

# Polish Oil and Gas Company

## Company Overview



December 2016





# Agenda

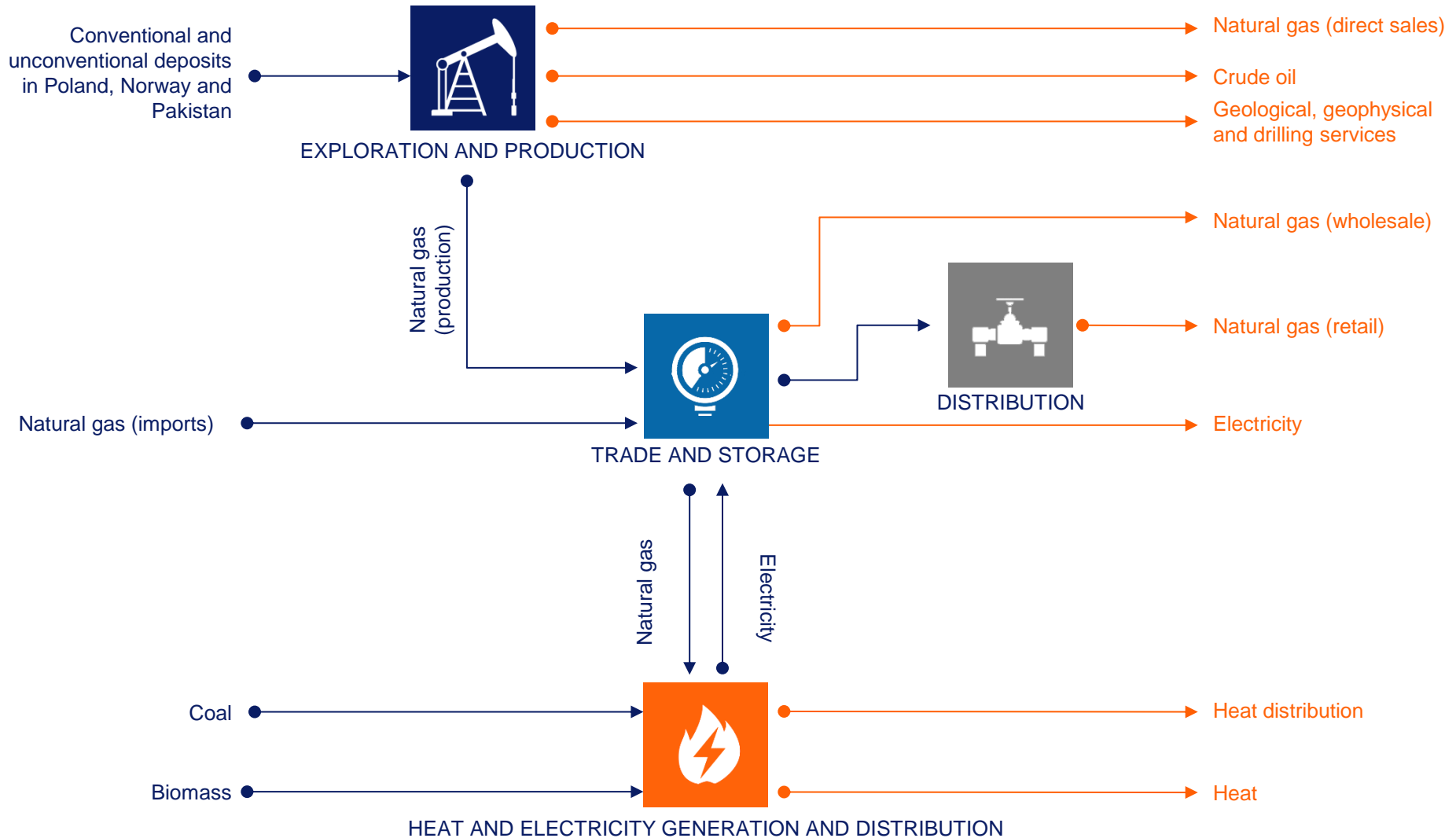
- > 1. PGNiG Group & Polish Gas Market
- > 2. PGNiG Segments
  -  > Exploration and Production
  -  > Trade and Storage
  -  > Distribution
  -  > Generation
- > 3. Strategy, CAPEX, Debt
- > 4. Appendix - Financial Results of Q3 and FY 2015



# PGNiG Group and Polish Gas Market

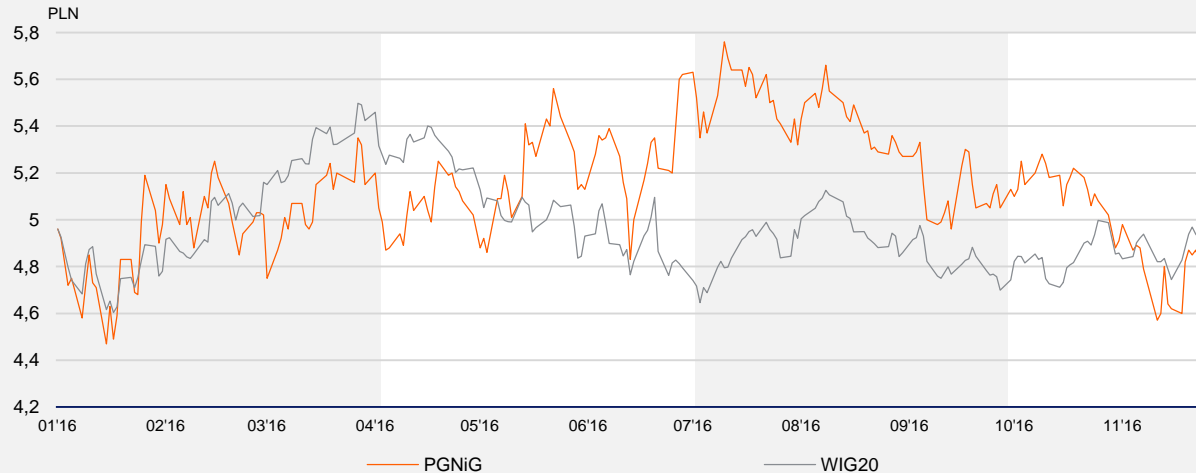


# Poland's no.1 integrated group in the oil and gas sector

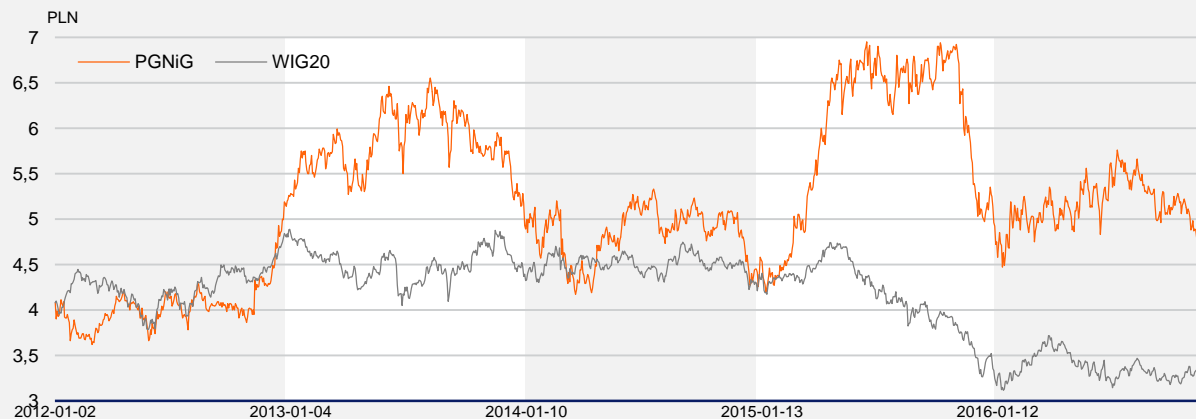


# Fifth largest Polish company on the Warsaw Stock Exchange\*\*

## > Stock performance since January 1<sup>st</sup>, 2016



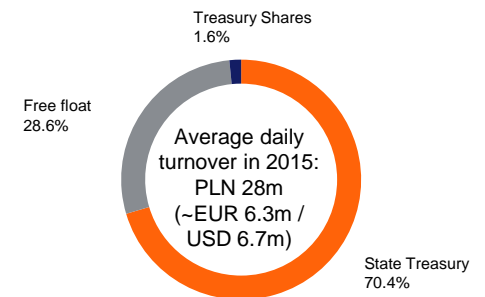
## > Stock performance since January 1<sup>st</sup>, 2012



\* PGNiG = 4.75 PLN and EUR/PLN = 4.42; USD/PLN = 4.17 (as on November 29th 2016) / \*\* In terms of market cap.

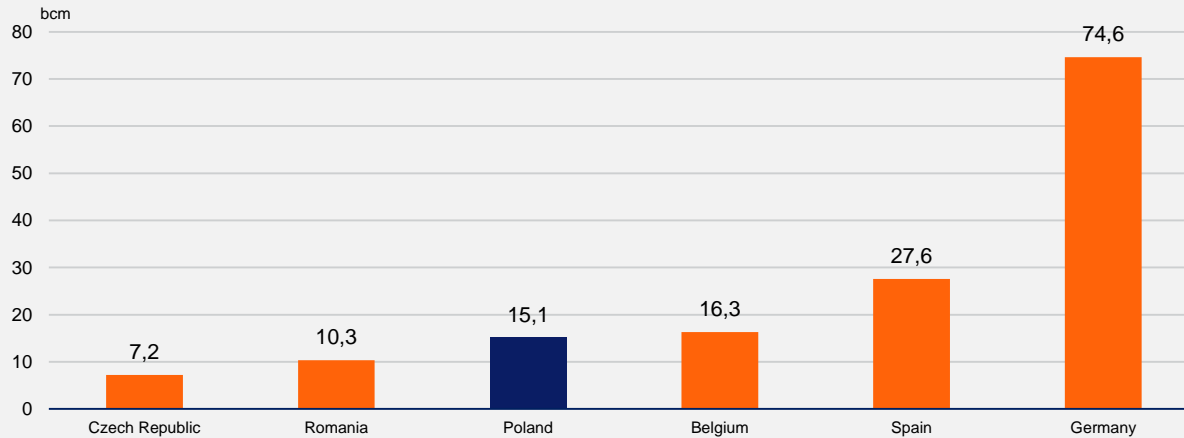
- > Listed on WSE since September 2005
- > Market cap. of PLN 28bn (EUR 6.3bn, USD 6.7bn)\*
- > Significant share in WIG 20 index: 5.2%

## > Shareholders (as on September 30, 2016)

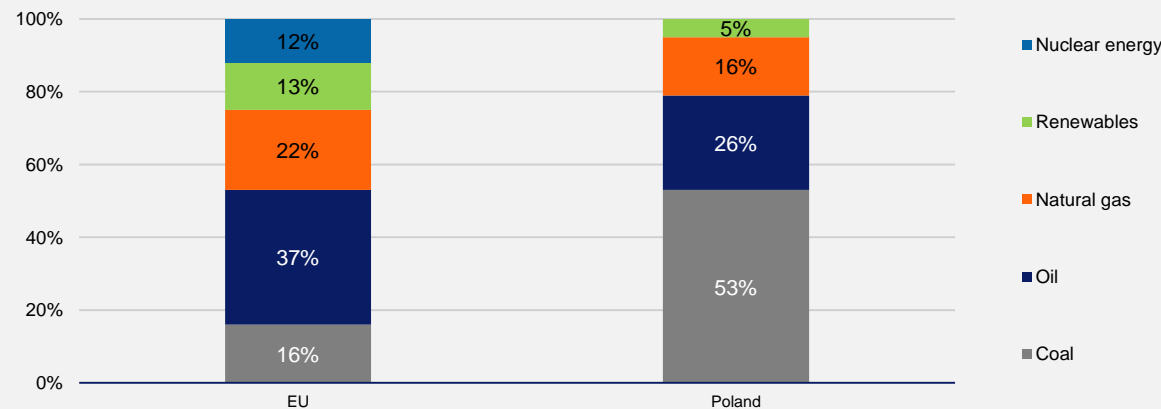


# Gas market in Poland: Low consumption with growth potential

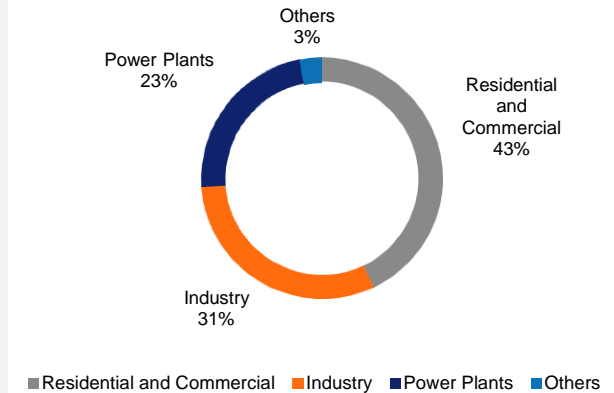
## > Natural gas consumption by country in 2015



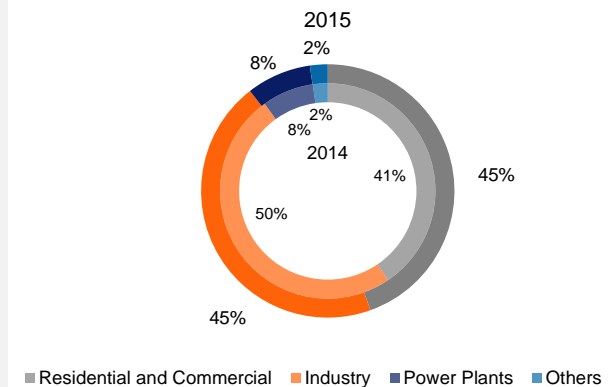
## > Primary energy consumption by fuel in 2015



## > Natural gas sales by sector in UE in 2014

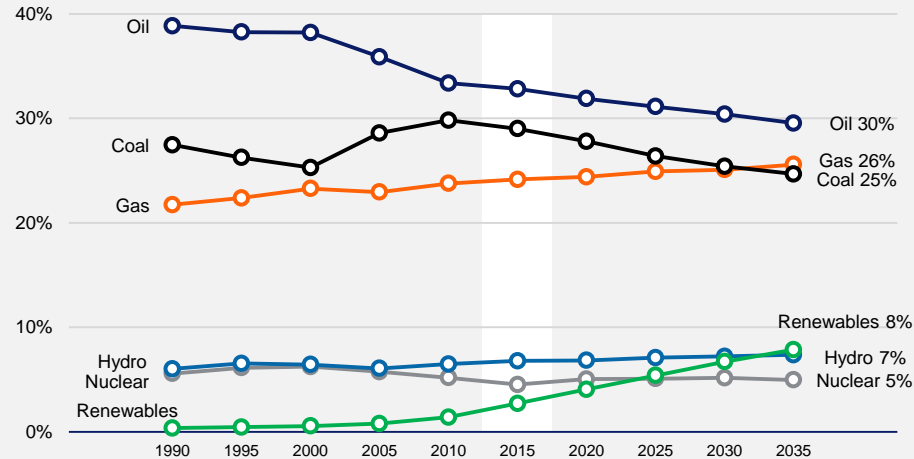


## > Natural gas sales by sector by PGNiG in 2015 and 2014

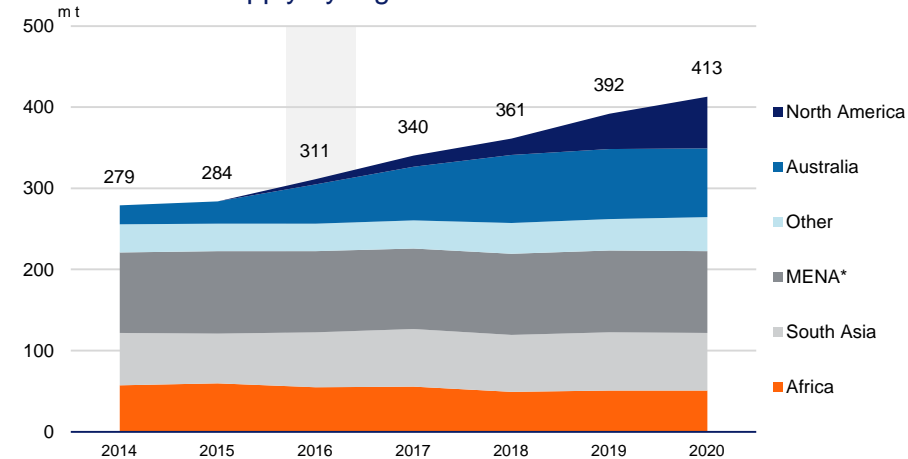


# Gas market worldwide

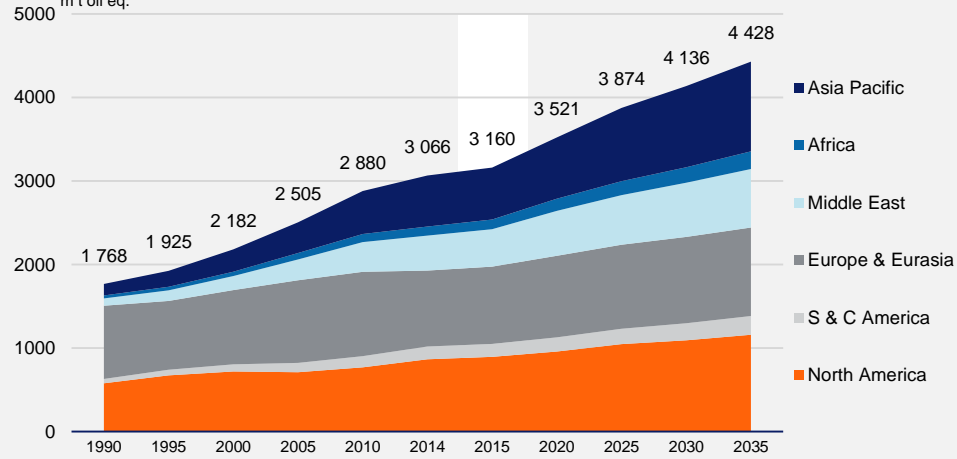
## > Primary energy consumption by fuel



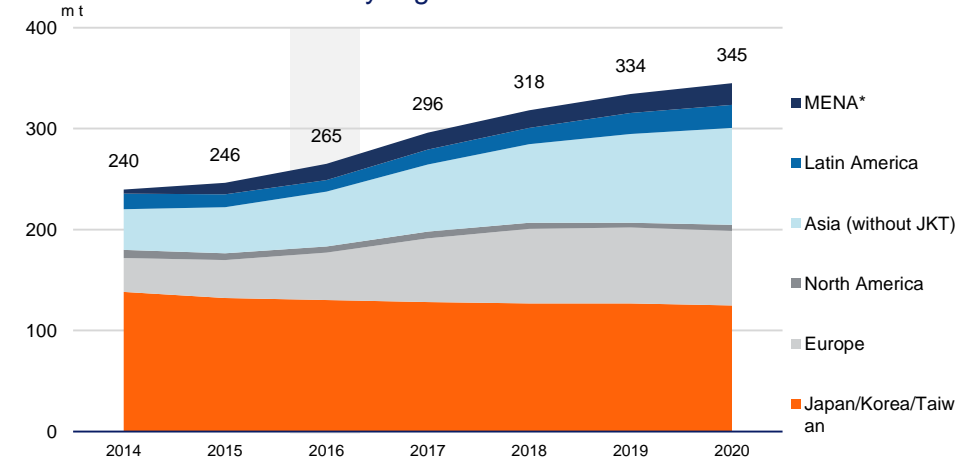
## > Annual LNG supply by region



## > Natural gas demand



## > Annual LNG demand by region





Exploration & Production



Trade & Storage



Distribution



Generation



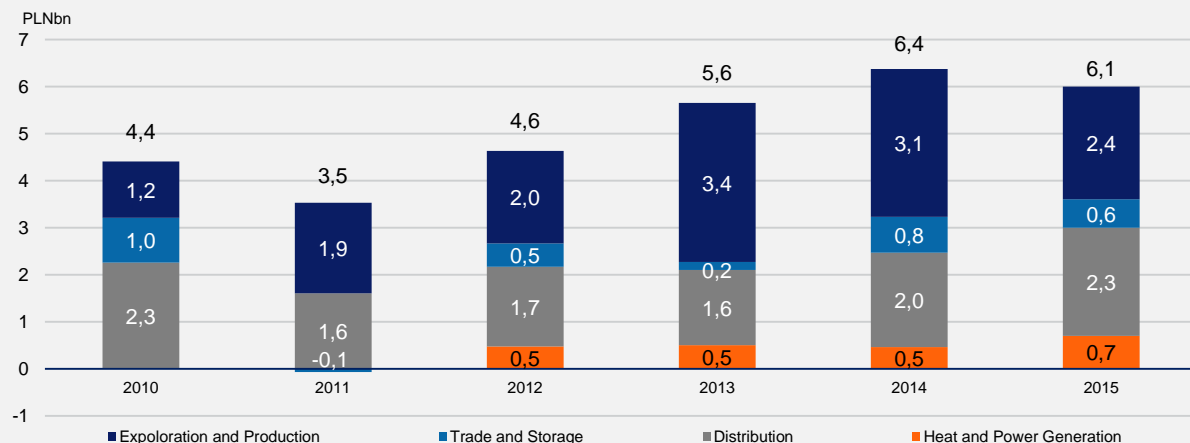
# Operating segments of PGNiG Group





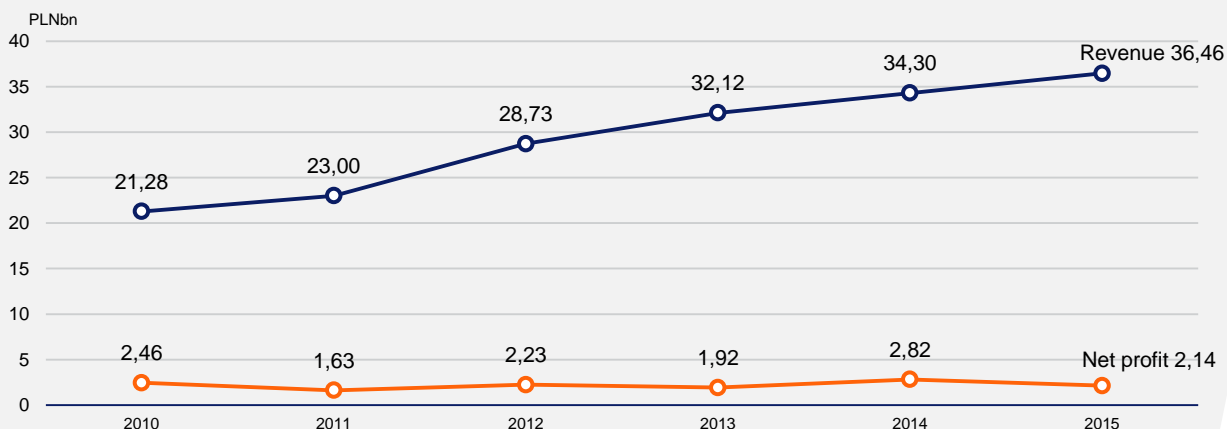
# PGNiG Group's financials 2010-2015

## > PGNiG Group's EBITDA\*\*

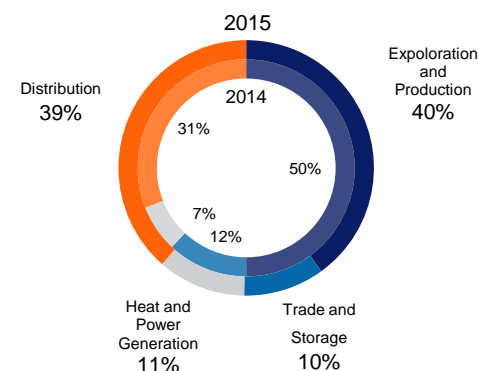


- > Fifth biggest company in Central and Eastern Europe\*
- > Third biggest oil company in the region\*
- > Stable EBITDA level due to diversified inflows sources

## > PGNiG Group's revenue and net profit



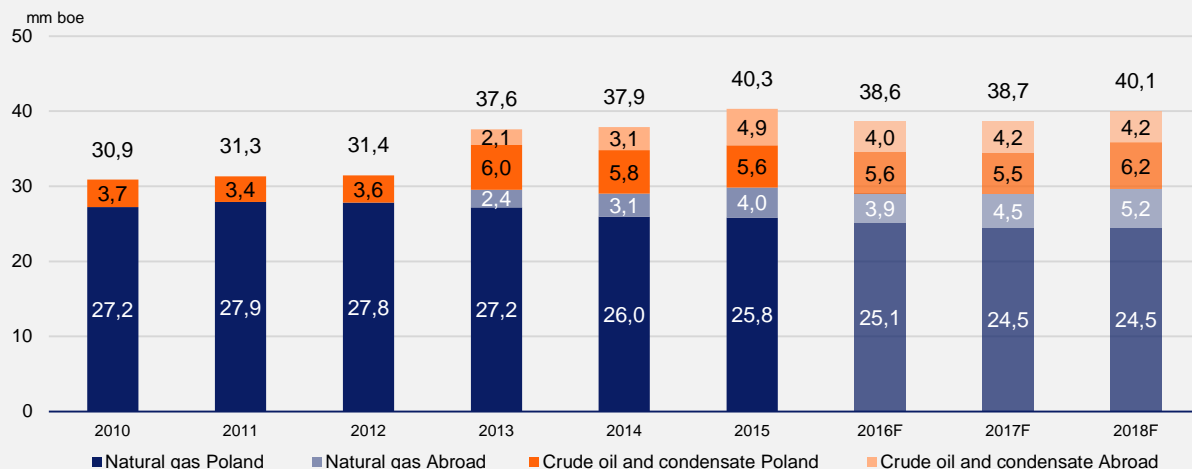
## > EBITDA breakdown



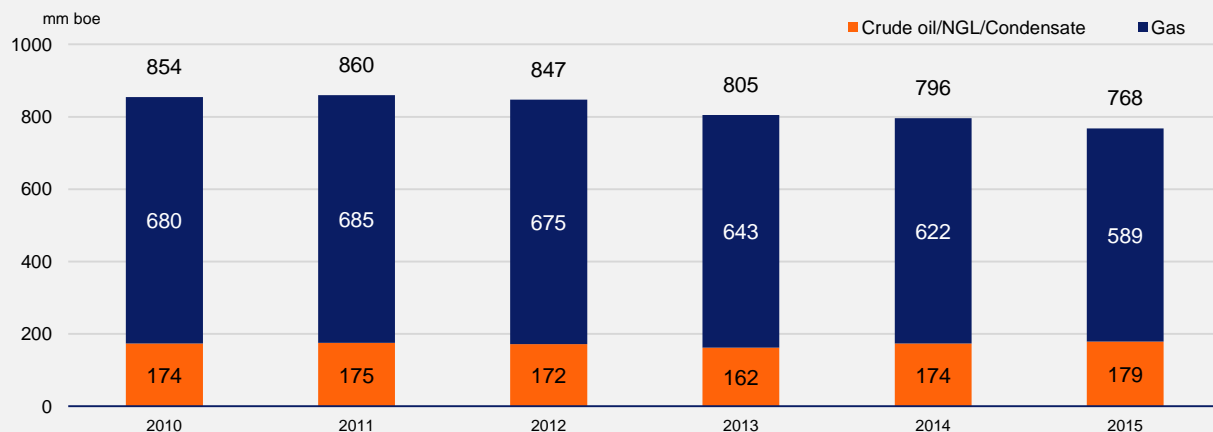
\* Source: Rzeczpospolita: Europa 500 / \*\* EBITDA before intra-group eliminations and excluding „Other segments”

# Exploration & Production summary

## > Production volumes\*



## > Reserves of natural gas and crude oil



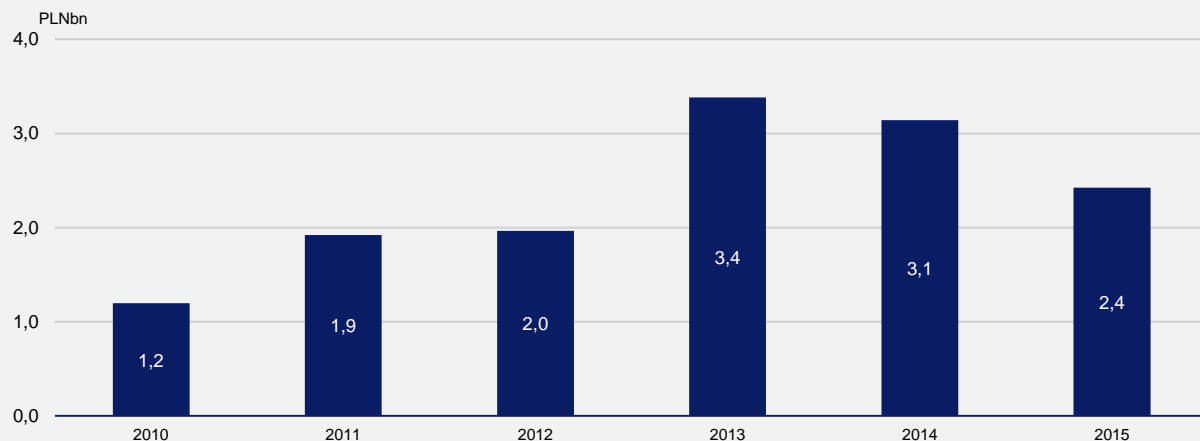
\* Natural gas sold at cost within the Group / \*\* High-methane gas equivalent

- > PGNiG SA is a leader in production of gas and crude oil in Poland
- > Average daily production – over 100,000 boe
- > PGNiG's resource base in Poland:
  - > proved gas reserves 504 mm boe (78.1 bcm)\*\*
  - > proved oil reserves 131 mm boe (17.9 m tonnes)
- > Oil & Gas concessions in Poland:
  - > 61 exploration/appraisal
  - > 227 production
- > Exploration & Production activities:
  - > 57 production facilities in Poland
  - > over 2 thousand producing wells

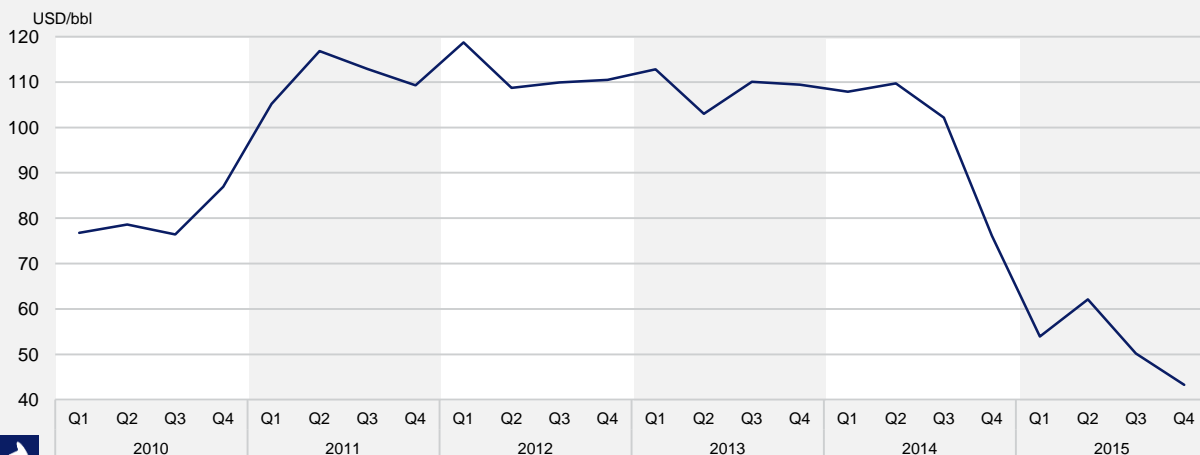


# Exploration & Production financial results

## > Exploration and Production's EBITDA



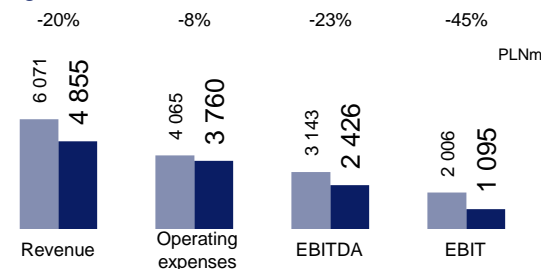
## > Average prices of crude oil



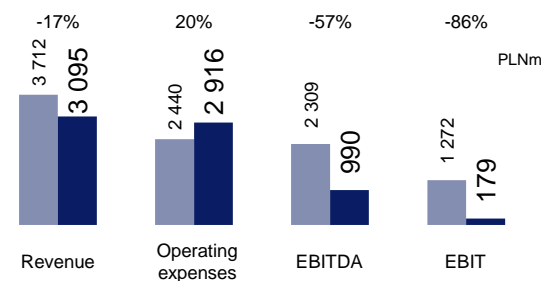
## > Low oil price affects E&P's results

- > Revenue from sales of oil and condensate in 2015 down by PLN 0.7bn
- > Net impairment losses, dry wells and seismics written off at:  
PLN -846m in 2015  
PLN -1.037bn in 2014

## > Segment's results for FY 2015



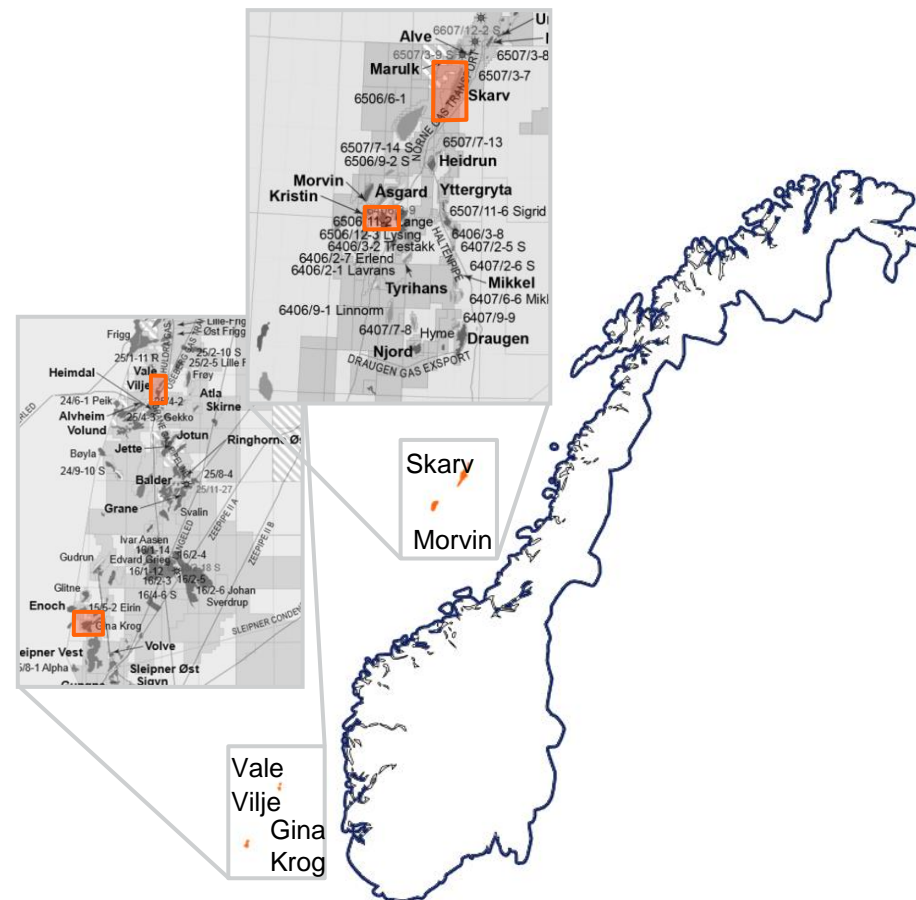
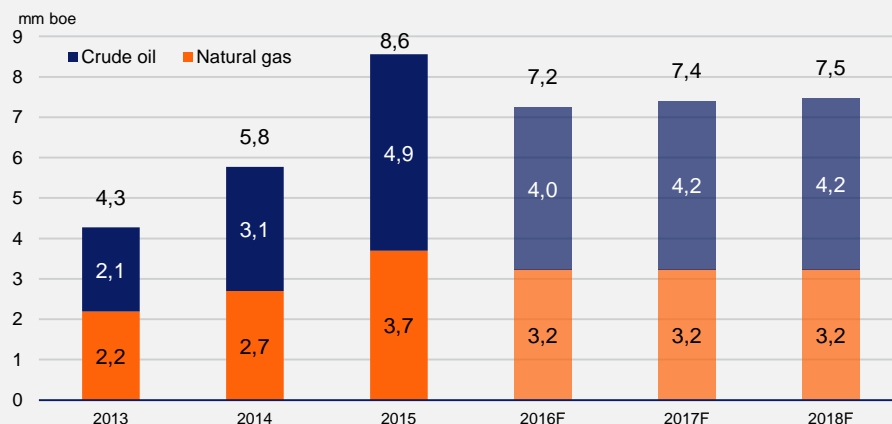
## > Segment's results for Q1-3 2016



# International E&P activities – Norway

|  |  |
|--|--|
| Licenses                               | 18   |
| Licence cost                           | USD 360m (Skarv)<br>NOK 1.95bn<br>(Morvin, Vale, Vilje, Gina Krog) |
| Skarv CAPEX (PGNiG's part)             | approx. USD 800m   |
| Reserves of the licence (2P) for PGNiG | 59 mmboe (Skarv)<br>29 mmboe (Morvin, Vale, Vilje, Gina Krog)      |

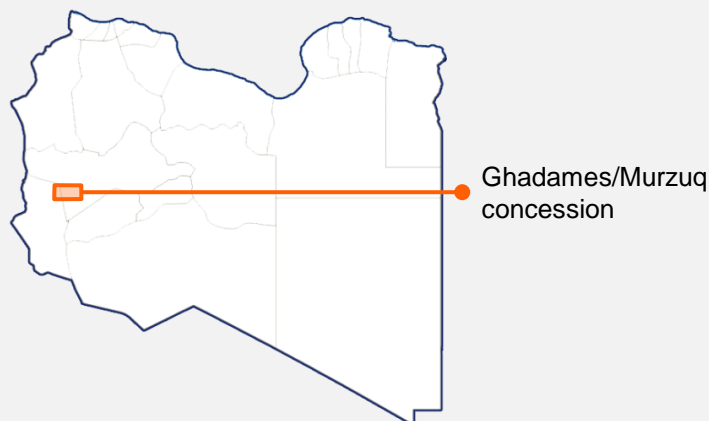
## > Production in Norway





# International E&P activities – Africa and Asia

## > African assets: Lybia



|                    |   |
|--------------------|---|
| agreement          | February 25 <sup>th</sup> 2008                      |
| shares             | PGNiG - 100%  |
| area               | 5,494 sq km   |
| location           | Awbari province,<br>Murzuq basin                    |
| obligations        | 3,000 km 2D;<br>1,500 sq km 3D,<br>8 wells          |
| estimated reserves | 146 bcm of natural gas,<br>15m tonnes of condensate |

Q4 2013: asset write-off at PLN 420m and a provision for PLN 137m for future licence obligations.

Force majeure clause activated.

## > Asian assets: Pakistan



|                    |   |
|--------------------|---|
| agreement          | May 18 <sup>th</sup> 2005   |
| shares             | PGNiG 70%, Pakistan Petroleum 30%                                 |
| area               | 956 sq km   |
| location           | Sindh province, folded belt Kirthar                               |
| obligations        | 2 wells, 100 km 2D (fulfilled)                                    |
| estimated reserves | 11.5 bcm of natural gas<br>4.5 bcm of natural gas (Pab formation) |

The Rizq-1 well proved the existence of a second deposit within the Kirthar licence area.

Surface installation (cost: USD 13m) allow to increase extraction to 800 cm/min



# Gas supply & sales

## > Trade and Storage segment comprises:

- > sales of natural gas both imported and domestic to retail and wholesale markets, sales and trading of electricity
- > storage of gas.

## > Polish market growth: CAGR +1.6% 2005-2015

## > Contract for natural gas deliveries with Gazprom („Yamal contract”) until 2022:

- > 10.2 bcm annually, 85% Take-or-Pay

## > Contract for LNG with Qatargas until 2034:

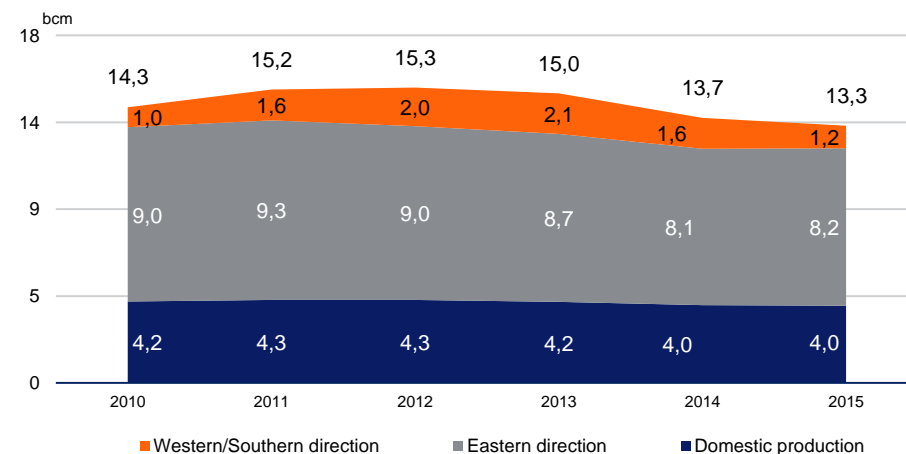
- > 1.3 bcm annually, 100% Take-or-Pay. Deliveries since June 2016

## > 2.3 bcm of gas sold by PGNiG Supply & Trading to customers outside of Poland in 2015

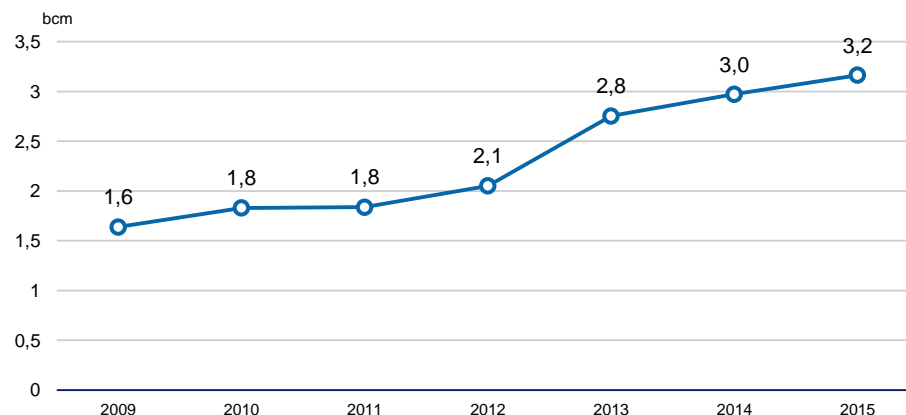
## > Tariffs:

- > Gas sales: Cost of gas + operating costs + margin
  - > Retail: PGNiG Retail's cost base including cost of gas on the commodity exchange
  - > Wholesale: Including cost of imports + cost of production (with return on capital invested in E&P)
- > Storage: Cost + return on capital (6.0% WACC x PLN 3.7bn RAB) (until March 2017)

## > Sources of gas supply of PGNiG SA in Poland

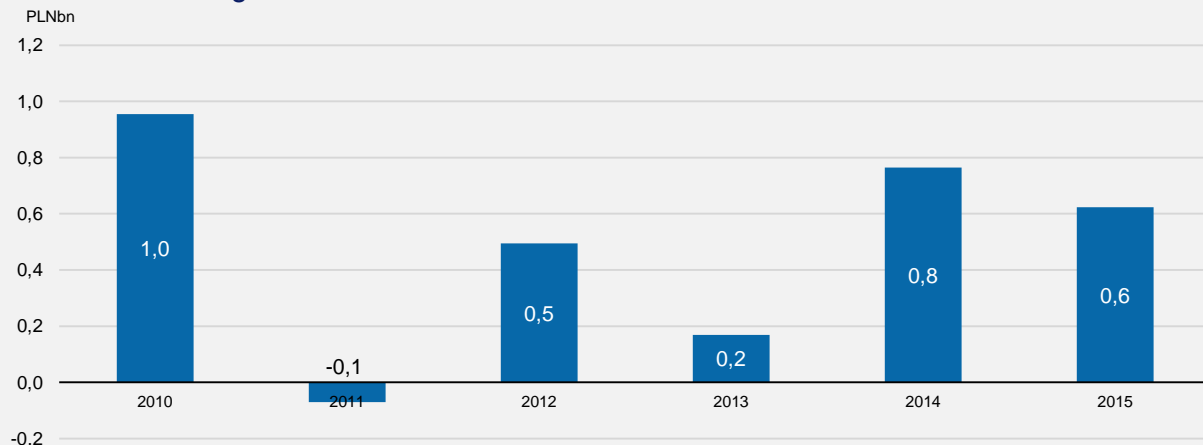


## > Storage capacity

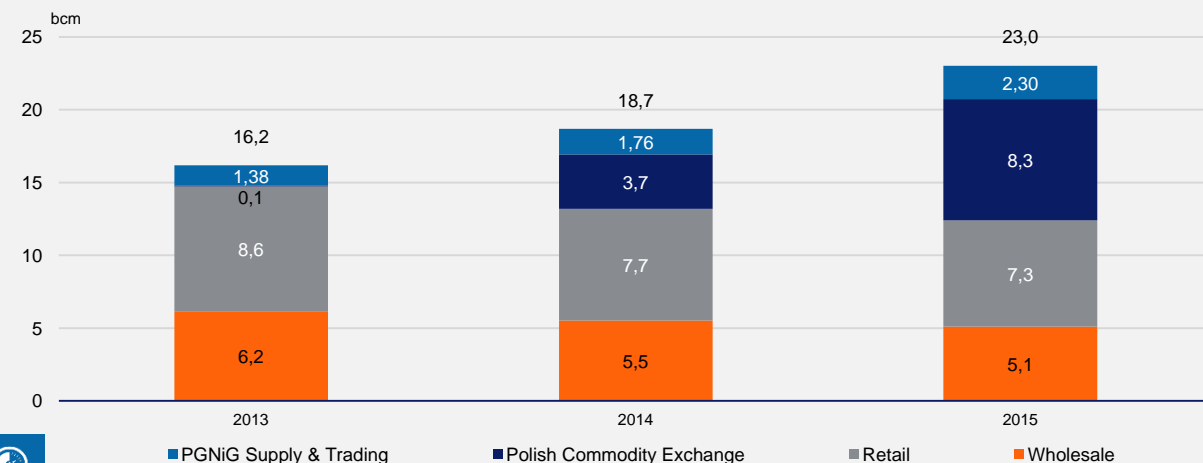


# Trade & Storage's financial results

## > Trade and Storage's EBITDA

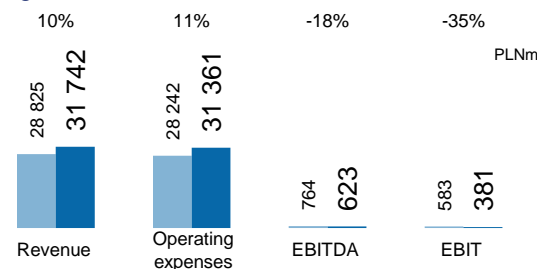


## > Sales of natural gas of PGNiG SA, PGNiG Retail and PST

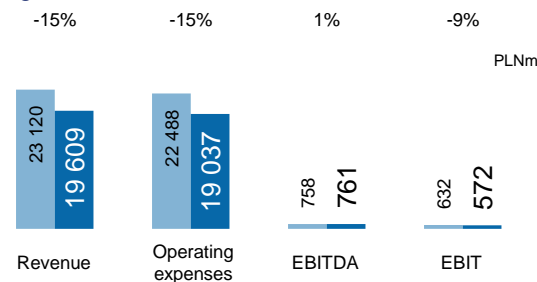


> Lower unit gas purchase costs coupled with pressure on selling prices

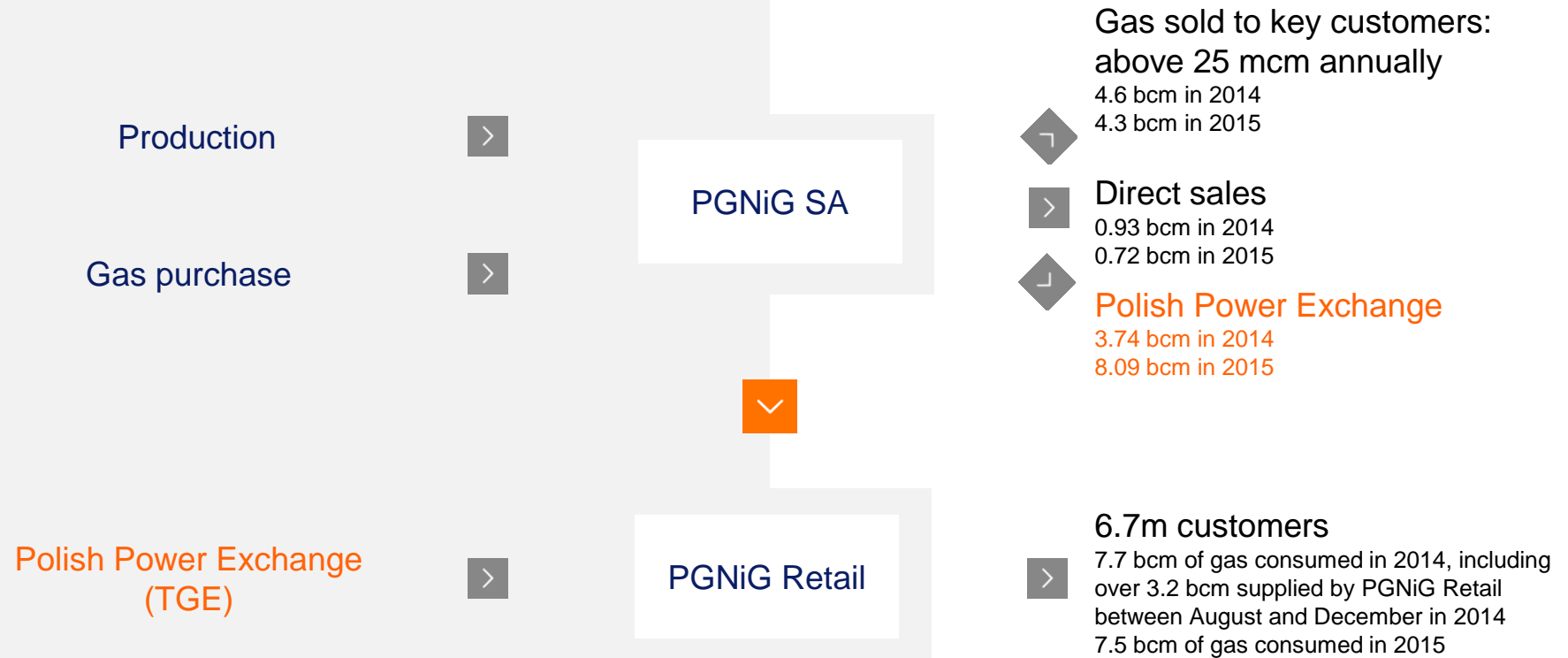
## > Segment's results for FY 2015



## > Segment's results for Q1-3 2016



# Gas trading and retail sales in Poland after August 1st 2014



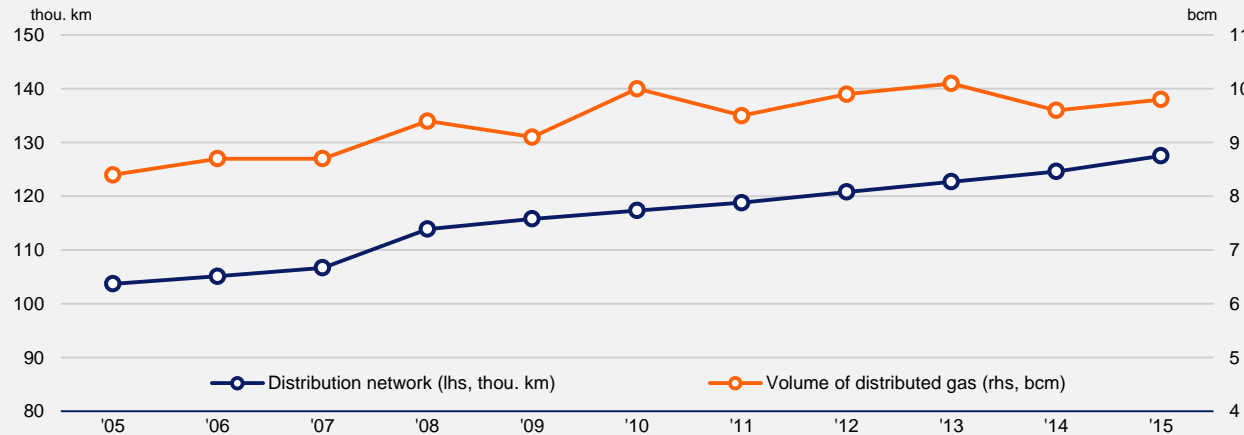
Sales made on PPE by PGNiG SA and purchases made on PPE by PGNiG Retail, which commenced operations on August 1st 2014, are not subject to elimination from the consolidated financial statements, and are disclosed under the Trade and Storage segment.

Measured as high-methane gas equivalent (without intragroup eliminations).

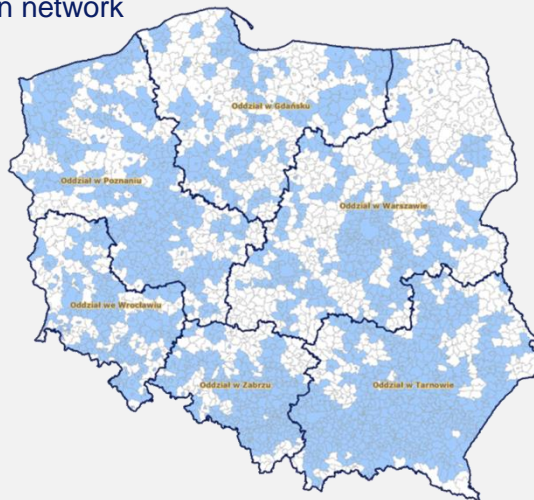


# Distribution

- > Stable network's growth and increase of distributed volumes (+1.6% CAGR 2005-2015)



- > Coverage of distribution network



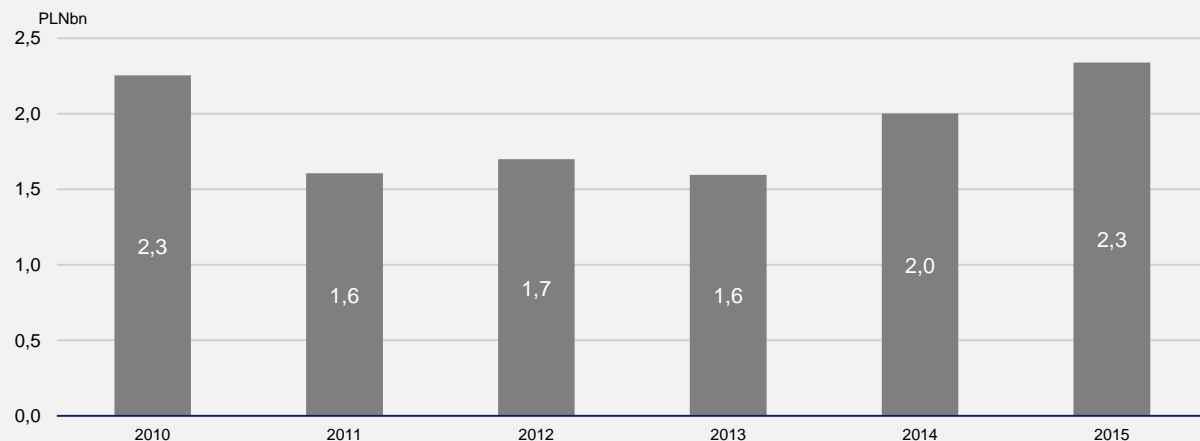
- > PSG (Polish Gas Company), a PGNiG's subsidiary has 97% market share
- > Supplies natural gas from gas sellers to households, industrial and wholesale customers
- > Responsible for operation, maintenance and development of gas pipelines

- > Tariff:

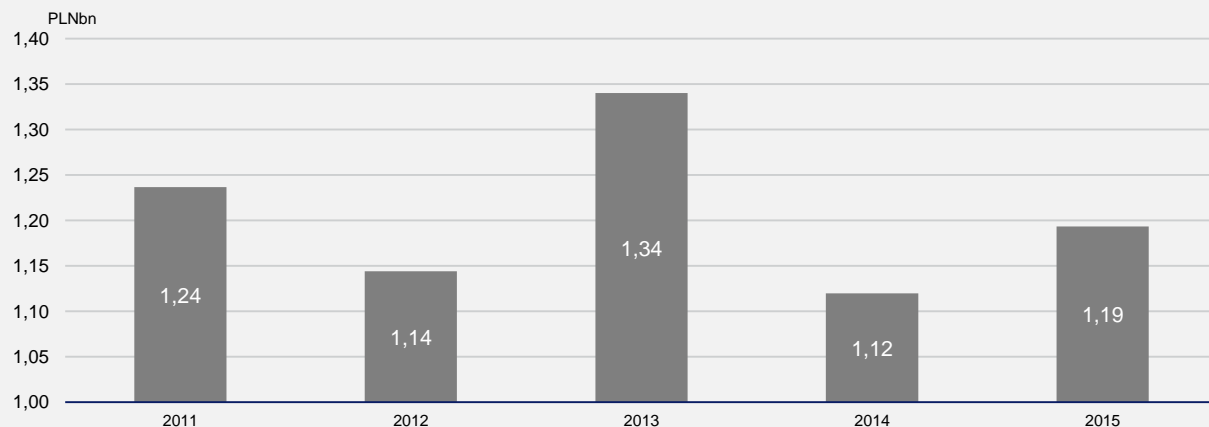
- > cost + return on capital (7.2% WACC x x PLN 11.9bn RAB) – PLN 150m gap (until December 2016).

# Distribution's financial results

## > Distribution's EBITDA

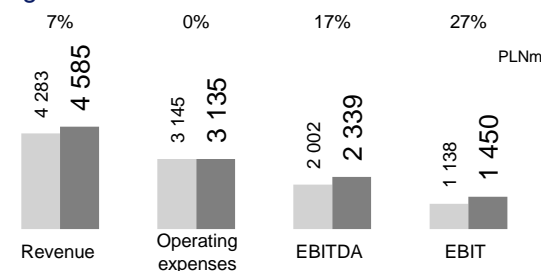


## > Segment's CAPEX

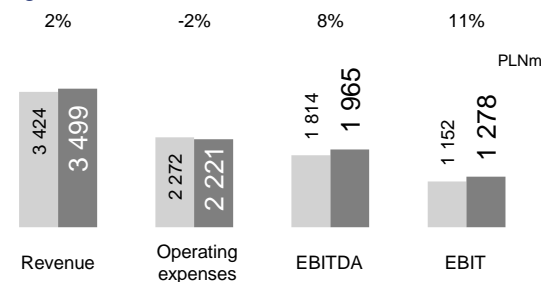


- > Tariff prices up 3% year on year
- > Volumes up 2% year on year
- > PSG's strategic goal is to generate EBITDA at PLN 16bn in 2016-2022

## > Segment's results for FY 2015



## > Segment's results for Q1-3 2016



# Heat and Power Generation

- > PGNiG Termika - the largest heat producer in Poland with over 11% of heat capacities
- > Covering approx. 70% of the total heat demand in Warsaw, as well as 98% of heat distributed through city's heating network
- > **Timeline:**
  - > January 2012 – acquisition of 99.8% stake of Vattenfall Heat Poland S.A. from Vattenfall AB for PLN 3bn in cash (PLN 3.5bn EV)
  - > April 2016: The acquisition of up to 17.1% of the share capital of the Polish Mining group as a result of the investment of PLN 500m
  - > Expansion of heat and power generation and distribution:
    - > April 2016: purchase of JSW SA Thermal Energy Enterprise („PEC”) for PLN 190m
      - > 14 local heat plants
      - > 260 MW of total heat output
      - > 288 km of heat distribution network
    - > August 2016: purchase of JSW SA Energy Company „Jastrzębie” („SEJ”)
      - > 5 CHP
      - > 130 MW of electricity output
      - > 540 MW of heat output
    - > Total cost: PLN 372m
- > **Tariff:**
  - > Heat tariffs benchmarking scheme creates significant upside for profitability as PGNiG Termika produces low-cost heat

## PGNiG Termika operating data

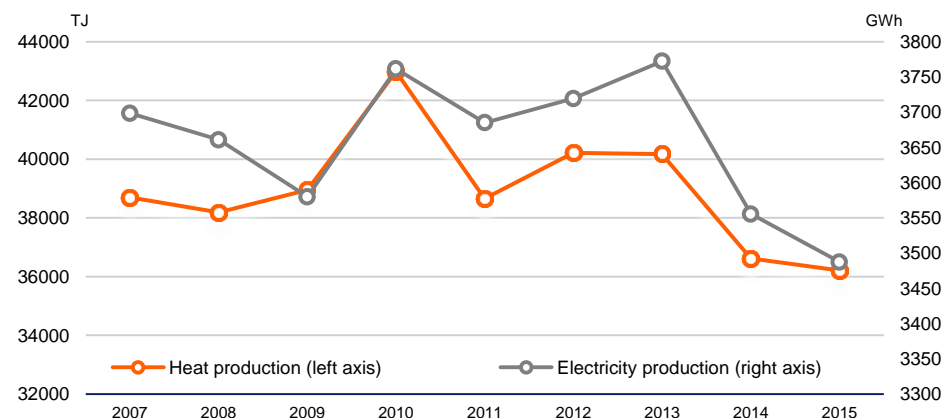
|                      |           |
|----------------------|-----------|
| Installed heat power | 4,782 MWt |
|----------------------|-----------|

|                          |           |
|--------------------------|-----------|
| Installed electric power | 1,015 MWe |
|--------------------------|-----------|

|                                |         |
|--------------------------------|---------|
| Heat sales in 2015 (regulated) | 36.2 PJ |
|--------------------------------|---------|

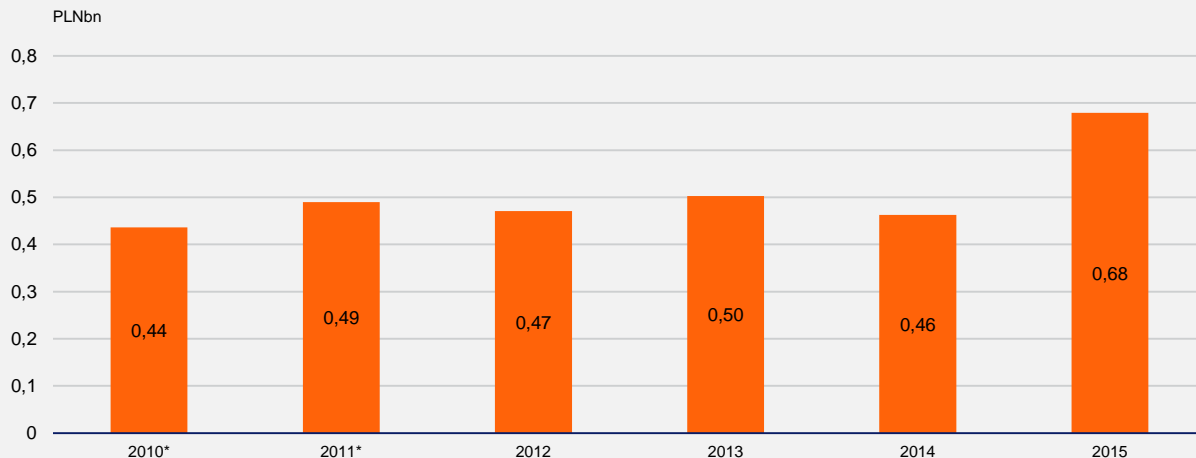
|                                    |         |
|------------------------------------|---------|
| Produced electricity sales in 2015 | 3.5 TWh |
|------------------------------------|---------|

## > Production of heat and electricity



# Generation's financial results

## > Generation's EBITDA

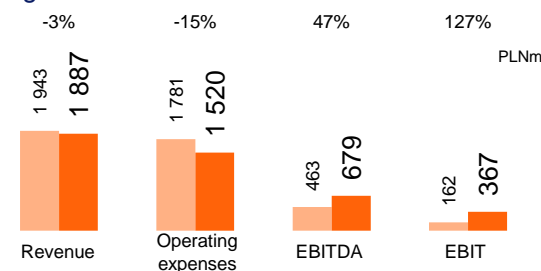


## > Investments

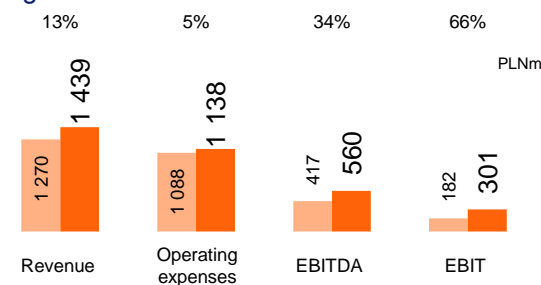
- > 400 MWe gas-fired block in Warsaw at Żerań plant (H1 2019)
- > 146 MWt biomass-fired boiler in Warsaw at Siekierki plant (2016)
- > Combined Heat and Power Plant Stalowa Wola
  - > 50/50 JV PGNiG and Tauron Polska Energia. Total CAPEX PLN 1.6bn (project finance)
  - > Agreement for Sale of Electricity. PGNiG to supply 0.5 bcm of gas for 14 years
  - > Total power output: 450 MWe and 240 MWt
  - > In January 2016: cancellation of the contract and imposition of penalties for general contractor related to the improper execution of the contract

- > Heat and electricity prices up with volumes slightly down
- > Reduced fuel prices and attractive tariff boost results

## > Segment's results for FY 2015



## > Segment's results for Q1-3 2016







Strategy,  
CAPEX,  
financing

# Strategy of PGNiG Group for 2014-2022

Following a review of the PGNiG Group Strategy for 2014–2022,  
the **PGNiG Group's vision and primary objective** have been updated

## #1 Mission statement

To increase PGNiG's value through development of the production business area and efficient use of infrastructure while securing uninterrupted supplies of natural gas

## #2 Vision

Our vision is to grow from a guarantor of gas supplies into an active, profitable and competitive player on the hydrocarbon production and energy markets, based on the diversity of gas supply sources

## #3 Primary objective

To maintain EBITDA at current levels until 2017 and increase it to **approx. PLN 7.4bn** in 2022

## Strategic goals

### A Value protection

Maintaining stable value of sales (both in retail and wholesale)

### B Driver

Maximising cash flows from infrastructure and generation areas

### C Growth

Strengthening and transforming the exploration and production area

### D Growth Foundations

Laying foundations for growth along the value chain



# Pillars of the PGNiG Group Strategy for 2014-2022



## Strategy of the PGNiG Group for 2014–2022

### **A** Maintaining stable value of sales (both in retail and wholesale)

- 1a Optimising natural gas portfolio management and implementing a new wholesale model
- 1b Implementing new diversification projects
- 1c Developing international LNG trading
- 2a Developing and implementing a new retail model
- 2b Expanding PST's international sales operations

### **B** Maximising cash flows from infrastructure and generation areas

- 3a Maximising value from transmission infrastructure – gas distribution
- 3b Maximising value from transmission infrastructure – heat distribution
- 4 Taking active part in developing energy market regulations

### **C** Strengthening and transforming the exploration and production area

- 5 Maintaining the current volumes of domestic production from conventional deposits
- 6 Confirming the geological and economic potential of shale gas deposits in Poland
- 7 Expanding the upstream business outside of Poland

### **D** Laying foundations for growth along the value chain

- 8a Efficiency Improvement Programme in core business
- 8b Disposal of non-core property
- 8c Disposal of non-core companies
- 9 Creating an organisation based on efficient human resource management, focused on objectives and resource acquisition
- 10 Stepping up R&D activities and searching for innovative areas of growth



# Key strategic objectives

## #1

- Stabilisation of EBITDA at ~PLN 7.4bn in 2022
- Increase in average annual capital expenditure on organic growth and acquisitions by approximately 30% relative to 2008–2013

## #2

- Diversifying PGNiG's gas supply portfolio beyond 2022

## #3

- Hydrocarbon production in Poland maintained at approximately 33 mmboe a year

## #4

- Increase in total crude oil and gas production volume (in Poland and abroad) to approximately 55-60 mmboe in 2022 through acquisition of exploration and production assets

## #5

- Development of new business areas by expanding the value chain in the distribution segment through addition of heat assets

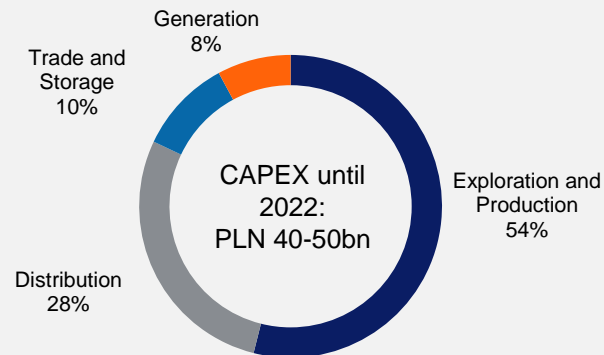
## #6

- Significant enhancement of the PGNiG Group's operational efficiency (savings of approximately PLN 800–900m)

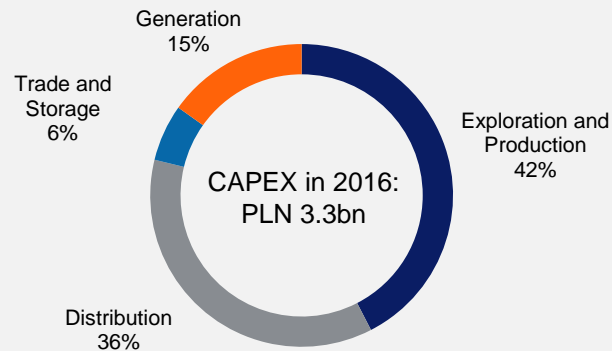


# CAPEX estimate for the years 2014-2022: PLN 40-50 billion

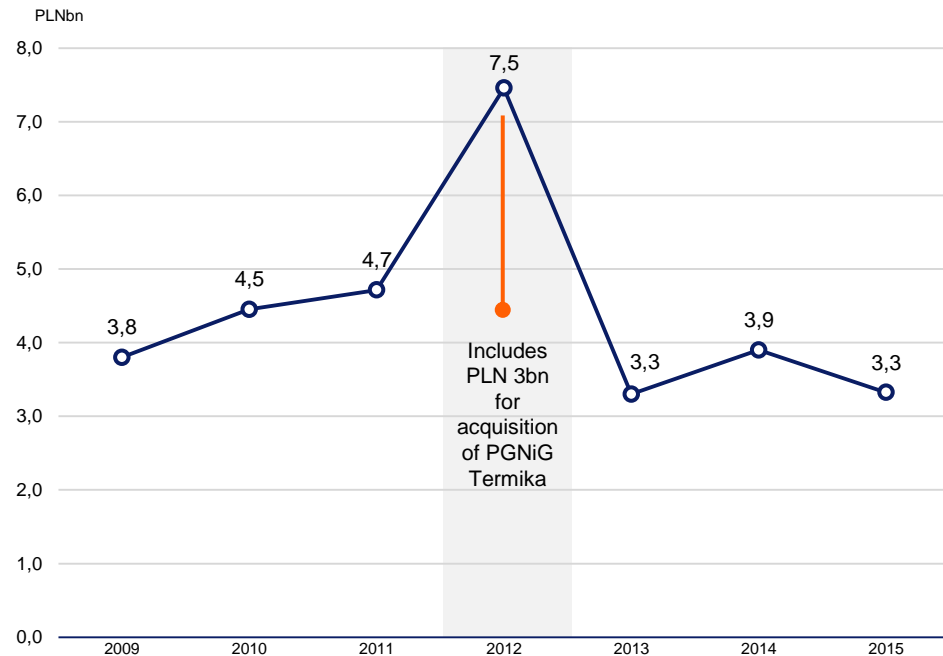
## > CAPEX breakdown for 2014-2022 (excl. potential M&A's)



## > CAPEX breakdown for 2016

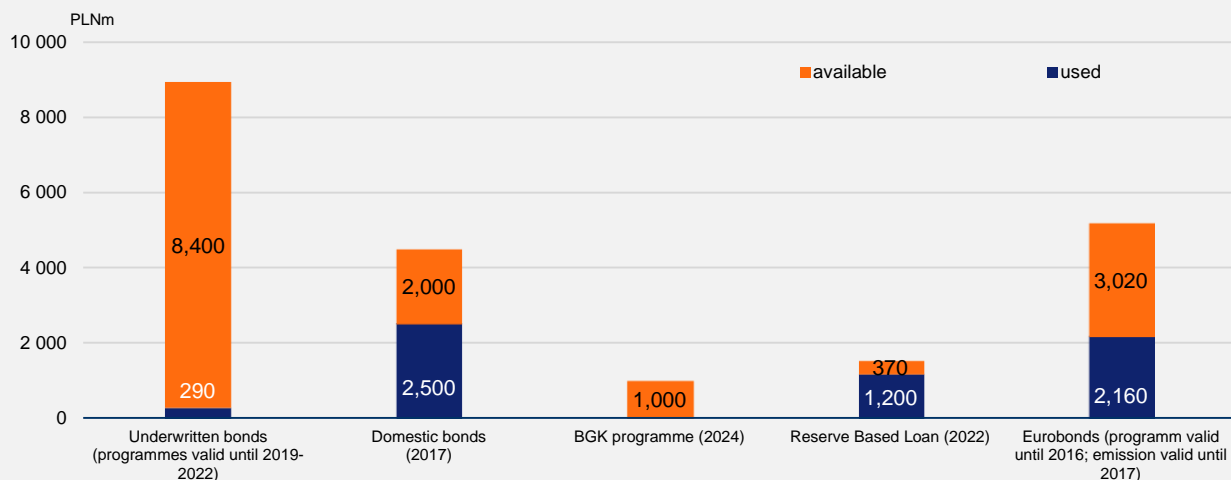


## > Annual CAPEX 2009 – 2015

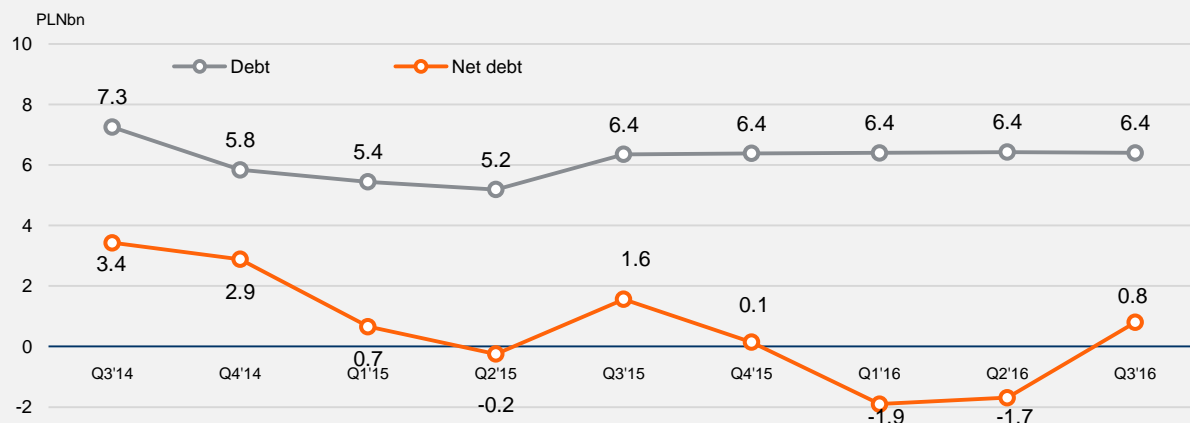


# Debt and sources of financing

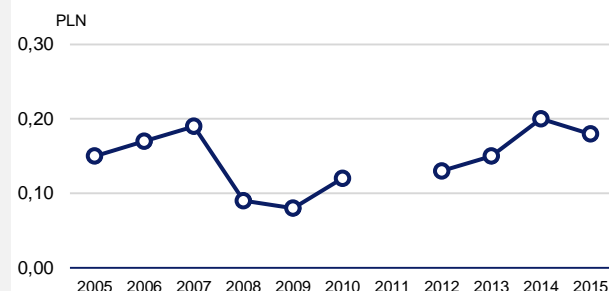
## > Sources of funding (as at September 30<sup>th</sup> 2016)



## > Debt as at end of quarter



## > Dividend per share



- > Up to 50% of consolidated net profit to be paid as dividend in 2015–2022 (provided that the financial situation is stable, financing sources for investment projects are secured and PGNiG SA receives dividends from subsidiaries for a given year)

## Comment:

- > Available financing programmes for PLN 15bn, including PLN 10bn underwritten.
- > In August 2015, PGNiG Upstream International signed a new reserve based loan agreement, with loan amount raised to USD 400m. This increased the scale of self-financing of PUI and the financing capacity of the PGNiG Group. The loan is a seven-year revolving facility with a grace period of 30 months.



# Appendix

# Financial highlights – 2015

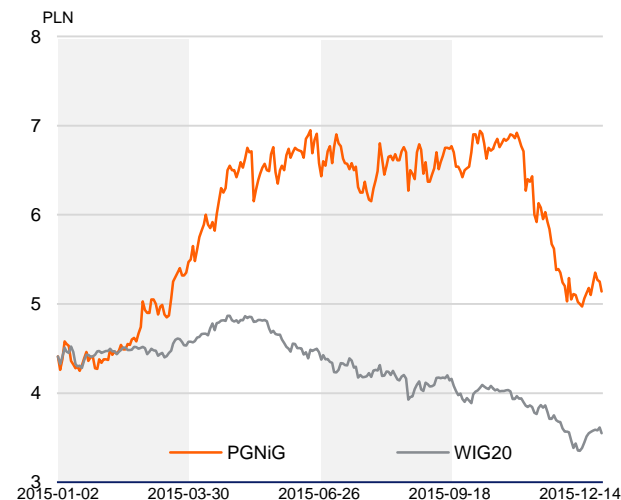
| [PLNm]                                | 2014     | 2015            | Δ%    |
|---------------------------------------|----------|-----------------|-------|
| Revenue                               | 34,304   | <b>36,464</b>   | 6%    |
| Operating expenses (excl. D&A)        | (27,959) | <b>(30,384)</b> | 9%    |
| EBITDA                                | 6,345    | <b>6,080</b>    | (4%)  |
| Depreciation and amortisation expense | (2,502)  | <b>(2,790)</b>  | 12%   |
| EBIT                                  | 3,843    | <b>3,290</b>    | (14%) |
| Net finance income/(costs)            | (346)    | <b>(225)</b>    | (35%) |
| Net profit                            | 2,822    | <b>2,136</b>    | (24%) |

- Revenue from E gas sales up PLN 2.8bn, to PLN 28.5bn in 2015, with sales volume up 4.3 bcm year on year, to 21.7 bcm, driven by the exchange sale requirement.
- Revenue from sales of crude oil and condensate down PLN 709m, with sales volumes up 222 thousand tonnes year on year (consolidation of assets acquired from Total on the Norwegian Continental Shelf as of Q1 2015).
- Cost of gas sold up PLN 3.3bn, to PLN 22bn in 2015 (exchange sale requirement), with a decrease in costs reported by PGNiG SA.

- Net impairment losses, provisions and dry wells and seismics written off at PLN -1,062m in 2015, compared with PLN -1,513m in 2014 (change: +451m PLN).
- Depreciation/amortisation charge up PLN 288m year on year on higher sales volumes in Norway (units-of-production method) and placement in service of the Wierchowice underground storage facility.
- Income tax up PLN 74m, with effective tax rate up from 22% to 29% (effect of tax settlements in Norway).
- Separate net profit of PGNiG SA in 2015: PLN 1.5bn vs PLN 1.9bn in 2014.

> EBITDA down 4%, with oil and gas prices declining

> PGNiG stock price in 2015



# Financial highlights Q1–Q3 2016

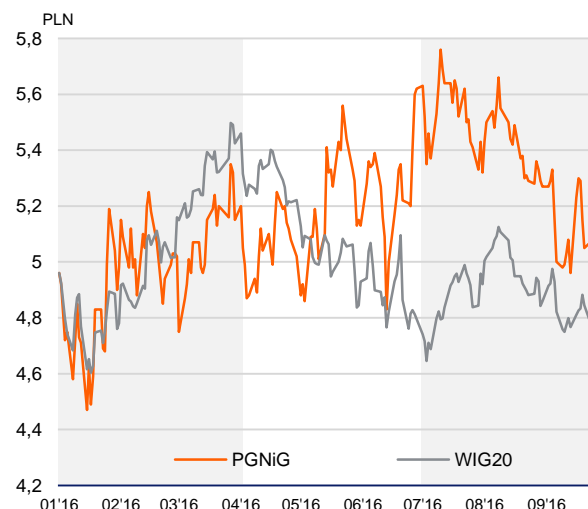
| [PLNm]                         | Q1-3 2015 | Q1-3 2016       | Δ%    |
|--------------------------------|-----------|-----------------|-------|
| Revenue                        | 26,695    | <b>23,050</b>   | (14%) |
| Operating expenses (excl. D&A) | (21,386)  | <b>(18,781)</b> | (12%) |
| EBITDA                         | 5,309     | <b>4,269</b>    | (20%) |
| EBITDA adjusted*               | 5,458     | <b>4,983</b>    | (9%)  |
| Depreciation and amortisation  | (2,073)   | <b>(1,956)</b>  | (6%)  |
| EBIT                           | 3,236     | <b>2,313</b>    | (29%) |
| Net finance income/(costs)     | (155)     | <b>(14)</b>     | (91%) |
| Net profit                     | 2,157     | <b>1,628</b>    | (25%) |

- > Revenue from high-methane (E) gas sales down PLN 3.8bn yoy (PLN 17.3bn in 9M 2016), with stable sales volumes yoy, at over 16 bcm.
- > Revenue from crude oil and condensate sales down PLN 422m in 9M 2016, with sales volumes also down yoy, to 1,021 thousand tonnes.
- > Cost of gas sold down 19%, or PLN 3.0bn year on year.
- > Depreciation/amortisation charges in Norway down PLN 165m yoy on re-evaluation of Skarv reserves at the end of 2015.

- > Significant impact of non-current assets impairment loss in Q1-3 2016 and Q1-3 2015: PLN -714m and PLN -149m, respectively. Adjusted EBITDA fall down by 9% yoy.
- > PLN 93m net foreign exchange gains on the USD-denominated reserve based loan in 9M 2016 vs PLN 52m net foreign exchange losses in 9M 2015.
- > Equity method accounting for interest in PGG had an effect of reducing net profit by PLN 60m.

> Major impact of falling commodity prices on operating performance

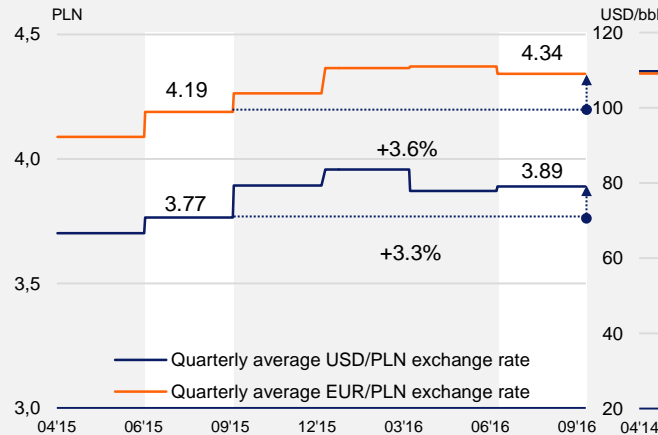
> Performance of the PGNiG stock in Q1–3 2016



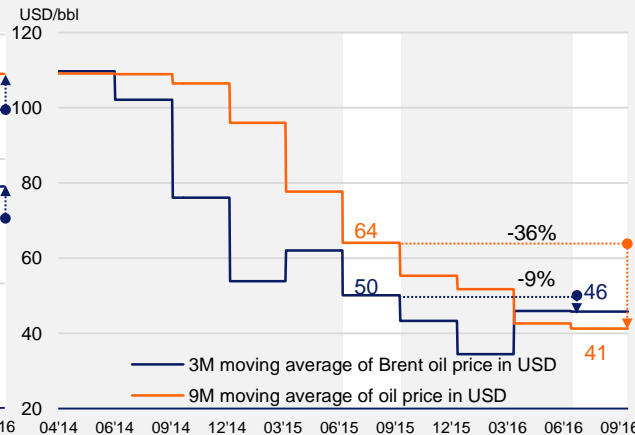
\* EBITDA adjusted for non-current assets impairment loss.

# Performance drivers

- > Yoy appreciation of USD and EUR against PLN

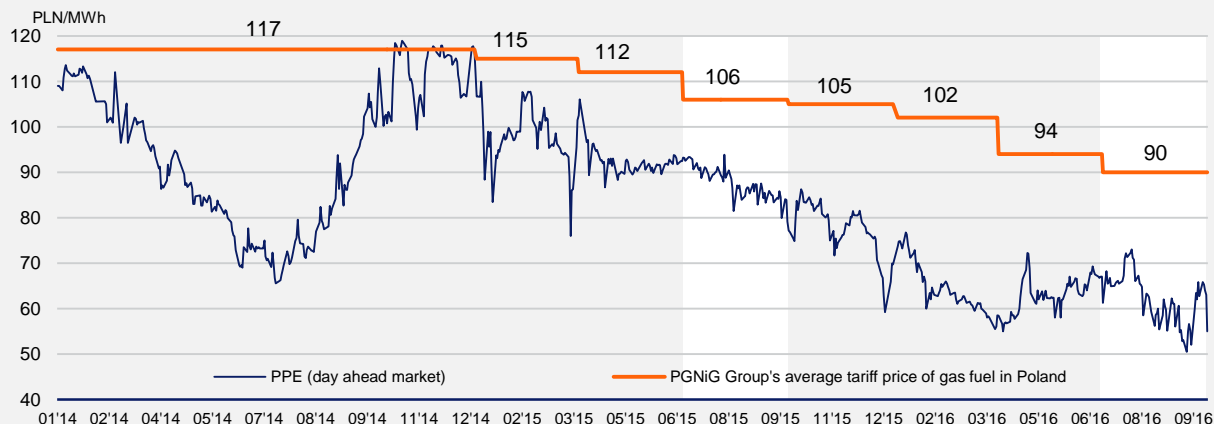


- > In Q3 2016, 9-month average of crude oil prices down 36% yoy



- > Marked impact of recent periods' tariff reductions on gas selling prices; average regulated price down 15% yoy and 4% qoq in Q3 2016

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



## Comments:

- > Price in the chart is calculated on the combined tariff-price sales of PGNiG SA and PGNiG OD 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.



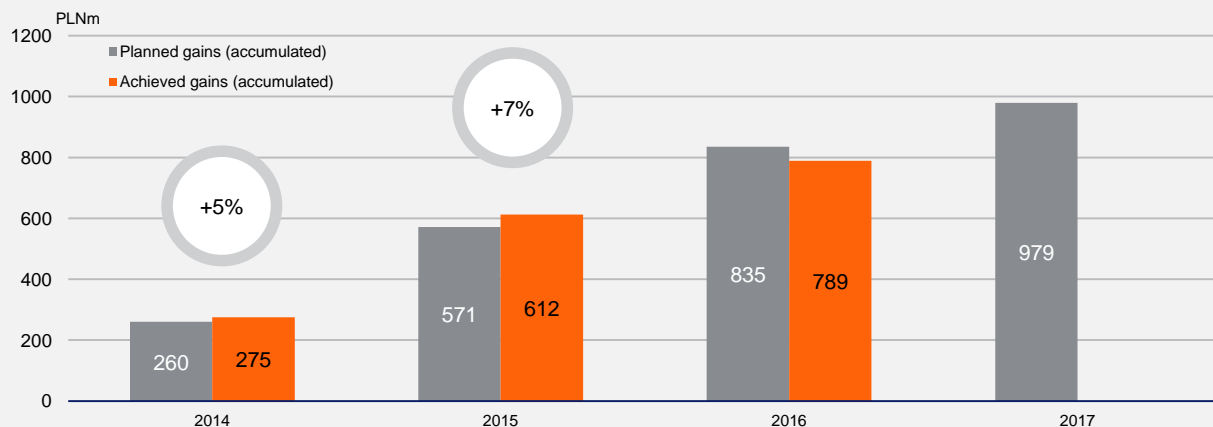
# Efficiency Improvement Programme

## – almost PLN 1bn in savings by 2017

### Programme objectives:

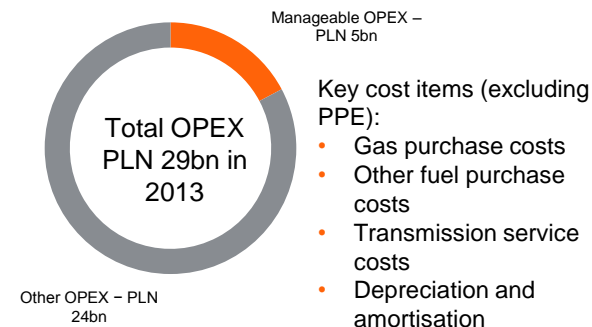
- > To set efficiency improvement targets for the individual segments and entities within the PGNiG Group and to define related benefits to quality improvement.
- > To define the scope of action and to assign specific tasks to individual business segments based on identified areas for improvement.
- > To implement initiatives designed to improve the PGNiG Group's operating efficiency by the end of 2017.

### > PLN 177m in savings generated in Q1–Q3 2016



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

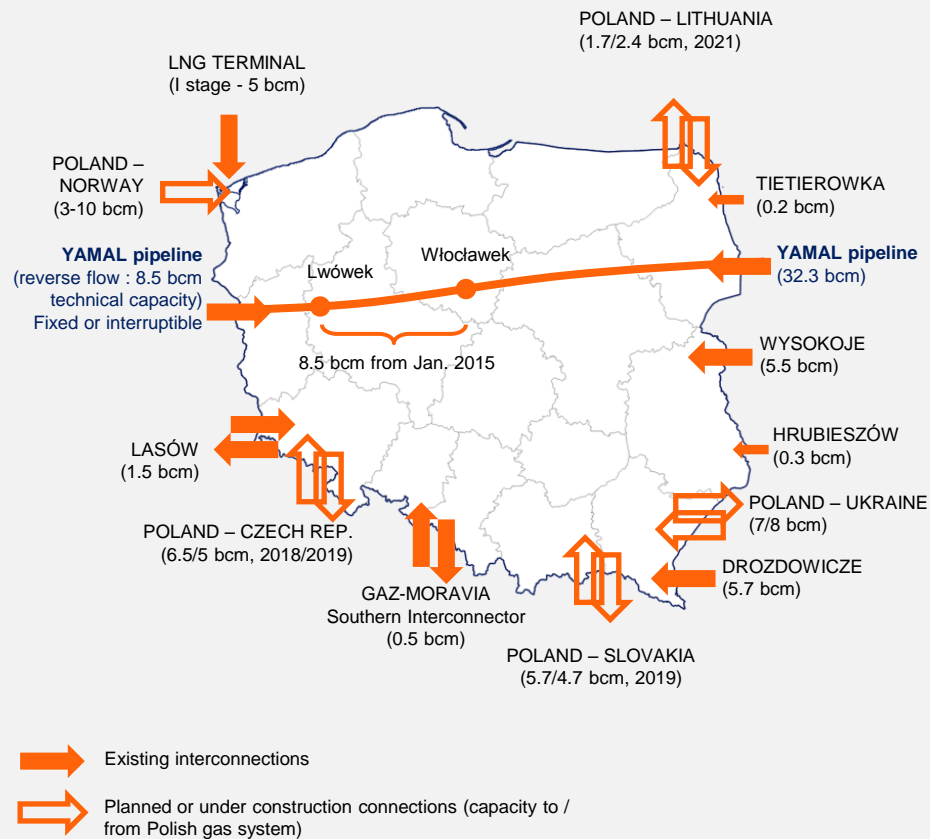
- > Operating expenses covered by the EIP



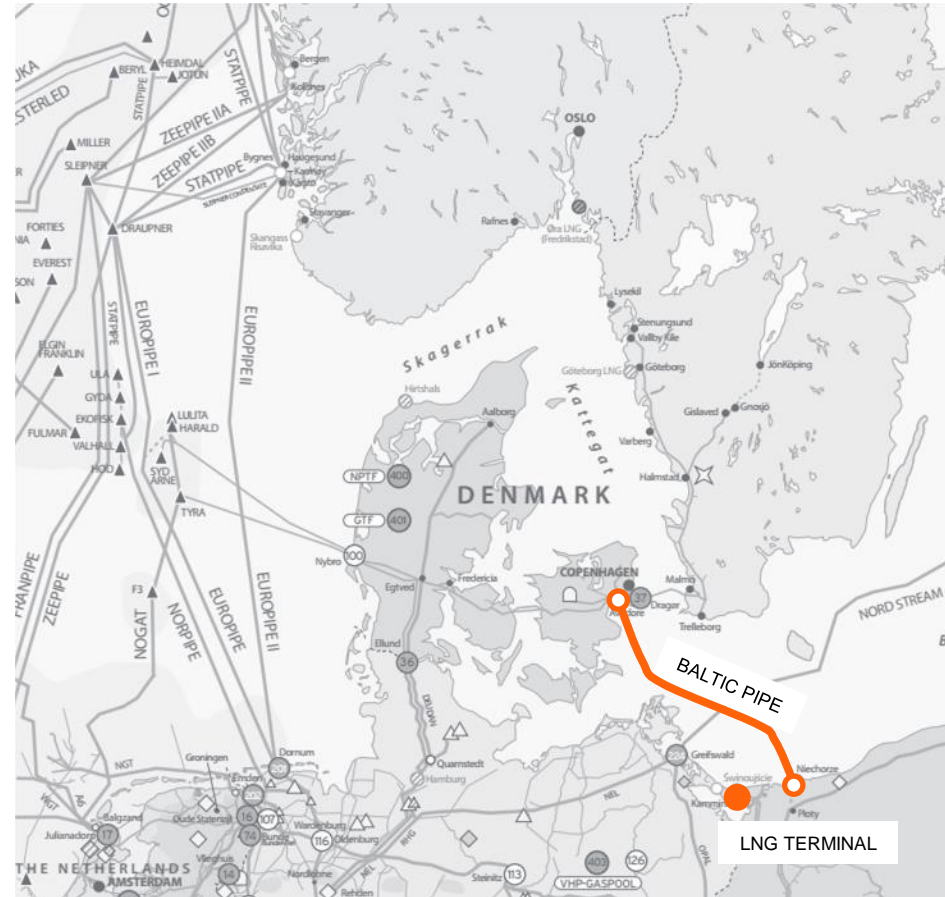


# Gas transport routes

## > Interconnections

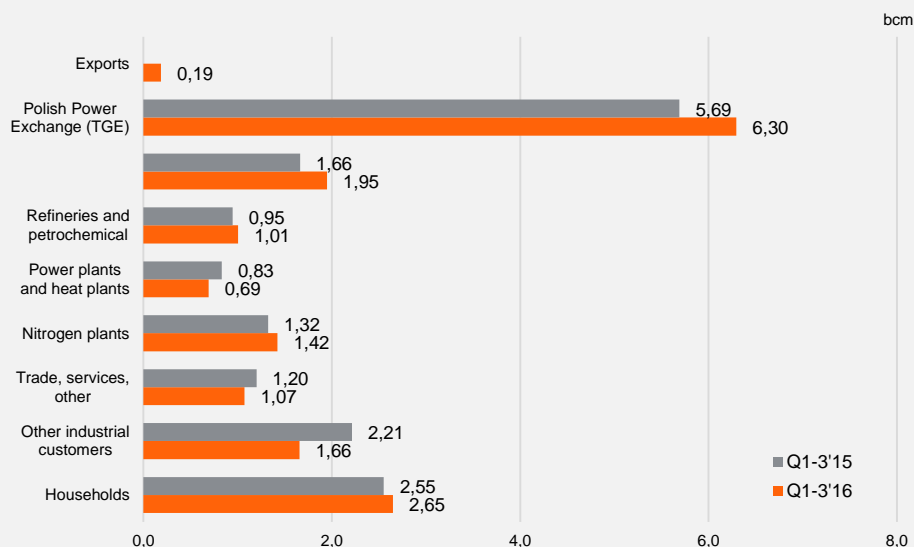


## > Northern Gate Project

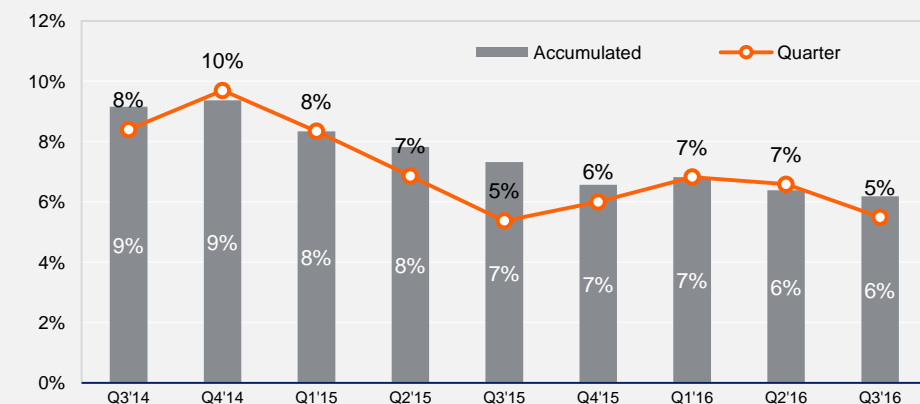


# Trade and Storage

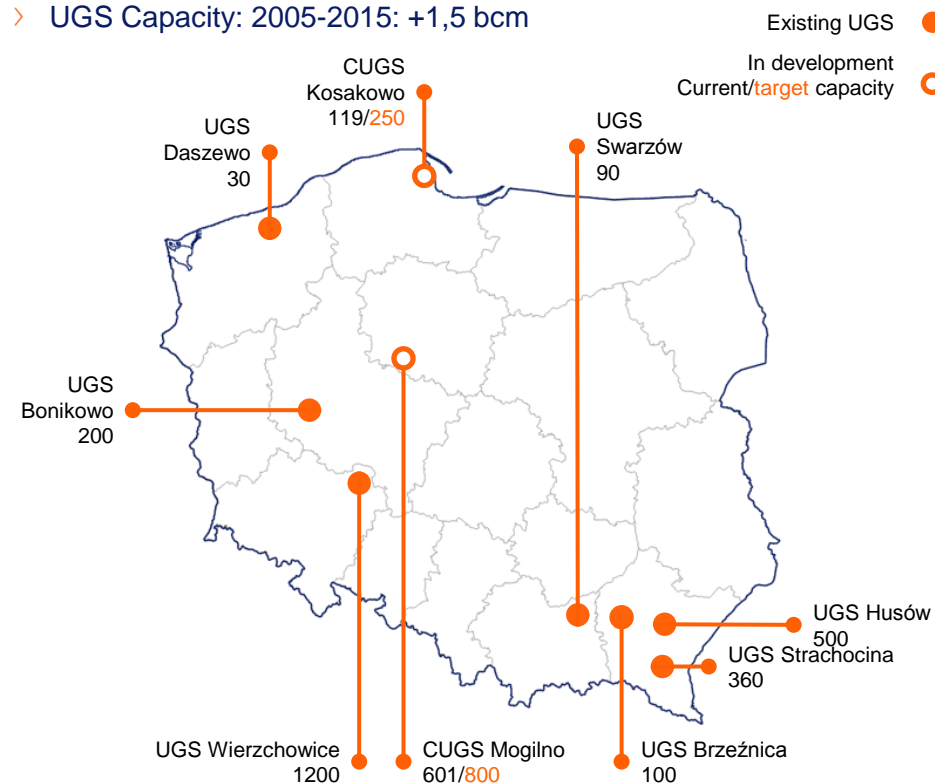
## > PGNiG Group (PGNiG SA, PGNiG Retail, PGNiG Supply&Trading) – gas sales volumes by customer group



## > Margin on gas fuel (high-methane gas)



## > UGS Capacity: 2005-2015: +1,5 bcm



- > Current no. of storage facilities: 9 (in salt caverns: 2)
- > Current capacity approx. **3.2 bcm**
- > Planned increased capacity for 2016: CUGS Kosakowo +25 mcm
- > Required strategic gas reserves: 30 days (of daily average import)

# Changes on the Polish gas market

| Gas sales volume (mcm)                | 2014         | 2015         | Q1-3 2016    |
|---------------------------------------|--------------|--------------|--------------|
| Total PGNiG Group                     | 18,609       | 23,000       | 16,993       |
| PGNiG SA                              | 13,641       | 13,228       | 10,061       |
| <i>including PGNiG SA through PPE</i> | <i>3,742</i> | <i>8,089</i> | <i>6,141</i> |
| PGNiG Retail                          | 3,209        | 7,502        | 4,959        |

- Gas market deregulation is affecting PGNiG's share in imports and sales structure

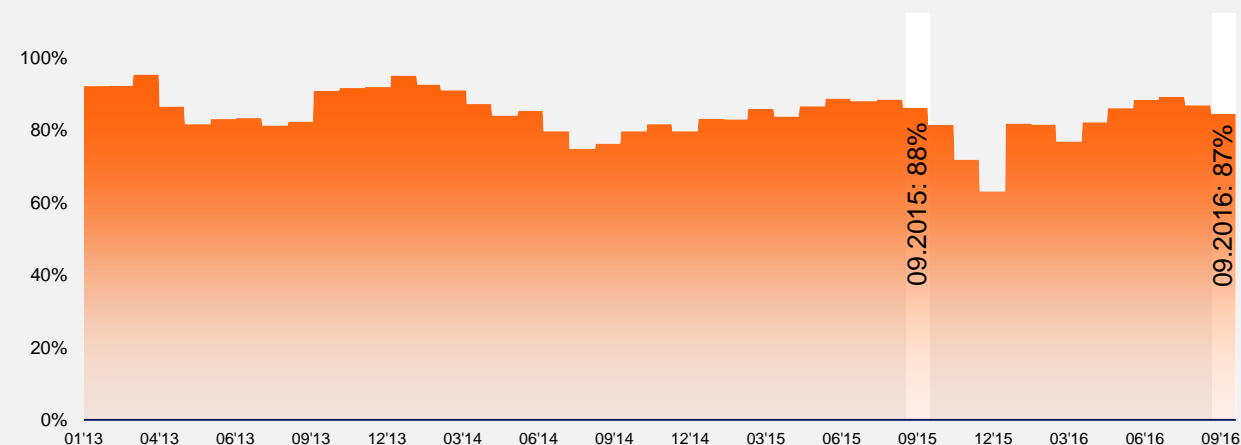
## Comments:

- Since August 1st 2014, the PGNiG Group's gas sales volumes have included both PGNiG SA's sales through the exchange and PGNiG Retail's sales to end customers and on the exchange.
- PGNiG Retail's sales include nitrogen-rich gas, presented in the table as Group E gas equivalent.

## \* Notes:

- The chart presents PGNiG SA's share in gas flowing into Poland through OGP Gaz-System's entry points (excluding transit volumes via the Yamal pipeline and including volumes for export), monthly data. The increase of PGNiG's share in imports observed in Q1 2016 caused mainly by reduced exports to Ukraine.
- Data in the chart do not show PGNiG SA's share in the Polish gas market. They have been sourced from reports published by OGP Gaz-System on the volumes of gas flowing through interconnectors.

## ➤ PGNiG's share in gas imports to Poland\*



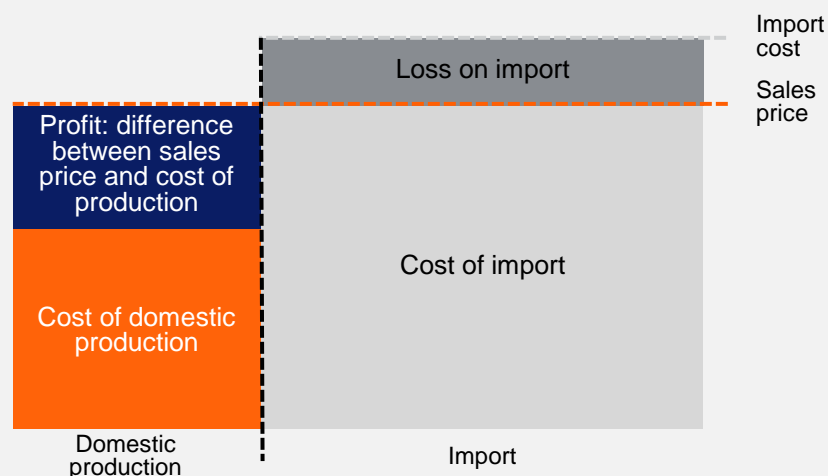
\* PGNiG SA's share in gas flowing into Poland through OGP Gaz-System's entry points (excluding transit volumes via the Yamal pipeline and including volumes for export), monthly data



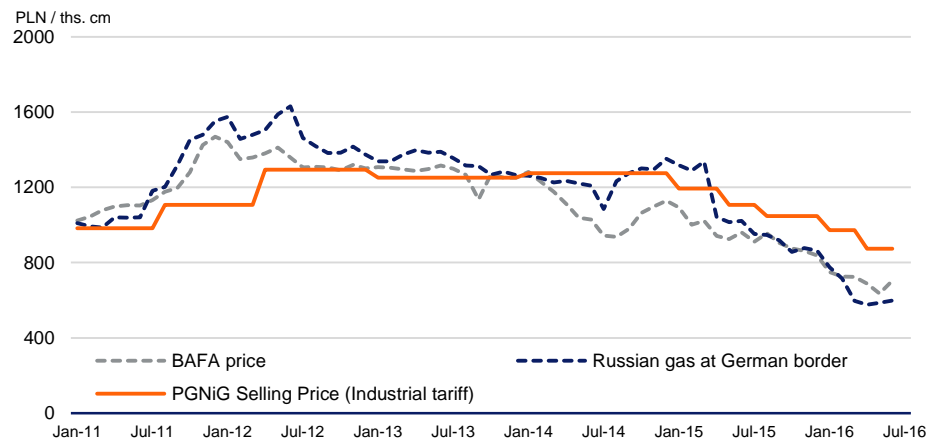
# Tariff Model in Poland

| Type of activity                   | Regulatory mechanism  |
|------------------------------------|---|
| Direct sales                       | None  |
| Gas sales                          | Cost of gas + operating costs + margin  |
| Retail                             | PGNiG Retail's cost base including cost of gas on PPE                                   |
| Wholesale                          | Including cost of imports + cost of production (with return on capital invested in E&P) |
| Storage (until March 2017)         | Cost + return on capital (6.0% WACC x PLN 3.7bn RAB)                                    |
| Distribution (until December 2016) | Cost + return on capital (7.2% WACC x PLN 11.9bn RAB) – 150m gap                        |

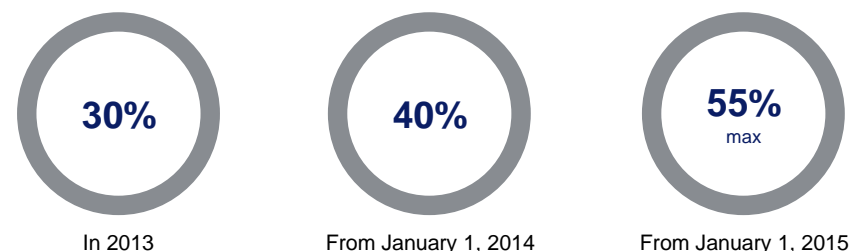
- > Gas tariff set on blended cost of gas:  
Less costly domestic production supports imports



- > Monthly average gas prices in European import contracts and PGNiG tariff price



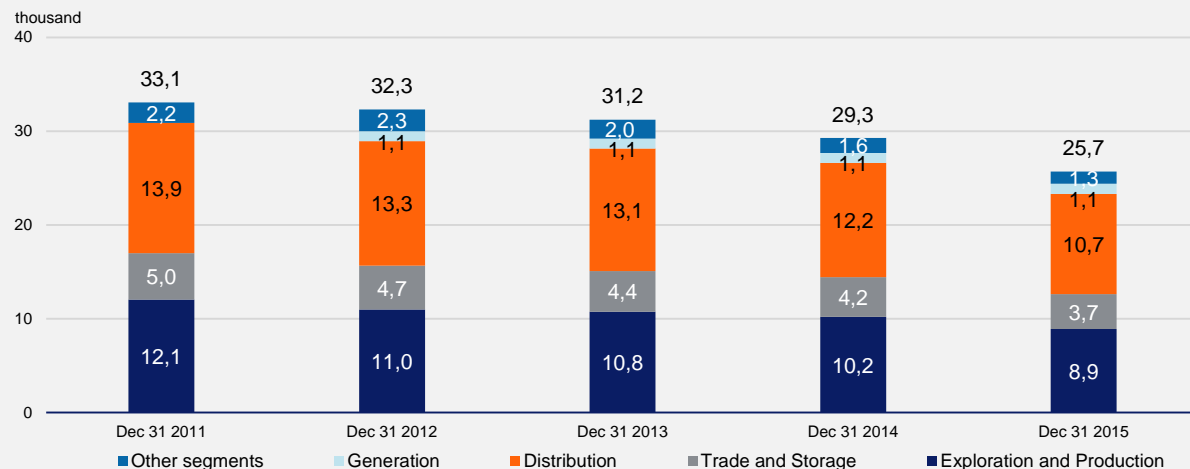
- > Levels of obligatory trading on Polish Power Exchange



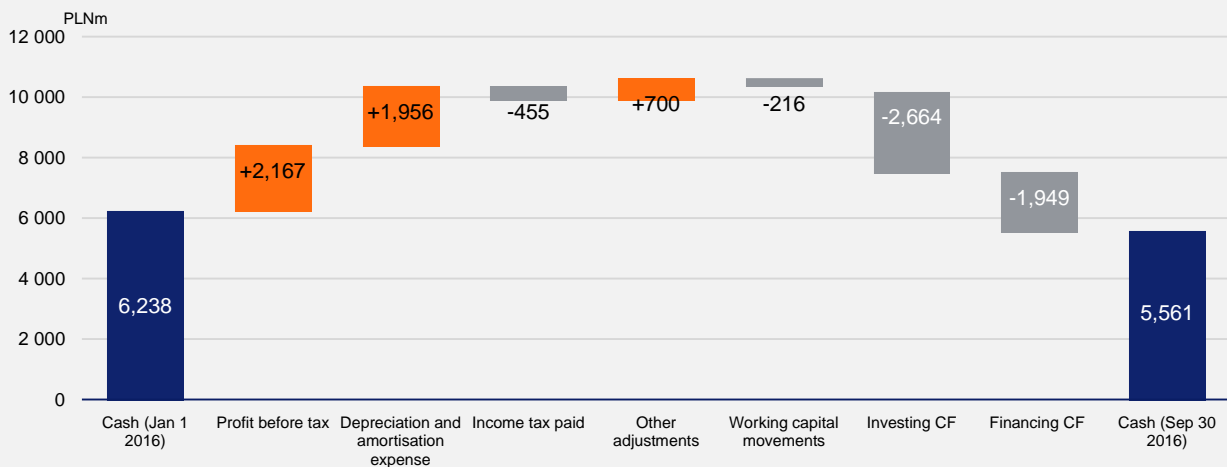
- > Liberalization of gas market in Poland is being implemented, based on obligatory trading on gas exchange in Warsaw and gradual removal of tariffs for certain segments of industrial customers.

# Statement of financial position, statement of cash flows, financial ratios and headcount

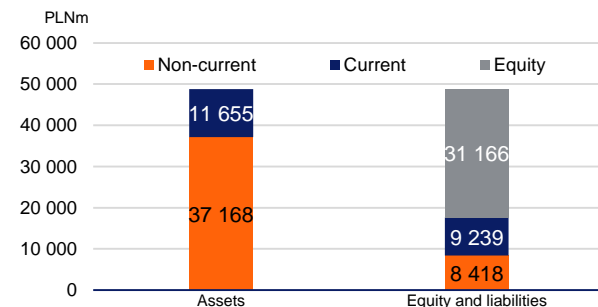
## > Headcount (at year end)



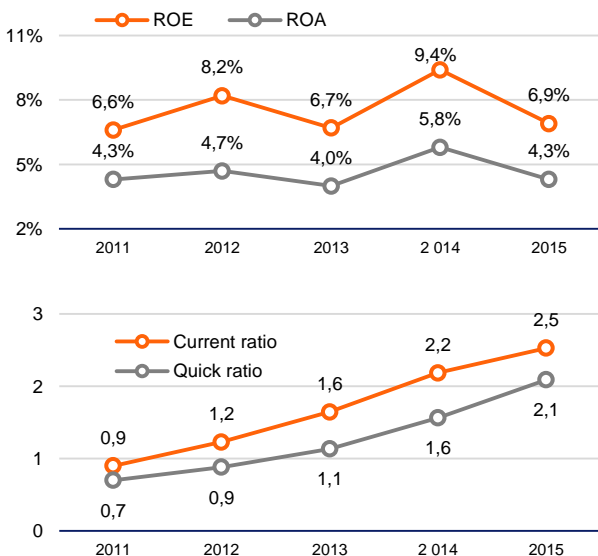
## > Consolidated cash flows (Jan 1<sup>st</sup>–Sep 30<sup>th</sup> 2016)



## > PGNiG Group's statement of financial position (as at September 30<sup>th</sup> 2016)



## > Profitability and liquidity ratios



# Production and sales volumes

| NATURAL GAS PRODUCTION, PGNiG Group (mcm) | Q3 2016      | Q2 2016      | Q1 2016      | FY 2015      | Q4 2015      | Q3 2015      | Q2 2015      | Q1 2015      | FY 2014      | Q4 2014      | Q3 2014      | Q2 2014      | Q1 2014      |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| HIGH-METHANE GAS (E)                      | 450          | 487          | 509          | 2,031        | 508          | 515          | 507          | 501          | 1 876        | 440          | 475          | 482          | 479          |
| <i>including in Poland</i>                | 346          | 349          | 359          | 1,458        | 369          | 359          | 362          | 367          | 1 457        | 368          | 361          | 362          | 367          |
| <i>including in Norway</i>                | 104          | 138          | 150          | 573          | 138          | 156          | 145          | 134          | 419          | 73           | 114          | 120          | 112          |
| NITROGEN-RICH GAS (Ls/Lw as E equiv.)     | 582          | 596          | 670          | 2,599        | 691          | 622          | 602          | 684          | 2 627        | 692          | 582          | 650          | 704          |
| <i>including in Poland</i>                | 570          | 584          | 657          | 2,547        | 677          | 610          | 589          | 671          | 2 569        | 677          | 567          | 636          | 690          |
| <i>including in Pakistan</i>              | 12           | 13           | 13           | 52           | 13           | 12           | 13           | 13           | 58           | 14           | 15           | 15           | 14           |
| <b>TOTAL (measured as E equivalent)</b>   | <b>1,032</b> | <b>1,083</b> | <b>1,179</b> | <b>4,629</b> | <b>1,198</b> | <b>1,137</b> | <b>1,109</b> | <b>1,185</b> | <b>4,503</b> | <b>1,132</b> | <b>1,057</b> | <b>1,132</b> | <b>1,182</b> |
| Total production in kboe/d                | 72           | 77           | 84           | 81           | 84           | 80           | 79           | 83           | 80           | 79           | 74           | 80           | 85           |

| NATURAL GAS SALES, PGNiG Group (mcm)            | Q3 2016      | Q2 2016      | Q1 2016      | FY 2015       | Q4 2015      | Q3 2015      | Q2 2015      | Q1 2015      | FY 2014       | Q4 2014      | Q3 2014      | Q2 2014      | Q1 2014      |
|---|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|
| HIGH-METHANE GAS (E)                            | 4,027        | 4,439        | 7,572        | 21,665        | 6,151        | 3,674        | 4,521        | 7,320        | 17,358        | 6,470        | 3,284        | 3,078        | 4,526        |
| <i>including PST sales outside PGNiG Group</i>  | 614          | 571          | 764          | 2,271         | 608          | 639          | 502          | 522          | 1,760         | 488          | 363          | 444          | 465          |
| NITROGEN-RICH GAS (Ls/Lw as E equiv.)           | 244          | 299          | 413          | 1,335         | 390          | 262          | 282          | 401          | 1,252         | 334          | 272          | 271          | 375          |
| <b>TOTAL (measured as E equivalent)</b>         | <b>4,270</b> | <b>4,738</b> | <b>7,986</b> | <b>23,000</b> | <b>6,541</b> | <b>3,936</b> | <b>4,803</b> | <b>7,721</b> | <b>18,609</b> | <b>6,804</b> | <b>3,556</b> | <b>3,349</b> | <b>4,900</b> |
| <i>including sales directly from the fields</i> | 4,027        | 189          | 230          | 764           | 201          | 176          | 175          | 212          | 800           | 205          | 177          | 180          | 238          |

| GAS IMPORTS by PGNiG SA (mcm)            | Q3 2016 | Q2 2016 | Q1 2016 | FY 2015 | Q4 2015 | Q3 2015 | Q2 2015 | Q1 2015 | FY 2014 | Q4 2014 | Q3 2014 | Q2 2014 | Q1 2014 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Total                                    | 3,020   | 2,837   | 2,704   | 9,330   | 1,863   | 2,398   | 2,495   | 2,574   | 9,700   | 2,423   | 2,143   | 2,594   | 2,541   |
| <i>including: sources east of Poland</i> | 2,429   | 2,623   | 2,657   | 8,155   | 1,774   | 2,329   | 2,219   | 1,833   | 8,097   | 1,751   | 1,805   | 2,515   | 2,026   |
| <i>including: LNG</i>                    | 384     | 210     |         |         |         |         |         |         |         |         |         |         |         |

| CRUDE OIL, PGNiG Group (thousand tonnes) | Q3 2016 | Q2 2016 | Q1 2016 | FY 2015 | Q4 2015 | Q3 2015 | Q2 2015 | Q1 2015 | FY 2014 | Q4 2014 | Q3 2014 | Q2 2014 | Q1 2014 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Production of crude oil and condensate   | 298     | 328     | 348     | 1,428   | 358     | 367     | 317     | 386     | 1,207   | 271     | 304     | 310     | 322     |
| <i>including in Poland</i>               | 177     | 176     | 203     | 765     | 207     | 204     | 147     | 207     | 789     | 214     | 188     | 184     | 203     |
| <i>including in Norway</i>               | 121     | 152     | 145     | 664     | 151     | 163     | 170     | 180     | 418     | 57      | 116     | 126     | 119     |
| Total production in kbb/d                | 24      | 26      | 28      | 29      | 29      | 29      | 26      | 31      | 24      | 22      | 24      | 25      | 26      |

|                                   |     |     |     |       |     |     |     |     |       |     |     |     |     |
|-----------------------------------|-----|-----|-----|-------|-----|-----|-----|-----|-------|-----|-----|-----|-----|
| Sales of crude oil and condensate | 287 | 336 | 398 | 1,391 | 315 | 356 | 372 | 348 | 1,169 | 249 | 262 | 373 | 287 |
| <i>including in Poland</i>        | 179 | 172 | 205 | 772   | 211 | 196 | 148 | 217 | 780   | 213 | 181 | 185 | 201 |
| <i>including in Norway</i>        | 108 | 164 | 193 | 619   | 104 | 160 | 224 | 131 | 389   | 36  | 81  | 188 | 85  |

| GENERATION  | Q3 2016 | Q2 2016 | Q1 2016 | FY 2015 | Q4 2015 | Q3 2015 | Q2 2015 | Q1 2015 | FY 2014 | Q4 2014 | Q3 2014 | Q2 2014 | Q1 2014 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Production of heat, net (sales) (TJ)                                  | 2,969   | 5,309   | 16,152  | 36,209  | 12,643  | 2,701   | 5,810   | 15,055  | 36,617  | 12,980  | 2,867   | 5,336   | 15,434  |
| Production of electricity, net, secondary generation (for sale) (GWh) | 418     | 590     | 1,390   | 3,487   | 1,136   | 328     | 674     | 1,349   | 3,555   | 1,132   | 386     | 648     | 1,390   |

# Glossary

|             |   |
|-------------|---|
| 2P          | Proven reserves of fossil fuels   |
| bbl         | barrel  |
| BGK         | Bank Gospodarstwa Krajowego   |
| boe / mmboe | Barrel of oil equivalent / Million barrel of oil equivalent (one barrel is approx. 0.136 tonnes)        |
| CAGR        | Compound annual growth rate   |
| CAPEX       | Capital expenses  |
| cm / bcm    | cubic meters / billion cubic meters   |
| D&A         | Depreciation and Amortization   |
| DCF         | Discounted cash flow  |
| EBIT        | Earnings before interest and taxes  |
| EBITDA      | Earnings before interest, taxes, depreciation and amortization  |
| EIP         | Efficiency Improvement Programme  |
| JV          | Joint Venture   |
| OPEX        | Operating expenses  |
| PPE         | Polish Power Exchange   |
| PSG         | Polska Spółka Gazownictwa   |
| PST         | PGNiG Supply & Trading GmbH   |
| PUI         | PGNiG Upstream International  |
| RAB         | Regulatory Asset Base   |
| UGS / CUGS  | Underground Gas Storage facility / Cavern Underground Gas Storage facility                              |
| WIG 20      | Capitalization-weighted stock market index of the twenty largest companies on the Warsaw Stock Exchange |
| WSE         | Warsaw Stock Exchange   |



# Contact information

**Aleksandra Dobosiewicz**

IR Manager

Desk: +48 22 589 46 71

Mobile: +48 665 004 847

Fax: +48 22 691 81 23

E-mail: [aleksandra.dobosiewicz@pgnig.pl](mailto:aleksandra.dobosiewicz@pgnig.pl)

**Weronika Zajac**

IR Specialist

Desk: +48 22 589 46 51

Mobile: +48 885 888 870

Fax: +48 22 691 81 23

E-mail: [veronika.zajac@pgnig.pl](mailto:veronika.zajac@pgnig.pl)

**Marcin Piechota**

Senior IR Specialist

Desk: +48 22 589 43 22

Mobile: +48 885 889 890

Fax: +48 22 691 81 23

E-mail: [marcin.piechota@pgnig.pl](mailto:marcin.piechota@pgnig.pl)

**Polskie Górnictwo Naftowe i Gazownictwo S.A.**

M. Kasprzaka 25

01-224 Warsaw

[www.pgnig.pl](http://www.pgnig.pl)

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