

Press release

**When preparing this release and the total financial information, the assumptions were made as follows:**

*This information is based on the combined profit and loss account that was drawn up in order to present the Group's results on the assumption that Polish Energy Partners S.A. and Polenergia Holding S.a.r.l. asset merger ('Transaction') occurred on 1<sup>st</sup> January 2013. The revealed results enable a full analysis of economic effects of the Transaction and reflect the full scale of operations of the merged entities together with comparable data.*

- the transaction called 'Finalisation' took place on 1st January 2013;

## **Polenergia reports 75 percent profit growth in first quarter 2015**

Polenergia S.A. ('Polenergia'), a Polish private energy group which was formed by the combination of Polish Energy Partners S.A. and most of the assets belonging to Polenergia Holding S.a.r.l., presented a consolidated report for the first quarter of 2015. The Group has significantly improved all key financial indicators. Polenergia net profit in the first quarter of 2015 has increased by 75 percent y/y and amounted to over PLN 28.6 million. The EBITDA result improved in the same period by 45 percent (an increase up to PLN 65.4 million).

- PLN 28.6 million net profit in the first quarter of 2015, an increase by 75 percent y/y;
- The adjusted EBITDA increase by 45 percent y/y up to PLN 65.4 million;
- The EBITDA margin on adjusted results (trading activity excluded) increased during the period under consideration by over 8 pp, from 26.4 percent up to 35 percent;
- The total installed capacity of 271 MW, including 146.7 MW from wind farms (as at the end of March 2015);
- The construction of 99 MW wind farms is in progress; they are to be launched in 2015 and the estimated production from them in 2016 is about 280 GWh;
- 336 MW will be ready to participate in the first auction in 2016;
- The company sustains the implementation of the forecasts for 2015 (32 percent of realisation at the EBITDA level and 40 percent of realisation at the net profit level);
- The RES Act passed in February 2015 allows the projects existing or launched by the end of 2015 both to stay in the improved system of certificates and turn by means of auction to the system of fixed prices guaranteeing the stability of revenues for 15 years;

Polenergia results at the end of the first quarter of 2015 show a clear growth of all key financial parameters of the company. The net profit of PLN 28.6 million represents an increase by 75 percent y/y. The EBITDA margin on adjusted results (trading activity excluded) increased during the period under consideration by over 8 pp, from 26.4 percent up to 35 percent, which was mainly due to the start-up of the new wind projects.

Analysing the Group's results at the EBITDA level, a rapid boost of the wind energy segment (by PLN 21.8 million) can be observed. It is a derivative of the launch of the new farms (Gawłowice, Rajgród) in the second half of 2014 and better results of the wind sector caused by favourable wind conditions.

In the first quarter of 2015 Polenergia also noted a significant improvement in the trading segment, the EBITDA of which increased by PLN 2 million y/y. This was primarily due to an increase of the energy trading optimisation within the capital group as well as focus on the most profitable segments of the energy and gas market.

*'Very good results of Polenergia in the first quarter of 2015 prove that our strategy enables a consistent growth of profit, profitability and revenues. A dynamic development of our projects provides a real potential for value creation through a prominent increase in profits, mainly in the wind sector. The company's growth potential was also noticed by market analysts who issue positive recommendations for the Company,' says Zbigniew Prokopowicz, President of the Management Board of Polenergia.*

At the end of the first quarter of 2015 Polenergia Group had the total installed capacity at the level of 271 MW, including 146.7 MW from the wind farms. The next wind farms of 98.6 MW are under construction (Skurpie Wind Farm, Mycielin Wind Farm as well as an extension of Gawłowice Wind Farm – to be launched by the end of 2015). In total, by the end of 2015 the Group will have the wind farm capacity at the level of approximately 250 MW, which will make Polenergia the leading producer of electricity from RES.

Moreover, Polenergia has a portfolio of wind farms in the development phase accounting for 730 MW, 336 MW of which will be prepared to participate in the first auction expected in 2016, and 395 MW will participate in the forthcoming auctions in the years 2017–2019.

One of the key projects implemented by Polenergia, which will have a significant impact on the Group's value growth, are projects of offshore wind farms in the Baltic Sea with a total capacity of 1.2 GW. In July 2014 the Group concluded a connection agreement with PSE. The process of obtaining of an environmental approval is at the advanced stage. The environmental decision issue for the first 600 MW is expected at the beginning of 2016, and for the next 600 MW – in the second half of 2016.

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\* On 27<sup>th</sup> August 2014 the transaction provided for in the investment agreement ('Agreement') of 18<sup>th</sup> July 2014 between the Company and Capedia Holdings Limited with its seat in Nicosia, Cyprus ('Investor') was finalised ('Finalisation').

As a part of Finalisation:

1) the Investor took up 7 266 122 new issue shares of the Company, at the issue price of PLN 33.03 per share, and paid for them in cash in the total amount of PLN 240 000 009.66.

2) Elektron Spółka z o.o. with its seat in Warsaw took up 16 863 458 new issue shares of the Company, at the issue price of PLN 33.03 per share, for non-cash contributions in the form of 100% shares in Neutron Sp. z o.o. with its seat in Warsaw (a subsidiary of Polenergia Holding S.a.r.l. with its seat in Luxembourg, which in turn is controlled by Kulczyk Investments S.A.) worth PLN 557 000 017.74 ('Contribution in Kind');

The Contribution in Kind brought in exchange for Shares for in Kind Contributions ('Contribution in Kind') makes up 100 percent of shares in Neutron Sp. z o.o. that is a holding company having stocks or shares in the following companies:

- 100% of shares in Elektrociepłownia Nowa Sarzyna Sp. z o.o. – a company operating a gas-fired power plant called Nowa Sarzyna with 116 MWe of electrical power and 70 MWt of heat power;
- 100% of shares in Polenergia Kogeneracja Sp. z o.o. – a company active in natural gas distribution and trading, and historically cogeneration;
- 100% of shares in Elektrownia Pódnoc Sp. z o.o. – a company implementing the development of a systemic coal power plant with a target capacity of about 1600 (2\*800) MWe;
- 100% of shares in Polenergia Dystrybucja Sp. z o.o. – a company dealing with electricity distribution and sale;
- 100% of shares in Polenergia Obrót S.A. – a company active in electricity, gas and certificate trading;
- 100% of shares in Natural Power Association Sp. z o.o., which is the sole shareholder or stockholder of the companies: Bałtyk Północny S.A., Bałtyk Środkowy II Sp. z o.o., Bałtyk Środkowy III Sp. z o.o. – companies dealing with the development of the project of offshore wind farms with the total capacity of up to 1200 MWe, including 600 MWe by 2022, ('Green Group');
- 100% of shares in PPG Pipeline Projektgesellschaft mbH;
- 100% of shares in PPG Polska Sp. z o.o. – companies carrying out the development of the project of construction of a pipeline linking the Polish and German gas pipelines;
- 20% of shares in GEO Kletnia Sp. z o.o. – a company dealing with the development of the project of an approximately 40 MW wind farm.

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## 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)

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