



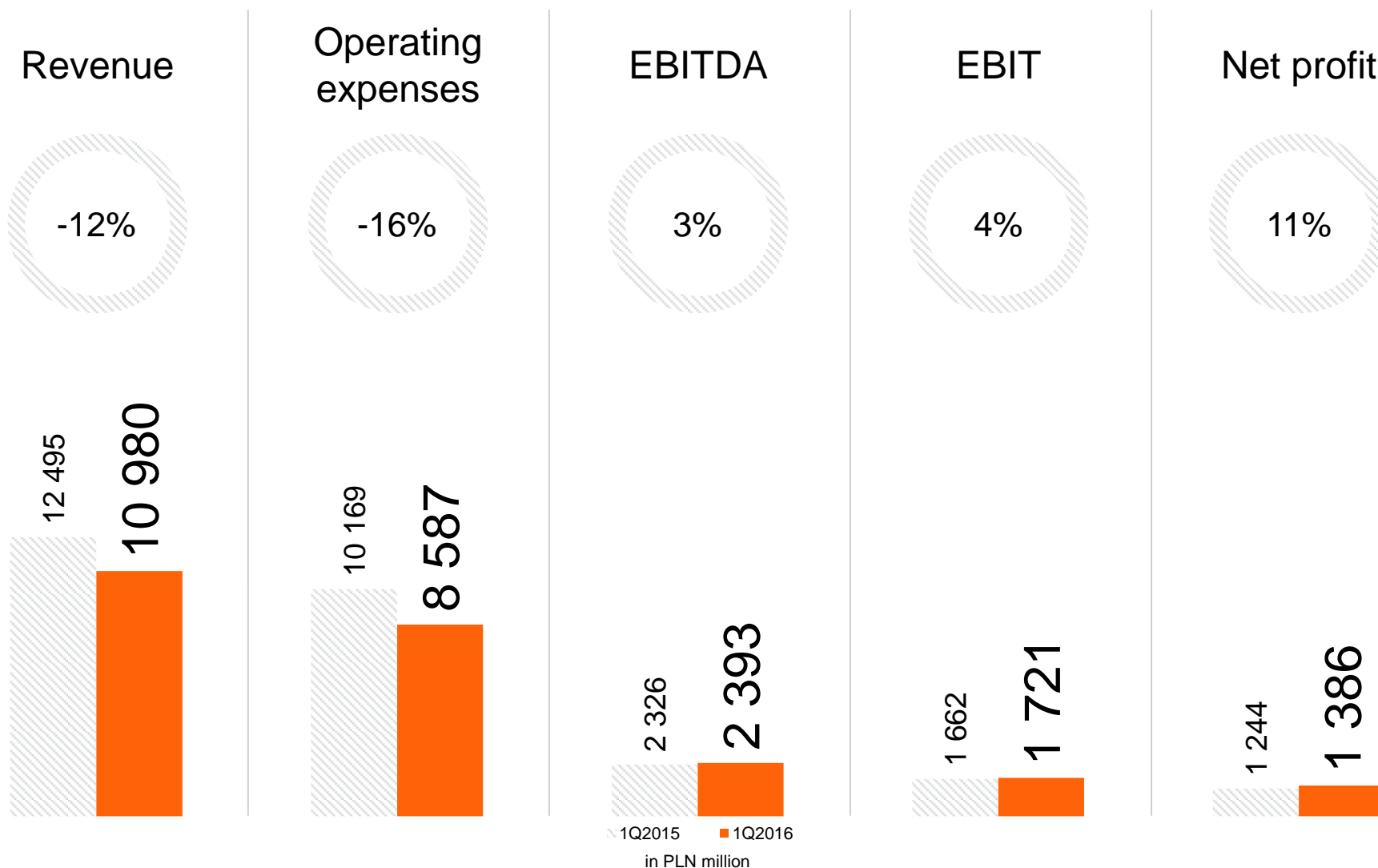
Polskie Górnictwo Naftowe
i Gazownictwo SA

PGNiG Group results

First quarter 2016

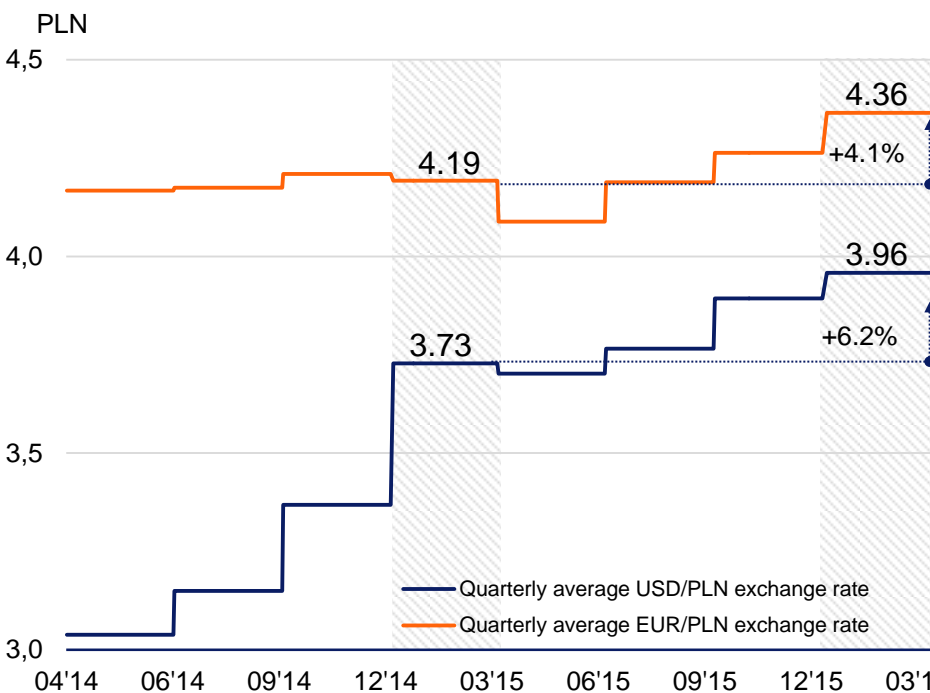
May 9th, 2016

High sales volumes in all segments while decline in the price of oil and natural gas

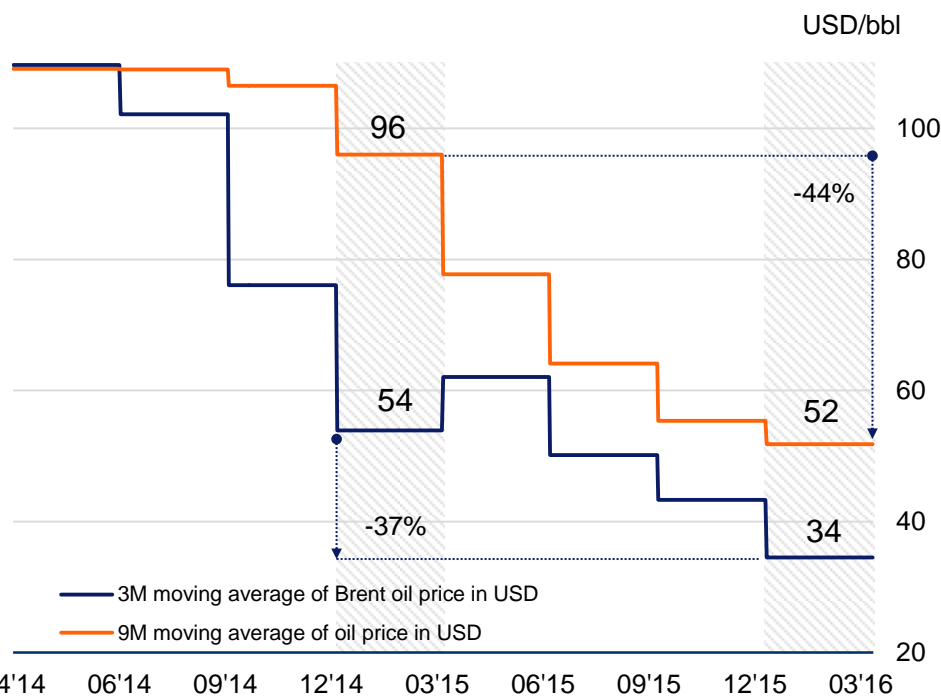


Performance drivers

Stronger USD i EUR against PLN yoy



9-month average of crude oil prices down by 44% yoy and 6% qoq



Performance drivers

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



Notice:

- 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.

Segments results



Results of Exploration and Production segment under the pressure of low crude oil prices



Crude oil sales yoy

348 / **398** ths. tonnes
+14.4%

Natural gas production yoy

1.2 / **1.2** bcm
no changes

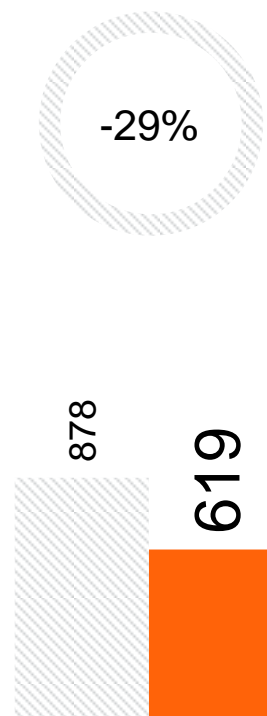
Revenue



Operating expenses



EBITDA



EBIT



1Q2015 1Q2016
in PLN million

Rebates policy and lower tariff responsible for lower Trade and Storage revenue



Natural gas sales yoy

7.7 / **8.0** bcm
+3.9%

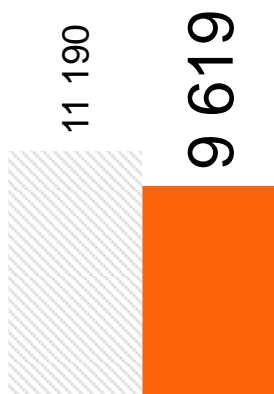
Gas inventory levels yoy

1.25 / **0.91** bcm
-27.2%

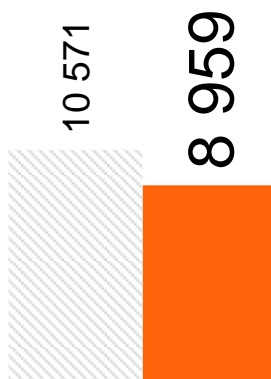
Quarterly operating margin yoy

4% / **2%**
-2 p.p.

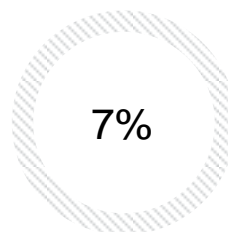
Revenue



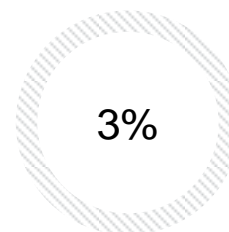
Operating expenses



EBITDA



EBIT



1Q2015 1Q2016
in PLN million

Operationally good result of Distribution segment without one-off events

Gas distribution volume yoy

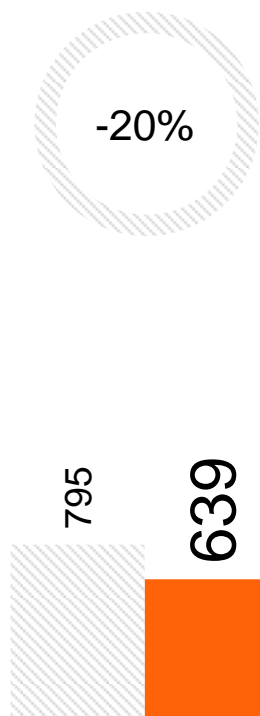
3,260 / **3,490** bcm

+7.1%

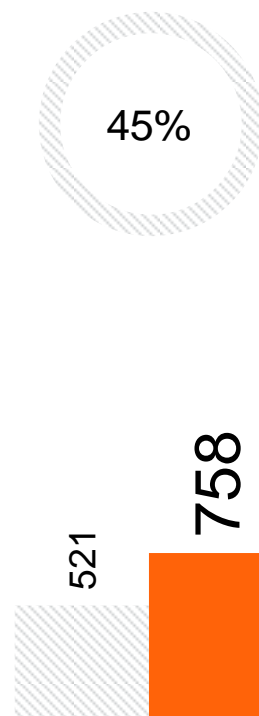
Revenue



Operating expenses



EBITDA



EBIT



1Q2015 1Q2016
in PLN million

Higher sales volumes supported very good results of Generation segment

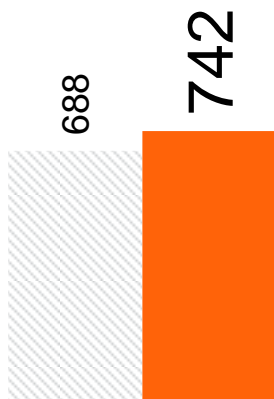
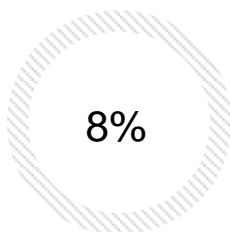
Heat sales yoy

15,055 / **16,152 TJ**
+7.3%

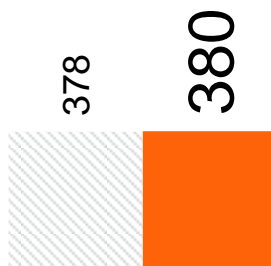
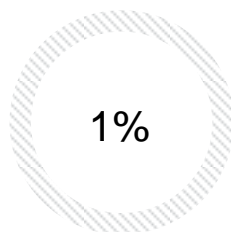
Electricity sales yoy

1,349 / **1,390 GWh**
+3.0%

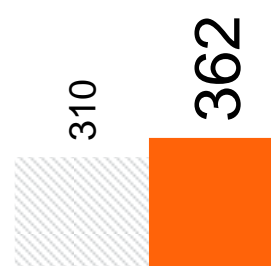
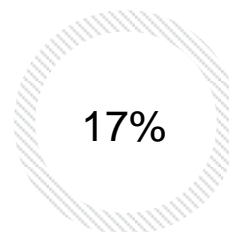
Revenue



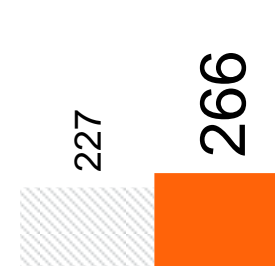
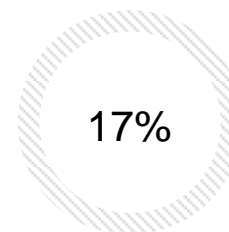
Operating expenses



EBITDA

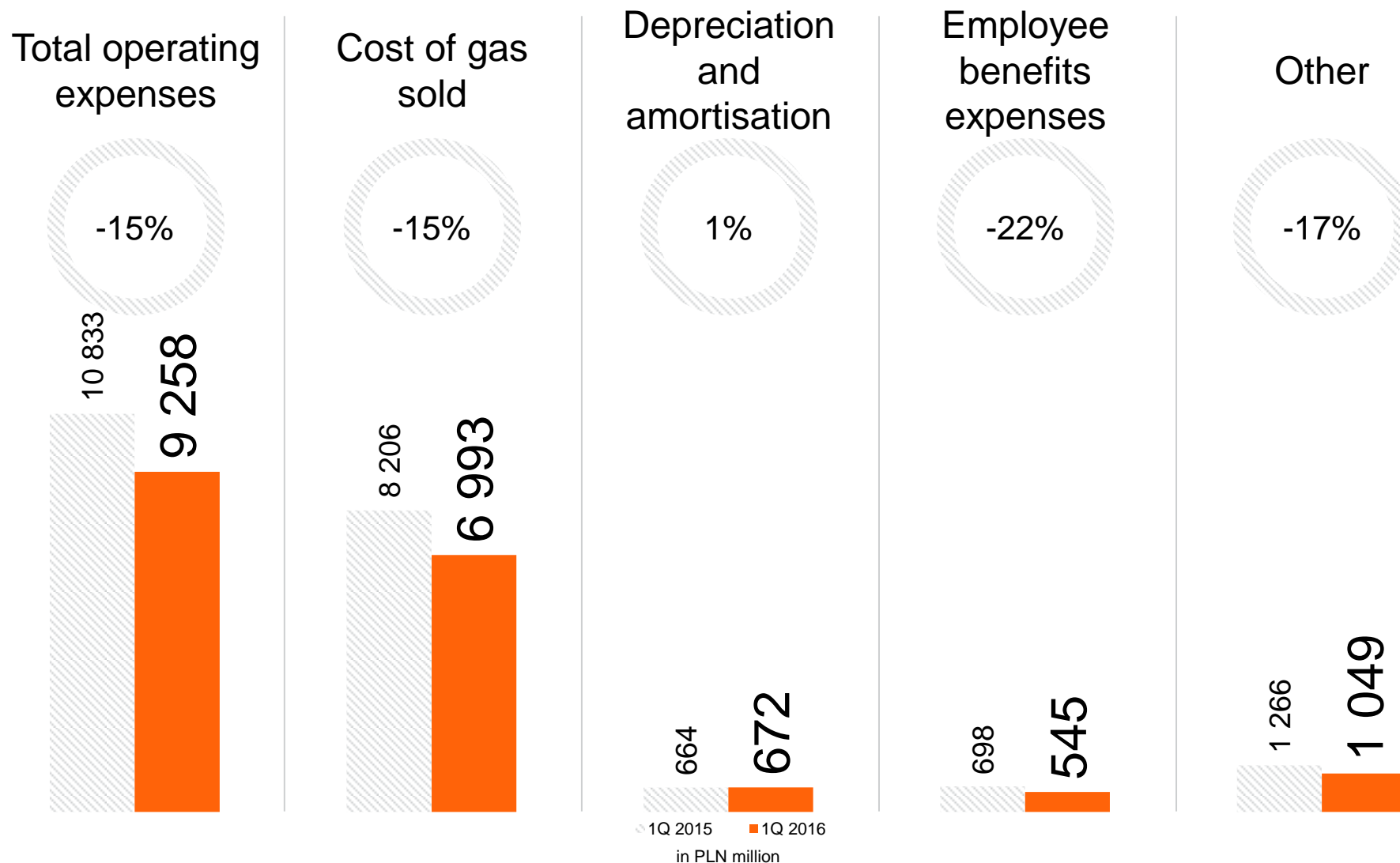


EBIT



1Q2015 1Q2016
in PLN million

Falling commodity prices and cost efficiency improvement positively impacted Q1 results





Questions & Answers

Appendix

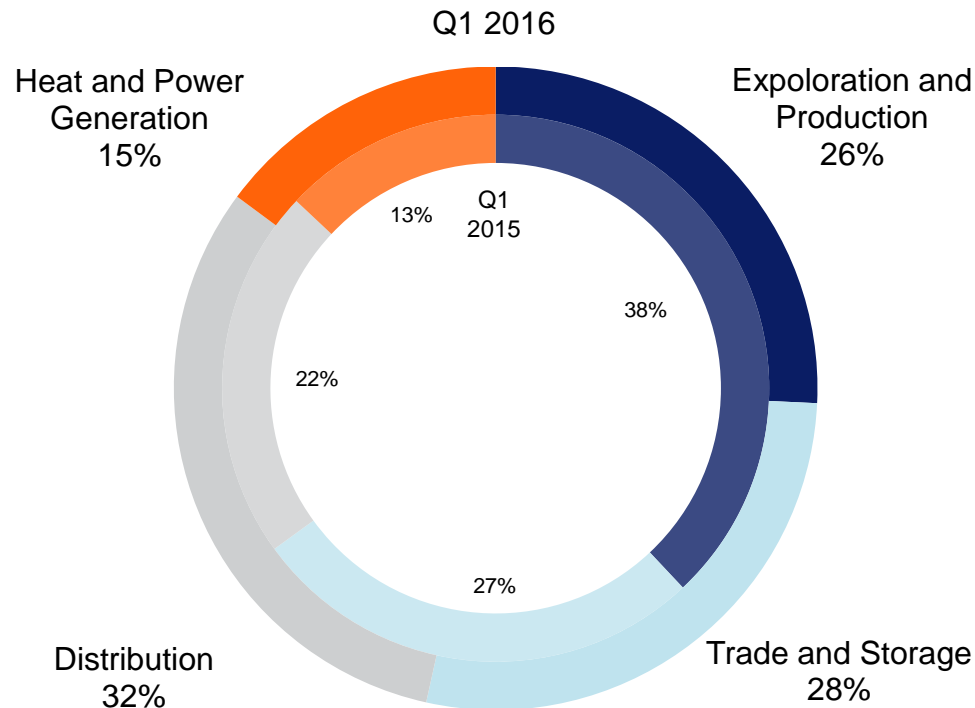


Results of E&P and T&S segments under the pressure of low crude oil prices

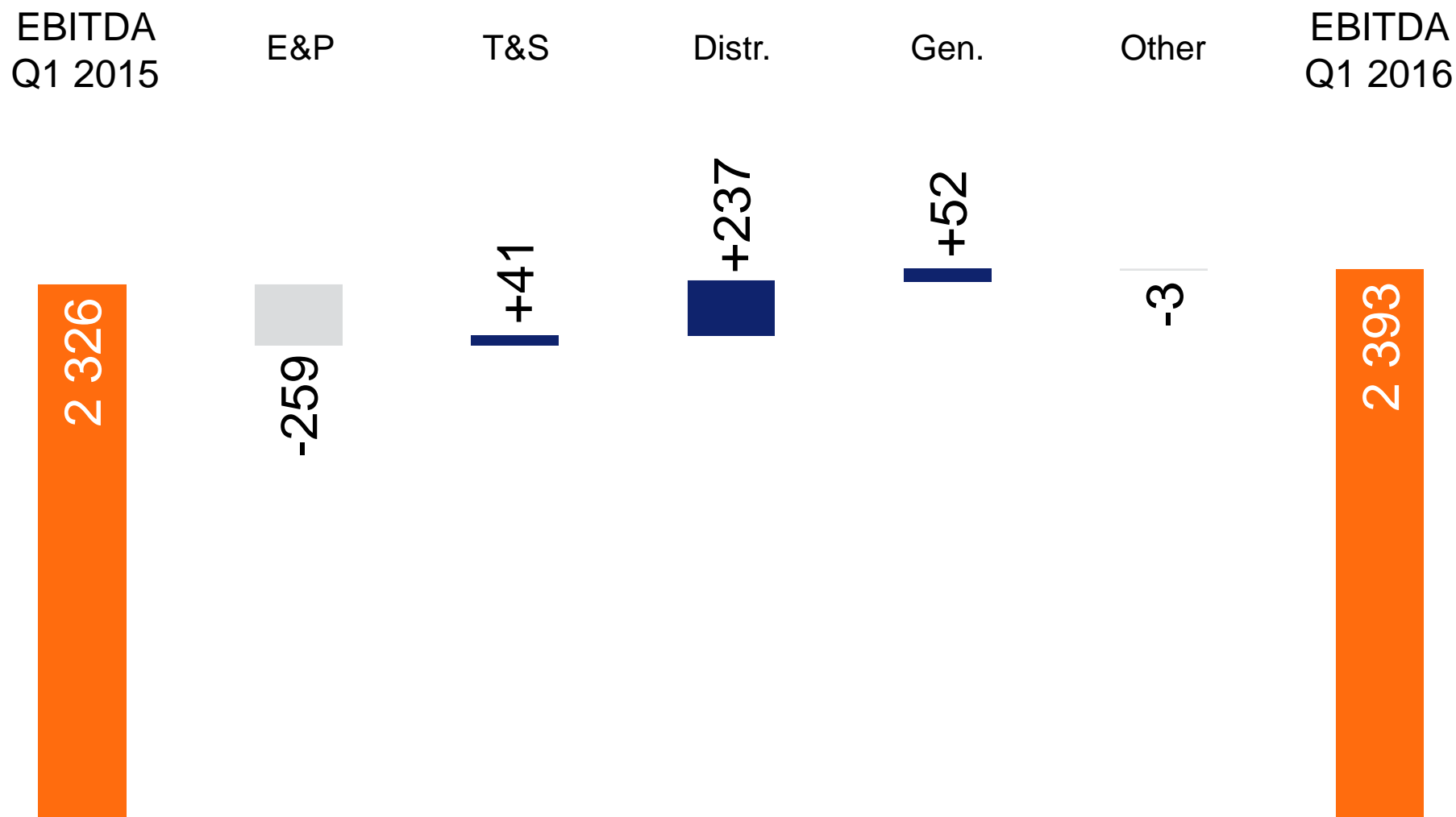
Major share of Distribution in EBITDA.



✓ Segment's contribution to PGNiG Group's EBITDA



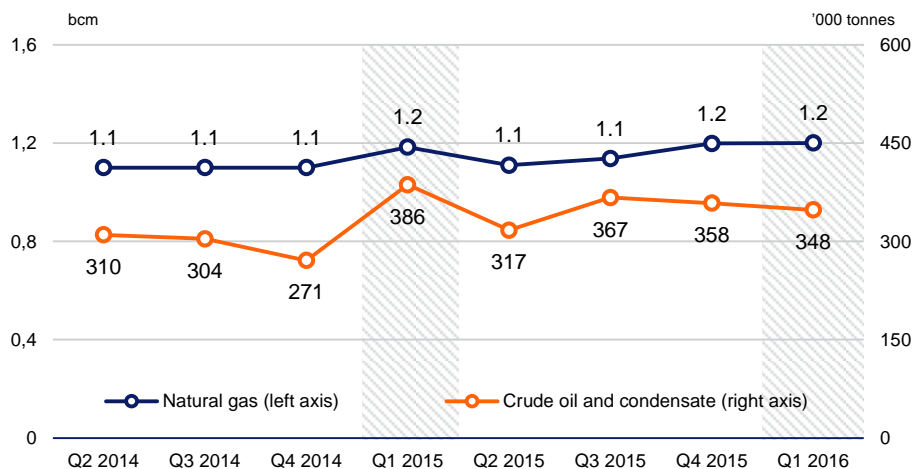
Impact of the segments operating results on PGNiG Group's EBITDA



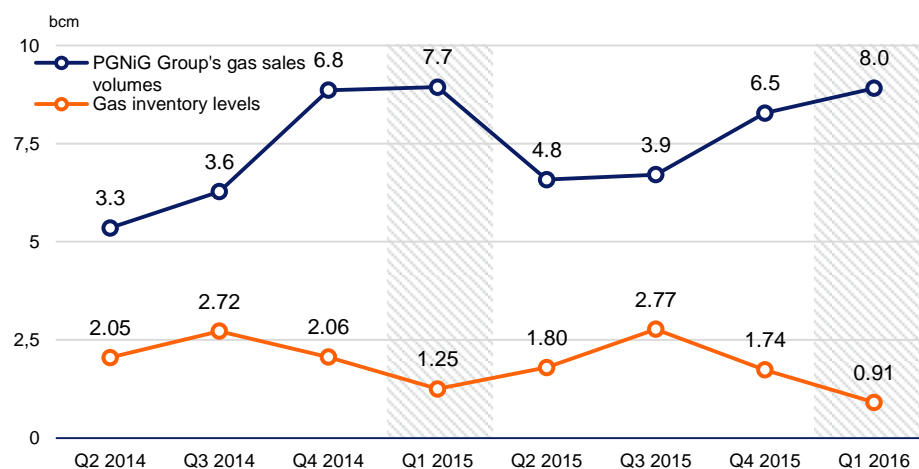
in PLN million

Operating data

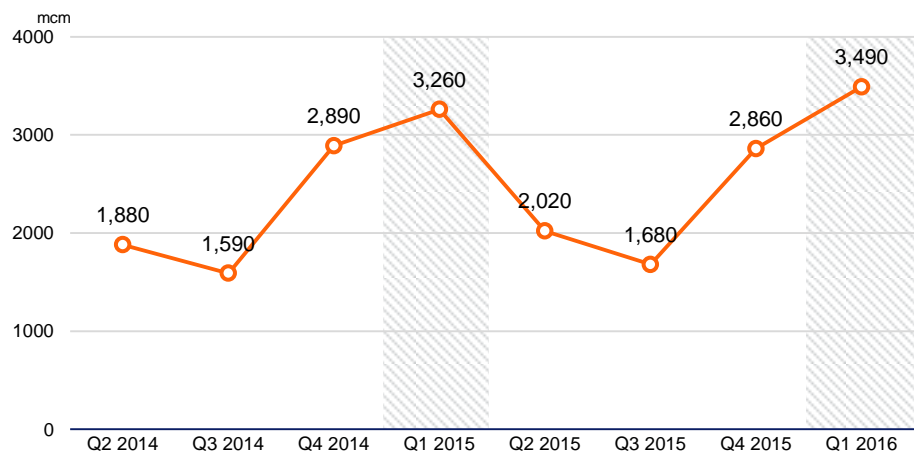
Gas output and crude output



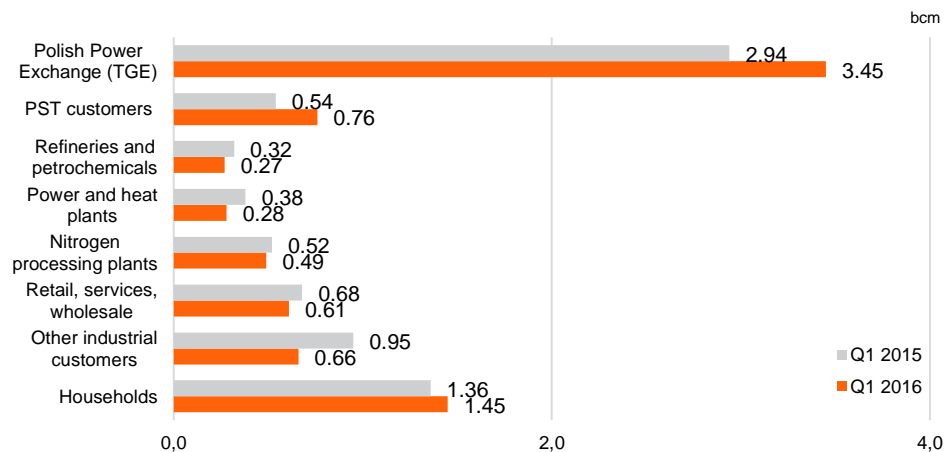
Gas sales volume and gas inventory levels



Gas distribution volume



PGNiG Group – gas sales volumes by customer group



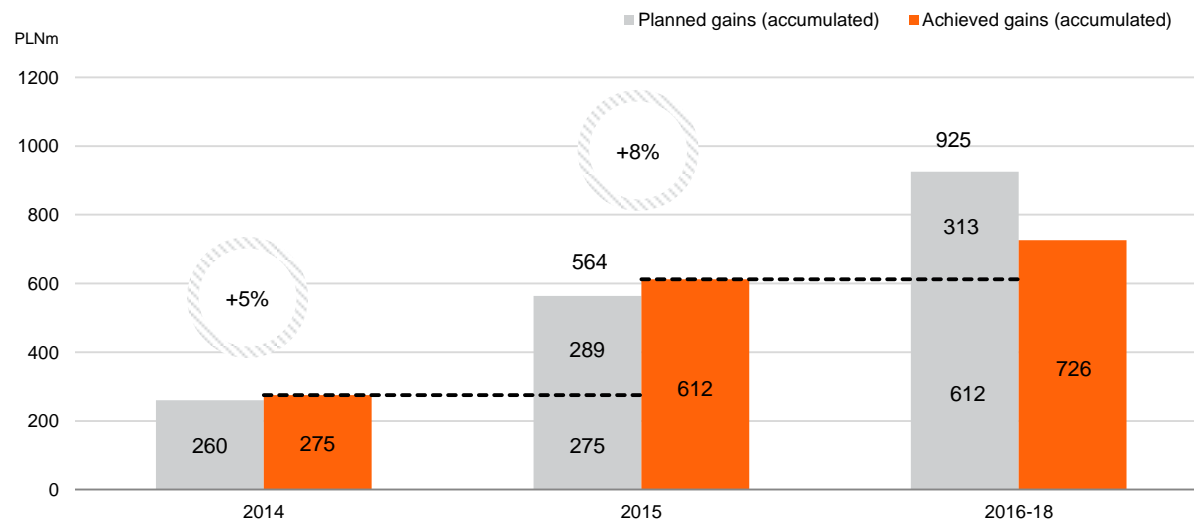
EIP- Over 35% planned gains for 2016-2018 achieved in Q1 2016

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 the PGNiG Group's operating efficiency by the end of 2018.

✓ PLN 114m cost savings in Q1 2016



Operating expenses covered by the EIP



Manageable OPEX 5

Key cost items (excluding PPE):

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

Total OPEX
PLN 29bn
in 2013

Other OPEX 24