

Basic financials

Tabela. Basic figures from consolidated financial statement

Basic figures from consolidated statement of comprehensive income	in PLN thousand		in EURO thousand	
	For the year ended 31 December 2019	For the year ended 31 December 2018	For the year ended 31 December 2019	For the year ended 31 December 2018
Revenue from sales	1 093 001	965 848	254 080	226 358
Cost of sales	- 963 229	- 829 097	- 223 913	- 194 309
Costs of compensation for stranded costs	- 7 237	- 119 825	- 1 682	- 28 082
Operating profit	104 014	13 030	24 179	3 054
Profit before tax	106 450	15 110	24 745	3 541
Net profit	83 827	6 848	19 486	1 605
Net profit for the period attributable to ordinary shareholders	82 917,00	7 577,00	19 273,95	1775,76
Net profit for the period attributable to non- controlling interests	910	- 729	212	- 171
Basic earnings per share (in PLN/EUR)	5,56	0,51	1,29	0,12
Other comprehensive income, net of tax	- 684	- 671	- 159	- 157
Total comprehensive income	83 143	6 177	19 327	1 448
Basic figures from consolidated statement of cash flows	As at		As at	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Non-current assets	1 826 550	1 748 397	428 919	406 603
Current assets	760 055	648 047	178 480	150 709
Total assets	2 586 605	2 396 444	607 398	557 313
Non-current liabilities	703 766	666 629	165 261	155 030
Current liabilities	321 786	252 099	75 563	58 628
Equity attributable to ordinary shareholders	1 556 868	1 474 441	365 591	342 893

Equity attributable to non- controlling interests	4 185	3 275	983	762
Equity	1 561 053	1 477 716	366 573	343 655
Number of shares (in thousands)	14 900	14 900	14 900	14 900
Book value and diluted book value per share (in PLN/EUR)	104,77	99,18	24,60	23,06

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 2019 - 4,2585
- 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 2019 - 4,3018
- Statement of financial position items - average exchange rate announced by NBP as at 31 December 2018 - 4,300
- 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 2018 r. - 4,2669



[Basic figures from consolidated financial statement](#)

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Table. Basic ratios (consolidated data)

(%)	from 1 January to 31 December 2019	from 1 January to 31 December 2018	Change (%)
Return on assets (ROA)	0,47	5,71	- 92
Return on equity (ROE)	0,77	8,84	- 91

Return on capital
employed (ROCE)

0,79

10,68

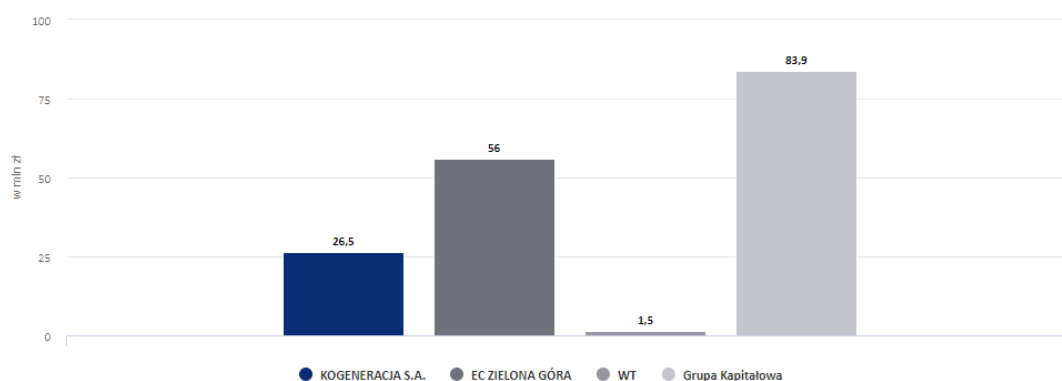
- 93



Basic ratios (consolidated data)
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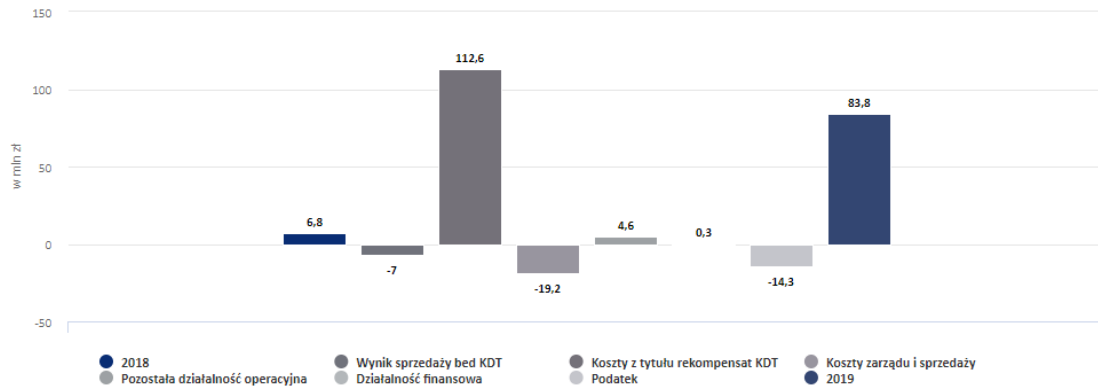
Analysis of consolidated net result

Chart. Consolidated financial result of KOGENERACJA S.A. Group



Elimination of intragroup transactions **(IT)** on the amount 1.5 MPLN refers to consolidation adjustments.

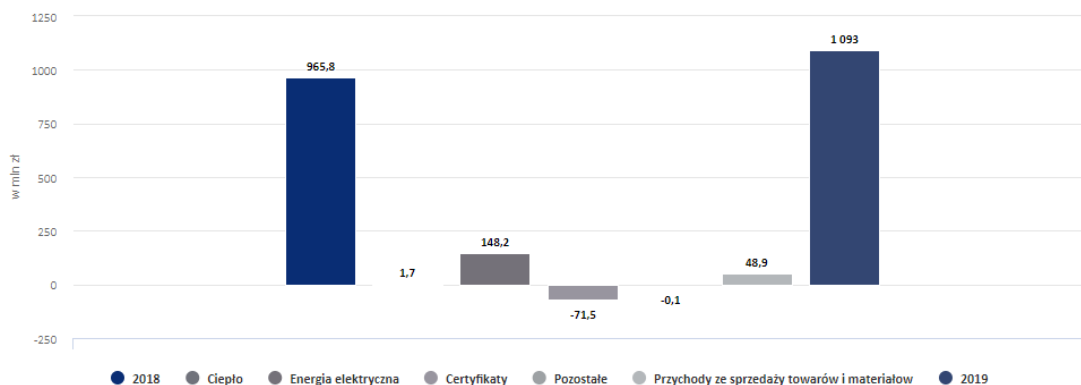
Chart. Analysis of consolidated net result in 2019 compared to 2018



The consolidated net result of 83,8 MPLN was **higher** than in 2018 by 77 MPLN mainly due to the fact that:

- **-7,0 MPLN** - lower result on sales:
 - +127,2 MPLN higher sales revenues,
 - -134,1 MPLN higher cost of sales,
 - -19,1 MPLN higher sales and management costs,
- **+112,6 MPLN** - decrease in PPA costs; change in projected electricity prices to calculate estimated PPA compensation for 2019-2024,
- **-19,2 MPLN** - increase in sales and management costs,
- **+4,6 MPLN** - higher result on other operating activities, including:
 - -2,0 MPLN increase in the provision for reclamation of landfills,
 - +6,4 MPLN valuation of CO₂ contracts
 - +0,2 MPLN other increases.
- **+0,3 MPLN** - increase in financing income; higher financing income of +3,1 MPLN, including mainly +3,8 MPLN higher cash-pool interest income and higher financing costs: -2,7 MPLN, including mainly -1,7 MPLN interest on the liability for perpetual usufruct of land, i.e. items previously reported off-balance sheet and after the change in IFRS 16 disclosed in the Group's books, -0,2 MPLN interest on lease, -0,8 MPLN higher discount on stranded costs,
- **-14,3 MPLN** - higher income tax.

Chart. Consolidated revenues

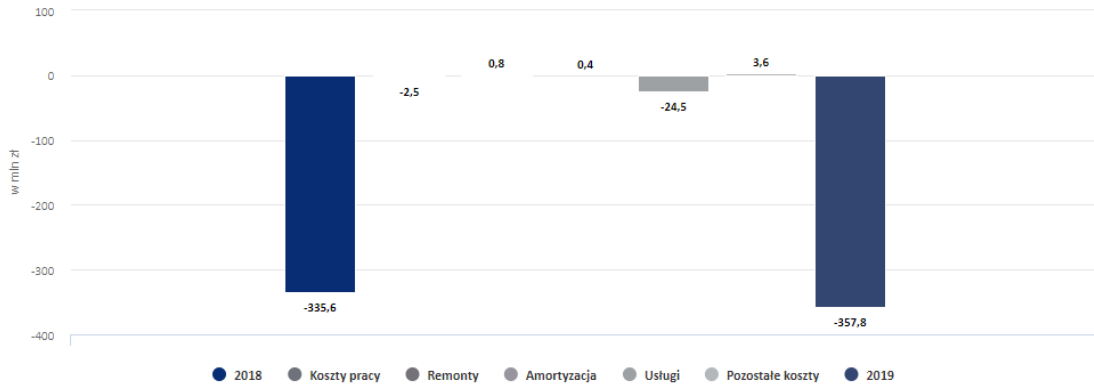


Higher sales revenues as compared to 2018 by 127,2 MPLN (+13%), mainly due to:

- **+1,7 MPLN** higher revenues from the sale of heat, including by 3,4 MPLN in KOGENERACJA S.A., and lower revenues by 1,7 MPLN in EC Zielona Góra S.A.; Volume of heat sales: the level of 2018 in KOGENERACJA S.A. and a drop by 4% in EC Zielona Góra S.A. Price: positive impact of the increase in average heat prices.
- **+148,2 MPLN** – higher revenues from energy sales, including:
 - +84,6 MPLN – higher electricity sales price in EC Zielona Góra S.A. and higher sales volume by 7%
 - +63,6 MPLN – higher electricity sales revenues in the Parent Company (higher electricity sales prices by approx. 38% and higher sales volume by 6%),
- **-71,5 MPLN** lower revenues from the sale of certificates: lower revenues from the sale of yellow certificates by 60,8 MPLN in EC Zielona Góra S.A., lower revenues by 10,7 MPLN from the sale of certificates in KOGENERACJA S.A.,
- **+48,9 MPLN** higher revenues from the sale of goods and materials, including mainly: higher revenues from the sale of electricity in EC Zielona Góra S.A.,
- **-0,1 MPLN** lower other revenue.

Consolidated fixed and variable costs

Chart. Fixed costs



Fixed costs were **higher** than in 2018 by 22.2 MPLN (7%).

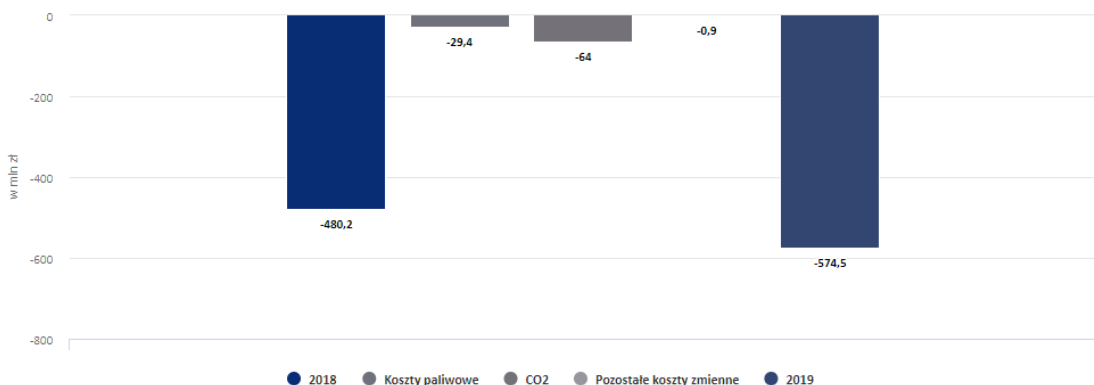
Staff costs increased by 2.5 MPLN; higher staff costs by 1.9 MPLN in KOGENERACJA S.A. and higher staff costs by 0.6 mln in EC Zielona Góra S.A.

Repairs costs increased by 0.8 MPLN. Increase in overhaul costs in the Parent Company by 1.2 MPLN and decrease by 0.4 MPLN in EC Zielona Góra S.A.

Depreciation decreased by 0.4 MPLN. Depreciation decreased by 8.6 MPLN in EC Zielona Góra S.A. as a result of extending the useful life of the auxiliary equipment of the CCGT unit until 2036. Increase in depreciation expense by 8.2MPLN in the Parent Undertaking due to: purchase of new property, plant and equipment (up by 10MPLN), application of IFRS 16 (up by 1 MPLN) and changes in the useful lives of property, plant and equipment (down by 2.8 MPLN).

Costs of services increased by 24.5 MPLN, while other fixed costs decreased by 3.6 MPLN.

Chart. Variable costs



Variable costs were **higher** by **94,3 MPLN**. compared to 2018.

The costs of CO₂ shortage and purchase increased by 64 MPLN (45,0 MPLN IN KOGENERACJI S.A., 19 MPLN in EC Zielona Góra S.A.). The increase in costs resulted from two factors: a higher purchase price of missing allowances and a higher shortage of allowances.

The average allowance purchase price was more than twice as high as in 2018. Free CO₂ allowances received in 2019 covered 24% of the emissions in KOGENERACJA S.A. and 7% in EC Zielona Góra S.A., CO₂ allowances received in 2018 covered 30% of the emissions in KOGENERACJA S.A. and 8% in EC Zielona Góra S.A. CO₂ emission in the Group was lower by about 2% than in 2018.

Fuel costs increased by 29,4 MPLN:

- **-20,6 MPLN**; higher coal purchase costs:
 - **+5,4 MPLN**; lower volume of burnt coal (in 2019: 16,600 TJ, in 2018: 17,053 TJ),
 - **-26,3 MPLN**; higher coal price by about 13%,
- **-3,6 MPLN**; higher costs of biomass consumption:
 - **-2,2 MPLN** higher volume of burnt biomass (in 2019: 415 TJ, in 2018: 349 TJ),
 - **-1,4 MPLN** higher biomass price by about 25%.
- **-3,6 MPLN** higher costs of gas consumption; -2.6 MPLN higher costs of gas consumption in EC Zielona Góra S.A., lower volume and higher price of gas consumption and -1.0MPLN higher costs of gas consumption due to higher price of consumption in KOGENERACJA S.A.
- **-1,3 MPLN** higher costs of liquid fuels and chemicals consumption.

Other variable costs increased by PLN 0.9 million due to increased costs related to the functioning of the electricity market.

Consolidated financial flows

