



Details of the webcast from the meeting with CEO & CFO

May 25, 2022 (Wednesday), 10.00 AM CEST

Link to the webcast: <https://infostrefa.tv/pge/>

Questions for Q&A session allowed via email: ir@gkpgge.pl

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Operations: Market situation continues to support generation and distribution volumes

Financials: Strong "non-conventional" activities build up the Group EBITDA

- PGE power generation in Q1'22 at 17.3TWh, flat y/y, as declining volumes on hard coal were replaced by upbeat lignite and RES generation. Volumes still supported by higher domestic demand and increasing export of energy from Poland.
- Strong reported EBITDA at PLN 2.6bn (+19% y/y). Positive effects of sharply rising SPOT prices and volumes in Renewables, sound volumes and higher tariffs in Distribution.
- Net debt inched down q/q, at PLN 4.2bn supported by strong operating cash flow.

Significant shift in fuel

Upbeat volumes of lignite generation (10.3 TWh, +18% y/y) supported by production in Turów unit no. 7 (+0.4 TWh y/y). Decreased volumes in hard coal power plants (3.3 TWh, -27% y/y) as a result of longer stand-by in reserve in Opole power plant and process of reconstruction of coal stocks.

RES generation sharply higher (+23% y/y) at 0.8TWh, chiefly on better wind conditions.

Heat volumes (-1.7PJ, -7% y/y) in Q1 2022 stemming from higher average external temperatures in heating season. Volumes of electricity distributed at 9.8TWh (+3% y/y) following continued rise in domestic demand. Sales to end-users at 9.1TWh (-6% y/y), declined at the level of individual recipients as a result of the increase in prosumers' production.

EBITDA growth built on the results of distribution, RES and supply

Strong recurring EBITDA (PLN 2.6bn, +18% y/y), supported by sound RES generation volumes, much higher SPOT prices of electricity and higher tariffs and volumes in Distribution. Good result of Supply based on revenues from services provided to other segments of the PGE Group. Negligible impact of one-offs y/y as only provision for prosumers was released (PLN 19m). Reported EBITDA was at PLN 2.6bn (+19% y/y).

Conventional Generation. Recurring EBITDA lower at PLN 0.4bn (-14% y/y) mainly on higher costs of Commercial Management of Generation Capacities paid to Supply segment.

District Heating. Recurring EBITDA at PLN 0.2bn (-61% y/y), declined on lower margins on heat and electricity production despite additional support for cogeneration. Margins were impacted by sharply higher gas prices and rapidly rising CO₂ costs.

Renewables. Recurring EBITDA came very strong at PLN 0.5bn (+159% y/y) mainly as result of sharply higher electricity prices on SPOT market and superb volumes of wind generation.

Supply segment posted sound recurring EBITDA of PLN 0.6bn (+62% y/y) but result was mainly based on higher revenues from services provided to other segments of the PGE Group.

Upbeat Distribution EBITDA at PLN 0.8bn (+21% y/y) boosted by higher distribution revenues (positive impact of tariffs & volumes) and also lower cost of balancing electricity.

CAPEX: A new investment cycle is unfolding

Expenditures on investments (on accrual basis) in PGE Group were on the rise at PLN 0.9bn (+7% y/y) as investment in PGE Gryfino 2050 (CCGT units at Dolna Odra PP) replaced the major coal projects in Conventional Generation. New projects (offshore, gas CHP, CCGT units, grid grounding, smart metering) are ahead in 2022.

Net debt supported by strong operating cash flow

Net debt inched down q/q to PLN 4.2bn, as strong operating cash flow adjusted by CO₂ (approx. PLN 7.6bn) was balanced by cash investment spending (PLN 1.0bn), cash spending on purchase of CO₂ to settle 2021 emission (approx. PLN 6.0bn) and expenditure on replenishment of coal stock (approx. PLN 0.3bn). Net debt/LTM EBITDA stands at 0.4x (unchanged from Q4'21).

Key Financials

PLNm	Q1 2022	Q1 2021	y/y [%]
Sales	16 897	11 942	41%
EBITDA	2 615	2 206	19%
Recurring EBITDA	2 596	2 206	18%
EBIT	1 550	1 164	33%
Recurring EBIT	1 537	1 208	27%
Net profit (to equity)	1 022	808	26%
Net profit (to equity) ex. impairments	1 027	844	22%

EBITDA by segments

PLNm	Q1 2022	Q1 2021	y/y [%]
Conventional Generation	438	511	-14%
District heating	201	510	-61%
Renewables	500	193	159%
Distribution	798	658	21%
Supply	593	352	68%

EBIT by segments

PLNm	Q1 2022	Q1 2021	y/y [%]
Conventional Generation	-52	41	-
District heating	28	357	-92%
Renewables	416	104	300%
Distribution	497	348	43%
Supply	585	343	71%

Key operating data

TWh	Q1 2022	Q1 2021	y/y [%]
Net Generation Volume	17.32	17.27	0%
Sales to End-users	9.10	9.67	-6%
Electricity Distribution Volume	9.79	9.52	3%
Sales of Heat [PJ]	21.28	22.96	-7%

Electricity generation by source

TWh	Q1 2022	Q1 2021	y/y [%]
Lignite-fired power plants	10.30	8.76	18%
Hard coal-fired power plants	3.31	4.54	-27%
Coal-fired CHPs	1.58	1.69	-7%
Gas-fired CHPs	1.12	1.45	-22%
Biomass-fired CHPs	0.09	0.09	0%
Waste-to-energy CHPs	0.01	0.01	0%
Pumped-storage	0.22	0.20	10%
Hydro	0.14	0.14	0%
Wind	0.55	0.39	41%
TOTAL	17.32	17.27	0%
incl. renewable generation	0.79	0.65	22%