



Polska Grupa Energetyczna




Efficiency Improvement Programme 2012-2016

January 2012

Efficiency Improvement Programme - General Information


Efficiency Improvement Programme planned for 2012 – 2016 consists of the extensive cost reduction programme followed by initiatives directed towards increase of revenues:

Costs reduction

- 
1. Increase of organizational structure effectiveness
 2. Optimization of repair and maintenance costs
 3. Effective own power consumption and reduced network losses
 4. Purchases centralization

Expected annual cost reduction of PLN 987m p.a. as of 2016 (compared to 2010)

Revenues increase

- 
1. Increase power generation from biomass
 2. Increase of sales effectiveness and improvement of customer care services

Expected annual revenues increase of PLN 541m p.a. as of 2016 (compared to 2010)

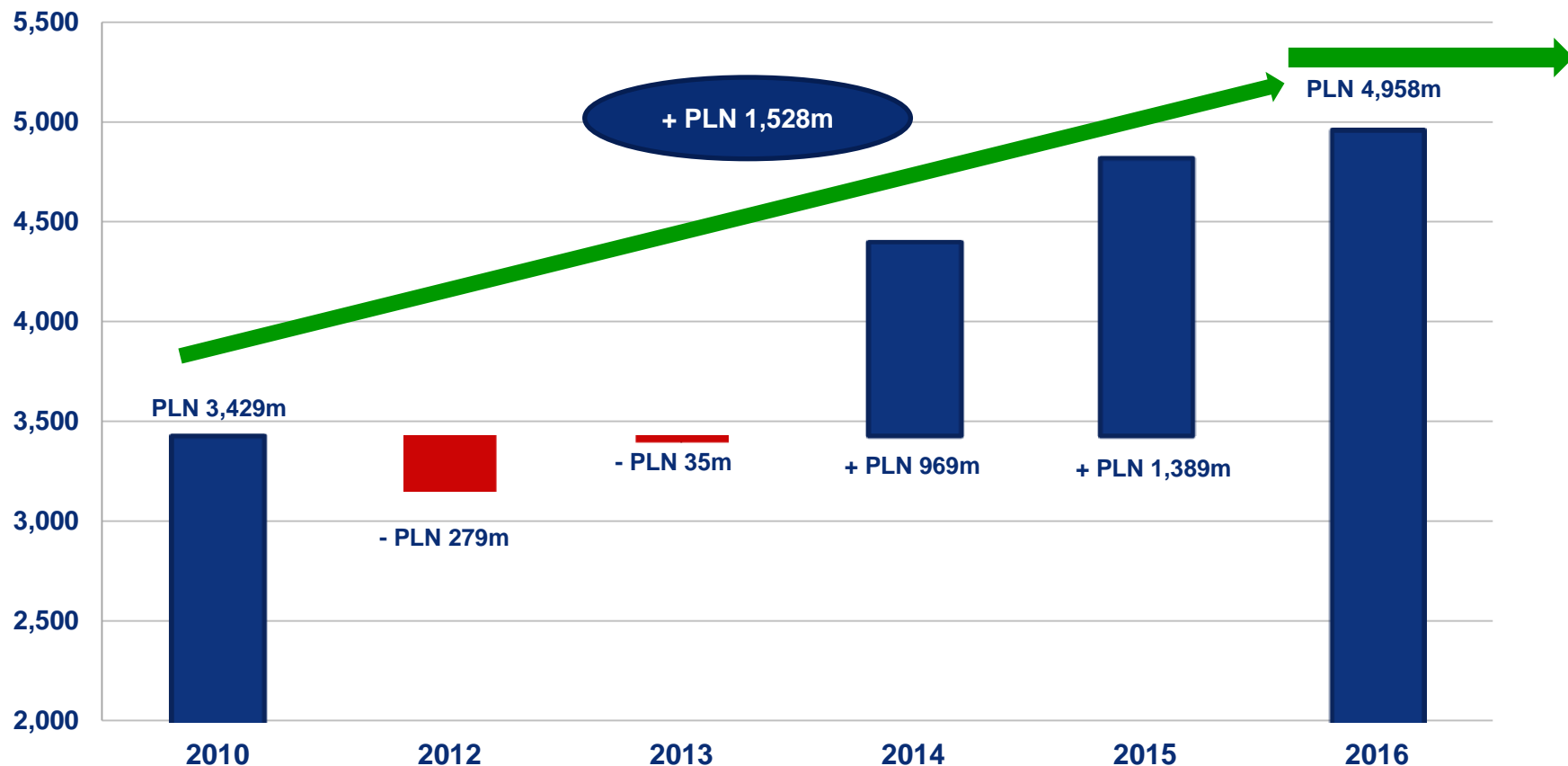


PLN 1,528m

Total result of the Efficiency Improvement Programme is to amount PLN 1,528m in 2016, sustainable in the following years

Efficiency Improvement Programme - Impact on EBIT (ex-LTC) [PLNm]

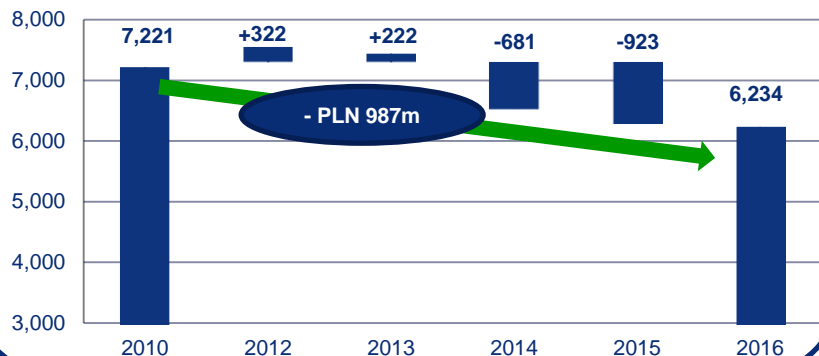
Sustainable impact
of + PLN 1,528m p.a.



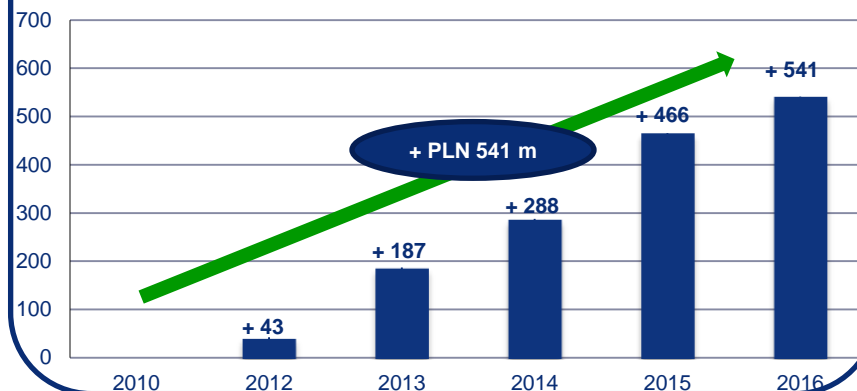
Costs of the Efficiency Improvement Programme will influence net program effect in 2012 and 2013 with significantly better outcomes starting from 2014 and full potential achieved in 2016.

Efficiency Improvement Programme

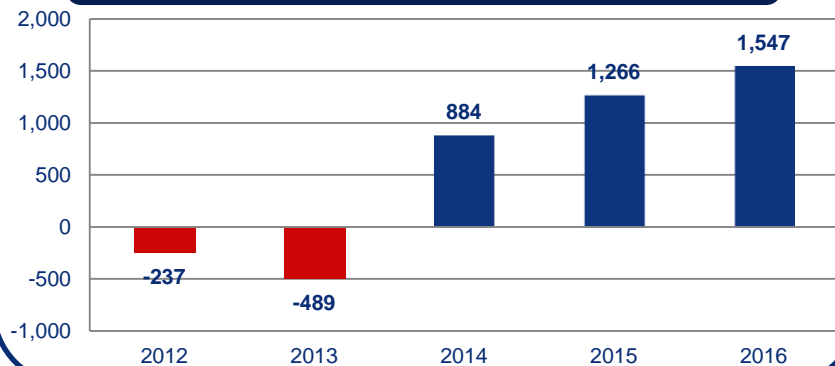
Impact of EIP on costs* on annual basis [PLNm]



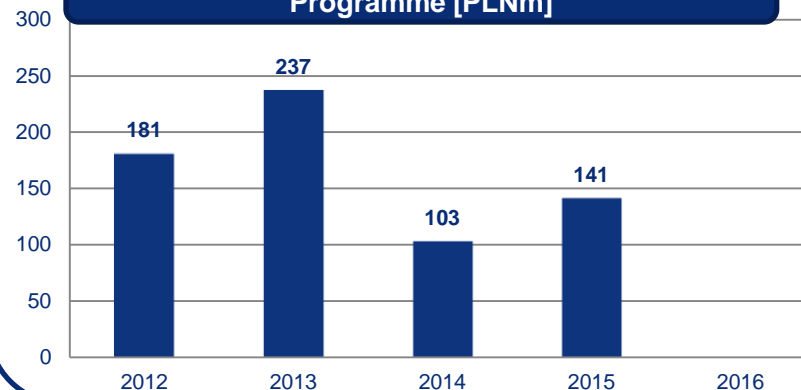
Impact of EIP on revenues on annual basis [PLNm]



Impact of EIP on annual cash flow [PLNm]



CAPEX related to Efficiency Improvement Programme [PLNm]



* Costs excluding D&A, and additionally:

- Conventional Generation – excluding cost of fuel
- Distribution – excluding transmission fees and energy bought for network losses
- Retail – excluding redemption of certificates of origin

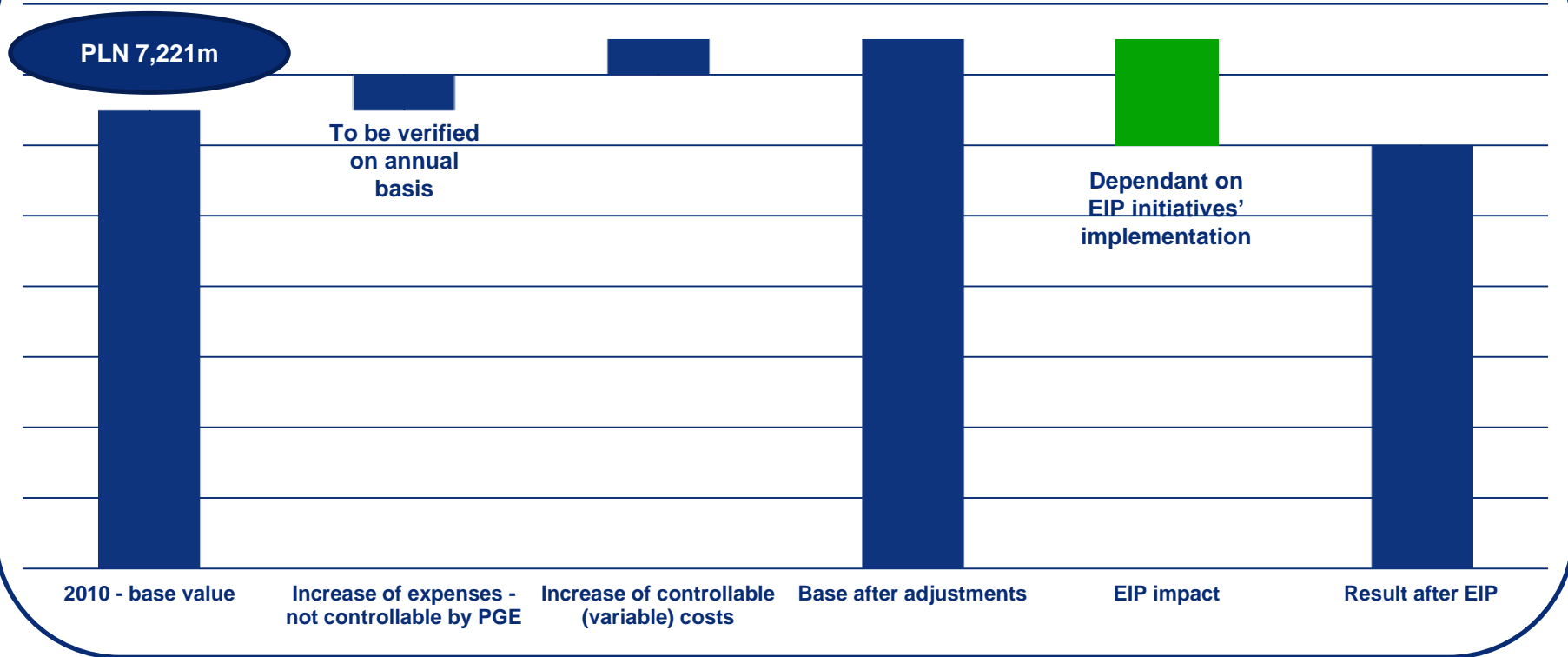
Efficiency Improvement Programme

- detailed segmental breakdown [PLNm]

	2012	2013	2014	2015	2016
Total Efficiency Improvement Programme, including	-279	-35	969	1 389	1 528
Cost cutting initiatives	-322	-222	681	923	987
Revenues initiatives	43	187	288	466	541
Segmental breakdown					
Conventional Generation	-313	-124	821	1 146	1 151
Cost cutting initiatives	-342	-295	568	748	753
Revenues initiatives	30	171	253	398	398
Distribution	24	65	111	163	222
Cost cutting initiatives	24	65	111	163	222
Retail	9	24	38	80	155
Cost cutting initiatives	-4	9	3	12	12
Revenues initiatives	13	16	35	68	143

Efficiency Improvement Programme - reporting and monitoring mechanism

Impact of EIP* on costs on annual basis



* Costs excluding D&A, and additionally:

- Conventional Generation – without cost of fuel
- Distribution – w/o transmission fees and energy bought for network losses
- Retail – w/o redemption of certificates of origin



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Thank you

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