



13 November 2015

# Zespół Elektrowni „Pątnów-Adamów-Konin” S.A.

## 3Q'2015 Results



- **Background:**
  - Lower electricity prices on exchange market (decrease of weighted average of IRDN from 196,52 PLN/MWh to 171,72 PLN/MWh, ie. 12,6%).
  - Higher prices of CO<sub>2</sub> emission allowances (increase of exchange average from 6,07 EUR to 7,97 EUR, ie. 31,3%).
  - Lower green certificates price (decrease of weighted average OZEX\_A from 178,62 PLN/MWh to 109,77 PLN/MWh, ie. 38,5%, and value at the end of the quarter from 170,43 PLN/MWh to 121,25 PLN/MWh, ie. 28,9%).
- **ZE PAK Group:**
  - 16,5% lower [ie. 0,43 TWh] <sup>(1)</sup> sale of electricity from own production.
  - 63,7% higher [ie. 0,55 TWh] sale of electricity from resale.
  - 5,4% higher [ie. 9,06 PLN/MWh] achieved average sale price of electricity.
  - Higher CO<sub>2</sub> emission costs by 152,8% [ie. 64,7 m PLN].
  - Reversal of the write-off in the value of green certificates inventories in amount of 20,1 m PLN.

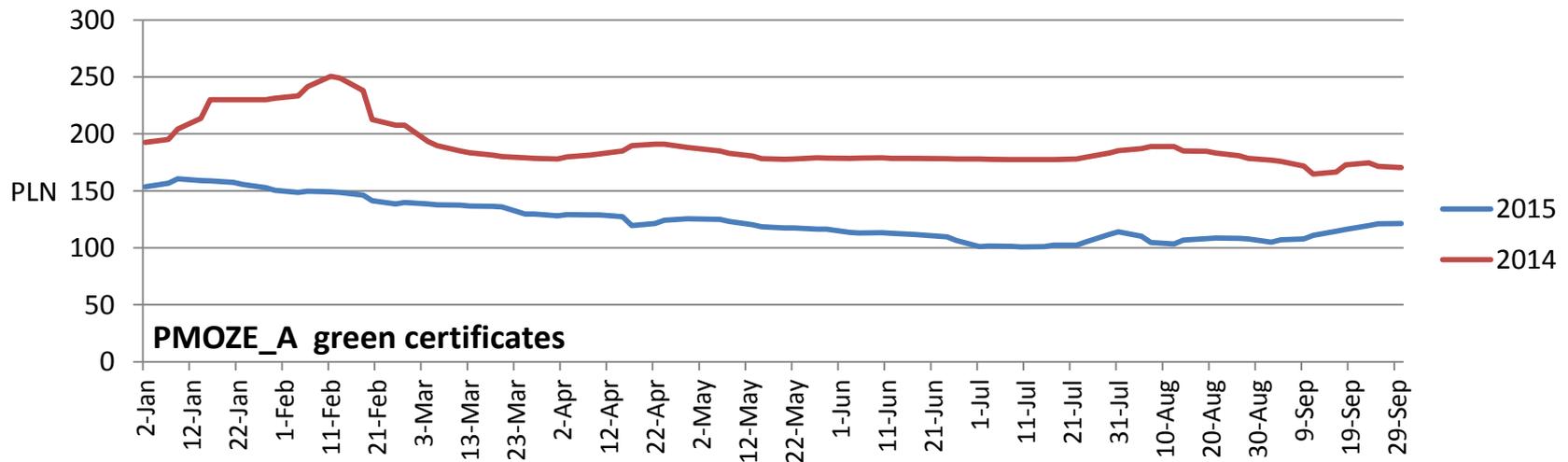
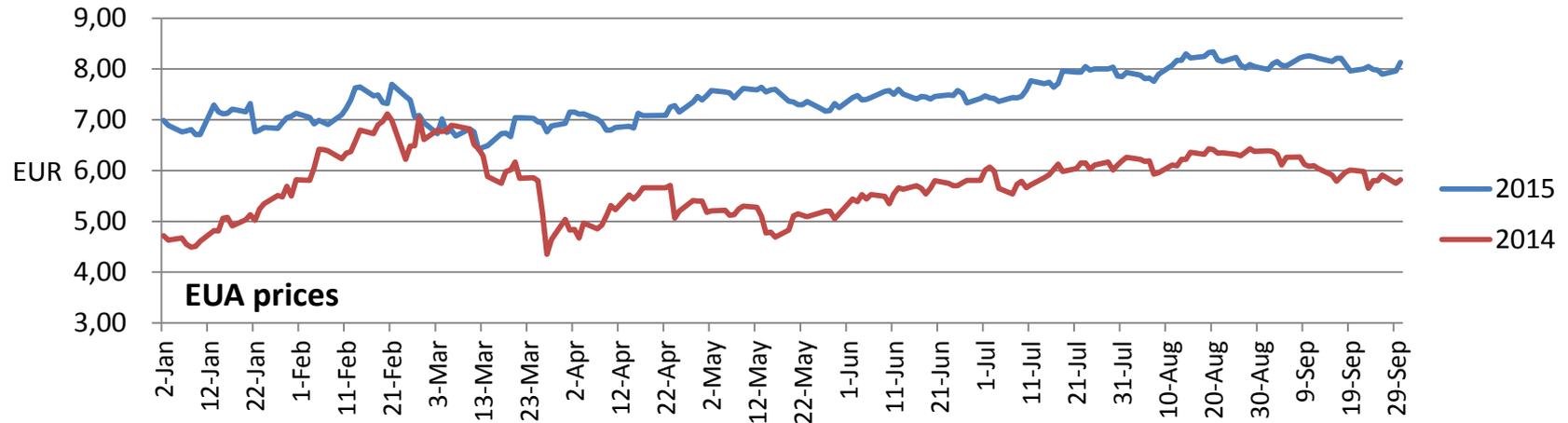
(1) Sale of electricity from own production excludes production during unit 1 in Elektrownia Patnow I commissioning process in volume of 0,24 TWh, revenue from commissioning process production decreases capex. In case of including that part of production sale would be lower only by 0,19 TWh.

# SELECTED ENERGY MARKET DATA

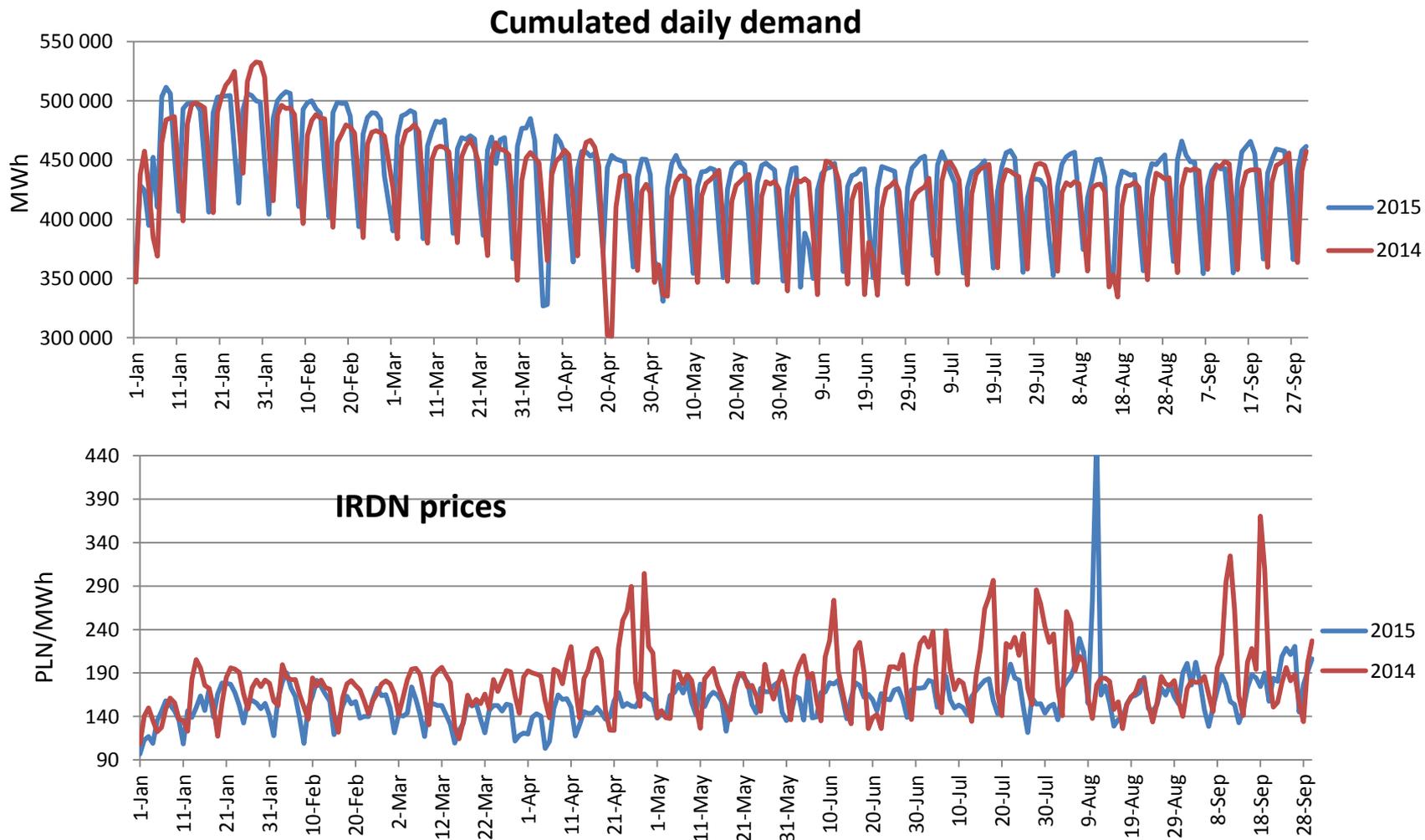
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# EUA and „green” certificates of origin - 9 months of 2014 and 2015



# Daily demand for electricity and IRDN prices – 9 months of 2014 and 2015



# „Base load” prices for 2016 (BASE\_Y-16)



Base load prices BASE\_Y-16 since 01.01.2015 to 30.09.2015



# OPERATIONAL DATA

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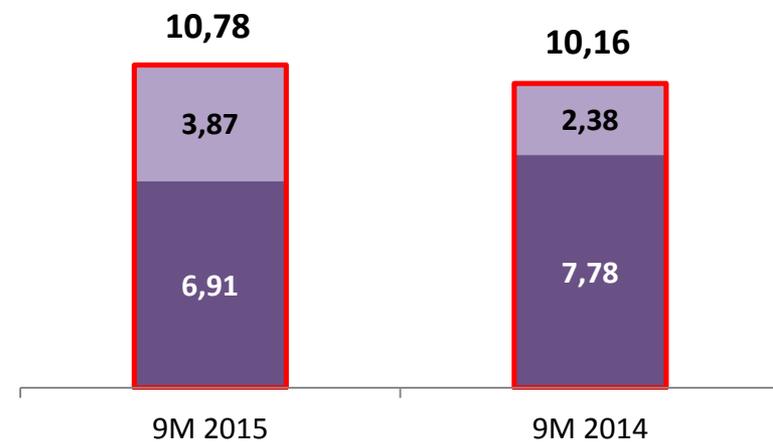
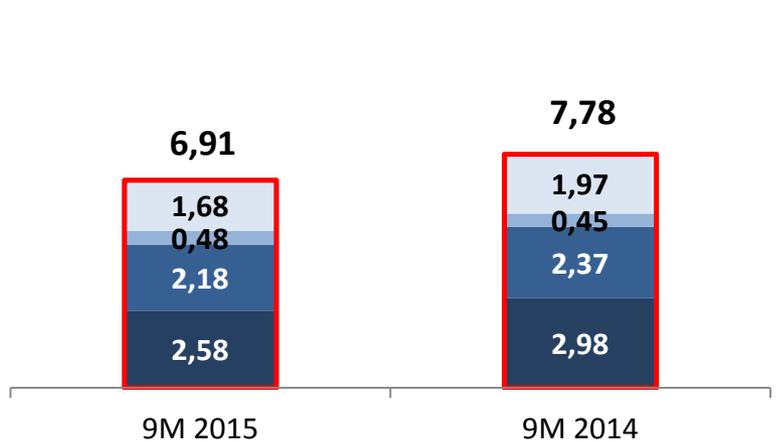
# Net production and sale of electricity

[TWh]



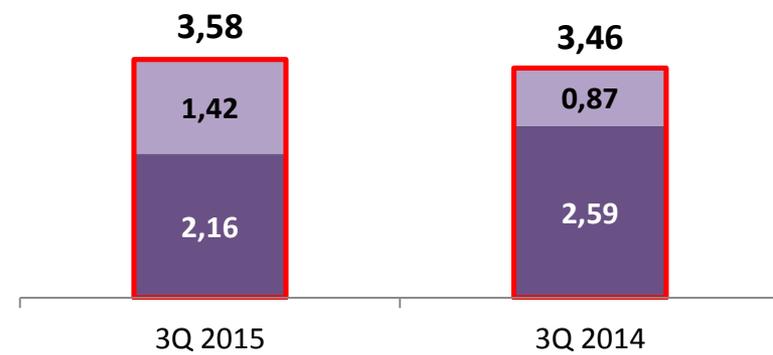
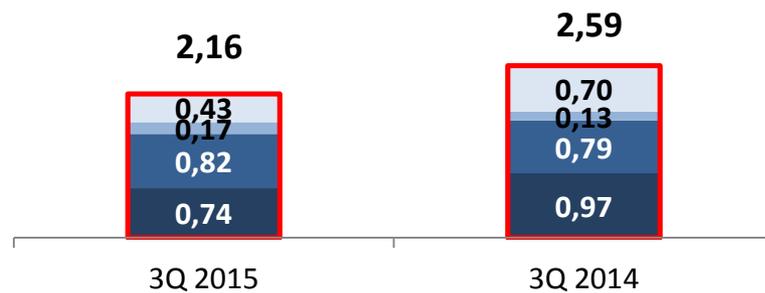
## NET PRODUCTION

## SALE



■ Pątnów II ■ Konin ■ Adamów ■ Pątnów I ■ Total

■ Own production ■ from resale ■ Total



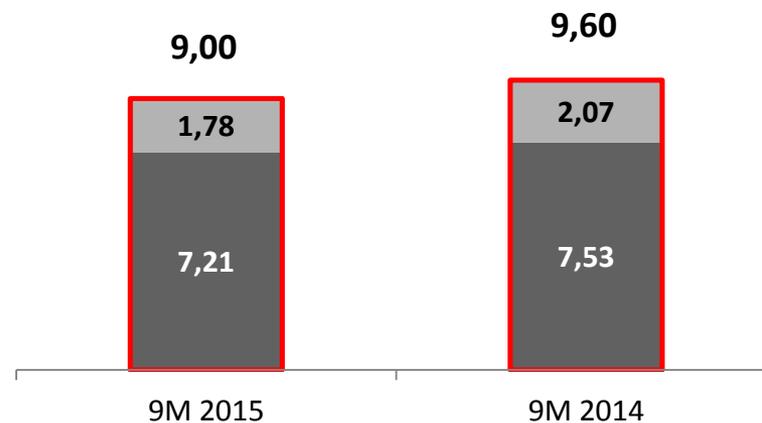
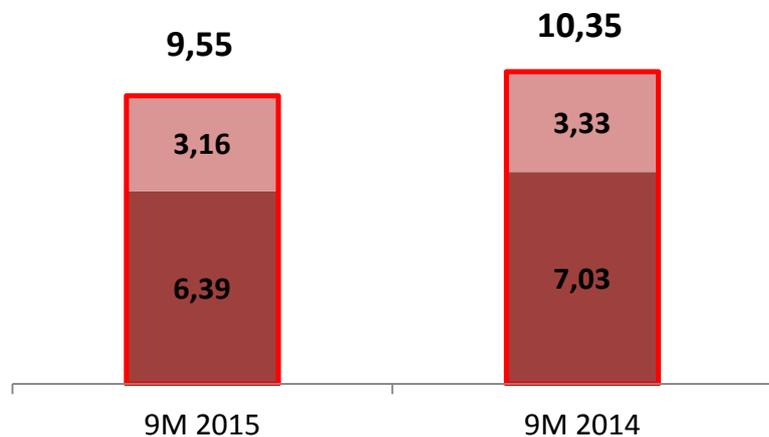
# Lignite consumption and CO<sub>2</sub> emissions

[mln ton]



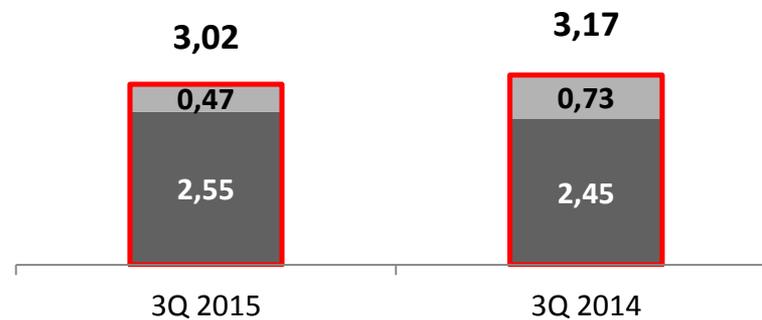
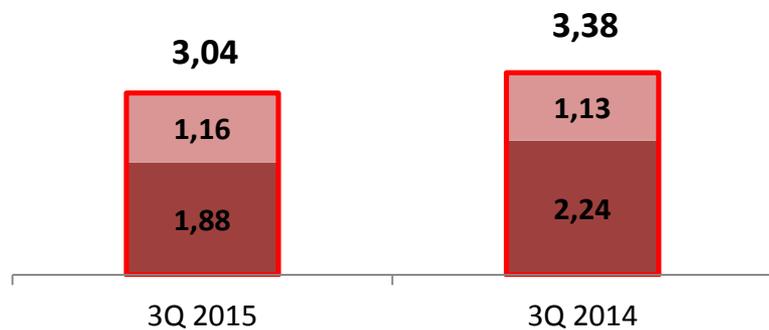
## LIGNITE CONSUMPTION

## EMISSION OF CO<sub>2</sub>



■ KWBA ■ KWBK □ Total

■ Pańków II ■ ZE PAK □ Total



3Q 2015

3Q 2014

3Q 2015

3Q 2014

# FINANCIAL DATA

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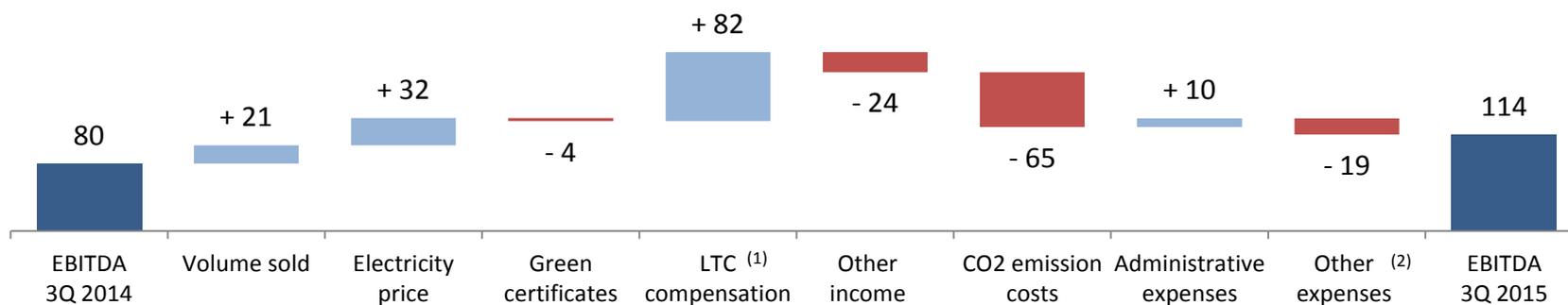
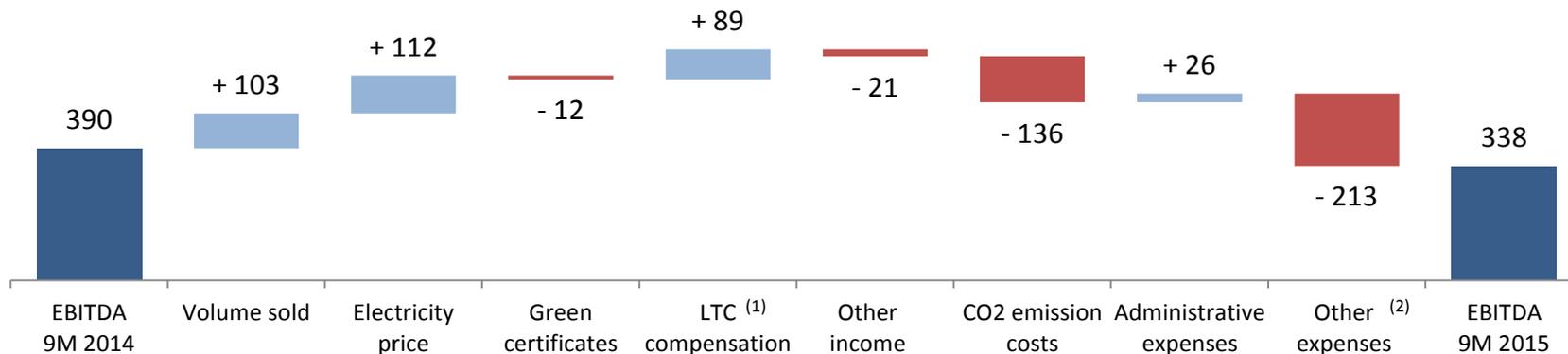
# Consolidated P&L (1/2)



[m PLN]	9M 2015	9M 2014	3Q 2015	3Q 2014
<b>Sales revenue</b>	<b>2 255</b>	<b>1 971</b>	<b>747</b>	<b>627</b>
<i>Change %</i>	<i>14,41%</i>		<i>19,14%</i>	
Cost of goods sold	(2 123)	(1 749)	(699)	(607)
<b>Gross profit</b>	<b>132</b>	<b>223</b>	<b>48</b>	<b>19</b>
<i>Margin %</i>	<i>5,85%</i>	<i>11,31%</i>	<i>6,43%</i>	<i>3,03%</i>
Other operating income	15	28	4	17
Selling and distribution expenses	(3)	(3)	(1)	(1)
Administrative expenses	(87)	(113)	(30)	(40)
Other operating expenses	(4)	(16)	(1)	(5)
<b>EBITDA</b>	<b>338</b>	<b>390</b>	<b>114</b>	<b>80</b>
<i>Margin %</i>	<i>14,99%</i>	<i>19,79%</i>	<i>15,26%</i>	<i>12,76%</i>
<b>EBIT</b>	<b>54</b>	<b>119</b>	<b>20</b>	<b>(11)</b>
<i>Margin %</i>	<i>2,39%</i>	<i>6,04%</i>	<i>2,68%</i>	<i>-1,75%</i>

# EBITDA changes

[m PLN]



<sup>(1)</sup> In 2014 the Company made two write-offs of LTC compensations in amount of 81,6 m PLN (3Q: 76,3 m PLN).

<sup>(2)</sup> Main factors for higher other expenses are higher by 262 m PLN (3Q: 104 m PLN) value of purchased electricity dedicated for resale. On the other hand there is positive effect of higher by 13 m PLN (3Q: 4 m PLN) amortisation and depreciation and lower by 36 m PLN (3Q: 81 m PLN) other cost.

# Consolidated P&L (2/2)



[m PLN]	9M 2015	9M 2014	3Q 2015	3Q 2014
<b>EBIT</b>	<b>54</b>	<b>119</b>	<b>20</b>	<b>(11)</b>
Finance income	8	11	(4)	2
Finance costs	(35)	(40)	(9)	(13)
<b>Profit before tax</b>	<b>26</b>	<b>90</b>	<b>7</b>	<b>(22)</b>
Income tax (taxation)	(5)	(17)	(1)	3
<i>Effective tax rate %</i>	<i>19,23%</i>	<i>18,89%</i>	<i>14,29%</i>	<i>13,64%</i>
<b>Net profit for the period</b>	<b>21</b>	<b>72</b>	<b>6</b>	<b>(19)</b>
<i>Margin %</i>	<i>0,93%</i>	<i>3,65%</i>	<i>0,80%</i>	<i>-3,03%</i>

# Consolidated P&L for 9M 2015 by segments



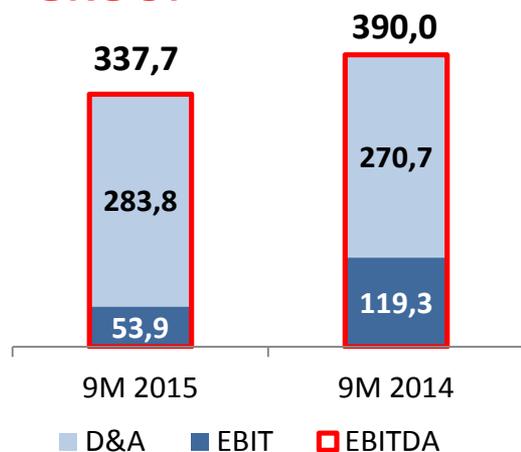
m PLN	Generation	Mining	Renovation	Sales	Other	Consolidation adjustments	Total
Sales revenue from external customers	1 330,9	6,2	117,3	794,0	6,4	-	2 254,8
<i>External sales revenue %</i>	<i>79,8%</i>	<i>0,9%</i>	<i>32,7%</i>	<i>100,0%</i>	<i>6,6%</i>		<i>100,0%</i>
Sales revenue between segments	337,8	664,3	241,0	-	91,2	(1 334,4)	-
<b>Sales revenue</b>	<b>1 668,7</b>	<b>670,5</b>	<b>358,4</b>	<b>794,0</b>	<b>97,6</b>	<b>(1 334,4)</b>	<b>2 254,8</b>
Cost of goods sold	(1 627,2)	(636,0)	(321,6)	(787,2)	(90,3)	1 339,4	(2 122,8)
<b>Gross profit</b>	<b>41,4</b>	<b>34,5</b>	<b>36,8</b>	<b>6,8</b>	<b>7,4</b>	<b>5,1</b>	<b>131,9</b>
<i>Margin %</i>	<i>2,5%</i>	<i>5,1%</i>	<i>10,3%</i>	<i>0,9%</i>	<i>7,5%</i>		<i>5,9%</i>
<b>EBITDA</b>	<b>197,9</b>	<b>103,8</b>	<b>26,5</b>	<b>3,1</b>	<b>5,8</b>	<b>0,5</b>	<b>337,7</b>
<i>Margin %</i>	<i>11,9%</i>	<i>15,5%</i>	<i>7,4%</i>	<i>0,4%</i>	<i>6,0%</i>		<i>15,0%</i>
<b>EBIT</b>	<b>6,2</b>	<b>16,8</b>	<b>20,4</b>	<b>2,9</b>	<b>3,6</b>	<b>3,8</b>	<b>53,9</b>
<i>Margin %</i>	<i>0,4%</i>	<i>2,5%</i>	<i>5,7%</i>	<i>0,4%</i>	<i>3,7%</i>		<i>2,4%</i>
<b>Net profit (loss) for the period</b>	<b>(6,8)</b>	<b>3,4</b>	<b>16,0</b>	<b>2,6</b>	<b>3,0</b>	<b>3,1</b>	<b>21,3</b>
<i>Margin %</i>	<i>-0,4%</i>	<i>0,5%</i>	<i>4,5%</i>	<i>0,3%</i>	<i>3,1%</i>		<i>0,9%</i>

# EBITDA by segments (1/2)

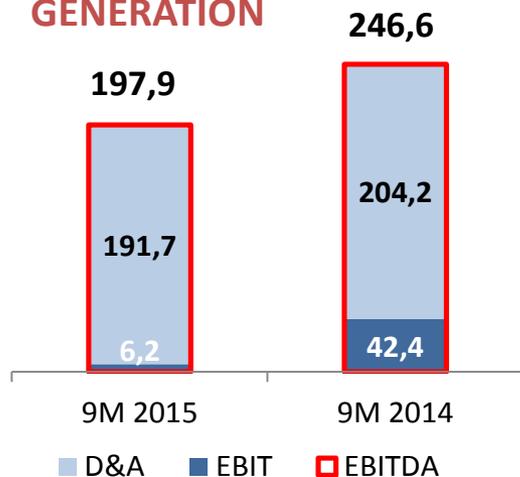
[m PLN]



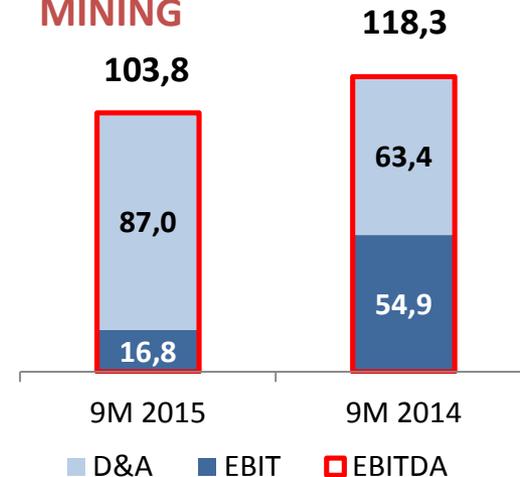
## GROUP



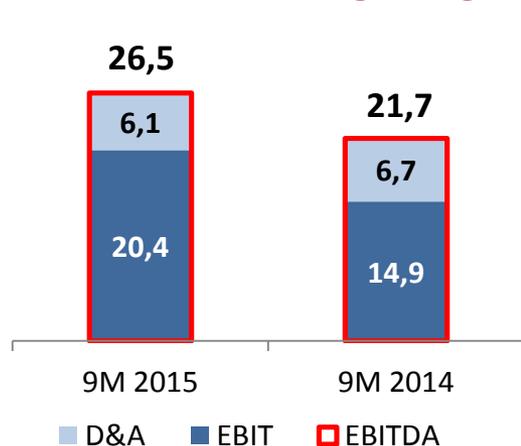
## GENERATION



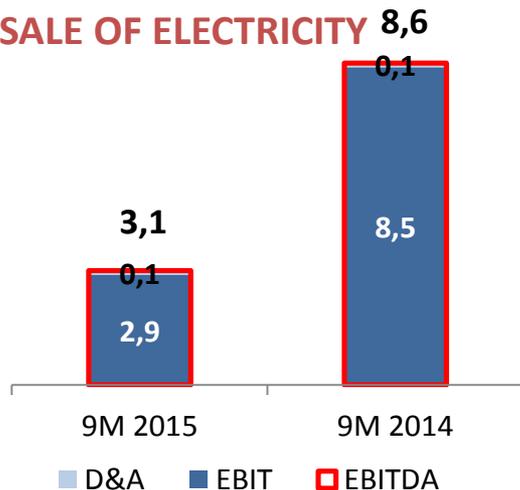
## MINING



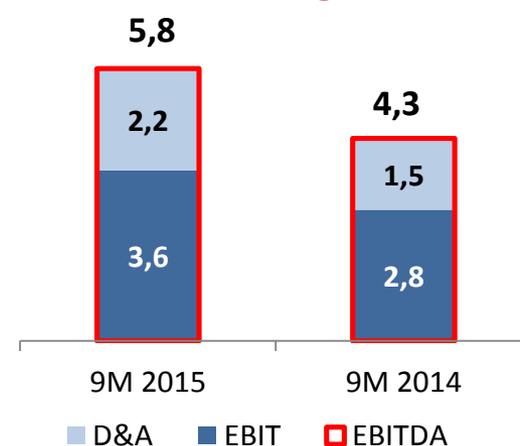
## RENOVATION



## SALE OF ELECTRICITY



## OTHER



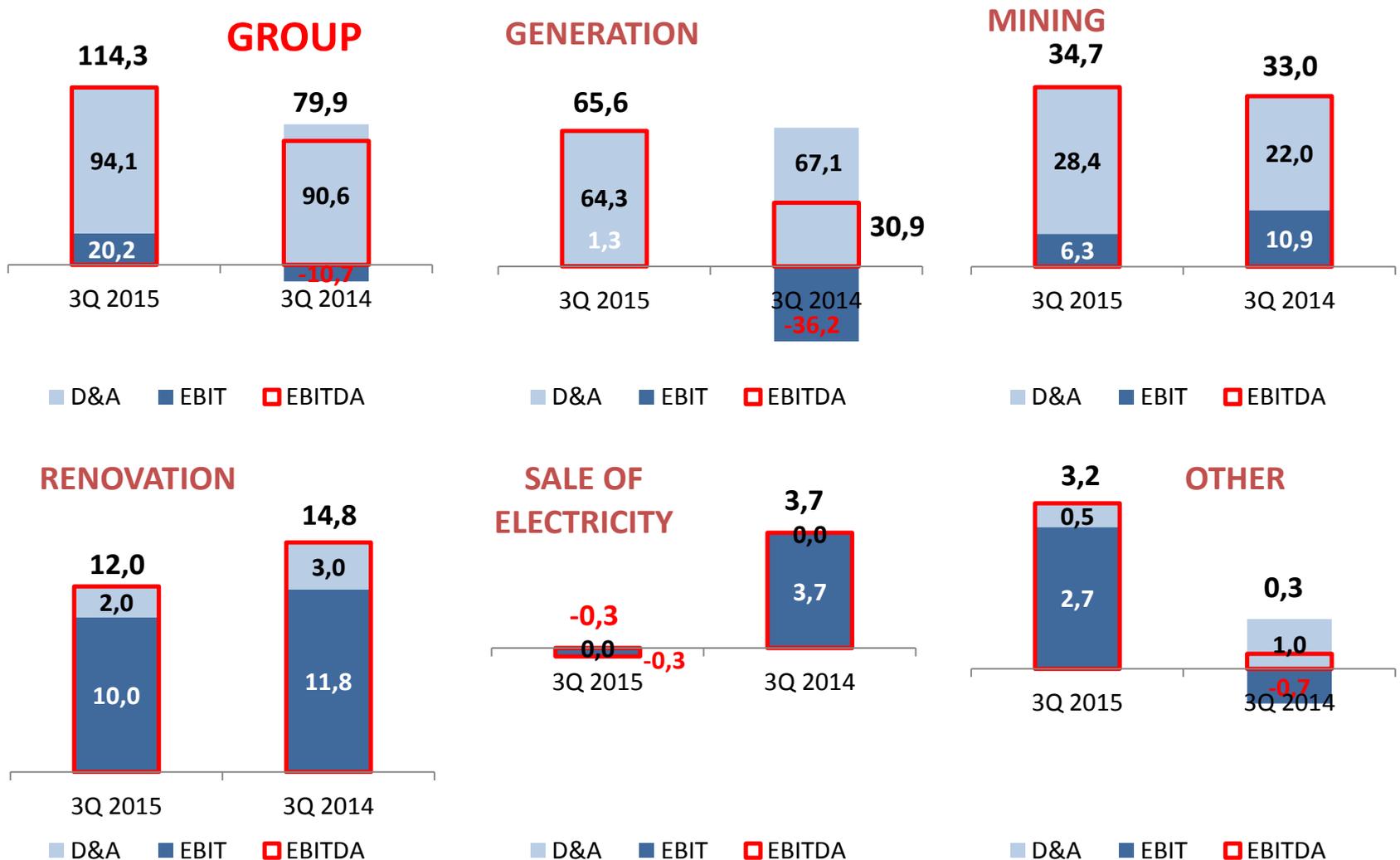
# Consolidated P&L for 3Q 2015 by segments



m PLN	Generation	Mining	Renovation	Sales	Other	Consolidation adjustments	Total
Sales revenue from external customers	426,5	3,0	32,5	282,4	2,8	-	747,3
<i>External sales revenue %</i>	<i>78,0%</i>	<i>1,3%</i>	<i>28,4%</i>	<i>100,0%</i>	<i>8,4%</i>		<i>100,0%</i>
Sales revenue between segments	120,6	218,9	81,9	-	30,9	(452,2)	-
<b>Sales revenue</b>	<b>547,1</b>	<b>221,9</b>	<b>114,3</b>	<b>282,4</b>	<b>33,7</b>	<b>(452,2)</b>	<b>747,3</b>
Cost of goods sold	(532,9)	(208,4)	(99,4)	(281,2)	(29,6)	452,5	(699,1)
<b>Gross profit</b>	<b>14,2</b>	<b>13,5</b>	<b>14,9</b>	<b>1,2</b>	<b>4,0</b>	<b>0,2</b>	<b>48,1</b>
<i>Margin %</i>	<i>2,6%</i>	<i>6,1%</i>	<i>13,1%</i>	<i>0,4%</i>	<i>12,0%</i>		<i>6,4%</i>
<b>EBITDA</b>	<b>65,6</b>	<b>34,7</b>	<b>12,0</b>	<b>(0,3)</b>	<b>3,2</b>	<b>(0,9)</b>	<b>114,3</b>
<i>Margin %</i>	<i>12,0%</i>	<i>15,6%</i>	<i>10,5%</i>	<i>-0,1%</i>	<i>9,5%</i>		<i>15,3%</i>
<b>EBIT</b>	<b>1,3</b>	<b>6,3</b>	<b>10,0</b>	<b>(0,3)</b>	<b>2,7</b>	<b>0,2</b>	<b>20,2</b>
<i>Margin %</i>	<i>0,2%</i>	<i>2,9%</i>	<i>8,7%</i>	<i>-0,1%</i>	<i>8,1%</i>		<i>2,7%</i>
<b>Net profit (loss) for the period</b>	<b>(6,0)</b>	<b>1,9</b>	<b>7,9</b>	<b>(0,2)</b>	<b>2,2</b>	<b>0,1</b>	<b>5,9</b>
<i>Margin %</i>	<i>-1,1%</i>	<i>0,9%</i>	<i>6,9%</i>	<i>-0,1%</i>	<i>6,4%</i>		<i>0,8%</i>

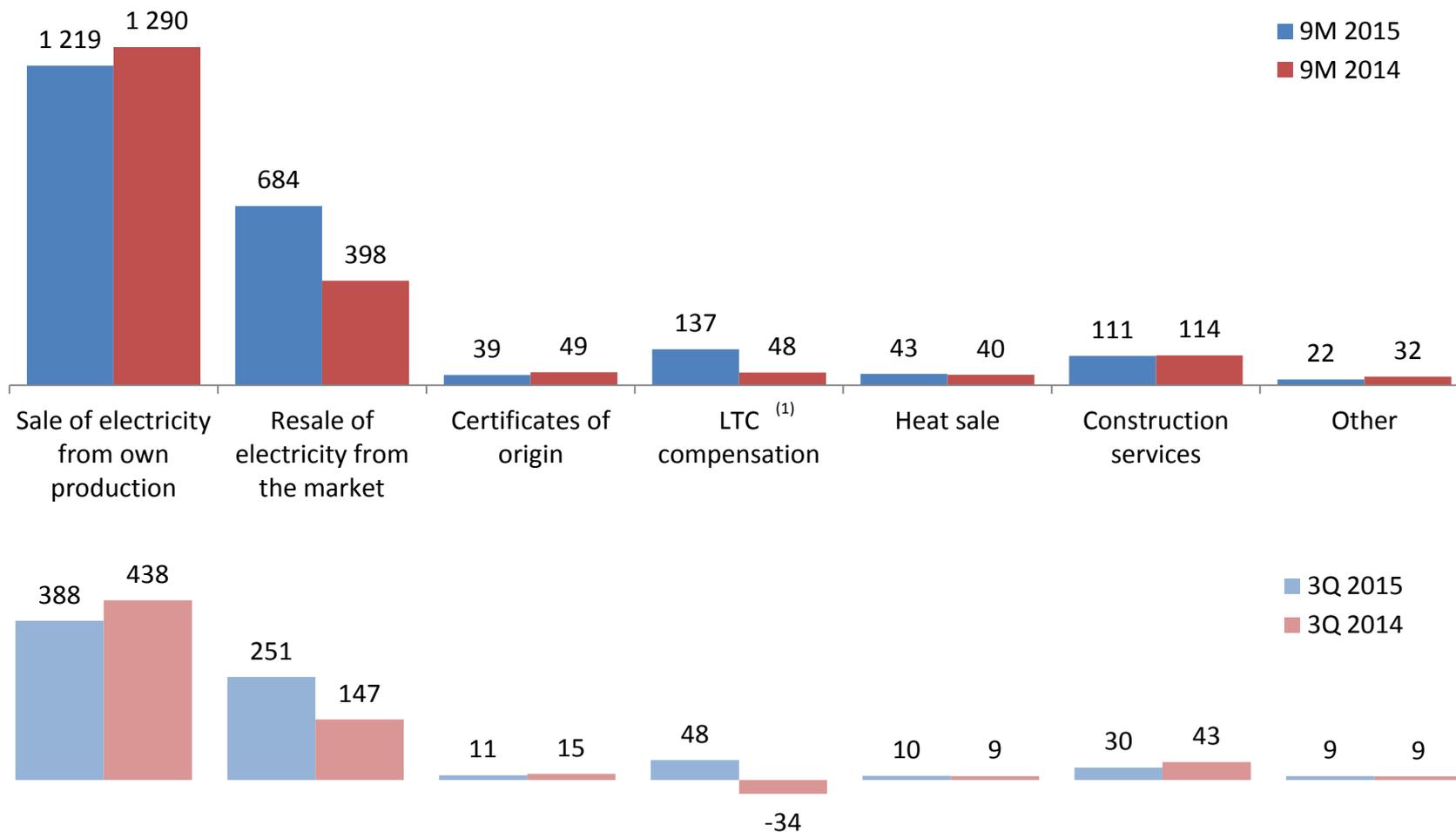
# EBITDA by segments (2/2)

[m PLN]



# Revenues

[m PLN]



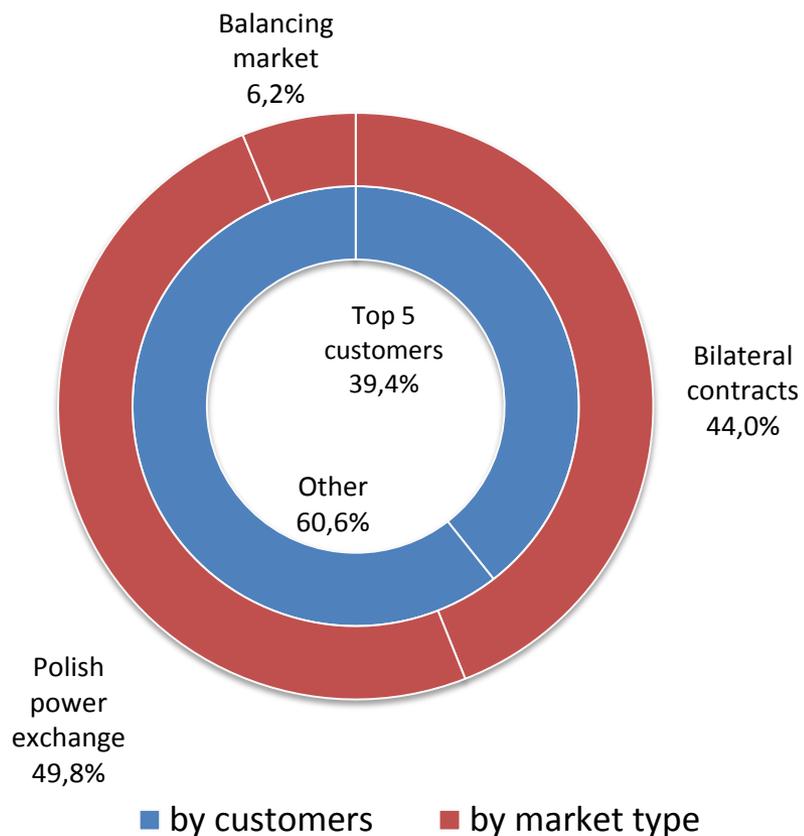
<sup>(1)</sup> In 2014 the Company made two write-offs for LTC compensations in amount of 81,6 m PLN (3Q: 76,3 m PLN).

# Sale breakdown by customers and market type

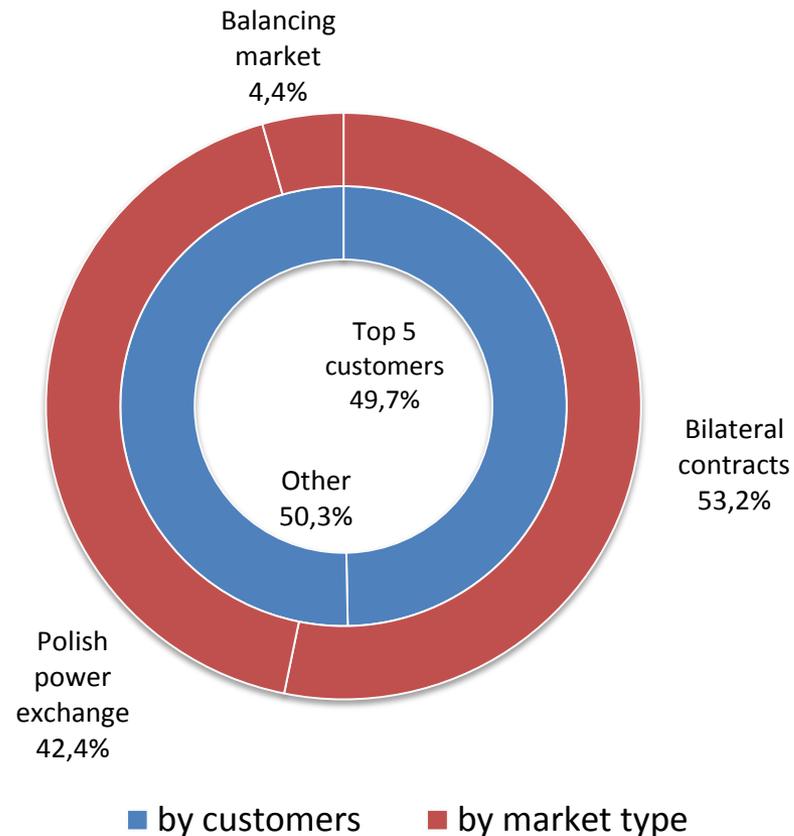
by customers (internal ring) and by the market type (external ring)



## 9M 2015



## 9M 2014



# Electricity sales



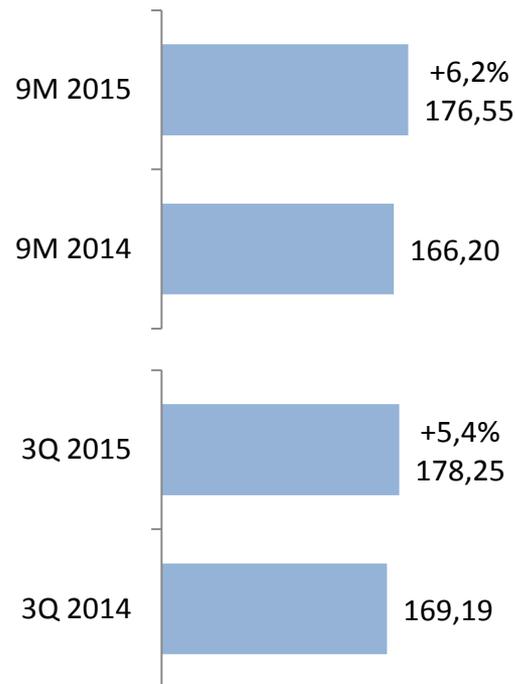
## Electricity sale<sup>(1)</sup>

[TWh]



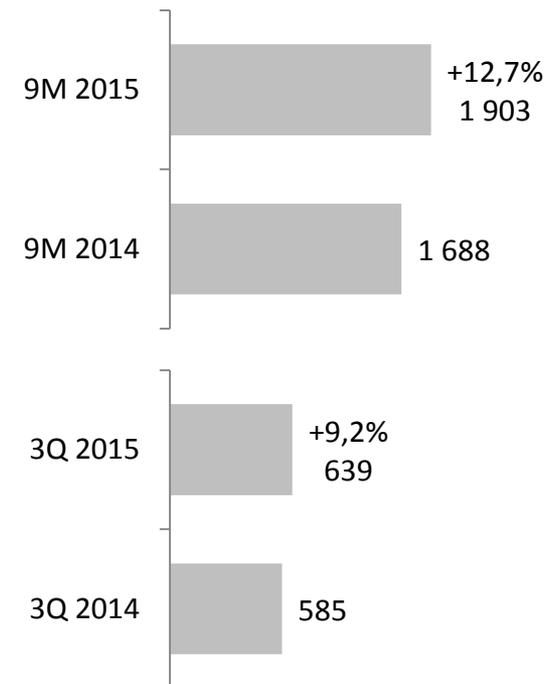
## Average sale price<sup>(2)</sup>

[PLN/MWh]



## Revenues

[m PLN]

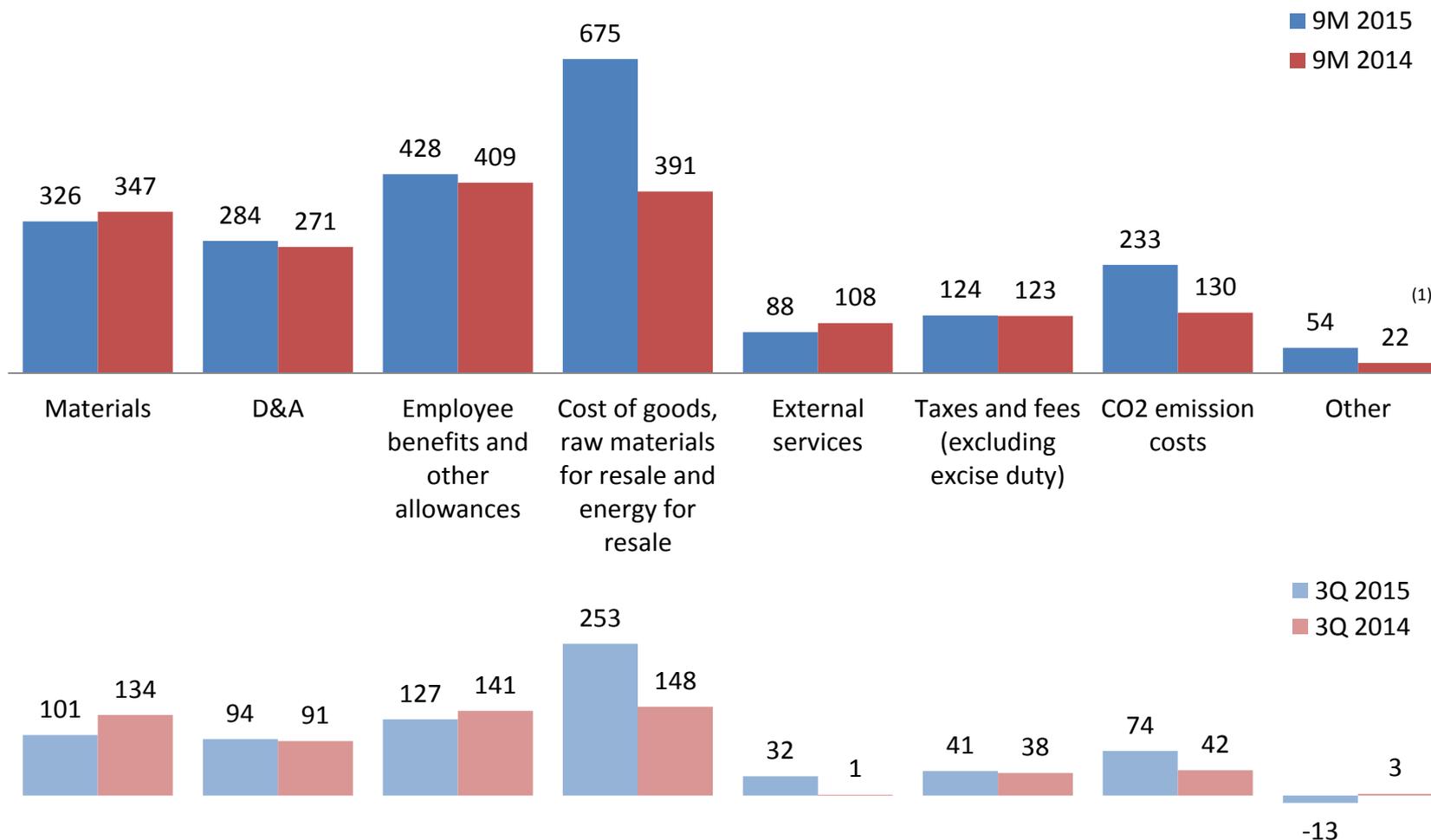


<sup>(1)</sup> Sale of own production electricity and resale of electricity.

<sup>(2)</sup> Average price calculated as sale revenues divided by sale volume.

# Cost by type

[m PLN]



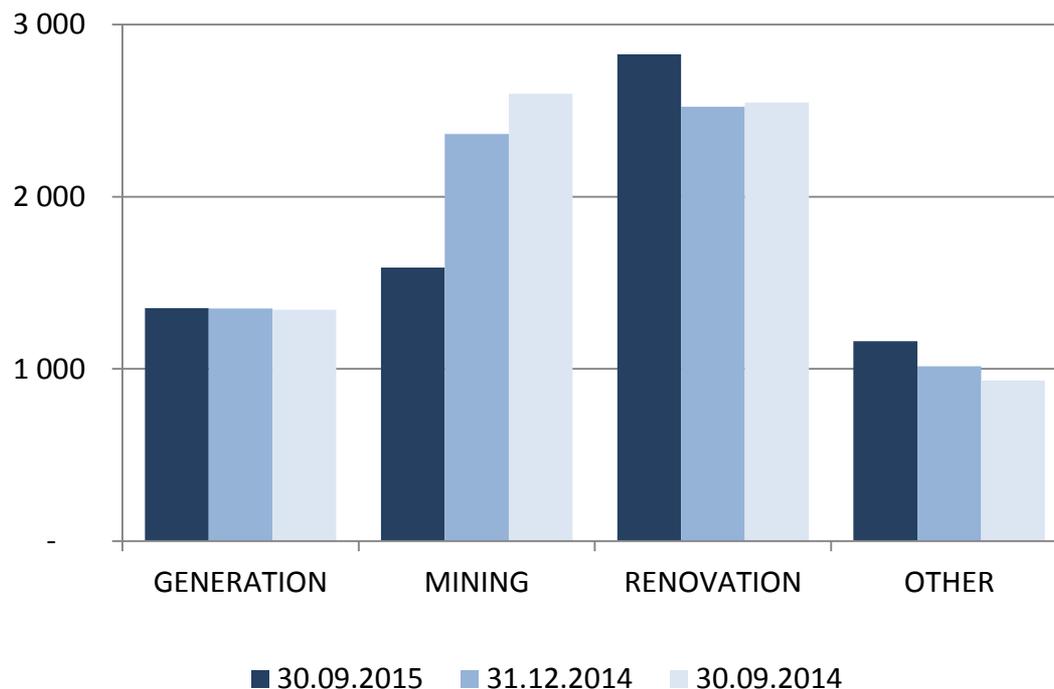
(1) „Other” item includes write-off in inventories , which in 9M 2015 it is 23,8 m PLN, in result of partly reversal of write-off for 6M 2015 in 3Q 2015 it is (-20 m PLN).

# Employment

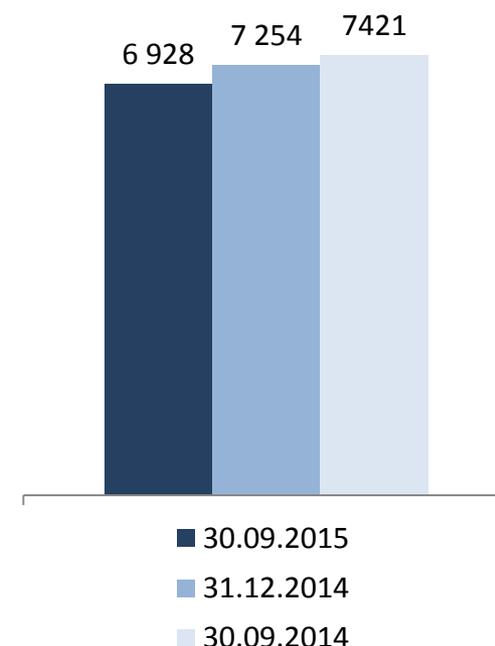
[staff time]



## BY SEGMENTS



## TOTAL



Changes in employment structure by segments are caused by restructure operations dedicated especially to mining segment. Due to optimise the structure of employment, the groups of employees were extracted from mines and replaced to renovation segment and other segment.

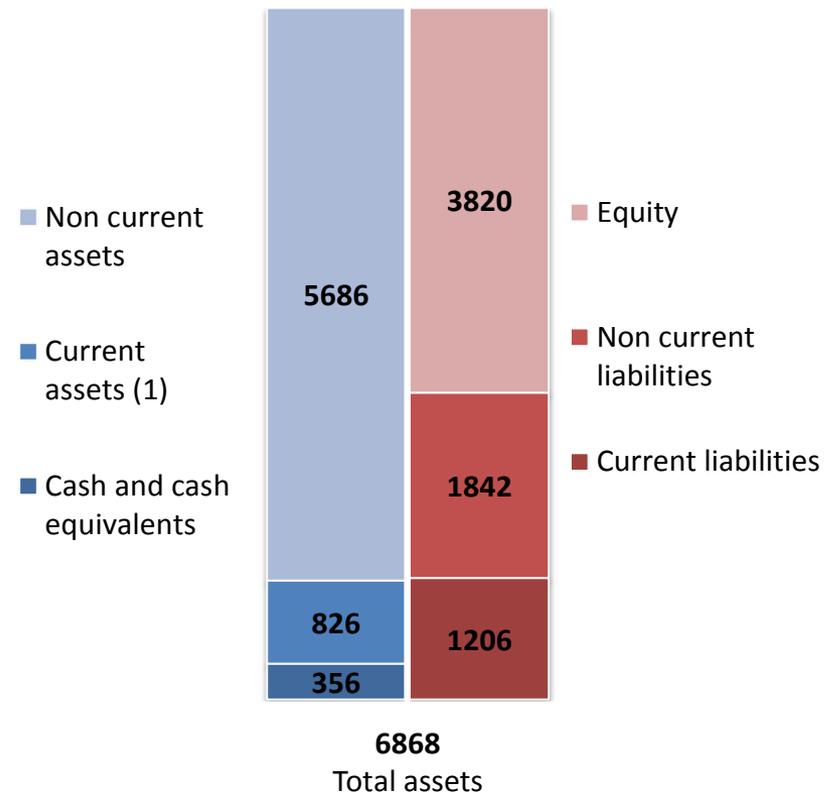
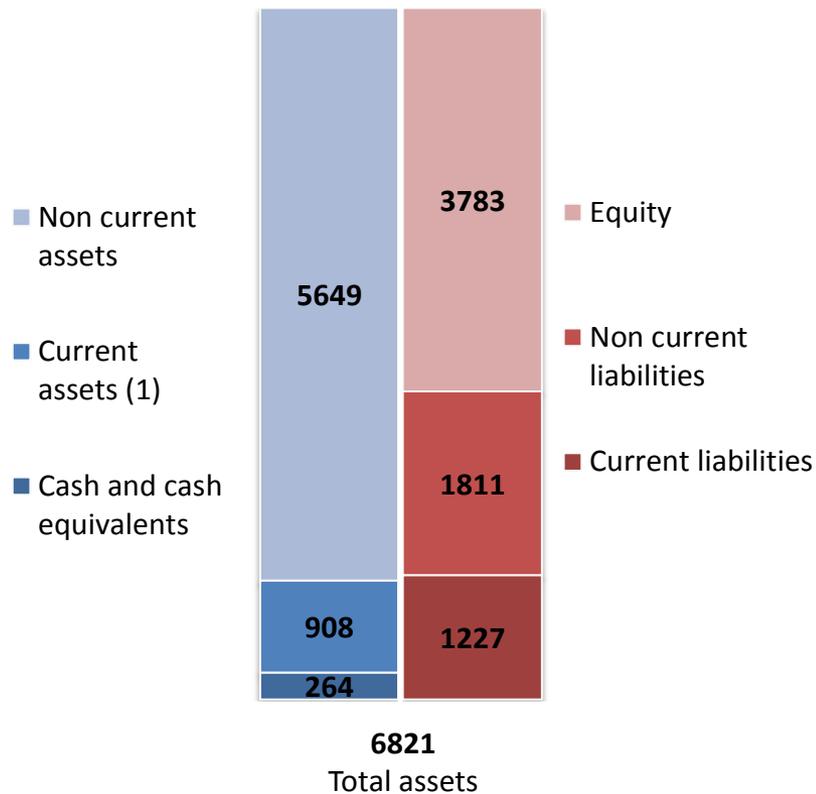
# Consolidated statement of financial position

[mIn PLN]



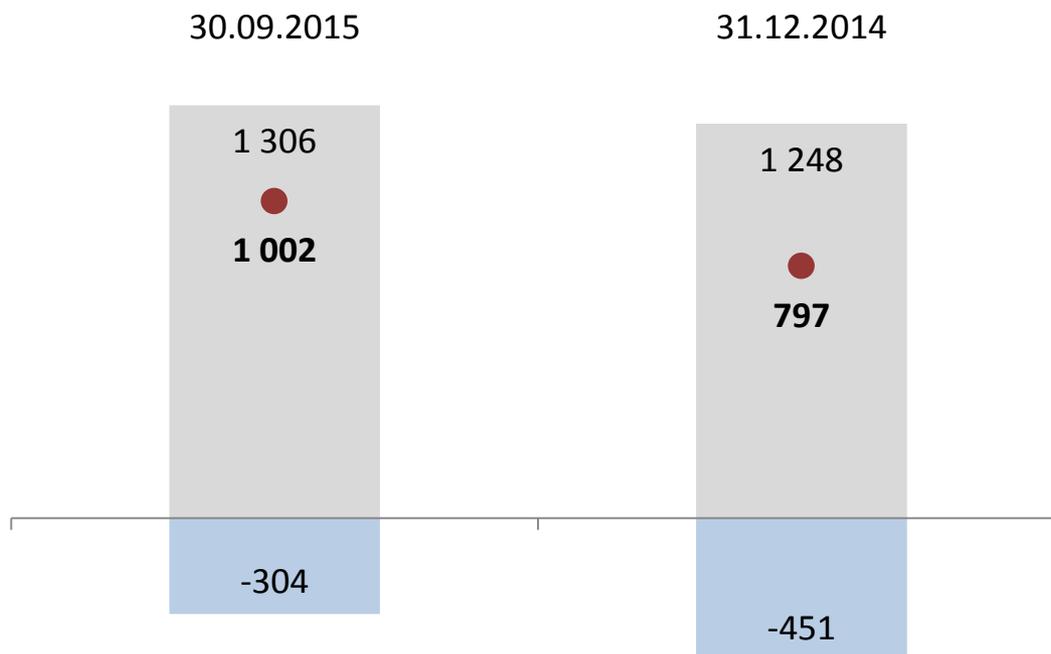
30.09.2015

31.12.2014



<sup>(1)</sup> Excluding cash and cash equivalents.

## Net debt [m PLN]



- Cash and cash equivalents <sup>(2)</sup>
- interest bearing loans, credits and leases
- Net debt

## Net debt / EBITDA

30.09.2015 <sup>(1)</sup>	2,20
31.12.2014	1,57

(1) EBITDA annualized

(2) Cash and cash equivalents from Consolidated statement of financial position and other short-term financial assets

# Consolidated Cash Flow



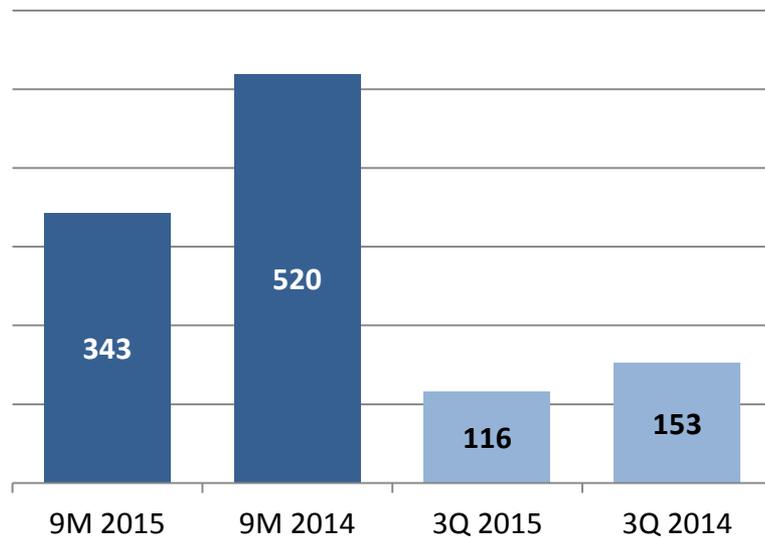
[m PLN]	9M 2015	9M 2014	3Q 2015	3Q 2014
<b>Profit/loss before taxation</b>	<b>26,5</b>	<b>89,9</b>	<b>7,2</b>	<b>(21,8)</b>
Depreciation and amortization	274,3	269,5	90,9	90,1
Profit/loss on investing and financial activities	19,3	23,1	10,4	8,4
Changes in working capital	84,1	104,4	82,5	122,7
Income tax	6,7	(7,1)	(0,9)	(7,9)
Purchase of EUA	(246,4)	(171,8)	(84,0)	(64,3)
Other	0,6	(1,8)	(0,2)	(1,3)
<b>Net cash flow from operational activities</b>	<b>165,1</b>	<b>306,3</b>	<b>106,0</b>	<b>125,9</b>
(inflows/outflows) of investments in property, plant and equipment and intangible assets	(315,9)	(408,9)	(65,0)	(116,7)
Other	31,8	4,8	49,1	(5,1)
<b>Net cash flow from investing activities</b>	<b>(284,0)</b>	<b>(404,0)</b>	<b>(15,9)</b>	<b>(121,7)</b>
Inflows of/ Payment of credits, loans, leases and securities	68,2	153,7	(39,1)	151,9
Dividend paid	-	(34,6)	(0,3)	(34,6)
Interest paid	(40,7)	(39,7)	(12,8)	(13,2)
Other	(0,9)	28,9	0,4	(2,3)
<b>Net cash flow from financial activities</b>	<b>26,6</b>	<b>108,3</b>	<b>(51,8)</b>	<b>101,9</b>
Change in cash and cash equivalents	(92,3)	10,6	38,3	106,0
Cash and cash equivalents at the beginning of the period	355,3	431,3	224,7	335,9
<b>Cash and cash equivalents at the end of the period</b>	<b>262,9</b>	<b>441,9</b>	<b>262,9</b>	<b>441,9</b>

# CAPEX (non-current assets and intangible assets)

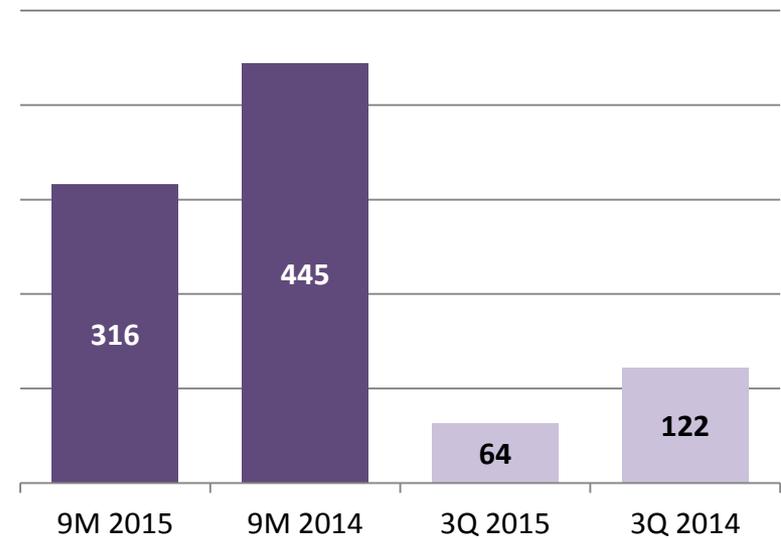
(excluding CO<sub>2</sub>)



## INVESTMENT [m PLN]



## EXPENDITURE [m PLN]



# Disclaimer

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