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Press release

Strong increase of Polenergia's profit in the first quarter of 2019

Polenergia S.A. ("Polenergia"), the largest Polish private, vertically integrated energy group, maintained high growth dynamics of all key financial indicators in the first quarter of 2019. The revenues from sales reached the level of nearly PLN 715 million, the adjusted EBITDA over PLN 80 million, and the adjusted net profit PLN 40 million.

- 1487 percent increase in the adjusted net profit in the first quarter of 2019, to PLN 40 million;
- 106 percent increase in the adjusted EBITDA result in the first quarter of 2019 to PLN 80.3 million;
- 43 percent - the adjusted EBITDA margin in the first quarter of 2019 (not including the turnover segment);
- 46 percent - wind farm productivity in the first quarter of 2019;

This is another quarter in which Polenergia has recorded a clear increase in its key financial results. The adjusted EBITDA result in the first three months of 2019 amounted to PLN 80.3 million and was by PLN 41.4 million higher than the result achieved in the previous year. The adjusted EBITDA margin, excluding the turnover segment (this segment is characterized by a relatively low unit margin at a very high transaction volume), increased from the level of 28.1 percent in the previous year, to 43 percent this year. The adjusted net profit increased significantly from the level of PLN 2.5 million in the first quarter of 2018 to PLN 40 million this year.

*"We are prepared for various scenarios and we will be adjusting our activities to the energy strategy implemented by the government. We are happy to receive decisions regarding the amendment of the **RES** Act, whose implementation will lead to the creation of new generation capacity in the energy system with a total capacity of 3.4 GW, including 2.5 GW in the onshore wind farm system and 0.75 GW in the photovoltaic segment. A definitely larger volume of electricity to be sold as part of this year's auction increases the probability of obtaining support for Polenergia projects with the total capacity of 215 MW. The Group expects that, according to the announcement of the Ministry of Energy, special acts will be created by the end of 2019, dedicated to the offshore wind energy and will accelerate the construction of the first wind farms in Poland on the Baltic Sea. It must be remembered that Polenergia's offshore projects already have connection conditions with the total capacity of 3 GW, and the date of their construction depends on the entry into force of the relevant regulatory system,"* says Michał Michalski, President of the Polenergia Board.

Analyzing this year's results of Polenergia, it can be noticed that an important factor that influenced such a big improvement was high production of the wind energy segment and the sale price of green certificates and electricity. In addition, the higher result was influenced by a decrease in the operating costs due to a change in the recognition of the costs of lease resulting by the changes in the accounting standards (entry into force of IFRS 16).

High windiness this year has translated into a very good result of the wind farm segment. The average net productivity of Polenergia wind farms in the first quarter of 2019 was 46 percent compared to 32 percent in the previous year and significantly exceeds the average wind farm productivity in Poland, which is at the level of 38 percent. The productivity of Mycielin and Gawłowice wind farms deserves special attention. Each of them exceeded the level of 51 percent. In the first quarter of 2019, Amon, Talia, Gawłowice, Skurpie and Rajgród wind farms concluded agreements with Siemens Games Renewable Energy for the servicing of wind farms. In the case of Amon and Talia wind farms, the contracts will be valid for 23 years, whereas in the case of wind farms Gawłowice, Skurpie and Rajgród - for 26 years. Agreements allow extending the service period of wind turbines even up to 2045.

Last months brought very dynamic changes on the market of green certificates market again. The main reason for the fluctuations were unfavorable for the energy producers government proposals related to the change in the calculation of the substitution fee. The price of green certificates fell from PLN 135/MWh at the end of the year to PLN 80/MWh in mid-March. Resignation from establishing the maximum wind farm income of PLN 312/MWh resulted in a reversal of the trend and stabilization of the price of green certificates at the level of PLN 135/MWh.

Polenergia - Polish private energy group, which consists of vertically integrated companies operating in the field of energy production from renewable and conventional sources as well as distribution and trade in electricity. The strategic project executed by the Group is the construction of wind farms on the Baltic Sea with the total capacity of 3000 MW. The newspaper of the stock exchange and investors "Parkiet" honored Polenergia with the "Bull and Bear" award for the best sWIG80 index company in 2018. More information: www.polenergia.pl

Contact for the media:

Robert Stankiewicz e-mail: rs@beableto.pl
tel. +48 601 811 087