

Polish Oil and Gas Company

Company Overview



August 2020

Agenda

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



Key events in Q1 2020

01
> January



> Appointment of the President and members of the Management Board by the PGNiG Supervisory Board



> Satisfaction of the condition precedent to the agreement whereby PGNiG UN purchased an interest in the Duva field from Pandion Energy

02
> February



> Appointment of Ms Magdalena Zegarska as Vice President of the PGNiG Management Board



> Launch of production from the Skogul field in Norway by PGNiG Upstream Norway

03
> March



> President of URE's decision on the Distribution Tariff of Polska Spółka Gazownictwa



> Issue by the Arbitration Court of Stockholm of a final award in the arbitration proceedings brought by PGNiG against PAO Gazprom/OOO Gazprom Export, concerning change of the contract price of gas supplied by PAO Gazprom and OOO Gazprom Export under the Yamal Contract

Key events in Q2 2020

04 > April



- > Receipt from Gazprom of a declaration of compliance with the new pricing terms under the Yamal contract



- > PGNiG Upstream Norway launched production from the Ærfugl field in Norway

05 > May



- > Execution of an agreement to book additional regasification capacities at the LNG Terminal in Świnoujście



- > Commencement of exclusive negotiations with Tauron Polska Energia on PGNiG's acquisition of 100% of shares in TAURON Ciepło

06 > June



- > Execution of an annex to the Yamal contract between PGNiG and Gazprom and repayment of approximately USD 1.5bn net to PGNiG



- > Adoption of a directional action plan for future investments in the sector of renewable energy sources

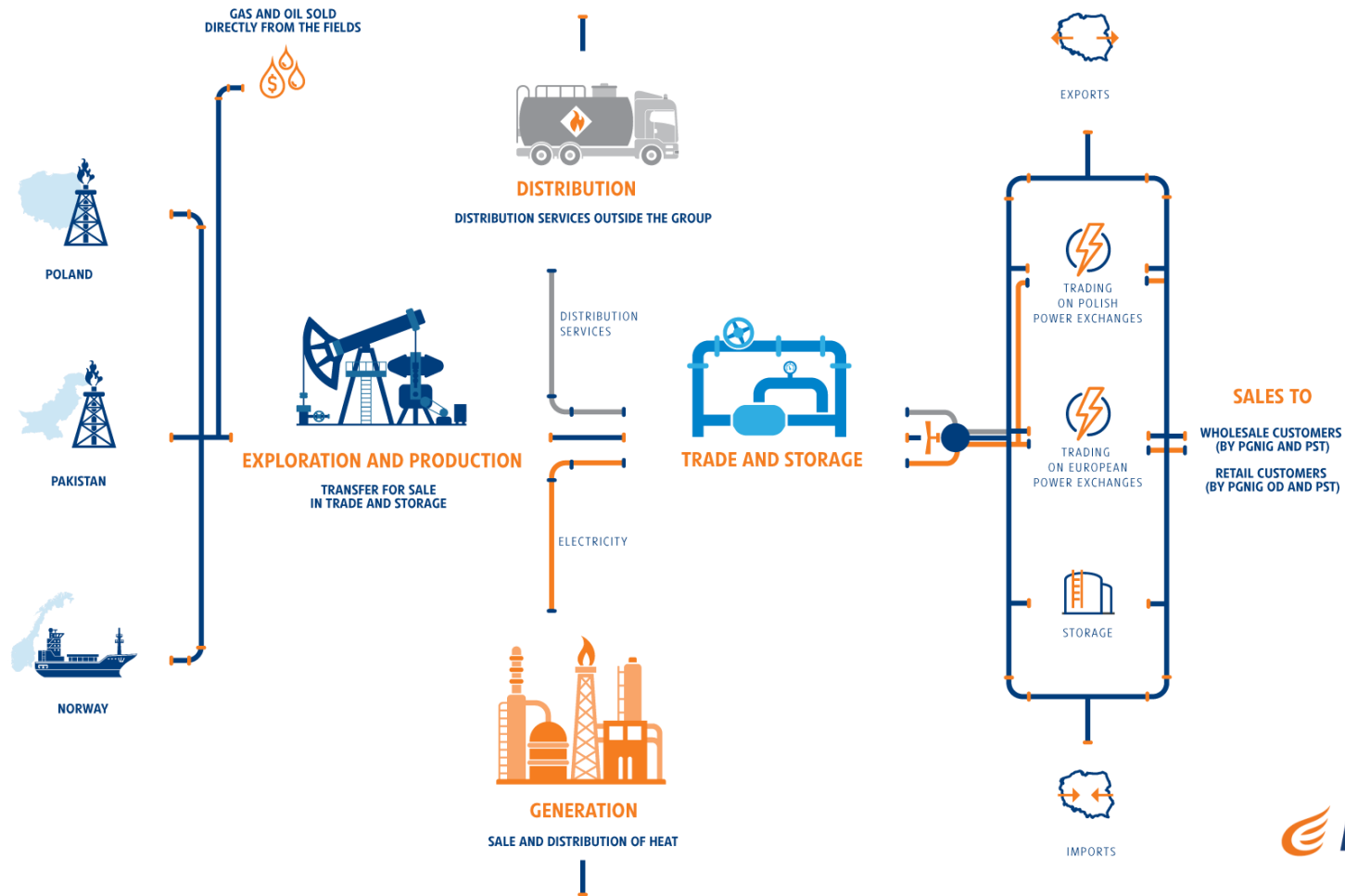


- > President of URE's decision on the Retail Tariff of PGNiG Obrót Detaliczny



PGNiG Group and Polish Gas Market

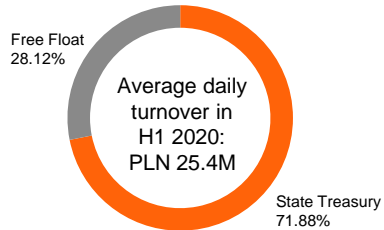
Poland's no.1 integrated group in the oil and gas sector



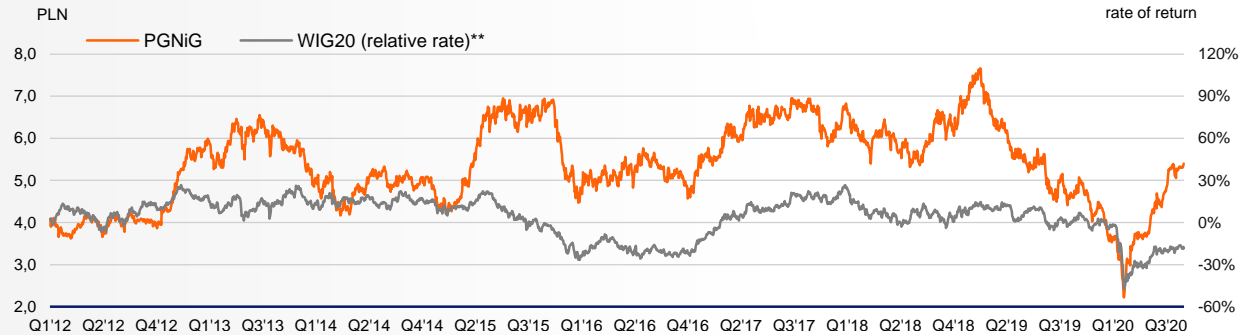
2nd biggest Polish company on the Warsaw Stock Exchange*

- > Listed on WSE since September 2005
- > Market cap, of PLN 31.2bn (EUR 7.1bn, USD 8.4bn)*
- > Share in WIG20***: 3.48%

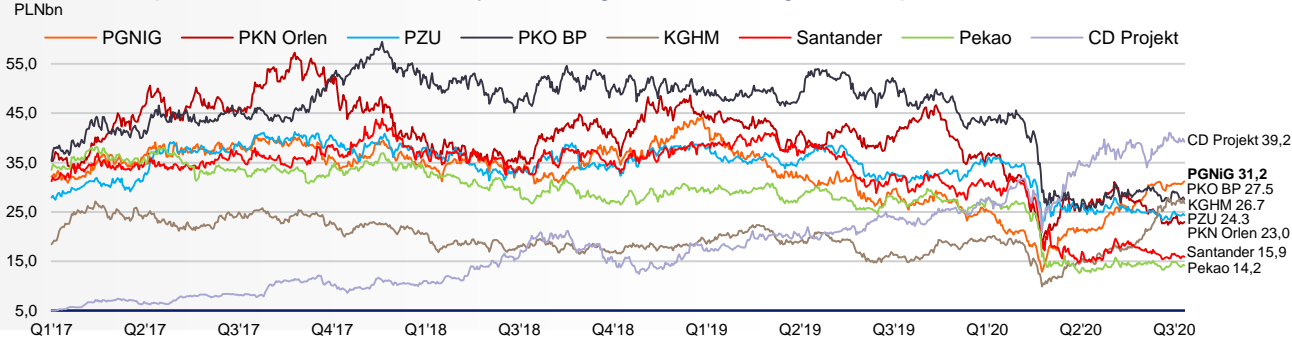
> Shareholders (June 30th, 2020)



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



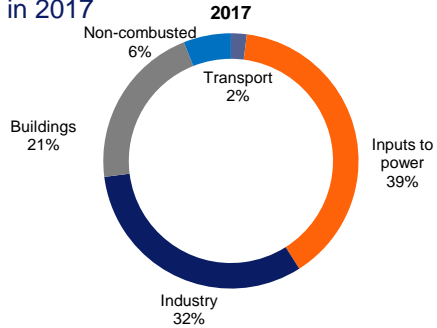
> Market cap. of PGNiG from January 2017 together with largest companies on the WSE



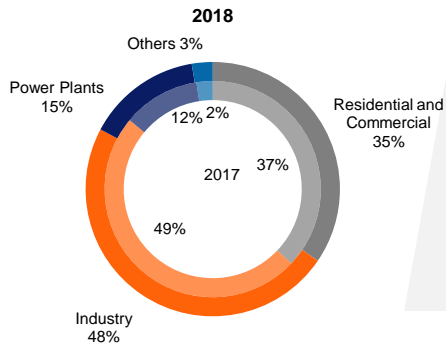
* In terms of market cap as at 25th of August 2020 (without dividend): PGNiG = 4.545 EUR/PLN = 4.3915, USD/PLN = 3.7144
 ** WIG20 quotation chart, taking into account relative changes in percentage in relation to the PGNiG stock price (as at August 25th 2020)
 *** Based on the WIG20 index portfolio (end of 2019) published in WSE 2019 Yearbook

Gas market in Poland: Low consumption with growth potential

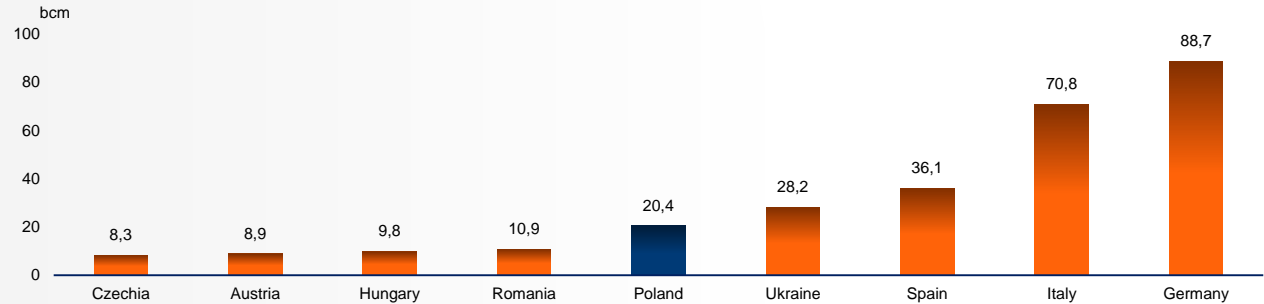
> Natural gas sales by sector in the world in 2017



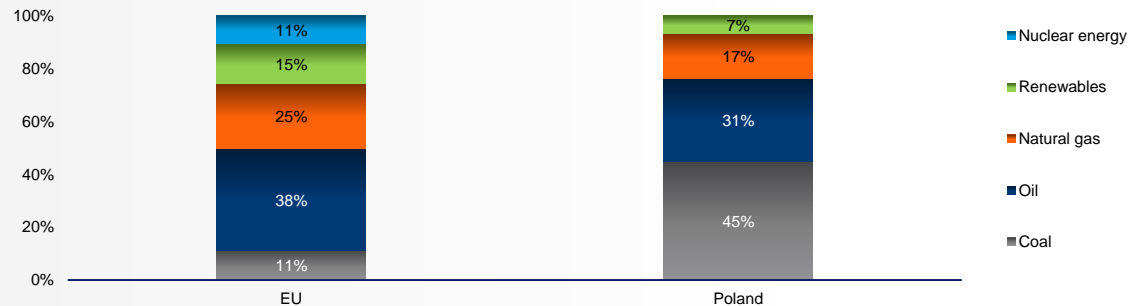
> Natural gas sales by sector by PGNiG in Poland in 2018 and 2017



> Natural gas consumption by country in 2019

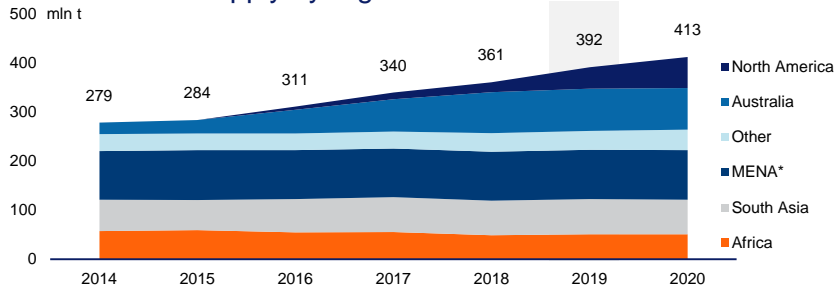


> Primary energy consumption by fuel (data for July 2020)

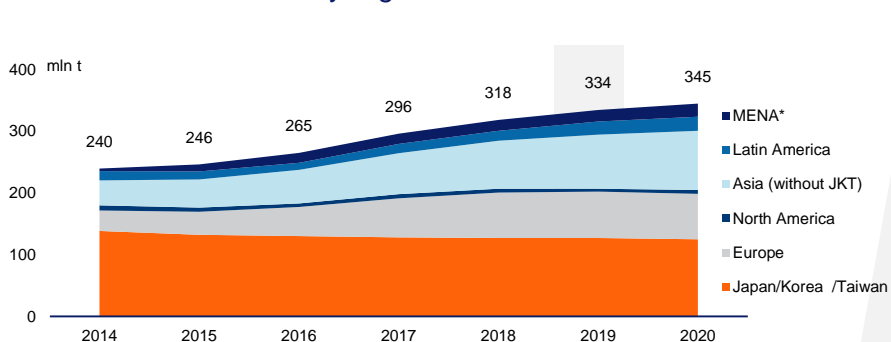


Gas market worldwide

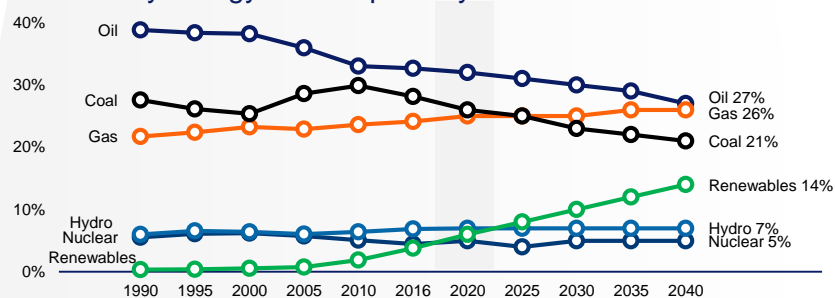
> Annual LNG supply by region



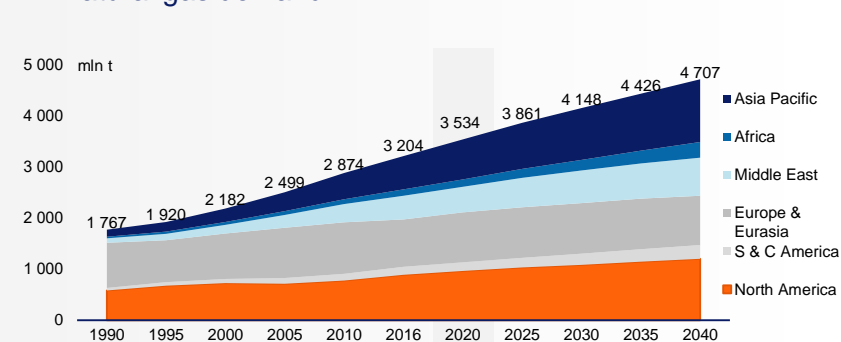
> Annual LNG demand by region



> Primary energy consumption by fuel



> Natural gas demand



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

Exploration &
Production



Trade & Storage



Distribution



Generation

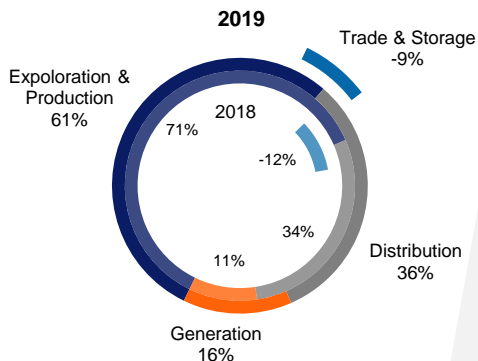


Operating segments of PGNiG Group

PGNiG Group's financials 2010-2019

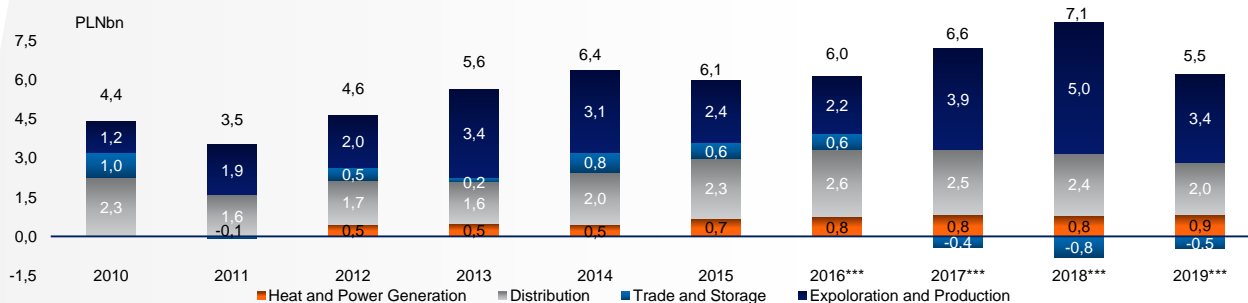
- > 6th biggest company in Central and Eastern Europe*
- > 3rd biggest oil company in the region*
- > Stable EBITDA level due to diversified inflows sources

> EBITDA breakdown

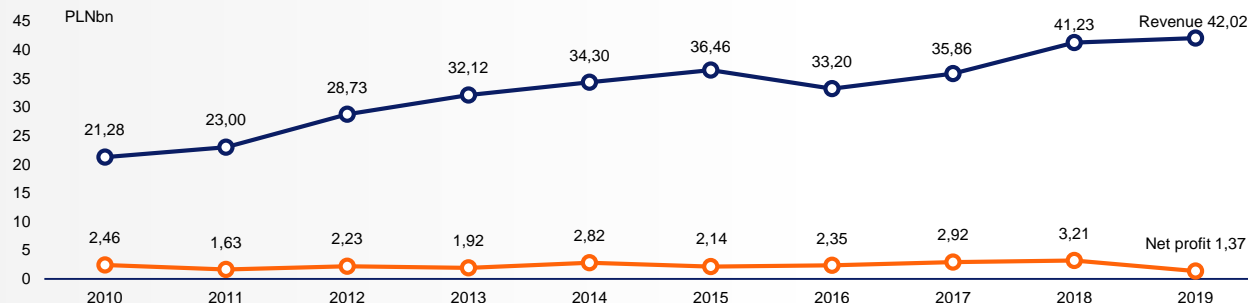


Other segments' contribution to EBITDA in 2019: -4%; in 2018: -4%

> 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)

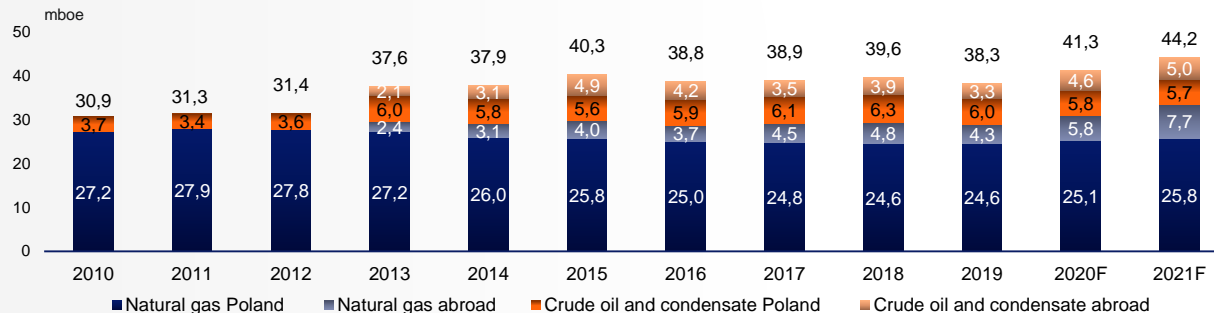
> Oil & Gas concessions in Poland**:

- > 12 exploration/appraisal
- > 35 combined licences

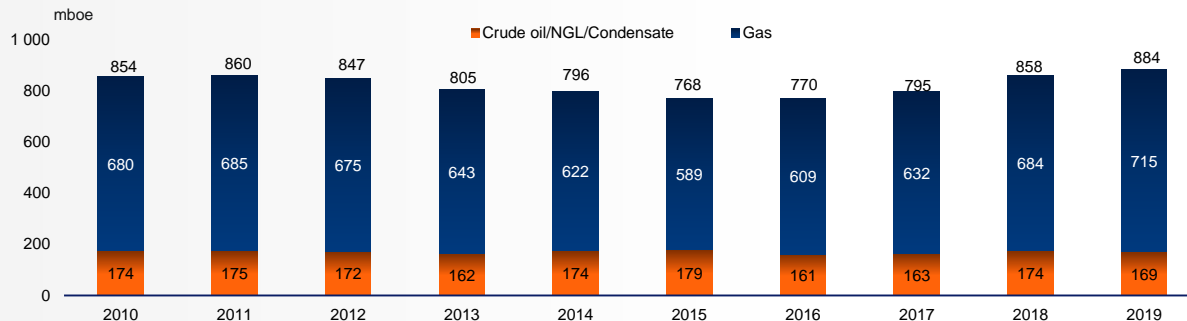
> Exploration & Production activities:

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

> Production volumes*



> Reserves of natural gas and crude oil

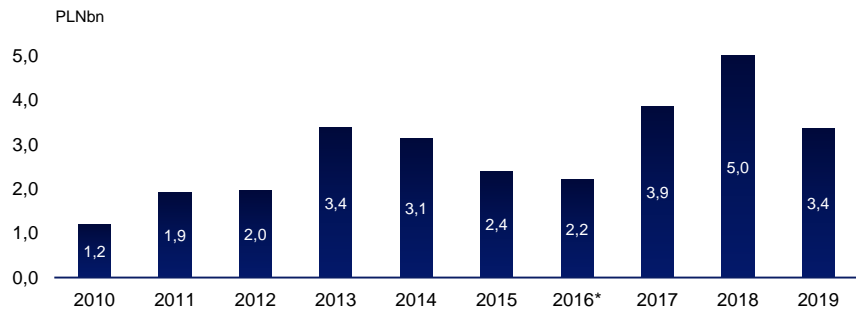


*High-methane gas equivalent / **As at December 31st 2019

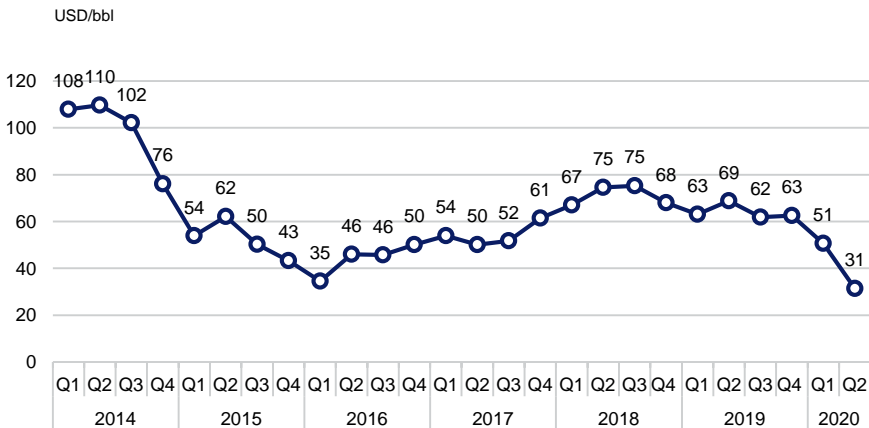
Exploration & Production financial results



Exploration and Production's EBITDA

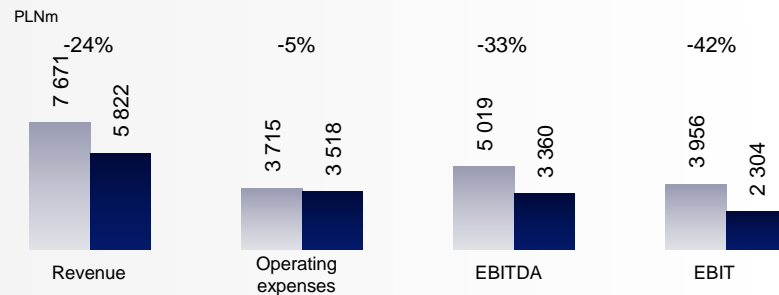


Average prices of Brent crude oil

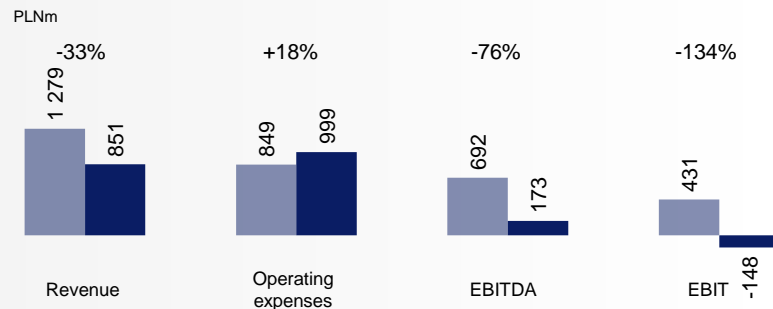


* restated

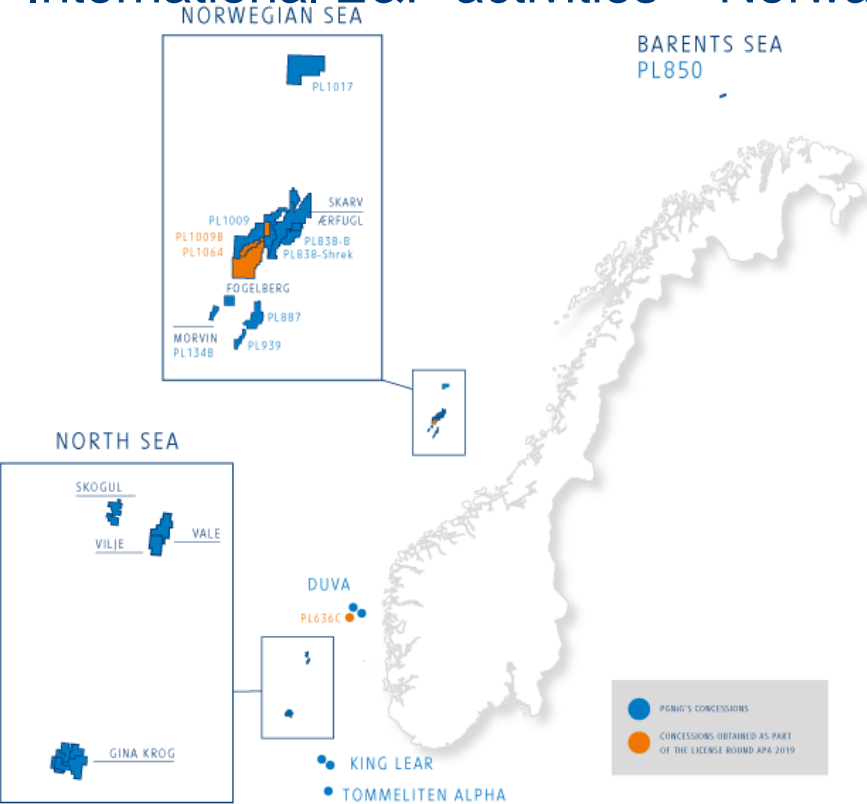
Segment's results for FY 2018 vs FY 2019



Segment's results for Q2 2019 vs Q2 2020



International E&P activities – Norway

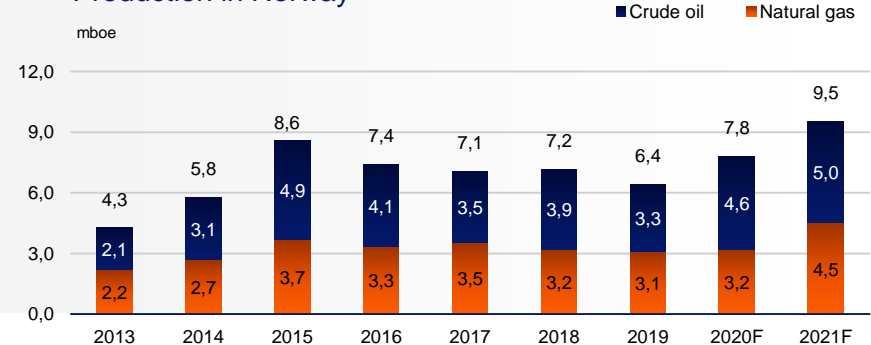


PGNiG Upstream Norway has been extracting hydrocarbons from the Skarv, Morvin, Vilje, Vale, Gina Krog, Ærfugl (formerly Snadd), Skogul (formerly Storklakken) fields and working on the development of the Tommeliten Alpha, King Lear, Duva and Fogelberg fields.

> Reserves in Norway (as at June 30th, 2020)

	Natural Gas	Crude Oil & NGL	TOTAL (mboe)
Skarv	9.6	4.3	15.9
Ærfugl & Snadd Outer	23.4	7.5	30.8
Gina Krog	8.7	7.4	18.9
Vilje	0.0	3.1	3.1
Vale	0.8	0.4	1.2
Morvin	0.4	0.2	0.8
Tommeliten Alpha	37.6	15.6	55.5
Skogul	2.6	0.2	2.9
Duva	15.4	8.3	27.3
King Lear	13.6	9.3	22.9
Alve Nord	3.4	1.0	5.1
Total	115.5	57.3	184.4

> Production in Norway





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 H1 2020, amounted to some 125 mcm of gas (measured as high-methane gas equivalent). Positive results were obtained from the Rizq-3 production well (work commenced in July 2019). Rehman-7 well is currently during depositions tests (work commenced in February 2020).



> Other foreign activity in 2019

Seismic works:

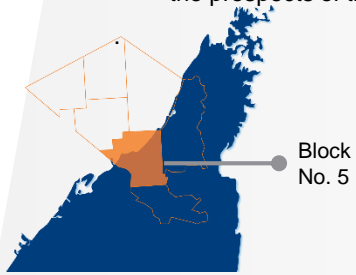
- > Seismic data acquisition in: Germany, the Netherlands, United Kingdom, Hungary, Georgia, Egypt, Mozambique, the United Arab Emirates.
- > Seismic data processing and interpretation in: the Netherlands, Austria, India, Pakistan, Colombia, Mexico.

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

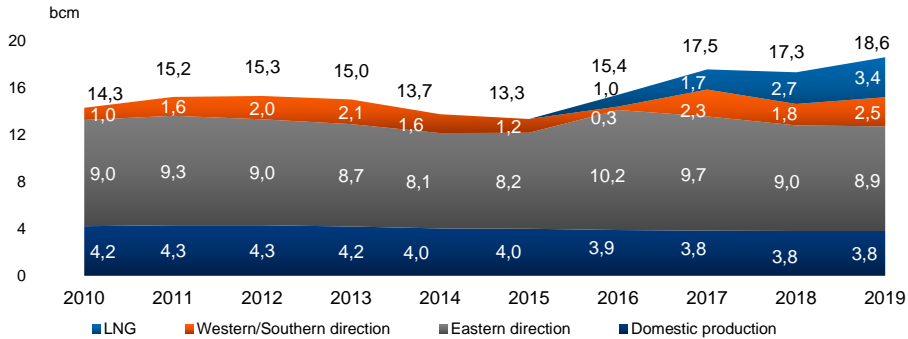
- > In December 2018, acquisition of rights to explore for, to appraise and to produce hydrocarbons in Ras Al Khaimah Emirate.
- > In January 2019 contracts between PGNiG and its partners (RAKPA and RAK Gas) were signed. As a result, PGNiG acquired a 90% interest in Block no. 5 with an area of 619 sq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



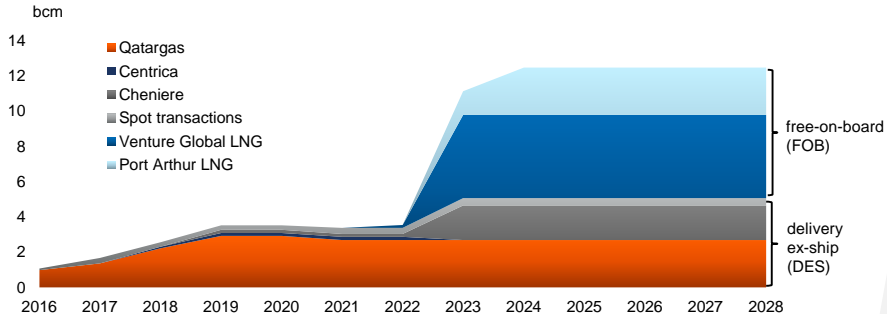
Gas supply & sales



> Sources of gas supply of PGNiG SA in Poland



> LNG Portfolio of PGNiG Group

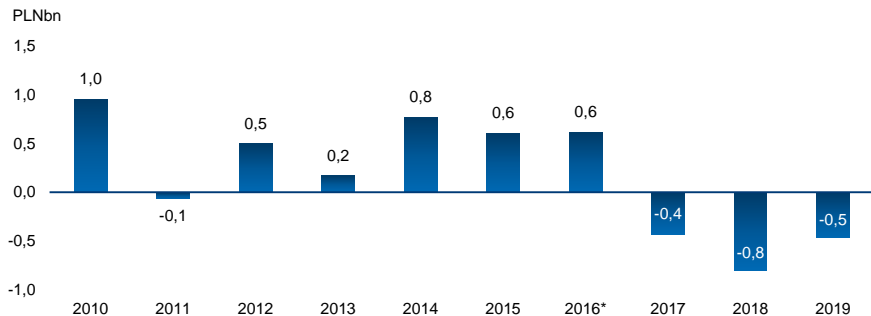


- > Contract for natural gas deliveries with Gazprom („Yamal contract”) until 2022:
 - > 10.2 bcm annually, 85% Take-or-Pay
- > Contract for LNG with Qatargas until 2034:
 - > 1.3 bcm annually, 100% Take-or-Pay. Deliveries since June 2016
 - > side agreement (the total volume will increase to 2.7 bcm 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)

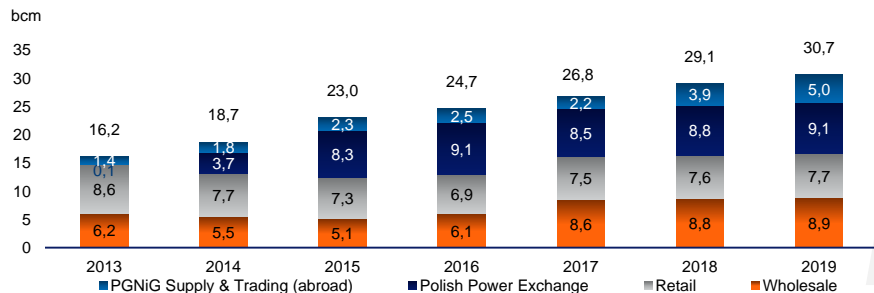
Trade & Storage's financial results



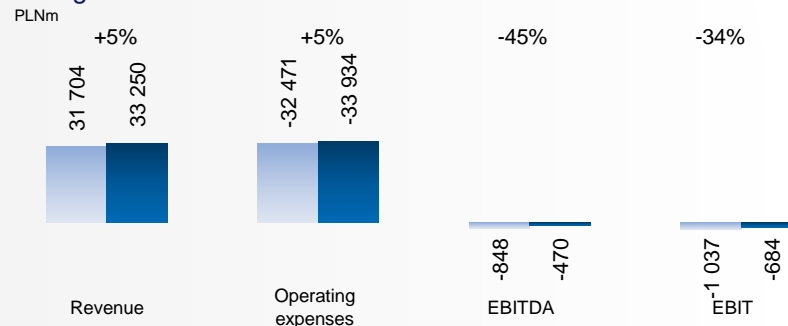
> Trade and Storage's EBITDA



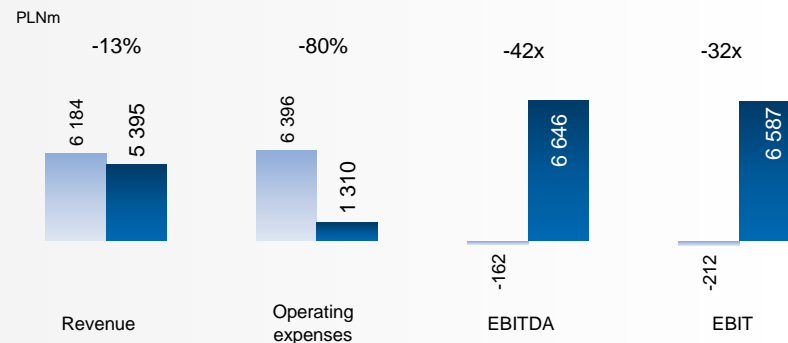
> Sales of natural gas of PGNiG SA, PGNiG Retail and PST



> Segment's results for FY 2018 vs FY 2019



> Segment's results for Q2 2019 vs Q2 2020

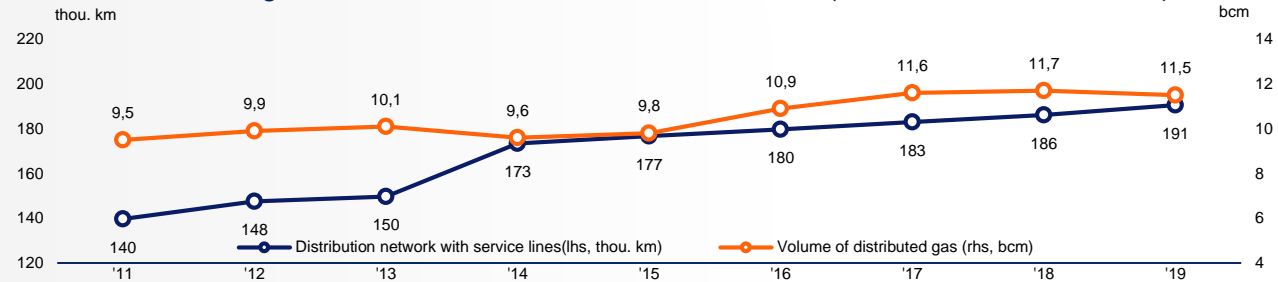


Distribution



- > 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:

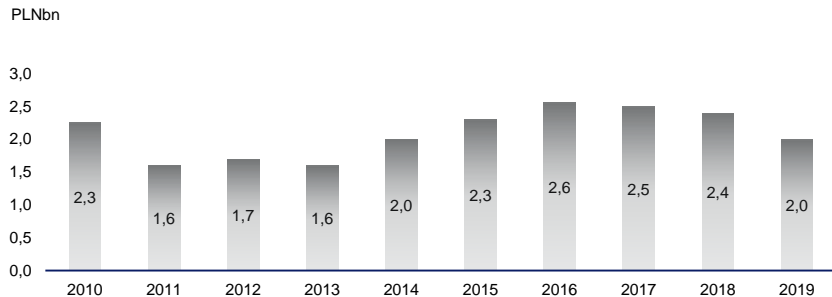
- > Tariff No. 8 approved by the President of the Energy Regulatory Office in March 2020 and has been applied from April 3rd 2020.
- > Cost + return on capital (6.0% WACC x PLN 13.1bn RAB)

* As at December 31st 2017

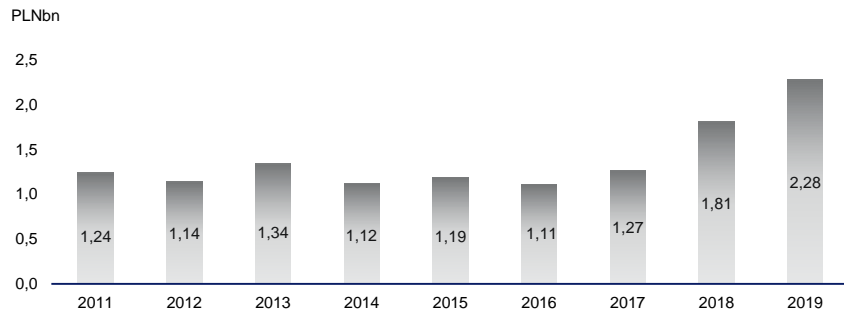
Distribution's financial results



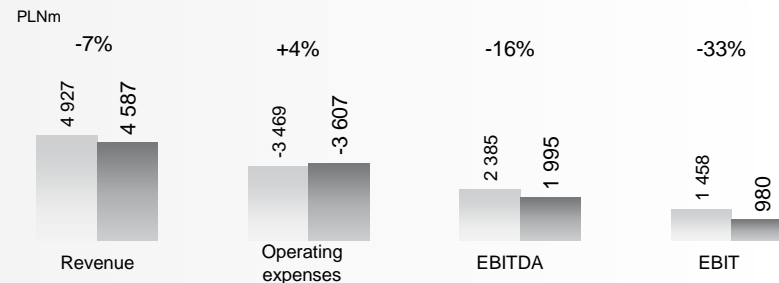
> Distribution's EBITDA



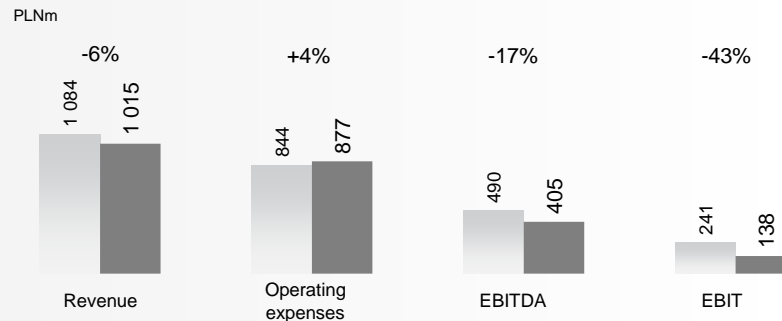
> Segment's CAPEX



> Segment's results for FY 2018 vs FY 2019



> Segment's results for Q2 2019 vs Q2 2020



Heat and Power Generation

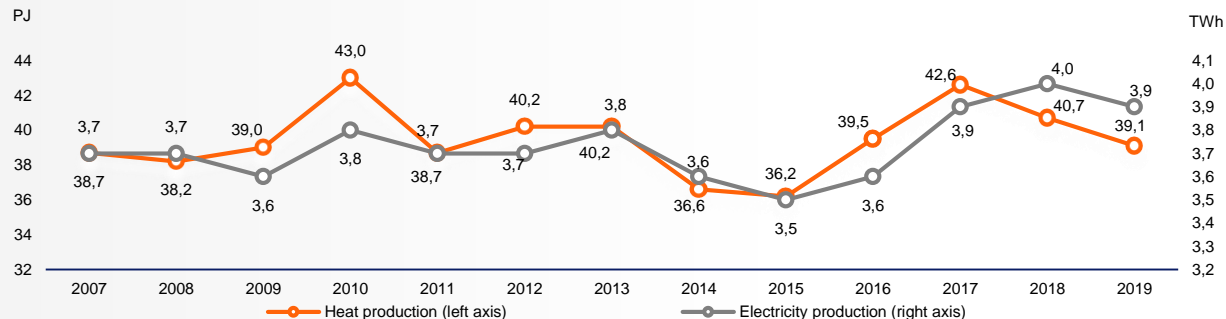


- > Share on the domestic market*:
 - > heat power 10%
 - > volume of heat sales 11%
- > Share on the Warsaw market:
 - > largest producer of heat and electricity in cogeneration
 - > estimated coverage of total heat demand about 70%
 - > estimated total electricity demand around 50%
 - > heat supplied 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

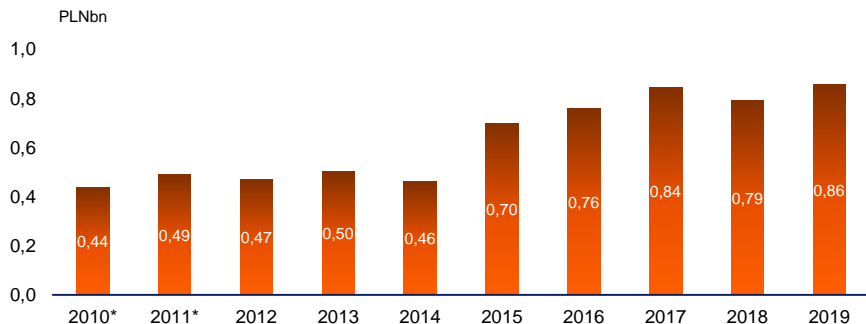


* Source: Thermal energy in numbers 2018

Generation's financial results



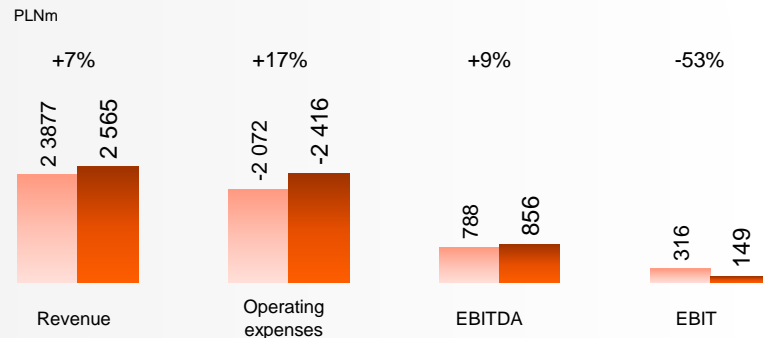
> Generation's EBITDA



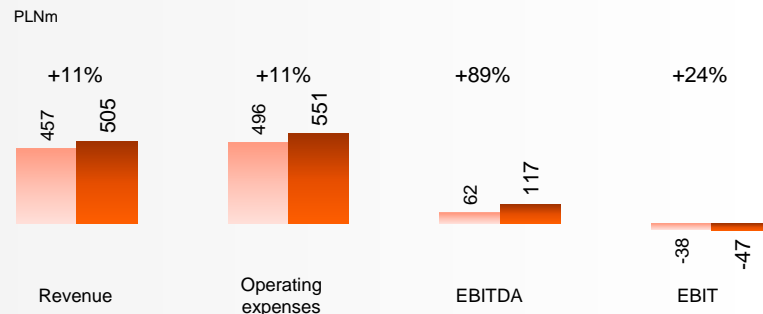
> Investments

- > 500 MWe gas-fired block in Warsaw at Żerań plant (H2 2020).
- > Combined Heat and Power Plant Stalowa Wola (H2 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 Q2 2019 vs Q2 2020



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



Strategy, CAPEX

PGNiG Group Strategy for 2017-2022 – 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

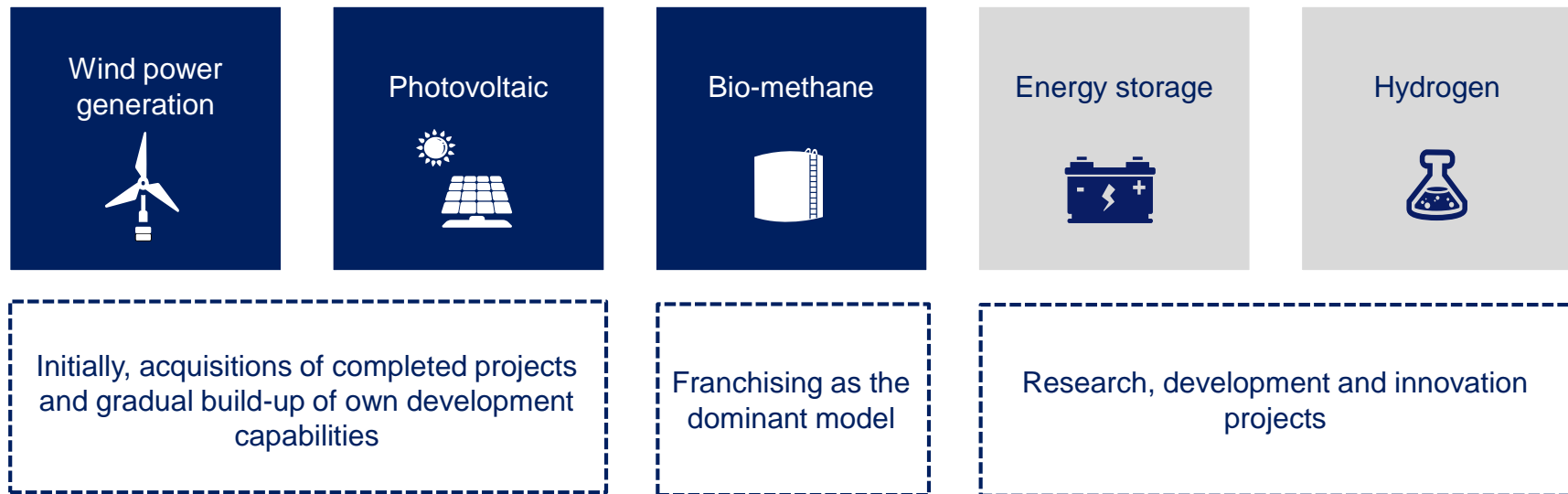
- > Increase power and heat sales volumes by 20% (to 18 TWh in 2022)



7. Corporate Centre

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

PGNiG Group's areas of interest within the RES segment

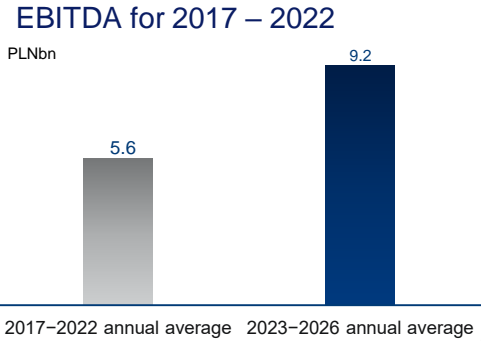


At the PGNiG Group, a team of seasoned RES experts and analysts are looking into other potential areas for growth.

Based on its analyses and strategic model simulations, the PGNiG Management Board decided to allocate **up to PLN 4bn** over a period beyond PGNiG's strategic 2022 time horizon to the implementation and acquisition of projects related, among other things, to RES generation. Ultimately, this will help the Group achieve generating capacity of **up to 900 MW**, making PGNiG one of the leading producers of energy from renewable sources in Poland.

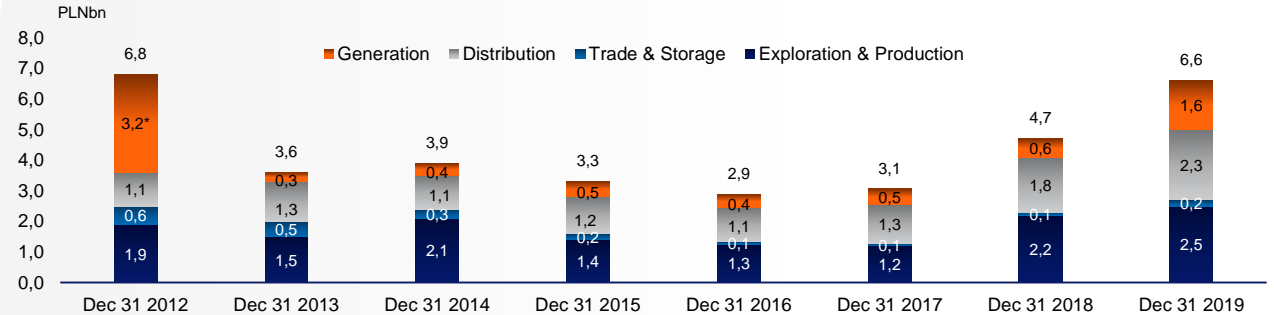
CAPEX and EBITDA for 2017-2022

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

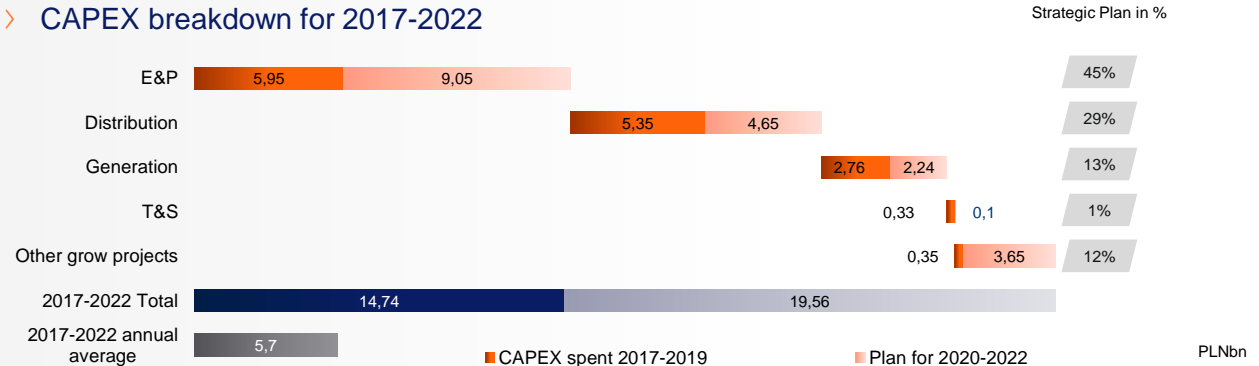


- > PLN 33.7bn cumulative EBITDA
- > Ambitious investment programme: long-term growth of the Group's EBITDA, particularly in 2023–2026 (at the annual average of ca. PLN 9.2bn)
- > Keeping debt at safe levels (net debt/EBITDA below 2.0)

> Annual CAPEX 2012 – 2018



> CAPEX breakdown for 2017-2022



Appendices

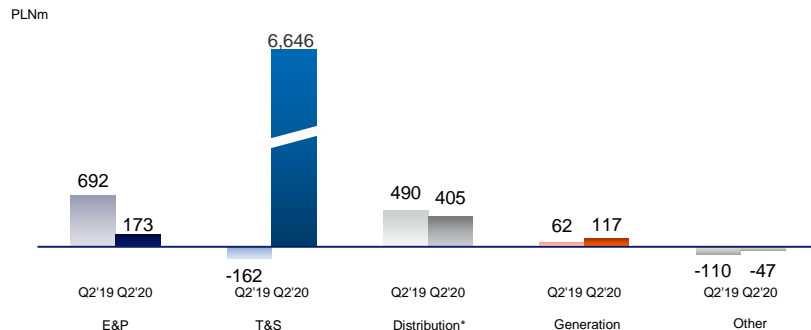
- > 1. Financial highlights Q2 2020
- > 2. Operating expenses
- > 3. External factors and gas markets
- > 4. Gas sales and imports structure
- > 5. Gas transport routes
- > 6. Gas trading and retail sales
- > 7. Changes on the Polish gas market
- > 8. Debt and sources of funding
- > 9. CAPEX, statement of financial position,
statement of cash flows
- > 10. Production and sales volumes



Financial highlights for Q2 2020

[PLNm]	Q2 2019*	Q2 2020	Δ%
Revenue	8,284	7,282	-12%
Operating expenses (excl. D&A)	-7,322	-8	-100%
EBITDA	962	7,274	8x
<i>EBITDA (net of impairment losses on property, plant and equipment)</i>	1,202	7,371	6x
Depreciation and amortisation expense	-677	-825	22%
EBIT	285	6,449	23x
Net finance costs	7	149	21x
Net profit	232	5,141	22x

> Group's EBITDA by segment in Q2 2020 vs Q2 2019**



**Data restated for comparability following analysis of regulations concerning recognition of underground infrastructure lease contracts/decisions and taking into account the interpretation issued by the IFRS Interpretations Committee in preparing the financial statements as at December 31st 2019.
 **Eliminations in Q2 2019: PLN -10m; Q2 2020: PLN -20m.

Exploration and Production

- > Revenue from sale of gas down PLN -274m (-40%) yoy, and revenue from sale of crude oil and condensate down PLN -171m (-35%) yoy.
- > Recognition of a PLN -94m impairment loss on non-current assets in Q2 2020, compared with PLN -206m in Q2 2019.

Trade and Storage

- > Operating expenses on gas down as a result of recognition of the effect of settlement under the annex to the Yamal contract of PLN 5,689m along with the net exchange gains on the carrying amount of settlements of PLN 300m.
- > Revenue from sale of gas down -16% yoy, with a +4% yoy increase in gas volumes sold outside the Group.
- > Gain/loss realised on hedging instruments designated for hedge accounting and recognised in revenue: PLN +171m (Q2 2019: +102m).
- > Reversal of gas inventory write-downs in Q2 2020: PLN +108m vs recognition of write-downs in Q2 2019: PLN -152m.

Distribution

- > Gas distribution volume down -8% yoy and revenue from distribution services up +3% yoy.
- > Net income/cost of system balancing down PLN -179m yoy.

Generation

- > Higher revenue from sale of heat (up 18% yoy), with the average air temperature 1.7°C lower in Q2 2020, heat volumes sold up 12% yoy, and a higher heat sales tariff at PGNiG Termika SA.
- > Revenue from sale of electricity generated from the segment's own sources down -13% yoy, with sales volumes down -14%.

Operating expenses in Q2 2020 vs Q2 2019

[PLNm]	Q2 2019*	Q2 2020	Δ%
Cost of gas sold	-4,846	-2,764	-43%
Effect of the annex executed with PAO Gazprom/OOO Gazprom Export on the cost of gas in 2014–2019	-	4,915	-
Fuels for heat and power generation	-168	-155	-8%
Other raw materials and consumables used	-460	-516	12%
Employee benefits expense	-834	-801	-4%
Transmission services	-258	-260	1%
Other services	-441	-440	-
<i>LNG regasification services</i>	-95	-97	2%
Taxes and charges	-45	-66	46%
Other income and expenses**	-265	14	-105%
<i>Change in inventory write-downs</i>	-94	108	-2x
<i>Change in provisions</i>	-62	-62	-
Recognition and reversal of impairment losses on property, plant and equipment and intangible assets	-251	-158	-37%
<i>Cost of dry wells and seismic surveys written-off</i>	-11	-61	7x
<i>Impairment losses on non-current assets</i>	-240	-97	-60%
Work performed by the entity and capitalised	246	223	-9%
Depreciation and amortisation expense	-677	-825	22%
Total operating expenses	- 7,999	-833	-90%
<i>Operating expenses net of cost of gas sold</i>	-3,153	1,931	-2x

Comments:

- › In June 2020, the reduction of operating expenses by PLN 5,689m was recognized as follows:
 - › PLN 4,915m relating to gas costs for 2014-2019
 - › PLN 774m relating to gas costs for 2020
- › In addition, inventories were reduced by PLN 42m and property, plant and equipment – by PLN 5m.
- › The Q2 2020 financial results were also affected by net exchange gains on the carrying amount of mutual settlements (approximately PLN 300m yoy).
- › As a result of the above, as well as the changes in the Yamal contract pricing formula effective from March 1st and lower prices of natural gas on commodity exchanges, a -43% yoy drop in costs of gas sold was recorded.
- › Higher costs of other raw materials and consumables used, mainly due to an increase in energy costs for trading purposes of PLN -74m, or 21% yoy.
- › Employee benefits expense down (-4%) yoy, mainly as a result of lower employee benefits in the Distribution segment.
- › Higher costs of dry wells and seismic surveys (PLN -61m in Q2 2020 vs PLN -11m in Q2 2019). Three dry wells written off in Q2 2020.
- › Recognition of impairment loss on non-current assets of PLN -97m in Q2 2020, vs PLN -240m in Q2 2019.
- › Reversal of gas inventory write-downs of PLN +108m in Q2 2020 vs PLN -152m of write-downs recognised in Q2 2019.
- › Increase in depreciation and amortisation expense mainly as a result of higher depreciation and amortisation in the E&P segment (Norway) and Generation (mainly CO₂ certificates).

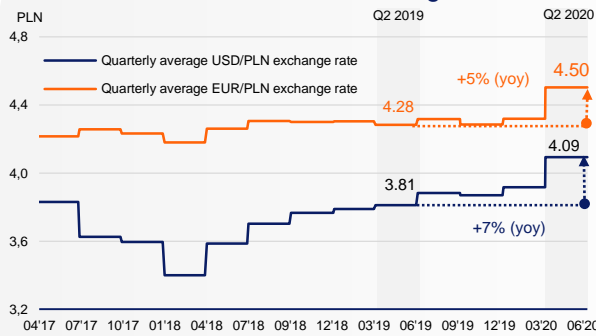
*Data restated for comparability following analysis of regulations concerning recognition of underground infrastructure lease contracts/decisions and taking into account the interpretation issued by the IFRS Interpretations Committee in preparing the financial statements as at December 31st 2019.

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

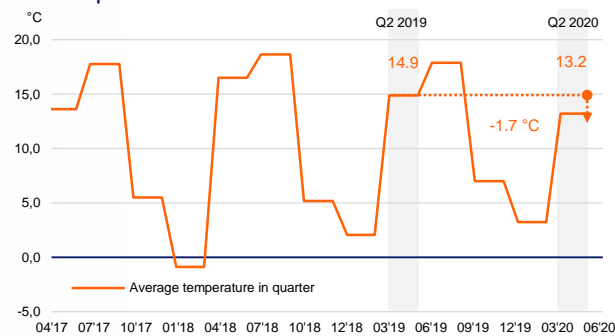
External and market factors

- > USD/PLN exchange rate up 7.4% yoy in Q2 2020, to PLN 4.09.
- > EUR/PLN exchange rate up 5.1% yoy in Q2 2020, to PLN 4.50.
- > Average temperature* down 1.7°C yoy in Q2 2020.

> USD/PLN and EUR/PLN exchange rates

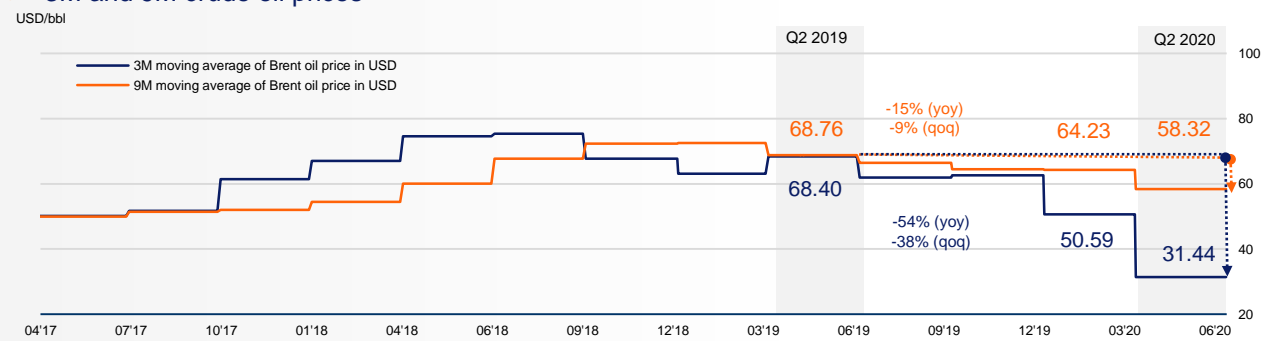


> Temperatures*



- > 3M (quarterly) average oil price down 54% yoy, to USD 31.44 per barrel.
- > 9M average oil price down 15% yoy, to USD 58.32 per barrel at the end of Q2 2020.

> 3M and 9M crude oil prices

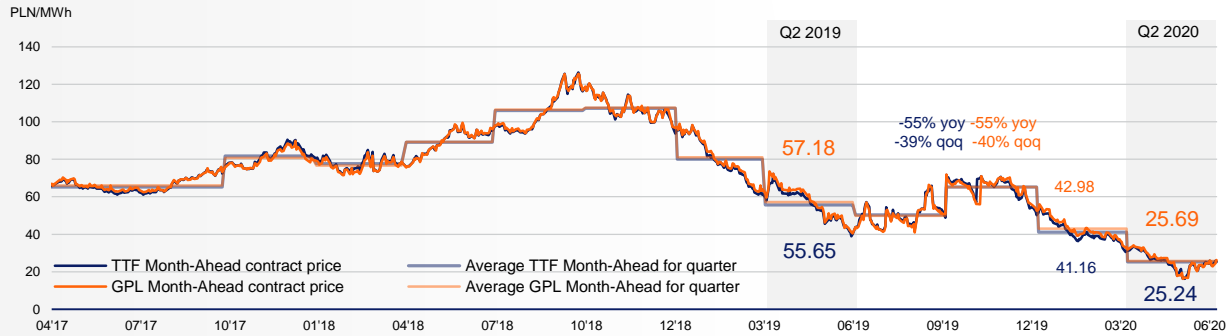


* Reference point for temperature measurement: Rzeszów

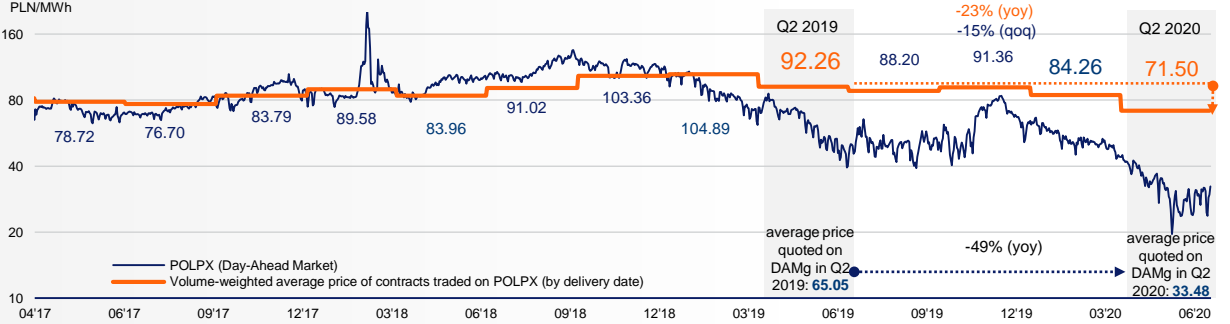
Gas markets

- > TTF and GPL gas prices (Month-Ahead contract) in PLN down 55% in Q2 2020.
- > Trading volumes on POLPX in Q2 2020, including all contracts and maturities, up approximately 6% yoy.
- > Average volume-weighted contract price down 23% yoy on POLPX and 49% yoy on the Day-Ahead market

> TTF and GPL gas prices (Month-Ahead contract)



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



Comments:

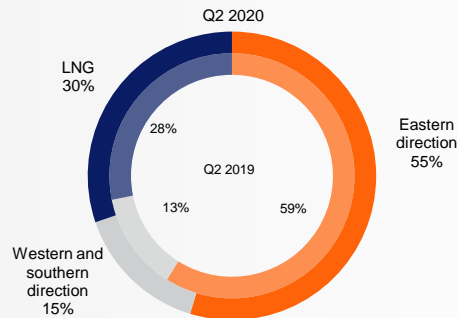
- > Selling prices on POLPX: the largest volumes of gas were traded on the POLPX and other gas exchanges under contracts with maturities of a quarter, season (summer/winter) and year. These were complemented by monthly/weekly futures and spot contracts.
- > The volume-weighted average price of contracts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



Gas sales and imports structure

- > Lower share of imports from east of Poland and higher share of LNG and gas imported from western and southern directions.
- > In Q2 2020, 11 gas carriers were unloaded at the Świnoujście Terminal, including: six deliveries under the Qatargas contract, two deliveries from Cheniere, and three spot deliveries.
- > Higher gas sales by the PGNiG Group driven mainly by PGNiG S.A.'s higher sales on POLPX and abroad (export sales).

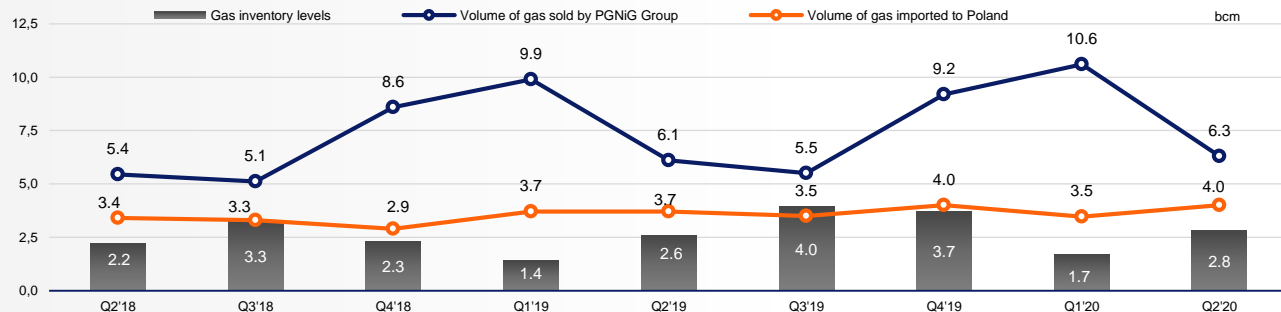
> Imports of natural gas to Poland



> Gas sales outside the PGNiG Group by company

[mcm]	Q2 2019	Q2 2020	Δ%
PGNiG Group:	6,051	6,297	4%
<i>PGNiG SA</i>	3,387	3,795	12%
<i>PGNiG OD</i>	1,566	1,571	-
<i>PST</i>	1,099	931	-15%

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



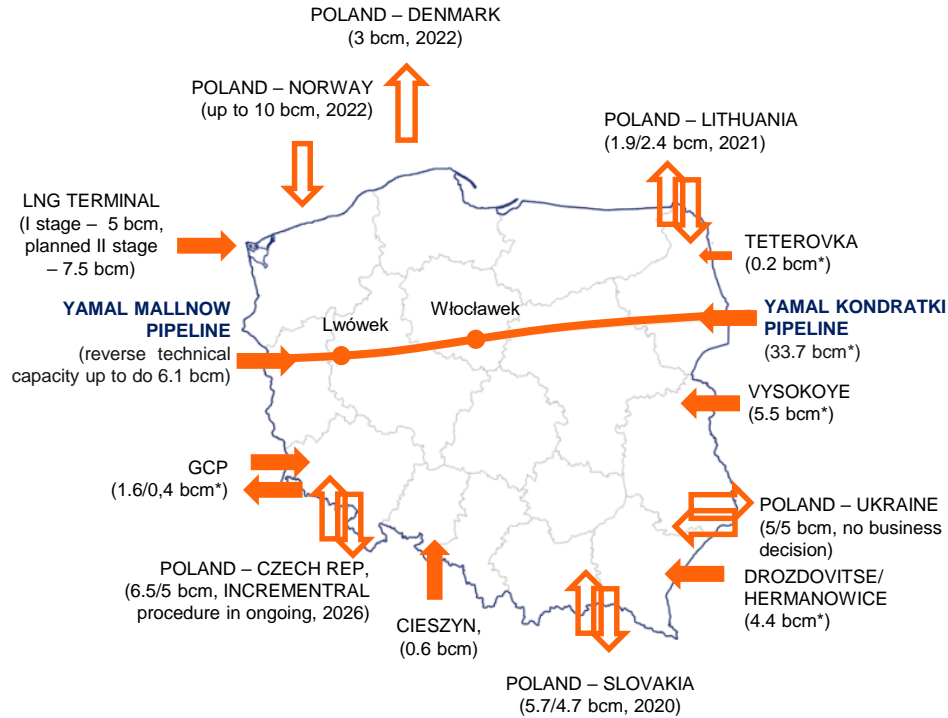
Comments:

- > LNG inventories at terminals: approximately 47 mcm after regasification (as at June 30 2020).

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

Gas transport routes

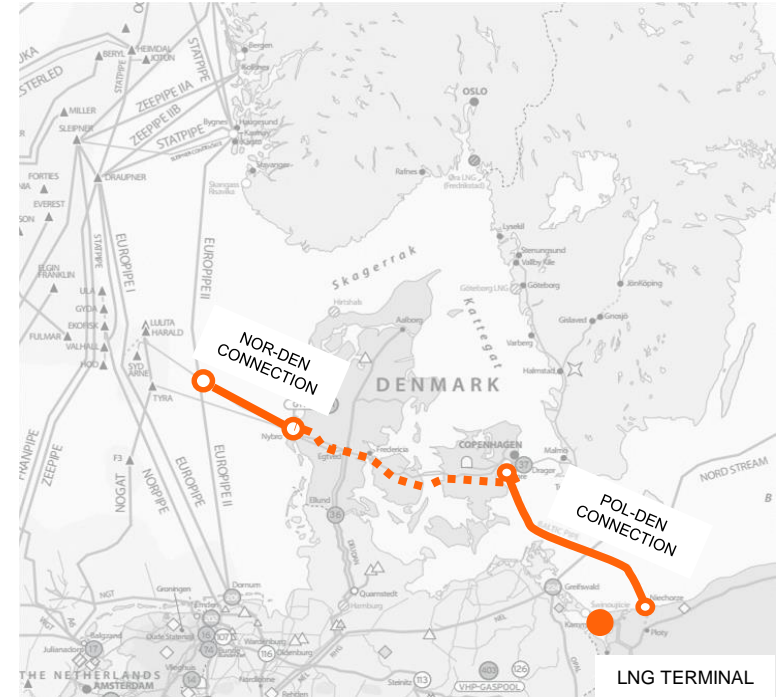
> Interconnections



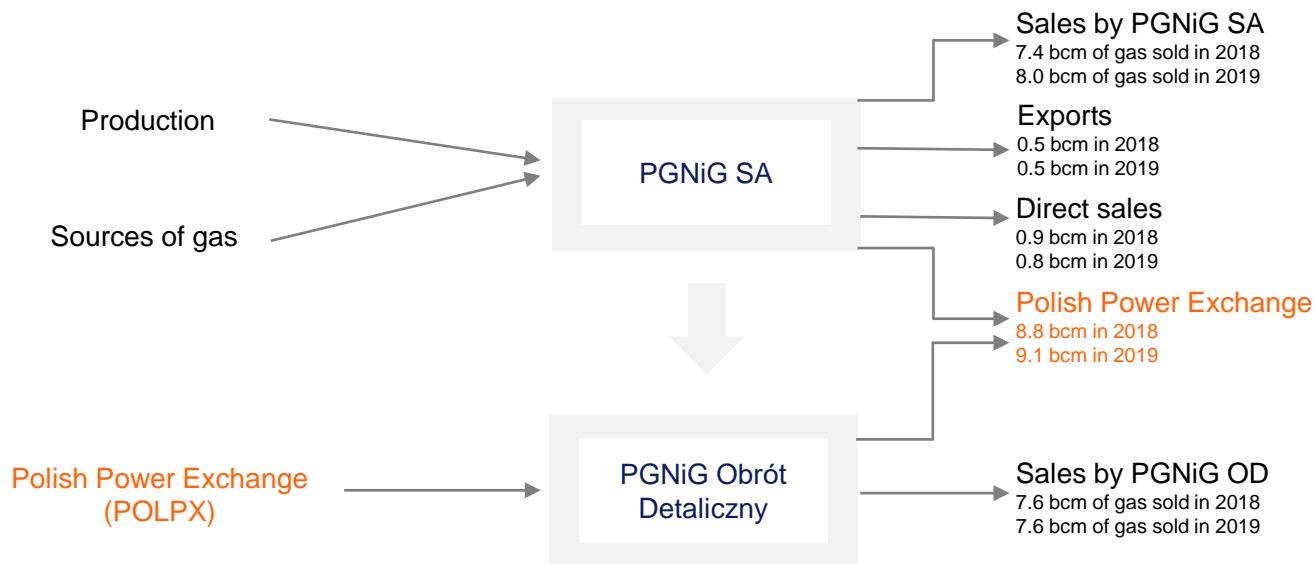
* Technical capacity

- 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.

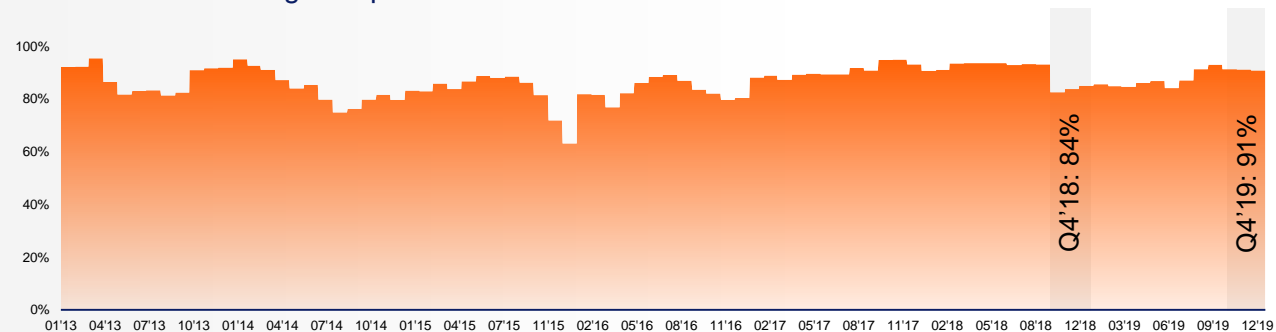
Notes**:

- > 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

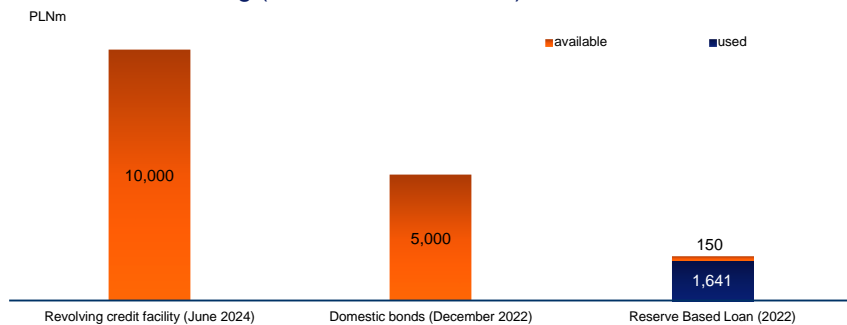
* With Export, without Pakistan

> PGNiG's share in gas imports to Poland**

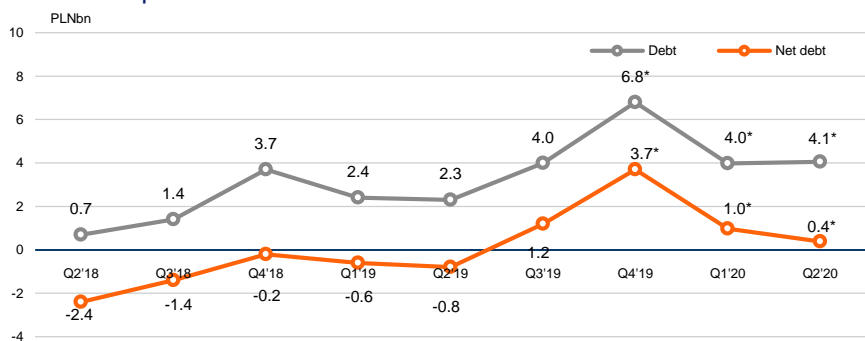


Debt and sources of funding

> Sources of funding (as at June 30th 2020)

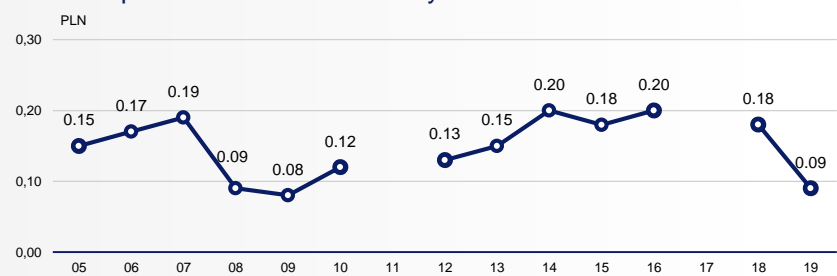


> Debt at quarter end



*The data reflects the impact of application of IFRS 16.

> Dividend per share for the financial year

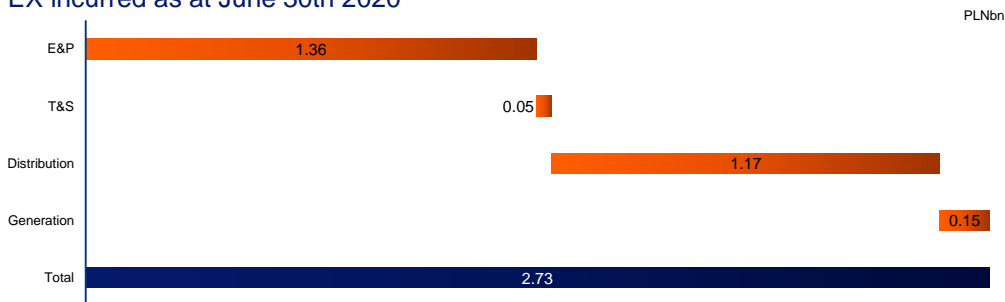


- > On June 24th 2020, the PGNiG Annual General Meeting passed Resolution No. 21/2020 to allocate PLN 520,048,337.13 from the 2019 net profit to dividend payment of PLN 0.09 per share.
- > The dividend record date was July 20th 2020 and the dividend payment date was August 3rd 2020.

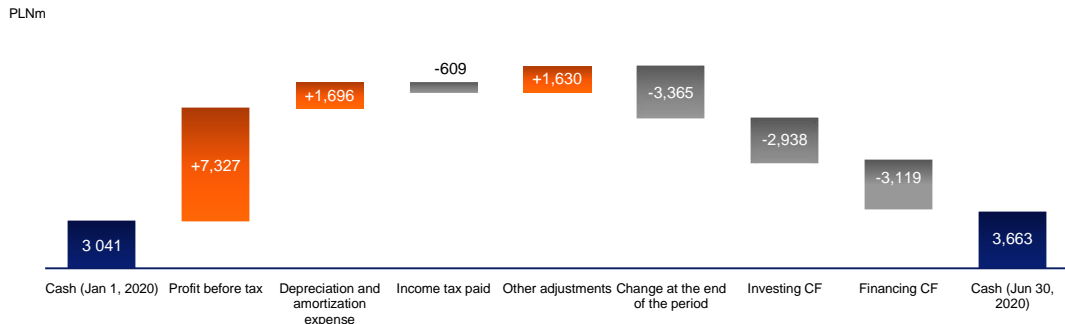


CAPEX, statement of financial position and statement of cash flows

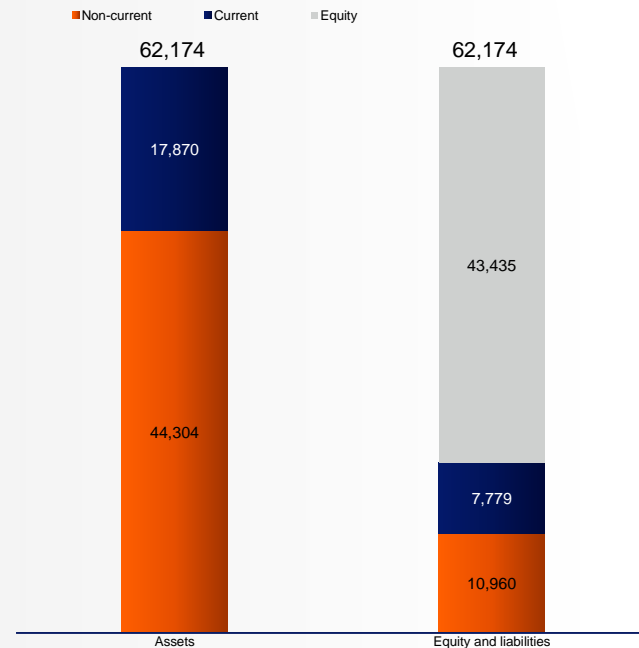
> CAPEX incurred as at June 30th 2020*



> Consolidated cash flows (Jan 1–Jun 30 2020)



> Group's statement of financial position (as at June 30th 2020)



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

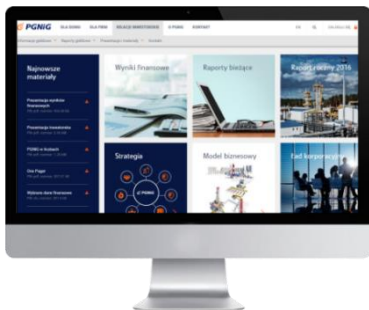
Production and sales volumes

NATURAL GAS PRODUCTION BY THE PGNIG GROUP [mcm]	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	H1 2020	H1 2019	H1 2018	FY 2019	FY 2018	FY 2017
HIGH-METHANE GAS (E)	442	444	452	451	439	477	473	436	461	464	886	916	925	1,819	1,834	1,863
<i>including in Poland</i>	336	343	348	337	327	326	336	323	314	323	679	653	637	1,337	1,296	1,315
<i>including in Norway</i>	106	101	104	114	112	151	137	113	147	141	207	263	288	481	538	548
NITROGEN-RICH GAS (Ls/Lw as E equiv.)	582	719	721	645	601	704	722	659	612	719	1,301	1,305	1,331	2,671	2,712	2,674
<i>including in Poland</i>	526	650	668	593	556	661	673	606	559	674	1,176	1,217	1,233	2,478	2,512	2,524
<i>including in Pakistan</i>	56	69	53	52	45	43	49	53	53	45	125	88	98	193	200	150
TOTAL (measured as E equivalent)	1,024	1,163	1,173	1,096	1,040	1,181	1,195	1,095	1,073	1,183	2,187	2,221	2,256	4,489	4,546	4,537
NATURAL GAS SALES BY THE PGNIG GROUP [mcm]																
HIGH-METHANE GAS (E)	5,955	10,119	8,735	5,175	5,715	9,431	8,141	4,777	5,134	9,414	16,074	15,146	14,548	29,057	27,466	25,291
<i>including PST sales outside PGNiG Group</i>	931	1,362	1,487	1,305	1,099	1,352	1,360	855	716	998	2,293	2,451	1,714	5,242	3,929	2,186
NITROGEN-RICH GAS (Ls/Lw as E equiv.)	342	482	447	350	336	465	442	337	308	491	824	801	799	1,597	1,578	1,496
TOTAL (measured as E equivalent)	6,297	10,601	9,182	5,525	6,051	9,896	8,583	5,114	5,442	9,905	16,898	15,947	15,347	30,654	29,044	26,787
<i>including sales directly from the fields</i>	192	250	235	210	170	229	228	211	179	237	192	399	416	844	855	796
NATURAL GAS IMPORTS BY PGNiG S.A. [mcm]																
Total	4,012	3,462	3,965	3,508	3,710	3,667	2,949	3,324	3,419	3,837	7,474	7,377	7,256	14,851	13,530	13,714
<i>including: sources east of Poland</i>	2,194	1,923	2,654	2,316	2,186	1,791	1,097	2,357	2,602	2,982	4,117	3,977	5,584	8,946	9,038	9,656
<i>including: LNG</i>	1,213	982	948	706	1,044	727	759	635	815	505	2,195	1,771	1,320	3,425	2,713	1,715
CRUDE OIL, PGNiG GROUP (thousand tonnes)																
Production of crude oil and condensate	331	325	328	275	290	324	353	320	324	348	656	614	672	1,216	1,345	1,257
<i>including in Poland</i>	167	200	208	184	177	208	219	202	189	208	367	385	397	776	818	787
<i>including in Norway</i>	164	125	120	91	113	116	134	118	135	140	289	229	275	440	527	470
Sales of crude oil and condensate from own production	369	277	361	295	266	288	378	309	294	429	646	554	723	1,210	1,410	1,270
<i>including in Poland</i>	159	210	201	182	177	210	225	194	188	210	369	387	398	771	817	791
<i>including in Norway</i>	210	67	160	113	89	78	153	115	106	219	277	167	325	439	593	479
GENERATION																
Production of heat, net (sales) (TJ)	6,789	16,048	12,984	3,268	6,040	16,970	14,255	2,942	4,425	19,037	22,837	23,010	23,462	39,263	40,659	42,607
Production of electricity, net, secondary generation (for sale) (GWh)	637	1,382	1,266	425	744	1,513	1,315	523	598	1,539	2,019	2,257	2,137	3,948	3,974	3,882

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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