



ENEA S.A.
reliable investment

Record high results of the Enea CG after Q4 2011

Results of the Enea CG in 2011 vs. 2010:

Net revenues – increase by **23.6 per cent**

EBIT – increase by **19.5 per cent**

EBITDA – increase by **14.4 per cent**

Net profit – increase by **25.2 per cent**

EBITDA result in particular segments in 2011 vs. 2010:

Generation - increase by **40.2 per cent**

Trading - drop by **26.3 per cent**

Distribution - increase by **10.3 per cent**

Other activities - increase by **2.0 per cent**

Increase of efficiency of operations of the ENEA CG:

ROE in **2011** amounted to **9.5 per cent** in comparison to **8.2 per cent** in **2010**

ROA in **2011** amounted to **6.2 per cent** in comparison to **5.5 per cent** in **2010**

Thanks to the updating in Kozenice Power Plant - even lower CO₂ emission rate (in **2010: 880 kg/MWh** and in **Q4 2011: 848 kg/MWh**) and one of the lowest rates of coal consumption (in **Q4 2011: 0.402 Mg/MWh**)

Rating

In April 2011 Fitch Ratings issued long-term ratings for the Company in national and foreign currency at the level of "BBB" and a long-term national rating at the level of "A(pol)". The perspective of the ratings is stable.

Acquisition of the Bialystok Heat and Power Plant

In June 2011 ENEA purchased from a French company Société Nationale d'Électricité et de Thermique (SNET) 69.58 per cent of shares of Bialystok Heat and Power Plant. Thanks to the transaction the Group holds almost 100 per cent of the shares of the Bialystok company.

21st hydroelectric power plant

In June 2011 a hydroelectric power plant was commissioned on the Welna River in Oborniki with the capacity of 330 kW. An estimated average annual volume of production of energy generated in the power plant amounts to 1,440 MWh.

Investments on biogas plants

In Q2 2011 ENEA purchased 100 per cent shares of the special purpose vehicle established for the construction of a biogas plant with the capacity of 1.6 MW. In 2012 biogas power plants with the total capacity of 5.6 MWe are being planned to be purchased.

Wind farm projects

In March 2011 ENEA purchased **a wind farm in Darzyno** with the capacity of 6 MW. During April - December 2011 the farm generated 12.8 GWh of electricity.

In November 2011 ENEA S.A. concluded a preliminary contract for the purchase of 100 per cent of Windfarm Polska Sp. z o.o. which is realising the construction project of **a wind farm in Bardy** with the capacity of 50 MW with a possibility of extension to 60 MW.

In 2011 ENEA made non-bidding final offers for purchase of projects of wind farms with the total capacity of 84 MW holding building permits and the realisation of which is anticipated for 2011-12.

Most important trends on the electricity market



SPOT prices

		October 2011	November 2011	December 2011	2011	Change in relation to 2010
SPOT market	Band average price [PLN/MWh]	204.84	229.47	176.07	198.99	3.8 %
	Euro-peak average price [PLN/MWh]	228.50	282.06	208.41	220.47	4.3 %

In November 2011 in relation to October 2011 there was a substantial increase in the average price of electricity in the band and euro-peak. In December a slight drop in the prices was reported.

Prices on the forward market

		October 2011	November 2011	December 2011	
TGE (Polish Power Exchange)	Forward market	Band price - 2012 [PLN/MWh]	202.40	201.95	201.82
		Euro-peak price - 2012 [PLN/MWh]	227.70	227.72	228.11
		Band price - 2013 [PLN/MWh]	214.08	214.65	214.60
		Euro-peak price - 2013 [PLN/MWh]	245.31	No quotation	No quotation

In November 2011, in comparison with October 2011, a drop was noted in the average band price for 2012 and an increase of the average band price for 2013 and euro-peak for 2012. In December a slight drop was noted in the average band price for 2012 and 2013 and increase of the average price of euro-peak for 2012.

Coal prices

		September 2011	October 2011	November 2011	December 2011
SPOT market	Richard Bay (RB) [USD/t]	116.28	110.66	105.86	104.23
	Newcastle (NEWC) [USD/t]	123.26	119.48	114.50	112.28
	Amsterdam-Rotterdam-Antwerp (ARA) [USD/t]	123.49	119.49	115.47	111.58
	Richard Bay (RB) [PLN/GJ]	14.55	13.99	13.74	14.09
	Newcastle (NEWC) [PLN/GJ]	15.42	15.11	14.86	15.18
	Amsterdam-Rotterdam-Antwerp (ARA) [PLN/GJ]	15.45	15.11	14.99	15.08
	KW S.A. [PLN/GJ]	15.35	15.35	15.35	15.35
	KWH S.A. [PLN/GJ]	14.41	16.64	16.64	16.64

On 1 October 2011 KW introduced a new pricing. In comparison with the previous offer the prices rose on average by 15.5 per cent (from 14.41 PLN/GJ to 16.64 PLN/GJ).

From 1 January 2012 a new pricing is bidding both for KHW and KW. In comparison with the previous offer of KHW the prices for fine coal increased by around 5.2 per cent (to the level of 16.15 PLN/GJ), and for the offer of KW the prices remained unchanged. The offered prices illustrate trends within coal prices. In large bilateral agreements the prices for the material are negotiated individually and their level depends on their calorific value and sulphurisation.

Proprietary Interests Prices

Index	Average price in December 2011 [PLN/MWh]	Compensatory payment for 2011 [PLN/MWh]
OZEX* (green)	264.25	274.92
OZEX_A**(green)	284.46	274.92
KECX (red)	9.21	29.58

Prices of allowances for emissions of CO₂

		October 2011	November 2011	December 2011
SPOT market	EUA [EUR/t]	10.30	8.96	7.43
	GREEN CER [EUR/t]	7.52	6.38	4.95

During October - December 2011 there was a slight drop in the average monthly prices of allowances for emissions of CO₂, both on the SPOT market and forward market. The reason for the decreasing trend holding on the market was uncertainty in the global economy and high oversupply of allowances for emissions.

*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

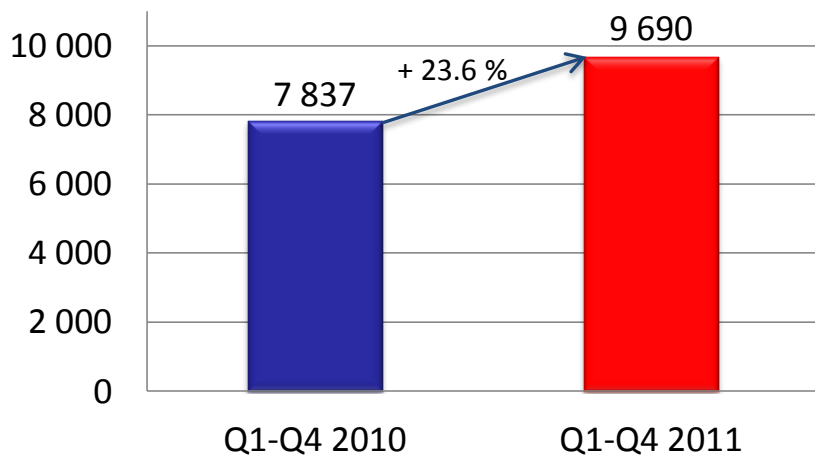
**index for session transactions the subject of which are contracts for proprietary interests resulting from certificates of origin for energy generated in energy renewable sources whose production period (indicated in the certificate of origin) commenced on 1 March 2009 inclusive

Key operating data

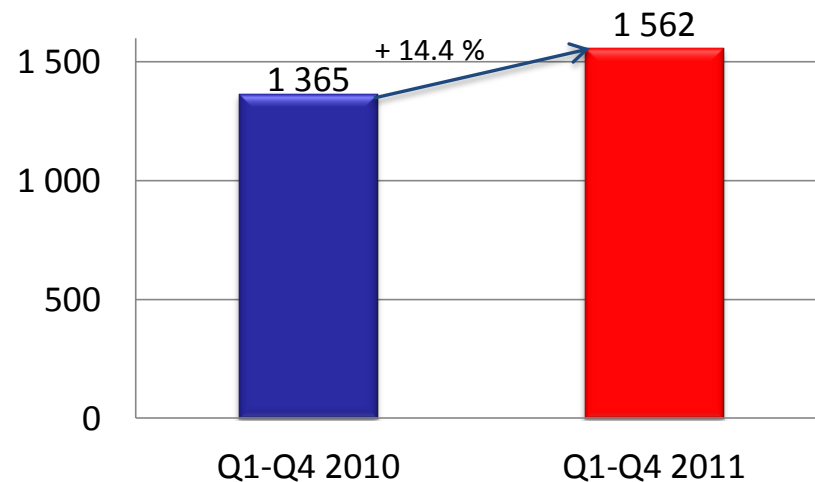


	Q4 2010	Q4 2011	Change %	Q1-Q4 2010	Q1-Q4 2011	Change %
Generation of electricity (gross production) [MWh]	3,209,537	3,268,322	1.8%	12,475,000	12,373,000	-0.8%
including from renewable sources [MWh]	155,292	285,669	84.0%	478,000	691,518	44.7%
Heat generation [GJ]	530,193	1,493,931	181.8%	1,542,387	2,947,615	91.1%
Distribution [MWh]	4,377,115	4,311,058	-1.5 %	16,985,348	17,101,944	0.7 %
Sales of electricity to end users [MWh]	3,871,361	3,729,535	-3.7%	15,531,464	14,746,646	-5.1%

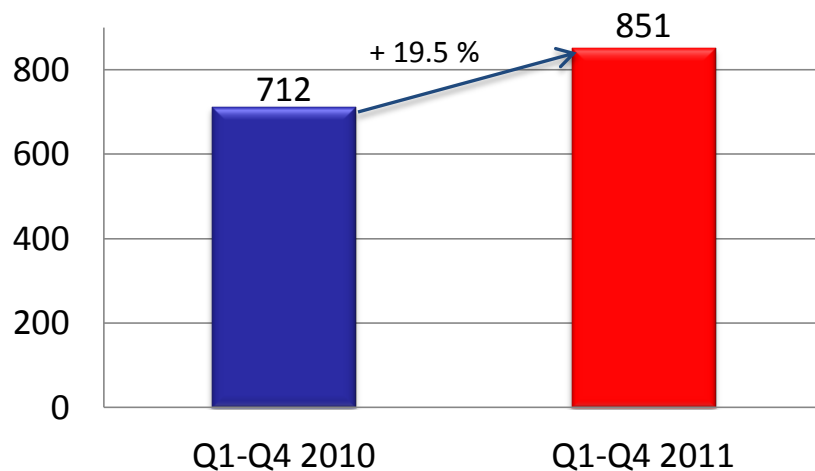
Net revenues [PLN mln]



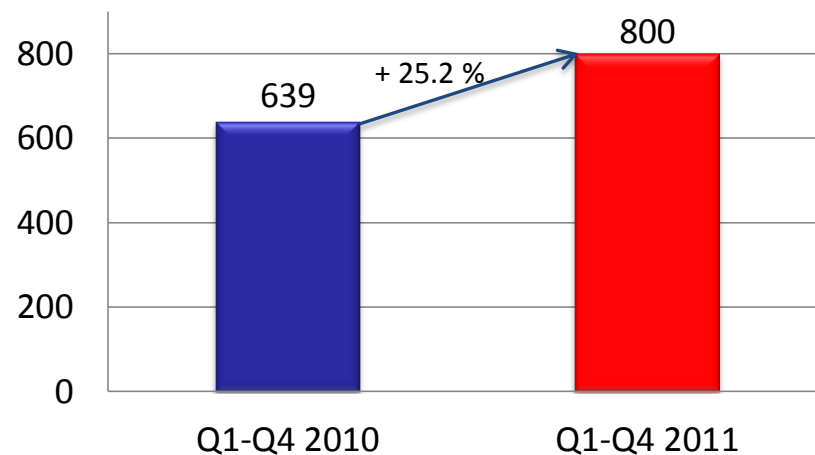
EBITDA [PLN mln]



EBIT [PLN mln]



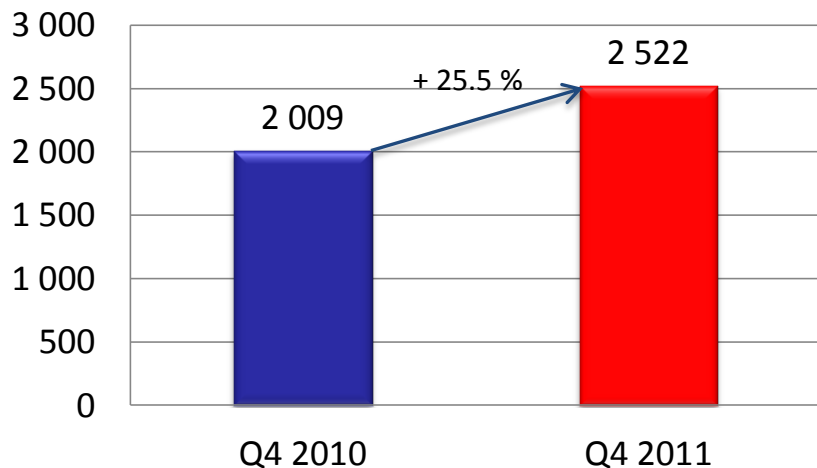
Net profit [PLN mln]



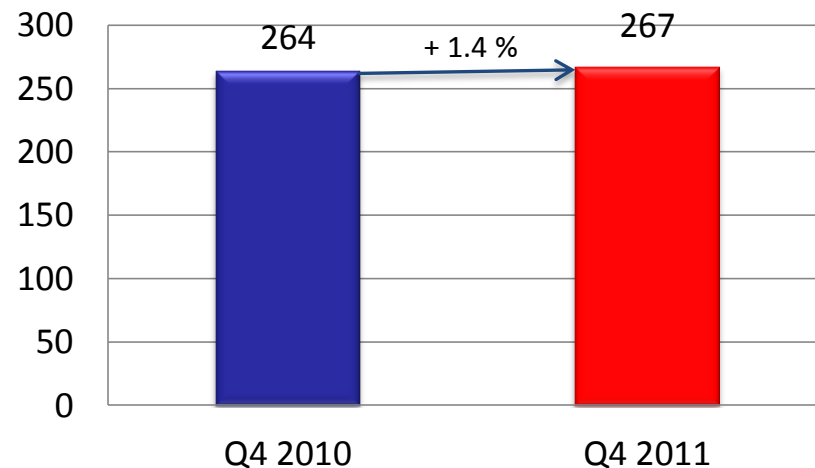
Financial results of the ENEA CG in Q4



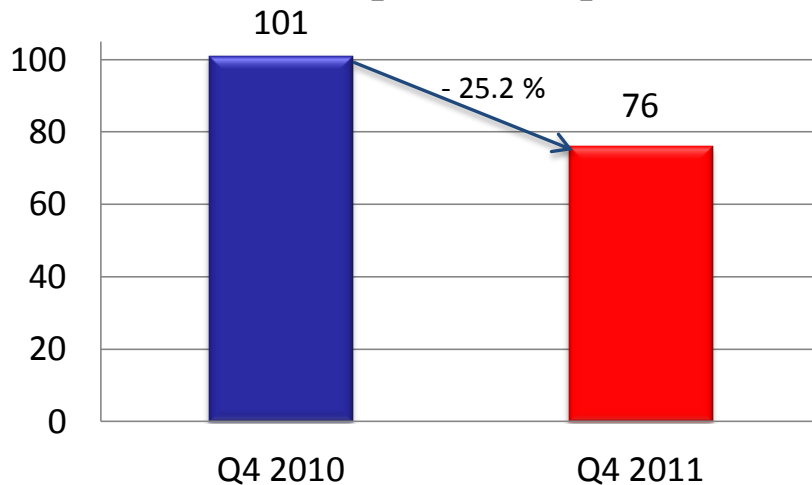
Net revenues [PLN mln]



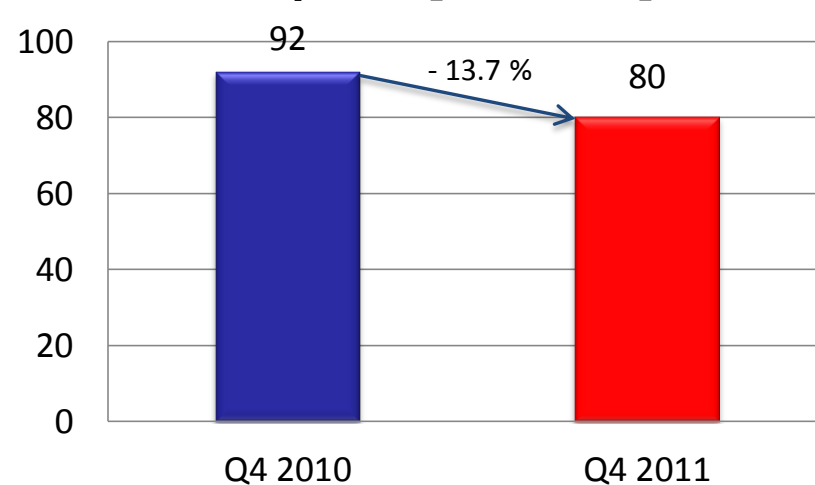
EBITDA [PLN mln]



EBIT [PLN mln]

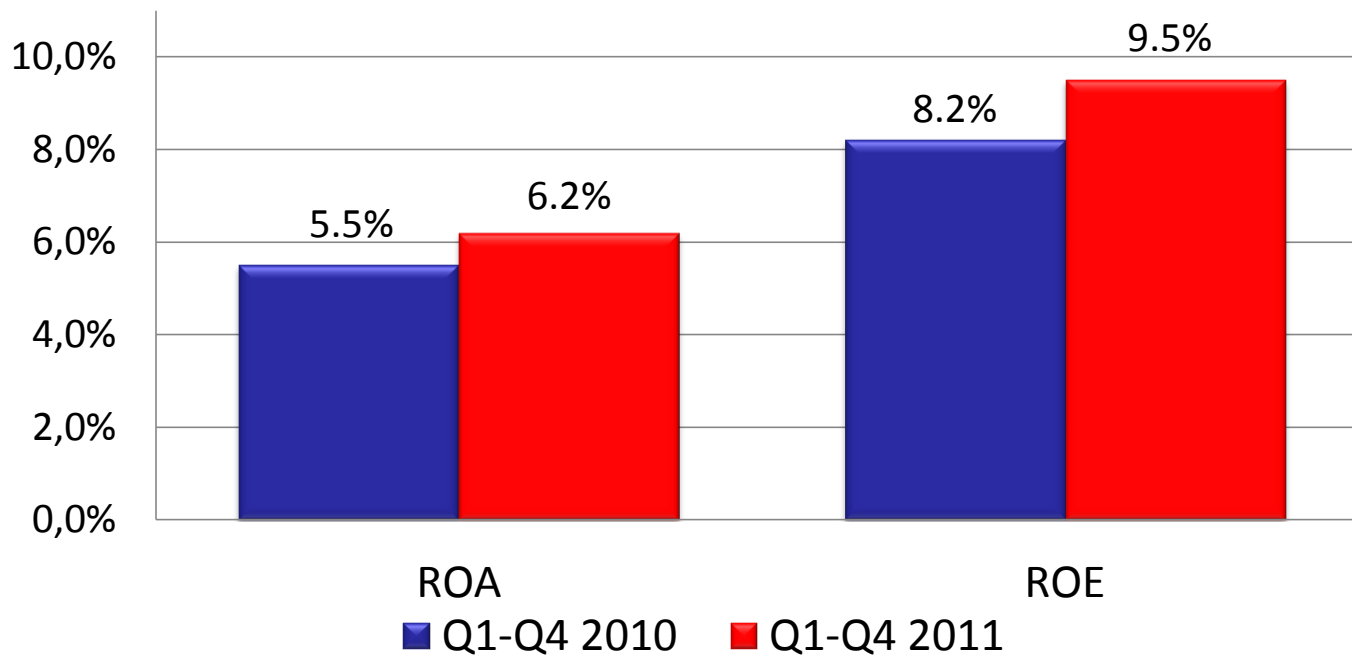


Net profit [PLN mln]



With the comparative level of EBITDA there was an increase in the costs of amortisation in the generation segment as a result of the adjustment relating to the presentation of ECB assets amortisation (PLN – 33 mln) – an inter-segment shift.

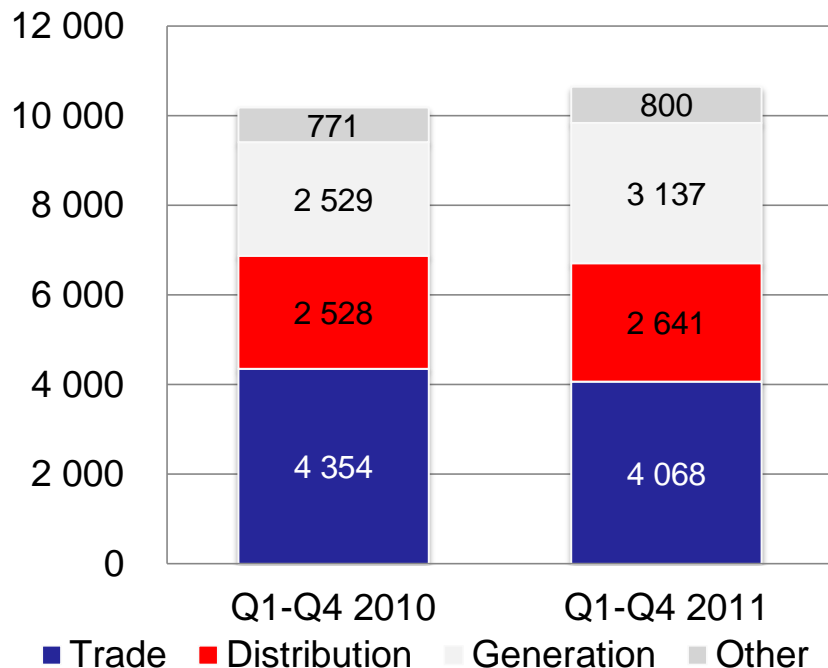
The Group in 2011 substantially increased its return on assets and equity in comparison with the previous year.



Financial results with division into segments



Net revenues Q1-Q4 [PLN mln]



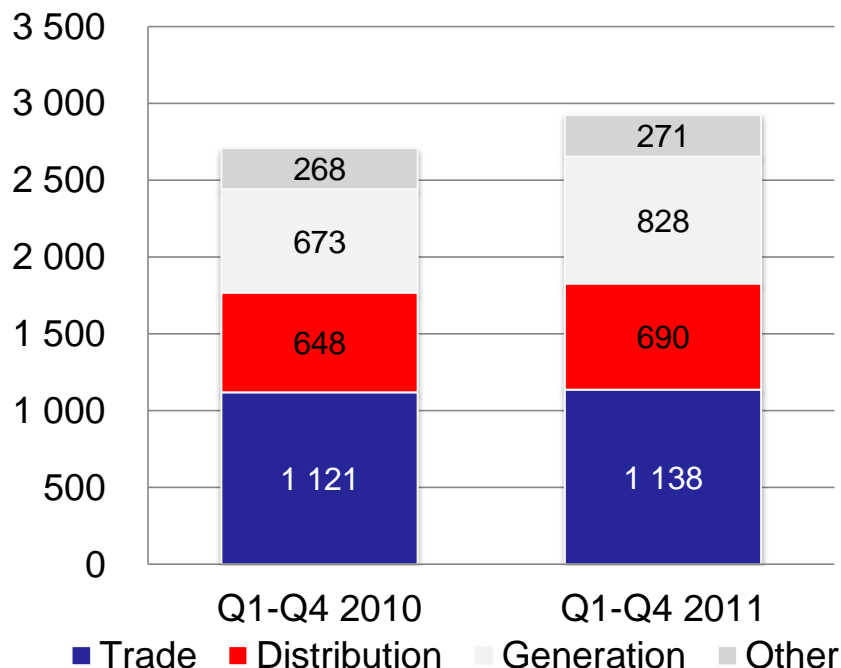
Q1-Q4 2011 vs. 2010



Source: Company.

(Q1-Q4 2010) Contains exclusions in the amount of PLN 2,345 mln.
 (Q1-Q4 2011) Contains exclusions in the amount of PLN 955 mln.

Revenues Q4 [PLN mln]



Q4 2011 vs. 2010



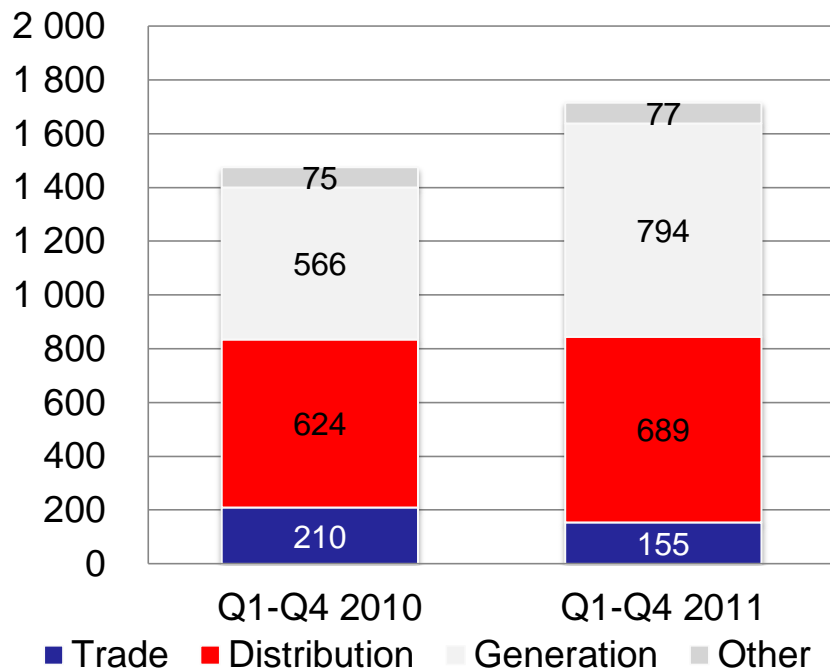
Source: Company.

(Q4 2010) Contains exclusions in the amount of PLN 701 mln.
 (Q4 2011) Contains exclusions in the amount of PLN 406 mln.

Financial results with division into segments



EBITDA Q1-Q4 [PLN mln]



Q1-Q4 2011 vs. 2010

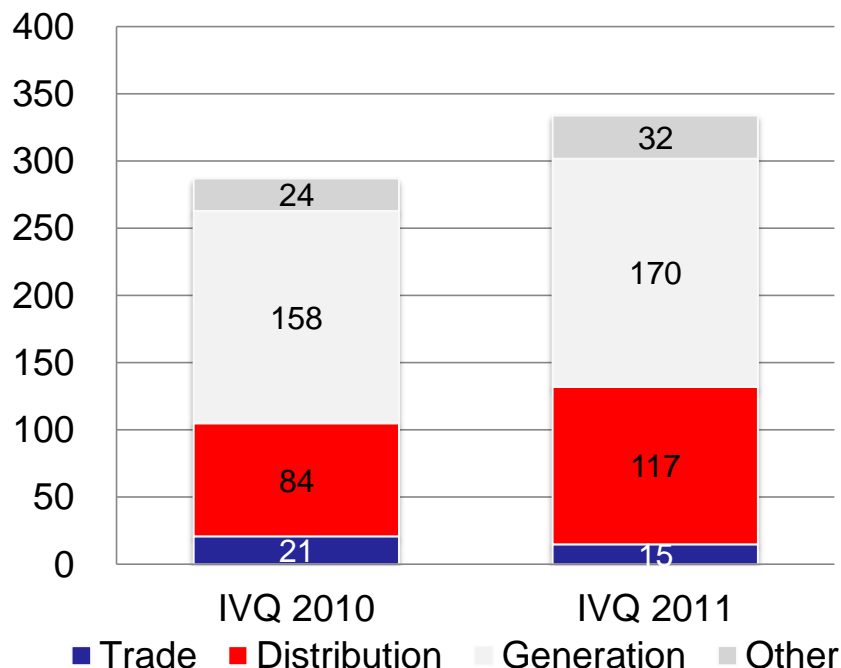


Source: Company.

(Q1-Q4 2010) Contains undistributed expenses of the whole Group PLN 100 mln and exclusions PLN -11 mln.

(Q1-Q4 2011) Contains undistributed expenses of the whole Group PLN 123 mln and exclusions PLN -29 mln.

EBITDA Q4 [PLN mln]



Q4 2011 vs. 2010



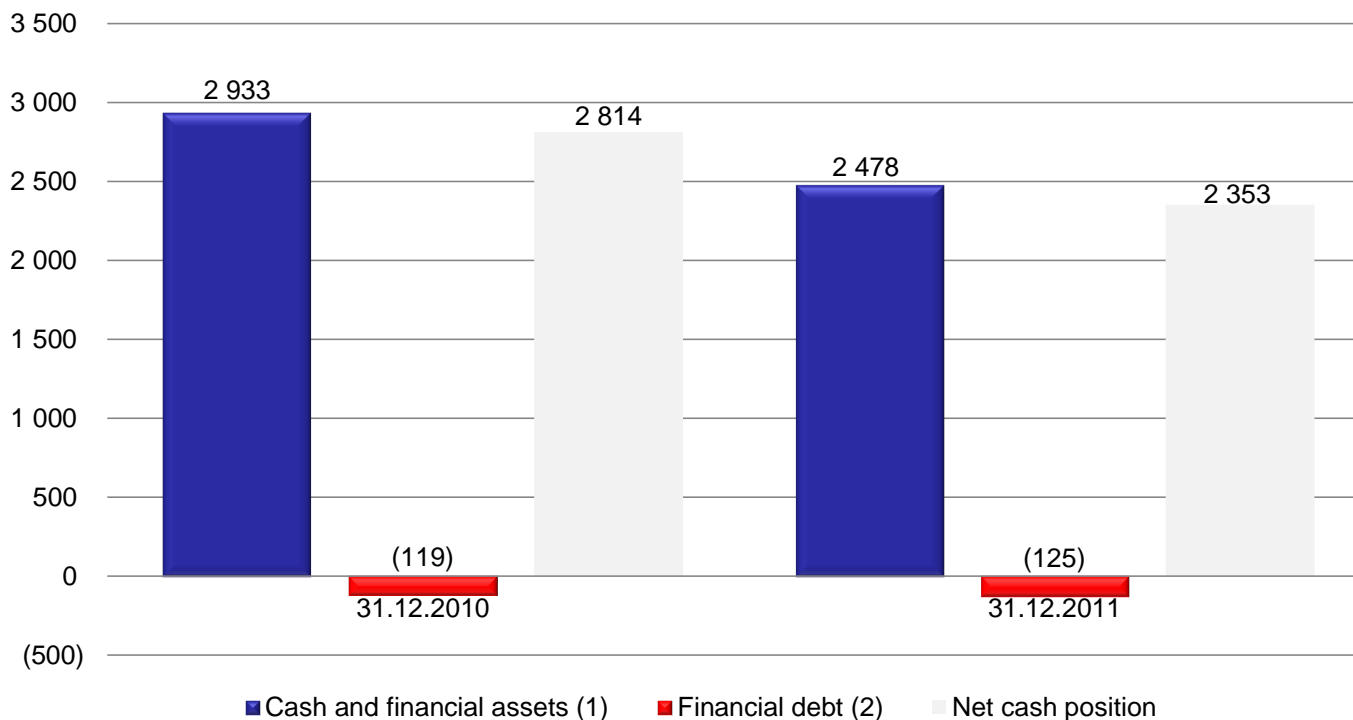
Source: Company.

(Q4 2010) Contains undistributed expenses of the whole Group PLN 32 mln and exclusions PLN 8 mln.

(Q4 2011) Contains undistributed expenses of the whole Group PLN 37 mln and exclusions PLN -30 mln.

Trade	<p>drop of EBITDA by 26.3 per cent, i.e. by PLN 55.2 mln:</p> <ul style="list-style-type: none"> - lower first contribution margin by PLN 30.5 mln, lower volume of sold electricity to end users by 785 GWh, no sales of electricity to ENEA Operator, increase of estimated costs of energy unbalancing by PLN 52.8 mln (balance effect: in 2010 + PLN 15.4 mln, in 2011 - PLN 37.4 mln), decrease of costs of purchase of certificates of origin calculated from non-invoiced sales by PLN 20.8 mln, increase of own costs of trading – commission for ELKO Trading and ENEA Centrum.
Distribution	<p>increase of EBITDA by 10.3 per cent, i.e. by PLN 64.2 mln:</p> <ul style="list-style-type: none"> - increase of sales of distribution services to end users by PLN 72.2 mln (increase in supplies by 117 GWh and average sales price by 2.3 per cent), increase of revenues by title of settlements on the Balancing Market by PLN 23.9 mln and connections to the grid by PLN 10.2 mln, - higher result on the other operating activities by PLN 25.3 mln - mainly higher revenues from fixed assets obtained for free, - increase of sales costs by PLN 64.3 mln - one off-expenses concerning Programme of Voluntary Redundancy, or expenses resulting from costs of transmission services and energy for book-tax difference beyond the Company's control,
Generation	<p>increase of EBITDA by 40.2%, i.e. by PLN 227.6 mln:</p> <ul style="list-style-type: none"> - increase in revenues from sales of electricity by PLN 334.6 mln, increase in the volume of sold energy by 1,336 GWh and the average selling price by 3.0 per cent, - increase of revenues from certificates of origin by 68.6 mln PLN, - inclusion of revenues from sales of heat energy of EC Bialystok, MEC Pila, PEC Oborniki in the amount of PLN 99.5 mln, - inclusion of the other revenues in the amount of PLN 168.6 mln (sales of allowances for emissions of CO₂), - inclusion of allocation of purchase price of EC Bialystok after adjustments with increased amortisation and depreciation of assets for the total amount of PLN 45.3 mln, - drop in revenues from recovery of stranded costs by PLN 13.1 mln, - increase of costs of purchase of energy for sale by PLN 245.8 mln, increase of costs of materials by PLN 203.5 mln (higher costs of coal consumption by PLN 11.7 mln, higher use of biomass by PLN 68.7 mln, the other costs higher by PLN 122 mln - mainly costs connected to CO₂ emissions), costs of employee benefits by PLN 44.2 mln.
Other activities	<p>increase of EBITDA by 2.0%, i.e. by PLN 1.5 mln:</p> <ul style="list-style-type: none"> - increase of the result in Energobud Leszno and Energetyk and a drop in non-licensed services in ENEA Operator.

Capital structure [PLN mln]



Net cash position of the ENEA CG as at 31 December 2011 amounted to PLN 2,353 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.

Q1-Q4 investment outlays

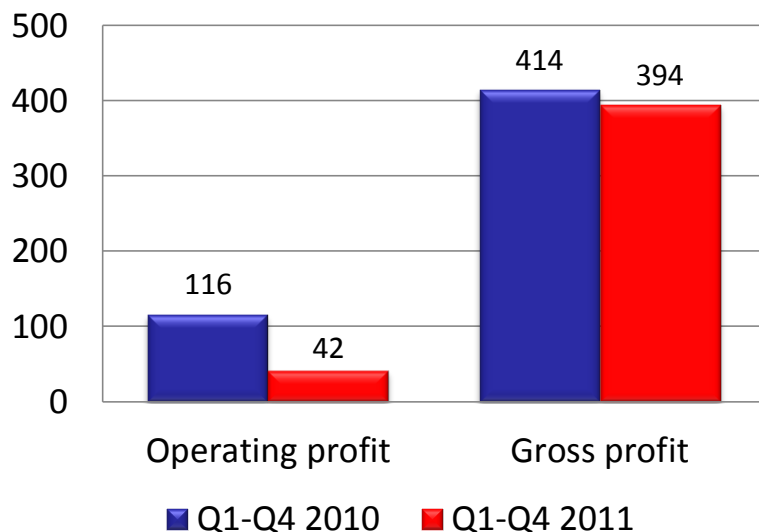
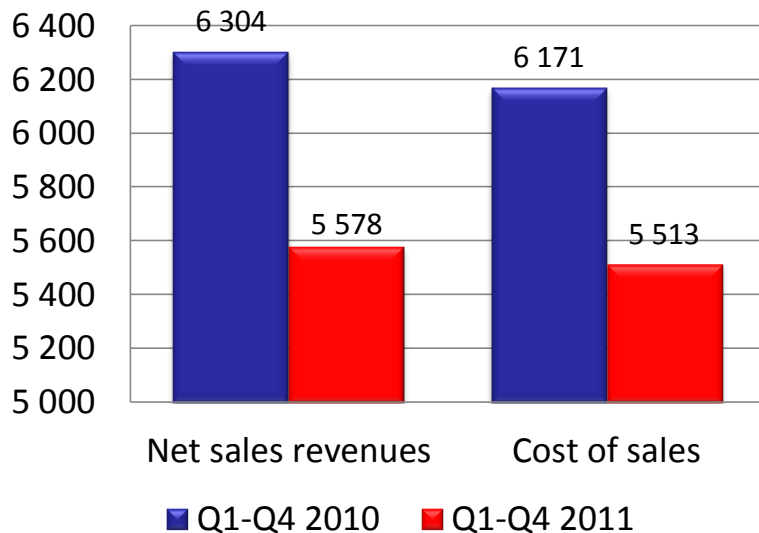


The following values include real and capital investments

Investment outlays	2010	2011	Change %
ENEA Operator	583	814	39.6%
Kozienice Power Plant*	249	146	-41.4%
ENEA	45	669	1386.7%
Elektrownie Wodne	24	55	129.2%
Bialystok Heat and Power Plant	N/A	23	x
Total	902	1707	89.2%
including: RES (replacement and development investments)	48	345	618.8%

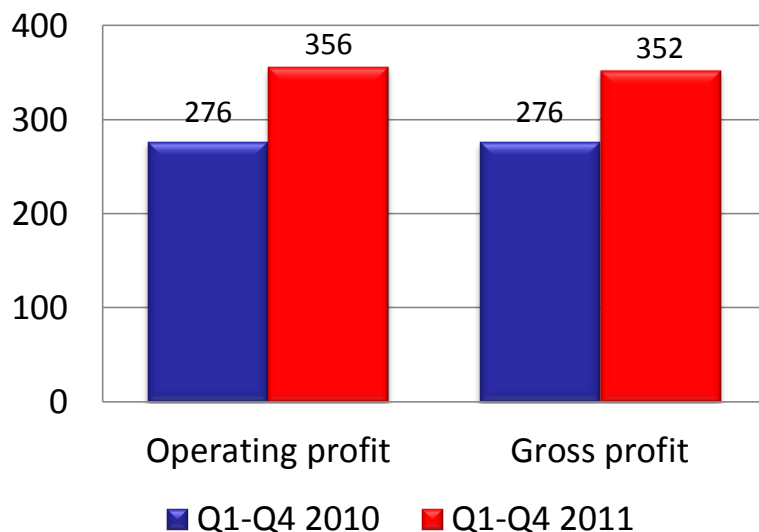
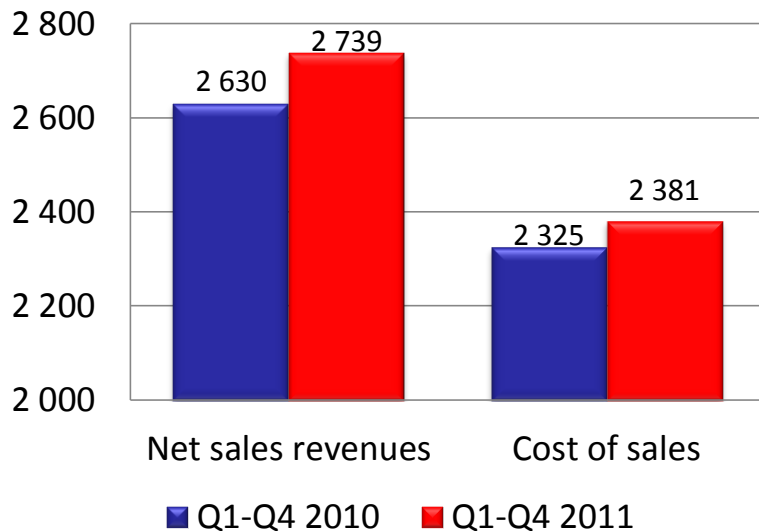
* Investment outlays of Kozienice Power Plant for 2010 include the investments made by Kozienice II Sp. z o.o. for construction of unit No 11

Results in Q1-Q4 - ENEA individually [PLN mln]



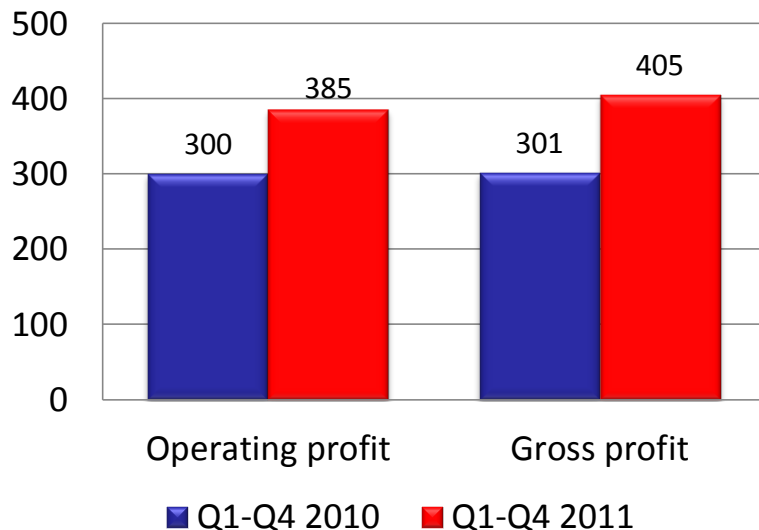
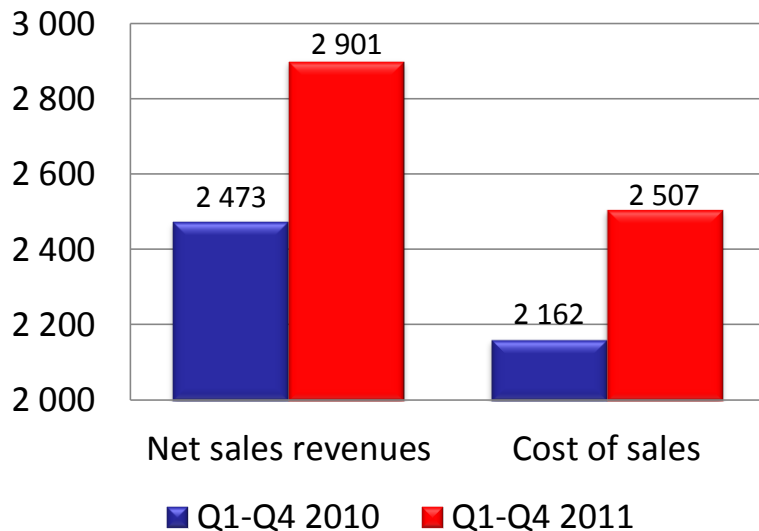
- Net sales revenues in relation to the previous year (a drop by PLN 726.7 mln):
 - decrease in revenues from sales of electricity to end users by PLN 117.5 mln: drop in the volume of sold electric energy by 785 GWh and the average selling price higher by 2.3 per cent,
 - lower sales of electricity for covering of the book-tax difference and own needs by PLN 326 mln (no contract with ENEA Operator in 2011),
 - a drop of excise tax by PLN 26.7 mln,
 - lower revenues from sales of distribution services to recipients holding comprehensive agreements by PLN 217.3 mln: lower volume of supplies by 2327 GWh, the average selling price higher by 11.0 per cent.
- Costs of sales in relation to the previous year (a decrease by PLN 657.4 mln):
 - lower costs of purchase of electricity for sale by PLN 476.8 mln, which results from a lower volume of purchased energy by 3039 GWh, and a higher average purchase price by 5.6 per cent.
 - lower costs of distribution services for realisation of comprehensive agreements by PLN 220.4 mln,
 - higher costs of external services by PLN 38.7 mln (marketing costs and commissions for ENEA Centrum and ELKO Trading).
- Operating result in comparison with the previous year lower by PLN 73.9 mln: a drop in revenues from sales by 11.5 per cent, and costs of sales by 10.7 per cent. Additionally what influenced the level of achieved operating profit was the tangible assets impairment write-off in the amount of PLN 5,634,000 resulting from diminishing of the value of assets of street lightings transferred to ENEOS.
- Gross profit lower by PLN 19.6 mln, which is mainly impacted by a drop in operating result and increase of revenues from dividends by PLN 42.5 mln and increase of the result on financial activity by PLN 11.9 mln (mainly interests).

Results in Q1-Q4 - ENEA Operator [PLN mln]



- Sales revenues in relation to the previous year (an increase by PLN 109.4 mln):
 - increase of revenues from the sale of distribution services to end users by 72.2 mln PLN, which results from
 - increase of the average selling price by 2.3 per cent, increase of the volumes of supplies of electricity by 117 GWh (0,7%),
 - increase of revenues from settlements on the Balancing Market by PLN 23.9 mln,
 - increase of fees for connection to the grid by PLN 10.2 mln,
- Increase in costs of sales in relation to the previous year (increase by PLN 55.5 mln) results from single transactions or beyond the company's control:
 - costs of employee benefits - Programme of Voluntary Redundancy (PLN 21.4 mln),
 - higher costs of transmission services by PLN 19.9 mln,
 - higher costs of purchase of energy for sale by PLN 11.4 mln (a result of higher prices).
- Increase in operating profit (by PLN 79.2 mln) in relation to 2010 results from achievement of higher result on sales by PLN 53.8 mln and higher result on the other operating activity by PLN 25.3 mln connected mainly with higher revenues from fixed assets gained for free (ca.: PLN 35 mln).

Results in Q1-Q4 – Kozenice Power Plant [PLN mln]



- Net sales revenues in relation to the previous year (increase by PLN 427.8 mln):
 - higher revenues from sales of electricity by PLN 270.4 mln: higher volume of sold electricity by 1039.1 GWh at the average sale price higher by 2.8 per cent (increased activity within trading in energy),
 - higher other revenues from sales by PLN 149.0 mln (sales of free CO₂ limits),
 - higher revenues from certificates of origin by 26.2 mln PLN,
 - greater number of certificates recognised which were evaluated at a higher price than in 2010,
 - lower recovery of stranded costs by PLN 13.1 mln.
- Costs of sales in relation to 2010 (an increase by PLN 344.6 mln):
 - higher costs of purchasing energy for sales by PLN 244.8 mln,
 - higher costs of consumption of materials by PLN 102 mln (higher costs of CO₂ by PLN 110.8 mln and biomass by PLN 28.5 mln, lower coal costs by PLN 40.3 mln),
 - higher employee benefits costs by PLN 14.3 mln,
 - higher costs of amortisation by PLN 14.4 mln,
 - lower external services costs by PLN 15.0 mln (repairs, coal transport costs),
 - lower costs of taxes and charges by PLN 15.7 mln (fees for business use of the environment).

- Increase in operating profit (by PLN 84.9 mln), which stems from obtaining profit from sales in the amount of PLN 83.2 mln.

Increase in the gross financial result by PLN 104.1 mln results from the increase in operating profit and higher result on the financial activity by PLN 19.0 mln (higher revenues from interests).



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