
Details of the webcast from the meeting with CEO & CFO

May 12, 2017 (Friday), 10.00 AM CEST

Link to the webcast: www.gkpge.pl/en

Questions for Q&A session allowed via email: pgeresults@gkpge.pl

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Financials: Strong Q1 EBITDA drove by operational performance

Strategy: External growth projects

CAPEX: Opole II overall progress above 75%, continuation of Turów project

Dividend policy change: suspension of payout. Dividend to be back from 2019 profit

- Group Q1 EBITDA of PLN 1.95 bn (+7% y/y); Group recurring Q1 EBITDA of PLN 1.88 bn (+20% y/y)
- Generation with +14% y/y growth of volumes, on the back of high utilisation of lignite assets after completed modernisations
- M&A's update: taking the initiative in offer for EDF assets in Poland, additional capital for PGG
- Update from PGE construction sites: overall progress on Opole II exceeding 75%, Turów with ca. 25% of completed construction works
- Completion of significant capital investments likely to trigger next dividend payouts

Sound EBITDA performance in Q1 2017

Q1 EBITDA profit shaped mainly by generation volumes and solid results of supply business. Completion of Bełchatów comprehensive modernisation boosted the generation volumes from lignite (+24% y/y) with overall Q1 generation volume standing at 15 TWh (+14% y/y). Reflection in recurring EBITDA of Conventional Generation of PLN 924 m (+25% y/y). Change of trading model (lower exchange obligation, more sales through bilateral contracts). Revised retail strategy – margin focused and low price of green certificates drove the result of Supply Segment with EBITDA of PLN 243 m (+75% y/y).

Industry M&As

In recently signed Option Agreement regarding EDF assets in Poland, PGE has declared to act as the sole bidder and committed to buy the assets individually. PGE is interested in full operational control and full consolidation of acquired companies to grow the regulated activity of the Group heat production. PGE decided to recapitalise PGG – Polish Mining Group due to planned acquisition of assets of Katowicki Holding Węglowy (KHW) to be executed by PGG. Supporting capital for Polimex-Mostostal stabilizing for its ongoing activities.

Q1 developments on PGE construction sites

Overall progress of works at Opole project exceeded 75%. Turów unit is progressing with around 25% of project advancement on construction site. Distribution investment projects – i.e. Czosnów area investment related to dynamic development of local market - ensuring security of supply and supporting for additional junction into power grid.

Dividend suspension for next three years

Management's decision to suspend payments due to necessity of stabilization of PGE's financial situation: continuation of the ambitious investment program combined with the acquisition of EDF assets and the inevitability of investment related to assets' adaptation to requirements of BAT conclusions. After 2018 possible resumption of payouts at 40-50% of adjusted net profit.

Q1 2017 PGE Group Results



Polska Grupa Energetyczna

May 11, 2017

Key Financials

PLNm	Q1 2017	Q1 2016	y/y [%]
Sales	5 741	7 133	-20%
Sales recurring*	5 741	7 003	-18%
EBITDA	1 948	1 822	7%
EBITDA recurring**	1 880	1 563	20%
EBIT	1 201	1 123	7%
EBIT recurring**	1 140	873	31%
Net profit (to equity)	964	870	11%
Net profit (to equity) ex. Impairments ***	970	877	11%

* adjusted for LTC compensations; **one-off items summary presented at pg. 25 of Q1'17 presentation, ***adjusted for net impairments only

EBITDA by segments

PLNm	Q1 2017	Q1 2016	y/y [%]
Conventional Generation	992	1 000	-1%
Renewables	91	114	-20%
Distribution	618	555	11%
Supply	243	139	75%

EBIT by segments

PLNm	Q1 2017	Q1 2016	y/y [%]
Conventional Generation	630	680	-7%
Renewables	25	49	-49%
Distribution	326	273	19%
Supply	237	132	80%

Key operating data

TWh	Q1 2017	Q1 2016	y/y [%]
Net Generation Volume	15,00	13,16	14%
Sales on the Wholesale Market	6,29	14,27	-56%
Sales to End-users	10,06	10,71	-6%
Electricity Distribution Volume	8,96	8,64	4%

Electricity generation by source

TWh	Q1 2017	Q1 2016	y/y [%]
Lignite-fired power plants	10,57	8,50	24%
Hard coal-fired power plants	2,51	2,74	-8%
Coal-fired CHPs	0,38	0,39	-3%
Gas-fired CHPs	0,95	0,80	19%
Biomass-fired CHPs	0,05	0,12	-58%
Pumped-storage	0,10	0,18	-44%
Hydro	0,12	0,13	-8%
Wind	0,32	0,30	7%
TOTAL	15,00	13,16	14%
Renewable generation	0,53	0,64	-17%
incl. biomass co-combustion	0,04	0,09	-56%

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