



Polish Energy Partners

Polish Energy Partners SA
HY and Q2 2009 Performance

August 2009
Warsaw



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Business Review



Business Review - Metrics

- ☒ HY 2009 adjusted EBITDA of PLN 46.5 mil. above 2008 level by PLN 22.3 mil.

- ☒ HY 2009 Net Profit of PLN 30.0 mil. above 2008 level by PLN 14.6 mil.

- ☒ YTD 2009 Net Profit excluding FX on balance sheet valuation of PLN 30.6 mil. above 2008 level by PLN 17.1 mil.



Business Review - Highlights

WIND

- ☒ WF Jarogniew/Mońtowo sold as planned
- ☒ WF Suwałki & WF Tychowo sold to realize shareholders value on these projects
- ☒ Wind Development Pipeline for 2009 on track
- ☒ WF Łukaszów and WF Modlikowice project after formal assessment for EU subsidy
- ☒ WF Puck performance on budget

OUTSOURCING

- ☒ Implementation and financing of Tytan project progressing well
- ☒ SM ahead of last year, other IEO sites on budget

BIOMASS

- ☒ Biomass plant in GPBE Północ production started in May
- ☒ Start up of GPBE Południe scheduled for Q3 2010
- ☒ New contract from Dalkia won to be executed by GPBE Północ and GPBE Południe starting from 2011
- ☒ Third biomass contract to be signed in August to be realized in 2011 by a new GPBE plant

Existing Businesses



Industrial Energy Outsourcing Business

- ☒ EC Saturn:
 - × Higher settlement for Green Energy for 2008
 - × Green Energy revenues higher due to higher green certificates prices

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

- ☒ EC Jeziorna at the level of last year and ahead of budget

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



Wind Farm Puck

- ❌ Lower production on last year and budget due to poorer wind conditions
- ❌ Lower production compensated by higher EUR FX rate drives performance to the budgeted level
- ❌ Poor wind conditions prevailing in all Northern Europe

Projects in Progress

Project in Progress - Wind Energy



Progress in Wind Farms Implementation

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

- ☒ Grid modernization assessment in progress - grid upgrade costs likely to be lower than originally anticipated
- ☒ Possibility to expand the project up to 85 MW (maximum capacity provided for in the grid connection agreements)
- ☒ Turbine and Balance of Plant to be signed in Q1 2010
- ☒ Debt financing to be agreed in Q1 2010
- ☒ Applications for EU funds filed; projects passed formal criteria assessment stage; result of the process expected in August/September 2009
- ☒ Start of production Q1/Q2 2011



Wind Farms Disinvestments

WF Jarogniew/Mottowo - remaining 30% stake

- ☒ Remaining minority stakes sold to GDF Suez Polska in line with PEP strategy
- ☒ Net Profit impact of PLN 3.8 mil
- ☒ Payment by tranches:
 - × PLN 1.2 mil in August 2009
 - × PLN 0.2 mil in September 2009
 - × PLN 0.1 mil in April 2010
 - × PLN 3.1 mil on WF Jarogniew/Mottowo start up operations
- ☒ Additionally, payment of returned equity, including interest, of PLN 2.1 mil

Project in Progress - IEO



Projects in Progress in Industrial Energy Outsourcing

- Saturn Management (SM) extension - Project Tytan
 - × Construction in progress: February - August 2009
 - × Start of Operations: September/October 2009
 - × Debt financing organization in progress to be finalized in late August 2009
 - × Funds in the amount of approximately PLN 64 mil received by the Group from refinancing will be used for financing of wind portfolio

Projects in Progress - Biomass Fuels



Projects in Progress in Biomass Fuels

- ❑ GPBE Północ - pellets production facility for Dalkia Contract:
 - ❑ Test production already started in March 2009
 - ❑ First step production capacity achieved in June 2009 after second step of investment
 - ❑ Full production capacity to be reached by November 2009

- ❑ GPBE Południe - pellets production facility for EDF Contract
 - ❑ Land for the green field biomass production plant purchased in Wałbrzyska Specjalna Strefa Ekonomiczna in Ząbkowice Śląskie
 - ❑ Selection of technology and balance of plant suppliers started
 - ❑ Building permit expected in September 2009
 - ❑ Start up planned in Q4 2010



Biomass Fuels - New Contracts

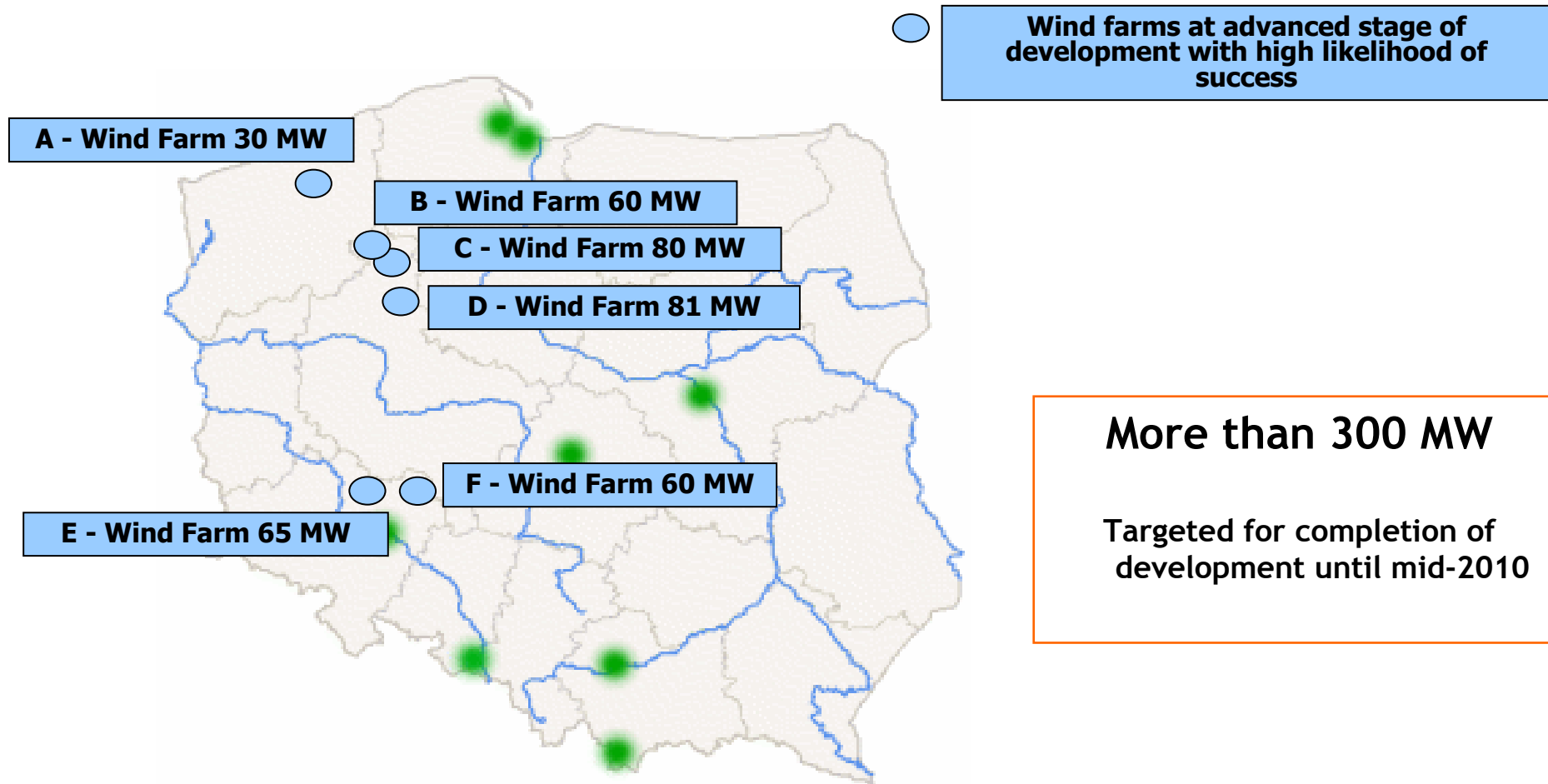
- Additional tender for Dalkia won :
 - 21 000 tonnes to be provided by GPBE Północ and Południe

- New contract for 60 000 tonnes in final stage of negotiations expected to be signed in August
 - New plant will be set up
 - Start up late 2011

Projects in Development



2009/2010 Wind Farms Development Plan





Progress in Wind Farm Development Plan

- Wind projects development portfolio under on-going expansion - currently exceeding 1000 MW

Introduction of new company development target - 1000 MW until end 2014 (in wind farms with at least completed development)



Other important issues

- ❑ Precedent ruling of Supreme Administrative Court (NSA) - only strictly construction parts of wind mills are subject to property tax (foundation and mast, excluding the generator itself) - final positive confirmation of existing interpretations and removal of any tax risks
- ❑ Positive resolution of Tychowo grid connection case at SOKiK (Sąd Ochrony Konkurencji i Konsumentów). ENEA's claims have been rejected. Appeal pending.



Financing projects

- × Applications for EU financing for Modlikowice and Łukaszów wind farms have passed formal criteria assessment stage - ranking list expected in August/September 2009
- × Projects are ranked in accordance with the number of points they receive and are allocated requested amount of grant until the funds are used up - those projects are main projects
- × If a project is not listed as a main project due to full allocation of funds, but it has got at least 50 % of available points, it is listed as a reserve project, which might receive a grant in case some of main projects fall out from the list
- × Full project documentation with all agreements must be submitted within a year - after its approval, grant agreement is signed
- × Two further application rounds for grants are expected in September/October 2009
- × Projects might apply for a grant in further rounds, if not successful in a particular round



Financing projects - cont'd

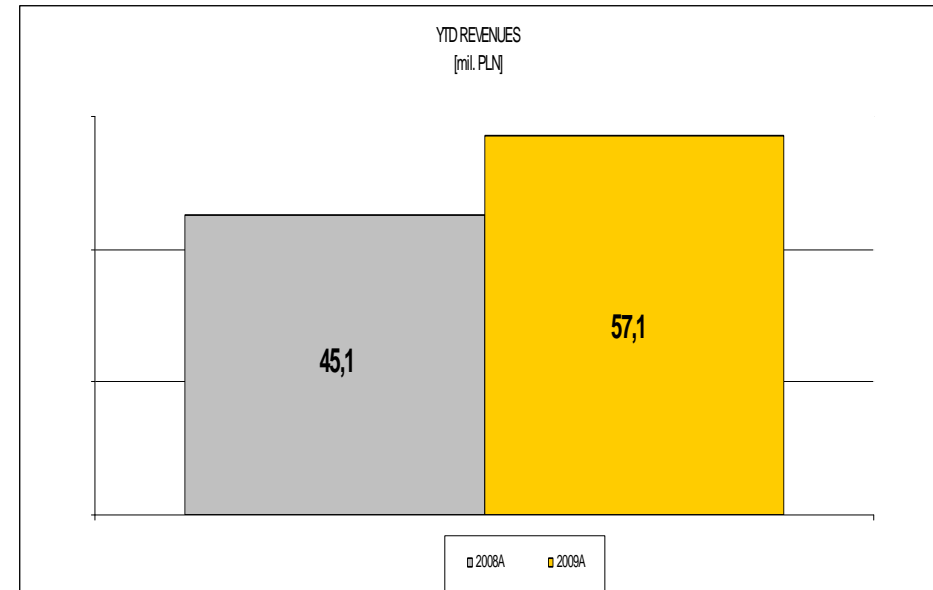
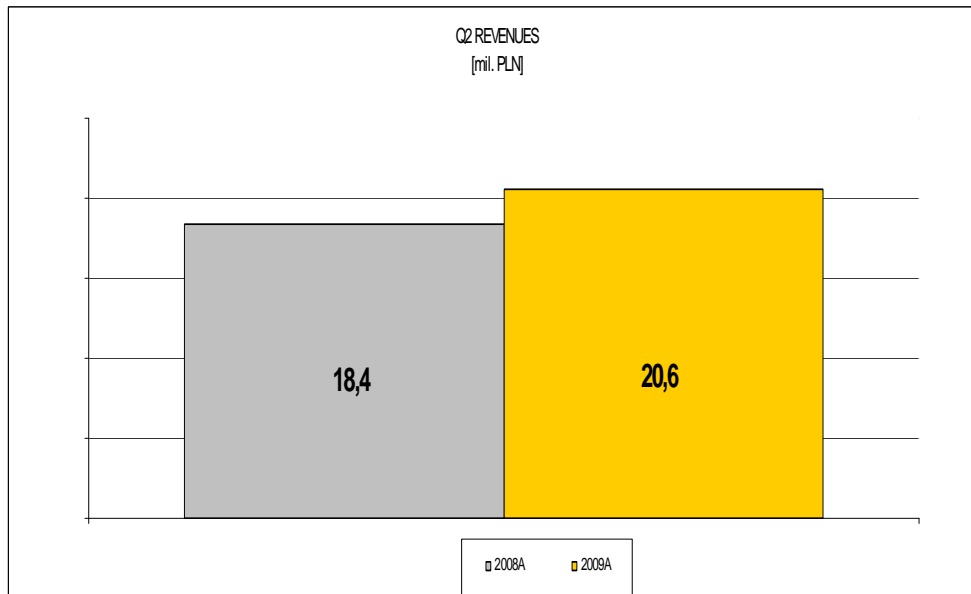
In view of the above, a share issue in a near future is not planned

- × We plan to take advantage of the opportunity to bid for EU grants first
- × In Management Board's point of view, PEP's share price still does not reflect the fair value of the Company

HY and Q2 2009 Financial Performance



2009 Q2 and 2009 HY Performance - Revenues



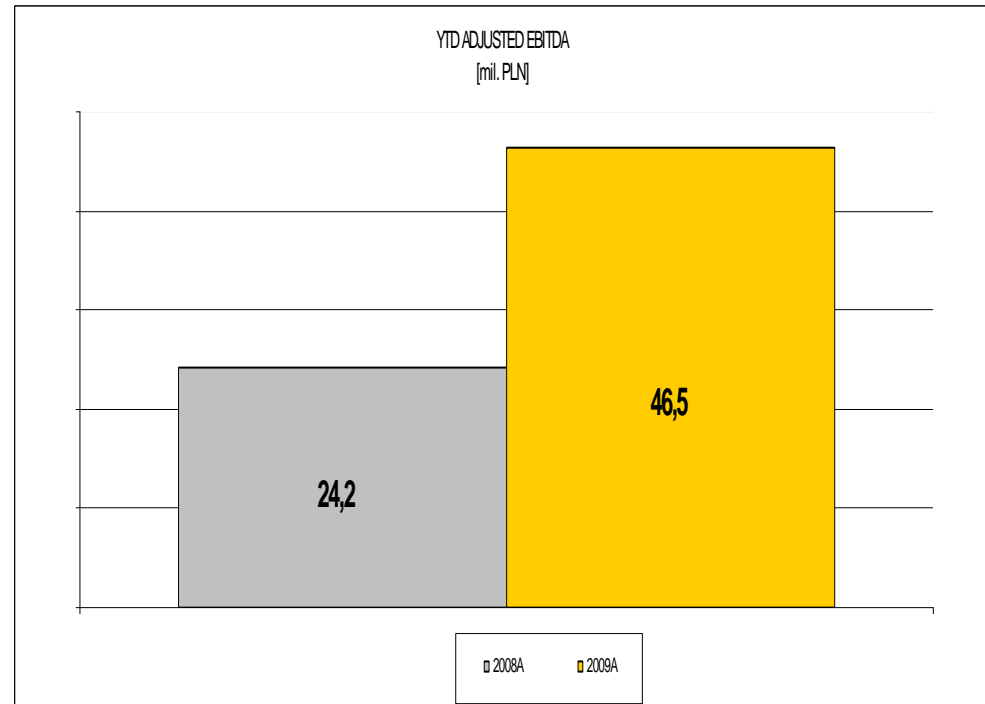
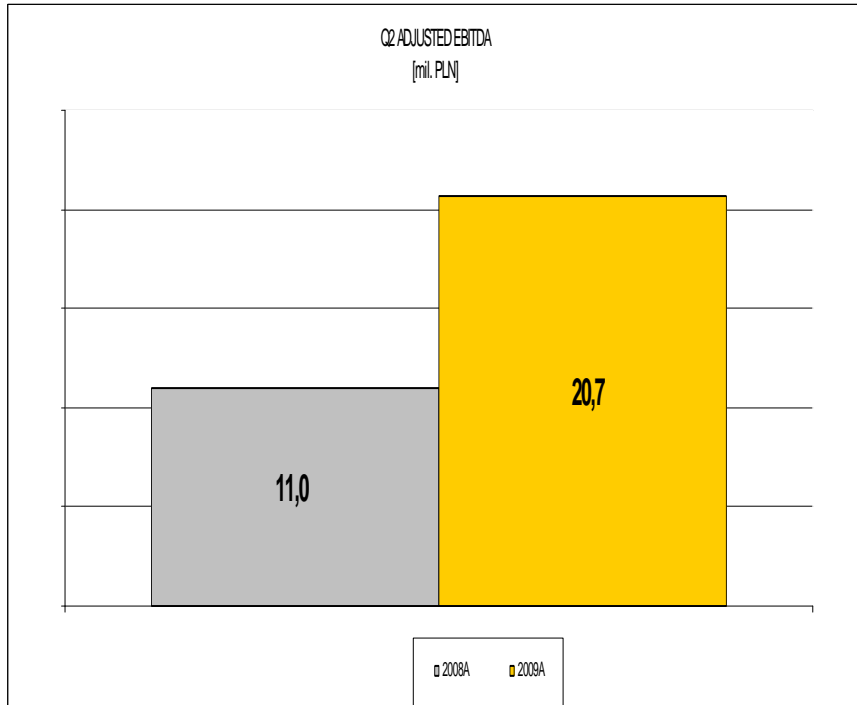
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- ⊗ Higher:
 - ⊗ Higher GE revenues (volume and prices)
 - ⊗ ESP due to Tytan Project and FX rate
 - ⊗ WF Puck performance
- ⊗ Lower
 - ⊗ Lack of 2006-2007 JI recognition (PLN 3.2 mil) booked in 2008
 - ⊗ lower performance of EL Mercury

- ⊗ Higher revenues:
 - ⊗ MGLC settlement with Mondi
 - ⊗ Higher prices of green certificates
 - ⊗ Higher revenues in WF Puck (FX rate)
 - ⊗ Due to sale of stakes in WF project (NP. impact PLN 18.6 mil)
- ⊗ Lower revenues:
 - ⊗ Lack of 2006-2007 JI recognition (PLN 3.2 mil) booked in 2008
 - ⊗ lower performance of WF Puck and EL Mercury



2009 Q2 and 2009 HY Performance - Adjusted EBIDTA *

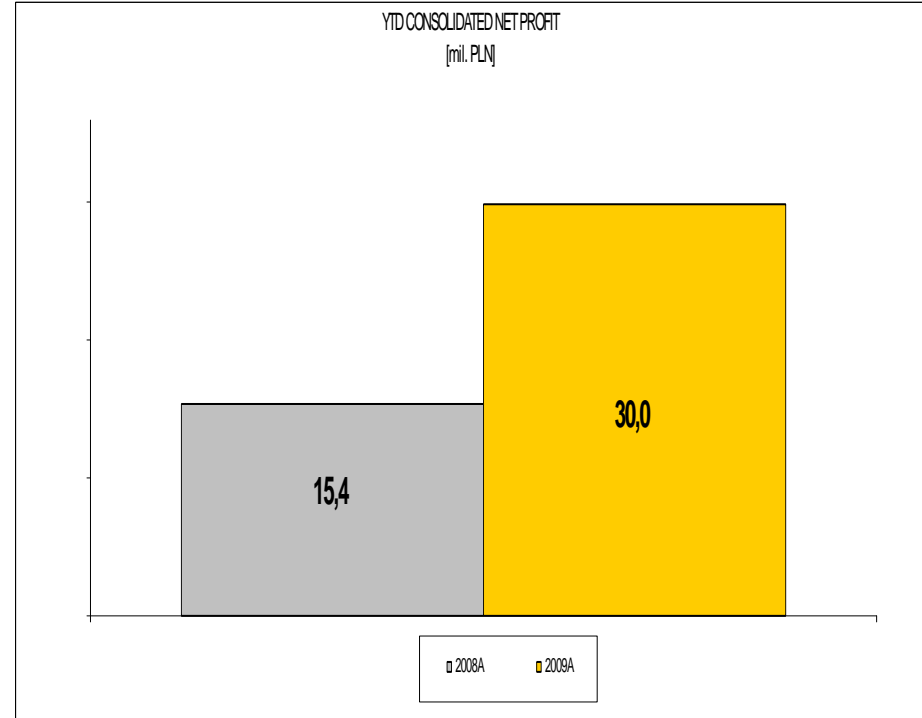
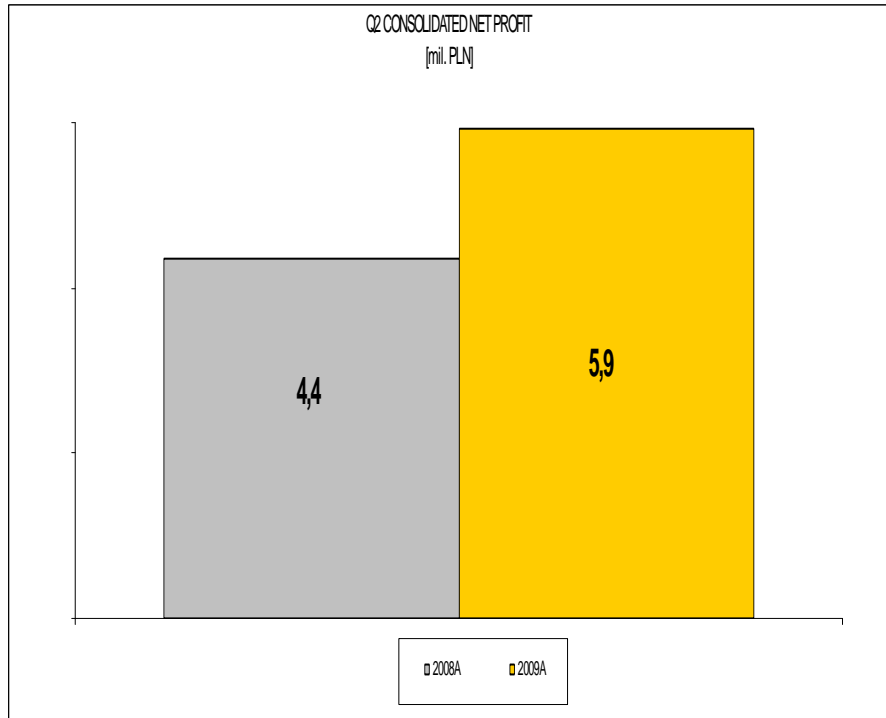


☒ Impact of revenues

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



2009 Q2 and 2009 HY Performance - Net Profit

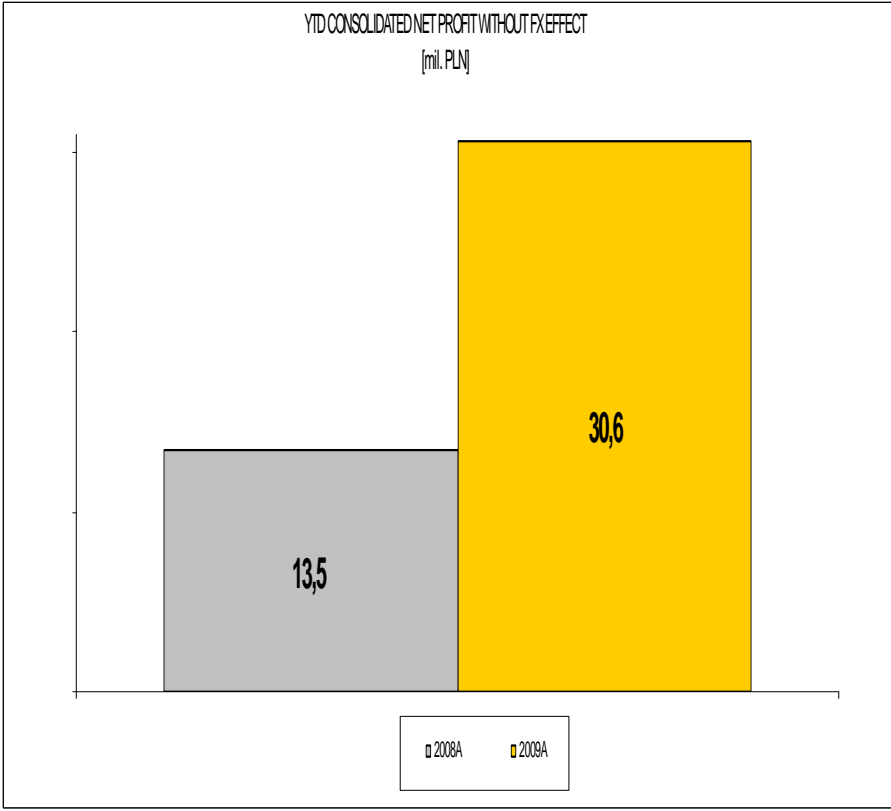
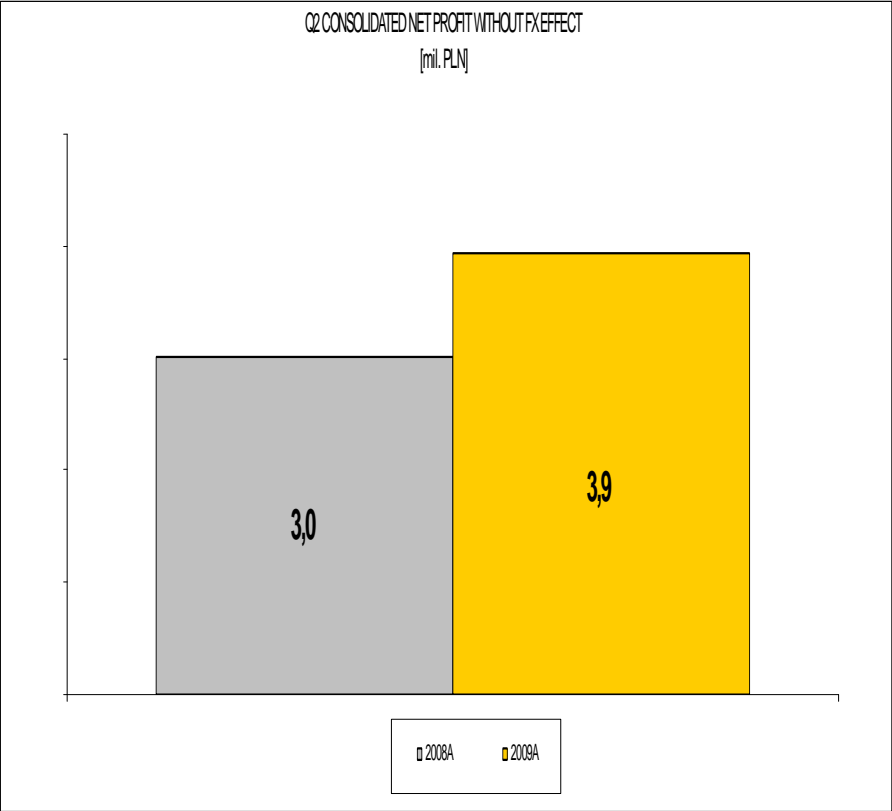


- ⊗ Positive impact of EBITDA
- ⊗ Total Q2 positive unrealized FX higher than in 2008 by PLN 0.7 m
- ⊗ Higher taxable base

- ⊗ Positive impact of EBITDA
- ⊗ Total negative FX higher than in by PLN 3.1 mil
- ⊗ Higher taxable base



2009 Q2 and 2009 HY Performance - Net Profit without unrealised F/X impact



Summary



Summary

- × 70% of Forecast Net Profit (excluding FX on balance sheet valuation)
- × 66% of Adjusted EBITDA achieved after Q2 2009
- × Tytan Project on time and budget
- × Straw Pellets Facility production capacity increasing
- × New contract to be concluded till the end of August
- × Good progress in wind development; additional 300 MW secured at favourable price
- × Wind projects sold at favourable prices in line with strategy