



**LUBELSKI WĘGIEL**  
**„BOGDANKA”**  
**SPÓŁKA AKCYJNA**

**Presentation of results  
the LW Bogdanka Group  
Q4, 2015**

**We are part of a modern capital group involved in raw materials and energy operations**

Warsaw, 21 March 2016



## Management Board Members



**Zbigniew Stopa**  
President of the  
Management Board



**Waldemar Bernaciak**  
Vice-President of the  
Management Board,  
Sales and Logistics



**Piotr Janicki**  
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Management Board,  
Chief Financial Officer



**Jakub Stęchły**  
Vice-President of the  
Management Board,  
Procurement and Investments



## Situation on the coal market and key operating data

**Financial highlights of the LW Bogdanka Group  
in Q4 2015 and 2015**

**Plan for 2016**

**Appendices – Financial information**



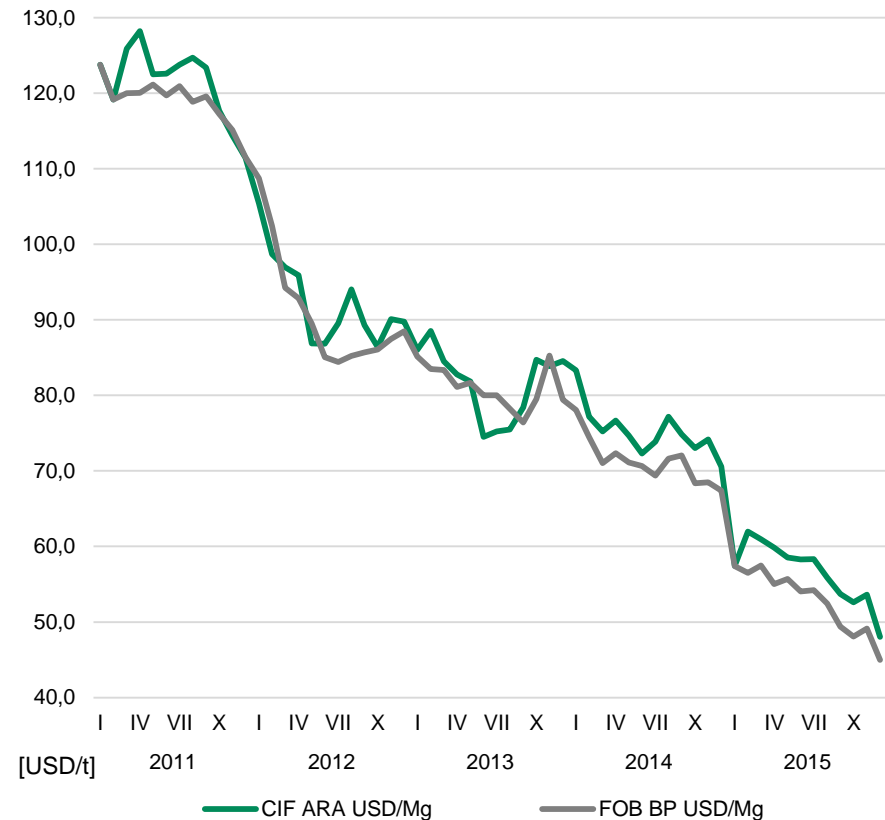


**We operate in a difficult market environment**



## Coal prices on the international market in 2015 showed downward trend

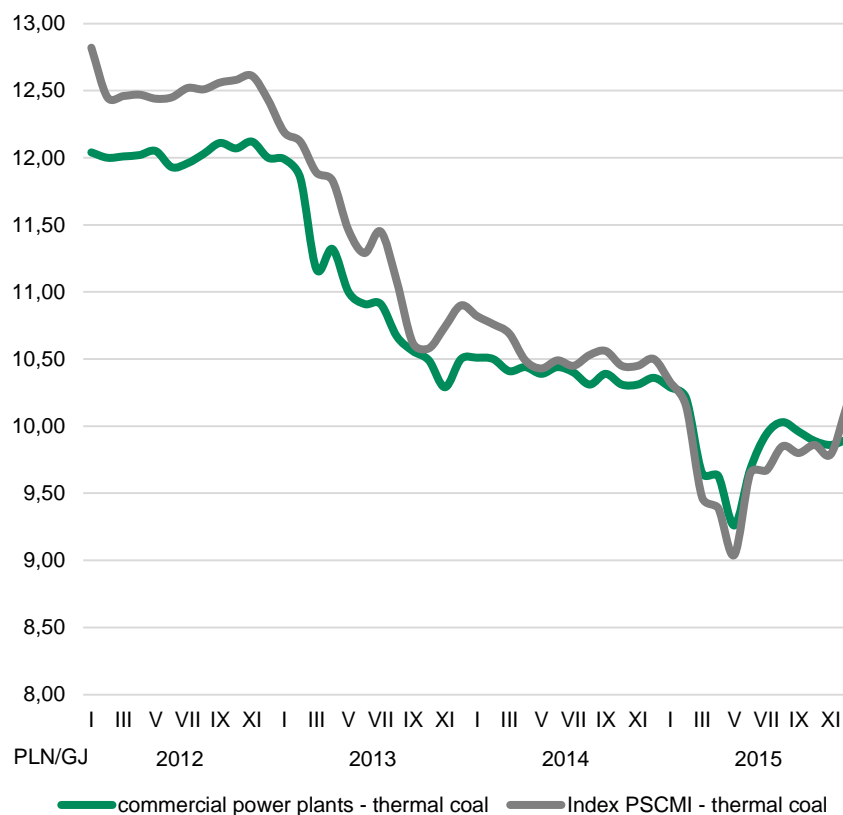
- The average annual coal price (CIF ARA) was about USD 57 in 2015
- It plummeted by 61% between January 2011 and December 2015
- As at the end of 2015, the coal stock in ARA ports was about 5.9 million tonnes, i.e. increase by about 700,000 tonnes year on year
- Share of coal in power generation in the UK dropped from 28.2% in 2014 to 20.5% in 2015
- In 2015 China imported about 30% less coal than in 2014
- In 2016 it is expected that China's imports will continue the downward trend – by about 10%
- Coal production in China declined by 3.8% year on year
- By 2020 China wants to cut coal production by 500 million tons, i.e. 13.6%





## Coal prices on the domestic market in 2015 remained at a low level

- In 2015 the average annual price of fine thermal coal for commercial power plants was PLN 9.85 per GJ
- The price trend shows a 5.3% decline year on year
- Average heating value of fine coal for commercial power plants is about 21.4 GJ
- Price of fine coal for commercial power plants declined by 18% between January 2012 and December 2015
- In 2015 the average price based on the PSCMI index was about PLN 9.76 per GJ
- Decline was about 7.5% versus the 2014 average price





# In 2015 significant oversupply of thermal coal could be observed on the Polish coal market

## COAL PRICES

- Average price of thermal coal in Q4 2015 was **PLN 235.9 /t**, in 2015 – **PLN 239.2 /t**
- Average price of coal sold to the commercial power industry in Q4 2015 was **PLN 211.1 /t**, in 2015 - **PLN 211.8 /t**

## COAL MARKET

## DEMAND/SUPPLY

- In Q4 2015 the demand for thermal coal visibly intensified (by ca. 8%, from ca. 17.7 to 19.1 million tonnes), triggered however by a dramatic price drop.
- **Large amounts of coal are still piled on heaps of mines and power plants** (ca. 13 million tonnes). Additionally some coal owned by the commercial power industry is piled on stock of producers as a deposit.
- In Q4 2015 a slight increase in hard coal-based **electric power production** was observed in relation to Q4 2014\*\* (by ca. 0.8%).

## SITUATION OF POLISH COMPANIES\*

- ✓ Extraction of thermal coal in the Silesian companies in Q4 2015 amounted to **13.6 million tonnes**, which means an increase by **7.9%** compared to Q4 2014, in 2015 – **48.4 million tonnes**, lower than in 2014 by **1.2%**.
- ✓ **Inventories** of thermal coal in mines as at Q4 2015 amounted to **4,546,500 tonnes** and were lower by almost **3,004,600 tonnes, or 40.8%**, than in Q4 2014. Comparison of inventories of thermal coal in mines as at the end of Q4 2015 to the end of Q3 2015 shows a decrease by 641,800 tonnes, i.e. 12.4%.
- ✓ In Q4 2015 **sales of thermal coal on the domestic market** were **13,567,800 tonnes** (75.6% of the total coal sales), higher by **15.3%** (i.e. **by 1,803,500 tonnes**) than in Q4 2014, while in 2015 they amounted to **43,913,100 tonnes** comparing to **40,655,700 tonnes** in 2014 (more by 8.0% or 3,257,400 tonnes).
- ✓ Average cost of **coal sold** (thermal and coke) in Q4 2015 was **PLN 268.0 /t**, and comparing to **Q4 2014** it went down by 18.1%, in 2015 these costs amounted to **PLN 302.8 t**, which represents a decrease over 2014 by 8.9%.

\*data does not include LW Bogdanka SA, Silesia, Siltech, Ekoplus

\*\*PSE SA

Source: ARP



## Continued low prices and oversupply of thermal coal on the Polish coal market

### PERFORMANCE OF POLISH COMPANIES\*

Coal price:	Q4 2014	Q4 2015	Change	2014	2015	Change
Extraction (million tonnes)	12.6	13.6	7.9%	49.0	48.4	-1.2%
Sales (million tonnes)	11.8	13.6	15.3%	40.7	43.9	7.9%
Average cost of coal sold (PLN)	327.2	268.0	-18.1%	332.5	302.8	-8.9%

### COAL PRICES:

Average price of power coal	249.1	235.9	-5.3%	252.8	239.2	-5.4%
Average price of coal sold to commercial power industry	221.1	211.1	-4.5%	221.7	211.8	-4.5%

### DEMAND/SUPPLY:

Production of electric power in commercial power plants with the use of hard coal**	21,339	21,510	0.8%	80,284	81,883	2.0%
Inventories of coal in mines and power plants	15.9	13.0	-18.2%	15.9	13.0	-18.2%

\*data do not include Silesia, Siltech, Ekoplus

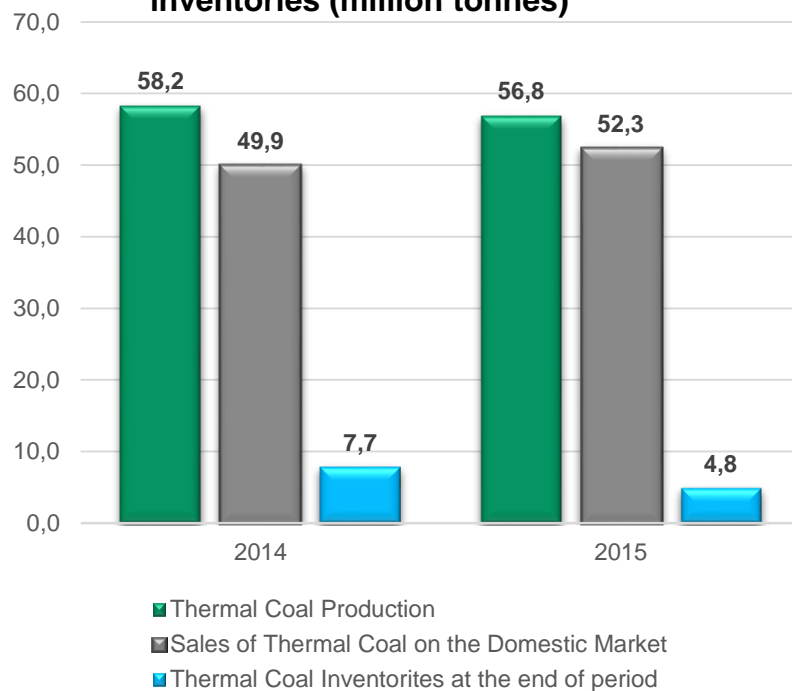
\*\*PSE SA



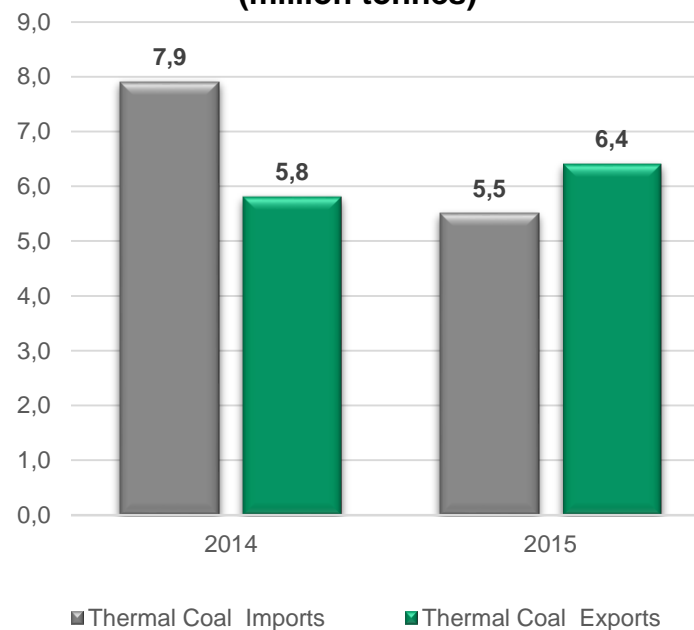


## Decrease in coal extraction, increase in sales and lower coal inventories in Polish mines

### Thermal coal production, domestic sales and inventories (million tonnes)\*



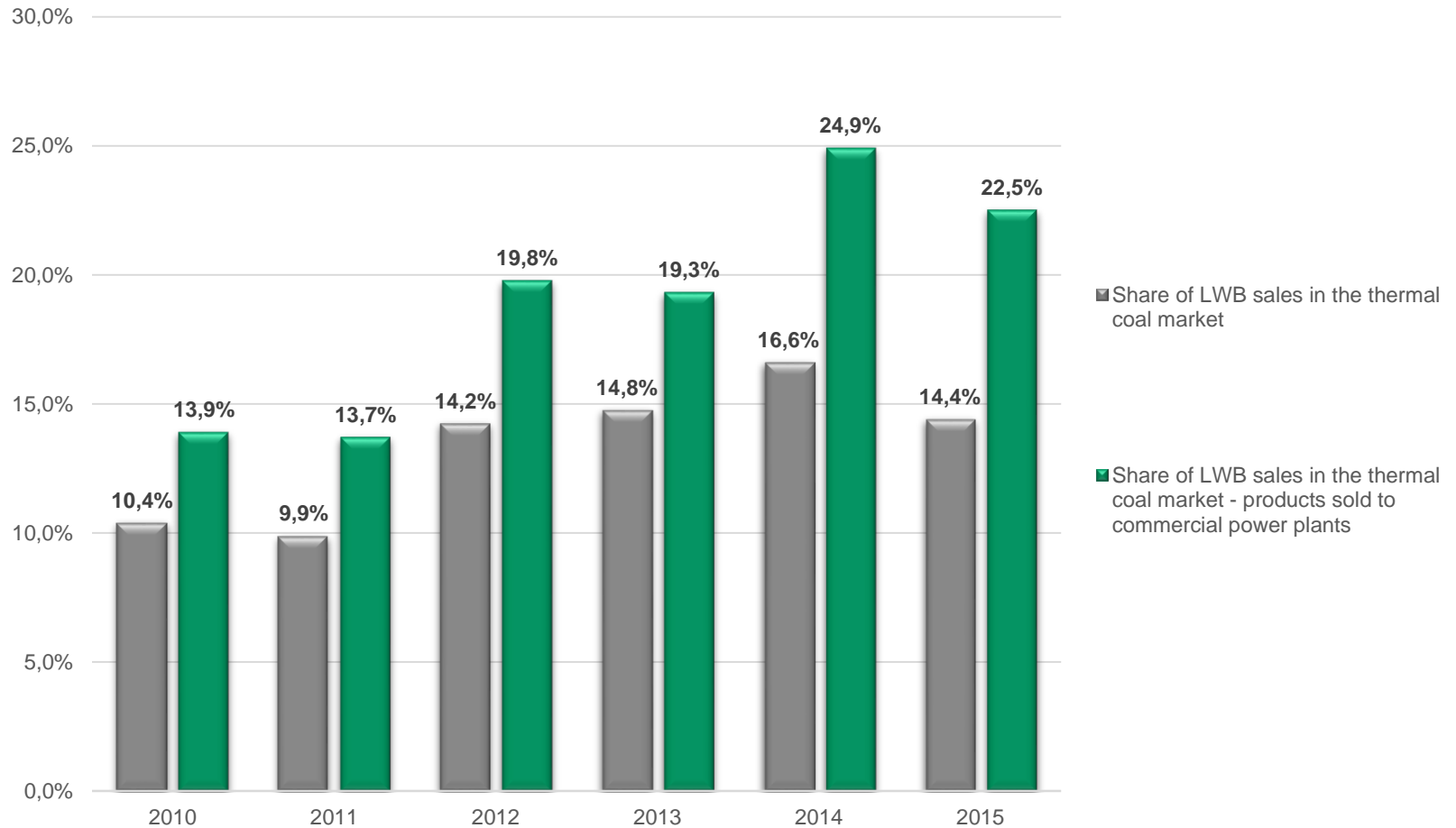
### Thermal coal imports and exports (million tonnes)\*



\*data do not include Silesia, Siltech, Ekoplus



## Strong market position, despite difficult environment



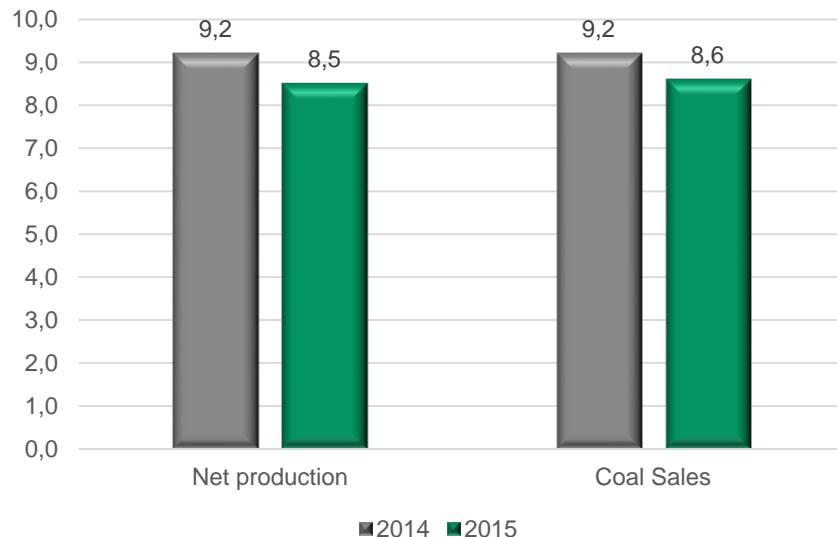


**We performed extraction and sales target in line with assumptions**



## By flexibly responding to volatile market conditions we adjusted extraction to sales capacities

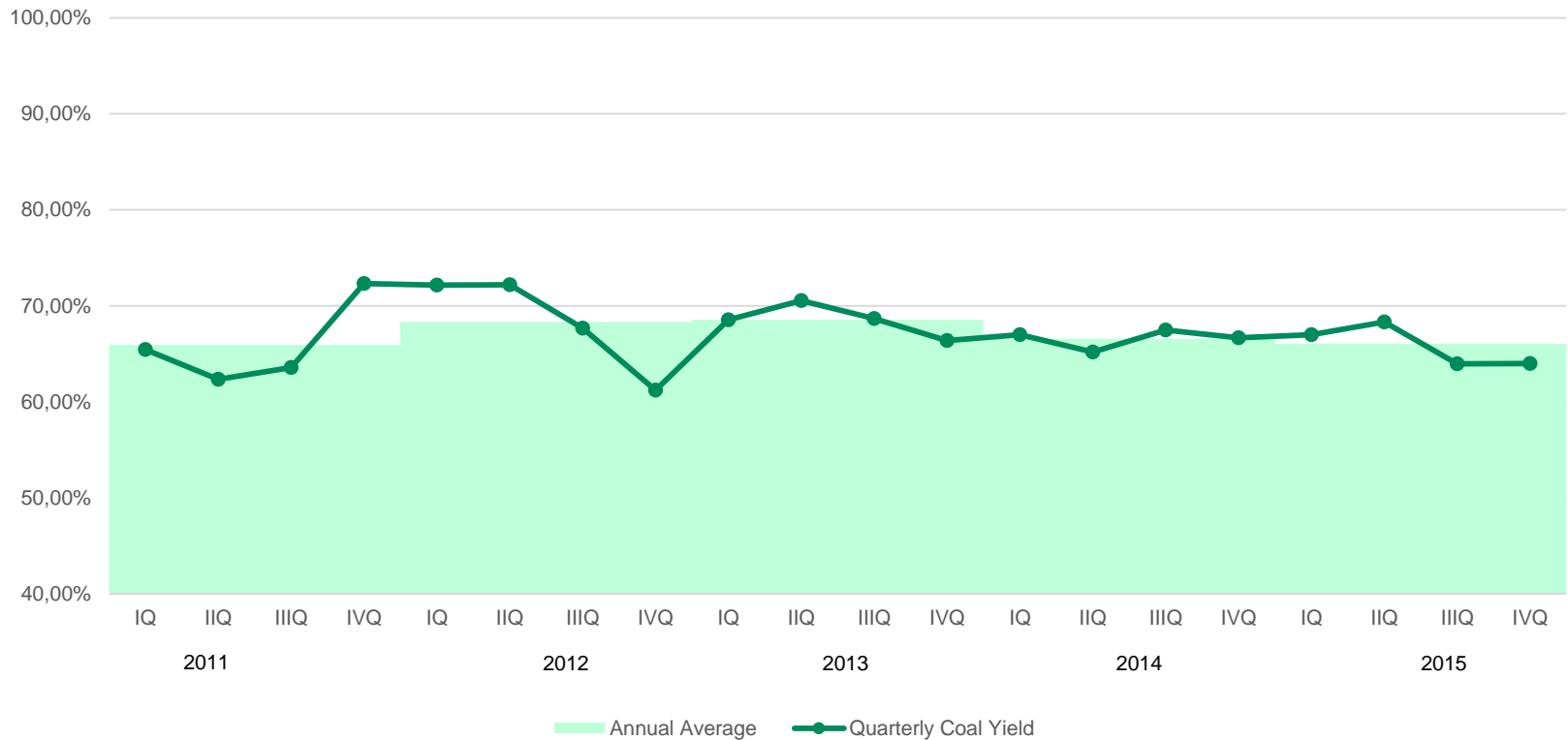
	Q4 2014	Q4 2015	Change	2014	2015	Change
Gross production ('000 tonnes)	3,840	3,994	4.0%	13,798	12,940	-6.2%
Net production ('000 tonnes)	2,561	2,527	-1.3%	9,192	8,457	-8.0%
New workings (by length) (km)	5.7	4.4	-22.8%	29.8	20.0	-32.9%
Coal sales ('000 tonnes)	2,340	2,554	9.1%	9,163	8,562	-6.6%



- Lower production was adjusted to the level of coal sales
- Production in 2015 was conducted on 287 days, compared to 301 days in 2014
- Reduction of new workings is due to changes in the production schedule and optimization of the capex program



## In 2015 we generated average coal yield at a level of 65.4%



- ✓ Coal yield in 2015 was about 65.4%, lower than in 2014 (66.6%). The decline in yield in 2015 was temporary and resulted from the worse-than-expected quality parameters – 1/I/385 (ploughing wall in Bogdanka).



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**We generated good operating results and stable Cash Flow**



## We achieved good operating results

Item	Unit	Q4 2014	Q4 2015	Change	2014	2015	Change
<b>Technical and operating data</b>							
<b>Gross production</b>	'000 tonnes	3,840	3,994	4.0%	13,798	12,940	-6.2%
Net production	'000 tonnes	2,561	2,527	-1.3%	9,192	8,457	-8.0%
<b>Coal yield</b>	%	<b>66.7%</b>	<b>63.3%</b>	<b>-3.4 p.p.</b>	<b>66.6%</b>	<b>65.4%</b>	<b>-1.2 p.p.</b>
Coal sales	'000 tonnes	2,340	2,554	9.1%	9,163	8,562	-6.6%
<b>Inventories (end of period)</b>	'000 tonnes	<b>306</b>	<b>228</b>	<b>-25.5%</b>	<b>306</b>	<b>228</b>	<b>-25.5%</b>
New workings (by length)	km	5.7	4.4	-22.8%	29.8	20.0	-32.9%
<b>Financial data</b>							
<b>Revenue</b>	<b>PLN '000</b>	<b>523,224</b>	<b>558,387</b>	<b>6.7%</b>	<b>2,013,568</b>	<b>1,885,371</b>	<b>-6.4%</b>
EBITDA	PLN '000	247,469	228,177	-7.8%	749,953	686,298	-8.5%
<b>EBITDA margin</b>	<b>%</b>	<b>47.3%</b>	<b>40.9%</b>	<b>-6.4 p.p.</b>	<b>37.2%</b>	<b>36.4%</b>	<b>-0.8 p.p.</b>
EBIT	PLN '000	135,707	-500,766	-469.0%	362,315	-326,221	-190.0%
<b>EBIT margin</b>	<b>%</b>	<b>25.9%</b>	<b>-89.7%</b>	<b>-115.6 p.p.</b>	<b>18.0%</b>	<b>-17.3%</b>	<b>-35.3 p.p.</b>
EBIT without assets write-down	PLN '000	135,707	124,006	-8.6%	362,315	298,551	-17.6%
<b>Net profit</b>	<b>PLN '000</b>	<b>101,558</b>	<b>-411,763</b>	<b>-505.4%</b>	<b>272,352</b>	<b>-279,626</b>	<b>-202.7%</b>
Net profit without assets write-down	PLN '000	101,558	94,302	-7.1%	272,352	226,439	-16.9%
<b>Net debt/EBITDA<sup>1)</sup></b>	<b>-</b>	<b>0.8</b>	<b>0.7</b>	<b>-0.1 pp.</b>	<b>0.8</b>	<b>0.7</b>	<b>-0.1 pp.</b>

1) Debt = long-term and short-term: credits, loans and debt securities + financial lease liabilities





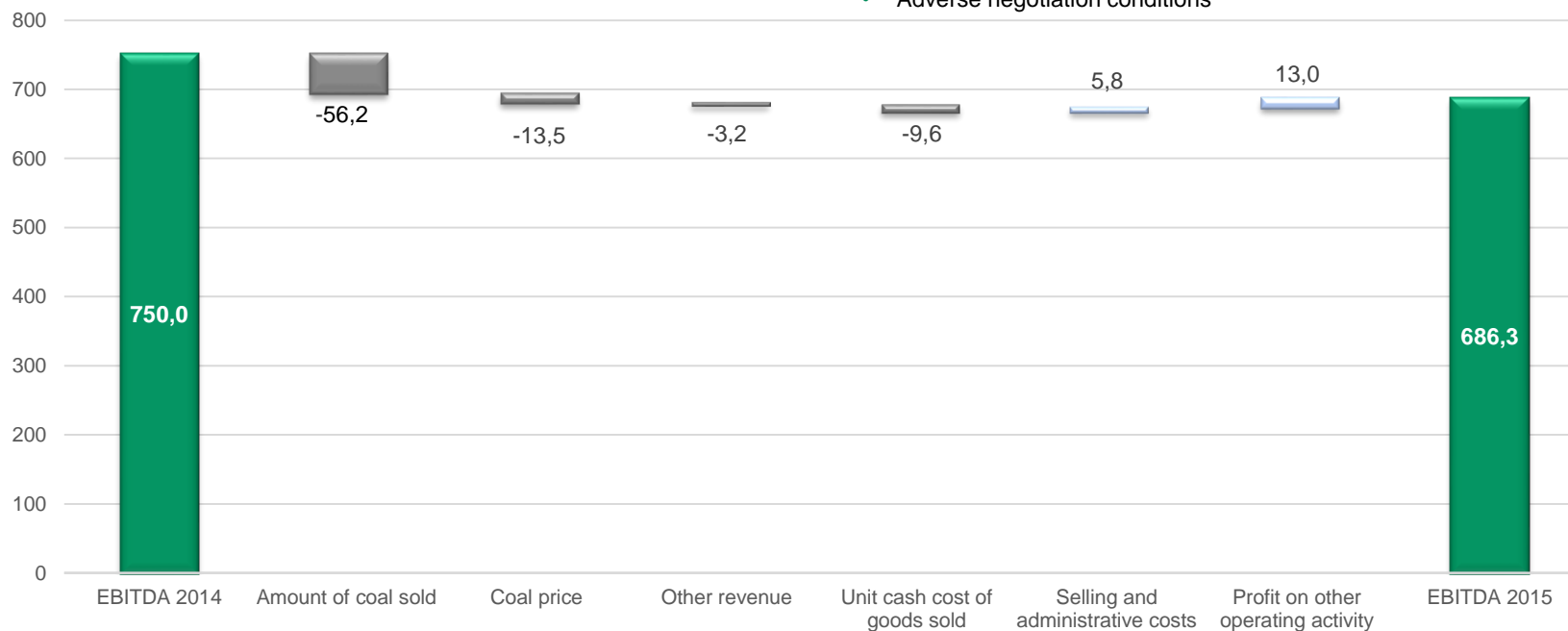
## Unstable market situation affects financial results

[PLN million]	2014	2015	Change
EBITDA LW Bogdanka Group	750.0	686.3	-8.5%

### 2015

Decrease in EBITDA by PLN 63.7 million (-8.5%)

- Higher quality of coal sold
- Drop in volume by ca. 6.6%
- Drop in price of coal sold by 0.7%
- Slight increase in unit cash cost of products, goods and materials sold
- Positive result on operating activity – in 2014 a provision was created for ZUS claims for occupational injury contribution (PLN 14.9 million)
- Adverse negotiation conditions





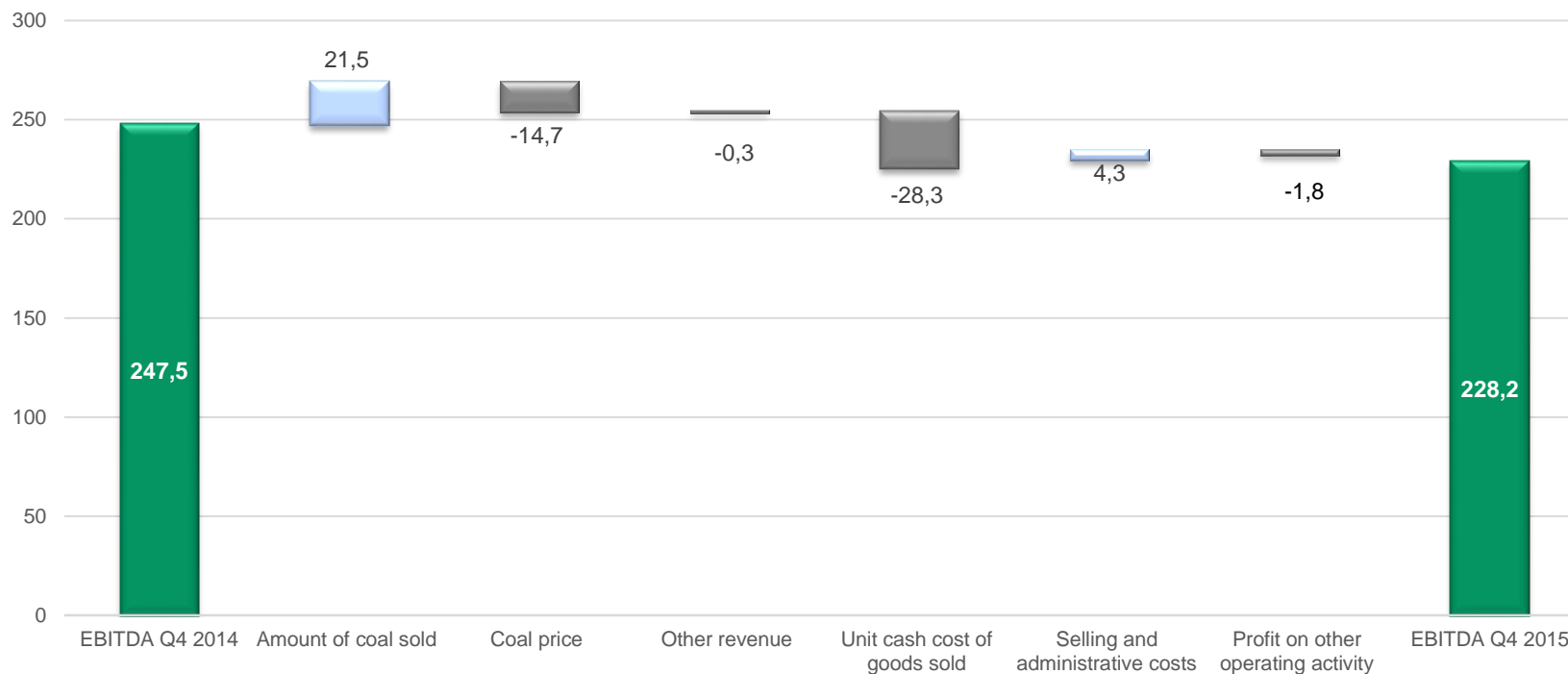
## Unstable market situation affects financial results

[PLN million]	Q4 2014	Q4 2015	Zmiana
EBITDA LW Bogdanka Group	247.5	228.2	-7.8%

### Q4 2015

Decrease in EBITDA by PLN 19.3 million

- Increase in volume by 9.1%
- Drop in price of coal sold by 2.8%
- Unit cash cost of products, goods and materials sold higher than in 2014 – mainly cost of charge in deposit value





## The Group's result was affected by impairment losses

The Parent's impairment loss for property, plant and equipment as well as for intangible assets, as discussed earlier, is of a non-cash and non-recurring nature. The table below shows the estimated results which would be achieved by the Group without the impact of the impairment loss on the result.

[tys. zł]	Q4 2014	Q4 2015	Change	2014	2015	Change
Revenue	523,224	558,387	6.7%	2,013,568	1,885,371	-6.4%
Cost of products, merchandise and materials sold, distribution cost, administrative expenses	385,241	430,263	11.7%	1,633,993	1,582,569	-3.1%
Gross profit	137,983	128,124	-7.1%	379,575	302,802	-20.2%
Gross margin	26.4%	22.9%	-3.5 p.p.	18.9%	16.1%	-2.8 p.p.
Other income	333	401	20.4%	1,435	2,831	97.3%
Other expenses	2,204	1,418	-35.7%	3,502	2,017	-42.4%
Net operating profit/loss	136,112	127,107	-6.6%	377,508	303,616	-19.6%
Other net gains/losses	-405	-3,101	665.7%	-15,193	-5,065	-66.7%
Operating profit (EBIT)	135,707	124,006	-8.6%	362,315	298,551	-17.6%
EBIT margin	25.9%	22.2%	-3.7 p.p.	18.0%	15.8%	-2.2 p.p.
Net profit for the reporting period	101,558	94,302	-7.1%	272,352	226,439	-16.9%
Net margin	19.4%	16.9%	-2.5 p.p.	13.5%	12.0%	-1.5 p.p.



## We reduced costs by type of LW Bogdanka SA by 9.6%

Item [PLN '000]	Q4 2014	Q4 2015	Change	2014	2015	Change
Net production ['000 tonnes]	2,561	2,527	-1.3%	9,192	8,457	-8.0%
Coal sales ['000 tonnes]	2,340	2,554	9.1%	9,163	8,562	-6.6%
Depreciation and amortization	107,942	102,193	-5.3%	382,955	381,900	-0.3%
Materials and energy	103,504	102,913	-0.6%	451,808	393,104	-13.0%
External services	120,012	112,680	-6.1%	467,529	376,400	-19.5%
Employee cost and benefits	211,430	185,764	-12.1%	577,337	542,646	-6.0%
Entertainment and advertising	1,888	741	-60.8%	7,737	6,355	-17.9%
Taxes and charges	8,723	7,905	-9.4%	35,934	34,560	-3.8%
Other expenses	2,187	1,316	-39.8%	20,532	21,492	4.7%
<b>Cost by nature</b>	<b>555,686</b>	<b>513,512</b>	<b>-7.6%</b>	<b>1,943,832</b>	<b>1,756,457</b>	<b>-9.6%</b>
Activities for the Company's own needs	-47,698	-46,144	-3.3%	-235,601	-184,275	-21.8%
Accruals and deferrals	-55,195	-49,833	-9.7%	-2,821	-8,824	212.8%
Value of coal produced from excavations	-17,641	-10,174	-42.3%	-92,487	-58,802	-36.4%
Provisions and other presentation adjustments (IAS)	-16,790	18,270	-208.8%	15,712	46,406	195.4%
Impairment loss of property, plant and equipment and intangible assets	0	624,772	-	0	624,772	-
<b>Total production costs</b>	<b>418,362</b>	<b>1,050,403</b>	<b>151.1%</b>	<b>1,628,635</b>	<b>2,175,734</b>	<b>33.6%</b>
Change in product inventories	-35,811	1,403	-103.9%	-62	18,835	-
Value of goods and materials sold	3,251	3,844	18.2%	11,935	12,651	6.0%
<b>Own cost of production sold, including</b>	<b>385,802</b>	<b>1,055,650</b>	<b>173.6%</b>	<b>1,640,508</b>	<b>2,207,220</b>	<b>34.5%</b>
Costs of products, goods and materials sold	349,825	1,002,471	186.6%	1,502,244	2,054,607	36.8%
Selling costs	12,012	9,957	-17.1%	41,789	38,002	-9.1%
Administrative costs	23,965	43,222	80.4%	96,475	114,611	18.8%



## Optimisation of cost by type due to decrease in production and preparatory work

**Total cost by type for 2015** – PLN 1,756 million – decrease over 2014 by **9.6%**, i.e. **PLN 187 million**

**Cash cost (less depreciation/amortisation)** – drop by **11.9%**, i.e. **PLN 186 million**

**Gross extraction** – drop by 6.2%

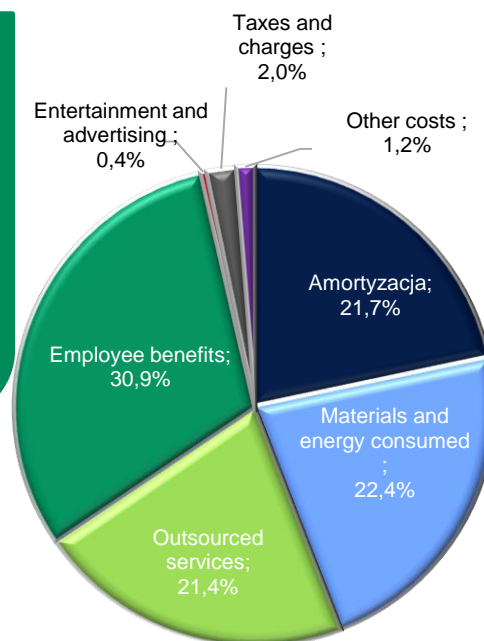
**Length of galleries** – drop by 33.0% (20.0 km in 2015 vs. 29.8 km in 2014)

### Decrease in employee benefits by 6.0%:

- Average remuneration lower by 2.2% than in 2014
- Drop in employment by 375 (change 31 Dec. 2015 to 31 Dec. 2014)

### Drop in value of outsourced services by 19.5%:

- Reduction in value of drilling and mining services (13.8%) – workings shorter by 5.3 km
- Reduction in costs related to no mining on Saturdays (-26.4%)
- Reduction in costs of rail transport (-29.9%) – (lower sales volume where LWB was responsible for transporting coal to customers) – these costs are re-invoiced to the customer (neutral to EBIT)



### Value of depreciation/amortisation went down by 0.3%:

- Higher value of depreciation of property, plant and equipment (completion of developmental investments)
- Lower value of activity depreciation (lower extraction → lower wall progress → lower activity depreciation)

### Drop in value of materials and energy used by 13.0%:

- Decrease in value of materials used by 16.0% (mainly on the part of preparatory sections)
- Decrease in costs of energy use by 1.7% (lower value of electric and heat energy used, concurrently higher value of industrial water used)



## Provisions at the LW Bogdanka Group

Item [PLN '000]	31.12.2014	31.12.2015	Change
Employee provisions	226,724	251,537	10.9%
Liabilities under local property tax	23,258	23,881	2.7%
Mine decommissioning provision	123,585	130,179	5.3%
Mining damage	9,155	8,497	-7.2%
Accident insurance premium (ZUS)	15,901	18,727	17.8%
Other	25,295	29,907	18.2%
<b>TOTAL</b>	<b>423,918</b>	<b>462,728</b>	<b>9.2%</b>



## Change in provisions at the LW Bogdanka Group

Item [PLN '000]	As at Q4 2014	As at Q4 2015	Change	As at 2014	As at 2015	Change
Employee provisions	-9,917	10,292	-	26,694	24,813	-7.0%
Liabilities under local property tax	-10,786	-507	-95.3%	-4,588	623	-
Mine decommissioning provision	7,577	14,435	90.5%	38,307	6,594	-82.8%
Mining damage	-2,432	970	-	-3,778	-658	-82.6%
Accident insurance premium (ZUS)	3,487	331	-90.5%	15,901	2,826	-82.2%
Other	254	2,022	696.1%	1,237	4,612	272.8%
<b>TOTAL</b>	<b>-11,817</b>	<b>27,543</b>	<b>-</b>	<b>73,773</b>	<b>38,810</b>	<b>-47.4%</b>



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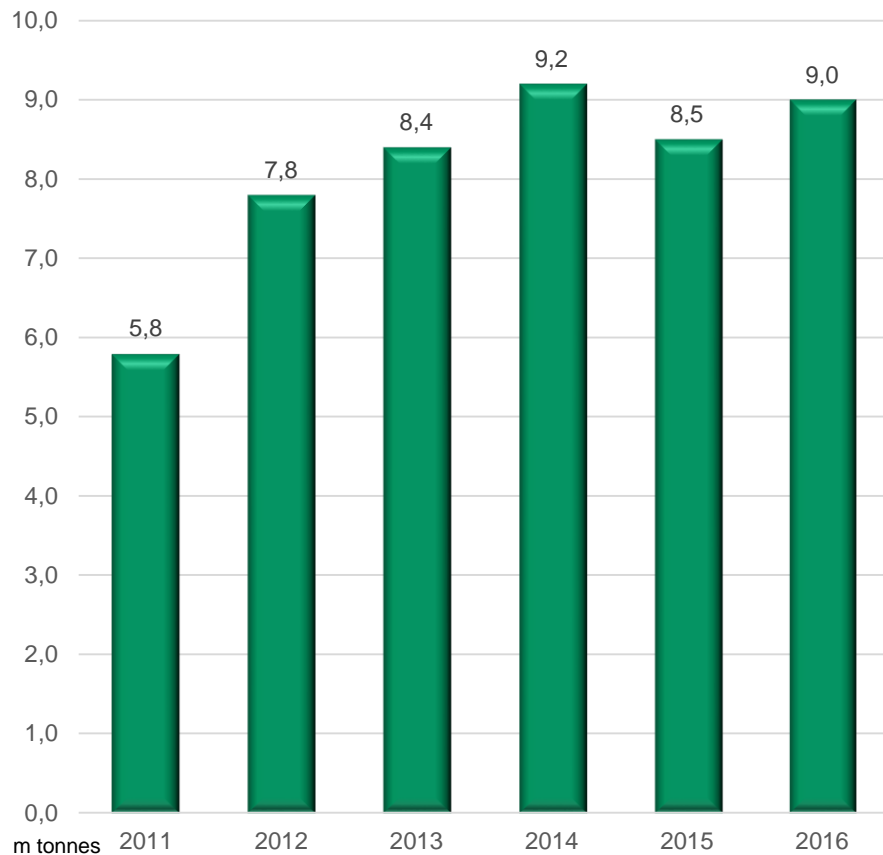


**In 2016 we plan a slight increase in extraction and sales**



## In 2016 we plan sales and extraction at a level of ca. 9.0 million tonnes

### PRODUCTION



- Sales assumptions for 2016 call for production of about 9.0m tonnes of coal, maintaining production capacities at 10.0 – 10.5m tonnes
- We are working on winning contracts in Ukraine and with small and medium-sized customers on domestic market

## Optimisation of CAPEX in 2016



Item [PLN '000]	Plan for 2015	Updated plan for 2015	Realization of plan 2015 [zł]	Realization of plan 2015 [%]	Plan for 2016
Obtaining new concessions*	49,972	44,969	1,755	3.9%	45,384
Modernization and repair of machinery and equipment	100,090	42,633	40,891	95.9%	62,655
Other operating investments	99,878	72,504	58,807	81.1%	68,700
Purchase and assembly of longwall systems	1,750	3,087	1,576	51.1%	-
New workings and modernization of existing workings	309,112	198,196	178,851	90.2%	254,978
<b>TOTAL CAPEX FOR LW BOGDANKA**</b>	<b>560,802</b>	<b>361,389</b>	<b>281,880</b>	<b>78.0%</b>	<b>431,717</b>
Łęczyńska Energetyka	19,897	19,897	18,809	94.5%	6,200
Other subsidiaries	-	-	58	-	-
<b>TOTAL CAPEX FOR GK LW BOGDANKA</b>	<b>580,699</b>	<b>381,286</b>	<b>300,747</b>	<b>78.9%</b>	<b>437,917</b>

\*plan for 2016 includes the full value of a fee for the use of geological information, which is payable in ten annual instalments. Total value of the geological information is PLN 28 million.

\*\*The sum of capital expenditures does not include the capitalized costs of external financing



## Summary

In 2015 the Company adjusted its production to sales capacities, resulting from delivery schedules. The Company performed its mid-year assumptions, achieving extraction at a level of 8.5 million tonnes and sales at a level of 8.6 million tonnes.

The Company consistently pursued its savings programme adopted in 2014, which allowed it to achieve the best results in the industry despite very demanding market situation and the resulting necessity to reduce production.

As in 2014 LW Bogdanka S.A. in Q4 significantly increased production (2.6 million tonnes), taking advantage of its full potential in this period, which resulted from the completion of the investment programme (10 - 10.5 million tonnes annually).

On 29 October 2015 the Company shares were acquired by Enea S.A., and in consequence LW Bogdanka SA became a part of a modern capital group involved in raw materials and energy operations, the Enea Group.

In 2016 the Company adopted production assumptions at a level of ca. 9 million tonnes, which is by 0.5 million tonnes more than in the whole 2015. CAPEX was limited to a necessary minimum (PLN 438 million) and the costs continue to be under strict control.

# Thank you



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## Changes in provisions at LW Bogdanka Capital Group and their impact on financial result

Item [PLN '000]	Change in provisions in 2015	Impact on financial result in 2015	Change in provisions in 2014	Impact on financial result in 2014
Employee provisions	24,813	-64,473	26,694	-40,766
Liabilities under local property tax	623	-8,549	-4,588	-7,052
Mine decommissioning and reclamation provision	6,594	-9,137	38,307	-7,696
Mining damage	-658	-4,377	-3,778	-447
Accident insurance premium (ZUS)	2,826	-2,826	15,901	-15,901
Other	4,612	-4,894	1,237	-2,053
<b>TOTAL</b>	<b>38,810</b>	<b>-94,256</b>	<b>73,773</b>	<b>-73,915</b>



## Changes in provisions at LW Bogdanka Capital Group and their impact on financial result

Item [PLN '000]	Change in provisions in Q4 2015	Change reflected in operating activity (EBITDA)	Change reflected below operating result – interest	Including:		
				Change reflected only in balance sheet – increase in balance sheet value of fixed assets	Change reflected in Other Total Income	Change reflected only in balance sheet – use of provisions
Employee provisions	10,292	22,593	1,563	0	5,146	-19,010
Liabilities under local property tax	-507	2,174	0	0	0	-2,681
Mine decommissioning and reclamation provision	14,435	3,286	850	10,299	0	0
Mining damage	970	4,377	0	0	0	-3,407
Accident insurance premium (ZUS)	331	0	331	0	0	0
Other	2,022	1,782	291	0	0	-51
<b>TOTAL</b>	<b>27,543</b>	<b>34,212</b>	<b>3,035</b>	<b>10,299</b>	<b>5,146</b>	<b>-25,149</b>





## Changes in provisions at LW Bogdanka Capital Group and their impact on financial result

Change in provisions	Change in provisions in 2015	Including:					Change reflected only in balance sheet – use of provisions
		Change reflected in operating activity (EBITDA)	Change reflected below operating result – interest	Change reflected only in balance sheet – increase in balance sheet value of fixed assets	Change reflected in Other Total Income		
Employee provisions	24,813	58,691	5,782	0	5,283	-44,943	
Liabilities under local property tax	623	8,549	0	0	0	-7,926	
Mine decommissioning and reclamation provision	6,594	5,738	3,399	-2,543	0	0	
Mining damage	-658	4,377	0	0	0	-5,035	
Accident insurance premium (ZUS)	2,826	1,538	1,288	0	0	0	
Other	4,612	3,741	1,153	0	0	-282	
<b>TOTAL</b>	<b>38,810</b>	<b>82,634</b>	<b>11,622</b>	<b>-2,543</b>	<b>5,283</b>	<b>-58,186</b>	



# The Consolidated Income Statement of LW Bogdanka Capital Group

Item ['000 zł]	Q4 2014	Q4 2015	Change	2014	2015	Change
<b>Revenue</b>	523,224	558,387	6.7%	2,013,568	1,885,371	-6.4%
Cost of products, merchandise and materials sold, distribution cost, administrative expenses	385,241	1,055,035	173.9%	1,633,993	2,207,341	35.1%
<b>Gross profit</b>	<b>137,983</b>	<b>-496,648</b>	<b>-459.9%</b>	<b>379,575</b>	<b>-321,970</b>	<b>-184.8%</b>
Gross margin	26.4%	-88.9%	-115.3 p.p.	18.9%	-17.1%	-36.0 p.p.
Other income	333	401	20.4%	1,435	2,831	97.3%
Other expenses	2,204	1,418	-35.7%	3,502	2,017	-42.4%
<b>Net operating profit/loss</b>	<b>136,112</b>	<b>-497,665</b>	<b>-465.6%</b>	<b>377,508</b>	<b>-321,156</b>	<b>-185.1%</b>
Other net gains/loss	-405	-3,101	665.7%	-15,193	-5,065	-66.7%
<b>Operating profit (EBIT)</b>	<b>135,707</b>	<b>-500,766</b>	<b>-469.0%</b>	<b>362,315</b>	<b>-326,221</b>	<b>-190.0%</b>
EBIT margin	25.9%	-89.7%	-115.6 p.p.	18.0%	-17.3%	-35.3 p.p.
<b>EBITDA</b>	<b>247,469</b>	<b>228,177</b>	<b>-7.8%</b>	<b>749,953</b>	<b>686,298</b>	<b>-8.5%</b>
EBITDA margin	47.3%	40.9%	-6.4 p.p.	37.2%	36.4%	-0.8 p.p.
Finance income	142	1,475	938.7%	7,071	6,110	-13.6%
Finance costs	5,838	7,945	36.1%	23,532	22,938	-2.5%
<b>Profit before tax</b>	<b>130,011</b>	<b>-507,236</b>	<b>-490.1%</b>	<b>345,854</b>	<b>-343,049</b>	<b>-199.2%</b>
Pre-tax profit margin	24.8%	-90.8%	-115.6 p.p.	17.2%	-18.2%	-205.8%
Income tax	28,453	-95,473	-435.5%	73,502	-63,423	-186.3%
<b>Net profit for the reporting period</b>	<b>101,558</b>	<b>-411,763</b>	<b>-505.4%</b>	<b>272,352</b>	<b>-279,626</b>	<b>-202.7%</b>
Net margin	19.4%	-73.7%	-93.1 p.p.	13.5%	-14.8%	-28.3 p.p.
- attributable to owners of the Dominant Entity	101,410	-411,883	-506.2%	272,845	-279,843	-202.6%



## Statement of Financial Position of LW Bogdanka Capital Group

Item [PLN '000]	31.12.2014	31.12.2015
Non-current assets, including:	3,730,165	3,003,073
Cash and cash equivalents	88,832	90,872
Current assets, including:	634,250	640,951
Cash and cash equivalents	195,481	262,037
<b>Total assets</b>	<b>4,364,415</b>	<b>3,644,024</b>
Current liabilities	669,307	404,118
Non-current liabilities	1,171,281	1,117,284
<b>Total liabilities</b>	<b>1,840,588</b>	<b>1,521,402</b>
<b>Equity</b>	<b>2,523,827</b>	<b>2,122,622</b>
Current borrowings	100,526	3,036



## Cash flows of LW Bogdanka Capital Group

Item [PLN '000]	2014	2015
<b>Net cash flows on operating activities</b>	<b>712,863</b>	<b>729,575</b>
Cash inflow from operating activities	769,749	760,324
Interest received	3,802	7,682
Income tax paid	(60,688)	(38,431)
<b>Net cash flows on investing activities</b>	<b>(716,887)</b>	<b>(440,680)</b>
Acquisition of property, plant and equipment	(694,277)	(435,358)
Interest paid regarding investing activity	(13,769)	(8,090)
Acquisition of intangible assets	(3,130)	(1,595)
Inflow from the sale of property, plant and equipment	1,318	3,044
Interest received	3,891	3,359
Outflow on account of funds being deposited in the bank account of the Mine Closure Fund	(10,920)	(2,040)
<b>Net cash flows on financing activities</b>	<b>(12,499)</b>	<b>(222,339)</b>
Proceeds from loans and borrowings	113,678	7,673
Proceeds from issue of bonds	500,000	-
Repayments of loans and borrowings	(421,000)	(99,514)
Interest and commissions paid due to financing activities	(7,587)	(11,450)
Dividends paid	(197,590)	(119,048)
Net increase (decrease) in cash and cash equivalents	(16,523)	66,556
Cash and cash equivalents at beginning of period	212,004	195,481
<b>Cash and cash equivalents at end of period</b>	<b>195,481</b>	<b>262,037</b>



## Sales structure at LW Bogdanka Capital Group

Item [PLN '000]	Q4 2014	Share [%]	Q4 2015	Share [%]
Coal sales	498,158	95.1%	536,777	96.1%
Other activities	21,261	4.1%	17,692	3.2%
Sales of merchandise and materials	3,443	0.7%	3,858	0.7%
Ceramics sales	362	0.1%	60	0.0%
<b>Total revenue</b>	<b>523,224</b>	<b>100.0%</b>	<b>558,387</b>	<b>100.0%</b>

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**Thank you for your attention**

**We are part of a modern capital group involved in raw materials and energy operations**