

Press release

## **Polenergia with an environmental decision for the first Polish offshore wind farm in the Baltic Sea and PLN 2 billion in sales revenues**

After three quarters of 2016 Polenergia S.A. ('Polenergia'), the largest Polish private and vertically integrated energy group, reached PLN 2.156 billion in sales revenues. Compared with the first three quarters of last year, it increased by 6.1 percent. The adjusted EBITDA in the period January–September 2016 amounted to PLN 155.3 million, and the adjusted net profit PLN 23.7 million.

- PLN 2.156 billion in sales revenues after three quarters of 2016, an increase by 6.1 percent y/y;
- PLN 155.3 million of the adjusted EBITDA after three quarters of 2016, a decrease by 5 percent y/y;
- PLN 23.7 million of the adjusted net profit after three quarters of 2016, a decrease by PLN 40 million y/y;
- 35.5 percent adjusted EBITDA margin after three quarters of 2016 (trading activity excluded);
- The total installed capacity of 369 MW, an increase by 19.8 percent y/y;
- PLN 21 million investment in the area of distribution in the years 2017–2018;
- The segments of conventional energy, biomass, energy trading and distribution diversify the negative effects of the onshore wind farm market;
- The first in Poland environmental decision for the construction of an offshore wind farm in the Baltic Sea and Wińsko bioenergy plant construction permit.

After three quarters of 2016 Grupa Polenergia achieved the adjusted EBITDA result amounting to PLN 155.3 million, which is a decrease by 5 percent compared to the same period last year. The adjusted EBITDA of the conventional energy segment was higher than the last year one by 14.4 percent. The distribution segment also improved. The renewable energy segment result – lower by 13.4 percent – was caused primarily by poorer wind conditions and the lower price of green certificates. It was offset to some extent by recognition of the results of Mycielin and Skurpie wind farms, which had not operated to the full in the comparable period of 2015. The declines in prices of green certificates also had a negative impact on the trading segment result, which turned out lower than last year. This effect was only partially offset by better results in the area of sales.

*“The results of Polenergia after three quarters prove the importance of diversification in the company’s strategy. The change of the regulatory environment forced companies operating in the field of wind energy to make write-downs and revise their development plans. Owing to conventional assets, Polenergia is able to flexibly and reasonably optimize its operations and reduce its costs while adapting its strategy to the market situation. Now the segment of distribution is getting more and more important. The planned investments in this area in 2017–2018 amount to over PLN 20 million. It will enable us to raise the regulated asset value by 26 percent and gain over 6 thousand new customers, which represents an increase by 58 percent.”*, says Jacek Głowacki, directing the works of the Management Board of Polenergia.

In the period January–September 2016 the segment of conventional energy, biomass, energy trading and distribution generated approx. 60 percent of EBITDA. The adjusted EBITDA margin, trading activity excluded (this segment is characterized by a relatively low unit margin at the very high volume of transactions), grew after three quarters from 30.8 percent the year before to 35.5 percent this year. Moreover, at the level of net profit the result was charged with write-downs adjusting the value of the project of Bernau–Szczecin pipeline and wind farms under development and receivables, which was associated with the entry into force of the so-called Distance Act.

The strategic project being developed by Polenergia is construction of offshore wind farms in the Baltic Sea with the total capacity of 1.2 GW. The company, as the first in Poland, obtained in July 2016 the environmental decision for the project of Central Baltic Sea III offshore wind farm.

*“Getting the first in Poland environmental decision for a 600 MW wind farm in the Baltic Sea deserves to be called the most essential event of the third quarter to the company. The total capacity of the planned offshore wind farms is 1200 MW, that is 3 times more than the capacity of the onshore wind farms, the implementation of which was suspended due to the entry into force of the new provisions. The commissioning of the first offshore wind farm is planned for 2022.”*, announces Jacek Głowacki.

### **Project portfolio and installed capacity**

At present, the portfolio of Grupa Polenergia includes the onshore wind farm projects with the total capacity of approx. 270 MW, which are in the final phase of development and which are granted the construction permits. There are also works in progress preparing those projects for the auction process. The company is also preparing Wińsko biomass power plant project to participate in the auction – it obtained the construction permit in the third quarter of 2016.

At the end of the third quarter of 2016 Polenergia had the total installed capacity at the level of 369 MW, 245 MW of which was from wind farms, which in turn made the company one of the leaders on the Polish market. The remaining 124 MW came from gas-based cogeneration, giving Grupa a 15 percent

share in the domestic market of energy generation from natural gas, mainly due to Nowa Sarzyna heat and power plant.

\*\*\*\*

**Polenergia** – a Polish private group in the power industry with an international reach, which is made up of vertically integrated companies functioning in the area of generation of energy from conventional and renewable sources, as well as electricity distribution and trade. It is one of the strategic assets of an international investment group Kulczyk Investments. Read more: [www.polenergia.pl](http://www.polenergia.pl)

**PR contact:**

Robert Stankiewicz  
e-mail: [robert.stankiewicz@thpr.pl](mailto:robert.stankiewicz@thpr.pl)  
tel. +48 506 059 794