



**Presentation of results  
the LW Bogdanka Group  
Q3, Q1-Q3 2018**



**LUBELSKI WĘ  
BOGDANKA**

*Safety and stable development of the innovative raw materials and energy corporation*



## Situation on the coal market and key operating data



Financial highlights of the LW Bogdanka Group  
in Q3, Q1-Q3 2018



Performance of the plan in Q3, Q1-Q3 2018



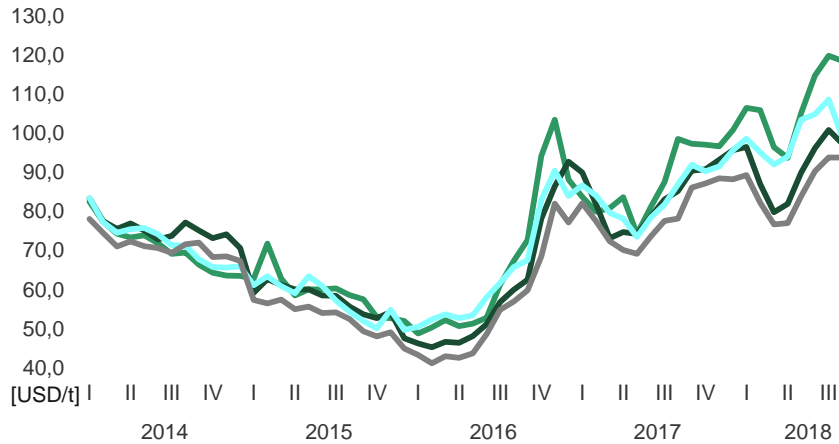
Appendices – Financial information



**In the third quarter 2018, the increase in prices of coal on global market and the increase of domestic thermal coal prices**



# Rises of coal prices on the global market in Q3 2018 compared to Q3 2017 by 15.3%



### CIF ARA coal prices

- ✓ USD 99.49/tonne – the average annual coal price (CIF ARA) in Q3 2018, i.e. +15.3% compared to Q3 2017 (USD 86.28/tonne)
- ✓ Q3 2018 vs. Q2 2018 (USD 89.75/tonne) represents an increase by 10.9%

### Inventories in ARA ports

- ✓ 5.9 million tonnes of coal inventories at the end of September 2018 in ARA ports – increase by 3.5% compared to end of June 2018 (5.7 million tonnes)

### FOB BP coal prices

- ✓ average coal price in Q3 2018 was USD 94.18/tonne and was higher by 16.8% than the average coal price in Q3 2017 (USD 80.62/tonne), and higher by 12.5% than average price in Q2 2018 (USD 83.71/tonne)

### China

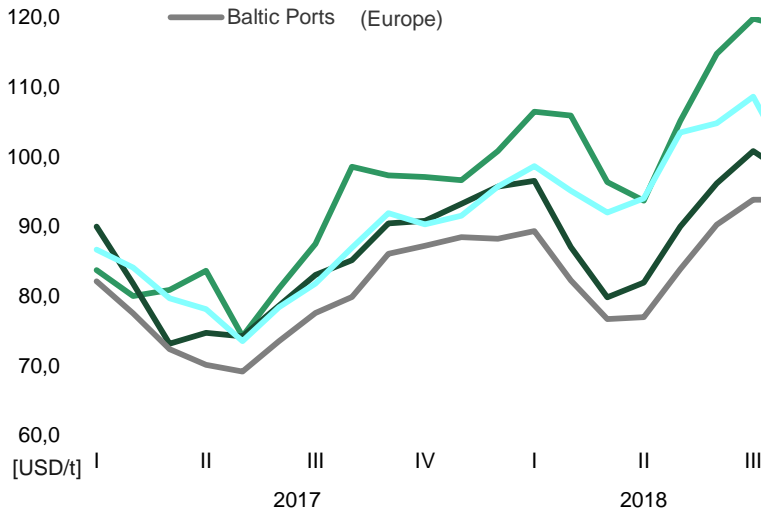
- ✓ approx. 2.6 billion tonnes of coal were produced in Q1-Q3 2018, increase by 5.1% y/y
- ✓ imports in Q1-Q3 2018 was 229 million tonnes and was higher by approx. 11.8% y/y

### USA

- ✓ production in Q3 2018 – 178.1 million tonnes (i.e. +0.1% y/y), production in Q1-Q3 2018 was 512.3 million tonnes (-2.7% y/y)
- ✓ consumption in Q3 2018 – 184.3 million tonnes (i.e. -0.4% y/y), totally in Q1-Q3 2018 – 478,7 million tonnes (i.e. -3.4% y/y)
- ✓ exports in Q3 2018 – 24.2 million tonnes of hard coal, i.e. more by 8.4% y/y

### Russia

- ✓ production in Q1-Q3 2018 – 316.9 million tonnes (i.e. +5.7% y/y)
- ✓ exports of coal in Russia in Q1-Q3 2018 increased by 3.8% y/y to the level of 144.0 million tonnes
- ✓ exports to Poland in Q1-Q3 2018 – 9.8 million tonnes, i.e. up by 78.2% compared to Q1-Q3 2017 (5.5 million tonnes)



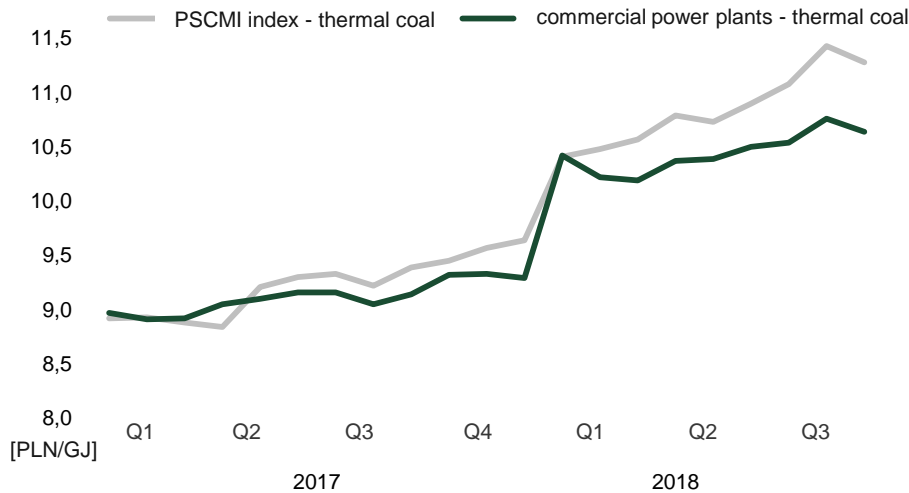


## Rises of coal prices on the domestic market in Q3 2018 compared to Q3 2017 by 16.8%



### Thermal coal prices

- ✓ in Q3 2018, the average price of thermal coal for commercial power plants was PLN 10.65 per GJ – up by 2.2% compared to Q2 2018 (PLN 10.42 per GJ)
- ✓ the price trend shows a 16.8% increase in Q3 2018 compared to Q3 2017 (PLN 9.12 per GJ)
- ✓ average heating value of fine coal for commercial power plants was about 21.6 GJ
- ✓ between January 2014 - September 2018 the price of thermal coal for commercial power plants increased by 1.2%



### Thermal coal prices based on the PSCMI index

- ✓ in Q3 2018, the average price based on the PSCMI index was about PLN 11.26 per GJ. Compared to Q2 2018 the price increase by 4.2% and vs to Q3 2017 the PSCMI index price increased by 20.9%



## Decrease in extraction, increase in sales in thermal coal market in Poland in Q3 2018 compared to Q3 2017

### PERFORMANCE OF POLISH COMPANIES\*:

	Q3 2017	Q3 2018	Change	Q1-Q3 2017	Q1-Q3 2018	Change
Extraction of thermal coal in domestic coal market (million tonnes)	12.4	12.0	-3.2%	37.5	36.3	-3.2%
Sales of thermal coal in domestic coal market (million tonnes)	11.2	11.8	5.4%	35.1	35.0	-0.3%
Average cost of coal sold (PLN)	268.2	365.5	36.3%	264.6	322.9	22.0%
<b>COAL PRICES:</b>						
Average price of power coal (PLN)	242.3	273.3	12.8%	235.5	271.2	15.2%
Average price of coal sold to commercial power industry (PLN)	191.9	222.3	15.8%	191.5	220.0	14.9%
<b>DEMAND/SUPPLY:</b>						
Production of electric power in commercial power plants with the use of hard coal (GWh)**	19,432	20,537	5.7%	59,437	60,494	1.8%
Inventories of coal in mines (million tonnes)***	1.2	0.8	-33.3%	1.2	0.8	-33.3%

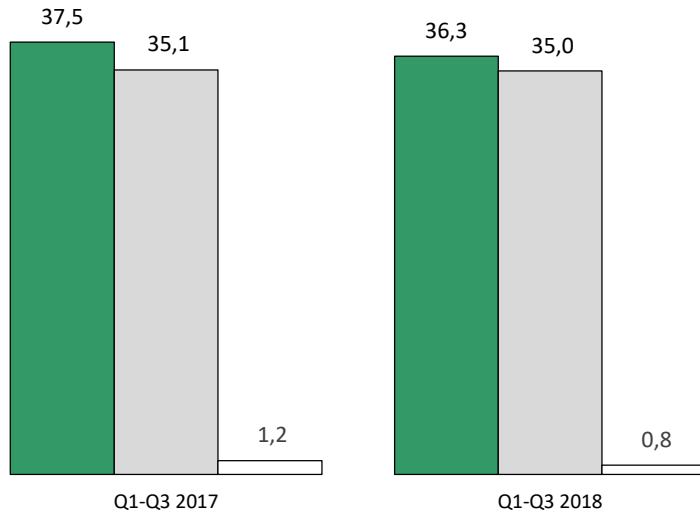
\*PSE SA

\*\*data do not include Silesia, Siltech, Ekoplus



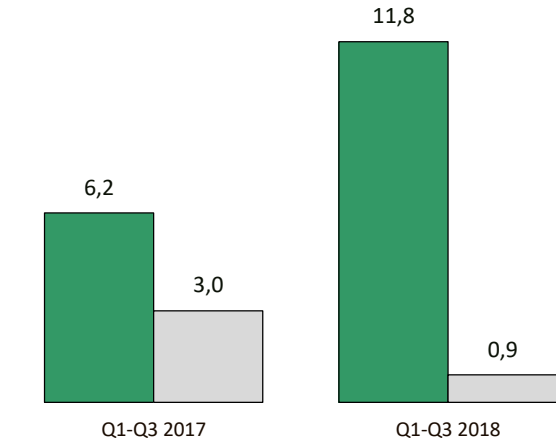
## Drop in extraction, sales and stocks of thermal coal in Polish mines with significant increase in import

Thermal coal production, domestic sales and inventories [million tonnes]\*



- Thermal Coal Production
- Sales of Thermal Coal on the Domestic Market
- Thermal Coal Inventories at the end of period

Thermal coal imports and exports [million tonnes]\*

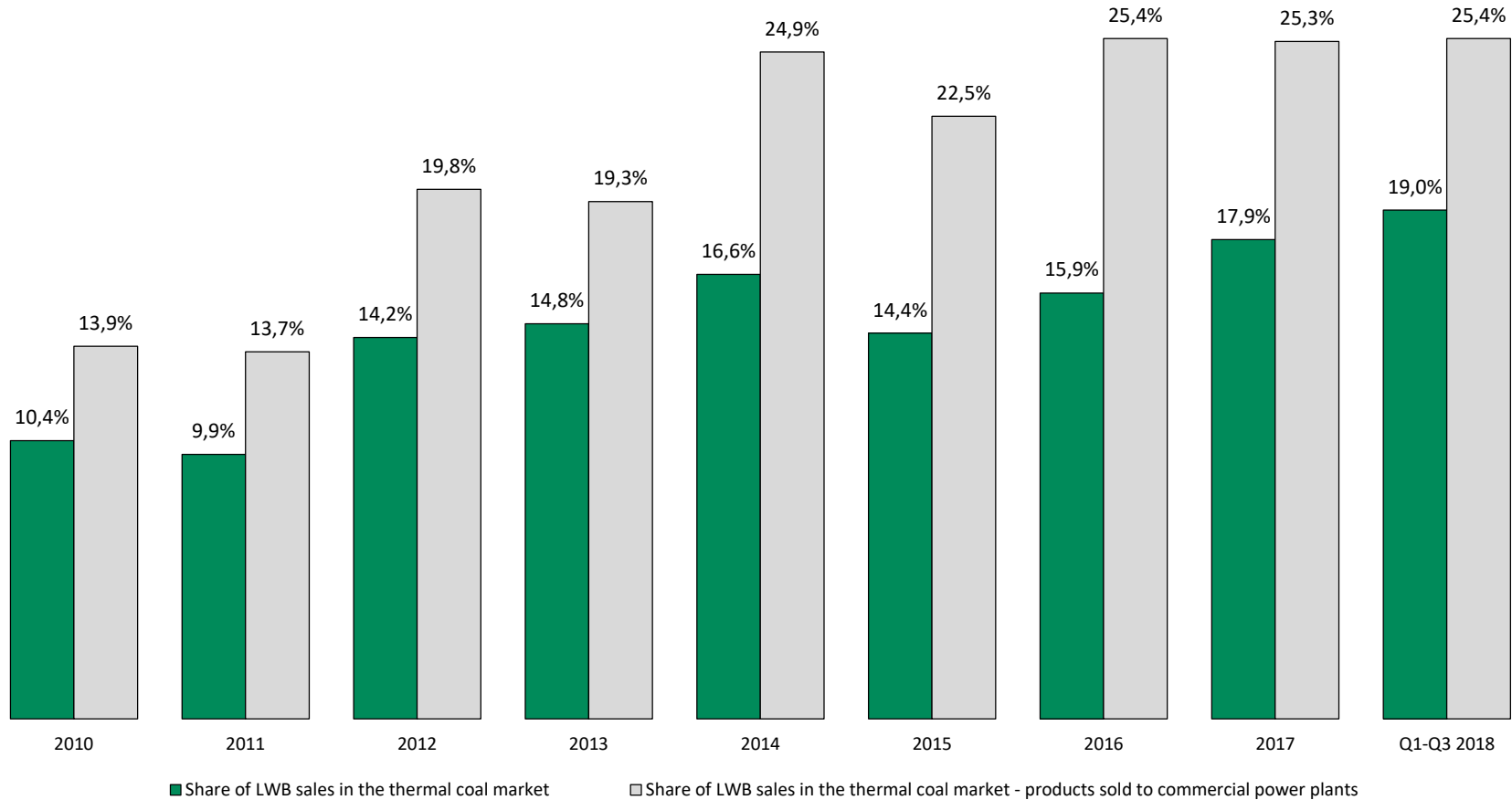


- Thermal Coal Imports
- Thermal Coal Exports

\*data do not include Silesia, Siltech, Ekoplus



## We keep a strong position on the coal market – 25,4% of share in sales to commercial power plants

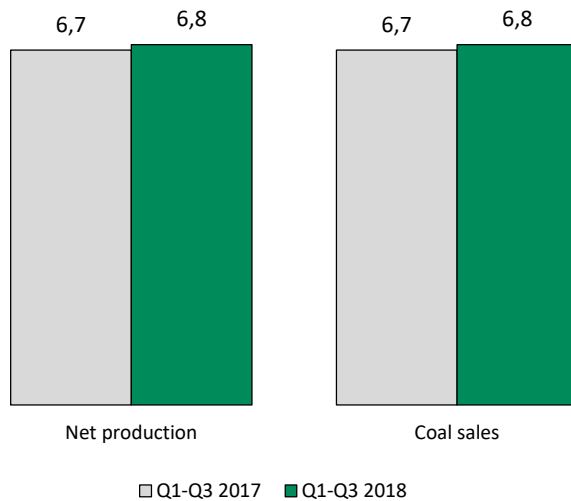






## Production and sales at the similar level to the previous year, the significant increase of new workings in Q1-Q3 2018

	Q3 2017	Q3 2018	Change	Q1-Q3 2017	Q1-Q3 2018	Change
Gross production ('000 tonnes)	3,451	3,727	8.0%	10,208	11,312	10.8%
Net production ('000 tonnes)	2,154	2,302	6.9%	6,712	6,820	1.6%
New workings (by length) (km)*	7.5	8.9	18.7%	22.5	28.6	27.1%
Coal sales ('000 tonnes)	2,036	2,447	20.2%	6,698	6,788	1.3%

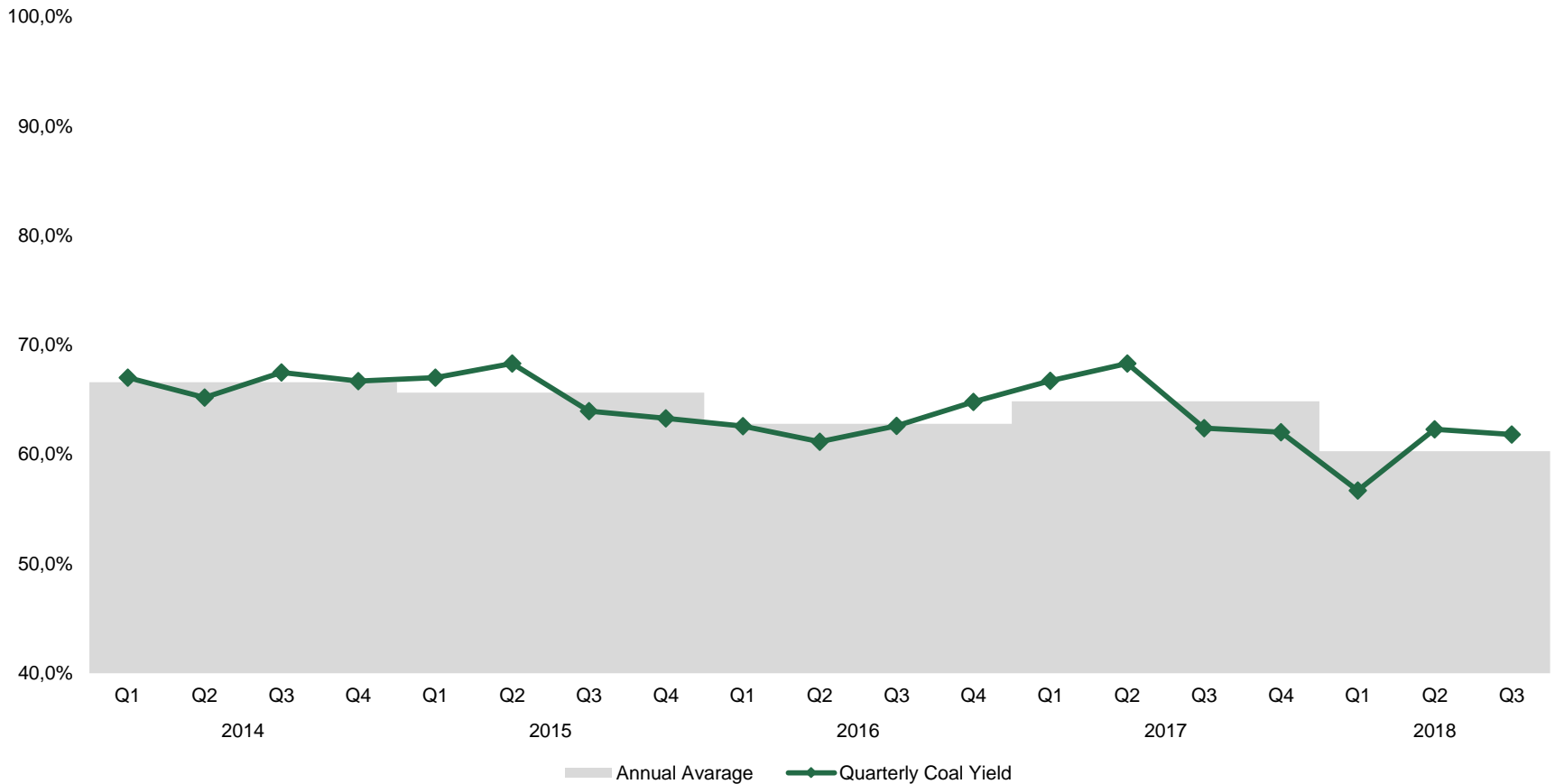


- ✓ more new workings in pursuance of the flexible development scenario (Strategy)
- ✓ production in Q1-Q3 2018 was conducted on 228 days, the same compared to the same period 2017

\*Length of excavations made includes reconstruction works



## Coal yield at a level of 61.8% in Q3 2018



- ✓ coal yield in Q3 2018 was about 61.8% and was lower than in Q3 2017 (62.4%) and lower than in Q2 2018 (62.3%)
- ✓ average yield in Q1-Q3 2018 was 60.3% compared to 65.8% in Q1-Q3 2017
- ✓ in Q3 2018 60.3% of raw coal was obtained from plough walls and 39.7% shearer walls. In the same period of 2017 this ratio was 46.0% compared to 54.0%. In Q1-Q3 2018 49.3% of raw coal was obtained from plough walls and 50.7% from shearer walls. In the same period of 2017 this ratio was 55.2% to 44.8%



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**Appendices – Financial information**





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



## Increase in gross production and decrease in inventories in Q3 2018 compared to Q3 2017

Item	Unit	Q3 2017	Q3 2018	Change	Q1-Q3 2017	Q1-Q3 2018	Change
<b>Technical and operating data</b>							
<b>Gross production</b>	'000 tonnes	3,451	3,727	8.0%	10 208	11,312	10.8%
Net production	'000 tonnes	2,154	2,302	6.9%	6 712	6,820	1.6%
<b>Coal yield</b>	%	<b>62.4%</b>	<b>61.8%</b>	<b>-0.6 p.p.</b>	<b>65,8%</b>	<b>60.3%</b>	<b>-5.5 p.p.</b>
Coal sales	'000 tonnes	2,036	2,447	20.2%	6 698	6,788	1.3%
<b>Inventories (end of period)</b>	'000 tonnes	<b>140</b>	<b>57</b>	<b>-59.3%</b>	<b>140</b>	<b>57</b>	<b>-59.3%</b>
New workings (by length)*	km	7.5	8.9	18.7%	22,5	28.6	27.1%
<b>Financial data</b>							
<b>Revenue</b>	<b>PLN '000</b>	<b>405,046</b>	<b>479,685</b>	<b>18.4%</b>	<b>1,307,132</b>	<b>1,335,637</b>	<b>2.2%</b>
EBITDA	PLN '000	133,904	120,823	-9.8%	452,539	399,445	-11.7%
<b>EBITDA margin</b>	%	<b>33.1%</b>	<b>25.2%</b>	<b>-7.9 p.p.</b>	<b>34.6%</b>	<b>29.9%</b>	<b>-4.7 p.p.</b>
EBIT	PLN'000	<b>44,412</b>	<b>14,575</b>	<b>-67.2%</b>	<b>191,886</b>	<b>92,613</b>	<b>-51.7%</b>
<b>EBIT margin</b>	%	<b>11.0%</b>	<b>3.0%</b>	<b>-8.0 p.p.</b>	<b>14.7%</b>	<b>6.9%</b>	<b>-7.8 p.p.</b>
Net profit	PLN'000	<b>31,531</b>	<b>9,660</b>	<b>-69.4%</b>	<b>143,655</b>	<b>76,013</b>	<b>-47.1%</b>
<b>Net debt/EBITDA**</b>	-	<b>0.06</b>	<b>-0.14</b>	-	<b>0.06</b>	<b>-0.14</b>	-

\*Length of new working includes reconstruction works

\*\*Debt = non-current liabilities due to bonds issue + non-current loans and borrowings



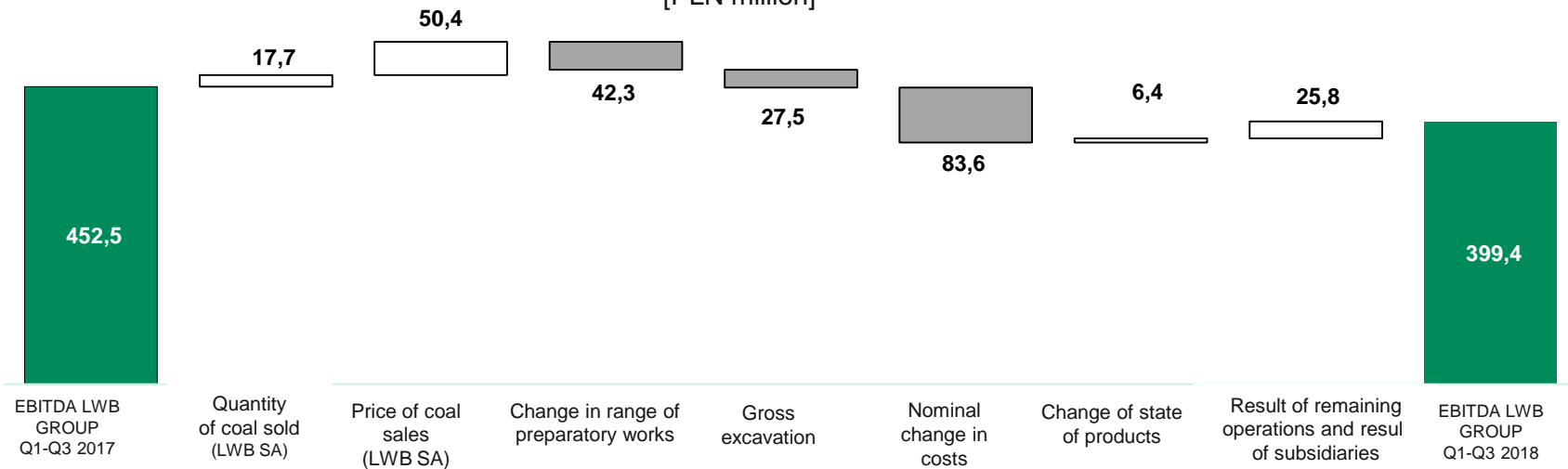
## Drop in EBITDA in Q1-Q3 2018 compared to Q1-Q3 2017

[PLN million]	Q1-Q3 2017	Q1-Q3 2018	Change
EBITDA LW Bogdanka Group	452.5	399.4	-11.7%

### Q1-Q3 2018

- (+) increase in revenue on sales of coal: quantitative sales higher (+1.3%), with a higher price and higher coal adjustment from preparatory works
- (-) higher adjustment of revenue by coal obtained from mining excavations - greater range of gallery works (+6.1 km) with a higher coal price
- (-) gross production higher by 1,104,000 tonnes (+10.8%) – increase in production cost
- (-) nominal increase in production cost (other factors at the cost side):
  - increase in outsourced services (broader scope of works outsourced to third-party companies: mining and drilling services, transportation and stone loading services, output dump at weekends and on holidays and higher service rates)
  - higher costs of remuneration (pay-out of increased salaries and additional bonus; growth in average employment by 132 persons).
  - increase in costs of materials and energy
- (+) in 2018 increase in value of inventories by PLN 8.0 million (drop in costs) compared to PLN 1.6 million in 2017
- (+) higher result on other operations – the settlement between LW Bogdanka S.A. and the consortium of Mostostal Warszawa S.A. and Acciona Infraestructuras; a positive impact on EBITDA: PLN 28.7 million

### Factors influencing EBITDA [PLN million]





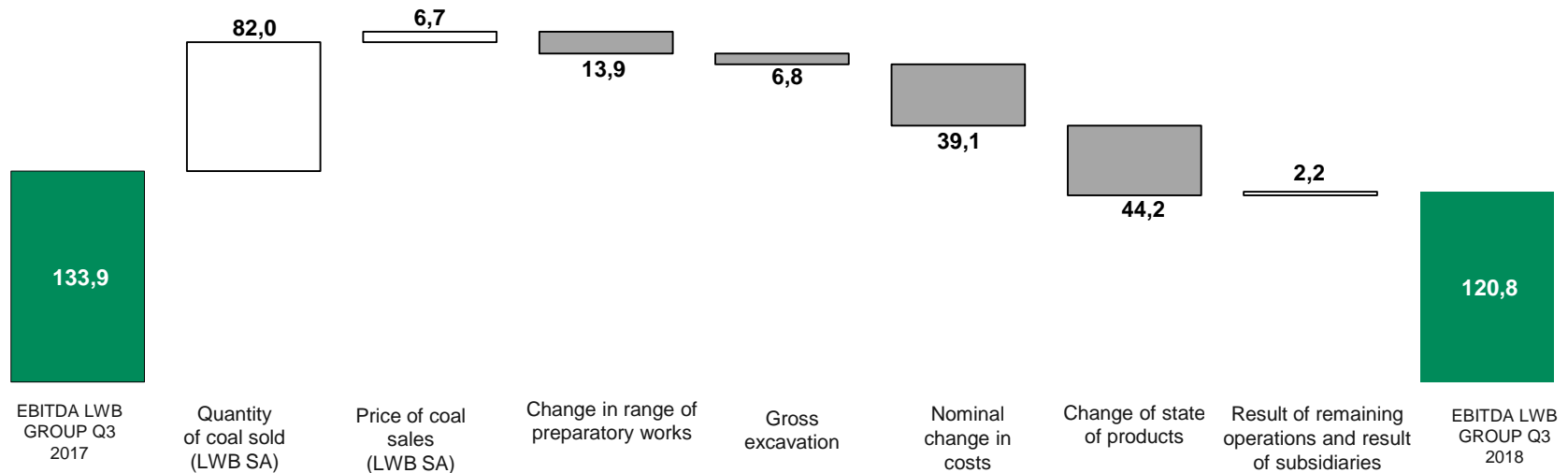
## Increase in EBITDA in Q3 2018 compared to Q3 2017

[PLN million]	Q3 2017	Q3 2018	Change
EBITDA LW Bogdanka Group	133.9	120.8	-9,8%

### Q3 2018

- (+) increase in revenue on sales of coal: quantitative sales higher (+20.2%), with a higher price and higher coal modification from preparatory works
- (-) higher adjustment of revenue by coal obtained from mining excavations - greater range of preparatory works (+1.4 km) with a higher coal price
- (-) gross production higher by 276,000 tonnes (+8.0%) – increase in production cost
- (-) increase in employee benefits – higher average employment (more than 150 people), increased salaries paid out and additional bonus (settled through accruals)
- (-) increase in costs of materials and energy
- (-) increase in taxes, fees and charges
- (+) in Q3 2018 decrease in value of inventories by PLN 25.9 million (higher costs), in 2017 increase in value of inventories by PLN 18.3 million (lower costs).

### Factors influencing EBITDA [PLN million]





## The result was influenced by higher sales with the simultaneous increase in the scope of preparatory works

Item [PLN '000]	Q3 2017	Q3 2018	Change	Q1-Q3 2017	Q1-Q3 2018	Change
Revenue	405,046	479,685	18.4%	1,307,132	1,335,637	2.2%
Costs of products, goods and materials sold, selling and administrative expenses	360,711	465,191	29.0%	1,115,710	1,274,194	14.2%
<b>Profit on sales</b>	<b>44,335</b>	<b>14,494</b>	<b>-67.3%</b>	<b>191,422</b>	<b>61,443</b>	<b>-67.9%</b>
Gross sales margin	10.9%	3.0%	-7.9 p.p.	14.6%	4.6%	-10.0 p.p.
Other income	384	465	21.1%	2,143	30,825	1.338.4%
Other costs	351	320	-8.8%	560	1,076	92.1%
<b>Net operating profit</b>	<b>44,368</b>	<b>14,639</b>	<b>-67.0%</b>	<b>193,005</b>	<b>91,192</b>	<b>-52.8%</b>
Other net losses	44	-64	-	-1,119	1,421	-
<b>Operating profit (EBIT)</b>	<b>44,412</b>	<b>14,575</b>	<b>-67.2%</b>	<b>191,886</b>	<b>92,613</b>	<b>-51.7%</b>
EBIT margin	11.0%	3.0%	-8.0 p.p.	14.7%	6.9%	-7.8 p.p.
<b>EBITDA</b>	<b>133,904</b>	<b>120,823</b>	<b>9.8%</b>	<b>452,539</b>	<b>399,445</b>	<b>-11.7%</b>
EBITDA margin	33.1%	25.2%	-7.9 p.p.	34.6%	29.9%	-4.7 p.p.
Finance income	1,574	1,710	8.6%	5,647	11,851	109.9%
Finance costs	5,462	3,068	-43.8%	17,716	11,597	-34.5%
<b>Profit before taxation</b>	<b>40,524</b>	<b>13,217</b>	<b>-67.4%</b>	<b>179,817</b>	<b>92,867</b>	<b>-48.4%</b>
Pre-tax profit margin	10.0%	2.8%	-7.2 p.p.	13.8%	7.0%	-6.8 p.p.
Income tax	8,993	3,557	-60.4%	36,162	16,854	-53.4%
<b>Net profit for the financial year</b>	<b>31,531</b>	<b>9,660</b>	<b>-69.4%</b>	<b>143,655</b>	<b>76,013</b>	<b>-47.1%</b>
Net sales margin	7.8%	2.0%	-5.8 p.p.	11.0%	5.7%	5.3 p.p.





## In Q1-Q3 2018 increase in gross production by 10.8% and in new workings by 27.1% with higher own cost of production of LW Bogdanka S.A. 14.0%

Item [PLN '000]	Q3 2017	Q3 2018	Change	Q1-Q3 2017	Q1-Q3 2018	Change
Net production ['000 tonnes]	2,154	2,302	6.9%	6,712	6,820	1.6%
Coal sales ['000 tonnes]	2,036	2,447	20.2%	6,698	6,788	1.3%
Depreciation and amortization	87,388	103,965	19.0%	254,319	300,034	18.0%
Materials and energy	136,921	125,021	-8.7%	354,113	414,652	17.1%
External services	103,506	118,939	14.9%	300,831	359,790	19.6%
Employee cost and benefits	117,654	123,316	4.8%	353,832	385,647	9.0%
Entertainment and advertising	2,229	3,736	67.6%	5,278	6,997	32.6%
Taxes and charges	9,974	11,122	11.5%	29,226	30,682	5.0%
Other expenses	4,456	534	-88.0%	5,843	16,101	175.6%
<b>Cost by nature</b>	<b>462,128</b>	<b>486,633</b>	<b>5.3%</b>	<b>1,303,442</b>	<b>1,513,903</b>	<b>16.1%</b>
Cost of activities for the Company's own needs	-87,337	-61,996	-29.0%	-205,544	-208,523	1.4%
Accruals and deferrals	16,757	33,828	101.9%	55,079	46,868	-14.9%
Value of coal obtained from excavations	-12,308	-26,234	113.1%	-45,354	-87,690	93.3%
Provisions and other presentation adjustments between costs by type and by function	-4,023	2,425	-160.3%	4,638	69	-98.5%
<b>Total production costs</b>	<b>375,217</b>	<b>434,656</b>	<b>15.8%</b>	<b>1,112,261</b>	<b>1,264,627</b>	<b>13.7%</b>
Change in product inventories	-18,312	25,901	-241.4%	-1,596	-1,832	14.8%
Value of goods and materials sold	3,480	4,744	36.3%	9,293	13,825	48.8%
<b>Own cost of production sold, including:</b>	<b>360,385</b>	<b>465,301</b>	<b>29.1%</b>	<b>1,119,958</b>	<b>1,276,620</b>	<b>14.0%</b>
Costs of products, goods and materials sold	329,443	429,683	30.4%	1,022,208	1,170,038	14.5%
Selling costs	8,633	11,931	38.2%	30,750	32,735	6.5%
Administrative costs	22,309	23,687	6.2%	67,000	73,847	10.2%



**In Q1-Q3 2018 increase in gross production by 10.8% and in preparatory works by 27.1% with higher own cost of production sold of LW Bogdanka S.A. by 14%**

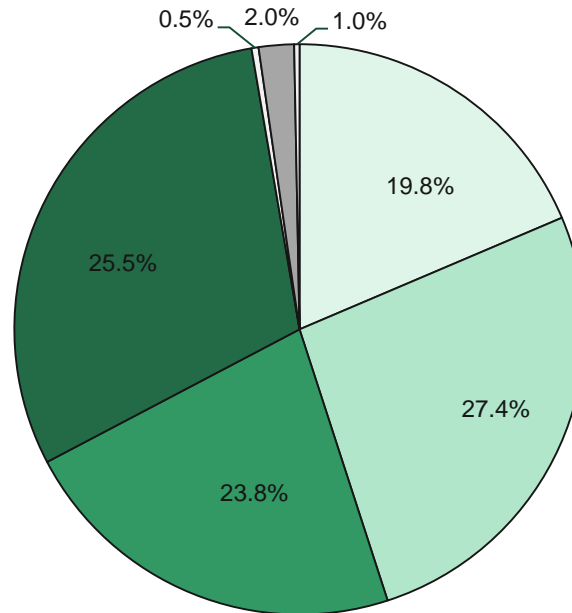
**Gross extraction** – increase by 10.8%, i.e. by 1,104,000 tonnes  
**Net extraction** – increase by 1.6%, i.e. by 108,000 tonnes  
**New excavations** – increase by 27.1% (28.6 km in Q1-Q3 2018 compared to 22.5 km in Q1-Q3 2017)  
**Total costs by type** – PLN 1.514 million in Q1-Q3 2018, increase in relation to Q1-Q3 2017 by 16.1%, i.e. by PLN 210 million  
**Cash costs (net of depreciation / amortisation)** – increase by 15.7%, i.e. by approx. PLN 165 million

**Entertainment and advertising costs (+32.6% y/y):**  
 ✓ new sponsorship agreements

**Taxes and charges (+5.0% y/y):**  
 ✓ increase in real property tax  
 ✓ increase in payments to the National Fund for the Disabled  
 ✓ increase in value of the fee for deposit extraction

**Other costs (+175.6% y/y):**  
 ✓ an insurance policy regarding the Company's assets was excluded from the costs of the period - settled through accruals and deferrals

**Employee benefits (+9.0% y/y):**  
 ✓ as at 30 September 2018, number of staff employed at LW Bogdanka S.A. was 4,681 people and was higher by 210 people compared to 30 September 2017  
 ✓ employee benefits increased as a consequence of the agreement signed with the trade unions, whereby a 5% increase and a payment of an incentive bonus were agreed upon



**Depreciation / Amortisation (+18.0% y/y):**  
 ✓ increase in value of depreciation / amortisation of non-current assets (reversal of impairment losses)  
 ✓ increase of value in natural depreciation (higher gross extraction)

**Outsourced services (+19.6 y/y):**  
 ✓ higher costs of mining and drilling services (in respect of preparatory works)  
 ✓ higher costs of work performed on Saturdays and Sundays, auxiliary works  
 ✓ higher costs of repairs and maintenance of mining machinery and equipment  
 ✓ increase in cost of waste management (higher extraction)

**Materials and energy consumption (+17.1% y/y):**  
 ✓ increase in costs of materials used due to higher extent of preparatory works performed  
 ✓ increase in fuel price  
 ✓ increase in value of purchased energy - the value of consumed electric energy went up (higher nominal use); similarly, the value of thermal energy went up (hot utility water and central heating)

**Provisions at the LW Bogdanka Group**

Item [PLN '000]	31.12.2017	30.09.2018	Change
Employee provisions	157,021	158,499	0.9%
Liabilities under local property tax	42,353	48,925	15.5%
Mine decommissioning and land reclamation provision	114,448	124,905	9.1%
Mining damage	4,434	3,450	-22.2%
Accident insurance premium (ZUS)	21,340	22,323	4.6%
Other	17,643	12,153	-31.1%
<b>TOTAL</b>	<b>357,239</b>	<b>370,255</b>	<b>3.6%</b>

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

Item [PLN '000]	Change Q3 2017	Change Q3 2018	Change	Change Q1-Q3 2017	Change Q1-Q3 2018	Change
Employee provisions	-5,682	723	-	31,579	1,478	-95.3%
Liabilities under local property tax	2,379	2,048	-13.9%	7,483	6,572	-12.2%
Mine decommissioning and land reclamation provision	-384	376	-	-387	10,457	-
Mining damage	-629	-783	24.5%	-828	-984	18.8%
Accident insurance premium (ZUS)	330	327	0.9%	973	983	1.0%
Other	478	-212	-	-700	-5,490	684.3%
<b>TOTAL</b>	<b>-3,508</b>	<b>2,479</b>	<b>-</b>	<b>38,120</b>	<b>13,016</b>	<b>-65.9%</b>



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**Performance of the plan in Q3, Q1-Q3 2018**

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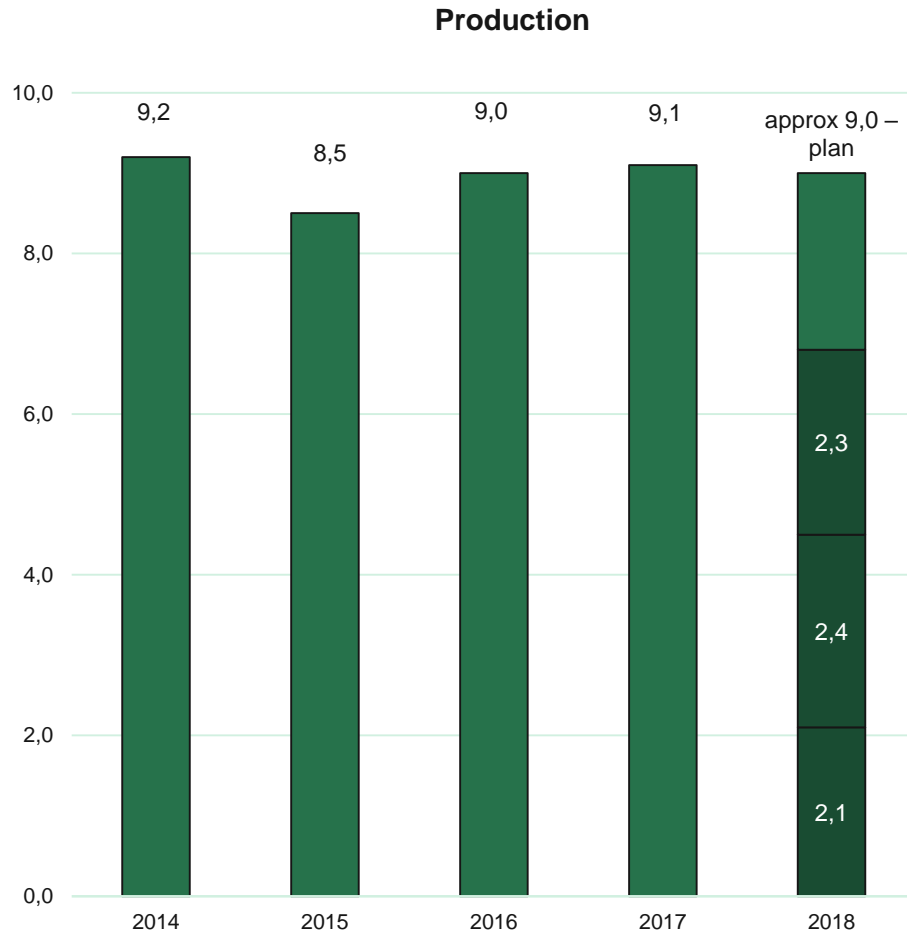




**In Q3 2018 production has been implemented in accordance with the plan - 2.3 million tonnes**



## We completed production plan – 2.3 million tonnes in Q3 2018



- ✓ According to the adopted Strategy, the Company assumes production of approximately 9.0 million tonnes of coal in 2018
- ✓ In Q23 2018, the company produced over 2.3 million tonnes of coal, and sales were at the level of almost 2.4 million tonnes



## The use of CAPEX in Q1-Q3 2018 – in accordance with the Strategy is over PLN 296 million

Item [PLN '000]	Realization of plan Q1-Q3 2018	Realization of plan Q1-Q3 2018 [%]	Plan for 2018
New excavations and upgrades of existing ones	231,158	79.3%	291,365
Maintenance of machinery	38,057	26.6%	142,890
Obtaining new licences	169	4.3%	3,900
Ostrów Field	184	28.5%	645
Longwalls	0	0.0%	40
Other development investments	15,650	55.9%	28,021
ICT	1,879	27.0%	6,957
Administration	48	80.0%	60
Transport	166	97.6%	170
Other	3,897	34.4%	11,322
<b>TOTAL CAPEX in LW Bogdanka S.A.</b>	<b>291,208</b>	<b>60.0%</b>	<b>485,370</b>
Łęczyńska Energetyka sp. z o.o.	4,437	46.7%	9,500
Other subsidiaries	409	35.8%	1,142
<b>TOTAL CAPEX AT THE LW BOGDANKA GROUP</b>	<b>296,054</b>	<b>59.7%</b>	<b>496,012</b>





**In Q3 2018 there was a further increase in coal prices on the coal market and on the international market (+15.3% compared to Q3 2018), as well as on domestic market (+16.4% compared to Q1 2018).**

**In Q1-Q3 2018 the Company performed the production plan at a level above 6.8 million tonnes and sales plan at a level of close to 6.8 million tonnes. The Company continues to distinguish itself in the industry thanks to a permanent cost control and optimisation of capital expenditure.**

**The Company retains a strong market position achieving, in Q1-Q3 2018, the share in the market of thermal coal sales of 19.0%, and the share in the market of thermal coal sales to commercial power plants of 25.4%.**

**Financial and operating results in three quarters of 2018, were achieved due to completion of production assumptions with an increase of gross extraction by more than 1 million tonnes y/y and the length of excavations made by 6.1 km y/y.**

**The Company sustains its production plan for the whole 2018 at a level not lower than 9 million tonnes.**



Thank you



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**Situation on the coal market and key operating data**



**Financial highlights of the LW Bogdanka Group  
in Q3, Q1-Q3 2018**



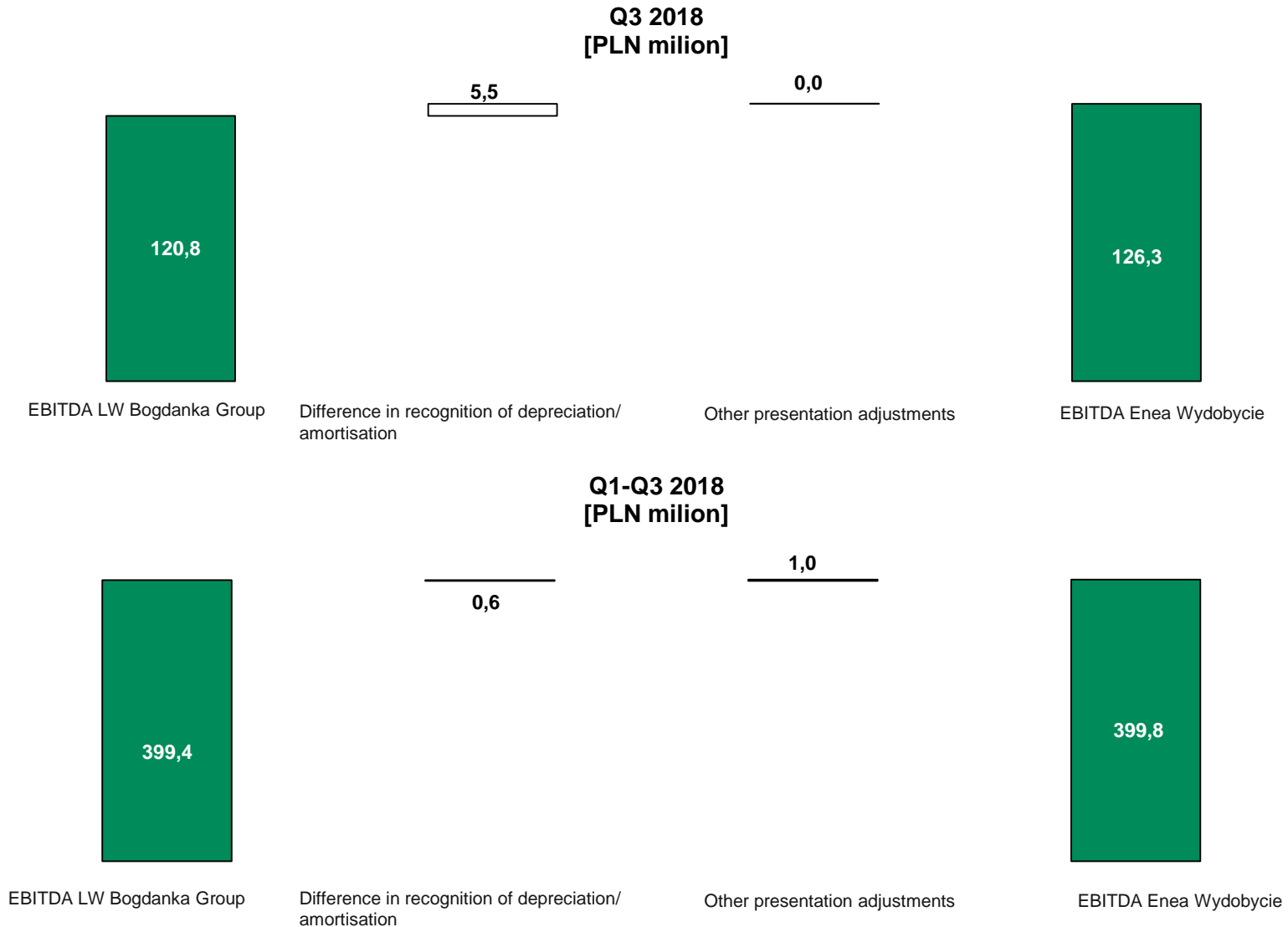
**Performance of the plan in Q3, Q1-Q3 2018**



**Appendices – Financial information**



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





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

Item [PLN '000]	Change in provisions in Q3 2017	Impact on financial result in Q3 2017	Change in provisions in Q3 2018	Impact on financial result in Q3 2018
Employee provisions	-5,682	-9,755	723	-6,034
Liabilities under local property tax	2,379	-2,379	2,048	-2,048
Mine decommissioning and land reclamation provision	-384	-1,290	376	-1,205
Mining damage	-629	-	-783	-
Accident insurance premium (ZUS)	330	-330	327	-327
Other	478	-564	-212	-4
<b>TOTAL</b>	<b>-3,508</b>	<b>-14,318</b>	<b>2,479</b>	<b>-9,618</b>



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

Item [PLN '000]	Change in provisions In Q3 2018	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	723	5,089	945	-	-	-5,311
Liabilities under local property tax	2,048	1,332	716	-	-	-
Mine decommissioning and land reclamation provision	376	346	859	-829	-	-
Mining damage	-783	-	-	-	-	-783
Accident insurance premium (ZUS)	327	-	327	-	-	-
Other	-212	-70	74	-	-	-216
<b>TOTAL</b>	<b>2,479</b>	<b>6,697</b>	<b>2,921</b>	<b>-829</b>	<b>-</b>	<b>-6,310</b>



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

Item [PLN '000]	Change in provisions in Q1-Q3 2018	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	1,478	14,764	2,858	-	5,852	-21,996
Liabilities under local property tax	6,572	4,435	2,137	-	-	-
Mine decommissioning and land reclamation provision	10,457	1,043	2,578	6,836	-	-
Mining damage	-984	-	-	-	-	-984
Accident insurance premium (ZUS)	983	-	983	-	-	-
Other	-5,490	-3,331	219	-	-	-2,378
<b>TOTAL</b>	<b>13,016</b>	<b>16,911</b>	<b>8,775</b>	<b>6,836</b>	<b>5,852</b>	<b>-25,358</b>

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

Item [PLN '000]	31.12.2017	30.09.2018
Non-current assets, including:	3,428,805	3,407,673
Cash and cash equivalents	121,806	120,126
Current assets, including:	730,067	687,688
Cash and cash equivalents	434,928	263,856
<b>Total assets</b>	<b>4,158,872</b>	<b>4,095,361</b>
Current liabilities	744,910	591,605
Non-current liabilities	512,435	530,956
<b>Total liabilities</b>	<b>1,257,345</b>	<b>1,122,561</b>
<b>Equity</b>	<b>2,901,527</b>	<b>2,972,800</b>
Current borrowings	3,242	3,219





Item [PLN '000]	Q1-Q3 2017	Q1-Q3 2018
<b>Net cash flows on operating activities</b>	349,351	360,239
Cash inflow from operating activities	369,787	356,488
Interest received	(814)	(4,962)
Income tax paid	(19,622)	8,713
<b>Net cash flows on investing activities</b>	<b>(262,463)</b>	<b>(377,476)</b>
Acquisition of property, plant and equipment	(268,082)	(307,096)
Interest paid regarding investing activity	(2,027)	(2,744)
Acquisition of intangible assets	(506)	(2,828)
Inflow from the sale of property, plant and equipment	3,912	3,600
Interest received	5,661	4,108
Expenditure on other current investments	-	(153,097)
Proceeds from current investments	-	78,901
Outflow on account of funds being deposited in the bank account of the Mine Closure Fund	(1,421)	1,680
<b>Net cash flows on financing activities</b>	<b>(340,878)</b>	<b>(153,835)</b>
Bond redemption	(300,000)	(150,000)
Repayments of loans and borrowings	(2,277)	(2,277)
Interest and commissions paid due to financing activities	(4,131)	(1,558)
Dividends paid	(34,470)	-
Net decrease in cash and cash equivalents	(253,990)	(171,072)
Cash and cash equivalents at beginning of period	541,106	434,928
<b>Cash and cash equivalents at end of period</b>	<b>287,116</b>	<b>263,856</b>

**Sales structure at LW Bogdanka Capital Group**

Item [PLN '000]	Q3 2017	Share [%]	Q3 2018	Share [%]
Coal sales	393,029	97.0%	467,757	97.5%
Other activities	8,491	2.1%	7,177	1.5%
Sales of merchandise and materials	3,526	0.9%	4,751	1.0%
<b>Total revenue</b>	<b>405,046</b>	<b>100.0%</b>	<b>479,685</b>	<b>100.0%</b>



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**Thank you for your attention**



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*Safety and stable development of the innovative raw materials and energy corporation*