



Polish Energy Partners

Polish Energy Partners SA
Q1 2006 Performance

April 2006
Warsaw



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Business Review



Business Review

- ☒ Net Profit improved by 2% in relation to 2005

- ☒ EBITDA weaker due to:
 - × severe winter conditions - more coal burned
 - × break in CFB production due to routine maintenance

- ☒ G&A savings achieved

- ☒ Dividend for 2005 of 50 grosz per share to be paid:
 - × Dividend Day - May 16;
 - × Dividend Disbursement Day - May 30



Projects in Progress

- ☒ Jupiter: On schedule and budget; due for completion January 2007
- ☒ Puck: On schedule and budget; due for completion December 2006
- ☒ Mercury: On schedule and budget; construction/testing by June 2006
- ☒ Jeziorna: Largely completed; some technical issues; back on track in June



Wind Farms development plans

- ☒ 3 wind farm projects of total 90 MW in advanced development
 - × Construction to begin in 2007
 - × Start of operations in 2008

- ☒ Relationship with EPA strengthened
 - × Agreement extended by three years to 31st December 2010
 - × PEP has the pre-emptive right of purchase on all projects developed within the scope of the agreement
 - × the price of the next projects for the total nominal capacity of 150MW to be purchased by the Company has been fixed at similar level as paid in Puck



CO2 trading update

- ☒ Poland has been warned by EU that it is already late in implementing the Register
- ☒ Environmental Ministry has announced says that the Register is in testing phase; if it is correct the Register should be in operation in Q3
- ☒ PEP has already completed all the steps which must be completed by the company applying for trade:
 - × has been granted the permission to trade for all its plants
 - × has prepared all the emission reports
 - × has already submitted all the reports for the audit of WIOŚ
- ☒ Now PEP is waiting for the audit of the reports which will commence once the Environmental Ministry issues the Ordinance fixing the costs of such audits (the works on that Ordinance are pending)



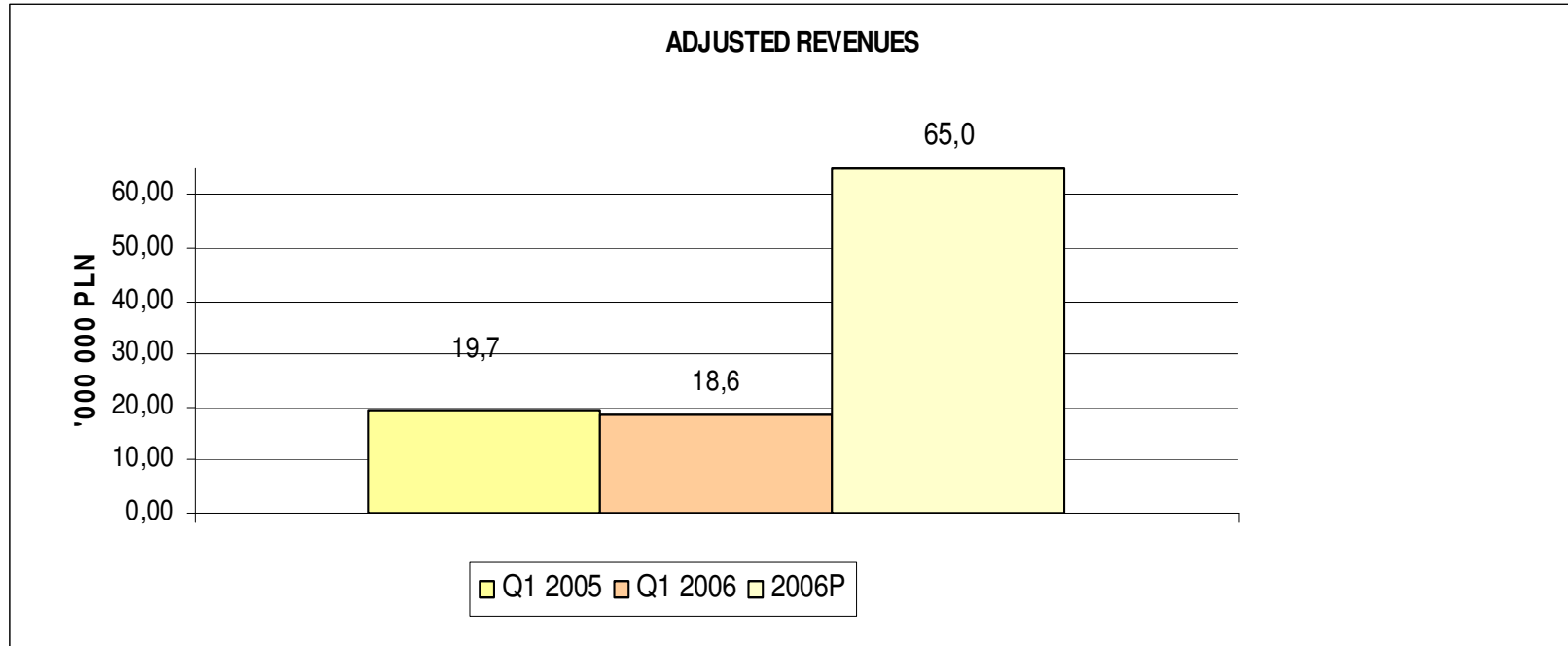
Biomass Business Plan

- ☒ Evaluating straw pellet supply contract to Saturn
- ☒ Contracting 3 trials of biomass crops for planting in May
- ☒ New „agricultural” legislation biomass in place
- ☒ Managing Director for new business to join July 1st

Financial Performance



2006 Q1 Performance - Adjusted Revenues*



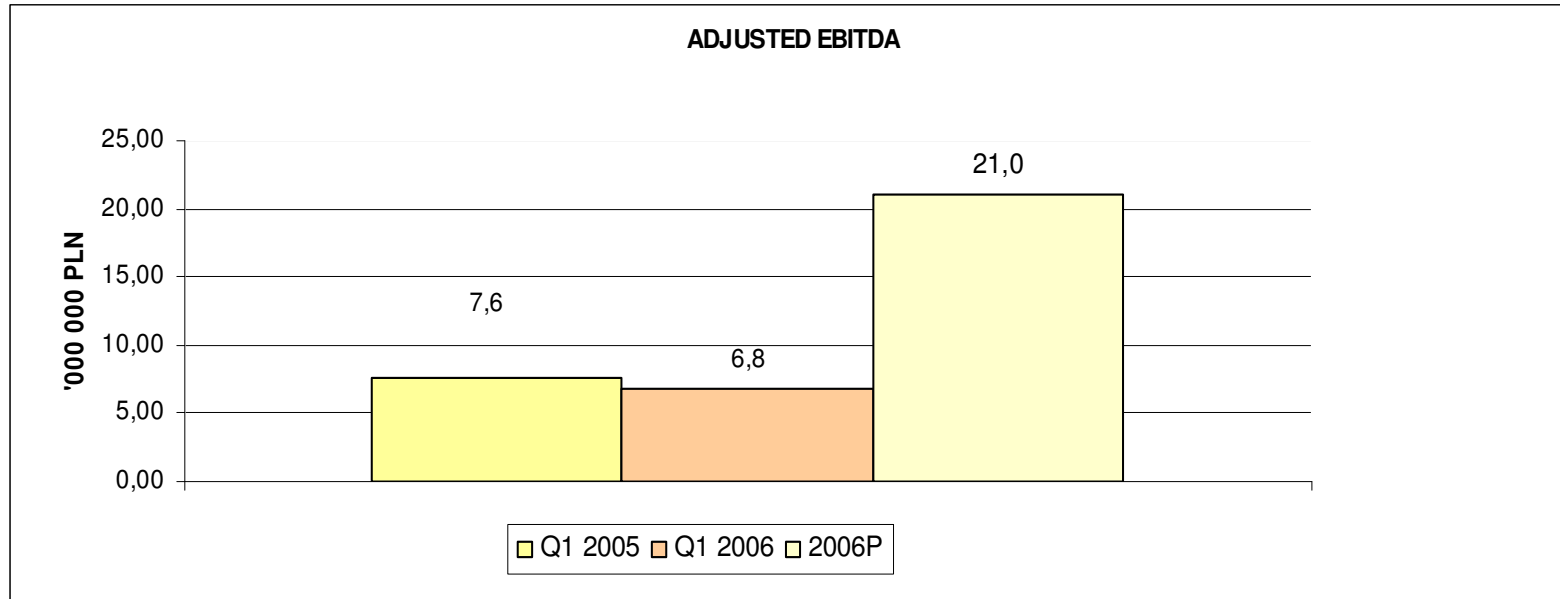
In comparison to 2005

- ⊗ 2006 Green Energy revenues are not comparable to 2005 due to the change in settlement structure in Mondi agreed in 2005
- ⊗ Green Energy production higher than in 2005
- ⊗ Higher sales in other plants due to increased consumption and fuel price increases

* reclassification of interest from leased assets from financial income



2006 Q1 Performance - Adjusted EBIDTA *



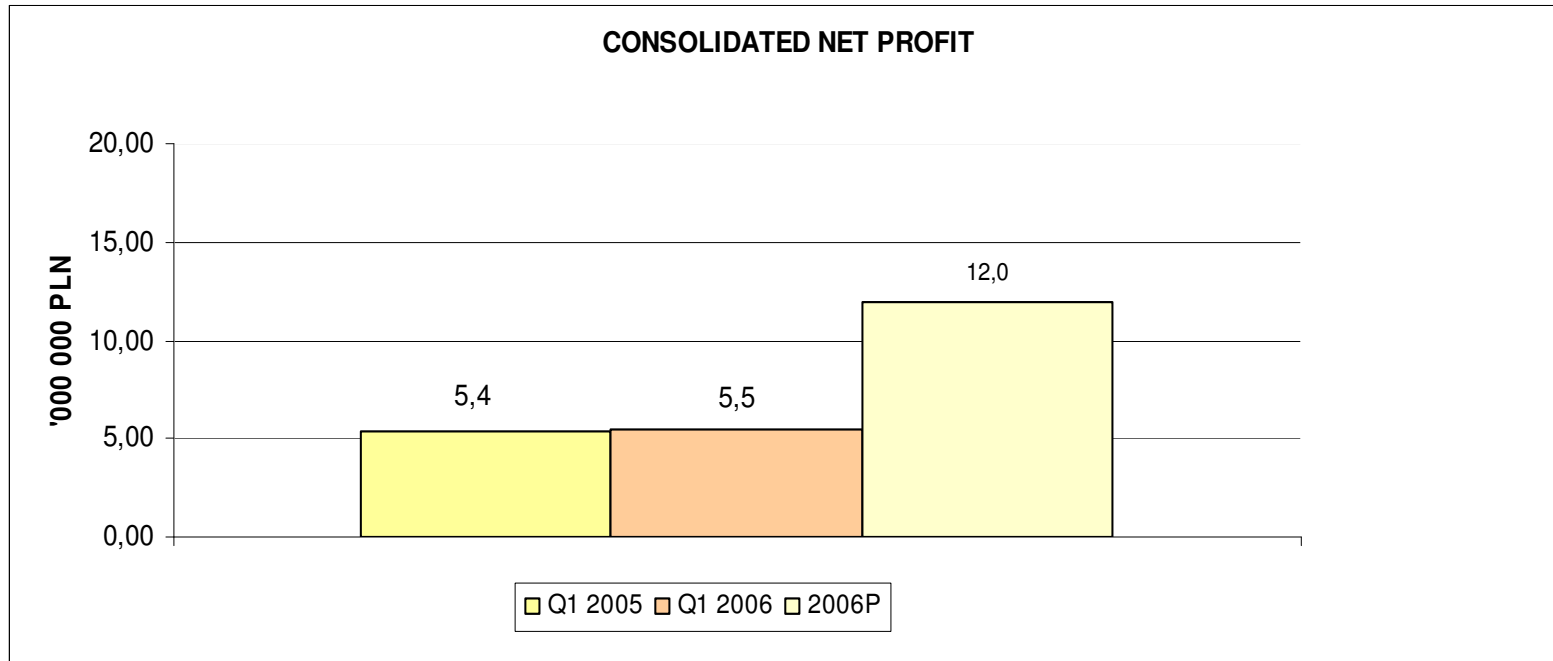
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- ⊗ 2006 Green Energy revenues are not comparable to 2005 due to the change in settlement structure in Mondi agreed in 2005
- ⊗ Green Energy production higher than in 2005
- ⊗ Higher sales in other plants due to increased consumption and fuel price increases
- ⊗ Savings in G&A achieved

* reclassification of interest from leased assets from financial income



2006 Q1 Performance - Net Profit



In comparison to 2005

- ☒ Impact of EBIDTA
- ☒ Positive F/X impact on end of quarter valuation



2006 Budget Outlook

- ☒ Net Profit will be delivered
- ☒ Q1 shortfall in EBITDA will be reduced during the course of the year
- ☒ CO2 emission rights revenues will kick in in 2006
- ☒ G&A savings will continue to be realized



Strategic Prospects

- ☒ We will continue to see strong GE prices slightly over our expectations
- ☒ We are pleased with the pace of development of our wind farms portfolio
- ☒ We believe that our renewable energy business will continue to generate increased returns for our shareholders in line with the worldwide trend demonstrated in the growing renewable energy indices*:
 - × NEX (86 constituents traded on 18 different markets around the world) - 19.3%
 - × ECO (equities listed in the US) - 40.5%

* Performance for 2005, source new energy finance briefing, V.II, issue 1

Summary



Summary

- ☒ Q1 profit performance on target
- ☒ Budget for 2006 to be delivered
- ☒ Key projects on track for successful completion
- ☒ EPA joint venture successfully extended and secured to 2010