

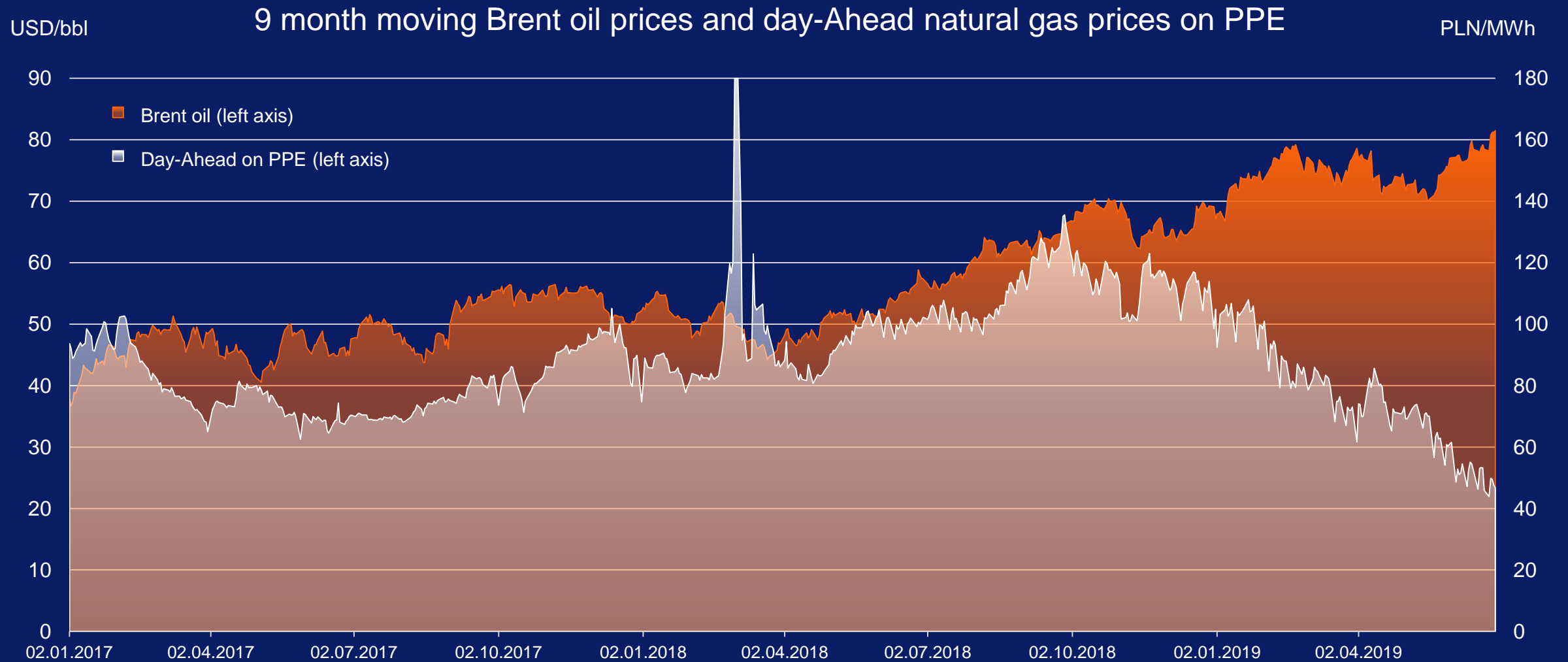
Polskie Górnictwo Naftowe i Gazownictwo SA

PGNiG Group for H1 2019 Results

August 22nd 2019



Prices of crude oil and natural gas



Exploration and Production

Trade and Storage

Distribution

Generation

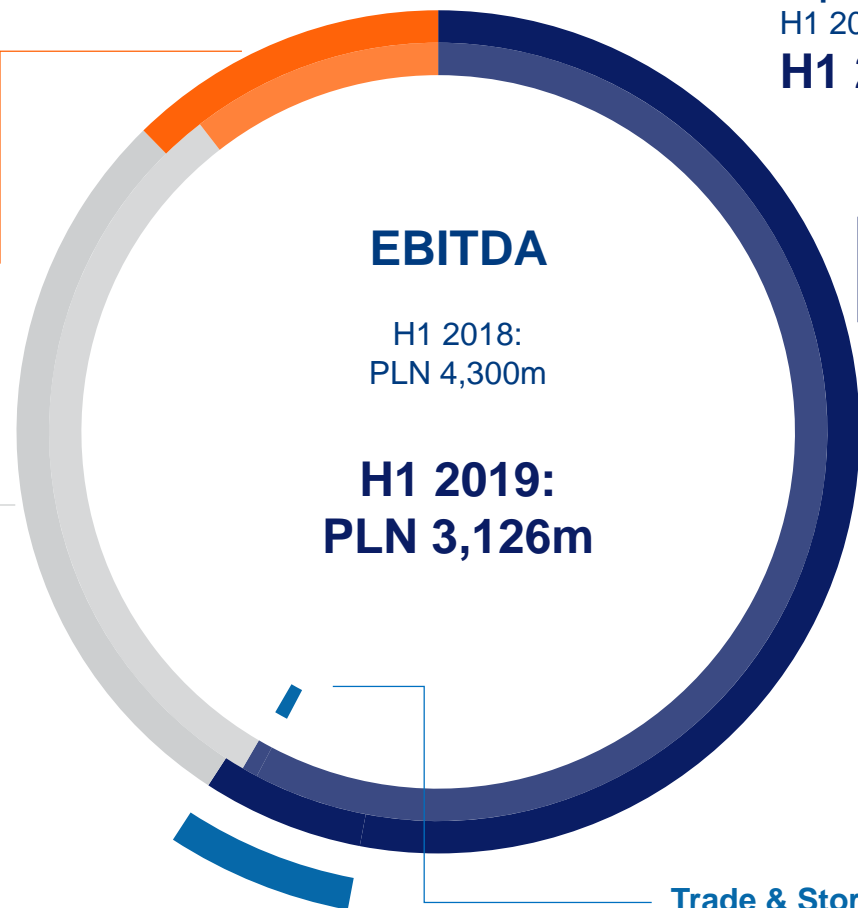
Segments' contribution to EBITDA

Generation
H1 2018: 11%
H1 2019: 15%

Distribution
H1 2018: 32%
H1 2019: 34%

Exploration & Production
H1 2018: 60%
H1 2019: 63,5%

Trade & Storage
H1 2018: -1%
H1 2019: -7,5%



Contribution of other „segments and eliminations” to EBITDA in H1 2019: -5%; in H1 2018: -2%

Exploration and Production

Average price of Brent crude in H1 yoy

PLN 247 / **250/bbl**

+1% ▲

Arithmetic average POLPX DAMg price in H1 yoy

PLN 94 / **76/MWh**

-19% ▼

Crude oil production in H1 yoy

672 / **614 thousand tonnes**

-9% ▼

Gas production in H1 yoy

2.23 / **2.22 bcm**

0%

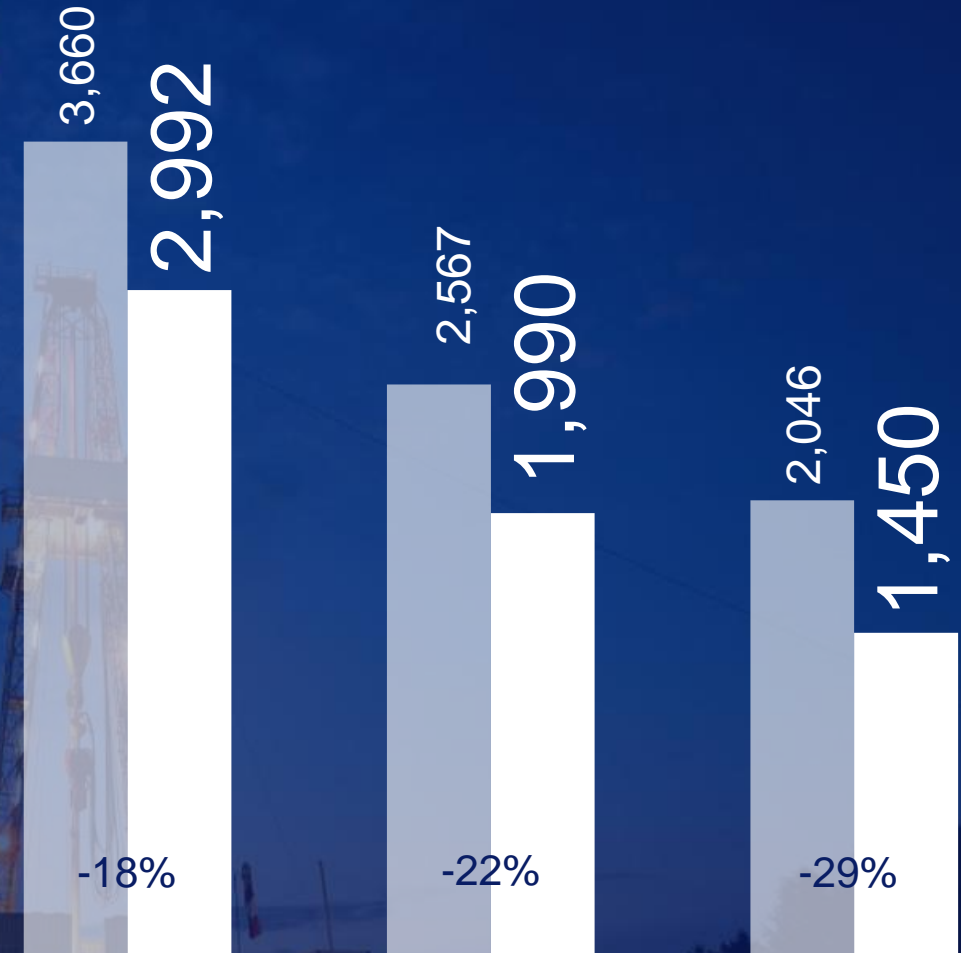
Brent crude oil price



Price on the POLPX Day-Ahead Market



(PLNm)



Revenue

EBITDA

EBIT

■ H1 2018

■ H1 2019

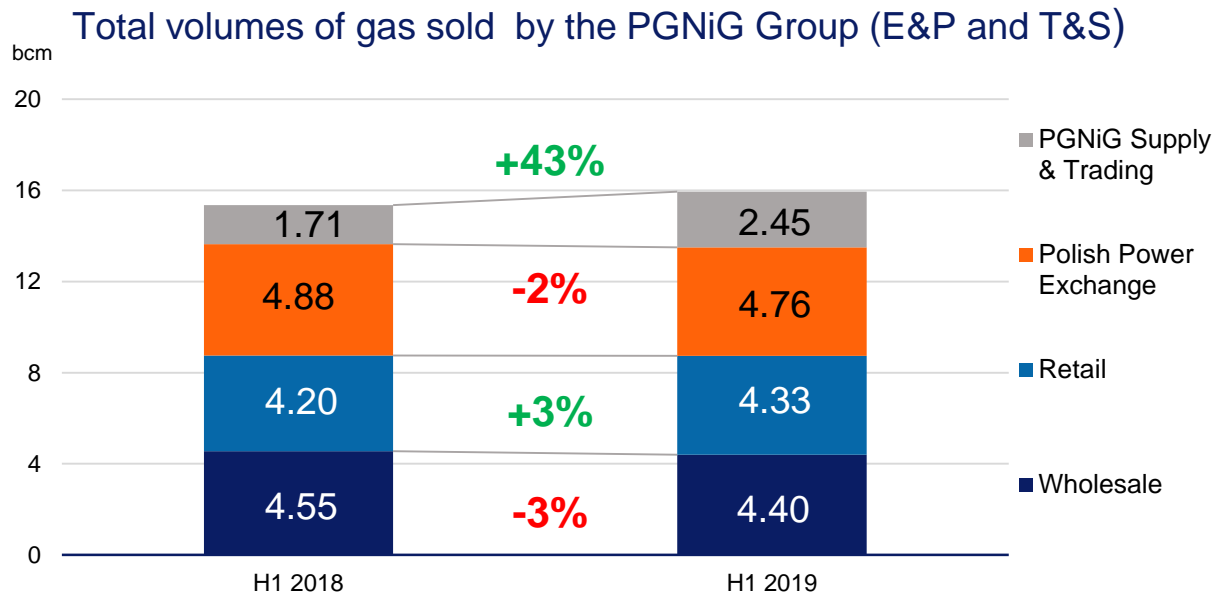


Trade and Storage

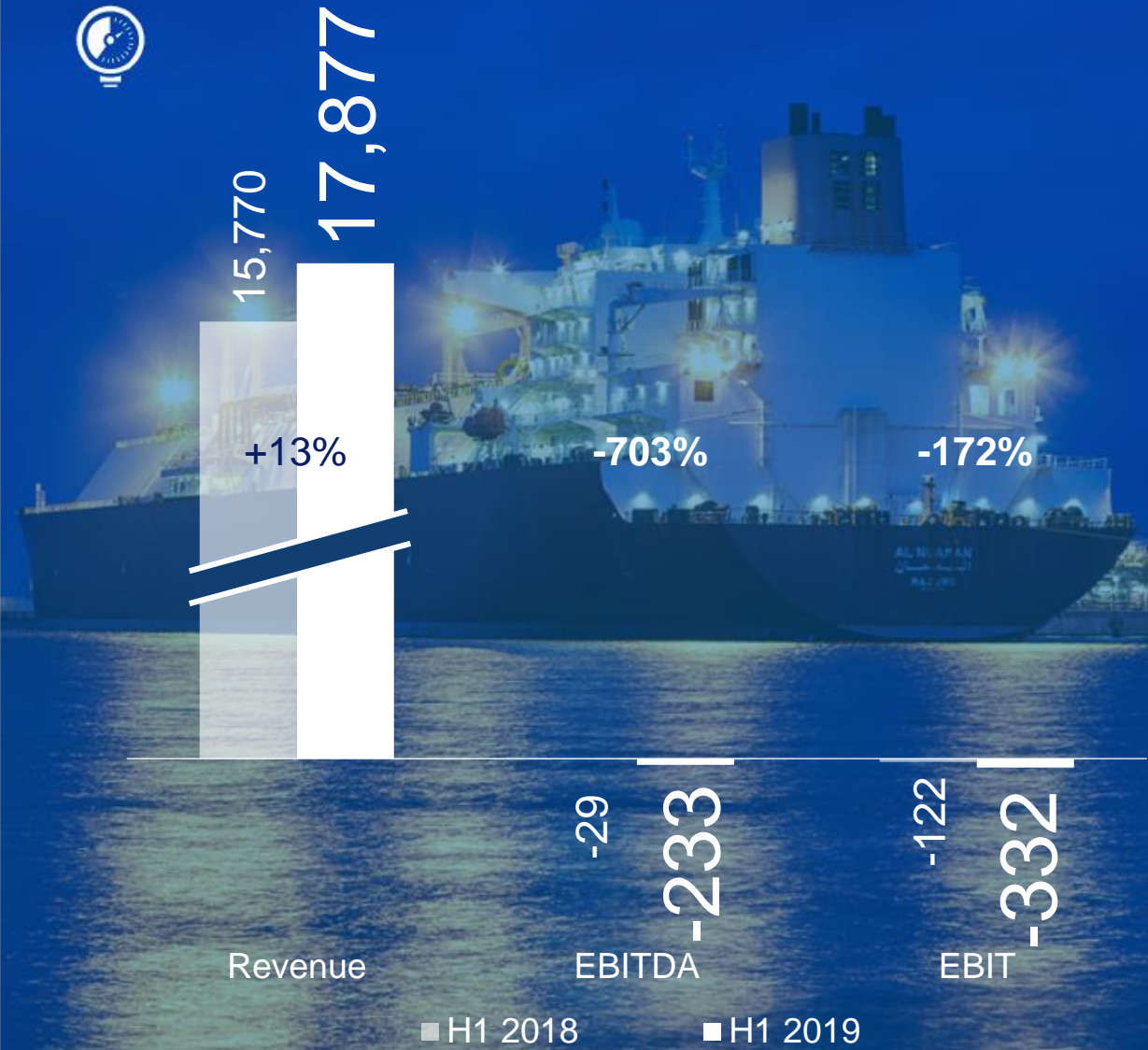
Average POLPX price in H1 (spot and futures) yoy
 PLN 87.8 / **101.4/MWh** **+15%** ▲

LNG import volumes in H1 yoy
 1.32 / **1.77 bcm** **+34%** ▲

Total gas sales outside PGNiG Group in H1 yoy
 15.35 / **15.95 bcm** **+4%** ▲



(PLNm)



Distribution

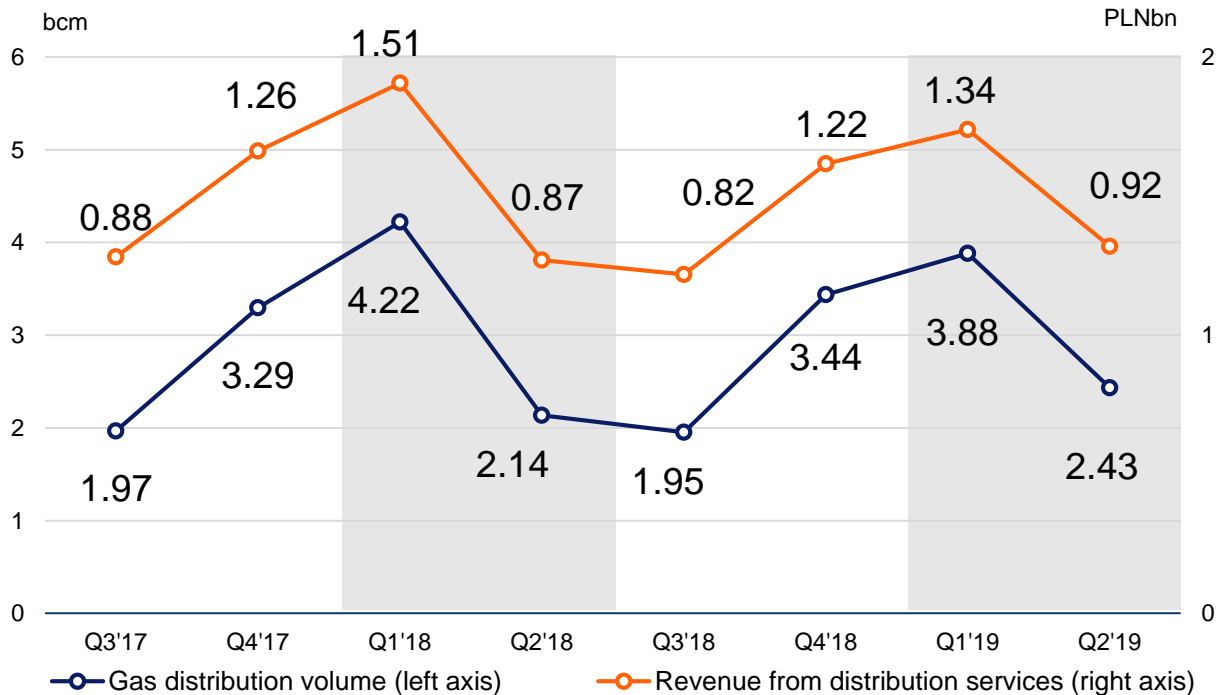
Gas distribution in H1 yoy
6.36 / **6.31** mld m³

-1% ▼

Revenue from distribution services in H1 yoy
2.38 / **2.26** mld PLN

-5% ▼

Revenue from distribution services and gas distribution volume



Generation

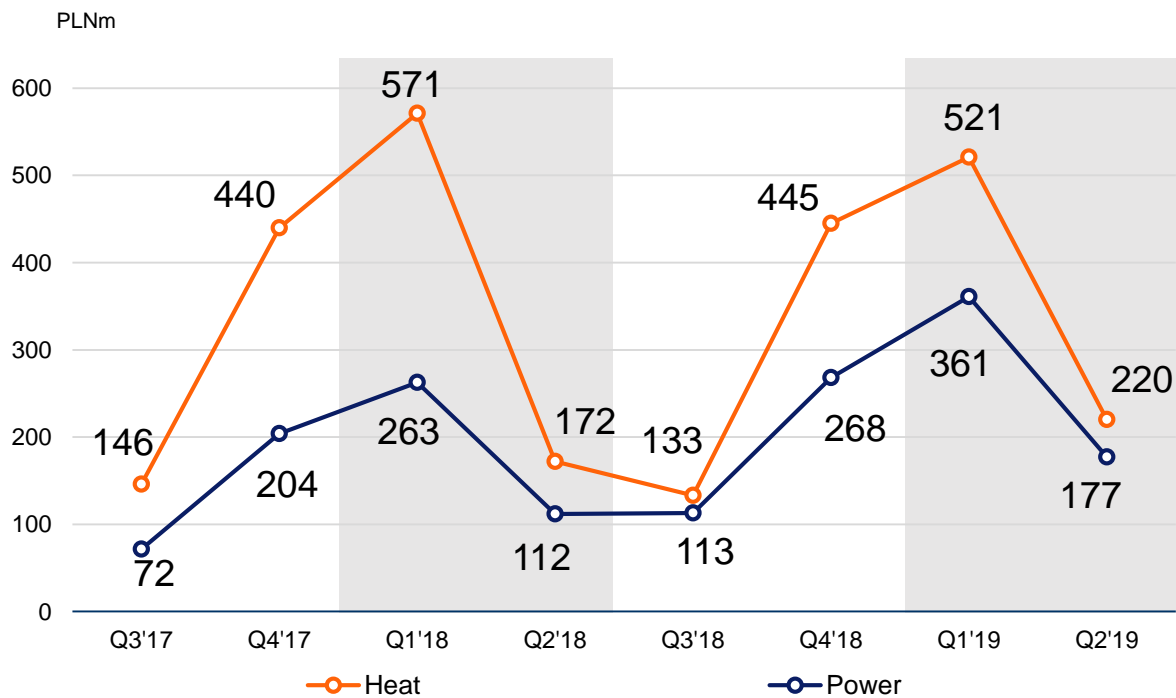
Heat sales H1 yoy
23.46 / 23.01 PJ

-2% ▼

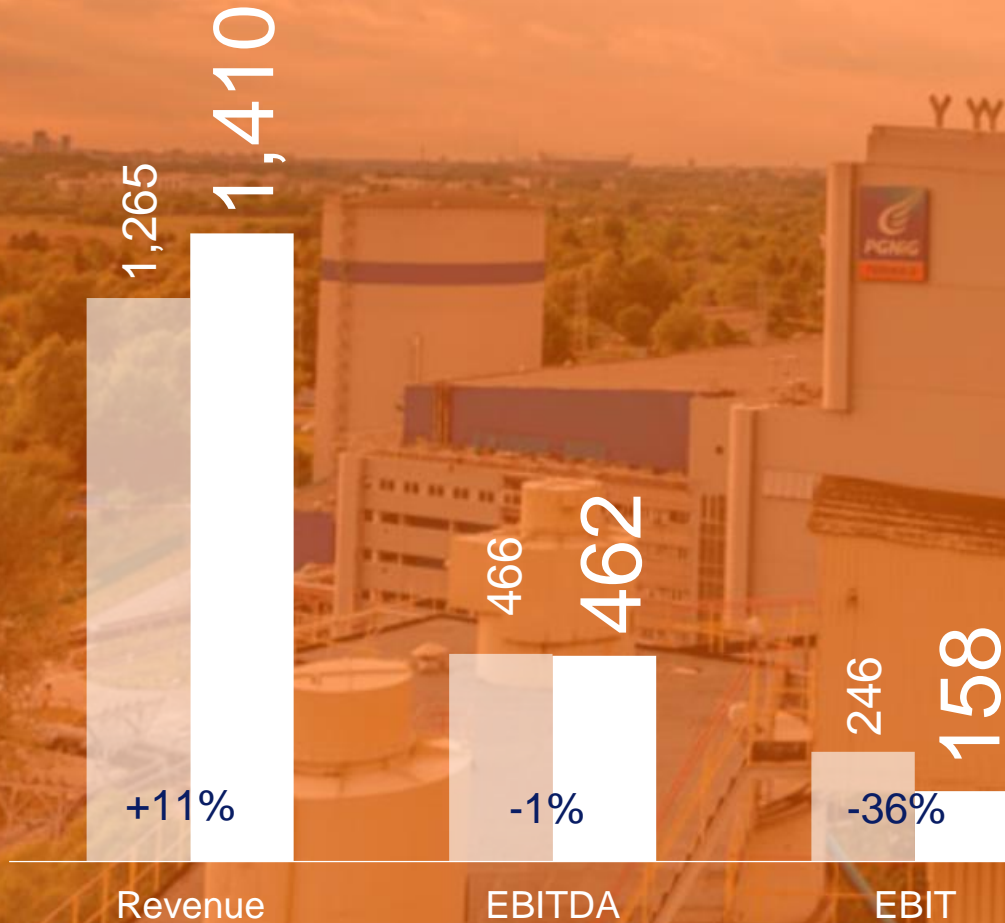
Sales of electricity from own generation sources H1 yoy
2.14 / 2.26 TWh

+6% ▲

Revenue from sales of heat and electricity (own generation)



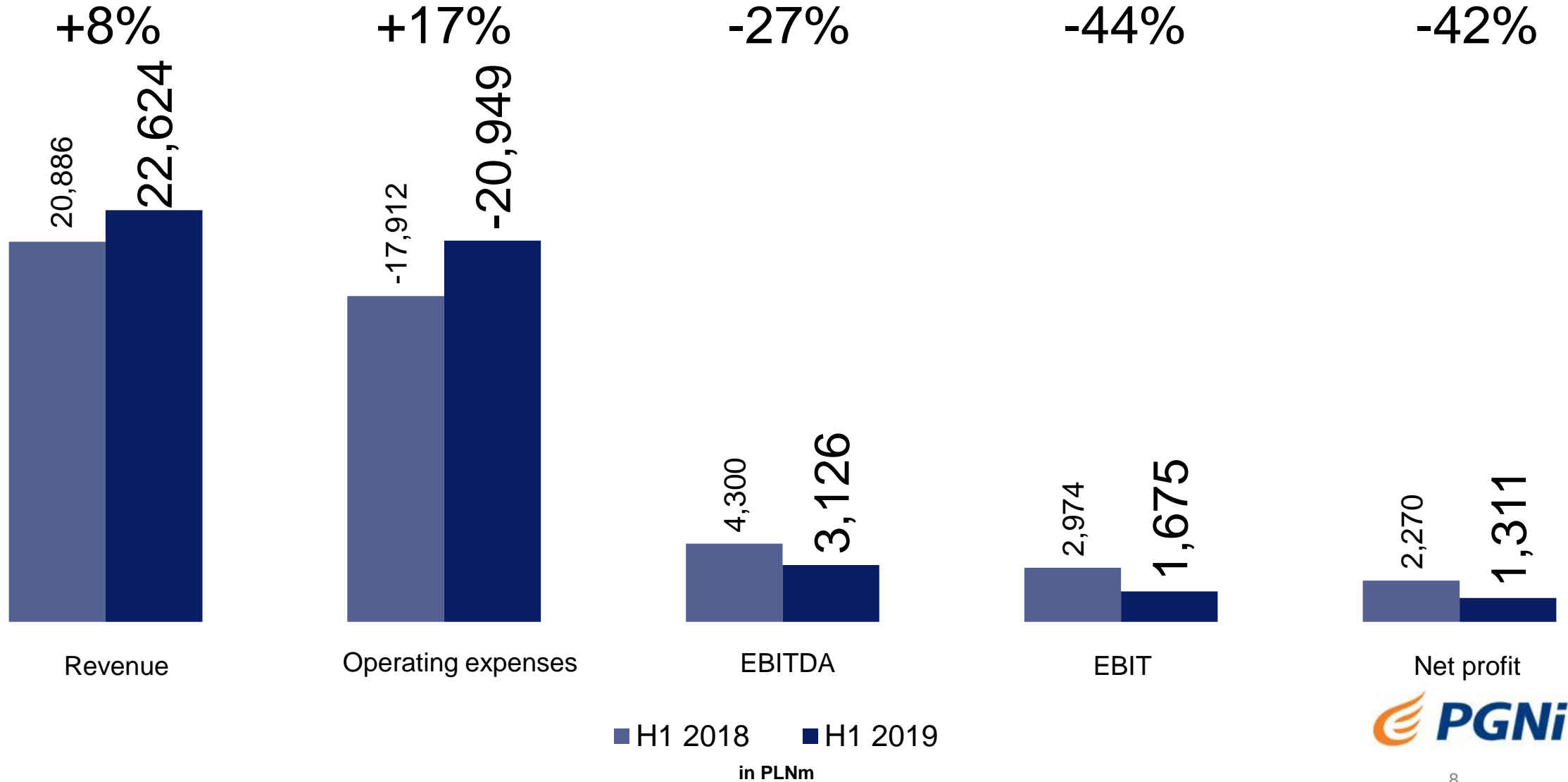
(PLNm)



■ H1 2018 ■ H1 2019



Key financial results of the PGNiG Group for H1 2019



■ Group's financial standing



Higher rating

Upgrade of the company's rating by Moody's Investor Services

Baa3 / **Baa2** ▲
with stable outlook



Financing

Agreement on a revolving credit facility with syndicate of nine banks for:

PLN 10bn

■ Exploration and Production in Poland and abroad



Wells drilled in Poland

9

of which brought successful
deposit results

15

planned drilling works
by the end of 2019



Geo-Metan

- Production tests
Gilowice-3K i 4H
- Drilling of well
Międzyrzecze 3



Pakistan

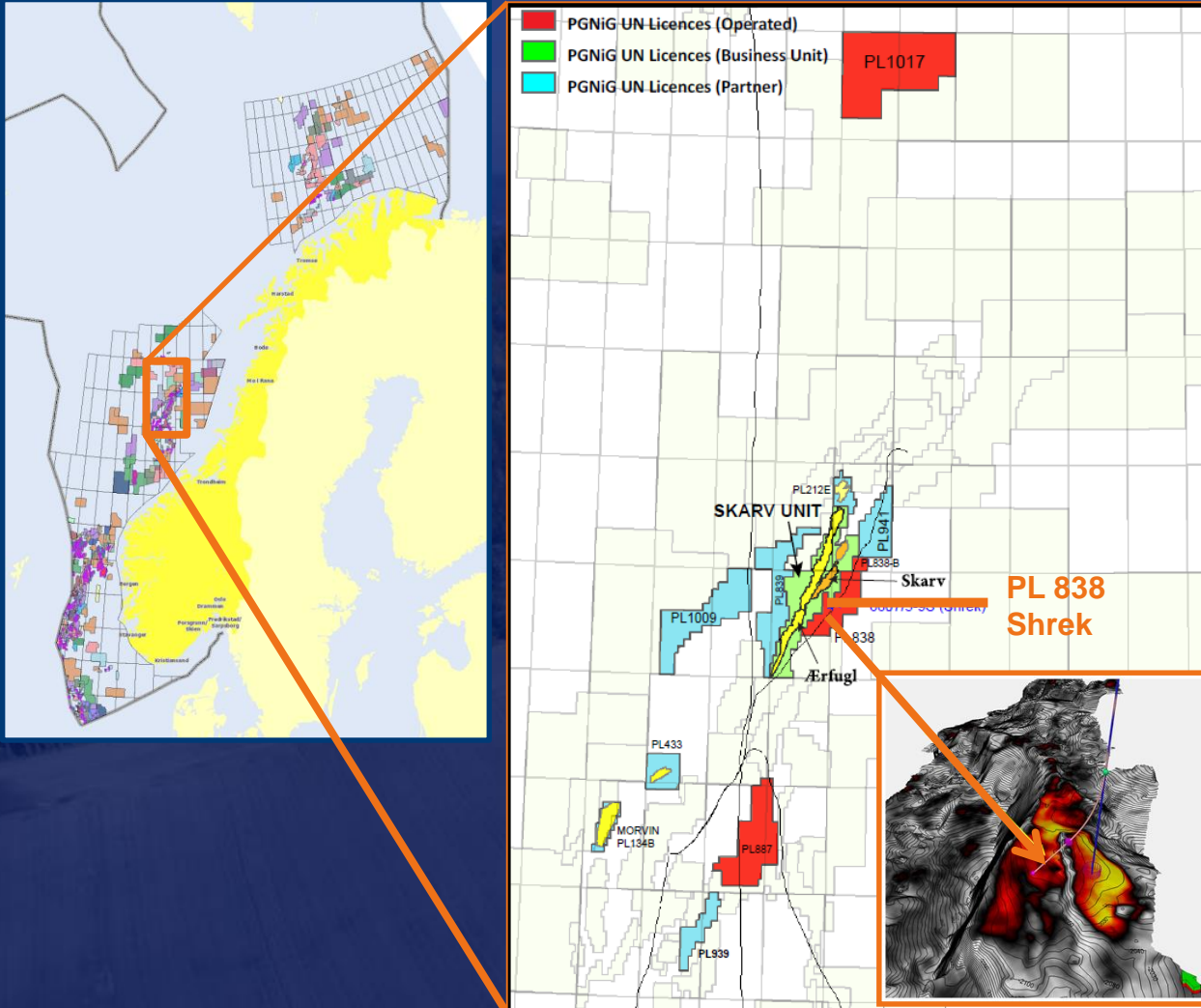
- drilling and testing of a positive well
Rehman – 5
- starting of drilling
Rehman – 6
- Finalizing preparations of drilling equipment
for work at Rizq – 3



Norway

- 20 % shares in the Duva field within licenses
PL636 and PL636B
- 22,2 % shares in the King Lear field on the North Sea
within licenses PL146 and PL333

PGNiG with the operator's status on the Norwegian Continental Shelf



The spud date within **the licence PL838, Shrek prospectus** is planned for 28th of August 2019.

Licence PL838 terms

- Initial period is 7 years (until 05th Feb 2023)
- No particular environmental restrictions
- Area 125.3 km²

Licence Partners

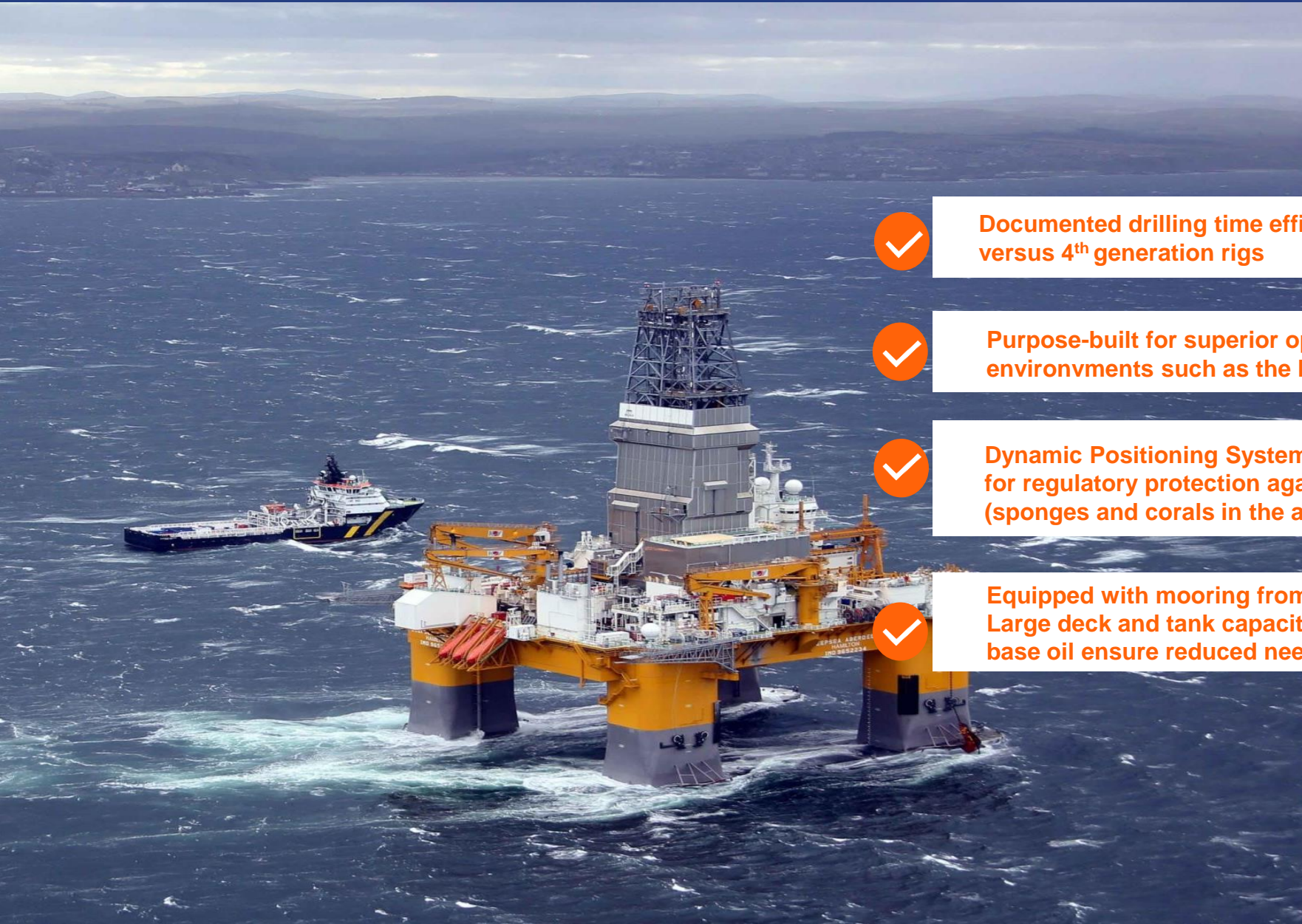
- PGNiG Upstream Norway 40%
- AkerBP 30%
- DEA Norge AS 30%

Characteristics

358 m – sea water depth in the well location

2300 m below seabed – location of Shrek prospectus

■ Deepsea Nordkapp rig for Shrek drilling



Documented drilling time efficiency gains of 22,5% versus 4th generation rigs



Purpose-built for superior operational efficiency in harsh environments such as the Norwegian Sea (winter drilling)



Dynamic Positioning System (300 m- 2000 m water depth), providing for regulatory protection against destruction of sea floor fauna (sponges and corals in the area around Shrek)



Equipped with mooring from 100 meters – 500 meters. Large deck and tank capacities for drilling fluid, brine and base oil ensure reduced need for supplies

■ LNG imports

More LNG supplies – Qatar, USA, Norway

- Total of **65** deliveries by the end of July 2019
- First delivery from the USA as part of a long-term contract (Cheniere)



16 vs **11** LNG supplies
1,77 bcm vs **1,32 bcm** y/y
total supplied volume
▲ **34%**

- another 1,5 million ton of LNG a year from Plaquemines (Venture Global LNG)
- FID Calcasieu Pass

■ **67 LNG deliveries** for PGNiG received in Poland to date

Imports volumes (regasified LNG) **approx. 7.5 bcm**
(67 deliveries – as at August 22nd 2019)

In 2020 PGNiG needs receiving of **39** LNG transports via Świnoujście terminal to cover demand and not to purchase more Russian gas than needed.

■ Gas network rollout and small-scale LNG supply

DEVELOPMENT OF SMALL-SCALE LNG SUPPLY

total of **5,000**

LNG road tankers loaded at the Świnoujście terminal



▲ **966** in H1 2019 vs **774** in H1 2018
LNG road tankers loaded at the Świnoujście terminal

GAS NETWORK ROLLOUT IN POLAND

21 LNG stations by June 2019

Zator, Ciechanów Ujazdówek, Białystok, Goświnowice, Piechowice/Szklarska Poręba, Pisz, Zielone Kamedulskie/Suwałki, Ińsko, Mieroszów, Świętoszów, Elk, Olecko, Kępice, Grajewo, Mońki, Białka Tatrzańska, Czyżew, Świerczynek, Płudy/Wierzejki, Sobótka, Wleń.

▲ **36.4 thousand** vs **25.4 thousand** y/y – number of new connections

▲ **1.1 thousand km** vs **0.82 thousand km** new low pressure and medium pressure pipelines completed

Gas in transport



CNG and LNG in urban transport

22 mcm

of CNG gas fuel to be delivered by PGNiG for 54 Arriva buses in Warsaw over 8 years

220 gas fuelled buses

on the streets of Warsaw
in 2020

Approximately **500** natural gas fuelled buses are used in Poland today; by 2020 their number is to grow to more than **600**



LNG bunkering

9 by the end of July 2019

number of commercial LNG bunkering operations at Polish ports

317 tonnes by the end of July 2019

volume of bunkered fuel

Power generation



ŻERAŃ CHPP

halfway point reached (in April) in the construction of the CCGT unit at the Żerań CHP plant

4 TWh

electricity output

1.9 TWh

heat output

0.5 bcm

annual gas consumption

40% of CO₂ / 82% of SO₂ LESS

than when similar power is generated using coal

Gilowice – launch of a generating unit fuelled with coalbed methane.

Nominal capacity: **0.9 MW**. The electricity is delivered to Tauron Dystrybucja's power network.

Thank you for your attention

Key financial results of the PGNiG Group for Q2 2019

