



Polska Grupa Energetyczna




Efficiency Improvement Programme 2012-2016

January 2012

Efficiency Improvement Programme - General Information


Efficiency Improvement Programme planned for 2012 – 2016 consists of the extensive cost reduction programme followed by initiatives directed towards increase of revenues:

Costs reduction

- 
1. Increase of organizational structure effectiveness
 2. Optimization of repair and maintenance costs
 3. Effective own power consumption and reduced network losses
 4. Purchases centralization

Expected annual cost reduction of PLN 987m p.a. as of 2016 (compared to 2010)

Revenues increase

1. Increase power generation from biomass
 2. Increase of sales effectiveness and improvement of customer care services
- 

Expected annual revenues increase of PLN 541m p.a. as of 2016 (compared to 2010)

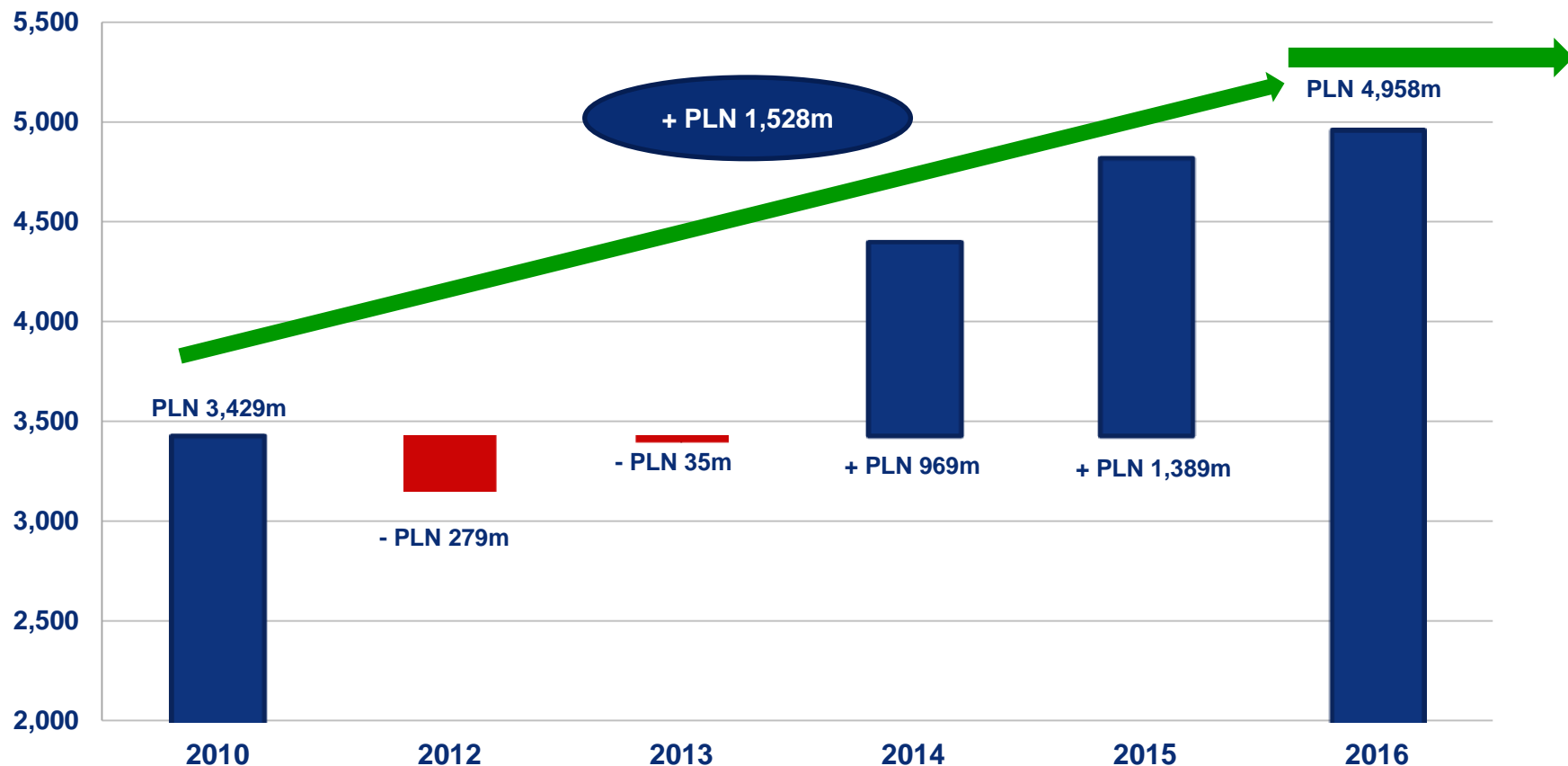


PLN 1,528m

Total result of the Efficiency Improvement Programme is to amount PLN 1,528m in 2016, sustainable in the following years

Efficiency Improvement Programme - Impact on EBIT (ex-LTC) [PLNm]

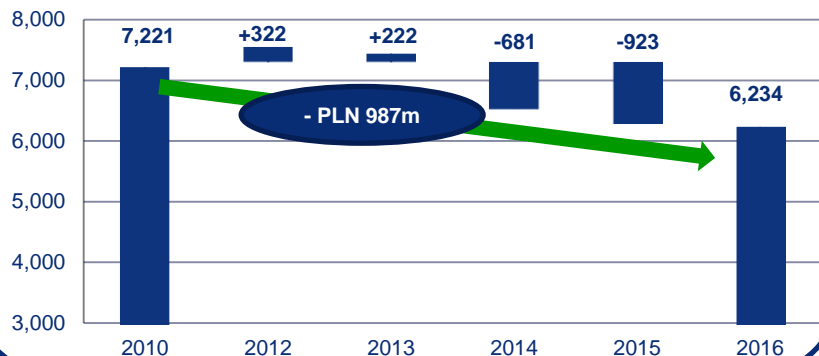
Sustainable impact
of + PLN 1,528m p.a.



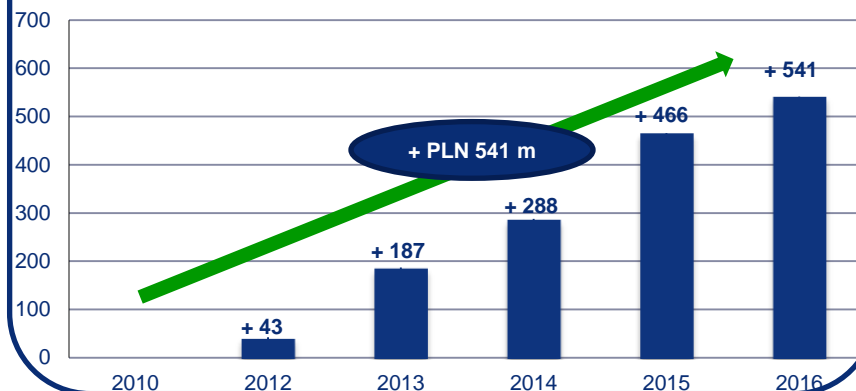
Costs of the Efficiency Improvement Programme will influence net program effect in 2012 and 2013 with significantly better outcomes starting from 2014 and full potential achieved in 2016.

Efficiency Improvement Programme

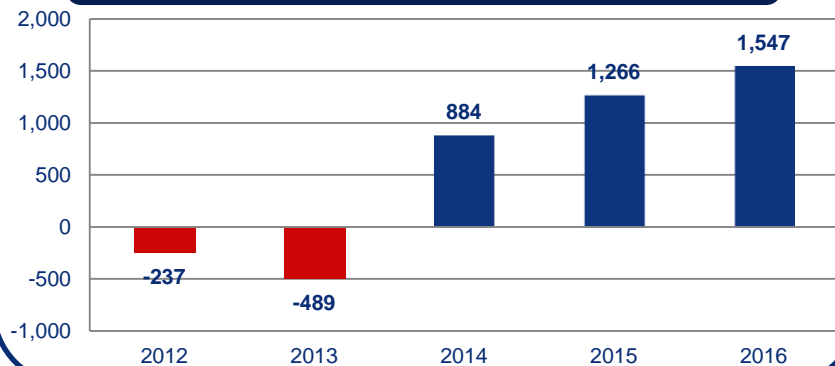
Impact of EIP on costs* on annual basis [PLNm]



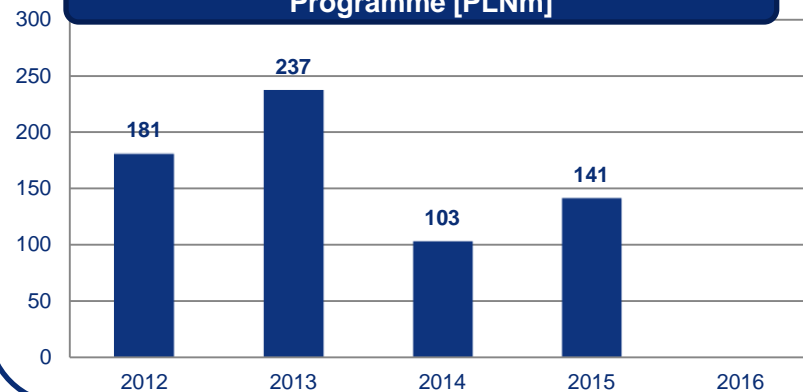
Impact of EIP on revenues on annual basis [PLNm]



Impact of EIP on annual cash flow [PLNm]



CAPEX related to Efficiency Improvement Programme [PLNm]



* Costs excluding D&A, and additionally:

- Conventional Generation – excluding cost of fuel
- Distribution – excluding transmission fees and energy bought for network losses
- Retail – excluding redemption of certificates of origin

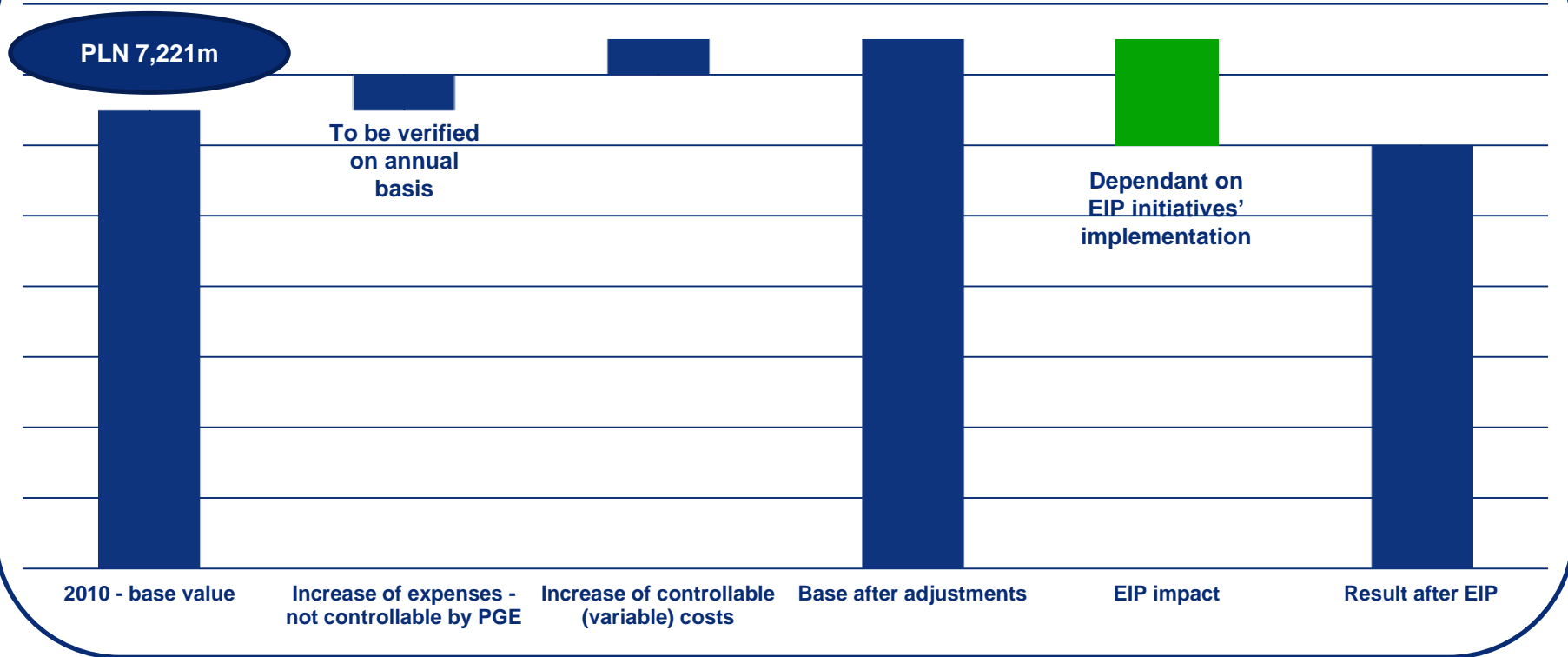
Efficiency Improvement Programme

- detailed segmental breakdown [PLNm]

	2012	2013	2014	2015	2016
Total Efficiency Improvement Programme, including	-279	-35	969	1 389	1 528
Cost cutting initiatives	-322	-222	681	923	987
Revenues initiatives	43	187	288	466	541
Segmental breakdown					
Conventional Generation	-313	-124	821	1 146	1 151
Cost cutting initiatives	-342	-295	568	748	753
Revenues initiatives	30	171	253	398	398
Distribution	24	65	111	163	222
Cost cutting initiatives	24	65	111	163	222
Retail	9	24	38	80	155
Cost cutting initiatives	-4	9	3	12	12
Revenues initiatives	13	16	35	68	143

Efficiency Improvement Programme - reporting and monitoring mechanism

Impact of EIP* on costs on annual basis



* Costs excluding D&A, and additionally:

- Conventional Generation – without cost of fuel
- Distribution – w/o transmission fees and energy bought for network losses
- Retail – w/o redemption of certificates of origin



This presentation (the "**Presentation**") has been prepared by PGE Polska Grupa Energetyczna S.A. (the "**Company**") solely for use by its shareholders. This presentation should not be treated as a part of any invitation or offer to sell any securities, invest or deal in or a solicitation of an offer to purchase any securities or recommendation to conclude any transaction, in particular with respect to securities of the Company. Certain information contained in this Presentation is derived from publicly available sources which the Company believes are reliable, but the Company does not make any representation as to its accuracy or completeness. The Company shall not be liable for the consequences of any decision made based on information included in this Presentation. The information contained in this Presentation is, in any case, subject to changes and modifications.

In no event may the content of this Presentation be construed as any type of explicit or implicit representation or warranty made by the Company or, its representatives. Likewise, neither the Company nor any of its representatives shall be liable in any respect whatsoever (whether in negligence or otherwise) for any loss or damage that may arise from the use of this Presentation or of any information contained herein or otherwise arising in connection with this Presentation.

The Company does not undertake to publish any updates, modifications or revisions of the information, data or statements contained herein should there be any change in the strategy or intentions of the Company, or should facts or events occur that affect the Company's strategy or intentions, unless such reporting obligations arises under applicable laws and regulations.

This Presentation includes forward-looking statements. These statements contain the words "anticipate", "believe", "intend", "estimate", "expect" and words of similar meaning. All statements other than statements of historical facts included in this Presentation, including, without limitation, those regarding the Company's financial position, financial performance in the future, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Company's products and services) are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. These forward-looking statements speak only as at the date of the Presentation. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based, unless otherwise required by the applicable provisions of law. The Company cautions you that forward-looking statements are not guarantees of future performance and that its actual financial position, business strategy, plans and objectives of management for future operations may differ materially from those made in or suggested by the forward-looking statements contained in this Presentation. In addition, even if the Company's financial position, business strategy, plans and objectives of management for future operations are consistent with the forward-looking statements contained in the Presentation, those results or developments may not be indicative of results or developments in future periods. The Company does not undertake any obligation to review or confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise after the date of this Presentation.

This Presentation contains certain market information relating to the energy sector in Poland. Unless attributed exclusively to another source, such market information has been calculated based on data provided by third-party sources identified herein and includes estimates, assessments, adjustments and judgments that are based on the Company's experience and familiarity with the sector in which the Company operates. Because such market information has been prepared in part based upon estimates, assessments, adjustments and judgments and not verified by an independent third party, such market information is, unless otherwise attributed to a third-party source, to a certain degree subjective. While it is believed that such estimates, assessments, adjustments and judgments are reasonable and that the market information prepared is appropriately reflective of the sector and the markets in which the Company operates, there is no assurance that such estimates, assessments and judgments are the most appropriate for making determinations relating to market information or that market information prepared by other sources will not differ materially from the market information included herein.



Polska Grupa Energetyczna

Thank you

Investor Relations Contacts:

ir@gkpge.pl

Head of IR

Przemek Wasilewski

Tel: (+48 22) 340 19 46

Fax: (+48 22) 629 47 25

Mob: +48 723 189 235

IR Officer

Krzysztof Dragan

Tel: (+48 22) 340 15 13

Fax: (+48 22) 629 47 25

Mob: +48 601 33 42 90

IR Officer

Agata Milewska

Tel: (+48 22) 340 10 35

Fax: (+48 22) 629 47 25

Mob: +48 723 996 513

IR Officer

Jakub Frejlich

Tel: (+48 22) 340 10 32

Fax: (+48 22) 629 47 25

Mob: +48 695 883 902