

## **BASIC FINANCIALS**

### **SELECTED FINANCIAL DATA**

	in PLN thousand		in EURO thousand	
Basic figures from separate statement of comprehensive income	For the year ended 31 December 2016	For the year ended 31 December 2015	For the year ended 31 December 2016	For the year ended 31 December 2015
1. Revenue from sales	598 709	551 212	136 826	131 718
2. Operating profit	84 579	54 452	19 329	13 012
3. Profit before tax	164 952	153 416	37 697	36 660
4. Net profit	149 156	141 735	34 087	33 869
5. Other comprehensive income, net of tax	(73)	(5)	(17)	(1)
6. Total comprehensive income	149 083	141 730	34 070	33 868
<b>Basic figures from separate statement of cash flows</b>				
7. Net cash flow from operating activities	229 856	183 781	52 530	43 916
8. Net cash flow from investing activities	(39 694)	(135 645)	(9 071)	(32 414)
9. Net cash flow from financing activities	(187 345)	29 120	(42 815)	6 959
<b>Basic figures from separate statement of financial position</b>				
	As at 31 December 2016	As at 31 December 2015	As at 31 December 2016	As at 31 December 2015
10. Non-current assets	1 462 339	1 451 459	330 547	340 599
11. Current assets	297 508	334 679	67 249	78 535
12. Total assets	1 759 847	1 786 138	397 796	419 134
13. Non-current liabilities	180 962	204 909	40 905	48 084
14. Current liabilities	206 790	265 092	46 743	62 206
15. Equity	1 372 095	1 316 137	310 148	308 844

## Exchange rates of euro used for translation of selected financial data

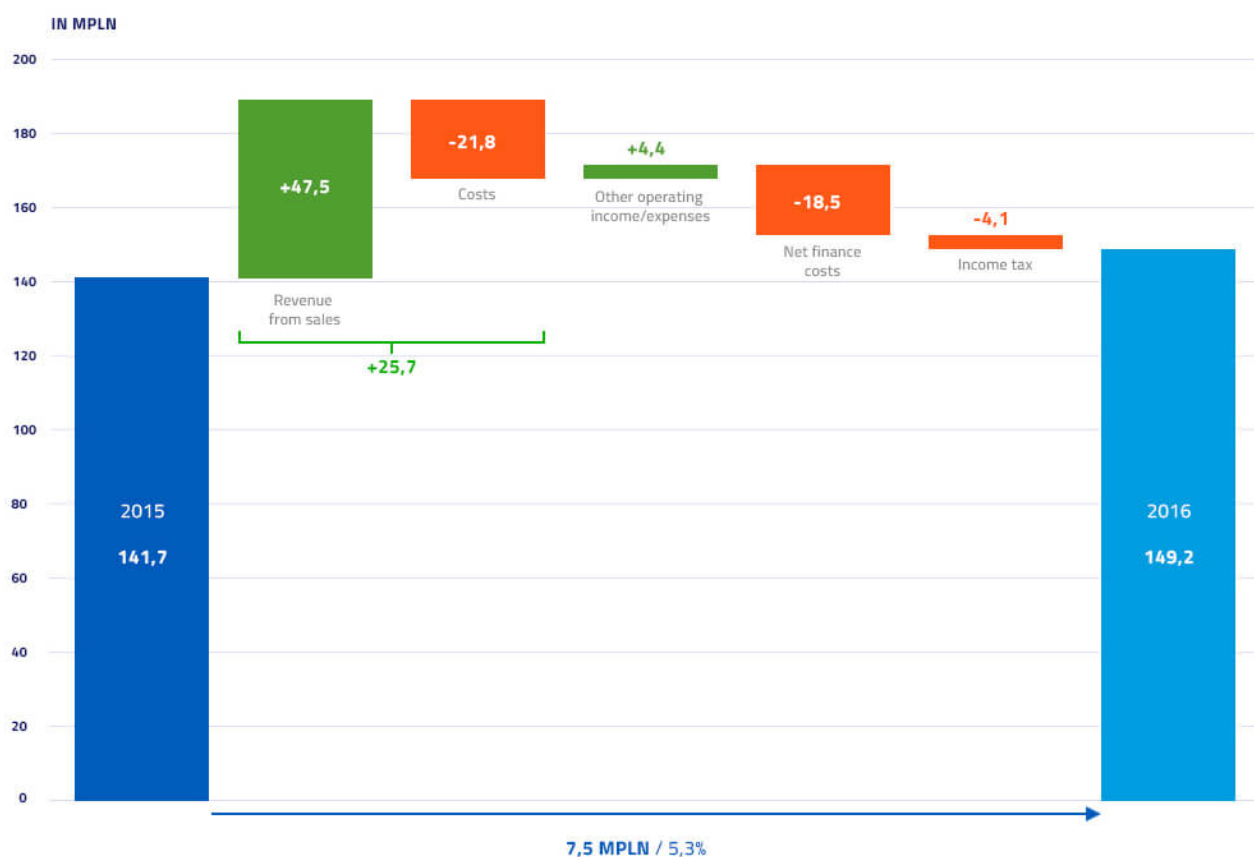
- Statement of financial position items - average exchange rate announced by NBP as at 31 December 2016 4,424
- Statement of comprehensive income and cash flows items - arithmetic average of average exchange rates announced by NBP as at the end of each month of the period from 1 January to 31 December 2016 4,3757

- Statement of financial position items - average exchange rate announced by NBP as at 31 December 2015 **4,2615**
- Statement of comprehensive income and cash flows items - arithmetic average of average exchange rates announced by NBP as at the end of each month of the period from 1 January to 31 December 2015 **4,1848**

## BASIC RATIOS

(%)	from 1 January to 31 December 2016	from 1 January to 31 December 2015	Change (%)
Return on assets (ROA)	8,48	7,94	7
Return on equity (ROE)	10,87	10,77	1
<b>Return on capital employed (ROCE)</b>	<b>6,62</b>	<b>4,14</b>	<b>60</b>

## NET PROFIT ANALYSIS



**Higher** net profit as compared to 2015 by 7.5 MPLN (+5.3%), mainly due to the following:

- **+25.7 MPLN** - higher profit on sales due to higher volume of heat and electricity sales and higher heat price
- **+4.4 MPLN** - higher other operating expenses, including:
  - +2.5 MPLN decrease in provisions for landfill reclamation
  - +2.4 MPLN decrease in provisions for demolition plan of reinforced concrete chimney
  - -0.5 MPLN other events

- **-18.5 MPLN** - lower result on financial operation, i.e.:
  - -18.2 MPLN lower dividend received from EC Zielona Góra S.A. (81.2 MPLN in 2016 and 99.4 MPLN in 2015)
  - -1.0 MPLN higher finance costs (higher interests on investment loan from EDF IG)
  - +0.9 MPLN higher financial revenues (interests on cash-pool)
  - -0.2 MPLN lower other financial revenues
- **-4.1 MPLN** - higher income tax

## REVENUES ANALYSIS

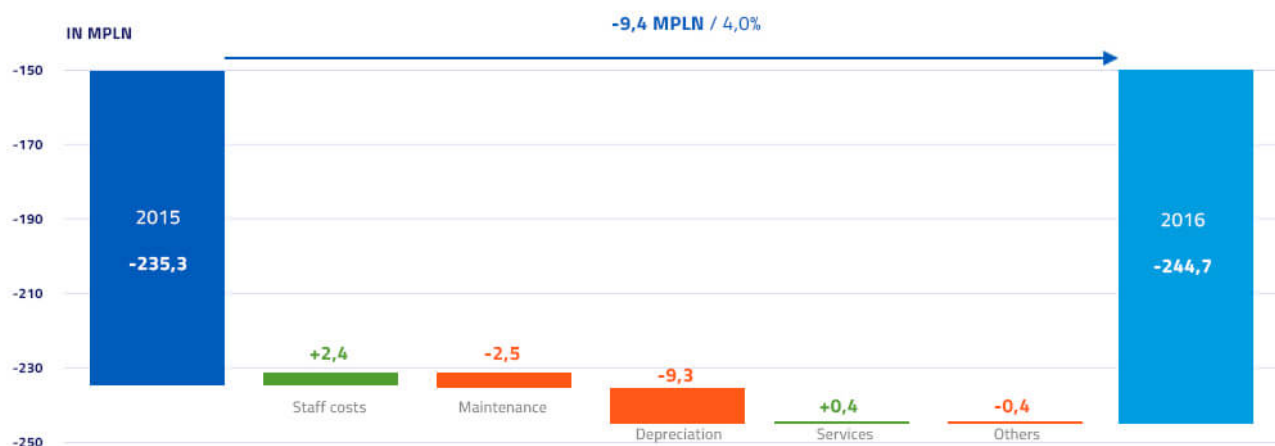


**Higher** revenue from sales as compared to 2015 by **47.5 MPLN (+8.6%)**, mainly due to the following:

- **+44.4 MPLN** - higher revenues on heat sales (increase of heat volume by 14%, increase of heat price by 2.4% and increase of heat in steam by 1.4%)
- **+3.8 MPLN** - higher revenues on sales of electricity, i.e.:
  - **+19.4 MPLN** - higher revenues on sales of electricity (higher volume of electricity sales by 6%, higher prices by 0.2%)
  - **-15.6 MPLN** - lower revenues from the sales of electricity to PSE
- **+3.8 MPLN** - higher revenues on sales of certificates (increased production in co-generation and higher volume of red certificates)
- **-4.5 MPLN** - lower other revenues, including:
  - **-0.8 MPLN** lower revenue from sale of merchandise and raw materials
  - **-3.7 MPLN** lower other revenue from sale of products (sales of CO<sub>2</sub> allowances in 2015)

## FIXED AND VARIABLE COSTS ANALYSIS

### FIXED COSTS



**Higher** fixed costs as compared to 2015 by **9.4 MPLN**, mainly due to the following:

**Staff costs** decreased by 2.4 MPLN, i.e.:

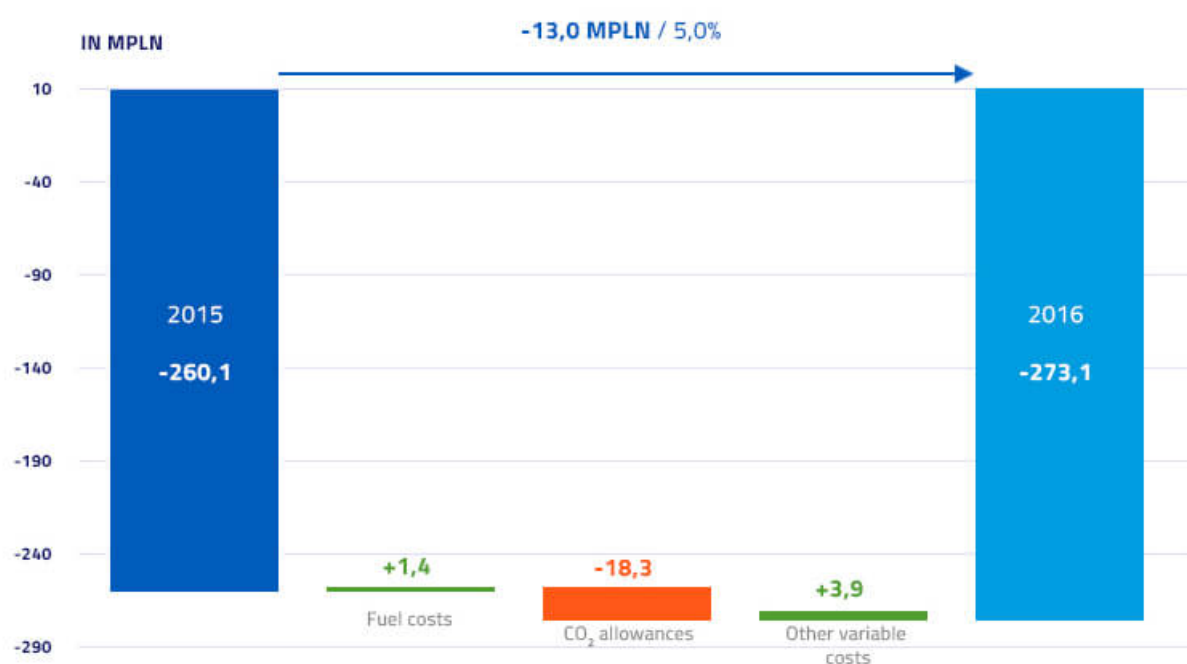
- +3.8 MPLN decrease in payroll expenses and social security costs (lower average employment by 14 persons, the agreements signed in 2015 between trade unions and the Company)
- -1.4 MPLN higher costs of staff provisions connected with employment restructure (PIO)

**Maintenance costs** increased by 2.5 MPLN: an effect of a wider scope of maintenance in 2016 as compared to 2015, including heating network repairs.

**Depreciation** increased by 9.3 MPLN, i.e.:

- -12.8 MPLN new fixed assets brought into use in 2016, i.e. mainly the desulphurisation and denitrification installation
- +3.5 MPLN change of the lifetime of fixed assets

## VARIABLE COSTS



**Higher** variable costs as compared to 2015 by **13.0 MPLN**.

**Costs of the shortage and purchase of CO<sub>2</sub> allowances** increased by 18.3 MPLN. Lower limit of free CO<sub>2</sub> allowances (in 2016,

the allowances received covered 43% of the CO<sub>2</sub> emission, while in 2015: 64%) and the higher cost of purchase of CO<sub>2</sub> allowances (up by 29%).

**Fuel costs** decreased by 1.4 MPLN, i.e.:

**-3.8 MPLN** higher coal costs due to the following:

- **-21.9 MPLN** higher volume of coal consumption 16 319 TJ in 2016 and 14 611 TJ in 2015
- **+18.1 MPLN** lower coal price

**+4.0 MPLN** lower biomass costs due to the following:

- **+2.0 MPLN** lower volume of biomass consumption in 2016: 966 TJ, in 2015 :1 041 TJ
- **+2.0 MPLN** lower biomass price

**+2,5 MPLN;** lower gas costs, decrease of gas price

**-2,3 MPLN;** higher costs of chemicals and sorbents used (desulphurisation installation)

**+1,0 MPLN;** lower cost of liquid fuels

**Other variable costs** decreased by **3.9 MPLN, i.e.:**

**+2.1 MPLN** decrease of costs of environmental protection due to the start-up of desulphurisation installation

**+2.0 MPLN** decrease the costs related to energy purchase

**-0.2 MPLN** other

## SEPARATE STATEMENT OF CASH FLOWS ANALYSIS

**+229.8 MPLN**

Net cash from operating activity:

Net profit **+149.2 MPLN**

Adjustments **+ 54.3 MPLN**, including:

- +108.3 MPLN depreciation
- +2.9 MPLN impairments
- +15.8 MPLN tax payments
- -79.1 MPLN investing and financing operations
- +6.4 MPLN other

Working capital **+28.1 MPLN:**

- +31.1 MPLN decrease in inventories
- - 3.0 MPLN decrease in liabilities

Income tax paid **-1.8 MPLN**

**+82.2 MPLN**

Investment inflows:

+81.2 MPLN: dividend from EC ZG

+1.0 MPLN: Proceeds from disposal of assets

-121.9 MPLN

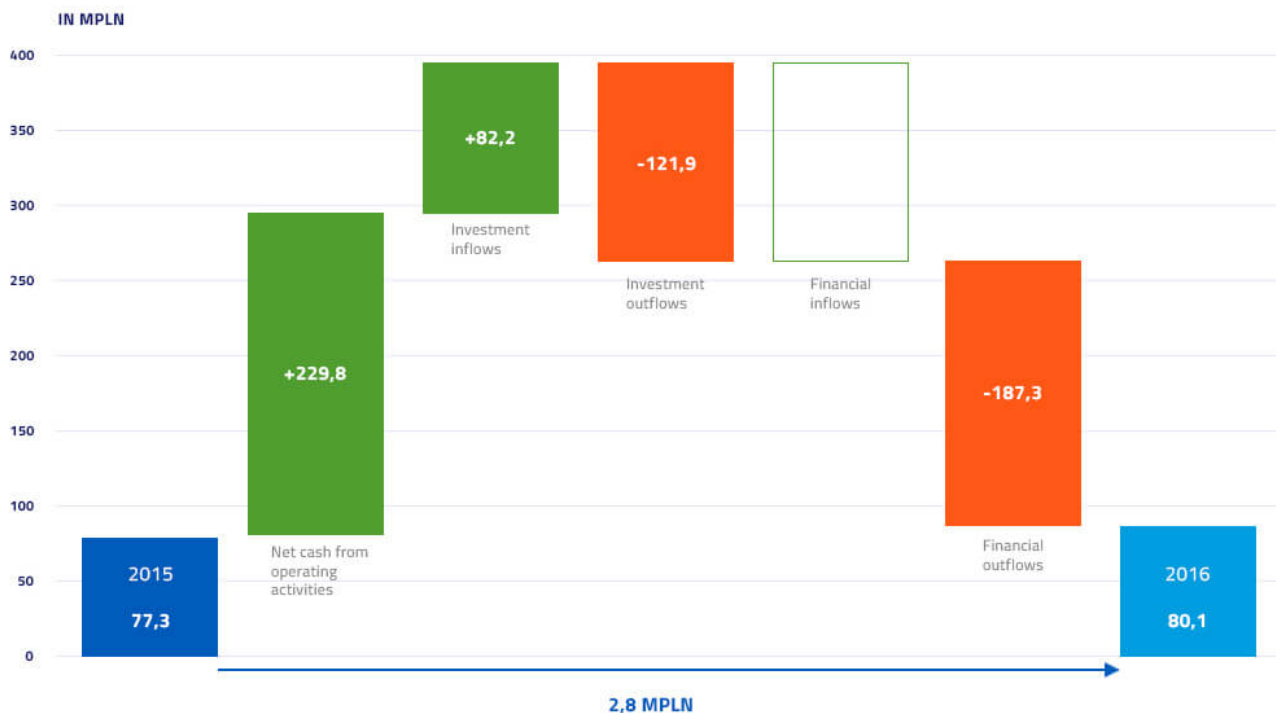
Purchases of intangible assets and property, plant and equipment; construction of DeSO<sub>x</sub> and DeNO<sub>x</sub> installation

**0 MPLN;** no financial inflows

**-187.3 MPLN:**

- -93.1 MPLN dividend payment
- -24.8 MPLN WFOŚ loan payment
- -66.8 MPLN investment loan - final repayment to EDF IG S.A.
- -2.6 MPLN interests paid

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