

ENERGA S.A.: FY 2017 results conference – March 15, 2018

Q&A Session - transcript

Question from the internet user: Why is Ostrołęka C going to be built as a 1,000 MW power unit instead of, for example, a 500 MW one? It would be easier to finance and rather less risk. Why was such a decision made and is it possible to change it?

Alicja Barbara Klimuk, acting CEO: In order to answer the question, we need to emphasize that it was not the current board members that took this decision. This is a legacy decision, a decision which was taken a few years ago, in terms of capacity and technological solutions. We continue the investment process, which generally means following the schedule, the schedule of activities in terms of this investment. However, at the stage where the special purpose entity is at the moment, i.e. the evaluation of the general contractor offers – there is no change of the decision in terms of capacity and technology.

Question from the internet user: Why has the tender procedure for Ostroleka C not been concluded yet?

Katarzyna Nitka, acting Investors Relations Director: We follow the schedule and no decision has been taken yet.

Alicja Barbara Klimiuk: What else can I add... I think, there is nothing to add. There is the special purpose entity, there is the contracting authority, there is Public Procurement Law, the evaluation of the bids is underway and that's all I can say. On the other hand, we, ENERGA SA, are not the contracting authority and we are not processing the case for today.

Paweł Puchalski, analyst of BZ WBK brokerage house: The first onshore auction is scheduled for autumn. Does ENERGA have any portfolio of the wind farms which obtained a construction permit, how many would it bid for now for the autumn onshore auction?

Alicja Barbara Klimiuk: As far as wind assets are concerned, as for today we have a construction permit for one wind farm, 30 MW and we intend to participate in the auction.

Question from the internet user: When will the Board present a transparent dividend policy, determining the minimal level of the profits allocated for dividends?

Jacek Kościelniak, Vice-CFO: Today, we are having a good day. We are publishing the financial results as good as we have earned, as you can see. It is the result of the right direction taken last year, this is the result of our savings policy implementation, our economic efficiency policy improvement, our business structure analysis policy, as well as looking for huge potential. We absolutely do not avoid dividend payments. We take into consideration the investments projects we are working on in the current year and we will continue in the following years. However, our dividend policy depends on our investments projects. As we take into consideration the market analysis and the long-term financial model, for today the issue has not been clearly resolved. We are discussing the subject, it is a discussion between the Board and the owner, obviously taking into account our long-term investment policy. That's all in the subject for now.

Question from the internet user: Will ENERGA get financially involved in the construction of a nuclear power plant?

Alicja Barbara Klimiuk: We do not conduct any work in that field.

Question from the internet user: Will Ostrołęka C manage to get in to the capacity market?

Alicja Barbara Klimiuk: Get in? ...it is a joke I guess. Because the capacity market, i.e. the general certification process for the main auction to the capacity market, starts in April. The shape of the capacity market and how much particular installations will get from it, as there is only one basket and not several baskets, we will know after the main auctions, which are scheduled for the end of the year. And then we will be able to say how much and which installation will get support from the capacity market.