POLENERGIA

Warsaw, 11 May 2016

Press Release

Profit of Polenergia in the first quarter of 2016 is up by 35 percent

Polenergia S.A. („Polenergia", „the Company"), the largest Polish private energy group, in the first quarter of 2016 maintained its growth of all key financial indicators. The adjusted net profit increased by 35 percent y/y and amounted to PLN 38.6 million, whereas the adjusted EBIDTA reached the level of PLN 87.1 million (33 percent y/y).

Revenues from sale increased in the reported period by over 6.5 percent to the level of PLN 722.5 million. The results in the first quarter confirm that the Company has solid grounds and the diversified portfolio of assets ensures its stability regardless of the market situation.

- PLN 38.6 million adjusted net profit in the 1st quarter of 2016 – increase by 35 percent;
- The adjusted EBIDTA equal to PLN 87.1 million in the 1st quarter of 2016 – an increase by 33 percent;
- 43.7 percent of the EBIDTA margin on the adjusted results (trading activity excluded) – increase by 8.7 p.p.;
- 369 MW total installed energy capacity (increase by 36 percent y/y);
- 258 MW wind farms ready for the first auction;

In the first quarter of 2016 the Polenergia Group maintained the growth of all its key financial parameters by recording the adjusted EBIDTA and the net profit at the level of PLN 87.1 million and PLN 38.6 million respectively, which constitutes an increase in comparison to the same period in 2015: PLN 21.7 million (33 percent) and PLN 10 million (35 percent) respectively.

The improvement of Polenergia's parameters in the reported period is attributable to the very good productivity of the Mycielin (48MW) and Skrupie (43.7MW) wind farms that did not operate in the first quarter of 2015. This in turn has neutralized the negative effects of the lower prices of green certificates. The operating result in the conventional energy sector was PLN 11 million higher than in the previous year and it mainly resulted from updating the forecasts of electricity, gas and CO2 prices for the years 2016-2020. Distribution and Trading have also reported better results thanks to higher volumes and margins.

– Another positive results of Polenergia both in the sectors of renewable and conventional energy show that the Company has strong foundations and effectively resists the adverse market and regulatory changes that affect the whole energy sector. We currently await the decisions regarding the changes of the RES Act and the so-called Minimum Distance requirement (part of the draft of the Wind Farm Investment Act) that will help us define the priorities in our strategy so as to align it with the new market and regulatory realities. We are prepared for different scenarios and we will align our operations with the energy strategy implemented by the government. At the same time we are aiming at limiting the operational costs in the Group – says Jacek Głowacki, the Vice-President.

Installed capacity and project portfolio

As at the end of the 1st quarter of 2016 Polenergia had the total installed capacity of 369MW, where 245 MW came from the wind farms (this result made Polenergia one of the leaders in this sector on the Polish market) and the remaining 124 MW derived from cogeneration based on gas, giving the Group a 15 percent share in the domestic market of natural gas power generation through Nowa Sarzyna Heat and Power Plant (Elektrociepłownia Nowa Sarzyna).

Polenergia has the second largest portfolio of projects in the development phase in Poland of the total capacity of 669MW, of which projects of the capacity around 258 MW (the most among the market players) are ready to take part in the first auction organized pursuant to the amended Renewable Energy Sources Act. Further 411MW will participate in auctions planned for the years 2017-2019.

A strategic project developed by Polenergia consists in building offshore wind farms in the Baltic Sea with the total capacity of 1.2 GW. The issue of the first 600MW is expected by 2022m and the next 600Mw by 2026. In 2016 the Company intends to obtain the environmental decisions for the project and in 2019 the building permit.

In 2016 the Group assumes a conservative forecast with adjusted EBIDTA at the level of PLN 233.3 million and the adjusted net profit at the level of PLN 52.1 million. The forecast is adjusted to the current conditions on the market of green certificates and the seasonality of production, and reflects the effect of financing the farms completed in 2015.

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