

TAURON GROUP'S STRATEGY FOR 2016-2025

UPDATE OF
STRATEGIC
DIRECTIONS



Strategic directions take into account changes to the environment



Deepening decarbonization and tightening EU's energy and climate policy; rising CO2 emission allowances prices



Fast progressing process of reducing the financing of coal investment projects, as well as the capital groups holding coal assets



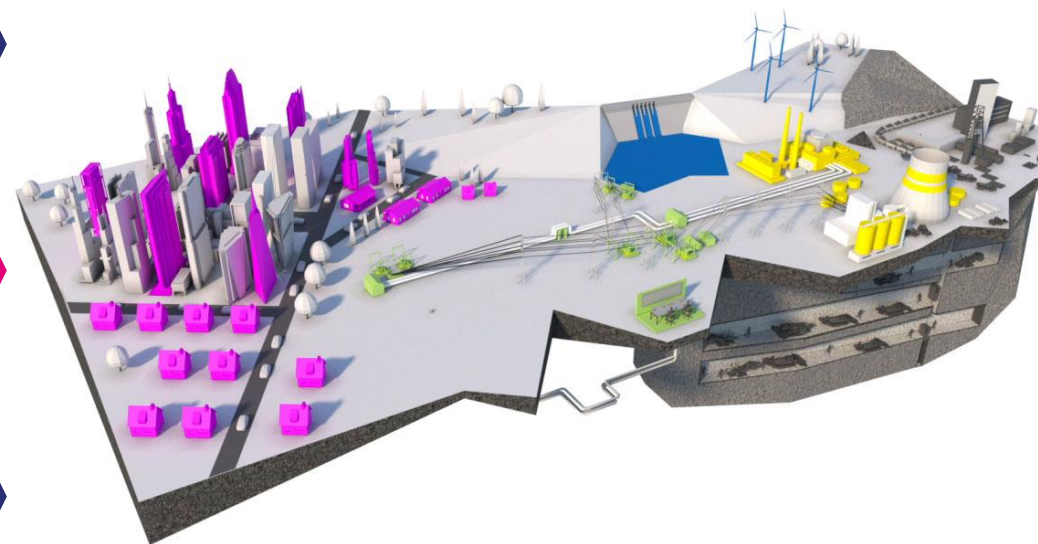
Reduction of the support for conventional power generation after 2025



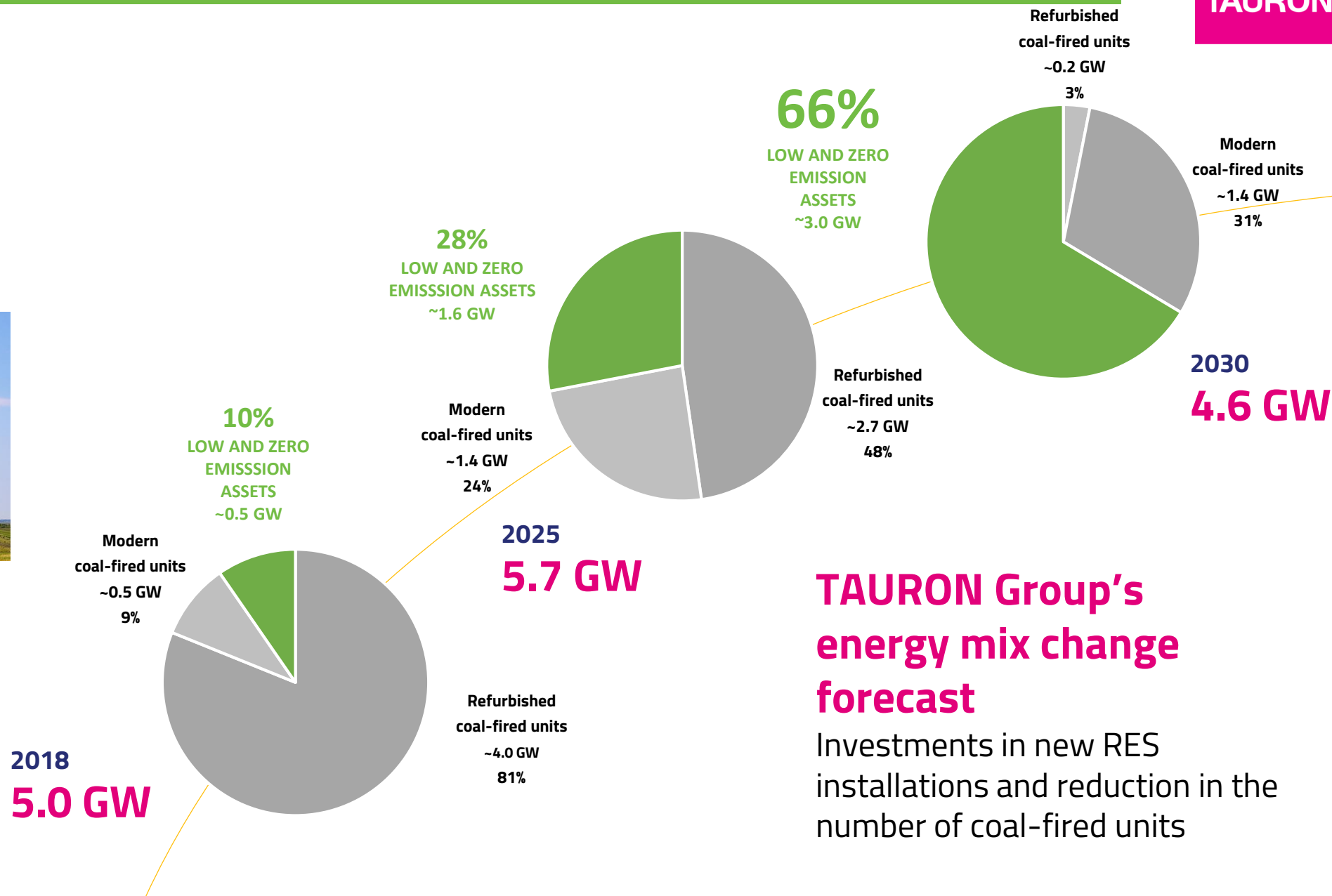
Further tightening of the environmental standards – BAT conclusions



Change in the behavior of individual and business customers



TAURON Group's energy transition



Foundations of TAURON Group's value growth



In accordance with the Strategy in force and the adopted update of the strategic directions the Group's value growth will primarily be based on ...

01



stable Distribution segment

02



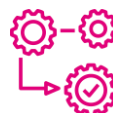
developing low and zero emission sources

03



conventional generation assets receiving support

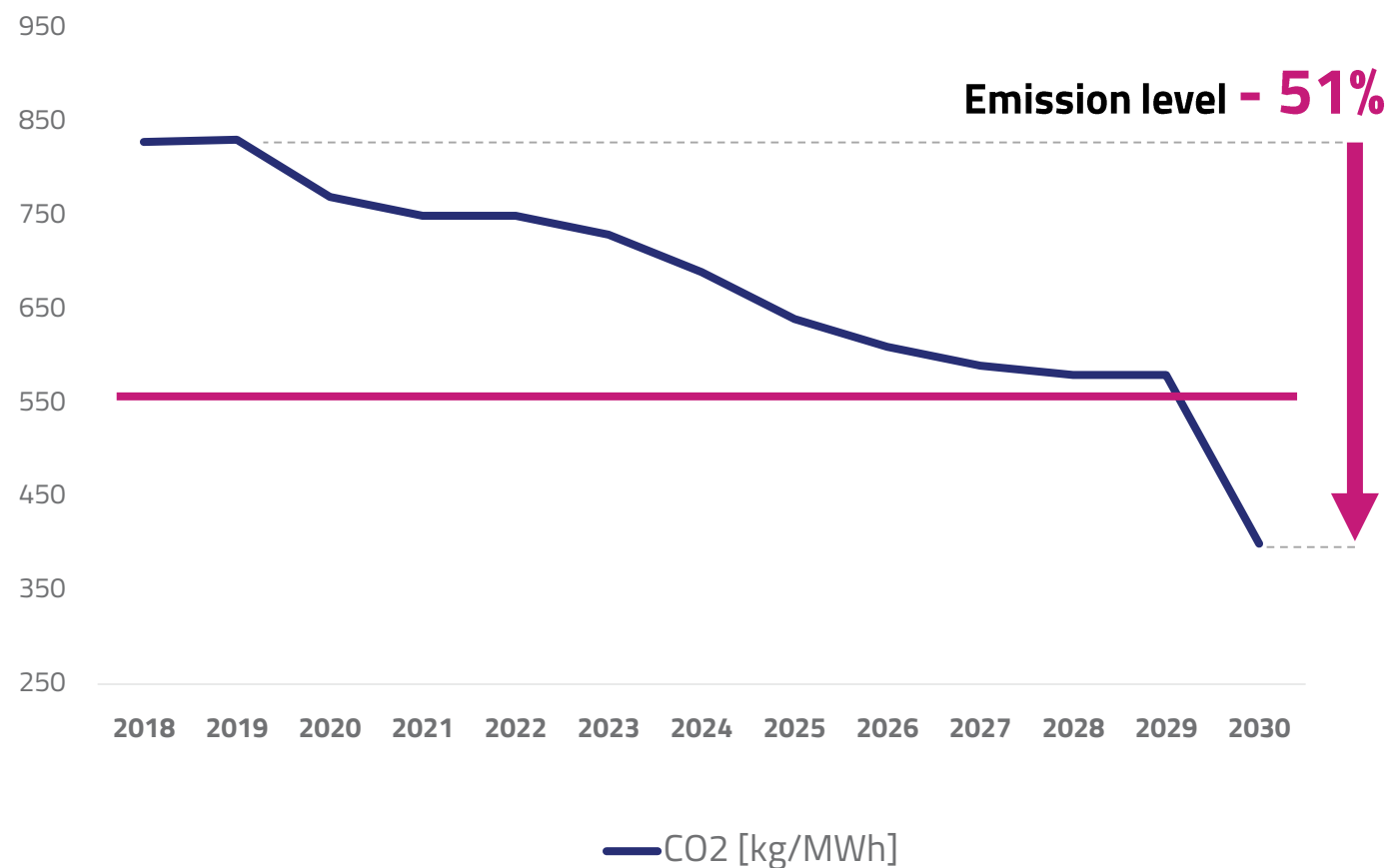
04



sales of energy and energy related products and services tailored to customer needs

Material reduction of CO2 emissions due to asset transition

**TAURON GROUP
AMONG THE MOST
ECOLOGICALLY
RESPONSIBLE
ENTITIES ON THE MARKET**



Priorities of the TAURON Group



Energy mix transition, including growth of low and zero emission sources



Maintaining financial stability



Optimization of equity investment portfolio



TAURON Group's strategic options

01



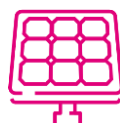
Decommissioning of 120 and 200 MW units

02



Expansion of wind farms (onshore)

03



Expansion of photovoltaic farms

04



Readiness to take part in off-shore wind farm development projects (offshore)



Engagement in low and zero emission power generation



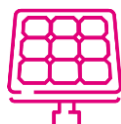
ON-SHORE WIND FARMS

- Additional 900 MW by 2025
- Increasing wind's share in the mix of total installed capacity up to 20 percent in 2025



OFF-SHORE WIND FARMS

- Capital expenditures by 2025
- Engagement dependent on public support for this type of projects and the Group's financial capabilities



PHOTOVOLTAICS

- Additional 300 MW by 2025
- Increasing the share of solar power generation in the mix of total installed capacity up to 5 percent in w 2025

Expansion of renewable energy sources under various **business models**, including by establishing an infrastructure fund that, by obtaining financial partners, may enable implementing investment projects with **TAURON's equity share in the region of approx. 20 percent**



New era of conventional generation – 910 MW unit in Jaworzno



Unit operating at the highest efficiency rate in its class in Europe



Reduction of CO2 emission by 2 million tons per annum versus the current units



Reduction of dust emissions by 91%, nitrogen oxides by 82%, sulfur by 95%

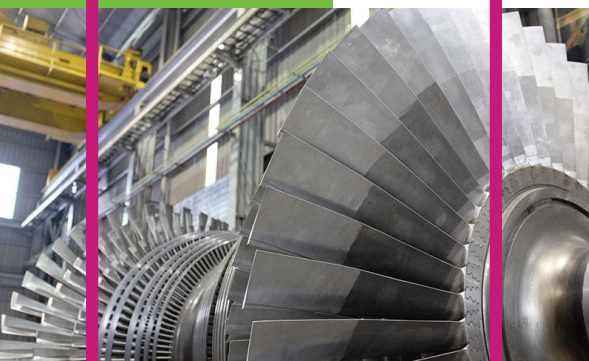


Unit adapted to the mounting of installations capturing CO2 from flue gases (CCS ready)



Utilization of waste (ashes, gypsum, slag) in the cement and construction industries





05

Market verification of potential Janina Coal Mine sale

06

Market verification of potential heat operations sale

07

Sale of the stake in ECSW

08

Sale of the stake in PGE EJ1

Development of products and services



DISTRIBUTION

Development of products and services based primarily on a large customer base and distribution assets

SERVICES

Development of services for business customers with respect to advisory (consulting) and management services (power assets and infrastructure management, energy audit and energy efficiency improvement services)

SMART CITY

Development of services and products for institutional customers, including local government units, by implementing **smart city solutions, developing electromobility, eliminating low emission sources, multiutility services**



Summary



Optimization of TAURON Group's assets – potential enhanced flexibility of mining and heat assets portfolios



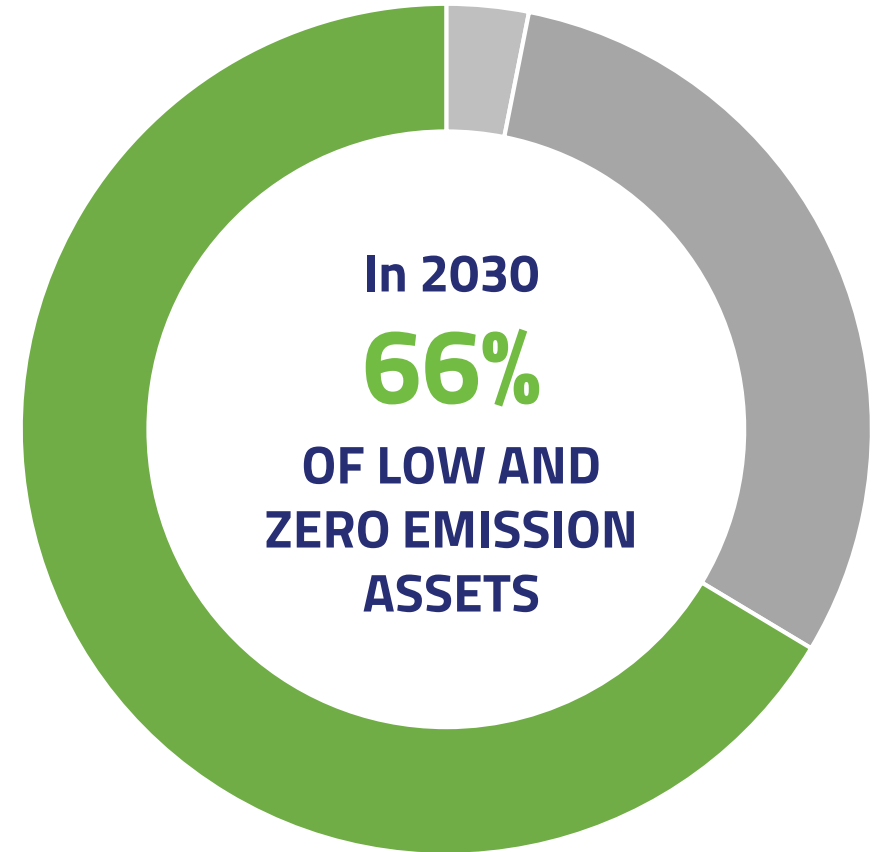
Decommissioning of old coal-fired units. Retaining only modern conventional generating units: Łagisza 460 MW and Jaworzno 910 MW



Focusing on generation from RES. 2/3 of assets, i.e. 3 GW, will be low and zero emission sources in 2030



Developing new businesses based on the Distribution segment



Data presented in this material includes estimates.

Calculations are based on the best knowledge, the utmost diligence, macroeconomic, sector related, regulatory and business assumptions up to date as of the moment of preparing the material, taking into account the estimated risks.

The individual strategic options will be implemented in case their profitability and TAURON Capital Group's financial capabilities are confirmed.

The final results of the analyses may differ from the figures presented.

THANK YOU FOR
YOUR ATTENTION

