

Polish Oil and Gas Company

Company Overview



September 2018





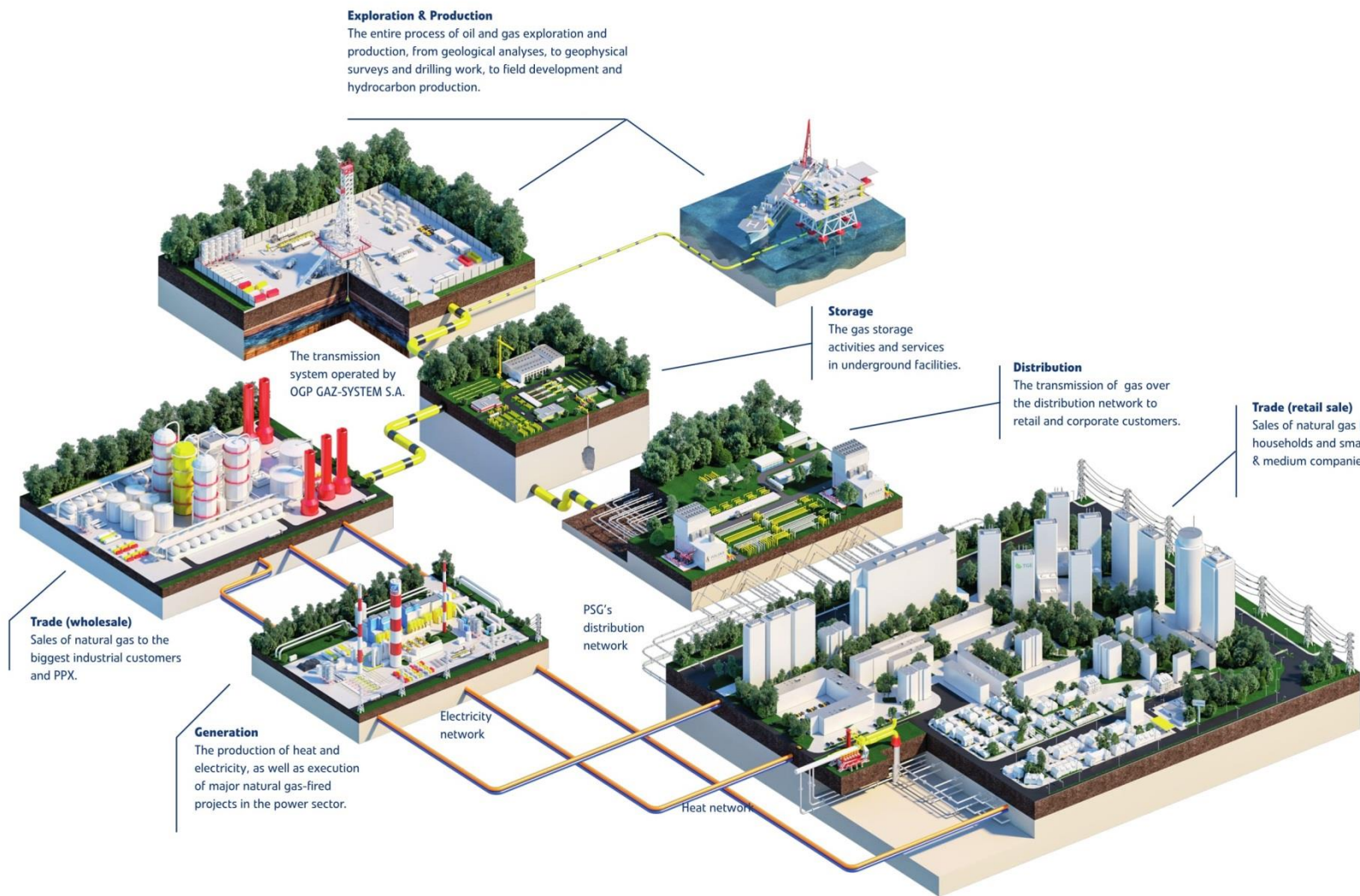
Agenda

- > 1. PGNiG Group & Polish Gas Market
- > 2. PGNiG Segments
 -  > Exploration and Production
 -  > Trade and Storage
 -  > Distribution
 -  > Generation
- > 3. Strategy, CAPEX
- > 4. Appendix



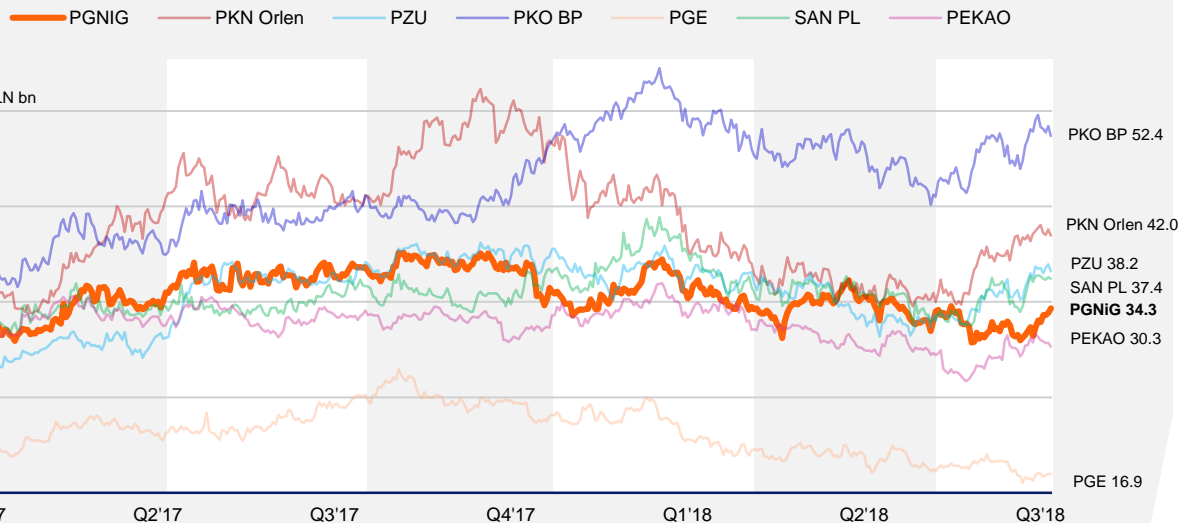
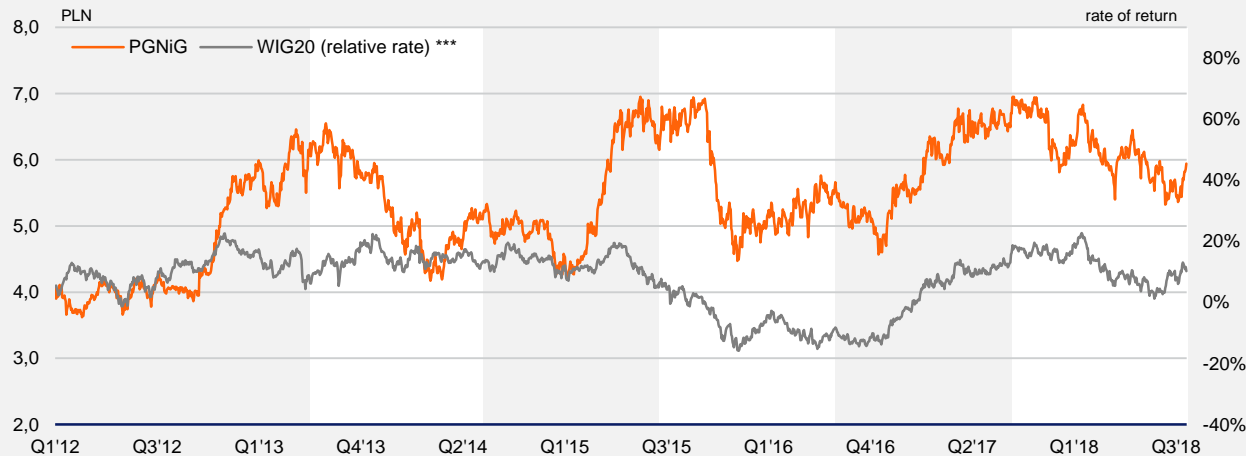
PGNiG Group and Polish Gas Market

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



5th biggest Polish company on the Warsaw Stock Exchange**

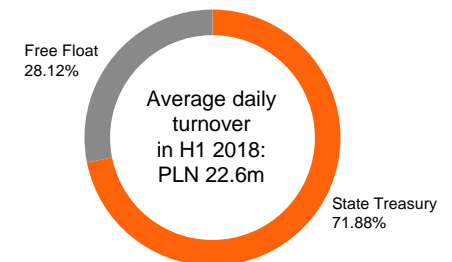
> The share price of PGNiG and WIG20 from January 2012 together with the rate of return.



* PGNiG = 5.94 PLN and EUR/PLN = 4.31; USD/PLN = 3.72 (as at September 4th 2018) / ** in terms of market cap as at September 4th 2018 (without dividend) / *** WIG20 quotation chart, taking into account relative changes in percentage in relation to the PGNiG exchange rate

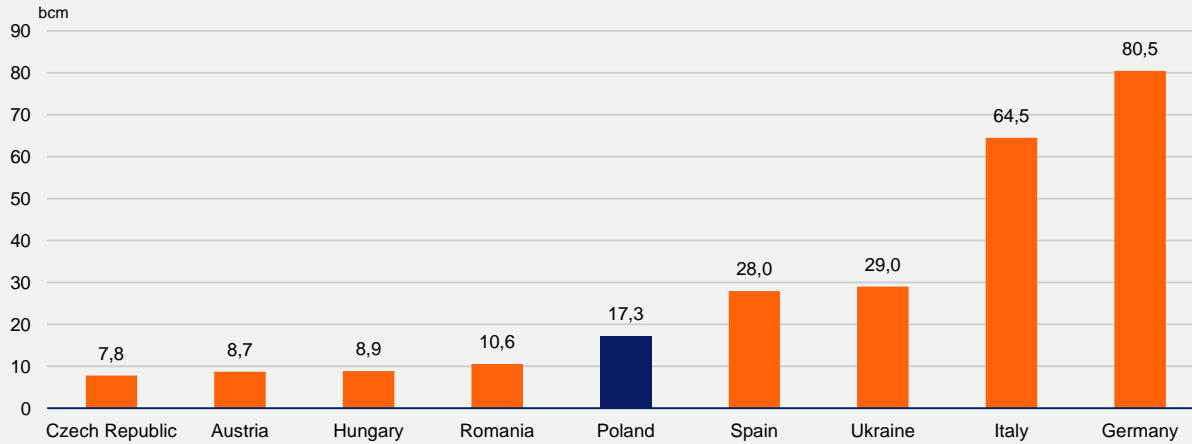
- > Listed on WSE since September 2005
- > Market cap, of PLN 34.3bn (EUR 8.0bn, USD 9.2bn)*
- > Significant share in WIG 20 based on number of shares in the index: 4.19%

> Shareholders (as at June 30, 2018)

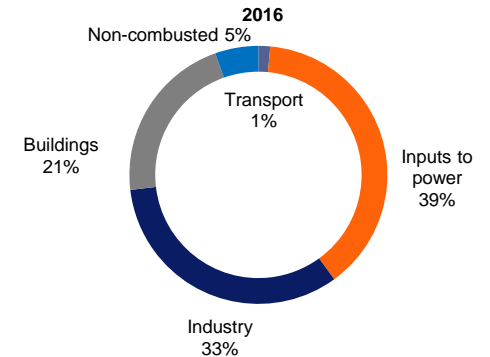


Gas market in Poland: Low consumption with growth potential

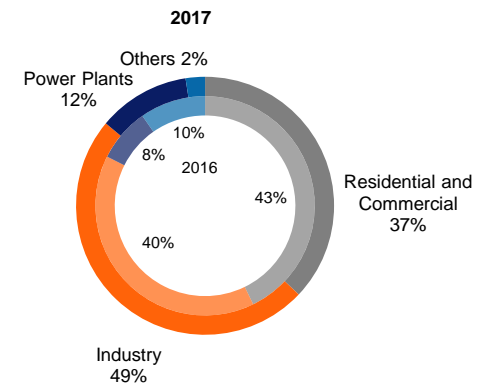
> Natural gas consumption by country in 2016



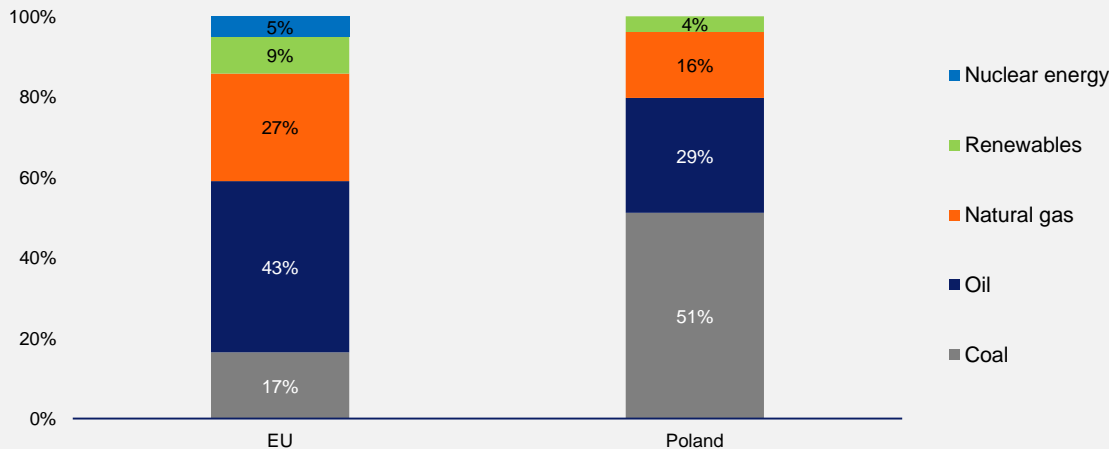
> Natural gas sales by sector in the world in 2016



> Natural gas sales by sector by PGNiG in Poland in 2017 and 2016



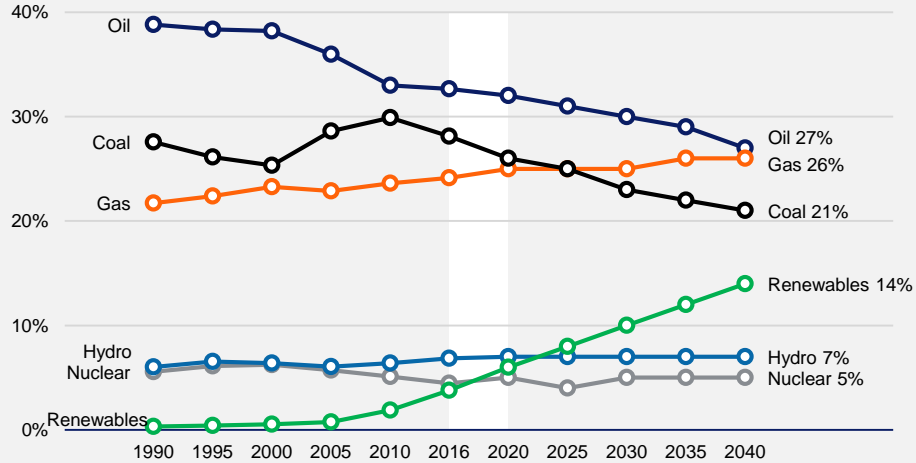
> Primary energy consumption by fuel in 2016



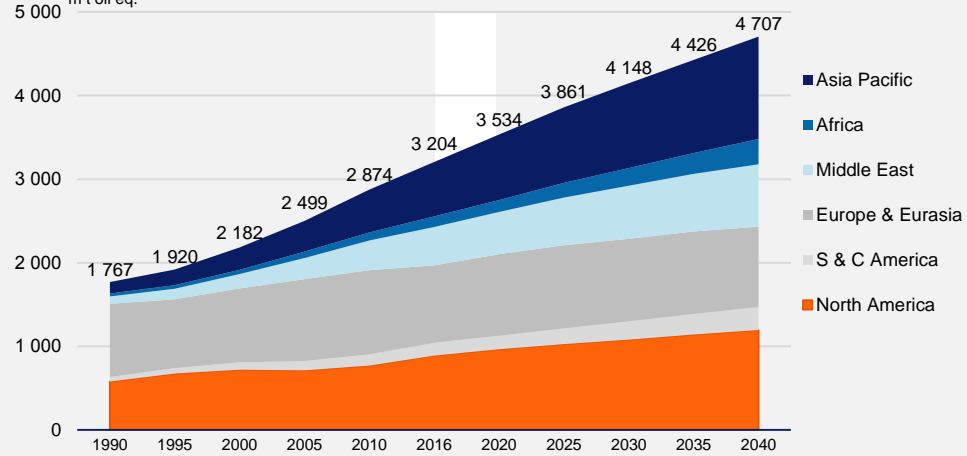
Source: BP Statistical Review 2017, BP Energy Outlook 2018 / Gas consumption comprises sales, as well as in-house consumption and change of inventories

Gas market worldwide

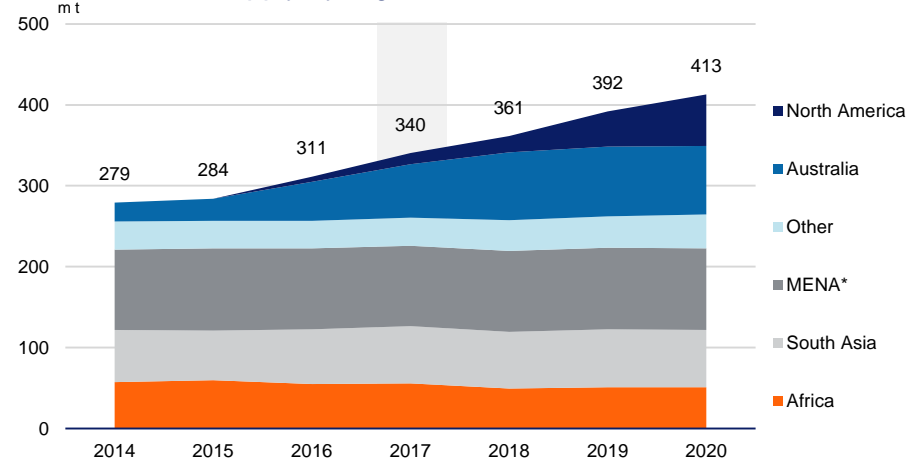
> Primary energy consumption by fuel



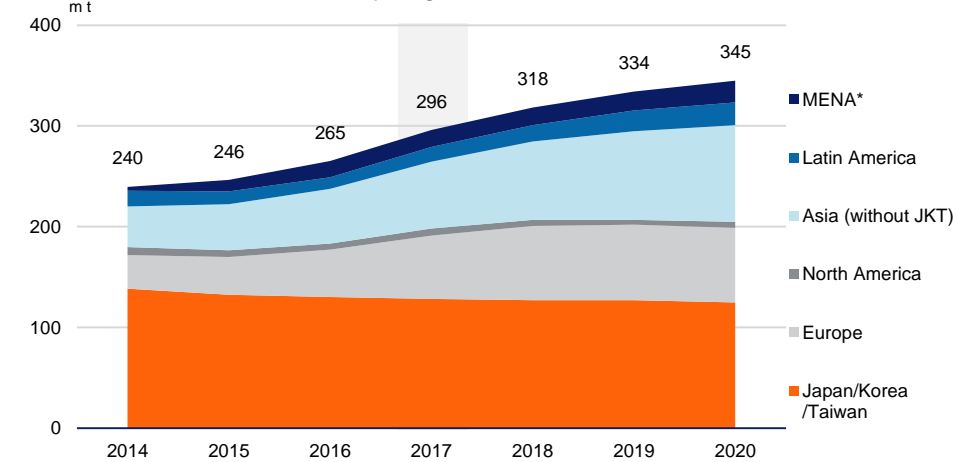
> Natural gas demand



> Annual LNG supply by region



> Annual LNG demand by region



* Middle East-North Africa / Source: IHS, BP Energy Outlook 2018

Exploration & Production



Trade & Storage



Distribution



Generation

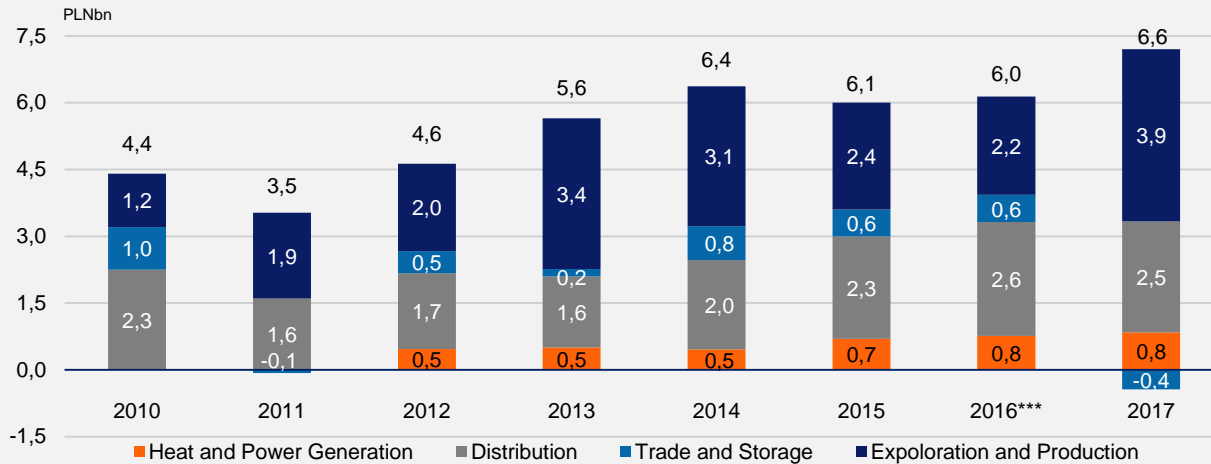


Operating segments of PGNiG Group



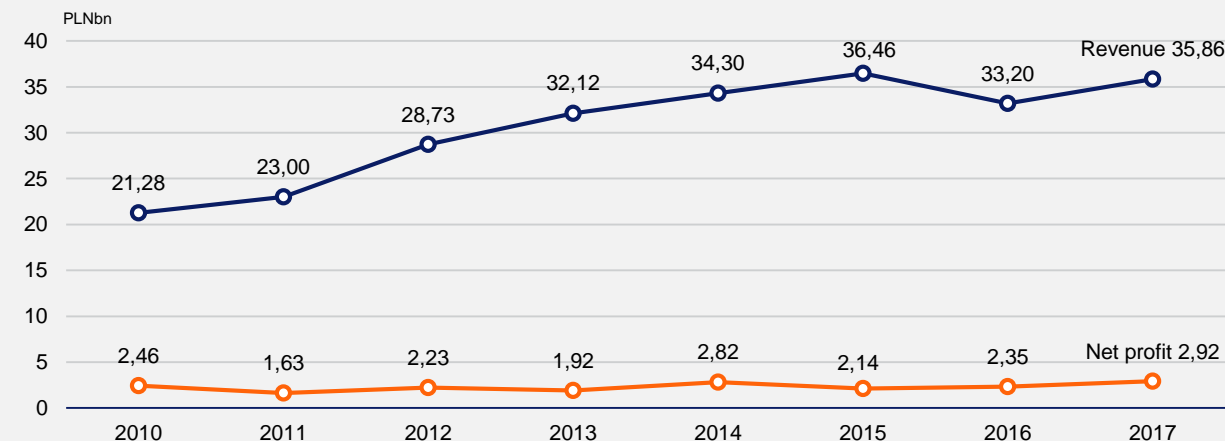
PGNiG Group's financials 2010-2017

> PGNiG Group's EBITDA**

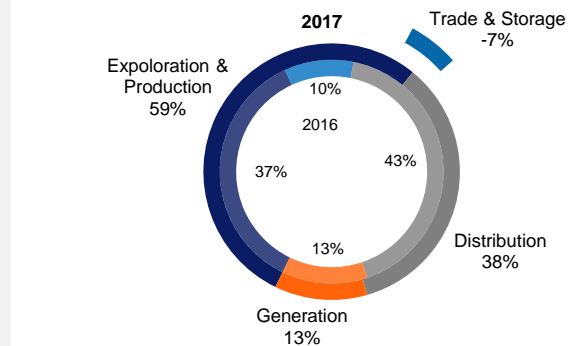


- > 5th biggest company in Central and Eastern Europe*
- > 3rd biggest oil company in the region*
- > Stable EBITDA level due to diversified inflows sources

> PGNiG Group's revenue and net profit



> EBITDA breakdown



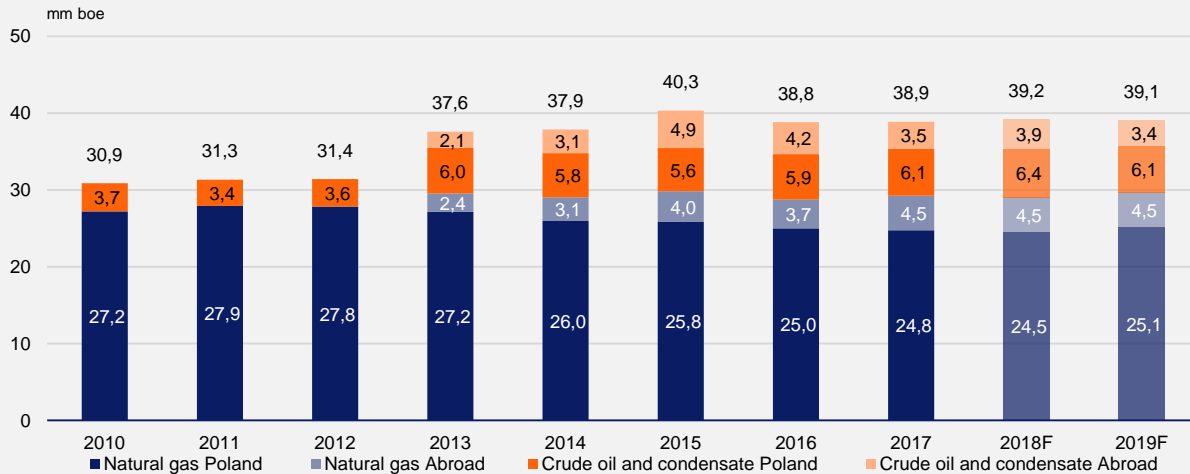
Other segments' contribution to EBITDA in 2017: -3%; in 2016: -3%



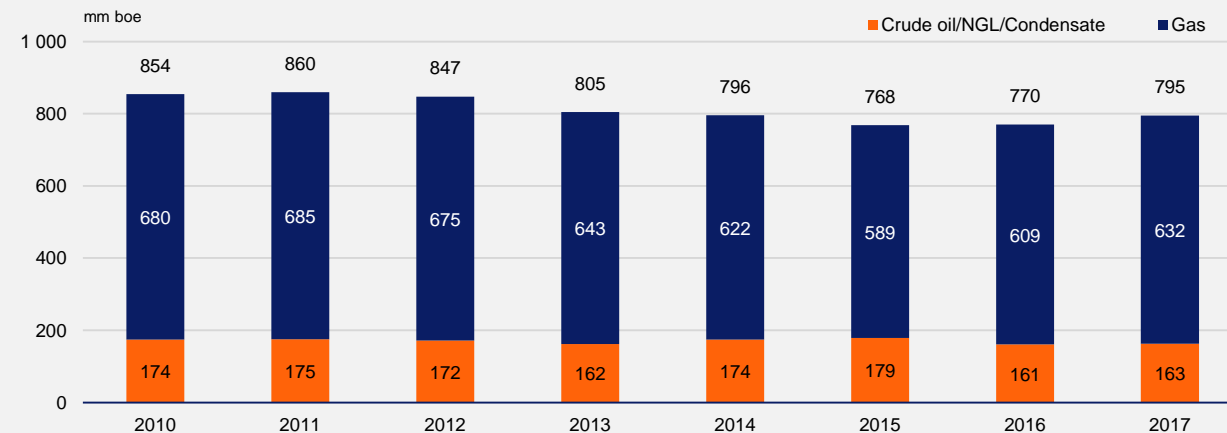
* Source: TOP 500 CEE 2018 / ** EBITDA 2010-2015 before intra-group eliminations and excluding „Other segments“
 *** restated, -0.2 PLNbn of other segments not presented on chart

Exploration & Production summary

> Production volumes*



> Reserves of natural gas and crude oil



> PGNiG SA is a leader in production of gas and crude oil in Poland

> Average daily production – over 114,000 boe***

> PGNiG's resource base in Poland**:

> proved gas reserves 527 mm boe (81.8 bcm)

> proved oil reserves 133 mm boe (17.2 m tonnes)

> Oil & Gas concessions in Poland**:

> 21 exploration/appraisal

> 25 combined licences

> 1 „suspended” due to incomplete transformation procedure

> 204 production

> Exploration & Production activities:

> 54 production facilities in Poland

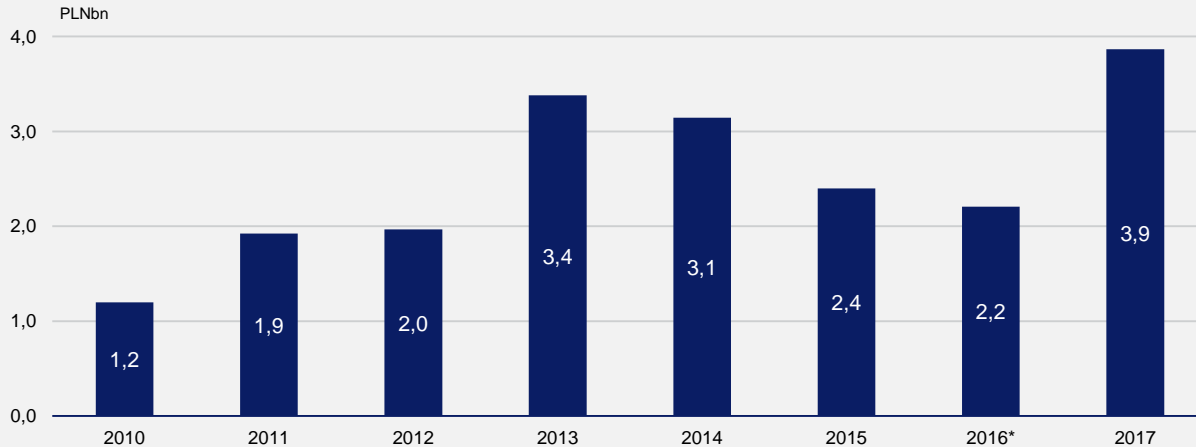
> over 2 thousand producing wells



* High-methane gas equivalent; ** As at June 30th 2018; *** As at December 31st 2017

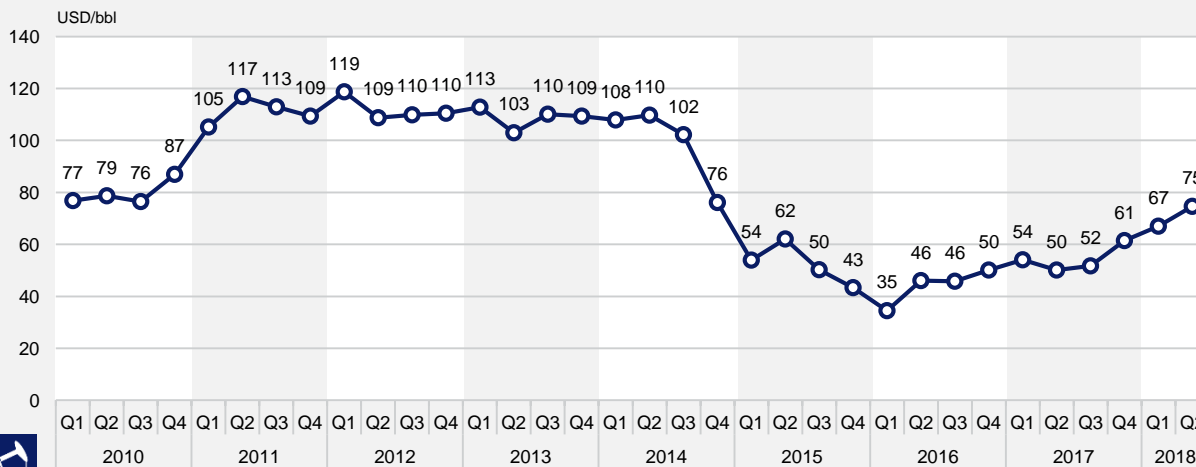
Exploration & Production financial results

Exploration and Production's EBITDA



* restated

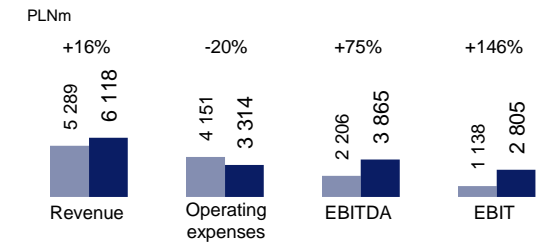
Average prices of crude oil



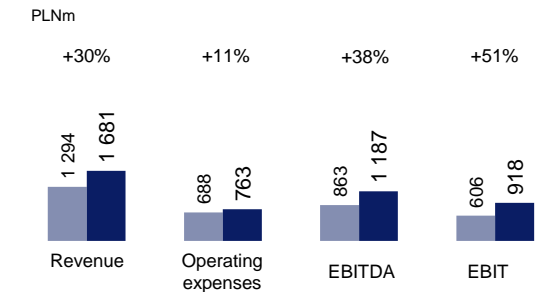
Revenue growth driven by higher prices of oil and gas and an increase in the volumes of gas sold in Q2 2018 vs Q2 2017.

Revenue from sales of crude oil and condensate up PLN 139m yoy.
 PLN 240m (+33%) yoy increase in revenue from gas sales recorded by the segment.

Segment's results for FY 2017 vs FY 2016*

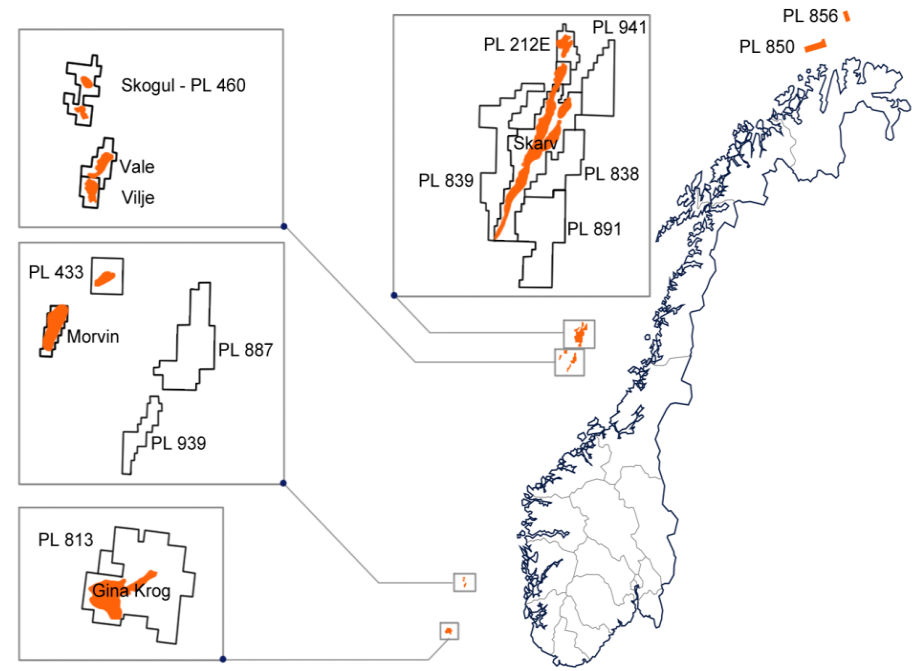


Segment's results for Q2 2018 vs Q2 2017

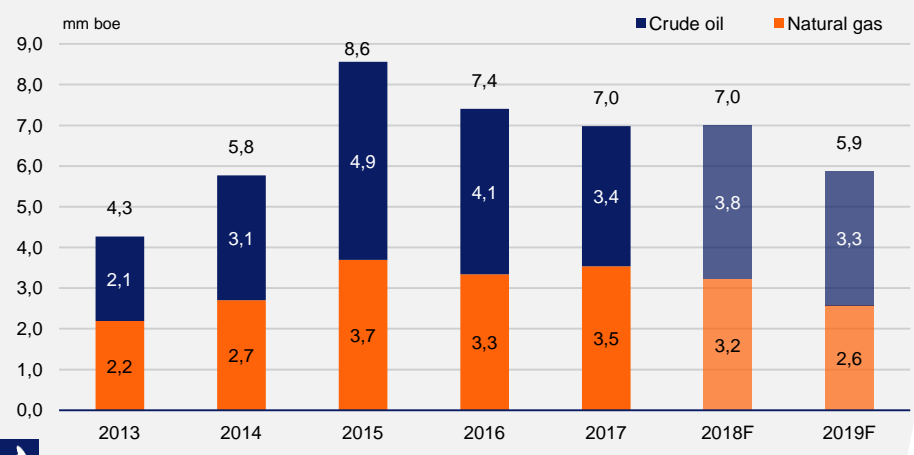


International E&P activities – Norway

Licenses	20
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	55 mm boe (Skarv, Snadd) 28 mm boe (Morvin, Vale, Vilje, Gina Krog, Ærfugl, Skogul)



> Production in Norway



In H2 2018, on the Norwegian Continental Shelf, PGNiG UN, as a project partner, will continue to produce hydrocarbons from the Skarv, Morvin, Vilje, Vale, and Gina Krog fields and will proceed with the development of the Skogul and Ærfugl fields. One development direction is hydrocarbon exploration, including as a drilling operator (PL838). The near future will see an analysis of the results of production testing performed on the Fogelberg field and a possible preparation of a field development plan if the test results prove positive.



International E&P activities – Pakistan and other

> 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)
estimated reserves	14.2 bcm of natural gas (10.5 bcm Rehman, 3.7 bcm Rizq)

In the first half of 2018, appraisal and production operations included bringing the Rizq-2 well on stream and completing the drilling work on the Rehman-4 production well and start drilling of the Roshan-1 exploration well.

Another Rehman-5 production well is planned to be drilled in the second half of 2018. Concurrently, drilling work will commence on further production wells (Rizq-3 and Rehman-6). In addition, 2D and 3D seismic work will start on the Roshan-1 field.

> Other foreign activity in 2017

Seismic works:

- > Acquisitions of seismic data: Algeria, Austria, Croatia, Colombia, Myanmar, Tunisia, Egypt, Germany.
- > Processing and interpretation of seismic data: Algeria, Austria, Spain, Iran, Yemen, Norway, Pakistan, Switzerland and Morocco.

Drilling works:

- > Main drilling areas: Pakistan, Kazakhstan, Ukraine

Libya

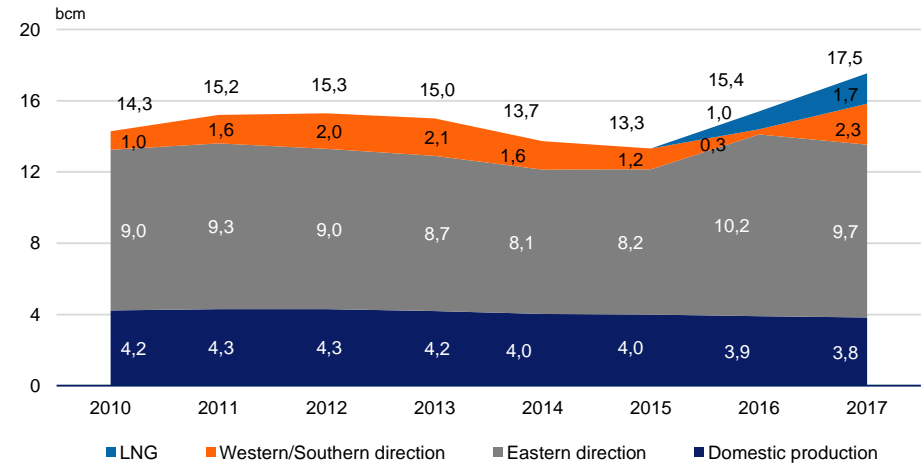
- > Since 2008, one license for mining (LC113).
- > In mid-2014, a force majeure notification.
- > In 2017 and 2018, activities limiting the impact of force majeure and verification of the prospects of the license.



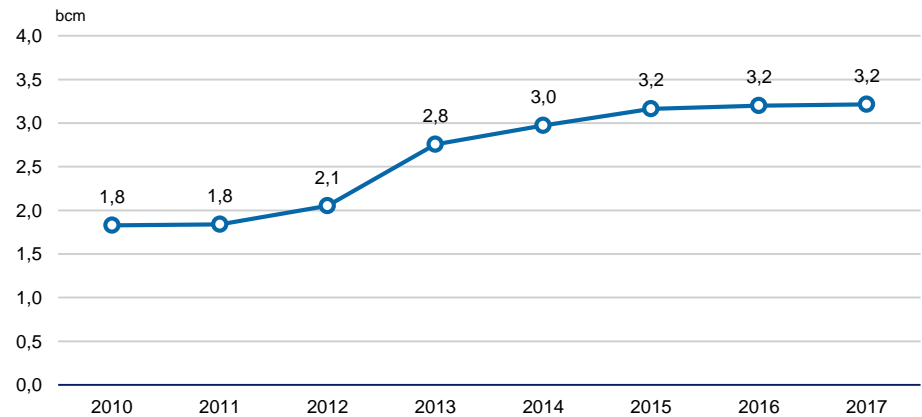
Gas supply & sales

- > 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 +2.7% 2005-2017
- > 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)
- > 2.2 bcm of gas sold by PGNiG Supply & Trading to customers outside of Poland in 2017
- > Tariffs:
 - > Gas sales: Cost of gas + operating costs + margin
 - > Retail: PGNiG Retail's cost base including cost of gas on the commodity exchange
 - > Storage: Cost + return on capital (6.0% WACC x PLN 3.6bn RAB) (until March 2019)

> Sources of gas supply of PGNiG SA in Poland

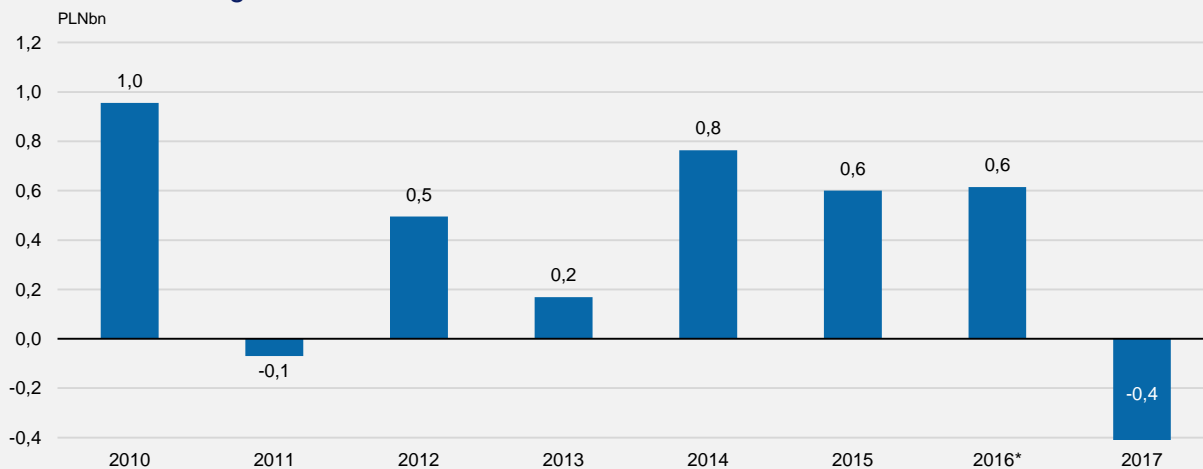


> Storage capacity (incl. storage capacity used only by E&P segment)



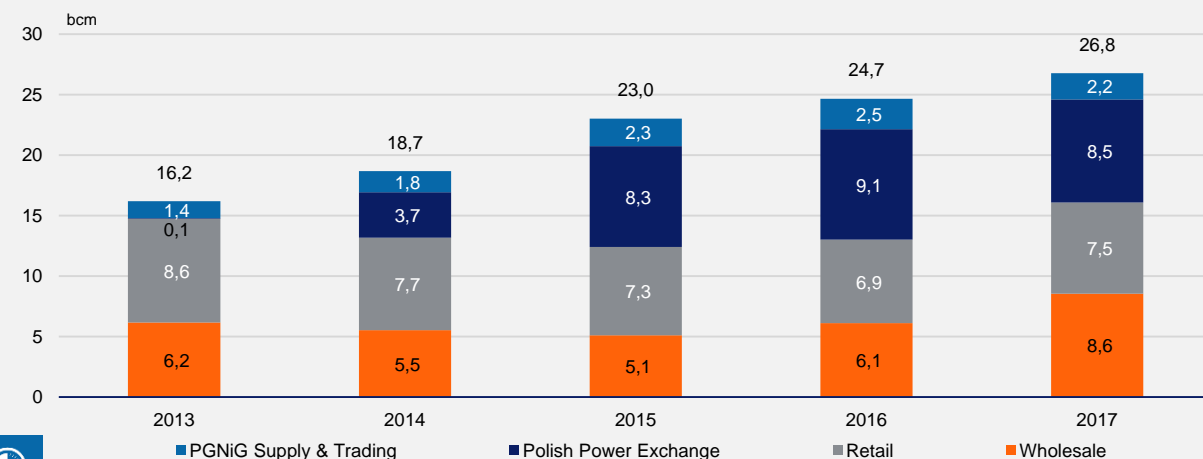
Trade & Storage's financial results

> Trade and Storage's EBITDA



* restated

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

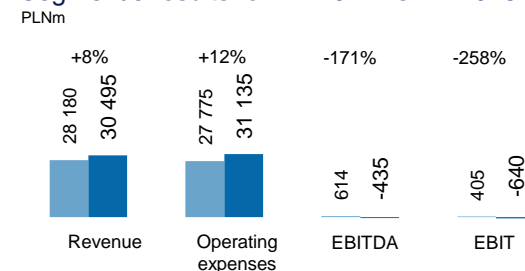


> Revenue growth driven by rising gas prices.

> Revenue from gas sales up PLN 466m yoy (to PLN 5.1bn in Q2 2018).

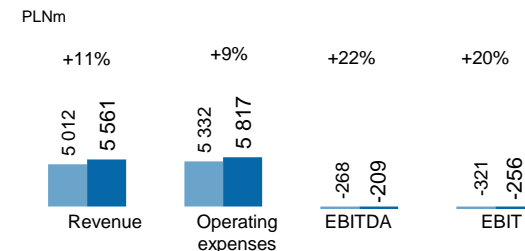
> Higher cost of gas in the segment due to rising prices of crude oil and natural gas.

> Segment's results for FY 2017 vs FY 2016*



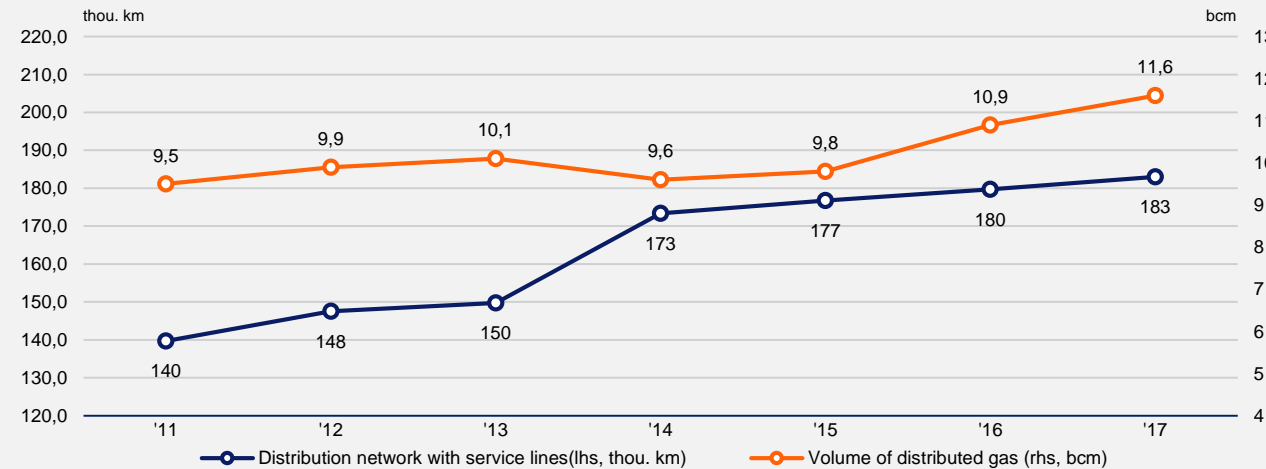
> Segment's results for Q2 2018 vs Q2 2017

Data restated for comparability in connection with the application of the new IFRS 9 and IFRS 15 Financial Reporting Standard with effect from 1 January 2018

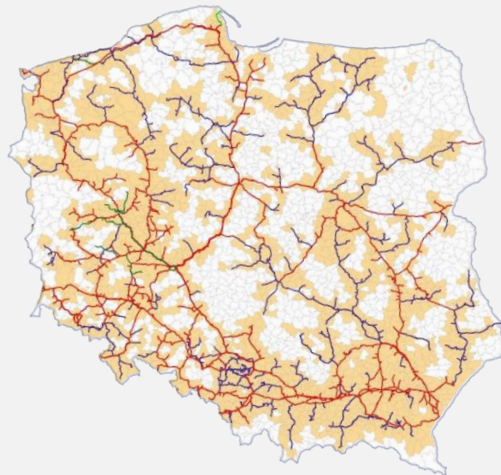


Distribution

- > Stable network's growth and increase of distributed volumes (+3.4% CAGR 2005-2017)



- > Coverage of distribution network



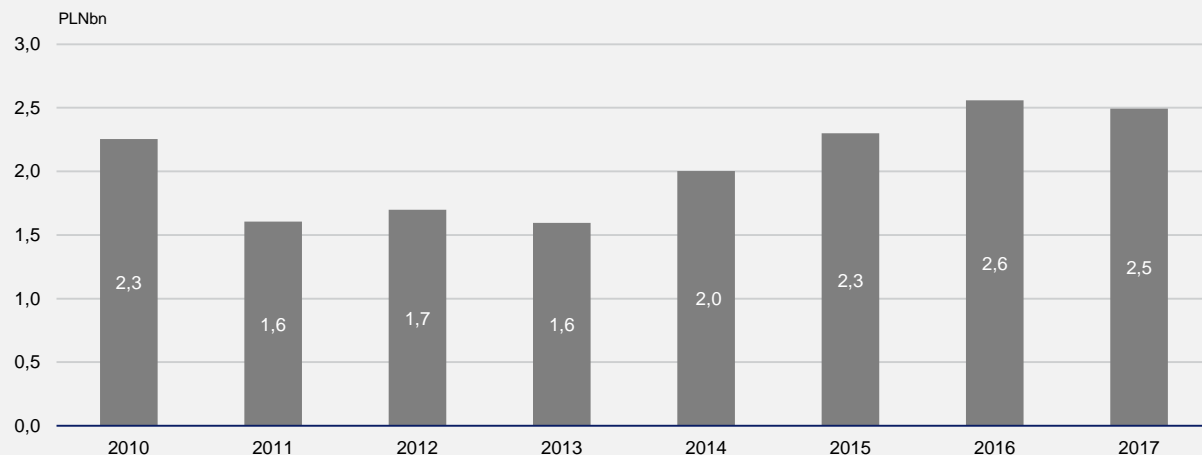
- > The owner of approximately 96% of Poland's distribution network and nearly 99% of the gas service lines.
- > Transports natural gas from gas sellers to households, industrial and wholesale customers.
- > Responsible for operation, maintenance and development of gas pipelines.
- > Segment comprises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

- > **Tariff:**

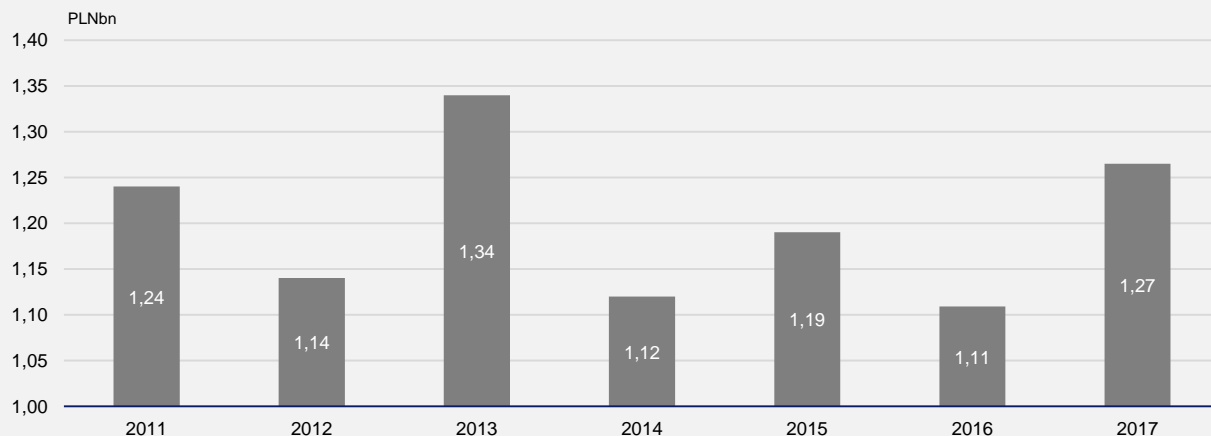
- > The new Tariff No. 6 approved by the President of the Energy Regulatory Office in January 2018 and has applied from March 1st 2018,
- > Cost + return on capital (6.2% WACC x PLN 12.1bn RAB)

Distribution's financial results

> Distribution's EBITDA



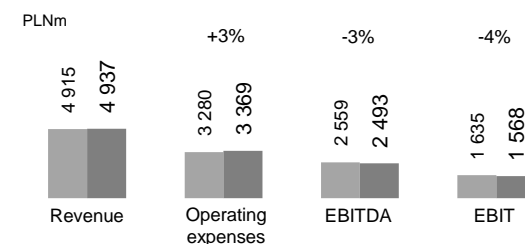
> Segment's CAPEX



> Segment performance affected by lower gas distribution volume in Q2 2018 and lower tariff prices.

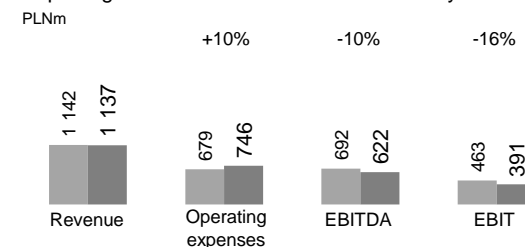
> PSG's strategic goal is to generate cum. EBITDA of PLN 16bn in 2016-2022.

> Segment's results for FY 2017 vs FY 2016



> Segment's results for Q2 2018 vs Q2 2017

Data restated for comparability in connection with the application of the new IFRS 9 and IFRS 15 Financial Reporting Standard with effect from 1 January 2018



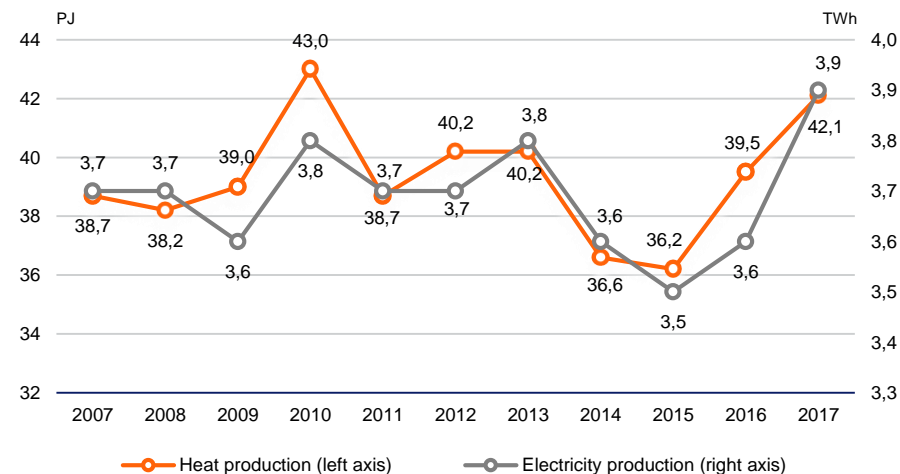
Heat and Power Generation

- > Share on the domestic market *:
 - > heat power 10%
 - > volume of heat sales 11%
- > Share on the Warsaw market:
 - > largest producer of heat and electricity in cogeneration
 - > estimated coverage of total heat demand about 70%
 - > estimated total electricity demand around 65%
 - > heat supplied to the city network about 98%.
- > 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)
 - > Acquisition of 20.4% of the share capital of the Polish Mining Group as a result of the investment of PLN 800m
 - > Expansion of heat and power generation and distribution:
 - > April 2016: purchase from JSW SA of Przedsiębiorstwo Energetyki Ciepłej („PEC”) for PLN 190m, including 14 local heat plants, 260 MW of total heat output
 - > August 2016: purchase from JSW SA of Spółka Energetyczna „Jastrzębie” („SEJ”) for PLN 327m, including 5 CHP, 130 MW of electricity output, 540 MW of heat output
 - > September 2017: The merger of PGNiG TERMIKA EP (formerly SEJ) and PEC
- > Tariff:
 - > Heat tariffs benchmarking scheme creates significant upside for profitability as PGNiG Termika produces low-cost heat

Generation segment operating data

Installed heat power	5.3 GWt
Installed electric power	1.1 Gwe
Heat sales in Q2 2018 (regulated)	4.4 PJ
Produced electricity sales in Q2 2018	0.6 TWh

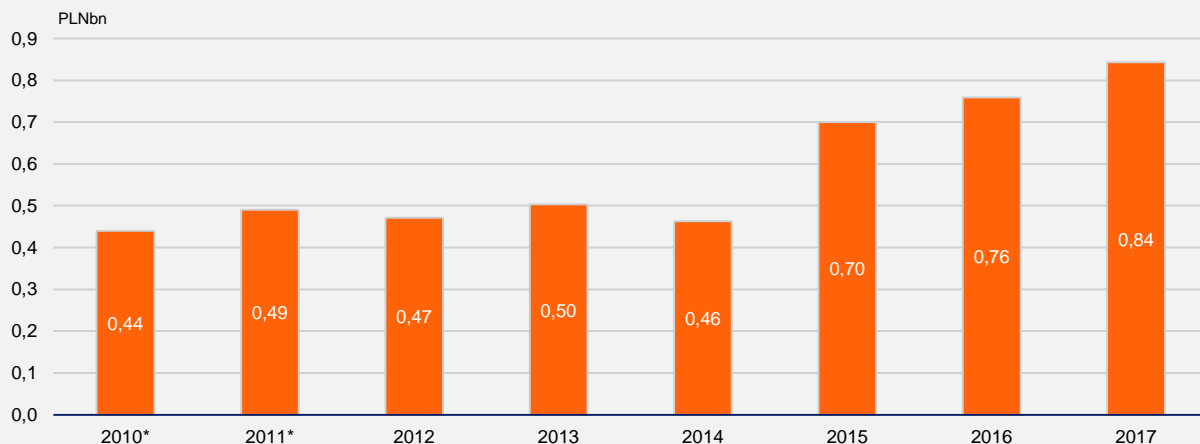
> Production of heat and own generation electricity



* Source: Thermal energy in numbers 2016

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 (Q4 2019)

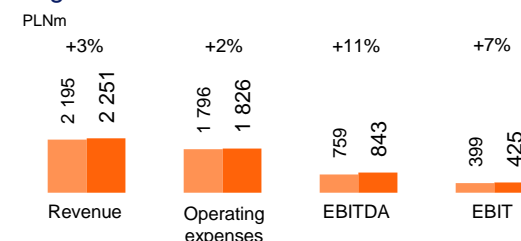
- 50/50 JV PGNiG and Tauron Polska Energia. Total CAPEX PLN 1.6bn (project finance)
- Agreement for Sale of Electricity. PGNiG to supply 0.5 bcm of gas for 14 years
- Total power output: 450 MWe and 240 MWt
- In January 2016: cancellation of the contract and imposition of penalties for general contractor 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.
- 900m loan agreement between ECSW with Bank Gospodarstwa Krajowego and PGNiG (PLN 450m from each lender) for the refinancing of ECSW's debt to PGNiG and Tauron Polska Energia, totalling PLN 600m, and PLN 300m to finance ECSW's further capital expenditure.

Key contributors to the segment's results in Q2 2018 include air temperatures and higher cost of raw materials.

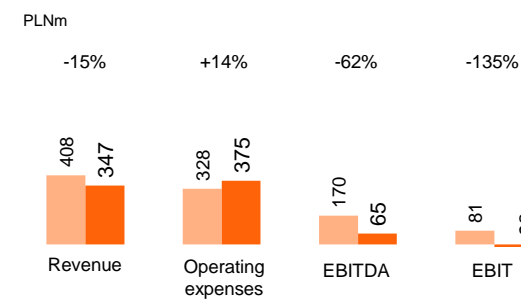
Revenue from sales of heat down 28% yoy, to PLN 172m.

Decline in revenue from sales of electricity generated by the segment's own sources (down 5% yoy).

Segment's results for FY 2017 vs FY 2016



Segment's results for Q2 2018 vs Q2 2017



* 2010-2011 according to Polish accounting standards; 2012-2013 data before intercompany eliminations.



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)



4. Storage

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



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



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)



3. Retail

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



6. Power and heat generation

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

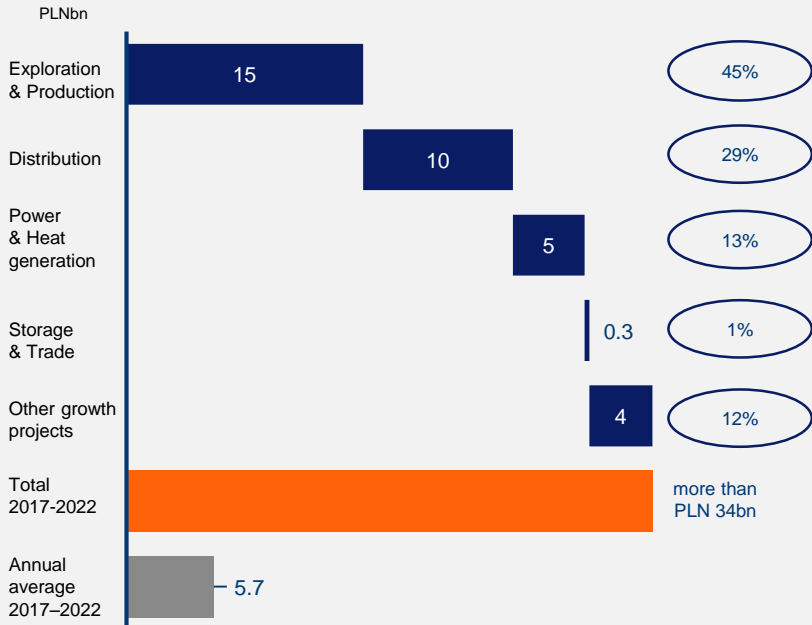


7. Corporate Centre

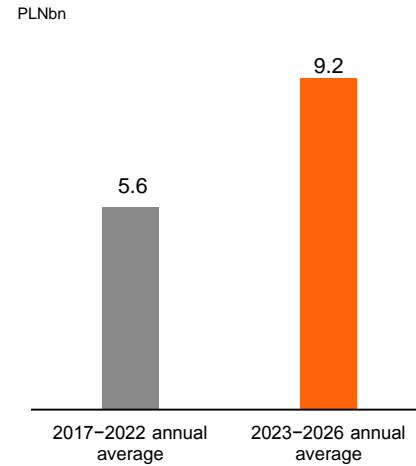
- > Effective execution of R&D&I projects
- > Operational efficiency improvement across the PGNiG Group
- > Enhancing the PGNiG Group's image

CAPEX and EBITDA for 2017-2022

CAPEX breakdown for 2017-2022

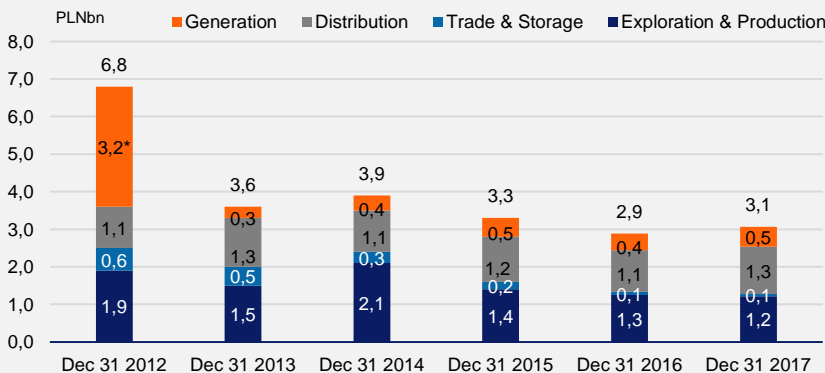


EBITDA for 2017 – 2022



- > 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)

Annual CAPEX 2012 – 2017



* Includes PLN 3bn for acquisition of PGNiG Termika

- > 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.

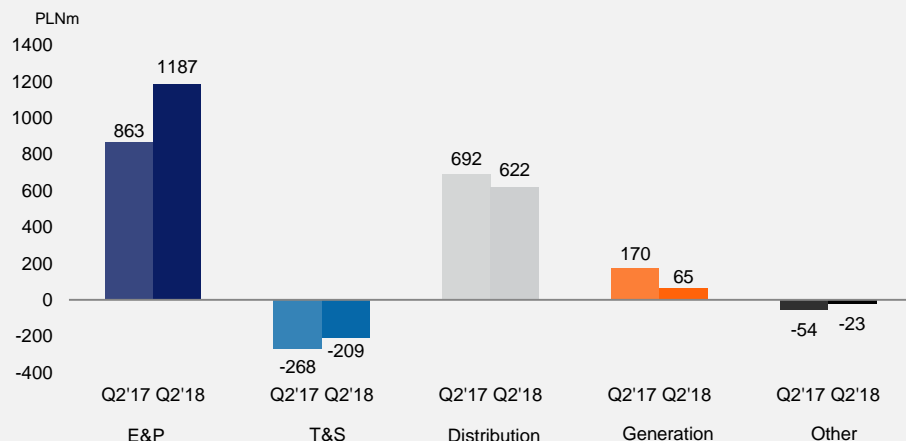




Appendix

Financial highlights Q2 2018

Group's EBITDA by segment in Q2 2017 vs Q2 2018



Exploration and Production

- Revenue from sales of gas up PLN 240m yoy (+33%), sales of crude and condensate up PLN 139m yoy (+33%).
- Cost of dry wells in Q2 2018 at PLN -132m, compared with PLN -81m in Q2 2017.

Trade and Storage

- Revenue from gas sales and cost of gas up 10% yoy chiefly driven by rising oil and gas prices.
- Revenue from sales of electricity purchased for resale and generated internally up 17% yoy. Cost of sales up 11% yoy.

Distribution

- Gas distribution volume and revenue from distribution services down 14% yoy in Q2 2018.
- Net income from system balancing up PLN 54m yoy in Q2 2018.

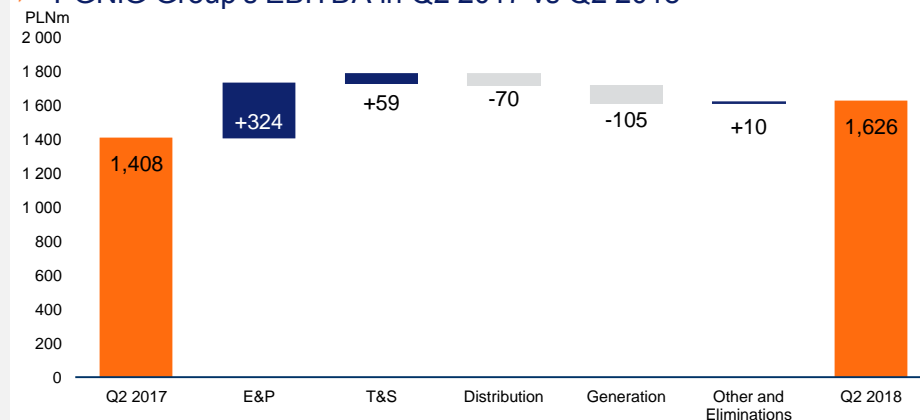
Generation

- Volumes of electricity (internally generated) and heat sold down 19% and 35% yoy respectively due to higher temperatures in the period.

[PLNm]	Q2 2017	Q2 2018	Δ%
Revenue	7 128*	7,639	+7%
Operating expenses (excl. D&A)	-5 720*	-6,012	+4%
EBITDA	1,408	1,626	+16%
Depreciation and amortisation	-640	-657	+3%
EBIT	768	969	+26%
Net finance income/(costs)	-10	11	+209%
Net profit	499	704	+41%

*Data restated to ensure comparability following the adoption of amended IFRS 15.

PGNiG Group's EBITDA in Q2 2017 vs Q2 2018**



**Eliminations in Q2 2018: PLN -15m vs Q2 2017: PLN +5m



Operating expenses in Q2 2018 vs Q2 2017

[PLNm]	Q2 2017	Q2 2018	Δ%
Cost of gas sold	-3,793	-4,066	+7%
Fuels for heat and power generation	-119	-110	-7%
Other raw materials and consumables used	-415	-435	+5%
Employee benefits expense	-672	-723	+8%
Transmission services	-229*	-259	-2%
Other services	-408*	-445	+9%
<i>LNG regasification services</i>	-90	-91	+1%
Taxes and charges	-43	-41	-5%
Other net income and expenses**	-245	-114	-53%
<i>Change in inventory write-downs</i>	-32	1	-102%
<i>Change in provisions</i>	-76	9	-111%
Recognition and reversal of impairment losses on property, plant and equipment and intangible assets	-25	-60	+140%
<i>Cost of dry wells and seismic surveys written-off</i>	-81	-132	+63%
<i>Impairment losses on non-current assets</i>	56	72	+28%
Work performed by the entity and capitalised	229	240	+5%
Depreciation and amortisation	-640	-657	+3%
Total operating expenses	-6,359	-6,671	+5%
<i>Operating expenses net of cost of gas sold</i>	-2,566	-2,605	+1%

Comments:

- › PLN 273m (7%) yoy increase in the cost of gas sold, due to higher prices of oil and gas.
- › Higher yoy cost of dry wells (PLN -132m). Seven dry wells written off in Q2 2018 vs four in Q2 2017 (PLN -79m).
- › Reversal of impairment loss on non-current assets of PLN 72m in Q2 2018 vs PLN 56m in Q2 2017.
- › Depreciation and amortisation charges up yoy (PLN -657m in Q2 2018 vs PLN -640m in Q2 2017), mainly on account of a PLN 14m (16%) increase in depreciation and amortisation charges on Norwegian assets in Q2 2018 vs Q2 2017.
- › Lower other income/expenses in Q2 2018 caused, among other factors, by a reversal of gas inventory write-downs of PLN 7m (vs an increase in write-downs of PLN 21m in Q2 2017) and a reversal of the provision for energy efficiency buy-out price of PLN 19m compared with the provision of PLN -40m recognised in Q2 2017.
- › Seven gas tankers were unloaded in Q2 2018, of which five under a contract with Qatargas, one under a contract with Centrica, and one under a spot contract.
- › Net exchange differences related to operating activities: PLN +63m in Q2 2018 vs PLN -18m in Q2 2017.
- › Net loss on derivative instruments charged to other expenses: PLN -30m in Q2 2018, vs net gain of PLN +43m in Q2 2017.

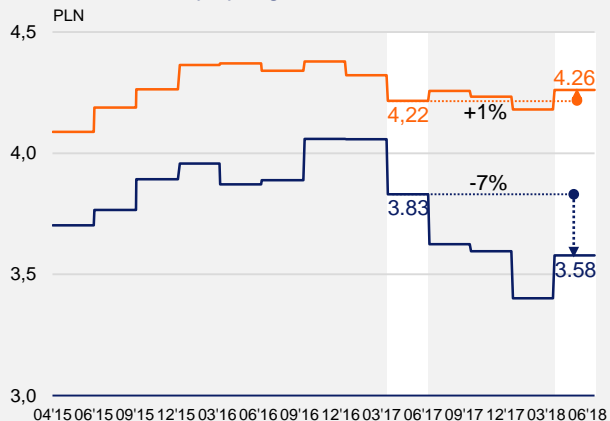


* Data restated to ensure comparability following the adoption of amended IFRS 15.

** Other expenses shown above do not include taxes and charges, or impairment losses on property, plant and equipment and intangible assets.

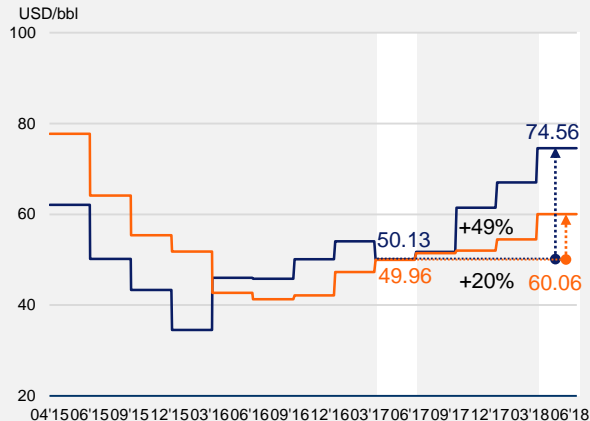
Performance drivers

- PLN stronger yoy against USD
PLN weaker yoy against EUR



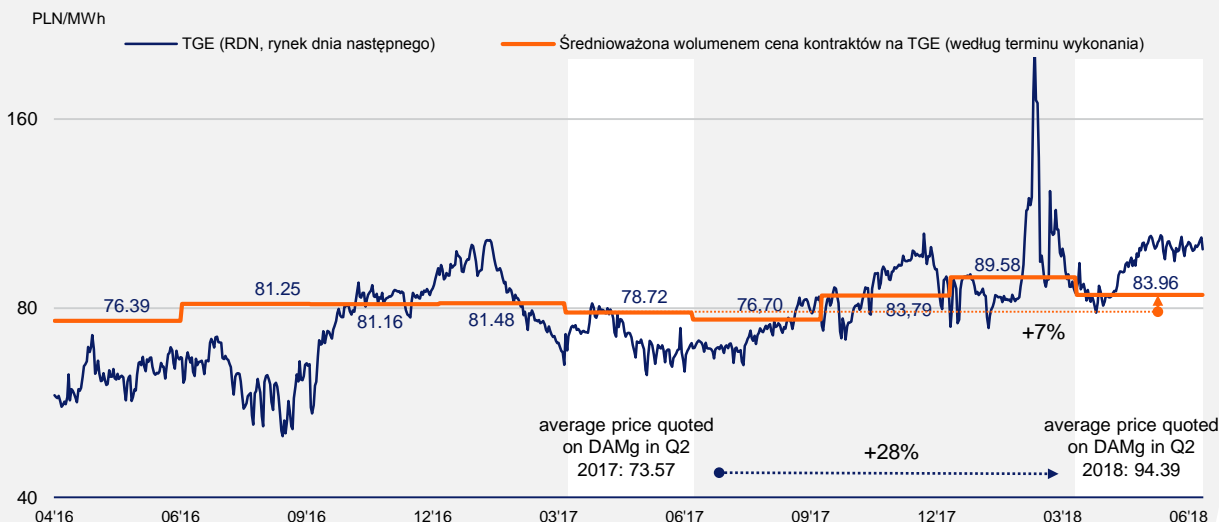
— Quarterly average USD/PLN exchange rate
— Quarterly average EUR/PLN exchange rate

- 9-month average crude oil price up 20% yoy in Q2 2018



— 3M moving average of Brent oil price in USD
— 9M moving average of oil price in USD

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



average price quoted on DAMg in Q2 2017: 73.57
+28%
average price quoted on DAMg in Q2 2018: 94.39

- Revenue up on rising hydrocarbon prices and higher gas sales volumes.
- Rising unit cost of gas.

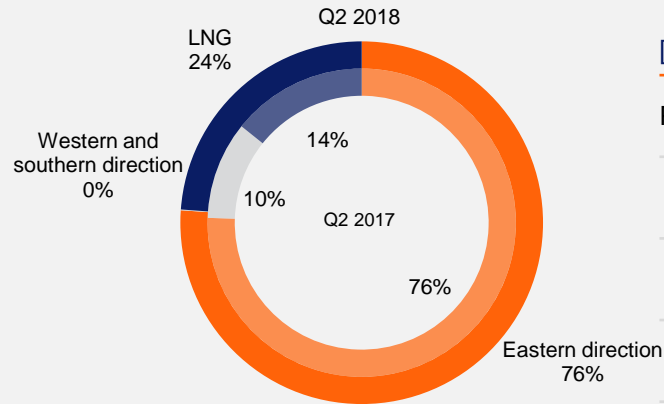
Comments:

- Selling prices at 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.



Gas sales and imports structure

Imports of natural gas to Poland



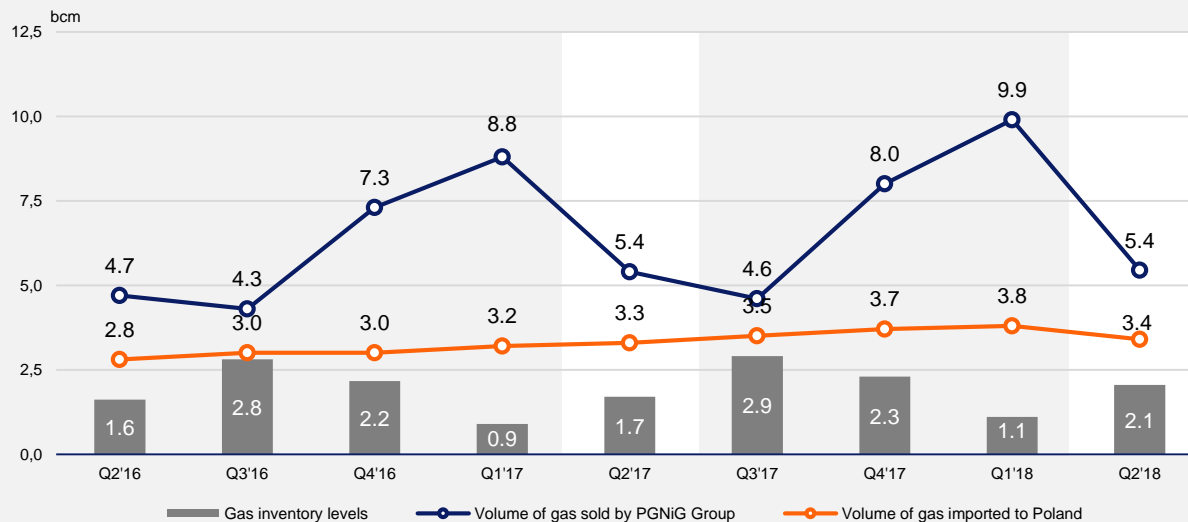
Gas sales outside the PGNiG Group by company

[mcm]	Q2 2017	Q2 2018	Δ%
PGNiG Group:	5,390	5,442	+1%
<i>PGNiG SA</i>	3,364	3,311	-2%
<i>PGNiG OD</i>	1,545	1,416	-8%
<i>PST</i>	481	716	+49%

> A marked increase in the share of LNG in Q2 2018 gas imports.

> Sales of gas broadly flat yoy. Increase in sales by PST (foreign operations).

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



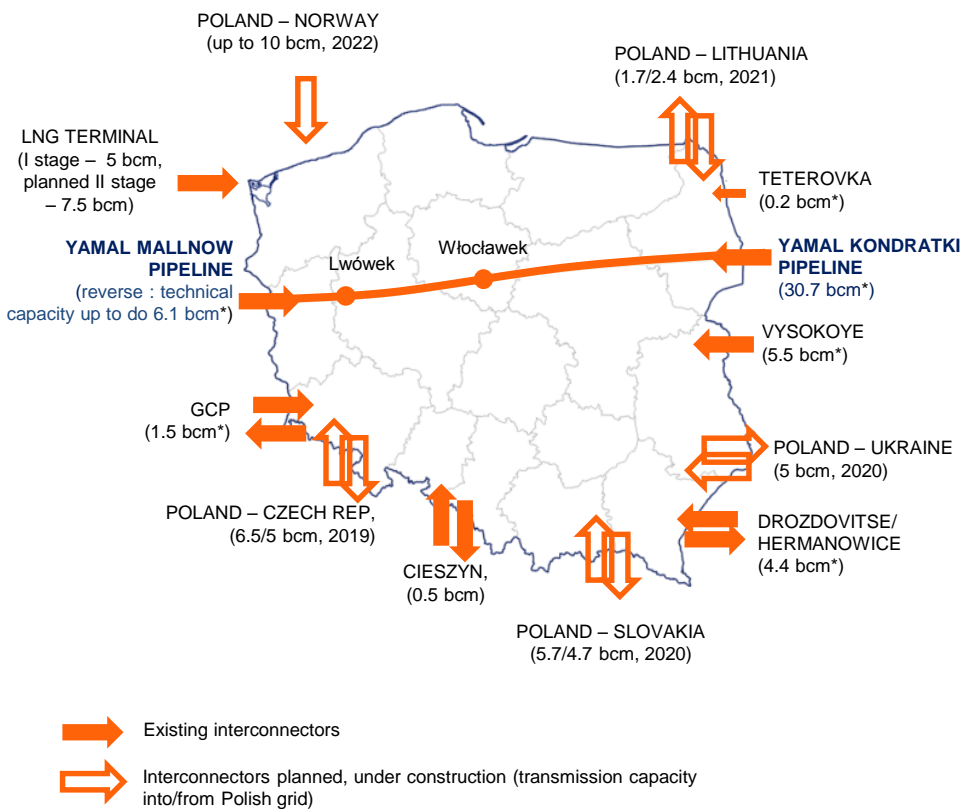
Comments:

> LNG terminal stocks: 59 mcm after regasification (as at June 30th 2018).

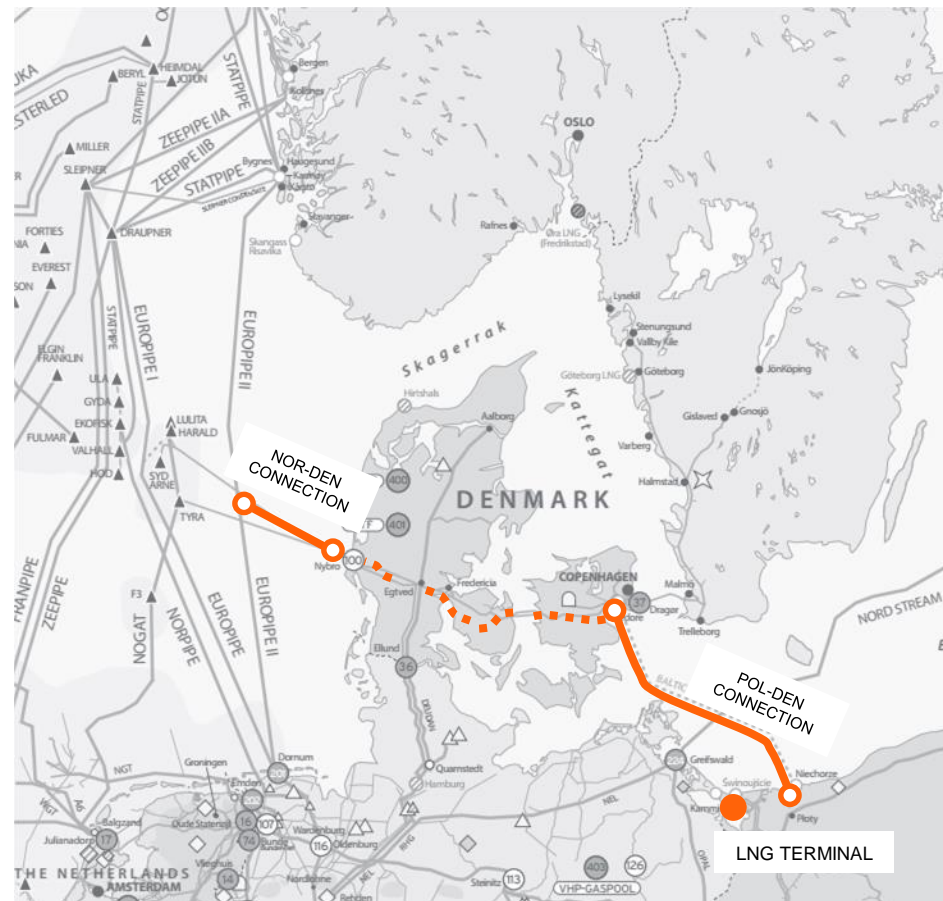


Gas transport routes

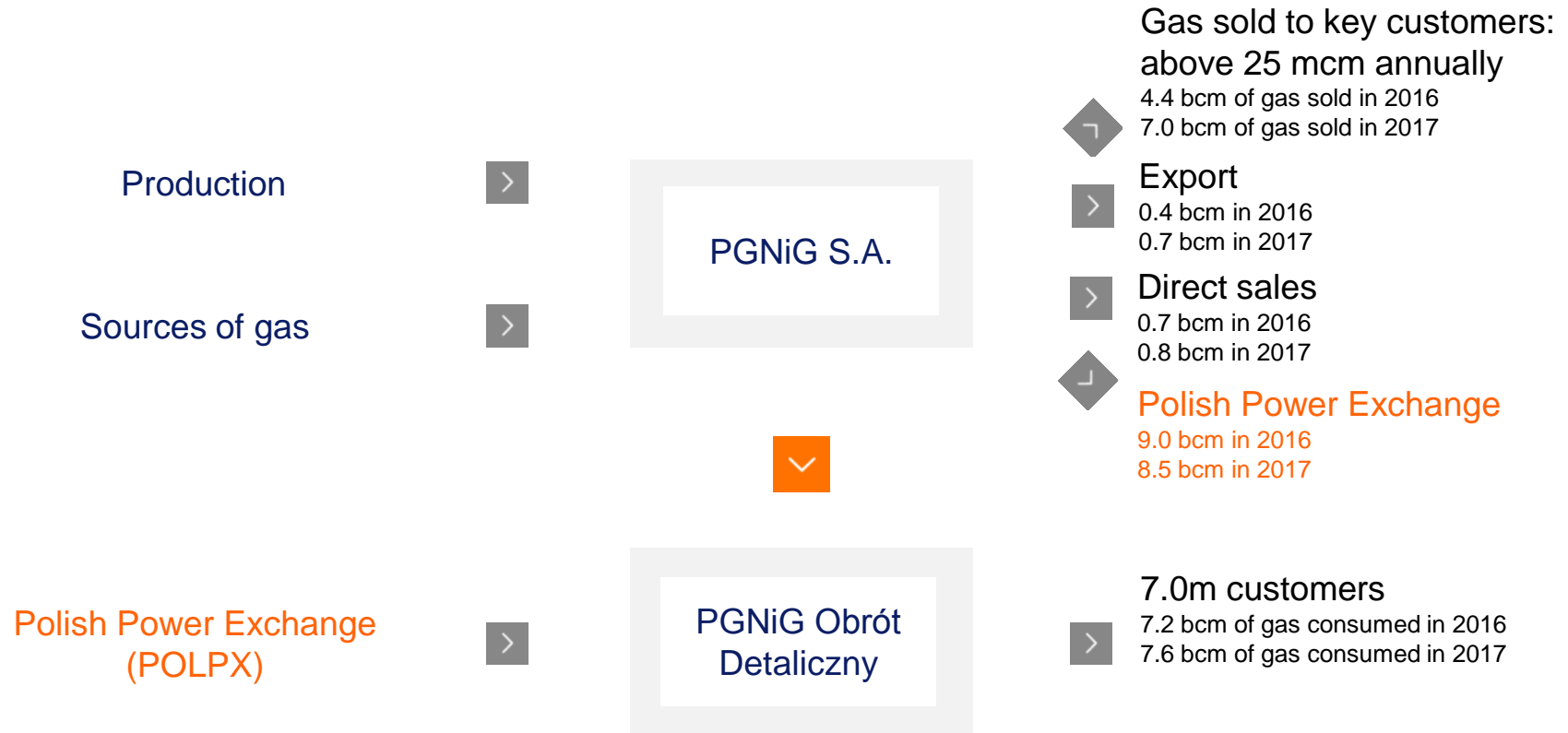
> Interconnections



> Northern Gate Project



Gas trading and retail sales



Sales made on POLPX by PGNiG SA and purchases made on POLPX 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.

Changes on the Polish gas market

Gas sales volume (mcm)	2014	2015	2016	2017
Total PGNiG Group	18.6	23.0	24.3	26.8
PGNiG SA (without Pakistan)	13.8	13.2	14.5	16.9
<i>including PGNiG SA through PPE</i>	3.7	8.1	9.0	8.4
PGNiG Obrót Detaliczny (Retail)	3.0	7.5	7.3	7.6

> 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.

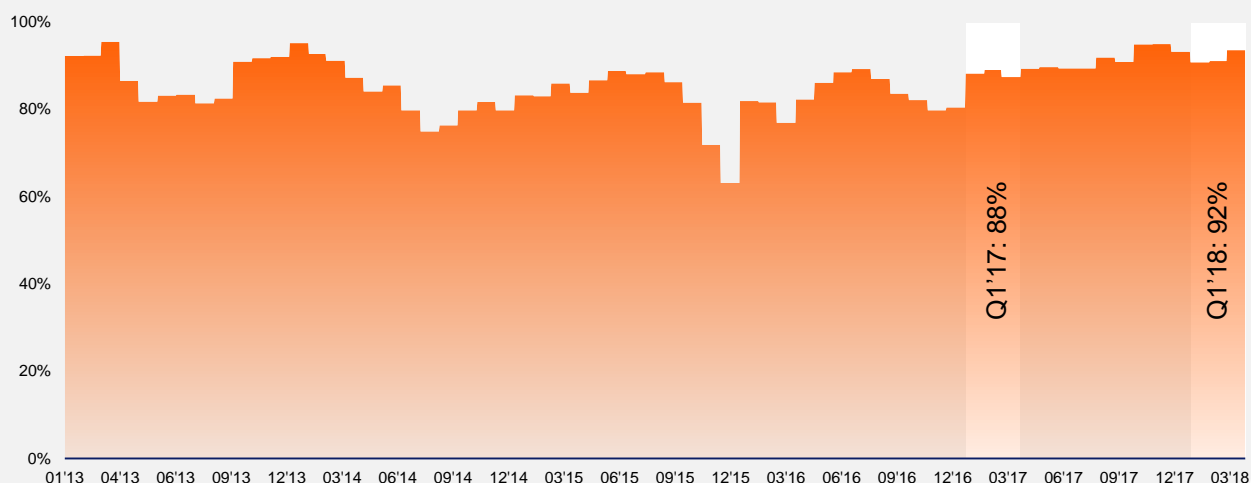
> Nitrogen-rich gas presented in the table as Group E gas equivalent.

* 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 2018)	Cost + return on capital (6.2% WACC x PLN 12.1bn RAB)

> Deteriffication schedule for gas market in Poland



> Eliminating gas fuel trading tariffs for wholesalers and end customers purchasing gas fuel (i) at a virtual gas trading point, (ii) in the form of LNG or CNG, and (iii) under tender, auction or public procurement procedures pursuant to the provisions of the Public Procurement Law.

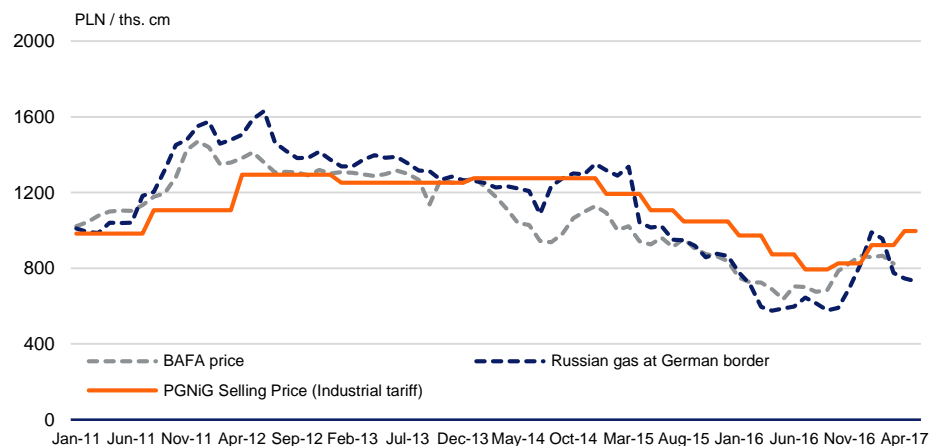


> Eliminating gas fuel trading tariffs for other business customers (including both bigger industrial companies and small & medium enterprises).

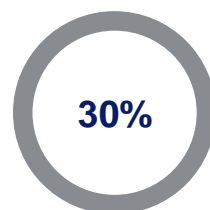


> Maintained the obligation of providing tariffs for households.

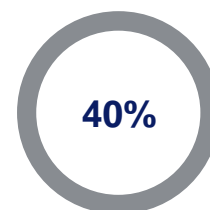
> Monthly average gas prices in European import contracts and PGNiG tariff price



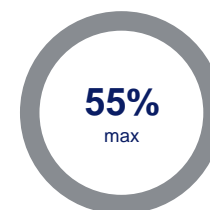
> Levels of obligatory trading on Polish Power Exchange



In 2013



From January 1, 2014

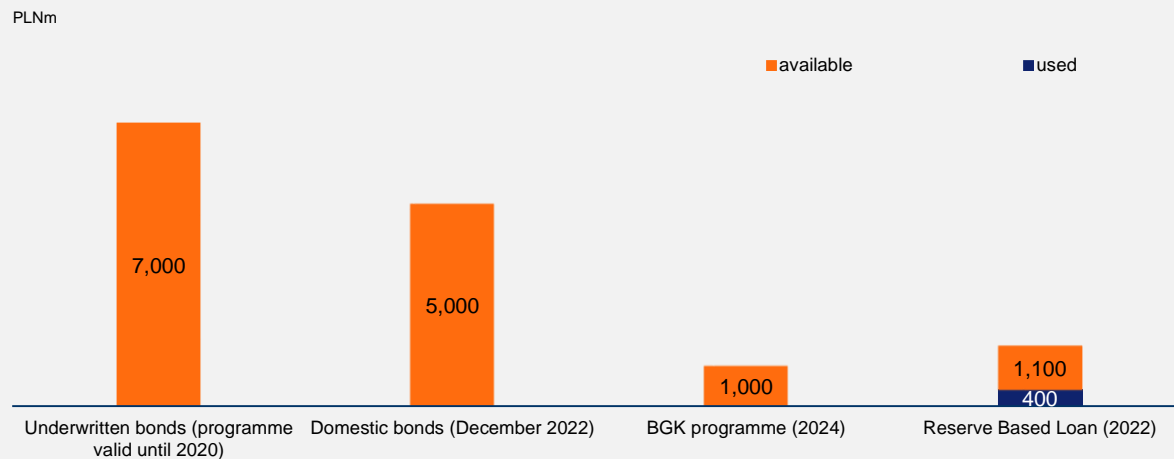


From January 1, 2015

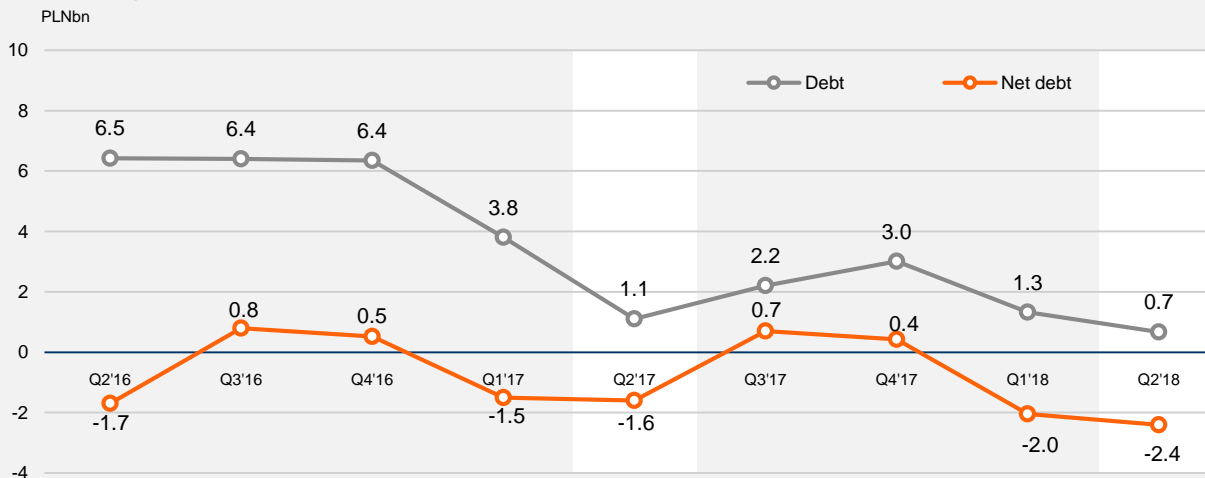
> Liberalization of gas market in Poland is being implemented, based on obligatory trading on gas exchange in Warsaw and gradual removal of tariffs for certain segments of industrial customers.

Debt and sources of funding

> Sources of funding (as at June 30th 2018)



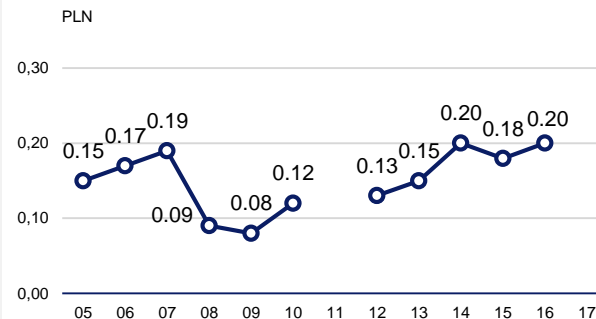
> Debt at quarter end



Comments:

- > On December 21st 2017, due to a mismatch between its investment programme and the PLN 1.5bn bond programme of July 4th 2012, PGNiG TERMIKA entered into agreements terminating the bond programme. As a result, the total value of guaranteed bonds reached PLN 7bn.
- > On December 21st 2017, PGNiG S.A. signed a PLN 5bn bond programme agreement.

> Dividend per share

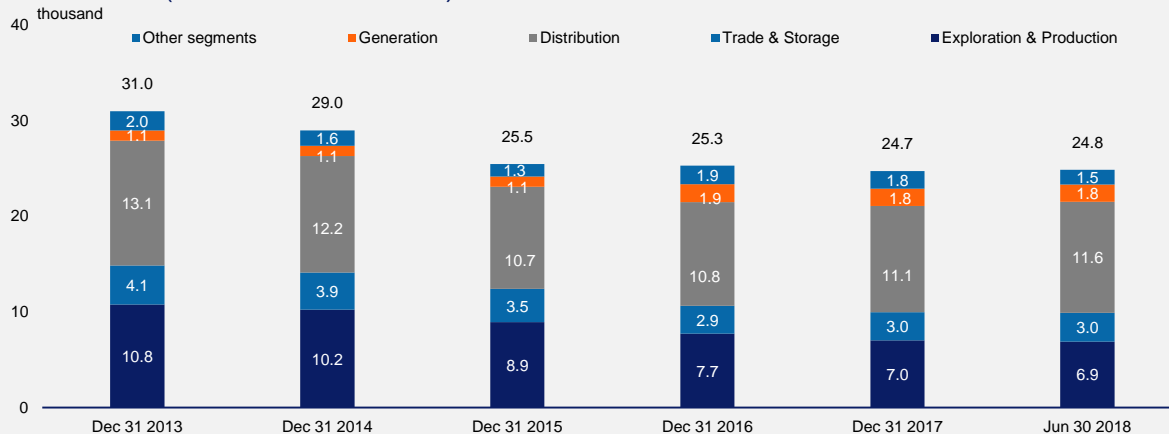


- > Strategic objective: up to 50% of consolidated net profit to be distributed as dividend in 2017-2022 (provided that the financial condition is stable and financing for investment projects is secured).
- > On July 20th 2018 the AGM of PGNiG SA decided not to pay dividend for the financial year 2017. The net profit has been transferred to the Company's funds intended for the expansion and modernization of the national gas distribution network and statutory reserve funds.

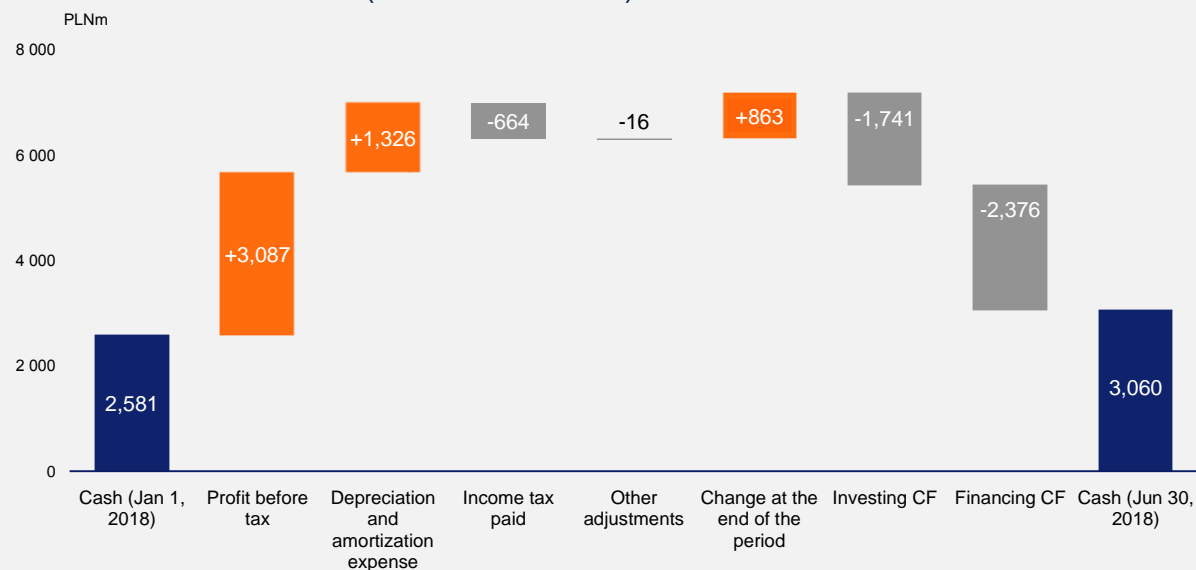


Statement of financial position, statement of cash flows, financial ratios and headcount

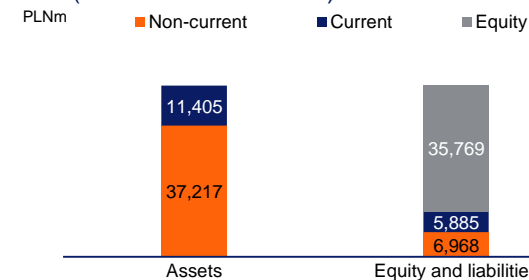
> Headcount (as at June 30th 2018)*



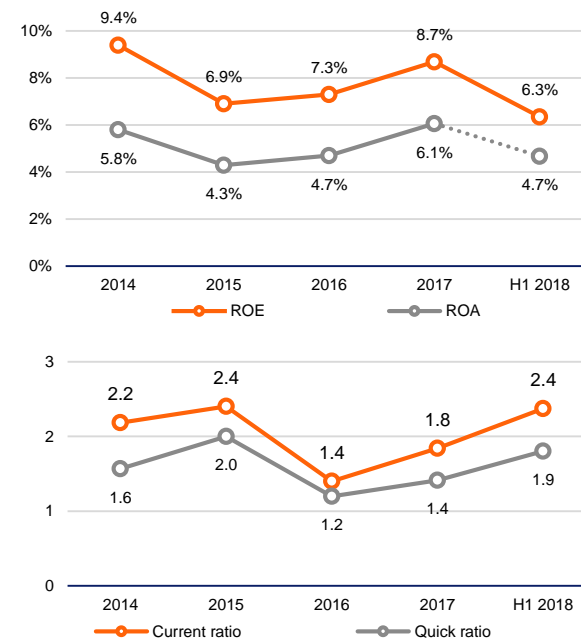
> Consolidated cash flows (Jan 1–Jun 30 2018)



> Group's statement of financial position (as at June 30th 2018)



> Profitability and liquidity ratios



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

Production and sales volumes

NATURAL GAS PRODUCTION BY THE PGNIG GROUP [mcm]	Q2 2018	Q1 2018	FY 2017	Q4 2017	Q3 2017	Q2 2017	Q1 2017	FY 2016	Q4 2016	Q3 2016	Q2 2016
HIGH-METHANE GAS (E)	461	464	1,863	461	459	469	474	1,919	473	449	487
<i>including in Poland</i>	314	323	1,315	335	325	327	328	1,401	347	346	349
<i>including in Norway</i>	147	141	548	126	134	142	146	518	126	103	138
NITROGEN-RICH GAS (Ls/Lw as E equiv.)	612	719	2,674	731	664	567	712	2,540	692	582	596
<i>including in Poland</i>	559	674	2,524	684	627	533	680	2,481	670	570	584
<i>including in Pakistan</i>	53	45	150	47	37	34	32	59	22	12	12
TOTAL (measured as E equivalent)	1,073	1,183	4,537	1,192	1,123	1,036	1,186	4,458	1,165	1,031	1,083

NATURAL GAS SALES at PGNiG Group [mcm]

HIGH-METHANE GAS (E)	5,134	9,414	25,291	7,603	4,298	5,079	8,311	22,895	6,921	4,004	4,410
<i>including PST sales outside PGNiG Group</i>	715	998	2,186	603	452	482	649	2,510	561	614	571
NITROGEN-RICH GAS (Ls/Lw as E equiv.)	308	491	1,496	419	296	312	469	1,371	417	244	298
TOTAL (measured as E equivalent)	5,442	9,905	26,787	8,022	4,594	5,391	8,780	24,266	7,338	4,248	4,708
<i>including sales directly from the fields</i>	179	237	796	226	182	161	227	718	209	129	172

NATURAL GAS IMPORTS by PGNiG SA [mcm]

Total	3,419	3,837	13,714	3,673	3,488	3,334	3,219	11,527	2,968	3,020	2,837
<i>including: sources east of Poland</i>	2,602	2,982	9,656	2,540	1,889	2,518	2,709	10,248	2,539	2,429	2,623
<i>including: LNG</i>	815	505	1,715	383	470	475	387	974	380	384	210

CRUDE OIL, PGNiG Group (thousand tonnes)

Production of crude oil and condensate	324	348	1257	329	313	270	346	1,318	344	298	328
<i>including in Poland</i>	189	208	787	220	203	149	216	763	207	177	176
<i>including in Norway</i>	135	140	470	109	110	121	130	555	137	121	152
Sales of crude oil and condensate	294	429	1,270	313	251	316	390	1,346	325	287	336
<i>including in Poland</i>	188	210	791	222	190	161	218	753	198	179	171
<i>including in Norway</i>	106	219	479	91	61	155	172	593	127	108	165

GENERATION

Production of heat, net (sales) (TJ)	4,425	19,037	42,487	14,195	3,472	6,848	18,088	39,527	15,079	2,945	5,351
Production of electricity, net, secondary generation (for sale) (GWh)	599	1,539	3,882	1,280	407	737	1,458	3,604	1,204	418	592

Glossary

2P	Proven reserves of fossil fuels
bbf	Barrel
BGK	Bank Gospodarstwa Krajowego
boe / mm boe	Barrel of oil equivalent / Million barrel of oil equivalent (one barrel is approx, 0,136 tonnes)
CAGR	Compound annual growth rate
CAPEX	Capital expenses
CNG	Compressed Natural Gas
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
LNG	Liquefied Natural Gas
PPE	Polish Power Exchange
PSG	Polska Spółka Gazownictwa
PST	PGNiG Supply & Trading GmbH
RAB	Regulatory Asset Base
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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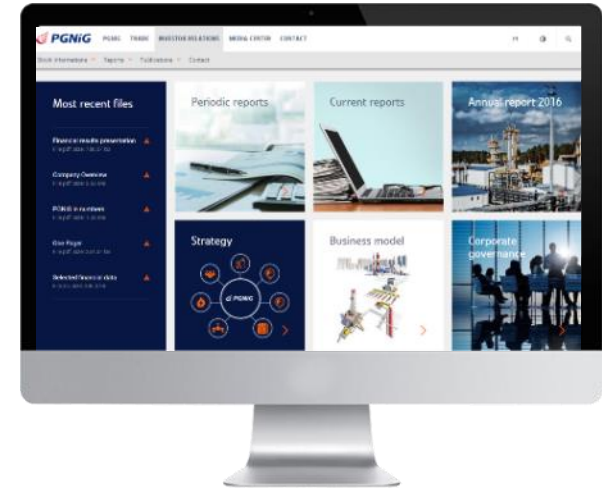
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