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RENEWABLE ENERGY

CONVENTIONAL ENERGY

DISTRIBUTION

TRADE

POLENERGIA 2015 Results

17th of February 2016

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01 Summary of FY 2015 results

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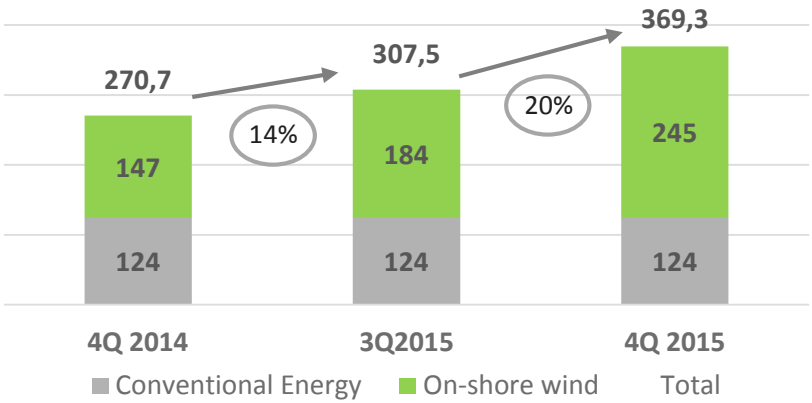
Summary of 2015 and outlook for 2016

- **Excellent productivity:** excellent productivity in 2015 showing potential for the future as new capacity enters;
- **369MW capacity installed at YE 2015**: 245,3MW wind farms, 124MW ENS and cogeneration. 100MW added in 2015.
- **279 MW ready for first auction in 2016:** largest from any single market participant;
- **Auctions/Regulation:** due to novelization of RES Act delay expected. Reference Price Levels Announced:
  - Onshore PLN 385/MWh: target to bid competitively due to premium project characteristics, capacity factor improvements, intra-group balancing cost synergies. Preparation commenced to achieve the best parameters;
  - Offshore PLN 470/MWh: within expected levelized costs for Offshore wind farms by 2020 (target is US$110/MWh).
- **Market Prices:** modest electricity price growth assumed to continue in 2016. Lower GC prices assumed to recover in H2 2016 as market stimulus (reduced supply) becomes effective – full effect of price recovery will be visible in 2017;
- **ENS:** successful start-up of a coal-fired unit Połaniec in a „black out" scenario - illustrating the potential role of ENS in energy security in southern Poland, especially in the context of the recent energy supply limitations;
- **Trading (Obrot):** growth driven by successful group optimization/trading;
- **Distribution:** steady performance;
- **Bernau-Szczecin/Offshore:** encouraging direction by new government on gas co-operation in the region, good progress on Offshore with very positive signs for future regulation support;
- **Dividend Yield and Growth profile:** Management Board of Polenergia S.A. has decided to bring forward the recommend payment of inaugural dividend to 2016 in the amount of 0,5 PLN per share with a clear policy going forward to reflect a „Dividend Yield and Growth" profile;
- **Utility Transformation Trends in Global Clean/Smart Energy:** huge global focus on renewables/clean tech and emission reduction - Polenergia is actively monitoring Clean/Smart Energy market.

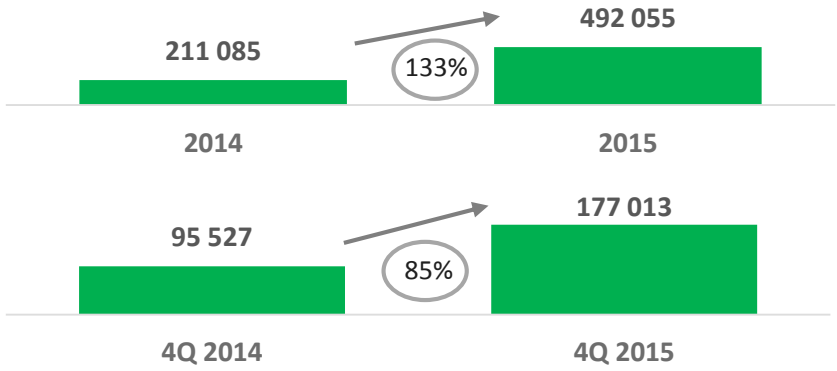
Polenergia remains well positioned for RES growth with positive signs for Offshore and regional gas co-operation giving impetus to key development projects

Q4 2015: significant earnings and volume growth continued

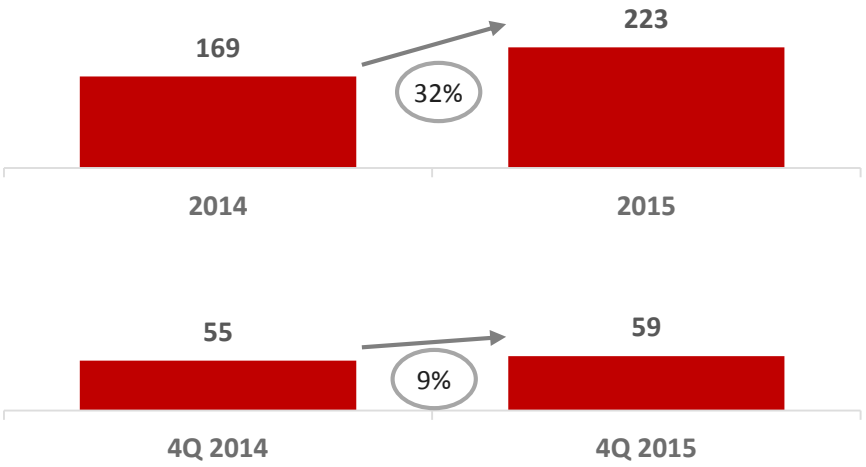
Total Capacity (MW)



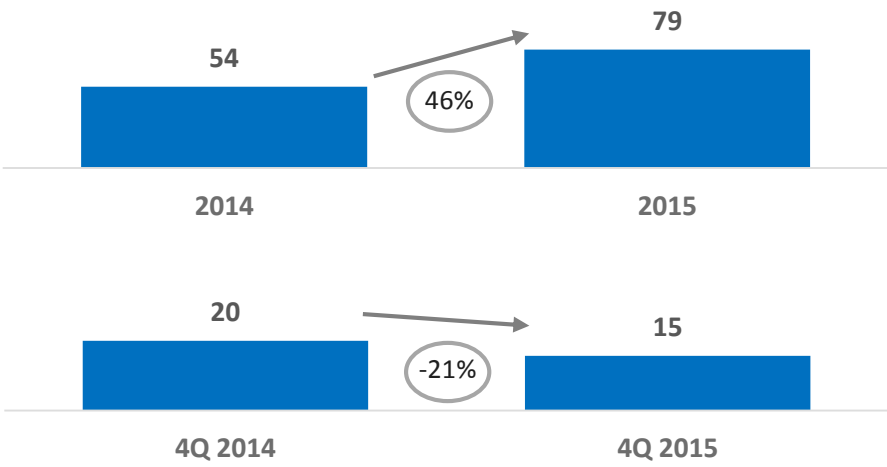
OnShore Volumes (MWh)



Adjusted EBITDA Growth (PLNm)



Adjusted Net income (PLNm)



Key Outperformance: Onshore – excellent Load Factors, Skurpie/Mycielin ahead of schedule and hedging strategy. Offsetting negative impact of PKH effect on Łukaszów/Modlikowice wind farms and falling certificate prices. Net income in 4Q 2015 lower than in 2014 due to one offs.

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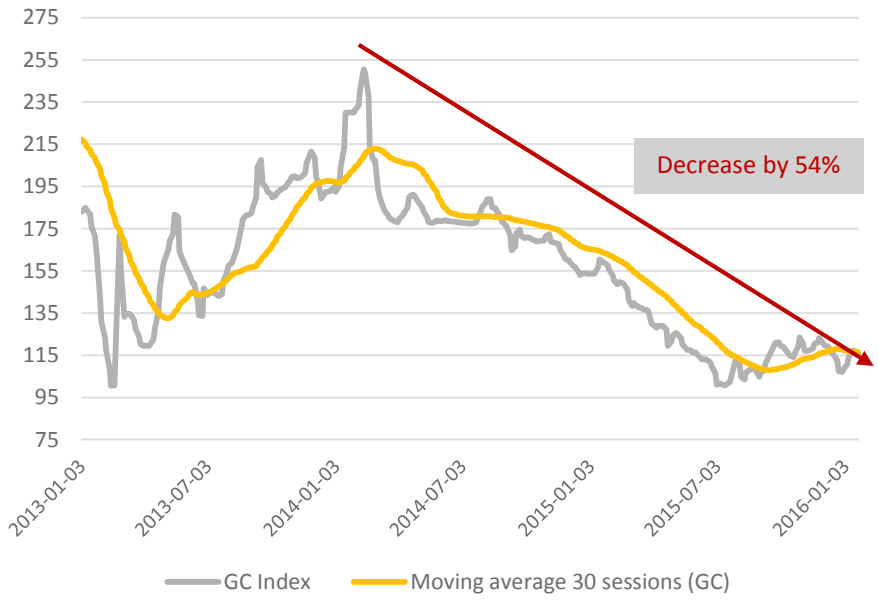
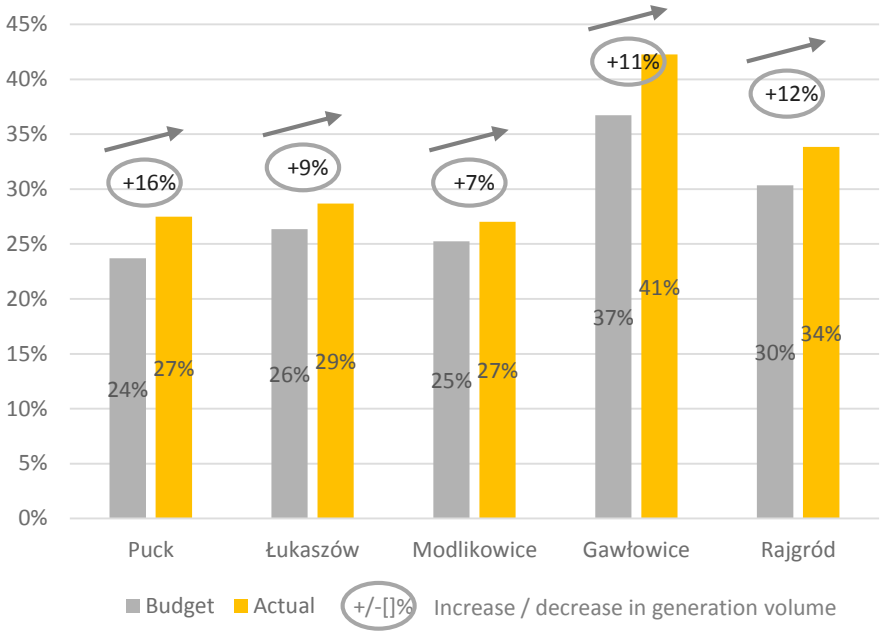
Excellent productivity & hedging policy partially offset decline in GC prices

GC market prices (PLN/MWh)



Load factor 2015 (%) Budget versus Actual



- **Decrease in GC market prices mitigated partially by excellent wind farm productivity, earlier commissioning of Skurpie (69 additional MWh) and hedging strategy adopted by Polenergia Obrot to achieve average higher GC sale prices than on spot market;**
- **Load factors of operational wind farms has been higher by 2-5 p.p. than normal productivity levels resulting in the average volume of electricity generated higher by 11% than budgeted;**
- **Average GC sale prices achieved by Polenergia Obrot in 2015 was ca 143 PLN/MWh whereas the market price has fallen from 165 PLN/MWh to even 108 PLN/MWh;**

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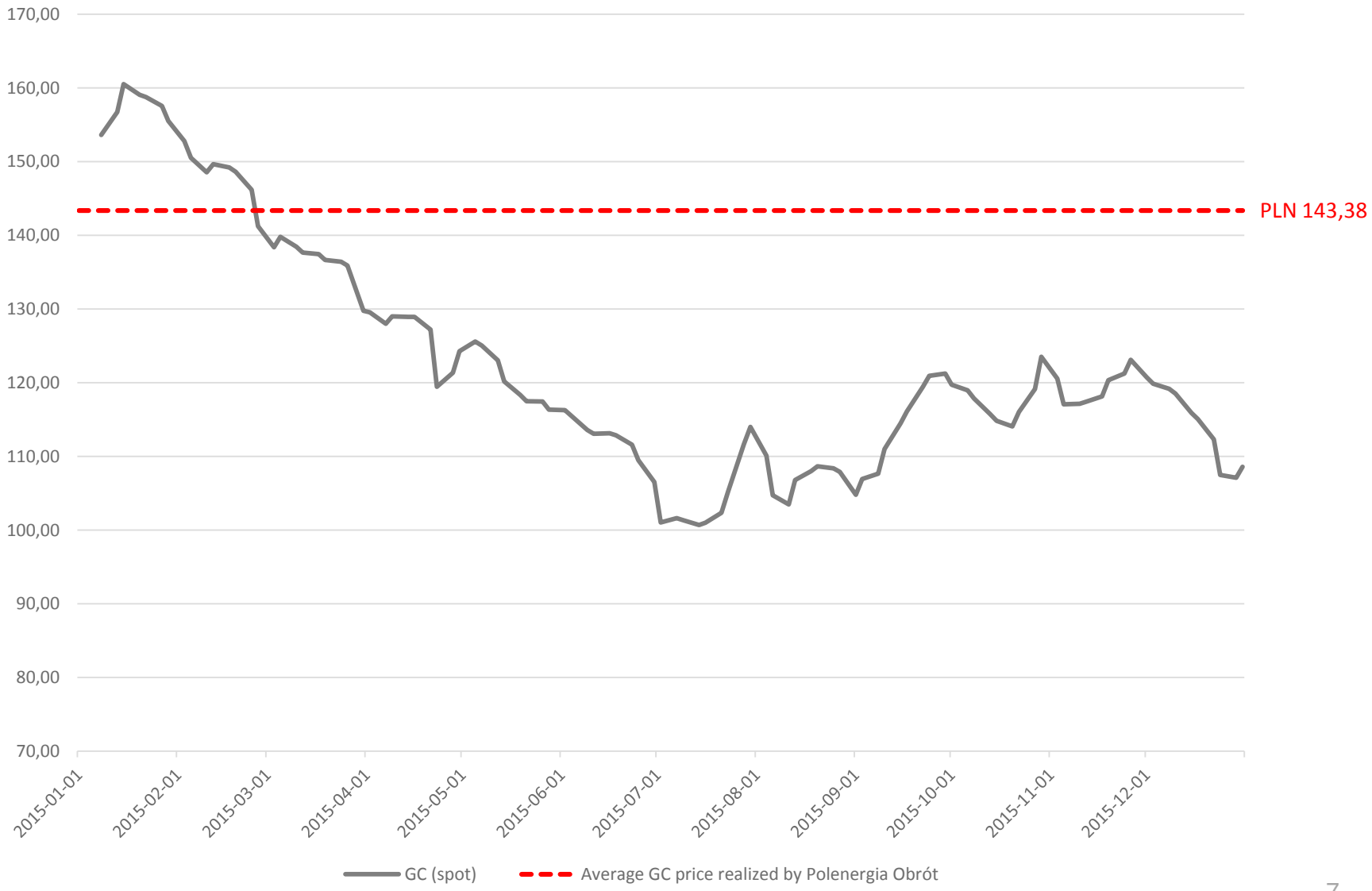
Prices green certificates: Polenergia Obrót vs. market



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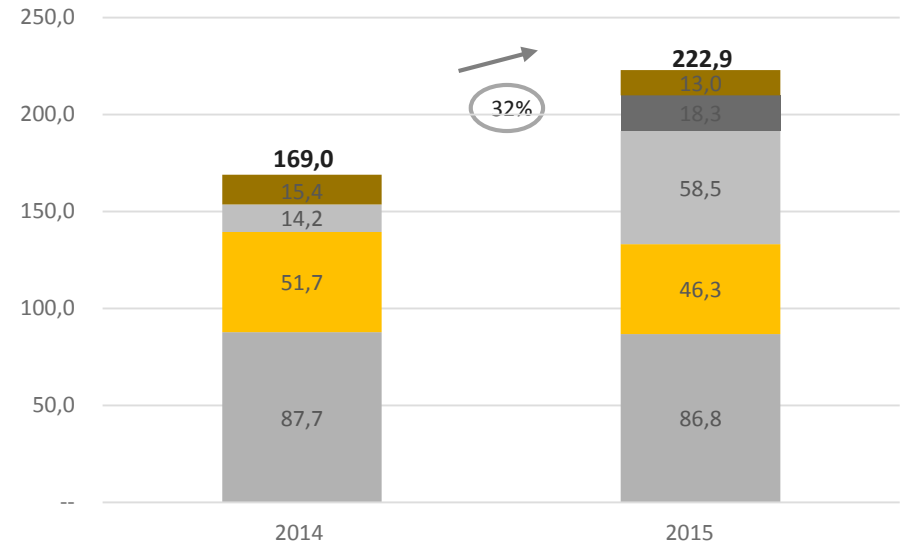
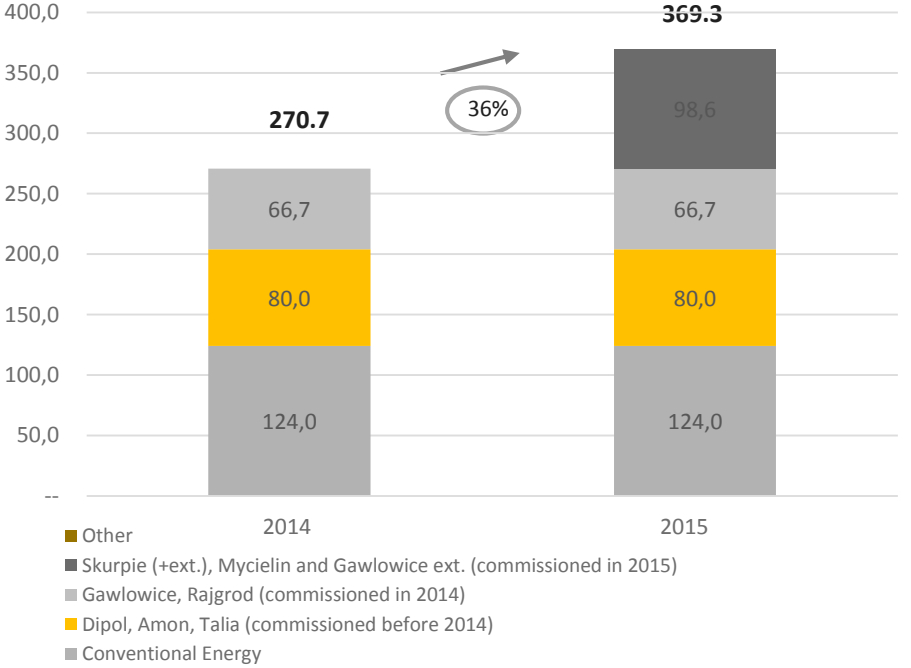
Successful capacity additions ahead of schedule

Adjusted EBITDA (PLNm)



Total Capacity EoY (MW)



- **32% EBITDA growth & 36% capacity growth confirming Polenergia's position one of the leaders in the Polish renewable market**
- **Onshore growth driven by new capacity & operational outperformance which counterbalanced declining GC market prices**
- **Conventional energy & distribution results remain steady**

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Financial results for 2015, forecast and future guidance

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Excellent 2015 results, positive realization of 2015 forecast and outperforming analysts

Data in PLN m	2014 Actual	2015 Actual	14 / 15 diff	14 / 15 diff %
Adjusted EBITDA	169.0	222.9	53.9	31.9%
Adjusted net profit	54.4	79.2	24.8	45.5%

Data in PLN m	2015 Forecast	% realised
Adjusted EBITDA	204	109.3%
Adjusted net profit	72.4	109.4%

Analyst forecasts	Adjusted EBITDA	Adjusted net profit
BZWBK	218	73
PKO BP	219	79
Trigon	208	73
SG	229	89
Consensus	218.5	78.5
Actual	222.9	79.2

- Polenergia has outperformed the 2015 forecast by 9.3% on EBITDA and over 9% on the Net Income Level;
- Polenergia has outperformed analyst consensus by PLN 4.4m (2%) on EBITDA and PLN 0.7m (0.9%) on Net Income

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Consolidated results for 12M 2015 - P & L

12M 2014 pro-forma results presented below have been prepared under the assumption that the contribution of assets owned by Polenergia Holding – Neutron Group (i.e. the ENS, PE-D, PE-O, development projects, etc.) took place on 1 January 2014, which allows for full comparability of periods.

Polenergia Group results (assuming that the date of the acquisition was the beginning of the annual reporting period) [PLN m]	12M 2015	12M 2014	Diff	Diff [%]	4Q 2015	4Q 2014	Diff	Diff [%]
Revenues from sales	**2 772,4**	**2 659,0**	**113**		**740,1**	**645,3**	**95**	
Including trading segment	2 072,4	2 001,8	71		554,8	462,6	92	
Cost of sales	(2 599,1)	(2 541)	(58)		(685,3)	(605)	(80)	
Including trading segment	(2 056)	(1 993)	(64)		(550)	(459)	(91)	
Gross profit on sales	173,3	117,6	55,7	47%	54,8	40,3	14,5	36%
Adjusted EBITDA	222,9	169,0	53,9	32%	59,4	54,6	4,8	9%
Adjusted Net Profit	79,2	54,4	24,8	46%	17,6	19,6	(2,0)	-10%
Adjusted EBITDA (excluding trading segment)	216,4	162,1	54,3	33%	58,0	49,5	8,5	17%
Adjusted EBITDA margin (excluding trading segment)	30,9%	24,7%	6,2%		31,3%	27,1%	4,2%	

- **The Group's results demonstrate a significant increase of adjusted (normalized) YTD EBITDA of PLN 53.9m (32%) and YTD net profit of PLN 24.8m (46%)**
- **In 4Q EBITDA reported an increase of PLN 4.8m (9%) (development segment write-off effect) whereas net profit reported a decrease of PLN 2.0m (-10%) following deferred tax assets write-off**
- **Profitability improving: visible in the EBITDA margin increase to c.31% (excluding trading).**

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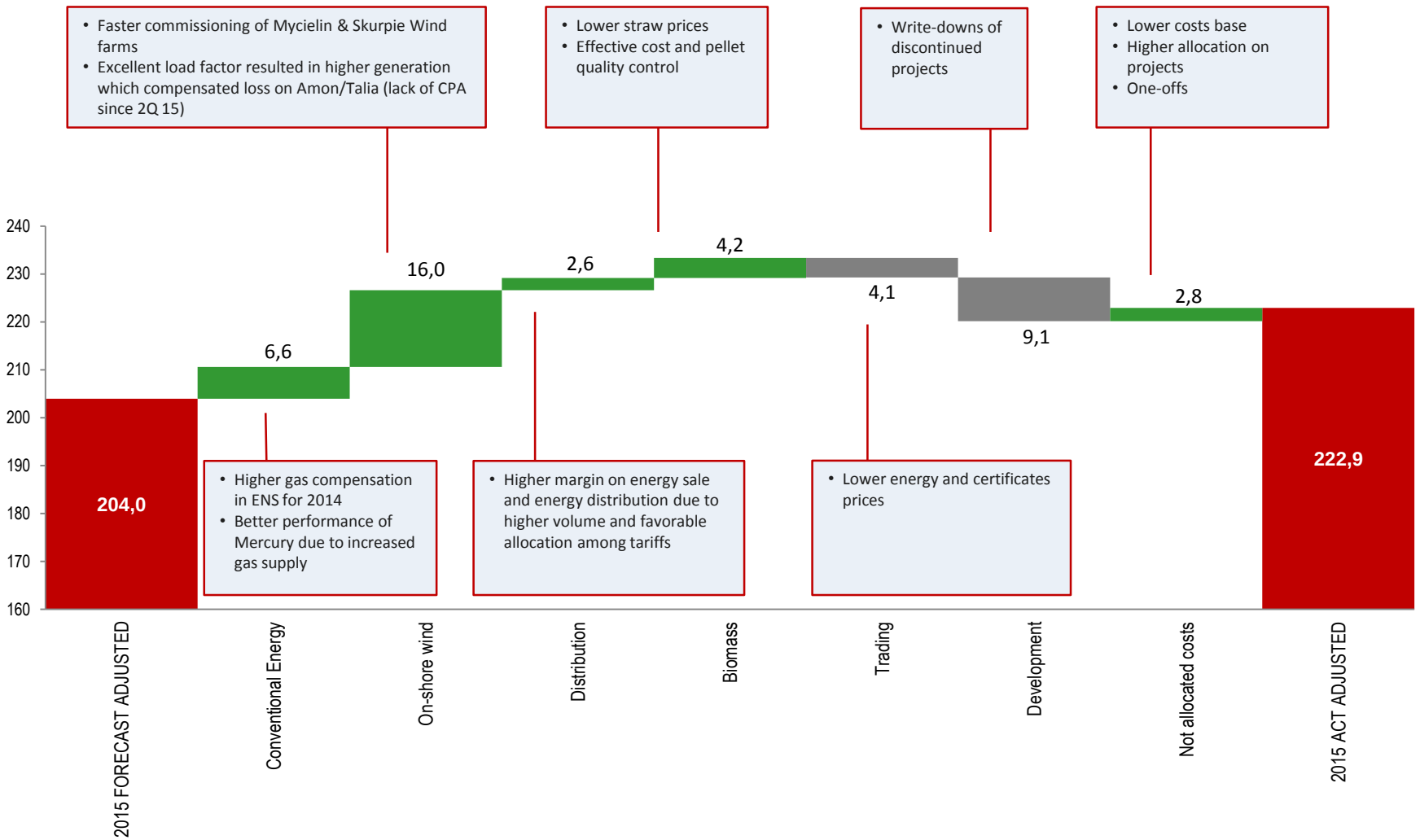
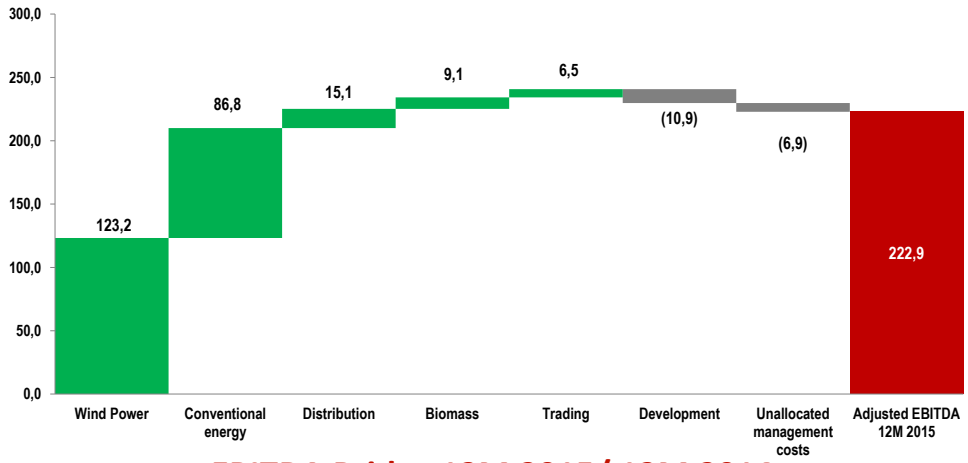
EBITDA Bridge 2015 Forecast - 2015 Actual



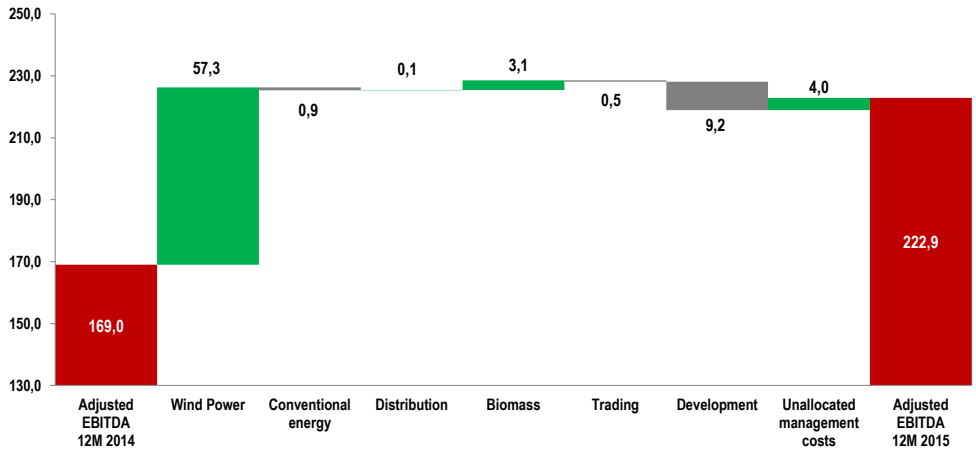
Consolidated results for 12M 2015 – EBITDA Analysis

EBITDA Build-up 12M 2015



- EBITDA margin excluding trading 30.9% in 12M 2015 vs. 24.7% in 12M 2014.
- Conventional energy and power distribution segments provide stable EBITDA and CFO.
- After operational restructuring biomass segment generates stable cash flows.
- There is growing role of trading segment in the Group.
- At year end total wind farm capacity achieved 245MW (including 61.8 MWe of Mycielin, extension of WF Gawłowice and WF Skurpie). Forecasted generation of new farms to be commissioned in 2015 (incl. WF Skurpie) amounts to ca 280 GWh per year.

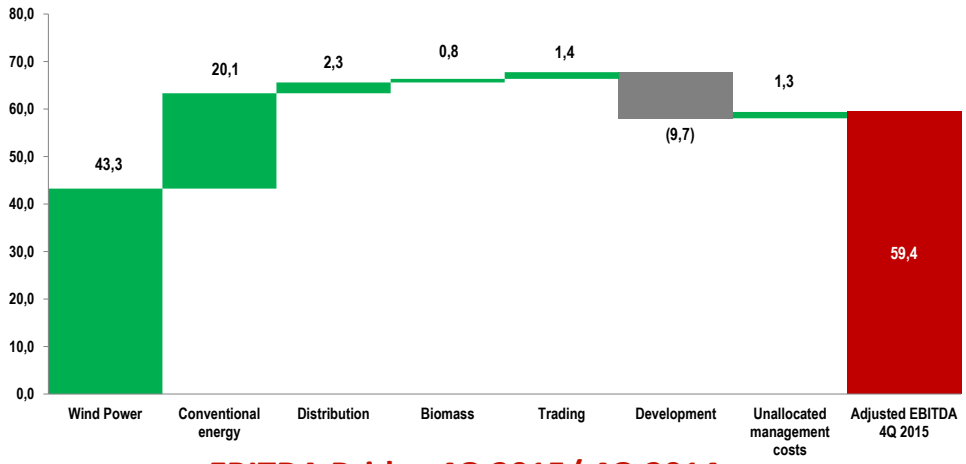
EBITDA Bridge 12M 2015/ 12M 2014



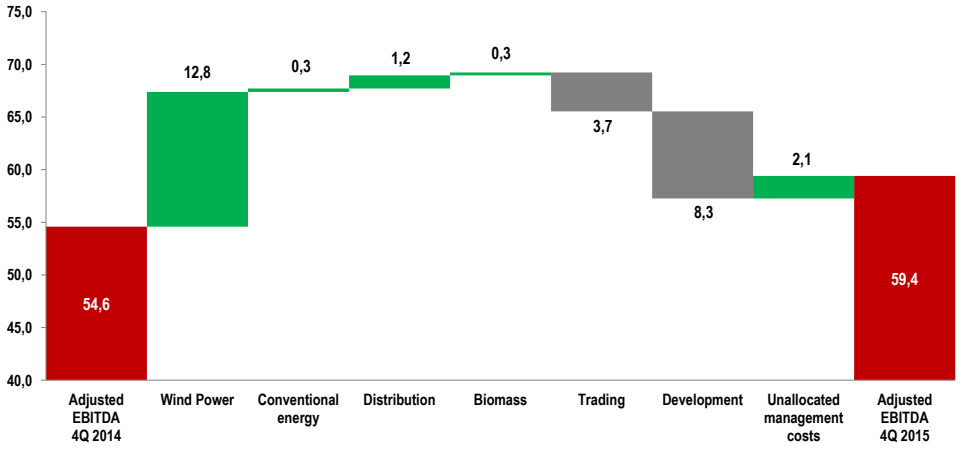
- Due to start of new wind farms (Gawłowice, Rajgród in 2HY'14 and Skurpie in 3Q'15) and better productivity there is a significant increase of **wind power** result (by PLN 57.3m y/y).
- Total wind generation in 12M 2015 amounted to 492 GWh as compared to 211 GWh in 12M 2014.
- Result of **distribution segment** was above expectations.
- **Biomass** outperformance thanks to low straw prices.
- **Trading** segment results were slightly lower as compared to 2014 due to decrease in certificates prices.
- Loss in **development segment** due to projects' write-offs (mainly Wojcieszyn where local spatial zoning plan was cancelled).
- **Conventional energy** EBITDA was in line with expectations and results from the higher income from gas compensation correction for 2014 and higher income from yellow certificates (no allocation in 1-4M 2015) offset by lower revenues from gas compensation for 2015 and by lower revenues from stranded costs compensation for long-term contract termination in ENS.

Consolidated results for 4Q 2015 – EBITDA Analysis

EBITDA Build-up 4Q 2015



EBITDA Bridge 4Q 2015/ 4Q 2014



Higher EBITDA for 4Q 2015 (PLN 4.8m higher than in 4Q 2014) results from several reasons:

- Due to start of new wind farms (Gawłowice, Rajgród in 2nd half of 2014 and Skurpie in 3Q 2015) and better productivity there is a significant increase of **wind power** result (by PLN 12.8m y/y);
- Total wind generation in 4Q 2015 amounted ca. 177 GWh as compared to 96 GWh in 4Q 2014.
- Better **biomass** result due to significantly lower straw purchase prices in 2015 and further optimization of pellet unit cost.
- Result of **distribution segment** was higher due to by new tariff in PE-D (in force since July 2015) transferring i.a. 100% of RAB, which compensated lower margins in energy sales to final customers.
- Conventional energy in line with previous year results
- Decrease in **trading** segment results mainly from decrease in green certificates prices and higher costs of concessions and provisions.
- Loss in **development segment** due to projects write-offs (mainly Wojcieszyn where local spatial zoning plan was cancelled).

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Consolidated cash flow analysis

Statement of cash flows (PLN m)	12M 2015	4Q 2015
A. Cash flows from operating activities		
I.EBITDA	220	59
II. Adjustments	5	(30)
III. Net cash flow from operating activities (I+/-II)	**226**	**28**
B. Cash flows from investing activities		
I. Cash received	2	1
II. Expenses	(603)	(227)
III. Net cash flow from investing activities (I-II)	**(602)**	**(227)**
C. Cash flows from financing activities		
I. Cash received	460	189
II. Expenses	(139)	(30)
III. Net cash flow from financing activities (I-II)	**321**	**160**
D. Net cash flow, total (A.III+/-B.III+/-C.III)	**(55)**	**(39)**
E. Balance transition of cash, including:	**(55)**	**(39)**
F. Cash and cash equivalents at beginning of period	**417**	**401**
G. Cash and cash equivalents at end of period	**362**	**362**
Debt	**1 148**	**1 148**
Net debt	**786**	**786**

The amount consists mainly from the change in working capital (PLN 20m for 12M 2015 and PLN -27m for 4Q 2015) and CIT settlement (PLN -15m for 12M 2015 and PLN -3m for 4Q 2015). Detailed analysis of WC is presented in the attachments.

Construction of Skurpie, Gawowice and Mycielin WFs and further projects development.

Long-term investment loans for Skurpie, Gawłowice and Mycielin WFs construction.

Investment loans and interest repaid by the operating assets, mainly wind farms, ENS, PE-D and PE-O.

- **Adjusted EBITDA for last 12M (from January 1st 2015 to December 31th 2015) amounted to PLN 222.9m, which compared with the Group's net debt at the level of PLN 785.8m (as at December 31th 2015) implies Net debt / EBITDA ratio of 3.53x and was higher than as at 3Q 2015 (2.63x).**
- **The long-term goal of Management Board (when projects that are currently under construction will be fully reflected on EBITDA level) is to maintain Net Debt/EBITDA ratio below 3.0x.**
- **The ratio of Net debt / Equity and Equity / Assets ratio amount to 0.56x and 0.44x respectively.**

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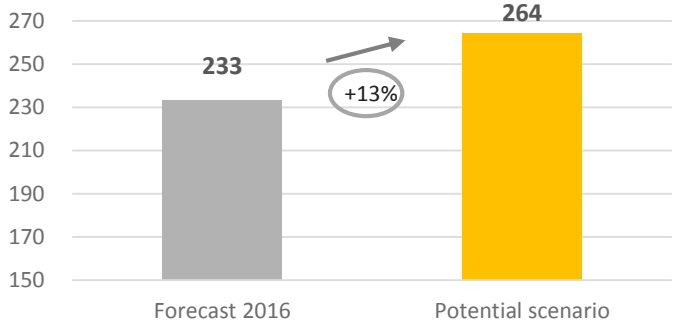
2016 Forecast

Data in PLN m	2016 Forecast
Adjusted EBITDA	233.3
Adjusted Net Profit	52.1

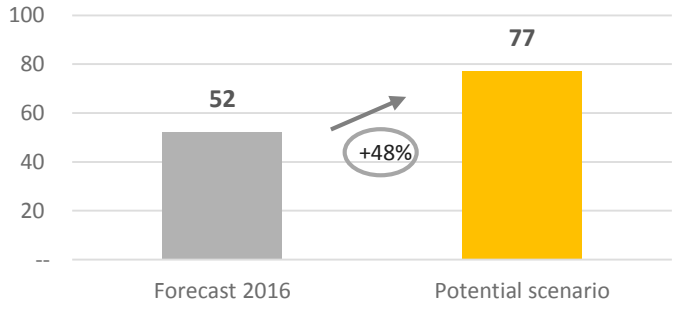
Key assumptions regarding 2016 forecast

- **On-shore wind:**
  - Conservative assumption regarding GC rising to PLN 130 /MWh by YE 2016
  - Probability at P75 except P90 for Amon/Talia
- **Distribution:**
  - Steady with some decline in margin due to TPA
- **Trading:**
  - Impacted by conservative GC assumption
- **Conventional:**
  Lower revenues from gas compensation due to decline in gas prices compensated by:
  - Higher revenues from stranded cost compensation.
  - Yellow certificates revenues remain stable
- **Biomass:**
  - Lower pellet prices as a result of lower price of straw

Normalized EBITDA 2016 (PLNm) - sensitivities



Normalized Net profit 2016 (PLNm) - sensitivities



Sensitivity based on gradual recovery of GC prices to 150 PLN / MWh and productivity outperformance (both seem reasonable based on market dynamics and Polenergia operational track record). 2016 forecast may be upwardly revised during the year

Forecast results are conservative in terms of green certificate pricing assuming modest recovery to PLN130/MWh by year end. Net Income is impacted by the increased financing costs of the wind farms commissioned in Q4 2015.

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Future Guidance 2017 - 2020

- **Guidance for 2017-2020:** no dilution whilst continuing to invest and paying dividends – to do so Polenergia may consider offering some of the projects for investment;
- **Attractive Economics:** difficult to predict investment criteria for projects with successful auction results secured but we expect significant potential premium due CFD stability (lower WACC, higher leverage), improved technical performance and lowering costs (see illustration on next slide).
- **Target on-shore hold/sell down proportion:** will ultimately depend on pricing of certificates and valuation of projects at ready to build stage (with auction price secured) giving full flexibility between building own capacity or inviting investment for part/all of some projects. Management will chose the best strategy to maximise value growth and dividend yield profile to investors;
- **Green certificates:** supply/demand improvement to bring up to PLN180/MWh by 2017-2018. Target level of PLN240/MWh in 2019-2020 so as to allow co-firing if this will be necessary for Poland to meet 2020 EU Target in order to avoid expensive statistical transfers at potentially EUR100/MWh from Germany/Sweden (or other countries who reach their targets). See slides 46-51;
- **Electricity prices:** Modest growth assumed up to 2020 (ca. 180 PLN/MWh)
- **Offshore:** target sell down 50% in 2018 and 25% in 2020 (see disruptive valuation indication on slide 18)

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Indicative valuation of an „auction project" – key assumptions

Parameters		Resolution on Reference Prices*	Modification based on current trends	*Comment*
Operation period	*y*	15 years (subsidies) + 15% terminal value	15 years (subsidies) + 5 years (market prices)	
Load Factor	*%*	26%	32%	*According to BNEF current capacity factors usually significantly exceed 30%. Polenergia track-record confirms this (2014-15 for new farms). See slide 55 for BNEF source*
Auction/reference price	*PLN/MWh*	385	320	*Indicative, conservative price significantly lower from minimal level as observed in other EU countries (see slide 31-32)*
Capex	*PLNk/MWh*	6 300	6 600	*According to BNEF turbine prices are constantly decreasing and the Global (ex. China) is already on the level of below 0,8m EUR/MW (c60% of total capex) – we remain conservative as we show larger Load Factor trends. See slide 54 for BNEF source*
Opex - variable	*PLN/MWh*	15	15	
Opex - fixed	*PLNk/MW/year*	225	190	*According to BNEF O&M price index is already ca 20 EURk/MW/year. Does not include all fixed opex but trend is reducing, plus Polenergia has in-house O&M which shows potential to reduce O&M by c30-50%. See slide 55 for BNEF source*
Tax depreciation period	*y*	15	15	
CIT	*%*	19%	19%	

- **New developments in onshore market allow for additional upsides due to application of more cost effective technologies;**
- **Initial market testing indicates that more favorable loan conditions (80% debt, lower margins) could be achievable in auction system due to its lower risk profile;**

* Rozporządzenie Ministra Gospodarki z dnia 13 listopada 2015 r. w sprawie ceny referencyjnej energii elektrycznej z odnawialnych źródeł energii w 2016 r.

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Indicative valuation of an „auction project" – key outputs

		2016	2017	2018	2019	2020	2021	2022	2031	2032	2033	2034	2035	2036
Capacity factor	%		32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%
Electricity sold	MWh		2 800	2 800	2 800	2 800	2 800	2 800	2 800	2 800	2 800	2 800	2 800	2 800
Electricity price	PLN/MWh		320	328	336	345	353	362	452	318	339	351	376	395
CPI	%			2,5%	2,5%	2,5%	2,5%	2,5%	2,5%	2,5%	2,5%	2,5%	2,5%	2,5%
Revenues	***PLNk***		**896**	**918**	**941**	**965**	**989**	**1 014**	**1 266**	**892**	**948**	**984**	**1 052**	**1 107**
Variable costs	*PLNk*		43	44	45	46	47	48	60	62	63	65	66	68
Fixed costs	*PLNk*		190	195	200	205	210	215	268	275	282	289	296	304
EBITDA	***PLNk***		**663**	**680**	**697**	**714**	**732**	**751**	**937**	**555**	**603**	**630**	**689**	**735**
Depreciation	*PLNk*		(444)	(444)	(444)	(444)	(444)	(444)	(444)	--	--	--	--	--
EBIT	***PLNk***		**220**	**236**	**253**	**271**	**289**	**307**	**494**	**555**	**603**	**630**	**689**	**735**
CIT (19%)	*PLNk*		(42)	(45)	(48)	(51)	(55)	(58)	(94)	(105)	(115)	(120)	(131)	(140)
add back Depreciation	*PLNk*		*444*	*444*	*444*	*444*	*444*	*444*	*444*	--	--	--	--	--
Capex	*PLNk*	(6 600)	--	--	--	--	--	--	--	--	--	--	--	--
FCF	***PLNk***	**(6 600)**	**622**	**635**	**649**	**663**	**677**	**692**	**844**	**449**	**488**	**510**	**558**	**596**
Project IRR	*%*	**8,16%**												
WACC @ D/A=80%	*%*	4,88%												
NPV	***PLNk/MW***	**1 078**												
NPV	***EURk/MW***	**257**												

Source: Polenergia Indicative Analysis

- **Valuation of potential projects with secured support at the level of 320 PLN/MWh may amount to ca 1.078 PLNk/MW (257k EUR/MW);**
- **Main valuation sensitivities center around Load Factor, auction price, capex/O&M but the overwhelming conclusion is that Polenergia is perfectly placed to maximize each operational aspect and bid competitively thus also securing best valuation/MW;**
- **Significant potential valuation headroom to historical levels for RTB projects in Green Certificate system of EUR150-220/MW**

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Potential offshore indicative disruptive valuation impact

- Polenergia has two projects of offshore wind farms with a total capacity of 1,2 GW, which are scheduled to commence operations consecutively in 2022 and 2026;
- Taking as a reference point value of the project at the Ready To Build Stage (i.e. with Construction Permit) Polenergia assesses the current progress of offshore wind farm projects at 45% (among others projects have permit use of artificial islands, placement of submarine cables and signed Connection Agreement with PSE). By the end of 2016 Polenergia plans to secure the Environmental Decision;
- Based on actual transactions in the European market in recent times, the potential value of offshore wind farm projects at the time of Financial Close may reach c.260k EUR* / 1MW;
- Assuming this valuation, we can determine the potential value of the project at the end of 2016:

1.310 m PLN @ 45%
= PLN590m (PLN13/share)

- This value reflects the value of the project at the time of Financial Close which both wind farms BS II and BS III will reach in 2019.

** Multiple based on purchase of Gode Wind I and II by Dong Energy from PNE Wind in 2012, according to data published by Bloomberg New Energy Finance*

Polenergia estimate of potential disruptive valuation effect of PLN13/share

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Dividend Policy

- **Key aim of Polenergia S.A. Management:** value creation through long term shareholder value accretion. At the same time taking into account improved results of the company and a slight delay in the auction process, the Management Board has taken the decision to speed up the inaugural dividend distribution of Polenergia SA by one year from 2017 to 2016;
- **Dividend Policy:** Management Board of Polenergia SA intends to recommend to the AGM a dividend pay out as follows:
  - PLN0.5/share for the year ended 31 December 2015;
  - Between 30-60% of Net Income, commencing for the year ended 31 December 2016;
- **Additional Potential:** Management Board of Polenergia SA may recommend to the AGM extra ordinary dividends in the case of excess cash over and above its planned investments, for example from arbitrage achieved through allowing of investment into part of its on-shore/off-shore wind development projects;

The final shape of recommendation presented by the Management Board, regarding distribution of the profit generated in Polenergia Group SA, will each time depend on the achieved consolidated net profit by Polenergia Group, taking into account the development needs of Polenergia Group in particular relating to the realization of investment plans, financial position and liquidity needs, current and future liabilities (Including potential limitations associated with the loan agreements and the issuance of debt instruments) and the outlook assessment of Polenergia Group under certain market and macroeconomic conditions.

Decision concerning distribution of Polenergia Group's net profit including the decision regarding the amount and payment of dividend, is each time taken by the General Meeting of Shareholders, which is not related to the recommendation of the Management Board of Polenergia S.A. Depending on the above-mentioned circumstances, the recommendation of the Management Board of Polenergia SA may be different in particular years than assumed in this dividend policy. In addition, the actual amount of dividend may be accepted by the General Meeting of Shareholders at the level higher or lower than assumed in this dividend policy.

The dividend policy will be subject to periodic review and may be changed or canceled due to the inability or difficulties in its implementation.

POLENERGIA

Transition into "Dividend yield and growth" - unique proposition amongst Polish utilities

- **Dividend Yield & Growth:**
  - inaugural dividend transitions Polenergia into a unique profile of yield as well as maintaining future growth;
  - Inaugural dividend is paid one year ahead of schedule as a measured amount in order to preserve cash for positive NPV projects from the auction system (see indicative 1MW auction model illustration), and allow green certificates market to respond to the supply limitations from the new RES law;
  - Future dividends until 2020 will reflect both the results of increased capacity, significant growth of green certificates until 2020 as well as allowing arbitrage investment into projects.
- **Unique proposition in Poland and regionally:** Polish utility sector is undergoing uncertainty in terms of its combination with, and support of, the coal mining sector as well as rising CO2 costs in the medium/long term. Polenergia offers a clean energy alternative in line with long term EU guidelines, assisting Poland to meet its 2020 clean energy targets through growth as well as dividend yield to shareholders;
- **Strategic Re-allignment re On-Shore Wind:** in order to maximize the attractiveness of the Dividend Yield and Growth profile for investors Polenergia will align its profile appropriately so as to maximize both its new build portfolio by allowing investment into projects (once an auction has been successful), which will provide additional equity as well as allow increased dividend distribution;
- **Remaining strategy as before:**
  - Attractive long term prospects for ENS**:** gas prices declining and long term co-generation support likely. ENS is perfectly positioned to perform black out/back up services to the Polish system operator;
  - Distribution/sales & trading: stable performance with some leverage capacity for regional consolidation acquisitions to expand grid network & client base and allow for Smart Energy penetration;
  - Disruptive potential for Off-shore wind: recent confirmations of the positive attitude of the new government to Off-shore wind give a disruptive potential to Polenergia valuation-wise as well as dividend yield-wise. This also allows Polenergia to assist Poland post 2020 and into its CO2 emissions obligations by 2030;
  - Bernau-Szczecin pipeline: potential to benefit from new government strong Focus on diversification and regional gas co-operations.

POLENERGIA

Relevant priorities set by the new Minister of Energy/Key Challenges

Key priorities	Details	Applies to	Impact	Challenges/mitigants
Clear Focus on RES alongside support of coal	Notification of new RES Law and clear intent for diversification of Polish fuel mix	**On-shore and off-shore wind**		**Return of co-firing support subject to strict EU limitation and "true biomass" definition. Any limitation on imports will be positive for Polenergia Biomass results**
Offshore Wind	Support clearly communicated by Min. Tchorzewski	**Off-shore**		**Clear NPV benefit for Poland, ME support, replace coal mine restructuring effect, falling LCOE**
Cogeneration Support	Likely to be continued post 2018 by way of auctions	**ENS**		**ENS as a "diamond" in the Polish system. Back up capability confirmed**
Regional Gas Co-operation support	Diversification of supply	**Bernau-Szczecin pipeline**		**Political decision mitigated by need to diversify**
Smart Energy	Energy efficiency and smart metering.	**Polenergia already active/monitoring**		**Polenergia is a natural fit for Smart Energy with own client base/distribution grid**

Support for off-shore Wind clearly communicated by Ministry of Energy:

- *„I hope that off-shore wind projects will commence soon. We have areas in the Baltic Sea, where the effect is 50% better than on land"*
- *„Support for off-shore wind is a key issue to address…investors need regulatory stability"*

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„Global Trends in Clean Energy” – Bloomberg/Polenergia Investor Roundtable

INVITATION

BLOOMBERG NEW ENERGY FINANCE
AND POLENERGIA SA
HAVE THE PLEASURE OF INVITING YOU TO ATTEND
ROUNDTABLE WITH **MICHAEL LIEBREICH**
"GLOBAL TRENDS IN CLEAN ENERGY".

Michael Liebreich

Chairman of the Advisory Board and Founder of Bloomberg New Energy Finance, the world's leading provider of information on clean energy to investors, energy companies and governments. He serves on the UN Secretary General's High-Level Group on Sustainable Energy for All.

Thursday 25th February
(14.00 CET),
Sheraton Hotel Warsaw,
Bolesława Prusa 2 St.

AGENDA

14.00 Registration. Welcome coffee and tea
14.20 **Zbigniew Prokopowicz**, Polenergia CEO
14.30 **Michael Liebreich**, Chairman Of The Advisory Board BNEF "Global trends in clean energy"
15.15 **Janis Hoberg**, European Policy Analyst BNEF, Presentation "Trends in renewable energy policy and costs in Europe and Poland"
16.00 Q&A

Bloomberg NEW ENERGY FINANCE

World's leading provider of information on clean energy to investors, energy companies and governments founded by Michael Liebreich in 2004.
about.bnef.com

POLENERGIA

Polands largest independent vertically integrated utility with a strong renewable focus.
www.polenergia.pl/pol/en

R.S.V.P. e-mail karolina.koch@polenergia.pl or call 00 48 22 522 39 11 by February 19th.

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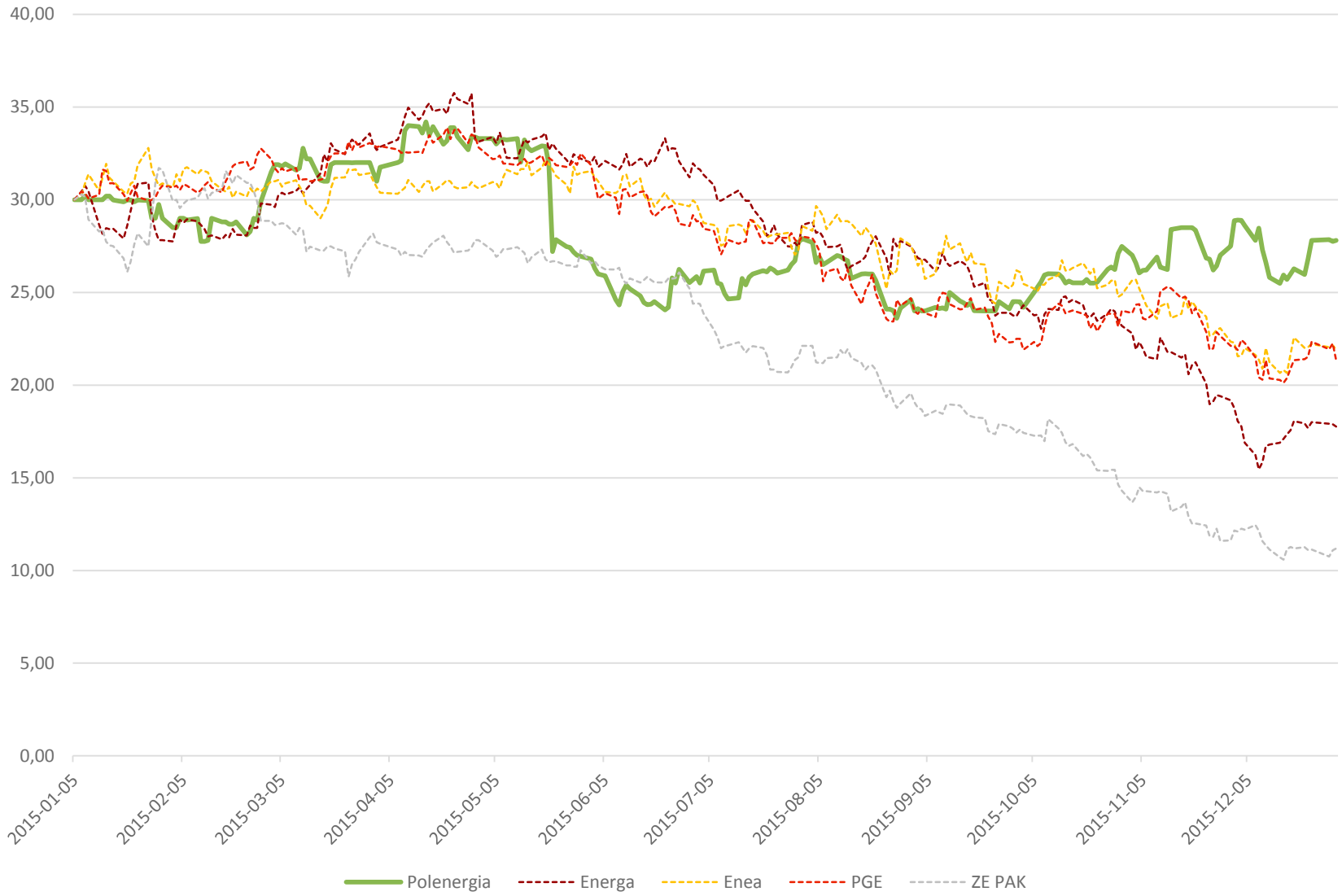
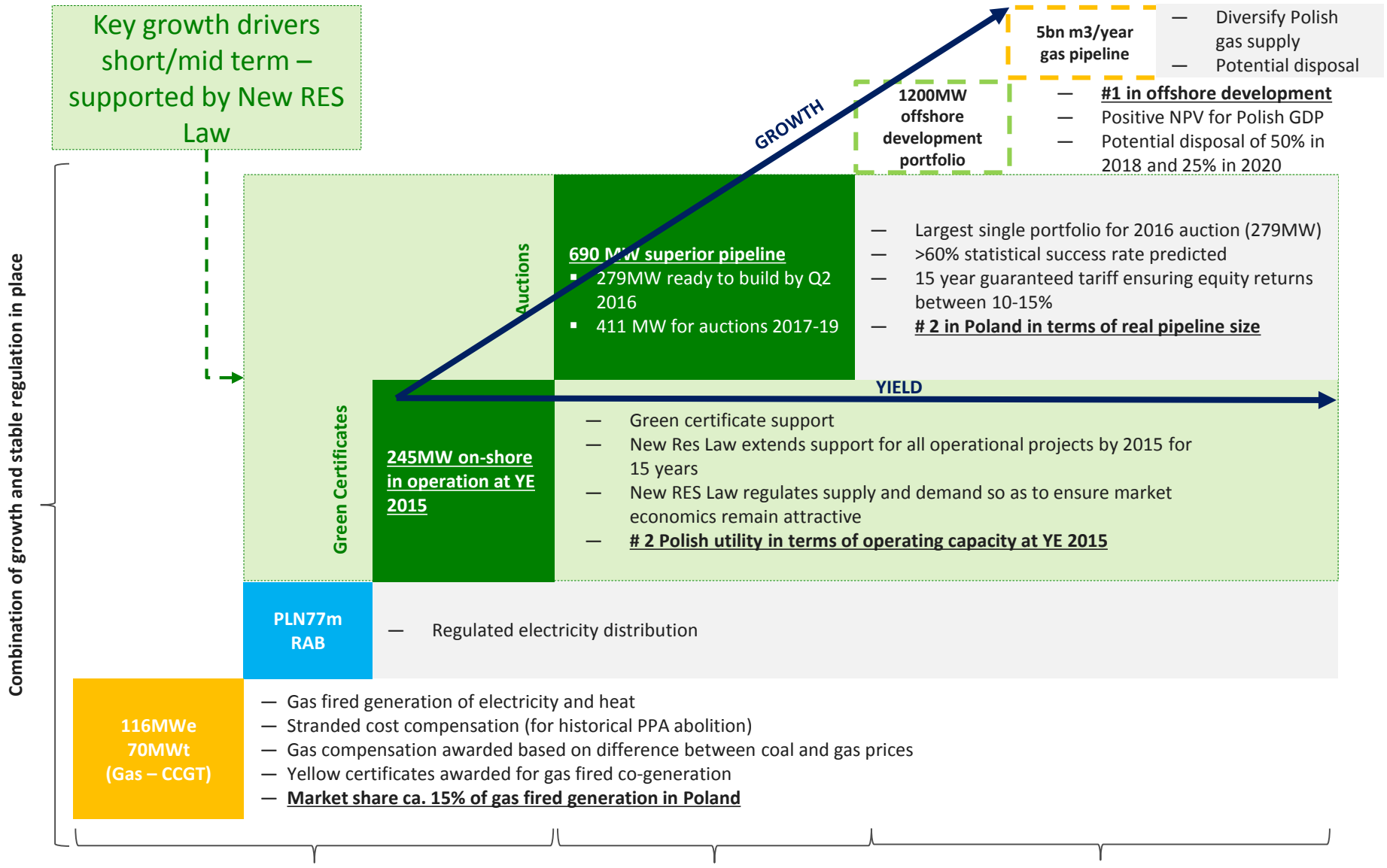
Polenergia stock price in 2015 showing resistance & stability in difficult times



03 Strategic Surroundings

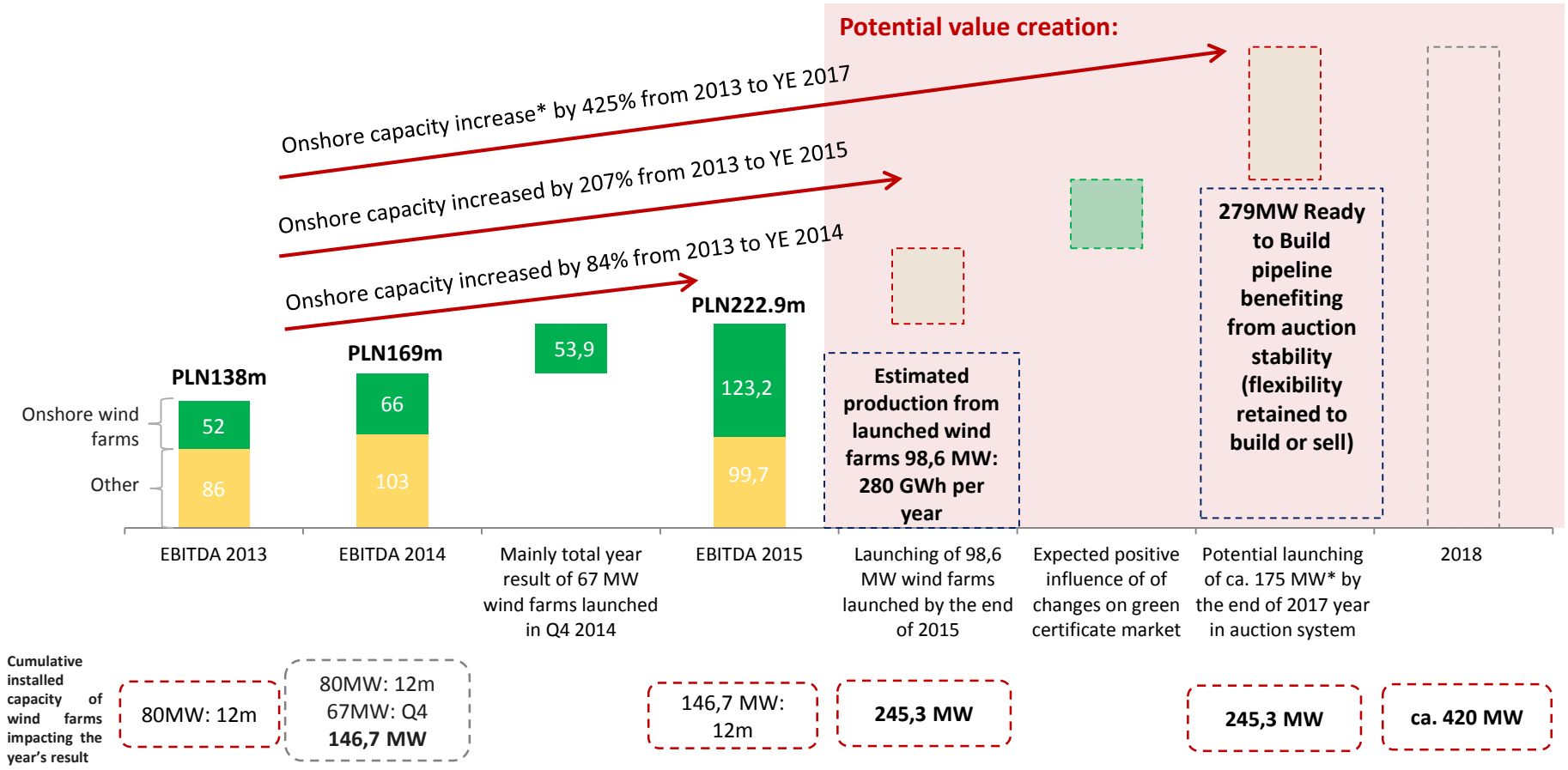
POLENERGIA

Regulation and growth, allowing for yield to investors



POLENERGIA

Growth maintained despite delay of auction start



Cumulative installed capacity of wind farms impacting the year's result

80MW: 12m	80MW: 12m 67MW: Q4 **146,7 MW**	146,7 MW: 12m	**245,3 MW**	**245,3 MW**	**ca. 420 MW**

* In line with assumed probability of winning the auction. **It is also possible to sell selected onshore wind farms projects developed after 2015 in auction system (before or after winning the auction) in order to increase potential dividends**

Target is to allow for a mix of growth from new capacity as well as arbitrage/cash flow from investors into select projects allowing for increased yield shareholders

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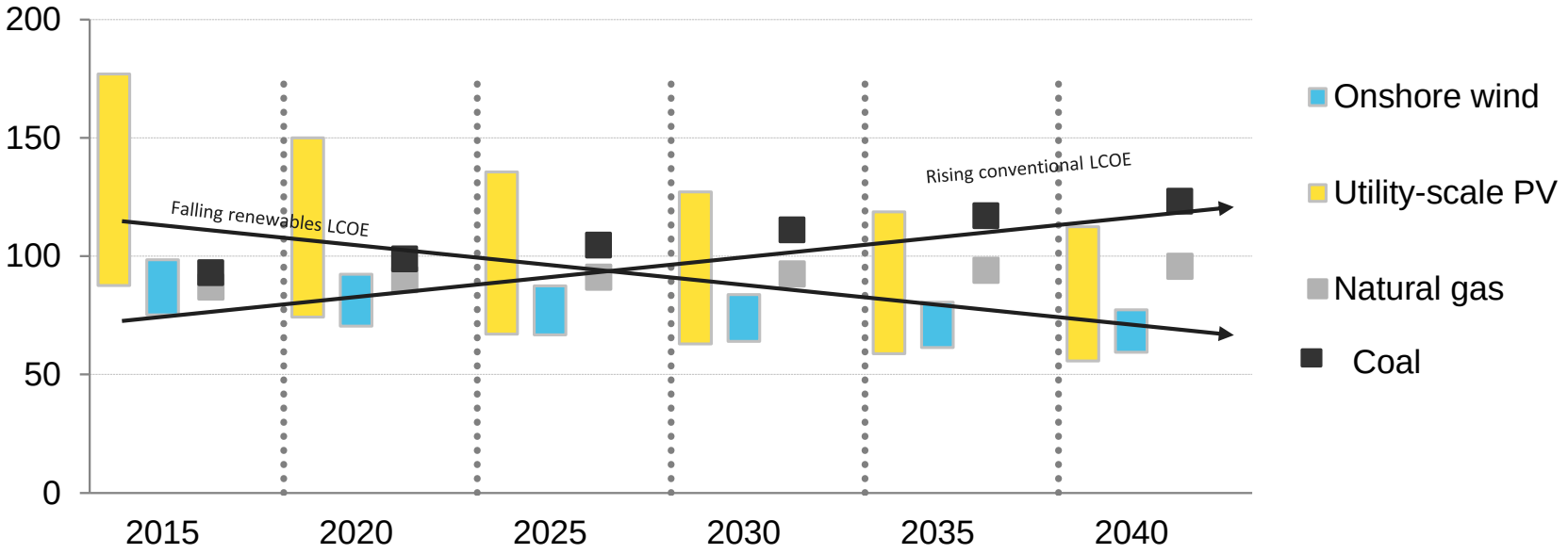
Europe renewables LCOE declining whilst conventional growing



Note: US$/MWh. Capacity factors – onshore wind: 25-35%; solar PV: 10-15%

Source: BNEF

In Europe onshore as well as PV have already reached grid parity compared to natural gas in some cases, and are expecting to become cheaper technologies than coal and natural gas in 2020-25. Coal LCOE is expected to grow due to rising CO2 prices medium/long term (despite recent falls), lower utilization rates as a result of the changing market, as well as rising financing costs and declining ablity of external financing availability for coal fired generation.

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Precedent auctions in Europe indicate a good precedent for bidding

Wind onshore tender Italy		
	Cap value for tender	***Tariff determined via tender***
2013	127€/MWh (PLN508/MWh)	96 €/MWh (PLN384/MWh) – 123,88€/MWh (PLN495/MWh)
2014	121€/MWh (PLN484/MWh)	102,87 €/MWh (PLN412/MWh) – 114,92 €/MWh (PLN460/MWh)
2015	121€/MWh (PLN484/MWh)	88,90 €/MWh (PLN356/MWh) – 93,50 €/MWh (PLN374/MWh)
Wind onshore tender UK		
	Cap value for tender	***Tariff determined via tender***
2015	£95/MWh (PLN532/MWh)	£82/MWh (PLN460/MWh)

Source: PSEW based on *Assorinnovabili.it, UK government*

- ✓ **Discount to reference price in precedent auctions in Europe amounted to 2-27%;**
- ✓ **Lowest tariff guaranteed was never below 88,90 €/MWh (equivalent of PLN356/MWh);**
- ✓ **In UK tariff is guaranteed for 15 years and in Italy for 20 years.**

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Attractive Credit Considerations for Auction Financing

Very stable and low risk Contract for Difference mechanism

- 15-year fixed price CFD indexed by CPI;
- Very low counter party off-take risk i.e. polish state (OREO) akin to Polish Treasury Bond risk exposure;
- Polenergia has commenced a market testing exercise among commercial/multilateral banks for financing terms – indications are very positive as banks also seek to back the most likely auction winners.

„Draft" Reference Price[1] set at achievable levels

- PLN 385, even after potential auction discount , will allow Polenergia to bid competitively due to premium project characteristics, capacity factor improvements, intra-group balancing cost synergies as well as significant Capex/O&M price negotiating power in order to achieve the optimum load factors and a final Levelised Cost of Electricity („**LCOE**"). Detailed preparation has already commenced to achieve the best parameters;
- Observed auctions in Italy/UK suggest discount range of 2-27%. It is important to note that lowest price in those auctions was at PLN equivalent of PLN356/MWh.

Polenergia as best in class developer and operator of onshore windfarms in Poland

- 245MW in operation by YE 2015 (No 2 in Poland);
- Most likely will offer up the largest number of projects into the first auction of any player in Poland (c.280MW);
- In total over 600MW developed to „Ready to build" stage to date, with an existing premium pipeline of 730MW of which c280MW will participate in the first auction and the remainder in subsequent auctions;
- Proven construction capability: all historical construction activity always completed ahead of schedule;
- Significant negotiation power vis a vis contractors.

[1)] Based on Draft Ordinance currently in consultation

Polenergia is best placed out of all Polish onshore players to win the maximum amount in the upcoming auctions.

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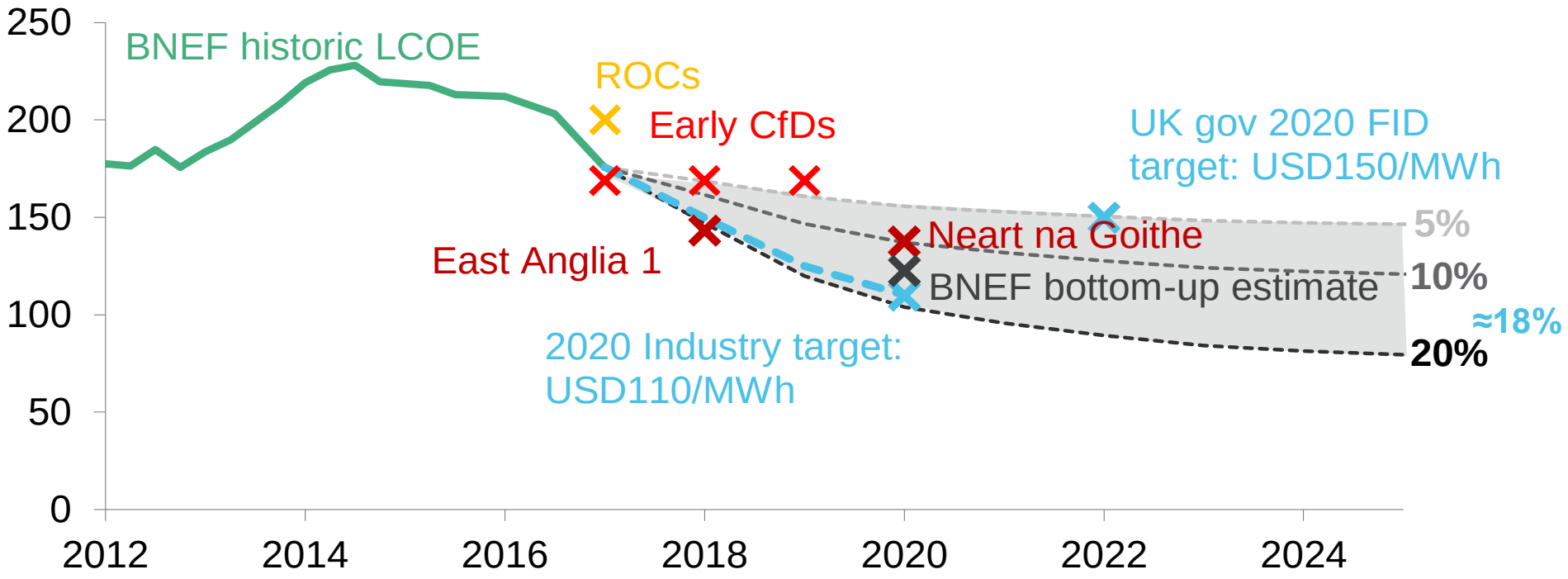
Levelised cost of electricity – offshore wind at US$110/MWh target for 2020 (BNEF)

Historical and forecasted LCOE using various learning rates vs commissioning year (USD/MWh)



Notes: Reading off the chart will give the LCOE at the time of commissioning. For example, the historic LCOE reaches until 2017 because for a project commissioned in 2017 it reflects the calculated LCOE at pre-construction 2 years prior. Calculations based on forecasted number of units rather than installed capacity. Conversion rate of USD/GBP = 1.5 and USD/EUR = 1.1 (last 3 month average).

Industry target levels of US$110/MWh make today's Offshore „Draft" Reference Price in Poland achievable (PLN470/MWh) by 2021 for the Polenergia projects.

Source: BNEF

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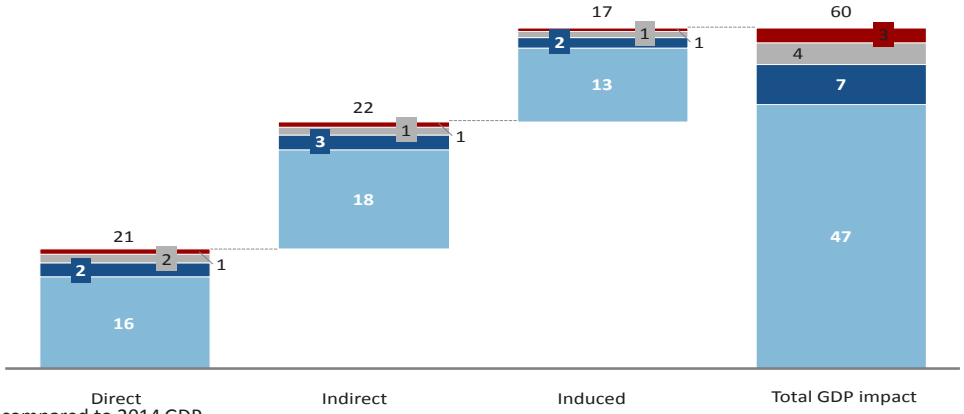
Offshore will could have significant positive impact on Polish economy

Impact on GDP 2019-2030 from 6 GW wind farms, PLN billion

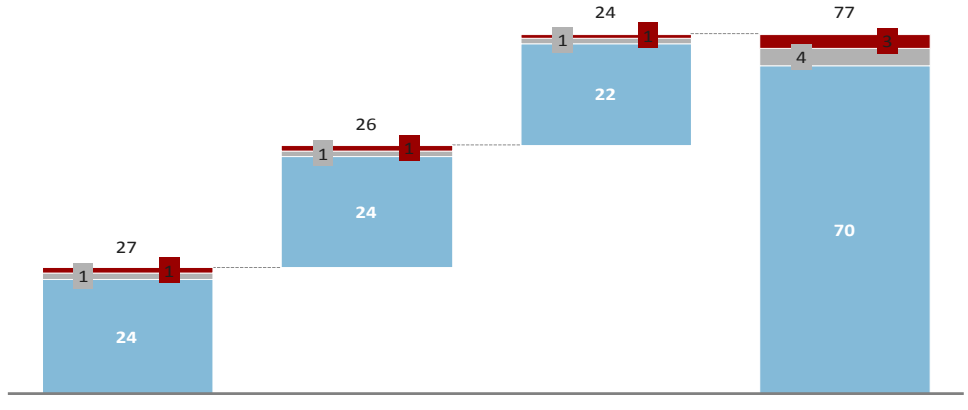


1 In 2014 prices, compared to 2014 GDP

Percent of 10 year GDP[1]	Potential Tax revenues
0.35	PLN 15bn

Infrastructure
Export
O&M
Capex

Impact on employment 2019-2030 from 6 GW wind farms, thousands of FTEs (average)



1 For Q1 2015 – total workforce 17.3 million, unemployed 1.5 million

SOURCE: GUS; McKinsey

Percent of unemployed[1]

5.2

> PLN 60bn in additional GDP and up to 70 thousand jobs across entire Polish economy – easily offsetting (or providing an alternative) to any potential restructuring effect of Polish coal mines thus providing a good replacement alternative for the Polish State.

SOURCE: McKinsey

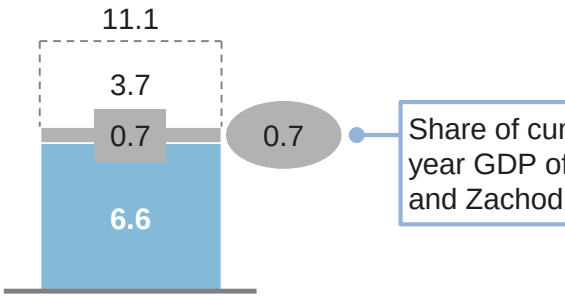
POLENERGIA

Coastal regions are not the only beneficiaries of offshore wind in Poland

Economic impact of offshore wind on Pomorskie and Zachodniopomorskie in 2020-2030 – over PLN 11 billion GDP and over 15 000 jobs

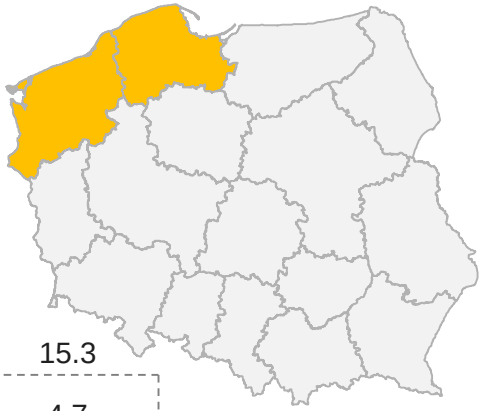
Indirect and induced impact[3] | O&M (direct impact) | Construction + export (direct impact)

Cumulative GDP impact 2020-2030
PLN billion

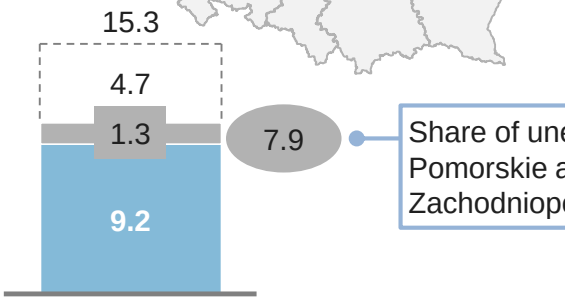


0.7

Share of cumulative 10-year GDP of Pomorskie and Zachodniopomorskie[1]



New jobs 2020-2030
Thousands of FTEs



7.9

Share of unemployment in Pomorskie and Zachodniopomorskie[2]

Companies in Poland already involved in offshore wind development

Current coal mining regions of Poland will also benefit from the offshore wind industry

1 Based on latest available GDP by voievodship GUS data (2012)
2 Based on GUS Q1 2015 data
3 Share of indirect and induced estimated based on share in Polish GDP in 2012 of Pomorskie (5.8%) and Zachodniopomorskie (3.8%)

SOURCE: McKinsey

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4A Detailed financial results

POLENERGIA

Consolidated results for 12M 2015 – P&L

12M 2014 pro-forma results presented below have been prepared under the assumption that the contribution of assets owned by Polenergia Holding – Neutron Group (ie. the ENS, PE-D, PE-O, development projects, etc.) took place on 1 January 2014, which allows for full comparability of periods.

Polenergia Group results (assuming that the date of the acquisition was the beginning of the annual reporting period)	2015	2014	Diff	
Revenues from sales	2 640 918	2 566 553	74 365	
Revenues from certificates of origin	131 518	92 485	39 033	
Revenues from sales	**2 772 436**	**2 659 038**	**113 398**	
Including trading segment	2 072 439	2 001 767	70 672	
Cost of sales	(2 599 123)	(2 541 397)	(57 726)	
Including trading segment	(2 056 288)	(1 992 662)	(63 626)	
Gross profit on sales	**173 313**	**117 641**	**55 672**	
Other operating income	7 549	7 149	400	
Administrative expenses	(34 476)	(28 364)	(6 112)	
Other operating expenses	(13 739)	(9 121)	(4 618)	
Gross result on sale	**132 647**	**87 305**	**45 342**	
Depreciation	87 660	86 081	1 579	
EBITDA	**220 307**	**173 386**	**46 921**	
Eliminating the effect of purchase price allocation	2 412	(4 388)	6 800	A
Elimination income ofturbine lease	176		176	E
Adjusted EBITDA*	**222 895**	**168 998**	**53 897**	
Financial income	7 432	10 055	(2 623)	
Financial expenses	(49 037)	(40 167)	(8 870)	
Profit (loss) before tax	**91 042**	**57 193**	**33 849**	
Income tax	(23 667)	(7 625)	(16 042)	
Net Profit (loss)	**67 375**	**49 569**	**17 806**	
Eliminating the effect of the purchase price allocation	10 149	3 352	6 797	A
Eliminating the effect of unrealized exchange differences	4	928	(924)	B
Elimination of the effect of income from discount settlement	-	(519)	519	C
Eliminating the effect of loan valuation	1 535	1 106	429	D
Elimination of fundraising costs	143	-	143	E
Adjusted Net Profit*	**79 206**	**54 436**	**24 770**	
Adjusted EBITDA (excluding trading segment)	**216 436**	**162 085**	**54 351**	
Adjusted EBITDA margin (excluding trading segment)	**30,9%**	**24,7%**	**6,3%**	

Detailed analysis of the results of EBITDA by segment is presented on the following pages.

Lower financial income due to lower cash balance.

Higher interest cost resulting from start of new projects, partially offset by decrease in debt in other operating assets and lower interest rates.

Higher CIT costs results from reversal of provision for deffered tax on income in SKA companies in 2014 and no deffered tax assets (conservative approach) on part of tax losses in 2015.

*) : adjusted for non-cash/one-off items

A Purchase price allocation effect (assuming that the acquisition was settled on January 1st 2014)
B Unrealised FX on foreign currency loan
C Income from discount settlement on long-term receivables
D AMC loans valuation
E Fundraising costs

POLENERGIA

Consolidated results for 4Q 2015 – P&L

4Q 2014 pro-forma results presented below have been prepared under the assumption that the contribution of assets owned by Polenergia Holding – Neutron Group (ie. the ENS, PE-D, PE-O, development projects, etc.) took place on 1 January 2014, which allows for full comparability of periods.

Polenergia Group results (assuming that the date of the acquisition was the beginning of the annual reporting period)	4Q 2015	4Q 2014	Diff	
Revenues from sales	687 336	618 106	69 230	
Revenues from certificates of origin	52 779	27 217	25 562	
Revenues from sales	**740 115**	**645 323**	**94 792**	
Including trading segment	554 772	462 559	92 213	
Cost of sales	(685 310)	(605 019)	(80 291)	
Including trading segment	(549 871)	(459 403)	(90 468)	
Gross profit on sales	**54 805**	**40 304**	**14 501**	
Other operating income	1 223	1 603	(380)	
Administrative expenses	(10 767)	(5 047)	(5 720)	
Other operating expenses	(10 954)	(6 597)	(4 357)	
Gross result on sale	**34 307**	**30 263**	**4 044**	
Depreciation	24 486	23 729	757	
EBITDA	**58 793**	**53 992**	**4 801**	
Eliminating the effect of purchase price allocation	603	603	-	A
Elimination income ofturbine lease	3	-	3	E
Adjusted EBITDA*	**59 399**	**54 595**	**4 804**	
Financial income	1 604	2 132	(528)	
Financial expenses	(14 812)	(9 900)	(4 912)	
Profit (loss) before tax	**21 099**	**22 495**	**(1 396)**	
Income tax	(6 461)	(6 018)	(443)	
Net Profit (loss)	**14 638**	**16 478**	**(1 840)**	
Eliminating the effect of the purchase price allocation	2 535	2 538	(3)	A
Eliminating the effect of unrealized exchange differences	266	650	(384)	B
Elimination of the effect of income from discount settlement	-	(134)	134	C
Eliminating the effect of loan valuation	140	65	75	D
Elimination of fundraising costs	3	-	3	E
Adjusted Net Profit*	**17 582**	**19 597**	**(2 015)**	
Adjusted EBITDA (excluding trading segment)	**58 001**	**49 505**	**8 496**	
Adjusted EBITDA margin (excluding trading segment)	**31,3%**	**27,1%**	**4,2%**	

Detailed analysis of the results of EBITDA by segment is presented on the following pages

Lower financial income due to lower cash balance.

Higher interest cost resulting from start of new projects, partially offset by decrease in debt in other operating assets and lower interest rates.

Higher CIT costs results from reversal of provision for deffered tax on income in SKA companies in 2014. Effective tax rate for 4Q 2015 was 30.6%. due to Amon/Talia deferred tax asset write-off

*) : adjusted for non-cash/one-off items

A Purchase price allocation effect (assuming that the acquisition was settled on January 1st 2014)
B Unrealised FX on foreign currency loan
C Income from discount settlement on long-term receivables
D AMC loans valuation
E Fundraising costs

POLENERGIA

Results for 12M 2015 - Segments

12M 2015 (mPLN)	Conventional energy	Development activity	Biomass	Wind power	Distribution	Trading	Unallocated management	Purchase price allocation	TOTAL
Revenues from sale	327,5	0,0	60,5	150,9	155,4	2 072,4	3,0	2,7	2 772,4
Operating expenses	-251,3	-0,5	-54,8	-79,0	-137,7	-2 056,3	-4,4	-15,3	-2 599,1
including depreciation	-18,9	-0,0	-4,0	-49,6	-3,9	-0,0	-1,2	-10,1	-87,7
Gross profit on sales	**76,2**	**-0,4**	**5,7**	**72,0**	**17,7**	**16,2**	**-1,4**	**-12,5**	173,3
General and administrative expenses	-7,1	-1,0	-1,2	-2,6	-6,1	-10,0	-6,5	-	-34,5
Other operating activities	-1,2	-9,5	0,6	4,3	-0,3	0,3	-0,3	-	-6,2
Profit from operating activities	**67,9**	**-10,9**	**5,1**	**73,7**	**11,3**	**6,4**	**-8,3**	**-12,5**	132,6
EBITDA	86,8	-10,9	9,1	123,2	15,1	6,5	-7,1	-2,4	220,3
Elimination of fundraising costs							0,2		0,2
Eliminating the effect of purchase price allocation								2,4	2,4
Adjusted EBITDA	86,8	-10,9	9,1	123,2	15,1	6,5	-6,9	-	222,9
Result on financial operations	-8,4	0,1	-1,0	-32,5	-1,7	-1,4	3,4	-	-41,6
Profit (loss) before tax	**59,5**	**-10,8**	**4,1**	**41,1**	**9,6**	**5,0**	**-4,9**	**-12,5**	**91,0**
Income tax									-23,7
Profit (loss) for the period									67,4
Eliminating the effect of the purchase price allocation									10,1
Eliminating the effect of unrealized exchange differences									-
Elimination of the effect of loans valuation									1,5
Elimination of fundraising costs									0,1
Adjusted Net Profit									79,2

12M 2014 (mPLN)	Conventional energy	Development activity	Biomass	Wind power	Distribution	Trading	Unallocated management	Purchase price allocation	TOTAL
Revenues from sale	365,5	0,1	67,0	80,7	139,7	2 001,8	0,0	4,4	2 659,0
Operating expenses	-314,2	-0,5	-63,0	-44,0	-120,2	-1 992,7	3,3	-10,1	-2 541,4
including depreciation	43,1	0,0	3,7	25,2	3,9	0,0	-	10,1	86,1
Gross profit on sales	**51,3**	**-0,5**	**4,0**	**36,7**	**19,5**	**9,1**	**3,3**	**-5,7**	**117,6**
General and administrative expenses	-6,0	-0,4	-	-	-6,3	-1,4	-14,3	-	-28,4
Other operating activities	-0,7	-0,8	-1,7	4,1	-2,1	-0,8	0,1	-	-2,0
Profit from operating activities	**44,6**	**-1,7**	**2,2**	**40,8**	**11,1**	**6,9**	**-10,8**	**-5,7**	**87,3**
EBITDA	87,7	-1,7	6,0	66,0	15,0	6,9	-10,8	4,4	173,4
Eliminating the effect of purchase price allocation								-4,4	-4,4
Adjusted EBITDA	87,7	-1,7	6,0	66,0	15,0	6,9	-10,8	-	169,0
Result on financial operations	-0,4	0,8	-1,5	-21,4	-2,1	-1,0	-4,7	-	-30,1
Profit (loss) before tax	**44,2**	**-0,9**	**0,8**	**19,4**	**9,1**	**5,9**	**-15,5**	**-5,7**	**57,2**
Income tax									-7,6
Profit (loss) for the period									49,6
Eliminating the effect of the purchase price allocation									3,4
Eliminating the effect of unrealized exchange differences									0,9
Elimination of the effect of income from discount settlement									-0,5
Elimination of the effect of loans valuation									1,1
Adjusted Net Profit									54,4
Adjusted EBITDA y/y	**-0,9**	**-9,2**	**3,1**	**57,3**	**0,1**	**-0,5**	**4,0**	**0,0**	**53,9**

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Results for 4Q 2015 - Segments

4Q 2015 (mPLN)	Conventional energy	Development activity	Biomass	Wind power	Distribution	Trading	Unallocated management	Purchase price allocation	TOTAL
Revenues from sale	79,9	-0,3	14,9	52,4	36,3	554,8	1,4	0,7	740,1
Operating expenses	-62,8	0,3	-14,4	-23,3	-32,1	-549,9	0,7	-3,8	-685,3
including depreciation	-5,2	-0,0	-1,0	-14,6	-1,0	-0,0	-0,2	-2,5	-24,5
Gross profit on sales	**17,1**	**0,0**	**0,6**	**29,1**	**4,2**	**4,9**	**2,0**	**-3,1**	54,8
General and administrative expenses	-1,9	-0,5	-0,5	-1,0	-2,6	-3,6	-0,8	-	-10,8
Other operating activities	-0,3	-9,2	-0,3	0,6	-0,4	0,1	-0,1	-	-9,7
Profit from operating activities	**14,9**	**-9,7**	**-0,2**	**28,7**	**1,3**	**1,4**	**1,1**	**-3,1**	34,3
EBITDA	20,1	-9,7	0,8	43,3	2,3	1,4	1,3	-0,6	58,8
Elimination of fundraising costs							0,0		0,0
Eliminating the effect of purchase price allocation								0,6	0,6
Adjusted EBITDA	20,1	-9,7	0,8	43,3	2,3	1,4	1,3	-	59,4
Result on financial operations	-1,8	0,1	-0,2	-9,9	-0,4	-0,4	-0,5	-	-13,2
Profit (loss) before tax	**13,1**	**-9,6**	**-0,4**	**18,7**	**1,0**	**1,0**	**0,6**	**-3,1**	**21,1**
Income tax									-6,5
Profit (loss) for the period									14,6
Eliminating the effect of the purchase price allocation									2,5
Eliminating the effect of unrealized exchange differences									-
Elimination of the effect of loans valuation									0,1
Elimination of fundraising costs									0,0
Adjusted Net Profit									17,6

4Q 2014 (mPLN)	Conventional energy	Development activity	Biomass	Wind power	Distribution	Trading	Unallocated management	Purchase price allocation	TOTAL
Revenues from sale	97,1	-0,6	16,2	35,4	35,3	462,6	-0,1	-0,6	645,3
Operating expenses	-86,4	0,1	-15,3	-14,1	-30,7	-459,4	3,3	-2,5	-605,0
including depreciation	75,3	0,0	6,5	42,1	6,8	0,0	-	17,7	148,4
Gross profit on sales	**10,7**	**-0,6**	**0,8**	**21,4**	**4,6**	**3,2**	**3,3**	**-3,1**	**40,3**
General and administrative expenses	-1,5	0,3	-	-	-1,8	2,8	-4,8	-	-5,0
Other operating activities	-0,5	-1,2	-1,3	0,8	-2,7	-0,8	0,7	-	-5,0
Profit from operating activities	**8,7**	**-1,4**	**-0,5**	**22,2**	**0,1**	**5,1**	**-0,8**	**-3,1**	**30,3**
EBITDA	19,8	-1,4	0,5	30,5	1,0	5,1	-0,8	-0,6	54,0
Eliminating the effect of purchase price allocation								0,6	0,6
Adjusted EBITDA	19,8	-1,4	0,5	30,5	1,0	5,1	-0,8	-	54,6
Result on financial operations	2,2	-0,1	-0,3	-7,4	-0,7	-0,2	-1,3	-	-7,8
Profit (loss) before tax	**11,0**	**-1,5**	**-0,7**	**14,7**	**-0,6**	**4,9**	**-2,1**	**-3,1**	**22,5**
Income tax									-6,0
Profit (loss) for the period									16,5
Eliminating the effect of the purchase price allocation									2,5
Eliminating the effect of unrealized exchange differences									0,6
Elimination of the effect of income from discount settlement									-0,1
Elimination of the effect of loans valuation									0,1
Adjusted Net Profit									19,6
Adjusted EBITDA y/y	**0,3**	**-8,3**	**0,3**	**12,8**	**1,2**	**-3,7**	**2,1**	**0,0**	**4,8**

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Results reported on the WSE

Economic and Financial Key figures	Period from Jan 1st to Dec 31th 2015	Period from Jan 1st to Dec 31th 2014	Diff	
Revenues from sales	2 772,4	934,5	1 837,9	
EBITDA	**220,3**	**105,5**	**114,8**	
Adjusted EBITDA, effect of the purchase price allocation is not taken into account	**222,9**	**99,5**	**123,4**	[A]
Profit / Loss Net attributable to parent company shareholders	**67,4**	**31,3**	**36,0**	
Net profit with elimination of the effect of the purchase price allocation	77,5	27,9	49,6	
Net profit with elimination of the effect of the purchase price allocation, the effect of unrealized exchange valuation of loans and the discount settlement.	**79,2**	**30,3**	**48,9**	

The reconciliation of the total result for 12M EBITDA

The result of the contributed assets at adjusted EBITDA for the 8M	n/d	69,4	-69,4	[B]
Adjusted EBITDA for 12M [A+B+C+D]	**222,9**	**169,0**	**53,9**	

The "statutory“ results for 2014 reported on the WSE include the results of the "old PEP Group" and Neutron Group for December 2014 (without Neutron Group, which was contributed in kind in the 3Q 2014. Neutron Group EBITDA for the 8M 2014 amounted to PLN 69.4m.

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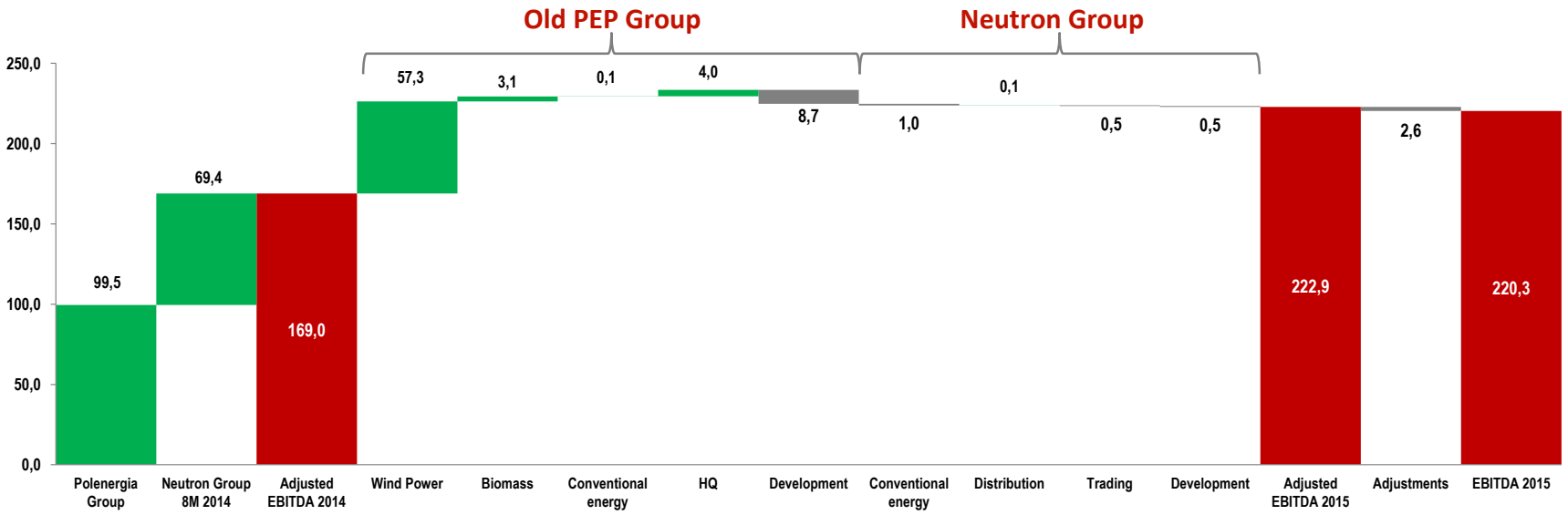
Results reported on the Stock Exchange - overview of main changes y / y - EBITDA

EBITDA Bridge 12M 2015/2014



The result for the 12M 2015 **increased by PLN 123.4m** compared to the same period last year due to the following reasons:

- Neutron Group results for 8M not included in reports in 2014 (PLN 69.4m);
- Better results of renewable energy segment primarily due to start of new wind farms (total EBITDA higher by PLN 57.3m);
- Higher biomass segment EBITDA (by PLN 3.1m);
- Slightly higher conventional energy segment in „PEP" (by PLN 0.1m);
- Headquarters costs lower by PLN 4.0m;
- Higher development costs (by PLN 8.7m);
- Lower EBITDA y/y of Neutron Group (ENS, PE-Dystrybucja, PE-Kogeneracja, PE-Obrót, development projects – by PLN 1.9 m) mainly due to lower EBITDA margin in ENS and on Trading segment.

Normalization adjustments (PLN 2.6m) on EBITDA level includes PPA settlement and fundraising costs.

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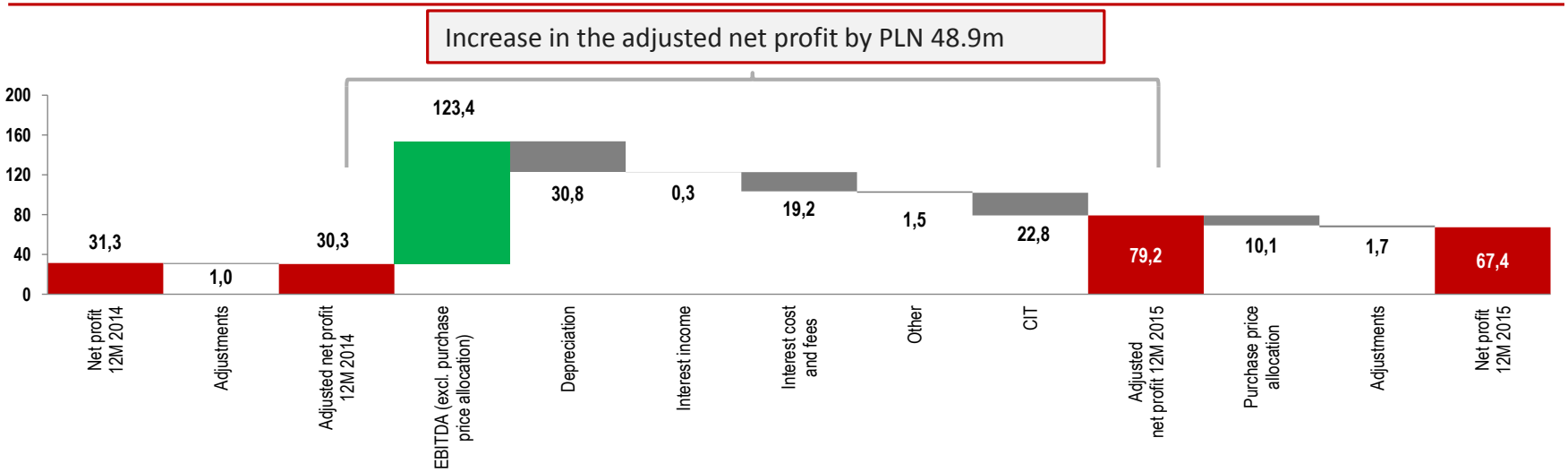
Results reported on the Stock Exchange - overview of the changes y / y - Net profit

Net profit 12M 2015/2014



Adjusted net profit increased by PLN 48.9m, due to:

- Higher EBITDA excluding the effect of the settlement of the purchase price allocation (results better by PLN 123.4m -analysis on the previous page);
- Higher depreciation (by PLN 30.8m) excluding depreciation related to the purchase price allocation, which is primarily driven by depreciation of assets contributed in kind and by commissioning of 2 wind farm projects (lack of comparable data);
- Lower interest income (by PLN 0.3m);
- Higher costs due to interest and fees (by PLN 19.2m) – effect of financial costs related to Neutron Group assets and commissioning of new projects;
- Negative CIT impact (PLN 22.8m);
- Negative impact of other items (PLN 1.5m) – mainly effect of write-off on minority share in a project (PLN 1.6m).

Normalizing adjustments include the elimination of :

- Loans valuation,
- Financial income from discount of receivables,
- Unrealized foreign exchange differences,
- Fundraising costs.

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Assets and financing structure of Polenergia Group

Assets (PLN m)	As at 31.12.2015	As at 31.12.2014	Diff
Fixed assets (long-term)	2 448	1 968	480
Tangible fixed assets	2 192	1 707	485
Intangible assets	49	57	(8)
Goodwill of subordinate entities	185	185	(0)
Financial assets	6	9	(3)
Long-term receivables	5	4	1
Deferred income tax	11	6	5
Accruals	0	0	0
Current Assets (short-term)	751	764	(13)
Stock	47	41	6
Receivables from deliveries and services	159	109	50
Receivables from income tax	3	2	1
Other short-term receivables	65	69	(4)
Accruals	11	9	2
Short-term financial assets	104	117	(13)
Cash and cash equivalents	362	417	(55)
Total Assets	3 198	2 732	466

Construction of wind farms and development of projects.

Mainly increase of trade receivables in trading and distribution segments

Mainly valuation of contracts in trading segment.

Change in cash and cash equivalents is presented on the next page.

Liabilities (PLN m)	As at 31.12.2015	As at 31.12.2014	Diff
Equity	1 397	1 334	63
Long-term liabilities	1 303	992	311
Loans and borrowings	1 027	695	332
Provision from deferred income tax	66	57	9
Reserves	2	2	0
Accruals	63	68	(5)
Other liabilities	145	170	(25)
Current liabilities	498	406	92
Loans and borrowings	121	92	29
Trade payables	178	129	49
A liability for income tax	7	1	6
Other liabilities	166	158	8
Reserves	4	3	1
Accruals	21	23	(2)
Total liabilities	3 198	2 732	466

Change in loans and credits is presented on the next page.

Including ENS liabilities due to long term contracts termination settlement (KDT) and long term liabilities in trading segment.

Mainly increase of trade receivables in trading and distribution segments.

Mainly valuation of contracts in trading segment.

- **Adjusted EBITDA for last 12M (from January 1st 2015 to December 31th 2015) amounted to PLN 222.9m, which compared with the Group's net debt at the level of PLN 785.8m (as at December 31th 2015) implies Net debt / EBITDA ratio of 3.53x and was higher than as at 3Q 2015 (2.63x).**
- **The long-term goal of Management Board is to maintain Net Debt/EBITDA ratio below 3.0x.**
- **The ratio of Net debt / Equity and Equity / Assets ratio amount to 0.56x and 0.44x respectively.**

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Cash flow analysis for 12M 2015

Statement of cash flows (PLN m)	31.12.2015 r.
A. Cash flows from operating activities	
I.EBITDA	**220**
II. Adjustments	**5**
1. Income tax	-15
2. Change in provisions	1
3. Change in inventories	-6
4. Change in receivables	-38
5. Change in current liabilities, excluding borrowings	55
6. Change in accruals	-1
7. Other adjustments	9
III. Net cash flow from operating activities (I+/-II)	**226**
B. Cash flows from investing activities	
I. Cash received	**2**
II. Expenses	**(603)**
1. Purchase of intangible and tangible fixed assets	-602
2. For financial assets, including:	-1
3. Other investment expenses	0
III. Net cash flow from investing activities (I-II)	**-602**
C. Cash flows from financing activities	
I. Cash received	**460**
1. Net proceeds from issue of shares and other equity instruments	0
2. Credit and loans	460
II. Expenses	**(139)**
1. Dividends and other distribution to owners	0
2. Repayment of borrowings	-96
3. Payment of financial lease agreements	-1
4. interest	-37
5. Other financial expenses	-4
III. Net cash flow from financing activities (I-II)	**321**
D. Net cash flow, total (A.III+/-B.III+/-C.III)	**(55)**
E. Balance transition of cash, including:	**(55)**
F. Cash and cash equivalents at beginning of period	**417**
G. Cash and cash equivalents at end of period	**362**

Mainly CIT in ENS and operating wind farms.

Change in receivables and current liabilities (PLN 18m), results mainly from:
- Higher receivables (PLN 40m) in Mycielin WF,
- Higher payablesbles (PLN 28m) in distribution segment,
- Higher payables (PLN 31m) in trading segment due to higher trading volumes and purchases from contractors with longer payments.

Construction of Skurpie, Gawowice and Mycielin WFs and further projects development.

Long-term investment loans for Skurpie, Gawłowice and Mycielin WFs construction.

Investment loans and interest repayment drawn by the operating assets, mainly wind farms, ENS, PE-D and PE-O.

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Cash flow analysis for 4Q 2015

Statement of cash flows (PLN m)	4Q 2015
A. Cash flows from operating activities	
I.EBITDA	**59**
II. Adjustments	**-30**
1. Income tax	-3
2. Change in provisions	1
3. Change in inventories	-2
4. Change in receivables	-61
5. Change in current liabilities, excluding borrowings	24
6. Change in accruals	3
7. Other adjustments	9
III. Net cash flow from operating activities (I+/-II)	**28**
B. Cash flows from investing activities	
I. Cash received	**1**
II. Expenses	**(227)**
1. Purchase of intangible and tangible fixed assets	-227
2. For financial assets, including:	0
3. Other investment expenses	0
III. Net cash flow from investing activities (I-II)	**-227**
C. Cash flows from financing activities	
I. Cash received	**189**
1. Net proceeds from issue of shares and other equity instruments	0
2. Credit and loans	189
II. Expenses	**(30)**
1. Dividends and other distribution to owners	0
2. Repayment of borrowings	-16
3. Payment of financial lease agreements	0
4. interest	-13
5. Other financial expenses	-1
III. Net cash flow from financing activities (I-II)	**160**
D. Net cash flow, total (A.III+/-B.III+/-C.III)	**(39)**
E. Balance transition of cash, including:	**(39)**
F. Cash and cash equivalents at beginning of period	**401**
G. Cash and cash equivalents at end of period	**362**

Mainly CIT in ENS.

Change in receivables and current liabilities (PLN -37m), results mainly from:
- VAT settlement in trading (PLN 6m) and on Skurpie WF (PLN 17m),
- Higher payables in biomass segment (PLN 6m) related to purchases of straw with deferred payments,
- Higher receivables in Mycielin WF (PLN 31m), Amon and Talia WFs (PLN 16m) and in trading segment (PLN 12m),
- Higher payables in distribution (PLN 12m) and Amon and Talia WFs (PLN 14m).

Construction of Skurpie and Gawowice WFs extension and Mycielin WF and further projects development.

Long-term investment loans for Skurpie and Gawłowice WFs extension and for Mycielin WFs construction.

Investment loans and interest repayment drawn by the operating assets, mainly wind farms, ENS, PE-D and PE-O.

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4B Regulatory Position Re-cap

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Effect of new RES Law regulations on Green Certificate dynamics in 2016

	2015	Changes as result of RES law		2016
Supply	21,6 TWh	5,2 TWh	(24%)	16,4 TWh
Demand	15,2 TWh	1,4 TWh	9%	16,6 TWh

Significant decrease of supply expected in 2016 due to introduction of mechanisms contained in the New RES Law aimed to lower the supply:

- Complete cessation of support for large hydro power station > 5 MW (assumption: from 2016);
- Significant reduction in support for installation of biomass co-firing with conventional fuels to 0,5x certificate;
- Hence, supply is projected to decrease by ca. 5 TWh in 2016 as a result of the New RES Law and the „overhang" of GC should commence reduction in 2016 as no/limited production from non-dedicated co-firing plants;
- GC Quota demand will be set at 15% in 2016 and from 2017 it will be increased to 20% as per New RES Law. In order to maintain equilibrium, the regulator will be able to adjust the obligation annually as the supply changes. We estimate that after 1-2 years of increased quota the overhang will be significantly reduced and the gradual decrease of quota will be possible in 2019-2020.

New projects commissioned in the auction system will have no impact on the demand level of GC as the electricity coming from these projects will be treated in the same way as "black electricity" and will require appropriate amount of green certificates.

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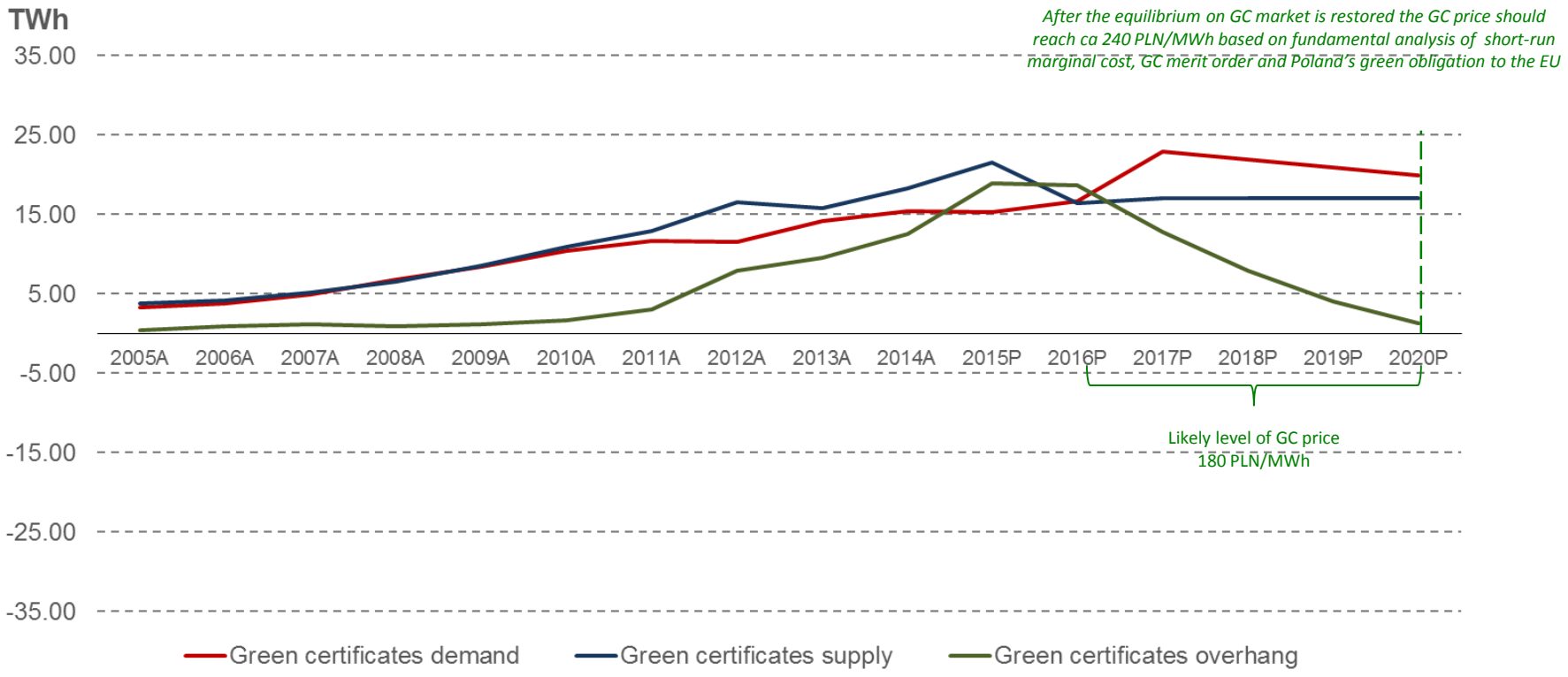
Supply reduction and demand increase will rebalance the GC market



New regulations implemented by RES Act will decrease yearly GCs production by 5,2 TWh – this will be the first & main market stimulant. This market stimulant, together with increasing demand (driven by increasing quota in the RES law) will bring the overhang down and lead to an increase in GC price.

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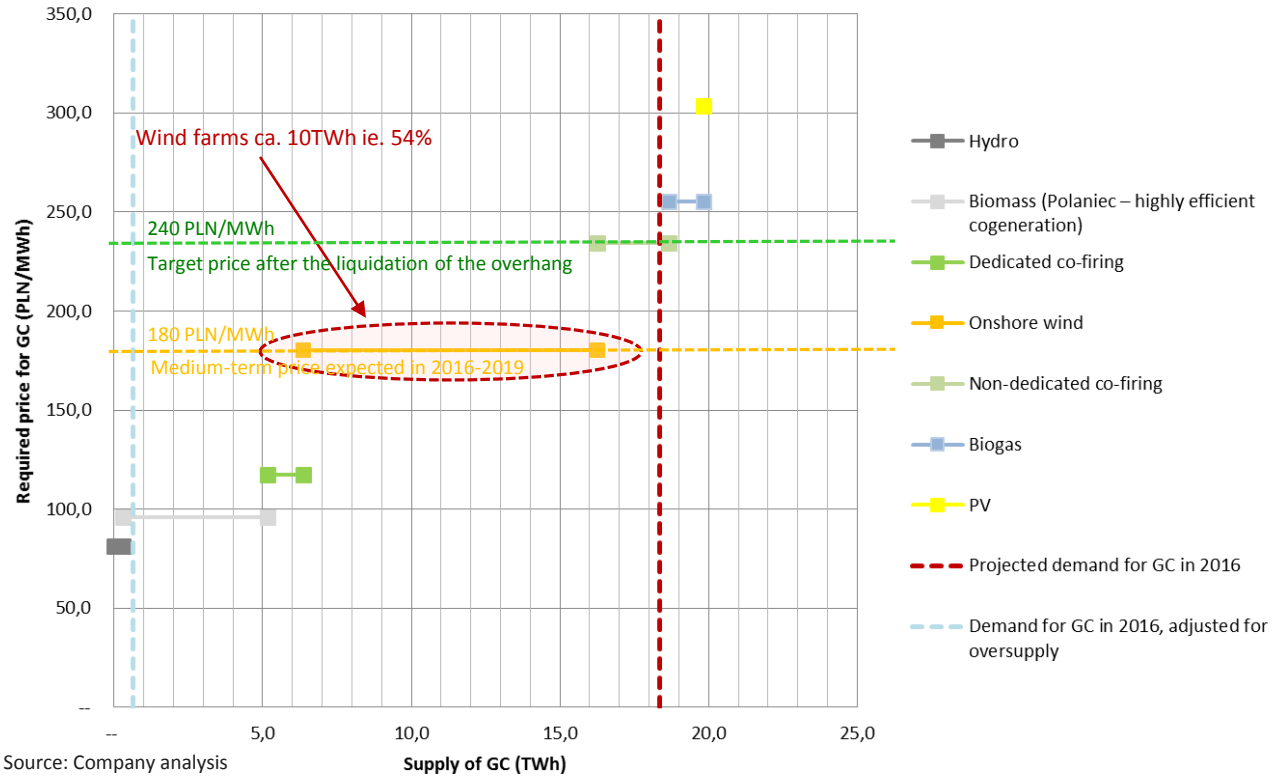
GC price should return to the levels supported by fundamental analysis[1]



Source: Company analysis

[1] Supply/demand as at 2016; electricity price at 180 PLN/MWh

- Projected annual demand for green certificates increases to approx. 18,0 TWh in 2016 and 24,5 TWh in 2020, mainly due to an increased redemption obligation of certificates;
- Due to the restrictions of the new Renewable Law (especially in relation to the co-firing), technologies that require support at a lower level than wind farms (water, biomass co-firing) will be able to meet only approx. 35% of the demand for GC while the volume produced by wind farms will be the largest and will be around 10 TWh ie. 54% of total demand.

- ✓ **After the disappearance of the overhang (2019/2020), the price of green certificates will reach the level required by the marginal producer's satisfying demand which is ca 240 PLN/MWh (non dedicated co-firing) – which will be necessary to meet the goal of RES share in energy consumption;**
- ✓ **Until overhang disappearance the price should be set by the onshore wind which is the biggest contributor of GCs;**
- ✓ **Based on the above we expect the increase in GC prices up to the level of 180 PLN/MWh in mid term and further increase to 240 PLN/MWh in the long term.**

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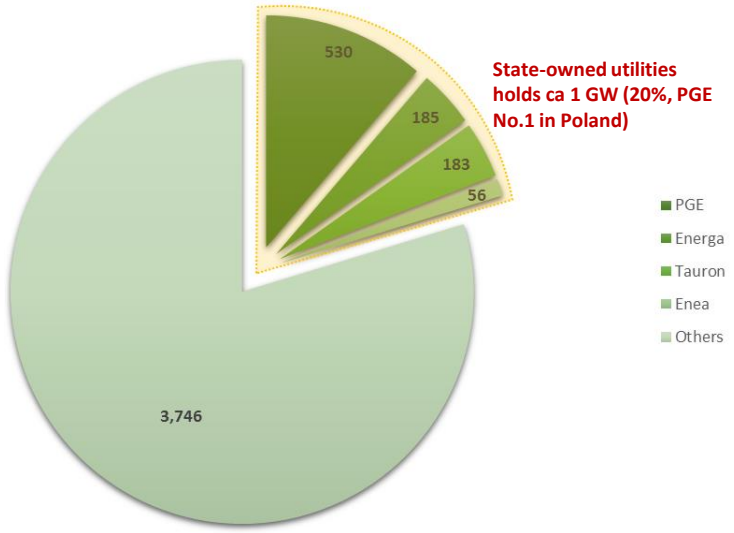
Polish State/State Utilities will benefit from the rebalancing of the GC market…

State owned utilities have significant share in RES generation

Participation of state-owned utilities in onshore wind capacity in 2015 [MW]

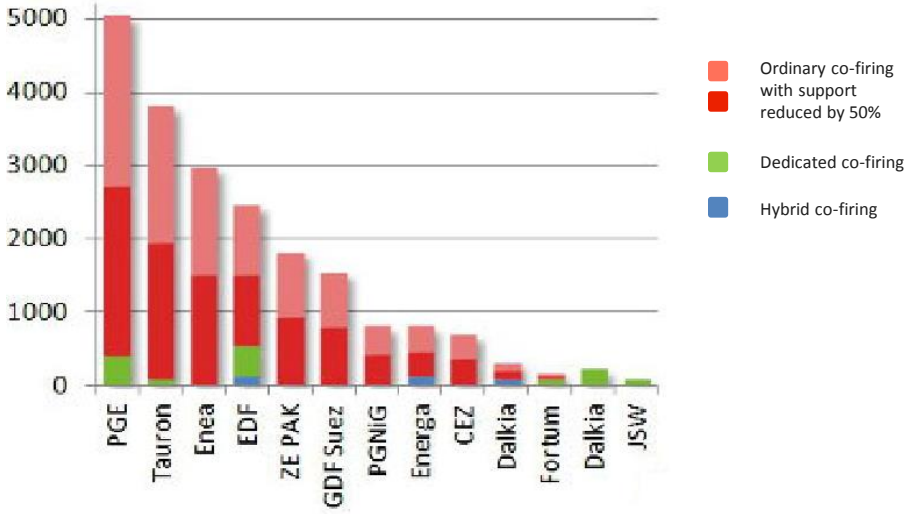


State-owned utilities holds ca 1 GW (20%, PGE No.1 in Poland)

Source: Company analysis

State owned utilities hold majority of co-firing capacities

Participation of state-owned utilities in capacity adjusted to co-firing [MW]



Source: Wysokie napięcie, http://wysokienapiecie.pl/oze/548-kto-straci-na-wspolspalaniu

- ✓ **PGE, Energa, Enea and Tauron are significant contributor of budget revenues coming from dividends and taxes;**
- ✓ **With 20% of total onshore capacity in 2015 and c.13 GW adjusted to co-firing, state-owned utilities have already a significant revenue stream directly dependent on GC prices;**
- ✓ **Relevance of renewables in financial results of state utilities will increase in future as the economics of conventional generation deteriorate due to CO2 price increases and support for coal mining;**
- ✓ **As the new RES law has reduced support for non-dedicated co-firing (ca 80% of all co-firing capacity) by 50%, the GC price must reach ca 240 PLN/MWh to make this generation economically reasonable in order to meet Poland's EU green targets.**

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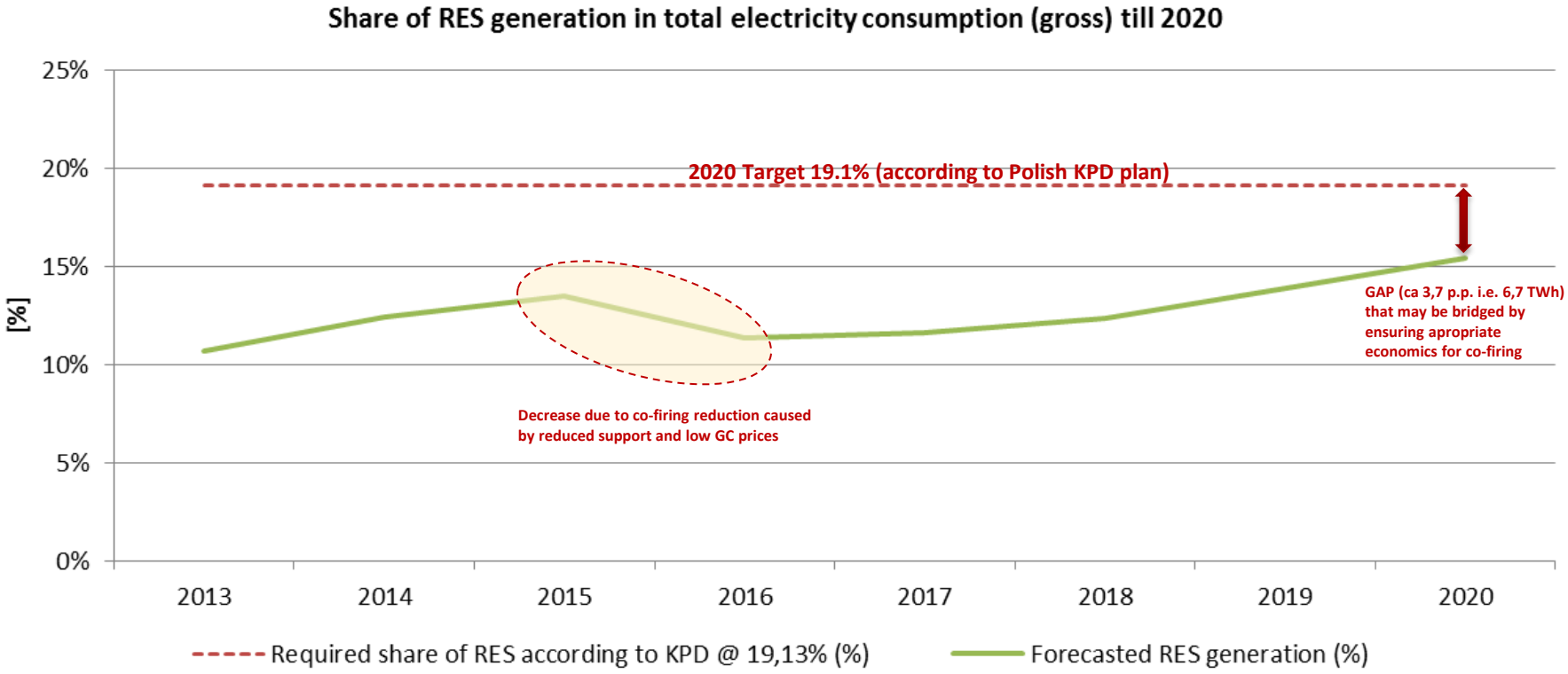
…as well as adressing the danger of shortfall in RES generation versus 19.1% target



- ✓ **Share of RES generation will decrease in 2016 from current level of ca 13,5% to 11,5% due to the reduced co-firing generation. New RES capacities coming mainly from wind will not be able to replace co-firing generation reduction and ensure meeting of 19,1% target in 2020;**
- ✓ **Dedicated biomass generation is on edge of profitability and will be shut down if the GC prices decrease from current level. It would further increase the potential gap in RES generation;**
- ✓ **In order to reach the 19.1% target GC prices need to rise to a level of ca 240 PLN/MWh for non-dedicated co-firing to operate;**
- ✓ **If Poland will not meet EU target by 2020 it will be in breach of EU law and subject to EU infringement proceedings and/or will need to perform statistical transfer of renewable energy from other countries that exceeded the target. Cost of statistical transfer has been estimated in a range of 50-100 EUR/MWh which gives EUR 335-670m of annual additional costs for Polish economy.**

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4C Market Analysis Data Pack

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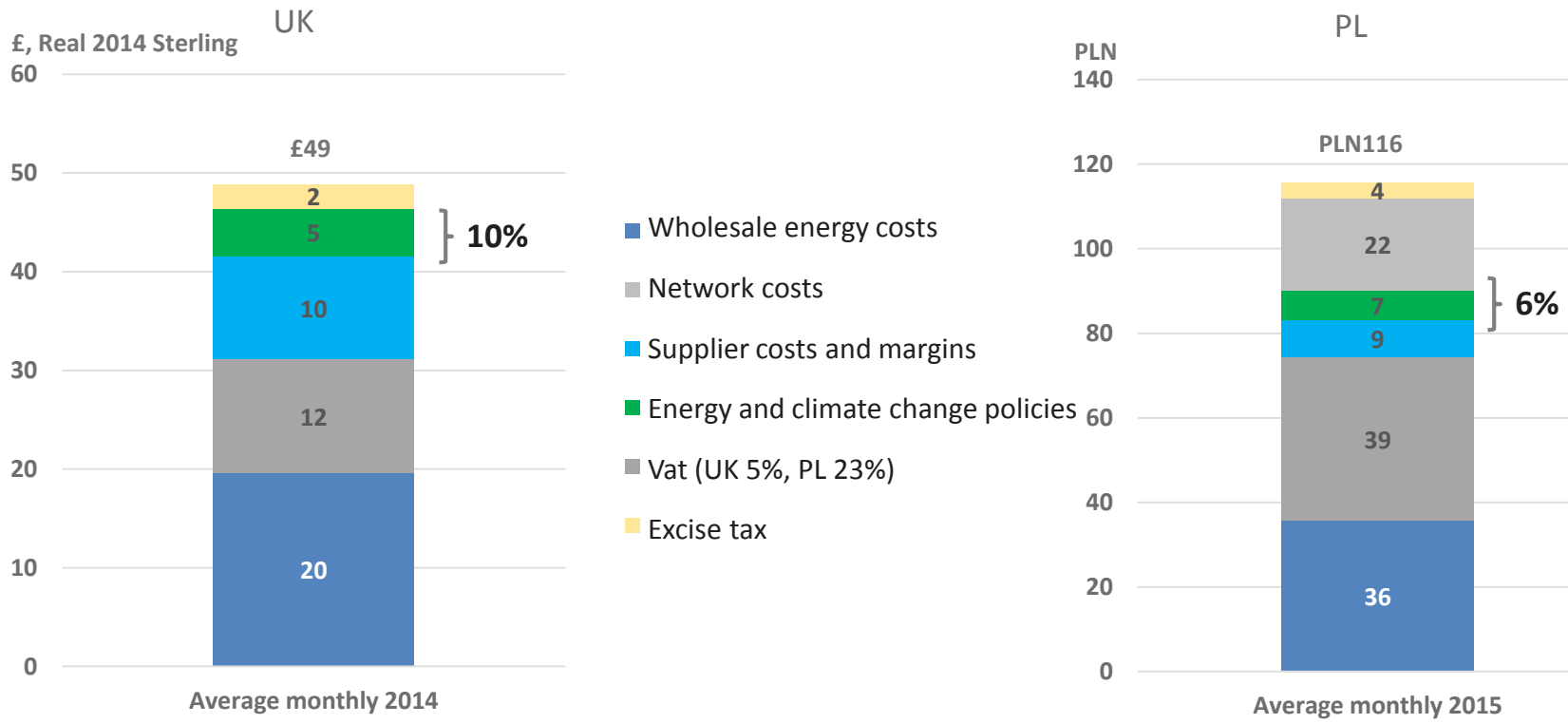
Lets dispel the myth about end user costs to support renewables

Average monthly residential electricity bill split in UK and Poland



In 2014 in the UK of the monthly average electricity bill of GBP49/household, 10 % of this was the cost of the renewable subsidies. In Poland the monthly average cost is PLN116 and of this 6% was the cost of renewable subsidies – either way these are marginal/if at all noticeable in the household budget.

Source: UK DECC Annual domestic energy bills 2013, BNEF, Polenergia Dystrybucja tariff data,(for household using 200kWh monthly)

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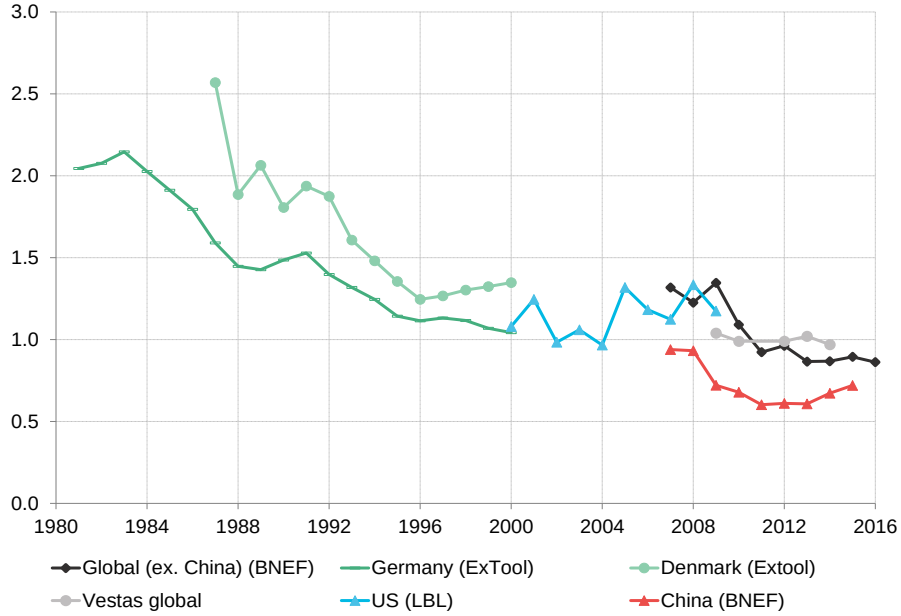
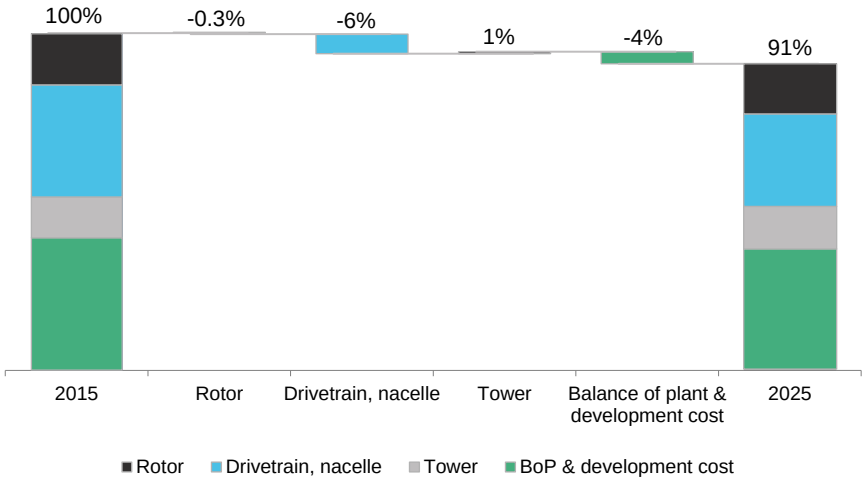
Turbines price declines will support aggressive bidding…

Wind turbine price (inflation corrected to 2014),1984-2016e (mEUR/MW)



Source: Bloomberg New Energy Finance, Lawrence Berkeley National Laboratory (LBNL), ExTool study (Neij et al.2003), Vestas annual reports.

Wind project capital expenditure cost (per MW nameplate capacity) reduction drivers (%)



Source: Bloomberg New Energy Finance

BNEF estimates significant prices declines of turbines (9% cost reduction for every doubling of installed capacity) – Polenergia best placed to take advantage of this due to significant negotiation power.

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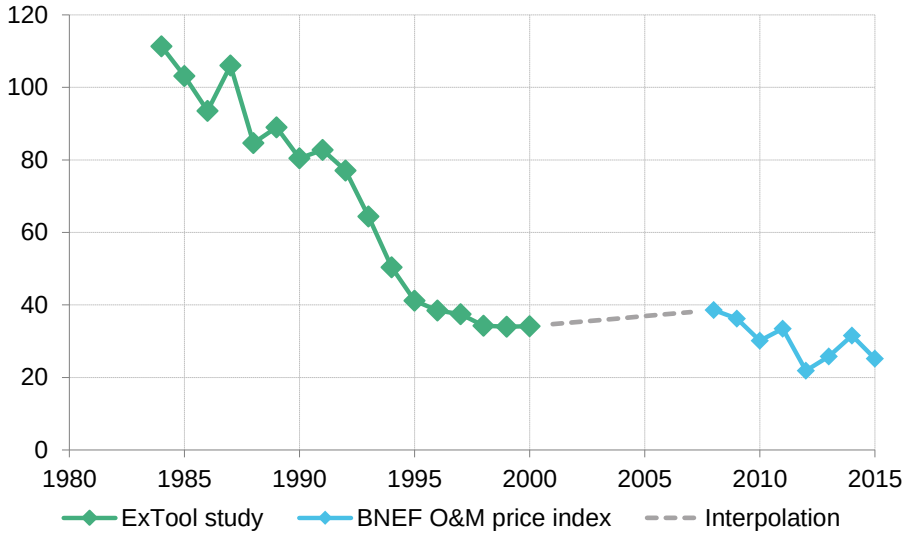
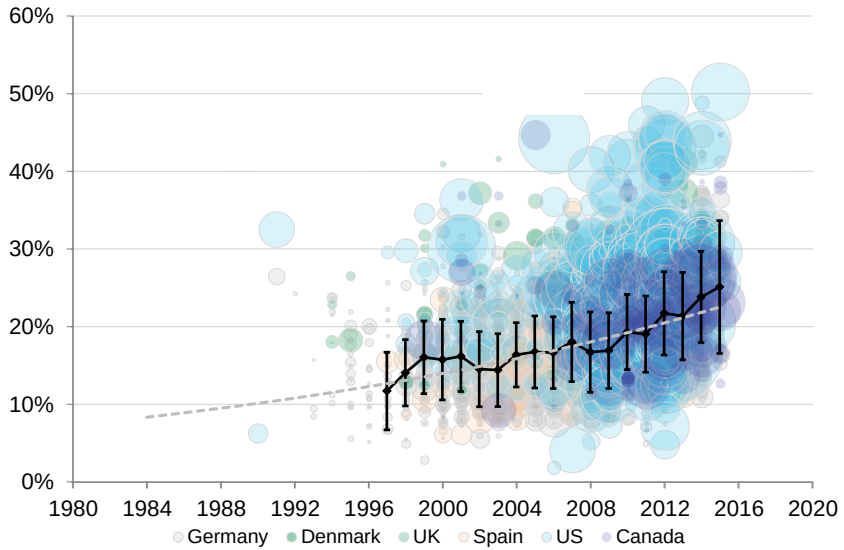
… as will decreasing O&M and improving load factors

Global (excluding China) onshore wind O&M price trend (inflation corrected to 2014), 1984-2015 (thousand EUR/MW/yr)



Source: Bloomberg New Energy Finance

Global (ex. China) onshore wind capacity factor improvement over years, 1997-2015 (%)



Source: Bloomberg New Energy Finance

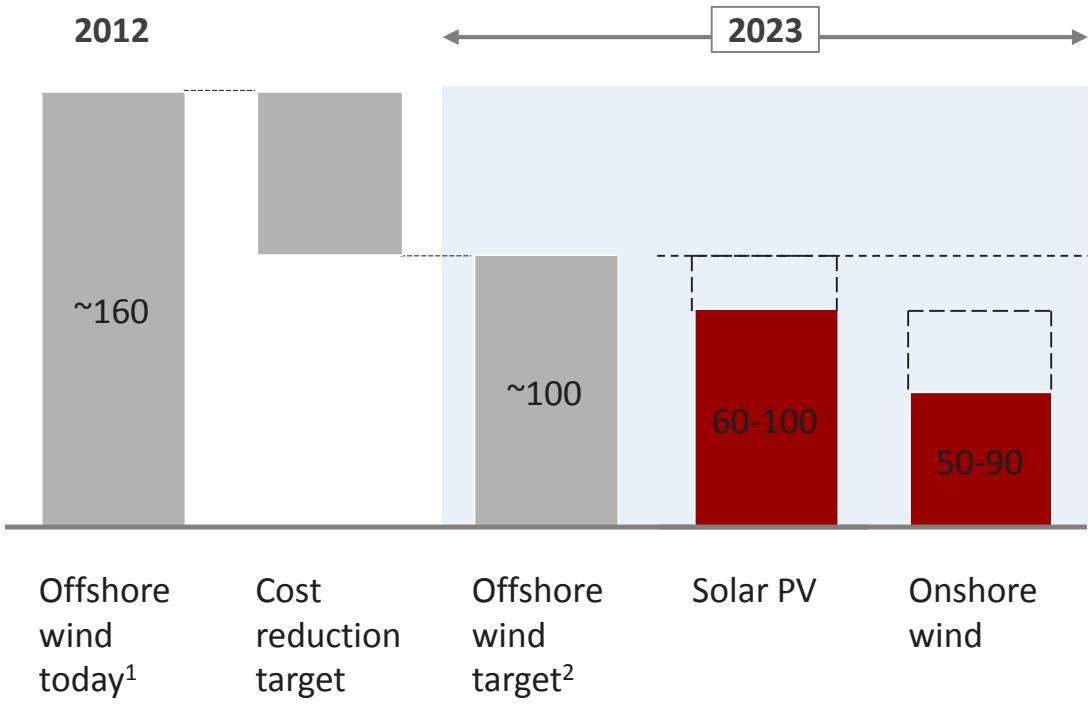
Decreasing O&M driven by economies of scale and more standardized, mature technology along with improving the average global load factor will even further allow Polenergia for more aggressive bids in auctions.

POLENERGIA

Levelised cost of electricity – offshore wind at EUR100/MWh target for 2020 (McKinsey)

Technology cost comparison

EUR/MWh, technology specific WACC, commissioning 2012 and 2023



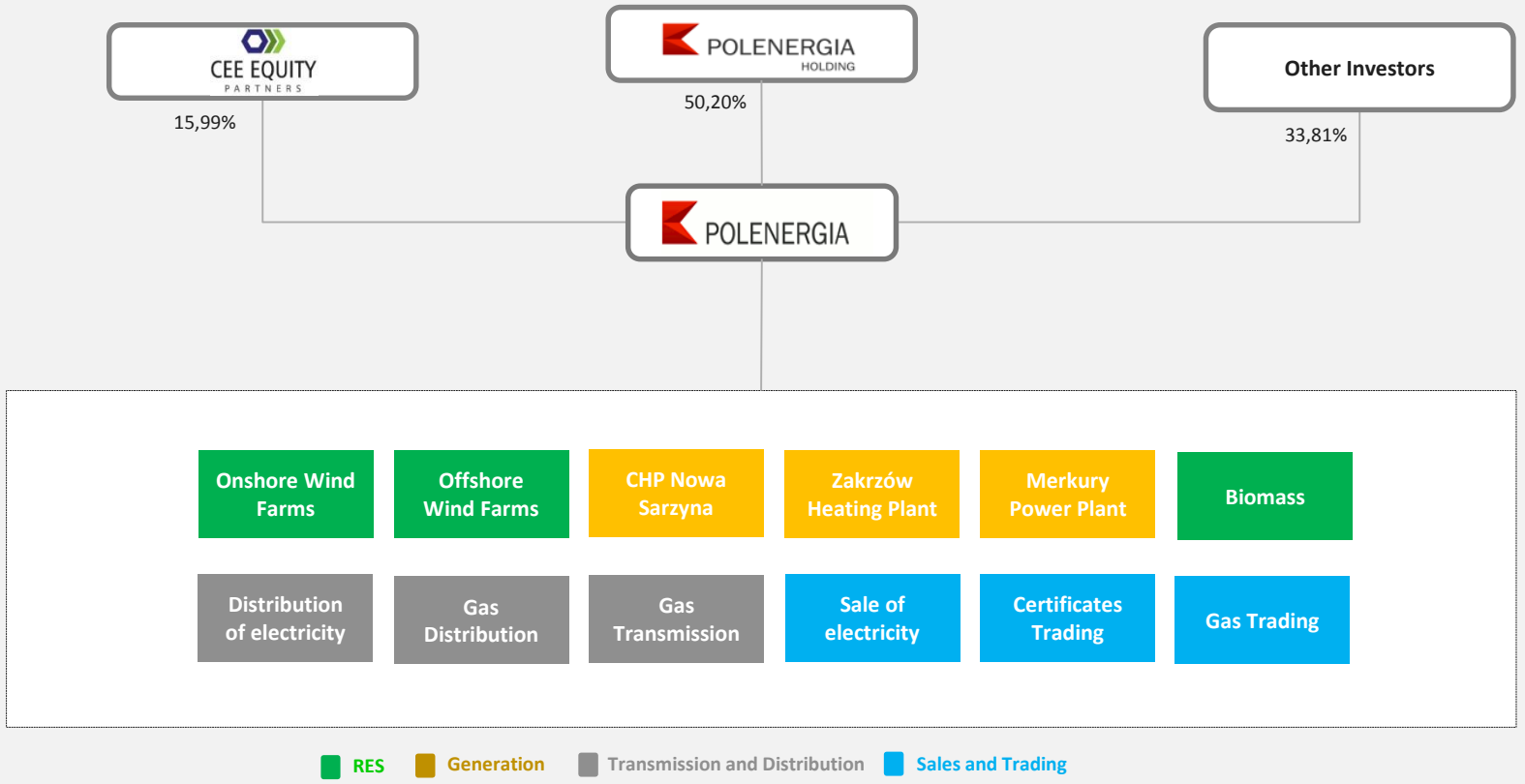
1 2012 off-take price Walney II (UK)
2 UK market – 2020 FID, including transmission costs with commissioning in 2023

Furthermore McKinsey estimates target levels of EUR100/MWh – in line with the BNEF estimate. Final „net" LCOE will be significantly lower if the positive levelized impact of increased GDP is taken into consideration.

SOURCE: McKinsey

4D Business/Project Descriptions

Group Structure



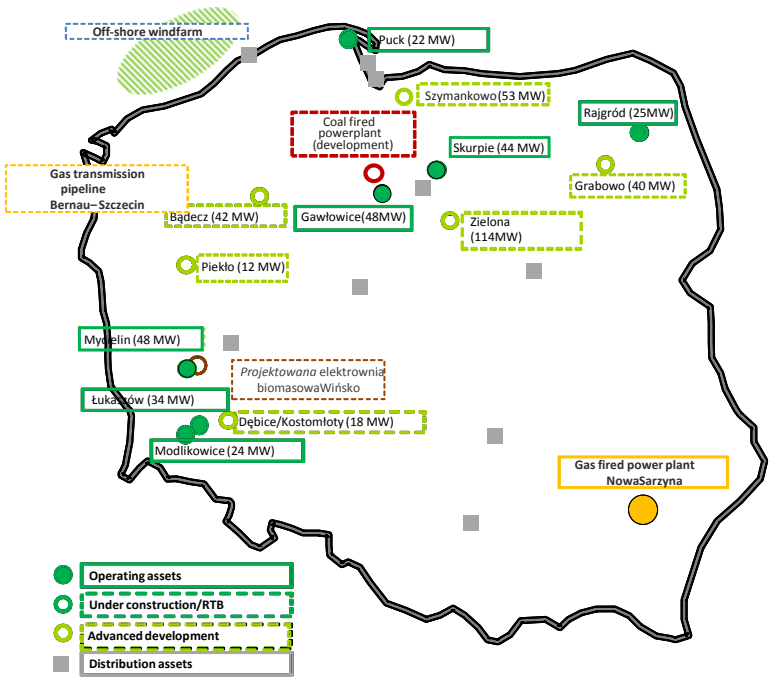
- ✓ **August 18, 2014** contribution Polenergia Holding S.àr.l Group assets with Polish Energy Partners SA took place resulting in formal creation of Polenergia SA Group.
- ✓ At the same time, as a result of acquisition of 15,99% new shares by CEE Equity Partners Fund, PLN 240 m development capital was secured.
- ✓ The prospectus for the new issue of shares was approved in **February 2015**, and the shares are admitted to trading on WSE since **3rd March 2015.**
- ✓ Group long-term strategy is to grow as an integrated energy group present in all segments of the power market, with particular exposure to power generation from renewable sources and regulated electricity and gas infrastructure.

POLENERGIA

Renewable listed vertically integrated utility with predictable returns and strong near term growth profile

	Generation	Distribution	Sales / Trading
RES	• Operating and pipeline on-shore wind assets and offshore projects	• Specialised distributor and seller for: industrials, commercial and residential communities	POLENERGIA OBRÓT
Gas	Elektrociepłownia Nowa Sarzyna • CHP plant – infra-like profile	POLENERGIA • German-Poland gas interconnector project	POLENERGIA OBRÓT
Coal	Elektrownia Północ • Coal-fired power plant project	POLENERGIA DYSTRYBUCJA	POLENERGIA OBRÓT

Geographical location



Phase I: 2013-2016:

- Construction of 61,8 MW wind farms, by the end of 2015 the Group had c. 245 MW wind farms in operations;
- 279 MW onshore wind farms will be ready to take part in first auction;
- Environmental decision for 1 200 MW offshore wind farms (grid connection agreement has been signed);
- Finalization of development of gas pipeline between Germany and Poland with capacity of up to 5 billion m3/year.

Phase II: 2017-2022:

- Participation in auctions with remainder of c. 411MW;
- Potential commencement of operations of 600 MW offshore wind farms and finalization of development of further 600 MW;
- Potential commencement of operations of gas pipeline between Germany and Poland with capacity of up to 5 billion m3/year.

POLENERGIA

Onshore wind farms - operating

Operating wind farms

#	Location	Capacity (MW)	COD	Clients
1	**Puck**	**22,0**	2007	Energa, Polenergia Obrót
2	**Modlikowice**	**24 ,0**	2012	Tauron Sprzedaż
3	**Łukaszów**	**34,0**	2011	Tauron Sprzedaż
4	**Gawłowice**	**48,3**	10.2014	Polenergia Obrót
5	**Rajgród**	**25,3**	11.2014	Polenergia Obrót
6	**Skurpie**	**43,7**	08.2015	Polenergia Obrót
7	**Mycielin**	**48,0**	12.2015	Polenergia Obrót
		245,3 MW		

Wind farm constructed in 4Q 2015, currently in commissioning.

WF Puck
- Combined project capacity equals 22,0 MWe, comprise 11 turbine (Gamesa) 2,0 MW each;
- Location: Pomorskie voivodeship, district Puck;
- COD in January 2007;
- Average annual production of approximately 42 GWh;

WF Modlikowice
- Combined project capacity equals 24,0 MWe, comprise 12 turbine (Vestas) 2,0 MW each;
- Location: Dolnośląskie voivodeship, district złotoryjski;
- COD in 2012;
- Average annual production of approximately 50 GWh;

WF Łukaszów
- Combined project capacity equals 34,0 MWe, comprise 17 turbine (Vestas) 2,0 MW each;
- Location: Dolnośląskie voivodeship, district złotoryjski;
- COD in 2012;
- Average annual production of approximately 74 GWh;

WF Gawłowice
- Combined project capacity equals 48,3 MWe, comprise 21 turbine (Siemens) 2,3 MW each;
- Location: Kuj. – pom. voivodeship, district grudziądzki;
- COD in November 2014;
- Planned annual production of approximately 144 GWh;

WF Rajgród
- Combined project capacity equals 25,3 MWe, comprise 11 turbine (Siemens) 2,3 MW each;
- Location: Podlaskie voivodeship, district grajewski;
- COD in October 2014;
- Planned annual production of approximately 67 GWh;

WF Skurpie
- Combined project capacity equals 43,7 MWe, comprise 19 turbine (Siemens) 2,3 MW each;
- Location: Warmińsko-Mazurskie voivodeship, district działdowski;
- COD in August 2014;
- Planned annual production of approximately 122 GWh;

WF Mycielin
- Combined project capacity equals 48 Mwe, comprise 24 turbine (Vestas) 2,0 MW each;
- Location: Wielkopolskie voivodeship, district kaliski;
- COD in December 2015;
- Planned annual production of approximately 136 MWh;

POLENERGIA

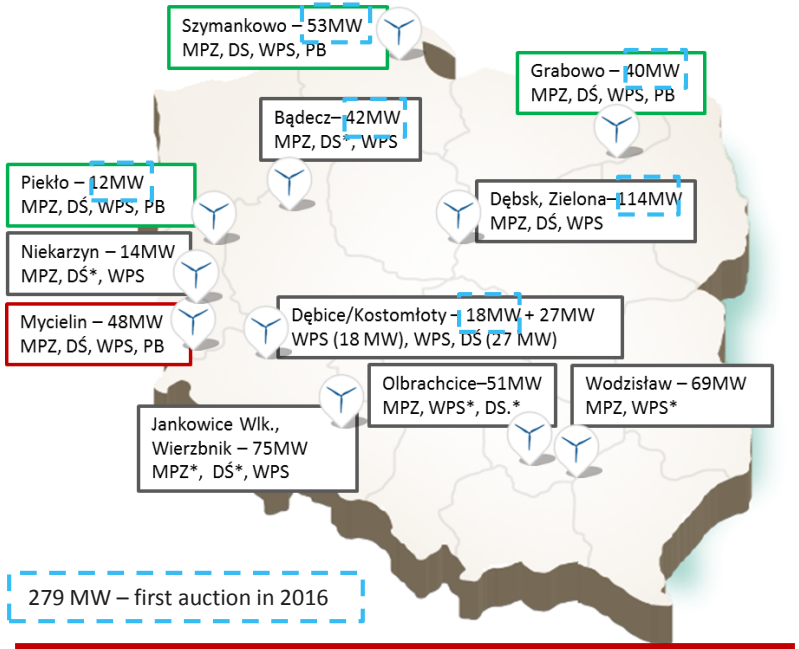
Onshore wind farms – development portfolio

Pipeline build up

- The portfolio of operating wind farms at YE2015 reached installed capacity equal 245,3 MW;
- Additional 690MW portfolio of wind farms under development of which:
  - 6 projects of 279 MW will participate in first auction planned for 2016;
  - 411 MW will participate in auctions in 2017-2019.

Planned participation in the first auction in 2016

#	Location	Power (MW)	Building permit	Possible completion
8	**Piekło**	**12**	Q1'15	2017
9	**Grabowo**	**40**	Q1'15	2017
10	**Zielona**	**114**	Q4'15	2018
11	**Kostomłoty**	**18**	Q4'15	2018
12	**Bądecz**	**42**	Q1'16	2018
13	**Szymankowo**	**53**	Q3'15	2019
		279 MW		



Projects under construction

Projects with Building Permit

Wind farm at an advanced development stage

Achieved stages of the development:

MPZ - Local Development Plan

DŚ - Environmental Decision

WPS - Terms of connections to the Network

PB - Building Permit

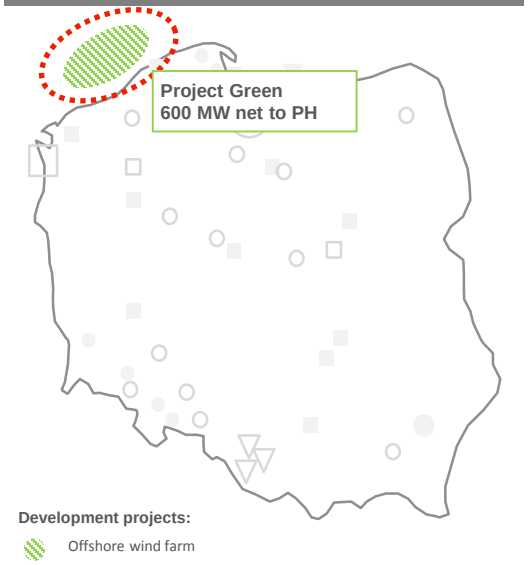
POLENERGIA

Polenergia is a leading offshore wind farms developer in Poland

Description

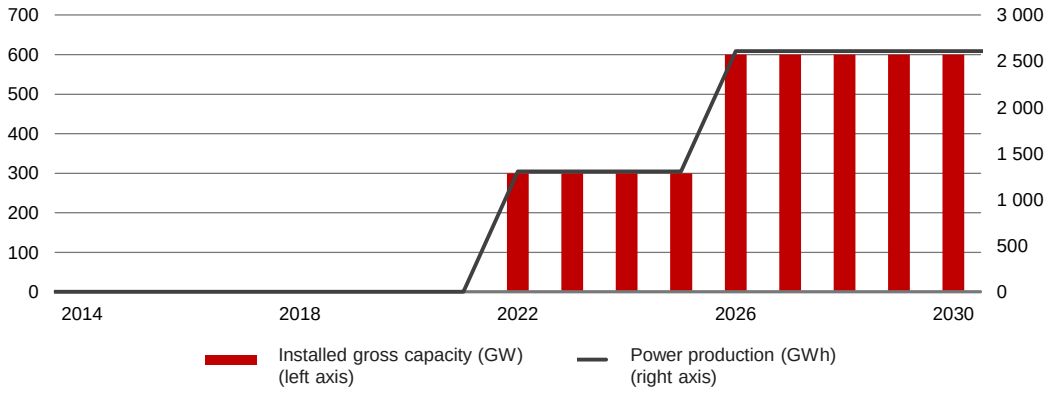
- Two projects with total power of c. 1.2 GW
- The plan is to build offshore projects in cooperation with an experienced industrial player (50/50 JV)
- An additional option is third project with a capacity of 1,6 GW with a valid location permit
- Electricity offtake will be secured for 15 years by purchase obligation under the auction system: aspects relating to offshore wind farms included in the current RES Law confirm the intention for auctions to also in the future include offshore wind farms
- In August 2014, connection agreement for 1200 MW with PSE SA was signed

Location and power



Name of project	Bałtyk Środkowy III	Bałtyk Środkowy II
Actual planned capacity (MW)	600	600
Number of turbines	Ca. 100	Ca. 100
Distance from the shore	22 km	37 km
Region	116,6 km ^{2}	122 km ^{2}
Depth	25-39m	23-41m
Average wind speed	9 – 10 m/s	9 – 10 m/s

Installed capacity and electricity generation (PH share)



Planned key dates	Bałtyk Środkowy III	Bałtyk Środkowy II
Environmental decision	Q1 2016	Q3 2016
Construction start	2020	2023
Commisionig date	2022	2026

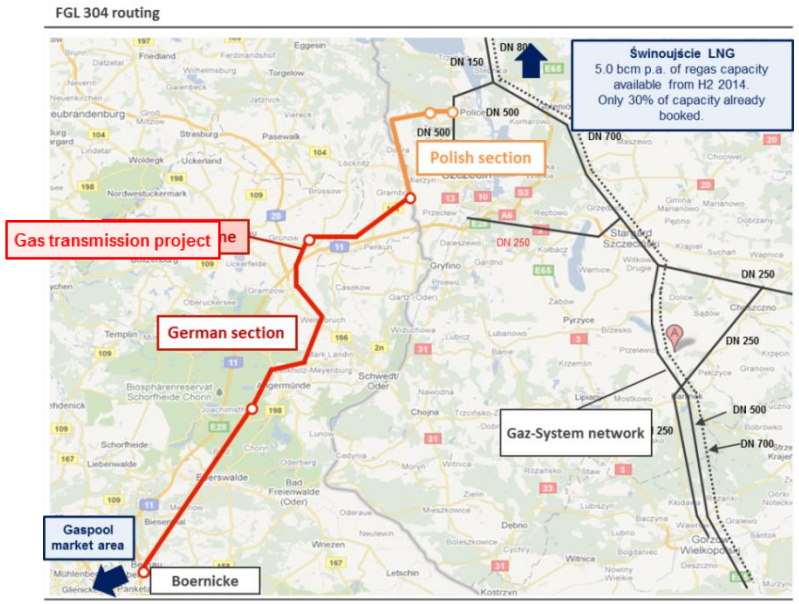
Leading developer of offshore in Poland, supported by increasingly attractive cost economics. Also, the Polish government wants to impose regulations to suport offshore wind farm projects.

POLENERGIA

A key element of the strategy - Bernau – Szczecin pipeline (Germany-Poland)

Overview

- Gas transmission project is ideally located to connect western gas markets with the isolated markets of Poland and other Eastern European countries (Ukraine, Lithuania)
- It is to provide the access to import infrastructure in Germany and become one of the key market openers of the East Europe gas market
- Customers in Poland (and potentially in neighbouring countries to the east and south of Poland) will gain access to the liquid Gaspool spot market which allows them to purchase gas at lower prices and from various suppliers, thus significantly improving their energy security and ensuring supplies of this strategic commodity in a diversified way
- Strategic partners are to be invited for joint development of the project in Poland and Germany, however the company assumes to hold minimum 51% of German part of the business
- Transmission return structured on attractive RAB based remuneration



Pipeline Bernau – Szczecin

Total technical capacity	3,0 - 5,0 bcm p.a.m
Compressor stations	3 x 5,4 MW
Lenght	c. 150km (30km in POL. 120km in GER)

Project status

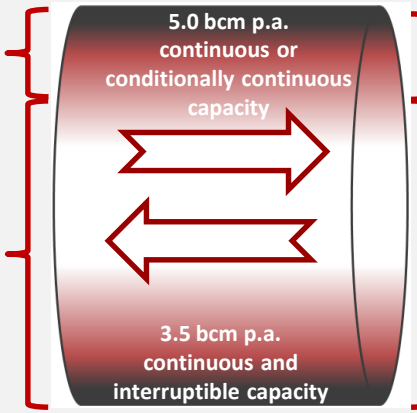
FEED Design	Secured
Construction Permits	Secured
Rigths of way	C. 50% Secured
TPA/Unbundling	In progress
Commercial closing	In progress
Grid connection	In progress
EPC	To be completed
Financing	To be completed

General characteristics

EXIT FROM POLAND/ENTRY TO GERMANY

10 % of the pipeline capacity dedicated for short-term products (up to 1 year) offered in auctions acc. to CAM network code rules

90 % of the pipeline capacity dedicated to annual products with an option of booking 15 subsequent years) offered in auctions acc. to CAM network code rules



EXIT FROM GERMANY/ENTERING TO POLAND

10 % of the pipeline capacity dedicated to short-term products (up to 1 year) offered in auctions acc. to CAM rules

90 % of the pipeline capacity dedicated to annual products with an option of booking 20 subsequent years offered in auctions (1.5 bcm p.a reserved exclusively for POLENERGIA)

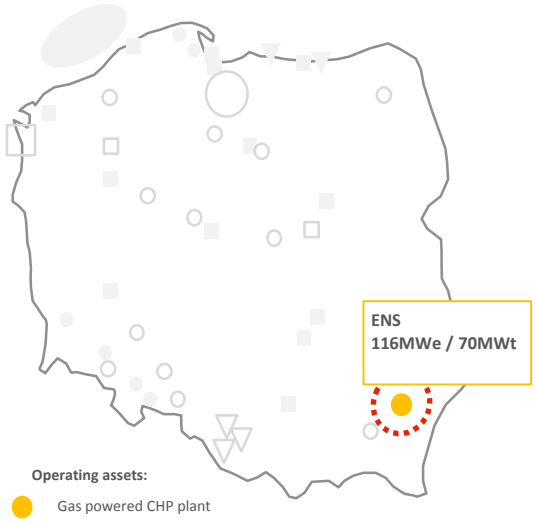
POLENERGIA

ENS Gas-fired CHP – operational portfolio

Description

- Natural gas powered CHP plant with a capacity of 116 MWe and 70 MWt.
- Modern asset, which began commercial operations in 2000.
- Operating with high efficiency unit works as a power system.
- Produced energy is ejected by the three above-ground transmission lines with a capacity of 110 kV.
- CHP meets polish environmental standards.
- Fixed income and cash flow of stranded costs for 2020.
- ENS after 2020 will operate a gas turbine and a steam turbine, producing electricity and heat in combination. The Board assumes that the second turbine will be used as a power source for the intervention of the National Power System based on the agreement to share power with the operator of the National Power System. In addition, Nowa Sarzyna CHP as a source will be able to provide a service of the National Power System reconstruction under an agreement with the operator of the system;

Location and power



Technical Specifications

Installed capacity	116 MWe, 70 MWt
Net capacity	113 MWe
Avg. net output	Electricity ca. 760 MWh Heating ca.. 530TJ
Technology	CCGT
Fuel	Natural gas / fuel oil backup
Efficiency	HHV (48,6%), LHV (54,0%)
Type	2*1 CCGT Thomassen (GE) frame 6
COD	2000
Availability	93,80%

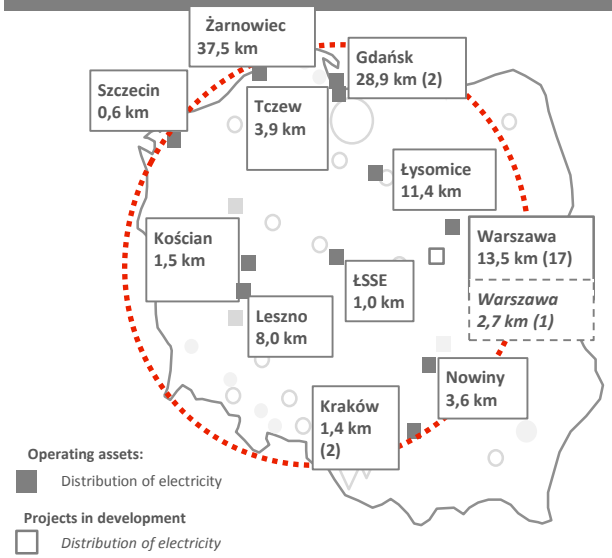
Compensation formula

- ENS generates revenue through the sale of electricity and heat, additionally receives compensation for stranded costs, compensation for gas and yellow certificates.
- Guaranteed compensation for stranded costs sufficient to cover all the costs of fuel and operating expense (EBIT = 0). It is calculated in such way to balance power and heat sales minus the cost of fuel and operating expense.
- Depreciation (included in the compensation) allows for debt service and interest costs.
- Gas Compensation and yellow certificates directly increase the profit before tax.

POLENERGIA

Electricity distribution

The length of the distribution network (number of projects)



	In use	In development	Total
Distribution power	75 MW	1 MW	76 MW
Distribution volume	279 GWh	3 GWh	c. 282 GWh
Number of projects	29	1	30
Final users	10,5k	0,4k	ca. 10,9k
The length of the medium-voltage lines (km)	111,3	2,7	114
Number of substations	86		
Number of transformers	143		

Polenergia Distribution

Description

- Polenergia Distribution is a niche distributor of electricity to industrial, retail and commercial customers, ie. residential areas, factories, office buildings and shopping centers.
- Regulated entity based on WACC / WRA with approved investment plans.

Projects in development

- 1 project based on contracts with developers of housing and industrial partner.
- All regulated in accordance with the system WACC / WRA with approved investment plans.
- Excellent platform for expansion on a larger scale in the distribution of energy.

Increase in value and benefits for customers

Increase of value

- Obtaining a license to distribute electricity for the electrical infrastructure (ie. the "last mile") in non-residential buildings, ie. shopping centers and office buildings.
- Effective use of cooperation between the regulated activities (distribution of electricity) and commercial (sales of energy).
- Providing partners with opportunities to optimize the cost of electricity infrastructure during construction and maintenance.
- Effective use of cooperation within the Group.

A unique package of benefits for customers

- Immediate settlement or reduction of electrical infrastructure costs.
- Competitive tariffs for distribution and connection to the grid.
- All costs associated with the maintenance of infrastructure covered by Polenergia Distribution.
- Settlement for electricity by company.
- Risk of delays in payments for electricity transfered to company.
- The ability to change vendors (TPA) by the customers.

POLENERGIA

Trading (Polenergia Obrót)

Review of Polenergia Obrót (trading)

- Central platform for trading and risk management located in Warsaw.
- In January, 2013 the company took over the former Vattenfall Trading team operating in the energy markets in the CEE region.

Commercial activity

Expertise in the wholesale electricity trading, property rights and natural gas. The company has licenses for electricity trading, trade in gas fuels in Poland and foreign trade.

Important role in the value chain of Polenergia Group - market access, transfer of knowledge and information about the market, optimizing business processes, portfolio management.

Proprietary trading (trading on the stock exchange and OTC)

Low risk profile

Trade based on the physical delivery of the product

Limited risk profile - monitored daily

Polenergia Obrót (2015)

Energy sold	12 TWh
Natural gas sold	290 GWh

Polenergia Obrót – key highlights 2015/2016

- Apart from energy trading, Polenergia Obrót actively participates in the natural gas market, taking advantage from its ongoing liberalization. In 2015 the company **increased its natural gas volume by approx. 300%** from 95 GWh to 290 GWh.
- In 2016 Polenergia Obrót will start supplying gas in a **physical delivery point** – to make it possible, in 2015 the company signed a distribution agreement and a numer of framework agreements with gas suppliers.
- Polenergia Obrót also plans to **take part in the forward market for green certificates** formed by Towarowa Giełda Energii (Polish Power Exchange). As a step towards this market, in 2015 the company was the **first in Poland to sell certificates of origin** in the Polskie Gwarancje Pochodzenia Energii Programme (certificates originated from one of the wind farms in Polenergia Group).

POLENERGIA

Other operating assets and projects

Coal power plant - Power station Północ

- The construction of coal-fired power plants with total capacity of 2 * 800 MW using supercritical technology.
- The project will be based on a long-term PPA contract with a guaranteed collection price for 20 years.

Planned power	to 2*800 Mwe
Efficiency	over 45%
Fuel (coal)	20-22 GJ/ton

Biomass power plant

- Polenergia is currently working on power plant with a capacity of 31 MWe in Wińsko - received all permits

Key features	
Turbine	Condensation / Alstom
Cauldron	Vibrating grate / DP Cleantech
Installed power	31 MWe
Start-up	2020
Client	Delivery to the grid
Productivity (load factor)	92%
Efficiency	Electric 33%
Operational period	30 years

Zakrzów heating plant

- The plant with heat power of 23 MW located in Wroclaw
- Energy is produced from natural gas supplied by PGNiG distribution network
- Built in 2000 in order to provide electricity and heat to Whirlpool under long-term contract (valid up to approx. 2020).
- Built by Polenergia turnkey, along with the necessary infrastructure (gas pipeline and terminals)
- Whirlpool is the sole user of the produced thermal energy

Power Plant Mercury

- The power plant is located in Walbrzych
- Launched in July 2006.
- Power unit boiler fueled with gas and steam turbine with power above 8 MWe
- Power unit generates electricity from gas that is a byproduct in the production of coke in WZK Victoria
- The power plant operates on the basis of a contract concluded between Polenergia and Victoria WZK for supply of coke oven gas and electricity reception. The contract is valid until December 31 2021.

Production of pellet

- In response to the growing demand, since 2008 Polenergia launched 3 projects which produce pellet from agricultural biomass, required for power industry and municipal power plants. The company has three pellet factories
  - North Factory, located in Sępólno Krajeńskie
  - South Factory, located in Ząbkowice Śląskie
  - East Factory, located in Zamość

	North Factory	South Factory	East Factory
Start-up	2009	2010 i 2011	2012
Annual production (t)*	28k	50k	54k

*Production in 2015, only pellet production