

## **Preliminary results of TAURON Polska Energia Group for H1 2017**

The Management Board of TAURON Polska Energia S.A. ("Company") presents selected estimated consolidated financial and operational data of TAURON Polska Energia S.A. Capital Group ("TAURON Group") for the 1st half of 2017.

Selected estimated financial data for the 1st half of 2017:

Revenue on sales: PLN 8 755m

EBITDA (operating profit increased by depreciation, amortisation and write-offs for non-financial assets): PLN 2 094m including:

- a) EBITDA of the Mining Segment: PLN (5)m
- b) EBITDA of the Generation Segment: PLN 306m
- c) EBITDA of the Distribution Segment: PLN 1 203m
- d) EBITDA of the Supply Segment: PLN 545m

EBIT (operating profit): PLN 1 237m

Net profit: PLN 1 005m

CAPEX: PLN 1 495m

Net debt: PLN 8 166m

Net debt/EBITDA ratio: 2,17x

Selected estimated operational data for the 1st half of 2017:

Commercial coal production: 3.3 million tons

Commercial coal sale: 3.6 million tons

Gross electricity production: 9.5 TWh

Heat production: 7.1 PJ

Distribution of electricity: 25.7 TWh (including, to end consumers: 24.4 TWh)

Retail sales of electricity: 17.2 TWh

Selected one-off events which occurred in the 1st half of 2017:

- H1 2017 earnings include dissolving of the provisions set up due to charges under agreements related to the Elektrociepłownia Stalowa Wola S.A. joint venture. The dissolving of the provisions is the consequence of the coming into force of the agreement on the basic boundary conditions for the restructuring of Stalowa Wola's CCGT unit's construction project as well as of the amendments to the electricity sale agreement and the gas supply agreement (current report no. 11/2017 of March 31, 2017). The dissolving of the provisions led to the improvement of the Supply Segment's gross earnings by PLN 201m,

- H1 2017 earnings include financial revenue due to positive exchange rate differences related to the valuation of the liabilities under the EUR denominated debt securities (bonds) and loans. The inclusion of such revenues led to the improvement of TAURON Group's gross earnings by PLN 72m,

- TAURON Group recognized in its H1 2017 earnings the following impairment charges and reversed write-downs due to the reduction of the Generation Segment's assets' carrying amount on the balance sheet:

- amount of net write-downs taken (i.e. excess of write-downs taken over the reversed write-downs) related to wind farms and hydroelectric power plants: PLN 68m,
- net amount of reversed write-downs (i.e. excess of reversed write-downs over the write-downs taken) related to the generation assets in the electricity and heat generation line of business: PLN 36m,

The aggregate net write-downs (i.e. excess of write-downs taken over the reversed write-downs) is PLN 32m, and the aggregate estimated impact on the net consolidated financial earnings is PLN 26m.

The net write-downs do not impact EBITDA understood by the Company as EBIT increased by depreciation and write-downs related to non-financial assets.

Other significant factors influencing the results of the 1st half of 2017 (as compared to the 1st half of 2016):

- growth in the volume of coal sold by 1.1 million tons, i.e. by 44.7 per cent (Mining Segment),
- growth in the volume of energy distributed by 0.93 TWh, i.e. by 3.74 per cent (Distribution Segment),
- significant decline in costs of redemption of property rights in connection with the price of green certificates purchase by the Supply Segment (as a consequence of the decline in market prices of green certificates).

The Company reserves that the figures presented above represent estimated values and may be subject to change. The final values will be presented in the consolidated report for the 1st half of 2017, scheduled to be published on 17 August 2017.

Legal basis: Article 17 item 1 of MAR - inside information