

Being among the largest

2009-01-22

Tauron Group is the largest energy seller and second largest electricity producer in Poland. The group is made up of 92 companies, which employ 28,000 people. Its annual sales exceed PLN11 billion.

The Tauron Polska Energia company, whose initial name was Energetyka Południe, was set up in December 2006 as part of the government programme for the electricity sector. On May 9, 2007 the Treasury contributed to Energetyka Południe 85% of shares in Południowy Koncern Energetyczny, an energy group based in the southern city of Katowice, 85% of shares in Enion, an energy group based in the southern city of Kraków, 85% of shares in EnergiaPro, an energy group based in the south-western city of Wrocław, and 85% of shares in Elektrorownia Stalowa Wola, a power station in the south-eastern town of Stalowa Wola. Nine days later the Minister of the Treasury contributed to Energetyka Południe 95.5% of shares in Elektrociepłownia Tychy, a heat and power generating plant in the southern city of Tychy. And in August 2007 Energetyka Południe took over a 95.66% stake in the Katowice-based heat distribution company, Przedsiębiorstwo Energetyki Ciepłej.

Tauron Group is one of the largest business organisations in Poland – its capital amounts to around PLN14 billion. The companies making up the group have recorded the largest electricity sales in Poland, with their combined sales exceeding PLN9 billion and receipts from distribution at PLN3.8 billion. They control 20% of Poland's hard coal deposits and extract 6% of the total coal output in Poland.

The total capacity of the power stations held by the group is 5,447MW. The group generates 21TWh of electricity annually and sells around 34.5TWh of electricity to almost 4 million consumers. The distribution networks operated by Tauron Group cover 17% of Poland. The group provides distribution services on an area of almost 53,000 square kilometres through power lines with 146,000 kilometres in total length.

On December 8, 2008 in Katowice, the Board of Tauron Polska Energia presented its corporate strategy for 2008-2012 with a projection until 2020. It had been prepared in cooperation with the group's companies and the AT Kearney c

onsulting firm.

The most important objective set by the strategy is a steady increase in shareholder value to ensure a safe return on investment. The strategy defines five basic strategic goals: focusing on profitable expansion of the core business, improving effectiveness, integration and management of all elements of the value chain, developing human capital and operations on attractive foreign markets. In 2009-2012 the group plans to spend up to PLN13.5 billion on investment projects: PLN8.6 billion is to be invested in coal mining, electricity generation and renewable energy sources, and PLN4.9 billion in the electricity networks operated by the distribution companies. In 2013-2020 investment outlays are supposed to exceed PLN20 billion.

Under the strategy, Tauron will be functioning as an operational holding company. Ultimately, Tauron companies operating in individual business sectors – mining, generation, renewable energy and electricity sales – are to merge so that only one company operates in each sector. However, operators of distribution systems will continue to operate as independent companies.

Tauron Group will be pursuing its strategic goals to ensure reliable electricity supplies to its customers. It will be relying on the best practices to ensure an increase in shareholder value and become one of the leading energy companies in Central and Eastern Europe.