

Details of the webcast from the meeting with COO & CFO**September 25, 2019 (Wednesday), 10.00 AM CEST**Link to the webcast: www.gkpge.pl/enQuestions for Q&A session allowed via email: pgeresults@gkpge.pl**Investor relations contact:**

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e: jakub.frejlich@gkpge.pl**Operating performance under market pressure more wind and more import in the system****Financials: reported EBITDA with one-offs impact, recurring result with lack of support for cogeneration lower result on energy sales to final off-takers and higher personnel costs****Ongoing investment grid supporting transition process in our Group**

- Weaker power generation (H1 with 29.5 TWh: -10% y/y, Q1 at 15.6 TWh: -12% y/y and Q2 at 13.9 TWh: -9% y/y).
- Reported Group EBITDA of PLN 4.4 bn (+19% y/y): positive balance of one-off items (mainly additional EUA emission allowances, worth PLN 1.4bn).
- Recurring Group EBITDA of PLN 3.3 bn (-13%): lack of cogeneration support lower result on energy sales to final customers and higher personnel costs mainly responsible for the decline.
- Strategic projects: Opole the final straight (unit 5 commissioned, unit 6 by the end of Q3), Turów after applying voltage.
- Ongoing progress in transition process: ongoing proceedings for Dolna Odra CCGT general contractor, onshore and offshore wind developments, PV development plan and grid grounding improving reliability of supply.

More wind and more import in system.

On the supply side higher wind generation (+1.5 TWh) and increased imported volumes (+0.8 TWh) resulted in lower demand for conventional generation power in system thus lower generation volumes from our units as well (29.5 TWh: -10% y/y). Weather in the second quarter (longer heating season and lower temperatures) allowed us to largely catch up on heat sales volumes for the first half of the year (Q2 with 7.6 PJ: +38% y/y, H1 with 28.5 PJ: -1%). In the past six months we have increased distribution volumes (18.1 TWh: +1% y/y) and sales to end-users (21.9 TWh: +6% y/y). For more operational data see table on the second page of this document.

Reported EBITDA with positive balance of one-off events.

Received additional EUA emission rights significantly improve our H1 reported result (additional PLN 1.4 bn at EBITDA level). Recurring EBITDA impacted by lack of cogeneration support (consolidated revenues from yellow and red certificates Δ y/y PLN -207 m), lower result on energy sales to final customers and higher personnel costs y/y. Looking at overall production, we had a significant increase in CO₂ and fuel costs on the one hand, and the realized wholesale price was higher on the other. Combined impact on the EBITDA result of the first half is largely neutralized by each other.

CAPEX: incoming completion of capital-intensive projects ...

Opole unit 5 was commissioned for commercial use on May 31, 2019, unit 6 is due to be commissioned by the end of September 2019. Turów unit is completed in 92% - soon the beginning of the intensive start-up phase of unit's individual devices. Commissioning scheduled for the end of October 2020.

... and long pipeline of transition-oriented initiatives.

PGE naturally aspires to the title of the leader of energy transformation in Poland. CCGT units in Dolna Odra Power Plant Project at the stage of selection the General Contractor. Expected settlement at the turn of 2019 and 2020. Involvement into photovoltaic initiatives in Poland - recently announced cooperation with external partners: Azoty Group, KGHM and PKP. Preparation of 30 projects for participation in RES auction by the end of 2020. Klaster onshore project to be commissioned by the end of Q1 2020. Selection of offshore business partner is planned until the end of 2019. In the mean time we have signed the letter of intent with PKN Orlen about cooperation for the development of offshore wind energy in Poland. Ongoing grid grounding supports reliability of supply - short-term objective at PGE: achieving 30% MV grid earthing rate by 2023 (up from current 18%).

September 24, 2019

Key Financials

PLNm	Q2 2019	Q2 2018	y/y [%]	H1 2019	H1 2018	y/y [%]
Sales	8 675	5 734	51%	18 236	12 871	42%
EBITDA	2 506	1 489	68%	4 395	3 703	19%
Recurring EBITDA	1 411	1 601	-12%	3 299	3 803	-13%
EBIT	1 496	544	175%	2 446	1 859	32%
Recurring EBIT	473	742	-36%	1 445	2 087	-31%
Net profit (to equity)	1 117	346	223%	1 702	1 281	33%
Net profit (to equity) ex. impairments	1 175	416	183%	1 779	1 385	28%

EBITDA by segments

PLNm	Q2 2019	Q2 2018	y/y [%]	H1 2019	H1 2018	y/y [%]
Conventional Generation	1 423	560	154%	2 106	1 269	66%
District heating	367	22	1568%	772	603	28%
Renewables	145	108	34%	310	222	40%
Distribution	566	632	-10%	1 211	1 270	-5%
Supply	305	79	286%	473	268	76%

EBIT by segments

PLNm	Q2 2019	Q2 2018	y/y [%]	H1 2019	H1 2018	y/y [%]
Conventional Generation	944	183	416%	1 216	503	142%
District heating	225	-175	n/a	481	271	77%
Renewables	80	45	78%	180	95	89%
Distribution	263	342	-23%	609	688	-11%
Supply	296	73	305%	457	255	79%

Key operating data

TWh	Q2 2019	Q2 2018	y/y [%]	H1 2019	H1 2018	y/y [%]
Net Generation Volume	13,89	15,26	-9%	29,50	32,92	-10%
Sales to End-users	10,44	10,19	2%	21,89	20,73	6%
Electricity Distribution Volume	8,83	8,80	0%	18,13	17,99	1%
Sales of Heat [PJ]	7,64	5,55	38%	28,47	28,90	-1%

Electricity generation by source

TWh	Q2 2019	Q2 2018	y/y [%]	H1 2019	H1 2018	y/y [%]
Lignite-fired power plants	8,15	9,43	-14%	17,01	19,25	-12%
Hard coal-fired power plants	3,54	3,98	-11%	6,39	7,93	-19%
Coal-fired CHPs	0,75	0,64	17%	2,41	2,44	-1%
Gas-fired CHPs	0,83	0,75	11%	2,26	2,24	1%
Biomass-fired CHPs	0,06	0,03	100%	0,13	0,08	63%
Waste-to-energy CHPs	0,01	0,00	n/a	0,02	0,00	n/a
Pumped-storage	0,16	0,09	78%	0,33	0,20	65%
Hydro	0,13	0,10	30%	0,27	0,25	8%
Wind	0,26	0,24	8%	0,68	0,53	28%
TOTAL	13,89	15,26	-9%	29,50	32,92	-10%
Renewable generation	0,47	0,41	15%	1,13	0,92	23%
incl. biomass co-combustion	0,01	0,04	-75%	0,03	0,06	-50%

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