

Polish Oil and Gas Company

Company Overview



March 2020

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 2019 Summary

PLN 42.0bn

Revenue



- > 4.5 bcm – natural gas production
- > 1.2m tonnes – crude oil, condensate and NGL production
- > 884m boe – oil and gas reserves

PLN 5.5bn

EBITDA



- > 30.7 bcm – volume of gas sold by the segment
- > 9.1 bcm – volume of gas sold via POLPX
- > 14.9 bcm – natural gas imports

PLN 2.4bn

EBIT



- > 7.1m – number of customers
- > 11.5 bcm – volume of gas distributed
- > 1 595 – number of municipalities connected to the gas grid

PLN 1.4bn

Net result

PLN 59.2bn

Total assets



- > 1.2 GW – electric power
- > 3.9 TWh – electricity output
- > 5.1 GW – thermal power
- > 39.3 PJ – heat output

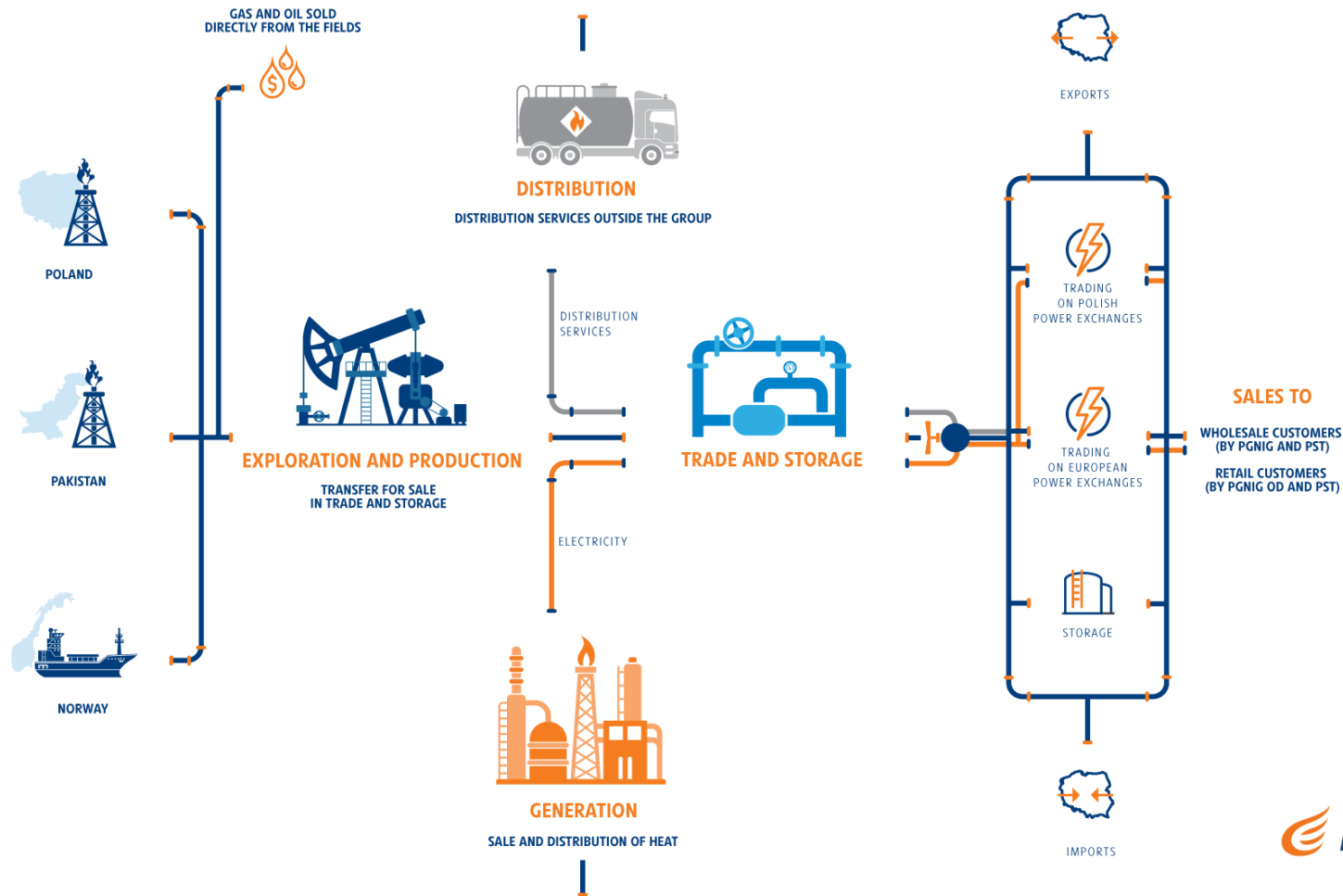
Key events

- > Three new licences awarded to PGNiG UN by the Norwegian Ministry of Petroleum and Energy as part of the APA 2018 licensing round ([January 2019](#))
- > President of URE's decisions to reduce the prices and rates of network fees under the PSG Distribution Tariff by 5% and to increase the price of gas fuel under the PGNiG OD Retail Tariff by 2.5% ([January 2019](#))
- > Completion by Grupa LOTOS and PGNiG of the first commercial LNG bunkering of sea vessels ([March 2019](#))
- > Drilling of the Rehman-6 production well in the Rehman field commenced by PGNiG Pakistan Branch ([May 2019](#))
- > Submission by Grupa Azoty Group companies of a representation to extend the term of natural gas supply contracts until September 30th 2020 ([May 2019](#))
- > Execution by PGNiG UN of an agreement to purchase an interest in the King Lear field from Total E&P Norge AS ([June 2019](#))
- > Execution by PGNiG of an annex to the long-term contract with Venture Global Plaquemines LNG, LLC ([June 2019](#))
- > Execution by PGNiG of a syndicated loan agreement ([June 2019](#))
- > Upgrade of PGNiG's credit rating by Moody's Investors Service from Baa3 to Baa2 ([June 2019](#))
- > Adoption by the PGNiG Annual General Meeting of a resolution on allocation of PGNiG's net profit for the financial year 2018 ([June 2019](#))
- > Execution by PGNiG UN of an agreement to purchase interests in licences covering the Duva field from Wellesley Petroleum AS ([July 2019](#))
- > Natural gas and crude oil production forecast for 2019-2021 ([July 2019](#))
- > Court of Appeal's ruling on Abener Energia's claims against ECSW ([August 2019](#))
- > Change in the composition of the PGNiG Supervisory Board ([August 2019](#))
- > Execution of an agreement for PGNiG UN to purchase an additional 10% interest in the Duva field from Pandon Energy ([November 2019](#))
- > Notification of intent to terminate the Yamal Contract with Gazprom with effect from December 31st 2022 ([November 2019](#))
- > Upgrade of PGNiG's credit rating by Fitch Ratings from BBB- to BBB ([December 2019](#))
- > Announcement of the Arbitration Institute of Stockholm's intention to issue a final award on the change in the contractual price for gas supplied by Gazprom under the Yamal Contract in March 2020 ([December 2019](#))
- > President of URE's decision to reduce the price of gas fuel under the PGNiG OD Retail Tariff by 2.9% ([December 2019](#))



PGNiG Group and Polish Gas Market

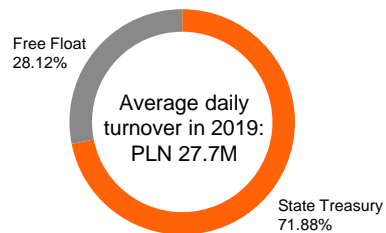
Poland's no.1 integrated group in the oil and gas sector



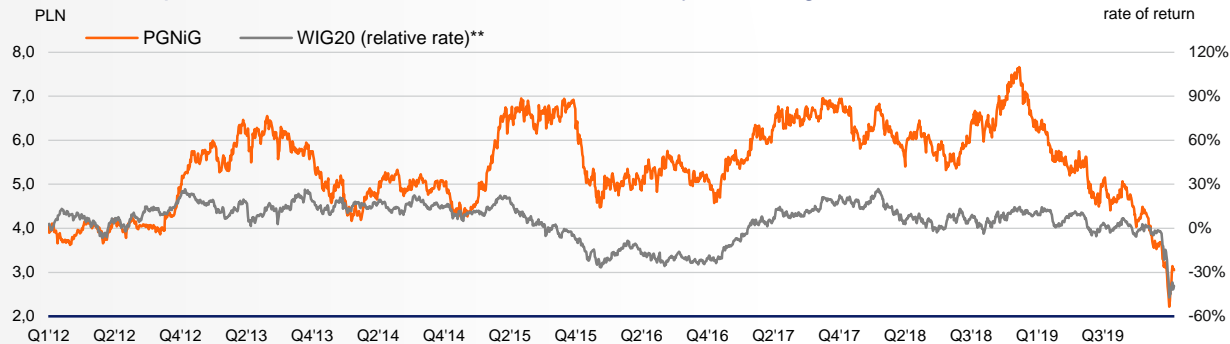
6th biggest Polish company on the Warsaw Stock Exchange*

- > Listed on WSE since September 2005
- > Market cap, of PLN 17.6bn (EUR 3.9bn, USD 4.2bn)*
- > Share in WIG20***: 3.6%

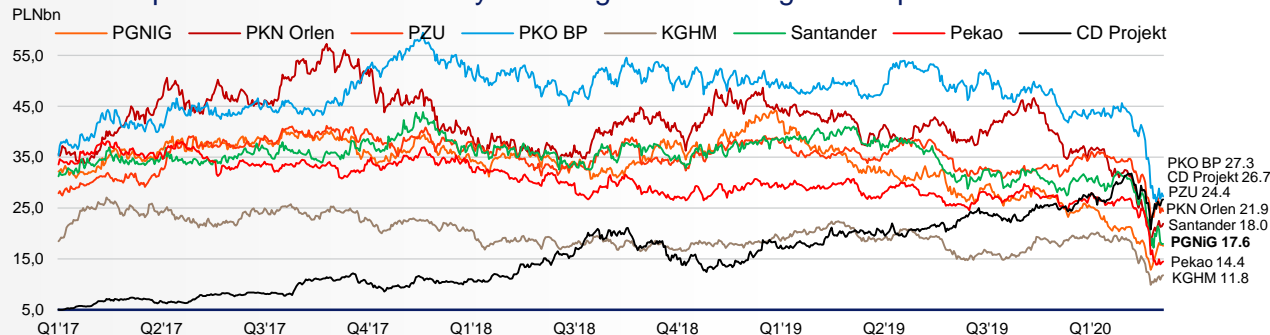
- > Shareholders (December 31st, 2019)



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



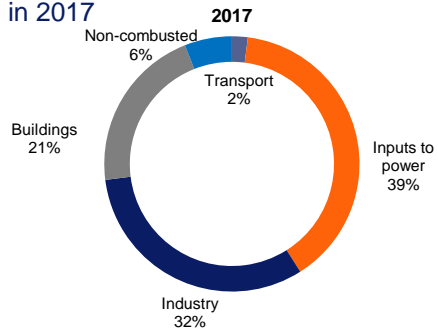
- > Market cap. of PGNiG from January 2017 together with largest companies on the WSE



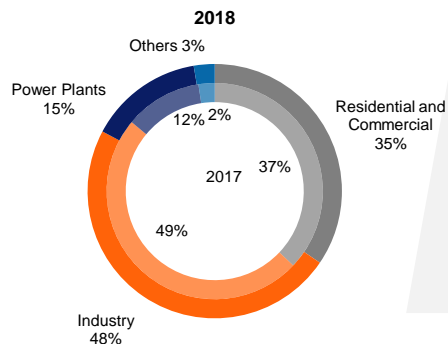
* In terms of market cap as at 25th of March 2020 (without dividend): PGNiG = 3.044, EUR/PLN = 4.5779, USD/PLN = 4.2220
 ** WIG20 quotation chart, taking into account relative changes in percentage in relation to the PGNiG stock price (as at March 25th 2020)
 *** free float

Gas market in Poland: Low consumption with growth potential

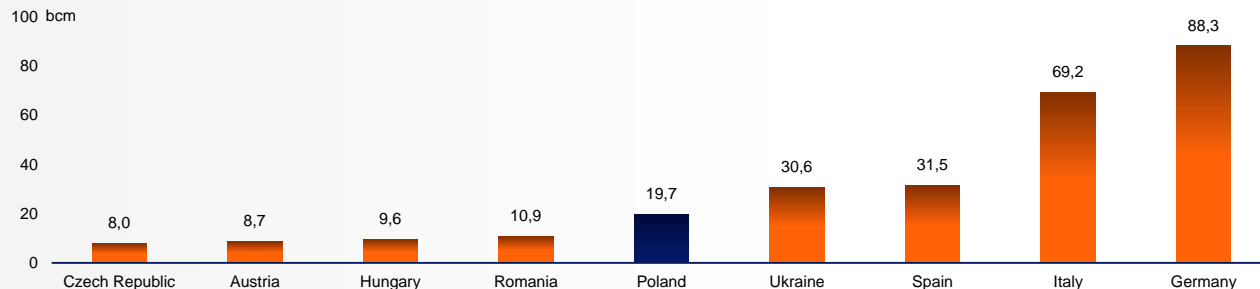
> Natural gas sales by sector in the world in 2017



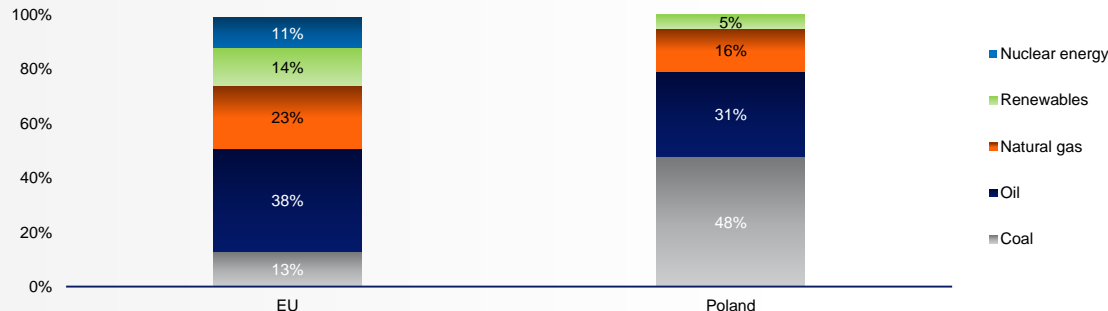
> Natural gas sales by sector by PGNiG in Poland in 2018 and 2017



> Natural gas consumption by country in 2018

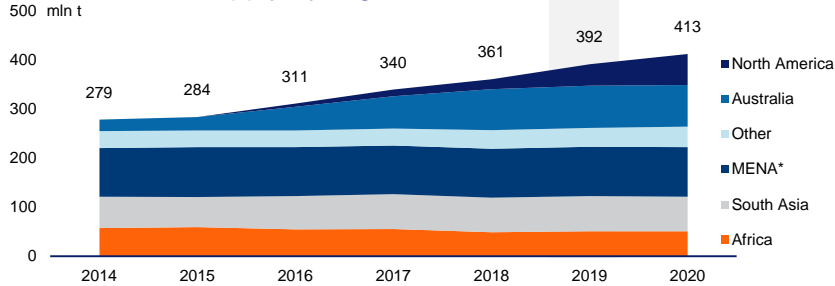


> Primary energy consumption by fuel in 2018

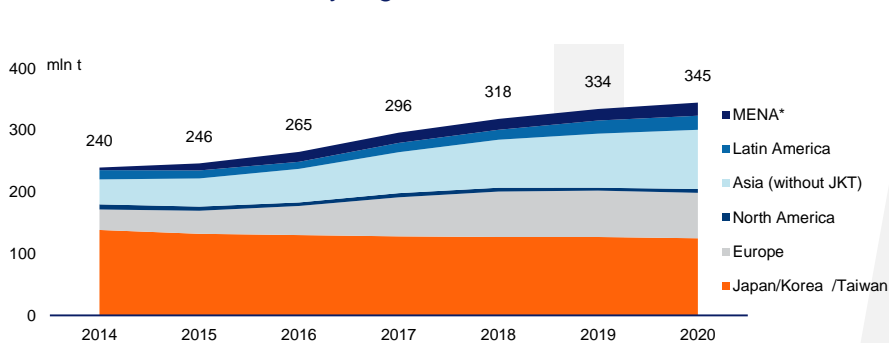


Gas market worldwide

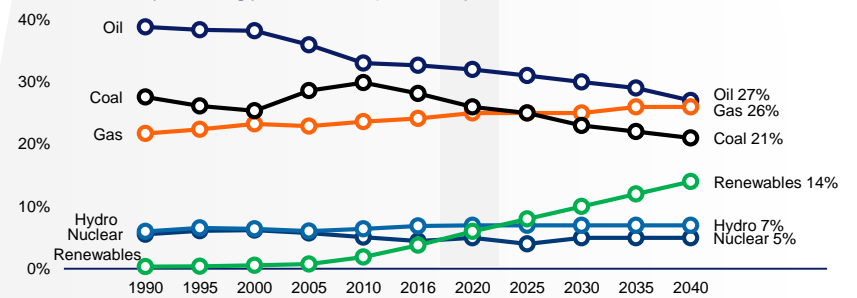
> Annual LNG supply by region



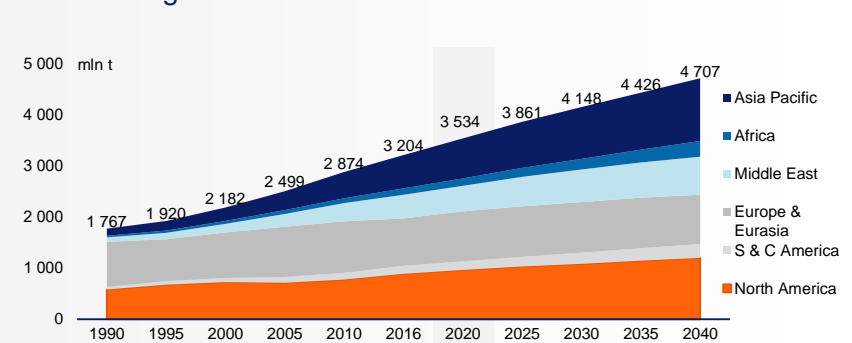
> Annual LNG demand by region



> Primary energy consumption by fuel



> Natural gas demand



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

Exploration &
Production



Trade & Storage



Distribution



Generation

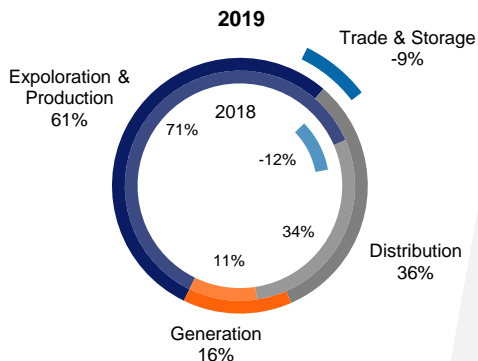


Operating segments of PGNiG Group

PGNiG Group's financials 2010-2019

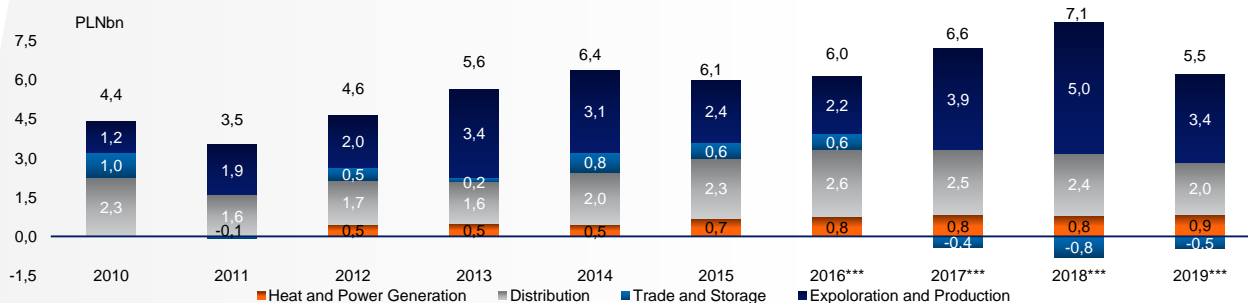
- > 6th biggest company in Central and Eastern Europe*
- > 3rd biggest oil company in the region*
- > Stable EBITDA level due to diversified inflows sources

> EBITDA breakdown

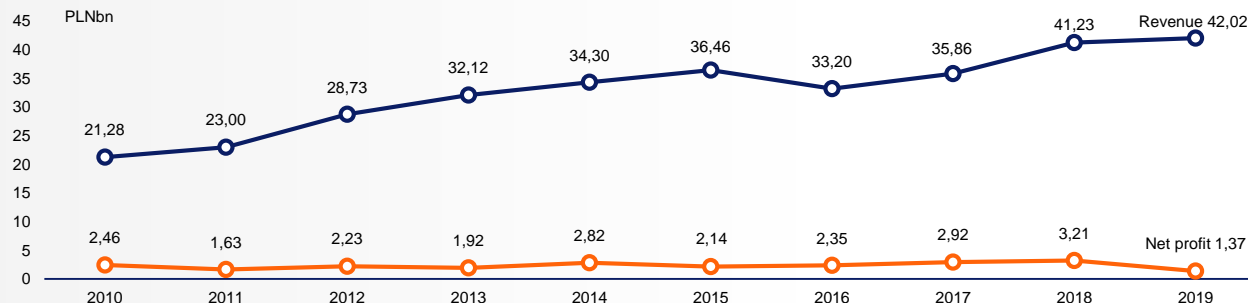


Other segments' contribution to EBITDA in 2019: -4%; in 2018: -4%

> PGNiG Group's EBITDA**



> PGNiG Group's revenue and net profit



* Source: TOP 500 CEE 2019 / ** EBITDA 2010-2015 before intra-group eliminations and excluding „Other segments“
 *** restated, other segments not presented on chart

Leader in production of gas and crude oil in Poland



> PGNiG's resource base in Poland**:

- > proved gas reserves: 557 mm boe (86.4 bcm)
- > proved oil reserves: 113 mm boe (15.4 m tonnes)

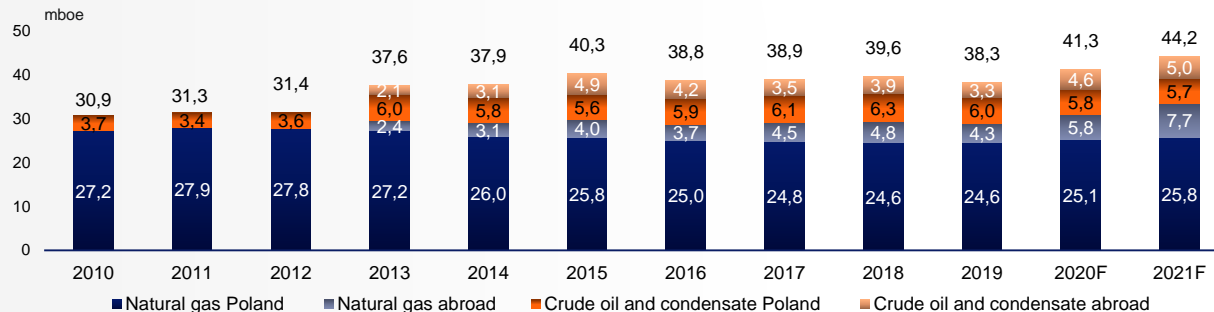
> Oil & Gas concessions in Poland**:

- > 12 exploration/appraisal
- > 35 combined licences

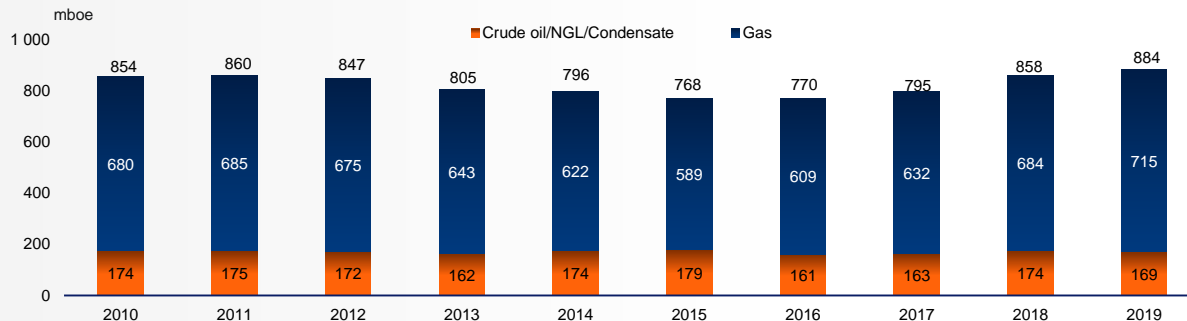
> Exploration & Production activities:

- > 54 production facilities in Poland
- > over 2 thousand producing wells

> Production volumes*



> Reserves of natural gas and crude oil

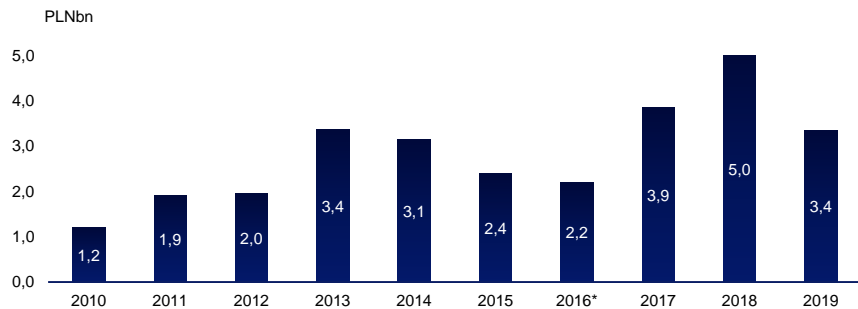


*High-methane gas equivalent / **As at December 31st 2019

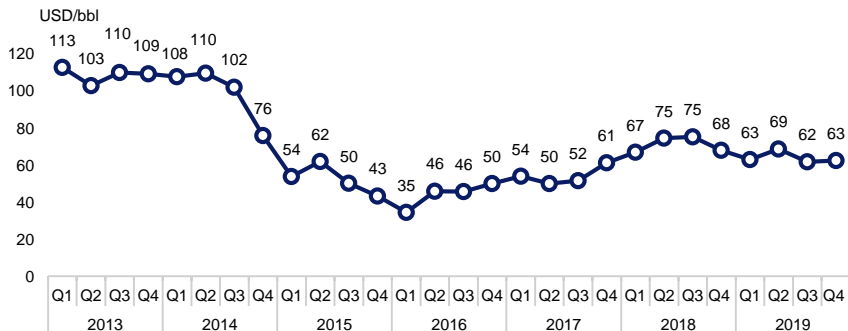
Exploration & Production financial results



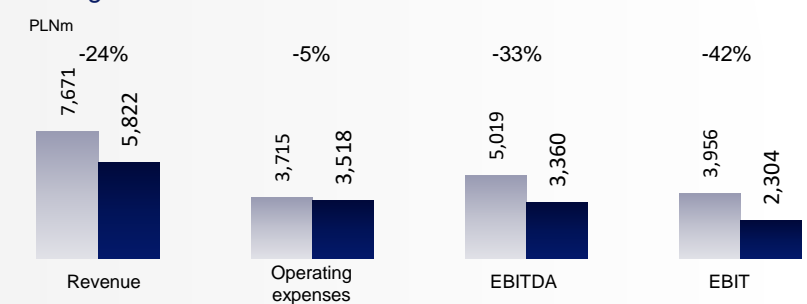
Exploration and Production's EBITDA



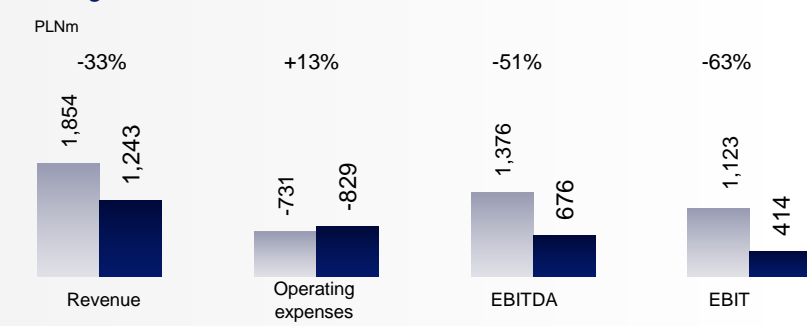
Average prices of Brent crude oil



Segment's results for FY 2018 vs FY 2019

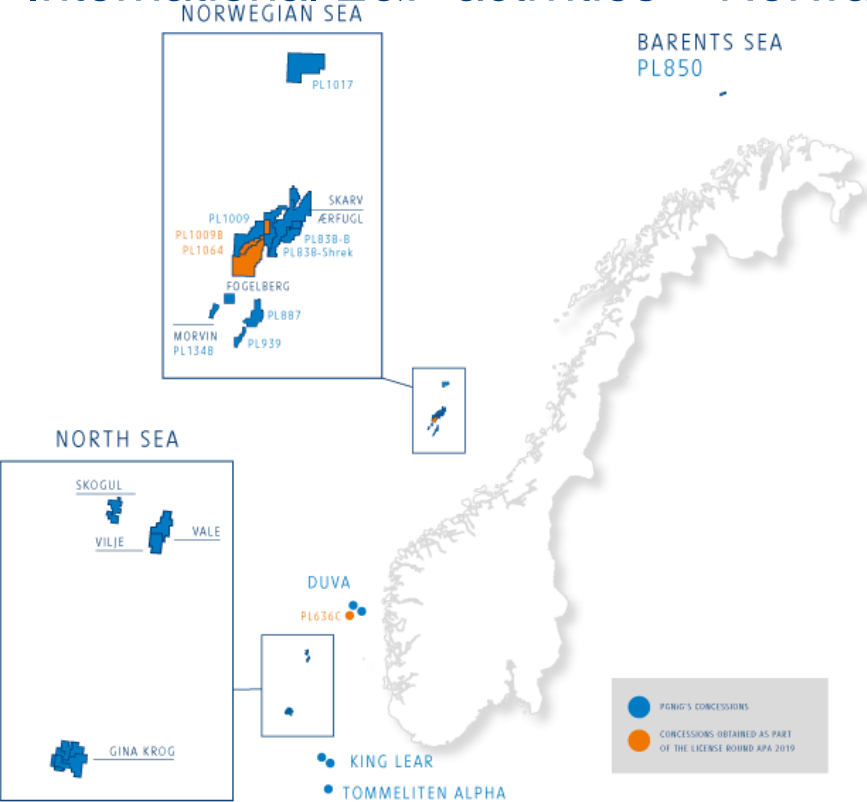


Segment's results for Q4 2018 vs Q4 2019



* restated

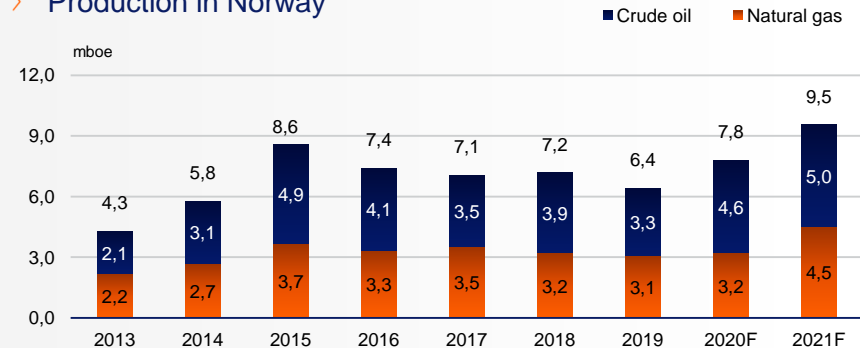
International E&P activities – Norway



> Reserves in Norway (as at December 31st, 2019)

	Natural Gas	Crude Oil & NGL	TOTAL (mboe)
Skarv & AERfugl	29.7	14.4	44.1
Snadd Outer	4.4	1.5	5.8
Gina Krog	6.2	7.6	13.8
Vilje	-	3.4	3.4
Vale	0.8	0.5	1.3
Morvin	0.3	0.7	0.9
Tommeliten Alpha	37.6	17.8	55.5
Skogul	0.3	3.0	3.3
Duva	10.3	8.0	18.2
King Lear	13.6	9.3	22.9
Total	103.2	66.2	169.4

> Production in Norway



PGNiG Upstream Norway has been extracting hydrocarbons from the Skarv, Morvin, Vilje, Vale and Gina Krog fields and working on the development of the AERfugl (formerly Snadd), Skogul (formerly Storklakken), Tommeliten Alpha, King Lear, Duva and Fogelberg fields.



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	8 wells, 2D and 3D seismic
estimated reserves	6.94 bcm of natural gas (5.07 bcm/32.6 mboe Rehman, 1.87 bcm/12.1 mboe Rizq)



Gas from the Rehman and Rizq fields is produced via facilities located in the Rehman field. PGNiG's share in the production from the Rehman and Rizq fields, carried out from eight wells in 2019, amounted to some 193 mcm of gas (measured as high-methane gas equivalent). Positive results were obtained from the Rehman-5 production well (work commenced in September 2018) and Rehman-6 (work commenced in the first half of 2019), and the drilling of the Rizq-3 well is underway.

In parallel with the drilling campaign, the PGNiG Pakistan Branch will work on expanding the capacity of the production infrastructure and tying in new wells for commercial production in 2020.

> Other foreign activity in 2019

Seismic works:

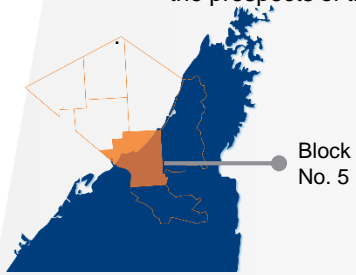
- > Seismic data acquisition in: Germany, the Netherlands, United Kingdom, Hungary, Georgia, Egypt, Mozambique, the United Arab Emirates.
- > Seismic data processing and interpretation in: the Netherlands, Austria, India, Pakistan, Colombia, Mexico.

Drilling works:

- > Main drilling areas: Pakistan, Chad, Kazakhstan, Ukraine.

Libya

- > Since 2008, one license for mining (LC113), but in mid-2014, a force majeure notification.
- > In 2017-2019, activities limiting the impact of force majeure and verification of the prospects of the license.



UAE

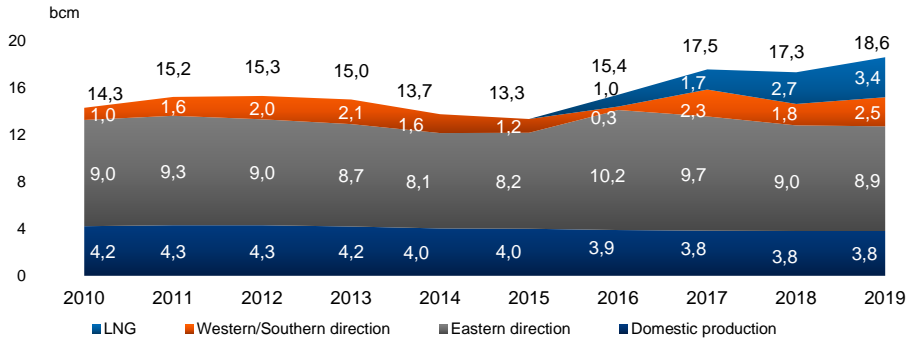
- > In December 2018, acquisition of rights to explore for, to appraise and to produce hydrocarbons in Ras Al Khaimah Emirate.
- > In January 2019 contracts between PGNiG and its partners (RAKPA and RAK Gas) were signed. As a result, PGNiG acquired a 90% interest in Block no. 5 with an area of 619 sq km.



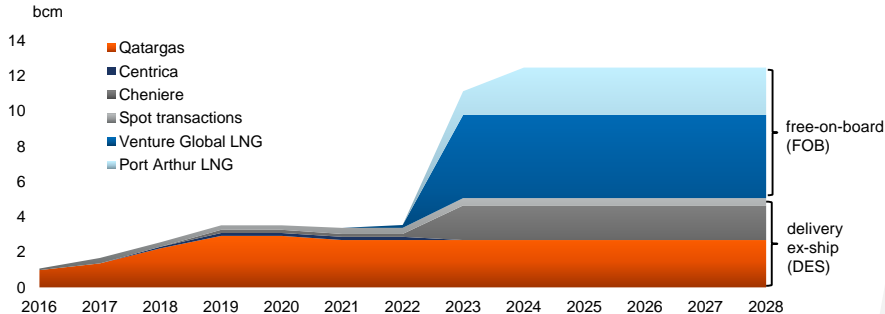
Gas supply & sales



> Sources of gas supply of PGNiG SA in Poland



> LNG Portfolio of PGNiG Group

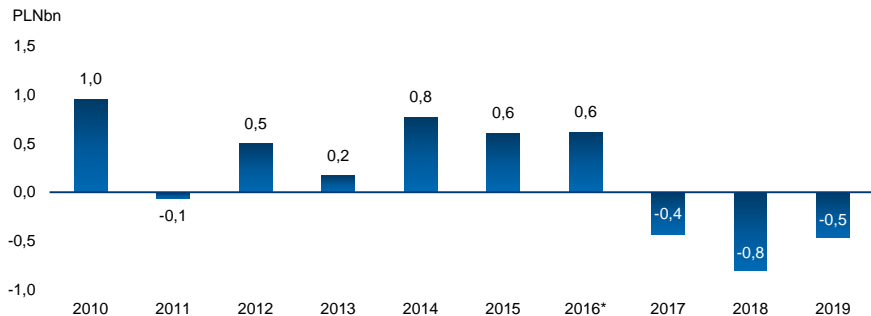


- > Contract for natural gas deliveries with Gazprom („Yamal contract”) until 2022:
 - > 10.2 bcm annually, 85% Take-or-Pay
- > Contract for LNG with Qatargas until 2034:
 - > 1.3 bcm annually, 100% Take-or-Pay. Deliveries since June 2016
 - > side agreement (the total volume will increase to 2.7 bcm per annum, in 2018-2020 volume will be increased to 2.9 bcm)
- > Contract for LNG with Cheniere until 2042:
 - > 0.73 bcm in the period of 2019-2022
 - > 1.95 bcm annually in the period of 2023-2042
- > Contracts for LNG with Venture Global and Port Arthur:
 - > 7.4 bcm annually. Deliveries at the earliest since 2022 until 2043
- > 5.2 bcm of gas sold by PGNiG Supply & Trading to customers in 2019
- > Tariffs:
 - > Gas sales: Cost of gas + operating costs + margin
 - > Retail: PGNiG Retail's cost base including cost of gas on the commodity exchange (from 1st January 2020 to 30th June 2020, average gas fuel price up 2.9%)
 - > Storage: Cost + return on capital (6.1% WACC x PLN 3.5bn RAB) (since April 2019)

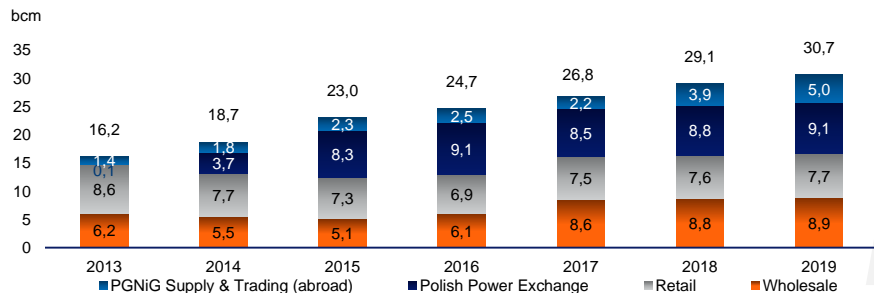
Trade & Storage's financial results



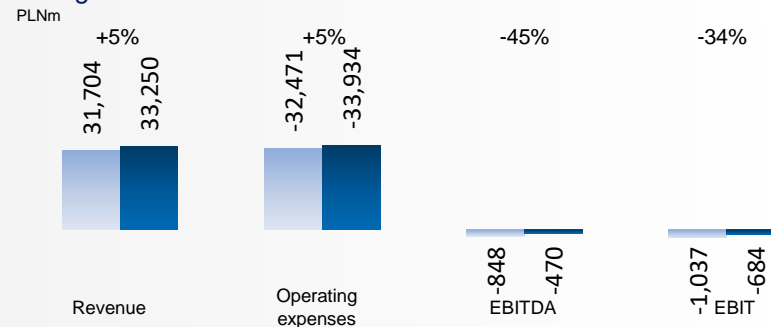
> Trade and Storage's EBITDA



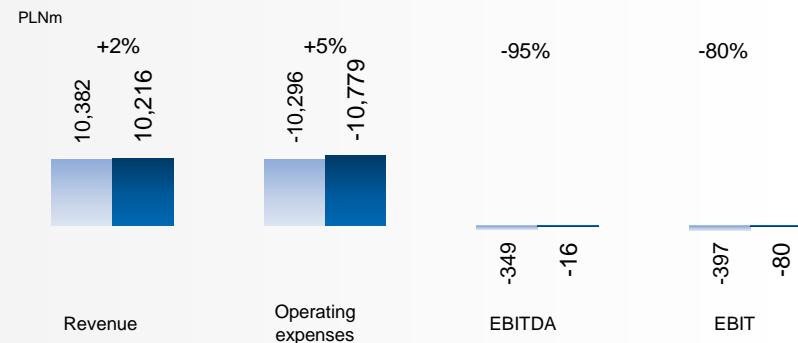
> Sales of natural gas of PGNiG SA, PGNiG Retail and PST



> Segment's results for FY 2018 vs FY 2019



> Segment's results for Q4 2018 vs Q4 2019

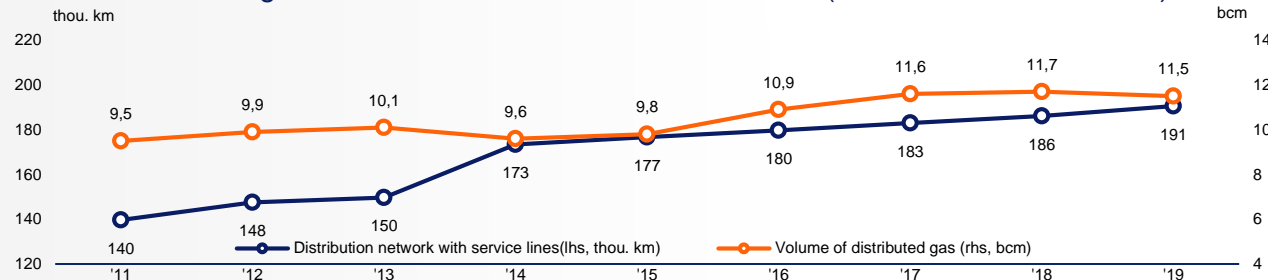


Distribution



- > The owner of approximately 97% 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).

> Stable network's growth and increase of distributed volumes (+2.3% CAGR 2005-2019)



> Coverage of distribution network (ca. 64,4% of Poland)



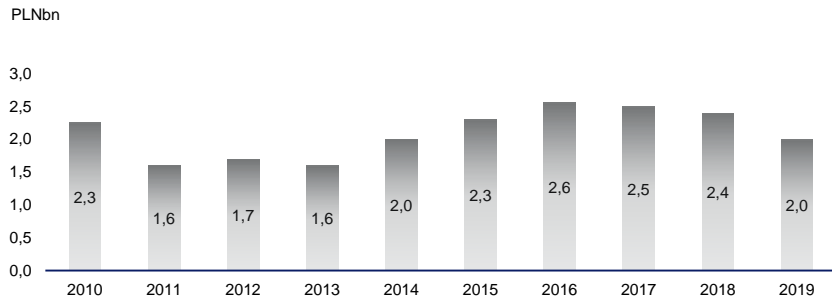
- > **Tariff:**
 - > Tariff No. 8 approved by the President of the Energy Regulatory Office in March 2020 and has applied from April 3rd 2020.
 - > Cost + return on capital (6.0% WACC x PLN 13.1bn RAB)

* As at December 31st 2017

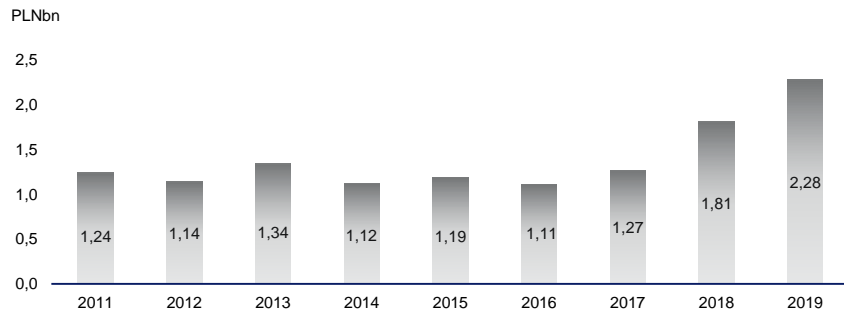
Distribution's financial results



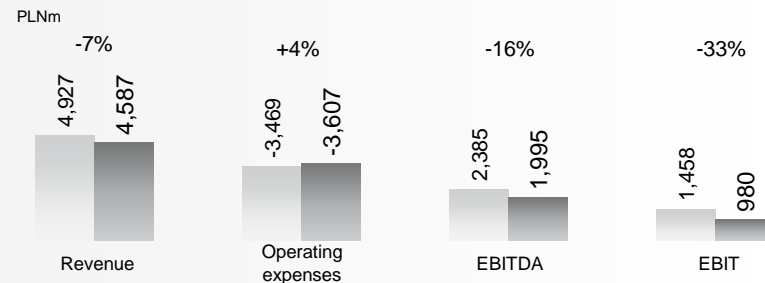
> Distribution's EBITDA



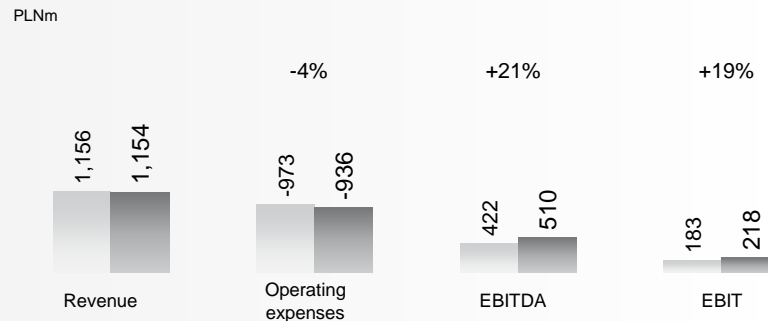
> Segment's CAPEX



> Segment's results for FY 2018 vs FY 2019



> Segment's results for Q4 2018 vs Q4 2019



Heat and Power Generation

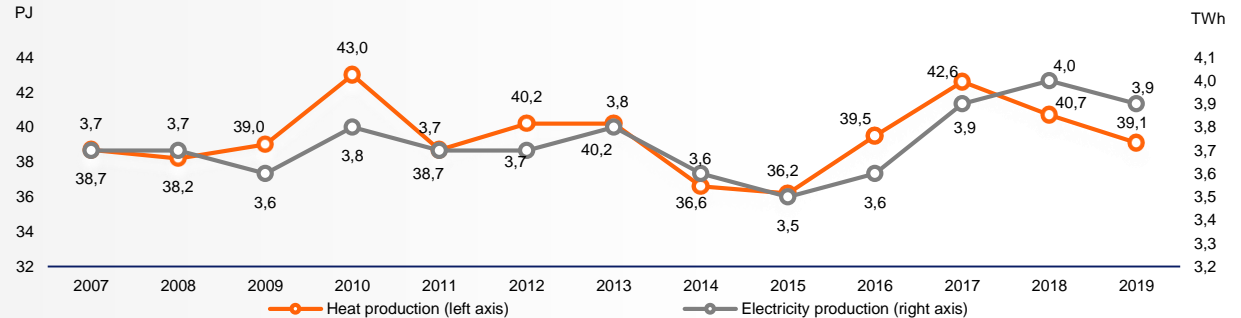


- > Share on the domestic market*:
 - > heat power 10%
 - > volume of heat sales 11%
- > Share on the Warsaw market:
 - > largest producer of heat and electricity in cogeneration
 - > estimated coverage of total heat demand about 70%
 - > estimated total electricity demand around 50%
 - > heat supplied to the city network about 98%.
- > Tariff:
 - > Heat tariffs benchmarking scheme creates significant upside for profitability as PGNiG Termika produces low-cost heat

PGNiG Termika Group operating data

Installed heat power	5.1 GWt
Installed electric power	1.2 Gwe
Heat sales in 2019 (regulated)	39.3 PJ
Produced electricity sales in 2019	3.9 TWh

> Production of heat and own generation electricity

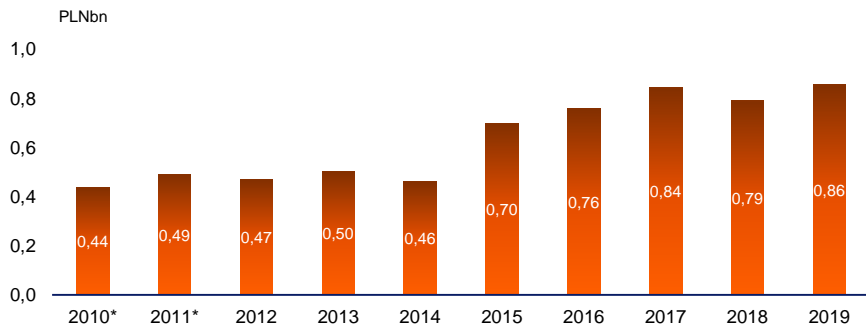


* Source: Thermal energy in numbers 2018

Generation's financial results



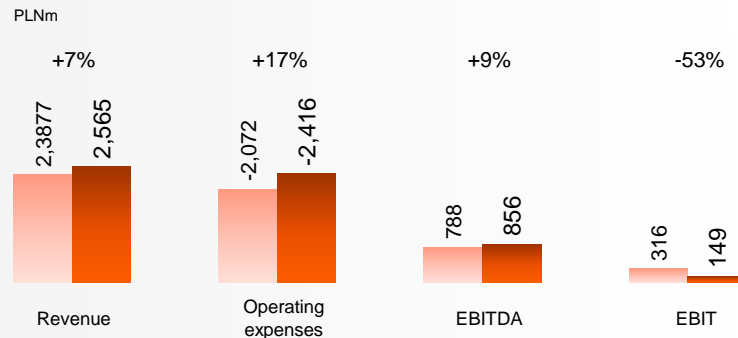
> Generation's EBITDA



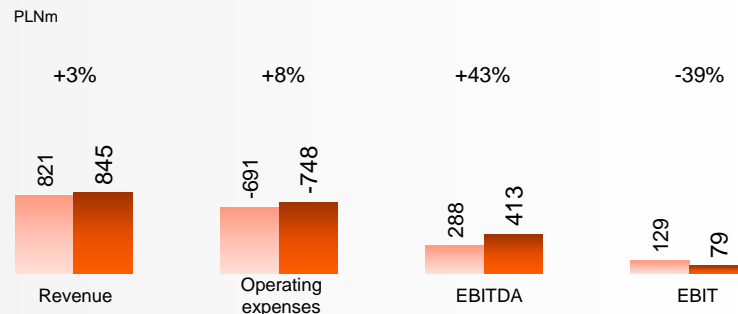
> Investments

- > 500 MWe gas-fired block in Warsaw at Żerań plant (H2 2020).
- > Combined Heat and Power Plant Stalowa Wola (H1 2020).
 - > JV PGNiG and Tauron Polska Energia. Total CAPEX PLN 1.6bn
 - > Agreement for Sale of Electricity. PGNiG to supply 0.5 bcm of gas for 14 years
 - > Total power output: 450 MWe and 240 MWt
- > Peak-load boiler house of the Żerań CHP plant, comprising three 130 MWt gas-fired boilers was completed.
- > CAPEX attributable to CO₂ in 2019: PLN 493m.

> Segment's results for FY 2018 vs FY 2019



> Segment's results for Q4 2018 vs Q4 2019





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

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

#2

Vision

We are a responsible and effective provider of innovative energy solutions

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

#3

Primary objective

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

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

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)

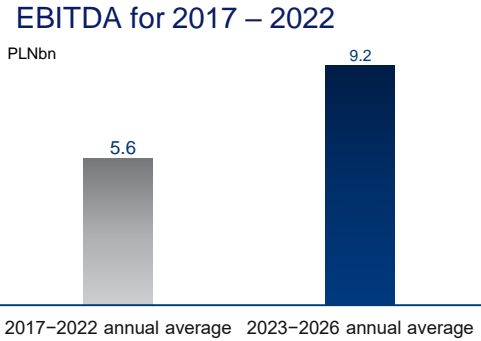


7. Corporate Centre

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

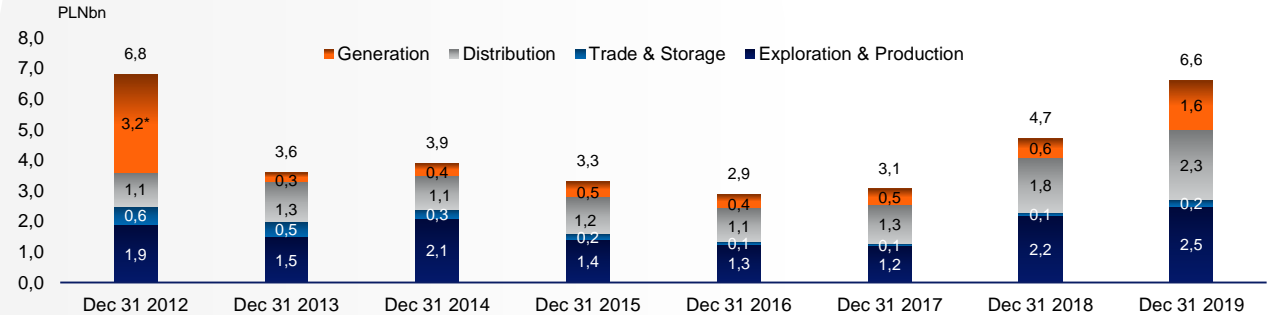
CAPEX and EBITDA for 2017-2022

- > Average annual capital expenditure in 2017–2022 at ca. PLN 5.7bn.

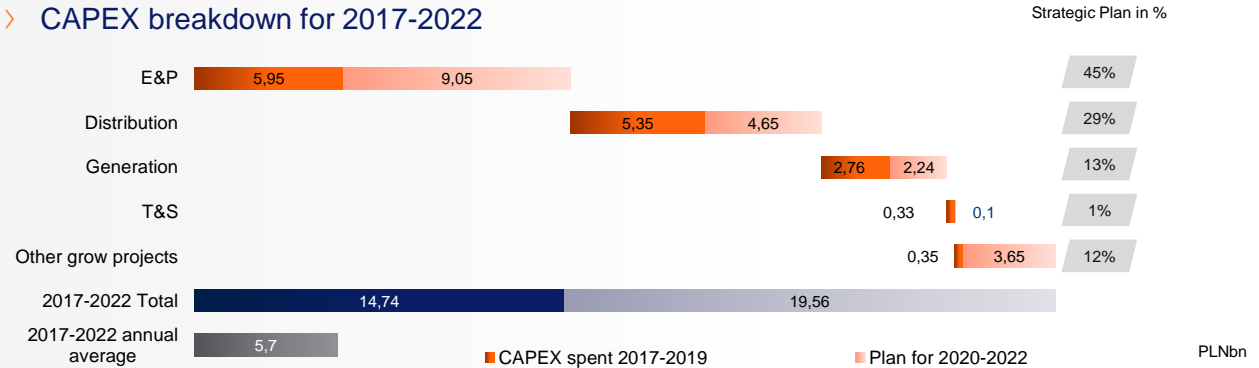


- > PLN 33.7bn cumulative EBITDA
- > Ambitious investment programme: long-term growth of the Group's EBITDA, particularly in 2023–2026 (at the annual average of ca. PLN 9.2bn)
- > Keeping debt at safe levels (net debt/EBITDA below 2.0)

> Annual CAPEX 2012 – 2018



> CAPEX breakdown for 2017-2022



Appendices

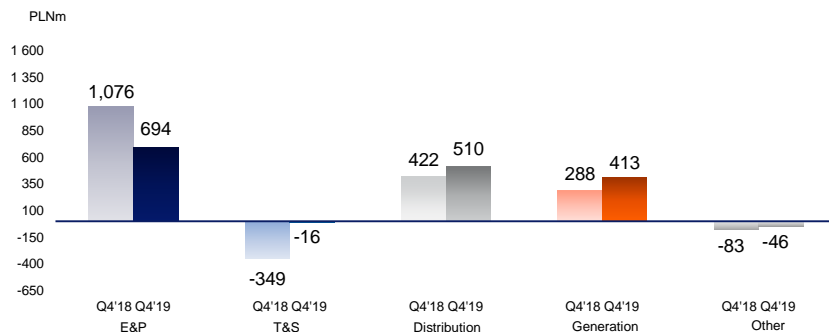
- > 1. Financial highlights Q4 2019
- > 2. Operating expenses
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- > 5. Gas transport routes
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Financial highlights Q4 2019

[PLNm]	Q4 2018	Q4 2019	Δ%
Revenue	12,753	12,370	-3%
Operating expenses (excl. D&A)	-11,406	-10,795	-5%
EBITDA	1,347	1,575	+17%
<i>EBITDA (net of impairment losses on property, plant and equipment)</i>	1,574	1,801	+14%
Depreciation and amortisation expense	-751	-943	+26%
EBIT	596	632	+6%
Net finance income/(costs)	-14	-17	+20%
Net profit	388	30*	-92%

> Group's EBITDA by segment in Q4 2019 vs Q4 2018**



Exploration and Production

- > Revenue from sale of gas down PLN -579m (-43%) yoy, and revenue from sale of crude and condensate down PLN -20m (-3%) yoy.
- > Recognition of impairment losses on non-current assets: PLN -212m vs PLN -239m in Q4 2018.

Trade and Storage

- > Revenue from sale of gas down -7% and cost of gas down -13% yoy, with a +7% yoy increase in gas volumes sold outside the Group.
- > Exercise of hedging instruments designated for hedge accounting, recognised in profit or loss: PLN +188m (Q4 2018: PLN +45m).
- > Effect of recognition of impairment losses on gas inventories of PLN -339m. In Q4 2018 gas inventory write-downs increased by PLN -15m.

Distribution

- > Gas distribution volume down -4% yoy and revenue from distribution services down -6% yoy.
- > Net income/cost of system balancing up PLN +134m yoy.

Generation

- > Stable revenue from sale of heat (down -1% yoy), with average air temperature 1.9°C higher in Q4 2019, -9% fall yoy in heat volumes sold, and higher heat sales tariff at PGNiG TERMIKA S.A.
- > +15% yoy rise in revenue from sales of Group-generated electricity on -4% decline in sales volumes and higher electricity prices on power exchange.
- > PLN +85m reversal of provision for shortfall in CO₂ emission allowances.

*On February 14th 2020 PGNiG TERMIKA SA – the subsidiary of PGNiG SA – recognized an impairment loss due to revaluation of Polska Grupa Górnicza SA interests. The impact of the equity valuation method on interests in PGG on the PGNiG Group consolidated net result for Q4 2019 accounted for approx. PLN -272m.
**Eliminations in Q4 2018: PLN -6m; Q4 2019: PLN +20m.

Operating expenses in Q4 2019 vs Q4 2018

[PLNm]	Q4 2018	Q4 2019	Δ%
Cost of gas sold	-8 531	-7 810	-8%
Fuels for heat and power generation	-314	-310	-1%
Other raw materials and consumables used	-437	-625	+43%
Employee benefits expense	-852	-924	+8%
Transmission services	-262	-265	+1%
Other services	-564	-509	-10%
<i>LNG regasification services</i>	-93	-96	+4%
Taxes and charges	-112	-80	-28%
Other income and expenses**	-235*	-231*	-2%
<i>Change in inventory write-downs</i>	-56	-332	+6x
<i>Change in provisions</i>	-79	39	-149%
Recognition and reversal of impairment losses on property, plant and equipment and intangible assets	-374	-371	-1%
<i>Cost of dry wells and seismic surveys written-off</i>	-146	-144	-1%
<i>Impairment losses on non-current assets</i>	-227	-226	-
Work performed by the entity and capitalised	275*	330*	+20%
Depreciation and amortisation expense	-751	-943	+26%
Total operating expenses	-12 157	-11 738	-3%
<i>Operating expenses net of cost of gas sold</i>	-3 626	-3 928	+8%

Comments:

- > Cost of gas sold down yoy (-8%) – and nine-month price of crude down -11% yoy in USD.
- > Higher cost of electricity purchased for trading purposes (by PLN 463m, or 66% yoy) on to higher electricity prices yoy.
- > Stable costs of fuels (mainly coal) for heat and electricity production.
- > Employee benefits expense up (+8%) yoy, driven mainly by higher employee benefits in the Distribution segment
- > Stable cost of dry wells and seismic surveys (-1% R/R). Five dry wells written off in Q4 2019 vs five dry wells written off in Q4 2018 (PLN -146m).
- > Recognition of impairment loss on non-current assets of PLN -226m in Q4 2019. In Q4 2018, the impact was PLN -227m.
- > Change in provisions by PLN +118m on reversal of the provision for shortfall in CO₂ emission allowances (PLN +85m in Q4 2019).
- > Recognition of a provision for energy efficiency buy-out price: PLN -51m in Q4 2019. In Q4 2018, the impact was PLN -33m.
- > Recognition of gas inventory write-downs of PLN -339m in Q4 2019 vs PLN -15m in Q4 2018.
- > Net exchange differences related to operating activities: PLN -18m in Q4 2019 vs PLN -51m in Q4 2018.
- > Net gain/loss on derivative instruments recognised in net other income/expenses (not designated for hedge accounting): PLN +161m in Q4 2019 vs PLN +183m in Q4 2018.

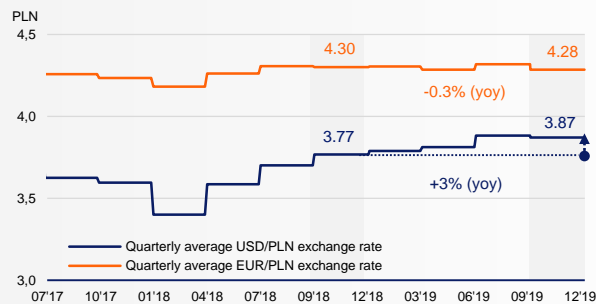
* Change in presentation of CO₂ allowances purchase cost of PLN 470m in Q4 2019 and PLN 158m in Q4 2018 from other products and raw materials in other income and expenses to work, performer by entity and capitalised.

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

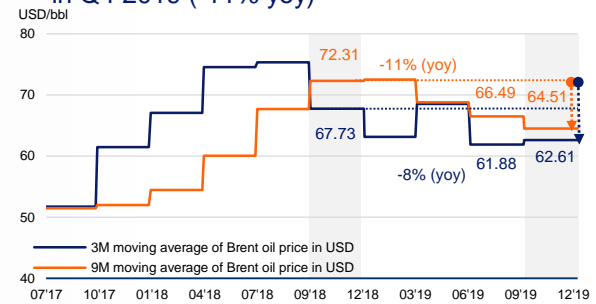
Performance drivers

> Significantly lower product prices, including average quarterly oil prices and gas prices quoted on the POLPX Day-Ahead Market.

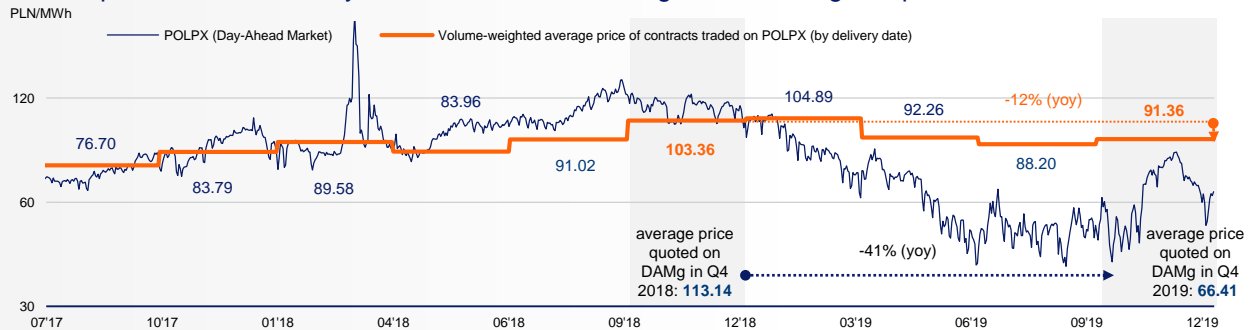
> PLN weaker against USD yoy



> 9-month average Brent price down in Q4 2019 (-11% yoy)



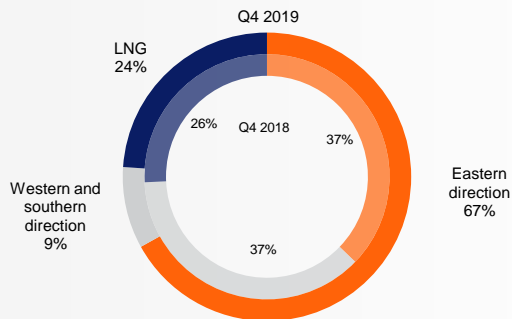
> Gas prices on POLPX Day-Ahead Market and average volume-weighted price of contracts



Gas sales and imports structure

- > Higher share of imports from the east (because of take or pay formula) and of LNG with lower share of imports from the south and west. In Q4 2019, 9 gas tanker ships were unloaded, including 5 deliveries under the Qatargas contract and 4 spot deliveries.
- > Higher gas sales by the PGNiG Group due mainly to higher sales by PGNiG SA and PST.

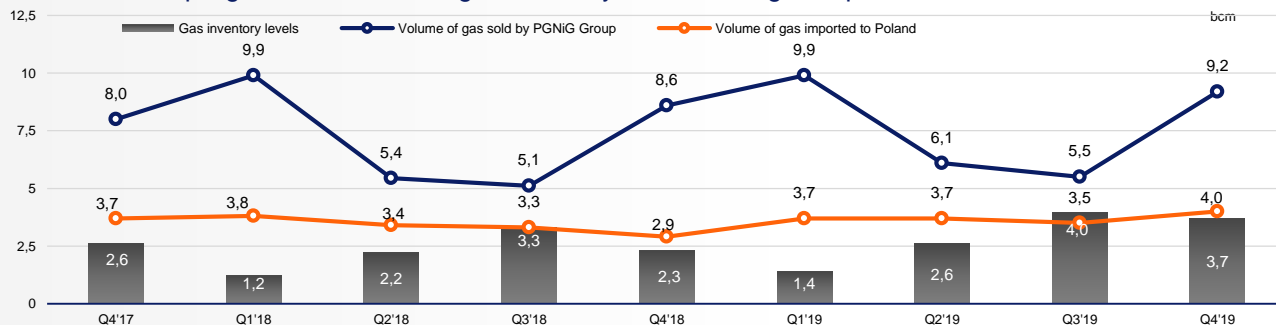
> Imports of natural gas to Poland



> Gas sales outside the PGNiG Group by company

[mcm]	Q4 2018	Q4 2019	Δ%
PGNiG Group:	8,583	9,182	+7%
<i>PGNiG S.A.</i>	4,847	5,389	+11%
<i>PGNiG OD</i>	2,376	2,306	-3%
<i>PST</i>	1,360	1,487	+9%

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



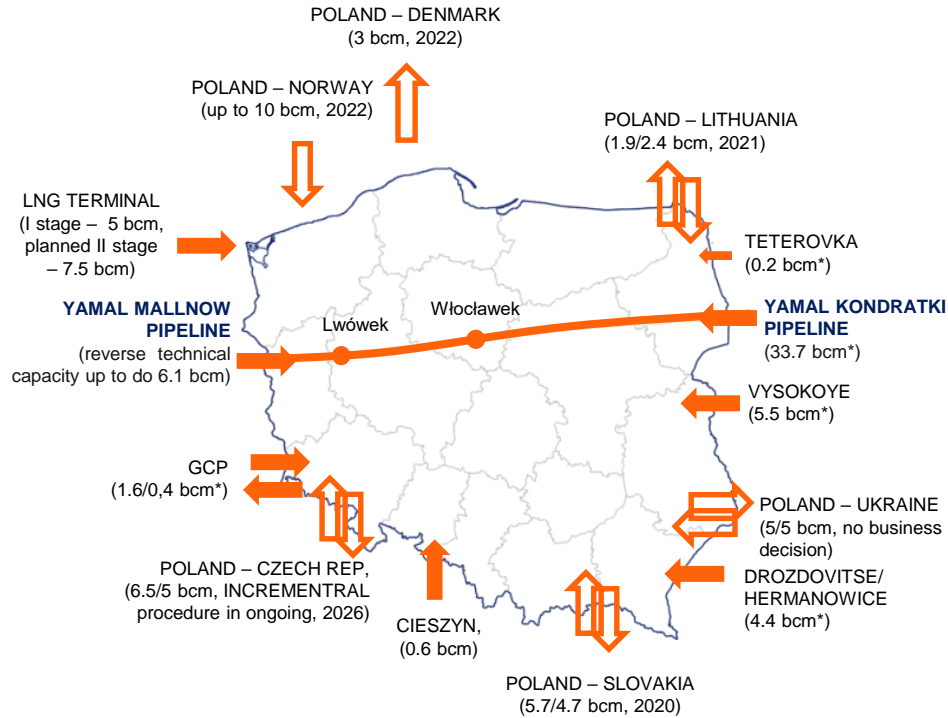
Comments:

- > LNG terminal stocks: 71 mcm after regasification (as at December 31st 2019).

* Includes high-methane gas, nitrogen-rich gas stored in Poland and abroad, as well as LNG at the terminal.

Gas transport routes

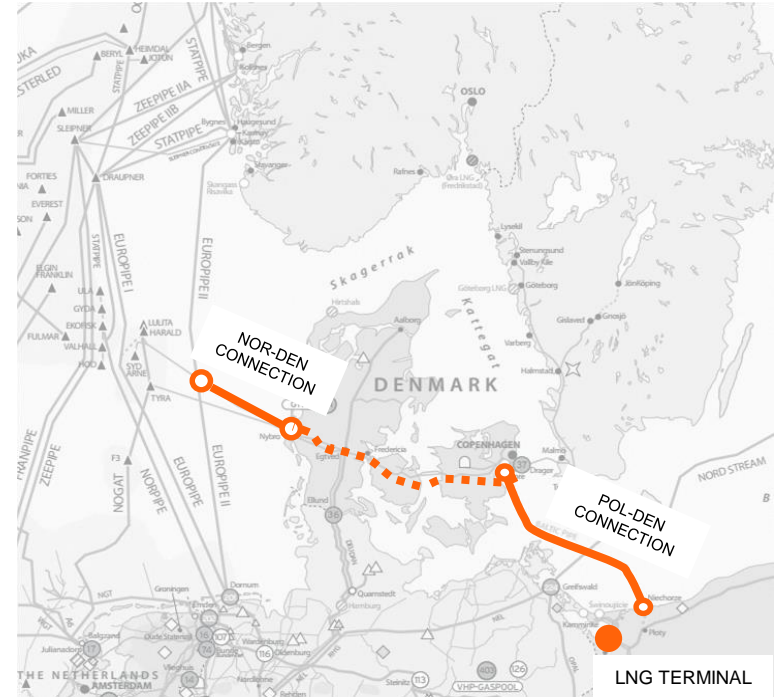
> Interconnections



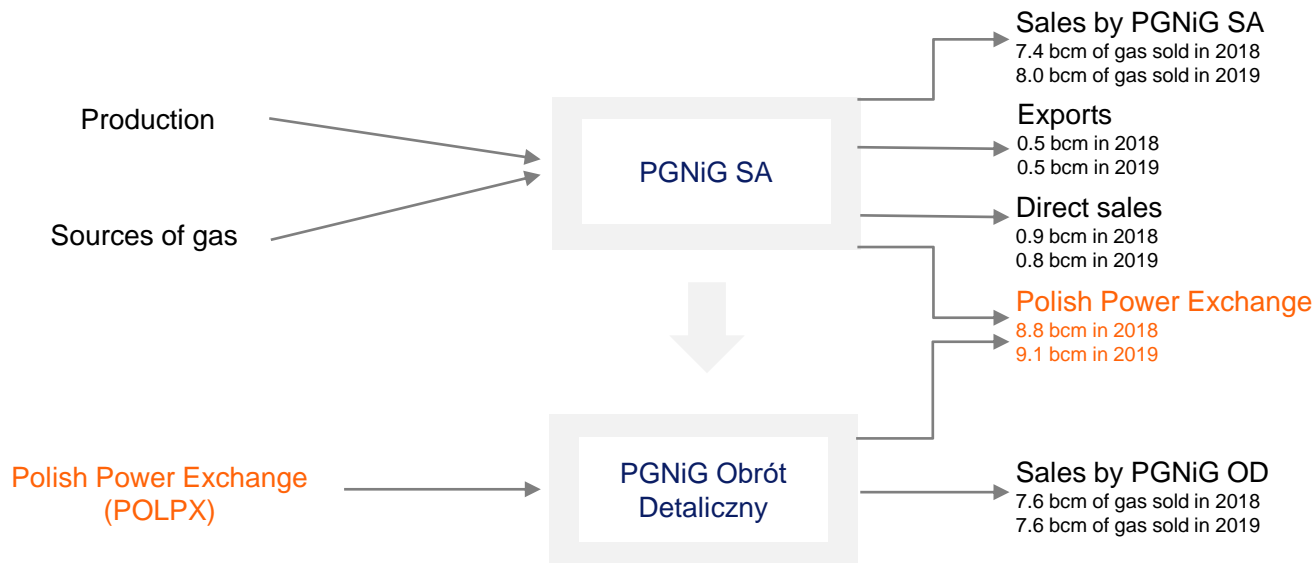
* Technical capacity

- Existing interconnectors
- Interconnectors planned, under construction (transmission capacity into/from Polish grid, year of completion)

> 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

- 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.

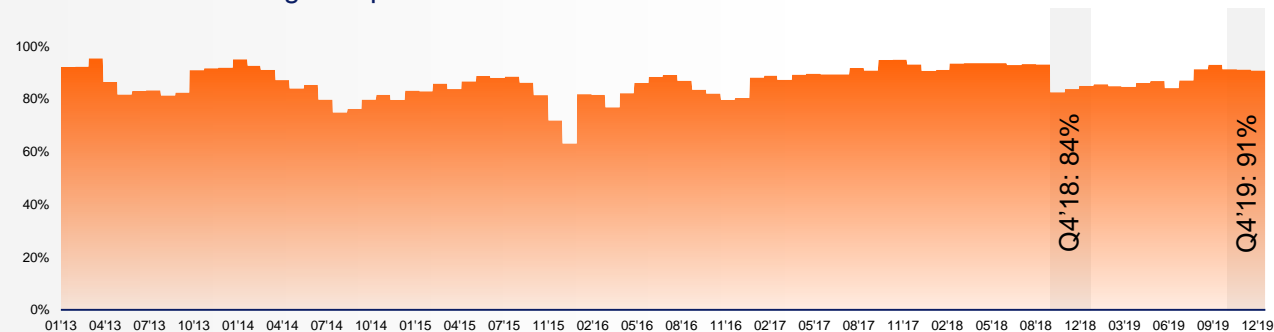
Notes**:

- 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.

Gas sales volume (mcm)	2015	2016	2017	2018	2019
Total PGNiG Group	23.0	24.3	26.8	29.0	30.7
PGNiG SA	13.2*	14.5*	17.0	17.2	17.6
<i>including PGNiG SA through PPE</i>	<i>8.1</i>	<i>9.0</i>	<i>8.4</i>	<i>8.5</i>	8.9
PGNiG Obrót Detaliczny	7.5	7.3	7.6	7.9	7.7

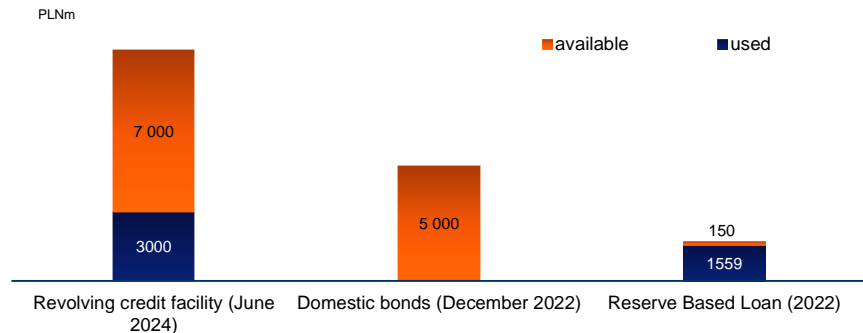
* With Export, without Pakistan

PGNiG's share in gas imports to Poland**

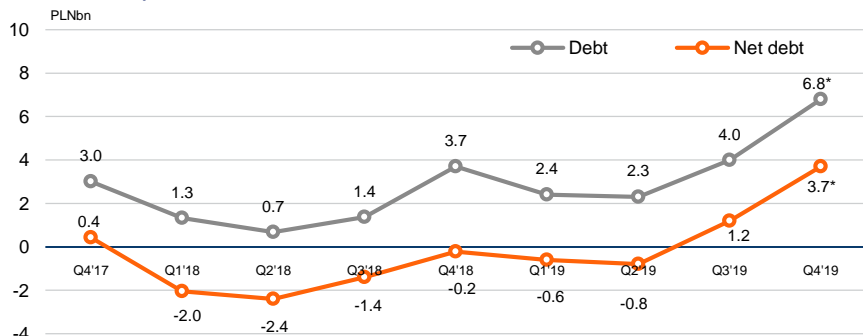


Debt and sources of funding

> Sources of funding (as at December 31st 2019)



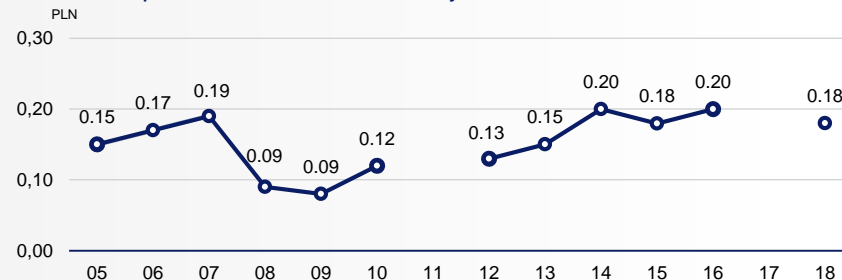
> Debt at quarter end



*The data for 2019 include the impact of the first-time application of IFRS 16. Adjusted for the impact of IFRS 16, debt and net debt in 2019 would amount to PLN 4.9bn and PLN 1.9bn, respectively.

> On June 24th 2019, the Company entered into a syndicated revolving credit facility agreement. The agreement was concluded with a syndicate of nine banks. The facility amount is PLN 10bn and the credit is available for five years from the agreement date. The facility will replace the financing in the form of two underwritten note programmes for a total amount of PLN 8bn.

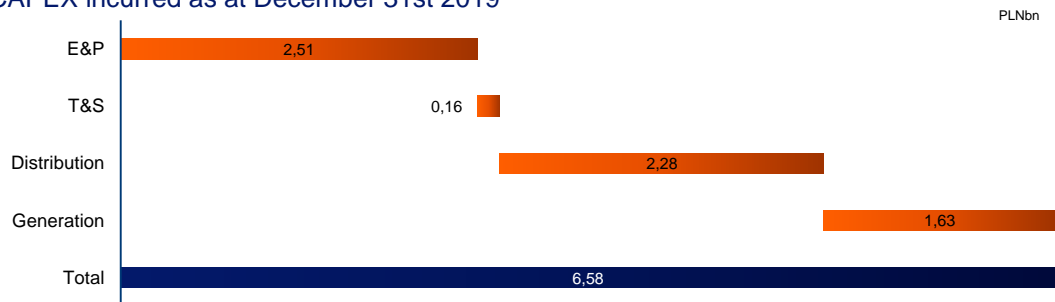
> Dividend per share for the financial year



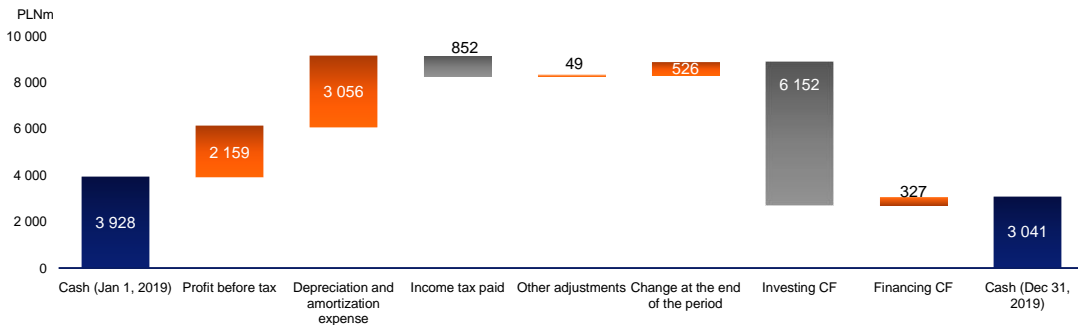
> The dividend for 2018 was distributed in two tranches. On October 29th 2018, a decision was made to pay an interim dividend of PLN 0.07 per share from the Company's 2018 profit. On June 27th 2019, the Annual General Meeting resolved to pay out the remaining portion of the 2018 dividend of PLN 0.11 per share. The payment was made on August 7th 2019.

CAPEX, statement of financial position and statement of cash flows

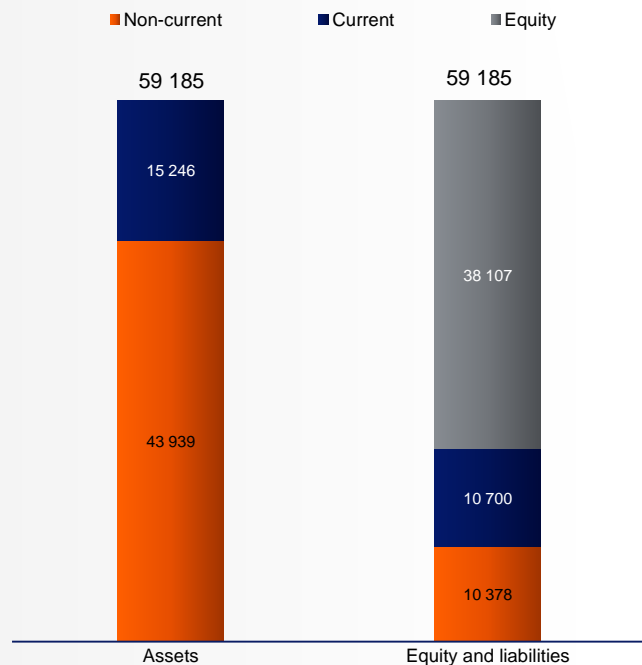
> CAPEX incurred as at December 31st 2019*



> Consolidated cash flows (Jan 1–Dec 31 2019)



> Group's statement of financial position (as at December 31st 2019)



* CAPEX including expenditure on acquisition of hydrocarbon deposits. CAPEX incurred in the Other Activities segment: PLN 0.06bn

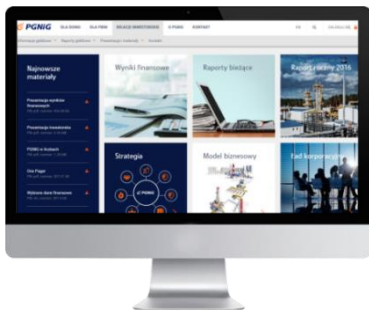
Production and sales volumes

NATURAL GAS PRODUCTION BY THE PGNIG GROUP [mcm]	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	FY 2019	FY 2018	FY 2017	FY 2016
HIGH-METHANE GAS (E)	452	451	439	477	473	436	461	464	461	459	469	1,819	1,834	1,863	1,919
<i>including in Poland</i>	348	337	327	326	336	323	314	323	335	325	327	1,337	1,296	1,315	1,401
<i>including in Norway</i>	104	114	112	151	137	113	147	141	126	134	142	481	538	548	518
NITROGEN-RICH GAS (Ls/Lw as E equiv.)	721	645	601	704	722	659	612	719	731	664	567	2,671	2,712	2,674	2,540
<i>including in Poland</i>	668	593	556	661	673	606	559	674	684	627	533	2,478	2,512	2,524	2,481
<i>including in Pakistan</i>	53	52	45	43	49	53	53	45	47	37	34	193	200	150	59
TOTAL (measured as E equivalent)	1,173	1,096	1,040	1,181	1,195	1,095	1,073	1,183	1,192	1,123	1,036	4,489	4,546	4,537	4,458
NATURAL GAS SALES BY THE PGNIG GROUP [mcm]															
HIGH-METHANE GAS (E)	8,735	5,175	5,715	9,431	8,141	4,777	5,134	9,414	7,603	4,298	5,079	29,057	27,466	25,291	22,895
<i>including PST sales outside PGNIG Group</i>	1,487	1,305	1,099	1,352	1,360	855	716	998	603	452	482	5,243	3,929	2,186	2,510
NITROGEN-RICH GAS (Ls/Lw as E equiv.)	447	350	336	465	442	337	308	491	419	296	312	1,597	1,578	1,496	1,371
TOTAL (measured as E equivalent)	9,182	5,525	6,051	9,896	8,583	5,114	5,442	9,905	8,022	4,594	5,391	30,654	29,044	26,787	24,266
<i>including sales directly from the fields</i>	235	210	170	229	228	211	179	237	226	182	161	844	855	796	718
NATURAL GAS IMPORTS BY PGNIG S.A. [mcm]															
Total	3,965	3,508	3,710	3,667	2,949	3,324	3,419	3,837	3,673	3,488	3,334	14,851	13,530	13,714	11,527
<i>including: sources east of Poland</i>	2,654	2,316	2,186	1,791	1,097	2,357	2,602	2,982	2,540	1,889	2,518	8,946	9,038	9,656	10,248
<i>including: LNG</i>	948	706	1,044	727	759	635	815	505	383	470	475	3,425	2,713	1,715	974
CRUDE OIL, PGNIG GROUP (thousand tonnes)															
Production of crude oil and condensate	328	275	290	324	353	320	324	348	329	313	269	1,216	1,345	1,257	1,318
<i>including in Poland</i>	208	184	177	208	219	202	189	208	220	203	148	776	818	787	763
<i>including in Norway</i>	120	91	113	116	134	118	135	140	109	110	121	440	527	470	555
Sales of crude oil and condensate from own production	361	295	266	288	378	309	294	429	313	251	316	1,210	1,410	1,270	1,346
<i>including in Poland</i>	201	182	177	210	225	194	188	210	222	190	161	771	817	791	753
<i>including in Norway</i>	160	113	89	78	153	115	106	219	91	61	155	439	593	479	593
GENERATION															
Production of heat, net (sales) (TJ)	12,984	3,268	6,040	16,970	14,255	2,942	4,425	19,037	14,195	3,476	6,848	39,263	40,659	42,607	39,527
Production of electricity, net, secondary generation (for sale) (GWh)	1,266	425	744	1,513	1,315	523	598	1,539	1,280	407	737	3,948	3,974	3,882	3,604

Glossary

bbf	Barrel
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 expenditure
cm / bcm	cubic meters / billion cubic meters
DES	Delivery ex ship formula, LNG seller deliver gas to a buyer at an agreed port of arrival
D&A	Depreciation and Amortization
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortization
FOB	Free on board formula, LNG seller will deliver gas to a tanker ship at the loading port
JV	Joint Venture
LNG	Liquefied Natural Gas
NGL	Natural Gas Liquids
PPE	Polish Power Exchange
PSG	Polska Spółka Gazownictwa
PST	PGNiG Supply & Trading GmbH
RAB	Regulatory Asset Base
WACC	Weighted average cost of capital
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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