

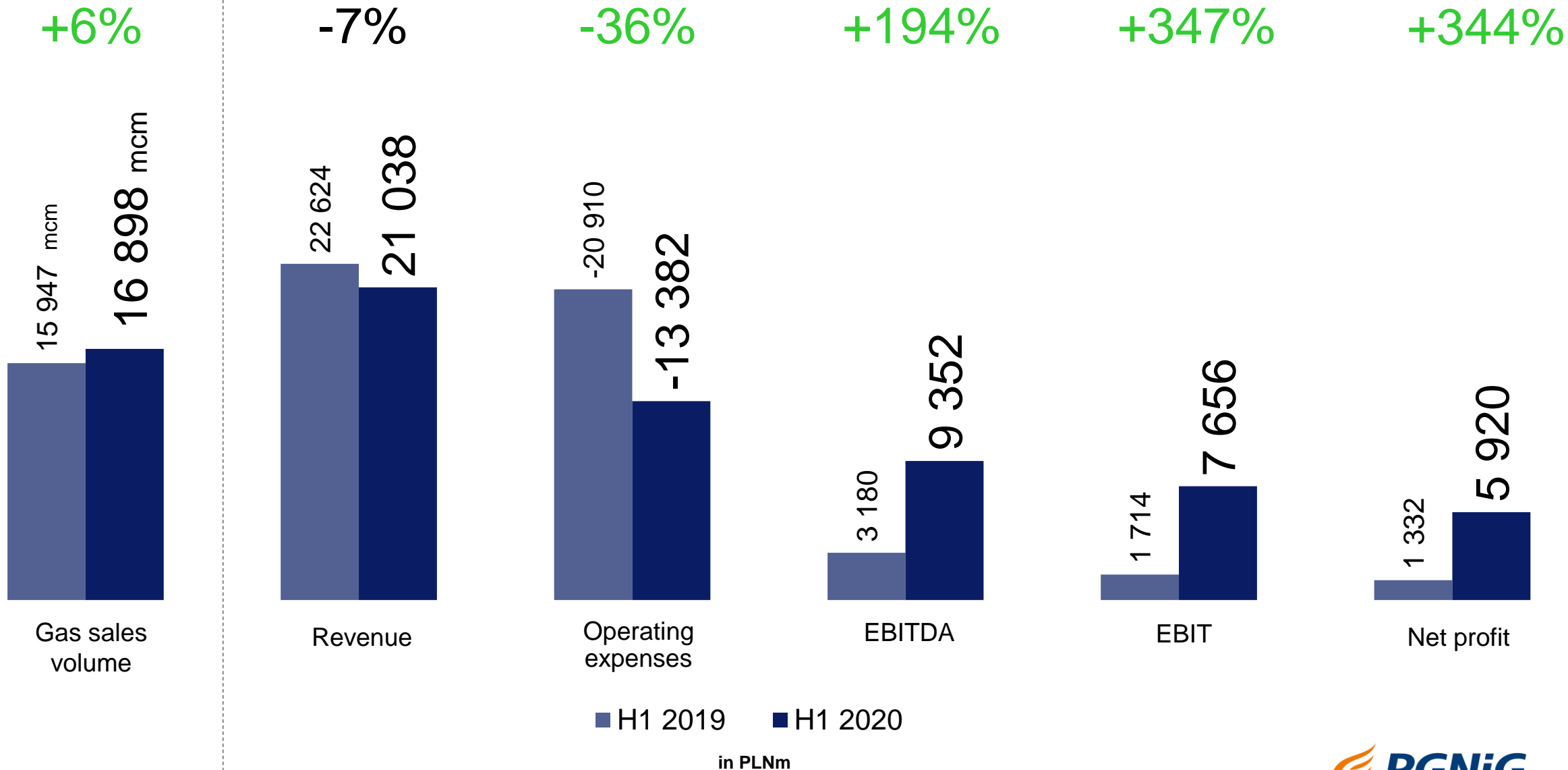
Polskie Górnictwo Naftowe i Gazownictwo SA

Financial results of PGNiG Capital Group for H1 2020

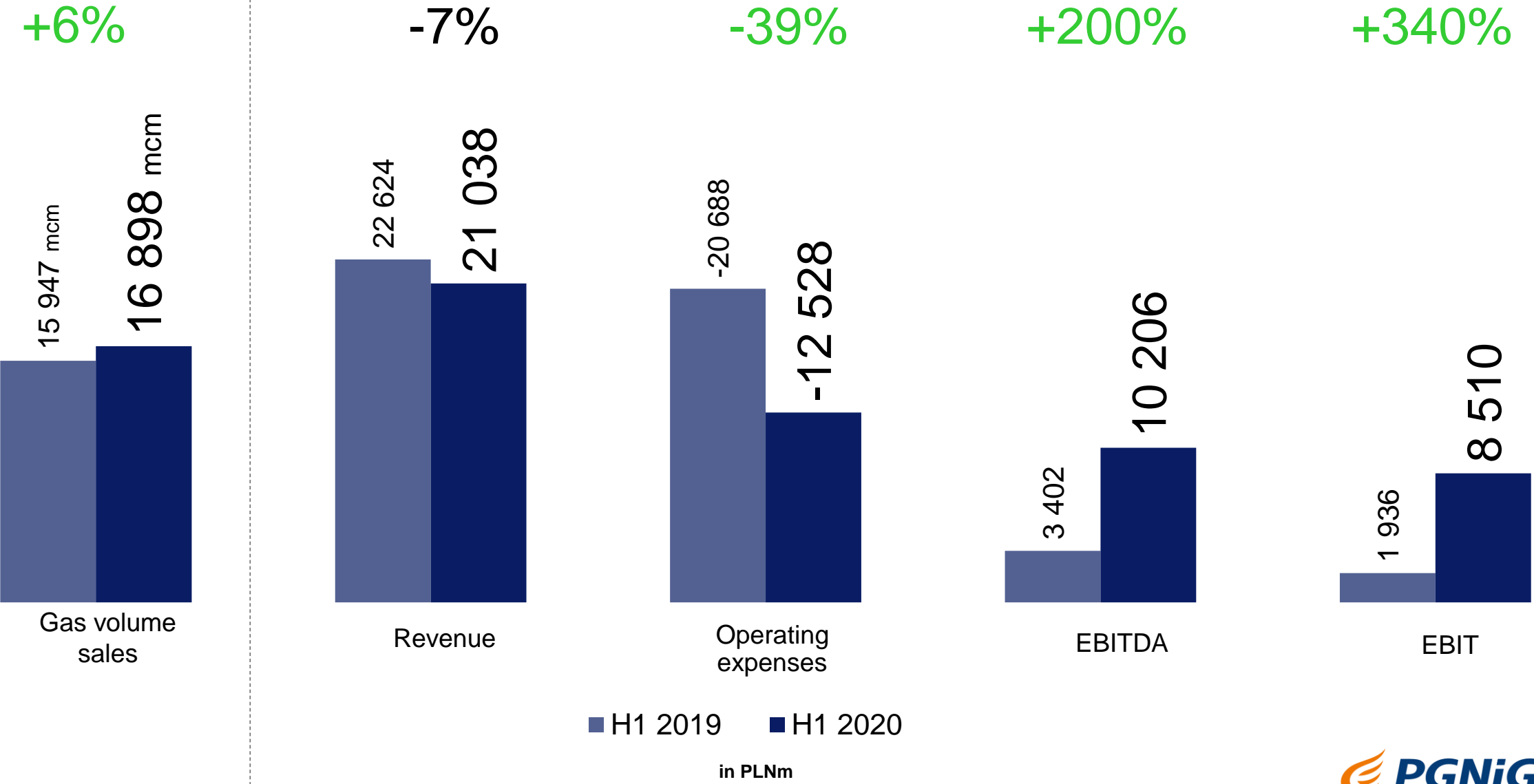
August 20, 2020



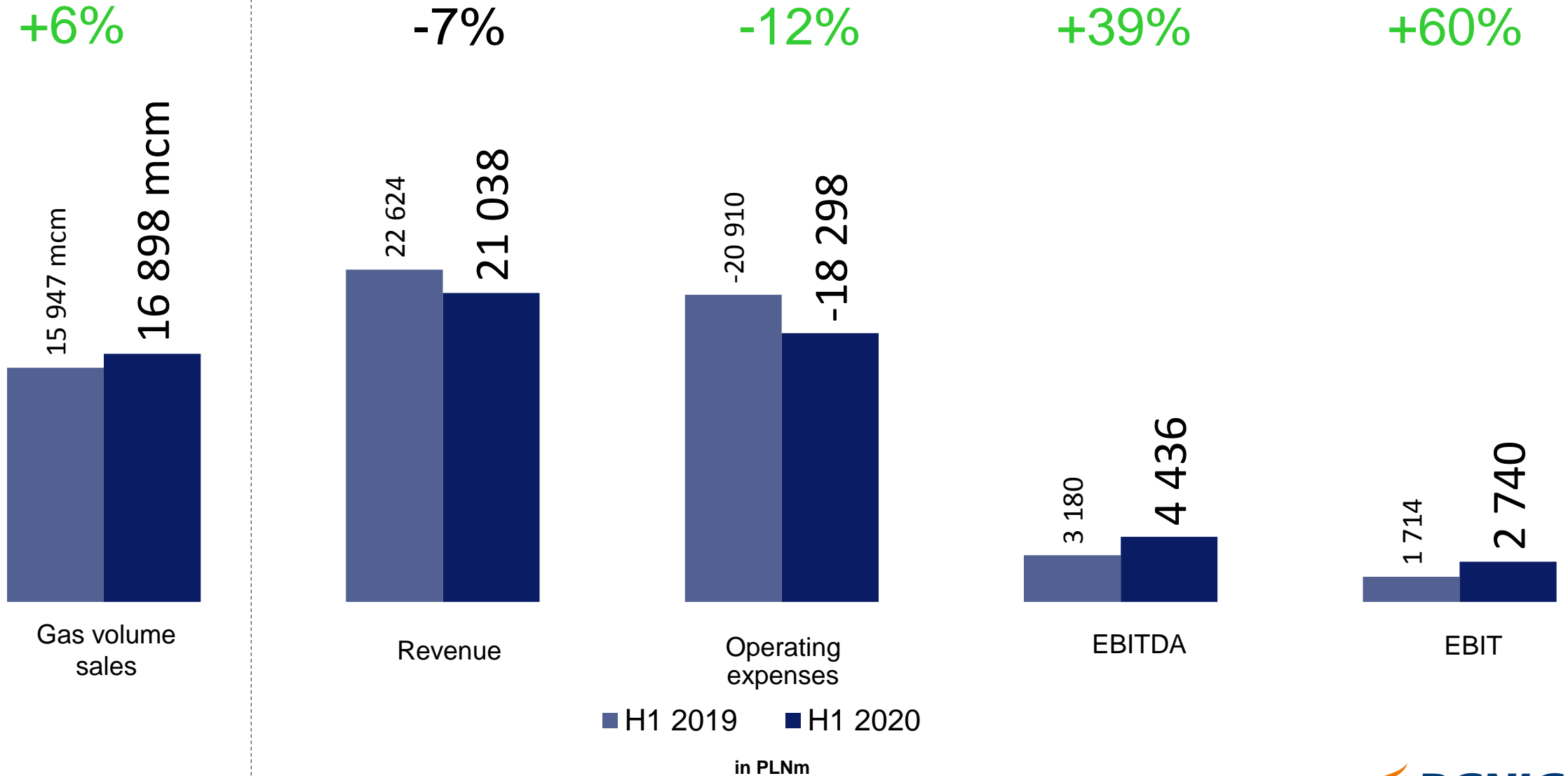
Financial results of the PGNiG Group for H1 2020



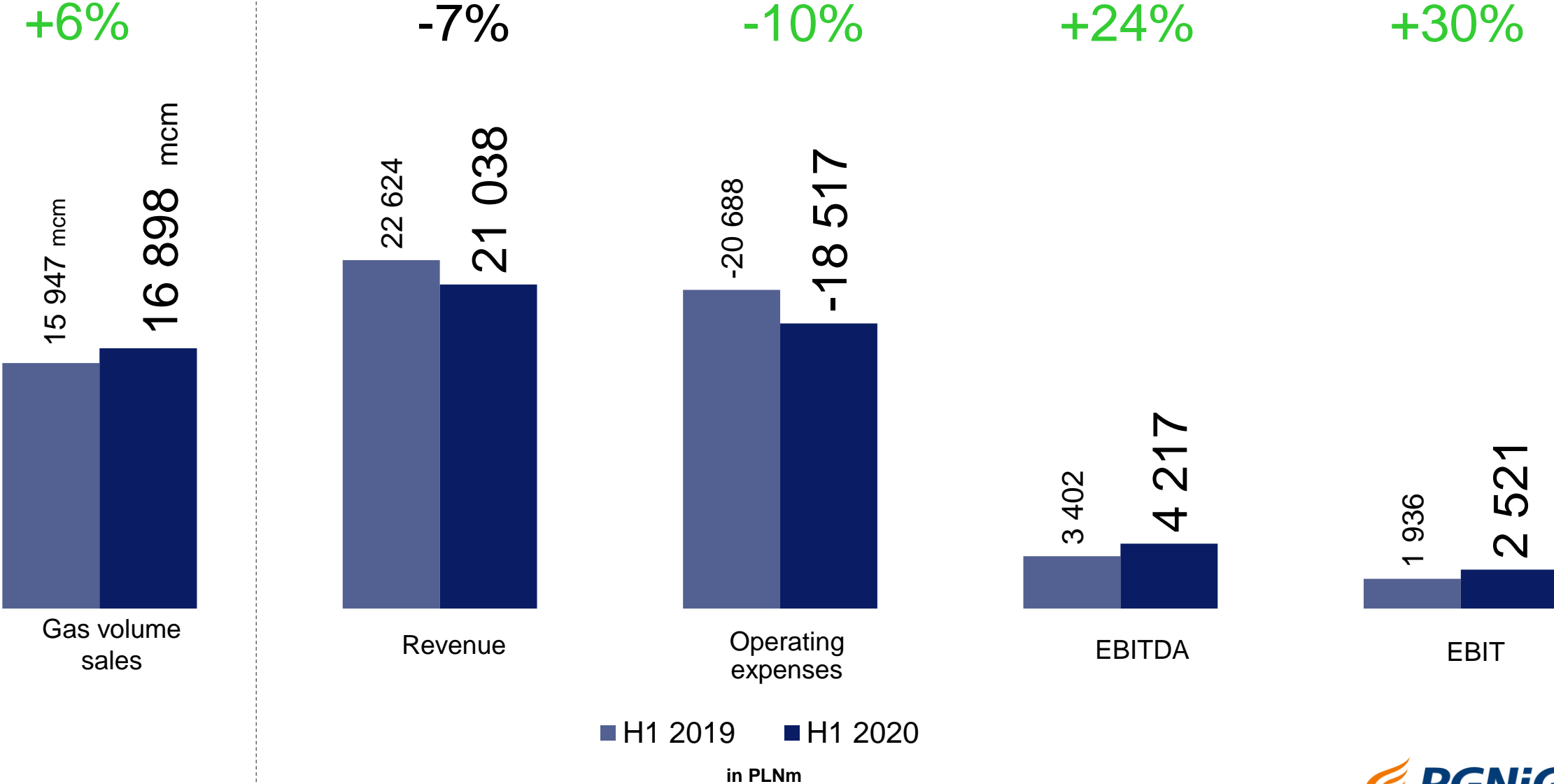
Financial results of the PGNiG Group for H1 2020 (without impairment losses on property, plant and equipment)



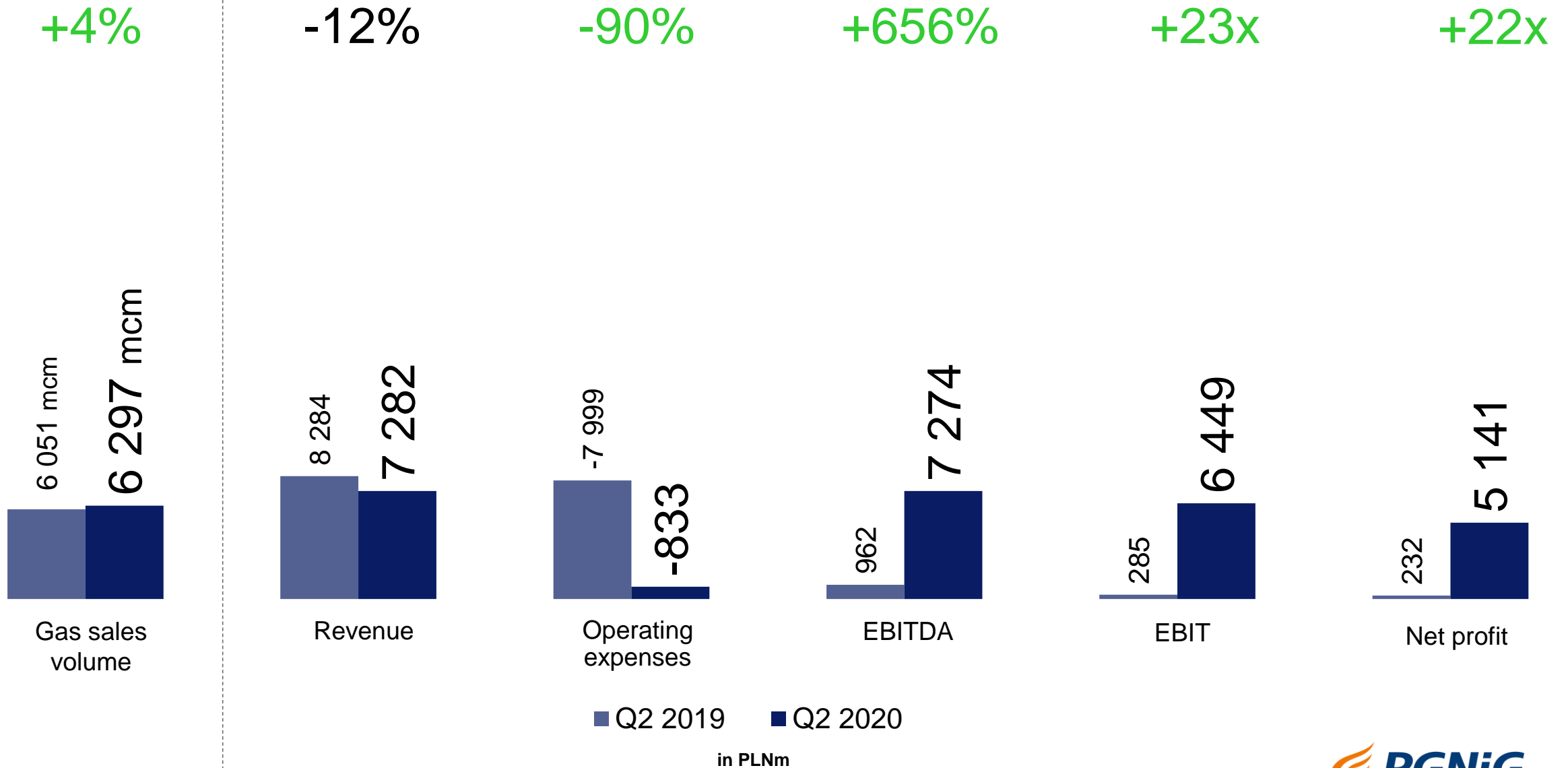
Financial results of the PGNiG Group for H1 2020 (without retroactive amount 2014-2019)



Financial results of the PGNiG Group for H1 2020 (without retroactive amount and impairment losses on property, plant and equipment)



Financial results of the PGNiG Group for Q2 2020



Exploration and Production

Trade and Storage

Distribution

Generation

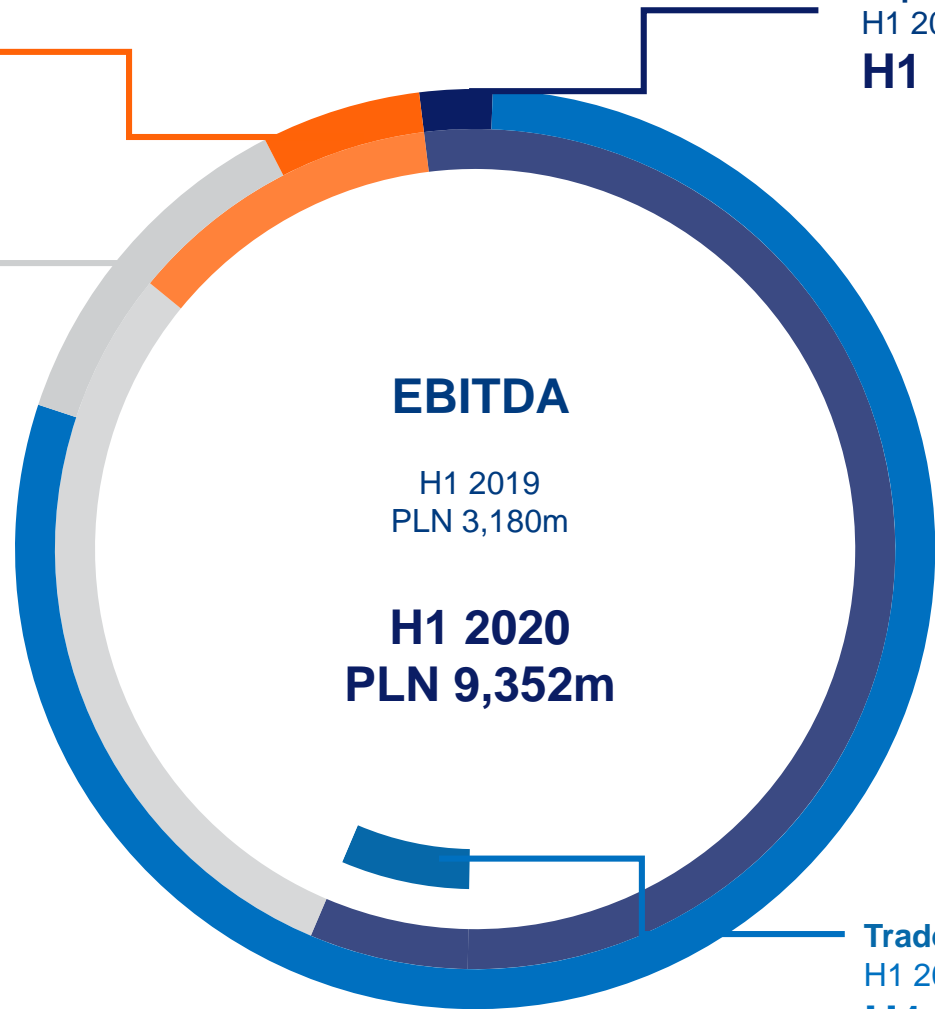
Segments' contribution to EBITDA

Generation
H1 2019: 14%
H1 2020: 6%

Exploration and Production
H1 2019: 63%
H1 2020: 3%

Distribution
H1 2019: 35%
H1 2020: 12%

Trade and Storage
H1 2019: -7%
H1 2020: 81%



Contribution of other „segments and eliminations” to EBITDA in H1 2020: -2%, in H1 2019: -5%



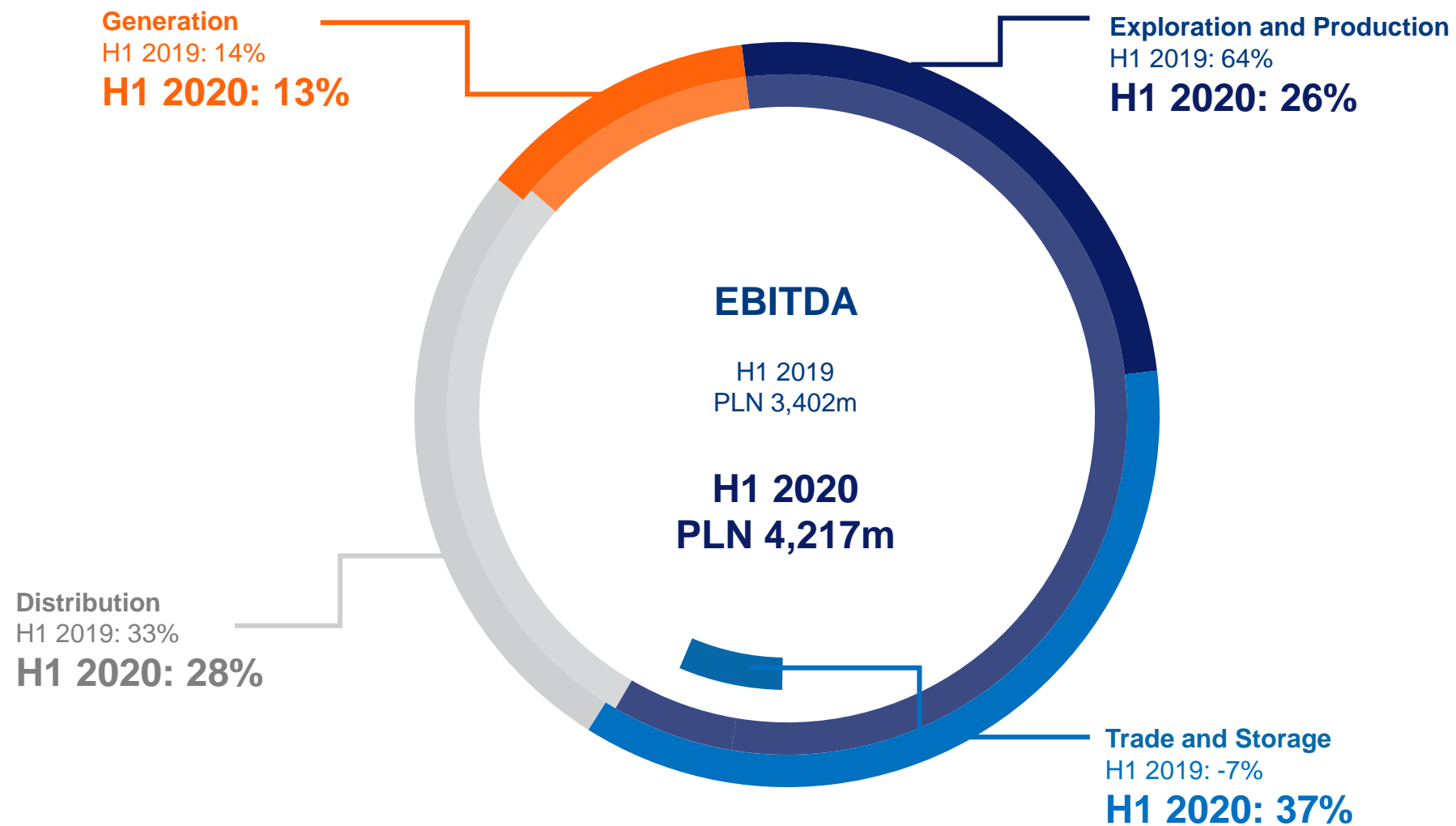
Exploration and Production

Trade and Storage

Distribution

Generation

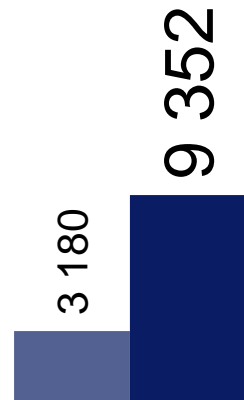
Segments' contribution to EBITDA (without retroactive amount and impairment losses on property, plant and equipment)



Contribution of other „segments and eliminations” to EBITDA in H1 2020: -4%, in H1 2019: -4%

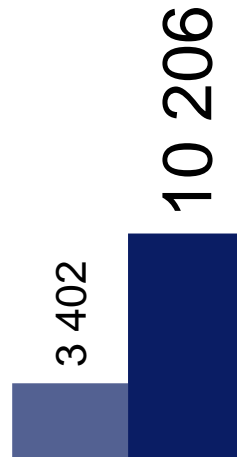
PGNiG Group EBITDA's for Q2 and H1 2020

+194%



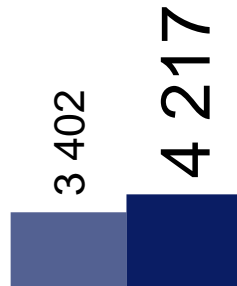
H1 EBITDA reported

+200%



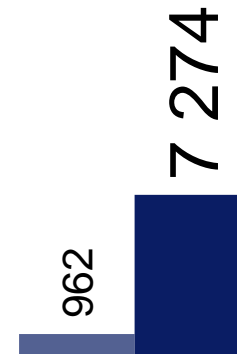
H1 EBITDA without impairment losses

+24%



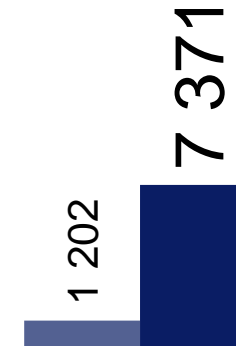
H1 EBITDA without retroactive amount and impairment losses

+656%



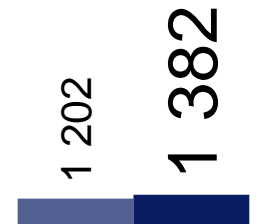
Q2 EBITDA reported

+513%



Q2 EBITDA without impairment losses

+15%



Q2 EBITDA without retroactive amount and impairment losses

in PLNm



BEST FINANCIAL RESULTS

**in the history of Polish stock exchange
reported for the quarter and half of the year
by the Polish WSE-listed companies**

Exploration and Production



(PLNm)

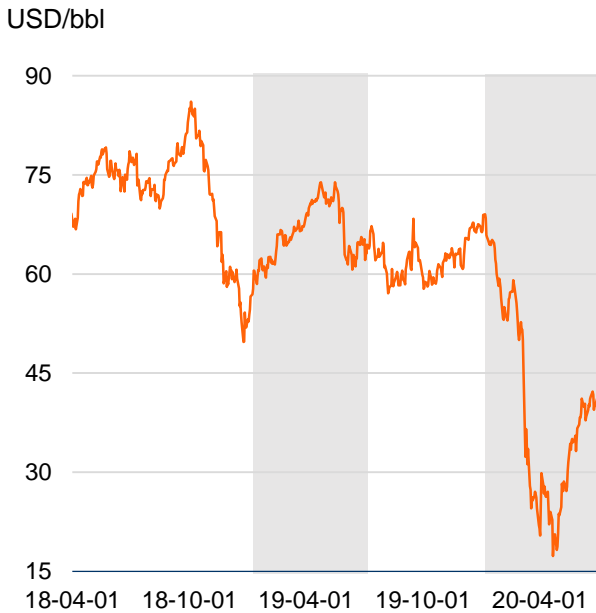
Average price of Brent crude yoy **-34%** ▼
250 / PLN 164/bbl

Arithmetic average POLPX DAMg price yoy **-43%** ▼
76 / PLN 43/MWh

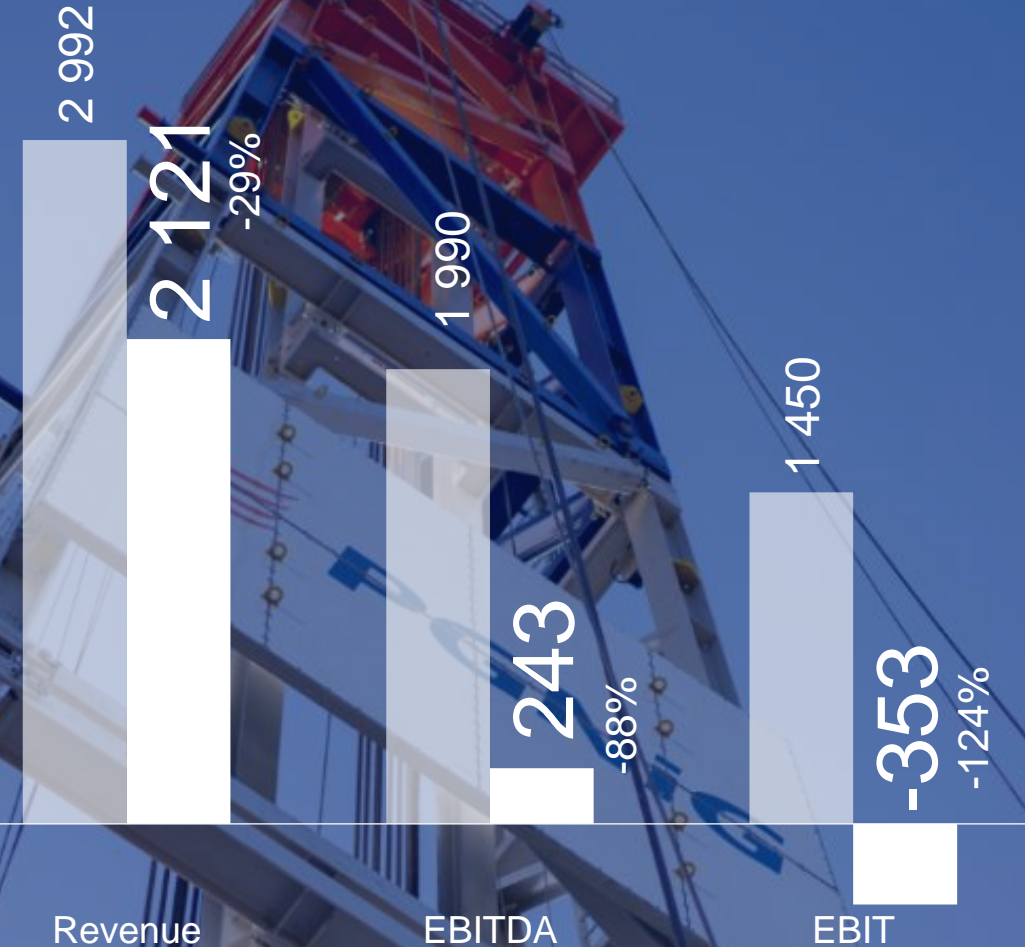
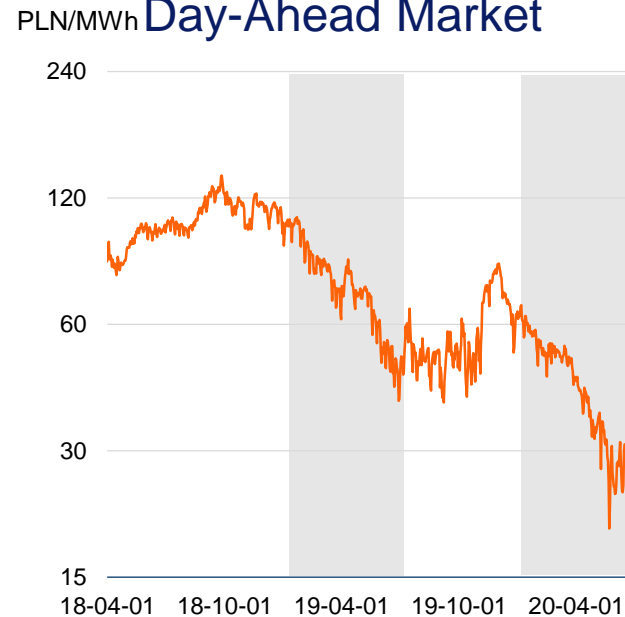
Crude oil production yoy **7%** ▲
614 / 656 thousand tonnes

Natural gas production yoy **-1%** ▼
2.22 / 2.19 bcm

Brent crude oil price



Price on the POLPX Day-Ahead Market



■ H1 2019

■ H1 2020



Trade and Storage

Average POLPX (spot and futures) price yoy
100.7 / PLN 79.9 /MWh

-21% ▼

LNG import volumes yoy
1.77 / 2.19 bcm

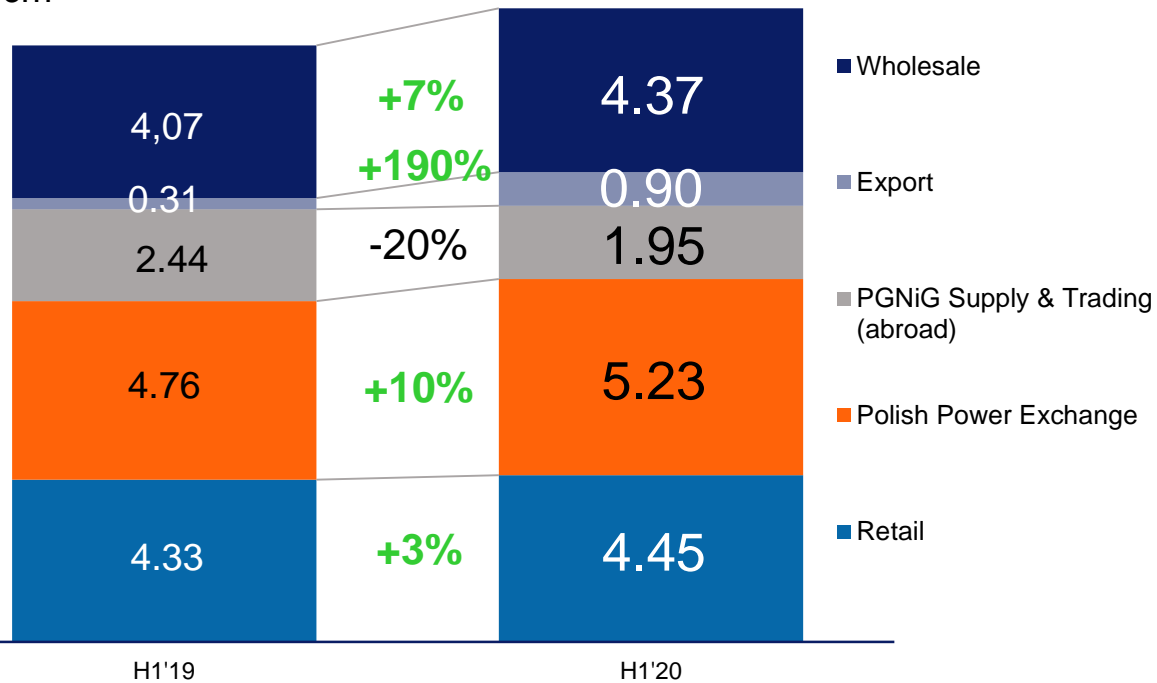
+24% ▲

Total gas sales outside the PGNiG Group yoy
15.95 / 16.90 bcm

+6% ▲

Total volumes of gas sold by the PGNiG Group (E&P and T&S)

bcm



(PLNm)



■ H1 2019

■ H1 2020

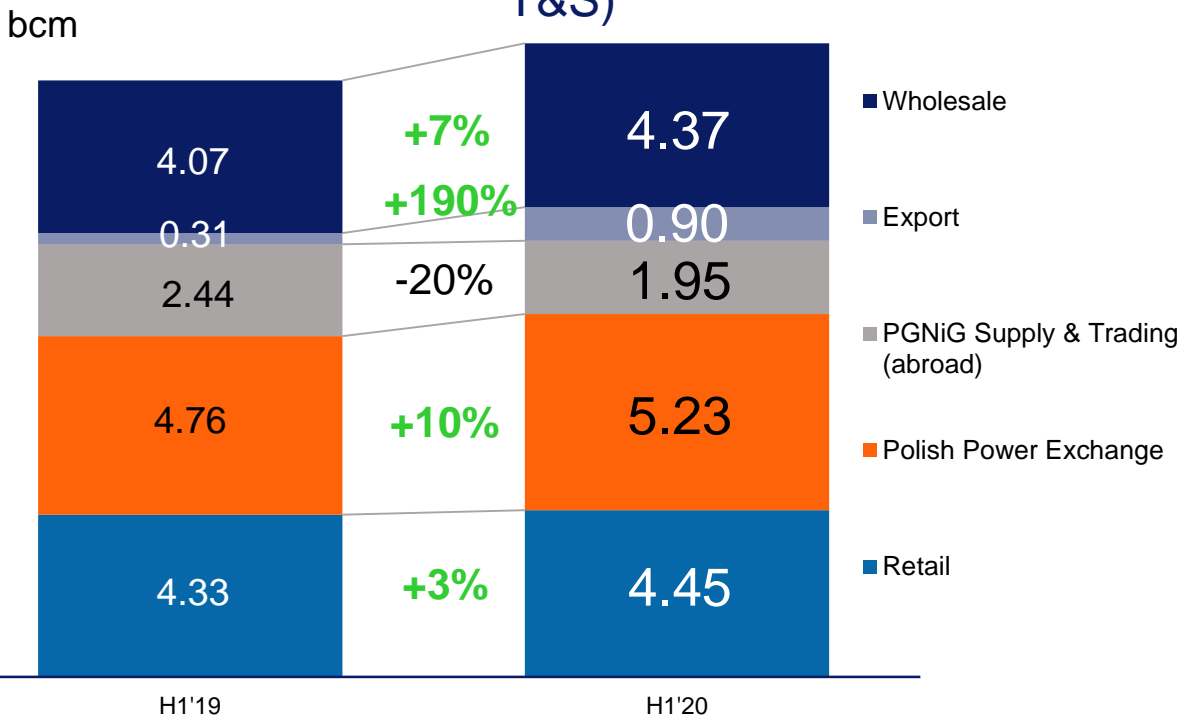
Trade and Storage (without retroactive amount for 2014-2019)

Average POLPX (spot and futures) price yoy
 100.7 / PLN 79.9 /MWh -21% ▼

LNG import volumes yoy
 1.77 / 2.19 bcm +24% ▲

Total gas sales outside the PGNiG Group yoy
 15.95 / 16.90 bcm +6% ▲

Total volumes of gas sold by the PGNiG Group (E&P and T&S)



* with exchange gains on the carrying amount of mutual settlements



Distribution

Gas distribution yoy
6.31 / 6.19 bcm

-2% ▼

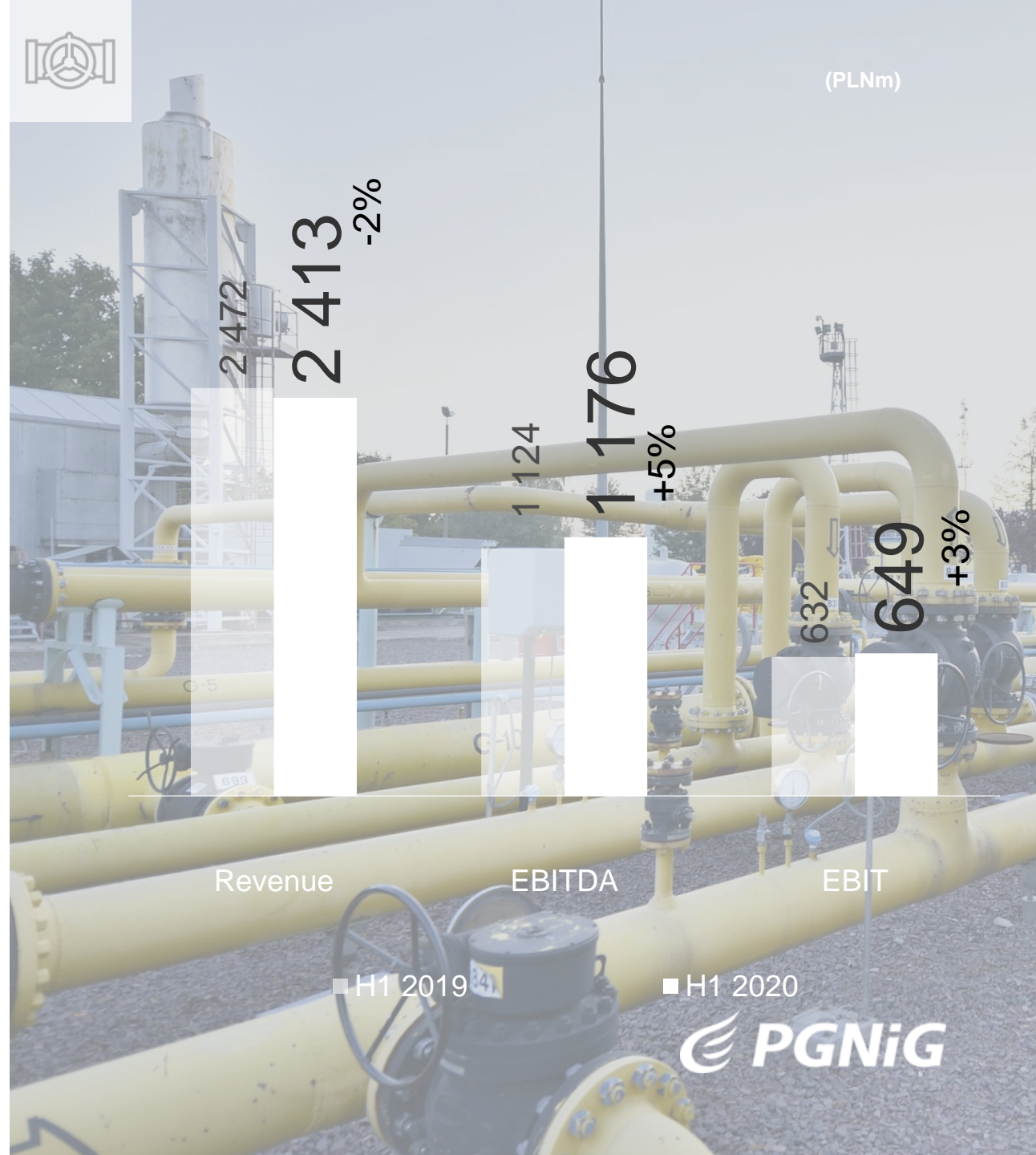
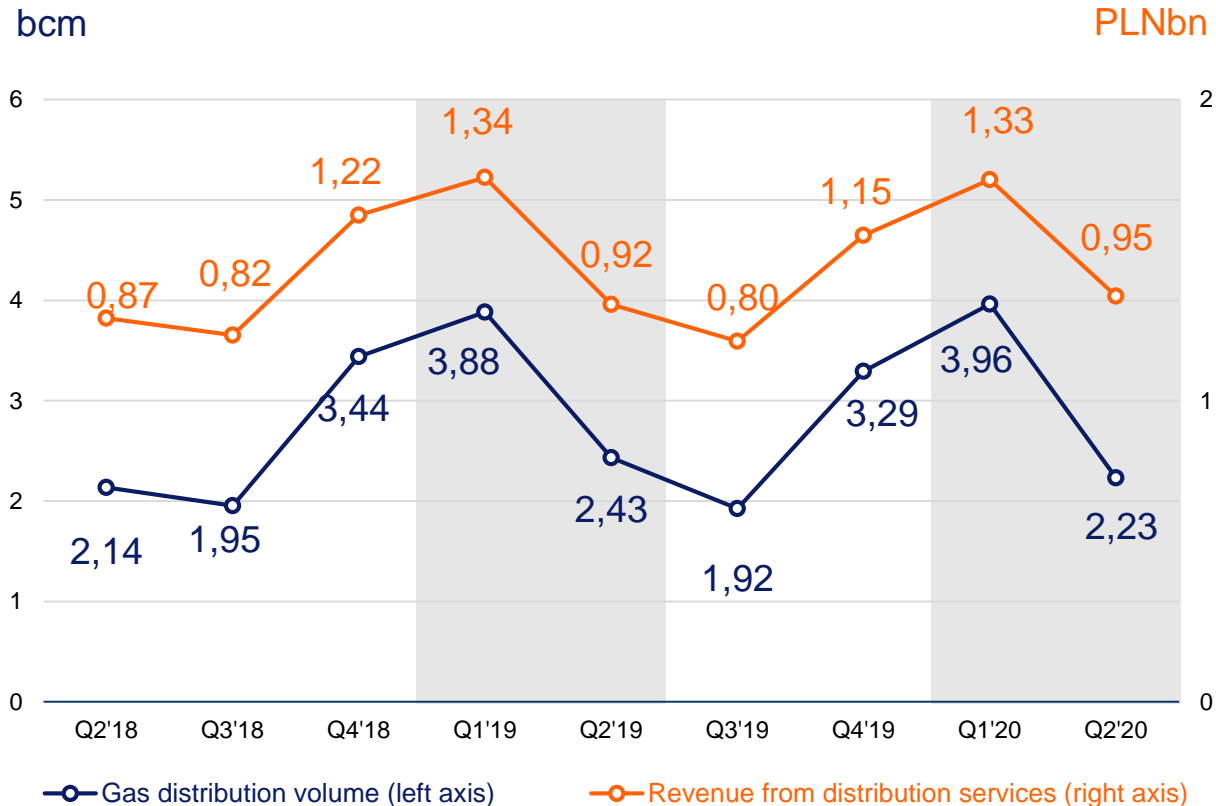
Revenue from distribution services yoy
2.26 / PLN 2.28bn

+1% ▲

Temperature yoy
8,5°C / 8,2°C

-0,3°C

Revenue from distribution services and gas distribution volume



Generation

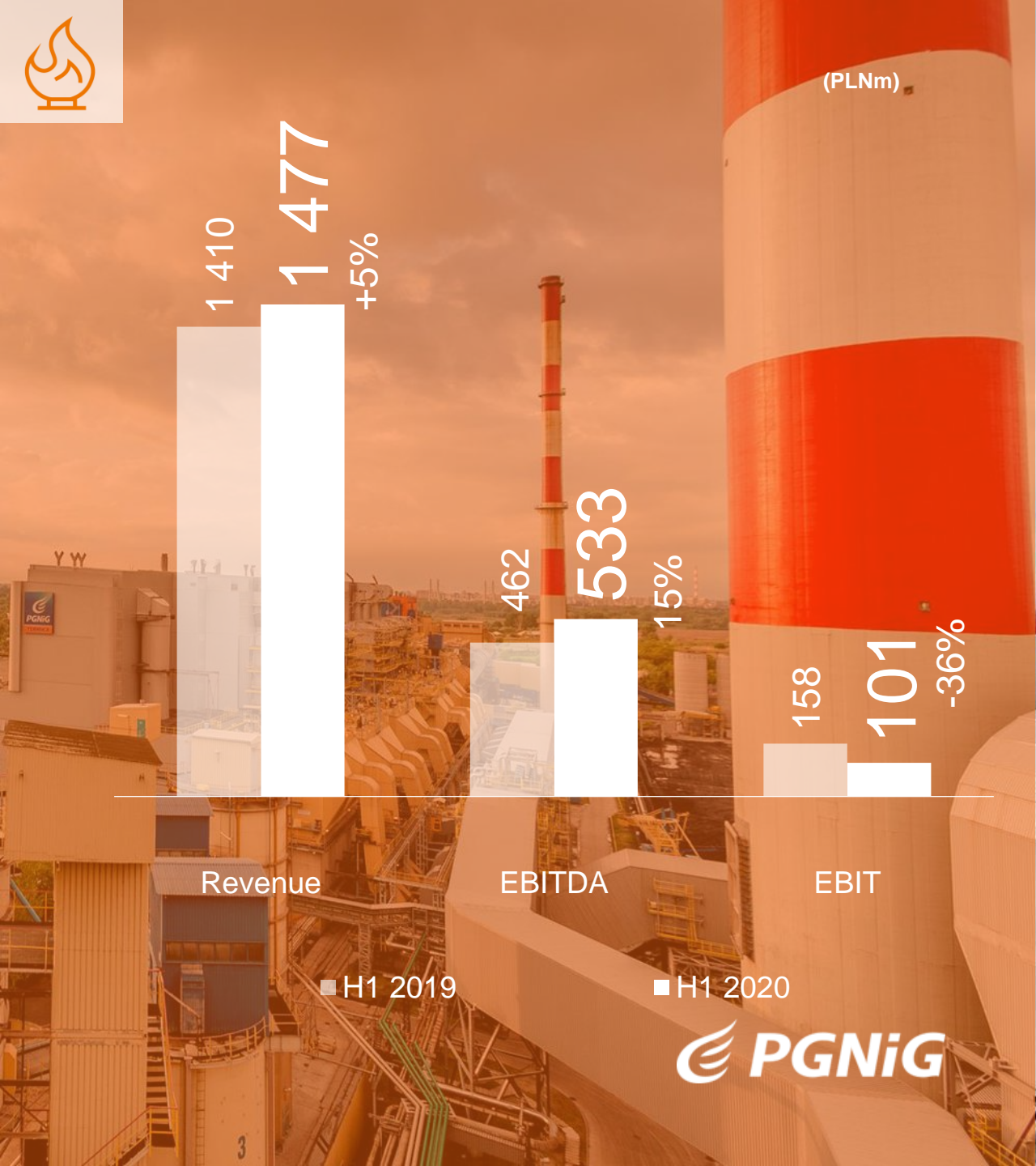
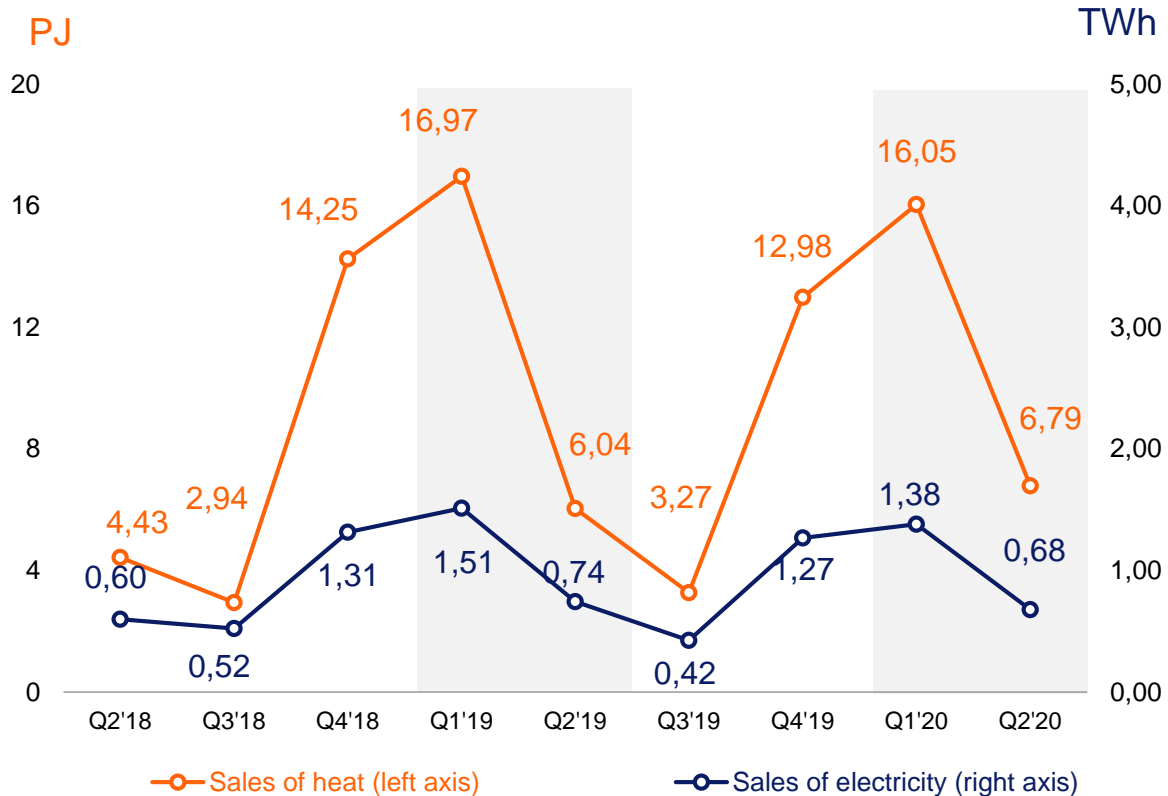
Revenue from sales of heat yoy
741 / PLN 790m

+7% ▲

Revenue from sales of electricity (from own generation) yoy
538 / PLN 506m

-6% ▼

Sales volumes of heat and electricity (own generation)



Success in the PGNiG vs Gazprom arbitration proceedings and fast implementation of the award



PGNiG



GAZPROM

March 30th 2020

The Arbitration Institute of the Stockholm Chamber of Commerce renders an award in favour of PGNiG in its price dispute with Gazprom.

May 17th 2020

PGNiG terminates the historical Yamal transit agreement. There was a risk of supplies disruption as the pipeline came under the requirements of the EU law and capacity auctions were commenced. The risk did not materialise thanks to the firm stand taken by Poland. Gazprom took part in the auctions, and thus adapted to the new rules of operation of the Yamal pipeline.

June 15th 2020

An annex to the contract with Gazprom is signed to reflect the arbitration ruling. The annex sets out the terms of mutual settlement between the parties of the financial consequences of applying the new pricing formula retroactively as of November 1st 2014.

July 1st 2020

Gazprom transfers to PGNiG's account the amount due on the settlement of overpayments for gas supplies in 2014–2020, which arose as a result of the application of the new pricing formula set by the Arbitration Institute to the supplies made in that period.
The amount totals PLN 1.5bn.

July 20th 2020

PGNiG pays PLN 1.1bn towards CIT on the amount paid by Gazprom.



PGNiG

PGNiG's successful action against Nord Stream 2

May 15th 2020

- **Bundesnetzagentur rejects Nord Stream 2 AG's motion for derogation (exemption from EU legislation)**
- PGNiG SA and PGNiG Supply & Trading GmbH are parties to the proceedings.
- The decision confirms the validity of PGNiG's arguments.

May 20th 2020

- **The Court of Justice of the EU rejects the complaint by Nord Stream AG and Nord Stream 2 AG concerning amendment of the Gas Directive**
- The Gas Directive makes the gas pipelines subject to EU legislation.
- It is confirmed that pipelines in the EU must be operated in accordance with transparent market rules.

July 30th 2020

- **PGNiG SA and PST will be actively involved in the court proceedings for Nord Stream 2 derogation, as a result of Nord Stream 2 AG's appeal against the decision of May 15th 2020**



■ Exploration and Production: Norway



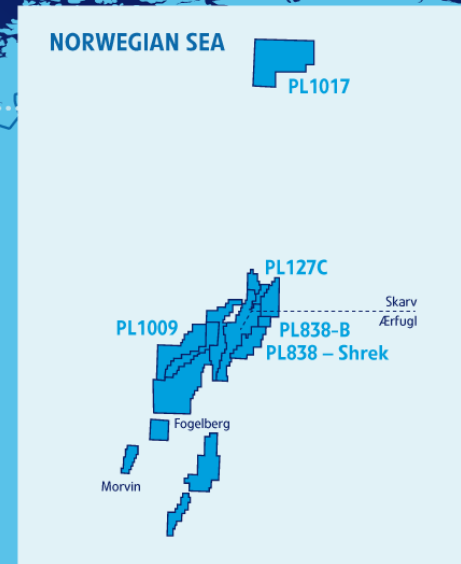
- Preparations to start production from the Duva field beyond the halfway point (planned production start in Q3 2021)
- Participation in the power-from-shore project (Gina Krog platform) to connect the fields to onshore power supply
- Launch of production from the Skogul and Ærfugl fields
- Aid package from the Norwegian government for oil companies
- **Projected gas production in 2020: 0.5 mcm***
- **Projected gas production in 2021: 0.7 mcm***

* Based on 2019 report.

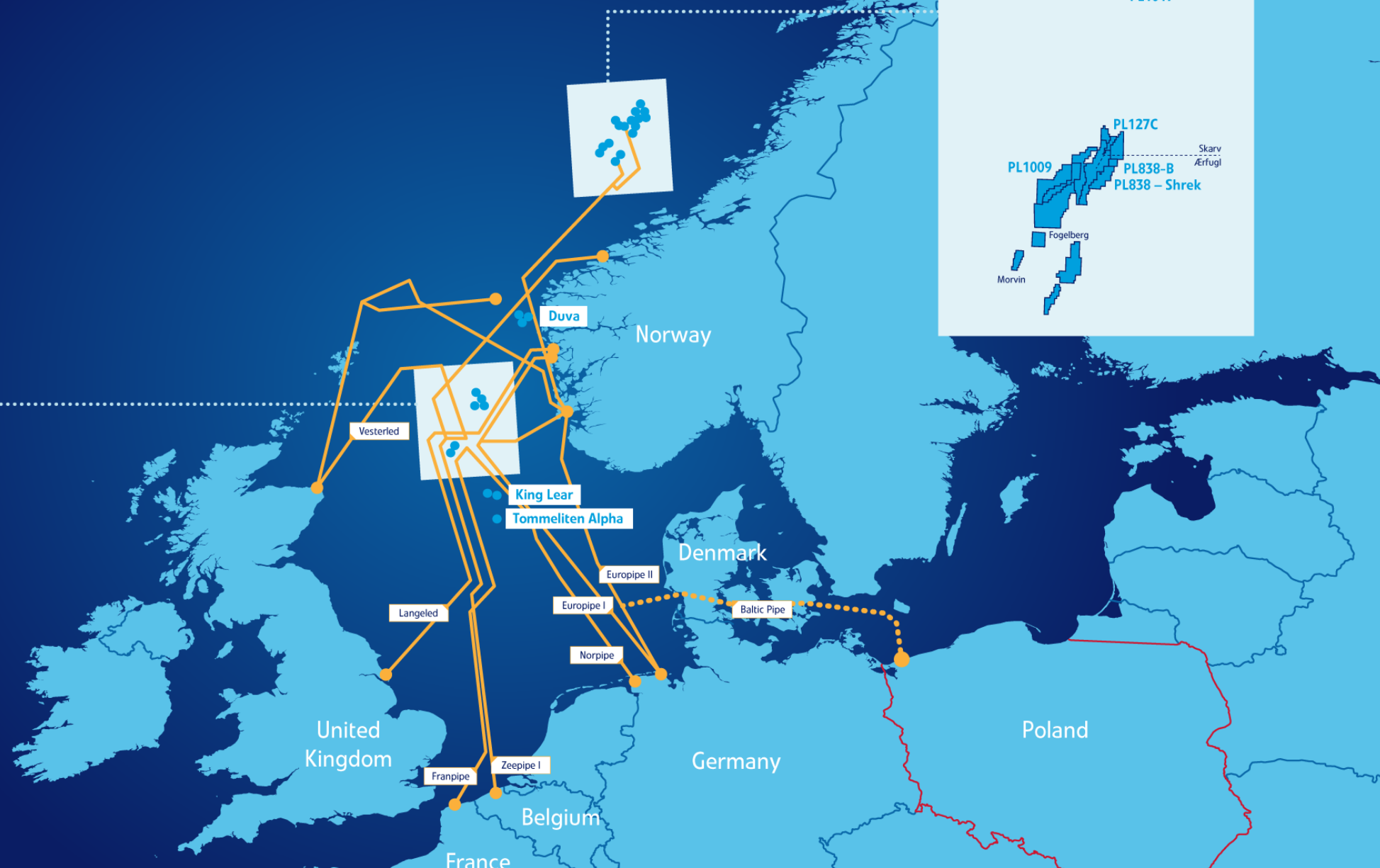


PGNiG in Norway

28
licenses



- EXISTING GAS PIPELINES
- PLANNED ROUTE OF BALTIC PIPE
- PGNiG LICENSES



■ LNG imports



Increased LNG imports in H1 2020

16 vs 21 LNG deliveries

1.77 bcm vs 2.19 bcm

total import volumes in H1 2019 vs H1 2020

 24%

July 3rd 2020

Receipt of the 100th delivery since the launch of the President Lech Kaczyński LNG Terminal in Świnoujście

- Deliveries under spot contracts from new directions – Nigeria, Trinidad and Tobago
- The next (104th) delivery to be received on August 21st or 22nd (delivery under a spot contract from Norway)



■ Natural gas exports



Sales of natural gas to Ukraine

H1 2019: 0.31 bcm

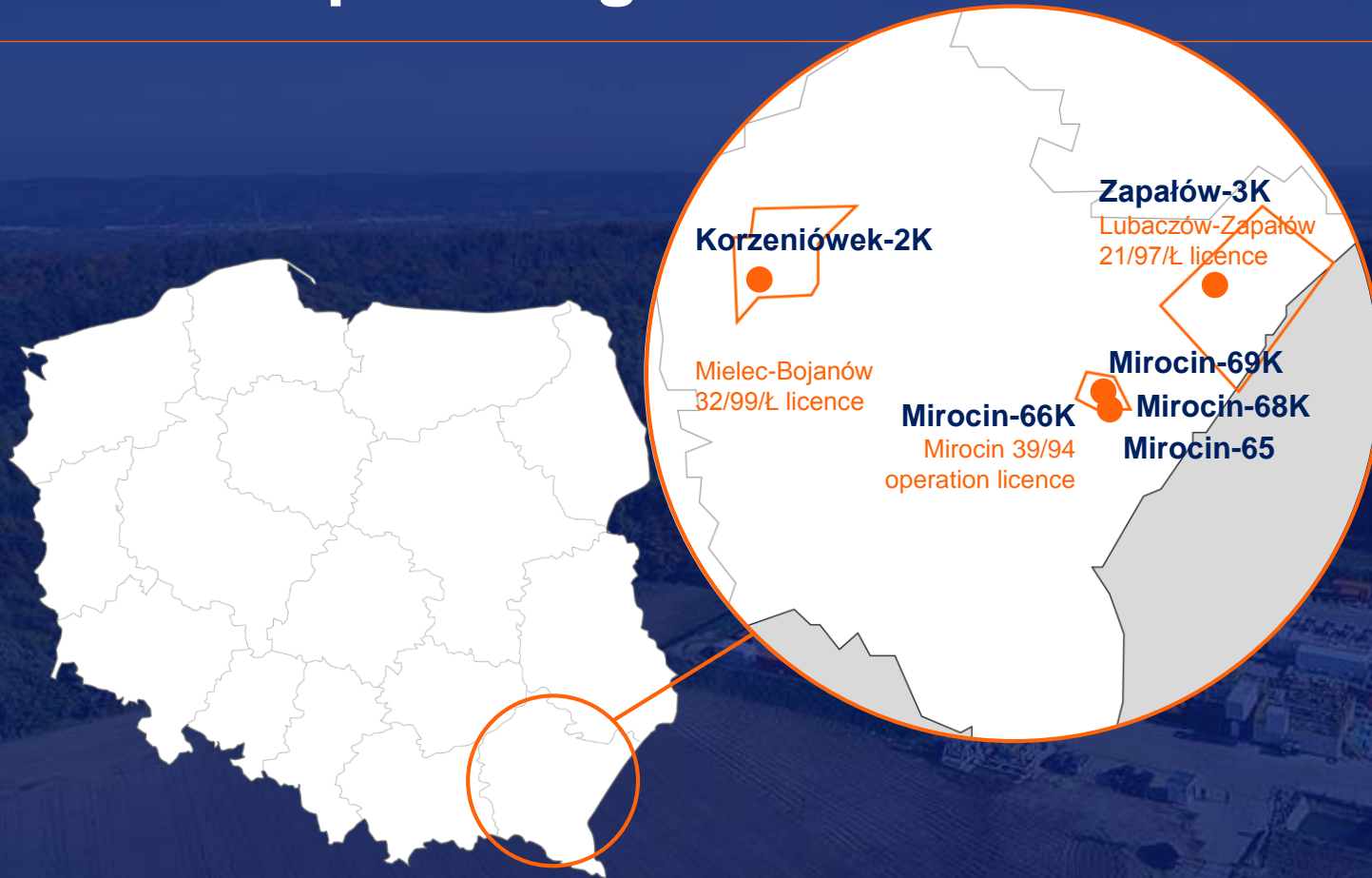
H1 2020: 0.90 bcm



190%

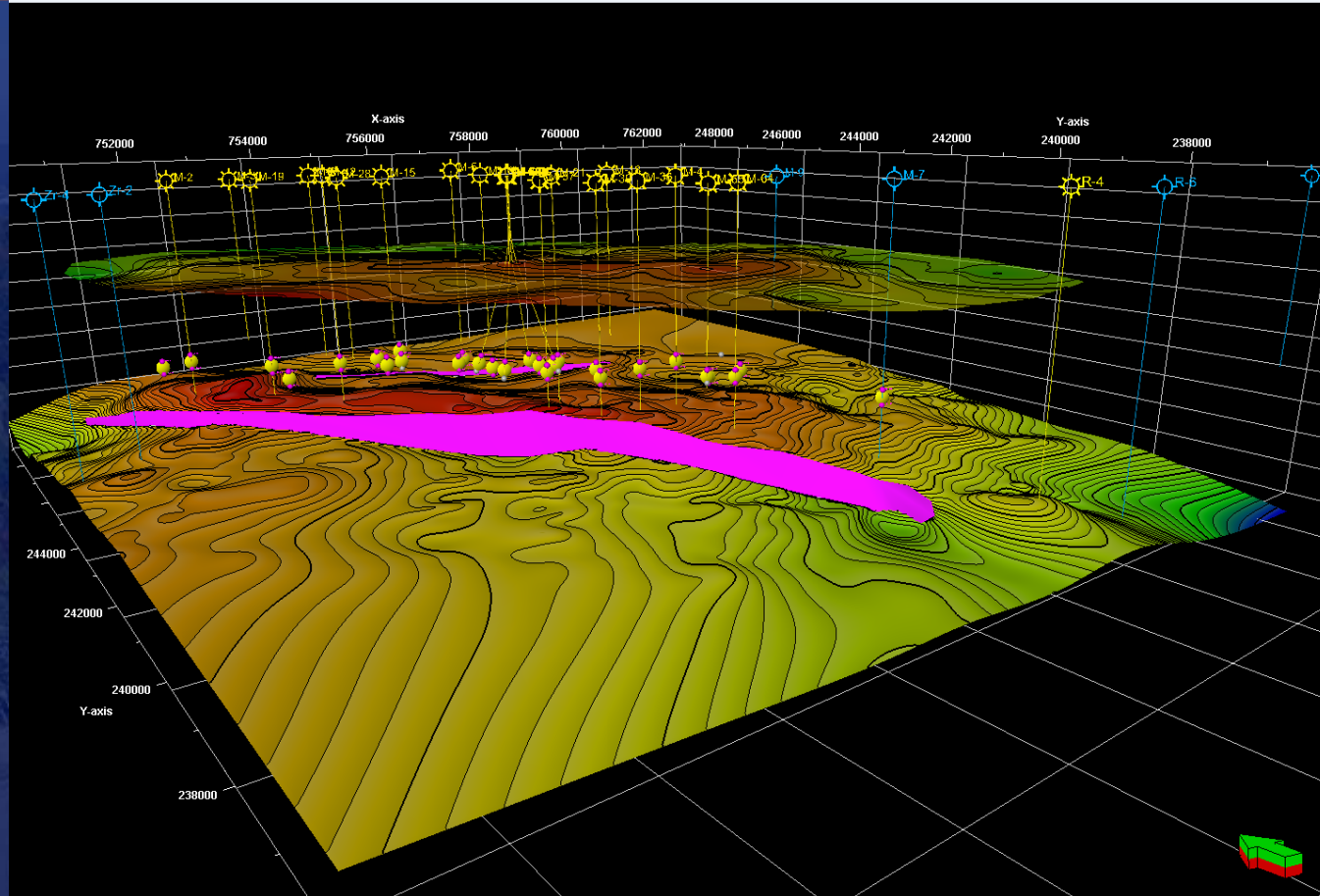


Exploration and Production: Poland Podkarpacie region



- **Korzeniówek-2K and -1K**
A total of 24mcm of natural gas annually
- **Zapałów-3K**
New field; 5 mcm of natural gas annually; the results obtained prompted a decision to continue activities in the region
- **Mirocin field**
Increase in the natural gas reserves of ca 1bcm

Exploration and Production: Poland Mirocin field



- Field operated since 1962
- 60 wells drilled, of which 25 are operational
- Resources estimated to date: 4.5 bcm of natural gas
- Nearly 4.2 bcm already produced
- New reserves estimated at some 1 bcm of natural gas
 - newly discovered gas bearing horizon
 - field revitalisation
 - use of non-operational wells (workovers) and installations – profitability improvement for the entire production unit

■ Power generation

**ELEKTROCIEPŁOWNIA
PRZEMYŚL**



Construction of a gas-fired co-generation unit at the EC Przemysł CHP plant:

- **5.19 MWe** (electrical capacity)
 - **11.05 MWt** (thermal capacity)
 - **9.3 mcm** – annual gas consumption
 - **4,300 tonnes of CO₂ – annual emissions reduction**
from the current Zasanie CHP plant's emissions level
- Q3 2021** – planned completion date of the project
- PLN 31.85m** – cost of the project (amount financed by OPI&E: about PLN 5.6m, agreement with the National Fund for Environmental Protection and Water Management)

Heat production for the **MPEC Przemysł**

Sales of LNG



LNG trucks loaded in Świnoujście
H1 2019 vs H1 2020

Since the terminal's launch

LNG trucks loaded in Klaipėda
(since April 2020)

TANK TRUCKS

966 vs 1,556

8,002

101

TONNES OF LNG

16,813 vs 26,995

139,691

1,776

MWh

256,675 vs 411,968

2,131,217

27,176

 60.5%



■ Bunkering LNG-fuelled vessels – development of the service

- Demand for LNG at Polish ports and Klaipėda projected to increase by 138% between 2025 and 2030
- Sulfur Directive (MARPOL)
- Truck-to-ship bunkering service offered by PGNiG Obrót Detaliczny since March 2019



Plans:

- Implementation of new LNG bunkering technologies at all Polish sea ports
- Roll-out of the service at foreign ports

Goals:

- Build the brand of PGNiG as a reliable supplier of solutions for the maritime and shipping segment
- Grow sales by 10% per annum

Development of the distribution network



Comparison H1 2019 vs H1 2020

New gas network connections	36,406	51,389	▲ 41%
New network sections	1,575.69 km	2,148.49 km	▲ 572.8 km
New service-line contracts	58,626	59,281	▲ 1%
Service-line pre-contract documentation issued	107,696	112,304	▲ 5%



16

Number of municipalities connected to the gas network in H1 2020

130/300

Number of municipalities connected to the gas network under the PI Programme at the end of H1 2020

1,611

Total number of municipalities connected to the gas network at the end of H1 2020

65.04%

Progress in gas network rollout in Poland

■ Distribution – digital solutions

- **March 19th 2020**
Launch of the Service-Line Connection Website
- Applications for service-line pre-contract documentation and for a service-line contract
- Checking the progress of connection work
- Free SMS and email notifications
- Access to the final documentation and the invoice

Number of applications* submitted online

more than

28,200

Average number of applications submitted *

190/day

Average application* processing time

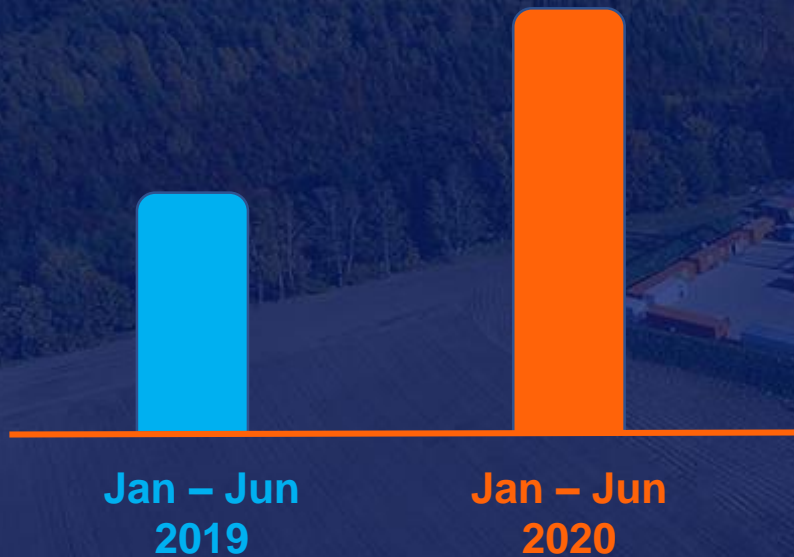
4.8 days

*Applications for pre-contract documentation, declarations and contracts

■ CNG and LNG

CNG sales

+47.5% ▲



Construction of regasification stations and deliveries **19,000 tonnes of LNG** to be delivered for LG Electronics over five years

Plans to construct infrastructure in Suwałki and Szumowo **2 LCNG refuelling stations** and an LNG handling centre

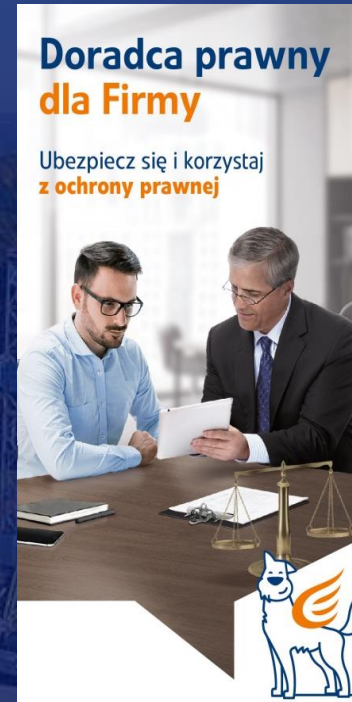
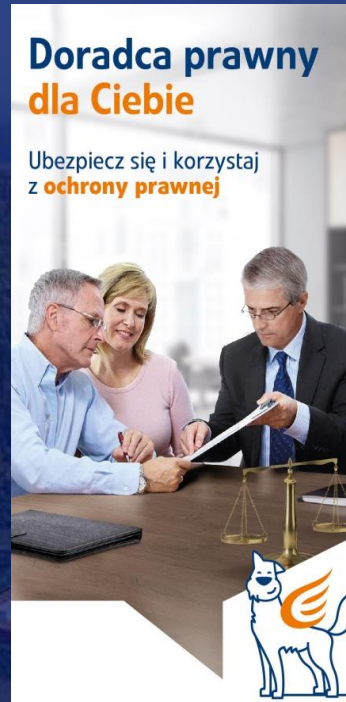
260,000 m³ of CNG for the Kraków MPO municipal waste collection and management company

PLN 6m contract to supply 2,200 tonnes of LNG to the Warsaw MZK municipal bus service company of Warsaw

■ Retail – additional services (assistance)



Medical assistance



Legal assistance
for private and corporate clients



Technical assistance

■ Retail – digital solutions

Contracts handled in the eBOK
self-service system

1.84m



22%
in H1 2020

Contracts with the EKOFaktura
option activated

1.18m



24%
in H1 2020

Mobile app downloads

1.25m



74%
in H1 2020

Number of contracts concluded
online

23,649



1,744%
in H1 2020

Online payments

769,000

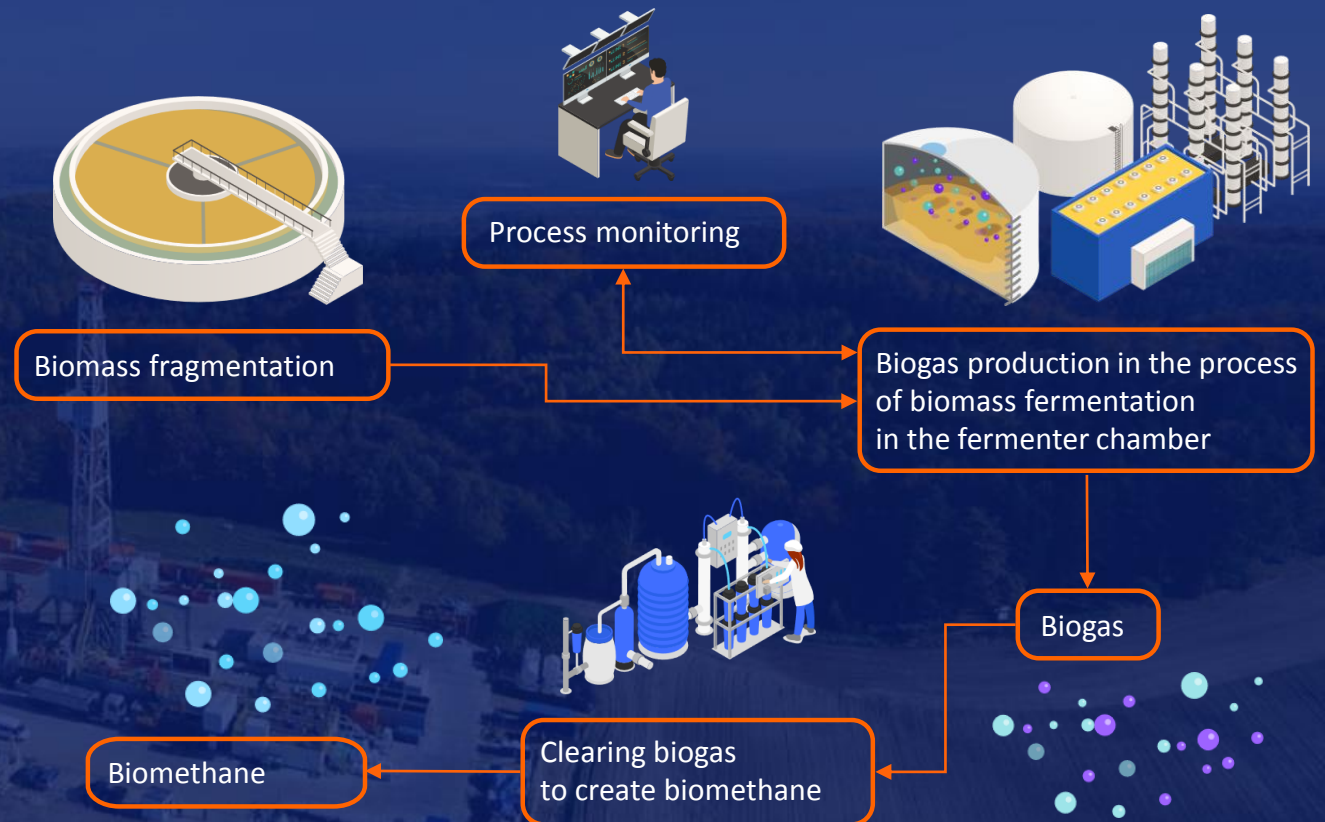


34%
in H1 2020

Alternative fuel development programs

PGNiG's new bio-methane research program

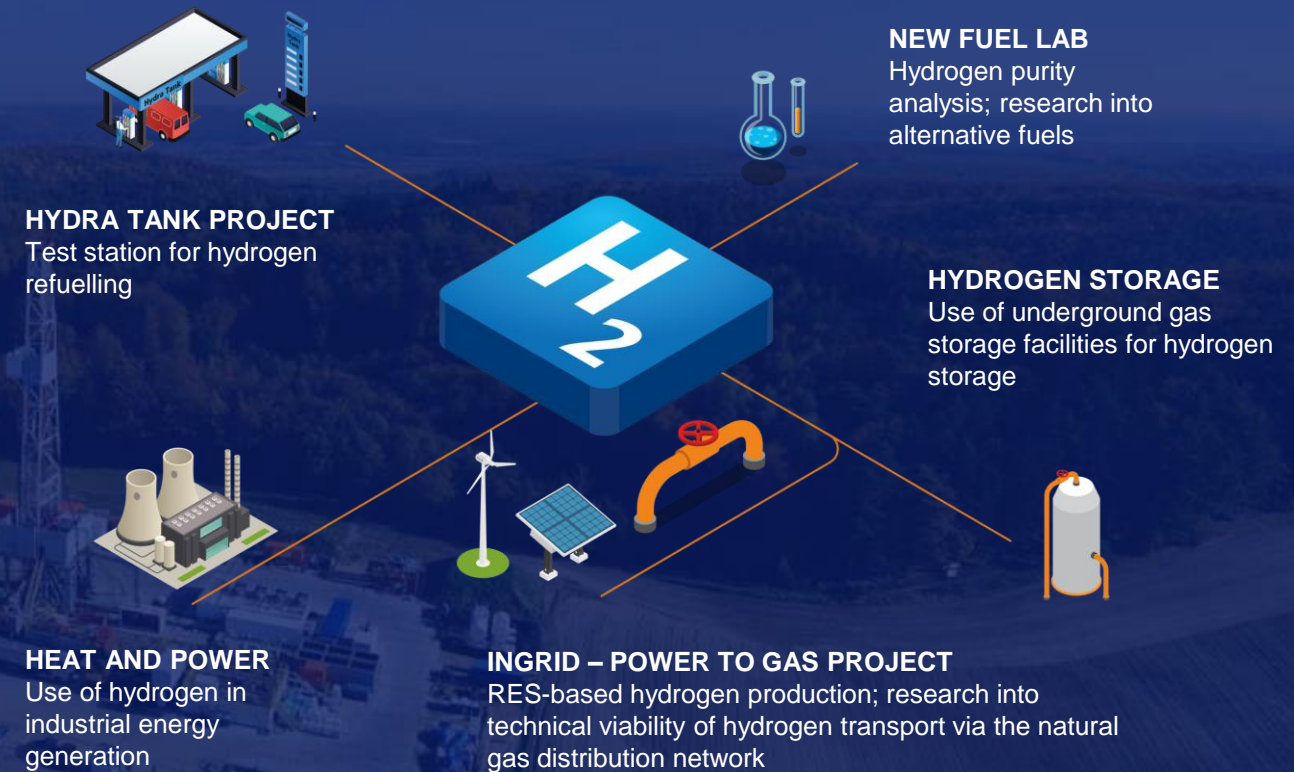
- Developing a model for obtaining bio-methane
- Bio-methane trading and distribution (model selection)
- Seeking alternative bio-methane applications
Gradually replacing imported gas with bio-methane
- **March 2020** – PGNiG Board approves technical standard for biomethane for injection into the grid
- By **August 20, 2020**, determining the connection conditions for 17 biogas facilities to be connected to the grid, 1 agreement concluded



■ New programmes in the pipeline – hydrogen

PGNiG's new hydrogen research programme

- RES-based production of 'green' hydrogen (PV)
- Construction of a test hydrogen refuelling station
- Hydrogen storage tests
- Test injections of hydrogen-natural gas mixture into the network
- Expanding lab analytical capabilities



■ New programmes in the pipeline – RES

Renewable Energy Sources (RES)

- Building a new operating segment within the PGNiG Group
- **PLN 4bn** for development (beyond 2022)
- **900 MW** target generation capacity
- Investments in wind generation and solar photovoltaics
- Contributor to financial performance stability



Energy Efficiency Improvement Programme

- In 2021–2026, average annual savings of 1.5% of PGNiG S.A.'s energy consumption at mines, gas storage facilities, and denitrification plants may generate efficiencies of approximately PLN 50m

Example: Dębno 4.0 project

Automated monitoring and systematic management of energy consumption in the Dębno Oil and Gas Production Facility's technological processes, expected to generate electricity and gas efficiencies

Example: BMP (Building Management Platform)

Platform for energy consumption monitoring and systematic management at PGNiG head office buildings in Warsaw

- Certification of the PN-EN ISO 50001:2012 Energy Management System (exemption from energy audits)
- Work to bring the system in compliance with the PN-EN ISO 50001:2012 standard is underway



PGNiG's Corporate Social Responsibility



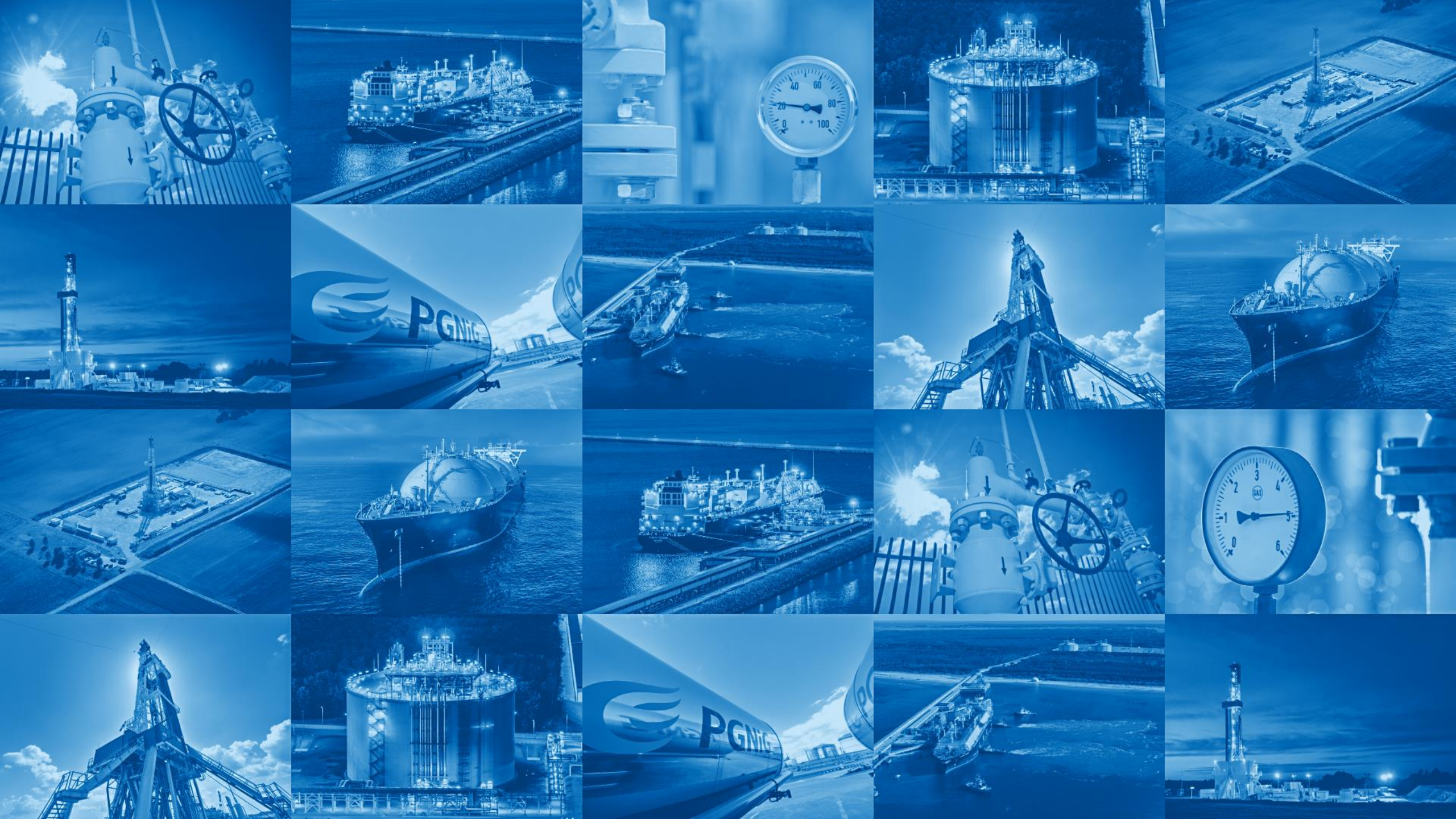
- Assistance to flood victims in the Podkarpacie region – household appliances for 256 families from 14 municipalities
- Computers for schools



- Continued support to hospitals in the fight against the coronavirus pandemic
- Joining in aid campaigns involving provision of equipment for Ukraine and Moldova



- Support for the Warsaw Uprising veterans
- Main sponsorship of the '1920. Grateful to the Heroes' show





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**in the history of Polish stock exchange
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