



**The other information to the extended
consolidated report of Enea SA
for Q3 2017**



1. Operating Summary

RESOURCES



5.2 GW
installed electric
power

413 mln tonnes
potential of
3 licensed areas

121.3 thou. km
of distribution lines
including connections

15.7 thou.
Employees

2.5 mln
Customers

FINANCE
Q1-Q3 2017



PLN 8.398 mln
net sales revenue

PLN 1,947 mln
EBITDA

PLN 838 mln
net profit

PLN 3.123 mln
CAPEX

GOALS
UNTIL 2025



10.9 mln tonnes
own demand
for bituminous coal

5.8-6.3 GW
installed
conventional
electrical power

20.1 TWh
electricity
sales

38%
EBITDA growth
vs 2015

PLN 26.4 bln
basic investment
budget

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In Q1-Q3 2017 Enea Capital Group generated:

- **PLN 8,398 mln** net sales revenue - growth by 1.1% yoy
- **PLN 1,947 mln** EBITDA - growth by 6.5% yoy
- **PLN 838 mln** net profit - growth by 16.3% yoy

In the reporting period, the highest EBITDA, PLN 798 mln, was realised in the area of Distribution. The greatest growth in EBITDA, totalling PLN 144 mln (growth by 31.1% yoy), was generated in the area of Generation, which in Q1-Q3 2017 closed with EBITDA amounting to PLN 610 mln. The basic driver for EBITDA change in this area was a growth in the generation capacity resulting from the acquisition of Enea Elektrownia Połaniec. The EBITDA result of the area of Trade, after a growth by PLN 13.3 mln (11.3% yoy), reached the level of PLN 131 mln, and the area of Generation in that period reported EBITDA amounting to PLN 451 mln (growth by 3.2% yoy).

<p>+</p> <ul style="list-style-type: none"> • Higher volumes of sold electricity • Higher volumes of sold heat energy • Lower costs of purchasing electricity • Higher sales of distribution services 	<p>-</p> <ul style="list-style-type: none"> • Higher costs of transmission services • Higher fixed costs in the RES area
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In Q3 2017 alone the Group generated:

- **PLN 2,831 mln** net sales revenue
- **PLN 589 mln** EBITDA
- **PLN 214 mln** net profit

In Q1-Q3 2017 Enea CG spent PLN 3,123 mln on investments, of which PLN 1,610 mln was consumed by equity holdings, PLN 625 mln by investments in the area of Generation, PLN 593 mln in the area of Distribution, and PLN 254 mln in the area of Mining.

Net debt/EBITDA as at the end of September 2017 was on a safe level of 2.1.

In the period from January to September 2017 production and sales of commercial coal were comparable to the level of the previous year and amounted to 6.7 mln tonnes.

The Group generated 15,178 GWh electricity (growth by 49.3% yoy), of which 13,834 GWh (growth by 41.6% yoy) derived from conventional sources.

Sales of distribution services to end users amounted to 14,322 GWh i.e. increased by 2.9% in relation to the same period of the previous year.

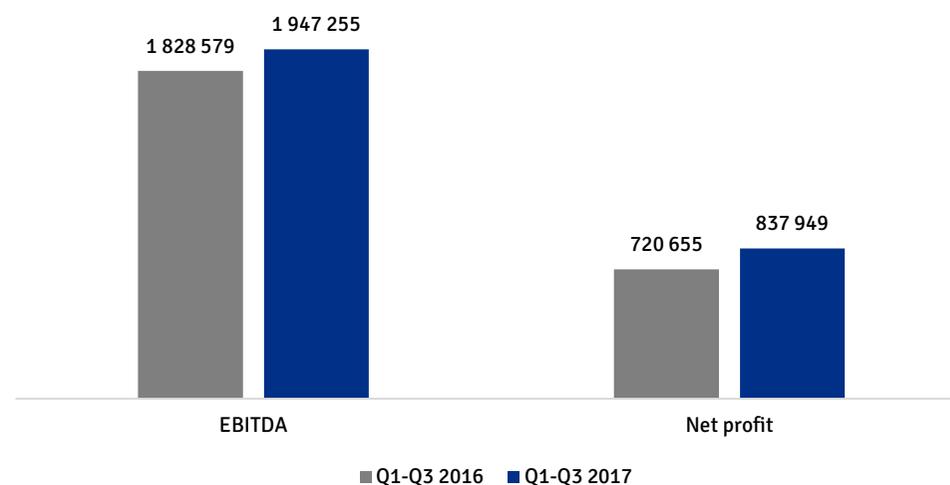
In the period of the first 9 months of 2017 Enea SA considerably increased the sales volumes of electricity to retail users by 942 GWh, which is 7.6% yoy.

[PLN '000]	Q1-Q3 2016	Q1-Q3 2017	Change	Change %
Net sales revenue	8 303 944	8 398 162	94 218	1.1%
Operating profit / (loss)	949 142	1 069 855	120 713	12.7%
Profit / (loss) before tax	897 585	1 036 030	138 445	15.4%
Net profit / (loss) for the reporting period	720 655	837 949	117 294	16.3%
EBITDA	1 828 579	1 947 255	118 676	6.5%
Net cash flows from:				
operating activities	1 822 395	2 234 993	412 598	22.6%
investing activities	- 1 990 244	- 2 828 149	-837 905	-42.1%
financing activities	328 782	- 67 845	-396 627	-
Balance of cash	1 983 027	1 679 216	-303 811	-15.3%
Net profit of shareholders of the parent company	675 888	785 532	109 644	16.2%
Weighted average number of shares [pcs.]	441 442 578	441 442 578	-	-
Net profit per share [PLN]	1.53	1.78	0.25	16.3%
Diluted profit per share [PLN]	1.53	1.78	0.25	16.3%

[PLN '000]	Q3 2016	Q3 2017	Change	Change %
Net sales revenue	2 704 512	2 831 388	126 876	4.7%
Operating profit / (loss)	338 571	288 234	-50 337	-14.9%
Profit / (loss) before tax	309 752	267 375	-42 377	-13.7%
Net profit / (loss) for the reporting period	249 429	214 118	-35 311	-14.2%
EBITDA	622 057	588 820	-33 237	-5.3%
Net profit of shareholders of the parent company	233 099	204 370	-28 729	-12.3%
Weighted average number of shares [pcs.]	441 442 578	441 442 578	-	-
Net profit per share [PLN]	0.53	0.46	-0.07	-13.2%
Diluted profit per share [PLN]	0.53	0.46	-0.07	-13.2%

[PLN '000]	31 December 2016	30 September 2017	Change	Change %
Total assets	24 536 519	25 756 216	1 219 697	5.0%
Total liabilities	11 524 790	12 069 615	544 825	4.7%
Non-current liabilities	8 606 757	8 975 463	368 706	4.3%
Current liabilities	2 918 033	3 094 152	176 119	6.0%
Equity	13 011 729	13 686 601	674 872	5.2%
Share capital	588 018	588 018	-	-
Book value per share [PLN]	29.48	31.00	1.52	5.2%
Diluted book value per share [PLN]	29.48	31.00	1.52	5.2%

PLN thou.



	unit	Q1-Q3 2016	Q1-Q3 2017	Change	Change %	Q3 2016	Q3 2017	Change	Change %
Net sales revenue	PLN '000	8 303 944	8 398 162	94 218	1.1%	2 704 512	2 831 388	126 876	4.7%
EBITDA	PLN '000	1 828 579	1 947 255	118 676	6.5%	622 057	588 820	-33,237	-5.3%
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Net profit	PLN '000	720 655	837 949	117 294	16.3%	249 429	214 118	-35,311	-14.2%
Net profit of shareholders of the parent company	PLN thou.	675 888	785 532	109 644	16.2%	233 099	204 370	-28 729	-12.3%
Net cash flows from operating activities	PLN '000	1 822 395	2 234 993	412 598	22.6%	660 322	880 256	219 934	33.3%
CAPEX	PLN '000	1 854 079	3 122 870	1 268 791	68.4%	683 033	677 751	-5 282	-0.8%
Net debt / EBITDA ¹⁾	-	1.8	2.1	0.3	16.7%	1.8	2.1	0.3	16.7%
Return on assets (ROA) ¹⁾	%	4.1%	4.3%	0.2 p.p.	-	4.2%	3.3%	-0.9 p.p.	-
Return on equity (ROE) ¹⁾	%	7.5%	8.2%	0.7 p.p.	-	7.8%	6.3%	-1.5 p.p.	-
Trade									
Sales of electricity and gas to end customers	GWh	13 296	14 039	743	5.6%	4 290	4 530	240	5.6%
Number of consumers (Power Delivery Points)	thou.	2 400	2 412	12	0.5%	2 400	2 412	12	0.5%
Distribution									
Sales of distribution services to end users	GWh	13 924	14 322	398	2.9%	4 593	4 668	75	1.6%
Number of customers (closing balance)	thou.	2 512	2 541	29	1.2%	2 512	2 541	29	1.2%
Generation									
Total generation of electricity, including:	GWh	10 166	15 178	5 012	49.3%	3 359	5 841	2,482	73.9%
<i>from conventional sources</i>	GWh	9 773	13 834	4 061	41.6%	3 244	5 350	2 106	64.9%
<i>from renewable sources of energy</i>	GWh	393	1 344	951	242.0%	115	491	376	327.0%
Gross generation of heat	TJ	3 495	4 790	1 295	37.1%	460	1 066	606	131.7%
Sale of electricity, including:	GWh	12 595	17 676	5 081	40.3%	4 075	6 633	2 558	62.8%
<i>from conventional sources</i>	GWh	12 202	15 520	3 318	27.2%	3 960	5 890	1 930	48.7%
<i>from renewable sources of energy</i>	GWh	393	1 073	680	173.0%	115	377	262	227.8%
<i>from purchases</i>	GWh	-	1 083	1 083	-	-	367	367	-
Sales of heat	TJ	2 913	4 326	1 413	48.5%	329	915	586	178.1%
Mining									
Net production	thou. of t	6 682	6 712	30	0.4%	2 397	2 154	-243	-10.1%
Sale of coal	thou. of t	6 739	6 698	-41	-0.6%	2 360	2 036	-324	-13.7%
Closing stocks	thou. of t	172	140	-32	-18.6%	172	140	-32	-18.6%
Roadway works	km	18.4	22.5	4.1	22.3%	5.5	7.5	2.0	36.4%

Q1-Q3 2017/Q1-Q3 2016:

EBITDA higher by PLN 119 mln

Growth in sales of electricity and gas to end users by 743 GWh

Greater volumes of generated electricity by 5,012 GWh

Q3 2017/Q3 2016:

Growth in sales of electricity and gas to end users by 240 GWh

Greater volumes of generated electricity by 2,482 GWh

Q1-Q3 2017:

- growth in EBITDA by 6.5% (by PLN 119 mln)
- consistent development of Enea CG: CAPEX on the level of PLN 3,123 mln with a safe level of net debt/EBITDA ratio
- higher sales of electricity and gas to end users by 5.6% (by 743 GWh)
- greater total generation of electricity by 5.0 TWh

Q3 2017:

- drop in EBITDA by 5.3% (by PLN 33 mln)
- consistent development of Enea CG: CAPEX on the level of PLN 678 mln with a safe level of net debt/EBITDA ratio
- higher sales of electricity and gas to end users by 5.6% (by 240 GWh)
- greater total generation of electricity by 2.5 TWh

1) Ratio definitions are to be found on page 78

WE ARE IMPLEMENTING OUR STRATEGIC PLANS BASED ON A STABLE FINANCIAL AND OPERATING SITUATION OF THE GROUP



Dear Sirs and Madams,

Enea is developing in a balanced way, according to the Development Strategy until 2030 published last year. We have built solid foundations and now, by implementing synergies and optimising each link in our value chain, we consistently increase the Group's financial potential for further development and market strength. We are constantly analysing our strategy in the context of the current market situation and the signals coming from the Company's close and farther environment. The key issues for our business are related to the power market, shape of the European energy market in the context of the so-called winter package or detailed solutions for the European carbon dioxide trading system. We act flexibly and we do not exclude that if at some stage we find that new regulations can

significantly influence the implementation of our strategic plans, we will proceed with their possible modifications. At present, however, we do not see such a need, and our operating and financial results confirm our belief that we are moving in the right direction, ensuring the value of our Group for Shareholders.

We are enhancing the attractiveness of the offering and increasing sales

A vice-leader in the electricity generation market is obliged to maintain and increase the efficiency in the energy trading segment. Our strategic goal is further enhancement of operational efficiency on selling activity and proper balancing within the Group, which is to increase the sales of electricity to 2025 to end customers, with own generation oscillating around 24 TWh. We aim to achieve this goal by focusing on providing Customers with tailored and diverse offers. We build relationships with our Customers - both individuals and businesses - based on a wide range of additional benefits, services and options that allow us to increase sales. Last year we sold 16.7 TWh of electricity. This year, if we keep the trend from the first 9 months of 2017, we have a good chance of significantly exceeding this level.

Enea Group's strategic investment – a step towards commissioning

On 1 September the first synchronisation of Unit 11 with the National Power System was performed, and in less than a month, i.e. on 19 December, we plan to commission a new 1,075 MW generating unit at Kozienice Power Plant for operation. The new unit will become an important pillar of our country's energy security and will at the same time be one of the most efficient of the kind in the world. Unit No. 11 is a key investment for Enea Group as well as for the entire Polish power industry. The project is characterised with the use of state-of-the-art technical solutions in the area of boilers, turbines and environmental protection. With a high efficiency of 45.6% of electricity generation and a high availability of over 92%, it will be the largest and most efficient coal-fired power plant in the Polish history.

Our Customers can count on us in crisis situations

Having handled the effects of the August storms that came over the part of Enea Operator's distribution area on the night of 11/12 August, our services faced another demanding test. On 5 October, as a result of Xavier hurricane, over 600 thou. of our Customers were deprived of power supply in almost 4 thou. locations. Failures caused by the hurricane were removed by over 320 brigades of Enea Operator, Enea Serwis and cooperating companies. Nearly 900 specialists fought to restore power supplies to all Recipients as quickly as possible. Power engineers worked continuously day and night, facing heavy weather conditions, which also caused a very difficult access to the damaged infrastructure. With the proper organisational preparation, logistics and titanic work of our Employees, we have restored electricity supplies to all our Customers. Damages in our infrastructure were also caused by Gregory hurricane which came over the Polish territory on the weekend of 28-29 October. This year is special in terms of the frequency and scale of weather events affecting the work of

the power grids not only in our area. We have proven that we are able to work professionally in all conditions, primarily through the involvement of our Employees, who must be acknowledged and thanked.

We invest caring for a stable financial situation

We develop the Group's development potential through a balanced growth in all business segments, which is reflected in the financial and operational performance ratios resulting from the operations in the three quarters of 2017.

In the three quarters of 2017, the Group recorded an increase in EBITDA of 6.5% compared to the same period of the previous year (PLN 1,947 mln). The increase in the result was attributable to good equity investments, an increase in the volume of sales of electricity, heat and distribution services. Looking for optimal solutions to ensure financial resources for the implementation of investment plans, we successfully use available programmes guaranteeing the co-financing of investments, e.g. in the distribution area (total co-financing obtained by Enea Operator - PLN 81.5 mln).

Safe cash position allows us to undertake development work, both in terms of innovation and carrying out analyses of the possibilities of building a power unit based on coal gasification technology in the area of the Bogdanka mine. LW Bogdanka's acquisition of the mining license of the Ostrów field ensures that the decision to build the above mentioned unit is supported by the provision of adequate operational resources on the fuel side.

Corporate Social Responsibility is a part of the entire Enea Group and is an important part of its business

Enea Group is an active participant in the life of local communities. We help the needy, promote physical activity, and support numerous scientific and cultural initiatives. August storms caused damages not only to the power grid. Seeing the scale of damage in the communes from our distribution area, we decided to donate PLN 1 mln to the communes affected by the storms through Enea Foundation. This action is part of our concept of corporate social responsibility.

With the new school year, a collection of applications for Enea Talent Academy began, which is a program to support the development of young talents. Our activities are directed at children and young people and schools that want to develop the talents and passions of their students. We believe that such a support for the youngest members of our society and for projects and initiatives beyond the standard framework will translate into the development of their passion and will contribute to the responsible education of the next generations. We want to express our sense of responsibility to the environment from which we come and on which we depend.

Yours faithfully,

Miroslaw Kowalik,
President of the Management Board of Enea SA

I-II quarter

Implementation of the investment agreement relating to the construction of a power unit in Ostrołęka Power Plant

Enea SA and Energa SA jointly control the special purpose vehicle Elektrownia Ostrołęka SA, which will carry out the project of preparation, construction and operation of the 1,000 MW_e coal-fired power unit (Ostrołęka C). Currently, Enea holds 23.8% of shares in the company's share capital. Both parties will ultimately hold 50% shares in Elektrownia Ostrołęka SA each and the same number of votes at a General Meeting. The companies foresee that the construction of the new unit will be completed in H2 2023, and the expenditures on the implementation of the investment will total ca. 5.5-6 mln PLN/MW.

Taking up shares in Polimeks-Mostostal

Currently, Enea holds 390,000,024 shares in Polimeks, constituting 16.48% share in the company's share capital. Together Enea, Energa, PGE Polska Grupa Energetyczna and PGNiG Technologie hold 156,000,097 shares, constituting 65.9% of Polimeks's share capital. Polimeks-Mostostal holds the largest, over 23% share in the implementation of core projects in the conventional energy sector. Due to this fact, the company is present in contractor consortia of the largest energy related investments in Poland, whose cumulative budget is ca. PLN 30 bln.

Modernisation of two units' turbines in Koziencice Power Plant

In January, Enea Wytwarzanie and EthosEnergy signed an agreement relating to the modernisation of the turbines on units No. 3 and 8 in Koziencice Power Plant. Due to the modernisation the turbine sets' dynamic state will be improved. The value of the contract is almost PLN 4.9 mln net, and the works were completed in July 2017.

Extension of the agreement for banking services with PKO Bank Polski and Bank Pekao SA

On 25 January Enea Group companies signed annexes to the agreements currently in force for the comprehensive bank services concluded with PKO BP and Pekao SA. Annexing the existing agreements for the next term provides Enea Customers with a guarantee that bank account numbers will remain the same. The Group's core companies will have access to all the necessary banking products and services within a comprehensive bank service on the most advantageous conditions.

Flexible development, doubling the commodity base and innovations within Enea Group's Mining area

On 9 February LW Bogdanka presented the strategy of development for the Area of Mining in Enea Group until 2030 which foresees two development scenarios: base, with the average production on the level of 8.5 mln tonnes during 2017-2025, and flexible development with the average annual production in that period on the level of ca. 9.2 mln tonnes. Having in mind the current and anticipated market situation the Company intends to implement the scenario of flexible development. CAPEX projected for 2016-2025 (in nominal value) is PLN 3.7 bln for the base scenario and ca. PLN 4 bln for the flexible development scenario.

Guaranteeing the reliability of electricity supplies

In March Enea Operator started the newest and most modern Power Dispatch Centre (PDC) which will manage the high-voltage grid in north-western Poland. Such an organisation of traffic services enables a flexible, quick and comprehensive response to events occurring on the whole length of 110 kV grid belonging to Enea Operator.

Enea the owner of Połaniec Power Plant - transaction with ENGIE successfully completed

On 14 March, the transaction of purchasing 100 per cent of shares in ENGIE Energia Polska, the owner of Połaniec Power Plant, by Enea Group from ENGIE International Holdings B.V. was successfully closed. Enea obtained, for ca. PLN 1.26 bln, a major system power plant, which during the recent years has undergone a ca. 1.5 bln worth of an intensive modernisation programme. The acquired company is fully debt-free and has strengthened Enea on the market from the very first days.

Enea joined the electromobility development cluster

In April Enea group became a member of the cluster entitled "Polish Electric Bus - electromobility supply chain". The goal of the cluster is to cooperate for electromobility development, in particular e-buses and components used for their construction, which will be based on technical solutions elaborated in Poland.

Recapitalisation of Polska Grupa Górnicza

As part of PGG recapitalisation Enea undertook to subscribe for new shares in PGG with the total nominal value of PLN 300 mln in consideration for the contribution in cash amounting to PLN 300 mln, in three stages: The first recapitalisation of PGG by Enea in the amount of PLN 150 mln was in April 2017. Within the second recapitalisation which was in June 2017 Enea took up new shares in PGG of the total value of PLN 60 mln, guaranteeing itself 5.81% share in the share capital of the mining company. Another recapitalisation amounting to PLN 90 mln is scheduled for Q1 2018. The Investment is in line with Enea Capital Group's Development Strategy whose one element is securing the base of commodities for the conventional power engineering. Additionally, the investors concluded an agreement relating to the exercise of a joint control over PGG.

Resignation from the acquisition of assets from EDF

On 11 May the Management Board of Enea SA adopted a resolution on the resignation from the Company's participation in the transaction of acquiring Polish assets belonging to EDF International SAS and EDF Investment II B.V.

Changes in the Management Board of Enea Innovation

On 24 May the Extraordinary General Meeting of Shareholders of Enea Innovation, a company managing the innovation area in Enea Group, appointed Andrzej Wicik to the position of the President of the Management Board and Krzysztof Hajdrowski to the position of the Vice-President of the Management Board.

Enea Operator with one, complete information system

In June, Enea Operator signed an agreement for delivery and implementation of the Central Application for the Measurement Information Acquisition System. The application will ultimately be the sole IT system at the distribution company, which will acquire, process and store all data related to widely understood measurement information. The agreement's worth is PLN 22 mln and foresees the implementation of the application within two years.

Cooperation for the development of technology within the preparation of a new fuel mix

In June, Enea Trading and Polska Grupa Górnicza (PGG) commenced cooperation within the exchange of experience and knowledge in order to prepare a new fuel mixture using coal sludge which would be possible to use for the commercial exploitation in the energy sector.

Fitch Ratings affirmed Enea's rating

On 30 June Fitch Ratings agency affirmed the Company's long-term foreign- and local-currency issuer default ratings at "BBB" and also affirmed and simultaneously withdrew Enea's national long-term rating of "A+(pol)" with a stable outlook for commercial reasons.

III quarter

Community funds drive investments in the Distribution area

Implementing the planned investments Enea Operator has actively used the Community funds. In the period from January to September 2017 it concluded agreements for co-financing in the total amount of anticipated subsidy totalling PLN 81.5 mln.

Submission of an application for a licence to mine coal from “Ostrów” deposit

In July 2017 LW Bogdanka applied to the Minister of the Environment for a license to extract hard coal from the “Ostrów” deposit in “Ludwin” mining area, with the operative resources estimated on the level of ca. 186 mln tonnes of coal. On 20 November LW Bogdanka’s Management Board obtained information on the receipt by the Company of the above mentioned licence.

“Ostrów” deposit utilisation may be commenced based on the current infrastructure and without a capital-intensive construction of new shafts. In the perspective after 2025 in “Ludwin” field a vertical deposit access is planned and construction of necessary objects and technical infrastructure. The total pre-estimated expenditures in real values connected with the construction of such the infrastructure amount to PLN 1.2-1.3 bln.

Obtaining the licence is the fundamental element of the plan to double the operative resources of the Company foreseen in the “Strategy of LW Bogdanka Mining Area of Enea Group until 2025”. Increasing the base of resources means a possibility of a long-term planning, securing the development of the mine and providing Bogdanka with a stable commodity backup.

Enea shares profits with Shareholders

On 10 August Enea distributed PLN 110,360,644.50, i.e. PLN 0.25 earnings per share, dividend to its Shareholders.

Changes in the Management Board of Enea SA

On 24 August the Supervisory Board of Enea adopted resolutions regarding the dismissal from Enea SA’s Management Board of Wiesław Piosik, i.e. the Vice-President for Corporate Affairs, and of Mikołaj Franzkowiack i.e. the Vice-President for Financial Affairs. At the same time the Supervisory Board delegated on the same date the Member of the Supervisory Board, Rafał Szymański, to temporarily serve as the Vice-President of the Management Board for Corporate Affairs of Enea SA for the period not exceeding three months until a new Member of the Management Board for Corporate Affairs is nominated.

On 22 September, the Supervisory Board of the Company adopted a resolution on the appointment of Piotr Olejniczak as a Member of the Management Board for Financial Affairs as of 1 October 2017. On 29 September, the Company received a resignation of Rafał Szymański, delegated by the Supervisory Board to temporarily perform the duties of the Member of the Management Board for Corporate Affairs of Enea SA, from the delegation to perform the above mentioned activities as of 5 October 2017. On 5 October 2017 the Supervisory Board of the Company adopted a resolution appointing Zbigniew Piętko as the Member of the Management Board for Corporate Affairs as of 10 October 2017.

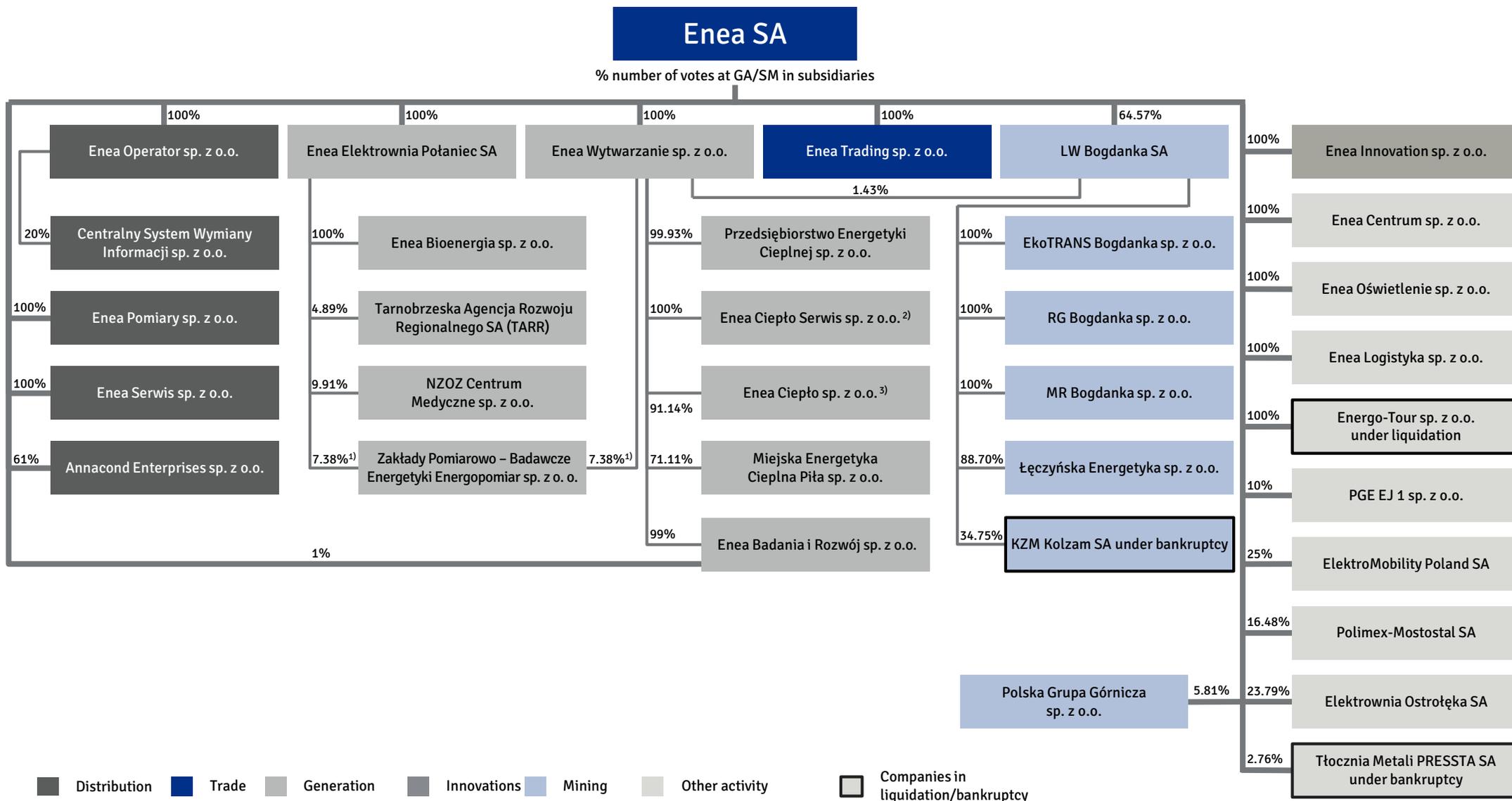
Successful first synchronisation of the new 1,075MW unit in Kozenice Power Plant

On 1 September Enea Wytwarzanie successfully conducted the first synchronisation of the 1,075 MW unit with the Public Power System. The synchronisation was on schedule. Unit 11 operates according to the approved production plan. The new unit will increase the production capacity of Kozenice Power Plant in Świerże Górne to the level of 4 thou. MW, which will allow Enea Wytwarzanie to reach a 13% share in the electricity generation market.





2. Enea Group's organisation and operations



6 leading entities operate within Enea Group, i.e. Enea SA (trade in electricity), Enea Operator sp. z o.o. (distribution of electricity) Enea Wytwarzanie sp. z o.o. and Enea Elektrownia Połaniec SA (generation and sales of electricity and heat), Enea Trading sp. z o.o. (wholesale trade in electricity) and LW Bogdanka SA (coal mining). The other entities render supplementary services in relation to the aforementioned companies. The Group's structure includes also minority interests in entities held by Enea SA's subsidiaries, i.e. in particular Enea Wytwarzanie sp. z o.o. oraz LW Bogdanka SA.

1) The change consists in adjusting the nominal value of the shares to the amount of the Company's share capital.
 2) Former name of Przedsiębiorstwo Energetyki Ciepłej Zachód sp. z o.o. (change as of 16 November 2017)
 3) Former name of Miejskie Przedsiębiorstwo Energetyki Ciepłej sp. z o.o. (change as of 16 November 2017)

Asset restructuring

After performing, in previous years, key organisational changes in Q1-Q3 2017, Enea Group, apart from the initiatives related to the planned changes, did not conduct any significant activities within assets restructuring.

Equity disinvestments

In the period of January-September 2017 no significant activities were performed as regards equity disinvestments.

Changes in the Group's organisation

In the period from January to September 2017 Enea Group continued activities focused on the implementation of the Group's Corporate Strategy.

Equity investments

Area	Date	Company	Event
Q1-Q3 2017			
Other activity	20 January 2017	Polimex-Mostostal SA	Enea SA accepted the offer made by Polimex to take up, as a private subscription, 37.5 mln shares and acquired 1.5 mln shares of Polimex from its existing shareholder, taking up a total of 16.48% in the Company's share capital.
Other activity	1 February 2017	Elektrownia Ostrołęka SA	Acquisition by Enea SA from Energa SA of 24,980,926 shares in Elektrownia Ostrołęka SA - Enea SA took up 11.89% in the Company's share capital.
Generation	14 March 2017	ENGIE Energia Polska SA (Enea Elektrownia Połaniec SA)	Enea SA acquired 100% shares from ENGIE International Holdings B.V.
Other activity	3 April 2017	PGG sp. z o.o.	Enea SA took up 1,500,000 new shares of the nominal value of PLN 100 each and the total value of PLN 150,000,000 in Polska Grupa Górnicza sp. z o.o., becoming thus the minority shareholder of the Company with 4.39% shareholding in its share capital. Entry in KRS (National Court Register) - 8 June 2017
Generation	21 April 2017	MPEC sp. z o.o.	Increasing the share in the total number of votes in relation to the performance of agreements between authorised employees of MPEC sp. z o.o. and Enea Wytwarzanie sp. z o.o.
Other activity	28 April 2017	Polimex-Mostostal SA	As a result of the tender offer Enea SA purchased 24 shares in Polimex constituting 0.00001% share in the Company's share capital.
Other activity	28 April 2017	Elektrownia Ostrołęka SA	Enea SA accepted an offer made by Elektrownia Ostrołęka SA of taking up as a private subscription of 9.5 mln new shares in Elektrownia Ostrołęka SA.

Area	Date	Company	Event
Other activity	14 June 2017	PGG sp. z o.o.	Enea SA took up 600,000 shares in the raised share capital of PGG, of the total nominal value of PLN 60,000,000, increasing thus its shareholding in the Company's share capital from 4.39% to 5.81%. Entry in KRS (National Court Register) - 7 July 2017
Other activity	27 June 2017	Elektrownia Ostrołęka SA	Acquisition by Enea SA from Energa SA of 20,017,269 shares in Elektrownia Ostrołęka SA - Enea SA holds a total of 23.79% in the Company's share capital.
Other activity	30 June 2017	Centralny System Wymiany Informacji sp. z o.o.	Transfer of ownership of 16 shares to 4 distribution companies (Innogy Stoen Operator sp. z o.o. (formerly: RWE Stoen Operator sp. z o.o.), Energa Operator SA, PGE Dystrybucja SA, Tauron Dystrybucja SA). Enea Operator sp. z o.o. presently holds 4 shares in CSWI sp. z o.o., which is 20% share in the Company's share capital.
Innovations	02 August 2017	Enea Innovation sp. z o.o.	The Extraordinary General Meeting of Shareholders of Enea Innovation sp. z o.o. seated in Warsaw, share capital PLN 5,000, decided to raise the share capital by PLN 300,000, i.e. from PLN 5,000 to PLN 305,000, through the issue of 3,000 new shares of the nominal value PLN 100 each. Pending the entry in KRS.
Generation	28 September 2017	Enea Badania i Rozwój sp. z o.o.	The company was incorporated on 4 April 2017 by Enea Wytwarzanie sp. z o.o. and Enea SA. Enea SA holds 1 share in the company. On 28 September 2017 the Company was entered into the National Court Register.
Events after the reporting period			
Distribution	30 October 2017	Enea Operator sp. z o.o.	The Extraordinary General Meeting of Shareholders of Enea Operator sp. z o.o. Decided on the raising of the share capital by PLN 5,023,700.00. (contribution in kind being the title to and perpetual usufruct of a real estate owned by Enea SA), i.e. from the amount of PLN 4,678,050,000.00 to PLN 4,683,073,700.00. by creation of new 50.237 shares of the nominal value of PLN 100 each. Another step will be making a declaration on taking up the shares and assignment of the title to the property.

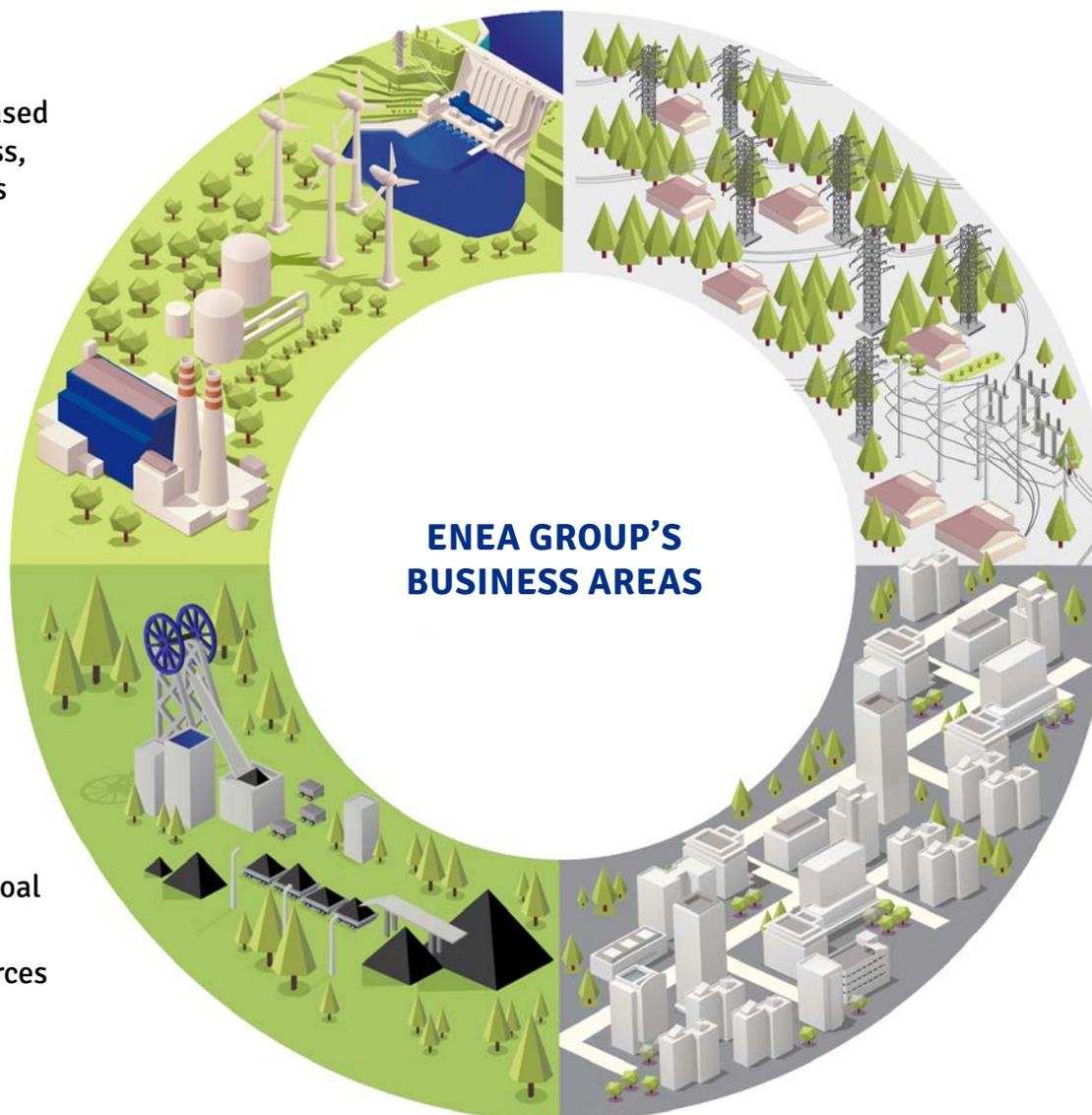
A detailed description of equity holdings is presented in the condensed interim consolidated financial statements of Enea Capital Group for the period from 1 January to 30 September 2017.

GENERATION

- Generation of electricity based on bituminous coal, biomass, gas, wind, water and biogas
- Heat generation
- Heat transmission and distribution
- Trade in electricity

MINING

- Production of bituminous coal
- Sale of bituminous coal
- Securing the base of resources for the Group



DISTRIBUTION

- Electricity supply
- Planning and guaranteeing the extension of the distribution network
- Exploitation, maintenance and renovations of the distribution network
- Metering data management

TRADE

Retail sales:

- Trade in electricity and gas on the retail market
- Range of products and services adjusted to Customer needs
- Comprehensive Customer Service

Wholesale trading:

- Electricity and gas wholesale contract portfolio optimisation
- Operations on product markets
- Guaranteeing access to wholesale markets

Mining



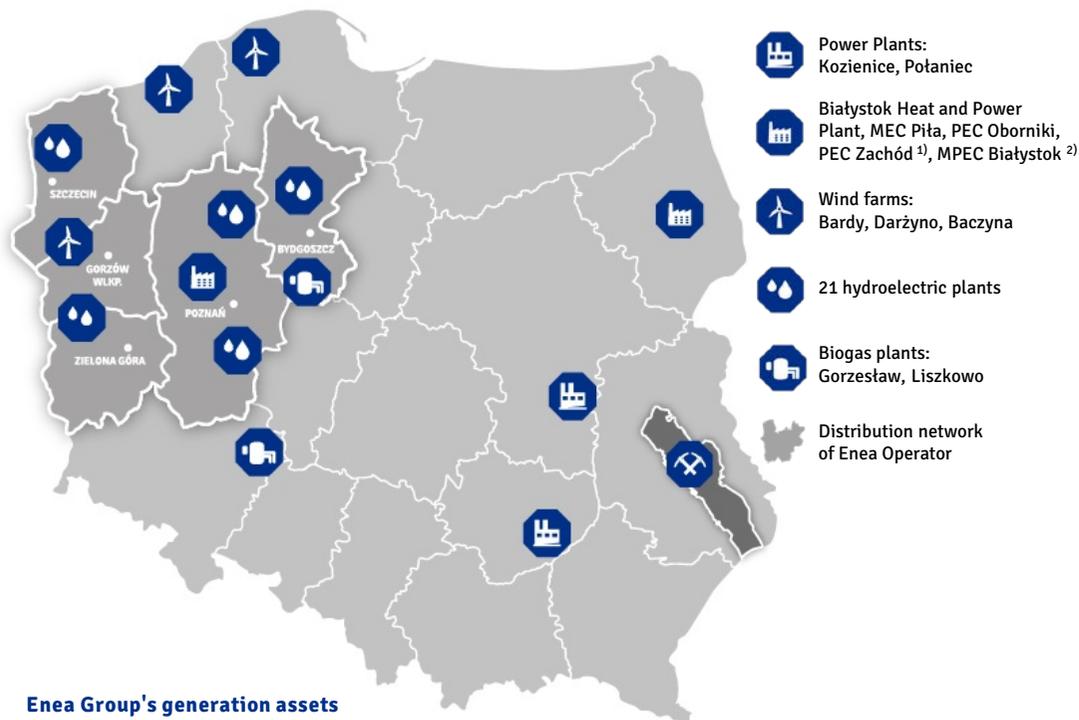
LW Bogdanka is one of the leaders on the market of bituminous coal producers in Poland, outstanding in the sector as regards the financial results generated, efficiency of bituminous coal mining and investment plans providing for the availability of new deposits. The bituminous power coal sold by the Company is used mainly for the generation of electricity, heat energy and cement production. The Company's customers in the majority include industrial companies, mainly entities conducting business activity in the power sector located in the eastern and north-eastern Poland.

Description	Q1-Q3 2016	Q1-Q3 2017	Change	Q3 2016	Q3 2017	Change
Net production ['000 tonnes]	6 682	6 712	0.4%	2 397	2 154	-10.1%
Coal sale ['000 tonnes]	6 739	6 698	-0.6%	2 360	2 036	-13.7%
Closing stocks ['000 tonnes]	172	140	-18.6%	172	140	-18.6%
Roadway works[km]	18.4	22.5	22.3%	5.5	7.5	36.4%

 Distribution network of Enea Operator
 Lublin Coal Basin



Generation



Enea Group's generation assets

Description	Installed electrical capacity [MW _e]	Attainable electrical capacity [MW _e]	Installed heating capacity [MW _e]
Kozienice Power Plant	2 960.0	2 941.0	105.0
Połaniec Power Plant	1 837.0	1 882.0	130.0
Białystok Heat and Power Plant	203.5	156.6	383.7
Wind Farms: Bardy, Darżyno and Baczyna	70.1	70.1	-
Liszkowo and Gorzestaw Biogas Plants	3.8	3.8	3.1
Hydroelectric plants	60.4	57.6	-
MEC Piła	10.0	10.0	151.3
PEC Oborniki	-	-	30.4
MPEC Białystok	-	-	185.0

1) From 16 November 2017 Enea Ciepło Serwis sp. z o.o.

2) From 16 November 2017 Enea Serwis sp. z o.o.

Generation of electricity and heat - Enea Wytwarzanie

Data of Enea Wytwarzanie excluding unit No. 11 in Kozienice Power Plant

Description	Q1-Q3 2016	Q1-Q3 2017	Change	Q3 2016	Q3 2017	Change
Total generation of electricity (net) [GWh], including:	10 166	9 927	-2.4%	3 359	3 282	-2.3%
Net production from conventional sources [GWh], including:	9 773	9 637	-1.4%	3 244	3 203	-1.3%
Enea Wytwarzanie (excluding biomass co-combustion)	9 578	9 336	-2.5%	3 232	3 122	-3.4%
Enea Wytwarzanie - Segment of Heat (Białystok Heat and Power Plant - excluding biomass co-combustion)	150	254	69.3%	2	69	3,350.0%
MEC Piła	45	47	4.4%	10	12	20.0%
Production from renewable energy sources [GWh], including:	393	290	-26.2%	115	79	-31.3%
Combustion of biomass	201	40	-80.1%	60	0	-100.0%
Enea Wytwarzanie - Segment of RES (hydroelectric plants)	79	117	48.1%	24	41	70.8%
Enea Wytwarzanie - Segment of RES (wind farms)	107	126	17.8%	29	36	24.1%
Enea Wytwarzanie - Segment of RES (biogas plants)	6	7	16.7%	2	2	-
Generation of heat [GJ]	3 495	3 514	0.5%	460	492	7.0%

Data of unit No. 11 in Kozienice Power Plant, under start-up

Description	Q1-Q3 2016	Q1-Q3 2017	Q3 2016	Q3 2017
Total generation of electricity (net) [GWh], including:	-	74	-	74
Net production from conventional sources [GWh]	-	74	-	74
Production from renewable energy sources [GWh]	-	-	-	-
Generation of heat [TJ]	-	-	-	-

Generation of electricity and heat - Enea Połaniec Power Plant

Description	Q1-Q3 2016	Q1-Q3 2017	14 March - 30 September 2017 (in Enea CG)	Q3 2016	Q3 2017
Total generation of electricity (net) [GWh], including:	7 557	6 933	5 177	2 645	2 485
Enea Połaniec Power Plant - net generation from conventional sources	6 015	5 442	4 123	2 148	2 074
Enea Połaniec Power Plant - generation from renewable energy sources (biomass combustion - green unit)	1 096	1 030	783	109	297
Enea Połaniec Power Plant - generation from renewable energy sources (biomass co-firing)	446	461	271	388	114
Generation of heat [GJ]	1 763	1 821	1 276	556	574

Generation

Purchase of electricity by Enea Wytwarzanie on the wholesale market

In Q1-Q3 2017 the volume-related electricity purchases in Koźienice Power Plant amounted to 1,433.8 GWh. The purchases were made for the needs of energy trading operations 752.7 GWh. Additionally, 681.1 GWh of energy was purchased within the Balancing Market. In the Segment of Heat the purchase volume in Q1-Q3 2017 amounted to 18.4 GWh - acquisition on the Balancing Market is 12.8 GWh, purchase in the trade of 5.6 GWh. Energy trading (sales=purchases) is performed within market possibilities guaranteeing achievement of the anticipated financial result and in order to limit the failure consequences. Purchase of electricity as part of Q1-Q3 2017 trade related mainly to Koźienice Power Plant and constituted 51% of the whole energy purchases. Purchase of electricity within the Balancing Market accounted for 49%. Purchases within the trade in the Segment of Heat stemmed from activities reducing the costs of generating units' failures and lack of available power vs. concluded contracts.

Purchase of electricity by Enea Połaniec Połaniec Power Plant on the wholesale market

In Q1-Q3 2017 the volume-related electricity purchases in Enea Elektrownia Połaniec amounted to 1,736 GWh. The purchases were made for the needs of energy trading operations in the amount of 685 GWh. Additionally, 1,051 GWh of energy was purchased within the Balancing Market mechanisms.

Sales of electricity by Enea Wytwarzanie

Sales volumes of electricity in Enea Wytwarzanie in the period from January to September 2017 amounted to 11,371 GWh. Sales were performed by individual segments depending on the statutory obligations and concluded agreements.

Sales of electricity as part of Koźienice Power Plant's own sales

Sales of electricity in Q1-Q3 2017 as part of Koźienice Power Plant's own sales amounted to 10,808 GWh. In that period Enea Wytwarzanie had a statutory duty to sell the generated electricity on a commodity exchange (art. 49a of the Energy Law) which was performed on the level of 16.7%. The other sales include sales within Enea Group 80.2% and to the Balancing Market (PSE SA) 3.1%.

Sales of electricity as part of the segment of Heat

In the Segment of Heat sales of electricity in the period from January to September 2017 amounted to 312 GWh - sales within Enea Group accounted for 92.4%, sales within the Balancing Market (PSE SA) 5% and sales to end users amounted to 2.6%.

Sales of electricity as part of the segment of RES

In the Segment of RES sales of electricity in Q1-Q3 2017 amounted to 250 GWh (beyond Enea Group - 42%, within Enea Group - 58%).

Sales of electricity as part of the area of Wind

Description	Q1-Q3 2016	Q1-Q3 2017	Change
Fixed price [PLN '000]	17 658	21 085	19.41%
Average weighted price [PLN/MWh]	166.16	166.93	0.46%

Sales of electricity within Subsidiaries

Sales of electricity within Subsidiaries in Q1-Q3 2017 amounted to 47 GWh.

Sales of electricity by Enea Elektrownia Połaniec

In Q1-Q3 2017 the volume-related electricity sales in Enea Połaniec Power Plant amounted to 8,648 GWh, of which 1,490 GWh was energy from RES.

Fuel supply - Enea Wytwarzanie

Data of Enea Wytwarzanie excluding unit No. 11 in Koźienice Power Plant

Fuel type	Q1-Q3 2016		Q1-Q3 2017		Change	
	Volume ['000 t]	Costs ¹⁾ [PLN mln]	Volume ['000 t]	Costs ¹⁾ [PLN mln]	Qty	Costs ¹⁾
Bituminous coal	4 275	893	4 508	936	5.5%	4.8%
Biomass	339	64	99	13	-70.8%	-79.7%
Fuel oil (heavy) ²⁾	6	5	6	7	-	40.0%
Gas ['000 m ³] ³⁾	11 546	17	11 989	14	3.8%	-17.6%
TOTAL		979		970		

Data of unit No. 11 in Koźienice Power Plant, under start-up

Fuel type	Q1-Q3 2016		Q1-Q3 2017		Change	
	Volume ['000 t]	Costs ¹⁾ [PLN mln]	Volume ['000 t]	Costs ¹⁾ [PLN mln]	Qty	Costs ¹⁾
Bituminous coal	-	-	172	35	-	-
Fuel oil (light) ²⁾	-	-	2	6	-	-
TOTAL				41		

Enea Wytwarzanie - Koźienice Power Plant

The basic fuel used to produce electricity is bituminous coal (fuel dust). In Q1-Q3 2017, the main supplier of coal to Enea Wytwarzanie was LW Bogdanka SA (around 85.4% of supplies). Additionally, coal supplies were performed by Polska Grupa Górnicza sp. z o.o. (ca. 14.2% of supplies) and Jastrzębska Spółka Węglowa SA (ca. 0.4%). In Q3 2017 the coal supplies were split as follows: LW Bogdanka SA - ca. 78.0% of supplies, Polska Grupa Górnicza sp. z o.o. - ca. 21.9% of supplies, Jastrzębska Spółka Węglowa SA - ca. 0.1% of supplies.

In Q1-Q3 2017 biomass was not co-fired in Koźienice Power Plant.

¹⁾ Including transport

²⁾ Light-up fuel in Koźienice Power Plant

³⁾ Used for the production of electricity and heat energy in MEC Piła and heat energy in PEC Oborniki

Generation

Enea Wytwarzanie - Segment of Heat

The basic fuels used in Enea Wytwarzanie in the Segment of Heat (Białystok Heat and Power Plant) include: coal and biomass - mainly as wood chips, energetic willow chips and agricultural production left-overs and sunflower husk pellet. In the period from January to September 2017, the volume of supplied biomass amounted to over 99 thou. tonnes, and the supplies were performed by 10 entities. They were significantly smaller than in the same periods of previous years due to e.g. a complete renovation of the turbine set on the biomass unit. Approximately 10% of biomass was delivered to the area of Enea Wytwarzanie - Segment of Heat, using a rail transport.

In Q1-Q3 2017 the coal supplies to Enea Wytwarzanie - Segment of Heat were performed by Polska Grupa Górnicza sp. z o.o. and LW Bogdanka SA (ca. 13%).

Coal supply - Enea Połaniec Power Plant

Fuel type	Q1-Q3 2016		Q1-Q3 2017		Change	
	Volume ['000 t]	Costs ¹⁾ [PLN mln]	Volume ['000 t]	Costs ¹⁾ [PLN mln]	Qty	Costs ¹⁾
Bituminous coal	2 480	512	2 606	513	5.1%	0.2%
Biomass	1 192	221	1 149	197	-3.6%	-10.9%
Fuel oil	5	6	5	9	-	50.0%
TOTAL		739		719		-2.7%

In Q1-Q3 2017, the main supplier of coal to Połaniec Power Plant was LW Bogdanka SA.

1) Including transport

Coal transport - Enea Wytwarzanie

Enea Wytwarzanie - Kozienice Power Plant

The only means of transport used to deliver bituminous coal to the Kozienice Power Plant in the period of:

- January 2017 - September 2017 was rail transport. PKP Cargo SA shipper performed ca. 92% of supplies and Koleje Czeskie sp. z o.o. ca. 8% of supplies.
- July 2017 - September 2017 was rail transport. PKP Cargo SA shipper performed ca. 78% of supplies and Koleje Czeskie sp. z o.o. ca. 22% of supplies.

Enea Wytwarzanie - Segment of Heat

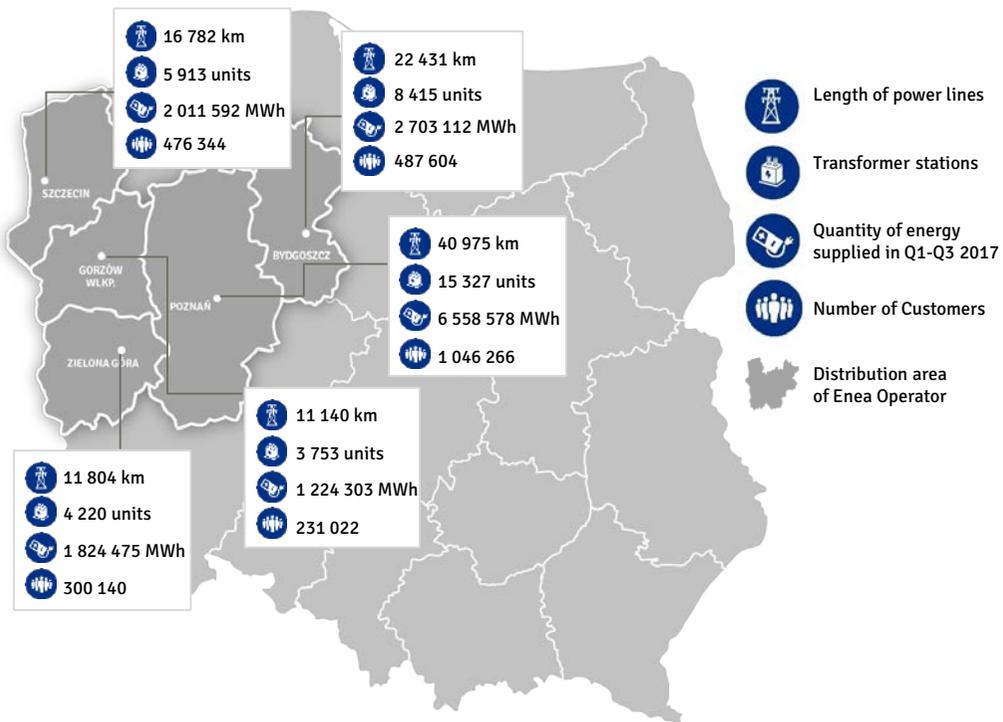
Coal supplies to Enea Wytwarzanie - Segment of Heat in Q1-Q3 2017 were performed with rail transport by PKP Cargo SA. Prices of fuels included the cost of delivery to Białystok Heat and Power Plant generating source.

Coal transport - Enea Połaniec Power Plant

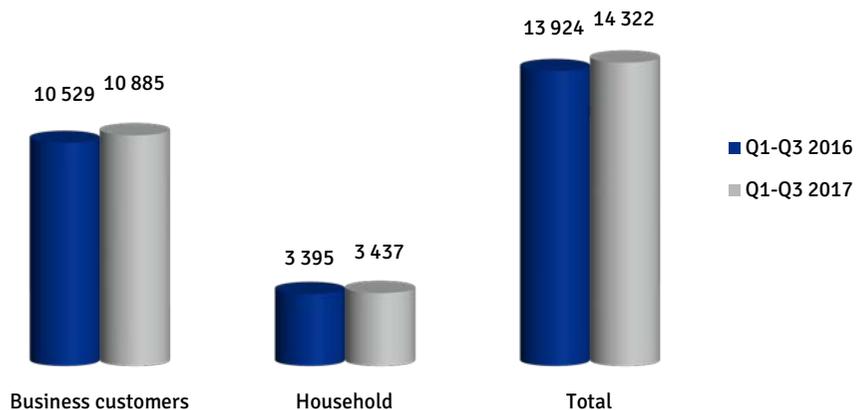
In Q1-Q3 2017 coal transport in Enea Połaniec Power Plant was performed mainly by PKP Cargo SA and CTL Logistics sp. z o.o. Some supplies were performed by EPCT Silesia, PGG and JSW.



Distribution



Sales of distribution services [GWh]

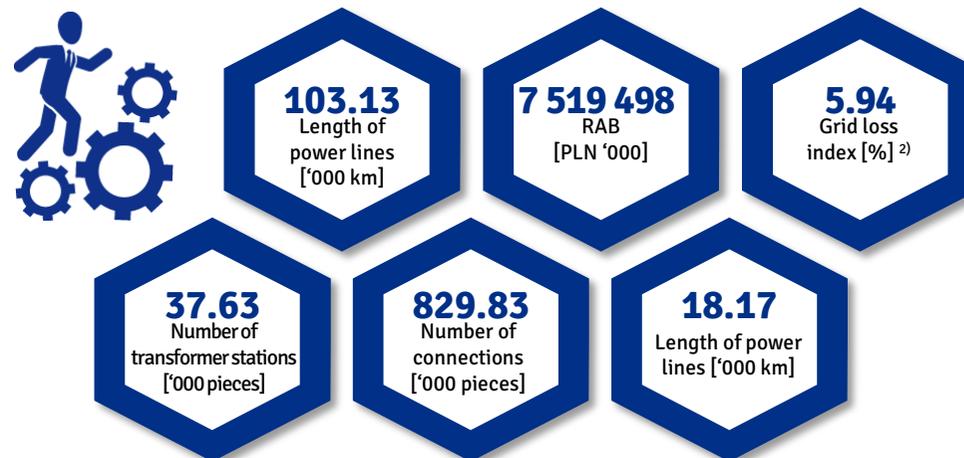


Technical indicators

Description:	Q3 2016	Q3 2017	Change	Q1-Q3 2016	Q1-Q3 2017	Change
SAIDI planned interruptions and unplanned interruptions including catastrophic ones (HV, MV) [minutes] ¹⁾	85.16	234.03	174.81%	196.98	312.04	58.41%
SAIFI planned interruptions and unplanned interruptions including catastrophic ones (HV, MV) [pcs] ¹⁾	1.28	1.37	7.03%	2.99	2.86	-4.35%
Contract performed in the reference term 18 months - group IV [%]	86.90%	98.66%	11.76 p.p.	86.46%	97.80%	11.34 p.p.
Contract performed in the reference term 18 months - group V [%]	96.75%	98.90%	2.15 p.p.	95.56%	98.10%	2.54 p.p.

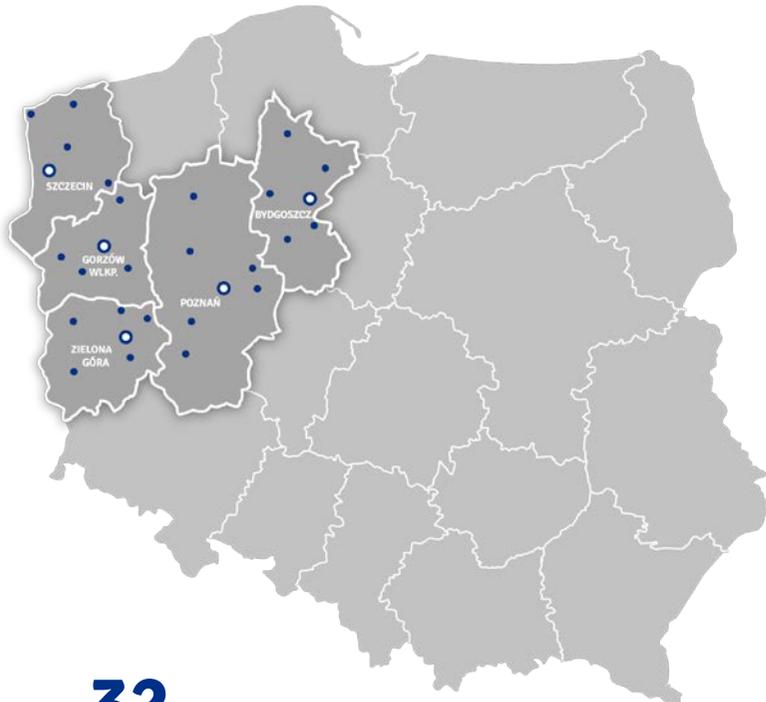
Sales of distribution services and number of customers

Description:	Q3 2016	Q3 2017	Change	Q1-Q3 2016	Q1-Q3 2017	Change
Sales of distribution services [GWh]	4 593	4 668	1.63%	13 924	14 322	2.86%
Number of recipients at the end of the period [pcs]	2 512 256	2 541 376	1.16%	2 512 256	2 541 376	1.16%



1) The deterioration of the reliability index was caused by a sudden, unpredictable and catastrophic weather event, which took place in August this year. As a result, the SAIDI index rose by 170 min and SAIFI by 0.27
 2) The grid loss ratio was calculated on a rolling basis for the last 12 months

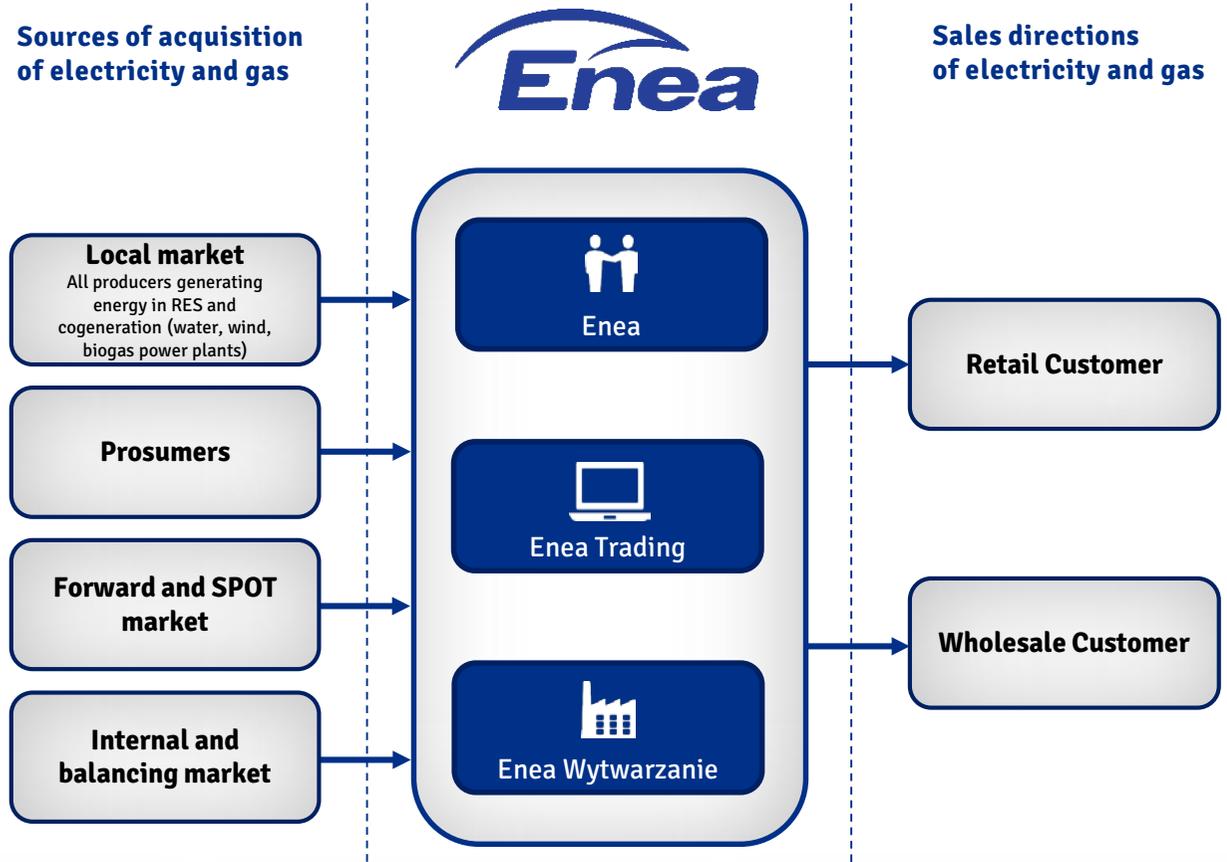
Trade



32 modern Customer Service Centres

- Customer Service Centre
- Distribution network of Enea Operator

The diagram below presents the operating dependencies between Enea Group companies and business partners and Customers in the area of Trade:



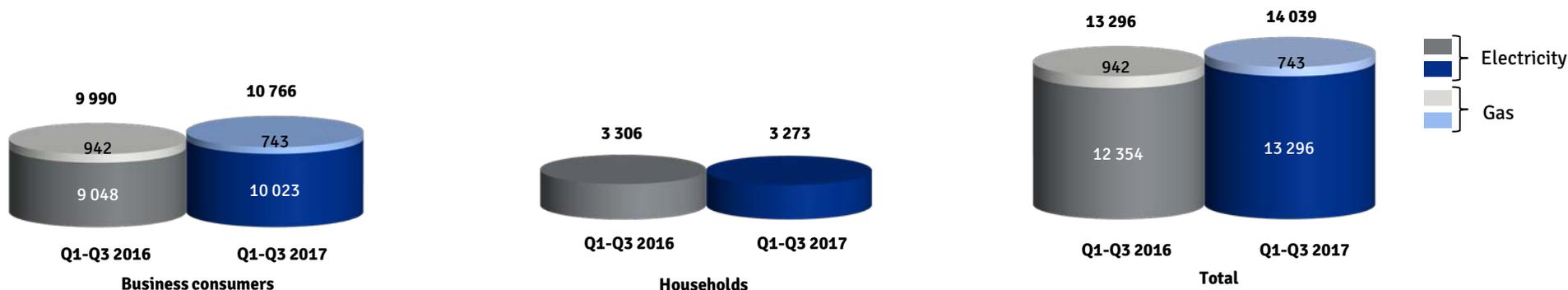
Trade

Sales of electricity and gas to retail customers realised by Enea SA

In Q1-Q3 2017, as compared to the same period of 2016, there was a significant growth in the total volumes sold by 743 GWh, i.e. by over 5%. The growth in the volumes of sales was observable in the business segment (by 776 GWh, i.e. by ca. 8%). This is the result of greater electricity sale volumes by 975 GWh, i.e. by almost 11% and reduced gas sale volume by 199 GWh, i.e. by 21%. The volume growth in sales of electricity in the business segment translated into greater comprehensive revenue from sales of electricity by PLN 81 mln, i.e. by around 3%, in relation to the same period of 2016. Yet, a drop in revenue from sales of gas by PLN 37 mln stemmed from both the volume and the average selling price. As a consequence, the total revenue from sales of electricity and gas in Q1-Q3 2017 was by PLN 44 mln higher than in the same period of the previous year.

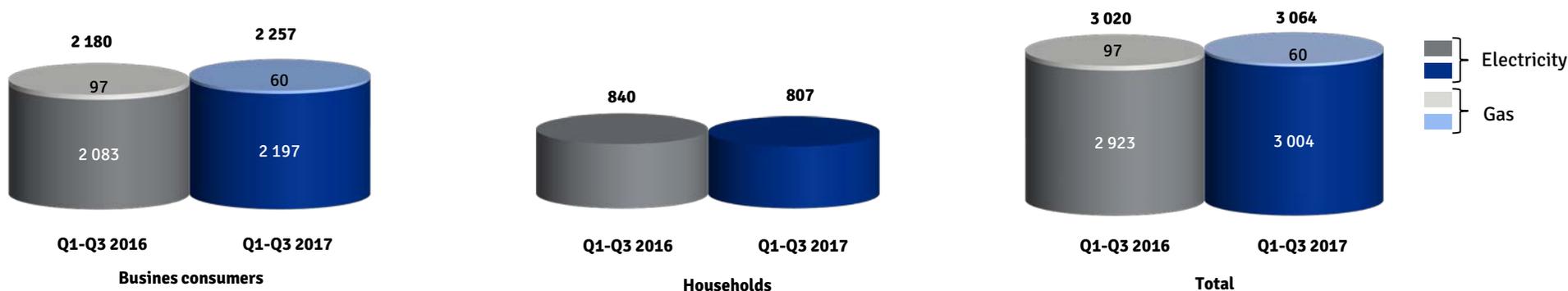
Sales of electricity and gas to retail customers of Enea SA

GWh



Revenue from sales of electricity and gas to retail customers of Enea SA

PLN mln



Enea Capital Group’s Development Strategy until 2030 - assumptions

Mission

Enea delivers constantly improved products and services, anticipating Customers’ expectations due to motivated teams working in a friendly, safe and innovative organisation.

Vision

Enea is a leading supplier of integrated raw materials and energy related products and services and other innovative services for the wide range of Customers, recognised for the quality, comprehensiveness and reliability.

Basic investment fund in the amount of PLN 26.4 bln

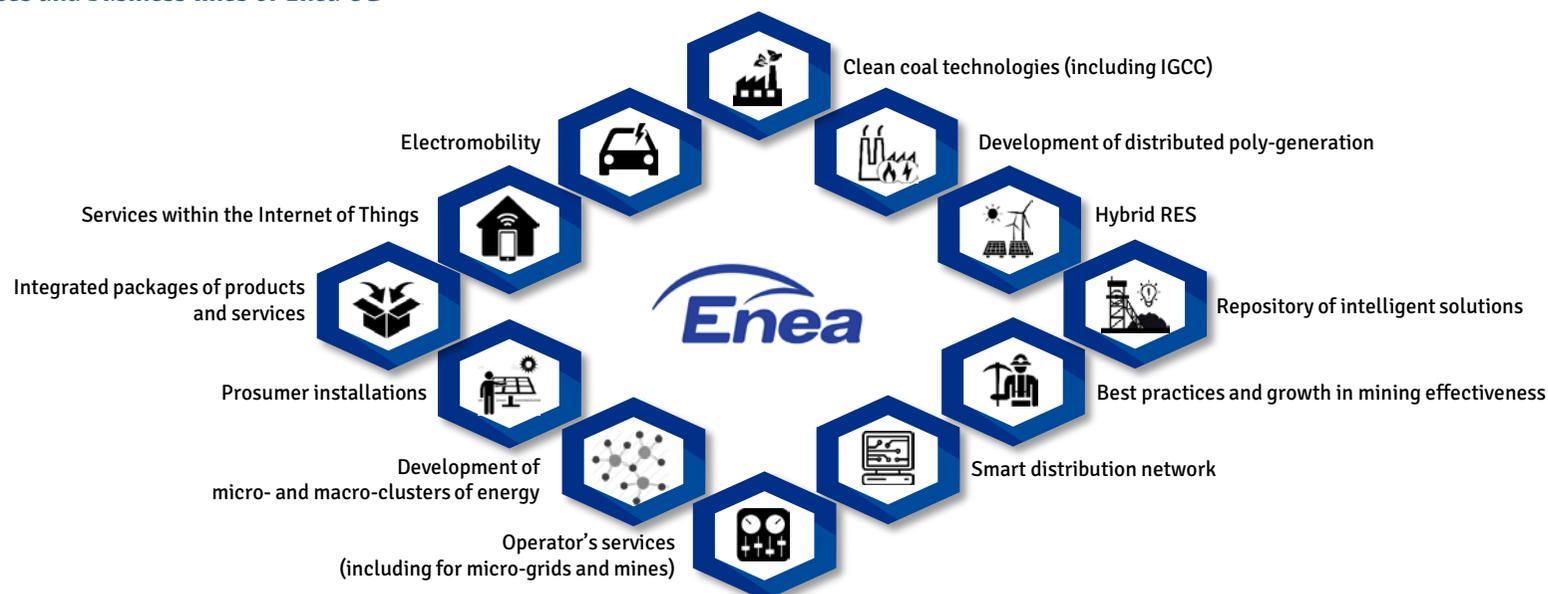
Estimated capital expenditures of Enea CG during 2016-2030 [PLN mln, current prices]

Area	2016-2025	2026-2030
Mining	3 712	2 080
Distribution	9 501	5 193
Generation	4 808	504
Other	403	153
Enea CG Total basic investment fund	18 424	7 930
CAPEX potential ¹⁾	6 176	5 320
Increasing the investment potential ²⁾	3 200	2 500
Enea CG Total	27 800	15 750

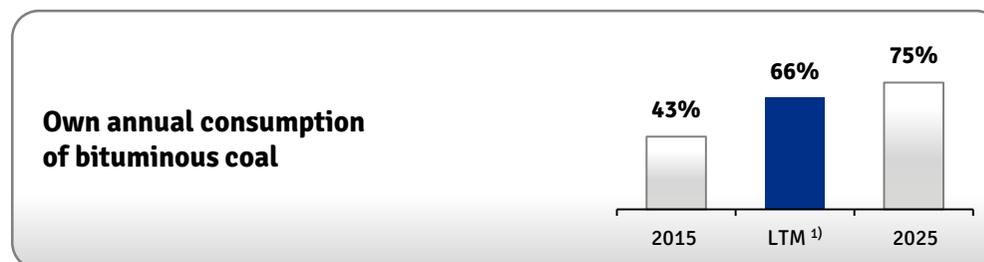
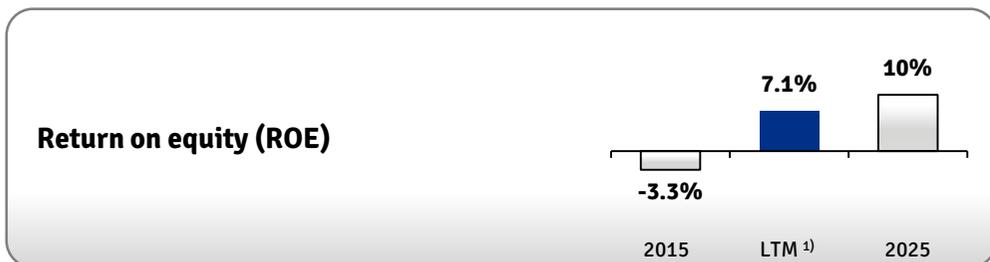
1) CAPEX potential maintaining the net/EBITDA ratio on a safe level

2) Increasing the investment potential by PLN 5.7 bln as a result of the implementation of innovative strategic initiatives (growth in EBITDA)

Enea defined 60 strategic initiatives of which over 50% is innovative in nature. The implementation of potential-enhancing initiatives will support e.g. the development of innovative products, services and business lines of Enea CG



Enea Capital Group's Development Strategy until 2030 - level of implementation



1) LTM for Q4 2016 – Q3 2017
 2) Excluding unit No. 11
 3) Higher ratios as a result of weather phenomena of an unprecedented strength

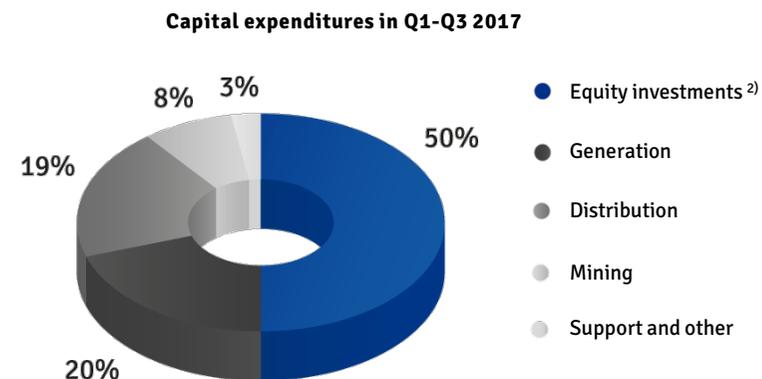
Capital expenditures in Q1-Q3 2017

Capital expenditures [PLN mln]	Q1-Q3 2016	Q1-Q3 2017	2017 Plan	Plan implementation level
Generation	938.4	624.6	1 226.7	50.9%
Distribution	645.5	593.0	970.5	61.1%
Mining	215.1	254.4 ¹⁾	385.6	66.0%
Support and other	55.1	94.1	172.5	54.6%
TOTAL Plan implementation	1 854.1	1 566.1	2 755.3 ³⁾	56.8%
Equity investments ²⁾	-	1 556.8	-	-
TOTAL expenditures of Enea CG	1 854.1	3 122.9	-	-

1) The amount excludes PLN 0.4 mln expenditures incurred in Q1-Q3 2017 by subsidiaries of LW Bogdanka SA

2) Not included in Enea CG's material and financial plan

3) The amount of expenditures resulting from the adjustment of Enea CG's Material and financial plan approved by Enea's Supervisory Board with the resolution No. 38/IX/2017 of 29 June 2017



Investments implemented in Q1-Q3 2017



- Obtaining new licences:
 - application for a new mining licences in Ostrów and K-6 and K-7 areas
- Maintaining the machinery - purchase and assembly of machines and equipment and periodic repairs, purchase and assembly of a belt-conveyor and other ready equipment
- Other development and replacement investments:
 - execution of 22.5 km of new excavations
 - extension of the plant for mining waste neutralisation
 - replacement investments in Zakład Przeróbki Mechanicznej Węgla, e.g. modernisation of steel structures and stone loading station
 - tower crane installation

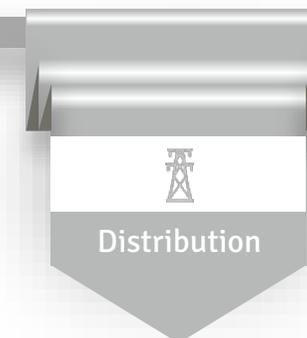


Enea Wytwarzanie:

- successive stages of the construction of a supercritical bituminous coal fired 1,075 MW_e power unit
- launching unit No. 3 after modernisation
- launching unit No. 8 after modernisation
- unit No. 4 - obtaining the operating permit and commissioning of the installation of the catalytic denitrogenation of flue gases (SCR)
- continuation of the SCR installation for units No. 4-8
- continuation of the SCR installation and modernisation of electrostatic precipitators for units No. 9 and 10 as part of the 2 x 500 MW units modernisation programme

Enea Elektrownia Połaniec:

- execution of connection between SCR installation and boiler for units No. 7 and 2



- Completion of the realisation of a range of investments related to the extension, automation and modernisation of the unit and power grids
- Continuation of existing and commencement of new investments whose implementation will be conducted during 2017 and next years
- Continuation of improving the connections of Customers to the power grid
- Continuation of the development of information tools supporting the grid management

Investments planned until the end of 2017 within the currently held assets

Mining

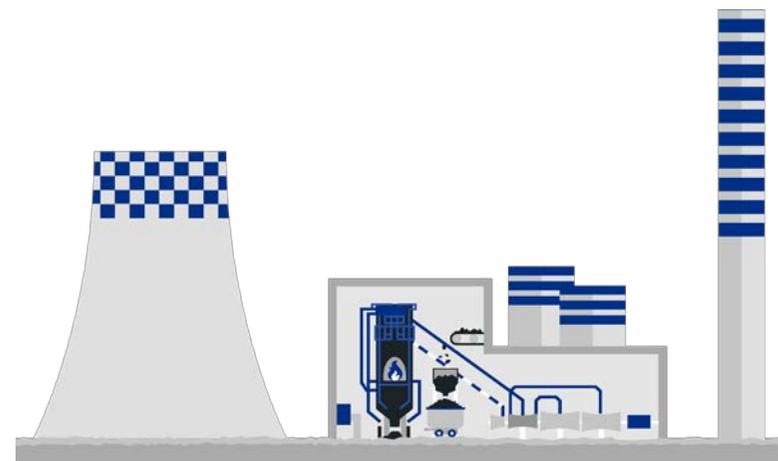
Development investments	<p>Obtaining new licences:</p> <ul style="list-style-type: none"> • continuation of the process of applying for a licence as regards K-6, K-7 and "Orzechów" areas • obtaining a licence to mine hard coal from "Ostrów" deposit ¹⁾ <p>Maintaining the machine park:</p> <ul style="list-style-type: none"> • purchase and assembly of new machines and equipment • modernisation and renovations of machinery and equipment
Operating investments	<p>New excavations and modernisation of the existing ones:</p> <ul style="list-style-type: none"> • performance of excavations, mainly wall roadways, face lines and other technological and access excavations, enabling exploitation of walls • modernisation of mining excavations
Other investments	<p>Other development and replacement investments:</p> <ul style="list-style-type: none"> • extension of the plant for mining waste neutralisation in Bogdanka • continuation of works related to the "Production management integrated system" and "Smart solutions mine" project

Generation

Enea Wytwarzanie	Continued	<ul style="list-style-type: none"> • Construction of power unit No. 11 (completion in 2017) • Installation of flue gases denitrification - SCR for units No. 4-8 (completion in 2017) • Installation of flue gases denitrification - SCR for units No. 9-10 (completion in 2019) • Modernisation of the slag and ash depot
	Segment of Heat	<ul style="list-style-type: none"> • Construction of flue gas desulphurisation plant on K7 and K8 boilers (completion in 2017)
	Segment of RES	<ul style="list-style-type: none"> • Searching for bargain investment and acquisition projects
Enea Elektrownia Połaniec		<ul style="list-style-type: none"> • SCR installation for units No. 2, 3, 7 (completion in 2017) and for unit No. 4 (completion in 2018)

Distribution

Key investments being implemented	<ul style="list-style-type: none"> • Implementation of smart grid development programme • Continuation of a programme enhancing grid reliability • Continuation of the Grid Information System project • Construction and modernisation of a range of grid infrastructure elements, such as HV, MV and LV lines and transformer stations, including e.g.: <ul style="list-style-type: none"> • Reconstruction of GPZ Kostrzyn • Reconstruction of GPZ Jachcice • Reconstruction of GPZ Wronki • Reconstruction of GPZ Piła Południe • Reconstruction of GPZ Żary • Reconstruction of 110 kV Morzyczyn - Drawski Młyn line (including Dobiegniew - Krzęcin) • Reconstruction of 110 kV Gryfino - Żydowce line • Construction of GPZ Choszczno II and GPZ Recz • Construction of GPZ Garbary and construction of 110 kV Garbary-Cytadela, Garbary-EC Karolin lines • Construction of RS Garaszewo and construction of 110 kV Kromolice - Nagradowice, Kromolice - Gądki, Kromolice - Swarzędz lines • Construction of 110 kV Piła Krzewina - Miasteczko Krajeńskie line and reconstruction of GPZ Miasteczko Krajeńskie
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1) LW Bogdanka SA informed on obtaining the licence in the current report no. 27/2017 of 20 November 2017

Status of works on the key investment projects

Investment	Project status	CAPEX Q1-Q3 2017 [PLN mln]	Total CAPEX [PLN mln]	Work progress [%]	Anticipated date of completion		
Enea Wytwarzanie	Construction of a 1,075 MW power unit No. 11	In Q3 2017 the following works were completed on the construction site: <ul style="list-style-type: none"> • First coal feeding to the boiler • Boiler start-up • Boiler deslagger start-up • Power grid protection check-up 	<ul style="list-style-type: none"> • Transformer protection check-up • Coal mill hot start-up • Electrostatic precipitator hot start-up • Start-up of electrostatic precipitator's ash removal system • IOS hot start-up • First synchronisation with the power grid 	399.6	5 744.6	99%	2017
	IOS IV flue gas desulphurisation plant	The following installations were commissioned: main unit of IOS IV, flue gas channels, auxiliary ventilators, chimney No. 3, IOS IV power supply All the devices and installations operate according to the technical parameters included in the agreements. What is still to be executed is the scope relating to the COD "chemical oxygen demand" in treated waste-water from IOS IV installation.		0	288.3	99%	2017
	Modernisation of unit No. 3	On 28 March 2017 unit No. 3 was commissioned		10.3	14.1	100%	2017
	Modernisation of unit No. 8	On 6 March 2017 unit No. 8 was handed over for modernisation. Unit outage ended on 21 July 2017.		13.8	13.8	100%	2017
	Modernisation of unit No. 9 as a part of 2 x 500 MW units modernisation programme	In 2018 the modernisation of unit No. 9 is planned. Currently, the material scopes and tender documents are being prepared relating to the works connected with the modernisation. Agreement for the turbine and boiler parts was concluded		0	90.0	1%	2018
	Modernisation of cooling water intake - stabilising check dam on the Vistula River	The project is at the stage of preparation for realisation. The environmental decision is pending.		0.4	33.0	2%	2017
	Installation of the catalytic denitrogenation of flue gases and modernisation of electrostatic precipitators for AP - 1650 boilers of units No. 9 and 10 as a part of the 2 x 500 MW units modernisation programme	On 30 September 2016 an agreement was signed with Rafako for the performance of the installation of the catalytic denitrogenation of flue gases with modernisation of electrostatic precipitators for AP - 1650 of units no. 9 and 10. An agreement was concluded for the Contract Engineer services The installation of unit No. 10 is in progress.		12.3	314.2	14%	2019
	Installation of flue gases denitrification - SCR for units No. 4-8	Completion of the SCR installation of flue gases denitrification on units No. 4, 5, 6 and 7 and the common part for SCR installation for units No. 4-8. On 15 September 2017 the SCR for unit No. 8 was commissioned. Guarantee measurements are being performed		32.4	203.7	99%	2017
	Construction of flue gas desulphurisation plant on K7 and K8 boilers	An agreement was concluded with the National Fund of Environmental Protection and Water Management for the co-financing of the investment as a loan. On 2 February 2016 the Contract Engineer was appointed. On 28 April 2016 the permit for the construction of IOS K7 and K8 became final. On 29 September 2017 the installation was commissioned. Preparation is in progress for performance of guarantee tests		43.2	105.5	95%	2017
	Modernisation of unit No. 10 as a part of 2 x 500 MW units modernisation programme	On 21 July 2017 the unit was handed over for modernisation. The modernisation is scheduled to be completed on 22 January 2018		28.4	88.1	22%	2018
Enea Elektrownia Połaniec	SCR installation - units No. 2, 3, 7	Completion of connecting the external part on units No. 7 and 2. System regulation on unit No. 7		7.6	157.5	91%	2017
	SCR installation - unit No. 4	Execution works are in progress of the external part of SCR installation of flue gases denitrification on unit No. 4		0	34.4	55%	2018



Area of Retail Sales

Activities implemented in Q1-Q3 2017

- Educational and informative campaign warning against unfair energy sellers
- Introduction of “ENERGY+ Family” product
- Conducting a client base actualising campaign - “You win in Enea”
- Launching the promotion - “A month of Free Energy” with the marketing campaign
- Publication of results of customer satisfaction surveys
- Conducting a spring, summer and autumn promotion of the Purchase Zone loyalty programme
- Promoting the electronic Customer Service Centre (eCSC)
- “New Impulses 2017” award for a successful implementation of the idea of Energy Plus - a new model of customer relations and market operation

Activities to be realised until the end of 2017

- Implementation of the new Enea Smart product offering with marketing communications
- Conducting customer service quality and satisfaction surveys
- “Adjust the offer to the business” promotion – SME/SOHO segment
- Carrying out a holiday promotional campaign in the Purchase Zone
- Implementation of the tariff process within the scope regulated by the President of the Energy Regulatory Office



Area of Customer Service

- Completion of the implementation of the first and second stage of a multichannel Contact Centre platform which translated into a growth in the reliability / safety of operation of remote Customer service channels
- Launch of new functionalities: web chat, Customer Satisfaction Survey, soft debt collection, welcome phone, etc.
- Opening visualised Customer Service Centres in Chojnice, CH Pestka in Poznań, Września and Szczecin, 15 Struga street
- Opening new locations of the Contact Centre in Szczecin
- Implementation of changes in the organisational structure within the Support and Settlement Divisions
- Completion of the first stage of development of an electronic Customer service within launching new service subpages
- Selection of the contractor of the gas fuel billing system and signing the contract with the supplier

- Visualisation of selected Customer Service Centres
- Higher quality and scope of services by remote contact channels as a result of increasing the catalogue of Customer matters realised by first contact
- Termination of the implementation of the third stage of the multi-channel Contact Centre channel due to which Customers will be provided with a new contact channel - IVR (Interactive Voice Response) self-service
- Commencement of the second stage of the development of an electronic Customer service within the selection of the systemic changes executor, drafting mock-ups and graphic projects, preparation of a functional project and developing new functions i eCSC
- As regards the Simple Customer Service initiative, scheduled implementation of new templates of letters in simple Polish for a coherent and friendly communication with Customers and Offices
- Continuation of works related to the implementation of the functional project of gas service system
- Undertaking works on verification of introduced organisational changes within the framework of the Simple Customer Service initiative



Area of Wholesale Trade

- Drafting the methods of analysing the results of the designed mechanisms of the capacity market
- Improvement of a model of long-term price paths for products listed on wholesale markets
- Conclusion of framework agreements enabling transactions with Enea Połaniec Power Plant (EEP) relating to the electricity, allowances for emissions of CO₂ and proprietary interests contract update
- Adjustment to the changes resulting from increasing generation assets on Enea Group as regards the improvement of tools and methods of portfolio management and hedging positions within the whole added value chain
- Coordination of the planning and contractation principles as results from the extension of the fuel portfolio
- Integration of EEP’s operations within the structures of Enea CG. Takeover of the function of a Technical and Commercial Operator in the communication with PSE SA after a prior provision of the access to the wholesale market
- Takeover of the function of providing EEP with fuels (coal, biomass, ignition oil)
- Determination of the coal supply terms for 2018 for ca. 75% demand of Enea Wytwarzanie and EEP
- Commencement of the cooperation within coal flotation concentrates and sludge management
- Commencing cooperation with JSW SA in the field of coal sludge in the power units of Koziencice Power Plant

- Drafting the contracting model for energy coming from RES for installations with installed capacity from 500kW and more, after the expiry of the obligation to purchase energy through the obligated seller, i.e. from 1 January 2018
- Improvement of analytical models and tools supporting hedging and proprietary trading on domestic and foreign markets
- Development of the fundamental model of long-term price paths for bituminous coal
- Development of tools supporting distributed generation in relation to the changes in the renewable energy sources support mechanisms which enter into force after 1 January 2018
- Contractation of generation fuel supply for planned energy generation for 2018
- Development of tools allowing for effective prop-trading operations as regards short-term trans-border transactions
- Further EPP integration gradually covering next aspects of operations. Continued contractation of generation fuel supply for planned energy generation for 2018
- Conduct of analyses and conceptual works for the needs of changing the coal purchase model
- Fuel logistics optimisation
- Agreement with JSW SA of long-term coal supplies to Enea Wytwarzanie - generation source of Koziencice Power Plant

Financing sources of the investment programme

Enea SA finances the investment programme using financial surpluses from the conducted business operations and external debt. Enea Capital Group realises the investment financing model in which Enea SA obtains external funding and distributes it to its subsidiaries. Enea SA's further actions will concentrate on guaranteeing the appropriate level of diversification of external financing sources for investments planned in Enea Group Strategy in order to optimise the amount of costs and dates of debt repayment.

Programme Agreement on the bond issue programme up to the amount of PLN 3 bln

Enea SA holds the programme agreement relating to the bond issue programme up to the amount of PLN 3 bln with banks operating as Underwriters, i.e.: PKO BP SA, Bank Pekao SA, BZ WBK SA and Bank Handlowy w Warszawie SA. The financing is not hedged on Enea Capital Group's assets. The funds obtained from the programme are allocated to the realisation of investment projects in Enea Group, including e.g. for the construction of the 1,075 MW_e gross supercritical bituminous coal fired power unit, which is being constructed as a part of Enea Wytwarzanie's operations. In the period from January to September 2017 Enea SA, within the said programme, issued PLN 140 mln value of bonds of the 9th series. As at 30 September 2017 the value of the bonds issued within the aforementioned Programme totalled to PLN 2,091 mln.

Investment loans granted by the European Investment Bank

On 18 October 2012, Enea SA concluded a financial agreement with the European Investment Bank (EIB) based on which the Company was granted a loan in the amount of PLN 950 mln or its equivalent in EUR (tranche "A"). On 19 June 2013, another loan agreement (tranche "B") was concluded with EIB for the amount of PLN 475 mln. The funds in the total amount of PLN 1,425 mln obtained from the loan are designated for the financing of a multiannual investment plan regarding the modernisation and extension of the power grids of Enea Operator. The loan repayment period is up to 15 years from the planned disbursement of the facility. Within "A" and "B" tranches, Enea SA drew funds from the loan in full, i.e. in the amount of PLN 1,425 mln in 4 separate amounts paid out from September 2013 to July 2015. The currency of the disbursed loan is Polish zloty, floating rate, based on WIBOR rate for 6-month deposits, increased with the Bank's margin. In the case of one disbursement the interest was based on the flat interest rate.

On 29 May 2015 another loan agreement was concluded based on which EIB provided the Company with new financing in the amount of PLN 946 mln or its equivalent in EUR (tranche "C"). The funds obtained from the loan will be allocated to the financing of a multiannual investment plan in order to modernise and extend the power infrastructure of Enea Operator. The financing is not hedged on Enea Capital Group's assets. The interest rate is floating based on WIBOR rate for 6-month deposits increased with the Bank's margin. The tranches will be paid in instalments, and the final repayment will be made in December 2031. In January 2017 the loan tranche was disbursed in the amount of PLN 250 mln. As at 30 September 2017, the amount of the loan utilised within tranche "C" was PLN 450 mln.

70%

Financing source utilisation rate

Programme Agreement on the bond issue programme up to the amount of PLN 5 bln

On 30 June 2014, Enea SA concluded a programme agreement relating to the bond issue programme up to the amount of PLN 5 bln with five banks acting as dealers: ING Bank Śląski SA, PKO BP SA, Bank Pekao SA and mBank SA. As a part of the Programme Enea may issue bonds with the maturity of up to 10 years, and Bank dealers have the duty of care when offering the sale of bonds to market investors. In the period from January to September 2017 Enea SA did not issue bonds within the programme. As at 30 September 2017 the value of the bonds issued within the aforementioned Programme totalled PLN 1,500 mln.

79%

Financing source utilisation rate

LW Bogdanka investment programme financing sources - programme agreements relating to the issue of LW Bogdanka SA's bonds

In 2017 the Company held a Framework Agreement of 23 September 2013 relating to the bond Issue programme up to the amount of PLN 300 mln which was concluded with Polska Kasa Opieki SA bank. The total value of the bonds issued within this Agreement is PLN 300 mln. Quarterly maturity dates of the bonds in the total amount of PLN 300 mln are in 2018. Moreover, during H1 2017 another Programme Agreement dated 30 June 2014 was in force. On 10 March 2017 the Company signed an annex to the Programme Agreement of 30 June 2014 within which the term of the Programme for Tranche 1 was shifted from 31 December 2019 to 30 March 2017. In relation to that all the bonds issued within Tranche 1 in the total amount of PLN 300 mln were redeemed on 30 March 2017, and thus the term of the Programme Agreement expired.

30%

Financing source utilisation rate

Programme Agreements on the bond issue programme guaranteed by BGK

On 15 May 2014, Enea SA concluded a programme agreement relating to the bond issue programme up to the amount of PLN 1 bln guaranteed by Bank Gospodarstwa Krajowego. The financing is not hedged on Enea Capital Group's assets. The funds from that programme are allocated e.g. to the implementation of the investments by Enea SA and its subsidiaries. Enea SA issued bonds in the said Programme of the total value of the Programme being PLN 1 bln. The bond redemption period is maximally 12.5 years from the date of their issue. The interest is based on floating WIBOR rate increased with the margin.

On 3 December 2015, Enea SA concluded another programme agreement relating to the bond issue programme up to the amount of PLN 700 mln guaranteed by Bank Gospodarstwa Krajowego. The funds from that programme are allocated e.g. to the implementation of the investments and financing the current operations of Enea SA and its subsidiaries. As at 30 September 2017, Enea SA issued bonds in the said Programme of the total value of PLN 150 mln.

100%

Financing source utilisation rate

Issue of Enea SA's securities in 2017

In 2017 Enea Capital Group companies issued securities of the total amount of PLN 740 mln. The nominal debt for the bonds issued by Enea SA as at 30 September 2017 totalled PLN 4,701 mln.

Granted sureties and guarantees

During Q1-Q3 2017, Enea Group companies did not issue any guarantees or sureties, the total value of which would constitute at least 10% of Enea SA's equity.

As at 30 September 2017 the total value of corporate sureties and guarantees granted by Enea SA for hedging the liabilities of Enea Group companies amounted to PLN 182.887,85 thou., and the total value of bank guarantees issued on request of Enea SA and being the security for the liabilities of Enea Group companies amounted to PLN 48.170,5 thou.

Interest rate risk hedging transactions

Implementing the Interest Rate Risk Management Policy Enea SA did not conclude any transactions in the period of nine months of 2017. Enea SA did not conclude transactions which hedge the interest rate risk (Interest Rate Swap).

Agreements of significance to Enea Capital Group operations

In the period of the first three quarters of 2017 and until the publication of this report, Enea Capital Group companies did not conclude any agreements significant for the Group's operations.

Transactions with related parties

During January - September 2017 Enea and its subsidiaries did not conclude any transactions with related entities on non-market conditions.

Information on transactions with related entities concluded by Enea or its related entity are described in note 21 to the condensed interim consolidated financial statements of Enea Group for the period from 1 January to 30 September 2017.



Distribution of cash - subsidiaries' bond issue programme

PLN 3 bln - Bond Issue Programme Agreement of 8 September 2012 Enea Wytwarzanie

As at 30 September 2017, Enea Wytwarzanie issued bonds in the said Programme of the total value of PLN 2,091 mln.

PLN 1,425 mln - Enea Operator's Bonds

The programme fully utilised by Enea Operator. The bonds, depending on the series, bear fixed or floating interest rate. The bonds will be redeemed in instalments from June 2017, and the final redemption date is in June 2030.

PLN 1 bln - Programme Agreement of 17 February 2015 Enea Wytwarzanie

On 17 February 2015, Enea Wytwarzanie, Enea and PKO Bank Polski concluded the Bond Issue Programme Agreement for the amount of PLN 760 mln. On 3 June 2015 an annex was concluded to the agreement based on which the parties increased the amount of the Programme to PLN 1 bln. On 31 March 2017, Enea Wytwarzanie issued bonds in the said Programme of the total value of PLN 1 bln - the programme is fully utilised by Enea Wytwarzanie.

PLN 946 mln - Bond Issue Programme Agreement of 7 July 2015 Enea Operator

The Executive Bond Issue Programme Agreement for the amount of PLN 946 mln was concluded between Enea as guarantor, Enea Operator as issuer and PKO Bank Polski as agent. Within the agreement, on 28 March 2017 an annex was concluded which extended the availability of funds from the Programme to 29 December 2017. The bond redemption date - in instalments, however not later than within 15 years of the date of issue. The bonds may bear the fixed rate or floating rate interest based on WIBOR rate plus margin, with the interest rate revision after 4 or 5 years. As at 30 September 2017, Enea Operator issued bonds in the said Programme of the total value of PLN 450 mln.

PLN 740 mln - Bond Issue Programme Agreement of 17 November 2014 Enea Wytwarzanie

As at 30 September 2017, Enea Wytwarzanie issued bonds in the said Programme of the total value of PLN 350 mln. The bond redemption occurs once and will be conducted in March 2020.

PLN 260 mln - Programme Agreement of 12 August 2014 Enea Wytwarzanie

The programme is fully utilised by Enea Wytwarzanie. The bonds bear a fixed rate interest. The bonds will be redeemed in instalments from September 2017 to December 2026.

PLN 360 mln - Bond Issue Programme Agreement of 18 July 2016 Enea Operator

The Executive Bond Issue Programme Agreement for the amount of PLN 360 mln was concluded between Enea as guarantor, Enea Operator as issuer and PKO Bank Polski as agent. Within the Agreement, Enea Operator may perform a single issue of bonds. On 28 July 2016 Enea Operator issued bonds totalling PLN 360 mln, floating rate - WIBOR 3M plus margin. The redemption date of the bonds is December 2017.

PLN 350 mln - Bond Issue Programme Agreement of 20 September 2017 Enea Operator

The Executive Bond Issue Programme Agreement for the amount of PLN 350 mln was concluded between Enea as guarantor, Enea Operator as issuer and PKO Bank Polski as agent. On 28 July 2016 Enea Operator, within the agreement, issued bonds totalling PLN 350 mln, floating rate - WIBOR 3M plus margin. The redemption date of the bonds is December 2019.

Other agreements

In previous years, Enea SA concluded also intergroup bond issue programme agreements with subsidiary companies which are to finance the investments in the segments of RES and Heat. These programmes are fully used and redeemed in instalments. The total amount of the bonds for redemption within these programmes was PLN 83.2 mln as at 30 September 2017.

Macroeconomic situation

Enea Group’s operations are focused on the territory of Poland. The same core macroeconomic factor affecting both achieved results and financial situation is the development pace and the general condition of the Polish economy.

According to the estimates of the Central Statistical Office, in the third quarter of 2017, GDP grew actually by 4.7% in comparison with the same period of the previous year.

2013-2017 GDP dynamics [%]



According to GUS [Central Statistical Office] data, growth trends were observed in the main areas of the economy in January-September 2017. The production sold in the industry and construction in the third quarter increased annually more than in the second quarter.

According to GUS estimates, in the period of January - September 2017, the sold production of the industry was by 5.9% higher compared to the same period of the previous year, when the increase was 3.7%. In the third quarter the production growth rate was 6.3% and was faster than in the previous period (when it amounted to 4.2%) but slower than in the first quarter of 2017 (7.3%).

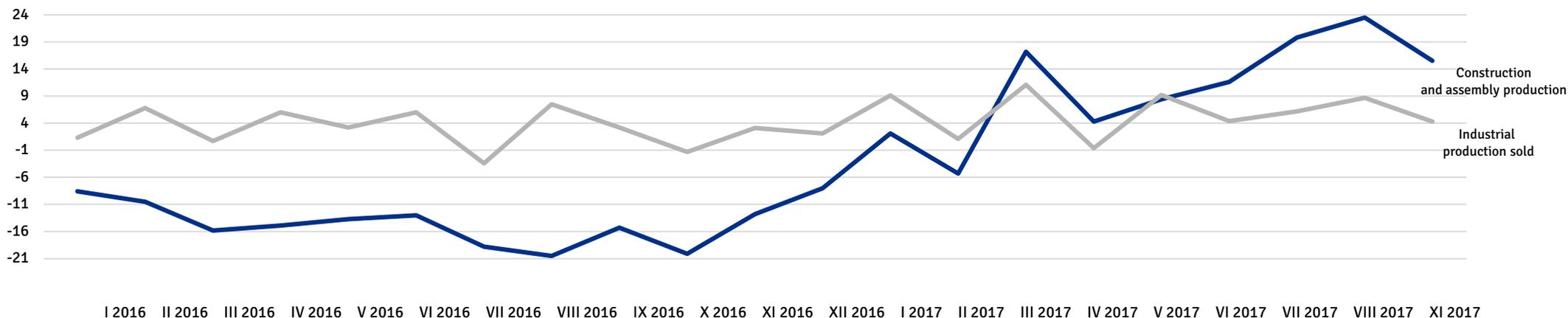
In the period from January to September 2017, the construction and assembly production in the country was by 13.0% higher than in the previous year (in the first half of this year the growth was by 7.6%, while in the first three quarters of the previous year - decrease by 14.9%).

The prices of consumer goods and services in the period of January - September 2017 growth by 0.9%. In September 2017, the annual growth in prices strengthened and in the third quarter 2017 was slightly faster than in the second quarter of 2017.

Basic macroeconomic data for the years 2015-2016 and for the period of three quarters of 2017 are presented below.

Description	unit	2015	2016	Q1-Q3 2017
GDP	change %	3.9	2.7	4.7
Industrial production sold	change %	6.0	3.1	5.9
Construction and assembly production	change %	3.7	-14.1	13.0
Inflation	in %	-0.9	-0.6	1.9

2016-2017 domestic production dynamics [%]

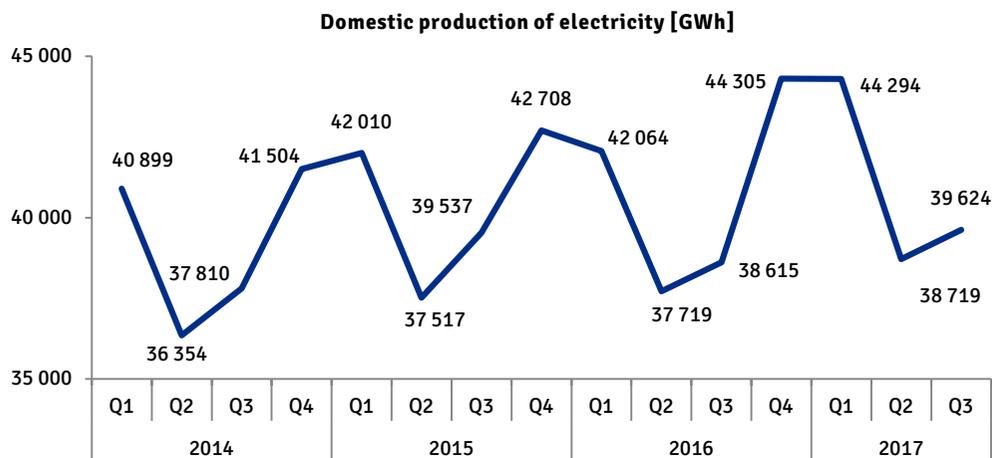


Source: <http://stat.gov.pl> and development of GUS titled Information on the social and economic situation in Poland Q1-Q3 2017

Situation on the electricity market

Production of electricity

Pursuant to the data published by Polskie Sieci Energetyczne the domestic production of electricity in Q1-Q3 2017 amounted to 122,637 GWh.



Electricity generation structure in Polish power plants [GWh]

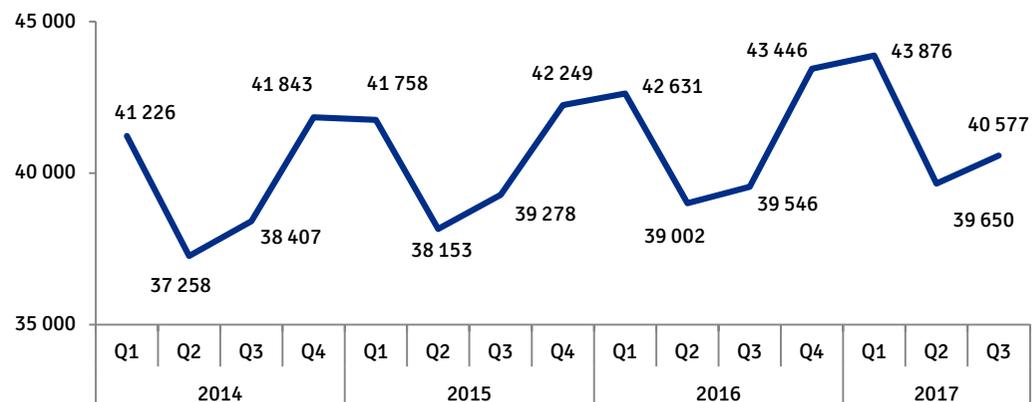
Types of power plants	Q1-Q3 2016	Q1-Q3 2017
Commercial on bituminous coal	59 427	59 437
Commercial on lignite	3 159	39 860
Industrial	7 227	7 362
Gas	4 205	4 781
Commercial hydroelectric	1 682	1 857
Wind	7 513	9 227
Other renewable	109	113

Domestic consumption of electricity

Pursuant to the data published by Polskie Sieci Elektroenergetyczne the domestic consumption of electricity in the period from January to September 2017 was higher by 2.41% in relation to the energy consumption in the same period of 2016.

Source: http://www.pse.pl/index.php?modul=86;y=2017&m=9&id_rap=212

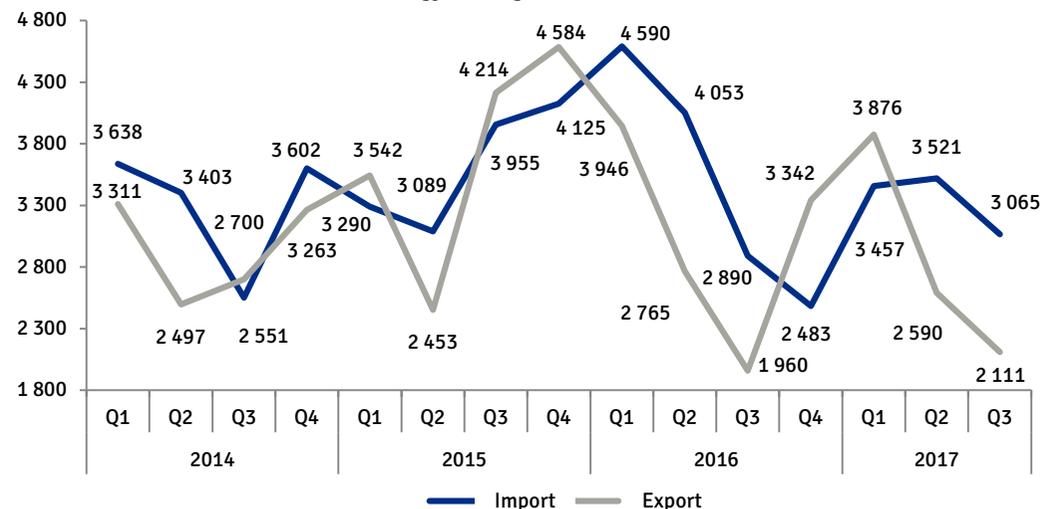
Domestic consumption of electricity [GWh]



Intersystemic exchange

In Q1-Q3 2017 a negative balance of intersystemic exchange was generated as a result of a surplus of energy imported from abroad over the energy exported in the amount of (-) 1,466 GWh. For comparison, in Q1-Q3 2016 the balance of intersystemic exchange of electricity amounted to (-) 2,857 GWh. January and February 2017 were the only months in which the balance of electricity exchange with abroad was positive. During the other months of March - September 2017 the balance of electricity exchange with abroad was negative.

Energy exchange with abroad [GWh]



Coal market prices in Q3 2017

In the third quarter of 2017, prices of coal in all coal terminals in the world remained in an upward trend. Higher demand in the Asia-Pacific region (China, Taiwan, Japan, South Korea), a significant reduction in the supply on the Atlantic market and the strengthening of the Euro and the currencies of leading exporters against the US dollar, supported coal prices in the world. Spot prices for coal in European ports of ARA, South Africa Richards Bay and Australian Newcastle totalled 81-100 USD/t in that period.

The highest average quarterly rise in coal prices on the level of ca. 7.6% was observed at the ports of Newcastle (+5.1% ARA, + 5.5% RB) due to the high demand for coal imported by Asian customers.

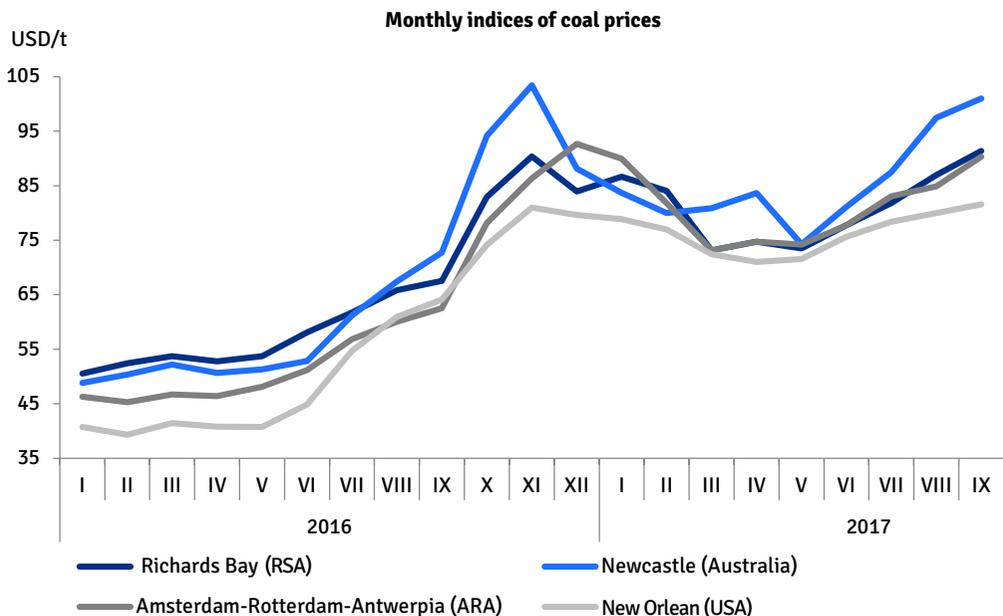
The rise in coal prices in Richards Bay was caused by a wave of mining strikes and the redirection of supplies to the demand-driven Asia-Pacific region. In the third quarter of 2017, the average cost of 1 tonne of coal was USD 87.61 (+15 q/q; + 33% y/y). The increase in coal demand in India due to low inventories at local power plants, strengthened on the other hand US coal prices. Average cost of 1 tonne of the commodity in Q3 2017 amounted to USD 79.97 (+10% q/q; + 33% y/y).

In ARA ports, price increases derived from limited supply from Colombia and the strengthening of the Euro against the US dollar. On average, in the third quarter of 2017, USD 86.11 (+ 14% q/q; +44 y/y) was charged per 1 tonne of coal.

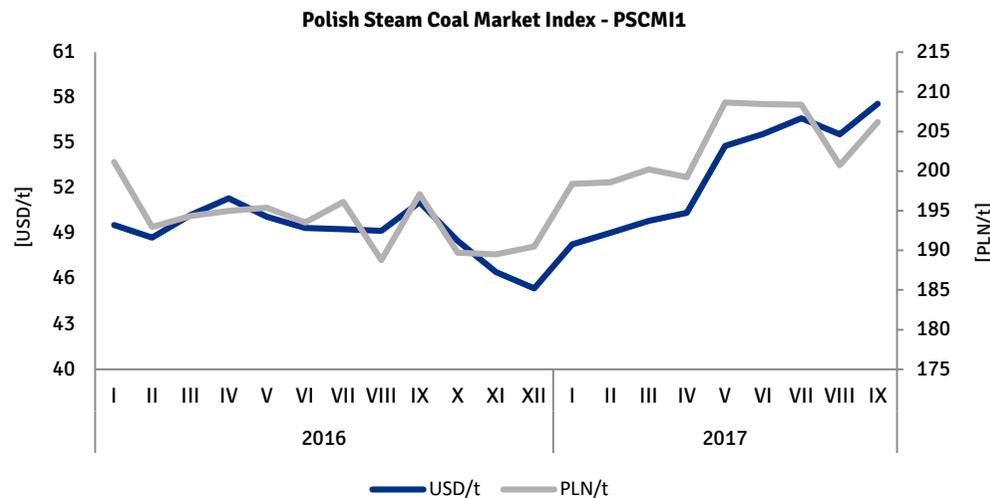
In the period of Q1-Q3 2017, the PSCMI1 index for the power industry reached the average value of PLN 203.20 (+ 4.2% yoy), which in USD was 56.76 USD/t. September 2017 brought about the reversal of price phenomena observed in the period from June to August. This time, the index for the commercial power industry increased and the index for the heating plant decreased.

According to PSCMI1 index, monthly prices of coal rose in September by 2.7% to 206.17 PLN/t. In comparison to the previous year's price, 1 tonne of coal for electricity generation in Poland is currently higher by PLN 9.08 per tonne of coal (+ 4.6%). In Q3 the average PSCMI1 value was 204.97 PLN/t (-0.6% q/q, + 5.6% y/y).

In Q4 2017, it is expected that the increase in coal spot prices on the domestic market will continue due to supply constraints as a result of the suspension or correction of down production levels in Polish mines, a difficult situation on the rail transport market, which results in problems with PKP Cargo delivery, which in turn symmetrically translates negatively into the mining and energy sectors.



Source: own development based on the data from globalCoal & IGSMIE PAN.



Source: own development based on the data from NBP & ARP



Wholesale electricity prices

The average price on SPOT market in Q1-Q3 2017 was lower by 2.0% in comparison to the same period of 2016. The prices dropped especially in the period from April to June. The prices were affected by the following factors:

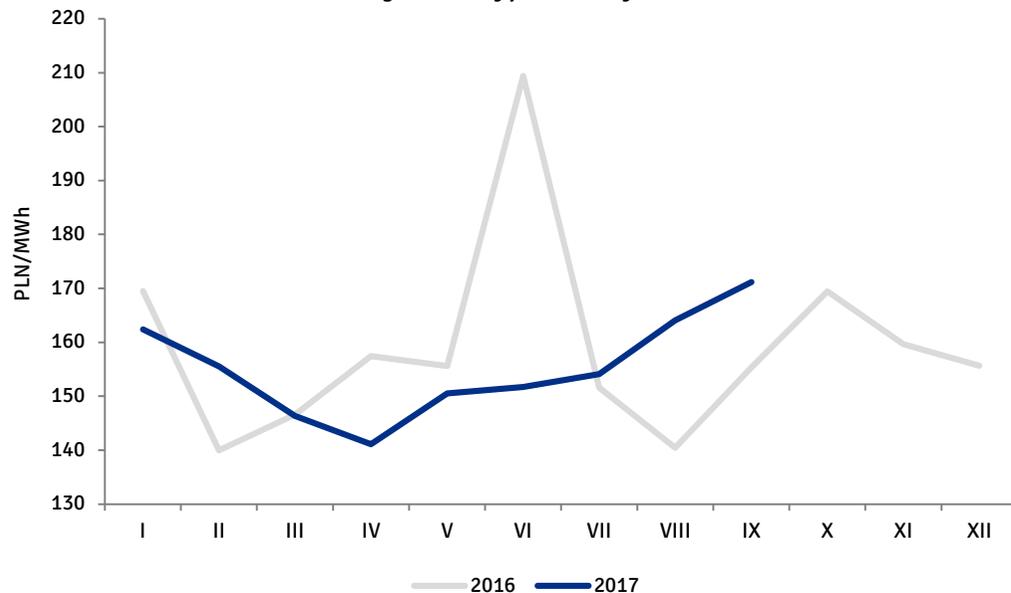
- high capacity in PPE system
- great utilisation of wind generation
- relatively mild atmospheric conditions
- greater export

Table 1. Average prices on SPOT market (PPE Day Ahead Market)

Period	Average price [PLN/MWh]	Change [%]
Q1-Q3 2016	158.38	-
Q1-Q3 2017	155.19	↓-2.0%

Source: Own paper based on data from PPE.

Average electricity prices on Day Ahead Market



Source: own paper based on data from PPE.

We observed growths in electricity prices on the forward market. In the reporting period the price of BASE Y-18 product grew from 164.50 PLN/MWh at the beginning of January to 167.64 PLN/MWh at the end of September.

Table 2. Prices on the forward market

Product	Price at the end of quotations	Change yoy	Average price from quotations	Change yoy
	[PLN/MWh]	[%]	[PLN/MWh]	[%]
BASE Y-15	177.00	-	168.13	-
BASE Y-16	167.50	↓-5.4%	166.49	↓-1.0%
BASE Y-17	162.00	↓-3.3%	159.31	↓-4.3%
BASE Y-18 ¹⁾	167.40	↑3.3%	162.31	↑1.9%

1) at the end of September 2017

Source: Own development based on data from PPE and TFS.

Transaction prices and volumes - BASE Y-18



Source: own development based on data from PPE and TFS.

On TGE forward market a very low liquidity is observed - when comparing turnover in Q1-Q3 of 2016 and 2017 between BASE-Y-17 and BASE Y-18 (it amounts to ca. 12%). The main reason for this situation may be extinguishing of the so-called 100% exchange obligation related to Long-term Agreements.

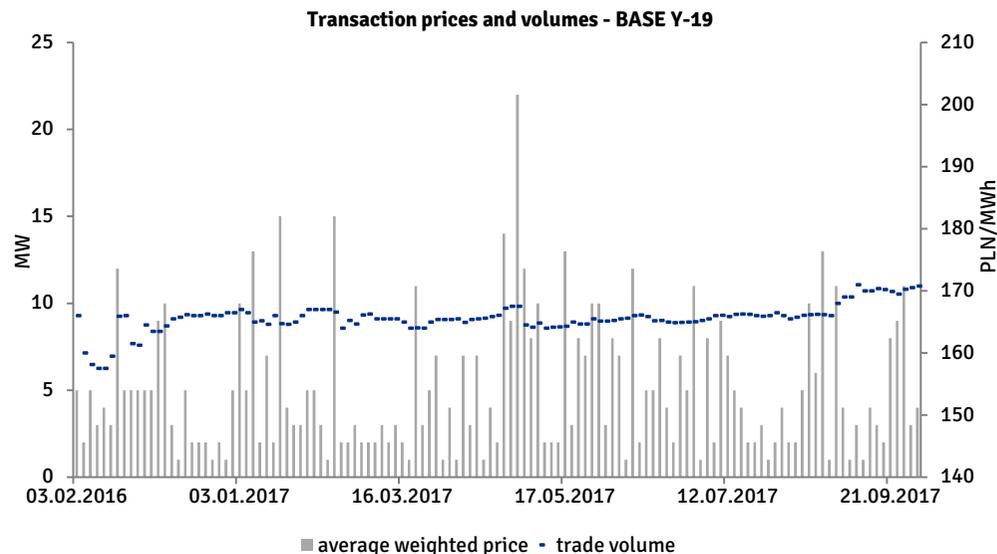
The prices of BASE Y-18 changed similarly to PEAK Y-18 prices. At the beginning of January the market valuation for this product amounted to 214.00 PLN/MWh, and at the end of September 2017 to 213.50 PLN/MWh.

In Q1-Q3 2017, the forward market reported a slow growth in electricity prices. It was related to e.g. a great volatility in prices of allowances for emissions of CO₂ (a range between the maximum and minimum - 2.93 EUR/t). What had a great importance for the shaping of the market situation was also a significantly decreased, as compared to the volume of trade in BASE Y-17 in the same period of the previous year, volume of trade in BASE Y-18 on PPE.

Some factors of uncertainty still include:

- the question of the Great Britain's exit from the European Union, which may cause potential changes in the Community Emission Trading Scheme and fluctuations of prices of allowances for emissions of CO₂ (EUA) in a longer term
- direction of changes in the system and introduction of new solutions (e.g. capacity market) within guaranteeing relevant levels of power in PPS

Hence, potential moderate growths in prices cannot be ruled out.



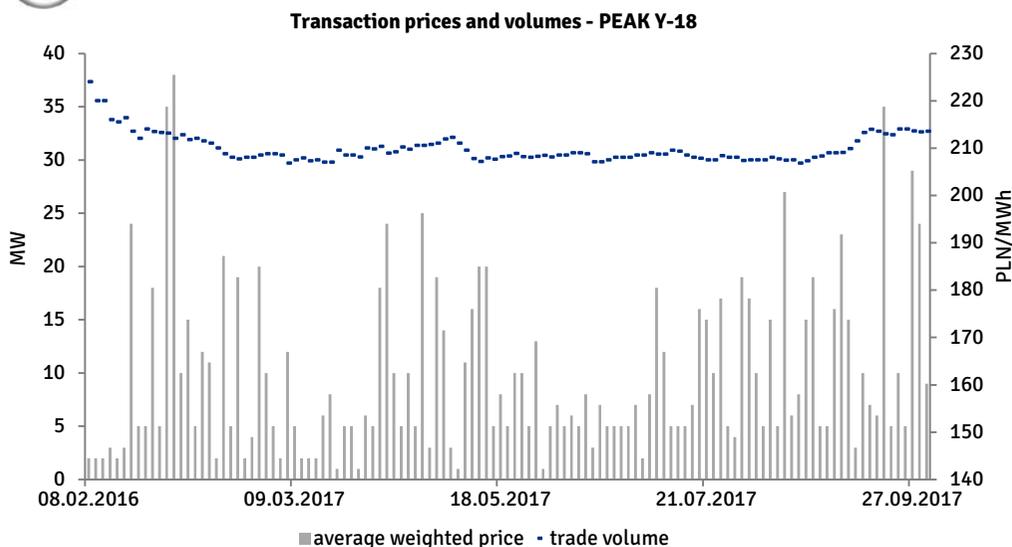
Source: own development based on data from PPE and TFS.

Obligations with respect to obtaining energy certificates of origin

In accordance with the regulations being in force energy companies selling electricity to end users in 2017 are obliged to obtain and redeem the following types of certificates of origin:

- for energy generated in renewable sources, the so called "green" certificates - the obligation on the level of 15.4% of sales to end users
- for energy generated from agricultural biogas, new certificates under the amendment to the Act on renewable energy sources dated 20 February 2015 - an obligation on the level of 0.60% of sales to end users
- for energy generated in methane-fired cogeneration, the so called "violet" certificates - the obligation on the level of 1.8% of sales to end users
- for energy generated in gas cogeneration units or units with the total installed capacity up to 1 MW, the so called "yellow" certificates - the obligation on the level of 7.0%
- for energy generated in other cogeneration sources, the so called "red" certificates - the obligation on the level of 23.2%
- energy efficiency certificates, the so-called "white" certificates - the obligation on the level of 1.5%

The contracting price structure on the PPE's session market for particular proprietary interests in the period from January to September 2017 is presented on the next page. The analysis excludes PMOZE "green" PIs due to lack of trading volumes and their entire replacement with PMOZE_A.



Source: own development based on data from PPE and TFS.

In Q1-Q3 2017, transactions were also concluded for BASE Y-19, however due to a distant delivery horizon, the trading volumes were significantly lower than for BASE Y-18.

Table 3. Prices on the certificates of origin market (PPE's session market)

		Average price Q1-Q3 2017	Change in relation to Q4 2016			Maximum price	Minimum price
			%	PLN/MWh	PLN/MWh	PLN/MWh	PLN/MWh
OZEX_A ("green" proprietary interests)		36.34	↓ -8.4%	↓ -3.34	61.00	21.75	
OZEX_BIO ("light blue" proprietary interests)		339.55	-	-	470.00	300.03	
KGMX ("yellow" proprietary interests)	2016	123.30	↑ 0.5%	↑ 0.65	126.00	70.00	
	2017	116.10	-	-	117.00	115.20	
KECX ("red" proprietary interests)	2016	10.59	↓ -1.2%	↓ -0.13	10.95	9.00	
	2017	-	-	-	-	-	
KMETX ("violet" proprietary interests)	2016	62.19	↑ 0.0%	↑ 0.01	62.90	55.00	
	2017	54.56	-	-	55.00	54.00	
EFX ("white" proprietary interests) ¹⁾		869.89	↓ -10.7%	↓ -103.88	1 270.00	350.00	

¹⁾ values in PLN/toe
Source: own paper based on data from PPE.

Limits of CO₂ emission allowances and their market prices

The end of 2016 characterised with a significant growth in EUA prices. The reason for these growths could be growing prices of coal and energy, high prices obtained at auctions and information on the intention of the Great Britain to remain in the EU ETS system after Brexit. An important growth factor was also the agreement relating to the changes in EU ETS system after 2020 taking into account e.g. withdrawal of 24% instead of 12% of allowances from the market during at least 4 years of MSR operation, redemption of 800 mln allowances withdrawn from the market as part of backloading and increasing the linear reduction coefficient to 2.4% (from 1.74%). After a sudden growth in prices in the second half of December 2016 there was a correction. Lower prices of emissions of CO₂ at the beginning of January 2017 were affected by: a growth in the volume at auctions (blackloading expired, growth of the volume from 3.7 mln to 4.3 mln EUAs) and lower prices of German energy.

The European Commission proposed the continuation of the obligation resulting from greenhouse gas emissions by the air transport until making final decisions as regards the shape of the global market mechanism. On 15 February 2017 during the plenary session in the European Parliament a package of amendments to the draft EU ETS directive was approved which at the end of February were adopted by the Environmental Council. EU member states commenced distribution of free allowances for 2017.

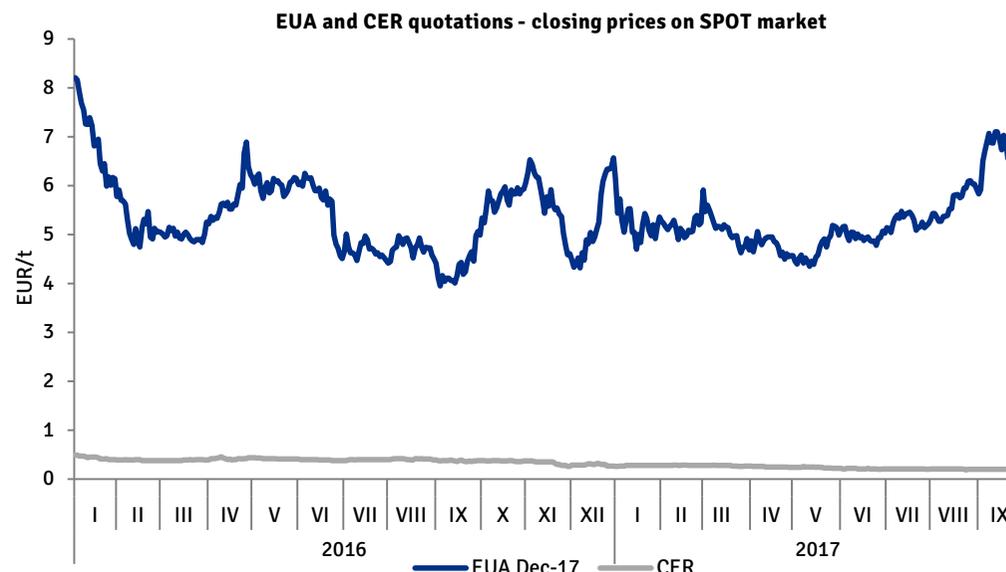
As results from the most recent data on the number of allowances issued for 2017, published by the European Commission, there are the most not issued allowances in Italy, Romania and the Great Britain and Malta as the only state has already issued all. Pursuant to the April publication of the European Commission the value of verified emissions for 2016 dropped by 2.7% in relation to 2015.

The EC also published data on the number of surrendered allowances. Almost all installations located in the EU ETS system met the deadline for surrendering emission allowances for 2016. In addition, the EC published an update of data on the transfer of free allocations from NER (New Entrant Reserve). Since the beginning of Stage III, i.e. 2013, a total of 139.9 mln CO₂ emission allowances have been sent to date, of which up to 25.8 mln have been transferred since January 2017. A further update will be published in January 2018. On 17 August, new, more stringent BAT conclusions were published in the Official Journal of EU, which set higher standards for the emission of nitrogen oxides, sulphur dioxide, mercury and suspended particulates than the current standards in large coal power plants (4 years for adaptation).

Table 4. EUA and CER price change

Product	Price [EUR/t]			Change %
	Beginning of January 2017	The end of September 2017		
EUA Spot	6.11	7.06	↑	15.5%
CER Spot	0.26	0.19	↓	-26.9%
EUA Dec-17	6.14	7.07	↑	15.1%
CER Dec-17	0.27	0.19	↓	-29.6%

Source: own development based on data from ICE.



Source: own development based on data from BlueNext and ICE.



3. Financial position

Consolidated Profit and Loss Statement - Q1-Q3 2017

[PLN '000]	Q1-Q3 2016	Q1-Q3 2017	Change	Change %
Revenue from sale of electricity	4 878 317	5 115 088	236 771	4.9%
Revenue from sale of heat energy ¹⁾	203 631	242 030	38 399	18.9%
Revenue from sale of natural gas	135 830	100 750	-35 080	-25.8%
Revenue from sale of distribution services	2 217 278	2 383 249	165 971	7.5%
Revenue from certificates of origin	12 981	56 265	43 284	333.4%
Revenue from sales of CO ₂ emission allowances	21 939	13 938	-8 001	-36.5%
Revenue from sale of goods and materials	65 680	58 325	-7 355	-11.2%
Revenue from sale of other services ¹⁾	130 447	125 260	-5 187	-4.0%
Sale of coal	637 841	303 257	-334 584	-52.5%
Net sales revenue	8 303 944	8 398 162	94 218	1.1%
Amortisation/depreciation	830 085	877 400	47 315	5.7%
Employee benefit costs	1 074 547	1 142 215	67 668	6.3%
Consumption of materials and raw materials and value of goods sold	1 014 474	1 257 840	243 366	24.0%
Purchase of energy and gas for resale	3 046 927	2 325 124	-721 803	-23.7%
Transmission services	634 732	788 274	153 542	24.2%
Other outsourced services	449 465	545 389	95 924	21.3%
Taxes and charges	246 004	286 099	40 095	16.3%
Cost of sales	7 296 234	7 222 341	-73 893	-1.0%
Other operating revenue	98 680	77 036	-21 644	-21.9%
Other operating expenses	88 444	171 940	83 496	94.4%
Profit on sales and liquidation of tangible fixed assets	- 19 452	- 11 062	8 390	43.1%
Non-financial fixed assets impairment write-down	49 352	-	-49 352	-100.0%
Operating profit	949 142	1 069 855	120 713	12.7%
Financial expenses	99 594	102 756	3 162	3.2%
Financial revenue	47 889	61 003	13 114	27.4%
Share in profits of affiliated and co-controlled entities	-	7 402	7 402	-
Dividend revenue	148	526	378	255.4%
Profit before taxes	897 585	1 036 030	138 445	15.4%
Income tax	176 930	198 081	21 151	12.0%
Net profit for the reporting period	720 655	837 949	117 294	16.3%
EBITDA	1 828 579	1 947 255	118 676	6.5%

1) Change in presentation of data published for Q1-Q3 2016

Q1-Q3 2017:

Enea CG's EBITDA change drivers:

- * The key driver of EBITDA change is the acquisition of Enea Elektrownia Potaniec (as of 14 March 2017)
- (+) higher revenue from sales of electricity by PLN 237 mln stems mainly from higher volumes of sales by 2,060 GWh with the concurrent drop in the average selling price by 3.9% and greater revenue from the Regulatory System Services
 - (+) higher revenue from sales of heat energy by PLN 38 mln stems from higher volumes of sales by 1,414,181 GJ (mainly as a result of the acquisition of EEP) with the concurrent drop in the average selling price by 20%
 - (-) lower revenue from sales of natural gas by PLN 35 mln stemming from volumes lower by 112 GWh and the price lower by 16.5%
 - (+) higher revenue from the sale of distribution services by PLN 166 mln stemming from a higher volume of sales of distribution services (3%) to end users
 - (+) higher revenue from sale of certificates of origin by PLN 43 mln stems from the settlement of the forward transactions concluded in 2015
 - (-) lower revenue from the sale of CO₂ emission allowances by PLN 8 mln result mainly from the implementation of fewer contracts with concurrently the higher price of sold CO₂ emission allowances
 - (-) lower sales of coal by PLN 335 mln stem from a higher volume of intergroup deliveries
 - (-) higher costs of employee benefits by PLN 68 mln resulting mainly from change in employee benefits provisions and EEP acquisition
 - (-) higher costs of materials and value of goods sold by PLN 243 mln stem from the acquisition of EEP with a concurrent drop in costs related to greater volumes of intergroup coal purchases
 - (+) lower costs of purchases of electricity and gas by PLN 722 mln stem from:
 - (+) lower volumes of electricity purchases (2,857 GWh) with concurrent drop in the average purchase price by 4.2%
 - (+) smaller purchase costs of natural gas in relation to the average price lower by 14.3% and volumes lower by 71 GWh
 - (+) lower costs of purchasing Pls mainly as a result of durable low prices of green certificates
 - (-) higher costs of transmission services by PLN 154 mln mainly as a result of higher transitory charge and calculation of RES fees (since H2 2016) and higher rate of the fixed transitory charge in PSE tariff
 - (-) higher costs of outsourced services by PLN 96 mln resulting mainly from EEP acquisition
 - (-) higher taxes and charges by PLN 40 mln stem from e.g. the acquisition of EEP and greater value of fixed assets related to the finalised investment processes
 - (-) lower results on the other operating activities by PLN 97 mln:
 - (-) higher provisions for latent claims by PLN 93 mln (including PLN 69 mln provision for termination of Pls purchase contract)
 - (-) lower fixed assets obtained free of charge by PLN 20 mln, e.g. as a result of a smaller number of contracts relating to collisions on grid assets
 - (-) higher write-downs of the value of overdue receivables and bad debts by PLN 15 mln
 - (-) higher costs of donations by PLN 7 mln
 - (+) profit stemming from a bargain acquisition of ENGIE Energia Polska SA (currently Enea Elektrownia Potaniec SA) amounting to PLN 12 mln
 - (+) lower growth in provisions for non-contractual use of transmission corridors PLN 10 mln
 - (+) higher revenue from damages, fines and contractual penalties by PLN 9 mln
 - (+) smaller loss on the liquidation of tangible assets by PLN 8 mln e.g. as a result of liquidation of excavations

Consolidated Profit and Loss Statement - Q3 2017

[PLN '000]	Q3 2016	Q3 2017	Change	Change %
Revenue from sale of electricity	1 605 790	1 787 535	181 745	11.3%
Revenue from sale of heat energy ¹⁾	38 386	52 595	14 209	37.0%
Revenue from sale of natural gas	33 063	30 646	-2 417	-7.3%
Revenue from sale of distribution services	733 742	782 089	48 347	6.6%
Revenue from certificates of origin	2 216	38 173	35 957	1622.6%
Revenue from sales of CO ₂ emission allowances	9 295	3 808	-5 487	-59.0%
Revenue from sale of goods and materials	21 219	23 520	2 301	10.8%
Revenue from sale of other services ¹⁾	34 516	42 194	7 678	22.2%
Sale of coal	226 285	70 828	-155 457	-68.7%
Net sales revenue	2 704 512	2 831 388	126 876	4.7%
Amortisation/depreciation	276 134	300 586	24 452	8.9%
Employee benefit costs	366 053	370 736	4 683	1.3%
Consumption of materials and raw materials and value of goods sold	308 243	548 072	239 829	77.8%
Purchase of energy and gas for resale	970 692	751 702	-218 990	-22.6%
Transmission services	216 654	260 836	44 182	20.4%
Other outsourced services	158 236	188 376	30 140	19.0%
Taxes and charges	75 105	88 532	13 427	17.9%
Cost of sales	2 371 117	2 508 840	137 723	5.8%
Other operating revenue	41 982	17 705	-24 277	-57.8%
Other operating expenses	20 585	48 994	28 409	138.0%
Profit on sales and liquidation of tangible fixed assets	-8 869	-3 025	5 844	65.9%
Non-financial fixed assets impairment write-down	7 352	-	-7 352	-100.0%
Operating profit	338 571	288 234	-50 337	-14.9%
Financial expenses	34 426	20 814	-13 612	-39.5%
Financial revenue	5 607	-1 516	-7 123	-
Share in results of affiliated and co-controlled entities	-	1 471	1 471	-
Dividend revenue	-	-	-	-
Profit before taxes	309 752	267 375	-42 377	-13.7%
Income tax	60 323	53 257	-7 066	-11.7%
Net profit for the reporting period	249 429	214 118	-35 311	-14.2%
EBITDA	622 057	588 820	-33 237	-5.3%

¹⁾ Change in presentation of data published for Q3 2016

Q3 2017:

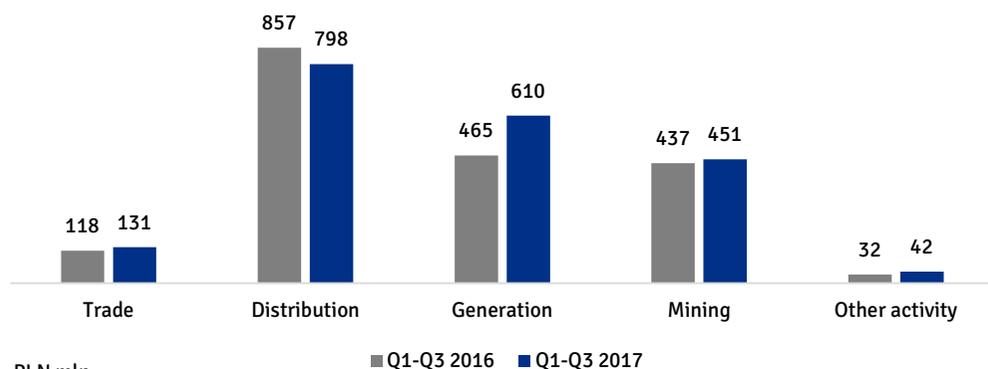
Enea CG's EBITDA change drivers:

- * The key driver of EBITDA change is the acquisition of Enea Elektrownia Połaniec (as of 14 March 2017)
- (+) higher revenue from sales of electricity by PLN 182 mln stems mainly from higher volumes of sales by 1.3 TWh with the concurrent drop in the average selling price by 4.8% and greater revenue from the Regulatory System Services
- (+) higher revenue from sales of heat energy by PLN 14 mln stems from higher volumes of sales by 577,626 GJ (mainly as a result of the acquisition of EEP) with the concurrent drop in the average selling price by 51%
- (-) lower revenue from sales of natural gas by PLN 2 mln stemming from the average selling price lower by 22.7% with the concurrent drop in volumes by 168 GWh
- (+) higher revenue from the sale of distribution services by PLN 48 mln stemming from a higher volume of sales of distribution services (2%) to end users
- (+) higher revenue from sale of certificates of origin by PLN 36 mln as a result of the settlement of the forward transactions concluded in 2015
- (-) lower sales of coal by PLN 155 mln stem from a higher volume of intergroup deliveries
- (-) higher costs of materials and value of goods sold by PLN 240 mln stem from the acquisition of EEP with a concurrent drop in costs related to greater volumes of intergroup coal purchases
- (+) lower costs of purchases of electricity and gas by PLN 219 mln stem from:
 - (+) lower volumes of electricity purchases (1,158 GWh) with concurrent drop in the average purchase price by 2.4%
 - (+) lower costs of purchasing green certificate PIs
- (-) higher costs of transmission services by PLN 44 mln stems mainly from higher shifted costs - higher transitory charge and introduction as of 1 July 2016 of a RES fee and higher rate of the fixed transmission fee in PSE tariff
- (-) higher costs of outsourced services by PLN 30 mln resulting mainly from EEP acquisition
- (-) higher taxes and charges by PLN 13 mln are connected with e.g. the acquisition of EEP and greater value of fixed assets related to the finalised investment processes
- (-) lower results on the other operating activities by PLN 47 mln:
 - (-) higher provisions for latent claims by PLN 39 mln (including PLN 25 mln provision for termination of PIs purchase contract)
 - (-) lower nil-paid fixed assets by PLN 14 mln, e.g. as a result of a smaller number of contracts relating to collisions on the grid assets
 - (-) higher write-downs of the value of overdue receivables and bad debts by PLN 9 mln
 - (+) smaller loss on the liquidation of tangible assets by PLN 6 mln e.g. as a result of liquidation of excavations

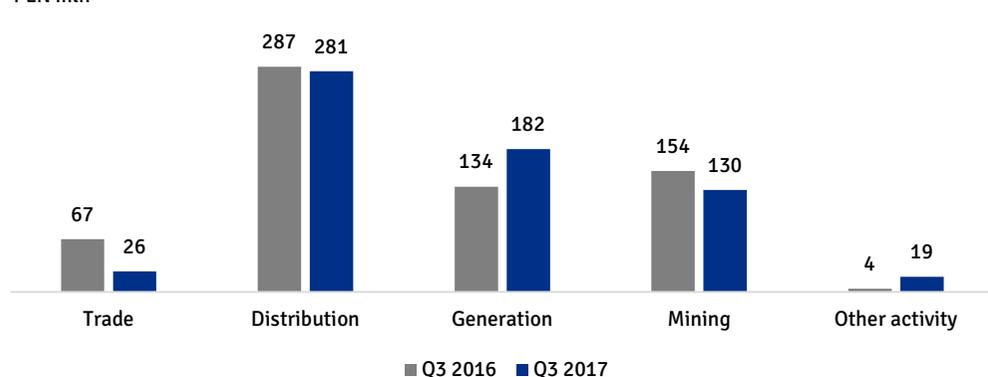
Results on individual areas of operations of Enea CG

EBITDA [PLN '000]	Q1-Q3 2016	Q1-Q3 2017	Change	Change %	Q3 2016	Q3 2017	Change	Change %
Trade	117 690	130 971	13 281	11.3%	67 130	25 919	-41,211	-61.4%
Distribution	857 469	797 831	-59 638	-7.0%	286 784	281 020	-5 764	-2.0%
Generation	465 111	609 581	144 470	31.1%	133 618	182 301	48 683	36.4%
Mining	437 057	451 068	14 011	3.2%	154 166	129 834	-24,332	-15.8%
Other activity	32 379	42 008	9 629	29.7%	3 884	18 953	15 069	388.0%
Undistributed items and exclusions	-81 127	-84 204	-3 077	-3.8%	-23 525	-49 207	-25 682	-109.2%
Total EBITDA	1 828 579	1 947 255	118 676	6.5%	622 057	588 820	-33,237	-5.3%

PLN mln



PLN mln



Enea CG Q1-Q3 2017:

The highest EBITDA in the area of Distribution

The greatest growth in EBITDA in the area of Generation as a result of higher generation capacity

Enea CG Q3 2017:

The highest EBITDA in the area of Distribution

The greatest growth in EBITDA in the area of Generation as a result of higher generation capacity

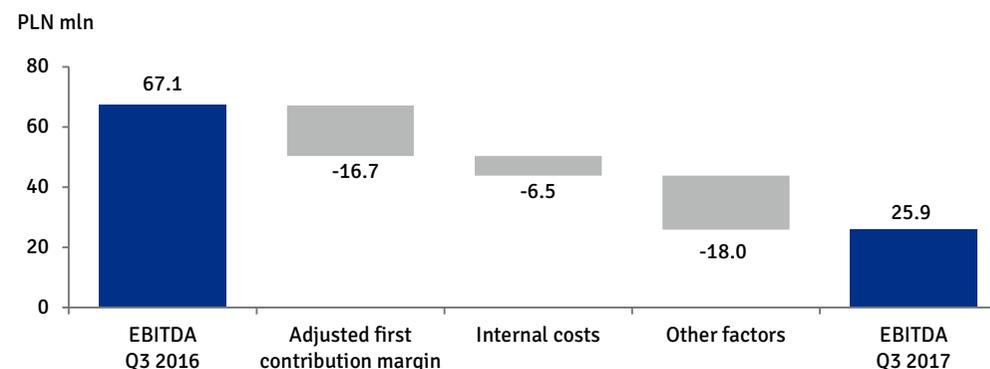
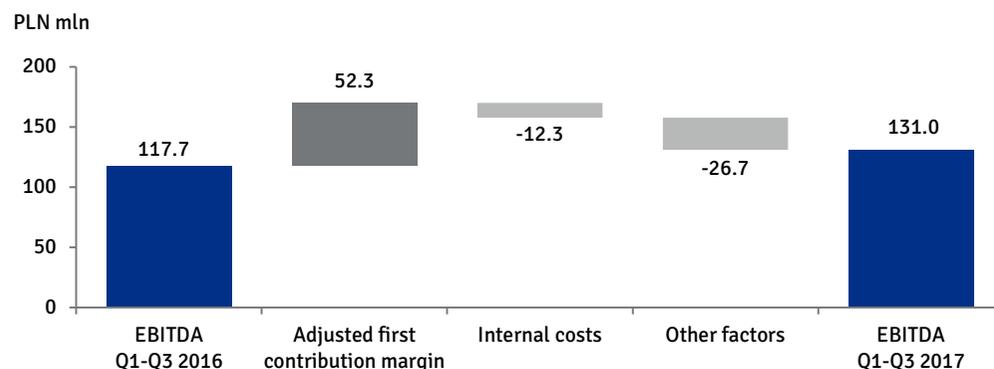
Area of Trade

[PLN '000]	Q1-Q3 2016	Q1-Q3 2017	Change	Change %	Q3 2016	Q3 2017	Change	Change %
Sales revenue	5 100 962	4 203 404	-897 558	-17.6%	1 654 285	1 404 369	-249 916	-15.1%
EBIT	117 140	130 258	13 118	11.2%	66 914	25 661	-41 253	-61.7%
Amortisation/depreciation	550	713	163	29.6%	216	258	42	19.4%
EBITDA	117 690	130 971	13 281	11.3%	67 130	25 919	-41 211	-61.4%
CAPEX ¹⁾	1 144	283	-861	-75.3%	232	95	-137	-59.1%
Share of sales revenue of the area in the Group's net sales revenue	44%	36%	-8 p.p.	-	44%	35%	-9 p.p.	-

Enea SA deals with retail sales of electricity

Wholesale is performed by Enea Trading sp. z o.o.

1) excluding Enea SA's equity investments



Q1-Q3 2017 Change drivers of EBITDA:

First contribution margin

- (-) lower average selling price by 4.5%
- (+) lower costs of ecological obligations by 45.4%
- (+) lower average purchase price of energy by 8.7%
- (+) growth in sale volumes by 7.6%
- (-) lower result on trade in gas

Internal costs

- (-) higher direct costs of sales by PLN 11 mln
- (-) higher costs of common services by PLN 5 mln
- (+) lower general and administrative costs by PLN 3 mln

Other drivers

- (-) higher provisions for latent claims and anticipated losses by PLN 12 mln
- (-) higher costs of donations PLN 7 mln
- (-) higher litigation costs by PLN 1 mln
- (-) higher written-off debts by PLN 2 mln
- (-) higher impairment of receivables by PLN 4 mln

Q3 2017 Change drivers of EBITDA:

First contribution margin

- (-) lower average selling price by 4.7%
- (+) lower costs of ecological obligations by 35.8%
- (+) lower average purchase price of energy by 5.6%
- (+) growth in sale volumes by 6.5%
- (-) lower result on trade in gas

Internal costs

- (-) higher direct costs of sales by PLN 4 mln
- (-) higher costs of common services by PLN 3 mln

Other drivers

- (-) higher provisions for latent claims and anticipated losses by PLN 13 mln
- (-) higher impairment of receivables by PLN 6 mln

Area of Generation

[PLN '000]	Q1-Q3 2016	Q1-Q3 2017	Change	Change %	Q3 2016	Q3 2017	Change	Change %
Sales revenue	2 457 787	3 379 801	922 014	37.5%	768 528	1 232 760	464 232	60.4%
<i>electricity</i>	2 181 900	3 021 482	839 582	38.5%	706 078	1 124 285	418 207	59.2%
<i>certificates of origin</i>	35 597	82 268	46 671	131.1%	8 673	43 854	35 181	405.6%
<i>sale of allowance for emissions of CO₂</i>	22 071	14 235	-7 836	-35.5%	9 509	3 772	-5,737	-60.3%
<i>heat</i>	199 266	238 084	38 818	19.5%	36 474	51 859	15 385	42.2%
<i>other</i>	18 953	23 732	4 779	25.2%	7 794	8 990	1 196	15.3%
EBIT	238 961	387 286	148 325	62.1%	70 396	104 284	33 888	48.1%
Amortisation/depreciation	184 150	222 295	38 145	20.7%	63 222	78 017	14 795	23.4%
Non-financial fixed assets impairment write-down	42 000	-	-42 000	-100.0%	-	-	-	-
EBITDA	465 111	609 581	144 470	31.1%	133 618	182 301	48 683	36.4%
CAPEX	938 379	624 640	-313 739	-33.4%	381 598	295 597	-86 001	-22.5%
Share of sales revenue of the area in the Group's net sales revenue	21%	29%	8 p.p.	-	20%	31%	11 p.p.	-

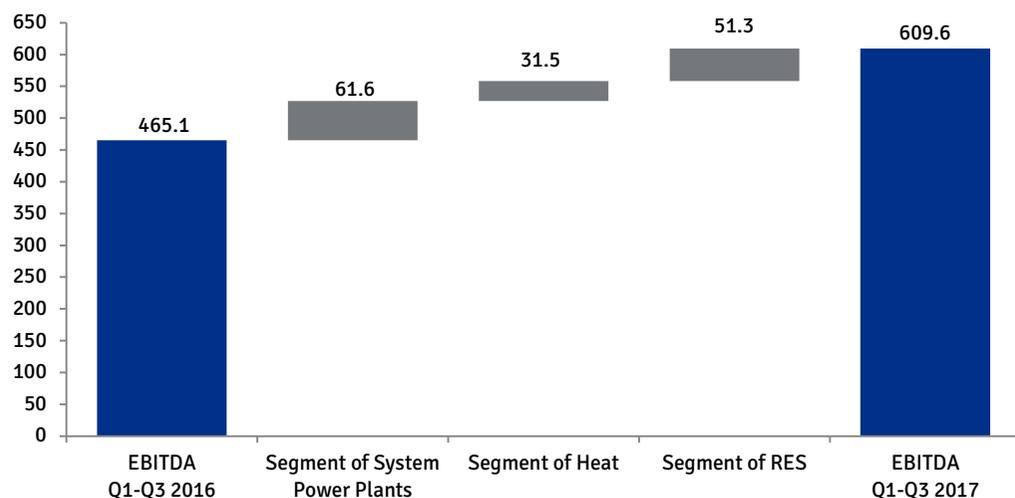
The area of Generation presents financial data of Enea Wytwarzanie sp. z o.o. with its subsidiaries and Enea Połaniec Power Plant.

Enea Wytwarzanie holds e.g. 10 highly-efficient and modernised power units in Koźienice Power Plant.

As a consequence of the acquisition EEP strengthened the area of Generation with additional 7 coal-fired units with the total gross capacity of 1,657 MW and the largest in the world unit firing exclusively biomass with the installed gross capacity of 225 MW.

The annual production capacities in that area amount to ca. 27 TWh electricity, and as a result Enea CG became a vice-leader in electricity generation in Poland.

PLN mln



Q1-Q3 2017 Change drivers of EBITDA:

Segment of System Power Plants

- (-) lower margin on trade and the Balancing Market by PLN 46.1 mln
- (+) higher revenue from Regulatory System Services by PLN 14.4 mln
- (+) lower fixed costs by PLN 10.0 mln
- (+) higher margin on generation by PLN 0.8 mln
- (+) Połaniec Power Plant PLN 82 mln

Segment of Heat

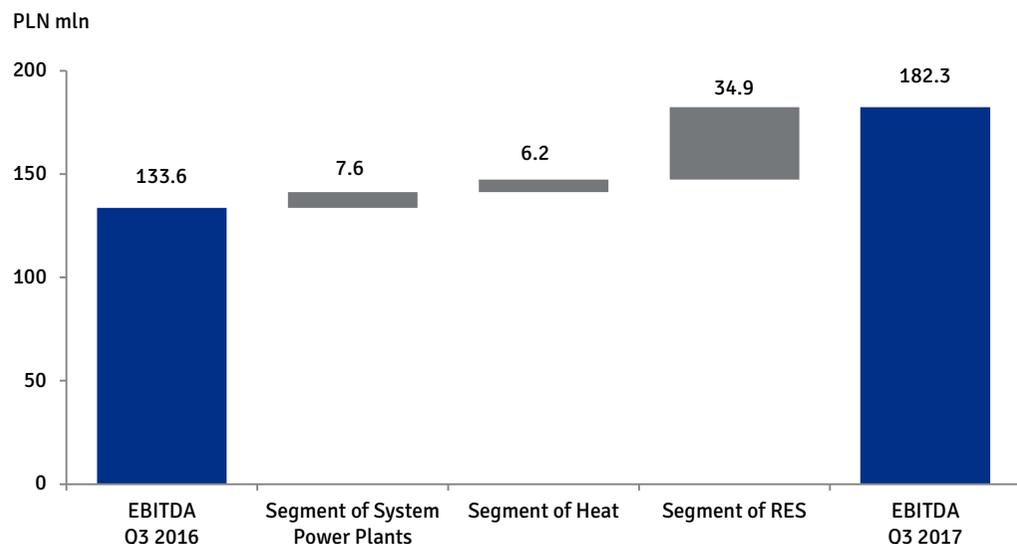
- (+) lower costs of materials by PLN 27.8 mln, including reduced costs of biomass consumption by PLN 51.9 mln and coal by PLN 13.8 mln
- (+) higher revenue from sales of heat by PLN 8.9 mln
- (+) higher result on the other operating activity by PLN 3.6 mln
- (-) lower revenue from certificates of origin by PLN 7.5 mln
- (-) lower revenue from electricity by PLN 11.7 mln
- (+) Połaniec Power Plant PLN 8.9 mln

Segment of RES

- (+) Area of Water (PLN +6.4 mln): higher revenue from electricity by PLN 6.9 mln, lower revenue from certificates of origin by PLN 1.3 mln
- (+) Area of Biogas (PLN +3.1 mln): higher revenue from certificates of origin by PLN 2.0 mln, lower variable costs by PLN 0.7 mln, lower fixed costs by PLN 0.3 mln
- (-) Area of Wind (PLN -4.5 mln): increase of fixed costs by PLN 5.2 mln (greater scope of taxation with property tax - change of regulations), decrease of income from certificates of origin by PLN 3.1 mln, an increase of revenue from electricity by PLN 3.4 mln
- (+) Połaniec Power Plant PLN 46.3 mln

Area of Generation

[PLN '000]	Q1-Q3 2016	Q1-Q3 2017	Change	Change %	Q3 2016	Q3 2017	Change	Change %
Sales revenue	2 457 787	3 379 801	922 014	37.5%	768 528	1 232 760	464 232	60.4%
<i>electricity</i>	2 181 900	3 021 482	839 582	38.5%	706 078	1 124 285	418 207	59.2%
<i>certificates of origin</i>	35 597	82 268	46 671	131.1%	8 673	43 854	35 181	405.6%
<i>sale of allowance for emissions of CO₂</i>	22 071	14 235	-7 836	-35.5%	9 509	3 772	-5 737	-60.3%
<i>heat</i>	199 266	238 084	38 818	19.5%	36 474	51 859	15 385	42.2%
<i>other</i>	18 953	23 732	4 779	25.2%	7 794	8 990	1 196	15.3%
EBIT	238 961	387 286	148 325	62.1%	70 396	104 284	33 888	48.1%
Amortisation/depreciation	184 150	222 295	38 145	20.7%	63 222	78 017	14 795	23.4%
Non-financial fixed assets impairment write-down	42 000	-	-42 000	-100.0%	-	-	-	-
EBITDA	465 111	609 581	144 470	31.1%	133 618	182 301	48 683	36.4%
CAPEX	938 379	624 640	-313 739	-33.4%	381 598	295 597	-86 001	-22.5%
Share of sales revenue of the area in the Group's net sales revenue	21%	29%	8 p.p.	-	20%	31%	11 p.p.	-



Q3 2017 Change drivers of EBITDA:

Segment of System Power Plants

- (-) lower margin on trade by PLN 16.3 mln
- (-) lower margin on generation by PLN 3.8 mln
- (-) lower margin on the Balancing Market by PLN 2.2 mln
- (+) Połaniec Power Plant PLN 30 mln

Segment of Heat

- (+) lower costs of materials by PLN 3.5 mln, including reduced costs of biomass consumption by PLN 19.9 mln and coal by PLN 10.5 mln, higher costs of CO₂ emissions by PLN 5.2 mln
- (+) lower energy purchasing costs for resale by PLN 1.2 mln
- (+) higher revenue from sales of heat by PLN 0.9 mln
- (-) lower revenue from certificates of origin by PLN 2.8 mln
- (+) Połaniec Power Plant PLN 3.8 mln

Segment of RES

- (+) Area of Wind (PLN +1.0 mln): increase of revenue from certificates of origin by PLN 1.0 mln, increase in other operating activity by PLN 0.7 mln, increase in revenue from sale of electricity by PLN 1.0 mln, increase of fixed costs by PLN 1.8 mln (property tax)
- (+) Area of Water (PLN +4.8 mln): higher revenue from sales of electricity by PLN 3.6 mln, fixed costs lower by PLN 0.5 mln, higher revenue from certificates of origin by PLN 0.8 mln
- (+) Area of Biogas (PLN +1.0 mln): higher revenue from certificates of origin by PLN 0.4 mln, lower costs of use and transport of substrates by PLN 0.5 mln
- (+) Połaniec Power Plant PLN 28 mln

Area of Distribution

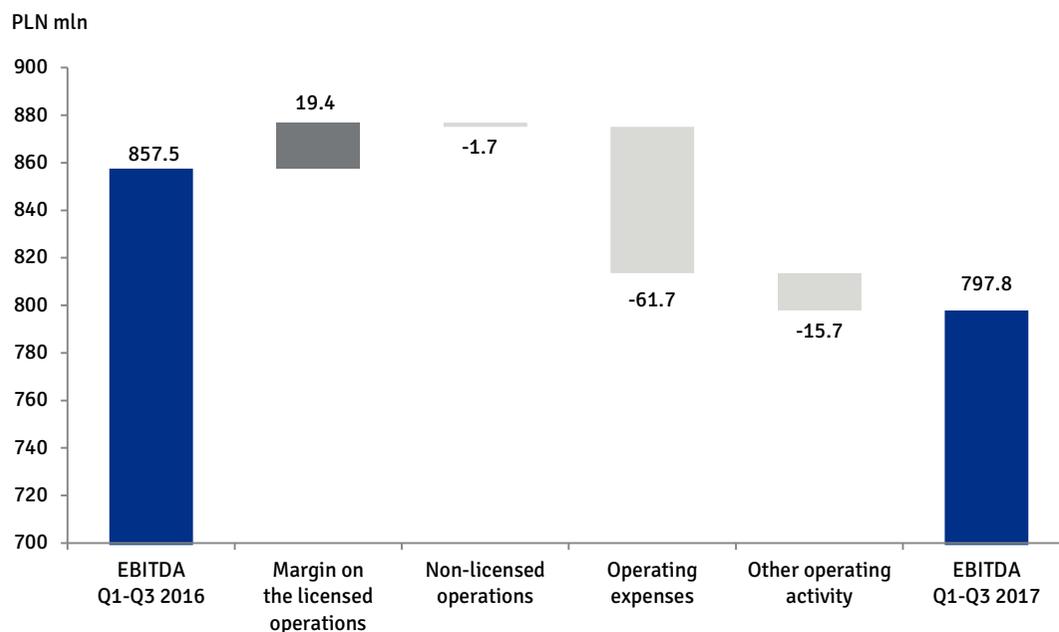
[PLN '000]	Q1-Q3 2016	Q1-Q3 2017	Change	Change %	Q3 2016	Q3 2017	Change	Change %
Sales revenue	2 273 545	2 426 958	153 413	6.7%	742 284	798 298	56 014	7.5%
<i>distribution services to end users</i>	2 141 090	2 309 911	168 821	7.9%	708 221	753 259	45 038	6.4%
<i>fees for grid connection</i>	47 719	48 062	343	0.7%	16 421	18 399	1 978	12.0%
<i>other</i>	84 736	68 987	-15 749	-18.6%	17 642	26 640	8 998	51.0%
EBIT	496 131	426 418	-69 713	-14.1%	167 384	152 566	-14 818	-8.9%
Amortisation/depreciation	361 338	371 413	10 075	2.8%	119 400	128 454	9 054	7.6%
EBITDA	857 469	797 831	-59 638	-7.0%	286 784	281 020	-5 764	-2.0%
CAPEX	645 476	592 962	-52 514	-8.1%	221 161	249 405	28 244	12.8%
Share of sales revenue of the area in the Group's net sales revenue	20%	21%	1 p.p.	-	20%	20%	-	-

Enea Operator sp. z o.o. is responsible for electricity distribution to 2.5 mln Customers in the western and north-western Poland on the area of 58.2 thou. km².

The basic task of Enea Operator is a continuous and reliable supply of energy maintaining appropriate quality parameters.

In the area of Distribution the financial data of the following companies is presented:

- Enea Operator sp. z o.o.
- Enea Serwis sp. z o.o.
- Enea Pomiar sp. z o.o.
- Annacond Enterprises sp. z o. o.



Q1-Q3 2017 Change factors of EBITDA:

Margin on the licensed operations

- (+) higher revenue from sale of distribution services to end users by PLN 169 mln
- (+) lower costs of purchasing energy for coverage of book-tax difference by PLN 16 mln
- (-) higher costs of purchase of transmission services by PLN 160 mln
- (-) lower revenue from sale of distribution services to other entities by PLN 7 mln
- (+) higher other revenue by PLN 1 mln

Operating expenses

- (-) higher employee benefits costs by PLN 24 mln
- (-) higher costs of outsourced services by PLN 17 mln
- (-) higher costs of taxes and charges by PLN 13 mln
- (-) higher other operating expenses by PLN 8 mln

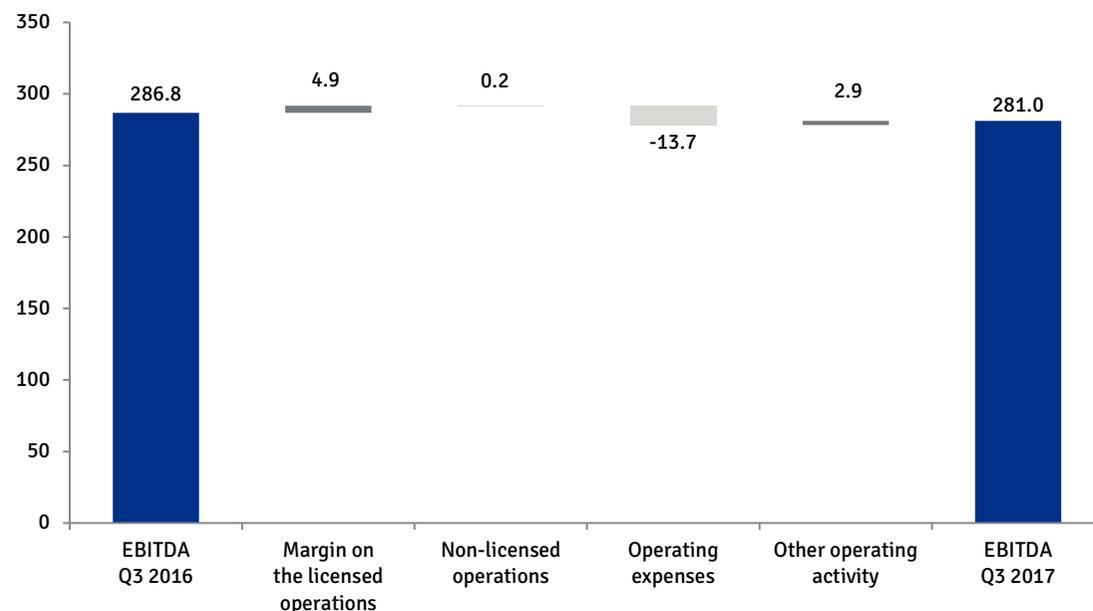
Other operating activity:

- (-) lower revenue from performance of agreements on removal of collisions by PLN 17 mln
- (-) higher impairment of receivables by PLN 11 mln
- (+) lower costs of legal provisions relating to grid assets PLN 6 mln
- (+) higher liquidation result by PLN 3 mln
- (+) contractual penalties and damages obtained (balance) PLN 3 mln

Area of Distribution

[PLN '000]	Q1-Q3 2016	Q1-Q3 2017	Change	Change %	Q3 2016	Q3 2017	Change	Change %
Sales revenue	2 273 545	2 426 958	153 413	6.7%	742 284	798 298	56 014	7.5%
<i>distribution services to end users</i>	2 141 090	2 309 911	168 821	7.9%	708 221	753 259	45 038	6.4%
<i>fees for grid connection</i>	47 719	48 062	343	0.7%	16 421	18 399	1 978	12.0%
<i>other</i>	84 736	68 987	-15 749	-18.6%	17 642	26 640	8 998	51.0%
EBIT	496 131	426 418	-69 713	-14.1%	167 384	152 566	-14 818	-8.9%
Amortisation/depreciation	361 338	371 413	10 075	2.8%	119 400	128 454	9 054	7.6%
EBITDA	857 469	797 831	-59 638	-7.0%	286 784	281 020	-5 764	-2.0%
CAPEX	645 476	592 962	-52 514	-8.1%	221 161	249 405	28 244	12.8%
Share of sales revenue of the area in the Group's net sales revenue	20%	21%	1 p.p.	-	20%	20%	-	-

PLN mln



Q3 2017 Change factors of EBITDA:

Margin on the licensed operations

- (+) higher revenue from sale of distribution services to end users by PLN 45 mln
- (+) lower costs of purchasing energy for coverage of book-tax difference by PLN 5 mln
- (+) higher revenue from connection fees by PLN 2 mln
- (-) higher costs of purchase of transmission services by PLN 46 mln
- (-) lower revenue from sale of distribution services to other entities by PLN 2 mln
- (+) higher other revenue by PLN 1 mln

Operating expenses

- (-) higher costs of outsourced services by PLN 5 mln
- (-) higher employee benefits costs by PLN 3 mln
- (-) higher costs of taxes and charges by PLN 3 mln
- (-) higher other operating expenses by PLN 3 mln

Other operating activity:

- (-) higher result on insurance and fortuitous events by PLN 3 mln

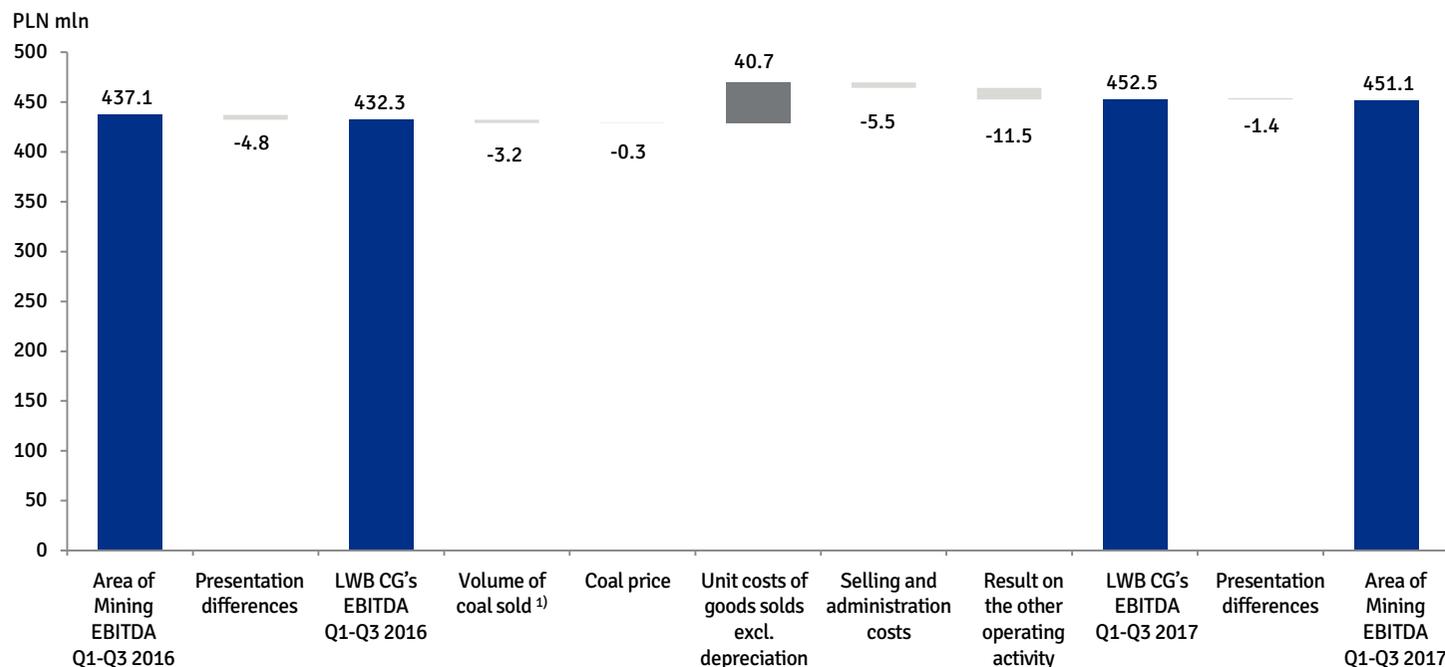
Area of Mining

[PLN '000]	Q1-Q3 2016	Q1-Q3 2017	Change	Change %	Q3 2016	Q3 2017	Change	Change %
Sales revenue	1 314 103	1 307 130	-6 973	-0.5%	465 441	405 013	-60 428	-13.0%
<i>coal</i>	1 272 373	1 268 023	-4 350	-0.3%	453 004	393 029	-59 975	-13.2%
<i>other products and services</i>	32 673	29 349	-3 324	-10.2%	9 615	8 458	-1 157	-12.0%
<i>goods and materials</i>	9 057	9 758	701	7.7%	2 822	3 526	704	24.9%
EBIT	158 939	191 436	32 497	20.4%	58 582	44 262	-14 320	-24.4%
Amortisation/depreciation	270 766	259 632	-11 134	-4.1%	88 232	85 572	-2 660	-3.0%
EBITDA	437 057	451 068	14 011	3.2%	154 166	129 834	-24 332	-15.8%
CAPEX	215 109	254 408	39 299	18.3%	62 345	115 375	53 030	85.1%
Share of sales revenue of the area in the Group's net sales revenue	11%	11%	-	-	12%	10%	- 2 p.p.	-

The area of Mining includes the financial results of LW Bogdanka CG with its parent - Lubelski Węgiel „Bogdanka” SA and its subsidiaries.

LW Bogdanka's range of products includes energetic fine coal which accounts for 99%, and peas and nut coal.

Major recipients include commercial and industrial power industry.



Q1-Q3 2017 Factors of generated EBITDA:

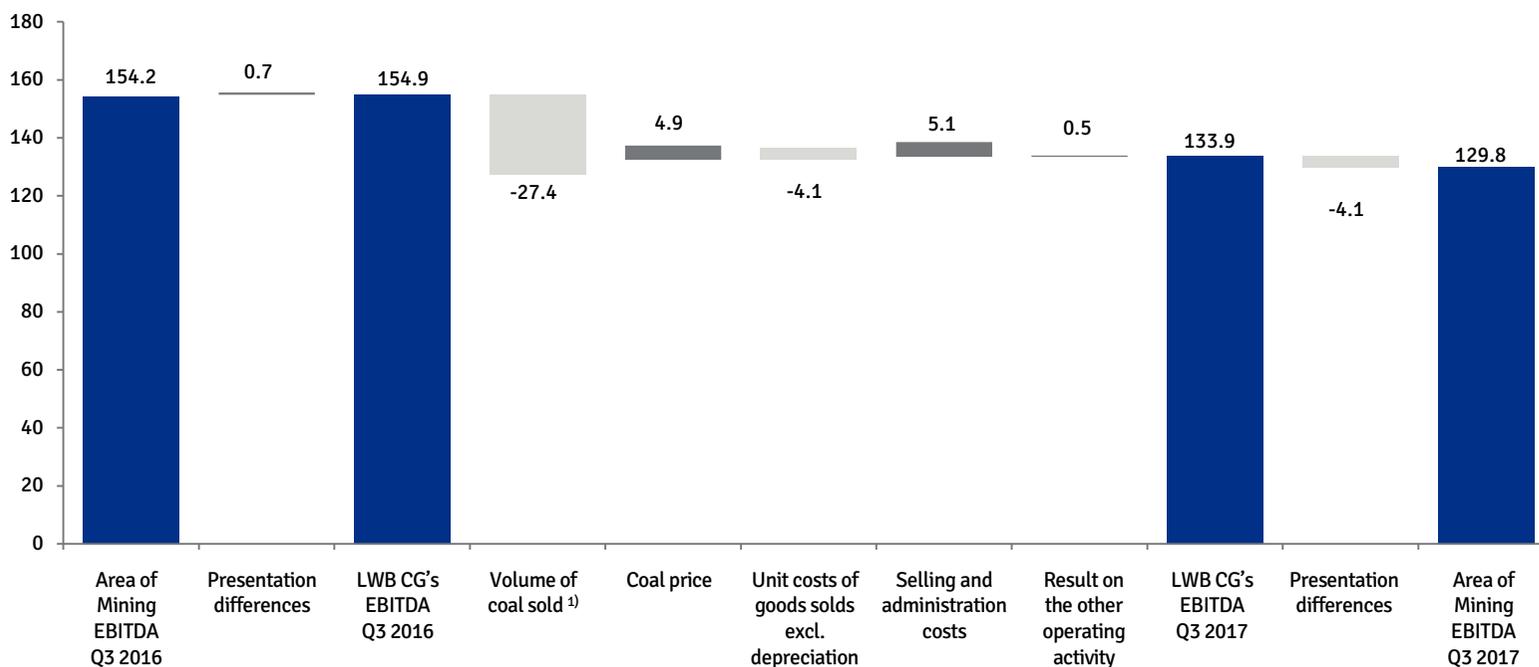
- (+) EBITDA profitability 34.5% Q1-Q3 2017 against 33.3% for Q1-Q3 2016
- (-) drop of revenue from coal sales: lower sales volume (-41 thou. t) at slightly lower price
- (-) decrease of revenue from sales of other products and services realised beyond LW Bogdanka CG by subsidiary companies
- (+) drop in the unit cost of sold products, goods and materials excluding amortisation - better cost efficiency with a decreasing volume of coal sold (-41 thou. t)
- (-) higher administrative expenses and selling costs:
 - selling costs - customs and logistic handling costs of coal sold to Ukraine
 - administrative expenses - higher amortisation and depreciation, payments to the State Fund of Rehabilitation of Handicapped People, property tax; 2016 - managerial options were derecognised
- (-) lower result on the other operating activity - 2016 - release of the provision for damages for Budimex due to a favourable ruling of the Court of Appeal
- (-) presentation differences relating to the financial reporting of Enea CG and LW Bogdanka CG relating to amortisation and depreciation

1) Aggregate impact on revenue and expenses

Area of Mining

[PLN '000]	Q1-Q3 2016	Q1-Q3 2017	Change	Change %	Q3 2016	Q3 2017	Change	Change %
Sales revenue	1 314 103	1 307 130	-6 973	-0.5%	465 441	405 013	-60 428	-13.0%
<i>coal</i>	1 272 373	1 268 023	-4 350	-0.3%	453 004	393 029	-59 975	-13.2%
<i>other products and services</i>	32 673	29 349	-3 324	-10.2%	9 615	8 458	-1 157	-12.0%
<i>goods and materials</i>	9 057	9 758	701	7.7%	2 822	3 526	704	24.9%
EBIT	158 939	191 436	32 497	20.4%	58 582	44 262	-14 320	-24.4%
Amortisation/depreciation	270 766	259 632	-11 134	-4.1%	88 232	85 572	-2 660	-3.0%
EBITDA	437 057	451 068	14 011	3.2%	154 166	129 834	-24 332	-15.8%
CAPEX	215 109	254 408	39 299	18.3%	62 345	115 375	53 030	85.1%
Share of sales revenue of the area in the Group's net sales revenue	11%	11%	-	-	12%	10%	- 2 p.p.	-

PLN mln



Q3 2017 Factors of generated EBITDA:

- (+) EBITDA profitability 32.1% Q3 2017 against 33.1% for Q3 2016
- (-) drop of revenue from coal sales: lower sales volume (-324 thou. t) at higher price
- (-) decrease of revenue from sales of other products and services realised beyond LW Bogdanka CG by subsidiary companies
- (-) growth in the unit cost of sold products, goods and materials excluding amortisation - constant cost control with a considerably decreasing volume of coal sold (-324 thou. t)
- (+) lower selling costs and administrative expenses: selling costs - lower costs of advertising and sponsorship (a different payment schedule), lower repair services relating to railway carriages administrative expenses - positive balance of provisions
- (-) presentation differences relating to the financial reporting of Enea CG and LW Bogdanka CG relating to amortisation and depreciation

1) Aggregate impact on revenue and expenses

Area of Other activity

[PLN '000]	Q1-Q3 2016	Q1-Q3 2017	Change	Change %	Q3 2016	Q3 2017	Change	Change %
Sales revenue	394 989	418 047	23 058	5.8%	126 441	153 619	27 178	21.5%
EBIT	12 451	10 807	- 1 644	-13.2%	-3 362	7 985	11 347	-
Amortisation/depreciation	19 928	31 201	11 273	56.6%	7 246	10 968	3 722	51.4%
EBITDA	32 379	42 008	9 629	29.7%	3 884	18 953	15 069	388.0%
CAPEX	53 967	40 712	- 13 255	-24.6%	17 693	15 687	- 2 006	-11.3%
Share of sales revenue of the area in the Group's net sales revenue	3%	4%	1 p.p.	-	3%	4%	1 p.p.	-

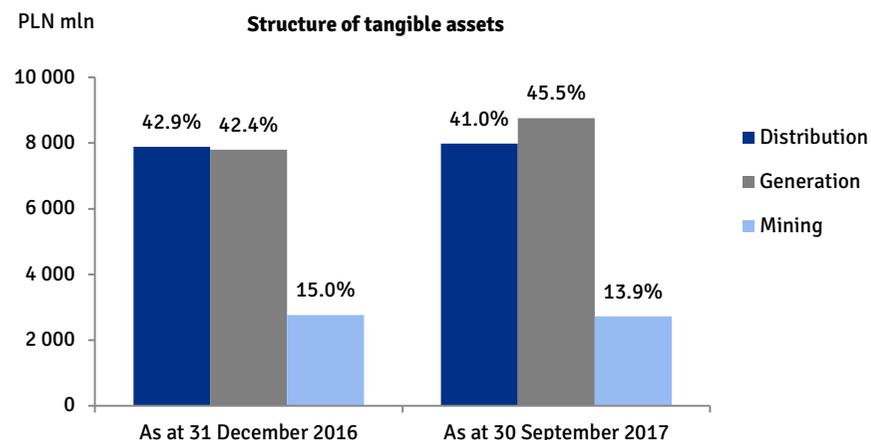


The area of the Other Activity includes companies from the following areas:

- support for the other Group companies:**
 Enea Centrum sp. z o.o. - being the Shared Service Centre in the Group within accounting, staff, teleinformation, customer service
 Enea Logistyka sp. z o.o. - the company specialising in the logistics, warehousing, supply operations
- supplementary operations:**
 Enea Oświetlenie sp. z o.o. - the company specialising in lighting the interior and exterior of buildings; designs, constructs street lighting, illumination of urban areas, lighting monumental buildings and public utility objects, and also rendering construction services and comprehensive servicing of photovoltaic power plants

Assets - structure of assets and liabilities of Enea Capital Group

Assets [PLN '000]	As at:		Change	Change %
	31 December 2016	30 September 2017		
Fixed assets	19 486 599	21 407 814	1 921 215	9.9%
Tangible fixed assets	18 382 498	19 728 566	1 346 068	7.3%
Perpetual usufruct	74 899	105 723	30 824	41.2%
Intangible assets	370 638	405 323	34 685	9.4%
Investment properties	28 020	27 243	- 777	-2.8%
Investments in subsidiaries, joint subsidiaries and co-controlled entities	2 518	357 123	354 605	14 082.8%
Deferred tax assets	403 257	497 300	94 043	23.3%
Financial assets available for sale	42 482	43 304	822	1.9%
Financial assets valued at fair value through profit or loss	112	38 960	38 848	34 685.7%
Derivatives	40 267	29 558	- 10 709	-26.6%
Trade and other receivables	30 690	62 075	31 385	102.3%
Funds gathered within Mine Liquidation Fund	111 218	112 639	1 421	1.3%
Current assets	5 049 920	4 348 402	- 701 518	-13.9%
Allowances for emissions of CO ₂	417 073	117 956	- 299 117	-71.7%
Inventories	448 941	717 480	268 539	59.8%
Trade and other receivables	1 824 488	1 704 565	- 119 923	-6.6%
Current income tax assets	9 541	113 775	104 234	1 092.5%
Financial assets held to maturity	478	477	- 1	-0.2%
Financial assets valued at fair value through profit or loss	4 852	14 933	10 081	207.8%
Cash and cash equivalents	2 340 217	1 679 216	- 661 001	-28.2%
Fixed assets for sale	4 330	-	- 4 330	-100.0%
Total assets	24 536 519	25 756 216	1 219 697	5.0%



Fixed assets change drivers (growth PLN 1,921 mln):

- growth in tangible assets by PLN 1.346 stems mainly from the acquisition of EEP's assets and acceptance of subsequent stages of the unit 11 construction
- higher investments in subsidiaries by PLN 355 mln stem from the subscription for new shares in the raised share capital of Polska Grupa Górnicza sp. z o.o., the acquisition of shares in Polimex-Mostostal SA and Elektrownia Ostrołęka SA
- higher financial assets valued at fair value through financial result by PLN 39 mln relate to the valuation of purchase option of shares in Polimex-Mostostal SA

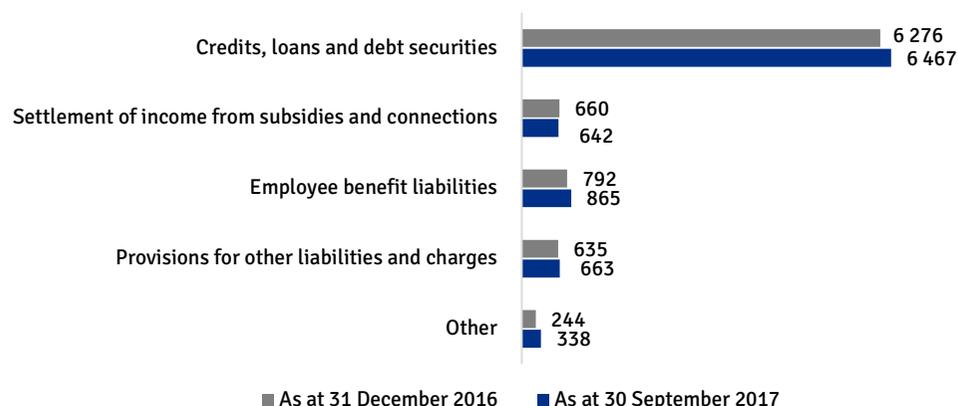
Change drivers of current assets (drop by PLN 702 mln):

- lower value of allowances to CO₂ emissions by PLN 299 mln as a result of redeeming the allowances for the preceding year
- higher inventories by PLN 269 mln stem from the acquisition of EEP's assets (growth by inventories of coal, biomass and certificates of origin)
- lower cash and cash equivalents by PLN 661 mln stem from the realised payments relating to the accomplished acquisition procedures and implementation of investment tasks

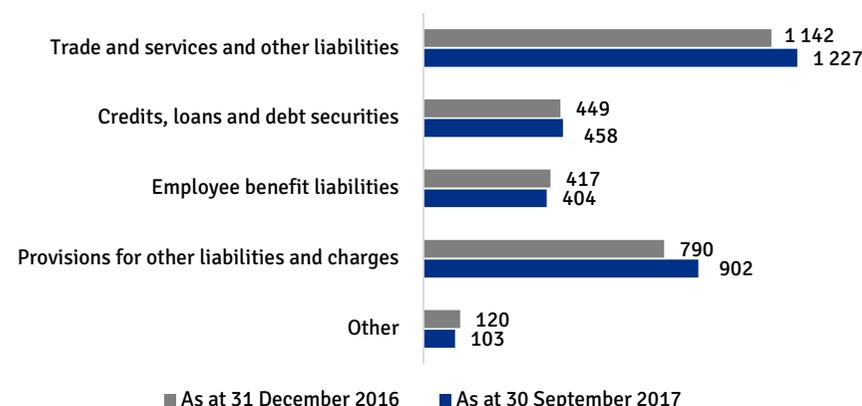
Assets - structure of assets and liabilities of Enea Capital Group

Liabilities [PLN '000]	As at:		Change	Change %
	31 December 2016	30 September 2017		
Total equity	13 011 729	13 686 601	674 872	5.2%
Share capital	588 018	588 018	-	-
Share premium	3 632 464	3 632 464	-	-
Financial instruments revaluation reserve	744	763	19	2.6%
Other reserves	-25 652	-27 101	-1 449	-5.6%
Reserve capital from valuation of hedging instruments	33 826	25 405	-8 421	-24.9%
Retained earnings	7 946 612	8 588 894	642 282	8.1%
Non-controlling interests	835 717	878 158	42 441	5.1%
Total liabilities	11 524 790	12 069 615	544 825	4.7%
Non-current liabilities	8 606 757	8 975 463	368 706	4.3%
Current liabilities	2 918 033	3 094 152	176 119	6.0%
Total equity and liabilities	24 536 519	25 756 216	1 219 697	5.0%

Structure of non-current liabilities



Structure of current liabilities



Change factors of non-current liabilities (growth by PLN 369 mln)

- PLN 191 mln growth in credits, loans and debt securities - stems mainly from the disbursement of another tranche of a loan in EIB for the financing of a multiannual investment plan in order to modernise and extend the power grids of Enea Operator, issue of new bonds within the "Programme Agreement up to PLN 700 mln" and new bonds within the "Programme Agreement up to PLN 3,000 mln". Moreover, during the reporting period, LW Bogdanka's redemption of bonds and repayment of EIB loan instalments and the "Programem Agreement up to PLN 700 mln"
- PLN 73 mln increase in employee benefit liabilities results mainly from updating of actuarial assumptions
- PLN 28 mln increase in provisions for other liabilities and other charges results mainly from provisions for property tax (investments in grid assets) and latent claims
- PLN 83 mln growth in trade and other liabilities

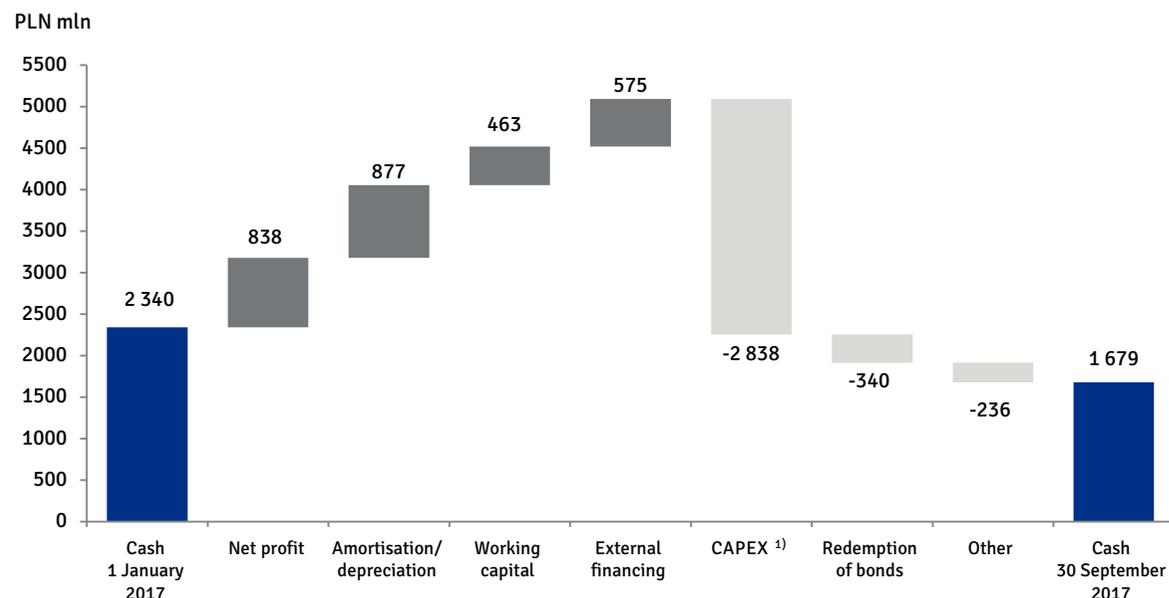
Change factors of current liabilities (growth by PLN 176 mln):

- PLN 112 mln growth in provisions for other liabilities and other provisions - change in the balance of provision relating to allowances for emissions of CO₂
- PLN 85 mln growth in trade and other liabilities

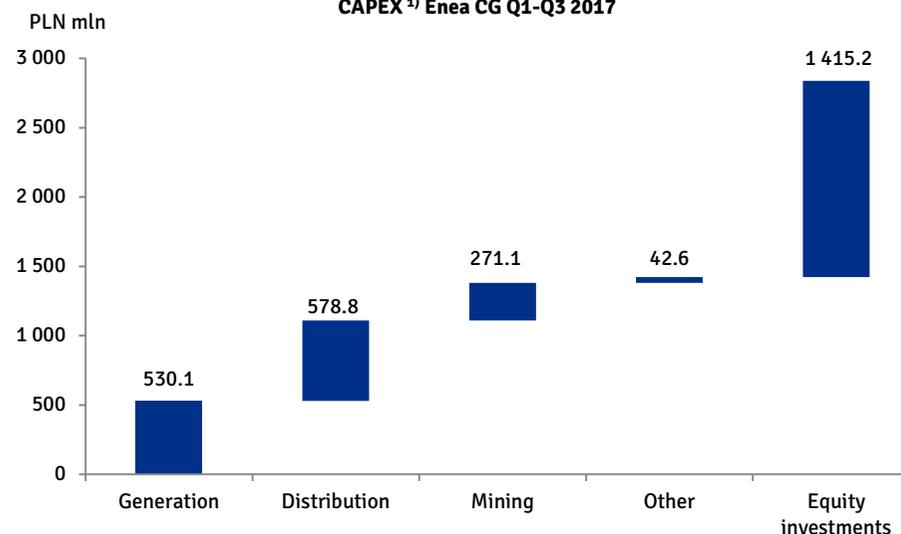
Cash situation of Enea Capital Group

Cash flow statement [PLN '000]	Q1-Q3 2016	Q1-Q3 2017	Change	Change %
Net cash flows from operating activities	1 822 395	2 234 993	412 598	22.6%
Net cash flows from investing activities	-1 990 244	-2 828 149	-837 905	-42.1%
Net cash flows from financing activities	328 782	- 67 845	-396 627	-120.6%
Net increase / (decrease) in cash and cash equivalents	160 933	-661 001	-821 934	-510.7%
Opening balance of cash and cash equivalents	1 822 094	2 340 217	518 123	28.4%
Closing balance of cash and cash equivalents	1 983 027	1 679 216	-303 811	-15.3%

Cash flows for Q1-Q3 2017



CAPEX ¹⁾ Enea CG Q1-Q3 2017



1) Acquisition of tangible and intangible assets and acquisition of subsidiaries, affiliates and jointly controlled entities adjusted with obtained cash

Ratio analysis ¹⁾

	Q1-Q3 2016	Q1-Q3 2017	Q3 2016	Q3 2017
Profitability ratios				
ROE - return on equity	7.5%	8.2%	7.8%	6.3%
ROA - return on assets	4.1%	4.3%	4.2%	3.3%
Net profitability	8.7%	10.0%	9.2%	7.6%
Operating profitability	11.4%	12.7%	12.5%	10.2%
EBITDA profitability	22.0%	23.2%	23.0%	20.8%
Liquidity and financial structure ratios				
Current ratio	2.2	1.4	2.2	1.4
Equity-to-fixed assets ratio	67.6%	63.9%	67.6%	63.9%
Total debt ratio	45.7%	46.9%	45.7%	46.9%
Net debt / EBITDA	1.8	2.1	1.8	2.1
Economic activity ratios				
Current receivables turnover in days	56	54	57	53
Turnover of trade and other payables in days	45	51	47	48
Inventory turnover in days	31	35	32	33

Principles of preparation of financial statements

Condensed financial statements of Enea SA and Enea Group, respectively, included in the extended consolidated report of Enea SA for the reporting period were prepared in accordance with International Accounting Standards and International Financial Reporting Standards (IAS/IFRS) approved by the European Union. Condensed financial statements were prepared with an assumption of going concern in the foreseeable future. The Company's Management Board states, as at the execution date of the condensed financial statements, no facts or circumstances that could indicate any threats to the possibility of continuing the activity during the period of 12 months after the balance sheet date as a result of a wilful or mandatory negligence or substantial limitation of the so far activities. Financial data presented in the statements, if not stated otherwise, was presented in thousands of PLN.

1) Ration definitions are to be found on page 78

Anticipated financial position

In the first three quarters of 2017, LW Bogdanka CG generated excellent financial results as compared to the same period of the previous year. There are two main priorities for this area: maintaining the unit cost of extraction at the current level and maintaining the investment processes at the level ensuring the realisation of the anticipated sales plans. The stability of the results of the area of Mining is positively affected by the incorporation of Połaniec Power Plant under Enea CG and the acquisition of a mining license on the new "Ostrów" field, which has increased the recoverable reserve of LW Bogdanka and allows us to think about the development of this area in the perspective of not 25 but 50 years.

The area of Generation, which during the three quarters of 2017 accounted for 31% EBITDA of Enea CG, remains unchangeably under the influence of the demanding energy market situation. The production concentrated on bituminous coal involves the exposure to risk related to carbon dioxide emission costs. Extensive repairs of generating units planned in 2017-2018 are still important for the results generated by the area of Generation, and they will force relatively long periods of electricity generation suspension. Less production of current generation assets will be compensated by Unit 11, which will be put into operation in December 2017, and by an optimum use of the production capacity of two power generation sources, which remain Koźmice Power Plant and Połaniec Power Plant.

The area of Distribution, which accounted for 41% of Enea CG's EBITDA in January-September 2017, remains unchangeably the area stabilising the cash flows. The basic elements affecting the results of this area are still: a drop in the average weighted cost of capital (WACC) - 7.197% in 2015, 5.675% in 2016, 5.633% in 2017 and introduction by ERO as of 2016 of the so-called quality tariff. Q3 2017 proved to be a real challenge for distribution network operators in Poland. Incredibly strong weather events have had a tremendous impact on the SAIDI and SAIFI ratios, which may significantly reduce the level of EBITDA in the Distribution area in 2019. In order to ensure the value of the benchmarks set by the Energy Regulatory Office, Enea CG is consistently investing in the grid improving safety and stability of power supply.

In the area of Trade the operations focus on increasing sales of electricity and gas - due to an attractive product range new Customers are obtained, and the volume of sold energy and gas increases. An increasing competition on the market putting pressure on the realised selling prices has a negative impact on the Trade area's financial results. The better yoy results of the area of Trade (as in the preceding period of 2017) are mostly affected by the effects of the termination of long-term contracts for the purchase of green property interests. Possible risks related to the impact of ongoing disputes with green energy generators on the performance of subsequent periods are mitigated by establishing a provision for latent claims.

Despite difficult market and regulatory conditions, due to the consistent growth in the Group's value, searching for synergies among its business areas, Enea CG generates financial results on the anticipated level and the Group's liquidity position is safe.

The Group's financial standing remains safe, e.g. due to a considerably great volume of cash, which as at the end of September 2017, including current financial assets kept to maturity and financial assets evaluated at fair value through result, amounted to ca. PLN 1.679 bln. Due to cost discipline, constant search for cost optimisation and proper use of resources, the Group beneficially provides the investment financing from its own resources as well as from funding institutions.

With improved performance, secure cash position and availability of financing, Enea Group is consistently implementing a vast CAPEX (capital expenditures) programme, covering primarily the area of Generation and the distribution network.

Financial results forecasts

The Management Board of Enea SA did not publish any financial forecasts for 2017.



4. Shares and shareholding

Share capital structure

Enea SA's share capital as at the publication date of this report for Q3 2017 amounts to PLN 441,442,578 and is divided into 441,442,578 ordinary bearer shares of the nominal value of PLN 1 each.

A total number of votes resulting from all the issued shares of the Issuer corresponds to the number of shares and amounts to 441,442,578 votes.

Shareholding structure

All the Company's shares are dematerialised bearer shares registered with the National Depository for Securities.

The table below presents Enea SA's shareholding structure as at the publication date of the periodic report for Q3 2017, i.e. 23 November 2017.

Shareholder	Number of shares /number of votes during GM	Share in the share capital /share in the total number of votes
State Treasury	227 364 428	51.50%
PZU TFI	43 959 339	9.96%
Others	170 118 811	38.54%
TOTAL	441,442 578	100.00%

From the publication of the previous quarterly report, i.e. 25 May 2017, the single change in the shareholding structure related to the decrease in the share of the funds managed by TFI PZU SA below the threshold of 10% of the total number of votes in the Company. Detailed information within this scope were published in the current report No. 25/2017 of 27 June 2017.

Prices of Enea SA's shares on the Warsaw Stock Exchange

Enea SA's shares have been listed on the Warsaw Stock Exchange (WSE) since 17 November 2008. The share of the Company's shares in indices as at 30 September 2017.

WIG 30	m WIG 40	WIG energia	WIG Poland
1.30%	3.84%	14.23%	0.94%

The table below demonstrates data relating to the Company's shares in Q1-Q3 2017.

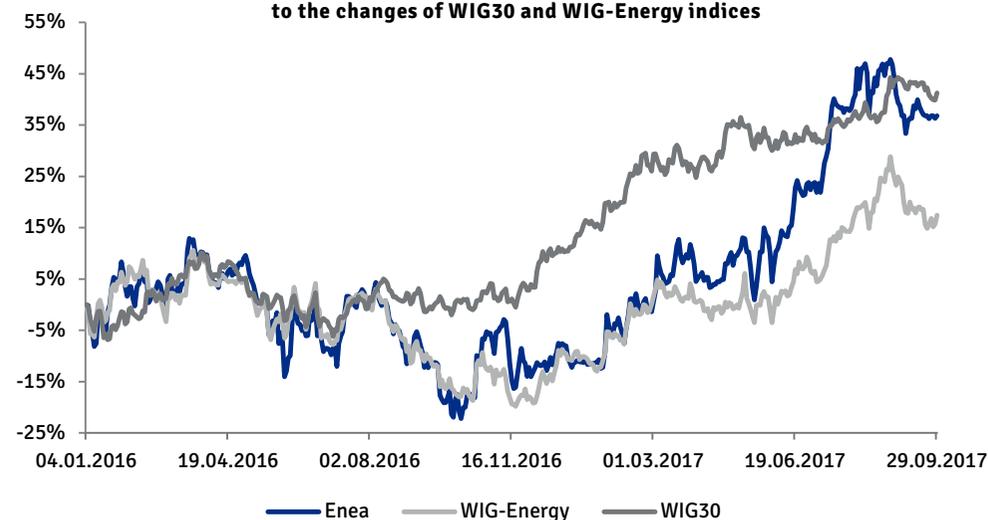
Data	Q1-Q3 2017
Number of shares[pcs]	441 442 578
Minimum [PLN]	9.48
Maximum [PLN]	15.99
Closing price [PLN]	14.80
Opening price [PLN]	9.60
Average volume [pcs]	687 480

Prices of Enea's shares in 2016-2017



In the period from 1 January to 30 September 2017 the price of Enea's shares grew from PLN 9.60 to PLN 14.80, i.e. by PLN 5.20 or 54.2%. The highest price in the period was achieved for Enea's shares on 28 August, and the lowest - on 23 January 2017.

Change in the price of Enea SA's shares in relation to the changes of WIG30 and WIG-Energy indices





5. Authorities

Personal composition of Enea SA's Management Board

From the beginning of 2017 the composition of the Management Board has been as follows: Mirosław Kowalik - President of the Management Board, Wiesław Piosik - Vice-President of the Management Board for Corporate Affairs, Piotr Adamczak - Vice-President of the Management Board for Commercial Affairs and Mikołaj Franzkowiak - Vice-President of the Management Board for Financial Affairs.

On 24 August the Company's Supervisory Board adopted resolutions regarding the dismissal from Enea SA's Management Board of Wiesław Piosik, i.e. the Vice-President for Corporate Affairs, and of Mikołaj Franzkowiak i.e. the Vice-President for Financial Affairs. At the same time the Supervisory Board delegated on the same date the Member of the Supervisory Board, Rafał Szymański, to temporarily serve as the Vice-President of the Management Board for Corporate Affairs of Enea SA for the period not exceeding three months until a new Member of the Management Board for Corporate Affairs in Enea SA is nominated. On 22 September the Company's Supervisory Board adopted a resolution concerning nomination as of 1 October 2017 of Piotr Olejniczak to the position of the Member of the Management Board for Financial Affairs and on 5 October a resolution concerning nomination as of 10 October 2017 of Zbigniew Piętka to the position of the Member of the Management Board for Corporate Affairs.



Mirosław Kowalik

President of the Management Board

Mirosław Kowalik has been connected with the power industry for over 20 years, holding managerial positions on an operating and strategic level. In 2015 he managed SNC Lavalin sp. z o.o. Polska as the Vice-President of the Board and Business Development Director. During 1999-2015 he worked on various managerial positions for ALSTOM Power, recently as the Marketing and Sales Director. Connected with ABB corporation during 1995-1998.

Mirosław Kowalik is a graduate of the Faculty of Energy Engineering of the Gdynia Maritime University. He graduated from MBA (Rotterdam School of Management programme in cooperation with the University of Gdańsk and Gdańsk Foundation for Management Development) achieving the degree of Executive Master of Business Administration. He is also a graduate of postgraduate studies of Corporate Finance Management at the Warsaw School of Economics. Currently, he is undergoing a PhD study - Executive Doctor of Business Administration in the Polish Academy of Sciences, Institute of Economics.

Scope of competence: Coordination of tasks related to the overall operations of the Company and Enea Capital Group.

Zbigniew Piętka

Vice-President of the Management Board for Corporate Affairs

Involved in the energy industry for almost 40 years. From 2016 he was the Deputy Director of the Maritime Office in Szczecin for technical issues. During 2009-2014 he worked as an electro automation officer in Polska Żegluga Morska, with which he was also associated at the beginning of his career in 1981-1994. In 2007-2008 he was Vice-President of Enea for Infrastructure. He also gained managerial experience in Zarząd Morskich Portów Szczecin-Świnoujście, where he was the Head of the Energy Department - Chief Power Officer in 1994-2007.

Zbigniew Piętka is a graduate of the Faculty of Electrical Engineering of Szczecin University of Technology. He also completed postgraduate studies at the Warsaw University of Technology in the field of energy enterprise management in the conditions of energy market development.

Scope of competence: Supervision and coordination of all the notions related to the Corporate Governance, ownership supervision, services in Enea Capital Group.



Piotr Adamczak

Vice-President of the Management Board for Commercial Affairs

Piotr Adamczak has been connected with the power industry for over 20 years. He commenced his professional career in Zakład Energetyczny Poznań. He managed the Market Organisation Department in EnergoPartner Wielkopolska. During 2002-2011 he worked in Energetyka Poznańska, and after the consolidation in Grupa Energetyczna Enea SA, on the positions of the Office Manager, Division Manager and Department Director, he dealt with the centralisation and realisation of tasks within the wholesale trade in electricity, duties of a commercial and technical coordinator, commercial coordinator, and commercial cooperation with RES as well. From 2011 he worked on the position of the Office Manager and from 2013 Trading Department Director in Enea Trading where he dealt with commercial activities on electricity markets, proprietary interests to certificates of origin, emission allowances and commercial cooperation with RES for the account of Enea Group companies.

Piotr Adamczak is a graduate of the Poznań University of Technology, majoring in Electrical Engineering at the Faculty of Electrical Engineering. He also graduated from Postgraduate Studies in Economic Problems of Power Sector Transformation at the Warsaw School of Economics, and the postgraduate study in "Electricity trade management" at the Poznań Trade and Commerce College.

Scope of competence: Supervision and coordination of the overall tasks related to the trading activity and Customer service.

Piotr Olejniczak

Vice-President of the Management Board for Financial Affairs

Piotr Olejniczak has been involved in corporate finance since the beginning of his career. He holds over 20 years of experience in leading consulting companies, where he held managerial positions. Since 2015 he has run his own business, including consulting. Earlier in 2008-2015, he was the director of the Capital Markets Department at IPOPEMA Securities. He worked for KPMG Advisory as a manager and deputy director in Corporate Finance for seven years. Piotr Olejniczak was associated with BRE Corporate Finance during 1996-2001, where he was promoted from Senior Consultant to Area Manager. He started his career at Doradca Consultants Ltd. as a junior consultant in the Department of Financial Consulting.

Piotr Olejniczak is a graduate of the Faculty of Economics at the University of Gdańsk. He also, as part of his scholarship, studied finance and German at FHTW Berlin (now Hochschule für Wirtschaft und Recht Berlin) and at Johann Wolfgang Goethe University in Frankfurt am Main. He also completed postgraduate studies at the University of Warsaw within corporate law and capital market law. He participated in numerous trainings on mergers and acquisitions.

Scope of competence: Supervision and coordination of economic, financial and accounting affairs related to risk management in the Company and Enea Capital Group, teleinformation and controlling.



Personal composition of Enea SA¹ Supervisory Board

During 2017 no changes occurred in the composition of the Company's Supervisory Board. As at the date of publication of this report, i.e. 23 November 2017, the Supervisory Board of the Company of the 9th term is composed of ten members and operates in the following composition:

Małgorzata Niezgodą, Chairman of the Supervisory Board

Date of appointment: 2 July 2015

Małgorzata Niezgodą currently works as the Director of the Supervision Department in the Ministry of Energy. She has held various positions since 2008 in the departments dealing with ownership supervision over the State Treasury owned enterprises in the Ministry of Treasury. In the period from November 2014 to February 2015 she was the Director of the Mining Department of the Ministry of Economy. In this period the bituminous coal mining restructuring process was prepared.

Małgorzata Niezgodą holds a higher qualification, she graduated from the Warsaw University of Life Sciences – SGGW on the faculty of Environmental Engineering

Piotr Kossak, Vice-Chairman of the Supervisory Board

Date of appointment: 15 January 2016

Piotr Kossak runs a legal practice in his own Law Firm of the Legal Counsel in Sandomierz specialising in reprivatization issues, foundation and association law and companies law. During 2010-2012 he was connected with the University of Human and Life Sciences in Sandomierz - as a research associate and dean on the Faculty of Law and Administration.

Piotr Kossak is a PhD of legal sciences within law. He received this degree at the Faculty of Law, Canon Law and Administration of John Paul II Catholic University of Lublin (KUL) in Lublin. He completed the legal training by the District Chamber of Legal Advisers in Kraków and barrister's training by the District Bar Council in Kielce. In 2006 he was entered into the list of legal counsels in the District Chamber of Legal Advisers in Kraków, and in 2009 he was entered into the list of barristers of the District Bar Council in Kielce. Piotr Kossak satisfies the independence criteria for members of the Supervisory Board.

Rafał Szymański, Secretary of the Supervisory Board

Date of appointment: 2 July 2015

Rafał Szymański is an employee of the Ministry of Energy in the Supervision Department. His professional duties include e.g. ownership supervision of State Treasury companies. So far, he has been employed in the Ministry of Treasury, where he held e.g. the position of the Head of the Department supervising the power sector companies owned by the State Treasury.

Rafał Szymański graduated from the University of Warmia and Mazury majoring in the Ecological Engineering and from Post-graduate Studies of Energy Market Operation at the Warsaw School of Economics.

On 24 August 2017 delegated to temporarily serve as the Member of the Management Board for Corporate Affairs of Enea SA for the period not exceeding three months until a new Member of the Management Board for Corporate Affairs of Enea SA is nominated.

Wojciech Klimowicz, Member of the Supervisory Board

Date of appointment: 2 July 2015

Wojciech Klimowicz has been connected with Enea SA since 2003 and currently works in the Sales Department

Mr. Wojciech Klimowicz graduated from MA studies at Adam Mickiewicz University in Poznań, Faculty of Social Sciences, majoring in Politology (specialisation: local government administration). He also graduated from Postgraduate studies: Data statistical analysis in administration and business at the Faculty of Economics of the Poznań University of Economics and Business.

Tadeusz Mikłosz, Member of the Supervisory Board

Date of appointment: 2 July 2015

Tadeusz Mikłosz holds long professional experience in the area of power engineering and ownership supervision. Since 1983 he has been connected with Enea SA and its predecessor entity, and currently he is an employee of the Operating Management Department. He has sat in various Supervisory Boards since 1997.

Tadeusz Mikłosz holds a higher qualification in team leadership and political science. He also graduated from Post-graduate Studies in commercial law at Poznań University of Economics.

Stawomir Brzeziński, Member of the Supervisory Board

Date of appointment: 2 July 2015

Stawomir Brzeziński has been connected with Enea SA since 2008. Currently, he is holding the position of the Organisation and Safety Department Director. Previously he was related to the International Fair of Poznań.

Stawomir Brzeziński is a graduate of the Poznan University of Technology, Faculty of Machine Construction and Management and the University of Gdansk, Faculty of Law and Administration. He also graduated from post-graduate studies at Poznań University of Economics within logistics and supply chain management and Poznań University of Technology majoring in quality management.

Roman Stryjski, Member of the Supervisory Board

Date of appointment: 15 January 2016

Roman Stryjski is a professor of the University of Zielona Góra, Director of the Institute of Computer Science and Production Management. Formerly, he was professionally connected with the Higher Engineering School in Zielona Góra and the Pedagogical University in Zielona Góra for many years. Member of international scientific societies and advisory committees, the Polish Association for Energy Certification and the Organisation and Management Sciences Committee of the Polish Academy of Sciences Branch in Poznań.

Roman Stryjski is a habilitated doctor of technical sciences of Martin Luther University Halle-Wittenberg.

Piotr Mirkowski, Member of the Supervisory Board

Date of appointment: 15 January 2016

During 2009-2015, Piotr Mirkowski was a member of the Supervisory Board of the joint stock company Radpec SA. In 2007-2015 he was connected with RTBS "Administrator" sp. z o.o. From 1998 to 1999 he was employed in Zakład Usług Technicznych Energetyki Ciepłej in Radom on the position of an Operations Director. During 1989-1998 he worked as the Heat Networks Department Manager in Wojewódzkie Przedsiębiorstwo Energetyki Ciepłej in Radom.

Piotr Mirkowski is a graduate of the Radom School of Engineering, speciality: mechanical engineering. He also graduated from the postgraduate studies at the Warsaw University of Technology within heating and heating with energy auditing. He holds ISO auditor and ISO plenipotentiary certificates.

Rafał Bargiel, Member of the Supervisory Board

Date of appointment: 15 January 2016

Rafał Bargiel currently runs his own office of a legal counsel which renders comprehensive legal services for individual and corporate clients. From 1 September 2017 has been pursuing the profession of a legal counsel in the Office of Rafał Bargiel, Legal Counsel in Bielsko-Biała. Formerly, he ran his own office of a legal counsel.

Rafał Bargiel obtained his Master's degree at the University of Silesia in Katowice at the Faculty of Law and Administration. He completed a barrister training by the District Bar Council of Bielsko-Biała.

Paweł Skopiński, Member of the Supervisory Board

Date of appointment: 5 September 2016

Paweł Skopiński is a legal counsel in the Ministry of Energy. Connected with the Legal Department in the Ministry of Treasury since 2004. During 2010 - 2016 he was a Legal Counsel in the Legal and Litigation Department of the Minister of Treasury. Previously, he cooperated with renowned law firms on preparation of legal opinions.

Paweł Skopiński graduated from the University of Warsaw, Faculty of Law and Administration in Warsaw. In 2009 he obtained the professional title of a Legal Counsel and was entered into the list of legal counsels of the District Chamber of Legal Advisers in Warsaw.

In relation to the nomination of the Supervisory Board of the 9th term the Audit Committee and Nominations and Remuneration Committee were appointed. As at the date of publication of the report the composition of the above mentioned committees was as follows:

Audit Committee

Name	Position
Piotr Kossak ¹⁾	Chairman
Małgorzata Niezgoda	Member
Roman Stryjski ²⁾	Member
Piotr Mirkowski ²⁾	Member
Rafał Bargiel ²⁾	Member
Stawomir Brzeziński	Member
Wojciech Klimowicz	Member

Nominations and Remuneration Committee

Name	Position
Rafał Szymański	Chairman
Piotr Kossak ¹⁾	Member
Rafał Bargiel ²⁾	Member
Piotr Mirkowski ²⁾	Member
Tadeusz Mikłosz	Member
Paweł Skopiński	Member

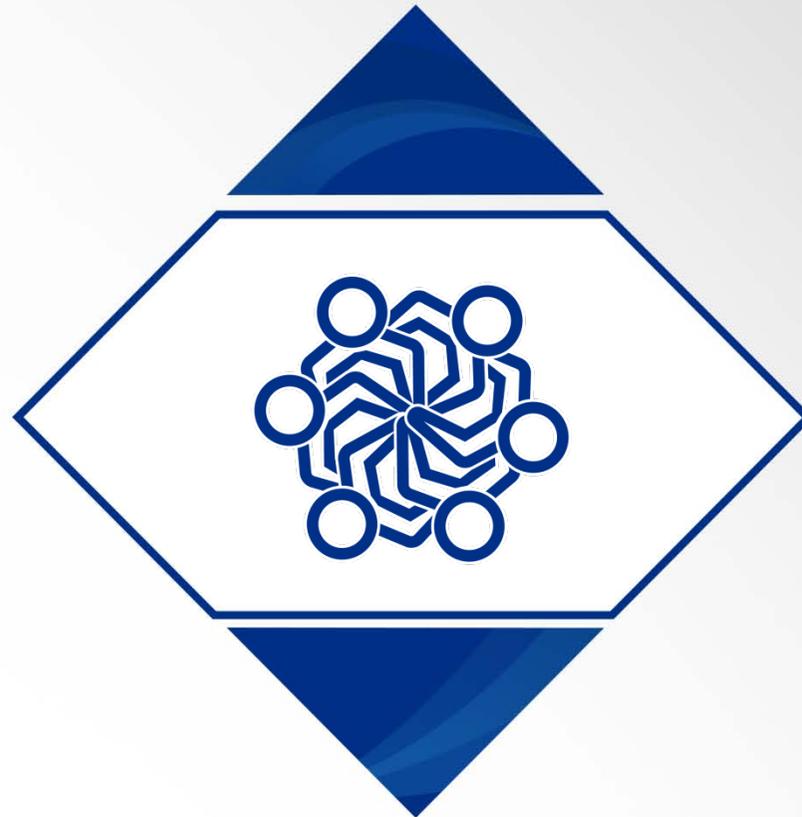
1) An independent member under Article 129 item 1(3) of the Act of 11 May 2017 on chartered accountants, auditing companies and public supervision and under the principles of corporate governance included in the set of Best Practices of WSE listed Companies 2016

2) Independent member under Article 129 item 1(5) of the Act of 11 May 2017 on chartered accountants, auditing companies and public supervision

List of shares and allotment certificates to shares of Enea SA held by members of the Management and Supervisory Boards

Name	Position	Number of Enea SA's shares as at 25 May 2017	Number of Enea SA's shares as at 23 November 2017
Tadeusz Mikłosz	Member of the Supervisory Board	4 140	4 140





**6. Other information significant
for the assessment of the Issuer's situation**

Demand for energy

According to the forecast included in “Update of the projection of demand for fuels and energy until 2030” the demand for electricity during the coming years will grow in all the sectors of the economy. According to the above document the net electricity production will grow to 193.3 TWh in 2030. At the same time, pursuant to the document titled “Conclusions from forecast analyses for the needs of the Energy Policy of Poland until 2050” until 2050 the production of electricity will increase by ca. 40% - from 158 TWh in 2010 to 223 TWh in 2050.¹⁾

Exemption from the obligation to tariff households

Pursuant to Article 49 of the Energy law, the President of ERO may exempt an energy company from the obligation of submitting tariffs for approval, if he states that it operates competitively. A potential exemption from tariffing may positively affect the margin on sales of energy.

Significant trends in the area of Distribution

New technologies appearing, growing Customer expectations and a dynamically changing economic environment in Poland and in the world anticipate changes in the way ODSs operate, they in particular draw attention to the necessity of implementing solutions which are innovative in the area of distribution, leading to the modernisation and extension of the distribution network allowing for absorption of leading trends in the power engineering sector.

The key trends are related to:

- development and implementation of smart grids
- development and implementation of modern IT systems supporting the network management
- occurring new institutional and technical solutions such as clusters, energy cooperatives, prosumer market, energy warehouses, electromobility

Quality tariff

The new model of the quality regulation came into force on 1 January 2016, yet it will have impact on the finances of Enea Operator (and other ODSs) as late as in 2018. The President of the Energy Regulatory Office made some portion of the regulated income dependant on the quality of services rendered by these entities. Service quality assessment will be performed by measuring numerous ratios, in particular of uninterrupted power supply and time of connecting to the power grid.

Growth in the number of energy sellers

The number of electricity sellers grows regularly. Appearing of a seller conducting an aggressive price policy may result in the pressure on the margin on sales of energy to retail consumers.

Additionally, it must be noted that more and more customers decide to change their energy seller. The number of TPA recipients (Third Party Access) among enterprises (tariff group sets A, B, C) as at the end of September 2017 amounted to 186,118, thus grew from the end of December 2016 by 12,260 (7.1%). And among households (tariff group set G) the TPA principle was used, as at the end of September 2017, by 529,023 customers, which means a growth by 66,393 (14.4%) in relation to the end of December 2016.²⁾

Continuation of the cooperation on the construction of the first atomic power plant in Poland

On 3 September 2014, PGE Polska Grupa Energetyczna, Tauron Polska Energia, Enea and KGHM Polska Miedź (Business Partners) concluded a Shareholder Agreement. On 15 April 2015, pursuant to the Shareholder Agreement, an agreement on sale of shares in PGE EJ 1 Sp. z o.o. was concluded, as a result of which each of the Business Partners acquired 10% of shares in PGE EJ 1. As a consequence of disposal by PGE Polska Grupa Energetyczna to the Business Partners of shares in PGE EJ 1, PGE Polska Grupa Energetyczna holds 70% in the share capital of PGE EJ 1, and the other Business Partners (Tauron Polska Energia, Enea and KGHM Polska Miedź) 30%, i.e. 10% each.

As anticipated, PGE Polska Grupa Energetyczna is the leader of the construction project and exploitation of the first Polish atomic power plant, and PGE EJ 1 is to be a future operator of the power plant.

Pursuant to the Shareholder Agreement, the Parties jointly undertake, in the proportion to number of shares held, to finance the operations as part of the preliminary stage of the Project (Development Stage). Enea’s financial engagement at the Development stage will not exceed the amount of ca. PLN 107 mln. In Q3 2017 PGE EJ 1 continued works in the programme of preparation to the construction of the atomic power plant in Poland.

The Parties to the Shareholder Agreement foresee that the decision relating to the declaration of further participation of particular Parties in the next stage of the Project will be made after the completion of the Development stage.

Continuation of the construction of the power unit

In 2012 Enea Wytwarzanie and Hitachi Power Europe GmbH (presently Mitsubishi Hitachi Power Systems Europe GmbH) and Polimex-Mostostal SA consortium signed an agreement totalling PLN 5.1 bln net on the construction of 1,075 MW_e gross supercritical bituminous coal fired power unit of the efficiency of 45.6% net.

On 23 December 2016 Enea Wytwarzanie sp. z o.o. and Mitsubishi Hitachi Power Systems Europe and Polimeks-Mostostal consortium signed a deadline amending annex amending the date of handing over the unit for operation to 19 December 2017. Shifting the deadline stems from objective reasons, beyond the control of the contractual parties. The value of the contract (PLN 5.1 bln net) remained unchanged.

The investment in the construction of the new power unit is one of the key undertakings in order to increase generating capacities of Enea Group for a long-term satisfaction of the demand for electricity of all the Group’s customers. The new power unit in Koźnice Power Plant will be the most modern unit fired with bituminous coal in Poland and Europe. The completion of the investment will allow for increasing generating capacities of the power plant in Koźnice by ca. 30%.

Structure of generating portfolio

Irrespective of launching a unit with 1,075 MW capacity in Koźnice Power Plant, Enea plans its engagement in the construction of new sources or acquisitions of the ones already existing. Some of these activities will be implemented by partnerships with other energy groups. The implementation of the strategy will mean a significant growth in Enea’s importance in electricity generation for the needs of the Public Power System. The total installed capacity of conventional sources is to increase to 5.8-6.3 GW in 2025. It will allow the Group to generate 20.7-22.8 TWh electricity from own sources, which will mean electricity generation and sales balance.

Rating

Maintaining on 30 June 2017 by Fitch Ratings agency of a long-term rating of Enea SA in national and foreign currency on the level of “BBB” is of a key importance as to the realisation of the investment intentions of the Group. The agency affirmed and concurrently withdrew, for contractual reasons, the national long-term rating on the level of “A+(pol)” with a stable outlook. Fitch Ratings has performed the Company’s credit rating since 2011.

1) bjp.me.gov.pl/files/upload/21394/Wnioski%20z%20analiz%20prognostycznych_2014-08-11.pdf

2) ure.gov.pl/pl/wskazniki-dane-i-anali/zmiana-sprzedawcy-moni/4776,Zmianaspredawcymonitoring.html

Collective disputes

There are no collective labour disputes in any of the key companies comprising Enea CG. In order to eliminate the risk and occurrence of a potential collective dispute the boards of the companies have a regular dialogue with the society.

Trade unions of Lubelski Węgiel Bogdanka protest against introduction of the Corporate Governance of Enea Group. It may not however be a reason for initiating a collective dispute since the catalogue of the Act on solution of collective disputes precisely enlists cases which may be causes for a dispute.

Court and administrative proceedings

As at the date of publication of this report, no proceedings are underway regarding liabilities or claims, the party to which would be Enea SA or its subsidiary, whose single or total value would amount to 10% or more of Enea SA's equity.

A detailed description of proceedings is presented in note 23 to the condensed interim consolidated financial statements of Enea Capital Group for the period from 1 January to 30 September 2017.

Long-term development of energy market

On 16 February 2016 the Government of Poland adopted "Plan for Responsible Development of Poland"¹⁾. The document specifies the key directions of the state functioning and new impulses which will ensure its stable development in the future.

The plan foresees that the development of the Polish economy will be based on five pillars: reindustrialisation, innovations, capital, foreign expansion and social and regional development.

Pursuant to the provisions of the document relating to the energy market, in order to increase energy efficiency and unlock the investment after 2020 (including avoidance of blackout and becoming independent from energy imports) the state intends to e.g. support the development of energy infrastructure (energy bridges, power storing technologies), liberalise market areas and introduce capacity market mechanism which would be an impulse for investments in the segment of conventional power engineering.

The process was commenced of implementing a dual-commodity market on which, apart from electricity, also capacity will be traded. The Ministry of Energy, in the document titled "Functional solutions of the capacity market" published on 30 September 2016 justifies the necessity of introducing a new market. At the beginning of December 2016 the Ministry of Energy presented a draft act on the capacity market. As mentioned in the justification, the introduction of the mechanism is to prevent shortages of generation capacity, create economic incentives for construction, maintenance and modernisation of generating units and managing the energy consumption at customers.

New projections for energy price paths

Long-term financial projections of Enea Group based on the forecast electricity price paths, expectations as regards the changes of market prices of certificates of origin for energy, allowances for emissions of CO₂ and coal prices demonstrate a more and more demanding situation of the area of Generation. Due to the maintaining of energy prices on low levels, resulting in the imbalance between generated revenue and costs of energy generation, the Group foresees the necessity of a quick entry into force of the announced support mechanisms for system power engineering (e.g. through the implementation of the capacity market mentioned above). Difficulties in generating good financial results by generating sources will exclude a possibility of incurring expenditures on development investments which during the coming years seem inevitable.

Variability and liquidity on the wholesale market

Since the very beginning of 2016 we faced a decreased liquidity in electricity trade on the Electricity Futures Market managed by the Polish Power Exchange. The situation did not improve in 2017 - the volume of electricity trading on the forward market of PPE in three quarters was by 36% lower than in the previous year. A drop in RDN market (spot) was smaller and amounted to 9%, however such the turn of events forces to look in the future with some anxiety related to the possibilities of hedging the trading positions. A positive fact here is a growing trade on the natural gas futures market, which allows for the diversification in the trading operations.

Limits of Proprietary Interests

In the area of PMOZE_A (certificates of origin for energy generated in renewable energy sources) characterises with a permanent surplus of rights on the market, translating into low prices. The Regulation of the Minister of Energy of 11 August 2017 defining the level of duty for the years 2018-2019 (17.5% and 18.5%, respectively) has improved the prospects of long-term reduction of the surplus of 25 TWh, which translated into a fairly strong price increase to the level of 61 PLN/MWh, and subsequently a decrease to about 40 PLN/MWh.

In the area of PMOZE_BIO (certificates of origin for energy from agricultural biogas) the situation changed diametrically in relation to the obligatory surrender duty for 2016 and at present the prices of these allowances (over 312 PLN/MWh) are above the compensatory payment, taking into account the excise deduction premium (20 PLN/MWh) to fulfil the obligation by the redemption of certificates of origin.

For PMEF (energy efficiency), after the decision of 20 July 2017 in the fifth tender for the selection of projects aimed at improving energy efficiency, it is expected that there will be an oversupply of PMEF on the market - which is reflected in the large discount of stock market quotations (about 500 PLN/toe in relation to compensatory payment 1,500 PLN/toe).

The proprietary interest system presently in force for cogeneration is valid until the end of 2018.

Gas portfolio

Pursuant to the provisions of the Energy Law, the gas market is subject to a successive liberalisation. As of 1 October 2017 the prices for the other business consumers were deregulated. The obligation to submit tariffs to the Present of ERO for approval will apply only to the segment of households.

Pursuant to the amendment to the Petroleum Act, as well as to the rules of conduct in situations of threat to the State's fuel safety and distortions in the oil market, energy companies engaged in natural gas trading activities abroad have been obliged to maintain compulsory gas reserves in a quantity corresponding to at least 30 days average daily import of the gas.

Termination/withdrawal from proprietary interests purchase agreements by Enea SA

On 28 October 2016 Enea submitted notices on termination or withdrawal from long-term contracts for the purchase of proprietary interests resulting from certificates of origin of energy from renewable sources (the so-called green certificates). The agreements were terminated.

The reason for termination/withdraw from individual contracts by the Company was exhaustion of possibilities of restoring the contractual balance and equivalence of performance by the parties as a result of law amendments. The financial result stemming from the termination of the Agreements will be avoidance by the Company of a loss being the difference between contractual prices and the market price of green certificates.

Currently, before the Regional Court in Poznań two cases are pending for determination of inefficacy of Enea SA's termination of agreements on sale of proprietary interests. Additionally, proceedings is pending against Enea SA for payment as remuneration for proprietary interests which resulted from the deduction from payments for damages suffered by Enea SA as the result of non-performance by contractors of the contractual obligation to commence, in good faith, renegotiations of long-term contracts for sale of proprietary interests according to the adaptation clause binding upon the parties.

The estimated total value of Enea's contractual liabilities amounted to ca. PLN 1,187 mln net.

Situation in the national bituminous coal mining sector

The price path for electricity will be strongly dependant upon the costs of obtaining the production fuel. The necessity of restructuring the mining sector in mid-term will undoubtedly translate into the change in prices of supplied energetic materials. The direction of changes is not unambiguous, however as an essential element of the costs of generating domestic electricity it brings additional risks related to the process of futures contractation.

1) www.mr.gov.pl/media/14840/Plan_na_rzecz_Odpowiedzialnego_Rozwoju_prezentacja.pdf

Incorporation of ElectroMobility Poland SA

PGE Polska Grupa Energetyczna, Energa, Enea and Tauron Polska Energia incorporated ElectroMobility Poland on 19 October 2016. The operations of the new company are to contribute to the creation of the electromobility system in Poland.

The new company's share capital is PLN 10 mln. Each of the companies incorporating ElectroMobility Poland holds 25% in the share capital with 25% of votes at a general meeting.

Regulatory environment

Enea SA's operations are conducted in the environment subject to detailed legal regulations, both in Poland and in the European Union. Legal regulations relating to the energy sector are often derivatives of political decisions, therefore there is a risk of frequent changes within this area which the Company is not able to foresee, and which may, as a consequence, result in a lack of unity and uniformity of regulations, based on which Enea SA conducts its operations. Regardless of the above, the Group's operations are governed by the current shape of the national legal system defining the framework for conducting a business activity in Poland, including in particular the tax system, competition and consumer protection, labour law and environmental protection. It can not be ruled out that changes in the above areas in terms of specific legal acts as well as individual interpretations related to significant areas of the Group's activity may become a source of potential liabilities of the Group companies.

Directive of the European Parliament and of the Council No. 2015/2193 of 25 November 2015 on the limitation of emissions of certain pollutants into the air from medium combustion plants

The key scope of the MCP Directive regulation is specification of: the emission norms for three types of air pollutants - sulphur dioxide (SO₂), nitric oxides (NO_x) and dusts for medium combustion plants, and also dates until which it is necessary to satisfy the duty of observing relevant volumes of air pollution in the existing and new medium combustion plants. As per Article 17(1) sentence 1 of the MCP Directive, member states are obliged to bring into force the laws, regulations and administrative provisions necessary to comply with the Directive by 19 December 2017.

The provisions of the MCP Directive are significant as regards the companies in which Enea Wytwarzanie sp. z o.o. holds shares and in which the so-called medium combustion plants directly defined in the MCP directive are located. These companies include: Przedsiębiorstwo Energetyki Ciepłej sp. z o.o. in Oborniki (PEC Oborniki), Miejska Energetyka Ciepła Piła sp. z o.o. in Piła (MEC Piła) and Miejskie Przedsiębiorstwo Energetyki Ciepłej sp. z o.o. in Białymstok (MPEC Białystok).¹⁾

REMIT

Since 7 October 2015 there has been a duty to report basic transactions and data (for standard contracts for electricity and gas supplies) to the European Agency for the Cooperation of Energy Regulators (Agency or ACER). Pursuant to the REMIT regulation, i.e. the regulation of the European Parliament and the Council (EU) No. 1227/2011 dated 25 October 2011 on wholesale energy market integrity and transparency (REMIT), until the above mentioned date the participants of the wholesale energy and natural gas market mentioned in Article 9 item 1 of REMIT are obliged to register with the national regulatory authority.

With the Act of 11 September 2015 on amendment of the Energy Law and some other acts (J. L. of 2015, item 1618), which entered into force on 30 October 2015, the principles were introduced guaranteeing REMIT application, including the penal provisions (Chapter 7A) for breaching the duties resulting from REMIT.

On 7 April 2016, as per Article 12(2) sentence 3 and 4 of the Commission's (EU) implementing regulation No. 1348/2014 of 17 December 2014 on data reporting implementing Article 8(2) and Article 8(6) of Regulation (EU) No 1227/2011 of the European Parliament and of the Council on wholesale energy market integrity and transparency, an obligation entered into force of reporting to ACER the other transactions in wholesale trade (standard and non-standard contracts for supply of electricity or natural gas concluded on OTC market, transmission contracts) and data on the operation of systems published by operators of transmission systems, LNG operators and operators of warehousing systems.

Amendment to RES Act

On 14 August 2017 the President of the Republic of Poland signed the amendment to the act of 20 February 2015 o RES. As indicated in the justification to the draft act its objective is the introduction of a solution facilitating a balanced development in the area of renewable energy sources via changing the amount of the unit fee being the element allowing for making the market of green certificates more flexible, and - on a long-term basis - decreasing the oversupply of certificates in this market. The above objective is to be achieved in particular via "market facilitation" of the level of the so-called compensatory payment.

Pursuant to the amendment the fixed value of the compensatory payment was resigned from and in turn its height was related to the market prices of proprietary interests resulting from a certificate of origin. Additionally, a fee was changed (the method of its calculation) for an entry in the register of certificates of origin.

Act of 20 July 2017 - Water Resources Law

On 2 August 2017 the President of the Republic of Poland signed the Water Resources Law. The act replaces the existing act of 2001 which regulates water resources management, including shaping and protection of water resources, use of water and water resources management, issues of titles to water reservoirs and lands covered with water, and also principles of managing these elements as relates to the State Treasury property. The act amendment is connected with the implementation of requirements of the Directive of the European Parliament establishing the framework of the Community operations as regards the water management policy. The act liquidates exemptions from fees for the commercial use of water for energy purposes, and also introduces additional fees on this account commencing from 2018.

Draft act on capacity market

In July 2017 a draft act on the capacity market was submitted to the Polish Sejm. The main objective of the regulations is guaranteeing the reliability and stability of electricity supply for the industry and households. The intention is to establish incentives for the investment and modernisation activities in the power industry. The market will relate to the so-called net available capacity, which may be offered by generators and controlled energy reception. According to the draft act the goal of the capacity market is guaranteeing energy supply security in the long-term and short-term perspective - the so-called generation capacity adequacy. Auctions which will be organised by the power transmission system operators are to be the key element of the capacity market. Pursuant to the draft the expenses of the capacity market are to be borne by electricity end users in the form of an additional fee.

Draft act on electromobility and alternative fuels

In April 2017 the Ministry of Energy published a draft act on electromobility and alternative fuels. Pursuant to the proposed provisions Operators of the distribution systems (ODS) are to assume a great role in the charging infrastructure needed for the electromobility development. According to the draft act, the ODS will be required to prepare a programme for the construction of public charging points and related projects necessary to connect these points to the grid in municipalities located in the area of its activity covered by the Act. In the case the competitions foreseen in the act for operators of the infrastructure are undecided ODS will be obliged to build and manage the open-access charging point. The ODS, as an infrastructure operator, will at the same time be obliged to provide all suppliers with access to a charging service on an equal footing. The draft act foresees at the same time numerous discounts and incentives for the owners of the charging infrastructure.

1) From 16 November 2017 Enea Serwis sp. z o.o.

Allowances for emissions of CO₂

A material element within costs, conditioning the profitability of electricity generation is the allocation of free allowances for emissions of CO₂ and other gases and substances in a given settlement period. Obtaining a free allocation of CO₂ emission is conditional on the implementation of dedicated investments in Enea Group notified in the National Investment Plan (NIP). The value of actual outlays is the base for obtaining allowances.

In 2017 works are performed relating to the possibilities of using unallocated allowances due to lower than planned costs of implemented investments. The Ministry of Environment is conducting talks with EC regarding extension of the list of investment tasks, closed in 2012, with new projects from the area of RES, low-emission investments, investments relating to the energy efficiency, investments in transmission or heating networks.

Additionally, activities will be carried out with the objective to determine the principles of the 4th stage of EU ETS functioning starting from 2021. The major changes which may diametrically affect the market situation, include e.g.:

- increasing the linear ratio to 2.2%
- lack of free allowances for the sectors which are not exposed to the carbon leakage risk
- doubling, during the first 4 years of MSR functioning, the number of allowances taken from the auction pool to the reserve to the level of 24% of the allowance surplus
- permanent removal of 800 mln MSR allowances from the market

According to the schedule, Poland has been realising the assumptions of selling 85.88 mln allowances for CO₂ emissions in 2017. 14.99 mln come from allowances not sold in 2016, and 70.89 mln constitutes the volume originally scheduled for sale in 2017. The point of sale of Polish EUAs is the EEX stock exchange auction platform with which Poland has re-concluded the contract for sale of emission allowances. Auctions are held every second Wednesday and 4.857 mln EUAs are sold on each of them, except the first and the last ones conducted in August. In the period from January to September 2017 Poland sold 61.59 mln allowances for emissions of CO₂.

The works connected with the 4th stage of EU ETS system are currently in progress in the European Community institutions. The requirements presented in the period of three quarters of 2017 are subject to consultation by the European Commission, European Council and European Parliament (the so-called trilogue). The market expects that during the presidency of Estonia in the EU Council the final version of the agreement will be determined, which will be foundations for the legal framework of the EU ETS system during 2021-2030.

Auction date	Volume	Auction price [EUR]	Volume, cumulatively	% volume, cumulatively
29 March 2017	5 738 500	4.71	5 738 500	7%
12 April 2017	4 857 000	4.84	10 595 500	12%
26 April 2017	4 857 000	4.49	15 452 500	18%
10 May 2017	4 857 000	4.49	20 309 500	24%
24 May 2017	4 857 000	4.81	25 166 500	29%
7 June 2017	4 857 000	4.97	30 023 500	35%
21 June 2017	4 857 000	4.95	34 880 500	41%
5 July 2017	4 857 000	5.10	39 737 500	46%
19 July 2017	4 857 000	5.39	44 594 500	52%
2 August 2017	2 428 500	5.29	47 023 000	55%
16 August 2017	2 428 500	5.62	49 451 500	58%
30 August 2017	2 428 500	6.02	51 880 000	60%
13 September 2017	4 857 000	6.95	56 737 000	66%
27 September 2017	4 857 000	6.75	61 594 000	72%
11 October 2017	4 857 000	7.40	66 451 000	77%
25 October 2017	4 857 000	7.41	71 308 000	83%
08 November 2017	4 857 000	7.62	76 165 000	89%
22 November 2017	4 857 000	7.46	81 022 000	94%
6 December 2017	4 855 000		85 877 000	100%

Reduction of emission of pollutants

Pursuant to the EU regulations, in particular the Directive of the European Parliament and the Council No. 2010/75/EU dated 24 November 2010 on industrial emissions - IED (integrated pollution prevention and control), new, stricter standards of environmental protection have been in force since 1 January 2016. In relation to the above, all producers of electricity in Poland who use mainly high-emission coal technologies, are obliged to adjust the units to new environment requirements. The law, meeting the problems of entrepreneurs, provides for a possibility of using derogatory mechanisms. Mitigation of the requirements of the IED directive in the form of derogations, allows to achieve additional time for adaptation of generating units to stricter standards of pollutant emissions into the air.

On 17 August 2017, the so-called BAT conclusions (BATc) for large combustion plants (Commission Implementing Decision (EU) 2017/1442 of 31 July 2017 establishing best available techniques (BAT) conclusions, under Directive 2010/75/EU of the European Parliament and of the Council for large combustion plants according to the directive of the European Parliament and the Council 2010/75/EU). The published BATc introduce e.g. more stringent (than in the IED Directive) requirements for such pollutants as: sulphur dioxide, nitric oxides and dust. The admissible emission levels (BAT - AELs) covered also additional substances: mercury, hydrogen chloride, hydrogen fluoride and ammonia. Pursuant to the requirements laid down in BATc, starting from 17 August 2017, a 4-year adjustment period commenced.

Kozienice Power Plant

2017/2016	SO ₂			NO _x			Dust			Gross generation of electricity [MWh]
	SO ₂ emission [Mg]	SO ₂ emission ratio [kg/MWh]	SO ₂ emission fee [PLN '000]	NO _x emission [Mg]	NO _x emission ratio [kg/MWh]	NO _x emission fee [PLN '000]	Dust emissions [Mg]	Dust emission ratio [kg/MWh]	Dust emission fee [PLN '000]	
Q1-Q3 2017	7 297.36	0.722	3 867.6	9 626.71	0.953	5 102.2	213.73	0.021	74.8	10 102 664.93
Q1-Q3 2016	7 014.77	0.677	3 717.8	10 905.00	1.052	5 779.7	323.40	0.031	113.2	10 364 772.85
Change %	4.03	6.65	4.03	-11.72	-9.41	-11.72	-33.91	-32.26	-33.91	-2.53

Połaniec Power Plant

2017/2016	SO ₂			NO _x			Dust			Gross generation of electricity [MWh]
	SO ₂ emission [Mg]	SO ₂ emission ratio [kg/MWh]	SO ₂ emission fee [PLN '000]	NO _x emission [Mg]	NO _x emission ratio [kg/MWh]	NO _x emission fee [PLN '000]	Dust emissions [Mg]	Dust emission ratio [kg/MWh]	Dust emission fee [PLN '000]	
Q1-Q3 2017	5 179.53	0.904	2 745.15	9 218.23	1.61	4 885.66	400.16	0.07	140.05	5 728 713.60
Q1-Q3 2016	5 602.05	0.881	2 969.09	11 680.14	1.84	6 190.47	438.41	0.07	153.44	6 356 103.30
Change %	-7.54	2.61	-7.54	-21.08	-12.50	-21.08	-8.72	-	-8.73	-9.87

Observing regulatory and formal requirements

Enea Wytwarzanie

Enea Wytwarzanie sp. z o.o. uses the derogation resulting from IED directive, which is the Transitional National Plan (TNP):

- within sulphur dioxide and dust emissions: Kozienice Power Plant together with Białystok Heat and Power Plant
- within NO_x emission: Białystok Heat and Power Plant individually

In the period of TNP validity, i.e. from 1 January 2016 to 30 June 2020, annual emission thresholds are in force. Pollutant emission within TNP for Q1-Q3 2017 and the level of using annual emission thresholds was listed in the table below.

Installation		SO ₂		Dust		NO _x	
		[Mg]	% utilised	[Mg]	% utilised	[Mg]	% utilised
Kozienice Power Plant	emission	6 535.66		161.87		n/a	
	annual threshold	12 522.0	52.19	1 502.70	10.77	n/a	n/a
Białystok Heat and Power Plant	emission	1 205.05		39.77		212.93	
	annual threshold	2 666.56	45.19	215.69	18.44	1 347.75	15.80
Total	emission	7 740.71		201.64		212.93	
	annual threshold	15 189.06	50.96	1 718.39	11.73	1 347.75	15.80

In Q1-Q3 2017 emission standards specified in the integrated permit were not exceeded.

Enea Połaniec Power Plant

Enea Połaniec SA benefits from the derogation resulting from IED Directive - natural derogation 17,500 hours which covers boiler No. 1. Until the end of September 2017 3,653 hours were used from the limit of 17,500 hours, including in 2017 alone 1,464 hours were used (617 hours in Q3 2017). In Q1-Q3 2017 emission standards specified in the integrated permit were not exceeded.

2017 Tariff - distribution of electricity:

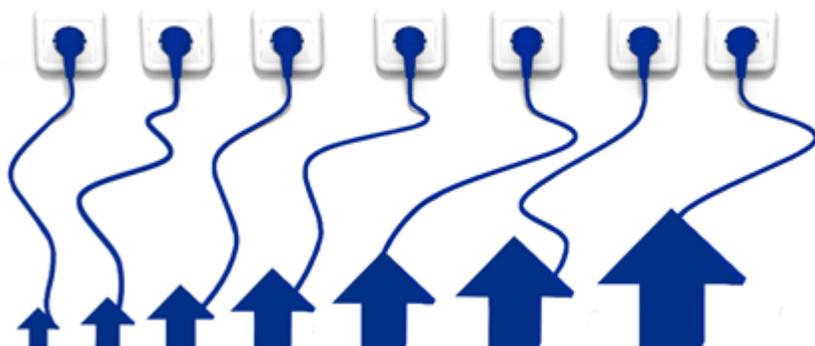
Detailed rules of tariff calculation are governed by the Energy Law and relevant regulations relating to tariffs. Pursuant to the Energy Law, tariffs for a licensed energy company are approved by the President of ERO.

The tariff for Enea Operator for 2017 was approved by the President of ERO on 15 December 2016. It was prepared in accordance with the strategy developed and published by the President of ERO in the document titled "ODS Tariffs for 2017". The rates of fees for the distribution services approved for 2017 resulted in changes in average payments for Customers in particular tariff groups in relation to 2016:

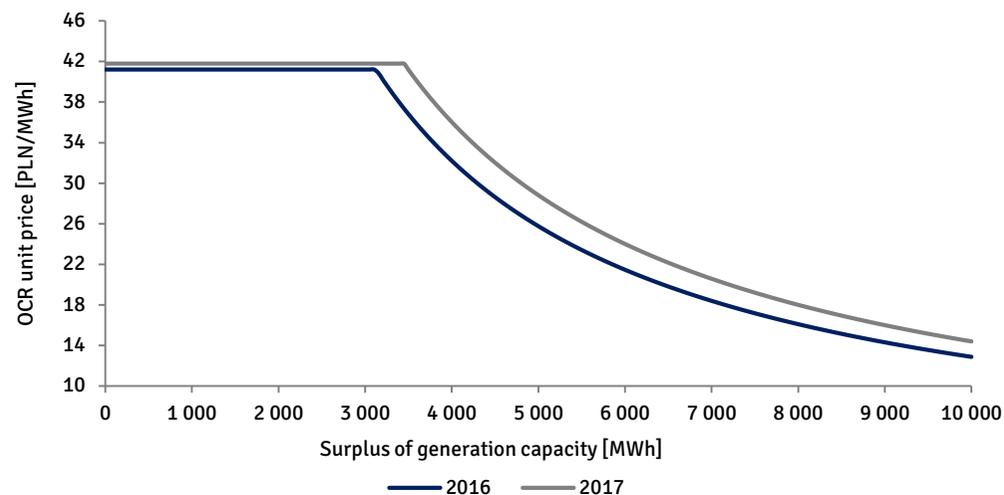
- A tariff group set - growth by 0.96%
- B tariff group set - growth by 5.73%
- C tariff group set - growth by 4.91%
- G tariff group set - growth by 5.61%

Operating Capacity Reserve (OCR)

- OCR mechanism is conducted by Polskie Sieci Elektroenergetyczne - Operator of the Transmission System (OTS) within the system services catalogue.
- For producers of energy it is an economic incentive to offer generating capacities to OTSs in the peak hours of demand for power.
- OCR includes the available generating capacity, being the surplus of the power available to OTSs over the contracts concluded to satisfy demand for electricity
- A unit price for OCR depends on the volume of generating capacity available to OTSs over the demand for electricity covered:
 - within energy sale agreements
 - on the Balancing Market as part of the free exchange
- A unit price for OCR depends on the volume of generating capacity available to OTSs over the demand and may not be higher than the reference price which for 2015 amounts to PLN 37.28 PLN/MWh, for 2016 41.20 PLN/MWh and for 2017 the level is PLN 41.79 PLN/MWh.



The diagram below presents the unit price for OCR depending on the volume of generation capacity available to OTSs:



Parameters of the OCR settlement model for 2016-2017:

Parameter	2016	2017
Hourly budget [PLN]	128 758.72	144 070.61
Reference price [PLN/MWh]	41.20	41.79
Hourly volume of required OCR [MWh]	3 451.09	3 447.49
Number of demand peak hours	3 780	3 765
OCR annual budget [PLN mln]	486.7	542.4

In 2016 the rules were changed for settling OCR, which in previous periods resulted in the fact that in the hours during which the OCR unit price reached the maximum level OTS did not fully use the budget designated for that service. Since 2016 new adjustment settlements were introduced (monthly and annual), which re-verify settlements and any unused funds from OCR are distributed among the units participating in the reserve.

Since 2017, consumption units with the possibility of reducing the demand (DSR) are included within OCR (POR).

Enea Group’s Corporate social responsibility in Q3 2017 was concentrated on the implementation of the following actions:

Enea Group published the corporate responsibility report for 2016

At the beginning of Q3 2017 Enea Group published the sixth “Corporate Social Responsibility Report of Enea Group for 2016” covering the period from 1 January to 31 December 2016. As in previous years, reporting of non-financial data was prepared compliant with the guidelines of the international standard - Global Reporting Initiative G4, on the level of Core application. This is the fifth report of Enea disclosing non-financial data on-line, only the first one was issued traditionally. The document is available on a dedicated, interactive website published in Polish and English.



The report presents the most important issues from Enea Group’s responsible business and sustainable development perspective, i.e. the so-called significant aspects of reporting sustainable development. They describe the scale and nature of the Group’s impact on the social environment and implemented and planned investments for the environmental protection. Employees from all the reporting companies: both CSR coordinators in the Group companies and Employees responsible for crucial areas take part in works over the development of data for the CSR report. The reporting process is coordinated by a dedicated organisational unit responsible for CSR in Enea SA.

Release your energy and give yourself to others – this is a slogan which in 2017 motivates Enea Group’s Volunteers. Due to the engagement of Enea Foundation each activity related to the Corporate volunteering may obtain PLN 2,000 co-financing.

Corporate volunteering and charity campaigns

- Volunteers from the Group supported educational activities during the Picnic entitled "Little Pole" ("Polak Mały") on the occasion of the Children’s Day, which is organised annually by the Chancellery of the Prime Minister. Volunteer Rescuers conducted e.g. first aid training.
- Enea’s crew took part in the second edition of the Charity Sailing Regatta PHN-GDYNIA RACING 2017. The event was held on the waters of the Gulf of Gdańsk. Regattas have traditionally been linked to charity campaigns. All the crews taking part donated to the Children’s Hospice “Bursztynowa Komnata” in Gdynia run by the St. Lawrence Hospice Association. Together, PLN 168 thou. was collected for the care of the hospice patients.
- Revitalisation of the garden at the Centre for Family Support in Poznań (Former Children’s Home No. 1 at Swoboda street). There were 40 participants from various companies and institutions (among others volunteers from Enea Foundation and volunteers from Bank BZ WBK).
- 50 Employees (10 teams) from Enea Group ran in the annual Poznań Business Run charity relay race. This year’s sixth edition of this sport-charity event allowed for collection of PLN 1.5 mln from the entry fees alone in the whole Poland. As each year these funds will be used to support people with disabilities - charges of the Poland Business Run Foundation.
- Private lessons for the charges of the "Panda" socialisation centre in Koziencice - 10 volunteers of Enea Wytwarzanie from the beginning of September have given private lessons and language classes to a group of 25 school children.
- Competency volunteering - Continuing the development of competence volunteering through the implementation of programs: “Power-not so scary” and “First aid - pre-medical rescue”.



Enea Group's Corporate social responsibility in Q3 2017 was concentrated on the implementation of the following actions:

Targeted projects of Enea Foundation - Enea Talent Academy

Enea Talent Academy commenced on 1 September 2017 The programme is directed to primary school pupils (for grade V and higher) who have documented achievements and develop their talents in science, art or sport. Public primary and lower secondary schools may also apply, which intend to implement projects that support the development of their students' interests. The program is directed to pupils and institutions from these areas of Poland, where Enea Group is particularly active in business terms. It is primarily the north-western region, and also the areas of Kozienice, Połaniec, Białystok and Łęczna in the Lublin region.

Scholarships worth of PLN 3,000 will be available to students, and grants will be awarded to winners in the amount of PLN 10,000.

Applications to the Academy of Talents were accepted until 15 October, and the winners will be announced on 10 January 2018.

**AKADEMIA
TALENTÓW**

TWOJE DZIECKO - ENERGIĄ ŚWIATA

Potęga poMocy

Grant programme

The first edition of the Power of Helping is after us. So far, two of the three winning projects have been completed:

- in July, there was a festival for patients of the Children's Oncology Clinic from Karol Jonscher Clinical Hospital in Poznań. The project was implemented by the Foundation for the Assistance to Children with Cancerous Diseases in Poznań together with volunteers from Enea.
- in September the association maliniewidzialni.leszno.pl from Leszno together with Volunteers from the Enea Group made a picnic - "Pirate Adventures" dedicated to the members of the association and their families.

The project "My group is touring the country" will be completed in November this year.



Action for the needy

Once again, the Group's employees participated in a cyclical volunteer action - A Backpack full of Smiles. They collected over 12 cartons full of backpacks, notebooks, crayons, paints, coloured papers, sharpeners and other items without which a real student bag cannot function.

Employees brought gifts personally and sent them by mail. Cartons and parcels were coming from Szczecin, Bydgoszcz and from the location at Strzeszyńska in Poznań. Gifts were given to children from needy families from Wielkopolska and the charges of the "Panda" socialisation centre in Kozienice. Caritas of the Archdiocese of Poznań became the partner of the action.



LW Bogdanka’s corporate social responsibility in Q3 2017 was concentrated on the implementation of the below actions:

Corporate volunteering in LW Bogdanka

The corporate volunteering of LW Bogdanka was realised in Q3 2017 through the following campaigns:

- “Positively stoked” - collection of caps for children and young people of Lublin Hospice under the name of Small Prince
- “Gold Rush” - collection of low-denomination coins of 1, 2, 5 grosz, which were given at the end of June to the Lublin PCK [Polish Red Cross] branch reaching a record-breaking 500 kg in the region
- of collected blood and registration in the database of marrow donors, organised in the Company

and of bottom-up charity employee campaigns for groups of people in a difficult life situation, e.g. victims of accidents and sick people.



Other initiatives

Mine close to the nature

As the founder and co-organiser (with OTOP – Polish Society for the Protection of Birds) of Nadrybie Educational Path, LW Bogdanka continues to expand its infrastructure, and also intensifies the educational activities carried out on its area. In Q3 2017, on the area of the path the stocktaking of flora and fauna was performed, ecological workshops were prepared, and in addition, the works updating the Guide were carried out following on the ecological path "Nadrybie".

Education in C-Zone - multimedia exhibition presenting the history of Bogdanka and Lublin Coal Basin

LW Bogdanka willingly shares its history, tradition and achievements with children and young people, via organisation of meetings with Employees, who in specially designed multimedia rooms, familiarise them with the mining issues.

Corporate responsibility report of LW Bogdanka for 2016

In July 2017 LW Bogdanka published another corporate responsibility report. Integrated report for 2016 joins both financial results and non-financial data. The report was developed based on GRI (Global Reporting Initiative) G4 guidelines using the International Integrated Reporting Framework.





Attachments

Profit and loss statement of Enea SA - Q1-Q3 2017

[PLN '000]	Q1-Q3 2016	Q1-Q3 2017	Change	Change %
Sales of electricity to retail users	2 923 686	3 004 430	80 744	2.8%
Sales of gas to retail consumers	96 680	59 711	-36 969	-38.2%
Sales of distribution services to users holding comprehensive agreements	1 112 134	1 182 571	70 437	6.3%
Sales of energy and gas to other entities	75 098	112 871	37 773	50.3%
Sales of services	2 931	3 211	280	9.6%
Other revenue	638	2 226	1 588	248.9%
Excise tax	185 838	190 169	4 331	2.3%
Net sales revenue	4 025 329	4 174 851	149 522	3.7%
Amortisation/depreciation	2 660	2 073	-587	-22.1%
Employee benefit costs	40 792	37 967	-2 825	-6.9%
Consumption of materials and raw materials and value of goods sold	1 643	1 625	-18	-1.1%
Purchase of energy and gas for resale	2 675 254	2 632 975	-42 279	-1.6%
Transmission and distribution services	1 112 260	1 183 216	70 956	6.4%
Other outsourced services	117 069	133 110	16 041	13.7%
Taxes and charges	2 573	2 749	176	6.8%
Cost of sales	3 952 251	3 993 715	41 464	1.0%
Other operating revenue	22 027	13 369	-8 658	-39.3%
Other operating expenses	20 127	109 508	89 381	444.1%
Profit / (Loss) on sales and liquidation of tangible fixed assets	-8	255	263	-
Operating profit	74 970	85 252	10 282	13.7%
Financial expenses	157 582	141 822	-15 760	-10.0%
Financial revenue	139 737	176 347	36 610	26.2%
Dividend revenue	548 874	810 534	261 660	47.7%
Profit before taxes	605 999	930 311	324 312	53.5%
Income tax	20 464	19 691	-773	-3.8%
Net profit for the reporting period	585 535	910 620	325 085	55.5%
EBITDA	77 630	87 325	9 695	12.5%

Q1-Q3 2017:

Enea SA's EBITDA change drivers (growth by PLN 10 mln):

- (+) higher first contribution margin by PLN 121 mln:
- (-) lower average selling price by 4.5%
- (+) lower costs of ecological obligations by 45.4%
- (+) lower average purchase price of energy by 8.7%
- (+) growth in sale volumes by 7.6%
- (-) lower result on trade in gas
- (+) lower costs of employee benefits by PLN 3 mln
- (-) higher costs of outsourced services by PLN 16 mln:
- (-) higher selling costs of customer service by PLN 11 mln
- (-) higher costs of common services by PLN 8 mln
- (+) lower costs of consulting services by PLN 2 mln
- (+) lower costs of advertising and representation by PLN 1 mln
- (-) lower result on the other operating activities by PLN 98 mln:
- (-) higher provisions for latent claims and anticipated losses by PLN 81 mln
- (-) higher costs of donations by PLN 7 mln
- (-) higher litigation costs by PLN 1 mln
- (-) higher written-off debts by PLN 2 mln
- (-) higher impairment of receivables by PLN 4 mln

Profit and loss statement of Enea SA - Q3 2017

[PLN '000]	Q3 2016	Q3 2017	Change	Change %
Sales of electricity to retail users	955 247	969 423	14 176	1.5%
Sales of gas to retail consumers	23 069	17 035	-6 034	-26.2%
Sales of distribution services to users holding comprehensive agreements	359 183	377 702	18 519	5.2%
Sales of energy and gas to other entities	11 812	44 484	32 672	276.6%
Sales of services	1 075	1 088	13	1.2%
Other revenue	-	387	387	-
Excise tax	60 669	60 781	112	0.2%
Net sales revenue	1 289 717	1 349 338	59 621	4.6%
Amortisation/depreciation	876	651	-225	-25.7%
Employee benefit costs	13 658	13 028	-630	-4.6%
Consumption of materials and raw materials and value of goods sold	671	394	-277	-41.3%
Purchase of energy and gas for resale	832 841	866 074	33 233	4.0%
Transmission and distribution services	359 232	377 911	18 679	5.2%
Other outsourced services	38 297	45 252	6 955	18.2%
Taxes and charges	561	660	99	17.6%
Cost of sales	1 246 136	1 303 970	57 834	4.6%
Other operating revenue	14 388	3 193	-11 195	-77.8%
Other operating expenses	4 665	42 066	37 401	801.7%
Profit / (Loss) on sales and liquidation of tangible fixed assets	-	6	6	-
Operating profit	53 304	6 501	-46 803	-87.8%
Financial expenses	41 531	47 864	6 333	15.2%
Financial revenue	44 816	38 112	-6 704	-15.0%
Dividend revenue	-	12 807	12 807	-
Profit before taxes	56 589	9 556	-47 033	-83.1%
Income tax	9 796	-1 330	-11 126	-
Net profit for the reporting period	46 793	10 886	-35 907	-76.7%
EBITDA	54 180	7 152	-47 028	-86.8%

Q3 2017:

Change factors of EBITDA of Enea SA (drop by PLN 47 mln):

- (+) higher first contribution margin by PLN 8 mln:
- (-) lower average selling price by 4.7%
- (+) lower costs of ecological obligations by 35.8%
- (+) lower average purchase price of energy by 5.6%
- (+) growth in sale volumes by 6.5%
- (-) lower result on trade in gas
- (-) higher costs of outsourced services by PLN 7 mln:
- (-) higher selling costs of customer service by PLN 4 mln
- (-) higher costs of common services by PLN 3 mln
- (+) lower costs of advertising and representation services by PLN 1 mln
- (-) lower result on the other operating activities by PLN 49 mln:
- (-) higher provisions for latent claims and anticipated losses by PLN 38 mln
- (-) higher written-off debts by PLN 4 mln
- (-) higher impairment of receivables by PLN 6 mln

Profit and loss statement of Enea Operator sp. z o.o. Q1-Q3 2017

[PLN '000]	Q1-Q3 2016	Q1-Q3 2017	Change	Change %
Revenue from sales of distribution services to end users	2 140 933	2 311 582	170 649	8.0%
Revenue from additional fees	4 209	4 086	-123	-2.9%
Revenue from non-invoiced sales of distribution services	157	-1 671	-1 828	-
Clearing of the Balancing Market	1 708	4 277	2 569	150.4%
Fees for customer grid connection	47 719	48 062	343	0.7%
Revenue from the illegal collection of electricity	4 017	4 889	872	21.7%
Revenue from services	22 654	20 860	-1 794	-7.9%
Sales of distribution services to other entities	18 536	12 025	-6 511	-35.1%
Sales of goods and services and other revenue	1 965	2 041	76	3.9%
Sales revenue	2 241 898	2 406 150	164 252	7.3%
Depreciation and amortisation of fixed and intangible assets	356 499	366 215	9 716	2.7%
Employee benefit costs	273 761	297 376	23 615	8.6%
Consumption of materials and raw materials and value of goods sold	22 307	21 244	-1 063	-4.8%
Purchase of energy for own needs and grid losses	181 589	168 302	-13 287	-7.3%
Costs of transmission services	604 010	763 835	159 825	26.5%
Other outsourced services	174 235	190 842	16 607	9.5%
Taxes and charges	133 056	145 688	12 632	9.5%
Cost of sales	1 745 457	1 953 502	208 045	11.9%
Other operating revenue	38 488	23 098	-15 390	-40.0%
Other operating expenses	46 239	49 595	3 356	7.3%
Profit / (loss) on sales and liquidation of tangible fixed assets	-6 085	-3 005	3 080	50.6%
Operating profit / (loss)	482 605	423 146	-59 459	-12.3%
Financial revenue	2 626	1 153	-1,473	-56.1%
Financial expenses	29 810	38 987	9 177	30.8%
Profit / (loss) before tax	455 421	385 312	-70 109	-15.4%
Income tax	85 221	76 887	-8 334	-9.8%
Net profit / (loss)	370 200	308 425	-61 775	-16.7%
EBITDA	839 104	789 361	-49 743	-5.9%

Q1-Q3 2017:

Enea Operator sp. z o.o.'s EBITDA change drivers (drop by PLN 50 mln):

- (+) higher revenue from sales of distribution services to end customers by PLN 169 mln results mainly from higher costs carried forward - increase of the transition fee and the introduction of a RES fee from 1 July 2016 and higher volume of sales of distribution services to end customers by 398 GWh
- (+) lower costs of purchasing energy for covering the book-tax difference by PLN 13 mln stem from lower volumes by PLN 54 GWh and lower average electricity price
- (+) higher revenue from the settlement of electricity on the balancing market by PLN 3 mln result from higher volumes by 18 GWh
- (-) higher costs of purchasing transmission services by PLN 160 mln stem mainly from higher incurred costs - higher transitory charge and introduction as of 1 July 2016 of a RES fee and higher rate of the fixed transmission fee in PSE tariff
- (-) lower revenue from sales of distribution services to other entities by PLN 7 mln stem from a lower volume of exported electricity to the neighbouring ODSs
- (-) higher costs of employee benefits by PLN 24 mln, mainly as a result of higher levels of provisions and higher salaries and derivatives
- (-) lower revenue from sale of services by PLN 2 mln, mainly non-licensed services to external customers
- (-) higher costs of other outsourced services by PLN 17 mln mainly in the areas of IT, measurements, building management
- (-) higher costs of taxes and charges by PLN 13 mln (result of the investments implemented within the grid assets)
- (-) lower other operating revenue by PLN 15 mln stem mainly from the performance of agreements for collision removal and shifting the energy devices to the assets in 2016 (one-offs)
- (-) higher other operating expenses by PLN 3 mln stem mainly from the growth in impairment of receivables

Profit and loss statement of Enea Operator sp. z o.o. - Q3 2017

[PLN '000]	Q3 2016	Q3 2017	Change	Change %
Revenue from sales of distribution services to end users	708 622	755 612	46 990	6.6%
Revenue from additional fees	1 442	1 320	-122	-8.5%
Revenue from non-invoiced sales of distribution services	-401	-2 353	-1 952	-486.8%
Clearing of the Balancing Market	677	3 418	2 741	405.0%
Fees for customer grid connection	16 421	18 399	1 978	12.0%
Revenue from the illegal collection of electricity	986	1 680	694	70.4%
Revenue from services	6 704	6 963	259	3.9%
Sales of distribution services to other entities	5 996	4 013	-1 983	-33.1%
Sales of goods and services and other revenue	733	664	-69	-9.4%
Sales revenue	741 180	789 716	48 536	6.5%
Depreciation and amortisation of fixed and intangible assets	117 591	126 629	9 038	7.7%
Employee benefit costs	90 215	93 269	3 054	3.4%
Consumption of materials and raw materials and value of goods sold	7 048	5 945	-1 103	-15.6%
Purchase of energy for own needs and grid losses	55 672	53 584	-2 088	-3.8%
Costs of transmission services	208 017	253 564	45 547	21.9%
Other outsourced services	61 604	66 994	5 390	8.7%
Taxes and charges	40 042	43 396	3 354	8.4%
Cost of sales	580 189	643 381	63 192	10.9%
Other operating revenue	9 622	8 873	-749	-7.8%
Other operating expenses	7 331	5 444	-1 887	-25.7%
Profit / (loss) on sales and liquidation of tangible fixed assets	-2 625	-868	1 757	66.9%
Operating profit / (loss)	160 657	148 896	-11 761	-7.3%
Financial revenue	217	357	140	64.5%
Financial expenses	10 843	13 398	2 555	23.6%
Profit / (loss) before tax	150 031	135 855	-14 176	-9.4%
Income tax	28 266	27 205	-1 061	-3.8%
Net profit / (loss)	121 765	108 650	-13 115	-10.8%
EBITDA	278 248	275 525	-2 723	-1.0%

Q3 2017:

Enea Operator sp. z o.o.'s EBITDA change drivers (drop by PLN 3 mln):

- (+) higher revenue from sales of distribution services to end customers by PLN 45 mln results mainly from higher costs carried forward - increase of the transition fee and the introduction of a RES fee from 1 July 2016 and higher volume of sales of distribution services to end customers by 75 GWh
- (+) lower costs of purchasing energy for covering the book-tax difference by PLN 2 mln stem from lower volumes by PLN 6 GWh and lower average purchase price
- (+) higher revenue from the settlement of electricity on the balancing market by PLN 3 mln result from higher volumes by 17 GWh
- (-) higher costs of purchasing transmission services by PLN 46 mln stem mainly from higher incurred costs - higher transitory charge and introduction as of 1 July 2016 of a RES fee and higher rate of the fixed transmission fee in PSE tariff
- (-) higher costs of employee benefits by PLN 3 mln, mainly as a result of higher salaries and mark-ups
- (-) higher costs of taxes and charges by PLN 3 mln (result of the investments implemented within the grid assets)
- (-) lower revenue from sales of distribution services to other entities by PLN 2 mln stemming from a lower volume of exported electricity to the neighbouring ODSs
- (-) lower other operating revenue by PLN 1 mln stem mainly from lower revenue due to agreements for removal of collisions and shifting the energy devices to the assets
- (+) lower other operating expenses by PLN 2 mln stem mainly from a positive result on insurance and fortuitous events and a drop in impairment of receivables

Profit and loss statement of Enea Wytwarzanie sp. z o.o. - Q1-Q3 2017

[PLN '000]	Q1-Q3 2016	Q1-Q3 2017	Change	Change %
Revenue from sale of electricity	2 174 479	1 958 669	-215 810	-9.9%
<i>generating licence</i>	1 905 876	1 836 282	-69 594	-3.7%
<i>trade licence</i>	268 603	122 387	-146 216	-54.4%
Revenue from certificates of origin	29 904	18 250	-11 654	-39.0%
Revenue from sales of CO ₂ emission allowances	22 071	14 235	-7 836	-35.5%
Revenue from sale of heat	115 785	114 658	-1 127	-1.0%
Revenue from services	9 177	9 565	388	4.2%
Sales of goods and services and other revenue	8 642	9 286	644	7.5%
Excise tax	155	165	10	6.5%
Net sales revenue	2 359 903	2 124 498	-235 405	-10.0%
Depreciation and amortisation of fixed and intangible assets	165 440	175 296	9 856	6.0%
Employee benefit costs	189 985	177 871	-12 114	-6.4%
Consumption of materials and raw materials and value of goods sold	1 275 489	1 175 198	-100 291	-7.9%
Costs of energy purchases for resale	313 779	183 572	-130 207	-41.5%
Transmission services	1 696	1 542	-154	-9.1%
Other outsourced services	96 184	100 435	4 251	4.4%
Taxes and charges	57 007	63 066	6 059	10.6%
Cost of sales	2 099 580	1 876 980	-222 600	-10.6%
Other operating revenue	13 967	9 770	-4 197	-30.0%
Other operating expenses	9 484	3 497	-5 987	-63.1%
Profit / (loss) on sales and liquidation of tangible fixed assets	539	755	216	40.1%
Non-financial fixed assets impairment write-down	42 000	-	-42 000	-100.0%
Operating profit / (loss)	223 345	254 546	31 201	14.0%
Financial revenue	2 916	220	-2 696	-92.5%
Financial expenses	14 520	12 249	-2 271	-15.6%
Dividend revenue	2 740	1 013	-1 727	-63.0%
Profit / (loss) before tax	214 481	243 530	29 049	13.5%
Income tax	43 618	50 127	6 509	14.9%
Net profit / (loss)	170 863	193 403	22 540	13.2%
EBITDA	430 785	429 842	-943	-0.2%

Q1-Q3 2017:

Change drivers of EBITDA of Enea Wytwarzanie sp. z o.o. (drop by PLN 1.0 mln):

Segment of System Power Plants - drop in EBITDA by PLN 20.4 mln

- (-) lower margin on trade and the Balancing Market by PLN 46.1 mln
- (+) higher revenue from Regulatory System Services by PLN 14.4 mln
- (+) lower fixed costs by PLN 10.0 mln
- (+) higher margin on generation by PLN 0.8 mln

Segment of Heat - growth in EBITDA by PLN 14.4 mln

- (+) lower costs of biomass consumption by PLN 51.9 mln
- (+) lower fixed costs by PLN 1.4 mln
- (-) lower revenue from sales of heat by PLN 1.2 mln
- (-) lower revenue from certificates of origin by PLN 7.7 mln
- (-) lower revenue from sales of electricity by PLN 10.6 mln
- (-) higher costs of CO₂ emission allowances by PLN 6.4 mln
- (-) higher costs of coal consumption by PLN 13.0 mln

Segment of RES - EBITDA higher by PLN 5.0 mln

- (+) Area of Water (PLN +6.4 mln): higher revenue from electricity by PLN 6.9 mln, lower revenue from certificates of origin by PLN 1.3 mln
- (+) Area of Biogas (PLN +3.1 mln): higher revenue from certificates of origin by PLN 2.0 mln, lower variable costs by PLN 0.7 mln, lower fixed costs by PLN 0.3 mln
- (-) Area of Wind (PLN -4.5 mln): increase of fixed costs by PLN 5.2 mln (property tax), decrease of income from certificates of origin by PLN 3.1 mln, an increase of revenue from electricity by PLN 3.4 mln

Profit and loss statement of Enea Wytwarzanie sp. z o.o. - Q3 2017

[PLN '000]	Q3 2016	Q3 2017	Change	Change %
Revenue from sale of electricity	704 373	641 070	-63 303	-9.0%
<i>generating licence</i>	622 147	605 413	-16 734	-2.7%
<i>trade licence</i>	82 226	35 657	-46 569	-56.6%
Revenue from certificates of origin	7 307	4 909	-2 398	-32.8%
Revenue from sales of CO ₂ emission allowances	9 509	3 772	-5 737	-60.3%
Revenue from sale of heat	22 222	23 337	1 115	5.0%
Revenue from services	2 984	3 540	556	18.6%
Sales of goods and services and other revenue	3 421	3 242	-179	-5.2%
Excise tax	52	58	6	11.5%
Net sales revenue	749 764	679 812	-69 952	-9.3%
Depreciation and amortisation of fixed and intangible assets	56 968	58 346	1 378	2.4%
Employee benefit costs	57 998	55 904	-2 094	-3.6%
Consumption of materials and raw materials and value of goods sold	422 900	394 310	-28 590	-6.8%
Costs of energy purchases for resale	86 897	57 783	-29 114	-33.5%
Transmission services	505	438	-67	-13.3%
Other outsourced services	32 654	34 247	1 593	4.9%
Taxes and charges	15 634	18 861	3 227	20.6%
Cost of sales	673 556	619 889	-53 667	-8.0%
Other operating revenue	5 773	1 457	-4 316	-74.8%
Other operating expenses	5 671	-992	-6 663	-
Profit / (loss) on sales and liquidation of tangible fixed assets	54	125	71	131.5%
Non-financial fixed assets impairment write-down	-	-	-	-
Operating profit / (loss)	76 364	62 497	-13 867	-18.2%
Financial revenue	1 090	84	-1 006	-92.3%
Financial expenses	4 306	4 026	-280	-6.5%
Dividend revenue	-	-	-	-
Profit / (loss) before tax	73 148	58 555	-14 593	-19.9%
Income tax	14 679	14 124	-555	-3.8%
Net profit / (loss)	58 469	44 431	-14 038	-24.0%
EBITDA	133 332	120 843	-12 489	-9.4%

Q3 2017:

Change drivers of EBITDA of Enea Wytwarzanie sp. z o.o. (drop by PLN 12.5 mln):

Segment of System Power Plants - drop in EBITDA by PLN 22.4 mln

- (-) lower margin on trade by PLN 16.3 mln
- (-) lower margin on generation by PLN 3.8 mln
- (-) lower margin on the Balancing Market by PLN 2.2 mln

Segment of Heat - growth in EBITDA by PLN 3.1 mln

- (+) lower costs of biomass consumption by PLN 20.0 mln
- (+) higher revenue from sales of electricity by PLN 1.3 mln
- (+) higher revenue from sales of heat by PLN 1.0 mln
- (-) lower revenue from certificates of origin by PLN 3.0 mln
- (-) higher costs of CO₂ emission allowances by PLN 5.2 mln
- (-) higher costs of coal consumption by PLN 10.4 mln

Segment of RES - EBITDA higher by PLN 6.8 mln

- (+) Area of Water (PLN +4.8 mln): higher revenue from sales of electricity by PLN 3.6 mln, fixed costs lower by PLN 0.5 mln, higher revenue from certificates of origin by PLN 0.8 mln
- (+) Area of Biogas (PLN +1.0 mln): higher revenue from certificates of origin by PLN 0.4 mln, lower costs of use and transport of substrates by PLN 0.5 mln
- (-) Area of Wind (PLN +1.0 mln): increase of revenue from certificates of origin by PLN 1.0 mln, increase in other operating activity by PLN 0.7 mln, increase in revenue from sale of electricity by PLN 1.0 mln, increase of fixed costs by PLN 1.8 mln (property tax)

Profit and loss statement of Enea Elektrownia Połaniec CG - 14.03-30.09.2017

[PLN '000]	14.03-30.09.2017
Sales revenue	1 147 263
Excise tax	50
Net sales revenue	1 147 213
Depreciation and amortisation of fixed and intangible assets	23 456
Employee benefit costs	42 159
Consumption of materials and raw materials and value of goods sold	705 248
Costs of energy purchases for resale	136 256
Transmission services	938
Other outsourced services	108 841
Taxes and charges	18 952
Cost of sales	1 035 850
Other operating revenue	2 975
Other operating expenses	530
Profit / (loss) on sales and liquidation of tangible fixed assets	-23
Operating profit / (loss)	113 785
Financial revenue	3 057
Financial expenses	628
Profit / (loss) before tax	116 214
Income tax	14 813
Net profit / (loss)	101 401
EBITDA	137 241

14.03-30.09.2017:**EBITDA of Enea Połaniec Power Plant CG:**

- revenue from the sale of electricity (including RSS) PLN 1,055 mln (sale of 6,260 GWh of electricity)
- revenue from sales of heat PLN 29,8 mln with sales volumes amounting to 1,257 GJ
- revenue from certificates of origin (PLN 58 mln) - sales adjusted with revenue for recognition, cost of goods sold and revaluation of the stock of green certificates as at the balance sheet date
- The other revenue (PLN 4 mln) - revenue from rent and management of combustion by-products
- consumption of materials and raw materials and value of goods sold amounted to PLN 705 mln, including fuel consumption PLN 564 mln, reserve for CO₂ consumption PLN 118 mln, repair materials PLN 12 mln, other PLN 11 mln (consumption of other materials and energy)
- purchase of energy for sale PLN 136 mln - purchase volume 1,083 GWh
- other outsourced services PLN 109 mln - including: repair services: PLN 62 mln, IT and telecommunication services PLN 4 mln, transport services PLN 8 mln, waste management PLN 13 mln, property insurance PLN 5 mln, other services PLN 17 mln (including legal services, audits, rent and lease, property protection, other external services)
- taxes 19 mln PLN - including: property tax PLN 11.6 mln, environmental protection PLN 7.5 mln
- result on other operating activity PLN 2 mln - release of receivables adjustment due to settlement of the penalty by the contractor related to failure to purchase certificates of origin

Profit and loss statement of Enea Elektrownia Połaniec CG - Q3 2017

[PLN '000]	Q3 2017
Sales revenue	533 921
Excise tax	24
Net sales revenue	533 897
Depreciation and amortisation of fixed and intangible assets	10 780
Employee benefit costs	20 905
Consumption of materials and raw materials and value of goods sold	341 229
Costs of energy purchases for resale	50 249
Transmission services	69
Other outsourced services	52 311
Taxes and charges	7 316
Cost of sales	482 859
Other operating revenue	230
Other operating expenses	176
Profit / (loss) on sales and liquidation of tangible fixed assets	-23
Operating profit / (loss)	51 068
Financial revenue	-626
Financial expenses	84
Profit / (loss) before tax	50 358
Income tax	4 652
Net profit / (loss)	45 706
EBITDA	61 847

Q3 2017:**EBITDA of Enea Połaniec Power Plant CG:**

- revenue from the sale of electricity (including RSS) PLN 481 mln (sale of 2,853 GWh of electricity)
- revenue from sale of heat PLN 13 mln with sales volumes amounting to 571 TJ
- revenue from certificates of origin PLN 37 mln - sales adjusted with revenue from recognition, cost of goods sold and revaluation of the stock of green certificates as at the balance sheet date
- the other revenue PLN 2 mln - revenue from rent and management of combustion by-products
- consumption of materials and raw materials and value of goods sold amounted to PLN 341 mln, including fuel consumption PLN 273 mln, reserve for CO₂ consumption PLN 61 mln, repair materials PLN 3 mln, other PLN 5 mln (consumption of other materials and energy)
- purchase of energy for sale PLN 50 mln - purchase volume 367 GWh
- Other outsourced services PLN 52 mln - including: repair services PLN 29 mln, IT and telecommunication services PLN 2 mln, transport services PLN 4 mln, waste management PLN 6 mln, property insurance PLN 2 mln, other services PLN 10 mln (including legal services, audits, rent and lease, property protection, other external services)
- taxes PLN 7 mln - including: property tax PLN - 5 mln, environmental protection PLN - 4 mln, other PLN + 2 mln (including release of the VAT provision)

Profit and loss statement of LW Bogdanka CG - Q1-Q3 2017

[PLN '000]	Q1-Q3 2016	Q1-Q3 2017	Change	Change %
Net sales revenue	1 314 103	1 307 130	-6 973	-0.5%
Depreciation and amortisation of fixed and intangible assets	270 766	259 632	-11 134	-4.1%
Employee benefit costs	405 303	391 132	-14 171	-3.5%
Consumption of materials and raw materials and value of goods sold	223 698	215 205	-8 493	-3.8%
Other outsourced services	212 199	206 230	-5 969	-2.8%
Taxes and charges	34 596	36 095	1 499	4.3%
Cost of sales	1 146 562	1 108 294	-38 268	-3.3%
Other operating revenue	13 700	2 973	-10 727	-78.3%
Other operating expenses	3 479	1 607	-1 872	-53.8%
Profit / loss on sales and liquidation of tangible fixed assets	-14 688	-8 766	5 922	40.3%
Non-financial fixed assets impairment write-down	7 352	-	-7 352	-100.0%
Operating profit / loss	155 722	191 436	35 714	22.9%
Financial revenue	12 940	6 404	-6 536	-50.5%
Financial expenses	23 738	18 473	-5 265	-22.2%
Profit / loss before tax	144 924	179 367	34 443	23.8%
Income tax	25 388	36 076	10 688	42.1%
Net profit / loss	119 536	143 291	23 755	19.9%
EBITDA	433 840	451 068	17 228	4.0%

Q1-Q3 2017:**LW Bogdanka CG's EBITDA drivers:**

- (-) drop of revenue from coal sales: lower volume sales (-41 thou. t) at slightly lower price (-0.05 PLN/t)
- (-) decrease of revenue from sales of other products and services realised beyond Bogdanka CG by subsidiary companies
- (+) drop in the unit cost of sold products, goods and materials excluding amortisation - better cost efficiency with a decreasing volume of coal sold (-41 thou. t)

Significant one-offs:

- lower other operating revenue - in 2016 - release of the provision for damages for Budimex due to a favourable ruling of the Court of Appeal
- loss on the liquidation of tangible assets - mainly the net value of liquidated excavations
- lower financial revenue - in 2016 - provision for interest on Budimex's claims was released - PLN 6 mln
- lower financial costs - lower interest expenses on bonds as a result of bond redemption (in Q1 2017 bonds totalling PLN 300 mln were redeemed)

Profit and loss statement of LW Bogdanka CG - Q3 2017

[PLN '000]	Q3 2016	Q3 2017	Change	Change %
Net sales revenue	465 441	405 013	-60 428	-13.0%
Depreciation and amortisation of fixed and intangible assets	88 232	85 572	-2 660	-3.0%
Employee benefit costs	144 161	124 226	-19 935	-13.8%
Consumption of materials and raw materials and value of goods sold	76 265	69 800	-6 465	-8.5%
Other outsourced services	71 781	67 585	-4 196	-5.8%
Taxes and charges	12 742	11 934	-808	-6.3%
Cost of sales	393 181	359 117	-34 064	-8.7%
Other operating revenue	586	1 050	464	79.2%
Other operating expenses	696	541	-155	-22.3%
Profit / loss on sales and liquidation of tangible fixed assets	-6 216	-2 143	4 073	65.5%
Non-financial fixed assets impairment write-down	7 352	-	-7 352	-100.0%
Operating profit / loss	58 582	44 262	-14 320	-24.4%
Financial revenue	2 139	1 824	-315	-14.7%
Financial expenses	7 139	5 712	-1,427	-20.0%
Profit / loss before tax	53 582	40 374	-13,208	-24.7%
Income tax	8 528	8 964	436	5.1%
Net profit / loss	45 054	31 410	-13 644	-30.3%
EBITDA	154 166	129 834	-24 332	-15.8%

Q3 2017:**LW Bogdanka CG's EBITDA drivers:**

- (-) drop of revenue from coal sales: lower volume sales (-324 thou. t) and higher price (-0.05 PLN/t)
- (-) decrease of revenue from sales of other products and services realised beyond Bogdanka CG by subsidiary companies
- (-) growth in the unit cost of sold products, goods and materials excluding amortisation - constant cost control with a considerably decreasing volume of coal sold (-324 thou. t)

Significant one-offs:

- loss on the liquidation of tangible assets - mainly the net value of liquidated excavations
- lower financial revenue - lower income from loans in relation to a lower level of available cash (in Q1 2017 bonds totalling PLN 300 mln were redeemed)
- lower financial expenses - lower costs of interest on bonds as a result of bond redemption in Q1 2017

Financial ratios

Below please find a glossary of terms and a list of acronyms used in this report.

Customer		Description
EBITDA	=	Operating profit (loss) + amortisation and depreciation
Return on equity (ROE)	=	$\frac{\text{Net profit (loss) for the reporting period}}{\text{Equity}}$
Return on assets (ROA)	=	$\frac{\text{Net profit (loss) for the reporting period}}{\text{Total assets}}$
Net profitability	=	$\frac{\text{Net profit (loss) for the reporting period}}{\text{Net sales revenue}}$
Operating profitability	=	$\frac{\text{Operating profit (loss)}}{\text{Net sales revenue}}$
EBITDA profitability	=	$\frac{\text{EBITDA}}{\text{Net sales revenue}}$
Current ratio	=	$\frac{\text{Current assets}}{\text{Current liabilities}}$
Equity-to-fixed assets ratio	=	$\frac{\text{Equity}}{\text{Fixed assets}}$
Total debt ratio	=	$\frac{\text{Total liabilities}}{\text{Total assets}}$
Net debt / EBITDA	=	$\frac{\text{Interest-bearing liabilities - cash and cash equivalents}}{\text{EBITDA LTM}}$
Current receivables turnover in days	=	$\frac{\text{Average trade and other receivables} \times \text{number of days}}{\text{Net sales revenue}}$
Turnover of trade and other payables in days	=	$\frac{\text{Average trade and other liabilities} \times \text{number of days}}{\text{Cost of products, goods and materials sold}}$
Inventory turnover in days	=	$\frac{\text{Average inventory} \times \text{number of days}}{\text{Cost of products, goods and materials sold}}$
Cost of products, goods and materials sold	=	Use of materials and value of goods sold; Purchases of energy for resale; Transmission services; other outsourced services; taxes and charges; excise tax

Sectoral terms / abbreviations

Abbreviation/term	Full name/explanation
"Green" proprietary interests	Same as PMOZE
"Light blue" proprietary interests	Proprietary Interests in certificates of origin being the confirmation of electricity generation from agricultural gas
"Purple" proprietary interests	Proprietary Interests in certificates of origin being the confirmation of electricity generation in a cogeneration unit fired with methane released and abstracted on pit mining works or with gas obtained from biomass processing in the meaning of Article 2 item 1(2) of the Act on biocomponents and liquid biofuels
"Red" proprietary interests	Proprietary Interests in certificates of origin being the confirmation of electricity generation in other cogeneration sources
"White" proprietary interests	Proprietary interests in certificates of origin resulting from energy efficiency certificates, the so called "white" certificates
"Yellow" proprietary interests	Proprietary Interests in certificates of origin being the confirmation of electricity generation in a gas cogeneration unit or in a unit of the total installed capacity of up to 1 MW
ACER	European Agency for the Cooperation of Energy Regulators - EU agency established pursuant to the third energy package. The objective of the Agency is coordination and supporting the national regulatory authorities. A full list of duties is specified in Regulation No. 713/2009
AMI	Advanced systems measuring, collecting and analysing energy consumption and enabling two-way communication between the end user and central system. AMI includes both intelligent meters and smart power grids
Backloading	Suspension of some auctions of allowances for CO ₂ emission by EU in order to increase the price of allowances
Balancing market	Technical market by an Operator of the transmission system Its objective is balancing, in real time, the demand for electricity with its production in the public power system (PPS, Polish "KSE")
BAT	Best Available Techniques – the document formulating conclusions relating to the best available techniques for installations it covers, and indicating as well levels of emissions connected with the best available techniques.
CAPEX	Capital expenditures

Abbreviation/term	Full name/explanation
Carbon leakage	Moving carbon dioxide emissions from one country to another
CER	Certified Emission Reduction
CO₂	Carbon dioxide
Cogeneration	A technological process of a combined generation of electricity and usable heat energy in combined heat and power plants
DAP	Delivered at Place – the situation in which the seller is responsible to deliver the goods to a specific place, but the buyer performs the unloading.
EFX	Index for session transactions the subject of which are contracts for proprietary interests resulting from energy efficiency certificates, the so called "white" certificates
Energy Law	The Act of 10 April 1997 - Energy Law (Journal of Laws 1997 No. 54 item 348, as amended)
EUA	EU Emission Allowance - allowances for emissions within the European Emissions Trading System
European Emissions Trading System EU ETS	European system supporting reduction of greenhouse gases emissions
Forward market	Electricity market on which forward products are listed
GPZ	Transformer/Switching Station - transformer station, responsible for amending of high or medium voltage into low voltage for end users on a specific area
ICE	Trading platform enabling trade in allowances for emissions of CO ₂ (EUA) and units of certified reduction of emissions (CER) on futures market
IGCC	Integrated gasification combined cycle – gas and steam unit technology with integral fuel gasification. Enables construction of a power plant with a much greater efficiency as compared to conventional coal based power plants.
IOS installation	Fue gas desulphurisation plant
KECX	Index for session transactions the subject of which are contracts for proprietary interests resulting from certificates of origin for electricity generated in other cogeneration sources
KGMX	Index for session transactions the subject of which are contracts for proprietary interests resulting from certificates of origin for electricity generated in a gas cogeneration unit or in a unit of the total installed capacity of up to 1 MW

Sectoral terms / abbreviations

Abbreviation/term	Full name/explanation
KMETX	Index for session transactions the subject of which are contracts for proprietary interests resulting from certificates of origin for electricity generated in a cogeneration unit fired with methane released and abstracted on pit mining works or with gas obtained from biomass processing in the meaning of Article 2 item 1(2) of the Act on biocomponents and liquid biofuels
MW_e	Megawatt of electrical power
MWh	Megawatthour (1 GWh = 1,000 MWh)
MW_t	Megawatt of heating power
NFOŚiGW	National Fund for Environmental Protection and Water Management
NO_x	Nitric oxides
ODS	Operator of the Distribution System
OTS	Operator of the Transmission System
OZEX_A	Index for session transactions the subject of which are contracts for proprietary interests resulting from certificates of origin for energy generated in energy renewable sources whose production period (indicated in the certificate of origin) commenced on 1 March 2009 inclusive.
PMOZE	Proprietary interests from certificates of origin for energy from renewable sources of energy
Price of baseload (BASE)	Price of contract with delivery of the same volume of energy on each day hour
Price of euro-peak (PEAK)	Price of contract with delivery of the same volume of energy in euro-peak (i.e. from 7:00 to 22:00 on business days)
REMIT Regulation	Regulation on integrity and transparency of wholesale energy market, specifies the framework of monitoring wholesale energy markets, in order to detect and prevent unfair practice on EU level
RES	Energy renewable sources

Abbreviation/term	Full name/explanation
SAIDI	System Average Interruption Duration Index - for long and very long interruptions (expressed in minutes/Customer)
SAIFI	System Average Interruption Frequency Index - for long interruptions in energy supply (expressed in number of interruptions/Customer)
SCR installation	Installation of the catalytic denitrogenation of flue gases
SO₂	Sulphur dioxide
SPOT market	Cash market (spot)
Tariff group A	Energy sold and delivered to customers connected to a high-voltage grid
Tariff group B	Energy sold and delivered to customers connected to a medium-voltage grid
Tariff group C	Energy sold and delivered to customers connected to a low-voltage grid, with the exception of end users using electricity for household purposes
Tariff group G	Energy sold and delivered to end users using electricity for household purposes, regardless of voltage of the grid to which they are connected
TFS	Tradition Financial Services, electricity trading platform designated for concluding various types of transactions, purchase and sale of conventional energy, proprietary interests, renewable energy and allowances for emissions of CO ₂
TGE (PPE)	Towarowa Giełda Energii (Polish Power Exchange)
TPA	Third Party Access – the principle of third party access to the power grid which enables the purchase of electricity and services of its distribution based on separate agreements
WACC	Weighted average cost of capital, return on capital invested in distribution activities
WIBOR	Warsaw Interbank Offered Rate - interest rate for loans on the Polish interbank market

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