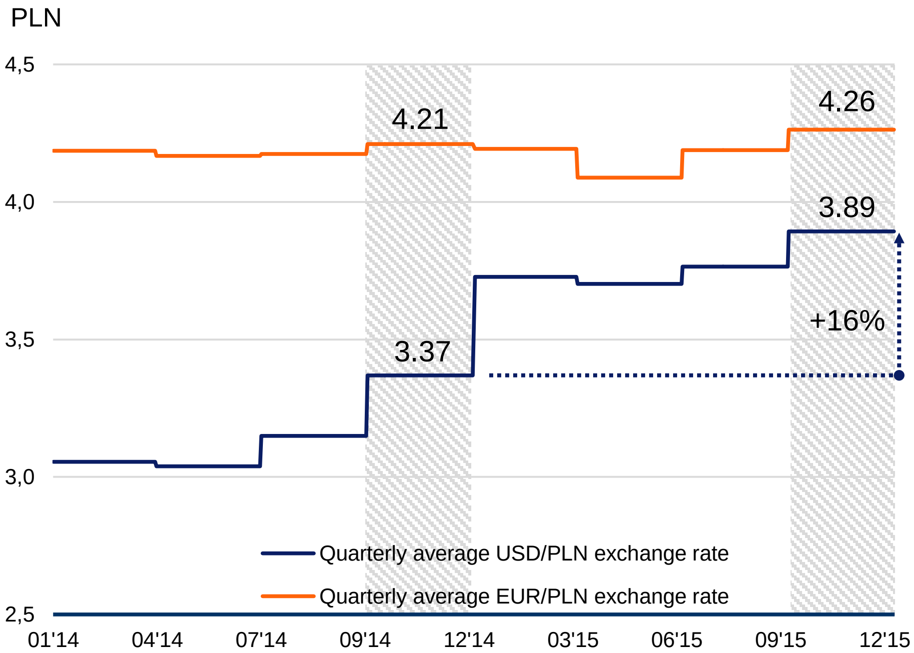
10 YEARS ON THE WARSAW STOCK EXCHANGE

PGNiG Group results for 2015

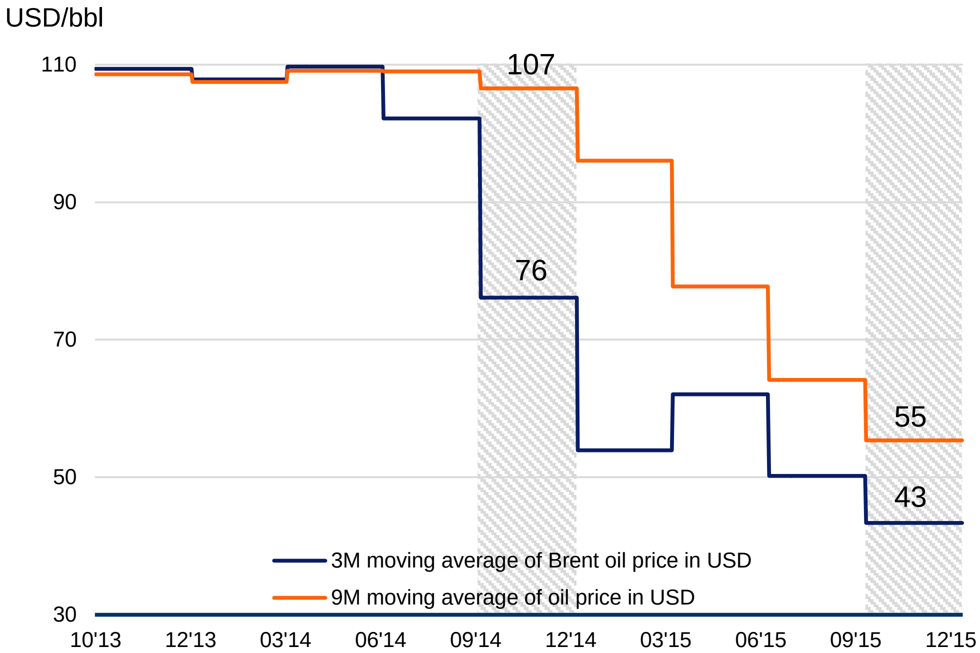
March 4th 2016

Performance drivers

Stronger USD and stable EUR against PLN yoy



In Q4 2015, 9-month average of crude oil prices down 48% yoy and down 14% qoq



Performance drivers

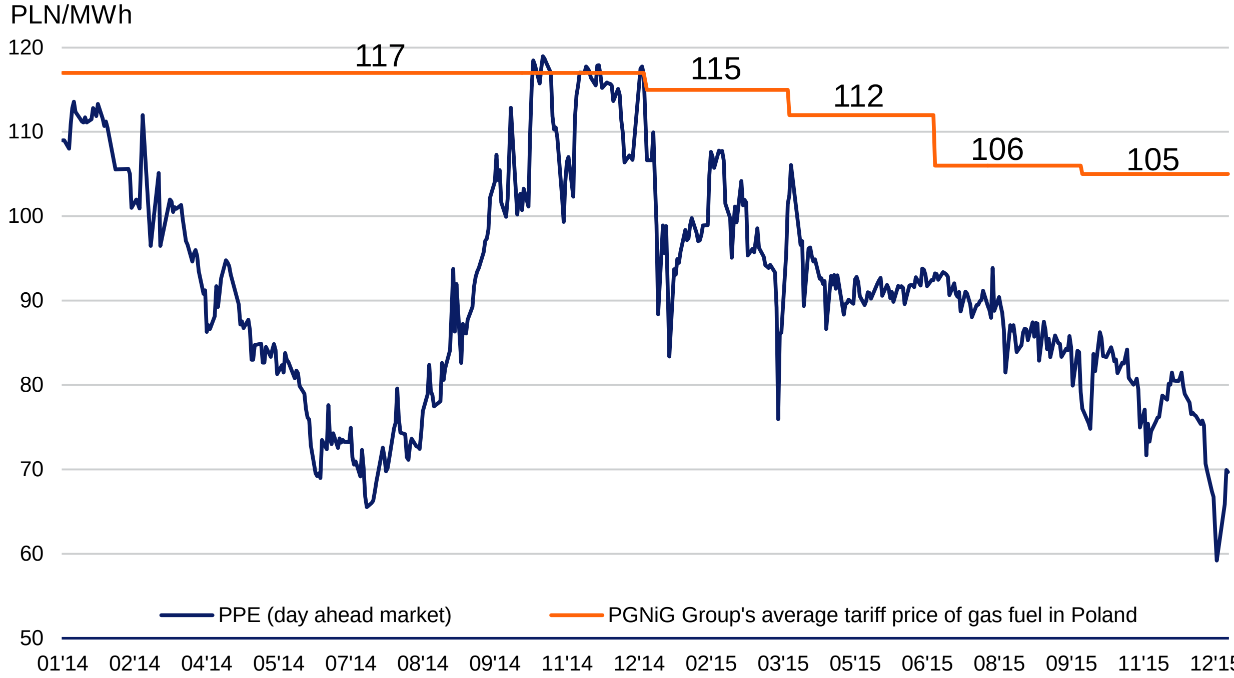
Average regulated price down 10% year on year in Q4 2015.

Discounts improves the attractiveness of offer to business customers.

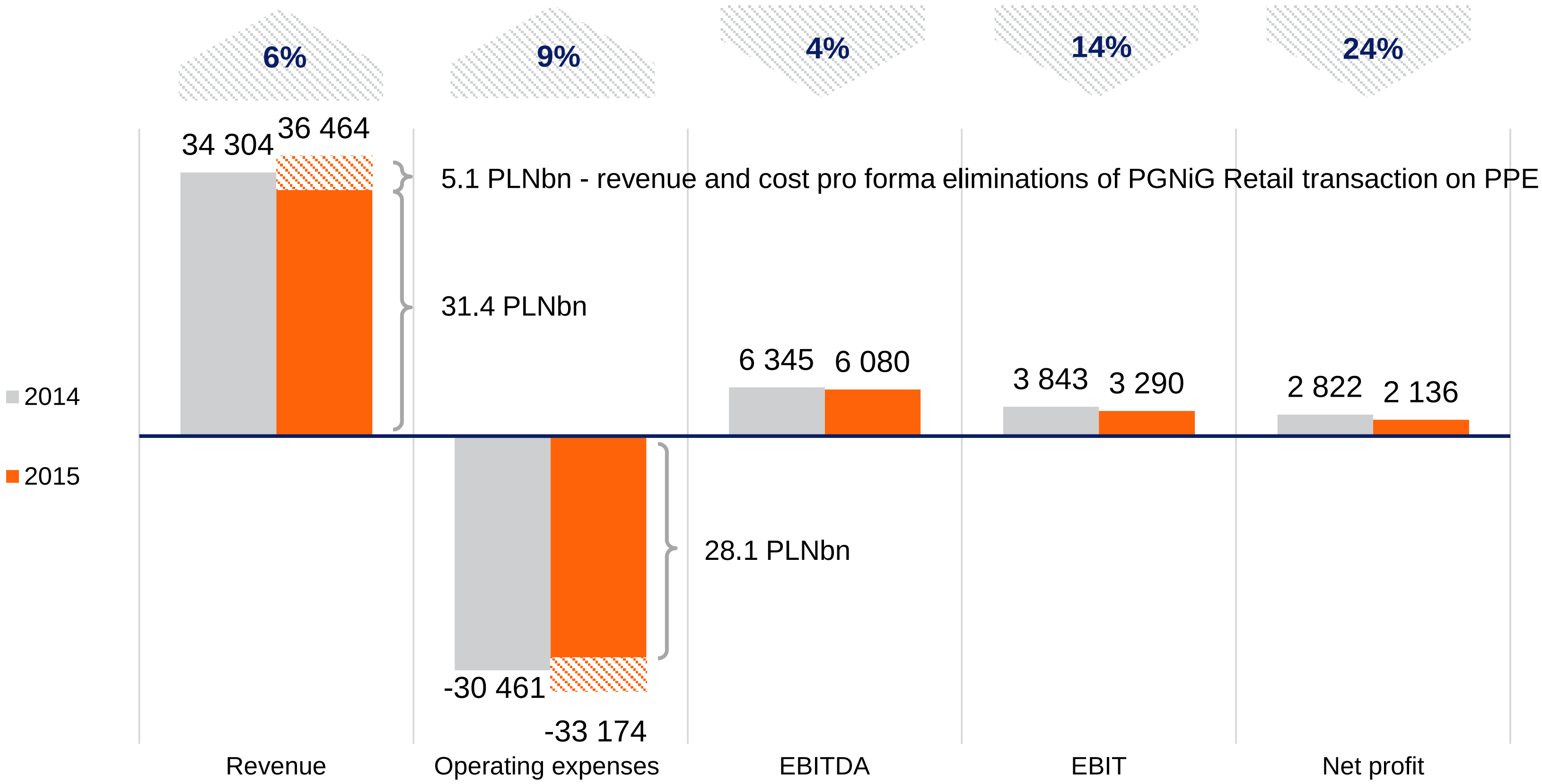
Comments:

- Price in the chart is calculated on the combined tariff-price sales of PGNiG SA and PGNiG Retail to customers in Poland. It excludes transactions on the Polish Power Exchange, discounts, and gas sold directly from the fields.
- The largest volumes of gas were traded on the PPE and other gas exchanges under contracts with maturities of a quarter, season (summer/winter) and gas year, with the spot market playing a complementary role in gas trading.

Average tariff price of gas fuel in Poland and the price of gas on the PPE



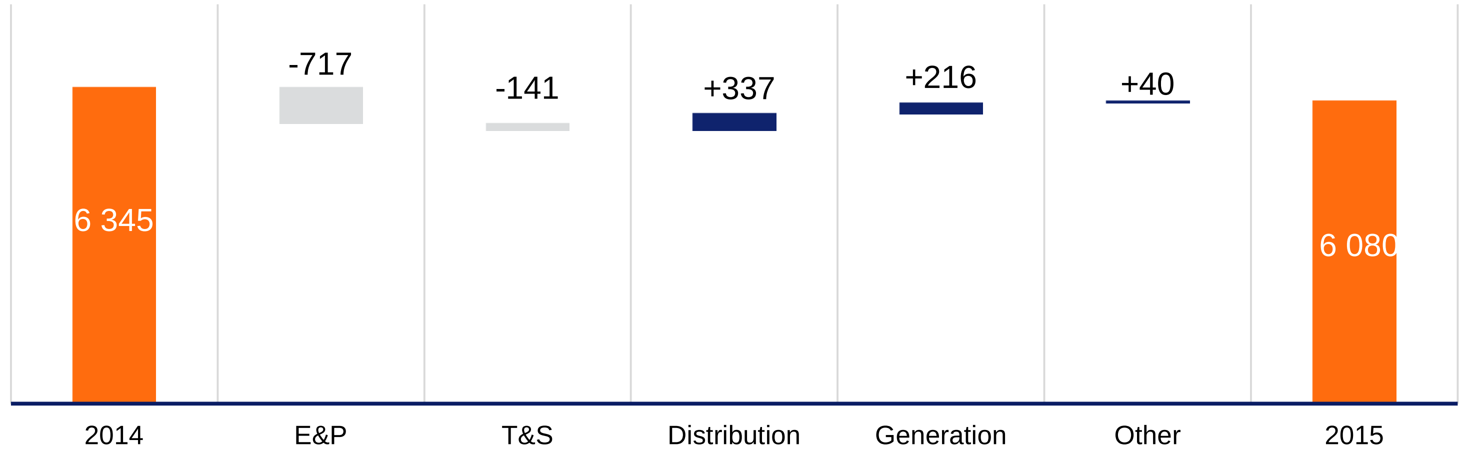
Fall in prices of crude oil and natural gas decreased EBITDA by 4%



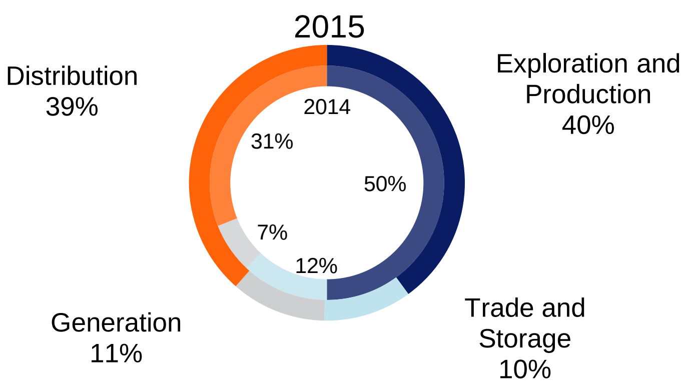
Considering the pro forma eliminations revenues decreased at higher pace (9%) than costs (8%)

Fuel prices had a negative impact on the contribution of E&P segment

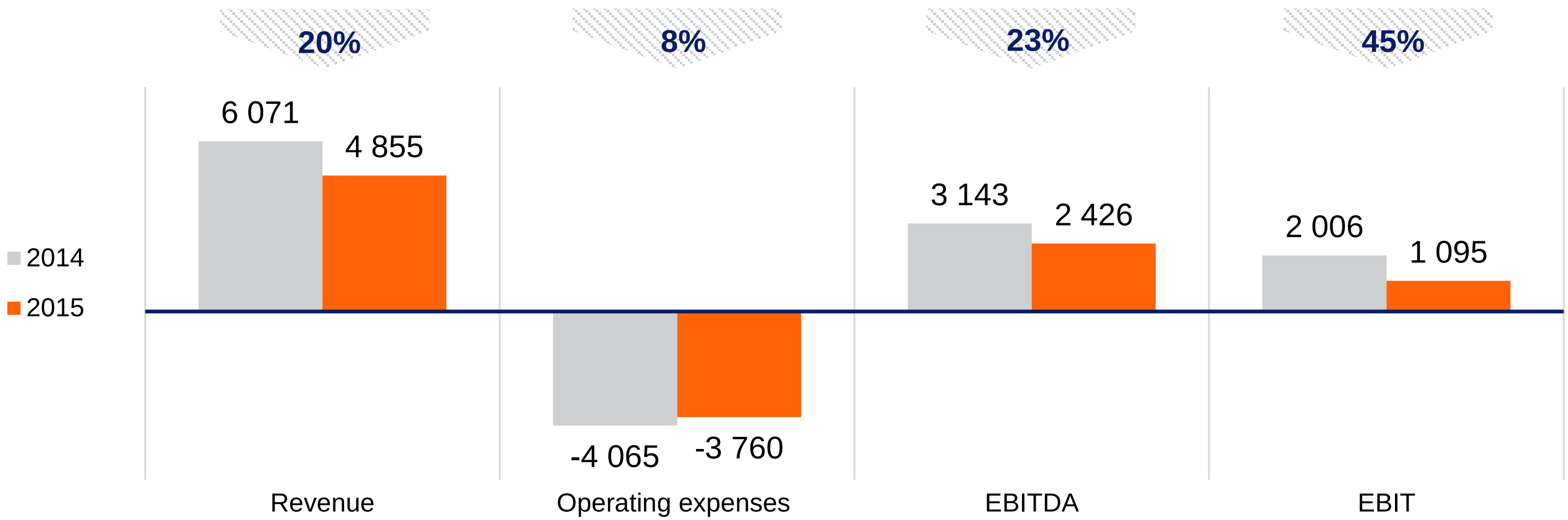
PGNiG Group's 2015 EBITDA down year on year (PLNm)

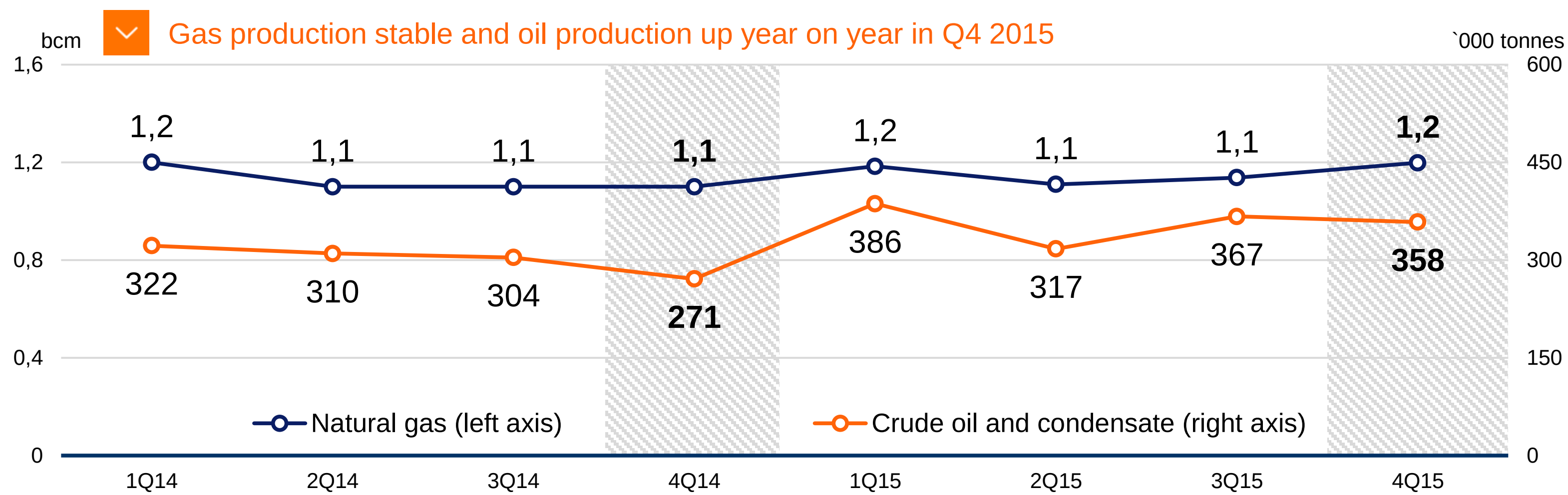


Segments' contribution to Group EBITDA

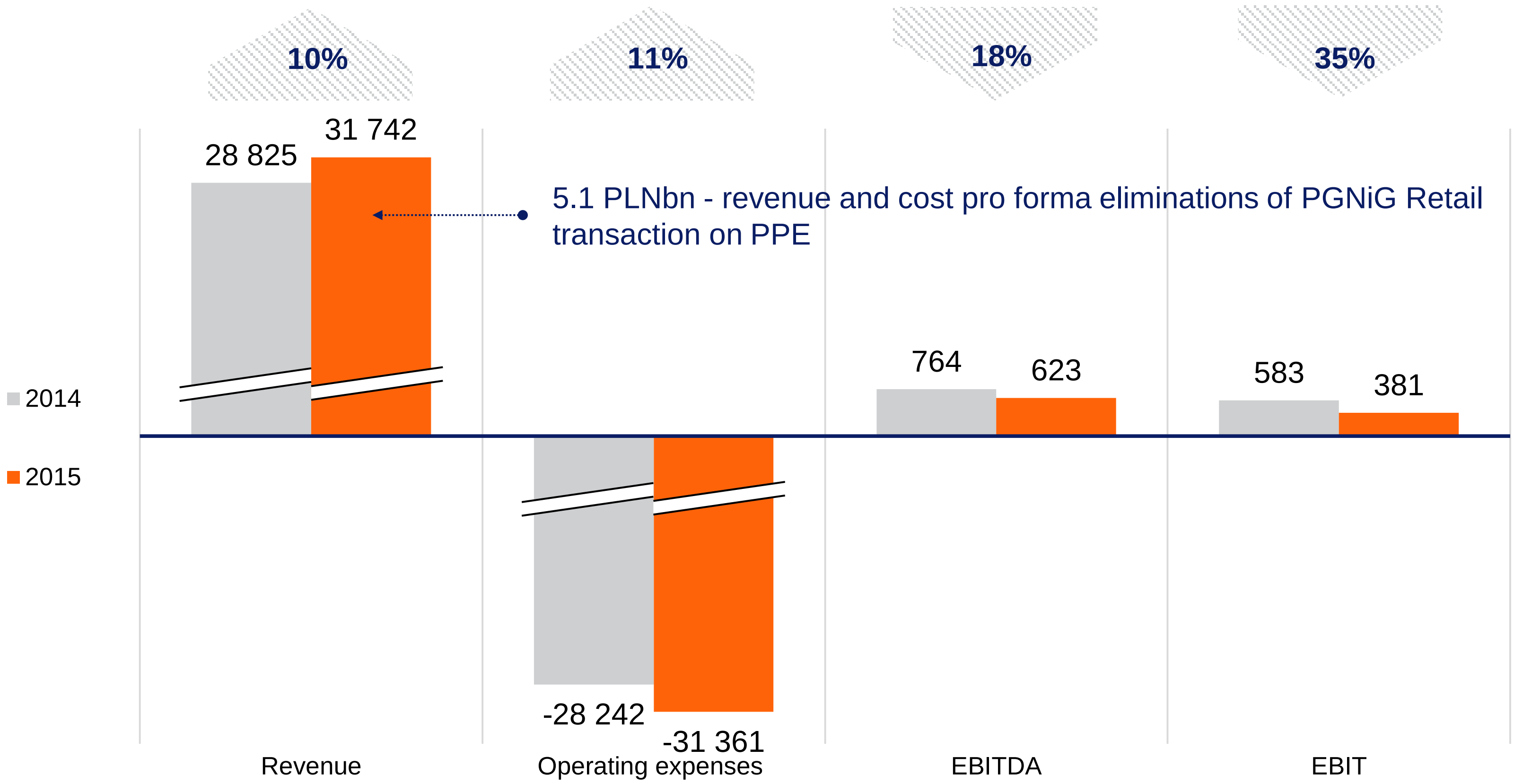


The decrease in oil prices lowers the results of Exploration and Production





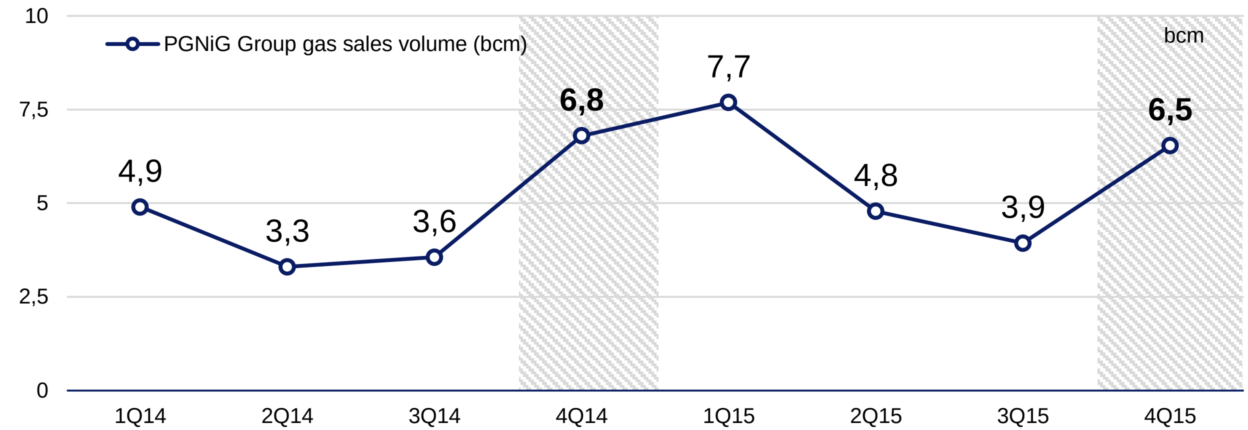
Results of Trade and Storage under the pressure of tariffs and discount policy



Trade and Storage (2)

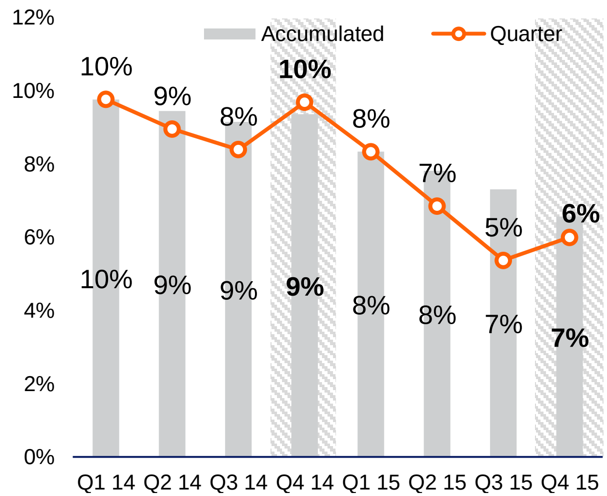
PGNiG

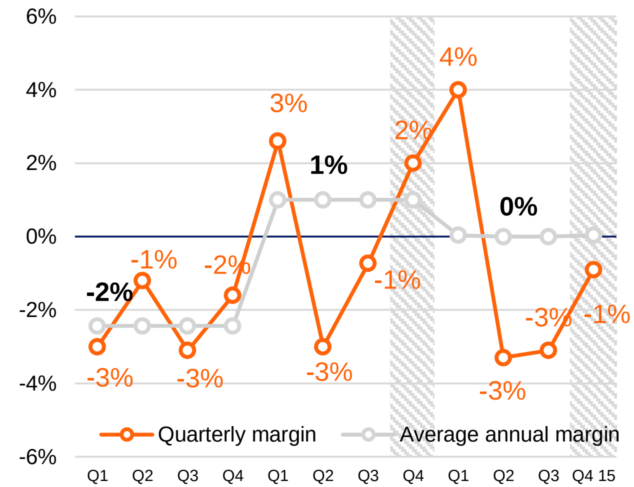
PGNiG Group's sales of gas in 4Q2015 lower by 0.3 bcm Y/Y, as a result of the progression of gas market liberalization.



Positive margin on E gas fuel

Negative operating margin on E gas

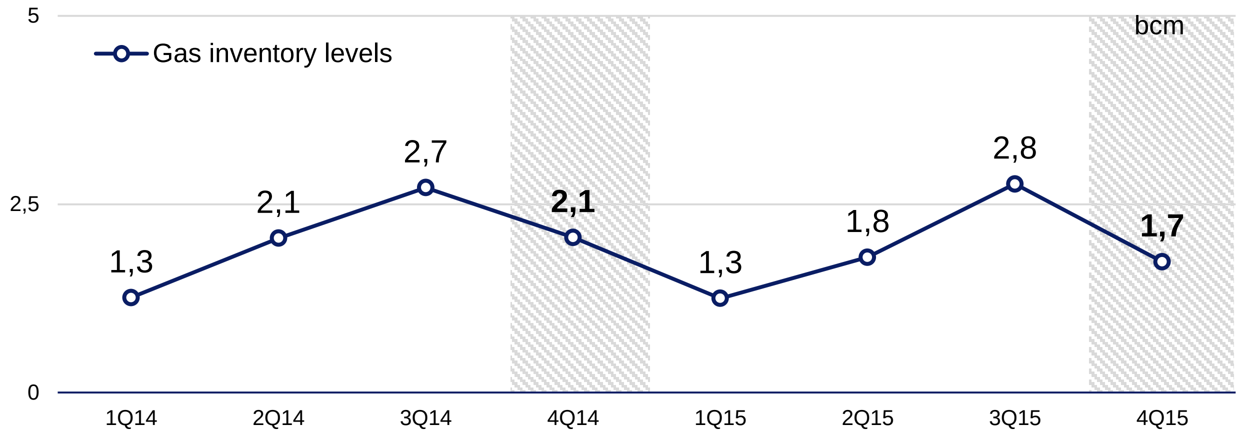




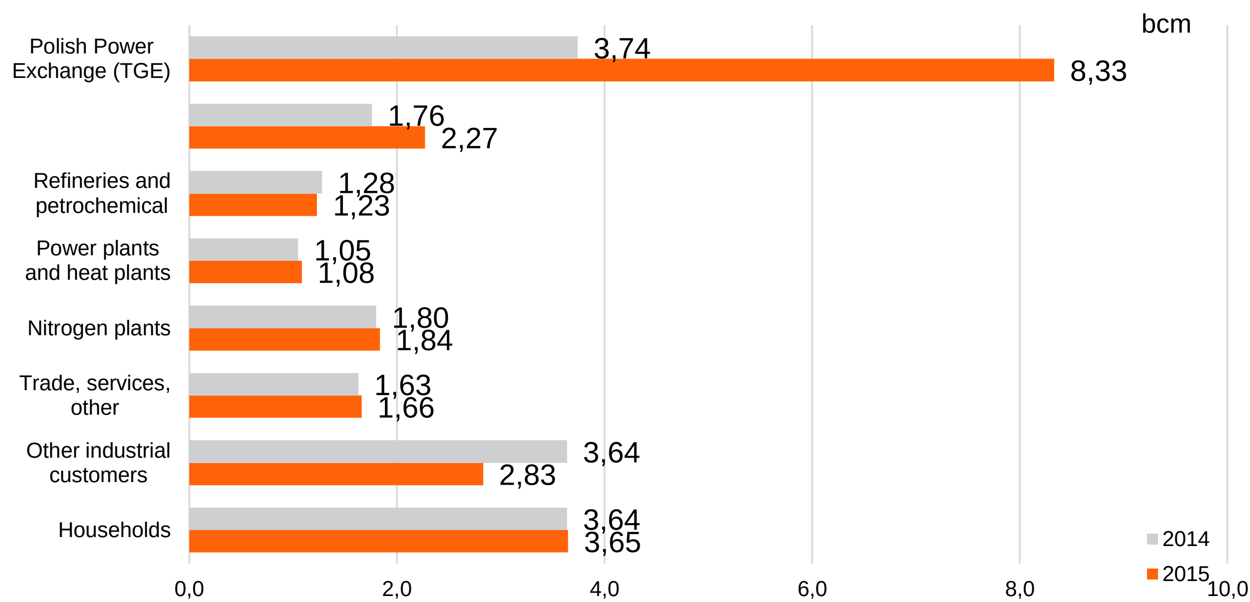
4Q2015: positive average margin on the gas fuel (E) in PGNiG SA and PGNiG Retail in total + 6% with a negative operating margin of -1%. Accumulated + 7% and 0% respectively.

Trade and Storage (3)

The 2014/2015 winter season heavily influenced by limited supplies from the East. Different approach to the construction of a gas portfolio for the 2015/2016 season.

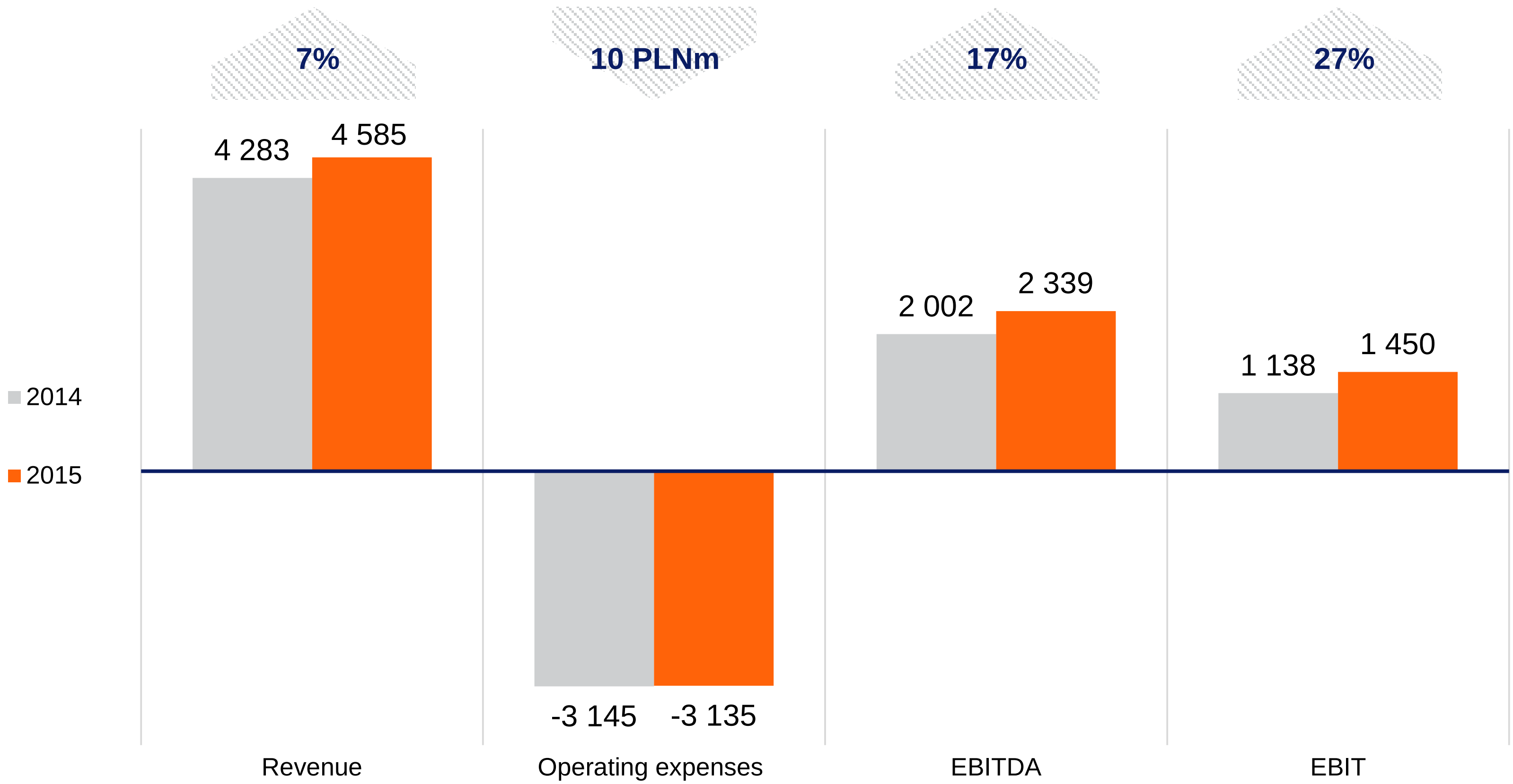


Stable Y/Y sales among households, nitrogen plants, refineries and petrochemical companies and power plants. The lower sales volume in the group of other industrial customers and trade and services, to which PGNiG Group' discount policy is addressed.

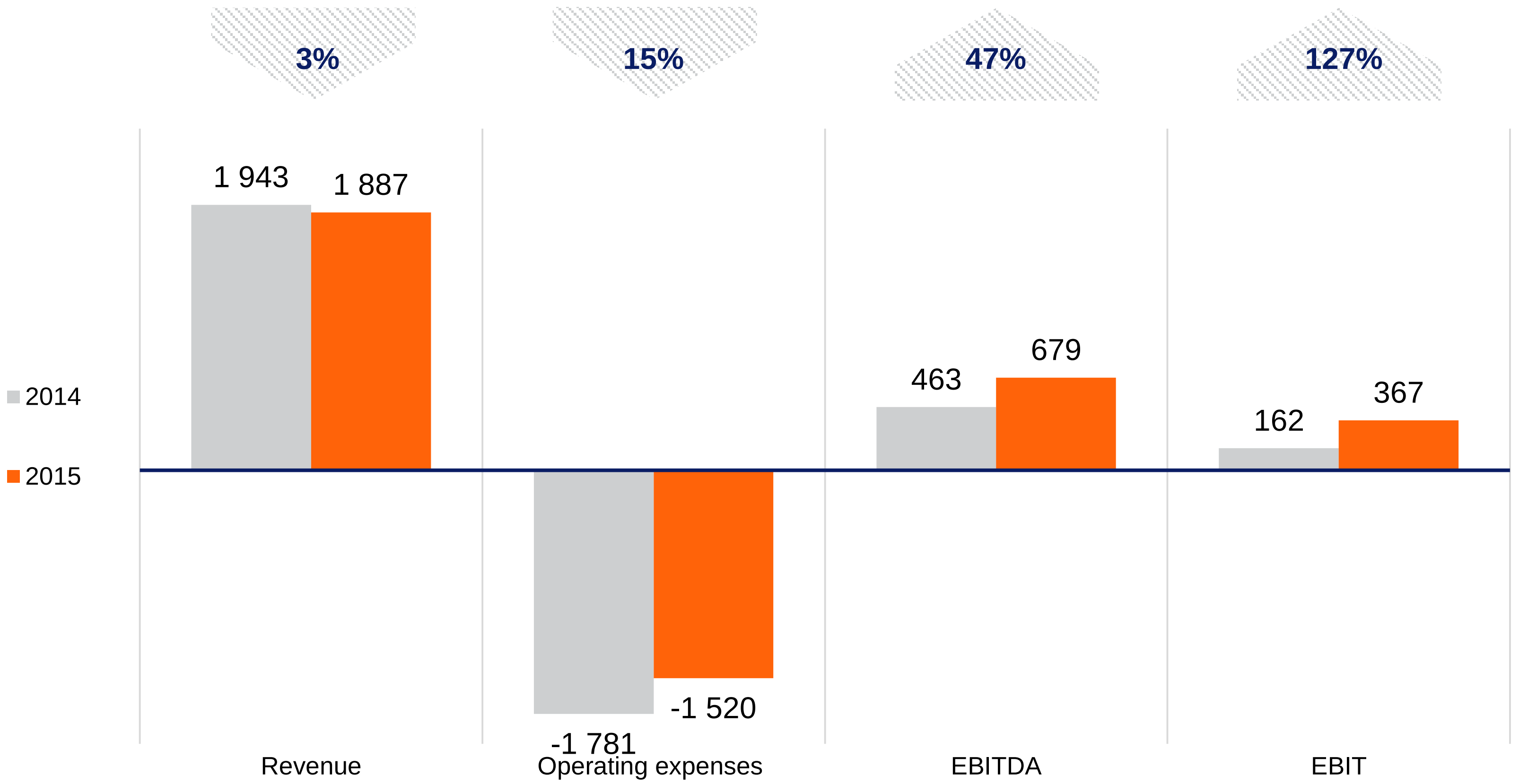


* PGNiG SA, PGNiG Retail, PST

Good result of Distribution segment at a stable level of revenues and operating costs



A significant increase in the Generation segment's operating result



Operating expenses fuelled with increases in the cost of gas sold

(PLNm)	2014	2015	Δ%
Raw materials and consumables used	(2,479)	**(2,211)**	(11%)
Employee benefits expense	(2,827)	**(2,714)**	(4%)
Services	(2,843)	**(2,674)**	(6%)
including the write-off of dry wells and seismic surveys	*(330)*	***(283)***	*(14%)*
Other income and expenses	(2,040)	**(1,733)**	(15%)
including net write-offs	*(863)*	***(747)***	*(13%)*
Work performed by the entity and capitalised	980	**953**	(3%)
Depreciation and amortisation expense	(2,502)	**(2,790)**	12%
Operating expenses (excl. cost of gas sold)	(11,711)	**(11,169)**	(5%)
Cost of gas sold	(18,750)	**(22,005)**	17%
Total operating expenses	(30,461)	**(33,174)**	9%

2016 outlook

PGNiG

Weaker results of Exploration and Production segment

- high global oil supply
- oversupply of natural gas during warm winter
- decline in hydrocarbon prices by strengthening of USD
- risk of further write-downs of production and other assets associated with exploration
- lower production volumes of crude oil and condensate in the PGNiG Group as a result of natural decline

The fight for customers in the Trade and Storage

- falling natural gas prices on European markets favorable for the purchase price while putting pressure on selling prices in Poland
- continuation of the discount policy
- a further decline in the cost of gas in the context of long-term contracts as a result of persistently low oil prices
- first supplies of LNG from Qatargas under the long-term contract

Stable results of Distribution

- expected new tariff for Polska Spółka Gazownictwa starting in the second half of 2016
- increase in the volume of gas distributed as a result of investment and development of new connections
- further improvement of the cost effectiveness

The increase in the profitability of Generation

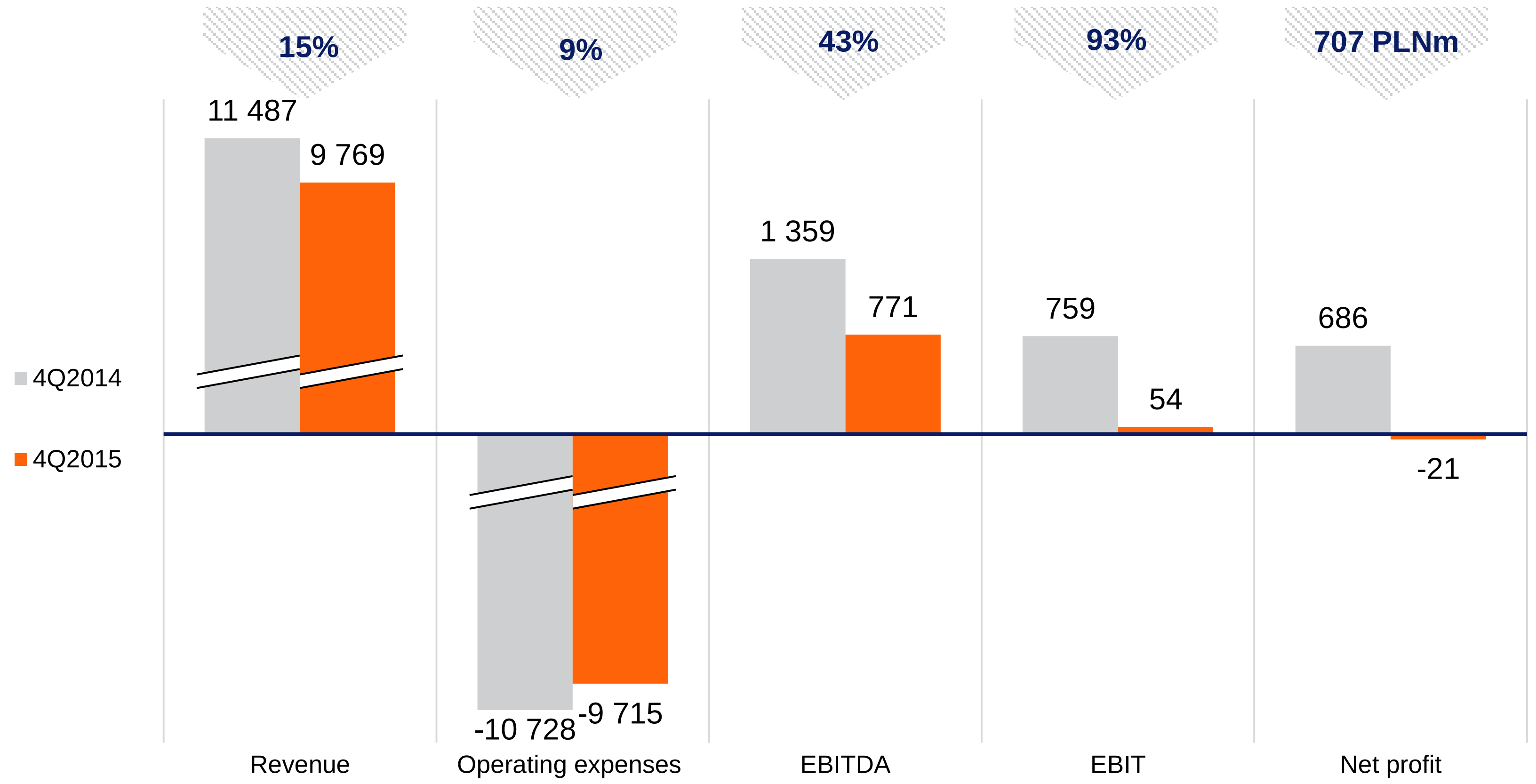
- lower prices of fuels used in production of heat and electricity
- possible acquisition of heating networks

PGNiG

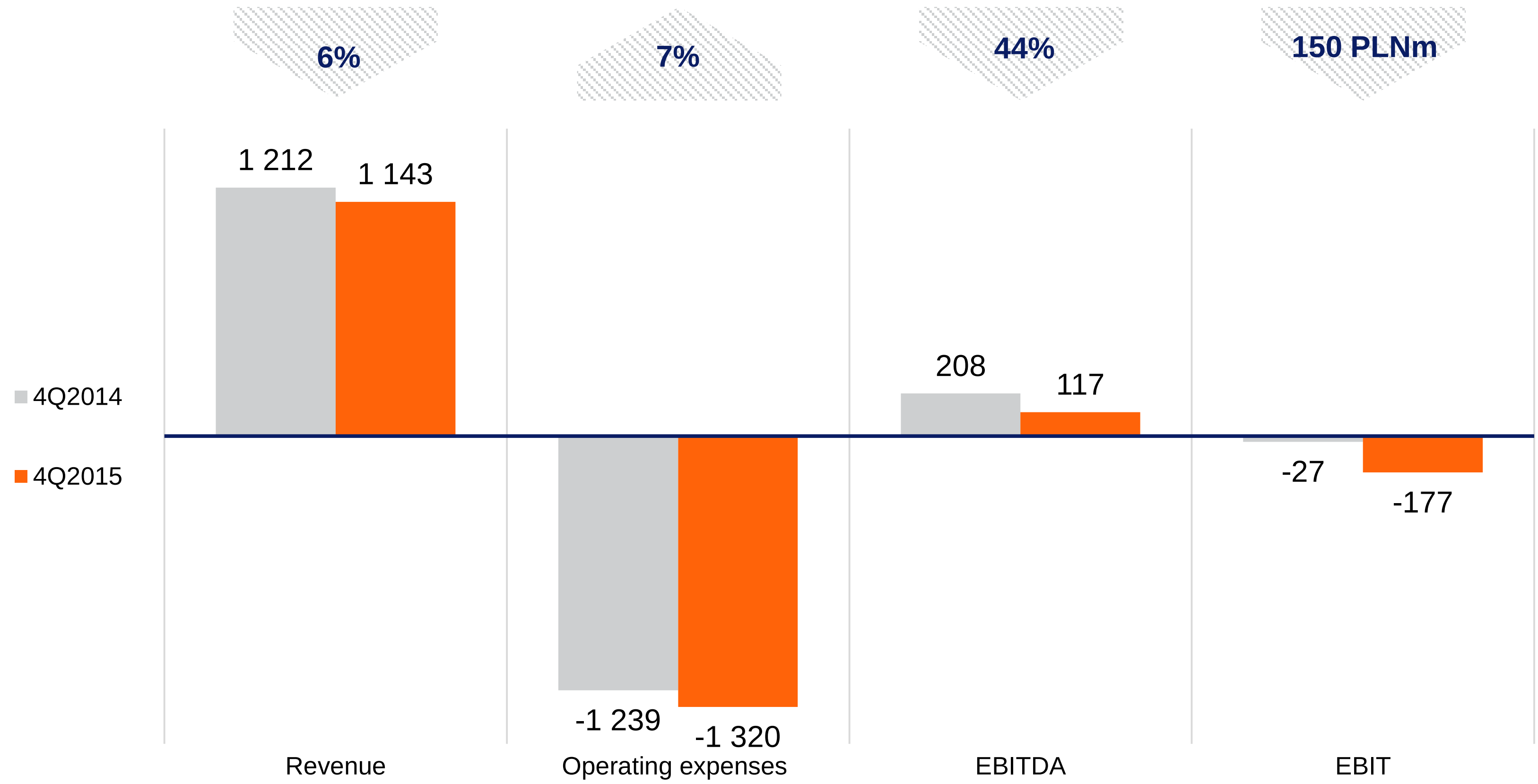
Polskie Górnictwo Naftowe
i Gazownictwo SA

Q4 2015 results

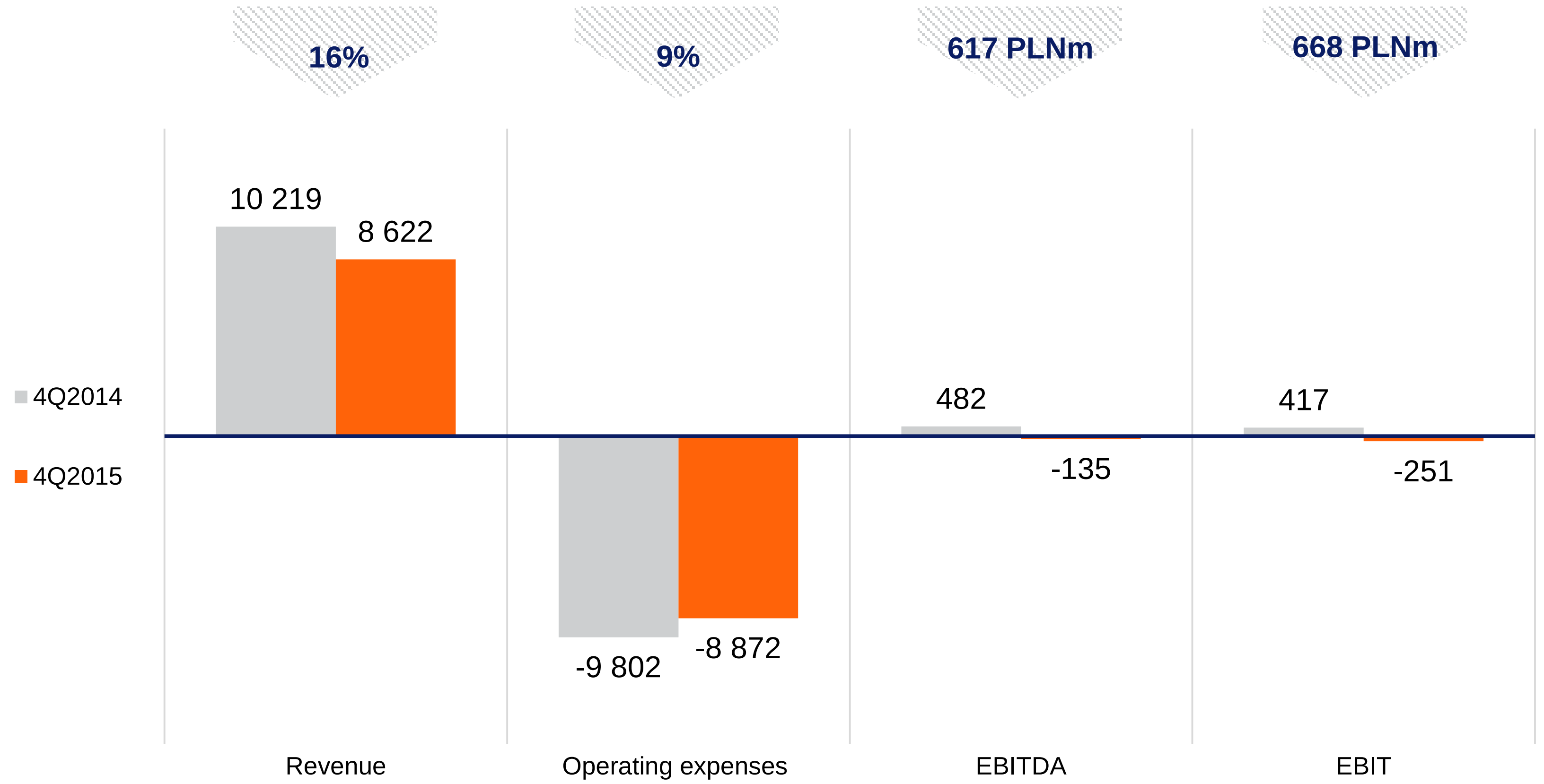
Group's results



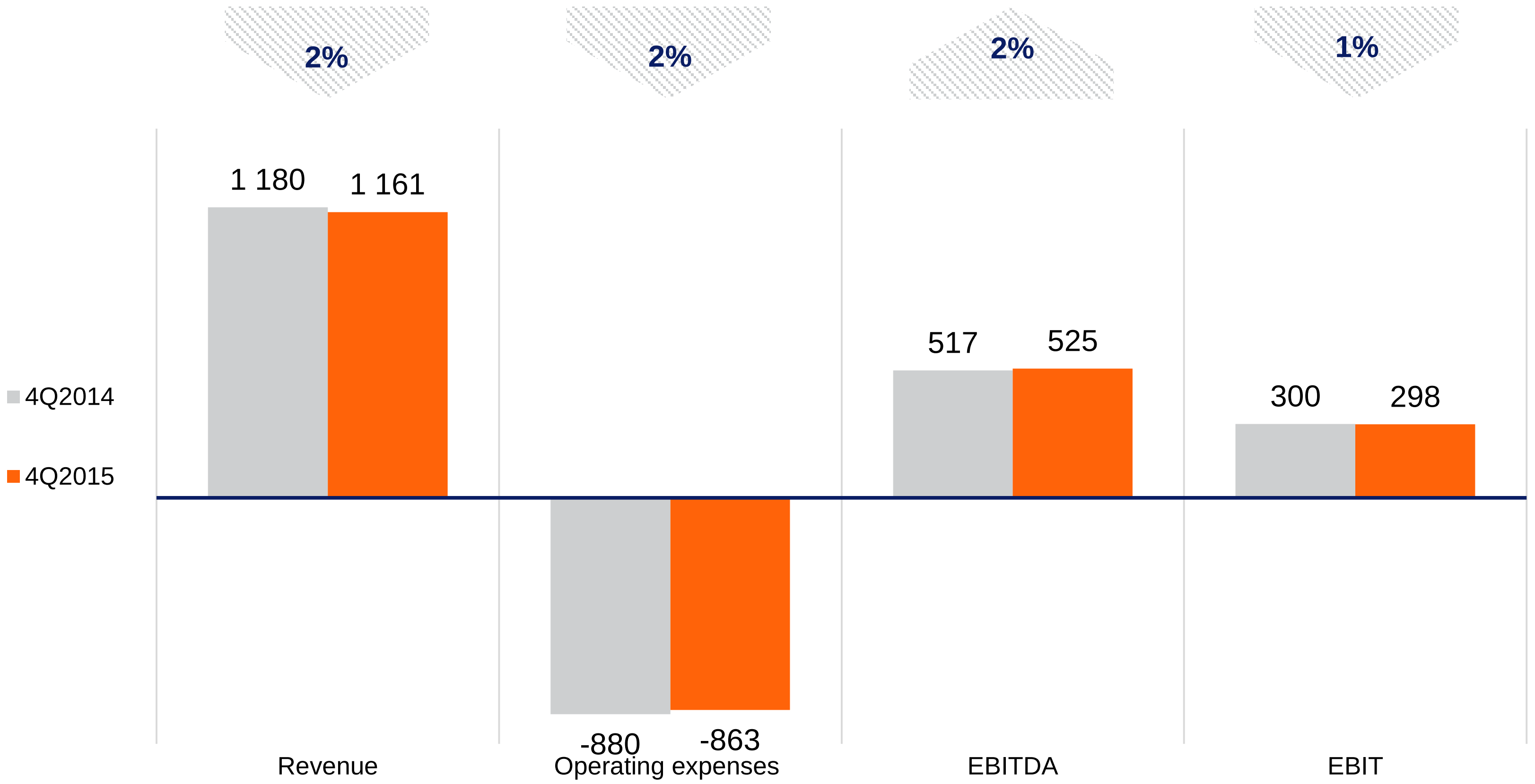
Exploration and Production segment



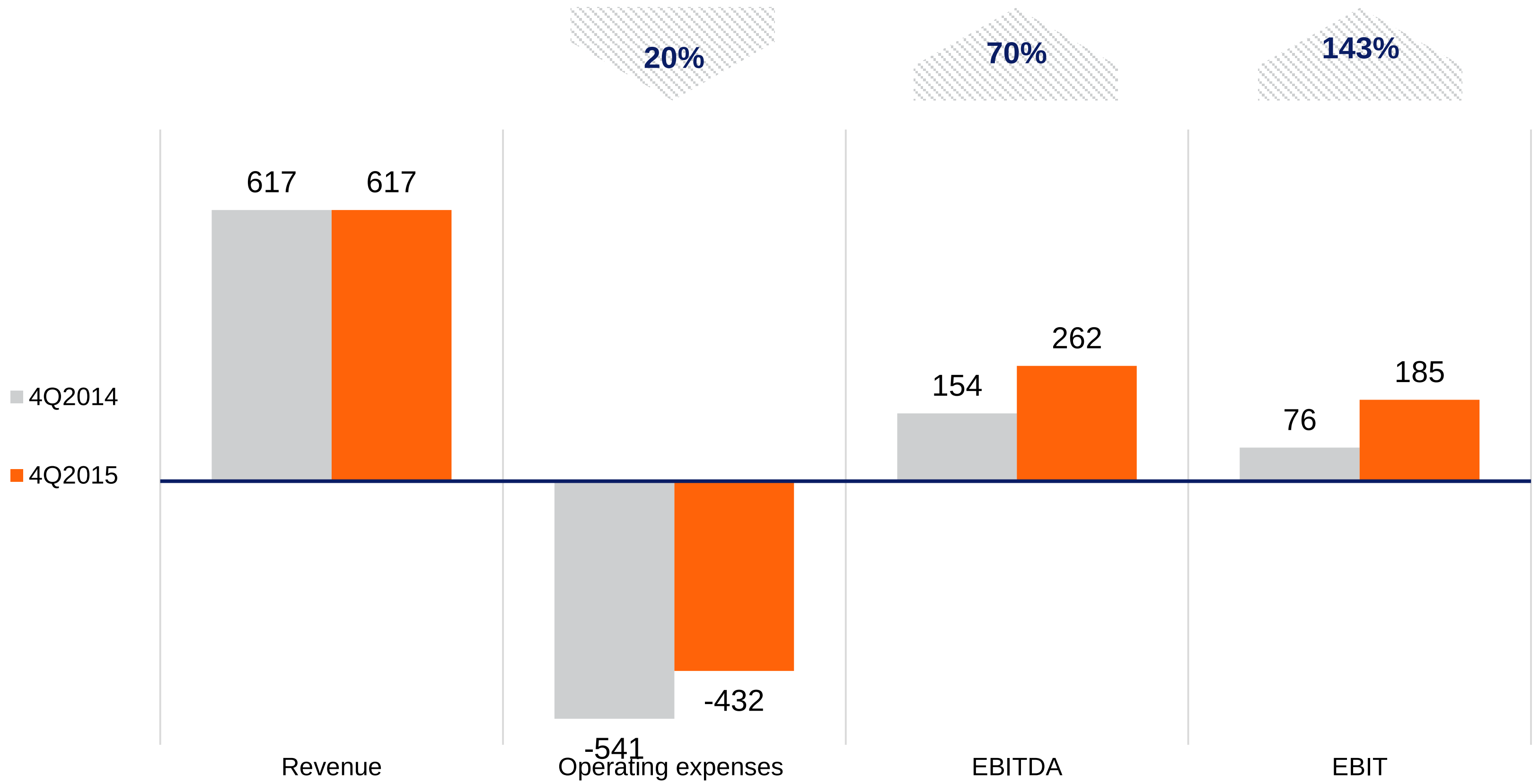
Trade and Storage segment



Distribution segment



Generation segment



Operating expenses

(PLNm)	4Q2014	4Q2015	Δ%
Raw materials and consumables used	(688)	**(632)**	(8%)
Employee benefits expense	(823)	**(908)**	10%
Services	(818)	**(813)**	(1%)
including the write-off of dry wells and seismic surveys	*(132)*	***(82)***	*(38%)*
Other income and expenses	(773)	**(867)**	12%
including net write-offs	*(514)*	***(632)***	*23%*
Work performed by the entity and capitalised	313	**312**	
Depreciation and amortisation expense	(600)	**(717)**	20%
Operating expenses (excl. cost of gas sold)	(3,389)	**(3,625)**	7%
Cost of gas sold	(7,339)	**(6,090)**	(17%)
Total operating expenses	(10,728)	**(9,715)**	(9%)

EIP – plan overrun with 2016 target raised to over PLN 1bn

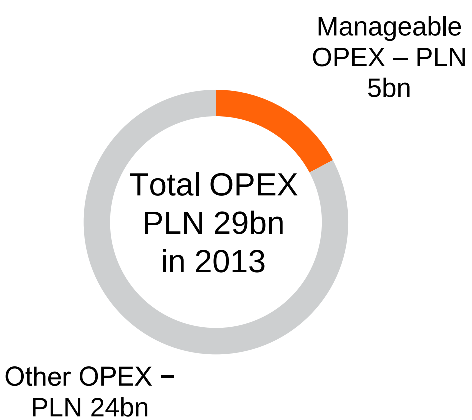
PGNiG

The Programme aims to permanently reduce the manageable cost base across core PGNiG Group segments

Programme objectives:

- To set efficiency improvement targets for the individual segments and entities within the PGNiG Group and to define related benefits to quality improvement.
- To define the scope of action and to assign specific tasks to individual business segments based on identified areas for improvement.
- To implement initiatives designed to improve PGNiG Group's operational efficiency by the end of 2016.

Operating expenses covered by the EIP



Key cost items (excluding PPE):

- Gas purchase costs
- Other fuel purchase costs
- Transmission service costs
- Depreciation and amortisation expense

Cost savings target exceeded by PLN 75m in 2015