

# **TAURON Group's H1 2022 Financial Results**

September 8, 2022





## Key H1 2022 data

Financial results		
[PLN m]	H1 2022 vs H1 2021	
Sales revenue	<b>18 124</b>	<b>53%</b>
EBITDA	<b>2 351</b>	<b>(19)%</b>
Net profit*	<b>627</b>	<b>76%</b>
CAPEX	<b>1 481</b>	<b>15%</b>
Net debt/EBITDA	<b>2.9x</b>	<b>up by 0.5x (vs 31.12.2021)</b>

Operating data		
	H1 2022 vs H1 2021	
Electricity distribution [TWh]	<b>27.46</b>	<b>3%</b>
Electricity production from RES [TWh]	<b>0.92</b>	<b>4%</b>
Electricity production by hard coal-fired units [TWh]	<b>6.88</b>	<b>0.5%</b>
Heat generation [PJ]	<b>6.20</b>	<b>(14)%</b>
Retail electricity supply [TWh]	<b>15.96</b>	<b>(4)%</b>
Commercial coal production [ton m]	<b>2.71</b>	<b>0.4%</b>

\* attributable to the shareholders of the parent company

## Key Q2 2022 data

Financial results		
[PLN m]	Q2 2022 vs Q2 2021	
Sales revenue	<b>8 311</b>	<b>53%</b>
EBITDA	<b>396</b>	<b>(67)%</b>
Net profit*	<b>(273)</b>	<b>-</b>
CAPEX	<b>871</b>	<b>34%</b>
Net debt/EBITDA	<b>2.9x</b>	<b>up by 0,5x (vs 31.12.2021)</b>

Operating data		
	Q2 2022 vs Q2 2021	
Electricity distribution [TWh]	<b>13.20</b>	<b>2%</b>
Electricity production from RES [TWh]	<b>0.38</b>	<b>(7)%</b>
Electricity production by hard coal-fired units [TWh]	<b>3.54</b>	<b>14%</b>
Heat generation [PJ]	<b>1.68</b>	<b>(19)%</b>
Retail electricity supply [TWh]	<b>7.53</b>	<b>(4)%</b>
Commercial coal production [ton m]	<b>1.25</b>	<b>(1)%</b>

\* attributable to the shareholders of the parent company

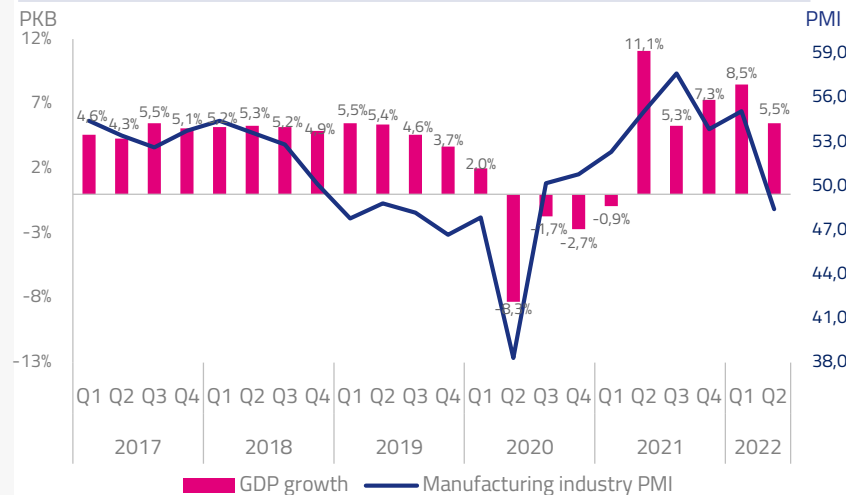
## 2022 Highlights

<b>January 18</b>	Completion of the 8 MW wind farm construction in Choszczno
<b>March 22</b>	Decision taken to conduct a procedure to obtain bids for the construction of a 400-500 MWe/250 MWt CCGT unit at Łagisza Power Plant
<b>March 22</b>	Settlement of the transaction involving the acquisition of the shares in Nowe Jaworzno Grupa TAURON with the Polish Development Fund (13.7% of the share capital)
<b>April 8</b>	Approval by the Ministry of State Assets of the application for granting public aid for TAURON Wydobycie
<b>April 14</b>	Re-synchronization of the 910 MW unit in Jaworzno with the power grid
<b>April 20</b>	Letter of intent signed with KGHM with respect to the cooperation in the field of the Small Modular Reactor (SMR) power generation technology
<b>June 7</b>	Decision taken to acquire a special purpose vehicle with the rights to a 60 MW Mierzyn wind farm construction project
<b>June 22</b>	Adoption of TAURON Group's 2020-2030 Strategy with an outlook until 2050
<b>July 14</b>	Commencement of the works on the construction of the largest photovoltaic farm in Poland in Mysłowice with ultimate capacity of 100 MW
<b>July 15</b>	Signing of a syndicated loan agreement for the amount of PLN 4 billion

## Macroeconomic and market situation

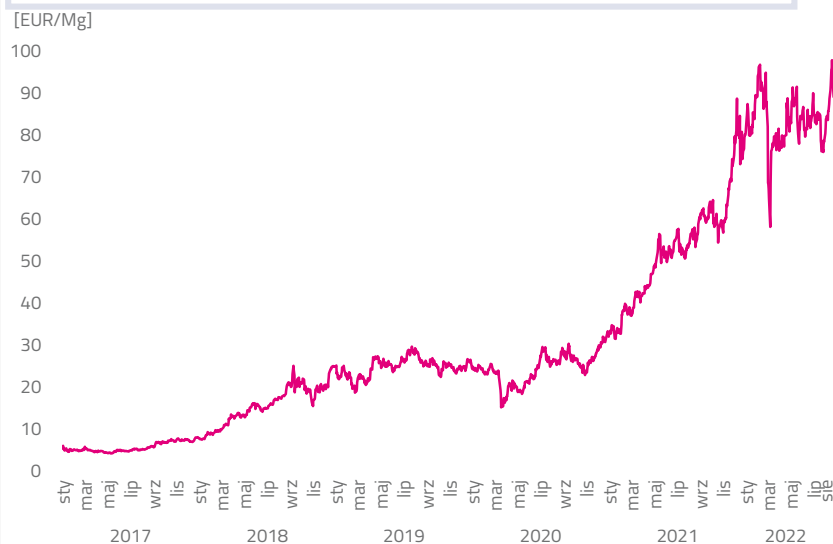
- weakening economic conditions due to the outbreak of the war in Ukraine and a significant increase in the prices of energy carriers
- rise of the share of RES sources in the NPS balance due to a large increase of installed capacity in photovoltaic installations and favorable weather conditions for wind installations
- decrease of the share of gas-fired sources in the NPS balance, due to the decline in the profitability of electricity production caused by the rapid surge in natural gas prices
- decrease of the share of hard coal-fired sources in the NPS balance due to the generators' problems with fuel supply on the Polish market as well as with imports due to an embargo on the purchases of the Russian coal, logistics difficulties and a strong surge of coal prices on the world markets

Poland's GDP growth rate\* and manufacturing PMI (quarterly average)\*\*



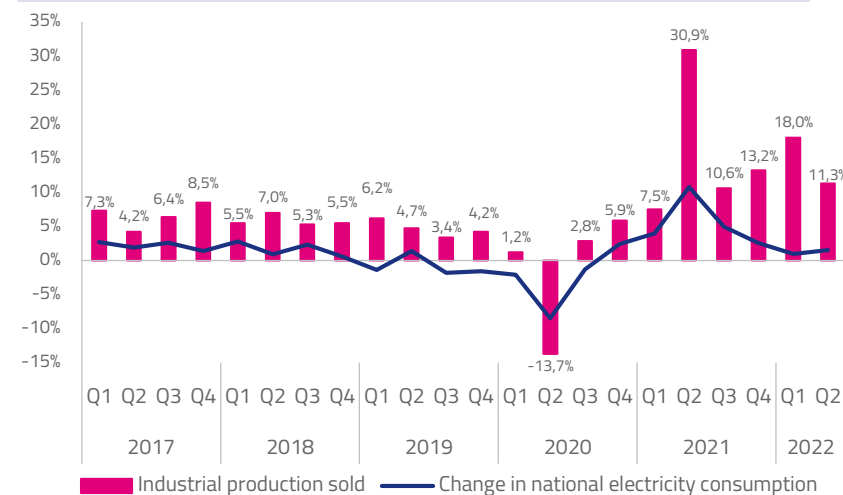
Source: \* Statistics Poland data for 2017-2021: Q2 2022 \*\* Investing.com

CO<sub>2</sub> emission allowances price performance



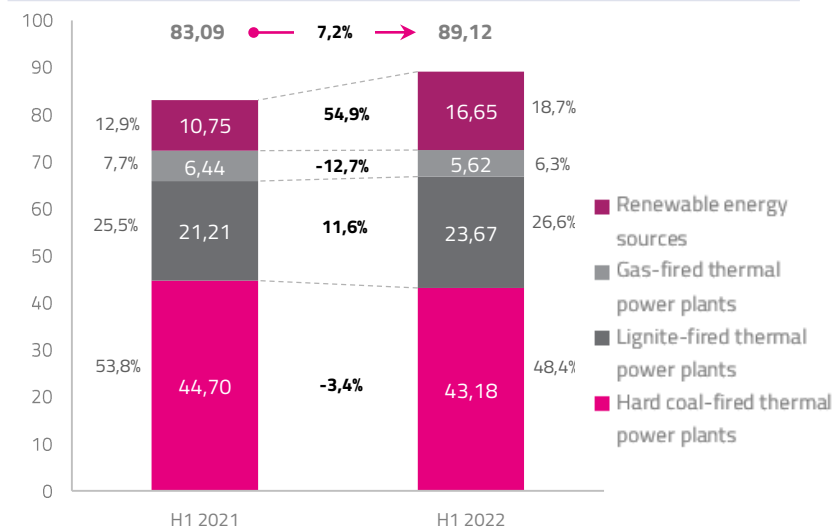
Source: Thomson Reuters Eikon (Refinitiv), ICE Exend exchange data

Change of industrial production sold\* and electricity consumption (change yoy)\*\*



Source: \* Statistics Poland data \*\* PSE (TSO) data

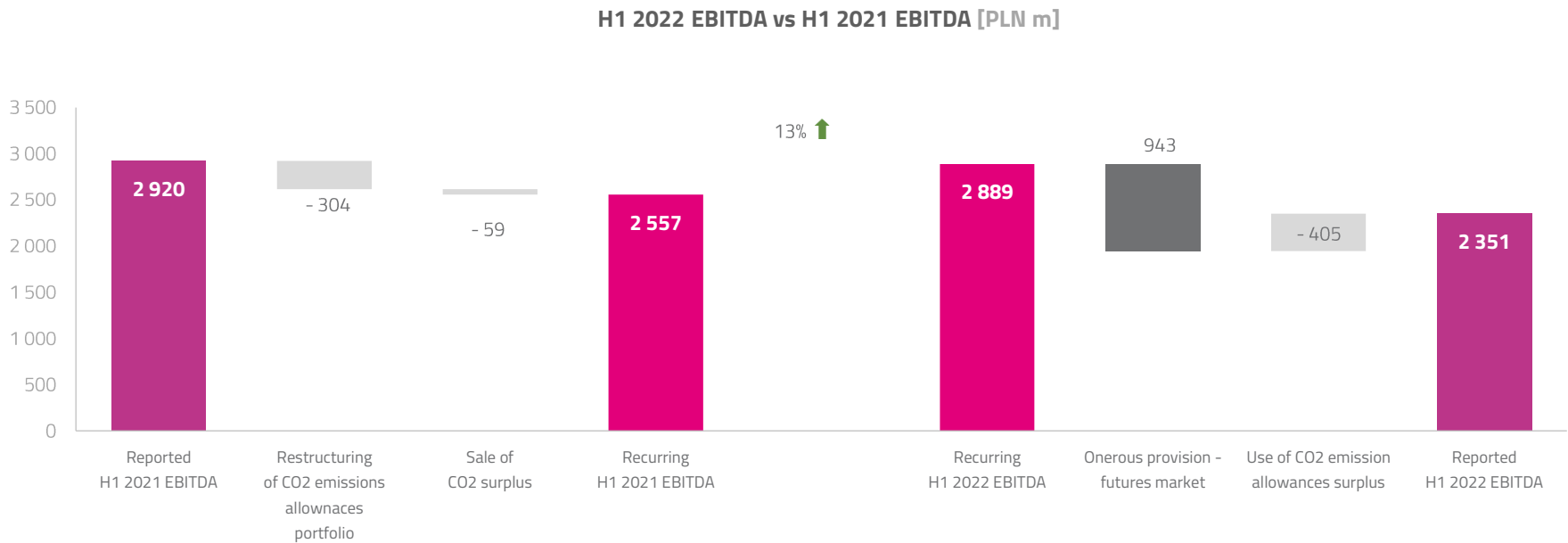
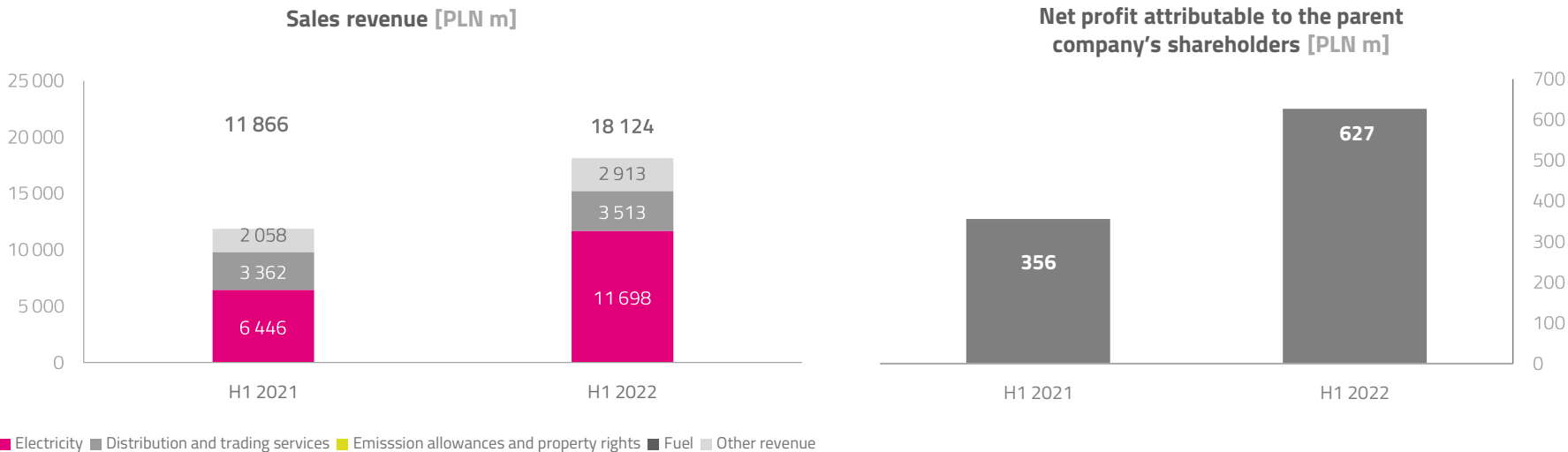
Structure of electricity production in Poland [TWh]



Source: PSE (TSO) data

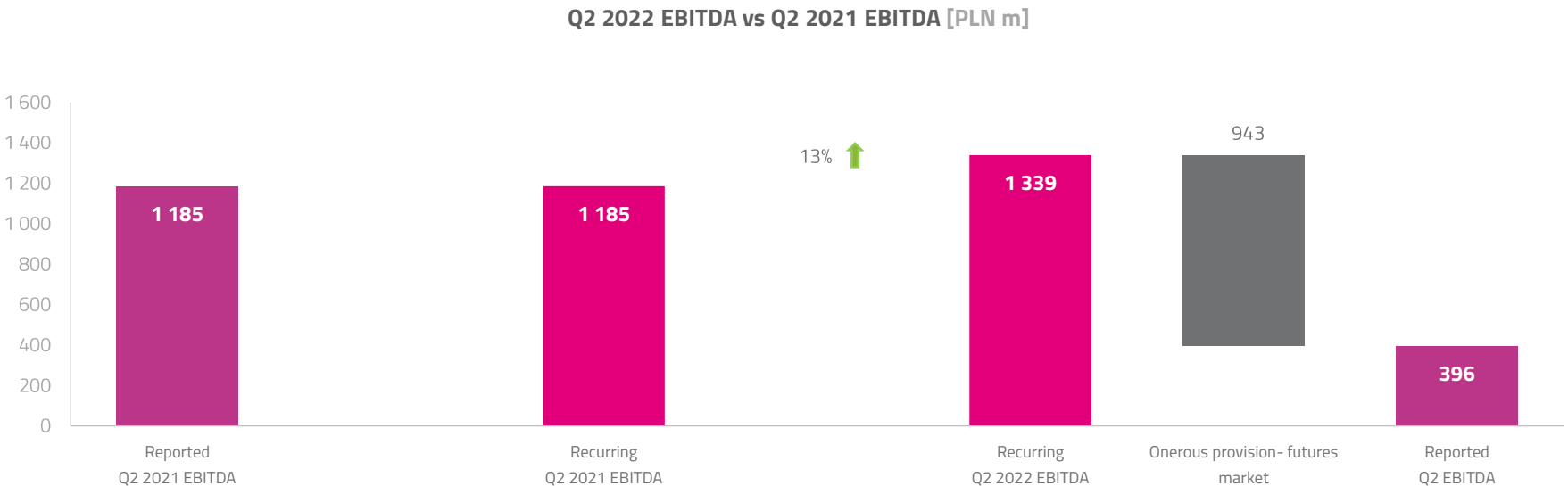
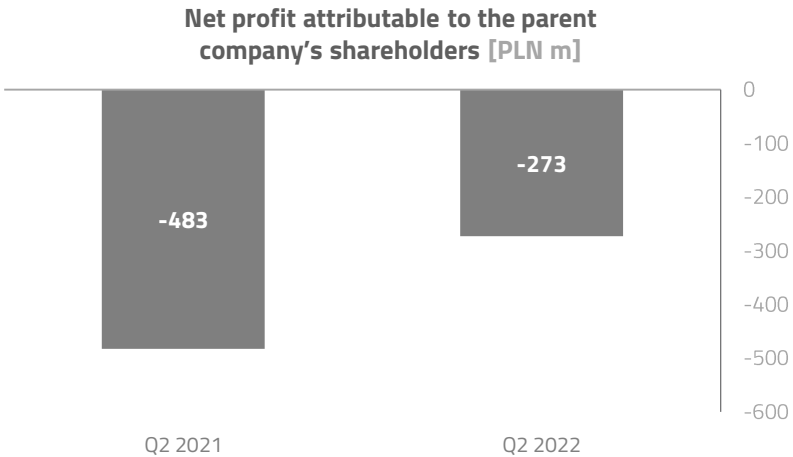
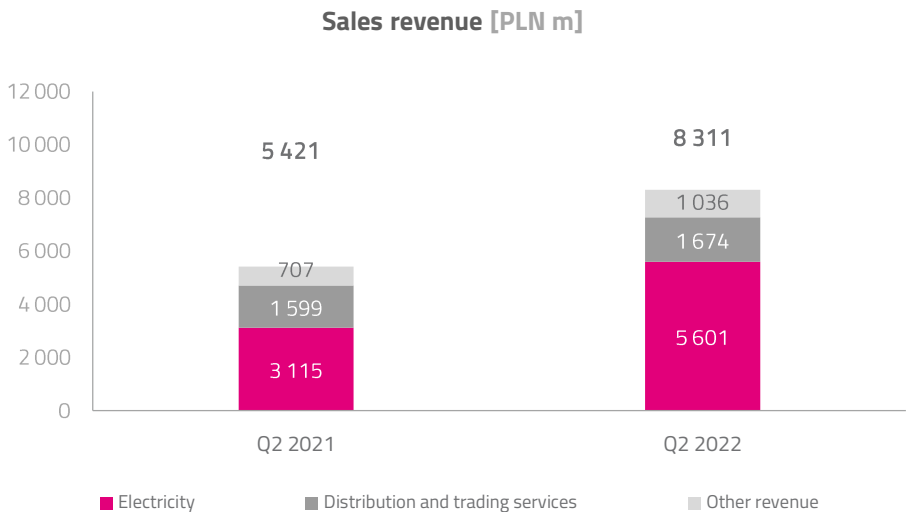


# H1 2022 financial data



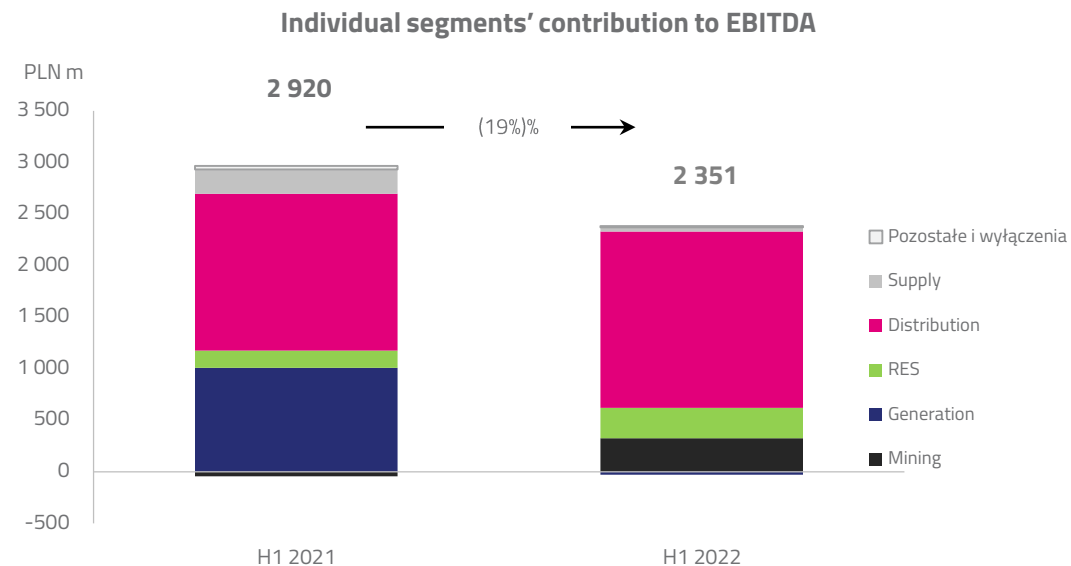


## Q2 2022 financial data



## Individual segments' H1 2022 results

[PLN m]	Distribution	RES	Generation	Supply	Mining	Other and exclusions*
Revenue	3 919	568	5 419	18 257	1 195	(11 234)
EBITDA	1 709	296	(30)	41	324	11
EBIT	1 092	222	(252)	19	138	(53)
CAPEX	878	93	117	36	167	190

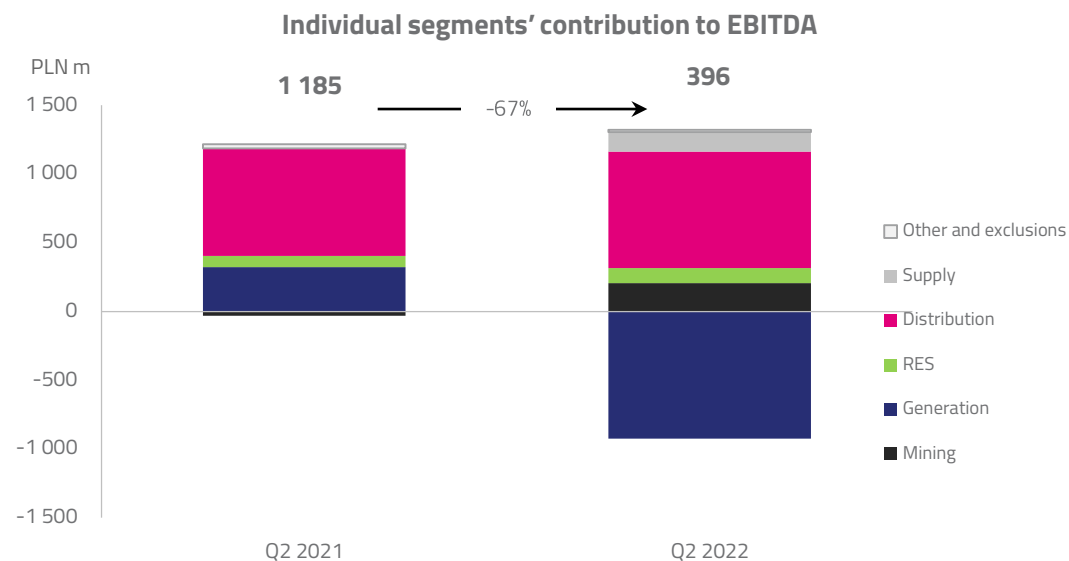


\* Items not included in the segments presented



## Individual segments' Q2 2022 results

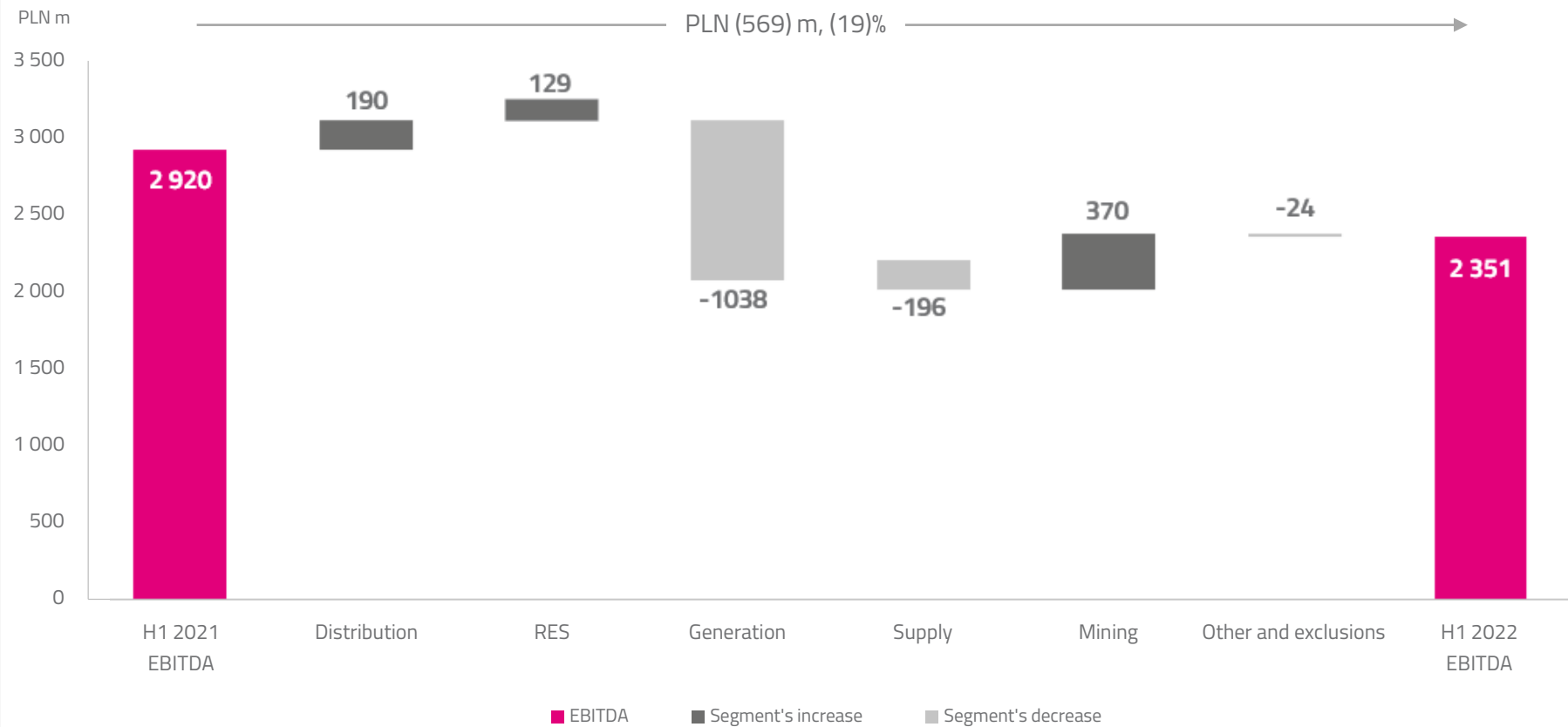
[PLN m]	Distribution	RES	Generation	Supply	Mining	Other and exclusions*
Revenue	1 896	254	2 363	7 670	637	(4 509)
EBITDA	845	110	(925)	144	207	15
EBIT	531	68	(1 038)	132	73	(18)
CAPEX	472	72	53	22	98	154



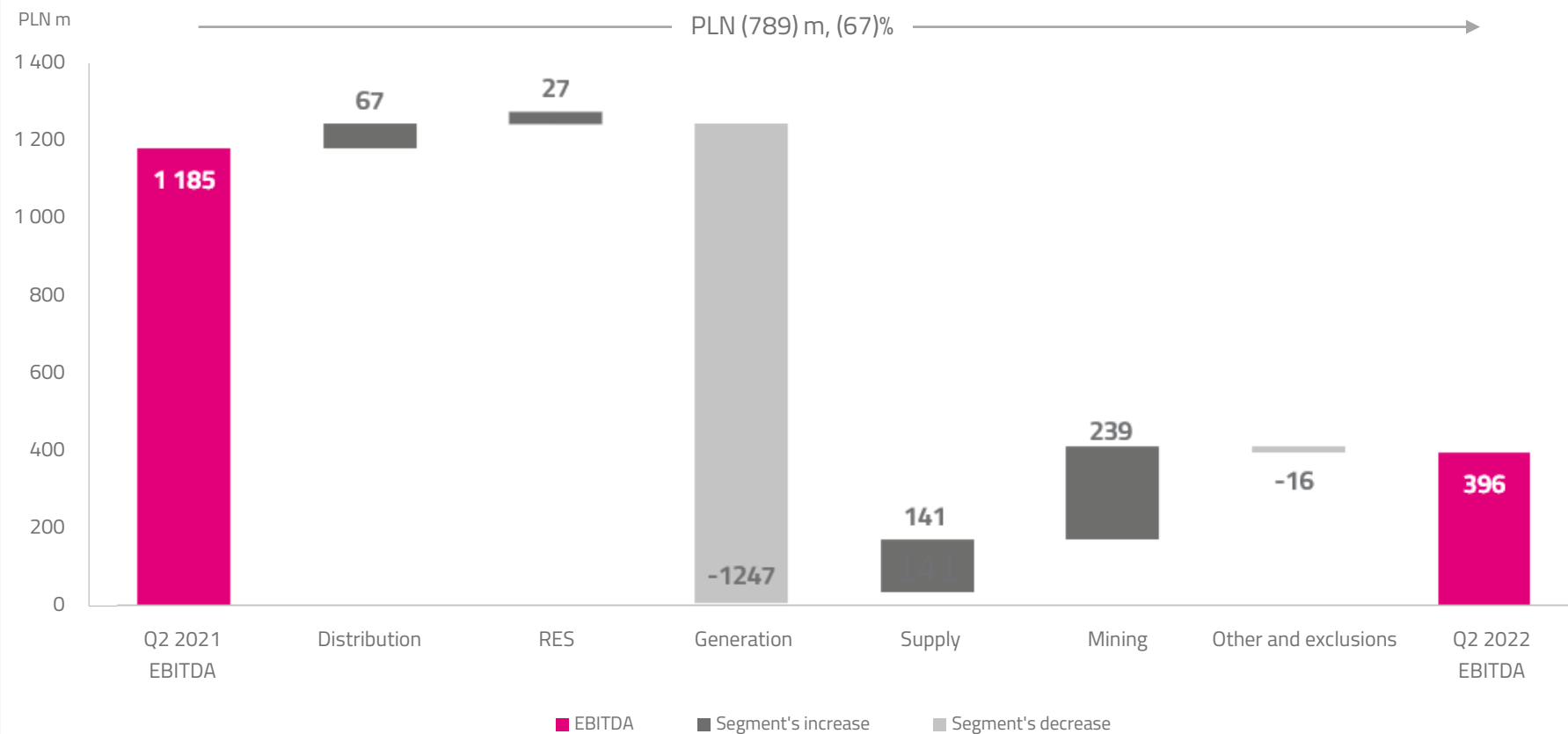
\* Items not included in the segments presented



## H1 2022 EBITDA



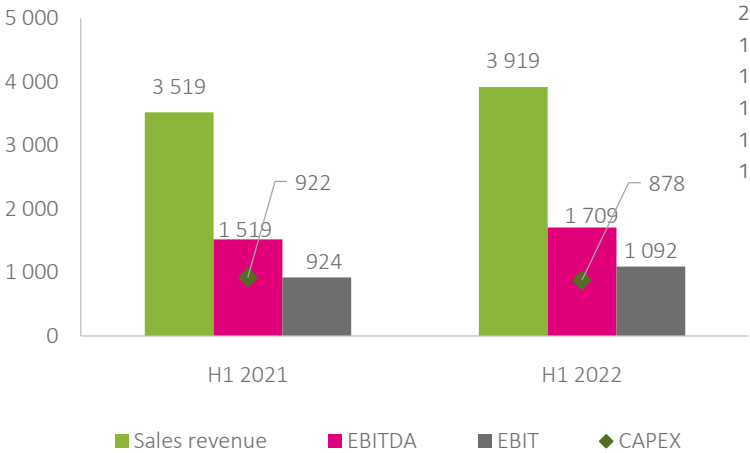
## Q2 2022 EBITDA



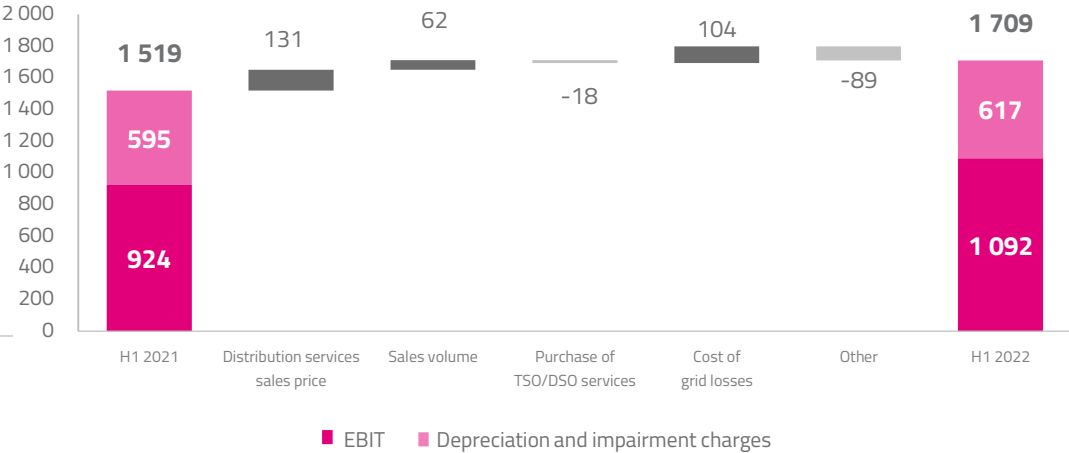


# Distribution Segment H1 2022

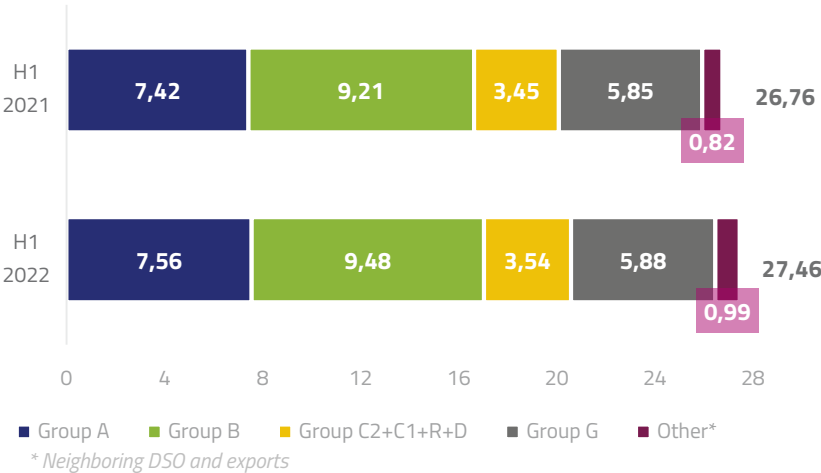
Financial data [PLN m]



EBITDA change [PLN m]



Electricity distribution [TWh]



▪ Increase of electricity distribution services sales volume by 0.7 TWh



▪ Increase of the average rate for the final consumers

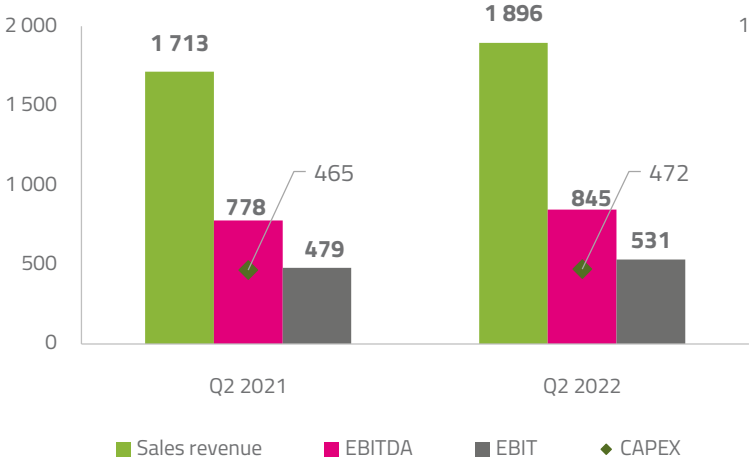


▪ Decline of the costs to cover the balancing difference

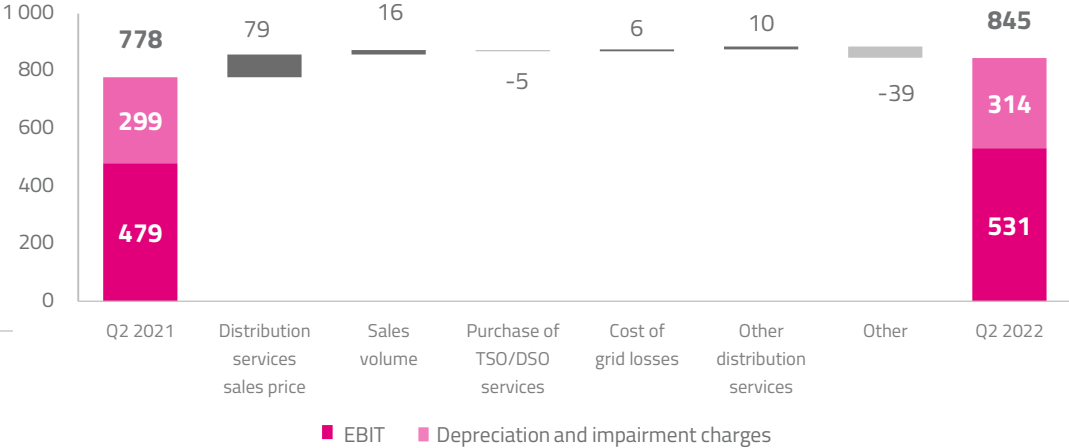


# Distribution Segment Q2 2022

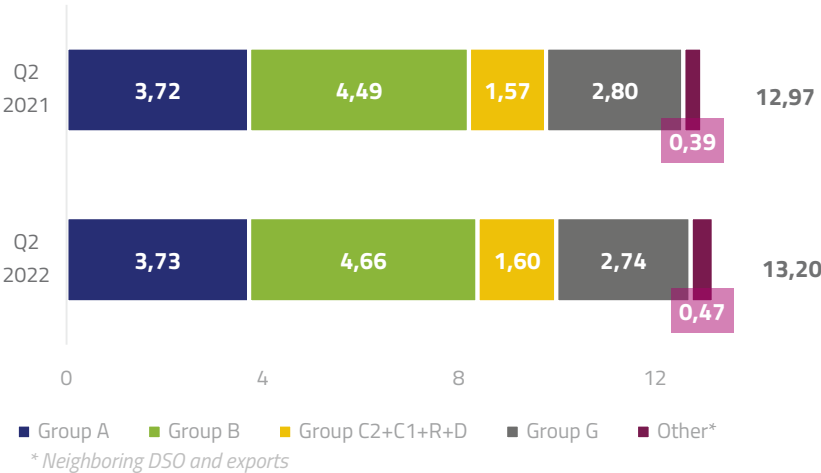
Financial data [PLN m]



EBITDA change [PLN m]



Electricity distribution [TWh]



▪ Increase of electricity distribution services sales volume by 0.2 TWh



▪ Increase of the average rate for the final consumers



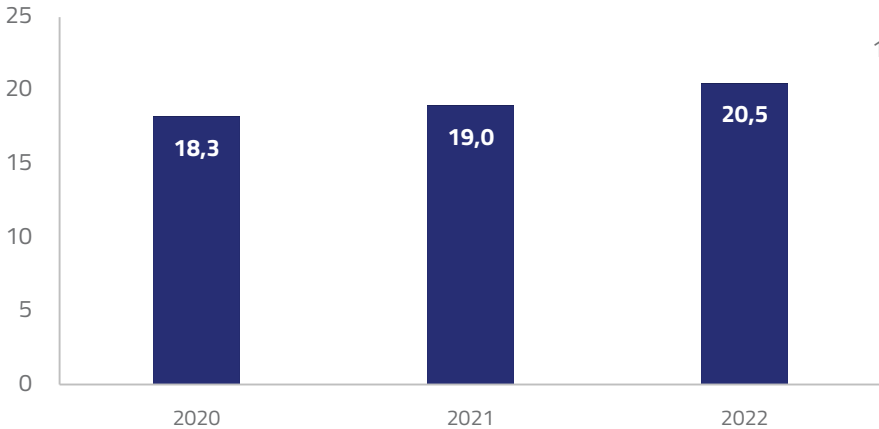
▪ Decline of the costs to cover the balancing difference



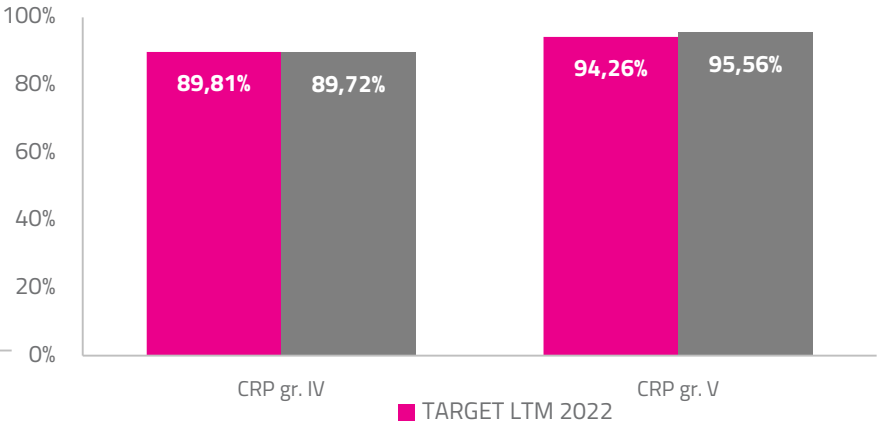


# Distribution Segment key parameters

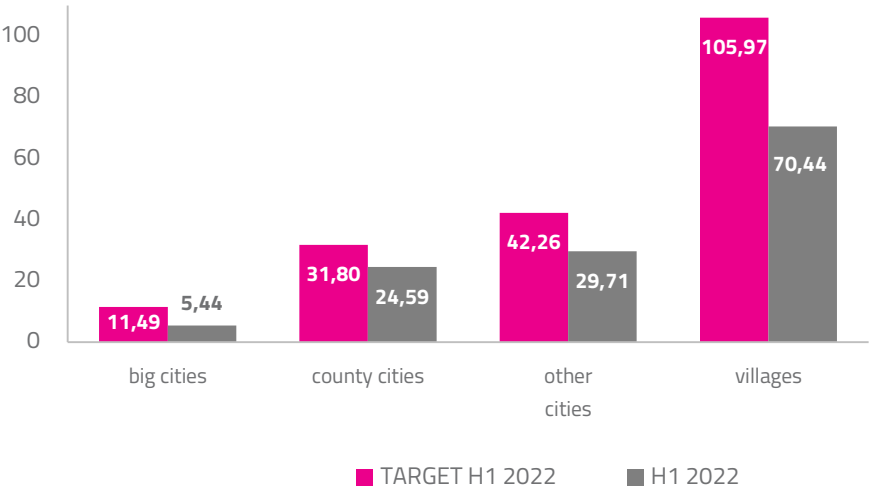
Regulatory Asset Base [PLN bn]



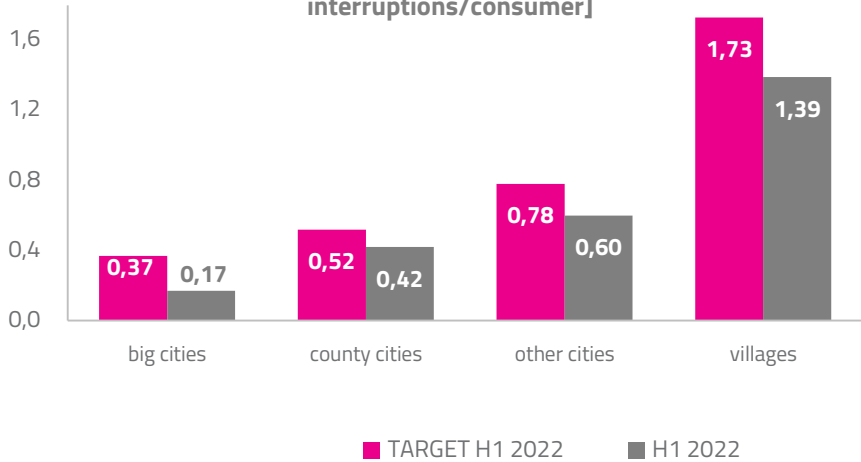
New Grid Connection Installation Time [%]



Interruption Duration [min/consumer]

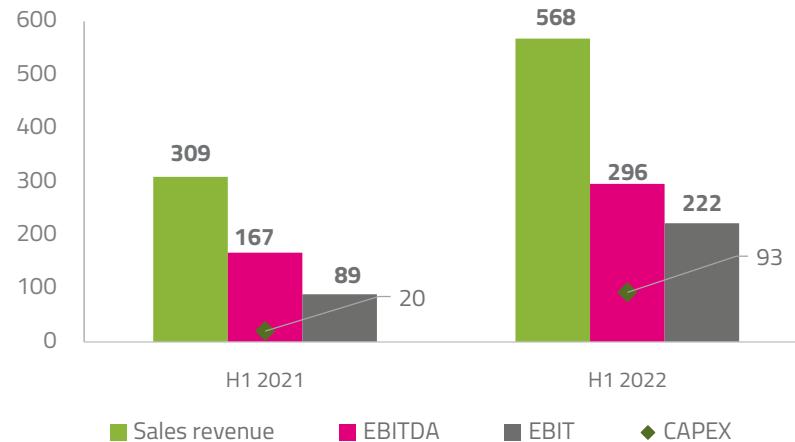


Frequency of Interruptions [number of interruptions/consumer]

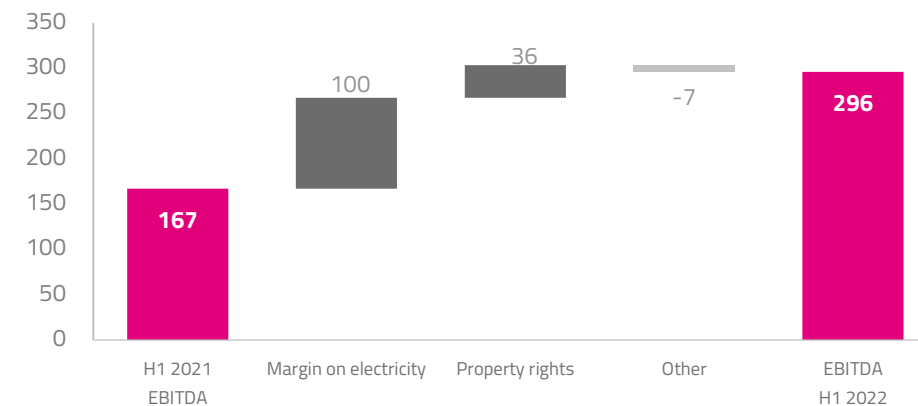


## RES Segment H1 2022

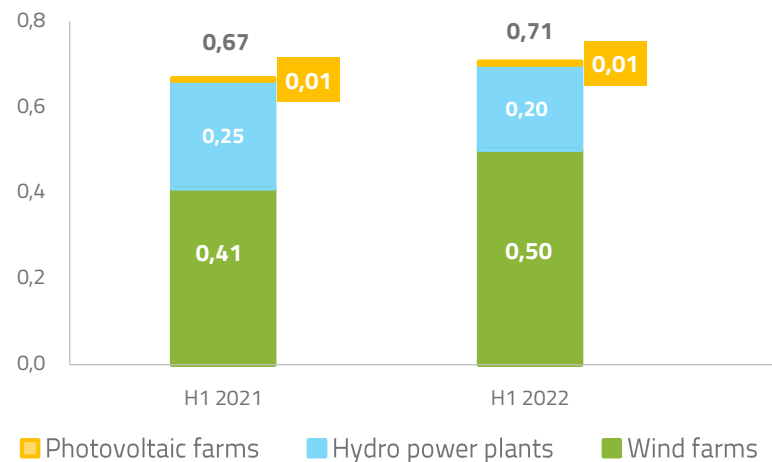
Financial data [PLN m]



EBITDA change [PLN m]



Electricity production [TWh]



▪ Increase of average prices of electricity and property rights



▪ Higher wind farms' electricity production volume

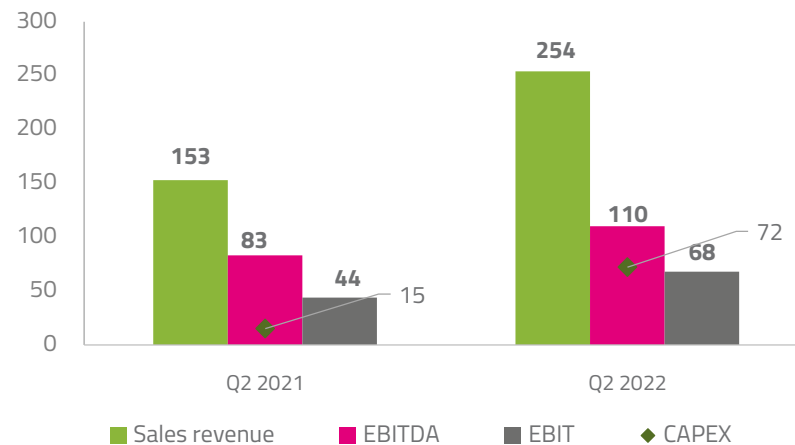


▪ Lower hydro power plants' electricity production volume

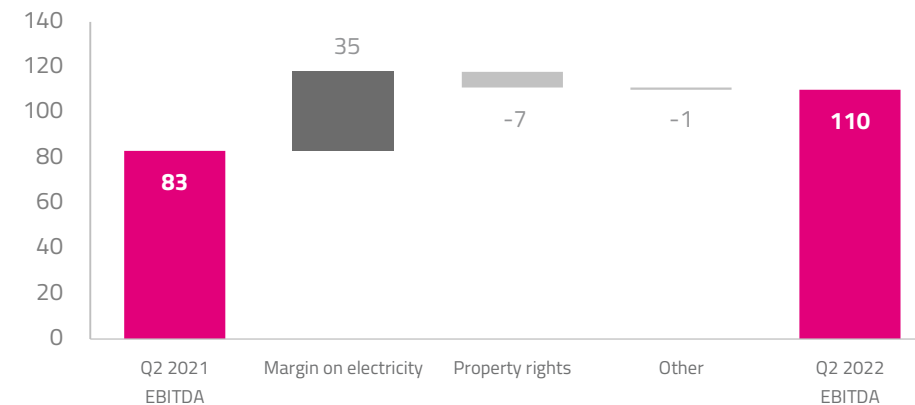


## RES Segment Q2 2022

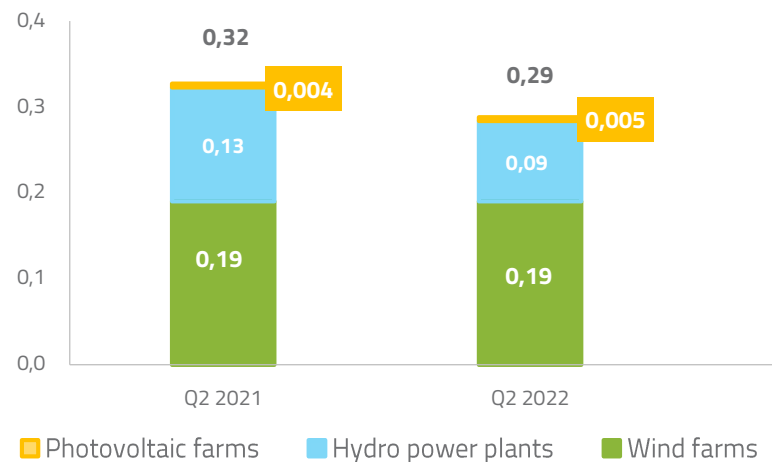
Financial data [PLN m]



EBITDA change [PLN m]



Electricity production [TWh]



▪ Increase of average electricity prices



▪ Decrease of property rights prices



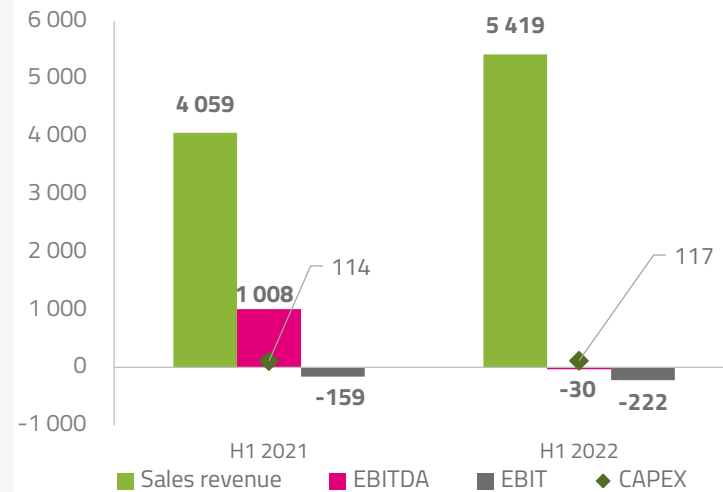
▪ Lower hydro power plants' electricity production volume



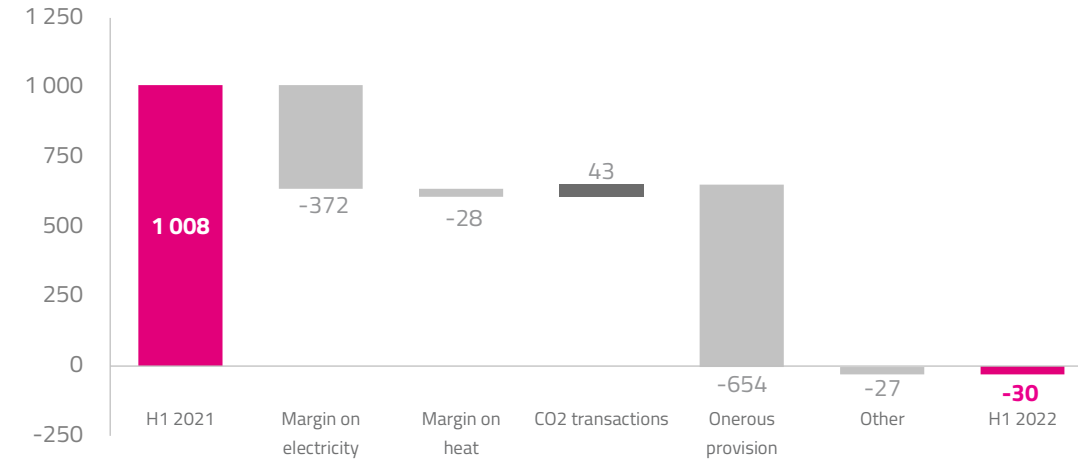


## Generation Segment H1 2022

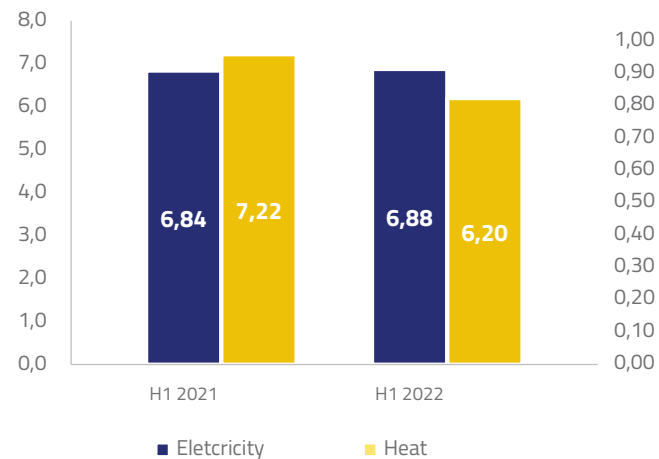
Financial data [PLN m]



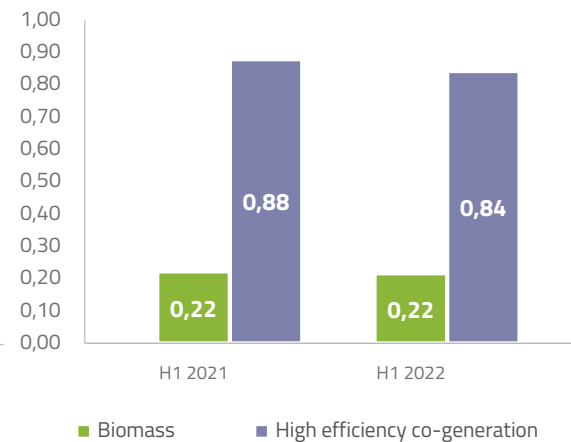
EBITDA change [PLN m]



Electricity [TWh] and heat [PJ] production (coal-fired units)



Biomass-fired and high efficiency cogeneration production [TWh]



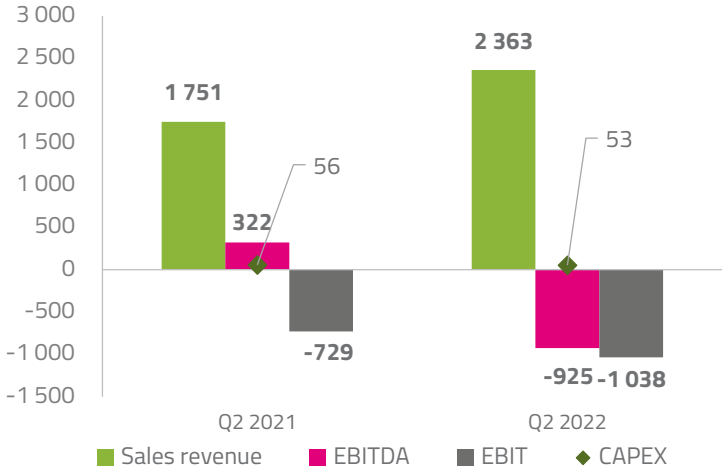
▪ Increase of electricity sales prices

▪ Failure of the 910 MWe power generating unit in Jaworzno

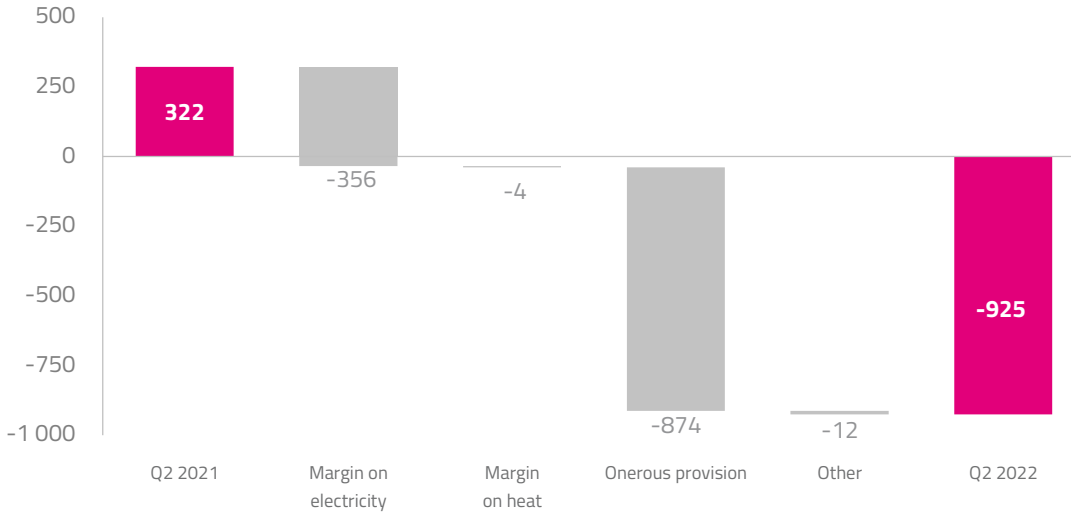


# Generation Segment Q2 2022

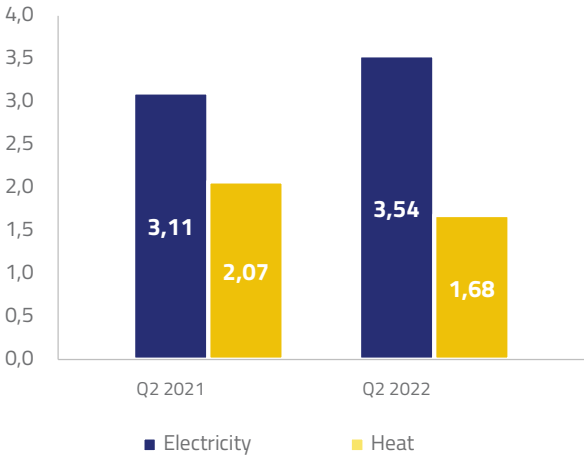
Financial data [PLN m]



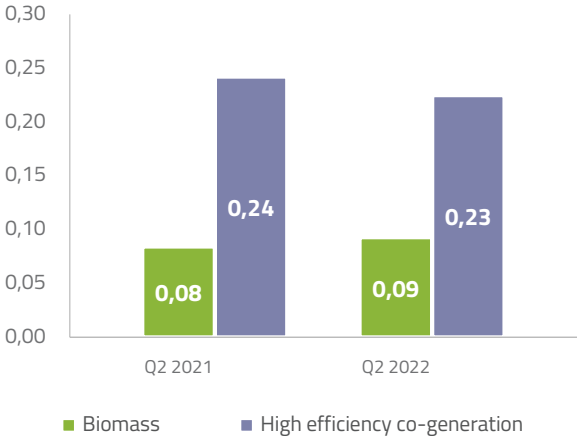
EBITDA change [PLN m]



Electricity [TWh] and heat [PJ] production (coal-fired units)



Biomass-fired and high efficiency cogeneration production [TWh]



▪ Increase of electricity sales prices



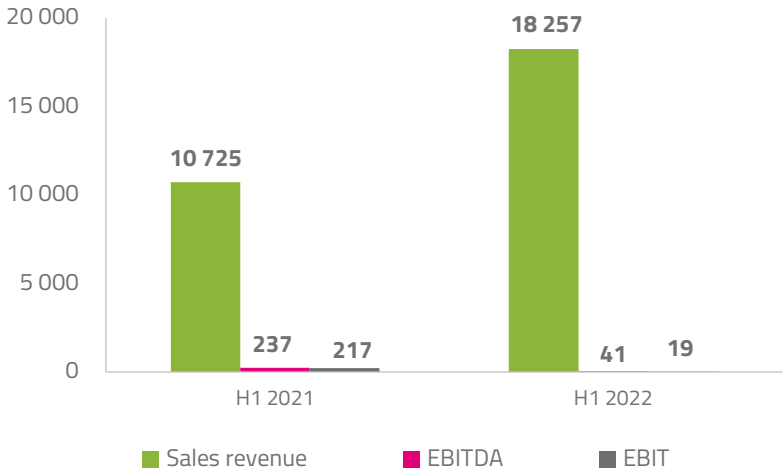
▪ Higher coal-fired units' electricity production volume



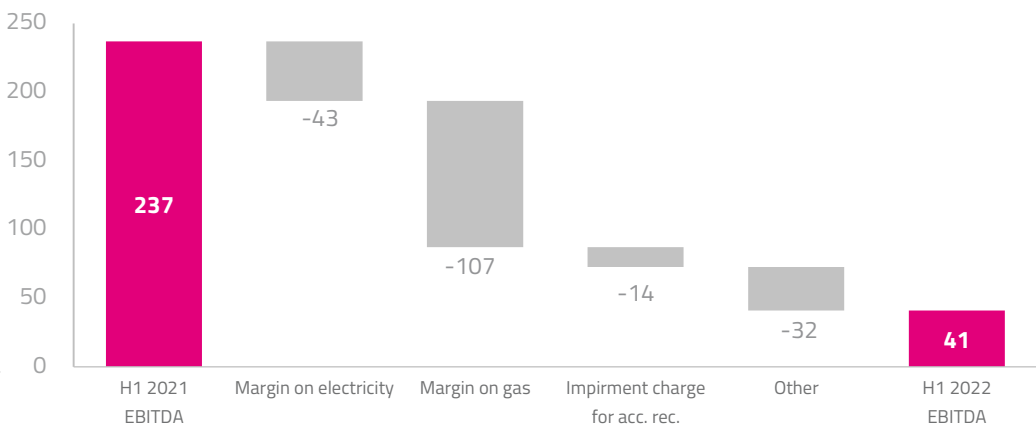


# Supply Segment H1 2022

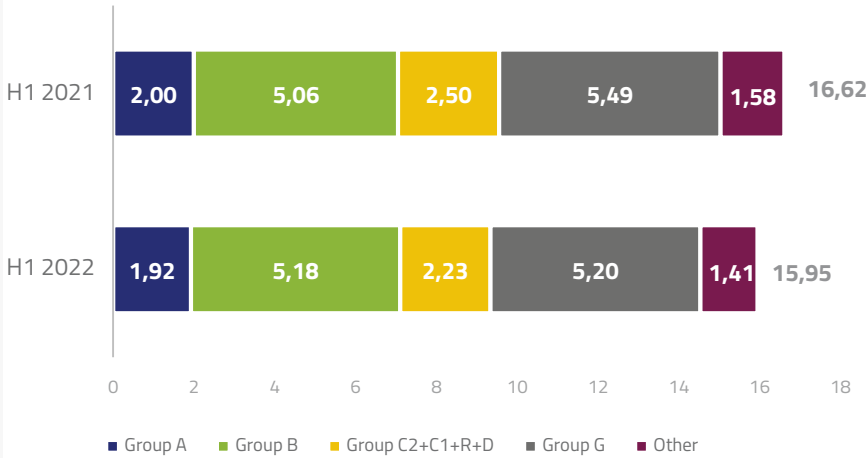
Financial data [PLN m]



EBITDA change [PLN m]



Retail electricity supply [TWh]



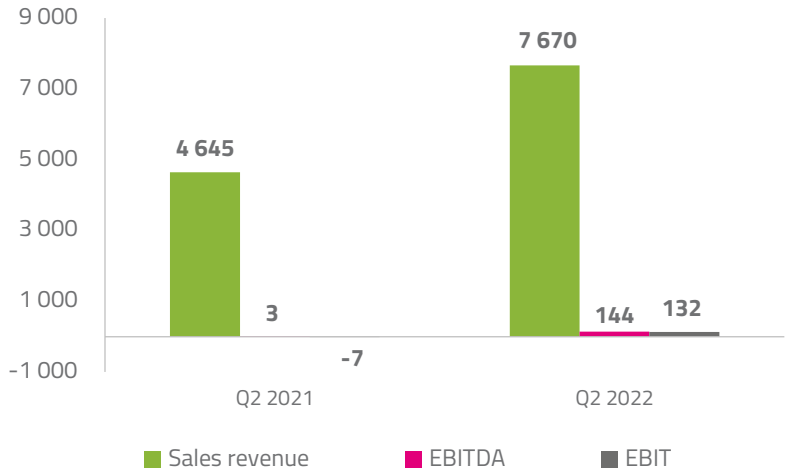
Costs not fully covered by the G tariff

Increase of PM OZE (RES property rights) purchase prices

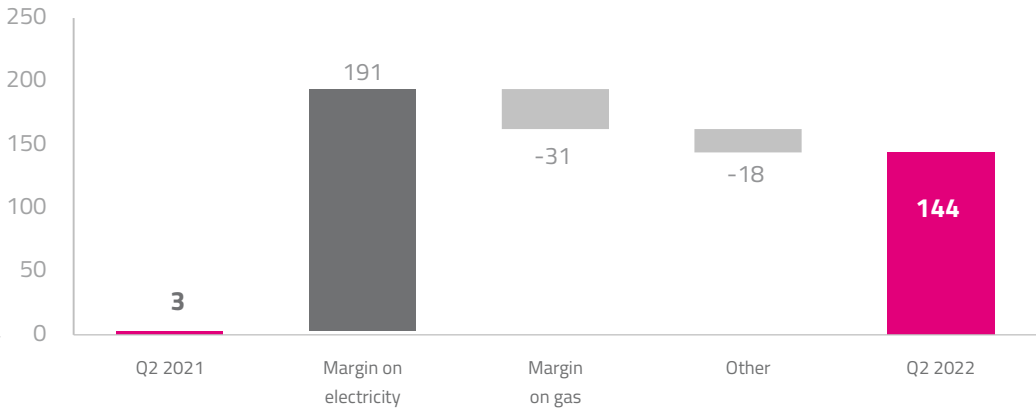


# Supply Segment Q2 2022

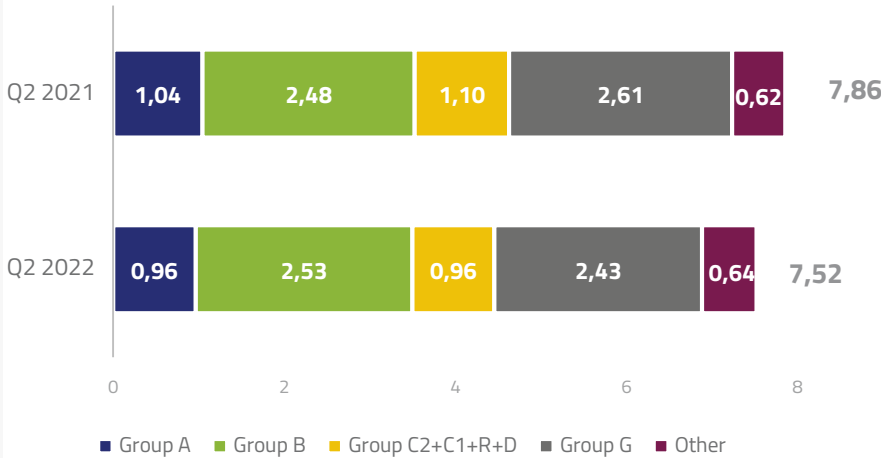
Financial data [PLN m]



EBITDA change [PLN m]



Retail electricity supply [TWh]

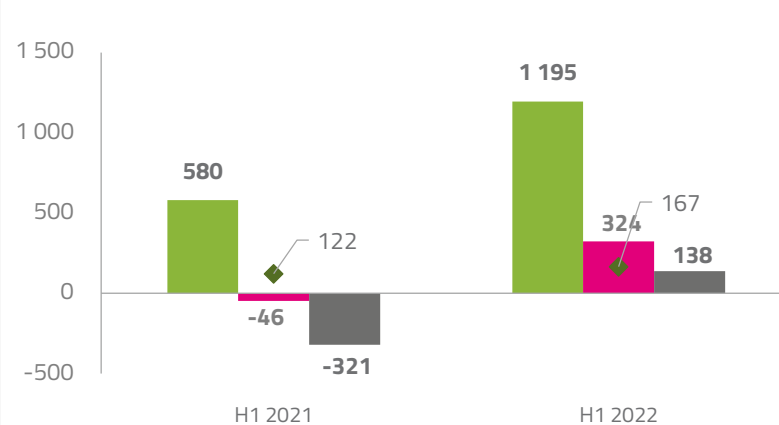


Costs not fully covered by the G tariff

Increase of PM OZE (RES property rights) purchase prices

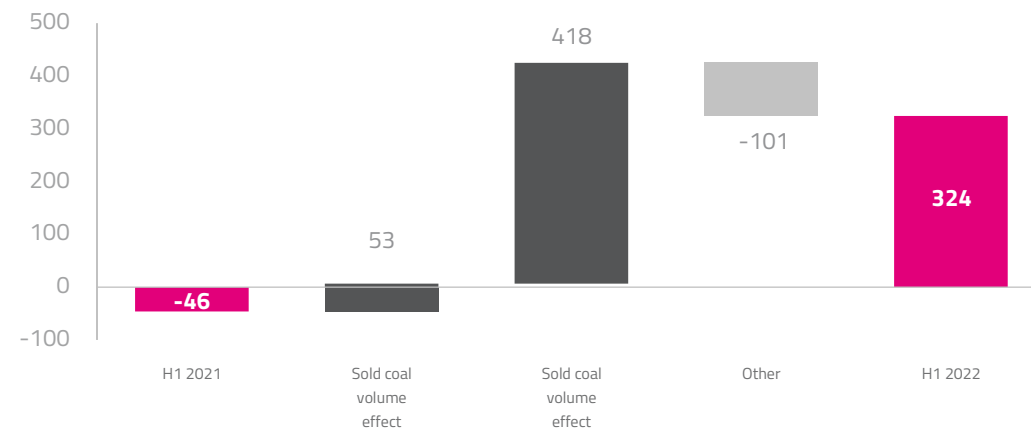
## Mining Segment H1 2022

Financial data [PLN m]

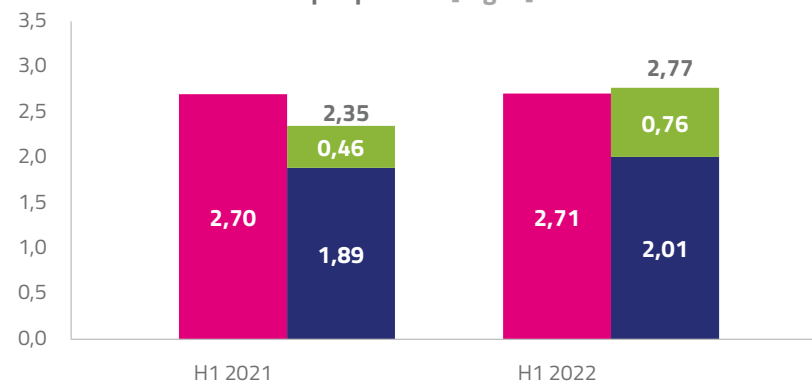


■ Sales revenue ■ EBITDA ■ EBIT ◆ CAPEX

EBITDA change [PLN m]



Commercial coal production  
vs sales per product [Mg m]



■ Commercial coal production ■ Coal dust sales ■ Other product sales

■ Higher coal sales volume and price



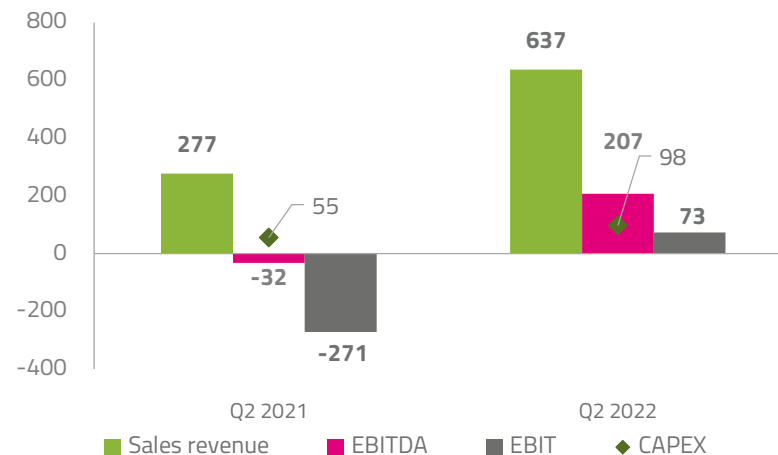
■ Increase by 57 PLN/Mg of the unit mining cash cost\* (up from 198 PLN/Mg to 255 PLN/Mg)



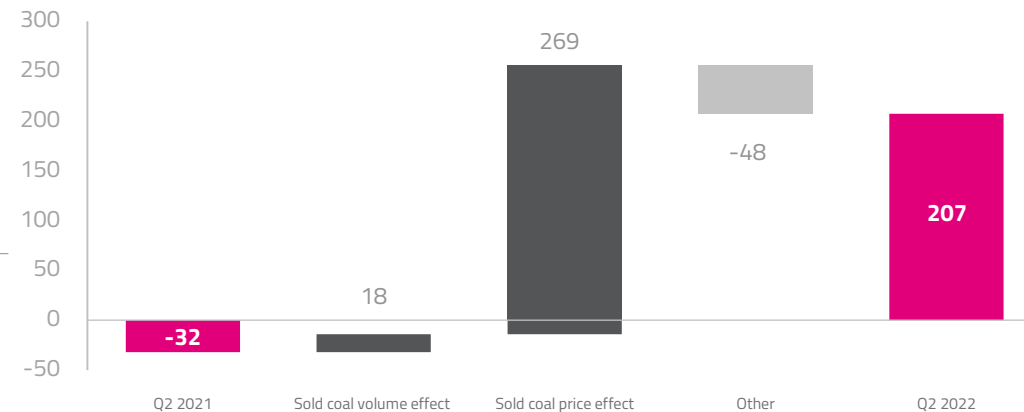
\* Total costs excluding depreciation, impairment charges, costs not directly related to coal production and costs that do not have a permanent impact on the company's cash flow

## Mining Segment Q2 2022

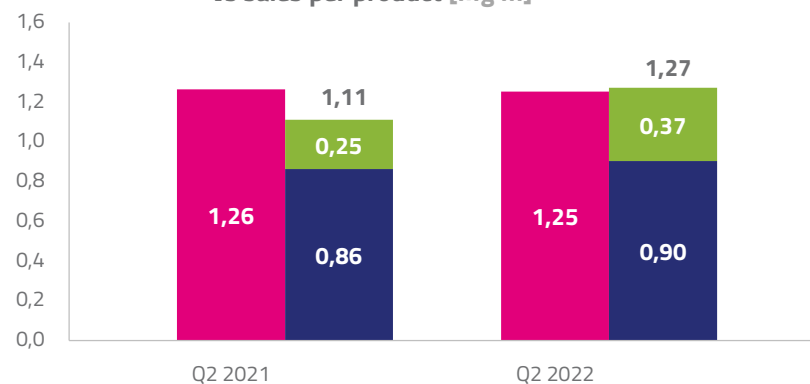
Financial data [PLN m]



EBITDA change [PLN m]



Commercial coal production volume  
vs sales per product [Mg m]



Higher coal sales volume and price



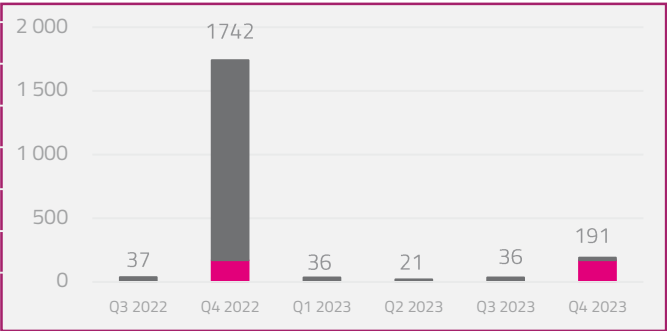
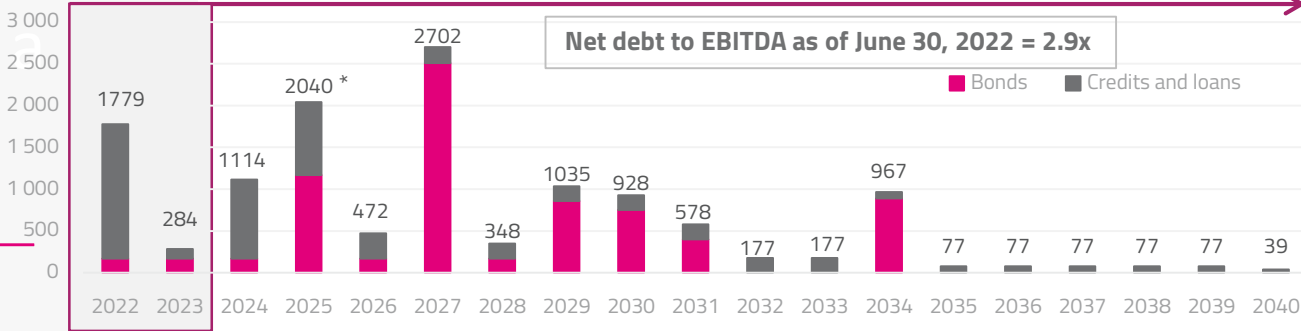
Increase by 84 PLN/Mg of the unit mining cash cost\* (up from 203 PLN/Mg to 287 PLN/Mg)



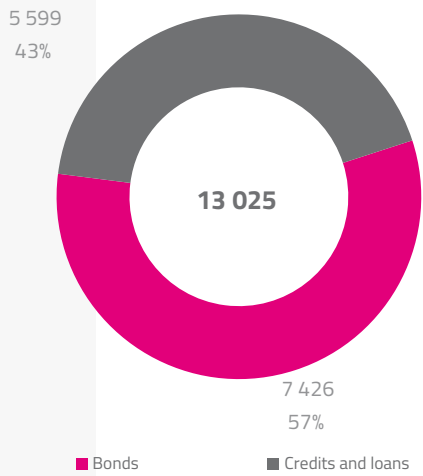
\* Total costs excluding depreciation, impairment charges, costs not directly related to coal production and costs that do not have a permanent impact on the company's cash flow

# Debt and financing

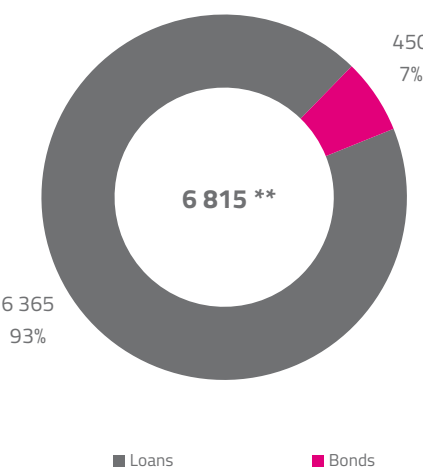
TAURON Group's nominal debt maturity as of June 30, 2022 [PLN m]



TAURON Group's nominal debt structure as of June 30, 2022 [PLN m]



Amounts of financing available to TAURON Group as of June 30, 2022 [PLN m]



Nominal debt structure by interest rate [PLN m]

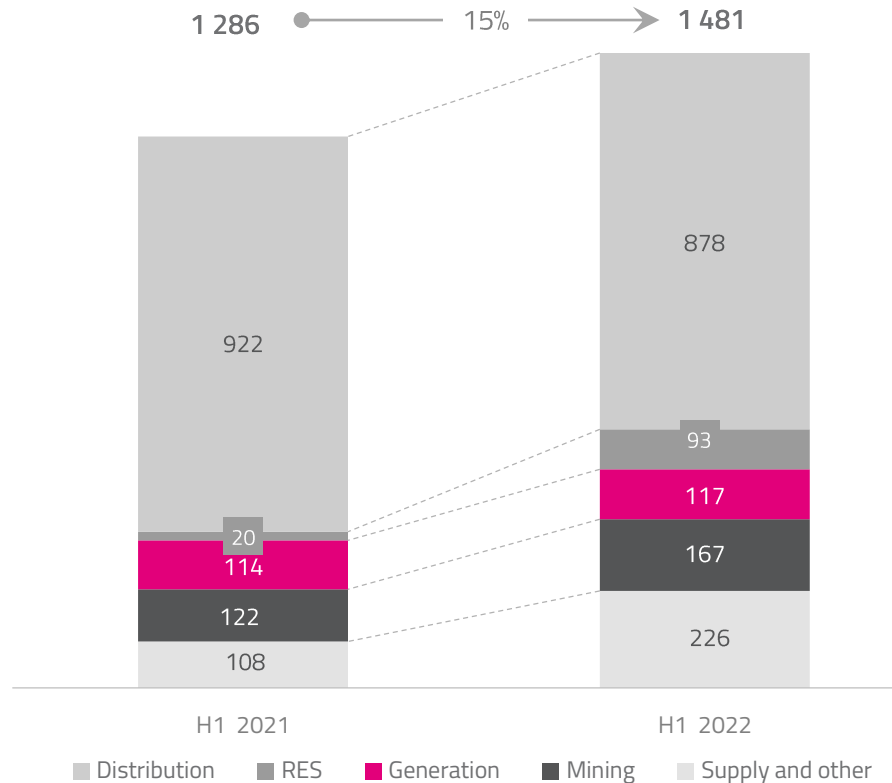
Debt amount	Interest rate	Collateral floating rate
13 025	Floating rate: 7 027	IRS: 3 840
	Fixed: 5 998	None: 3 187

▪ EUR denominated debt (eurobond, NSV bond and EIB bond issues) represents 31% of the total debt

\* Taking into account the maximum maturity of funds available as part of the revolving bank loans  
 \*\* Beside the above indicated available financings, TAURON Group is also using overdraft facility with the maximum available limits of PLN 250m

## CAPEX – per segment

Capital expenditures per segment\* [PLN m]



\* Outlays do not include equity investments (in accordance with the presentation provided in the financial statements).  
Outlays, including equity investments, excluding financial costs, came in at PLN 1 296m in H1 2021 and PLN 1 496m in H1 2022

## Key investment projects executed in H1 2022 \*

### Distribution:

- Installing new grid connections (PLN 451m)
- Grid assets upgrades and replacements (PLN 381m)
- Other (PLN 44m)



### Generation:

- New capacity construction - 910 MW Jaworzno unit (PLN 37 million)
- Replacement and refurbishment related outlays as well as overhaul components at TAURON Wytwarzanie (PLN 22m)
- Construction of the peaking and backup boiler houses (PLN 22m)
- New facility connections to district heating net (PLN 14m)
- District heating networks' maintenance and expansion (PLN 7m)



### RES:

- Acquisition of the Mierzyn Wind Farm (PLN 56m)
- Construction of the 30 MW Piotrków wind farm (PLN 13m)
- Construction of the 6 MW Majewo wind farm (PLN 5m)
- Construction of the 37 MW Mysłowice PV farm (PLN 5m)



### Mining:

- Production preparation (PLN 126m)
- Refurbishment and replacement tasks (PLN 32m)
- Construction of the Grzegorz shaft at Sobieski Coal Mine (PLN 6m)



### Supply and other:

- IT investments at TOK (PLN 139m)
- Deployment of the broadband internet as part of the POPC III and CUB Program (PLN 48m)
- Lighting maintenance and expansion (PLN 34m)







---

## Contact details

### Investor Relations Team

**Paweł Gaworzyński**  
[pawel.gaworzynski@tauron.pl](mailto:pawel.gaworzynski@tauron.pl)  
tel. + 48 32 774 25 34

**Katarzyna Heinz**  
[katarzyna.heinz@tauron.pl](mailto:katarzyna.heinz@tauron.pl)  
tel. + 48 516 111 038

**Magdalena Wilczek**  
[magdalena.wilczek@tauron.pl](mailto:magdalena.wilczek@tauron.pl)  
tel. + 48 723 600 894

**Maciej Szmigel**  
[maciej.szmigel@tauron.pl](mailto:maciej.szmigel@tauron.pl)  
Tel. +48 798 897 385

**Mateusz Stępień**  
[mateusz.stepien@tauron.pl](mailto:mateusz.stepien@tauron.pl)  
tel. +48 516 111 997



---

## Legal disclaimer

This presentation serves for information purposes only and should not be treated as investment-related advice.

This presentation has been prepared by TAURON Polska Energia S.A. ("Company").

Neither the Company nor any of its subsidiaries shall be held accountable for any damage resulting from the use of this presentation or a part thereof, or its contents or in any other manner in connection with this presentation.

The recipients of this presentation shall bear exclusive responsibility for their own analyses and market assessment as well as evaluation of the Company's market position and its potential results in the future based on information contained in herein.

To the extent this presentation contains forward-looking statements related to the future, in particular such terms as "designed", "planned", "anticipated", or other similar expressions (including their negation), they shall be connected with the known and unknown risks, uncertainty and other factors which might result in actual results, financial situation, actions and achievements being materially different from any future results, actions or achievements expressed in such forward-looking statements.

Neither the Company, nor any of its subsidiaries shall be obligated to provide the recipients of this presentation with any additional information or update this presentation.

**Thank you for your attention**





# Analysts covering TAURON

Institution	Analyst
Dom Maklerski mBanku*	Kamil Kliszc
Societe Generale	Bartłomiej Kubicki
Dom Maklerski Santander	Paweł Puchalski
Dom Maklerski PKO BP	Andrzej Rembelski
Dom Maklerski Banku Handlowego	Piotr Dzieciołowski
Ipopema Securities	Robert Maj
Erste Group	Petr Bartek
Noble Securities	Michał Sztabler

\* issuing of recommendations has been suspended

Institution	Analyst
Raiffeisen Centrobank	Teresa Schinwald
WOOD & Company	Ondrej Slama
Dom Maklerski BOŚ	Jakub Viscardi
Exane BNP Paribas	Michael Harleaux
Biuro Maklerskie Pekao	Marcin Górnik
Beskidzki Dom Maklerski	Krystian Brymora
Trigon Dom Maklerski	Michał Kozak



# Electricity market price trends

Electricity						
Platforms: TGE	2021		2022 (actual + estimates)		2022/2021	
	Price (PLN/MWh)	Volume (GWh)	Price (PLN/MWh)	Volume (GWh)	Price %	Volume %
Forward BASE (Y+Q+M)	250.54	181 678	500.92	170 035	99.9%	-6.4%
Forward PEAK (Y+Q+M)	287.12	19 389	549.26	17 522	91.3%	-9.6%
Forward (weighted acerage)	254.07	201 067	505.44	187 556	98.9%	-6.7%
SPOT (TGE)	394.34	36 141	1 032.33	38 141	161.8%	5.5%
Weighted average total	<b>275.44</b>	<b>237 208</b>	<b>594.48</b>	<b>225 697</b>	<b>115.8%</b>	<b>-4.9%</b>

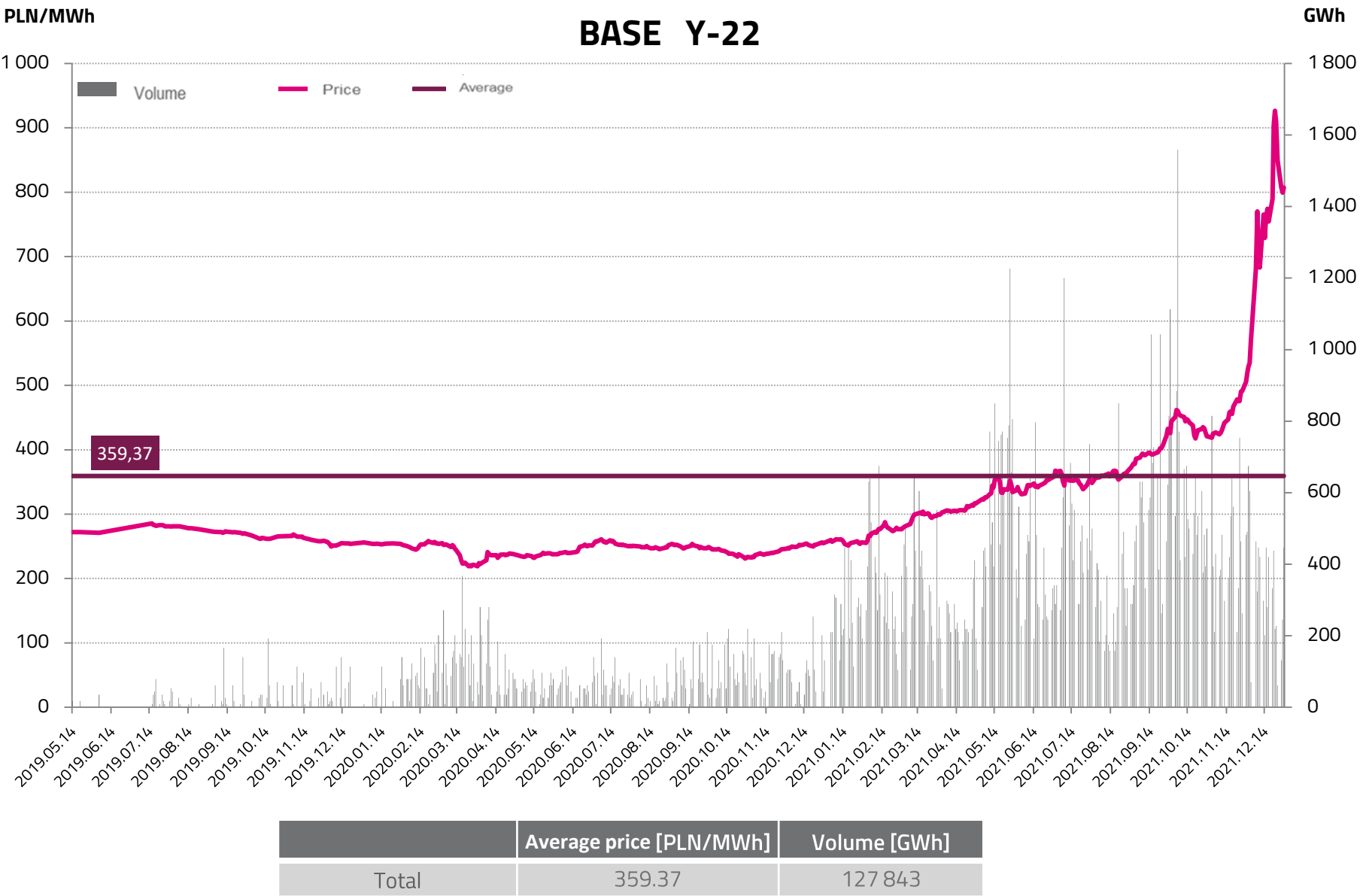
Property rights (PLN/MWh)			
Certificate type	Market prices (H1 2022 weighted average)	Substitution fee and obligation for:	
		2021	2022
RES (PMOZE_A)	216.54	172.76 (19.5%)	239.86 (18.5%)
RES from biogas plants (PMOZE_BIO)	302.52	300.03 (0.5%)	300.03 (0.5%)

CO <sub>2</sub> emission allowances (EUR/t)	
CO <sub>2</sub> market analysts survey* (updated in July 2022)	Price [EUR/t]
2022 average	85.35
2023 average	92.98
2024 average	96.02
2022 average price forecast by TAURON	85-87

\* Sources: Point Carbon, BNEF, Consus, GDF SUEZ Trading, HSE, Mkonline, Societe Generale, TAURON



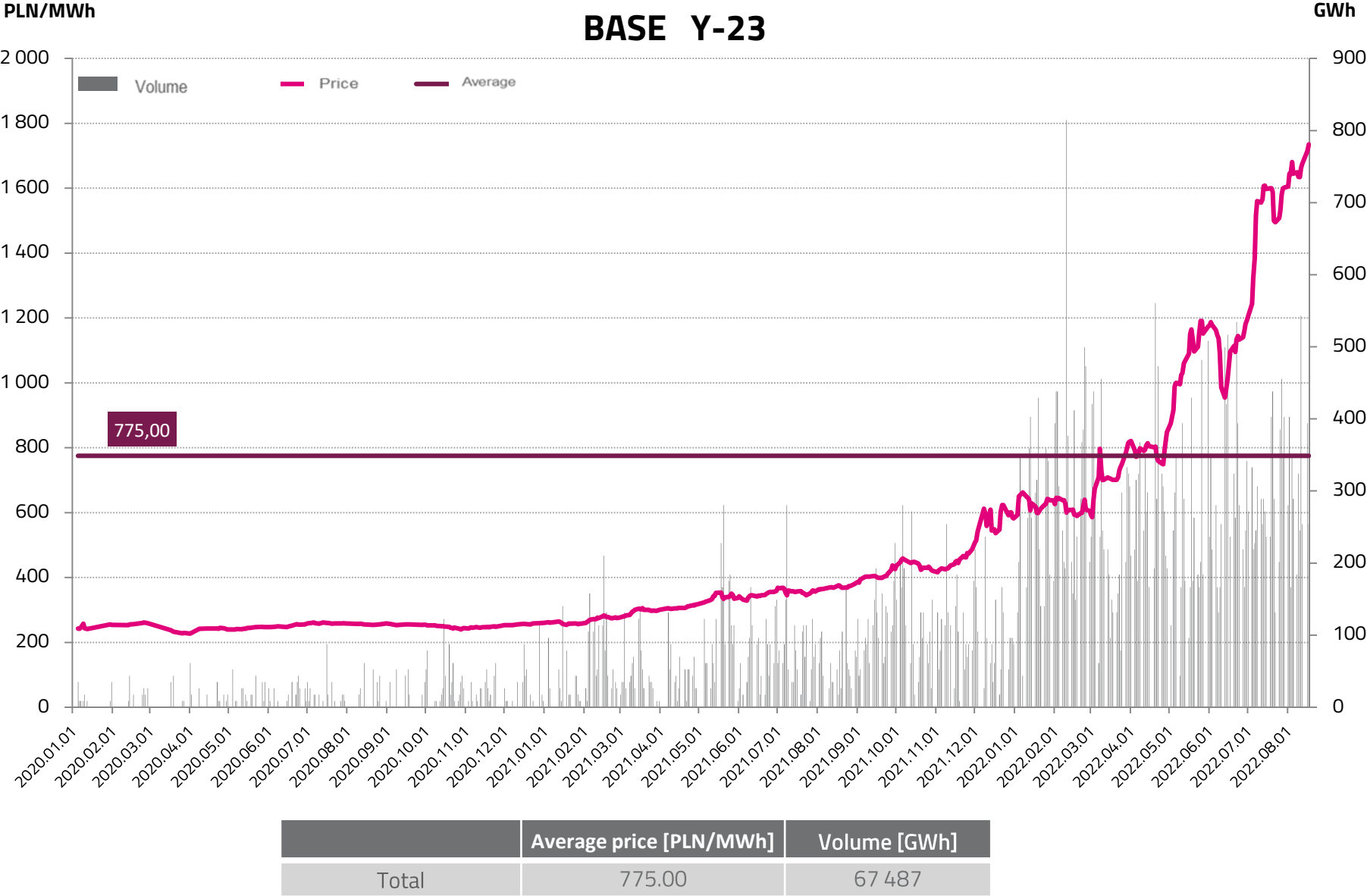
# 2022 BASE contract prices



Average electricity price that takes into account 2022 one-year BASE and PEAK contracts: 364.35 PLN/MWh,  
total 2022 BASE and PEAK contracts volume: 142 400 GWh



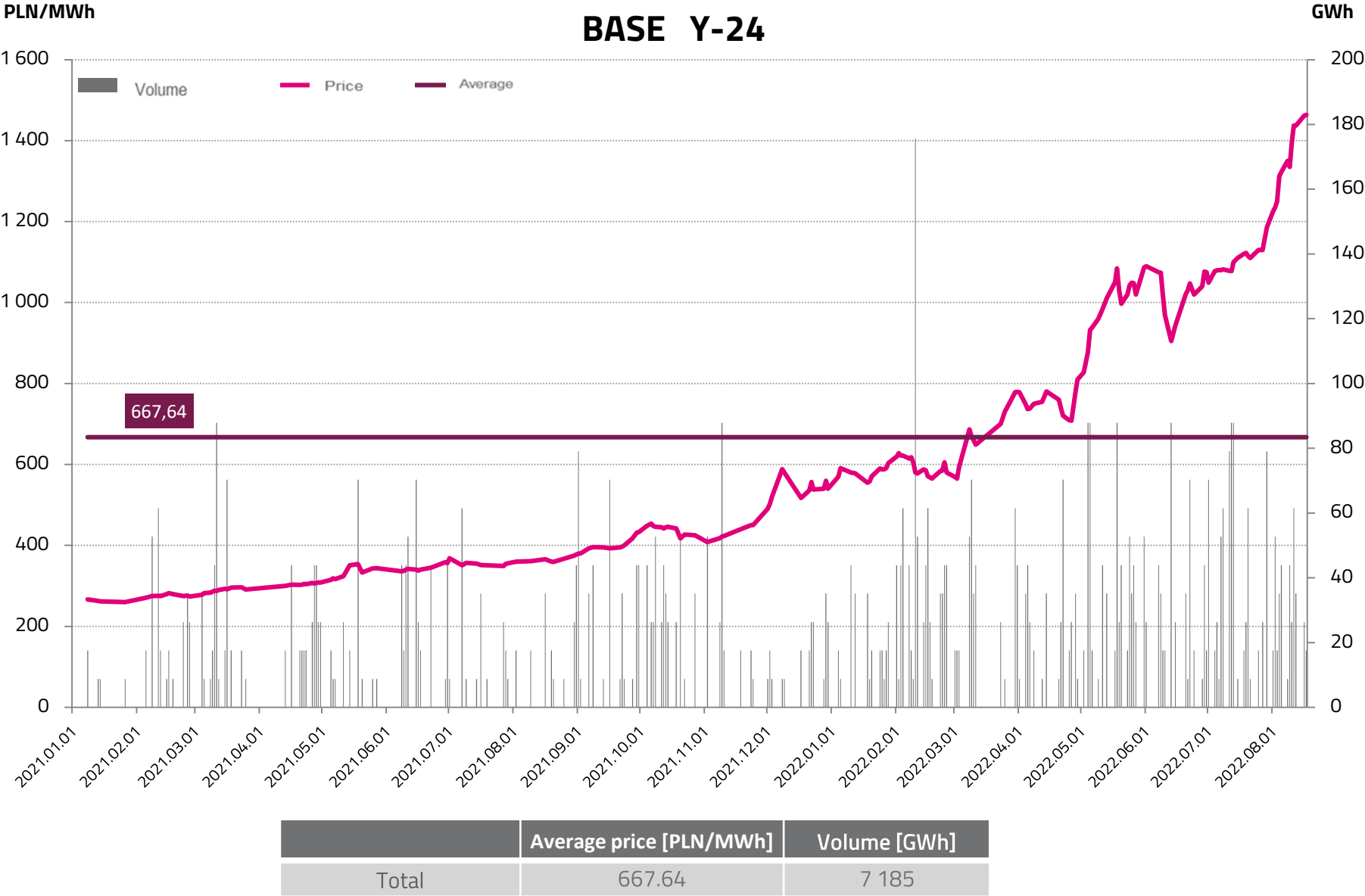
# 2023 BASE contract prices



Average electricity price that takes into account 2023 one-year BASE and PEAK contracts: 800.61 PLN/MWh,  
total 2023 BASE and PEAK contracts volume: 72 781 GWh  
(based on the data up to 17.08.2022)



# 2024 BASE contract prices



Average electricity price that takes into account 2024 one-year BASE and PEAK contracts: 668.45 PLN/MWh,  
total 2024 BASE and PEAK contracts volume: 7 262 GWh  
(based on the data up to 17.08.2022)