

31 August 2016

# Zespół Elektrowni Pątnów-Adamów-Konin SA 1 Half 2016 Results



# ZE PAK Group – 6M 2016 Summary



Key operational and financial data	6M 2016	Change y/y
Sale of electricity <sup>(1)</sup> :	6,80 TWh	-6,08%
• electricity from own production <sup>(1)</sup> :	4,95 TWh	+3,13%
• electricity from resale <sup>(1)</sup> :	1,85 TWh	-24,18%
ZE PAK share in whole electricity production in Poland <sup>(2)</sup> :	6,90 %	+0,19 p.p.
Achieved average electricity sale price:	174,99 PLN/MWh	-0,41%
Sale revenues:	1 368 PLN million	-9,29%
EBITDA:	329 PLN million	+47,18%
Net result:	140 PLN million	+807,22%
CAPEX:	28 PLN million	-87,67%
Indebtedness:	1 208 PLN million	-9,85%
Cash <sup>(3)</sup> :	406 PLN million	+28,08%
Net debt / EBITDA:	1,34 x	-44,86%

<sup>(1)</sup> Including sale within the commissioning of units 1 and 2 in Pątnów I power plant (0,04 TWh).

<sup>(2)</sup> Based on Table: Structure of electricity production in domestic power plants, cross-border exchange, and domestic use of electricity – monthly amounts since the beginning of the year – gross amounts, presented at PSE SA website. Gross production in Poland in 6M 2016 was 79,71 TWh.

<sup>(3)</sup> Cash and cash equivalents and other financial short-term assets.

# ZE PAK Group – 2Q 2016 Summary



Key operational and financial data	2Q 2016	Change y/y
Sale of electricity <sup>(1)</sup> :	3,42 TWh	-6,81%
• electricity from own production <sup>(1)</sup> :	2,47 TWh	+0,00%
• electricity from resale <sup>(1)</sup> :	0,95 TWh	-20,83%
ZE PAK share in whole electricity production in Poland <sup>(2)</sup> :	7,26 %	-0,04 p.p.
Achieved average electricity sale price:	175,75 PLN/MWh	+0,43%
Sale revenues:	687 PLN million	-8,62%
EBITDA:	153 PLN million	+64,81%
Net result <sup>(3)</sup> :	65 PLN million	-
CAPEX:	15 PLN million	-88,28%

<sup>(1)</sup> In 2Q 2015 change includes sale within the commissioning of units 1 and 2 in Pątnów I power plant (0,03 TWh).

<sup>(2)</sup> Based on Table: Structure of electricity production in domestic power plants, cross-border exchange, and domestic use of electricity – monthly amounts since the beginning of the year – gross amounts, presented at PSE SA website. Gross production in Poland in 2Q 2016 was 37,72 TWh.

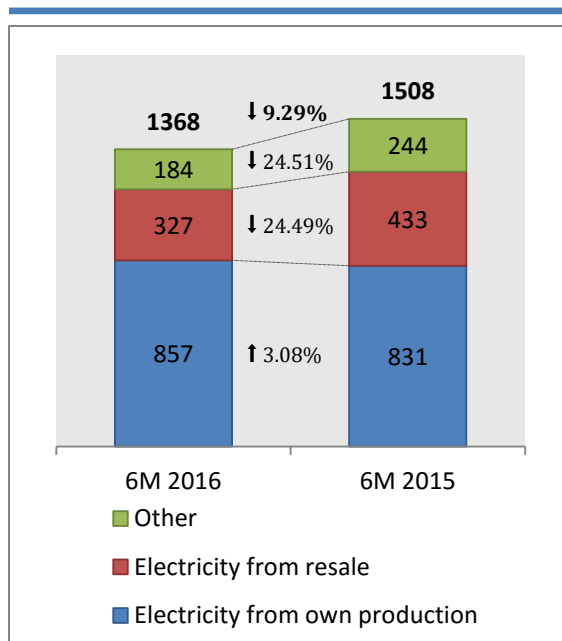
<sup>(3)</sup> In 2Q 2015 Group incurred net loss in amount of PLN 19 million.

# ZE PAK Group – 6M 2016 Summary

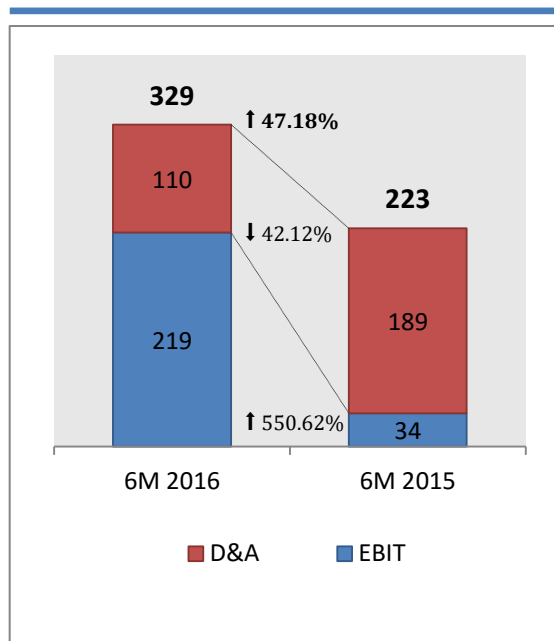
[PLN million]



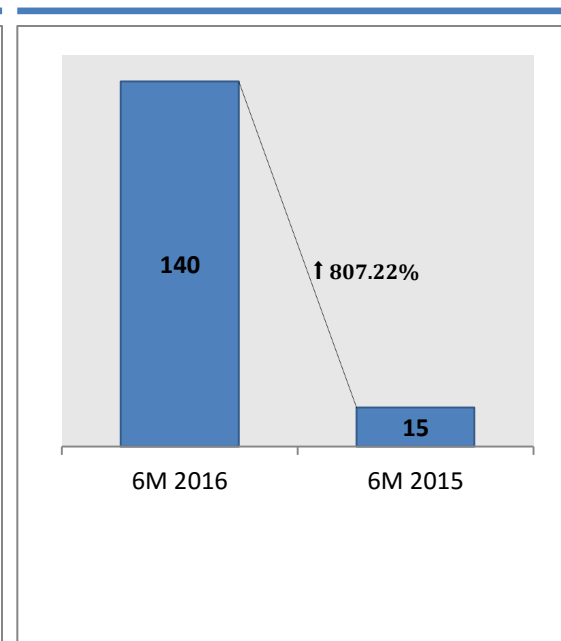
## Revenues



## EBITDA



## Net result



Significantly better ZE PAK Group results in 2Q and 6M than in corresponding periods comes mainly from:

- higher production volume,
- continuation of actions from first quarter of current year aimed at efficiency improvement in costs of current activities.

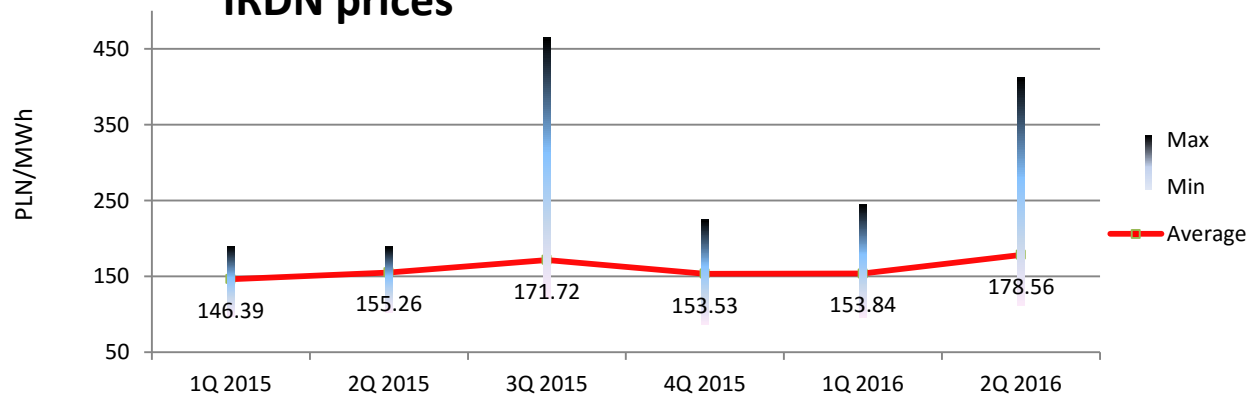
Negatively impact on net result had deep decrease of green certificates price and increase of EUR/PLN exchange rate.

# SELECTED ELECTRICITY MARKET DATA

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## IRDN prices

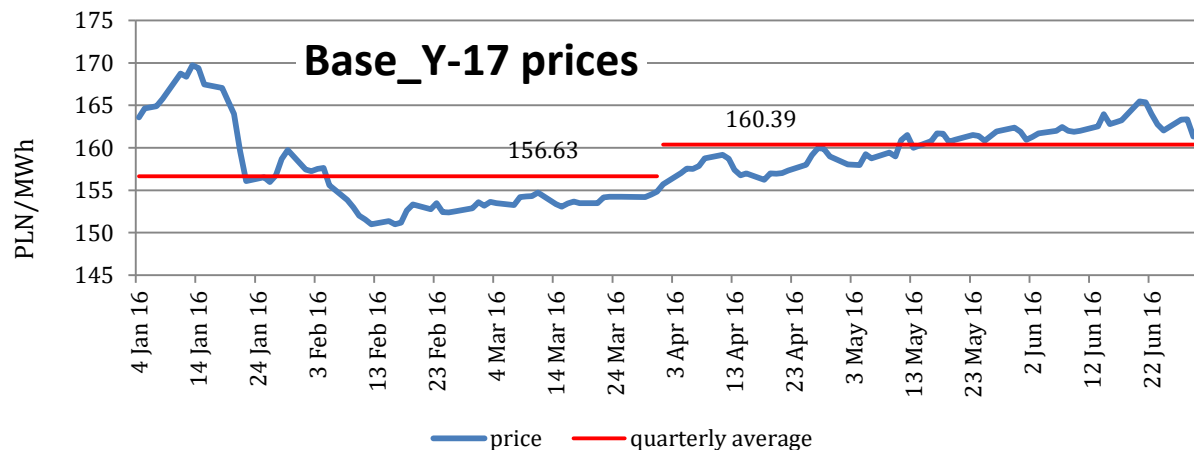


Increase of average weighted half year price of electricity (Day Ahead Index on TGE) by PLN 15,63, i.e. 10% in relation to 1H 2015. Higher range of prices volatility than in 1H 2015.

Highest prices on IRDN market in June – relatively high temperatures, an increase in energy demand, the low level of reserves in the system.

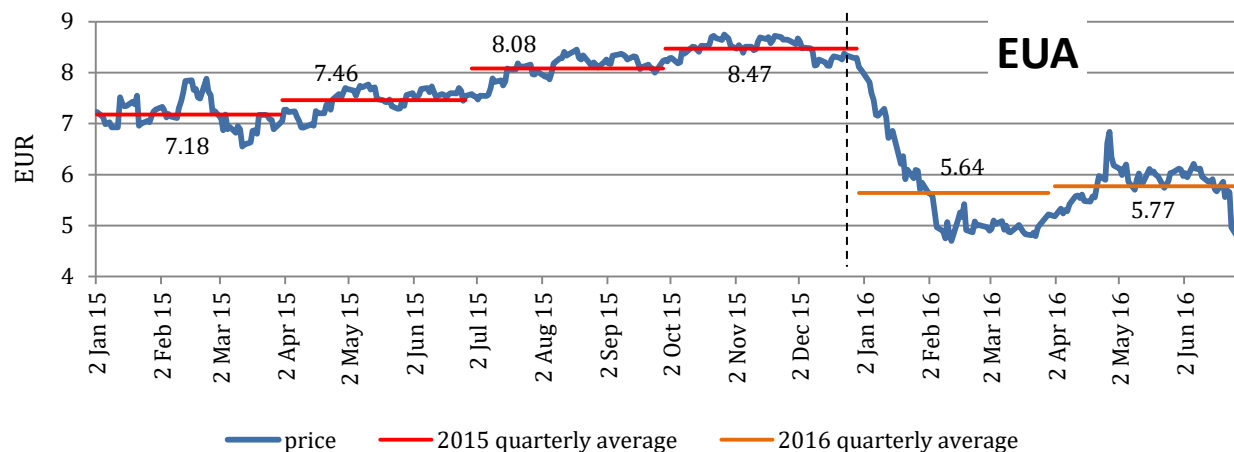
On future market highest prices in first half of January (in the wake of the spot market and the markets of neighbouring countries) later decline caused by falling commodity markets, EUA market. From the second quarter gentle upward trend.

## Base\_Y-17 prices



Poland as electricity importer in 1H 2016 (Import higher than exports in 1H 2016 amounted to 1.9 TWh, which was more than five times higher than in 1H 2015). New connection between Lithuania and Sweden - the decline in prices in Lithuania, the reversal of the direction of trade LitPol, import from Ukraine, lower exports to neighbouring markets.

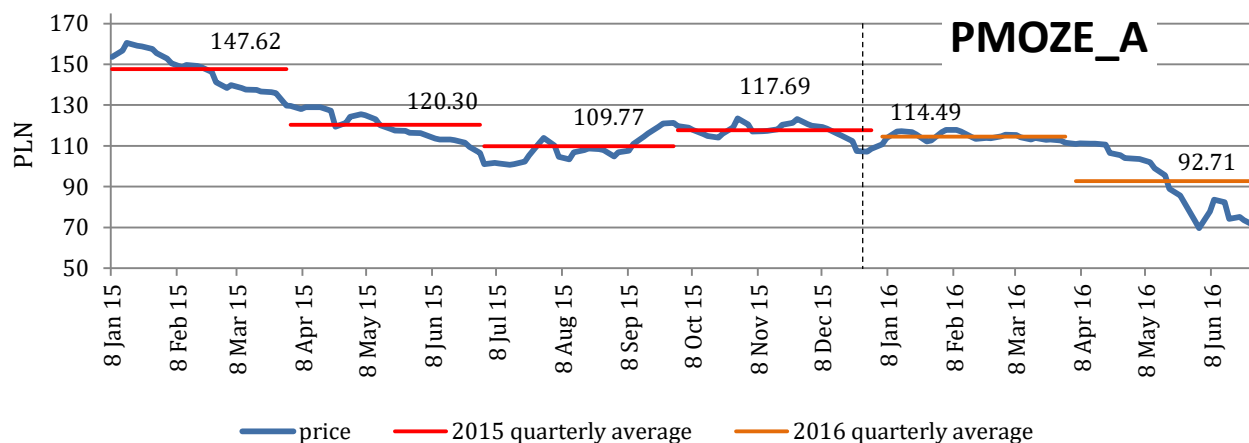
# EUA and green certificates



Dynamic and deep decrease in price of EUA in 1Q 2016. Strong increase in April and back to downward trend in June. Arithmetical average price of EUA in 1H 2016 at EUR 5,71, i.e.. Decrease by 22% in relation to 1H 2015.

EUA prices in 1Q 2016 – correlation with energy commodities market, lack of new political incentives, sharp increase of res generation in western Europe.

In April, the upcoming issue of settlement for the previous year. Dynamic drop and new lows in June, especially after the results of the referendum in the UK.



Weighted average price of green certificates in 1H 2016 lower by PLN 34,44, i.e. by 25% in relation to 1H 2015. Dynamic decrease of green certificates price in 2Q 2016.

Lack of support for „big hydro energy” and decrease by half support for co-firing of biomass since beginning of 2016. Indicator obligation to redeem the certificates of origin of energy from res for 2017 is projected at 16% (including 0.5% with new – so-called blue certificates of agricultural biogas plants).

# OPERATIONAL DATA

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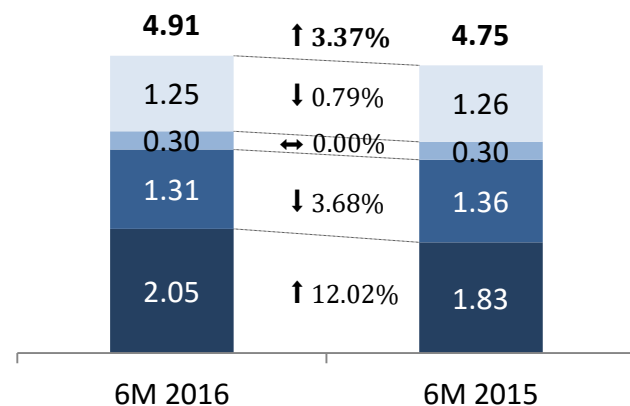


# Net production and sale of electricity

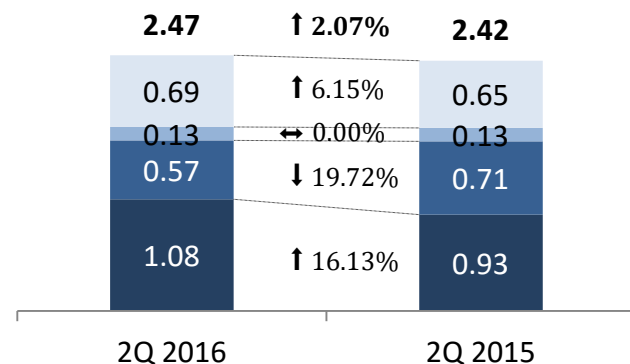
[TWh]



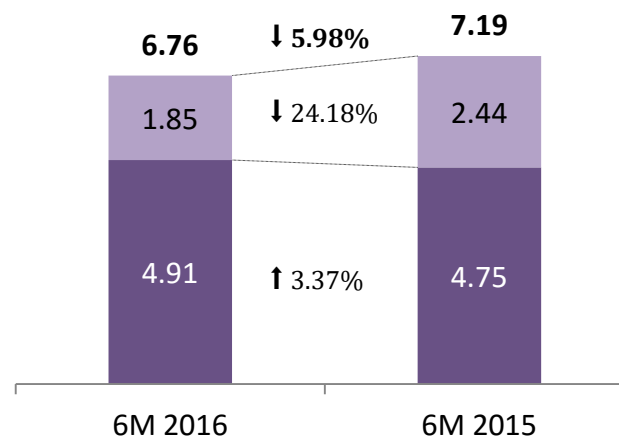
## NET PRODUCTION<sup>(1)</sup>



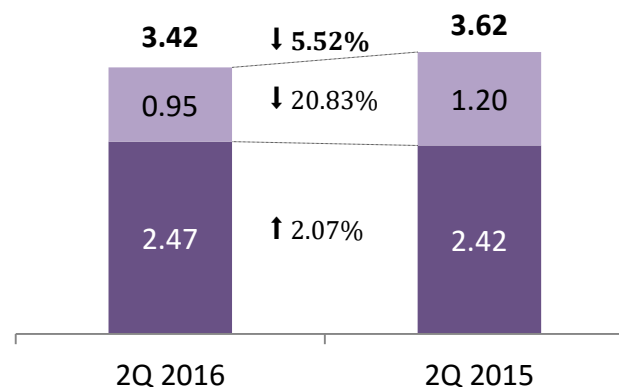
■ Pątnów II ■ Konin ■ Adamów ■ Pątnów I



## SALE<sup>(1)</sup>



■ Own production ■ Resale



<sup>(1)</sup> Net production / sale does not include of investment production. Investment production in Pątnów I power plant for 6M 2016 and 6M 2015 respectively amounted to 0.04 TWh and 0.05 TWh (made in 2Q 2015).

The drop in sales relates entirely to the part of the sales generated in the SALE segment. The amount of energy sold from the market dropped by 24.18%. Despite the decline in the volume of trading margin generated in the SALE segment improved compared to the profit achieved in the first half of 2015 by 0.55 p.p.

In 2Q 2016 production growth in Pątnów and Pątnów II power plants was stronger (in percentage) than for the entire first half. While there was a decrease of 19.72% of the production in Adamów power plant. The allocation of production between different power plants is influenced by such external factors as the Operator actions or geological factors in the mines.

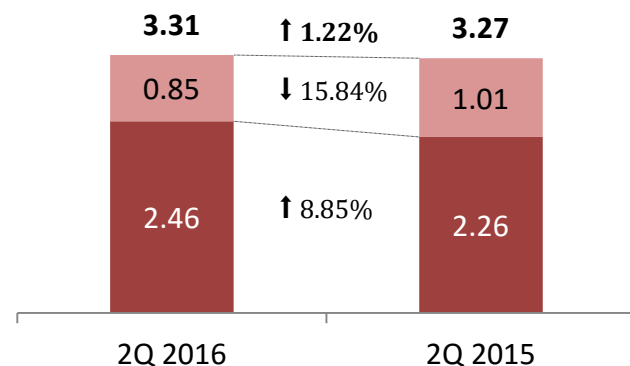
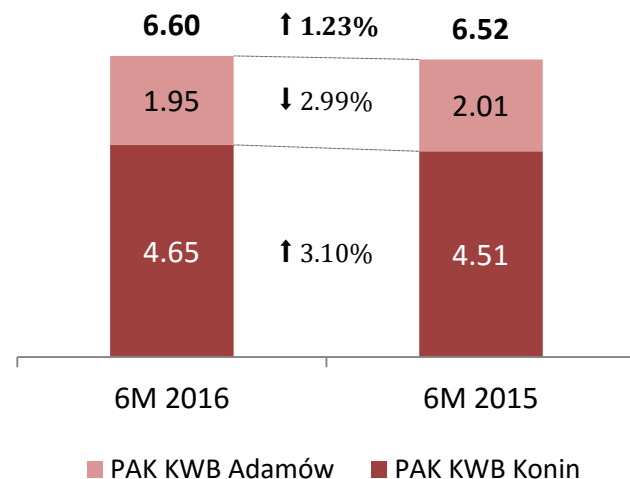
Investment production / sale of Pątnów I – production / sale of electricity from units 1 and 2 in Pątnów I power plant before the completion of the modernisation and prior to commissioning of units (in the period from 2Q 2015 to 1Q 2016).

# Lignite consumption and CO<sub>2</sub> emission

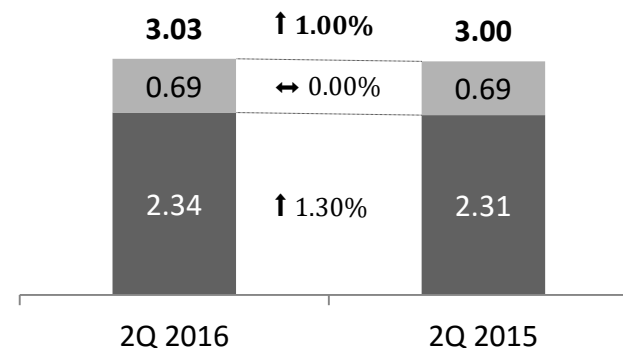
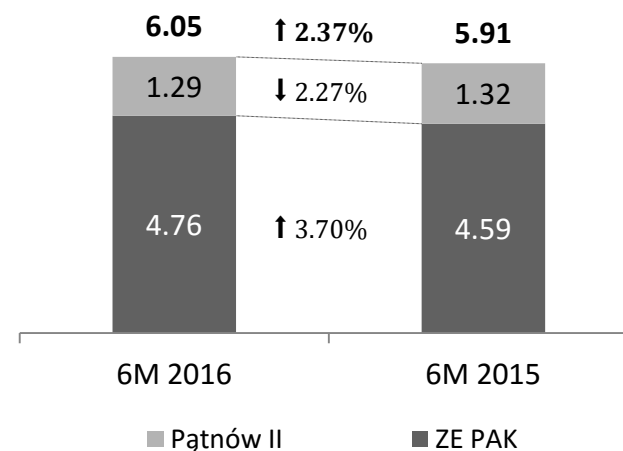
[tonnes million]



## LIGNITE CONSUMPTION



## CO<sub>2</sub> EMISSION



Data on coal consumption and CO<sub>2</sub> emissions in the first half of 2016 years show an increase in coal consumption and increased emissions as a result of higher volumes of energy produced compared to the same period last year.

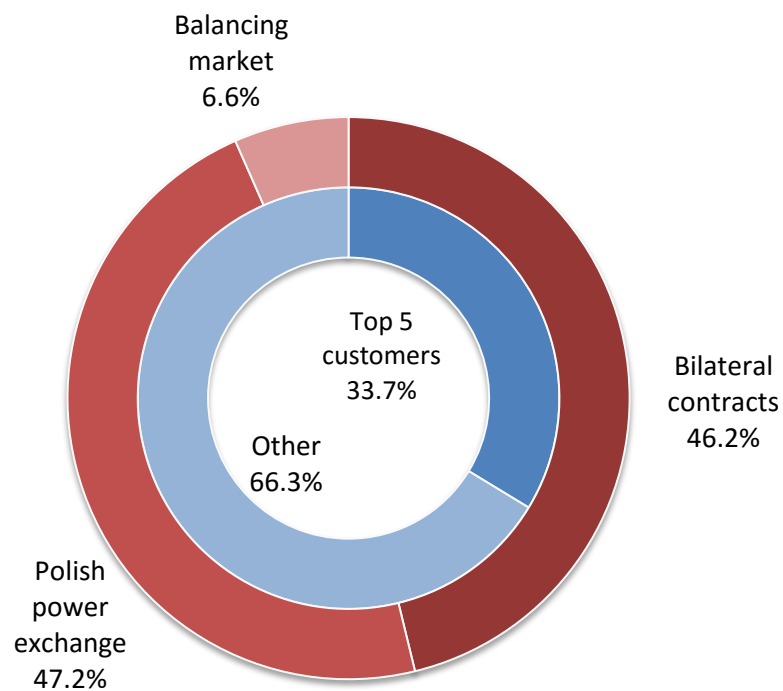
In 2Q 2016 was recorded higher lignite consumption from PAK KWB Konin supplying lignite to Pątnów, Konin and Pątnów II power plants and reduced the volume of consumption in Adamów power plant as a result of lower production.

The Group in the first half of 2016 used 0.05 million tonnes of free CO<sub>2</sub> emission allowances, the year before the number of used free emission allowances amounted to 0.25 million tonnes -> In first half of 2016 the Group purchased on the market 99.2% of emission allowances.

# Sale of electricity breakdown

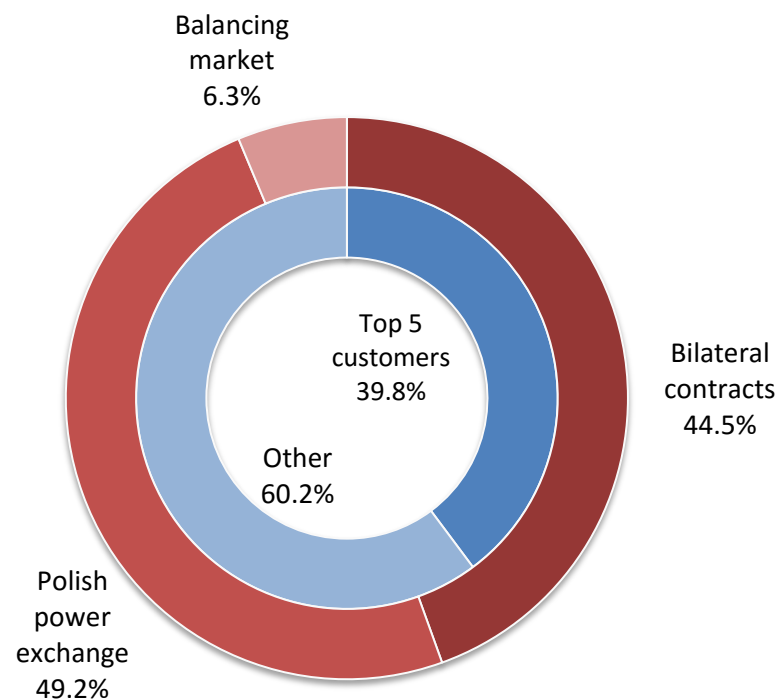
by customers (internal ring) and by the market type (external ring)

## 6M 2016



■ by customers ■ by market type

## 6M 2015

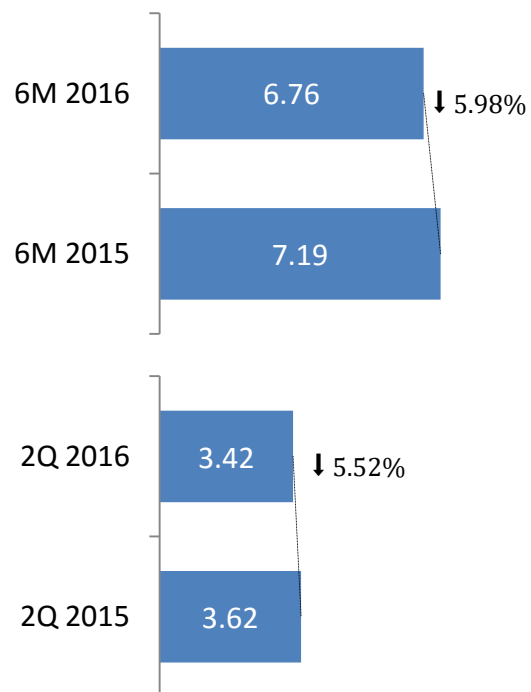


■ by customers ■ by market type

# Electricity sales

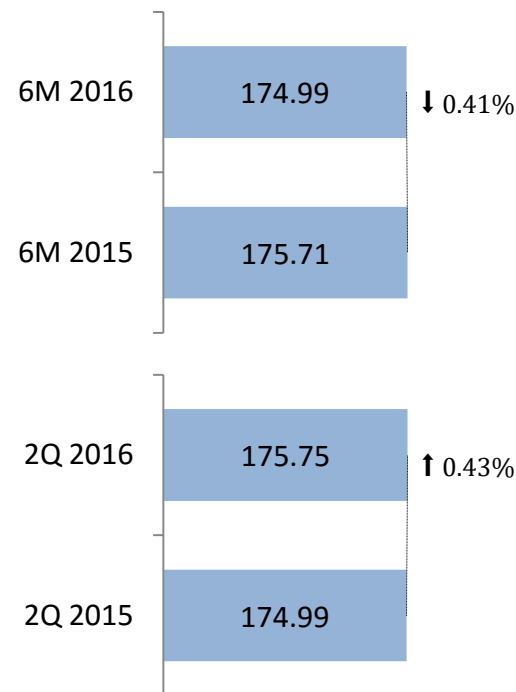
## Electricity sales<sup>(1)</sup>

[TWh]



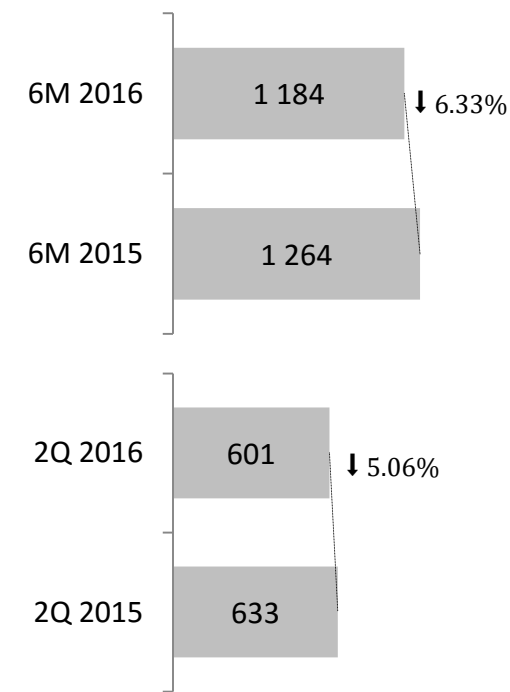
## Average sale prices<sup>(2)</sup>

[PLN/MWh]



## Revenues

[PLN million]



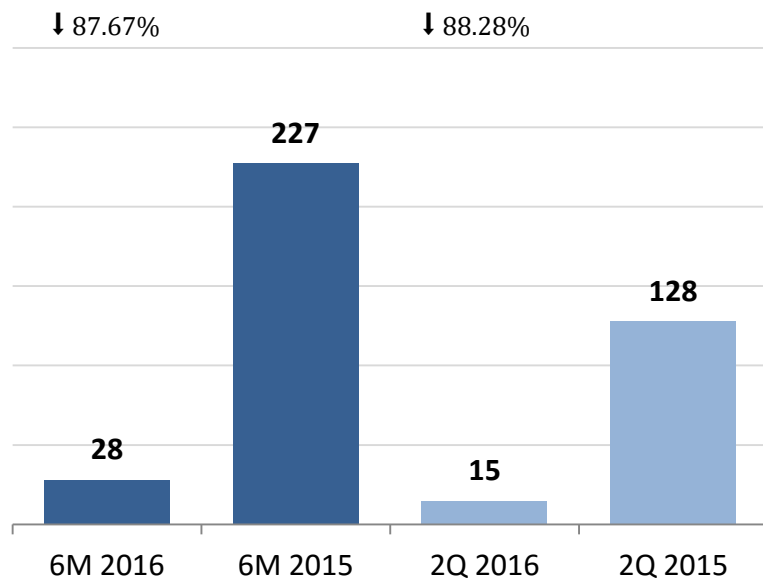
<sup>(1)</sup> Sales of electricity from own production and resold on the market.

<sup>(2)</sup> Average price calculated as sales revenues divided by sales volume.

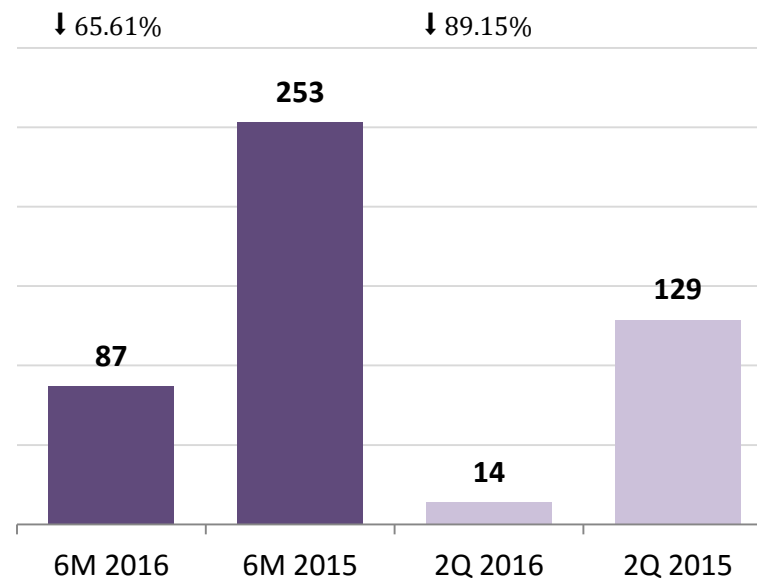
# Capex on fixed assets and intangible assets

(excluding CO<sub>2</sub>)

## CAPEX [PLN million]



## EXPENDITURES [PLN million]



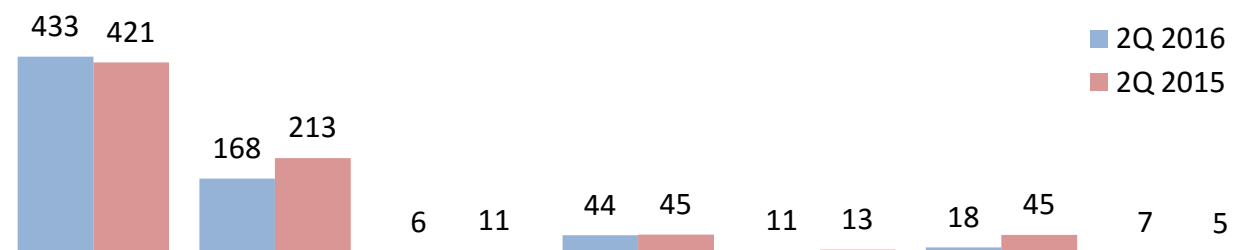
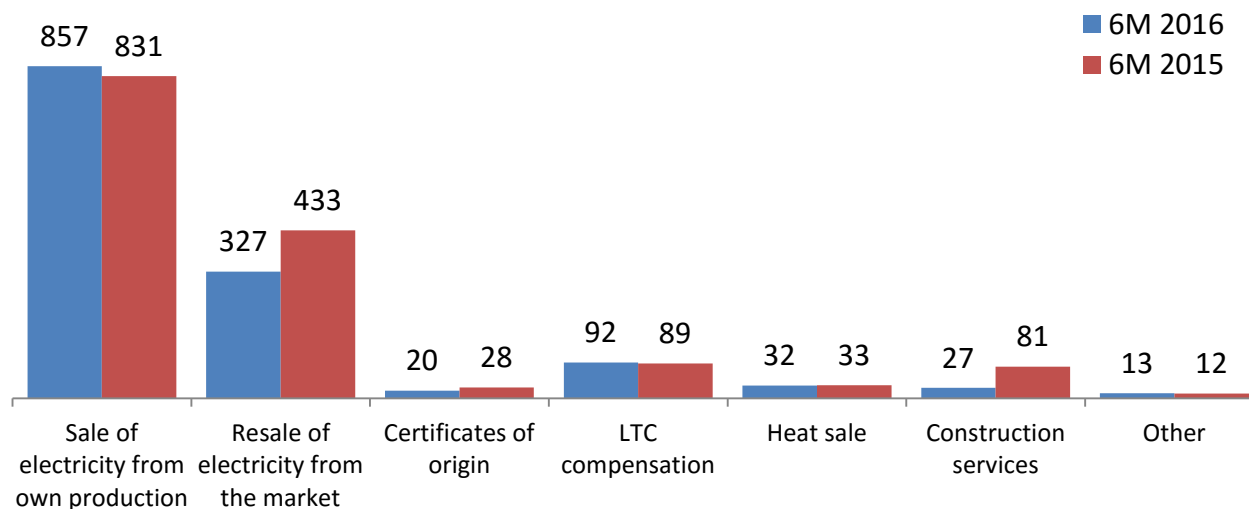
# FINANCIAL DATA

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# Revenues

[PLN million]



## Reasons for changes in key positions:

Lower total revenues from sales of electricity:

- lower sales volume in trading
- lower price.

Lower revenues from property rights:

- decline in market prices of green certificates.

Higher compensation for termination of the PPA:

- lower production volume
- lower price of energy
- overhaul of the unit.

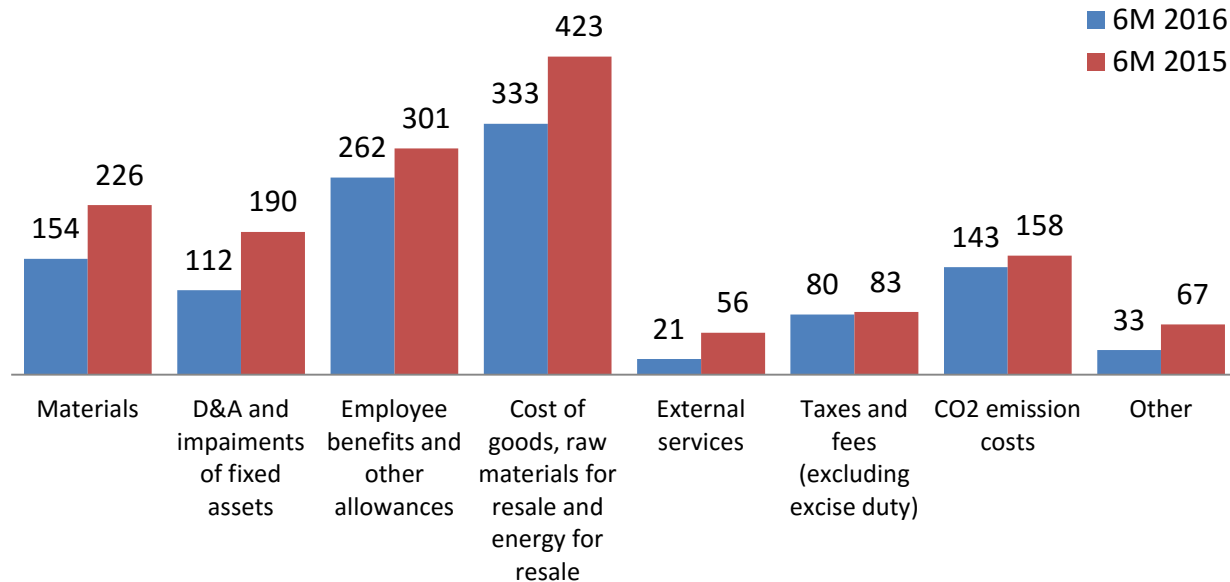
In 2Q 2016 reducing the level of compensation due to the increase sales of electricity.

The decrease in revenues from construction services:

- smaller range of construction works

# Costs by type

[PLN million]



## Reasons for changes in key positions:

Lower costs of materials and lower costs of external services:

- smaller range of construction works of the renovation companies,
- improving efficiency of current operations,
- lower prices of purchase of fuel, lower energy costs and other production materials.

Lower depreciation and amortization:

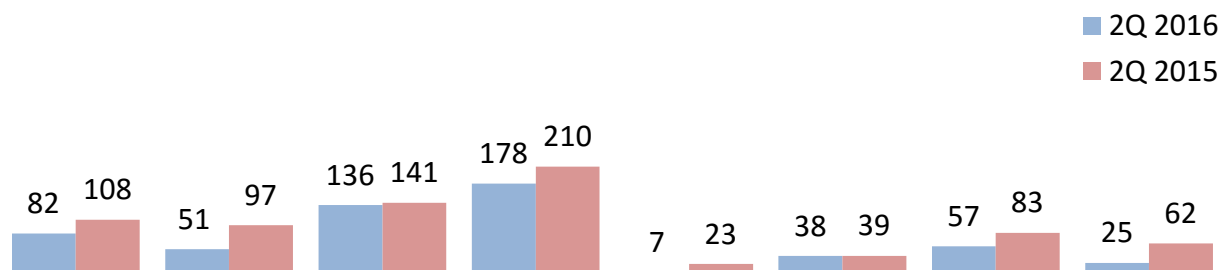
- write-off on 31 December 2015 -> decrease in the value of fixed assets.

Lower costs of employee benefits:

- higher base in the first half of 2015 years -> one-time payment of jubilee bonuses and reversals of employee provisions,
- reduction in the average employment of over 600 people (y/y) and the change in the terms of remuneration.

Lower value of sold goods and materials:

- the smaller volume of energy purchased in PAK-Volt.



The costs of CO<sub>2</sub> emissions shown in costs by type do not include the portion of costs in the amount of PLN 20 million reported in the change of products. Hence, the full cost for 6M 2016 amounted to PLN 163 million. Higher costs of CO<sub>2</sub> emissions are the result of:

- purchasing more emission allowances,
  - higher EUR/PLN exchange rate,
- although in the first half of 2016 was achieved a lower price of purchasing allowances in euro.



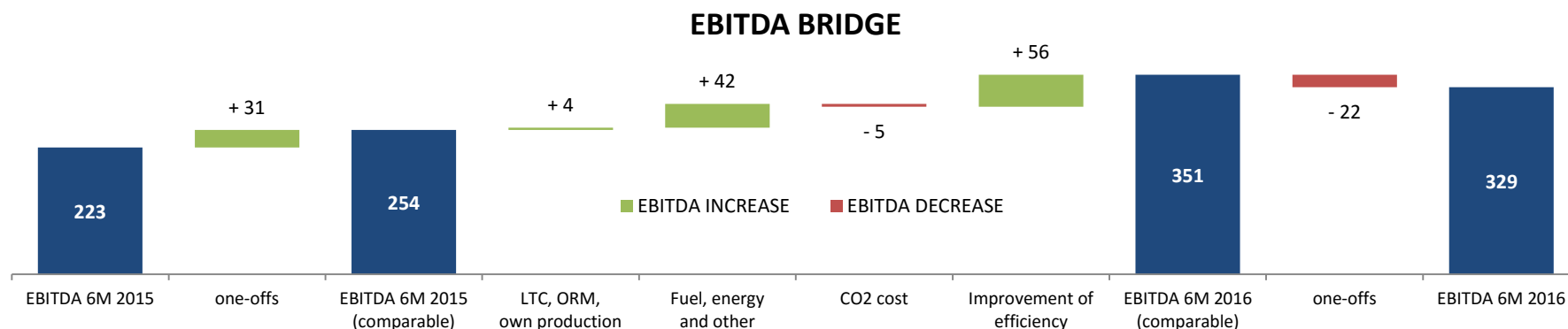
# EBITDA 6M 2016

[PLN million]



	6M 2016	6M 2015
<b>Sales revenue</b>	<b>1 368</b>	<b>1 508</b>
Change %	(9.29)%	
Cost of goods sold	(1 107)	(1 424)
<b>Gross profit</b>	<b>260</b>	<b>84</b>
Margin %	19.01%	5.57%
Other operating income	11	11
Selling and distribution expenses	(2)	(2)
Administrative expenses	(48)	(57)
Other operating expenses	(2)	(3)
<b>EBITDA<sup>(1)</sup></b>	<b>329</b>	<b>223</b>
Margin %	24.05%	14.79%
<b>EBIT<sup>(2)</sup></b>	<b>219</b>	<b>34</b>
Margin %	16.01%	2.25%

- (1) **EBITDA higher by PLN 105 million (+47,18%) -> after bringing to comparability higher by PLN 97 million (+38,19%):**  
*comparable EBITDA for 6M 2015 amounted to PLN 254 million -> value of PLN 223 million is the result of events related to the termination provisions for the transition of workers from the mines to other segments (-13) and the write-down related to the revaluation of unsold green certificates (+44).*  
*comparable EBITDA for 6M 2016 amounted to PLN 351 million -> value of PLN 329 million is the result of event related to the revaluation of unsold green certificates (-22).*
- (+4) higher LTC compensation, revenues from own production and system services (including OPR) and lower revenues from certificates,  
 (+42) lower costs of fuel (biomass, fuel oil, heating oil), energy (in mines) and other materials for production,  
 (-5) higher costs of CO<sub>2</sub> emission,  
 (+56) improving the efficiency of current operations, including maintenance of production assets, increasing labour productivity (reduction in employment of 683 persons) and a change in the terms of remuneration.
- (2) **EBIT higher by PLN 185 million (+550,62%) -> an additional factor supporting growth in EBIT was less by PLN 80 million depreciation and amortization, which is a consequence of the impairment on the assets at the end of 2015.**



# EBITDA 6M 2016 by segments

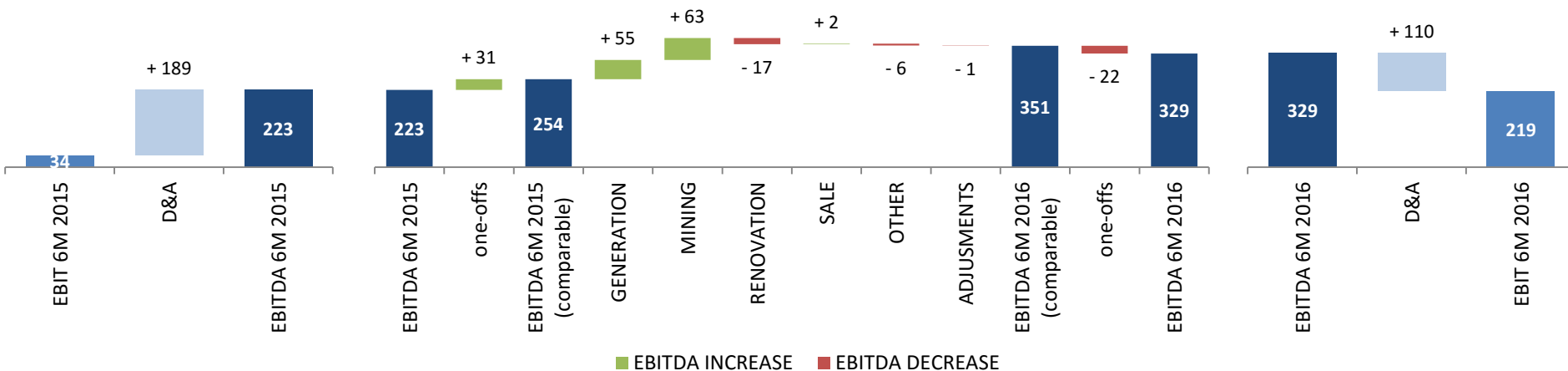
[PLN million]



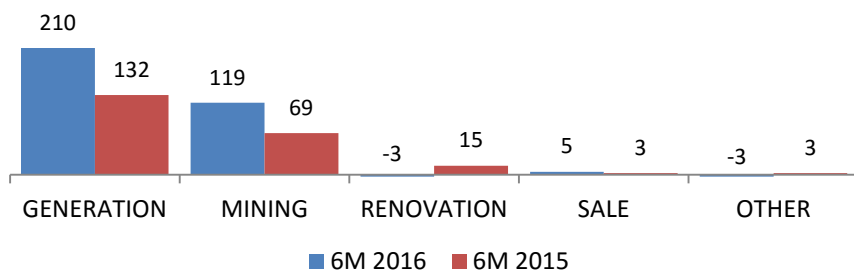
## EBIT -> EBITDA

## EBITDA BRIDGE

## EBITDA <- EBIT



## EBITDA



Main reasons of EBITDA changes in segments:

Generation:

- (+4) higher LTC compensation, revenues from own production and system services (including OPR) and lower revenues from certificates,
- (+22) lower costs of fuel and other materials for production,
- (-5) higher costs of CO<sub>2</sub> emission,
- (+34) lower costs of current operations, including maintenance of assets and employee benefits and the result on other operating activities.

Mining:

- (-1) lower revenues from lignite sale,
- (+15) lower costs of electricity,
- (+49) lower costs of current operations and employee benefits and the result on other operating activities.

Renovation and Other:

- (-23) lower contraction in compare to 6M 2015 -> higher decrease in revenue s in compare to costs.

# Consolidated P&L for the 6M 2016 by segments

PLN million	Generation	Mining	Renovation	Sale	Other	Consolidation adjustments	Total
Sale revenues from external customers	892	5	28	438	4	-	1 368
<i>External sale revenues %</i>	<i>80.36%</i>	<i>1.12%</i>	<i>19.72%</i>	<i>100.00%</i>	<i>7.84%</i>	<i>0.00%</i>	<i>100.00%</i>
Sale revenues between segments	218	443	114	-	48	(822)	-
<b>Sale revenues</b>	<b>1 110</b>	<b>448</b>	<b>142</b>	<b>438</b>	<b>51</b>	<b>(822)</b>	<b>1 368</b>
Cost of goods sold	(939)	(370)	(139)	(431)	(53)	825	(1 107)
<b>Gross profit (loss)</b>	<b>170</b>	<b>78</b>	<b>3</b>	<b>7</b>	<b>(2)</b>	<b>3</b>	<b>260</b>
<i>Margin %</i>	<i>15.32%</i>	<i>17.41%</i>	<i>2.11%</i>	<i>1.60%</i>	<i>-3.92%</i>	<i>-0.36%</i>	<i>19.01%</i>
<b>EBITDA</b>	<b>210</b>	<b>119</b>	<b>(3)</b>	<b>5</b>	<b>(3)</b>	<b>1</b>	<b>329</b>
<i>Margin %</i>	<i>18.92%</i>	<i>26.56%</i>	<i>-2.11%</i>	<i>1.14%</i>	<i>-5.88%</i>	<i>(0%)</i>	<i>24.05%</i>
<b>EBIT</b>	<b>156</b>	<b>66</b>	<b>(7)</b>	<b>5</b>	<b>(4)</b>	<b>3</b>	<b>219</b>
<i>Margin %</i>	<i>14.05%</i>	<i>14.73%</i>	<i>-4.93%</i>	<i>1.14%</i>	<i>-7.84%</i>	<i>-0.36%</i>	<i>16.01%</i>
<b>Net profit (loss)</b>	<b>95</b>	<b>48</b>	<b>(6)</b>	<b>4</b>	<b>(4)</b>	<b>2</b>	<b>140</b>
<i>Margin %</i>	<i>8.56%</i>	<i>10.71%</i>	<i>-4.23%</i>	<i>0.91%</i>	<i>-7.84%</i>	<i>-0.24%</i>	<i>10.23%</i>

# EBITDA 2Q 2016

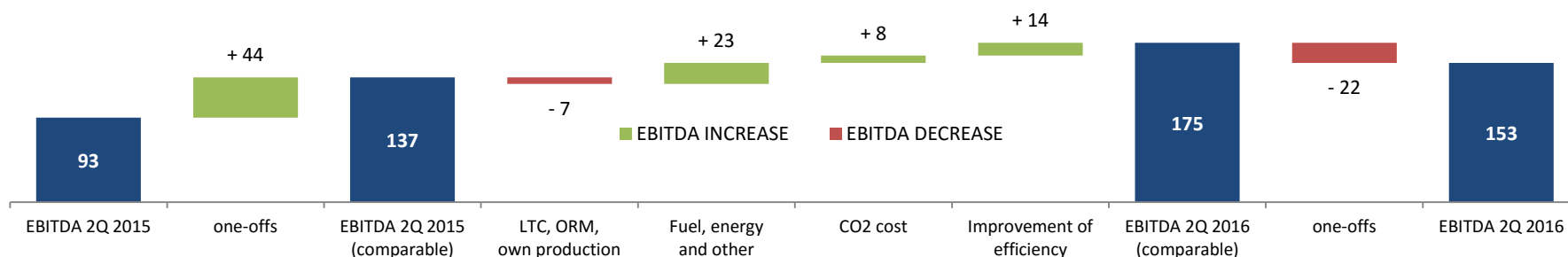
[PLN million]



	2Q 2016	2Q 2015
<b>Sales revenue</b>	<b>687</b>	<b>752</b>
Change %	(8.62)%	
Cost of goods sold	(564)	(733)
<b>Gross profit</b>	<b>124</b>	<b>19</b>
Margin %	18.05%	2.53%
Other operating income	4	6
Selling and distribution expenses	(1)	(1)
Administrative expenses	(20)	(27)
Other operating expenses	(1)	(1)
<b>EBITDA<sup>(1)</sup></b>	<b>153</b>	<b>93</b>
Margin %	22.27%	12.37%
<b>EBIT<sup>(2)</sup></b>	<b>105</b>	<b>(4)</b>
Margin %	15.28%	-

- (1) **EBITDA higher by PLN 60 million (+64.81%) -> after bringing to comparability higher by PLN 38 million (+27.74%):**  
*comparable EBITDA for 2Q 2015 amounted to PLN 137 million -> value of PLN 93 million is the result of the write-down related to the revaluation of unsold green certificates (+44).*  
*comparable EBITDA for 2Q 2016 amounted to PLN 175 million -> value of PLN 153 million is the result of event related to the revaluation of unsold green certificates (-22).*
- (-7) lower LTC compensation, higher revenues from own production and system services (including OPR) and lower revenues from certificates,
- (+23) lower costs of fuel (biomass, fuel oil, heating oil), energy (in mines) and other materials for production,
- (+8) lower costs of CO<sub>2</sub> emission,
- (+14) improving the efficiency of current operations, including maintenance of production assets, increasing labour productivity (reduction in employment of 139 persons) and a change in the terms of remuneration and lower result on other operating activities.
- (2) **EBIT higher by PLN 109 million -> an additional factor supporting growth in EBIT was less by PLN 48 million depreciation and amortization, which is a consequence of the impairment on the assets at the end of 2015.**

## EBITDA BRIDGE

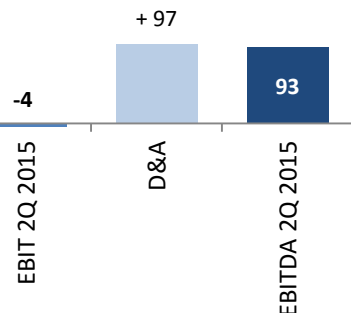


# EBITDA 2Q 2016 by segments

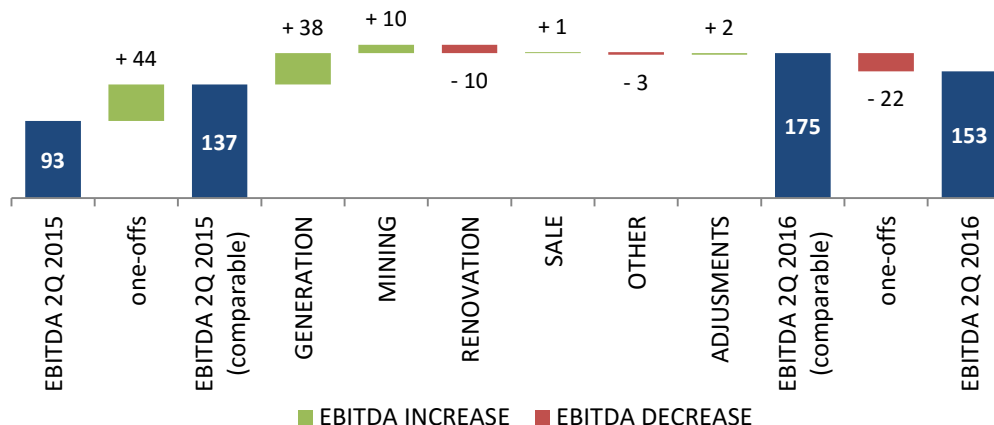
[PLN million]



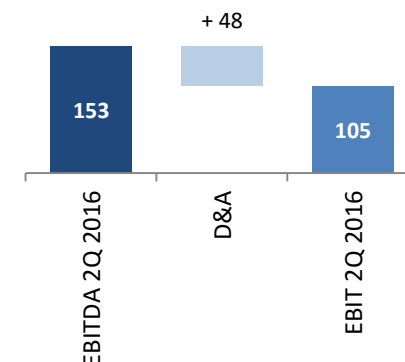
## EBIT -> EBITDA



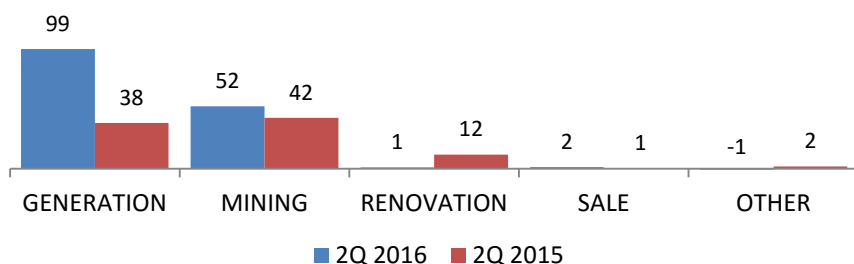
## EBITDA BRIDGE



## EBITDA <- EBIT



## EBITDA



Main reasons of EBITDA changes in segments:

Generation:

- (-7) lower LTC compensation, higher revenues from own production and system services (including OPR) and lower revenues from certificates,
- (+25) lower costs of fuel and other materials for production,
- (+8) lower costs of CO<sub>2</sub> emission,
- (+12) lower costs of current operations, including maintenance of assets and employee benefits.

Mining:

- (-19) lower revenues from lignite sale,
- (+8) lower costs of electricity,
- (+21) lower costs of current operations and employee benefits and the result on other operating activities.

Renovation and Other:

- (-13) lower contraction in compare to 2Q 2015 -> higher decrease in revenue s in compare to costs.

# Consolidated P&L for the 2Q 2016 by segments

PLN million	Generation	Mining	Renovation	Sale	Other	Consolidation adjustments	Total
Sale revenues from external customers	445	2	19	219	2	-	687
<i>External sale revenues %</i>	<i>80.04%</i>	<i>0.93%</i>	<i>24.68%</i>	<i>100.00%</i>	<i>7.41%</i>	<i>0.00%</i>	<i>100.00%</i>
Sale revenues between segments	111	213	59	-	24	-407	-
<b>Sale revenues</b>	<b>556</b>	<b>216</b>	<b>77</b>	<b>219</b>	<b>27</b>	<b>-407</b>	<b>687</b>
Cost of goods sold	(474)	(182)	(74)	(216)	(27)	409	-564
<b>Gross profit (loss)</b>	<b>82</b>	<b>33</b>	<b>4</b>	<b>3</b>	<b>-</b>	<b>2</b>	<b>124</b>
<i>Margin %</i>	<i>14.75%</i>	<i>15.28%</i>	<i>5.19%</i>	<i>1.37%</i>	<i>0.00%</i>	<i>-0.49%</i>	<i>18.05%</i>
<b>EBITDA</b>	<b>99</b>	<b>52</b>	<b>1</b>	<b>2</b>	<b>(1)</b>	<b>1</b>	<b>153</b>
<i>Margin %</i>	<i>17.81%</i>	<i>24.07%</i>	<i>1.30%</i>	<i>0.91%</i>	<i>-3.70%</i>	<i>-0.25%</i>	<i>22.27%</i>
<b>EBIT</b>	<b>76</b>	<b>28</b>	<b>(1)</b>	<b>1</b>	<b>(1)</b>	<b>2</b>	<b>105</b>
<i>Margin %</i>	<i>13.67%</i>	<i>12.96%</i>	<i>-1.30%</i>	<i>0.46%</i>	<i>-3.70%</i>	<i>-0.49%</i>	<i>15.28%</i>
<b>Net profit (loss)</b>	<b>46</b>	<b>19</b>	<b>(1)</b>	<b>1</b>	<b>(1)</b>	<b>1</b>	<b>65</b>
<i>Margin %</i>	<i>8.27%</i>	<i>8.80%</i>	<i>-1.30%</i>	<i>0.46%</i>	<i>-3.70%</i>	<i>-0.25%</i>	<i>9.46%</i>

# Financial activities, taxation and net profit

[PLN million]

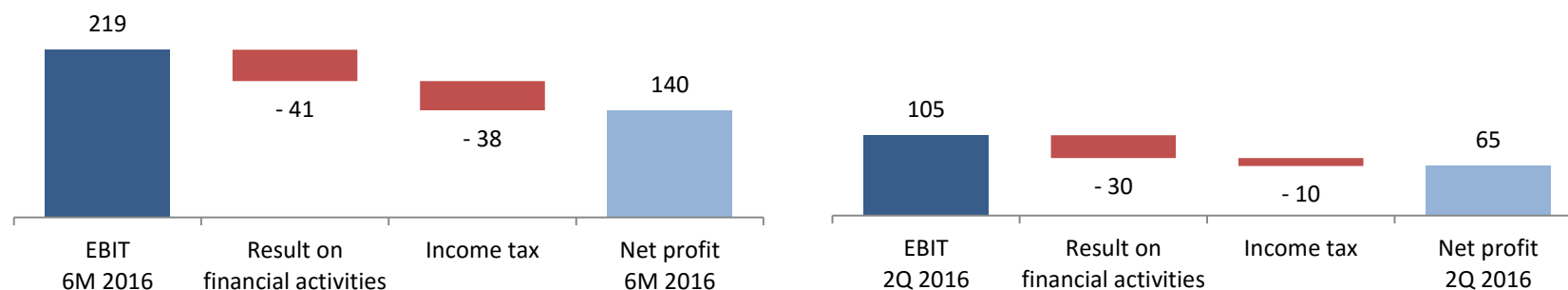


	6M 2016	6M 2015	2Q 2016	2Q 2015
<b>EBIT</b>	<b>219</b>	<b>34</b>	<b>105</b>	<b>(4)</b>
Financial income <sup>(1)</sup>	5	12	1	(9)
Financial costs <sup>(2)</sup>	(46)	(26)	(31)	(9)
<b>Gross profit</b>	<b>178</b>	<b>19</b>	<b>75</b>	<b>(22)</b>
Income tax (taxation)	(38)	(4)	(10)	3
<i>Effective tax rate</i>	<i>21,35%</i>	<i>21,05%</i>	<i>13,33%</i>	-
<b>Net profit (loss) for the period</b>	<b>140</b>	<b>15</b>	<b>65</b>	<b>(19)</b>
<i>Margin %</i>	<i>10.23%</i>	<i>0.99%</i>	<i>9.46%</i>	-

(1) Higher financial income for 6M 2015 due to foreign exchange gains (+8).

(2) Higher financial expenses for 6M 2016 mainly due to higher interest and commission (+12) and higher foreign exchange losses (+8).

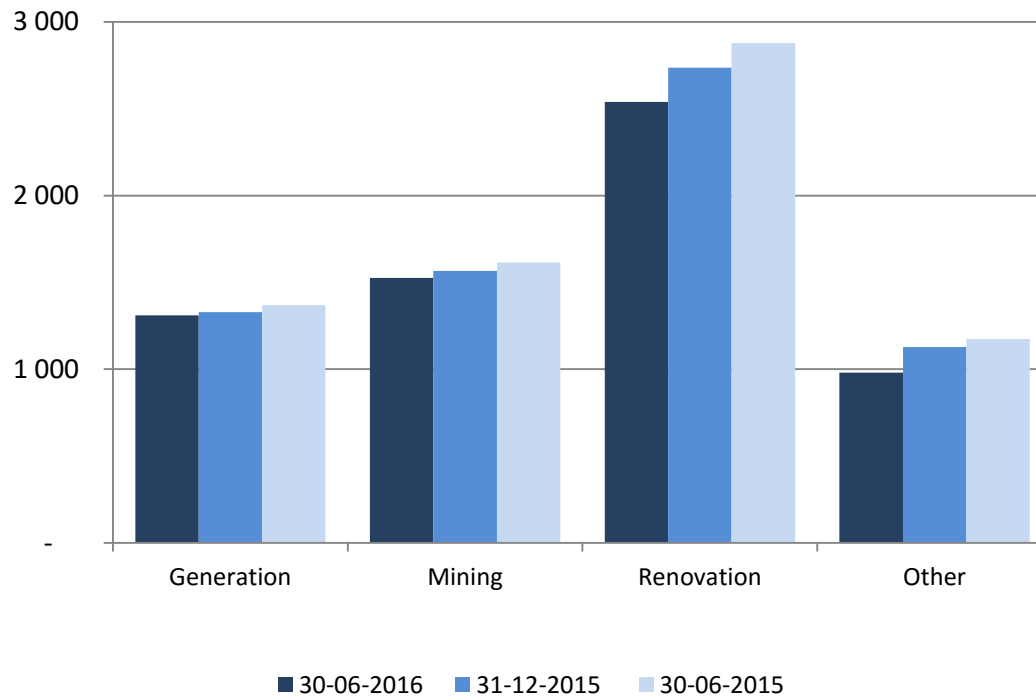
## EBIT --> net profit



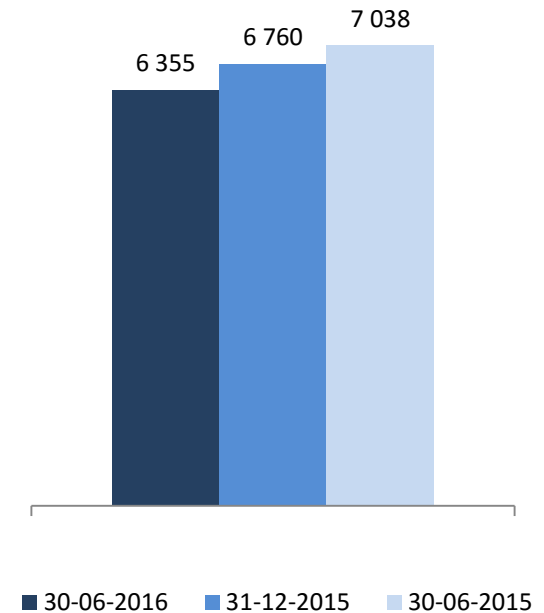
# Employment

[full time]

## BY SEGMENTS



## TOTAL

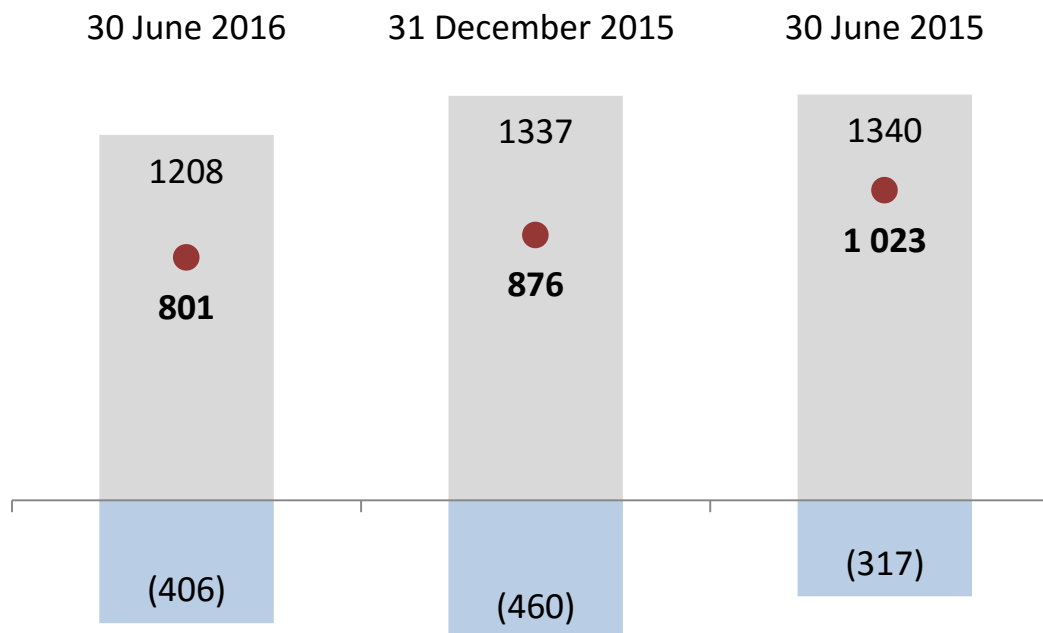


Group's employment decrease comes mainly from pension rights acquisitions of employees and finishing of fixed-term contracts.



# Financial indebtedness

## Net Debt [PLN million]



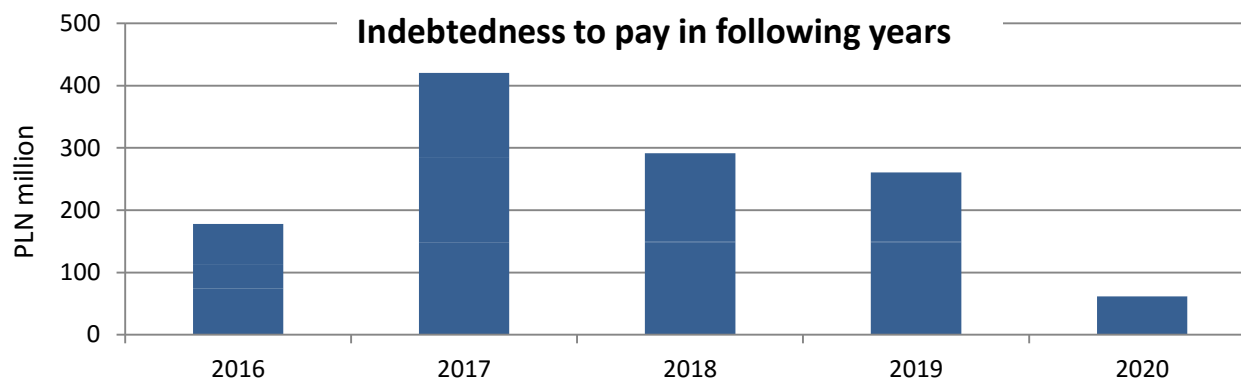
- Cash and cash equivalents <sup>(1)</sup>
- Interest bearing loans, borrowings and leases
- Net debt

## Net Debt / EBITDA

30 June 2016	1.34
31 December 2015	1.77
30 June 2015	2.43

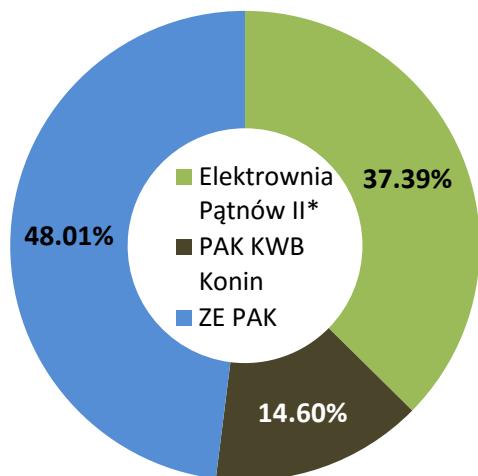
<sup>(1)</sup> Cash and cash equivalents from consolidated statement of financial position and other short-term financial assets

# Financial indebtedness structure

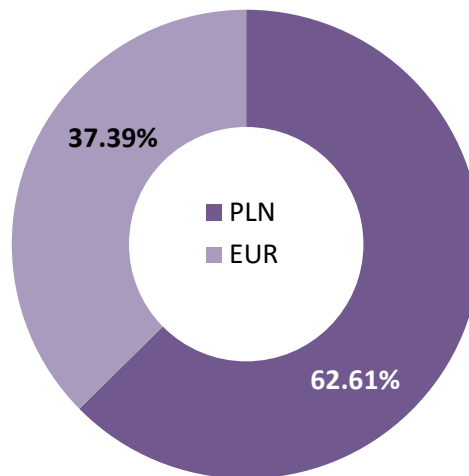


- (1) Shortening the period of repayment of the investment loan in the ZE PAK (annex to the loan agreement for modernization of Pątnów I power plant).
- (2) Annexes to credit agreements in PAK KWB Konin - extended deadlines for repayment of revolving loans (plus the repayment of the debt by more than 20 million, i.e. 12%).
- (3) In Pątnów II the adverse effect on the amount of debt had the valuation of the loan in EUR.

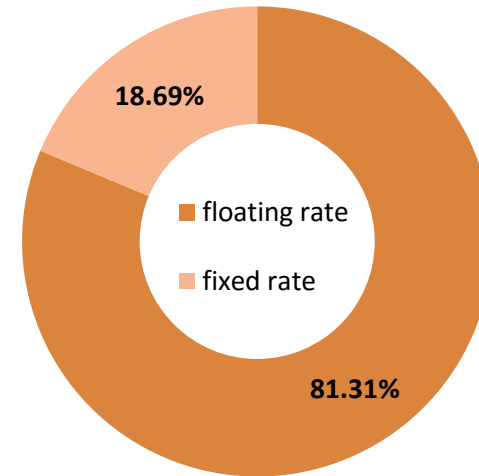
**Indebtedness structure by debtor**



**Indebtedness structure by currency**



**Indebtedness structure by interest rate**



\* EUR indebtedness calculated by NBP exchange rate as of 30 June 2016

# Consolidated cash flow

[PLN million]



	6M 2016	6M 2015	2Q 2016	2Q 2015
<b>Gross profit (loss)</b>	<b>178</b>	<b>19</b>	<b>75</b>	<b>(22)</b>
depreciation and amortization <sup>(1)</sup>	103	183	46	91
profit/loss on investing and financial activities	35	9	26	16
changes in working capital	83	2	46	112
income tax	(13)	8	(4)	7
purchase of EUA <sup>(2)</sup>	(188)	(162)	(46)	(72)
other	0	1	(0)	2
<b>Net cash flow from operational activities</b>	<b>199</b>	<b>59</b>	<b>142</b>	<b>134</b>
(inflows/outflows) of investments in property, plant and equipment and intangible assets <sup>(3)</sup>	(87)	(253)	(14)	(129)
other	7	(15)	1	(15)
<b>Net cash flow from investing activities</b>	<b>(80)</b>	<b>(268)</b>	<b>(12)</b>	<b>(143)</b>
inflows of credits, loans, leases and securities	3	233	3	88
payment of credits, loans, leases and securities <sup>(4)</sup>	(155)	(126)	(78)	(74)
interest paid	(25)	(28)	(12)	(14)
dividend paid	-	0	-	0
other	(1)	(1)	(0)	2
<b>Net cash flow from financial activities</b>	<b>(177)</b>	<b>78</b>	<b>(87)</b>	<b>2</b>
change in cash and cash equivalents	(59)	(131)	43	(8)
cash and cash equivalents at the beginning of the period	383	355	282	232
<b>Cash and cash equivalents at the end of the period</b>	<b>325</b>	<b>225</b>	<b>325</b>	<b>225</b>

- (1) Lower depreciation and amortization in 2016 is the result of made the impairment loss of fixed assets at the end of 2015.
- (2) The Group in 2016 bought a larger quantity of CO2 emission allowances in connection with the increased emission. The reason for the higher purchase value was also higher EUR/PLN exchange rate, despite the lower average price of their purchase in the euro.
- (3) Expenditure in 2016 mainly related to expenses for the continuation of the modernization of units 1-2 in Pątnów I power plant.
- (4) Payments in 2016 include more instalments of the loan for the modernization of Pątnów I than in 2015. In addition the increase in expenses was caused by higher EUR/PLN exchange rate.

# Questions and answers

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