

# Polskie Górnictwo Naftowe i Gazownictwo SA

Estimated financial results of PGNiG Group  
in Q2 and H1 2021



July 29<sup>th</sup> 2021

# Disclaimer

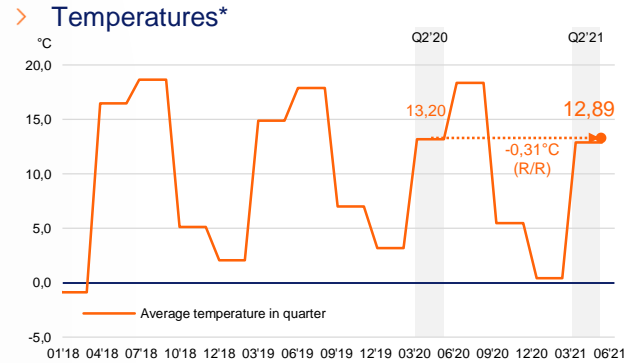
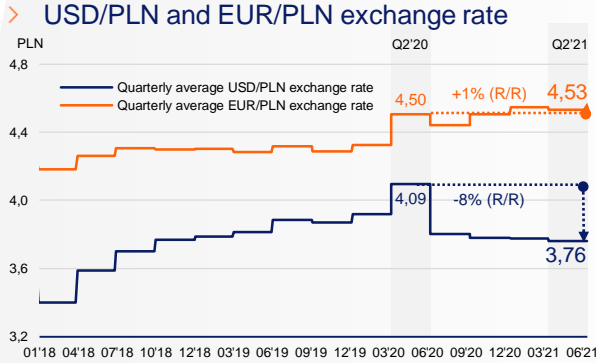
The information contained in this presentation illustrates the estimated financial results of the Polskie Górnictwo Naftowe i Gazownictwo Group (“PGNiG”, the “Company”), published by the Company in Current Report No. 33/2021 of July 29<sup>th</sup> 2021. The financial data contained in this presentation and in the Current Report may change following an audit by a qualified auditor.

The interim report for H1 2021 will be published on September 2<sup>nd</sup> 2021.

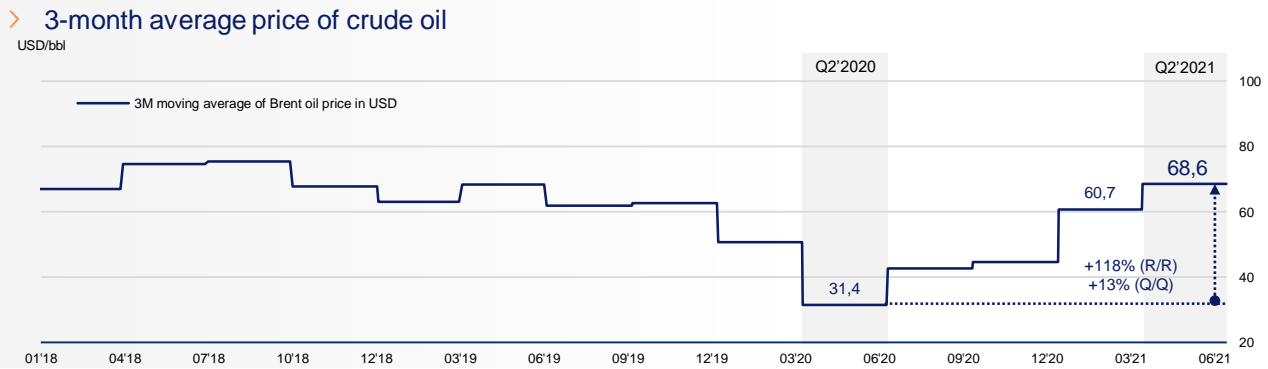
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## External and market drivers

- > USD/PLN in Q2 2021 down by 8% yoy, at PLN 3.76.
- > EUR/PLN in Q2 2021 up by 1% yoy, at PLN 4.53.
- > Average temperature\* in Q2 2021 down -0,31°C yoy.



- > +118% yoy increase in the 3-month (quarter) average crude oil price to 68.6 USD/bbl.

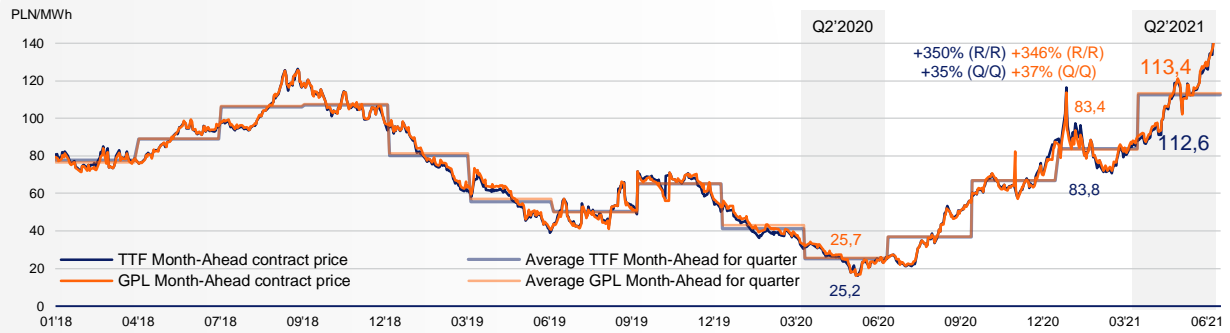


\* Temperature measurement in reference point in Rzeszów

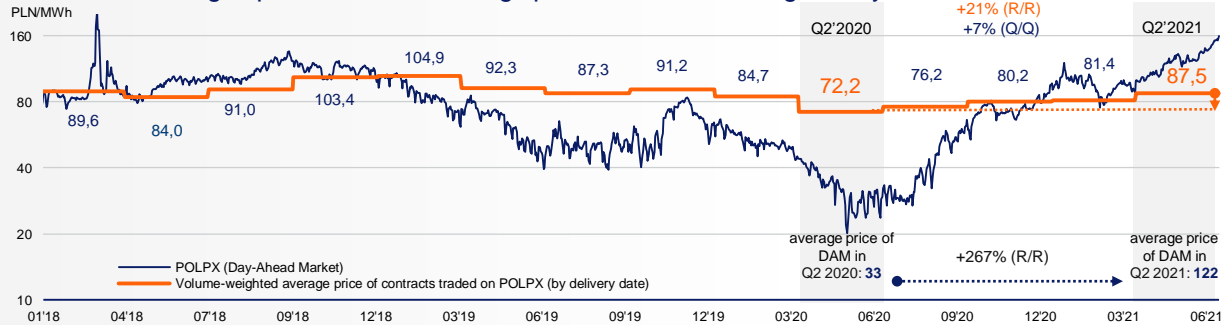
# Gas markets

- > TTF and GPL gas prices (Month-Ahead contract) in Q2 2021 :
  - > April: +211% i +206% R/R,
  - > May: +409% i +393% R/R,
  - > June: +460% i +472% R/R.
- > Higher trading volumes (+20% yoy) on POLPX in Q2 2021 of all contracts by their delivery date.

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



## > POLPX DAM gas prices and the average price of contracts weighted by volume



### Comments:

- > Selling prices at 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 the POLPX for a given quarter is calculated based on the prices of contracts for delivery in that quarter.

# Selected operating estimates

Current report No. 30/2021 of July 20<sup>th</sup> 2021

|  | Q2 2020 | Q2 2021 | Chnage yoy | H1 2020 | H1 2021 | Chnage yoy |
|--|---------|---------|------------|---------|---------|------------|
| <b>NATURAL GAS* in billion cubic metres</b>                          |         |         |            |         |         |            |
| Production volume  | 1,02    | 1,09    | 7%         | 2,19    | 2,34    | 7%         |
| <i>including Poland and Pakistan</i>                                 | 0,91    | 0,92    | 1%         | 1,98    | 1,95    | (2%)       |
| <i>including PGNiG Upstream Norway</i>                               | 0,11    | 0,17    | 55%        | 0,21    | 0,39    | 86%        |
| Imports volume   | 4,01    | 4,17    | 4%         | 7,47    | 8,27    | 11%        |
| <i>including imports from countries east of Poland</i>               | 2,19    | 2,57    | 17%        | 4,12    | 4,82    | 17%        |
| <i>including western and southern</i>                                | 0,61    | 0,35    | (43%)      | 1,16    | 1,41    | 22%        |
| <i>including LNG</i>   | 1,21    | 1,25    | 3%         | 2,19    | 2,04    | (7%)       |
| Sales volume outside PGNiG Group                                     | 6,30    | 6,90    | 10%        | 16,90   | 18,18   | 8%         |
| <i>including PGNiG SA</i>  | 3,80    | 3,82    | 1%         | 10,11   | 10,08   | 0%         |
| <i>on Polish Power Exchange</i>                                      | 1,69    | 2,00    | 18%        | 5,19    | 6,08    | 17%        |
| <i>exports from Poland</i>   | 0,21    | 0,01    | (95%)      | 0,90    | 0,22    | (76%)      |
| <i>including PGNiG Obrót Detaliczny</i>                              | 1,57    | 1,95    | 24%        | 4,50    | 5,46    | 21%        |
| <i>including PGNiG Supply &amp; Trading</i>                          | 0,93    | 1,13    | 22%        | 2,29    | 2,64    | 15%        |
| <b>DISTRIBUTION in billion cubic metres</b>                          |         |         |            |         |         |            |
| Gas distribution volume**  | 2,23    | 2,80    | 26%        | 6,19    | 7,35    | 19%        |
| <b>CRUDE OIL*** in thousand tonnes</b>                               |         |         |            |         |         |            |
| Production volume  | 331,7   | 279,6   | (16%)      | 656,3   | 608,1   | (7%)       |
| <i>including Poland</i>  | 166,8   | 151,2   | (9%)       | 366,7   | 325,1   | (11%)      |
| <i>including PGNiG Upstream Norway</i>                               | 164,9   | 128,4   | (22%)      | 289,6   | 283,0   | (2%)       |
| Sales volume   | 369,5   | 366,3   | (1%)       | 646,4   | 616,9   | (5%)       |
| <i>including Poland</i>  | 159,3   | 142,1   | (11%)      | 369,3   | 320,2   | (13%)      |
| <i>including PGNiG Upstream Norway</i>                               | 210,2   | 224,2   | 7%         | 277,1   | 296,7   | 7%         |
| <b>HEAT AND ELECTRICITY****</b>                                      |         |         |            |         |         |            |
| Heat sales volume (PJ)   | 6,79    | 6,54    | (4%)       | 22,84   | 23,54   | 3%         |
| Electricity sales volume (TWh)                                       | 0,64    | 0,61    | (5%)       | 2,02    | 1,84    | (9%)       |
| <b>Gas in underground storage facilities in billion cubic metres</b> |         |         |            |         |         |            |
| Gas in underground storage facilities as at June 30th *****          | 2,80    | 2,40    | (14%)      | 2,80    | 2,40    | (14%)      |

\* measured as high-methane gas equivalent with a calorific value of 39.5 mJ/cm. data of PGNiG Group

\*\* in natural units by Polska Spółka Gazownictwa

\*\*\* combined data for crude oil and condensate / natural gas liquids of PGNiG Group

\*\*\*\* data of PGNiG TERMIKA SA, PGNiG TERMIKA Energetyka Przemysłowa

\*\*\*\*\* data include high-methane and nitrogen-rich gas stored in Poland and abroad as well as LNG terminals



# Selected financial highlights

The financial data contained in this presentation and in the Current Report may change following an audit by a qualified auditor.  
The interim report for H1 2021 will be published on September 2<sup>nd</sup> 2021.

| [PLN bn]  | Q2 2020      | Q2 2021             | change yoy    | H1 2020      | H1 2021            | change yoy    |
|---|--------------|---------------------|---------------|--------------|--------------------|---------------|
| Consolidated revenue  | 7,28         | <b>10,43</b>        | 43%           | 21,04        | <b>24,99</b>       | 19%           |
| Consolidated EBITDA   | 7,27         | <b>1,66</b>         | (77%)         | 9,35         | <b>5,06</b>        | (46%)         |
| Herein: impairment losses on property, plant and equipment of PGNiG Group                       | -0,10        | <b>0,27</b>         | -4x           | -0,85        | <b>0,54</b>        | (164%)        |
| <i>EBITDA of Exploration and Production</i>   | <i>0,17</i>  | <i><b>1,41</b></i>  | <i>8x</i>     | <i>0,24</i>  | <i><b>2,75</b></i> | <i>11x</i>    |
| <i>cost of dry wells and seismic surveys</i>  | <i>-0,06</i> | <i>-0,17</i>        | <i>3x</i>     | <i>-0,08</i> | <i>-0,43</i>       | <i>5x</i>     |
| <i>impairment losses on property, plant and equipment</i>                                       | <i>-0,09</i> | <i><b>0,30</b></i>  | <i>-4x</i>    | <i>-0,85</i> | <i><b>0,57</b></i> | <i>(167%)</i> |
| <i>EBITDA of Trade and Storage</i>  | <i>6,65</i>  | <i><b>-0,36</b></i> | <i>(105%)</i> | <i>7,56</i>  | <i><b>0,13</b></i> | <i>(98%)</i>  |
| <i>reduction costs of gas associated with retroactive settlement under yamal contract annex</i> | <i>5,69</i>  | <i>-</i>            | <i>-</i>      | <i>5,69</i>  | <i>-</i>           | <i>-</i>      |
| <i>gas inventory write-downs</i>  | <i>+0,11</i> | <i>-0,01</i>        | <i>(109%)</i> | <i>+0,36</i> | <i>-</i>           | <i>-</i>      |
| <i>EBITDA of Distribution</i>   | <i>0,41</i>  | <i><b>0,54</b></i>  | <i>32%</i>    | <i>1,18</i>  | <i><b>1,55</b></i> | <i>31%</i>    |
| <i>EBITDA of Generation</i>   | <i>0,12</i>  | <i><b>0,17</b></i>  | <i>42%</i>    | <i>0,53</i>  | <i><b>0,63</b></i> | <i>19%</i>    |
| Consolidated EBIT   | 6,45         | <b>0,84</b>         | (87%)         | 7,66         | <b>3,28</b>        | (57%)         |
| Consolidated net result   | 5,14         | <b>0,58</b>         | (89%)         | 5,92         | <b>2,32</b>        | (61%)         |

# Key drivers of the segment's EBITDA

Current report No. 33/2021 of July 29th 2021

## > Comment Q2 2021 vs Q2 2020

### Exploration and Production:

- > higher prices of products, including 118% yoy increase of the average crude oil price in USD/bbl for the quarter and 267% yoy increase of Day Ahead Market gas prices on Polish Power Exchange;
- > reversal of impairment losses on non-current assets of PLN +296m;
- > Decline in production volumes of crude oil in Norway by 37 thousand tons (22% yoy).

### Trade and Storage:

- > significantly higher prices of natural gas on the PPE, which has an impact on the level of settlement price for gas from domestic production to the Trade and Storage segment;
- > 5.6% average increase of gas fuel price in the new retail tariff, introduced to act on May 1st 2021 compared to the previous tariff;
- > recognition of gas inventory write-downs of PLN -8m vs PLN +108m in Q2 2020;
- > the result on exercise of derivative financial instruments designated for hedge accounting: (1) reflected in sales revenue in the amount of PLN -185m (PLN +171m in Q2 2020), (2) reflected in gas inventory as reduction of procurement cost PLN +67m (PLN -68m in Q2 2020).

### Distribution:

- > 3.6% increase in the gas distribution tariff, introduced to act on February 1st 2021 compared to the previous tariff;
- > average temperature in Q2 2021 down by 0.31°C yoy;
- > net income/cost of system balancing : PLN -23m in Q2 2021 vs PLN +2m in Q2 2020.

### Generation:

- > 14% yoy higher revenue from sales of heat on lower average temperature in Q2 2021 and lower heat sales volumes;
- > 11% yoy higher revenue from sales of electricity on lower electricity sales volumes;

## > Comment H1 2021 vs H1 2020

### Exploration and Production:

- > higher prices of products, including 58% yoy increase of the average crude oil price in USD/bbl for the quarter and 153% yoy decline of Day Ahead Market gas prices on Polish Power Exchange;
- > reversal of impairment losses on non-current assets of PLN ca. +565m;
- > decrease in production volumes of crude oil in Norway by 7 thousand tons (2% yoy).

### Trade and Storage:

- > significantly higher prices of natural gas on the PPE, which has an impact on the level of settlement price for gas from domestic production to the Trade and Storage segment;
- > reversal of gas inventory write-downs of PLN +0.5m vs PLN +363m in H1 2020;
- > the result on exercise of derivative financial instruments designated for hedge accounting: (1) reflected in sales revenue in the amount of PLN -360m (PLN +990m in H1 2020), (2) reflected in gas inventory as reduction of procurement cost PLN +239m (PLN -283m in H1 2020).

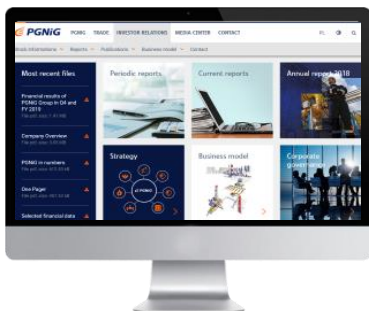
### Distribution:

- > average temperature in H1 2021 down by 1,55 °C yoy;
- > net income/cost of system balancing : PLN -35m in H1 2021 vs PLN +17m in H1 2020.

### Generation:

- > 20% yoy higher revenue from sales of heat on lower average temperature in H1 2021 and higher heat sales volumes;
- > 7% yoy lower revenue from sales of electricity on lower electricity sales volumes;

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