



We develop sustainably and regularly achieve set objectives

Q2, H1 2017

8 September 2017

Sustainable development builds a strong energy and commodity group



Financial data H1 2017



- **PLN 5,567 mln** net sales revenue ✓
- **PLN 1,358 mln** EBITDA ✓
- **PLN 624 mln** net profit ✓
- **PLN 2,455 mln** CAPEX ✓

Operating data H1 2017



- **PLN 4,558 thou. tonnes** coal net production ✓
- **PLN 9,337 GWh** electricity generation ✓
- **9,654 GWh** sales of distribution services to end users ✓
- **9,509 GWh** sales of electricity and gas to retail users ✓

Key investments H1 2017



- **99%** progress in the construction of a new unit in Kozenice Power Plant ¹⁾ ✓
- Acquisition of **Połaniec Power Plant** ✓
- Capital interest in **Polska Grupa Górnicza** ✓
- Acquisition of shares in **Polimex-Mostostal** ✓

Safety and stable development of an innovative commodity and energy group

1) As at the end of August

We are consecutively implementing our strategy



RESOURCES



5.2 GW installed electric power	227 mln t potential of 3 mining fields	121.3 thou. km distribution lines including connections	15.7 thou. Employees	2.5 mln Customers
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FINANCE H1 2017



PLN 5 567 mln net sales revenue	PLN 1 358 mln EBITDA	PLN 624 mln net profit	PLN 2 455 mln CAPEX
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GOALS UNTIL 2025



10.9 mln t own demand for bituminous coal	5.8-6.3 GW installed conventional electric power	20.1 GWh electricity sales	144 min/1.69 SAIDI/SAIFI	PLN 26.4 bln basic investment budget
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Agenda



Coal, energy markets, operating data

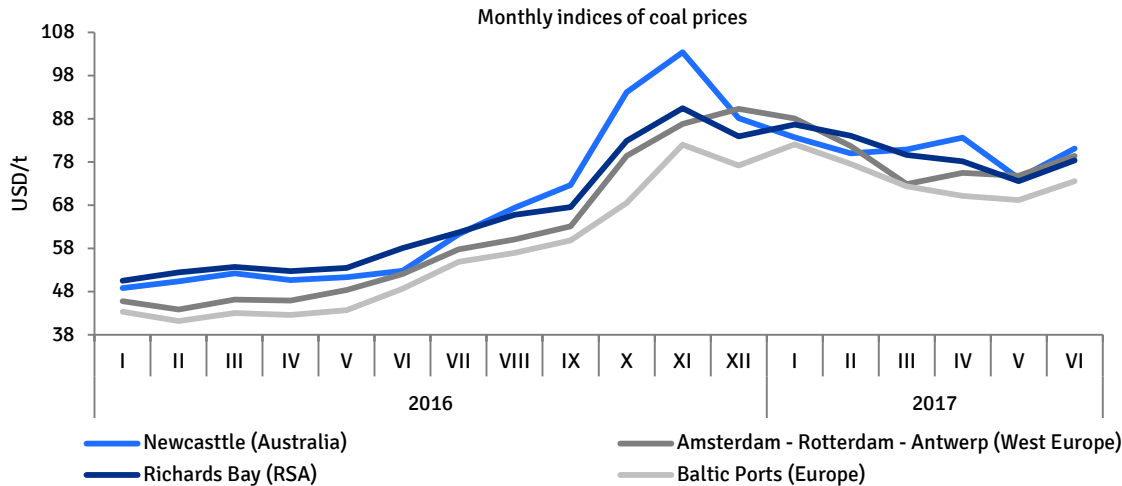
Enea CG's financial results in Q2 and H1 2017

LW Bogdanka CG's financial results in Q2 and H1 2017

Key initiatives in H1 2017

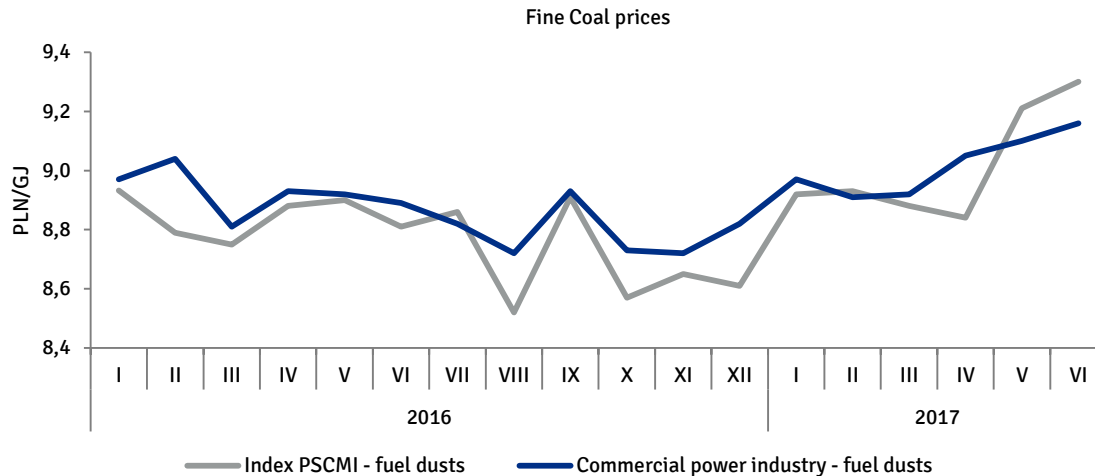
Additional information

Q2 2017 another quarter of coal price drops on the world markets and growth in prices on the domestic market



Average price in H1 2017

- Amsterdam - Rotterdam - Antwerp: 78.73 USD/t
- Richards Bay: 80.08 USD/t
- Newcastle: 80.60 USD/t
- Baltic Ports: 74.15 USD/t

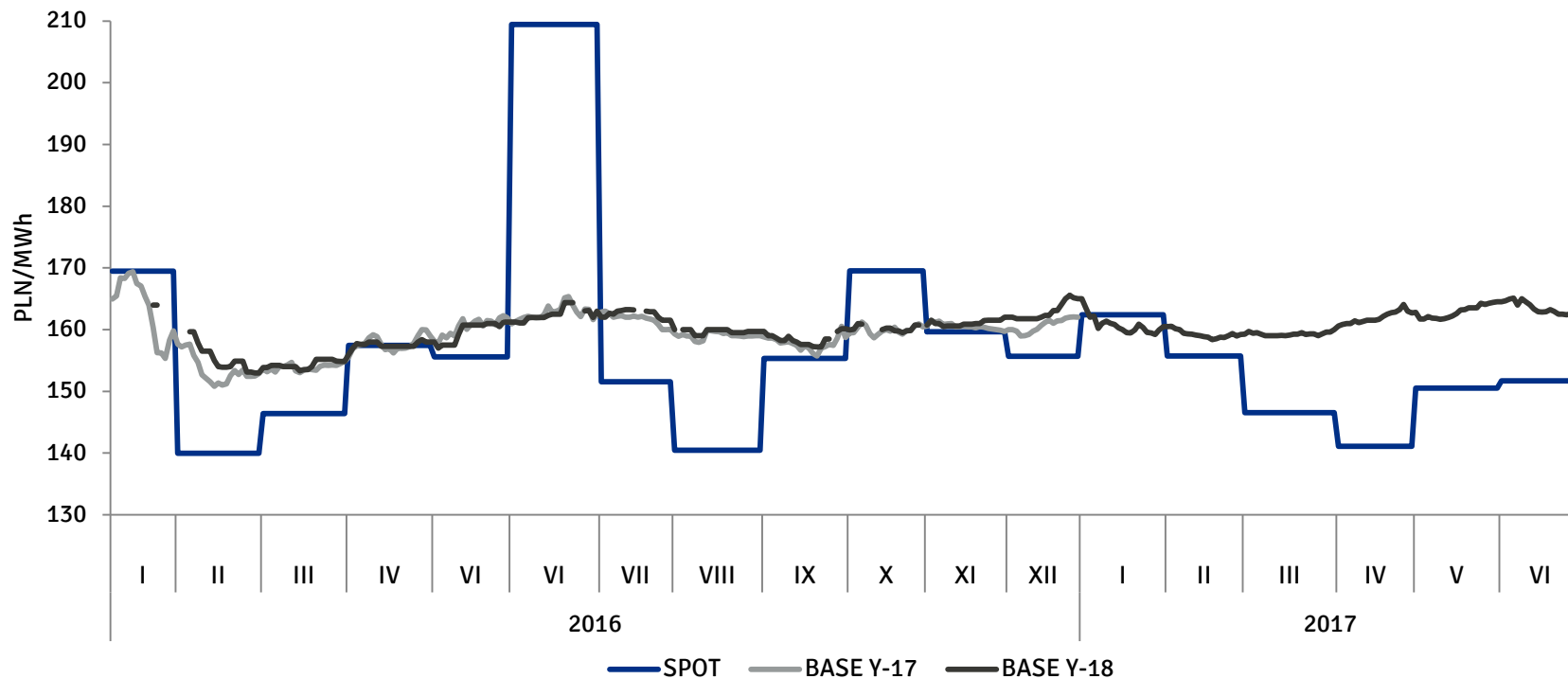


Average price in H1 2017 of coal dust for commercial power industry grew by ca. 1.0% yoy

In H1 2017 we observed a drop in energy prices yoy on the SPOT market

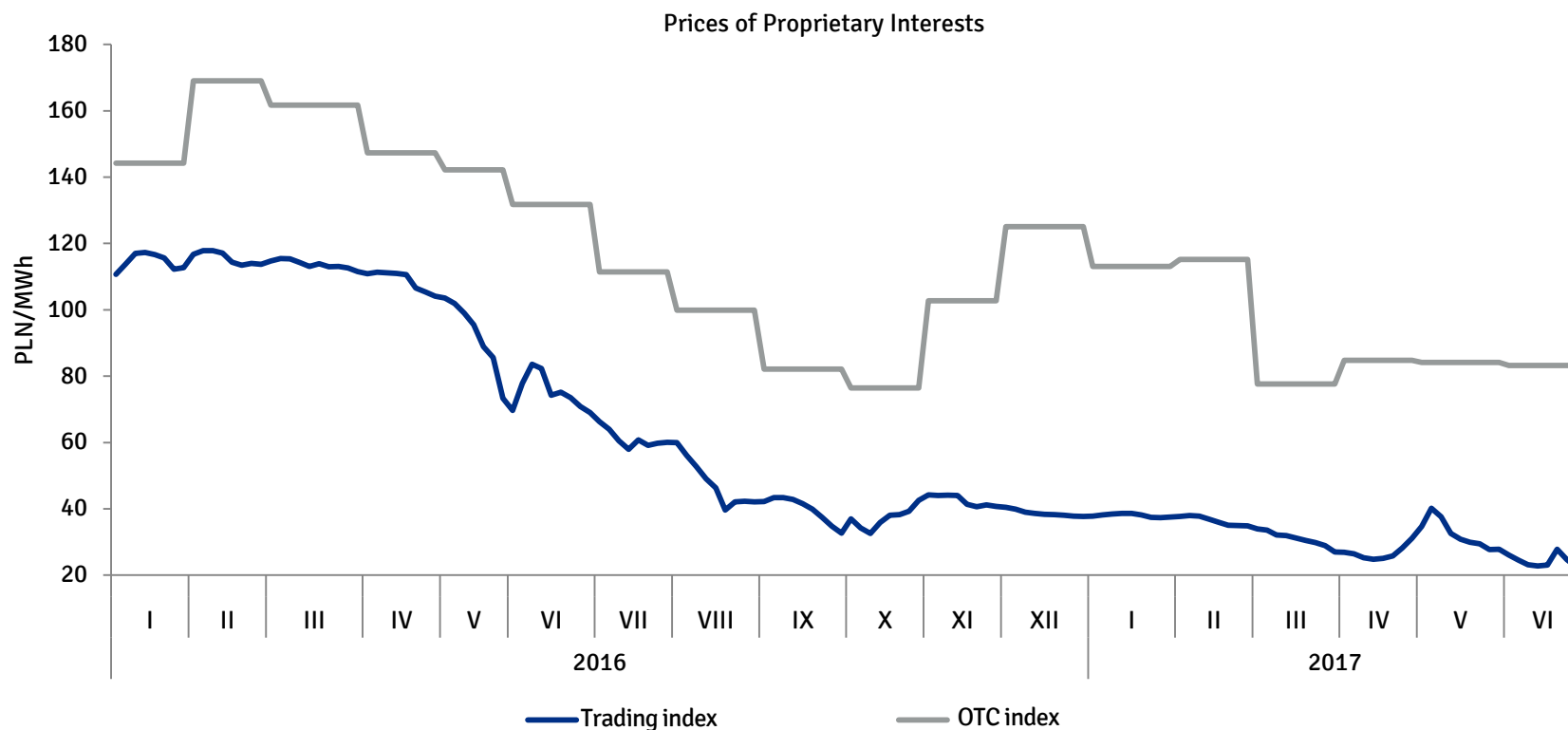


BASE Y and SPOT prices



- Drop in the average price of baseload on SPOT market in H1 2017 by 7.2% yoy to 151.32 PLN/MWh
- The average energy price on forward market - baseload for 2018 grew by 0.9% yoy to 163.50 PLN/MWh in H1 2017

In H1 2017 prices of proprietary interests dropped by almost 1/3 in relation to H1 2016



- In H1 2017 the weighted average value of the session index dropped by 29% yoy to 22.46 PLN/MWh in relation to H2 2016
- OTC market index in that period almost tripled in relation to the session index and amounted averagely to 92.98 PLN/MWh

Prices of allowances for emissions of CO₂ were decreasing in H1 2017



EUA price on the forward market for EUA Dec-17 at the end of H1 2017 dropped by 18% to the level of 5.02 EUR/t in relation to the end of 2016

In H1 2017 the Group generated good financial results



Enea CG's operating data	Q2 2016	Q2 2017	Change	H1 2016	H1 2017	Change
Generation of electricity [GWh]	3 456	5 581	61.5%	6 807	9 337	37.2% ✓
<i>Enea Elektrownia Połaniec</i>	-	2 398	-	-	2 692 ¹⁾	-
from conventional sources	3 331	4 936	52.2%	6 529	8 484	30.1% ✓
<i>Enea Elektrownia Połaniec</i>	-	1 844	-	-	2 050 ¹⁾	-
from renewable sources of energy	125	645	308.0%	278	853	202.2% ✓
<i>Enea Elektrownia Połaniec</i>	-	554	-	-	642 ¹⁾	-
Gross generation of heat [TJ]	755	1 441	90.9%	3 035	3 724	22.7% ✓
<i>Enea Elektrownia Połaniec</i>	-	594	-	-	702 ¹⁾	-

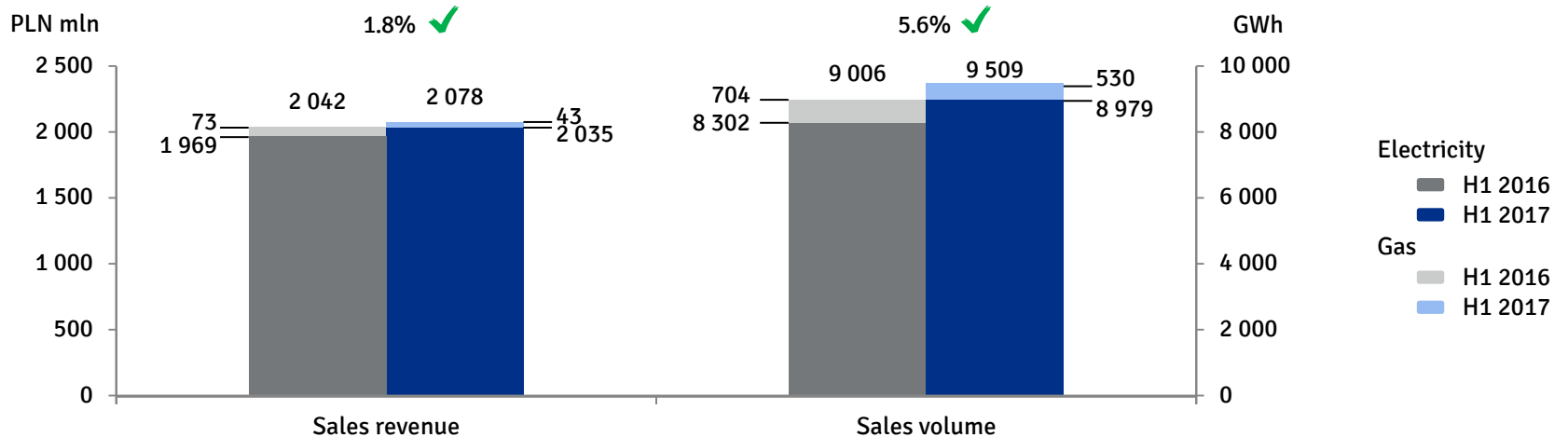
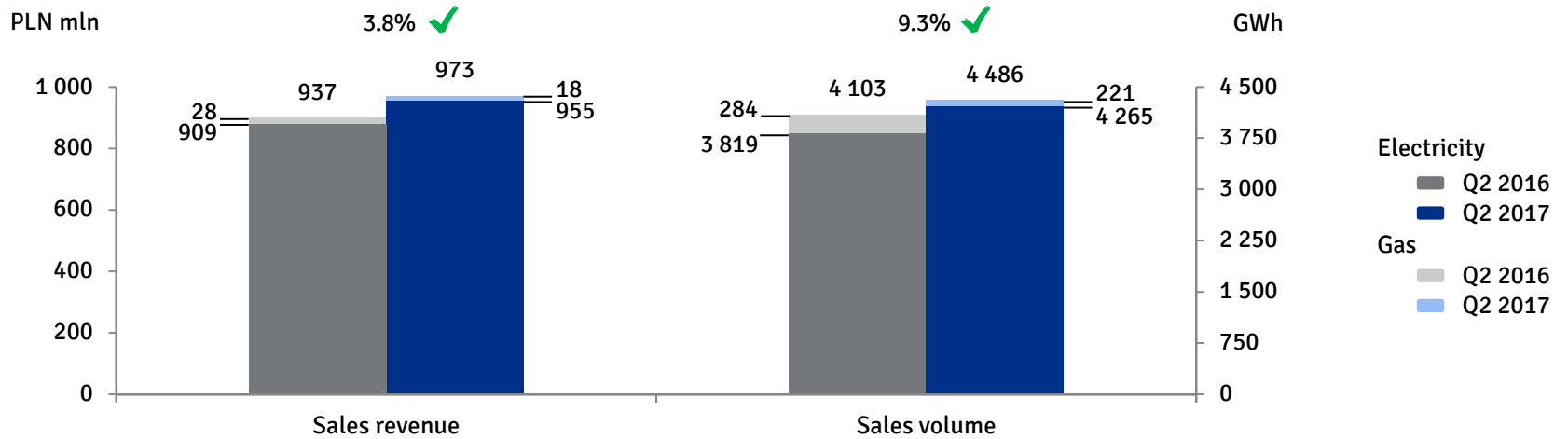
1) Data for 14 March - 30 June 2017

We provide our Customers with energy and services of constantly better quality



Operating data – area of distribution	Q2 2016	Q2 2017	Change	H1 2016	H1 2017	Change	
Sales of distribution services to end users [GWh]	4 605	4 679	1.6%	9 332	9 654	3.5%	✓
SAIDI planned and unplanned interruptions (HV, MV) [min.]	72.97	37.14	-49.1%	111.82	77.97	-30.3%	✓
SAIFI planned and unplanned interruptions (HV, MV) [pcs]	1.00	0.73	-27.0%	1.71	1.49	-12.9%	✓
Contracts performed in the reference period of 18 months - group IV [%]	86.17	97.76	11.59 p.p.	86.25	97.37	11.12 p.p.	✓
Contracts performed in the reference period of 18 months - group V [%]	96.34	99.05	2.71 p.p.	94.96	97.71	2.75 p.p.	✓

We have reported a growth in the total volume of electricity and gas sales to retail customers



In H1 2017 LW Bogdanka CG sold by 6.5% coal more than in the previous year



LW Bogdanka CG's operating results ['000 tonnes]	Q2 2016	Q2 2017	Change	H1 2016	H1 2017	Change
Gross output	3 187	3 128	-1.9%	6 920	6 757	-2.4%
Net production	1 950	2 136	9.5%	4 285	4 558	6.4% ✓
Yield	61.2%	68.3%	7.1 p.p.	61.9%	67.5%	5.6 p.p. ✓
Sale of coal	2 195	2 273	3.6%	4 379	4 662	6.5% ✓
Closing stocks	134	21	-84.3%	134	21	-84.3%

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Coal, energy markets, operating data

Enea CG's financial results in Q2 and H1 2017

LW Bogdanka CG's financial results in Q2 and H1 2017

Key initiatives in H1 2017

Additional information

Financial security is the priority for Enea Group in its operations

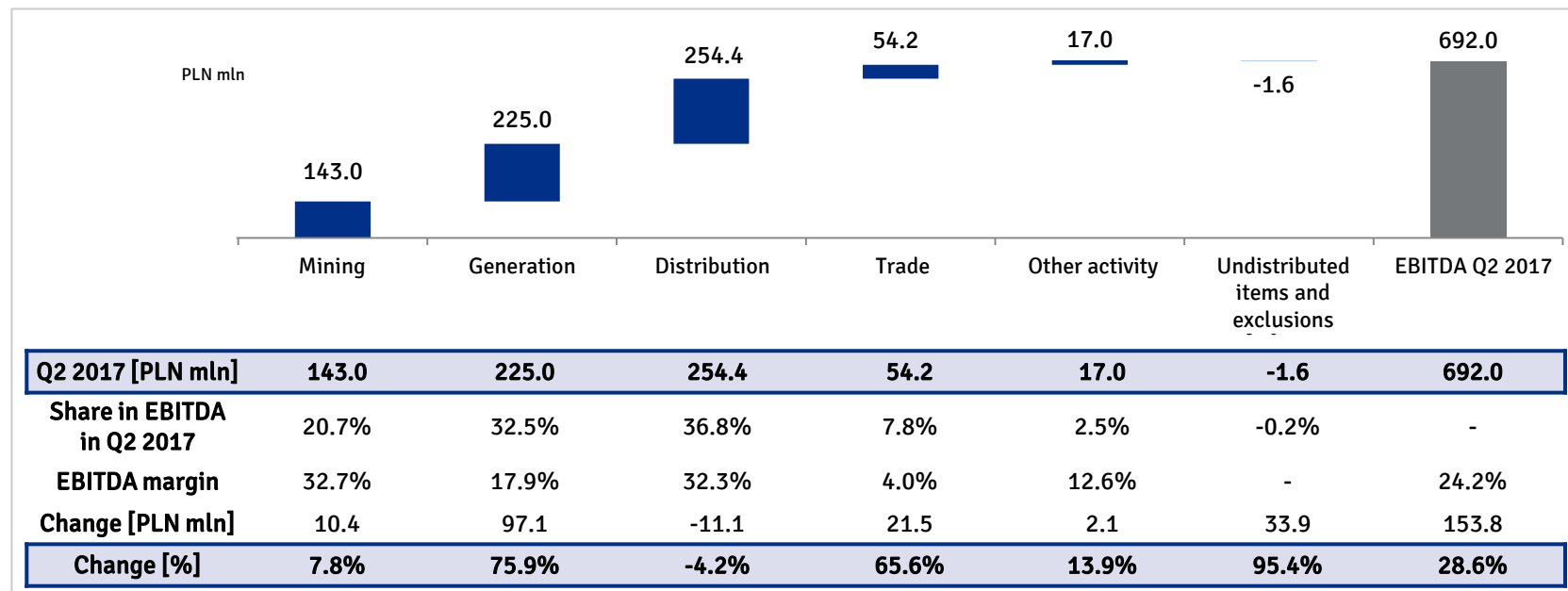


Enea CG's financial data [PLN mln]	Q2 2016	Q2 2017	Change	H1 2016	H1 2017	Change	
Net sales revenue	2 662.7	2 857.1	7.3%	5 599.4	5 566.8	-0.6%	
<i>Enea Elektrownia Połaniec</i>	-	531.9	-	-	613.3 ²⁾	-	
EBIT	221.9	399.0	79.8%	610.6	781.6	28.0%	✓
<i>Enea Elektrownia Połaniec</i>	-	65.0	-	-	62.7 ²⁾	-	
EBITDA	538.2	692.0	28.6%	1 206.5	1 358.4	12.6%	✓
<i>Enea Elektrownia Połaniec</i>	-	74.9	-	-	75.4 ²⁾	-	
Net profit	180.8	302.6	67.4%	471.2	623.8	32.4%	✓
<i>Enea Elektrownia Połaniec</i>	-	57.7	-	-	55.7 ²⁾	-	
Net debt / EBITDA ¹⁾	1.7	2.1	23.5%	1.7	2.1	23.5%	

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

2) Data for 14 March 14 - 30 June 2017

As a consequence of greater generation capacity Enea Group realised the highest growth in EBITDA in the area of generation



Mining



- growth in sales volumes of coal by almost 4%, with concurrently lower prices ✓
- drop in the unit cost of goods sold excluding depreciation ✓

Generation



- Połaniec Power Plant PLN 75.0 mln ✓
- higher revenue from Regulatory System Services by PLN 7.7 mln ✓
- lower margin on generation by PLN 13.9 mln

Distribution



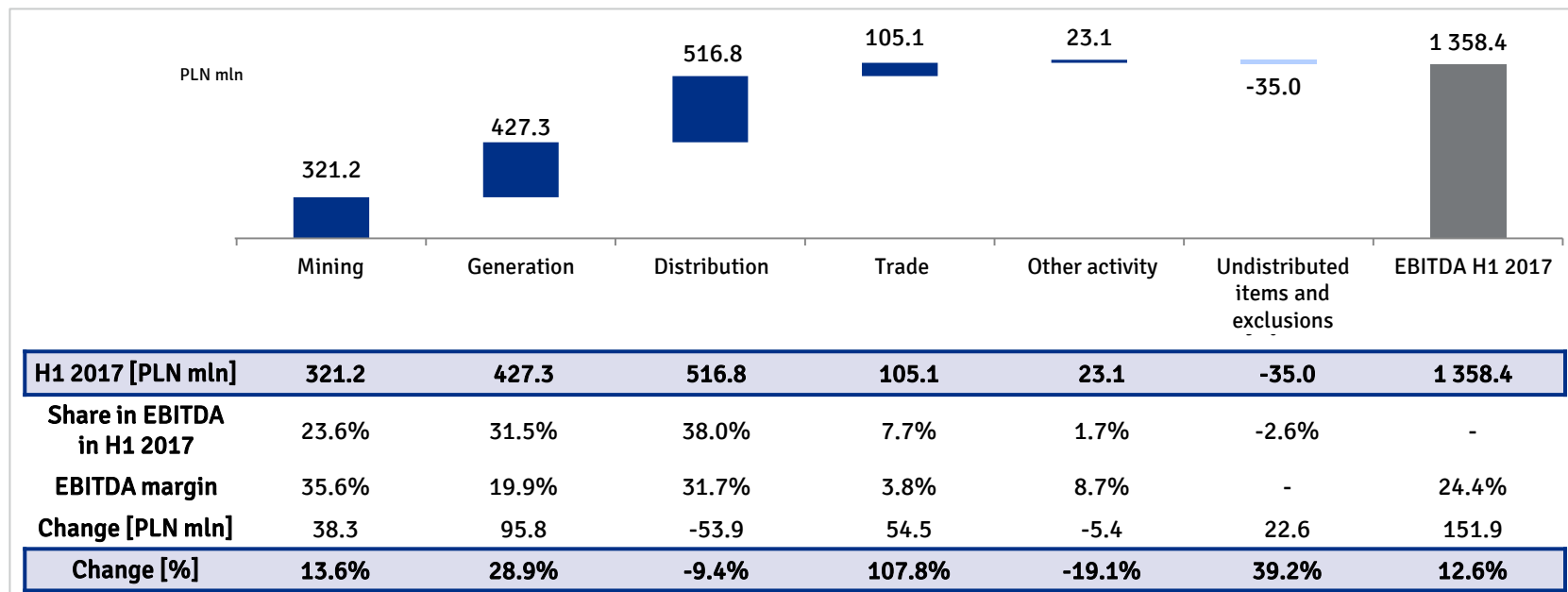
- higher revenue from the sale of distribution services to end users by PLN 64 mln ✓
- higher costs of purchasing transmission services by PLN 57 mln

Trade



- growth in energy sale volumes by 11.7% ✓
- lower average energy selling price by 5.9%
- lower average purchase price of energy by 11.0% ✓
- lower costs of ecological obligations by 50.1% ✓

Balanced structure of the Group's EBITDA constitutes strong foundations for further development



Mining



- growth in sales volumes of coal by over 6%, with concurrently lower prices ✓
- growth in sale revenue by over 6% ✓
- drop in the unit cost of goods sold excluding depreciation ✓

Generation



- Połaniec Power Plant PLN 75.4 mln ✓
- higher revenue from Regulatory System Services by PLN 15.2 mln ✓
- lower margin on trade and the Balancing Market by PLN 27.6 mln

Distribution



- higher revenue from the sale of distribution services to end users by PLN 124 mln ✓
- lower costs of purchasing energy for coverage of book-tax difference by PLN 11 mln ✓
- higher costs of purchasing transmission services by PLN 114 mln

Trade



- growth in energy sale volumes by 8.2% ✓
- lower average energy selling price by 4.4%
- lower average purchase price of energy by 10.2% ✓
- lower costs of ecological obligations by 49.2% ✓

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Production and sales optimisation, and also strict cost control are reflected in generated financial results

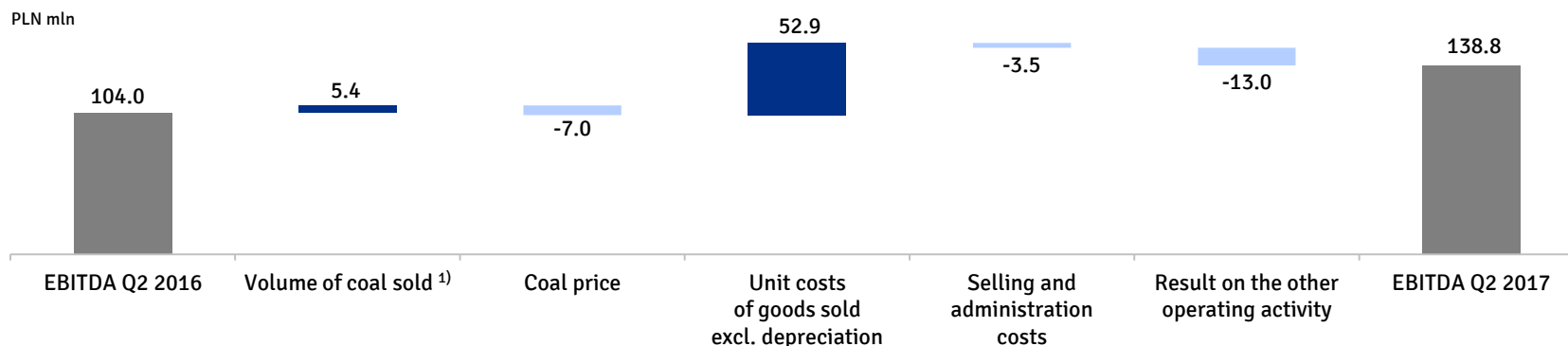


LW Bogdanka CG's financial results [PLN mln]	Q2 2016	Q2 2017	Change	H1 2016	H1 2017	Change
Net sales revenue	428.4	436.9	2.0%	848.9	902.1	6.3% ✓
EBIT	17.7	57.7	226.0%	96.6	147.5	52.7% ✓
EBITDA ¹⁾	104.0	138.8	33.5%	277.4	318.6	14.9% ✓
Net profit	20.5	43.9	114.1%	75.0	112.1	49.5% ✓
CAPEX	90.3	74.0	-18.1%	151.1	139.6	-7.6%
Net debt / EBITDA ²⁾	0.43	0.07	-83.7%	0.43	0.07	-83.7%

1) Explanation of EBITDA presentation difference of LW Bogdanka CG and area of mining in Enea CG in Q2 and H1 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

Higher EBITDA in Q2 2017 due to lower unit cost of sold goods

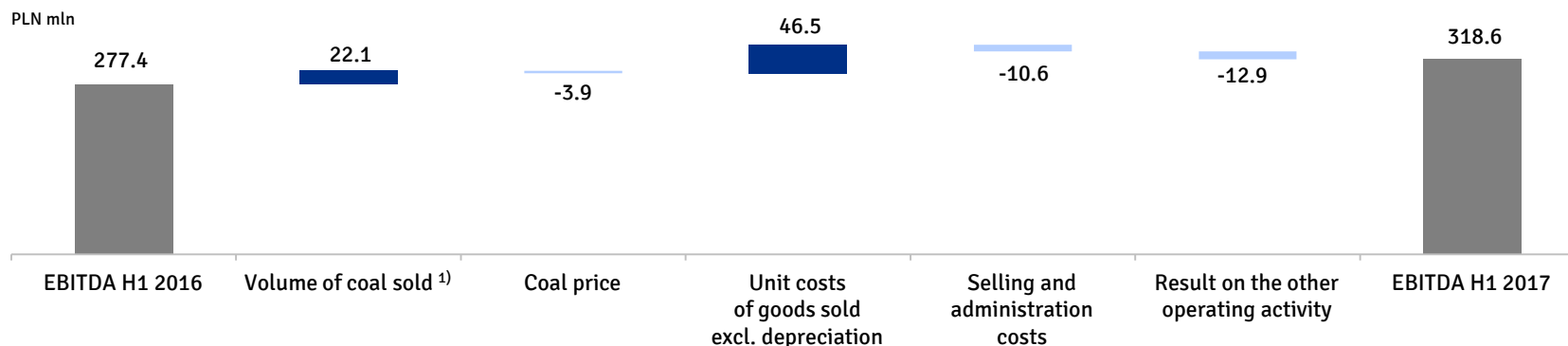


1) Aggregate impact on revenue and expenses

Q2 2017 [PLN mln]	157.3	423.7	271.8	29.2	10.7	138.8
Q2 2016 [PLN mln]	151.9	430.7	324.7	25.7	23.7	104.0
Change [PLN mln]	5.4	-7.0	-52.9	3.5	-13.0	34.8
Change [%]	3.6%	-1.6%	-16.3%	13.6%	-54.9%	33.5%

- growth in revenue realised mainly due to greater sales of coal by 78 thou. tonnes (3.6%), with concurrently lower prices ✓
- drop in the unit cost of sold products, goods and materials excluding amortisation - better cost efficiency with a growing volume of coal sold and favourable balance of provisions ✓
- growth in selling costs and administration costs (in 2016 - derecognition of costs of management options for 2016 and previous years)
- lower result on the other operating activity - 2016 - release of the provision for damages for Budimex due to a favourable, for LW Bogdanka SA, ruling of the Court of Appeal (higher base effect)

Higher EBITDA in H1 2017 due to greater sales of coal and lower unit costs of goods sold



1) Aggregate impact on revenue and expenses

H1 2017 [PLN mln]	364.5	852.9	510.5	65.4	19.5	318.6
H1 2016 [PLN mln]	342.4	856.8	557.0	54.8	32.4	277.4
Change [PLN mln]	22.1	-3.9	46.5	-10.6	-12.9	41.2
Change [%]	6.5%	-0.5%	-8.3%	19.3%	-39.8%	14.9%

- growth in revenue realised mainly due to greater sales of coal by 283 thou. tonnes (6.5%), with concurrently slightly lower prices ✓
- drop in the unit cost of sold products, goods and materials excluding amortisation - better cost efficiency with a growing volume of coal sold ✓
- higher administrative costs and selling costs: selling costs - costs of logistic service and custom clearance of coal sold to Ukraine; administrative costs - derecognition in 2016 of management options (lower base effect), in 2017 higher payments to the State Fund of Rehabilitation of Handicapped People and property tax
- lower result on the other operating activity - 2016 - release of the provision for damages for Budimex due to a favourable, for LW Bogdanka SA ruling of the Court of Appeal (higher base effect)

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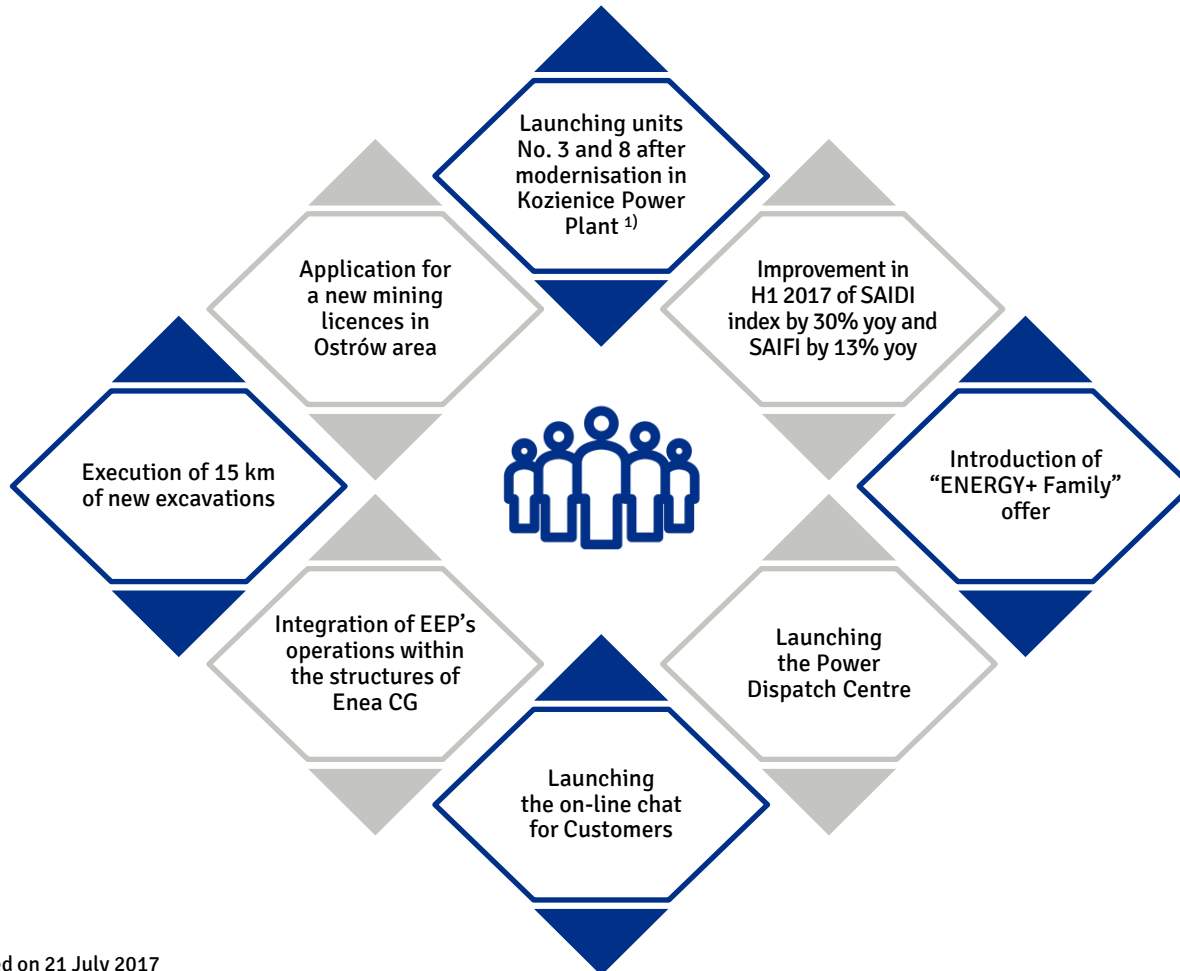
Key initiatives in H1 2017

Additional information

We have been strengthening the Group's position on the market due to an efficient cooperation of business areas



Key initiatives H1 2017



1) Unit No. 8 outage ended on 21 July 2017

Construction of our major investment is at the final stage of implementation



Unit No. 11 - works realised in Q2 2017

- Cold start-ups of:
 - condenser's cleaning system
 - ignition oil system
 - steam - water system
 - blower system
 - main burner system
 - coal feeder and mill system
- Chemical cleansing of steam - water systems
- HI-FOG fire-fighting installation fitting with detection and control within boiler burners
- Circulator mechanical assembly
- Functional tests and cold start-up of the deslagging and ash removal system
- Functional tests of steam - water systems



99%

progress in the new unit's construction ¹⁾



On 1 September the first synchronisation of the unit with the Public Power System was conducted

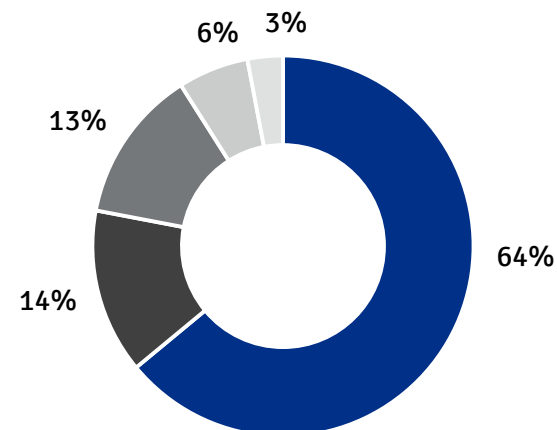
¹⁾ As at the end of August

Implementing the investments planned in the strategy we are increasing the Group's position



Capital expenditures [PLN mln]	H1 2016	H1 2017	2017 Plan	% realisation of the Plan
Generation	556.8	329.0	1 226.7	26.8%
Distribution	424.3	343.6	970.5	35.4%
Mining	152.7	139.0 ¹⁾	385.6	36.1%
Support and other	37.2	76.9	172.5	44.6%
Equity investments ²⁾	-	1,556.6	-	-
TOTAL	1 171.0	2 445.1	2 755.3 ³⁾	32.2%

Capital expenditures H1 2017



- Equity investments ²⁾
- Distribution
- Generation
- Mining
- Support and other

PLN 55 mln
on investment relating to
environmental protection
in H1 2017

1) The amount does not include PLN 0.6 mln expenditures incurred in H1 2017 by subsidiaries of LW Bogdanka SA

2) Not included in Enea CG's material and financial plan

3) The amount of expenditures resulting from the adjustment of Enea CG's material and financial plan

Agenda



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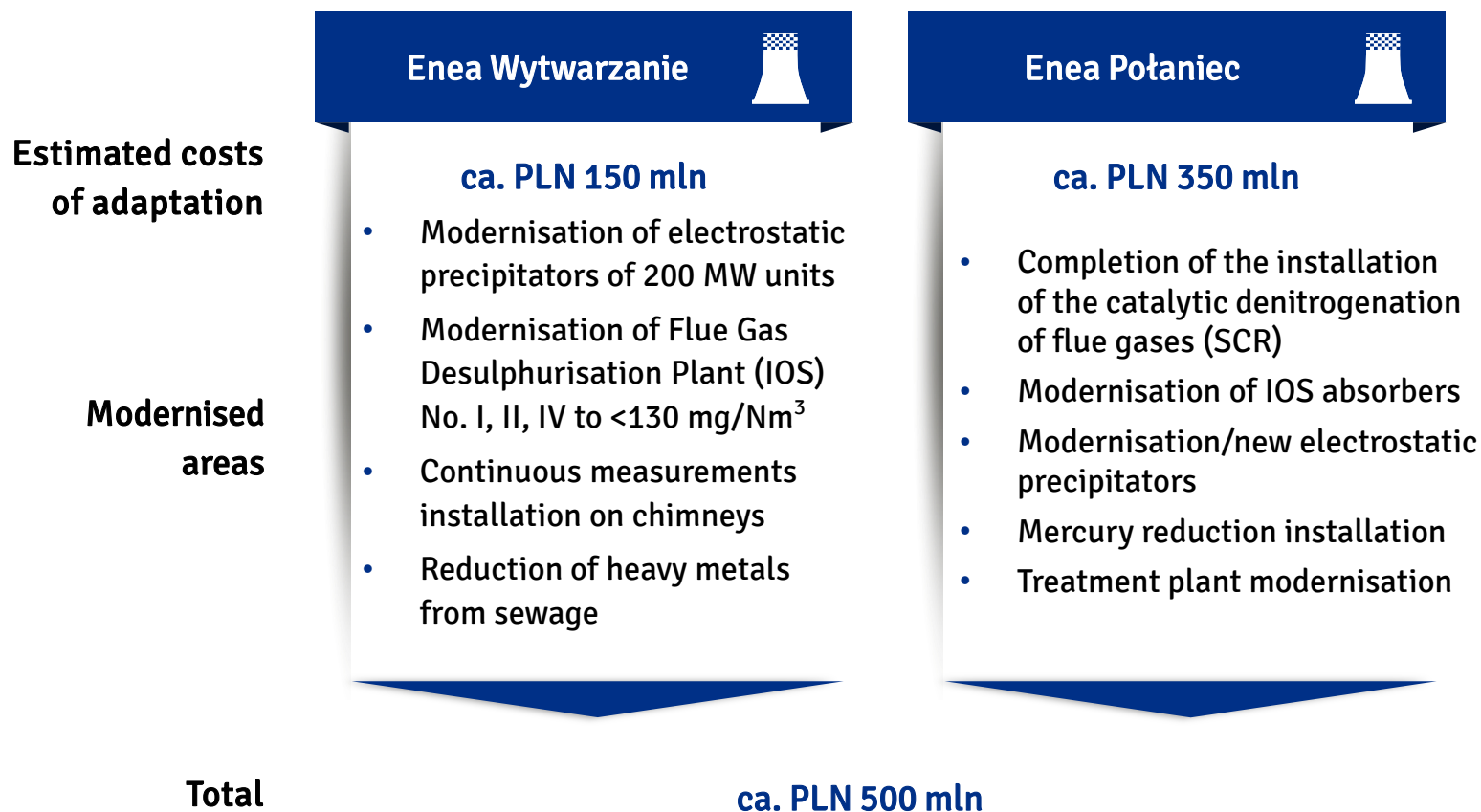
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Our generation assets will comply with the standards within the deadlines required under BAT conclusions



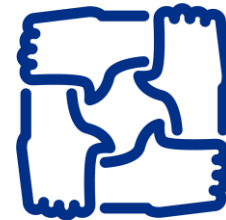
We have been working over the reconstruction of the infrastructure damaged by the disaster



Effects of August storms:

- ca. **250,000** Customers without power
- **85** damaged high-voltage poles
- ca. **2,500** damaged medium and low-voltage poles
- ca. **25 km** high-voltage lines for restoration
- ca. **368 km** low and medium-voltage lines for restoration
- **24** damaged and switched off high-voltage lines
- **313** damaged medium-voltage lines
- **14** Transformer/Switching Stations without power supply
- over **7,200** transformer stations (medium voltage to low) without power supply

we have restored power supply on **the whole** area of our operations



we have restored power supply in **all** transformer stations



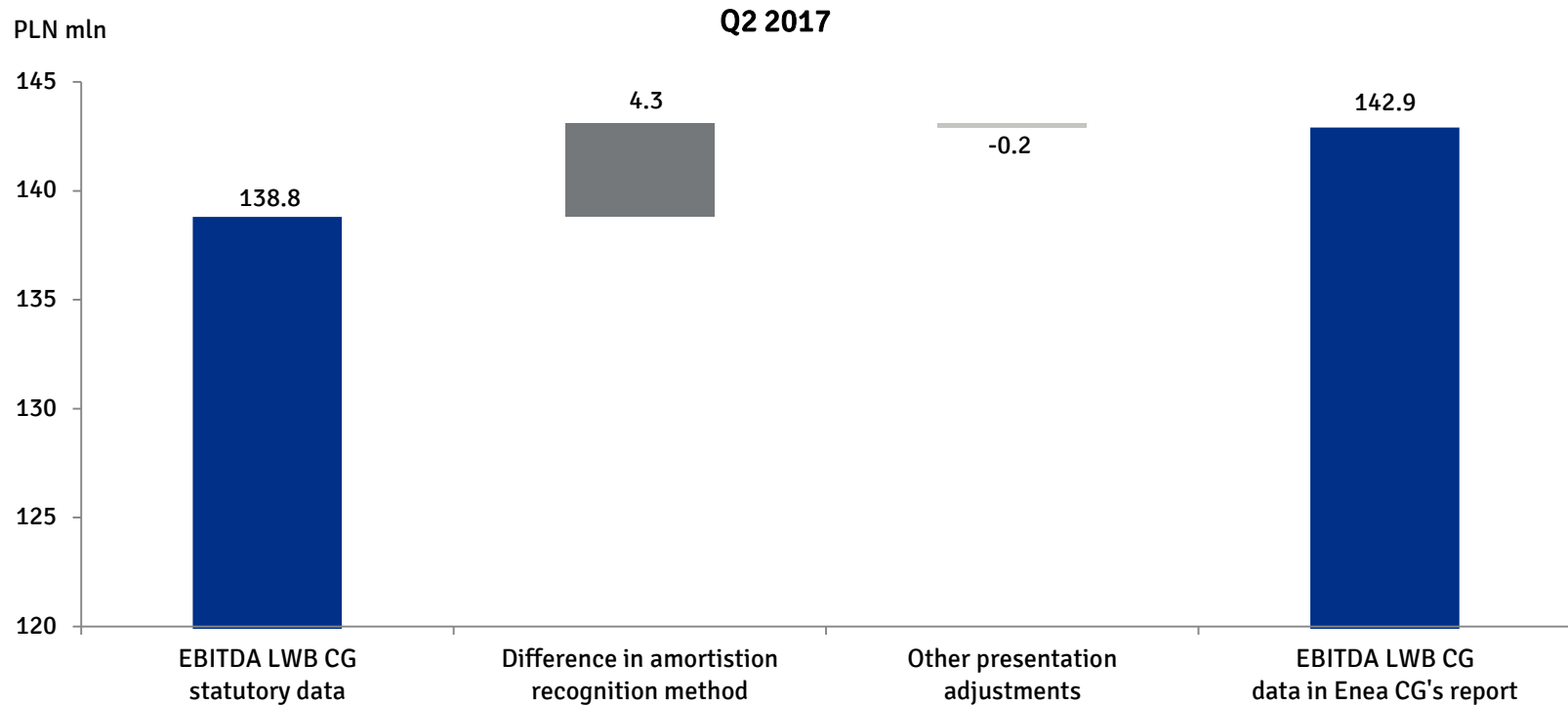
We develop sustainably and regularly achieve set objectives

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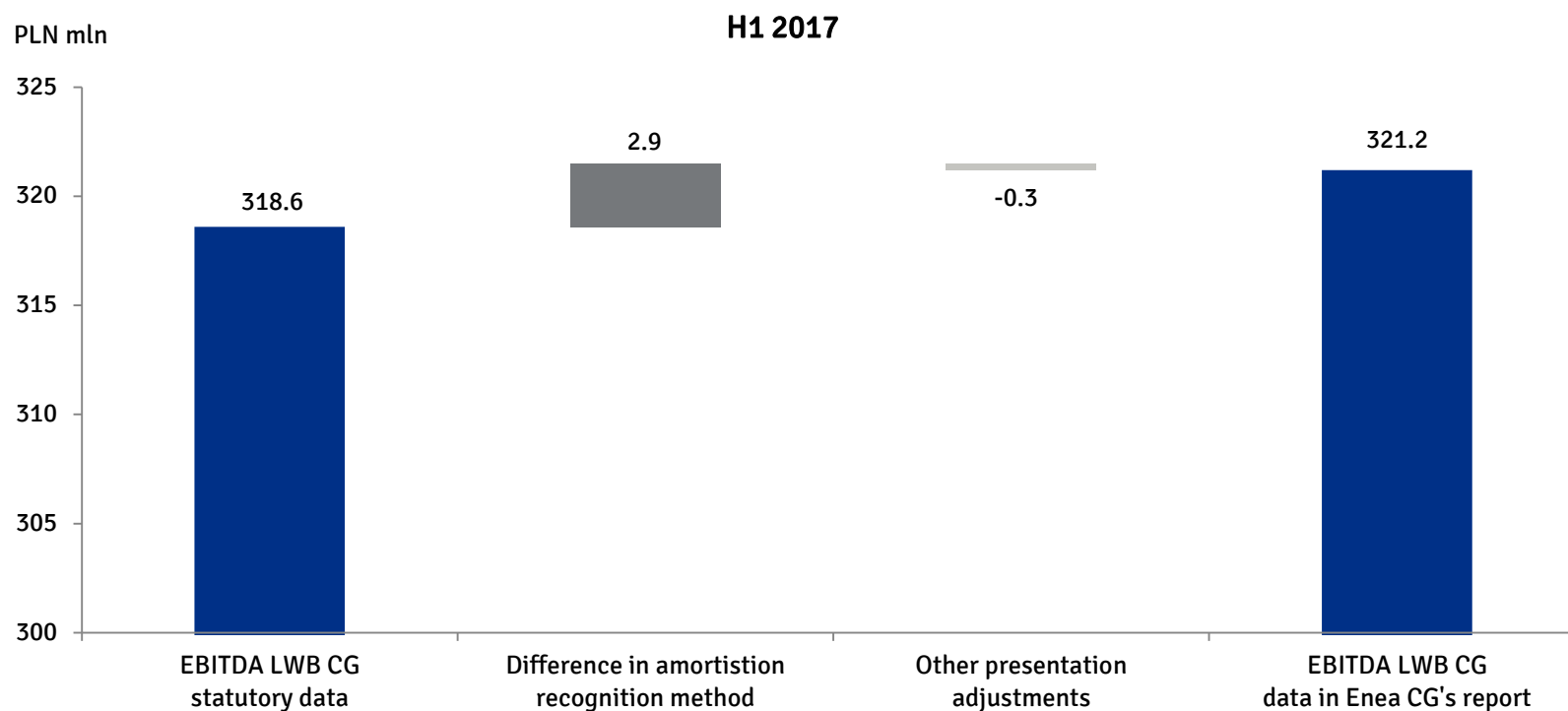


Attachments

Att. 1 - Explanation of EBITDA presentation difference in LW Bogdanka CG and Enea CG's area of mining in Q2 2017



Att. 2 - Explanation of EBITDA presentation difference in LW Bogdanka CG and Enea CG's area of mining in H1 2017



Att. 3 - Results of individual segments of the area of generation



[PLN mln]	Generation, including:								
	System Power Plants			Heat			RES		
	Q2 2016	Q2 2017	Change	Q2 2016	Q2 2017	Change	Q2 2016	Q2 2017	Change
Revenue from sales	727	1 058	332	75	94	20	12	105	94
EBIT	76	108	32	-2	26	28	-48	15	62
EBITDA	117	165	47	10	38	28	1	22	21
CAPEX	406	75	-331	15	8	-7	0.3	0.4	0.1

[PLN mln]	Generation, including:								
	System Power Plants			Heat			RES		
	H1 2016	H1 2017	Change	H1 2016	H1 2017	Change	H1 2016	H1 2017	Change
Revenue from sales	1 419	1 768	349	239	247	8	33	134	101
EBIT	156	188	32	57	82	25	-44	13	57
EBITDA	239	293	54	82	107	25	10	27	16
CAPEX	526	296	-230	26	33	7	5	0.4	-4.6