

**Financial results presentation, 11th of August 2016 r.
- Q&A session**

Participants:

Dariusz Kaśków, President of the Management Board

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

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

Marcin Biniaś, Head of Finance and Business Controlling

Maciej Muchlado, Energa Obrót

Paweł Puchalski, BZ WBK Brokerage House

Question 1: Hello, this is the test of the microphone, my name is Paweł Puchalski and I am from BZ WBK Brokerage House. My question is about Ostrołęka. I am looking at your slides and I am listening to what you are saying. I have heard how much the power unit cost, when we are starting the construction, that we are going to look for a partner. My question is as follows, does an option exist that you will be the main investor, that you will consolidate the new unit in Ostrołęka and somebody else will be the partner in the construction of this power unit?

Dariusz Kaśków, President of the Management Board: Ladies and gentlemen, we are looking for a co-investor, but first we are examining various models to finance this investment. One of them will include the role of the investor and taking 50% of the cost of that investment on to its own balance sheet. And we are also examining that.

Question 2: When you say taking half of the cost. Well, somebody has to consolidate. Either you are the consolidating entity or not. That is my question, will the net debt grow as a result of building Ostrołęka or do you have a separate SPV?

Mariusz Rędaszka, Vice-President of the Management Board, Chief Financial Officer: Well, the question is somewhat skewed. Well, to be quite serious. Ladies and gentlemen, I am aware of the consequences ensuing from your question for the company, we are fully aware of that. Today, I cannot respond to how it will actually look, because we do not know that yet. Even so, giving consideration to the company's capabilities, the project itself, we will look for a structure that will be feasible. Today I cannot say anything more on this subject; we are still working on it.

Question 3: Thank you very much; my second question is about the capacity. I posed this question yesterday to PGE, I would like to ask you this question. How much money do you have to spend on Ostrołęka today for it to be able to operate in the future, giving consideration to all of the problems linked to BAT?

Dariusz Kaśków, President of the Management Board: Here, in this table you have a partial response to that question. We are still analysing the situation of power unit no. 1, as

you can see, but for the most part the CAPEX has been incurred. With some additional small amount of CAPEX we will be able to respect and adhere to the new BAT requirements.

Question 4: So after this CAPEX, capital expenditures in power unit no. 1, you will be ready to operate beyond 2020. Is that correct?

Dariusz Kaśków, President of the Management Board: Yes.

Piotr Dzięciołowski, Citi Handlowy Brokerage

Question 1: Welcome, Piotr Dzięciołowski, I am from Citi Bank. I would like to ask how you are squaring green certificates inside the Group, because when green certificates prices fall, your sales segment will report good results. I understand that in spot prices you had to buy a lot. Why do not we see the impact of declining green certificates prices? Perhaps these impairment losses for wind power could have been greater had the green certificates been sold at market price if that is not the case? So what is your opinion on a dividend policy, because the CEO said that this was 5%. This was the result of the share price. If we were to use the share price from last year it is 2% dividend and today it is 5%. When we talk about the dividend, when you think about Ostrołęka, is it going to be possible to pay a dividend in the future at all? And if so, I wonder what parameters will the dividend depend on? This is perhaps the most important parameters that investors examine when looking at Energa.

Dariusz Kaśków, President of the Management Board: We are joined by representatives of the segments, so if we talk about the green certificates, I would ask somebody from the sales segment to respond to this question. In terms of the response to your second question, I am not going to be able to address your question directly as far as what the dividend policy will be in the future. We will endeavour to respond to this question through the modified strategy of the group. Today, we can say that the economic position of the group and our investment intentions will be of decisive importance for the level of dividend pay-out.

Maciej Muchlado, Energa Obrót: I am from Energa Obrót, which is the sales segment. In terms of green certificates, I would like to draw your attention to the following. The sales segment purchases a portion of the certificates from group companies and a portion is being bought at current market prices. But, we also purchase some of it under a long-term contracts and this long-term contracts do not reflect the current market conditions. And that is why the decline in green certificates prices does not translate into major improvement in our segment results.

Krzysztof Kubiszewski, Trigon Brokerage House

Question 1: Krzysztof Kubiszewski, I am from Trigon. I have two questions, my first question is as follows. With as 1.50 PLN per certificate, are there any problems with your covenants for your debt on wind farms? Will they be able to carry these liabilities and service these liabilities? The second question, in the Q3 2016 strategy will you discuss the project of having a new dam on the Vistula river?

Dariusz Kaśków, President of the Management Board: In terms of the strategy we would like to incorporate Ostrołęka as well as Siarzewo as the next level of the dam on the Vistula river. Because this will be our primary investment targets and objectives linked to our group. So, here, the strategy. Right now we are waiting for some final decisions on regulations and

the legal environment to be clarified and so this is now being gilt. So basically, what we would like to do is to embrace the strategy in the late fall, in Q3. So, we will have some decisions made on these two investment projects or intentions. With respect to your first question once again, I would like to ask the director to respond to that question.

Marcin Biniąs, Head of Finance and Business Controlling: My name is Marcin Biniąs and I am a representative of Energa SA. I will try to respond to the question concerning our covenants and the impact of the current green certificate price on the covenants. Well, the acquisition of wind farms from Dong Energy and Iberdrola Renewables was done with the corporate debt from the balance sheet of the Group. This was not a debt specifically taken for this project and, what is important, this debt is not predicated on covenants. It is based on rating clauses, so there would be no applicability of actually exceeding any type of covenants in this particular case.

Piotr Dzięciołowski, Citi Handlowy Brokerage

Question 2: I wanted to ask about the results of the PGG, the Polish Mining Group. You have 41mln in losses for two months. What is your estimate of this loss for the full year? Is the 41mln above plan or below the plan? According to expectations it is below the plan. What is your realistic method of controlling this Polish Mining Group? What can you really do to in order to improve the results or accelerate restructuring of that group?

Dariusz Kaśków, President of the Management Board: Ladies and gentlemen, these results are not surprising. They stem from the business plan put in place at the time of entering this investment, so these were the results that we had anticipated. In terms of the investment itself, this is a long term investment which should generate a positive impact, returns, sometime next year. In terms of our ability to control we have a co-representative in the Supervisory Board.

Question 3: I do not know if I understood you correctly. What did you mean when you say positive cash flow? You mean the result will be positive? I think Energa has not seen any cash flow from this investment for years.

Mariusz Rędaszka, Vice-President of the Management Board, Chief Financial Officer: I am not going to respond to the last portion of your question.

Question 4: Well, please tell us something. Because the company spent 500m and you have got 41m in losses after two months. So I am trying to learn whether or not you will have a 20m loss per month, every month. What is the horizon you see, when we might see a “zero” or “zero plus”?

Mariusz Rędaszka, Vice-President of the Management Board, Chief Financial Officer: Well, dear Sir, PGG should be generating a positive result from 2017. The business plan has a path to achieve this situation and as our CEO said, the situation we have at the end of Q2 2016 is something that we had anticipated. What will happen in the upcoming months, in upcoming quarters, we are not able to guess. There are some very specific measures that have to be taken, so wait and see. There is no company that would generate or produce its results for the middle of August, these are some business issues, all of this is a subject to certain amount of confidentiality and we would like to adhere to that policy.

Question 5: Okay, thank you very much.

Krzysztof Kubiszewski, Trigon Brokerage House

Question 2: The business plan of the Polish Mining Group, which you are addressing, will it achieve its goal at the current coal prices or do you assume that they would rise?

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

Well, the business plan always shows you a certain direction of action, it assumes certain elements, certain expected levels of sales, profits cost etc. The form of control for this Group gives us an assurance that if certain things will deviate from assumptions, then certain corrective measures will be taken, so I prefer to treat it this way and leave it this way.

Kamil Kliszcz, mBank Brokerage House

Question 1: Kamil Kliszcz, I have a question about the wind portion of your reported EBITDA. By segment in Q2 2016, you have a loss of 2m, is that the „pure result” with certificate prices at 90 or whether there are some additional balancing costs incurred by the wind farms? How should we interpret the result of the wind segment?

Marcin Biniś, Head of Finance and Business Controlling: If we look at the distribution of EBITDA by individual business lines within generation, we should remember that certain costs of managing the segment are allocated with the keys that are assigned to individual lines of business, but they do not distort the results of individual lines of business, so this is the “pure business” that we see. In Q2 and across the sixth month period, we have been talking from the very beginning about the weather conditions both hydro and wind. They have contributed to the situation in which results are down year on year, that is the first thing. The second thing is that we have observed a dramatic decline in the green certificate price and this also contributes to a lower volume, because the prices at which these lines of business are selling are regulated and they are regulated by the president of the Energy Regulatory Office, they have changed from year to year, and this has exacerbated the negative impact on this business lines.

Question 2: If you can give us some additional commentary, cause the new law on renewable energy sources is coming into force and this will increase the fixed expenses of wind farms. So will the wind farms generate EBITDA loses under this macroeconomic conditions as the fixed expenses are moving up by 50%?

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

Well, these changes have not been adopted, we do not know what the final shape of the legislations will be. Today we believe that the impairment losses that we have taken are sufficient. What the situation will be after the regulations are amended, we will find out. It is very difficult to engage in the speculations concerning what the impact will be on us, because this would just be mere speculations.