



We are building a modern fuel and energy group

Q3, Q1-Q3 2015

Warsaw, 17 November 2015

Agenda



Energy market and key operating data



Enea CG's financial results in Q3 and Q1-Q3 2015



Update of Strategy for 2015-2020



New unit in Kozenice Power Plant



Acquisition of LW Bogdanka



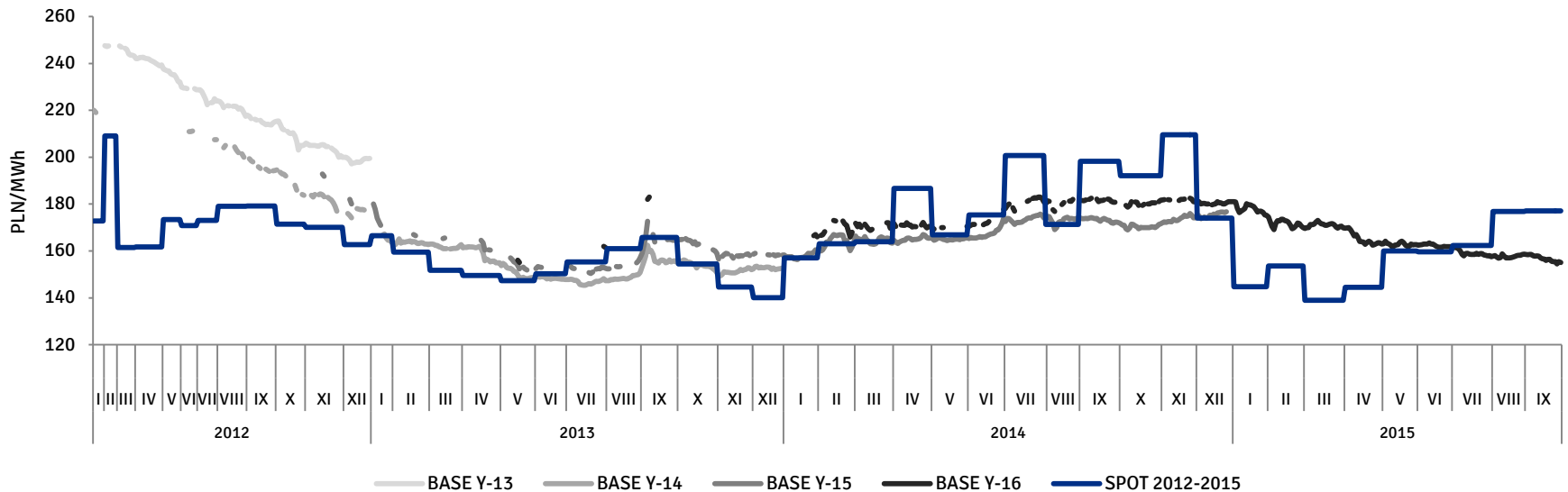


**Market and regulatory conditions
are subject to dynamic changes**

In Q1-Q3 2015 growths in energy prices were reported on SPOT market, while on the forward market there were still drops

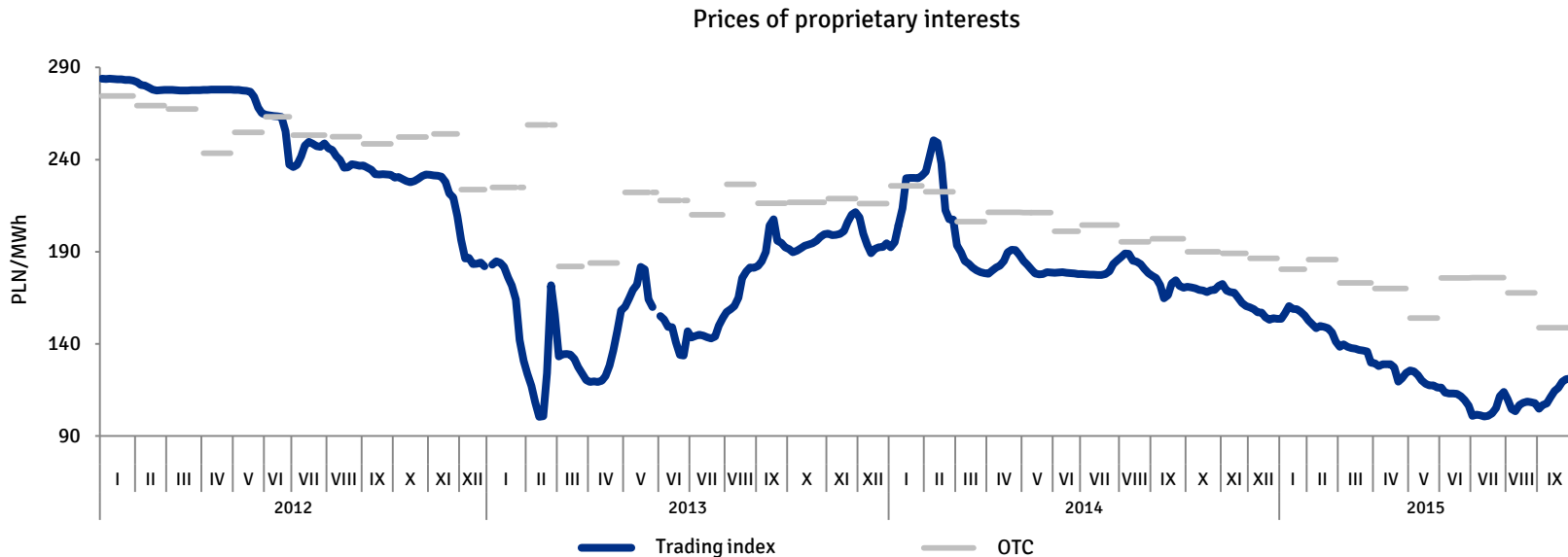


BASE Y-13, BASE Y-14, BASE Y-15, BASE Y-16 prices and SPOT prices



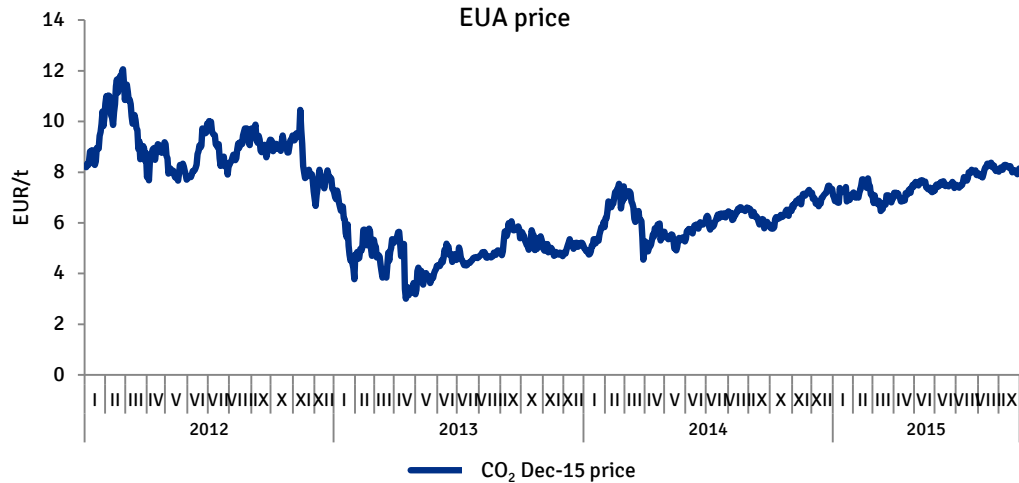
- Lower average price of baseload in Q1-Q3 2015 by 10.4% yoy
- SPOT market in August and September was affected by:
 - a high level of demand for power related to high temperatures
 - loss in power available for OTSs
 - in September, besides the above, there was also a limitation in energy imports from Sweden
- Continuation of drops in energy prices on the forward market - baseload price for 2016 dropped from 181.00 PLN/MWh at the beginning of January to 155.18 PLN/MWh at the end of September
- Decreases in electricity prices stemmed from:
 - oversupply of fuel coal
 - planned increases in capacity in wind power plants
 - planned growth in possibilities of importing energy to Poland in conjunction with low prices on foreign markets
- In the long run, the drops are anticipated to halt and a growth by 3-5 PLN/MWh is possible

Proprietary interests' prices in Q1-Q3 2015 were in a downward trend

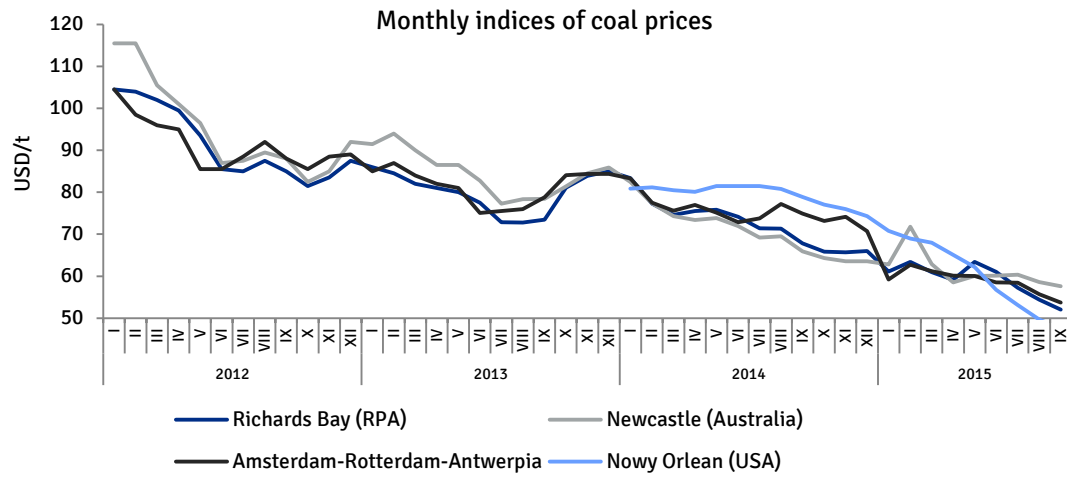


- PMOZE_A's price drops on the session market in Q1-Q3 2015 stemmed mainly from:
 - high and growing oversupply of allowances in the register
 - after the realisation of the obligation for 2014 the oversupply, deducting Q1 2015's production, amounted to 9.6 TWh
 - as at the end of September 2015, the number of unredeemed interests in the register amounted to over 21 TWh
 - entry into force of a RES Act and preparation of draft amendments to this Act - temporary up adjustment in September
 - In Q1-Q3 2015 the average weighted value of the index dropped by 22.2% (as compared to Q4 2014) and amounted to 126.57 PLN/MWh

Global coal prices are still on very low levels

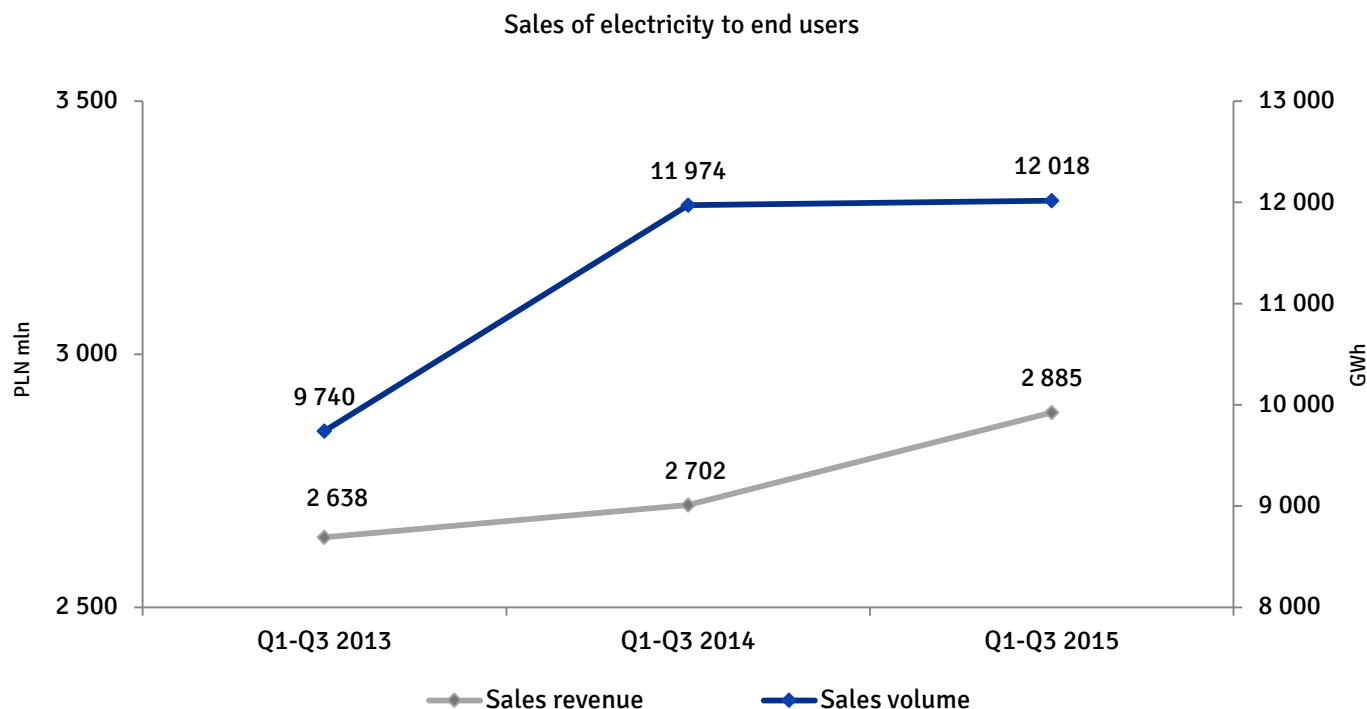


- The emission allowance market was affected by:
 - activities performed on the European Union's political scene, mainly as regards the market stabilisation reserve (MSR)
 - fundamental factors - a significant oversupply of allowances on the market
- The price of EUA allowances on the forward market with supply in December 2015 grew by 15% in Q1-Q3 2015 to 8.15 EUR/t at the end of September 2015



- Prices reported at the end of Q3 2015:
 - Amsterdam-Rotterdam-Antwerp: 53.73 USD/t
 - Richards Bay: 52.00 USD/t
 - Newcastle: 57.59 USD/t
 - New Orelans: 47.45 USD/t

In Q1-Q3 2015 we increased revenue from sales of energy to end users by almost 7%



Higher volumes of sales by 44 GWh and higher average selling price of electricity resulted in the fact that in Q1-Q3 2015 revenue from sales of energy to end users grew by PLN 183 mln, which is by around 7%.

We are building efficient Contact Centre and Customer Service Centres



39 705

answered phone calls monthly
on **Electricity Emergency**



69 938

answered phone calls monthly
on **611 111 111**



9 233

answered phone calls monthly
on **61 850 40 00**



70 150

notifications registered
a month



24 686

e-mails handled monthly of Customers of
Enea SA and Enea Operator



58 890

contacts handled
a month



45 568

product agreements concluded
in recent 8 months



11 830

contacts serviced monthly relating to
concluding an agreement

We are building an efficient Back Office



779 356 matters handled during the recent 8 months



2.5 mln of settled power delivery points



5.123 mln invoices issued in H1 2015



We are establishing **competence centres**



We have considerably improved the operation of Customer Service Centres



Standardisation

Opening hours:
Mo - Thu 8:00 a.m. - 5:00 p.m.
The other weekdays:
8:00 a.m. - 4:00 p.m.

Monitoring
(queuing system in modernised CSCs)

Uniform outfit

Modernisation of the existing ones



New: Szczecin, Poznań



Enea Group increased energy production from conventional sources



[GWh]	Q1-Q3 2014	Q1-Q3 2015	Change	Q3 2014	Q3 2015	Change
Total generation of energy, including:	9 455	9 698	2.6% ✓	3 341	3 405	+1.9% ✓
Conventional generation	8 680	9 065	4.4% ✓	3 096	3 270	+5.6% ✓
RES generation	775	633	-18.3%	245	135	-44.9%



Generation from RES - low flows in rivers resulting from unfavourable hydrological conditions in Q1-Q3 2015

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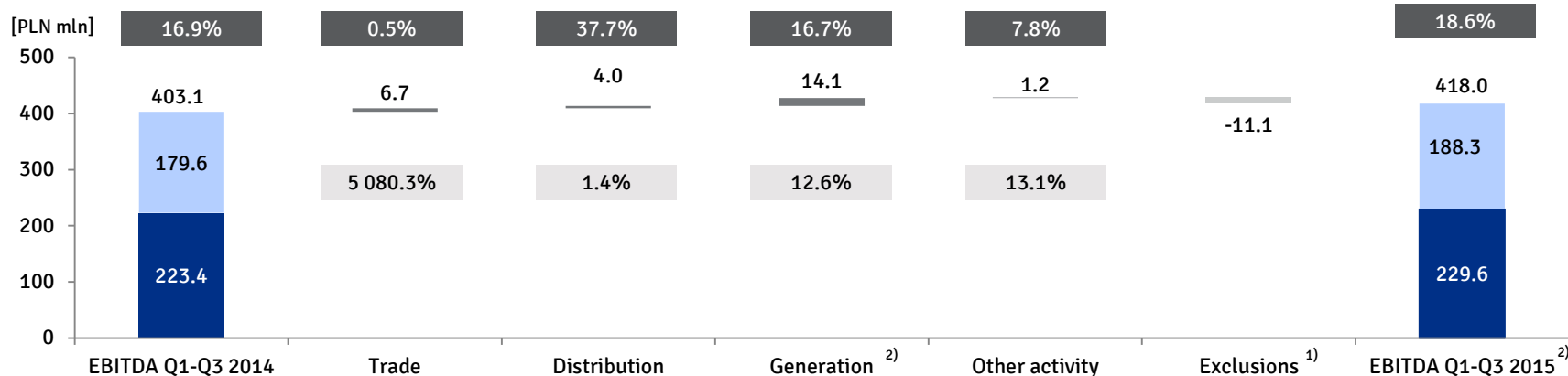
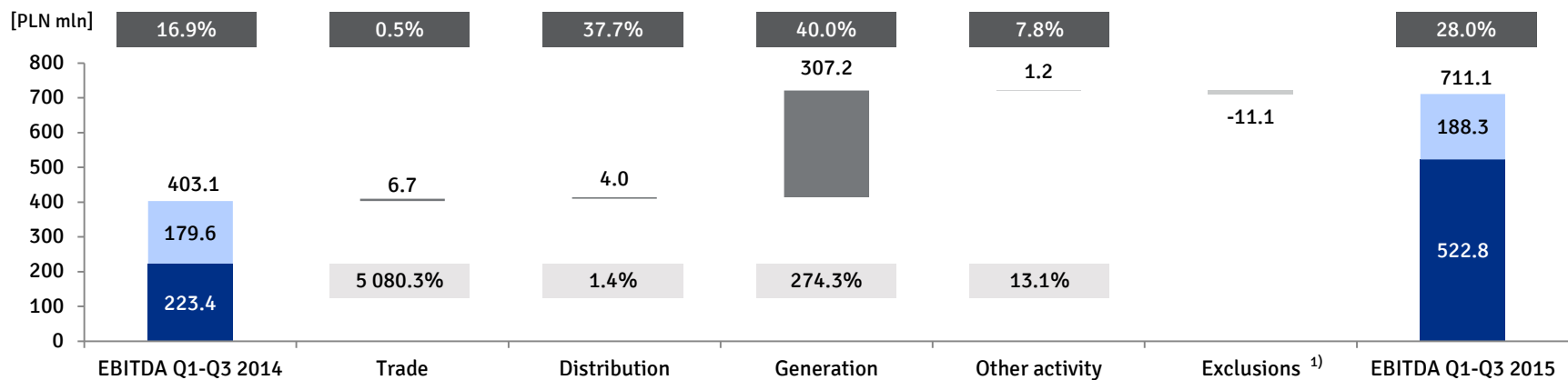
**Good financial results testify that Enea Group
is developing in the right direction**

We reported better financial results



[PLN mln]	Q3 2014	Q3 2015	Change	Q1-Q3 2014	Q1-Q3 2015	Change
Net sales revenue	2 387.0	2 538.1	6.3% ✓	7 227.2	7 150.3	-1.1%
EBITDA	403.1	711.1	76.4% ✓	1 512.3	1 605.2	6.1% ✓
Net profit	203.9	419.6	105.7% ✓	833.5	837.8	0.5% ✓
Net debt/EBITDA	0.2	0.8	0.6	0.2	0.8	0.6

Enea Group generated the greatest growth in EBITDA in the segment of generation in Q3 2015



EBIT	Growth in segment	Change in segment yoy [%]	¹⁾ Include undistributed expenses of the whole Group and exclusions ²⁾ After exclusion of PLN 293 mln revenue from Long-term Agreements (one-off)
Amortisation/ depreciation	Drop in segment	EBITDA margin [%]	

Enea Group generated the greatest growth in EBITDA in the segment of generation in Q3 2015



[PLN mln]	Q3 2014	Q3 2015	Change
Trade	-0.1	6.6	5 080.3%

Segment of trade

Increase of EBITDA by PLN 6.7 mln (5,080.3%)

- higher average selling price by 4.8% ✓
- higher average purchase price of energy by 1.5% ✓
- lower volumes of sales by 108 GWh
- deduction of PLN 5 mln receivables from costs (one-off)
- higher costs of ecological obligations by PLN 2 mln

[PLN mln]	Q3 2014	Q3 2015	Change
Distribution	285.3	289.3	1.4%

Segment of distribution

Increase of EBITDA by PLN 4.0 mln (1.4%)

- higher revenue from the sale of distribution services to end users by PLN 35 mln ✓
- higher revenue from grid connection fees by PLN 6 mln ✓
- lower costs of electricity purchases for coverage of book-tax difference by PLN 1 mln ✓
- optimisation of fixed costs (PLN 8 mln) ✓
- higher actuarial provisions by PLN 16 mln
- higher costs of purchasing transmission services by PLN 13 mln

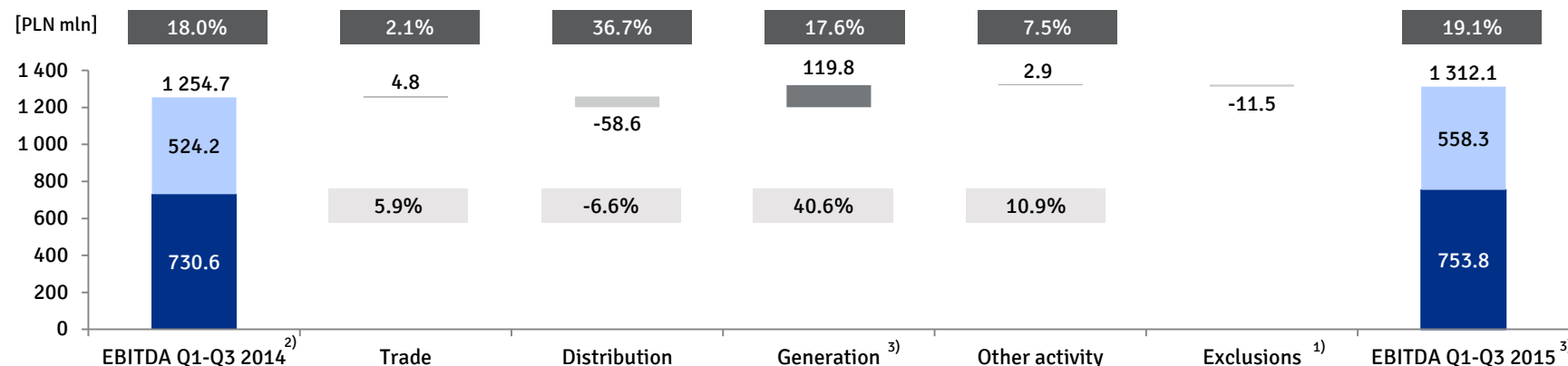
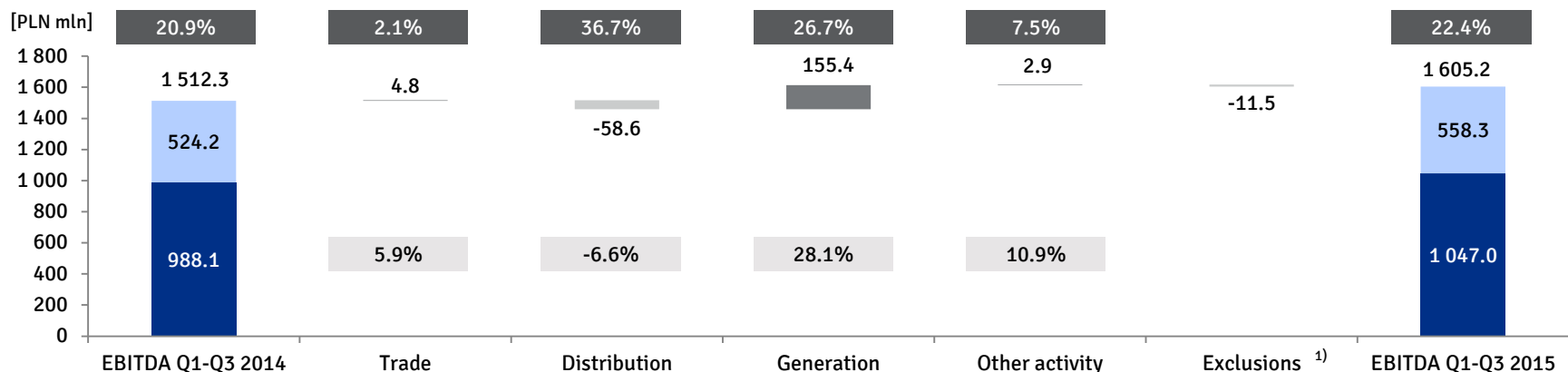
[PLN mln]	Q3 2014	Q3 2015	Change
Generation	112.0	419.2	274.3%
<i>excluding Long-term Agreements</i>	<i>112.0</i>	<i>126.1</i>	<i>12.6%</i>

Segment of generation

EBITDA higher by PLN 307.2 mln (274.3%) - excluding Long-term Agreements a growth by PLN 14.1 mln (12.6%)

- recognition in 2015 of revenue from Long-term Agreements in the amount of PLN 293 mln (one-off) ✓
- higher margin on generation and co-firing (by PLN 5 mln), and on trade and the Balancing Market (by PLN 2 mln) ✓
- obtaining of damages for failure of unit No. 9 (PLN 9 mln) ✓

After deduction from Q1-Q3 2014 and Q3 2015 results of revenue from Long-term Agreements, Enea Group's EBITDA grew by PLN 57 mln yoy



EBIT
 Amortisation/depreciation
 Growth in segment
 Drop in segment
 Change in segment yoy [%]
 EBITDA margin [%]

¹⁾ Include undistributed expenses of the whole Group and exclusions
²⁾ After exclusion of PLN 257 mln revenue from Long-term Agreements (one-off)
³⁾ After exclusion of PLN 293 mln revenue from Long-term Agreements (one-off)

After deduction from Q1-Q3 2014 and Q3 2015 results of revenue from Long-term Agreements, Enea Group's EBITDA grew by PLN 57 mln yoy

[PLN mln]	Q1-Q3 2014	Q1-Q3 2015	Change
Trade	82.8	87.6	5.9%

Segment of trade

Increase of EBITDA by PLN 4.8 mln (5.9%)

- higher average selling price by 6.4% ✓
- higher average purchase price of energy by 5.7% ✓
- higher volumes of sales by 44 GWh ✓
- lower costs of service and customer debt collection by PLN 11 mln ✓
- higher costs of ecological obligations by PLN 61 mln
- deduction of PLN 19 mln receivables from costs (one-off)

[PLN mln]	Q1-Q3 2014	Q1-Q3 2015	Change
Distribution	891.5	832.9	-6.6%

Segment of distribution

Drop of EBITDA by PLN 58.6 mln (-6.6%)

- higher revenue from the sale of distribution services to end users by PLN 101 mln ✓
- optimisation of fixed costs (PLN 24 mln) ✓
- higher costs of transmission services by PLN 47 mln
- recognition in 2014 of the final settlement of electricity purchases for coverage of the book-tax difference for 2013 in PLN 33 mln (one-off)
- recognition in 2014 of a reserve discount for transmission corridors in the amount of PLN 26 mln
- lower revenue from grid connection fees by PLN 14 mln

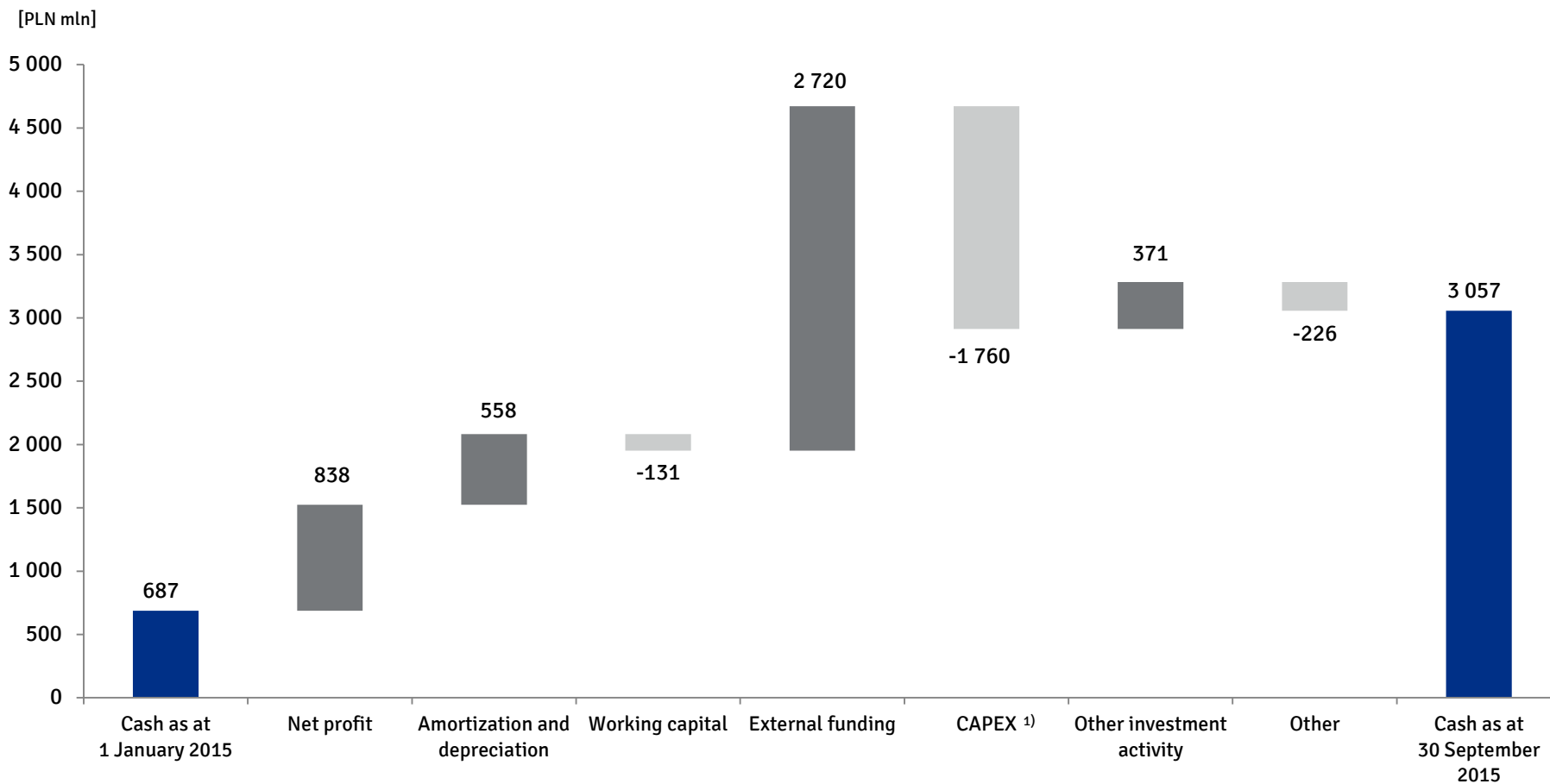
[PLN mln]	Q1-Q3 2014	Q1-Q3 2015	Change
Generation	552.9	708.3	28.1%
<i>excluding Long-term Agreements</i>	<i>295.4</i>	<i>415.1</i>	<i>40.6%</i>

Segment of generation

EBITDA higher by PLN 155.4 mln (28.1%) - excluding Long-term Agreements a growth by PLN 119.8 mln (40.6%)

- higher margin on generation (by PLN 55 mln), and on trade and the Balancing Market (by PLN 34 mln) ✓
- higher revenue from Long-term Agreements by PLN 36 mln ✓
- higher revenue from sales of heat by PLN 20 mln ✓
- obtaining of damages for failure of unit No. 9 (PLN 9 mln) ✓
- lower revenue from certificates of origin and revenue from electricity in the segment of RES - area of wind (PLN -17 mln)

We are strictly controlling every Zloty, both in investments and expenditures



1) Acquisition of tangible fixed assets and intangible assets of Enea CG in Q1-Q3 2015

Due to the consistent optimisation operations we reduced costs by PLN 493 mln from the beginning of 2014



[PLN mln]	2014	Q1-Q3 2015	Total
Generation	133	124	257
Distribution	102	110	212
Other	17	7	24
Total	252	241	493 ✓



After Q3 2015 Enea Group almost achieved the level of savings foreseen until 2016

Cost discipline and the decision of the President of ERO positively affected the results



As a consequence of the decision of the President of ERO relating to the settlement of the final adjustment of the support programme, Enea Group obtained additional funds for investment - in Q3 2015 it recognised PLN 293 mln revenue from Long-term Agreements



CAPEX expenditures totalling to PLN 1.95 billion in Q1-Q3 2015 with a low value of net debt/EBITDA ratio on the level of 0.8



Implementation of the fixed costs optimisation programme – PLN 241 mln savings in the period of Q1-Q3 2015



Active observance of the market environment became grounds for the update of Enea Group's strategy

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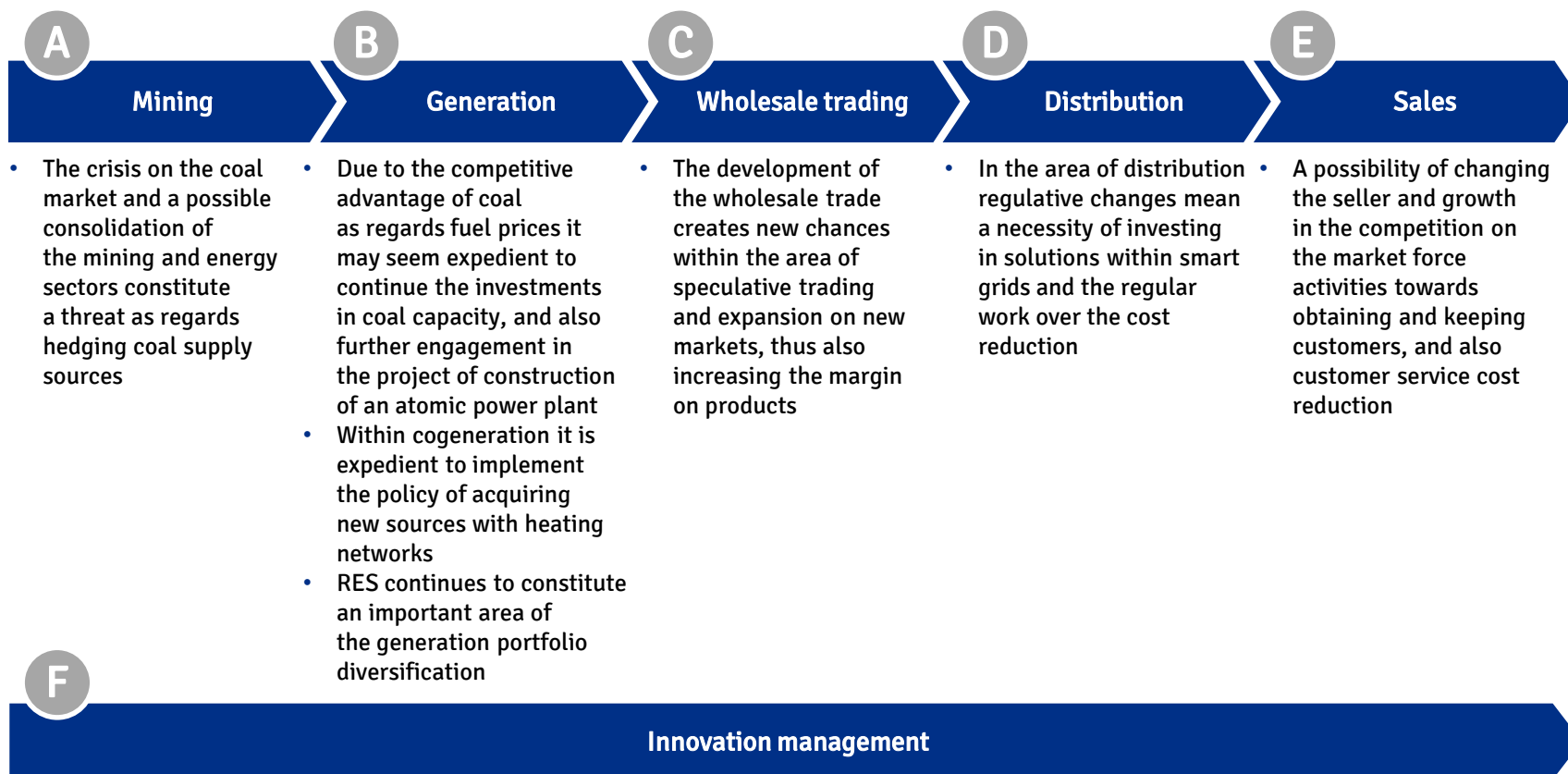
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**The updated strategy sets the directions
for increasing the Group's operating efficiency**

The market analysis indicates the necessity of development in all the links of the chain of values



- A Mining**
 - The crisis on the coal market and a possible consolidation of the mining and energy sectors constitute a threat as regards hedging coal supply sources
- B Generation**
 - Due to the competitive advantage of coal as regards fuel prices it may seem expedient to continue the investments in coal capacity, and also further engagement in the project of construction of an atomic power plant
 - Within cogeneration it is expedient to implement the policy of acquiring new sources with heating networks
 - RES continues to constitute an important area of the generation portfolio diversification
- C Wholesale trading**
 - The development of the wholesale trade creates new chances within the area of speculative trading and expansion on new markets, thus also increasing the margin on products
- D Distribution**
 - In the area of distribution regulative changes mean a necessity of investing in solutions within smart grids and the regular work over the cost reduction
- E Sales**
 - A possibility of changing the seller and growth in the competition on the market force activities towards obtaining and keeping customers, and also customer service cost reduction



- Undertaking regular activities within innovation is needed to increase the value for shareholders and searching for new sources of competitive advantage

The objective of Enea Group's strategy update is to reach the growth pace exceeding that of the competition



Enea goals as seen from 2013 Strategy

- Effective product offering
- Building a competitive generating portfolio
- Allocation of funds in distribution
- Growth in margin
- Efficient Customer service
- Cost optimisation
- Concentration on core operations
- Elimination of white spots
- Group's integration
- Building new organisational structure
- Management and remunerating by objectives

UPDATE



Enea goals as seen from 2015 Strategy

- Effective product offering
- Building a competitive generating portfolio
- Allocation of funds in distribution
- Growth in margin
- Efficient Customer service
- Cost optimisation
- Concentration on core operations
- Elimination of white spots
- Group's integration
- Building new organisational structure
- Management and remunerating by objectives
- **Higher value through innovation implementation**
- **Wider staff policy**
- **Hedging the source of coal fuel supplies**

NEW

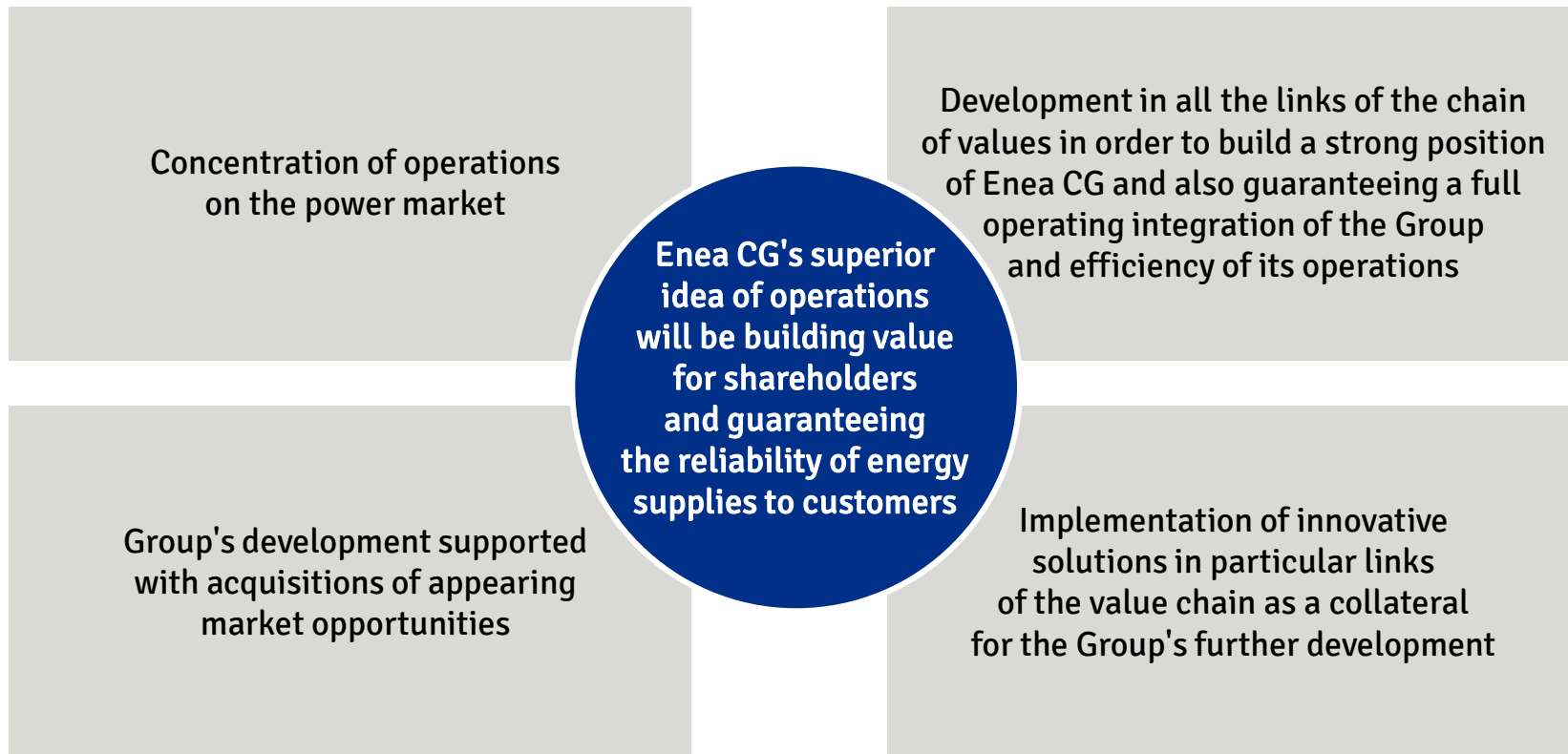
Growth in efficiency ratios to the competition's level

Searching for new sources of permanent competitive advantage

Taking into account the key conclusions of the strategic analyses the final scenario was defined for Enea CG's development



Foundations of the final scenario of Enea CG's development



The final development scenario was also specified for particular business areas



• Securing fuel needs by making the cooperation closer with LW Bogdanka as the key supplier (Enea Wytwarzanie currently buys ca. 70-80% of coal from LW Bogdanka)

- Holding generating capacity at least on the current level in order to hedge the sales portfolio
- Development of heating networks and cogeneration sources
- Development of RES as a growth in profitable area
- Due to the uncertainty as regards CO₂ and fuel prices, the decision on new investments in system sources is open
- Engagement in the development of atomic power

It is key to guarantee supplies of fuels for the segment of generation through takeovers of generating assets. Finally, it may not be ruled out that a new segment will be established - mining - in Enea CG's chain of values.

• Further development of wholesale in order to hedge electricity at low cost to the area of sales and offering advanced products for business Customers (origination)

- Due to the introduction of the quality tariff from 2016 and probable pressure from ERO to reduce OPEX and undertaking investments and operations directed at the improvement of the operation quality ratios for SAIDI and SAIFI and enabling OPEX optimisation in the future
- Development of smart grids in the case of a positive assessment of the undertaking's profitability and attractiveness for customers

- Fighting for new customers in the whole country
- Growth in margin through:
 - Building the product and service offer matched to customers' expectations
 - optimisation of customer service costs
 - building an optimum sales network



- Increasing the value for shareholders and searching for new sources of competitive advantage through system operations within innovation.

We selected the best project in the Polish competition Energy+ !nnovations



The first competition of this type in Poland



Promoting the operations of Enea Group within innovation development



Review of the currently developed technologies and obtaining them for Enea Group



A total of over 30 projects were submitted to the competition



The project selected for the negotiation of investment agreement terms:

- 💡 relates to the possibility of making the method of inspecting HV lines automatic
- 💡 will improve the reliability and safety of operation of core elements of the distribution network

ENERGIA+!nnowacje



Detailed analyses of selected project as regards the law, technology, intellectual and industrial property



Determination of the preliminary terms of the transaction (depending in the results of analyses)



Execution of the investment agreement



Establishment of the technological company

VC Enea Innovation Fund is a modern organisation giving Enea competitive advantage in the field of innovation



VC Enea Innovation Fund operates in accordance with the best practices of the leading countries as regards innovation (Germany, Finland, Great Britain, Israel, Singapore, United States of America)



Our fund invests funds in projects or companies being at the following stages: seed and start-up (preferred), development and expansion

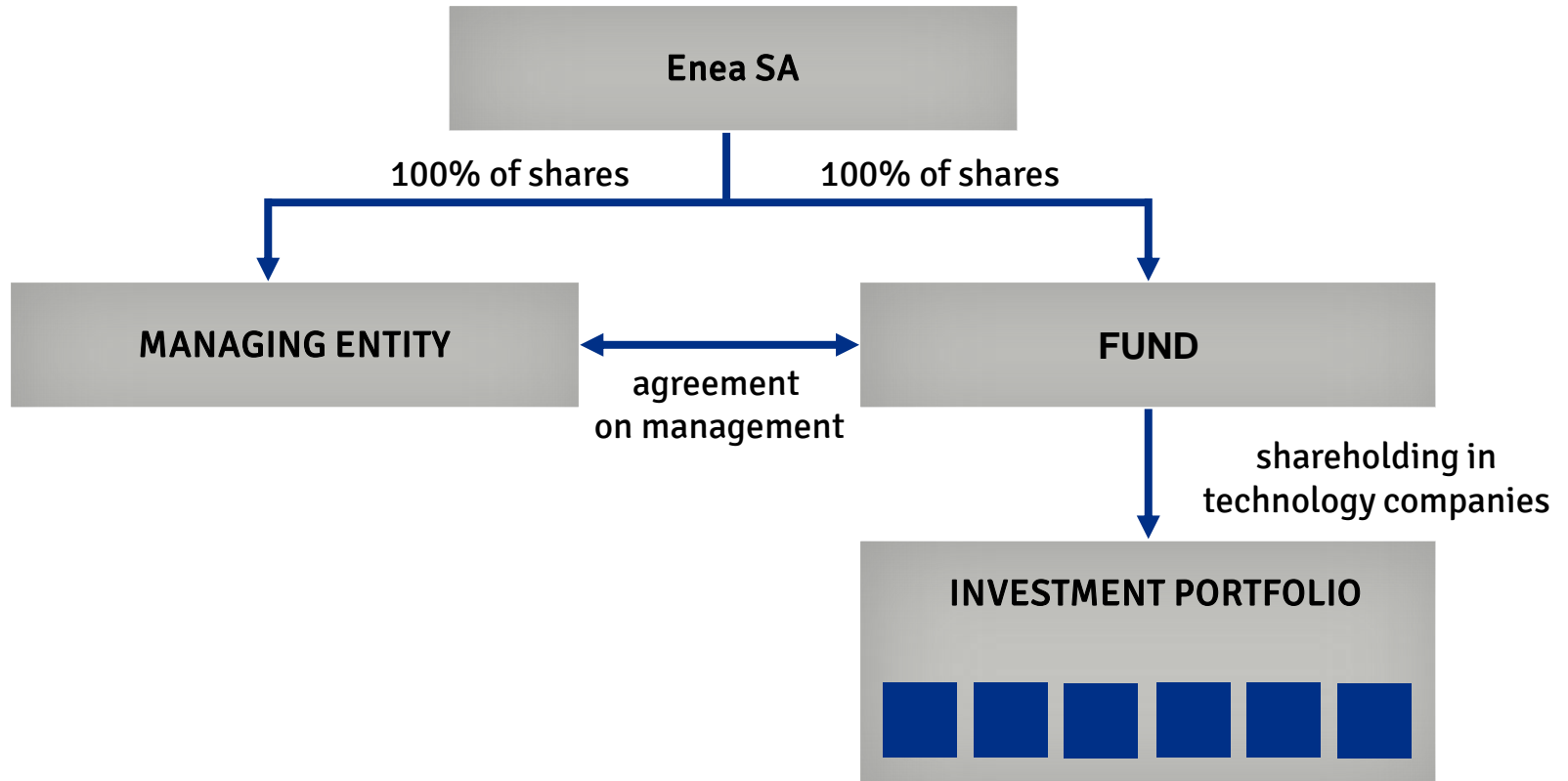


VC Enea Innovation Fund operates similarly to other funds operating in the largest global concerns (e.g. EDF, RWE, VATTENFALL, E-ON, ABB, SIEMENS)



Our goal is investing in technology projects

VC Enea Innovation is the first in Poland corporate venture capital



The fund's capitalisation will total to PLN 50 mln
From PLN 1 to 5 mln will be allocated in each project

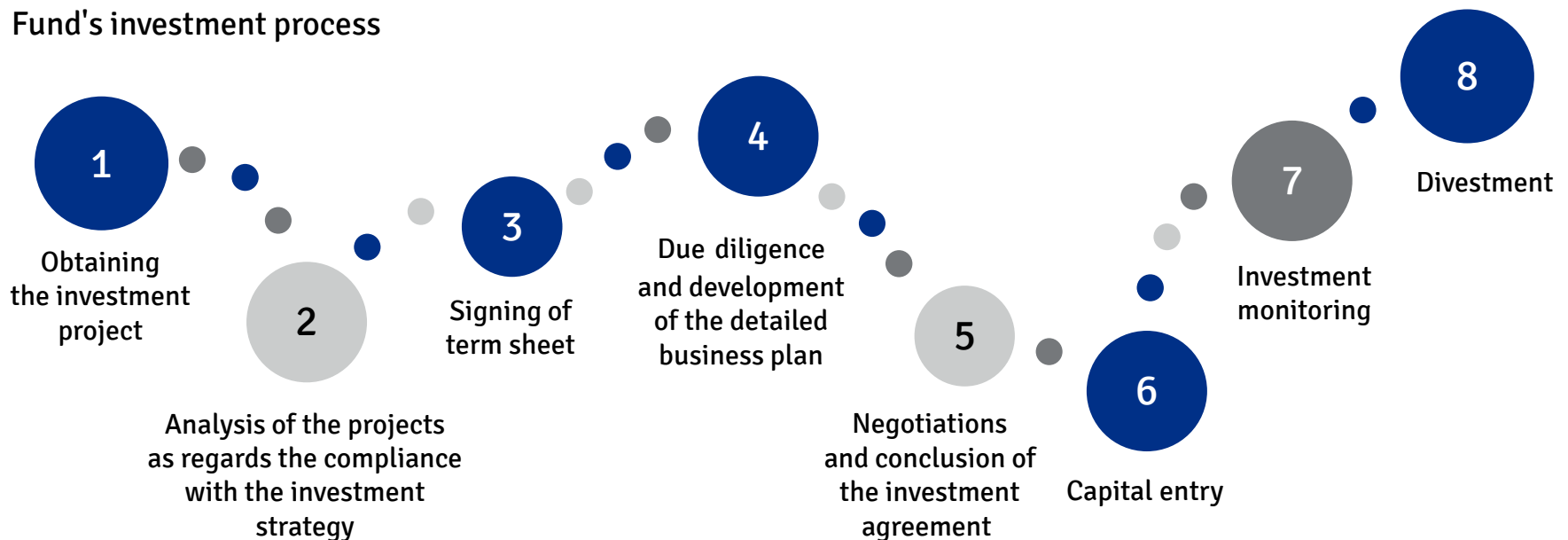
Innovation is the future of the energy sector



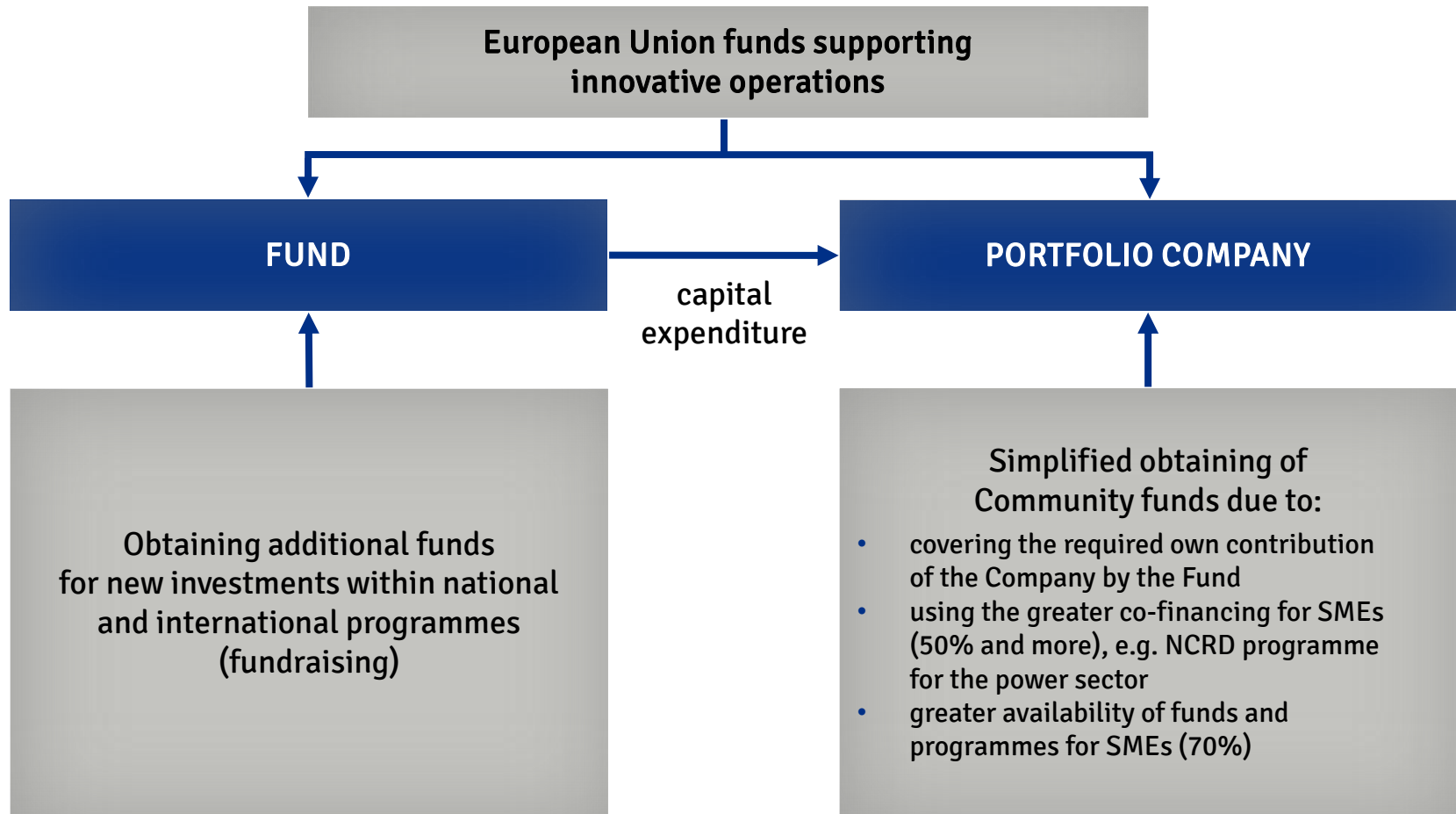
The funds realises the following categories of projects:

- 💡 related to the core operations of Enea Group (area of generation, sales and distribution)
- 💡 indirectly related to Enea Group's operations (being the complementation of the sales offer)
- 💡 setting completely new directions of Enea Group's and the sector's development

Fund's investment process



VC Enea Innovation Fund guarantees an optimum access to the Community funds supporting innovation



Establishment of VC Enea Innovation Fund builds Enea Group's competitive advantage



The Fund is managed by a small, dynamic team of specialists with long experience on VC market



The Fund operates in accordance with the best Private Equity/Venture Capital market practices



The investment period will be 5 years



We will invest in projects being at early stages of development (seed and start-up) with a possibility of investing in the best companies being on the stage of expansion and growth



The Fund has no territorial limitations, with a special inclusion of investing in Polish companies



The Fund is an active investor - supporting portfolio companies in their development



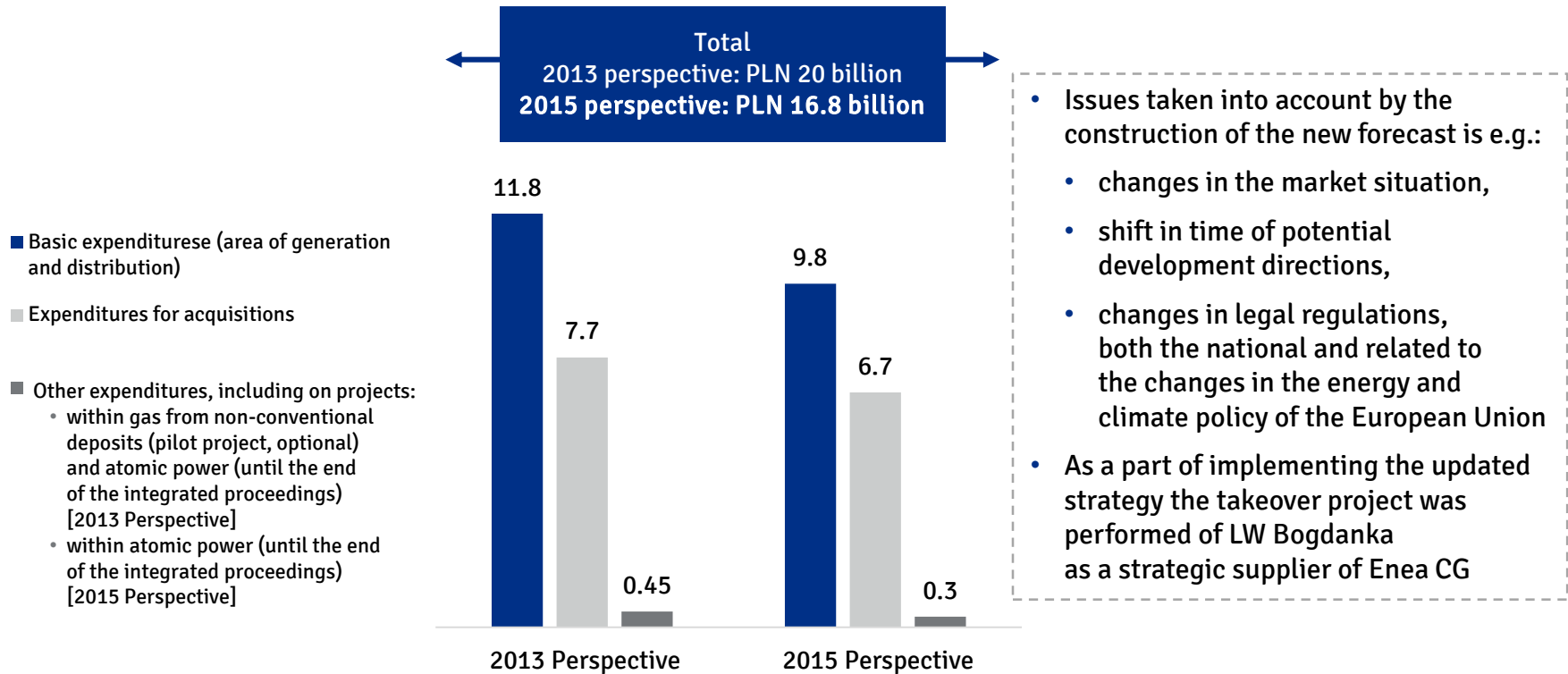
The new staff policy is one of the significant elements of the updated strategy of Enea Group



Total investment expenditures will total to PLN 16.8 billion in 2015-2020



Capital expenditures of Enea CG for 2014-2020 (excluding financing costs)



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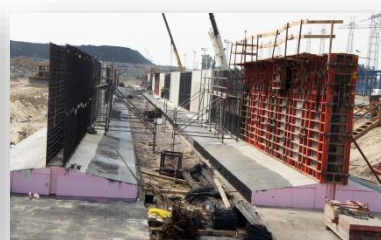
After commissioning of the new unit the Group's demand for bituminous coal will grow by around 1/3

Works realised in Q3 2015

-  Reinforced concrete structure of gypsum store
-  Foundations of the start-up boiler house
-  Placing generator's stator
-  Assembly of: cooling water pumps, unit transformers, tap transformers, reserve transformer, electrostatic precipitator's supporting structure, boiler house's main structure, engine room's building cladding



Progress of the new unit construction



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**The most efficient coal mining company
in Poland became a part of Enea Group**

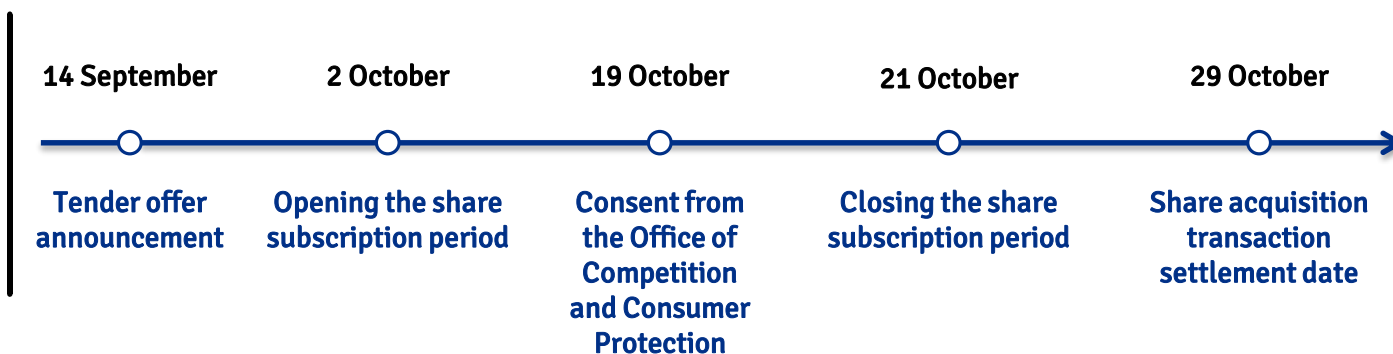
Successful tender offer of Enea for shares of LW Bogdanka



Tender offer's summary

Number of acquired shares	21 962 189
% in the total number of shares	64.57%
Present engagement of Enea in LW Bogdanka	66%
% of shares for which subscriptions were made	86.63%
Price paid for acquired shares	PLN 1 480 031 916.71

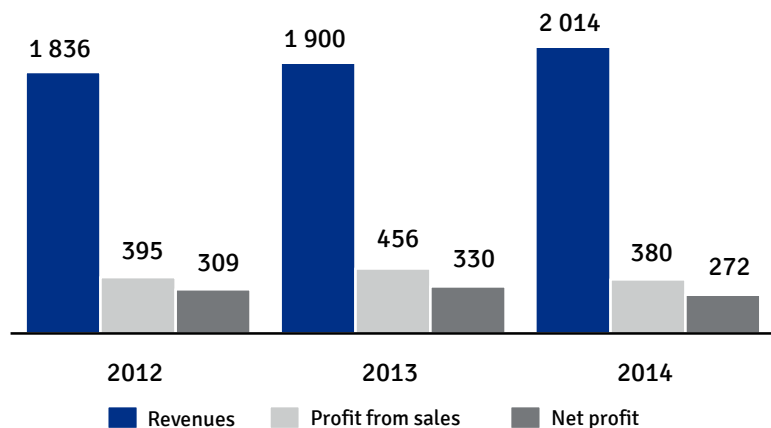
Dates



Considerable competitive advantages allow LW Bogdanka to generate outstanding financial results



Financial results of LW Bogdanka Capital Group ¹⁾
[PLN mln]



	2012	2013	2014
Total assets	PLN 3.5 billion	PLN 3.8 billion	PLN 4.4 billion
Equity	PLN 2.3 billion	PLN 2.5 billion	PLN 2.5 billion
LWB CG's EBITDA	37.6%	39.7%	37.2%
Enea CG's EBITDA	15.6%	18.2%	19.4%

1) Ca. 95% of revenue comes from coal sales
Source: LW Bogdanka

Key competitive advantages of LW Bogdanka

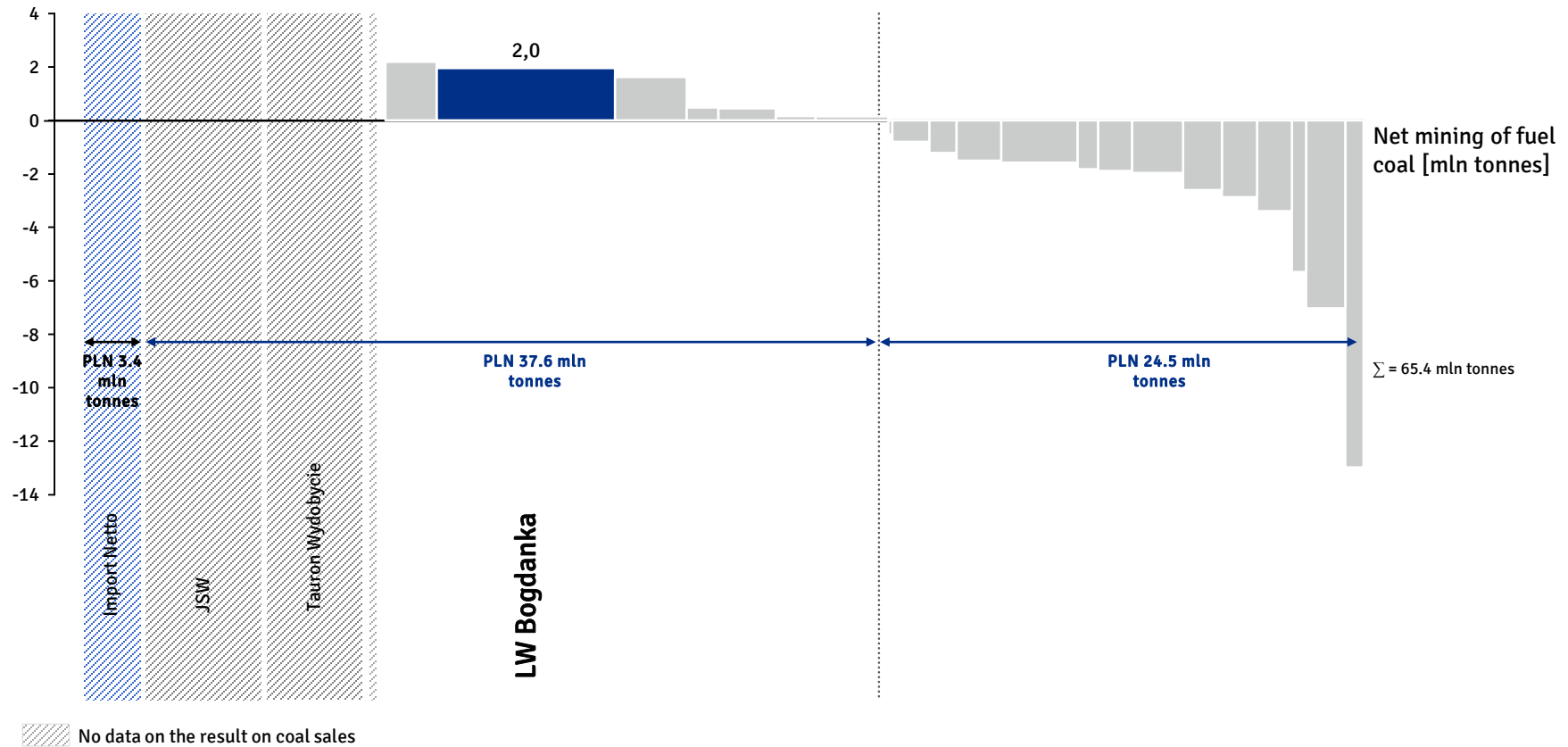
- 1 Profitability**
 one of the highest in the Polish mining sector
- 2 Geographical advantage**
 small distance to several coal based power plants
- 3 Geological advantage**
 geological conditions allowing to obtain the highest efficiency

LW Bogdanka, despite a low quality of fine coal, has one of the highest profitability rates, due to obtaining the lowest unit costs



Profitability curve ("merit order") of Polish companies, 2014

Results on coal sales [PLN/GJ]



Takeover of LW Bogdanka for Enea is mainly long-term security of fuel supplies for the needs of generation at competitive prices



1 Hedging profitable energy generation from coal

- LW Bogdanka's acquisition transaction should be perceived as a forward transaction for the purchase of coal entirely adjusted, as regards the technology, to combustion in Koziencice Power Plant at a bargain price

2 Control over the key supplier

- In 2014 supplies from LW Bogdanka to Enea amounted to around 70% of the whole demand, but the historical and long-term forecast share is closer to 80%
- Minimisation of takeover risk
- Impact on formulating coal costs for own units

3 Perspectives of the further growth in value

- Better debt ratios of Enea CG
- Enea will be improving LW Bogdanka's efficiency
- Operating synergies, including:
 - coal transport costs optimisation
 - purchase cost optimisation - obtaining economies of scale (higher purchase volume and negotiation power)
 - elimination of doubled functions (mainly central functions)
- Investment synergies - common construction of heat and power plant for RDF ¹⁾

1) Combined heat and power plant (ca. 100 MW_t heat power and 80 MW_e electric power) in Bogdanka fired with coal sludge produced by LW Bogdanka

LW Bogdanka is an important link in Enea Group's chain of values



LW Bogdanka in Enea Group

- 💡 competence centre within mining for Enea Group
- 💡 guaranteeing the cheapest coal prices in Poland for Enea's generating units
- 💡 additional revenue for Enea CG from sales of bituminous coal
- 💡 guaranteeing cheap coal for Enea's new energy investments based on coal



LW Bogdanka in the region:

- 💡 partner for local society in Lubelskie province
- 💡 important employer

Further actions until March 2016



Change in SB in LW Bogdanka



Financial consolidation



Preparation of the plan of integration of LW Bogdanka under Enea Group



Preparation of the management plan in LW Bogdanka:

- 💡 quick wins identification
- 💡 identification of long-term initiatives of increasing the value



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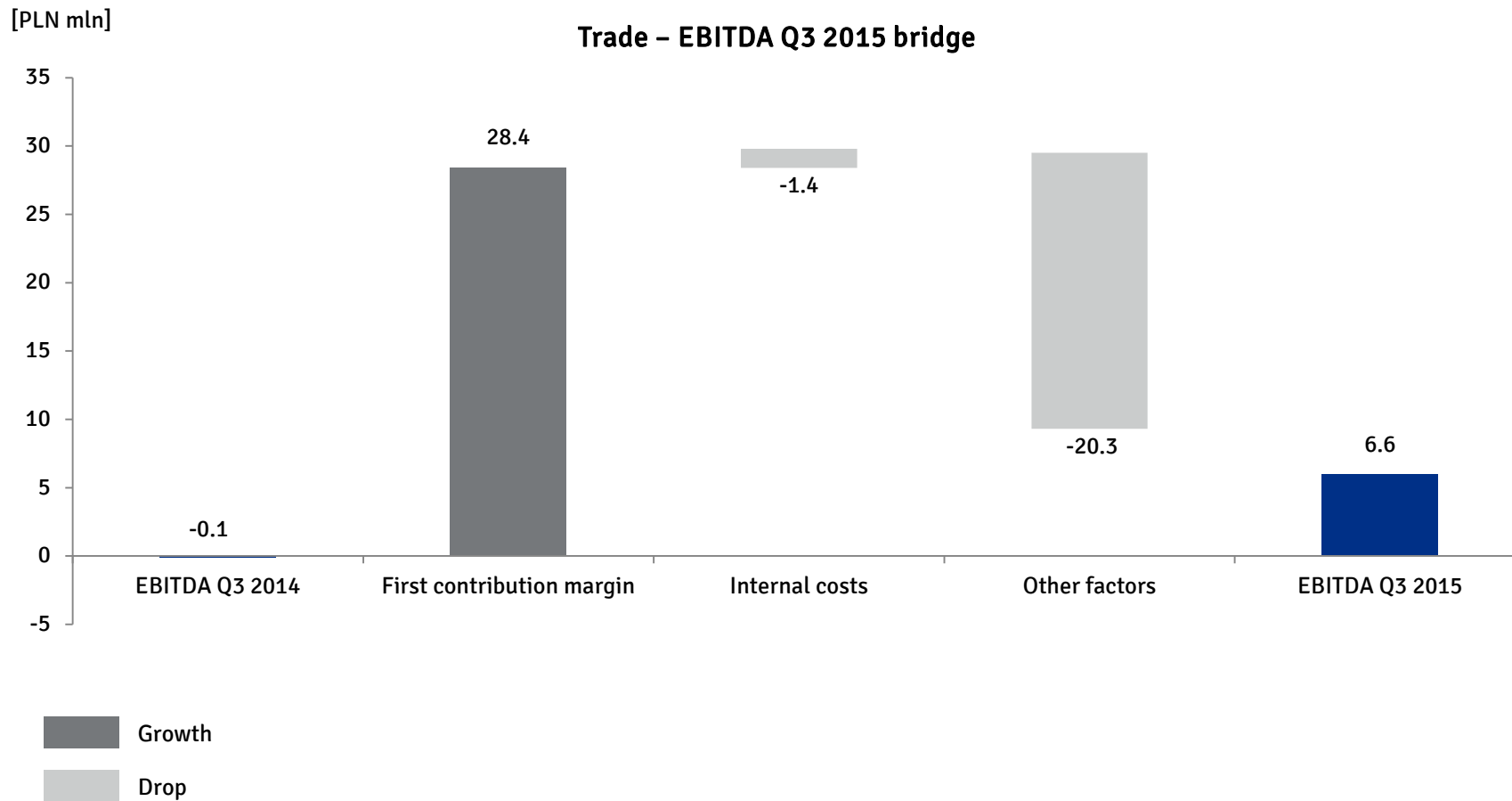
Q3, Q1-Q3 2015

IR contact: gielada@enea.pl

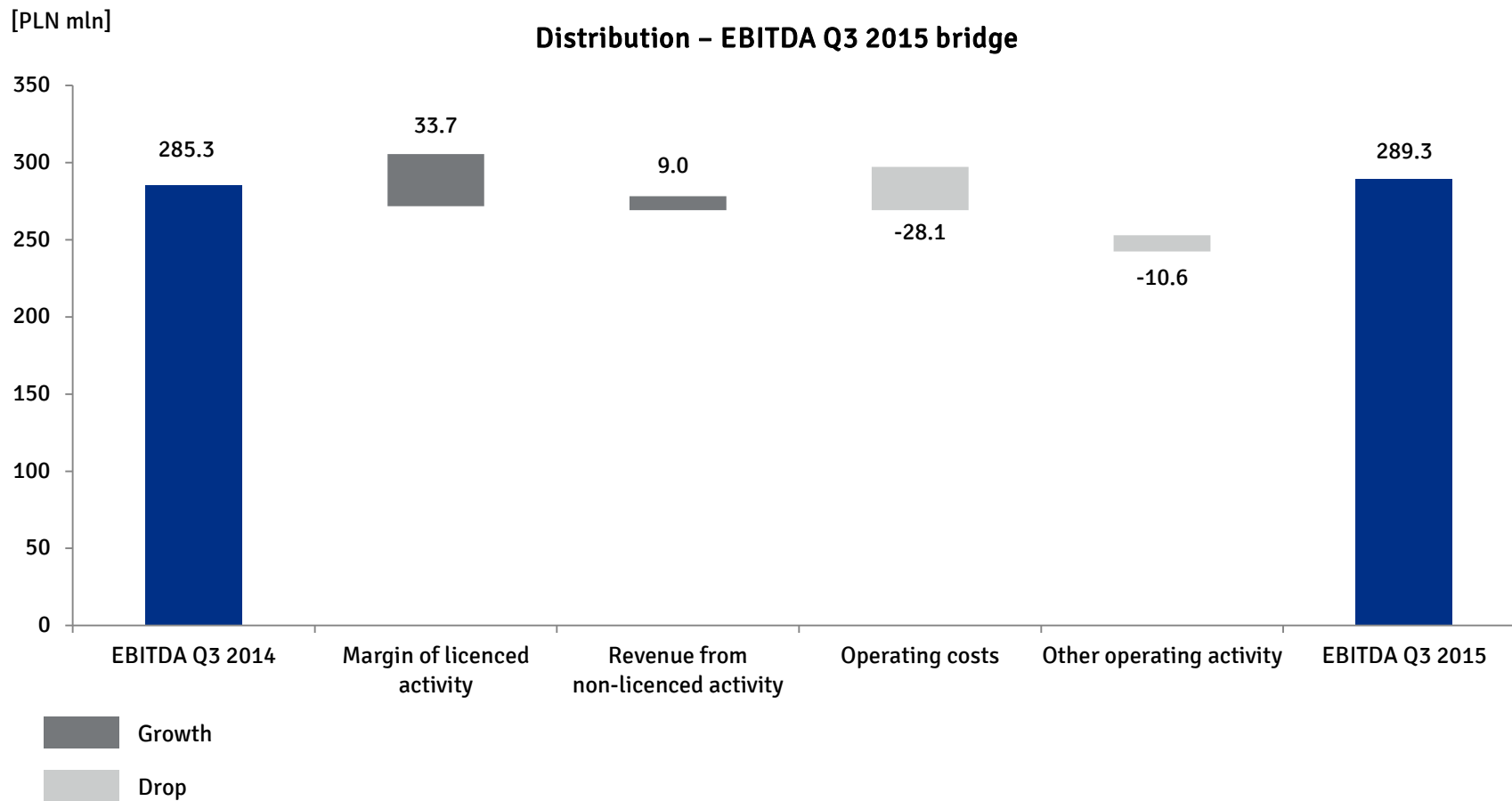


Additional information

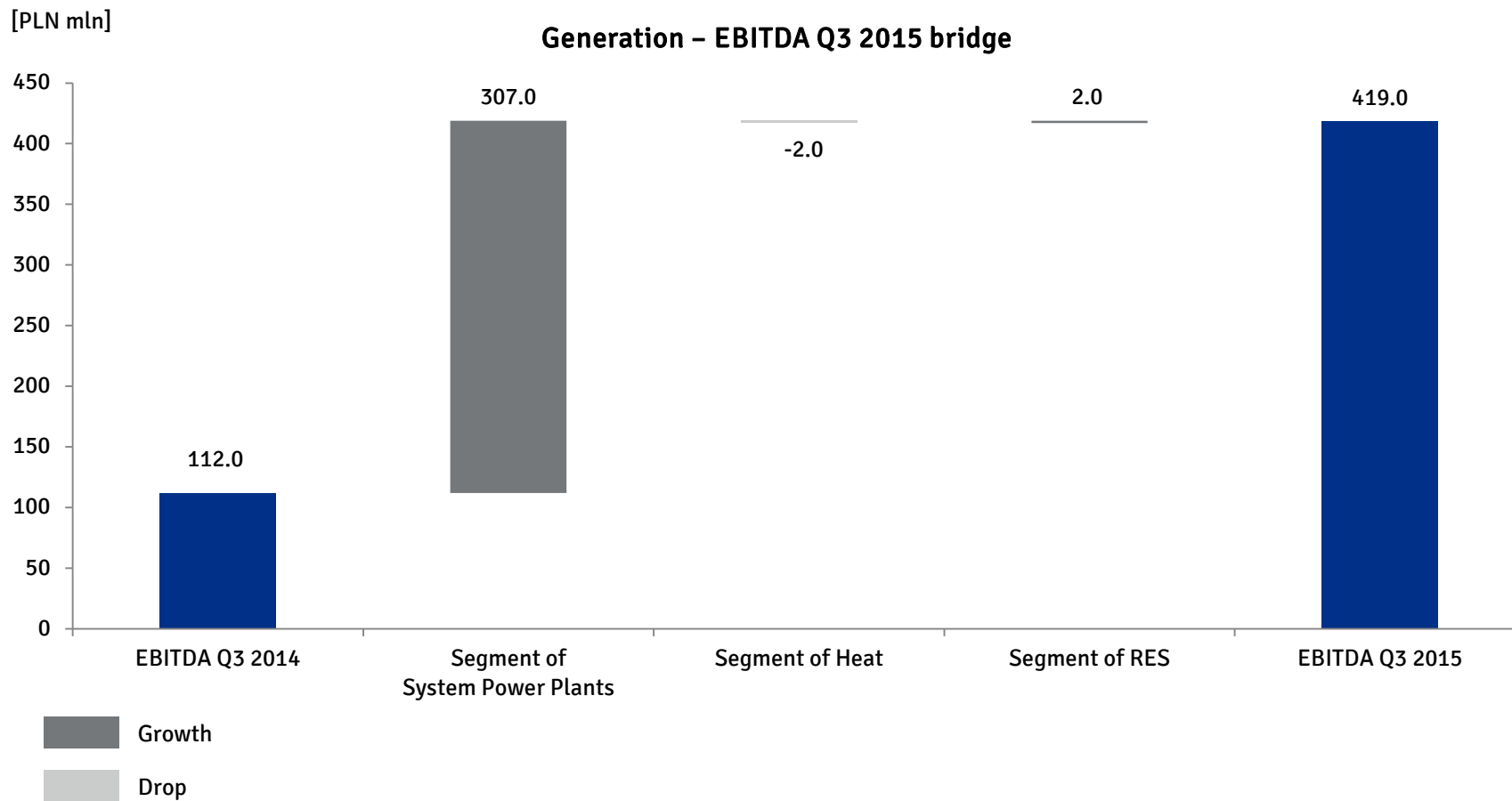
Attachment 1 – An express growth in first contribution margin improved the results of the segment of trade in Q3 2015



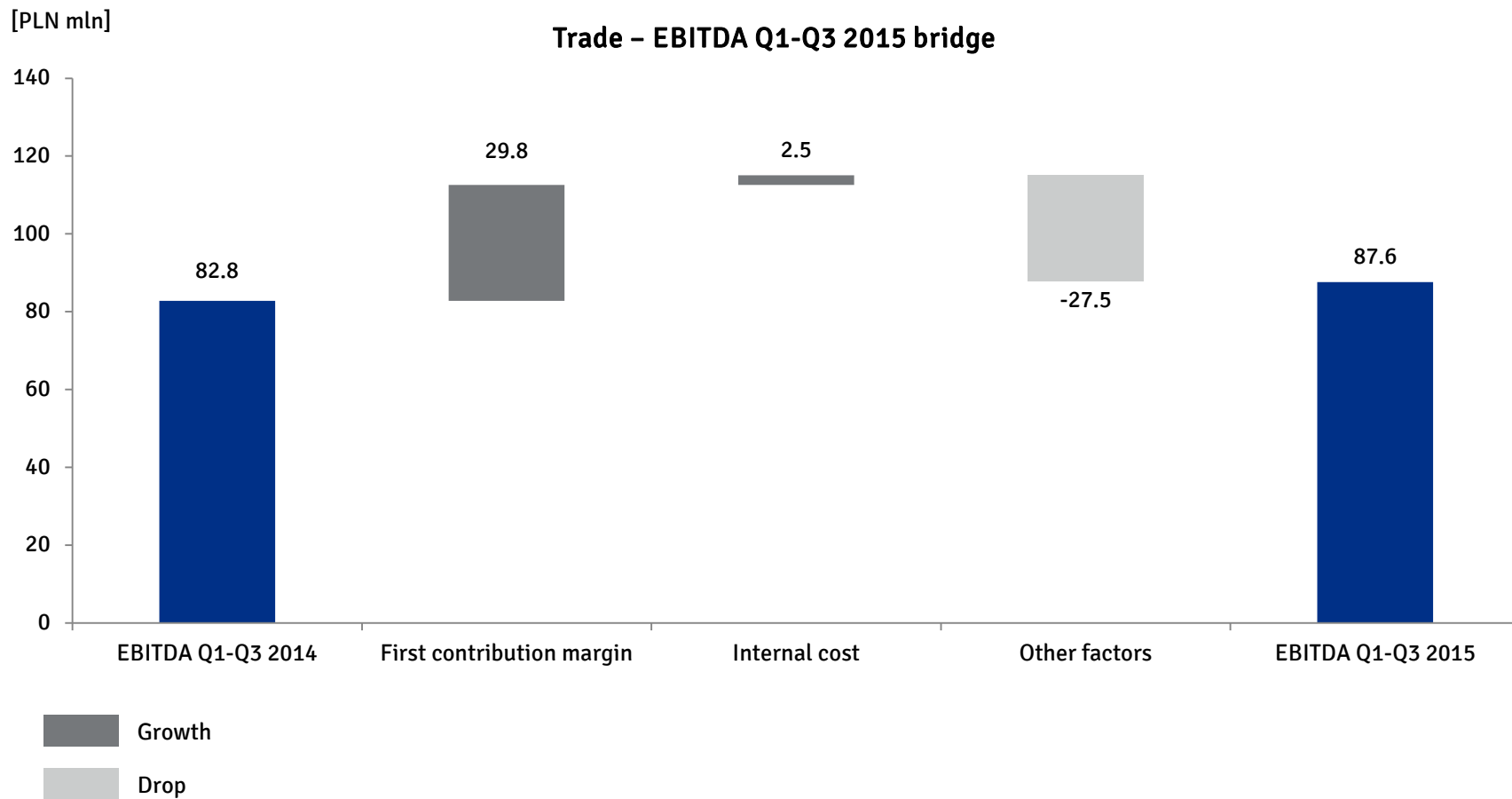
Attachment 2 - Higher costs of purchasing transmission services and higher operating costs eliminated the growth in Q3 2015 EBITDA of the segment of distribution



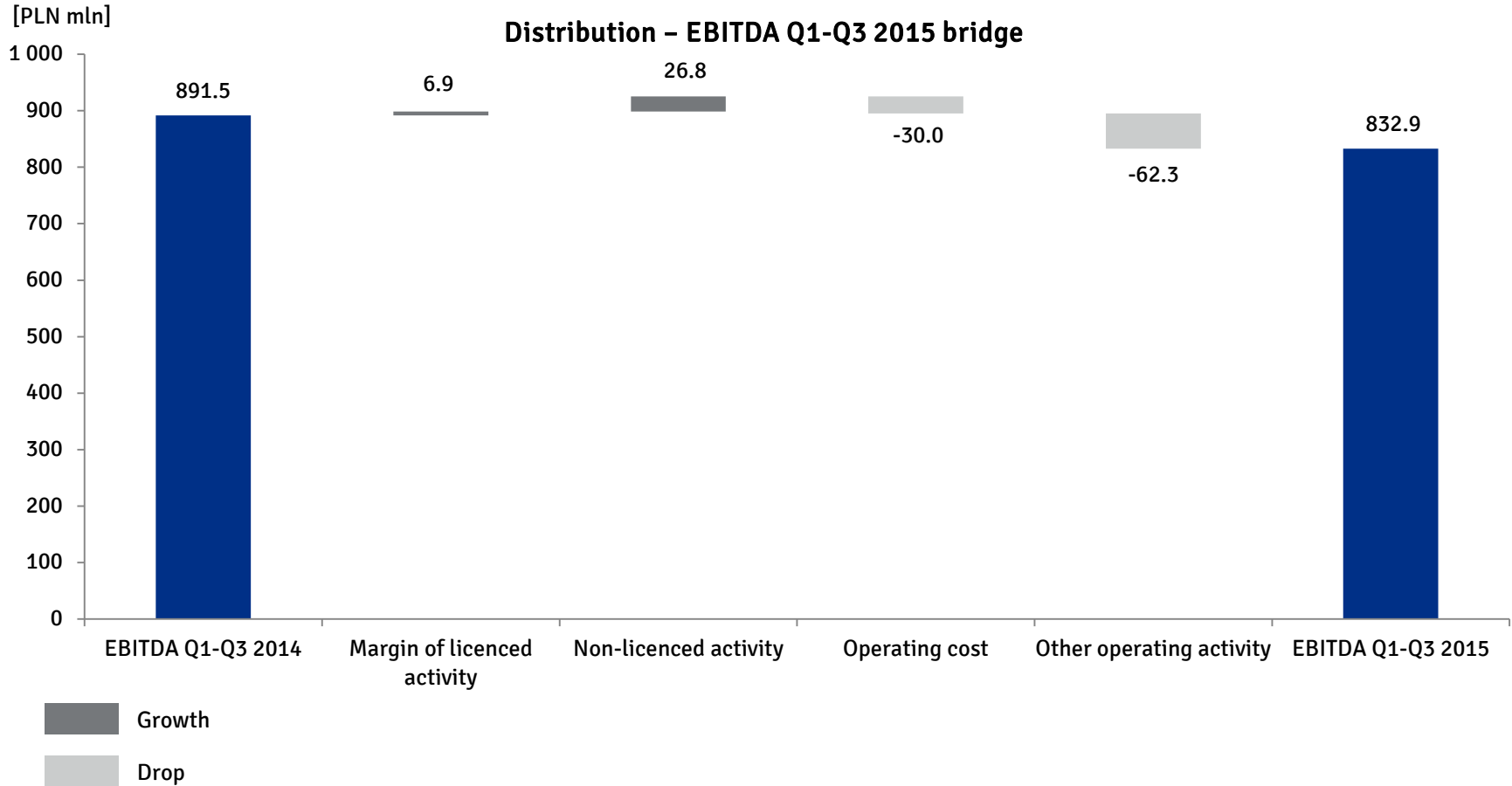
Attachment 3 - Result of the segment of generation in Q3 2015 was supported with PLN 293 mln revenue from Long-term Agreements



Attachment 4 - Despite unfavourable market situation the segment of trade's EBITDA grew by 6% yoy



Attachment 5 - One-off events contributed to the growth in Q1-Q3 2014 base by PLN 67 mln



Attachment 6 - Due to very good result of the segment of system power plants the area of generation's EBITDA grew by over PLN 155 mln

