

Capital Group
Elektrociepłownia "BĘDZIN" S.A.

Investor Presentation

Warsaw , June 20, 2017

Capital Group listed on Warsaw Stock Exchange



LTD

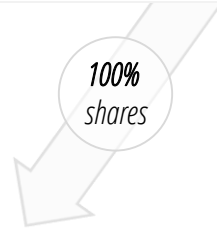
President: Krzysztof Kwiatkowski

Department of Corporate Governance and Investor Relations

Head Office: Poznań

Share capital: 91.231.000

Initial capital: 15.746.000

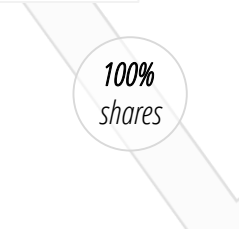


PLC

President
Marek Mrówczyński

Vice President
Piotr Kowalczyk

Head Office: Będzin
Share capital: 118.546.595
Initial capital: 76.870.000



ENERGO-UTECH s.a.

President
Krzysztof Kwiatkowski

Vice President
Bożena Poznańska

Vice President
Adam Andrzejewski

Head Office: Poznań
Share capital: 46.200.970
Initial capital: 22.400.000

Management board and key employees of EC Będzin LTD Group.



Krzysztof Kwiatkowski

President EC Będzin S.A.



Adam Andrzejewski

Vice President ETF-L ENERGO
UTECH S.A.



Marek Mrówczyński

President
EC Będzin Sp. z o.o.

Graduated in Management with specialization in Econometrics and Statistics from the Academy of Economics in Poznan.

- 1979-1989 Western Energy District, Poznan: Manager of Trade Service Department;
- 1989-1993 Power Company Poznan" Vice-Director for Economics and Labour Affairs;
- 1993-1994 Power Company Zielona Gora PLC: Board Member, CFO;
- 1995-2004 UTECH LTD, Poznan: Board Member, CFO;
- 1996-present ENERGO-UTECH PLC, Poznan, President; 2014-present EC Będzin PLC, Poznan, President.

He is behind the success of Energetyczne Towarzystwo Finansowo-Leasingowe ENERGO-UTECH PLC and has led its dynamic growth. He has effectively restructured several companies such as Elektrociepłownia TYCHY PLC, PIOMA PLC and others.

Graduate in Management and Economics with dual degrees in Econometrics & Statistics, and Planning & Management from the Academy of Economics in Poznan.

- 1990-1994 Power Company Zielona Gora PLC: Board Member, CFO;
- 1994-1995 Power Company Zielona Gora PLC: Economic Affairs Manager;
- 1995-1997 Power Company Poznan PLC., Vice-Director for Economic Affairs and Services for Energy Department;
- 1997-present ENERGO-UTECH PLC, Poznan, Vice President and CFO

He is the "co-author" of the dynamic growth of Energetyczne Towarzystwo Finansowo - Leasingowe ENERGO-UTECH PLC and is responsible for the stable sales increases of the Company.

Doctor of Juridical Science, 2006, from the Law and Administration School, Śląsk University, Katowice. Specialized in Law and Finance. Legal Counsel.

- 1998-2006 Silesian University, Katowice.; Professor;
- 2002-2014 Inercommunal Enertprise for Waste Management and Renewable Energy, President;;
- 2001-2007 School of Management and Social Sciences, Tychy, Member of the Board of Trustees;
- 2014-present EC Będzin LTD, President of power plant;
- 2013 Recipient of Gold Badge from the National Chamber of Economics, Honored with Minister of Economics Badge for services to power engineering.

He has built one of the most cutting-edge biological and mechanical waste treatment plant MASTER LTD, increasing its sales 10 times. Under his supervision installation IOS was built in EC Będzin, ultimately increasing its net worth in just three years.



ENERGY SECTOR

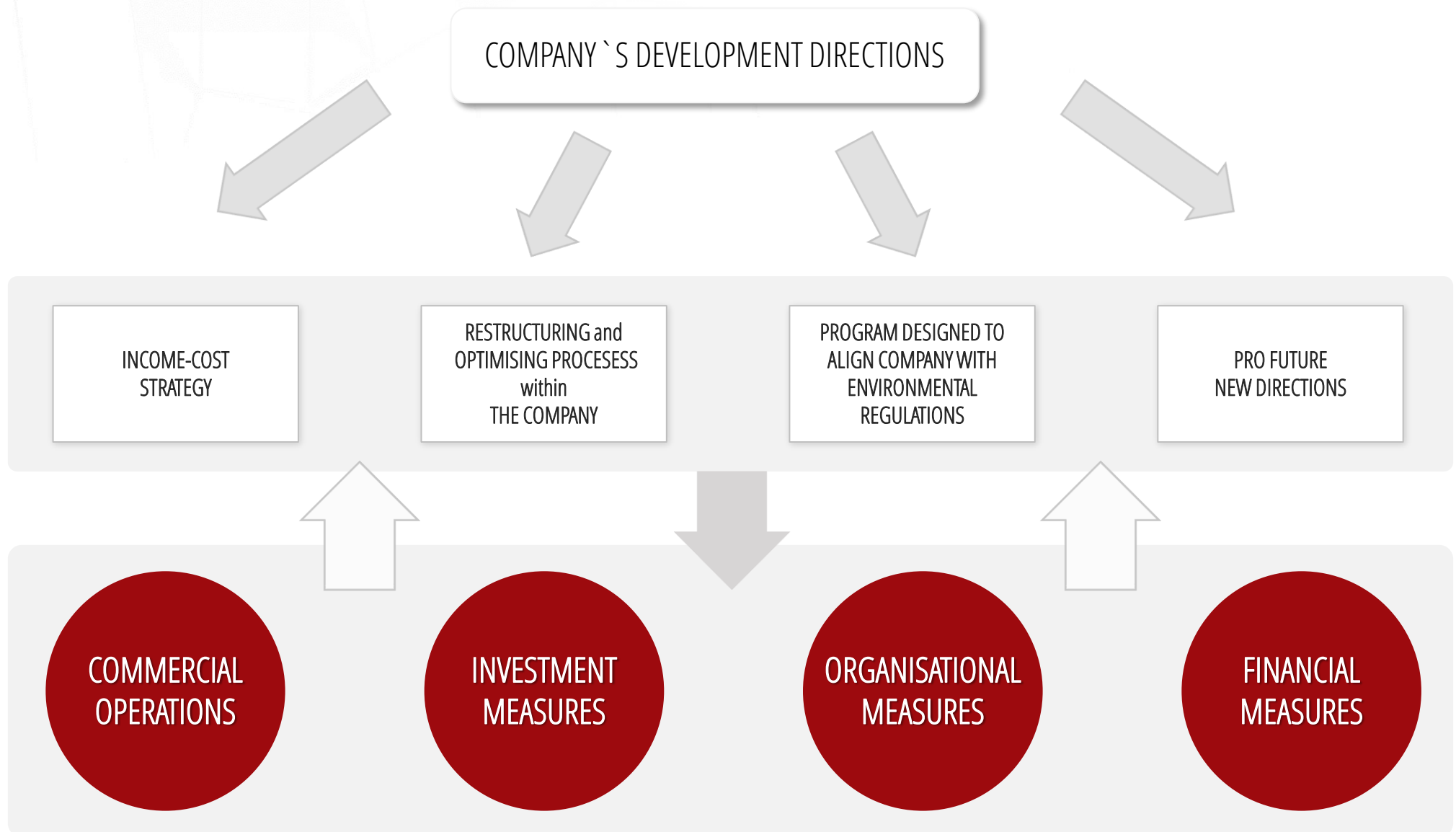
Elektrociepłownia BĘDZIN Spółka z o.o.
(LTD)

Primary Data: EC Będzin Power Plant

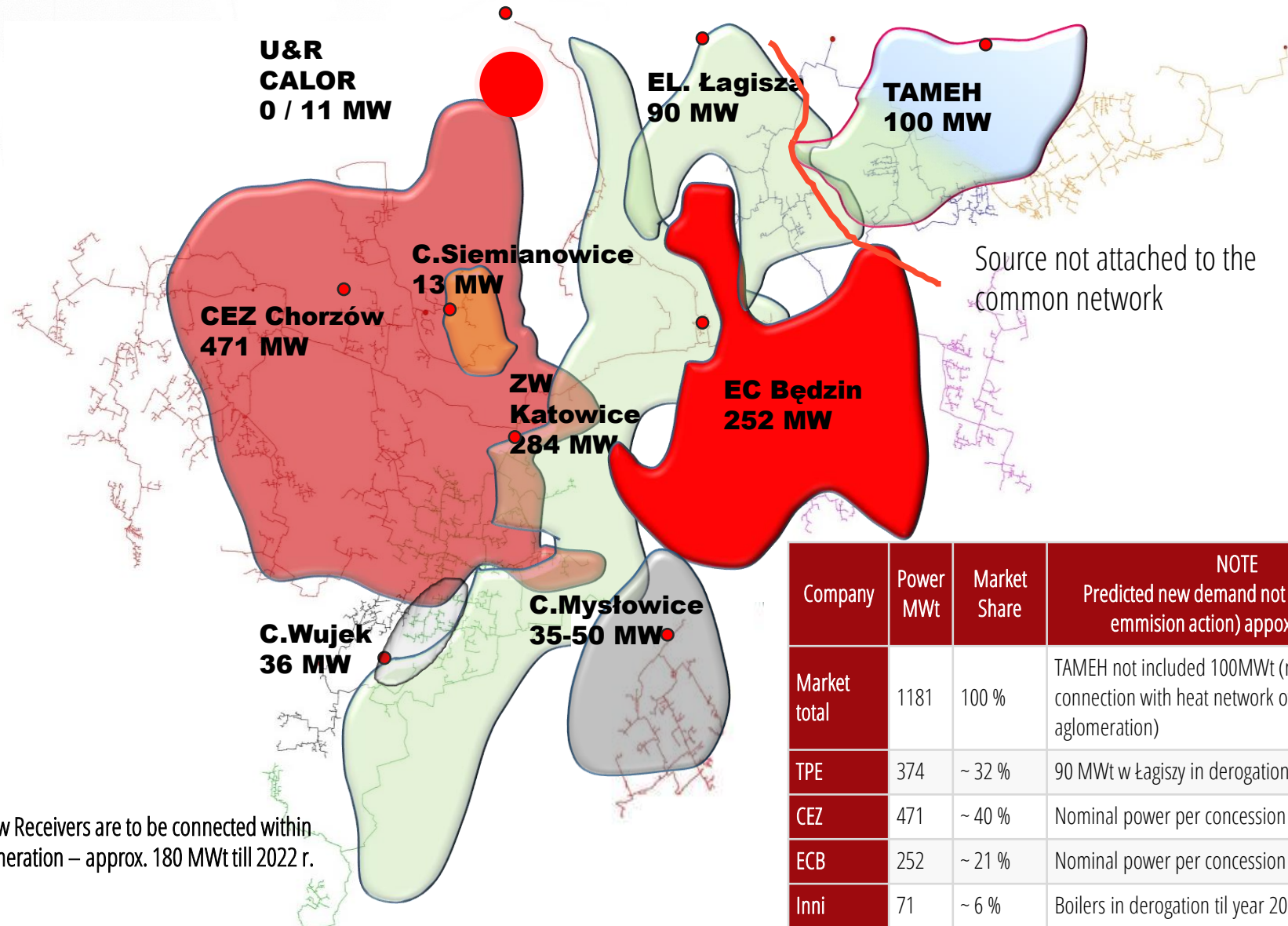


- Created: 24.02.2014 – extracted from an existing public listed company (PLC)
- Fitted power capacities: Heat 306,2 MW; Electric 81,5 MW
- Production potential based on two boilers (power units) type OP-140 and WP-70
- Supplies heat to the Zagłębie Dąbrowskie region
- Revenues from heat sales: 2015 - 55%, 2016 – 54%, electricity sales: w 2015 i 2016 - 43% and certificate sales 2015 – 2%, 2016 - 3%.

Production	Unit	2014	2015	2016
Heat in water	1000 GJ	2 037	1 959	2 103
Heat in steam	1000 GJ	257	287	283
Electricity	1000 MWh	364	432	466
CO ₂	1000 mg	474	521	558



Local Market Position: Elektrociepłownia BĘDZIN Sp. z o.o. (LTD)



Additional new Receivers are to be connected within Silesian Agglomeration – approx. 180 MWt till 2022 r.

Projects Actualized: Period 2015-2017 & Continued Progress

Projects designed to align with environmental and market regulations
Strategic investments

Construction of desulphurization and denitrification plant	Cooling tower	Modernization of the Water Treatment Station	Heat accumulator	
UNDER CONSTRUCTION, termination date: Autumn 2017	COMPLETED	UNDER CONSTRUCTION, termination date: Autumn 2017	CURRENTLY REALISATION OF 1st STAGE -REASEARCH, 2nd STAGE- ACCUMULATOR CONSTRUCTION - PLAN	

Projects regarding improving productivity

Waste management, pollutant emissions SO ₂ , NO _x , CO ₂	Automation of Process of Electric Energy generation, integration with the DCS system	Improvement of efficiency and to optimise manufacturing process – software supporting the production	Electric Energy for own use project	Production Efficiency (termomodernization, tightness of pipe installation)
IMPLEMENTED	IN PROGRESS	IN PROGRESS	IMPLEMENTED	PARTIALLY IMPLEMENTED
Technological steam and heat for own use project	Fuel supply installation, fuel stacking yard, UPS disposal installation	Reorganisation of carburation process, fuel management	Connection to heat system „Spinka Czeladzka”	Furnace waste management
IMPLEMENTED	IMPLEMENTED	IMPLEMENTED	READY TO IMPLEMENT	IN PROGRESS

Projects regarding economic efficiency improvement

Efficient Energy and Certificates of Origin trade	Rent optimization	Planning and Budgeting framework	Viability analysis (cost centres)	
COMPLETED	COMPLETED	COMPLETED	COMPLETED	
Obtaining external funds	Heat sales increase	Stocktaking of devices and external installations on the Company site	Audit and purchase policy optimisation	Audit and real estate tax optimisation
PERMANENT PROJECT	PERMANENT PROJECT	COMPLETED	COMPLETED	IN PROGRESS

Projekty regarding improvement of work organisation

Management by Objectives– combining areas of expertise	Risk Management Policy implementation	Electronic Document Circulation procedure implementation	CCTV instalation and securing access to facilities of the Company	Security issues and civil protection
PERMANENT PROJECT	COMPLETED	COMPLETED	COMPLETED	COMPLETED

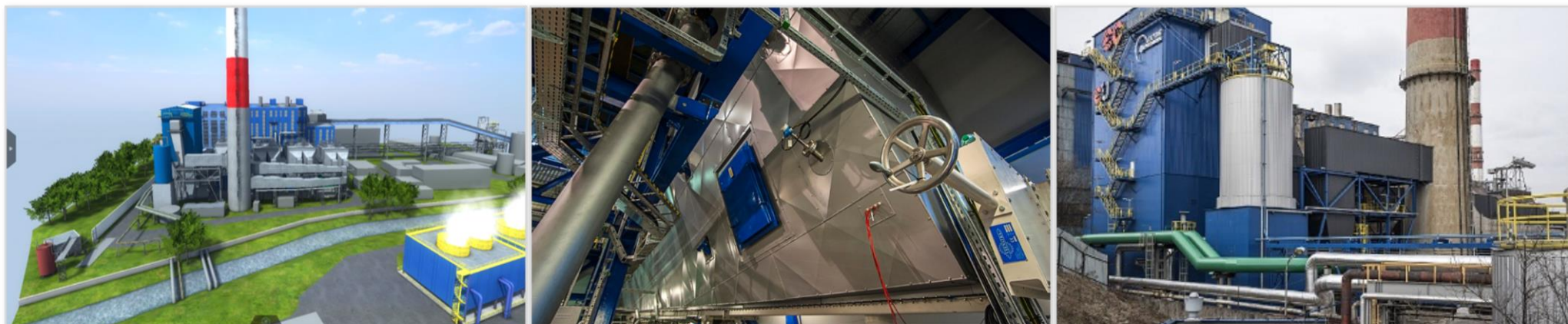
Electricity Plant Meets EU Environmental Regulations

Due to the key investment run in line with previous Development Strategy for years 2015 – 2017 titled “Construction of flue gas desulphurizations and denitrification plant” Elektrociepłownia BĘDZIN Sp. z o.o. (LTD) already meets today’s stringent emission standards under the Directive IED.

New installation is almost ready conforming to new BAT assesments adopted on 28.04.2017.

	Unit	Emission Standards PPK	IED Directive	Guaranteed parameters	BAT Conclusions	ECB outcomes
SO ₂	[mg/Nm ³]	1500	200	130	130	< 130
NO _x	[mg/Nm ³]	600	200	180	150	~150*
pył	[mg/Nm ³]	100	20	15	12	<10

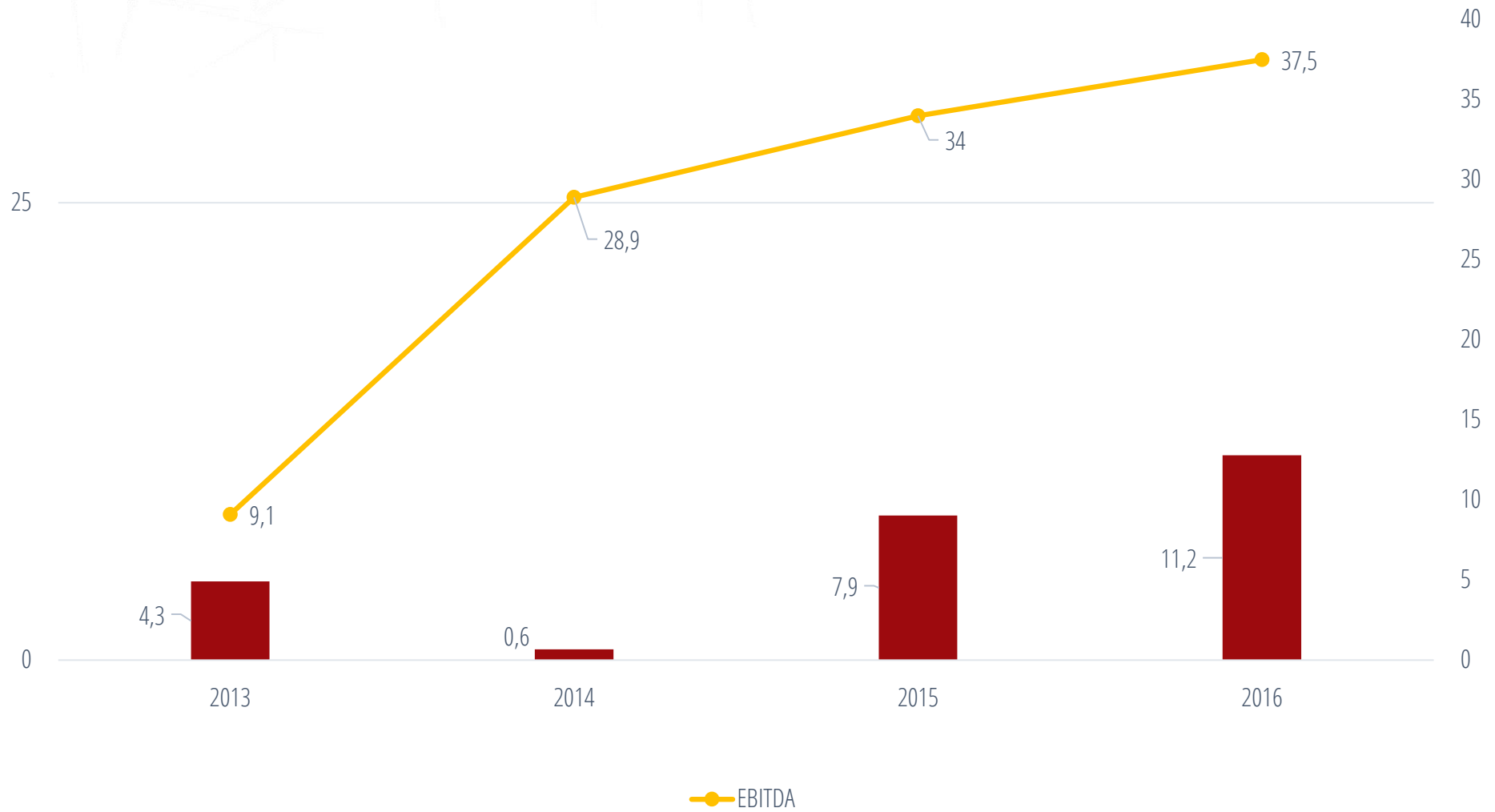
** Nox parameters will be confirmed after placing in service and acceptance tests of the installation in November 2017*



Good Outcome Regardless of CO2 Related Cost Increases



EBITDA vs CO2 Surrender of Allowance Emissions



- Heat supplier for Zagłębia Dąbrowskiego and electricity supplier for the national market.
- Entity with high cost efficiency against a backdrop of divergent current situation in the energy segment.
- Good market perspectives and opportunities.
- High replacement value of assets.

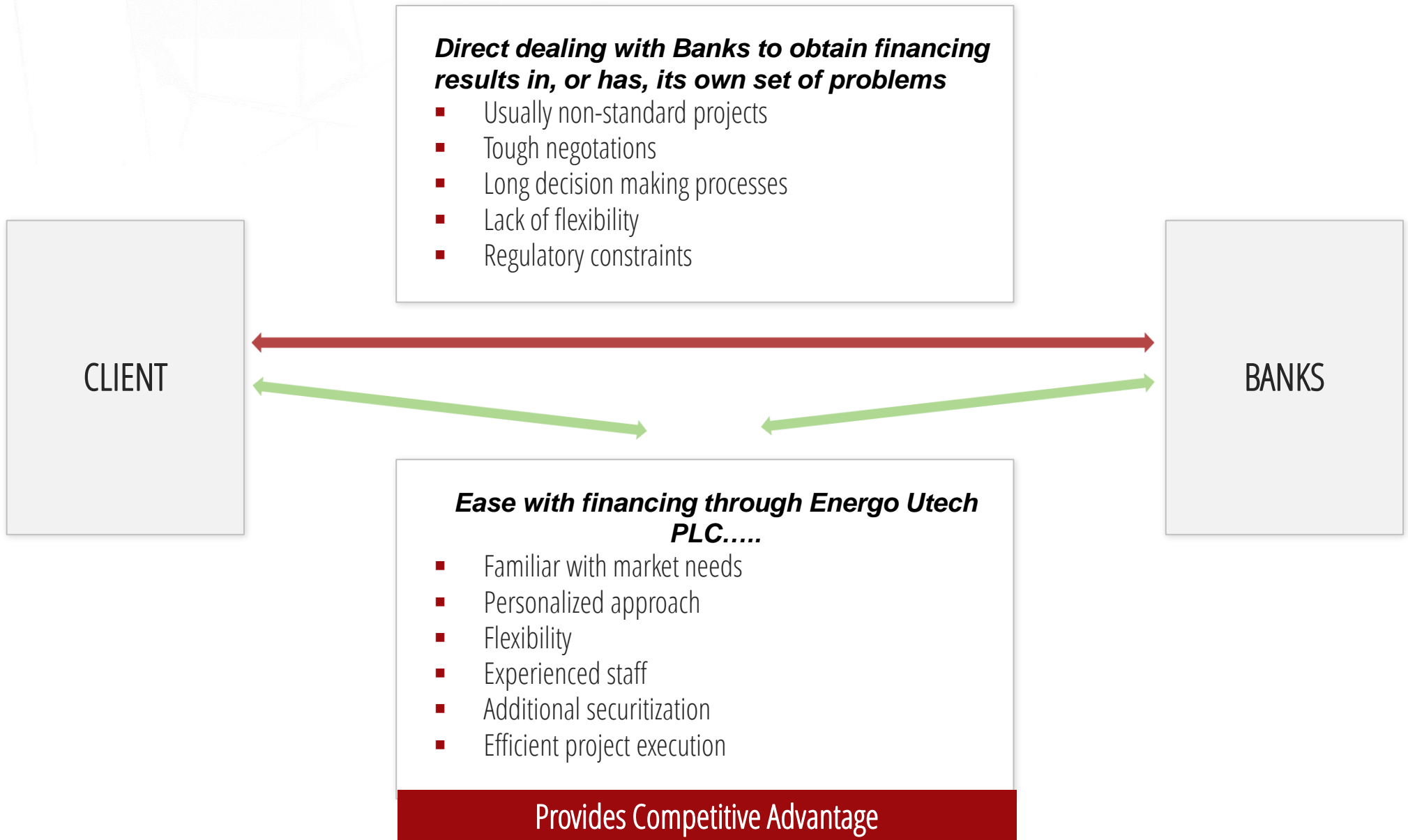
in million PLN	2015	2016	1Q2016	1Q2017	Δ%
Total Revenues	140,7	157	50,7	54,4	7%
EBITDA	23,2	34,4	17,5	20,2	15%
Net Profit	10,2	18,3	13,9	16,6	19%
Equity Capital	131,8	150,3	136,4	153	12%
Balance Sheet Total	266,1	283,5	235	283,2	21%



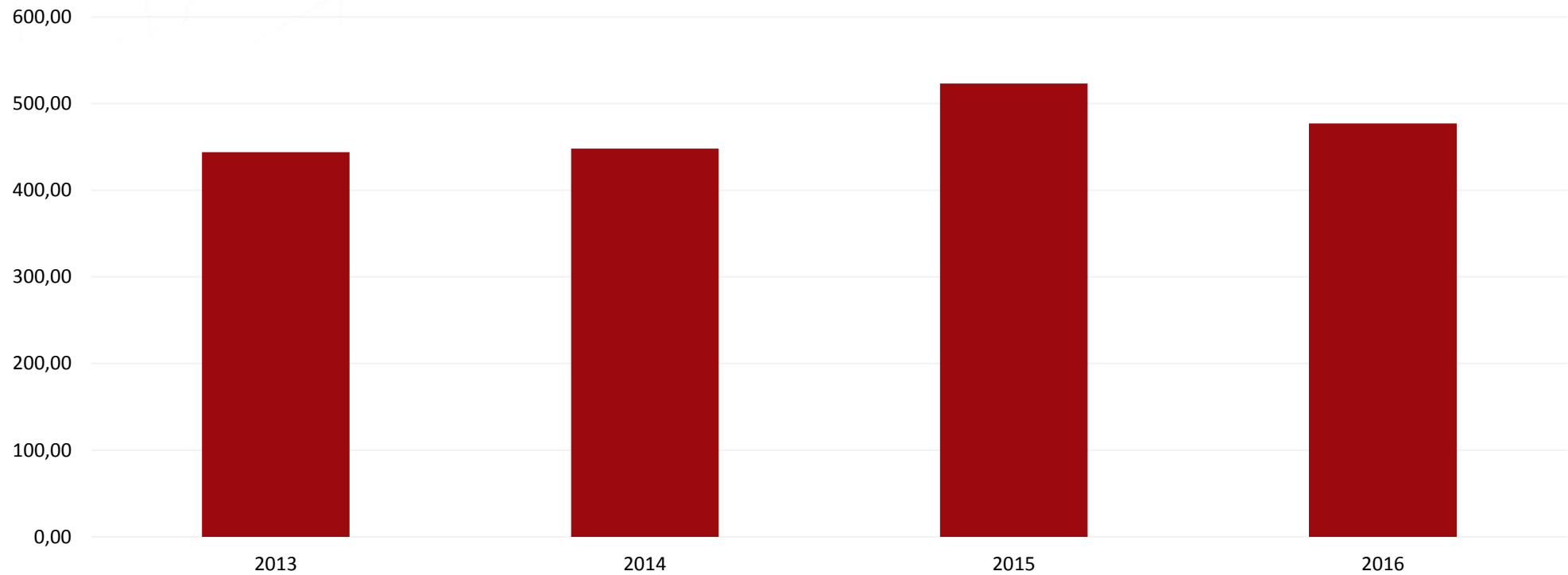
FINANCIAL SECTOR ENERGO-UTECH PLC

ENERGO-UTECH S.A. (Energy Company Financial-Leasing)
is one of the largest Polish non-banking leasing entities.

- Strong, continued presence in the market since inception in 1996;
- The company has signed leasing agreements, lease and factoring of cumulative value exceeding 2.3 billion PLN;
- Considered a reputable partner for companies and financial institutions.



Annual Working Capital
Period 2013 - 2016 (in Million PLN)



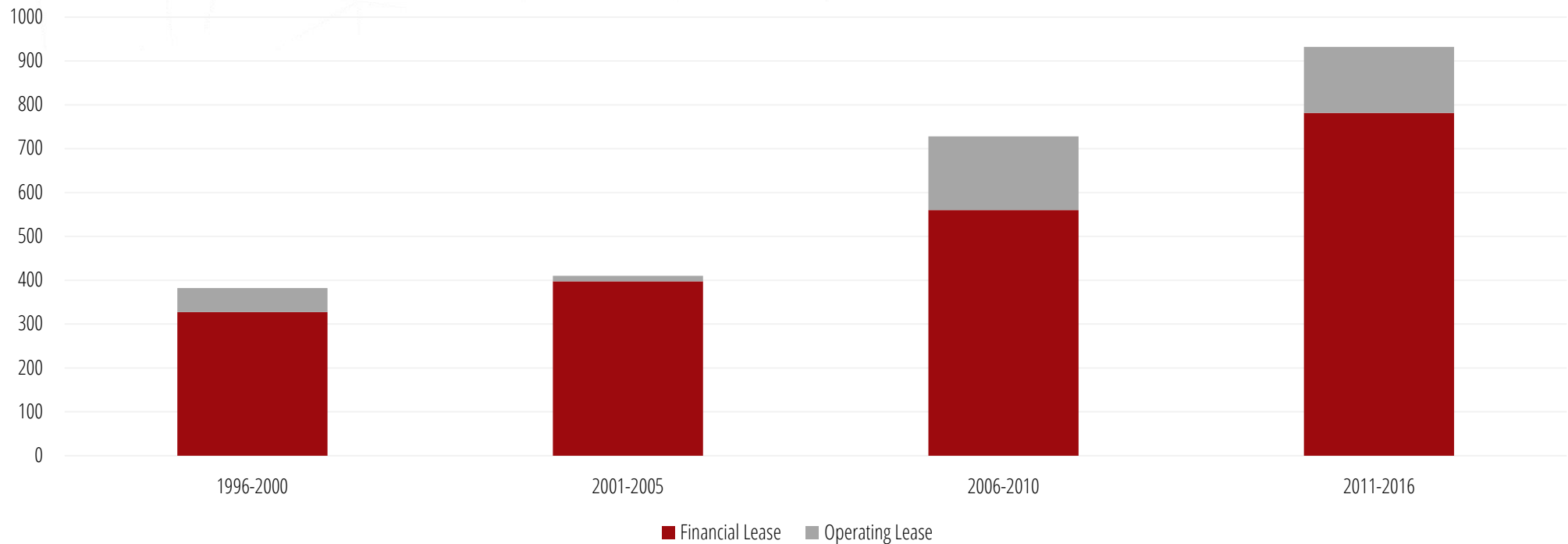
The most important factor regarding valuation of leasing companies is the amount of working capital deployed. It describes the assets that are operational, and therefore indicates the income generation by the company and corresponding after – net profits.

ETF-L Energo-Utech PLC's working assets has shown constant growth; until end-September 2016 it was above 400 million PLN

Value of Signed Agreements



Value of signed agreements
during 1996 - 2016 (in million PLN)



Since the beginning ETF-L Energo-Utech PLC has financed fixed assets of total value of over 2.3 billion PLN mainly in the Polish energy segment.

For over 20 years court proceedings undertaken only for 4 failed agreements, for total value below 5 million PLN (reflecting only 0.5% in value of signed agreements).

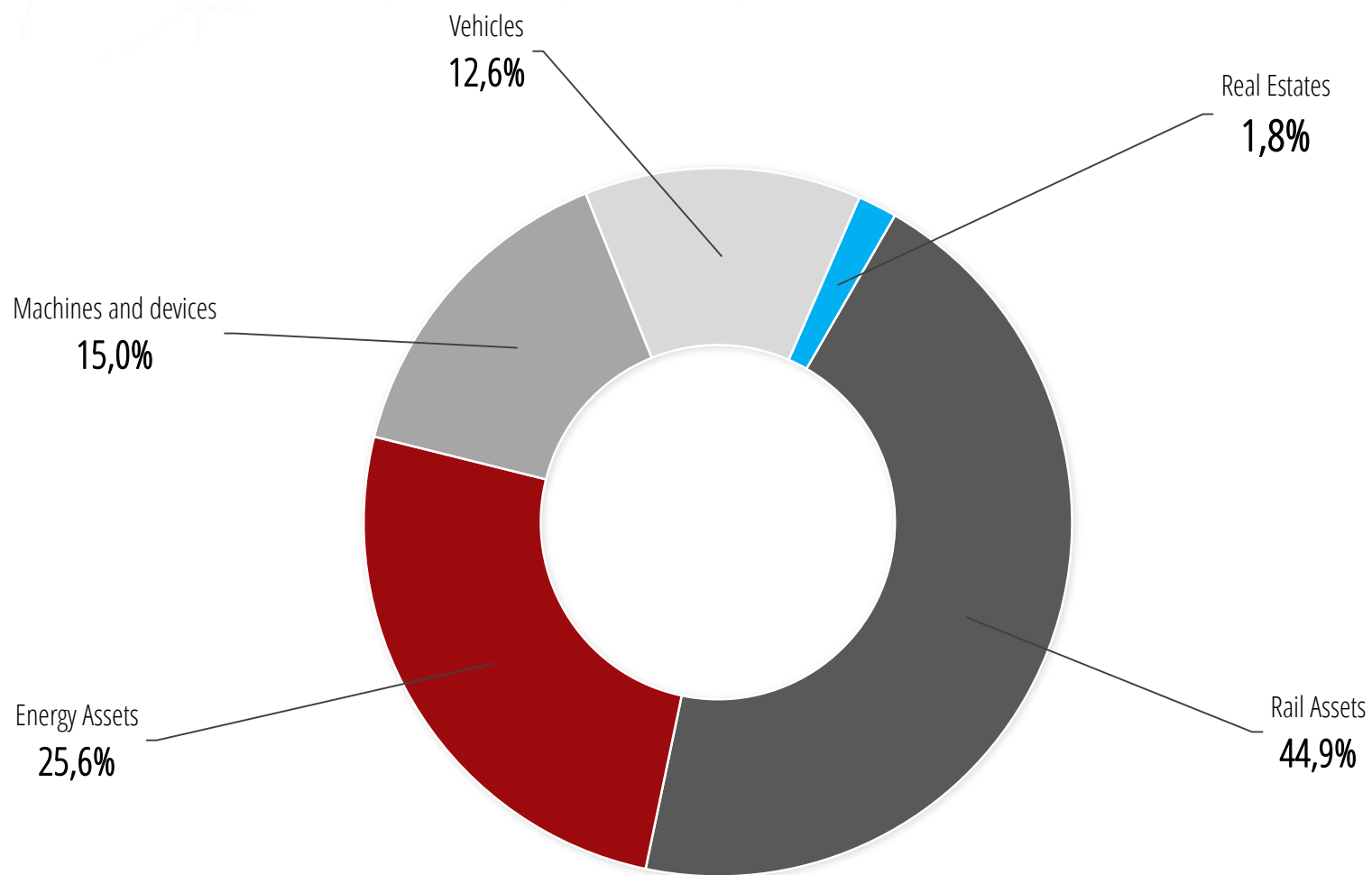
Overdue receivables have never exceeded 2.5% of total receivables.

- Implementation of new products designed for energy sector – long term leasing based on financing investments for SPV
 - Investment financing, with buyback agreements at the end of the process
 - Long term trade agreements serve as collateral
 - This method of financing investments enables accomplishing relevant goals, creates value without need to engage own resources from the position of "purchaser"
- Leasing products under development include long term lease of movables and real estate assets
- Product expansion regarding financial services applied during conducting different type of investment projects
- Financial support for projects conducted within Capital Group

Portfolio 1Q2017: Fixed Assets Breakdown



Selected Asset Groups in Portfolio:



Method of Financing EC Będzin Investment Project: Flue Gas Desulphurization and Denifitraction Plant



Principal
Leaseholder

- Own contribution– min 5% (in EC Będzin – 30%),
Investment total value: 130 million PLN



Financing

- Completion of the Investment



Implementing
Installation To
Meet
BAT Conclusions

- Repayment of financial lease in up to
10 years and with final transfer of
ownership of the Asset to the
Principal



- Approved business model based on market niche and reliable clients
- Secure way of managing business
 - Overdue receivables have never exceeded 2.5% of total outstanding receivables
- Stable and predictable source of income, and current assets
- Attractive market perspective in terms of potential and business growth

(in Million PLN)	2015	2016	1Q2016	1Q2017	Δ%
Total Revenues	30,7	36,9	8,2	7,3	-11%
EBITDA	22,1	23,6	6,9	5,3	-23%
Net Profit	3	3,1	0,8	-0,8	-200%
Equity Capital	4,2	5,6	14,4	13,5	-6%
Balance Sheet Total	439,3	443,3	494,5	431,8	-13%



FINANCIAL RESULTS

CG EC BĘDZIN

Q1, 2017

Capital Group EC Będzin S.A. (in Million PLN)



Energy Sector

Equity Capital: 153
Net debt: 55,2

(in Million PLN)	2015	2016	Δ%	1Q2016	1Q2017	Δ%
Revenues	140,7	157	12%	50,7	54,4	7%
EBIT	14,2	23,4	65%	17,5	20,2	15%
EBITDA	23,2	34,4	48%	20,2	23,6	17%
Net Profit	10,2	18,3	79%	13,9	16,6	19%

Financial Sector

Equity Capital: 14
Net debt: 440,3
Net debt*: (2,0)

(in Million PLN)	2015	2016	Δ%	1Q2016	1Q2017	Δ%
Revenues	30,7	36,9	20%	8,2	7,3	-11%
EBIT	17,9	18	1%	5,5	3,9	-2%
EBITDA	22,1	23,6	7%	6,9	5,3	17%
Net profit	4,2	1,15	-73%	0,8	-0,8	-350%

* Debt in Energo-Utech deducted by leasing receivables and granted loans (working capital).

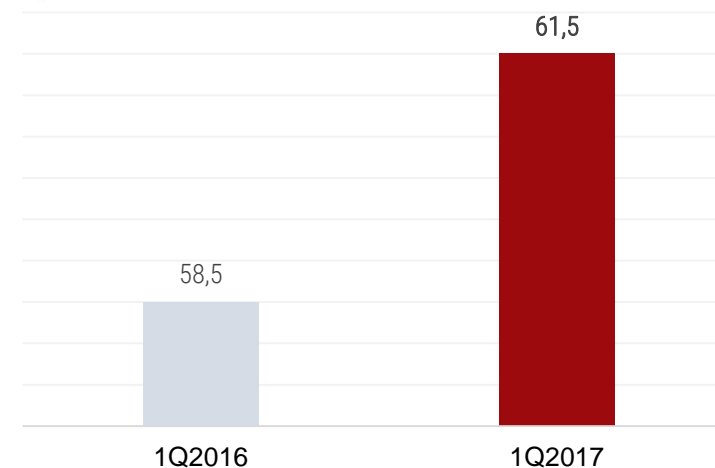
Data according to MSSF – Energy Sector incorporates Company EC Będzin Sp. z o.o. (LTD), Financial Sector incorporates Companies: EC Będzin SA (PLC) and Energo-Utech SA (PLC)

Consolidated Financials: EC Będzin PLC

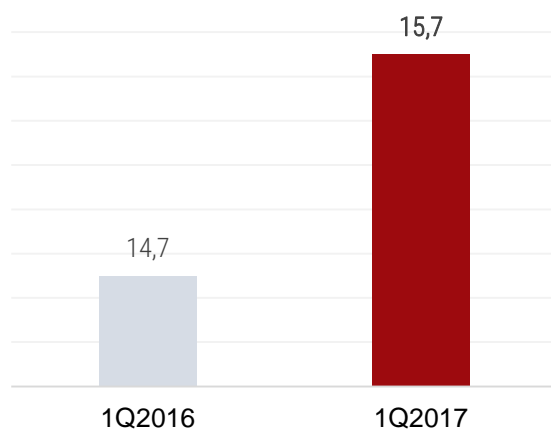


(in Million zł)	2015	2016	%	1Q2016	1Q2017	%
Revenues	164,8	190,5	13%	58,5	61,5	5%
Operating CF	15,9	91,6	476%	28,9	51,6	79%
Depreciation	15,3	16,6	8%	4,1	4,8	15%
EBITDA	47,5	58	18%	27,1	28,8	6%
Net Profit	14,4	19,5	26%	14,7	15,7	6%
Equity Capital	136,1	155,7	13%	155,7	171,4	9%

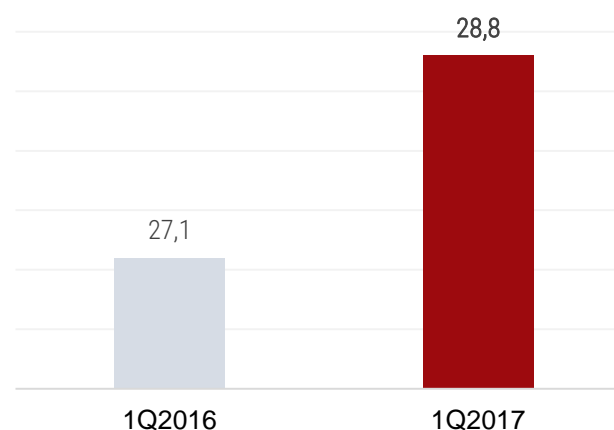
Sales Revenues



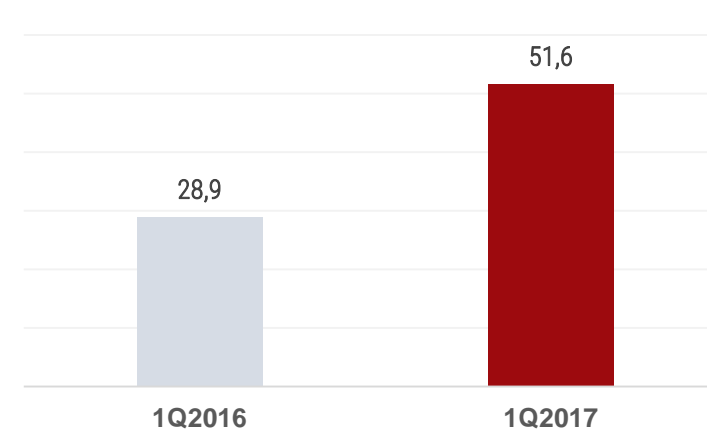
Net Profit



EBITDA



Operating CF





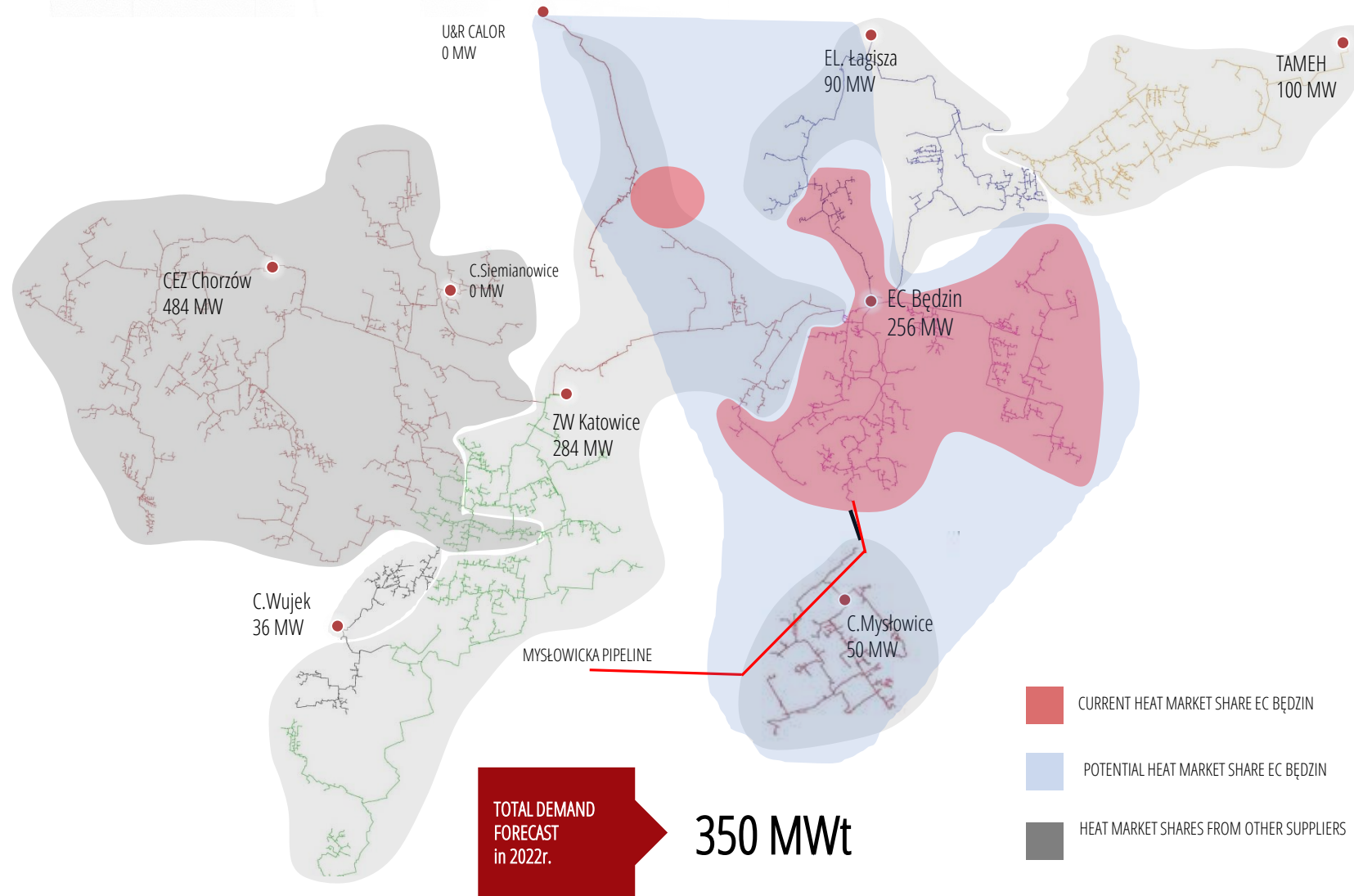
DEVELOPMENT STRATEGY

Actions taken
during
2015 – 2017

Development
Strategy for years
2018 – 2022



New Strategy: Competitive Environment Yet Room for Growth



Heat market not secured by Suppliers – approx. 160 MWt

Additional increase in demand for heat due to the project aimed at reducing low emissions approx. 180 MWt until 2022

New Strategy: Commercial Operations Undertaken



Power Boiler OP-140 no. 6	<ul style="list-style-type: none"> Rated capacity of the boiler: 112,6 MW
Power Boiler OP-140 no. 7	<ul style="list-style-type: none"> Rated capacity of the boiler: 112,6 MW
Heating Boiler WP-70	<ul style="list-style-type: none"> Rated boiler output: 81,0 MW
Turbine Set 13UCK80	<ul style="list-style-type: none"> Rated electric power: 81,5 MW

Production	Unit	Average annual production in years 2014-2016
Heat in water	GJ	2 032 822
Heat in steam	GJ	275 678
Electricity	MWh	420 873
CO ₂	Mg	517 833

Basic assumptions:

Preserving or increasing heat and electricity sales parameters.

- continuation of its existing market share in heat supply 250 MWt,
- increase in heat sales for additional volume 50 – 75 MWt,
- settlement of new conditions of co-operations with existing business partners,
- long-term flexibility increase in electricity trade due to an estimated increase in price volatility regarding accumulation heat technologies
- ensuring stable conditions for coal supply,
- optimisation running costs of generation units and environmental protection installations,
- CO₂ hedging.
- the development of technological infrastructure - fixed replacement and renovation investment rate,
- maintaining sound technical condition of machines and devices and keeping “unreliability” low.

Total installed power:

Heat: 306.2 MW

Electricity: 81.5 MW

The construction of new technological system, including heat peak exchanger and 220 MWt regulation station;

Accompanied by a drop in electricity production by the turbine;

Due to implementation of the investment, total heat power is expected to amount to at least 301.5 MWt.

The modernization of turbine set in order to achieve higher efficiency of the heat reception pursuant to Report from turbine set tests commenced to check feasibility of heat peak exchanger increase.

Heat accumulation – research and development project under the name innovative installation ensuring optimal co-operation of the power plant with highly efficient heat accumulation facilities enhanced by an intelligent system for supporting trade decisions regarding sales of electricity and heat.

Value of the project approx. 3 100 000,00 PLN
granted value of contribution: 1 890 308,64 PLN.

The modernization of K 5 in order to achieve higher efficiency and power increase to the level of 90 – 95 MWt.

Project: Building 100MWt and 65 MWe Biomass Fired Cogeneration Unit



Assumptions: Construction of Cogeneration Unit



Assumptions:

- heat demand during the heating season 100 MWt
- heat demand during summer 20 MWt
- fuel for the biomass unit ($W_d=12$ MJ/kg)
- unit working time 8 000 h/a, (heating season 5 000 h/a, summer 3 000 h/a.)

Basic parameters of the devices and equipment:

Steam boiler:

- maximal sustainable capacity 240 Mg/h
- live steam pressure 13,5 MPa (abs)
- live steam temperature 535 C
- feed water temperature 256 C
- nominal efficiency 90%

Steam turbine:

- maximal diameter 240 Mg/h
- live steam pressure 13,5 MPa (abs)
- live steam temperature 535 C
- heat exchangers power 20 ÷ 100 MWt
- pressure in the condenser 5 ÷ 7 kPa
- maximal power at the generator terminals 65 Mwe

PES index for the adopted assumptions:

- Average annual PES index is estimated to reach 25,8%.
- Unit can work whole year under highly-efficient cogeneration regime

Ecological input

- Reduced CO₂ emissions approx 100k Mg



Electricity and Heat Plant BEDZIN SA – Plan for Today and the Future

Strategic investments

- Comprehensive projects – financing, construction and maintenance – on its own premises or external. Companies within the Group are bound to have proactive role in the projects – including capital investments.
- Heat and electricity sales potential increase in EC Będzin Sp. z o.o. (LTD) – existing power sources modernizations (increase of potential) and attracting new receivers (Myslowicka pipeline investment)

Internal investments in progress

- Heat accumulation – research and build project, conducting industrial research and experimental development.
- Modernization of the water treatment station
- The completion of construction of flue gas desulphurization and denitrification plant.

Remaining activities

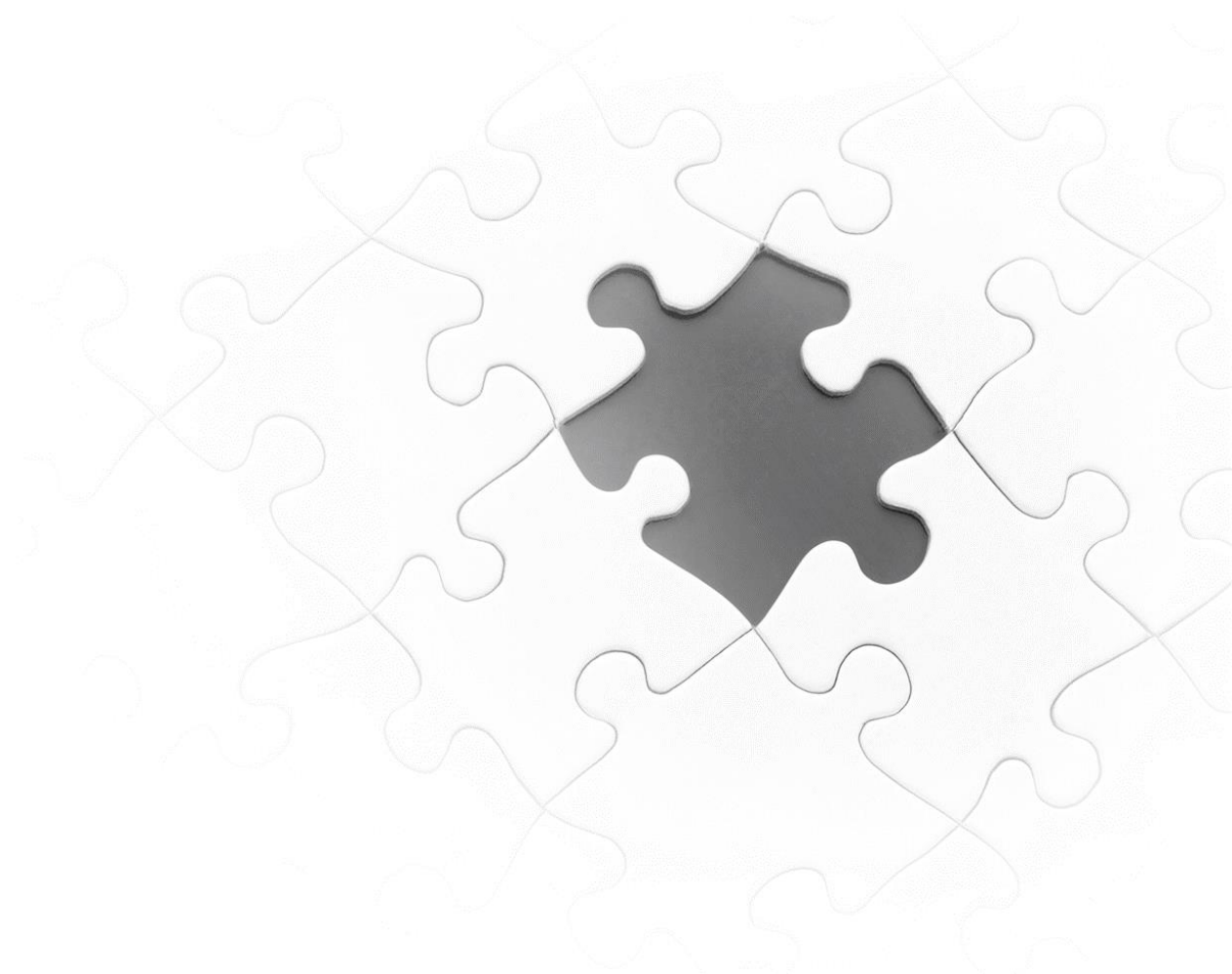
Acquisitions and obtaining shares in new and existing companies in order to achieve:

- allowance of positive synergy effects
- allowance of diversification effects
- protection of interest of shareholders and Group

Following its announcement from December 2016 regarding policy options overview, the Company made the decision to invite selected entities to conduct due diligence of EC Będzin Sp. z o.o. (LTD)

The outcome of this would be:

- Sale of the Company (including installment sales)
- Recapitalisation



Dividend Policy

The Group is planning to implement two dividend policies:

- fixed rate dividend policy,
- policy of (partially) retaining earned profits.

The Group due to undertaking actions as per following strategy for years 2018-2022 is planning to achieve positive financial result that will enable annual dividend payments.

The Group also plans to ensure rate of dividend to be at a competitive level to long term Polish debt securities, considering Company`s liabilities and financial covenants.



DIVIDEND

Over the long-term, to allocate **50%** of the annual profit as a dividend to shareholders.

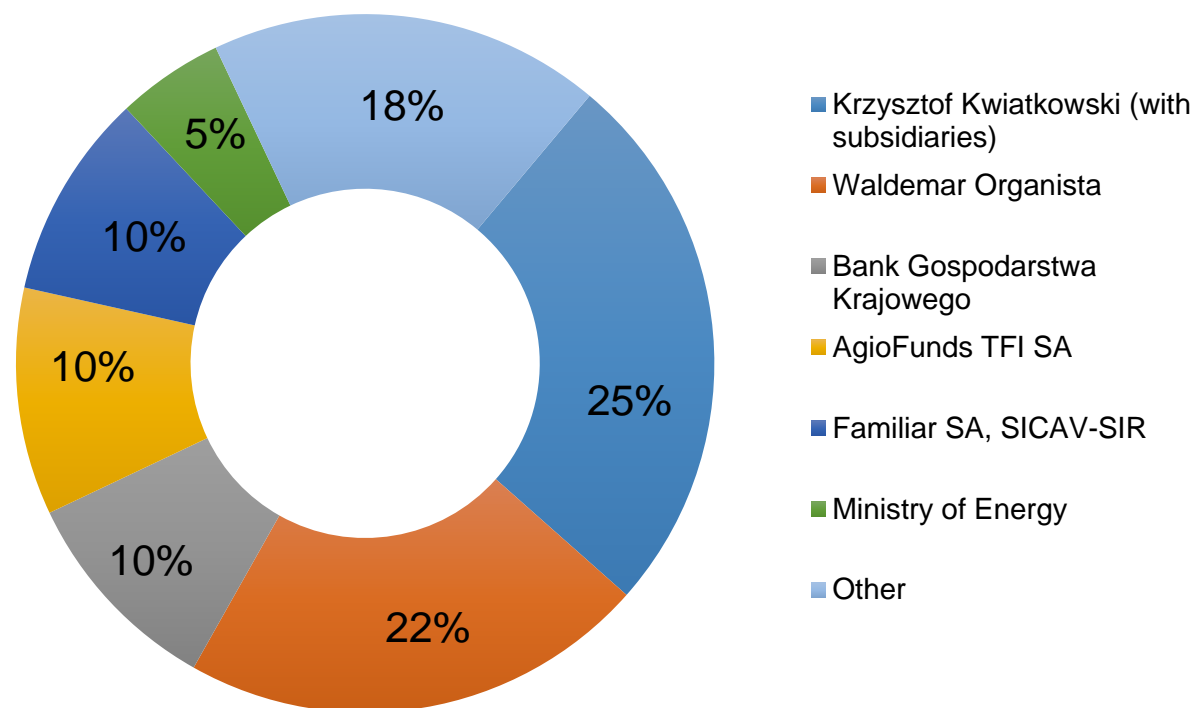


GROUP DEVELOPMENT

Retaining part of the profits within the Company in order to implement development and investment activities, thus part allocation to reserve capital.

Total no. of shares	3 149 200
Share price from 19.06.2017	24.40 PLN
Market capitalisation in Mln PLN	76.8
Net debt 31.03.2017	425
Net debt*	29
EV*	105.8
12M P/E	3.7x
12M EV/EBITDA	1.8x

Shareholder Profile



* Debt in Energo-Utech reduced by leasing receivables and granted loans (working capital).



Elektrociepłownia Będzin S.A.

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