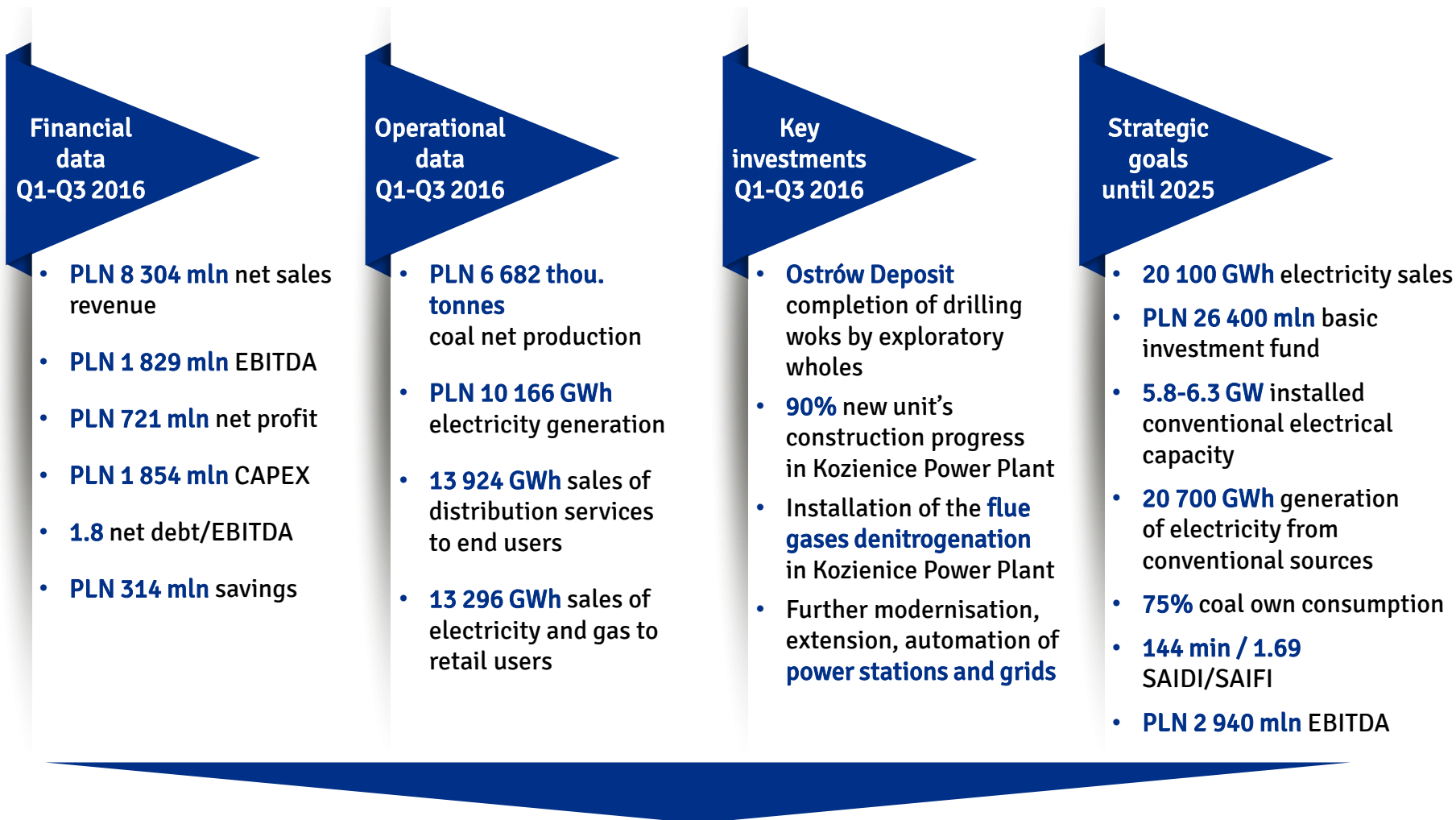




**We are building an innovative raw materials and energy group
capable of facing market challenges**

Q3, Q1-Q3 2016

We are adjusting the Group's functioning model to market challenges



Stable development of a raw materials and energy concern

Agenda



Coal, energy markets, key operational and sales data



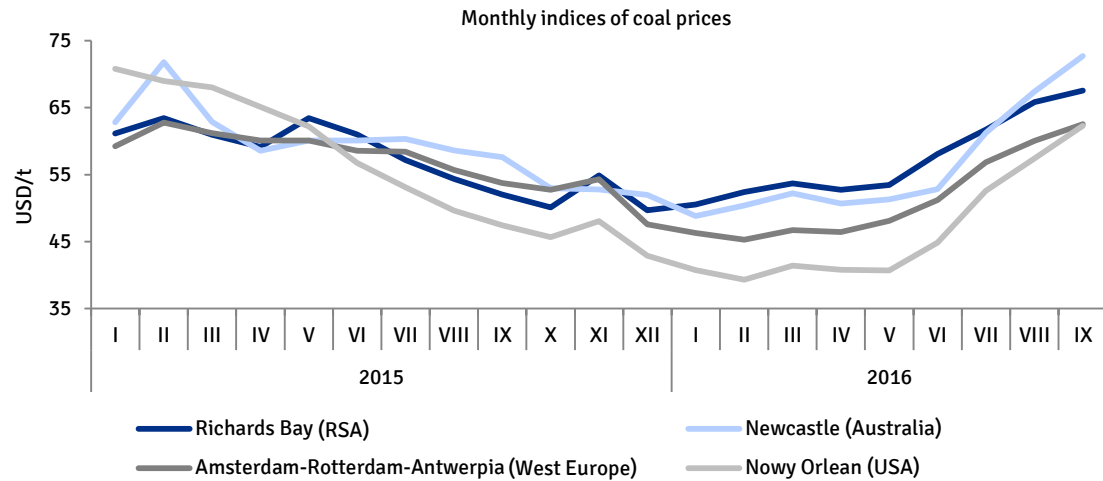
Enea CG's financial results in Q3 and Q1-Q3 2016

LW Bogdanka's financial results in Q3 and Q1-Q3 2016

Key initiatives implemented in Q1-Q3 2016

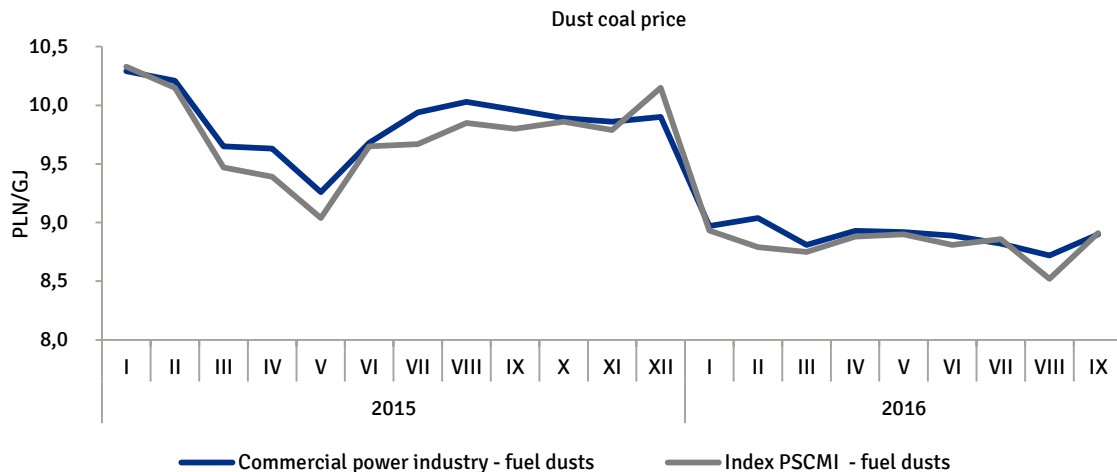
Enea CG's development strategy

In Q2 2016 there was a rebound in the prices on the global coal markets, to which the Polish market reacts with a delay



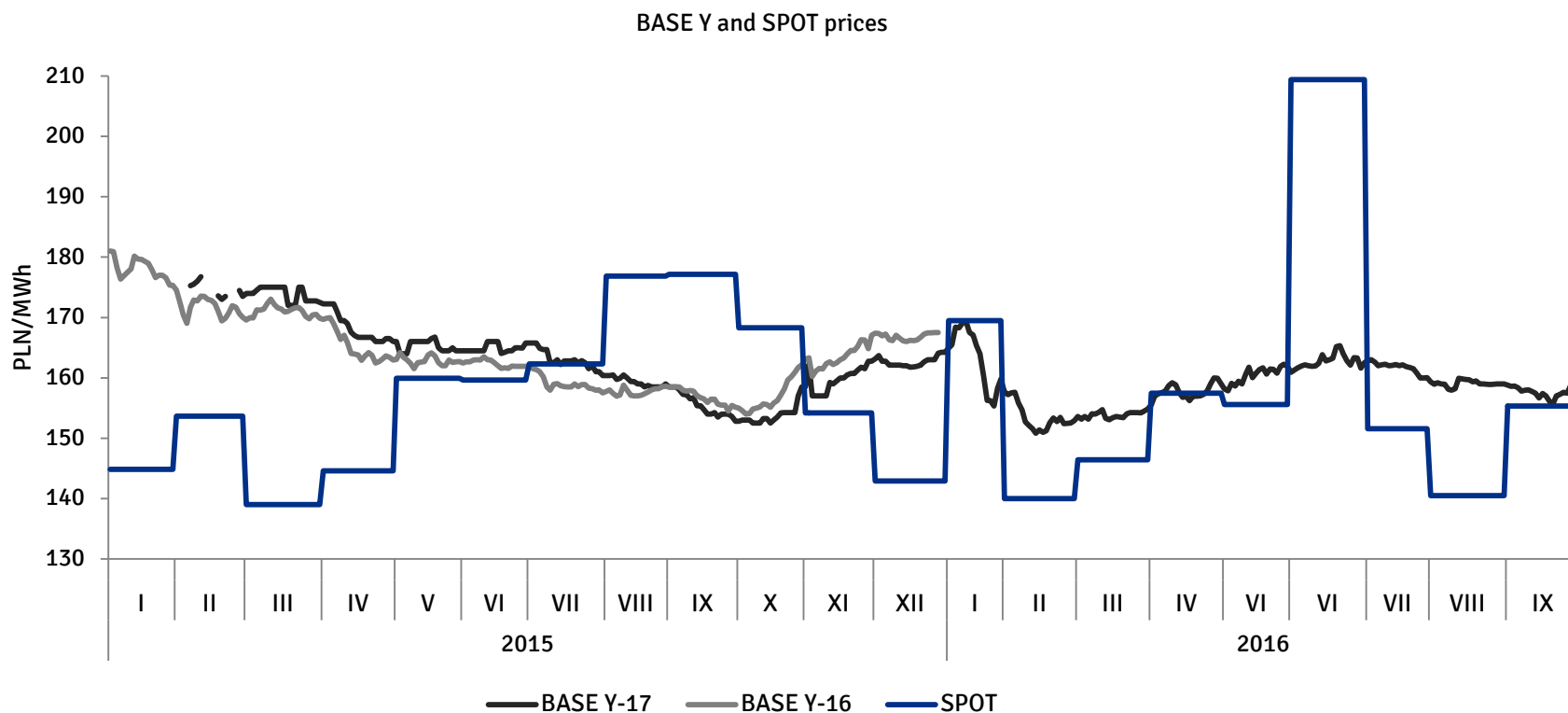
Average price in Q1-Q3 2016:

- Amsterdam - Rotterdam - Antwerp: 51.49 USD/t
- Richards Bay: 57.34 USD/t
- Newcastle: 56.40 USD/t
- New Orleans: 46.69 USD/t



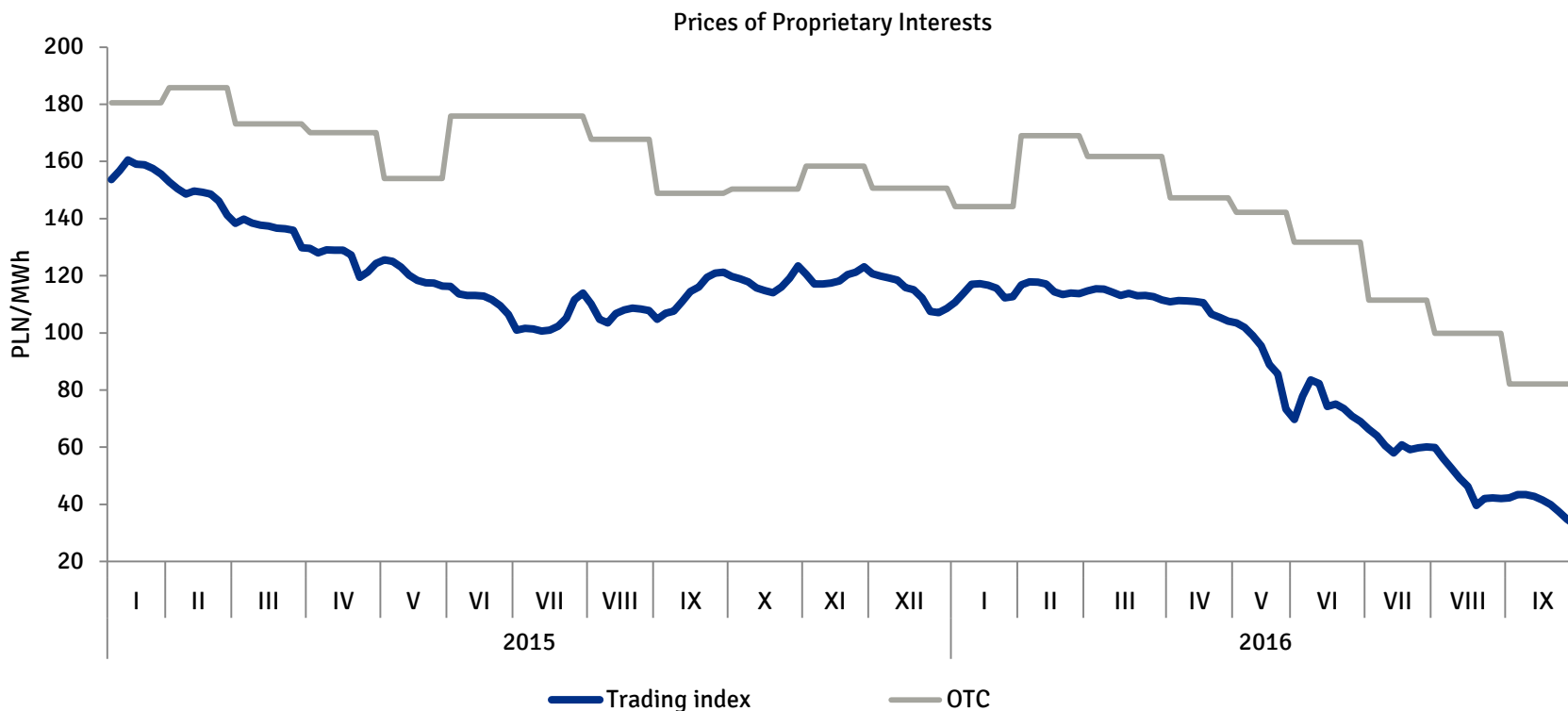
The average price of dust coal for commercial power industry in the nine months of 2016 dropped by ca. 9.8% yoy

In Q1-Q3 2016 a slight growth in prices on the spot energy market was reported



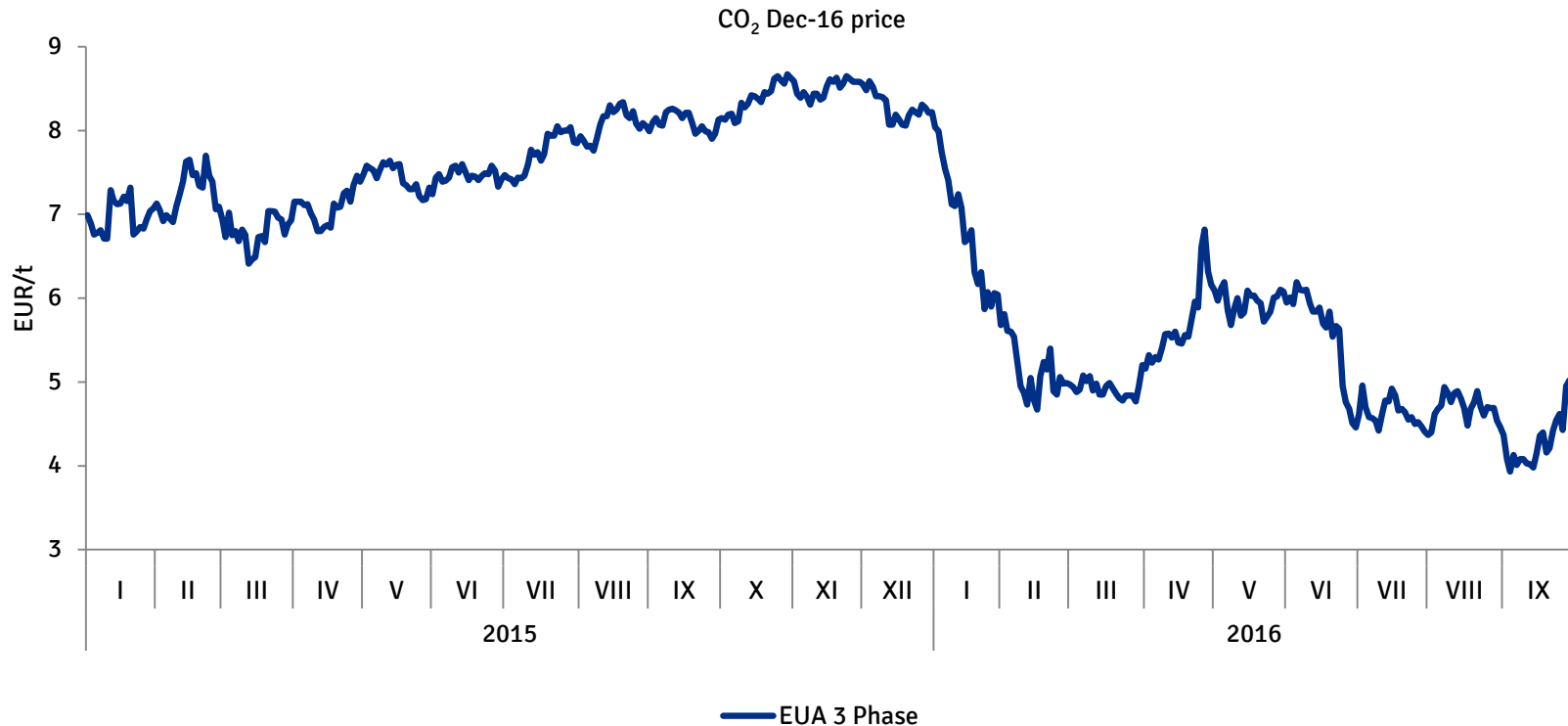
- Growth in the average price of baseload on SPOT market in Q1-Q3 2016 by 0.5% yoy to 158.37 PLN/MWh
- The average energy price on forward market - baseload for 2017 dropped by 1.85% yoy to 159.02 PLN/MWh in Q1-Q3 2016

In Q1-Q3 2016 we observed a downward trend in the prices of proprietary interests



- In Q1-Q3 2016 the weighted average value of the session index dropped by 26.8% yoy to 86.18 PLN/MWh in relation to Q4 2015
- OTC market index in that period was by 57% higher than the session index and amounted averagely to 135.23 PLN/MWh

At the beginning of September an upwards trend commenced on the market of allowances for emissions of CO₂

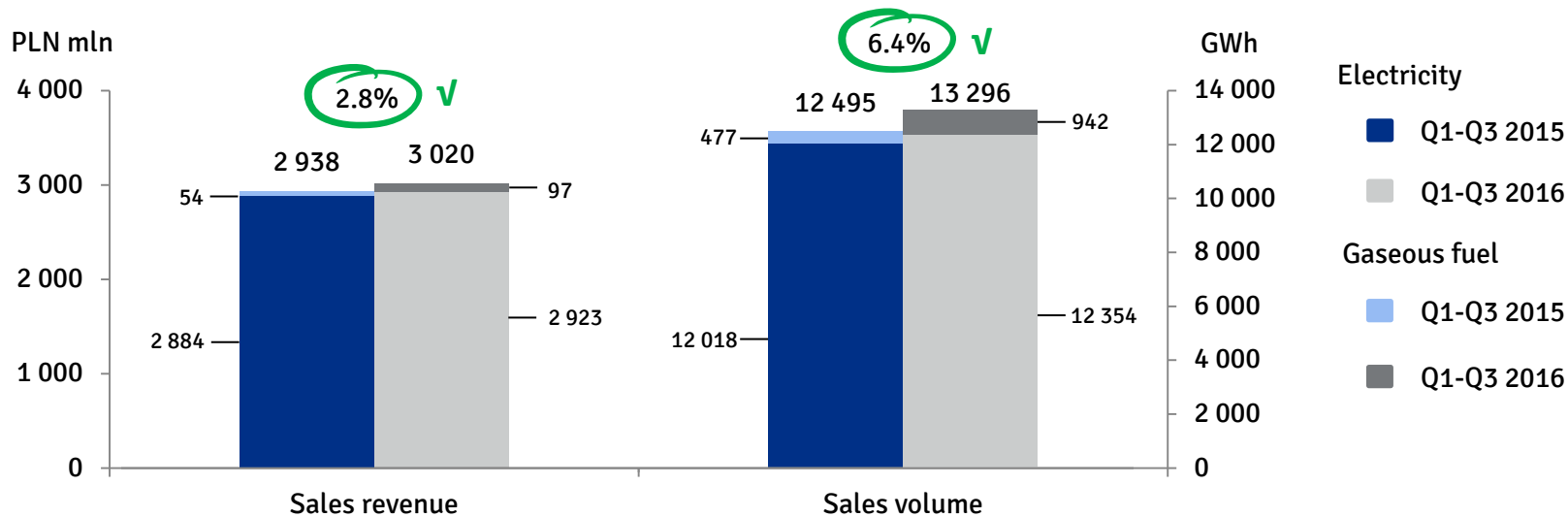


EUA price on the forward market for EUA Dec-16 during Q1-Q3 2016 dropped by 38% to 4.96 EUR/t

In Q1-Q3 2016 we increased sales of electricity and gaseous fuel



Enea CG's operational data	Q3 2015	Q3 2016	Change	Q1-Q3 2015	Q1-Q3 2016	Change
Generation of electricity [GWh]	3 405	3 359	-1.4%	9 698	10 166	4.8% ✓
from conventional sources	3 270	3 244	-0.8%	9 065	9 773	7.8% ✓
from renewable sources of energy	135	115	-14.8%	633	393	-37.9%
Gross generation of heat [TJ]	454	460	1.3% ✓	3 601	3 495	-2.9%
Sales of distribution services to end users [GWh]	4 398	4 593	4.4% ✓	13 391	13 924	4.0% ✓
Sales of electricity and gaseous fuel to retail customers [GWh]	4 309	4 290	-0.4%	12 495	13 296	6.4% ✓



LW Bogdanka CG adjusts the level of mining to the size of volumes placed on the market



LW Bogdanka CG's operating results ['000 tonnes]	Q3 2015	Q3 2016	Change	Q1-Q3 2015	Q1-Q3 2016	Change
Gross output	3 188	3 831	20.2% ✓	8 946	10 751	20.2% ✓
Net production	2 039	2 397	17.6% ✓	5 930	6 682	12.7% ✓
Yield	64.0%	62.6%	-1.4 p.p.	66.3%	62.2%	-4.1 p.p.
Sale of coal	2 187	2 360	7.9% ✓	6 008	6 739	12.2% ✓
Closing stocks	228 ¹⁾	172	-24.6% ✓	228 ¹⁾	172	-24.6% ✓

1) The level of stock presented as at 30 September 2015 includes the coal deposit (23 thou. tonnes) realised for one of coal recipients. The deposit was fully accounted until the end of 2015.

Agenda



Coal, energy markets, key operational and sales data

Enea CG's financial results in Q3 and Q1-Q3 2016

LW Bogdanka's financial results in Q3 and Q1-Q3 2016

Key initiatives implemented in Q1-Q3 2016

Enea CG's development strategy



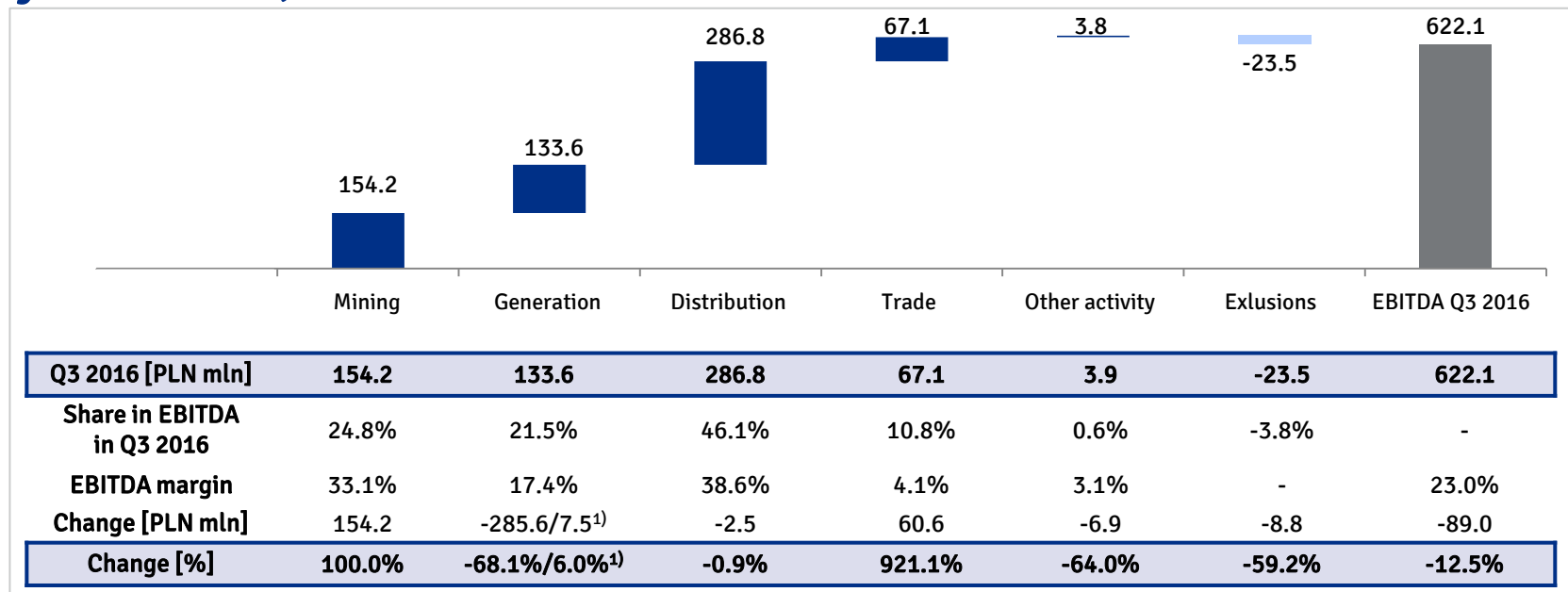
The comparability of results yoy was affected by the settlement in Q3 2015 of revenue from LTPPA




Enea CG's financial data [PLN mln]	Q3 2015	Q3 2016	Change	Q1-Q3 2015	Q1-Q3 2016	Change
Net sales revenue	2 538.1	2 704.5	6.6% ✓	7 150.3	8 303.9	16.1% ✓
EBIT	522.8	338.6	-35.2%	1 047.0	949.1	-9.3%
EBITDA	711.1	622.1	-12.5%	1 605.2	1 828.6	13.9% ✓
EBITDA excl. LTPPA and LWB CG	418.0	473.6	13.3% ✓	1 312.1	1 417.3	8.0% ✓
Net profit	419.6	249.4	-40.6%	837.8	720.7	-14.0%
Net cash flows from operating activities	562.7	660.3	17.4% ✓	1 345.6	1 822.4	35.4% ✓
CAPEX	831.0	683.0	-17.8%	1 953.7	1 854.1	-5.1%
Net debt / EBITDA ¹⁾	0.8	1.8	1.0	0.8	1.8	1.0


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


In Q3 2016 Enea Group realised the greatest growth in EBITDA yoy, by PLN 61 mln, in the area of trade



- growth in coal sold by almost 8% ✓ 
- drop of sales revenue by almost 4%
- lower selling price of coal by ca. 11%
- investment written-off with no result PLN -7.4 mln

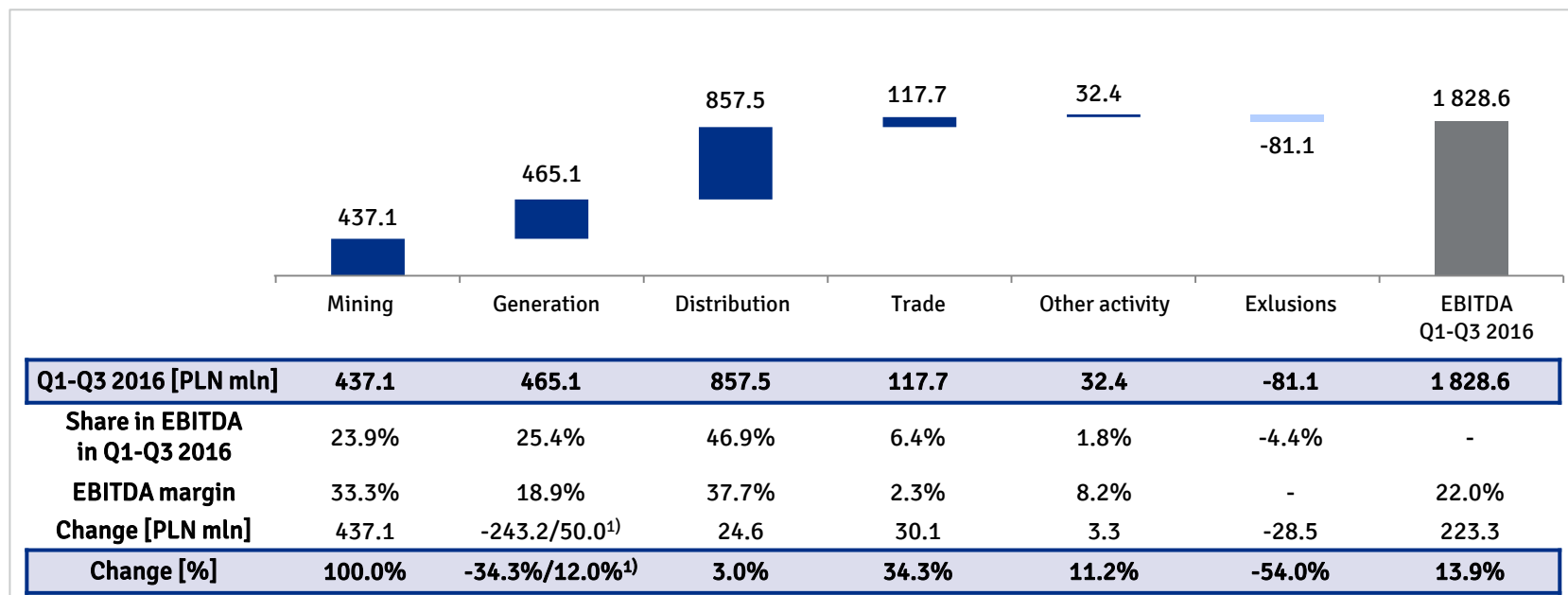
- higher margin on generation by PLN 16.5 mln ✓ 
- higher margin on trade and the Balancing Market by PLN 6.2 mln ✓
- lower result in the segment of RES by PLN 9.6 mln
- settlement of PLN 293.1 mln LTPPA in Q3 2015 (one-off)


- higher revenue from sale of distribution services to end users by PLN 14 mln ✓ 
- higher result on other operating activity by PLN 14 mln ✓
- lower revenue from grid connection fees by PLN 7 mln


- higher average selling price by 1.1% ✓ 
- lower costs of ecological obligations by 6.0% ✓
- lower average purchase price of energy by 3.0% ✓


1) excluding PLN 293.1 mln revenue from LTPPA (one-off)


In Q1-Q3 2016 the highest EBITDA was generated in the segment of distribution



- growth in sales of coal by over 12% ✓ 
- lower selling price of coal by ca. 11%
- investment written-off with no result PLN -7.4 mln

- higher margin on generation by PLN 66.8 mln ✓ 
- lower result in the segment of RES by PLN 21.4 mln
- settlement of PLN 293.1 mln LTPPA in Q3 2015 (one-off)

- higher revenue from sale of distribution services to end users by PLN 39 mln ✓ 
- lower revenue from grid connection fees by PLN 7 mln
- higher costs of purchasing transmission services by PLN 28 mln

- growth in sale volumes by 2.8% ✓ 
- lower average purchase price of energy by 1.3% ✓
- higher costs of ecological obligations by 9.1%

1) excluding PLN 293.1 mln revenue from LTPPA (one-off)

Agenda



Coal, energy markets, key operational and sales data



Enea CG's financial results in Q1-Q3 2015 and Q1-Q3 2016



LW Bogdanka's financial results in Q1-Q3 2015 and Q1-Q3 2016



Key initiatives implemented in Q1-Q3 2016



Enea CG's development strategy



Strong financial results despite low coal prices

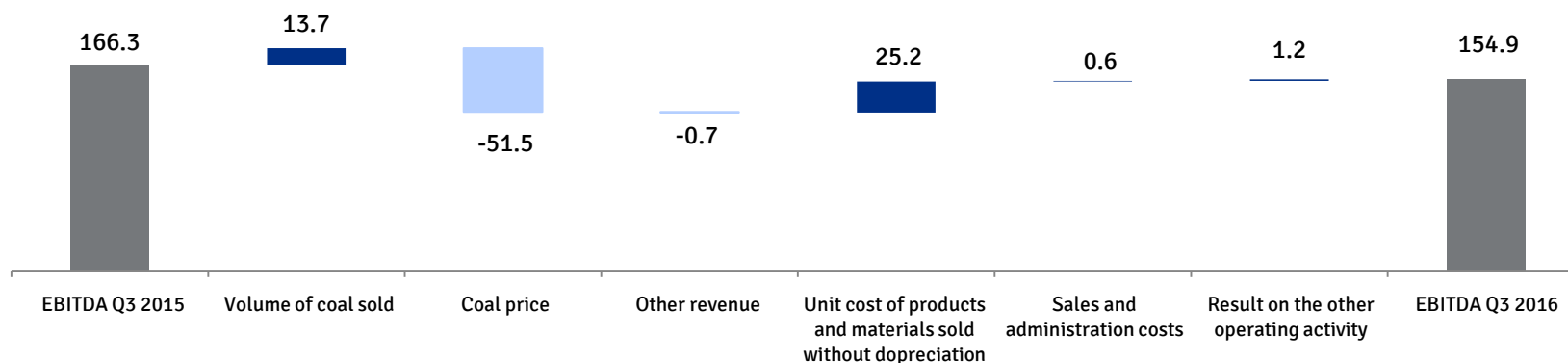


LW Bogdanka CG's financial results [PLN mln]	Q3 2015	Q3 2016	Change	Q1-Q3 2015	Q1-Q3 2016	Change
Net sales revenue	483.4	465.4	-3.7%	1 327.0	1 314.4	-0.9%
EBIT	73.2	58.1	-20.6%	174.5	154.6	-11.4%
EBITDA ¹⁾	166.3	154.9	-6.9%	458.1	432.3	-5.6%
Net profit	56.6	45.2	-20.1%	132.1	120.2	-9.0%
CAPEX	70.6	61.5	-12.9%	232.2	212.6	-8.4%
Net debt / EBITDA ²⁾	0.7	0.3	-57.1% ✓	0.7	0.3	-57.1% ✓

1) Explanation of EBITDA presentation difference of LW Bogdanka CG and area of mining in Enea CG in Q3 and Q1-Q3 2016 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

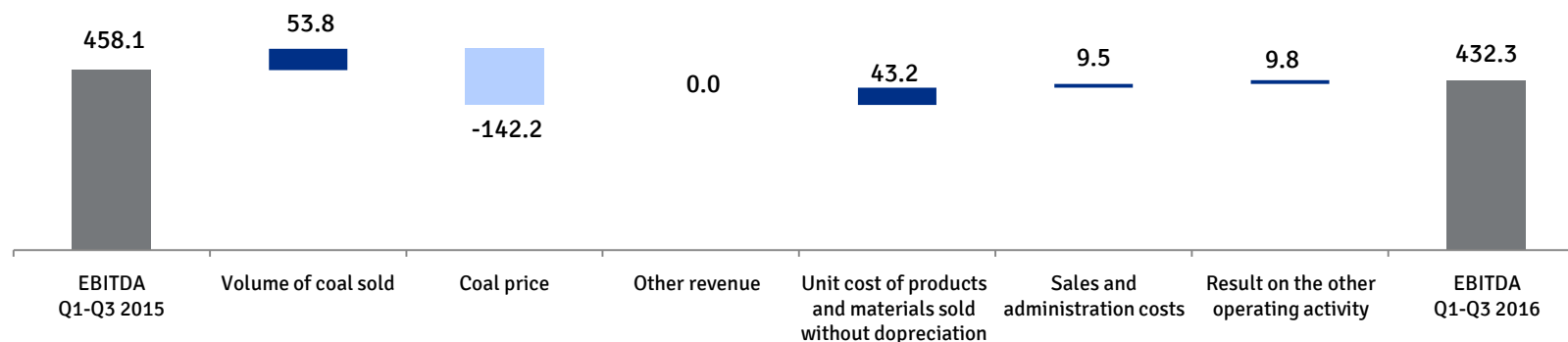
Lower EBITDA in Q3 2016 was determined by a drop in coal price by 10.7% yoy



Q3 2016 [PLN mln]	186.9	430.8	4.0	257.6	35.5	-0.5	154.9
Q3 2015 [PLN mln]	173.2	482.3	4.7	282.9	36.0	-1.7	166.3
Change [PLN mln]	13.7	-51.5	-0.7	25.2	0.6	-1.2	-11.4
Change [%]	7.9%	-10.7%	-14.9%	-8.9%	-1.6%	-	-6.9%

- drop of EBITDA by PLN 11.4 mln (-6.9%)
- growth in sale volumes of coal by 7.9% ✓
- drop in the price of sold coal by 10.7%
- drop in the other revenue (lower sales from subsidiaries)
- drop in the unit cost of sold products, goods without amortisation (drop in nominal costs by 1.7% with higher volume of sold coal by 7.9%) ✓

Lower unit cost and growth in the volume did not fully compensate coal prices decreasing in Q1-Q3 2016



Q1-Q3 2016 [PLN mln]	496.4	1 178.5	16.5	735.9	90.3	9.7	432.3
Q1-Q3 2015 [PLN mln]	442.6	1 320.7	16.5	779.0	99.9	-0.1	458.1
Change [PLN mln]	53.8	-142.2	0.0	43.2	9.5	9.8	-25.8
Change [%]	12.2%	-10.8%	0.0%	-5.6%	-9.5%	-	-5.6%

- drop of EBITDA by PLN 25.8 mln (-5.6%)
- growth in sale volumes of coal by 12.2% ✓
- drop in the price of sold coal by 10.8%
- drop in the unit cost of sold products, goods without amortisation (growth in nominal costs by 5.9% with a greater growth in the volume of sold coal by 12.2%) ✓
- other revenue in Q1-Q3 2016 on the level of the same period of 2015
- drop in costs of sales and administration costs (derecognition of costs of management options for 2016 and previous years, lower depreciation of fixed assets) ✓
- positive result on the other operating activity (release of the provision for claims) ✓

Agenda



Coal, energy markets, key operational and sales data



Enea CG's financial results in Q3 and Q1-Q3 2016



LW Bogdanka's financial results in Q3 and Q1-Q3 2016



Key initiatives implemented in Q1-Q3 2016



Enea CG's development strategy



We pursue a growth in efficiency in all the links of the chain of values



Key initiatives implemented in Q1-Q3 2016



Mining

- Execution of 17.2 km of new excavations
- Completion of drilling works by research holes of “Ostrów” area
- Completion of the installation and all objects of the central air-conditioning of Bogdanka field
- Investments within environmental protection e.g. extension of the object of extractive waste treatment
- Rationalisation of costs directly related to production
- Capital expenditures optimisation



Generation

- Modernisation of unit No. 4 (design and dismantling works) and 5 (commissioning)
- Installation of the catalytic denitrogenation of flue gases (SCR):
 - units No. 1-2 - commissioning
 - units No. 4 and 8 - continuation of the construction
 - units No. 5-7 - completion of the construction
 - units No. 9-10 - execution of an agreement with a contractor
- Construction of industrial waste and rainwater treatment
- Construction of flue gas desulphurisation plant on K7 and K8 boilers



Distribution

- Considerable enhancement of planned and unplanned interruption indices in Q1-Q3 2016:
 - SAIDI - by 45% yoy
 - SAIFI - by 32% yoy
- Continuation of improving the connections of Customers to the power grid, e.g. launching of the Connection Portal
- Continued development of IT tools supporting grid management, e.g. introduction of an innovative technology allowing for an automatic detection of damages and limiting their coverage
- AMI pilot implementation
- Construction and modernisation of power stations and grids



Trade

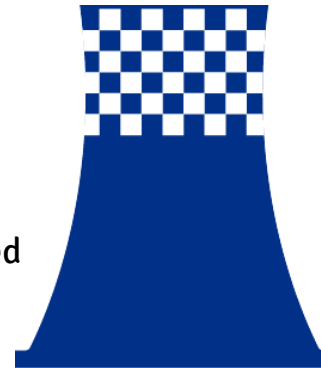
- Sales:
- comprehensive research of the Customer service quality
 - launching the e-commerce platform (Purchaser Zone)
 - Extension of the product portfolio
 - dynamic growth in gaseous fuel sales
- Wholesale trading:
- development of the estimation methods relating to the risk of growth and drop in electricity prices and of the methodology and a tool for constructing futures curves for natural gas on the Polish market

Construction of the unit, comprising 30 thou. detailed tasks, is already very advanced



Unit No. 11 - works realised in Q3 2016

- Connecting voltage to 10 kV switching station
- Voltage supply to reserve and start-up transformer
- Hydraulic test of live steam pipelines
- Assembly of air installation - Instrumentation and Automated Control Systems in boiler house and machine room
- Electrostatic precipitator mechanical assembly
- Assembly of coal transfer points
- Construction works of the oil management building with pumping station
- Hydraulic test of high-pressure pipelines on boiler
- Assembly of steel structures of the technological flyover, inclined coal conveyor, distribution tower of the coal conveyor



of the progress of
the new unit's
construction



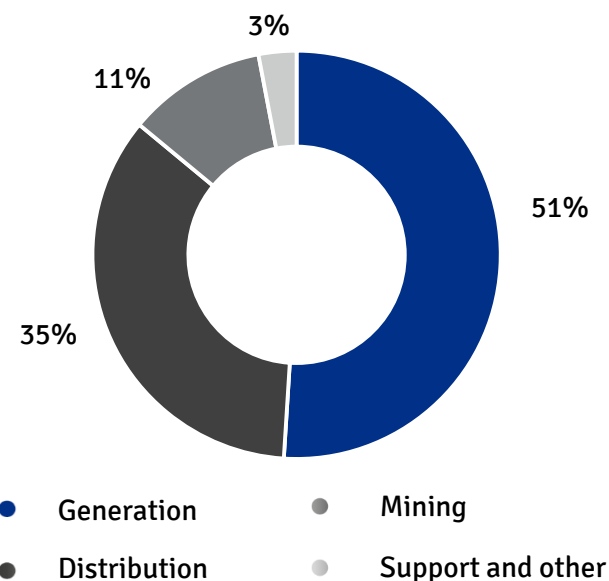
1) As at the end of September 2016

We are carefully monitoring investment expenditures



Capital expenditures [PLN mln]	Q1-Q3 2015	Q1-Q3 2016	Change	2016 Plan
Generation	1 394.5	938.4	-32.7%	1 969.5
Distribution	490.7	645.5	31.5%	847.7
Mining	-	215.1 ¹⁾	-	437.9
Support and other	68.5	55.1	-19.6%	155.1
TOTAL	1 953.7	1 854.1	-5.1%	3 410.2

Capital expenditures in Q1-Q3 2016



PLN 108 mln
on investment relating to
environmental protection
in Q1-Q3 2016

1) Presentation difference in the amount of PLN 2.5 mln vs. slide No. 15 results from the recognition of financial costs

Agenda



Coal, energy markets, key operational and sales data



Enea CG's financial results in Q1-Q3 2015 and Q1-Q3 2016



LW Bogdanka's financial results in Q1-Q3 2015 and Q1-Q3 2016



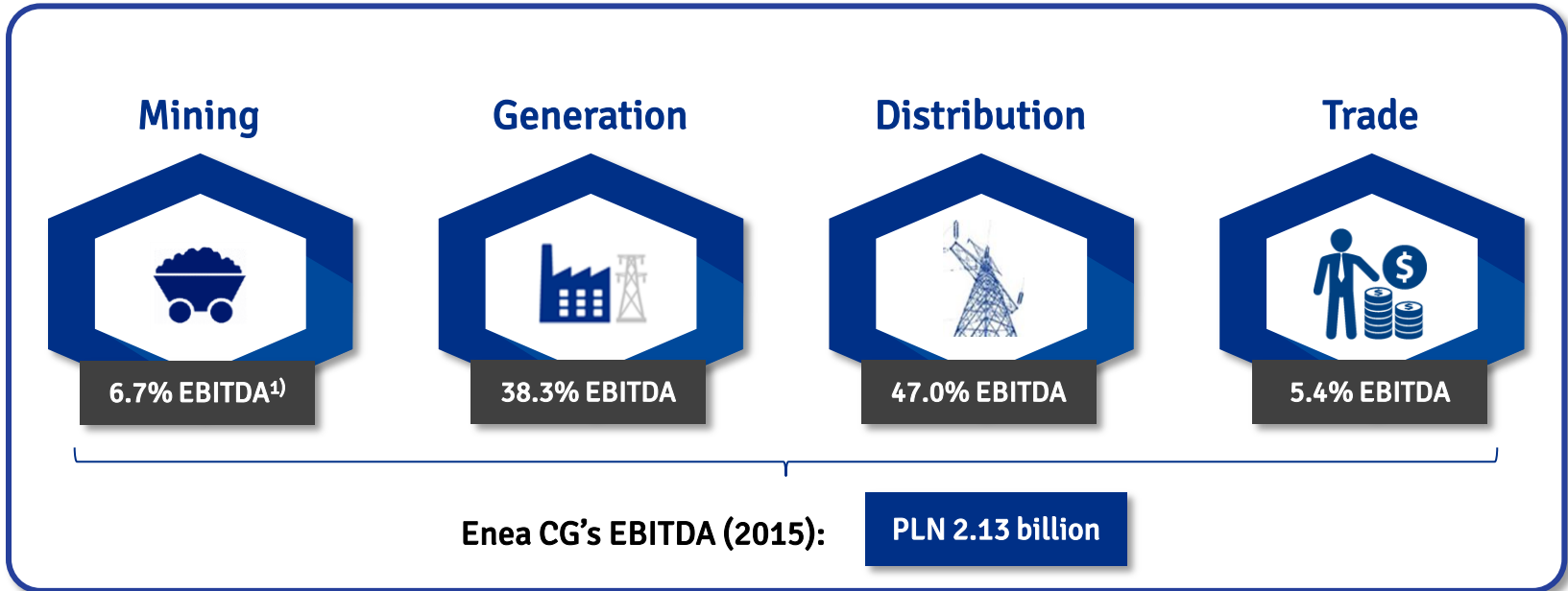
Key initiatives implemented in Q1-Q3 2016



Enea CG's development strategy



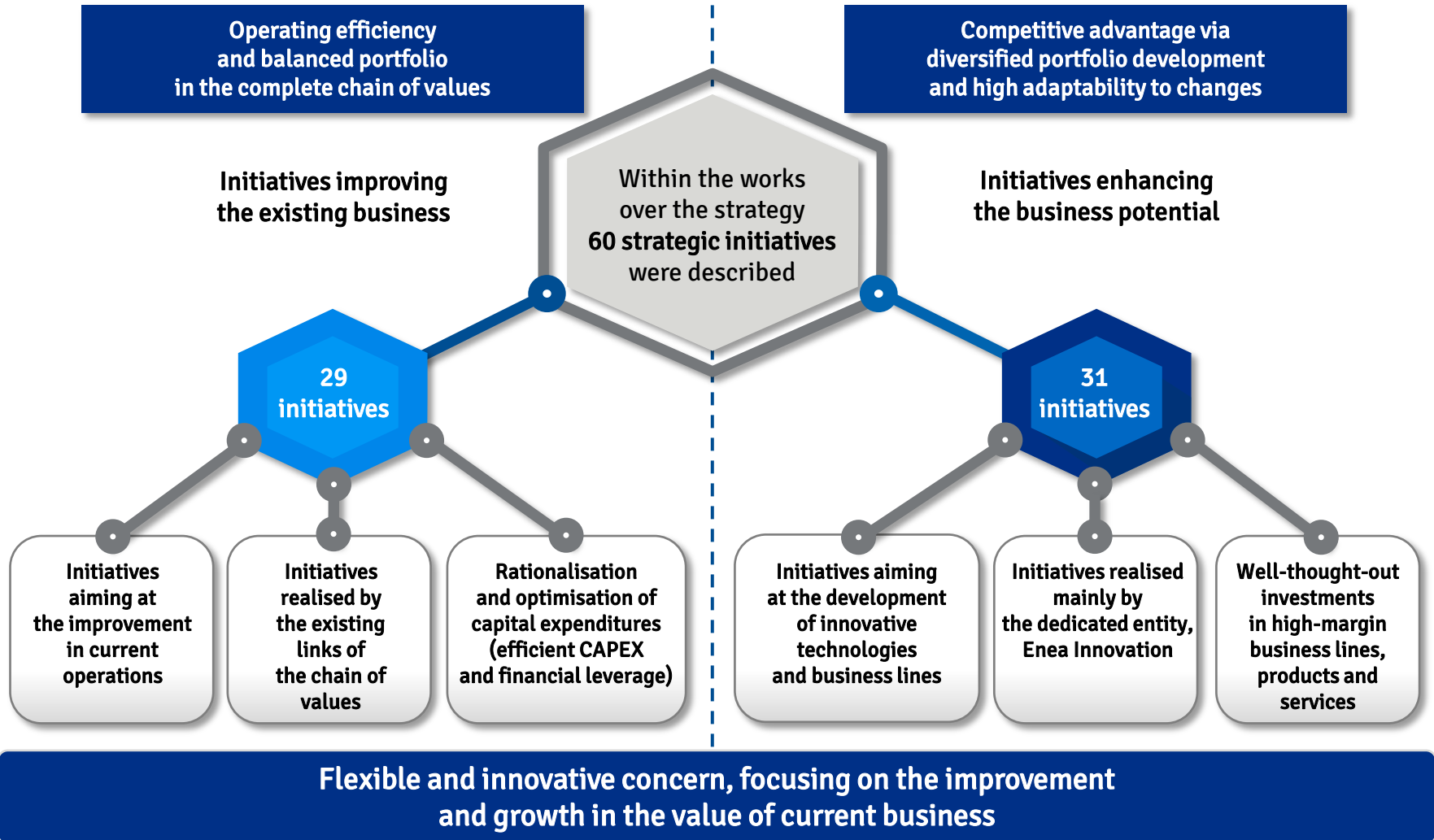
Enea CG's foundations in the development strategy until 2030



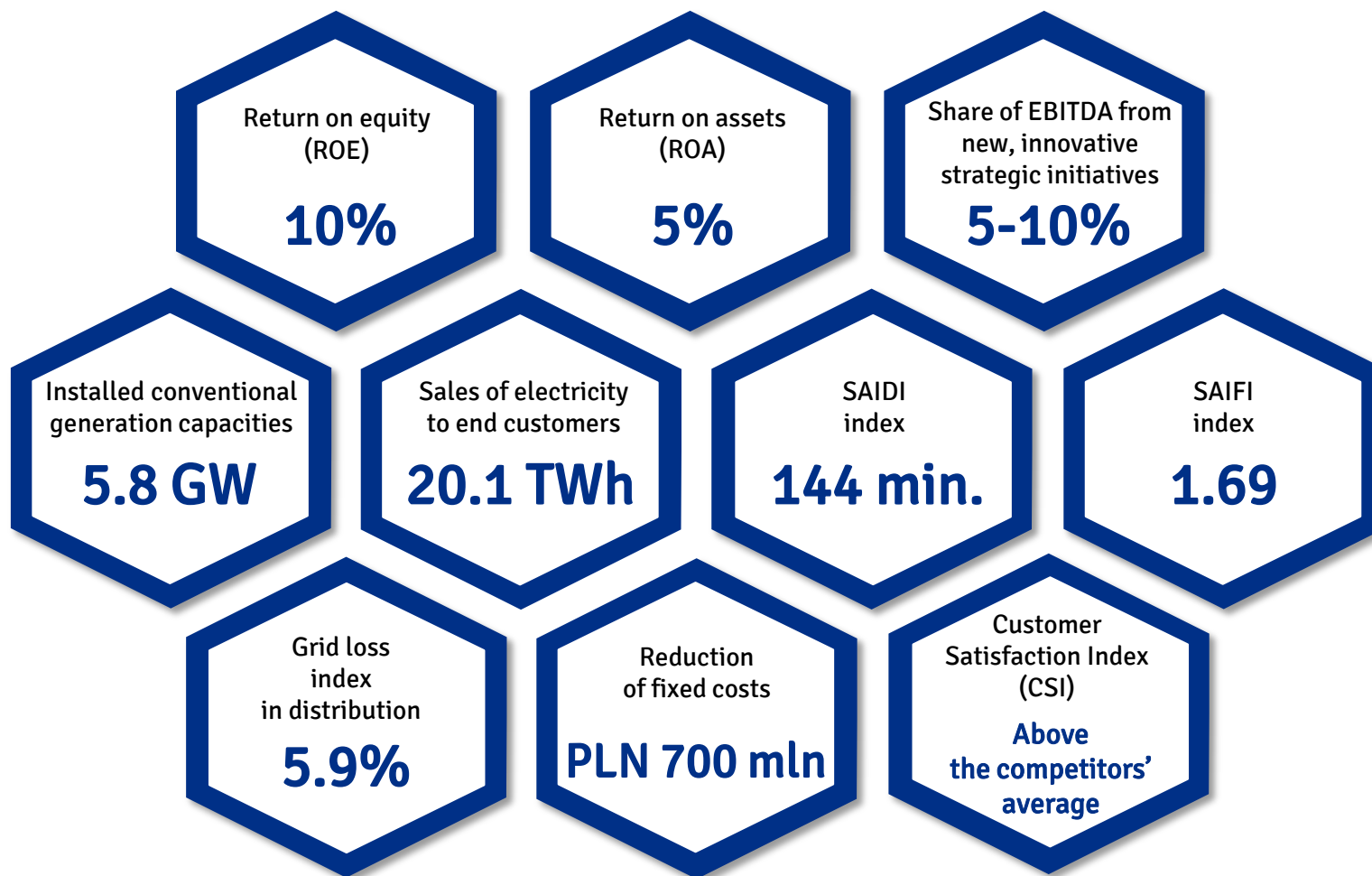
- Polish Energy Policy and Security**
- Responsible Development Plan**
- Climate Policy**
- Customers' expectations, technological progress**

1) November-December 2015

Over 50% of innovative initiatives increasing the business potential



Realisation of measurable goals will allow us to significantly improve all the types of ratios



Construction of a new unit in Ostrołęka C is part of an important process of the Polish power sector modernisation



Construction of a 1,000 MW type modern coal unit in Ostrołęka Power Plant

- Signing of a letter of intent with Energa relating to the construction and operation of a new unit
 - development of the investment business model which is the best for all the partners
- Favourable impact on the energy security in Poland
 - guaranteeing reliability and continuity of supplies
- Supercritical unit guaranteeing reduction in CO₂ emissions through modern and highly effective combustion technique
 - satisfaction of the climate agreement terms
- Using the experience gained during the construction of 1,075 MW unit in Kozienice Power Plant



7.5 thou. GWh
annual generation
of electricity

> 45%
efficiency

PLN 5.5-6 bln
CAPEX

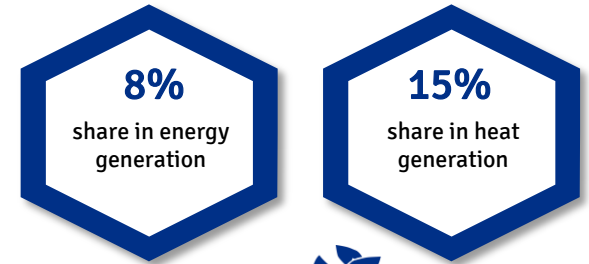
H2 2023
planned date
of completion of
the investment
realisation

We wish to strengthen the Group's position on the market of energy producers



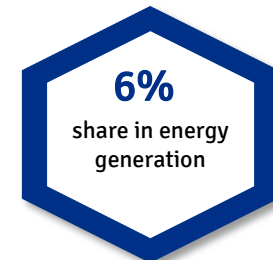
Preliminary offer for the purchase of EDF International SAS's assets

- Submission, jointly with PGE, Energa and PGNiG Termika, of a preliminary, non-binding offer for the purchase of shares in companies belonging to EDF in Poland, holding conventional generating assets and conducting service operations



Offer for the acquisition of 100% shares in ENGIE Energia Polska

- Optimal investor for ENGIE - possibility of obtaining synergies:
 - Połaniec Power Plant - a plant with similar technical parameters as Koźienice Power Plant and a great importance for the security of the power system in Poland
 - LW Bogdanka - coal supplier to Połaniec Power Plant



Optimisation and standardisation of the area of mining and generation

We pursue securing fuels for the needs of our generation activity



Letter of Intent relating to the preliminary interest in the financial participation in Katowicki Holding Węglowy

- Signing of a letter of intent with Węglokoks and Towarzystwo Finansowe Silesia expressing a preliminary interest in the financial participation in KHW SA or KHW's assets
- Dependence of the participation on the satisfaction of numerous conditions related to e.g. presentation of an acceptable business plan and financial model and obtaining the required corporate consents
- Making final decisions e.g. after the analysis of the conducted due-diligence



Estimated growth in own conventional capacities to the level of 5.8 GW
- increasing the demand for bituminous coal from the current level
of ca. 5.5 million tonnes annually to ca. 10.9 million tonnes annually in 2025

We make a contribution to the development of electromobility in Poland



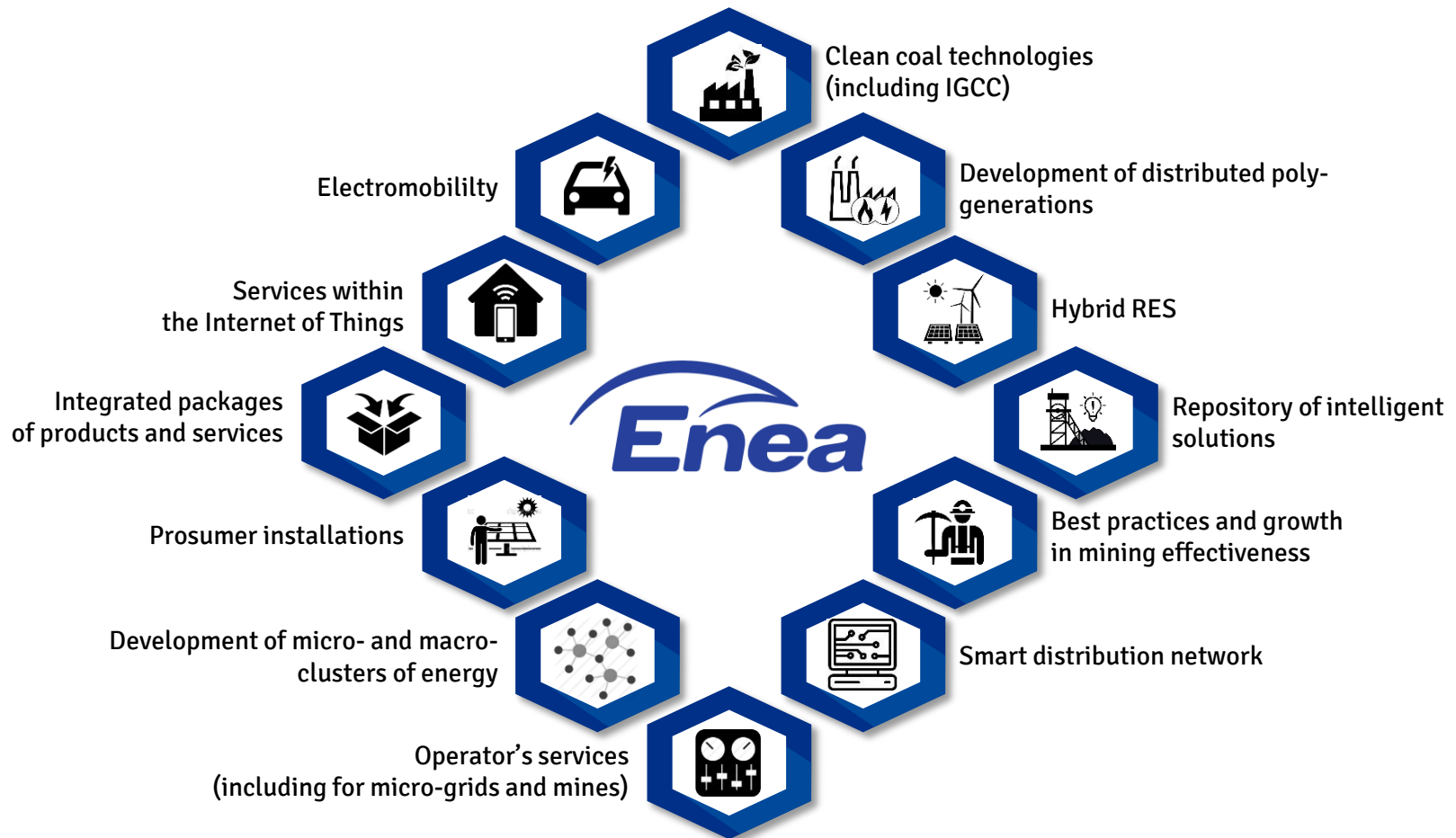
An active participation in the works for the development and building of the e-mobility infrastructure in Poland

- Signing of a letter of intent with the National Centre for Nuclear Research, Warsaw University of Technology, Energa, PGE and Tauron relating to the joint actions towards the development, promotion and popularisation of electromobility.
- Incorporation of ElectroMobility Poland together with PGE, Energa and Tauron
- A chance for a growth in the power industry innovativeness and impulse for its development
- More effective use of the power grids due to the popularisation of electric cars
- Electromobility Deployment Plan - one million electrical cars until 2025



A small and costing not more than PLN 70 thou. car composed of at least 60% of Polish parts

We are building an innovative raw materials and energy group capable of facing market challenges





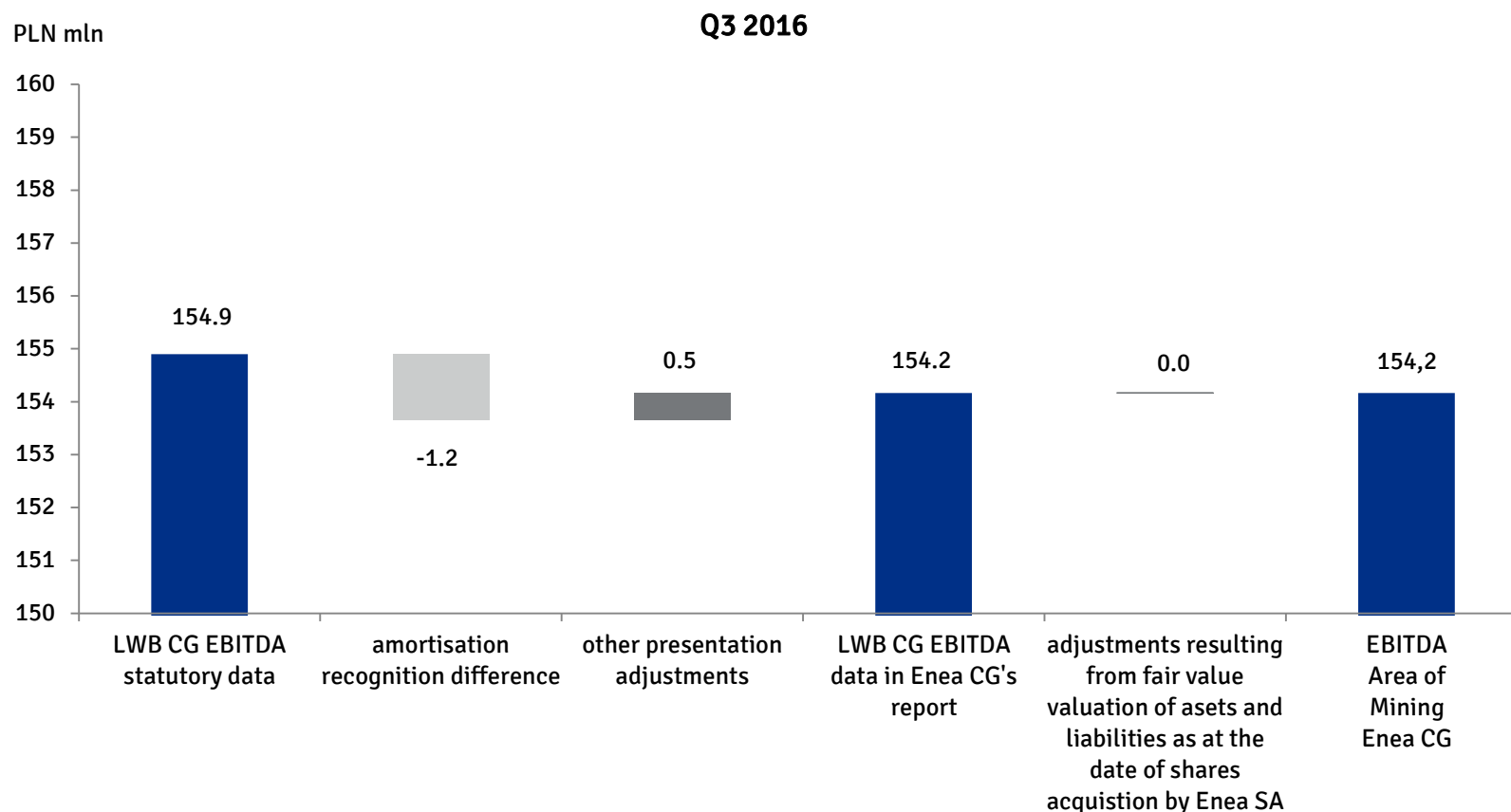
**We are building an innovative raw materials and energy group
capable of facing market challenges**

Q3, Q1-Q3 2016

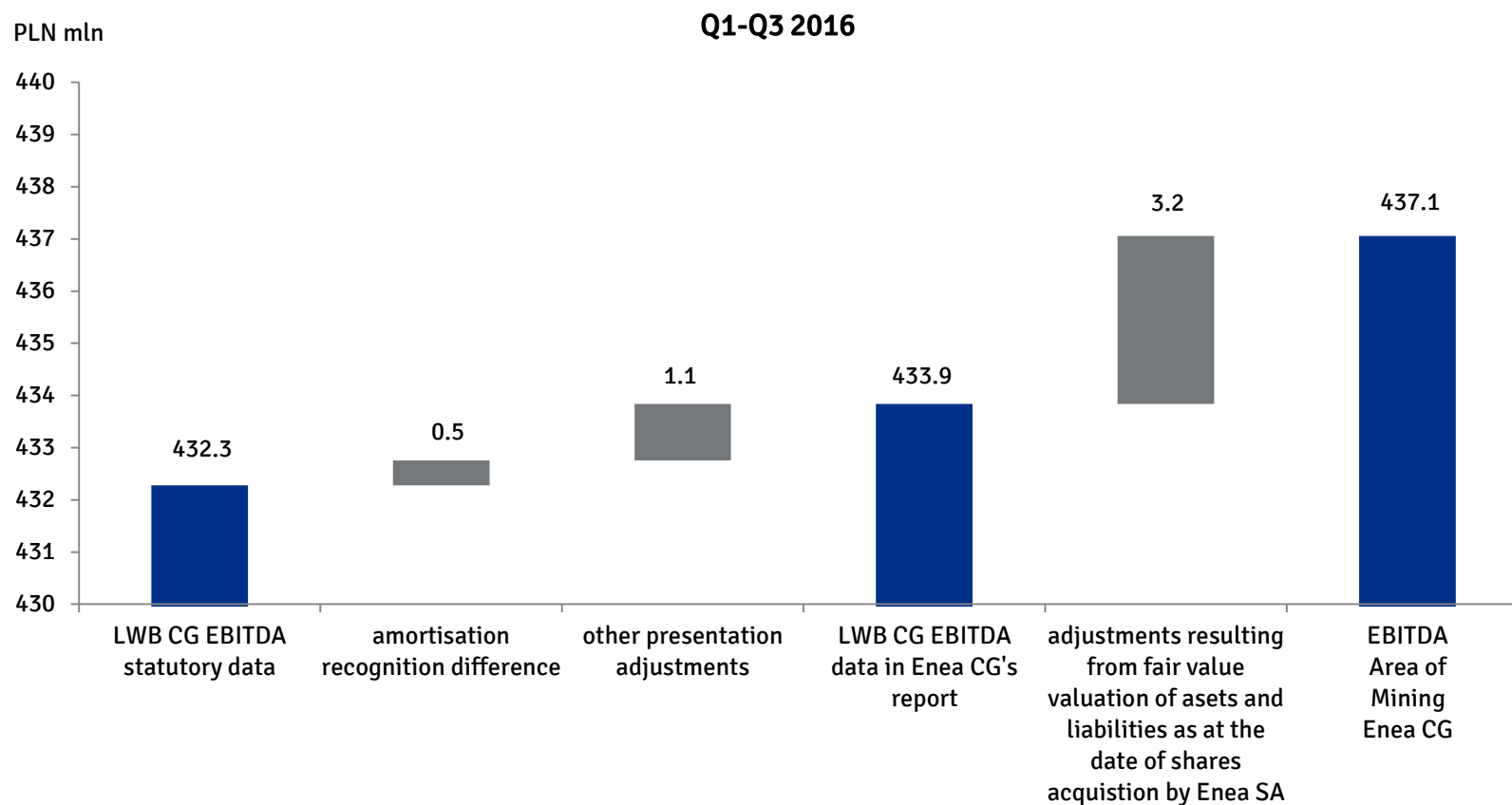


Attachments

Att. 1 - Explanation of EBITDA presentation difference of LW Bogdanka CG and area of mining in Enea CG in Q3 2016



Att. 2 - Explanation of EBITDA presentation difference of LW Bogdanka CG and area of mining in Enea CG in Q1-Q3 2016



Att. 3 – We are continuing the commenced investment activities

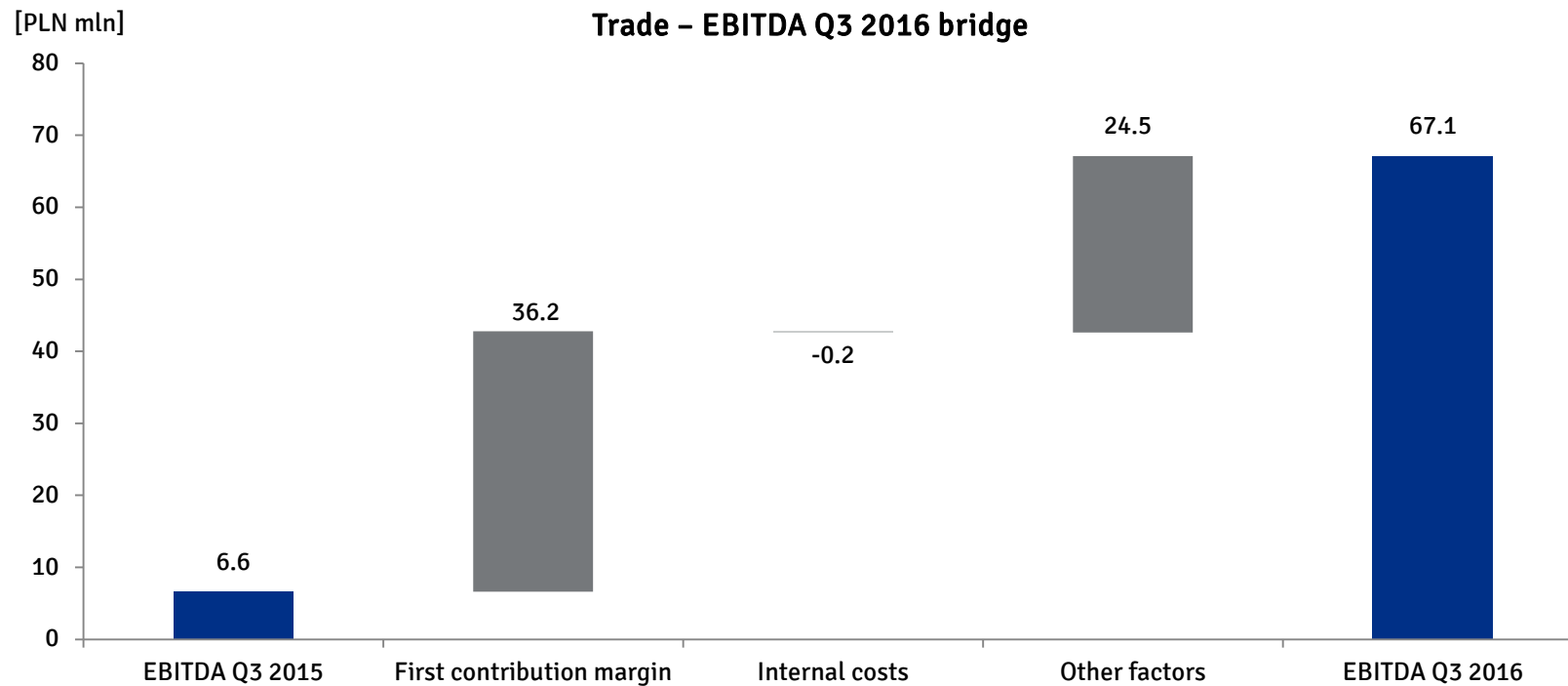


Investment	CAPEX Q1-Q3 2016 [PLN mln]	Total CAPEX [PLN mln]	Work progress (%)	Anticipated date of completion
Construction of a 1,075 MW power unit No. 11	742.5	5 922.0	90% ¹⁾	2017
IOS IV flue gas desulphurisation plant	9.1	288.3	99%	2016
Modernisation of unit No. 4	12.7	31.8	45%	2017
Modernisation of unit No. 5	74.4	87.9	99%	2016
Construction of industrial waste and rainwater treatment	7.2	29.4	97%	2016
Installation of flue gases denitrification - SCR for units No. 1 and 2	6.3	97.9	98%	2016
Modernisation of unit No. 9 as a part of 2 x 500 MW units modernisation programme	0	90.0	1%	2017
Modernisation of cooling water intake - stabilising checkdam on the Vistula River	0.4	33.0	2%	2017
SCR installation and modernisation of electrostatic precipitators for units No. 9 and 10 as part of the 2 x 500 MW units modernisation programme	1.2	321.9	1% ²⁾	2017
Installation of flue gases denitrification - SCR for units No. 4-8	44.2	203.7	80%	2017
Installation of flue gases denitrification - SNCR for unit No. 3	0	42.6	1%	2017
Construction of flue gas desulphurisation plant on K7 and K8 boilers	33.7	105.5	50%	2017
Modernisation of unit No. 10 as part of 2 x 500 MW units modernisation programme	0	88.1	1%	2018

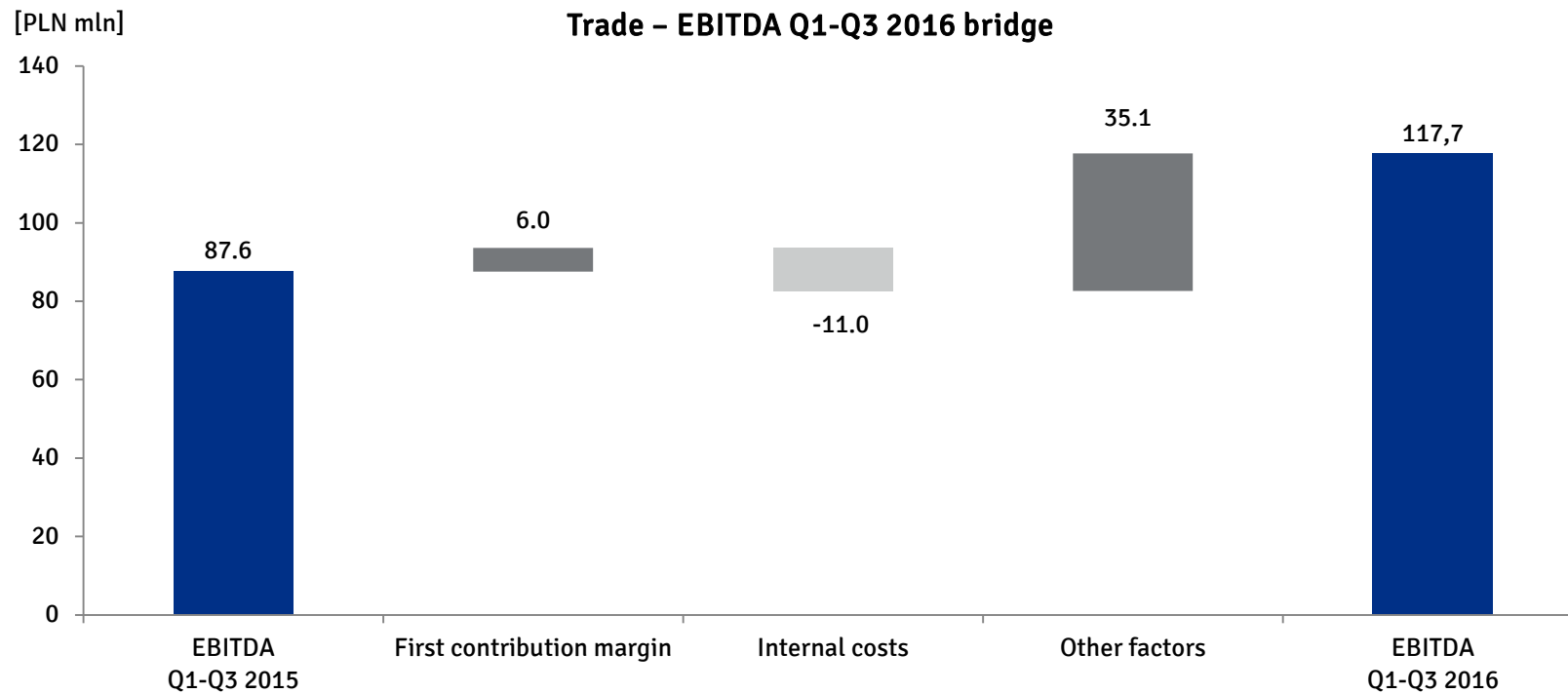
1) As at the end of September 2016

2) The execution status of the tender stage was presented in H1 2016 report. Currently, the project's financial progress is presented.

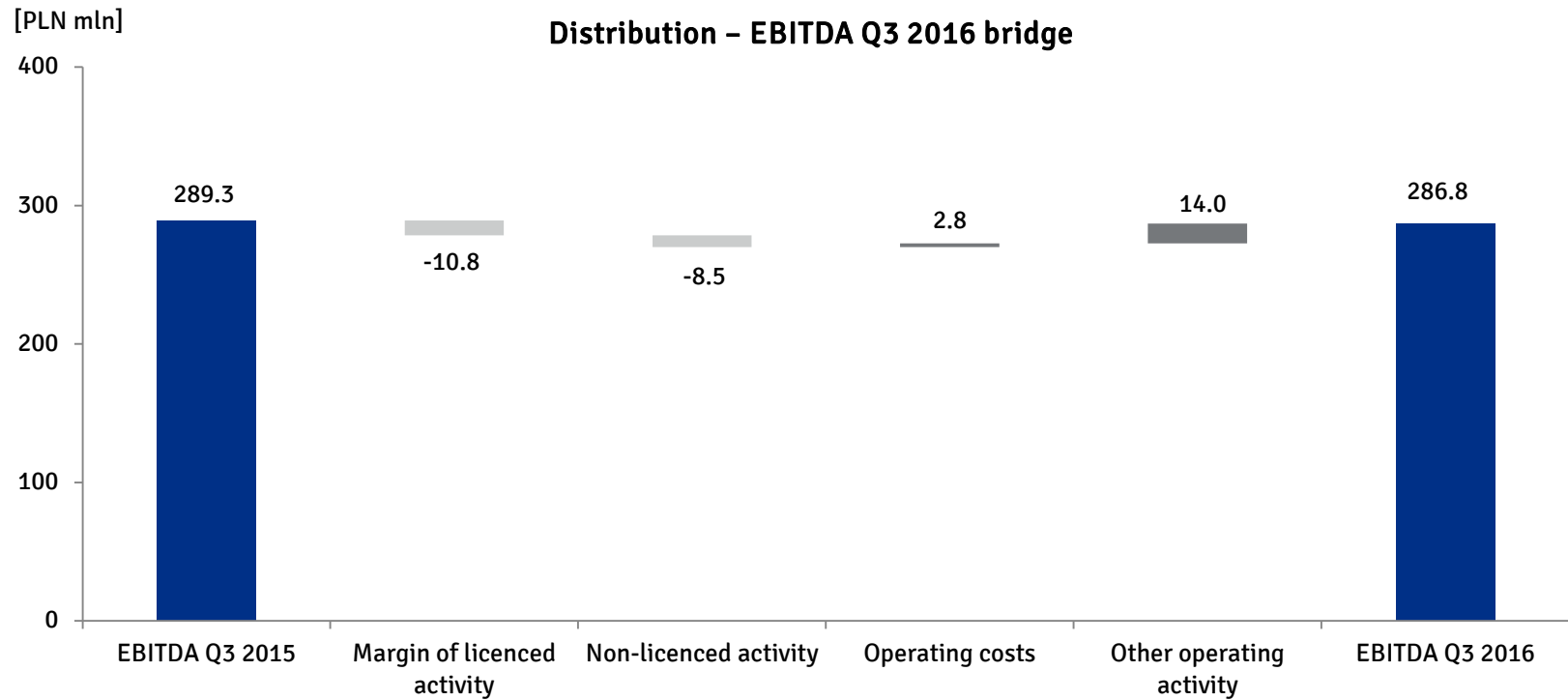
Att. 4 – An explicit growth in the first contribution margin affected EBITDA of the area of trade in Q3 2016



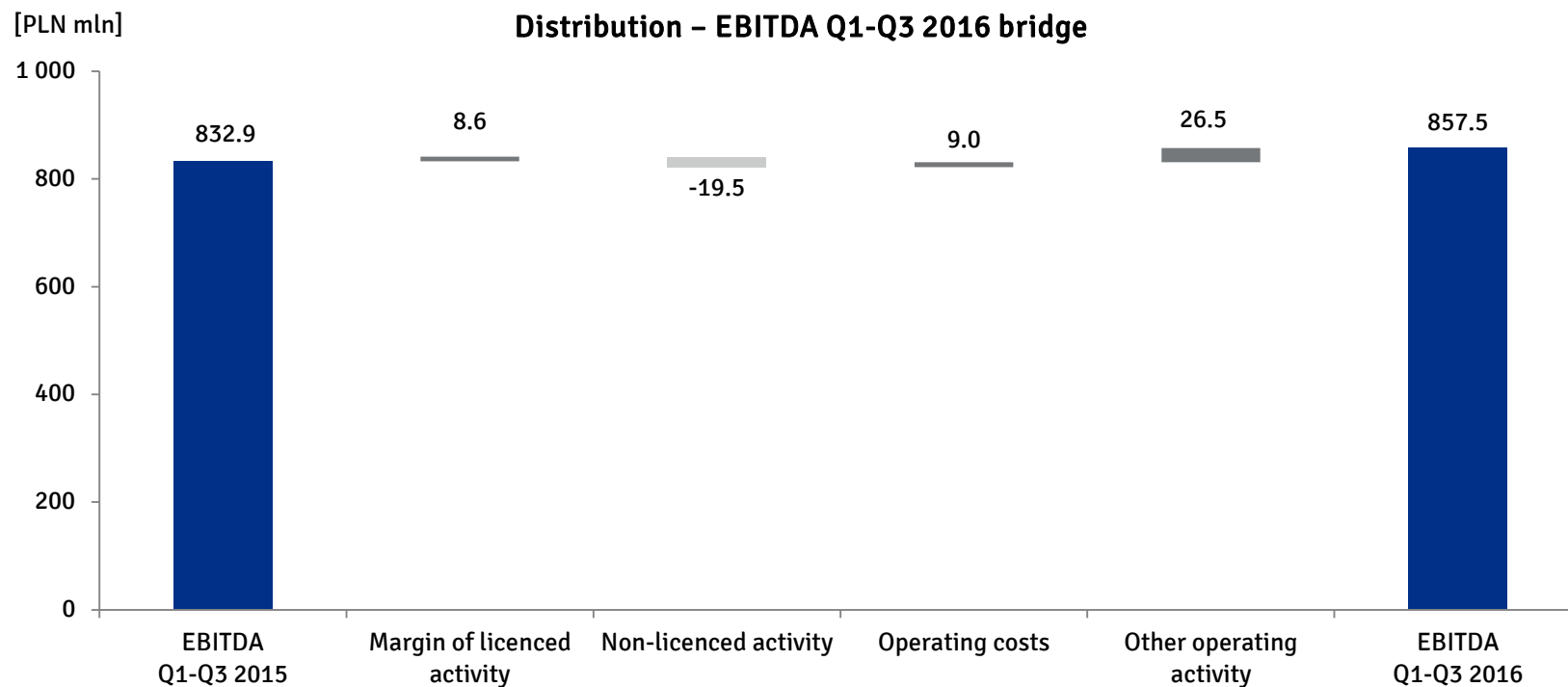
Att. 5 - Lower costs of written-off receivables, provisions for litigation and impairment of receivables supported the result of the area of trade in Q1-Q3 2016



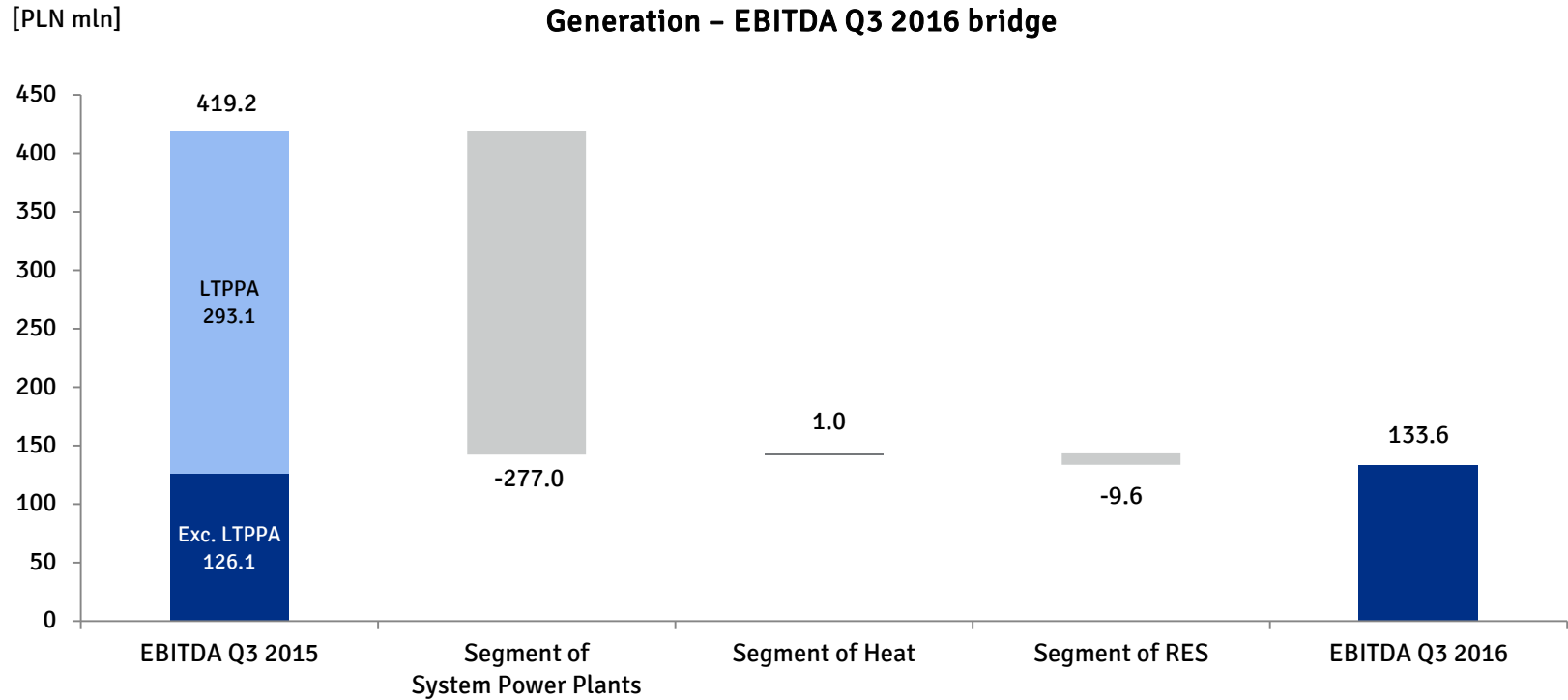
Att. 6 - We reported a similar yoy result in the area of distribution in Q3 2016



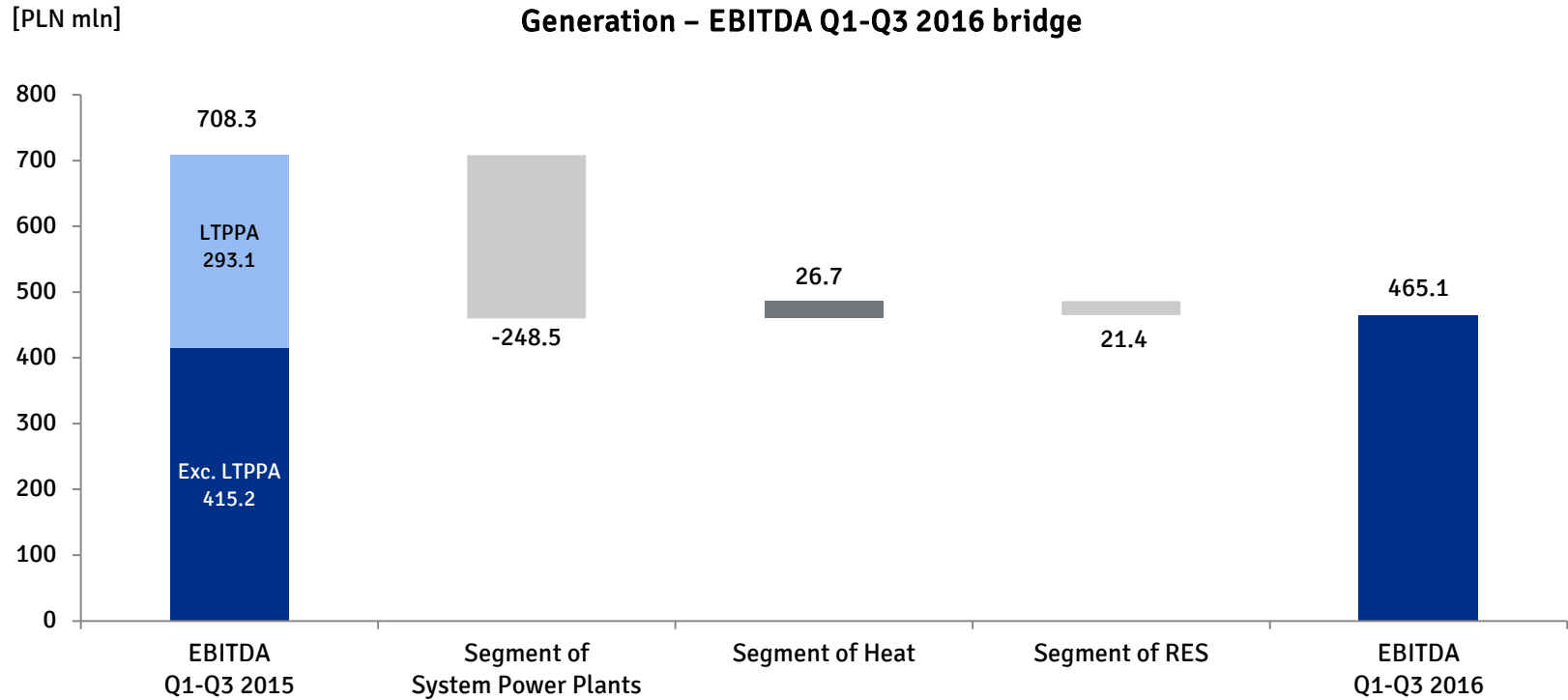
Att. 7 - Higher margin on licensed activities and lower operating costs positively affected EBITDA in the area of distribution in Q1-Q3 2016



Att. 8 - Excluding the impact of the settlement of revenue from LTPPA, EBITDA of the area of generation grew in Q3 2016 by 6.0% yoy



Att. 9 - Better result in the area of generation was affected by a growth in revenue from sales of heat and electricity by PLN 11.2 mln and PLN 7.4 mln, respectively



Att. 10 - Financial results of the segment of system power plants in Q3 2015 visibly demonstrate the impact of LTPPA settlement in the amount of PLN 293 mln



[PLN mln]	Generation, including:								
	System power plants			Heat			RES		
	Q3 2015	Q3 2016	Change	Q3 2015	Q3 2016	Change	Q3 2015	Q3 2016	Change
Sales revenue	973	699	-274	67	58	-8	15	12	-3
EBIT	361	90	-271	-14	-11	3	-2	-9	-7
EBITDA	411	134	-277	1	2	1	7	-2	-10
CAPEX	542	354	-188	12	28	16	19	0	-19

[PLN mln]	System power plants			Heat			RES		
	Q1-Q3 2015	Q1-Q3 2016	Change	Q1-Q3 2015	Q1-Q3 2016	Change	Q1-Q3 2015	Q1-Q3 2016	Change
Sales revenue	2 312	2 118	-194	292	298	6	61	44	-17
EBIT	475	247	-228	11	46	35	3	-53	-56
EBITDA	622	373	-249	57	84	27	30	8	-21
CAPEX	1 322	880	-442	44	54	11	29	4	-25