

# Polskie Górnictwo Naftowe i Gazownictwo SA

Estimated financial results of PGNiG Group  
in Q1 2021



April 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. 16/2021 of April 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.

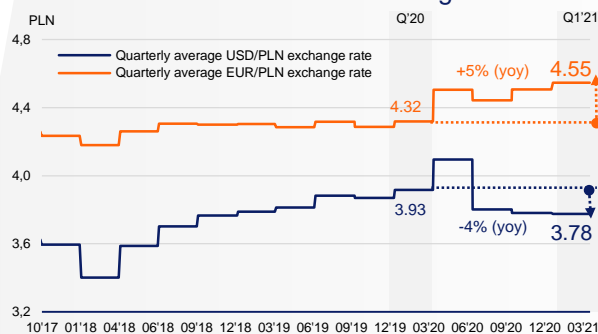
The interim report for Q1 2021 will be published on May 20<sup>th</sup> 2021.

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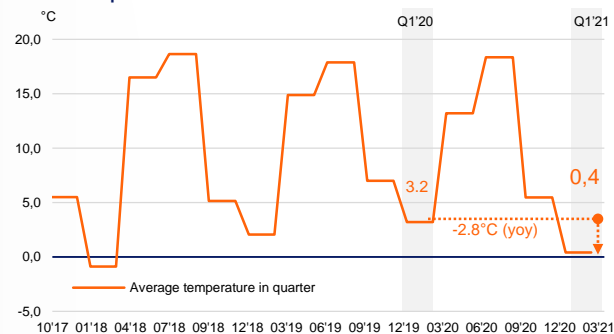
# External and market factors

- > USD/PLN in Q1 2021 down by -4% yoy at PLN 3.78.
- > EUR/PLN in Q1 2021 up by +5% yoy at PLN 4.55.
- > Average temperature\* in Q1 2021 down -2.8°C yoy.

## > USD/PLN and EUR/PLN exchange rate

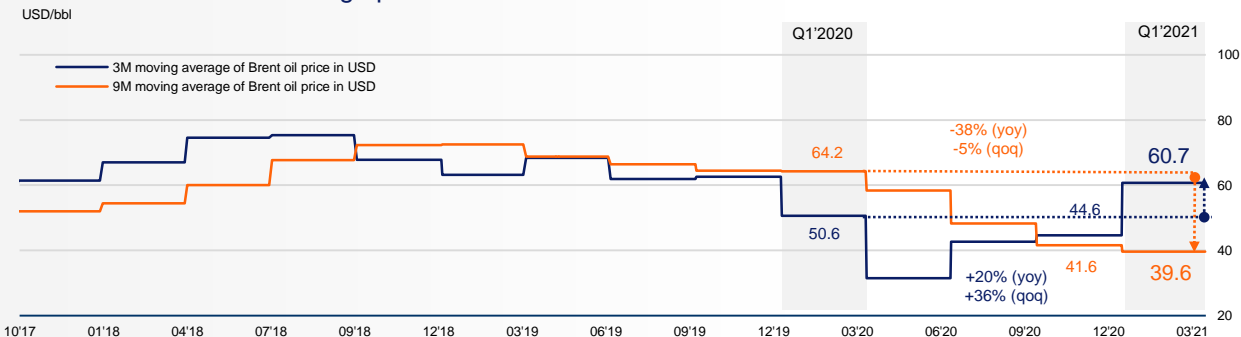


## > Temperatures\*



- > +20% yoy up in the 3-month (quarter) average crude oil price to 60.7 USD/bbl.

## > 3-month i 9-month average price of crude oil



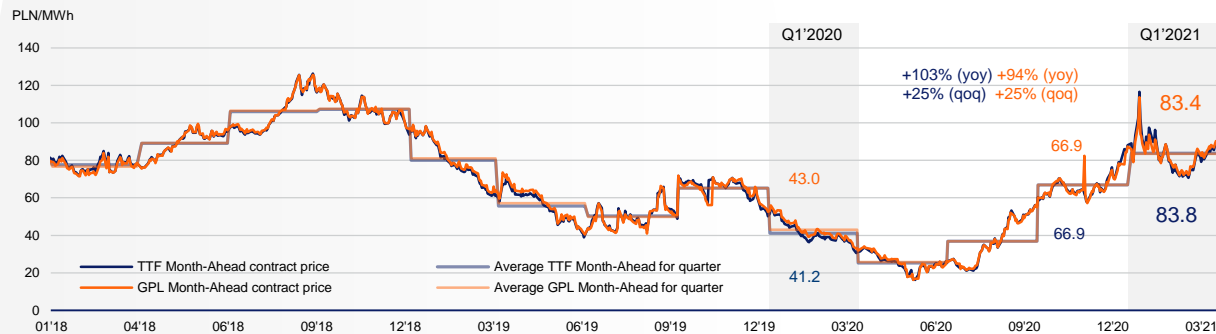
- > -38% yoy drop in the 9-month average crude oil price to 39.6 USD/bbl in the end of Q1 2021.

\* Reference point for temperature measurement: Rzeszów

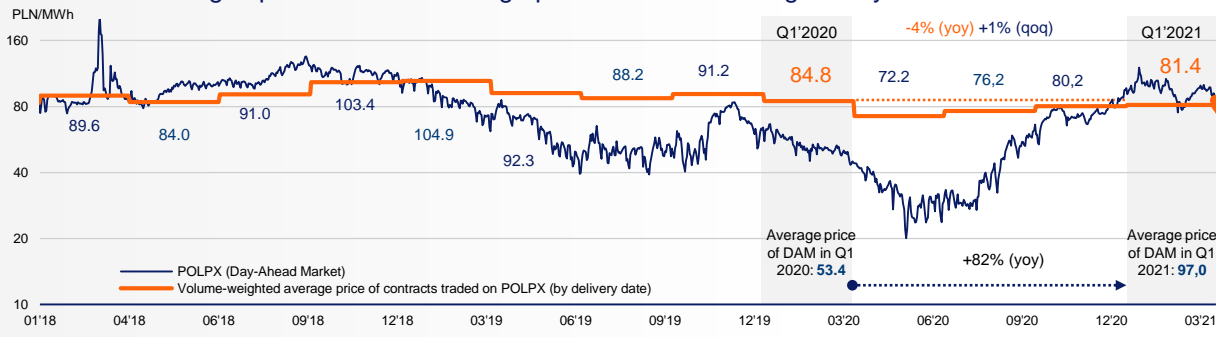
# Gas markets

- > TTF and GPL gas price in PLN (Month-Ahead contract) in Q1 2021:
  - > January: +95% yoy and +81% yoy,
  - > February: +100% yoy and +91% yoy,
  - > March: +118% yoy and +115% yoy.
- > Higher trading volumes (+23% yoy) on POLPX in Q1 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. 15/2021 of April 20<sup>th</sup> 2021

	Q1 2020	Q1 2021	Change yoy
<b>NATURAL GAS* in billion cubic metres</b>			
PRODUCTION VOLUME	1.16	1.25	8%
<i>including Poland and Pakistan</i>	1.06	1.03	(3%)
<i>including PGNiG Upstream Norway</i>	0.10	0.22	120%
IMPORTS VOLUME	3.46	4.10	18%
<i>including imports from countries east of Poland</i>	1.92	2.26	18%
<i>including western and southern</i>	0.56	1.04	86%
<i>including LNG</i>	0.98	0.80	(18%)
SALES VOLUME OUTSIDE PGNiG GROUP	10.60	11.25	6%
<i>including PGNiG SA</i>	6.31	6.26	(1%)
<i>on Polish Power Exchange</i>	3.50	4.08	17%
<i>exports from Poland</i>	0.69	0.21	(70%)
<i>including PGNiG Obrót Detaliczny</i>	2.93	3.51	20%
<i>including PGNiG Supply &amp; Trading</i>	1.36	1.48	9%
<b>DISTRIBUTION in billion cubic metres</b>			
GAS DISTRIBUTION VOLUME**	3.96	4.55	15%
<b>CRUDE OIL ***in thousand tonnes</b>			
PRODUCTION VOLUME	324.6	328.5	1%
<i>including Poland</i>	199.8	173.9	(13%)
<i>including PGNiG Upstream Norway</i>	124.8	154.6	24%
SALES VOLUME	276.9	250.6	(9%)
<i>including Poland</i>	210.0	178.1	(15%)
<i>including PGNiG Upstream Norway</i>	66.9	72.5	8%
<b>HEAT AND ELECTRICITY****</b>			
HEAT SALES VOLUME (PJ)	16.05	17.0	6%
ELECTRICITY SALES VOLUME (TWh)	1.38	1.22	(12%)
<b>GAS IN UNDERGROUND STORAGE FACILITIES in bilion cubic metres</b>			
GAS IN UNDERGROUND STORAGE FACILITIES AS AT MARCH 31 <sup>st</sup> *****	1,7	1,4	(18%)

\* 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

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The interim report for Q1 2021 will be published on May 20<sup>th</sup> 2021.

[PLN bn]	Q1 2020	Q1 2021	change yoy
Consolidated revenue	13.76	14.55	6%
Consolidated EBITDA	2.08	3.39	63%
Herein: impairment losses on property, plant and equipment of PGNiG Group	-0.76	+0.28	(137%)
<i>EBITDA of Exploration and Production</i>	<i>0.07</i>	<i>1.35</i>	<i>18x</i>
<i>cost of dry wells and seismic surveys</i>	<i>-0.02</i>	<i>-0.26</i>	<i>12x</i>
<i>impairment losses on property, plant and equipment</i>	<i>-0.76</i>	<i>+0.27</i>	<i>(136%)</i>
<i>EBITDA of Trade and Storage</i>	<i>0.91</i>	<i>0.49</i>	<i>(46%)</i>
<i>gas inventory write-downs</i>	<i>+0.25</i>	<i>+0.01</i>	<i>(96%)</i>
<i>EBITDA of Distribution</i>	<i>0.77</i>	<i>1.01</i>	<i>31%</i>
<i>EBITDA of Generation</i>	<i>0.42</i>	<i>0.46</i>	<i>10%</i>
Consolidated EBIT	1.21	2.44	102%
Consolidated net result	0.78	1.75	124%



# Key drivers of the segment's EBITDA

Current Report No. 16/2021 of April 29<sup>th</sup> 2021

## Exploration and Production:

- > +20% yoy increase of the average crude oil price in USD/bbl for the quarter and +82% yoy increase of Day Ahead Market gas prices on Polish Power Exchange;
- > cost of dry wells and seismic surveys written off: PLN -0.26bn and recognition of impairment losses on non-current assets of PLN +0.27bn;
- > increase in production volumes of crude oil and condensate in Norway by 30 thousand tons (+24% yoy).

## Trade and Storage:

- > higher prices of natural gas on energy markets in Q1 2021;
- > -4.5% average decline of gas fuel price in the new retail tariff, introduced to act on January 1<sup>st</sup> 2021;
- > recognition of gas inventory write-downs of PLN +9m in Q1 2021 vs write-downs of PLN +255m in Q1 2020;
- > the result on exercise of derivative financial instruments designated for hedge accounting: 1) reflected in sales revenue in the amount of PLN -175m (PLN +819m in Q1 2021), 2) reflected in gas inventory as a decrease of cost of gas in amount of PLN +172m (PLN -215m in Q1 2021).

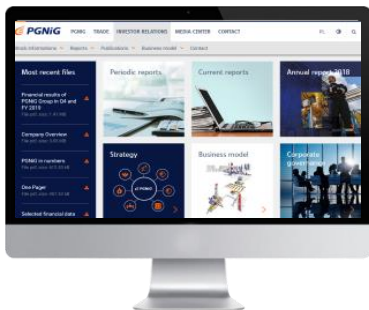
## Distribution:

- > +3.6% increase in the gas distribution tariff, introduced to act on February 1<sup>st</sup> 2021;
- > average temperature in Q1 2021 down by -2.8°C yoy;
- > net income/cost of system balancing: PLN -12m in Q1 2021 vs PLN -16m in Q1 2020.

## Generation:

- > +23% yoy higher revenue from sales of heat on higher heat tariff, lower average temperature in Q1 2021 and +6% yoy higher heat production volumes;
- > -14% yoy lower revenue from sales of electricity on -lower electricity sales volumes;
- > stable costs of coal with transport yoy.

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