



ENEA Group results in Q1 2019

ENEA Group in Q1 2019 (compared to Q1 2018)

**Revenue growth
by PLN 1 billion,
up by 34.2% y/y**

**Over PLN 560 million
in CAPEX,
up by 28.8% y/y**

**Growth in net coal production
by 0.4 million tonnes,
up by 20.9% y/y**



**PLN 799 million EBITDA,
up by 13.8% y/y**

**Slightly lower volume of
electricity generation
and sale, down by 3.2% y/y**

**Growth in energy generation
from renewable sources
by 39.2% y/y**



Coal market, energy market, operating data

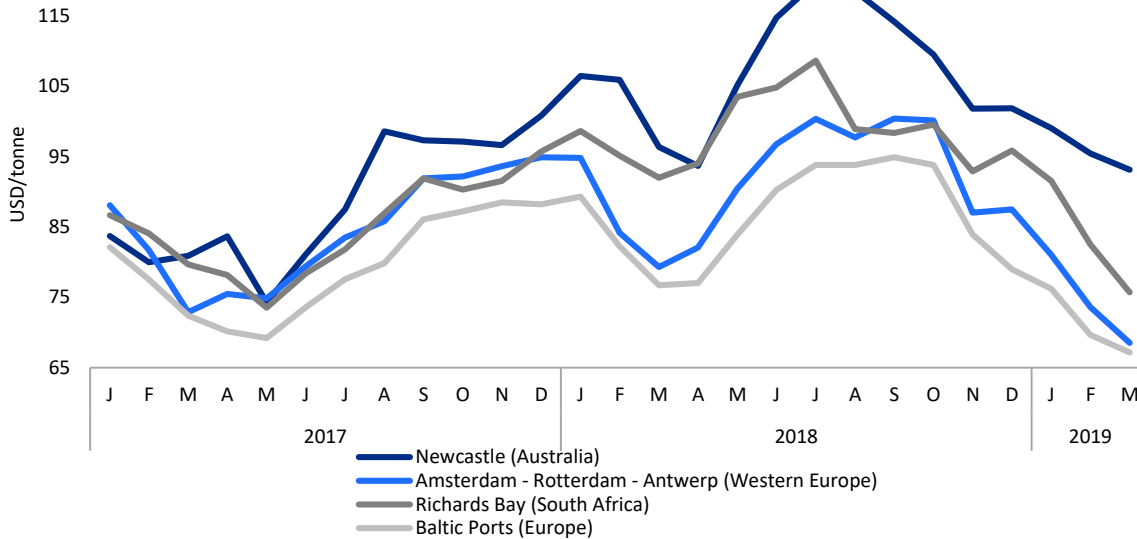
ENEA Group's financial results in Q1 2019

Financial results of LW Bogdanka Group in Q1 2019

Summary

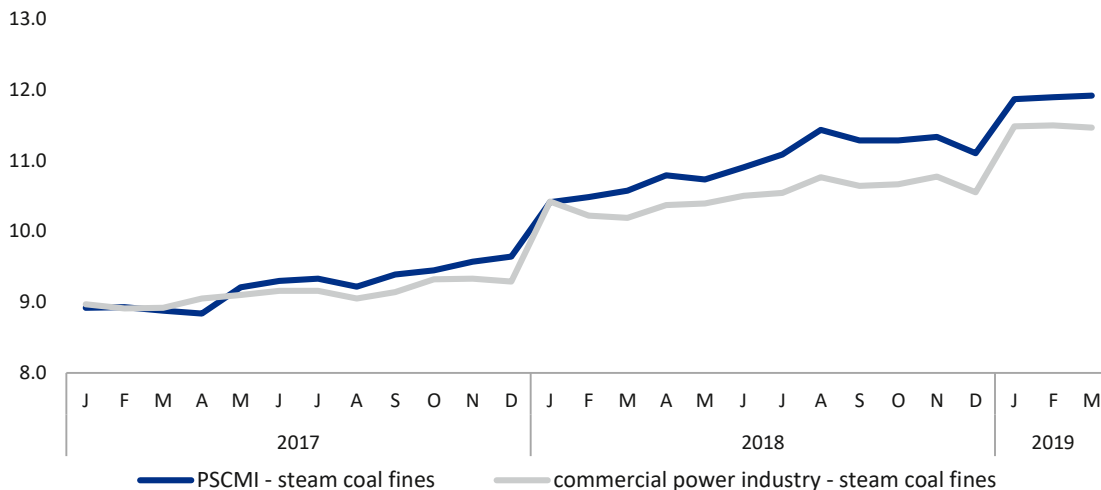
Additional information

Despite falling coal prices on international markets, prices of Polish coal remain lower



Average prices in Q1 2019

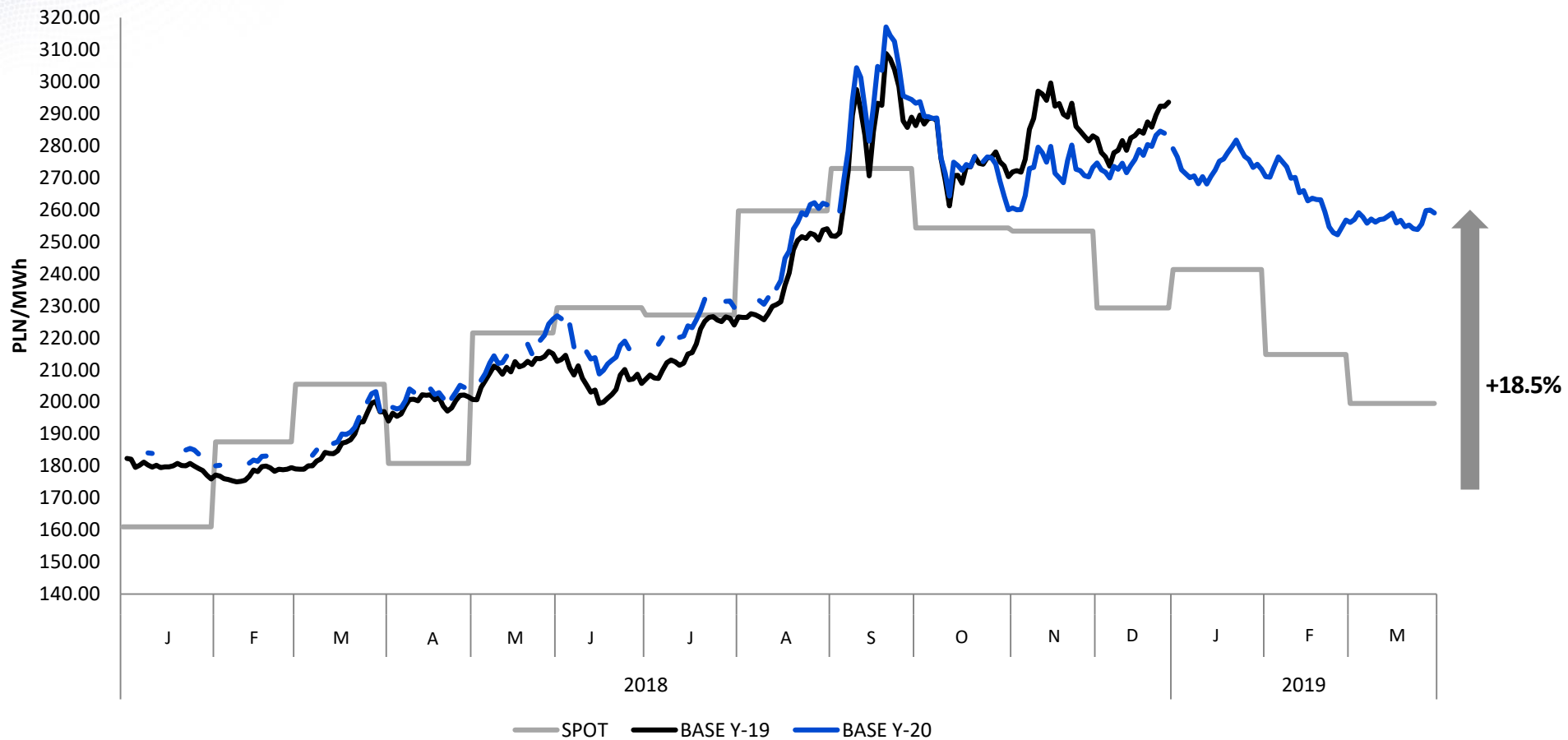
- Amsterdam - Rotterdam - Antwerp: 74.38 USD/t
- Richards Bay: 83.25 USD/t
- Newcastle: 95.88 USD/t
- Baltic Ports: 71.00 USD/t



In Q1 2019, the average price of steam coal fines for commercial power industry rose by 11.7% on Q1 2018

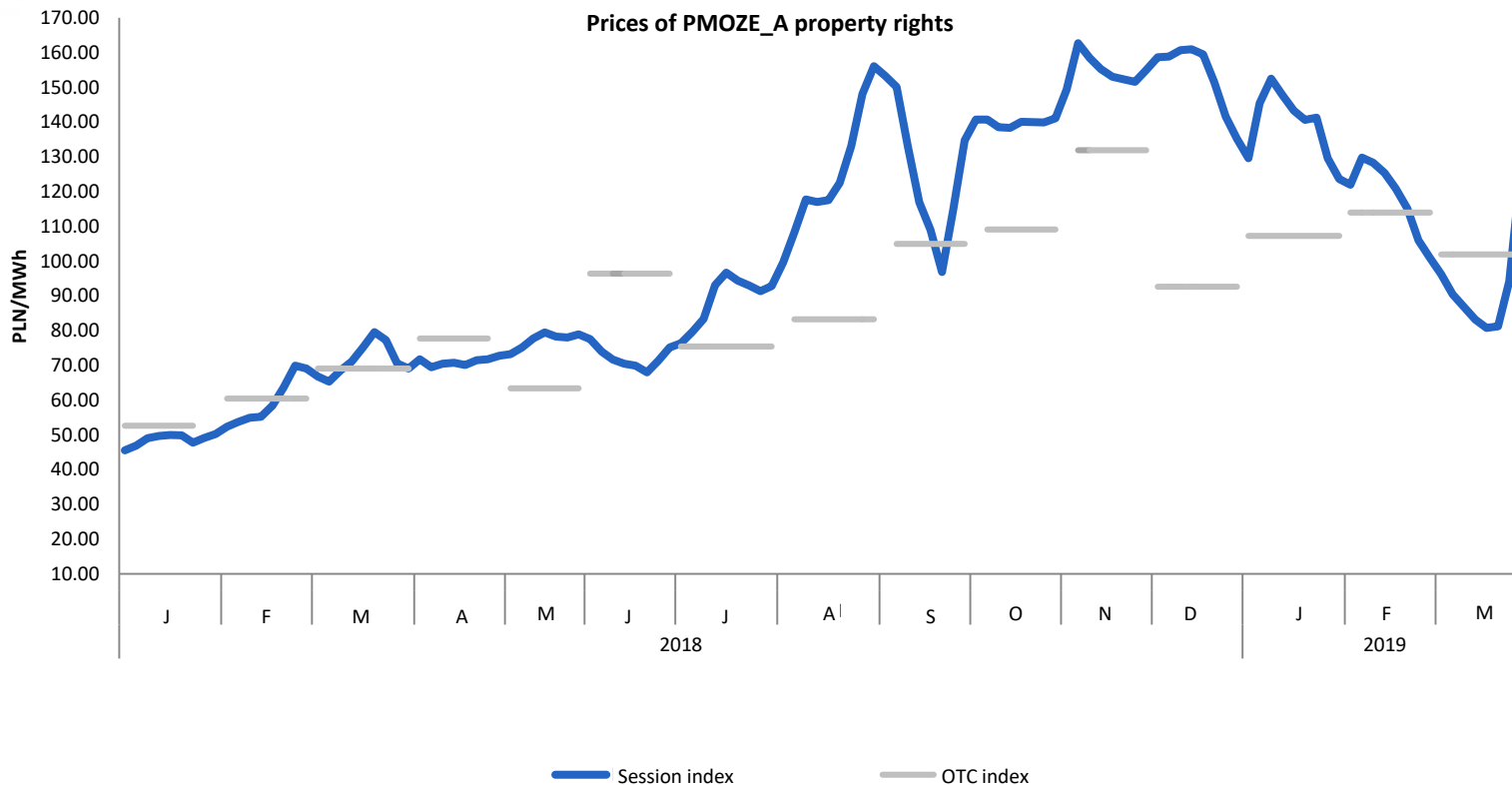
Electricity prices under the pressure of high prices of CO₂ emission allowances

BASE Y prices vs. SPOT prices



In Q1 2019, the average baseload price on the SPOT market increased by 18.5% on the corresponding period of 2018 and stood at 218.68 PLN/MWh. The average energy price on the forward market for BASE Y-20 in Q1 2019 was lower by 11.9% (reaching 259.50 PLN/MWh as at the end of March 2019) than the BASE Y-19 price as at the end of quotations. The weighted average price of BASE Y-20 in the period January-March 2019 was 260.12 PLN/MWh.

High volatility in prices of property rights were recorded in Q1 2019



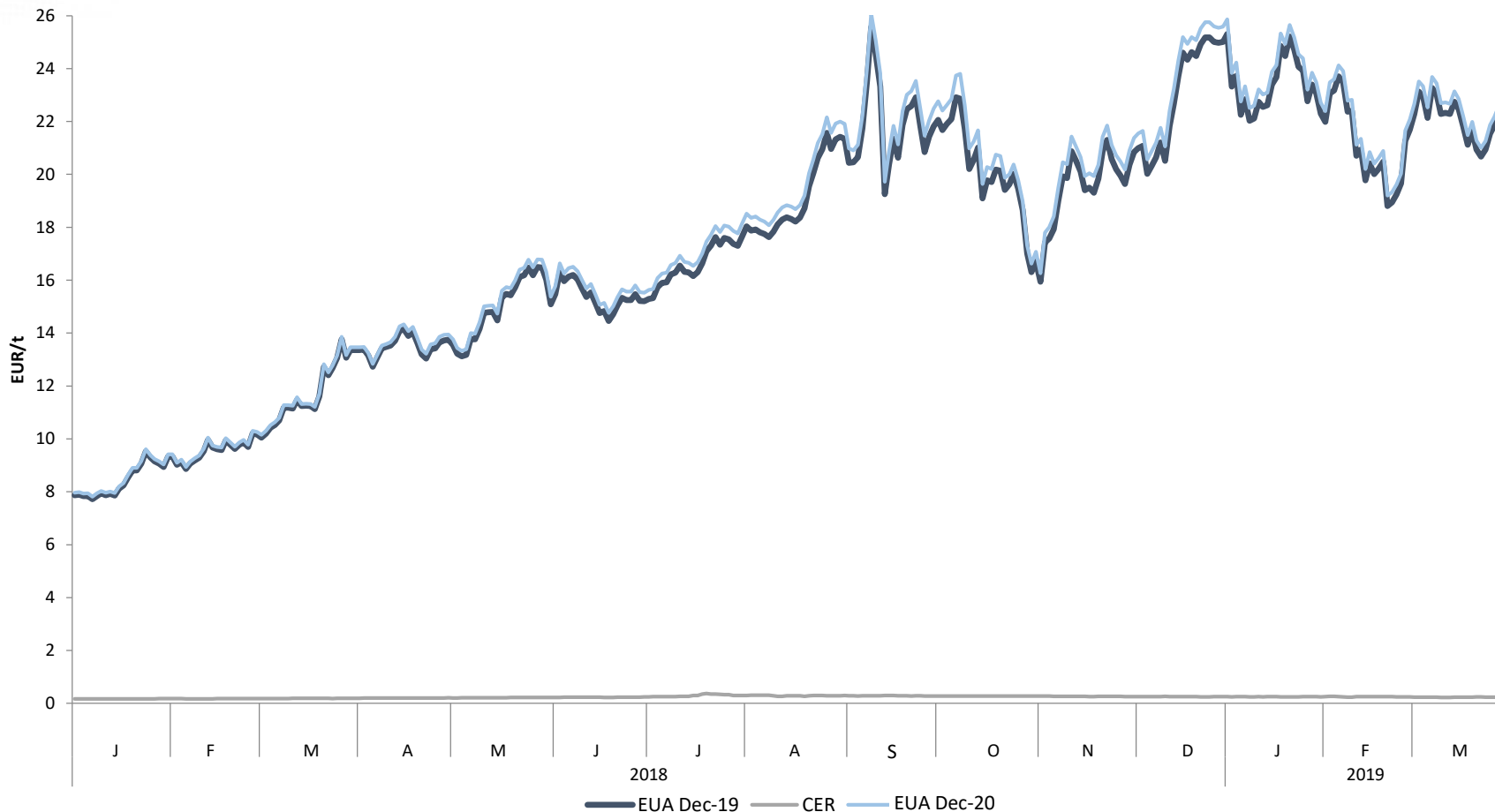
In Q1 2019, the weighted average value of the session index decreased by 21.1% on Q4 2018, to 117.64 PLN/MWh (as at the end of March 2019, it was 126.03 PLN/MWh).

For “green” property rights, the OTC market index reached 110.32 PLN/MWh at the end of March 2019.

High prices of CO₂ emission allowances in Q1 2019



EUA and CER quotations



In Q1 2019, the average price of EUA Dec-19 allowances increased by 6.6% to 21.54 EUR/t on Q4 2018.

Operating data ENEA Group [GWh]	Q1 2018	Q1 2019	Change
Total net generation of electricity	6,335	6,108	▼ -3.6%
including:			
Kozienice Power Plant	3,878	3,752	▼ -3.2%
Połaniec Power Plant	2,204	2,095	▼ -4.9%
Total electricity generation from RES	372	518	▲ 39.2%

Lower volume of energy generation in Q1 2019 results from lower availability of power units due to planned overhaul shutdowns. In Q1 2019, generation volume of Unit No. 11 was high, reaching 1,555 GWh net, i.e. up by 16% y/y.

Sales figures ENEA Group [GWh]	Q1 2018	Q1 2019	Change
Sales of electricity and gaseous fuel to retail customers	5,597	5,417	▼ -3.2%
Sales of distribution services to end users	5,182	5,143	▼ -0.8%

The total sales volume of electricity and gaseous fuel to retail customers decreased by 180 GWh, i.e. down by 3.2%.

Operating data LW Bogdanka	Q1 2018	Q1 2019	Change	
Net coal production ['000 tonnes]	2,095	2,532	▲	20.9%
Coal sales ['000 tonnes]	1,967	2,365	▲	20.2%
Closing stocks ['000 tonnes]	152	255	▲	67.4%
Excavation works [km]	9.0	7.9	▼	-12.2%

Stable operating data of LW Bogdanka.



Coal market, energy market, operating data

ENEA Group's financial results in Q1 2019

Financial results of LW Bogdanka Group in Q1 2019

Summary

Additional information

Financial results

ENE A Group [PLN m]

Q1 2018

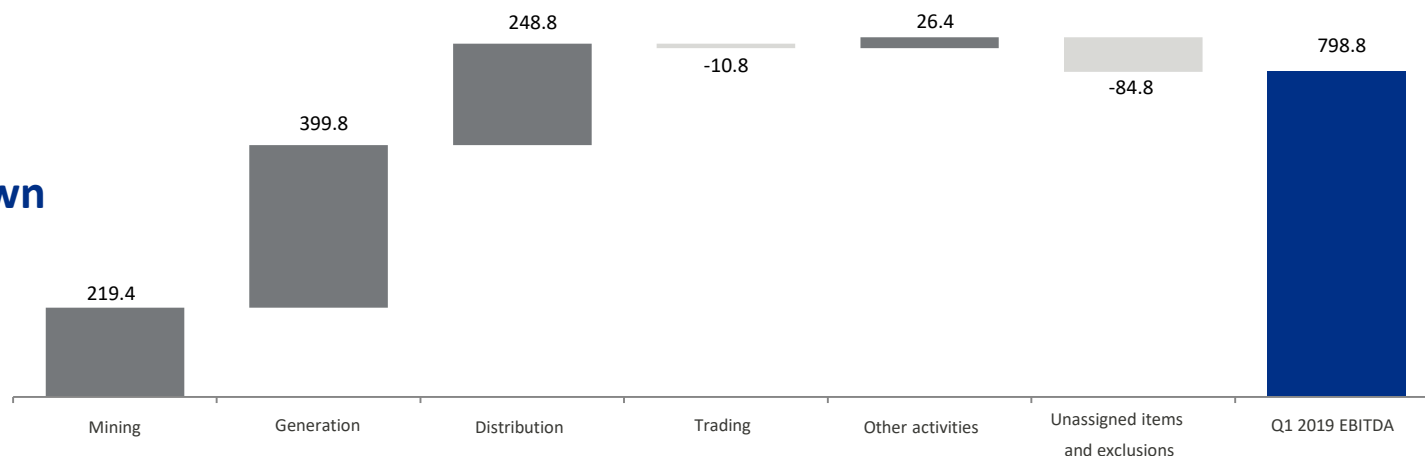
Q1 2019

Change

Net sales revenue	2,989	4,010	▲ 34.2%
EBITDA	702	799	▲ 13.8%
EBIT	339	441	▲ 30.3%
Net profit	254	280	▲ 10.1%
Net profit attributable to shareholders of the parent company	241	246	▲ 2.2%
Net debt / EBITDA	2.04	2.60	▲ 27.4%

Strong performance of the Mining and Generation areas

EBITDA breakdown



Q1 2019 EBITDA [PLN m]	219.4	399.8	248.8	-10.8	26.4	-84.8	798.8
Share in Q1 2019 EBITDA	27.5%	50.0%	31.2%	-1.4%	3.3%	-10.6%	100.0%
EBITDA margin	40.6%	20.7%	35.3%	-0.5%	16.8%	-	19.9%
Change [PLN m]	96.1	172.6	-48.6	-64.1	7.4	-66.6	96.7
Change [%]	78.0%	75.9%	-16.3%	-120.3%	38.5%	366.2%	13.8%

Mining



(+)	Higher revenues from coal sale by PLN 142 million [higher sale price, higher volume]
(-)	Lower result on other operating activities by PLN 19.2 million [a settlement concluded for PLN 28.7 million in Q1 2018]
(+)	Lower operating expenses [payroll, materials]
(-)	Higher production costs [higher extraction output by 219,000 t]

Generation



(+)	Higher generation margin by PLN 117.6 million
(+)	EBITDA growth in RES Segment by PLN 50.4 million [prices of electricity and green certificates]
(+)	Higher volume of electricity generation from RES by 146 GWh
(+)	Higher margin on trading and on the Balancing Market by PLN 19.1 million
(+)	Lower fixed costs in the System Power Plants Segment by PLN 10.6 million

Distribution



(-)	Lower margin on licenced activities by PLN 17.7 million
(-)	Lower sales volume of distribution services to end users [PLN 4 million]
(-)	Lower result on other operating activities by PLN 25.9 million
(-)	Higher operating expenses [payroll, external services – PLN 5 million]

Trading

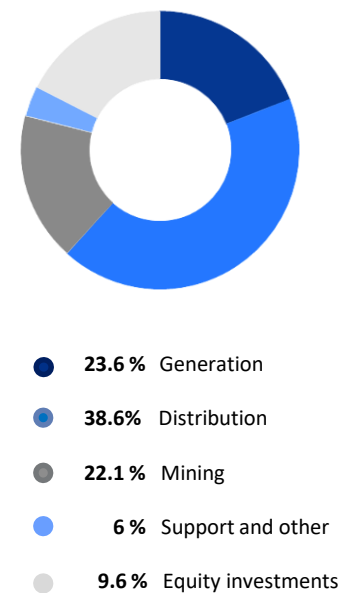


(-)	Higher average price of energy purchase by 40.7%
(-)	Higher costs of environmental obligations by 9.8%
(+)	Higher average price of energy sale by 21.7%
(-)	Lower sales volume of energy by 3.5%
(+)	Reduction of costs related to onerous contracts by PLN 22 million

CAPEX implementation as planned

Capital expenditure [PLN m]	Q1 2018	Q1 2019	Plan implementation in Q1 2019	Plan for 2019
Generation	60.2	88.6	14.3%	619.1
Distribution	113.0	197.0	19.5%	1,011.5
Mining	84.8	80.0	13.8%	580.5
Support and other	8.4	16.4	10.4%	157.6
Equity investments	171.0	181.2	71.8%	252.4
TOTAL Plan implementation	437.4	563.2	21.5%	2,621.1

CAPEX Plan for 2019



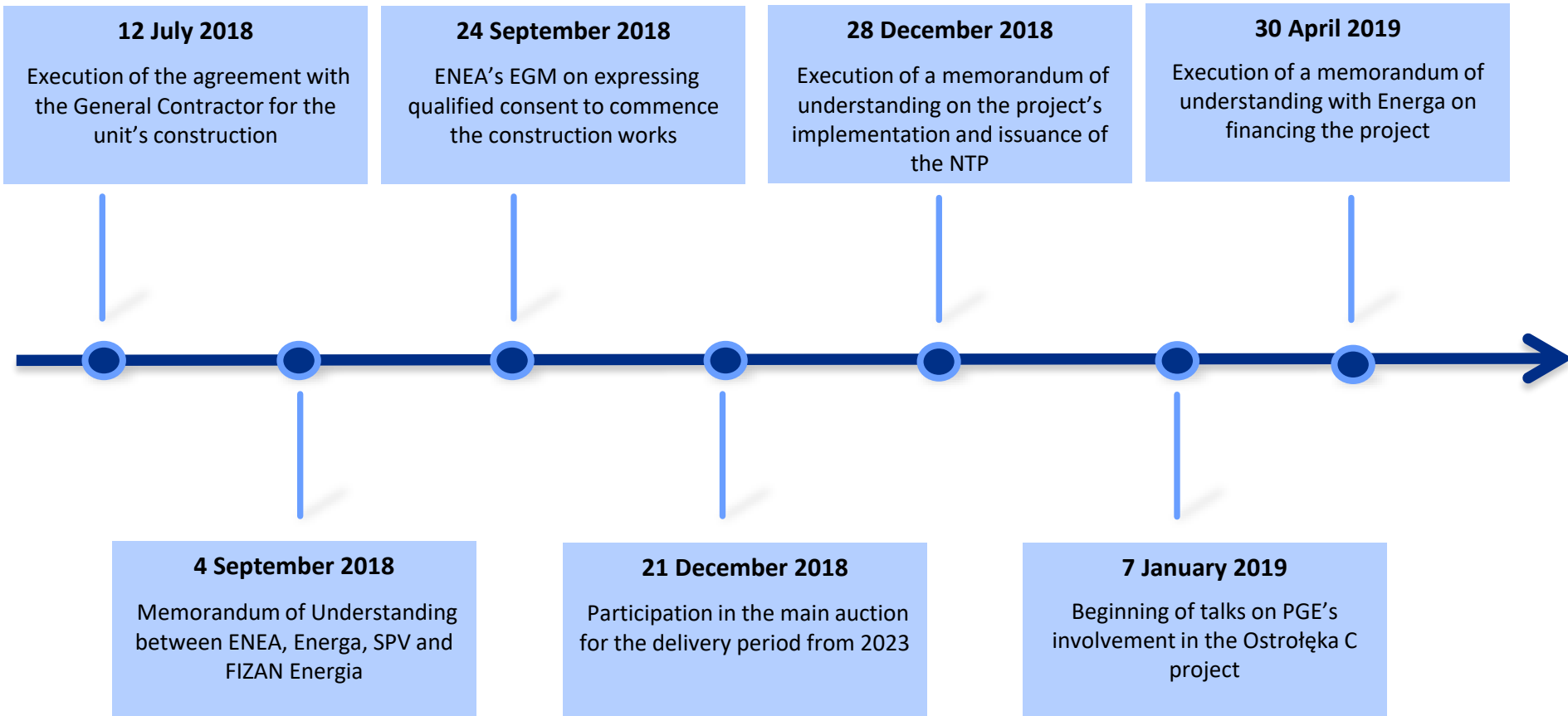
PLN 33 million was allotted to pro-environmental investment in Q1 2019

Ostrołęka C project – current status

The project is being carried out by the special purpose vehicle (SPV) **Elektrownia Ostrołęka Sp. z o.o.**

By means of the Memorandum of Understanding executed on 28 December 2018, the new rules of cooperation between the investment partners, including the financial involvement of ENEA S.A. in the Construction Stage at the amount of PLN 1 billion, were determined. On 30 April 2019, another Memorandum specifying in fine detail the financing terms of the Project was concluded.

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





Coal market, energy market, operating data

ENEA Group's financial results in Q1 2019

Financial results of LW Bogdanka Group in Q1 2019

Summary

Additional information

Q1 2019 financial results show the real potential of LW Bogdanka

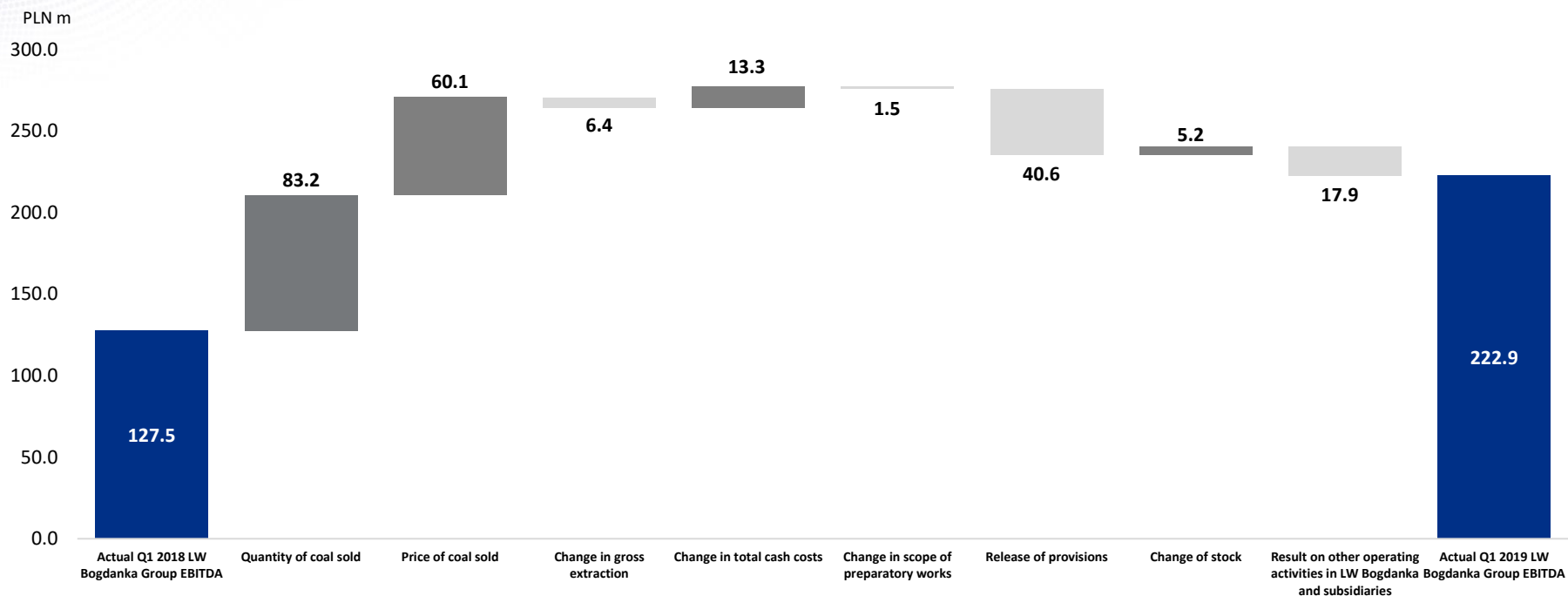


Financial results LW Bogdanka Group [PLN m]	Q1 2018	Q1 2019	Change
Net sales revenue	399	541	▲ 35.6%
EBITDA	127	223	▲ 75.6%
EBIT	29	128	▲ 341.4%
Net profit	23	110	▲ 378.3%

Significant one-off events in Q1 2019:

- Release of the provision for Social Insurance Institute's (ZUS) claims in the amount of PLN 22 million

EBITDA in Q1 2019 vs. in Q1 2018



1Q 2019 EBITDA change factors:

EBITDA growth by PLN 95.4 million

(+) higher revenues from coal sales: higher sales volume +398,000 tonnes (+20.2%), at a higher price

(-) higher extraction output by 219,000 tonnes (+5.9%) – higher production costs by PLN 6.4 million

(+) lower cash production costs (without depreciation)

(-) provisions and other presentational adjustments – total effect of PLN 23.6 million

(-) result on other activities – in 2018: settlement of the arrangement entered into by and between the Company and the consortium of Mostostal Warszawa S.A. and Acciona Infraestructuras (PLN 28.7 million); in 2019, release of the provision for the contentious claim of the Social Insurance Institution (ZUS) (PLN 16.4 million)



Coal market, energy market, operating data

ENEA Group's financial results in Q1 2019

Financial results of LW Bogdanka Group in Q1 2019

Summary

Additional information

Area	2019 trend	Key drivers
Mining	Growth	<ul style="list-style-type: none"> (+) Higher coal prices (+) Higher extraction (+) Fixed costs stabilisation (-) Renovation of railway routes
Generation	Growth	<ul style="list-style-type: none"> (+) Increase in electricity generation volume (+) Wholesale electricity prices (+) Stable operation of generation units (conventional and RES) (+) Stabilisation of CO₂ prices (-) Lower volume of free CO₂ emission allowances
Distribution	Stable	<ul style="list-style-type: none"> (+) Higher sales revenues from distribution services (+) Optimisation of asset management (+) Work on improving the quality of services (-) Introduction of a new Tariff from 6 April 2019 (-) High wholesale electricity prices (balance sheet difference and own needs)
Trading	Under pressure	<ul style="list-style-type: none"> (+) Higher volume of electricity sale (-) Impact of the Act on “Electricity Pricing Change” (-) High costs of electricity purchase (-) Impact of prices and levels of environmental obligations

CAPEX: **PLN 563 million**
Net debt / EBITDA: **2.6**

Return on equity (ROE)
– an increase to **7.3%**

Electricity generation
volume: **6.1 TWh**



Revenues: **PLN 4 billion**
EBITDA: **PLN 799 million**
Net profit: **PLN 280 million**

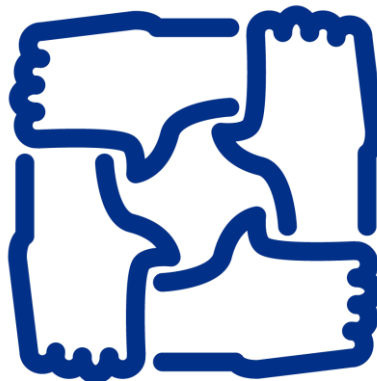
Sale of electricity and gas to
retail customers: **5.4 TWh**

Operating profit of Unit No. 11
in Q1 2019:
over PLN 85 million

ENEA Talent Academy
– we actively support
young talents

**Volume of electricity generation
from the Green Unit**
– over 350 GWh in Q1 2019

We Run - We Raise - We Help
– we promote physical activity
among children and youngsters



**Protection of endangered species
and active support
for pro-environmental projects**
jointly with the State Forests

Pro-environmental investment
– PLN 33 million

**Decrease in NO_x emissions ratio
in the years 2010 – 2018**
Kozienice Power Plant – by 68%
Połaniec Power Plant – by 50%



Coal market, energy market, operating data

ENEA Group's financial results in Q1 2019

Financial results of LW Bogdanka Group in Q1 2019

Summary

Additional information

Results of the Generation Area segments

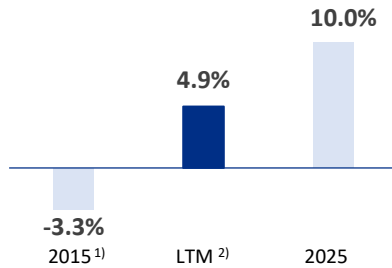


[PLN m]	Generation, including:								
	System Power Plant			Heat			RES		
	Q1 2018	Q1 2019	Change	Q1 2018	Q1 2019	Change	Q1 2018	Q1 2019	Change
Sales revenue	1,397	1,578	181	174	168	(6)	80	193	113
EBIT	22	177	155	51	27	(24)	11	59	48
EBITDA	144	289	145	64	42	(22)	19	69	50
CAPEX	53	81	29	7	7	0	1	0	(1)

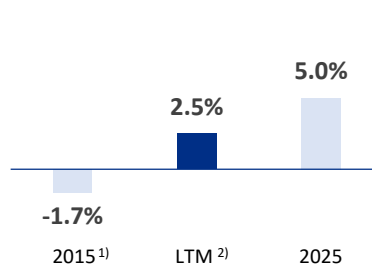
Progress on ENEA Group's Development Strategy



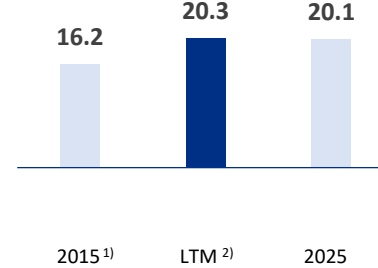
Return on equity (ROE)



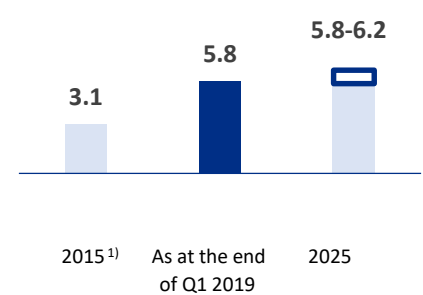
Return on assets (ROA)



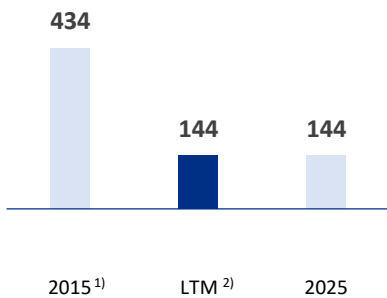
Sales of electricity to end users [TWh]



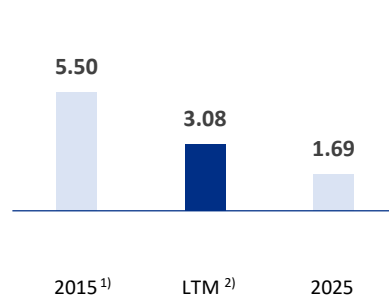
Installed conventional generation capacities [GW]



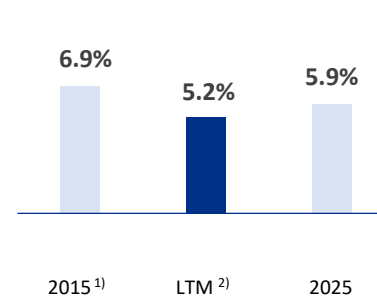
SAIDI [minutes]



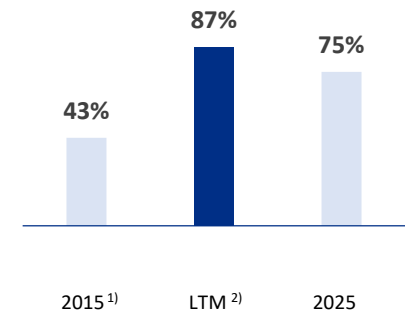
SAIFI



Grid distribution losses index



Own annual consumption of bituminous coal from own assets



¹⁾ Reference year

²⁾ LTM (Last Twelve Months) covering Q2-Q4 2018 – Q1 2019



ENEA Group results in Q1 2019

gielda@enea.pl