Summary of financial results in H1 2012

30 August 2012

Summary H1 2012

Good results of ENEA CG after H1 2012

Results of ENEA CG in H1 2012 vs. H1 2011:

Net revenues – increase by **5.8 per cent**
EBIT – increase by **21.0 per cent**
EBITDA – increase by **21.7 per cent**
Net profit – increase by **10.2 per cent**

EBITDA result in particular segments in H1 2012 vs. H1 2011:

Distribution - increase by **19.9 per cent**
Generation - increase by **18.6 per cent**
Trading - increase by **11.1 per cent**
Other activities - increase by **71.6 per cent**

Stable efficiency of operations of ENEA CG:

ROE in **H1 2012** amounted to **10.6 per cent** in comparison to **10.3 per cent** in **H1 2011**
ROA in **H1 2012** amounted to **7.7 per cent** in comparison to **6.7 per cent** in **H1 2011**

Thanks to the updating in the Kozienice Power Plant - even lower CO_2 emission rate (in **H1 2012**: **842 kg/MWh** and in **H1 2011: 870 kg/MWh**) and one of the lowest rates of coal consumption (in **H1 2012: 395 kg/MWh**)

Results Q2 2012 vs. consensus

Key financial results Q2 2012 [PLN mln]	ENEA	PAP consensus (min)	PAP consensus (max)	PAP consensus (average)	Change % (ENEA vs. PAP average)
Net sales revenues	2 376.0	2 353.0	2 467.0	2 408.7	-1.4%
EBIT	245.1	174.0	197.0	188.2	30.2%
EBITDA	441.2	380.0	401.0	391.6	12.7%
Net profit	206.9	156.0	184.0	172.6	19.9%

EBIT, EBITDA and net results of ENEA for Q2 2012 are much higher than market expectations.

Summary January - August 2012

Listing of employee shares on the Warsaw Stock Exchange
On 5 March almost 31 mln shares of ENEA S.A. were listed on the stock exchange. On 10 August over 0.55 mln nil-paid shares of ENEA S.A. were introduced for trading which were acquired from the State Treasury by former and present Company's employees and their heirs.

Rating
On 5 April 2012 the Fitch Ratings agency in their announcement maintained the long term rating issued for the Company in April 2011 on the present level of BBB (in the international scale) and A (in the domestic scale).

Finalisation of the takeover of the wind farm in Bardy of the capacity of 50 MW (with an option of extension to 60 MW)
The object has substantially increased the ENEA Group's capacity of generation from renewable sources since the farm will generate around 150,000 MWh of green electricity annually. It consists of 25 Vestas turbines of the capacity of 2 MW each.

Generation Area Integration
Within the Project of Generation Integration, on 25 May 2012 Elektrownia "Kozienice" S.A. changed its name to ENEA Wytwarzanie S.A. and thus became a centre of energy competence in the ENEA Capital Group within energy and heat generation.

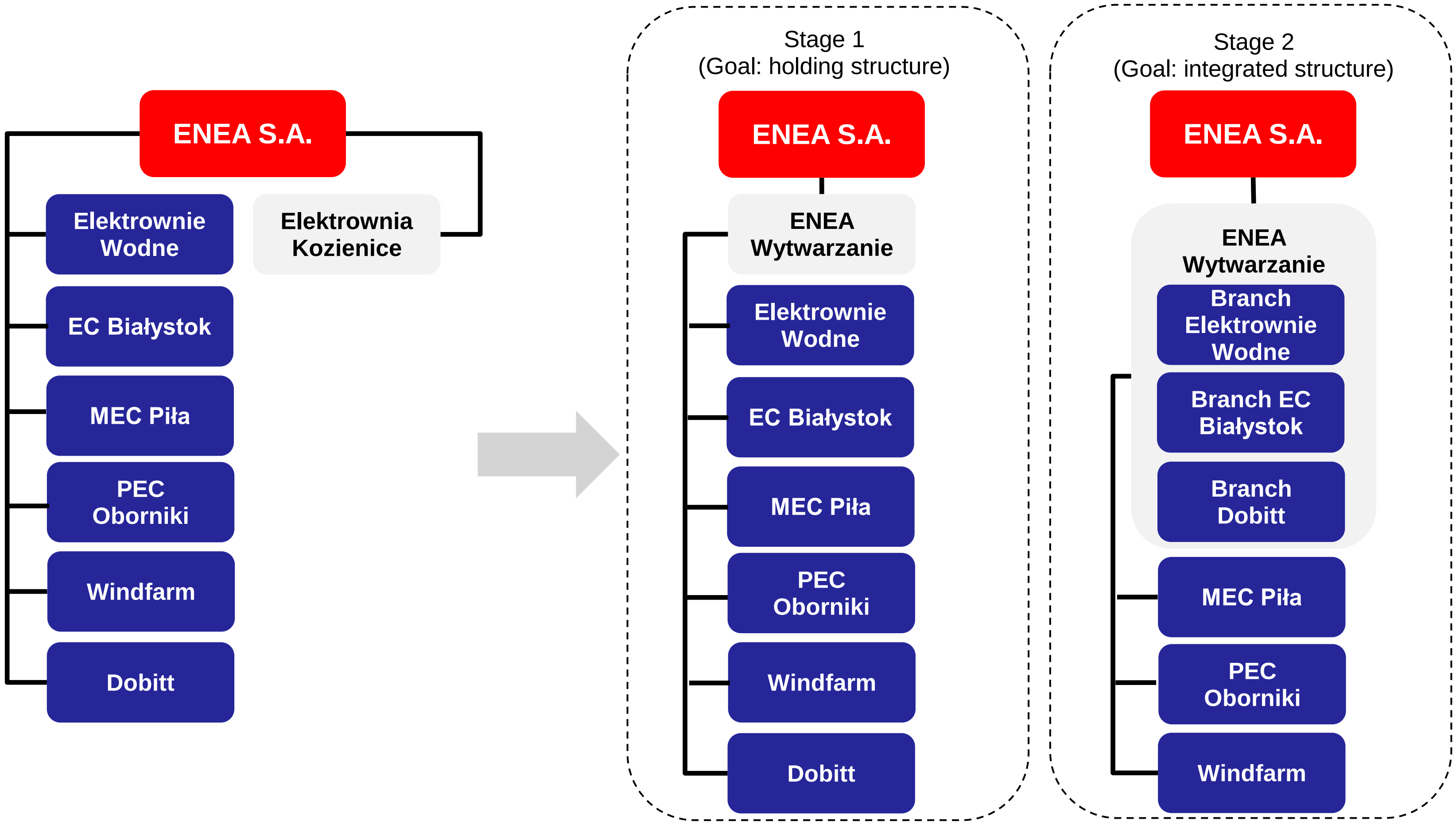
Construction of a new unit in the power plant in Kozienice
On 28 May the winner was selected in the tender for the construction of a power unit with the capacity of up to 1,000 MW. Polimex-Mostostal and Hitachi Power Europe consortium won with its competitor - China National Electric Engineering Co. Ltd. with China Overseas Engineering Group Co. Ltd. On 27 July the National Chamber of Appeal dismissed the appeal filed by COVEC/CNEEC Consortium.

ENEA launches Bond Issue Programme
At the end of June a Programme Agreement was concluded which specifies the terms for bond issue valued PLN 4 bln. The agreement was signed with five banks. The Programme will finance current operations and investment needs of the ENEA Capital Group's companies, in particular the construction of a new power unit in the power plant in Kozienice and the development of capacities from renewable sources.

ENEA pays dividend
On 29 June the General Meeting of Shareholders of ENEA S.A. decided to pay PLN 211.9 mln dividend from the net profit for 2011. The dividend record date was set for 13 August 2012 and dividend payment in the amount of PLN 0.48 per share was set for 3 September 2012.

Shale alliance
An agreement of the Polish companies of 4 July - PGNiG, ENEA, KGHM Polska Miedz, PGE and TAURON Polska Energia - will enable acceleration of shale gas exploration works. Estimated outlays for exploration, recognition and extraction of gas within the three first locations (Kochanowo, Częstkowo and Tępcz pads) will amount to PLN 1.72 bln.

Generation area integration project in ENEA CG



In the first stage the construction of the holding structure will be performed for units dealing with energy generation in ENEA CG.

The second stage will mean integration of companies generating energy and heat. EC Białystok S.A., Elektrownie Wodne Sp. z o.o., Dobitt Energia Sp. z o.o. will be included in the capital structures of ENEA Wytwarzanie S.A. as its branches. PEC Sp. z o.o. seated in Oborniki, MEC Piła Sp. z o.o. and Windfarm Polska Sp. z o.o. will remain in complete operating subjectivity as subsidiaries of ENEA Wytwarzanie S.A.

Most important trends on the electricity market

SPOT prices

			April 2012	May 2012	June 2012	H1 2012	Change in relation to H1 2011
	SPOT market	Band average price [PLN/MWh]	161.69	173.43	170.83	174.61	- 12.8%
		Euro-peak average price [PLN/MWh]	186.96	195.19	197.85	202.43	- 7.2 %

In the period of January-June 2012 average prices of analysed products were much lower than in the same period of the previous year. The average band price dropped by 12.8 per cent to PLN 175 per MWh and the average euro-peak price dropped by 7.2 per cent to PLN 202 per MWh.

Prices on the forward market

			April 2012	May 2012	June 2012
TGE (PPE)	Forward market	Band price - 2013 [PLN/MWh]	211.05	206.18	201.66
		Euro-peak price - 2013 [PLN/MWh]	241.25	234.54	229.42
		Band price - 2014 [PLN/MWh]	217.86	No quotation	211.04
		Euro-peak price - 2014 [PLN/MWh]	No quotation	No quotation	No quotation

June was another month of significant decreases in the average band and euro-peak prices with delivery for 2013.
An increasing difference between average band prices may result e.g. from an increasing, month over month, change of coal prices in forward contracts between products with delivery during 2014 and 2013.

Most important trends on the electricity market

Coal prices

		April 2012	May 2012	June 2012
SPOT market	Richard Bay (RB) [USD/t]	101.53	95.36	86.38
	Newcastle (NEWC) [USD/t]	102.95	98.24	88.34
	Amsterdam-Rotterdam-Antwerp (ARA) [USD/t]	96.45	86.74	87.14
	Richard Bay (RB) [PLN/GJ]	12.82	12.71	11.83
	Newcastle (NEWC) [PLN/GJ]	13.00	13.09	12.10
	Amsterdam-Rotterdam-Antwerp (ARA) [PLN/GJ]	12.18	11.56	11.93
	KW S.A. [PLN/GJ]	14.97	14.97	14.97
	KHW S.A. [PLN/GJ]	16.15	16.15	16.15

In June 2012 on the current market the decreasing trend continued relating to the average coal price with transport in Richards Bay harbour.
Trends noticed on foreign coal markets were not reflected in commercial offers of Polish mines. From 25 June 2012 Bogdanka S.A., and from 1 July 2012 KW S.A. introduced new coal prices, higher than the previous ones being in force.

Most important trends on the electricity market

Proprietary Interests Prices

Index	Average price in June 2012 [PLN/MWh]	Compensatory payment for 2012 [PLN/MWh]
OZEX* (green)	**250.00**	**286.74**
OZEX_A**(green)	**260.80**	**286.74**
KECX (red)	**8.86**	**29.30**

Prices of allowances for emissions of CO_2

		April 2012	May 2012	June 2012
SPOT market	EUA [EUR/t]	**7.92**	**6.64**	**7.92**
SPOT market	GREEN CER [EUR/t]	**4.06**	**3.69**	**4.06**

In May 2012 there was a drop in prices of allowances for CO_2 emissions of all the analysed units.
In June the prices of units for allowances for emissions of CO_2 increased. During 1 to 20 June 2012 there was a suspension of trading on SPOT market for closing domestic registers and works over launching of anew EUTL system. The price increase was impacted by information on the intention of reduction in the number of allowances for emissions of CO_2 by the European Commission, and information on an effective conduction of elections in Greece.

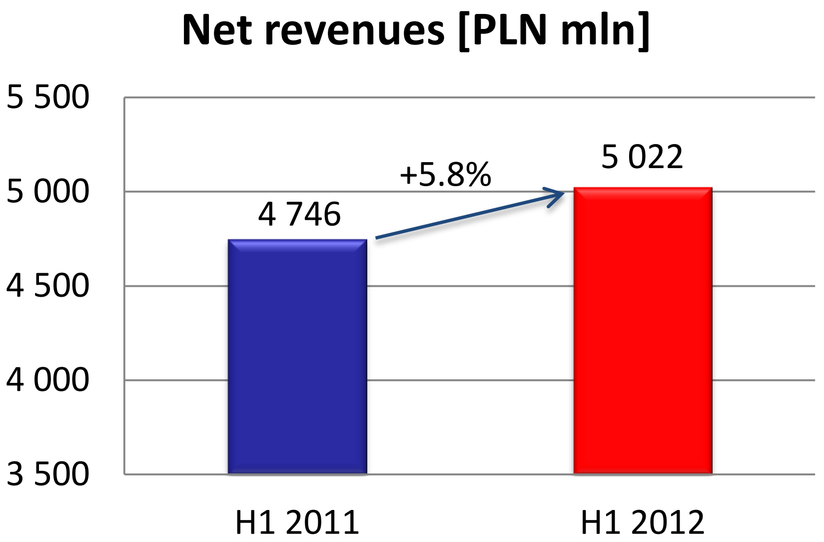
* index for session transactions the subject of which are contracts for proprietary interests resulting from certificates of origin for energy generated in energy renewable sources whose production period (indicated in the certificate of origin) was till 28 February 2009 inclusive

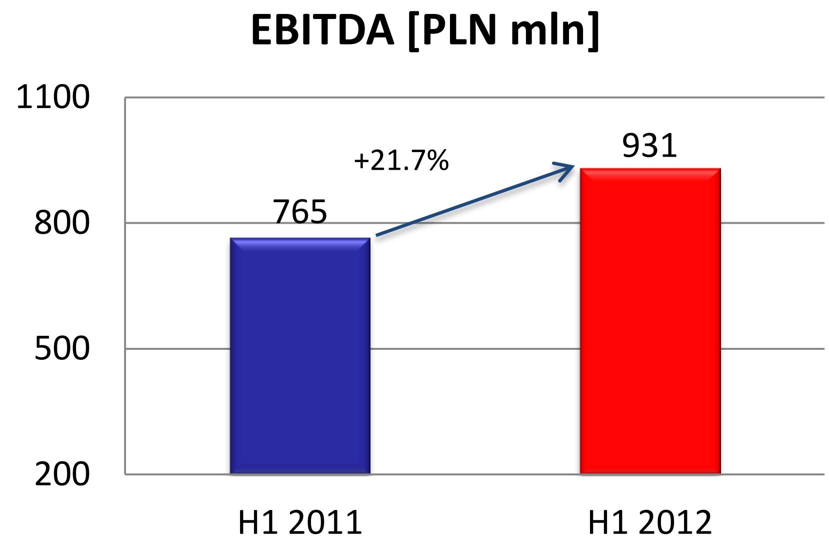
** index for session transactions the subject of which are contracts for proprietary interests resulting from certificates of origin for energy generated in energy renewable sources whose production period (indicated in the certificate of origin) commenced on 1 March 2009 inclusive

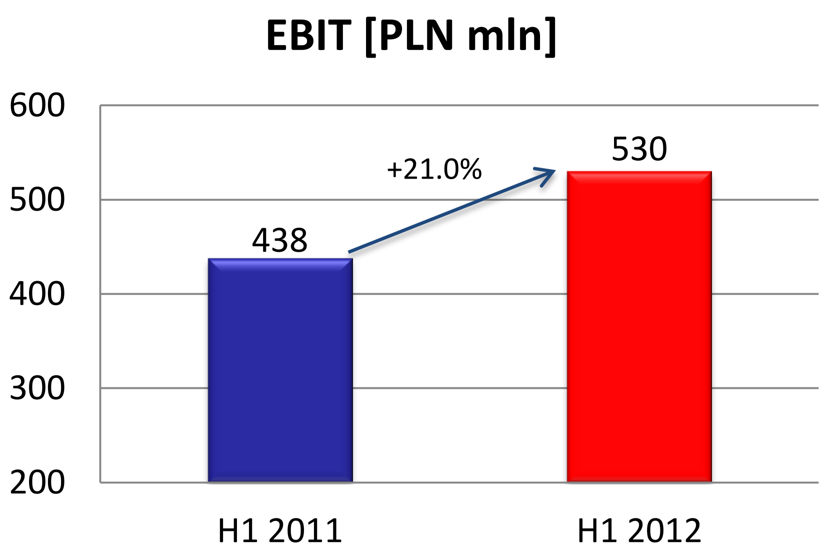
Key operating data

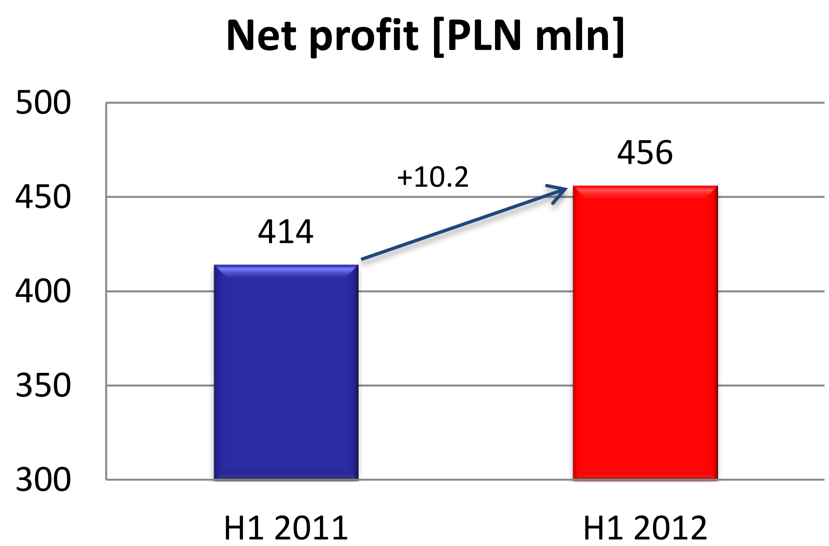
	Q2 2011	Q2 2012	Change %	H1 2011	H1 2012	Change %
Generation of electricity (gross production) [GWh]	3 054	2 926	-4.2%	5 955	5 914	-0.7%
including from renewable sources [GWh]	162	235	45.2%	305	454	49.1%
Heat generation [GJ]	317 367	722 357	127.6%	938 659	2 790 682	197.3%
Distribution [GWh]	4 180	4 141	-0.9%	8 693	8 687	-0.1%
Sales of electricity to end users [GWh]	3 491	3 618	3.6%	7 531	7 725	2.6%

Financial results of ENEA CG in H1

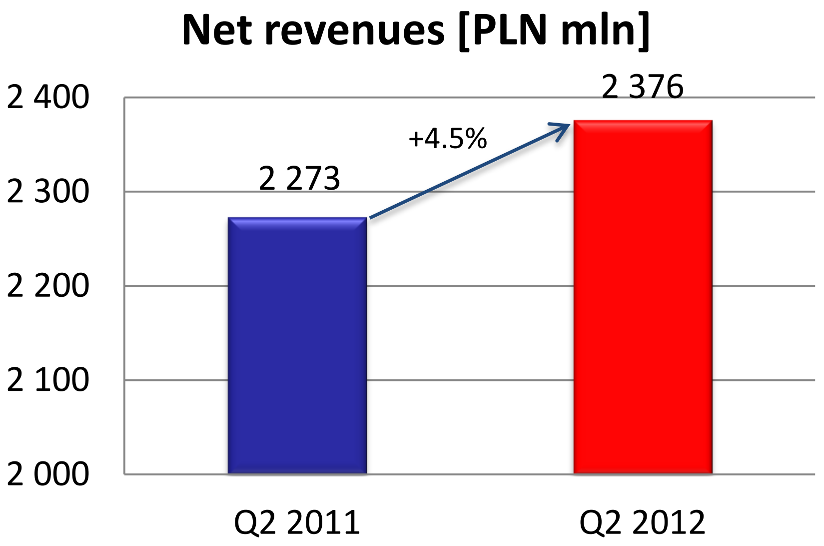


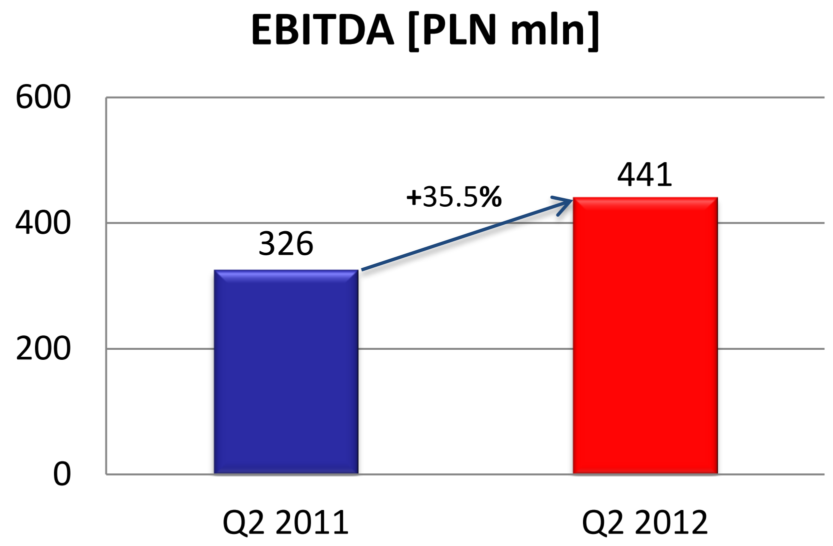


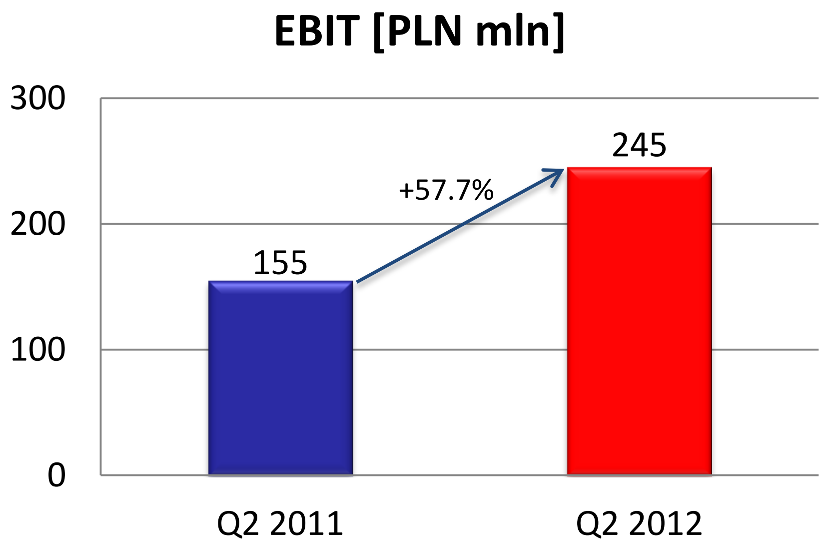


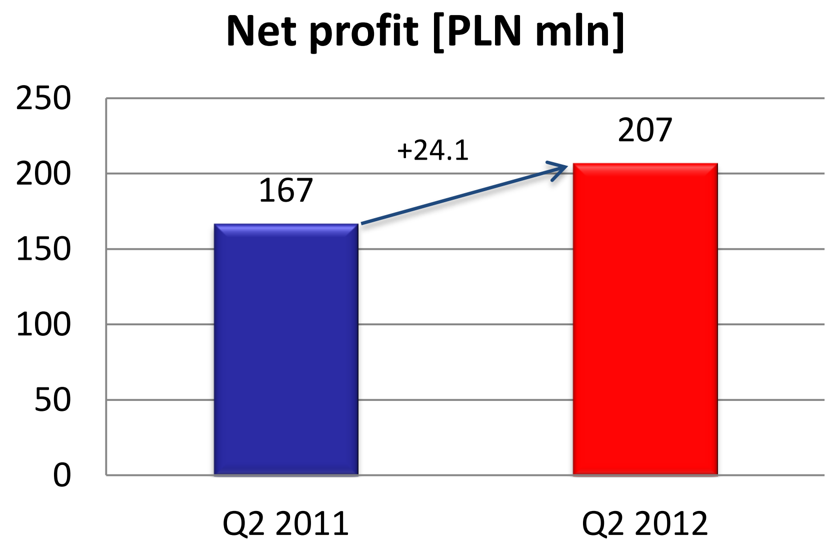


Financial results of ENEA CG in Q2



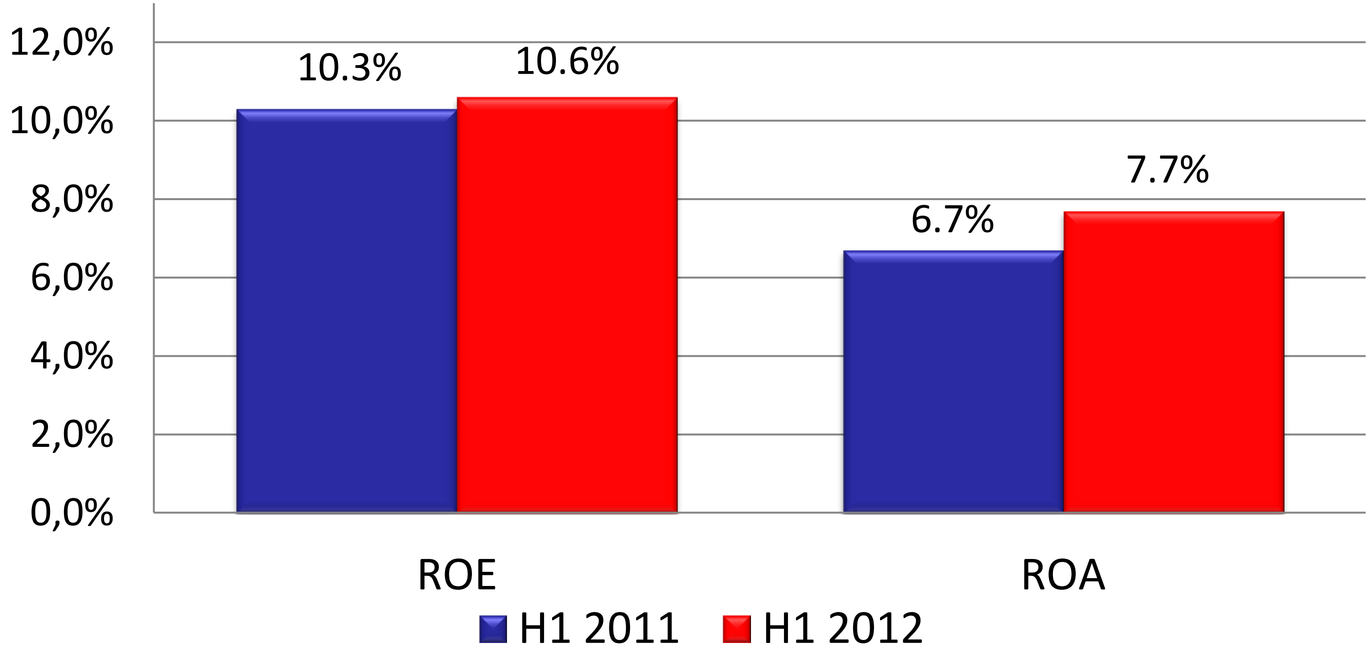




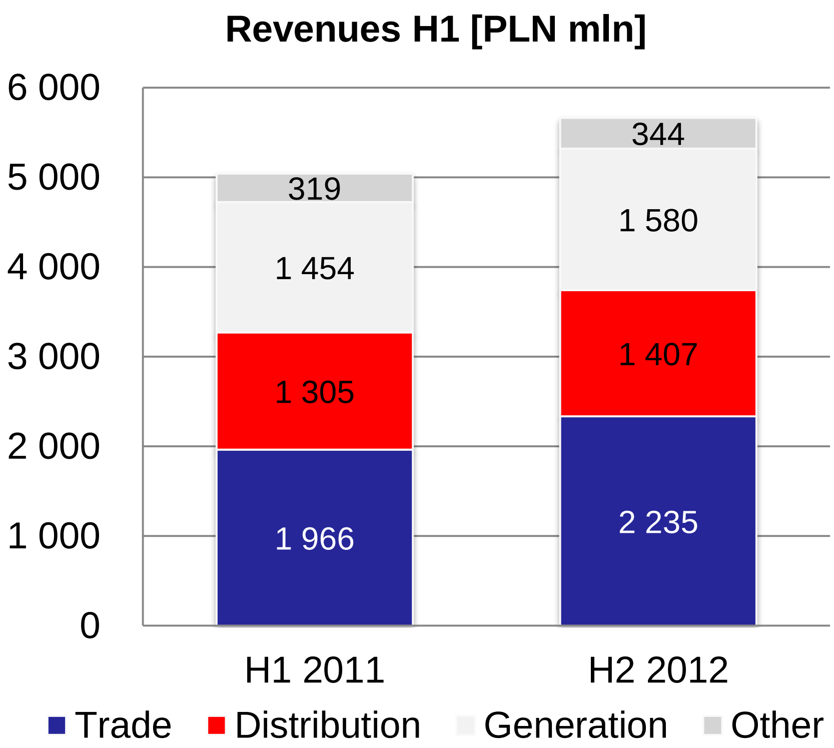


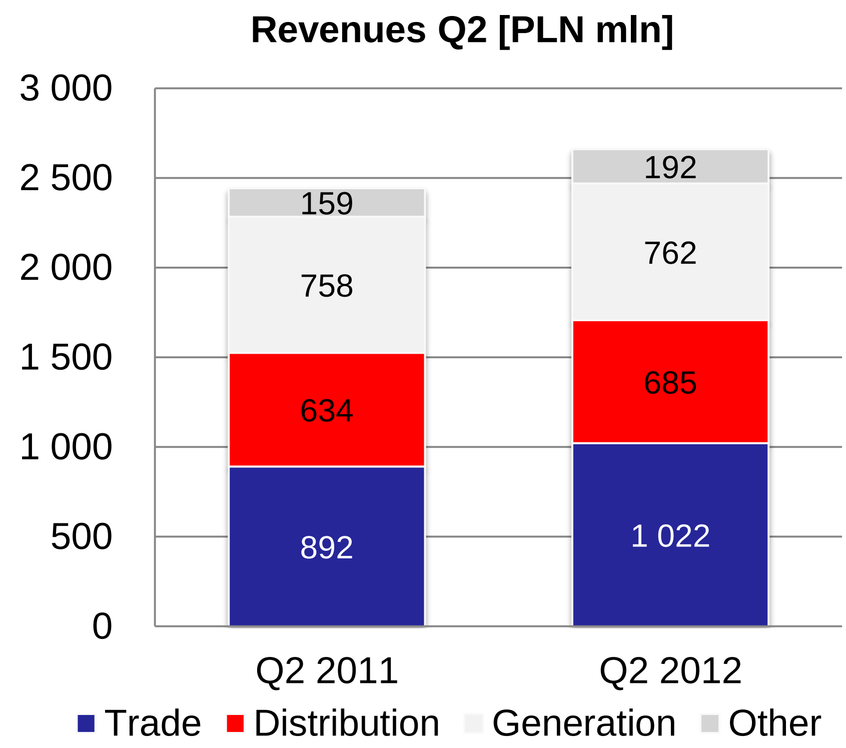
ROA, ROE of ENEA CG

In H1 2012 the ENEA Capital Group improved the value of profitability ratios in relation to H1 2011.



Financial results with division into segments





H1 2012 vs. 2011

+13.7%	**+7.8%**	**+8.7%**	**+8.0%**

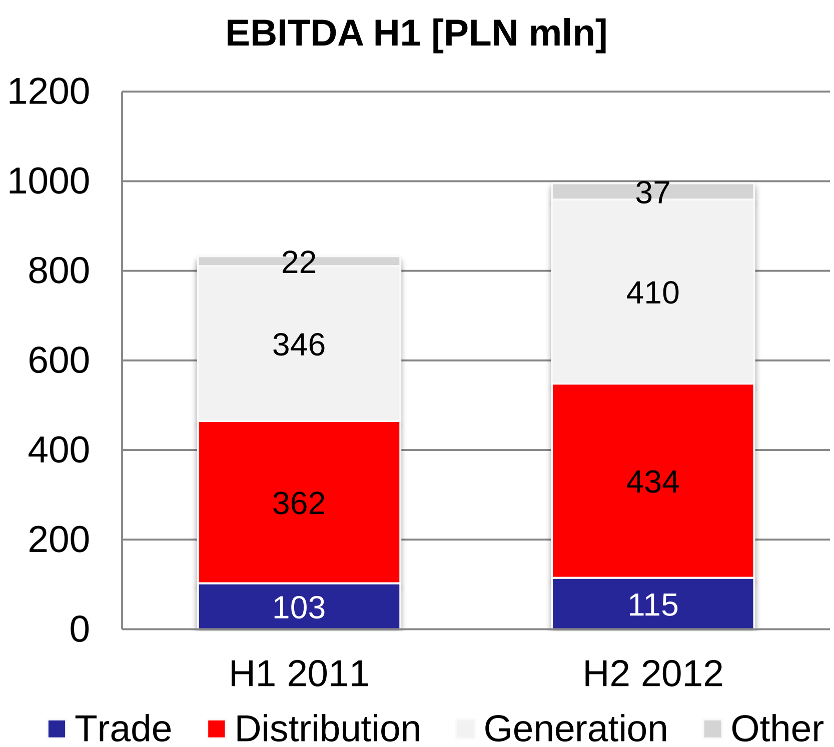
Q2 2012 vs. 2011

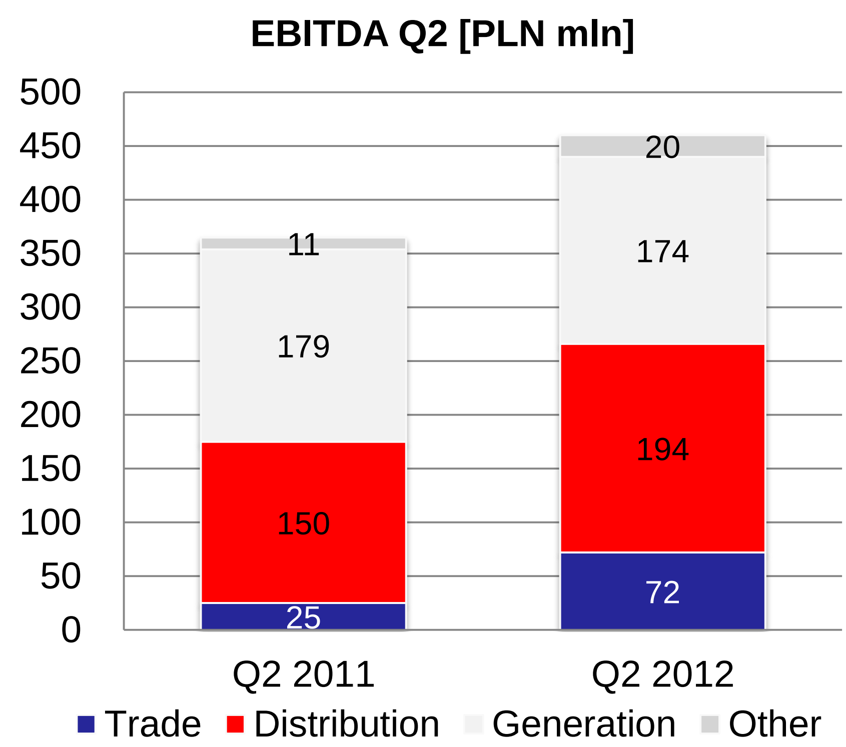
+14.6%	**+8.1%**	**+0.4%**	**+20.6%**

Source: Company:
(H1 2011) Contains retained earnings of the whole Group PLN 299 mln.
(H1 2012) Contains retained earnings of the whole Group PLN 545 mln.

Source: Company:
(Q2 2011) Contains retained earnings of the whole Group PLN 169 mln.
(Q2 2012) Contains retained earnings of the whole Group PLN 285 mln.

Financial results with division into segments





H1 2012 vs. 2011

Trade	Distribution	Generation	Other
+11.1%	+19.9%	+18.6%	+71.6%

Q2 2012 vs. 2011

Trade	Distribution	Generation	Other
+191.4%	+30.0%	-2.7%	+79.1%

Source: Company:
(H1 2011) Contains undistributed expenses of the whole Group PLN 53 mln and exclusions PLN -14 mln.
(H1 2012) Contains undistributed expenses of the whole Group PLN 66 mln and exclusions PLN 1 mln.

Source: Company:
(Q2 2011) Contains undistributed expenses of the whole Group PLN 31 mln and exclusions PLN -8 mln.
(Q2 2012) Contains undistributed expenses of the whole Group PLN 35 mln and exclusions PLN 15 mln.

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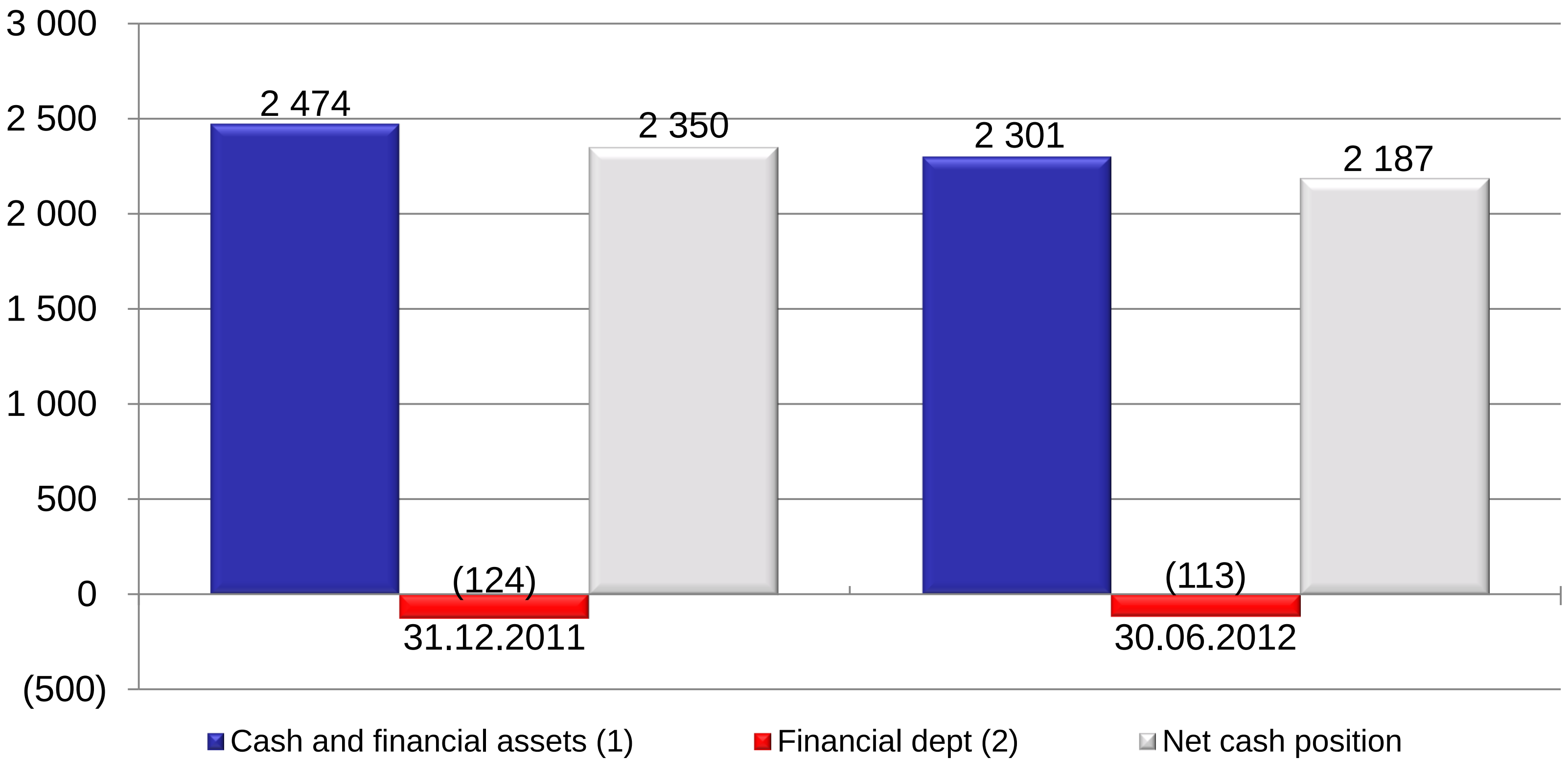
Financial results in Q2 with division into segments

Trade	**increase of EBITDA by 191.4%, i.e. by PLN 47.6 mln:** – a growth of the first contribution margin on the electricity trading activities in ENEA S.A. by PLN 57.8 mln, – increase of expenses of the trading activity in ENEA S.A. by PLN 13.9 mln (in Q2 2012 the costs of services rendered by ELKO Trading and ENEA Centrum altogether in the amount of PLN 16 mln), – in Q2 0212 a result was achieved for ELKO Trading operations in the amount of PLN 10 mln (the company commenced operations in August 2011). – a drop in the result on the other activity by PLN 6.5 mln, which stems from lower revenues by title of revaluation of write-downs for energy.
Distribution	**increase of EBITDA by 30.0%, i.e. by PLN 44.8 mln:** – an increase in sales of distribution services by PLN 28.2 mln (a growth in the average price of distribution services by 5.6 per cent with a concurrent drop in the volume of electricity supplied to end users by 39 GWh), – a growth of revenues from grid connections by PLN 12.1 mln, – a growth of other revenues by PLN 11.2 mln (mainly settlements on the Balancing market), – a drop in non-invoiced sales of distribution services by PLN 2.5 mln, – a growth of costs by PLN 5.7 mln (mainly: increase of costs of employee benefits, taxes and charges and a drop of result on other operating activity).
Generation	**decrease of EBITDA by 2.7%, i.e. by PLN 4.9 mln:** – ENEA Wytwarzanie and Elektrownie Wodne, a growth of EBITDA by 2.9 per cent, i.e. by PLN 5 mln: • higher revenues from certificates of origin by PLN 9.9 mln, • higher costs of other external services (mainly services of ELKO Trading, coal transport) by PLN 14.4 mln, • higher result on other activity by PLN 12 mln, • a drop by title of changes on other items by PLN 2.5 mln, – inclusion of EC Białystok from June 2011 - a drop of EBITDA by PLN 1.9 mln, – inclusion of Windfarm from June 2012 - EBITDA amounting to PLN 6.9 mln, – the inclusion in the results of the segment for Q2 2011 of the EBITDA of heat companies (PEC Oborniki and MEC Piła) for the whole six months (in Q1 2011 the results were presented in the segment of other activities), which results in a drop in the EBITDA result of the segment in Q2 2012 by PLN 6 mln.
Other activity	**increase of EBITDA by 79.1%, i.e. by PLN 9.0 mln:** a growth in ENEA S.A.: by PLN 2.4 mln (services for ENEA Centrum and ELKO Trading, increase of revenues from rents and higher result on maintenance of street lighting). At the same time in Q2 2011 the result of the segment of other activity was diminished by PLN 10.5 mln in relation to the inclusion of adjustments relating to valuations of the Białystok Heat and Power Plant, MEC Piła and PEC Oborniki in this segment.

Capital structure of ENEA CG



Net cash position of the ENEA CG as at 31 June 2012 amounted to PLN 2 187 mln. During 2012-2020 the Group plans to conduct a vast investment plan which will be financed from the equity and bonds issued on the local market.

Source: Company:

(1) Cash and cash equivalents, financial current assets evaluated at fair value by the profit and loss account, financial assets held to maturity.

(2) long-term and short-term debts and obligations from financial leasing.

Investment outlays

The following values include real and capital investments

Investment outlays [PLN mln]	Q2 2011	Q2 2012	Change %	H1 2011	H1 2012	Change %
Generation	36.7	112.0	205.2%	54.4	132.5	143.6%
Distribution	148.9	212.3	42.6%	217.5	311.0	43.0%
ENEA S.A.	363.5	6.7	-98.2%	366.9	216.3	-41.0%
Other subsidiaries	3.9	1.1	-71.8%	5.6	2.3	-58.9%
Total	**553.0**	**332.1**	**-39.9%**	**644.4**	**662.1**	**2.7%**

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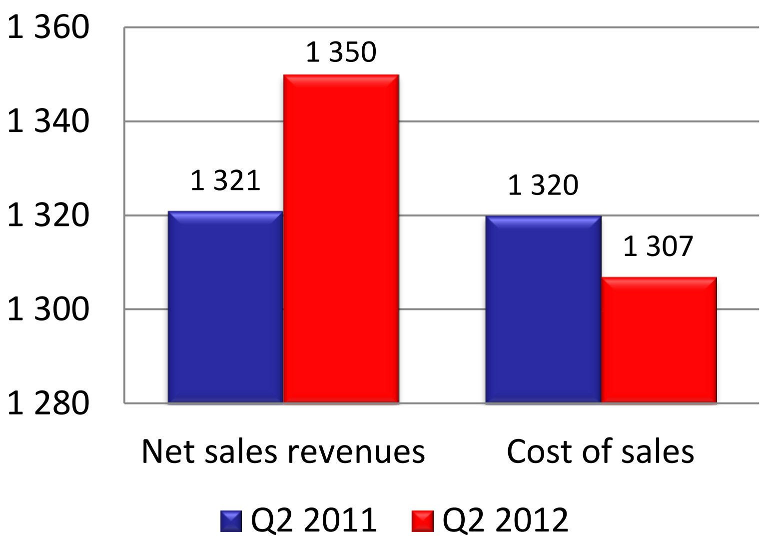
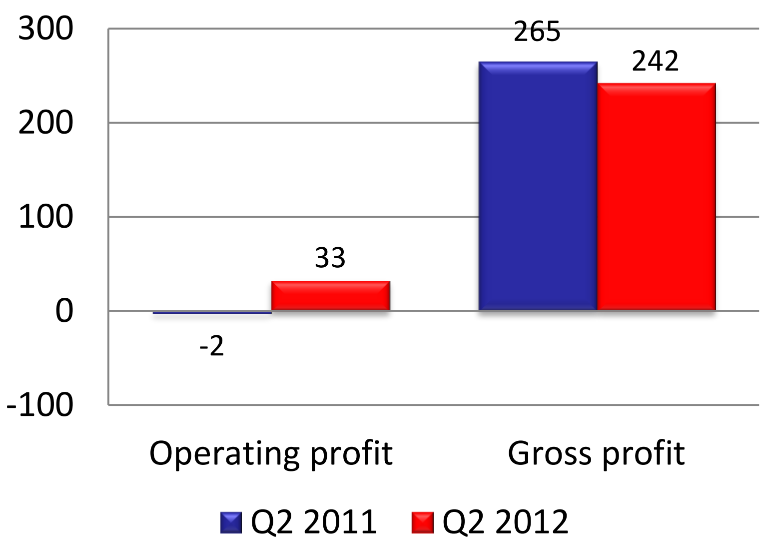
Appendix No. 1
Results in Q2 - ENEA individually [PLN mln]

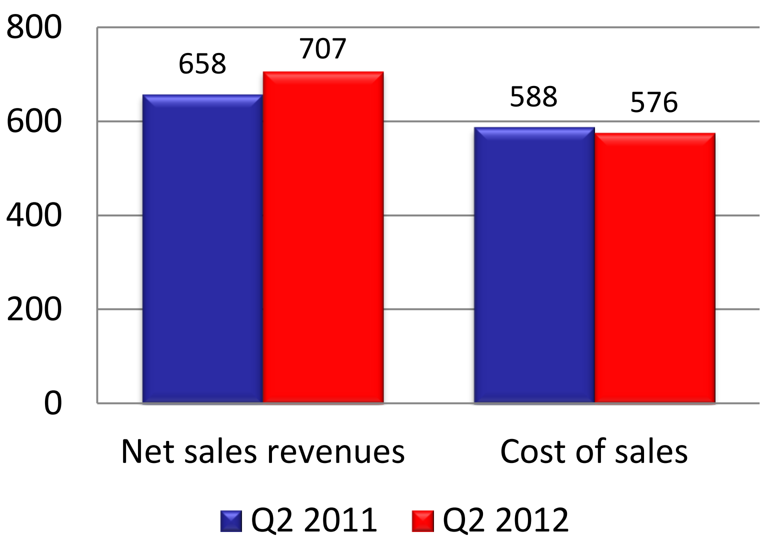


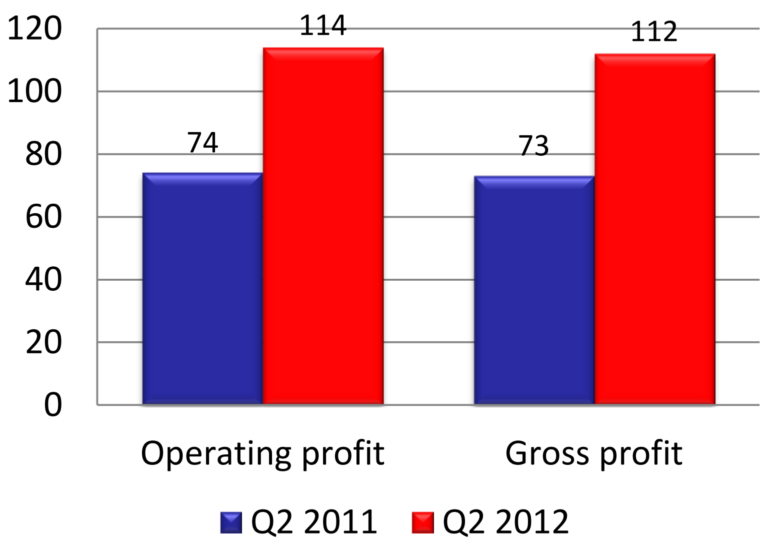


- Net sales revenues in relation to the performance of Q2 2011 (increase by PLN 29.1 mln):
  - higher revenues from sales to end users by PLN 67.2 mln (increase in the volume of sold electric energy by 126 GWh and the average sale price higher by 3.5 per cent),
  - lower revenues from sales to wholesale users by PLN 14.1 mln (lower volume of sold energy by 42 GWh and the average sale price higher by 13.5 per cent),
  - lower non-invoiced sales by PLN 2.9 mln (electricity by PLN 1.8 mln, distribution service by PLN 1.1 mln),
  - lower revenues from the sale of distribution services to users with comprehensive agreements by PLN 25.3 mln,
  - lower excise tax by PLN 4.4 mln,
- Costs of sales revenues in relation to Q2 2011 (drop by PLN 13.2 mln):
  - lower costs of purchase of electricity for resale by PLN 2.2 (lower average price by 2.2 per cent, increase in the volumes of purchased energy by 73 GWh),
  - lower costs of distribution services for realisation of comprehensive agreements by PLN 26.4 mln,
  - higher costs of external services by PLN 10.2 mln (commission for ELKO Trading PLN 9.3 mln and remuneration for ENEA Centrum PLN 6.7 mln, drop in marketing costs by PLN 8.8 mln),
  - higher costs of employee benefits by PLN 6.6 mln (mainly as a result of an actuarial valuation in relation to the energy equivalent).

- A growth of operating result (by PLN 35.8 mln) results from:
  - lower result on sales by PLN 42.3 mln (realisation of revenues from sales at the level of 102.2 per cent with 99 per cent level of sales revenue costs),
  - lower result was obtained on other operating activities by PLN 6.4 mln (lower revenues from revaluation of write-downs of receivables for energy).
- A drop of gross financial result (by PLN 23.7 mln) results from:
  - lower dividend revenues by PLN 35.2 mln (collection of dividends from ENEA Wytwarzanie at a later time),
  - higher financial costs by PLN 14.8 mln (mainly by title of exchange rate differences),
  - lower financial revenues by PLN 9.4 mln (mainly lower financial revenues obtained on funds invested in financial assets (bonds, treasury bills, fixed-term deposits),
  - a growth of operating result by PLN 35.8 mln.

Appendix No. 2
Results in Q2 - ENEA Operator [PLN mln]



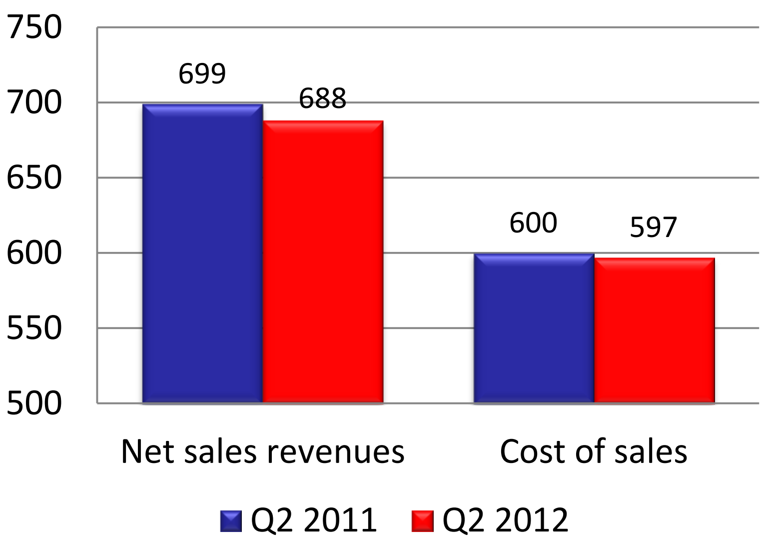


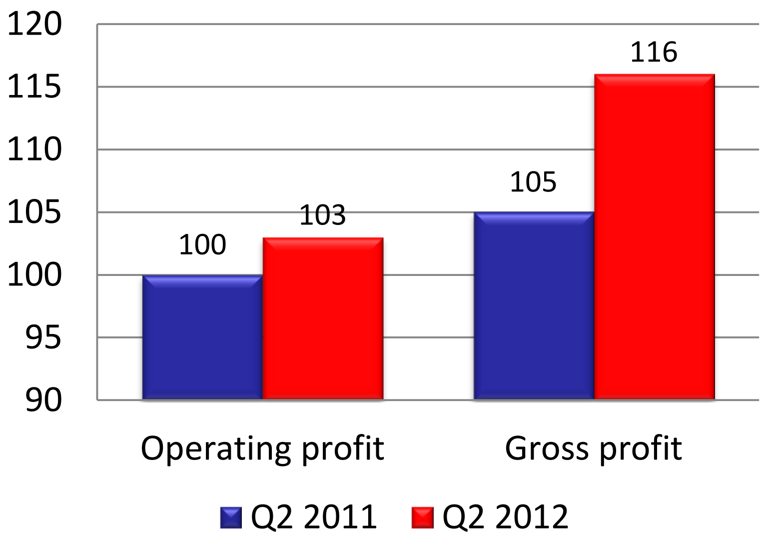
- Sales revenues in relation to the performance of Q2 2011 (increase by PLN 49.2 mln):
  - increase in sales of distribution services to end users by PLN 28.2 mln (increase of the average sale price by 5.6 per cent),
  - a growth of other sales revenues by PLN 12.6 mln (mainly settlements on the Balancing Market),
  - increase of fees for connection to the grid by PLN 12.1 mln,
  - increase of revenues from the sale of distribution services to other entities s by PLN 1.8 mln,

- Costs of sales revenues in relation to Q2 2011 (drop by PLN 11.3 mln):
  - lower costs of purchase of energy for sale by PLN 13.7 mln (lower volume by 164 GWh),
  - lower costs of external services by PLN 5.9 mln,
  - higher costs of amortisation by PLN 4.3 mln (increase of the assets value),
  - higher costs of taxes and charges by PLN 1.6 mln (higher costs of taxes on buildings and lands and higher costs of utilising the road line),
  - a growth of costs of transmission services by PLN 1.6 mln (higher average purchase price by 1.2 per cent),
  - higher costs of employee benefits by PLN 1.5 mln,

- Higher operating profit in relation to Q2 2011 (by PLN 39.8 mln) results from:
  - higher result on sales by PLN 60.4 mln (realisation of revenues from sales at the level of 107.5 per cent with 98.1 per cent level of sales revenue costs),
  - a drop in the result on other operating activity by PLN 20.7 mln (reserves, lower result on sales and assets liquidation),

Appendix No. 3
Result in Q2 – ENEA Wytwarzanie [PLN mln]





- Net sales revenues in relation to Q2 2011 (drop by PLN 10.3 mln):
  - lower revenues from sales of electricity by PLN 15.4 mln (lower volume by 132 GWh, with a simultaneous increase of the average sale price by 1.8 per cent),
  - higher revenues from certificates of origin by PLN 9.3 mln (a larger number of certificates of origin was recognised: green - by 31 GWh and red by 2 GWh),
  - lower revenues from sale of services and other sales revenues by PLN 4.6 mln (lower sale of free CO_2 allowances),

- Costs of sales revenues in relation to Q2 2011 (drop by PLN 2.1 mln):
  - lower costs of purchase of energy for resale by PLN 15.3 (lower average price by 23.9 per cent, increase in the volumes of purchased energy by 31 GWh),
  - lower costs of consumption of materials by PLN 4.2 mln (lower costs of CO2 redemption by PLN 10.5 mln and coal and other materials consumption by PLN 6.5 mln, higher costs of biomass consumption by PLN 12.9 mln),
  - higher costs of external services by PLN 12.3 mln (mainly costs of services rendered by ELKO Trading, renovation costs, transport and insurance costs),
  - higher amortisation and depreciation costs by PLN 3.4 mln (verification of the period of economic usage of fixed assets),
  - higher costs of employee benefits by PLN 1.9 mln (mainly the update of actuarial reserves).

- A growth in the operating profit (by PLN 3.2 mln) which was impacted by generating of a higher result on the other operating activity (including sale and liquidation of tangible fixed assets) by PLN 11.3 mln (higher revenues from liquidation of reserves and write-downs, settlement of income by title of subsidies, obtaining damages form insurers and lower costs of litigation).

- Increase in the gross financial result by PLN 10.8 mln results from the increase in operating profit and higher result on the financial activity by PLN 7.6 mln (higher revenues from interests and obtaining revenues from dividends).