



Polish Energy Partners

Q3 2011 Performance

November 2011



Biomass Fuels



Wind Energy



Industrial Outsourcing



Polish Energy Partners

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Business Review





- Q3 2011 adjusted EBITDA excluding Wind Farms sale amounted to PLN 47.1 mil. and was above Q3 2010 level by PLN 3.8 mil.
- Q3 2011 Net Profit excluding FX on balance sheet valuation and Wind Farms sale amounted to PLN 29.5 mil. and was above Q3 2010 level by PLN 4.5 mil.
- Q3 2011 Net Profit including FX on balance sheet valuation and Wind Farms sale amounted to PLN 29.1 mil. and was below Q3 2010 level by PLN 5.7 mil.



Wind Energy

- Wind Development Pipeline on track
- Construction of WF Łukaszów and WF Modlikowice in progress - on time
- Application for the second tranche of EU subsidy payment for WF Łukaszów and WF Modlikowice submitted in October 2011
- Q3 2011 WF Puck performance above budget due to favourable wind conditions

Industrial Outsourcing

- EC Saturn and EL Mercury ahead of last year
- EC Zakrzów above budget
- 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)
- Construction of GPBE East according to the schedule

Existing Businesses





Existing Businesses

- **EC Saturn:**
 - ▶ Electricity production at the budget level and above last year
 - ▶ Higher ESP in comparison to Q3 2010, due to annual reconcilliation with Mondi for 2010 and the current year.
- **EC Zakrzów:** EBITDA above 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:** Better results 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 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 turbines in both projects completed
 - ▶ Start-up procedures have begun

- **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



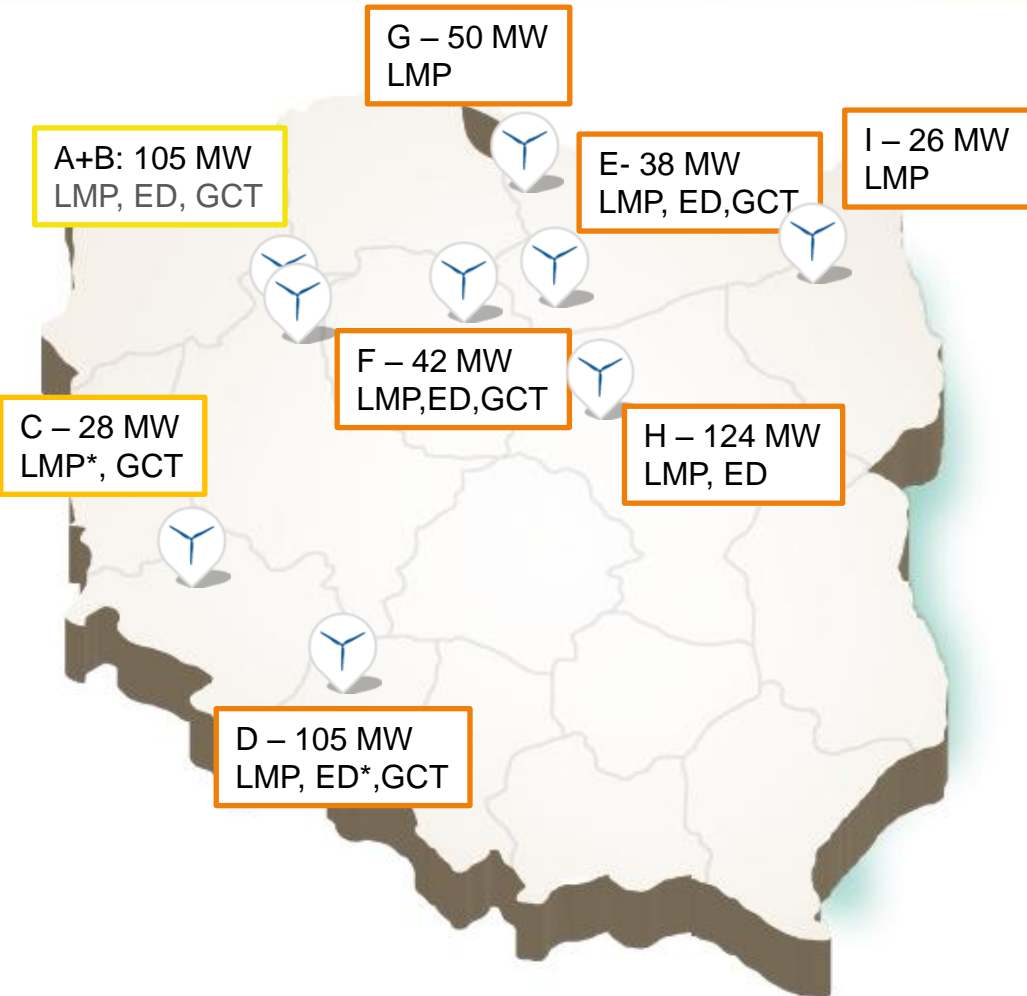
- **GPBE East** - pellets production facility for servicing contract with GDF Suez Polska:
 - ▶ Land for the plant purchased, building permit granted
 - ▶ Advanced constructions, most of the processing line equipment purchased
 - ▶ Start up scheduled for end of Q1 2012
 - ▶ Full planned capacity already 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

Project 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 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 have begun and the application for Grid Connection has been put. Technical Construction design and preparations to apply for building permit in progress. Launch of operations scheduled for Q2 2014

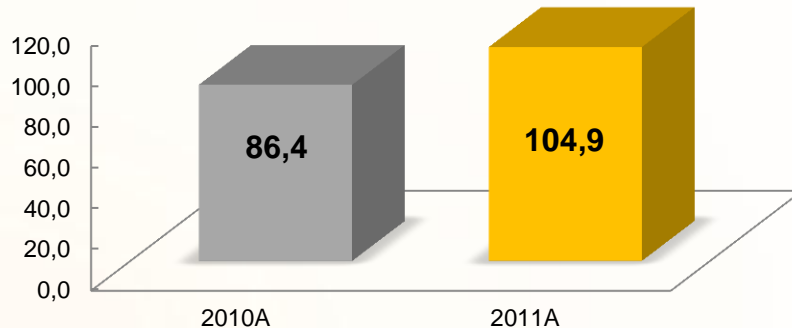
- **Further investments in biomass power plants**
 - ▶ Negotiations with three other industry players to launch further biomass power or heat plants of 85MWt/30MWe capacity in progress

Q3 2011/2010 Financial Performance



9 months and Q3 2011/2010 Performance - Revenues excluding Wind Farms sale

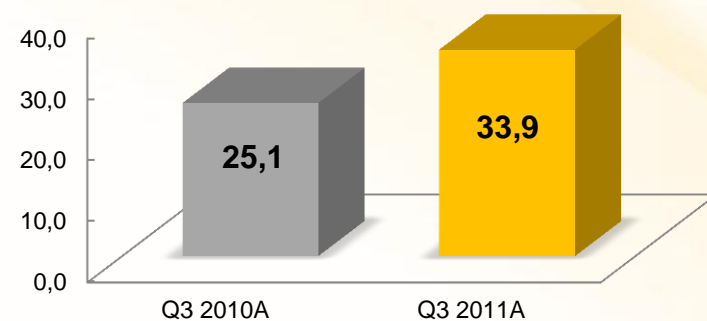
Q3 2011/2010 CUMULATIVE REVENUES EXCLUDING WIND FARMS [mil. PLN]



9 months:

- ▶ SM - higher current GE revenues
- ▶ SM – negative impact of lower RE prices on the value of production and the balance of unsold certificates
- ▶ 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 12 months 2010 and 25% in 12 months 2011
- ▶ EL Mercury – higher electricity sales and higher valuation of certificates for reduced emission of CO₂
- ▶ WF Puck – more energy sold due to much better wind conditions and higher value 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)

Q3 2011/2010 REVENUES EXCLUDING WIND FARMS [mil. PLN]

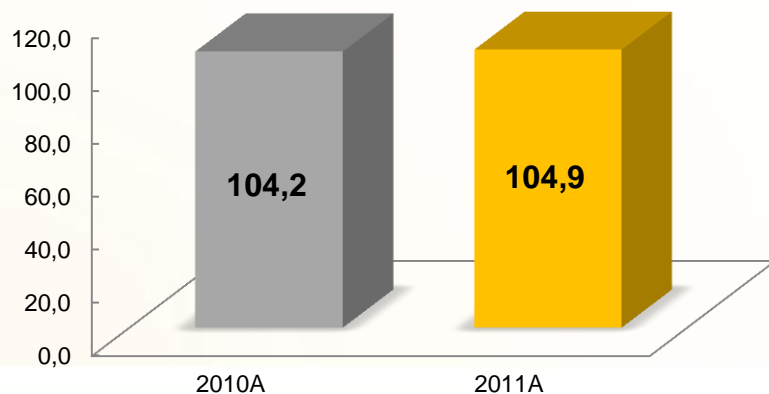


Q3 2011/2010:

- ▶ SM - higher current GE revenues
- ▶ SM – negative impact of lower RE prices on the value of production value and the balance of unsold
- ▶ SM – higher current Equity Service Payment
- ▶ 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)

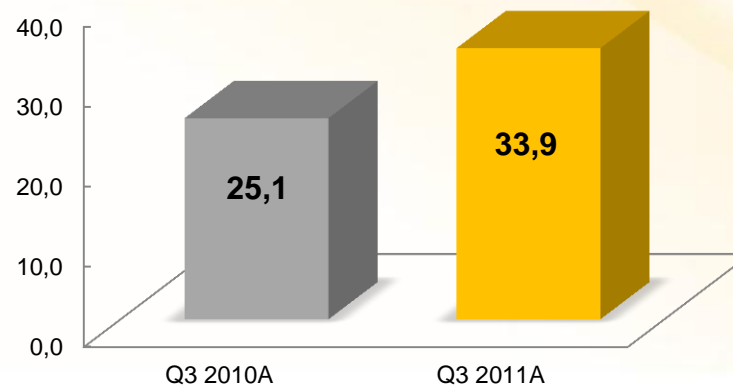
9 months and Q3 2011/2010 - Revenues

CUMULATIVE REVENUES
[PLN mil.]



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

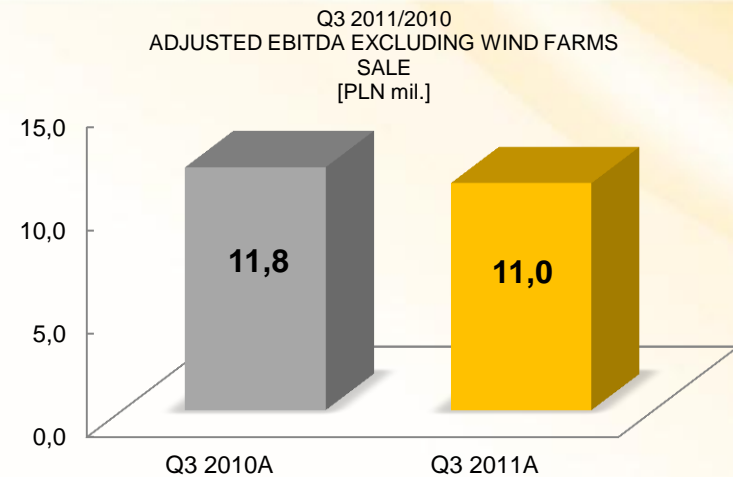
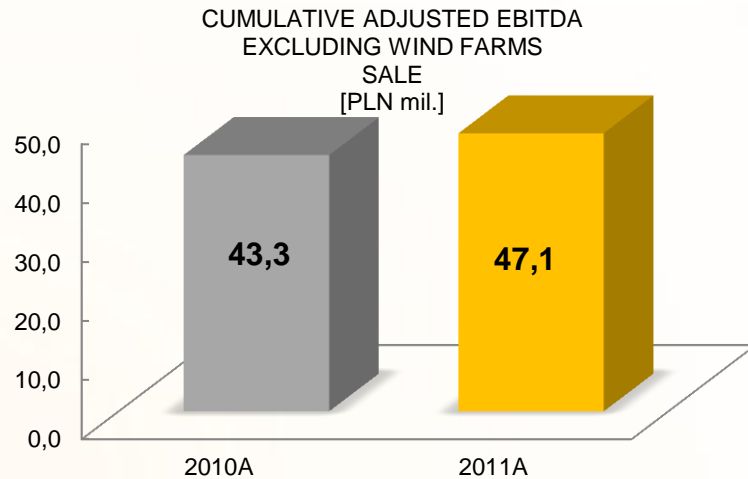
Q3 2011/2010
REVENUES
[PLN mil.]



- ▶ Impact of revenues excluding Wind Farms sale
- ▶ No sale of Wind Farms in Q3 2011 and 2010



9 months and Q3 2011/2010 Performance - Adjusted EBITDA* Excluding Wind Farms sale



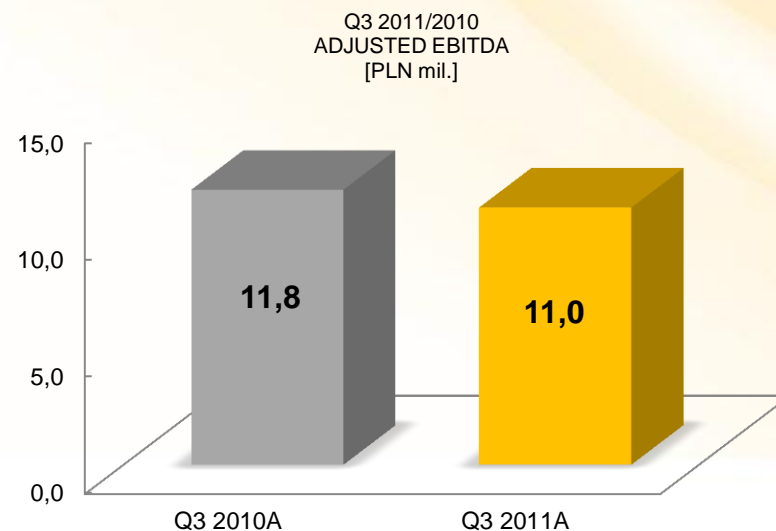
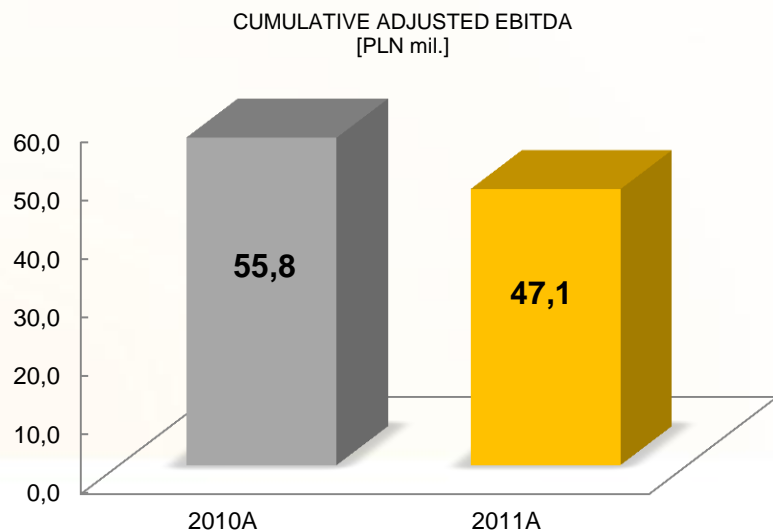
■ 9 months:

- ▶ Impact of revenues
- ▶ EL Mercury oraz WF Puck – better efficiency
- ▶ Lower management option costs by PLN 2.0 mil .
- ▶ Sale of land by the receiver and collection of PLN 4.3 mil. 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)
- ▶ Impact of costs of arbitration proceedings with Mondi in 9 months 2011

■ 3Q 2011/2010:

- ▶ Impact of revenues
- ▶ WF Puck - better efficiency
- ▶ Lower management option costs by PLN 0.7 mil.
- ▶ EBITDA in GPBE North lower due to higher prices of straw and higher production costs due to poor straw quality (high humidity)
- ▶ Impact of costs of arbitration proceedings with Mondi in Q3 2011

9 months and Q3 2011/2010 Performance - Adjusted EBITDA *



- ▶ Impact of Adjusted EBITDA excluding Wind Farms sale
- ▶ Impact of revenues from WF Wartkowo sale in June 2010 amounted to PLN 12.5 mil.

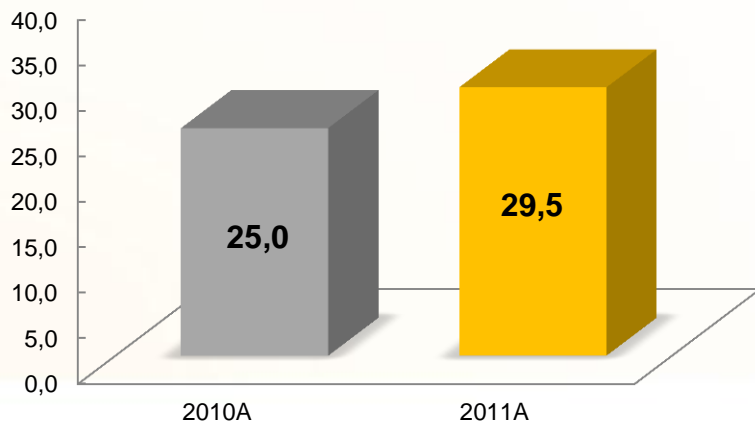
- ▶ Impact of Adjusted EBITDA excluding Wind Farms sale
- ▶ No sale of Wind Farms in Q3 2011 and 2010



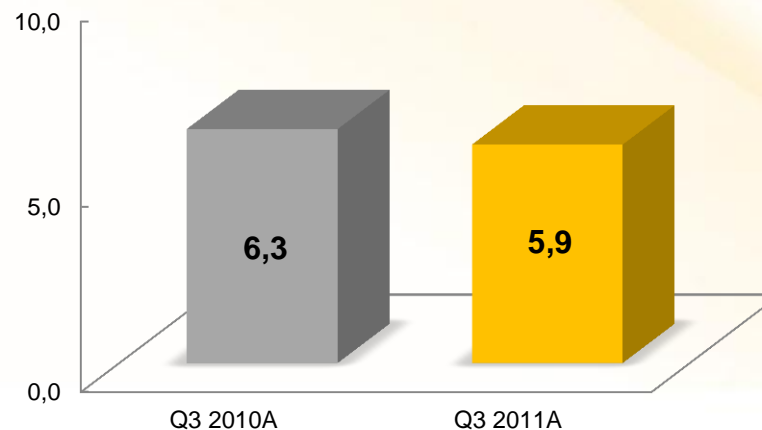
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9 months and Q3 2011/2010 Performance - Adjusted Net Profit * Excluding Wind Farms sale

CUMULATIVE CONSOLIDATED NET PROFIT WITHOUT
UNREALISED F/X IMPACT EXCLUDING WIND FARMS SALE
[PLN mil.]



Q3 2011/2010 CONSOLIDATED NET PROFIT WITHOUT
UNREALISED F/X IMPACT EXCLUDING WIND FARMS SALE
[PLN mil.]



■ 9 months

- ▶ Impact of EBITDA
- ▶ Total impact of realized positive FX in 9 months 2011 lower than in 9 months 2010 by PLN 1.9 mil.
- ▶ Lower income tax costs by PLN 0.7 mil.
- ▶ Higher interest rate from cash deposits by PLN 2.0 mil.

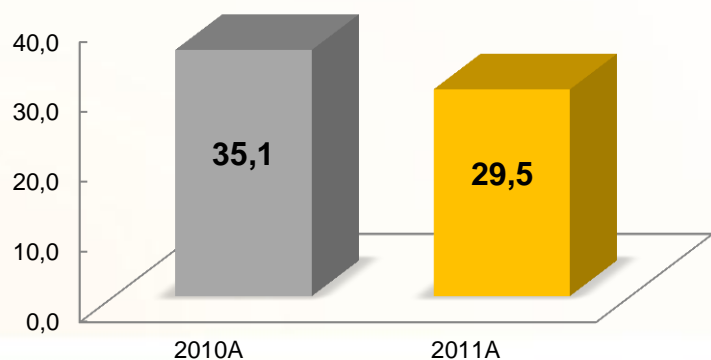
■ Q3 2011/2010:

- ▶ Impact of EBITDA
- ▶ Negative impact on the amount of PLN 1.7 mil. due to realized positive FX in Q3 2011 compared to Q3 2010
- ▶ Lower income tax costs in Q3 2011
- ▶ Higher interest rate from cash deposits by PLN 0.9 mil.

*Adjusted Net Profit excluding unrealized FX

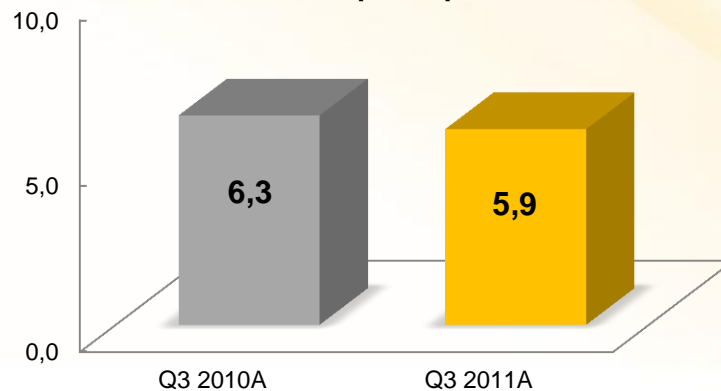
9 months and Q3 2011/2010 Performance - Adjusted Net Profit*

CUMULATIVE CONSOLIDATED NET PROFIT WITHOUT UNREALIZED F/X IMPACT [PLN mil.]



- ▶ Impact of adjusted Net Profit excluding Wind Farms sale
- ▶ Impact of WF Wartkowo sale on Net Profit in June 2010 amounted to PLN 10,1 mil.

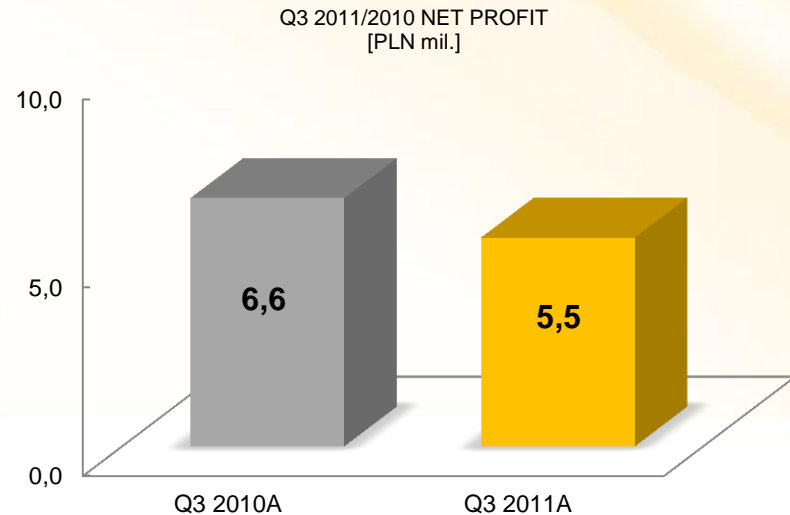
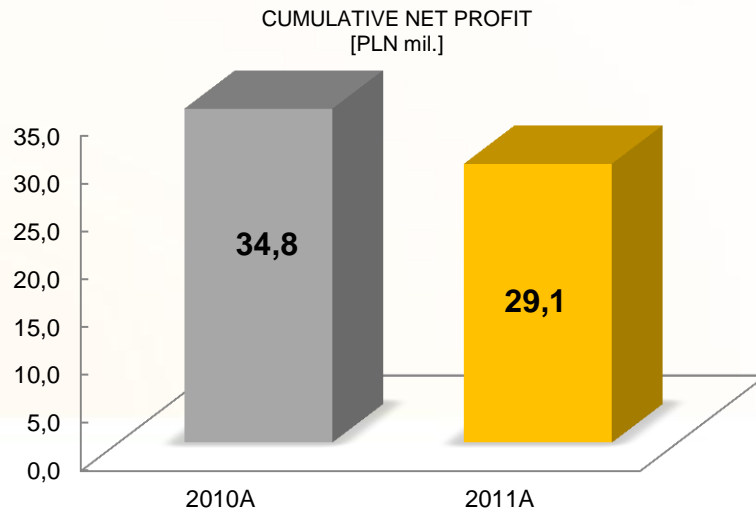
Q3 2011/2010 CONSOLIDATED NET PROFIT WITHOUT UNREALIZED F/X IMPACT [PLN mil.]



- ▶ Impact of adjusted Net Profit excluding Wind Farms sale
- ▶ No sale of Wind Farms in Q3 2011 and 2010



9 months and Q3 2011/2010 Performance - Net Profit



■ 9 months

- ▶ Impact of Adjusted Net Profit
- ▶ Total negative impact of unrealized FX in 9 months 2011 higher than in 9 months 2010 by PLN 0.1 mil.

■ Q3 2011/2010:

- ▶ Impact of Adjusted Net Profit
- ▶ Total negative impact of unrealized FX in Q3 2011 higher than in Q3 2010 by PLN 0.6 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
- Advanced construction of Biomass East according to the schedule
- Progress in development of biomass power plants