



**Presentation of results  
the LW Bogdanka Group  
Q2, IH 2017**



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



## The Management Board of LW Bogdanka SA



**Krzysztof Szlaga**  
President of the  
Management Board



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



**Adam Partyka**  
Vice-President of the  
Management Board,  
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**Sławomir Karlikowski**  
Vice-President of the  
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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 Q2, IH 2017



Performance of the plan in Q2, IH 2017



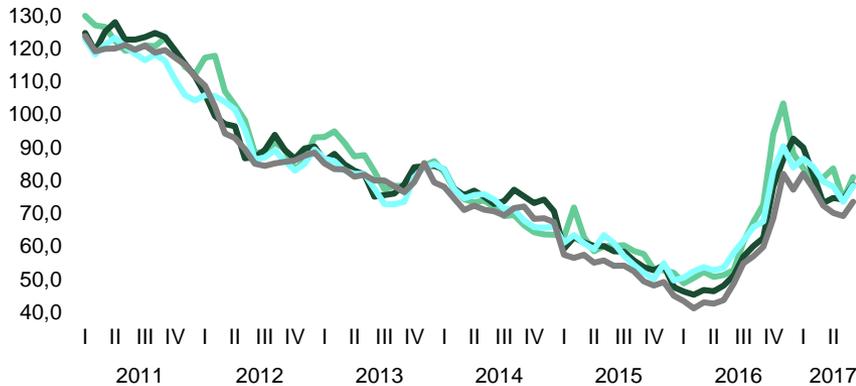
Appendices – Financial information



**In the second quarter slight decline in global coal prices with a rise in prices of thermal coal on the domestic market**

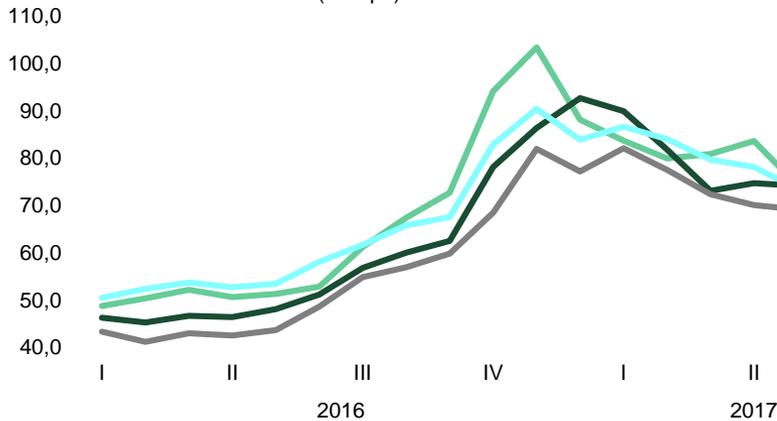


# Slight decreases in coal prices on the global market in Q2 2017 vs. Q1 2017



[USD/t]

- Newcastle (Australia)
- Amsterdam - Rotterdam - Antwerpia (Europa Zachodnia)
- Richards Bay (RPA)
- Baltic Ports (Europa)



[USD/t]

### CIF ARA coal prices

- ✓ USD 77/tonne - the average annual coal price (CIF ARA) in Q2 2017, i.e. +57% compared to Q2 2016 (USD 49/tonne) and +28% to annual average in 2016 (USD 60/tonne)
- ✓ In comparison with Q1 2017 (USD 81/tonne) it represents a fall by 4.9%
- ✓ Between Q1 2011 and Q2 2017 the coal price (CIF ARA) dropped by more than 36%, but from the moment of rebound (January 2016 – June 2017) the average monthly price went up from USD 46/tonne to USD 79/tonne (+72%)

### Inventories in ARA ports

- ✓ 4.6 million tonnes of coal inventories at the end of July 2017 in ARA ports – decrease by 1.3 million tonnes compared to April 2017 (-22%)

### Prices in the world's main ports

- ✓ The average coal price FOB Baltic Ports in Q2 2017 amounted to USD 71/tonne, compared to Q1 2017 (USD 77/tonne), which represents a decrease by 7.8%; +27% compared to 2016 average (USD 56/tonne)
- ✓ Between 2011 and Q2 2017 the price FOB BP dropped by over 40%, but from the moment of rebound (January 2016 – June 2017) the price went up from USD 43/tonne to USD 74/tonne (+72%)
- ✓ Coal prices at the end of Q2 2017 in the other main coal ports in the world:
  - FOB Richards Bay – USD 77/tonne, i.e. down by 9% since the beginning of the year
  - FOB Newcastle – USD 84/tonne, i.e. down by 11% since the beginning of the year
  - FOB Puerto Bolivar – USD 76/tonne, i.e. down by 24% since the beginning of the year

### China

- ✓ Approx. 891 million tonnes of coal were produced in Q2 2017, +10.0% compared to Q1 2017
- ✓ Approx. 1.7 billion tonnes of coal were produced in H1 2017, +5% compared to H1 2016
- ✓ Imports in H1 2017 was 133 million tonnes and was higher by approx. 24% compared to H1 2016

### Columbia

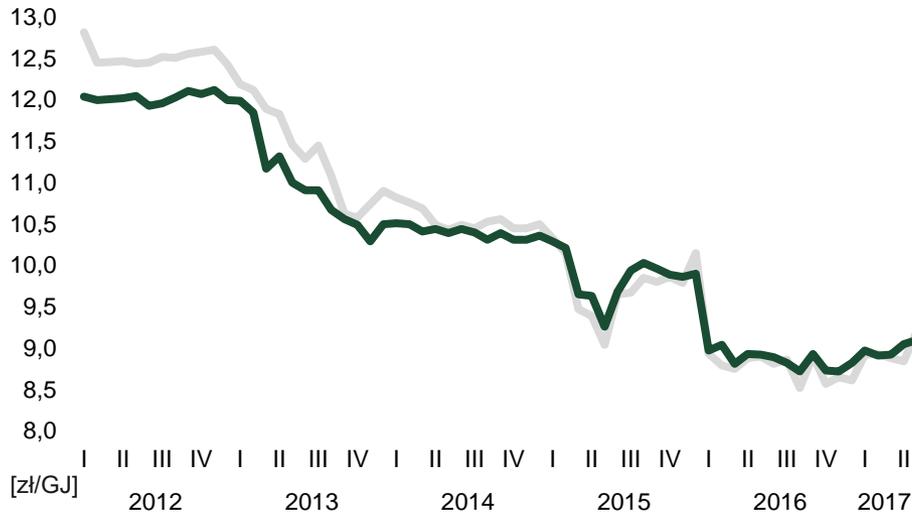
- ✓ In Q2 2017 Columbia exported approx. 20.6 million tonnes of coal, which represents a decrease of approx. 6% over Q1 2017. In H1 2017 approx. 42.6 million tonnes were exported, which represents an increase of about 1.3%.

### Russia

- ✓ From January to June 2017 exports of coal in Russia increased by 10.0% y/y to the level of 90.4 million tonnes
- ✓ Production in H1 2017 was 197.2 million tonnes
- ✓ Export sales to Poland in Q2 2017 was 1,501,000 tonnes – up by 36.6% compared to Q2 2016 (1,099,000 tonnes), up by 13.1% compared to Q1 2017 (1,327,000 tonnes)



## Increase in domestic coal prices in Q2 2017 by approx. 2% vs. Q1 2017



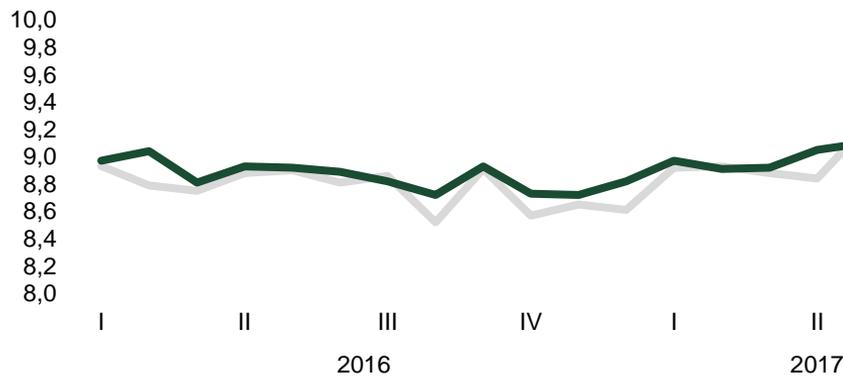
— PSCMI index - thermal coal  
— commercial power plants - thermal coal

### Thermal coal prices

- ✓ in Q2 2017, the average price of thermal coal for commercial power plants was PLN 9.10 per GJ – up by 1.9% compared to Q1 2017
- ✓ the price trend shows a 2.1% increase Q2 2017 compared to Q2 2016
- ✓ average heating value of fine coal for commercial power plants was about 21.3 GJ
- ✓ price of fine coal for commercial power plants declined by about 23.9% between January 2012 and June 2017

### Thermal coal prices based on the PSCMI index

- ✓ in Q2 2017, the average price based on the PSCMI index was about PLN 9.12 per GJ, which in comparison with Q1 2017 represents an increase by about 2.4%
- ✓ compared to Q2 2016 the PSCMI index price increased by 2.9%





**Decrease in inventories and extraction, sales at the same level, increase in thermal coal prices in Poland in Q2 2017 compared to Q2 2016**

**PERFORMANCE OF POLISH COMPANIES\*:**

Thermal coal:	Q2 2016	Q2 2017	Change	IH 2016	IH 2017	Change
Extraction (million tonnes)	12.9	12.4	-3.9%	27.0	25.1	-7.0%
Sales (million tonnes)	11.8	11.5	-2.5%	24.2	23.9	-1.2%
Average cost of coal sold (PLN)	269.1	268.9	-0.1%	265.9	262.9	-1.1%
<b>COAL PRICES:</b>						
Average price of power coal (PLN)	216.8	235.9	8.8%	218.8	232.3	6.2%
Average price of coal sold to commercial power industry (PLN)	189.4	192.8	1.8%	190.8	191.4	0.3%
<b>DEMAND/SUPPLY:</b>						
Production of electric power in commercial power plants with the use of hard coal (GWh)**	19,067	18,379	-3.6%	40,792	40,005	-1.9%
Inventories of coal in mines (million tonnes)***	4.3	0.9	-79.1%	4.3	0.9	-79.1%

\*data do not include Silesia, Siltech, Ekoplus

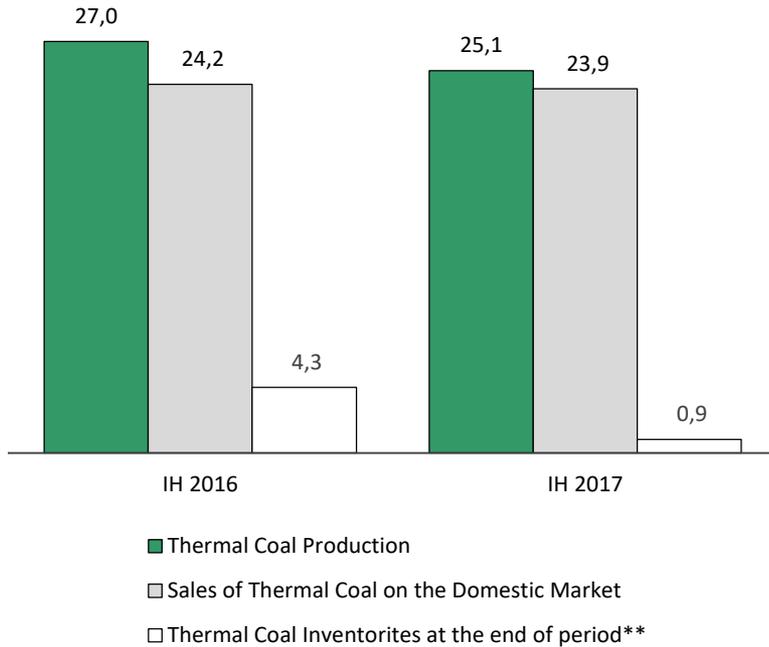
\*\*PSE SA

\*\*\*uncertain situation of coal in mine heaps (deposits)

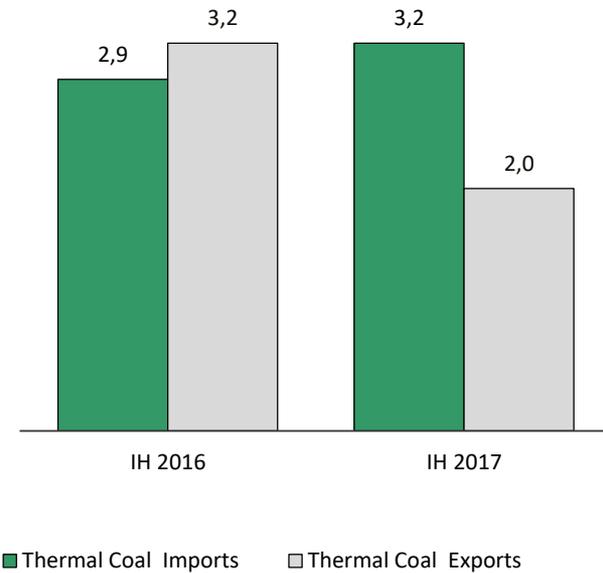


## Drop in extraction and stocks of thermal coal in Polish mines, sales at the same level

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



Thermal coal imports and exports (million tonnes)\*

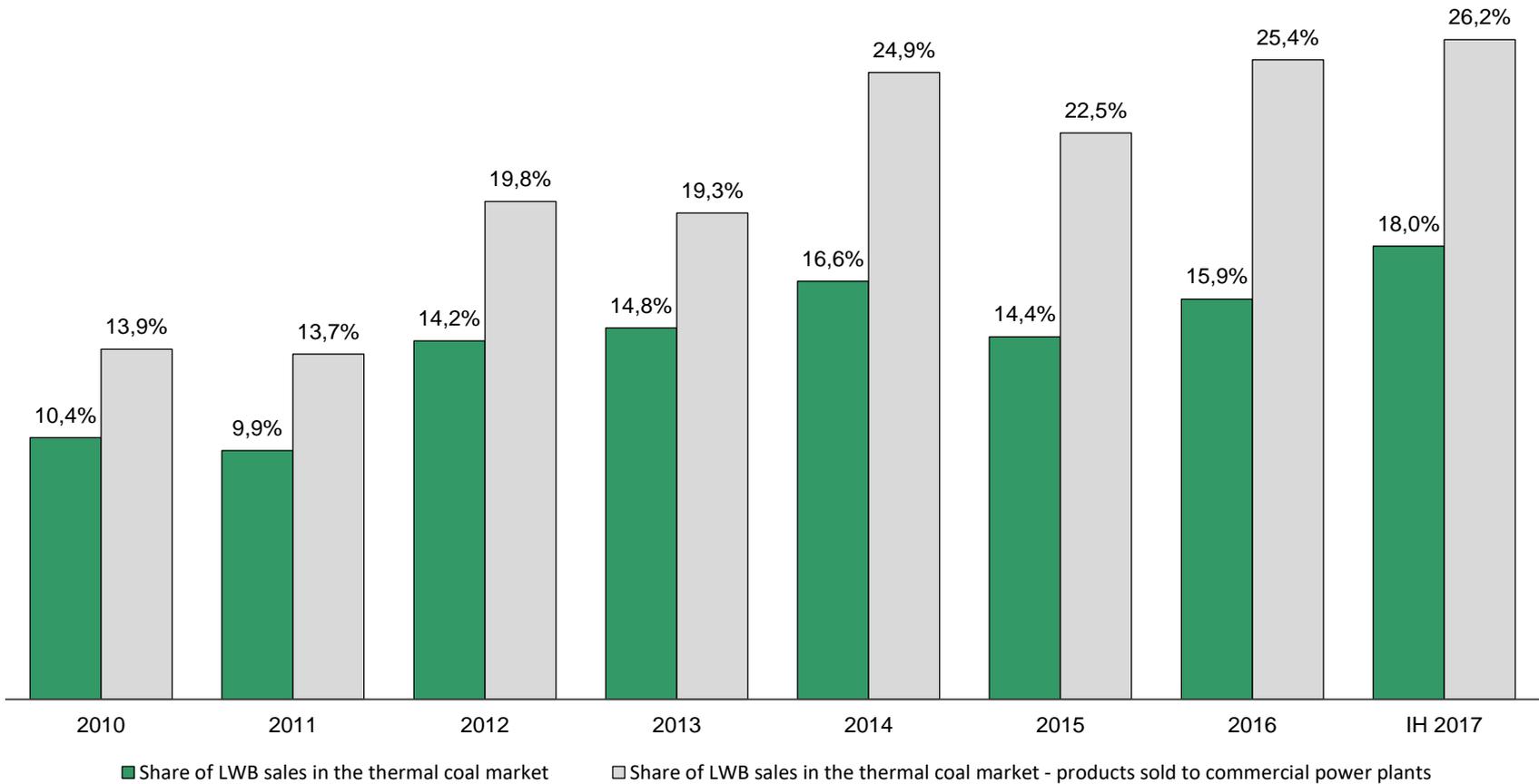


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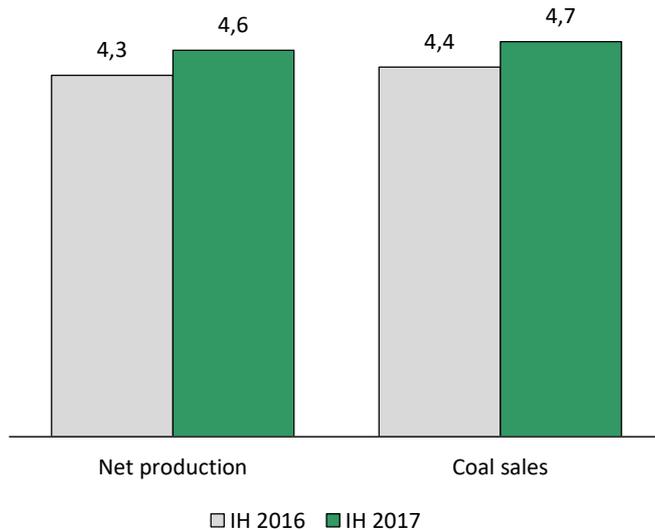
## We keep a very strong position on the coal market – 26.2% of share in sales to commercial power plants





## Higher production and sales in LW Bogdanka S.A

	Q2 2016	Q2 2017	Change	IH 2016	IH 2017	Change
Gross production ('000 tonnes)	3,187	3,128	-1.9%	6,920	6,757	-2.4%
Net production ('000 tonnes)	1,950	2,136	9.5%	4,285	4,558	6.4%
New workings (by length) (km)	6.1	6.9	13.1%	12.9	15.0	16.3%
Coal sales ('000 tonnes)	2,195	2,273	3.6%	4,379	4,662	6.5%

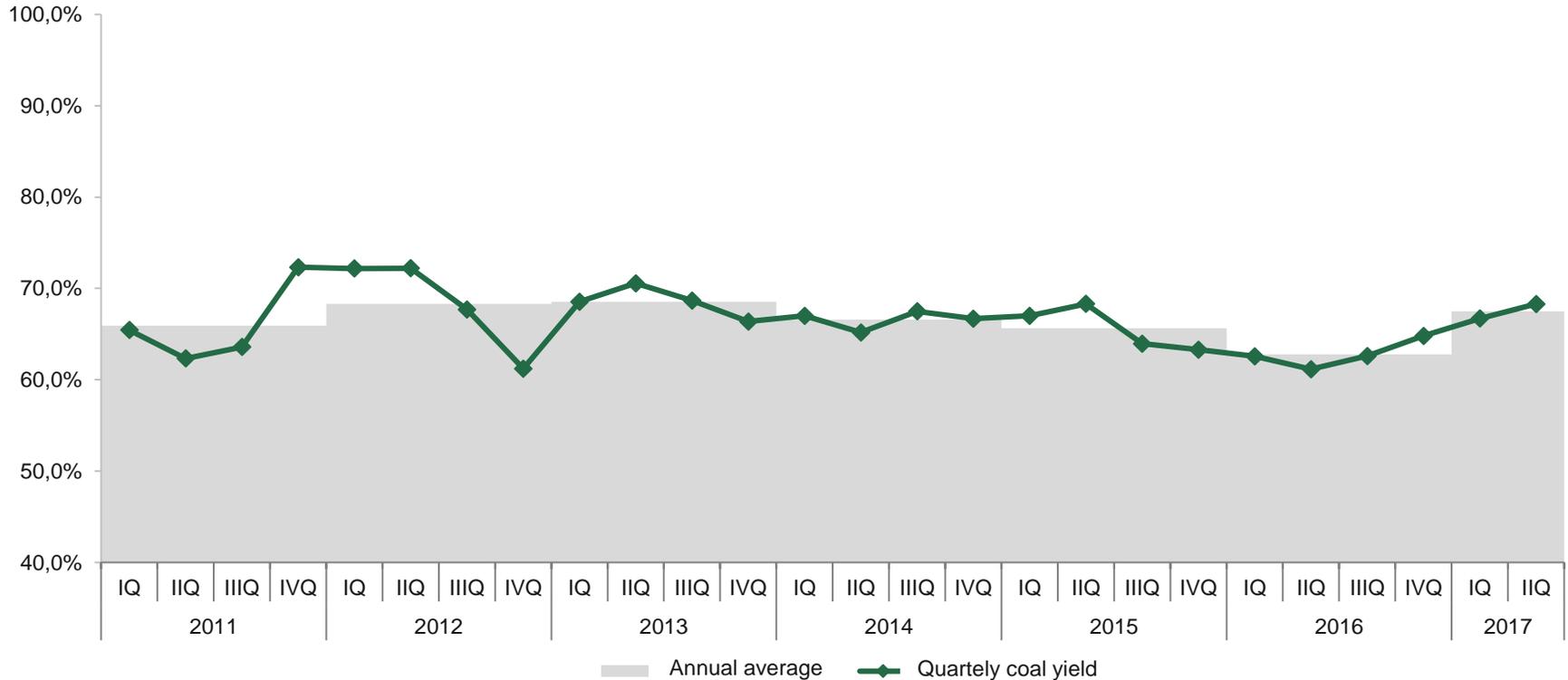


- ✓ more new excavations in pursuance of the flexible development scenario (Strategy)
- ✓ production in IH 2017 was conducted on 150 days, compared to 148 days in the same period 2016 – increase 1.4%

\*Length of excavations made includes reconstruction works



## Coal yield at a level of 68.3% in Q2 2017



- ✓ coal yield in Q2 2017 was about 68.3% and was higher than in Q2 2016 (61.2%), and higher than in Q1 2017 (66.7%)
- ✓ in Q2 2017 53.4% of raw coal was obtained from plough walls and , and 46.6% shearer walls. In the same period of 2016 this ratio was 83.5% to 16.5%, in IH 2017 59.8% of raw coal was obtained from plough walls and , and 40.2% shearer walls. In the same period of 2016 this ratio was 76.7% to 23.3%



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**Good operating and financial results, cost efficiency**



## We achieved good operating results – increase of production and sales

Item	Unit	IIQ 2016	IIQ 2017	Change	IH 2016	IH 2017	Change
<b>Parametry techniczno – operacyjne</b>							
<b>Gross production</b>	<b>'000 tonnes</b>	<b>3,187</b>	<b>3,128</b>	<b>-1.9%</b>	<b>6,920</b>	<b>6,757</b>	<b>-2.4%</b>
Net production	'000 tonnes	1,950	2,136	9.5%	4,285	4,558	6.4%
<b>Coal yield</b>	<b>%</b>	<b>61.2%</b>	<b>68.3%</b>	<b>7.1 p.p.</b>	<b>61.9%</b>	<b>67.5%</b>	<b>5.6 p.p.</b>
Coal sales	'000 tonnes	2,195	2,273	3.6%	4,379	4,662	6.5%
<b>Inventories (end of period)</b>	<b>'000 tonnes</b>	<b>134</b>	<b>21</b>	<b>-84.3%</b>	<b>134</b>	<b>21</b>	<b>-84.3%</b>
New workings (by length)*	km	6.1	6.9	13.1%	12.9	15.0	16.3%
<b>Dane finansowe</b>							
<b>Revenue</b>	<b>PLN '000</b>	<b>428,376</b>	<b>436,920</b>	<b>2.0%</b>	<b>848 945</b>	<b>902 086</b>	<b>6,3%</b>
EBITDA	PLN '000	104,034	138,815	33.4%	277 379	318 635	14,9%
<b>EBITDA margin</b>	<b>%</b>	<b>24.3%</b>	<b>31.8%</b>	<b>7.5 p.p.</b>	<b>32,7%</b>	<b>35,3%</b>	<b>2,6 p.p.</b>
EBIT	PLN'000	17,680	57,731	226.5%	96 565	147 474	52,7%
<b>EBIT margin</b>	<b>%</b>	<b>4.1%</b>	<b>13.2%</b>	<b>9.1 p.p.</b>	<b>11,4%</b>	<b>16,3%</b>	<b>4,9 p.p.</b>
Net profit	PLN'000	20,508	43,945	114.3%	74 954	112 124	49,6%
<b>Net debt/EBITDA**</b>	<b>-</b>	<b>0.43</b>	<b>0.07</b>	<b>-83.7%</b>	<b>0,43</b>	<b>0,07</b>	<b>-83,7%</b>

\*Length of excavations made includes reconstruction works

\*\*Dług = zobowiązania z tytułu emisji obligacji + zobowiązania z tytułu kredytów i pożyczek



## Higher amount of coal sold and a lower unit production cost – increase in EBITDA in Q2 2017 compared to Q2 2016

[PLN million]	Q2 2016	Q2 2017	Change
EBITDA The LW Bogdanka Group	104.0	<b>138.8</b>	33.5%

### Q2 2017

- ✓ increase in EBITDA by PLN 34.8 million (33.5%)
- ✓ increase in the volume of coal sold by 3.6%
- ✓ decrease in the price of coal sold by 1.6%
- ✓ drop in unit cost of products, goods and materials sold net of depreciation – improved cost efficiency (drop in production costs) with an increasing amount of coal sold
- ✓ increase in selling costs and administrative expenses – lower 2016 base – derecognition of management options, in 2017 higher payments to the National Disabled Persons Rehabilitation Fund
- ✓ lower operating result – in 2016 the provision for damages for Budimex was released following a ruling issued by the Court of Appeals, which was advantageous for the Parent (overestimated basis effect)

### Factors affecting EBITDA [PLN million]





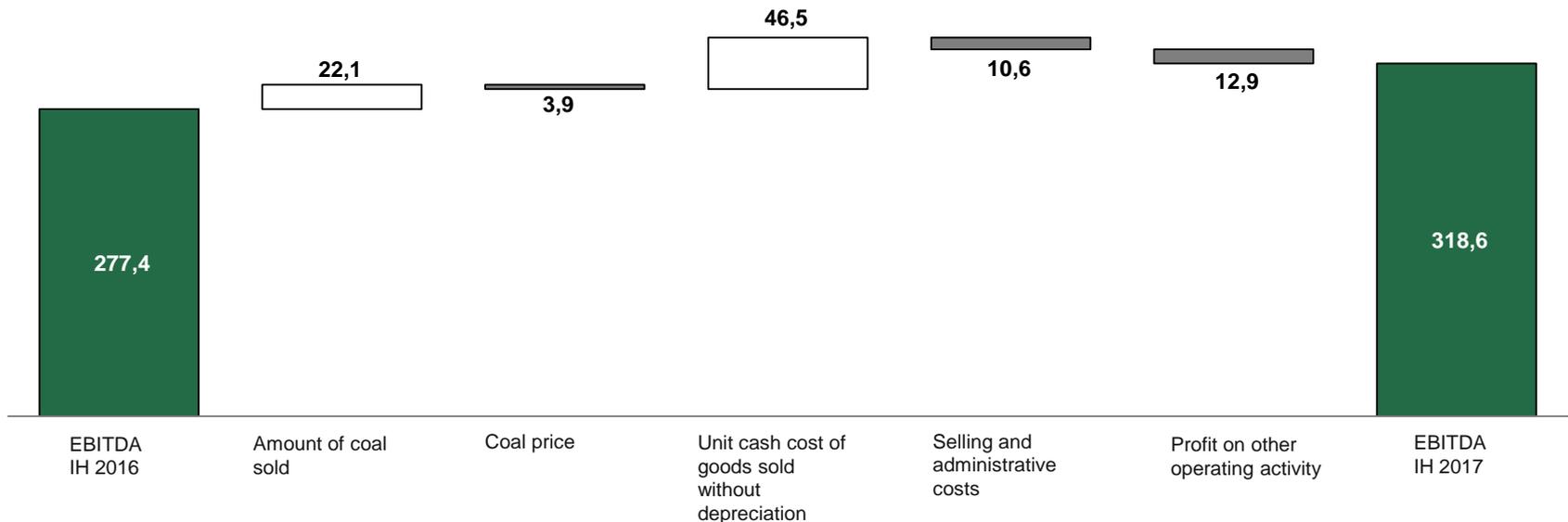
## Higher amount of coal sold and a lower unit production cost – increase in EBITDA in IH 2017 compared to IH 2016

[PLN million]	IH 2016	IH 2017	Change
EBITDA The LW Bogdanka Group	277.4	<b>318.6</b>	14.9%

### IH 2017

- ✓ increase in EBITDA by PLN 41.2 million (14.9%)
- ✓ increase in the volume of coal sold by 6.5%
- ✓ decrease in the price of coal sold by 0.5%
- ✓ spadek jednostkowego kosztu sprzedanych produktów, towarów i materiałów bez amortyzacji - nastąpiła poprawa efektywności kosztowej (spadek kosztów produkcji) przy rosnącym wolumenie sprzedanego węgla
- ✓ higher selling costs – costs of logistics and customs duty services of coal sold to Ukraine; administrative expenses – derecognition of management options in 2016, higher payments to the National Disabled Persons Rehabilitation Fund and real property tax in 2017
- ✓ lower operating result – in 2016 the provision for damages for Budimex was released following a ruling issued by the Court of Appeals, which was advantageous for the Parent (overestimated basis effect)

### Factors affecting EBITDA [PLN million]





## Increase in production by 9.5% in Q2 2017 and decrease of costs by type by 0.6%

Item [PLN '000]	IIQ 2016	IIQ 2017	Zmiana	IH 2016	IH 2017	Zmiana
Net production ['000 tonnes]	1,950	2,136	9.5%	4,285	4,558	6.4%
Coal sales ['000 tonnes]	2,195	2,273	3.6%	4,379	4,662	6.5%
Depreciation and amortization	84,308	78,973	-6.3%	176,218	166,932	-5.3%
Materials and energy	105,186	104,532	-0.6%	211,021	217,192	2.9%
External services	95,745	97,087	1.4%	189,898	197,325	3.9%
Employee cost and benefits	113,623	120,205	5.8%	241,526	236,178	-2.2%
Entertainment and advertising	860	814	-5.3%	3,590	3,054	-14.9%
Taxes and charges	7,324	7,911	8.0%	17,967	19,252	7.2%
Other expenses	5,391	553	-89.7%	9,404	1,382	-85.3%
<b>Cost by nature</b>	<b>412,437</b>	<b>410,075</b>	<b>-0.6%</b>	<b>849,624</b>	<b>841,315</b>	<b>-1.0%</b>
Cost of activities for the Company's own needs	-49,160	-59,984	22.0%	-96,028	-118,207	23.1%
Accruals and deferrals	12,699	24,334	91.6%	30,803	38,322	24.4%
Value of coal obtained from excavations	-16,167	-12,640	-21.8%	-37,129	-33,046	-11.0%
Provisions and other presentation adjustments between costs by type and by function	24,087	-3,933	-116.3%	2,159	8,660	301.1%
<b>Total production costs</b>	<b>383,896</b>	<b>357,852</b>	<b>-6.8%</b>	<b>749,429</b>	<b>737,044</b>	<b>-1.7%</b>
Change in product inventories	37,829	19,418	-48.7%	12,923	16,716	29.4%
Value of goods and materials sold	2,955	3,449	16.7%	6,041	5,813	-3.8%
<b>Own cost of production sold, including:</b>	<b>424,680</b>	<b>380,719</b>	<b>-10.4%</b>	<b>768,393</b>	<b>759,573</b>	<b>-1.1%</b>
Costs of products, goods and materials sold	399,023	351,384	-11.9%	712,562	692,765	-2.8%
Selling costs	8,508	8,559	0.6%	18,359	22,117	20.5%
Administrative costs	17,149	20,776	21.1%	37,472	44,691	19.3%



# Cost reduction brings further results – production higher by 6.4% in IH 2017 compared to IH 2016 and a decrease in costs by type by 1.0%

**Total costs by type for IH 2017** – PLN 841.3 million – drop in relation to IH 2016 by 1.0%, i.e. by PLN 8.3 million  
**Cash costs (net of depreciation/amortisation)** – increase by 0.1%, i.e. by approx. PLN 1.0 million  
**Net extraction** – increase by 6.4%, i.e. by approx. PLN 0.3 million tonnes  
**Length of walls** – increase by 16.3% (15.0 km in IH 2017 compared to 12.9 km in IH 2016)

**Entertainment and advertising costs (-14.9% y/y):**  
 ✓ Transfers in periods payments for the sponsoring of sport activities.

**Employee benefits (-2.2% y/y):**  
 ✓ As at 30 June 2017, workforce accounted for 4,477 people and was lower by 23 compared to 30 June 2016.  
 ✓ Higher base of 2016 – in Q1 2016 additional annual bonus was paid to the employees.

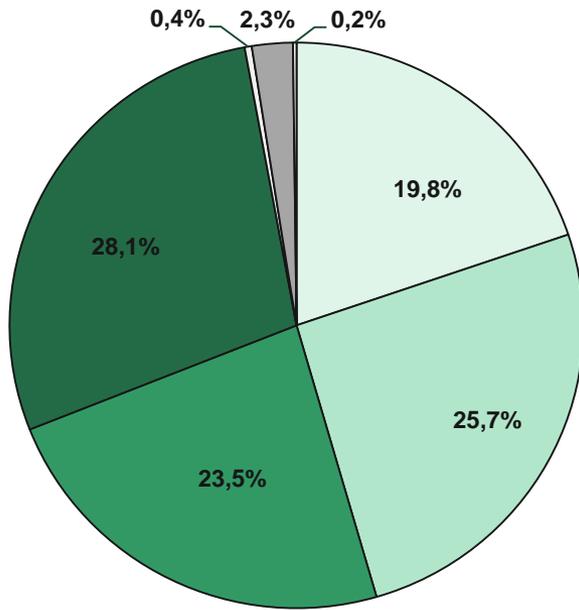
**External services (+3.9 y/y):**  
 ✓ Increase in value of drilling and mining services (higher amount of excavations);  
 ✓ Increase in value of work performed on weekends (higher extraction).

**Taxes and charges (+7.2% y/y):**  
 ✓ Increase in payments to the National Disabled Persons Rehabilitation Fund, higher exploitation fee (increased production).

**Other costs (-85.3% y/y):**  
 ✓ Change in settlement period of the insurance policy.

**Depreciation/Amortisation (-5.3% y/y):**  
 ✓ Drop in natural depreciation (lower gross extraction, higher share in the cutting machine walls).

**Materials and energy used (+2.9% y/y):**  
 ✓ Increase in costs of materials used due to higher extent of preparatory works performed;  
 ✓ Increase in costs of heat energy used.





## Provisions at the LW Bogdanka Group

Item [PLN '000]	31.12.2016	30.06.2017	Change
Employee provisions	266,981	304,242	14.0%
Liabilities under local property tax	32,456	37,560	15.7%
Mine decommissioning and land reclamation provision	117,423	117,420	0.0%
Mining damage	4,440	4,241	-4.5%
Accident insurance premium (ZUS)	20,042	20,685	3.2%
Other	13,914	12,736	-8.5%
<b>TOTAL</b>	<b>455,256</b>	<b>496,884</b>	<b>9.1%</b>

**Change in provisions at the LW Bogdanka Group**

Item [PLN '000]	Change Q2 2016	Change Q2 2017	Change	Change IH 2016	Change IH 2017	Change
Employee provisions	15,494	28,153	81.7%	9,230	37,261	303.7%
Liabilities under local property tax	2,125	2,337	10.0%	4,219	5,104	21.0%
Mine decommissioning and land reclamation provision	-7,627	-704	-90.8%	-6,794	-3	-99.9%
Mining damage	-252	-96	-61.9%	-352	-199	-43.5%
Accident insurance premium (ZUS)	328	327	-0.3%	656	643	-2.0%
Other	-19,074	-1,303	-93.2%	-17,677	-1,178	-93.3%
<b>TOTAL</b>	<b>-9,006</b>	<b>28,714</b>	<b>-</b>	<b>-10,718</b>	<b>41,628</b>	<b>-</b>



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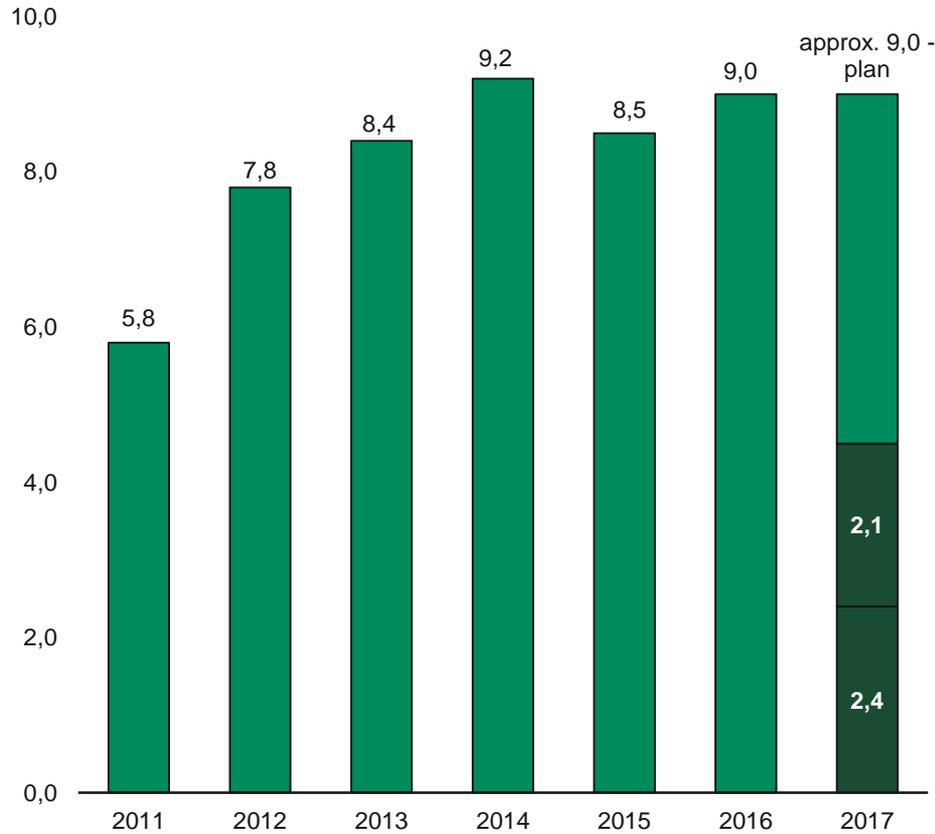


**In Q2 2017, the production was in line with the assumed plan – 2.1 million tonnes**



## We completed the production plan assuming 2.1 million tonnes in Q2 2017 – increase over Q2 2016 by 9.5%

### PRODUCTION



- ✓ According to the adopted Strategy, the Company assumes production of approximately 9.0 million tonnes of coal in 2017
- ✓ In Q2 2017, the company produced more than 2.1 million tonnes of coal, and sales were slightly higher than the level of production, almost 2.3 million tonnes



## The use of CAPEX in IH 2017 and plan for 2017 - in line with Strategy

Item [PLN '000]	Plan for 2017	Realization of plan IH 2017	Realization of plan IH 2017 [%]
New excavations and upgrades of existing ones	289,659	124,991	43.2%
Maintenance of machinery	40,243	9,941	24.7%
Obtaining new licences	18,660	1	0.0%
Other development investments	11,614	1,119	9.6%
ICT	8,686	1,069	12.3%
Administration	20	17	85.0%
Transport	489	353	72.2%
Other	7,860	1,078	13.7%
<b>TOTAL CAPEX in LW Bogdanka S.A.</b>	<b>377,231</b>	<b>138,569</b>	<b>36.7%</b>
Łęczyńska Energetyka sp. z o.o.	8,371	860	10.3%
Other subsidiaries	-	172	-
<b>TOTAL CAPEX AT THE LW BOGDANKA GROUP</b>	<b>385,602</b>	<b>139,601</b>	<b>36.2%</b>

The above amount of capital expenditure includes capitalised borrowing costs of PLN 2,023,000.



**Q2 2017 saw a drop in international coal prices compared to Q1 2017 (-5%). On the domestic market thermal coal prices increased by almost 2% in comparison to Q1 2017.**

**In Q2 2017 the Company performed the production plan at a level of more than 2.1 million tonnes and sales plan at a level close to 2.3 million tonnes. The Company continues to distinguish itself in the industry thanks to a permanent cost control and optimisation of capital expenditure.**

**Owing to a change in the walls mix and better output quality (higher extraction from the cutting machine walls), the Company has been recording a growing yield level since Q2 2016; in Q2 2017 it was approx. 68.3% compared to 61.2% w Q2 2016.**

**The Company retains a strong market position achieving, in H1 2017, the share in the market of thermal coal sales of 18%, and the share in the market of thermal coal sales to commercial power plants of 26.2%.**

**On 26 June 2017 the Annual General Shareholders Meeting of LW Bogdanka S.A. decided to pay dividend of PLN 1 per share. The dividend totalling PLN 34,013,590.00 was paid on 2 August 2017.**



Thank you



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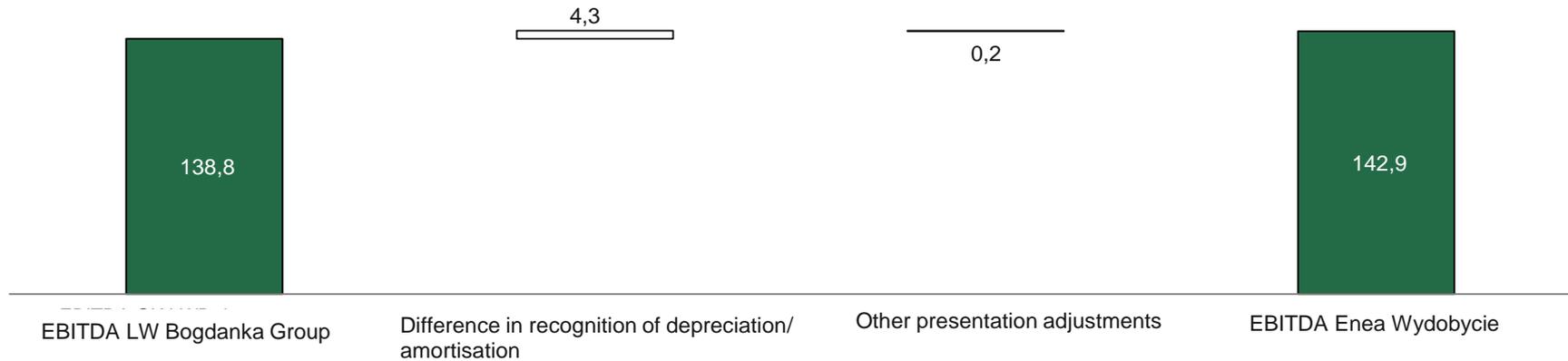


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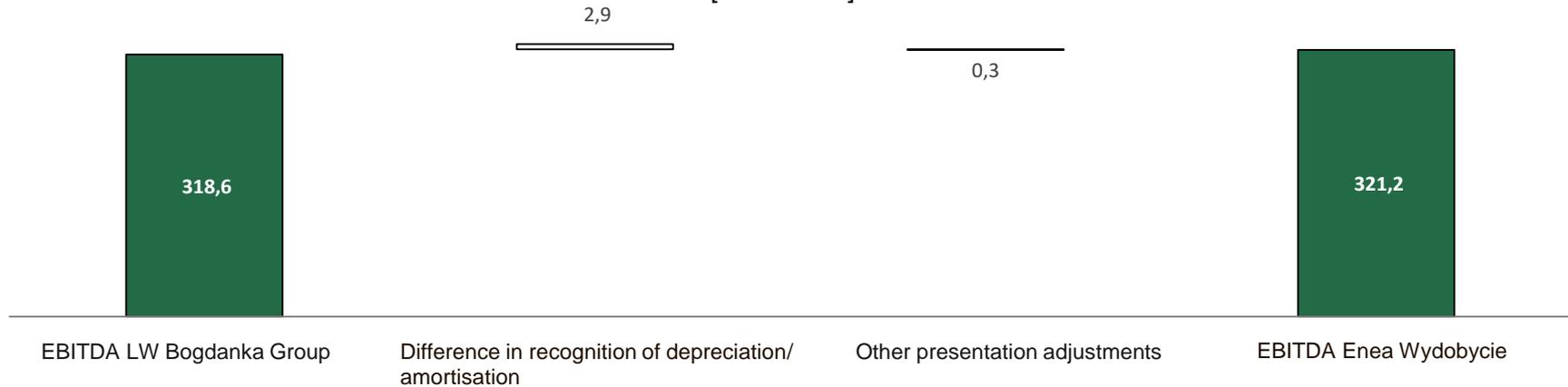


## EBITDA presentation differences between the LW Bogdanka Group and Enea Wydobycie

**Q2 2017**  
[PLN million]



**IH 2017**  
[PLN million]





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

Item [PLN '000]	Change in provisions in Q2 2016	Impact on financial result in Q2 2016	Change in provisions in Q2 2017	Impact on financial result in Q2 2017
Employee provisions	15,494	-28,839	28,153	-7,365
Liabilities under local property tax	2,125	-2,125	2,337	-2,337
Mine decommissioning and land reclamation provision	-7,627	-1,331	-704	-1,302
Mining damage	-252	-	-96	-
Accident insurance premium (ZUS)	328	-328	327	-327
Other	-19,074	16,148	-1,303	-810
<b>TOTAL</b>	<b>-9,006</b>	<b>-16,475</b>	<b>28,714</b>	<b>-12,141</b>



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

Item [PLN '000]	Change in provisions in Q2 2017	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	28,153	5,625	1,740	-	33,476	-12,688	
Liabilities under local property tax	2,337	1,723	614	-	-	-	
Mine decommissioning and land reclamation provision	-704	421	881	-2,006	-	-	
Mining damage	-96	-	-	-	-	-96	
Accident insurance premium (ZUS)	327	-	327	-	-	-	
Other	-1,303	735	75	-	-	-2,113	
<b>TOTAL</b>	<b>28,714</b>	<b>8,504</b>	<b>3,637</b>	<b>-2,006</b>	<b>33,476</b>	<b>-14,897</b>	



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

Item [PLN '000]	Change in provisions in IH 2017	including:				
		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	Change reflected only in balance sheet – use of provisions
Employee provisions	37,261	20,630	3,481	-	33,476	-20,326
Liabilities under local property tax	5,104	3,447	1,657	-	-	-
Mine decommissioning and land reclamation provision	-3	863	1,763	-2,629	-	-
Mining damage	-199	-	-	-	-	-199
Accident insurance premium (ZUS)	643	-	643	-	-	-
Other	-1,178	786	149	-	-	-2,113
<b>TOTAL</b>	<b>41,628</b>	<b>25,726</b>	<b>7,693</b>	<b>-2,629</b>	<b>33,476</b>	<b>-22,638</b>



## The Consolidated Income Statement of LW Bogdanka Group

Item [PLN '000]	Q2 2016	Q2 2017	Change	IH 2016	IH 2017	Change
<b>Revenue</b>	<b>428,376</b>	<b>436,920</b>	<b>2.0%</b>	<b>848,945</b>	<b>902,086</b>	<b>6.3%</b>
Cost of products, merchandise and materials sold, distribution cost, administrative expenses	420,654	379,163	-9.9%	762,607	754,999	-1.0%
<b>Gross profit</b>	<b>7,722</b>	<b>57,757</b>	<b>648.0%</b>	<b>86,338</b>	<b>147,087</b>	<b>70.4%</b>
Gross margin	1.8%	13.2%	11.4 p.p.	10.2%	16.3%	6.1 p.p.
Other income	11,679	531	-95.5%	12,738	1,759	-86.2%
Other expenses	825	154	-81.3%	1,408	209	-85.2%
<b>Net operating profit</b>	<b>18,576</b>	<b>58,134</b>	<b>213.0%</b>	<b>97,668</b>	<b>148,637</b>	<b>52.2%</b>
Other net gains/loss	-896	-403	-55.0%	-1,103	-1,163	5.4%
<b>Operating profit (EBIT)</b>	<b>17,680</b>	<b>57,731</b>	<b>226.5%</b>	<b>96,565</b>	<b>147,474</b>	<b>52.7%</b>
EBIT margin	4.1%	13.2%	9.1 p.p.	11.4%	16.3%	4.9 p.p.
<b>EBITDA</b>	<b>104,034</b>	<b>138,815</b>	<b>33.4%</b>	<b>277,379</b>	<b>318,635</b>	<b>14.9%</b>
EBITDA margin	24.3%	31.8%	7.5 p.p.	32.7%	35.3%	2.6 p.p.
Finance income	8,655	1,554	-82.0%	10,270	4,073	-60.3%
Finance costs	7,039	4,854	-31.0%	14,710	12,254	-16.7%
<b>Profit before tax</b>	<b>19,296</b>	<b>54,431</b>	<b>182.1%</b>	<b>92,125</b>	<b>139,293</b>	<b>51.2%</b>
Pre-tax profit margin	4.5%	12.5%	8.0 p.p.	10.9%	15.4%	4.5 p.p.
Income tax	-1,212	10,486	-	17,171	27,169	58.2%
<b>Net profit for the reporting period</b>	<b>20,508</b>	<b>43,945</b>	<b>114.3%</b>	<b>74,954</b>	<b>112,124</b>	<b>49.6%</b>
Net margin	4.8%	10.1%	5.3 p.p.	8.8%	12.4%	3.6 p.p.

**Statement of Financial Position of LW Bogdanka Capital Group**

Item [PLN '000]	31.12.2016	30.06.2017
Non-current assets, including:	2,929,788	2,886,612
Cash and cash equivalents	111,218	112,197
Current assets, including:	870,501	694,958
Cash and cash equivalents	541,106	275,269
<b>Total assets</b>	<b>3,800,289</b>	<b>3,581,570</b>
Current liabilities	747,810	584,806
Non-current liabilities	760,072	653,819
<b>Total liabilities</b>	<b>1,507,882</b>	<b>1,238,625</b>
<b>Equity</b>	<b>2,292,407</b>	<b>2,342,945</b>
Current borrowings	3,273	3,255



Item [PLN '000]	IH 2016	IH 2017
<b>Net cash flows on operating activities</b>	<b>317,885</b>	<b>198,466</b>
Cash inflow from operating activities	324,972	218,204
Interest received	3,556	(272)
Income tax paid	(10,643)	(19,466)
<b>Net cash flows on investing activities</b>	<b>(141,355)</b>	<b>(158,873)</b>
Acquisition of property, plant and equipment	(131,055)	(162,505)
Interest paid regarding investing activity	(1,775)	(2,027)
Acquisition of intangible assets	(1,302)	(454)
Inflow from the sale of property, plant and equipment	17	2,982
Interest received	3,248	4,110
Outflow on account of funds being deposited in the bank account of the Mine Closure Fund	(10,488)	(979)
<b>Net cash flows on financing activities</b>	<b>(103,738)</b>	<b>(305,430)</b>
Proceeds from loans and borrowings	4,984	-
Bond redemption	(100,000)	(300,000)
Repayments of loans and borrowings	(1,518)	(1,518)
Interest and commissions paid due to financing activities	(7,204)	(3,912)
Net increase (decrease) in cash and cash equivalents	72,792	(265,837)
Cash and cash equivalents at beginning of period	262,037	541,106
<b>Cash and cash equivalents at end of period</b>	<b>334,829</b>	<b>275,269</b>



## Sales structure at LW Bogdanka Capital Group

Item [PLN '000]	Q2 2016	Share [%]	Q2 2017	Share [%]
Coal sales	414,632	96.8%	426,165	97.5%
Other activities	10,602	2.5%	6,987	1.6%
Sales of merchandise and materials	3,142	0.7%	3,768	0.9%
<b>Total revenue</b>	<b>428,376</b>	<b>100.0%</b>	<b>436,920</b>	<b>100.0%</b>



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**Thank you for your attention**



**Enea**

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