



FACT SHEET

Lubelski Węgiel Bogdanka Spółka Akcyjna

MANAGEMENT BOARD



ADAM PARTYKA

Vice-President
of the Management Board,
Labor and Social Affairs



STANISŁAW MISTEREK

Vice-President
of the Management Board,
Economic and Financial Affairs



KRZYSZTOF SZLAGA

President of the Management Board



SŁAWOMIR KARLIKOWSKI

Vice-President
of the Management Board,
Production Head of Mining
Supervision in Mining Facility



MARCIN KAPKOWSKI

Vice-President
of the Management Board,
Procurement and Investments

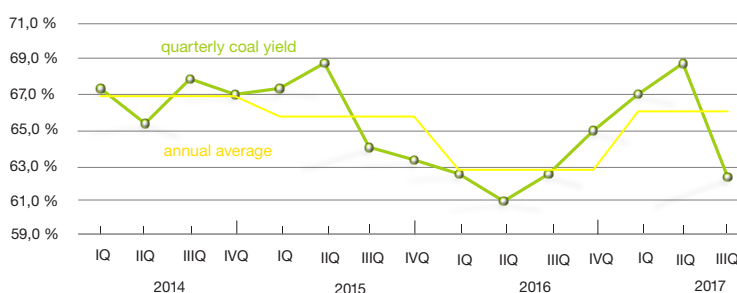
THE COMPANY

Lubelski Węgiel Bogdanka is one of the largest and most advanced hard coal mines in Poland, standing at the forefront of domestic power coal producers. The extraction level of commercial coal in Bogdanka I-IIIQ 2017 amounted to 6.7 million tonnes, while in I-IIIQ 2016 equalled 6.7 million tonnes. The Bogdanka mine mainly supplies industrial customers located in eastern and north-eastern Poland. The customer market is stabilised and sale is conducted mostly on the basis of long-term agreements. The major directions of sale of commercial coal from LW Bogdanka are commercial and industrial power sectors. The Company stands out in the industry with regard to its financial results, efficiency of hard coal extraction and investment plans.

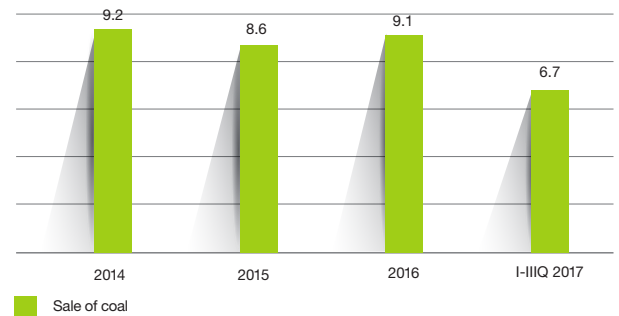
FINANCIAL AND OPERATING DATA

ITEM	IIIQ 2016	IIIQ 2017	CHANGE	I-IIIQ 2016	I-IIIQ 2017	CHANGE
TECHNICAL AND OPERATING DATA						
Gross production	3,831 kt	3,451 kt	- 9.9 %	10,751 kt	10,208 kt	- 5.1 %
Net production	2,397 kt	2,154 kt	- 10.1 %	6,682 kt	6,712 kt	0.4 %
Coal yield	62.6 %	62.4 %	- 0.2 p.p.	62.2 %	65.8 %	3.6 p.p.
Coal sales	2,360 kt	2,036 kt	- 13.7 %	6,739 kt	6,698 kt	- 0.6 %
Inventories (end of period)	172 kt	140 kt	- 18.6 %	172 kt	140 kt	- 18.6 %
New galleries (by length)	5.5 km	7.5 km	36.4 %	18.4 km	22.5 km	22.3 %
FINANCIAL DATA						
Revenue	465,422 (PLN '000)	405,046 (PLN '000)	- 13.0 %	1,314,387 (PLN '000)	1,307,132 (PLN '000)	- 0.6 %
EBITDA	154,900 (PLN '000)	133,904 (PLN '000)	- 13.6 %	432,279 (PLN '000)	452,539 (PLN '000)	4.7 %
EBITDA margin	33.3 %	33.1 %	- 0.2 p.p.	32.9 %	34.6 %	1.7 p.p.
EBIT	58,072 (PLN '000)	44,412 (PLN '000)	- 23.5 %	154,637 (PLN '000)	191,886 (PLN '000)	24.1 %
EBIT margin	12.5 %	11.0 %	- 1.5 p.p.	11.8 %	14.7 %	2.9 p.p.
Net profit	45,205 (PLN '000)	31,531 (PLN '000)	- 30.2 %	120,159 (PLN '000)	143,655 (PLN '000)	19.6 %
Net debt/ EBITDA	0.3	0.06	- 80.0 %	0.3	0.06	- 80.0 %

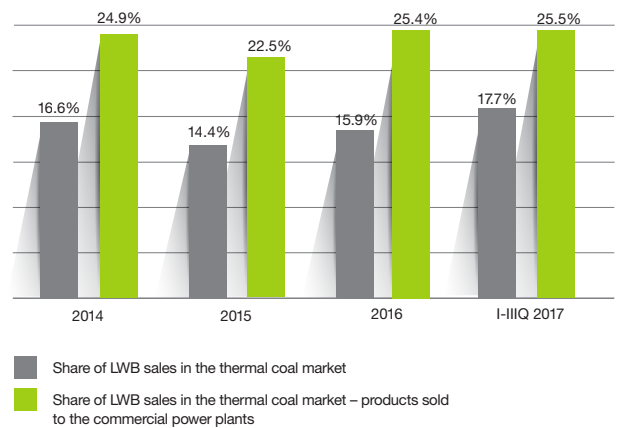
COAL YIELD AT LW BOGDANKA SA 2014 - IIIQ 2017



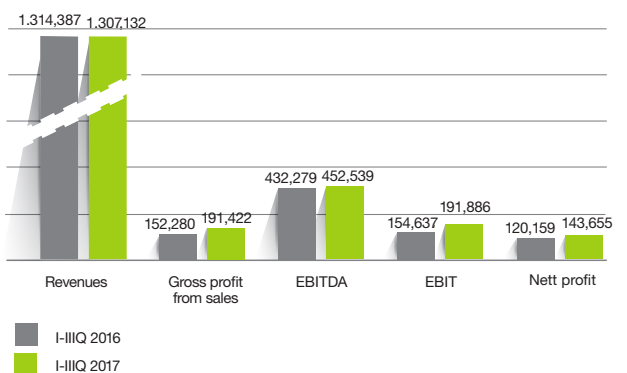
SALE OF COAL IN 2014 - I-IIIQ 2017 (in million of tonnes)



MARKET SHARE IN THE PERIOD OF 2014 - I-IIIQ 2017



FINANCIAL RESULTS





FACT SHEET

Lubelski Węgiel Bogdanka Spółka Akcyjna

DEVELOPMENT STRATEGY OF LW BOGDANKA SA

On 9 February 2017 the Parent announced its Development Strategy of LW Bogdanka SA from the Mining Area of the Enea Group until 2025 (under the 2030 framework), including the dividend policy. The adopted strategy reflects the 2030 Development Strategy of the Enea Group as it covers, among other things, activities to meet the rising demand for thermal coal on the side of power and cogen plants from the Generation Area of the Enea Group and to implement 10 strategic initiatives planned by the Enea Group for the Mining area.

Vision

Bogdanka is a strong link in the value chain of the Enea Group and the efficiency leader in the mining sector with the highest work safety standards.

Mission

By contributing to energy security of Poland, Bogdanka proves that it is a reliable supplier of coal for commercial power plants able to maintain its competitive advantage and to continuously increase the value of the Company, while improving its work safety and environment protection standards and implementing innovative solutions.

In the course of the activities to formulate the Strategy, two development scenarios were prepared:

- *baseline scenario*, which assumes average production at a level of about 8.5 million tonnes over 2017-2025 and capital expenditure amounting to PLN 3.7 billion (nominally) in 2016-2025;
- *flexible development scenario*, which assumes average annual projected production at a level of about 9.2 million tonnes over 2017-2025 and capital expenditure amounting to PLN 4.0 billion (nominally) in 2016-2025.

Taking into account the current and expected market situation, the Parent wants to implement the flexible development scenario as part of its Strategy.

Based on the above assumptions the Parent will strive to achieve the following objectives by 2025:

- return on equity (ROE) of 10.9%
- return on assets (ROA) of 8.5%
- increase in nominal EBITDA by 44.0% (compared to 2015, after adjustment by revaluation).

The Parent assumes that it will strengthen its market position by achieving at least a 25% share in the market of fine thermal coal for commercial power plants and, also, its financial position by a further reduction in the UMCC by 10% in real terms by 2025, compared to 2015.

During the implementation of the Strategy, the Management Board will focus on the key areas of operations of the Parent, which include:

1. Close cooperation and utilisation of synergies in the Kozienice-Bogdanka-Polaniec mining and power generation area
2. Efforts to double the exploitable resources on the basis of the Ostrów deposit and to extend the mine's life to about 50 years
3. Implementation of strategic initiatives which include:
 - feasibility study of construction of an integrated gasification cycle (IGCC) system for production of fuel for power generation within the ENEA Group;
 - programme to continue improving work safety
 - utilisation of the advanced high-performance face complex
 - continuation of the "Smart Mine" programme
 - effective waste rock management
 - operator's services provided by LW Bogdanka SA, offered on the basis of high technological and management standards of the Parent.

Until 2030, a key direction for the Parent will be the development of infrastructure in the Ludwin Mining Area (Ostrów deposit) - according to preliminary estimates the Parent will spend there about PLN 1.2 - 1.3 billion (in real terms) after the year 2025. This project is to ensure that the shaft complex in the Bogdanka Field can continue coal extracting after 2030.

DIVIDEND POLICY

In the medium and long run, LW Bogdanka SA wants to remain a dividend-paying company and the Management Board intends to ask the General Shareholders Meeting for approval of dividends up to 50% of the net profits shown in the Company's separate financial statements, prepared in accordance with the International Financial Reporting Standards.

In the light of rapid changes in both Polish and global coal markets, it is a priority for the Management Board to ensure financial and liquidity security for the Company. Therefore, the dividends recommended each time by the Management Board will depend on:

- current market situation
- generated operating cash flows
- planned capital expenditure and investments
- projected debt of the Company.

The above dividend payment policy will be reviewed periodically, and future dividend payments will be made in accordance with the decisions of the General Shareholders Meeting.

CONTACT

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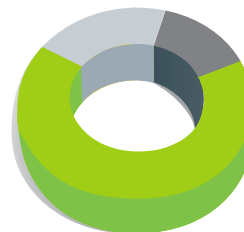
SALES STRUCTURE

ITEM	IIIQ 2016	SHARE	IIIQ 2017	SHARE
Coal sales	453,005 (PLN '000)	97.3 %	393,029 (PLN '000)	97.0 %
Other activities	9,615 (PLN '000)	2.1 %	8,491 (PLN '000)	2.2 %
Sales of merchandise and materials	2,822 (PLN '000)	0.6 %	3,526 (PLN '000)	0.8 %
Total revenue	465,442 (PLN '000)	100.0 %	405,046 (PLN '000)	100.0 %

LUBELSKI WĘGIEL BOGDANKA SA AT STOCK MARKET

INDICES:

- WIG - Mining
- mWIG40
- Respect Index
- WIG Poland
- WIG - DIV



66%	ENEA S.A.
10%	TFI PZU S.A.
24%	Others

* As at 23 November 2017, as per notifications from shareholders.

STOCK RATE FOR THE PERIOD OF 01.01.2017 - 23.11.2017



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