POLENERGIA

RENEWABLE ENERGY

CONVENTIONAL ENERGY

DISTRIBUTION

TRADE

GK POLENERGIA
2014 Results and Group Strategy

March 2015

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SUMMARY OF 2014 AND KEY THESIS FOR 2015

- **Completion of the integration process:** creation of unique, independent, vertically integrated energy entity on the WSE with significant growth profile;
- **Obtaining a cornerstone investor (CEE Equity Partners):** secured PLN 240m for development;
- **Increase in Market Capitalization:** up to ca. PLN 1.5 bn (GBP 260m/US$ 390m);
- **Earnings growth in 2014** (pro forma):
  - Adjusted EBITDA: growth by PLN 31,4 mln (+22,9%) from PLN 137,6 mln to PLN 167 mln;
  - Adjusted Net Profit: growth by PLN 21,9 mln (+67,4%) from PLN 32,5 m to PLN 54,4 mln;
    - Commencement of operations of 67 MW wind farms (Gawłowice and Rajgród: Q4 2014);
    - Stability and positive profile of Wind Farms, Distribution, Trading and ENS.
- **271 MW capacity installed at YE 2014**: 146,7 MW wind farms, 124 MW ENS and cogeneration;
- **Renewable Energy Act approved on 20th February 2015:** gives the possibility both for existing wind farms, as well as projects constructed by the end of 2015, to remain in the improved certificates system or to participate in auctions (fixed pricing system to ensure stability of income for 15 years);
- **Significant progress in development:**
  - The construction of 99 MW of wind farms is in progress;
  - By the end of 2015 onshore wind farms capacity will reach c. 250 MW and Polenergia will become one of the leading producers of electricity from renewable energy sources in Poland;
- **336 MW to be ready to participate in first auction in 2016**: we estimate that ca. 210 MW will win first auction;
- **Cancellation of equity issue:** due to lack of external capital needs;
- **Dividend payout planned since 2017**

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AGENDA

1. Financial Results
2. Structure, purpose and ownership of the Polenergia Group
3. Key elements of the Group strategy
4. Regulatory framework (EU Policy, Law on RES)
5. Attachments

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01 Financial Results

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Consolidated results for 2014 - P & L

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 2013, 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)	For the period ended 31.12.2014 r.	For the period ended 31.12.2013 r.	Difference y/y
Revenues from sales	**2 659,0**	**1 118,0**	**1 541**
Including trading segment	2 001,8	492,2	1 510
Cost of sales	(2 541,4)	(1 015)	(1 527)
Including trading segment	(1 993)	(482)	(1 511)
Gross profit on sales	117,6	103,1	14,5
Adjusted EBITDA	169,0	137,6	31,4
Adjusted Net Profit	54,4	32,5	21,9
Adjusted EBITDA (excluding trading segment)	162,1	133,6	28,5
Adjusted EBITDA margin (excluding trading segment)	24,7%	21,3%	3,3%

Sales revenues (excluding Trading segment, where there was a significant increase due to the development of the activity) were slightly higher than in 2013, which was primarily related to the development of wind segment (start of WF Gawłowice and Rajgrod) and biomass (growth in sales volumes)

Detailed analysis of the results of EBITDA by segment is presented in the later part of the presentation

The Group's results at the level of the adjusted (normalized) EBITDA and net profit represent a significant increase in y / y, respectively, EBITDA of PLN 31.4 million (22.9%) and net profit of PLN 21.9 million (over 67.3%).

The data presented have been adjusted for the effect (the details are shown on slide 35):

- On the level of EBITDA and net profit
  - Settlement of the purchase price (the merger of PEP and PE assets, which took place in 2014),
  - Income from turbine lease (2013).
- On the level of net profit:
  - Result on the loan revaluation,
  - Financial result for unrealized foreign exchange differences,
  - Revenues on discount of receivables.

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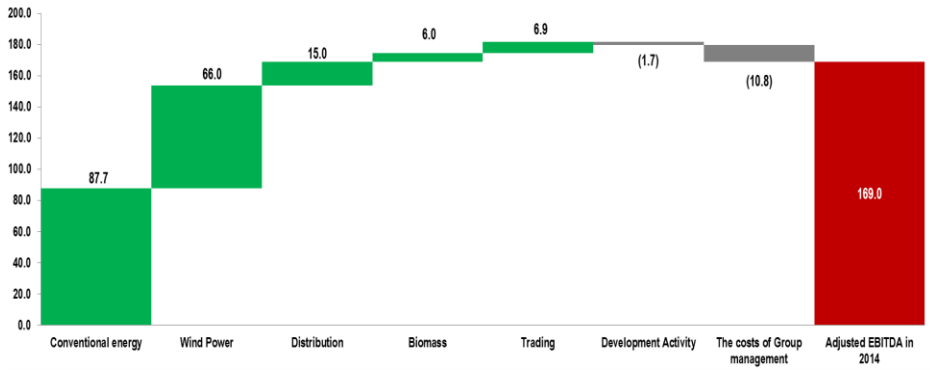
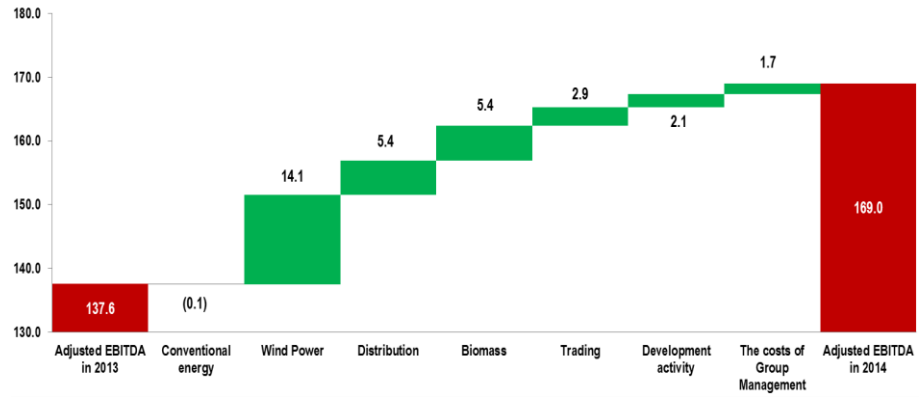
Consolidated results for 2014 – EBITDA Analysis

EBITDA Build-up 2014



- Operating segments after review of the assets and cost optimization performed in the 2013 generate stable results and show high profitability **(EBITDA margin excluding trading 24.7% vs. 21.3% in 2013)**.
- Conventional energy and power distribution provides stable EBITDA and CFO
- In subsequent years, a significant increase in the wind segment's results is expected due to newly operating wind farms commissioned in 4Q14 Gawłowice and Rajgród, with a total capacity of nearly 67MW, which translates into approximately 198GWh production per year.
- In addition, 2016 results will take into account the subsequent launch of farms (including Skurpie, Mycielin).

EBITDA Bridge 2014/2013



- Stable result of conventional energy segment,
- Improved result of **wind energy segment** (PLN 14.1 million), which results from better wind conditions and the commissioning of WF Gawłowice and Rajgród.
- A significant increase in the **distribution segment** results (PLN 5.4 million) due to an increase in the volume of sales and distribution (the addition of new objects) and an increase in the distribution tariffs.
- Better results in **biomass segment** associated with restructuring carried out in 2013, which resulted in a reduction in the unit cost of production. Together with the increased volume of sales it helped boost EBITDA by PLN 5.4 million y / y.
- Higher **trading** result (by PLN 2,9 million).
- A similar result of the **development** segment.

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Assets and financing structure of Polenergia Group

Bilans GK POLENERGIA

Assets (million zł)	As at 31.12.2014 r.
Fixed assets (long-term)	1 968
Tangible fixed assets	1 707
Intangible assets	57
Goodwill of subordinate entities	185
Financial assets	9
Long-term receivables	4
Deferred income tax	6
Accruals	0
Current Assets (short-term)	764
Stock	41
Receivables from deliveries and services	109
Receivables from income tax	2
Other short-term receivables	69
Accruals	9
Short-term financial assets	117
Cash and cash equivalents	417
Total Assets	2 732

Liabilities (million zł)	As at 31.12.2014 r.
Equity	1 334
Long-term liabilities	865
Loans and borrowings	695
Provision from deferred income tax	57
Reserves	2
Accruals	68
Other liabilities	43
Current liabilities	533
Loans and borrowings	92
Trade payables	129
A liability for income tax	1
Other liabilities	285
Reserves	3
Accruals	23
Total liabilities	2 732

Wind farms, ENS, PE-Distribution, development of projects.

The goodwill generated by the acquisition of the assets of the Group Neutron

Mainly VAT refund from WF (22 million), receivables due to the gas compensation in ENS (26 million), receivables due PE-Obrót (12 million)

Mainly valuation of contracts in PE-Obrót

Including funding from CEE Equity investment in the amount of PLN 240 million

Mainly settlement cost of assets of the Group Neutron (31 million)

Interest-bearing liabilities worth PLN 787 million consist of loans, most of which are long-term and have been incurred on the construction of wind farms in the formula of "project finance".

Settlement of stranded costs compensation as part of the stranded cost compensation mechanism (ENS-130mln), besides PE-Obrót (101 million), investment commitments of EP (45 million)

At the end of 2014, the value of net debt amounted to PLN 370 million. The ratio of net debt to equity was equal 0,28x, while the ratio of equity to assets was 0,49x.

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Cash flow analysis (pro forma)

Statement of cash flows pro-forma for the 12M 2014 (PLN m)	
A. Cash flows from operating activities	
I. Profit before tax	**57**
II. Adjustments	**36**
1. Depreciation and amortization	88
2. Loss on exchangedifferences	1
3. Interest and shares in profits (dividens)	36
4. Loss (gain) from investing activities	0
5. Income tax	-28
6. Change in provisions	2
7. Change in inventories	-10
8. Change in receivables	-146
9. Change in current liabilities, excluding borrowings	96
10. Change in accruals	-8
11. Other adjustments	3
III. Net cash flow from operating activities (I+/-II)	**93**
B. Cash flows from investing activities	
I. Cash received	**3**
II. Expenses	**475**
1. Purchase of intangible and tangible fixed assets	471
2. For financial assets, including:	3
3. Other investment expenses	2
III. Net cash flow from investing activities (I-II)	**-473**
C. Cash flows from financing activities	
I. Cash received	**593**
1. Net proceeds from issue of shares and other equity instruments	277
2. Credit and loans	316
II. Expenses	**129**
1. Dividends and other distribution to owners	15
2. Repayment of borrowings	80
3. Payment of financial lease agreements	1
4. interest	30
5. Other financial expenses	4
III. Net cash flow from financing activities (I-II)	**464**
D. Net cash flow, total (A.III+/-B.III+/-C.III)	**84**
E. Balance transition of cash, including:	**84**
F. Cash and cash equivalents at beginning of period	**332**
G. Cash and cash equivalents at end of period	**417**

The elimination of the interest presented in the financial part (C.II.4-5) in the amount of 34mln and elimination of loan revaluation (non-cash).

CIT in the ENS (paid in advance)

Mainly stock of certificates of origin in WF Gawłowice and Rajgrod

Changes in working capital, mainly concerning PE-Obrót (numbers are compensating themselves), remaining amount is primarily VAT concerning wind farm construction (amount to be returned).

The construction of wind farms Gawłowice, Rajgrod, Skurpie.

240 million - the acquisition of shares by the CEE. The remaining amount is a capitalization of projects in development by the previous owner before being brought into the Polenergia Group

Long-term investment loans for the construction of wind farms Gawłowice and Rajgród

Repayment of loans taken out for operating capital assets, primarily wind farms, ENS.

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FORECAST FOR 2015

data in PLNm	2014 Performance	2015 Forecast	Difference y/y	Difference y/y %
Adjusted EBITDA	169.0	204.0	35.0	21%
Adjusted Net Profit	54.4	72.4	18.0	33%

Projected increase of results y/y is a result of wind farms Gawłowice and Rajgród with a total capacity of nearly 67 MW commisioned in Q4'14.

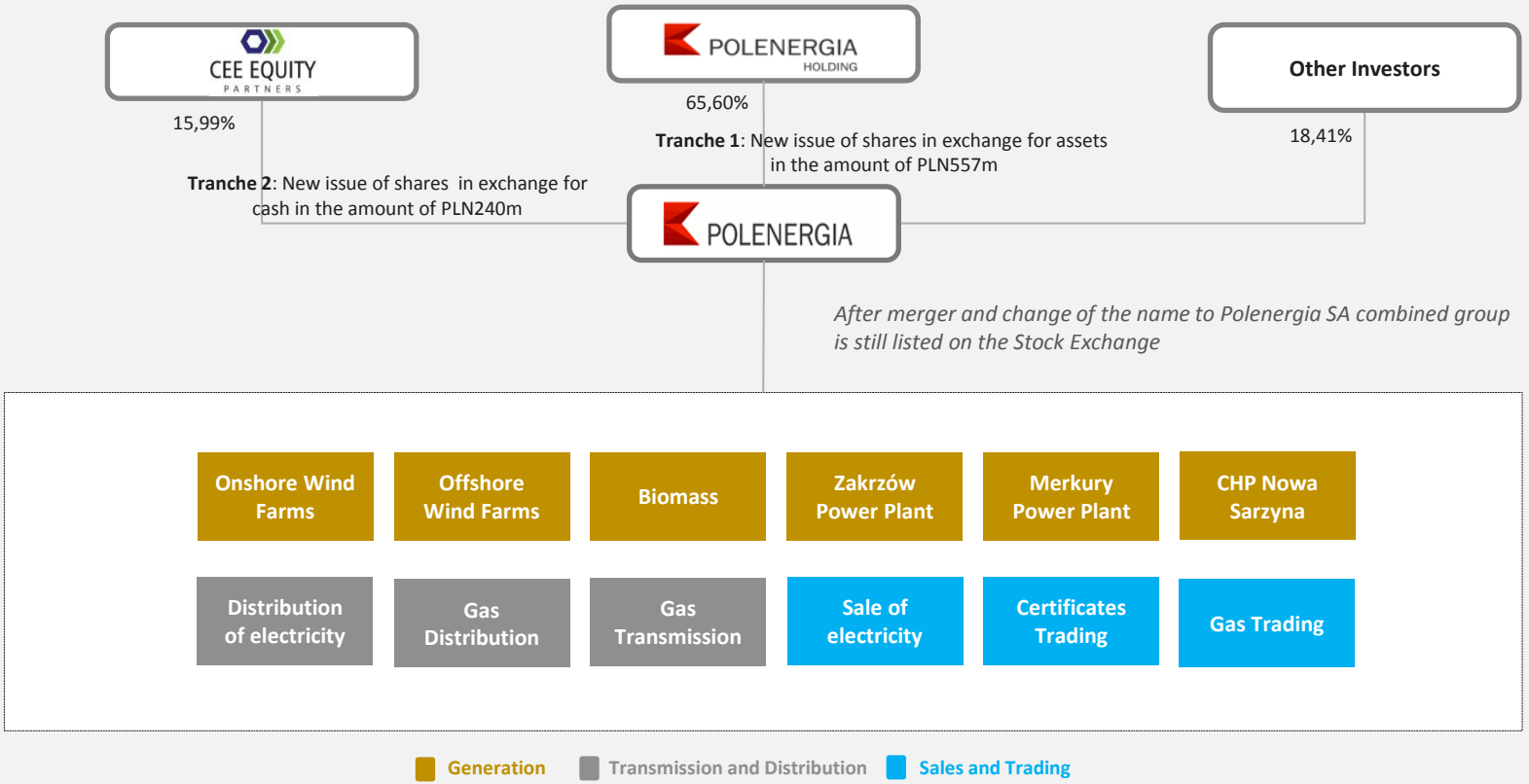
Projected adjusted data do not include the effect associated with:

- On the level of EBITDA and net profit
  - Settlement of the purchase price (the combination of PEP and PE assets, which took place in 2014),
  - Possible costs related to the acquisition of capital.
- On the level of net profit :
  - Financial result for the loan revaluation,
  - Financial result on exchange differences.

02

Structure, purpose and ownership of the Polenergia Group

Structure of the Group



- ✓ 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. The capitalization of the Group increased to approx. PLN 1.5 bn, (GBP 260 mln/US$ 390 mln)
- ✓ 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.

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Group operations

	Generation	Transmission and Distribution	Sales & Trading
Renewable Generation (RES)	• Electricity generation in onshore wind farms – *operational and development activity* • Electricity generation in offshore wind farms - *development activity* • Electricity generation from biomass – *development activity*	• Distribution of electricity (regulated) • Distribution of gas (regulated) • Transmission of natural gas (pipeline Bernau – Szczecin) – *development activity*	• Wholesale trade and sale of electricity to final customers • Certificates trading (certificates of origin of renewable energy) • Gas trading
Gas Generation	• Electricity and heat generation (CHP Nowa Sarzyna) • Electricity and heat generation (Zakrzów and Mercury power plants)		
Coal Generation	• Electricity generation based on coal (Power station Północ) – *development activity*		

- ✓ Integrated power group present in all segments of the power market, with particular exposure on the generation of energy from renewable sources and regulated electricity and gas infrastructure, securing stable income and returns.
- ✓ At the same time long-term goal is to maintain an adjusted ratio of consolidated net debt to consolidated EBITDA of the Group after taking into account a fully the annual results of all wind projects commissioned after 2016 at a level of below 3x.
- ✓ The Group is the only vertically integrated, independent, power utility listed on the Warsaw Stock Exchange.

** Project will be implemented in the event of winning an auction in new support system in accordance with the Res Law.*

03 Key elements of the Group strategy

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Investment Thesis

1. **The only independent vertically integrated energy group on the WSE**: a leading player in the Polish market, with a significant renewable profile, benefiting from stable revenues under long-term power sales contracts and the sale of green certificates with exposure to regulated generation (ENS) and distribution.

2. **Attractive investment alternative compared to large state controlled energy groups on the WSE**:
   - Private shareholders – less political risk, no exposure to risk from participating in the consolidation of the energy and the loss making coal mining sectors;
   - Dynamic growth of shareholder value in the coming years, by a significant increase in EBITDA and Net Profit;

3. **Planned regular dividends to shareholders from 2017:** bespoke dividend policy will be approved in 2016;

4. **Stability of the new RES Act**: a new shape of the RES Act provides beneficial conditions for the Polenergia onshore development projects :
   - By the end of 2015 total installed capacity of operational wind farms is planned at the level of c. 250 MW, becoming one of the leading producers of electricity from RES in Poland, and benefiting from the improved Green Certificate support.
   - 730 MW portfolio of wind farms, of which 336 MW will be ready for the first auction in 2016, will qualify to receive guaranteed support from the government agency „OREO" which will result in significantly better financing terms;

5. **Green profile and a positive correlation to CO2 prices**: obligatory share of energy from renewable sources in energy sales of 20% in 2021. (vs. 10.4% in 2012), the EU's commitment concerning CO2 emission reductions and the development of renewable energy sources provide very strong market stimulants. In addition, by focusing on renewable energy and through the lack of high-emission assets, Polenergia in contrast to the large state owned energy groups exposed to coal, will benefit from the expected gradual increase in CO2 prices;

6. **Powerful potential of offshore WF:** significant positive economic effects for the country, helping to meet the EU targets to reduce CO2 emissions and increase of production from renewable energy by 2030 confirms offshore wind farms as an important part of the Polish energy strategy to 2030. Polenergia is developing 1200 MW offshore wind farms (leader in Poland);

7. **Dynamic growth of results:** Adjusted EBITDA increased in 2014 by PLN 31,4m compared to the previous year, ie. by 22.8% and the adjusted net profit of PLN 21,9m ie. by 67.4% (pro forma);

8. **Stable shareholders to support long-term development**: Kulczyk Investments, the Chinese capital fund CEE Equity Partners (fund managers of China Exim-Bank - one of the largest banks in the world) and key Pension Funds;

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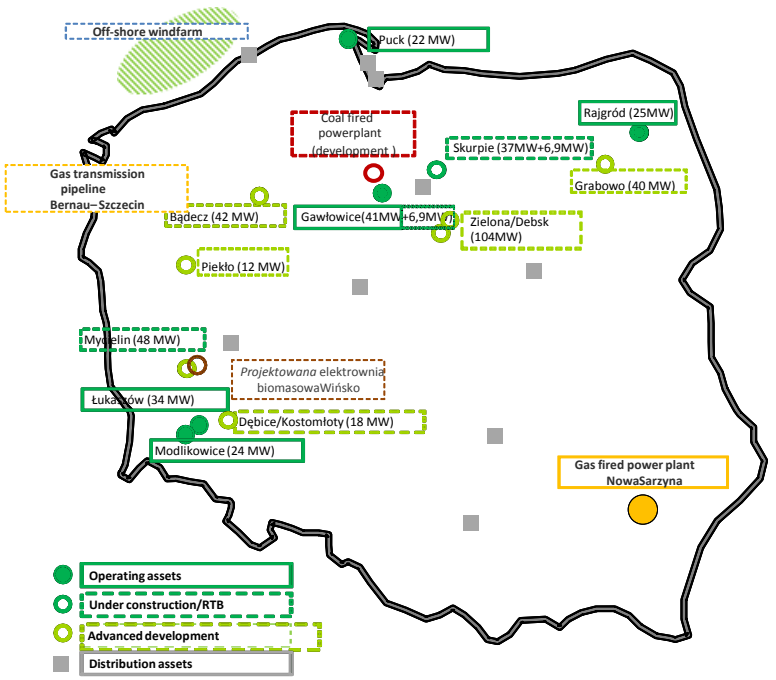
Listed, vertically integrated utility offering predictable returns and strong growth profile

	Generation	Distribution	Sales / Trading
RES	PEP POLISH ENERGY PARTNERS • Operating and pipeline on-shore wind assets and offshore projects	POLENERGIA DYSTRYBUCJA • Specialised distributor and seller for: industrials, commercial and residential communities	POLENERGIA OBRÓT
Gas	Elektrociepłownia Nowa Sarzyna • CHP plant – infra-like profile	POLENERGIA DYSTRYBUCJA • 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 165 MW wind farms, of which 66,7 MW has been finished in 2014, 99 MW is in construction. By the end of 2015 the Group intends to have c. 250 MW wind farms in operations;
- 336 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 730 MW wind farm portfolio and achieving potential operational capacity at the level of ca. 460 MW of wind farms in 2017 through participation in the first auction in 2016. The Group plans to maintain the objective of achieved capacity by shifting from certificates system to auction system due to the lack of transitional period in the Renewable Energy Act;
- 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.

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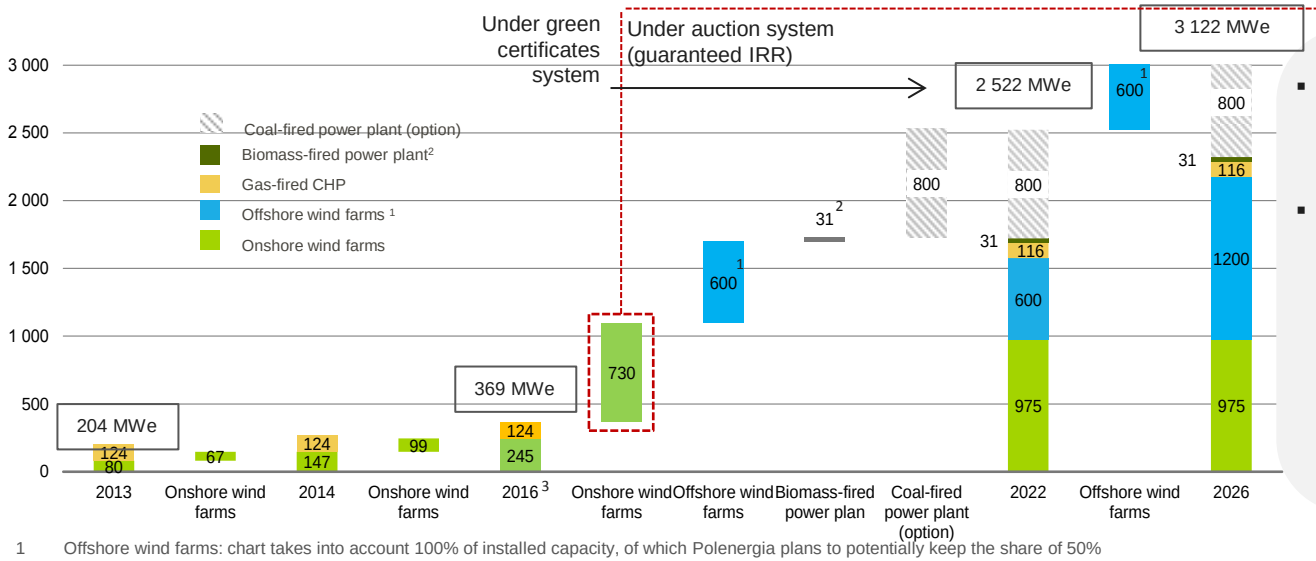
The potential increase of power focused on renewable energy sources

Potential capacity growth (MWe)



- 336 MW (out of the 730 MW pipeline) will be prepared to participate in the first auction in 2016;
- This will allow to maximize the probability of winning the auction. In subsequent years, the probability of success will diminish – that's why **Polenergia focuses on maximizing the number of projects ready to participate in the first auction in 2016**.

1 Offshore wind farms: chart takes into account 100% of installed capacity, of which Polenergia plans to potentially keep the share of 50%
2 Biomass power plant project will be implemented in the event of winning an auction in new support system in line with the RES Act
3 Approximately 580 MW at the end of 2017 - this means that the Group maintains plans for potential operating capacity of wind farms of ca. 460MW (shift of approx. 160 MW from green certificates system to auction system due to the lack of a transitional period in the RES Act).

- ✓ **Installed capacity:** 369 MWe by 2016 and ca. 580 MW (of which ca. 460 MW onshore wind farms) by 2017. Potentially ca. 1,7GW (including almost 1000 MW onshore and 600MWe offshore wind farms) by 2022;
- ✓ **Financing:** Phase I until 2016 will require funding from own resources and debt financing within the "project finance„ formula;
- ✓ **Cancellation of equity issue;** due to lack of external capital needs;
- ✓ **Offshore wind farms**: advanced development, construction and maintenance of offshore wind farm projects is only possible with a partner acquired as a result of sale of a stake, after obtaining the environmental decision;
- ✓ **Portfolio of 730 MW of onshore wind farms (Phase II after 2016):** 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;
- ✓ **Other:** the Group assumes selling coal-fired power plant project in 2018. However, in case of the right market signals it may be possible to continue the project after the prior consent of the shareholders.

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Key element of the strategy – development of onshore wind farms

Operating wind farms

#	Location	Power (MW)	Start-up	Clients
1	**Puck**	**22**	2006	Energa, Polenergia
2	**Modlikowice**	**24**	2011	Tauron PE
3	**Łukaszów**	**34**	2011	Tauron PE
4	**Gawłowice**	**41,4**	10.2014	Polenergia Obrót
5	**Rajgród**	**25,3**	11.2014	Polenergia Obrót
		146,7 MW		

Planned participation in the first auction in 2016

#	Location	Power (MW)	Building permit	Possible completion
10	**Piekło**	**12**	Q1'15	2017
11	**Grabowo**	**40**	Q1'15	2017
12	**Zielona**	**104**	Q1/Q2'15	2017
13	**Kostomłoty**	**18**	Q3'15	2017
14	**Bądecz**	**42**	Q4'15	2017
15	**Wodzisław**	**69**	2016	2017
16	**Olbrachcice**	**51**	2016	2017
		336 MW		

In construction

#	Location	Power (MW)	Status	Completion
6	**Skurpie**	**36,8**	Under construction	At the end of 2015
7	**Gawłowice (expansion)**	**6,9**	Under construction	At the end of 2015
8	**Skurpie (expansion)**	**6,9**	Under construction	At the end of 2015
9	**Mycielin**	**48**	Under construction	At the end of 2015
		98,6 MW		

- ✓ Portfolio of operationg wind farms in 2014 reached total installed capacity of 146,7 MW;
- ✓ By the end of 2015 Polenergia will complete addidtional 98,6 MW;
- ✓ Additionally Polenergia has a portfolio of 730 MW wind farms under development, including:
  - 7 projects with a total capacity amounted to 336 MW will be prepared to participate in the first auction expected to be in 2016.;
  - 394 MW will participate in the next auctions in years 2017-19.

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Onshore wind farms – projects completed in 2014

WF Rajgród

- The total capacity of the project is 25.3 MW, consists of 11 turbines (Siemens) - 2.3 MW each;
- Location: Podlaskie, district Grajewo;
- Completion took place in October 2014;
- The planned annual production of about 64 GWh;

WF Gawłowice

- The total capacity of the project is 41.4 MW, consists of 18 wind turbines (Siemens) - 2.3 MW each;
- Location: Kujawsko - Pomorskie district Grudziądz;
- Completion took place in November 2014;
- The planned annual production of about 128 GWh;
- In 2015, plans to expand the WF for an additional three turbines with a capacity of 6.9 MW;

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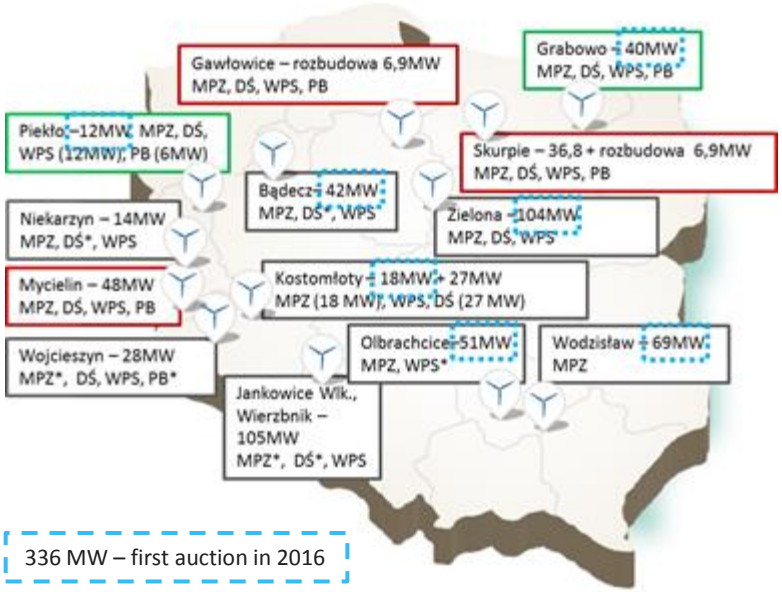
Onshore wind farms – the construction phase and readiness to the first auction in 2016



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

* Appeal procedure

Projects in construction phase in 2015. [98,6 MW]

- Project Skurpie: Construction work is underway on a wind farm of a capacity of 36.8 MW. The expansion of the WF for additional turbines with a capacity of 6.9 MW has commenced.
- Project Gawłowice: The expansion of the newly WF power of 41.4 MW with an additional turbines with a capacity of 6.9 MW.
- Project Mycielin: financing obtained (positive credit decision). A contract was signed with the supplier of turbines and beginning of WF contruction with total power amounted to 48 MW.

Projects for auction in 2016. [336 MW]

- Project Piekło [12 MW]: BP granted.
- Project Grabowo [40 MW]: BP granted.
- Zielona [104 MW]: BP scheduled for Q1/Q2'15
- Kostomłoty [18 MW]: BP scheduled till the end of Q3'15
- Bądecz [42 MW]: BP scheduled till the end of Q3'15
- Wodzisław [69 MW]: completion of development planned for 2016.
- Olbrachcice [51 MW]: completion of development planned for 2016.

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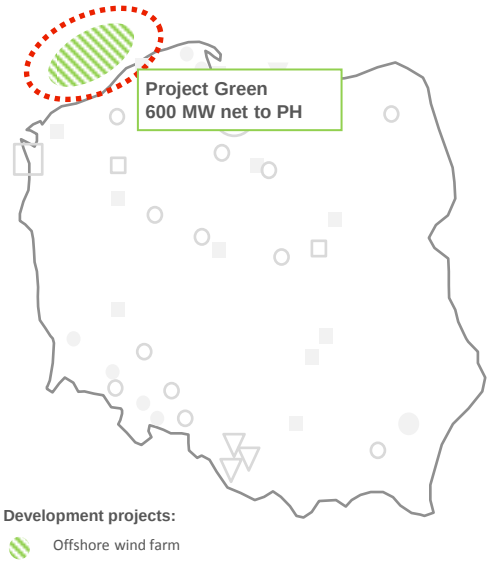
A key element of the strategy - Leading offshore wind farms developer in Poland

Description

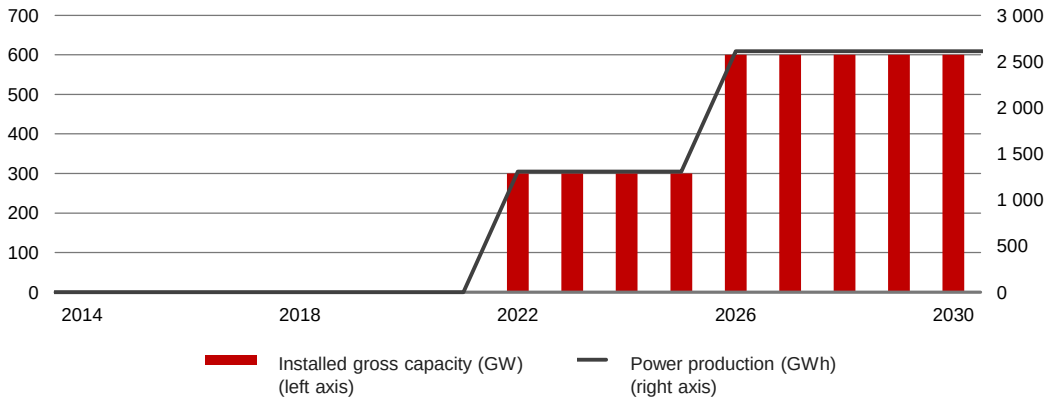
- Two projects with total power of c. 1.2 GW
- The plan is to build offshore projects in cooperation with an experienced industrial player (50/50 JV) – interest was confirmed during preliminary discussions
- An additional option is third project with a capacity of 1,6 GW with a valid location permit
- 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

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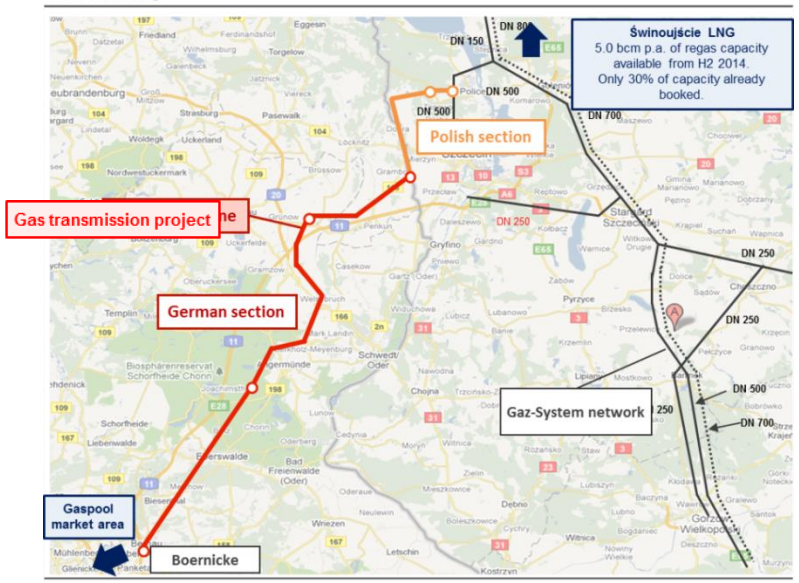
A key element of the strategy - Bernau – Szczecin pipeline (Germany-Poland)

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

FGL 304 routing



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

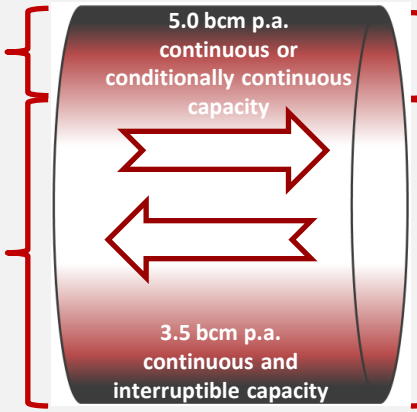
FEED Design	Secured
Construction Permits	Secured for the whole german section
Rigths of way	C. 50% Secured
TPA/Unbundling	In progress
Commercial closing	In progress
Grid connection	In progress
EPC	To be completed
Financing	To be completed

General characteristics

EXIT FROM POLAND/ENTRY TO GERMANY

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

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

The concept of a transmission corridor West - East

- Bernau-Szczecin interconnector project gains importance in light of the ongoing expansion of the current natural gas transmission infrastructure in Central Europe in the context of **North-South Corridor.**
- It creates a unique opportunity to use the emerging infrastructure for further integration of the markets of the region and create a **Transmission Corridor West-East** which would have significant importance for the safety of the region's energy.
- Implementation of the Concept of the West-East Corridor requires investment in the development of gas connection with Ukraine.

Arguments in favor of the implementation of the concept of North-South Corridor, including the Bernau-Szczecin gas pipeline:

- ✓ improvement of energy security in Central Europe;
- ✓ further reduce of dependence Polish supplies from Russia;
- ✓ opening access to the Polish industry to cheaper gas from the German market
- ✓ create opportunities to transport gas from the west or from the LNG terminal in Swinoujscie to Ukraine and reducing Ukrainian dependence on gas supplies from Russia;
- ✓ stronger integration of the Ukrainian transmission system with the European system;
- ✓ stronger integration of the Polish market with the German gas market;
- ✓ the possibility of building a common market area of Central and Eastern Europe;
- ✓ increasing importance of Poland as the transmission country and integrating elements of the infrastructure in the region;
- ✓ increase the use of infrastructure emerging within the North-South corridor.

POLENERGIA

The economic potential of offshore wind energy in Poland[1]

1. **The market potential does not interfere with the other objectives of government:** energy market potential of offshore wind energy in Poland, taking into account the geographic, environmental, economic conditions and the capacity of the power system is a total ca 6 GW of installed capacity by 2030 which is in line with the Polish energy strategy to 2050. **Implementation of the program of offshore wind farms is necessary to achieve he objectives of reducing CO2 emissions and RES by 2030 according to the agreed climate package;**

2. **Investment value amounts to approx. PLN 83 billion:** of which more than 63% (PLN 52.1 billion) may include purchases of components and services from Polish enterprises, mainly from shipyards and ports. Polish offshore industry turnover can reach more than € 700 million per year, which is nearly 2 million euros a day for the next several years. **35,000 new jobs may be created;**

3. **Budget receipts of PLN 81.8 billion by 2030:** including CIT revenues, indirect taxes, location fees, payments to the Social Insurance Fund and other;

4. **Offshore wind farms is the only RES technology, which by 2020 will not generate costs, but will generate profit:** at the same time a strong reduction in investment and operating costs of offshore wind farms is projected which could reduce the support for offshore wind farms by 50-60% in the period 2014-2025.

5. **It is anticipated that the net effect on the economy, taking into account the cost of support after 2020, and the added value of the investment and production in the country will be positive (NPV for the economy);**

1. Based on the report PSEW and Ernst & Young "Offshore wind energy - benefit analysis for the Polish economy and the conditions of development" and "Maritime Development Programme Energy and Maritime Industry in Poland" FNEZ and Ernst & Young;

POLENERGIA

04 Regulatory framework (EU Policy, Law on RES)

POLENERGIA

Strong state support reflected in the new renewable act

Projects in Operation and in Construction: Green Certificates

Projects in operation and development/construction: Green certificates system is optional for all projects commissioned before the new renewable regulations become effective (which is before 1st January 2016) .;

Long Term Support Maintained: 15 years from date of operation, continuation of Green Certificates System

High level of Substitution Fee: frozen at c. PLN300/MWh (after indexation in 2014)

Provisions for re-balancing of Green Certificate supply & demand which will lead to stabilization of green certificate prices on the level of Substitution Fee:

- Supply: significant limitation of qualification for certificates which will eliminate c.50% of supply through elimination of support for hydro plants above 5 MW capacity, and reduction of support for biomass co-firing to 0.5 per MWh if share of biomass in fuel mix (calorific value) is below 20%
- Demand: renewable obligation target for sales to final customers set at at 14% in 2015, 15% in 2016 and 20% in 2017 and will be determined annually based on the projected amount of electricity to be generated from RES therefore allowing to balance demand and supply of green certificates. The option to pay the Substitution Fee will be removed in the event of certificate prices falling in average below 75% of the fee value in the period of 3 month preceding the obligation fulfilment date. Unfavourable tax treatment of costs resulting from Substitution Fee will be introduced this will result in increasing demand for Green Certificates and increasing its prices to the level close to the substitution Fee. Market prognosis used by the Management longterm assume that new RES regulations will keep green certificate prices on the level of Substitution Fee (c. PLN 300/MWh)

Bilateral Contracts permitted: New regulations allow to sell certificates under long term contracts

Option to move to the Auction/Feed-in Tariff system: all projects under the green certificates system will have the opportunity to move to the feed in tariff through an auction system (besides the co-combustion installations, if the share of biomass energy in the fuel mix of the installation is less than 20%).

- ✓ **Expected changes in the support system provide safe cash flows for existing wind farm projects with attractive IRRs**
- ✓ **Law has been approved by Government and is going through the parliamentary approval process**

New Projects: Auction/Feed-in Tariff

Long Term Support Maintained: support for 15 years from date of operation through Feed-in Tariff in Reverse Auction system giving fixed price contracts for 15 years

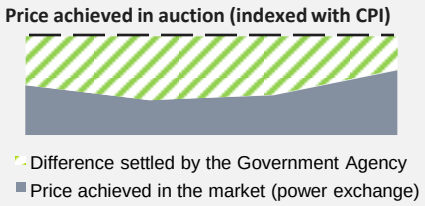
Simple Reverse Auction Mechanics:

- Target amount of energy produced in five 3-year settlement periods will be auctioned
- Ministry of Economy will determine every year the Reference Price for each technology taking into account average CAPEX and OPEX for standardized project
- only offers with proposed price equal or lower than the Reference Price for given technology will be taken into account
- all technologies will be able to participate in the auction mechanism
- pool of offers with lowest prices that meets the volume under given auction will be granted contracts based on the winning offer price for 15 years with price indexed annually (CPI)

Bilateral Contracts permitted: producer will be able to sell the electricity to anyone, either in the market for example in billateral contracts (including energy groups) or to Seller which will be obliged to buy it. Differences between the price achieved through auction and the market prices (determined based on TGE quotations) will be settled by a Governmental Agency **(contract for difference mechanism)**

Envisaged offshore auctions:

- Dedicated auctions for technologies producing more than 4000 MWh per annum (effectively excluding all technologies except offshore and dedicated biomass);
- Ability to participate in the auctions at environmental decision stage without the requirement of a building permit will decrease development risk;
- Extended construction period to 72 months (allowing for construction of offshore farms)



- ✓ **Feed in tariff through auction system for new projects provides fixed price with secured return and limited market exposure**

POLENERGIA

New renewable act - positive impact on Polenergia Group

Operating projects: green certificates issued for a period of 15 years provide attractive financial flows for both existing wind farms (146.7 MW) and projects under construction (98.6 MW) to be launched by 2015.;

The choice between existing and new support system: existing wind farms have the ability to move at any time to the auction system, the feed-in tariffs will be economically more advantageous than the prices obtained in the present system of support. If the wind farm does not win the auction, it will remain in the system of green certificates under the same conditions with the option of joining the next auction;

The auction system introduces stability by offering operational „upside":

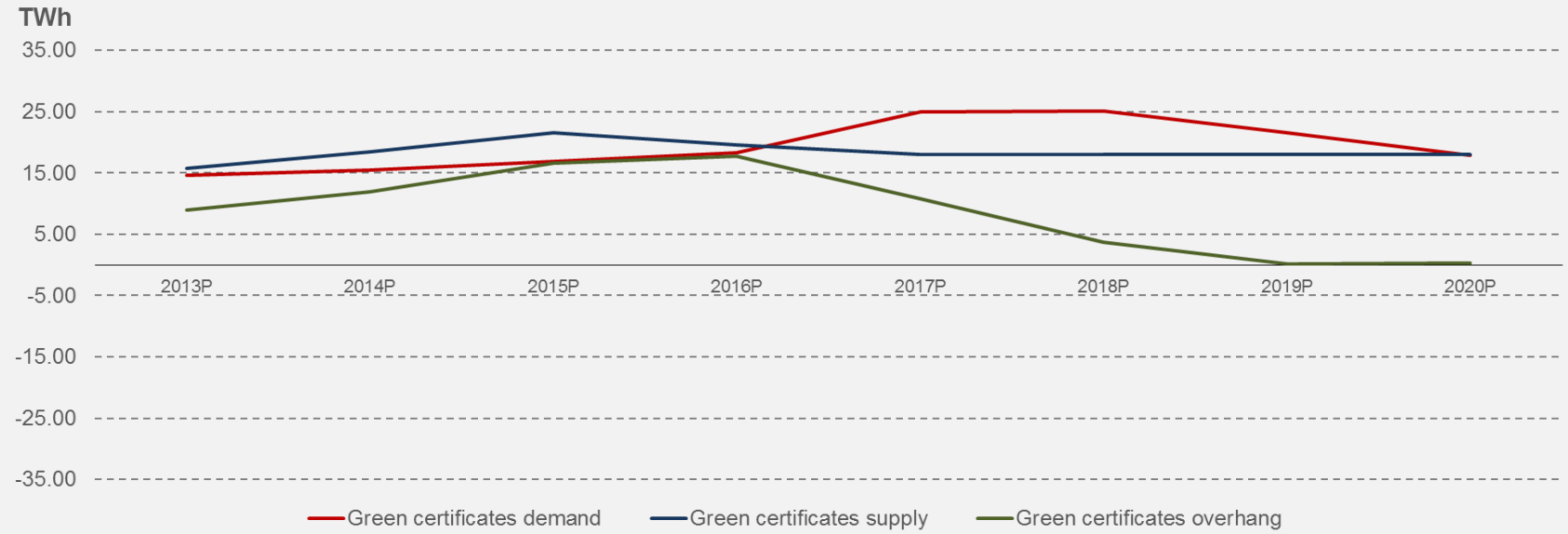
- No risk of changes in market prices of energy in auction system: tariff guaranteed by the auction system for new projects will be based on a fixed and indexed annually price for the duration of support (no risk associated with changes in the prices of electricity);
- Potential of additional return on operational efficiency: based on the Regulatory Impact Assessment published by the Ministry of Economy, together with the historical draft version of the Renewable Act, reference prices should be determined taking into account the average rate of return IRR of 12% assuming an average gross yield of 27%. Projects of the Group's portfolio have an additional competitive advantage due to a higher average productivity;

Focusing on key area of activity: as the LCOE for onshore wind farms is the lowest among all renewable energy technologies, and is expected to decline further, it is expected that this technology (together with biomass) will dominate the new system of support. In addition, it is anticipated that support for offshore wind farms, is to be regulated with separate rules for projects that begin after 2020 - this is in line with the Group's strategy, which involves the development of offshore projects with the agreed conditions of connection to the network and completion in the years 2022 -2026;

Trading Synergies: the additional profits and income stability are achieved through cooperation with Polenergia Trading, which with access to a wide portfolio of clients and wholesale market can realize the full trading margin and allow the Group to obtain favorable prices of electricity and green certificates and securing positions on the futures market.

POLENERGIA

Supply and demand for green certificates.



Source: Own

Management believes it is likely that the oversupply of green certificates will be reduced by mechanisms contained in the New RES Law aimed to lower the supply, among which the most important are:

— Complete cessation of support in the form of green certificates 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 (assumption: from 2016);

This results in a reversal of the oversupply of certificates after 2016 and gradual reduction of the surplus to 2019.

Management believes the surplus certificates disappear by 2019. Balancing supply and demand will mean that the certificate prices stabilize at a level similar to the substitution fee. It is therefore crucial to start construction and commissioning of the wind farms as soon as possible to be able to take advantage of the existing support schemes under the new RES law.

POLENERGIA

Support for projects completed after 2015 - the probability of winning the auction (1/3)

	Operational projects [MW]	Projects in Development - expected commissioning in 2015.	Projects in Development - expected commissioning in auction system
The sum of the WF projects in operation /development at the end of 2014. *	**3 800**	**813**	**5 509**
minus unrealized projects (25%)			(1 377)
The sum of the projects to participate in the auction			**4 131**

The installed capacity at the end of 2014.	3 800
Projects to be completed at the end of 2015. (old system)	813
Annual capacity ordered at auction	650
Total power ordered on auctions 2016-2019	2 600
Installed capacity at the end of 2020.	7 213

** Own estimate*

- According to information provided by the ERO at the end of 2014 Poland have approx. 3.8 GW of installed capacity in onshore wind farms;
- It is estimated that by the end of 2015 in the system of green certificates will still be commissioned approx. 813 MW;
- Due to the need to fulfill the commitments relating to the production share of renewable energy in the energy consumption of 15% in 2020, current plans are to increase the total installed capacity in wind farms to over 7 GW, however this still will not meet the target 19% of energy from renewable sources (see slide 16);
- This means that in 2016-2019 will be necessary to organize an auction for a total pool of 2,600 MW, an average of 650 MW per year;
- The total pool of projects in various stages of development that can participate in auction in the period up to 2020 is estimated at 4131 MW leading to an average of 1033 MW per year.

- ✓ **The estimated pool of projects ready to participate in the auction in the period 2016-2019 amounts to approx. 4.1 GW;**
- ✓ **Based on current plans, we estimate that total capacity ordered in auctions will be ca 2,6GW which will allow for the construction of only approx. 63% of all farms included in the plans of investors;**
- ✓ **Oversupply of projects will result in decreasing probability of winning the auction - therefore maximum efforts must be taken in order to prepare the greatest possible number of projects to participate in the first auctions.**

POLENERGIA

Support for projects completed after 2015 - the probability of winning the auction (2/3)

Year of auction	Capacity ordered in auction [MW]	New projects ready for auction [MW]	Projects participating in the auction [MW]	Win [MW]	Loss [MW]	The probability of success in a given year
2016	650	1 033	1 033	650	383	**63%**
2017	650	1 033	1 416	650	766	**46%**
2018	650	1 033	1 799	650	1 149	**36%**
2019	650	1 033	2 181	650	1 531	**30%**
	2 600*	**4 131****		**2 600**		

** Own estimates - the missing pool of installed capacity in wind farms on land needed to build under the auction system in the years 2016-2020, in order to achieve a total capacity of over 7 GW in 2020;*

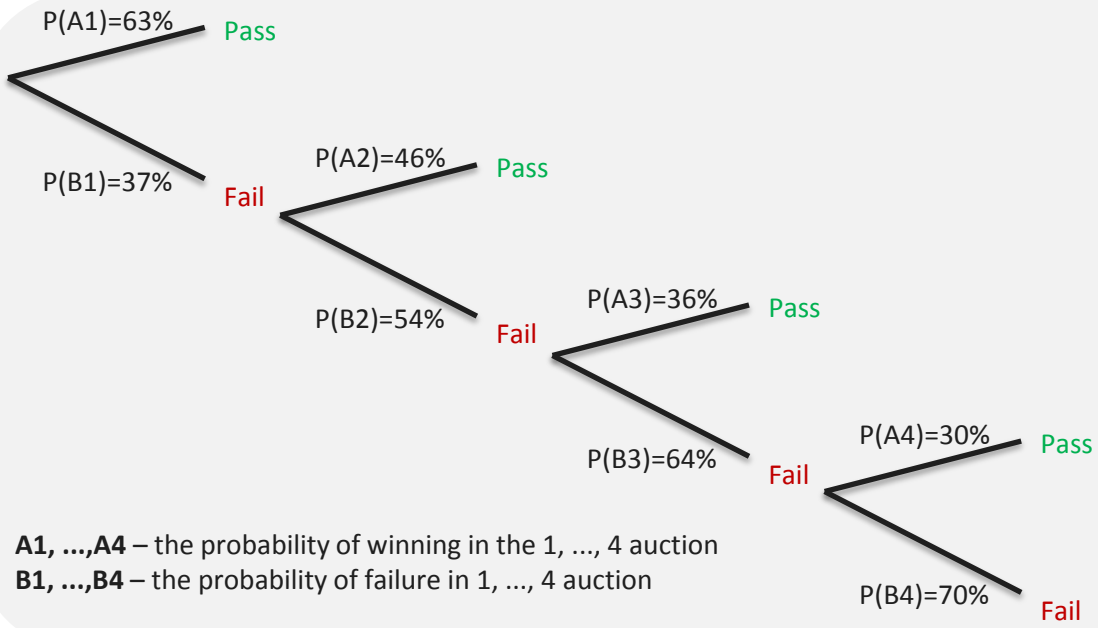
*** Own estimates - the total pool of projects in various stages of development that can be reported to the auction in the years 2016-2019. The estimate takes into account the 25% probability of failure of the project.*

- We assume that every year since 2016 an auction(s) for a pool of 650 MW will be organized;
- At the same time supply of projects in the auction will be increased each year by a pool of newly-developed projects with a total capacity of 1033 MW;
- Projects which lost the auction in a given year will further increase competition in the next auction;
- With these assumptions, the probability of success in first auction in 2016 is 63% and will diminish with each passing year as the the pool of projects participating in the auction increases;
- At the same time, due to growing competition in subsequent auctions and increasing the pressure of ending a period of regulation, it should be expected that the next auction will be closed at lower prices;
- **Accordingly, it is neccessary to prepare the maximum number of projects to participate in the first auction.**

- ✓ **The probability of winning the auction will be decreasing from around 63% in first year to 30% in 2019;**
- ✓ **The highest overall probability of winning the auction will be given to projects ready for auction at the earliest, which will benefit from a higher standalone probability in first year, and the total conditional probability taking into account the possibility of winning in the coming years;**
- ✓ **In view of the increasing competition, prices should also be expected to decline in the subsequent auctions.**

POLENERGIA

Support for projects completed after 2015 - the probability of winning the auction (3/3)



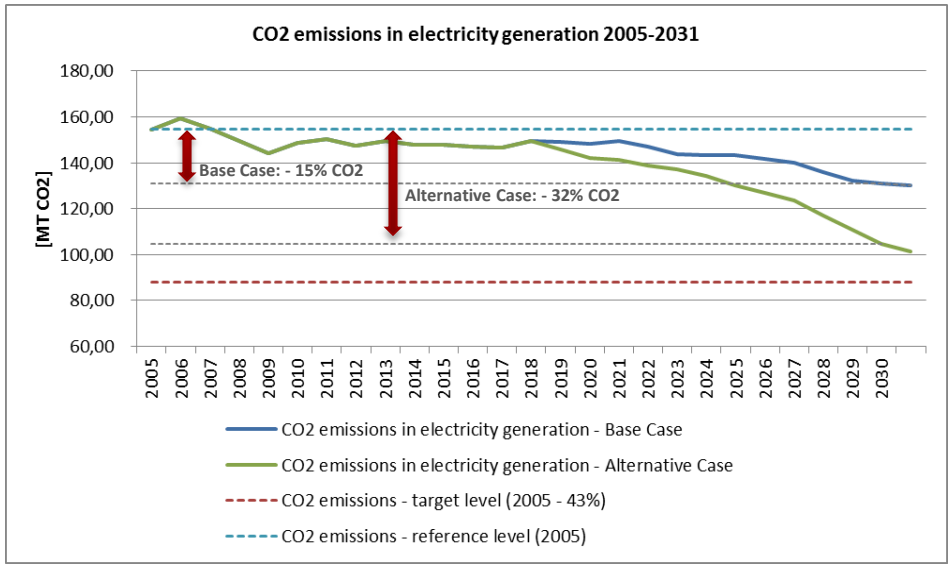
A1, ...,A4 – the probability of winning in the 1, ..., 4 auction
B1, ...,B4 – the probability of failure in 1, ..., 4 auction

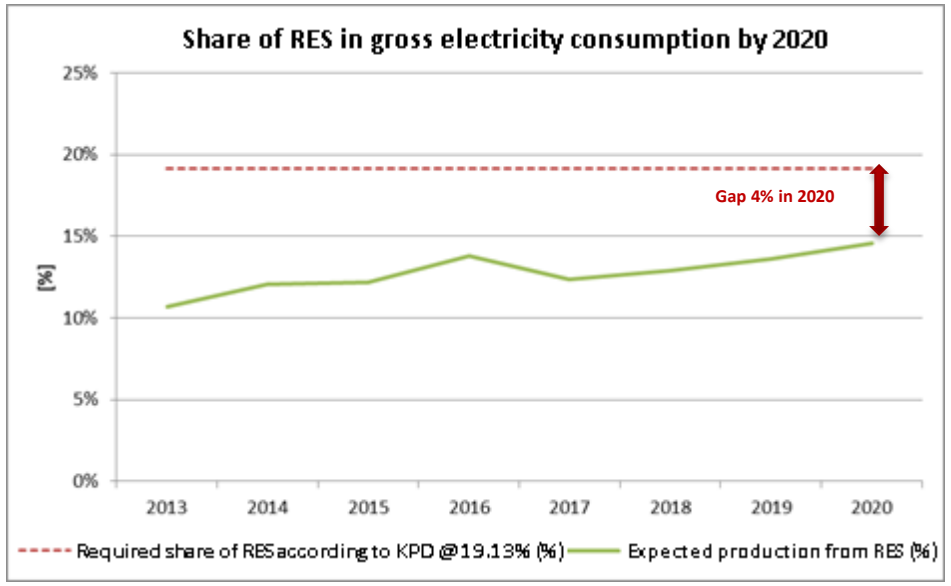
- Assuming that 4 separate auctions will be held in the years 2016-2019, the overall probability of success for a wind farm which will be launched in the first one is 91%;
- In subsequent years, the probability drops to 30% in 2019 as a result of decreasing standalone probability of success in a given year (cf. the previous slide) and decreasing the amount remaining to the end of the auction period adjustment;
- **Conclusion: The maximum pressure should be on development projects that have a chance to participate in the first auction**

Year of participation in the first auction	Conditional probability of success in a particular auction				The overall probability of success
	2016	2017	2018	2019	
2016	**P(A1)=63%**	**P(A2|B1)**= 37%*46%=**17%**	**P(A3|B2)**= 37%*54%*36%=**7%**	**P(A4|B3)**= 37%*54%*64%*30%=**4%**	$\sum_{2016} = 91\%$
2017	-	**P(A2)=46%**	**P(A3|B2)**= 54%*36%=**20%**	**P(A4|B3)**= 54%*64%*30%=**10%**	$\sum_{2017} = 76\%$
2018	-	-	**P(A3)=36%**	**P(A4|B3)**= 64%*30%=**19%**	$\sum_{2018} = 55\%$
2019	-	-	-	**P(A4)=30%**	$\sum_{2019} = 30\%$

POLENERGIA

The impact of the EU Energy Policy on development prospects of RES



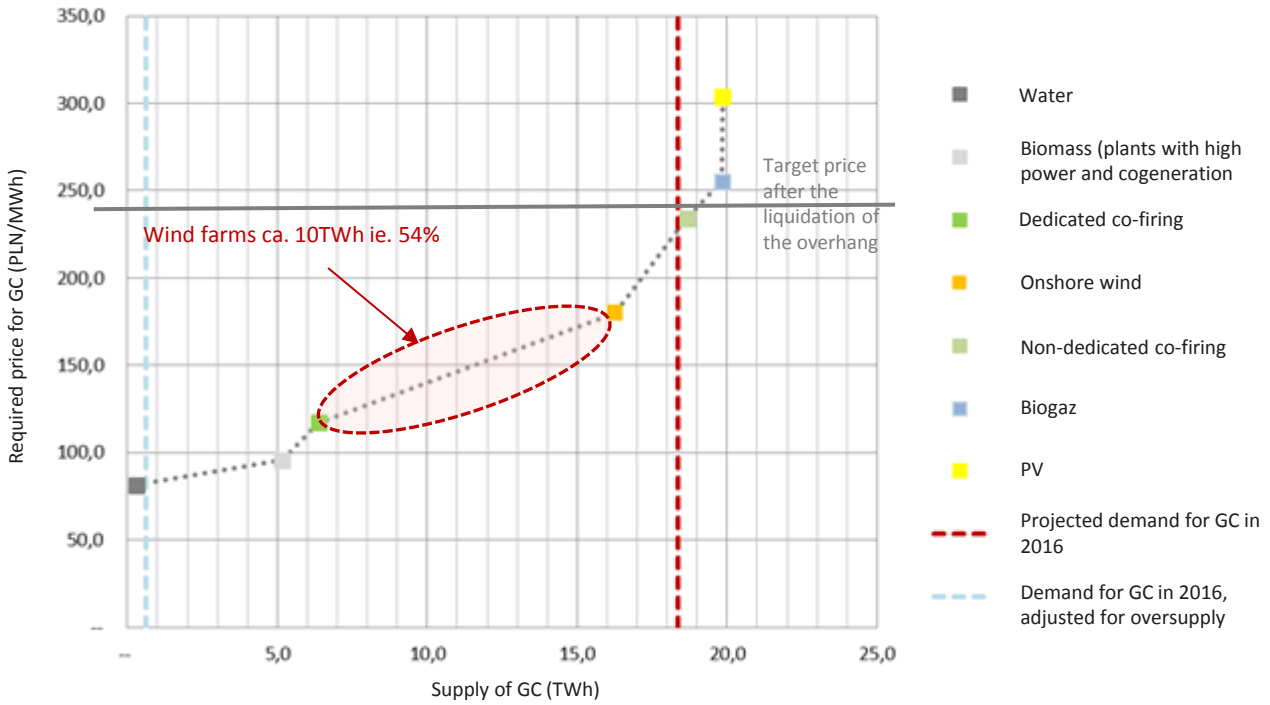


Source: *Own*

- The provisions of the EU Climate Package 2030 introduced an obligation to reduce CO2 emissions by 43% compared to 2005;
- **Implementation of the current scenario (Base Case) of energy development, will only reduce CO2 emissions by 15%;**
- Achieving significant emission reductions scenario requires the use of a mixed development of various technologies with an emphasis on the development of renewable energy sector and assisted later by the atomic energy together with replacing old coal units with new coal blocks. According to our estimates, such a scenario (Alternative Case) can allow to reduce emissions by up to 32%, which is still below the target of 43%;
- The amount of CO2 emitted is directly reflected in the price of electrical energy;
- The implementation of the reduction objectives is possible only on the basis of investments in renewable energy technologies - especially those with the lowest cost LCOE (onshore wind power, photovoltaic, biomass power plants);
- **Conclusion 1:** The development of renewable energy technologies with the lowest LCOE relation to CO2 reduction effect (onshore wind farms and photovoltaics) is necessary in order to meet Poland CO2 emission reduction targets by 2030. Lack of achieving this goal will result in a significant increase in energy prices burdened with high costs emission allowances.
- **Conclusion 2:** failure to meet the share of renewable energy production at the level of 19.13% set in the KPD in accordance with current development of power (a gap of 4%)
  - it is possible to increase the share of renewable energy by increasing production in the non-dedicated co-combustion for more than 3 TWh assuming the green certificate price increases to the minimum level of approx. 240 PLN / MWh (see. on next slide).

POLENERGIA

Requirement to support the system of green certificates depending on the technology



Source: own

- The projected annual demand for green certificates increases to approx. 18,4 TWh in 2016 and 24,4 TWh in 2020, mainly due to an increased redemption obligation of certificates in accordance with the current Regulation;
- 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 ZC while the volume produced by wind farms will be the largest and will be around. 10 TWh ie. 54% of total demand.

✓ **After the entry into force of the provisions of the new Act on RES at the beginning of 2016, and after the disappearance of the overhang (2019), the price of green certificates will reach the level required by the marginal producer's satisfying demand:**

- ✓ **To meet the goal of RES Ministry of Economy will have to complete the RES generation with increased production in non-dedicated co-firing (0.5x certificate), which will cause a natural incentive to increase the prices to cover the marginal costs of approx. 240 PLN / MWh;**
- ✓ **This means the minimum price of about 240 PLN / MWh after the disappearance of the overhang (ie. 2019);**

05 Attachments

POLENERGIA

A Detailed financial results

POLENERGIA

Consolidated results for 2014 – P&L

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 2013, 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)	For the period ended 31.12.2014 r.	For the period ended 31.12.2013 r.	Difference y/y	
Revenues from sales	2 566 553	1 072 517	1 494 036	
Revenues from certificates of origin	92 485	45 515	46 970	
Revenues from sales	**2 659 038**	**1 118 032**	**1 541 006**	
Including trading segment	2 001 767	492 169	1 509 598	
Cost of sales	(2 541 397)	(1 014 893)	(1 526 504)	
Including trading segment	(1 992 662)	(482 168)	(1 510 494)	
Gross profit on sales	**117 641**	**103 139**	**14 502**	
Other operating income	7 149	5 950	1 199	
Administrative expenses	(28 364)	(32 691)	4 327	
Other operating expenses	(9 121)	(10 306)	1 185	
EBITDA	**173 386**	**138 967**	**34 419**	
Eliminating the effect of purchase price allocation	**(4 388)**		(4 388)	A
Elimination income ofturbine lease		(1 403)	1 403	B
Adjusted EBITDA*	**168 998**	**137 564**	**31 434**	
Financial income	13 309	28 015	(14 706)	
Financial expenses	(43 420)	(47 934)	4 514	
Profit (loss) before tax	**57 194**	**46 173**	**11 021**	
Income tax	(7 625)	(7 757)	132	
Net Profit (loss)	**49 569**	**38 416**	**11 153**	
Eliminating the effect of the purchase price allocation	3 352	-	3 352	A
Elimination of income from turbine lease		(1 136)	1 136	B
Eliminating the effect of unrealized exchange differences	928	829	100	C
Elimination of the effect of income from discount settlement	(519)	(1 703)	1 183	D
Eliminating the effect of loan valuation	1 106	(3 869)	4 974	E
Adjusted Net Profit*	**54 436**	**32 537**	**21 899**	
Adjusted EBITDA (excluding trading segment)	**162 085**	**133 597**	**28 488**	
Adjusted EBITDA margin (excluding trading segment)	**24,7%**	**21,3%**	**3,3%**	

Sales revenues (excluding Trading segment, where there was a significant increase due to the development of the activity) were slightly higher than in 2013, which was primarily related to the development of wind segment (start-up of WF Gawłowice and Rajgród) and biomass (growth in sales volumes)

Lower interest income (cash were transferred to the investment), and the base effect in 2013 related to the loan revaluation (point E) and income from the discount (point D) of receivables.

First of all, lower interest expense (debt decrease in operating projects and lower interest rates).

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

*) Adjusted for the recognized income (expense) in the financial year non-cash / single

A Eliminating the effect of the purchase price allocation (assuming that the acquisition was settled on January 1st 2014)
B Income from turbine lease in EC Zakrzów recognized once in 2013
C Unrealised exchange differences on currency loan
D Income from discount settlement of deferred sales
E Valuation of loans resulting in significant financial income in 2013 and the cost in 2014

POLENERGIA

Results for 2014 - Segments

For the period ended 31.12.2014	Conventional energy	Development activities	Biomass	Wind power	Distribution	Trading	Unallocated management costs	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
Elimination of income from turbine lease									-
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
Elimination of income from turbine lease									-
Eliminating the effect of unrealized exchange differences									0,9
Elimination of the effect of income from discount settlement									-0,5
Eliminating the effect of pricing loans									1,1
Adjusted Net Profit	-	-	-	-	-	-	-	-	54,4

For the period ended 31.12.2013	Energetyka konwencjonalna	Działalność deweloperska	Biomass	Wind power	Distribution	Trading	Unallocated management costs	Purchase price allocation	TOTAL
Revenues from sale	358,8	-	59,6	64,9	142,5	492,2	-	-	1 118,0
Operating expenses	-305,9	-0,4	-58,3	-40,2	-128,0	-482,2	-	-	-1 014,9
including depreciation	43,1	0,0	3,8	22,5	3,4	0,0	-	-	72,9
Gross profit on sales	**52,9**	**-0,4**	**1,3**	**24,7**	**14,6**	**10,0**	**-**	**-**	**103,1**
General and administrative expenses	-6,1	-1,0	-	-	-7,5	-6,1	-12,0	-	-32,7
Other operating activities	-0,8	-2,4	-4,6	4,7	-0,9	0,0	-0,5	-	-4,4
Profit from operating activities	**46,1**	**-3,8**	**-3,2**	**29,4**	**6,3**	**3,9**	**-12,5**	**-**	**66,1**
EBITDA	89,2	-3,8	0,6	51,9	9,6	4,0	-12,5	-	139,0
Elimination of income from turbine lease	-1,4								-1,4
Eliminating the effect of purchase price allocation								-	-
Adjusted EBITDA	87,8	-3,8	0,6	51,9	9,6	4,0	-12,5	-	137,6
Result on financial operations	0,8	2,6	-2,2	-15,4	-2,6	-2,3	-0,8	-	-19,9
Profit (loss) before tax	**46,9**	**-1,2**	**-5,4**	**14,0**	**3,6**	**1,6**	**-13,3**	**-**	**46,2**
Income tax	-	-	-	-	-	-	-	-	-7,8
Profit (loss) for the period	-	-	-	-	-	-	-	-	38,4
Eliminating the effect of the purchase price allocation									-
Elimination of income from turbine lease									-1,1
Eliminating the effect of unrealized exchange differences									0,8
Elimination of the effect of income from discount settlement									-1,7
Eliminating the effect of pricing loans									-3,9
Adjusted Net Profit	-	-	-	-	-	-	-	-	32,5
Adjusted EBITDA y/y	**-0,1**	**2,1**	**5,4**	**14,1**	**5,4**	**2,9**	**1,7**	**0,0**	**31,4**

POLENERGIA

Results reported on the WSE

Key Economic and Financial Figures	Period from 1 January till 31 December 2014	Period from 1 January till 31 December 2013	Difference
Revenues from sales	934.5	139.5	795.0
EBITDA	**105.5**	**44.9**	**60.5**
Adjusted EBITDA, effect of the purchase price allocation is not taken into account	**99.5**	**44.9**	**54.5**
Profit / Loss Net attributable to parent company shareholders	**31.3**	**6.0**	**25.4**
Net profit with elimination of the effect of the purchase price allocation	27.9	6.0	22.0
Net profit with elimination of the effect of the purchase price allocation, the effect of unrealized exchange valuation of loans and the discount settlement.	**30.3**	**1.2**	**29.1**

The reconciliation of the total result for 12M EBITDA

The result of the contributed assets at adjusted EBITDA for the 8M	69.4	66.3	3.1
Result of neutron Group for 9-12/2013	0.0	27.7	-27.7
Elimination of income from turbine leasing	0.0	-1.4	1.4
Adjusted EBITDA for 12M [A+B+C+D]	**169.0**	**137.6**	**31.4**

The "statutory" results for 2014 reported on the Stock Exchange include the results of the "old PEP Group" + Neutron Group results achieved since the date of its contribution in kind, ie. from September to December 2014. The comparative figures for 2013 include the results achieved last year by "old PEP Group " only.

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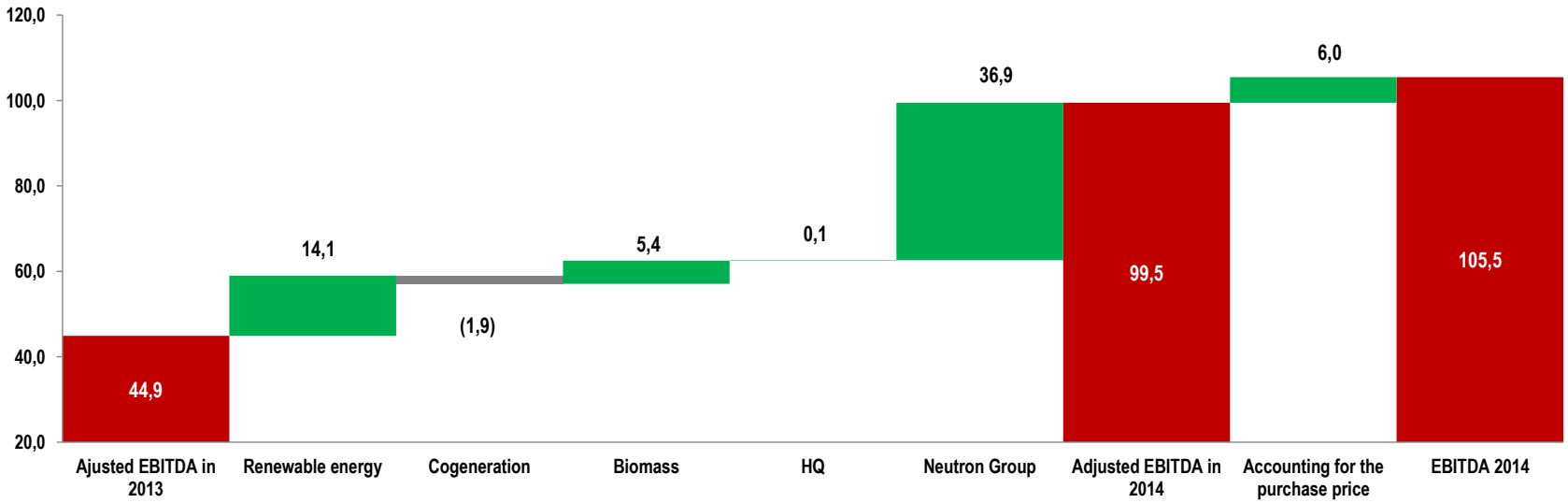
Results reported on the Stock Exchange - overview of main changes y / y - EBITDA

EBITDA Bridge 2014/2013



The result for the year 2014 increased by 54.5 million PLN compared to the same period last year due to the following reasons:

- Better results of renewable energy segment primarily due to slightly better wind conditions than in the previous year (total EBITDA higher by 14.1 million PLN);
- The lower EBITDA (PLN 1.9 million) in cogeneration segment primarily associated with an extraordinary income from turbine lease recognized last year;
- Higher EBITDA of biomass (PLN 5.4 million) which is primarily derived from higher sales revenues (greater volume), lower costs per unit of output, and write-offs decreasing previous year result.
- Headquarters costs and other remained at a level similar to last year (down by 0.1 million PLN);
- The share of assets (ENS, PE-Dystrybucja, PE-Obrót) in 2014 in EBITDA was PLN 36.9 million;
- The effect of the purchase price settlement of the Neutron Group (PLN 6.0 million).

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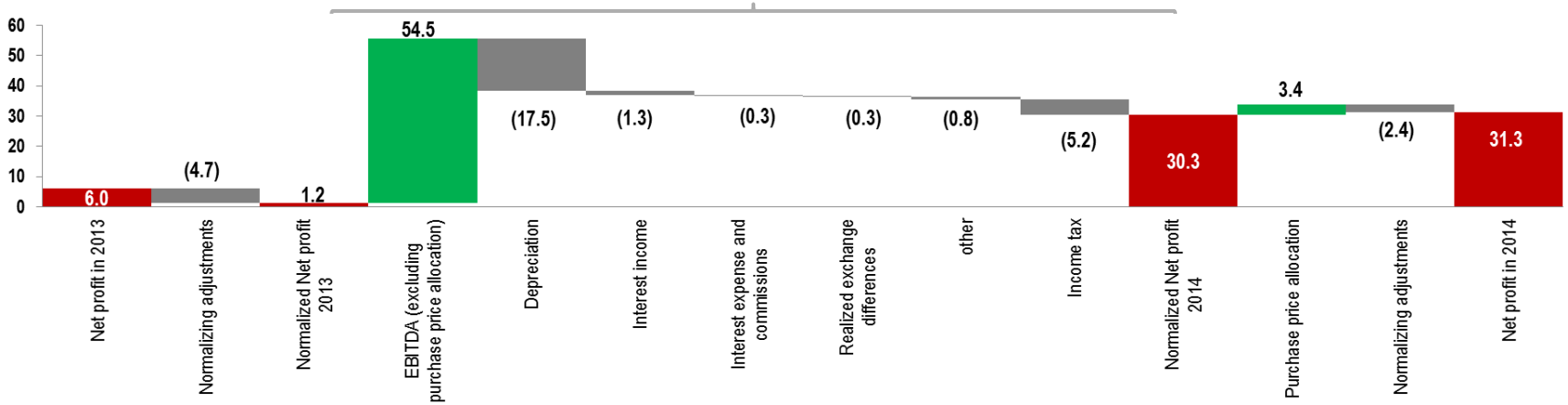
Results reported on the Stock Exchange - overview of the changes y / y - Net profit

Net profit 2014/2013

The increase in the adjusted net profit by PLN 29.1 million



Adjusted net profit increased by PLN 29.1 million, which was caused by:

- Influence of EBITDA excluding the effect of the settlement of the purchase price (results better by PLN 54.5 million-analysis on the previous page);
- Higher depreciation (by PLN 17.5 million) excluding depreciation concerning settlement of the purchase price (in the amount of PLN 3.4 million), which is primarily related to the depreciation of assets contributed in kind (lack of comparable data);
- Lower interest income (by PLN 1.3 million) resulting from significantly lower cash balances (capital expenditures associated with the construction of 2 farms);
- Higher costs due to interest and fees (by PLN 0.3 million) - lower costs of debt servicing in "the former PEP" offset by the effect of the recognition of new assets);
- Higher other financial expenses (by PLN 0.8 million)
- The negative impact of income tax (PLN 5.2 million).

Normalizing adjustments include the elimination of :

- Loan revaluation,
- Financial income from discount of receivables,
- Unrealized foreign exchange differences.

POLENERGIA

B EU Energy Policy

POLENERGIA

Energy Policy of the European Union

EU Energy Policy Objectives to 2020: based on EU Directive 2009/28/WE, by 2020 the share of renewable energy in total energy production in Poland is to reach 15%. According to the National Plan of Action adopted by the government in 2010, in order to fulfill this obligation, the share of renewable energy in the total amount of electricity generated should reach 19.13% in 2020. Currently, 10.3% of the energy produced in Poland comes from renewable sources (data at the end of December 2013) which means that it is necessary to increase by 8.8%.

Further tightening of environmental requirements after 2020: In addition, according to the climate package agreed in October this year by the Council of the European Union, till 2030 CO2 emissions should be reduced by 40%, while the share of energy from renewable sources in energy production will amount to 27%. In order to achieve obligations under the climate package, Poland should continue to develop renewable energy sources.

EU requirements in line with global trends: investing in renewable energy is a global trend, backed up by strong economic arguments (energy costs in many cases lower than in conventional sources) and environmental (reduction of greenhouse gas emissions). At the moment, the leaders in the development of renewable energy sources outside of Europe are China, Brazil, India and Mexico. In renewable energy they see opportunities to provide clean (ecological) energy based on internal resources. In addition United States despite being very skeptical about global warming, continue development of renewable energy sources. According to Bloomberg New Energy Finance, the share of renewables in total energy capacity installed in the world will increase from 28% in 2012 to 48% in 2030. Wind farms will dominate, its share in the total installed capacity will increase from 5% in 2012 to 17% in 2030. Total investment in renewable energy in the world is currently more than $ 250 billion.

- ✓ **The main assumptions of the EU Energy Policy to 2020 concern the increase of the share of renewables in energy production and the reduction of greenhouse gas emissions**
- ✓ **EU Energy Policy Objectives to 2030 are a continuation of those assumptions and stimulate further growth of RES and decline of emissions**
- ✓ **The objectives of the EU's climate policies are consistent with global trends. Outside Europe, intensive development of renewable energy proceeds among other 2 largest economies in the world, ie. in the US and China**

POLENERGIA

C

Overview of other projects in operation and development

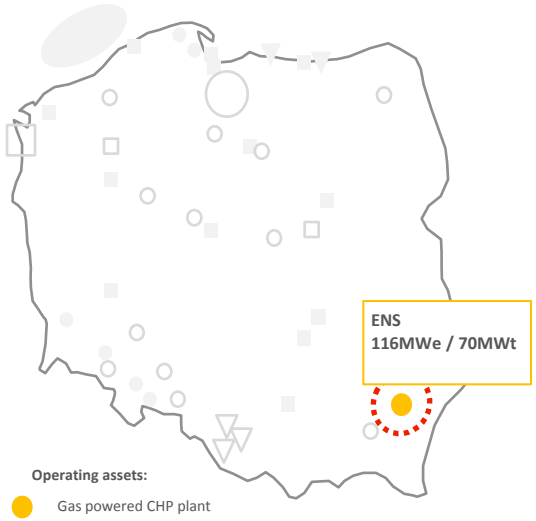
POLENERGIA

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.
- Power plant 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, New Sarzyna Power Plant 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%

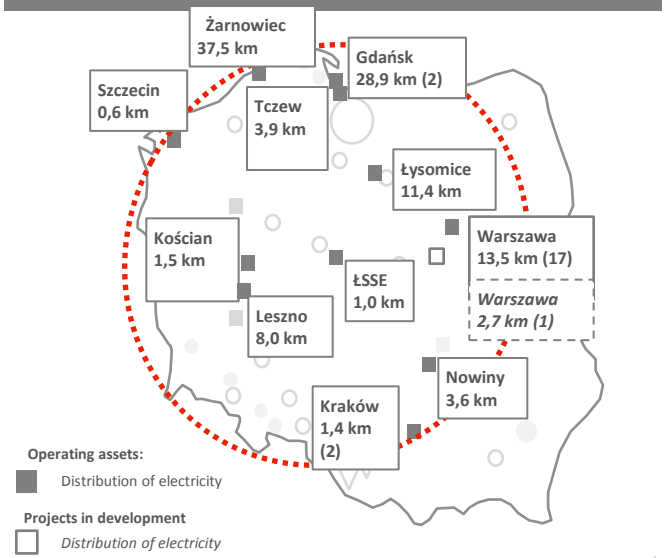
Compensation formula

- 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

Energy 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	262 GWh	3 GWh	c. 265 GWh
Number of projects	29	1	30
Final users	8,2k	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

Commercial activities (Polenergia Obrót)

Review of Polenergia Obrót (trading)

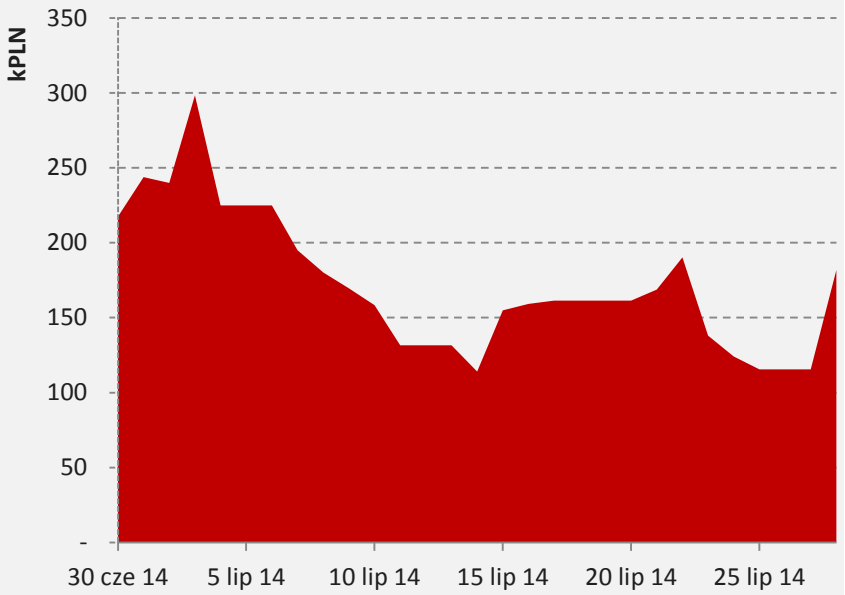
- Central platform for trading and risk management located in Warsaw.
- In January, 2013 the company took over the former Vattenfall Trading team operating in the energy markets in the CEE region.

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 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