

PGE reports results for Q2 2014

EBITDA in Q2 2014 amounted to PLN 2.9bn (+ 36% compared to the corresponding period in 2013), and the net profit increased to PLN 1.7bn (+ 56%). Consolidated sales revenues, similarly to the previous year, amounted to PLN 7.3bn. From the operating perspective, the PGE Capital Group's results are as expected.

Our fuel mix, based mainly on lignite, allowed us for keeping the good level of margins in power generation, in spite of the fact that the electricity price realized was lower. In distribution segment, we reached the planned result both in respect of volume and the contribution to the bottom line, says Marek Woszczyk, President of the Management Board of PGE Polska Grupa Energetyczna SA.

During the first six months of 2014, electricity sales to end users exceeded 19.5 TWh. This is a 9% year-on-year growth. The 6% lower net electricity generation, which was 26.6 TWh, is a consequence of decommissioning of certain units and repair works. The distribution of energy reached 16 TWh, i.e. 2 percent more compared to the corresponding period last year.

The total CAPEX in the PGE Capital Group was PLN 2.2bn, of which PLN 1.4bn was used for retrofits, modernization and development of conventional generation assets. PGE continues the construction of the new hard-coal fired power generation units in Opole Power Plant (the consortium of contractors have already achieved the first milestones). A notice to proceed for the contractor of the lignite-fired unit in Turów Power Plant is to be issued by 31 December 2014. The initial construction works commenced at the construction of the gas-steam power unit in Gorzów CHP.

Thanks to the construction completion of "Wojciechowo" wind farm, PGE strengthened its strong position in renewables sector. 206 MW in total are to be delivered by 2016.

The capital expenditures on the investment programme in the years 2014-2020 will reach approx. PLN 50bn. To achieve this aim, apart from the very good financial standing, the Company needs an access to external financing. In Q2 PGE commenced its Eurobond issue program worth EUR 2bn. The first offering of 500 million euros was oversubscribed eightfold by nearly 300 potential investors from all over the world.

We decided to act quickly and exploit excellent market conditions to secure funds. PGE issued Eurobonds at a very attractive price and conditions, setting up a great benchmark for future needs, says Magdalena Bartoś, CFO.

According to the Management Board, because of the ever more demanding macroeconomic conditions, the PGE Capital Group will continue to implement its strategic projects such as cost reduction (the Company's savings program has already contributed to the gained result), better asset utilization and continuous improvement of the available technologies.

We will continue our efforts to streamline the Group to foster operations. We have been just creating a single PGE tax group. We continue implementing an integrated SAP system and we consolidate our non-core activities, says Marek Woszczyk.

The PGE Capital Group's detailed financial results for H1 2014 are available at the following address:

[PGE H1 2014](#)