

PEP POLISH ENERGY PARTNERS

Q1 2010 PERFORMANCE

APRIL 2010



WIND
ENERGY



BIOMASS
FUELS



INDUSTRIAL
ENERGY
OUTSOURCING



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BUSINESS REVIEW





Business Review - Metrics

- ❑ Q1 2010 adjusted EBITDA excluding Wind Farms sale amounted to PLN 17.8 mil was above Q1 2009 level by PLN 3.0 mil.
- ❑ Q1 2010 Net Profit excluding FX on balance sheet valuation and Wind Farms sale amounted to PLN 11.2 mil. and was above Q1 2009 level by PLN 3.1 mil.
- ❑ As compared with Q1 2009, no wind farm has been sold in Q1 2010, therefore adjusted EBITDA and Net Profit in Q1 2010 are lower than in 2009



Business Review - Highlights

WIND

- ☒ Wind Development Pipeline on track
- ☒ Implementation of WF Łukaszów and WF Modlikowice in progress
- ☒ Sale process of WF Wartkowo in final stage of exclusive negotiations with selected partner
- ☒ WF Puck performance below budget due to poor wind conditions

OUTSOURCING

- ☒ EC Saturn, EL Mercury and Biomass business ahead of last year
- ☒ Development of 30 MW biomass power plant for KGHM in progress
- ☒ Ongoing discussions with another blue chip company on the construction of 30 MW biomass power plant

BIOMASS

- ☒ GPBE Północ biomass in line with business plan
- ☒ Construction of GPBE Południe started and on track; start-up scheduled for September 2010
- ☒ Development of GPBE Wschód in progress; start-up scheduled for September 2011

EXISTING BUSINESSES





Existing Businesses

- ☒ **EC Saturn:**
 - × Higher settlement for Green Energy and MGLC for 2009
 - × Green Energy revenues higher due to higher electricity production and higher prices

- ☒ **EC Zakrzów** and **EC Jeziorna** at the level of last year and on budget

- ☒ **EC Mercury** higher than last year as a result of higher gas supply from the Coke Plant

- ☒ **WF Puck** - lower production than last year and budget due to poorer wind conditions

- ☒ **GPBE Północ** - in line with business plan

PROJECTS IN PROGRESS



PROJECTS IN PROGRESS - WIND ENERGY





Progress in Wind Farms Implementation – 1/2

WF Modlikowice [12 turbines; 24 MW] ; WF Łukaszów - [17 turbines; 34 MW]

- ☒ Preparations for commencement of construction as planned - construction to start in July
- ☒ Expanding location up to 85MW under development
- ☒ Balance of Plant to be signed in Q2 2010
- ☒ Negotiations of debt agreements with bank consortium - binding term sheets received
- ☒ Start of production Q3 2011

PROJECTS IN PROGRESS - BIOMASS FUELS





Projects in Progress in Biomass Fuels

- **GPBE Południe** - pellets production facility for EDF Polska
 - × Construction in progress
 - × Straw purchasing started
 - × Start up planned for September 2010

- ☒ **GPBE Wschód** - pellets production for GDF Suez Polska
 - × Selection of location in progress
 - × Start up late 2011

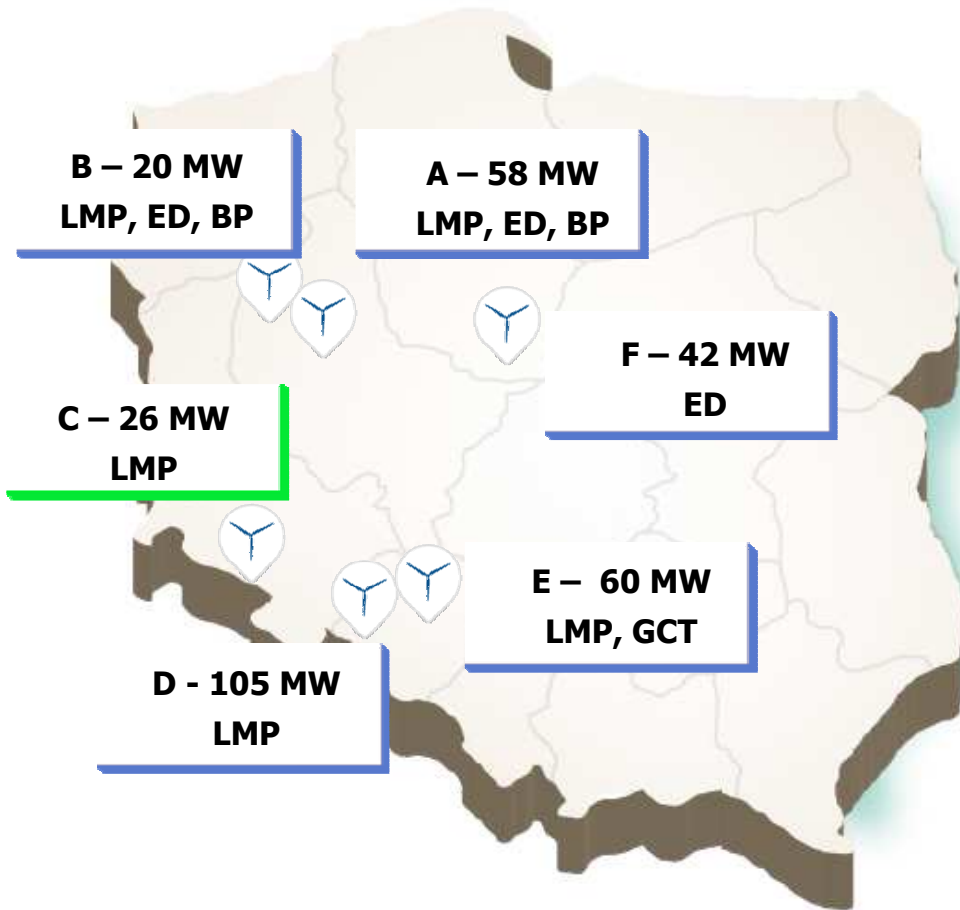
- ☒ **Other contract discussions ongoing with large utilities**

PROJECTS IN DEVELOPMENT





2010 Wind farm development status



Wind farm projects at advanced stages of development with high likelihood of completion by end 2010

Extension of Modlikowice/Łukaszów wind farms

Milestones reached

LMP – Local master plan
ED – Environmental decision
GCT – Grid connection terms
BP – Building permit



2010 Industrial Energy Outsourcing Development Plan

☒ Greenfield Biomass Power Plants

☒ 30 MW Biomass Power Plant for KGHM SA

- Discussions of transaction term sheet in progress

☒ Further investment in biomass power plants

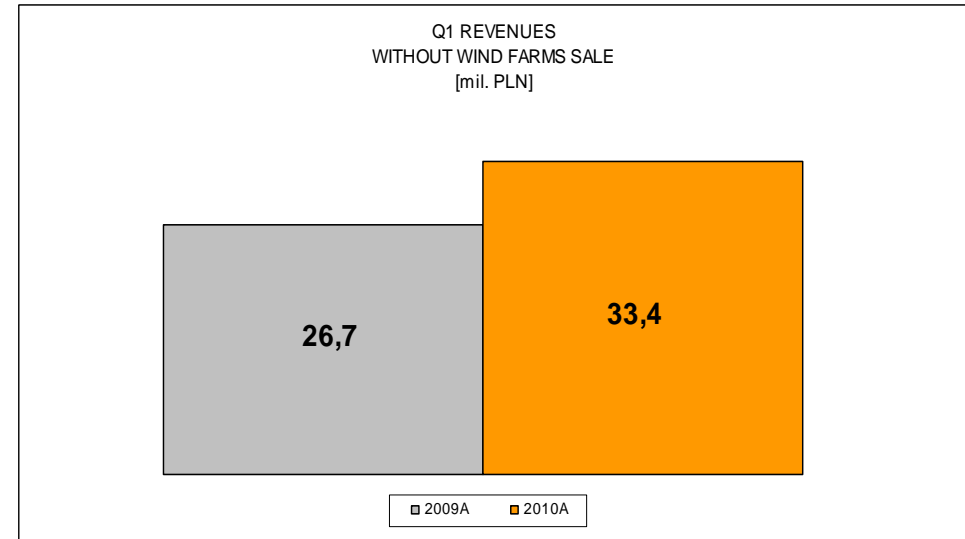
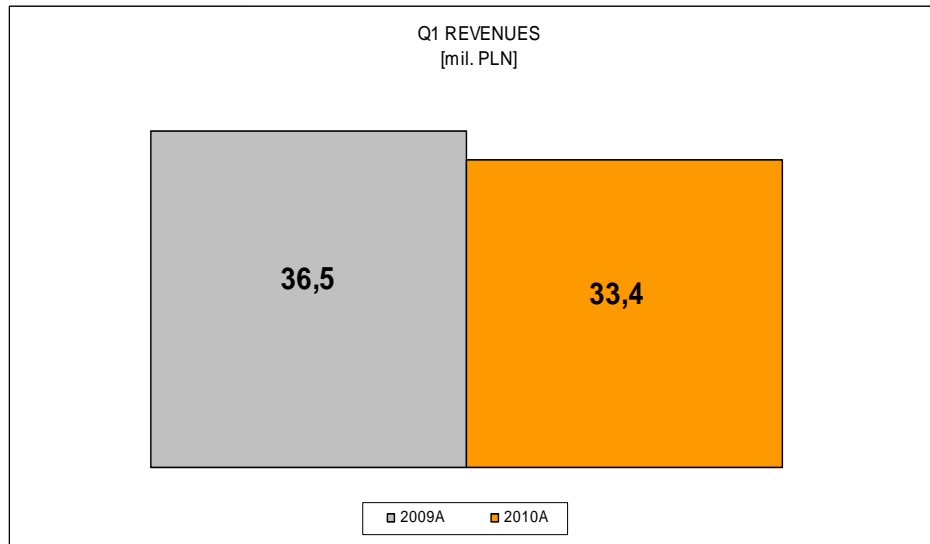
- Advanced discussions of transaction term sheet ongoing with another large blue chip industrial company for construction of 30 MW Biomass Power Plant

Q1 2010/2009 FINANCIAL PERFORMANCE





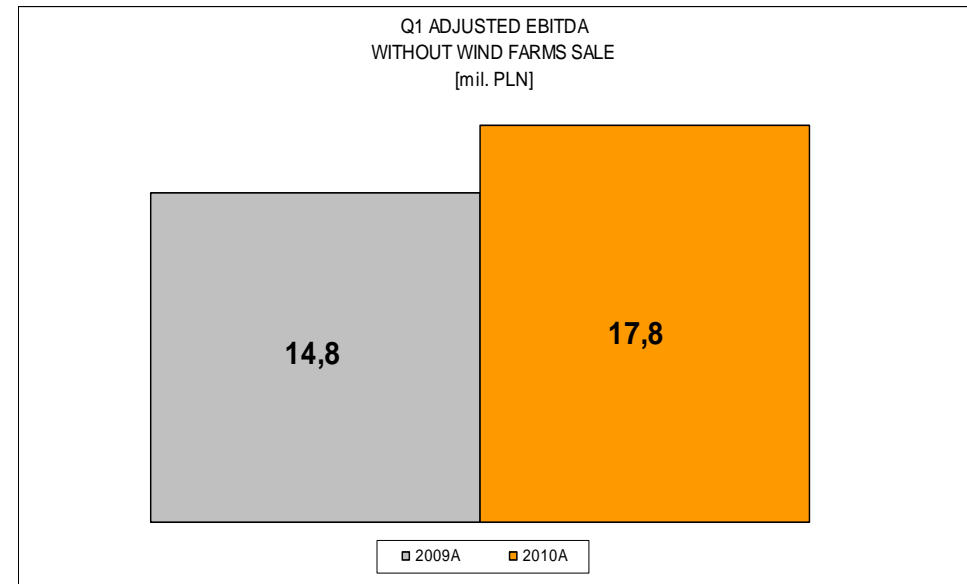
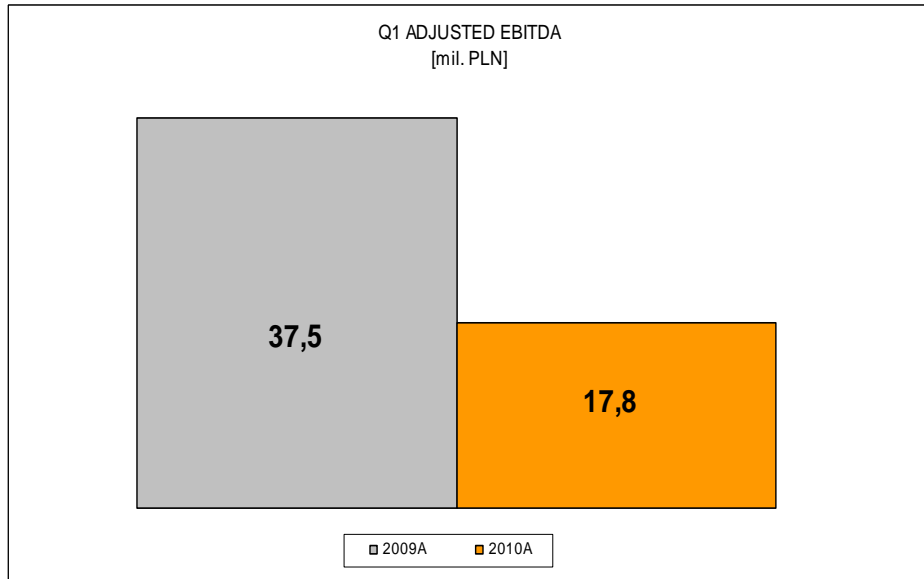
Q1 2010/2009 Performance – Revenues



- ⊗ Higher revenues :
 - ⊗ SM higher both current GE revenues and also final YE settlement
 - ⊗ SM higher MGLC from savings and Red Energy
 - ⊗ SM higher ESP due to Tytan and Modernizations Projects
 - ⊗ Revenues from biomass project GPBE and Mercury project
- ⊗ Lower revenues:
 - ⊗ Worse WF Puck performance
 - ⊗ No sale of Wind Farms projects in Q1 2010- Jarogniew/Mołtowo 70% stake sold in Q1 2009 (impact of PLN 9.8 mil.)



Q1 2010/2009 Performance – Adjusted EBITDA *

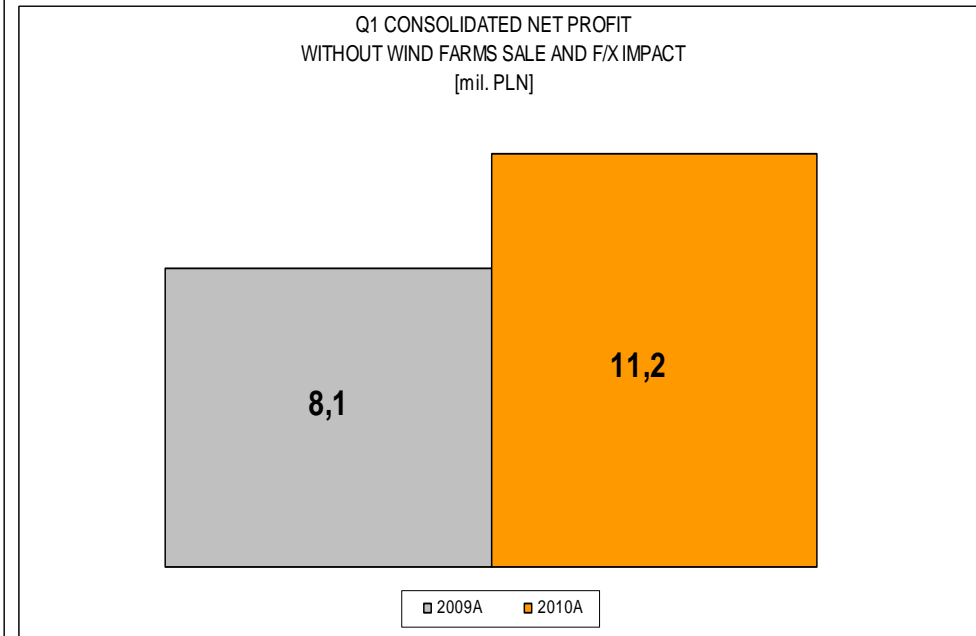
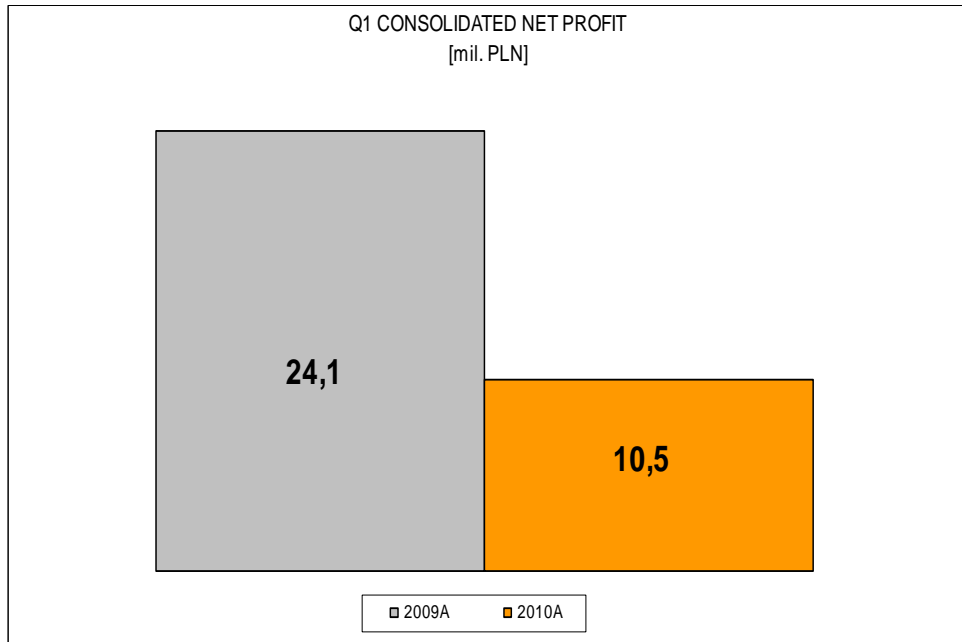


- ⊗ Impact of revenues
- ⊗ Lower operating costs in EC Zakrzów
- ⊗ Better efficiency in EC Jeziorna
- ⊗ Interest on additional equity for Tytan and Modernization Projects paid by Mondi
- ⊗ No result on sale of stake in Wind Farms project in Q1 2010. In Q1 2009 Jarogniew/Mottowo 70% stake sold (impact of PLN 8.0 mil. reflected in EBITDA and of PLN 3.0 mil. reflected in financial revenues) and WF Suwałki/WF Tychowo 30% stakes sold (impact of PLN 11.8 mil. in financial revenues)- total Adjusted EBITDA impact PLN 22.8 mil.

* Adjusted for reclassification of lease interest and profits on WF business from financial income



Q1 2010/2009 Performance - Net Profit



- ⊗ Impact of EBITDA
- ⊗ Total impact of unrealized negative FX in Q1 2010 lower than in 2009 by PLN 2.0 mil
- ⊗ No result of Wind Farms project sale in Q1 2010. Result on sale of wind farm of PLN 18.7 mil. in Q1 2009

SUMMARY





Summary

- × Forecast Adjusted Net Profit and EBITDA ahead of budget
- × Sale of Wartkowo wind farm in Q2 2010
- × Good progress in wind development, implementation of Modlikowice and Łukaszów project on time and budget
- × Good progress in negotiation of term sheets for two 30 MW biomass power plants
- × Implementation of pellet projects on time and budget