

Consolidated profit and loss account

Consolidated profit and loss account - 2017

[PLN k]	2016	2017	Change	% change
Revenue from the sale of electricity	6 548 229	6 932 940	384 711	5.90%
Revenue from the sale of heat	312 625	347 871	35 246	11.30%
Revenue from the sale of gas	179 476	145 262	-34 214	-19.10%
Revenue from the sale of distribution services	3 001 032	3 215 618	214 586	7.20%
Revenue from certificates of origin	13 739	12 937	-802	-5.80%
Revenue from the sale of CO ₂ emission rights	32 780	77 315	44 535	135.90%
Revenue from the sale of goods and materials	87 004	87 199	195	0.20%
Revenue from the sale of other products and services	176 369	177 139	770	0.40%
Revenue from the sale of coal	904 424	409 408	-495 016	-54.70%
Net sales revenue	11 255 678	11 405 689	150 011	1.30%
Depreciation	1 110 350	1 194 540	84.190	7.60%
Costs of employee benefits	1 490 752	1 470 644	-20 108	-1.30%
Consumption of materials and raw materials and the value of goods sold	1 361 884	1 728 771	366 887	26.90%
Purchase of energy and gas for sale purposes	4 074 797	3 169 673	-905 124	-22.20%
Transmission services	860 991	1 057 151	196 160	22.80%
Other third party services	664 644	815 743	151 099	22.70%
Taxes and levies	326 537	376 542	50 005	15.30%
Sales tax deductible costs	9 889 955	9 813 064	-76 891	-0.80%
Other operating revenue	144 038	141 790	-2 248	-1.60%
Other operating costs	261 625	221 871	-39 754	-15.20%
Loss on the sale and liquidation of property, plant and equipment	-30 662	-23 530	7 132	23.30%

[PLN k]	2016	2017	Change	% change
Impairment loss on non-financial non-current assets	98 160	1 284	-96.876	-98.70%
Operating profit	1 119 314	1 487 730	368 416	32.90%
Financial costs	127 010	170 689	43 679	34.40%
Financial revenue	76 350	139 718	6 368	83.00%
Share in the results of affiliates - and jointly controlled entities	-	9 282	9 282	100.00%
Dividend revenue	148	526	378	255.40%
Profit before tax	1 068 802	1 466 567	397 765	37.20%
Income tax	219 889	301 676	81 787	37.20%
Net profit of the reporting period	848 913	1 164 891	315 978	37.20%
EBITDA	2 327 824	2 683 554	355 730	15.30%

2017:

Factors behind the change of EBITDA of Enea Group:

* The basic factor behind the change in EBITDA is the takeover of Enea Elektrownia Połaniec (as of 14 March 2017)

- + an increase in revenue from the sale of electricity by PLN 385 million arises mainly from a higher sales volume of 3 334 GWh with a simultaneous drop in the average sale price by 4.6% and higher revenue from Regulatory System Services
- + an increase in revenue from sales of heat by PLN 35 million results from the sales volume higher by 1 716 340 GJ (mainly as a result of the EEP acquisition) with a simultaneous drop in the average sales price
- a decrease in revenue from sales of natural gas by PLN 34 million caused by a 38 GWh decrease in volume with a simultaneous drop in the average price by 15.3%,
- + an increase in revenue from the sale of distribution services by PLN 215 million results from higher transfer costs – an increase in the transitional fee and the RES fee (implemented as of 1 July 2016) and higher sales volume of distribution services (by 2.8%) to end users
- + higher revenue from the sale of CO₂ emission allowances by PLN 45 million mainly result from the achieved profit on futures for CO₂ emission allowances, with a simultaneous lower volume of CO₂ emission allowances trading carried out as part of the current balancing of electricity production
- a decrease in coal sales by PLN 495 million results from a higher volume of intra-group supplies
- + a decrease in employee benefit costs by PLN 20 million mainly due to a change in employee provisions (e.g. the release of a provision for retirement coal allowance as a result of the purchase of a free coal allowance from current and future pensioners), with a simultaneous increase in costs due to the takeover of EEP

- an increase in the cost of consumption of materials and raw materials and the value of goods sold by PLN 367 million mainly due to the EEP acquisition with a simultaneous decrease in costs due to a larger volume of intra-group purchase of coal
- + a drop in the cost of purchasing electricity and gas by PLN 905 million results from:
 - + a decrease in the volume of electricity purchased (by 3 721 GWh) with simultaneous decrease in the average purchase price - by 3.3%
 - + decrease in the cost of natural gas purchase due to a decrease in the average price by 12.0% and a decrease in volume by 17 GWh
 - + decrease in the purchase cost of PM (property rights) mainly due to the continuing low prices of green certificates
- an increase in transmission costs by PLN 196 million mainly as a result of an increase in the interim fee and the charging of renewable energy charges (from H2 2016) and an increase in the fixed transmission fee in the PSE tariff
- an increase in the cost of third party services by PLN 151 million mainly due to the acquisition of EEP
- an increase in taxes and levies by PLN 50 million results, among others, from the acquisition of EEP and from an increase in the value of property, plant and equipment related to completed investment processes
- + an increase in the result generated on other operating activities by PLN 45 million:
 - + lower provisions for potential claims by PLN 43 million (including: PLN 86 million establishment of a provision for terminated contracts for the purchase of renewable energy PM RES), establishment in 2016 of a provision related to the estimation of the value of shares in Eco-Power sp. z o. o. company of PLN 129 million)
 - + profit on the bargain purchase of shares in ENGIE Energia Polska SA (currently Enea Elektrownia Połaniec SA) - PLN 12 million
 - + surplus of coal inventories by PLN 11 million
 - + lower increase in provisions for non-contractual use of transmission corridors PLN 10 million
 - + lower loss on liquidation of property, plant and equipment by PLN 7 million, e.g. as a result of the liquidation of excavations
 - + higher revenue arising from claims, penalties and fines by PLN 2 million
 - an increase in impairment losses on overdue and bad debt by PLN 29 million
 - a decrease in free property, plant and equipment accepted without consideration by PLN 19 million, e.g. as a result of fewer agreements on collisions on network assets

Consolidated profit and loss account – Q4 2017

[PLN k]	Q4 2016	Q4 2017	Change	% change
Revenue from the sale of electricity	1 669 912	1 817 852	147 940	8.90%
Revenue from the sale of heat ¹⁾	108 994	105 841	-3 153	-2.90%
Revenue from the sale of gas	43 646	44 512	866	2.00%
Revenue from the sale of distribution services	783 754	832 369	48 615	6.20%
Revenue from certificates of origin ²⁾	758	-7 363	-8 121	-1071.40%
Revenue from the sale of CO ₂ emission rights	10 841	63 377	52 536	484.60%
Revenue from the sale of goods and materials	21 324	28 874	7 550	35.40%

[PLN k]	Q4 2016	Q4 2017	Change	% change
Revenue from the sale of other products and services ¹⁾	45 922	51 879	5 957	13.00%
Revenue from the sale of coal	266 583	106 151	-160 432	-60.20%
Net sales revenue	2 951 734	3 043 492	91 758	3.10%
Depreciation	280 265	317 140	36 875	13.20%
Costs of employee benefits	416 205	328 429	-87 776	-21.10%
Consumption of materials and raw materials and the value of goods sold	347 410	470 931	123 521	35.60%
Purchase of energy and gas for sale purposes ²⁾	1 027 870	880 514	-147 356	-14.30%
Transmission services	226 259	268 877	42 618	18.80%
Other third party services	215 179	270 354	55 175	25.60%
Taxes and levies	80 533	90 443	9 910	12.30%
Sales tax deductible costs	2 593 721	2 626 688	32 967	1.30%
Other operating revenue	45 358	64 754	19 396	42.80%
Other operating costs	173 181	49 931	-123 250	-71.20%
Loss on the sale and liquidation of property, plant and equipment	-11 210	-12 468	-1 258	-11.20%
Impairment loss on non-financial non-current assets	48 808	1 284	-47 524	-97.40%
Operating profit	170 172	417 875	247 703	145.60%
Financial costs	27 416	67 933	40 517	147.80%
Financial revenue	28 461	78 715	50 254	176.60%
Share in the results of affiliates - and jointly controlled entities	-	1 880	1 880	100.00%
Profit before tax	171 217	430 537	259 320	151.50%
Income tax	42 959	103 595	60 636	141.10%
Net profit of the reporting period	128 258	326 942	198 684	154.90%
EBITDA	499 245	736 299	237 054	47.50%

¹⁾ Presentation change of published data for Q4 2016

²⁾ Presentation change in the scope of valuation and the cost of own sale of property rights

Q4 2017:

Factors behind the change of EBITDA of Enea Group:

* The basic factor behind the change in EBITDA is the takeover of Enea Elektrownia Połaniec (as of 14 March 2017)

- + an increase in revenue from the sale of electricity by PLN 148 million arises mainly from a higher sales volume of 1 258 GWh with a simultaneous drop in the average sale price by 6.3% and higher revenue from Regulatory System Services
- a decrease in revenue from sales of heat by PLN 35 million results from the sales volume higher by 322.220 GJ (mainly as a result of the EEP acquisition) with a simultaneous drop in the average sales price by 18%
- + an increase in revenue from the sale of distribution services by PLN 49 million results from higher transfer costs - increase in the interim fee and the RES fee and higher sales volume of distribution services (by 2.5%) to end users
- a decrease in revenue from the sale of certificates of origin by PLN 8 million due to the valuation of the cost of sales and inventory
- + higher revenue from the sale of CO₂ emission allowances by PLN 53 million mainly result from the achieved profit on futures for CO₂ emission allowances, with a simultaneous lower volume of CO₂ emission allowances trading carried out as part of the current balancing of electricity production
- + higher revenue from sales of goods and materials by PLN 8 million due to an increase in the volume of goods sold
- + higher revenue from sales of other services by PLN 6 million due to the EEP acquisition and increase in revenue from services related to street lighting operation and maintenance
- a decrease in coal sales by PLN 160 million results from a higher volume of intra-group supplies
- + a decrease in employee benefit costs by PLN 88 million mainly due to a change in employee provisions (the release of a provision for retirement coal allowance as a result of the purchase of a free coal allowance from current and future pensioners), with a simultaneous increase in costs due to the takeover of EEP
- an increase in the consumption of materials and raw materials and the value of goods sold by PLN 124 million mainly due to the EEP acquisition with a simultaneous decrease in costs due to a larger volume of intra-group purchase of coal
- + the drop in the cost of purchasing electricity and gas by PLN 147 million results from:
 - + a decrease in the volume of electricity purchased (by 868GWh) with simultaneous decrease in the average purchase price - by 1.0%
 - + decrease in the purchase cost of PM (property rights) of green certificates
- an increase in transmission costs by PLN 196 million mainly as a result of an increase in the interim fee and the charging of renewable energy charges (from H2 2016) and an increase in the fixed transmission fee in the PSE tariff
- an increase in the cost of third party services by PLN 151 million mainly due to the acquisition of EEP
- an increase in taxes and levies by PLN 50 million results, among others, from the acquisition of EEP and from an increase in the value of property, plant and equipment related to completed investment processes
- + an increase in the result generated on other operating activities by PLN 45 million:
 - + lower provisions for potential claims by PLN 43 million (including: PLN 86 million establishment of a provision for terminated contracts for the purchase of renewable energy PM RES), establishment in 2016 of a provision related to the estimation of the value of shares in Eco-Power sp. z o. o. company of PLN 129 million)

- + profit on the bargain purchase of shares in ENGIE Energia Polska SA (currently Enea Elektrownia Połaniec SA) - PLN 12 million
- + surplus of coal inventories by PLN 11 million
- + lower increase in provisions for non-contractual use of transmission corridors PLN 10 million
- + lower loss on liquidation of property, plant and equipment by PLN 7 million, e.g. as a result of the liquidation of excavations
- + higher revenue arising from claims, penalties and fines by PLN 2 million
- an increase in impairment losses on overdue and bad debt by PLN 29 million
- a decrease in free property, plant and equipment accepted without consideration by PLN 19 million, e.g. as a result of fewer agreements on collisions on network assets