



**The Group's competitiveness and long-term
development are pivotal to us**

Q4 2015, 2015

Energy and fuel market and key operating data



Enea CG's financial results in Q4 2015 and 2015



LW Bogdanka CG's financial results in Q4 2015 and 2015



Balanced and long-term development of Enea CG



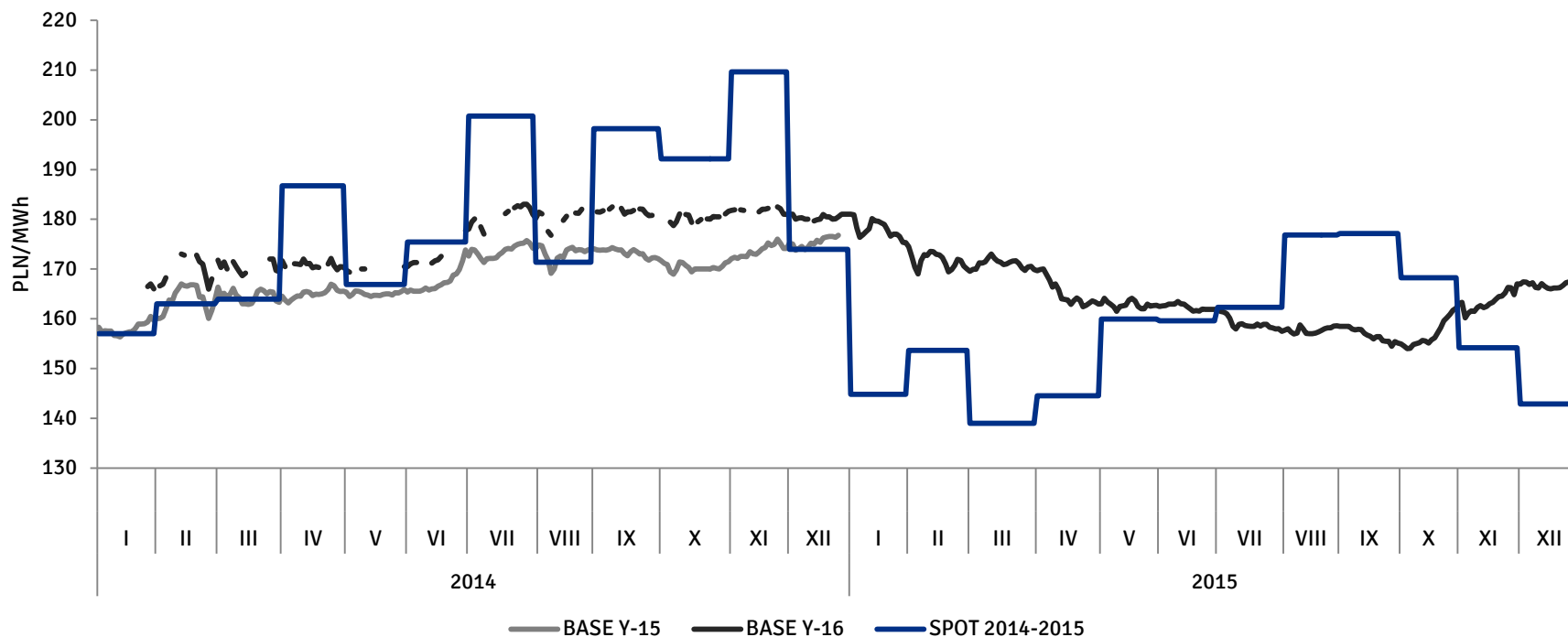


We are conducting our operations in a more and more demanding market environment

A drop in energy prices was observed on SPOT and forward markets in 2015

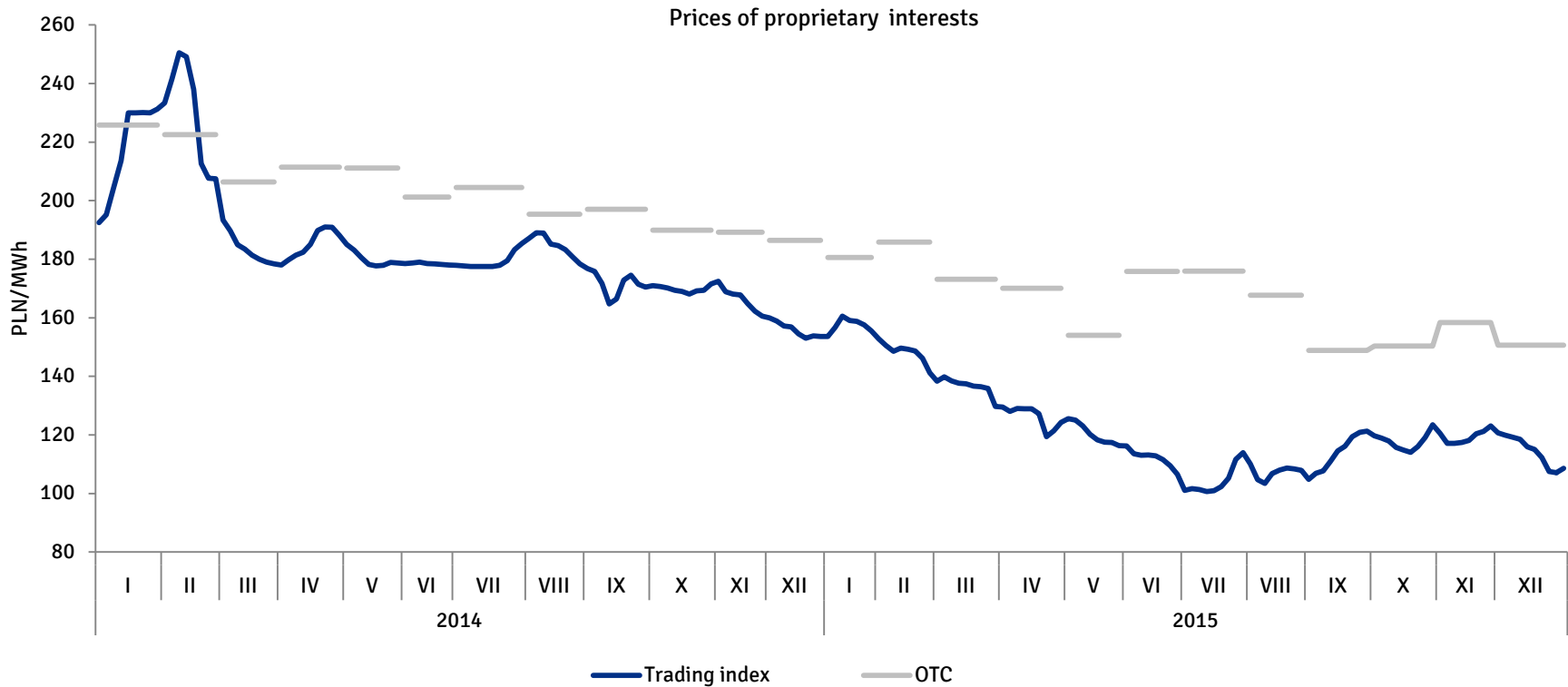


Prices of BASE Y-15 and BASE Y-16 vs. SPOT prices



- Drop in the average price of baseload on SPOT market in 2015 by 12.7% yoy to 156.95 PLN/MWh
- Drop in energy prices on forward market - price of baseload for 2016 dropped by 7.5% yoy to 167.50 PLN/MWh

Prices of proprietary interests in 2015 fluctuated in a downward trend



In 2015 the weighted average value of the index dropped by 33.7% yoy to 123.60 PLN/MWh

In 2015, the prices of allowances for emissions of CO₂ were affected by the activities relating to the EU climate policy

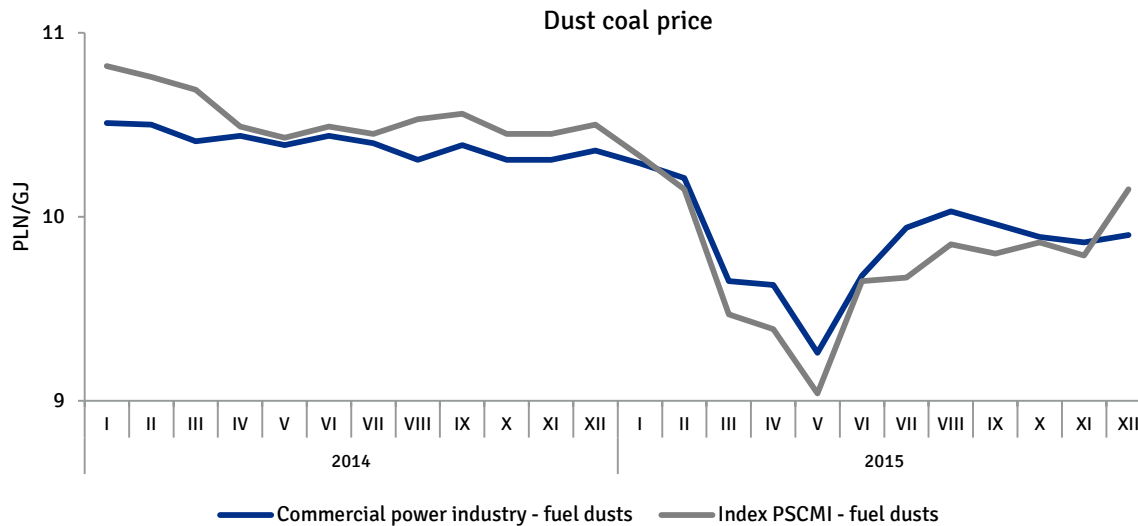


Prices of CO₂ Dec-15

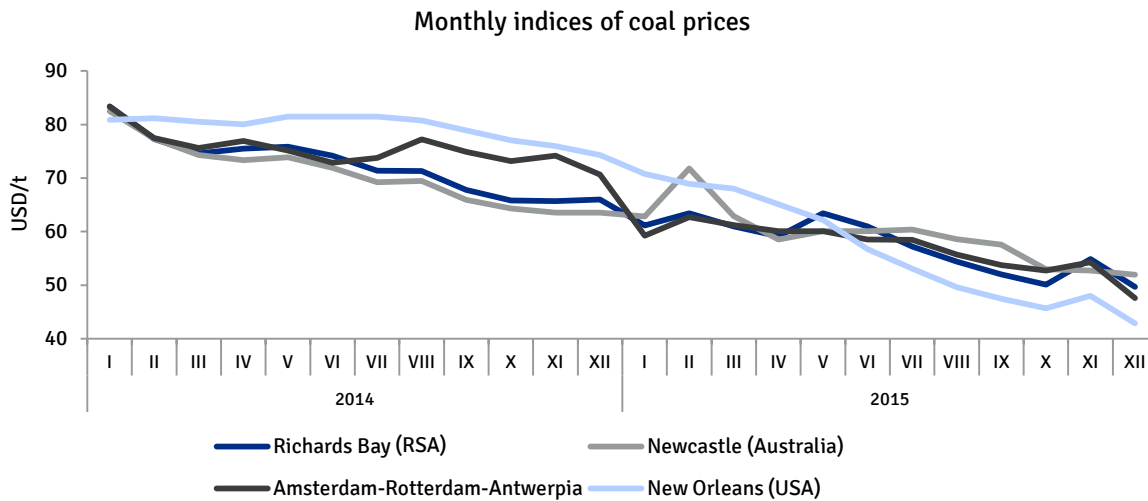


EUA price on the forward market for Dec-15 during the whole 2015 grew by 13.8% to 8.07 EUR/t

Recession was observable on all coal markets



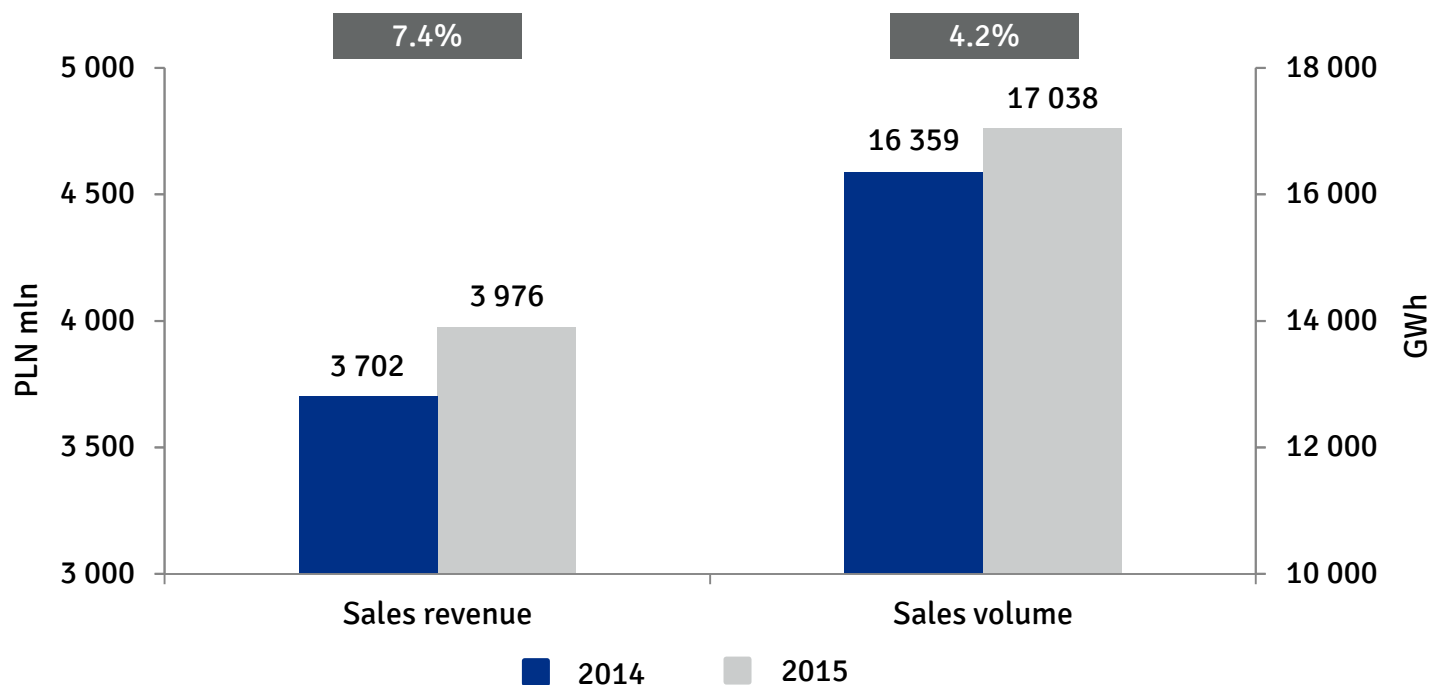
The annual average price of fuel dusts for the commercial power industry in 2015 dropped by ca. 5.3% yoy



Prices reported at the end of 2015:

- Amsterdam - Rotterdam - Antwerp: 47.58 USD/t
- Richards Bay: 49.66 USD/t
- Newcastle: 51.96 USD/t
- New Orleans: 42.90 USD/t

In 2015 we increased the revenue from sales of electricity and gaseous fuel to end users by over 7%



Sales of electricity and gaseous fuel to retail customers in 2015:

- higher sales revenue by PLN 274 mln yoy
- higher sales volumes by 679 GWh yoy

Extension of the operations in the segment of trade with sales of natural gas took place in Q4 2014

Enea Group increased energy generation from conventional sources



[GWh]	2014	2015	Change	Q4 2014	Q4 2015	Change
Total generation of energy, including:	12 812	13 142	2.6% ✓	3 357	3 444	2.6% ✓
Conventional generation	11 779	12 293	4.4% ✓	3 099	3 228	4.2% ✓
RES generation	1 033	849	-17.8%	258	216	-16.3%

Decrease in RES generation:

- low flows in rivers resulting from unfavourable hydrological conditions in 2015
- limitation of production from co-firing due to low prices of RES certificates of origin

LW Bogdanka optimised commercial coal mining



['000 tonnes]	2014	2015	Change	Q4 2014	Q4 2015	Change
Gross output	13 798	12 940	-6.2%	3 840	3 994	4.0% ✓
Yield	66.6%	65.4%	-1.2 p.p.	66.7%	63.3%	-3.4 p.p.
Net production	9 192	8 457	-8.0%	2 561	2 527	-1.3%
Sale of coal	9 163	8 562	-6.6%	2 340	2 554	9.1% ✓
Closing stocks	306	228	-25.5% ✓	306	228	-25.5% ✓

- As stipulated, LW Bogdanka adjusted the production levels to the sales conditions of 2015 in connection with a difficult situation on the coal market

Agenda



Energy and fuel market and key operating data



Enea CG's financial results in Q4 2015 and 2015



LW Bogdanka CG's financial results in Q4 2015 and 2015



Balanced and long-term development of Enea CG





**Generated financial results reflect
the optimal use of Enea CG's resources**

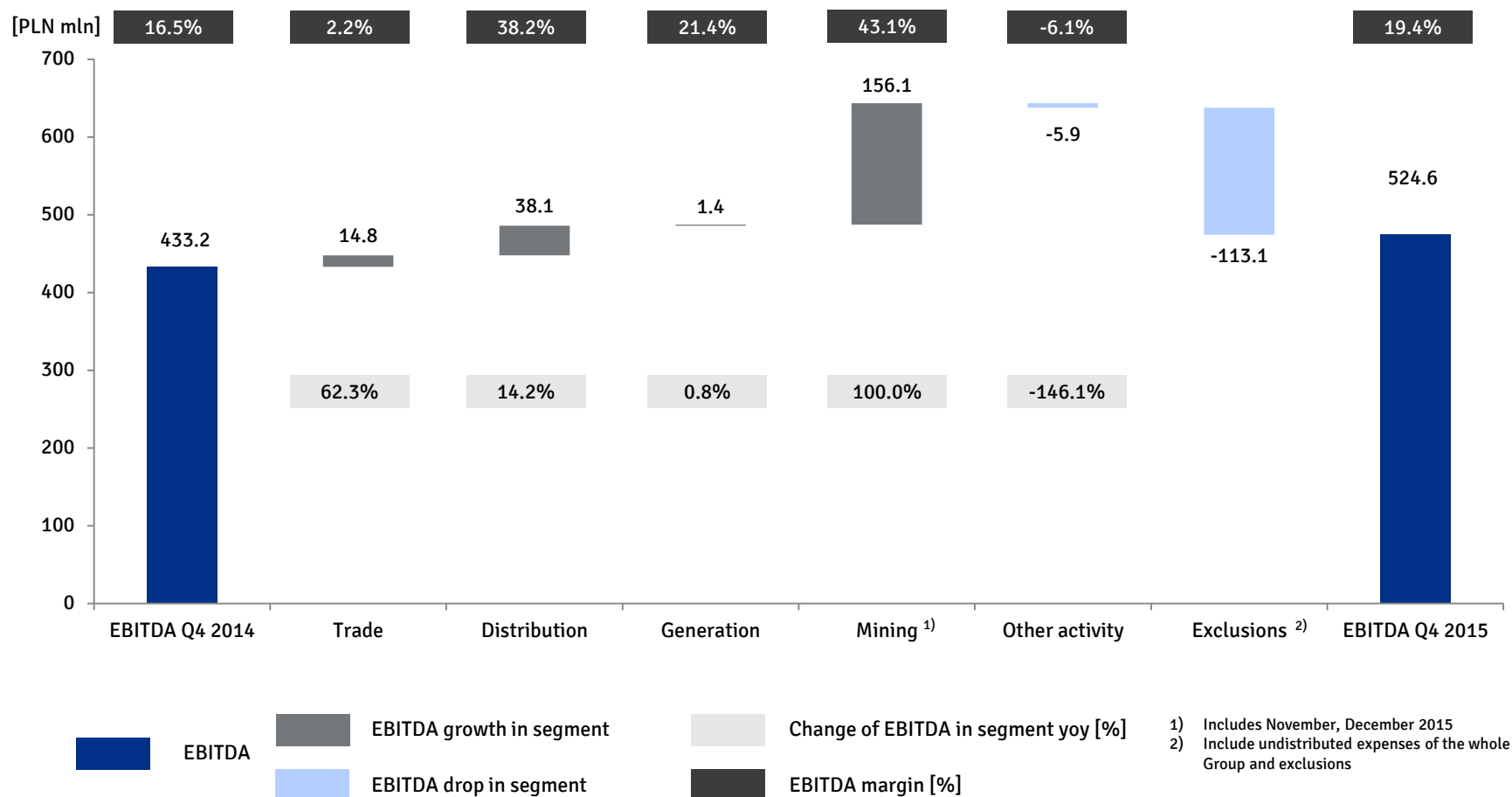
We reported a growth in financial results on core operations



[PLN mln]	2014	2015	Change	Q4 2014	Q4 2015	Change
Net sales revenue	9 855.4	9 848.4	-0.1%	2 628.2	2 698.1	2.7% ✓
EBIT	1 186.5	-162.1	-113.7%	198.4	-1 209.1	-709.4%
<i>EBIT without assets write-down</i>	<i>1 186.5</i>	<i>1 339.5</i>	<i>12.9%</i> ✓	<i>198.4</i>	<i>292.5</i>	<i>47.4%</i> ✓
EBITDA	1 945.4	2 129.9	9.5% ✓	433.2	524.6	21.1% ✓
Net profit / (loss)	909.1	-398.9	-143.9%	75.6	-1 236.7	-1 735.1%
<i>Net profit without assets write-down</i>	<i>909.1</i>	<i>1 018.6</i>	<i>12.0%</i> ✓	<i>75.6</i>	<i>180.8</i>	<i>139.1%</i> ✓
Net debt / EBITDA ¹⁾	0.5	1.8	1.3	0.5	1.8	1.3

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

In Q4 2015 Enea Group reported a growth in EBITDA in all segments



In Q4 2015 Enea Group reported a growth in EBITDA in all segments



[PLN mln]	Q4 2014	Q4 2015	Change
Trade	23.7	38.5	62.3%

Segment of trade

Increase of EBITDA by PLN 14.8 mln (62.3%)

- average purchase price of energy higher by 4.6% ✓
- lower costs of ecological obligations by 1.6% ✓
- result on the trade in gaseous fuel PLN 1 mln ✓
- higher average purchase price of energy by 2.9%
- drop in sales volume by 4.4%

[PLN mln]	Q4 2014	Q4 2015	Change
Distribution	267.9	306.0	14.2%

Segment of distribution

Increase of EBITDA by PLN 38.1 mln (14.2%)

- higher revenue from the sale of distribution services to end users by PLN 26 mln ✓
- higher revenue from grid connection fees by PLN 19 mln ✓
- higher costs of purchase of transmission services by PLN 15 mln
- higher costs of purchasing energy for coverage of book-tax difference by PLN 13 mln

[PLN mln]	Q4 2014	Q4 2015	Change
Generation	185.7	187.1	0.8%

Segment of generation

Increase of EBITDA by PLN 1.4 mln (0.8%)

- lower fixed costs by PLN 8 mln ✓
- higher margin on generation by PLN 3 mln ✓
- lower margin on trade and the Balancing Market by PLN 24 mln
- establishment of provisions in the area of gas for future liabilities in the amount of PLN 6 mln (one-off)

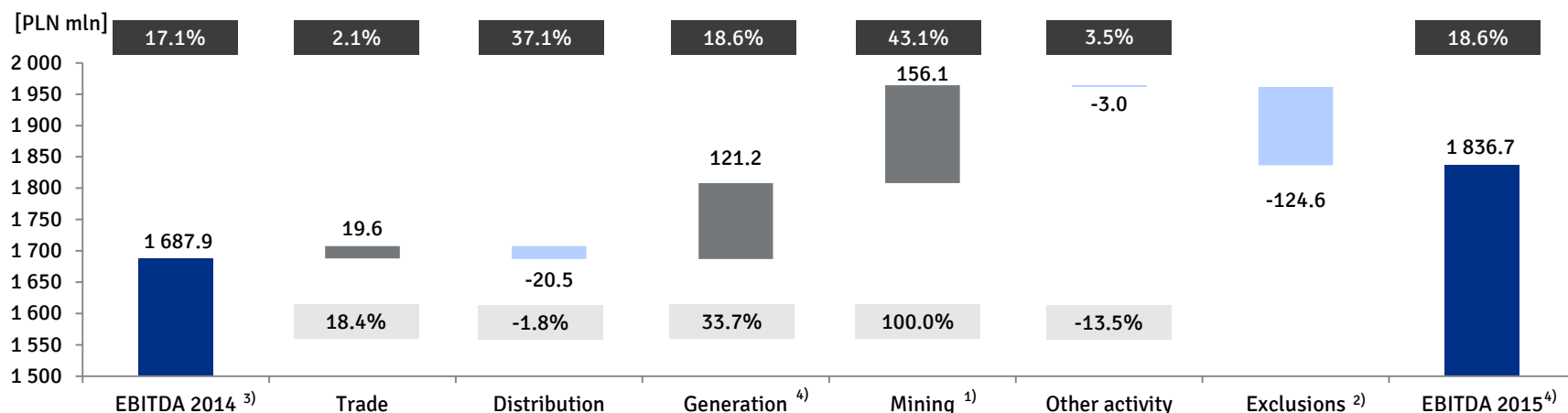
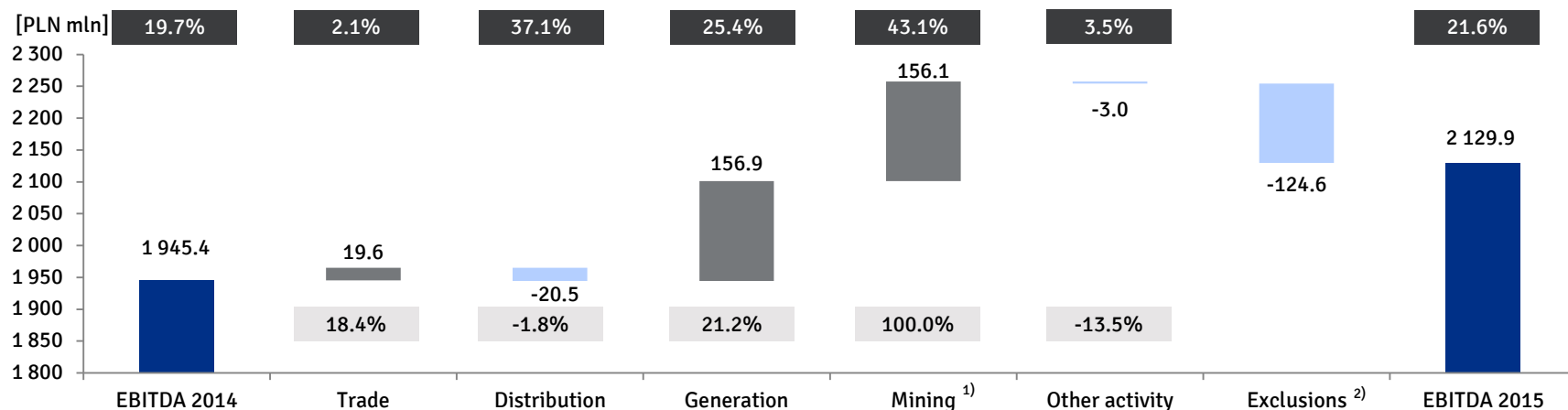
[PLN mln]	Q4 2014	Q4 2015	Change
Mining ¹⁾	-	156.1	100.0%

Segment of mining ¹⁾

- average quantitative sales of coal in the reporting period higher by over 17% than the average monthly level from 2015 ✓
- average sales revenue from coal higher by over 14% than the average monthly level in 2015 ✓
- signing of two annexes to coal sales agreements introducing lower prices and recalculation of previous supplies to the current price (PLN -7.0 mln)

1) Includes November, December 2015

In 2015, the greatest growth in EBITDA was reported in the segment of generation - after exclusion of one-off related to LTPPAs by PLN 121 mln



- EBITDA
 - EBITDA growth in segment
 - Change of EBITDA in segment yoy [%]
 - EBITDA drop in segment
 - EBITDA margin [%]
- 1) Includes November, December 2015
 2) Include undistributed expenses of the whole Group and exclusions
 3) Excluding PLN 257 mln of revenue from LTPPAs (one-off)
 4) Excluding PLN 293 mln of revenue from LTPPAs (one-off)

In 2015, the greatest growth in EBITDA was reported in the segment of generation - after exclusion of one-off related to LTPPAs by PLN 121 mln



[PLN mln]	2014	2015	Change
Trade	106.5	126.1	18.4%

Segment of trade

Increase of EBITDA by PLN 19.6 mln (18.4%)

- average purchase price of energy higher by 5.9% ✓
- result on the trade in gaseous fuel PLN 4 mln ✓
- higher average purchase price of energy by 5.0%
- drop in sales volume by 0.9%
- higher costs of ecological obligations by 14.3%

[PLN mln]	2014	2015	Change
Distribution	1 159.4	1 138.9	-1.8%

Segment of distribution

Drop of EBITDA by PLN 20.5 mln (-1.8%)

- higher revenue from the sale of distribution services to end users by PLN 127 mln ✓
- higher volume of sales, fixed costs optimisation (PLN 33 mln) ✓
- higher costs of purchase of transmission services by PLN 62 mln
- recognition in 2014 of the final settlement of electricity purchases for coverage of book-tax difference for 2013 in the amount of PLN 33 mln (one-off)
- recognition in 2014 of a provision discount for transmission corridors in the amount of PLN 26 mln (one-off)

[PLN mln]	2014	2015	Change
Generation	738.5	895.4	21.2%
<i>excluding LTPPA</i>	<i>481.0</i>	<i>602.3</i>	<i>25.2</i>

Segment of generation

Increase of EBITDA by PLN 156.9 mln (21.2%)

- higher margin on generation by PLN 59 mln and trade and the Balancing Market by PLN 11 mln ✓
- higher revenue from LTPPA PLN 36 mln ✓
- lower fixed costs by PLN 16 mln ✓
- EBITDA MPEC (takeover of the Company on 16 September 2014) and PEC Zachód (incorporation of the Company on 27 June 2015): PLN +32 mln ✓
- establishment of provisions in the area of gas for future liabilities in the amount of PLN 6 mln (one-off)

[PLN mln]	2014	2015	Change
Mining ¹⁾	-	156.1	100.0%

Segment of mining ¹⁾

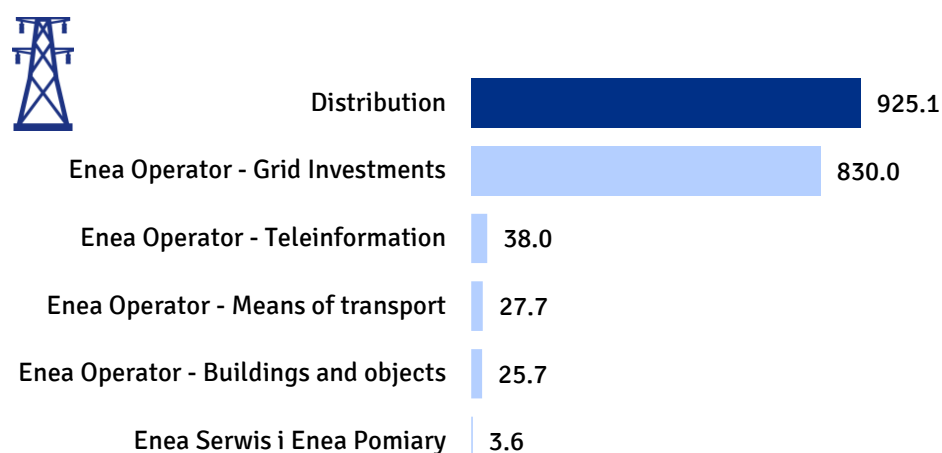
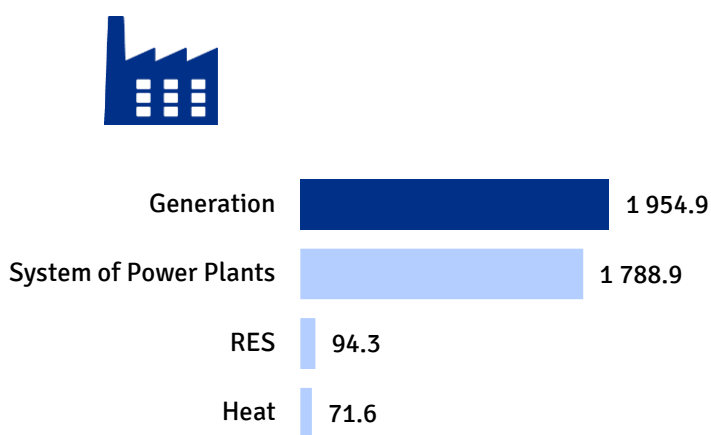
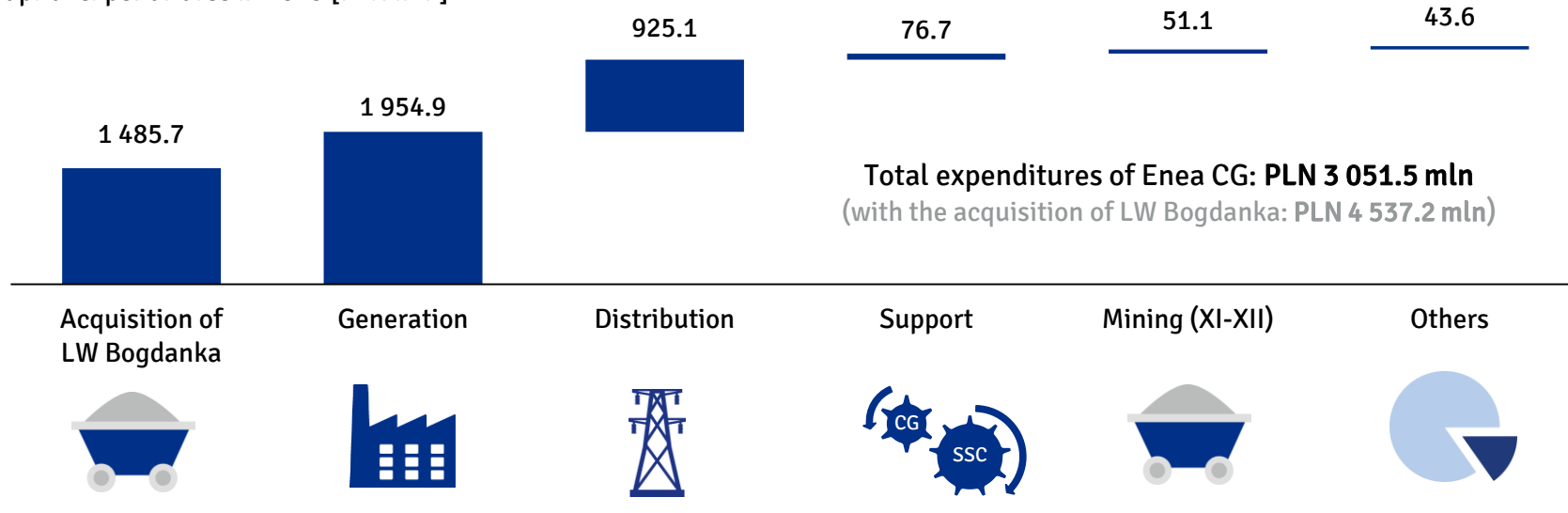
- average quantitative sales of coal in the reporting period higher by over 17% than the average monthly level from 2015 ✓
- average sales revenue from coal higher by over 14% than the average monthly level in 2015 ✓
- signing of two annexes to coal sales agreements introducing lower prices and recalculation of previous supplies to the current price (PLN -7.0 mln)

1) Includes November, December 2015

We have been consistently realising the investment programme



Capital expenditures in 2015 [PLN mln]



Enea CG's financial performance was affected by one-off events and implemented investments



- fixed assets impairment write-downs due to the changing market environment (impact on the consolidated EBIT PLN -1,502 mln, impact on the consolidated net result PLN 1,418)
- CAPEX expenditures totalling to PLN 3.05 billion in 2015 (growth by 10.4% yoy) with a safe value of net debt/EBITDA ratio on the level of 1.8
- Additional funds for investments as a result of settling the final adjustment of the aid programme - recognition in 2015 of PLN 293 mln revenue from Long-term Agreements
- Development in all the links of the chain of values



Enea CG's priority will be adjusting its operations to a difficult situation on the market of energy and fuels in 2016



Segment	2015 vs. 2016 perspective	Key factors
Mining	Drop	<ul style="list-style-type: none"> (-) Lower price of coal (+) Construction of new roadways (+) Assets modernisation (+) Constant enhancement of efficiency
Conventional power engineering	Neutral	<ul style="list-style-type: none"> (-) Lower price of energy (-) Lower limit of free CO₂ (+) Lower price of coal (+) Greater generation of electricity (+) Internal processes optimisation
Renewable energy sources	Growth	<ul style="list-style-type: none"> (-) Drop in price and volume of RES Proprietary Interests (+) Greater generation of electricity (+) Optimisation of costs of the Area of Water
Distribution	Drop	<ul style="list-style-type: none"> (-) Drop of WACC to 5.675% may result in EBITDA lower by ca. PLN 58 mln (-) Lower volumes of electricity for covering book-tax difference in the Tariff (+) Management optimisation in the segment (+) Works over the improvement of the quality of SAIDI and SAIFI services
Trade	Drop	<ul style="list-style-type: none"> (-) Threat from the side of new energy sellers (+) Sales channels development (+) Development of the range of products (-) Lower gas prices as a result of collapse in oil prices (-) Lower price of electricity

Agenda



Energy and fuel market and key operating data



Enea CG's financial results in Q4 2015 and 2015



LW Bogdanka CG's financial results in Q4 2015 and 2015



Balanced and long-term development of Enea CG





**LW Bogdanka CG is responding flexibly
to the changes in the market situation**

LW Bogdanka CG has one of the highest levels of profitability due to the lowest unit costs



[PLN mln]	2014	2015	Change	Q4 2014	Q4 2015	Change
Net sales revenue	2 013.6	1 885.4	-6.4%	523.2	558.4	6.7% v
EBIT	362.3	-326.2	-190.0%	135.7	-500.8	-469.0%
<i>EBIT without assets write-down</i>	<i>362.3</i>	<i>298.6</i>	<i>-17.6%</i>	<i>135.7</i>	<i>124.0</i>	<i>-8.6%</i>
EBITDA	750.0	686.3	-8.5%	247.5	228.2	-7.8%
Net profit / (loss)	272.4	-279.6	-202.6%	101.6	-411.8	-505.3%
<i>Net profit without assets write-down</i>	<i>272.4</i>	<i>226.4</i>	<i>-16.9%</i>	<i>101.6</i>	<i>94.3</i>	<i>-7.2%</i>
Net debt / EBITDA ¹⁾	0.82	0.67	-0.15 v	0.82	0.67	-0.15 v

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

Unstable situation on the coal market determines LW Bogdanka CG's results

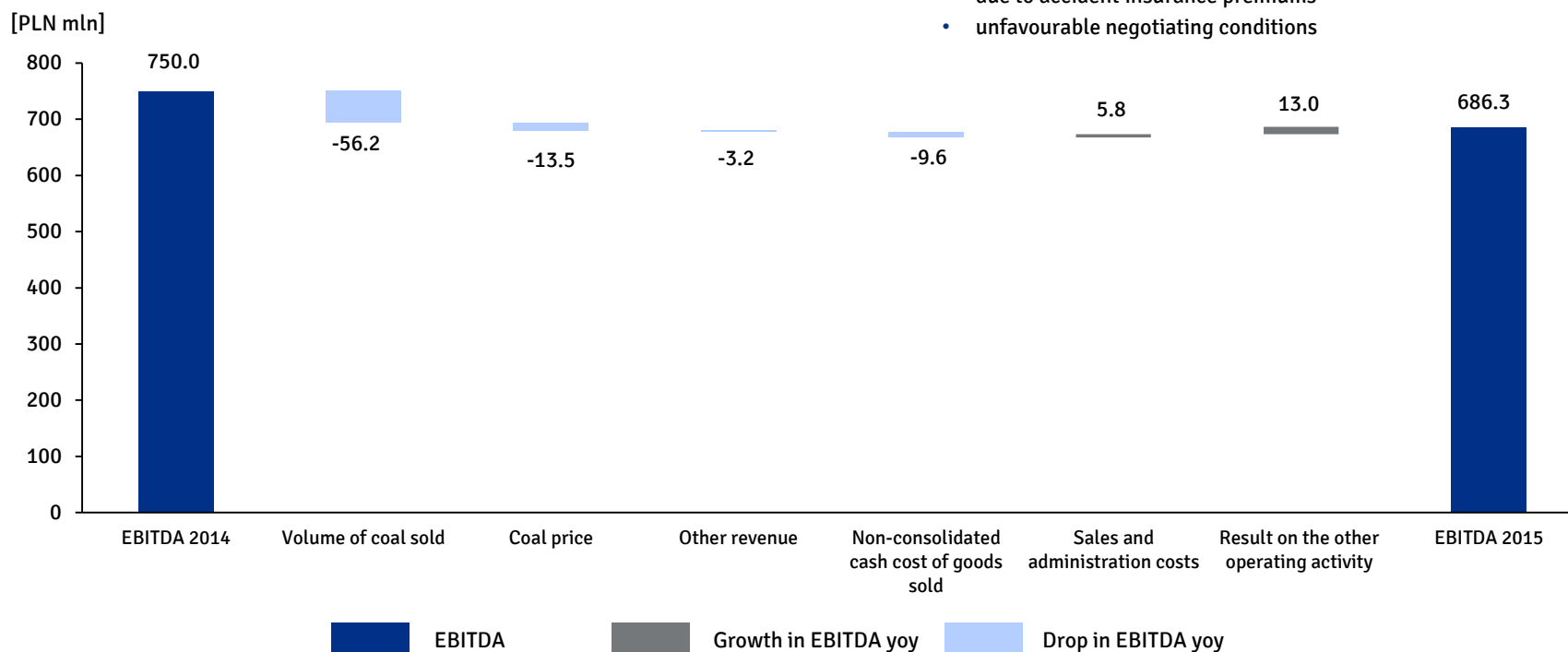


[PLN mln]	2014	2015	Change
LW Bogdanka CG	750.0	686.3	-8.5%

2015

Drop of EBITDA by PLN 63.7 mln (-8.5%)

- stabilisation of average price of coal ✓
- higher quality of sold coal ✓
- drop in volumes by ca. 6.6%
- drop in the price of sold coal by 0.7%
- slight growth in the unit cash cost of sold products, goods and materials
- positive result on the other operating activity - in 2014 a provision was established for claims from ZUS (Social Insurance Company) due to accident insurance premiums
- unfavourable negotiating conditions



Unstable situation on the coal market determines LW Bogdanka CG's results

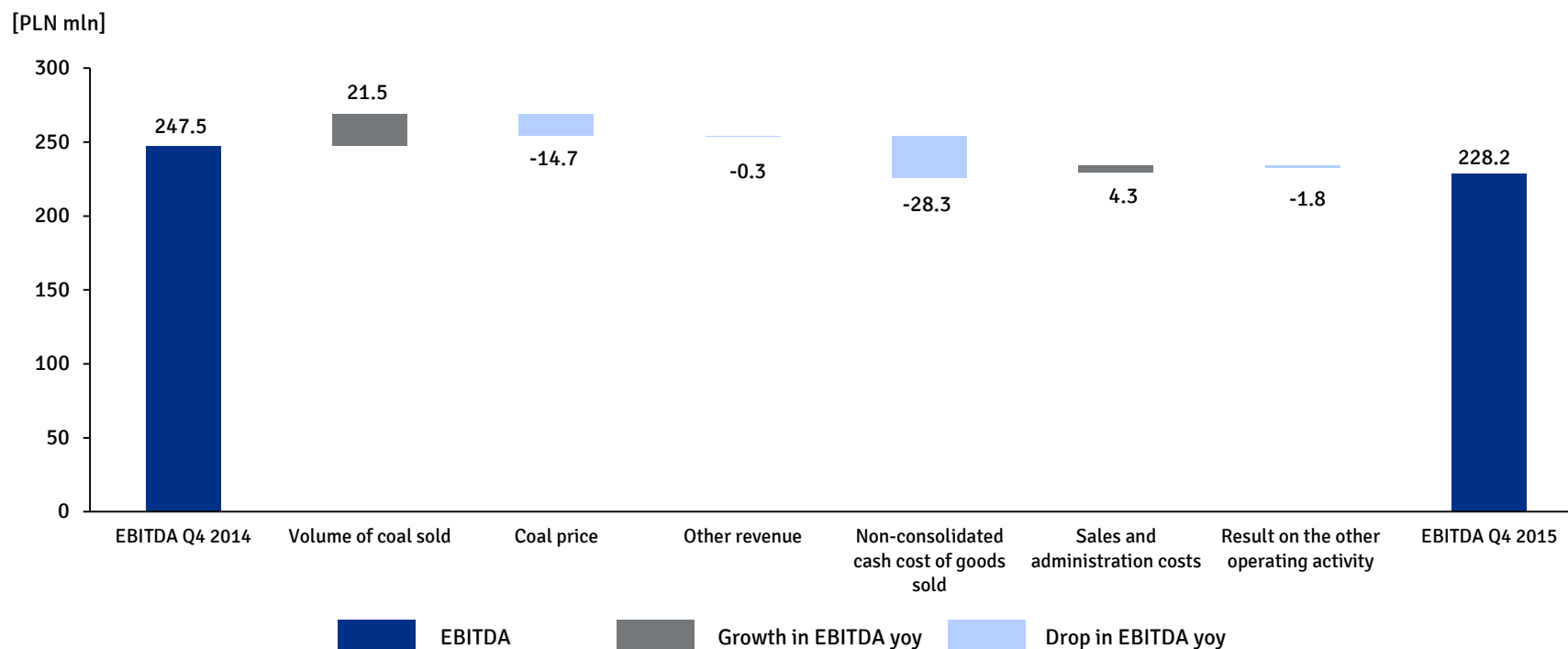


[PLN mln]	Q4 2014	Q4 2015	Change
LW Bogdanka CG	247.5	228.2	-7.8%


Q4 2015

Drop of EBITDA by PLN 19.3 mln (-7.8%)

- growth in volumes by 9.1% ✓
- drop in the price of sold coal by 2.8%
- slight growth in the unit cash cost of sold products, goods and materials



Agenda

A large pie chart on the left side of the slide, divided into four segments. The top segment is white with a clipboard icon. The second segment is white with a bar chart and magnifying glass icon. The third segment is white with a magnifying glass icon. The bottom segment is dark blue with a white icon of two hands. The chart is partially obscured by a grey shape on the left.

Energy and fuel market and key operating data

Enea CG's financial results in Q4 2015 and 2015

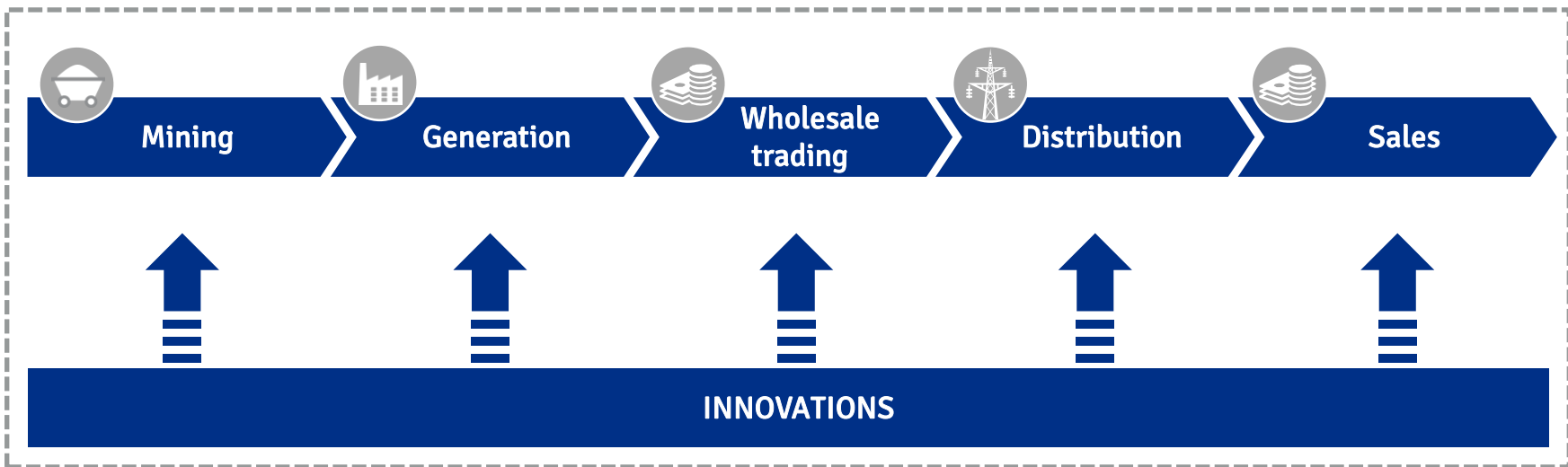
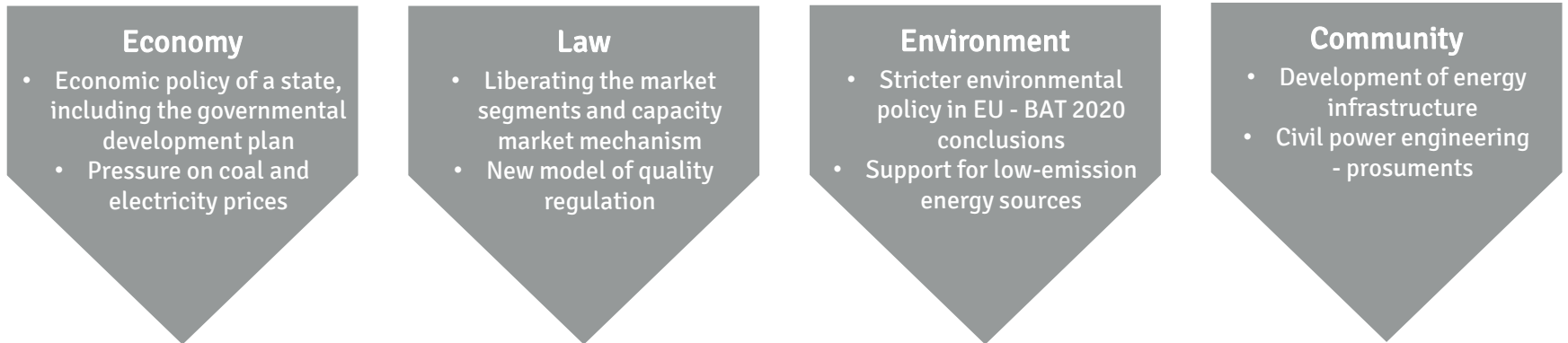
LW Bogdanka CG's financial results in Q4 2015 and 2015

Balanced and long-term development of Enea CG



**Our goal is to provide the Group
with a balanced and long-term development**

The economic, legal, environmental and social surroundings affect all the links in the chain of values



We focus on the improvement of the operating efficiency of all the Group's business segments



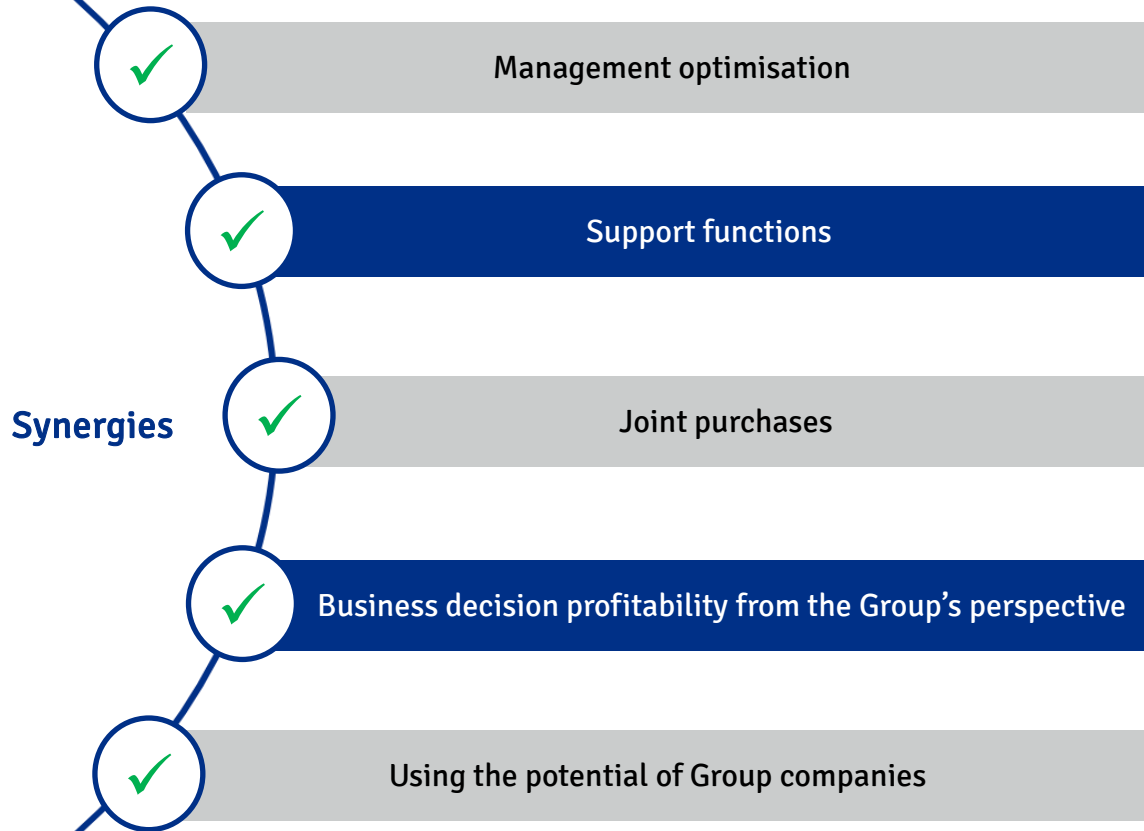
[PLN mln]	2014	2015	Total
Generation	133	177	310
Distribution	102	167	269
Other	17	8	25
Total	252	352	604 ✓



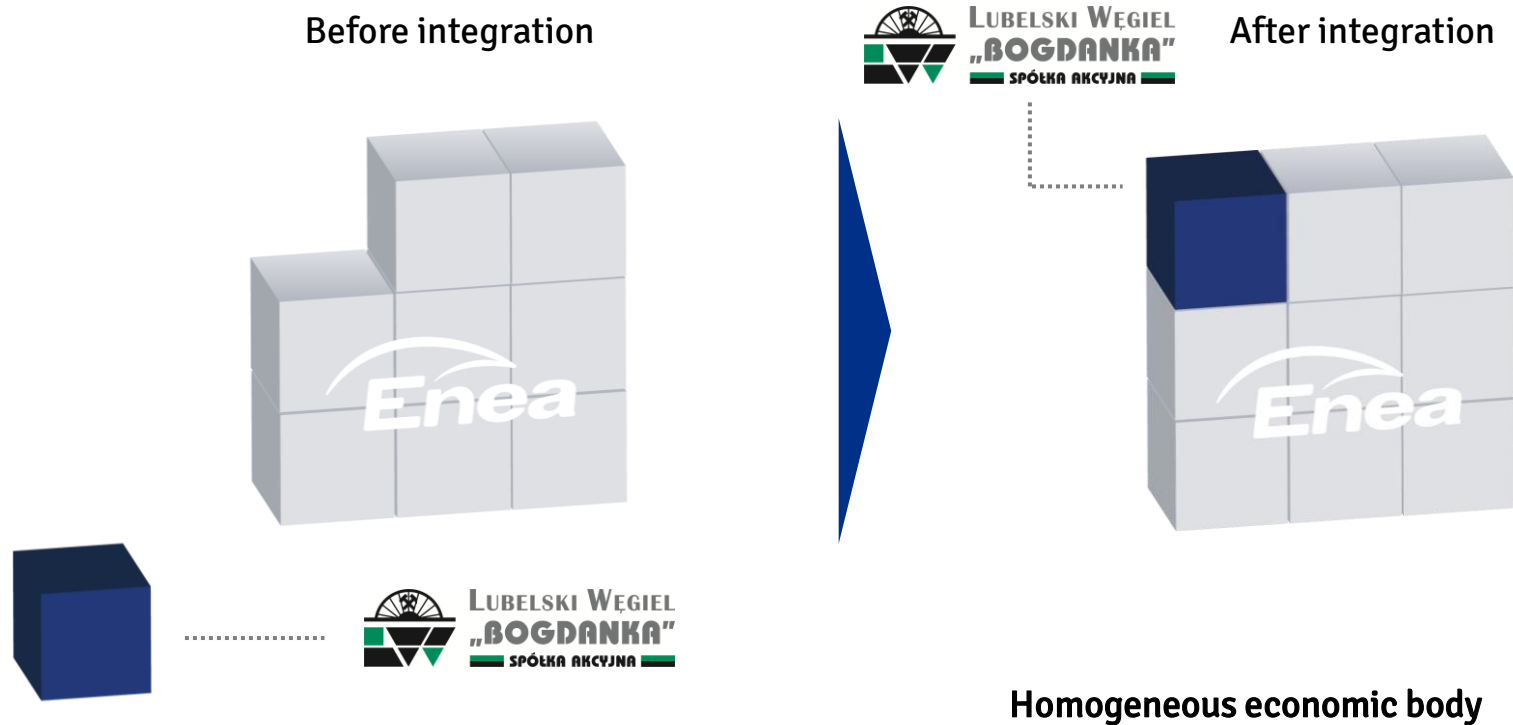
In 2014-2015 Enea CG saved **PLN 604 mln**
2014-2016 plan foresaw cost reduction by **PLN 500 mln**

The calculation does not include LW Bogdanka CG

Close integration with Enea Group will improve LW Bogdanka's efficiency and enable an optimum exploitation of synergies



The objective of the project is full business integration of LW Bogdanka with Enea Group



- Implementation of a secure legal instrument for the realisation of the Group’s objective
- Shortening the decision-making path - decisions on the level of Committees and Management Departments



Two phases of integration will allow for its swift and effective execution



Integration of LW Bogdanka with Enea Group

- Adaptation of LW Bogdanka's Statute to Enea Group's standards
- Coverage of LW Bogdanka with Enea Group's Code
- Full implementation of Enea Group's corporate governance

1st stage - preliminary adaptation changes

- Amendment of the Statute - LW Bogdanka's obligation to act in the interests of Enea Group observing the rights of minority shareholders
- Improvements e.g. changing the model of Supervisory Board's Members' terms
- Admission of LW Bogdanka into Enea Group by Enea's Management Board

2nd stage - building the final structure

- Maximum adaptation of the statute to Enea Group's standards
- Shifting corporate decisions to the Committees level
- Adoption of a resolution by LW Bogdanka's General Meeting regarding the adoption of the Code and joining Enea Group



Market and regulatory trends determine a drop in the profitability of electricity generation



Economy

- Lower prices of electricity on the wholesale market
- Demand for support mechanism for conventional power engineering
- Development of transborder connections - pressure on national prices

Law

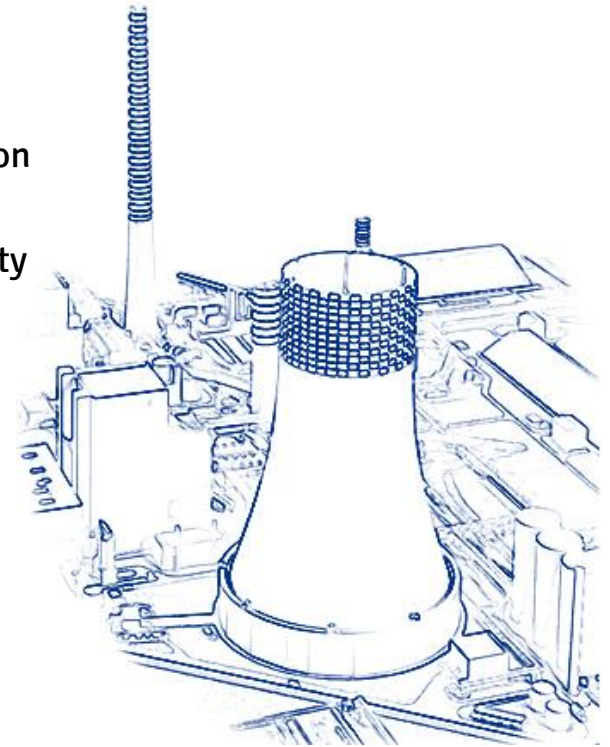
- Greater commitments to buy CO₂ emission allowances
- Supporting conventional units with merit-order - greater capacity from RES, with the growing demand for production readiness
- Supporting investments relating to generation of electricity from renewable sources

Environment

- Stricter environmental policy in EU
- BAT 2020 conclusions

Community

- Guaranteeing energy security to Customers



We are realising the key investment for the Polish energy industry



Unit No. 11 - works realised in 2015:

- Assembly of the boiler house's main structure
- Assembly of the machine room's housing
- Assembly of a stator and rotor of the generator
- Assembly of cooling water pumps
- Assembly of start-up boilers
- Assembly of electrostatic precipitator's supporting structure
- Assembly of unit, tap and reserve transformers
- Reinforced concrete structures of ash tanks
- Performance of reinforced concrete structure of gypsum store



80%



of the progress of the new unit's construction



Unit No. 11 - works planned for 2016:

- Connecting the voltage of 110 kV and 400 kV
- Assembly of the pressure system - water test of the boiler
- Rinsing - etching of the boiler
- Start-up of the starting boiler house
- Boiler start-up
- Assembly of stacker-reclaimers
- Assembly of coal pulverizers
- Start-up of the whole power plant

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



Law

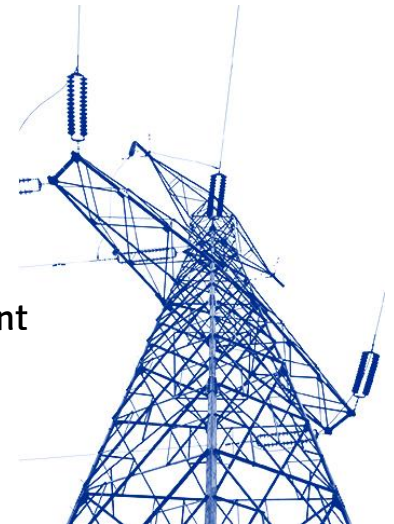
- New model of quality regulation - impact on ODS's finances since 2018
- Key performance indicators directly affecting the ODS's regulated income:
 - SAIDI - system average interruption duration index
 - SAIFI - system average interruption frequency index
 - CRP - connection realisation time
 - CDP - Settlement and Measurement Data submission time

Community

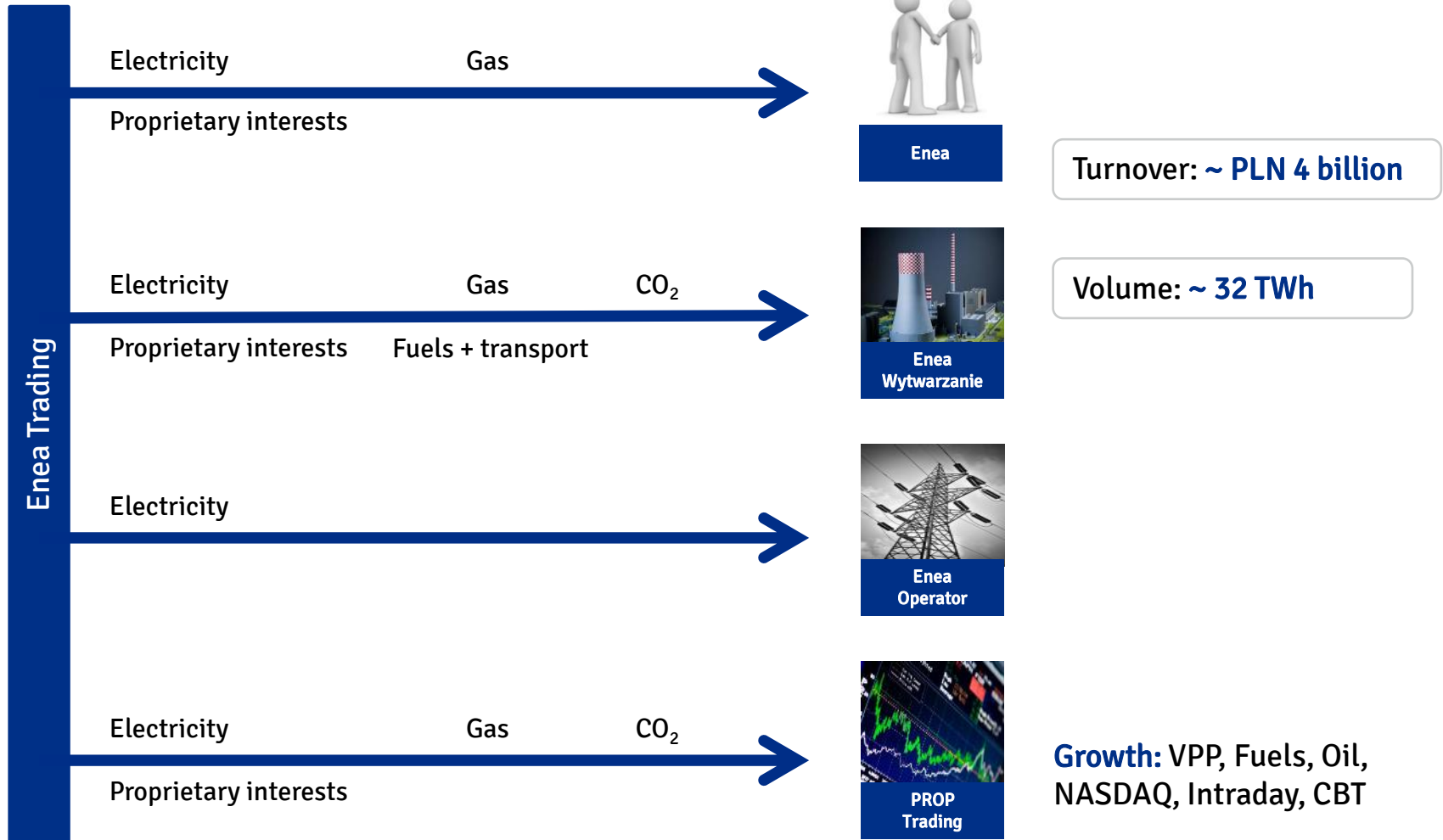
- Guaranteeing the reliability of electricity supplies
- Introduction of solutions increasing Customer access to remote information on connections to the power grid
- Pursuing shortening of the connection realisation time
- Development of smart grids and IT tools supporting the grid management

Environment

- Climatic conditions
- Natura 2000 area



In the area of wholesale trade we will be an important player on the market of energy and fuels



We have identified the core challenges for the area of wholesale trade



Economy

- Growth in productivity - development of tools, competence and orientation on added value creation
- Virtual power plant - connection of new subjects to VPP and commercialisation of the project - going out to the market
- New foreign markets - entry into the markets: TGE RIF, NASDAQ OMX, ICE oil
- Origination - development of the product base and sales of origination service

Law

- Changing the model of wholesale market - introduction of capacity markets and changes in the approach to ORM system services
- Amendment of the act on Renewable Energy Sources

Community

- Development of cooperation with the scientific environment - continuation of the cooperation with research facilities over the projects having direct consequences for trade in energy markets



We are building long-lasting relations with Customers



Community

- Development and diversification of the product range
- Building Customer loyalty via effective marketing programmes
- Raising the quality of rendered services e.g. via launching the central Comprehensive Customer Service System
- Optimisation of sales channels, including the start-up of e-commerce platform
- Development of analytical and operating systems supporting sales



Innovations and new technologies will be the key element in Enea CG's development



Law

Making our operations in the area of innovations and supporting new technologies a part of the domestic economy development programme

- Intention of participating in the prepared sectoral programme for the power engineering of the National Centre for Research and Development

Economy

Innovation potential in the area of distribution

- Commencing pilot projects of intelligent metering systems in 2016

Environment

Potential of the so called clear coal technologies

- Construction of a modern supercritical power unit in Kozenice Power Plant

Community

Innovative sales solutions

- Searching for new products and services increasing Customer commitment in the conscious use of energy





**The Group's competitiveness and
long-term development are pivotal to us**

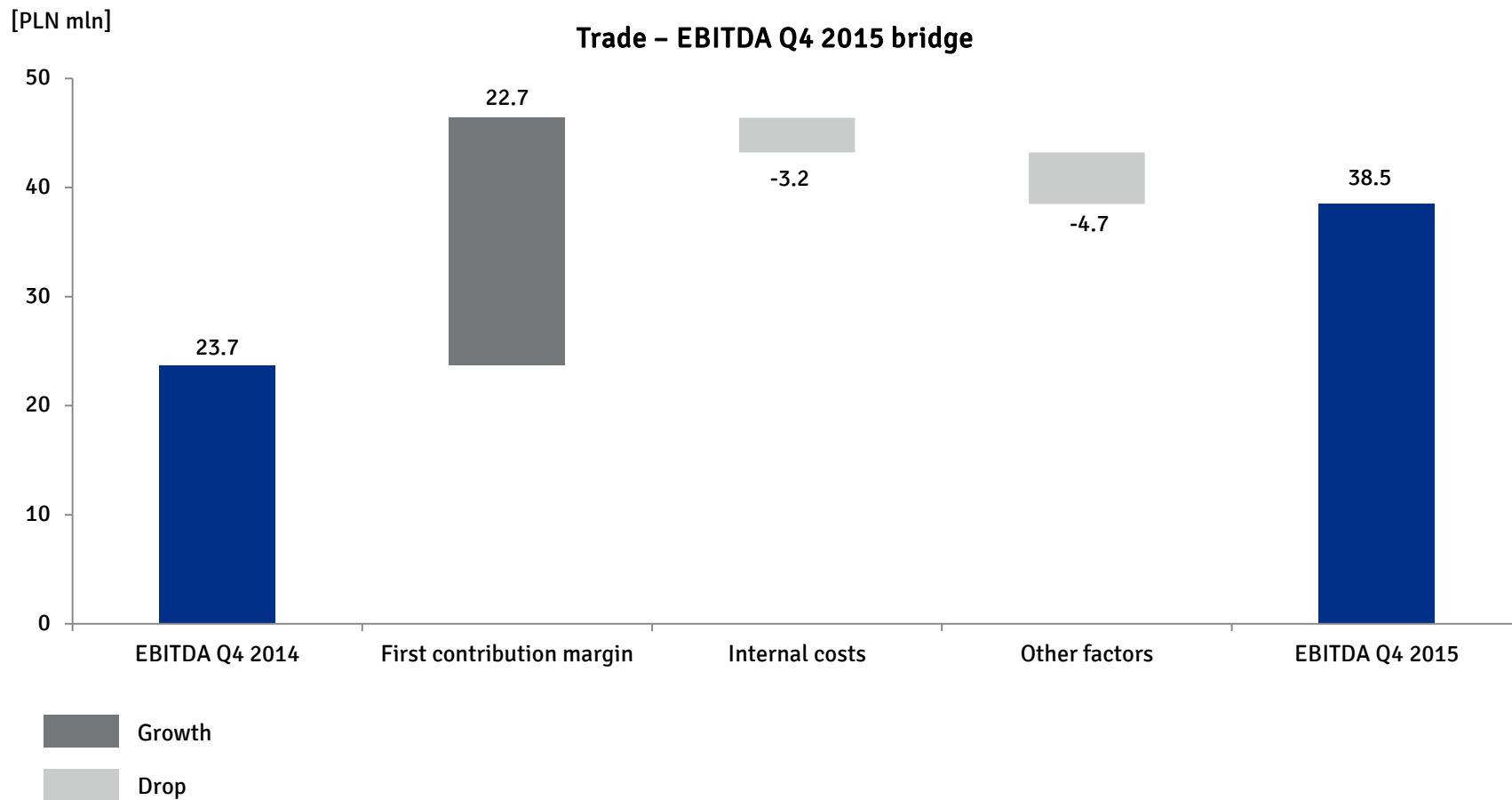
Q4 2015, 2015

IR contact: gielada@enea.pl

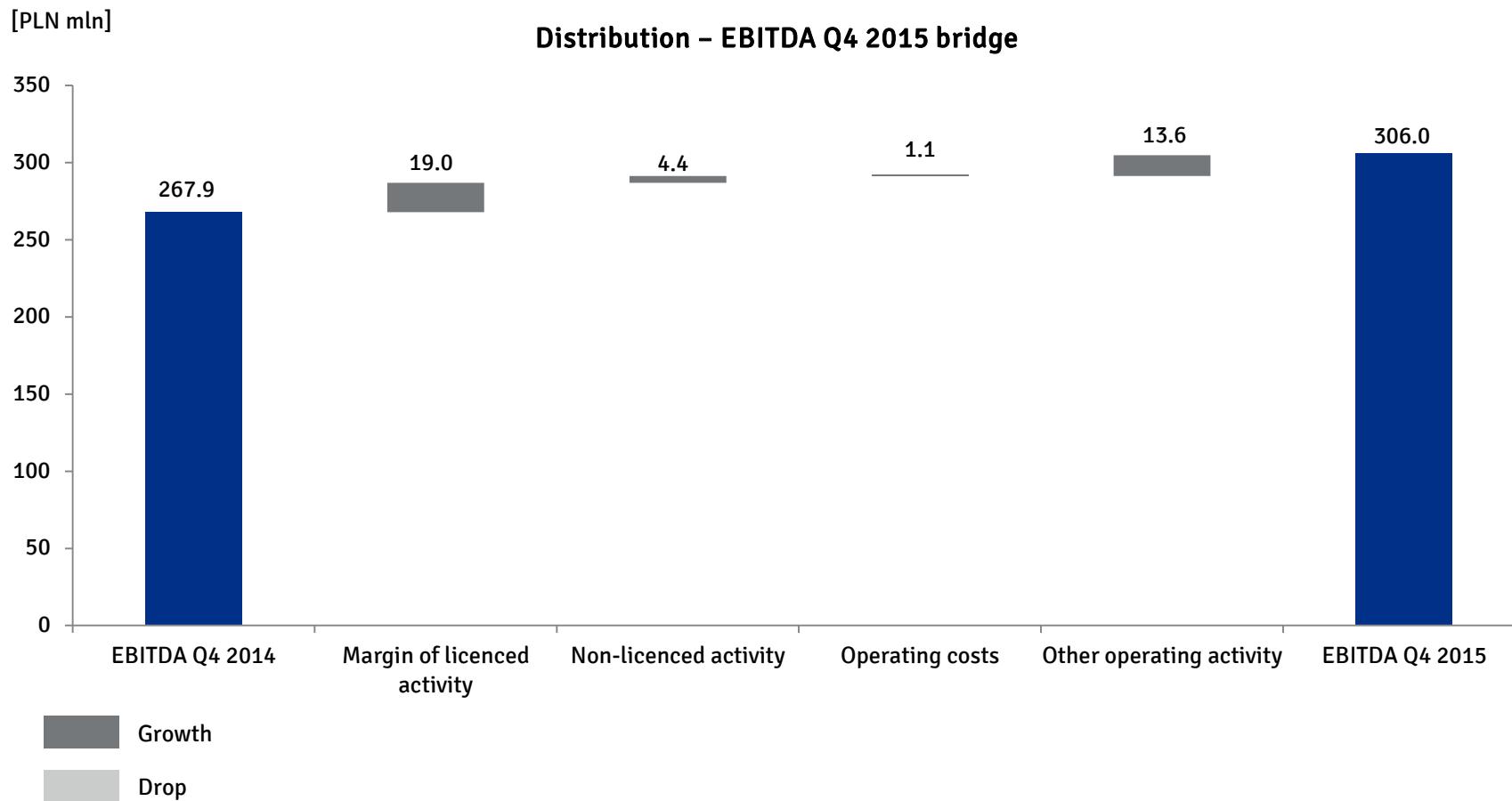


Additional information

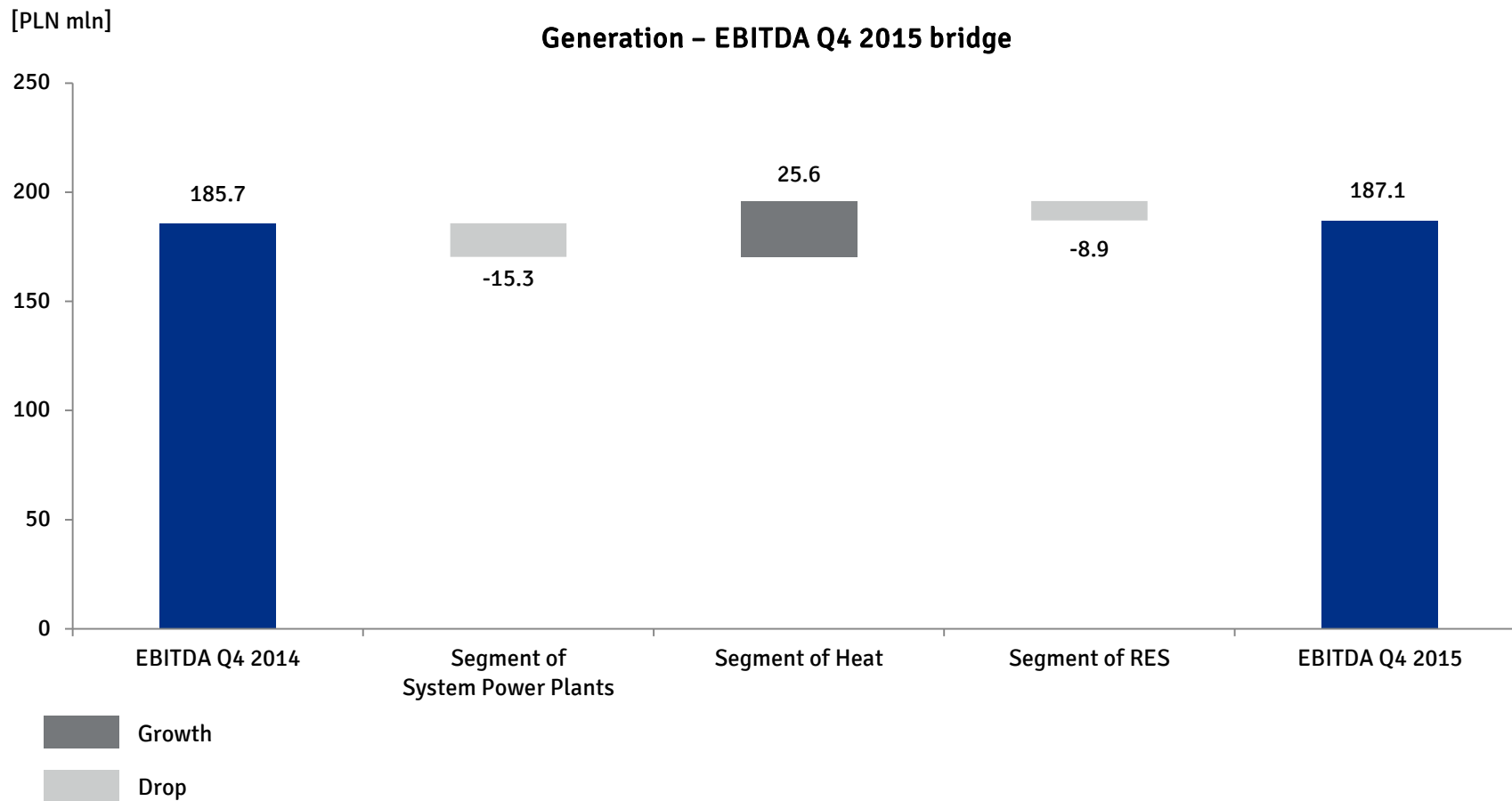
Attachment 1 – An explicit growth in the first contribution margin improved the result of the segment of trade in Q4 2015



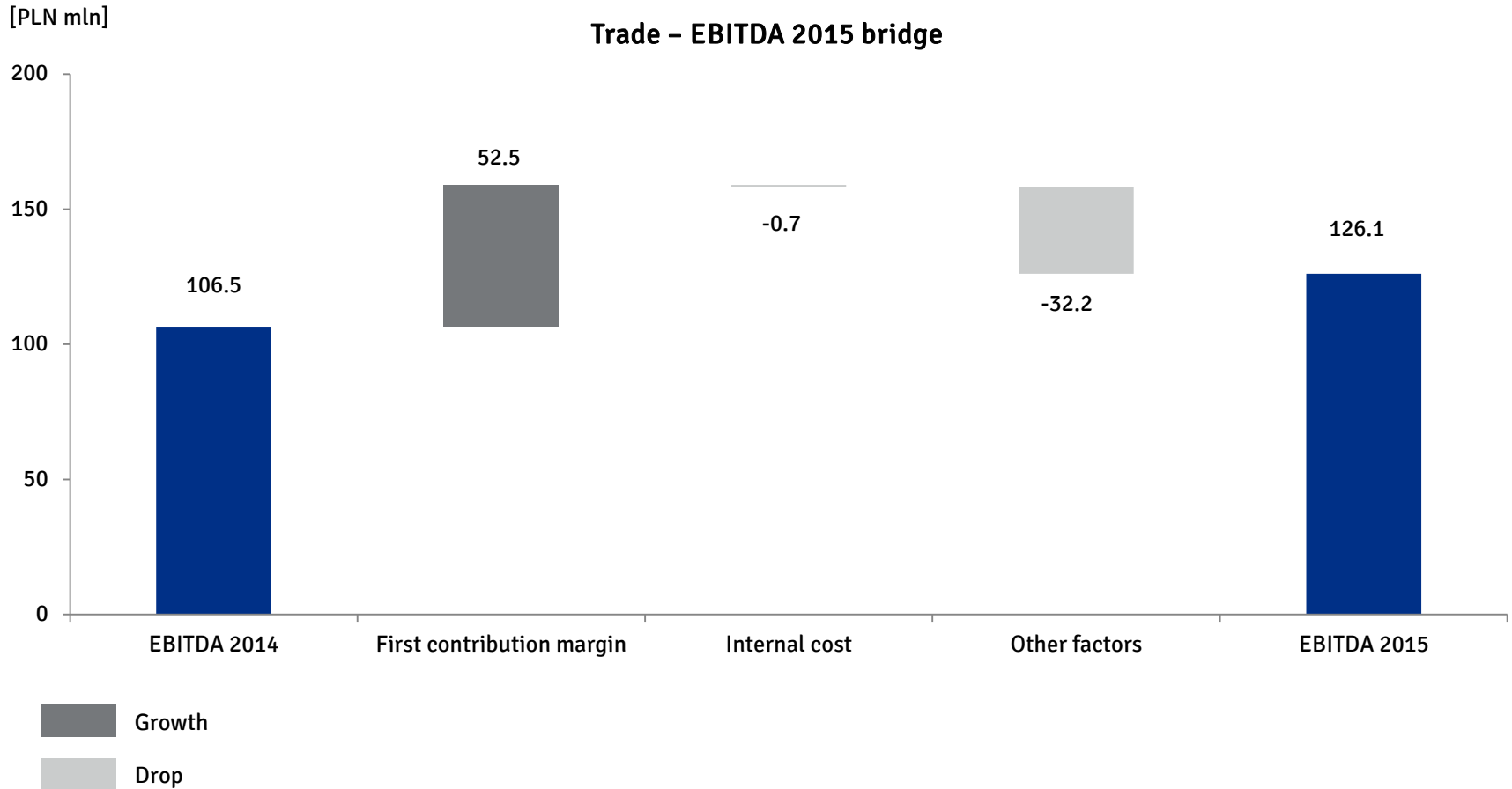
Attachment 2 - Higher sales of distribution services to end users and higher revenue from grid connection fees resulted in the growth of EBITDA for Q4 2015 in the segment of distribution



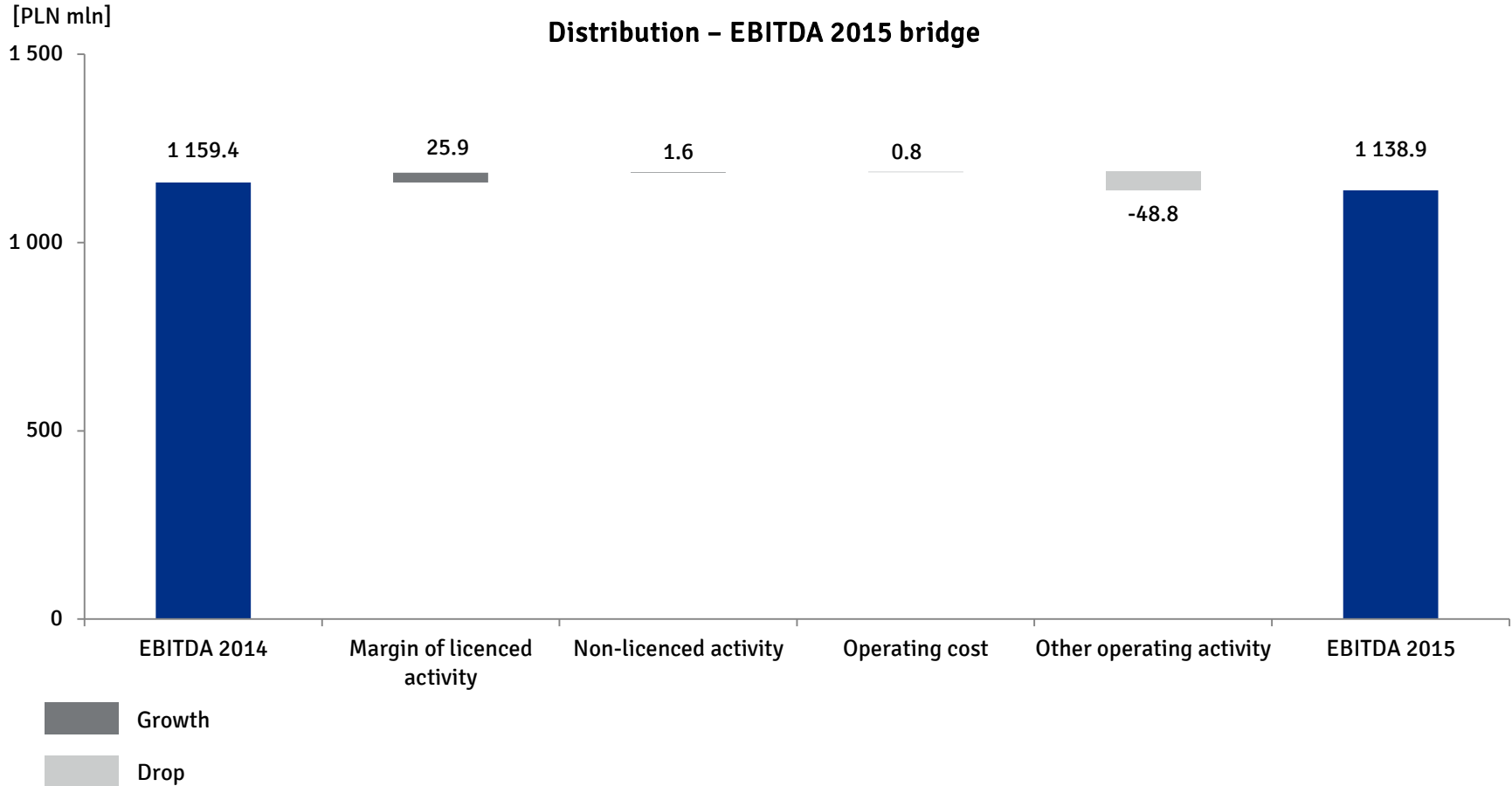
Attachment 3 - In Q4 2015 the segment of heat contributed to the segment of generation's EBITDA result



Attachment 4 - Despite an adverse market situation the segment of generation's EBITDA grew by over 18% yoy



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



Attachment 6 - Due to a very good result of the segment of system power plants and heat the area of generation's EBITDA grew by PLN 157 mln

