



Polish Energy Partners

1H and Q2 2011 Performance

August 2011



Biomass Fuels



Wind Energy



Industrial Energy Outsourcing



Polish Energy Partners

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Business Review





- 1H 2011 adjusted EBITDA excluding Wind Farms sale amounted to PLN 36.1 mil. and was above 1H 2010 level by PLN 4.5 mil.
- 1H 2011 Net Profit excluding FX on balance sheet valuation and Wind Farms sale amounted to PLN 23.6 mil. and was above 1H 2010 level by PLN 4.9 mil.
- HY 2011 Net Profit including FX on balance sheet valuation and Wind Farms sale amounted to PLN 23.5 mil. and was below 1H 2010 level by PLN 4.7 mil.



Wind Energy

- Wind Development Pipeline on track
- Construction of WF Łukaszów and WF Modlikowice in progress - on time
- Application for first tranche of EU subsidy payment for WF Łukaszów and WF Modlikowice submitted
- 1H 2011 WF Puck performance above budget due to favourable wind conditions

Industrial Outsourcing

- EC Saturn and EL Mercury ahead of last year
- EC Zakrzów below budget due to lower demand for heat
- Development of biomass power plants in progress

Biomass Fuels

- Pellet production plants GPBE North and GPBE South below budget due to high price of straw, with simultaneously poor quality (high humidity)
- Development of GPBE East in progress - on time

Existing Businesses



- **EC Saturn:**
 - ▶ Electricity production at the budget level and above last year
 - ▶ YTD Higher Equity Service Payment, due to annual reconciliations with Mondi for 2010 and for the current period
- **EC Zakrzów:** EBITDA at the budget, despite lower revenues resulting from lower demand for heat
- **EL Mercury:** Higher performance than last year and budget as a result of higher gas supply from the Coke Plant
- **WF Puck:** Higher production than last year and budget due to better wind conditions
- **GPBE North:** Production higher than in 2010, but EBITDA below budget due to the high price of straw, with simultaneously poor quality (high humidity) that results with higher operating costs
- **GPBE South:** Production in line with the business plan, but EBITDA below budget due to the high price of straw, with simultaneously poor quality (high humidity that results with higher operating costs

Projects in Progress



Projects in Progress - Wind Energy



WF Modlikowice [12 turbines; 24 MW] and

WF Łukaszów [17 turbines; 34 MW]

- **Construction in progress on schedule and budget:**
 - ▶ Assembly of all 17 turbines in WF Łukaszów completed
 - ▶ In WF Modlikowice 6 out of 12 turbines have been assembled; the assembly is to be completed by the end of August

- **Launch of production at the turn of 2011/2012:**
 - ▶ The exact date depends on completion of the grid connection by EnergiaPro

- Expansion of projects up to total capacity of 86 MW under development



Projects in Progress - Biomass Fuels





- **GPBE South** - pellets production facility for EDF Polska :
 - ▶ Construction of both production lines and assembly of powder material processing line completed
 - ▶ 90% of straw supply for 2011 production contracted
 - ▶ Full production capacity achieved
 - ▶ Full planned capacity contracted

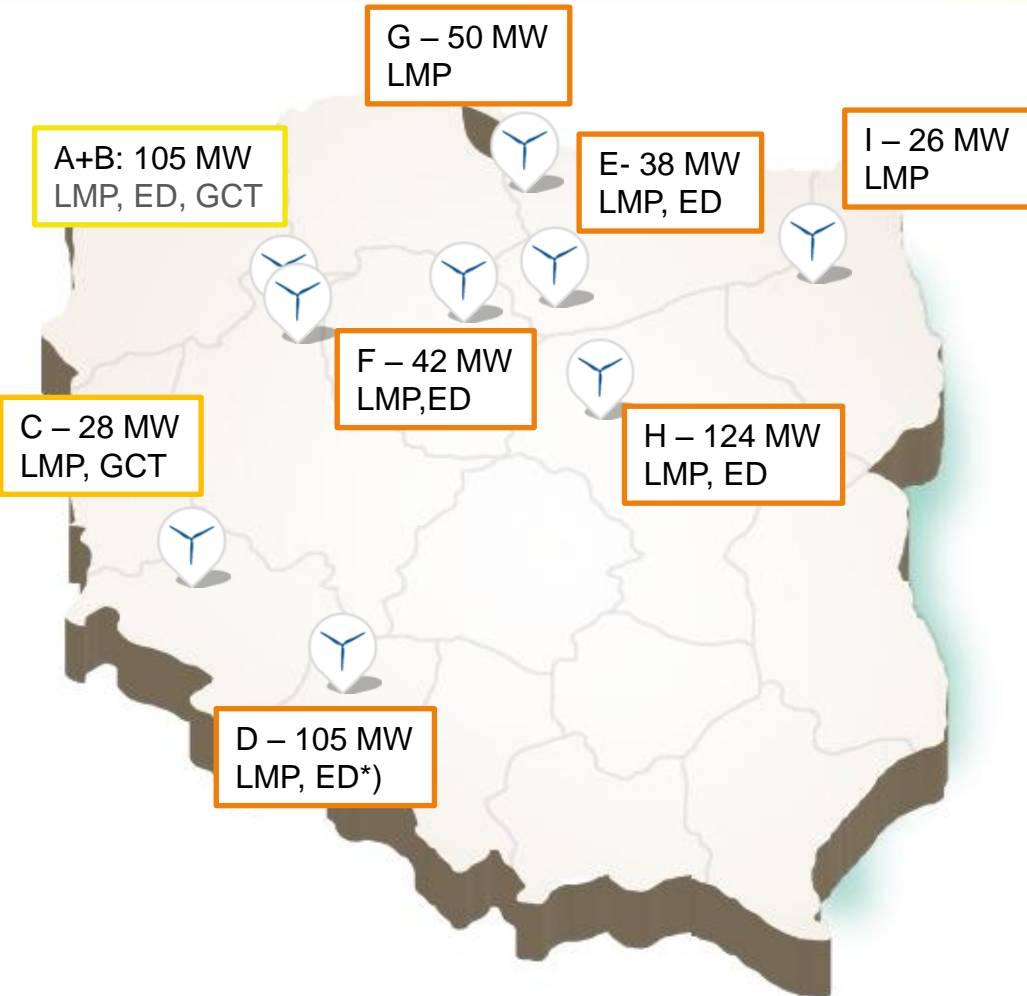
- **GPBE East** - pellets production facility for GDF Suez Polska :
 - ▶ Land for the plant purchased, building permit granted, construction of plant and purchase process for machinery started
 - ▶ Start up scheduled for end of Q1 2012
 - ▶ Full planned capacity already contracted
 - ▶ Acquisition of financing in final stage of negotiations

Projects in development





Wind Farms Development Status



Wind farm projects at advanced stages of development

Extension of Modlikowice/Łukaszów wind farms

Projects for sale in 2011

Milestone reached:

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

*) - Appeal procedure

Biomass Power Plants

- **Biomass Power Plant South:** power plant with a capacity of 30 MW connected to the the electricity grid
 - ▶ Location of the plant selected in Mid August 2011 the tender process for land purchase as well as the process of acquiring Environmental Terms will begin and the application for Grid Connection will be put. Technical Construction design and preparations to apply for building permit in progress. Launch of operations scheduled for Q2 2014

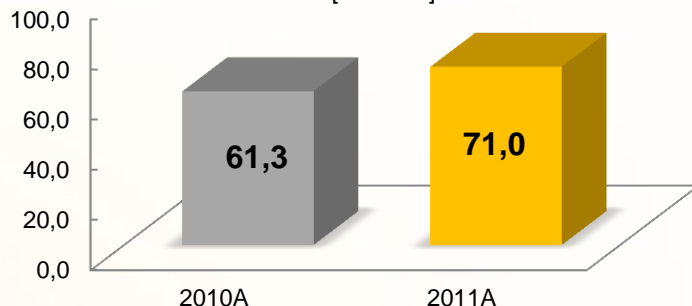
- **Further investments in biomass power plants**
 - ▶ Negotiations with three other industry players to launch further biomass power or heat plants 85MWt/30MWe.

1H and Q2 2011/2010 Financial Performance

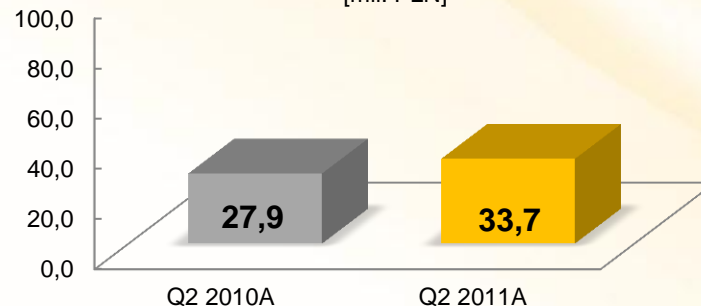


1H and Q2 2011/2010 Performance - Revenues excluding Wind Farms sale

H1 2011/2010 REVENUES
EXCLUDING WIND FARMS SALE
[mil. PLN]



Q2 2011/2010 REVENUES
EXCLUDING WIND FARMS
[mil. PLN]



1H 2011/2010:

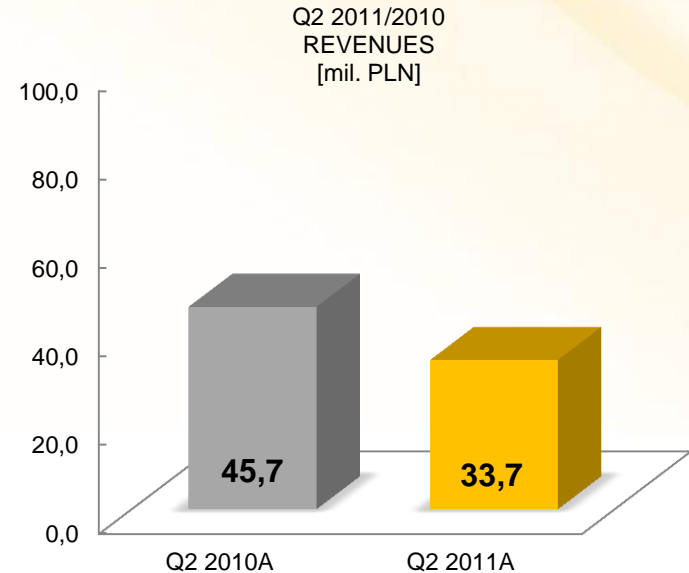
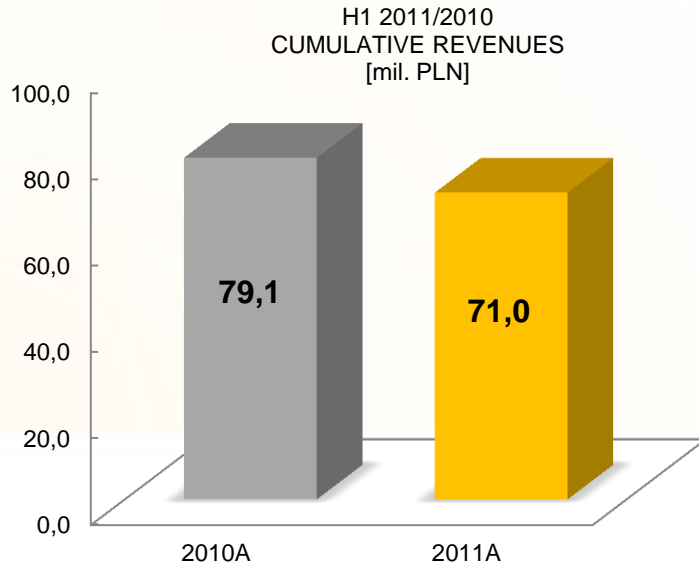
- ▶ SM – higher current GE and RE revenues
- ▶ SM – Higher annual reconciliation for 2010 and current Equity Service Payment
- ▶ SM – recognition of profit share in 2008-2009 RE Certificates sale- 75% recognised in 1H 2010 and 25% in 1H 2011
- ▶ EL Mercury – higher electricity sales and higher pricing of certificates for reduced emission of CO₂
- ▶ WF Puck – more energy sold due to much better wind conditions and higher pricing of certificates for reduced emission of CO₂
- ▶ GPBE – higher sales of pellets
- ▶ GPBE South – start of operations in January 2011
- ▶ EC Jeziorna – no revenues from operations (sold in December 2010)

Q2 2011/2010:

- ▶ SM - higher current GE and RE revenues
- ▶ SM – higher current Equity Service Payment
- ▶ SM – SM – recognition of profit share in 2008-2009 RE Certificates sale- 75% recognised in Q2 2010
- ▶ EL Mercury – higher electricity sale
- ▶ WF Puck – more energy sold due to much better wind conditions
- ▶ GPBE – higher sales of pellets
- ▶ GPBE South – start of operations in January 2011
- ▶ EC Jeziorna – no revenues from operations (sold in December 2010)



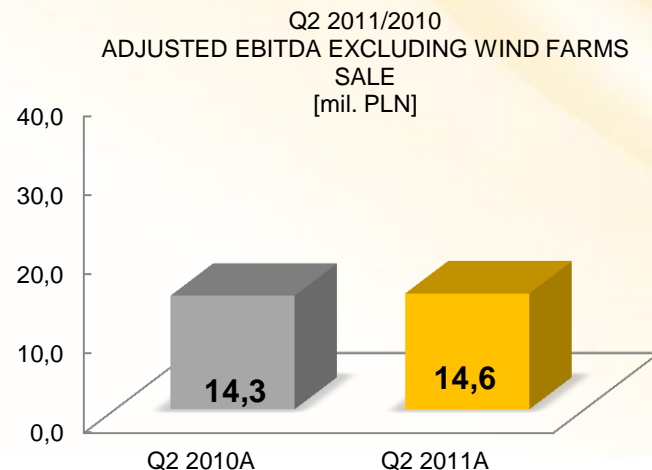
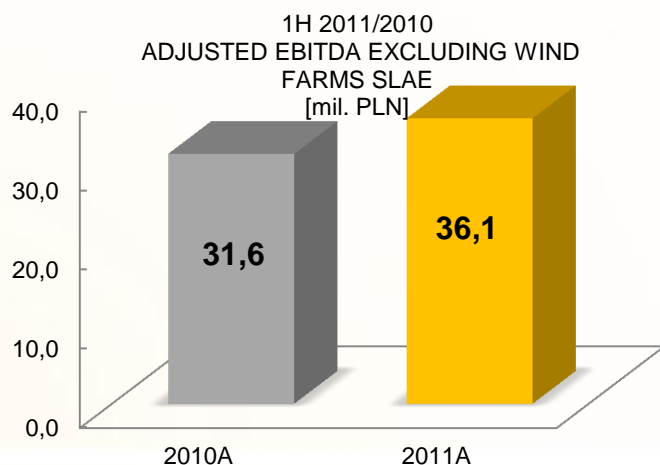
1H and Q2 2011/2010 Performance - Revenues



- ▶ Impact of revenues excluding Wind Farms sale
- ▶ Impact of revenues from WF Wartkowo sale in 1H 2010 amounted to PLN 17.8 mil.

- ▶ Impact of revenues excluding Wind Farms sale
- ▶ Impact of revenues from WF Wartkowo sale in Q2 2010 amounted to PLN 17.8 mil.

1H and Q2 2011/2010 Performance - Adjusted EBITDA* Excluding Wind Farms sale



■ HY 2011/2010:

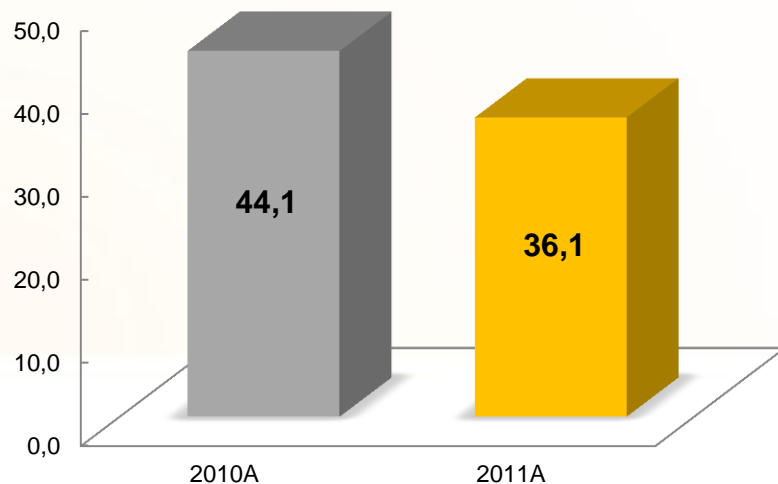
- ▶ Impact of revenues
- ▶ EL Mercury oraz WF Puck – better efficiency
- ▶ Lower management option costs by PLN 1.3 mil .
- ▶ Sale of land by the receiver and collection of PLN 4.2 mil. written-off receivables by EC Wizów
- ▶ EBITDA in GPBE North and GPBE South lower due to higher prices of straw and higher production costs due to poor straw quality (high humidity)

■ Q2 2011/2010:

- ▶ Impact of revenues
- ▶ WF Puck - better efficiency
- ▶ Lower management option costs by PLN 0.7 mil.
- ▶ Sale of land by the receiver and collection of PLN 2.7 mil. written-off receivables by EC Wizów
- ▶ EBITDA in GPBE North and GPBE South lower due to higher prices of straw and higher production costs due to poor straw quality (high humidity)

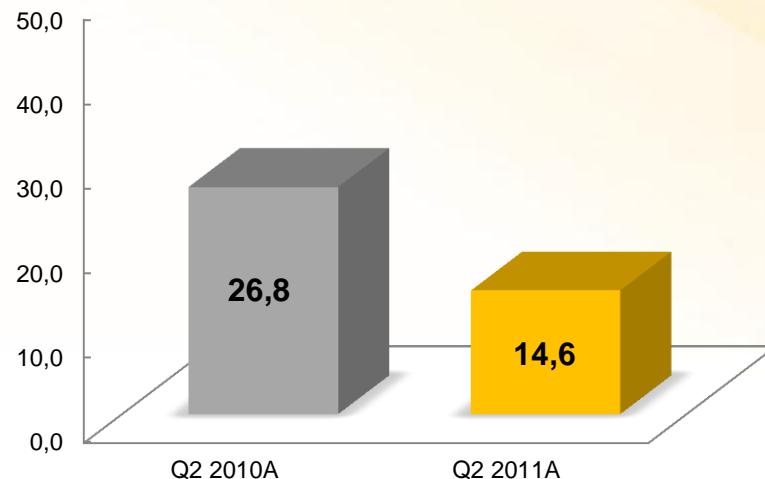
1H and Q2 2011/2010 Performance - Adjusted EBITDA *

1H 2011/2010
CUMULATIVE ADJUSTED EBITDA
[mil. PLN]



- ▶ Impact of Adjusted EBITDA excluding Wind Farms sale
- ▶ Impact of sale of WF Wartkowo on EBITDA in 1H 2010 by PLN 2.5 mil.

Q2 2011/2010
ADJUSTED EBITDA
[mil. PLN]

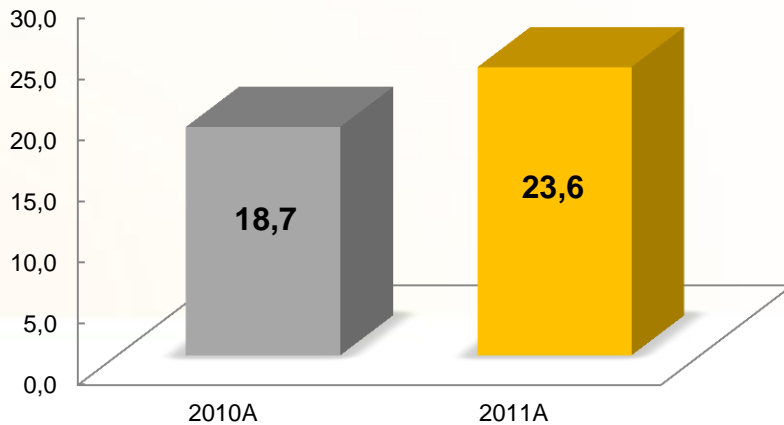


- ▶ Impact of Adjusted EBITDA excluding Wind Farms sale
- ▶ Impact of sale of WF Wartkowo on EBITDA in Q2 2010 by PLN 2.5 mil.

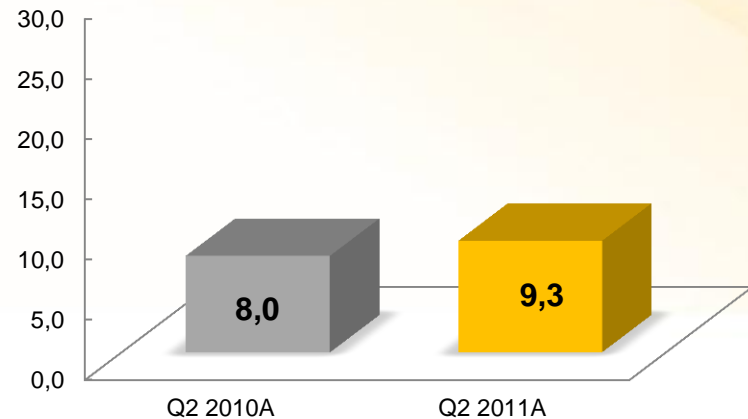


1H and Q2 2011/2010 Performance - Adjusted Net Profit* excluding Wind Farms sale

1H 2011/2010
CONSOLIDATED NET PROFIT WITHOUT WF SALES AND
UNREALISED F/X IMPACT
[mil. PLN]



Q2 2011/2010
CONSOLIDATED NET PROFIT WITHOUT WF SALES
AND UNREALISED F/X IMPACT
[mil. PLN]



■ **HY1 2011/2010:**

- ▶ Impact of EBITDA
- ▶ Total impact of realized positive FX in 1H 2011 lower than in HY1 2010 by PLN 0.2 mil.
- ▶ Higher CIT charges by PLN 1.1 mil.
- ▶ Higher interest rate from cash deposits by PLN 1.1 mil.

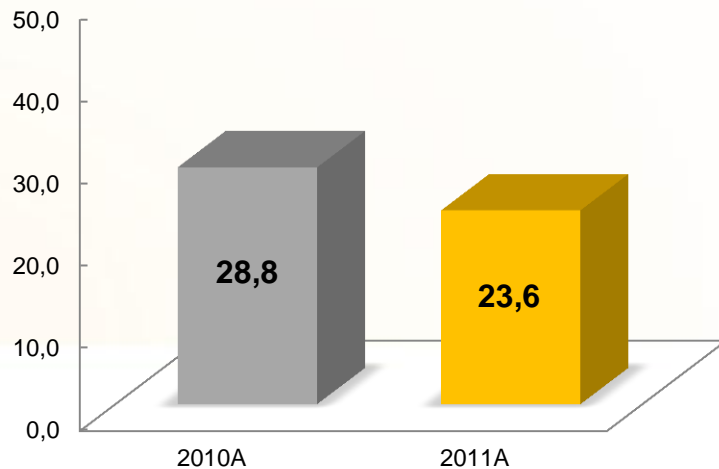
■ **Q2 2011/2010:**

- ▶ Impact of EBITDA
- ▶ Total impact of realized positive FX in Q2 2011 lower than in Q2 2010 by PLN 0.04 mil.
- ▶ Higher CIT charges by PLN 0.2 mil.
- ▶ Higher interest rate from cash deposits by PLN 1.0 mil.

*Adjusted for elimination of FX on balance sheet valuation

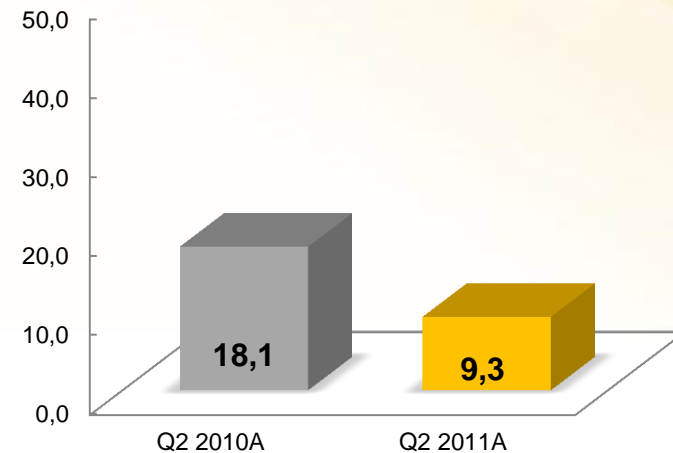
1H and Q2 2011/2010 Performance - Adjusted Net Profit*

1H 2011/2010
CONSOLIDATED NET PROFIT WITHOUT
UNREALISED F/X IMPACT
[mil. PLN]



- ▶ Impact of adjusted Net Profit excluding Wind Farms sale
- ▶ Impact of WF Wartkowo sale on Adjusted Net Profit in HY1 2010 by PLN 10.1 mil.

Q2 2011/2010
CONSOLIDATED NET PROFIT WITHOUT UNREALISED
F/X IMPACT
[mil. PLN]

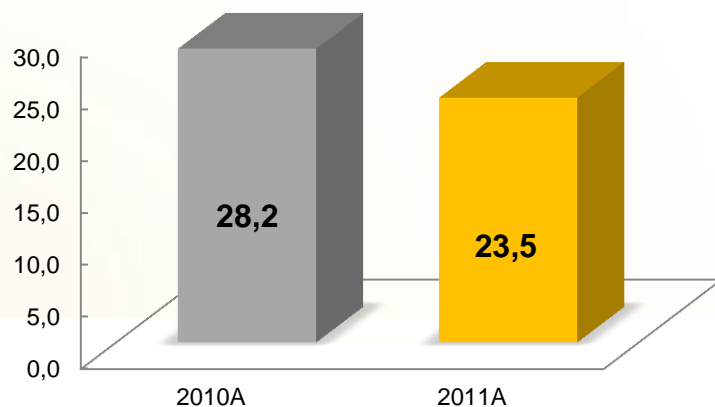


- ▶ Impact of adjusted Net Profit excluding Wind Farms sale
- ▶ Impact of WF Wartkowo sale on Adjusted Net Profit in Q2 2010 by PLN 10.1 mil.

* Adjusted for elimination of FX on balance sheet valuation

1H and Q2 2011/2010 Performance - Net Profit

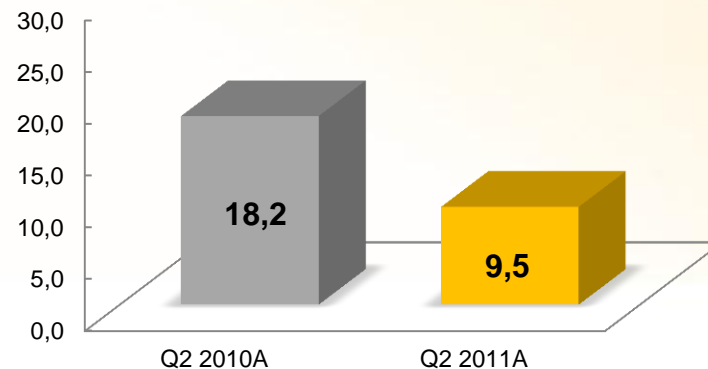
1H 2011/2010
CUMULATIVE ADJUSTED NET PROFIT
[mil. PLN]



■ **1H 2011/2010:**

- ▶ Impact of Adjusted Net Profit
- ▶ Total impact of unrealized negative FX in HY1 2011 lower than in HY1 2010 by PLN 0.5 mil.

Q2 2011/2010 ADJUSTED NET PROFIT
[mil. PLN]



■ **Q2 2011/2010:**

- ▶ Impact of Adjusted Net Profit
- ▶ Total impact of unrealized positive FX in Q2 2011 higher than in Q2 2010 by PLN 0.1 mil.

Summary



Summary

- Adjusted Net Profit and Adjusted EBITDA excluding Wind Farms sales above budget and higher than last year
- Progress in Wind Farms development
- Advanced construction of WF Modlikowice and WF Łukaszów on time and budget
- Start-up of construction of Biomass East according to the schedule
- Progress in development of biomass power plants