

Current report 20/2019

Subject: Estimation of selected financial and operating data for the period from 1 January to 30 June 2019

Acting as persons authorized to represent Zespół Elektrociepłowni Wrocławskich KOGENERACJA S.A. („Parent Company”) we hereby disclose the preliminary selected consolidated financial and operating data for the period from 1 January to 30 June 2019.

Accordingly to preliminary estimates:

- sales of electricity after 6 months of 2019 amounted to 1 297 GWh (including Parent Company 630 GWh),
- sales of heat after 6 months of 2019 amounted to 6 167 TJ (including Parent Company 5 467 TJ),
- the consolidated EBITDA after 6 months of 2019 amounted to approximately PLN 134.6 million,
- the consolidated operational cash-flow after 6 months of 2019 amounted to approximately PLN 180.5 million,
- the consolidated net profit attributable to the shareholders of the Parent Company amounted to approximately PLN 149.7 million (PLN 10.05 per share),
- capital expenditures amounted approximately to PLN 34.3 million.

In the first half of 2019, the Group considered a one-off event with a significant impact at the Group's financial activities. In April 2019, on the ground of the announcement of the Minister of the Environment on 16 April 2019 regarding electricity generation installations, about which the Company informed in the Current Report 6/2019, KOGENERACJA S.A. Group received an additional allocation of CO₂ allowances from the pool of non-allocated CO₂ allowances for previous years of the settlement period in the volume of 972 thousand tonnes (including 470 thousand tons of allowances in KOGENERACJA S.A. and 502 thousand tons of allowances in the subsidiary EC Zielona Góra S.A.). This additional allocation was the result of the settlement of capital expenditures made in PGE Group (including as part of assets acquired in 2017).

In connection with the decision to allocate the above CO₂ emission allowances to sales, the consolidated financial statements include in consolidated financial revenues the valuation of CO₂ emission allowances in the amount of PLN 108 477 thousand; including PLN 52 394 thousand in the Parent Company and PLN 56 073 thousand in EC Zielona Góra S.A.

In the first half of 2019, a significant impact on the consolidated net financial result of the Group was also a decrease by PLN 68,670 thousand in the estimated costs of LTC compensations which in the first half of 2019 were negative and amounted to PLN 15,002

thousand (in the first half of 2018 were also negative and amounted to PLN 83 672 thousand). The change in the estimated revenues from LTC compensations is the effect of an update of forecasted sale price of electricity in 2019-2024 and of including the additional allocation of CO₂ emission allowances in the calculation model of LTC compensations.

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 half year report for the first half year of 2019, the publication of which is scheduled for August 12, 2019.

Detailed legal basis: Article 17(1) MAR.