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Press release

## **Wind drives Polenergia results**

**Polenergia S.A. ('Polenergia'), the largest Polish private and vertically integrated energy group, presented a consolidated report for the first half of 2019. Sales revenues amounted to over PLN 1 304 million, adjusted EBITDA nearly PLN 128 million, and adjusted net profit – over PLN 51 million.**

- **526 percent growth of adjusted net profit in the first half of 2019 to PLN 51 million;**
- **123 percent growth of adjusted EBITDA in the first half of 2019 to PLN 128 million;**
- **39 percent adjusted EBITDA margin in the first half of 2019 (trading activity excluded);**
- **36 percent of wind farms productivity in the first half of 2019.**

From quarter to quarter Polenergia reports a significant increase of its key financial results. Adjusted EBITDA in the first six months of 2019 amounted to PLN 127.9 million and was higher than the year before by PLN 70.5 million. Adjusted EBITDA margin, trading activity excluded (this segment is characterised by a relatively low unit margin at a very high volume of transactions), increased from 28.6 percent a year ago to 38.9 percent this year. Adjusted net profit also grew significantly, since in the middle of last year the company reported a loss of PLN 12 million, whereas this year adjusted net profit reached the level of PLN 51.3 million. In the first half of 2019 the Group's sales revenues amounted to PLN 1 304.2 million and were lower than last year by PLN 269.5 million. The decrease in revenues is a result of lower sales revenues in the trading segment, which were partly offset by higher revenues in the wind farm segment.

Polenergia's results in the first half of the year were mainly driven by the wind energy segment. Better results of this segment were brought about by a higher volume of production of green certificates by 78.1 GWh and electricity by 77.1 GWh as well as higher average prices of green certificates and electricity. The above was partly offset by higher operational costs, the increase of which, as compared to last year, is a result of one-off events lowering costs in the first half of 2018. In this period, part of historic costs of maintenance in Mycielin wind farm was adjusted and the effect of the correction to the property tax declaration for the first half of 2018 in Gawłowice, Skurpie, Rajgród and Mycielin wind farms was booked.

*“Compared to last year, the production of Polenergia wind farms increased by up to 25 percent. Productivity of Mycielin, Gawłowice, Skurpie and Rajgród wind farms was at a very high level of 41*

*percent. A significant improvement of the results of the wind energy and trading segments, as well as stable operations in the conventional energy and distribution segments, combined with an improvement of business risk management in the trading segment, brings positive effects for the company”, says Michał Michalski, President of the Management Board of Polenergia.*

The second quarter of this year brought stabilization of green certificate prices at the level of PLN 130/MWh. At the same time, electricity prices in the forward market, after a fall in the first quarter to PLN 260/MWh, increased again to above PLN 280/MWh. Signing of ordinances to the Act on prices by the Minister of Energy in July this year completes the process of legislative changes to the “Energy Price Freeze” Act. This may improve liquidity in forward markets. Moreover, the amendment to the RES Act adopted at the turn of July and August is to enable another RES auction to be carried out in 2019.

For this reason, Polenergia continues its works towards the construction of a portfolio of 199 MW wind farm projects, based on revenues from the energy market or long-term contracts, and does not preclude participating in this year’s auction for wind farms. At the same time, 8 photovoltaic power plants with a total capacity of 8 MW are under construction – they won last year’s auction and obtained the right to cover a negative balance in relation to the price offered in the auction for electricity produced within 15 years. The Group is preparing projects of photovoltaic power plants with a total capacity of 12 MW to take part in auctions expected in 2019, and is also conducting advanced talks on financing projects with a total capacity of 20 MW. The next 30 MW projects are at an early stage of development now.

A strategic project of Polenergia, realized together with the Norwegian Equinor, is the construction of the first in Poland offshore wind farms in the Baltic Sea. The offshore projects currently developed by the Group obtained connection conditions with a total capacity of 3 000 MW, however their construction schedule depends on an entry into force of a relevant regulatory system.

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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. A strategic project implemented by the Group is the construction of wind farms in the Baltic Sea with a total capacity of 3000 MW. Gazeta Giełdy i Inwestorów “Parkiet” honoured Polenergia with the Bulls and Bears award for the best company in 2018 according to the sWIG80 Index. Read more: [www.polenergia.pl](http://www.polenergia.pl).

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