

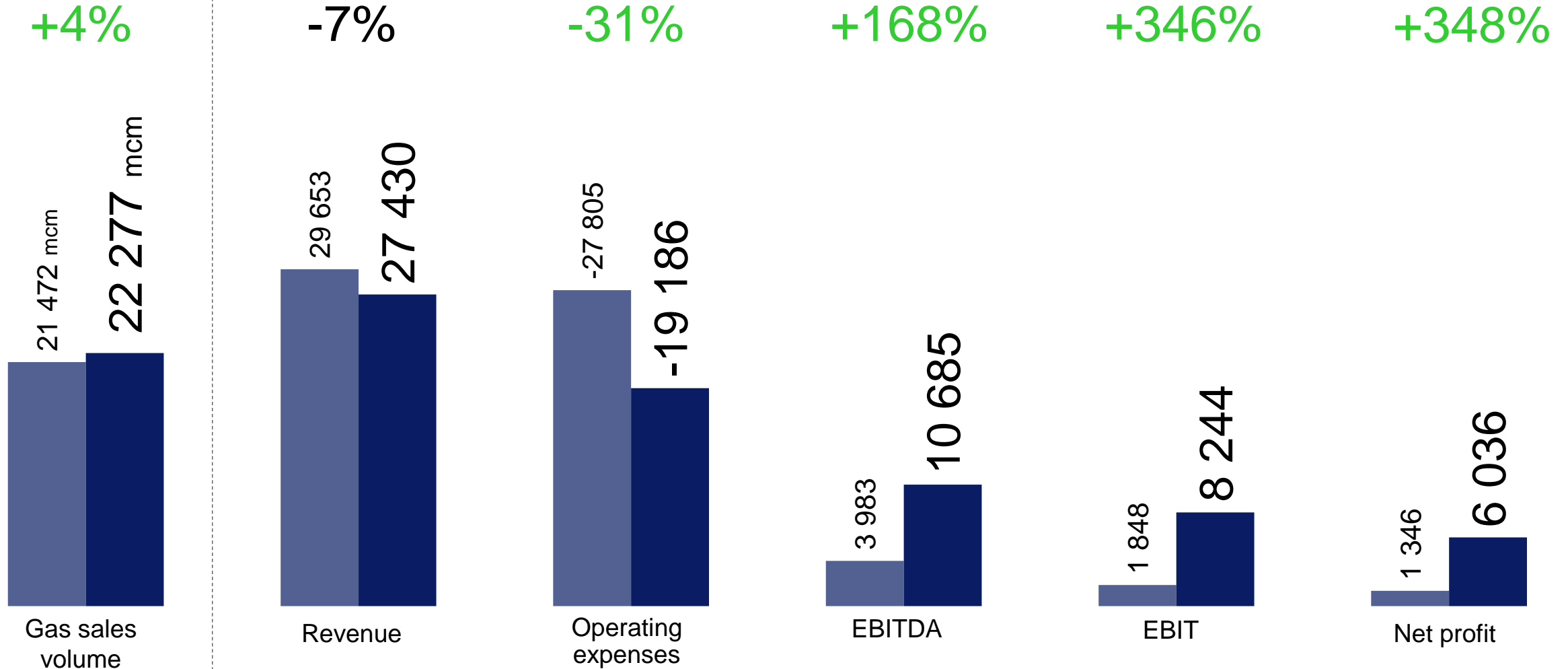
Polskie Górnictwo Naftowe i Gazownictwo SA

PGNiG Group Financial Results after Q3 and 9M of 2020

November 19, 2020



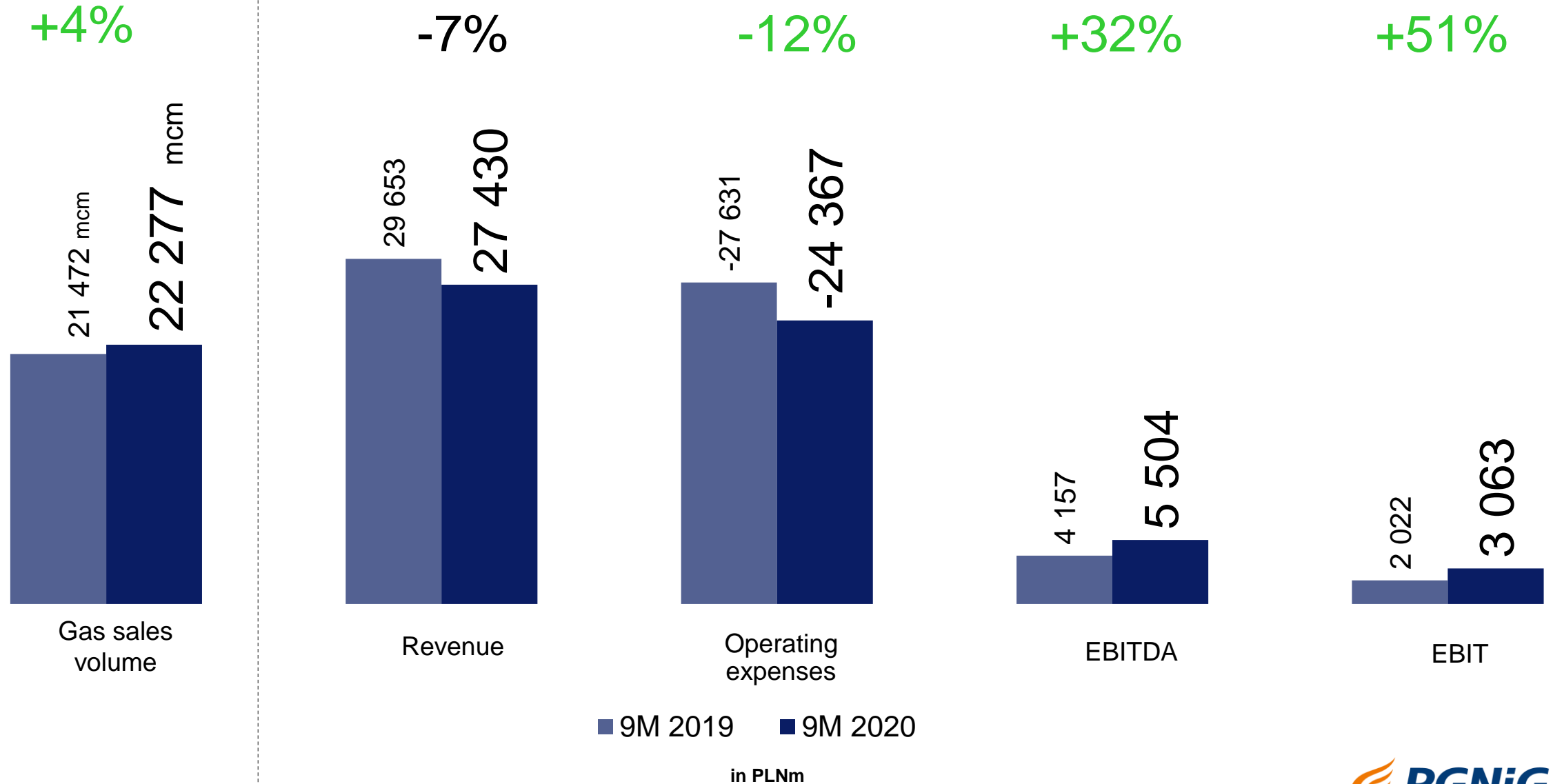
Financial results of the PGNiG Group for 9M 2020



■ 9M 2019 ■ 9M 2020

in PLNm

Financial results of the PGNiG Group for 9M 2020 (without retroactive amount and impairment losses on property, plant and equipment)



Exploration and Production

Trade and Storage

Distribution

Generation

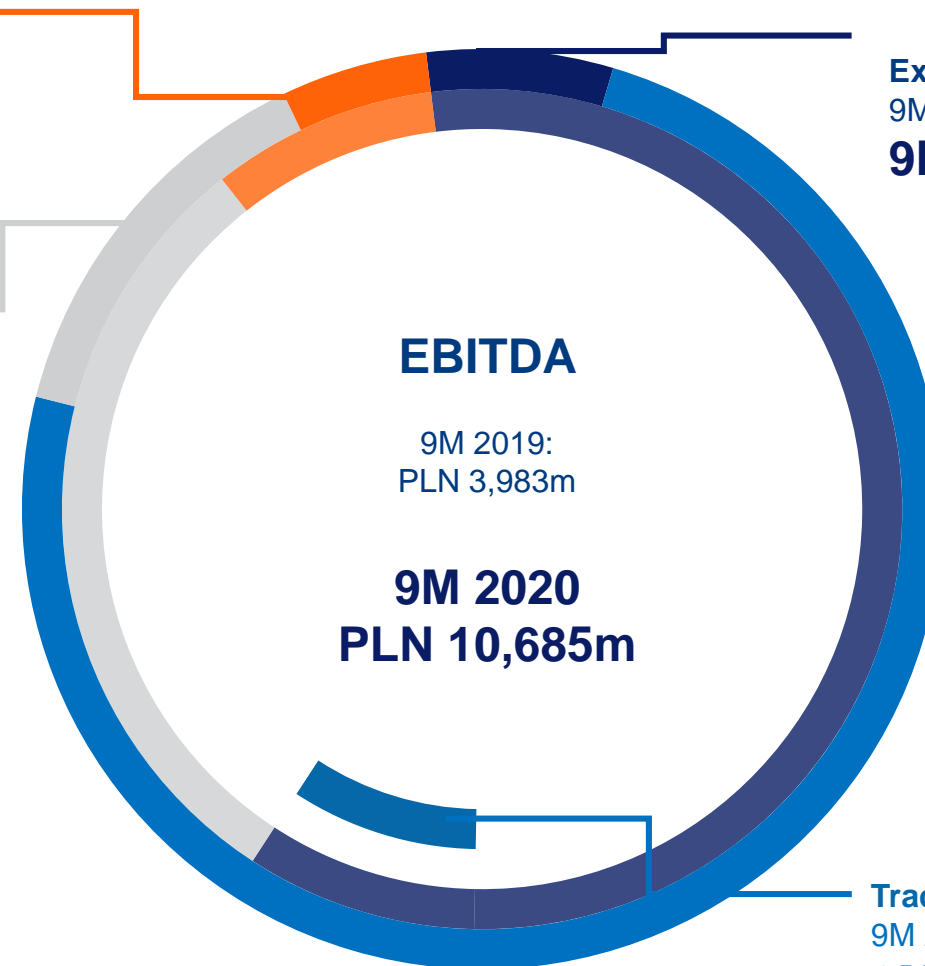
Segments' contribution to EBITDA

Generation
9M 2019: 11%
9M 2020: 5%

Distribution
9M 2019: 39%
9M 2020: 14%

Exploration and Production
9M 2019: 67%
9M 2020: 7%

Trade and Storage
9M 2019: -11%
9M 2020: 77%



EBITDA

9M 2019:
PLN 3,983m

9M 2020
PLN 10,685m

Contribution of other „segments and eliminations” to EBITDA in 9M 2020: -3%, in 9M 2019: -5%



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

Exploration and Production

Trade and Storage

Distribution

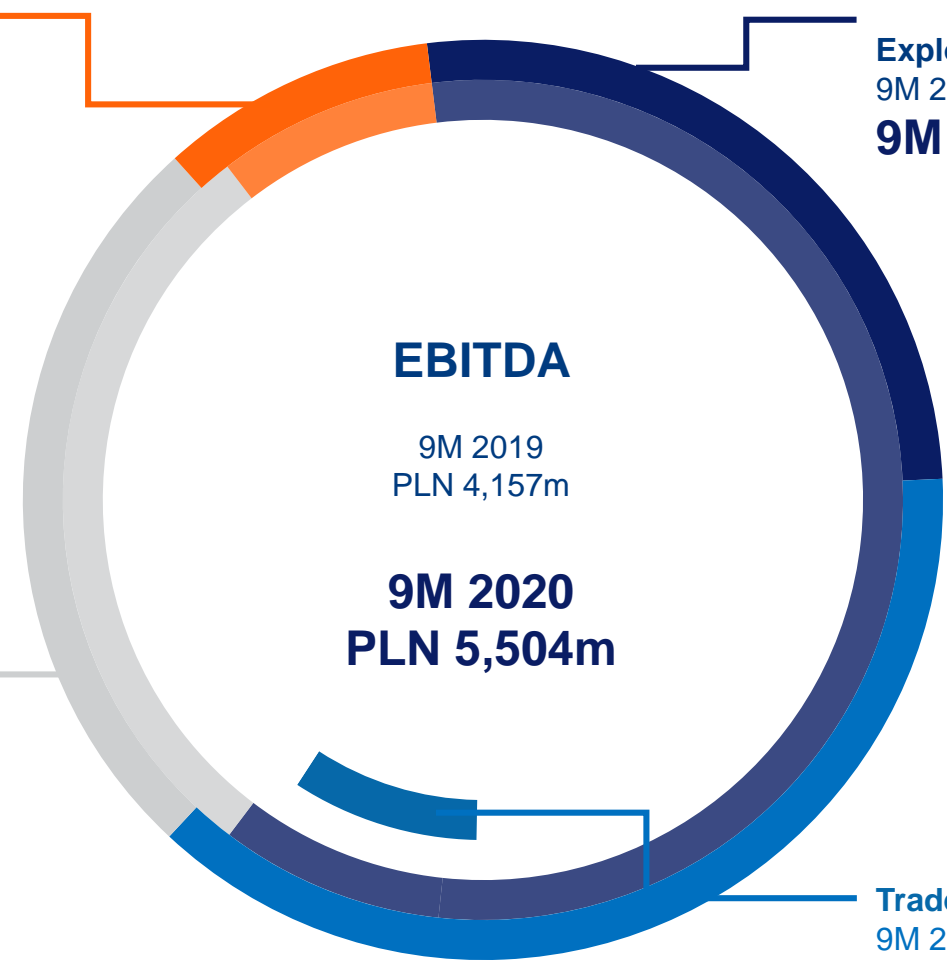
Generation

Generation
9M 2019: 11%
9M 2020: 10%

Exploration and Production
9M 2019: 68%
9M 2020: 27%

Distribution
9M 2019: 37%
9M 2020: 28%

Trade and Storage
9M 2019: -11%
9M 2020: 40%



EBITDA

9M 2019
PLN 4,157m

9M 2020
PLN 5,504m

Contribution of other „segments and eliminations” to EBITDA in 9M 2020: -5%, in 9M 2019: -4%



■ Submission of a request to renegotiate the price of natural gas under the Yamal Contract



November 1st 2020

Submission of a request to renegotiate the contract price of gas supplied by Gazprom in order to reduce the price

- In accordance with the provisions of the Yamal Contract, the parties may seek to renegotiate the price three years after a previous change to the contract price comes into force.
- Considering that the potential change of the terms of the contract, consisting in reduction of the contract price, as a result of PGNiG's renegotiation request made in 2017 may take effect retroactively as of the date of its submission, that is as of November 1st 2017, PGNiG could request another renegotiation of the contract price from November 1st 2020. Submission of a request by PGNiG marks the beginning of this process.

November 9th 2020

Gazprom has filed its own request to renegotiate the contract price of gas under the Yamal Contract with a view to increasing the price

The parties remain in communication regarding the renegotiation requests of 2017 and 2020.



Exploration and Production



(PLNm)

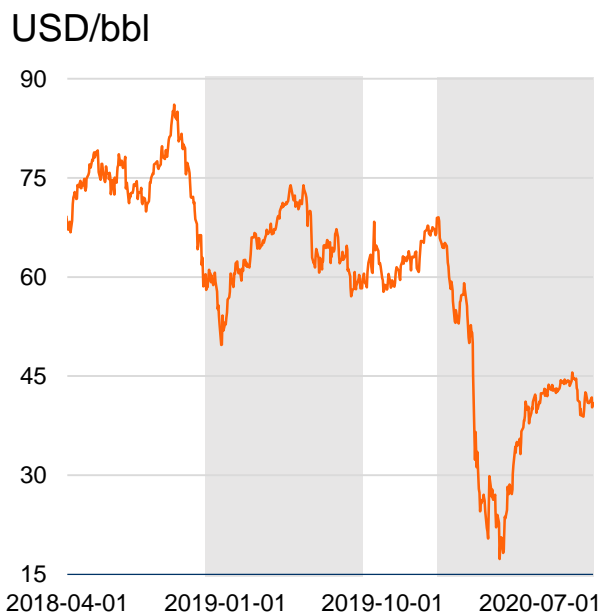
Average price of Brent crude yoy **-34%** ▼
247 / PLN 163/bbl

Arithmetic average POLPX DAMg price yoy **-38%** ▼
69 / PLN 43/MWh

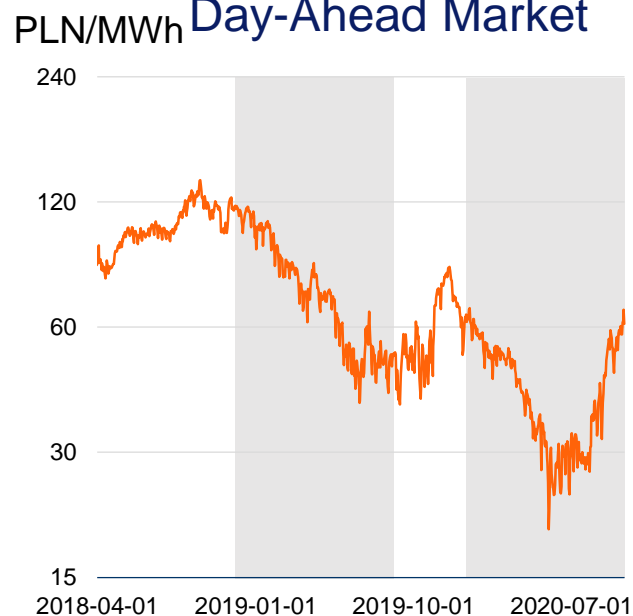
Crude oil production yoy **8%** ▲
889 / 963 thousand tonnes

Natural gas production yoy **-1%** ▼
3.32 / 3.30 bcm

Brent crude oil price



Price on the POLPX Day-Ahead Market



4 236

3 080

-27%

2 666

721

-73%

1 864

-190

-110%

Revenue

EBITDA

EBIT

■ 9M 2019

■ 9M 2020

PGNiG

Trade and Storage

Average POLPX (spot and futures) price yoy
97.9 / PLN 78.9 /MWh

-19% ▼

LNG import volumes yoy
2.48 / 2.95 bcm

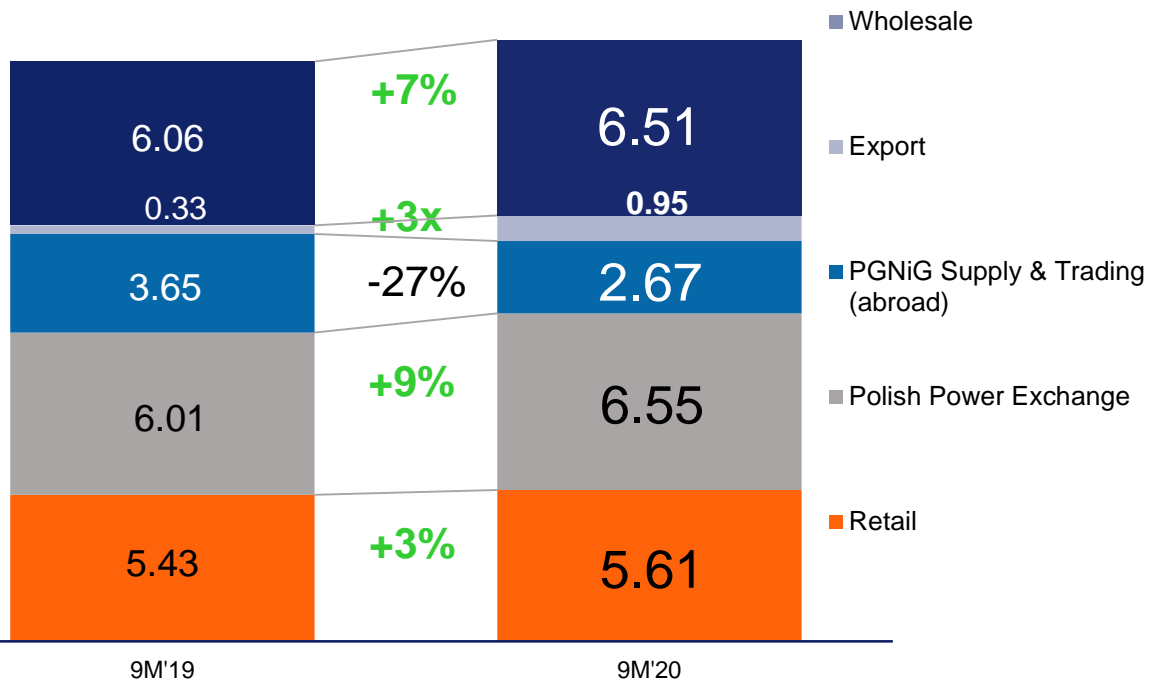
+19% ▲

Total gas sales outside the PGNiG Group yoy
21.47 / 22.28 bcm

+4% ▲

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

bcm



Trade and Storage (without retroactive amount)

Average POLPX (spot and futures) price yoy
97.9 / PLN 78.9 /MWh

-19% ▼

LNG import volumes yoy
2.48 / 2.95 bcm

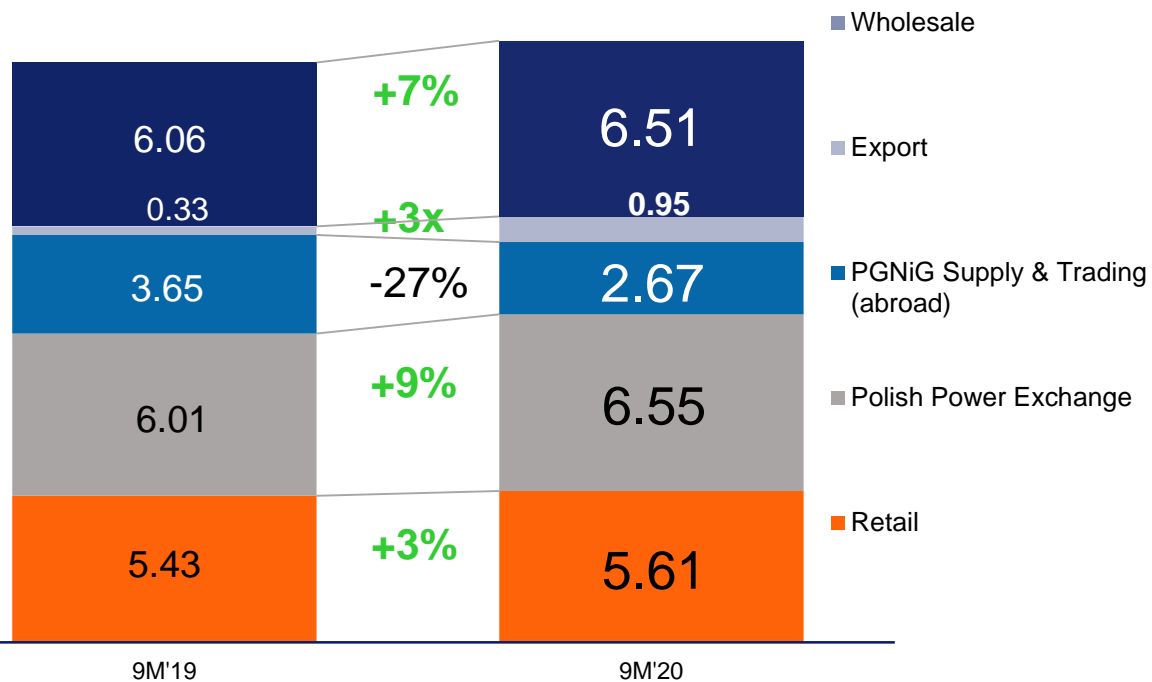
+19% ▲

Total gas sales outside the PGNiG Group yoy
21.47 / 22.28 bcm

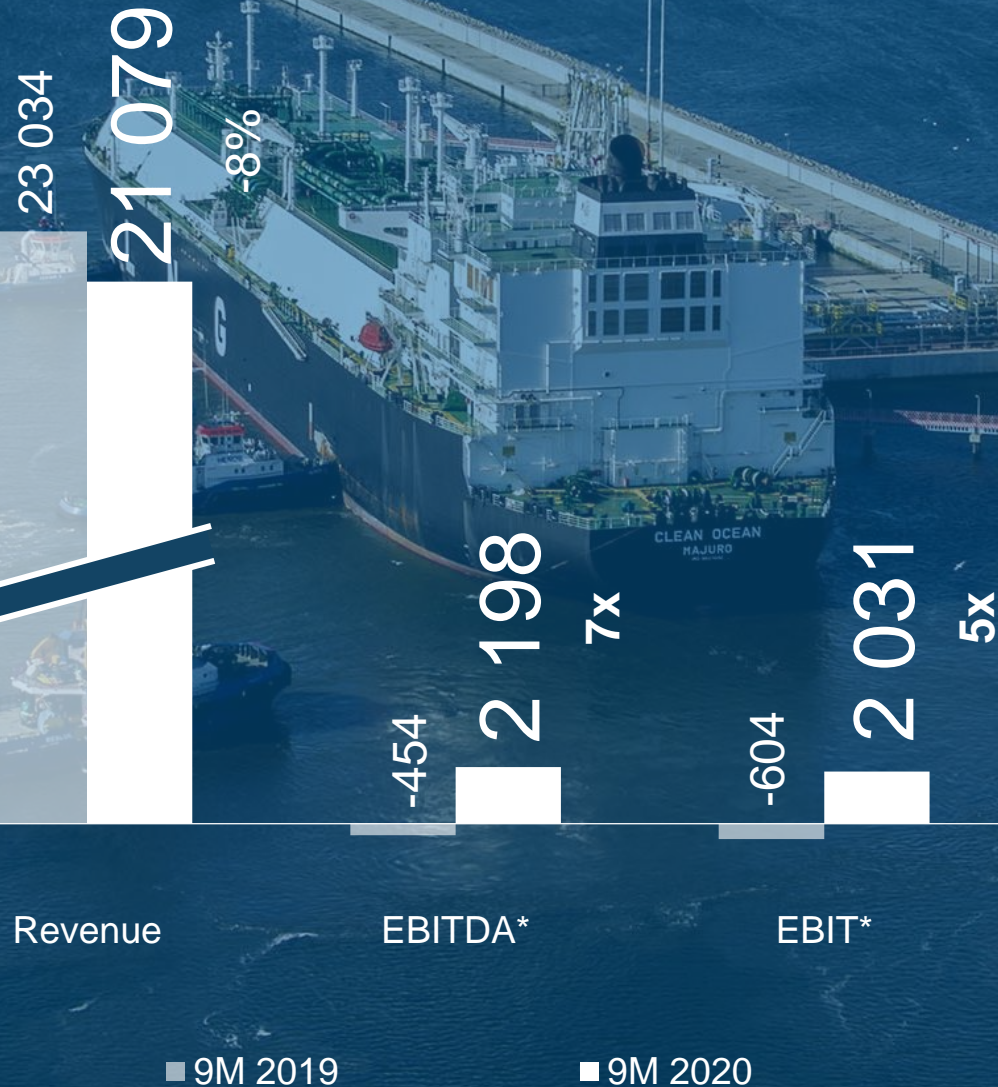
+4% ▲

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

bcm



(PLNm)



* z uwzględnieniem wpływu różnic kursowych

Distribution

Gas distribution yoy
8.24 / 8.03 bcm

-3% ▼

Revenue from distribution services yoy
3.06 / PLN 3.11bn

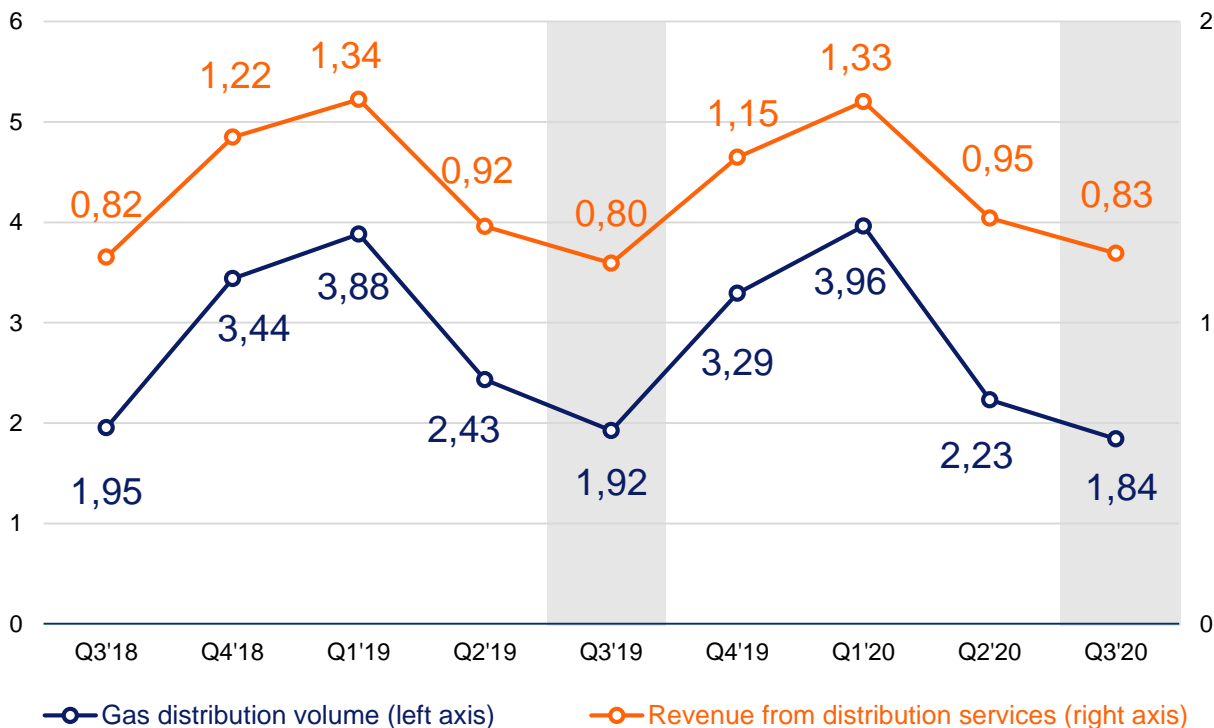
+2% ▲

Temperature yoy
11.61°C / 11.59°C

-0.02°C

Revenue from distribution services and gas distribution volume

bcm PLNbn



(PLNm)



Generation

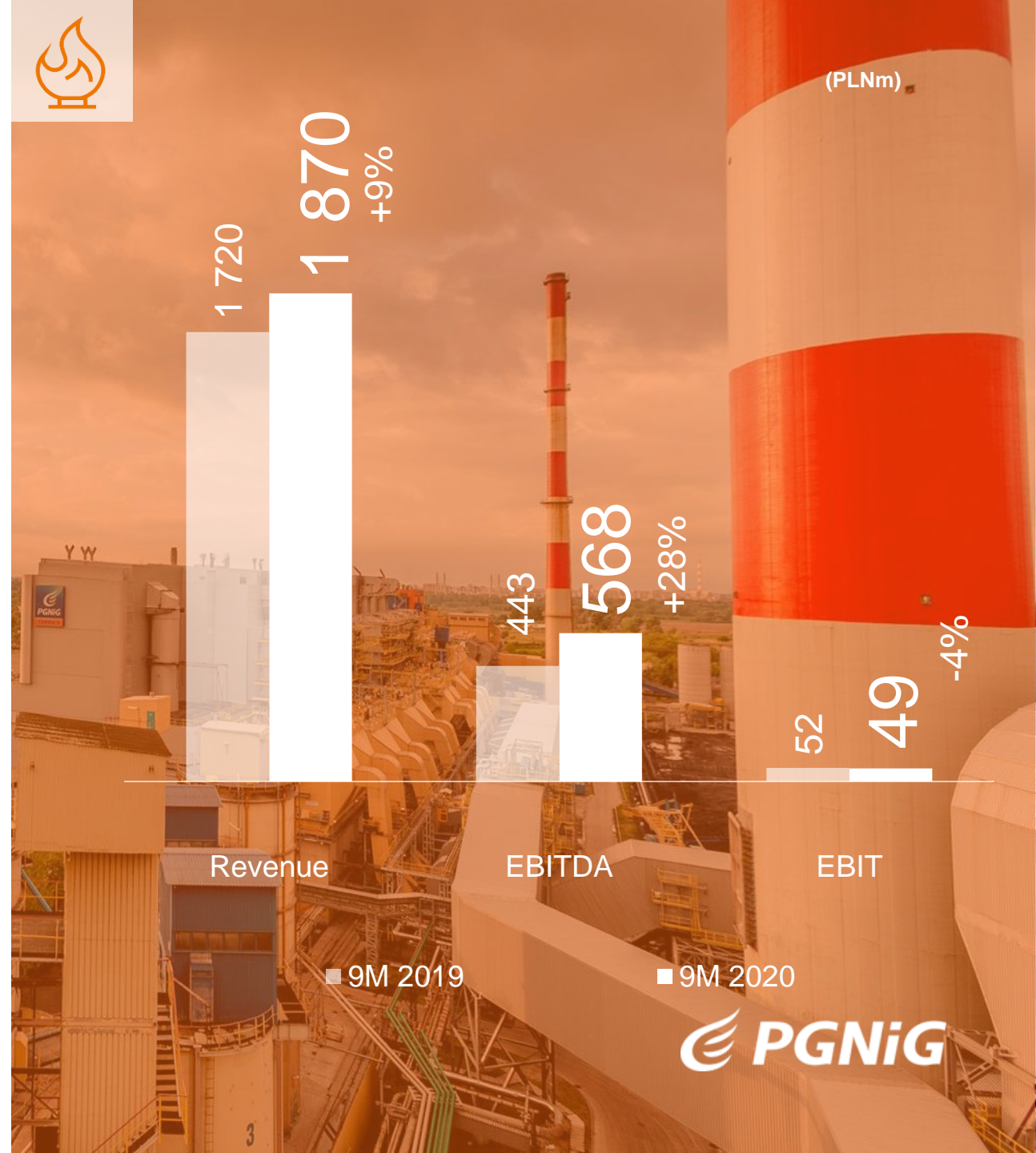
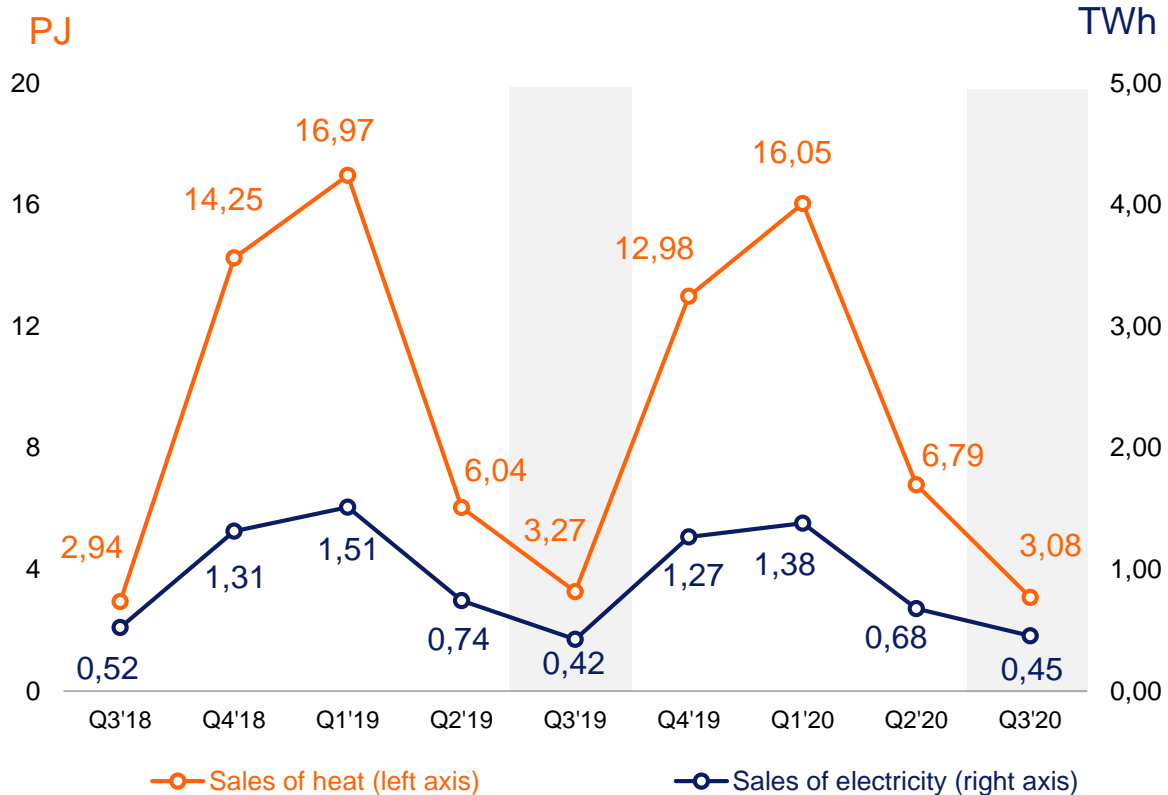
Revenue from sales of heat yoy
891 / PLN 958m

+8% ▲

Revenue from sales of electricity (from own generation) yoy
638 / PLN 627m

-2% ▼

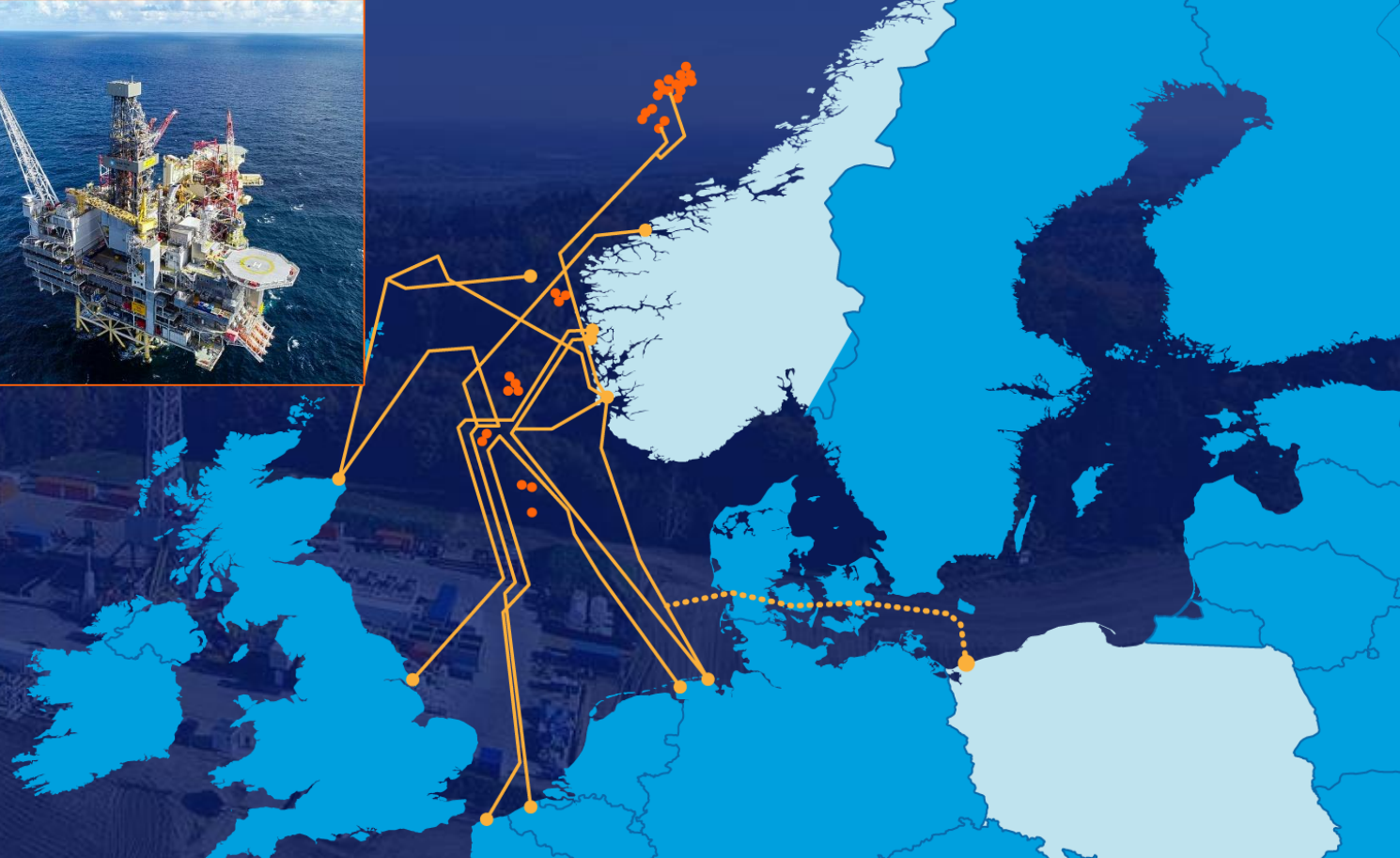
Sales volumes of heat and electricity (own generation)



■ Exploration and Production: Norway

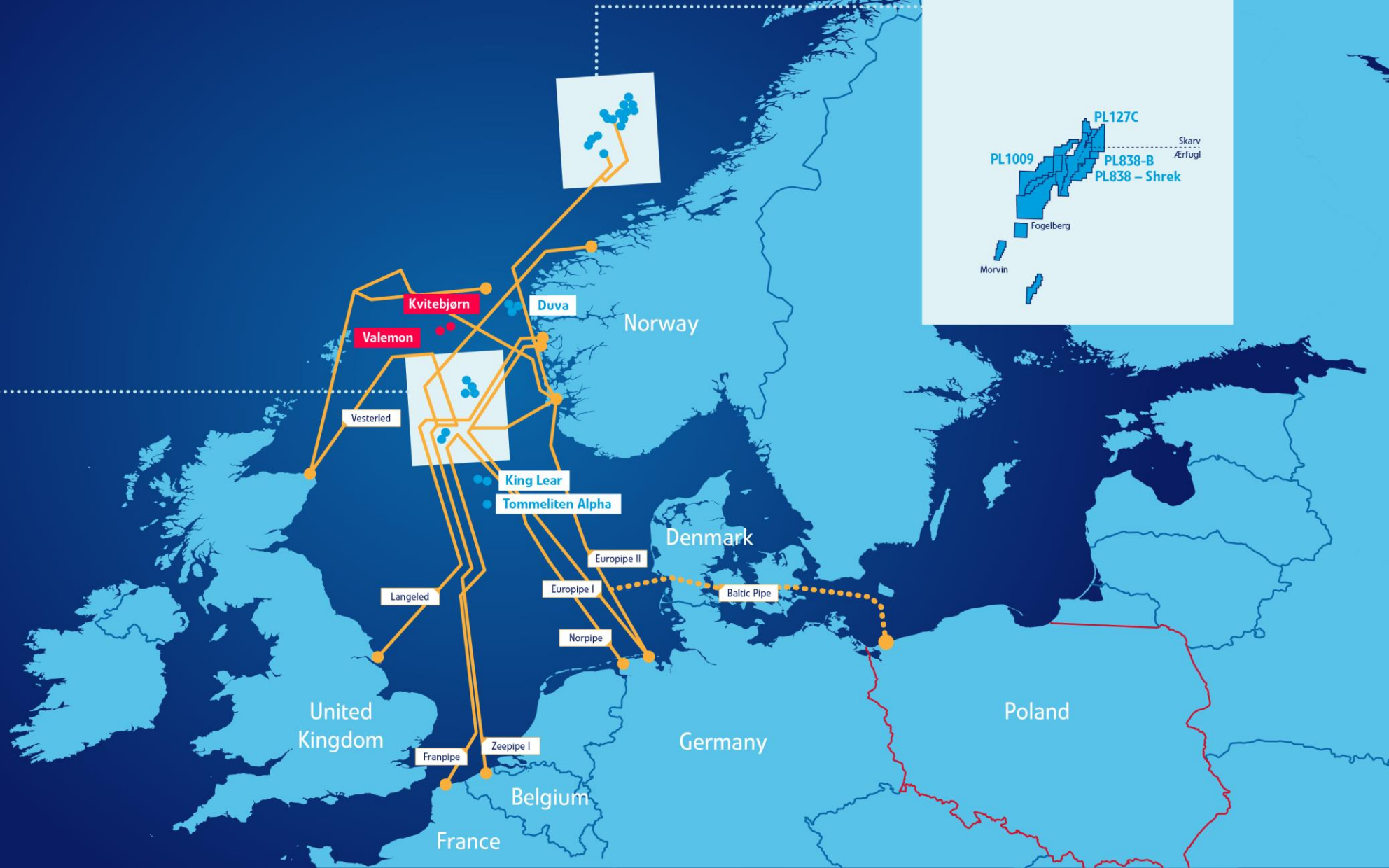
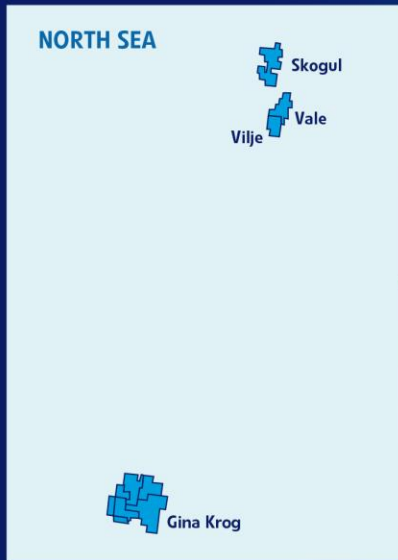


- Warka field discovery
- Another three wells came on stream in the Ærfugl field
- Positive results of exploration work on the Alve Nord East prospect
- Purchase of interests in the Kvitebjørn and Valemon fields in the North Sea
- PGNiG Group's recoverable reserves on the NCS: **208 mboe**
- PGNiG Group's own production on the NCS may reach **0.94 bcm** in 2021.



PGNiG in Norway

32
licenses



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

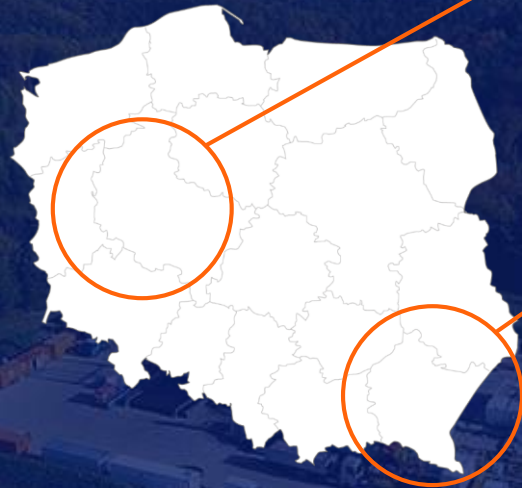
■ Exploration & Production: Poland



- **Investments** to maintain domestic production level
- Gradual **tying in of wells** to production facilities
- Total effect of new wells' development*:

approximately 63 mcm
of high-methane natural gas

6 thousand tonnes
of crude oil



Development of well:

- Dzieduszyce 11

Development of the following wells:

- Przeworsk-26, 27K, 29 – KGZ Jarosław
- Mirocin-65 – KGZ Jodłówka
- Przemyśl-49 – KGZ Przemyśl Zachód
- Królewska Góra-1 – OZG Kupno
- Kraczkowa-3 – KGZ Krasne
- Przemyśl-288, Przemyśl-302k, Przemyśl-305k – KGZ Żurawica
- Kramarzówka-3H – KGZ Tuligłowy

* during the first year of production

■ Electricity generation



The CCGT unit at the Stalowa Wola CHP Plant placed in service

- Target power: **450 MW**
- Heat and electricity cogeneration
- Heat and electricity for Stalowa Wola and Nisko
- Annual gas consumption =
- **approximately 0.6 bcm**
- Project carried out jointly with Tauron PE

■ Key agreements



Purchase of natural gas*

- Purchase of natural gas from **Ørsted Salg & Service**
- Contract duration: 2023–2028
- Volume: **approximately 6.4 bcm**
- In future gas to be transported to Poland via Baltic Pipe
- Purchase of natural gas from **Aker BP**
- Deliveries from the NCS started in October 2020
- So far natural gas sold on the German market
- In future gas to be transported to Poland via Baltic Pipe

Sales of natural gas

- Increase in gas supplies to **KGHM**
- Estimated value of the additional contract = **approximately PLN 190m ****
- The contracts signed to date provide for gas supplies to KGHM until 2033

* Execution of contracts by PGNiG Supply & Trading

** Estimated amount as at the date of first announcement

■ Natural gas exports

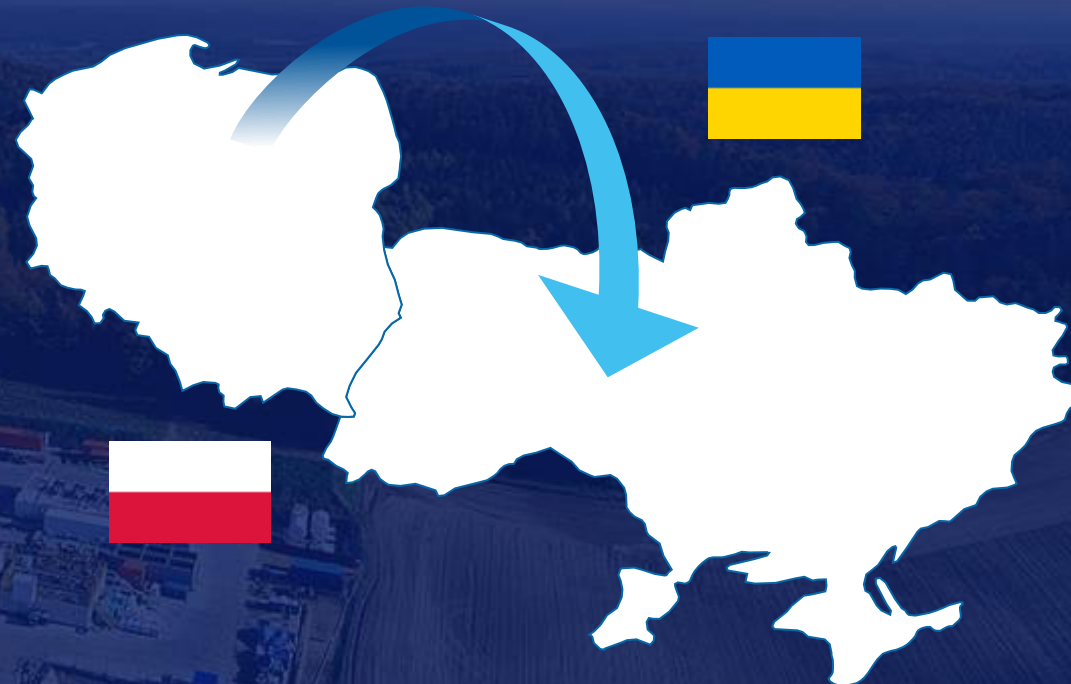


Sales of natural gas to Ukraine

9M 2019: 0.33 bcm

9M 2020: 0.95 bcm

 **287%**



Distribution network rollout



Comparison

9M 2019 vs 9M 2020

	9M 2019	vs	9M 2020	
New gas network connections	53,166		81,647	▲ 53%
New network sections	2,254.01 km		3,467.53 km	▲ 1,213.52 km
New service-line contracts	96,220		96,040	
Service-line pre-contract documentation issued	160,269		171,270	▲ 7%



24

Number of municipalities connected to the gas network in 9M 2020

138/300

Number of municipalities connected to the gas network under the PI Programme as at the end of Q3 2020

1,619

Total number of municipalities connected to the gas network as at the end of Q3 2020

65.36%

Progress of gas network rollout in Poland

■ Polska Spółka Gazownictwa – digital solutions



Number of applications submitted online*

43,144



Average number of applications submitted

183/day



Average application processing time

4.6 days

FUNCTIONALITIES OF THE PSG CONNECTION WEBSITE

- Applications for service-line pre-contract documentation and for execution of service-line contracts
- Checking the progress of service-line connection work
- SMS and email notifications
- Documentation available in electronic form, including service-line pre-contract documentation, service-line contract and invoice
- Execution of service-line contracts in electronic form for BI group customers

**As at November 13th 2020, requests for service-line pre-contract documentation, representations and service-line contracts since the launch of the website on March 19th 2020*

■ LNG imports



Further LNG deliveries to Poland

22 vs 28 LNG deliveries

2.48 bcm vs 2.95 bcm

 **19%**

Total volume and number of deliveries in 9M 2019 vs 9M 2020

- July 3rd 2020 – date of the hundredth LNG delivery to Poland
- Upcoming delivery (111th) – November 21/22 (from Qatar)
- Award of contract in a tender for gas carriers charter for the PGNiG Group
 - 2 carriers, each with tanks with a capacity of 174 thousand m³
 - to be placed in service in 2023



LNG sales



Trucks loaded
in Świnoujście, Odolanów
and Grodzisk Wlkp.
9M 2019 vs 9M 2020

Trucks loaded
in Klaipėda
(April to November 2020)

TANK TRUCKS

2,389 vs 3,062

158

TONNES OF LNG

40,230 vs 52,709

2,780

MWh

605,673 vs 795,423

42,478

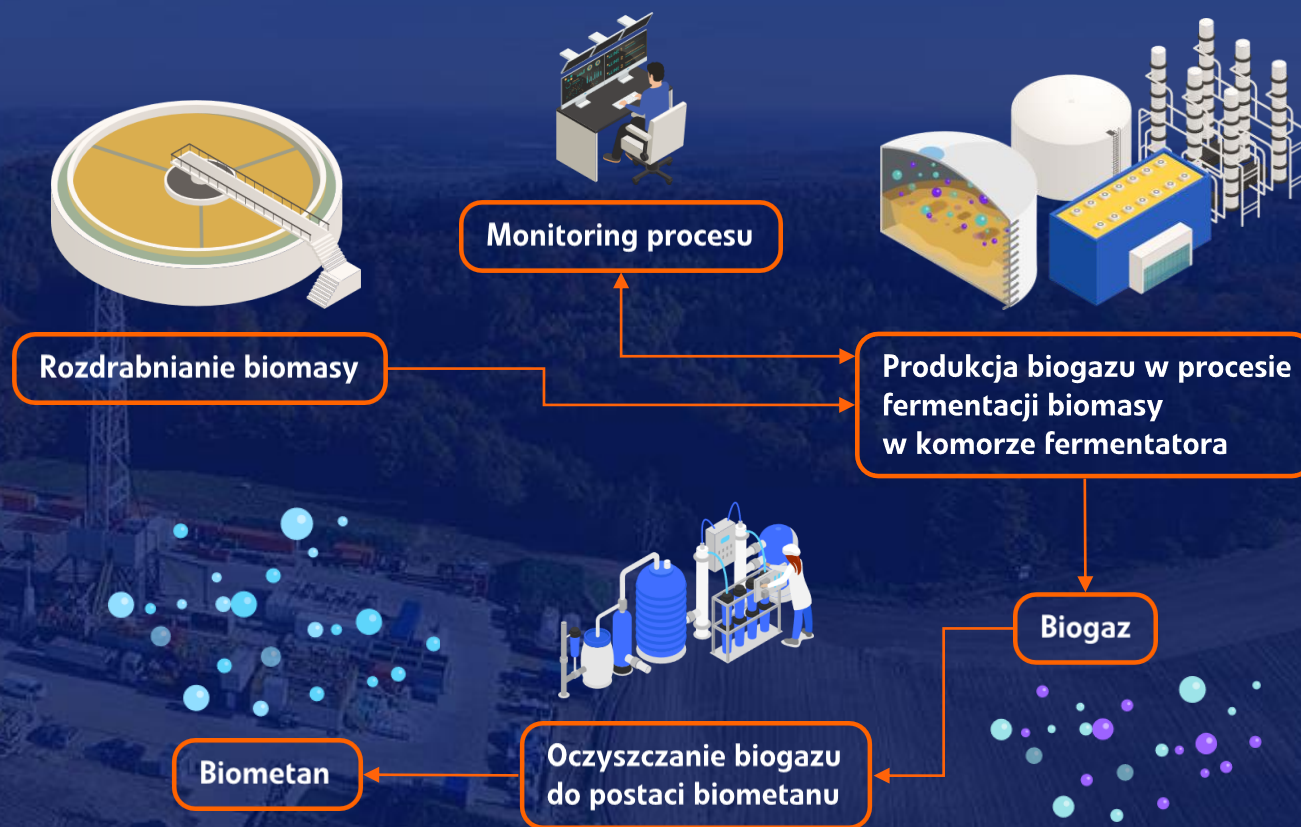
tonnage

 31%



New programmes in the pipeline – bio-methane

- Execution of a letter of intent with PKN Orlen on cooperation in the construction and development of a nationwide network of biogas plants
- Objective: to create technological, scientific, legal and economic foundations for further growth
- The plans envisage cooperation with existing facilities, expansion of test facilities and launch of pilot production



PGNiG Retail Branch – sales of natural gas

Number of gas off-take points in B2C

6,98 million



1.6%
9M 2020 vs 9M 2019

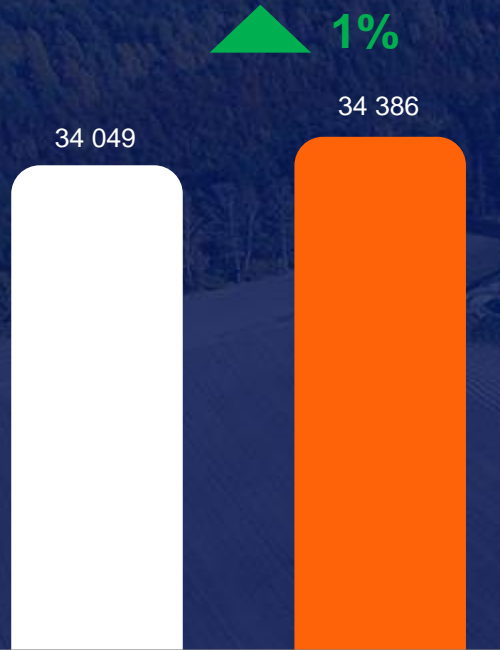
Number of gas off-take points in B2B

29.8 thousand



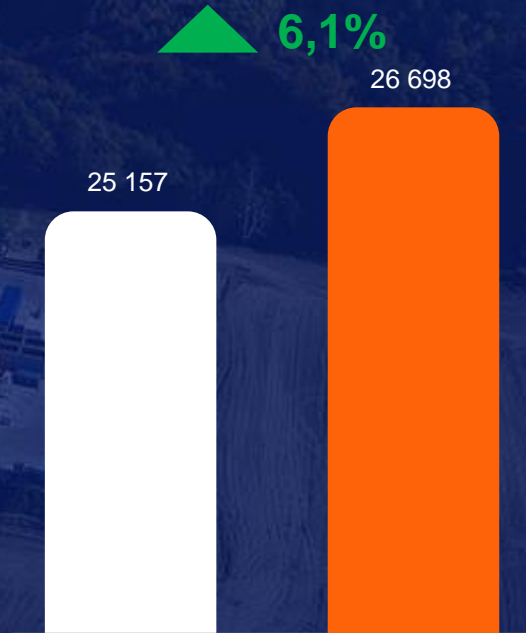
4.5%
9M 2020 vs 9M 2019

Natural gas sales volumes
(in GWh)



■ 9M 2019 ■ 9M 2020

Natural gas sales volumes
(in GWh)



■ 9M 2019 ■ 9M 2020

PGNiG Obrót Detaliczny – digital solutions

Contracts handled in the eBOK self-service system

1.99m



32%
after 9M 2020

Contracts with the EKOFaktura option activated

1.27m



33%
after 9M 2020

Mobile app downloads

1.41m



96%
after 9M 2020

Number of contracts signed online

40,260



2,869%
after 9M 2020

Online payments

3.87m



147%
after 9M 2020

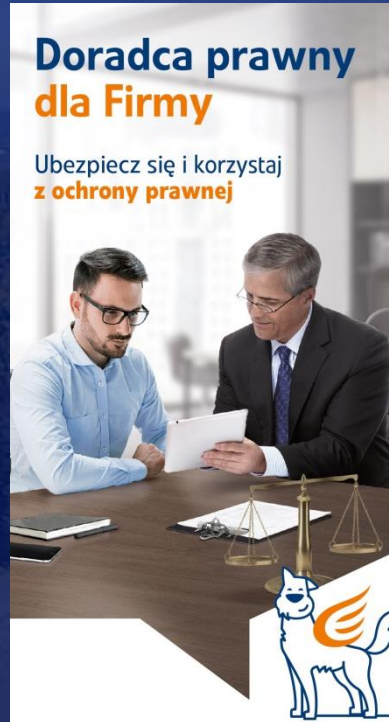
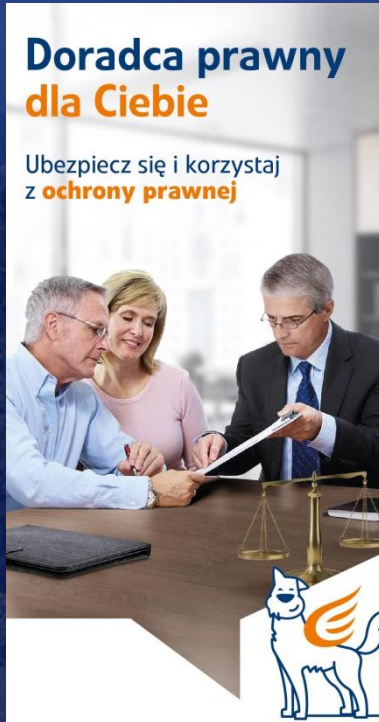
* comparison with end of December 2019

PGNiG Retail Branch – CNG and LNG



- Permission for **LNG bunkering of ships** in ports under the jurisdiction of the Maritime Authority of Szczecin (Szczecin-Świnoujście-Police)
- **First LNG bunkering of a ship** at Szczecin Port
- A tender won jointly with Exalo Drilling to supply **5 million of normal cubic meters of CNG** in 2021-2031 and build a refuelling station for the municipal services company of Suwałki
- Contract to **supply LNG** to the COEY VIKING ship at shipyard Remontowa Shipbuilding S.A. of Gdańsk

PGNiG Retail Branch



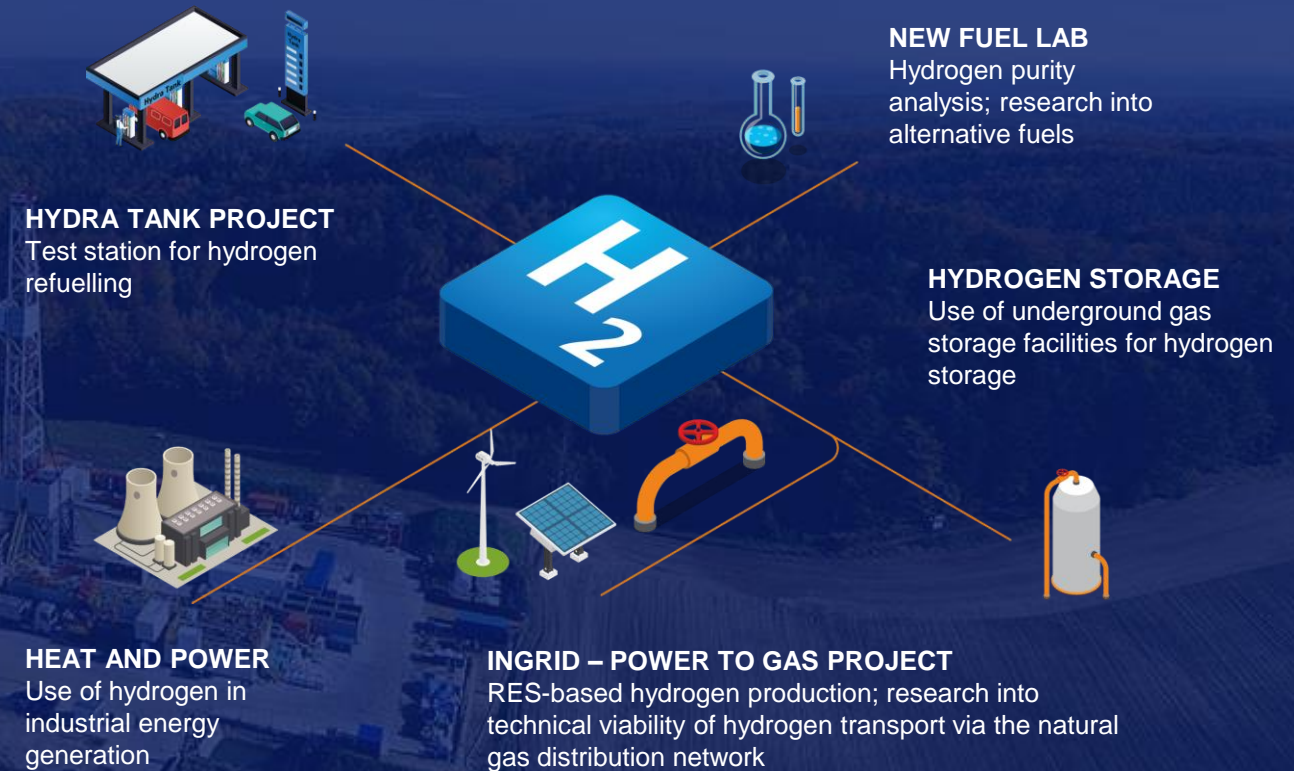
New product – legal advisory services for private and business customers



Support in handling phone calls from persons contacting the **Chief Sanitary Inspectorate (GIS)** in connection with the Covid-19 pandemic

■ New programmes in the pipeline – hydrogen

- Joining the project to develop a hydrogen strategy for Poland (together with the Ministry of Climate and Environment, energy and transport companies)
- Execution of cooperation agreement with Toyota Motor Poland (Hydra Tank project)
- Inclusion of the Kosakowo UGSF and Mogilno UGSF in the hydrogen programme
- Joining ECH2A
- Joining Hydrogen Europe



■ New programmes in the pipeline – RES

- Installation and placement in service of a PV system at PGNiG's registered office
- 124 solar panels with 50 kWp power
- Annual output of more than 42 MWh – to satisfy the electricity requirement of the office building
- We have identified 35 ha of land and over 76 thousand m² of roofs on the PGNiG Group's property suitable for building PV systems.
- This will enable the construction of PV systems generating in total 20 MW of electricity.



