

**Financial results presentation, 16 March 2015
- Q&A session**

Conference participants:

Mirosław Bieliński, President of the ENERGA SA Management Board

Roman Szyszko, Executive Vice-President of the ENERGA SA Management Board,
Chief Financial Officer

Wojciech Topolnicki, Executive Vice-President of the ENERGA SA Management
Board, Strategy and Investments

Rafał Czyżewski, President of the ENERGA Operator Management Board

Ewa Mirońska, Vice President of the ENERGA Elektrownie Ostrołęka Management
Board

Konrad Tyrajski, Vice President of the ENERGA Obrót Management Board

Paweł Puchalski, BZ WBK Brokerage

Question 1: The key question is the Sales Segment; you're only showing the adverse factors and you assume a major loss in 2014, Q4 but at the same time you believe that EBITDA will be stable if you've generated PLN 130 m in the whole year, that's some PLN 30 m per quarter. Why should Q1 be better by some PLN 50 m and why should that result be maintained throughout the year?

Konrad Tyrajski, Vice President of the ENERGA Obrót Management Board: The Q4 loss was the result of the following: there wasn't any wind so we had to buy power on the balancing and SPOT markets, as in 2014. So we had energy prices at the level of even PLN 1 400 per MWh; it has not happened this year and we hope that it won't happen again. It was the first thing, and the second thing: in Q4 the sale of property rights took place, we had to sell the surpluses in the last days of the year. What gives us an optimistic outlook for the future is that in contrast to our competitors we've gone through a very sophisticated restructuring programme. Our costs dropped by 25% y/y where our key competitors' costs grew by 10%, so basically we're going to continue earning money when the others are under water. We will be able to achieve the results that were predicted.

Question 2: How much did Ostrołęka earn on the balancing market and how much did the Sales lose as a result of having to buy on this market?

Ewa Mirońska, Vice President of the ENERGA Elektrownie Ostrołęka Management Board: We sold 80% of the electricity on the balancing market and the

total amount of revenue was near PLN 700 m. Most of it came from electricity and PLN 50 m from the reserve. I can't say how much the Sales lost. That was the revenue of the Ostrołęka Power Plant.

Piotr Dzieciołowski, Citi Brokerage

Question 1a: I want to ask about the potential merger with PGE. How do you see the pros and cons of being taken over by PGE? You will be a national champion with great financial power. What sort of benefits for the shareholders and benefits for the Company itself do you see?

Question 1b: If we could come back to the merger with PGE. If I wanted to buy or sell ENERGA, I would like to know if ENERGA could be taken over or not, if I was going to have PLN 1.44 dividend per share or be a part of a bigger entity with a different equity story.

Mirosław Bieliński, President of the Management Board: Well, I'm trying to find a response to your question, but it would be totally speculative and, in addition, politically and economically speculative during a political year. That's a difficult topic for me.

Question 2: I have a question for Mr. Czyżewski. What's your opinion on the Regulatory review in 2016 having in mind network losses, the new OPEX benchmarks and the revenue from connections? What's going to happen in 2016 compared to 2015? Can we expect new OPEX benchmarks and a bigger gap? What does the President of Energy Regulatory Office think about the network losses? Because now the company is earning money on it.

Rafał Czyżewski, President of the ENERGA Operator Management Board: It's difficult to say because the work has not been completed on defining the level of OPEX and level of losses to calculate tariffs for the next regulatory period. The work is being finalized, we're looking at the econometric models at present that form the basis of the decisions made by the President of the Energy Regulatory Office. The discussion is really close to being finalized but we don't have information back from the Regulators so it would be very difficult for me at this stage to give you some comment on that subject.

Question 3: If I look at the wind project slide, that is slide No. 42, you spent PLN 1 bn on something that's earned PLN 39 m operating profit, so a little less than 4% return on equity. Well, why? If we're doing back testing, we spent 12 times EBITDA, where the business models are unclear in future. I want to understand how you assess this investment.

Wojciech Topolnicki, Vice President of the Management Board: We can assess the results of a longer term. Last year's results were worse than long term. This did not play well not only for ENERGA, but for everybody. We earned a lot in Ostrołęka thanks to having a lost in wind assets. We assess this investment as very good and continue to develop wind power. We continue to develop wind power regardless of where we're going to put up those wind mills, well that's an issue of the business,

when the wind blows, it blows. We have the same exposure in hydro power. We're totally dependent on the level of water in rivers, so I wouldn't pay a great attention or give significance to the fact that the wind was blowing less in Q3 and Q4 2014. But in Q1 2015 it is blowing much nicer. It's a stable business.

Question from an internet user: When do you plan to pay the dividend?

Mirosław Bieliński, President of the Management Board: We've not decided yet about the day of the General Meeting. I believe it will be in Q2 2015.

Tomasz Krukowski, Deutsche Bank

Question 1: What's your idea for 2016, because, as you said, EBIT is going to be rather flat in 2015? What's the idea for 2016 in order to offset, you know, the lower WACC? What's going to happen here in 2016?

Mirosław Bieliński, President of the Management Board: On 1st of January 2016 we will have the new law on Renewable Energy Sources. This will take away cash from our Włocławek Hydro Power Plants. But we will have the auction system. We assume that we will participate in auctions. We will try to win auctions, in order to have new investments in RES and ENERGA Group. So for the Generation it is going to be another year of modernization. We will be modernizing another Power Unit in Ostrołęka and we want to restore capacity in Ostrołęka, because we want to be economically viable.

Question 2: Do you have new ideas in terms of cost reduction that could offset lower inflows?

Mirosław Bieliński, President of the Management Board: We are going to continue doing what we've been doing until now. We've converted fixed costs into variable costs and we're improving all of our processes in our segments. We've been trying to convert all of these fixed costs into variable costs. We used to have 12,500 employees, today we have approx. 8,500 employees. So the ability to improve operational excellence is smaller. But there are still opportunities to do that in the 3 segments.

Question 3: Could you give us some sort of quantification, is it going to be a 100 m less OPEX in 2016?

Mirosław Bieliński, President of the Management Board: I don't think we can respond to that question.

Piotr Dzięciołowski, Citi Brokerage

Question 1: Why couldn't PLN 1.44 per share be the new level of dividend? You can see that the investments aren't going in that direction. You could take a bigger leverage and pay out money from reserve capital and you could get to target capital structure.



Mirosław Bieliński, President of the Management Board: Reserve capital can be used but not yet. We want to stick to the dividend powers we defined and described in our Prospectus at the time of IPO.