
Details of the webcast from the meeting with CEO & CFO

November 14, 2018 (Wednesday), 10.00 AM CET

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

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

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Financials: visible seasonality of results – lower impact of acquired assets in Q3

Operations: upward trend continued

CAPEX: strategic projects and further initiatives in district heating

PGE in transition: limiting carbon footprint and CO₂ costs going forward

- Group recurring 9M'18 EBITDA of PLN 5.2 bn (+8% y/y), Group reported 9M'18 EBITDA of PLN 5.1 bn (-16% y/y);
- Generation with +18% y/y growth – mainly effect of new assets: doubled volumes on coal and gas, tripled heat sales;
- Update from construction sites: Opole ready in approx. 94%, Turów exceeded 75% of completed construction works;
- Responsible energy of tomorrow: Waste-to-Energy plant ready to operations and further essential investments on the route to the energy of tomorrow.

Deeper seasonality of results – CHPs results prone to weather conditions

Reported consolidated EBITDA in 9M'18 amounted to PLN 5.1 bn, lower by 16% y/y – impact of lower demand for heating and weaker heat incomes in Q3'18 due to exceptionally long summer in Poland. Group recurring 9M'18 EBITDA of PLN 5.2 bn (+8% y/y). Distribution segment being the source of stable EBITDA growth (+5% y/y, 9M'18 EBITDA of PLN 1.9 bn). High prices of property rights and spots on electricity (mainly in Q3'18) supported EBITDA of Renewables (+48% y/y, 9M'18 EBITDA of PLN 354 m). Supply segment results (-25% y/y, 9M'18 EBITDA of PLN 459 m) due to high base period effect.

Operational support of new assets

Visible acquisition impact on operations: almost tripled volume of heat sales: approx. 32 PJ in 9M'18 – effect of acquired assets and its performance mainly in heating season within H1'18 – due to long summer in Poland Q3'18 did not add additional incomes on heat. Maintained rising trend of volumes on coal and gas: approx. 6.3 TWh of additional power generation coming from acquired coal assets: +3.9 TWh from Rybnik power plant, +2.4 TWh from acquired coal CHPs and +1.25 TWh from acquired gas-fired CHPs. Volumes from lignite impacted by modernisations in Turów. Bełchatów at comparable level year over year. Lower volumes generated from renewable resources – mainly weaker wind generation.

CAPEX: Opole and Turów projects

Overall progress of works at Opole II project of approx. 94%. New commissioning dates and rescheduled payments agreed. Several important changes, including the extension of the scope of works, in particular the adjustment of both units to the requirements of cybersecurity. Progress of construction works in Turów exceeded 75% – main focus on closing buildings before winter, so that work could be continued inside the object.

Next steps in process of changing PGE towards more diversified energy mix

Waste-to-Energy unit in Rzeszów commissioned. Further developments around cogeneration and heat based on low-emission sources. See the map of considered location on slide no 6 of PGE results presentation. Highly efficient and lower pollutant units in Opole and Turów will improve carbon footprint dramatically. At the same time, we maintain our position of the leader in renewable generation in Poland. The estimated impact of our planned first offshore wind farm is to reduce around 4 million tonnes of CO₂ emissions per year. Onshore farm and development of photovoltaic plants pipeline. Our investments should prevent around 20 million tonnes of CO₂ emissions by 2026. See our roadmap towards lower exposure to CO₂ emission on slide no 7 of PGE results presentation.

November 13, 2018

Key Financials

PLNm	Q3 2018	Q3 2017	y/y [%]	9M 2018	9M 2017	y/y [%]
Sales	6 091	6 073	0%	18 962	16 693	14%
Sales recurring*	6 090	4 862	25%	19 044	15 482	23%
EBITDA	1 466	2 663	-45%	5 141	6 108	-16%
EBITDA recurring**	1 465	1 466	0%	5 223	4 828	8%
EBIT	532	1 883	-72%	2 363	3 815	-38%
EBIT recurring**	605	723	-16%	2 647	2 614	1%
Net profit (to equity)	416	1 463	-72%	1 697	2 960	-43%
Net profit (to equity) ex. Impairments ***	476	1 493	-68%	1 861	3 024	-38%

* adjusted for LTC compensations; **one-off items summary presented at p. 23 of 9M'18 presentation, ***adjusted for net impairments only

EBITDA by segments

PLNm	Q3 2018	Q3 2017	y/y [%]	9M 2018	9M 2017	y/y [%]
Conventional Generation	527	1 789	-71%	2 366	3 401	-30%
Renewables	132	70	89%	354	239	48%
Distribution	622	585	6%	1 892	1 807	5%
Supply	157	192	-18%	459	614	-25%

EBIT by segments

PLNm	Q3 2018	Q3 2017	y/y [%]	9M 2018	9M 2017	y/y [%]
Conventional Generation	-34	1 378	n/d	709	2 233	-68%
Renewables	68	4	1600%	163	41	298%
Distribution	328	297	10%	1 016	939	8%
Supply	150	185	-19%	440	594	-26%

Key operating data

TWh	Q3 2018	Q3 2017	y/y [%]	9M 2018	9M 2017	y/y [%]
Net Generation Volume	16,17	13,58	19%	49,09	41,46	18%
Sales on the Wholesale Market	7,29	4,72	54%	22,77	15,52	47%
Sales to End-users	10,78	9,93	9%	31,51	29,73	6%
Electricity Distribution Volume	9,09	8,70	4%	27,08	26,20	3%

Electricity generation by source

TWh	Q3 2018	Q3 2017	y/y [%]	9M 2018	9M 2017	y/y [%]
Lignite-fired power plants	10,07	9,83	2%	29,32	29,76	-1%
Hard coal-fired power plants	4,59	3,02	52%	12,52	7,83	60%
Coal-fired CHPs	0,51	0,08	538%	2,95	0,60	392%
Gas-fired CHPs	0,63	0,23	174%	2,87	1,69	70%
Biomass-fired CHPs	0,02	0,04	-50%	0,10	0,14	-29%
Pumped-storage	0,07	0,08	-13%	0,27	0,26	4%
Hydro	0,07	0,07	0%	0,32	0,33	-3%
Wind	0,21	0,23	-9%	0,74	0,85	-13%
TOTAL	16,17	13,58	19%	49,09	41,46	18%
Renewable generation	0,32	0,38	-16%	1,24	1,42	-13%
incl. biomass co-combustion	0,02	0,04	-50%	0,08	0,10	-20%

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