

Press Release

Polenergia's EBIDTA growth in the first half-year of 2016

Polenergia S.A. ("Polenergia"), the largest Polish private company, a vertically integrated energy group, presented a consolidated report for the first half-year of 2016. The EBIDTA result in the first six months improved by 8 percent Y-to-Y, which means an increase by PLN 8.3 million up to PLN 118.5 million. In the same time, sales revenues grew by PLN 36.7 million up to the level of PLN 1.37 billion. In comparison to the previous year, this means an increase by 1 percent.

- PLN 118.5 million of corrected EBIDTA result, increase by 8% Y-to-Y;
- 49% EBIDTA generated by the conventional energy sector, trading and distribution of energy;
- 369 MW of total installed power (increase by 36% Y-to-Y);
- almost 270 MW of wind farms ready to participate in the first auction and 30 MW from the biomass prepared for participation in hybrid auctions.

In the first two quarters of 2016, Polenergia Group accomplished results on the level of corrected EBIDTA amounting to PLN 118.5 million, which constitutes an 8% increase in comparison to an analogous period in the previous year. The results take into account the Mycielín (48 MW) and Skrupie wind farms (43.7 MW), which did not operate in 2015. At the Łukaszów and Modlikowice wind farms, as a result of renegotiation of the turbine maintenance agreements, operating costs were reduced. This partially neutralised the negative effects of lower prices of green certificates. The operational result of the conventional energy sector was higher by almost PLN 8 million from the last year's result, which primarily resulted from up-dates of price forecasts of electric energy, gas and CO₂ for the years 2016 – 2020 in the first quarter. The distribution sector also showed improvement of result thanks to greater distribution and sales volumes, as well as higher margin. It is necessary to draw attention to the improvement of results in the area of the Group's cost management related to the implemented savings programme.

"The year 2016 is difficult for the entire energy sector, on account of legislation uncertainty and introduced changes in the regulatory environment related to the RES sector. In spite of it, the results obtained in the first half of 2016 show that thanks to diversification of its operation, Polenergia is more resistant to market changes than companies operating only in the renewable energy sector. Today, Polenergia focuses on adjusting its operation and development plan to the new market situation, relying on the assets held in the area of conventional and renewable energy, as well as energy distribution and trading. We attach great importance to development of offshore wind farms and have already procured environmental decision for the first project," says Jacek Głowacki who manages the work of Polenergia's management.

Installed power and project portfolio

At the end of the second quarter of 2016, Polenergia had at its disposal total installed power on the level of 369 MW, where 245 MW derived from wind farms, which provided the company with a position in the group of leaders on the Polish market. The remaining 124 MW derived from co-generation based on gas, offering the Group a 15% share at the domestic market of energy production from natural gas, mainly by Elektrociepłownia Nowa Sarzyna.

At the present moment, Polenergia has onshore wind farm projects in its portfolio with a total power of approx. 270 MW, which are at the final stage of development and for which construction permits have been procured. Work is also in progress on the preparation of such projects for participation in the auction

process. For the portfolio of projects with a capacity of approx. 400 MW, in relation to entry into force of an act on investments in wind farms, a decision was made to slow-down the process of development. In the current legal status, there is no possibility of finishing such projects and procuring construction permits.

The strategic project developed by Polenergia is the construction of offshore wind farms on the Baltic Sea with the total power of 1.2 GW. The company is the first in Poland to procure an environmental decision for Morska Farma Wiatrowa Bałtyk Środkowy III (Offshore Wind Farm Central Baltic Sea III). In this year, Polenergia is expecting to receive another environmental decision for Morska Farma Wiatrowa Bałtyk Środkowy II. Launch of the first 600 MW is scheduled by 2022, and the other 600 by 2026.

Polenergia: Polish private energy group which consists of vertically integrated companies operating in the area of energy generation from renewable and conventional sources, distribution and trading in energy. One of the strategic assets of international investment group, Kulczyk Investments. More information: www.polenergia.pl

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