



Polish Energy Partners

Polish Energy Partners SA  
Q1 2007 Performance

April 2007  
Warsaw



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# Business Review



## Business Review

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- ☒ Q1 2007 net profit of PLN 10.4 mil. 89% up over 2006 (PLN 5.5 mil.)
- ☒ Improved result due to improved performance at existing businesses plus the contribution of three new projects: Puck, Jupiter, Mercury
- ☒ Completed development of Wind Farm Suwałki of 38 MW
- ☒ Ongoing exclusive negotiations with selected equity partner for wind farms Suwałki and Tychowo to be completed in Q2

## Existing Businesses



## EC Saturn

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- ☒ Green Energy production for 2007 up by 33% over 2006 due to:
  - × Benefits of milder winter - less coal usage in CFB boiler
  - × Increased capacity due to addition of Jupiter
  - × Timing difference in the routine boiler maintenance which took place in Q12006, in 2007 planned for Q2
  
- ☒ Green Energy prices ahead of 2006 but biomass prices increasing
  - × Favorable settlement of savings achieved for Mondi in 2006 also important in the Q1 result of Saturn



## EC Zakrzów, EC Jeziorna, EC Wizów

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### ☒ EC Zakrzów

- × Operational performance in line with the budget

### ☒ EC Jeziorna

- × Operational performance ahead of last year though down on budget

### ☒ EC Wizów

- × Z. Ch. Wizów is still under bankruptcy proceedings with liquidation option
- × As previously stated PEP management at this stage does not have grounds to assess the probability of the success of the receiver's attempts but continues to support restructuring efforts while not increasing exposure



## Wind Farm Puck, Mercury

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### ☒ Puck

- × A good first quarter for Puck with production in line with budget
- × Turbine availability was ahead of expectations

### ☒ Mercury

- × Production was ahead expectations giving above budget profit
- × Plant optimization in progress



## Projects in Development



## Projects in Progress - Suwałki and Tychowo Wind Farms

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### Suwałki Wind Farm

- ☒ 38 MW project development completed on schedule and budget with building permit already granted
- ☒ Construction starting in 2007 and operation starting in 2008
- ☒ The exclusive pending negotiations for the sale of 70% to be completed by the end of Q2

### Tychowo Wind Farm

- ☒ 32 MW project development still in progress
- ☒ Grid connection terms still under review by the grid operator slowing down the process
- ☒ Construction and operation starting in 2008/2009
- ☒ The 70% sale of the project also under the same exclusive negotiations as Suwałki Wind Farm



## Wind Farms Development Plans Beyond 2007

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- ☒ The Company has an extensive pipeline of projects out of which 94 MW is scheduled for development completion in 2008 with construction starting in 2008/9 and operations starting in 2009
- ☒ 118 MW is scheduled for development completion in 2009 with construction starting in 2009/10 and operations starting in 2010
- ☒ Beyond 2009 till 2012 a further 400 MW will be developed
- ☒ The financing strategy will be revisited in Q2 after completion of the pending transaction of sale of equity stakes in the two wind farms



# Industrial Energy Outsourcing & Biomass Fuels

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## IEO

- ☒ Saturn extension ongoing
- ☒ On other early stage project under evaluation

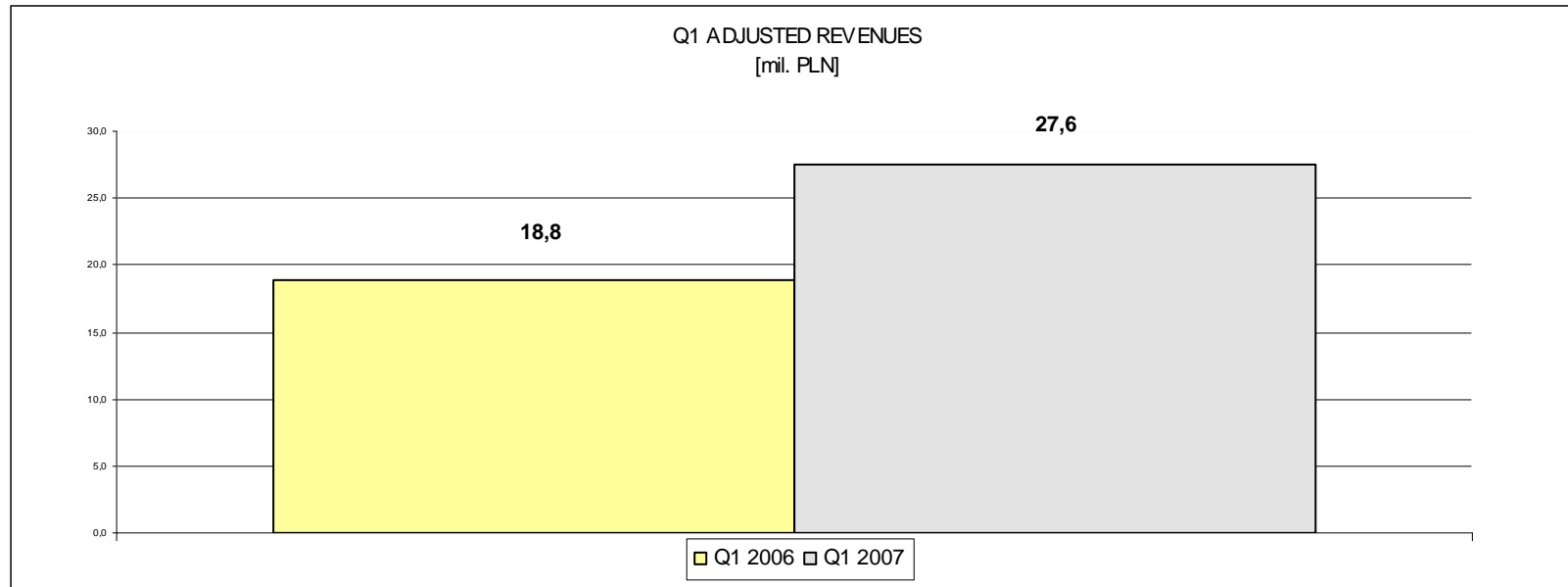
## Biomass Fuels

- ☒ Business Plan completed in December 2006 and approved in January 2007
- ☒ Expect first earnings in 2008 significant profit contribution in 2009

## Q1 2007 Performance



## 2007 Q1 Performance - Adjusted Revenues\*

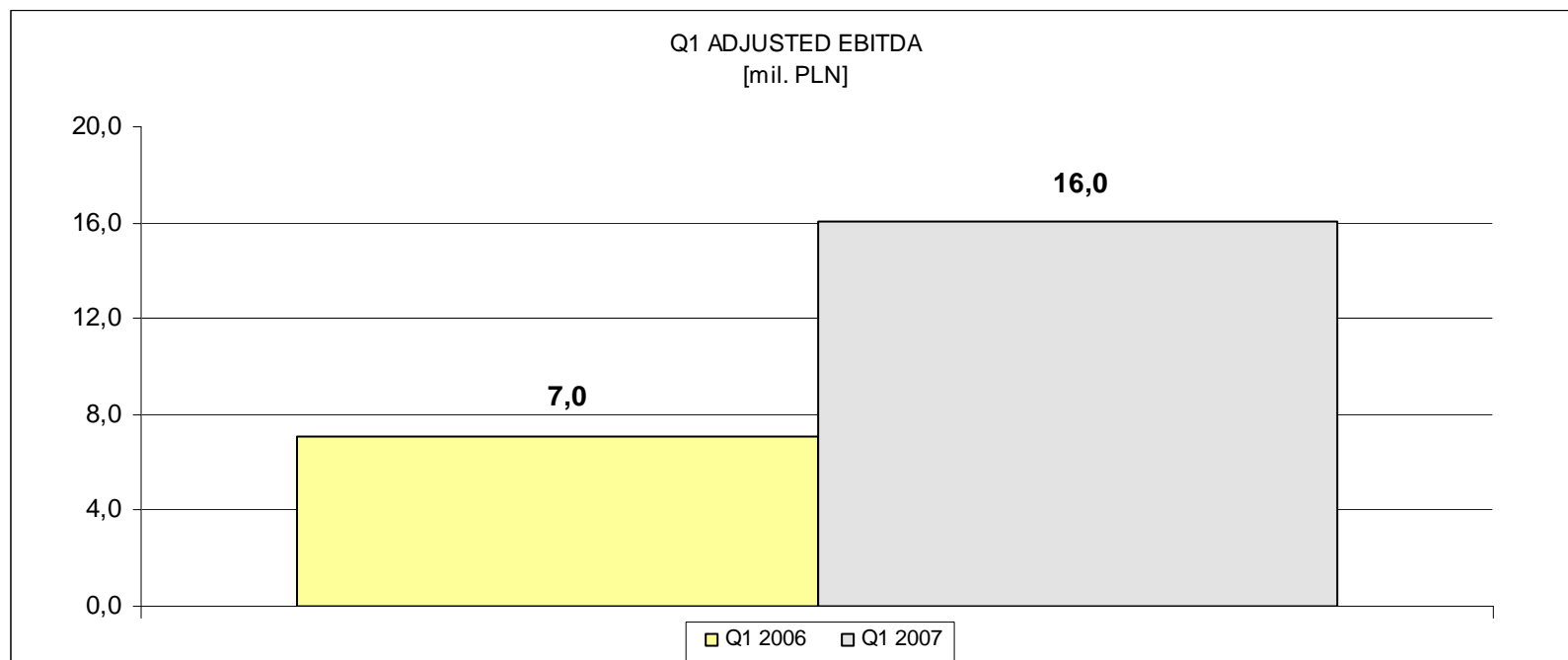


- ⊗ Contribution from three new projects
- ⊗ Higher GE production
- ⊗ Substantial share in 2006 savings achieved for Mondi impacts Q1 results
- ⊗ Marginal Wizów production in 2007

\* reclassification of interest from leased assets from financial income



## 2007 Q1 Performance - Adjusted EBITDA \*

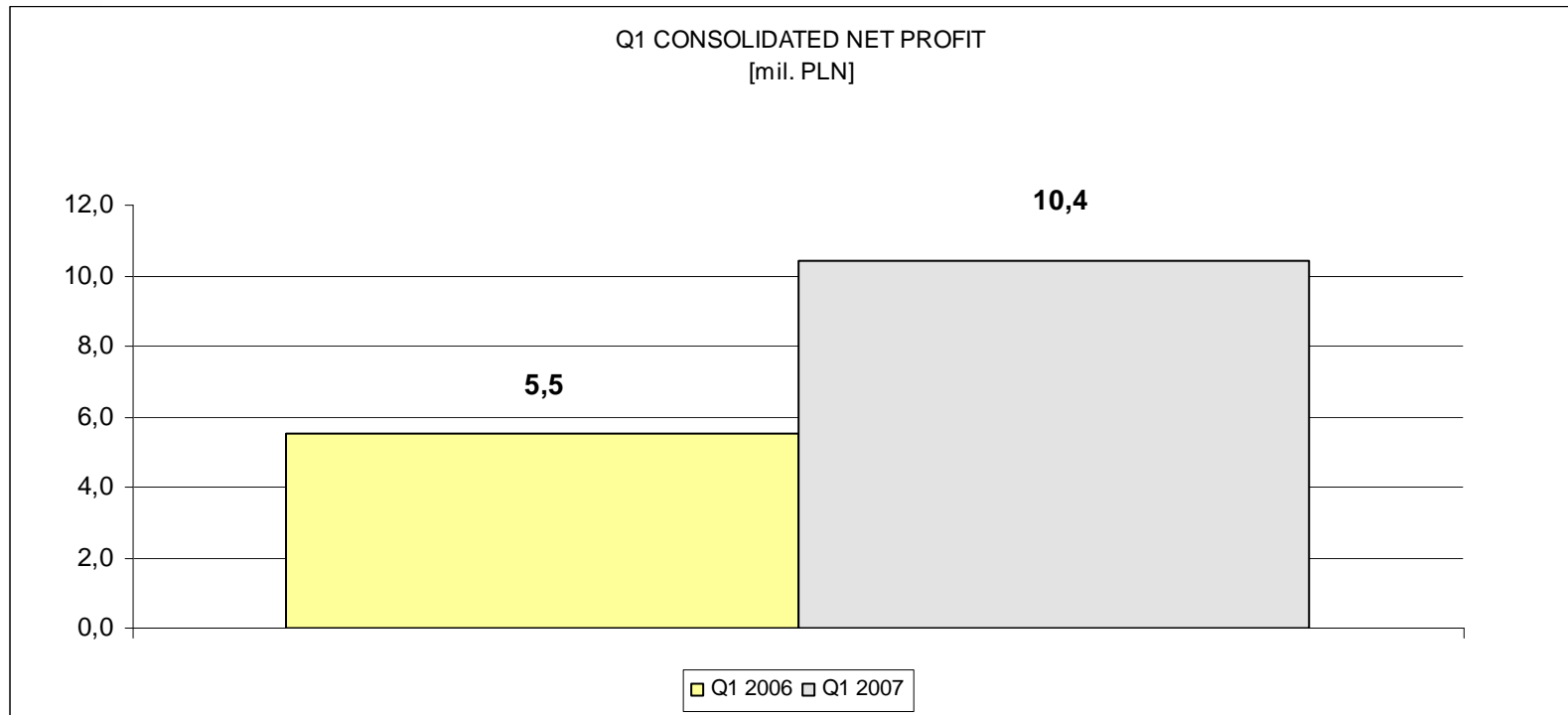


- ⊗ Positive impact of higher revenues
- ⊗ Impact of high Wind Farm Puck EBITDA (no significant costs of operations)
- ⊗ Higher 2007 option costs

\* reclassification of interest from leased assets from financial income



## 2007 Q1 Performance - Net Profit



- ⊗ Positive impact of EBITDA
- ⊗ Higher debt costs (Wind Farm Puck) and depreciation due to new projects
- ⊗ Higher tax





## Dividend for 2006

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- ❑ After analysis of the wind farm investment plans and potential premia to be achieved through the sale of the wind farms, the Management Board decided not to distribute the company available cash as dividend but to re-invest it in the wind development as the most value enhancing mechanism for PEP
  
- ❑ PEP management will put the motion to the Supervisory Board not to distribute the whole profit gained in year 2006 among the shareholders
  
- ❑ The ordinary (annual) General Meeting will take place on May 28, 2007.

## Summary



## Summary

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- ☒ An excellent first quarter well ahead of last year and above expectations
- ☒ All three new projects delivering at or above budget levels
- ☒ 38 MW Suwałki Wind Farm completed
- ☒ Sale of 70% stake in Suwałki/Tychowo progressing well