

Gdańsk, 29 March 2017

Dear Sirs and Madams, Dear Stakeholders,



2016, despite difficult market and regulatory conditions, did not significantly affect the activities of the Energa Group. Our revenues amounted to nearly PLN 10.2 bn and EBITDA to PLN 2.027 bn. If it were not for the impairment losses on non-current assets, the net result would have amounted to PLN 629 million. As a result of non-recurring non-cash events it stood at PLN 147 million. In 2016, the Energa Group executed investments worth PLN 1.6 bn, of which PLN 1.3 bn was earmarked for projects in the Distribution Segment, mainly on expansion and modernization of the power grid and technological innovations and network solutions. The investments resulted in further improvement in the reliability of electricity supply to our customers. In 2016, the average outage duration per customer was reduced by 20 percent, while the frequency of interruptions fell by 18 percent. Energa-Operator recorded an increase in the number of customers, which now exceeds 3 million, and Energa Obrót recorded a dynamic increase in the retail sales volume of electricity (by 17 percent) and gas (by 2.5 times).

The 2016 annual report confirms the strong market position of the Energa Group and the capacity to generate stable financial results and execute an ambitious investment program. This was recently confirmed by Moody's, which maintained the long-term rating for the company on the existing level Baa1. The investors' trust in our company is also evidenced by the scale of interest in our Euronotes – it was four times higher than the amount of the notes offered. This is the result of the commitment of all the Group's Employees, for which I would like to thank them today. I would also like to thank the Shareholders for their trust and understanding for our decisions.

I can see some areas where we can leverage the growth potential and synergy effect much better. Our objective is to decisively improve the efficiency of the Group's operations, quality of provided services, market position and capacity to execute investments.

In 2017, the Energa Group will go through an organization process which will bring better and more efficient operations. The new Group model will surely make it possible to use the most optimal solutions for all parties involved in the process.

Yours faithfully,

Daniel Obajtek

President of the Energa SA
Management Board