



**Consistent implementation of the goals set in the strategy
strengthens the Group's market position**

Q1 2017

25 May 2017

Our priority is the Group's sustainable development in all the links of the value chain



Financial data Q1 2017

- **PLN 2 710 mln** net sales revenue
- **PLN 666 mln** EBITDA
- **PLN 321 mln** net profit
- **PLN 1 841 mln** CAPEX

Operating data Q1 2017

- **PLN 2 422 thou. tonnes** coal net production
- **PLN 3 756 GWh** electricity generation
- **4 975 GWh** sales of distribution services to end users
- **5 023 GWh** sales of electricity and gas to retail users

Key investments Q1 2017

- **98%** progress in the construction of a new unit in Kozenice Power Plant ¹⁾
- Acquisition of **Połaniec Power Plant**
- Capital interest in **Polska Grupa Górnicza**
- Taking up shares in **Polimex-Mostostal**

Safety and stable development of an innovative commodity and energy group

1) State as at May 2017

We are increasing the efficiency and value for Shareholders



RESOURCES



5.2 GW
installed
electric power

3
mining
fields

121.3 thou. km
of distribution lines
including connections

15.7 thou.
Employees

2.5 mln
Customers

FINANCE Q1 2017



PLN 2 710 mln
net sales revenue

PLN 666 mln
EBITDA

PLN 321 mln
net profit

PLN 1 841 mln
CAPEX

GOALS UNTIL 2025



10.9 mln t
own demand
for bituminous
coal

5.8-6.3 GW
installed
conventional
electrical power

20.1 TWh
electricity
sales

144 min/1.69
SAIDI/SAIFI

PLN 26.4 bln
basic investment
budget

Agenda



Coal, energy markets, operating data



Enea CG's financial results in Q1 2017



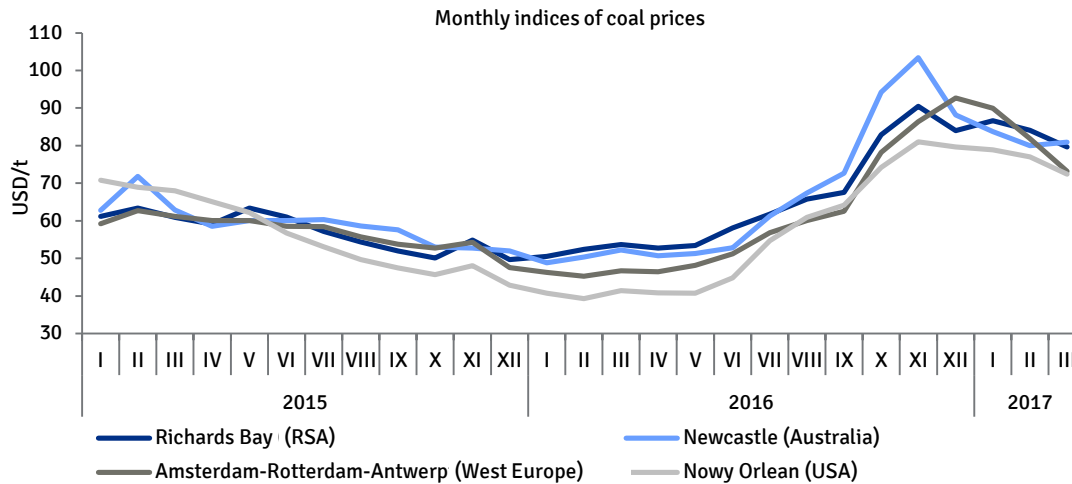
LW Bogdanka CG's financial results in Q1 2017



Key initiatives in Q1 2017

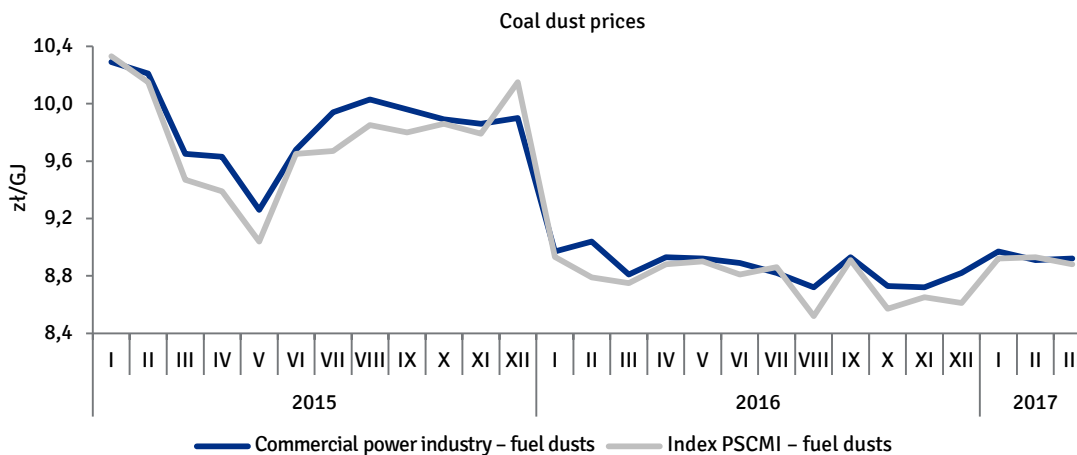


Q1 2017 characterised with decreasing coal prices on global markets



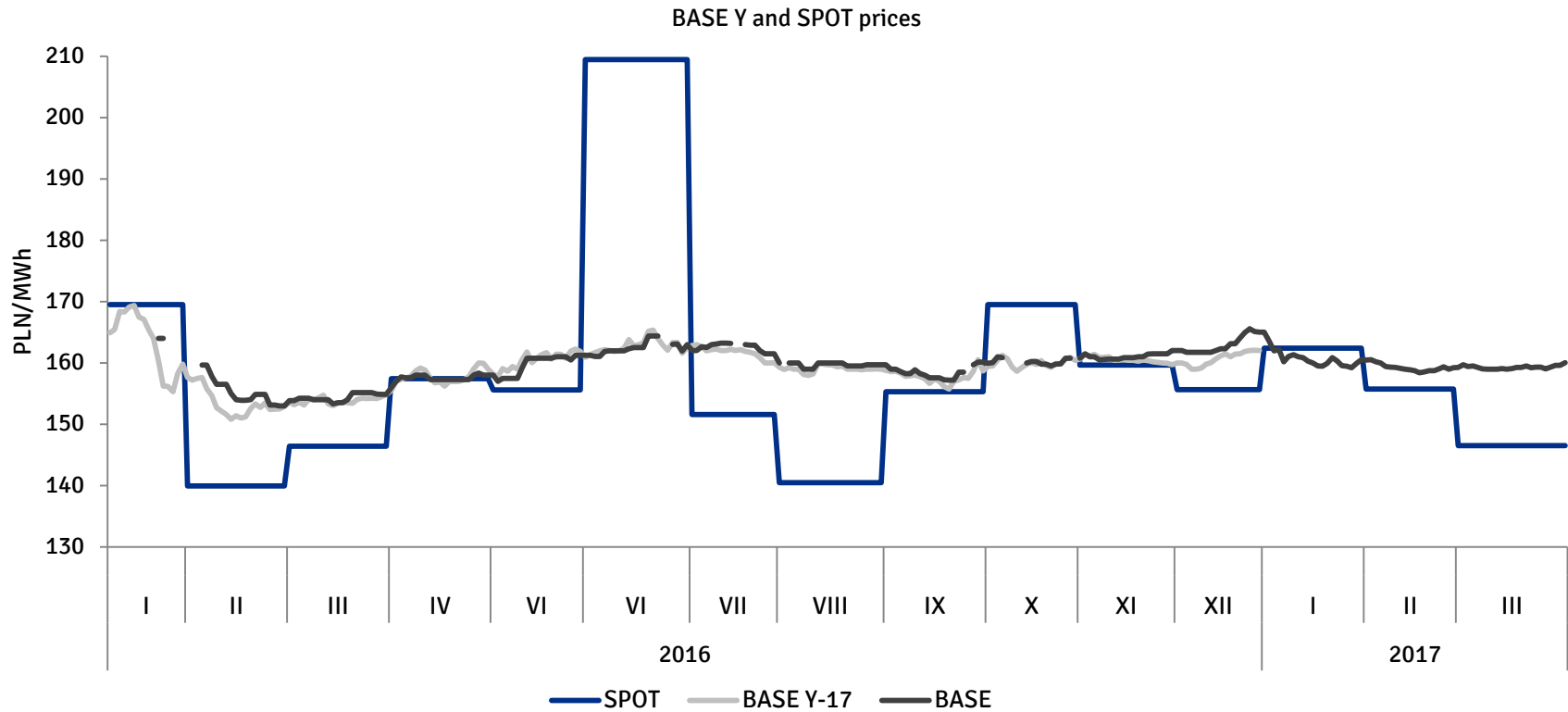
Average prices in Q1 2017

- Amsterdam - Rotterdam - Antwerp: 81.65 USD/t
- Richards Bay: 83.47 USD/t
- Newcastle: 81.54 USD/t
- New Orleans: 76.10 USD/t



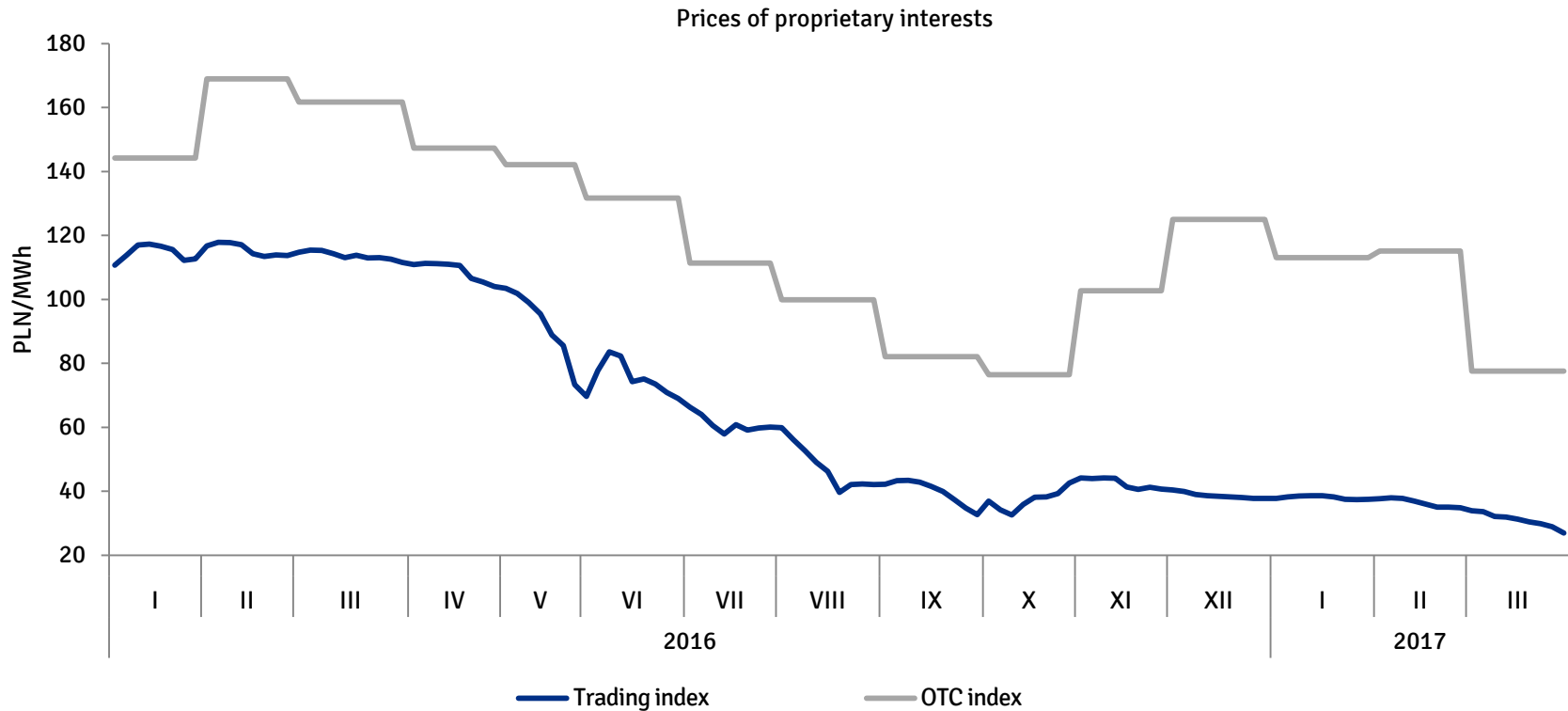
Average price in Q1 2017 of coal dust for commercial power industry dropped by ca. 0.2% yoy, and in relation to Q4 2016 it grew by 2%

In Q1 2017 we observed a slight growth yoy in the energy price on the spot market



- Growth in the average price of baseload on SPOT market in Q1 2017 by 1.7% yoy to 154.87 PLN/MWh
- The average energy price on forward market - baseload for 2018 dropped by 1.1% yoy to 160.20 PLN/MWh in Q1 2017

In Q1 2017 prices of proprietary interests demonstrated a downward trend



- In Q1 2017 the weighted average value of the session index dropped by 12.8% yoy to 26.97 PLN/MWh in relation to Q4 2016
- OTC market index in that period almost tripled in relation to the session index and amounted averagely to 101.95 PLN/MWh

Prices of allowances for emissions of CO₂ were also decreasing in Q1 2017



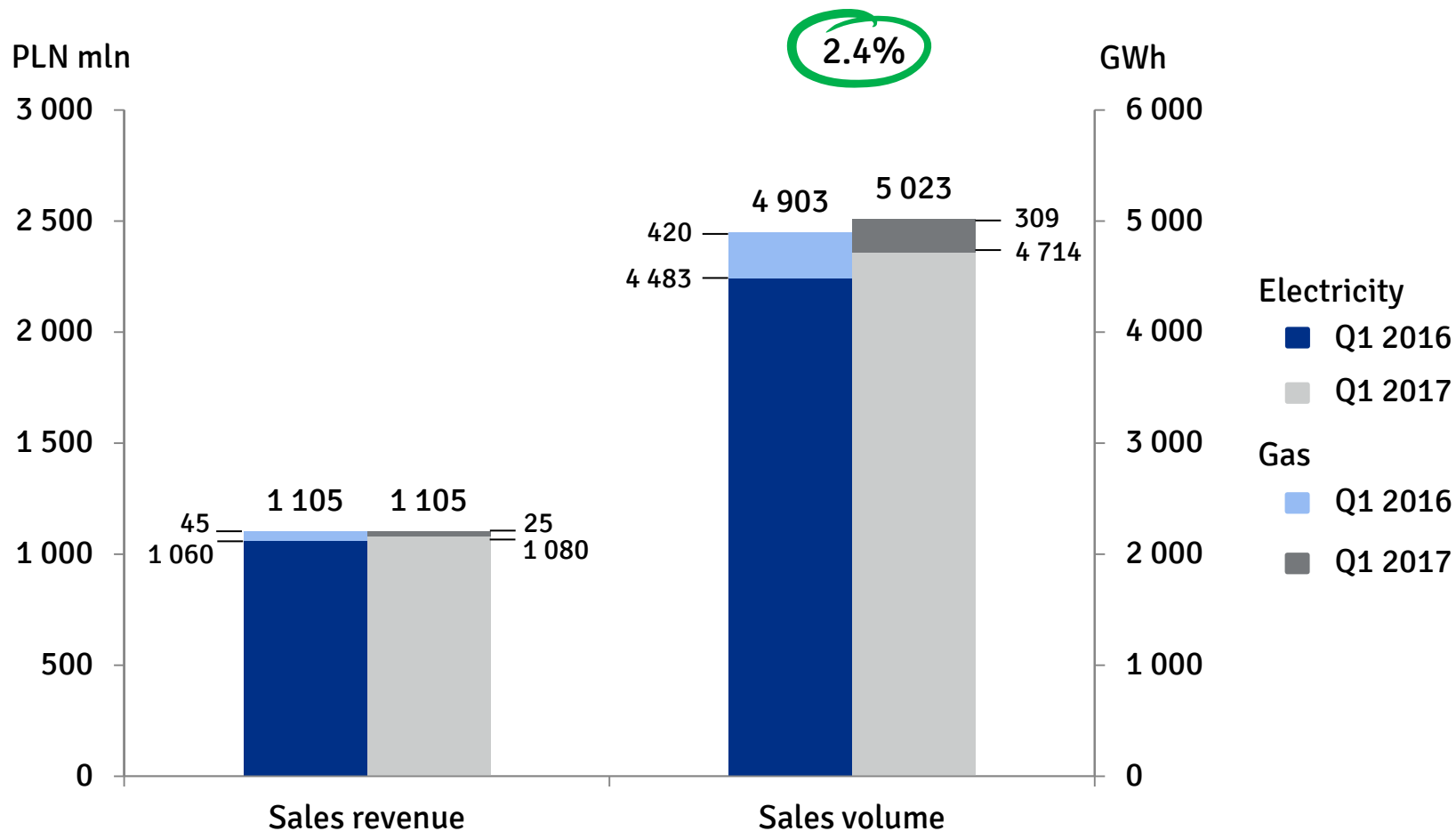
EUA price on the forward market for EUA Dec-17 during Q1 2017 dropped by 23.6% to the level of 4.69 EUR/t in relation to Q4 2016

In Q1 2017 the Group generated good operating results



Enea CG's operating data	Q1 2016	Q1 2017	Change
Generation of electricity [GWh]	3 351	3 756	12.1%
from conventional sources	3 198	3 549	11.0%
from renewable energy sources	153	207	35.3%
Gross generation of heat [TJ]	2 280	2 282	0.1%
Sales of distribution services to end users [GWh]	4 727	4 975	5.2%
Sales of electricity and gas to retail customers [GWh]	4 903	5 023	2.4%

In Q1 2017 there was a growth in the total sales volume of electricity and gas to retail customers



In Q1 2017 LW Bogdanka CG sold by over 9% coal more in volume than in the previous year



LW Bogdanka CG's operating results ['000 tonnes]	Q1 2016	Q1 2017	Change
Gross output	3 733	3 630	-2.8%
Net production	2 335	2 422	3.7%
Yield	62.6%	66.7%	4.1 p.p.
Sale of coal	2 184	2 389	9.4%
Closing stocks	380	158	-58.4%

Agenda



Coal, energy markets, operating data



Enea CG's financial results in Q1 2017



LW Bogdanka CG's financial results
in Q1 2017



Key initiatives in Q1 2017



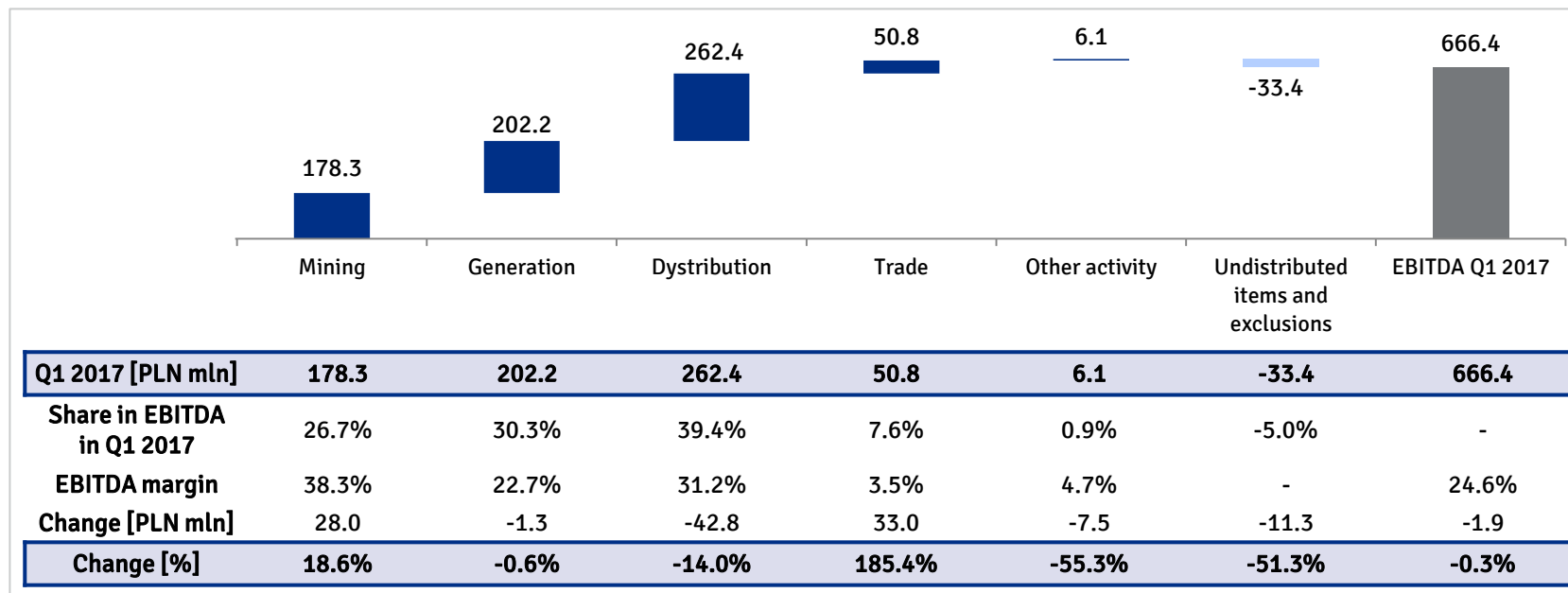
In Q1 2017 Enea Group's financial performance was on an anticipated level



[PLN mln]	Q1 2016	Q1 2017	Change
Net sales revenue	2 936.7	2 709.7	-7.7%
EBIT	388.6	382.6	-1.6%
EBITDA	668.3	666.4	-0.3%
Net profit	290.4	321.2	10.6%
Net debt / EBITDA ¹⁾	1.8	2.4	33.3%

1) Debt = long-term and short-term: credits, loans and debt securities + financial lease liabilities

In Q1 2017, the highest growth in EBITDA, by PLN 33 mln, was generated in the area of trade



Mining



- growth in quantitative sales of coal (both in Enea CG and for export) by over 9% ✓
- higher revenue from sale by almost 11% ✓

Generation ¹⁾



- higher margin on generation by PLN 18.6 mln ✓
- higher revenue from Regulatory System Services by PLN 7.5 mln ✓
- lower margin on trade and the Balancing Market by PLN 23.7 mln

Distribution



- higher revenue from the sale of distribution services to end users by PLN 60 mln ✓
- lower costs of purchasing energy for coverage of book-tax difference by PLN 8 mln ✓
- higher costs of purchasing transmission services by PLN 57 mln

Trade



- growth in energy sale volumes by 5.2% ✓
- lower average energy selling price by 3.1%
- lower average purchase price of energy by 9.5% ✓
- lower costs of ecological obligations by 48.5% ✓

1) Descriptions of divergences relate to the area of generation excluding Enea Elektrownia Połaniec

Agenda



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Enea CG's financial results in Q1 2017



**LW Bogdanka CG's financial results
in Q1 2017**



Key initiatives in Q1 2017



Solid financial performance despite continuously low coal prices

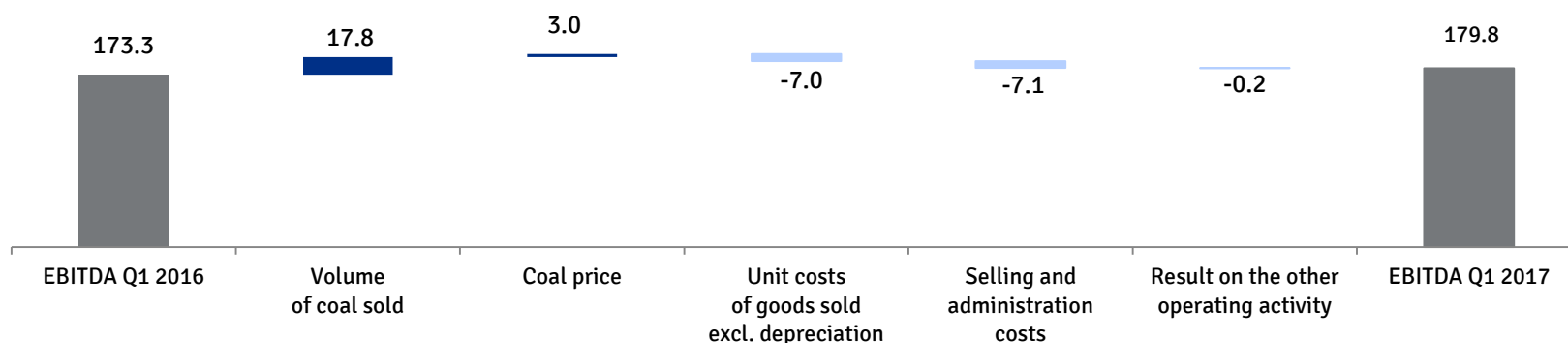


LW Bogdanka CG's financial results [PLN mln]	Q1 2016	Q1 2017	Change
Net sales revenue	420.6	465.2	10.6%
EBIT	78.9	89.7	13.8%
EBITDA ¹⁾	173.3	179.8	3.7%
Net profit	54.4	68.2	25.2%
CAPEX	60.8	65.7	8.0%
Net debt / EBITDA ²⁾	0.136	0.002	-98.5%

1) Explanation of EBITDA presentation difference of LW Bogdanka CG and area of mining in Enea CG in Q1 2017 is given in attachments 1-2

2) Debt = long-term liabilities due to bond issue + long-term credits and loans + short-term credits and loans

We are balancing the share of individual areas in the Group's EBITDA



Q1 2017 [PLN mln]	207.4	429.0	239.3	36.2	8.5	179.8
Q1 2016 [PLN mln]	189.6	426.0	232.3	29.1	8.7	173.3
Change [PLN mln]	17.8	3.0	7.0	7.1	-0.2	6.5
Change [%]	9.4%	0.7%	3.0%	24.4%	-2.3%	3.7%

- growth in EBITDA by PLN 6.5 mln (+3.7%) ✓
- growth in sale volumes of coal by 9.4% ✓
- growth in the price of sold coal by 0.7% ✓
- higher unit costs of goods sold excl. depreciation by 3%, with the balance of changes in provisions and actuarial adjustments Q1 2017 to Q1 2016 PLN +30 mln; eliminating the impact of the balance of changes in provisions and actuarial adjustments a drop was reported in unit costs of goods excl. depreciation by 9% ✓
- higher selling and administration costs - logistics and custom service costs of coal sold to Ukraine, the balance of the change in provisions and actuarial adjustments Q1 2017 to Q1 2016

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LW Bogdanka CG's financial results
in Q1 2017



Key initiatives in Q1 2017



Due to investments we are increasing the Group's competitiveness



Key initiatives Q1 2017



Mining

- Execution of 7.9 km of new excavations
- Application for a new mining licence in Ostrów area
- Extension of the plant for mining waste neutralisation
- Replacement investments in Zakład Przeróbki Mechanicznej Węgla
- Tower crane installation



Generation

Koziencice Power Plant

- Launching unit 3 after modernisation
- Installation of the catalytic denitrogenation of flue gases (SCR):
 - units 4, 5, 6, 7 - completion of the construction
 - units 8 - continuation of the installation
 - units 9 and 10 - selection of the contractual engineer
- Operating permit for rainwater and sewage treatment plant

Połaniec Power Plant

- Execution of connection between SCR installation and boiler for unit 7



Distribution

- Improved index of grid losses by 1.43 p.p.
- Improvement of connection processes
- Completion of a series of investments implemented on high and medium voltage
- Development of IT tools supporting the grid management, e.g. launching the Power Dispatch Centre



Trade

Sales:

- Completion of the implementation of the 1st stage of a multichannel Contact Centre platform
- Development of the Customer loyalty programme
- Implementation of the system aiding the sale-purchase portfolio management and projection

Wholesale trading:

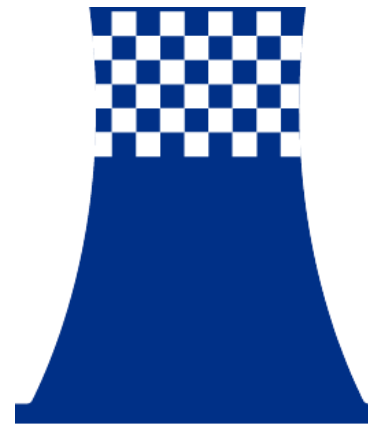
- Improvement of a model of long-term price paths for products listed on wholesale markets
- Initiation of integration processes in the area of wholesale trade


Preparations are in progress for the project to enter the start-up phase of individual installations



Unit 11 - works realised in Q1 2017

- Assembly of electrical installations and Control and Measurement Instruments and Automation of air compressor room
- Cold start-up relating to the electrostatic precipitator, starting boiler room and raw water pumping station
- Report on readiness of 400kV field for power supply
- Completion of the assembly of Control and Measurement Instruments and Automation of the light-up oil system
- Flushing the main system of the service water and system and generator sealing oil system
- Conducting trials and tests as regards weights and samplers
- Completion of a hot start-up of the carburising system within coal unloading to col storing sites, unloading of 12 thou. tonnes of coal to coal sites
- Supplying power to 400 kV transformers BAT 10-30, BBT 10-20



98%

progress in the new unit's construction ¹⁾

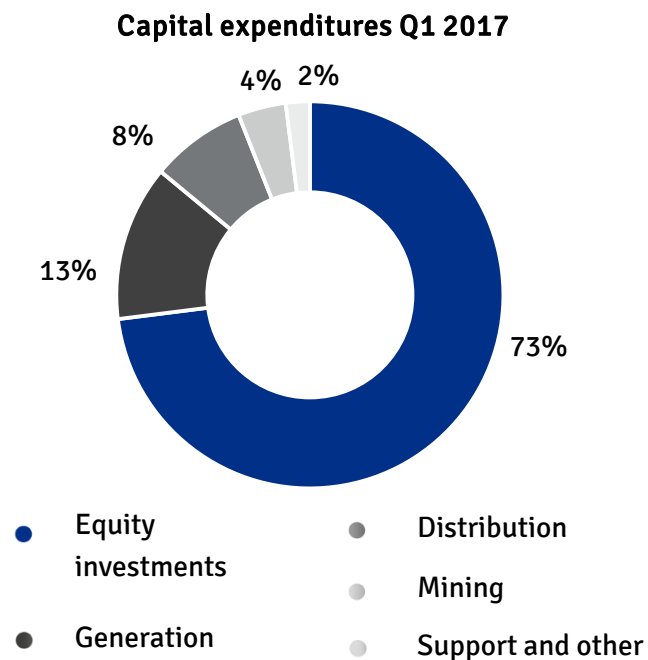


1) State as at May 2017

We are consistently implementing the development strategy



Capital expenditures [PLN mln]	Q1 2016	Q1 2017	Change %	2017 Plan
Generation	135.4	244.6	80.6%	1 229.9
Distribution	174.9	150.0	-14.2%	970.5
Mining	60.8	65.4 ¹	7.6%	385.6
Support and other	9.7	34.3	253.6%	172.5
Equity investments	-	1 347.1	-	-
TOTAL	380.8	1 841.4	383.6%	2 758.5



PLN 38 mln
on investment relating to
environmental protection
in Q1 2017

1) The amount does not include PLN 0.3 mln expenditures incurred in Q1 2017 by subsidiaries of LW Bogdanka SA



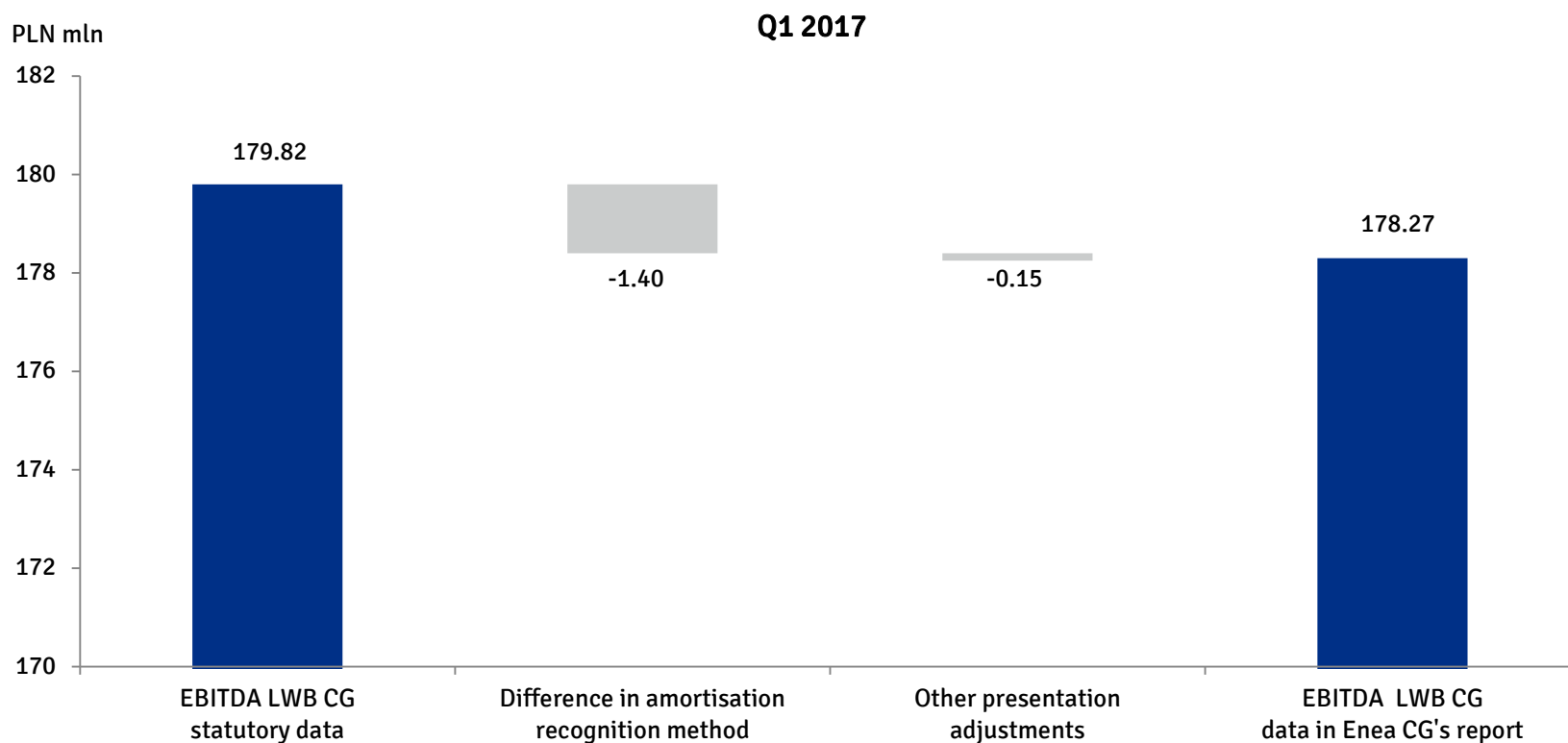
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Q1 2017



Attachments

Att. 1 - Explanation of EBITDA presentation difference in LW Bogdanka CG and Enea CG's area of mining in Q1 2017



Att. 2 – Performance of the segment of system power plants in Q1 2017 supported the results generated by the area of generation



[PLN mln]	Generation, including:								
	System Power Plants			Heat			RES		
	Q1 2016	Q1 2017	Change	Q1 2016	Q1 2017	Change	Q1 2016	Q1 2017	Change
Revenue from sales	692	710	18	165	153	-12	21	28	7
EBIT	81	81	-	59	56	-3	3	-2	-5
EBITDA	122	129	7	72	69	-3	10	5	-5
CAPEX	120	220	100	11	25	14	4	0	-4