

Participants:

Dariusz Kaśków – President of the Management Board

Mariusz Rędaszka – Executive Vice-President of the Management Board, Chief Financial Officer

Mariola Zmudzińska - Vice President for Investor Relations of the Management Board

Adam Kucza - Head of Investor Relations Office

Andrzej Moczydłowski - Vice President of Energa Wytwarzanie SA

Sylwia Warowna - President of the Department of Economic and Financial

Piotr Dzięciołowski, Citi Handlowy Brokerage

Question 1: My name is Piotr Dzięciołowski, I am from TNBH. So you have the draft version of the RES law. They are trying to capitalize utilities through substitution fees. What do you think about that, what is the ultimate solution, that's my first question about the RES law. What might be the impact of that new law on your business? And the third question, why don't we have an update of the strategy? What are you considering right now, in terms of regulations, that we don't really know what direction company is taking, what is the common point for you?

Dariusz Kaśków – President of the Management Board: To respond to your first question, as Energa we are monitoring the proposal of amendments to the draft legislation on renewable energy sources. So we know more or less on long going bases what the impact would be for us, for the overall group. But what the final law will entail, it will be difficult for us to say anything at this point of time. That's the first thing. The second thing...

Question 2: If we look at the impact of this bill on Energa, it's been discussed for some time now. I'd like to ask you, what is the influence of the following factors: the reinstating of co-firing of biomass and the issue of not having the duty to buy electricity. Having in mind this draft legislation, may the company earn more or less?

Dariusz Kaśków – President of the Management Board: So our colleague from Generation will try to response to that question. In terms of strategy. What you've mentioned here on top of that, we also have the windmill law in terms of the height law and the right to use water and the energy security policy of the country, those are all items that we'd like to have in mind when we draft our

strategy. So these regulations are quite important for the decision we will make and put into our strategy. So we want to wait for those individual legal regulations to be enacted, then we will make the final decision on the strategy instead of having to modify it in the near future, we'd like for this strategy to be realistic and to reflect our intentions. Based on the new legal regulations, the new situation on the power market, these regulations will alter the plain field for all of the agencies on the market.

Adam Kucza - Head of Investor Relations Office: Before I give a floor to Mr Moczydłowski, a few words about the purchaser effect, so we pay attention to this, many times, this is something that also affects our sales segment to a greater extent than other utilities, so any changes here will help us a lot, it was more or less always a hundred million zloty. More or less, that was the additional burden we've taken. That's the result of this obligation. So any changes will support us. What the final outcome will be depends of course on the results we see in legislation.

Andrzej Moczydłowski - Vice President of Energa Wytwarzanie SA: If I could add a few words about generation. First, we need to find out about the final version of the law and how that would impact us, then, we can talk about our development and the auction system with the preferential price that we don't know. Without knowing these things, we're not able to see whether or not we can submit a project, put a bid in the auction. So the auction system and other decisions will be incorporated in the strategy on RES. If we look at it as the last resort, we have 42% of our production that come from RES, this will have a bigger impact on the group, because most of the RES facilities are situated in our operating area. So we're looking at this in terms of maintenance as well as group Capex.

Question 3: If we look at the capitalization of companies, where can the clearing agent buy certificates and then share some utilities that can be bought, if you need capital, will you need money from the clearing agent, is that the mechanism? Or are you unsure or not aware of these draft regulations?

Dariusz Kaśków – President of the Management Board: Ladies and gentlemen, I can give you response in formal concept, so the management of clearing would be taken into consideration during the investment process.

Question 4: Can you dwell on that a little bit, it sounds quite mysterious.

Dariusz Kaśków – President of the Management Board: This is where I'd like to end my statement. One of the concepts would be that this party will participate in investment processes. This agent is having such proximity to make in front of JB Morgan.

Michał Kuzawiński, JP Morgan

Question 1: My question is about the distribution segment results. The results were exceptionally, surprisingly good. Especially looking at the declaring interests in 2016 to understand you well. In the first bar, this is slide 4 in my pack, it seems to me that it is in your presentation at slide 5. You

brought that the decline in margin was minus two year in year, including network losses. If we look at the decline of RAP Group we have seen see a negative difference in 20 million euro. So more or less 30 mln decline. Was this offset by network losses where you had network losses lowered by 20 mln the regulator gave back to you?

Mariusz Rędaszka – Executive Vice-President of the Management Board, Chief Financial Officer: You are going in the good direction as you analyze this issue. More or less those are the levels and the figures.

Adam Kucza - Head of Investor Relations Office: We have to try distinction between the return on capital. We are showing you a bitter bridge so one factor that differs things greatly is the depreciation. It's closer to hundred ten million, which I've got broken down to a greater extent in the dependencies. It's roughly 110 million difference in the return on capital. It is partially a result of the wag or the bitter impact, it is partially a change of wag and partially it is the change in to depreciation. So the depreciation grew, so the impact on bitter was slightly smaller.

Question 2: If we look at network losses is that always gonna be the case that you are going to receive more compensation for the losses incurred that the actual level of costs? Are we going to be paid more than the network losses actually are, because historically it seems to me that was the case in your company as you were showing us that data. What was the actual network losses that you were incurring compared to what regulator was giving. Up until now this was always more. And it seems that it's gonna be more. So is it gonna be the case that the regulators only can ever refund you for actual network losses or it is gonna continue giving you bonus?

Dariusz Kaśków – President of the Management Board: Maybe I will ask the representative of the DSO.

Sylwia Warowna - President of the Department of Economic and Financial: Welcome, I am from Energa Operator. If you try to interpret this margin of distribution and the deviation, you are looking at the tariff and the wag return on capital, so of course we have a decline of 110 million in a tariff to which have it impact on a bitter. But we also have the reverse of depreciation if you look at the slide 22. The depreciation year and year will be declined much smaller. In next room they are clapping. Why is the margin fallen by 2% quarter and quarter? This is result of a distraction, the mix of sales between various tariffs. And there were more favorable quarter and quarter from ABNG. So there is not such a big difference in plus quarter and quarter if you look at the network losses.

Question 3: Well this slide generates more questions than responses. If you look at RAB the calculation in 2016. So if you adding those capex, they are hundred million higher than actually incurred by the distribution segment but the depreciation which is 20-30 million higher than the depreciation showed by the distribution segment.

Adam Kucza - Head of Investor Relations Office: This is a long topic. The difference between the distribution segment's results and the results in the tariffs that had been allocated, it's not only

Operators, we also have other companies, we also have some time shifts between periods. So if you look at investments so the energy will going to offers makes clear that sooner or later we will put it in our reporting different periods. The minor difference that we are trying to present as much on this slide, is coming back to the bases, the difference of hundred ten million on one hand, that's wag, on one hand but partially this has been offset in depreciation on amortization. So we should estimate that we have hundred ten million spread over four quarters, so it might spread differently, each quarter may have bigger or smaller amount. We also have the differences between the tariff and the actual volumes in the individual tariff groups, volumes actual grew by 3% year on year. That's also something that also aided this. So it's going to be number of elements that we contribute to the final result.

Question 4: So 60 million as the result of the depreciation, and also a question about your dividend. What is the management recommending? Is this a new dividend policy in terms of the percentage of profit to be paid? Or is this temporary recommendation until you actually defined your strategy?

Dariusz Kaśków – President of the Management Board: So dear ladies and gentleman, as you look at our issue prospective, there is one clause which says 5 hundred million plus inflation. But that clause does not say that it will always gonna be 5 hundred million. It depends on the financial liquidity on profit, investment needs; the dividend in each case will be defined by the management team and will be adjusted to the company's current circumstances. The management after having analyzed the market situation, having in mind some decisions that were made, has decided that as from today this amount of dividend is the proper amount of dividend for the Energa S.A. Group. So it's 203 million in dividends. When the strategy is adopted, it's hard to say how the dividend for upon years will be treated in that strategy. This will be strictly linked to our capex approach and so the capex will be defined very meticulously upon to 20/20 and the strategy will wait until September more or less. As I said previously, the strategy depends today on all of the regulations which are currently being implemented. We can't and we don't want to embrace the strategy just to adjust it later. We are gonna to have new circumstances after the regulations are enacted concerning RES law, the water law, the maximum allowable height of windows in national energy security.

Question 5: Are you waiting for some sort of capacity market to appear by the parliament before you define your new strategy?

Dariusz Kaśków – President of the Management Board: We hope, having in mind the declaration made by the Minister, that the capacity market will be enacted prior to our strategy being adopted.

Krzysztof Kubiszewski, Trigon Brokerage House

Question 1: I want to inquiry under the theoretical assumption that the management wants to really build this power generation unit. How quickly could you do so? What's the time required? How quickly could the company build this power generator hypothetically?

Dariusz Kaśków – President of the Management Board: Hypothetically that would be something that could be done next year. Along with tendering, the earliest hypothetical date to come in some kick off, that investment would be next year. I would like to emphasize that the corporate decisions on building Ostrołęka C have not been made. We know that, yes?

Question 2: We could assume that compared to other groups, the installed capacity in unconventional energy is low. So the effect of the introduction of the capacity market and pay might be smaller compared to other groups. So the lifetime of Ostrołęka is not too lengthy. Can the management agree with the statement that the effect of implementing the capacity market wouldn't be too big for the company? Having in mind what would happen with Ostrołęka C?

Dariusz Kaśków – President of the Management Board: We assume that the capacity market will be important support for new investments.

Question 3: From the point in time when they are launched because within the investment process, when you are in pure capex, the system will not pay for that capacity? At that stage, so the capex will have to be financed with your own balance sheet. And after that, could you start counting on any type of return from that investment.

Dariusz Kaśków – President of the Management Board: Investment projects don't have to be done based on the balance sheet. Isn't that the case?

Question 4: I don't know. What's the alternative?

Adam Kucza - Head of Investor Relations Office: We have to wait until the regulations are framed finally in order to be able to estimate the impact on the finance results and also the Ostrołęka C project. Would it be support for existing power of units or only for new units? What magnitude of support will be provided? We have to have some legal regulations in place on a capacity market.

Paweł Puchalski, BZ WBK Brokerage House

Question 1: I'm from DBBK so I am not congratulating on the dividend, but I was congratulating on your results. If we took earnings to share, where is that number come from? It's not a round number. It's not 30% dividend pay ratio. How did the management arrive to the figure 203 million zlotys? Is it assumed that you cannot exceed a level of net debt / EBITDA ratio not to break the covenants? How did you arrive at the figure of 203 million zlotys?

Mariusz Rędaszka – Executive Vice-President of the Management Board, Chief Financial Officer : Today, as the CEO mentioned, we are working at the strategy, we are looking at what funds should be retained in company, what our investments we want to follow in the frame of our strategy. We're also looking at the variety of scenarios concerning the pay back of these investments. And we have to analyze today how we can build a financial base. This investment could be implemented based on our analyses, we see that the split for even the last year should be

more or less the way we've done. We need to retain some amount of the money for the supplementary capital. We also want to set up an additional special reserve account, where if possible we can pay an additional dividend to the future. And trying to build a consensus between us and the market and the investments plans we want to retain the rest of the money for the dividend.

Question 2: I understand the distribution that you've mentioned, I'm just interested why it has turned into 3 million zlotys, 0,4 zlotys pro share, 24,1% of profit. That's dividend payout, because usually companies try to have like 30% payout, 50 grosz, whatever. Without knowing anything about the strategy we would say 50 groszy. Now perhaps you're assuming that at this level of payout, your debt net/EBIDTA will exceed by X in year Y. I want to understand what really stands behind this figure of 203 million.

Mariusz Rędaszka – Executive Vice-President of the Management Board, Chief Financial Officer: If you're looking at the payout or other ratios that are utilized to define earnings, we are close to 50 groszy. We are very close to 25% dividend payout. This is a result of a certain model, assumptions, we're building different scenarios for the implementation of our strategy and we are trying to strike a compromise between the dividend and the reserve capital, which we should retain in the company. And these are the main drivers which contributed to this proposal being selected.

Question 3: One other question, is something happening in terms of taking over power and heat assets from other entities on the Polish market, whereas looking at this assets?

Mariusz Rędaszka – Executive Vice-President of the Management Board, Chief Financial Officer: We are looking at it in contexts of our strategy. No formal decisions have been made at this moment of time. There are several potential targets that will be of interest to us. But it's not the right time to make the decision.

Adam Kucza - Head of Investor Relations Office: Let me remind you that our conference is being broadcast in the web, we have questions from online investors.

The question of the Internet user - Jacek Mironiuk

Question 1: Since the company has such good financial results, why is the share price so low? Mr. President, I see you smiling.

Mariusz Rędaszka – Executive Vice-President of the Management Board, Chief Financial Officer: Ladies and gentlemen, it's not a question to us, because our company has decent results. We try to build our strategy to generate value growth in the long term, not in the short term. So I think this is a question to investors, perhaps they are too skeptical about what we'd like to do potentially within our utility group.

Piotr Dzięciołowski, Citi Handlowy Brokerage

Question 1: If I could ask one more question? Maybe two more questions? You are saying things, but not entirely. You are going to do certain things after balance sheet, you can that the Clearing Manager could be a partner or copartner for investments. The TSO also does not use full

statements. Why can't you say today that we are looking at this model and this way of financing. Because in my opinion this share price is a result of the lack of clarity, that's my first question. What sort of financing model are we considering for this power generation units? If I understand you well, you are going to do this off the balance sheet and you are going to use the project's finance without any impact on covenants? That you have extracted that outside of the balance sheet and you are going to be below 50% having additional partners? I'm assuming there is non-recourse to the company. And one question wasn't answered to me yesterday. Injecting 500 million in the PGG. What are the main parameters of production of PGG, price of call. Why did you spend 500 million? What's the justification for spending 500 million for PGG?

Dariusz Kaśków – President of the Management Board: Dear Ladies and Gentlemen, well there are certain statements that aren't fully elaborated at this stage. But we are revealing all of the options that you've mentioned, using our balance sheet and also off balance sheet in financing of investments. There is no decision in terms of which option we will follow. Ladies and Gentlemen, within the framework of our strategy, this being devised, we're considering a number of options. If the Ostrołęka investment is hypothetically be pursuit, some others parameters would be considered when implementing this investment. At today's conference, I am not going be able to dispel your doubts. It will be premature for us to say, whether we will do this and how we will do this investment. But all of the scenarios that you've mentioned and also so others scenarios are being taken into consideration at this time and we are waiting for the new legal regulations to be enacted. But we won't wait for them forever. So I will put it this way, so September or October of this year is the timing for us to embrace the strategy incorporating our corporate consents for that. That will be more or less it in terms of the major investment project you are inquiring about. If we look at PGG, my colleague, the vice president, will say a few words about that. At the previous conference, we had similar questions. We cannot respond to most of the questions because confidentiality is in force here, and commercial secrecy in terms of the investment in PGG itself.

Mariusz Rędaszka – Executive Vice-President of the Management Board, Chief Financial Officer: Maybe under additional information, as has the CEO said, we have an investment agreement where we have confidentially clauses and we have to uphold this confidentiality. And we don't want to disclose the details of the transaction. The transaction has been construed in such a way for the investors including Energa to have comfort that all of the parameters of the business plans will be achieved and that this investment will generate the necessary level of pay back. Number of solutions is being looked at, so naming as press report members, certain control and management mechanisms to track primaries in the business plan. That investment agreement does include certain clauses that give us some control over what is going to happen within the PGG project. And it isn't our intention to take advantage of that.

Question 8: Well, let's leave the parameters. Can you respond to the question? Let's assume that PGG has a loss of cash flow minus 2 billion zlotys and ask the investors for another 2.2 billion. I'm able to imagine such scenario. We don't know what life will bring us. There's too much volume, the prices are low. Specifically, what type of mechanisms will you implement, how will you control this without injecting any additional capital? Is it possible for you not to inject any additional money? Give me some specifics in terms of mechanics. How will Energa be protected?

Mariusz Rędaszka – Executive Vice-President of the Management Board, Chief Financial Officer: I can't tell you specifically, I can't give you the details, as I've mentioned previously. Your imagination is quite rich. We can't imagine that next year the PGG will generate a loss of 2 billion but everything can happen. Business decisions are made with the certain amount of information and the information is not complete. So there has to be some risks and we take that risk under consideration. We've taken a rational approach, we build investment case to understand if this is feasible and we have the necessary level of return. So we will be able to achieve the benefits, we will enforce these mechanisms and I think that is the way followed by all of the parties, including PGG, as well as the other investors. It has to be delivered. I think that is the general awareness of this sector. The sector has to overcome these problems. So we've taken a market arm's length approach, we took it very rationally, in a way that is possible to achieve in relatively safe manner. And we are going to follow that and if something happens, we will react. This investment doesn't call for the investors to inject the additional capital. Thank you.

Question 2: One question about the capacity market. You've said that you wait endlessly for these regulations. Could the situation indicate that the capacity market regulations would be delayed but you will make the decision to buy or build the generation unit in Ostrołęka and take that risk that perhaps the regulations will not be as conducive as you may at present assume? Could you imagine making that decision?

Dariusz Kaśków – President of the Management Board: Dear Ladies and Gentlemen, we monitor on long going bases the status of the parliament's work on individual bills. We see what the impact will be on the PNO as a group, so certain calculations we have, we can't disclose these calculations, but we have those calculations and we will take them into consideration on the bases on scenarios, this also includes the capacity market. So this is one of the priorities that has to be taken into consideration in our operating area.

Question 3: So you won't make a decision to build Ostrołęka until you have the capacity market enacted?

Dariusz Kaśków – President of the Management Board: It will be difficult for me to respond to that question.

Question 4. My final question. Because we talk about financing district partners. Are we talking about industrial partners? Are you thinking about financial investors as well?

Dariusz Kaśków – President of the Management Board: So it could be an industrial investor, it could be some other type of investor, technology partner, financial partner. So today we can't respond to the question about which one of the versions will be followed.

Question 5: Are you thinking about doing this only within the framework of state-controlled entities or you think that private investors could appear in this equation?

Dariusz Kaśków – President of the Management Board: I don't see any limitations. I don't see any reason to limit ourselves solely to companies of State's treasury.

Robert Maj, Haitong Bank

Question 1: I have a question about the coal market. Having in mind your exposure to PGG, so you are saying in Q1 that coal price fall. Do you assume that the coal prices will continue to fall or do you think that there will rebound? Are you going to change your supplier from Bogdanka to a company around PGG? So if we look at the water and the open operating function of Ostrołęka, what are you estimates of damage: hundred million or more? And one question about the new tax, media tax and utilities having to collect that tax, I'm talking about television tax. How these new costs, the result of collecting this tax...

Dariusz Kaśków – President of the Management Board: In terms of the first and the second question, I'd like to ask Mariusz to respond to those questions. According to the draft legislation, according to the large media law, there will be a subscription fee that will be added to the electricity bill. So under that fee certain fee should be allocated to cover the cost of utilities that will collect that tax. This issue is being discussed by us and the drafters of this bill. So we assume that it will be 0 plus level.

Mariusz Rędaszka – Executive Vice-President of the Management Board, Chief Financial Officer: Could you remind me the first question?

Question 2: My first question was about coal. Are you going to change the supplier of coal from Bogdanka to PGG? And how do you see the coal prices for the Group?

Mariusz Rędaszka – Executive Vice-President of the Management Board, Chief Financial Officer: So the generation units we have are fit out to utilize coal from specific suppliers. We can't change that from day to day. Of course we could look for coal of the same parameters from the others suppliers but that is not over objective key. Our objective is to optimize cost of generation. So this is going to be the fundamental driver of our supplier mix. So that would be it about the first question. Maybe I will add, you are talking about PGG and purchases from PGG, that's the separate entity which has to earn money to support itself. So if PGG can sell with a lower price, they should do that, we'd also do that. So these are normal economic arm's length principals. In terms of the law on water, of course there will have an impact on Ostrołęka. Today this is some sort of bill that is relatively sophisticated. We are talking about level of water fees. We are in favor of having lower fees, what the final outcome of this tax will be would be difficult for me to say. Having in mind the current proposals, this is the figure in tens of millions. It's our intention to have some of our proposals incorporated.

Dariusz Kaśków – President of the Management Board: Perhaps Mr. Moczydłowski could say a few words about the types of coal from PGG in Bogdanka as well as the coalific values.

Andrzej Moczydłowski - Vice President of Energa Wytwarzanie SA: If you look at slide 28, you have the key operating figures for the fuel mix at Ostrołęka. We have more than one supplier and we would like for that cost a fuel varying and cost of production will be closer to balance. If you look at the coal, and as we try to optimize our fuel purchase's cost, we've introduced centralized fuel purchases for the entire segment. Also for generation units to insure that we can reduce our per ton unit price and that's why we're doing it that per volume. And we've done this in 2016. We haven't signed contracts for 2017 and subsequent years yet.

Question 3: Generally when I came to this meeting, I was thinking the following. The management is saying that they will defer the strategy because they don't know anything, but at the same time you are making some strategic decisions. For example to invest in PGG. And also to reduce the dividend, it is the strategic decision as well. I should expect that no other decisions would be made until that strategy is adopted? I don't see any consistency in your approach. I'm looking for the consistency in your approach.

Mariusz Rędaszka – Executive Vice-President of the Management Board, Chief Financial Officer: We meet today for the first time with the new team of the management. We said that the strategy will be ready in Q2. But we also know that we are considering the PGG investment. We have told you that previously, and it was clear, that the decision of this investment had to make by the end of April so I don't see any sort of contradiction. The decision was made to push things back by another couple of months because the number of unknowns would be too large for the strategy in order to present something that would be specific and credible. And that's the only reason for deferring the process of adopting the strategy. We want to understand the environment that we are going to operate in. I don't see any type of contradiction. As the CEO said, no formal decision has been made about Ostrołęka or other investments. We are working on these investments. Certain corporate decisions have to be made according to certain schedules, so I don't see any lack of consistency. So the next decisions won't be made until after the strategy is implemented.

Dariusz Kaśków – President of the Management Board: Ladies and Gentlemen, as you can see, since there is no strategy that is in force, certain decisions are being made in the course of the groups' operation. So you can treat that as follows. The decisions will be made, regardless of the strategy and the strategy will be built on the base of these decisions. This is the approach I recommend you to take in terms of the crafting of our strategy. Thank you.

Mariusz Rędaszka – Executive Vice-President of the Management Board, Chief Financial Officer: Let me add one other thing, this is not an ideal circumstance we find ourselves in. There are a large number of parameters that we have to take into account. But it is not something that we control, we don't want to device the strategy without being familiar with some other key factors.

Krzysztof Kubiszewski, Trigon Brokerage House

Question 1: One question about PGG. Does your investment agreement have to be notified to the European Commission or accepted by the European Commission?

Mariusz Rędaszka – Executive Vice-President of the Management Board, Chief Financial Officer: Everything is being done according to the law, also the EU law. It doesn't have to be notified. The investment in PGG doesn't have to be notified to the European Commission.

Adam Kucza - Head of Investor Relations Office: Any other questions here in the room?

Question 2: Should I understand that all of these mines in the former Kompania Węglowa, which were transferred to the SRK, will they all be closed? What was the volume of coal they were producing? I am trying to understand how the balance of supply will change, because everybody is planning to increase production. I try to understand what the level of production in these mines to be closed was, do you have that data?

Mariusz Rędaszka – Executive Vice-President of the Management Board, Chief Financial Officer: We are looking at the PGG project. We weren't looking at how many mines are joining SRK, the company to reorganize those mines. We've looked of course on how the coal market will grow. This is not something that applies directly to our operations.

Dariusz Kaśków – President of the Management Board: I think these are questions to be directed to PGG. As you know, SRK was created for certain set of goals and those goals are being carried out by the SRK.

Adam Kucza - Head of Investor Relations Office: If there are no other questions, we'd like to thank you very much for your attendance. We would like you to invite you contact us at Energa Investors' Relations and we invite you to have a little bit of refreshments. Thanks you very much.

Dariusz Kaśków – President of the Management Board: We'd like to invite you to the next conference which will be on the 11th of August if I remember correctly. Perhaps at that time, we will be able to share more information with you about PGG as well as about the Ostrołęka project but also about our efficiency improvement program which we are implementing in our company which should produce some measurable financial results for the overall group. Thank you again for your attention.