



ENEA S.A.

Pewność inwestycji

Good results of ENEA CG after Q1 2012

Results of Enea CG in Q1 2012 vs. Q1 2011:

Net revenues – increase by **7.0 per cent**

EBIT – increase by **0.8 per cent**

EBITDA – increase by **11.4 per cent**

Net profit – increase by **0.8 per cent**

EBITDA result in particular segments in Q1 2012 vs. Q1 2011:

Generation - increase by **41.3 per cent**

Trading - drop by **46.0 per cent**

Distribution - increase by **12.7 per cent**

Other activities - increase by **63.2 per cent**

Stable efficiency of operations of ENEA CG:

ROE in **Q1 2012** amounted to **11.9 per cent** in comparison to **12.3 per cent** in **Q1 2011**

ROA in **Q1 2012** amounted to **8.4 per cent** in comparison to **8.8 per cent** in **Q1 2011**

Thanks to the updating in the Kozenice Power Plant - even lower CO₂ emission rate (in **Q1 2012: 835 kg/MWh** and in **Q1 2011: 865 kg/MWh**) and one of the lowest rates of coal consumption (in **Q1 2012: 0.396 Mg/MWh**)

Results Q1 2012 vs. consensus



Estimates Q1 2012 [PLN mln]	ENEA	PAP consensus (min)	PAP consensus (max)	PAP consensus (average)	Change %
Net sales revenues	2 646	2 541	3 557	2 738	-3.4%
EBIT	285	230	293	263	8.4%
EBITDA	490	415	505	453	8.2%
Net profit	249	218	261	236	5.5%

EBIT, EBITDA and net results of ENEA after Q1 2012 are much higher than market expectations.

Conclusion of an agreement with Kopalnia LW "Bogdanka" S.A.

In January 2012 the Kozenice Power Plant and Bogdanka Mine concluded a multiannual agreement for supplies of fuel coal for the needs of the newly constructed unit No. 11. The agreement was concluded till the end of 2036. Annex No. 1 was also concluded to the present agreement which is still bidding for the parties till 31 December 2025. The companies combine the two multiannual agreements the total value of which during 2011-2036 at current prices amounts to around PLN 22.772 bln.

ENEA won the tender for supplies of electricity to Belchatow

ENEA won the tender for purchase of electricity by Belchatow. Energy sales transaction anticipates supplies of electricity starting from February 2012 till the end of 2036. The Value of the contract is PLN 2.96 mln

Changes in the Management Board of ENEA

The Supervisory Board of ENEA S.A. on 24 February 2012 unanimously adopted a resolution on the appointment to the position of the Member of the Board for Commercial Issues of ENEA S.A. of Mr. Janusz Bil.

Listing of employee shares on GPW (Warsaw Stock Exchange)

On 5 March almost 31 mln shares of ENEA S.A. were listed on the stock exchange. Owners of over 2 mln shares have not yet completed all the formalities and their shares have not been yet listed on the stock exchange.

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).

Kozenice Power Plant updates units

In April the Kozenice Power Plant informed that it would modernise the turbine sets on units 3 and 6. Alston Power and Metal Expert consortium will perform the modernisation.

Board's recommendation on distribution of dividend

The Board of ENEA S.A. recommends to apply PLN 106,55 mln profit for 2011 towards the dividend payment. It means the dividend in the amount of PLN 0.24 per share.

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.

Offers for the construction of a new unit in the Kozenice Power Plant

In the tender procedure for the construction of unit No. 11 in the Kozenice Power Plant valid proposals were filed within the deadline (25 April 2012) by two bidders. Apart from the price the proposal assessing criteria include among others the time of realisation, guarantee and technical parameters. Conclusion of the contract for the construction of a new energetic unit is planned for the turn of Q2 and Q3 2012.

Most important trends on the electricity market



SPOT prices

		January 2012	February 2012	March 2012	Q1 2012	Change in relation to Q1 2011
SPOT market	Band average price [PLN/MWh]	172.79	209.07	161.51	180.52	- 6.7%
	Euro-peak average price [PLN/MWh]	203.42	249.63	181.55	211.07	+ 0.01 %

A high level of daily prices which occurred in February was connected with a high increase of the demand for electricity which mainly stemmed from frosty weather (e.g. the air temperature was -22 °C).

Prices on the forward market

		January 2012	February 2012	March 2012	
TGE (PPE)	Forward market	Band price - 2013 [PLN/MWh]	213.73	213.98	212.11
		Euro-peak price - 2013 [PLN/MWh]	No quotation	247.52	244.53
		Band price - 2014 [PLN/MWh]	220.28	219.81	219.13
		Euro-peak price - 2014 [PLN/MWh]	No quotation	No quotation	No quotation

Till mid-March the market faced stagnation observed already in January and February 2012. Yet, in the second half of the analysed month a substantial increase was reported in turnover and volume of transactions, which however did not translate into an increase on prices on the market. From the beginning of the year no transactions were concluded for euro-peak for 2014.

Most important trends on the electricity market



Coal prices

		January 2012	February 2012	March 2012
SPOT market	Richard Bay (RB) [USD/t]	109.48	111.35	105.74
	Newcastle (NEWC) [USD/t]	114.30	-	-
	Amsterdam-Rotterdam-Antwerp (ARA) [USD/t]	113.98	114.93	104.97
	Richard Bay (RB) [PLN/GJ]	14.77	14.01	13.18
	Newcastle (NEWC) [PLN/GJ]	15.42	-	-
	Amsterdam-Rotterdam-Antwerp (ARA) [PLN/GJ]	15.37	14.46	13.09
	KW S.A. [PLN/GJ]	16.64	16.64	16.64
	KHW S.A. [PLN/GJ]	16.15	16.15	16.15

In March 2012 on the spot market substantial drops were reported in average coal prices including transport in the following harbours: Richards Bay and Amsterdam-Rotterdam-Antwerp. The noticed decreases in coal prices on foreign markets were not reflected in the quotations of KHW, KW and Bogdanka valid for March 2012.

Most important trends on the electricity market



Proprietary Interests Prices

Index	Average price in March 2012 [PLN/MWh]	Compensatory payment for 2012 [PLN/MWh]
OZEX* (green)	-	286.74
OZEX_A** (green)	277.60	286.74
KECX (red)	7.65	29.30

Prices of allowances for emissions of CO₂

		January 2012	February 2012	March 2012
SPOT market	EUA [EUR/t]	6.90	8.47	7.63
	GREEN CER [EUR/t]	4.03	4.66	4.36

The most important factor impacting the development of prices of allowances for emissions of CO₂ was the Polish veto during the meeting of ministers of environment concerning the so called milestones on the way to reduce CO₂ emissions in EU till 2050. Lack of unanimity of all the ministers of environment of member states concerning future reduction goals made the perspective of increased purchases of allowances by enterprises more distant.

*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

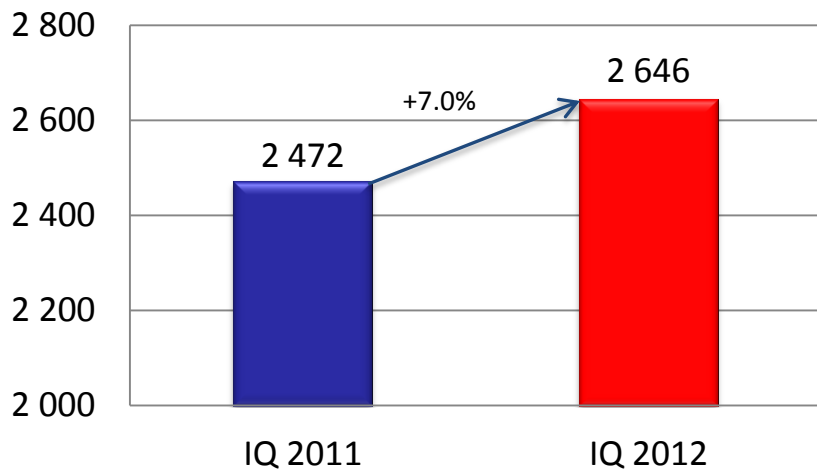
**index for session transactions the subject of which are contracts for proprietary interests resulting from certificates of origin for energy generated in energy renewable sources whose production period (indicated in the certificate of origin) commenced on 1 March 2009 inclusive

Key operating data

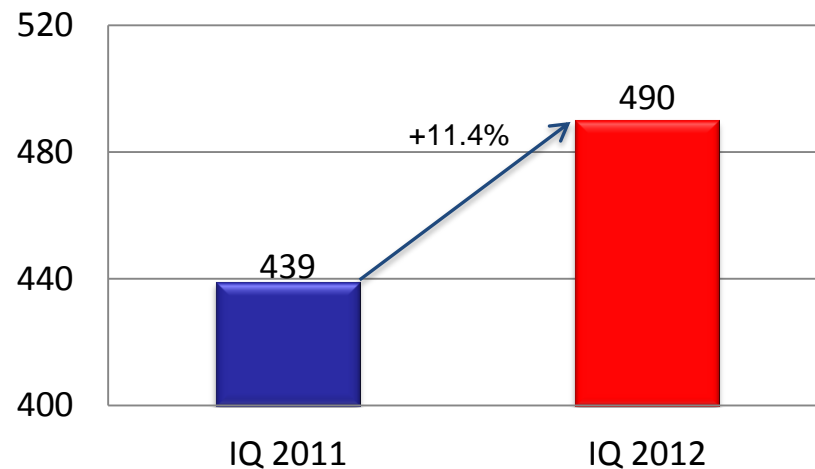


	Q1 2011	Q1 2012	Change %
Generation of electricity (gross production) [GWh]	2 902	2 988	3.0%
including from renewable sources [GWh]	143	219	53.5%
Heat generation [GJ]	621	2 068	232.9%
Distribution [GWh]	4 513	4 545	0.7%
Sales of electricity to end users [GWh]	4 039	4 108	1.7%

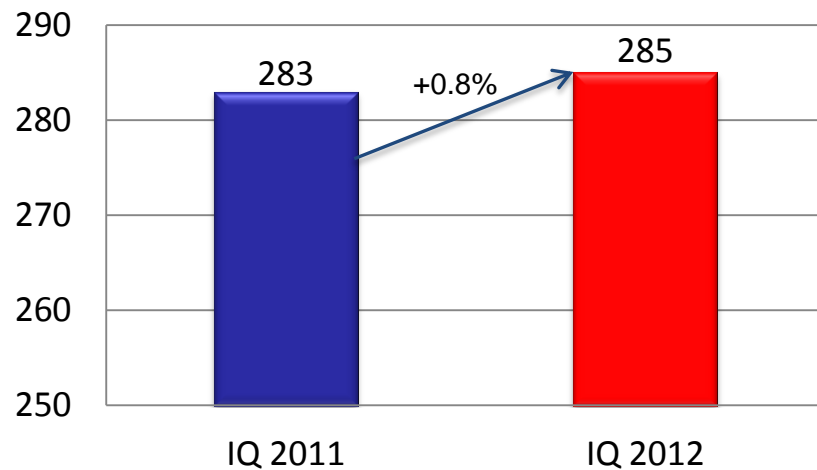
Net revenues [PLN mln]



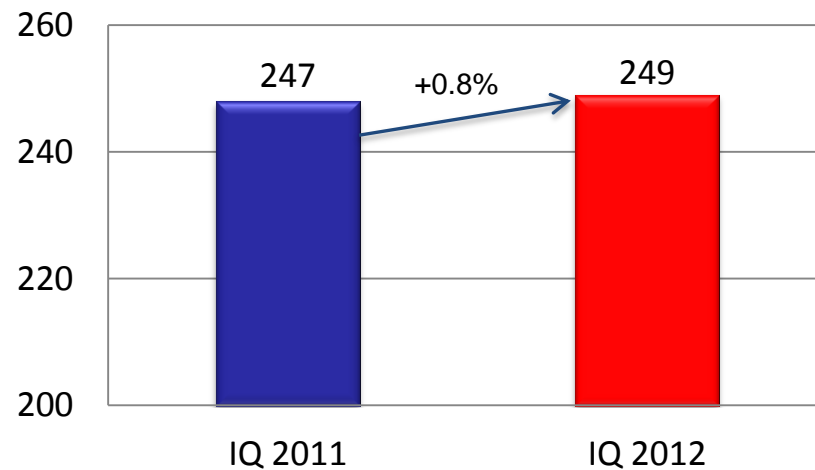
EBITDA [PLN mln]



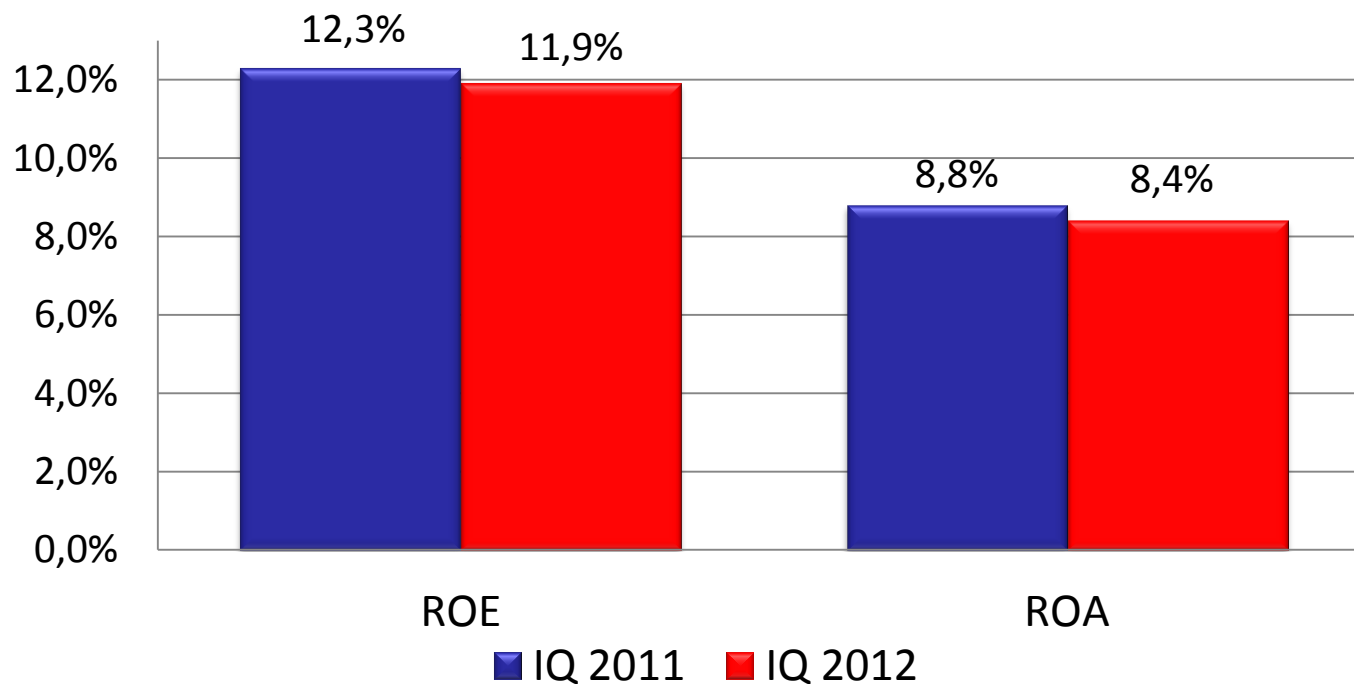
EBIT [PLN mln]



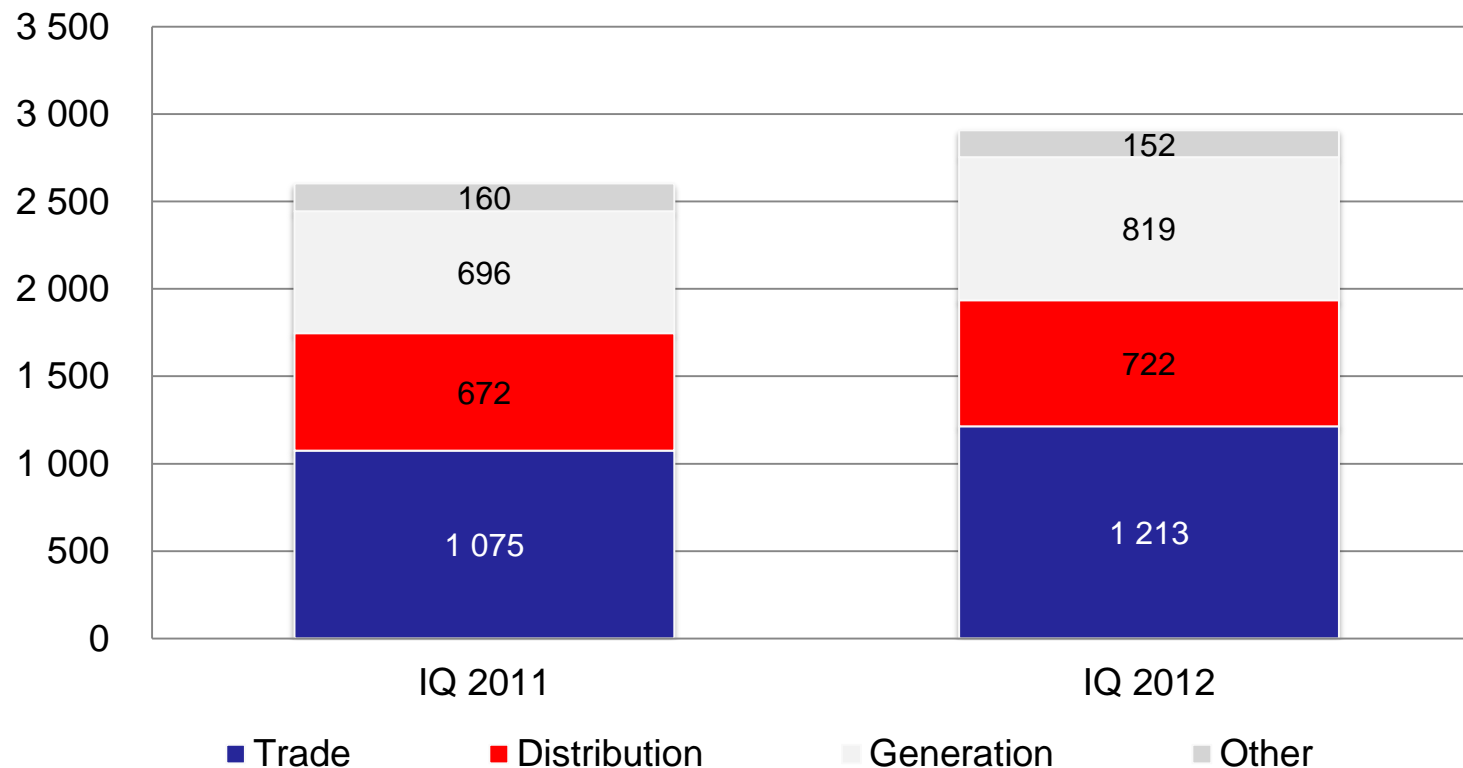
Net profit [PLN mln]



In Q1 2012 the ENEA Capital Group achieved a positive financial result and positive profitability ratios.



Revenues Q1 [PLN mln]



Q1 2011 vs. Q1 2012

+12.9%

+7.5%

+17.7%

-4.7%

Source: Company.

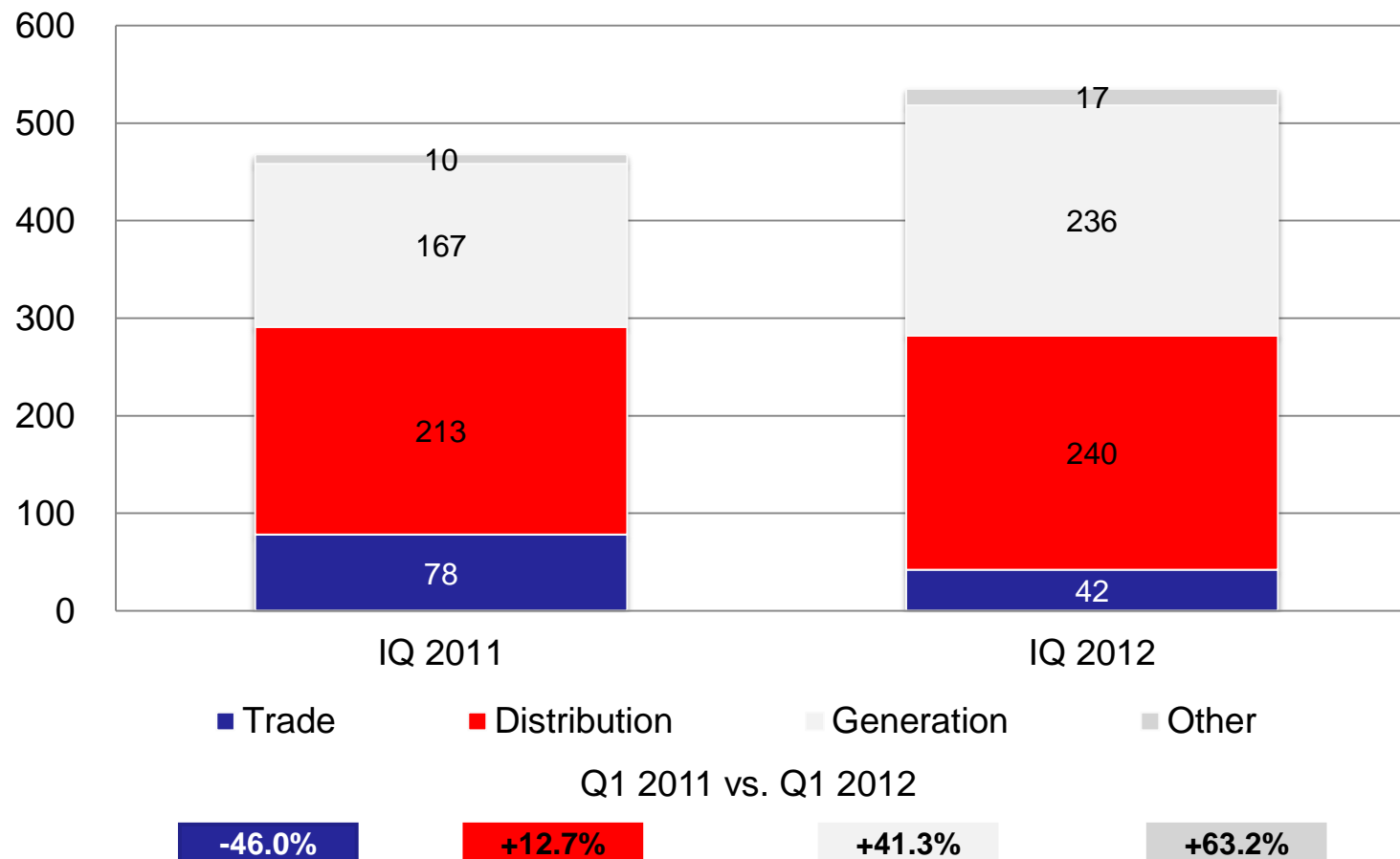
(Q1 2011) Contains exclusions in the amount of PLN 130 mln.

(Q1 2012) Contains exclusions in the amount of PLN 261 mln.

Financial results with division into segments



EBITDA Q1 [PLN mln]



Source: Company.

(Q1 2011) Contains undistributed expenses of the whole Group PLN 22 mln and exclusions PLN 7 mln.

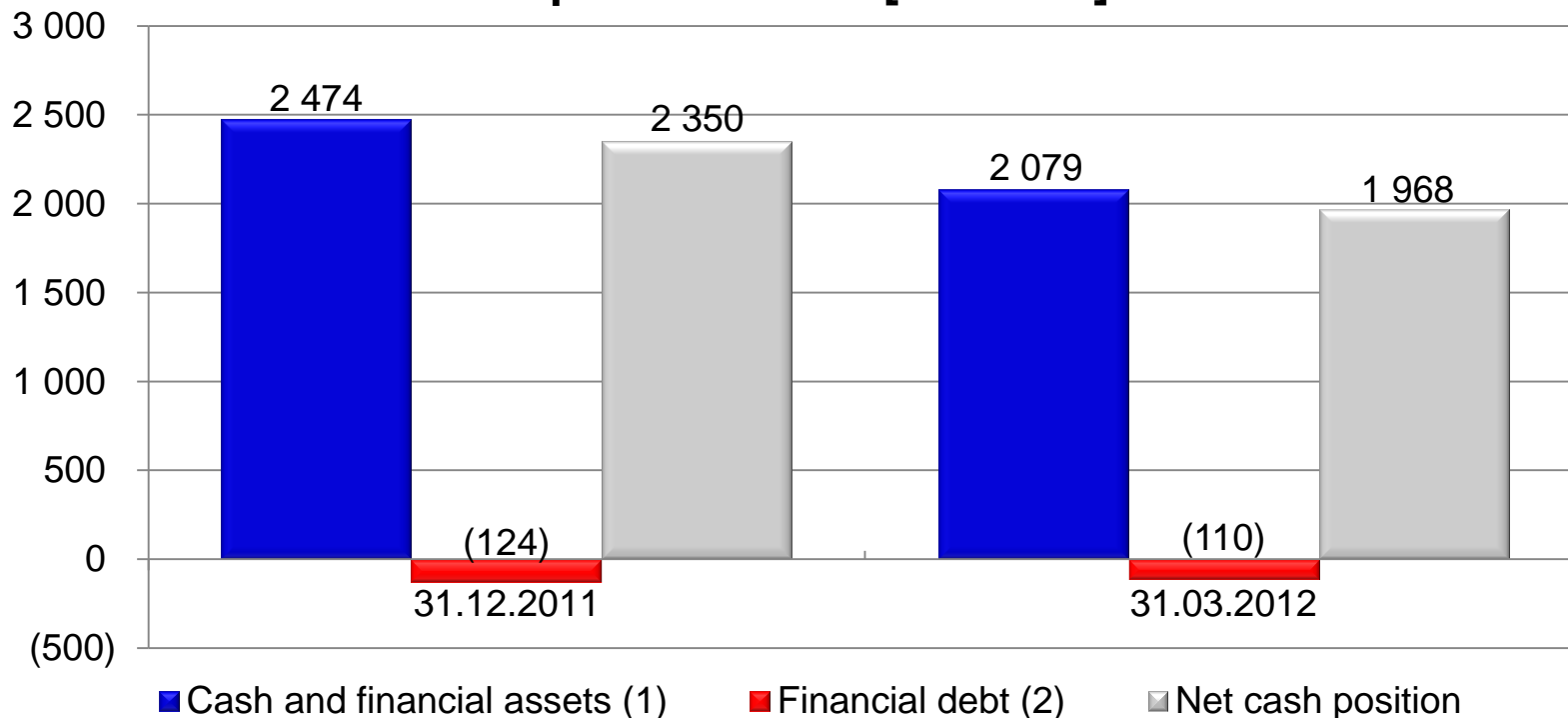
(Q1 2012) Contains undistributed expenses of the whole Group PLN 31 mln and exclusions PLN 14 mln.

Financial results in Q1 with division into segments



Generation	<p>increase of EBITDA by 41.3%, i.e. by PLN 69.1 mln:</p> <ul style="list-style-type: none"> - increase in revenues from sales of electricity by PLN 29.6 mln (increase in the volume of sold energy by 21 GWh and the average sale price by 3.7 per cent), - increase of revenues from certificates of origin by PLN 25.9 mln, - inclusion of revenues from sales of heat energy of EC Bialystok, MEC Pila, PEC Oborniki in the amount of PLN 64.7 mln, - increase of sales of allowances for emissions of CO₂ in the amount of PLN 1.8 mln, - increase of material costs by PLN 67.4 mln, including: higher consumption of coal by PLN 35.5 mln, higher consumption of biomass by PLN 31.5 mln (including a growth resulting from heat energy companies by PLN 59.7), - drop of costs of energy for sale by PLN 24.8 mln (decrease in operations within trading licence), - inclusion of external services, taxes and employee benefits of heat energy companies (PLN 19.1 mln) and increase in these costs in ELKO and EW by PLN 11.5 mln, - increase of results on other activities by PLN 17.0 mln mainly from damages for default (supplies of coal and biomass).
Distribution	<p>increase of EBITDA by 12.7%, i.e. by PLN 27.2 mln:</p> <ul style="list-style-type: none"> - increase in sales of distribution services to end users by PLN 29.5 mln (increase in the volume 32 GWh and increase of the average sale price by 3.8 per cent), - increase of non-invoiced sales of distribution services by PLN 10.0 mln, - increase of grid connection fees by PLN 3.5 mln, - increase in revenues from sale of materials and goods by PLN 2.6 mln (settlement on the Balancing Market), - increase in costs by PLN 17.9 mln (increase of employee benefits costs, purchase of energy for sale, taxes and charges).
Trade	<p>decrease of EBITDA by 46.0%, i.e. by PLN 36.1 mln:</p> <ul style="list-style-type: none"> - first contribution margin lower by PLN 29.3 mln, drop of unit margin by 7.68 PLN/MWh (higher volumes of sales of electricity to end users by 68 GWh, increase of the average sale price by 3.0 per cent, increase of the average purchase price of energy by 5.5 per cent), higher internal costs of trading (in Q1 2011 no costs were incurred for ELKO Trading and ENEA Centrum).
Other activity	<p>increase of EBITDA by PLN 6.4 mln:</p> <ul style="list-style-type: none"> - increase in the result on non-licensed services in ENEA Operator and in ENEA S.A. (from 1 August 2011 ENEA S.A. renders services for ENEA Centrum and ELKO Trading).

Capital structure [PLN mln]



Net cash position of the ENEA CG as at 31 March 2011 amounted to PLN 1,968 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.

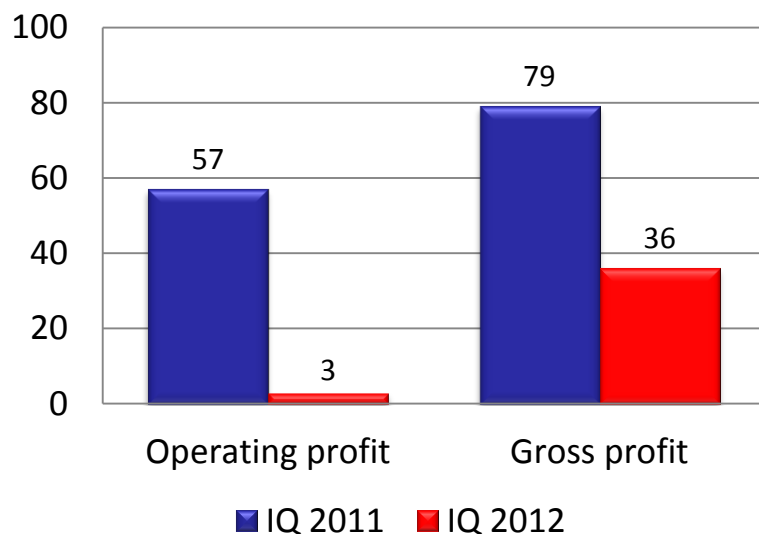
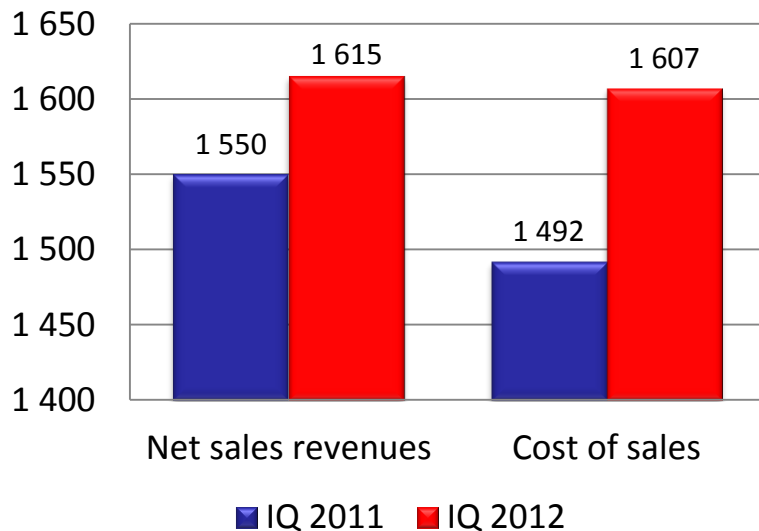
Investment outlays in Q1



The following values include real and capital investments

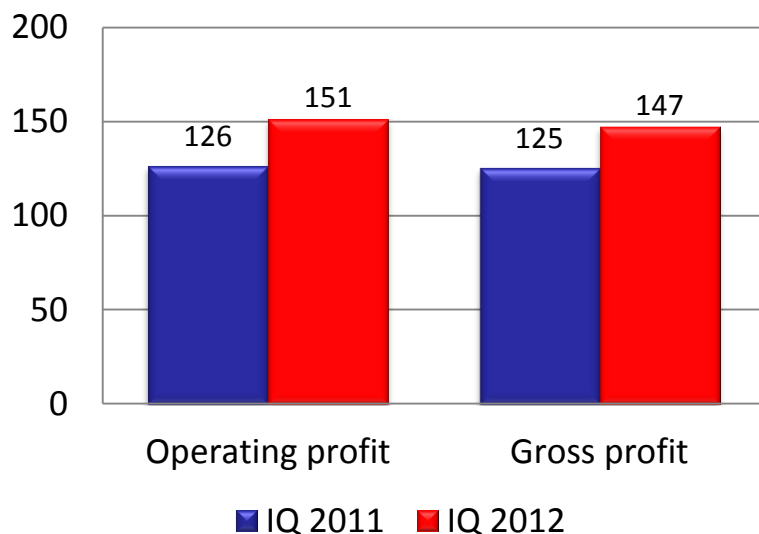
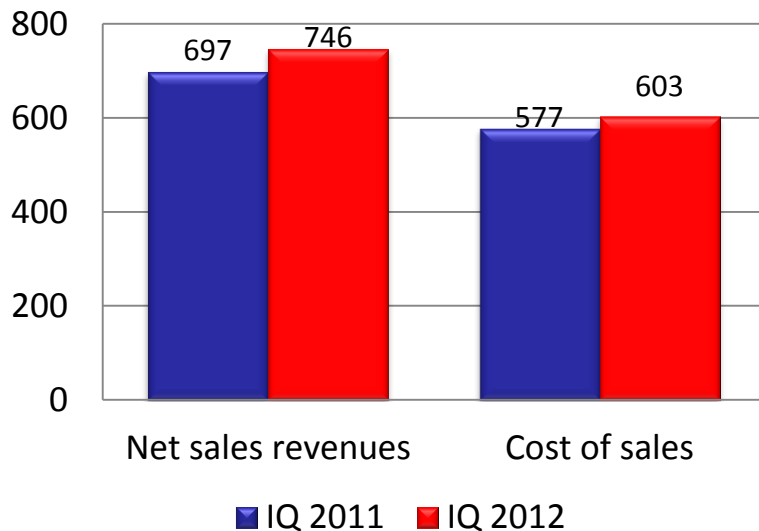
Investment outlays [PLN mln]	Q1 2011	Q1 2012	Change %
Generation	17.8	20.4	22.2%
ENEA Operator	68.6	98.7	43.9%
ENEA	3.3	209.6	6 251.5%
Total	89.7	328.7	266.4%

Results in Q1 - ENEA individually [PLN mln]



- Net sales revenues in relation to Q1 2011 (increase by PLN 65.0 mln):
 - higher revenues from sales of electricity to end users by PLN 50.8 mln: increase in the volume of sold electric energy by 68.2 GWh and the average sale price higher by 3.0 per cent,
 - higher by PLN 17.9 mln revenues from sales of electricity to wholesale users (lower price by 14.5 per cent and higher volumes of sales by 143 GWh),
 - higher non-invoiced sales concerning of electricity and distribution services by PLN 16.7 mln,
 - lower revenues from sales of distribution services to users with comprehensive agreements by PLN 29.1 mln,
- Costs of sales revenues in relation to Q1 2011 (increase by PLN 114.8 mln):
 - higher costs of purchase of electricity for resale by PLN 112.8 mln (higher average price by 5.5 per cent, increase in the volumes of purchases by 247.4 GWh),
 - higher costs of external services by PLN 25.4 mln (marketing costs and commissions for ELKO Trading and remuneration for ENEA Centrum).
 - lower costs of distribution services for realisation of comprehensive agreements by PLN 21.6 mln,
- A decrease in the operating result (by PLN 53.9 mln) results from the realisation of revenues from net sales at the level of 104.2 per cent with costs of sales at the level of 107.7 per cent of the amount in Q1 2011. Additionally, the operating result was also impacted by establishment in 2012 provisions for predicted losses in the amount of PLN 7.2 mln (provisions for litigation mainly resulting from non-contractual use of land).
- A decrease in the gross financial result by PLN 43.1 mln stems from a drop of the operating result and higher by PLN 13.0 mln financial incomes, mainly from sales of shares of PPSZW "Wirbet" S.A. (PLN 12.9 mln).

Results in Q1 - ENEA Operator [PLN mln]

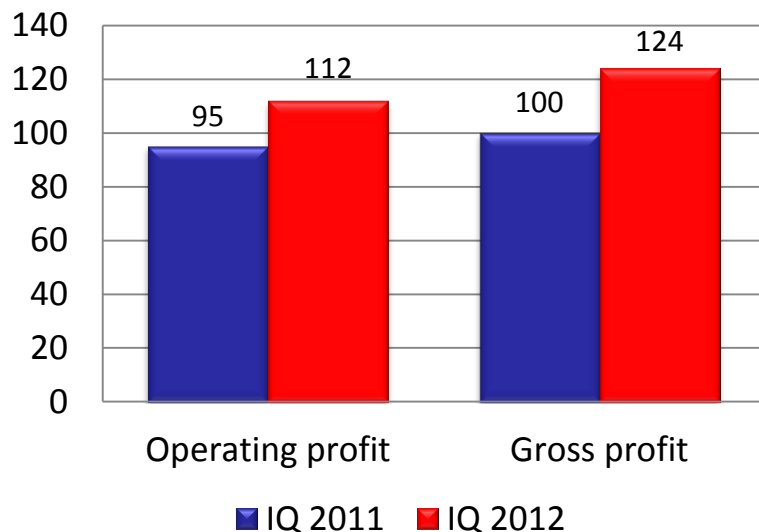
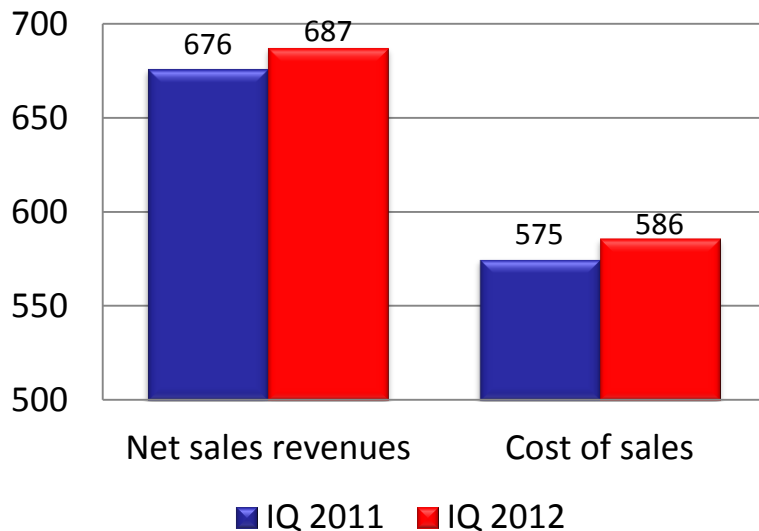


- Sales revenues in relation to Q1 2011 (an increase by PLN 49.1 mln):
 - increase in sales of distribution services to end users by PLN 29.5 mln (increase in the volume of supplies by 32 GWh and increase of the average sale price by 3.8 per cent),
 - increase of non-invoiced sales of services by PLN 10.0 mln,
 - increase of fees for connection to the grid by PLN 3.5 mln,
 - increase of revenues from the sale of goods and materials by PLN 2.6 mln PLN,
 - increase of revenues from sales of other services by PLN 2.2 mln,

- Costs of sales in relation to Q1 2011 (an increase by PLN 25.8 mln):
 - higher costs of employee benefits by PLN 12.2 mln - establishment of a reserve for motivation system, increase in pension contribution,
 - higher costs of amortisation by PLN 7.8 mln (verification of amortisation rates and amortisation of new fixed assets during November-December 2011),
 - higher costs of purchase of energy for resale by PLN 4.0 mln - higher average sale price of energy in Q1 2012 and introduction of electricity into the grid from manufacturers being under the technological start-up from whom the energy is purchased (the obligation to balance the energy by the operator of a distribution system and simultaneously to purchase it).

- An increase of operating profit (by PLN 24.6 mln) is a result of realisation of sales revenues at the level of 107.0 per cent costs of sales at the level of 104.5 per cent of the value from Q1 2011.

Result in Q1 – Kozenice Power Plant [PLN mln]



- Net sales revenues in relation to Q1 2011 (increase by PLN 11.0 mln):
 - higher revenues from certificates of origin by PLN 10.9 mln - a greater number of green and red certificates was recognised,
 - higher other revenues from sales by PLN 1.8 mln (sales of free CO₂ limits),
 - lower revenues from sales of electricity by PLN 2.0 mln (lower volume by 121 GWh, with a simultaneous increase of the average sale price by 3.4 per cent),

- Costs of sales in relation to Q1 2011 (an increase by PLN 11.4 mln):
 - higher amortisation and depreciation costs by PLN 19.2 mln (verification of the period of economic usage of fixed assets and commissioning of IOS III investment),
 - higher costs of external services by PLN 6.6 mln (mainly costs of services rendered by ELKO Trading, transport costs),
 - higher costs of use of materials by PLN 7.0 mln (higher costs of consumption of biomass by PLN 12.2 mln and lower costs of redemption of CO₂ and coal consumption),
 - higher employee benefits costs by PLN 4.6 mln,
 - lower costs of purchase of energy for resale by PLN 25.1 mln (lower by PLN 39.9 mln costs of energy purchased for trading and higher by PLN 14.8 mln costs of energy on the Balancing Market).

- Increase of the operating profit (by PLN 17.1 mln) results mainly from increase of revenues from sales mainly for recognition of certificates of origin and sales of allowances for emissions of CO₂ with energy sales revenues at the similar level and obtaining higher result on other operating activity (PLN 17.5 mln mainly from damages, provisions and others).

- Increase of the gross financial result by PLN 24.1 mln results from the increase of operating profit and higher result on the financial activity by PLN 7.0 mln (higher revenues from interests and positive foreign exchange differences).



ENEA's Investor Relations Office
gieluda@enea.pl

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