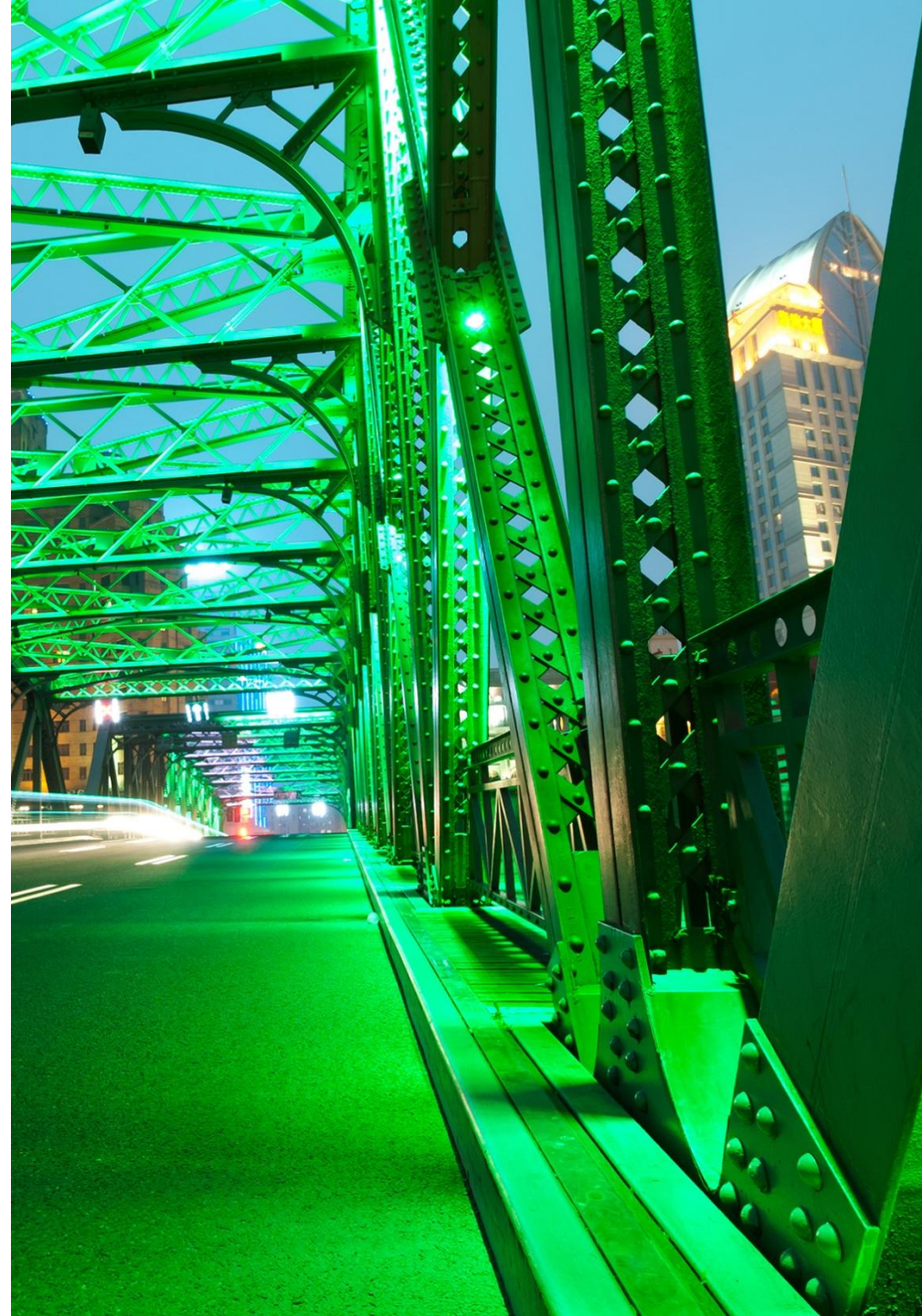


Deloitte.

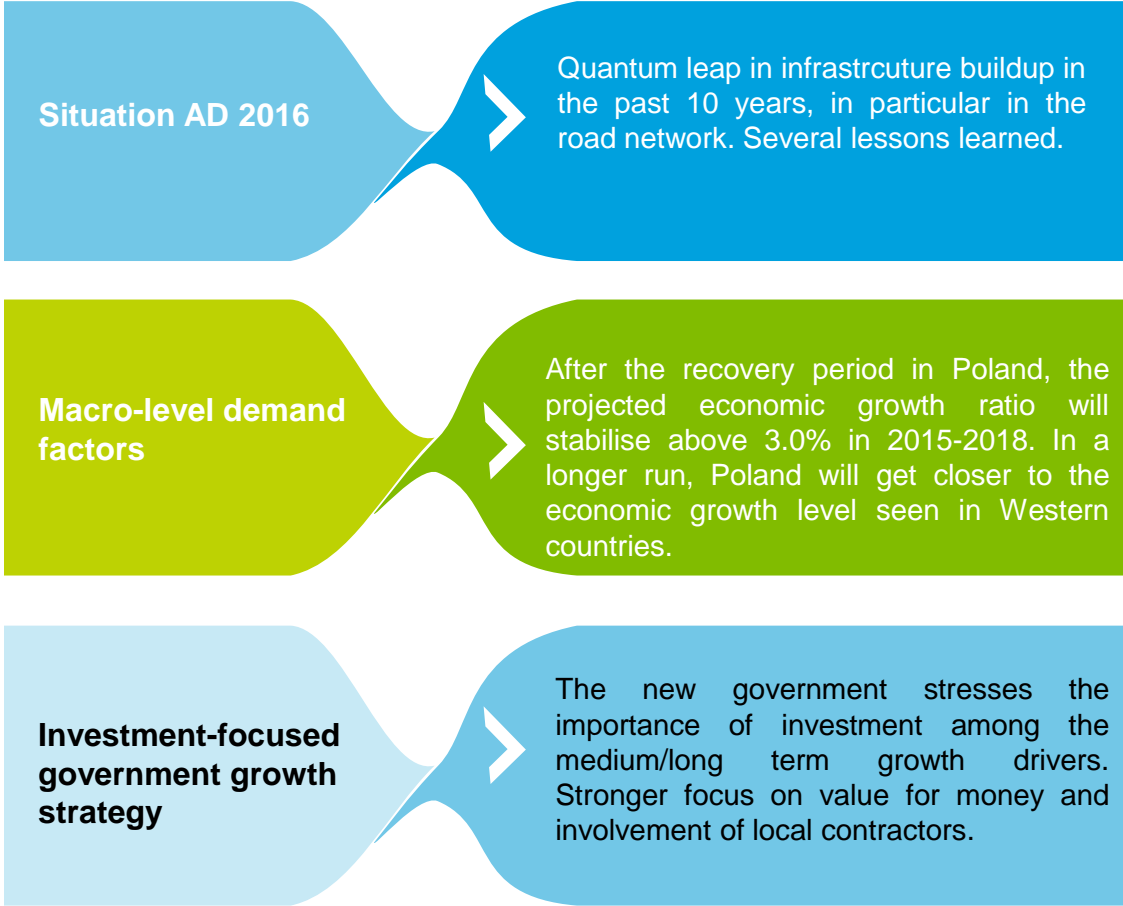
Snapshot: Polish core infrastructure today and beyond

Infrastructure in Poland

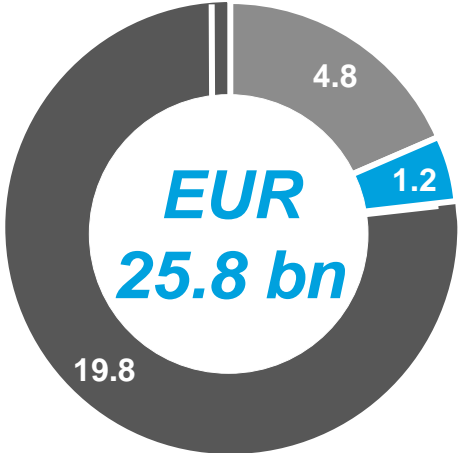
Warsaw, 19 February, 2016



Core infrastructure in Poland today and key drivers



EU funds earmarked for the development of infrastructure in Poland under 2014-2020 financial perspective



- IEOP - transport
- Regional programmes - infrastructure
- Eastern Poland - infrastructure

Source: Draft national and regional operational programmes under selected priority axes of Thematic Objective 7 (Promoting sustainable transport and removing bottlenecks in key network infrastructures) and Thematic Objective 4 (Supporting the shift towards a low-carbon economy in all sectors)

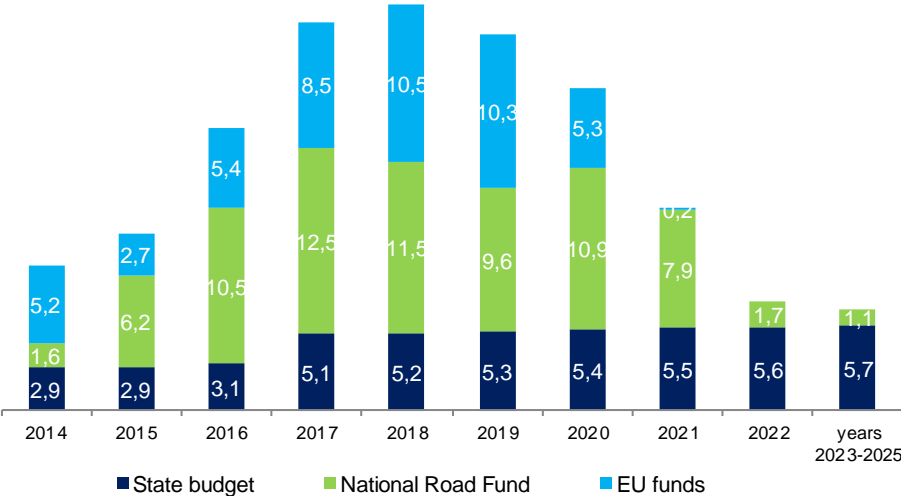
Core motorway / expressway network: largely completed

Investments in expressways and motorways included in the National Roads Construction Programme for the years 2014-2023 (with projections until 2025)



- Completed or pending investments
- New investments included in NRCPC 2014-2023
- New investments included in the funding system beyond the state budget

Funding sources for motorway infrastructure investments in 2014-2025 (PLN bn)

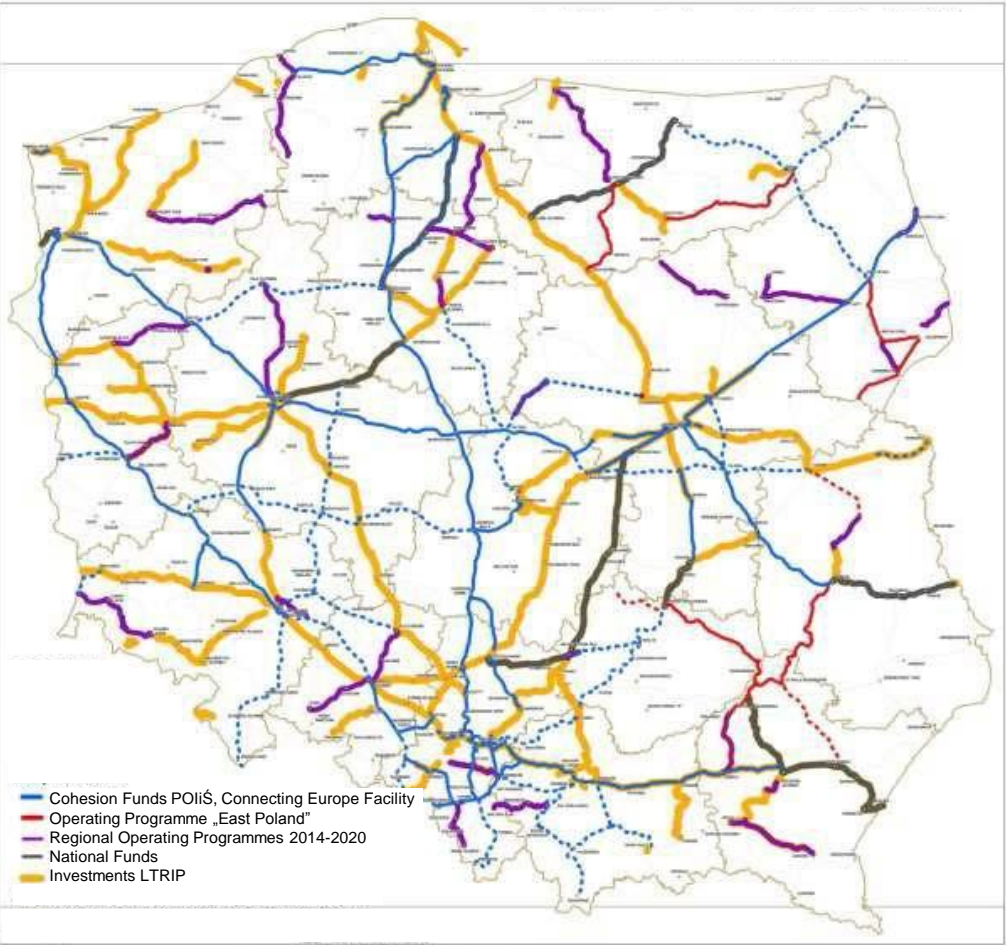


Source: National Roads Construction Programme for the years 2014-2023 (with projections until 2025)

- Poland still lags behind other EU countries in terms of density of its expressway and motorway network i.e.: expressways and motorways account only for 9.7 km per 1000 sq. km vs. 36.2 km in Germany.
- Expenditures on national roads to be incurred in 2014-2025 are estimated at PLN 168.4 billion. **This programme is currently under thorough revision by the government, primarily in the areas of cost and funding sources.**
- **The programme and its financing sources may be significantly altered**

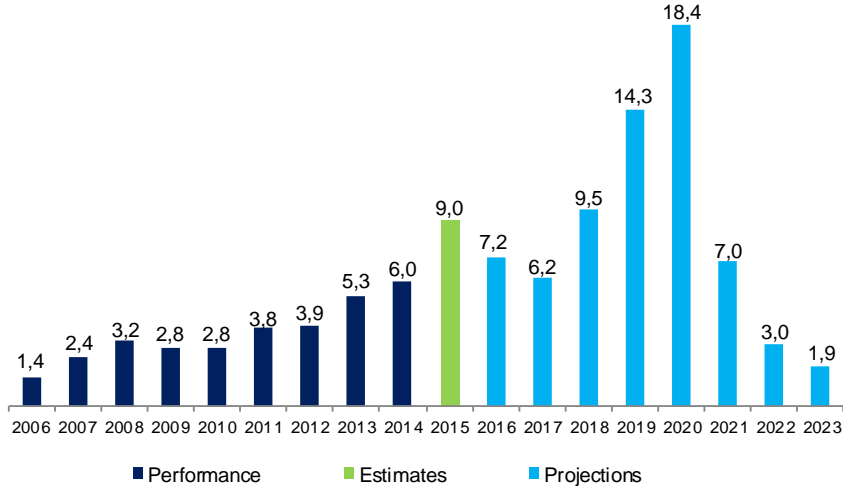
Rail network: the peak investment effort ahead

Investments in railway infrastructure planned for 2014-2020, included in the National Railway Programme vs. implemented LTRIP projects



NRP: National Railway Plan
 LTRIP projects: Long-Term Railway Investment Programme

Expenditure for railway investments of PKP PLK (PLN bn)

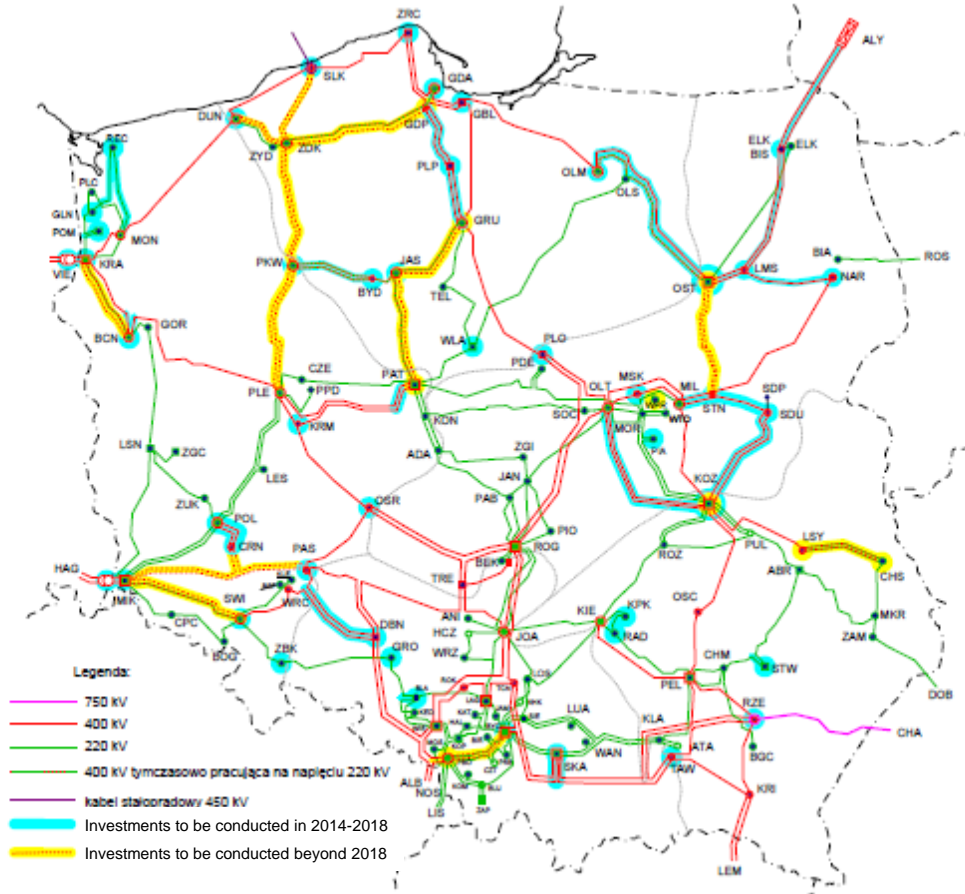


Source: Reports of PKP PLK, Long-term Railway Investment Programme, National Railway Programme, Deloitte analysis

- **Almost 20,000 km of railways are used in Poland, out of which approx. 93% is managed by PKP PLK S.A.**
- Technical quality of the railway infrastructure is unsatisfactory. Only 47% of the total railway length is considered to be in good condition, with the condition of 27% being considered satisfactory and of 26% - unsatisfactory.
- The forecast value of projects included in NRP, assuming the maximised use of EU funds available under 2014-2020 perspective, funds provided by the state budget and the Railway Fund is PLN 67.5 billion.

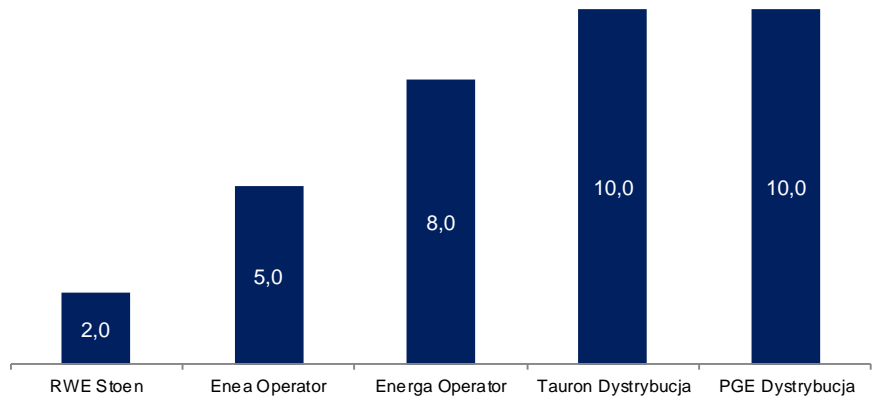
Power systems (TSO/DSOs): expansion and modernization underpinned by stable regulation

Transmission network map – status projected at the end of 2018



Source: PSE, Updated plan of satisfying the current and future power demand for 2010 – 2025 regarding the period 2014 – 2018

Estimated capital expenditure of the largest DSO in the years 2014-2019 (PLN bn)



Source: Deloitte Analysis

- **Generally, satisfactory and improving quality of the networks**
- The total investments of the transmission and distribution network is estimated at approx. PLN 42 billion for the years 2014-2019.
- Estimated capital expenditure of the largest DSOs in the years 2014-2019 are estimated at approx. PLN 35 billion.
- The total investments of PSE in power network in the years 2015-2019 are estimated at PLN 7 – 8 billion, primarily HV transmission lines and major sub-stations
- Financed on-balance sheet by TSO and DSOs

Key pending issues

- **Project planning, permitting and delivery**
- **Financing: on / off public balance sheet**
- **Efficiency off co-operation with contractors (including risk allocation)**
- **Foreseen changes in public procurement low**
- **Flattening of the contracting cycle**
- **What after 2020?**

Thank you !



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