

# TAURON Group's Q1 2021 Financial Results

May 21, 2021



## Structure of the presentation



**Paweł Strączyński**  
President of the  
Management Board

- Key financial data
- Operating results



**Jerzy Topolski**  
President  
of the Management  
Board for  
Asset Management

- Macroeconomic and market situation
- Capital expenditures



**Krzysztof Surma**  
Director  
of the Finance Division

- Segments' results
- Debt and financing



## Key Q1 2021 data

Financial results		
[PLN m]	Q1 2021 vs Q1 2020	
Sales revenue	<b>5 445</b>	<b>18%</b>
EBITDA	<b>1 735</b>	<b>81%</b>
Net profit*	<b>839</b>	<b>418%</b>
CAPEX	<b>639</b>	<b>(32)%</b>
Net debt/EBITDA	<b>2.0x</b>	down by 0.5x (vs 31.12.2020)

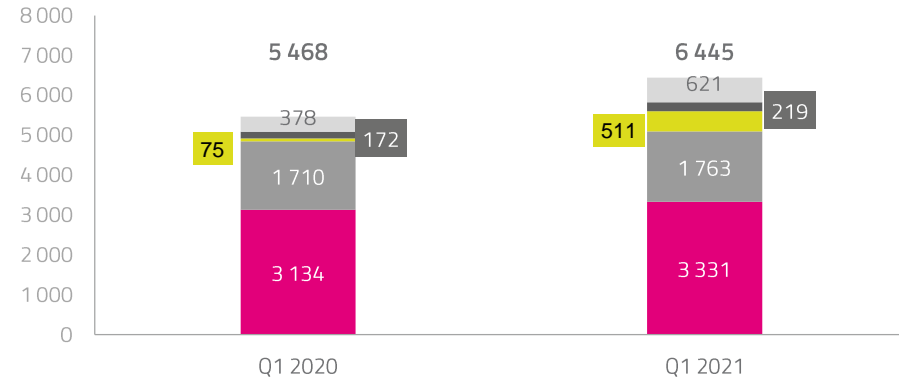
Operating data		
	Q1 2021 vs Q1 2020	
Electricity distribution [TWh]	<b>13.79</b>	<b>4%</b>
Electricity production from RES [TWh]	<b>0.48</b>	<b>(16)%</b>
Electricity production by hard coal-fired units [TWh]	<b>3.74</b>	<b>42%</b>
Heat generation [PJ]	<b>5.15</b>	<b>4%</b>
Retail electricity supply [TWh]	<b>8.77</b>	<b>(1)%</b>
Commercial coal production [ton m]	<b>1.43</b>	<b>21%</b>

\* Attributable to the shareholders of the parent company



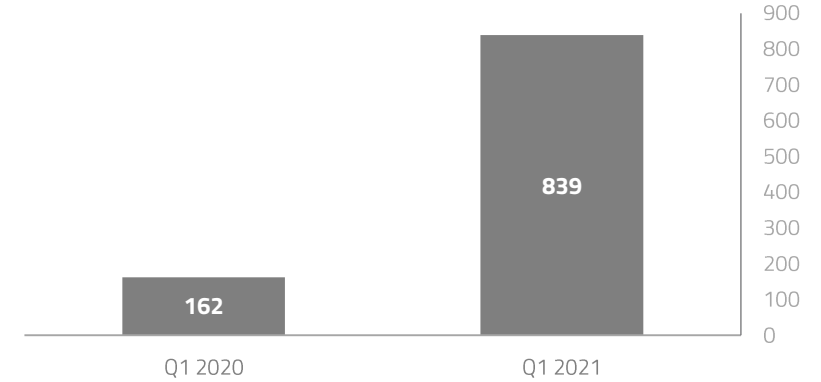
## Q1 2021 financial data

### Sales revenue [PLN]

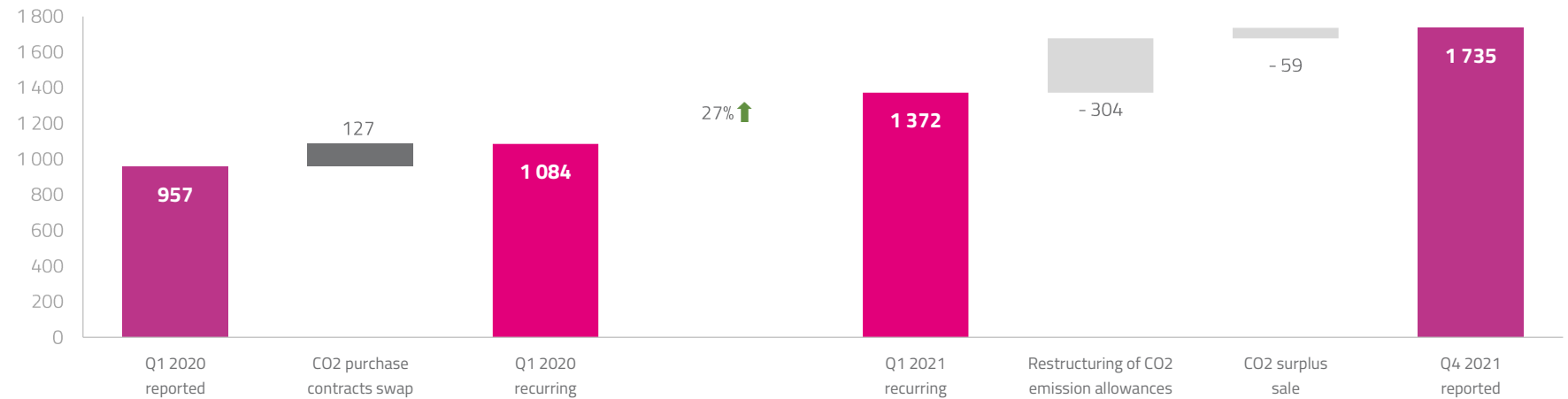


■ Electricity ■ Distribution and trading services ■ Emission allowances and property rights ■ Fuel ■ Other revenue

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



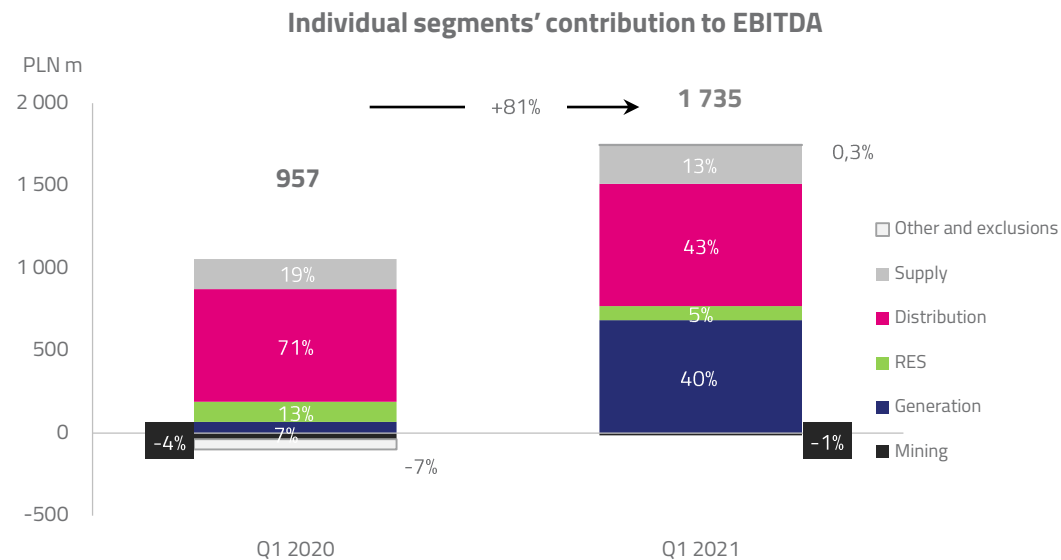
### Q1 2021 EBITDA vs Q1 2020 EBITDA [PLN m]





## Individual segments' Q1 2021 results

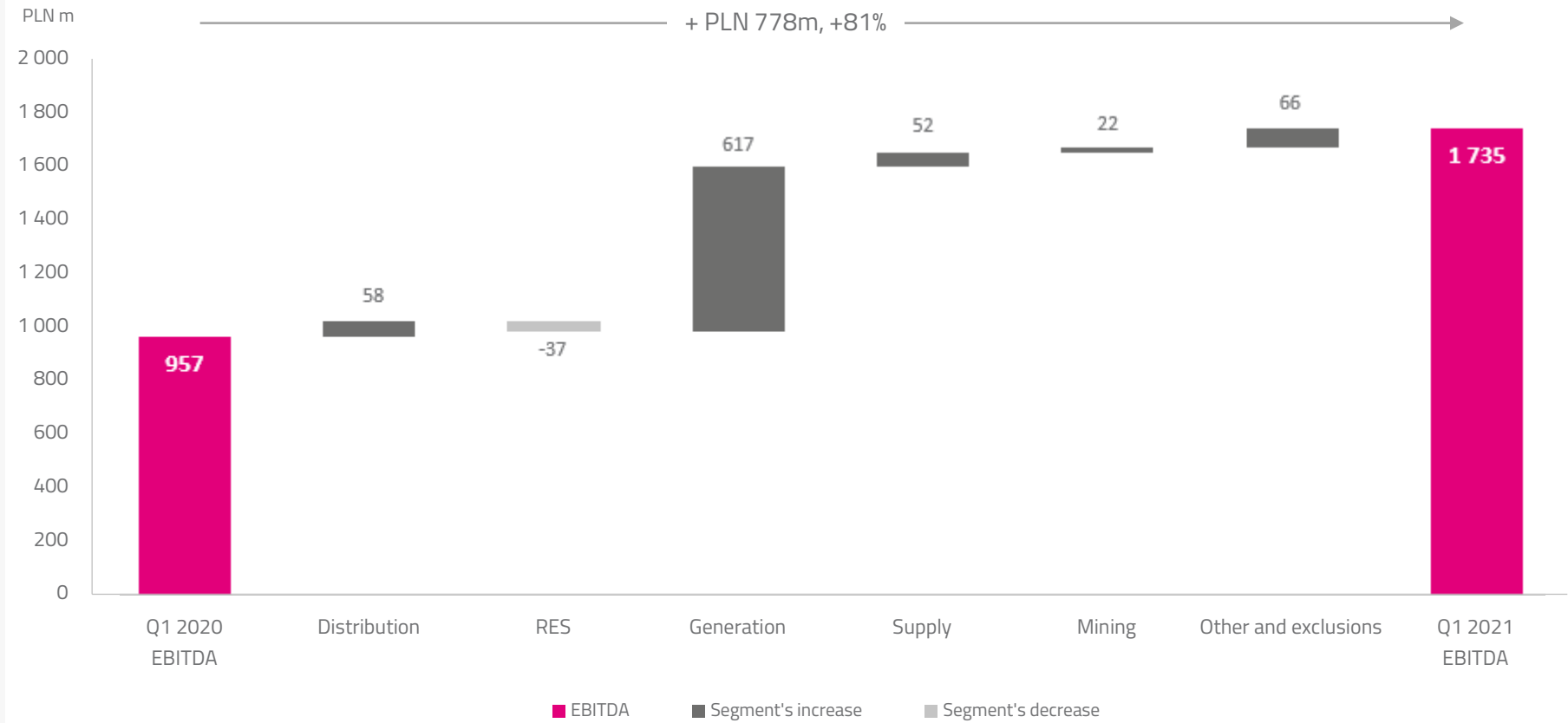
[PLN m]	Distribution	RES	Generation	Supply	Mining	Other and exclusions*
Revenue	1 806	156	2 308	6 080	303	(4 208)
EBITDA	742	84	686	234	(14)	3
EBIT	446	45	570	224	(50)	(23)
CAPEX	457	5	58	15	66	36



\* Items not included in the segments presented

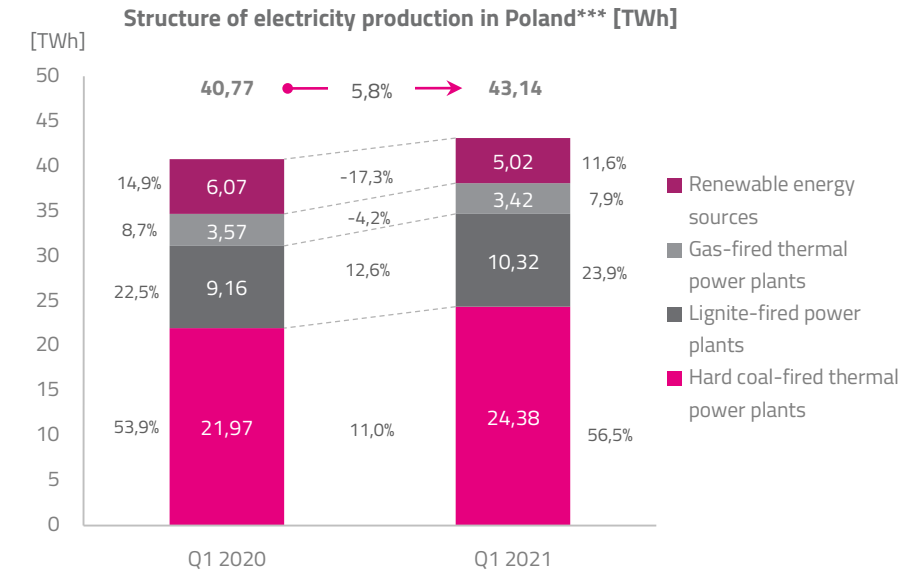
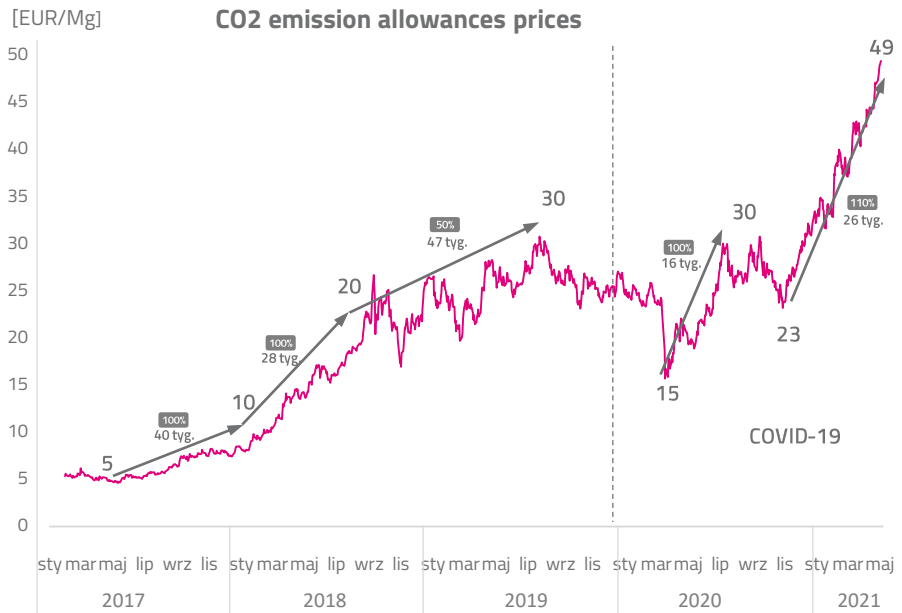
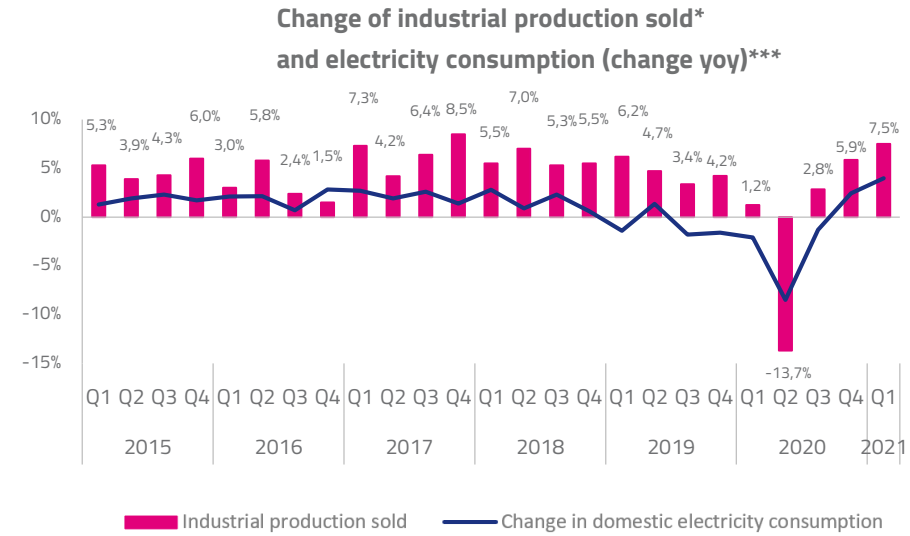
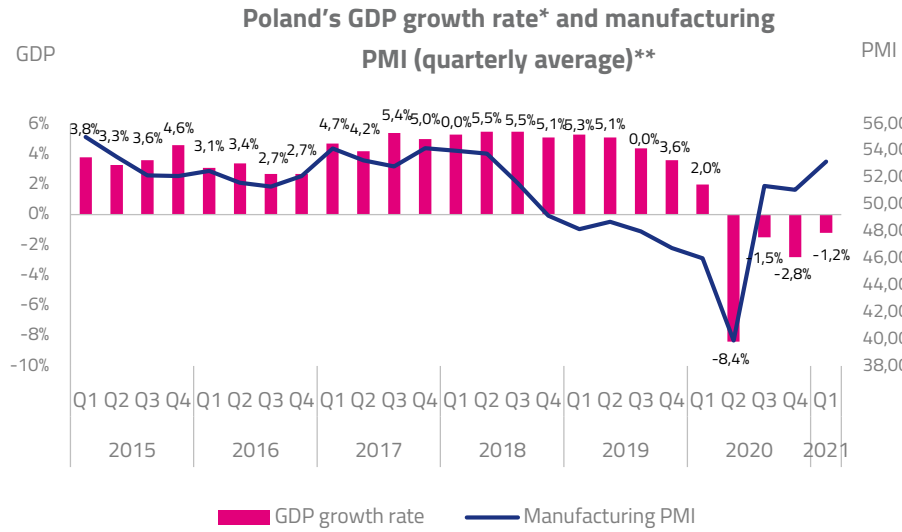


## Q1 2021 EBITDA





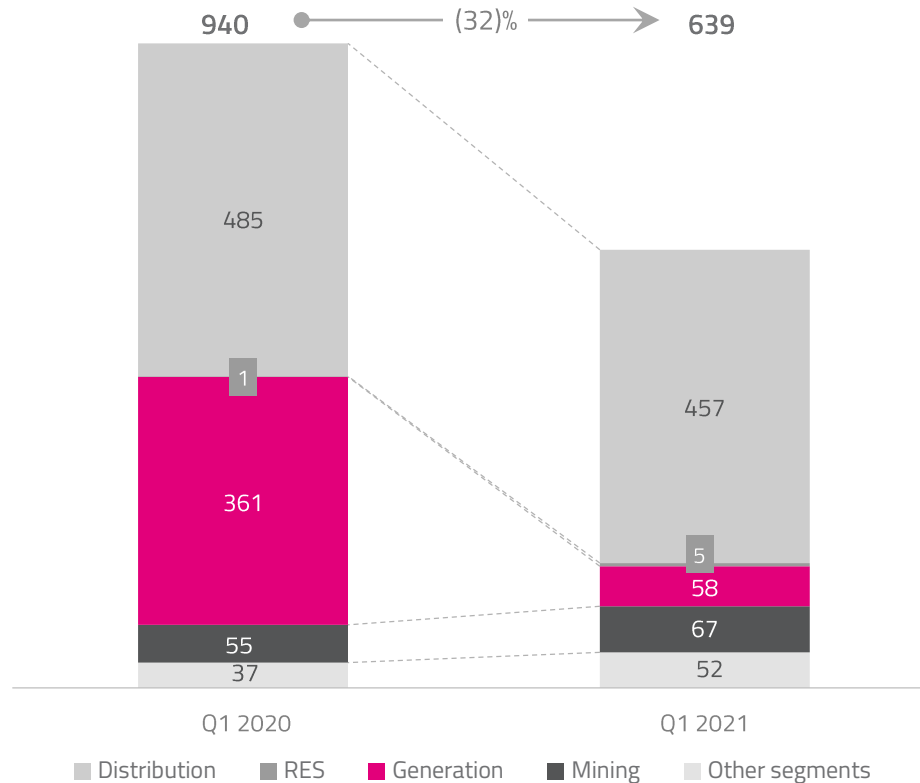
# Macroeconomic and market situation



\*\*\*\* 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

## 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 881 million in Q1 2020 and PLN 634 million in Q1 2021.

## Key investment projects implemented in Q1 2021

### Distribution:



- Grid assets upgrades (refurbishments) and replacements (PLN 231m)
- Installing new grid connections (PLN 192m)
- Dispatcher Communications System (PLN 15m)

### Generation:



- Replacement and refurbishment related outlays as well as overhaul components at TW (PLN 23m)
- Adaptation of the generating units to BAT (PLN 12m)
- Construction of the new 910 MW capacity in Jaworzno (PLN 10m)
- New facility connections to the district heating net (PLN 5m)
- District heating networks' maintenance and expansion (PLN 2m)



### RES:

- Construction of the Choszczno I and II PV farm (PLN 2m)



### Mining:

- Production preparation (PLN 33m)
- Modernization (refurbishment) and replacement tasks (PLN 28m)
- Construction of the Grzegorz shaft at Sobieski Coal Mine (PLN 3m)
- Construction of the 800 m level at Janina Coal Mine (PLN 1m)



### Supply and other:

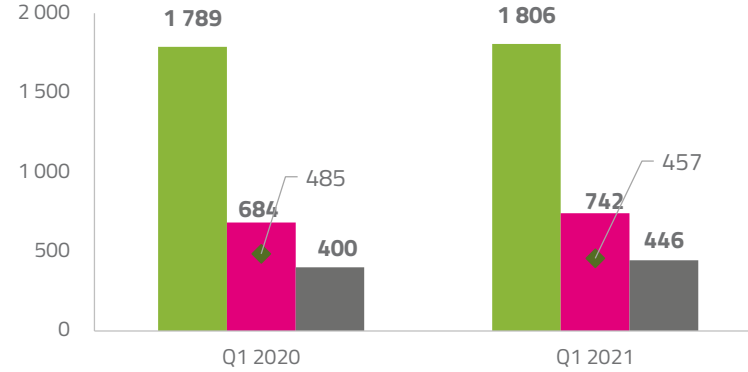
- Deployment of the broadband internet as part of the POPC III and CUB Program (PLN 23m)
- IT investments at TOK (PLN 12m)
- Gas engines (PLN 8m)
- Lighting maintenance and expansion (PLN 7m)





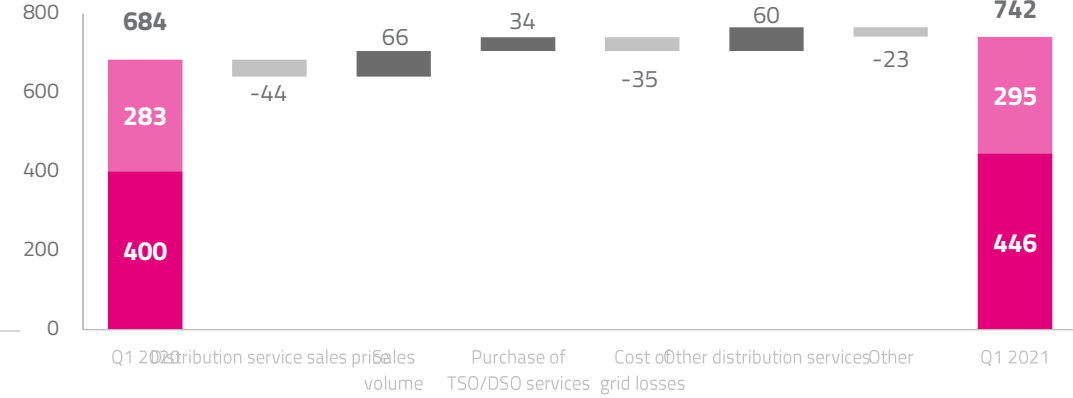
# Distribution Segment Q1 2020

Financial data [PLN m]



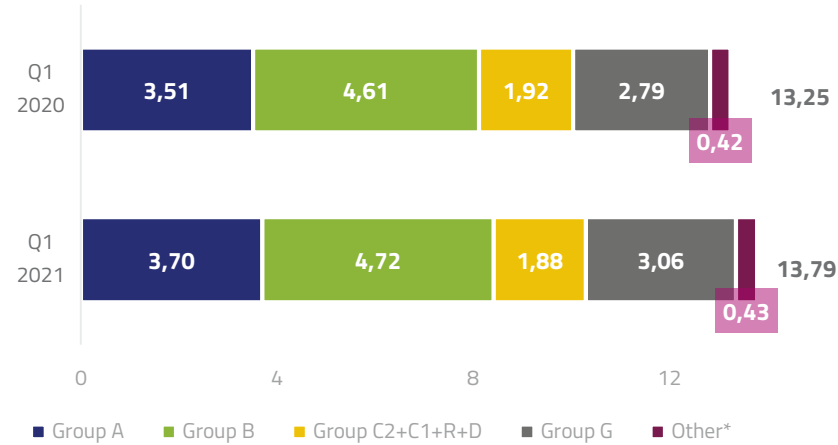
■ Sales revenue ■ EBITDA ■ EBIT ◆ CAPEX

EBITDA change [PLN m]



■ EBIT ■ Depreciation and impairment charges

Electricity distribution [TWh]



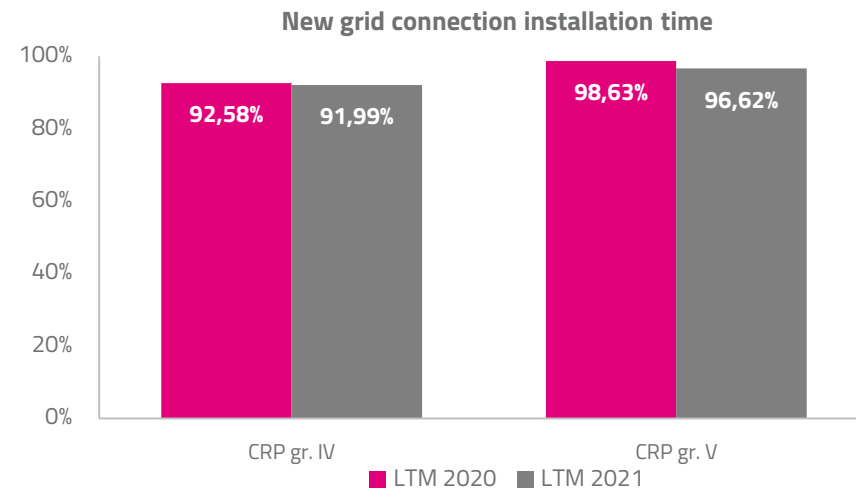
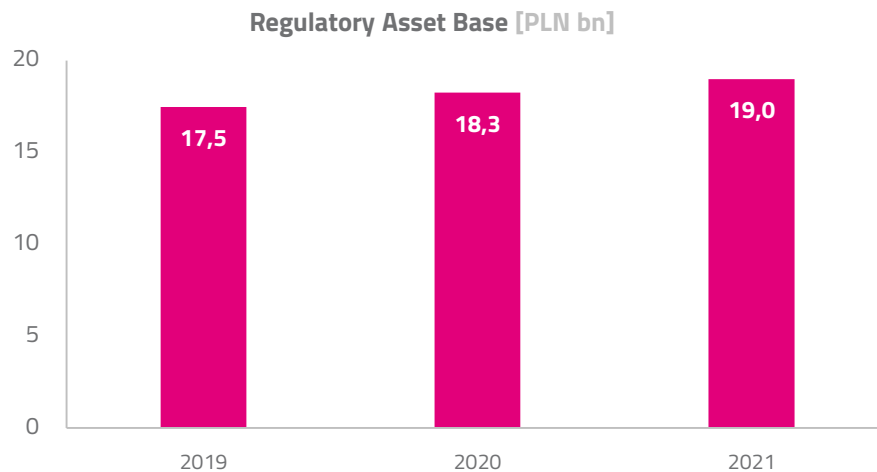
\* Neighboring DSO and exports

- Increase of electricity distribution services sales volume by 0.5 TWh ✓
- Increase of the other distribution revenues ✓
- Decline of the average rate for the final consumers -

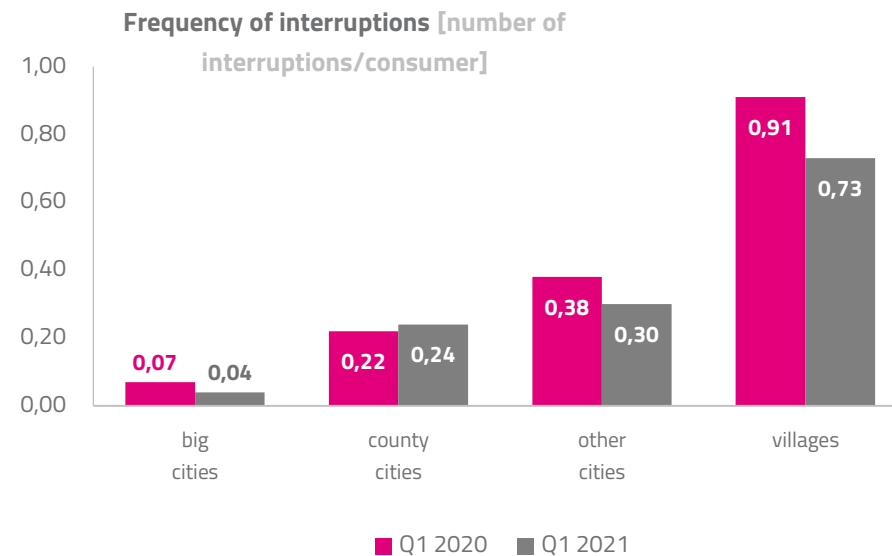
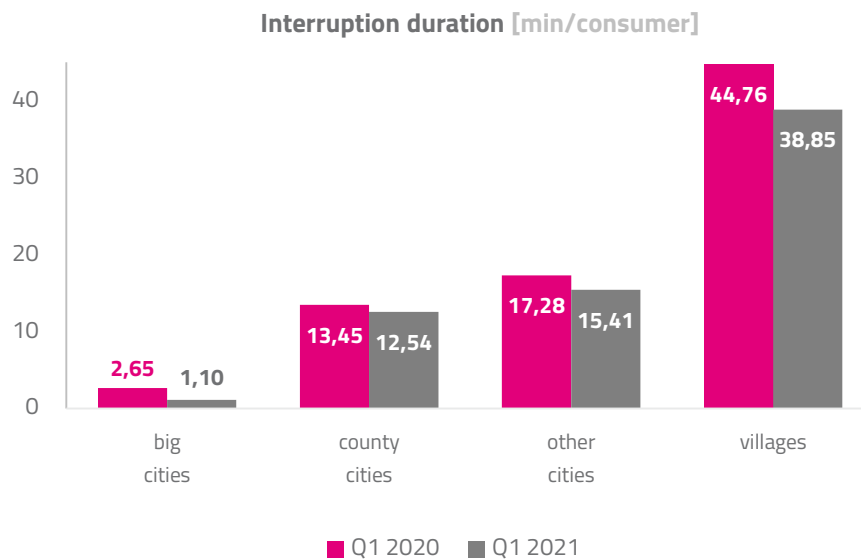


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## Distribution Segment key parameters



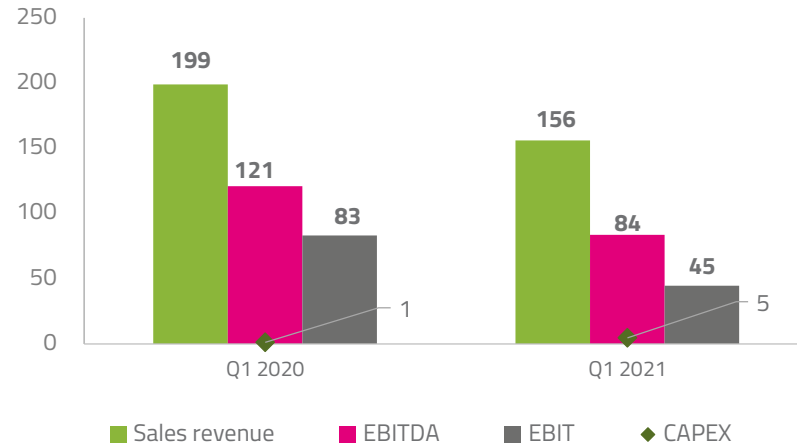
LTM – trailing 12 months ended on March 31, 2020 and 2021



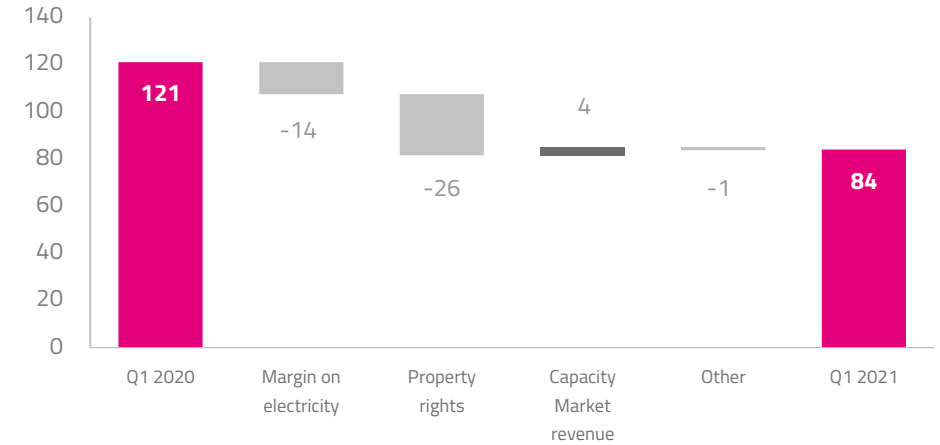


# RES Segment Q1 2021

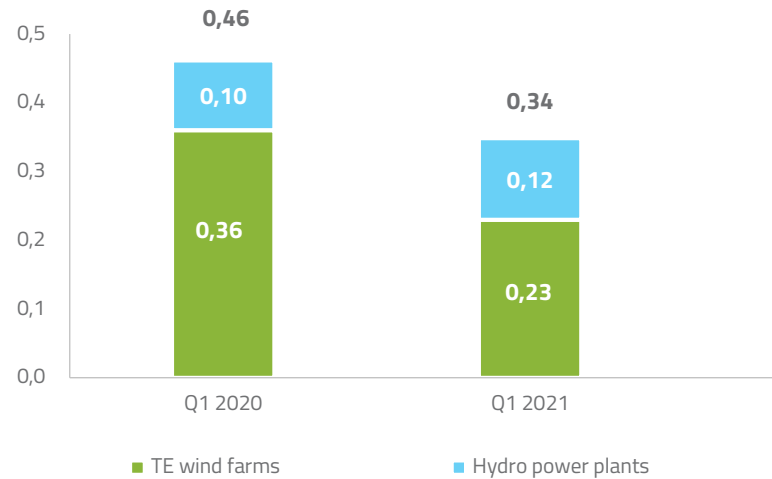
Financial data [PLN m]



EBITDA change [PLN m]



Electricity production [TWh]



Revenue from the Capacity Market



Higher volume of electricity produced by hydro power plants



Lower volume of electricity produced by wind farms



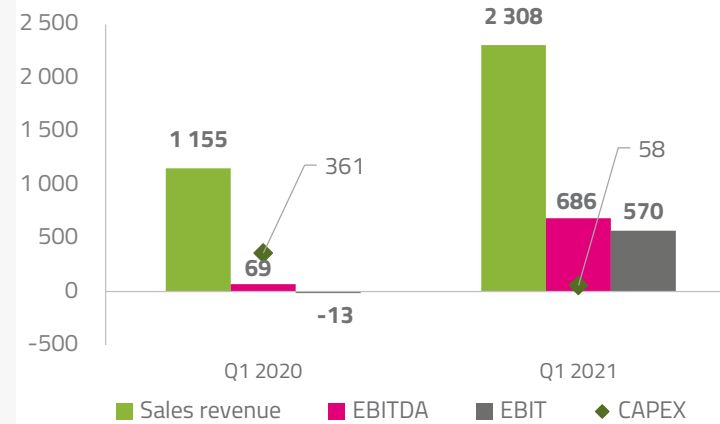
Lack of support for hydro power plants and the Zagórze wind farm (Poland's oldest wind farm)



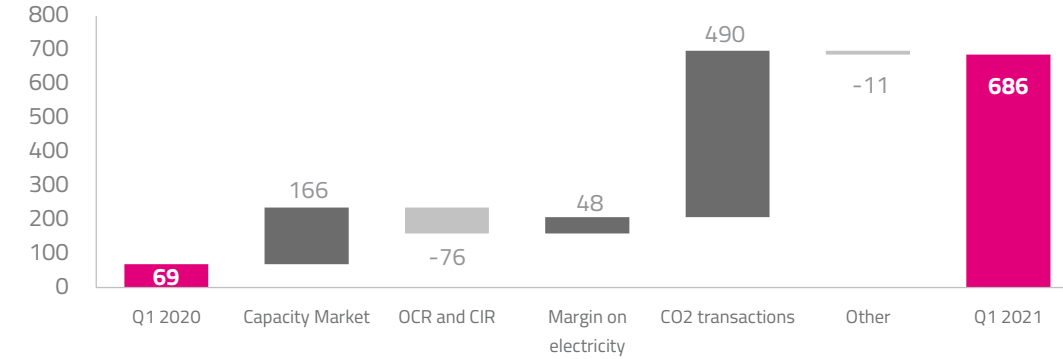


# Generation Segment Q1 2021

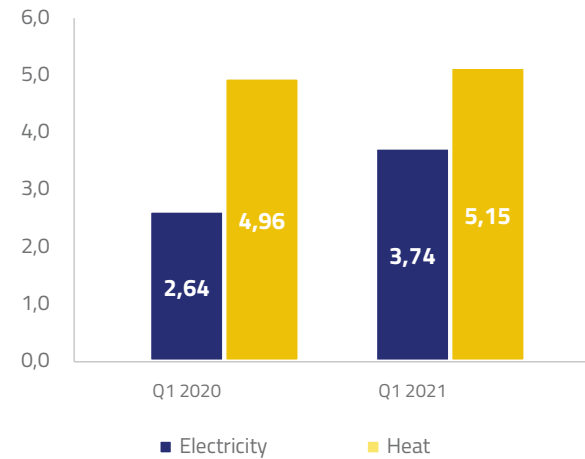
Financial data [PLN m]



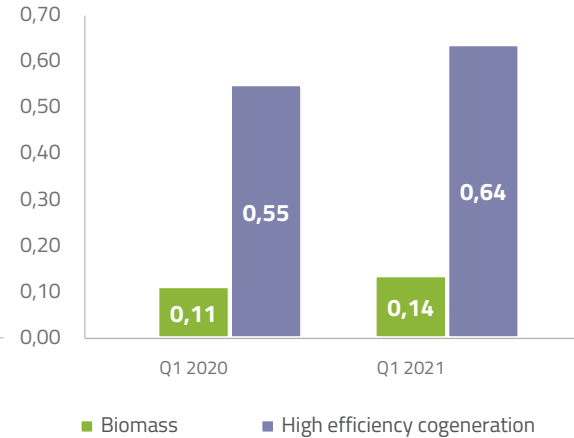
EBITDA change [PLN m]



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



Biomass-fired and high efficiency cogeneration production [TWh]

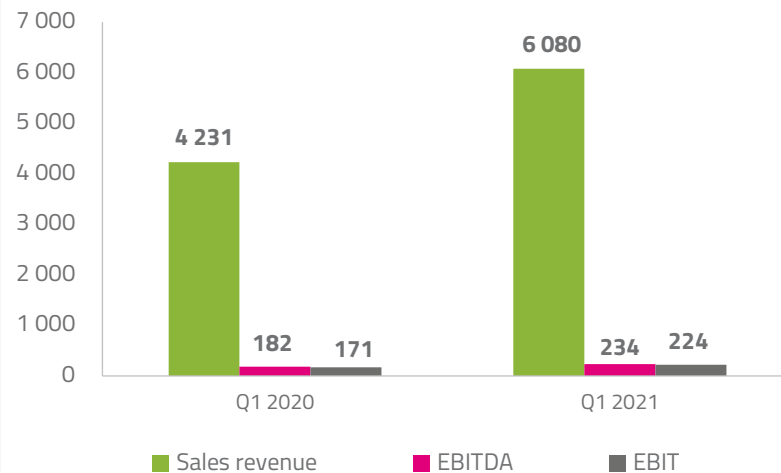


- Revenue from the Capacity Market with the simultaneous lack of revenue from OCR and CIR ✓
- Operation of the 910 MWe power generating unit in Jaworzno ✓
- Positive impact of the CO2 transaction ✓

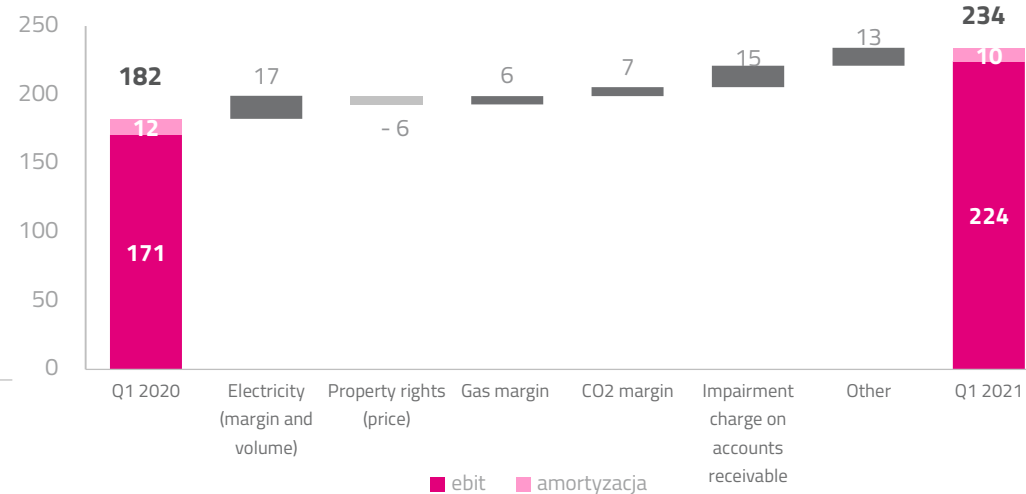


# Supply Segment Q1 2021

Financial data [PLN m]



EBITDA change [PLN m]



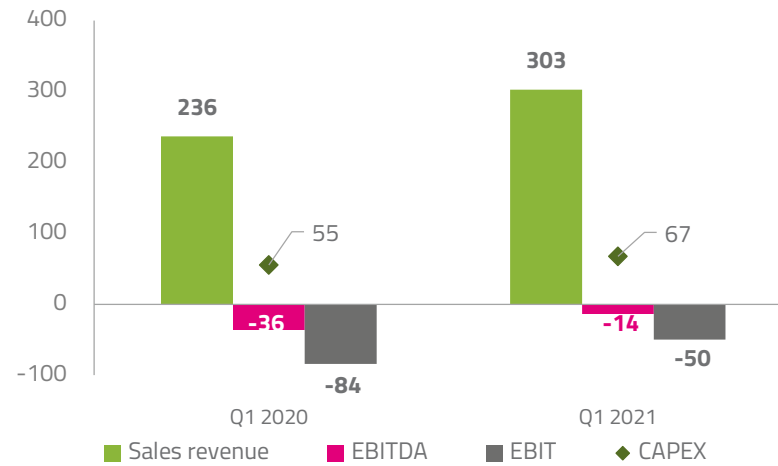
Retail electricity supply [TWh]



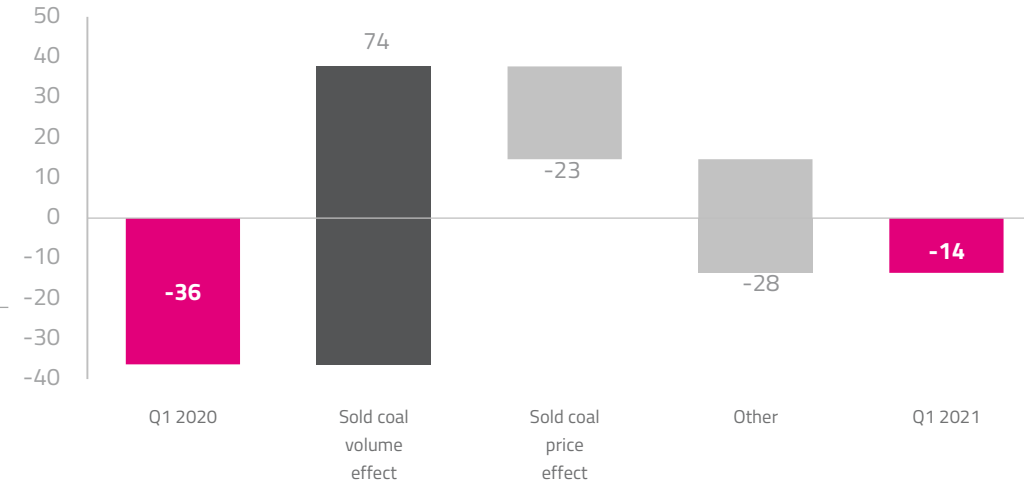
- Costs in the G tariff covered fully ✓
- Higher customers loyalty ✓
- Higher cost of purchasing the PMOZE property rights -

# Mining Segment Q1 2021

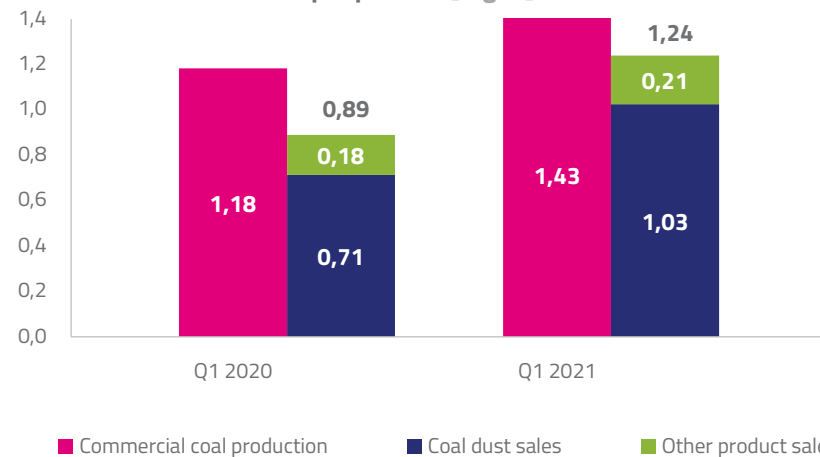
Financial data [PLN ml]



EBITDA change [PLN m]



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

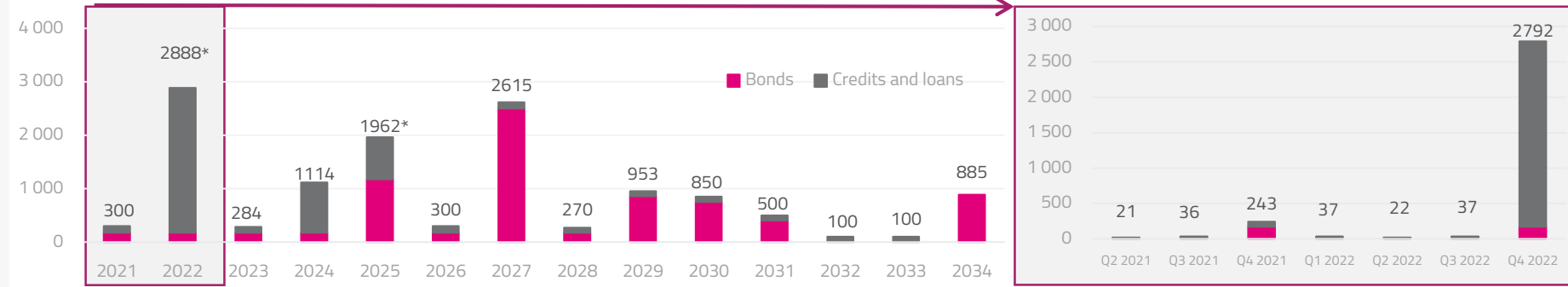


- Increase of hard coal production as compared to Q1 2020 ✓
- Drop by 30 PLN/Mg of the unit mining cash cost\* (down from 224 PLN/Mg to 194 PLN/Mg) ✓
- Higher hard coal inventory levels -

\* 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

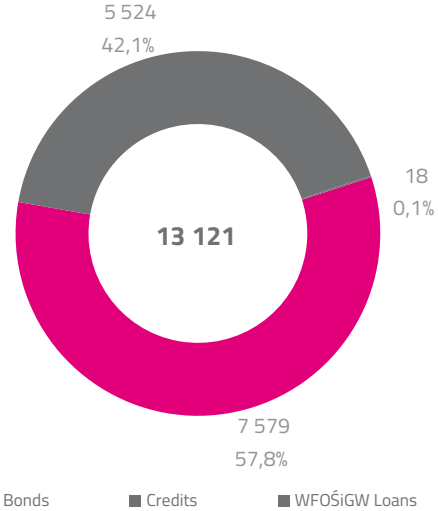


TAURON Group's nominal debt maturity as of March 31, 2021 [PLN m]

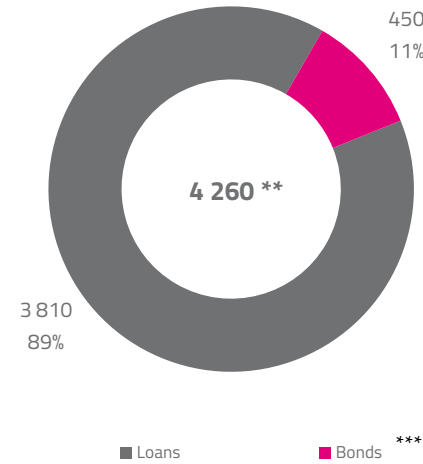


## Debt and financing

TAURON Group's nominal debt structure as of March 31, 2021 [PLN m]



Amounts of financing available to TAURON Group as of March 31, 2021 [PLN m]



Debt structure by interest rate [PLN m]

Debt amount	Interest rate	Collateral floating rate
13 121	Floating: 7 358	IRS: 3 840
	Fixed: 5 763	None: 3 518

\* 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 limit of EUR 45m  
 \*\*\* After the standard suspending conditions have been met

- Weighted average maturity of debt as of March 31, 2021, is 83 months (assuming the revolving bank loan continues to be drawn down until the end of its availability period)
- EUR denominated debt (eurobond, NSV bond and EIB bond issues) represents 30% of the total debt



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## Contact details

### Investor Relations Team

**Marcin Lauer**

[marcin.lauer@tauron.pl](mailto:marcin.lauer@tauron.pl)

tel. + 48 32 774 27 06

**Paweł Gaworzyński**

[pawel.gaworzynski@tauron.pl](mailto:pawel.gaworzynski@tauron.pl)

tel. + 48 32 774 25 34

**Mirosław Szczygielski**

[miroslaw.szczygielski@tauron.pl](mailto:miroslaw.szczygielski@tauron.pl)

tel. + 48 32 774 25 38

**Katarzyna Heinz**

[katarzyna.heinz@tauron.pl](mailto:katarzyna.heinz@tauron.pl)

tel. + 48 516 111 038





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## Analysts covering TAURON

Institution	Analyst
Dom Maklerski mBanku*	<b>Kamil Kliszcz</b>
Societe Generale	<b>Bartłomiej Kubicki</b>
Dom Maklerski Santander	<b>Paweł Puchalski</b>
Dom Maklerski PKO BP	<b>Andrzej Rembelski</b>
Dom Maklerski Banku Handlowego	<b>Piotr Dzieciołowski</b>
Ipopema	<b>Robert Maj</b>
Erste Group	<b>Marcin Górnik</b>
Michał Sztabler	<b>Noble Securities</b>

\* issuing of recommendations has been suspended

Institution	Analyst
Raiffeisen Centrobank	<b>Teresa Schinwald</b>
WOOD & Company	<b>Ondrej Slama</b>
Dom Maklerski BOŚ	<b>Jakub Viscardi</b>
Exane BNP Paribas	<b>Michael Harleaux</b>
Pekao Investment Banking	<b>Maksymilian Piotrowski</b>
Beskidzki Dom Maklerski	<b>Krystian Brymora</b>
Trigon Dom Maklerski	<b>Michał Kozak</b>

## Electricity market price trends

Electricity						
Platforms: TGE, TFS	2019		2020		2020/2019	
	Price (PLN/MWh)	Volume (GWh)	Price (PLN/MWh)	Volume (GWh)	Price %	Volume %
Forward BASE (Y+Q+M)	241,94	167 413	255,65	167 093	5,7%	-0,2%
Forward PEAK (Y+Q+M)	334,60	13 748	315,03	19 035	-5,9%	38,5%
Forward (weighted average)	248,97	181 161	261,72	186 128	5,1%	2,7%
SPOT (TGE)	230,97	33 947	208,72	34 757	-9,6%	2,4%
Weighted average total	<b>246,13</b>	<b>215 108</b>	<b>253,38</b>	<b>220 885</b>	<b>2,9%</b>	<b>2,7%</b>

Property rights (PLN/MWh)			
Certificate type	Market prices (2020 weighted average)	Substitution fee and obligation for:	
		2019	2020
RES (PMOZE_A)	138.22	129.78 (18.5%)	165.24 (19.5%)
RES from biogas plants (PMOZE_BIO)	300.15	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 January 2021)	Price (EUR/t)
2021 average	35.20 EUR/t
2022 average	38.45 EUR/t
2023 average	42.20 EUR/t
2020 average price forecast by TAURON	34 – 36 EUR/t

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



## 2020 BASE contract prices

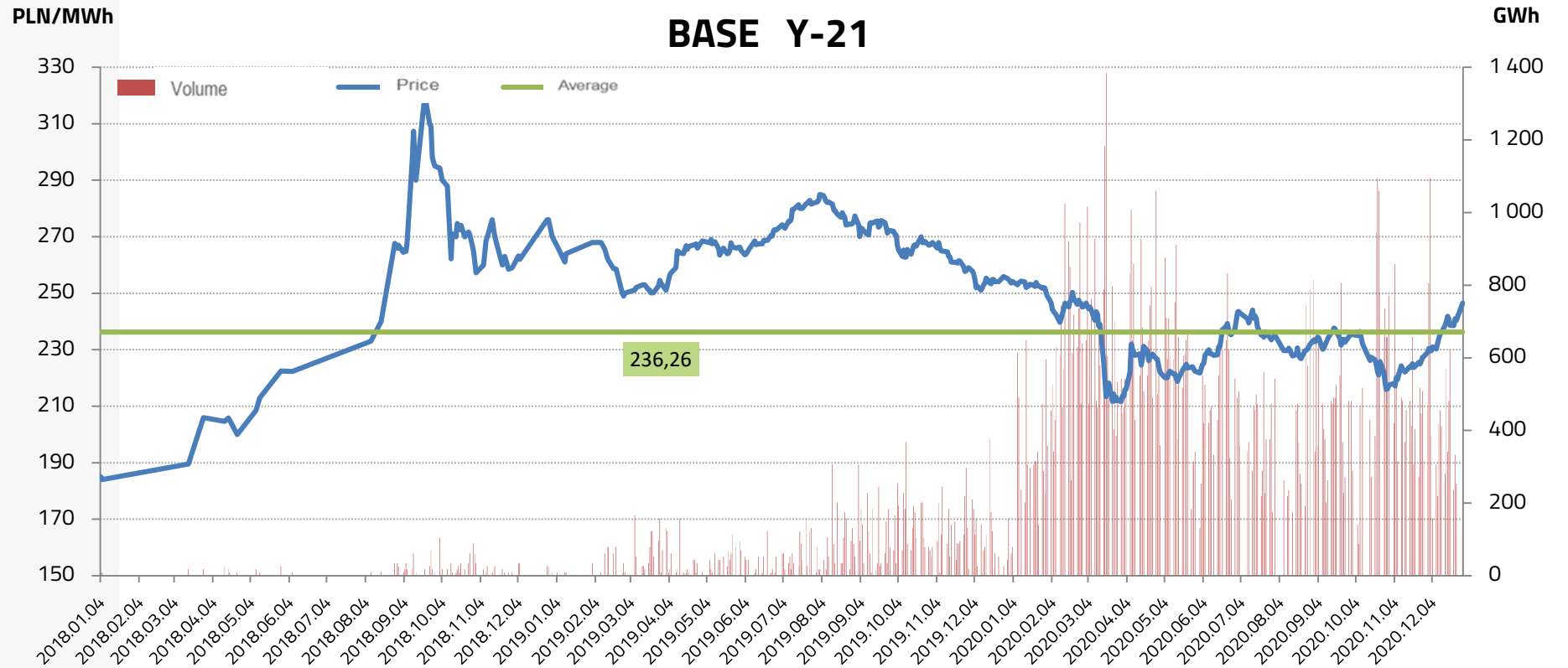


		Average price [PLN/MWh]	Volume [GWh]
Total		265.42	134 887
including	TGE	265.44	134 852
	non-TGE	208.19	35

Average electricity price that takes into account 2020 one-year BASE and PEAK contracts: 271.88 PLN/MWh, total 2020 BASE and PEAK contracts volume: 151 518 GWh



## 2021 BASE contract prices

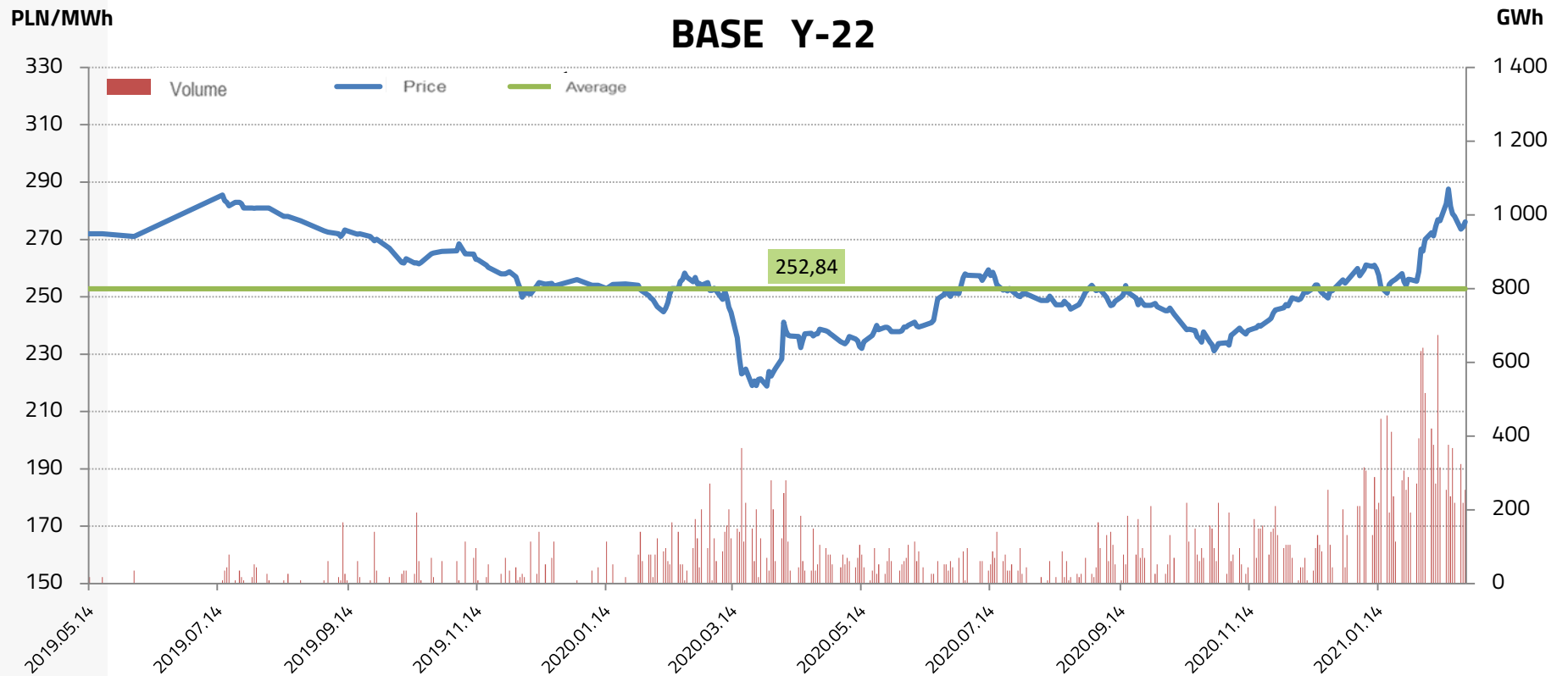


		Average price [PLN/MWh]	Volume [GWh]
Total		236.26	134 282
including	TGE	236.26	134 282
	non-TGE	0	0

Average electricity price that takes into account 2021 one-year BASE and PEAK contracts: 240.70 PLN/MWh, total 2021 BASE and PEAK contracts volume: 149 602 GWh



## 2022 BASE contract prices



		Average price [PLN/MWh]	Volume [GWh]
Total		252.84	33 568
including	TGE	252.84	33 568
	non-TGE	0	0

Average electricity price that takes into account 2022 one-year BASE and PEAK contracts: 256.38 PLN/MWh, total 2022 BASE and PEAK contracts volume: 36 592 GWh