

THE COMPANY'S DEVELOPMENT PROSPECTS

The outlook for the Company's development is laid down in the Strategy of *KOGENERACJA S.A. for 2015-2020*. The Company's overarching goal is to maintain **high profitability**. The document also formulates strategic objectives in non-financial areas, such as **developing the work safety culture**, safeguarding the Company's future, increasing the competitiveness of production assets, **developing the market and sales**, maintaining partner relations with local authorities as well as **developing the organisation and competencies** based on corporate social responsibility principles.

KOGENERACJA S.A. intends to maintain its high profitability by, on the one hand, optimising its revenues from the sale of core products: heat, electricity and energy certificates and by increasing sales of multi-energy services, while on the other hand it will try to keep variable costs down and rigorously maintain fixed costs under control. In addition, efforts will be continued to optimise the Company's assets.

Occupational health and safety remains a **priority** at KOGENERACJA S.A. In the subsequent years, initiatives will be continued to improve work safety and to increase staff and contractors' engagement in building a safe working environment. Our target remains the same: "No accidents at the Company".

In terms of securing the Company's future, the key task is to work out the concept and take a **decision re construction of new facilities at EC Czechnica**, which would enter service before the end of 2022. In turn, at EC Wrocław, with its efficient desulphurisation and denitrification installations, KOGENERACJA S.A. is and intends to remain the **pro-ecological producer and supplier of heat**, contributing to improvement of air quality in the city and the region.

To ensure competitiveness of its production assets, the Company keeps upgrading its equipment, **improves the effectiveness of the generation process**, expands its control systems, optimises logistics and fuel management. This will ensure **high reliability of production** assets in the future as well, with guaranteed safety of heat and electricity supplies to buyers.

The strategic objectives of KOGENERACJA S.A. are to: main **tain the leading position in the Wrocław heat market** and take efforts to **promote sustainable development in the region**. Through active cooperation with the heat distributor and the city authorities, the Company will continue to participate in the process of **limiting the low emission sources**, promote ecological network heat, engage in network development projects, including the initiatives undertaken as part of the KAWKA programme and the Integrated Territorial Investments (ZIT).

Constant upskilling of employees in the spirit of corporate social responsibility remains an essential ambition of the Company. For this reason, the Company will continue the *Ready for the future* project, which is to prepare employees and KOGENERACJA S.A. to face new challenges until 2020.

As stated before, the presented outlook for the Company's development is based on the existing strategy of KOGENERACJA S.A. It should be noted that **EDF Group** (majority shareholder of the Company) **is currently in talks to sell its Polish assets, including the shares of KOGENERACJA S.A.** If the transaction takes place, the outlook for the Company's development might be revised by the new investor.

Nonetheless, regardless of the possible changes, the Company's Management Board is convinced that KOGENERACJA S.A. will remain **a stable market player** generating **strong financial results in the future** as well.