

ENERGA Group – 2014 results



16 March 2015

Year 2014 – the best results in the ENERGA Group history



EBITDA
PLN 2.3 bn (+17% YoY)

EBITDA margin
22% (Δ 5 pp YoY)

Group net profit
over PLN 1 bn (+35% YoY)



Dividend recommendation in the amount: PLN 596 m*, DPS – PLN 1.44

Continuation of the long-term, attractive dividend policy in the coming years

Focus on regulated business, Distribution Segment:

1. Improvement in reliability of electricity supplies
2. Increase of the volume of distributed electricity by over 2% YoY
3. Maintaining comparable results to 2013 regardless unfavorable external conditions

Efficiency improvement in Generation Segment:

1. Improvement in Elektrownia Ostrołęka: favorable prices on the balancing market, production increase and electricity sales, and operational reserve
2. New sources: RES and CHP
3. Implementation of efficiency programs in generation sources

Increasing competition in Sales Segment:

1. Decline in the average selling price to end customers approx. 8% YoY, while the average price of electricity in property rights decreased by approx. 6% YoY
2. Increasing obligations related to RES
3. Growing competition

* Stand-alone net profit of ENERGA SA amounted to PLN 651 m in 2014

We consistently invest in the future

1. Demand response using **negawatts** (saved units of power):

- ENERGA Group companies have implemented a number of peak hour power consumption reduction measures for business clients on commercial terms

2. Smart solutions in the Distribution Segment:

- **UPGRID project** executed within the EU HORIZON 2020 framework whose purpose is to develop functionalities to integrate LV and MV networks with demand-side management and dispersed generation. The consortium consists of the following participants: ENERGA-OPERATOR SA, Iberdrola (Spain), EDP (Portugal) and Vattenfall (Sweden), also joined by the following Polish entities - Gdańsk University of Technology, Gdańsk Branch of the Institute of Power Engineering and Atende
- **"Smart Toruń"** - a pilot implementation of the Smart Grid, involving the execution of smart grid technologies to facilitate demand response and service microsources and outfit households and businesses with smart energy management systems. This project is slated for completion in 2016.
- **Kalisz is the first Polish city** to be fully equipped with AMI meters making it possible to **reduce the power imbalance**
- Installation of **AMI meters - the first stage of building smart grids** (optimization of grid operation, reduction of energy losses) – ENERGA-OPERATOR took **over 1.5 million readings in 2014** (for billing purposes)

3. Cooperation with partners:

- Agreement signed with Intel to implement solutions based on the **Internet of things** and **web-based cooperation of devices**, which includes, among others, virtual power plant systems or systems to manage the distribution of energy from renewable sources.
- **Agreement concluded with TFI BGK to establish a Corporate Venture Capital fund** to invest in young and fast-growing companies. Ensure access to innovation in ENERGA Group's strategic areas.

Key assets of the ENERGA Group

Distribution

1. 184 thous. km of power lines
2. 20.9 TWh of electricity delivered in 2014, including 5.4 TWh in Q4
3. Geographical coverage of 75 thous. km²

Generation¹

1. Hydro power plants
 - a) Włocławek (160 MW)
 - b) Smaller generating entities (41 MW)
 - c) Pumped storage plant in Żydowo (167 MW)
2. 4 wind farms (total capacity 185 MW)
 - a) Karcino (51 MW)
 - b) Karścino (90 MW)
 - c) Bystra (24 MW)
 - d) Myślino (20 MW)
3. PV farm near Gdansk (1.6 Mwe)
4. System power plant in Ostrołęka (647 MW, new heat source EEO B – 220 MWt)
5. Other CHP plants (69 MW, 447 MWt)

Sales

1. 2.9 million customers
2. 26.1 TWh of electricity sold (16.4 TWh – retail sales) in 2014



Pumped-storage power plant



CHP



Photovoltaic farm



System power plant



Big hydro power plant



Wind farm



Headquarter ENERGA SA



Electricity distribution area

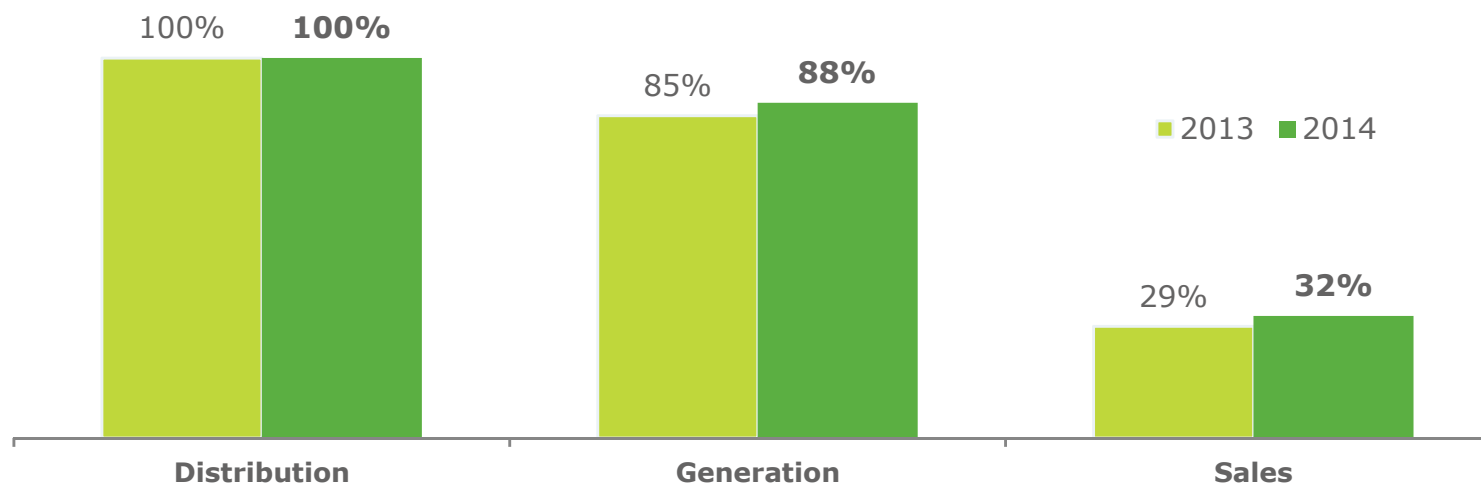


Electricity sales area

ENERGA Group concentrates on regulatory business...

(GWh)	Q4 2013	Q4 2014	Growth rate	2013	2014	Growth rate
Distribution of electricity	5 279	5 417	3%	20 444	20 923	2%
Gross production of electricity:	1 211	1 296	7%	4 967	5 103	3%
RES	492	418	-15%	1 851	1 808	-2%
from Pumped storage plant in Żydowo	14	8	-41%	29	34	18%
from Must-run - Energa Elektrownie Ostrołęka	621	566	-9%	2 335	2 661	14%
Retail sales of electricity:	4 618	4 277	-7%	18 248	16 364	-10%
Tariff Group G	1 376	1 352	-2%	5 374	5 261	-2%

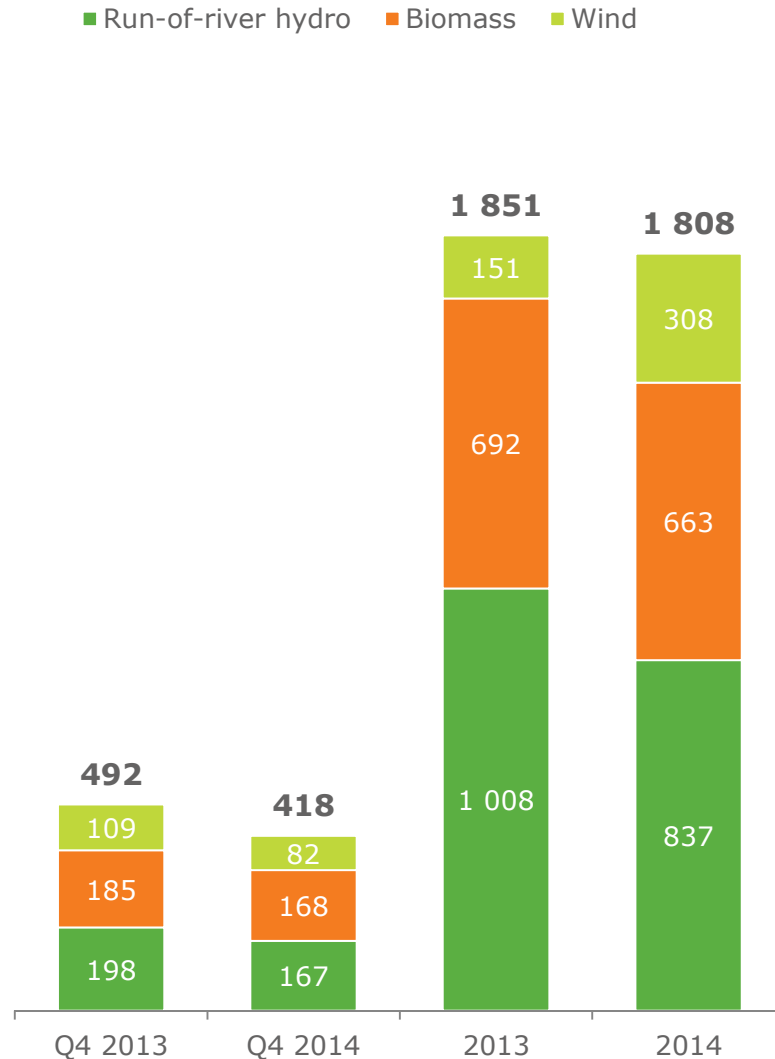
Regulatory business contribution per Segments*



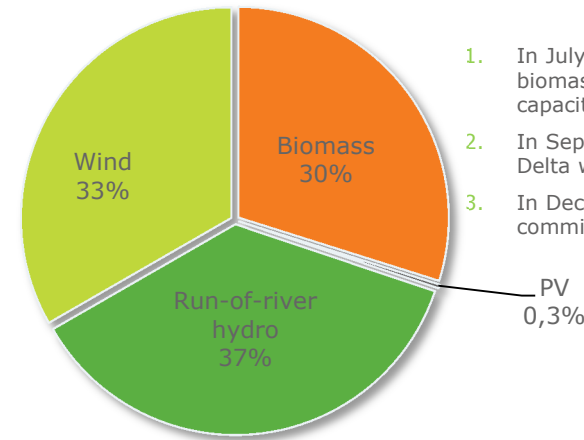
* based on volumes

which important part is production from diversified RES portfolio

Gross electricity production (GWh)



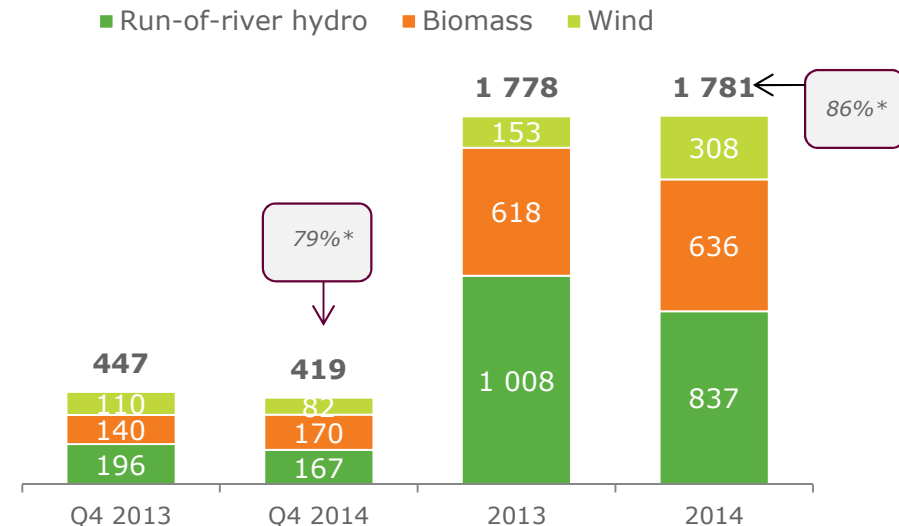
Installed capacity as of 31 December 2014 (MWe)



1. In July 2014 the commissioning of the biomass unit in Elbląg – increased capacity of 25MW
2. In September 2014 launched new PV Delta with capacity 1.6 MW
3. In December 2014 wind farm Myslino commissioned with capacity 20 MW

Total: 556 MWe

Certificates of origin (green) on electricity (GWh)

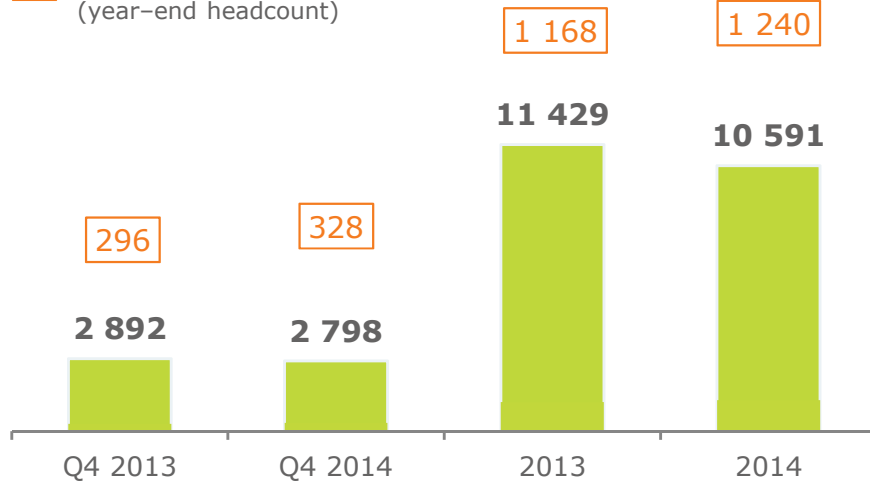


* relation of volumes production of green property rights by Generation Segment to mandatory redemption by ENERGA-OBRÓT in the period

The ENERGA Group improved EBITDA margin and net profit margin

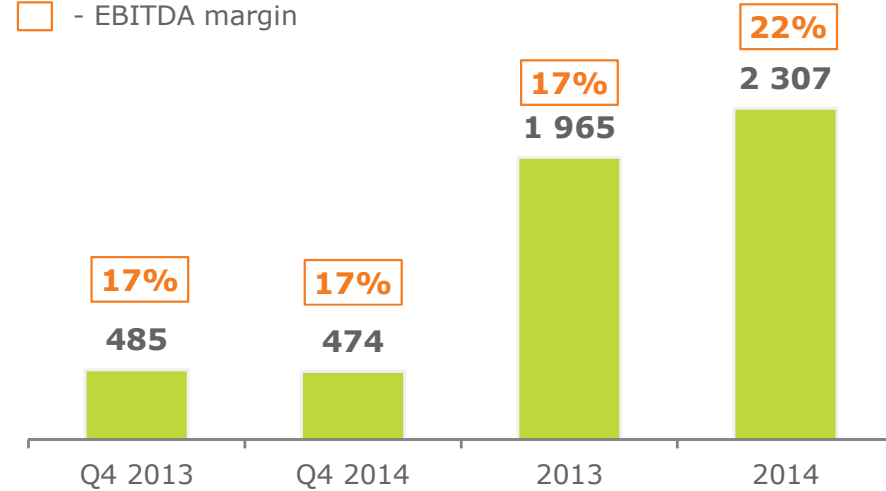
Revenues (PLN m)

☐ - Revenue per employee in thousand PLN (year-end headcount)



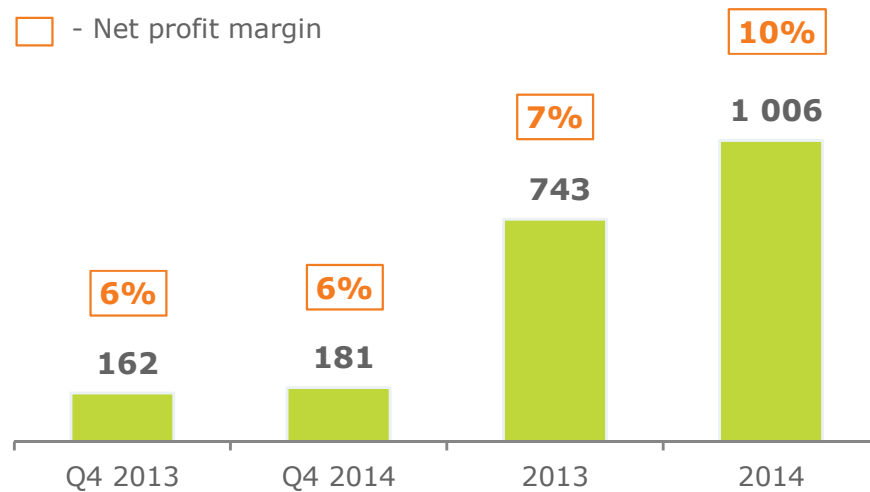
EBITDA (PLN m)

☐ - EBITDA margin



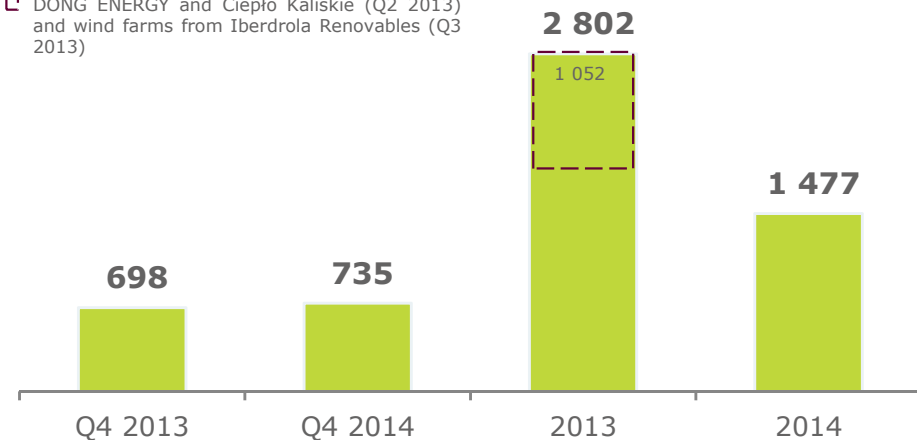
Net profit (PLN m)

☐ - Net profit margin



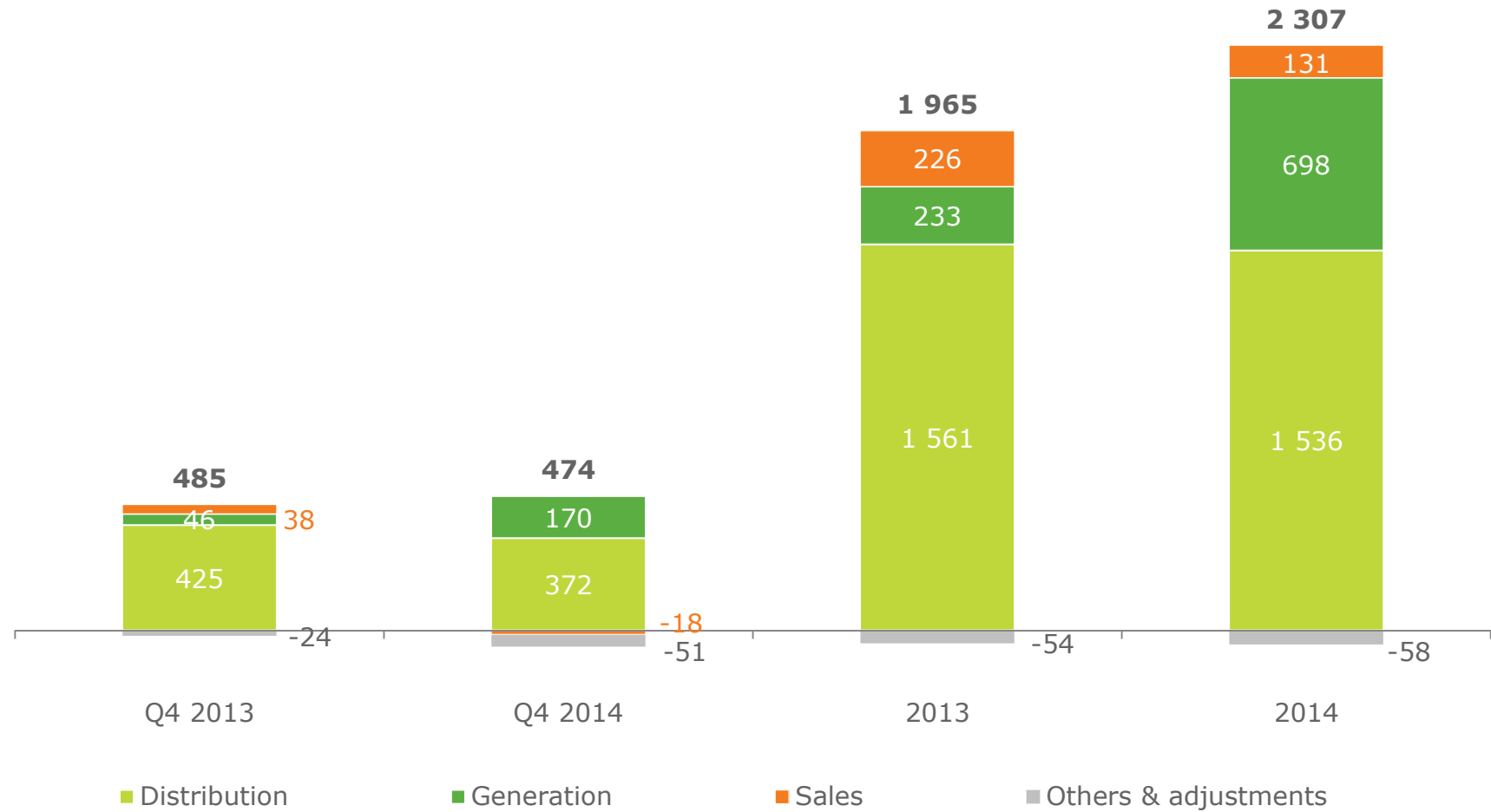
Capex (PLN m)

☐ Investment expenditures on wind farms from DONG ENERGY and Ciepło Kaliskie (Q2 2013) and wind farms from Iberdrola Renovables (Q3 2013)



Regulated distribution business constitutes a stable source of the Group's EBITDA...

EBITDA (PLN m)

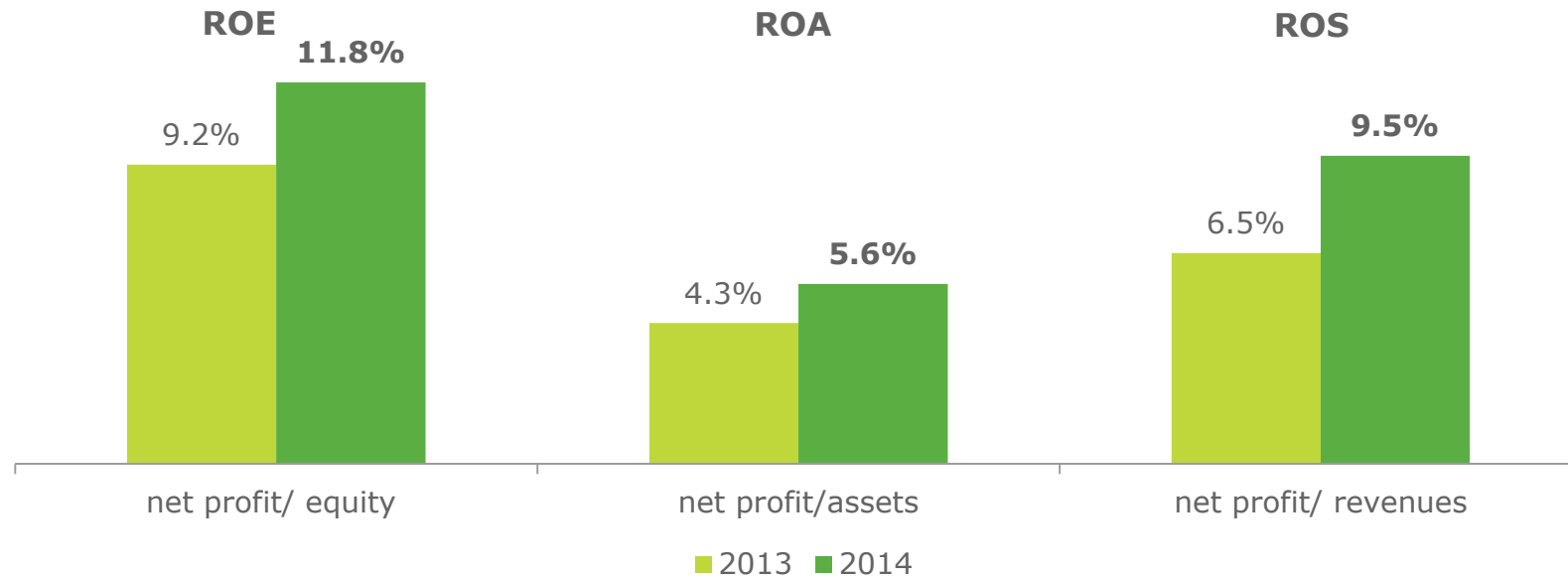


...supported by the regulated revenues from generation

PLN m	Distribution			Sales			Generation		
	Q4 2013	Q4 2014	Growth rate	Q4 2013	Q4 2014	Growth rate	Q4 2013	Q4 2014	Growth rate
Revenues	997	1,071	7%	1,859	1,527	-18%	434	503	16%
EBITDA	425	372	-12%	38	-18	-	46	170	> 100%
<i>EBITDA margin</i>	<i>42.6%</i>	<i>34.7%</i>	<i>Δ -7.9 p.p.</i>	<i>2.0%</i>	<i>-1.2%</i>	<i>Δ -3.2 p.p.</i>	<i>10.6%</i>	<i>33.8%</i>	<i>Δ 23.2 p.p.</i>
EBIT	264	197	-25%	31	-26	-	12	131	> 100%
Net profit	161	158	-2%	28	-14	-	2	85	> 100%
<i>Net profit margin</i>	<i>16.1%</i>	<i>14.8%</i>	<i>Δ -1.3 p.p.</i>	<i>1.5%</i>	<i>-0.9%</i>	<i>Δ -2.4 p.p.</i>	<i>0.5%</i>	<i>16.9%</i>	<i>Δ 16.4 p.p.</i>
CAPEX	554	633	14%	22	17	-23%	115	79	-31%

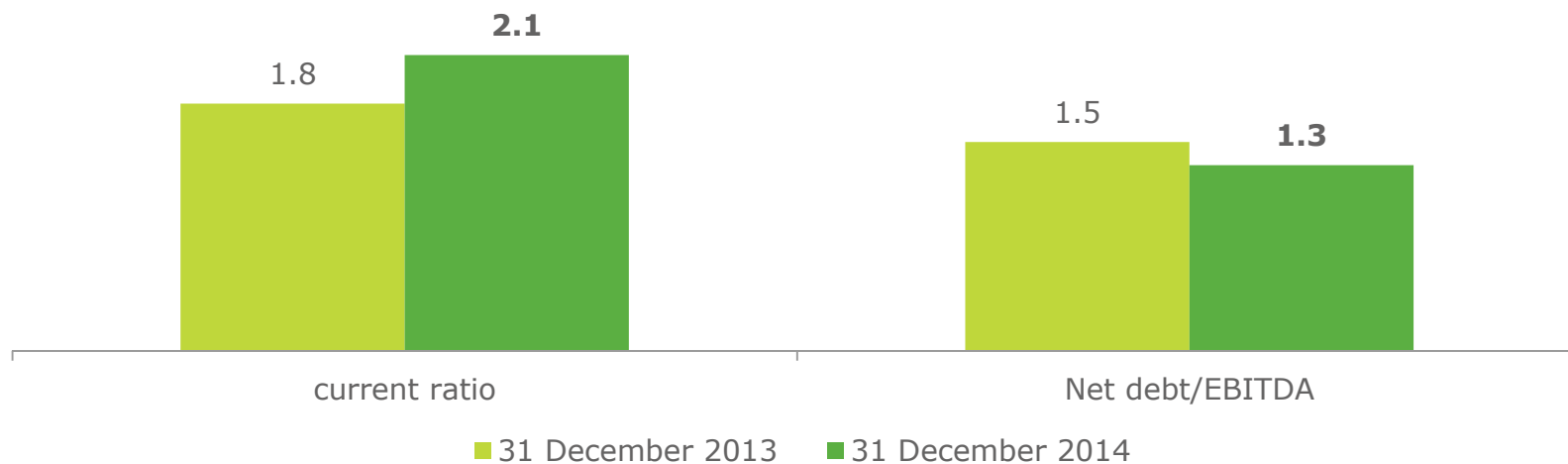
PLN m	Generation business lines, incl.:								
	Water			Wind			ENERGA Elektrownia Ostrołęka		
	Q4 2013	Q4 2014	Growth rate	Q4 2013	Q4 2014	Growth rate	Q4 2013	Q4 2014	Growth rate
Revenues	107	71	-34%	45	27	-40%	232	343	48%
EBITDA	64	54	-16%	31	19	-39%	-48	113	-
<i>EBITDA margin</i>	<i>59.8%</i>	<i>76.1%</i>	<i>Δ 16.3 p.p.</i>	<i>68.9%</i>	<i>70.4%</i>	<i>Δ 1.5 p.p.</i>	<i>-20.7%</i>	<i>32.9%</i>	<i>Δ 53.6 p.p.</i>
EBIT	58	47	-19%	21	9	-57%	-61	100	-
CAPEX	13	13	-	0	46	-	60	21	-65%

We improve consequently profitability and liquidity ratios



Current ratio

Net debt/EBITDA



We invest consistently in development and modernization of the grid

Total capital expenditures of the ENERGA Group amounted to **PLN 1,477 m in 2014**

Major investments in **distribution segment**:

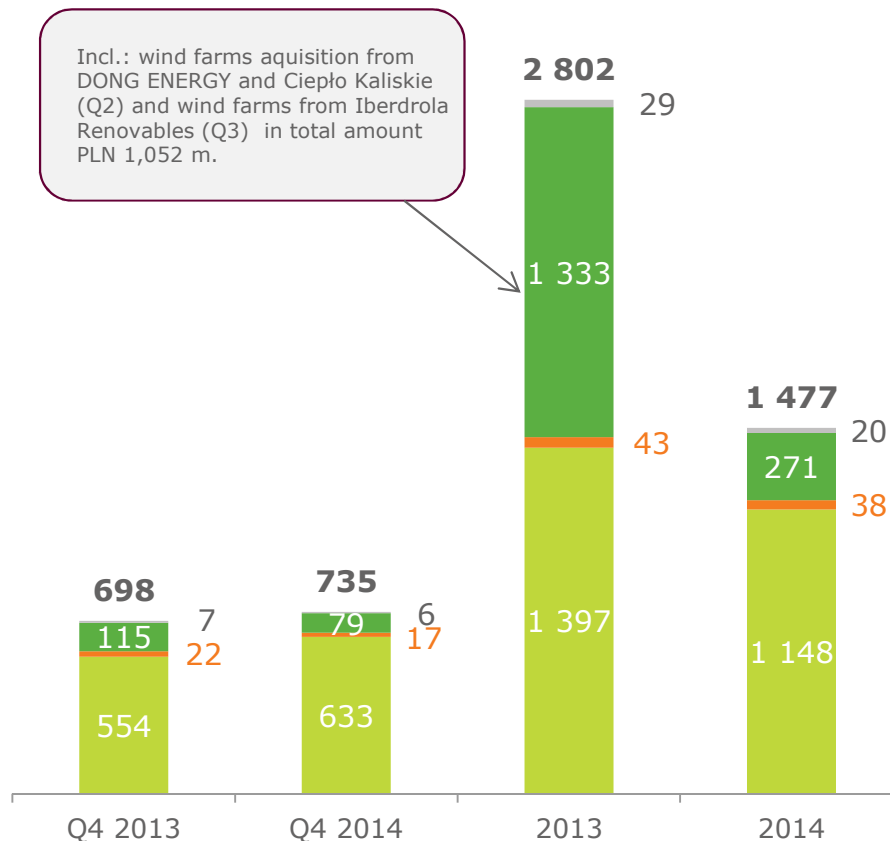
1. **PLN 518 m** distribution network modernization to improve reliability of supply
2. **PLN 390 m** grid development to facilitate connection of new customers
3. **PLN 53 m** development and modernization of grid related to RES connection
4. **PLN 88 m** other expenditures for innovative grid technologies and solutions (Smart Grid, SID)

What resulted with:

- a. **31 thous.** - new customers' connections
- b. **2,937 km** - built and modernized MV and LV lines
- c. **60** - new RES connections to the network and **160** additional prosumer sources launched

Thanks to investments in **generation segment** we commissioned new capacity: **46.9 MWe and 314 MWt**, incl. from **RES: 46.9 Mwe and 76 MWt**

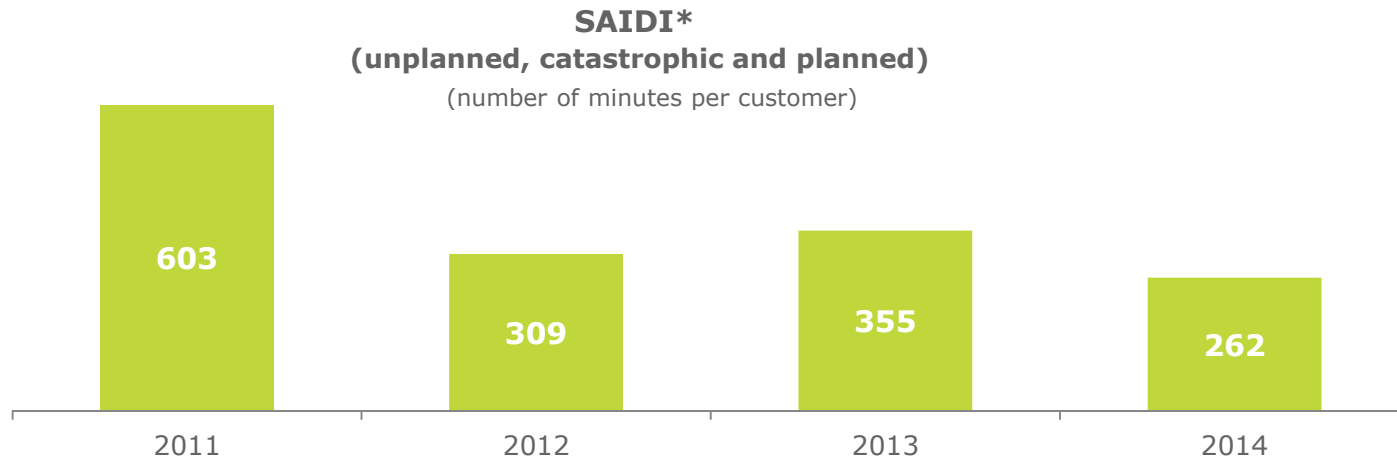
PLN m



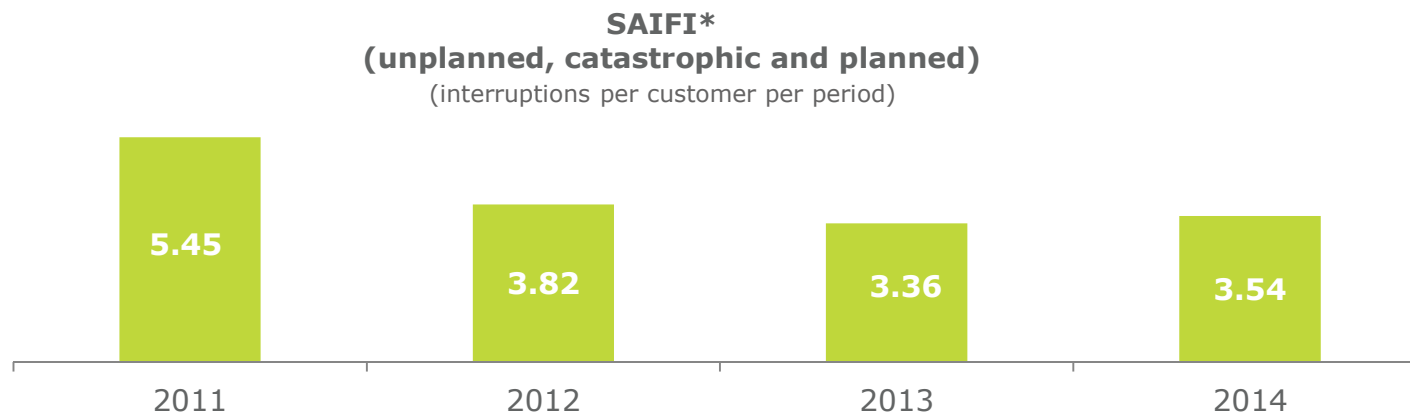
■ Distribution ■ Sales ■ Generation ■ Others & adjustments

ENERGA Group reliability indicators are the best among the industry

SAIDI (minutes per customer)



SAIFI (interruptions per customer)



* Including mass interruptions caused by extreme weather conditions

Outlook for 2015

Adjusted EBITDA and CAPEX 2015 perspective vs 2014		Main drivers
Distribution Segment	higher	<p>↗ RAB increase to PLN 11.3 bn in 2015 tariff</p> <p>↘ WACC decrease from 7.283% to 7.197%</p> <p>↘ not included in the tariff full return on capital employed (ERO decision to cut on return by 5%) to have negative impact on distribution EBITDA in the range of 2%</p>
Generation Segment		
<u>RES</u>	stable	↗ wind: higher volume of ee production due to commissioning of wind farm Myslino (20 MW)
<u>ENERGA Elektrownia Ostrołęka</u>	lower	↘ lower volume of energy production due to maintenance and modernization of the one block (technical outage from July to October 2015)
Sales Segment	stable	<p>↘ increase of the average purchase price of electricity (according to market trends)</p> <p>↘ increase of the average redemption cost of property rights per 1 MWh (annual obligation for yellow and red certificates and increase of obligation %)</p> <p>In spite of the above mentioned unfavorable factors the margin should sustain at the 2014 level</p>
CAPEX	stable	<p>▬ maintaining the level of distribution capex</p> <p>▬ maintainig the level of expenditures for RES</p> <p>↗ higher capex on modernisation in Elektrownia Ostrołęka B –according to IED requirements</p>

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Additional information

2014 summary

PLN m	Distribution			Sales			Generation		
	2013	2014	Growth rate	2013	2014	Growth rate	2013	2014	Growth rate
Revenues	3,796	3,997	5%	7,109	5,715	-20%	1,552	1,823	17%
EBITDA	1,561	1,536	-2%	226	131	-42%	233	698	> 100%
<i>EBITDA margin</i>	<i>41.1%</i>	<i>38.4%</i>	<i>Δ -2.7 p.p.</i>	<i>3.2%</i>	<i>2.3%</i>	<i>Δ -0.9 p.p.</i>	<i>15.0%</i>	<i>38.3%</i>	<i>Δ 23.3 p.p.</i>
EBIT	921	844	-8%	199	101	-49%	124	556	> 100%
Net profit	612	599	-2%	186	108	-42%	75	384	> 100%
<i>Net profit margin</i>	<i>16.1%</i>	<i>15.0%</i>	<i>Δ -1.1 p.p.</i>	<i>2.6%</i>	<i>1.9%</i>	<i>Δ -0.7 p.p.</i>	<i>4.8%</i>	<i>21.1%</i>	<i>Δ 16.3 p.p.</i>
CAPEX	1,397	1,148	-18%	43	38	-12%	1,333	271	-80%

PLN m	Generation, incl.:								
	Water			Wind			ENERGA Elektrownia Ostrołęka		
	2013	2014	Growth rate	2013	2014	Growth rate	2013	2014	Growth rate
Revenues	480	374	-22%	58	120	> 100%	862	1,159	34%
EBITDA	374	283	-24%	41	79	93%	-205	339	-
<i>EBITDA margin</i>	<i>77.9%</i>	<i>75.7%</i>	<i>Δ -2.2 p.p.</i>	<i>70.7%</i>	<i>65.8%</i>	<i>Δ -4.9 p.p.</i>	<i>-23.8%</i>	<i>29.2%</i>	<i>Δ 53 p.p.</i>
EBIT	348	255	-27%	22	39	77%	-254	289	-
CAPEX	40	32	-20%	1,033	104	-90%	123	54	-56%

Structure of cost by nature – ENERGA Group

Expenses by nature (PLN m)	Q4 2013	Q4 2014	2013	2014
Depreciation of property, plant and equipment, intangible assets and investment property	202.4	220.1	770.6	860.7
Materials and energy used	209.6	236.1	965.6	872.8
<i>incl. fuel used</i>	<i>142.0</i>	<i>155.3</i>	<i>657.4</i>	<i>592.6</i>
External services	320.6	369.9	1,127.2	1,291.8
<i>incl. transmission and transit fees</i>	<i>184.7</i>	<i>218.1</i>	<i>731.0</i>	<i>865.7</i>
Taxes and fees	117.4	93.2	363.8	332.1
Employee benefits expenses	224.9	238.5	921.0	947.0
Valuation allowance	45.6	26.2	214.7	72.1
Other expenses	49.2	11.9	-9.8	-17.8
Value of merchandise and raw materials	1,417.7	1,294.5	5,808.7	4,767.6
Total operating expenses	2,587.3	2,490.3	10,161.9	9,126.3
of which:				
Cost of sales	2,374.3	2,281.6	9,455.5	8,463.7
Selling and distribution expenses	80.8	115.0	294.3	312.0
General and administrative expenses	132.2	93.7	412.1	350.6

EBITDA adjusted for significant non-recurring events (Q4)

Adjusted EBITDA of the Group (PLN m)	Distribution		Sales		Generation		Others & adjustments		Total	
	Q4 2013	Q4 2014	Q4 2013	Q4 2014	Q4 2013	Q4 2014	Q4 2013	Q4 2014	Q4 2013	Q4 2014
EBITDA	424.8	372.2	38.1	-17.5	45.6	170.4	-23.6	-50.6	484.9	474.5
Revaluation allowances for property, plant and equipment and intangible assets	0.1	1.4	-	-	23.8	23.6	2.3	-0.1	26.1	25.0
Surplus (revenues)/ costs from employment restructuring *	-39.1	10.6	60.4	1.6	1.8	6.3	0.9	-0.9	23.9	17.6
Dissolution of provisions for CO ₂ pertaining to unobtained free allowances	-	-	-	-	35.8	-	-	-	35.8	-
Impairment of the goodwill of the subsidiary	-	-	-	-	-	-	-	13.7	-	13.7
Adjusted EBITDA	385.7	384.2	98.5	-16.0	106.9	200.3	-20.4	-37.8	570.8	530.8

The Company defines and calculates EBITDA as operating profit /(loss) (calculated as net profit /(loss) on continuing operations for the financial period/year, adjusted by (i) income tax, (ii) the share of profit of the associate, (iii) financial income and (iv) financial costs) adjusted by depreciation (posted to the profit and loss account). The Company defines and calculates adjusted EBITDA as EBITDA adjusted for non-recurring events. Neither EBITDA nor Adjusted EBITDA have been defined in the IFRS and should not be treated as an alternative for measures and categories consistent with IFRS. Additionally, both EBITDA and Adjusted EBITDA do not have a uniform definition. The method of calculating EBITDA and Adjusted EBITDA by other companies may differ materially from the method used by ENERGA SA. As a result, EBITDA and adjusted EBITDA presented herein as such do not constitute the basis for comparison with EBITDA and adjusted EBITDA reported by other companies.

EBITDA adjusted for significant non-recurring events (2014)

Adjusted EBITDA of the Group (PLN m)	Distribution		Sales		Generation		Others & adjustments		Total	
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
EBITDA	1,560.9	1,535.5	225.7	131	233.3	698.5	-54.4	-58.1	1,965.5	2,307.0
Revaluation allowances for property, plant and equipment and intangible assets	0.2	1.4	-	-	147.5	34.1	2.3	0.6	150.0	36.0
Surplus (revenues)/ costs from employment restructuring *	26.2	16.5	60.5	-25	-1.0	11.9	0.6	4.2	86.2	7.6
Dissolution of provisions for CO2 pertaining to unobtained free allowances	-	-	-	-	35.8	-35.8	-	-	35.8	-35.8
Gains from bargain purchases arising from the acquisition of related companies	-	-	-	-	-	-	-17.9	-0.9	-17.9	-0.9
Impairment of the goodwill of the subsidiary	-	-	-	-	-	-	-	13.7	-	13.7
Adjusted EBITDA	1,587.3	1,553.4	286.2	106	415.6	708.6	-69.4	-40.5	2,219.6	2,327.5

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Key operational data

CO ₂ emission allowances in generation companies (thous. tons CO ₂)	As at 31 December 2014	
	2013 settlement	2014 settlement
CO ₂ emission allowances received free of charge (KPRU)	1,764	260
CO ₂ emission allowances purchased on secondary market	2,336	1,827
Sum of CO₂ allowances	4,100	2,087
CO ₂ (tons) emission allowances related to electricity generation	2,719	2,863
CO ₂ (tons) emission allowances related to heat generation	466	425
The amount of CO ₂ emission allowances sold / redeemed	9	1,480
Surplus (+)/ shortage (-) of CO₂ emission allowances in a given period	907	-2,680
Surplus (+)/ shortage (-) of CO ₂ emission allowances from previous years	31	938
Surplus (+)/ shortage (-) of CO₂ emission allowances (at the end of the period)	937	-1,743

As at 31 December 2014, the Group did not receive free allowances due to CO₂ emissions related to electricity generation, transfer of allowances for 2014 is expected in the 1st quarter of 2015.

RES Act's impact on the ENERGA Group

1. According to the reform of the RES support system, starting on 1 January 2016, limited support is expected to be provided in the form of green certificates for electricity generated in renewable sources; this will entail:

- loss of support for hydro power plants > 5 MW
- limitation of support for biomass co-firing – support at current levels will be awarded to electricity generated in dedicated multi-fuel fired installations

As a result, the Włocławek and Bielkowo Hydro Power Plants will lose their certificates of origin of electricity, while the Ostrołęka B Power Plant (EEOB) will partially lose biomass co-firing certificates.

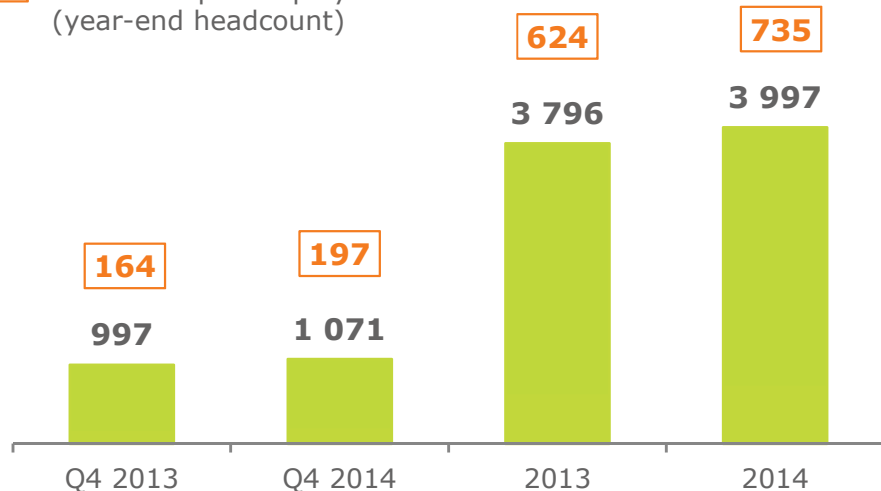
- The ENERGA Group estimates, based on 2014 data that the **total volume of property rights lost** from these three sources **will be 992 GWh**.
- After incorporating the change to the fuel mix at EEOB (if co-firing is partially discontinued), the Group estimates that the total **adverse impact on 2014 EBITDA would be about PLN 145 m** (of which about PLN 135 m would pertain to the named hydro power plants).

2. The new regulations for electricity sellers acting in the capacity of „*ex officio seller*” will curtail opportunities for speculation and contribute to more evenly spreading the power price risk in relations between generators and obligated offtakers.

Financial results of the Distribution Segment

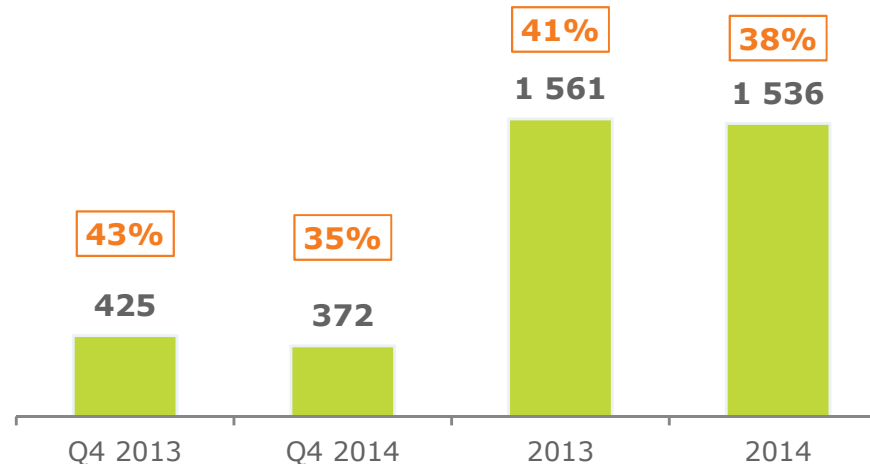
Revenues (PLN m)

□ - Revenue per employee in thousand PLN (year-end headcount)



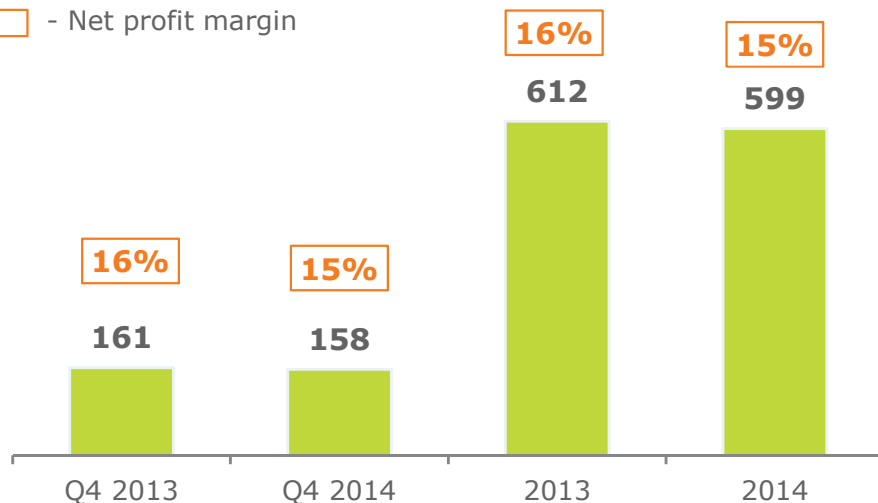
EBITDA (PLN m)

□ - EBITDA margin



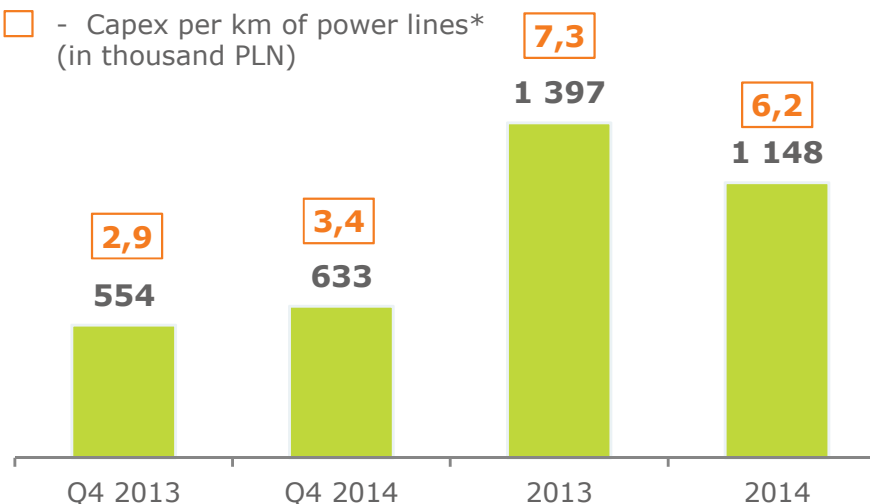
Net profit (PLN m)

□ - Net profit margin



Capex (PLN m)

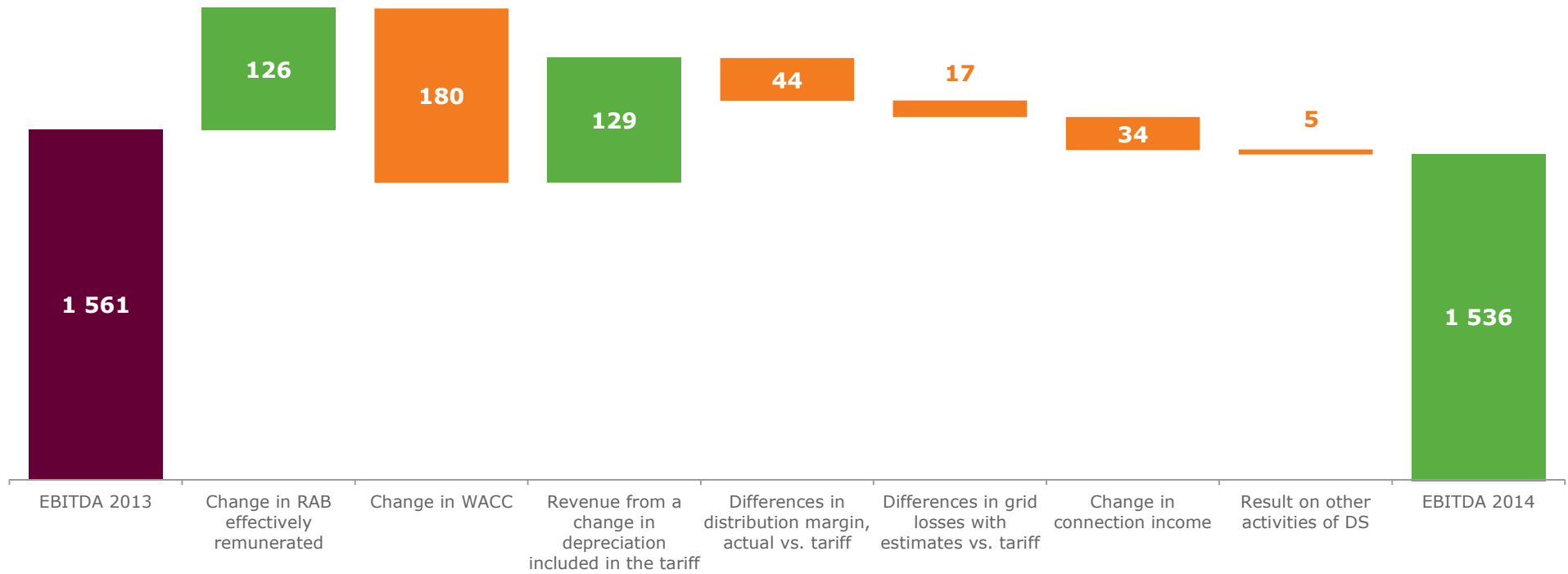
□ - Capex per km of power lines* (in thousand PLN)



* km of power lines at the end 2013 and 2014

EBITDA Bridge of the Distribution Segment

PLN m

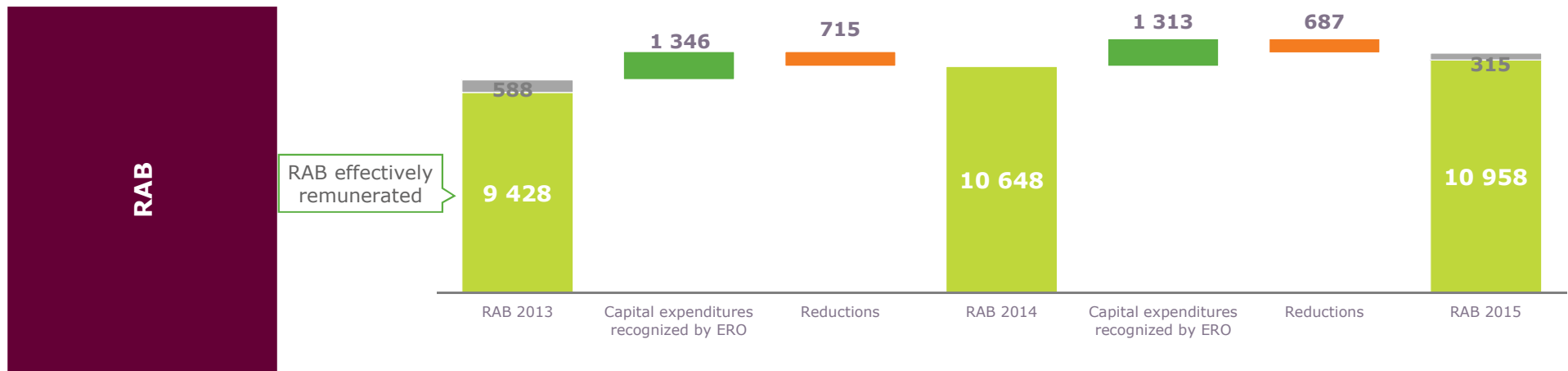


The differences of margins were affected by the unfavorable structure of volumes to the approved tariff (decline in tariff groups C and G, increase in A and B).

Structure of cost by nature – Distribution Segment

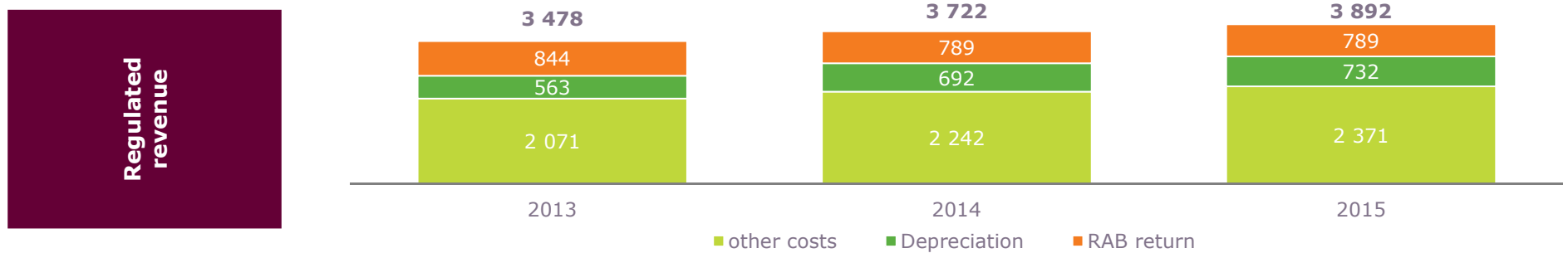
Expenses by nature (PLN m)	Q4 2013	Q4 2014	2013	2014
Depreciation of property, plant and equipment, intangible assets and investment property	160.7	175.2	640.4	691.8
Materials and energy used	107.3	90.6	332.1	316.3
<i>incl. fuel used</i>	89.4	80.4	290.1	277.3
External services	266.3	306.0	1,003.8	1,146.5
<i>incl. transmission and transit fees</i>	184.7	218.1	731.0	865.7
Taxes and fees	55.8	63.4	237.2	255.0
Employee benefits expenses	118.4	155.0	508.6	592.1
Valuation allowance	2.6	-4.0	10.5	15.4
Other expenses	11.1	6.6	-53.1	-40.5
Value of merchandise and raw materials	30.3	55.1	128.9	146.7
Total operating expenses	752.6	847.9	2,808.4	3,123.4
of which:				
Cost of sales	680.5	784.4	2,520.6	2,893.1
Selling and distribution expenses	26.9	18.9	107.3	70.0
General and administrative expenses	45.1	44.7	180.6	160.3

Regulatory Asset Base



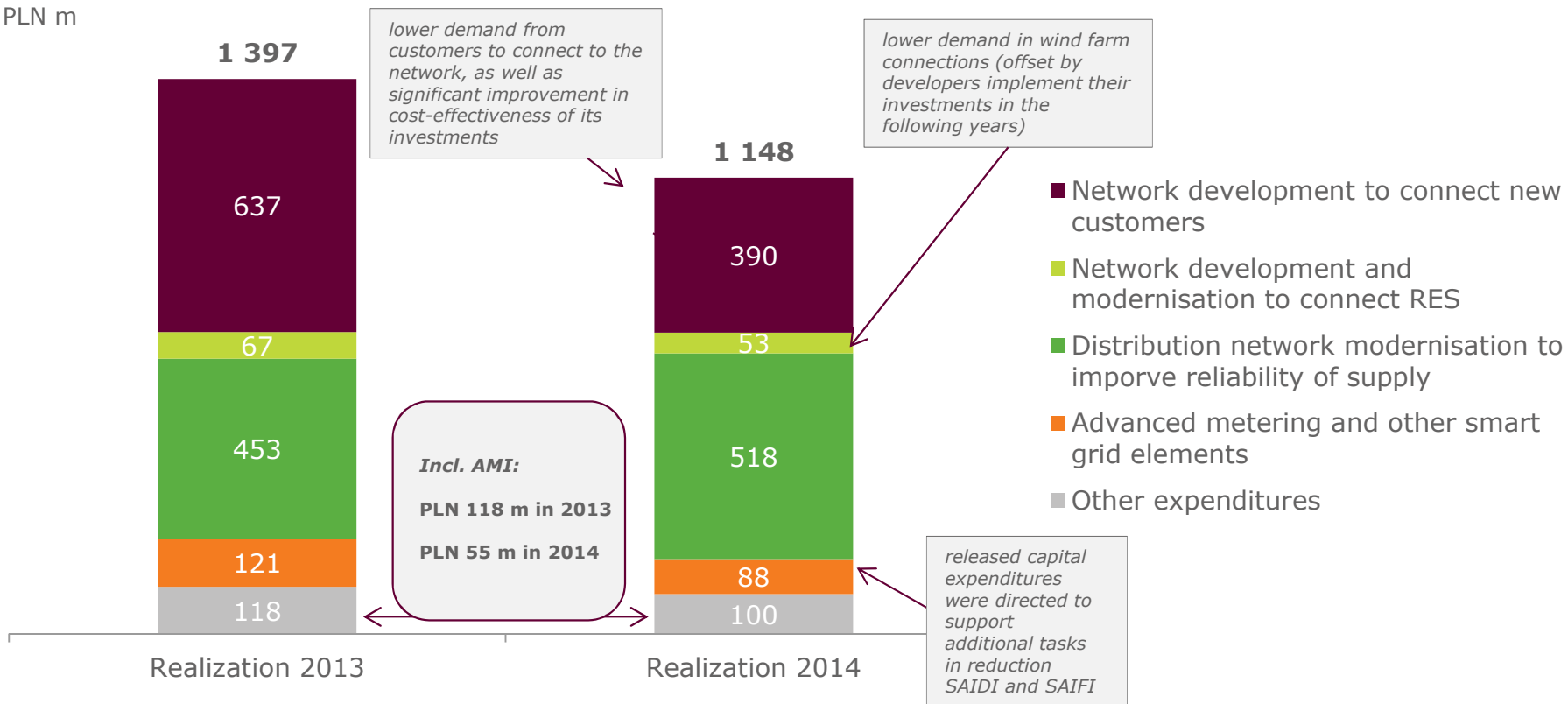
		2013	2014	2015	
Return on RAB	"Standard"	WACC	8.95%	7.28%	7.20%
		WACC AMI	2.00%	7.00%	7.00%
	Return on capital based on RAB	897	789	830	
	"included in tariff"	Allowed return on capital	844	789	789*
	Effective return on RAB	8.42%	7.41%	7.00%	

* 5% decrease of return on capital due to ERO decision



Current Distribution Capex and increased investment efficiency

PLN m

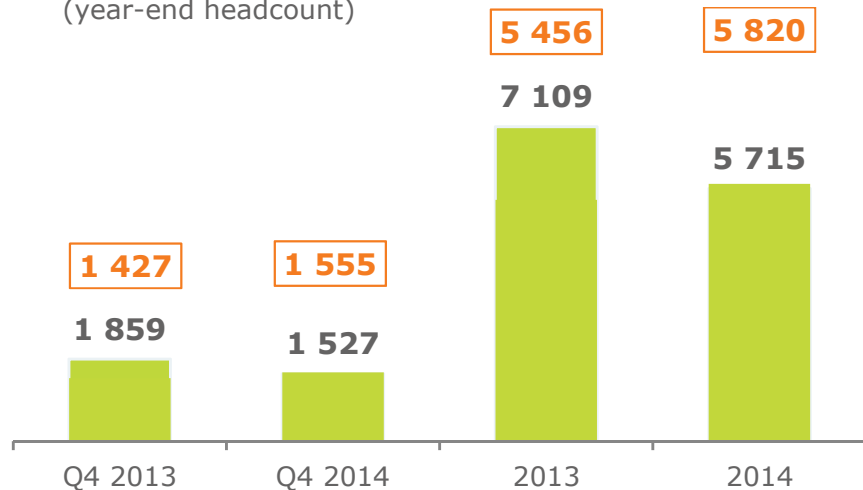


Non – performance under the AMI program due to the change of the delivery schedule of meters in the third phase of AMI

Financial results of the Sales Segment

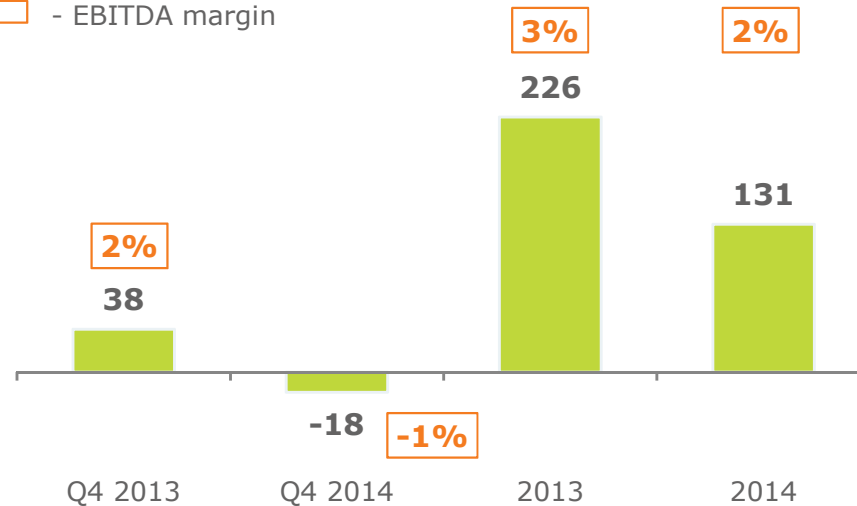
Revenues (PLN m)

□ - Revenue per employee in thousand PLN (year-end headcount)



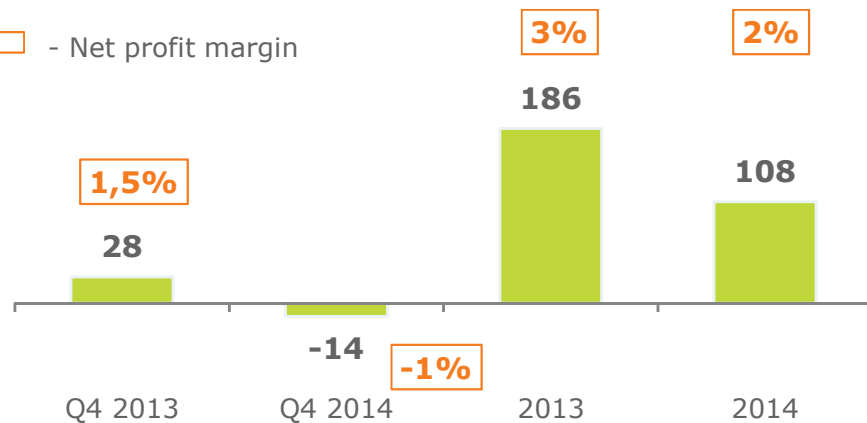
EBITDA (PLN m)

□ - EBITDA margin

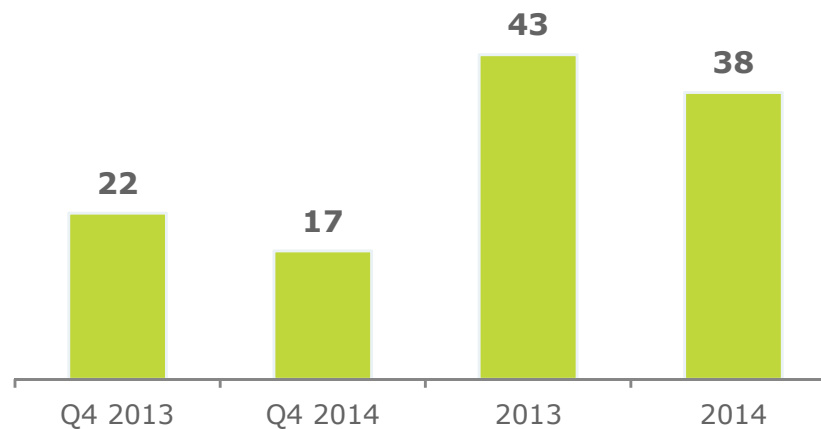


Net profit (PLN m)

□ - Net profit margin

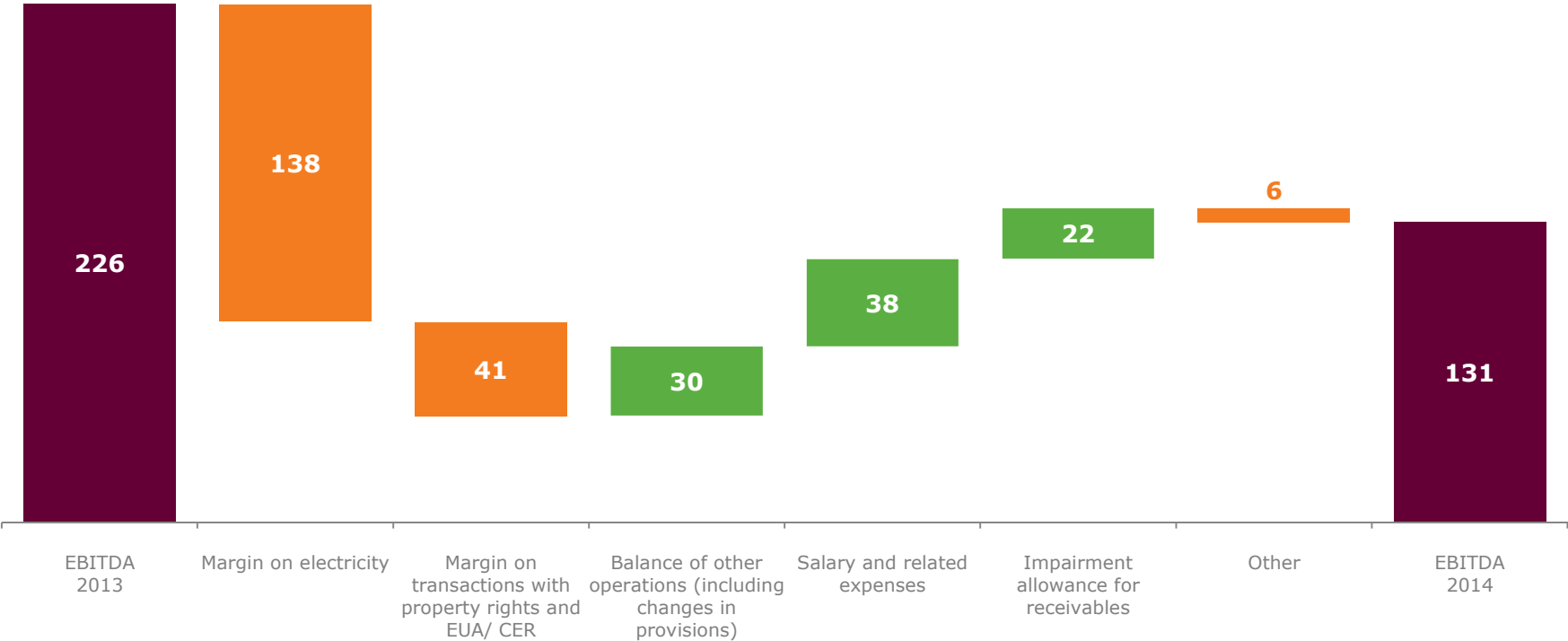


Capex (PLN m)



EBITDA Bridge of the Sales Segment

PLN m



Estimated impact on 2014 EBITDA from ,ex officio seller' role by ENERGA-OBRÓT was PLN -91 m (PLN -178 m in 2013)

Structure of cost by nature – Sales Segment

Expenses by nature (PLN m)	Q4 2013	Q4 2014	2013	2014
Depreciation of property, plant and equipment, intangible assets and investment property	7.1	8.0	26.8	30.0
Materials and energy used	9.8	11.4	39.7	36.5
External services	53.7	53.3	182.0	172.3
Taxes and fees	4.5	5.0	13.1	12.9
Employee benefits expenses	44.7	28.6	165.1	127.0
Valuation allowance	5.6	5.2	43.1	20.8
Other expenses	5.7	2.1	8.9	8.0
Value of merchandise and raw materials	1,688.3	1,434.4	6,426.7	5,232.2
Total operating expenses	1,819.5	1,548.1	6,905.3	5,639.7
<i>of which:</i>				
Cost of sales	1,775.0	1,506.1	6,743.5	5,496.5
Selling and distribution expenses	26.4	22.4	97.2	92.9
General and administrative expenses	18.1	19.6	64.7	50.2

Key operating data of the Sales Segment

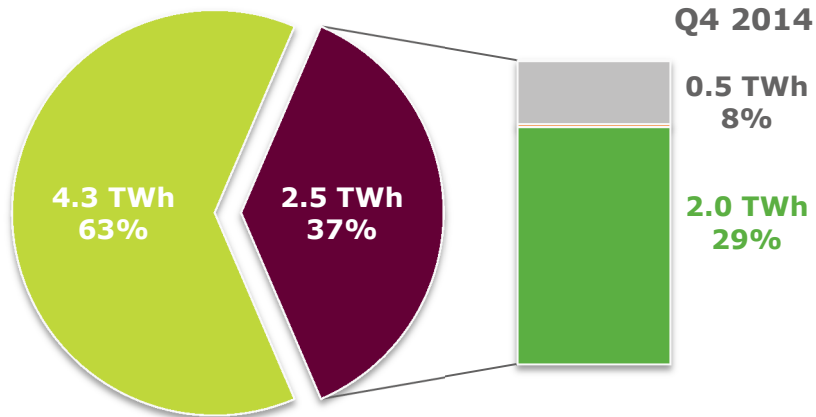
	Q4 2013	Q4 2014	Dynamics	2013	2014	Dynamics
Number of customers (thous.)	2,909	2,892	-1%	2,909	2,892	-1%
Electricity sales by Sales Segment (GWh)	8,317	6,799	-18%	31,012	26,084	-16%
<i>inc. retail sales</i>	4,618	4,277	-7%	18,248	16,364	-10%
Average selling price of electricity (PLN/MWh)	219.3	215.6	-2%	228.6	214,1	-6%
Cost of electricity purchase (PLN 000s)	1,560	1,173	-25%	5,822	4,410	-24%
Cost of electricity purchase with certificates of origin (PLN 000s)	1,648	1,334	-19%	6,352	5,022	-21%
Average purchase price of electricity w/o certificates of origin (PLN/MWh)	187.6	172.5	-8%	187.7	169.0	-10%
Average purchase price of electricity w/ certificates of origin (PLN/MWh)	198.2	196.3	-1%	204.8	192.5	-6%
Variable margin*	5.40%	4.01%	Δ -1.39 p.p.	6.09%	5.25%	Δ -0.84 p.p.

*Variable margin calculated as the ratio of the result on electricity sold to revenues on electricity sold

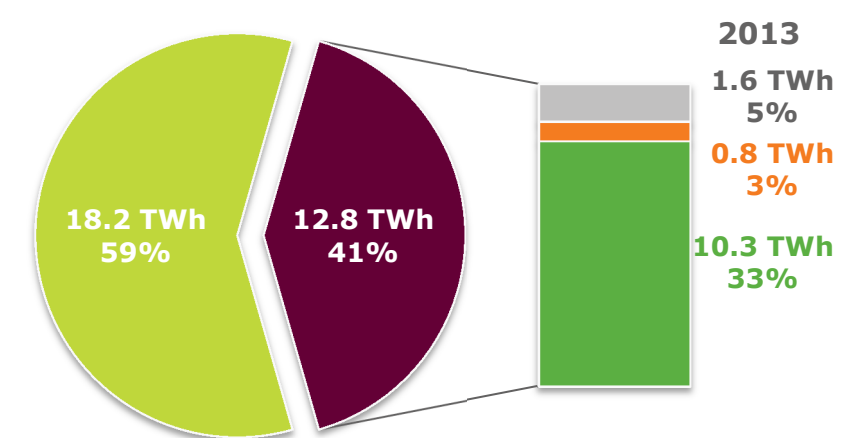
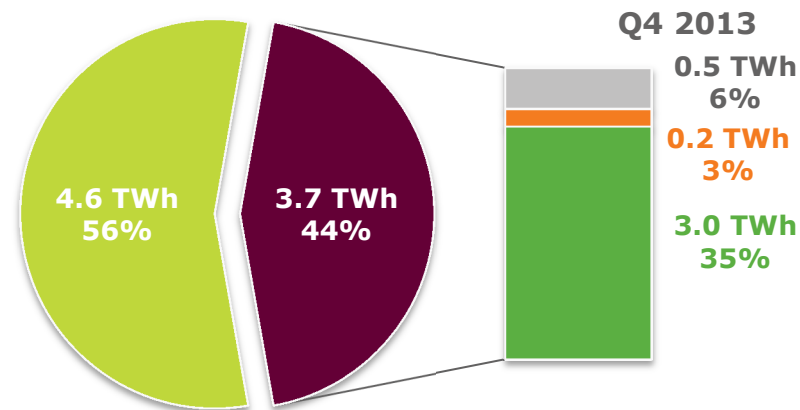
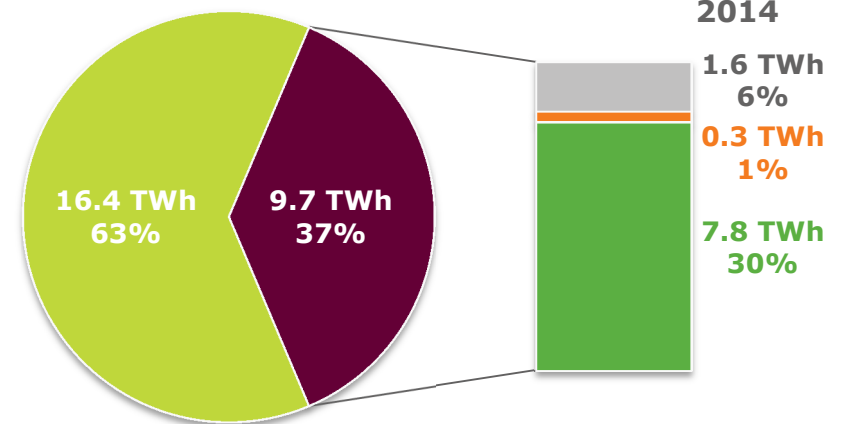
Purchase of electricity by the Sales Segment (TWh)	Q4 2013	Q4 2014	Dynamics	2013	2014	Dynamics
Electricity purchases from ENERGA Group generators	0.54	0.39	-27%	1.98	1.64	-17%
Electricity purchases on the wholesale market – exchange	1.37	2.77	-	5.72	11.10	94%
Electricity purchases on the wholesale market – other	6.35	3.49	-45%	23.03	12.74	-45%
Electricity purchases abroad	0.00	0.00	-	0.03	0.00	-87%
Electricity purchases on the balancing market	0.05	0.15	-	0.27	0.61	-
Total electricity purchases	8.31	6.80	-18%	31.02	26.09	-16%

Key operating data of the Sales Segment cont.

Electricity sales volume for Q4¹



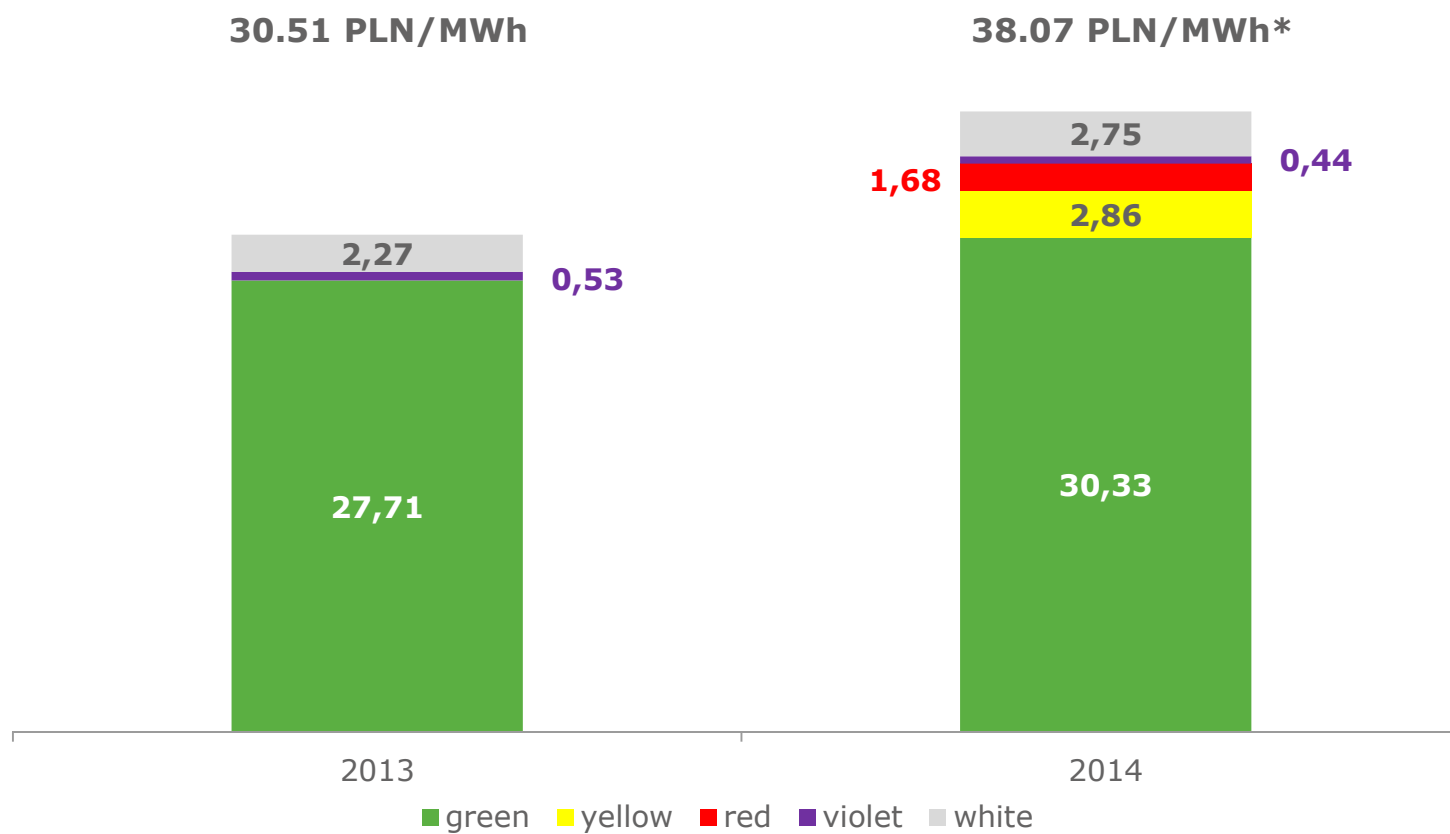
Electricity sales volume for 2014¹



- Retail sales
- Wholesales trade
- Sales to cover network losses
- Sales to the balancing market
- Other wholesales trade

¹ Sales by the Sales Segment

Cost of property rights redemption per 1 MWh and its structure in Sales Segment



* the obligation to redeem "red" and "yellow" property rights introduced as of 30 April 2014. The total cost for Sales segment amounted to PLN 73 m in 2014.

Receivables and impairment charge ENERGA-OBRÓT SA

At the end of current period at 31.12.2014

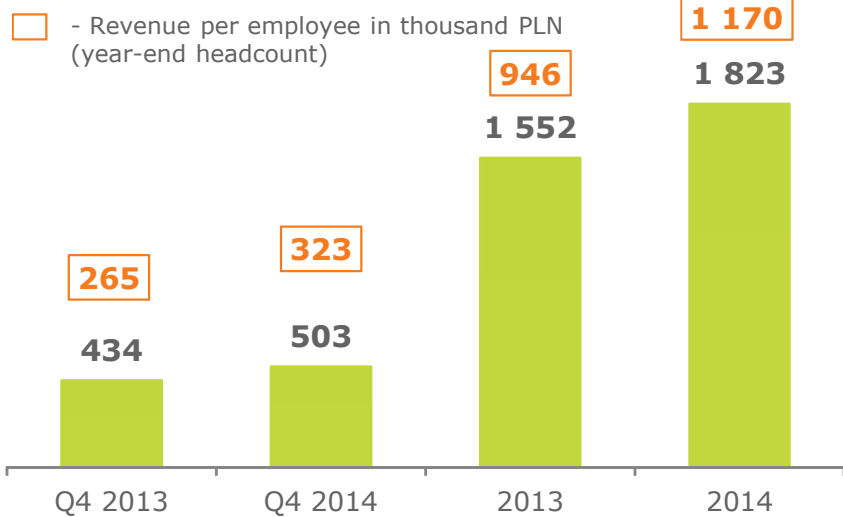
Trade receivables (PLN m)	Before impairment allowances		Impairment allowances		After impairment allowances
	Value	%	Value	%	
Not overdue	1,049	72%	2	1%	1,047
Overdue, including:	406	28%	201	99%	205
< 90 days	194	13%	6	3%	188
91 - 360 days	45	3%	28	14%	16
>360 days	167	11%	167	82%	0
Total	1,454		202		1,252

At the end of previous period, as at 31.12.2013

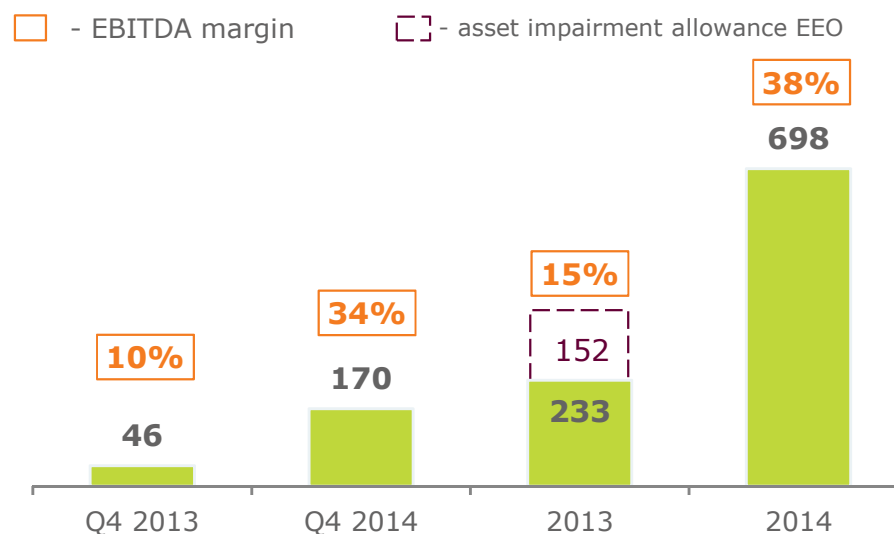
Trade receivables (PLN m)	Before impairment allowance		impairment allowances		After impairment allowances
	Value	%	Value	%	
Not overdue	994	71%	2	1%	991
Overdue, including:	404	29%	181	99%	223
< 90 days	212	15%	7	4%	205
91 - 360 days	73	5%	54	30%	18
>360 days	119	9%	119	65%	0
Total	1,398		183		1,214

Financial results of the Generation Segment

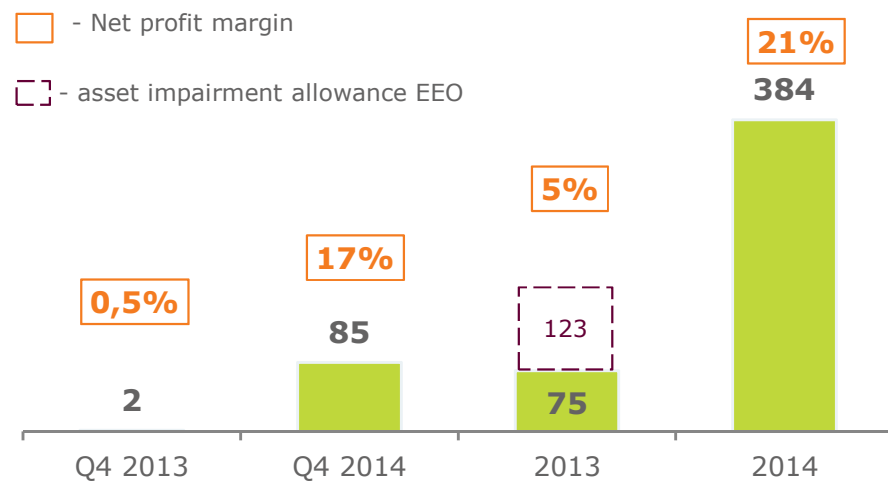
Revenues (PLN m)



EBITDA (PLN m)

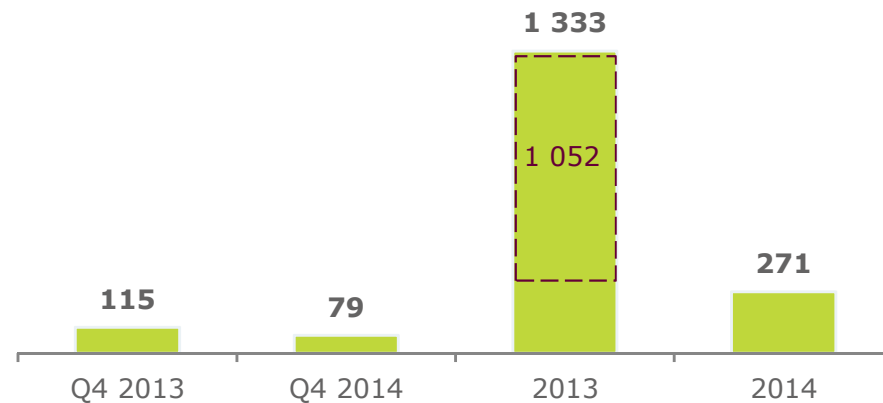


Net profit (PLN m)



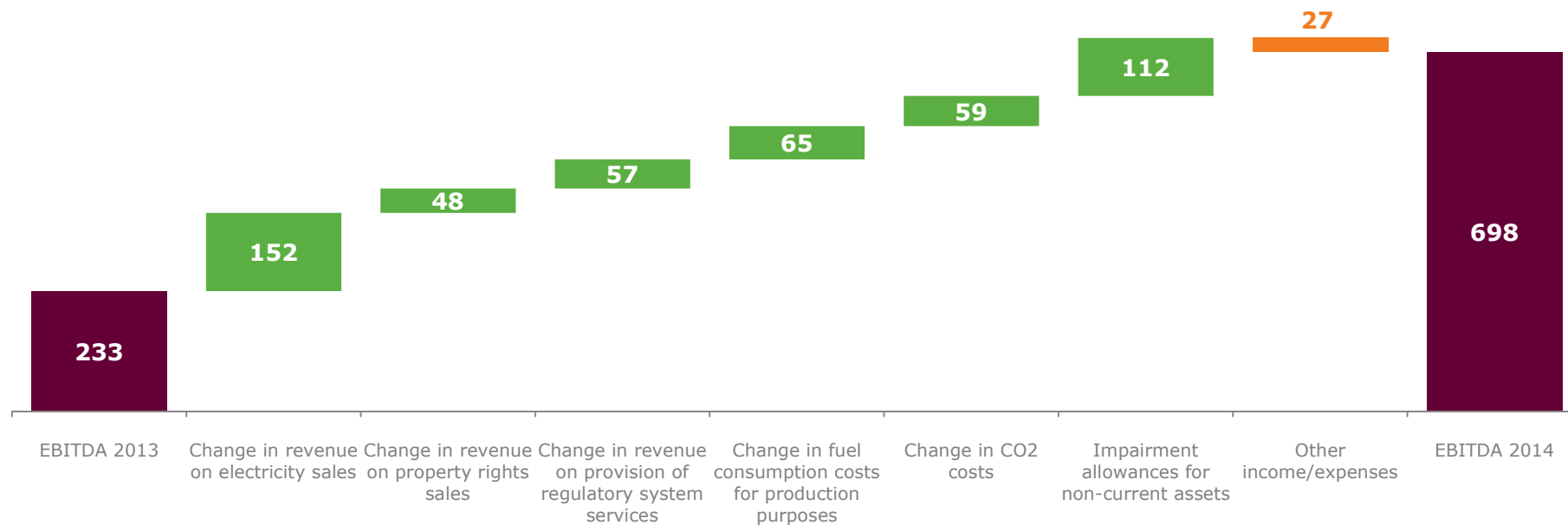
Capex (PLN m)

 - Investment expenditures on wind farms from DONG ENERGY and Ciepło Kaliskie (Q2 2013) and wind farms from Iberdrola Renovables (Q3 2013)



EBITDA Bridge of the Generation Segment

PLN m



Impairment allowances for assets – in 2013 asset impairment allowance for EEO B PLN 151.7 m, in 2014 asset impairment on wind farms PLN 39.2 m.

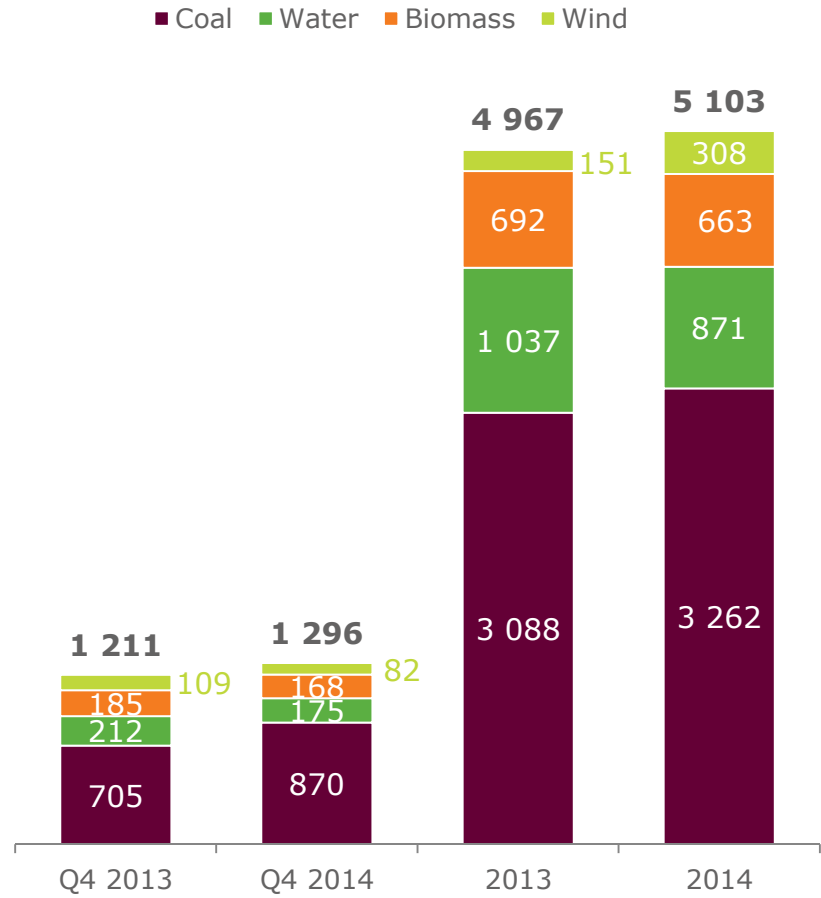
The negative impact of other income and expenses was affected by the fixed costs and Wind Business Line Business Line CHP - due to the commencement of assets in 2013, these costs are higher than in 2014.

Structure of cost by nature – Generation Segment

Expenses by nature (PLN m)	Q4 2013	Q4 2014	2013	2014
Depreciation of property, plant and equipment, intangible assets and investment property	33.7	39.5	109.6	142.7
Materials and energy used	151.7	165.5	711.3	639.1
<i>incl. fuel used</i>	<i>142.0</i>	<i>155.3</i>	<i>657.4</i>	<i>592.6</i>
External services	51.1	32.3	128.0	124.0
Taxes and fees	54.7	26.0	107.4	56.3
Employee benefits expenses	43.9	42.3	156.7	157.7
Valuation allowance	24.2	25.1	148.1	35.3
Other expenses	14.0	-0.8	12.2	6.0
Value of merchandise and raw materials	48.6	34.0	68.2	105.0
Total operating expenses	422.0	363.8	1,441.5	1,266.1
in which:				
Cost of sales	376.3	355.8	1,344.6	1,191.5
Selling and distribution expenses	1.3	1.3	3.7	4.4
General and administrative expenses	44.5	6.7	93.2	70.2

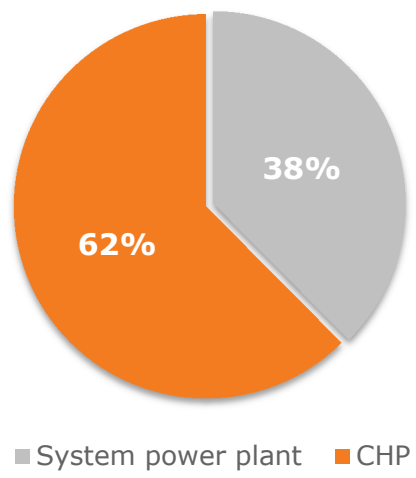
Key operating data of the Generation Segment

Gross electricity production by fuel (GWh) Gross heat production (in TJ)



	2013	2014
System Power Plant	1,468	1,452
CHP	2,480	2,412
Total	3,948	3,864

Gross heat production 2014



- Worse hydro-meteorological conditions for run-of-river hydro plants YoY (gross decrease in production by 16%)
- Increased production from coal due to the lower availability of biomass feed system (production took place based on the basic fuel power plants)
- Acquisition of wind farms, which increased the Group's generating capacity by 165 MW

Key operating data of the Generation Segment cont.

Consumption of fuels	Q4 2013	Q4 2014	Dynamics	Dyanmics (%)	2013	2014	Dynamics	Dyanmics (%)
Coal								
Quantity (000s tons)	367.9	422.8	54.9	15%	1,576.1	1 607.0	30.8	2%
Cost* (PLN m)	92.2	108.2	15.9	17%	455.1	413.4	-41.8	-9%
Cost per unit (PLN/ton)	250.7	255.9	5.2	2%	288.8	257.2	-31.5	-11%
Cost per unit (PLN/MWh)	89.6	89.4	-0.2	0%	110.2	96.7	-13.5	-12%
Biomass								
Quantity (000s tons)	110.9	111.1	0.2	0%	454.7	436.0	-18.7	-4%
Cost* (PLN m)	48.8	46.2	-2.6	-5%	198.0	175.8	-22.2	-11%
Cost per unit (PLN/ton)	439.6	415.7	-23.9	-5%	435.5	403.3	-32.2	-7%
Cost per unit (PLN/MWh)	261.2	235.5	-25.6	-10%	265.6	244.2	-21.4	-8%

* Including cost of transport

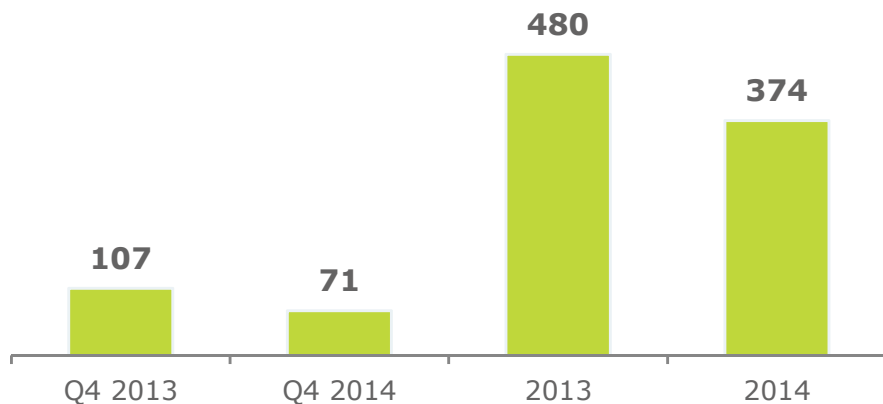
EBITDA in Generation Segment per business lines

EBITDA (PLN m)	Q4 2013	Q4 2014	2013	2014
Water	64	54	374	283
Wind	31	19	41	79
System Power Plant Ostrołęka	-48	113	-205	339
CHP	18	14	29	37
Other and adjustments*	-20	-29	-6	-39
Total Generation	46	170	233	698

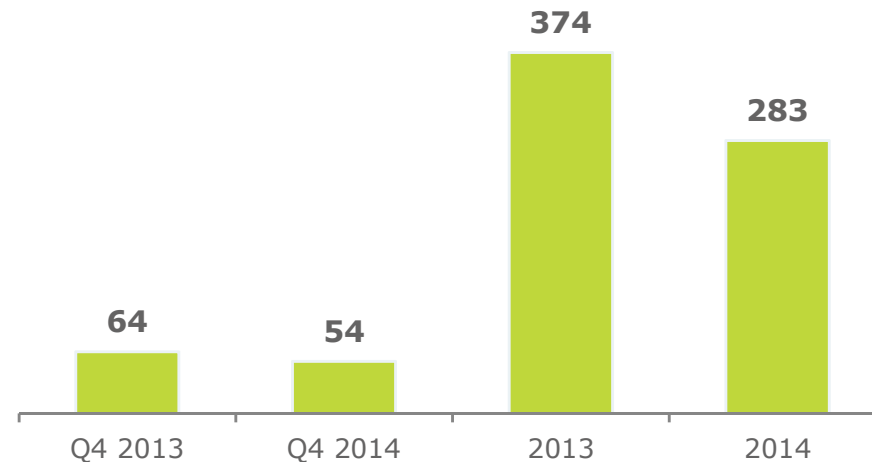
* The Other category comprises the Generation Segment's CHP assets, companies providing services to the Generation Segment and special purpose vehicles executing investment projects in the area of construction of new generation sources in the ENERGA Group.

Financial results of the Run-of-river hydro

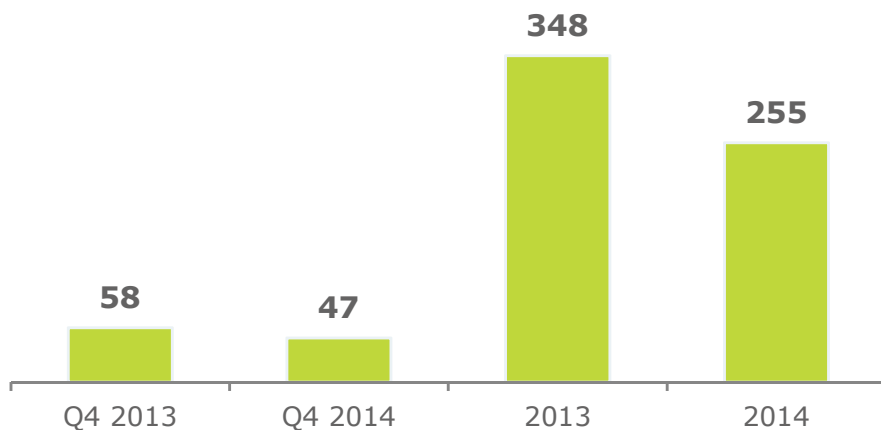
Revenues (PLN m)



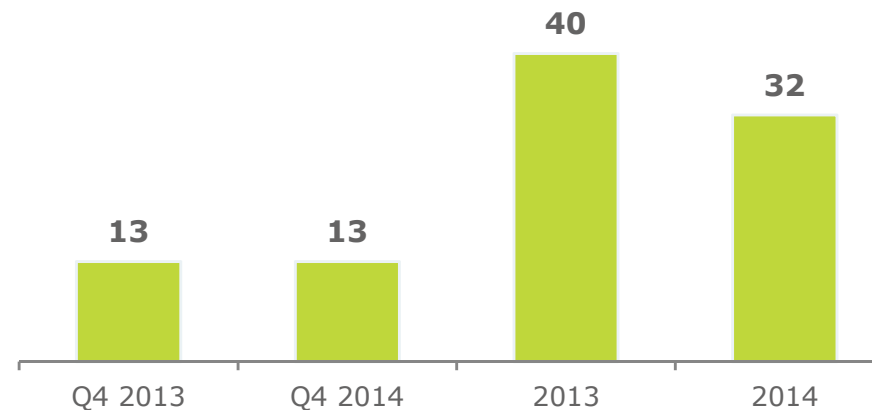
EBITDA (PLN m)



EBIT (PLN m)

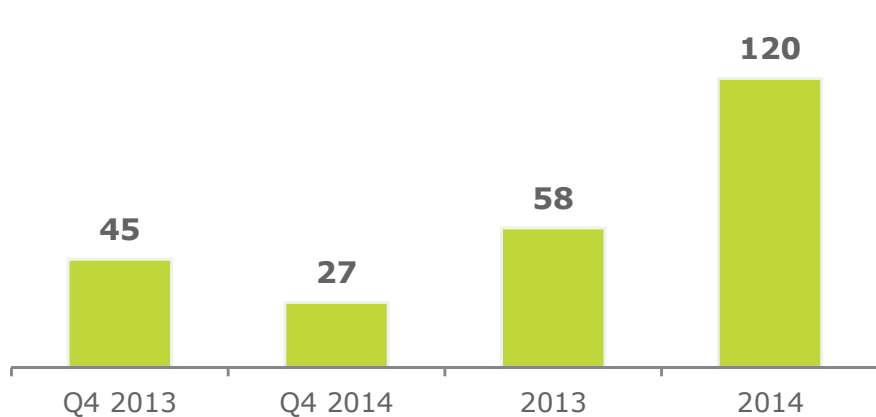


Capex (PLN m)

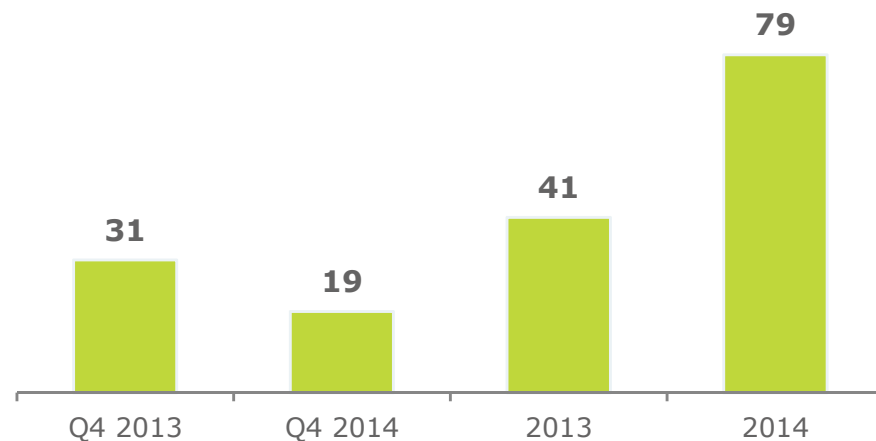


Financial results of wind farms

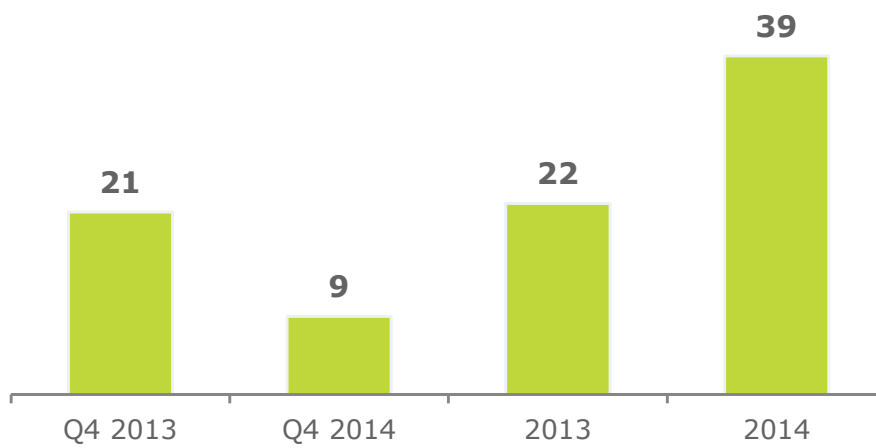
Revenues (PLN m)



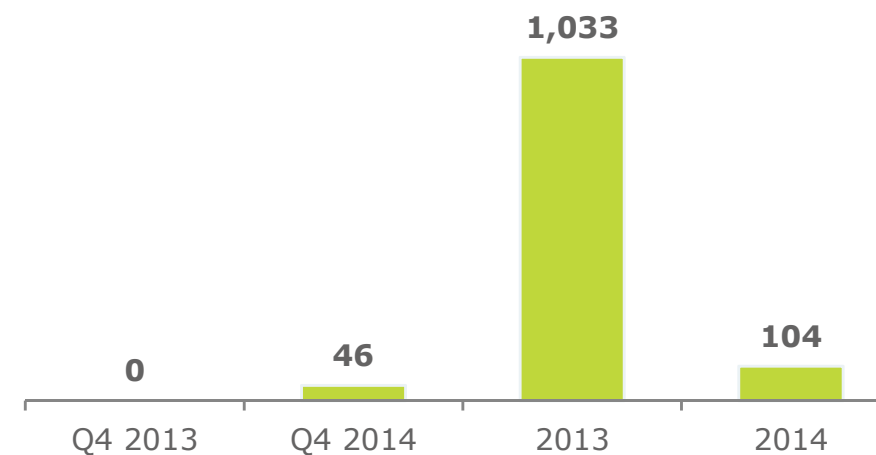
EBITDA (PLN m)



EBIT (PLN m)

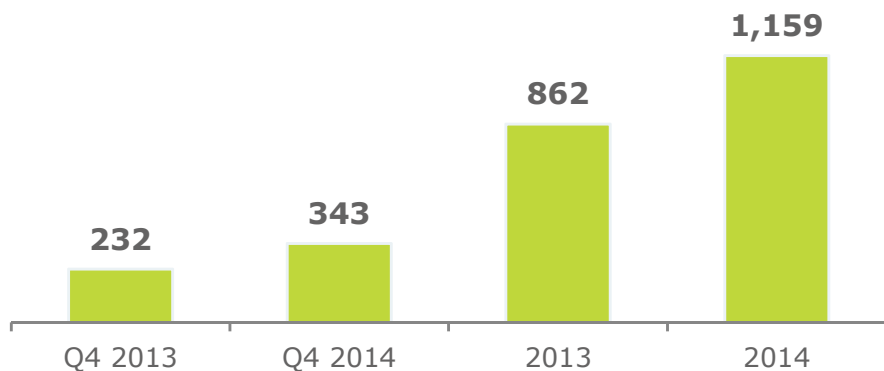


Capex (PLN m)

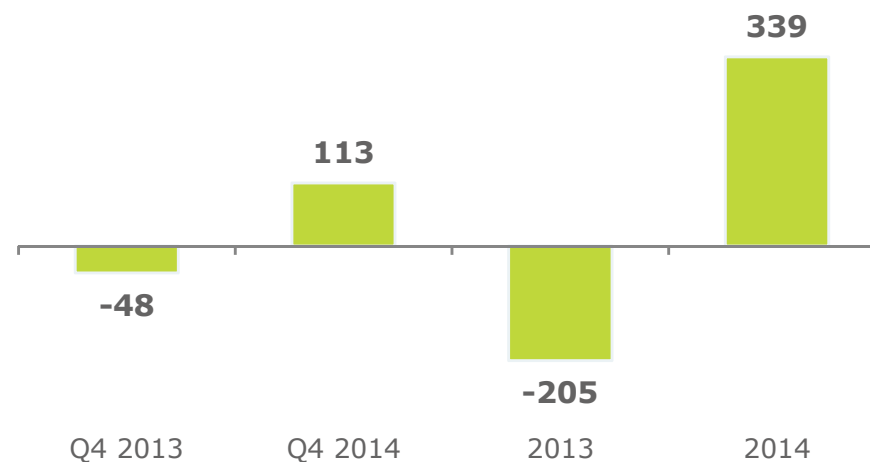


Financial results of the ENERGA Elektrownie Ostrołęka

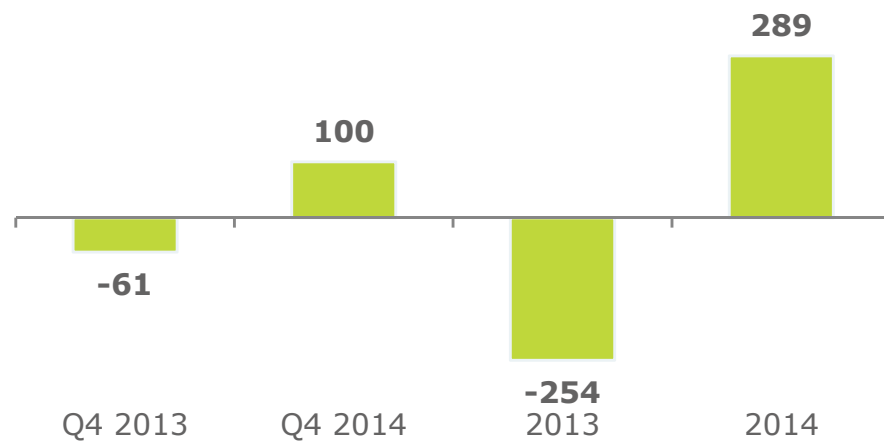
Revenues (PLN m)



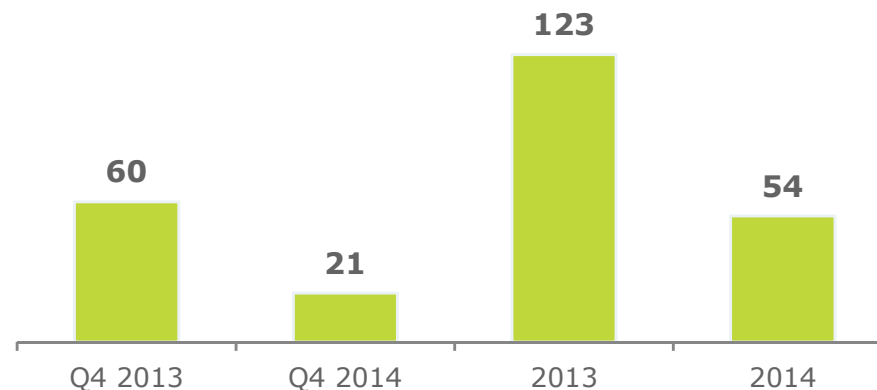
EBITDA (PLN m)



EBIT (PLN m)



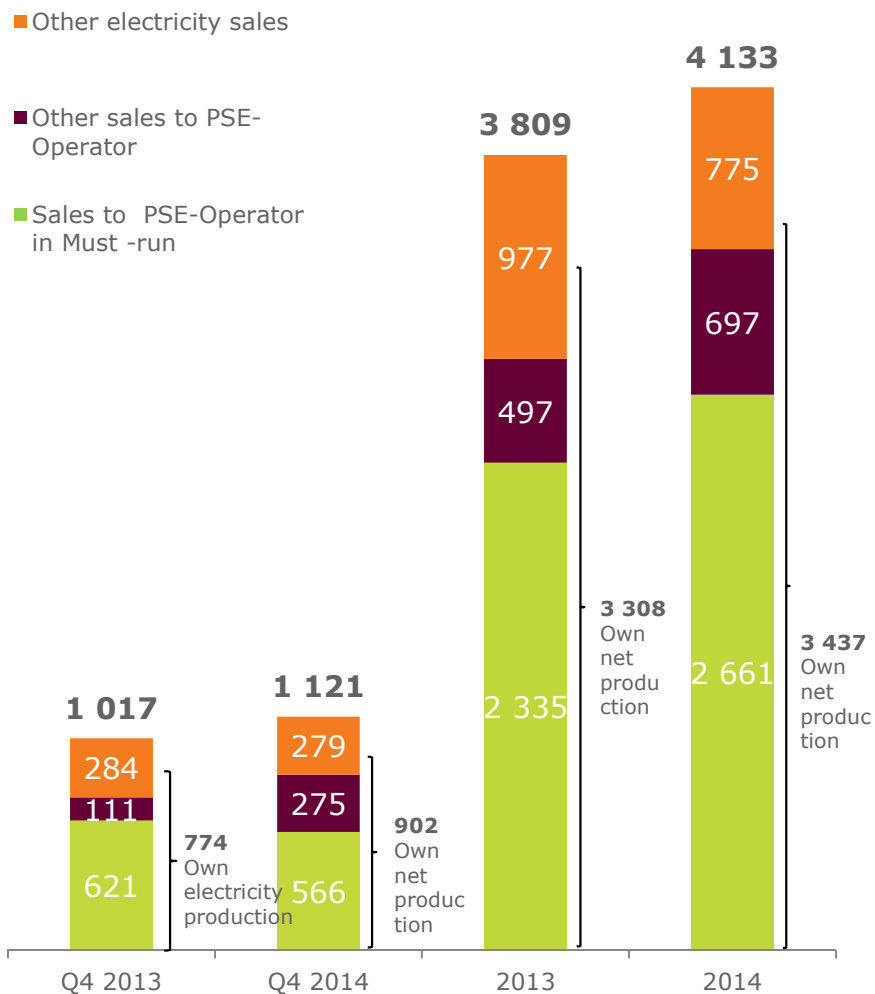
Capex (PLN m)



Key operating data of the ENERGA Elektrownie Ostrołęka

System Power Plant: Ostrołęka

GWh



Generation cost and price of electricity sales

	unit	2013	2014	dynamics
Electricity generation variable cost per unit*	(PLN/MWh)	184.4	166.5	-9.7%
Variable unit cost of generation from coal	(PLN/MWh)	153.0	142.4	-6.9%
Average price of must run electricity sales	(PLN/MWh)	180.9	200.9	11.1%
Average electricity selling price	(PLN/MWh)	183.0	209.2	14.3%
Average electricity selling price with operational reserve	(PLN/MWh)	183.0	221.7	21.1%

*includes the cost of all types of fuels without revenue from certificates

Fuels consumption volumes and costs in 2014

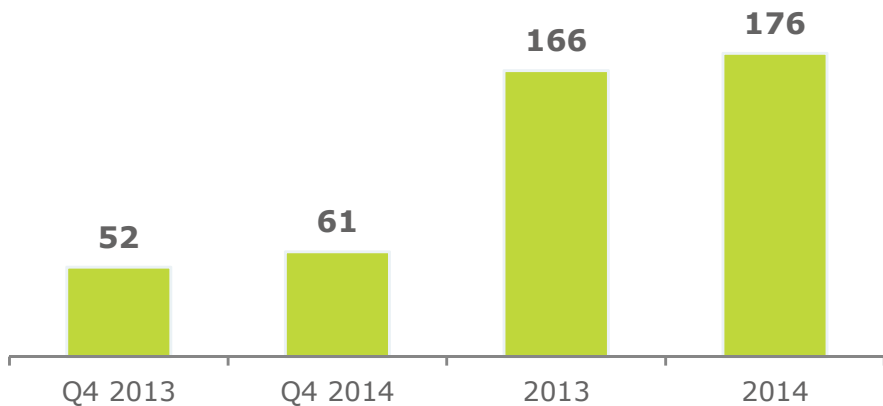
	unit	Coal	Biomass*
Total consumption	(000s tons)	1,450.9	418.3
Consumption cost per unit	(PLN/tons)	253.5	402.0
Total fuel cost	(PLN m)	367.8	168.2

*Average price for all biomass types used by Ostrołęka Power Plants in 2014

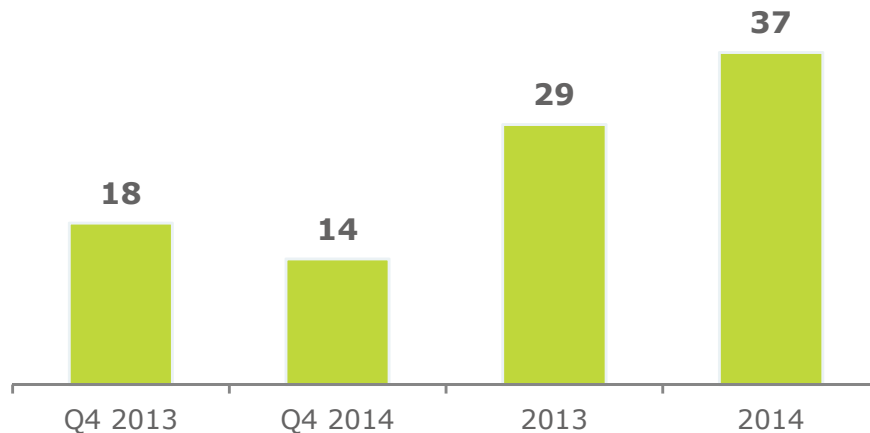
Source: The Company

Financial results of the CHP

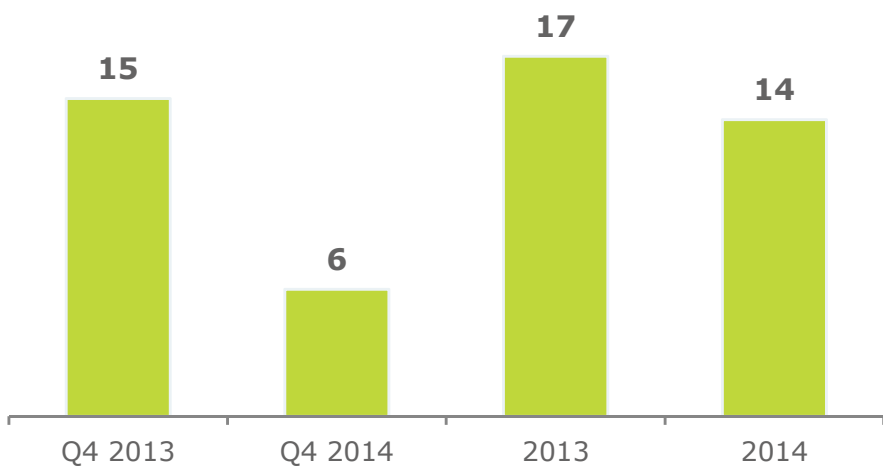
Revenues (PLN m)



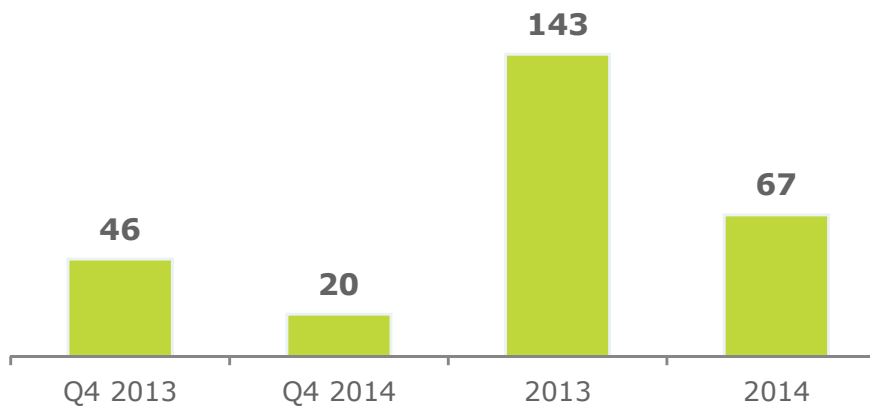
EBITDA (PLN m)



EBIT (PLN m)

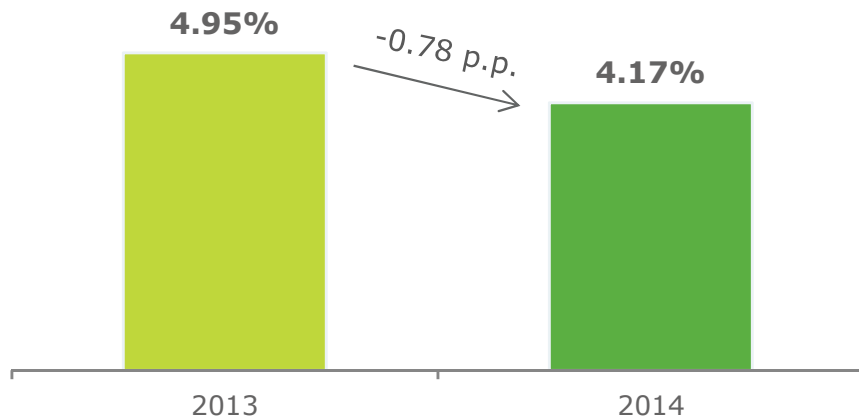


Capex (PLN m)



Average cost of debt for ENERGA Group

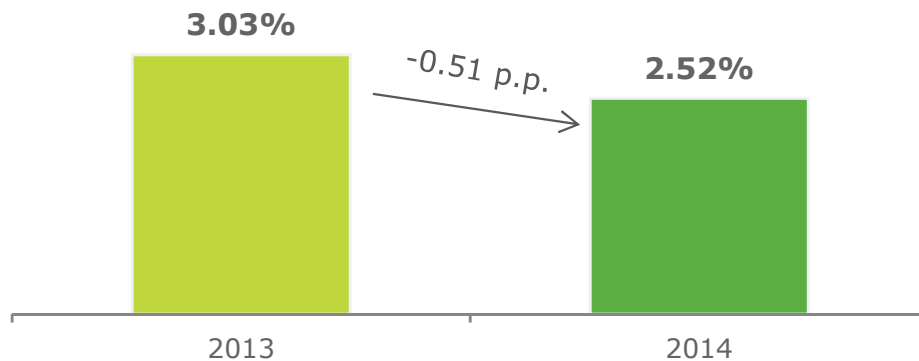
Average cost of debt for ENERGA Group



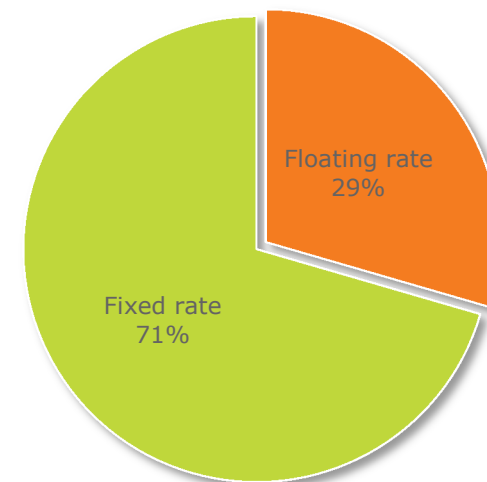
Main reasons for changes:

- Decline after 12 M 2014 of average WIBOR 3M by 0.51 p.p. y/y,
- Change in financing structure due to new credit tranches from EIB and EBRD,
- Transactions hedging the cost of debt associated with an eurobond issue of EUR 425 m expressed in PLN at a fixed level of 5.19% annually and 2-years transactions hedging the cost of debt associated with ENERGA OPERATOR financing investments in total amount PLN 1,940 m expressed in fixed level of WIBOR 3M swapped at 2.55% annually.

Average WIBOR 3M



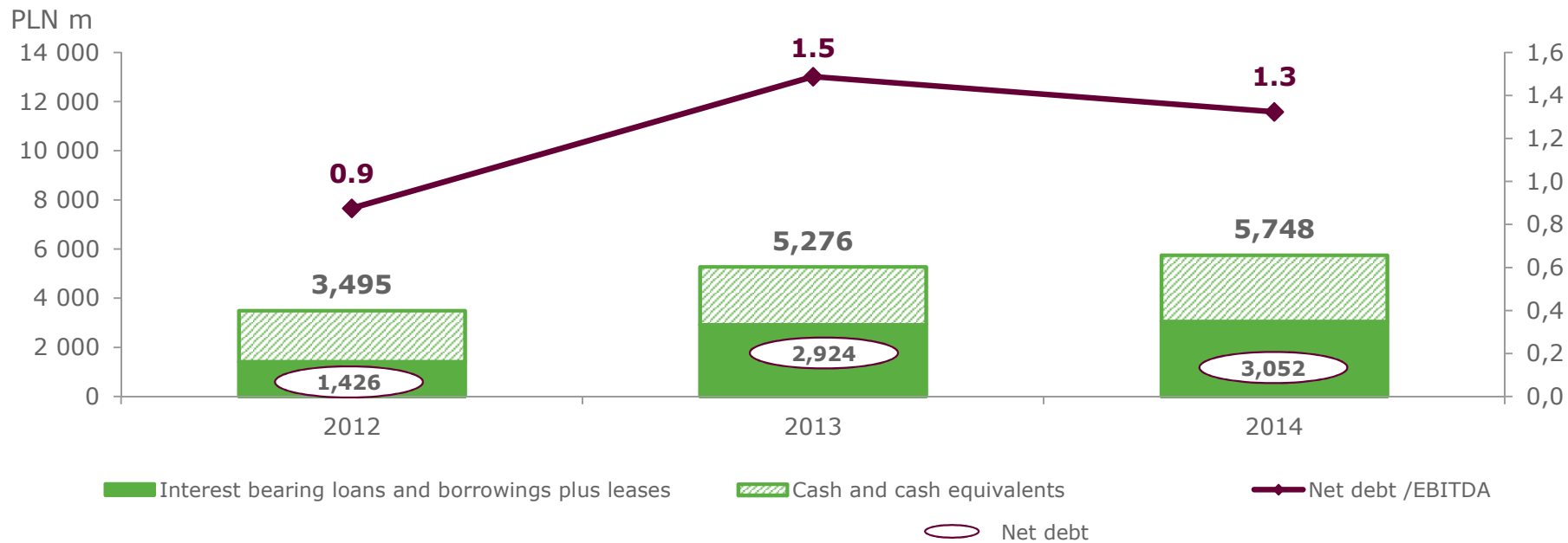
Structure of financing in 2014



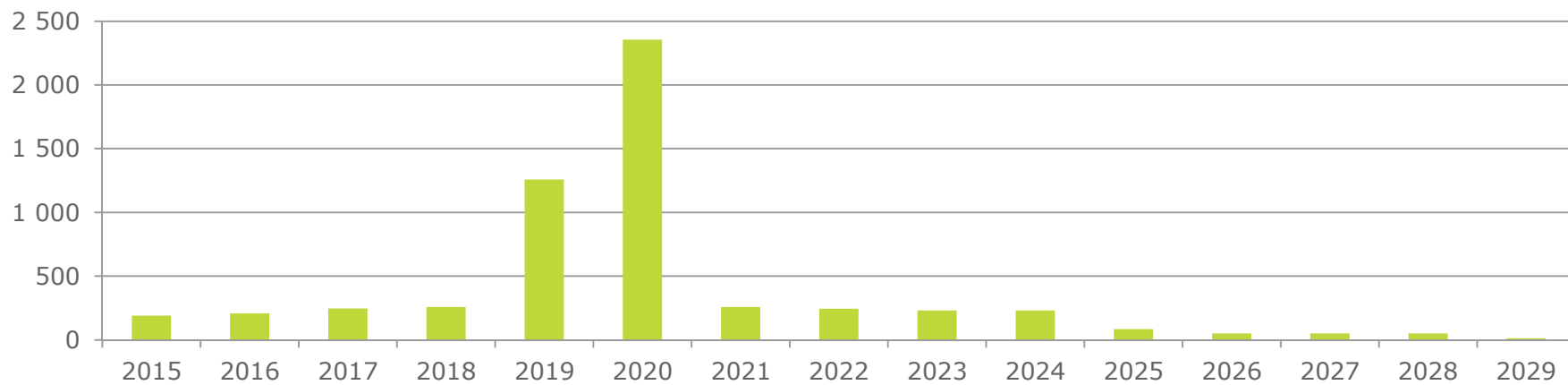
Source: Bloomberg

Financial security

Net debt/ EBITDA of ENERGA Group

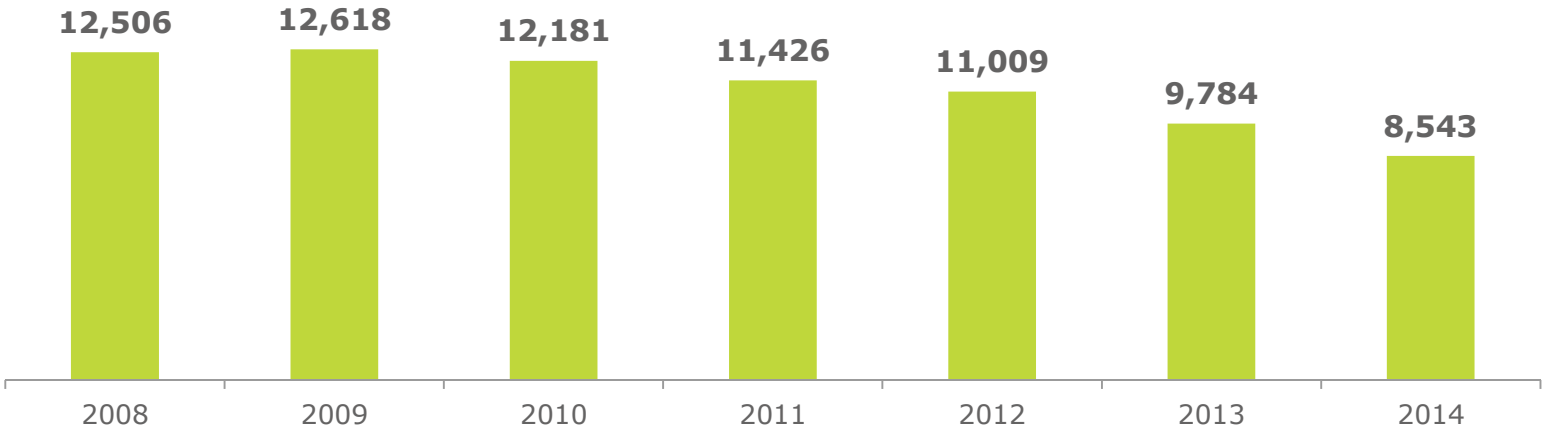
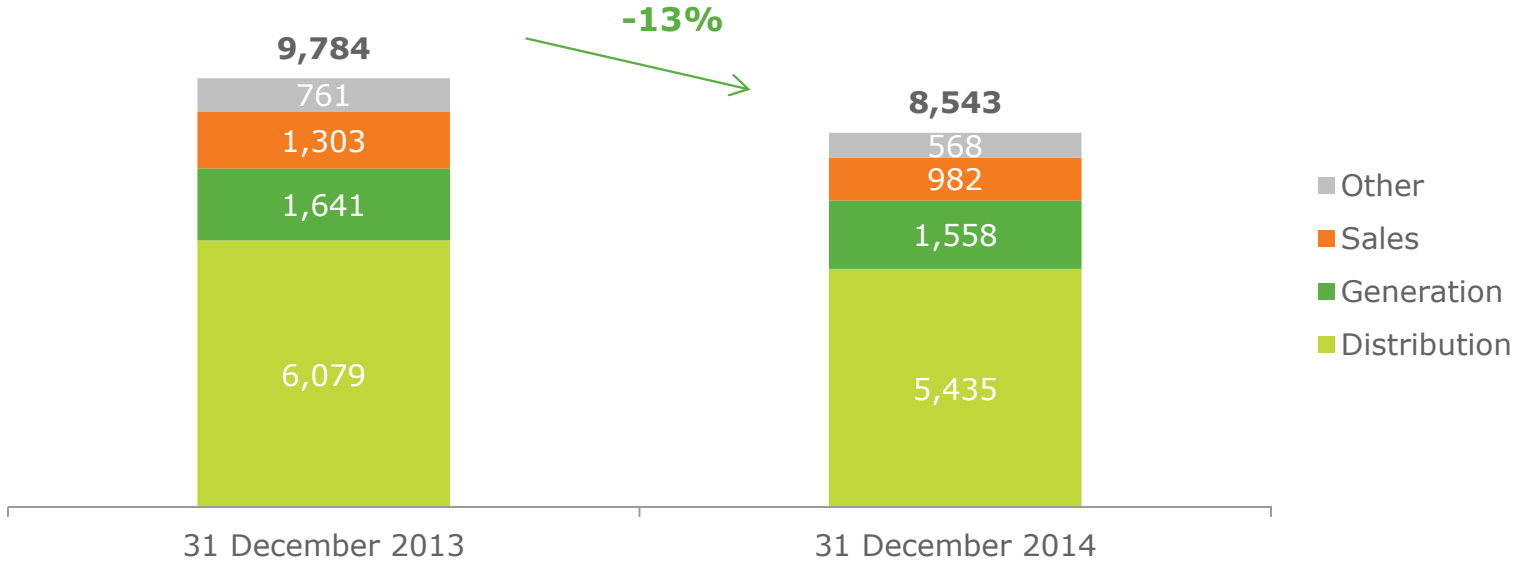


Debt Maturities



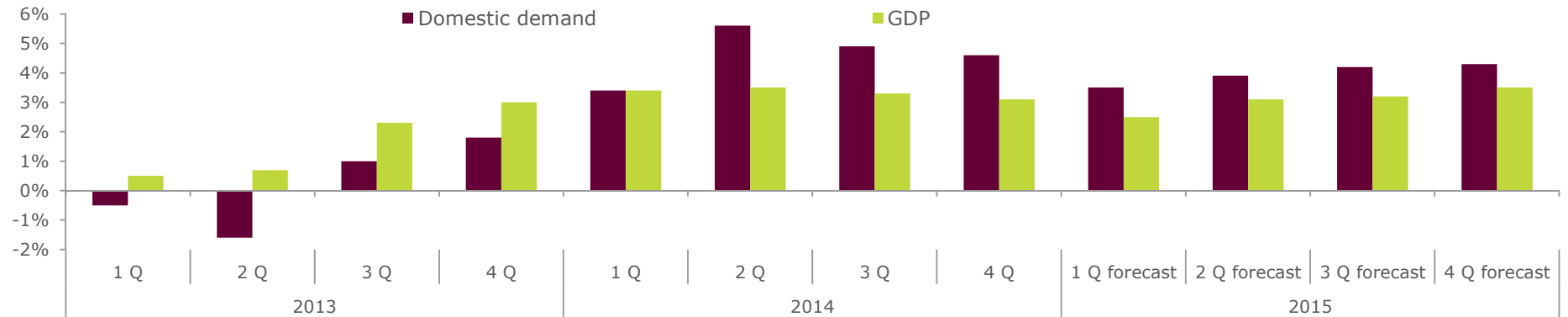
Headcount in the ENERGA Group

Headcount – end of period



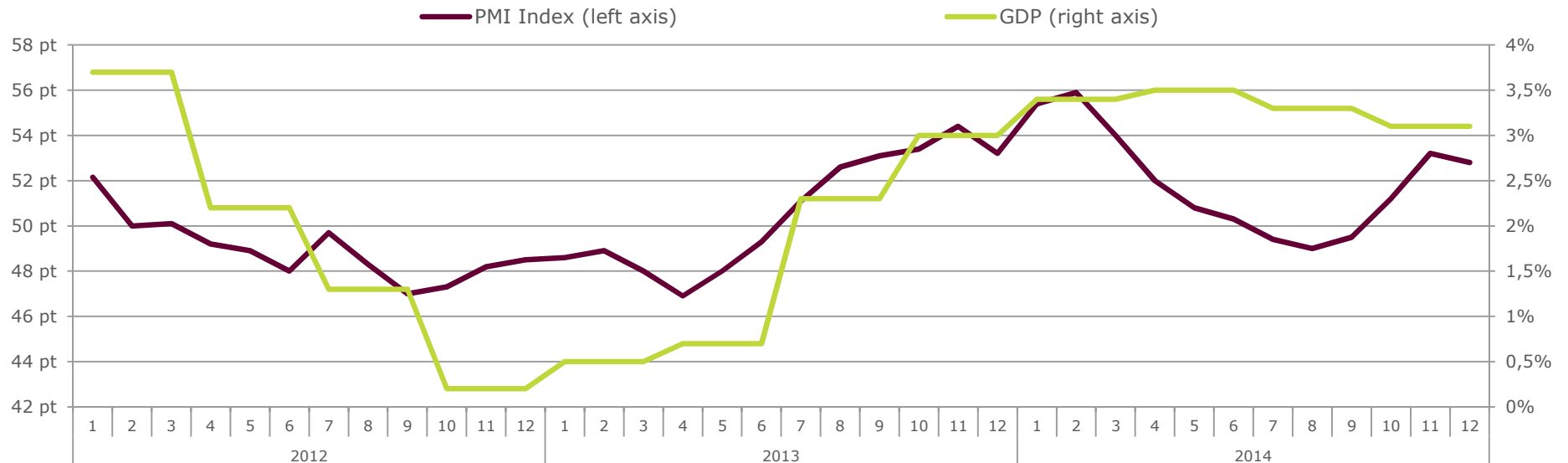
Key macro-economic data

Annual GDP and domestic demand growth rates in Poland per quarters of 2013-2014 with forecasts for subsequent quarters of 2015



Source: In-house calculations based on Polish Main Statistical Office (GUS) and Institute for Market Economy Research (IBnGR).

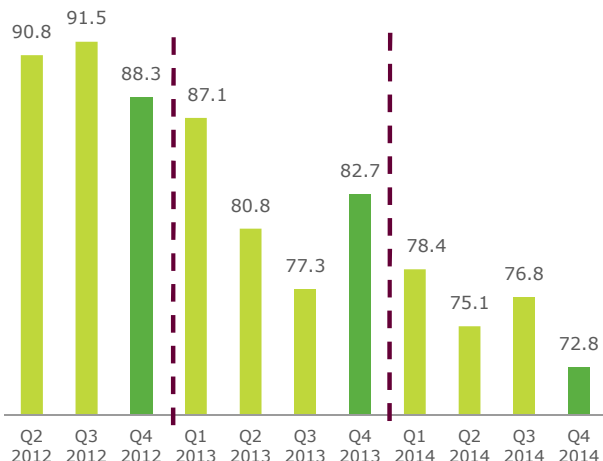
Domestic annual GDP change and PMI index value of Polish industrial sector in 2012-2014



Source: In-house calculations based on GUS data and BZWBK forecast.

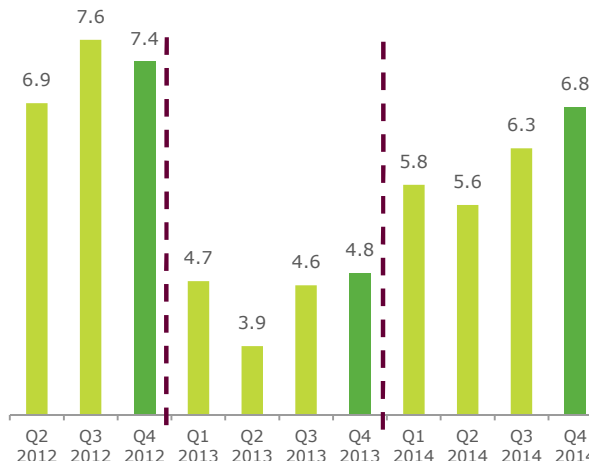
Key market data

Coal (USD/t)*



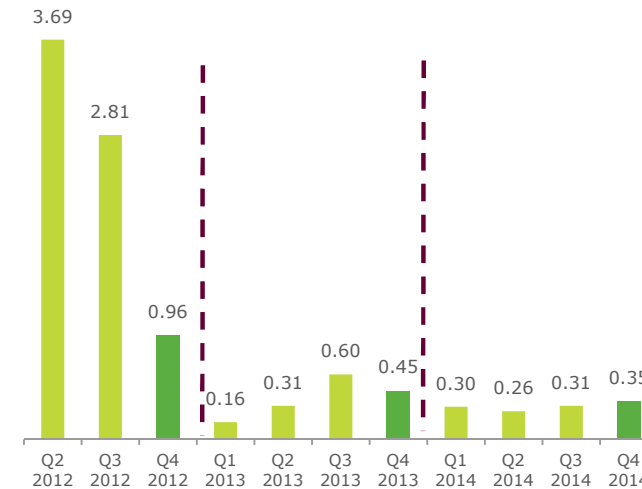
* Source: ARA Index Amsterdam-Rotterdam-Antwerp

EUA - CO₂ emission rights (EUR/t)**



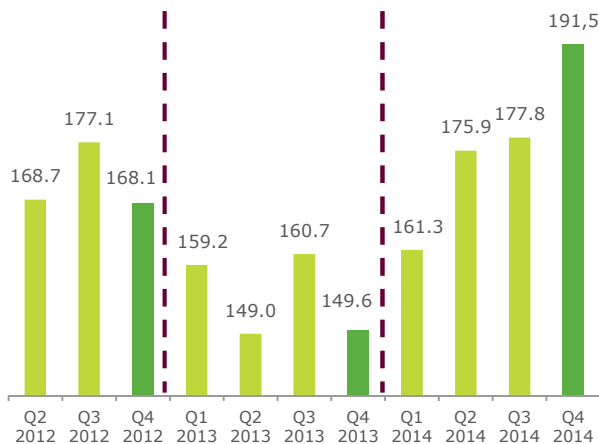
** Source: Intercontinental Exchange contracts trading

CER - CO₂ emission rights (EUR/t)**

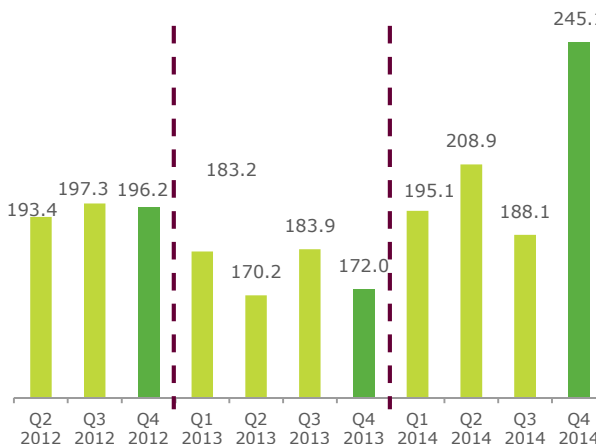


Average electricity and green certificates prices on TGE (PLN/MWh)

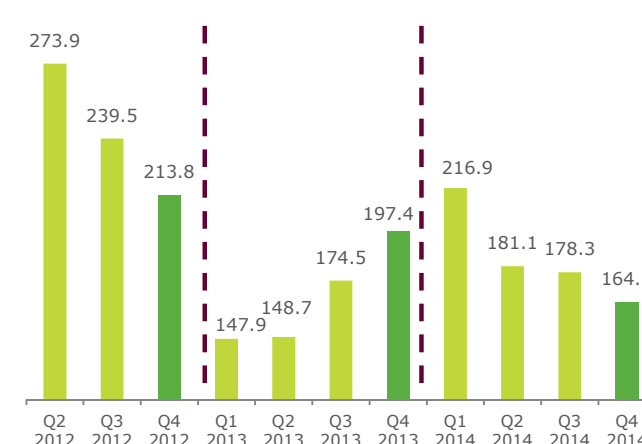
Basic electricity (spot)



Peak electricity (spot)



Green certificates - PMOZE_A (spot)



Source: Commodity Exchange (Polish: Towarowa Giełda Energii S.A. – TGE)