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RENEWABLE ENERGY

CONVENTIONAL ENERGY

DISTRIBUTION

TRADE

GK POLENERGIA
Q3 2015 Results

November 5, 2015

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Please contact PolenergiaIR@polenergia.pl for questions on any content of this presentation

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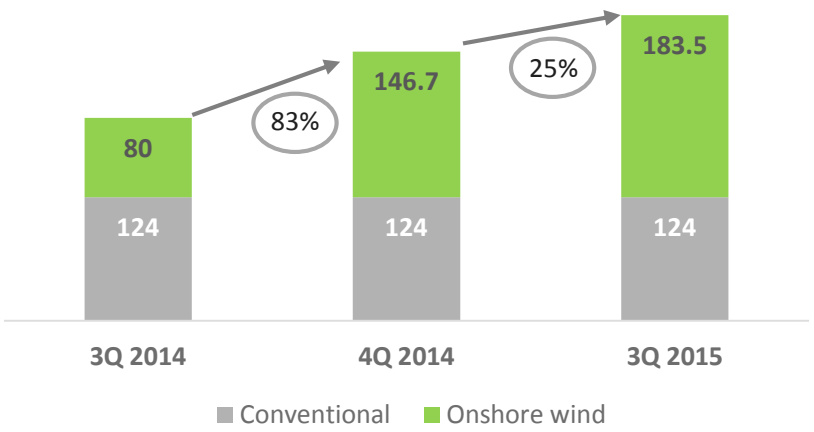
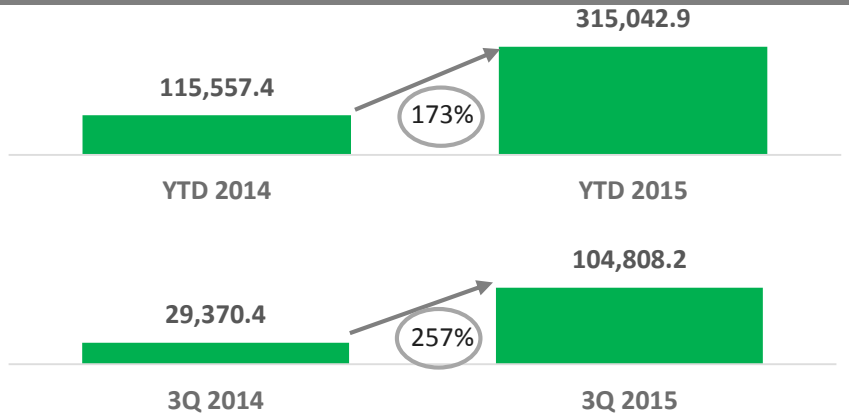
Summary of Q3 2015: significant earnings and volume growth

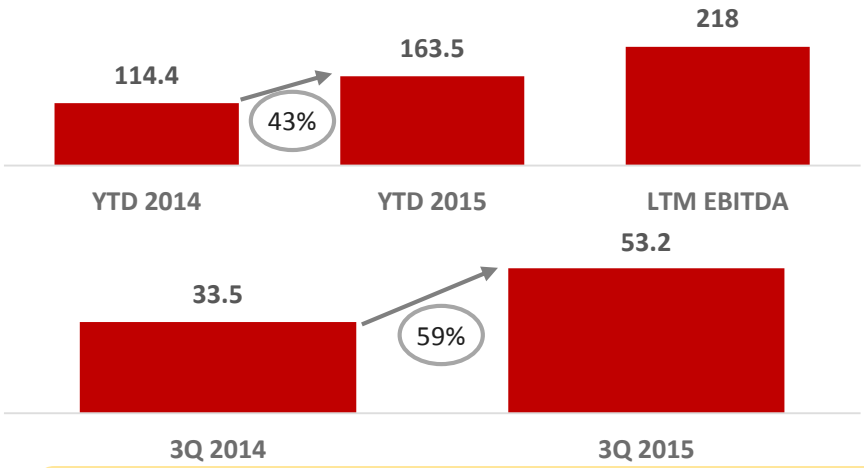
Total Capacity (MW)



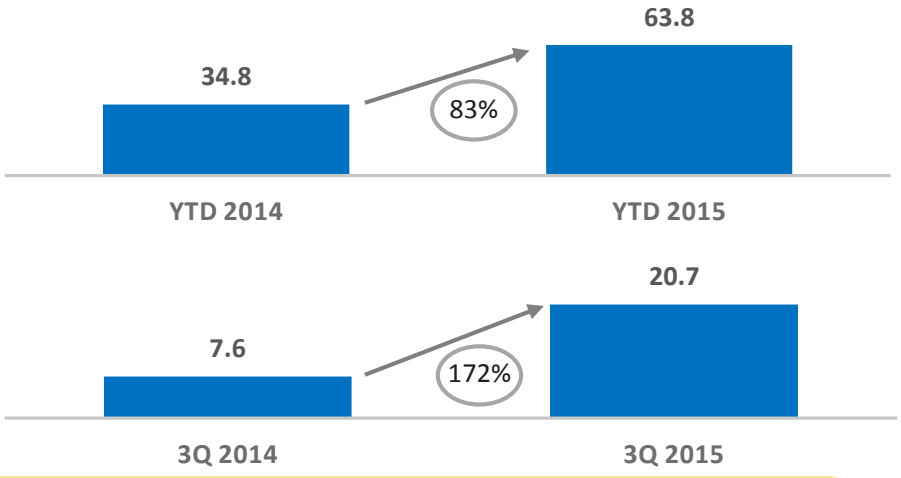
OnShore Volumes (MWh)



Adjusted EBITDA (PLNm)



Adjusted Net income (PLNm)



<u>Key Outperformance</u>: Onshore - improved Load Factors, Skurpie ahead of schedule. Conventional - higher gas compensation.

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Summary of Q3 2015: growth supported by regulation and market trends

- **308MW capacity installed at Q3 2015**: 183,5MW wind farms, 124MW ENS and cogeneration. On track for 245MW in on shore wind farms by YE 2015 (No.2 in Poland) and the c. 100MW added in 2015 will generate c. 280GWh in 2016;
- **Construction ahead of schedule again:** Skurpie (36,8 MW) constructed ahead of schedule. Whole project from financial close to obtaining user permit took only ca 13 months. Construction works on remaining c. 62 MW proceeding according to schedule;
- **c.280 MW will participate in the first auction in 2016 – largest from any single market participant:** slight decrease from earlier estimation due to standard development movement in some projects;
- **Positive „Draft" Reference Price Levels Announced[1]:**
  - Onshore PLN 385/MWh: positive even after potential auction discount. Polenergia will 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. Detailed preparation has already commenced to achieve the best parameters;
  - Offshore PLN 470/MWh: within expected levelised costs for Offshore wind farms by 2020 (target is US$110/MWh).
- **Market Prices increasing:** CO2 prices increasing due to MSR adoption and COP 21 anticipation, Green Certificates recovering as January 2016 market stimulus (reduced supply) approaches;
- **2015 Forecast confirmed**: 2015 forecast realization confirmed (80% of the 2015 forecast has been already realized at the EBITDA level and 88% at the net profit level);
- **Role of ENS in Polish energy security:** ENS performed a succesful start-up of a coal-fired unit Połaniec in a „black out" scenario through direct energy supply and synchronization with electricity system. This illustrates the potential role of ENS in energy security in southern Poland, especially in the context of the recent energy supply limitations;
- **Utility Transformation Trends in Global Clean/Smart Energy evident:** huge global focus on renewables/clean tech and emission reduction - Polenergia is actively monitoring Clean/Smart Energy market as this is the way market is evolving.

[1] Based on Draft Ordinance currently in consultation

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01 Financial Results

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9M 2015 results and realization of forecast for 2015

Data in PLN m	9M 2014 Actual	9M 2015 Actual	9M 14 / 9M 15 diff	9M 14 / 9M 15 diff %	3Q 2014 Actual	3Q 2015 Actual	3Q 14 / 3Q 15 diff	3Q 14 / 3Q 15 diff %
Adjusted EBITDA	114.4	163.5	49.1	43%	33.4	53.2	19.8	59%
Adjusted net profit	34.8	63.8	28.9	83%	7.6	20.7	13.1	172%

Data in PLN m	2015 Forecast	% realised
Adjusted EBITDA	204.0	80%
Adjusted net profit	72.4	88%

Management confirms the 2015 forecast presented in the current report dated March 11th, 2015.

80% of forecast EBITDA realized and 88% of forecast net income realized.

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Consolidated results for 9M 2015 - P & L

9M 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]	9M 2015	9M 2014	Diff	Diff [%]	3Q 2015	3Q 2014	Diff	Diff [%]
Revenues from sales	**2 032,3**	**2 013,7**	**19**		**677,0**	**569,1**	**108**	
Including trading segment	1 517,7	1 539,2	(22)		511,8	419,9	92	
Cost of sales	(1 913,8)	(1 936)	23		(640,0)	(550)	(90)	
Including trading segment	(1 506)	(1 533)	27		(508)	(417)	(92)	
Gross profit on sales	118,5	77,3	41,2	53%	37,0	19,3	17,7	92%
Adjusted EBITDA	163,5	114,4	49,1	43%	53,2	33,4	19,8	59%
Adjusted Net Profit	63,8	34,8	29,0	83%	20,7	7,6	13,1	172%
Adjusted EBITDA (excluding trading segment)	158,4	112,6	45,8	41%	51,6	31,1	20,5	66%
Adjusted EBITDA margin (excluding trading segment)	30,8%	23,7%	7,1%		31,2%	20,8%	10,4%	

- **The Group's results demonstrate a significant increase of adjusted (normalized) EBITDA and net profit:**
  - **YTD EBITDA of PLN 49.1m (43%) and net profit of PLN 29.0m (83%)**
  - **3Q EBITDA of PLN 19.8m (59%) and net profit of PLN 13.1m (172%)**
- **Profitability improving: visible in the EBITDA margin increase to c.31% (excluding trading).**

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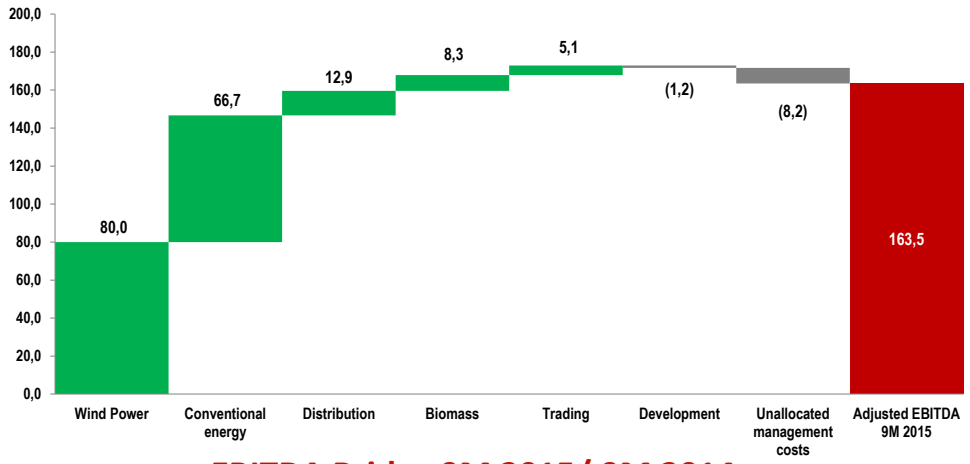
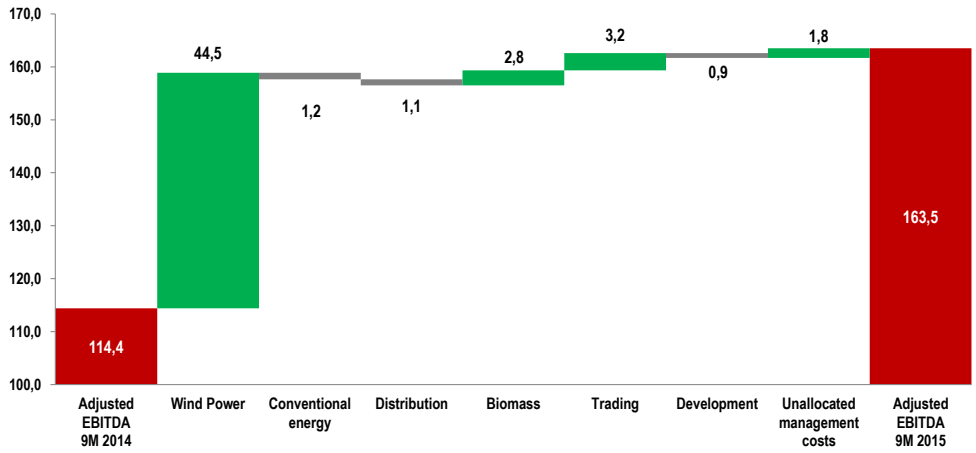
Consolidated results for 9M 2015 – EBITDA Analysis

EBITDA Build-up 9M 2015



- Conventional energy and power distribution segments provide stable EBITDA and CFO.
- There is growing role of trading segment in the Group.
- 61.8 MWe are under construction (WF Mycielin, extension of WF Gawłowice and WF Skurpie) with planned commissioning by the end of 2015. Forecasted generation of new farms to be commissioned in 2015 (incl. WF Skurpie) amounts to ca 280 GWh per year.
- After operational restructuring biomass segment generates stable cash flows.

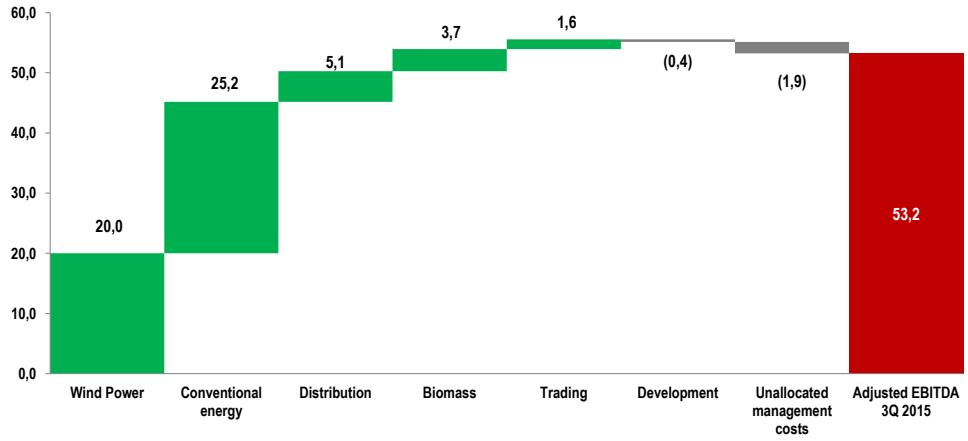
EBITDA Bridge 9M 2015/ 9M 2014



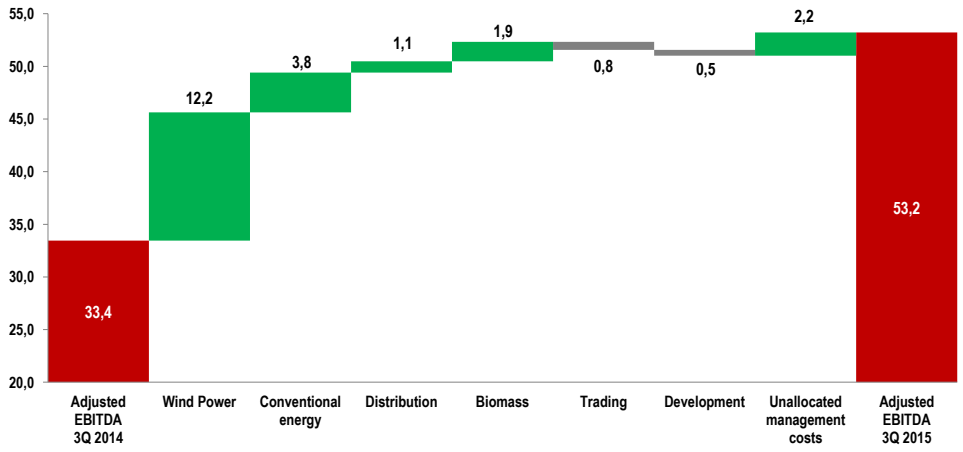
- Due to start of new wind farms (Gawłowice, Rajgród in 2nd half of 2014 and Skurpie in 3Q 2015) and better wind conditions there is a significant increase of **wind power** result (by PLN 44.5m y/y).
- Better **trading** result (EBITDA increase by PLN 3.2m y/y) due to energy trading optimization within the Group and the focus on the most profitable gas and energy market segments.
- Result of **distribution segment** was above expectations. Decrease y/y is due to 9M 2014 positive one-off events.
- **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 3Q 2015 – EBITDA Analysis

EBITDA Build-up 3Q 2015



EBITDA Bridge 3Q 2015/ 3Q 2014



Higher EBITDA for 3Q 2015 (PLN 19.8m higher than in 3Q 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 wind conditions there is a significant increase of **wind power** result (by PLN 12.2m y/y); this effect was partly offset by inventory value adjustment of PLN 8,2m on Amon and Talia projects as a result of cessation of long-term agreement with Polska Kompania Handlowa.
- Result of **distribution segment** was higher mainly due to reversal of provision for settlement with the contractor in PE-K and by new tariff in PE-D (in force since July 2015) transfering i.a. 100% of RAB, which compensated lower margins in energy sales to final customers.
- Better **conventional energy** EBITDA is a result of the higher income from gas compensation correction for 2014 received in 3Q 2015.
- Slight decrease in **trading** segment outcomes results mainly from higer costs of consessions and provisions.
- After operational restructuring biomass segment generates stable cash flows.

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Cash flow analysis

Statement of cash flows (PLN m)	9M 2015	3Q 2015
A. Cash flows from operating activities		
I.EBITDA	162	53
II. Adjustments	36	94
III. Net cash flow from operating activities (I+/-II)	**197**	**146**
B. Cash flows from investing activities		
I. Cash received	1	0
II. Expenses	(376)	(119)
III. Net cash flow from investing activities (I-II)	**(375)**	**(118)**
C. Cash flows from financing activities		
I. Cash received	270	101
II. Expenses	(109)	(44)
III. Net cash flow from financing activities (I-II)	**161**	**57**
D. Net cash flow, total (A.III+/-B.III+/-C.III)	**(16)**	**85**
E. Balance transition of cash, including:	**(16)**	**85**
F. Cash and cash equivalents at beginning of period	**417**	**316**
G. Cash and cash equivalents at end of period	**401**	**401**
Debt	**975**	**975**
Net debt	**574**	**574**

The amount consists mainly from the change in working capital (PLN 48m for 9M 2015 and PLN 97m for 3Q 2015) and CIT settlement (PLN -12m for 9M 2015 and PLN -4m for 3Q 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.

- **LTM EBITDA amounted to PLN 218.1m, which compared with the Group's net debt at the level of PLN 574.3m (as at September 30th 2015) implies Net debt/EBITDA ratio of 2.63x and was lower than as at 1HY 2015 (3.0x).**
- **Net Debt/EBITDA expected to increase by YE 2015 due to debt drawdowns for construction completion of Wind Farms. Long-term goal (when projects 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 0.41x and 0.46x respectively.**

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02 Key Strategic Outlook

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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**	**41,4**	10.2014	Polenergia Obrót
5	**Rajgród**	**25,3**	11.2014	Polenergia Obrót
6	**Skurpie**	**36,8**	08.2015	Polenergia Obrót
		183,5 MW		

Wind farm put into operation in Q3 2015

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 77 GWh;

WF Gawłowice
- Combined project capacity equals 41,4 MWe, comprise 18 turbine (Siemens) 2,3 MW each;
- Location: Kuj. – pom. voivodeship, district grudziądzki;
- COD in November 2014;
- Planned annual production of approximately 128 GWh;
- In 2015, launching the expansion of the WF for additional three turbines with a capacity of 6.9 MW;

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 64 GWh;

WF Skurpie
- Combined project capacity equals 36,8 MWe, comprise 16 turbine (Siemens) 2,3 MW each;
- Location: Warmińsko-Mazurskie voivodeship, district działdowski;
- COD in August 2014;
- Planned annual production of approximately 107 GWh;

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Onshore wind farms – development portfolio

Pipeline build up

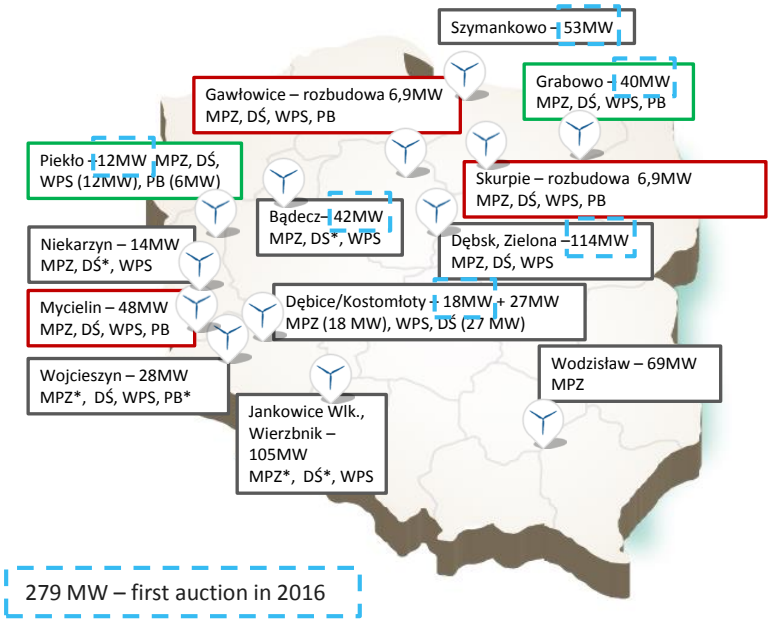
- The portfolio of operating wind farms in Q3 2015 reached installed capacity equal 183,5 MW;
- By the end of 2015 further c. 62 MW will become operational. Construction works proceeding to plan;
- Additional 730MW portfolio of wind farms under development of which:
  - 6 projects of 279 MW will participate in first auction planned for 2016;
  - 451 MW will participate in auctions in 2017-2019.

In construction - completion by YE2015

#	Location	Power (MW)	Status	Operational
6	**Gawłowice (extension)**	**6,9**	Construction	2015
7	**Skurpie (extension)**	**6,9**	Construction	2015
8	**Mycielin**	**48**	Construction	2015
		61,8 MW		

Planned participation in the first auction in 2016

#	Location	Power (MW)	Building permit	Possible completion
9	**Piekło**	**12**	Q1'15	2017
10	**Grabowo**	**40**	Q1'15	2017
11	**Zielona**	**114**	Q4'15	2018
12	**Kostomłoty**	**18**	Q4'15	2018
13	**Bądecz**	**42**	Q1'16	2018
14	**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

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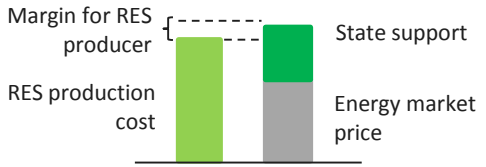
The new RES Law secures stable economic conditions

RES state support mechanics

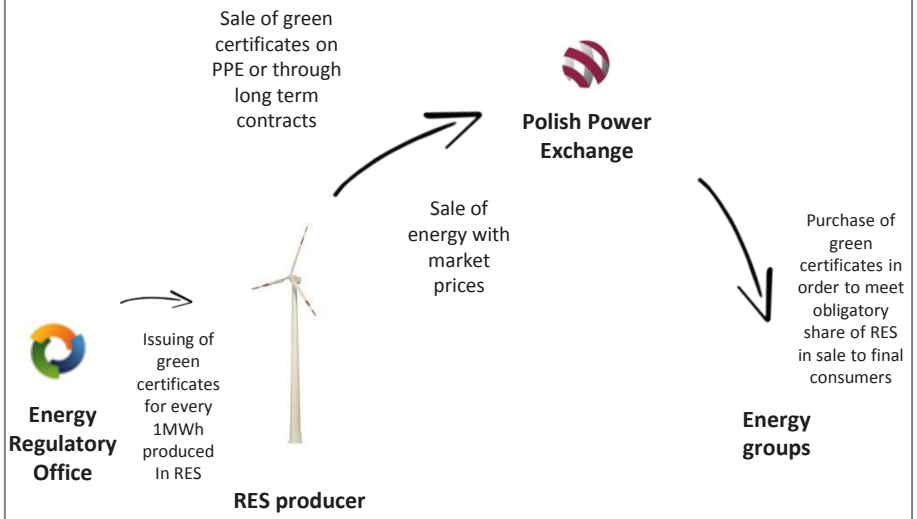
RES production cost > Energy market price

State support regulated in RES new act signed by president on 11 March 2015



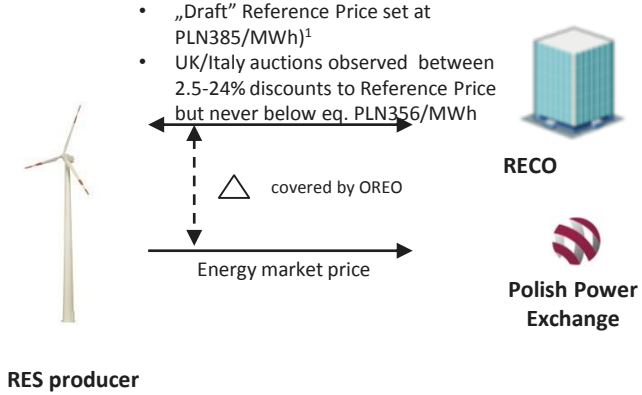
Green Certificates System

Green certificates system is available for all projects commissioned by the end of 2015 – 15-year support from date of starting energy production



Auction System

Auction system guaranteeing giving fixed price contracts for 15 years with price indexed annually (CPI)



*RECO – Renewable Energy Clearing Operator

**if energy market price>reference price then RES producer is covering the difference to RECO

[1] Based o Draft Ordinance currently in consultation

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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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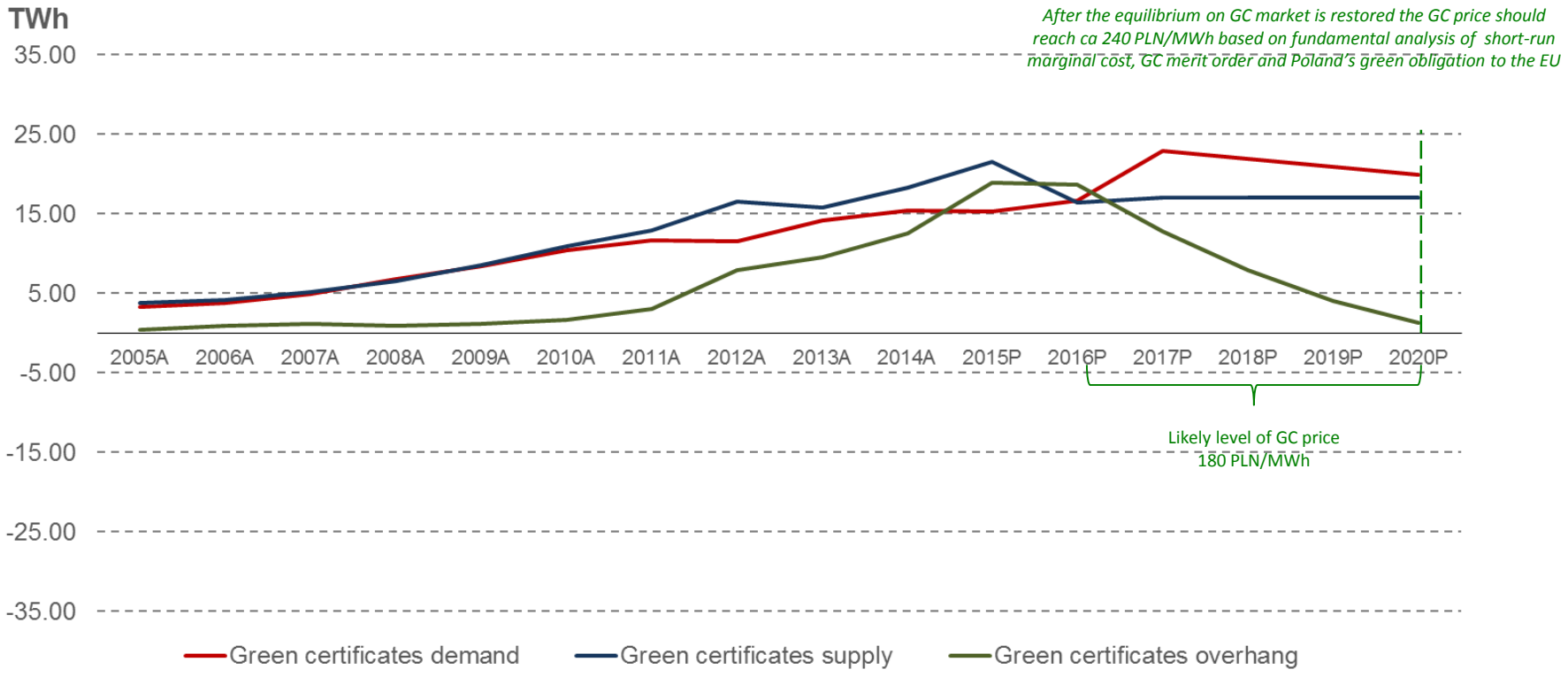
Supply reduction and demand increase will rebalance the GC market



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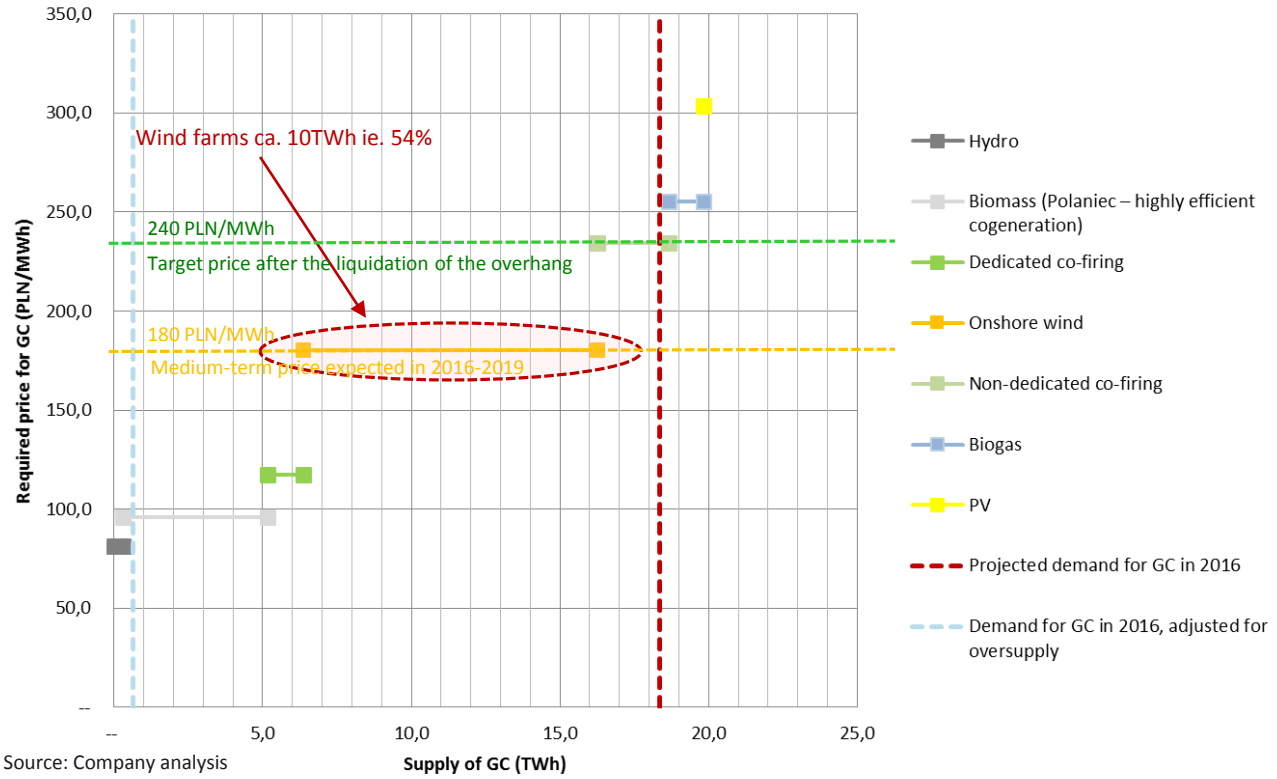
GC price should return to the levels supported by fundamental analysis[1]



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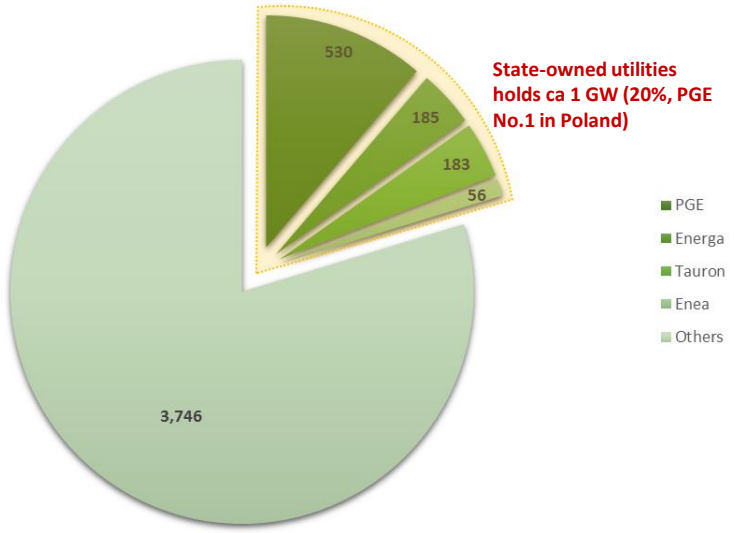
Polish State/State Utilities will benefit from the rebalancing of the GC market…

State owned utilities have significant share in RES generation

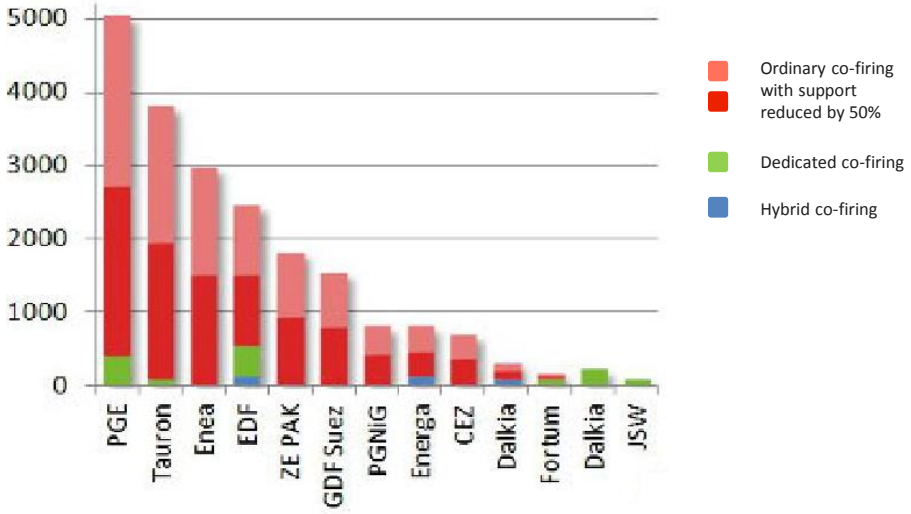
Participation of state-owned utilities in onshore wind capacity in 2015 [MW]



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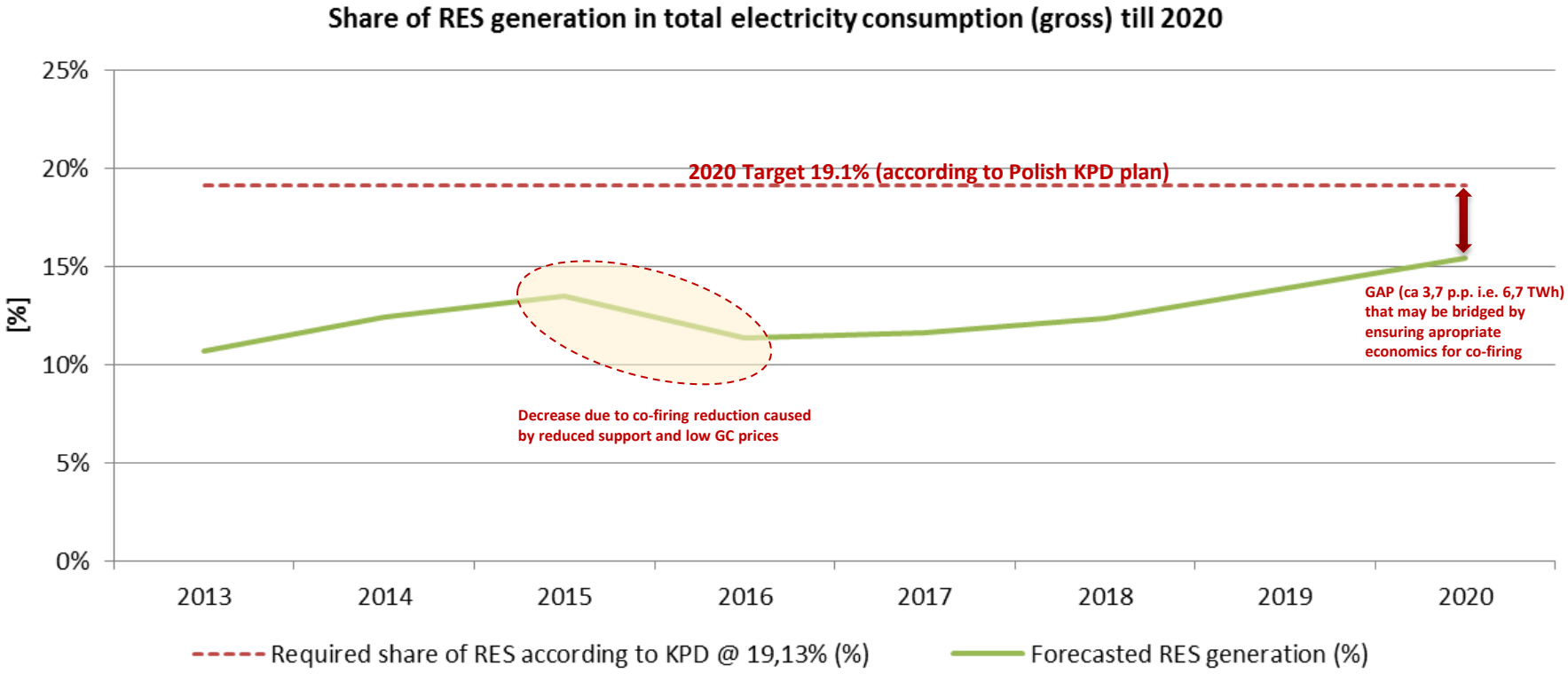
…as well as adressing the danger of shortfall in RES generation versus 19.1% target



- ✓ **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;**
- ✓ **<u>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.</u>**

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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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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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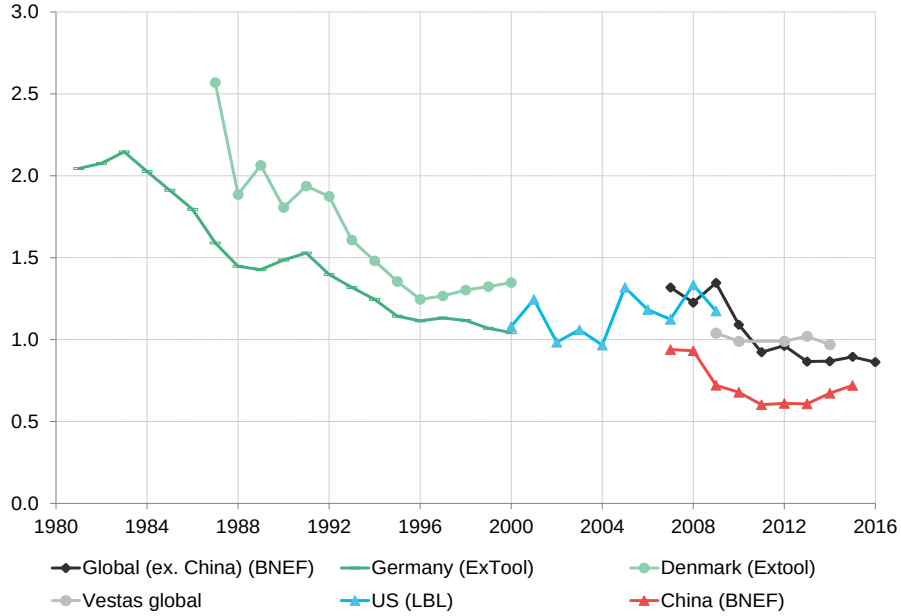
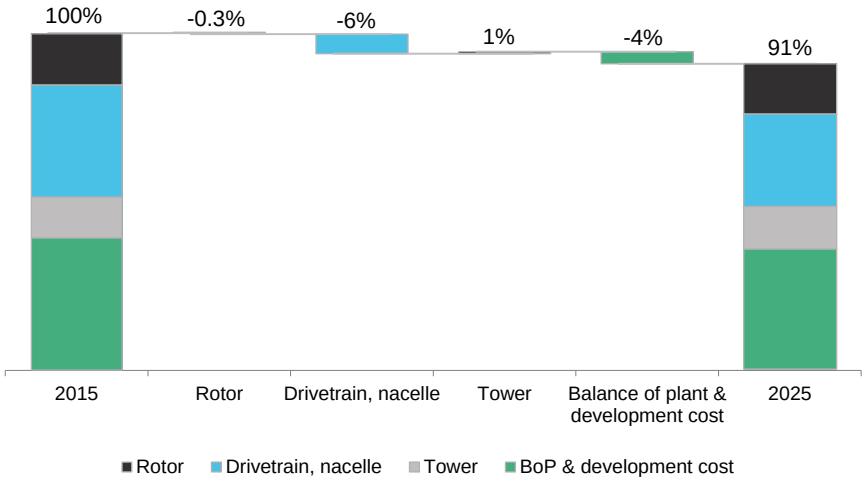
Turbines price declines will support aggressive bidding…

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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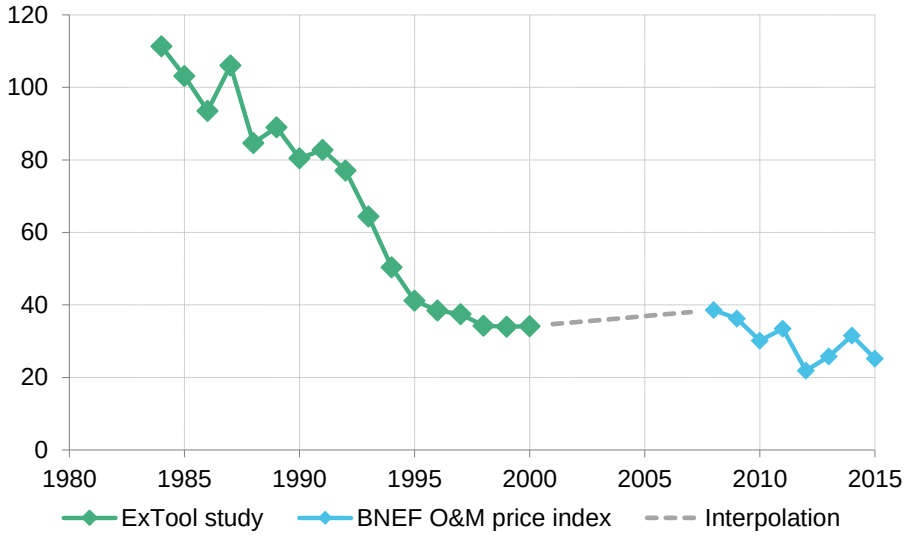
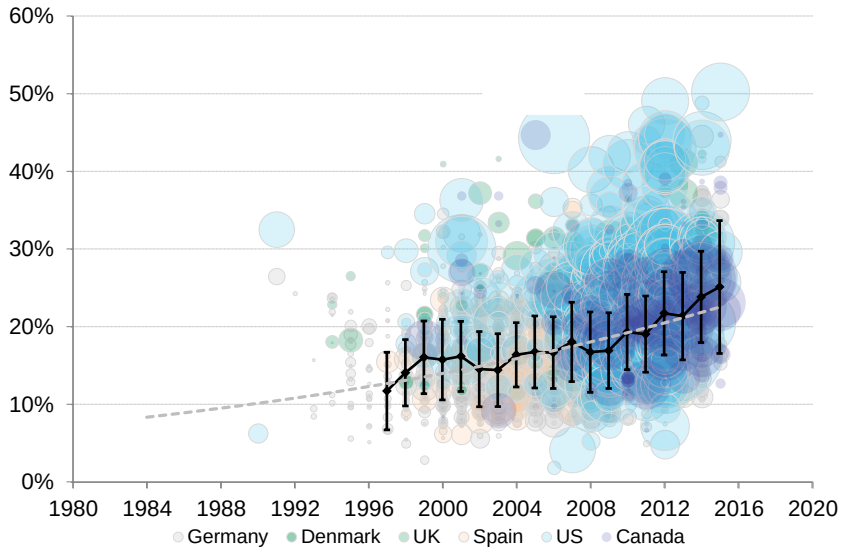
… as will decreasing O&M and improving load factors

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.

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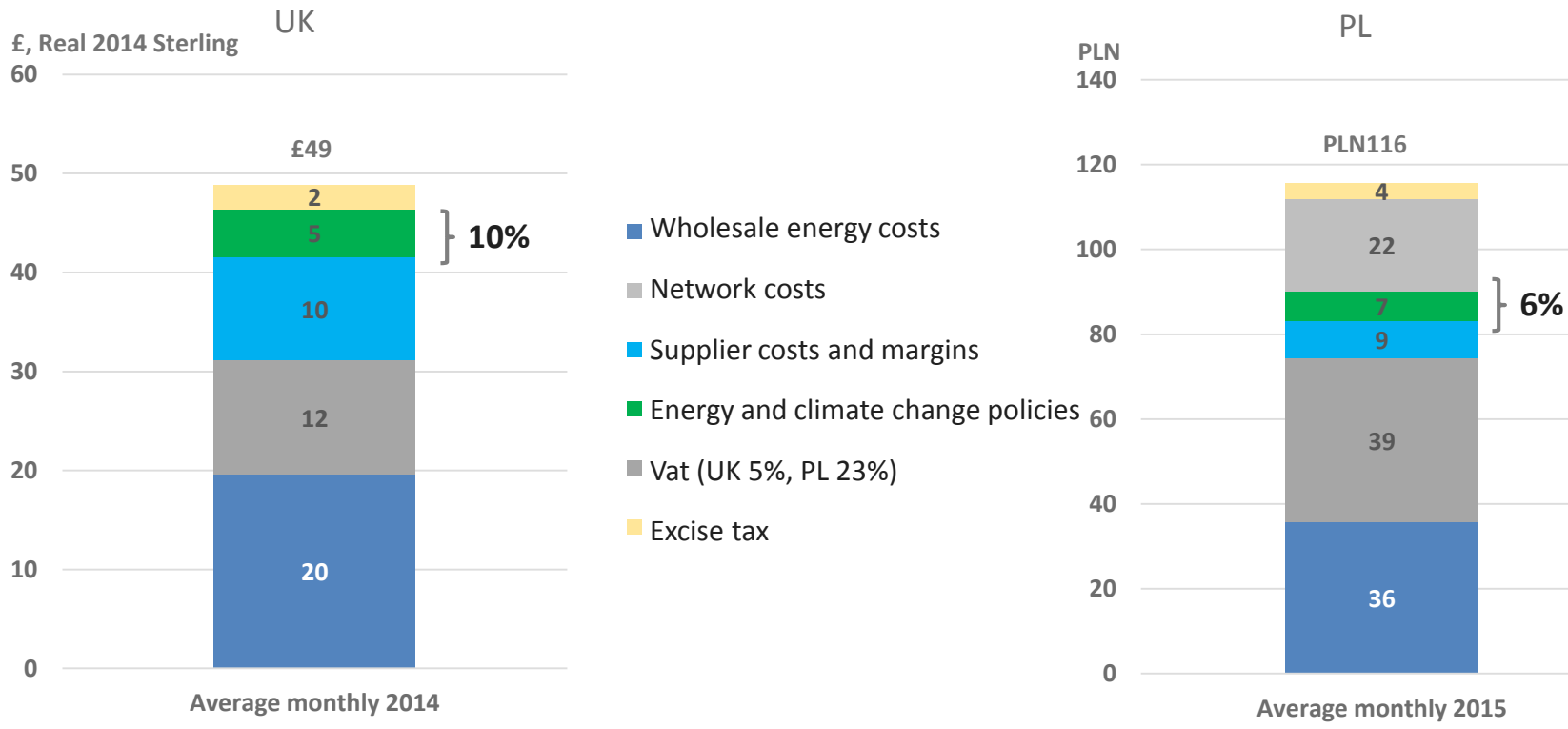
Finally, lets dispel the myth about end user costs to support renewables

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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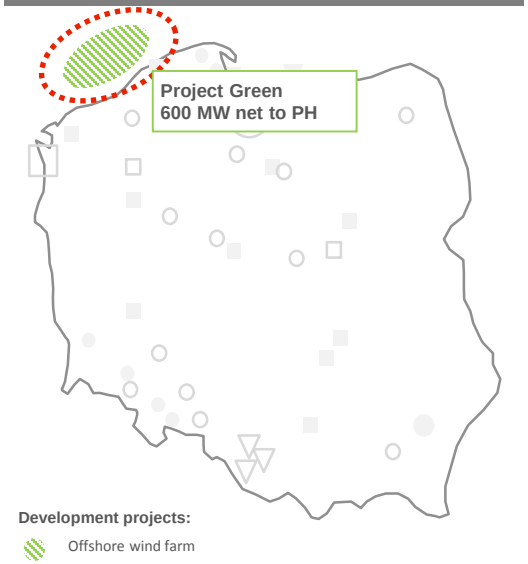
A key element of the strategy - Leading offshore wind farms developer in Poland

Description

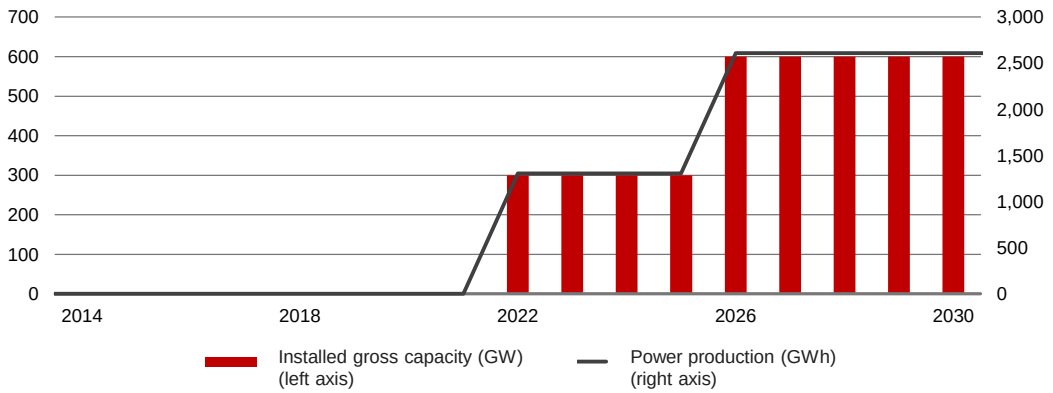
- Two projects with total power of c. 1.2 GW
- The plan is to build offshore projects in cooperation with an experienced industrial player (50/50 JV)
- An additional option is third project with a capacity of 1,6 GW with a valid location permit
- Electricity offtake will be secured for 15 years by purchase 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. 60-75	Ca. 40-60
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	Q12016	Q3 2016
Construction start	2020	2023
Commisionig date	2022	2026

Leading developer of offshore in Poland, supported by increasingly attractive cost economics.

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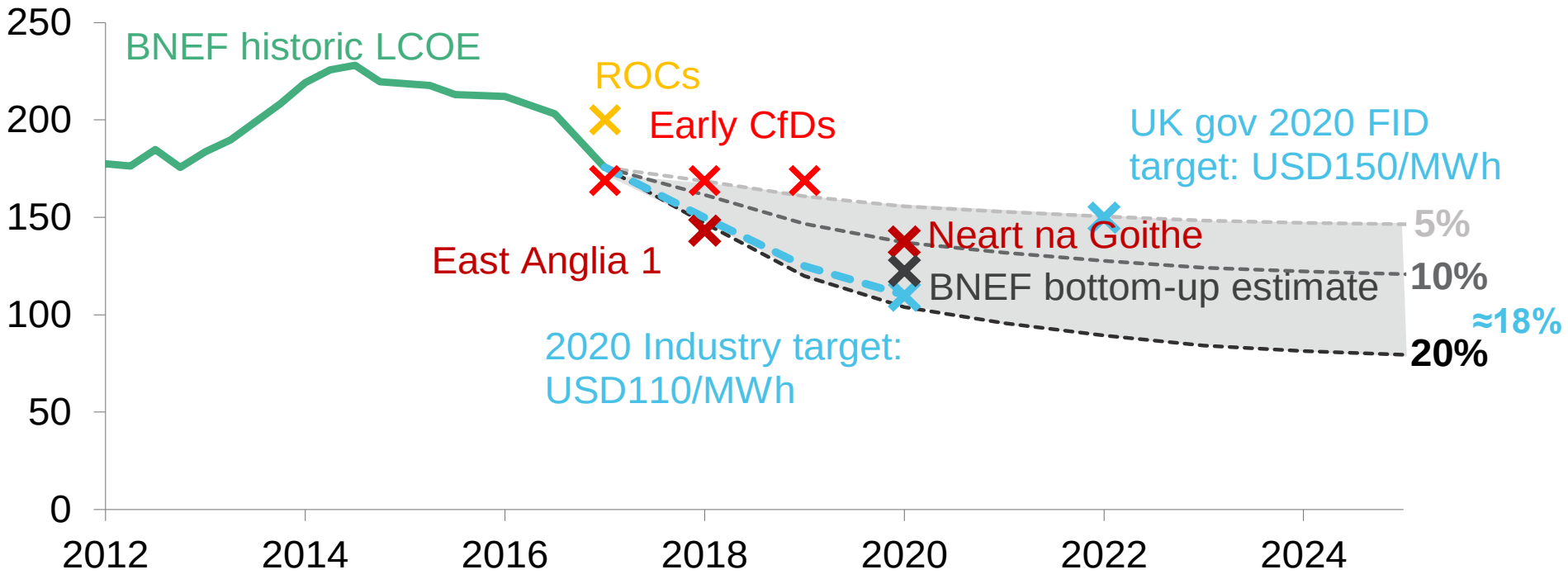
Levelised cost of electricity – offshore wind at US$110/MWh target for 2020 (BNEF)

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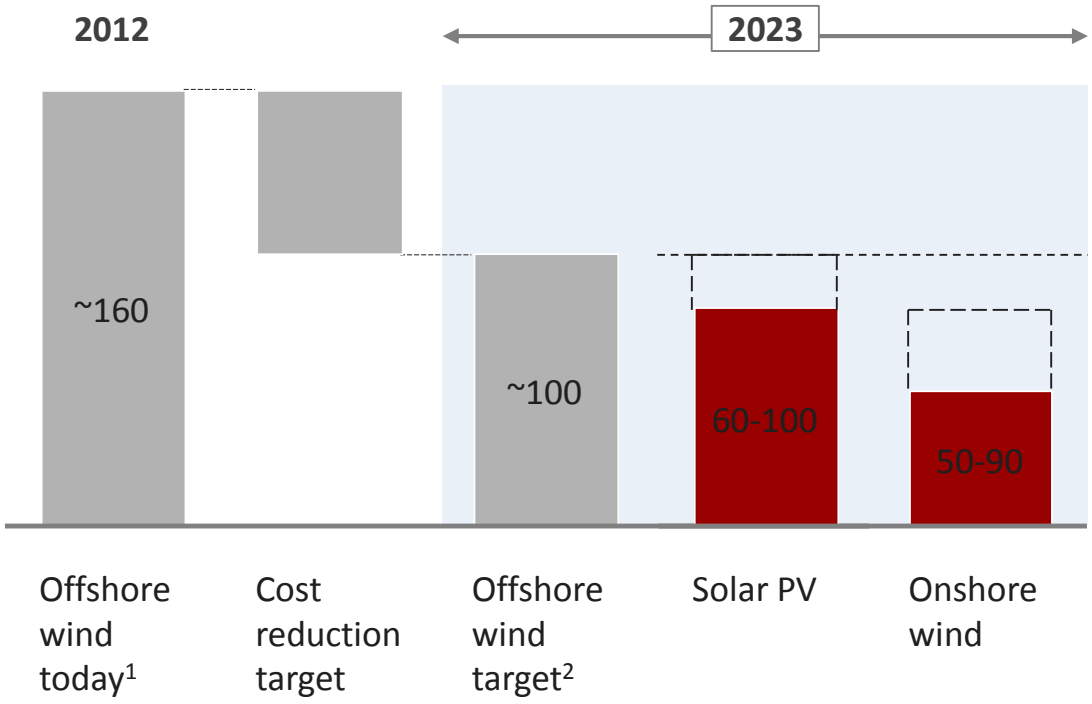
Levelised cost of electricity – offshore wind at EUR100/MWh target for 2020 (McKinsey)

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

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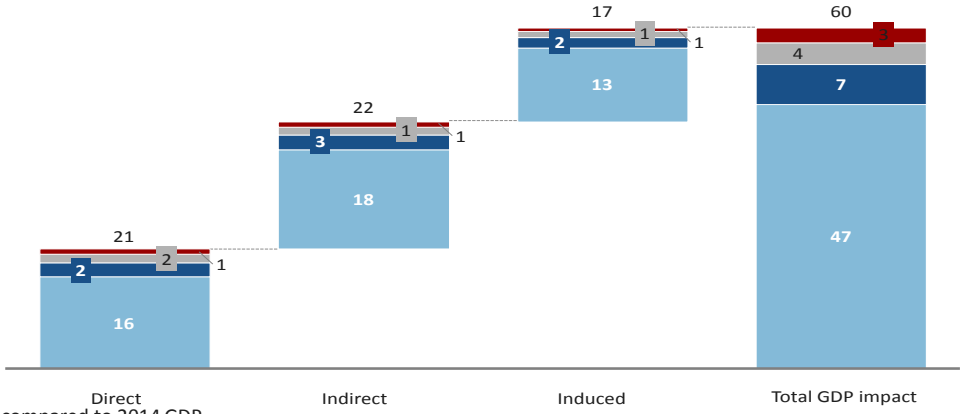
Offshore will could have significant positive impact on Polish economy

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]

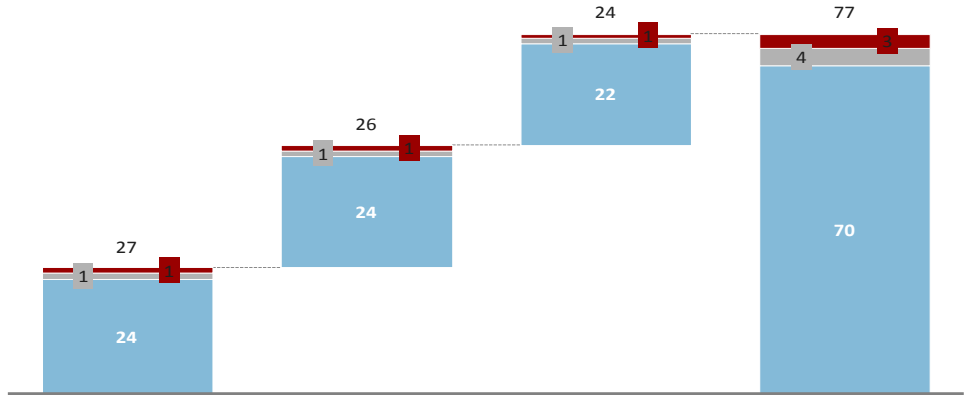
0.35

Potential Tax revenues

PLN 15bn

Infrastructure
Export
O&M
Capex

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



Percent of unemployed[1]

5.2

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

SOURCE: GUS; McKinsey

> 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

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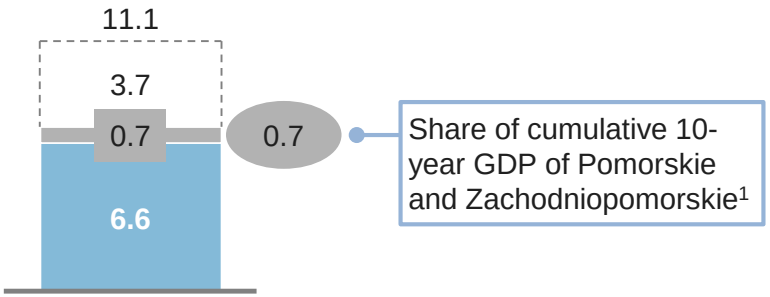
Coastal regions are not the only beneficiaries of offshore wind in Poland

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

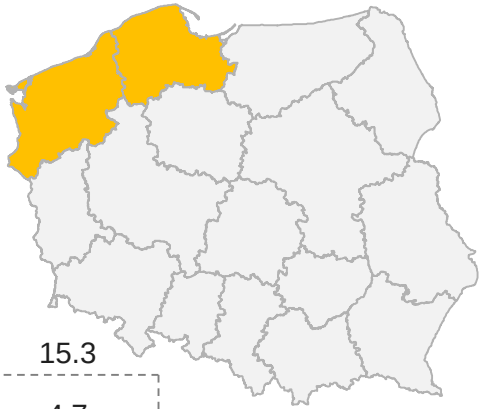
Indirect and induced impact[3] | O&M (direct impact) | Construction + export (direct impact)

Cumulative GDP impact 2020-2030
PLN billion

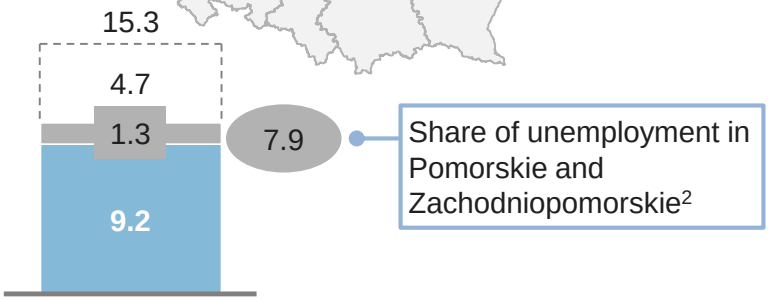


0.7

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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Potential offshore 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:

  - 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*

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03 Introduction to Utility Transformation trends

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“The gazelle does not have to outrun the cheetah - It has to outrun the slowest gazelle”

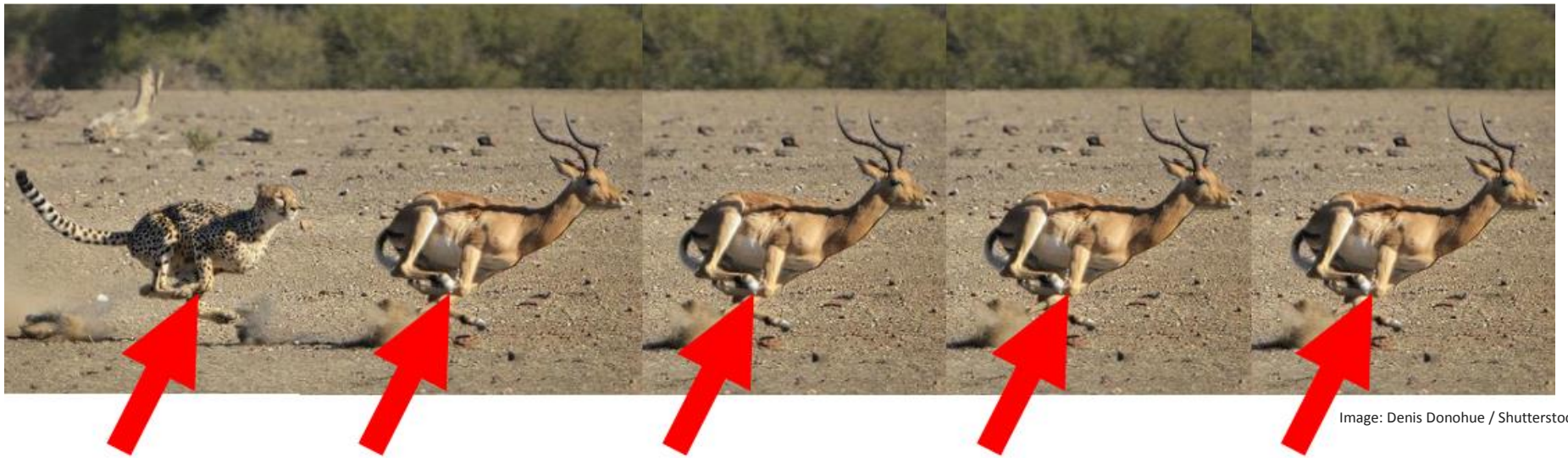

Image: Denis Donohue / Shutterstock

SOURCE: BNEF

Life is based on the ubiquitous use of fossil fuels, all of which have disadvantages and all of which will get (in time) more expensive as it is a finite resource (unless countered by reduction in cost/innovation):

- **Coal**: cheapest and most abundant, has been the dirtiest, contributing to rising emissions.
- **Oil:** vulnerable to geopolitical shocks and price collusion by producers.
- **Gas:** mostly by pipeline, often with serious political baggage, as in the case of Europe’s dependence on Russia.
- **Nuclear (uranium):** beset by political troubles, heightened by public alarm after the accident at Japan’s Fukushima power station in 2011.

Renewables/Clean Energy such as wind and solar, beneficiaries of subsidies, have so far played a marginal role but are now beginning to approach parity (in some global areas already at or below)

This picture is inevitable and already happening – analogous to the switch from mainframes and terminals to cloud strategy and the internet. Smart technologies, coupled with renewables, put more control in the hands of the consumers.

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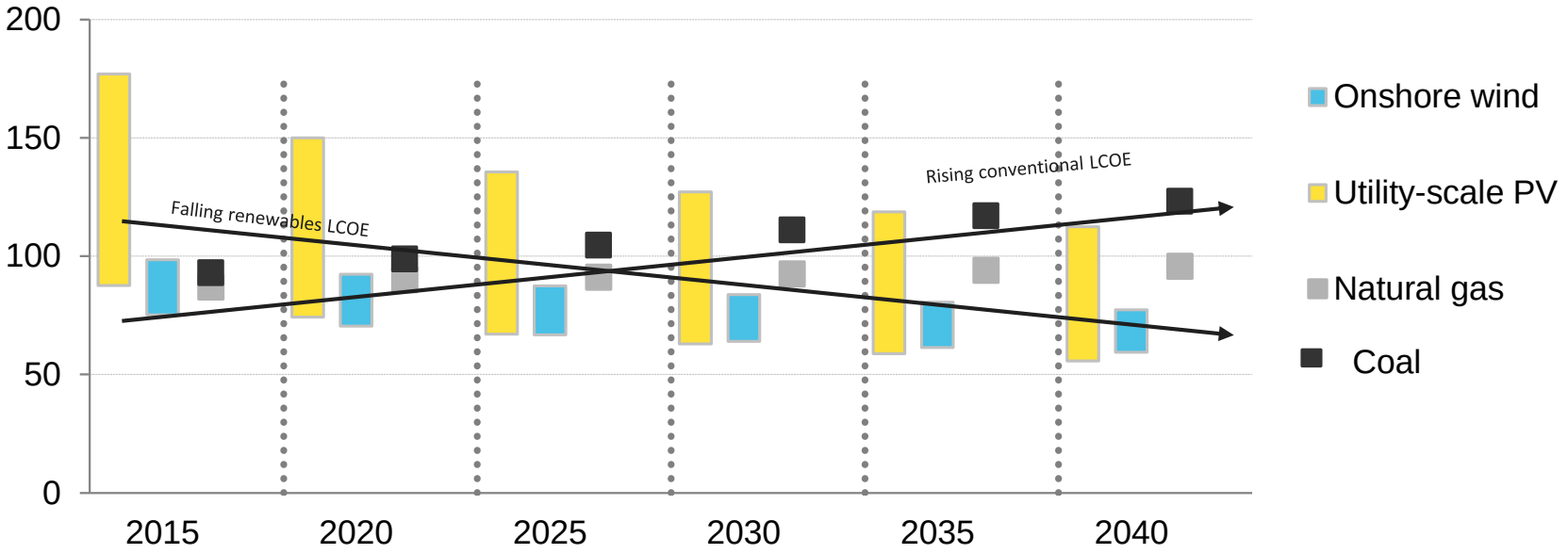
Europe renewables LCOE declining whilst conventional growing



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, lower utilization rates as a result of the changing market, as well as rising financing costs.

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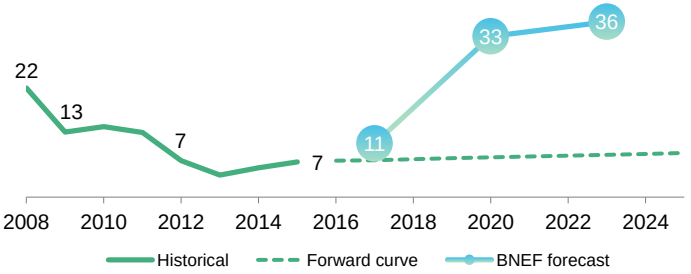
Paris 2015 COP21 and MSR mechanism

- In 2015 COP21, also known as the 2015 Paris Climate Conference, will, **for the first time in over 20 years of UN negotiations, aim to achieve a legally binding and universal agreement on climate, with the aim of keeping global warming below 2°C**.
- Expected to **attract close to 50,000 participants including 25,000 official delegates** from government, intergovernmental organisations, UN agencies, NGOs and civil society
- **The MSR works by removing auction supply from the market** until the surplus in the market falls to a level of 833Mt. If the surplus falls below 400Mt, volume from the reserve is reintroduced to the market.
- **The EU ETS needs some surplus in order to function**. This is roughly equivalent to the volume held by utilities for their hedging activities. As utilities hedge power sales forward, they also purchase fuels and carbon to cover the generation. This 'required' surplus stands around 1Gt.
- **Since the MSR target of 833Mt is less than the 1Gt hedging requirements of utilities, it generates demand for abatement – creating a feedback loop that pushes up prices throughout the 2020s**.

EUA prices 2008-25 (€/t)



COP21 along with the MSR will drive emissions reductions in the power sector and push prices above €30/t by 2021.

Source: BNEF

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Changing utility business models are now challenging the norm

1. **Changing Demand**: in response to changing demand patterns, the rise of renewables and improvements in energy efficiency, utilities have begun adapting their business strategies.
2. **Heavy Burden to fight with**: utilities are faced with the prospect of maintaining and upgrading a century-old grid to compensate for intermittent renewables, while at the same time losing revenue to self-generation and lower demand.
3. **Shrinking revenue & increased fixed costs:** attributed to the convergence of lower electricity demand, spurred by the 2008 recession, and a rapid fall in the cost of renewables accompanied by an increase in their penetration.
4. **Loss of value**: in Europe, utilities lost nearly 50% of their market value between December 2008 and December 2013.
5. **Strategies Adopted**:
   - lobbying for changes in regulation to stymy growth in renewables, or retail rate reform to worsen the economics of rooftop solar,
   - experimenting with new business models such as active investment in renewable companies, building and owning rooftop solar and entering the downstream market (O&M, billing and customer acquisition),
   - Other utilities have moved into entirely new areas such as connected homes, residential storage and bundling electricity sales with telecoms services.

More and market players will shift from being reactive to being more proactive, leading to new business models, services and partnerships.

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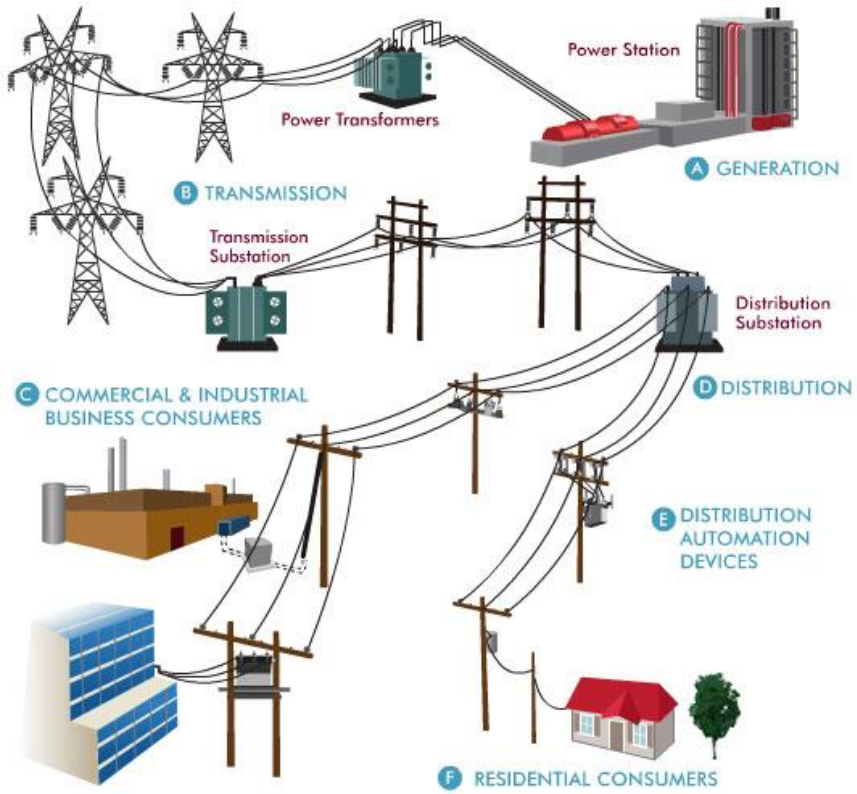
Traditional utility market model is challenged

The basic model of the electricity industry was to send high voltages over long distances to passive customers. Power stations were big and costly, built next to coal mines, ports, oil refineries or—for hydroelectric generation—reservoirs.



Source: http://venturebeat.com/2010/12/08/smartgrid-europe-renewables/

Many of these places were a long way from the industrial and population centers that used the power. The companies' main concern was to supply the juice, and particularly to meet peaks in demand.

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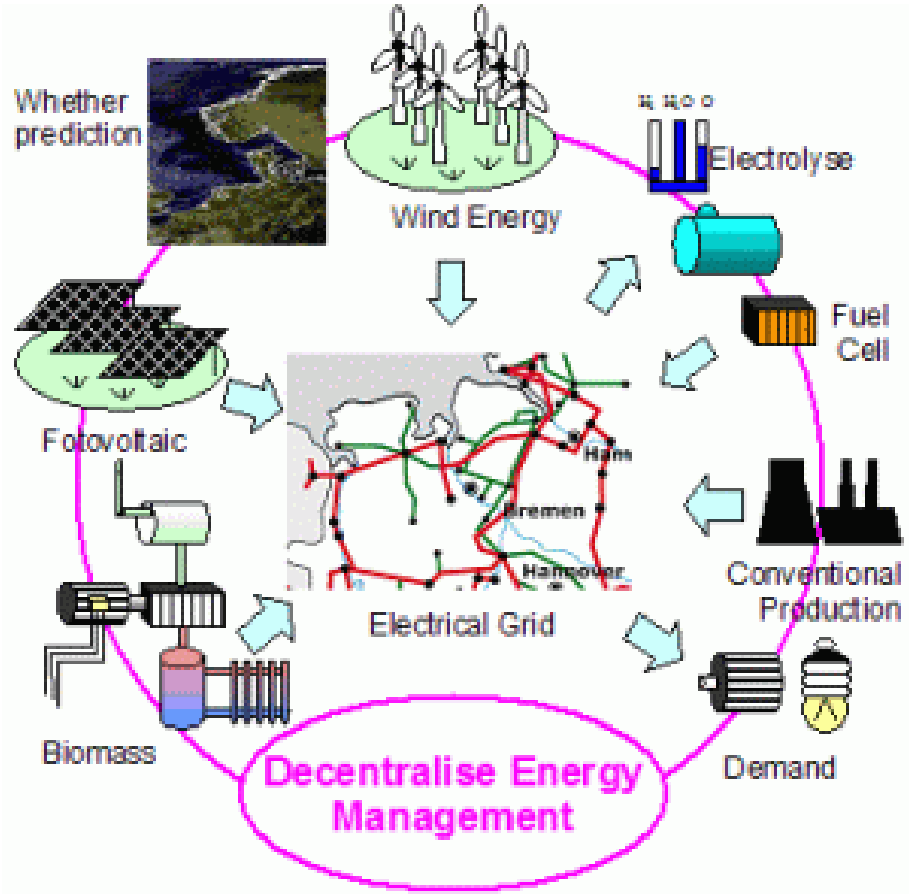
Conventional power will play a reduced role in the future



- **Conventional generation will assume a less prominent position:** centralised plants facing lower use as the demand for and availability of cleaner sources increase.
- **Utilities will be required to strengthen their role in balancing energy sources**: especially renewables and microgenerated power.
- **Utilities will also need to develop new business models:** to maintain the profitability of traditional power generation i.e.: increasing the flexibility of their generation fleet, to enable them to profit from price fluctuations and, potentially, from fees for providing backup capacity rather than from hours of power sold in the day-ahead market.

Days of the vertically integrated model of energy supply are numbered - thanks to abundant solar power, the energy market increasingly resembles the economics of the internet, where marginal costs are zero. The future model will be much more fragmented. Independent generators, plus new entrants, are already revolutionizing the way electricity is sold and used

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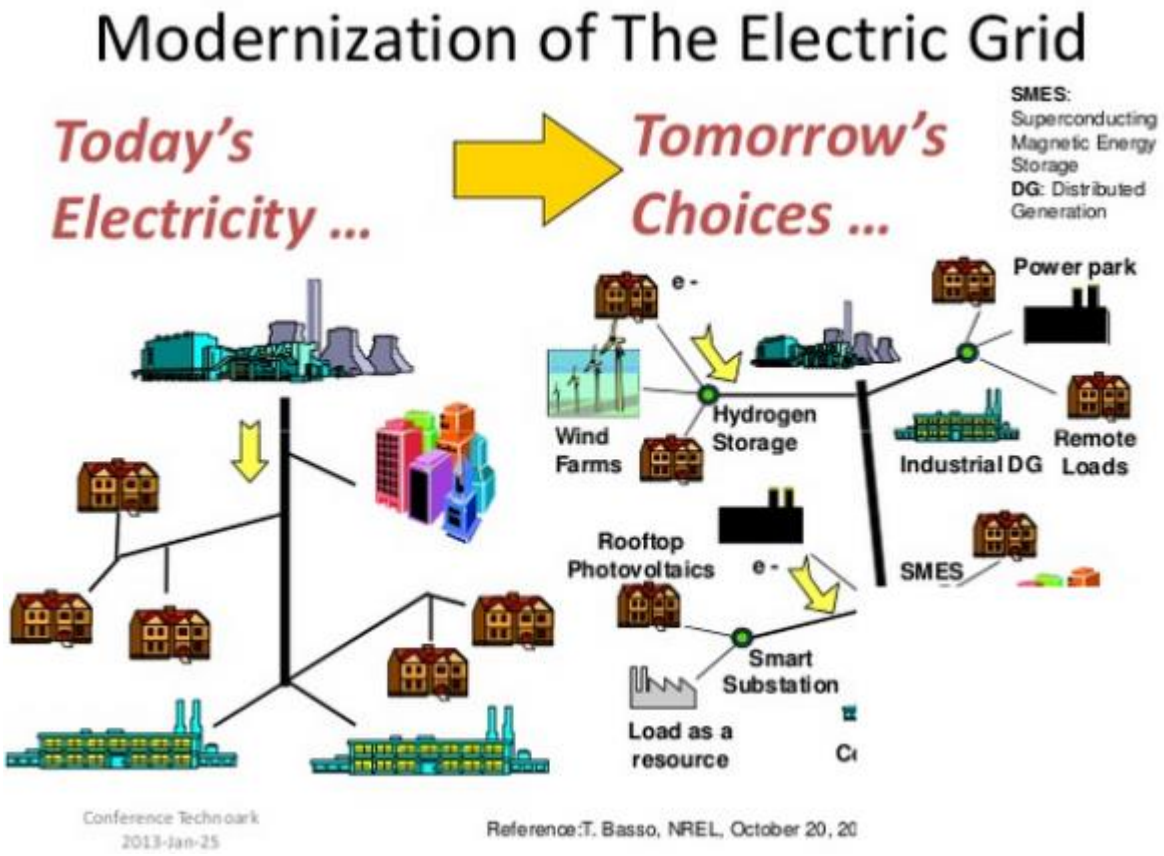
Focus around distributed decentralised power



- **Distributed-Energy system**: decentralized and renewable-power generation eventually displaces conventional power plants, reducing the balancing role of the transmission grid and shifting intelligence to the distribution grid
- **Localised Generation**: old centralised systems that deliver a one-way supply of electricity to consumers will be increasingly displaced by localised generation produced by consumers themselves, through a distributed network of power that incorporates everything from rooftop wind turbines and solar panels to potentialy CHP microplants (micro-CHPs).

...as a result, the power grid is becoming far more complicated. It increasingly involves sending power at low voltages over short distances, using flexible arrangements: the opposite of the traditional model - akin to what has happened in computing: parallel with the switch from mainframes and terminals to cloud storage and the internet.

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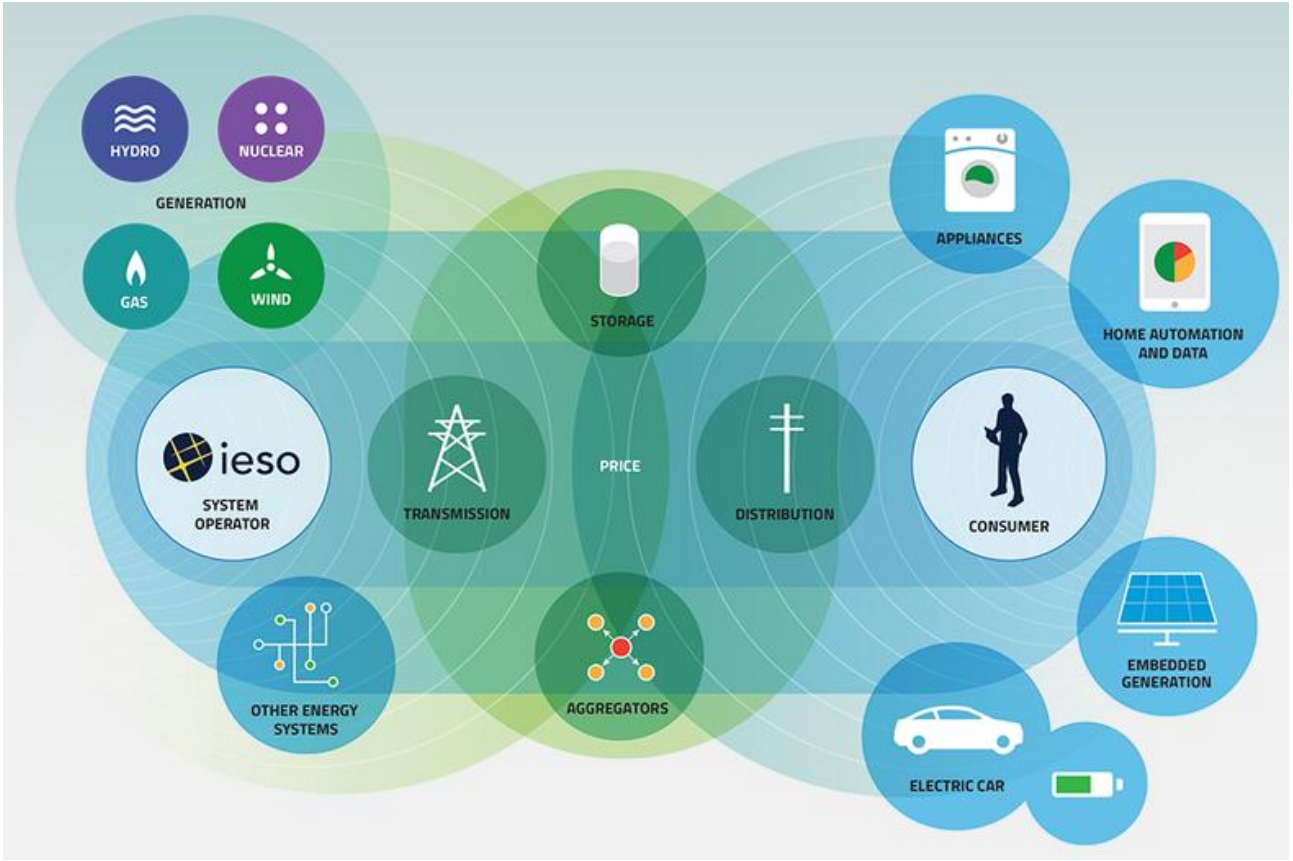
The grid is getting smarter, not dumber – the „internet of things”



SOURCE: BNEF

The smart grid harnesses the power of information technologies to monitor, control, and optimize the usage of the electricity system – **putting smart home in the center of this change**. These efforts are designed to increase efficiency, reduce outages, integrate more renewable forms of generation, and **empower consumers to more effectively control their energy use.**

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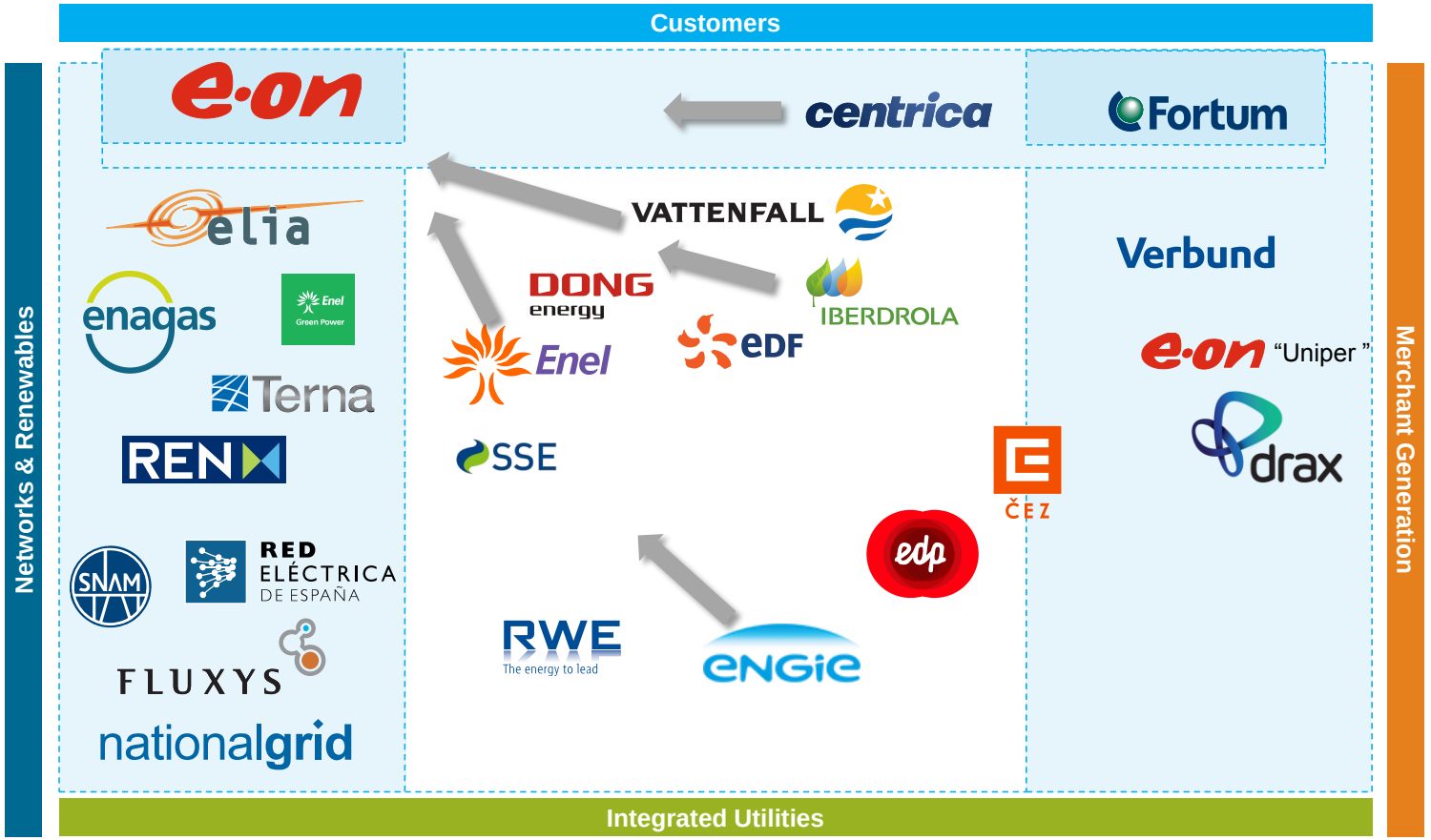
Utilities are making fundamental shifts to respond to the new environment…



SOURCE: Barclays

The combination of distributed and intermittent generation, ever cheaper storage and increasingly intelligent consumption has created a perfect storm for utilities, particularly those in Europe. More and more traditional utilities consider shift or shift to new business models splitting out conventional generation and focusing on Customers, Networks and Renewables – <u>the fight is to integrate renewables and make them available in an integrated way to the consumer.</u>

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…by fighting for the consumer, offering additional services and distributed offerings…

SOURCE: BNEF

Utilities are recognising the need to innovate/partner up and focus on the downstream end of the value chain – often by bunding services.

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… to counter new entrants & start ups.

SOURCE: BNEF

New Entrants are coming in and disrupting traditional utilities.

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Utilites in Europe and US are taking proactive role in coming change

EON approach (Europe)

E.ON (Germany-based utility) decided to break up the **natural hedge between retail and supply and take a bold step into the future** - and is taking the brand with it. Investors with appetite for a traditional generation business can choose to invest in Uniper.

E.ON keeps	Uniper gets	Split driven by
• All renewable assets • Distribution network • Energy efficiency • Most of the debt • E.ON brand	• All fossil fuel generation • Parts of the nuclear portfolio • New name	• Conventional generation squeezed by low German prices • Government policy encourages green technologies • Will facillitate business valuation • A „need" to specialise in the sector

NRG approach (US)

NRG, one of the largest integrated independent power producers (IPP) in the US, announced that it would **separate its consumer-facing clean energy-oriented business from its conventional wholesale and retail platform,** placing the former into a 'GreenCo', for which it will seek outside investment.

GreenCo gets	NRG keeps	Split driven by
• Renewable developer business (focused on C&I solar) • EV charging business • Residential solar business • Revolver loan from parent company • New name	• All fossil fuel assets • Some utility scale PV assets (for now) • Main NRG brand	• GreenCo parts are burning cash • Traditional IPP Investors were driven off • Investors interested in clean energy growth-oriented businesses were driven off • Will facilitate business valuation

SOURCE: BNEF

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04 Appendices

POLENERGIA

A Detailed Financial/Segmental Results

POLENERGIA

Consolidated results for 9M 2015 – P&L

9M 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)	9M 2015	9M 2014	Diff	
Revenues from sales	1 953 582	1 948 447	5 135	
Revenues from certificates of origin	78 739	65 268	13 471	
Revenues from sales	**2 032 321**	**2 013 715**	**18 606**	
Including trading segment	1 517 667	1 539 208	(21 541)	
Cost of sales	(1 913 813)	(1 936 378)	22 565	
Including trading segment	(1 506 417)	(1 533 259)	26 842	
Gross profit on sales	**118 508**	**77 337**	**41 171**	
Other operating income	6 326	5 546	780	
Administrative expenses	(23 709)	(23 317)	(392)	
Other operating expenses	(2 785)	(2 524)	(261)	
Gross result on sale	**98 340**	**57 042**	**41 298**	
Depreciation	63 174	62 351	823	
EBITDA	**161 514**	**119 393**	**42 121**	
Eliminating the effect of purchase price allocation	1 809	(4 991)	6 800	A
Elimination income ofturbine lease	173		173	E
Adjusted EBITDA*	**163 496**	**114 402**	**49 094**	
Financial income	5 828	7 923	(2 095)	
Financial expenses	(34 225)	(30 267)	(3 958)	
Profit (loss) before tax	**69 943**	**34 698**	**35 245**	
Income tax	(17 206)	(1 607)	(15 599)	
Net Profit (loss)	**52 737**	**33 091**	**19 646**	
Eliminating the effect of the purchase price allocation	7 614	814	6 800	A
Eliminating the effect of unrealized exchange differences	(262)	279	(541)	B
Elimination of the effect of income from discount settlement	-	(386)	386	C
Eliminating the effect of loan valuation	3 557	1 041	2 516	D
Elimination of fundraising costs	140	-	140	E
Adjusted Net Profit*	**63 786**	**34 839**	**28 947**	
Adjusted EBITDA (excluding trading segment)	**158 435**	**112 580**	**45 855**	
Adjusted EBITDA margin (excluding trading segment)	**30,8%**	**23,7%**	**7,1%**	

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 3Q 2015 – P&L

3Q 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)	3Q 2015	3Q 2014	Diff	
Revenues from sales	648 641	549 233	99 408	
Revenues from certificates of origin	28 334	19 914	8 420	
Revenues from sales	**676 975**	**569 147**	**107 828**	
Including trading segment	511 805	419 882	91 923	
Cost of sales	(640 028)	(549 812)	(90 216)	
Including trading segment	(508 384)	(416 644)	(91 740)	
Gross profit on sales	**36 947**	**19 335**	**17 612**	
Other operating income	3 453	1 956	1 497	
Administrative expenses	(8 767)	(8 425)	(342)	
Other operating expenses	(654)	(1 004)	350	
Gross result on sale	**30 979**	**11 862**	**19 117**	
Depreciation	21 615	20 985	630	
EBITDA	**52 594**	**32 847**	**19 747**	
Eliminating the effect of purchase price allocation	603	603	-	A
Elimination income ofturbine lease	30	-		E
Adjusted EBITDA*	**53 227**	**33 450**	**19 777**	
Financial income	872	2 013	(1 141)	
Financial expenses	(11 295)	(10 521)	(774)	
Profit (loss) before tax	**20 556**	**3 354**	**17 202**	
Income tax	(3 825)	1 156	(4 981)	
Net Profit (loss)	**16 731**	**4 510**	**12 221**	
Eliminating the effect of the purchase price allocation	2 538	2 538	-	A
Eliminating the effect of unrealized exchange differences	214	155	59	B
Elimination of the effect of income from discount settlement	-	(131)	131	C
Eliminating the effect of loan valuation	1 150	514	636	D
Elimination of fundraising costs	24	-		E
Adjusted Net Profit*	**20 657**	**7 586**	**13 071**	
Adjusted EBITDA (excluding trading segment)	**51 599**	**31 056**	**20 543**	
Adjusted EBITDA margin (excluding trading segment)	**31,2%**	**20,8%**	**10,4%**	

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 3Q 2015 was 18.6%.

*) : 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 9M 2015 - Segments

9M 2015 (mPLN)	Conventional energy	Development activity	Biomass	Wind power	Distribution	Trading	Unallocated management	Purchase price allocation	TOTAL
Revenues from sale	247,6	0,3	45,5	98,5	119,1	1 517,7	1,6	2,0	2 032,3
Operating expenses	-188,5	-0,8	-40,4	-55,6	-105,6	-1 506,4	-5,0	-11,4	-1 913,8
including depreciation	-13,7	-	-3,0	-35,0	-2,9	-0,0	-1,0	-7,6	-63,2
Gross profit on sales	**59,1**	**-0,5**	**5,2**	**42,9**	**13,5**	**11,3**	**-3,4**	**-9,4**	118,5
General and administrative expenses	-5,2	-0,5	-0,7	-1,6	-3,6	-6,4	-5,7	-	-23,7
Other operating activities	-0,9	-0,2	0,9	3,7	0,1	0,2	-0,2	-	3,5
Profit from operating activities	**53,0**	**-1,2**	**5,3**	**45,0**	**10,0**	**5,0**	**-9,4**	**-9,4**	98,3
EBITDA	66,7	-1,2	8,3	80,0	12,9	5,1	-8,4	-1,8	161,5
Elimination of fundraising costs							0,2		0,2
Eliminating the effect of purchase price allocation								1,8	1,8
Adjusted EBITDA	66,7	-1,2	8,3	80,0	12,9	5,1	-8,2	-	163,5
Result on financial operations	-6,6	0,1	-0,8	-22,6	-1,3	-1,0	3,9	-	-28,4
Profit (loss) before tax	**46,4**	**-1,1**	**4,5**	**22,4**	**8,6**	**4,0**	**-5,5**	**-9,4**	**69,9**
Income tax									-17,2
Profit (loss) for the period									52,7
Eliminating the effect of the purchase price allocation									7,6
Eliminating the effect of unrealized exchange differences									-
Elimination of the effect of loans valuation									3,6
Elimination of fundraising costs									0,1
Adjusted Net Profit									63,8

9M 2014 (mPLN)	Conventional energy	Development activity	Biomass	Wind power	Distribution	Trading	Unallocated management	Purchase price allocation	TOTAL
Revenues from sale	268,3	0,7	50,8	45,2	104,4	1 539,2	0,1	5,0	2 013,7
Operating expenses	-227,8	-0,6	-47,7	-29,9	-89,5	-1 533,3	-0,0	-7,6	-1 936,4
including depreciation	-32,1	-0,0	-2,8	-16,9	-2,9	-0,0	-	-7,6	-62,4
Gross profit on sales	**40,5**	**0,1**	**3,1**	**15,3**	**14,9**	**5,9**	**0,1**	**-2,6**	**77,3**
General and administrative expenses	-4,5	-0,7	-	-	-4,5	-4,2	-9,5	-	-23,3
Other operating activities	-0,2	0,3	-0,4	3,3	0,6	0,0	-0,6	-	3,0
Profit from operating activities	**35,9**	**-0,3**	**2,7**	**18,6**	**11,0**	**1,8**	**-10,0**	**-2,6**	**57,0**
EBITDA	68,0	-0,3	5,5	35,5	14,0	1,8	-10,0	5,0	119,4
Eliminating the effect of purchase price allocation								-5,0	-5,0
Adjusted EBITDA	68,0	-0,3	5,5	35,5	14,0	1,8	-10,0	-	114,4
Result on financial operations	-2,6	0,9	-1,2	-13,9	-1,3	-0,8	-3,4	-	-22,3
Profit (loss) before tax	**33,3**	**0,6**	**1,5**	**4,7**	**9,7**	**1,0**	**-13,4**	**-2,6**	**34,7**
Income tax									-1,6
Profit (loss) for the period									33,1
Eliminating the effect of the purchase price allocation									0,8
Eliminating the effect of unrealized exchange differences									0,3
Elimination of the effect of income from discount settlement									-0,4
Elimination of the effect of loans valuation									1,0
Adjusted Net Profit									34,8
Adjusted EBITDA y/y	**-1,2**	**-0,9**	**2,8**	**44,5**	**-1,1**	**3,2**	**1,8**	**0,0**	**49,1**

POLENERGIA

Results for 3Q 2015 - Segments

3Q 2015 (mPLN)	Conventional energy	Development activity	Biomass	Wind power	Distribution	Trading	Unallocated management	Purchase price allocation	TOTAL
Revenues from sale	80,4	-0,2	14,1	27,1	39,8	511,8	1,9	2,0	677,0
Operating expenses	-57,6	-0,1	-11,7	-19,7	-35,2	-508,4	-2,2	-5,2	-640,0
including depreciation	-4,4	-	-1,0	-12,4	-0,9	-0,0	-0,4	-2,5	-21,6
Gross profit on sales	**22,8**	**-0,3**	**2,4**	**7,4**	**4,6**	**3,4**	**-0,4**	**-3,1**	36,9
General and administrative expenses	-1,7	-0,2	-0,2	-1,0	-1,3	-2,0	-2,4	-	-8,8
Other operating activities	-0,4	0,0	0,5	1,2	0,8	0,2	0,4	-	2,8
Profit from operating activities	**20,8**	**-0,4**	**2,7**	**7,7**	**4,1**	**1,6**	**-2,3**	**-3,1**	31,0
EBITDA	25,2	-0,4	3,7	20,0	5,1	1,6	-1,9	-0,6	52,6
Elimination of fundraising costs							0,0		0,0
Eliminating the effect of purchase price allocation								0,6	0,6
Adjusted EBITDA	25,2	-0,4	3,7	20,0	5,1	1,6	-1,9	-	53,2
Result on financial operations	-2,1	0,1	-0,2	-8,3	-0,3	-0,3	0,8	-	-10,4
Profit (loss) before tax	**18,6**	**-0,3**	**2,5**	**-0,7**	**3,8**	**1,3**	**-1,5**	**-3,1**	**20,6**
Income tax									-3,8
Profit (loss) for the period									16,7
Eliminating the effect of the purchase price allocation									2,5
Eliminating the effect of unrealized exchange differences									-
Elimination of the effect of loans valuation									1,2
Elimination of fundraising costs									0,0
Adjusted Net Profit									20,7

3Q 2014 (mPLN)	Conventional energy	Development activity	Biomass	Wind power	Distribution	Trading	Unallocated management	Purchase price allocation	TOTAL
Revenues from sale	85,9	0,7	16,0	11,4	35,9	419,9	0,1	-0,6	569,1
Operating expenses	-73,7	-0,3	-15,0	-10,2	-31,4	-416,6	0,0	-2,5	-549,8
including depreciation	-10,9	-	-0,9	-5,6	-1,0	-0,0	-	-2,5	-21,0
Gross profit on sales	**12,2**	**0,3**	**1,0**	**1,1**	**4,5**	**3,2**	**0,1**	**-3,1**	**19,3**
General and administrative expenses	-1,6	-0,3	-	-	-1,5	-0,9	-4,2	-	-8,4
Other operating activities	-0,1	0,1	-0,1	1,1	0,1	0,0	-0,0	-	0,9
Profit from operating activities	**10,5**	**0,1**	**0,9**	**2,2**	**3,1**	**2,4**	**-4,1**	**-3,1**	**11,9**
EBITDA	21,4	0,1	1,8	7,8	4,0	2,4	-4,1	-0,6	32,8
Eliminating the effect of purchase price allocation								0,6	0,6
Adjusted EBITDA	21,4	0,1	1,8	7,8	4,0	2,4	-4,1	-	33,5
Result on financial operations	-1,4	0,3	-0,3	-4,6	-0,4	-0,2	-1,9	-	-8,5
Profit (loss) before tax	**9,1**	**0,4**	**0,5**	**-2,4**	**2,6**	**2,2**	**-6,0**	**-3,1**	**3,4**
Income tax									1,2
Profit (loss) for the period									4,5
Eliminating the effect of the purchase price allocation									2,5
Eliminating the effect of unrealized exchange differences									0,2
Elimination of the effect of income from discount settlement									-0,1
Elimination of the effect of loans valuation									0,5
Adjusted Net Profit									7,6
Adjusted EBITDA y/y	**3,8**	**-0,5**	**1,9**	**12,2**	**1,1**	**-0,8**	**2,2**	**0,0**	**19,8**

POLENERGIA

Results reported on the WSE

Economic and Financial Key figures	Period from Jan 1st to Sept 30th 2015	Period from Jan 1st to Sept 30th 2014	Diff	
Revenues from sales	2 032,3	289,5	1 742,8	
EBITDA	**161,5**	**51,6**	**109,9**	
Adjusted EBITDA, effect of the purchase price allocation is not taken into account	**163,5**	**45,0**	**118,5**	[A]
Profit / Loss Net attributable to parent company shareholders	**52,7**	**15,1**	**37,6**	
Net profit with elimination of the effect of the purchase price allocation	60,3	9,2	51,2	
Net profit with elimination of the effect of the purchase price allocation, the effect of unrealized exchange valuation of loans and the discount settlement.	**63,8**	**10,1**	**53,7**	

The reconciliation of the total result for 9M EBITDA

The result of the contributed assets at adjusted EBITDA for the 8M	n/d	69,4	-69,4	[B]
Adjusted EBITDA for 9M [A+B]	**163,5**	**114,4**	**49,1**	

The "statutory“ results for 2014 reported on the WSE include the results of the "old PEP Group" and Neutron Group for September 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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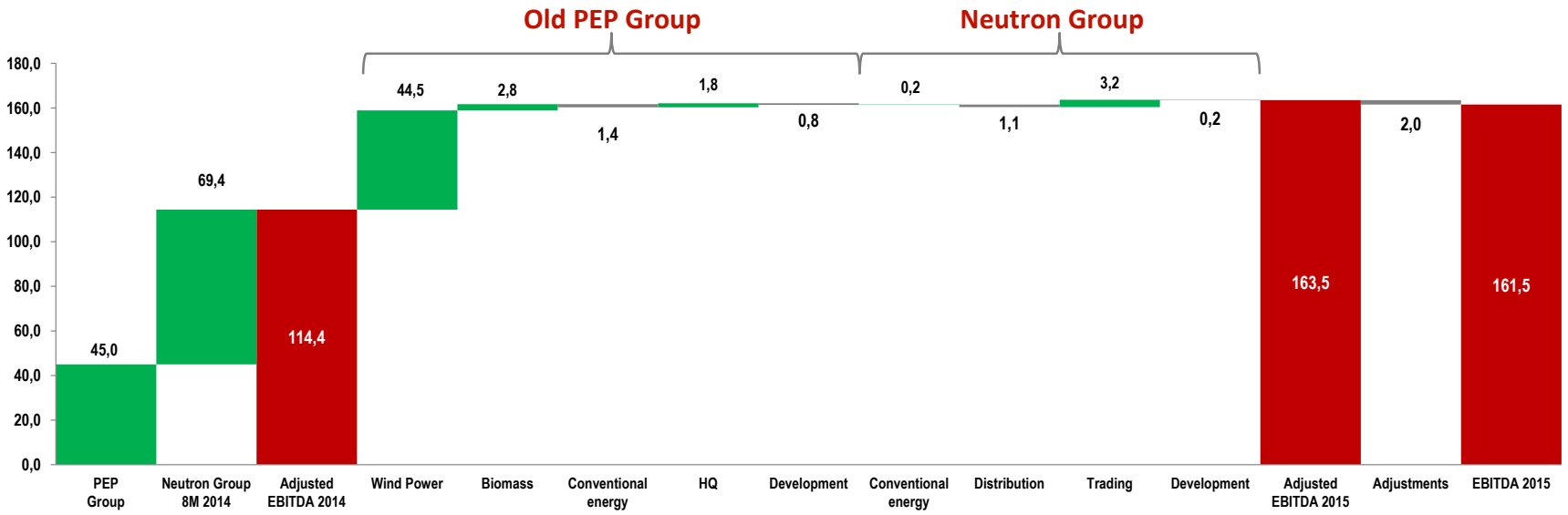
Results reported on the Stock Exchange - overview of main changes y / y - EBITDA

EBITDA Bridge 9M 2015/2014



The result for the 9M 2015 **increased by PLN 118.5m** 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 44.5m);
- Higher biomass segment EBITDA (by PLN 2.8m);
- Slightly lower conventional energy segment in „PEP" (by PLN 1.4m);
- Headquarters costs higher by PLN 1.8m;
- Higher development costs (by PLN 0.8m);
- Higher EBITDA y/y of Neutron Group (ENS, PE-Dystrybucja, PE-Kogeneracja, PE-Obrót, development projects – by PLN 2.2 m) mainly due to the higher EBITDA margin on trading;
- Normalization adjustments (PLN 2.0m) on EBITDA level, i.e. PPE settlement and fundraising costs.

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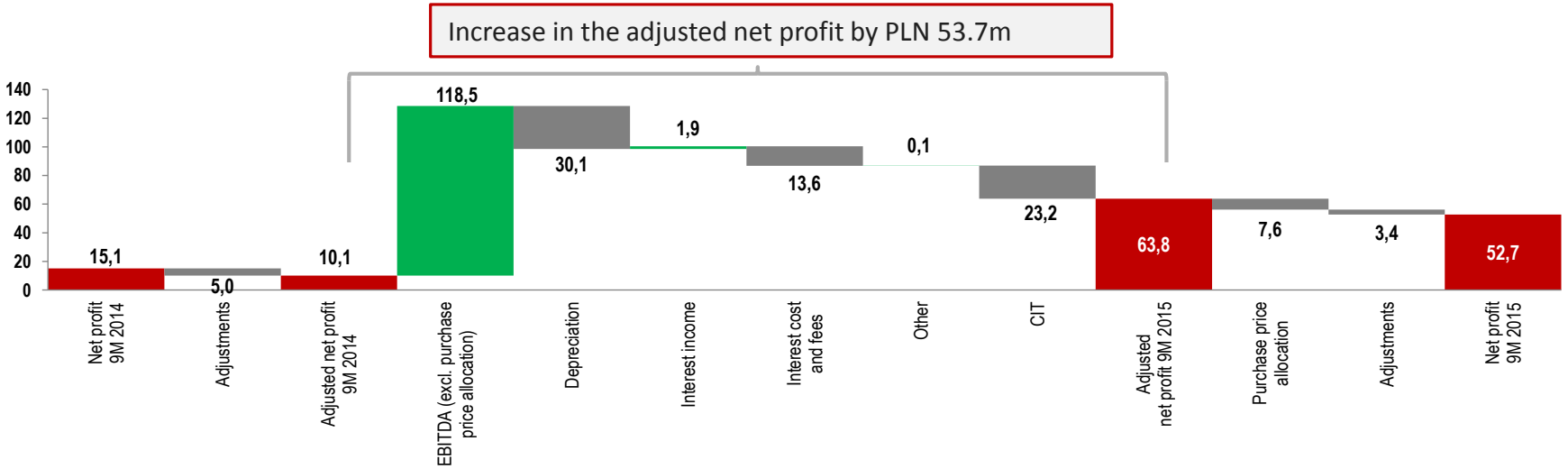
Results reported on the Stock Exchange - overview of the changes y / y - Net profit

Net profit 9M 2015/2014



Adjusted net profit increased by PLN 53.7m, due to:

- Higher EBITDA excluding the effect of the settlement of the purchase price allocation (results better by PLN 118.5m -analysis on the previous page);
- Higher depreciation (by PLN 30.1m) 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);
- Higher interest income (by PLN 1.9m) resulting from higher cash balances;
- Higher costs due to interest and fees (by PLN 13.6m) – effect of financial costs related to Neutron Group assets and commissioning of new projects;
- Negative CIT impact (PLN 23.2m);
- Positive impact of other items (PLN 0.1m).

Normalizing adjustments include the elimination of:

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

POLENERGIA

Assets and financing structure of Polenergia Group

Assets (PLN m)	As at 30.09.2015	As at 31.12.2014	Diff
Fixed assets (long-term)	2 300	1 968	332
Tangible fixed assets	2 028	1 707	321
Intangible assets	49	57	(8)
Goodwill of subordinate entities	185	185	(0)
Financial assets	25	9	16
Long-term receivables	4	4	0
Deferred income tax	9	6	3
Accruals	0	0	0
Current Assets (short-term)	714	764	(50)
Stock	45	41	4
Receivables from deliveries and services	128	109	19
Receivables from income tax	2	2	(0)
Other short-term receivables	42	69	(27)
Accruals	13	9	4
Short-term financial assets	83	117	(34)
Cash and cash equivalents	401	417	(16)
Total Assets	3 014	2 732	282

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 30.09.2015	As at 31.12.2014	Diff
Equity	1 390	1 334	56
Long-term liabilities	1 155	992	163
Loans and borrowings	886	695	191
Provision from deferred income tax	60	57	3
Reserves	2	2	0
Accruals	64	68	(4)
Other liabilities	142	170	(28)
Current liabilities	469	406	63
Loans and borrowings	89	92	(3)
Trade payables	166	129	37
A liability for income tax	7	1	6
Other liabilities	175	158	17
Reserves	4	3	1
Accruals	28	23	5
Total liabilities	3 014	2 732	282

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 October 1st 2014 to September 30th 2015) amounted to PLN 218.1m, which compared with the Group's net debt at the level of PLN 574.3m (as at September 30th 2015) implies Net debt / EBITDA ratio of 2.63x and was lower than as at 1HY 2015 (3.0x).**
- **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 0.41x and 0.46x respectively.**

POLENERGIA

Cash flow analysis for 9M 2015

Statement of cash flows (PLN m)	30.09.2015 r.
A. Cash flows from operating activities	
I.EBITDA	**162**
II. Adjustments	**36**
1. Income tax	-12
2. Change in provisions	1
3. Change in inventories	-4
4. Change in receivables	23
5. Change in current liabilities, excluding borrowings	31
6. Change in accruals	-4
7. Other adjustments	1
III. Net cash flow from operating activities (I+/-II)	**197**
B. Cash flows from investing activities	
I. Cash received	**1**
II. Expenses	**(376)**
1. Purchase of intangible and tangible fixed assets	-375
2. For financial assets, including:	-1
3. Other investment expenses	0
III. Net cash flow from investing activities (I-II)	**-375**
C. Cash flows from financing activities	
I. Cash received	**270**
1. Net proceeds from issue of shares and other equity instruments	0
2. Credit and loans	270
II. Expenses	**(109)**
1. Dividends and other distribution to owners	0
2. Repayment of borrowings	-81
3. Payment of financial lease agreements	-1
4. interest	-25
5. Other financial expenses	-3
III. Net cash flow from financing activities (I-II)	**161**
D. Net cash flow, total (A.III+/-B.III+/-C.III)	**(16)**
E. Balance transition of cash, including:	**(16)**
F. Cash and cash equivalents at beginning of period	**417**
G. Cash and cash equivalents at end of period	**401**

Mainly CIT in ENS and operating wind farms.

Change in receivables and current liabilities (PLN 54m), results mainly from:
- Lower receivables (PLN 16m) in ENS from gas costs compensation,
- Higher payables (PLN 7m) in ENS from stranded costs compensation,
- Higher payables (PLN 19m) 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.

POLENERGIA

Cash flow analysis for 3Q 2015

Statement of cash flows (PLN m)	3Q 2015
A. Cash flows from operating activities	
I.EBITDA	**53**
II. Adjustments	**94**
1. Income tax	-4
2. Change in provisions	0
3. Change in inventories	-4
4. Change in receivables	10
5. Change in current liabilities, excluding borrowings	90
6. Change in accruals	4
7. Other adjustments	-3
III. Net cash flow from operating activities (I+/-II)	**146**
B. Cash flows from investing activities	
I. Cash received	**0**
II. Expenses	**(119)**
1. Purchase of intangible and tangible fixed assets	-119
2. For financial assets, including:	0
3. Other investment expenses	0
III. Net cash flow from investing activities (I-II)	**-118**
C. Cash flows from financing activities	
I. Cash received	**101**
1. Net proceeds from issue of shares and other equity instruments	0
2. Credit and loans	101
II. Expenses	**(44)**
1. Dividends and other distribution to owners	0
2. Repayment of borrowings	-35
3. Payment of financial lease agreements	0
4. interest	-8
5. Other financial expenses	-1
III. Net cash flow from financing activities (I-II)	**57**
D. Net cash flow, total (A.III+/-B.III+/-C.III)	**85**
E. Balance transition of cash, including:	**85**
F. Cash and cash equivalents at beginning of period	**316**
G. Cash and cash equivalents at end of period	**401**

Mainly CIT in ENS and operating wind farms.

Change in receivables and current liabilities (PLN 100m), 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,
- Lower receivables (PLN 12m) in ENS from gas costs compensation,
- Higher payables (PLN 27m) in ENS from stranded costs compensation,
- Higher payables (PLN 15m) in trading segment due to higher trading volumes and purchases from contractors with longer payments.

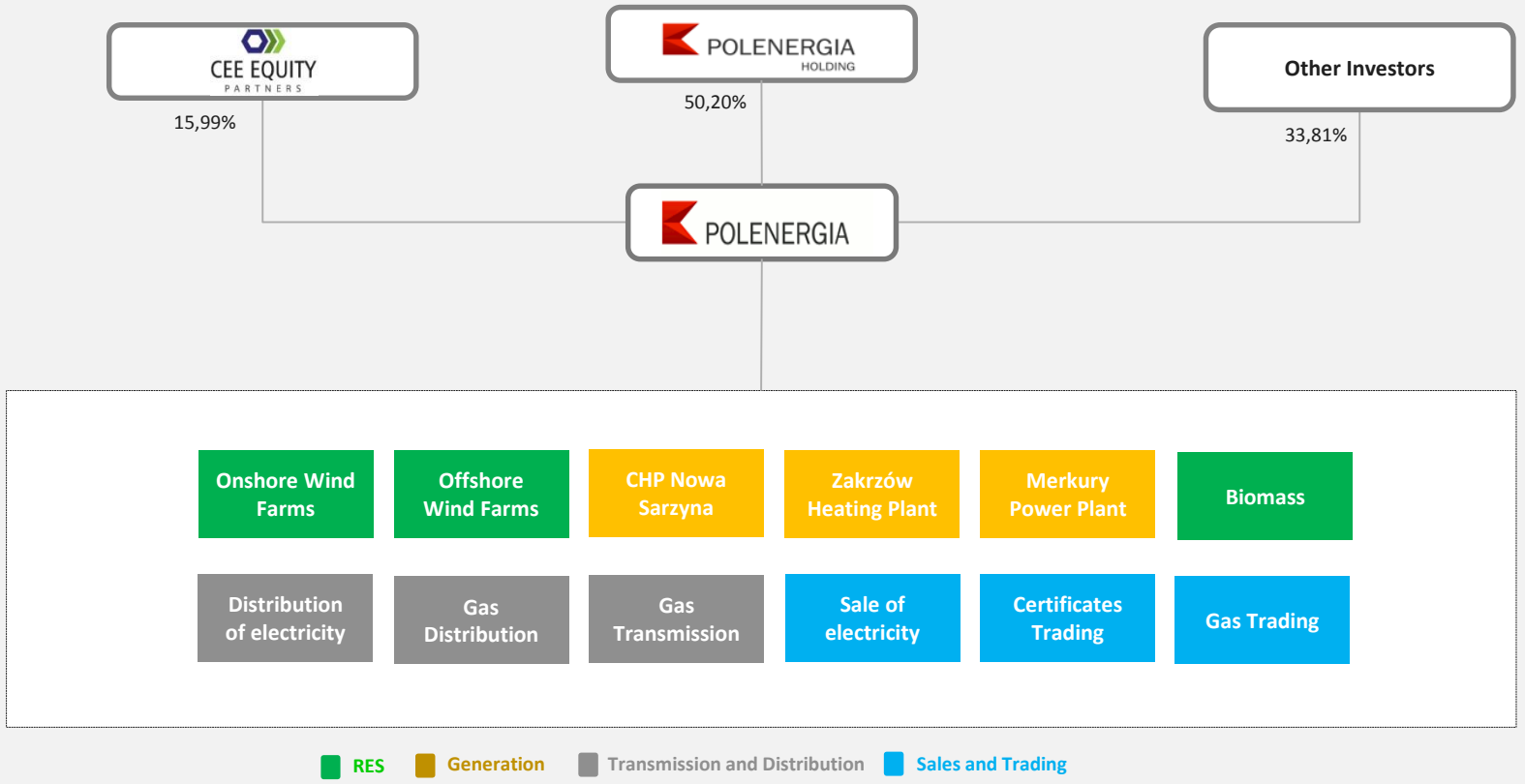
Construction of Skurpie and Gawowice WFs extension and Mycielin WF and further projects development.

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.

B Group Strategy Supplement

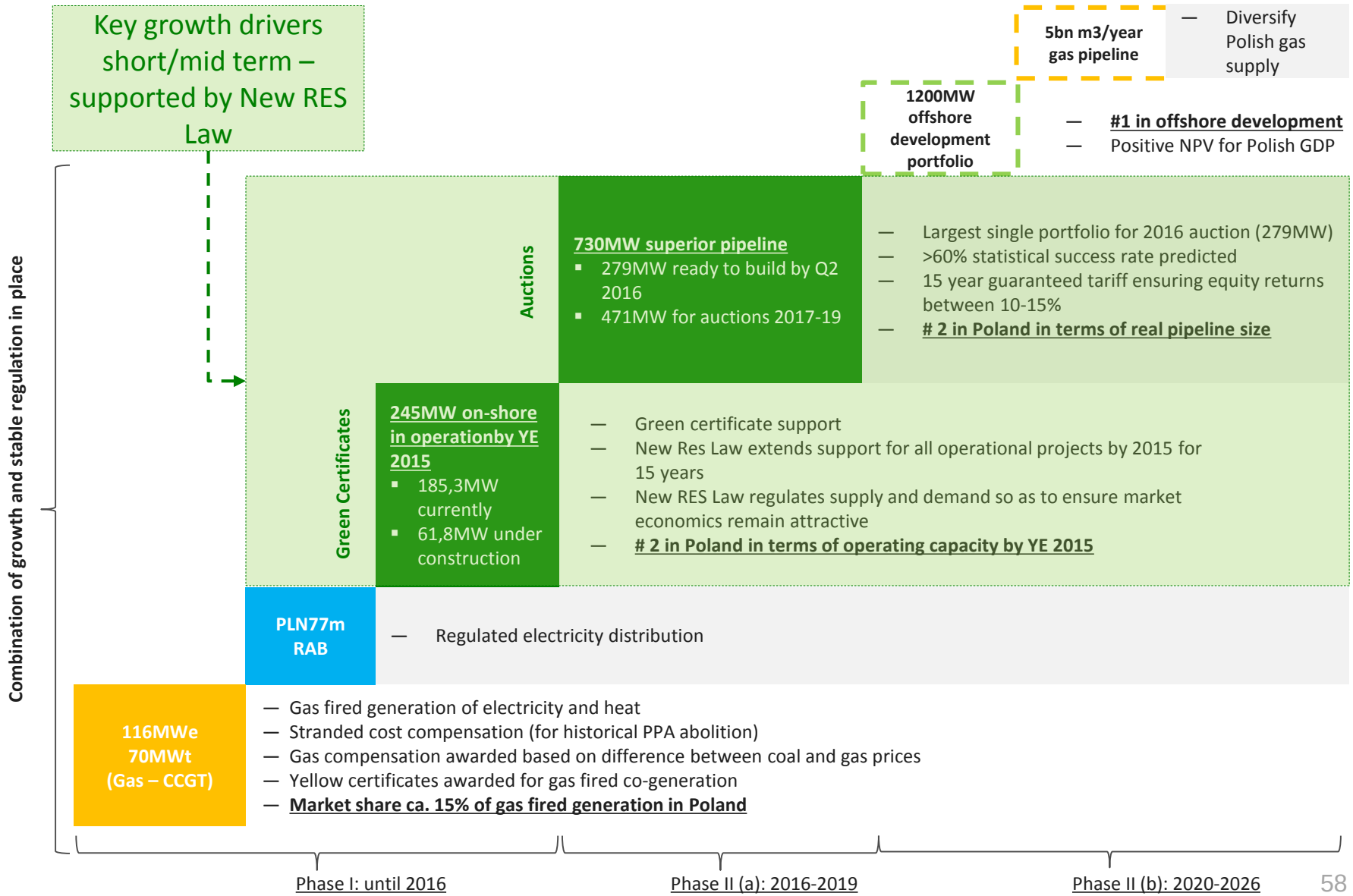
Group Structure



- ✓ **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

Profile characterised by a combination of stable regulation and growth

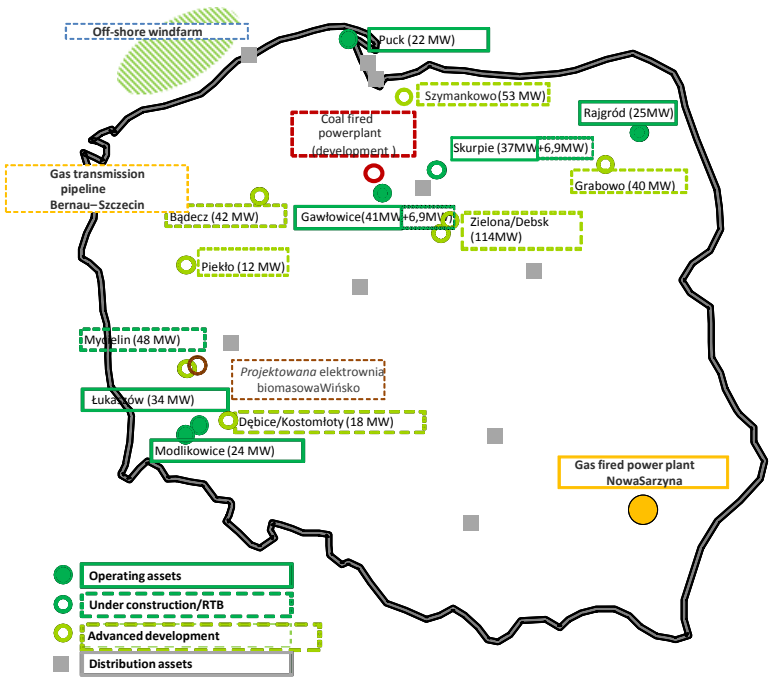


POLENERGIA

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	• 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:

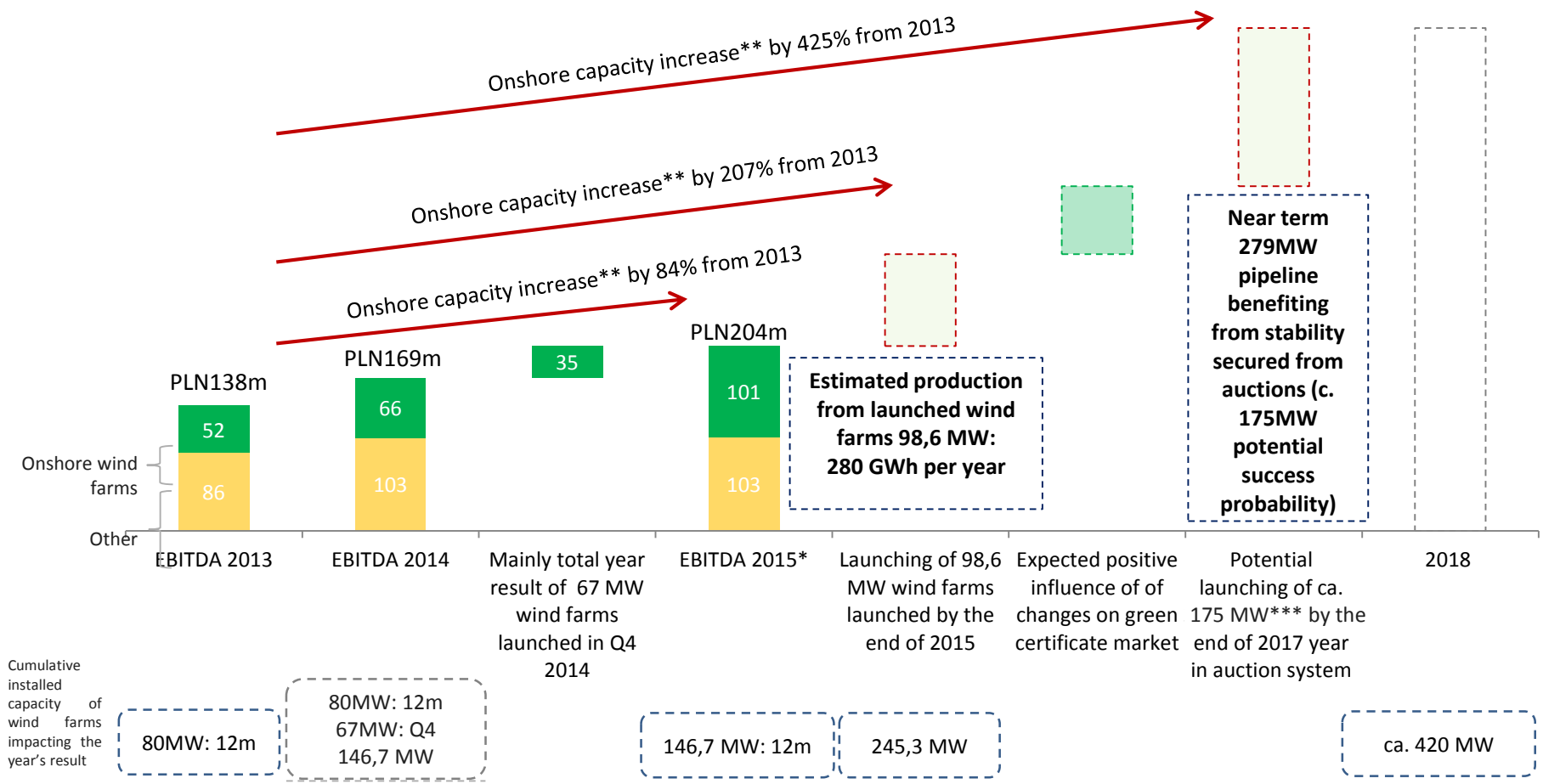
- Construction of 61,8 MW wind farms, by the end of 2015 the Group intends to have c. 245 MW wind farms in operations;
- 279 MW onshore wind farms will be ready to take part in first auction;
- Environmental decision for 1 200 MW offshore wind farms (grid connection agreement has been signed);
- Finalization 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.450MW;
- 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

Unparalleled EBITDA/Cash Flow growth in the near future



* Company's official forecast of adjusted EBITDA for 2015; adjusted net income = PLN72,4m

** Increase of Company's cumulative installed onshore wind farms impacting the total 2014 year's result, i.e. regarding 80MW, as next 67MW was launched in Q4 2014

*** In line with assumed probability of winning the auction. It is also possible to sell up to 100% of selected onshore wind farms projects developed after 2015 in auction system (before or after winning the auction) in order to increase potential dividends

Equity research analysts opinion confirms value growth potential:

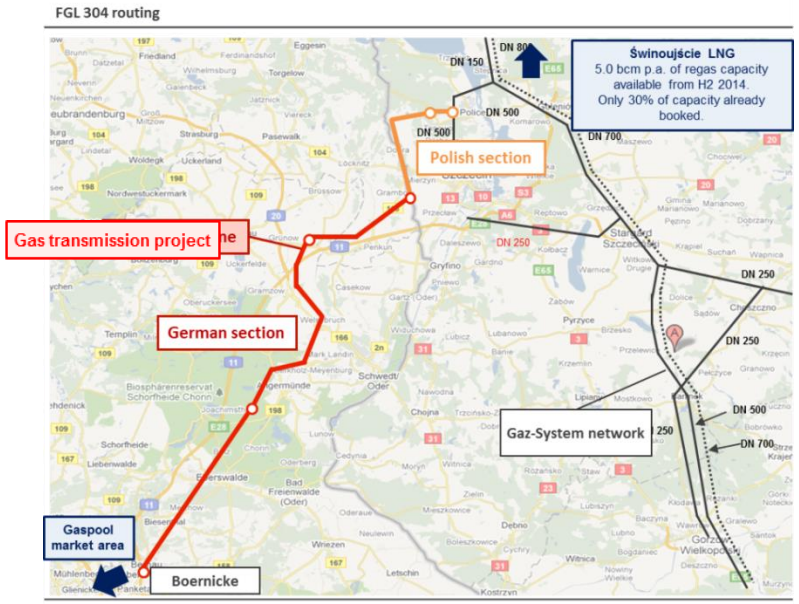
- **Societe Generale: 12m Target Price 42.4 per share (May 2015);**
- **BZ WBK: 12m Target Price 41.3 per share (April 2015);**
- **PKO BP: 12m Target Price 36.9 per share (July 2015)**

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

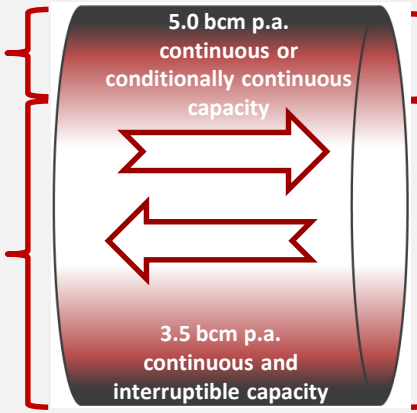
FEED Design	Secured
Construction Permits	Secured for the whole german section
Rigths of way	C. 50% Secured
TPA/Unbundling	In progress
Commercial closing	In progress
Grid connection	In progress
EPC	To be completed
Financing	To be completed

General characteristics

EXIT FROM POLAND/ENTRY TO GERMANY **EXIT FROM GERMANY/ENTERING TO POLAND**

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



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)

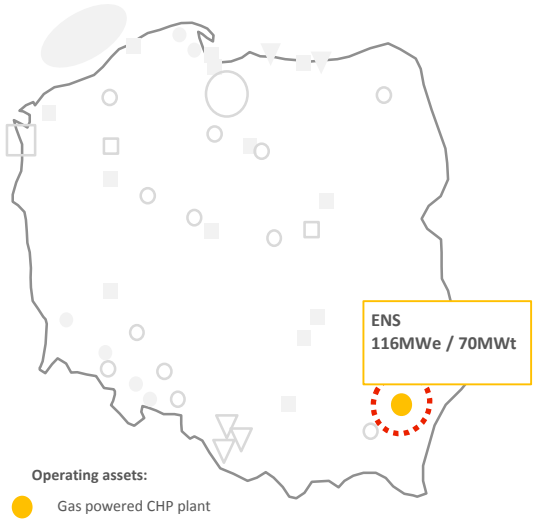
POLENERGIA

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%

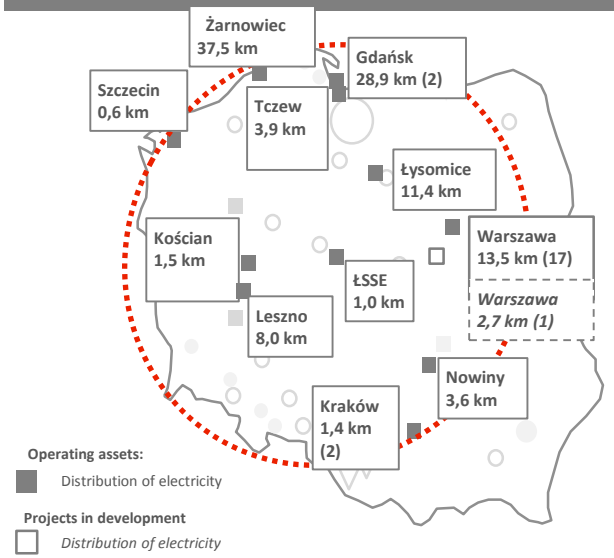
Compensation formula

- 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	276 GWh	3 GWh	c. 265 GWh
Number of projects	29	1	30
Final users	9,7k	0,4k	ca. 8,6k
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)

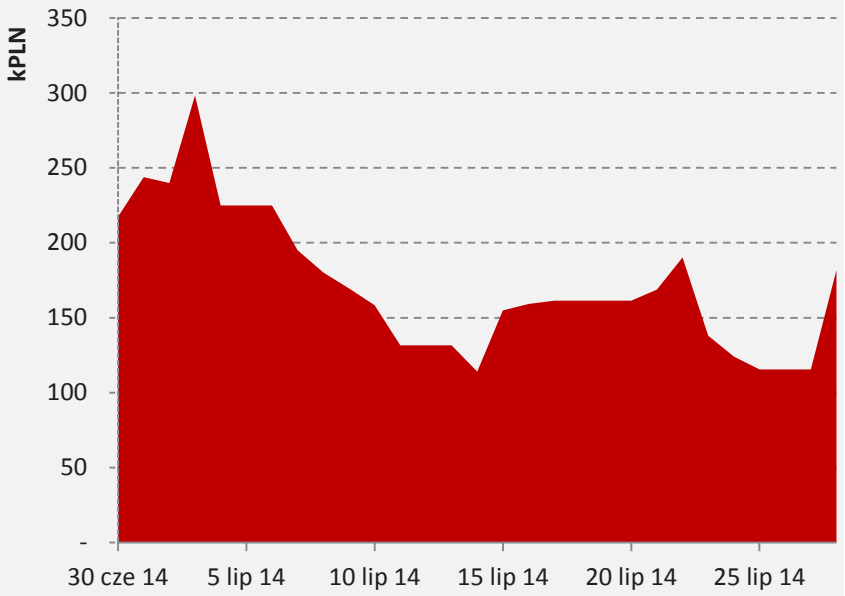
Review of Polenergia Obrót (trading)
– Central platform for trading and risk management located in Warsaw.
– In January, 2013 the company took over the former Vattenfall Trading team operating in the energy markets in the CEE region.

Polenergia Obrót (2014)	
Energy sold	12,7 TWh
Natural gas sold	95 GWh

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

Historical Value at risk of Polenergia Obrót (kPLN)



- Polenergia Obrót has a very conservative approach to risk management.
- Daily risk at prudent levels of about 99% VaR, ca. 200kPLN
- Historical VaR is below specified limits

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
  - Factory Północ, located in Sępólno Krajeński
  - Factory Południe, located in Ząbkowice Śląskie
  - Factory Wschód, located in Zamość

	Factory Północ	Factory Południe	Factory Wschód
Start-up	2009	2010 i 2011	2012
Annual production (tons)	36k	52k	50k