

Polish Oil and Gas Company

Company Overview



December 2017





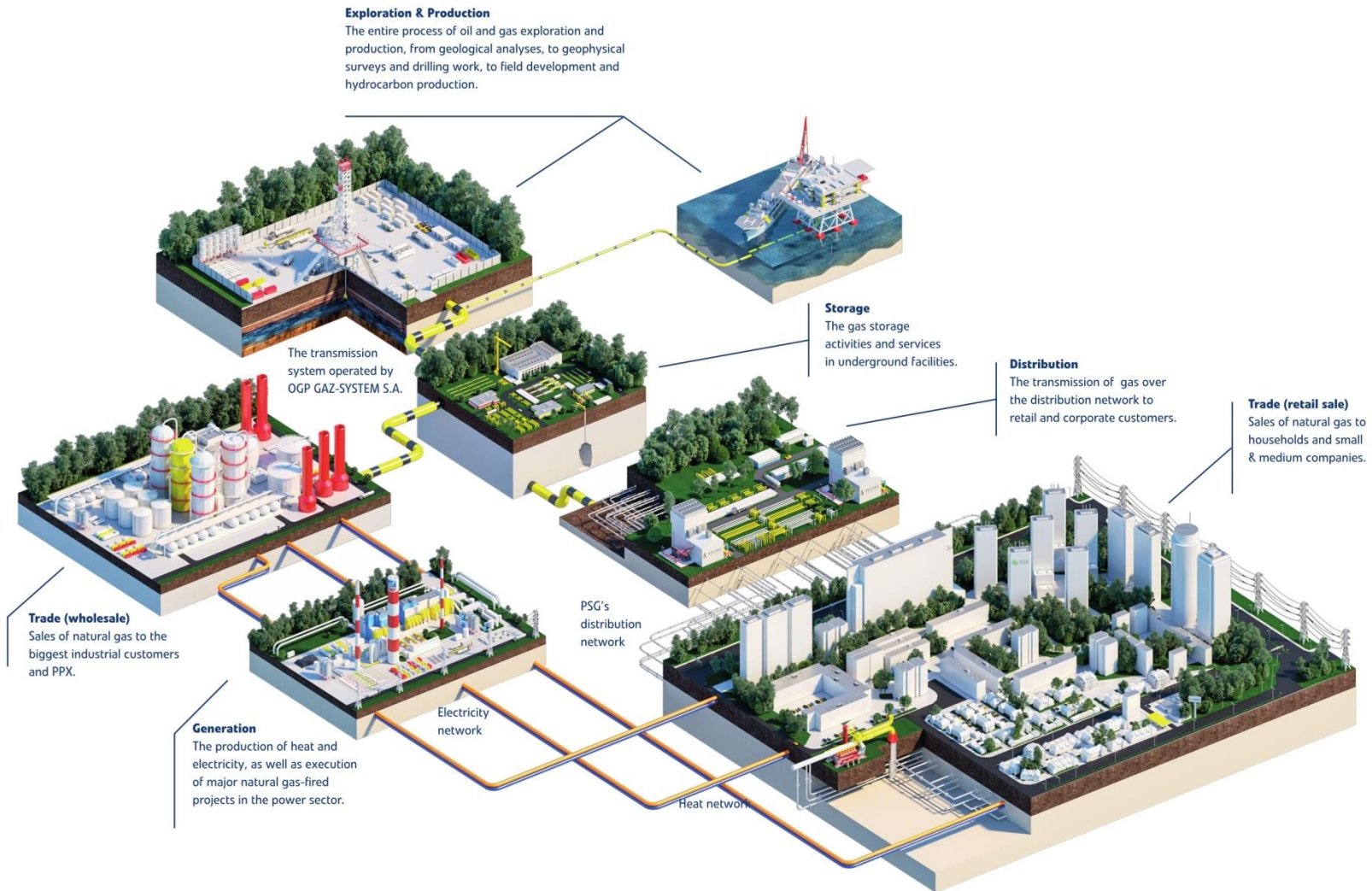
Agenda

- > 1. PGNiG Group & Polish Gas Market
- > 2. PGNiG Segments
 -  > Exploration and Production
 -  > Trade and Storage
 -  > Distribution
 -  > Generation
- > 3. Strategy, CAPEX
- > 4. Appendix – Changes in segments presentation, financial results

PGNiG Group and Polish Gas Market

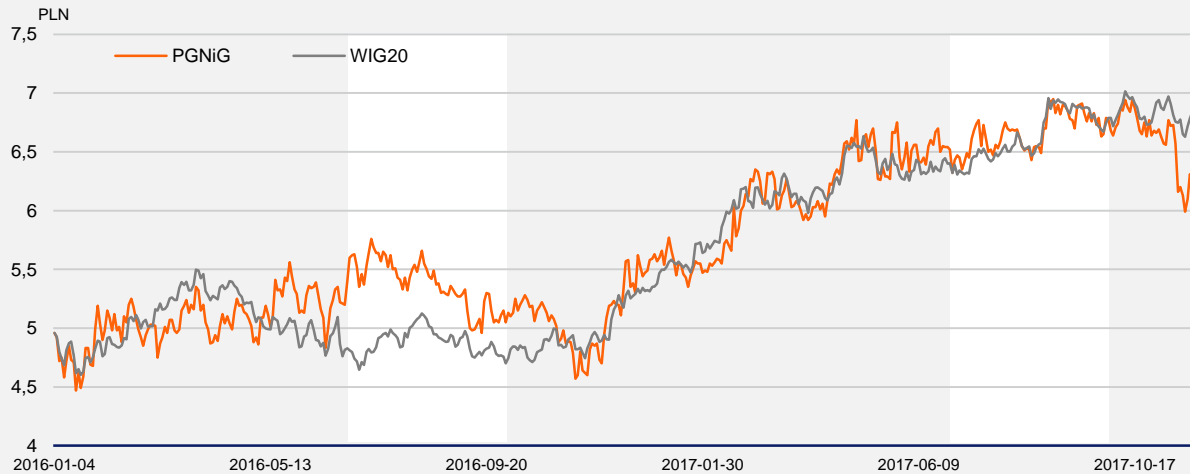


Poland's no.1 integrated group in the oil and gas sector

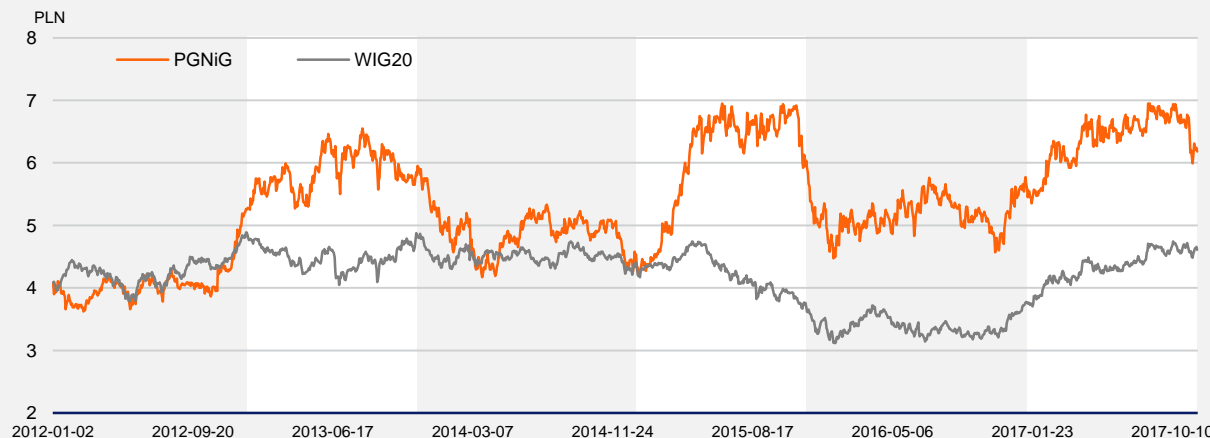


2nd biggest industrial Polish company on the Warsaw Stock Exchange**

Stock performance since January 1st, 2016

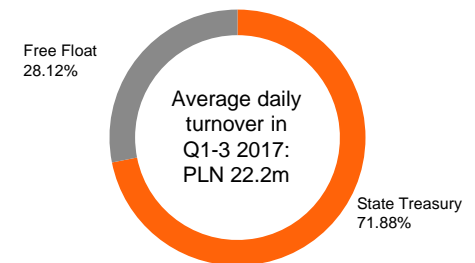


Stock performance since January 1st, 2012



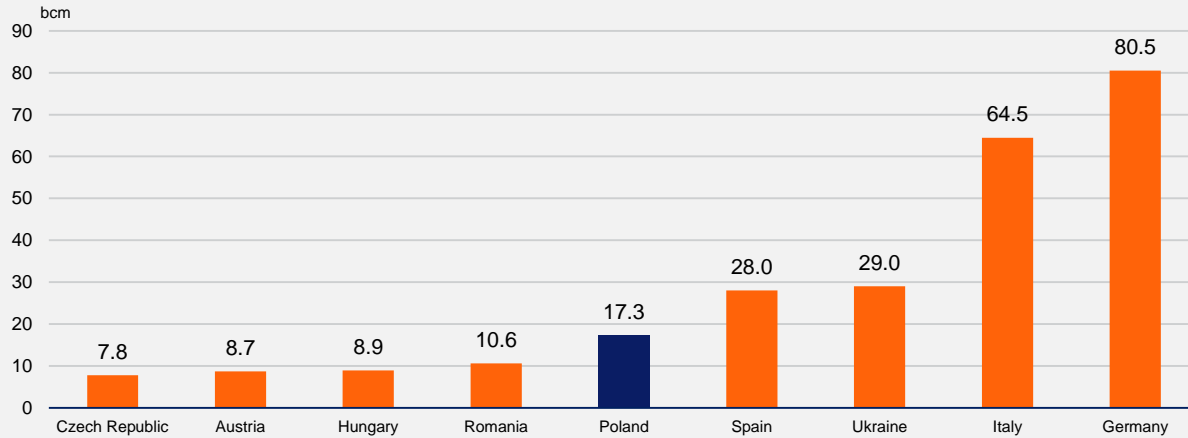
* PGNiG = 6.18 PLN and EUR/PLN = 4.21; USD/PLN = 3.54 (as at November 24th 2017) / ** in terms of market cap,

- > Listed on WSE since September 2005
 - > Market cap, of PLN 35.8bn (EUR 8.5bn, USD 9.9bn)*
 - > Significant share in WIG 20 based on number of shares in the index: 5%
 - > Fifth biggest company on WSE**
- > Shareholders (as at September 30, 2017)

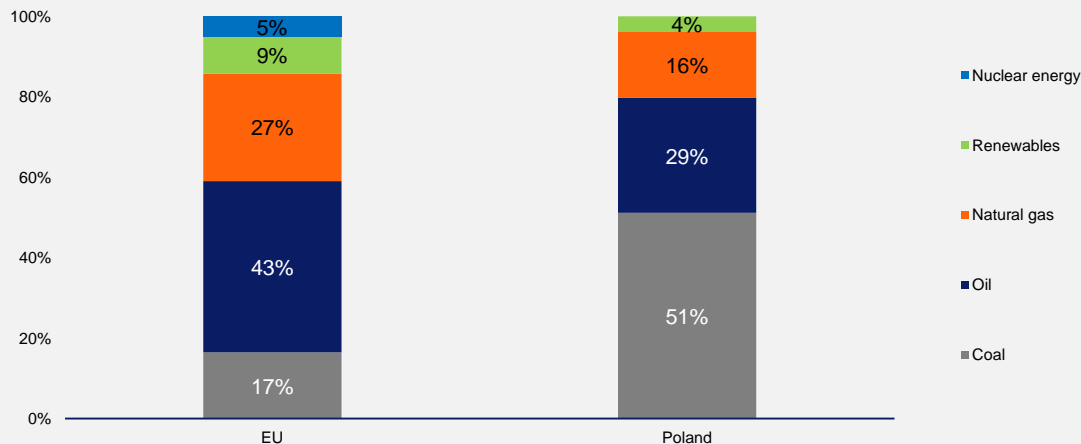


Gas market in Poland: Low consumption with growth potential

> Natural gas consumption by country in 2016

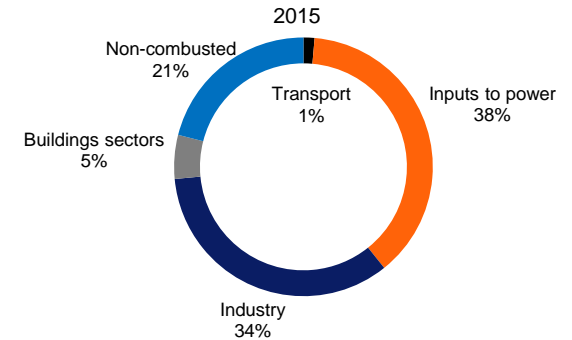


> Primary energy consumption by fuel in 2016

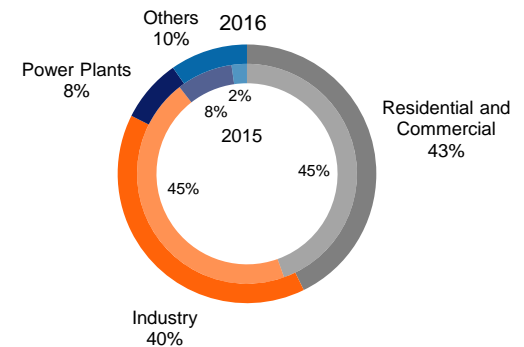


Source: BP Statistical Review 2017, BP Energy Outlook 2017 / Gas consumption comprises sales, as well as in-house consumption and change of inventories

> Natural gas sales by sector in the world in 2015

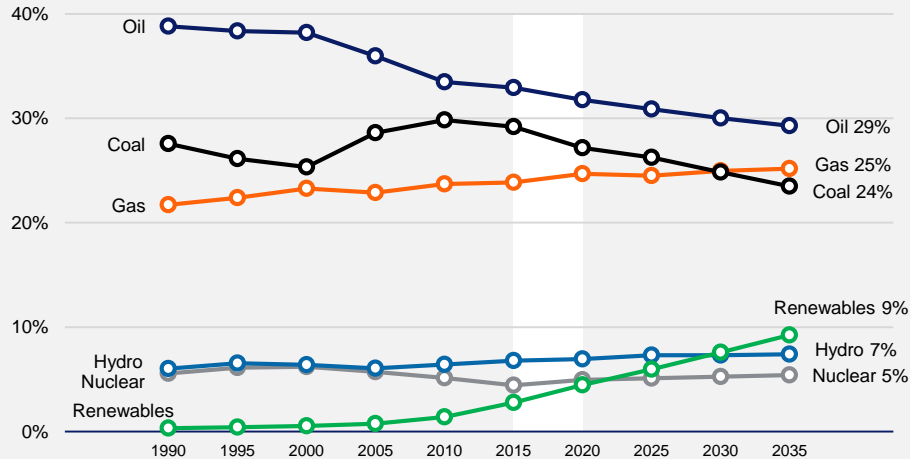


> Natural gas sales by sector by PGNiG in Poland in 2016 and 2015

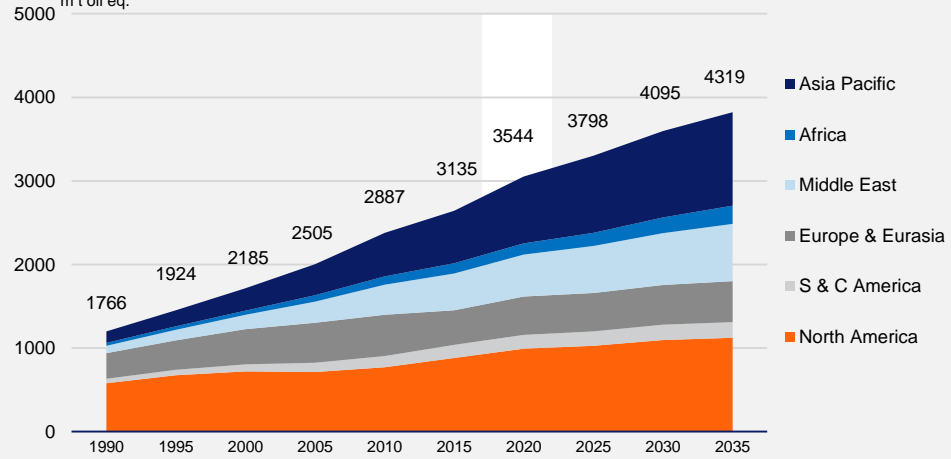


Gas market worldwide

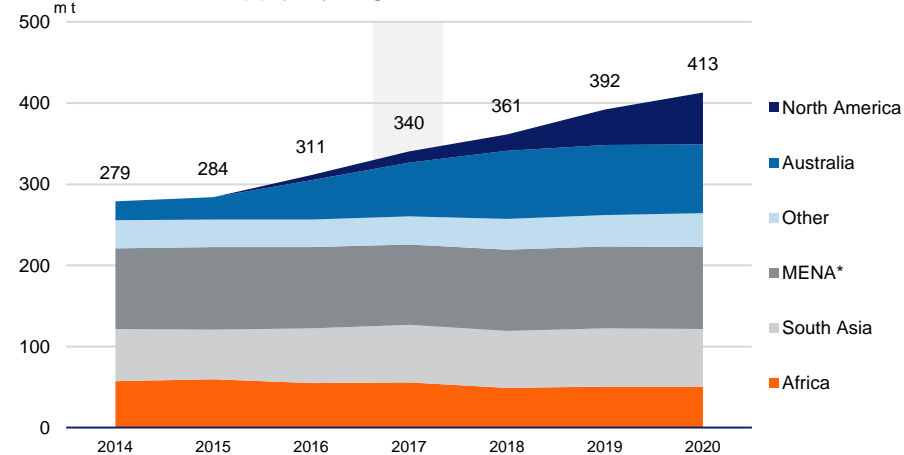
> Primary energy consumption by fuel



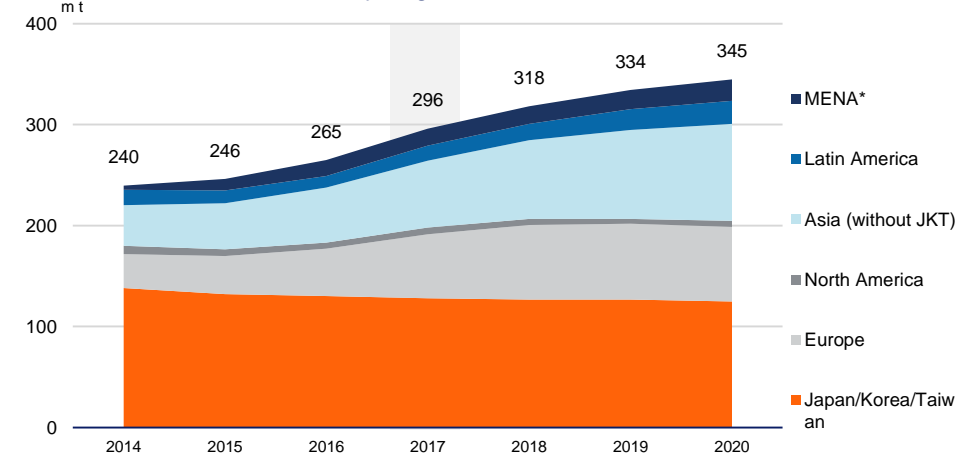
> Natural gas demand



> Annual LNG supply by region



> Annual LNG demand by region



Exploration & Production



Trade & Storage



Distribution



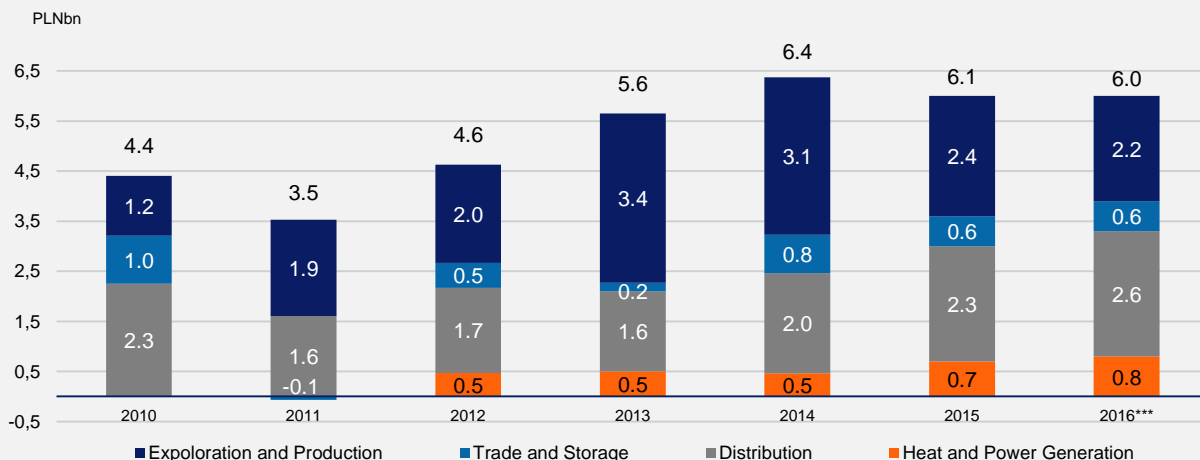
Generation



Operating segments of PGNiG Group

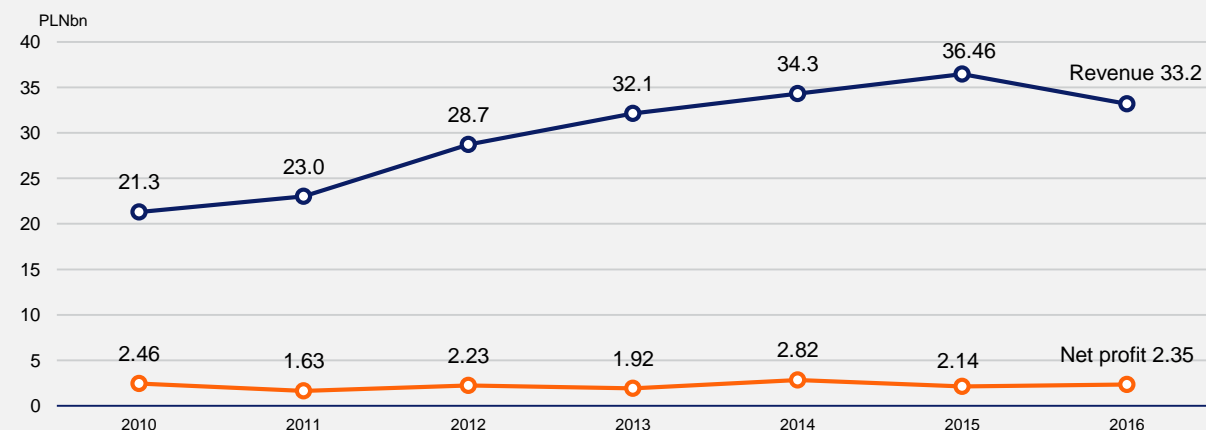
PGNiG Group's financials 2010-2016

> PGNiG Group's EBITDA**

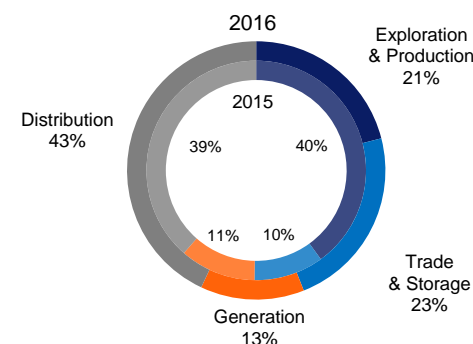


- > 5th biggest company in Central and Eastern Europe*
- > 3rd biggest oil company in the region*
- > Stable EBITDA level due to diversified inflows sources

> PGNiG Group's revenue and net profit



> EBITDA breakdown

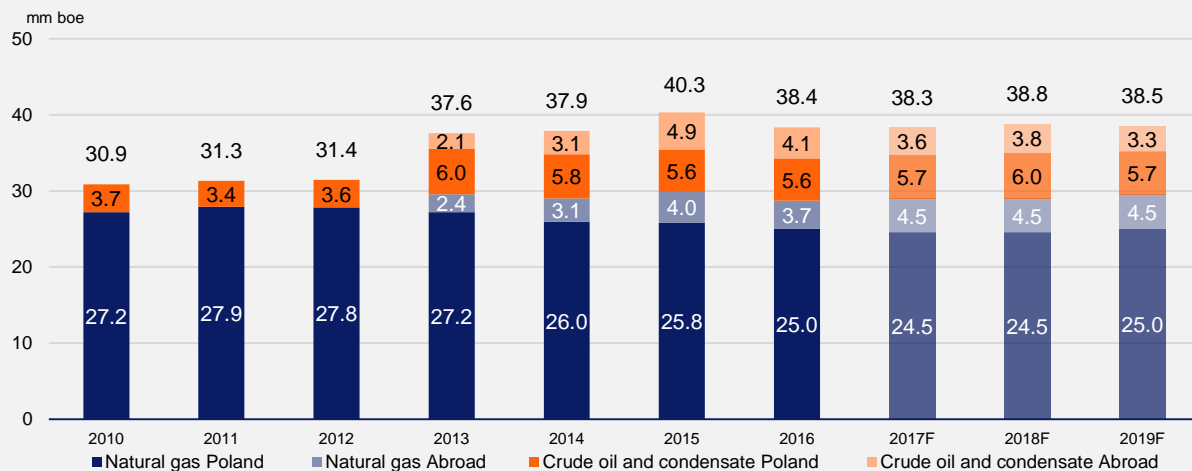


* Source: Rzeczpospolita: Europa 500 (2016 edition) / ** EBITDA 2010-2015 before intra-group eliminations and excluding „Other segments”

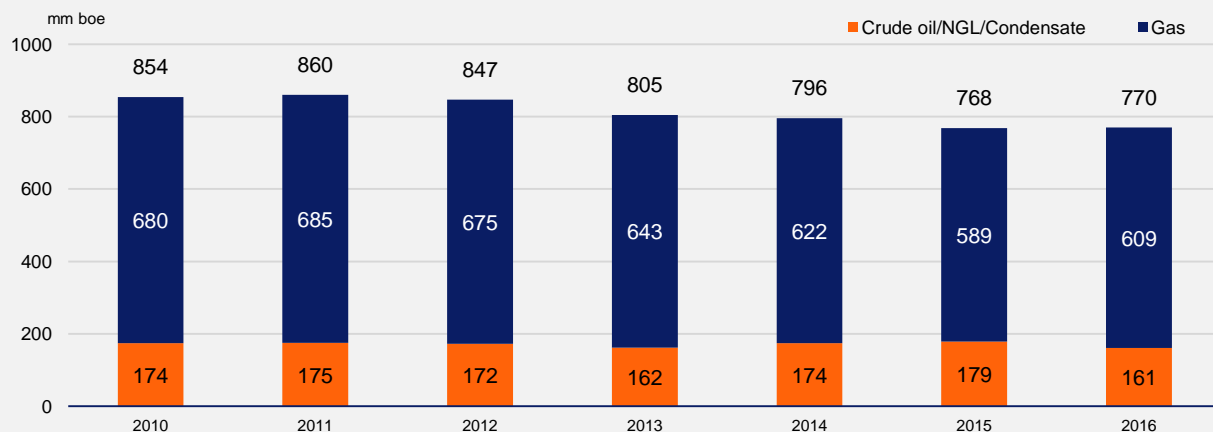
*** restated, -0.2 PLNbn of other segments not presented on chart

Exploration & Production summary

> Production volumes



> Reserves of natural gas and crude oil



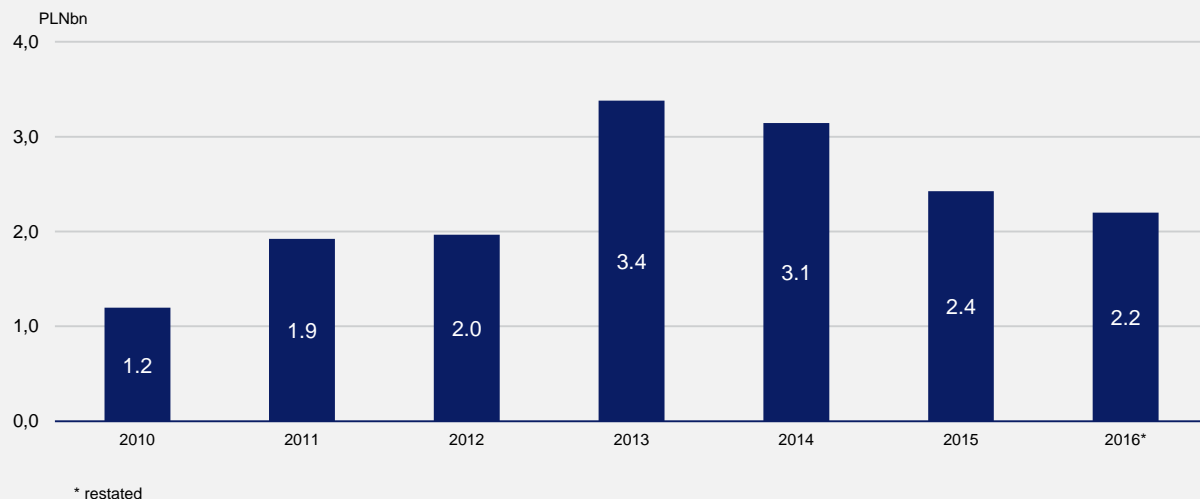
* High-methane gas equivalent; ** As at August 2017; *** As at November 2017

- > PGNiG SA is a leader in production of gas and crude oil in Poland
- > Average daily production – over 104,000 boe***
- > PGNiG's resource base in Poland**:
 - > proved gas reserves 491 mm boe (76.2 bcm)*
 - > proved oil reserves 121 mm boe (17.0 m tonnes)
- > Oil & Gas concessions in Poland**:
 - > 26 exploration/appraisal
 - > 23 combined licences
 - > 224 production
- > Exploration & Production activities:
 - > 54 production facilities in Poland
 - > over 2 thousand producing wells

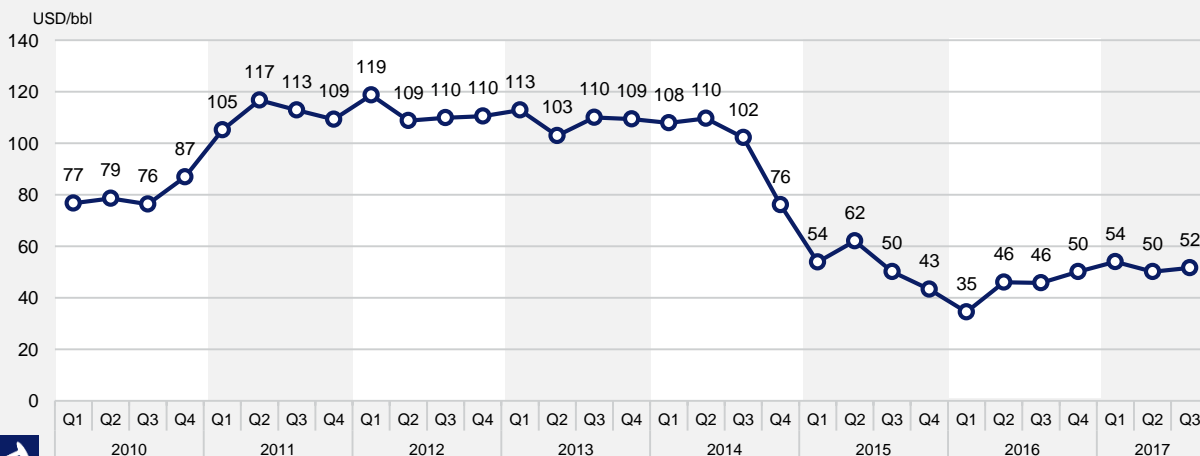


Exploration & Production financial results

> Exploration and Production's EBITDA



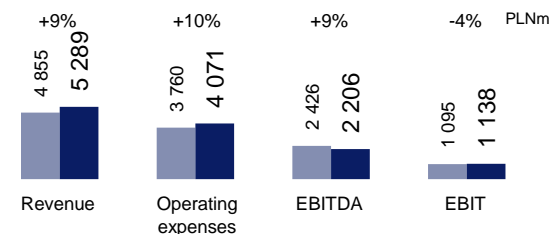
> Average prices of crude oil



> Average of Brent oil prices down by 16% in 2016 vs 2015

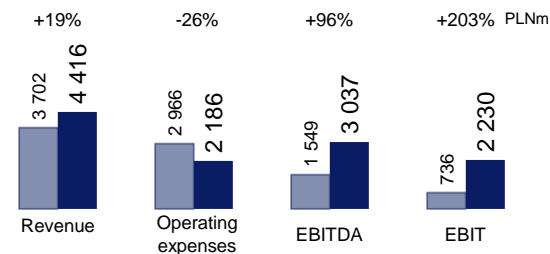
- > Revenue from sales of crude oil and condensate down PLN 339m yoy, with oil prices in PLN down by close to 16% and sales volumes down 3%, to 1,347 thousand tonnes

> Segment's results for FY 2015 vs FY 2016*



> Segment's results for Q1-3 2016 vs Q1-3 2017

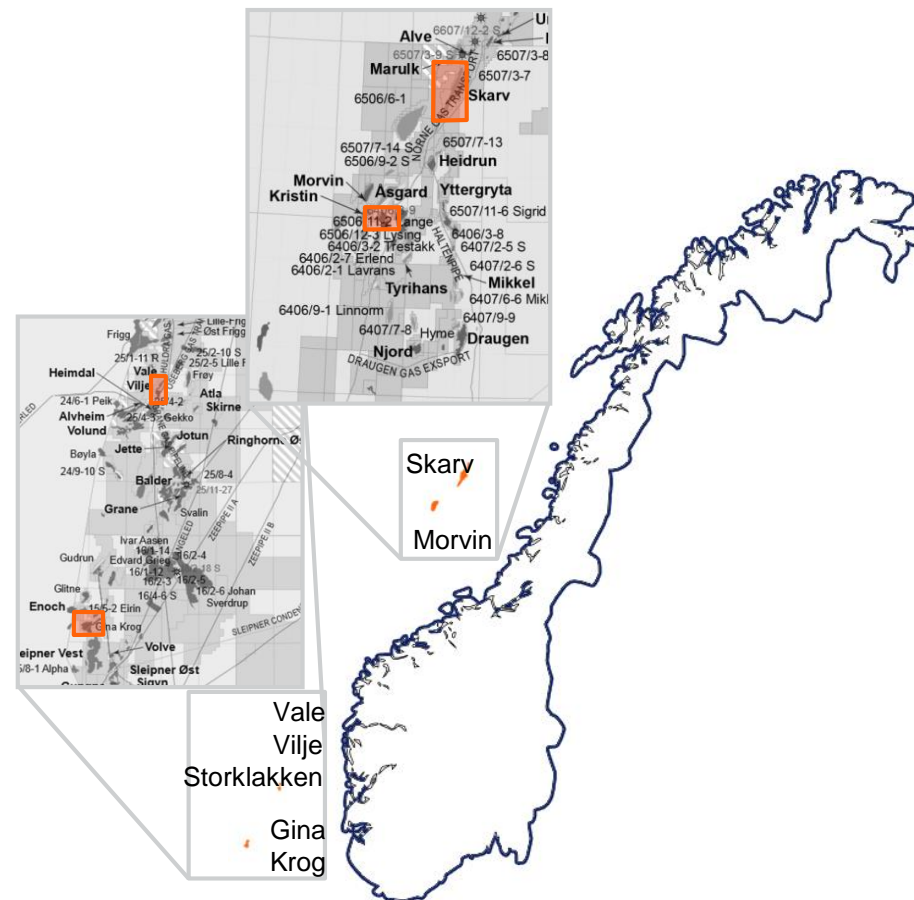
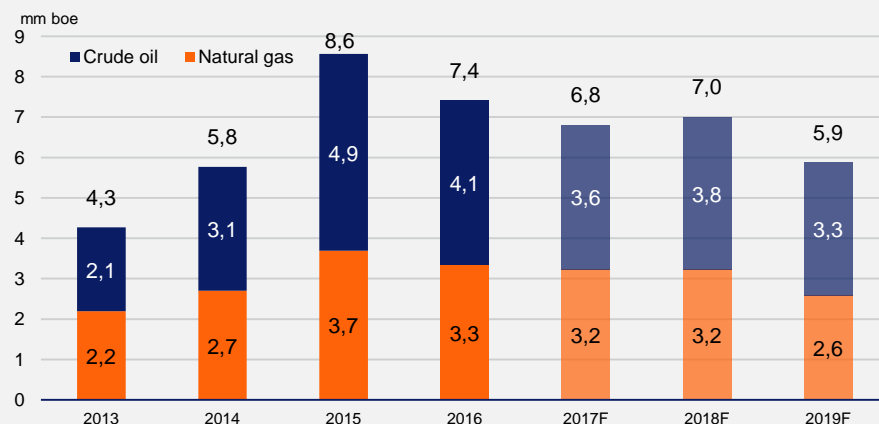
In Q1-3 2017, the Group made significant changes in segment reporting. More details see p. 38.



International E&P activities – Norway

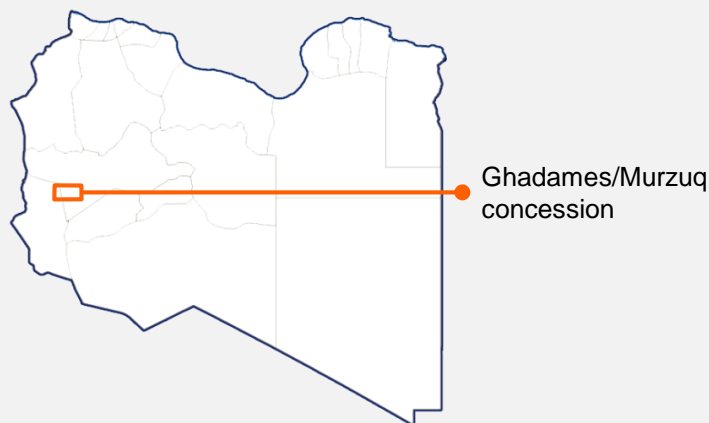
Licenses	18
Licence cost	USD 360m (Skarv) NOK 1.95bn (Morvin, Vale, Vilje, Gina Krog)
Skarv CAPEX (PGNiG's part)	approx. USD 800m
Reserves of the licence (2P) for PGNiG	51 mmboe (Skarv, Snadd) 31 mmboe (Morvin, Vale, Vilje, Storklakken, Gina Krog)

> Production in Norway



International E&P activities – Africa and Asia

> African assets: Lybia



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

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

Force majeure clause activated.

> Asian assets: Pakistan



agreement	May 18th 2005
shares	PGNiG 70%, Pakistan Petroleum 30%
area	956 sq km
location	Sindh province, folded belt Kirthar
obligations	2 wells, 100 km 2D (fulfilled) 15.1 bcm of natural gas
estimated reserves	(11.5 bcm Rehman, 3.8 bcm Rizq)

H1 2017: Rehman-2 was brought the stream, the drilling of Rehman-3 was completed, the drilling of Rizq-2 was started, Roshan-1 and Rehman-5 prepared for drilling work

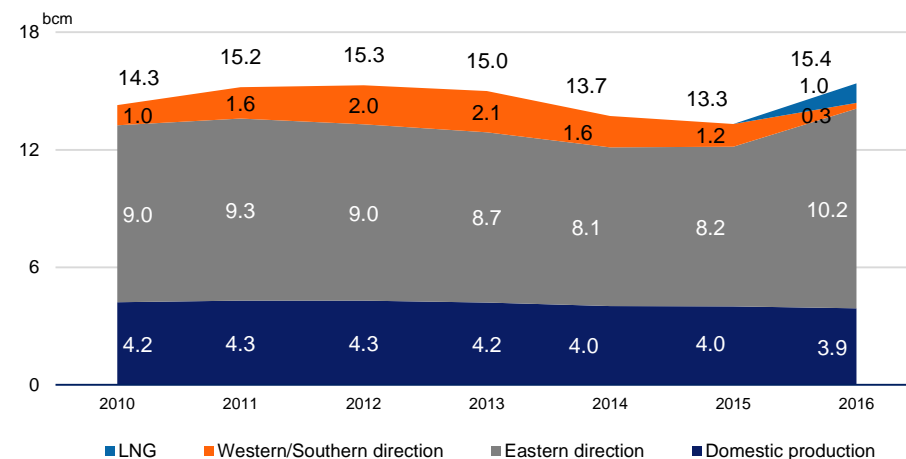
Surface installation (cost: USD 13m) allow to increase extraction to 800 cm/min



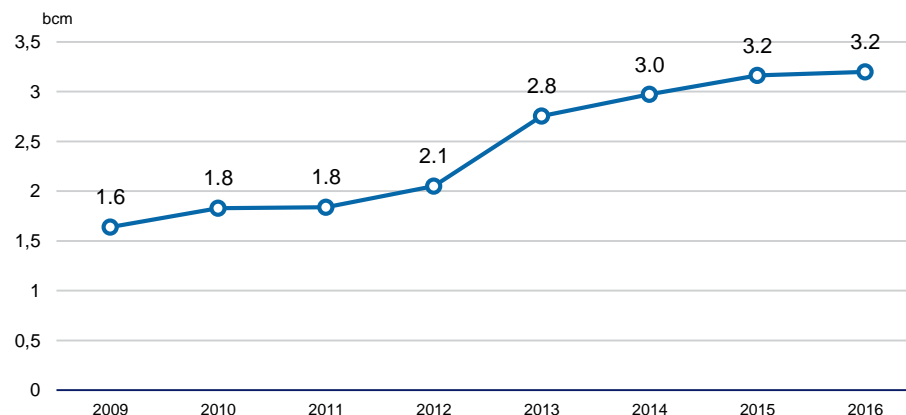
Gas supply & sales

- > 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 +2.2% 2005-2016
- > 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
 - > side agreement (the total volume will increase to 2.7 bcm per annum, in 2018-2020 volume will be increased to 2.9 bcm)
- > 2.5 bcm of gas sold by PGNiG Supply & Trading to customers outside of Poland in 2016
- > Tariffs:
 - > Gas sales: Cost of gas + operating costs + margin
 - > Retail: PGNiG Retail's cost base including cost of gas on the commodity exchange. After September 2017 the tariffs will be maintained only for households
 - > 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 3.6bn RAB) (until March 2018)

> Sources of gas supply of PGNiG SA in Poland

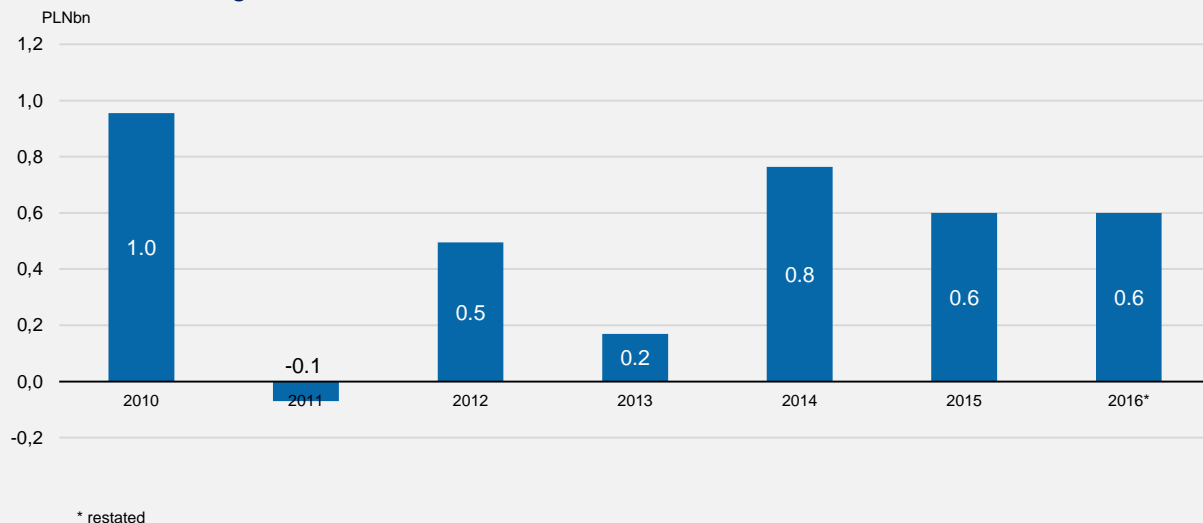


> Storage capacity (incl. storage capacity used only by E&P segment)

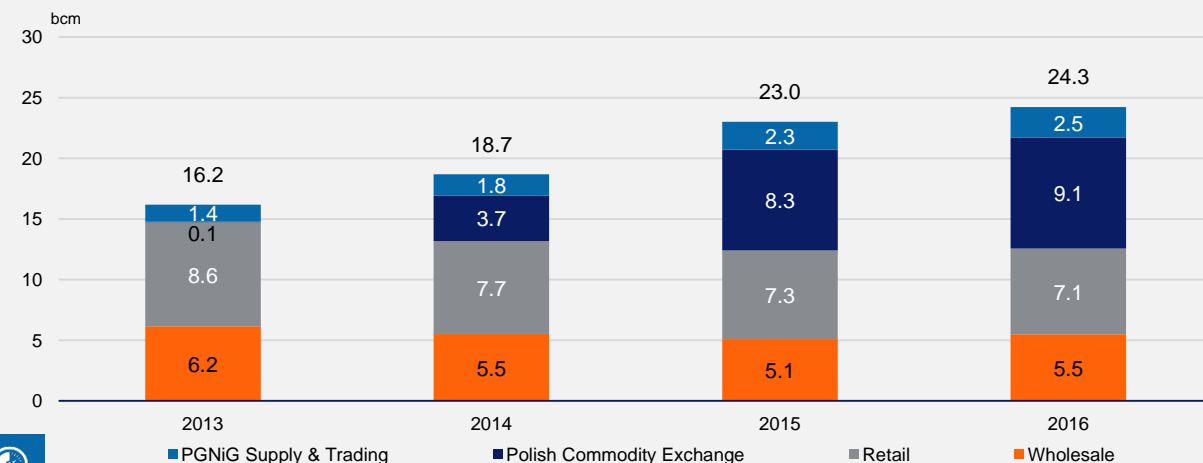


Trade & Storage's financial results

> Trade and Storage's EBITDA

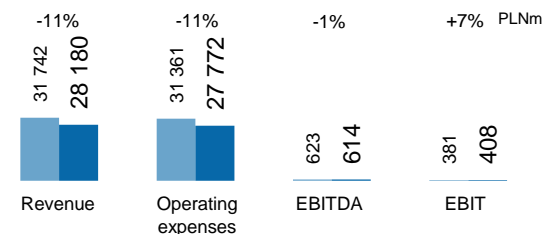


> Sales of natural gas of PGNiG SA, PGNiG Retail and PST



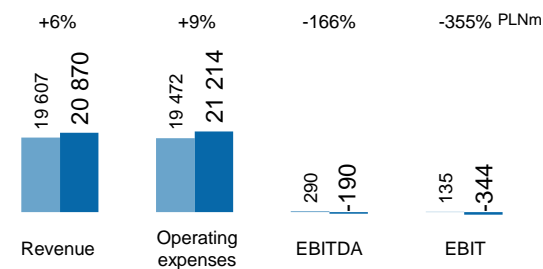
> Cost of gas sold down on lower unit purchase cost of gas in 2016 vs 2015

> Segment's results for FY 2015 vs FY 2016*



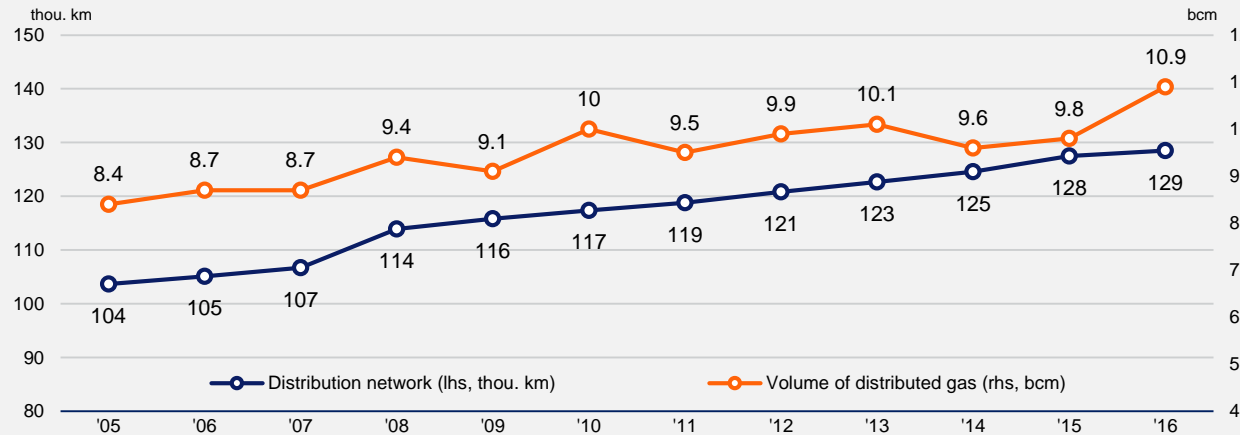
> Segment's results for 1-3Q 2016 vs 1-3Q 2017

In Q1-3 2017, the Group made significant changes in segment reporting. More details see p. 38.

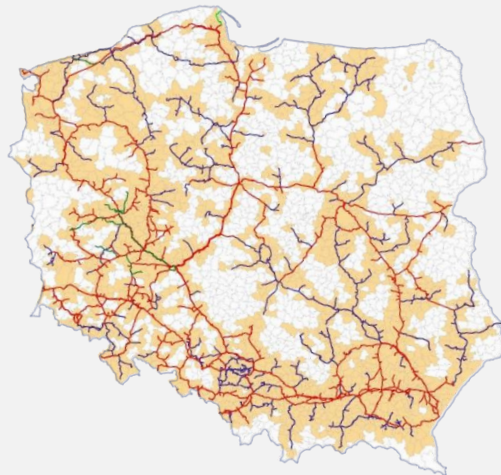


Distribution

- > Stable network's growth and increase of distributed volumes (+2.4% CAGR 2005-2016)



- > Coverage of distribution network



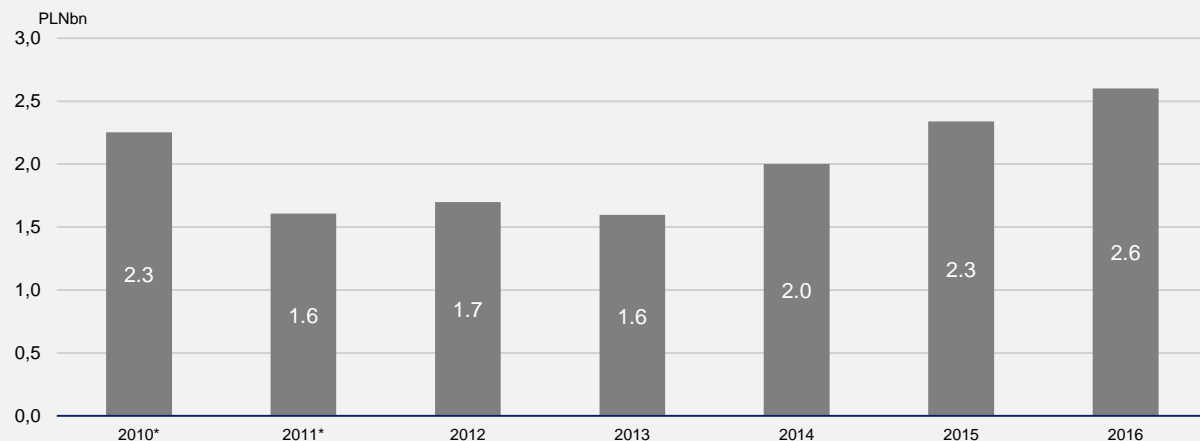
- > The owner of approximately 96% of Poland's distribution network and nearly 99% of the gas service lines
- > Transports natural gas from gas sellers to households, industrial and wholesale customers
- > Responsible for operation, maintenance and development of gas pipelines

- > **Tariff:**

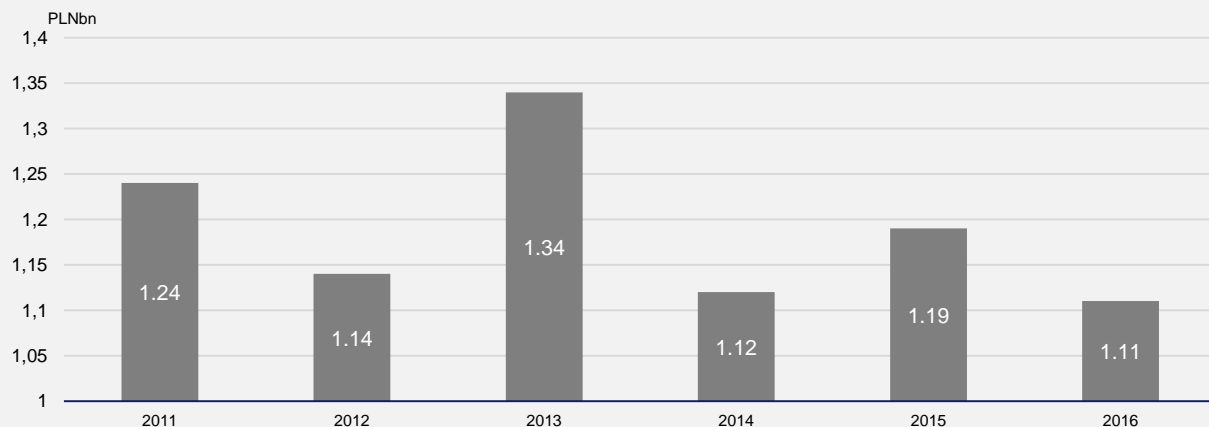
- > set in 2014 and still valid
- > cost + return on capital (7.2% WACC x PLN 11.9bn RAB)

Distribution's financial results

> Distribution's EBITDA



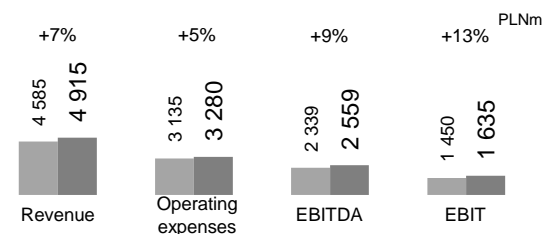
> Segment's CAPEX



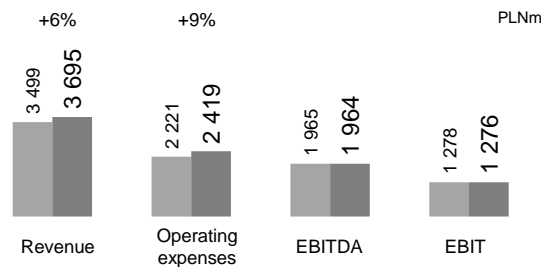
> Volumes up 11% in 2016 vs 2015

> PSG's strategic goal is to generate cum. EBITDA of PLN 16bn in 2016-2022

> Segment's results for FY 2015 vs FY 2016



> Segment's results for Q1-3 2016 vs Q1-3 2017



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 19.6% of the share capital of the Polish Mining group as a result of the investment of PLN 710m
 - > 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

Generation segment operating data

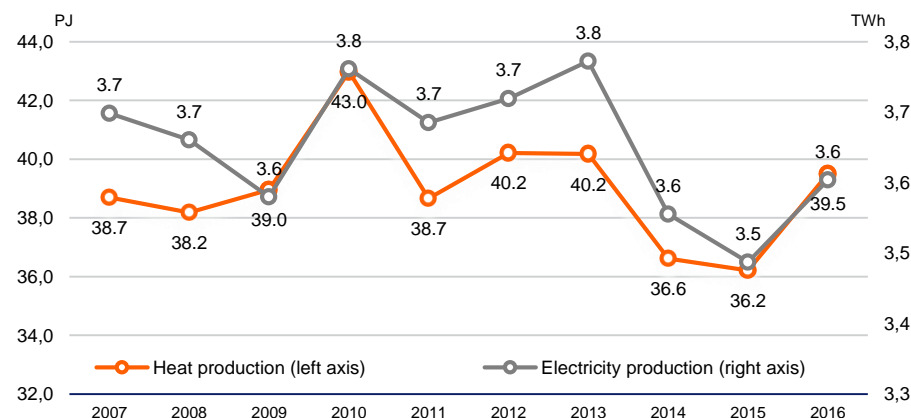
Installed heat power	5,408 MWt
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Installed electric power	1,147 MWe
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Heat sales in 2016 (regulated)	40 PJ
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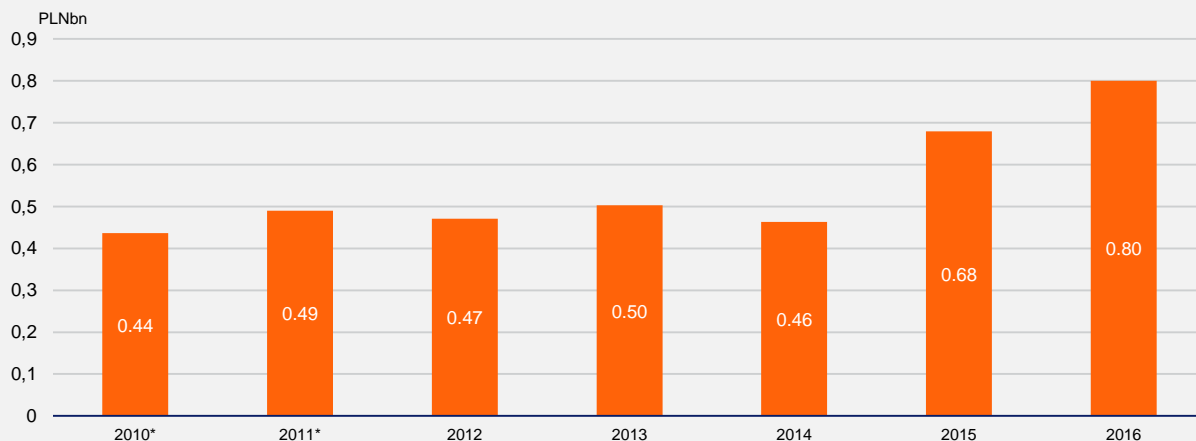
Produced electricity sales in 2016	3.6 TWh
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> Production of heat and electricity



Generation's financial results

> Generation's EBITDA



> Investments

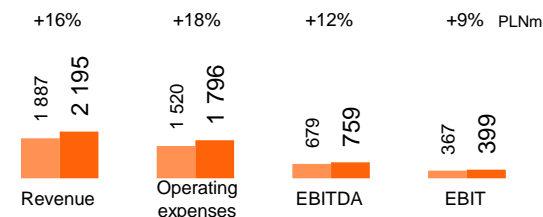
> 497 MWe gas-fired block in Warsaw at Żerań plant (2020)

> Combined Heat and Power Plant Stalowa Wola

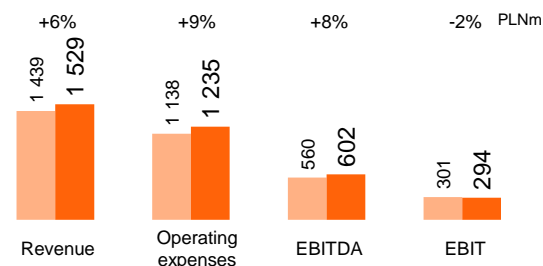
- > 50/50 JV PGNiG and Tauron Polska Energia. Total CAPEX PLN 1.6bn (project finance)
- > Agreement for Sale of Electricity. PGNiG to supply 0.5 bcm of gas for 14 years
- > Total power output: 450 MWe and 240 MWt
- > In January 2016: cancellation of the contract and imposition of penalties for general contractor related to the improper execution of the contract
- > An agreement on key preconditions for the project restructuring was signed in October 2016, aligning ECSW's existing commercial agreements to the expected start date of commercial operation and current market conditions.
- > A survey of the project's status ended in 2016. The project will be resumed by a specialised firm, responsible for supporting its coordination on an EPCM basis.

- > Revenue from sales of heat up 12% in 2016 vs 2015, to PLN 1,263m, on a 10% increase in volumes (1.01 -15.08 – higher heat tariff, from 15.08 – heat tariff level unchanged).
- > Revenue from sales of electricity from own sources up PLN 21m yoy, to PLN 606m, attributable to higher sales volumes.

> Segment's results for FY 2015 vs FY 2016



> Segment's results for Q1-3 2016 vs Q1-3 2017





Strategy, CAPEX

PGNiG Group Strategy for 2017-2022

The new PGNiG Group Strategy for 2017–2022 (extended until 2026)

#1 Mission statement

We are a trustworthy supplier of energy for households and businesses

#2 Vision

We are a responsible and effective provider of innovative energy solutions

#3 Primary objective

Increasing the PGNiG Group's value and ensuring its financial stability

Trustworthy

The customers can depend on premium quality and reliability of our services

Energy supplier

Our customers are offered a full range of energy products (gas + electricity + heat + other/services)

Households and businesses

We care for and value all our customers: households, businesses, and institutions

Responsible

We act transparently, in line with the principles of corporate social responsibility

Effective

We have implemented process and cost optimisation measures

Innovative solutions

We are an innovation leader in the energy sector

Value growth

Our primary ambition is to create added value for our shareholders and customers

Financial stability

We seek to secure long-term financial stability and creditworthiness



The Group's key strategic objectives

Strategic objective

competitive position while supporting the development and ensuring security of the gas market in Poland

PGNiG's strong competitive position

Securing new gas supply sources to strengthen the Group's competitive position following expiry of the Yamal contract in 2022

Production projects in Norway focused on increasing annual gas output to ca. 2.5 bcm from 2022 onwards

Participation in the Norwegian Corridor project to secure direct gas imports from Norway

Developing gas and LNG trading functions to make PGNiG more competitive on gas markets in Europe and in Poland

Paramount objective

Increase the PGNiG Group's value and ensuring its financial stability

Development of gas market in Poland

More rapid expansion of distribution network in order to enable more new customer connections and gas market growth

Expanding the upstream business in Poland to replenish hydrocarbon reserves and to maintain high levels of production

Significant improvement of customer service quality through digitalisation of service channels and expansion of the product portfolio expansion

Ambitions in the key business areas



1. Exploration and production

- Increase the base of documented hydrocarbon reserves by 35% (to 1,208 mm boe in 2022)
- Increase annual hydrocarbon production by 41% (to 55 mm boe in 2022)



2. Wholesale

- Diversified gas supply portfolio after 2022
- Increasing the overall volume of natural gas sales by 7% (to 178 TWh in 2022)
- Cumulative natural gas sales volume on wholesale markets in Poland and abroad 1000 TWh



3. Retail

- Maximising retail margins
- Maintaining the total volume of retail gas sales at ca. 67-69 TWh/year



4. Storage

- Securing access to storage capacities adjusted to actual demand
- Improve storage efficiency



5. Distribution

- More than 300 thousand new service lines in 2017–2022
- The annual growth rate in the number of service lines by 17%
- Increase gas distribution volume by 16% (to 12.3 bcm in 2022)



6. Power and heat generation

- Increase power and heat sales volumes by 20% (to 18 TWh in 2022)

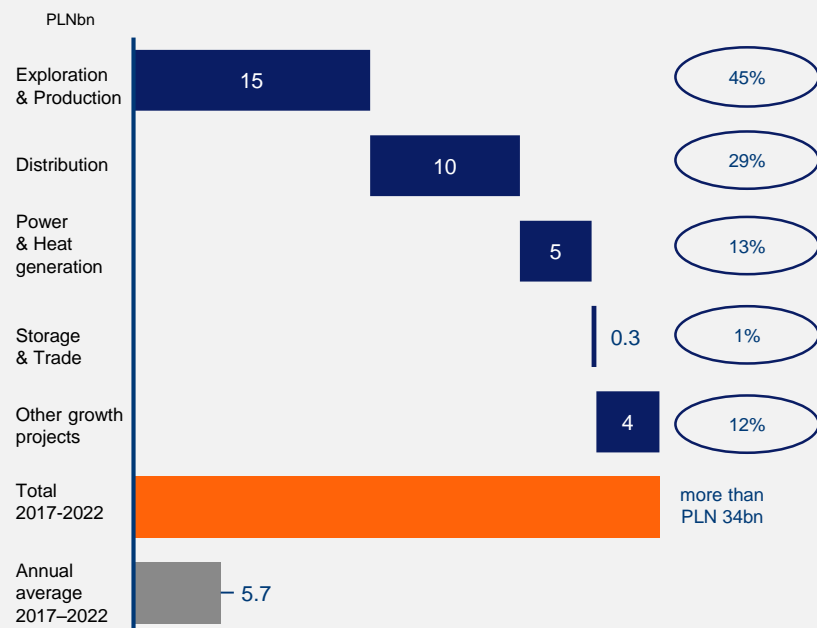


7. Corporate Centre

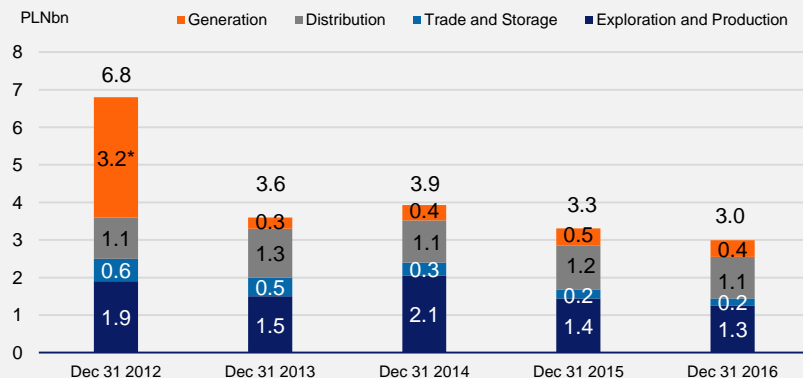
- Effective execution of R&D&I projects
- Operational efficiency improvement across the PGNiG Group
- Enhancing the PGNiG Group's image

CAPEX and EBITDA for 2017-2022

> CAPEX breakdown for 2017-2022

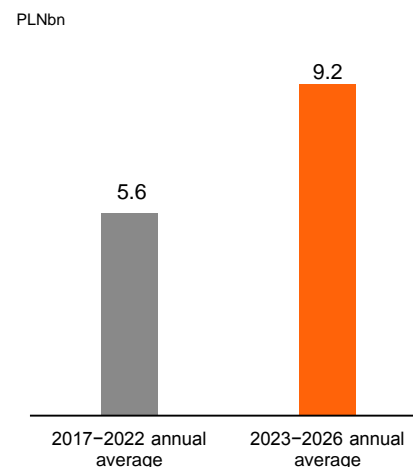


> Annual CAPEX 2012 – 2016



* Includes PLN 3bn for acquisition of PGNiG Termika

> EBITDA for 2017 – 2022



- > PLN 33.7bn cumulative EBITDA
- > Ambitious investment programme: long-term growth of the Group's EBITDA, particularly in 2023-2026 (at the annual average of ca. PLN 9.2bn)
- > Keeping debt at safe levels (net debt/EBITDA below 2.0)

- > Almost half of CAPEX (45%) will be spent on hydrocarbon exploration and production.
- > Average annual capital expenditure in 2017-2022 at ca. PLN 5.7bn.



Appendix

Financial highlights FY 2016 and Q1-3 2017

[PLNm]	2015	2016	Δ%	Q1-3 2016	Q1-3 2017	Δ%
Revenue	36,464	33,196	(9%)	23,050	24,892	8%
Operating expenses (excl. D&A)	(30,384)	(27,222)	(10%)	(18,781)	(19,636)	5%
EBITDA	6,080	5,974	(2%)	4,269	5,256	23%
<i>Adjusted EBITDA*</i>	6,670	6,810	2%	4,983	5,141	3%
Depreciation and amortisation	(2,790)	(2,614)	(6%)	(1,956)	(1,996)	2%
EBIT	3,290	3,360	2%	2,313	3,260	41%
Net finance income/(costs)	(225)	(76)	(66%)	(13)	31	3x
Net profit	2,136	2,349	10%	1,628	2,465	51%

FY 2016

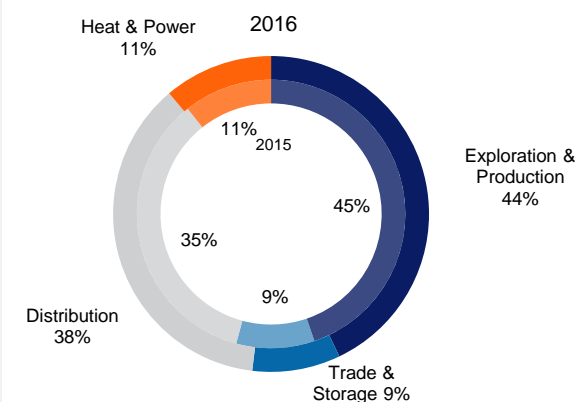
- Revenue from high-methane (E) gas sales down PLN 3.7bn yoy (PLN 24.8bn in 2016), with sales volumes up 6% yoy, to almost 23 bcm.
- Revenue from crude oil and condensate sales down PLN 338m in 2016, with sales volumes down 3% yoy, to 1,347 thousand tonnes.
- Cost of gas sold down 17%, or PLN 3.7bn year on year.
- Major impact of impairment losses on non-current assets recognised in 2016 and 2015, of PLN -836m and PLN -590m, respectively. Adjusted EBITDA up 2% yoy.

Q1-3 2017

- Revenue from high-methane (E) gas up PLN 1.3 bln yoy (PLN 18.6bn in Q1-3 2017), mainly led by a 11% yoy rise in volumes, to 17.7 bcm (outside the group sales volumes).
- Revenue from crude oil and condensate sales grew up PLN 216m in Q1-3 2017, with stable sales volumes yoy to 957 thousand tonnes.
- Cost of gas sold up 6%, or PLN 0.7bn year on year.
- Impairment losses on property, plant and equipment at PLN +117m in Q1-3 2017 vs PLN -692m in Q1-3 2016. (E&P segment).

- Major impact of falling commodity prices on full-year operating performance

- Segments' contribution to Group adjusted EBITDA* in 2016**



Contribution in „Other segments“ EBITDA: for 2015: 0%, for 2016: -2%

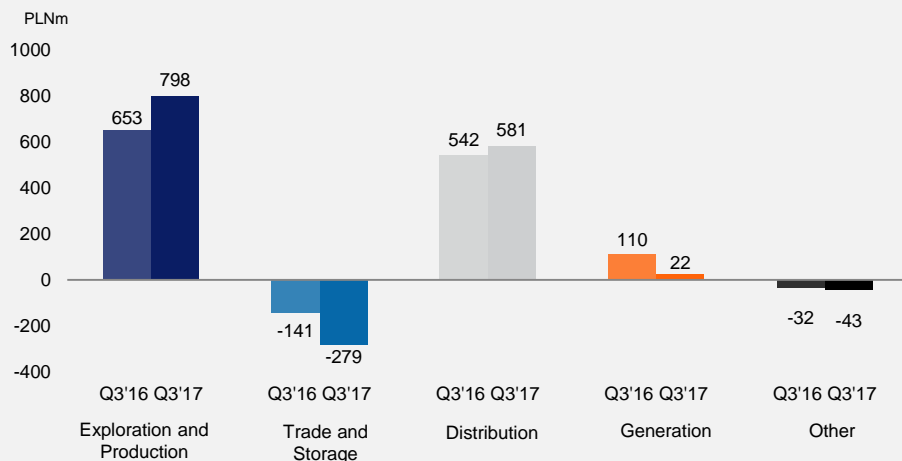


* EBITDA adjusted for impairment losses on net of impairment losses on property, plant and equipment.

** restated

Financial highlights Q3 2017

> Group's EBITDA by segment in Q3 2016 vs Q3 2017



Exploration and Production

- > Revenue from gas sales up PLN 176m y/y (+29%).
- > Impairment losses on property, plant and equipment, dry wells and seismic surveys written off in Q3 2017 at PLN -20m, compared with PLN -35m in Q3 2016.

Trade and Storage

- > Revenue from gas sales up 9%, mainly led by a 7% rise in volumes.
- > PLN +64m in reversals of gas inventory write-downs and write-downs on impairment losses of energy efficiency certificates (mainly white certificates) of PLN -48m in Q3 2017. In Q3 2016 PLN -26m increase in gas inventory write-downs (reflecting chiefly the market valuation of gas at the LNG terminal).

Distribution

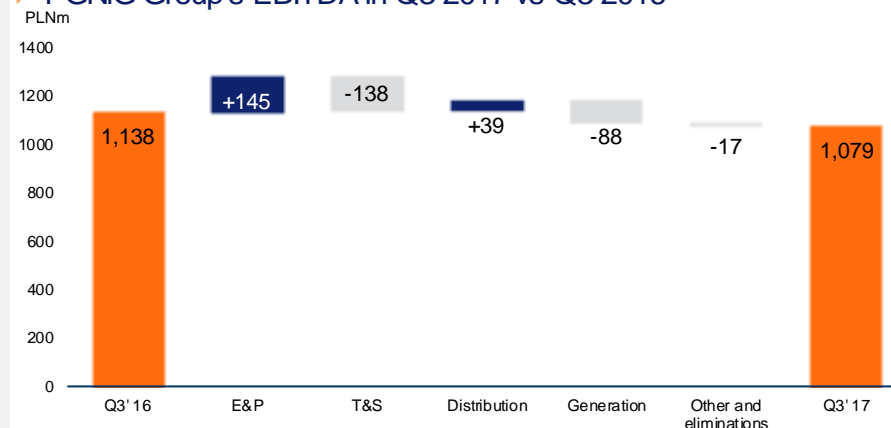
- > Gas distribution volume 5% higher y/y in Q3 2017 with revenue from distribution services up 6% y/y.

Generation

- > Sales volumes of generated heat and electricity from own sources up by 18% y/y and down by 3% y/y, respectively.
- > Reported performance skewed by one-off items.

[PLNm]	Q3 2016	Q3 2017	Δ%
Revenue	5,701	6,075	7%
Operating expenses (excl. D&A)	(4,563)	(4,996)	9%
EBITDA	1,138	1,079	(5%)
<i>EBITDA (net of impairment losses on property plant and equipment)</i>	1,176	1,039	(12%)
Depreciation and amortisation expense	(619)	(661)	7%
EBIT	519	418	(19%)
Net finance income/(costs)	7	22	3x
Net profit	357	367	3%

> PGNiG Group's EBITDA in Q3 2017 vs Q3 2016*



* Eliminations: PLN 0m in Q3 2017 vs PLN 6m in Q3 2016



Operating expenses in Q3 2017 vs Q3 2016

[PLNm]	Q3 2016	Q3 2017	Δ%
Cost of gas sold	(2,754)	(3,073)	12%
Fuels for heat and power generation	(68)	(77)	13%
Other raw materials and consumables used	(458)	(450)	(2%)
Employee benefits expense	(611)	(590)	(4%)
Transmission services	(264)	(283)	7%
Other services	(375)	(426)	14%
<i>LNG regasification services</i>	<i>(84)</i>	<i>(90)</i>	<i>7%</i>
Taxes and charges	(128)	(103)	(20%)
Net other income/(expenses)*	(69)	(200)	3x
<i>Change in inventory write-downs</i>	<i>(36)</i>	<i>16</i>	<i>(144%)</i>
Recognition and reversal of impairment losses on property, plant and equipment and intangible assets	(38)	(13)	(62%)
<i>Cost of dry wells and seismic surveys written-off</i>	<i>0</i>	<i>(54)</i>	<i>-</i>
<i>Impairment losses on property, plant and equipment</i>	<i>(37)</i>	<i>40</i>	<i>(2x)</i>
Work performed by the entity and capitalised	202	219	8%
Depreciation and amortisation expense	(619)	(661)	7%
Total operating expenses	(5,384)	(5,877)	9%
<i>Operating expenses net of cost of gas sold</i>	<i>(2,428)</i>	<i>(2,584)</i>	<i>6%</i>

- > Higher operating expenses in Q3 2017, mainly led by higher cost of gas

Comments:

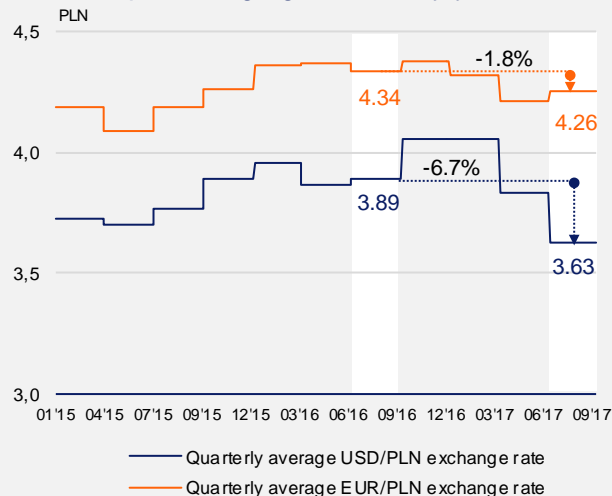
- > Other income/expenses up y/y, from PLN 69m in Q3 2016 to PLN 200m in Q3 2017. PLN 73m gain from the bargain purchase of SEJ in Q3 2016 included in this position.
- > PLN 319m (+12%) y/y increase in the cost of gas sold.
- > Increase in dry wells written off by PLN 54m y/y. Three dry wells written off in Q3 2017, no wells written off in Q3 2016. No write-offs recognised with respect to seismic surveys in Q3 2017 or the comparative period.
- > Regasification costs up by PLN 6m y/y, reflecting an increased share of LNG in total volumes.
- > Cost of gas price hedging transactions at PLN -28m in Q3 2017 vs PLN -16m in Q2 2017.



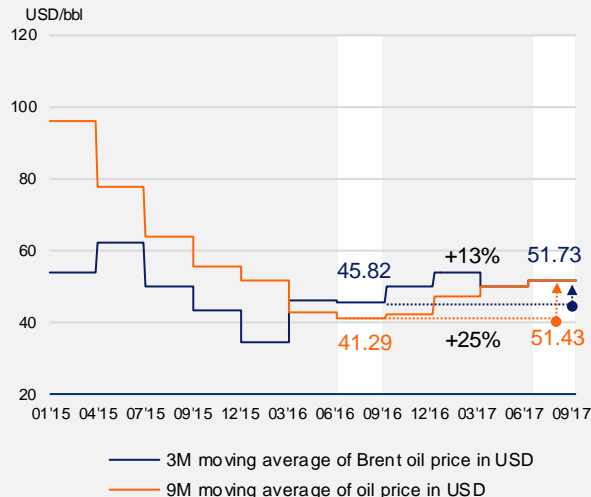
*Other operating expenses do not include the costs of taxes and charges and impairment losses on property, plant and equipment and intangible assets

Performance drivers

- EUR stable against PLN y/y,
USD depreciating against PLN y/y

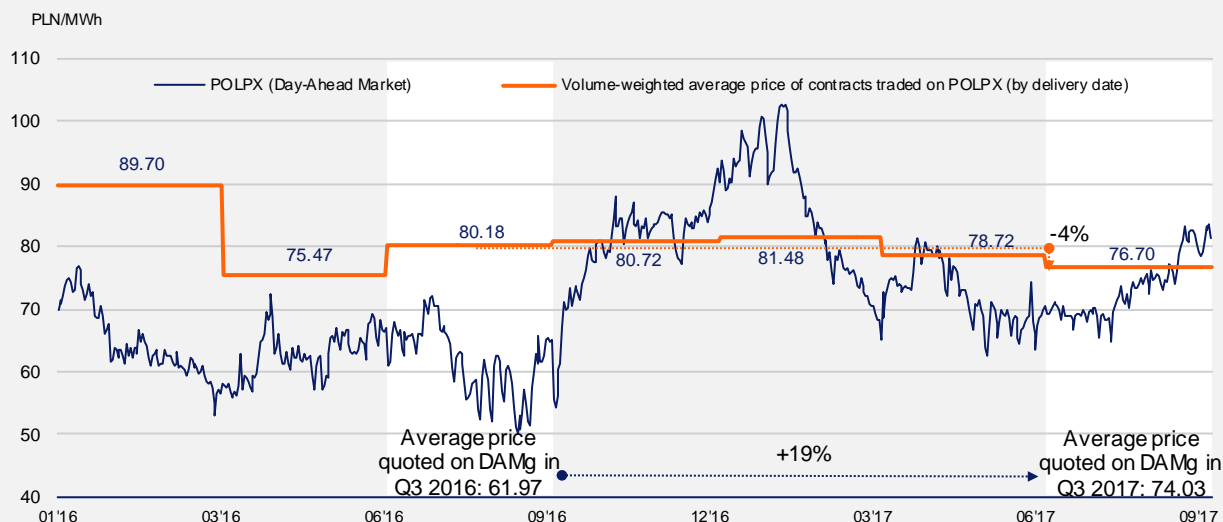


- 9-month average crude oil price in USD up 25% y/y



- Revenue up on higher prices and gas sales volumes

- Gas prices quoted on the POLPX Day-Ahead Market and average volume-weighted price of contracts

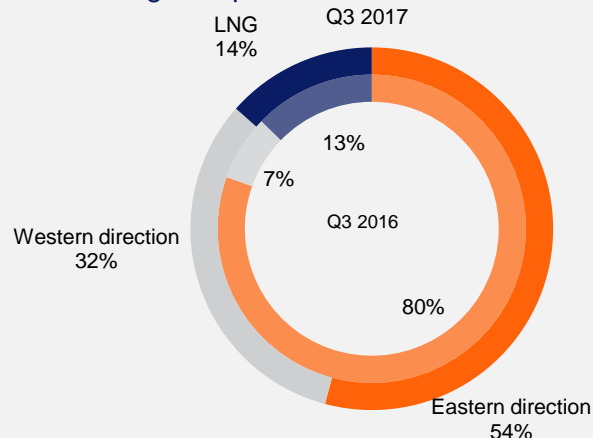


Comments:

- Selling prices on POLPX: the largest volumes of gas were traded on the POLPX and other gas exchanges under contracts with maturities of a quarter, season (summer/winter) and year. These were complemented by monthly/weekly futures and spot contracts.
- The volume-weighted average price of contracts traded on the POLPX for a given quarter is calculated based on the prices of contracts for delivery in that quarter.

Sales and gas imports structure

> Poland's gas imports structure



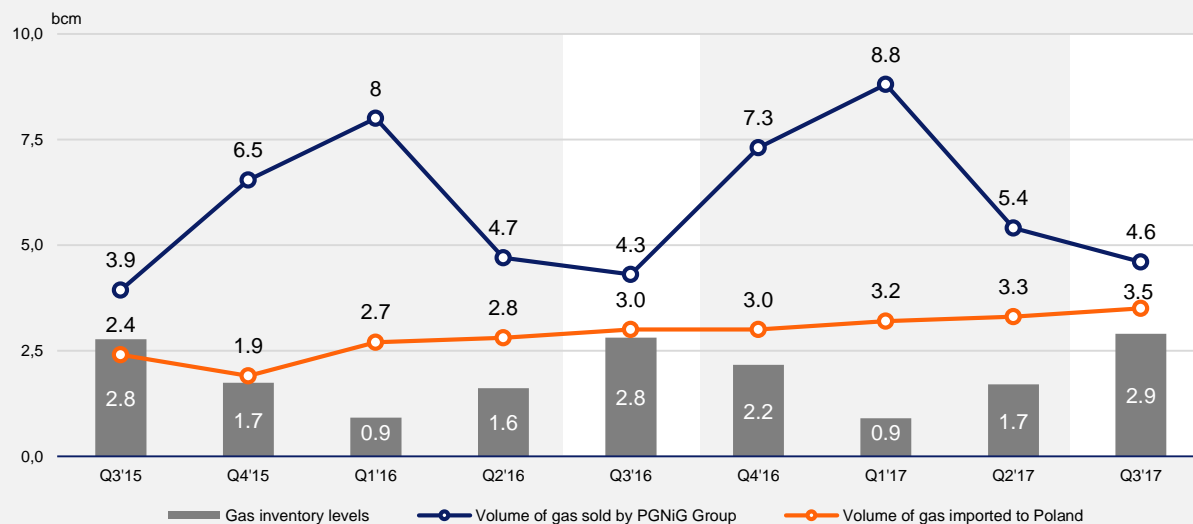
> Gas sales outside PGNiG Group by company

[mcm]	3Q 2016	3Q 2017	Δ%
PGNiG Group:	4,249	4,594	8%
PGNiG SA	2,605	3,021	16%
PGNiG OD	1,028	1,121	9%
PST	614	452	(26%)

> A marked increase in the share of sources west of Poland in Q3 2017 gas imports structure

> PGNiG Group's sales of gas to both industrial customers (retail and wholesale) and households up by 0.3 bcm y/y in Q3 2017

> PGNiG Group's gas sales volumes, gas inventory levels and gas imports

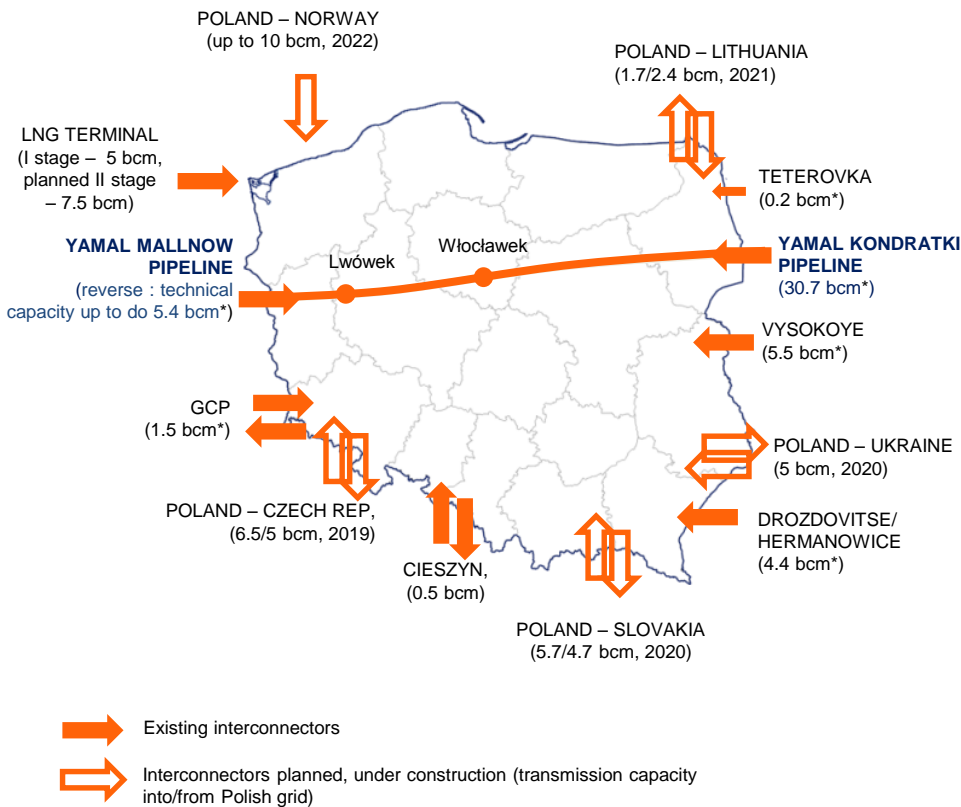


Comments:

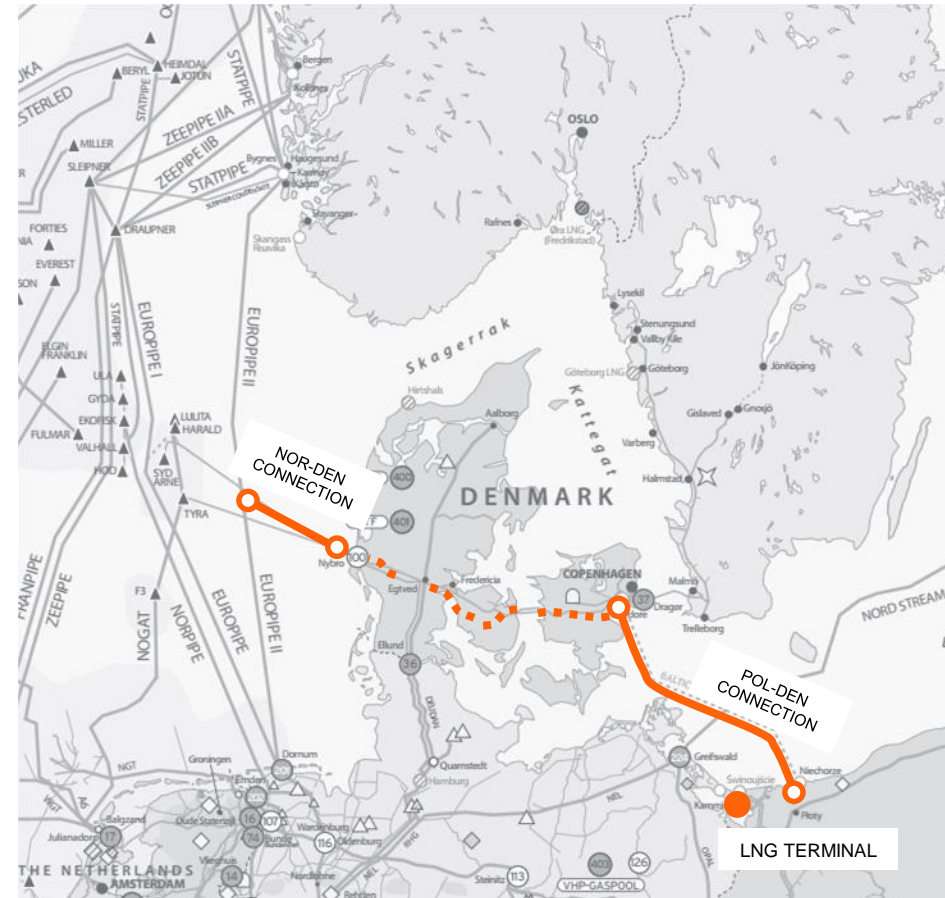
> LNG terminal stocks as at September 30th 2017: 75 mcm.

Gas transport routes

> Interconnections



> Northern Gate Project



Gas trading and retail sales in Poland



Sales made on PPE by PGNiG SA and purchases made on PPE by PGNiG Obrót Detaliczny, 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).

Changes on the Polish gas market

Gas sales volume (mcm)	2014	2015	2016
Total PGNiG Group	18.6	23.0	24.3
PGNiG SA (without Pakistan)	13.8	13.2	14.5
<i>including PGNiG SA through PPE</i>	3.7	8.1	9.0
PGNiG Obrót Detaliczny (Retail)	3.0	7.5	7.3

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

➤ Since August 1st 2014, the PGNiG Group's gas sales volumes have included both PGNiG SA's sales through the exchange and PGNiG OD's sales to end customers and on the exchange.

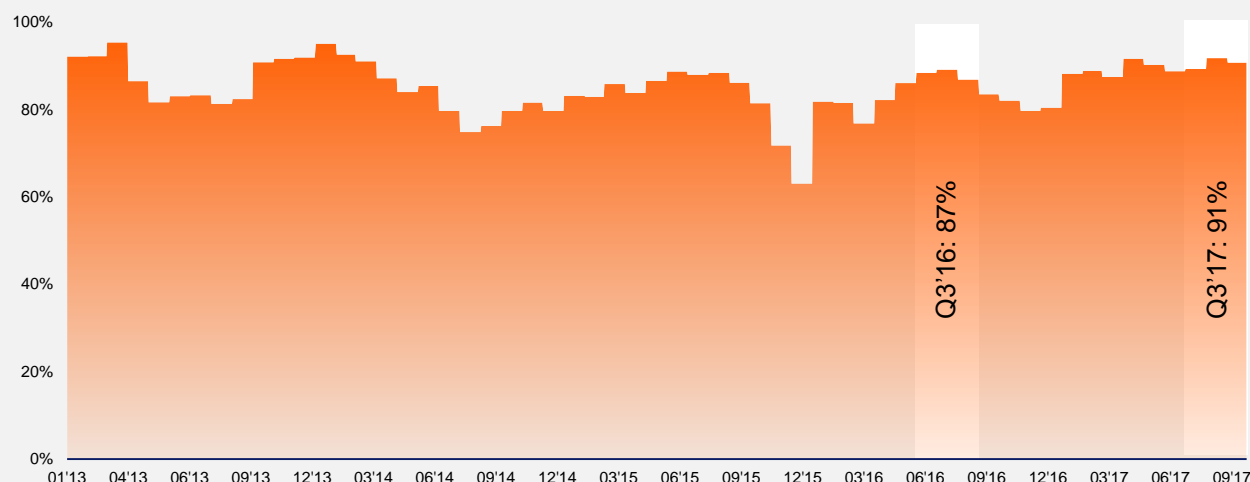
➤ Nitrogen-rich gas presented in the table as Group E gas equivalent.

* 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.

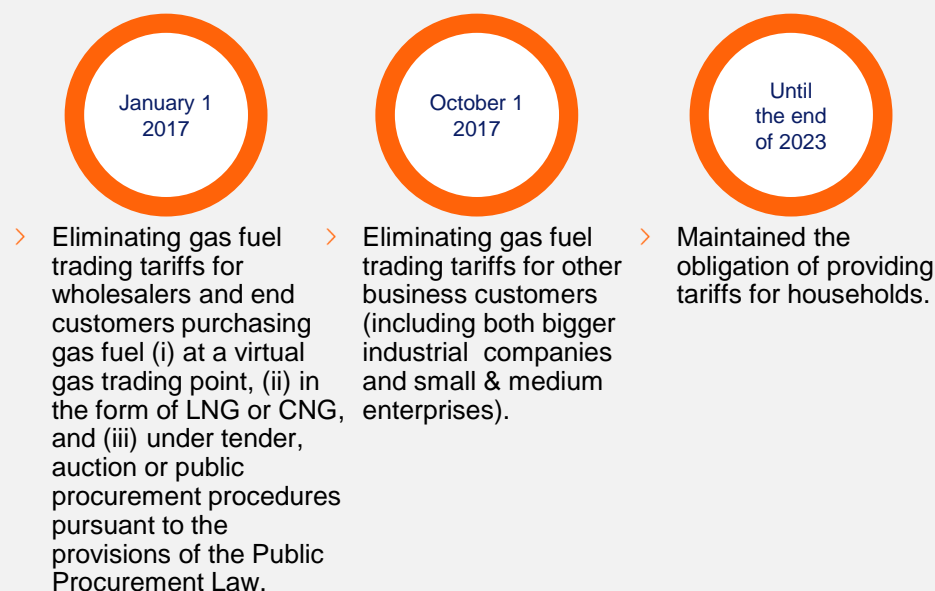
➤ PGNiG's share in gas imports to Poland*



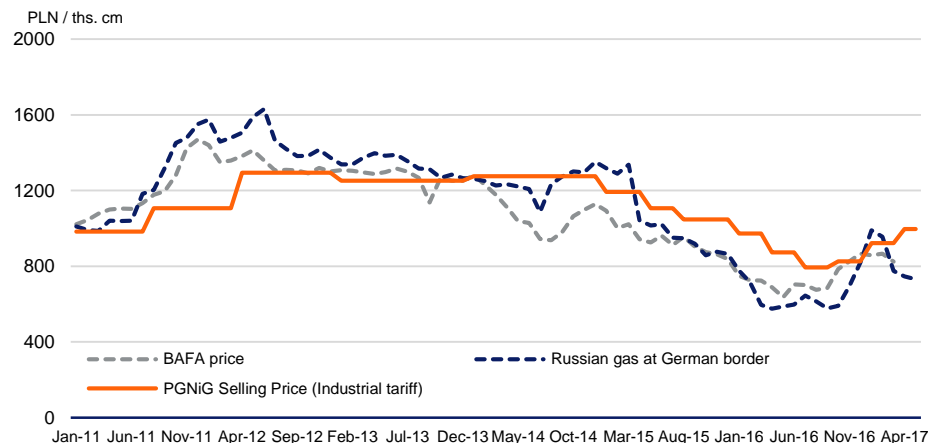
Tariff Model in Poland

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 2018)	Cost + return on capital (6.0% WACC x PLN 3.6bn RAB)
Distribution (set in 2014)	Cost + return on capital (7.2% WACC x PLN 11.9bn RAB)

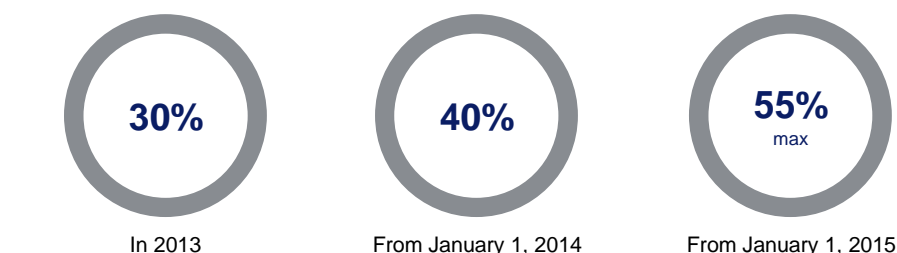
> Detariffication schedule for gas market in Poland



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



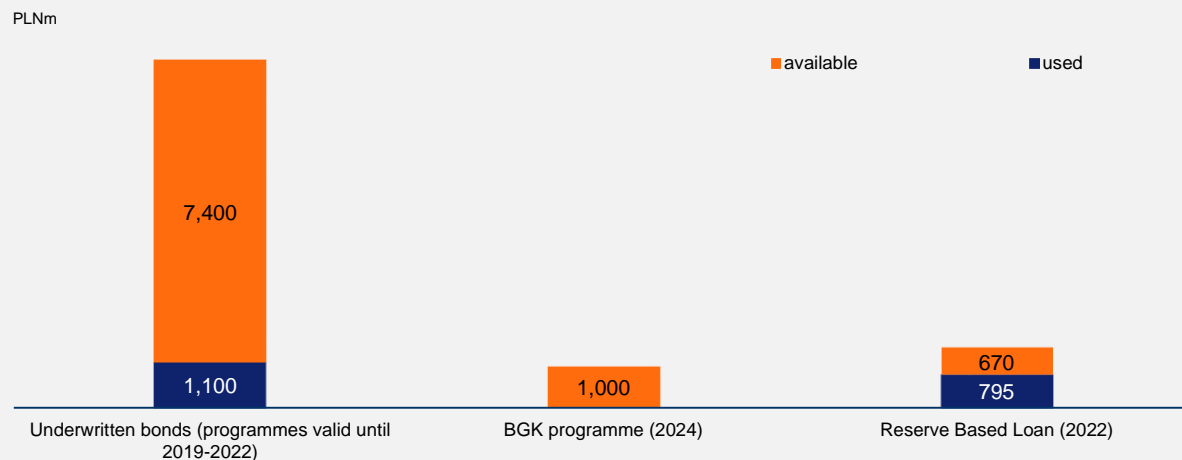
> Levels of obligatory trading on Polish Power Exchange



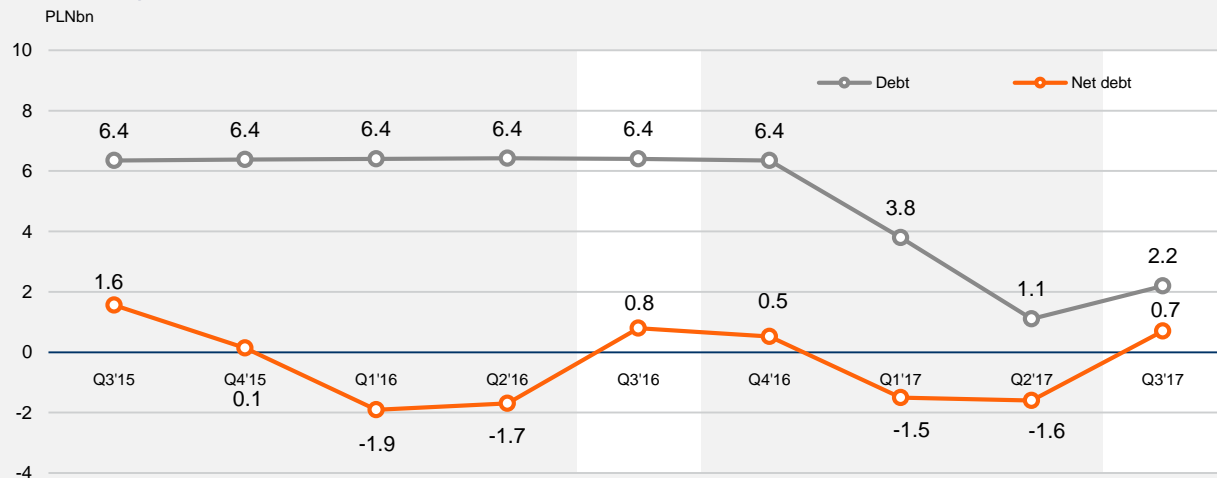
- > Liberalization of gas market in Poland is being implemented, based on obligatory trading on gas exchange in Warsaw and gradual removal of tariffs for certain segments of industrial customers.

Debt and sources of funding

> Sources of funding (as at September 30th 2017)



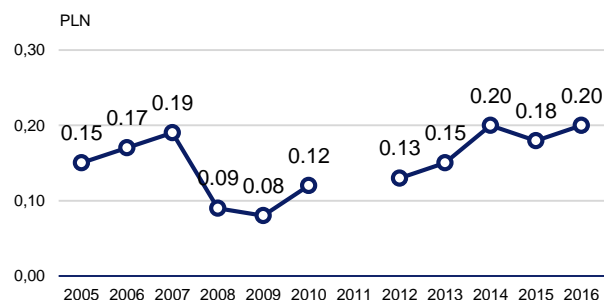
> Debt at quarter end



Comments:

- > On August 31st 2017, Bank Gospodarstwa Krajowego, Alior Bank S.A. and PGNiG TERMIKA Energetyka Przemysłowa S.A. signed an agreement on termination of the Note Programme Agreement and release of security.

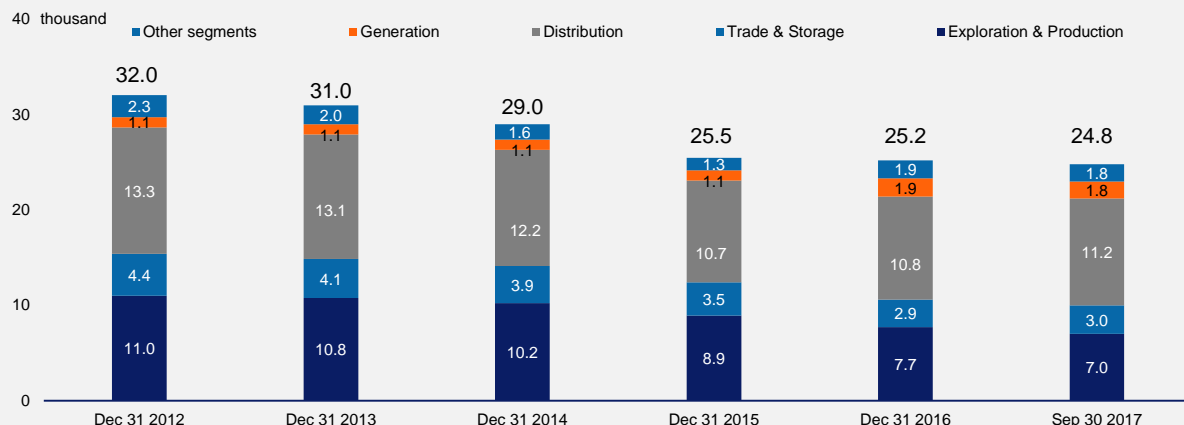
> Dividend per share



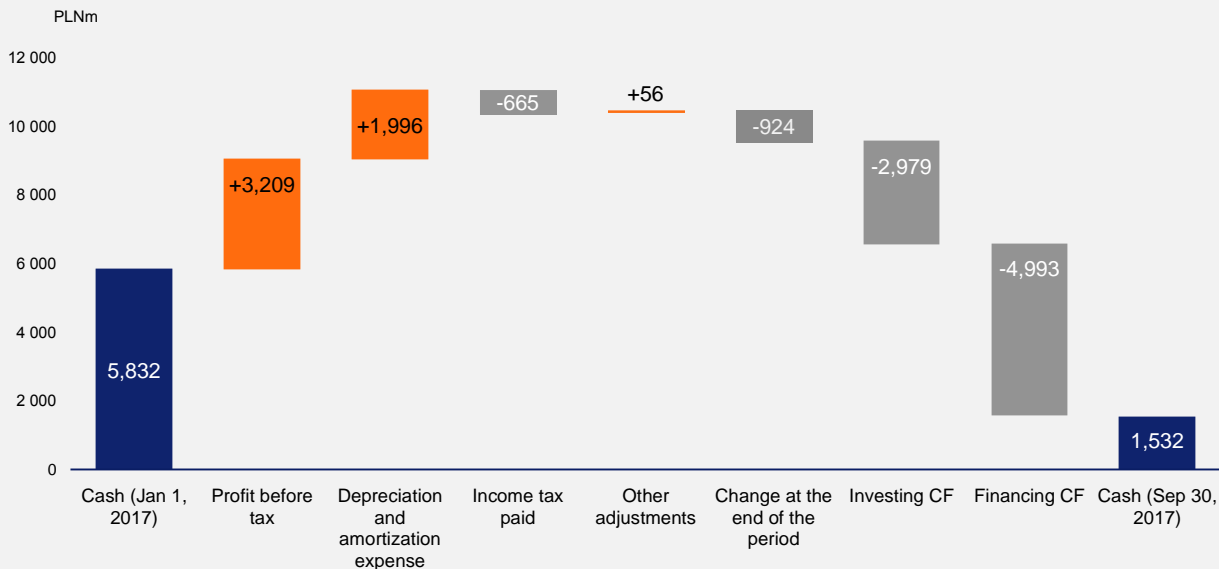
- > Strategic objective: up to 50% of consolidated net profit to be distributed as dividend in 2015–2022 (provided that the financial condition is stable and financing for investment projects is secured).

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

> Headcount (as at September 30th 2017)*



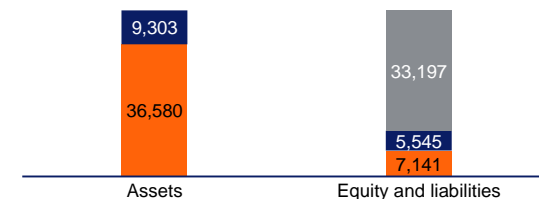
> Consolidated cash flows (Jan 1–Sep 30 2017)



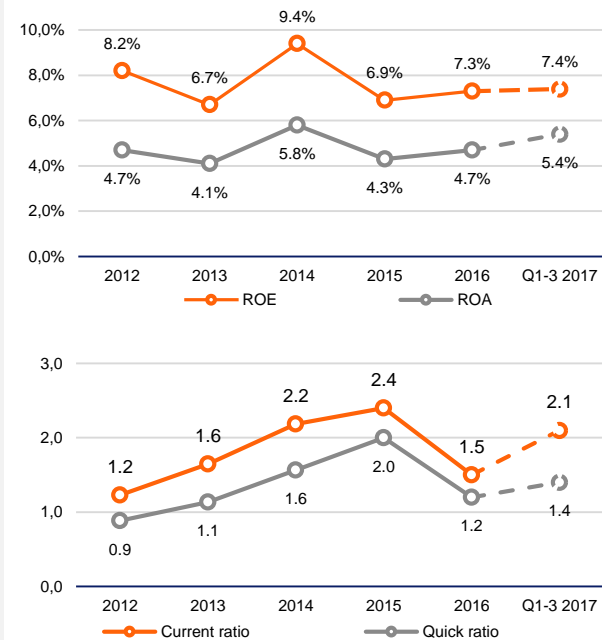
*Changes in the presentation of corporate centre data, leading to changes in the Trade & Storage and Other segments in 2016

> Group's statement of financial position (as at September 30th 2017)

PLNm Non-current Current Equity



> Profitability and liquidity ratios



Production and sales volumes

NATURAL GAS PRODUCTION. PGNiG Group (mcm)	Q1-3 2017	Q3 2017	Q2 2017	Q1 2017	FY 2016	Q4 2016	Q3 2016	Q2 2016	Q1 2016	FY 2015	Q4 2015	Q3 2015	Q2 2015	Q1 2015
HIGH-METHANE GAS (E)	1,403	459	469	474	1,918	473	450	487	509	2,027	504	515	507	501
<i>including in Poland</i>	981	325	327	328	1,401	347	346	349	359	1,454	366	359	362	367
<i>including in Norway</i>	422	134	142	146	517	126	104	138	150	573	138	156	145	134
NITROGEN-RICH GAS (Ls/Lw as E equiv.)	1,943	664	567	712	2,540	692	582	596	670	2,564	664	612	602	685
<i>including in Poland</i>	1,840	627	533	680	2,480	670	570	584	657	2,513	651	601	589	672
<i>including in Pakistan</i>	104	38	34	32	59	22	12	13	13	52	13	12	13	13
TOTAL (measured as E equivalent)	3,346	1,123	1,036	1,186	4,458	1,165	1,032	1,083	1,179	4,591	1,168	1,128	1,109	1,186
Total production in kboe/d	79	79	73	83	79	82	72	77	84	81	84	80	79	83

NATURAL GAS SALES. PGNiG Group (mcm)

HIGH-METHANE GAS (E)	17,688	4,298	5,078	8,311	22,900	6,923	4,005	4,411	7,560	21,653	6,184	3,662	4,497	7,311
<i>including PST sales outside PGNiG Group</i>	1,583	452	481	649	2,511	561	614	571	764	2,311	648	639	502	522
NITROGEN-RICH GAS (Ls/Lw as E equiv.)	1,077	296	312	469	1,373	419	244	298	412	1,295	355	261	285	395
TOTAL (measured as E equivalent)	18,765	4,594	5,390	8,780	24,273	7,342	4,249	4,709	7,972	22,949	6,539	3,922	4,782	7,705
<i>including sales directly from the fields</i>	612	195	174	243	756	218	139	181	221	736	192	169	169	206

GAS IMPORTS by PGNiG SA (mcm)

Total	10,041	3,488	3,334	3,219	11,527	2,968	3,020	2,837	2,702	9,330	1,863	2,398	2,495	2,574
<i>including: sources east of Poland</i>	7,116	1,889	2,517	2,709	10,248	2,539	2,429	2,623	2,657	8,155	1,774	2,329	2,219	1,833
<i>including: LNG</i>	1,332	470	475	387	974	380	384	210	-	-	-	-	-	-

CRUDE OIL. PGNiG Group ('000 tonnes)

Production of crude oil and condensate	928	313	270	346	1,318	344	298	328	348	1,428	358	367	317	386
<i>including in Poland</i>	567	203	149	216	764	207	177	176	203	765	207	204	147	207
<i>including in Norway</i>	361	110	121	130	555	137	121	152	145	664	151	163	170	180
Total production in kbbl/d	25	25	22	28	26	27	24	26	28	29	29	29	26	31
Sales of crude oil and condensate	957	251	315	390	1,347	326	287	336	398	1,391	315	356	372	348
<i>including in Poland</i>	570	190	161	218	754	198	179	172	205	772	211	196	148	217
<i>including in Norway</i>	387	61	154	172	593	127	108	164	193	619	104	160	224	131

GENERATION

Production of heat, net (sales) (TJ)	27,872	3,471	6,732	17,669	39,527	15,079	2,945	5,351	16,152	36,209	12,643	2,701	5,810	15,055
Production of electricity, net, secondary generation (for sale) (GWh)	2,601	407	737	1,458	3,604	1,204	418	591	1,390	3,487	1,136	328	674	1,349



Impact of the changes [2016 EBITDA in PLNm]

Previous reporting method	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017
Exploration and Production	619	(123)	494	295	-	-	-
Trade and Storage	660	110	(8)	648	-	-	-
Distribution	758	665	542	594	-	-	-
Generation	362	87	110	199	-	-	-
Other	(10)	(5)	(6)	(40)	-	-	-
Eliminations	4	2	5	11	-	-	-
Reclassification	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017
Exploration and Production	260	140	159	362	-	-	-
Trade and Storage	(237)	(102)	(133)	(324)	-	-	-
Distribution	-	-	-	-	-	-	-
Generation	-	-	-	-	-	-	-
Other	(23)	(38)	(26)	(38)	-	-	-
Eliminations	-	-	-	-	-	-	-
New reporting method	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017
Exploration and Production	879	17	653	657	1,376	863	798
Trade and Storage	423	8	(141)	324	358	(268)	(279)
Distribution	758	665	542	594	692	692	581
Generation	362	87	110	199	409	170	22
Other	(33)	(43)	(32)	(78)	(66)	(54)	(43)
Eliminations	4	2	5	11	-	5	-

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
JV	Joint Venture
OPEX	Operating expenses
PPE	Polish Power Exchange
PSG	Polska Spółka Gazownictwa
PST	PGNiG Supply & Trading GmbH
PUN	PGNiG Upstream Norway
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

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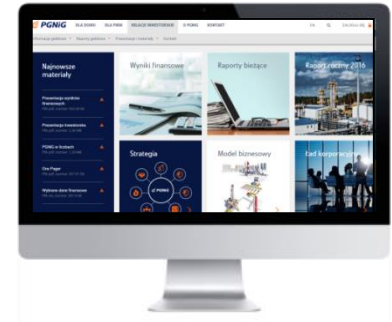
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