

Polskie Górnictwo Naftowe i Gazownictwo SA

Estimated financial results of PGNiG Group
for Q1 2019



April 29th 2019





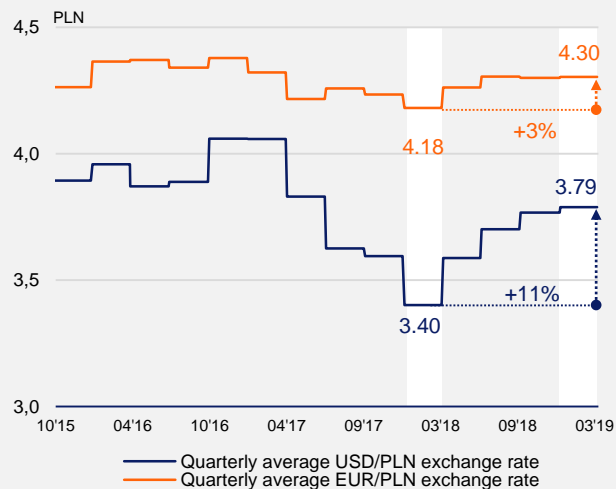
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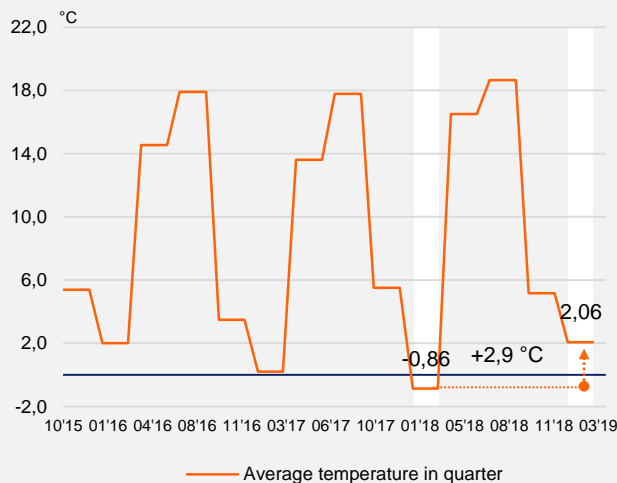
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External and market drivers

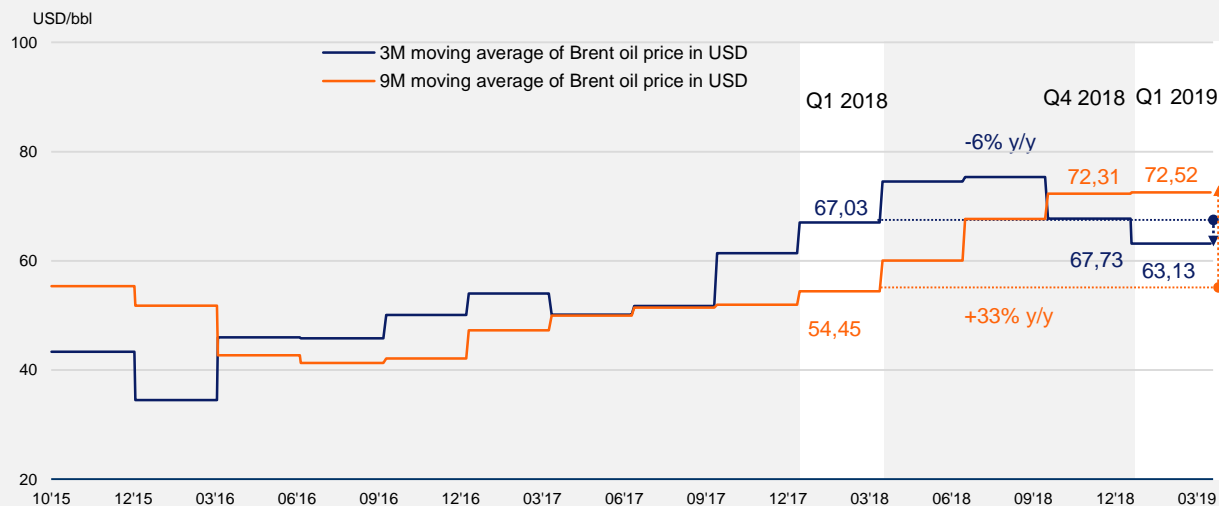
> USD/PLN and EUR/PLN exchange rate



> Temperatures*



> 3-month i 9-month average price of crude oil



* Temperature measurement in reference point in Rzeszów

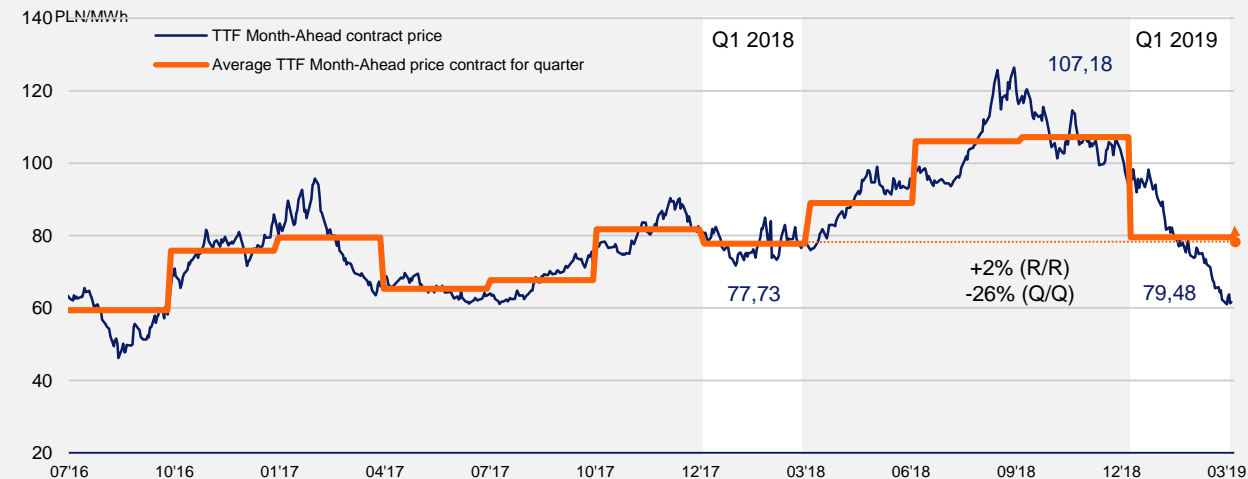
- > USD/PLN in Q1 2019 up 11% yoy, at 3.79 zloty.
- > EUR/PLN in Q1 2019 up 3% yoy, at 4.30 zł.
- > Average temperature* in Q1 2019 up 2.9°C yoy.

- > -6% yoy drop in the 3-month average crude oil price to 63.13 USD/bbl.
- > +33% yoy rise in the 9-month average crude oil price to 72.52 USD/bbl.



Gas markets

> TTF natural gas prices (Month-Ahead contract)

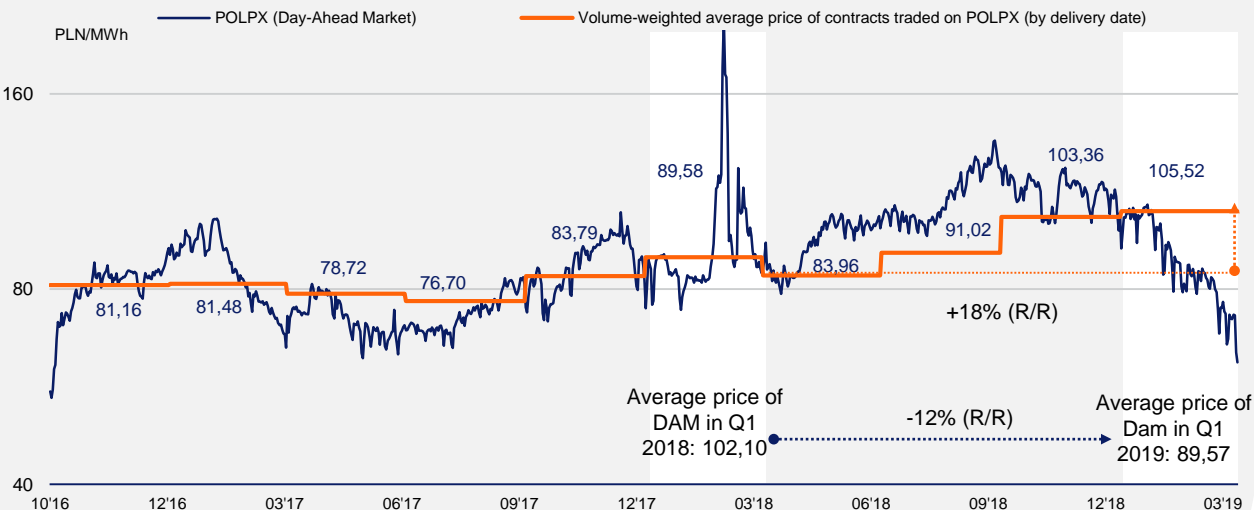


> TTF gas price increase (Month-Ahead contract) in Q1 2019:

January: +20% yoy.
February: +0.4% yoy.
March: -14% yoy.

> Lower trading volumes (-3% yoy) on POLPX in Q1 2019 including all contracts and all expiration date.

> POLPX DAM gas prices and the average price of contracts weighted by volume



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.



Selected operating estimates

> Current Report No. 14/2019 of April 17th 2019

	Q1 2018	Q1 2019	Change yoy
NATURAL GAS* in billion cubic metres			
Production volume	1,18	1,18	-
<i>including Poland and Pakistan</i>	1,04	1,03	-1%
<i>including PGNiG Upstream Norway</i>	0,14	0,15	+7%
Imports volume	3,84	3,67	-4%
<i>including imports from countries east of Poland</i>	2,98	1,79	-40%
<i>including western</i>	0,35	1,15	+329%
<i>including LNG</i>	0,51	0,73	+43%
Sales volume outside PGNiG Group	9,90	9,90	-
<i>including PGNiG SA</i>	5,94	5,72	-4%
<i>on Polish Power Exchange</i>	3,44	3,30	-4%
<i>exports from Poland</i>	0,15	0,26	+73%
<i>including PGNiG Obrót Detaliczny</i>	2,96	2,83	-4%
<i>including PGNiG Supply & Trading</i>	1,00	1,35	+35%
DISTRIBUTION in billion cubic metres			
Gas distribution volume**	4,22	3,88	-8%
CRUDE OIL *** in thousand tonnes			
Production volume	348,4	323,9	-7%
<i>including Poland</i>	208,7	207,6	-1%
<i>including PGNiG Upstream Norway</i>	139,7	116,3	-17%
Sales volume	429,0	288,1	-33%
<i>including Poland</i>	210,1	210,0	-
<i>including PGNiG Upstream Norway</i>	218,9	78,1	-64%
HEAT AND ELECTRICITY****			
Heat sales volume (PJ)	19,04	16,97	-11%
Electricity sales volume (TWh)	1,54	1,51	-2%
Gas in underground storage facilities in billion cubic metres			
Gas in underground storage facilities (high methane gas) as at March 31 st	1,1	1,4	+27%



* measured as high-methane gas equivalent with a calorific value of 39.5 mJ/cm. data of PGNiG Group

** in natural units by Polska Spółka Gazownictwa

*** combined data for crude oil and condensate / natural gas liquids of PGNiG Group

**** data of PGNiG TERMIKA SA, PGNiG TERMIKA Energetyka Przemysłowa

Selected financial highlights

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The interim report for Q1 2019 will be published on May 16th 2019.

[PLN bn]	Q1 2018	Q1 2019	change yoy
Consolidated revenue	13.25	14.34	+16%
Consolidated EBITDA:	2.67	2.16	-8%
Herein: impairment losses on property, plant and equipment of PGNiG Group	+0.24	+0.02	-2x
<i>EBITDA of Exploration and Production, herein:</i>	1.38	1.30	-6%
<i>cost of dry wells and seismic surveys</i>	-0.24	-0.01	-2x
<i>impairment losses on property, plant and equipment</i>	+0.24	+0.02	-2x
<i>EBITDA of Trade and Storage</i>	0.18	-0.07	-89%
<i>EBITDA of Distribution</i>	0.76	0.58	-34%
<i>EBITDA of Generation</i>	0.40	0.40	-
Consolidated EBIT	2.01	1.38	-31%
Consolidated net result	1.57	1.06	-32%

Key drivers of the segment's EBITDA

> Q1 2019 vs Q1 2018

Exploration and Production:

- > -17% yoy decrease in production volumes of crude oil in Norway;
- > lower prices of products, including -6% yoy of the average crude oil price in USD/bbl for the quarter and -12% yoy of Day Ahead Market gas prices on Polish Power Exchange.

Trade and Storage:

- > higher cost of gas mainly due to +33% yoy increase in 9-month average Brent crude oil price in USD/bbl;
- > lower prices of natural gas in the PPE, which has an impact on the level of settlement price for gas from domestic production to the Trade and Storage segment;
- > +2,5% average increase of gas fuel price in the new retail tariff, which was introduced to act on February 15th 2019;
- > the result on exercise of derivative financial instruments designated for hedge accounting (effect on the financial result): PLN +179m in Q1 2019 vs PLN -169m in Q1 2018.

Distribution:

- > -5% decline in the gas distribution tariff, which was introduced to act on February 15th 2019;
- > average temperature in Q1 2019 went up by 2,9 °C yoy;
- > net income/cost of system balancing: PLN -131m in Q1 2019 vs PLN -177m in Q1 2018.

Generation:

- > -9% yoy decline in revenue from sales of heat due to higher average temperature in Q1 2019;
- > +38% yoy growth in revenue from sales of electricity due to higher prices of electricity;
- > higher costs of coal to production.

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