**Transkrypcja sesji pytań i odpowiedzi – konferencja wynikowa za 1H19 – w dniu 27.09.2019**

**Aleksander Korsak, Investor Relations Director**: At the beginning a question from the Internet. Does the Group currently plan, apart from Przykona, wind farms development?

**Grzegorz Ksepko, Acting as President of the Management Board:** We do not exclude such new investments. We are in the process of updating our strategy, which was adopted in 2016. I think we will be able to present the update soon. And this direction associated with the development of renewable Energy sources will of course be even more emphasized there. As I say, we absolutely do not exclude this direction. We are working on various investments in the renewable energy area, also in terms of wind.

**Aleksander Korsak, Investor Relations Director**: The second question from the Internet about Smart Grid. When could we see the first effects in the area of improving quality indicators?

**Grzegorz Ksepko, Acting as President of the Management Board:** Before I give the floor to the experts from the Distribution Business Line I would like to say that the indicators improve every year. The improvement has been already there. As for the details, please, Mr. President Kasicki.

**Marek Kasicki, Vice President of the Management Board of ENERGA-OPERATOR SA:** Good morning, Ladies and Gentlemen. As far as Smart Grid is concerned, it is a comprehensive project and its implementation is scheduled for 2022, so we will see its effects from 2023.

**Jacek Kościelniak, Vice President of the Management Board for Finance:** We invite you to ask questions from the Hall. Mr. Paweł - please.

**Paweł Puchalski, Santander:** Good morning. Paweł Puchalski, Santander. Since the Energa Group is so unique, I would like to devote a little more time to this investment, which does not fully match Energa's uniqueness. I would like to ask for more information about Ostrołęka C. How advanced is the project? How much cash has been spent? I miss the slide with CAPEX, CAPEX, which goes to Ostrołęka. Let's start with these questions.

**Jacek Kościelniak, Vice President of the Management Board for Finance:** Mr Paweł, I have the pleasure of managing the Steering Committee of Ostrołęka C. So I feel most obliged to answer the question. As I said before, the project had been proceeding as planned. You can see progress at the construction site. Even Mr. President Wadecki visited the construction site the day before yesterday, I was there about three weeks ago. You could see the foundation type works. The so-called lean concrete was poured under the cooling tower. Piling foundations for the engine room took place,. As I said, everything has been going according to schedule, in line with the assumed implementation plan for this investment. As for the CAPEX issue, it is public information. It is the amount of six billion zlotys gross. As you know, the contractor is GE Power plus Alstom consortium. We work with the contractors on an on-going basis and that's all. That's all I can say today. The project has been financed on an ongoing basis and has been implemented in accordance with the contract in force. So far, there have been absolutely no reasons to delay the project or exceed its CAPEX.

**Paweł Puchalski, Santander:** I asked about something completely different. I didn't ask for total CAPEX. You only show your slide with the total CAPEX in the second quarter, the second quarter of the previous year and there I can't find expenses for Ostrołęka, and I'd love to know them. Because I suspect that these would be quite significant values. Because the only significant value in the production is the desulphurisation installation.

**Jacek Kościelniak, Vice President of the Management Board for Finance:** Mr. Paweł, maybe I will answer a little bit perversely. Since EBITDA is today at one billion two hundred and fifty-eight million, and our financial security indicator is three and a half, then you can see the sources of financing and we will inform about the details in relevant reports and in time when milestones are reached in accordance with the project implementation.

**Paweł Puchalski, Santander:** Good, if you answer in a perverse way, I will ask in a perverse way. Has the company hypothetically considered what would be the costs of not building Ostrołęka C and withdrawing from this project? It is about the cost of abandoning the project and the cost of having ... a capacity market would not be completed. Has the company considered this option and how much, if any, would it hypothetically cost?

**Jacek Kościelniak, Vice President of the Management Board for Finance:** I will answer even more perversely Mr. Paweł. Namely. The Board sits here in front of you and gives you an answer. The Management Board operates in accordance with a binding legal regime, Under the Act – the Code of Commercial Companies. And ensures the profitability of every investment.

**Paweł Puchalski, Santander:** Good. Thank you. I have a few more questions. Unfortunately. You showed a slide with debt. And don’t agree with it. Because, as I counted on my fingers, your balance. This debt is seven billion and the net debt is five billion respectively. Both amounts you provide are understated by the value of approximately seven hundred and eight hundred million zlotys.

**Jacek Kościelniak, Vice President of the Management Board for Finance:** I will answer you. The half year report was calculated quite accurately, although it was called a review, but analyzed by an auditor. Among the other things, that's why we are able to offer you this conference now, as some arrangements were still underway as to the entries in our financial statements and report. None of the auditors made such a statement, therefore we have the auditor's opinion that the report was prepared in accordance with applicable standards, legal regulations, balance sheet law and all related requirements. Liabilities and assets have been disclosed in the most reliable manner. That's all I have to say here. Please try to go deeper into the subject of the report.

**Paweł Puchalski, Santander:** You mentioned a statistical error in the volume decrease in distribution by 2%. As for me, this is absolutely not a statistical error, but what is worse, in the second quarter of this year, the decrease in distribution, volume, above 4%, you can certainly not talk about a statistical error. That is why I would like to learn what are the reasons for the strongest drop in distribution volume since 2012 or 13 and what can be expected in the next quarters - the intensification of this trend or was it just a one-off event.

**Jacek Kościelniak, Vice President of the Management Board for Finance:** As a rule, we do not publish our financial plans from year to year or even long-term plans, but as for details, I would like to ask Mr. President ...

**Marek Kasicki Vice President of the Management Board of ENERGA-OPERATOR SA:** As for our volume in 2019, one of the large recipients has switched to its own generation capacity. We are trying to make this trend positive.

**Paweł Puchalski, Santander:** There was such an interesting slide with EBITDA bridge. You showed there a profit of 72 million in the second quarter, a loss of 72 million on the margin. Will this loss value also continue in the following quarters or is it rather the result of one-off events? I understand that you will now answer that you don’t present forecasts, but I would like to know if these 72 million is a one-off effect and what influenced it.

**Marek Kasicki, Vice President of the Management Board of ENERGA-OPERATOR SA:** This is of course a one-off effect. This amount will flatten.

**Paweł Puchalski, Santander:** May I know what was the positive amount of this one-off in 2018?

**Marek Kasicki, Vice President of the Management Board of ENERGA-OPERATOR SA:** About PLN 60 million.

**Paweł Puchalski, Santander:** In generation, you mention, there is such an asterisk that the result on generation is together with the result on trading. What is the impact of trading on EBITDA in the generation segment?

**Mariusz Gajda, Vice President of the Management Board of Energa OZE:** The effect of trading is relatively small, it really results from the situation in Ostrołęka B. The energy is bought there in order to sell at a little higher price. This is a small percentage.

**Paweł Puchalski, Santander:** But it is a small percentage on revenues, from EBITDA, right? Because the percentages are not even.

**Mariusz Gajda, Vice President of the Management Board Energa OZE:** This is from revenues.

**Paweł Puchalski, Santander:** A small percentage of revenues may be responsible for a large portion of the 48 million that we see as ...

**Mariusz Gajda, Vice President of the Management Board of Energa OZE:** No. At the moment I won't tell you, this is probably several million zlotys

**Paweł Puchalski, Santander:** Do we speak quarterly?

**Mariusz Gajda, Vice President of the Management Board of Energa OZE:** Yes

**Aleksander Korsak, Investor Relations Director: -** End of the meeting