

Q1 2017 preliminary results

April 25, 2017



Disclaimer: estimated data

The Management Board of PGE Polska Grupa Energetyczna (the “Company” or “PGE”) emphasize that figures presented hereby are preliminary estimates, which may change. The financial statements of PGE Group are still in the preparation process. Consolidated report for Q1 2017 will be released on May 11, 2017.

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Estimated operating volumes and sales data

[TWh]	Q1 2017	Q1 2016	y/y
Net electricity generation, by fuels:	15.00	13.16	14%
lignite	10.60	8.52	24%
hard coal	2.82	3.02	-7%
natural gas	0.95	0.80	19%
pumped-storage plants	0.10	0.18	-44%
hydro	0.12	0.13	-8%
wind	0.32	0.30	7%
biomass	0.09	0.21	-57%
Sales to final off-takers	10.05	10.70	-6%
Distribution	8.96	8.64	4%

Estimated key financial data

[PLN m]	Q1 2017	Q1 2016	y/y
EBITDA PGE Group	1 873	1 822	3%
Conventional Generation	917	1 000	-8%
Renewables	91	114	-20%
Distribution	618	555	11%
Supply	243	139	75%
Consolidated net profit to equity	882	870	1%
Earnings per share [PLN]	0.47	0.47	0%
One-off items			
LTC compensations	0	130	
LTC adjustment (court verdicts)	0	148	
Voluntary Leave Program	-7	-19	
Recurring EBITDA	1 880	1 563	20%
Net debt	5 243	4 171	1 072

Drivers of periodic results

Key factors that influenced y/y results dynamics

Q1 2017

Recurring EBITDA increased by 20% y/y

- + Generation volume higher by 1.8 TWh
- + Fuel purchase cost lower by PLN 48 million
- + Return from distribution services higher by PLN 62 million
- + Decline of property rights redemption cost at Supply segment was deeper than the decline of property rights revenues at Conventional Generation and Renewables segments → favorable net impact for the PGE Group of PLN 41 million

Recurring EBITDA expanded despite:

- CO2 emission costs greater by PLN 97 million on the back of increased generation volume
- Lower capitalization of mining costs of PLN 34 million

Reported EBITDA higher by 3% r/r

- Negative balance of one-off items: the base period contained LTC revenues of PLN 130 million and additionally PLN 148 million from court cases, totaling PLN 278 million, whereas Q1'17 results did not contain LTC revenues.

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