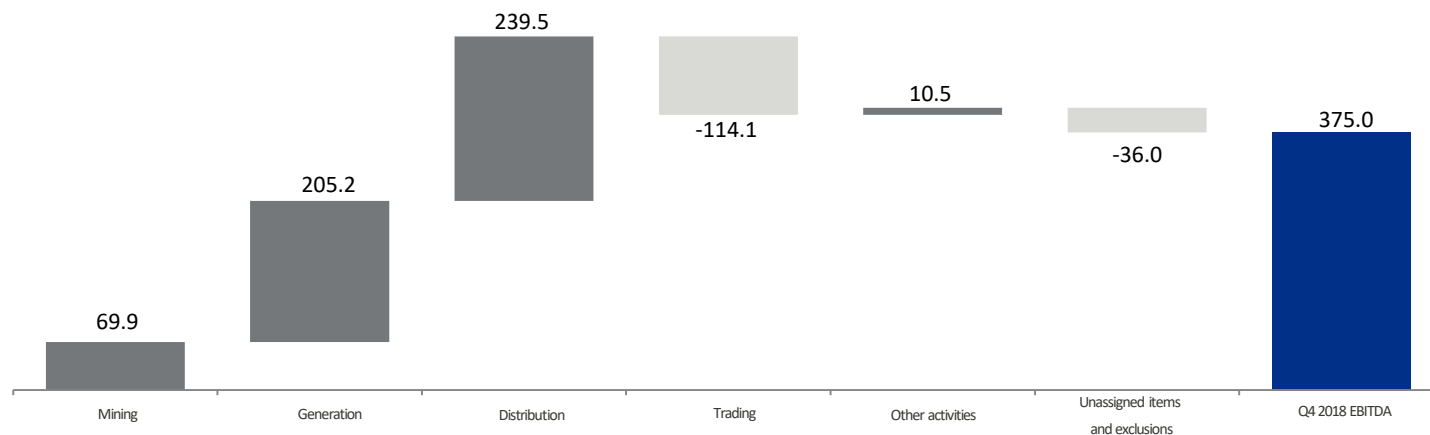
(+)	Higher margin on licenced activities by PLN 52 million
(+)	Higher sales volume of distribution services to end users
(+)	Higher result on other operating activities by PLN 52 million
(-)	Higher operating costs [salaries, third-party services and property tax]

Trading



(+)	Higher volume of energy sold by 14.4%
(+)	Lower provision for potential claims under terminated contracts on RES property rights by PLN 67 million
(+)	Higher average energy sales price by 1.3%
(-)	Costs related to onerous contracts in the amount of PLN 79.0 million
(-)	Higher costs of environmental obligations by 47.7%
(-)	Higher average price of purchasing energy by 8.4%

Generation and Distribution stabilise the Group's EBITDA



Q4 2018 EBITDA [PLN m]	69.9	205.2	239.5	-114.1	10.5	-36.0	375.0
Share in Q4 2018 EBITDA	18.6%	54.7%	63.9%	-30.4%	2.8%	-9.6%	100.0%
EBITDA margin	16.6%	11.0%	34.4%	-4.3%	6.5%	-	11.4%
Change [PLN m]	-188.0	79.4	-36.0	-160.9	1.3	-57.0	-361.3
Change [%]	-72.9%	63.1%	-13.1%	-343.9%	13.7%	-271.3%	-49.1%

Mining	Generation	Distribution	Trading
(+) Change in the balance of products by PLN 19 million	(+) Higher generation margin by PLN 117.7 million	(+) Higher sales volume of distribution services by 5 GWh	(+) Higher average energy sales price by 4.1%
(+) Higher revenues from sales of goods and materials	(+) EBITDA growth in the RES Segment by PLN 54.8 million	(-) Lower revenues from grid connection fees by PLN 3 million	(+) Higher volume of energy sold by 15.6%
(-) Lower revenues from coal sales - lower sales volume at a higher price	(+) Higher volume of electricity generated	(-) Higher operating costs by PLN 29 million [salaries, third party services]	(+) Lower provision for potential claims under terminated contracts on RES property rights by PLN 15 million
(-) Impact of 2017 one-off event - reversal of the provision for coal allowances	(-) Lower margin on trading and on the Balancing Market by PLN 126.8 million	(-) Lower result on other operating activities by 4 million	(-) Costs related to onerous contracts in the amount of PLN 79.0 million
	(-) Lower revenues from Regulatory System Services by PLN 6.5 million		(-) Higher costs of environmental obligations by 44.9%
			(-) Higher average price of purchasing energy by 14%

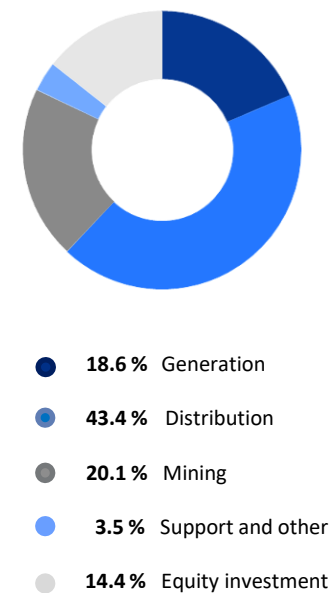
Financial results Enea Group [PLN m]	FY 2017	FY 2018	Change	Q4 2017	Q4 2018	Change
Net sales revenue ¹⁾	11,406	12,673	▲ 11.1%	3,044	3,289	▲ 8.1%
EBITDA	2,684	2,348	▼ -12.5%	736	375	▼ -49.1% ²⁾
EBIT	1,488	1,037	▼ -30.3%	418	117	▼ -72.0% ²⁾
Net profit	1,165	719	▼ -38.3%	327	99	▼ -69.7% ²⁾
Net profit attributable to shareholders of the parent companyj	1,070	687	▼ -35.8%	285	103	▼ -63.9%
Net debt/ EBITDA	2.1	2.4	▲ 0.3	2.1	2.4	▲ 0.3

¹⁾ From 1 January 2018, change of IFRS 15

²⁾ Includes a provision of PLN 79 million

The largest capital expenditures in the Distribution area

CAPEX [PLN m]	FY 2017	FY 2018	Status of plan implementation (2018)	2019 plan
Generation	1,094.7	430.2 ¹⁾	72.2%	619.1
Distribution	1,022.3	1,000.4	103.5%	1,011.5
Mining	373.4	463.1	93.4%	580.5
Support and other	86.6	81.8	33.3%	157.6
Equity investments ²⁾	53.1	331.3	287.3%	252.4
TOTAL Plan implementation	2,630.1	2,306.8	95.3%	2,621.1
Other ³⁾	1,556.8	0.0	-	-
TOTAL ENEA Group's expenditures	4,186.9	2,306.8	95.3%	2,621.1



¹⁾ Pro-environmental investment – PLN 173 million

²⁾ Ostrołęka C project – PLN 220 million

³⁾ Equity investments not included in ENEA Group's Material and Financial Plan - Połaniec

Successful first year of operation of Unit No. 11

5.4 TWh
of net electricity generation
- as planned

Unit No. 11 contributes
more than 20% of the
Generation area's margin

PLN 3.3 billion
- estimated revenues from
the Capacity Market
in 15 years



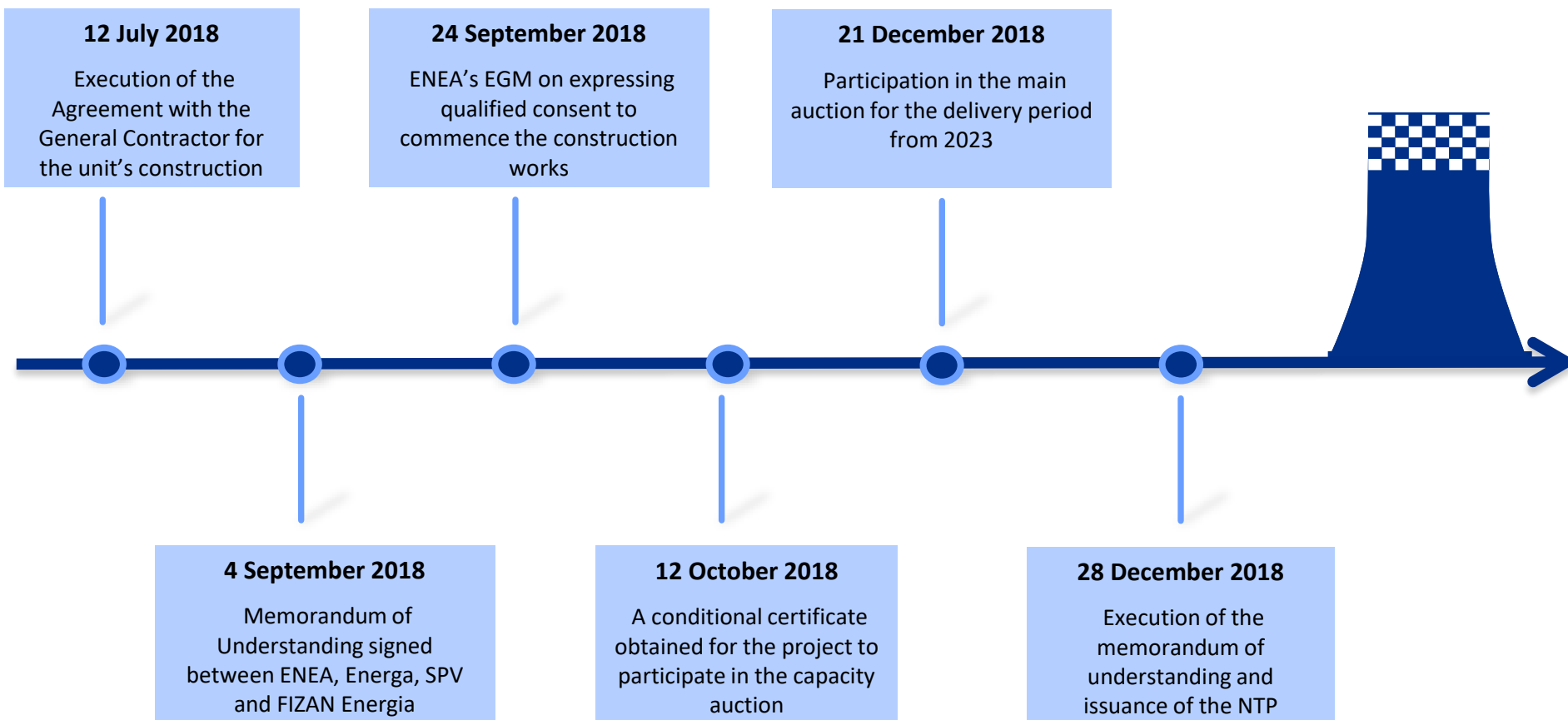
Efficiency: 45.8%
(national average: 34.1%)

Over PLN 100 million
of operating profit
in 2018

Ostrołęka C project – current status

The project is being carried out by the special purpose vehicle (SPV) **Elektrownia Ostrołęka Sp. z o.o.** pursuant to the Memorandum of Understanding of 28 December 2018 entered into by and between ENEA S.A., Energa S.A. and the SPV, which defined new rules of cooperation between the investment partners, including ENEA’s financial involvement in the Construction Stage in the amount of PLN 1 billion.

The Consortium of **GE Power Sp. z o.o.** and **Alstom Power Systems S.A.S.** has been selected as the General Contractor for the unit’s construction.



ENEA Wytwarzanie

- **U2** (228 MW) – **4 months (Q1/Q2)**
- **U3** (225 MW) – **1 month (Q2)**
- **U7** (228 MW) – **4 months (Q1/Q2)**
- **U8** (228 MW) – **1 month (Q1)**
- **U9** (560 MW) – **5 months (Q1/Q2)**
- **U11** (1,075 MW) – **1 month (Q4)**



ENEA Połaniec

- **U5** (225 MW) – **5 months (Q3/Q4)**
- **GU** (225 MW) – **1 month (Q2)**





Coal market, energy market, operating data

ENEA Group's financial results in FY 2018

Financial results of LW Bogdanka Group in FY 2018

Summary

Additional information

Key financials of LW Bogdanka Group

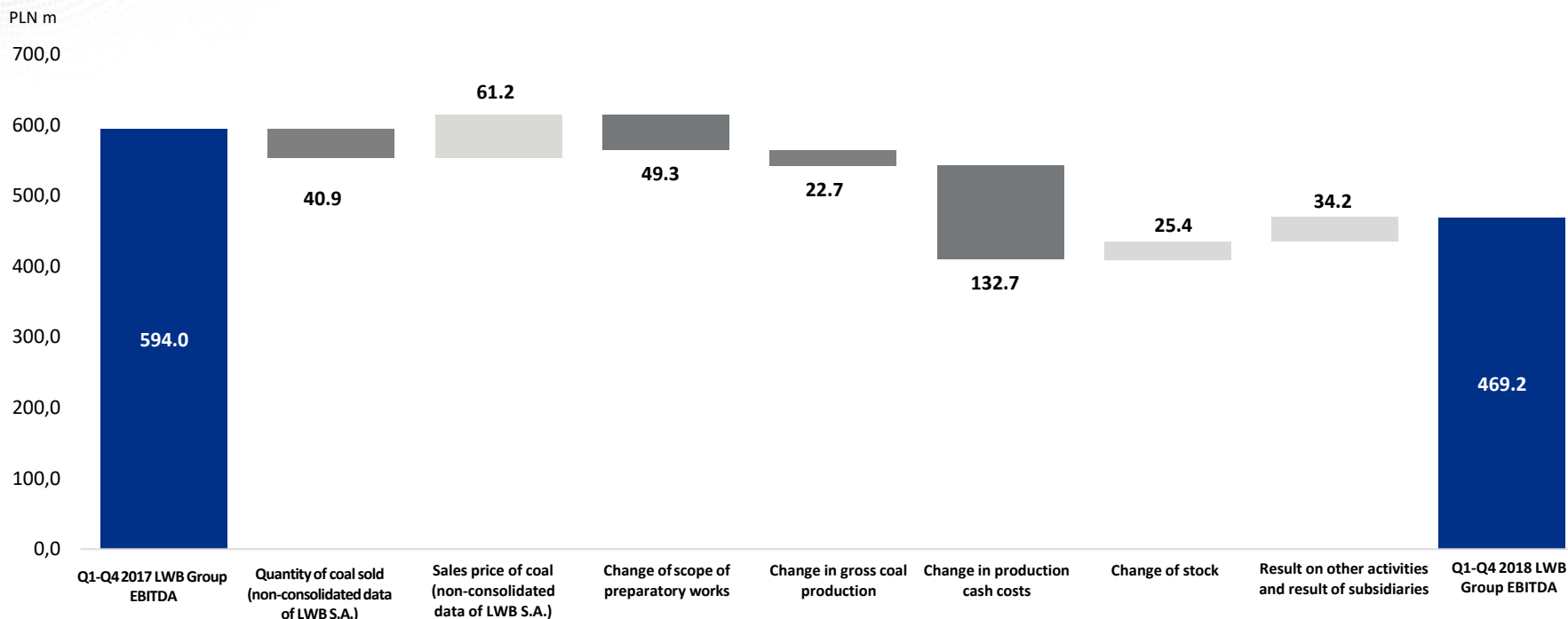


Financial results LW Bogdanka Group [PLN m]	FY 2017	FY 2018	Change	Q4 2017	Q4 2018	Change
Net sales revenue	1,780	1,757	▼ -23	473	421	▼ -52
EBITDA	709	469	▼ -240	256	70	▼ -186
EBITDA (excluding one-offs)	594	469	▼ -125	141	70	▼ -71
EBIT	847	62	▼ -785	655	-31	▼ -686
EBIT (excluding one-offs)	236	62	▼ -174	44	-31	▼ -75
Net profit	668	54	▼ -614	524	-22	▼ -546
Net profit (excluding one-offs)	173	54	▼ -119	29	-22	▼ -51

Significant one-off events in 2017:

- reversal of impairment losses recognised in 2015 on property, plant and equipment and intangible assets
- changes in the balance of provisions due to the purchase of the right to a coal allowance from current and future pensioners

EBITDA in FY 2018 vs. in FY 2017



Q1-Q4 2018 EBITDA change factors:

2017 EBITDA result adjusted for the impact of one-off events related to the purchase of the right to the coal allowance from current and future pensioners – PLN 594.0 million; a decrease in EBITDA YoY by PLN 124.8 million (-21.0%)

(+) higher revenues from coal sales: lower sales volume -208,000 t (-2.3%), at a higher price (+3.5%)

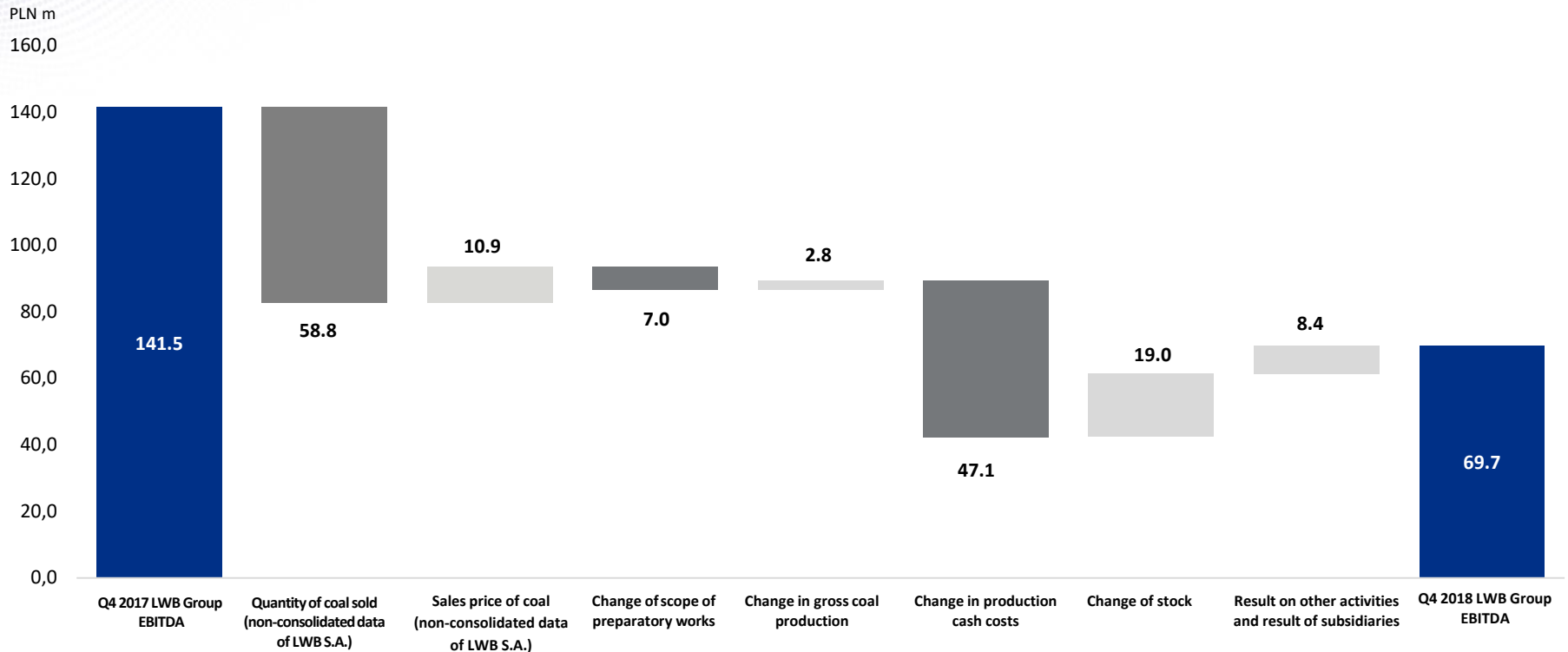
(-) a higher revenue adjustment due to the value of excavated coal - larger scope of preparatory works (+6.3 km) at a higher coal price

(-) higher extraction output by 915 thousand tonnes (+6.5%) – increase in production costs

(-) an increase in the cash production cost (without depreciation): higher costs of third-party services (a larger scope of works commissioned to third-parties: drilling and mining services, stone transportation and loading services, weekend and holiday services, and higher rates for the services), higher remuneration costs (a pay rise paid together with an extra bonus as well as higher average employment by 157 employees), higher costs of materials and energy, higher costs of taxes and levies (rise in property tax and contributions to the State Fund for Rehabilitation of Disabled People - PFRON)

(+) result on other operating activities – settlement of the arrangement entered into by and between the Company and the consortium of Mostostal Warszawa S.A. and Acciona Infraestructuras; a positive impact on EBITDA in the amount of PLN 28.7 million

EBITDA in Q4 2018 vs. in Q4 2017



Q4 2018 EBITDA change drivers:

2017 EBITDA result adjusted for the impact of one-off events related to the purchase of the right to the coal allowance from current and future pensioners – PLN 594.0 million; a decrease in EBITDA YoY by PLN 124.8 million (-21.0%)

(-) lower revenues from coal sales (PLN -47.9 million, -9.9%): lower sales volume (-298 thousand t, -12.1%), at a higher price (+2.6%)

(-) a higher revenue adjustment due to the value of excavated coal – similar scope of preparatory works (+0.15 km) at a higher coal price

(+) lower extraction output by 189 thousand tonnes (-5.0%) – a decrease in production costs

(-) higher costs of employee benefits – higher average employment (approx. 250 employees at LWB S.A.), a pay rise paid and an extra bonus (settled in time),

(-) higher costs of materials and energy

(-) higher costs of third-party services, mainly costs of weekend services and drilling works

(+) in Q4 2018, an increase in stocks of PLN 5.8 million (decrease in costs), as compared to a decrease in stocks of PLN 13.2 million (increase in costs) in 2017



Coal market, energy market, operating data

ENEA Group's financial results in FY 2018

Financial results of LW Bogdanka Group in FY 2018

Summary

Additional information

Area	2019 trend	Key drivers
Mining	Growth	<ul style="list-style-type: none"> (+) Increase in coal prices (+) Further increase in the length of new galleries (-) Increase in fixed costs (-) Renovation of railway routes
Generation	Growth	<ul style="list-style-type: none"> (+) Increase in electricity generation volume (+) High wholesale electricity prices (+) Completion of modernisation works on Units No. 9 and No. 10 at Koźienice Power Plant (-) Lower volume of free CO₂ (-) Increase in coal prices and transport costs (-) High level of CO₂ prices
Distribution	Stable	<ul style="list-style-type: none"> (+) Increase in the volume of sales of distribution services (+) Optimisation of asset management (+) Work on improving the quality of services (reduction of SAIDI and SAIFI)
Trading	Under pressure	<ul style="list-style-type: none"> (+) Development of sales channels and product offering (+) Increase in electricity sales volume to retail customers (+) Stable costs of environmental obligations (-) Impact of the Act on “Electricity Pricing Change” (-) Valuation of CO₂ contracts at persistently high prices

CAPEX: PLN 2.3 billion
Net debt/ EBITDA: 2.4

Growth in electricity generation of +5.5 TWh, i.e. up by 26.4% YoY



Revenue: PLN 12.7 billion
EBITDA: PLN 2.35 billion
Net profit: PLN 719 million

Sale of electricity and gas to retail customers: 21.5 TWh

Potential revenue from capacity market: PLN 6.6 billion over 15 years

**PLN 173 million
for pro-environmental
investment**

**Growth in energy
generation from renewable
sources by 11% YoY**

**CO₂ emissions per 1 MWh
of electricity generated
by ENEA Group
in 2016-2018
was reduced by over 7%**

**Growth in the volume of
electricity generation
from the Green Unit
by over 6% y/y**

**Reduction of the CO₂
emission factor [kg/MWh]
for Units 1 - 10
at Kozenice Power Plant
by over 1% y/y**

**ENEA Group's
pro-environmental
engagement – "ENEA for
Environment" project**





Coal market, energy market, operating data

ENEA Group's financial results in FY 2018

Financial results of LW Bogdanka Group in FY 2018

Summary

Additional information

Results of the Generation Area's segments



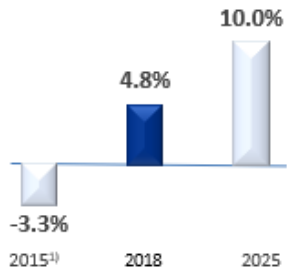
[PLN m]	Generation, including:								
	System Power Plants			Heat			RES		
	FY 2017	FY 2018	Change	FY 2017	FY 2018	Change	FY 2017	FY 2018	Change
Sales revenue	3,810	6,176	2,366	456	482	26	317	539	222
EBIT	289	112	(177)	102	72	(30)	38	315	277
EBITDA	515	565	50	154	127	(27)	67	177	110
CAPEX	1,007	362	(645)	83	63	(20)	4	4	0

[PLN m]	Generation, including:								
	System Power Plants			Heat			RES		
	Q4 2017	Q4 2018	Change	Q4 2017	Q4 2018	Change	Q4 2017	Q4 2018	Change
Sales revenue	983	1,554	571	138	155	17	79	166	87
EBIT	16	(12)	(28)	26	30	4	-	173	173
EBITDA	80	98	18	39	45	6	7	63	56
CAPEX	448	178	(270)	19	28	9	3	2	(1)

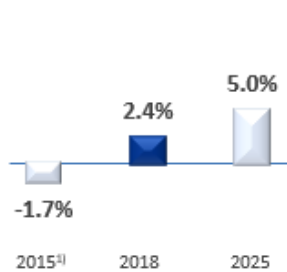
Progress on ENEA Group's Development Strategy



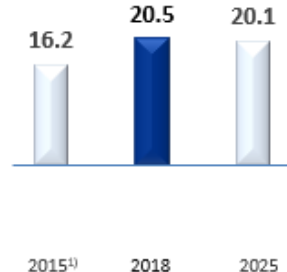
Return on equity (ROE)



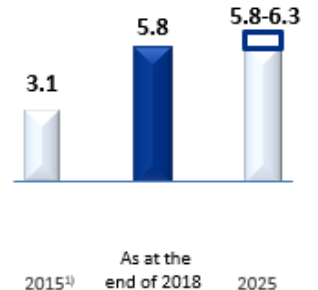
Return on assets (ROA)



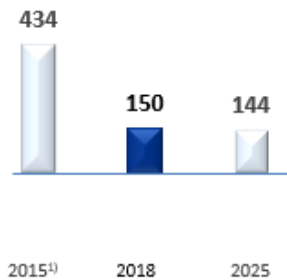
Sales of electricity to end users [TWh]



Installed conventional generation capacities [GW]



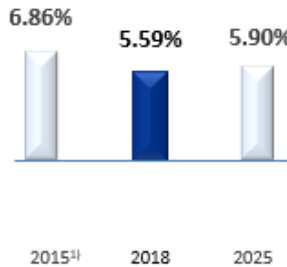
SAIDI [minutes]



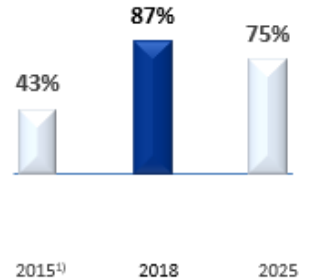
SAIFI



Grid distribution losses index



Own annual consumption of bituminous coal from own assets



¹⁾ Reference year



ENEA Group Results in FY 2018

gielda@enea.pl