

Current report 3/2019

Subject: Estimation of selected financial and operating data for the period from 1 January to 31 December 2018.

Acting as persons authorized to represent Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. („Parent Company”) publishes preliminary selected consolidated financial and operating data for the period from 1 January to 31 December 2018.

Accordingly to preliminary estimates:

- sales of electricity after 12 months of 2018 amounted to 2 398 GWh (including Parent Company 1 026 GWh),
- sales of heat after 12 months of 2018 amounted to 10 600 TJ (including Parent Company 9 350 TJ),
- the consolidated EBITDA after 12 months of 2018 amounted to approximately PLN 155.7 million, the consolidated EBITDA includes an increase in expenses of compensation for stranded costs in the amount of PLN 119.8 million,
- the consolidated operational cash-flow after 12 months of 2018 amounted to approximately PLN 2.1 million,
- the consolidated net loss attributable to the shareholders of the Parent Company amounted to approximately PLN 11.4 million (PLN 0.77 per share),
- capital expenditures amounted approximately to PLN 126 million.

The most significant impact on the net financial result of the Group in the period from 1 January to 31 December 2018 was an increase in the estimated expenses from stranded costs compensation regarding termination of long-term power purchase contracts (LTC) by PLN 92 645 thousand in comparison to the year 2017. As at 31 December 2018 the estimated expenses from LTC compensations amounted to PLN 119 825 thousand.

The second important factor was the lack of revenues from estimated gas compensation. In 2017, revenues from the gas compensation amounted to PLN 43 204 thousand.

The change in the estimated expenses from LTC compensations relates to the subsidiary EC Zielona Góra S.A. and is the result of a significant increase in the forecasted sale price of electricity in 2018-2024. According to the accounting rules the changes in estimates are taken into account prospectively by being recognized in the statement of comprehensive income of the company and of the Group for the period in which a change took place.

The company reserves that the values presented above are estimated and still in the process of preparation. The final values will be presented in the annual report for 2018, the publication of which is scheduled for March 12, 2019.

Detailed legal basis: Article 17(1) MAR.