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**Details of the webcast from the meeting with CEO & CFO**

**May 27, 2020 (Wednesday), 10.00 AM CEST**

Link to the webcast: [www.gkpge.pl/Investor-Relations](http://www.gkpge.pl/Investor-Relations)

Questions for Q&A session allowed via email: [pgeresults@gkpge.pl](mailto:pgeresults@gkpge.pl)

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**Operations: Comparable y/y generation on the back of output from new units of Opole power plant**

**Financials: Improvement in supply business limits y/y decrease in earnings**

**COVID-19 impact still on the horizon**

- Weaker power generation: 15.4 TWh (-2% y/y)
- Reported FY Group EBITDA of PLN 1.8bn (-2% y/y): lower margins and volumes in generation together with decline in distribution business drive the result down
- Visible decline in net profit to equity by PLN 150m (-26% y/y)
- PLN 2.5bn increase in net debt triggered by payments for 2019 CO2 allowances, margin calls due to carbon market's slump and increased cash flow from investing activities.

**Challenging business environment**

Continued 2019 trend of lower domestic consumption (-2.1% y/y) and increased net imports (-1.0 TWh, increased interconnection capacities from Q2 2019) weigh heavily on domestic generation (-4.6% y/y).

Just slightly lower PGE generation (-0.2 TWh) as an effect of commissioned (during 2019) units 5&6 in Opole power plant.

Incremental effect of new units: 1.8 TWh. Lower heat sales (-1.1 PJ, -5%) as a result of higher temperatures.

1.4% decrease in Q1 distribution volumes still without material effect of COVID-19. Sales to end-users lower by 0.7 TWh (-6%). For more operational data see table on the second page of this document.

**Earnings under pressure but EBITDA on comparable level y/y**

Reported result at EBITDA level ca. PLN 1.8bn (PLN -28m y/y), while EBIT and net profit affected by increased depreciation. Lower generation margins due to increased cost of CO2 allowances (higher price and limited volume of free allowances granted). Lower result of distribution segment mainly due to inflated Q1 2019 result connected to grid losses and higher personnel cost. Improvement in margins in Supply business – base period burdened by the effect of frozen electricity prices. Positive impact on consolidation (PLN +183m y/y) on account of high negative impact in Q1 2019 (valuation of financial instruments and provisions related to onerous contracts). No significant one-off items were identified for the quarter.

**CAPEX: Declined expenditures for Conventional Generation**

Expenditures on investments in PGE Group amounted to ca. PLN 1.0bn and were 5% lower y/y. Decline mainly due to lower investments in Conventional Generation (PLN -260m, -41%) after commissioning Opole power plant units 5&6. Higher CAPEX in Distribution (PLN +83m, +24%) and Renewables (PLN +81m, +736%) related to new wind farms on final straight.

**Increase in net debt**

PLN 2.5bn rise in net debt from end of December due to CO2 allowances – higher payments for forward contracts and ca. PLN 1bn margin calls as the CO2 prices tumbled down. Simultaneously high investment cash flow related to 2019 CAPEX.

May 26, 2020

## Key Financials

PLNm	Q1 2020	Q1 2019	y/y [%]
Sales	12 591	9 561	32%
EBITDA	1 770	1 798	-2%
EBIT	773	859	-10%
Net profit (to equity)	432	585	-26%
Net profit (to equity) ex. Impairments	457	604	-24%

## EBITDA by segments

PLNm	Q1 2020	Q1 2019	y/y [%]
Conventional Generation	497	683	-27%
District Heating	342	393	-13%
Renewables	193	165	17%
Distribution	573	645	-11%
Supply	218	143	52%

## EBIT by segments

PLNm	Q1 2020	Q1 2019	y/y [%]
Conventional Generation	59	272	-78%
District Heating	195	244	-20%
Renewables	119	100	19%
Distribution	261	346	-25%
Supply	210	135	56%

## Key operating data

TWh	Q1 2020	Q1 2019	y/y [%]
Net Generation Volume	15.36	15.61	-2%
Sales to End-users	10.74	11.45	-6%
Electricity Distribution Volume	9.17	9.30	-1%
Sales of Heat [PJ]	19.75	20.88	-5%

## Electricity generation by source

TWh	Q1 2020	Q1 2019	y/y [%]
Lignite-fired power plants	7.21	8.86	-19%
Hard coal-fired power plants	4.12	2.85	45%
Coal-fired CHPs	1.64	1.65	-1%
Gas-fired CHPs	1.42	1.43	-1%
Biomass-fired CHPs	0.11	0.08	38%
Waste-to-energy CHPs	0.01	0.01	0%
Pumped-storage	0.22	0.17	29%
Hydro	0.13	0.14	-7%
Wind	0.50	0.42	19%
TOTAL	15.36	15.61	-2%
Renewable generation	0.76	0.66	15%
incl. biomass co-combustion	0.01	0.01	0%

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### Further information

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