



## TAURON Group's 2015

## Financial Results

March 10, 2016

# 2015 key financial parameters



## TAURON Group's 2015 results

[PLN m]

Sales revenue	18 375	-1.1% yoy
EBITDA	3 523	-4.6% yoy
Net profit	(1 804)	-
CAPEX	4 175	35.1% yoy
Net debt/EBITDA	2.20x	up 0.40 yoy

## Key segments' 2015 results

[PLN m]	Distribution	Supply	Generation	Mining
Segment's revenue	6 450	15 984	5 376	1 206
EBITDA	2 372	380	755	9
EBIT	1 372	370	(3 477)	(104)
CAPEX	1 925	5	1 934	211

# Q4 2015 key financial parameters



## TAURON Group's Q4 2015 results

[PLN m]

Sales revenue	4 741	-2.4% yoy
EBITDA	682	-11.3% yoy
Net profit	(2 883)	-
CAPEX	1 397	29.4% yoy
Net debt/EBITDA	2.20x	up 0.40 yoy

## Key segments' Q4 2015 results

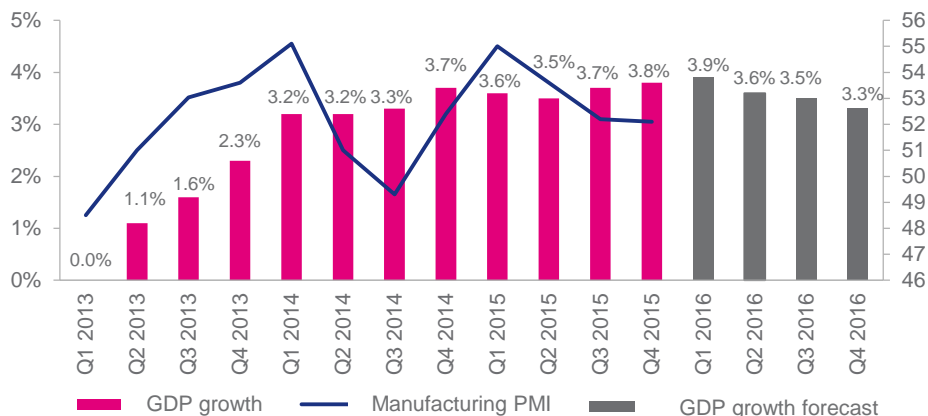
[PLN m]	Distribution	Supply	Generation	Mining
Segment's revenue	1 657	4 171	1 465	331
EBITDA	533	(71)	191	32
EBIT	265	(74)	(3 608)	3
CAPEX	791	1	526	34

# Highlights summary

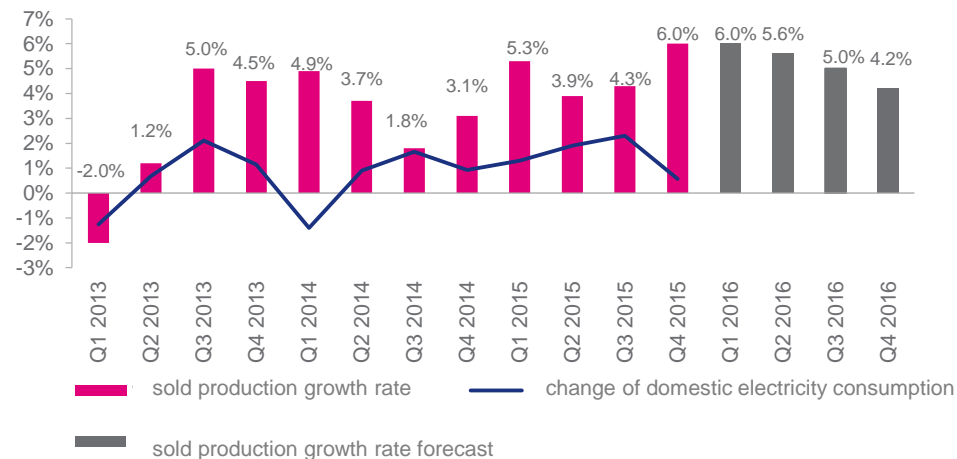
January 16	Expressing of initial interest in acquiring all or a part of the Brzeszcze Coal Mine (KWK Brzeszcze) assets
1 July 10	Signature of an amendment to the agreement with Bank Gospodarstwa Krajowego on increasing the value of the bond issue program by PLN 700m. Current total value of the program: PLN 1.7bn
July 13	Signature of the agreement with the Polish Investments for Development on the construction of a 413 MW <sub>e</sub> CCGT unit at Łagisza Power Plant
August 12	Payout of the dividend of PLN 263m. PLN (0.15 per share)
October 27	Fitch affirms TAURON's "BBB" ratings and changes the outlook from stable to negative
November 24	Signature of the agreements with the banks on setting up a bond issue program worth PLN 6.27bn
December 8, January 29, 2016	Appointment of the following Members of the Management Board: Remigiusz Nowakowski, Jarosław Broda, Kamil Kamiński, Piotr Zawistowski and Marka Wadowski
December 31	Conclusion of the promised contract on the acquisition of a part of the Brzeszcze Coal Mine (KWK Brzeszcze)
January 29, 2016	EC Stalowa Wola terminates the agreement with Abener Energia – the general contractor of the CCGT unit at Stalowa Wola. Termination cause: breach of the schedule and of the material technical provisions of the contract
February 15, 2016	Information on the intention to recognize in the 2015 financial statements the impairment charge related to the carrying amount of the Generation segment's generation units and the write-down due to the loss on the carrying value of shares/interests in the subsidiaries TAURON Wytwarzanie and TAURON Ciepło on the balance sheet (approx. PLN 3.6bn in the consolidated financial statements and PLN 4.9bn in the separate (standalone) financial statements)
March 3, 2016	During the Bondholders Meeting bondholders representing 91.44 percent of the votes were present as a consequence of which the Bondholders Meeting was unable to pass a resolution on the change of the bond issue terms (the matter of raising the net debt/EBITDA ratio covenant from 3x to 3.5x). The company will propose the bondholders to conclude separate agreements related to the participation and voting during the Bondholders Meetings

# Macroeconomic and market situation

Poland's GDP growth rate\* and manufacturing PMI index (quarterly average)



Growth of manufacturing production sold and electricity consumption (change yoy)\*



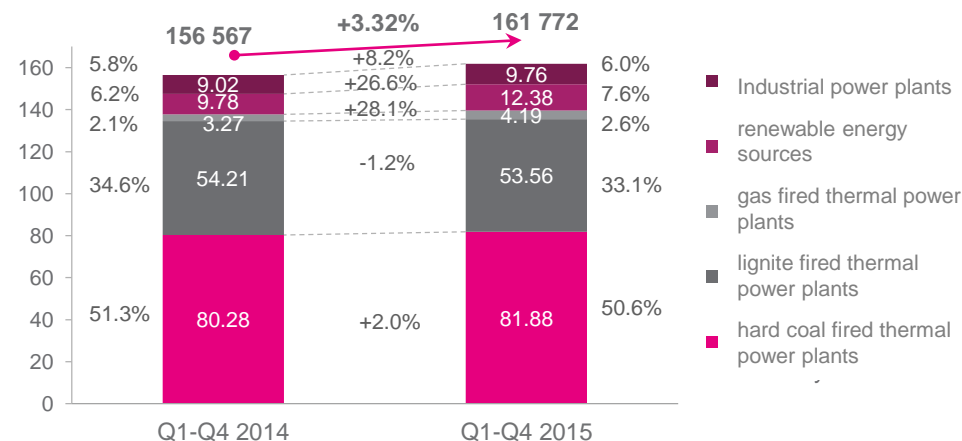
Electricity prices under one year BASE contracts

	Average price [PLN/MWh]	Volume [GWh]
Y-13	191.60	108 861
Y-14	160.40	142 841
Y-15	168.11	146 932
Y-16	166.47	147 923
Y-17	162.24	23 389
Y-18	159.34	1 121

Average electricity sales prices on the competitive market (acc. to ERO):

- 2011: PLN 198.90/MWh
- 2012: PLN 201.36/MWh
- 2013: PLN 181.55/MWh
- 2014: PLN 163.58/MWh

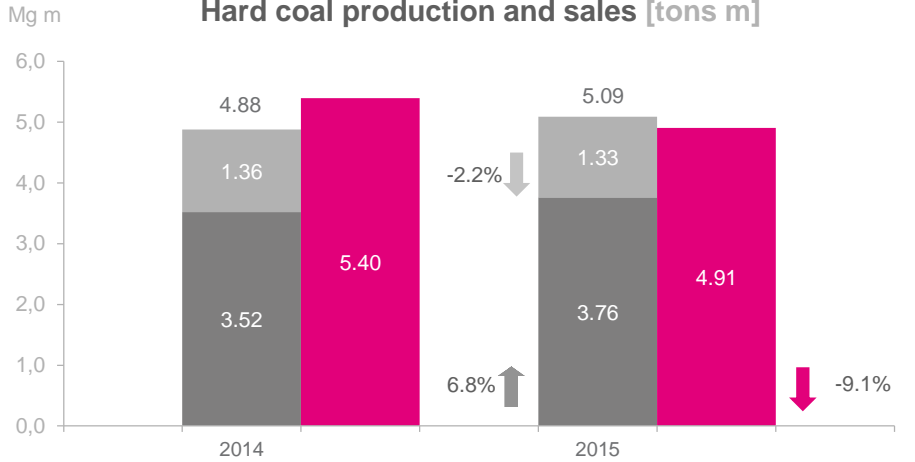
Structure of electricity generation in Poland [TWh]



\* Source: GUS, IBnGR, PSE

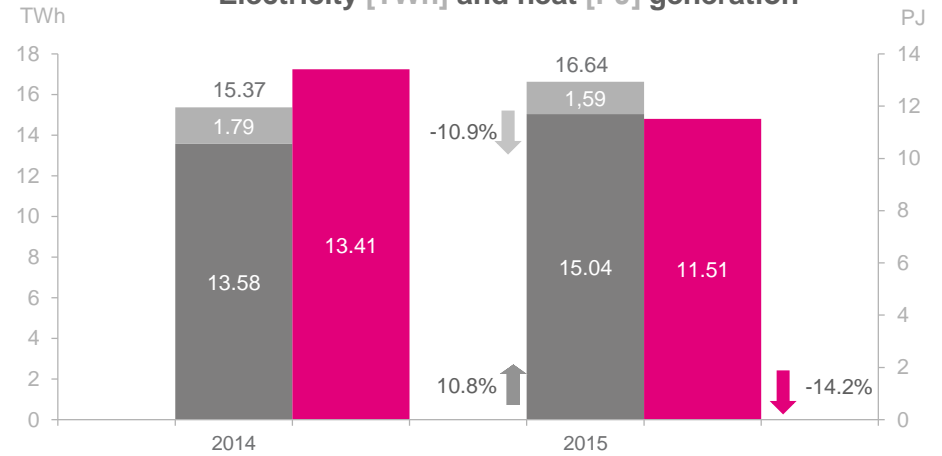
# 2015 key operating data

### Hard coal production and sales [tons m]



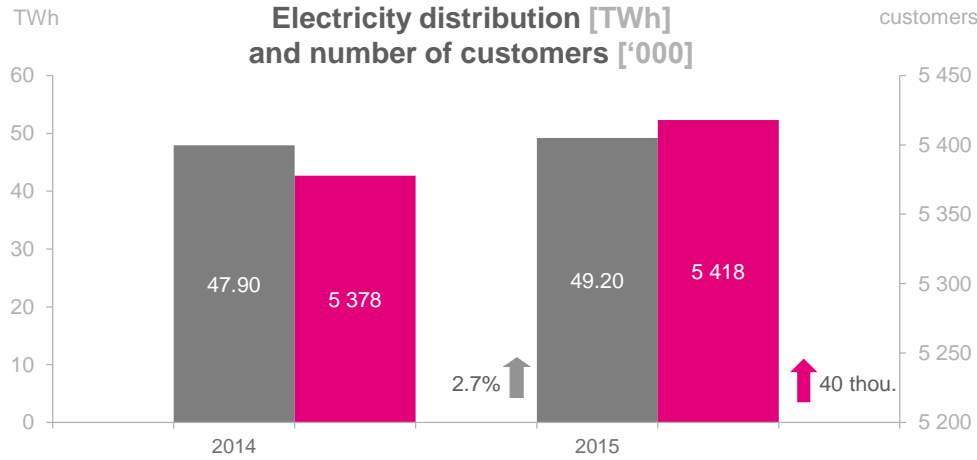
■ intra-Group hard coal sales ■ hard coal sales outside the Group ■ commercial coal production

### Electricity [TWh] and heat [PJ] generation



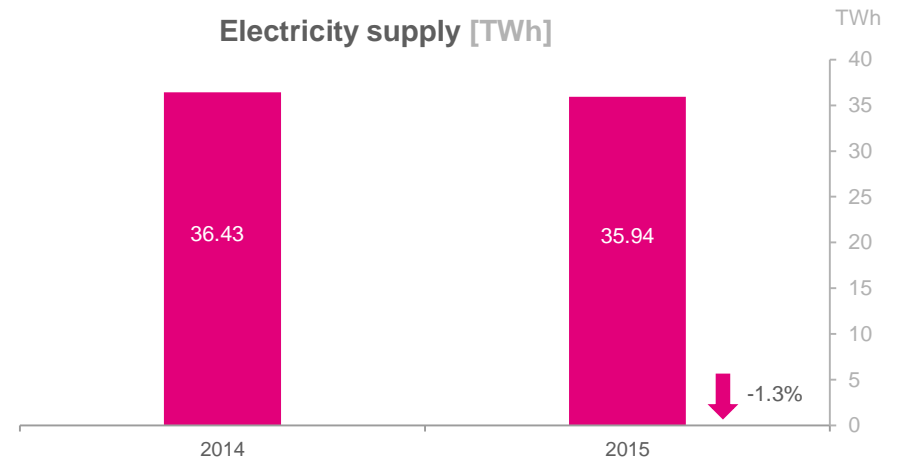
■ electricity ■ electricity - RES ■ heat

### Electricity distribution [TWh] and number of customers ['000]



■ electricity distribution ■ number of customers

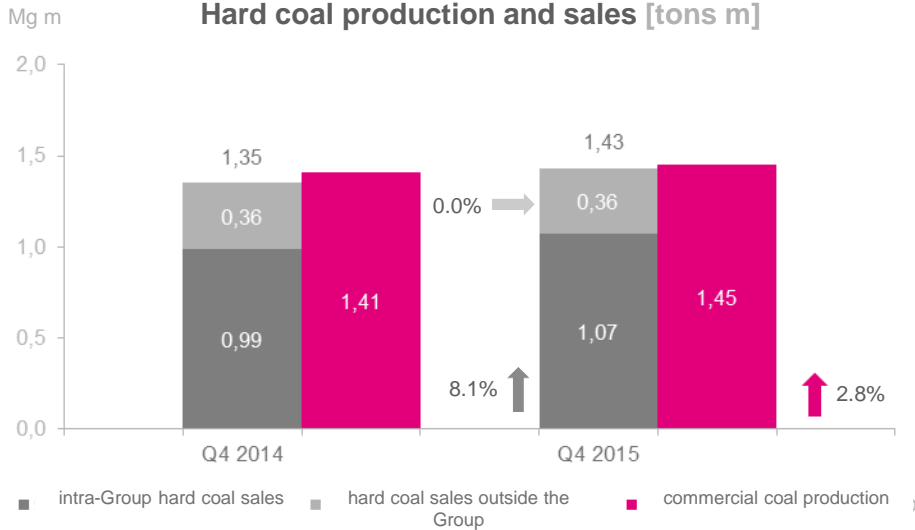
### Electricity supply [TWh]



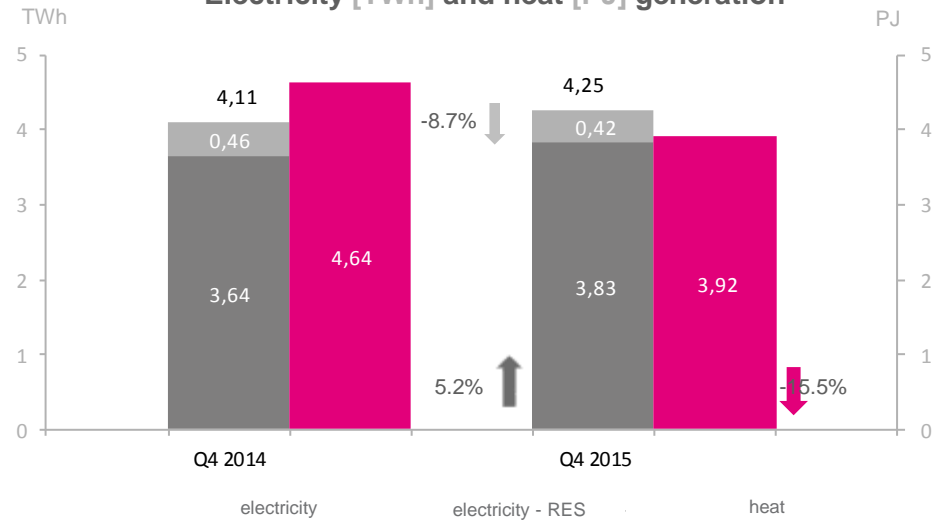
■ retail electricity supply

# Q4 2015 key operating data

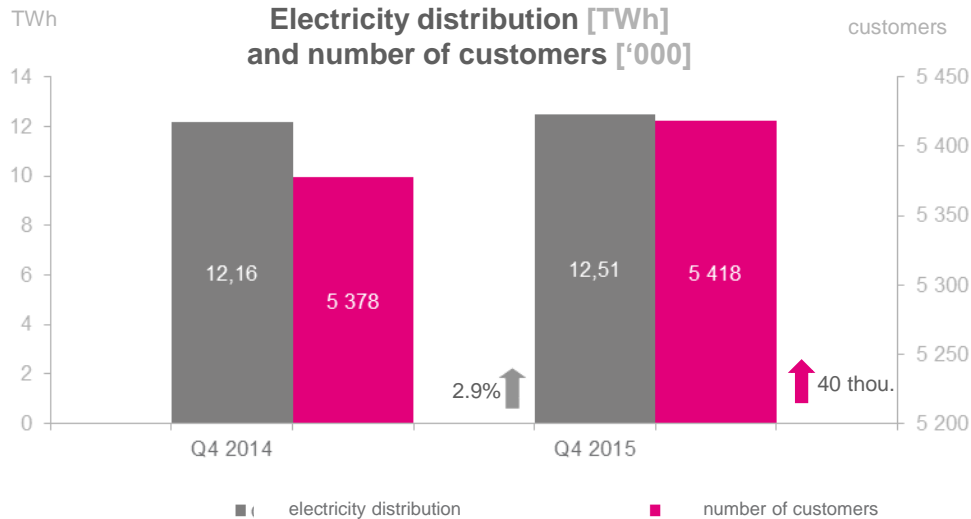
### Hard coal production and sales [tons m]



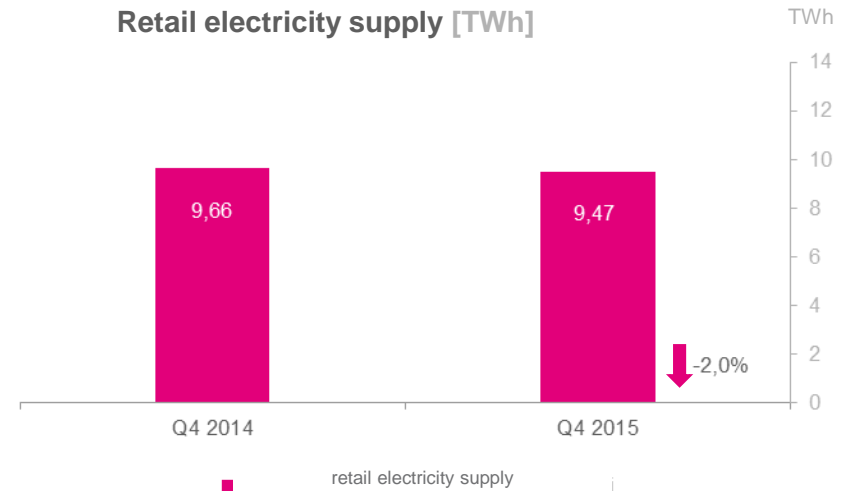
### Electricity [TWh] and heat [PJ] generation



### Electricity distribution [TWh] and number of customers ['000]

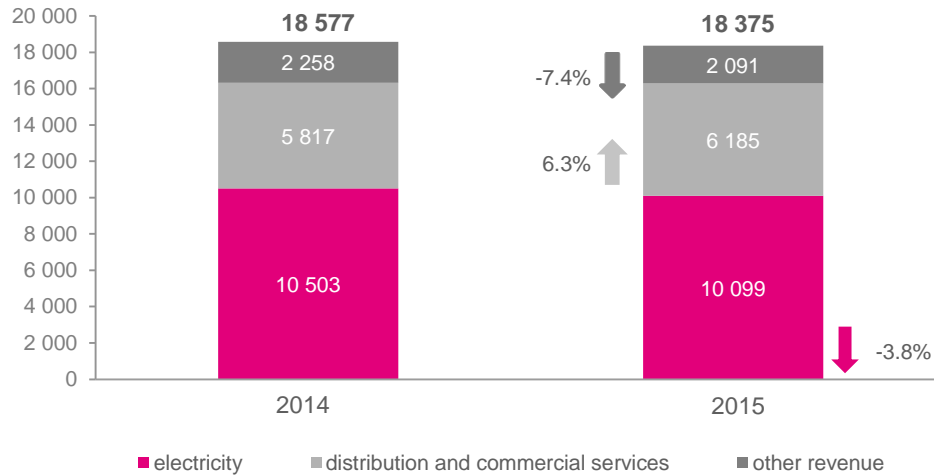


### Retail electricity supply [TWh]

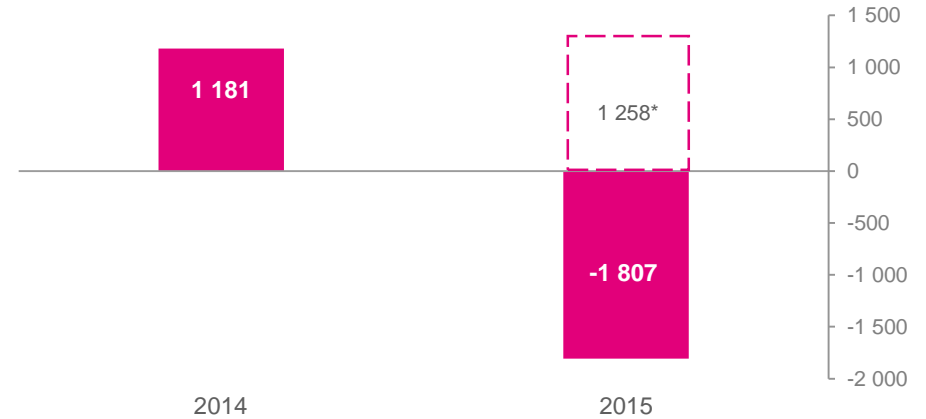


# 2015 key financial data

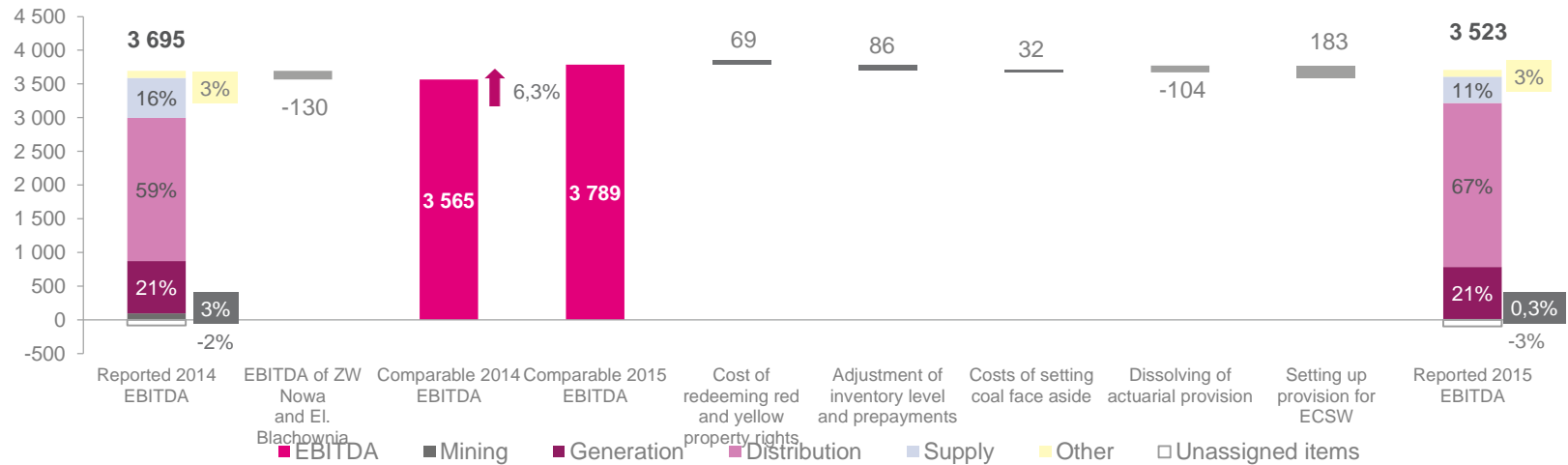
### Sales revenue [PLN m]



### Net profit attributable to the holding company's shareholders [PLN m]



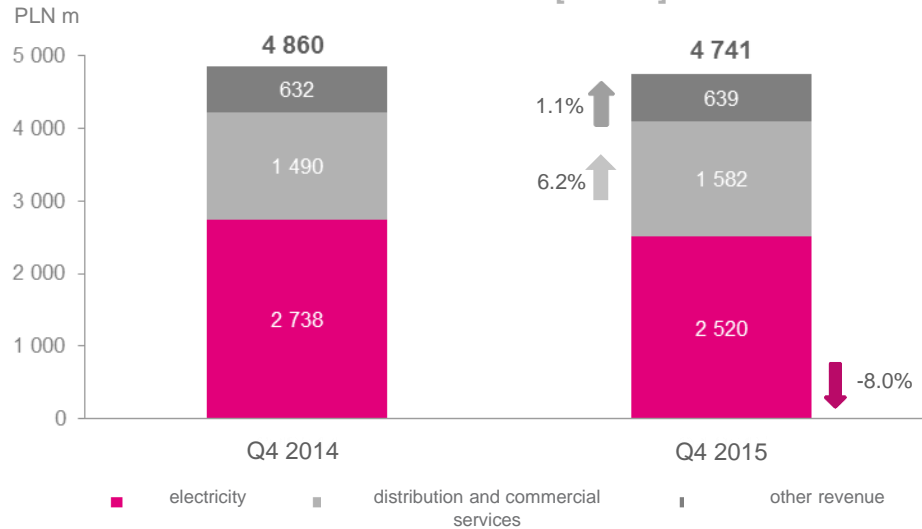
### EBITDA 2015 vs 2014 [PLN m]



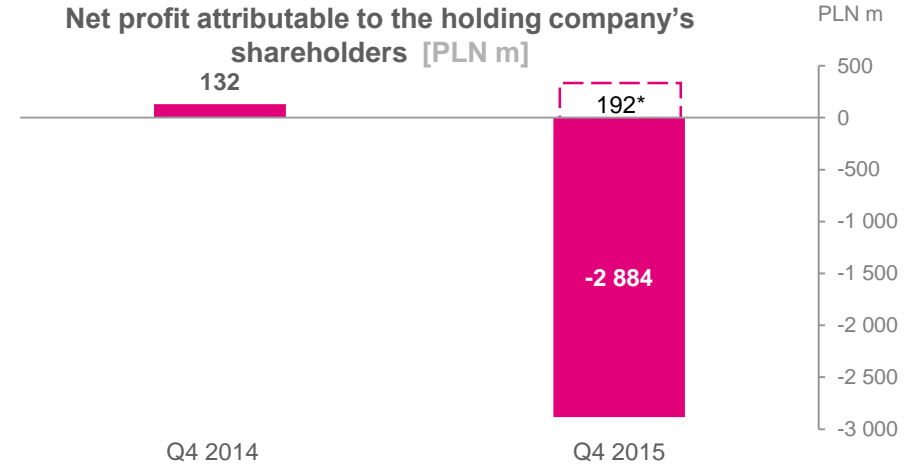


# Q4 2015 key financial data

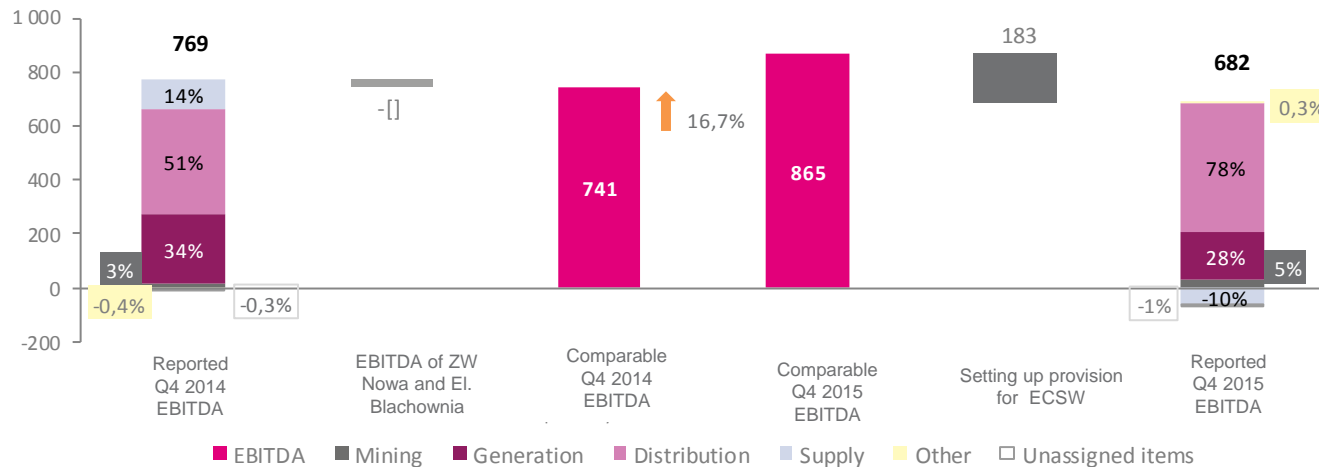
### Sales revenue [PLN m]



### Net profit attributable to the holding company's shareholders [PLN m]

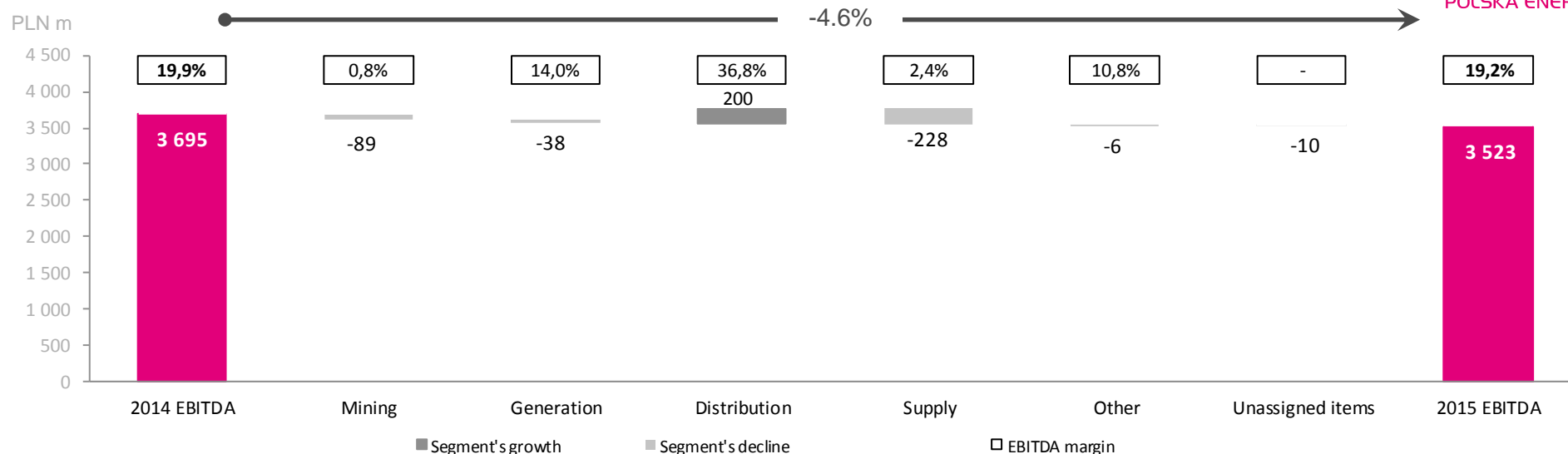


### EBITDA Q4 2015 vs Q4 2014 [PLN m]



\* Excluding impairment charges and the provision for the agreement with ECSW

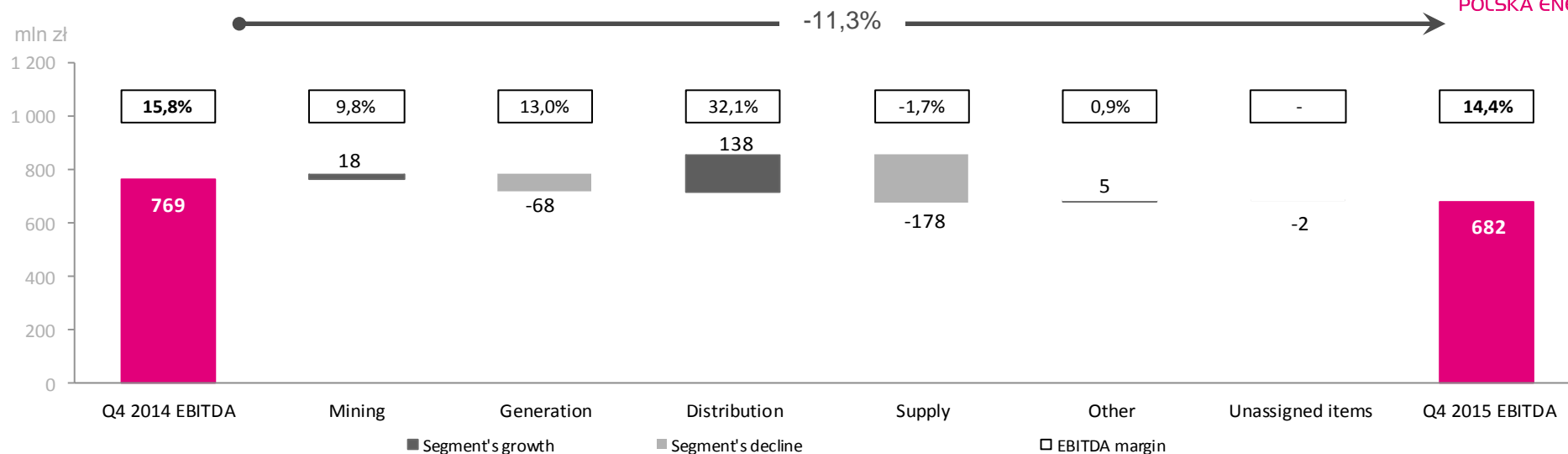
# 2015 EBITDA



## Most important factors affecting 2015 EBITDA:

- Mining – lower production of commercial coal while realizing higher sales volume, lower commercial coal sales prices, adjustments for inventory, accruals and prepayments, setting the coal face aside, dissolving of the actuarial provision
- Generation – higher electricity production and sales volumes, higher margin on electricity trading, lower generation unit variable costs, lower fixed costs, lower revenue from the Operating Capacity Reserve, higher CO<sub>2</sub> costs
- Distribution – higher distribution service sales volume, RAB increase, WACC drop, decline of costs
- Supply – higher costs of the obligation to redeem property rights with a lower price of purchasing property rights, change of the customers' structure (composition) and setting up of the provision for the agreements that give rise to the burdens with the joint venture – Elektrociepłownia Stalowa Wola S.A. for the total amount of PLN 182.8m

# Q4 2015 EBITDA

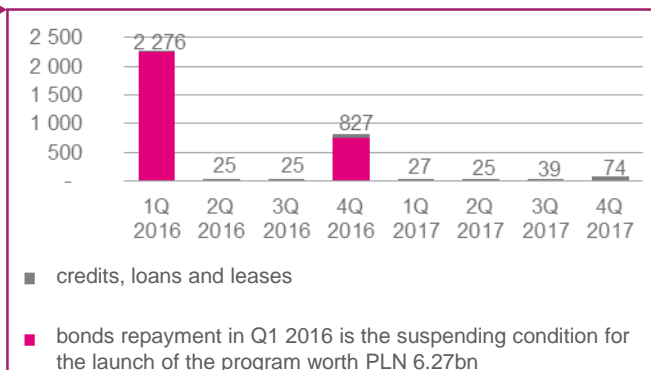
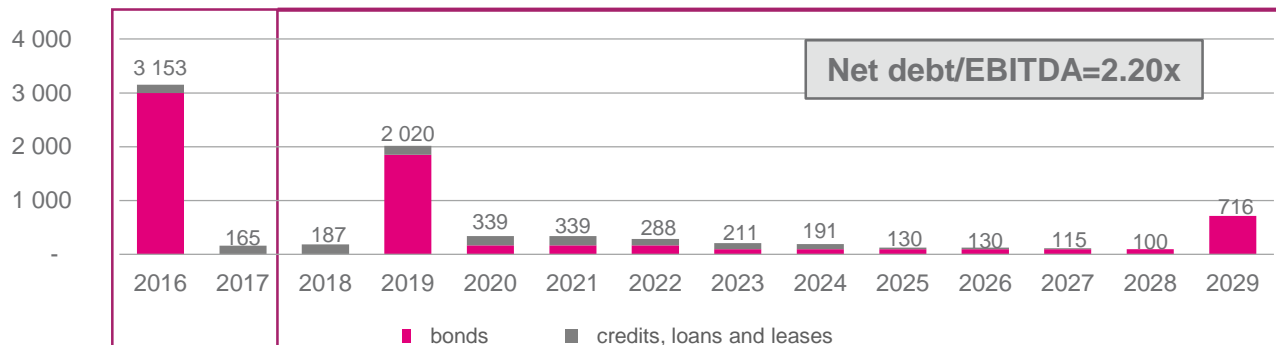


## Most important factors affecting Q4 2015 EBITDA:

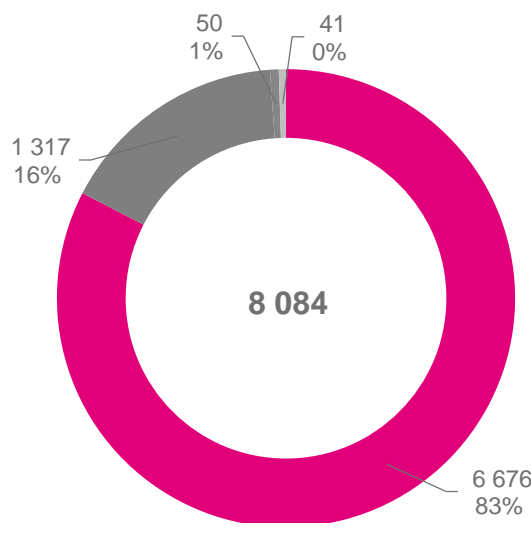
- Mining – lower fixed costs, settlement of the cost of setting the coal face aside, lower commercial coal sales prices, higher hard coal sales volume, including inventory
- Generation – higher electricity production and sales volumes, lower generation unit variable costs, lower electricity sales price, higher margin on electricity trading, higher CO<sub>2</sub> costs, lower revenue from the Operating Capacity Reserve
- Distribution – higher distribution service sales volume, RAB increase, WACC drop, decline of the remuneration costs (lower level of actuarial provisions - increase of the discount rate)
- Supply – higher costs of the obligation to redeem property rights with a lower price of purchasing property rights, change of the customers' structure (composition) and setting up of the provision for the agreements that give rise to the burdens with the joint venture – Elektrociepłownia Stalowa Wola S.A. for the total amount of PLN 182.8m

# Debt and financing

## Maturity of TAURON Group's debt drawn as of December 31, 2015

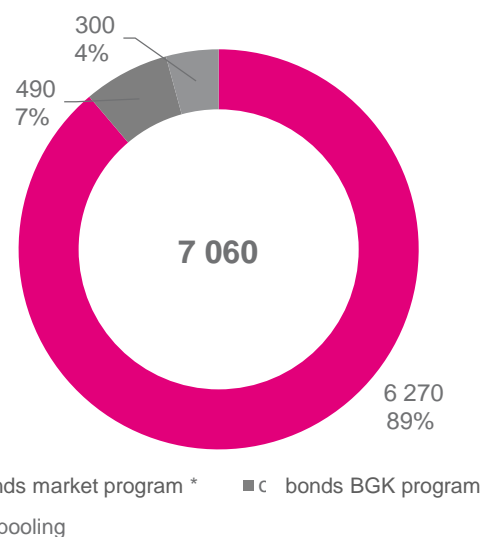


## Structure of TAURON Group's financial debt [PLN m]



- bonds
- EIB loans
- NFOŚiGW/WFOŚiGW loans
- leases

## Financing available to TAURON Group [PLN m]



\* Financing agreements for up to PLN 6 270m were concluded in November 2015 subject to TAURON's fulfillment of the suspending conditions by February 29, 2016

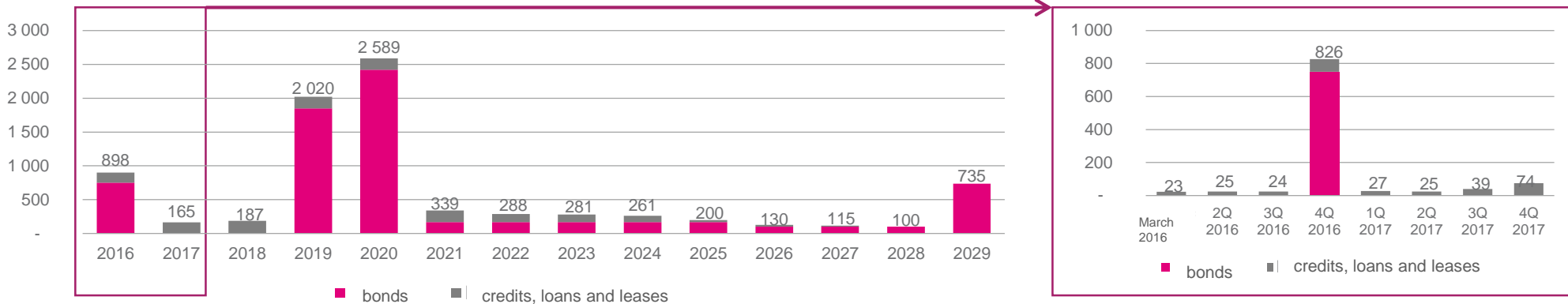
- financial debt (nominal amount of debt due to investment loans, lendings, leases and bonds) as of December 31, 2015 is PLN 8 084m
- average weighted debt maturity as of December 31, 2015 is 51 months
- EUR denominated debt (NSV bond issue) constitutes 8.86% of total debt

Debt structure based on interest rate:

Instrument	Debt amount [PLN m]	Interest rate	Collateral
bonds, including:	6 676		
banks' program	3 000	floating	IRS
market program	1 750	floating	none
BGK program	1 210	floating	none
NSV	716	fixed	CIRS
EIB loans	1 317	fixed	none
loans	50	floating	none
leases	41	floating	None

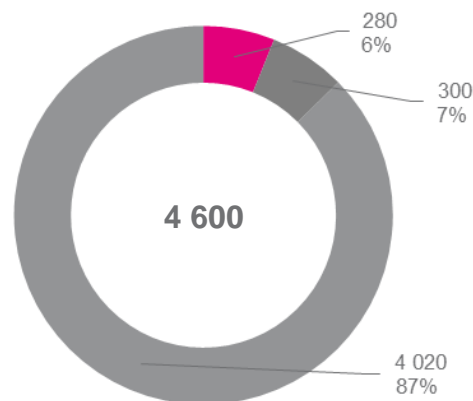
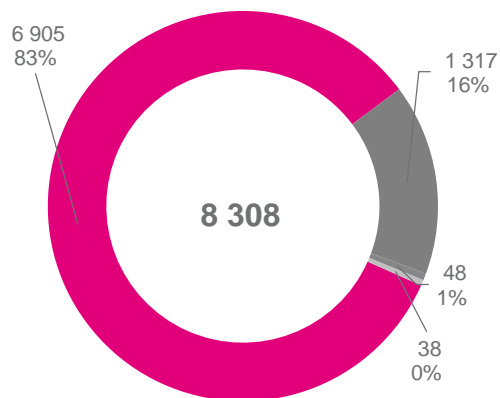
# Debt and financing

Maturity of TAURON Group's debt drawn as of February 29, 2015



Structure of TAURON Group's financial debt as of February 29, 2016 [PLN m]

Financing available to TAURON Group as of February 29, 2016 [PLN m]



- bonds
- EIB loans
- NFOŚiGW/WFOŚiGW loans
- leases









- bonds BGK program
- cashpooling
- bonds market program

- financial debt (nominal amount of debt due to investment loans, lendings, leases and bonds) as of February 29, 2016 is PLN 8 308m
- average weighted debt maturity as of February 29, 2016 is 63 months
- EUR denominated debt (NSV bond issue) constitutes 8.85% of total debt

Debt structure based on interest rate:

Instrument	Debt amount [PLN m]	Interest rate	Collateral
bonds, including:	6 905		
banks' programs	3 000	floating	IRS
market program	1 750	floating	none
BGK program	1 420	floating	none
NSV	735	fixed	none
EIB loans	1 317	fixed	None
loans	48	floating	None
leases	38	floating	None

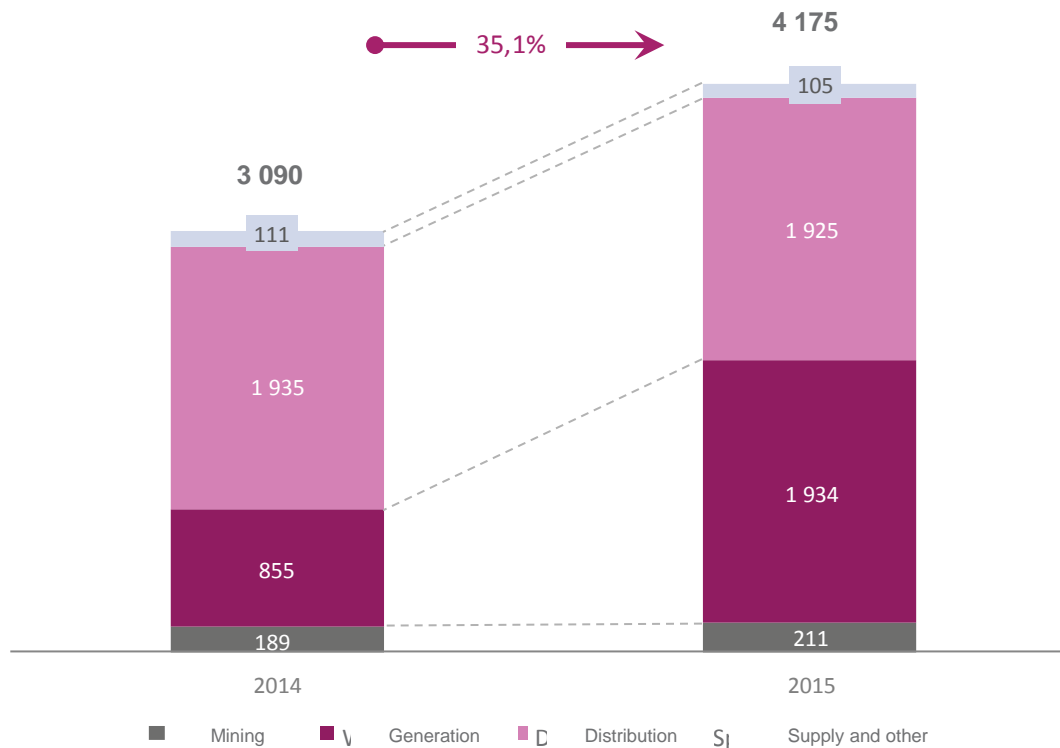
# CAPEX – projects' work progress

Investment project	Capacity (MW <sub>e</sub> )	Capacity (MW <sub>t</sub> )	Work progress (percentage)		Planned completion data
Construction of the hard coal-fired unit at Jaworzno III Power Plant	910	-	14		2019
Construction of the CCGT unit at Stalowa Wola Combined Heat and Power Plant	450	240	85		2018/2019*
Construction of the hard coal-fired co-generation unit at ZW Tychy	50	86	93		2016
Jaworzno III Power Plant – installing of the flue gas denitrification systems and upgrading of the 200 MW units	-	-	91		2016
Łaziska Power Plant – installing of the flue gas denitrification systems and upgrading of the 200 MW units	-	-	100		2015
Construction of the CCGT unit at Łagisza Power Plant	413	250	5		2019
Construction of the 800m level at Janina coal mine	-	-	36		2020
Construction of Grzegorz shaft at Sobieski coal mine	-	-	20		2023

\* Completion date will be estimated following the inventory taking and acceptance of the comprehensive project completion concept

# CAPEX – by segment




CAPEX by segment [PLN m]



## Key investment projects executed in 2015:

- Mining:
  - construction of the 800 m level at Janina coal mine (PLN 67m)
  - purchase of an additional longwall roof support and furnishing set for Janina coal mine (PLN 71m)
- Generation:
  - construction of the 910 MW unit at Jaworzno III Power Plant (PLN 643m), construction of the NO<sub>x</sub> emission reduction system (PLN 248m),
  - construction of Marszewo wind farm's 2nd stage (PLN 94m), upgrade of hydroelectric power plants (PLN 40m)
  - restoration of ZW Tychy's capacity (PLN 352m), construction and upgrade of district heating networks (PLN 62m), completion of the feeding lines for the Eastern and Southern Primary Pipes from Łagisza (PLN 59m), completion of the feeding lines for the Western and Southern Primary Pipes from ELCHO (PLN 28m), adaptation of ZW Katowice heat source to the heat market needs past 2015 (PLN 37m)
- Distribution:
  - construction of new connections (PLN 591m)
  - upgrade and restoration of grid assets (PLN 1 033m)

# Efficiency improvement program

Segment	Savings realized in 2013 – 2015	Savings planned in 2013-2015	Progress %	Main initiatives
Distribution	PLN 474m	PLN 416m	 114%	<ul style="list-style-type: none"> <li>Implementation of the ultimate business model, elimination of the redundant functions</li> <li>Change of the way expenses are classified as CAPEX or OPEX</li> <li>Optimization of the balancing difference</li> <li>IT processes optimization</li> <li>Integration of business functions in the support (maintenance) area</li> <li>Optimization of external services</li> </ul>
Generation (including RES and Heat)	PLN 640m	PLN 420m	 152%	<ul style="list-style-type: none"> <li>Employment restructuring and process optimization</li> <li>Reduction of upgrades (maintenance) for the least efficient units</li> <li>Overhead cost optimization</li> <li>Outsourcing of some functions, mainly in the maintenance area</li> <li>Improvement of the devices' efficiency, optimization of the production volume and operating expenses at hydroelectric power plants</li> <li>Reduction of the costs of support and maintenance of the wind farms' operation</li> <li>Compressed air losses reduction</li> <li>Asset restructuring</li> <li>Procurement policy optimization</li> </ul>
Mining	PLN 28m	PLN 28m	 100%	<ul style="list-style-type: none"> <li>Nitrogen production system construction</li> <li>Coal sludge (slurry) dewatering station expansion</li> <li>Potable water treatment</li> <li>Electronic auctions in public procurement</li> <li>Use of the mechanical lining when drilling headings</li> </ul>
Other segments	PLN 56m			<ul style="list-style-type: none"> <li>Employment restructuring, reduction of external services' costs</li> </ul>
<b>Total</b>	<b>PLN 1 198m</b>	<b>PLN 864m</b>	<b>139%</b>	

- In the 2013-2015 time frame the Voluntary Redundancy Program covered 1 392 persons. Over that period employment contracts were terminated with 1 905 persons (4 399 persons in total since the program's launch in 2010). Savings resulting from redundancies, decreased by costs incurred to generate those savings, are included in the amounts presented per segment
- Structure of savings in the 2013-2015: 58% comes from employment restructuring, 42% from the other initiatives.
- For the 2016-2018 time frame a new Efficiency Improvement Program was passed, assuming savings higher by approx. PLN 100m than those achieved under the completed Program. Approximately 75% of the savings will be reflected in the Group's operating result.



## Positive factors



## Negative factors



### Distribution

- RAB increase by approx. PLN **720m** (including AMI)
- stable volume of electricity delivered
- efficiency improvement programs continued

- WACC decline from z 7.197 percent to **5.675** percent
- drop of the average distribution service rate by **2.5%**

### Supply

- slight drop of retail supply volumes, while wholesale supply volume will rise

- decreasing margins on electricity sales
- G tariff prices decline by approx. 0,9 percent

### Generation

- lower hard coal purchase prices
- substantially higher revenue from the Operating Capacity Reserve due to the lower planned production volumes
- revenue from the cold intervention reserve
- efficiency improvement programs continued

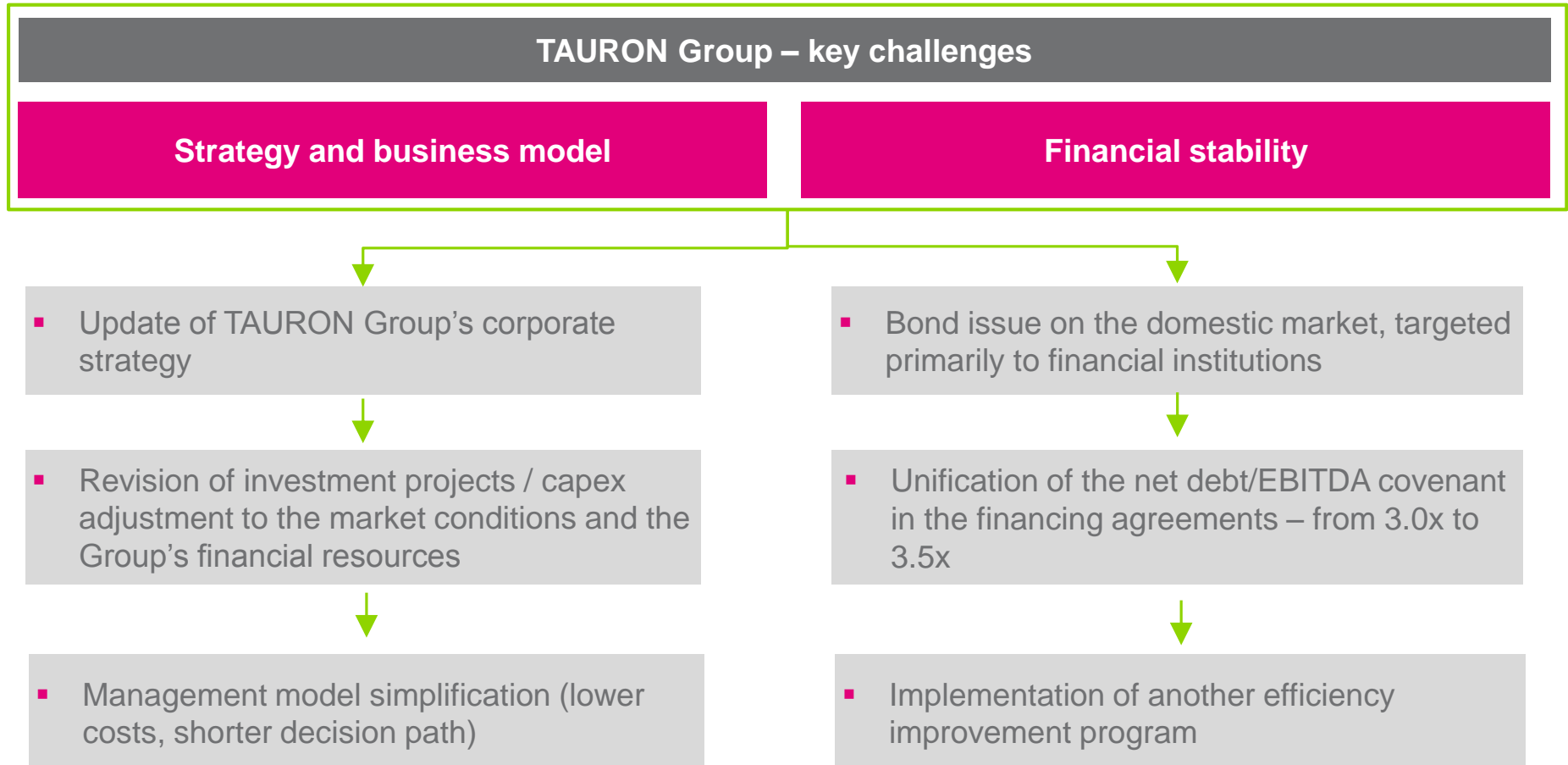
- falling electricity sales prices
- higher CO<sub>2</sub> costs
- no support for hydroelectric power plants (>5 MW), reduction of the support coefficient biomass co-firing (from 1.0 to 0.5)

### Mining

- higher extraction volume
- increased volume of extraction of high margin large and medium size lump coals (Brzeszcze Coal Mine effect)
- segment's capex optimization

- high hard coal inventory levels in the sector
- low coal prices
- planned loss on the operations of the Nowe Brzeszcze company – negative impact on the segment's result

# Key challenges





**TAURON Group's 2016-2018**

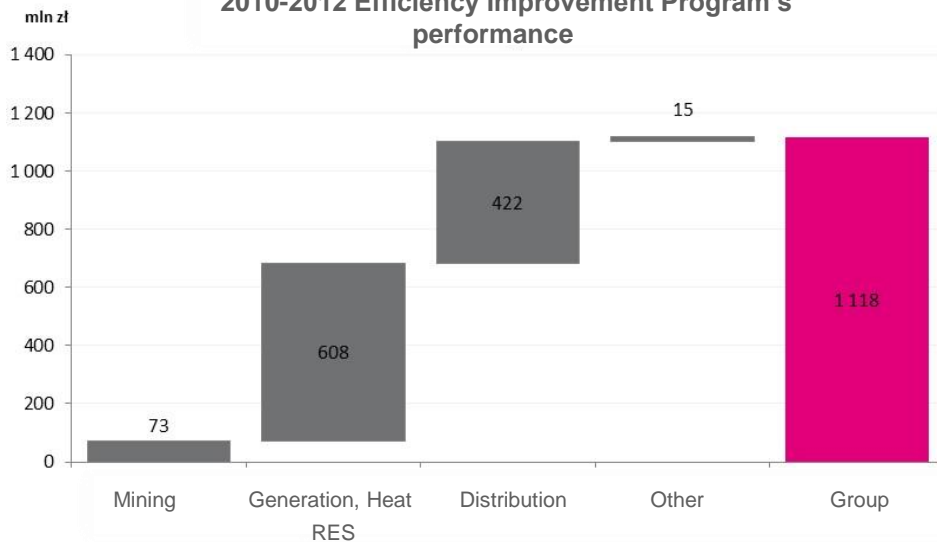
**Efficiency Improvement Program**

# TAURON Group's past Efficiency Improvement Programs

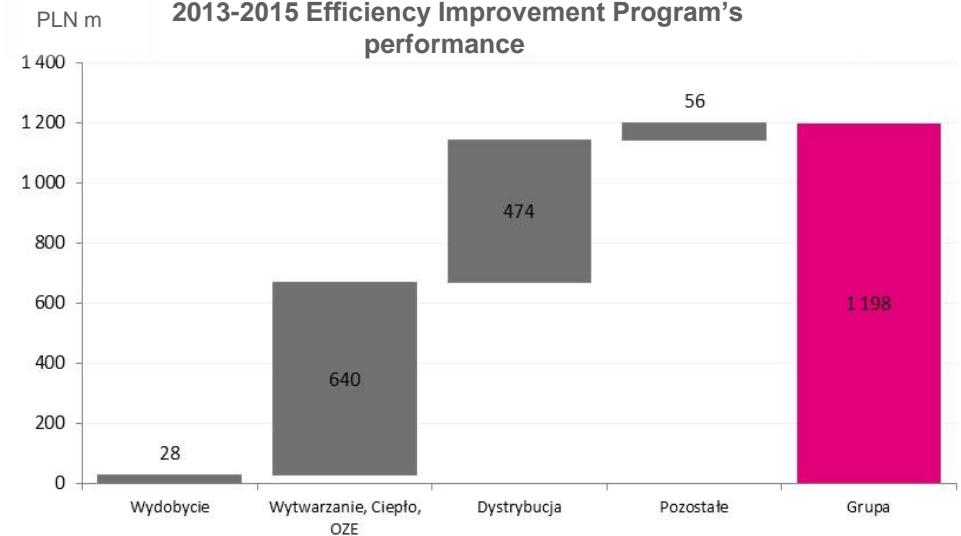


Savings exceeded the amount initially announced at the Program's launch by approx. PLN 300m

2010-2012 Efficiency Improvement Program's performance



2013-2015 Efficiency Improvement Program's performance



# New Program's background



**Over the last few years the deterioration of the general condition of both the entire energy sector as well as the individual utilities can be observed**

## MARKET AND REGULATORY TRENDS

- tightening of the European Union's climate policy – increasing CO<sub>2</sub>, emission allowances purchase obligations, the shift from coal to renewable energy sources
- declining hard coal prices while leading to the reduction of electricity generation costs also result in the drop of margins on the hard coal sales outside the Group
- falling electricity prices – not able to cover all of the generators' costs and the growing competition among suppliers
- change of the rules of remuneration in the distribution segment – quality based model (significant improvements of the SAIDI, SAIFI indicators and the connection time will require incurring large capital expenditures)
- change of the European energy groups' strategy – withdrawing from operating some generation assets

**Taking into account the market and regulatory factors, as well as TAURON Group's internal conditions, one of the key actions is the launching of another efficiency improvement program**

# 2016-2018 Efficiency Improvement Program

Distribution of the planned savings  
under the new efficiency improvement program

Approx. 80%



Distribution, Generation  
and Mining

Almost 60%



Distribution and Generation

- Savings will be distributed uniformly in 2016-2018
- Ultimate impact on EBIT will be achieved in 2018

2015

2016

2017

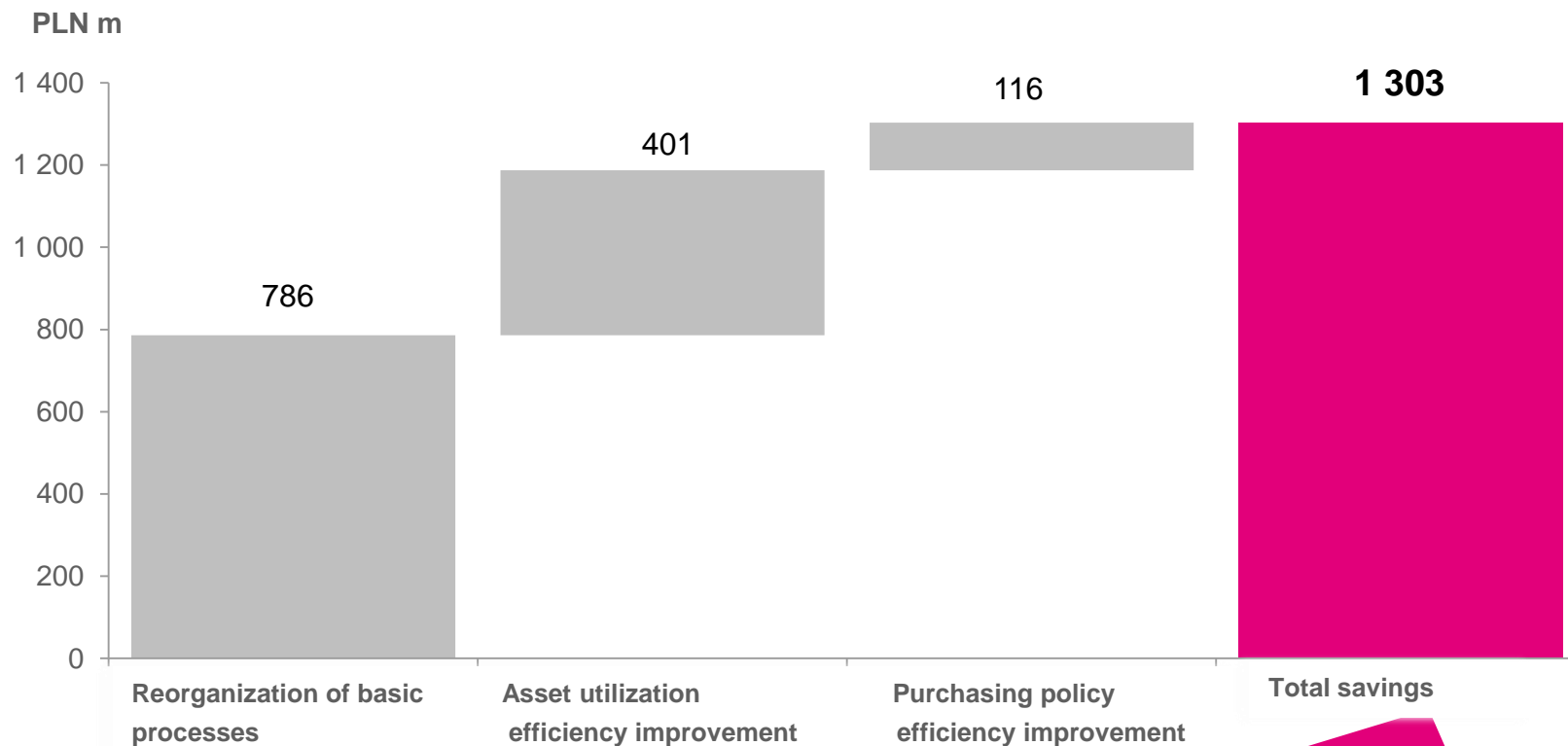
2018

- Work on the efficiency improvement program was convergent with the work on TAURON Group's 2016 financial plan

- Planned savings will be maintained in each successive year of the program's implementation
- **Planned savings in 2016-2018 will reach PLN 1 303m**

# 2016-2018 Efficiency Improvement Program

## SAVINGS RANGE



**Approximately 75% of the savings will have a direct impact on the Group's operating result.**  
The other savings are related to the reduction of the capital expenditures with respect to the utilization of the assets held and the purchasing policy efficiency improvement

# 2016-2018 Efficiency Improvement Program

TAURON GROUP IS PLANNING TO IMPLEMENT ANOTHER EFFICIENCY IMPROVEMENT PLAN, MAINLY BY OPTIMIZING OPERATING EXPENSES AND CAPEX SPENDING

## Mining (PLN 255m)

- Employment restructuring, reduction of labor costs and increasing their flexibility, reorganizational measures
- Use of electronic auctions in the purchasing process
- CAPEX plan optimization

## Generation (PLN 367m)

- Optimization of upgrades and of other asset maintenance costs
- Employment restructuring
- Purchasing efficiency improvement
- Optimization of the carburizing and de-ashing system operation services
- Maintenance services costs control
- CAPEX plan optimization

## Distribution (PLN 390m)

- Reorganization, employment restructuring
- Asset maintenance costs control
- Purchasing efficiency improvement
- Outsourcing of the storage services
- Sale of redundant real estate

## Other (PLN 291m)

- Employment restructuring
- Restricting the scope of IT services
- Change of the printouts and dunning letters handling process
- Customer service costs control
- Optimization of the costs of promotional and sponsoring activities
- Administration (overhead) costs control

**It is expected that as a result of the above mentioned activities TAURON Group will achieve additional operational efficiency improvements which will lead to the improvement of the ratios that are used in covenants in the agreements with financing institutions**

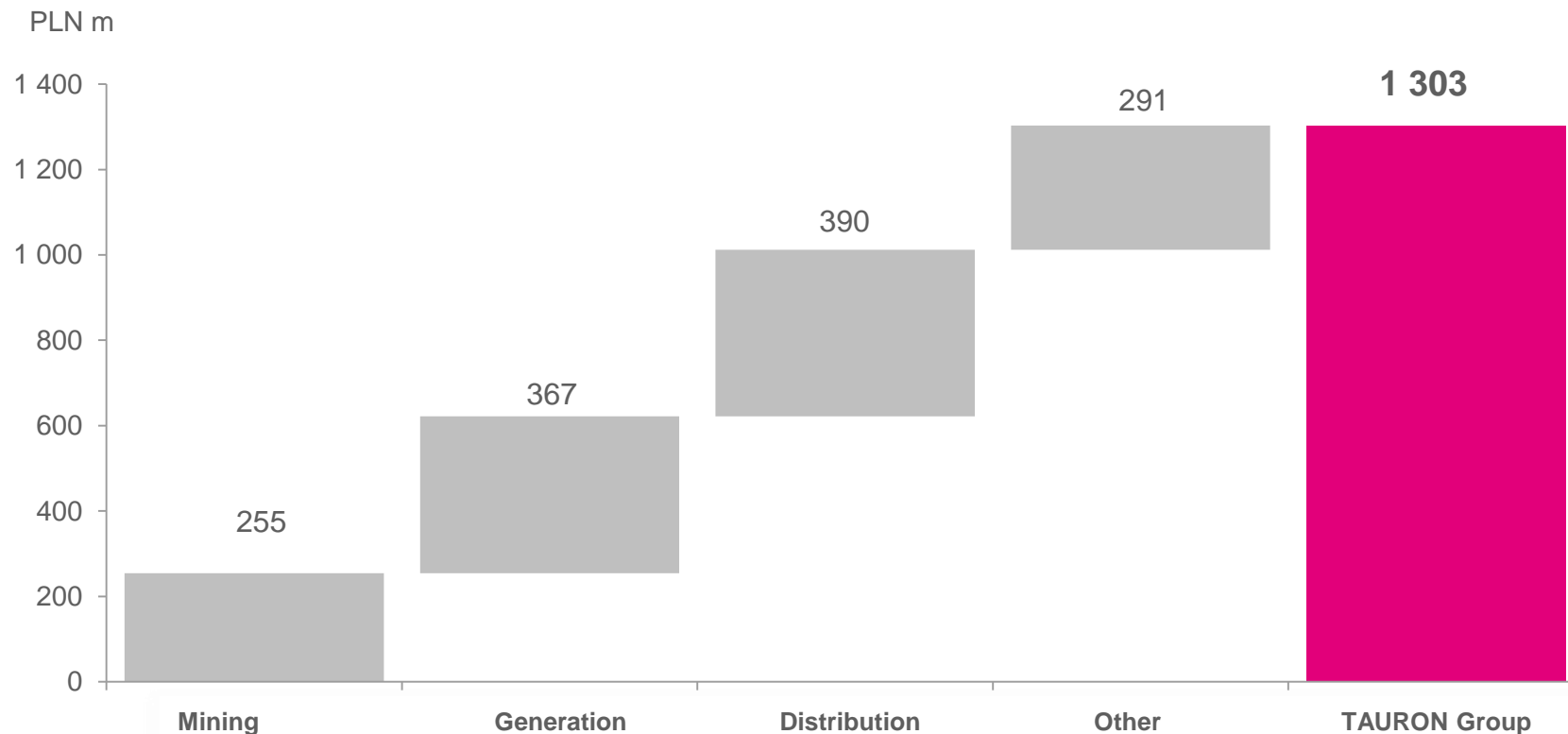
**This will allow for increasing the Group's EBITDA by approximately PLN 400m in 2018 (a permanent, recurring effect starting from 2018). Total cumulative increase of EBITDA due to the 2016-2018 Efficiency Improvement Program is estimated to reach approx. PLN 1bn**



# 2016-2018 Efficiency Improvement Program

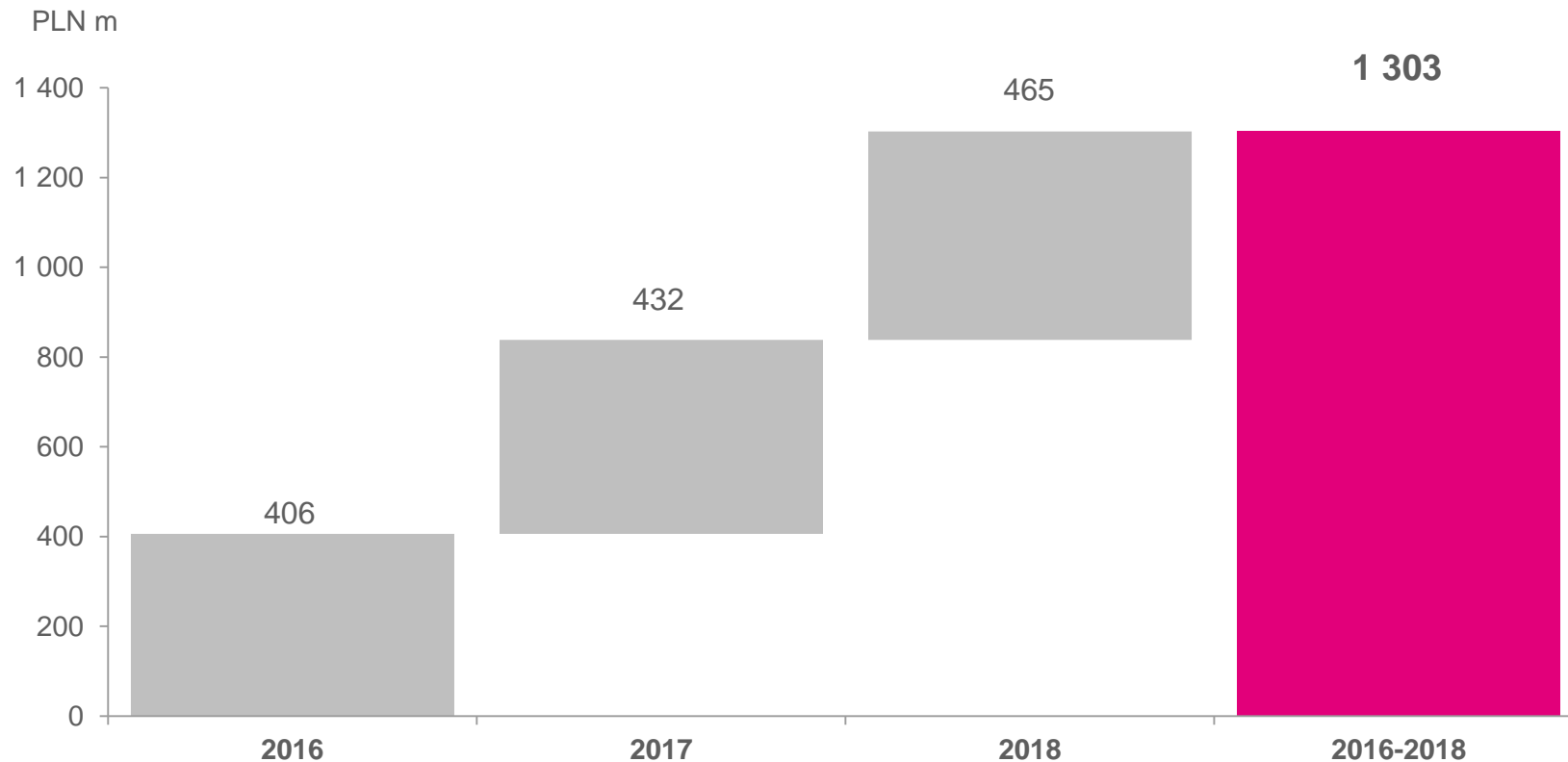


## SAVINGS PER LINE OF BUSINESS



# 2016-2018 Efficiency Improvement Program

## SAVINGS PER YEAR



# 2016-2018 Efficiency Improvement Program

EFFICIENCY IMPROVEMENT PROGRAM HAS BEEN PLANNED, FORMALLY PASSED AND WILL BE SUBJECT TO THE ONGOING MONITORING

- TAURON Group's 2016-2018 Efficiency Improvement Program was passed based on the resolution of the Management Board of TAURON Polska Energia
- Savings were included in the subsidiaries' and the Group's operational and financial plans. These plans are monitored on an ongoing basis
- Every quarter TAURON Group makes disclosures on the progress of the program's implementation



# Thank you – Q & A



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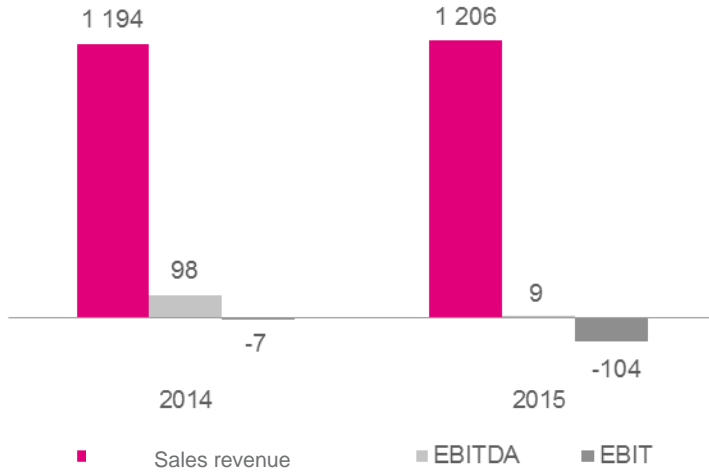
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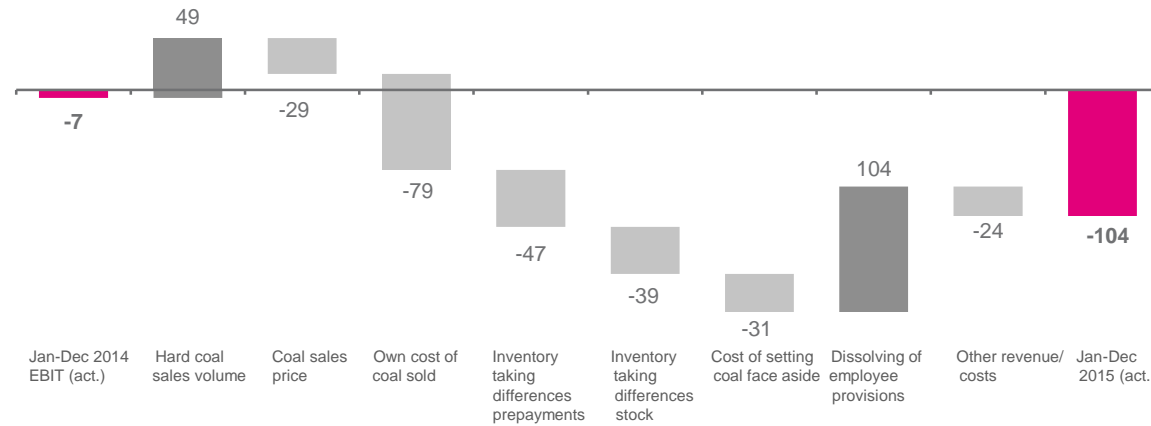
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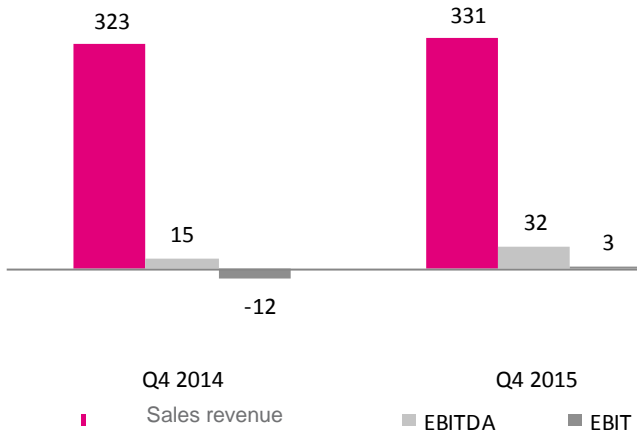
2015 financial data [PLN m]



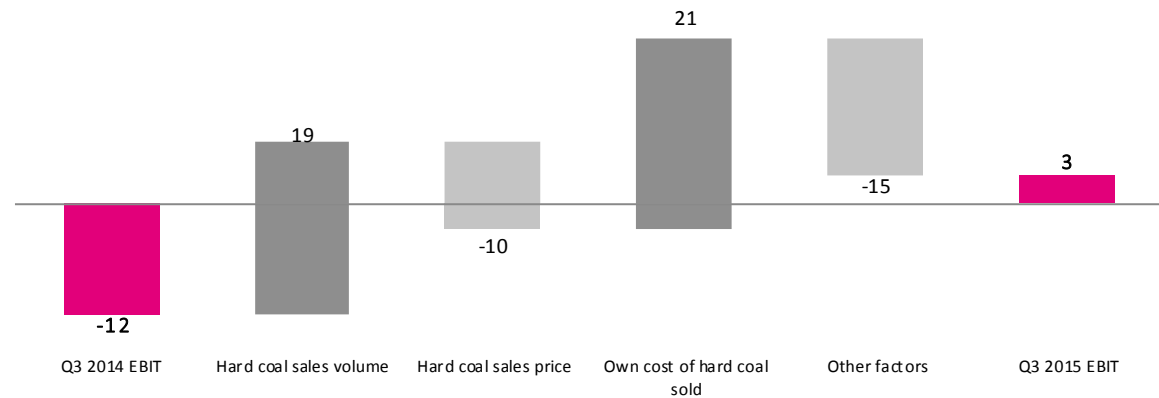
2015 EBIT bridge [PLN m]



Q4 2015 financial data [PLN m]



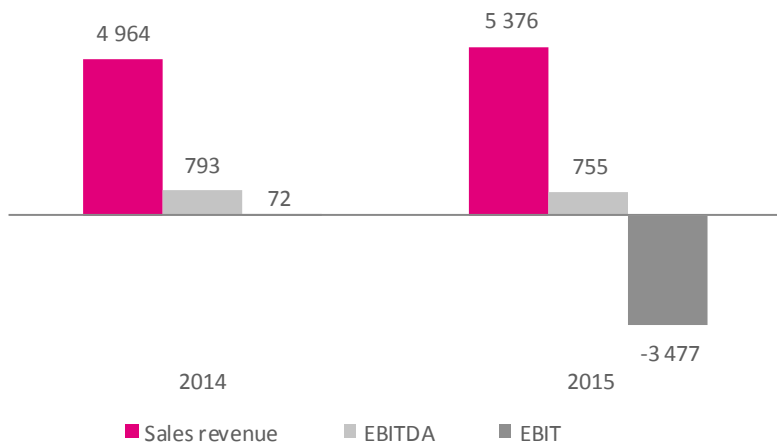
Q4 2015 EBIT bridge [PLN m]



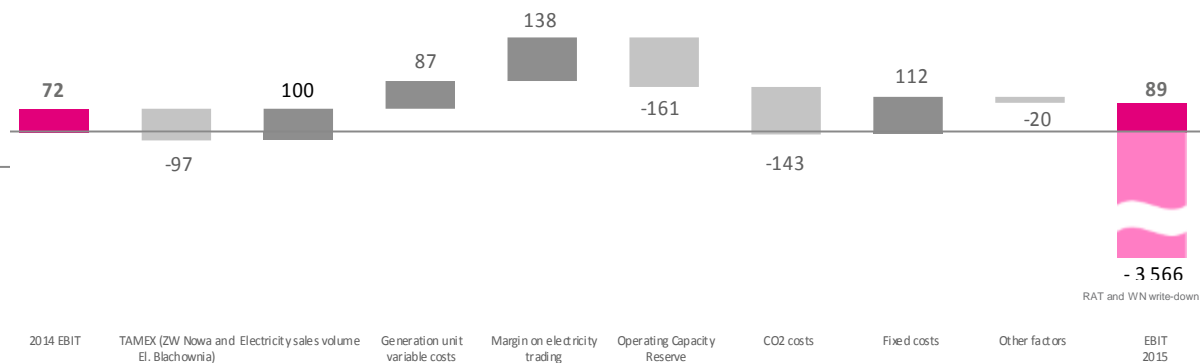
# Generation



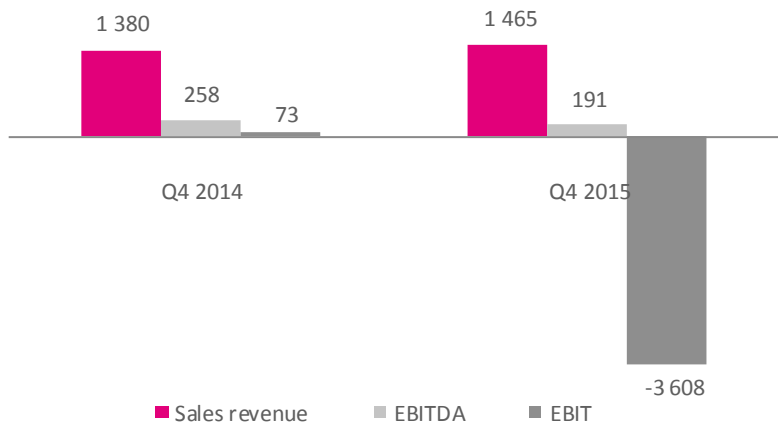
2015 financial data [PLN m]



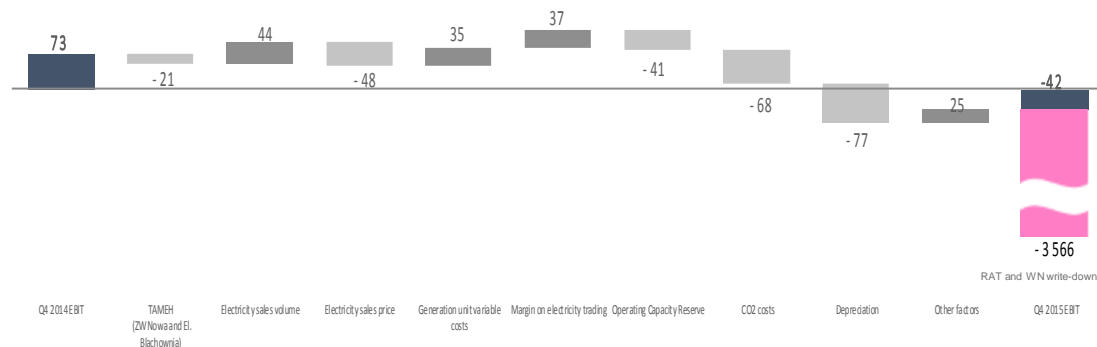
2015 EBIT bridge [PLN m]



Q4 2015 financial data [PLN m]



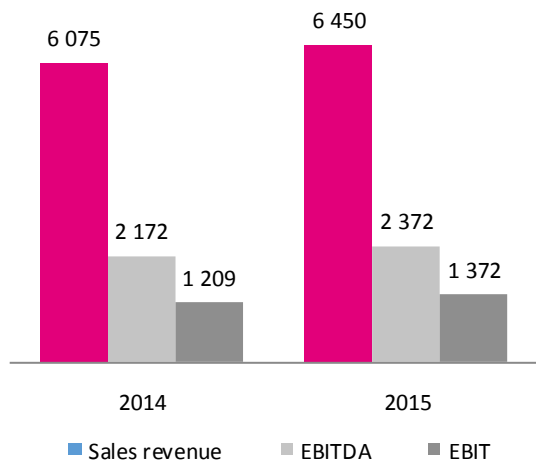
Q4 2015 EBIT bridge [PLN m]



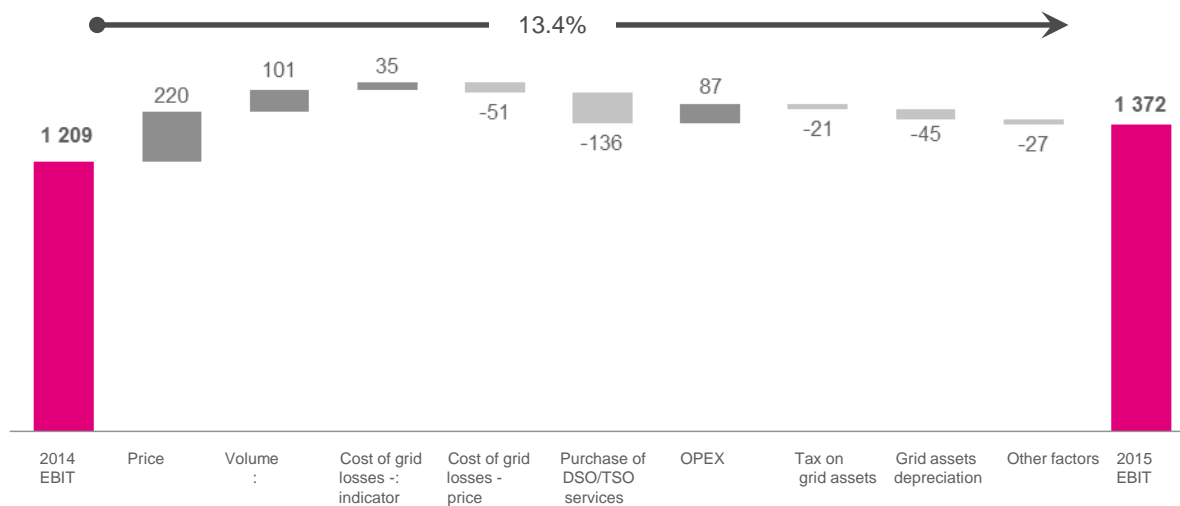
# Distribution



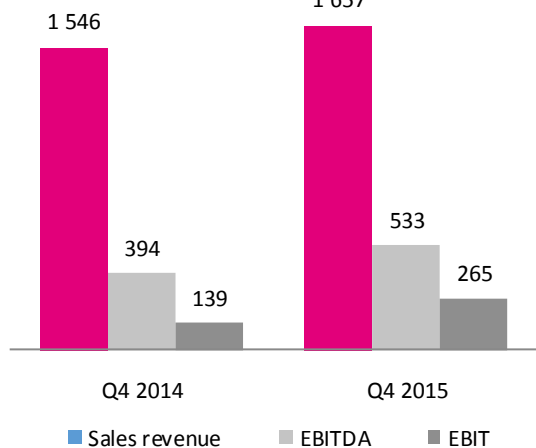
2015 financial data [PLN m]



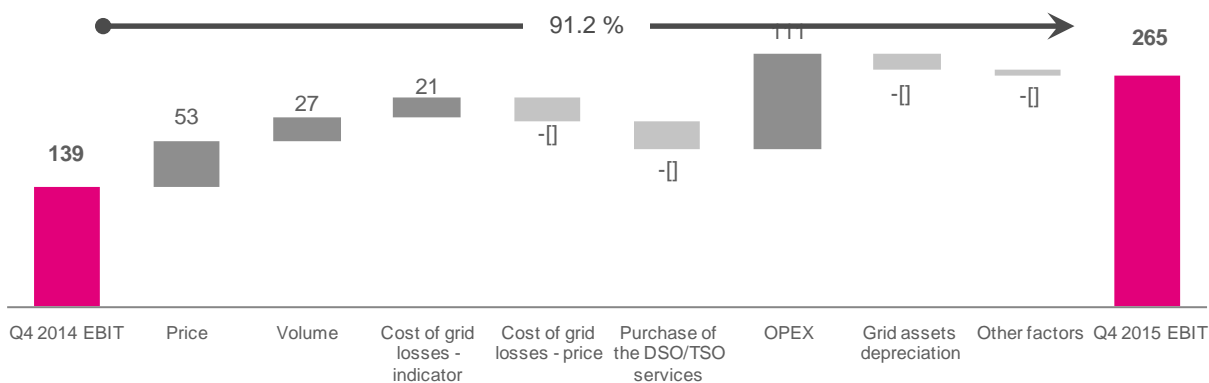
2015 EBIT bridge [PLN m]



Q4 2015 financial data [PLN m]



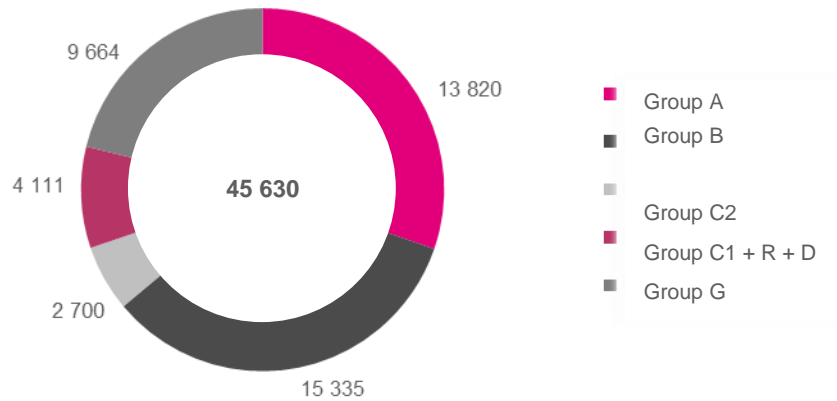
Q4 2015 EBIT bridge [PLN m]



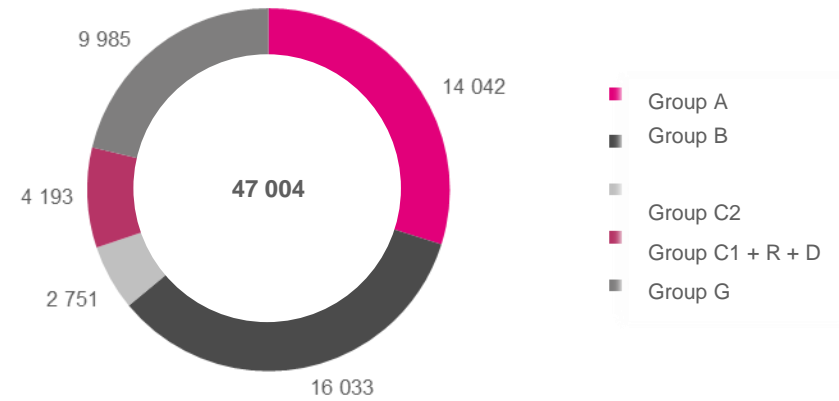


# Distribution – volumes

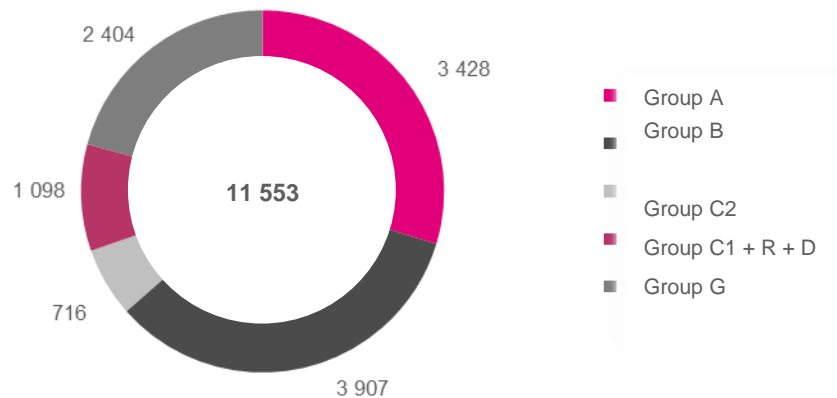
2014 electricity distribution [GWh]



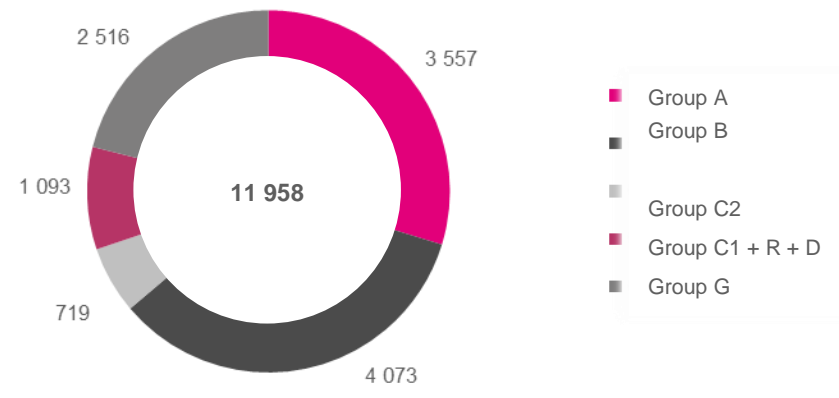
2015 electricity distribution [GWh]



Q4 2014 electricity distribution [GWh]

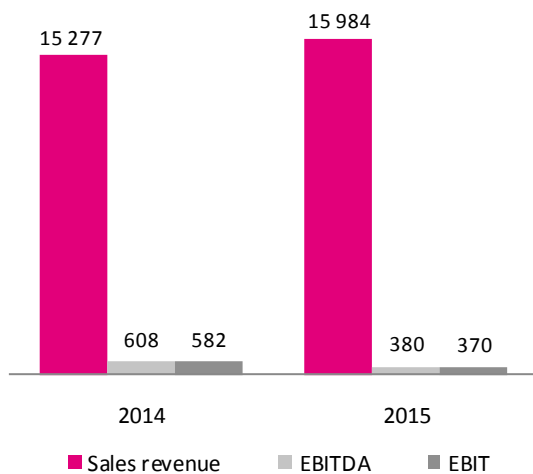


Q4 2015 electricity distribution [GWh]

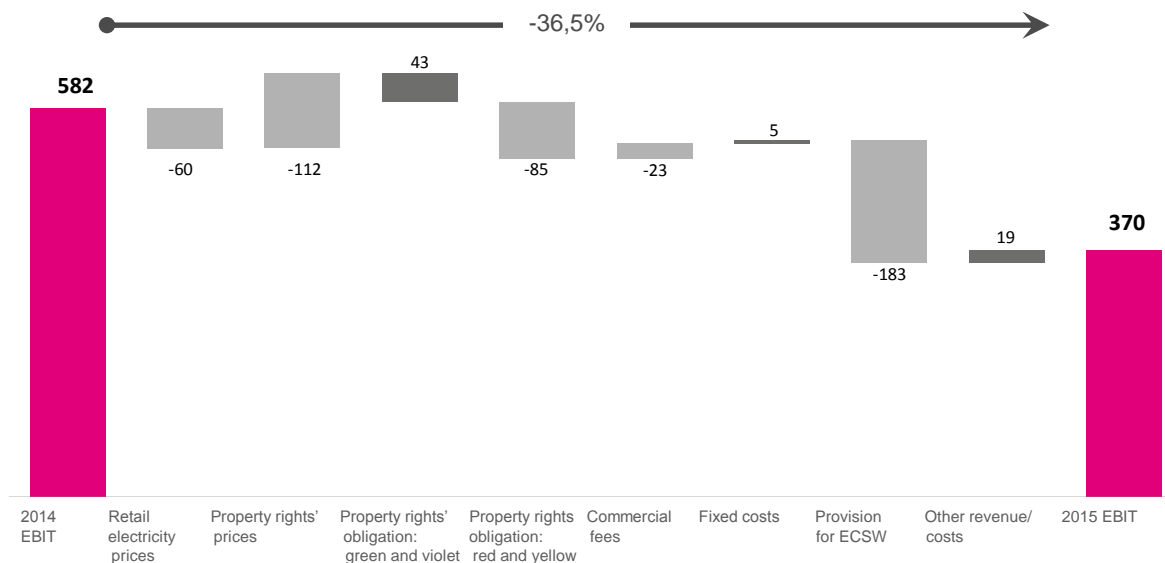


# Supply

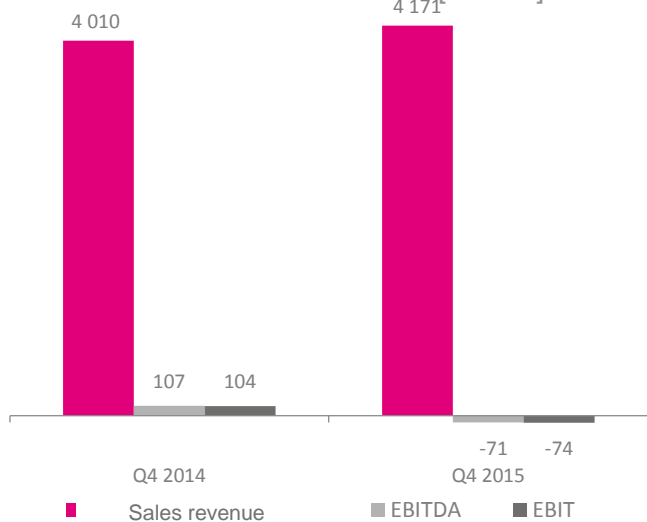
2015 financial data [PLN m]



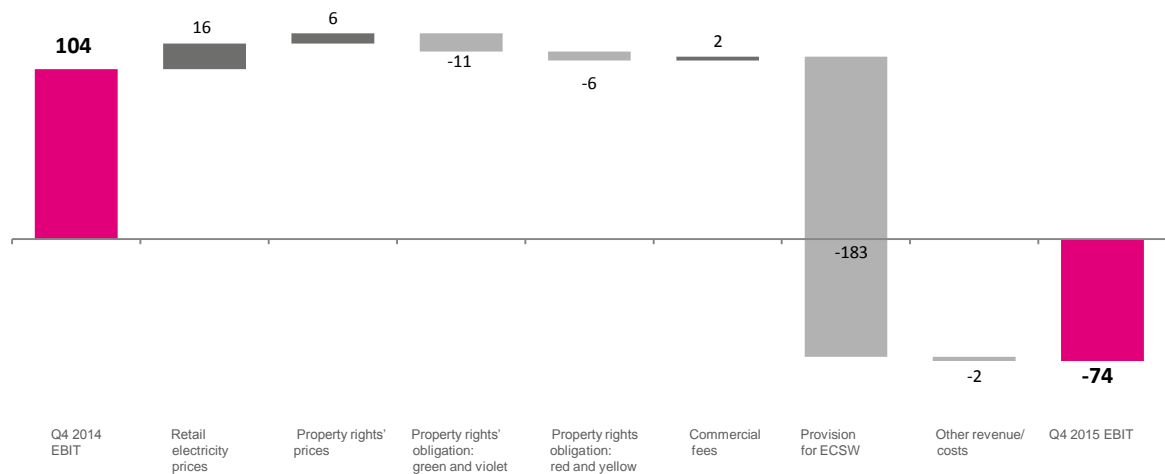
2015 EBIT bridge [PLN m]



Q4 2015 financial data [PLN m]

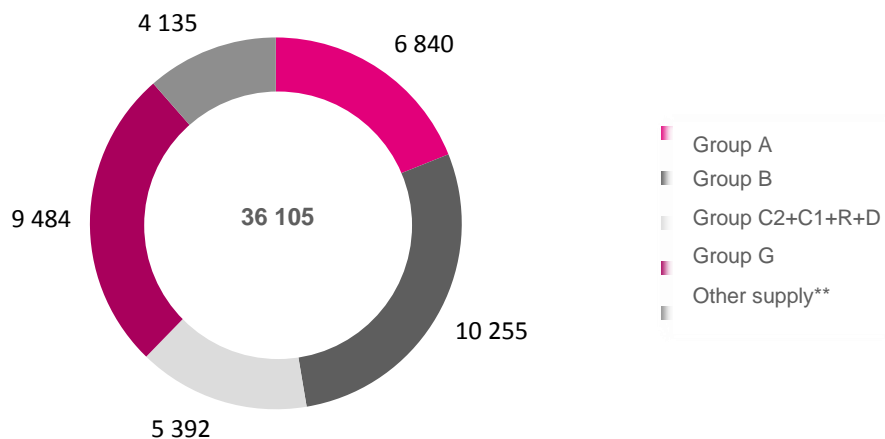


Q4 2015 EBIT bridge [PLN m]

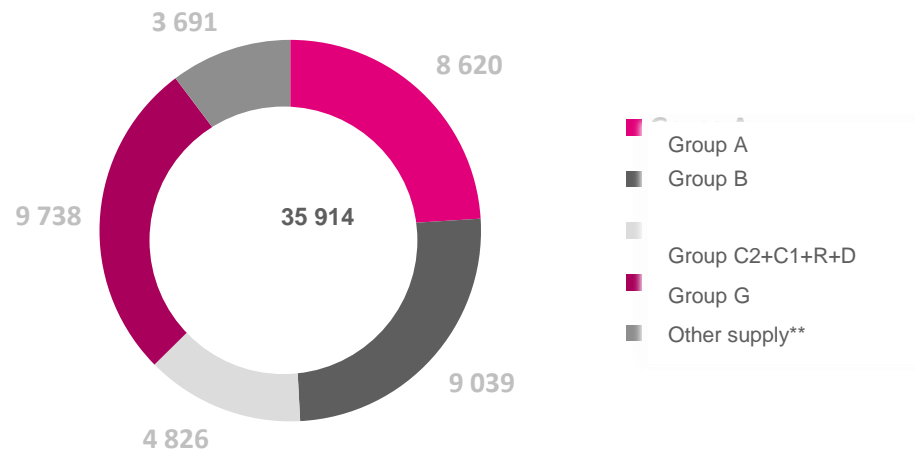


# Supply – volumes

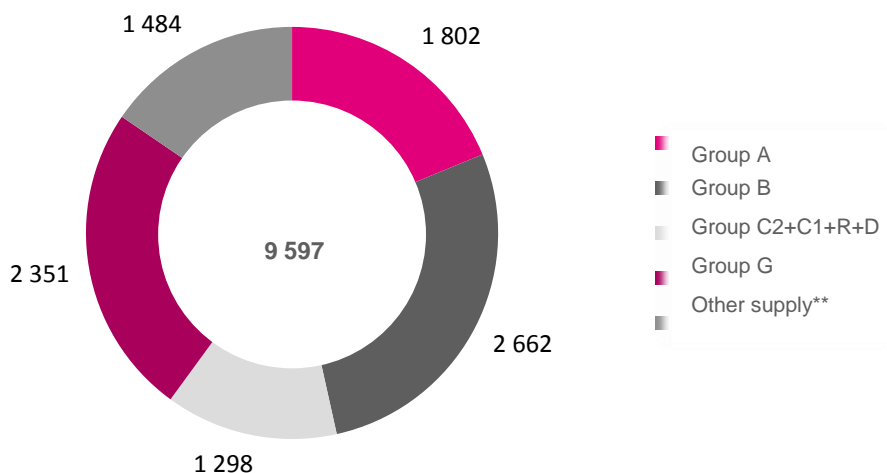
2014 retail electricity supply [GWh]\*



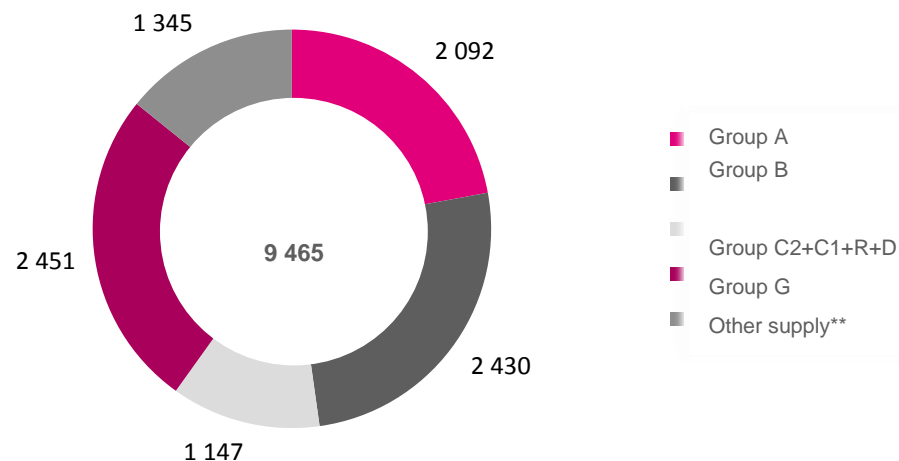
2015 retail electricity supply [GWh]



Q4 2014 retail electricity supply [GWh]\*



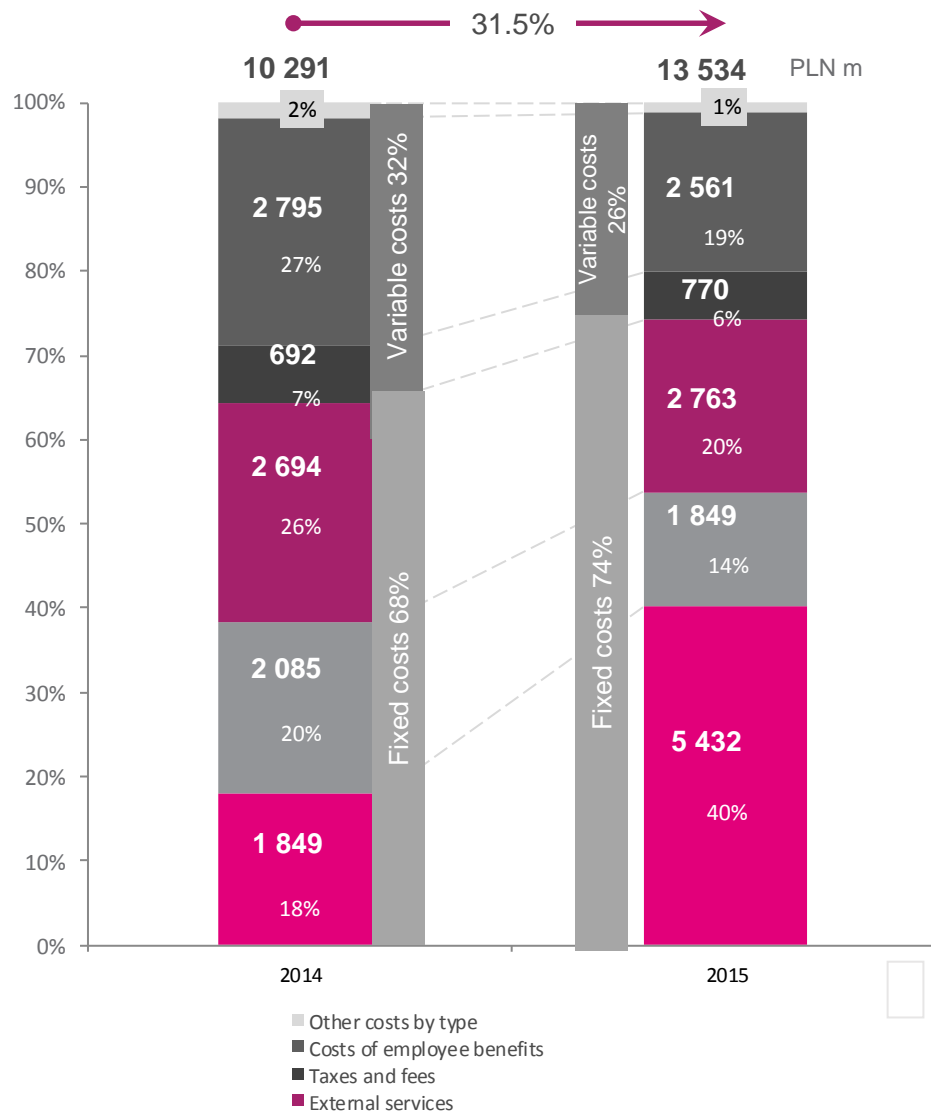
Q4 2015 retail electricity supply [GWh]



\* Volumes of electricity supply to the strategic customers (key accounts) of TAURON Polska Energia S.A. are included in groups A and B

\*\* Group's subsidiaries' own needs and balancing differences, balancing differences to other DSOs, other

# 2015 prime costs structure



Increase of costs in 2015 was primarily due to:

- impairment charges (shown jointly with the depreciation) due to completed impairment charges test related to the loss on the carrying amount of the Generation segment's assets,
- taxes and fees (higher costs of the provision for CO<sub>2</sub>).

Declining costs were due to:

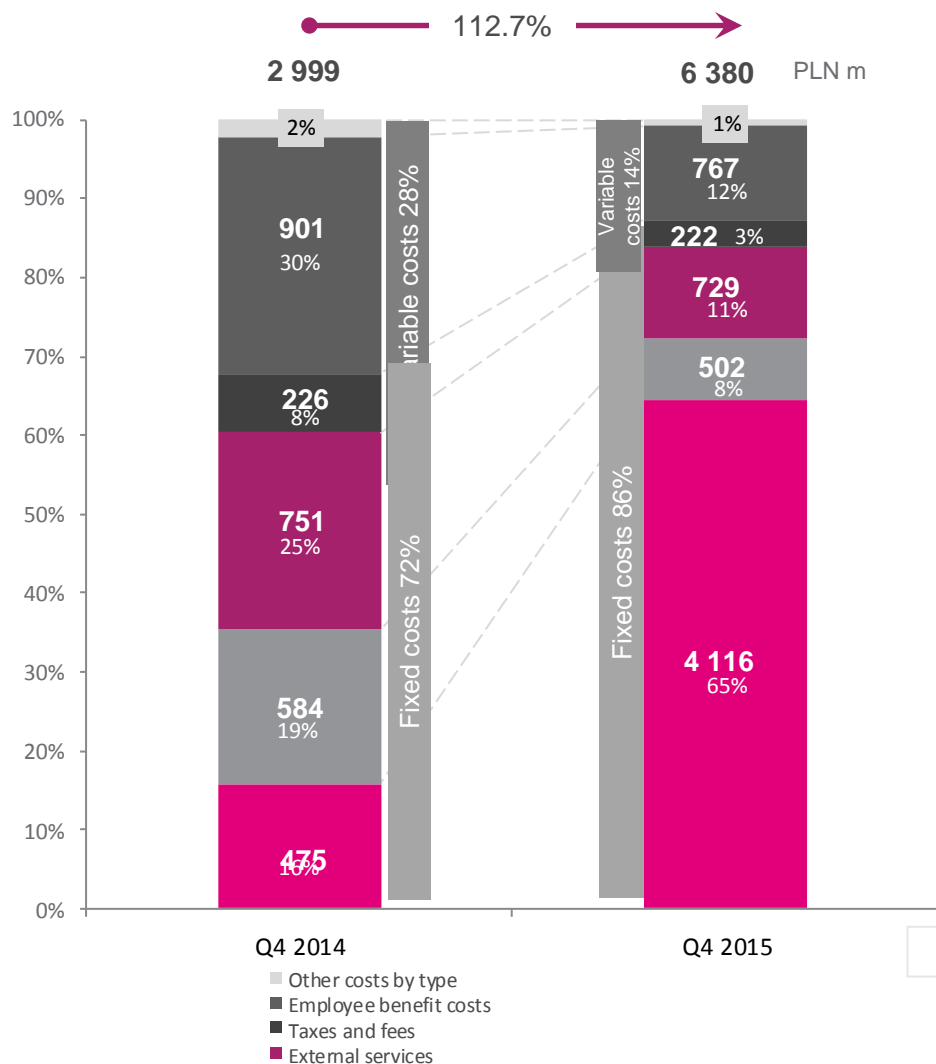
- consumption of materials and energy,
- employee benefit costs – (mainly the result of the lower headcount in 2015 and the increase of the costs of the actuarial provisions in 2014 (discount rate change).

Cost structure:

- 2015: variable costs (excluding the value of goods and materials sold) approx. 26%, fixed costs approx. 74%
- 2014: variable costs approx. 32%, fixed costs approx. 68%

The cause of the change of the cost structure are impairment charges related to the carrying amount of the Generation segment's assets..

# Q4 2015 prime costs structure



Increase of costs in Q4 2015 was due to the completed impairment charges tests and recognizing the impairment charges related to the carrying amount of the Generation segment's assets.

Declining costs in Q4 2015 are primarily due to:

- employee benefit costs – result of the lower average headcount in 2015 and the increase of the costs of the actuarial provision in 2014 (discount rate change), and also rise of the Voluntary Redundancy Program related provision,
- costs of consumption of materials and electricity – due to the lower costs of purchasing electricity for the balancing difference, lower costs of coal face furnishing.

Cost structure:

- Q4 2015: variable costs (excluding the value of goods and materials sold) approx. 14%, fixed costs approx. 86%
- Q4 2014: variable costs approx. 28%, fixed costs approx. 72%

The cause of the change of the cost structure are impairment charges related to the carrying amount of the Generation segment's assets.

# Electricity market price trends

Electricity						
Platforms: TGE, TFS, GFI, GPW-POEE	2015		2016 (until February18, 2016)		2016/2015 (until February18, 2016)	
	Price (PLN/MWh)	Volume (GWh)	Price (PLN/MWh)	Volume (GWh)	Price %	Volume %
Forward BASE (Y+Q+M)	167.51	201 870	<b>165.98</b>	<b>163 068</b>	<b>-0.9%</b>	<b>-19.2%</b>
Forward PEAK (Y+Q+M)	215.96	17 866	211.13	18 160	-2.2%	+1.6%
Forward (weighted average)	171.45	219 737	170.51	181 228	-0.5%	-17.5%
SPOT (TGE)	156.40	25 102	169,20 (forecast)	25 000	+8.2%	-0.4%
Total weighted average	169.90	244 839	<b>170.35</b>	206 228	+0.3%	-15.8%

Property rights (PLN/MWh)			
Certificate type	Market prices (2015 average)	Substitution fee and obligation for:	
		2015	2016
RES (PMOZE_A)	123.61	303.03 (14.0%)	300.03 (15.0%)
Hard coal=fired cogeneration (PMEC-2015)	10.68	11.00 (23.2%)	11.00 (23.2%)
Gas coal=fired cogeneration (PMGM-2015)	117.35	121.63 (4.9%)	125.00 (6.0%)
Methane (PMMET-2015)	61.76	63.26 (1.3%)	63.00 (1.5%)

CO <sub>2</sub> emission allowances (EUA/t)	
CO <sub>2</sub> market analysts survey* (updated in February 2016)	Price (EUR/t)
2016 average	7.15 EUR/t
2017 average	8.00 EUR/t
2018 average	9.20 EUR/t
2016 average price forecast by TAURON (**assumptions as of September 2016)	<b>9.49 EUR/t</b>
2016 average price forecast by TAURON (**updated in February 2016)	<b>6.00 – 6.30 EUR/t</b>

\* Sources: Point Carbon, BNEF, Consus, GDF SUEZ Trading, HSE, Mkonline, Societe Generale, TAURON

\*\* Average price in the January - February 2016 time frame + TPE analysts' adjustment

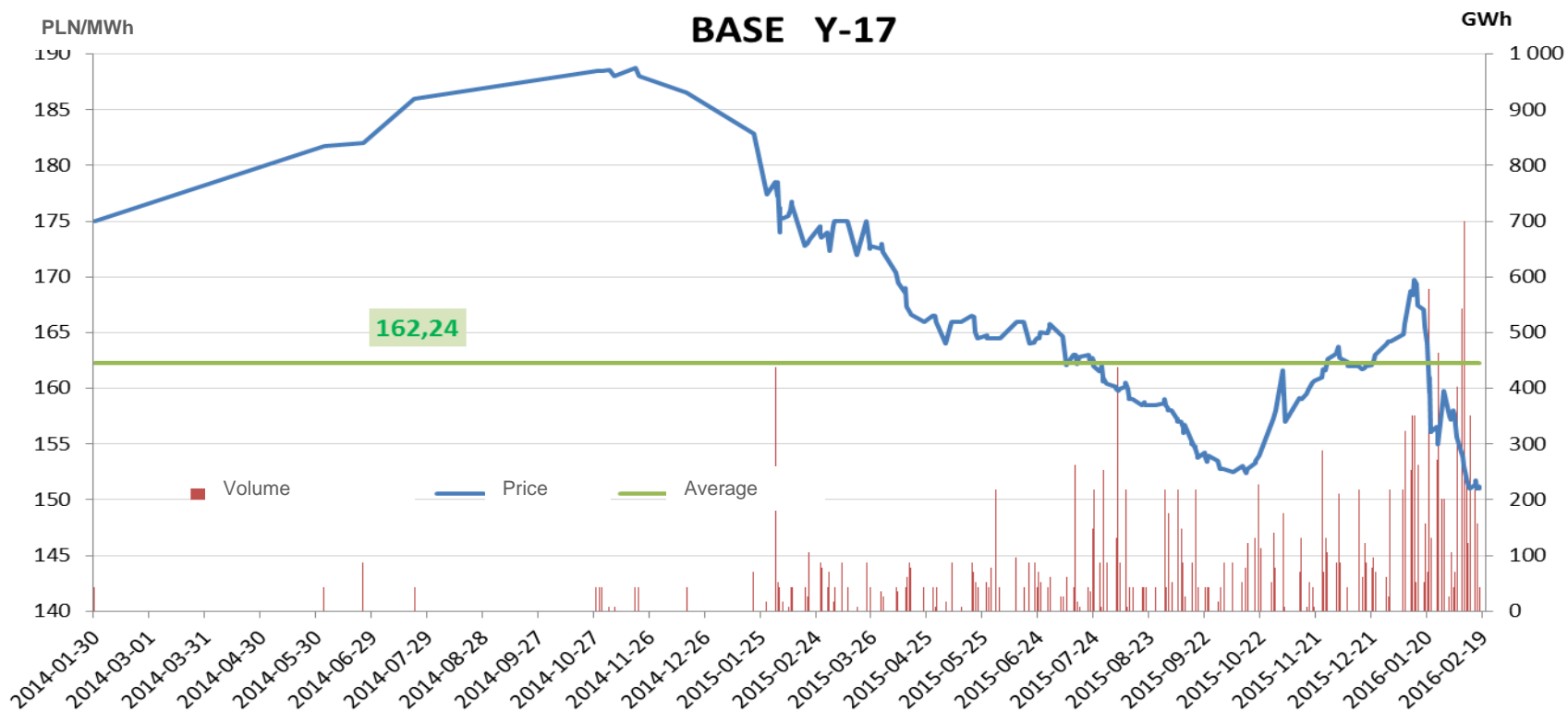
# 2016 BASE contracts



		Average price [PLN/MWh]	Volume [GWh]
Total		166.47	147 923
Including	TGE	166.12	115 729
	non TGE	167.70	32 193

Average electricity price that takes into account 2016 one year BASE and PEAK contracts: PLN 171.06/MWh, total 2016 BASE and PEAK volume: 164 728 GWh

# 2017 BASE contracts

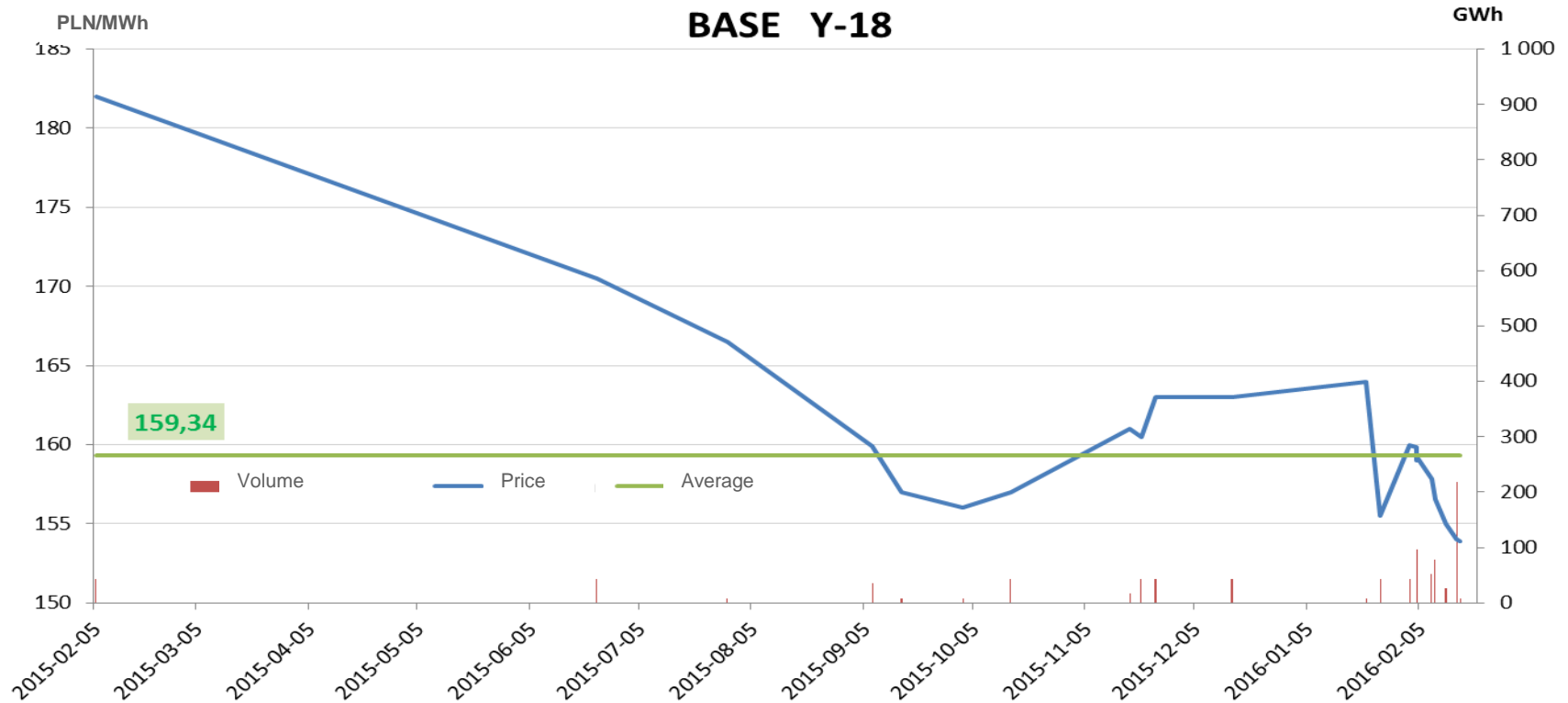


		Average price [PLN/MWh]	Volume [GWh]
Total		162.24	23 389
Including	TGE	160.81	14 550
	non TGE	164.59	8 839

Average electricity price that takes into account 2017 one year BASE and PEAK contracts: PLN 164.51/MWh, total 2017 BASE and PEAK volume: 24 519 GWh



# 2018 BASE contracts



		Average price [PLN/MWh]	Volume [GWh]
Total		159.34	1 121
Including	TGE	158.49	464
	non TGE	159.93	657

Average electricity price that takes into account 2018 one year BASE and PEAK contracts: PLN 160.17/MWh, total 2018 BASE and PEAK volume: 1 136 GWh

# TAURON's coverage by analysts

Institution	Analyst
BAML	Denis Deruskhin
DB Securities	Tomasz Krukowski
Dom Maklerski BOŚ	Michał Stalmach
Dom Maklerski mBanku	Kamil Kliszcz
Dom Maklerski Banku Handlowego	Piotr Dzięciołowski
Dom Maklerski BZ WBK	Paweł Puchalski
Dom Maklerski PKO BP	Stanisław Ozga
Erste Group	Tomasz Duda
Haitong Bank	Robert Maj
HSBC	Dmytro Konovalov

Institution	Analyst
ING Securities	Maria Mickiewicz
J.P. Morgan Cazenove	Michał Kuzawiński
Pekao Investment Banking	Łukasz Jakubowski
Raiffeisen Centrobank	Teresa Schinwald
Renaissance Capital	Vladimir Sklyar
Societe Generale	Bartłomiej Kubicki
Trigon	Krzysztof Kubiszewski
UBS Investment Research	Michał Potyra Patrick Hummel Tomasz Walkowicz
WOOD & Company	Bram Buring

Thank you for your attention