

Current Report no. 30/2017 of 24.11.2017

Subject:

Modernisation of generation capacity of Elektrociepłownia BĘDZIN Sp. z o.o.

Legal basis:

Article 17(1) of the Regulation on market abuse (MAR) – confidential information

Content of the report:

The Management Board of Elektrociepłownia „Będzin” S.A. (the “Company”, the “Issuer”) informs that today, i.e. on 24 November 2017, it was notified by the Issuer's subsidiary – Elektrociepłownia BĘDZIN Sp. z o.o. with the registered office in Będzin (the “Subsidiary”) that:

on 24 November 2017 the Subsidiary's Management Board had adopted a resolution on adopting a Programme for the modernisation of generation capacity and improvement of production operations efficiency.

The undertaken initiatives result from the projected increase in demand for generation capacities in connection with the reduction of generation assets of energy companies as a result of changes in legislation related to the European Union's climate policy (increasing requirements for the purchase of CO₂ emission allowances) and limitation on the possibilities of developing coal-fired power generation in the region.

An essential factor in the decisions made is the use of the Company's generation capacities on the market of heat and electricity.

The following projects were adopted for implementation:

- Modernisation of the K5 water boiler resulting in the increase of thermal input by 10 to 15 MWt,
- Modernisation of the 100 Gcal station by installing peak heat exchangers supplied with live steam with a capacity of 200 MWt.

The implementation of the aforementioned projects is planned for 2018-2019.

A preliminary estimate of the costs of the modernisation projects in question gives a figure of approx. PLN 12 million.

Elektrociepłownia BĘDZIN Sp. z o.o will not apply for funding for these projects from the EU and will implement them with its own funds.

The planned modernisation projects take into account the current market situation and will result in the improvement of efficiency and the increase in generation capacity, and moreover, they will ensure the security of heat supply to the areas supplied by Elektrociepłownia BĘDZIN Sp. z o.o.

Signatures:

Krzysztof Kwiatkowski - President of the Management Board