

# Report on the first three quarters of the year 2015 for CE Energy, a.s.

- ✓ Consolidated EBITDA reached EUR 251<sup>1</sup> million
- ✓ Consolidated pro forma adjusted EBITDA for the last twelve months totaled EUR 375<sup>1</sup> million
- ✓ Indicative Net Consolidated Leverage Ratio amounted to 4.01x<sup>1</sup>
- ✓ In October 2015, Moody's issued an update on CE Energy's rating: Corporate Family Rating – Ba2 with outlook stable

CE Energy, a.s. (also "Company" or "CE Energy" or "Group" or "CEE" or "CEE Group") is a vertically integrated energy utility that includes 86 companies. In January 2014 CE Energy acquired a 100% share in EP Energy, a.s. (also "EP Energy" or "EPE" or "EPE Group"), which was the leading heat supplier to final consumers in the Czech Republic, the second largest power generator in the Czech Republic, the second largest electricity distributor and supplier in the Slovak Republic and the third largest mining company in Germany in 2014. The Group benefits from relatively low exposure to market developments, as a significant majority of EBITDA is generated by regulated assets or assets with long term off take contracts. The Group's key operations are located in the Czech Republic, in the Slovak Republic and in Germany.

<sup>1</sup> Stredoslovenská energetika, a.s. (also "SSE") included on a proportionate basis

## KEY FIGURES AT A GLANCE

### Consolidated financial results in EUR millions

|  | 3Q 2014               | 3Q 2015 |
|--|-----------------------|---------|
| Total sales  | 1,668.7 <sup>13</sup> | 1,729.1 |
| EBITDA <sup>1</sup>  | 281.3 <sup>13</sup>   | 304.9   |
| EBITDA incl. SSE on a proportionate basis <sup>2</sup>   | 251.6 <sup>13</sup>   | 251.3   |
| Pro forma Adjusted EBITDA (last twelve months) <sup>3</sup>                                    |                       | 457.0   |
| Pro forma Adjusted EBITDA incl. SSE on a proportionate basis (last twelve months) <sup>4</sup> |                       | 375.1   |
| Total net debt per financial statements <sup>5</sup>   |                       | 1,616.8 |
| Total net debt per financial statements incl. SSE on a proportionate basis <sup>6</sup>        |                       | 1,605.5 |
| Indicative CE Energy Net Consolidated Leverage Ratio (incl. SSE on a prop. basis) <sup>7</sup> |                       | 4.01x   |
| Profit from operations   | 58.7 <sup>13</sup>    | 97.6    |
| Profit or loss before tax  | (1.9)                 | 15.2    |
| Net profit or loss attributable to CEE owners  | (10.5)                | (28.7)  |
| Total assets   |                       | 3,628.7 |
| CAPEX <sup>8</sup>   | 84.3                  | 128.2   |

### Physical units (CEE excluding SSE)

|  | 3Q 2014 | 3Q 2015 |
|--|---------|---------|
| Coal production ..... Mt   | 15.4    | 13.5    |
| Installed <i>cogeneration</i> Capacity <sup>9</sup> .... MW <sub>e</sub> | 500     | 500     |
| Installed <i>condensation</i> Capacity <sup>9</sup> ... MW <sub>e</sub>  | 750     | 750     |
| Installed heat capacity <sup>9,12</sup> ..... MW <sub>th</sub>           | 3,195   | 3,195   |
| Heat supplied <sup>9,10</sup> ..... TJ <sup>11</sup>                     | 10,237  | 10,655  |
| Power produced <sup>9</sup> ..... GWh                                    | 3,977   | 3,146   |
| Power traded <sup>9</sup> ..... GWh                                      | 11,165  | 16,880  |
| Power supplied <sup>9</sup> ..... GWh                                    | 1,479   | 1,350   |
| Natural gas supplied <sup>9</sup> ..... GWh                              | 2,271   | 971     |
| Saale Energie - Installed capacity... MW <sub>e</sub>                    | 400     | 400     |

### Physical units SSE

|  | 3Q 2014 | 3Q 2015 |
|--|---------|---------|
| Power distributed ..... GWh              | 4,275   | 4,279   |
| Power traded ..... GWh                   | 4,195   | 5,220   |
| Power supplied ..... GWh                 | 3,143   | 2,837   |
| Natural gas supplied ..... GWh           | 147     | 236     |
| Power produced ..... GWh                 | 16      | 17      |
| Installed capacity ..... MW <sub>e</sub> | 62      | 62      |

(1) EBITDA represents profit from operations plus depreciation of property, plant and equipment and amortization of intangible assets minus negative goodwill (if applicable) with the SSE EBITDA included on a fully consolidated basis (i.e. EUR 105.2 million for the first three quarters of the year 2015 and EUR 58.1 million for the first three quarters of the year 2014). The EBITDA included in this report does not represent the term EBITDA as may be defined by any documentation for any financial liabilities of the CEE Group. For further discussion over the CEE Group performance refer to the following pages and to the Report on the first three quarters of the year 2015 for EP Energy, a.s.

(2) EBITDA incl. SSE on a proportionate basis represents profit from operations plus depreciation of property, plant and equipment and amortization of intangible assets minus negative goodwill (if applicable) with the SSE EBITDA included on the proportionate 49% basis (i.e. EUR 51.6 million for the first three quarters of the year 2015 and EUR 28.4 million for the first three quarters of the year 2014). The EBITDA incl. SSE on a proportionate basis included in this report does not represent the term EBITDA as may be defined by any documentation for any financial liabilities of the CEE Group. For further discussion over the CEE Group performance refer to the following pages and to the Report on the first three quarters of the year 2015 for EP Energy, a.s.

(3) Pro forma Adjusted EBITDA (last twelve months) calculation in EUR millions:

|   |                       |
|---|-----------------------|
| Actual IFRS EBITDA for the period Jan – Sept 2015     | 304.9                 |
| Actual IFRS EBITDA for the period Jan – Dec 2014      | 454.3                 |
| Actual IFRS EBITDA for the period Jan – Sept 2014     | (281.3) <sup>13</sup> |
| System Operations Tariff adjustment                   | (31.2)                |
| Saale Energie adjustment                              | 10.3                  |
| <b>Pro forma Adjusted EBITDA (last twelve months)</b> | <b>457.0</b>          |

To derive Pro forma Adjusted EBITDA for the period from October 1, 2014 to September 30, 2015, CEE utilized IFRS consolidated statement of comprehensive income of CE Energy, a.s. for the year ended December 31, 2014 (EBITDA of EUR 454.3 million), IFRS condensed consolidated interim statement of comprehensive income of CE Energy, a.s. for the nine-month period ended September 30, 2015 (EBITDA of EUR 304.9 million) and IFRS condensed consolidated interim statement of comprehensive income of CE Energy, a.s. for the nine-month period ended September 30, 2014 (EBITDA of EUR 281.3 million) as comparatives.

Pro forma Adjusted EBITDA (last twelve months) represents pro forma profit from operations plus pro forma depreciation of property, plant and equipment and pro forma amortization of intangible assets minus pro forma negative goodwill (if applicable) with the SSE EBITDA included on a fully consolidated basis, further adjusted to exclude the items related to Saale Energie, which lead to an EUR 10.3 million decrease to EBITDA in the last twelve months ended September 30, 2015, which, due to the accounting treatment of the specific contractual arrangement with Schkopau (an associate of Saale Energie), are charged to operating costs of Saale Energie but relate to entries that would otherwise not be included in EBITDA.

In addition, the historical financial performance of the CEE Group have been adjusted for EUR 31.2 million of revenue relating to accounting for System Operations Tariff (“SOT”) at SSE in 2014. SSE is legally bound to connect producers of green energy, if they comply with requirements set by Regulatory Office for Network Industries (“URSO”) and to purchase the green electricity generated, which is used to cover network losses. The purchase tariff for green energy is set by URSO and is covered by the SOT which should be sufficient to cover costs relating to the purchases of produced green energy in the particular year. However, in 2013 the SOT was not sufficient to cover incurred

green energy costs as a result of which SSE incurred overall loss from these transactions. In December 2014 SSE received a statement from Regulatory Office for Network Industries confirming the amount of a compensation to be paid in 2015 in relation to 2013 SOT loss. As a result of this statement, in December 2014 SSE recorded revenues and accrued income of EUR 41.5 million representing the confirmed compensation to be collected in 2015. In previous periods no accrued income could have been recorded by SSE because the regulatory system worked differently and the IFRS criteria for revenue recognition were not met. Beginning January 2015 SSE has been accruing revenue for the previous year's SOT related loss on monthly basis. In order to reflect linear origination of the SOT related losses, for the purposes of the Pro forma Adjusted EBITDA for the twelve-month period ended September 30, 2015 historical financial performance of the CEE Group was adjusted downward by three quarters of the 2014 recorded accrued income (i.e. EUR 31.2 million).

The Pro forma Adjusted EBITDA included in this report does not represent the term EBITDA as may be defined by any documentation for any financial liabilities of the CEE Group. For further discussion over the CEE Group performance refer to the Report on the first three quarters of the year 2015 for EP Energy, a.s.

(4) Pro forma Adjusted EBITDA incl. SSE on a proportionate basis (last twelve months) represents Pro forma Adjusted EBITDA (last twelve months) further adjusted to exclude a non-controlling interest of 51% of SSE EBITDA (i.e. EUR 97.8 million) and to exclude a non-controlling interest of 51% relating to negative EUR 31.2 million of System Operations Tariff adjustment (i.e. negative EUR 15.9 million).

The Pro forma Adjusted EBITDA incl. SSE on a proportionate basis included in this report does not represent the term EBITDA as may be defined by any documentation for any financial liabilities of the CEE Group. For further discussion over the CEE Group performance refer to the Report on the first three quarters of the year 2015 for EP Energy, a.s.

(5) Total net debt balance is based on the consolidated financial statements (Total Loans and borrowings plus Total Financial instruments and financial liabilities less Cash and cash equivalents), but excludes the liabilities towards Pražská teplárenská Holding a.s. (also "PTH") of EUR 6.6 million. The Total net debt included in this report does not represent the term Indebtedness as may be defined by any documentation for any financial liabilities of the CEE or EPE Group.

#### Net Debt calculation (in EUR millions)

|   |             | 3Q 2015        |
|---|-------------|----------------|
| Loans and borrowings (non-current)                            | <i>add</i>  | 1,791.3        |
| Financial instruments and financial liabilities (non-current) | <i>add</i>  | 0.3            |
| Loans and borrowings (current)                                | <i>add</i>  | 73.6           |
| Financial instruments and financial liabilities (current)     | <i>add</i>  | 1.1            |
| PTH liability   | <i>less</i> | 6.6            |
| Cash and cash equivalents                                     | <i>less</i> | 242.9          |
| <b>Net Debt</b>   |             | <b>1,616.8</b> |

(6) Total net debt incl. SSE on a proportionate basis is represented by the Total net debt as defined above less a portion of net debt totalling EUR 11.3 million belonging to a minority shareholder of Stredoslovenská energetika, a.s.

### Calculation of SSE's Net Debt (in EUR millions)

|  |             | 3Q 2015     |
|--|-------------|-------------|
| Loans and borrowings (non-current)                             | <i>add</i>  | 28.6        |
| Loans and borrowings (current)                                 | <i>add</i>  | 10.6        |
| Cash and cash equivalents                                      | <i>less</i> | 42.4        |
| Cash dividend reserved for EP Energy                           | <i>add</i>  | 25.4        |
| <b>Net Debt</b>  |             | <b>22.2</b> |
| <b>Portion of net debt belonging to a minority shareholder</b> |             | <b>11.3</b> |

The Total net debt incl. SSE on a proportionate basis included in this report does not represent the term Indebtedness as may be defined by any documentation for any financial liabilities of the CEE or EPE Group.

(7) We include in this report the calculation as of September 30, 2015 of our "Net Consolidated Leverage Ratio", as defined in the CE Energy Indenture. The calculation of our Net Consolidated Leverage Ratio differs from any leverage ratio included in the offering memoranda for the senior notes or otherwise included herein, and consistent with the definition, is made on the basis of certain good faith judgments made by us.

(8) Excluding emission allowances

(9) The operating data is based on the results of the respective entities on a 100% basis for the full period, regardless of the date when each entity joined the CEE Group or the ownership share of the CEE Group in each entity. Nevertheless, operating data for MIBRAG and Saale Energie are excluded.

(10) Represented by Elektrárny Opatovice, a.s. (also "EOP"), Severočeská teplárenská, a.s. (also "ST"), Plzeňská energetika a.s. (also "PE") and Pražská teplárenská a.s. (also "PT").

(11) 1 TJ = 0.2778 GWh

(12) Installed heat capacity on heat exchangers.

(13) Restated: Fair value of derivatives where the underlying asset is a commodity (trading derivatives) is presented as part of Total sales instead of being recognised as profit or loss from financial operations since January 1, 2014 as described in the Notes to the condensed consolidated interim financial statements of EP Energy, a.s. as of and for the nine-month period ended September 30, 2015. Data for the nine-month period ended September 30, 2014 were restated with an impact of positive EUR 10.7 million on Total sales, Profit/(loss) from operations and EBITDA and Pro forma adjusted EBITDA.

For additional information please also refer to the Report on the first three quarters of the year 2015 for EP Energy, a.s. which forms a part of the complete set of this report.

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## **Attachments:**

EP Energy, a.s. – Unaudited condensed consolidated interim financial statements as of and for the nine-month period ended September 30, 2015 are presented in a separate file as an attachment to this report

EP Energy, a.s. – Report on the first three quarters of the year 2015 for EP Energy, a.s. is presented in a separate file as an attachment to this report

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Dear investors, customers and partners,

Our first three quarters 2015 IFRS EBITDA, reflecting proportionate consolidation of SSE, reached EUR 251 million, which is almost at the same level as in the first three quarters 2014. The Pro forma Adjusted EBITDA for the last twelve-month period ended September 30, 2015, reflecting proportionate consolidation of SSE, reached EUR 375 million as compared to EUR 393 million for the fiscal year ended December 31, 2014.

Our overall business performance remains solid despite the continuing negative development of wholesale power market, underlying the robust, low risk business profile of our group.

Our operations, particularly in the Power Distribution and Supply segment, were positively influenced by improved performance of power distribution and trading activities as well as by positive effect from compensation of regulatory charges relating to green energy subsidies to renewable energy producers in the central Slovakia region (paid by SSE and later reimbursed by the system operator).

Mining segment results have been influenced especially by unusually windy weather in Germany during the first quarter of 2015 which was reflected in temporarily decreased off-take from Mibrag's two major customers – power plants Lippendorf and Schkopau. At the same time we believe that the FY 2015 EBITDA of our mining operations shall be in the region EUR 130-140 million, i.e. more in line with previous performance (apart from 2014 which was an exceptionally successful year).

Heat and power segment's performance reflect expiration of beneficial power purchase agreement at Helmstedter Revier ("HSR"), lower power prices and lower allocation of free emission allowances. Despite not particularly strong winter, Heat and Power segment reported 6% higher heat sales compared to the previous period. On October 26, 2015, Mibrag approved a Memorandum of Understanding with the Federal Ministry for Economic Affairs according to which HSR's Buschhaus power plant shall be transferred to security reserve ("Sicherheitsbereitschaft") as of October 1, 2016, for a period of four years and the company shall be compensated for such arrangement. The final legal framework is expected at the end of the second quarter 2016 and will be subject to the approval of the German Parliament and relevant competition authorities. By signing this deal MIBRAG will deliver a significant contribution to the CO2 German emissions targets set for 2020 while maintaining its business performance.

As already mentioned in previous reports, we continue optimizing our operating expenses and capital expenditure cuts program. The first impacts materialized already in 2014 results with savings (primarily CAPEX related) at the level of EUR 20 million per year ramping up in the subsequent periods. Furthermore, in September we refinanced some of our existing bank loans under better conditions saving considerably on future interest expense.

On behalf of the Board of Directors and everyone at CE Energy, I would like to thank you for your ongoing support as we strive to continue creating the shareholder value while keeping our low risk-profile.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Pavel Horský', with a large, sweeping flourish extending to the right.

Pavel Horský  
Member of the Board

# Financial condition and results of operations of the CEE Group as of and for the nine-month period ended September 30, 2015

## Condensed consolidated interim statement of comprehensive income

For the nine-month period ended September 30, 2015

In thousands of EUR ("TEUR")

|  | 30 September 2015<br>(nine months)<br>(unaudited) | 30 September 2014<br>(nine months)<br>(unaudited)<br>(restated) |
|--|---|---|
| Sales: Energy  | 1,642,343   | 1,577,811   |
| <i>of which: Electricity</i>   | <i>1,027,077</i>                                  | <i>1,055,142</i>  |
| Heat   | 191,804   | 179,249   |
| Coal   | 225,335   | 199,121   |
| Gas  | 198,127   | 144,057   |
| Other energy products  | -   | 242   |
| Sales: Other   | 76,348  | 80,158  |
| Gain (loss) from commodity derivatives for trading with electricity and gas, net | 10,363  | 10,716  |
| <b>Total sales</b>   | <b>1,729,054</b>                                  | <b>1,668,685</b>  |
| Cost of sales: Energy  | (1,120,943)                                       | (1,069,192)   |
| Cost of sales: Other   | (21,617)  | (38,987)  |
| <b>Total cost of sales</b>   | <b>(1,142,560)</b>                                | <b>(1,108,179)</b>  |
| <b>Subtotal</b>  | <b>586,494</b>                                    | <b>560,506</b>  |
| Personnel expenses   | (193,977)   | (188,879)   |
| Depreciation and amortisation  | (207,296)   | (222,525)   |
| Repairs and maintenance  | (5,659)   | (10,579)  |
| Emission rights, net   | (18,534)  | (15,768)  |
| Taxes and charges  | (9,205)   | (9,184)   |
| Other operating income   | 54,086  | 44,805  |
| Other operating expenses   | (108,303)   | (99,629)  |
| <b>Profit (loss) from operations</b>   | <b>97,606</b>                                     | <b>58,747</b>   |
| Finance income   | 14,495  | 42,875  |
| Finance expense  | (95,404)  | (105,252)   |
| Profit (loss) from derivative financial instruments                              | (965)   | 3,012   |
| <b>Net finance income (expense)</b>  | <b>(81,874)</b>                                   | <b>(59,365)</b>   |
| Share of profit (loss) of equity accounted investees, net of tax                 | (545)   | (1,243)   |
| <b>Profit (loss) before income tax</b>   | <b>15,187</b>                                     | <b>(1,861)</b>  |
| Income tax expenses  | (21,288)  | (5,253)   |
| <b>Profit (loss) for the period</b>  | <b>(6,101)</b>                                    | <b>(7,114)</b>  |
| <b>Items that are or may be reclassified subsequently to profit or loss:</b>     |   |   |
| Foreign currency translation differences for foreign operations                  | (16,093)  | 1,406   |
| Foreign currency translation differences for presentation currency               | 13,721  | (3,424)   |
| Effective portion of changes in fair value of cash flow hedges, net of tax       | 14,293  | (3,600)   |
| Fair value reserve included in other comprehensive income                        | (183)   | (3,454)   |
| <b>Other comprehensive income for the period, net of tax</b>                     | <b>11,738</b>                                     | <b>(9,072)</b>  |
| <b>Total comprehensive income for the period</b>                                 | <b>5,637</b>                                      | <b>(16,186)</b>   |
| <b>Profit (loss) attributable to:</b>  |   |   |
| Owners of the Company  | (28,731)  | (10,461)  |
| Non-controlling interest   | 22,630  | 3,347   |
| <b>Profit (loss) for the period</b>  | <b>(6,101)</b>                                    | <b>(7,114)</b>  |
| <b>Total comprehensive income attributable to:</b>                               |   |   |
| Owners of the Company  | (19,504)  | (20,504)  |
| Non-controlling interest   | 25,141  | 4,318   |
| <b>Total comprehensive income for the period</b>                                 | <b>5,637</b>                                      | <b>(16,186)</b>   |

## Condensed consolidated interim statement of financial position

As of September 30, 2015

In thousands of EUR ("TEUR")

|   | 30 September 2015<br>(unaudited) | 31 December 2014<br>(audited) |
|---|----------------------------------|-------------------------------|
| <b>Assets</b>   |                                  |                               |
| Property, plant and equipment                         | 2,184,763                        | 2,245,936                     |
| Intangible assets                                     | 121,903                          | 154,996                       |
| Goodwill  | 102,703                          | 96,241                        |
| Investment property                                   | 2,516                            | -                             |
| Participations with significant influence             | 117,463                          | 127,376                       |
| Financial instruments and other financial assets      | 7,350                            | 337,248                       |
| <i>of which receivables from the parent company</i>   | -                                | 280,096                       |
| Trade receivables and other assets                    | 9,427                            | 28,999                        |
| Deferred tax assets                                   | 8,105                            | 9,627                         |
| <b>Total non-current assets</b>                       | <b>2,554,230</b>                 | <b>3,000,423</b>              |
| Inventories   | 92,468                           | 77,022                        |
| Extracted minerals and mineral products               | 6,223                            | 7,926                         |
| Trade receivables and other assets                    | 322,683                          | 338,959                       |
| Financial instruments and other financial assets      | 358,485                          | 491,959                       |
| <i>of which receivables from the parent company</i>   | 302,974                          | 486,141                       |
| Prepayments and other deferrals                       | 3,643                            | 2,803                         |
| Tax receivables                                       | 24,587                           | 21,448                        |
| Cash and cash equivalents                             | 242,870                          | 238,387                       |
| Assets/disposal groups held for sale                  | 23,550                           | 26,131                        |
| <b>Total current assets</b>                           | <b>1,074,509</b>                 | <b>1,204,635</b>              |
| <b>Total assets</b>                                   | <b>3,628,739</b>                 | <b>4,205,058</b>              |
| <b>Equity</b>   |                                  |                               |
| Share capital   | 78                               | 78                            |
| Reserves  | (302,141)                        | (311,368)                     |
| Retained earnings                                     | 446,371                          | 494,598                       |
| <b>Total equity attributable to equity holders</b>    | <b>144,308</b>                   | <b>183,308</b>                |
| Non-controlling interest                              | 449,958                          | 462,175                       |
| <b>Total equity</b>                                   | <b>594,266</b>                   | <b>645,483</b>                |
| <b>Liabilities</b>                                    |                                  |                               |
| Loans and borrowings                                  | 1,791,321                        | 1,760,444                     |
| <i>of which owed to the parent company</i>            | -                                | -                             |
| Financial instruments and other financial liabilities | 294                              | 680                           |
| Provisions  | 355,606                          | 360,247                       |
| Deferred income                                       | 36,053                           | 63,996                        |
| Deferred tax liabilities                              | 229,699                          | 242,325                       |
| Trade payables and other liabilities                  | 75,245                           | 71,951                        |
| <b>Total non-current liabilities</b>                  | <b>2,488,218</b>                 | <b>2,499,643</b>              |
| Trade payables and other liabilities                  | 329,991                          | 350,993                       |
| Loans and borrowings                                  | 73,548                           | 400,791                       |
| <i>of which owed to the parent company</i>            | 2,593                            | 262,435                       |
| Liabilities from returned capital contribution        | -                                | 194,268                       |
| <i>of which owed to the parent company</i>            | -                                | 194,268                       |
| Financial instruments and other financial liabilities | 1,100                            | 830                           |
| Provisions  | 77,181                           | 83,248                        |
| Deferred income                                       | 40,626                           | 4,015                         |
| Current income tax liability                          | 7,059                            | 9,372                         |
| Liabilities from disposal groups held for sale        | 16,750                           | 16,415                        |
| <b>Total current liabilities</b>                      | <b>546,255</b>                   | <b>1,059,932</b>              |
| <b>Total liabilities</b>                              | <b>3,034,473</b>                 | <b>3,559,575</b>              |
| <b>Total equity and liabilities</b>                   | <b>3,628,739</b>                 | <b>4,205,058</b>              |

## Condensed consolidated interim statement of cash flows

For the nine-month period ended September 30, 2015

In thousands of EUR ("TEUR")

|   | 30 September 2015<br>(nine months)<br>(unaudited) | 30 September 2014<br>(nine months)<br>(unaudited)<br>(restated) |
|---|---|---|
| <b>OPERATING ACTIVITIES</b>   |   |   |
| Profit (loss) for the period  | (6,101)   | (7,114)   |
| <i>Adjustments for:</i>   |   |   |
| Income taxes  | 21,288  | 5,253   |
| Depreciation and amortisation   | 207,296   | 222,525   |
| Dividend income   | -   | (235)   |
| Impairment losses on property, plant and equipment and intangible assets                            | 1,294   | 472   |
| (Gain) loss on disposal of property, plant and equipment, investment property and intangible assets | (2,503)   | 1,144   |
| (Gain) on disposal of inventories   | (1,036)   | (451)   |
| Emission rights   | 18,534  | 15,768  |
| Share of (profit) loss of equity accounted investees  | 545   | 1,243   |
| (Gain) loss on financial instruments  | 965   | (3,012)   |
| Net interest expense  | 74,261  | 62,583  |
| Change in allowance for impairment to trade receivables and other assets, write-offs                | 2,879   | 2,011   |
| Change in provisions  | (8,325)   | (29,138)  |
| Unrealised foreign exchange (gains) losses, net   | (28,482)  | (4,012)   |
| <b>Operating profit before changes in working capital</b>   | <b>280,615</b>                                    | <b>267,037</b>  |
| Change in financial instruments at other than fair value  | 15,317  | (5,550)   |
| Change in trade receivables and other assets  | 35,803  | 56,618  |
| Change in inventories (including proceeds from sale)  | (15,432)  | (8,039)   |
| Change in extracted minerals and mineral products   | 1,703   | 190   |
| Change in assets held for sale and related liabilities  | 2,916   | 3,111   |
| Change in trade payables and other liabilities  | (16,359)  | (26,543)  |
| <b>Cash generated from (used in) operations</b>   | <b>304,563</b>                                    | <b>286,824</b>  |
| Interest paid   | (69,865)  | (54,539)  |
| Income taxes paid   | (35,290)  | (49,902)  |
| <b>Cash flows generated from (used in) operating activities</b>                                     | <b>199,408</b>                                    | <b>182,383</b>  |
| <b>INVESTING ACTIVITIES</b>   |   |   |
| Received dividends from equity accounted investees  | 1,550   | 4,183   |
| Proceeds from sale of financial instruments – derivatives   | (481)   | 7,927   |
| Acquisition of property, plant and equipment, investment property and intangible assets             | (128,212)   | (84,271)  |
| Purchase of emission rights   | (934)   | (7,341)   |
| Proceeds from sale of emission rights   | 144   | 1,169   |
| Proceeds from sale of property, plant and equipment, investment property and intangible assets      | 6,001   | 3,221   |
| Acquisition of subsidiaries and special purpose entities, net of cash acquired                      | (3,645)   | (2,326)   |
| Increase in participation in existing subsidiaries and special purpose entities                     | (5,315)   | -   |
| Interest received   | 802   | 330   |
| <b>Cash flows from (used in) investing activities</b>   | <b>(130,090)</b>                                  | <b>(77,108)</b>   |
| <b>FINANCING ACTIVITIES</b>   |   |   |
| Proceeds from loans received  | 342,361   | 83,878  |
| Repayments of borrowings  | (256,635)   | (729,533)   |
| Proceeds from bonds issued  | -   | 492,203   |
| Repayment of bonds issued   | (120,000)   | -   |
| Dividends paid  | (33,942)  | (53,851)  |
| <b>Cash flows from (used in) financing activities</b>   | <b>(68,216)</b>                                   | <b>(207,303)</b>  |
| <i>Net increase (decrease) in cash and cash equivalents</i>   | <i>1,102</i>                                      | <i>(102,028)</i>  |
| <b>Cash and cash equivalents at beginning of the period</b>   | <b>238,387</b>                                    | <b>288,321</b>  |
| Effect of exchange rate fluctuations on cash held   | 3,381   | (541)   |
| <b>Cash and cash equivalents at end of the period</b>   | <b>242,870</b>                                    | <b>185,752</b>  |

## **Description of material differences in the financial condition and results of operations between CE Energy and EP Energy (both on a fully consolidated basis)**

For information purposes, on December 30, 2013, CE Energy drew a bank loan of EUR 269.6 million and provided funds of EUR 261.3 million to Energetický a průmyslový holding, a.s. (also “Energetický a průmyslový holding” or “EPH”).

On January 24, 2014, CE Energy acquired all of the outstanding shares of EP Energy from Energetický a průmyslový holding for EUR 1,500.3 million and recognized a subordinated intercompany loan of the same amount.

On January 30, 2014, EP Energy provided a loan of EUR 60 million to CE Energy.

On January 30, 2014, CE Energy made a repayment of the bank loan of EUR 45.9 million.

On February 7, 2014, CE Energy issued Senior Notes due in 2021 (the “2021 Notes”) of EUR 500 million, pursuant to an intercreditor agreement. The 2021 Notes bear interest at 7.000% per annum, payable semi-annually on each February 1 and August 1, beginning on August 1, 2014. The intercompany loans to Energetický a průmyslový holding are subordinated to the 2021 Notes.

The 2021 Notes are secured by a pledge of 100% of the capital stock of CE Energy and by a pledge of 50% minus one share of the capital stock of EP Energy. The indenture pursuant to which the 2021 Notes were issued contains a number of restrictive covenants, including limitations on the ability of subsidiaries to upstream payments to CE Energy, the incurrence of indebtedness, restricted payments, transactions with affiliates, liens and sales of assets.

On February 7, 2014, proceeds from the 2021 Notes less upfront fee were used for a repayment of a remaining balance of the bank loan amounting to EUR 223.8 million and for a repayment of a part of the intercompany loans totalling EUR 250.5 million.

On May 7, 2014, EPE declared and distributed a dividend of EUR 89.9 million to CE Energy which was then used as a partial repayment of the intercompany loan to Energetický a průmyslový holding.

On August 14, 2014, CE Energy, as a sole shareholder of EPE, decided on a non-cash decrease of share capital by EUR 243 million (CZK 6,725 million) to optimise the EPE’s capital structure.

On October 22, 2014, CE Energy received an interim dividend from EP Energy totalling EUR 18 million.

At the end of 2014, Energetický a průmyslový holding capitalised EUR 691 million of the previously provided non-interest bearing intercompany loan to CE Energy’s equity.

During January 2015, CE Energy drew a new bank loan from UniCredit Bank Czech Republic and Slovakia, a.s. (also “UNI” or “the Bank”) totalling EUR 75 million, which was used to purchase bonds in the same amount. On March 11, 2015, the bonds were cancelled. The Bank’s security is at the same level as that of the bond holders.

On February 5, 2015, a non-cash decrease in the registered capital of EP Energy by EUR 243 million (CZK 6,725 million) was recorded in the Commercial Register. As at the same date, a principal of a short-term loan granted by EP Energy of EUR 60 million was offset with a receivable relating to the

decreased registered capital. The remaining portion of the receivable of EUR 183 million was ceded to Energetický a průmyslový holding at the same date. Subsequently, a receivable from the ceded receivable, and a loan provided to EPH, totalling EUR 261 million including a portion of unpaid interest was fully offset with the received non-interest bearing loan amounting to EUR 458 million. As a result, the principals of all loans provided between CEE and EPH were fully offset.

On April 28, 2015, CE Energy entered into a loan agreement as a borrower with UniCredit Bank Czech Republic and Slovakia, a.s. as a lender (also "CEE UNI Loan Agreement"). The CEE UNI Loan Agreement provides for a loan of up to EUR 100 million for the main purpose of refinancing a EUR 75 million loan between CEE and UNI and for financing of repurchase of the CEE bonds by CE Energy. As of the date of this report, CEE purchased additional EUR 50 million of CE Energy's Senior Notes due in 2021, all of them were already cancelled. The purchase was funded by a loan under CEE UNI Loan Agreement and by equity. The outstanding amount of CE Energy's Senior Notes due in 2021 (not owned by CE Energy) amounts to EUR 375 million.

On May 27, 2015 CEE received EUR 35 million of cash dividends from EP Energy. At the same time, CEE declared a non-cash dividend of app. EUR 16 million to EPH which was utilized to carry out specific non-cash settlement of intercompany liabilities and receivables between EPH, CEE and EPE.

On September 22, 2015 the EP Energy drew new term loans granted by HSBC, Československá obchodní banka, a.s. and Commerzbank, a.s. in total amount of EUR 175 million that were partially used to repay SSE Acquisition Credit Facility of approximately EUR 134 million with rest reserved for capital expenditures and operations of the Group.

On September 30, 2015 CEE received EUR 25 million of cash dividends from EP Energy.

For additional information on Economy and Market development, Reporting and Management's discussion and analysis of financial condition and results of operations, Risk factors please also refer to the Report on the first three quarters of the year 2015 for EP Energy, a.s.

## Subsequent events

On June 30, 2015, EP Energy, a.s., has, through its subsidiary company EP Hungary, entered into an agreement with France-based E.D.F. International (EDF) on the sale of its majority stake in Hungary-based Budapesti Erőmű Zrt. EP Energy will acquire more than 95% of the shares in a company that owns three gas-fired cogeneration plants (combined heat & power plants – „CHP“): Kelenföld (with an installed capacity of 188 MWe and 219 MWth), Újpest (105 MWe and 347 MWth) and Kispest (113 MWe and 282 MWth). These CHP plants meet almost 60% of the demand for heat in Budapest and generate approximately 3% of Hungarian electricity. The transaction is expected to be completed in the first half of December.

Pražská teplárenská a.s. is undergoing another step of an internal restructuring, where its real estate subsidiaries are being spun-off to a newly established sister company PT Real Estate, a.s. which has the same shareholders' structure as Pražská teplárenská a.s. The project is expected to be finalized in second half of 2015.

On October 1, 2015 SSE paid out EUR 25.4 million of cash dividends to EP Energy.

In October 2015, Moody's issued an update on CE Energy's rating: Corporate Family Rating – Ba2 with outlook stable.

Except for the matters described above and elsewhere in the Report on the first three quarters of the year 2015 for CE Energy or EP Energy or in the Notes to Condensed Consolidated Interim Financial Statements as of and for the nine-month period ended September 30, 2015 of EP Energy, the Company's management is not aware of any other material subsequent events that could have an effect on the condensed consolidated interim financial statements as at September 30, 2015.

## Appendix 1

### Details of adjustments recorded to the EPE's condensed consolidated interim financial statements as of and for the nine-month period ended September 30, 2015 to derive the CEE's condensed consolidated interim financial statements for the same period

The following tables set forth the condensed consolidated interim statement of comprehensive income of CE Energy for the nine-month period ended September 30, 2015, the condensed consolidated interim statement of financial position of CE Energy as of September 30, 2015, and the condensed consolidated interim statement of cash flows of CE Energy for the nine-month period ended September 30, 2015 derived from the EPE's condensed consolidated interim financial statements as of and for the nine-month period ended September 30, 2015.

#### Condensed consolidated interim statement of comprehensive income

For the nine-month period ended September 30, 2015

In thousands of EUR ("TEUR")

|  | EPE<br>consolidated<br>figures <sup>1</sup> | CEE standalone<br>income statement <sup>2</sup> | Intercompany<br>eliminations <sup>3</sup> | Related FX impact <sup>4</sup> | CE Energy<br>consolidated<br>figures |
|--|---|---|---|--------------------------------|--------------------------------------|
|  | (unaudited)                                 | Adjustment 1<br>(unaudited)                     | Adjustment 2<br>(unaudited)               | Adjustment 3<br>(unaudited)    | (unaudited)                          |
| Sales: Energy  | 1,642,343                                   | -   | -   | -                              | 1,642,343                            |
| of which: Electricity  | 1,027,077                                   | -   | -   | -                              | 1,027,077                            |
| Heat   | 191,804                                     | -   | -   | -                              | 191,804                              |
| Coal   | 225,335                                     | -   | -   | -                              | 225,335                              |
| Gas  | 198,127                                     | -   | -   | -                              | 198,127                              |
| Sales: Other   | 76,348                                      | -   | -   | -                              | 76,348                               |
| Gain (loss) from commodity derivatives for trading with electricity and gas, net | 10,363                                      | -   | -   | -                              | 10,363                               |
| <b>Total sales</b>   | <b>1,729,054</b>                            | -   | -   | -                              | <b>1,729,054</b>                     |
| Cost of sales: Energy  | (1,120,943)                                 | -   | -   | -                              | (1,120,943)                          |
| Cost of sales: Other   | (21,617)                                    | -   | -   | -                              | (21,617)                             |
| <b>Total cost of sales</b>   | <b>(1,142,560)</b>                          | -   | -   | -                              | <b>(1,142,560)</b>                   |
| <b>Subtotal</b>  | <b>586,494</b>                              | -   | -   | -                              | <b>586,494</b>                       |
| Personnel expenses   | (193,977)                                   | -   | -   | -                              | (193,977)                            |
| Depreciation and amortisation  | (207,296)                                   | -   | -   | -                              | (207,296)                            |
| Repairs and maintenance  | (5,659)                                     | -   | -   | -                              | (5,659)                              |
| Emission rights, net   | (18,534)                                    | -   | -   | -                              | (18,534)                             |
| Taxes and charges  | (9,205)                                     | -   | -   | -                              | (9,205)                              |
| Other operating income   | 54,086                                      | -   | -   | -                              | 54,086                               |
| Other operating expenses   | (108,092)                                   | (211)   | -   | -                              | (108,303)                            |
| <b>Profit (loss) from operations</b>   | <b>97,817</b>                               | <b>(211)</b>                                    | -   | -                              | <b>97,606</b>                        |

|  |                 |               |                 |                 |                 |
|--|-----------------|---------------|-----------------|-----------------|-----------------|
| Finance income   | 12,744          | 11,311        | (214)           | (9,346)         | 14,495          |
| Finance expense  | (70,952)        | (34,012)      | 214             | 9,346           | (95,404)        |
| Profit (loss) from derivative financial instruments                          | (965)           | -             | -               | -               | (965)           |
| Income from controlled entities  | -               | 90,191        | (90,191)        | -               | -               |
| <b>Net finance income (expense)</b>  | <b>(59,173)</b> | <b>67,490</b> | <b>(90,191)</b> | <b>-</b>        | <b>(81,874)</b> |
| Share of profit (loss) of equity accounted investees, net of tax             | (545)           | -             | -               | -               | (545)           |
| <b>Profit (loss) before income tax</b>                                       | <b>38,099</b>   | <b>67,279</b> | <b>(90,191)</b> | <b>-</b>        | <b>15,187</b>   |
| Income tax revenues (expenses)   | (19,791)        | (1,497)       | -               | -               | (21,288)        |
| <b>Profit (loss) for the period</b>  | <b>18,308</b>   | <b>65,782</b> | <b>(90,191)</b> | <b>-</b>        | <b>(6,101)</b>  |
| <b>Items that are or may be reclassified subsequently to profit or loss:</b> |                 |               |                 |                 |                 |
| Foreign currency translation differences for foreign operations              | (13,772)        | -             | -               | (2,321)         | (16,093)        |
| Foreign currency translation differences for presentation currency           | 25,620          | -             | -               | (11,899)        | 13,721          |
| Effective portion of changes in fair value of cash flow hedges, net of tax   | 14,293          | -             | -               | -               | 14,293          |
| Fair value reserve included in other comprehensive income                    | (183)           | -             | -               | -               | (183)           |
| <b>Other comprehensive income for the period, net of tax</b>                 | <b>25,958</b>   | <b>-</b>      | <b>-</b>        | <b>(14,220)</b> | <b>11,738</b>   |
| <b>Total comprehensive income for the period</b>                             | <b>44,266</b>   | <b>65,782</b> | <b>(90,191)</b> | <b>(14,220)</b> | <b>5,637</b>    |
| <b>Profit (loss) attributable to:</b>  |                 |               |                 |                 |                 |
| Owners of the Company  | (4,322)         | 65,782        | (90,191)        | -               | (28,731)        |
| Non-controlling interest   | 22,630          | -             | -               | -               | 22,630          |
| <b>Profit (loss) for the period</b>  | <b>18,308</b>   | <b>65,782</b> | <b>(90,191)</b> | <b>-</b>        | <b>(6,101)</b>  |
| <b>Total comprehensive income attributable to:</b>                           |                 |               |                 |                 |                 |
| Owners of the Company  | 19,125          | 65,782        | (90,191)        | (14,220)        | (19,504)        |
| Non-controlling interest   | 25,141          | -             | -               | -               | 25,141          |
| <b>Total comprehensive income for the period</b>                             | <b>44,266</b>   | <b>65,782</b> | <b>(90,191)</b> | <b>(14,220)</b> | <b>5,637</b>    |

(1) Condensed consolidated interim statement of comprehensive income of EP Energy, a.s. for the nine-month period ended September 30, 2015

(2) In the Adjustment 1, EPE consolidated figures have been adjusted to include CEE statutory statement of comprehensive income for the nine-month period ended September 30, 2015.

(3) The Adjustment 2 covers eliminations of intercompany transactions between EPE and CEE for the nine-month period ended September 30, 2015.

(4) The Adjustment 3 represents foreign exchange differences.

## Condensed consolidated interim statement of financial position

As of September 30, 2015

In thousands of EUR ("TEUR")

|   | EPE consolidated<br>figures <sup>1</sup> | CEE standalone<br>statement of financial<br>position <sup>2</sup> | Elimination of<br>investment and equity<br>of EPE and related FX<br>impact <sup>3</sup> | CE Energy<br>consolidated<br>figures |
|---|--|---|---|--------------------------------------|
|   | (unaudited)                              | Adjustment 1<br>(unaudited)                                       | Adjustment 2<br>(unaudited)   | (unaudited)                          |
| <b>Assets</b>                                       |  |   |   |                                      |
| Property, plant and equipment                       | 2,184,763                                | -   | -   | 2,184,763                            |
| Intangible assets                                   | 121,903                                  | -   | -   | 121,903                              |
| Goodwill  | 102,703                                  | -   | -   | 102,703                              |
| Investment property                                 | 2,516                                    | -   | -   | 2,516                                |
| Participations with control                         | -  | 1,271,887   | (1,271,887)   | -                                    |
| Participations with significant influence           | 117,463                                  | -   | -   | 117,463                              |
| Financial instruments and other financial assets    | 7,350                                    | -   | -   | 7,350                                |
| <i>of which receivables from the parent company</i> | -  | -   | -   | -                                    |
| Trade receivables and other assets                  | 9,427                                    | -   | -   | 9,427                                |
| Deferred tax assets                                 | 8,105                                    | -   | -   | 8,105                                |
| <b>Total non-current assets</b>                     | <b>2,554,230</b>                         | <b>1,271,887</b>  | <b>(1,271,887)</b>  | <b>2,554,230</b>                     |
| Inventories   | 92,468                                   | -   | -   | 94,468                               |
| Extracted minerals and mineral products             | 6,223                                    | -   | -   | 6,223                                |
| Trade receivables and other assets                  | 322,669                                  | 14  | -   | 322,683                              |
| Financial instruments and other financial assets    | 358,485                                  | -   | -   | 358,485                              |
| <i>of which receivables from the parent company</i> | 302,974                                  | -   | -   | 302,974                              |
| Prepayments and other deferrals                     | 3,643                                    | -   | -   | 3,643                                |
| Tax receivables                                     | 24,553                                   | 34  | -   | 24,587                               |
| Cash and cash equivalents                           | 203,100                                  | 39,770  | -   | 242,870                              |
| Assets/disposal groups held for sale                | 23,550                                   | -   | -   | 23,550                               |
| <b>Total current assets</b>                         | <b>1,034,691</b>                         | <b>39,818</b>   | <b>-</b>  | <b>1,074,509</b>                     |
| <b>Total assets</b>                                 | <b>3,588,921</b>                         | <b>1,311,705</b>  | <b>(1,271,887)</b>  | <b>3,628,739</b>                     |
| <b>Equity</b>                                       |  |   |   |                                      |
| Share capital                                       | 526,663                                  | 78  | (526,663)   | 78                                   |
| Share premium                                       | 116,434                                  | -   | (116,434)   | -                                    |
| Reserves  | (415,355)                                | 753,233   | (640,019)   | (302,141)                            |
| Retained earnings                                   | 359,436                                  | 75,706  | 11,229  | 446,371                              |
| <b>Total equity attributable to equity holders</b>  | <b>587,178</b>                           | <b>829,017</b>  | <b>(1,271,887)</b>  | <b>144,308</b>                       |
| Non-controlling interest                            | 449,958                                  | -   | -   | 449,958                              |
| <b>Total equity</b>                                 | <b>1,037,136</b>                         | <b>829,017</b>  | <b>(1,271,887)</b>  | <b>594,266</b>                       |

|   |                  |                  |                    |                  |
|---|------------------|------------------|--------------------|------------------|
| <b>Liabilities</b>                                    |                  |                  |                    |                  |
| Loans and borrowings                                  | 1,316,976        | 474,345          | -                  | 1,791,321        |
| <i>of which owed to the parent company</i>            | -                | -                | -                  | -                |
| Financial instruments and other financial liabilities | 294              | -                | -                  | 294              |
| Provisions  | 355,606          | -                | -                  | 355,606          |
| Deferred income                                       | 36,053           | -                | -                  | 36,053           |
| Deferred tax liabilities                              | 228,617          | 1,082            | -                  | 229,699          |
| Trade payables and other liabilities                  | 75,245           | -                | -                  | 75,245           |
| <b>Total non-current liabilities</b>                  | <b>2,012,791</b> | <b>475,427</b>   | <b>-</b>           | <b>2,488,218</b> |
| Trade payables and other liabilities                  | 329,990          | 1                | -                  | 329,991          |
| Loans and borrowings                                  | 68,123           | 5,425            | -                  | 73,548           |
| <i>of which owed to the parent company</i>            | 2,593            | -                | -                  | 2,593            |
| Financial instruments and other financial liabilities | 1,100            | -                | -                  | 1,100            |
| Provisions  | 77,181           | -                | -                  | 77,181           |
| Deferred income                                       | 40,626           | -                | -                  | 40,626           |
| Current income tax liability                          | 5,224            | 1,835            | -                  | 7,059            |
| Liabilities from disposal groups held for sale        | 16,750           | -                | -                  | 16,750           |
| <b>Total current liabilities</b>                      | <b>538,994</b>   | <b>7,261</b>     | <b>-</b>           | <b>546,255</b>   |
| <b>Total liabilities</b>                              | <b>2,551,785</b> | <b>482,688</b>   | <b>-</b>           | <b>3,034,473</b> |
| <b>Total equity and liabilities</b>                   | <b>3,588,921</b> | <b>1,311,705</b> | <b>(1,271,887)</b> | <b>3,628,739</b> |

(1) Condensed consolidated interim statement of financial position of EP Energy, a.s. as of September 30, 2015

(2) In the Adjustment 1, EPE consolidated figures have been adjusted to include the CEE statutory statement of financial position as of September 30, 2015.

(3) The Adjustment 2 is related to elimination of investment of CEE in EPE together with the associated FX impact and elimination of equity of EPE.

## Condensed consolidated interim statement of cash flows

For the nine-month period ended September 30, 2015

In thousands of EUR ("TEUR")

|   | EPE consolidated<br>figures <sup>1</sup> | CEE standalone<br>statement of cash<br>flows incl. impact<br>from CEE<br>consolidation <sup>2</sup> | Repayment of<br>2021 Senior<br>Notes <sup>3</sup> | Proceeds<br>(repayments) of<br>loans and<br>borrowings <sup>4</sup> | Intercompany<br>eliminations <sup>5</sup> | CE Energy<br>consolidated<br>figures |
|---|--|---|---|---|---|--------------------------------------|
|   | (unaudited)                              | Adjustment 1<br>(unaudited)   | Adjustment 2<br>(unaudited)                       | Adjustment 3<br>(unaudited)   | Adjustment 4<br>(unaudited)               | (unaudited)                          |
| <b>OPERATING ACTIVITIES</b>   |  |   |   |   |   |                                      |
| Profit (loss) for the period  | 18,308                                   | 65,782  | -   | -   | (90,191)                                  | (6,101)                              |
| <i>Adjustments for:</i>   |  |   |   |   |   |                                      |
| Income taxes  | 19,791                                   | 1,497   | -   | -   | -   | 21,288                               |
| Depreciation and amortisation   | 207,296                                  | -   | -   | -   | -   | 207,296                              |
| Dividend income   | -  | (90,191)  | -   | -   | 90,191                                    | -                                    |
| Impairment losses on property, plant and equipment and intangible assets                            | 1,294                                    | -   | -   | -   | -   | 1,294                                |
| (Gain) loss on disposal of property, plant and equipment, investment property and intangible assets | (2,503)                                  | -   | -   | -   | -   | (2,503)                              |
| (Gain) loss on disposal of inventories  | (1,036)                                  | -   | -   | -   | -   | (1,036)                              |
| Emission rights   | 18,534                                   | -   | -   | -   | -   | 18,534                               |
| Share of (profit) loss of equity accounted investees  | 545                                      | -   | -   | -   | -   | 545                                  |
| (Gain) loss on financial instruments  | 965                                      | -   | -   | -   | -   | 965                                  |
| Net interest expense  | 45,176                                   | 29,085  | -   | -   | -   | 74,261                               |
| Change in allowance for impairment to trade receivables and other assets, write-offs                | 2,879                                    | -   | -   | -   | -   | 2,879                                |
| Change in provisions  | (8,325)                                  | -   | -   | -   | -   | (8,325)                              |
| Unrealised foreign exchange (gains) losses, net   | (19,999)                                 | (8,483)   | -   | -   | -   | (28,482)                             |
| <b>Operating profit (loss) before changes in working capital</b>                                    | <b>282,925</b>                           | <b>(2,310)</b>  | -   | -   | -   | <b>280,615</b>                       |
| Change in financial instruments at other than fair value  | 15,317                                   | -   | -   | -   | -   | 15,317                               |
| Change in trade receivables and other assets  | 35,803                                   | -   | -   | -   | -   | 35,803                               |
| Change in inventories (including proceeds from sale)  | (15,432)                                 | -   | -   | -   | -   | (15,432)                             |
| Change in extracted minerals and mineral products   | 1,703                                    | -   | -   | -   | -   | 1,703                                |
| Change in assets held for sale and related liabilities  | 2,916                                    | -   | -   | -   | -   | 2,916                                |
| Change in trade payables and other liabilities  | (16,342)                                 | (17,994)  | -   | -   | 17,977                                    | (16,359)                             |
| <b>Cash generated from (used in) operations</b>   | <b>306,890</b>                           | <b>(20,304)</b>   | -   | -   | <b>17,977</b>                             | <b>304,563</b>                       |
| Interest paid   | (33,817)                                 | (36,048)  | -   | -   | -   | (69,865)                             |
| Income taxes paid   | (35,281)                                 | (9)   | -   | -   | -   | (35,290)                             |
| <b>Cash flows generated from (used in) operating activities</b>                                     | <b>237,792</b>                           | <b>(56,361)</b>   | -   | -   | <b>17,977</b>                             | <b>199,408</b>                       |

|  |                  |                             |                  |                |               |                  |
|--|------------------|-----------------------------|------------------|----------------|---------------|------------------|
| <b>INVESTING ACTIVITIES</b>  |                  |                             |                  |                |               |                  |
| Received dividends   | 1,550            | -                           | -                | -              | -             | 1,550            |
| Proceeds from sale of financial instruments – derivatives  | (481)            | -                           | -                | -              | -             | (481)            |
| Acquisition of property, plant and equipment, investment property and other intangible assets        | (128,212)        | -                           | -                | -              | -             | (128,212)        |
| Purchase of emission rights  | (934)            | -                           | -                | -              | -             | (934)            |
| Proceeds from sale of emission rights  | 144              | -                           | -                | -              | -             | 144              |
| Proceeds from sale of property, plant and equipment, investment property and other intangible assets | 6,001            | -                           | -                | -              | -             | 6,001            |
| Acquisition of subsidiaries and special purpose entities, net of cash acquired                       | (3,645)          | -                           | -                | -              | -             | (3,645)          |
| Increase in participation in existing subsidiaries and special purpose entities                      | (5,315)          | -                           | -                | -              | -             | (5,315)          |
| Interest received  | 802              | -                           | -                | -              | -             | 802              |
| <b>Cash flows from (used in) investing activities</b>  | <b>(130,090)</b> | -                           | -                | -              | -             | <b>(130,090)</b> |
| <b>FINANCING ACTIVITIES</b>  |                  |                             |                  |                |               |                  |
| Proceeds from loans received   | 242,361          | -                           | -                | 100,000        | -             | 342,361          |
| Repayments of borrowings   | (256,635)        | -                           | -                | -              | -             | (256,635)        |
| Repayment of bonds issued  | -                | -                           | (120,000)        | -              | -             | (120,000)        |
| Dividends paid   | (93,942)         | -                           | -                | -              | 60,000        | (33,942)         |
| <b>Cash flows from (used in) financing activities</b>  | <b>(108,216)</b> | -                           | <b>(120,000)</b> | <b>100,000</b> | <b>60,000</b> | <b>(68,216)</b>  |
| <i>Net increase (decrease) in cash and cash equivalents</i>  | <i>(514)</i>     | <i>(56,361)</i>             | <i>(120,000)</i> | <i>100,000</i> | <i>77,977</i> | <i>1,102</i>     |
| <b>Cash and cash equivalents at beginning of the period</b>  | <b>200,978</b>   | <b>37,409</b>               | -                | -              | -             | <b>238,387</b>   |
| Effect of exchange rate fluctuations on cash held  | 2,636            | 745                         | -                | -              | -             | 3,381            |
| <b>Cash and cash equivalents at end of the period</b>  | <b>203,100</b>   | <b>(18,207)<sup>6</sup></b> | <b>(120,000)</b> | <b>100,000</b> | <b>77,977</b> | <b>242,870</b>   |

(1) Condensed consolidated interim statement of cash flows of EP Energy, a.s. for the nine-month period ended September 30, 2015

(2) In the Adjustment 1, EPE consolidated figures have been adjusted to include CEE statutory statement of cash flows for the nine-month period ended September 30, 2015 and related FX impact.

(3) The Adjustment 2 covers a cash outflow from repayment of 2021 Senior Notes.

(4) The Adjustment 3 comprises a cash inflow from proceeds of loans and borrowings.

(5) The Adjustment 4 covers eliminations of intercompany balances between EPE and CEE for the nine-month period ended September 30, 2015.

(6) In order to separately present individual cash transactions on CE Energy level, the cash balance does not reconcile to a cash position of EUR 39.8 million as presented above in Appendix 1 in CE Energy standalone statement of financial position.

## Appendix 2

### Condensed consolidated interim statement of comprehensive income

For the period from July 1, 2015 to September 30, 2015

In thousands of EUR ("TEUR")

|  | July 1 to<br>September 30,<br>2015<br>(unaudited) | July 1 to<br>September 30,<br>2014<br>(unaudited)<br>(restated) |
|--|---|---|
| Sales: Energy  | 517,372   | 461,095   |
| <i>of which: Electricity</i>   | <i>344,368</i>                                    | <i>342,962</i>  |
| Heat   | 24,339  | 22,060  |
| Coal   | 89,743  | 65,141  |
| Gas  | 58,922  | 30,782  |
| Other energy products  | -   | 150   |
| Sales: Other   | 26,102  | 28,504  |
| Gain (loss) from commodity derivatives for trading with electricity and gas, net | 2,464   | 5,465   |
| <b>Total sales</b>   | <b>545,938</b>                                    | <b>495,064</b>  |
| Cost of sales: Energy  | (367,019)   | (324,267)   |
| Cost of sales: Other   | (3,082)   | (14,257)  |
| <b>Total cost of sales</b>   | <b>(370,101)</b>                                  | <b>(338,524)</b>  |
| <b>Subtotal</b>  | <b>175,837</b>                                    | <b>156,540</b>  |
| Personnel expenses   | (61,602)  | (63,248)  |
| Depreciation and amortisation  | (70,299)  | (72,432)  |
| Repairs and maintenance  | (541)   | (4,033)   |
| Emission rights, net   | (6,757)   | (4,906)   |
| Taxes and charges  | (2,939)   | (3,409)   |
| Other operating income   | 15,538  | 15,830  |
| Other operating expenses   | (30,538)  | (28,033)  |
| <b>Profit (loss) from operations</b>   | <b>18,699</b>                                     | <b>(3,691)</b>  |
| Finance income   | 3,921   | 12,933  |
| Finance expense  | (29,551)  | (38,462)  |
| Profit (loss) from derivative financial instruments                              | (298)   | 2,004   |
| <b>Net finance income (expense)</b>  | <b>(25,928)</b>                                   | <b>(23,525)</b>   |
| Share of profit (loss) of equity accounted investees, net of tax                 | 832   | (638)   |
| <b>Profit (loss) before income tax</b>   | <b>(6,397)</b>                                    | <b>(27,854)</b>   |
| Income tax revenues (expenses)   | (5,903)   | 5,392   |
| <b>Profit (loss) for the period</b>  | <b>(12,300)</b>                                   | <b>(22,462)</b>   |

## Condensed consolidated interim statement of cash flows

For the period from July 1, 2015 to September 30, 2015

In thousands of EUR ("TEUR")

|  | July 1 to<br>September 30,<br>2015<br>(unaudited) | July 1 to<br>September 30,<br>2014<br>(unaudited)<br>(restated) |
|--|---|---|
| <b>OPERATING ACTIVITIES</b>  |   |   |
| Profit (loss) for the period   | (12,300)  | (22,462)  |
| Adjustments for:   |   |   |
| Income taxes   | 5,903   | (5,392)   |
| Depreciation and amortisation  | 70,299  | 72,432  |
| Dividend income  | 179   | -   |
| Impairment losses on property, plant and equipment and intangible assets                             | 531   | 42  |
| (Gain) loss on disposal of property, plant and equipment, investment property and intangible assets  | (300)   | 98  |
| (Gain) loss on disposal of inventories   | (412)   | (299)   |
| Emission rights  | 6,757   | 4,906   |
| Share of (profit) loss of equity accounted investees   | (832)   | 638   |
| (Gain) loss on financial instruments   | 298   | (2,004)   |
| Net interest expense   | 24,575  | 23,681  |
| Change in allowance for impairment to trade receivables and other assets, write-offs                 | 841   | 336   |
| Change in provisions   | (5,121)   | (279)   |
| Unrealised foreign exchange (gains) losses, net  | 257   | (1,169)   |
| <b>Operating profit (loss) before changes in working capital</b>                                     | <b>90,675</b>                                     | <b>70,528</b>   |
| Change in financial instruments at other than fair value   | (1,482)   | (5,822)   |
| Change in trade receivables and other assets   | (752)   | (24,574)  |
| Change in inventories (including proceeds from sale)   | (12,653)  | (3,367)   |
| Change in extracted minerals and mineral products  | (225)   | (303)   |
| Change in assets held for sale and related liabilities   | 245   | 3,109   |
| Change in trade payables and other liabilities   | (10,091)  | 51,142  |
| <b>Cash generated from (used in) operations</b>  | <b>65,717</b>                                     | <b>90,713</b>   |
| Interest paid  | (20,047)  | (19,678)  |
| Income taxes paid  | (5,324)   | (12,104)  |
| <b>Cash flows generated from (used in) operating activities</b>                                      | <b>40,346</b>                                     | <b>58,931</b>   |
| <b>INVESTING ACTIVITIES</b>  |   |   |
| Received dividends from equity accounted investees   | 1,550   | (3)   |
| Proceeds from sale of financial instruments – derivatives  | 594   | 3,905   |
| Acquisition of property, plant and equipment, investment property and other intangible assets        | (49,635)  | (36,160)  |
| Purchase of emission rights  | (170)   | (557)   |
| Proceeds from sale of emission rights  | 82  | (2)   |
| Proceeds from sale of property, plant and equipment, investment property and other intangible assets | 1,645   | (4,052)   |
| Acquisition of subsidiaries and special purpose entities, net of cash acquired                       | (3,645)   | (2,326)   |
| Increase in participation in existing subsidiaries and special purpose entities                      | (3,663)   | -   |
| Interest received  | -   | 95  |
| <b>Cash flows from (used in) investing activities</b>  | <b>(53,242)</b>                                   | <b>(39,100)</b>   |
| <b>FINANCING ACTIVITIES</b>  |   |   |
| Proceeds from loans received   | 215,697   | 16,246  |
| Repayments of borrowings   | (168,173)   | (93,376)  |
| Repayments of bonds issued   | (9,500)   | -   |
| Dividends paid   | (7,442)   | (26,350)  |
| <b>Cash flows from (used in) financing activities</b>  | <b>30,582</b>                                     | <b>(103,480)</b>  |
| <i>Net increase (decrease) in cash and cash equivalents</i>  | <i>17,686</i>                                     | <i>(83,649)</i>   |
| <b>Cash and cash equivalents at beginning of the period</b>  | <b>224,763</b>                                    | <b>269,761</b>  |
| Effect of exchange rate fluctuations on cash held  | 421   | (360)   |
| <b>Cash and cash equivalents at end of the period</b>  | <b>242,870</b>                                    | <b>185,752</b>  |