

TAURON Group's Q1-Q3 2021 Financial Results

November 18, 2021





Key Q1-Q3 2021 data

Financial results		
[PLN m]	Q1-Q3 2021 vs Q1-Q3 2020	
Sales revenue	17 864	17%
EBITDA	3 705	9%
Net profit*	457	15%
CAPEX	1 963	(28)%
Net debt/EBITDA	2.0x	down by 0.5x (vs 31.12.2020)

Operating data		
	Q1-Q3 2021 vs Q1-Q3 2020	
Electricity distribution [TWh]	40.06	8%
Electricity production from RES [TWh]	1.23	(12)%
Electricity production by hard coal-fired units [TWh]	10.15	39%
Heat generation [PJ]	8.01	7%
Retail electricity supply [TWh]	24.52	3%
Commercial coal production [ton m]	3.70	3%

* attributable to shareholders of the parent company



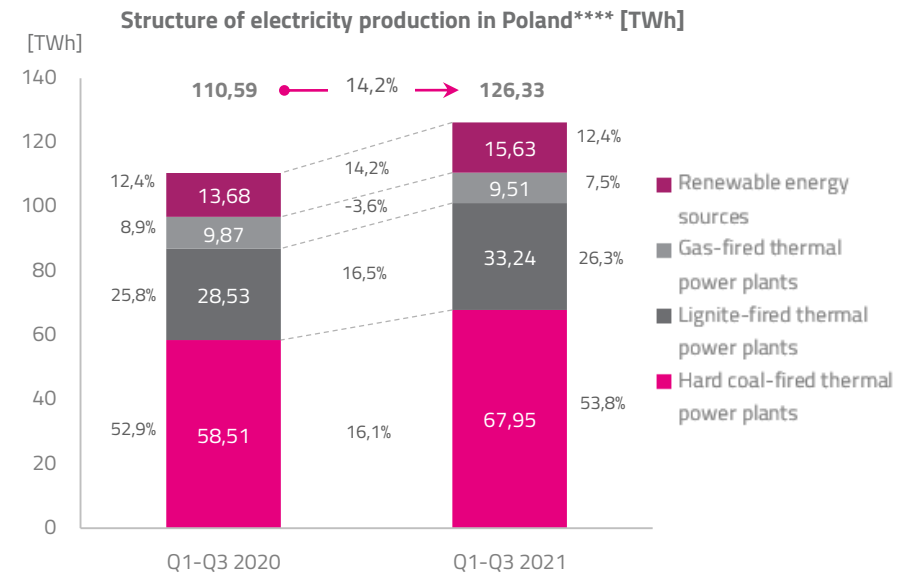
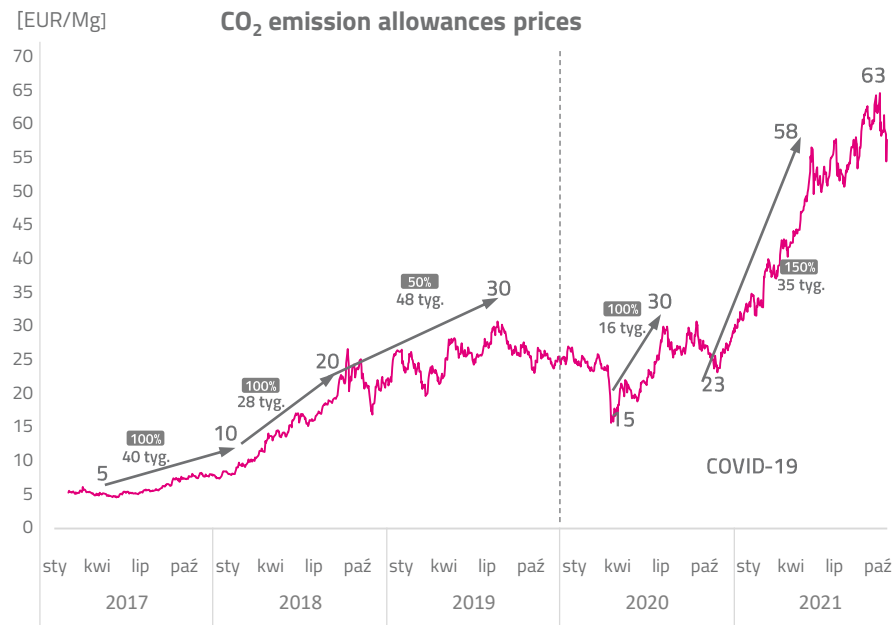
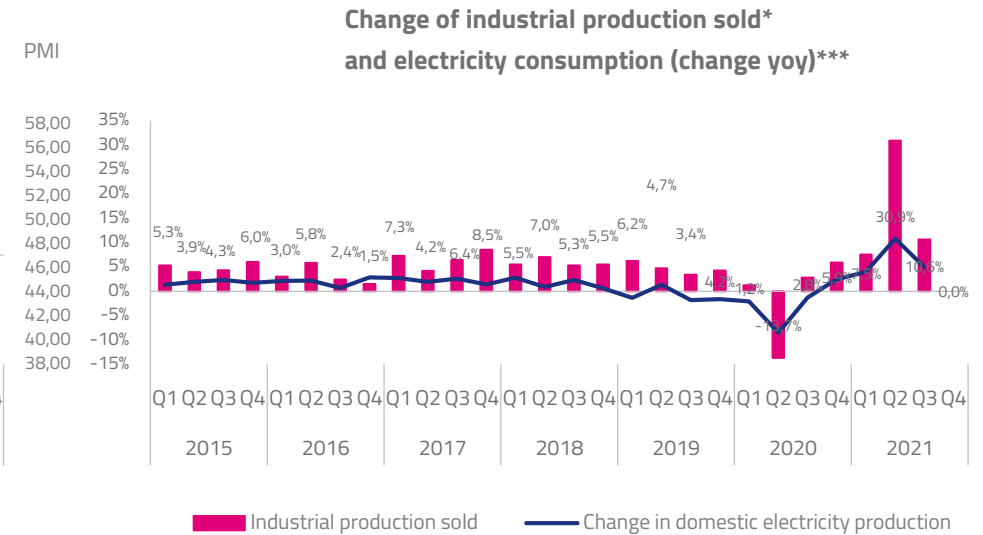
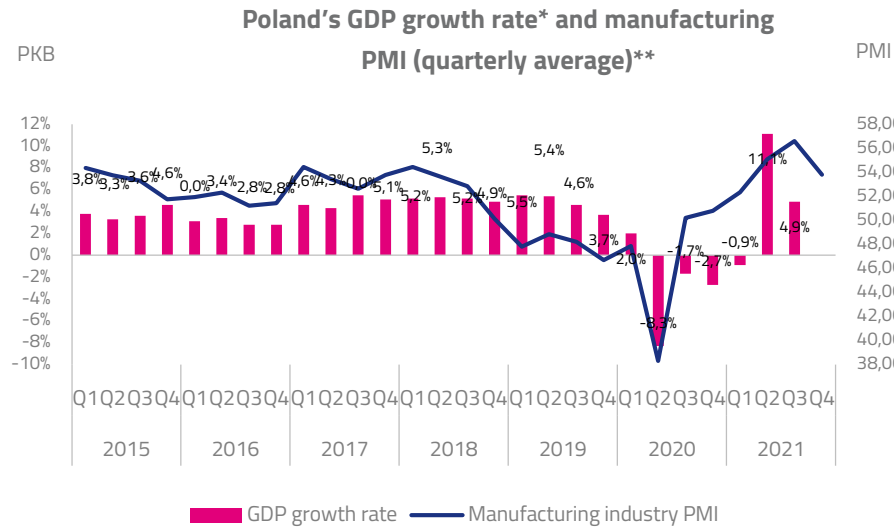
Key Q3 2021 data

Financial results		
[PLN m]	Q3 2021 vs Q3 2020	
Sales revenue	5 997	19%
EBITDA	787	(22)%
Net profit*	101	(73)%
CAPEX	676	(26)%
Net debt/EBITDA	2.0x	down by 0.5x (vs 31.12.2020)

Operating data		
	Q3 2021 vs Q3 2020	
Electricity distribution [TWh]	13.30	8%
Electricity production from RES [TWh]	0.34	(15)%
Electricity production by hard coal-fired units [TWh]	3.30	35%
Heat generation [PJ]	0.79	(4)%
Retail electricity supply [TWh]	7.89	2%
Commercial coal production [ton m]	1.00	(9)%

* attributable to shareholders of the parent company

Macroeconomic and market situation

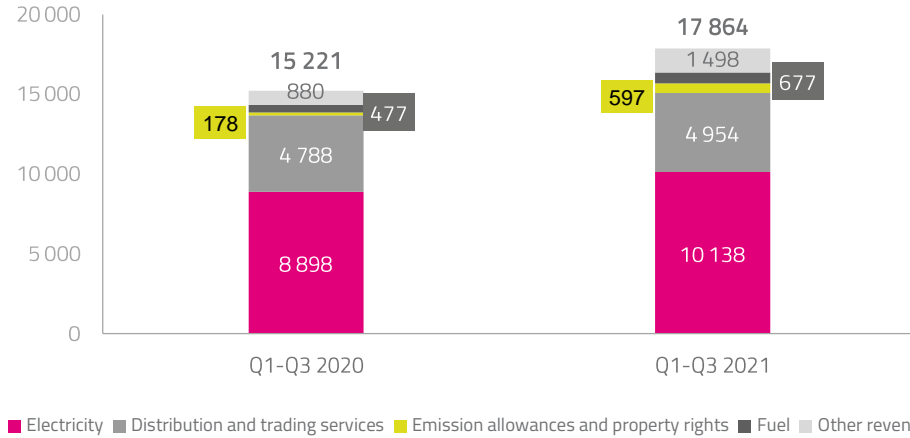


**** due to the change in the form of publication of data by PSE, in 2020 the group of industrial power plants was added to the group of utility scale hard coal-fired thermal power plants

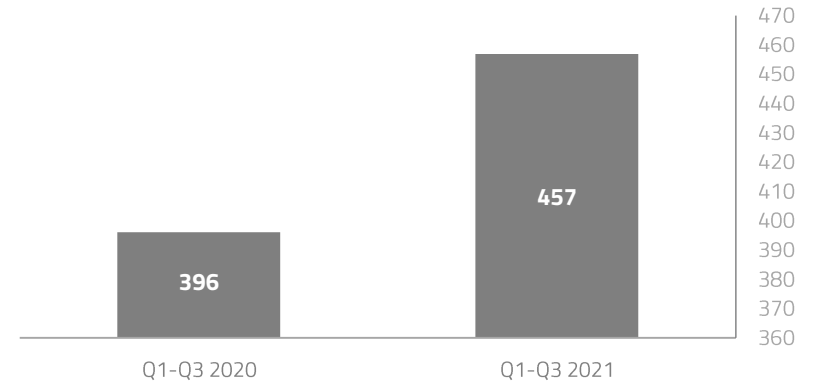


Q1-Q3 2021 financial data

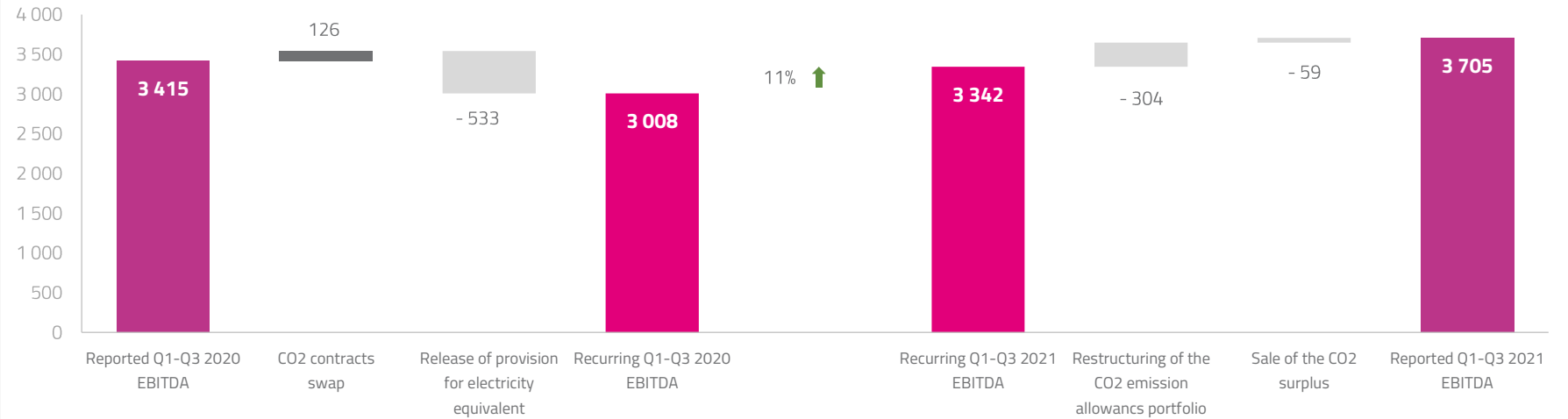
Sales revenue [PLN m]



Net profit attributable to the parent company's shareholders [PLN m]



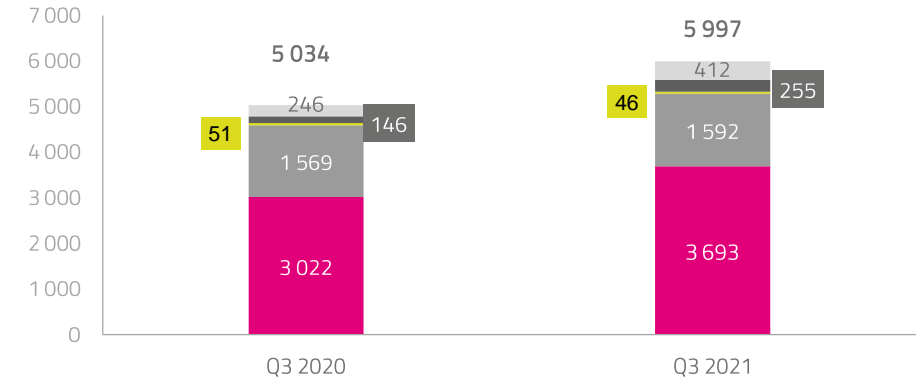
Q1-Q3 2021 EBITDA vs Q1-Q3 2020 EBITDA [PLN m]





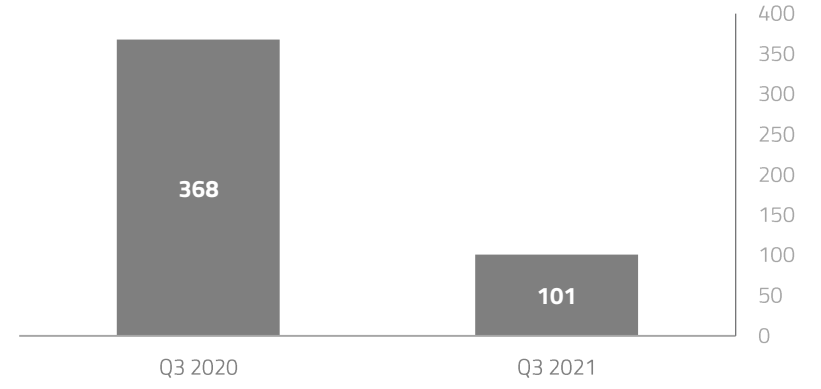
Q3 2021 financial data

Sales revenue [PLN m]

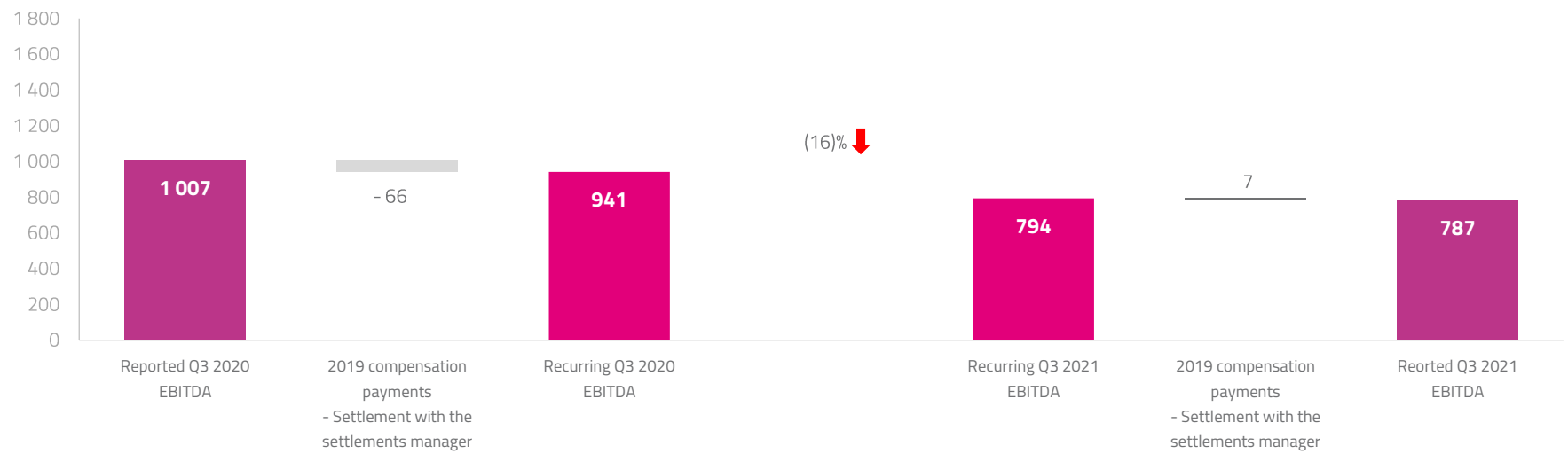


■ Electricity ■ Distribution and trading services ■ Emission allowances and property rights ■ Fuel ■ Other revenue

Net profit attributable to the parent company's shareholders [PLN m]

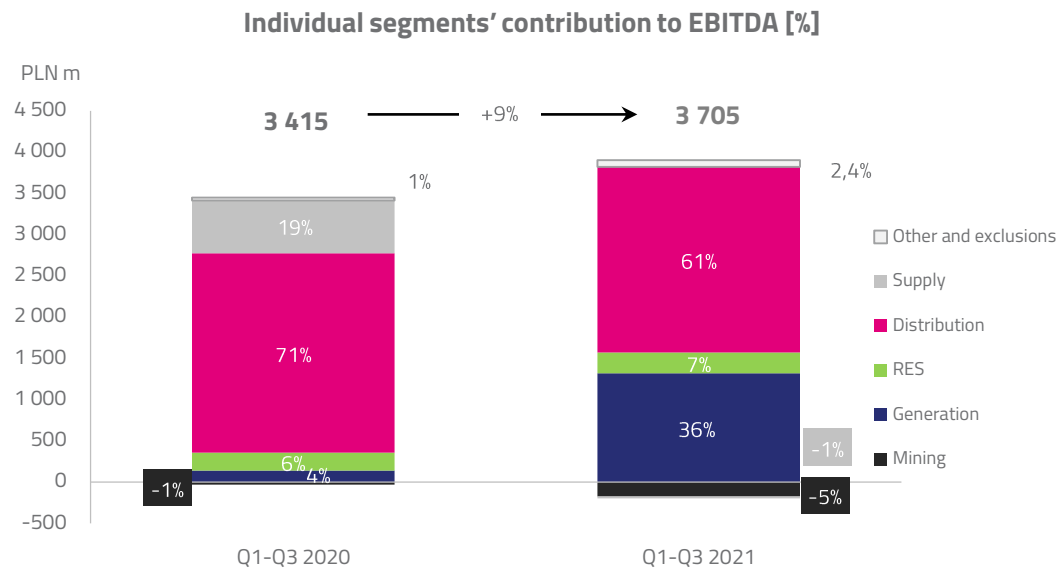


Q3 2021 EBITDA vs Q3 2020 EBITDA [PLN m]



Individual segments' Q1-Q3 2021 results

[PLN m]	Distribution	RES	Generation	Supply	Mining	Other and exclusions*
Revenue	5 262	444	6 418	16 338	990	(11 589)
EBITDA	2 251	250	1 318	(23)	(174)	83
EBIT	1 357	134	45	(54)	(460)	2
CAPEX	1 362	49	192	49	193	119

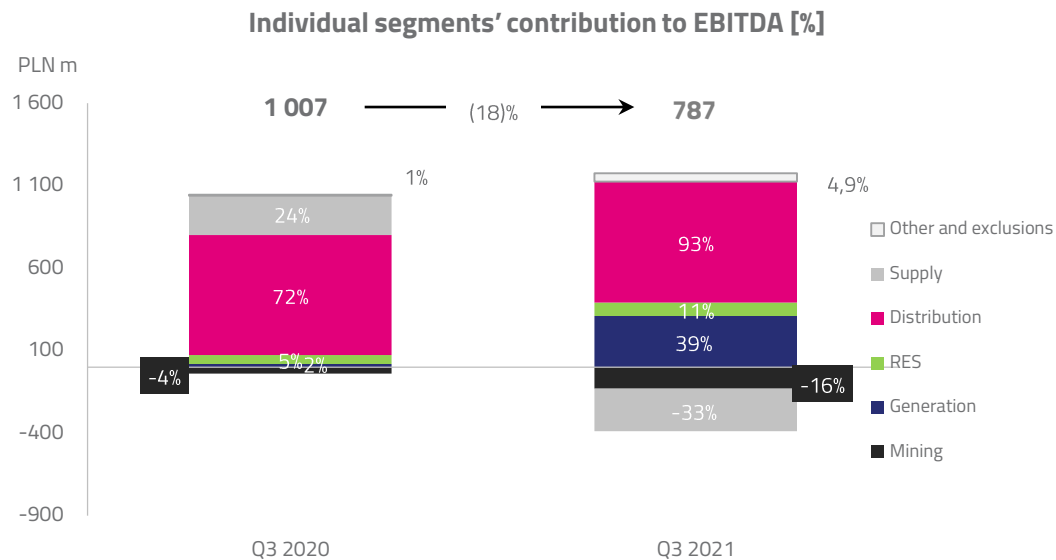


* Items not included in the segments presented



Individual segments' Q3 2021 results

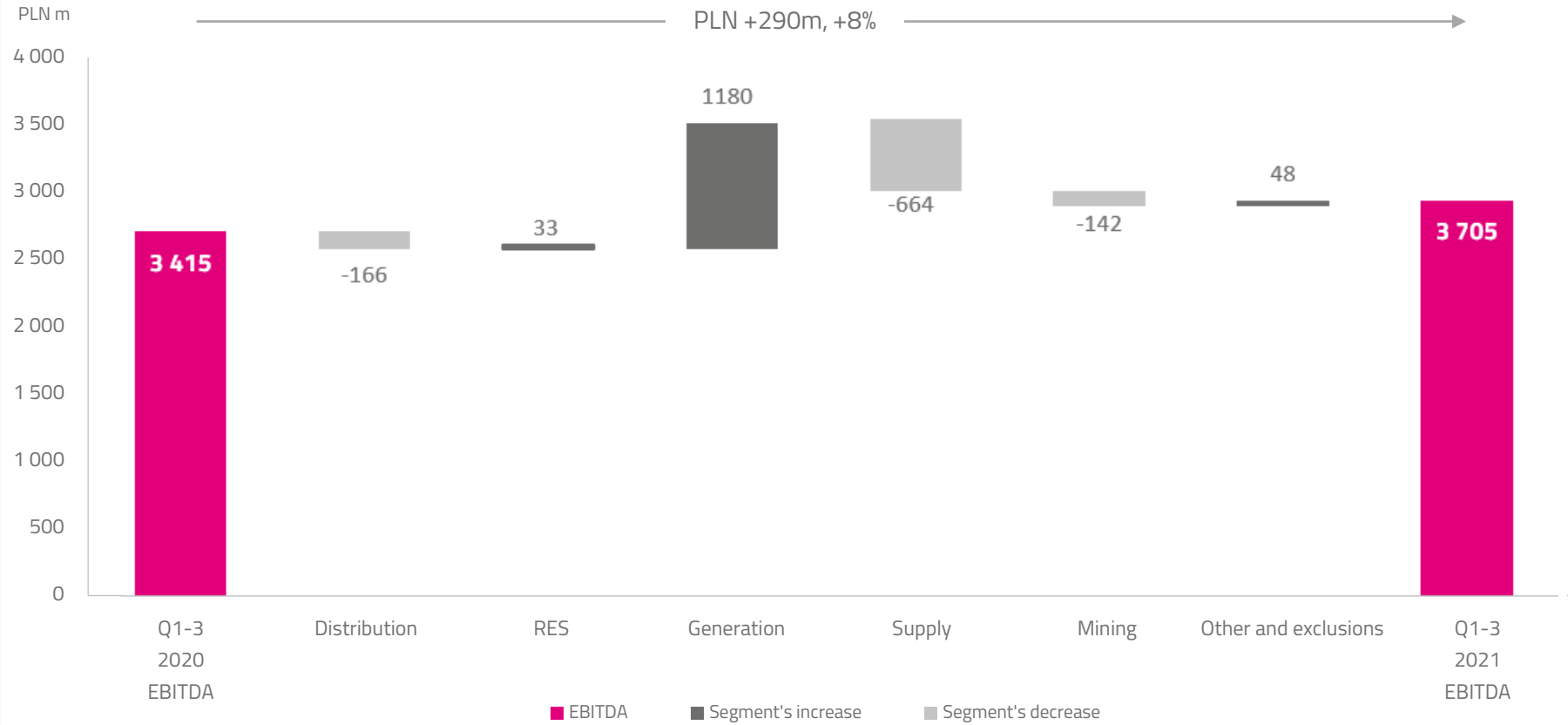
[PLN m]	Distribution	RES	Generation	Supply	Mining	Other and exclusions*
Revenue	1 743	136	2 359	5 613	410	(4 264)
EBITDA	732	83	310	(260)	(129)	50
EBIT	433	45	204	(271)	(141)	9
CAPEX	441	28	78	22	71	36



* Items not included in the segments presented

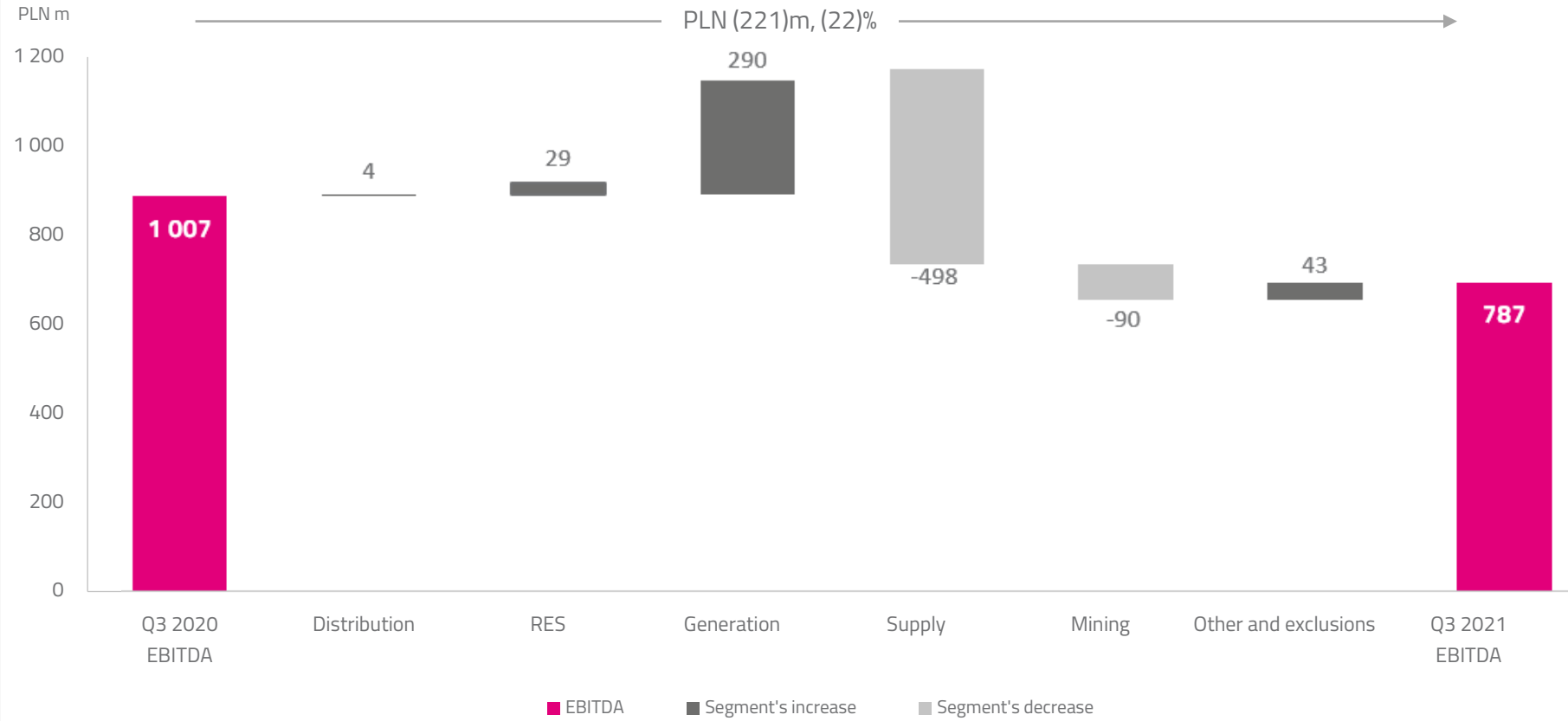


Q1-Q3 2021 EBITDA





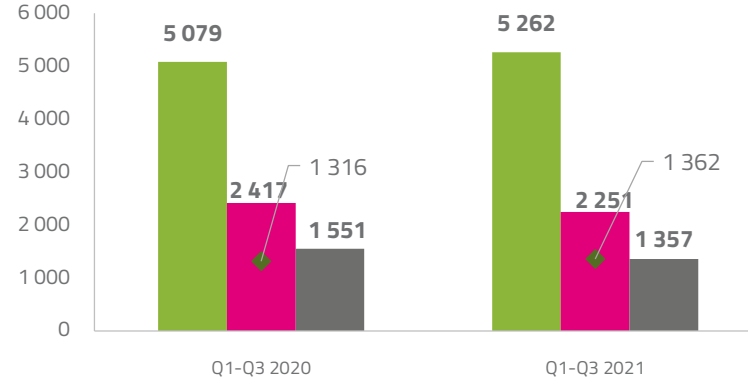
Q3 2021 EBITDA





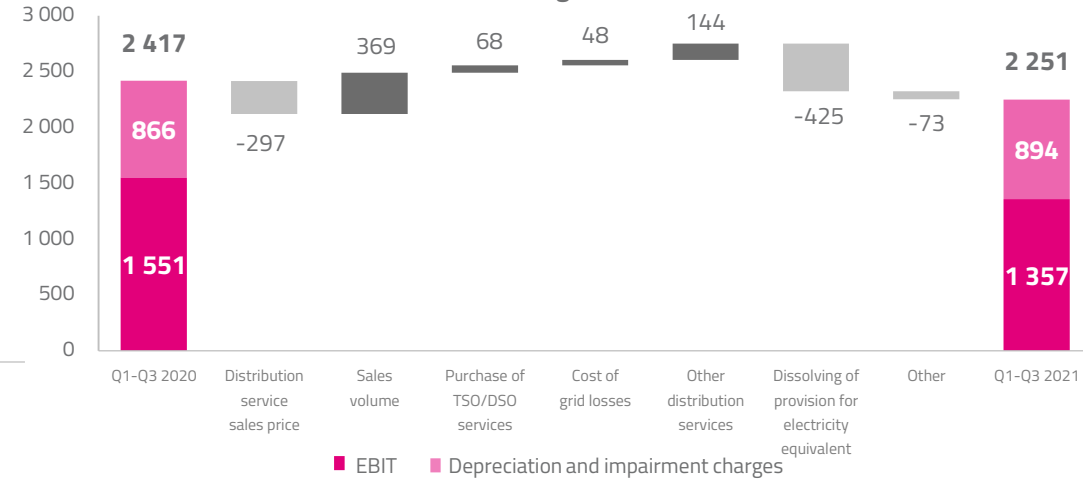
Distribution Segment Q1-Q3 2021

Financial data [PLN m]



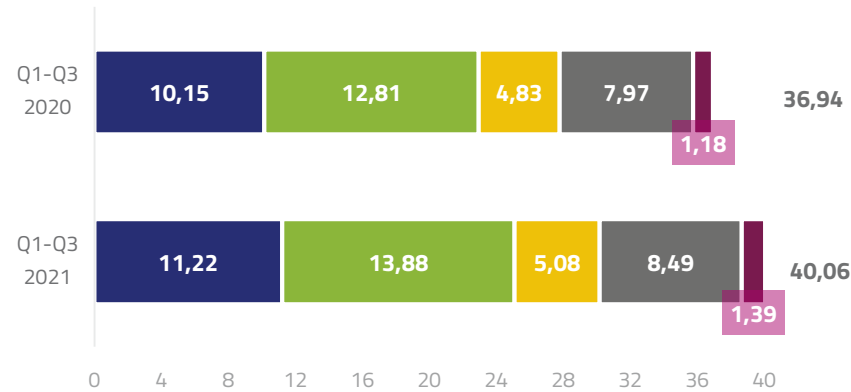
■ Sales revenue ■ EBITDA ■ EBIT ◆ CAPEX

EBITDA change [PLN m]



■ EBIT ■ Depreciation and impairment charges

Electricity distribution [TWh]



■ Group A ■ Group B ■ Group C2+C1+R+D ■ Group G ■ Other*

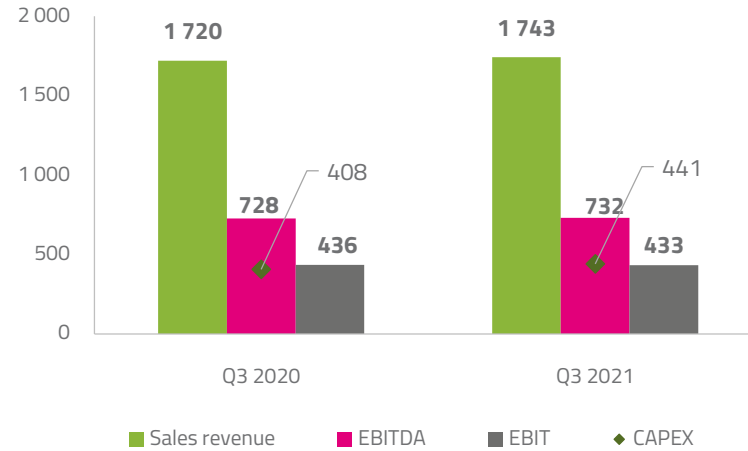
* Neighboring DSO and exports

- Increase of electricity distribution services sales volume by 3 TWh ✓
- Increase of the other distribution revenues ✓
- Decline of the average rate for the final consumers ✗

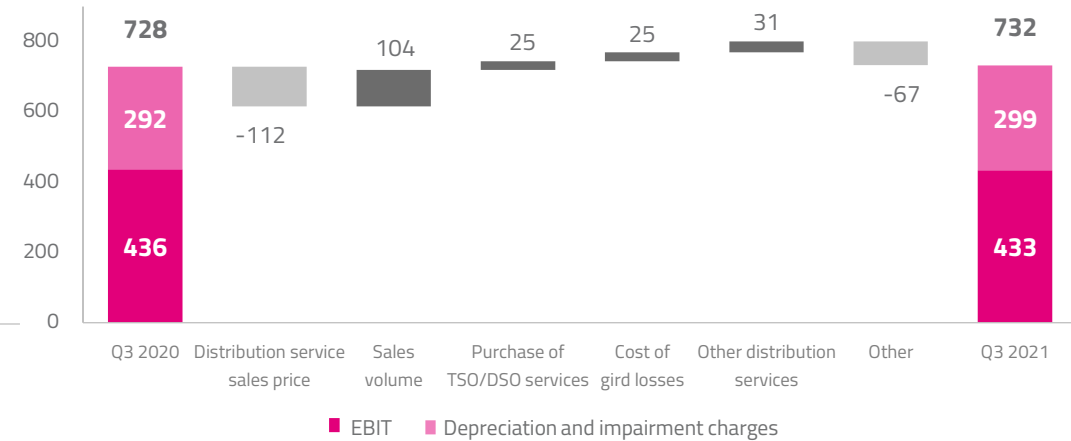


Distribution Segment Q3 2021

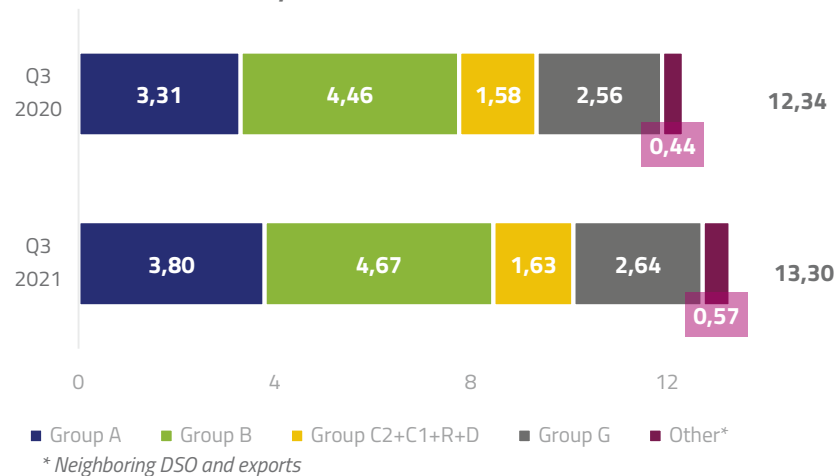
Financial data [PLN ml]



EBITDA change [PLN m]



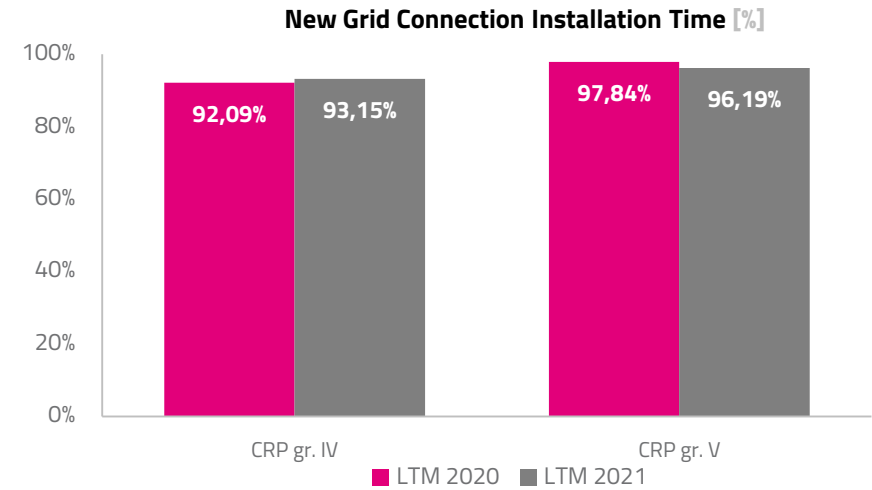
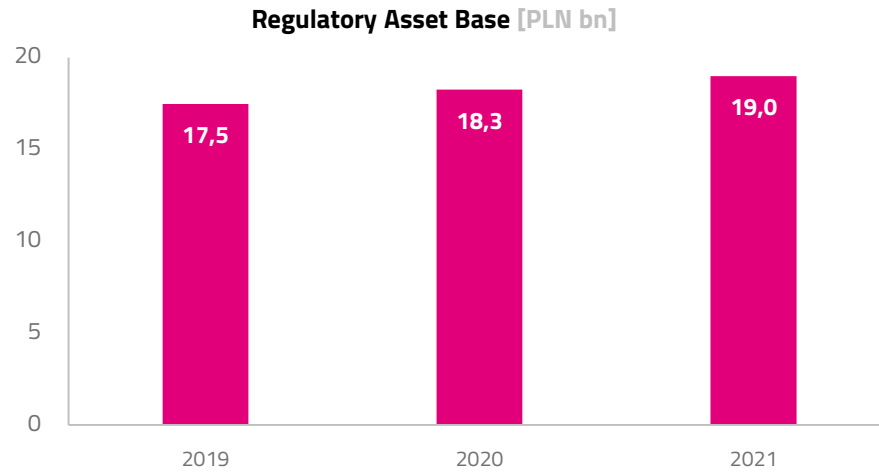
Electricity distribution [TWh]



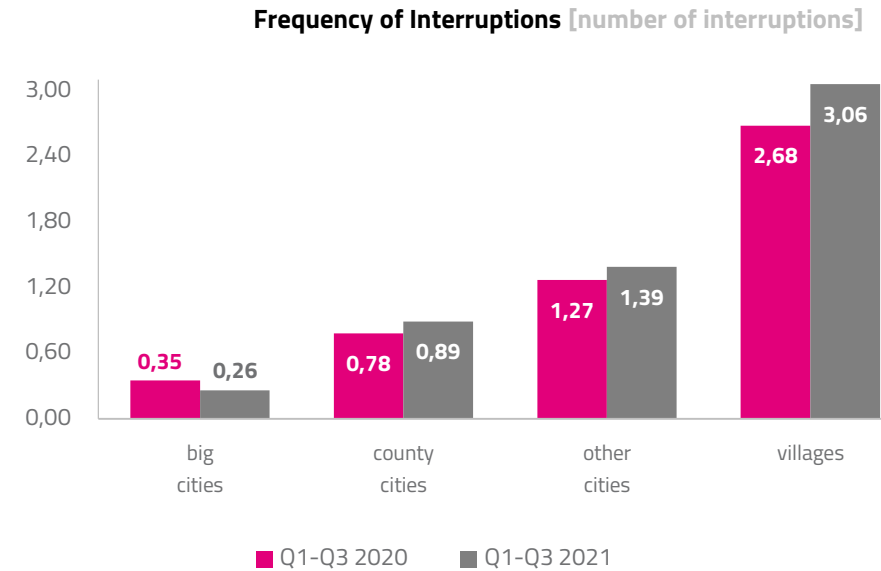
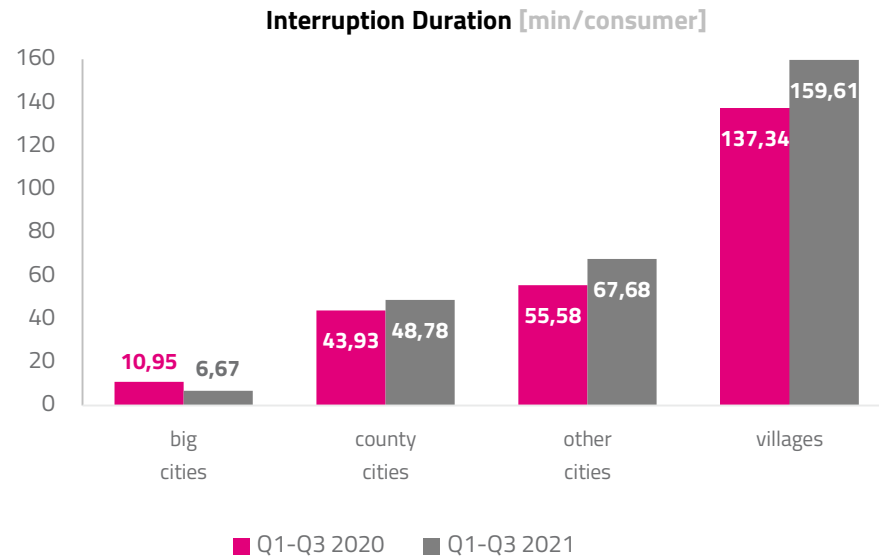
- Increase of electricity distribution services sales volume by 1 TWh ✓
- Increase of the other distribution revenues ✓
- Decline of the average rate for the final consumers -



Distribution Segment key parameters

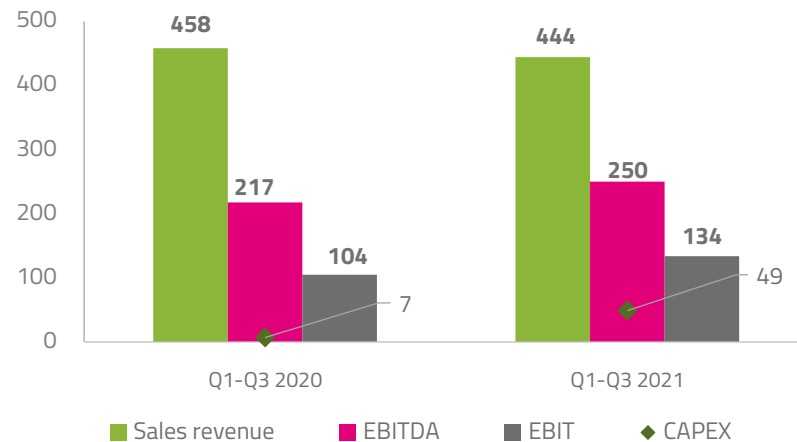


LTM – trailing 12 months ended on September 30, 2020 and 2021

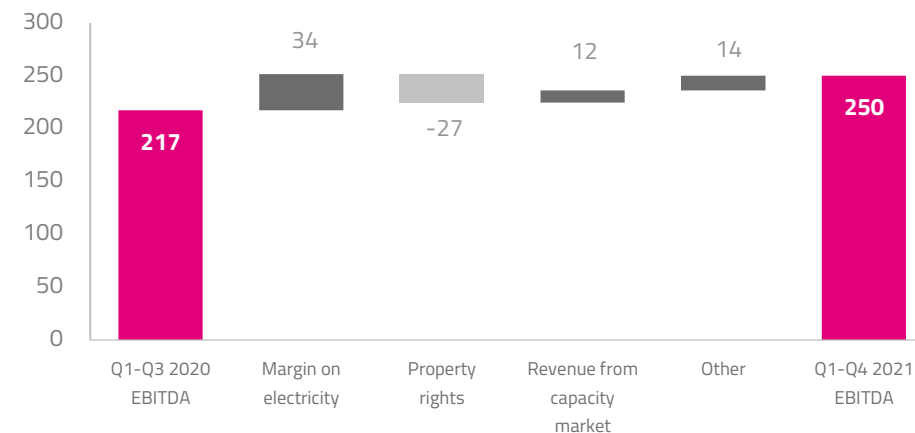


RES Segment Q1-Q3 2021

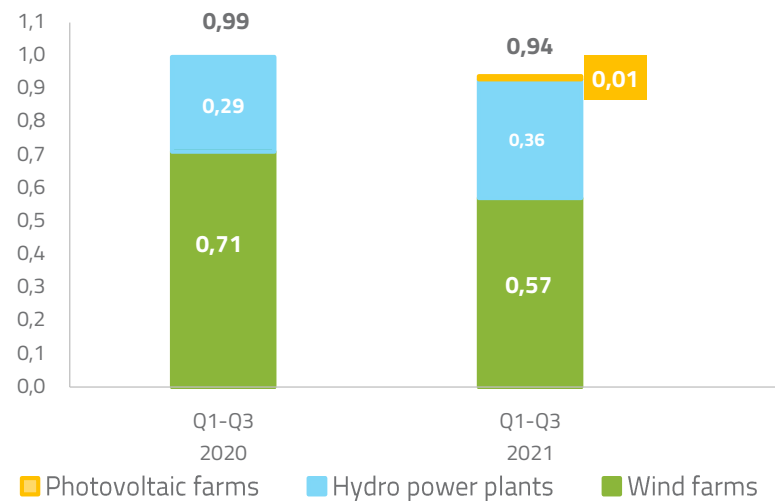
Financial data [PLN m]



EBITDA change [PLN m]



Electricity production [TWh]



- Revenue from the Capacity Market



- Lower electricity production volume



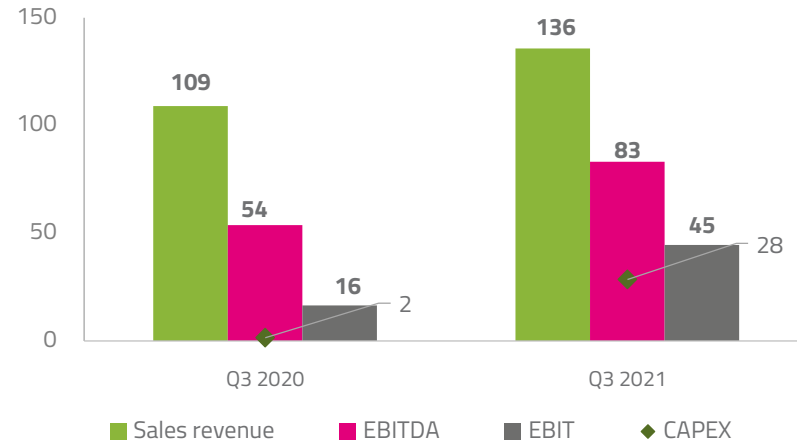
- Lack of support for hydro power plants and the Zagórze Wind Farm (Poland's oldest wind farm)



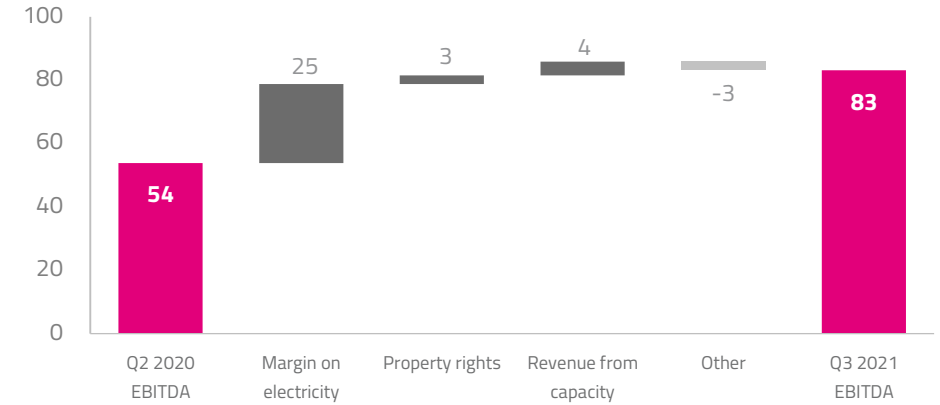


RES Segment Q3 2021

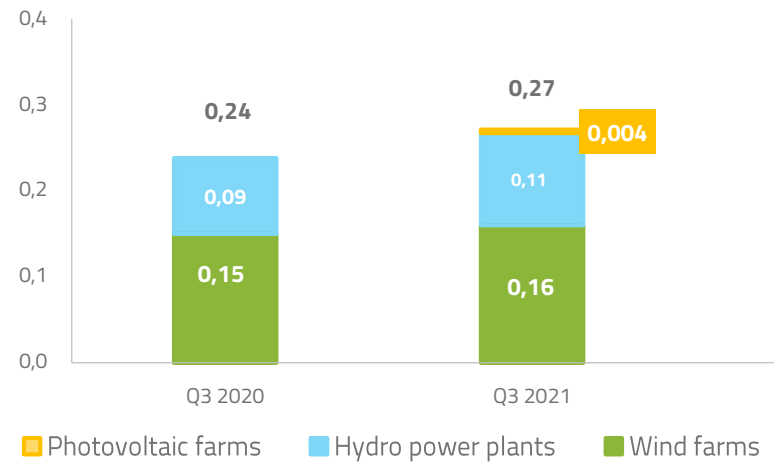
Financial data [PLN m]



EBITDA change [PLN m]



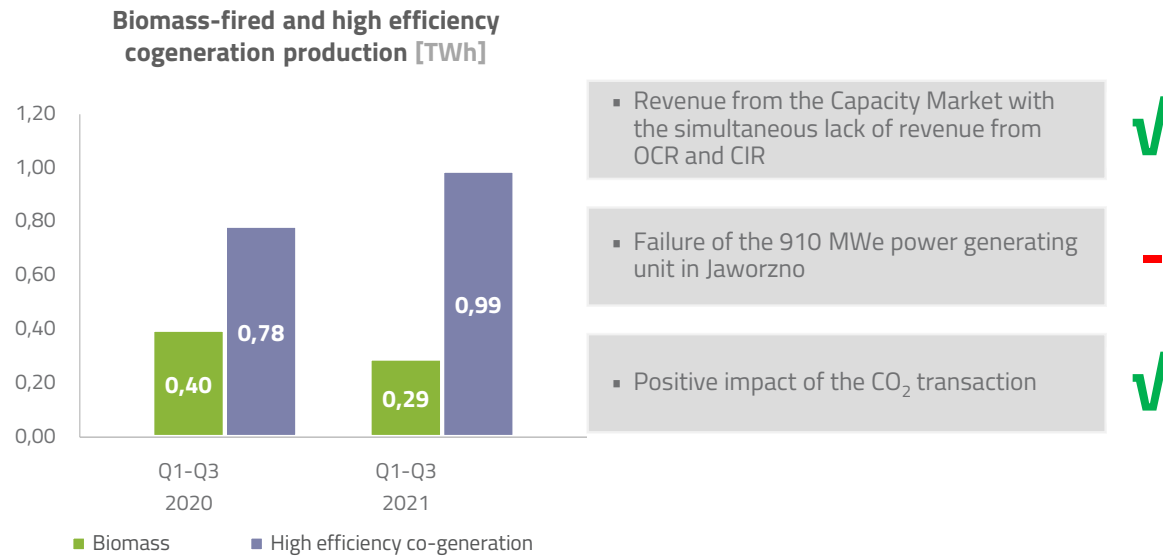
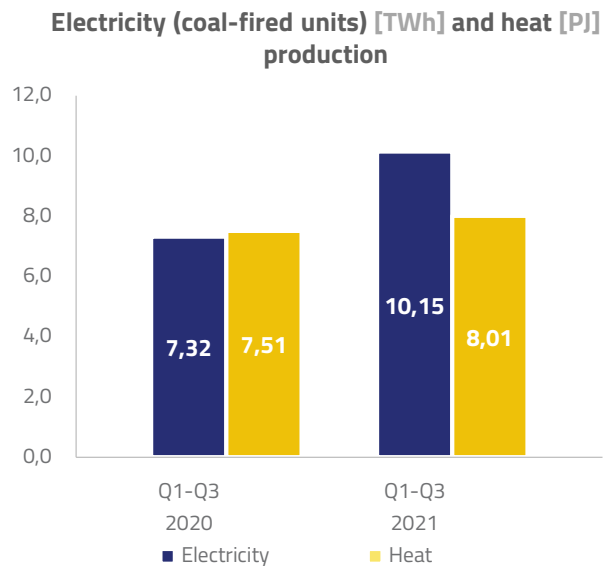
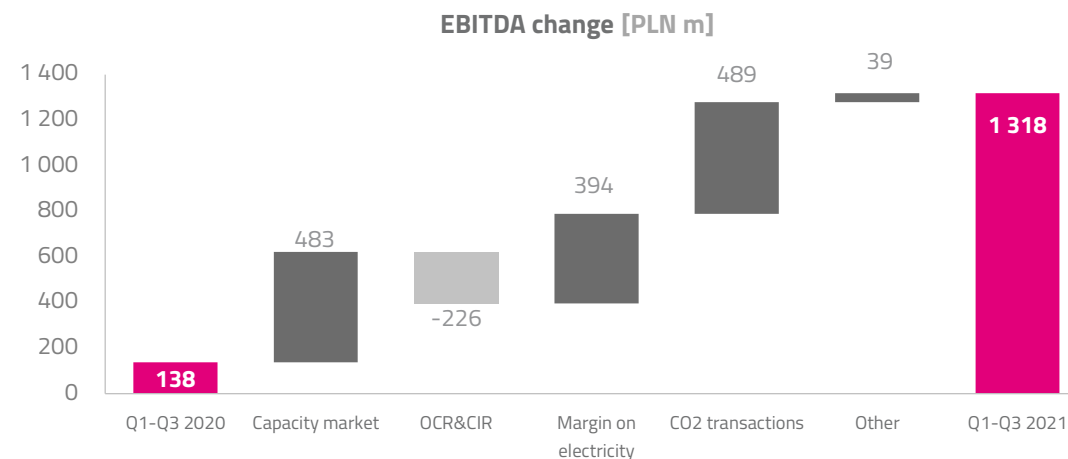
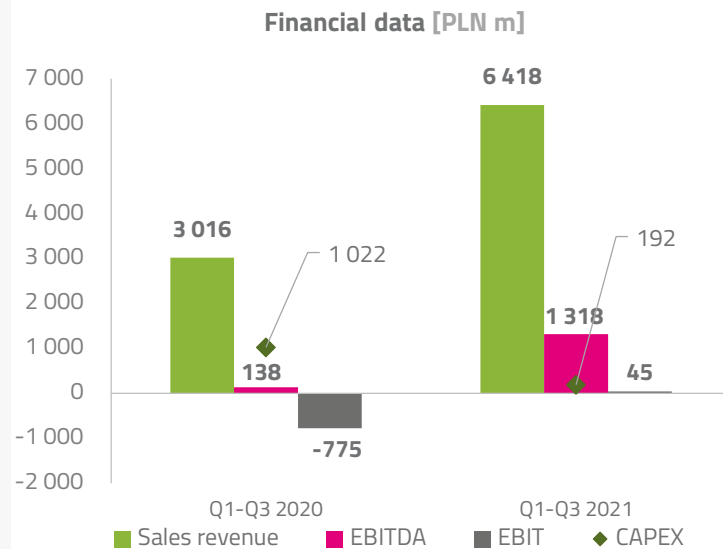
Electricity production [TWh]



- Revenue from the Capacity Market ✓
- Higher electricity production volume ✓
- Lack of support for hydro power plants and the Zagórze Wind Farm (Poland's oldest wind farm) -

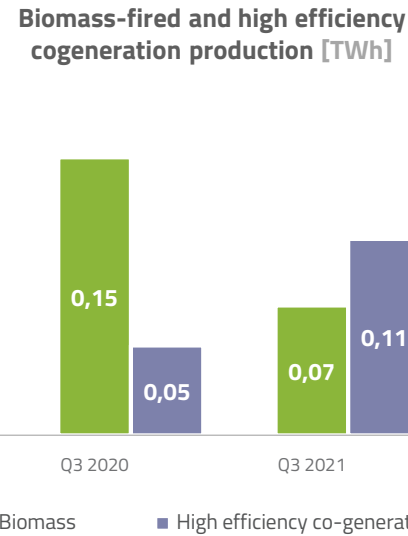
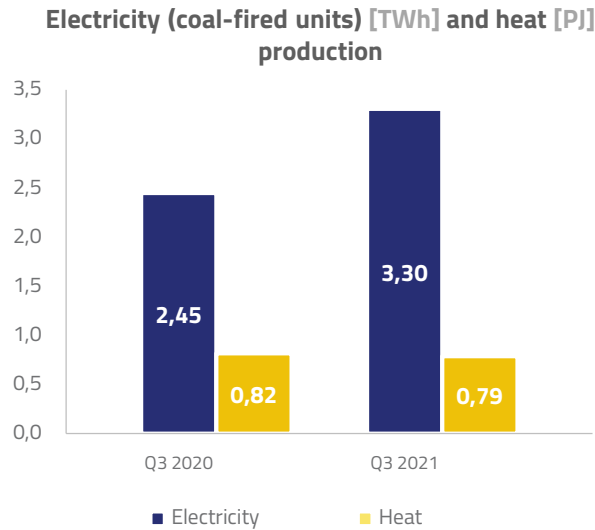
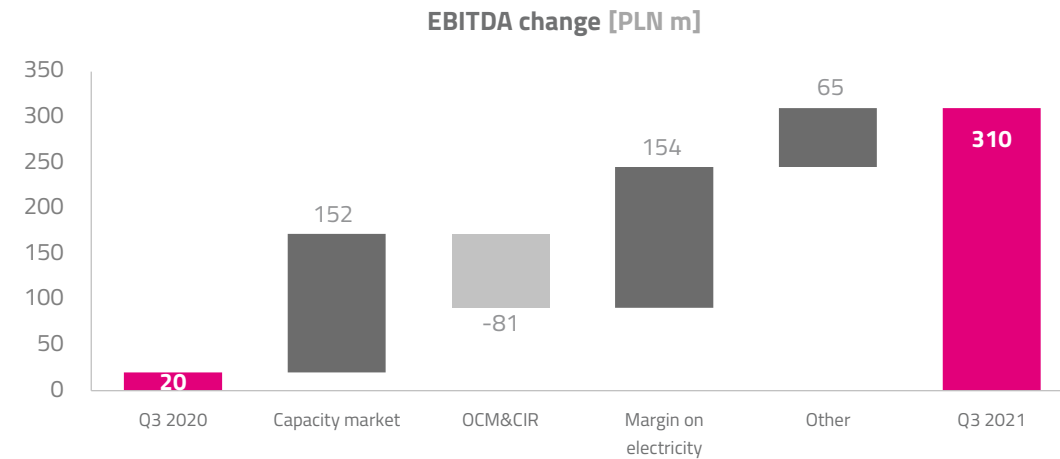
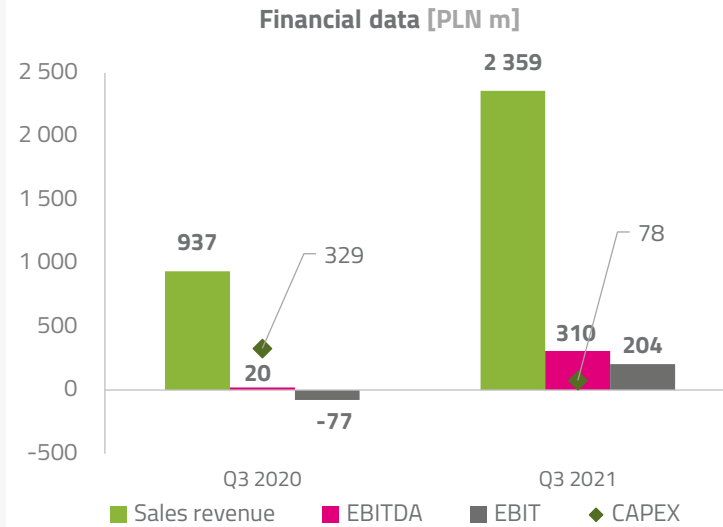


Generation Segment Q1-Q3 2021





Generation Segment Q3 2021



- Revenue from the Capacity Market with the simultaneous lack of revenue from OCR and CIR



- Failure of the 910 MWe power generating unit in Jaworzno



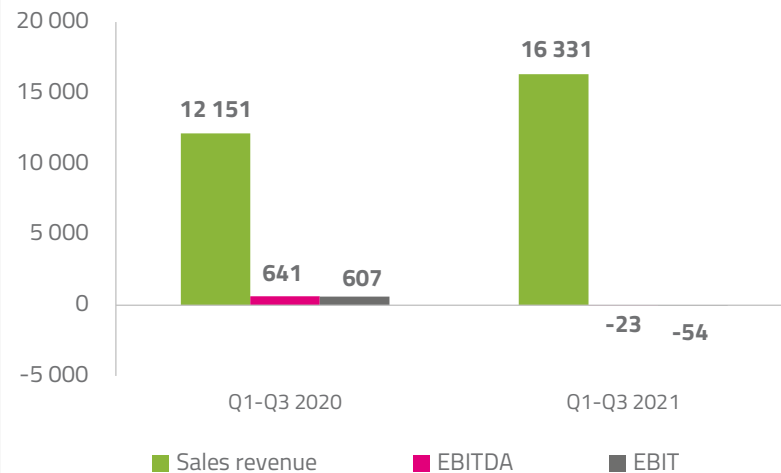
- Higher volume of electricity production by coal fired units



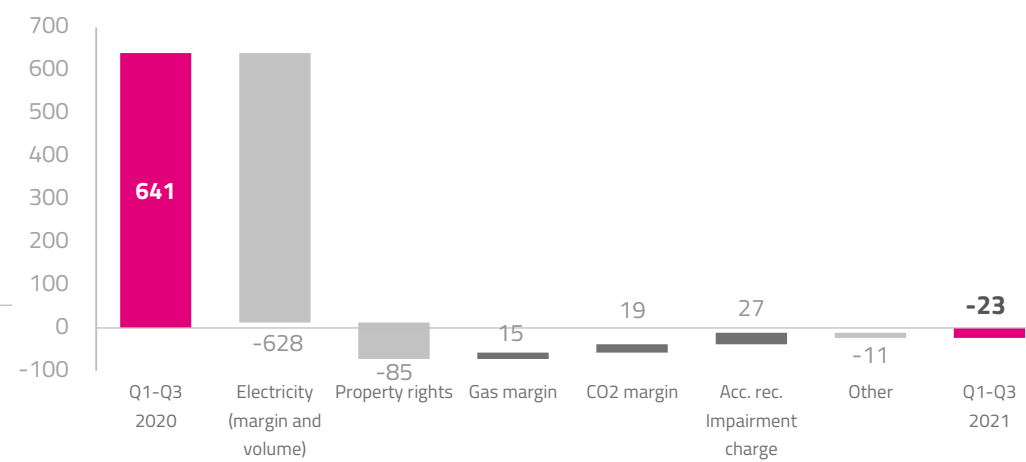


Supply Segment Q1-Q3 2021

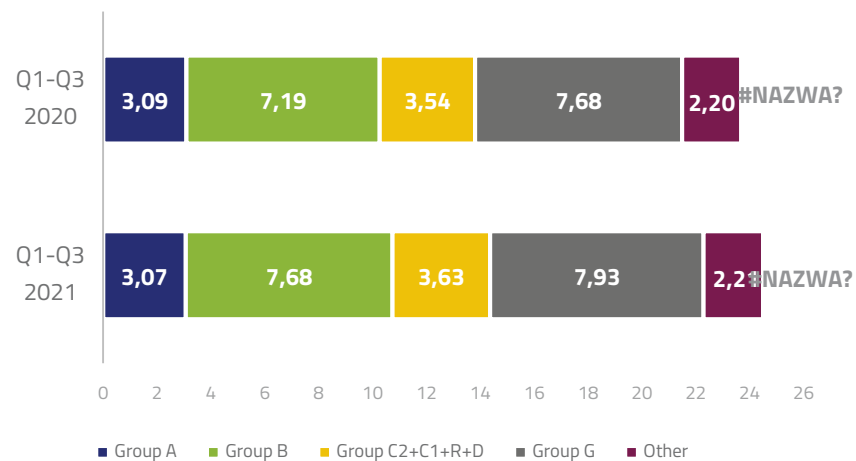
Financial data [PLN m]



EBITDA change [PLN m]



Retail electricity supply [TWh]

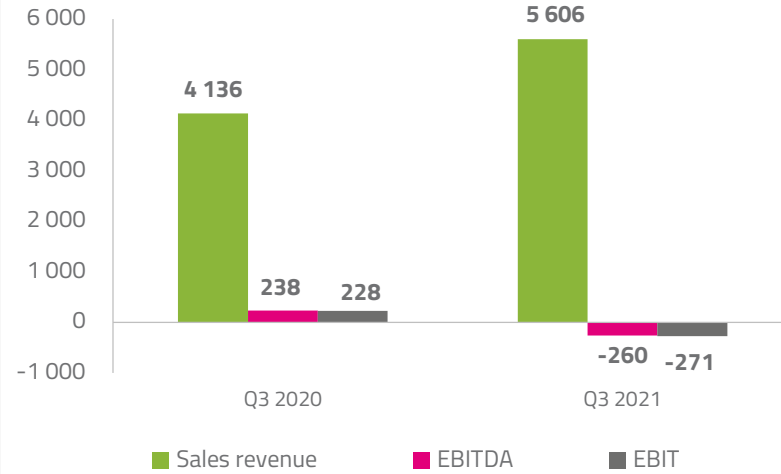


- Full coverage of costs under the G tariff ✓
- Increase in the achieved customer loyalty program affiliation level ✓
- Increase of the price of purchasing the PMOZE property rights -
- Settlement of the electricity agreement -

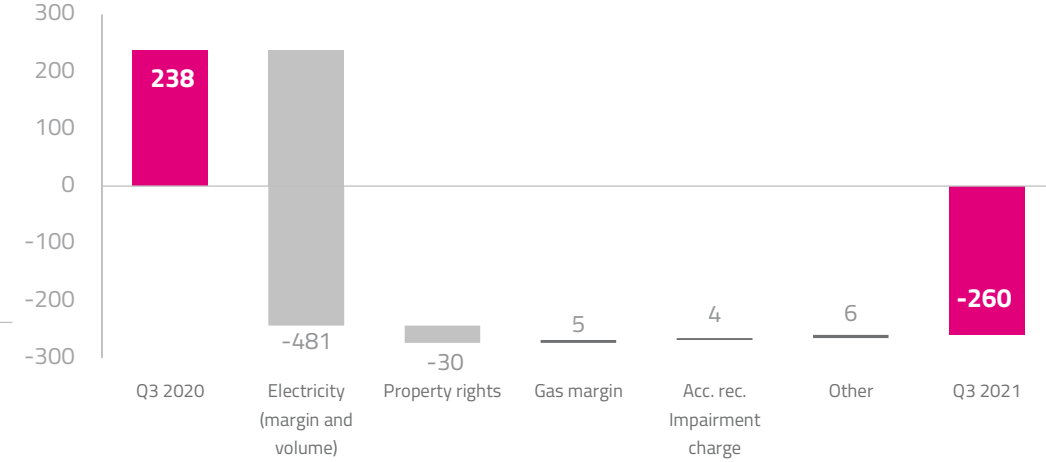


Supply Segment Q3 2021

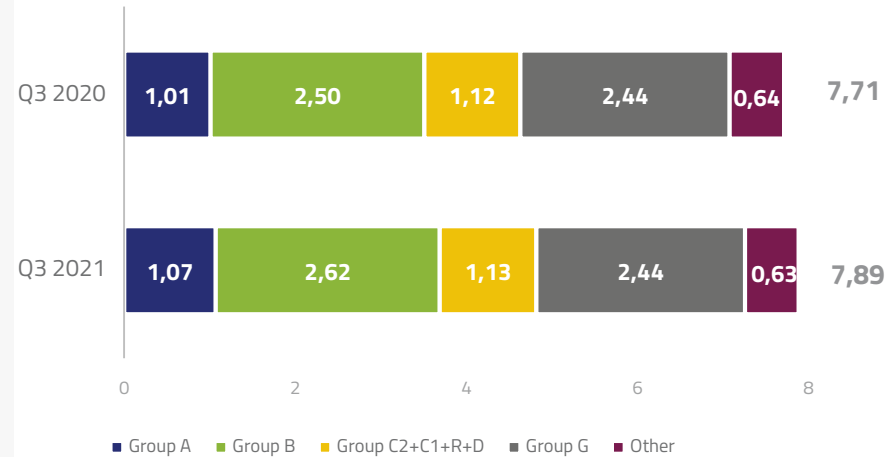
Financial data [PLN m]



EBITDA change [PLN m]



Retail electricity supply [TWh]

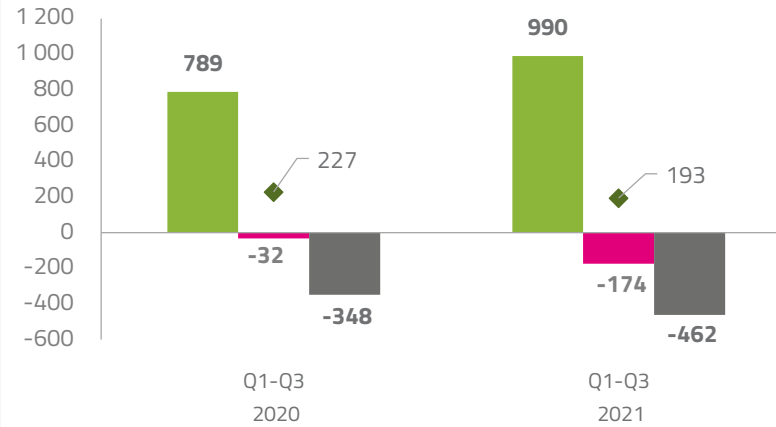


- Full coverage of costs under the G tariff ✓
- Increase in the achieved customer loyalty program affiliation level ✓
- Higher electricity supply volume ✓
- Settlement of the electricity agreement -



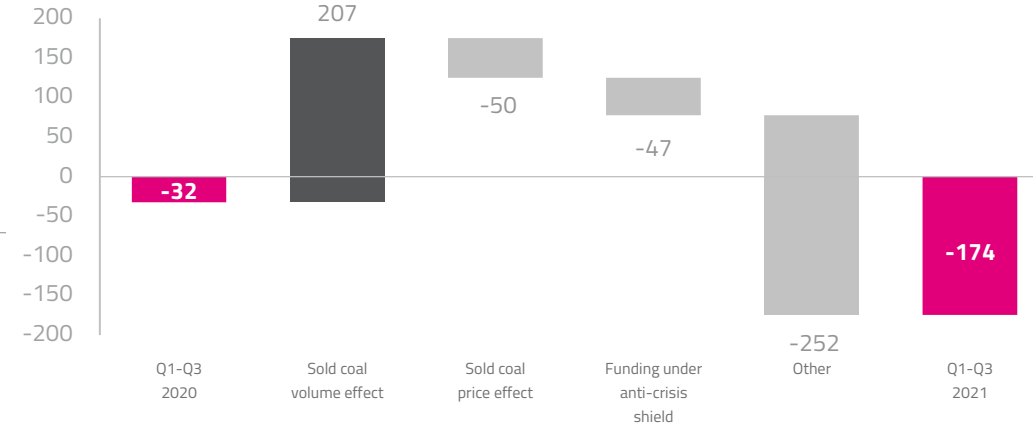
Mining Segment Q1-Q3 2021

Financial data [PLN m]

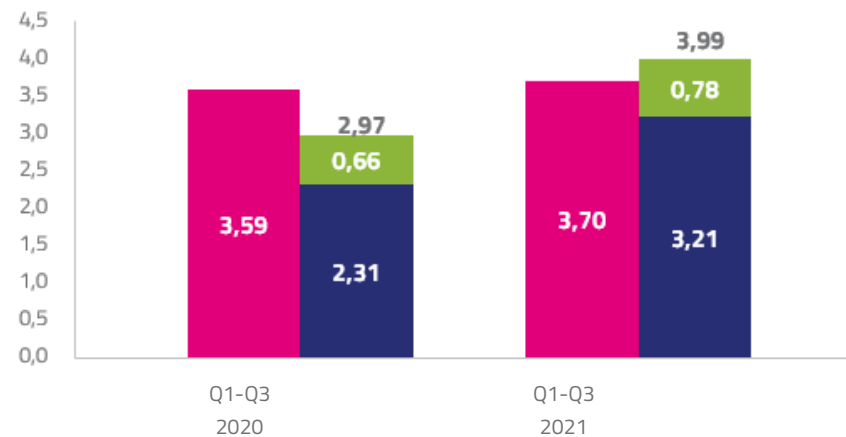


■ Sales revenue ■ EBITDA ■ EBIT ◆ CAPEX

EBITDA change [PLN m]



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



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

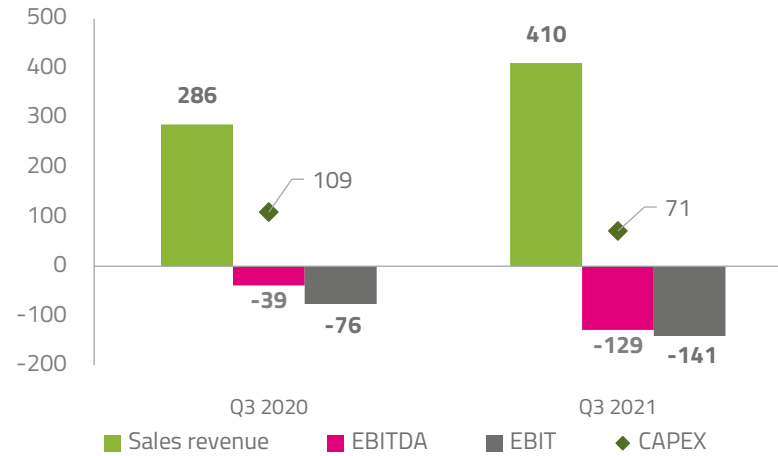
- Higher coal production. ✓
- Higher coal sales ✓
- Increase by 20 PLN/Mg of the unit mining cash cost* (up from 205 PLN/Mg to 225 PLN/Mg) -

* 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

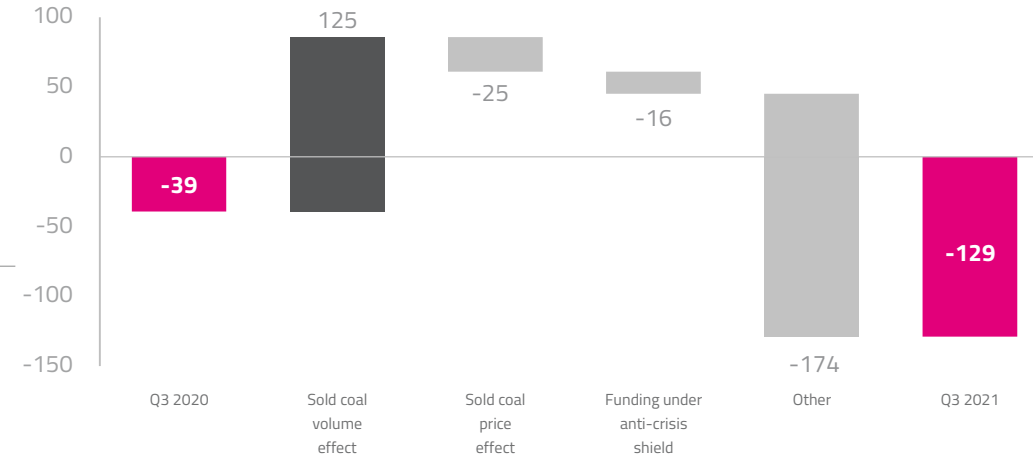


Mining Segment Q3 2021

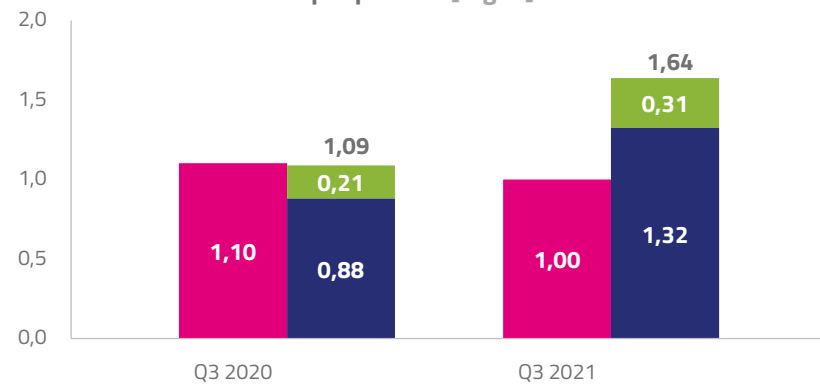
Financial data [PLN m]



EBITDA change [PLN m]



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



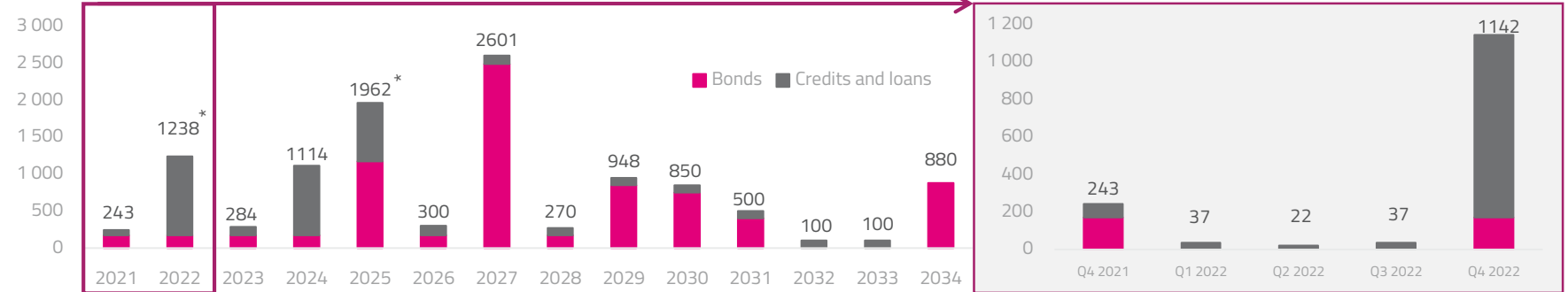
Commercial coal production Coal dust sales Other product sales

- Higher coal sales ✓
- Lower coal production -
- Increase by 80 PLN/Mg of the unit mining cash cost* (up from 217 PLN/Mg to 297 PLN/Mg) -

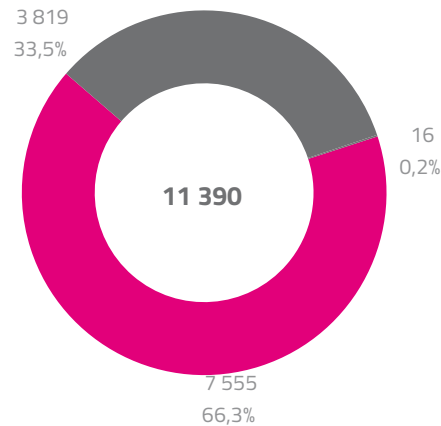
* Total costs excluding depreciation, impairment charges, costs not directly related to coal production and costs that do not have a permanent impact on the company's cash flow

Debt and financing

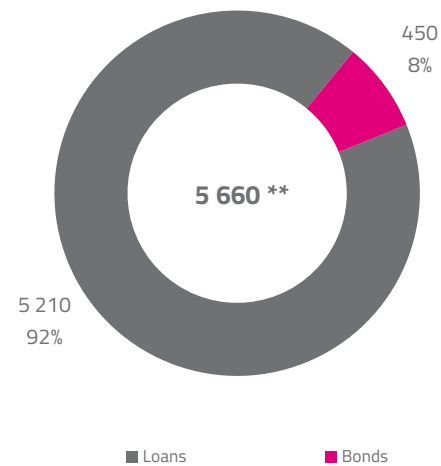
TAURON Group's nominal debt maturity as of September 30, 2021 [PLN m]



TAURON Group's nominal debt structure as of September 30, 2021 [PLN m]



Amounts of financing available to TAURON Group as of September 30, 2021 [PLN m]



Debt structure by interest rate [PLN m]

Debt amount	Interest rate	Collateral floating rate
11 390	Floating: 5 706	IRS: 3 840
	Fixed: 5 684	None: 1 866

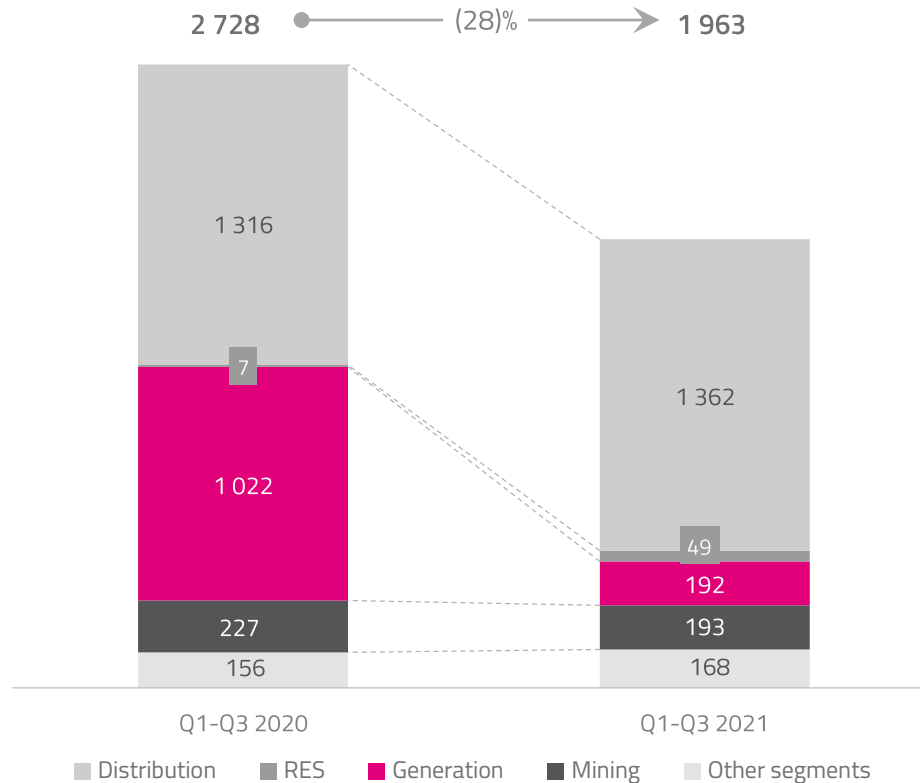
- Weighted average maturity of debt as of September 30, 2021, is 88 months (assuming the revolving bank loans continue to be drawn down until the end of their availability period)
- EUR denominated debt (eurobond, NSV bond and EIB bond issues) represents 35% of the total debt

* 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 and EUR 45m

Capex – per segment

Capital expenditures per segment* [PLN m]



* Outlays do not include equity investments (as presented in the financial statements).
Outlays, including equity investments, excluding financial costs, amounted to: PLN 2 564 million in Q3 2020 and PLN 1 961 million in Q3 2021.

Key investment projects implemented in Q1Q3 2021



Distribution:

- Grid assets upgrades and replacements (PLN 568m)
- Installing new grid connections (PLN 701m)
- Dispatcher Communications System (PLN 32m)



Generation:

- Construction of new 910 MW unit in Jaworzno (PLN 25m)
- Adaptation of the generating units to BAT (PLN 14m)
- Replacement and refurbishment related outlays as well as overhaul components at TW (PLN 97m)
- New facility connections to district heating net (PLN 13m)
- District heating networks' maintenance and expansion (PLN 15m)



RES:

- Construction of 30 MW Piotrków wind farm (PLN 32m)
- Construction of Choszczno I and II wind farm (PLN 7m)
- Construction of 6 MW Majewo farm (PLN 3m)



Mining:

- Construction of Grzegorz shaft at Sobieski Coal Mine (PLN 5m)
- Construction of 800 m level at Janina Coal Mine (PLN 6m)
- Production preparation (PLN 121m)
- Modernization and replacement tasks (PLN 57m)



Supply and other:

- Deployment of broadband internet as part of the POPC III and CUB Program (PLN 70m)
- IT investments at TOK (PLN 38m)
- Lighting maintenance and expansion (PLN 26m)
- Gas engines (PLN 20m)

* Capex does not include financial costs added to outlays



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Biuro Maklerskie Pekao	Marcin Górnik
Beskidzki Dom Maklerski	Krystian Brymora
Trigon Dom Maklerski	Michał Kozak



Electricity market price trends

Electricity						
Platforms: TGE	2020		2021 (prices quoted until October 29, 2021, and estimates)		2021/2020	
	Price (PLN/MWh)	Volume (GWh)	Price (PLN/MWh)	Volume (GWh)	Price %	Volume %
Forward BASE (Y+Q+M)	255.36	168 400	249.95	181 087	-2.1%	7.5%
Forward PEAK (Y+Q+M)	314.80	19 100	286.99	19 381	-8.8%	1.5%
Forward (weighted average)	261.41	187 500	253.53	200 468	-3.0%	6.9%
SPOT (TGE)	208.72	34 757	359.83	36 714	72.4%	5.6%
Weighted average total	253.17	222 257	269.99	237 181	6.6%	6.7%

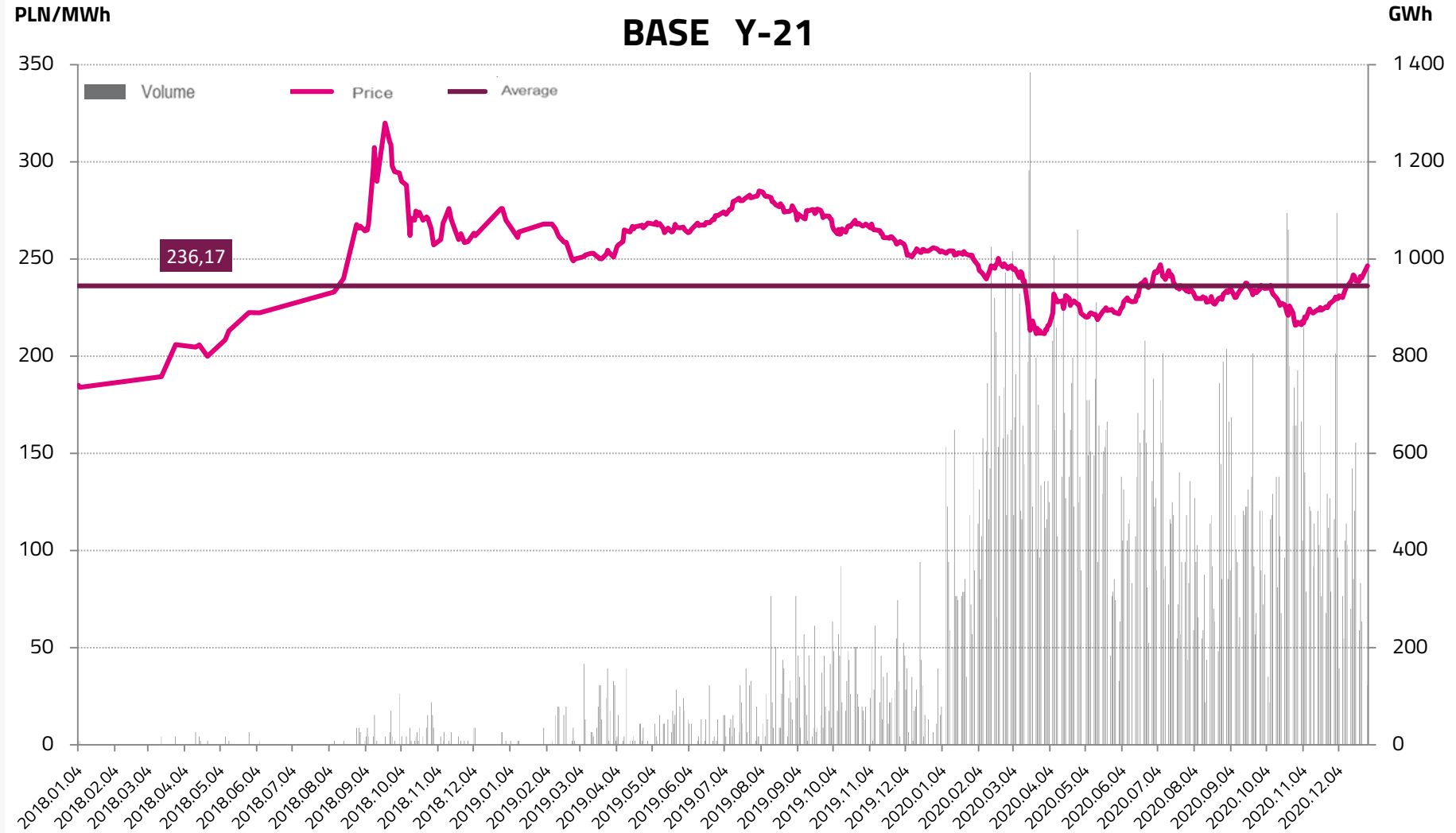
Property rights (PLN/MWh)			
Rodzaj certyfikatu	Market prices (Q1-Q3 2021 weighted average)	Substitution fee and obligation for:	
		2020	2021
OZE (PMOZE_A)	164.43	165.24 (19.5%)	172.76 (19.5%)
RES from biogas plants (PMOZE_BIO)	301.47	300.03 (0.5%)	300.03 (0.5%)

CO ₂ emission allowances (EUR/t)	
CO ₂ market analysts survey* (updated in October 2021)	Price (EUR/t)
H2 2021 average	67.40 EUR/t
2022 average	66.20 EUR/t
2023 average	67.20 EUR/t
2021 average price forecast by TAURON	59-60 EUR/t

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



2021 BASE contract prices

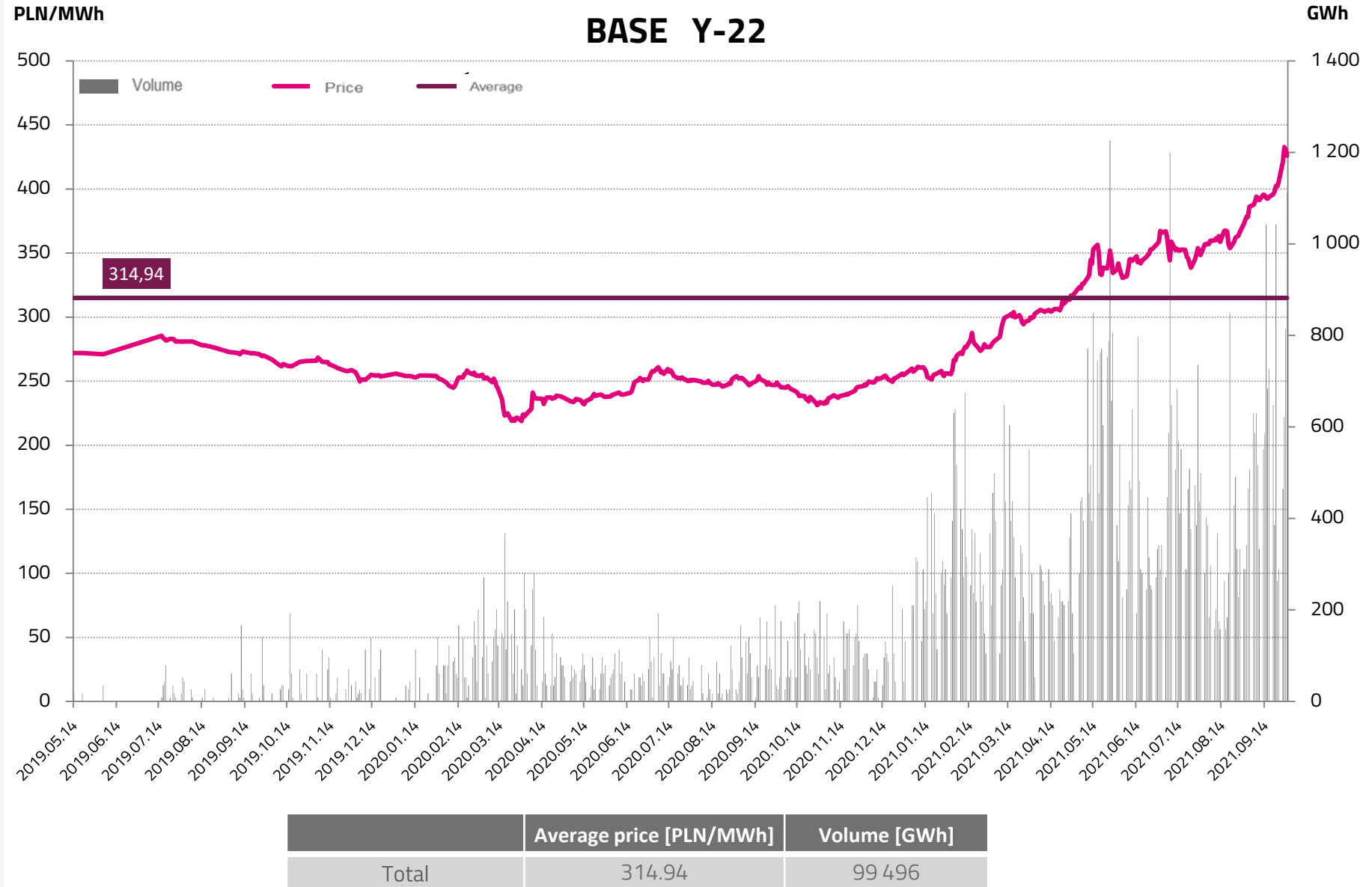


	Average price [PLN/MWh]	Volume [GWh]
Total	236.17	144 076

Average electricity price that takes into account 2021 one-year BASE and PEAK contracts: 240.59 PLN/MWh,
 total 2021 BASE and PEAK contracts volume: 160 516 GWh



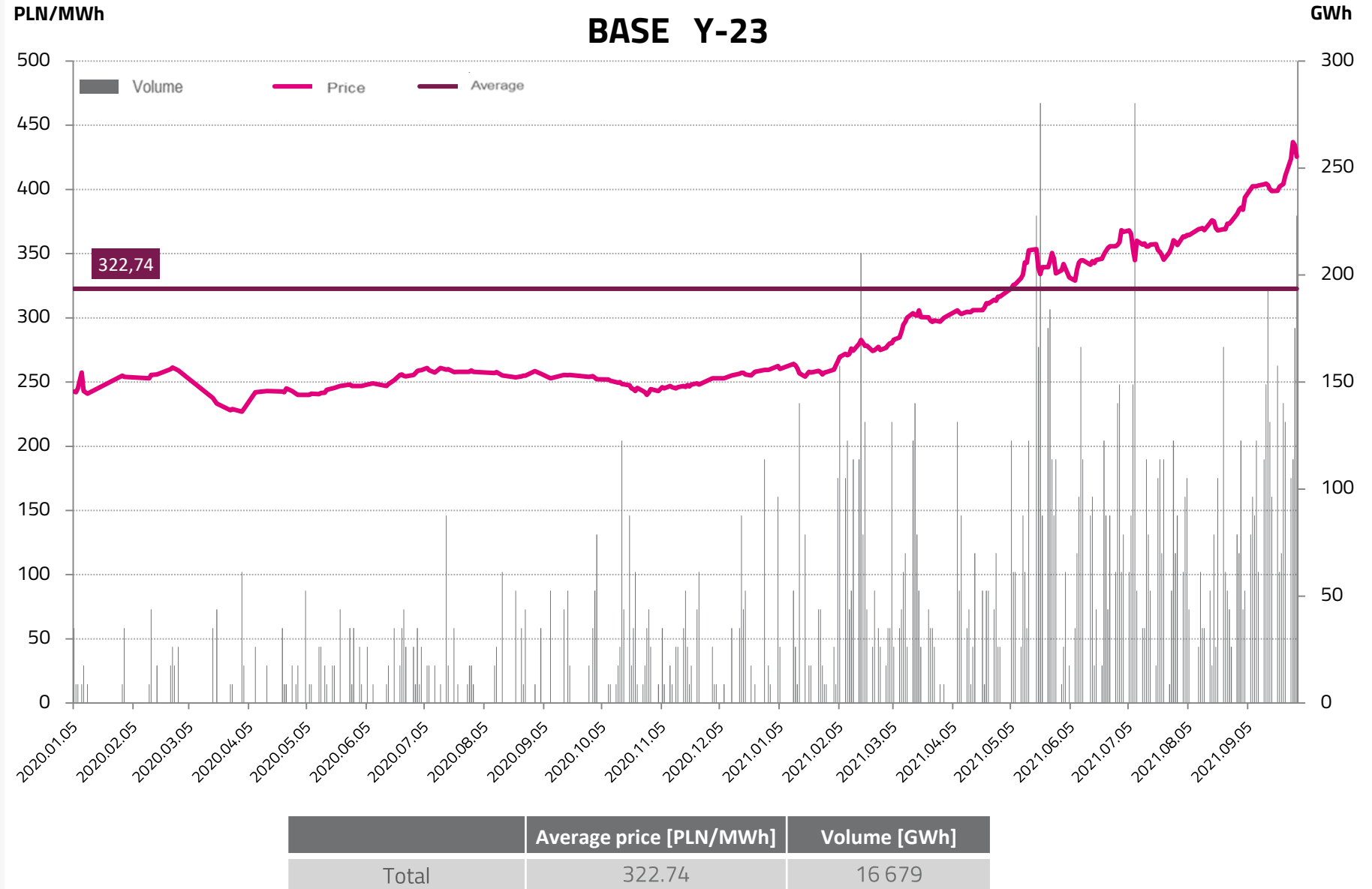
2022 BASE contract prices



Average electricity price that takes into account 2022 one-year BASE and PEAK contracts: 319.28 PLN/MWh, total 2022 BASE and PEAK contracts volume: 110 575 GWh



2023 BASE contract prices



Average electricity price that takes into account 2023 one-year BASE and PEAK contracts: 323.25 PLN/MWh, total 2023 BASE and PEAK contracts volume: 17 180 GWh