

Details of the webcast from the meeting with VP Development & CFO
August 10, 2016 (Wednesday), 10.00 AM CEST

Link to the webcast: www.gkpge.pl/en
Questions for Q&A session allowed via email: pgeresults@gkpge.pl

Investor relations contact:
Jakub Frejlich, Head of IR
tel.: +48-22-340-1032
mob: +48-695-883-902
e: jakub.frejlich@gkpge.pl

Group EBITDA challenged by lower volumes
Approx. PLN m 800 of write-off in Renewables segment
Profit distribution – dividend per share of PLN 0.25
PGE investment grid – Opole project reached a half-way point in June
Capacity market in Poland – draft proposal by the Ministry of Energy published

- Group H1 EBITDA of PLN 3.1 bn (-26% yoy); recurring H1 EBITDA of PLN 2.9 bn (-22% yoy).
- Regulatory environment delivered premises to conduct tests for impairment of wind assets.
- Lower dividend pay-out. However, supportive for investment program.
- Continuation of PGE development projects – Opole exceeded 50% progress.
- The Ministry of Energy's schedule assumes capacity market legislative works to be completed by the end of current year.

EBITDA level under pressure

Consolidated EBITDA result for H1 2016 amounted to PLN 3.1 bn lower 26% yoy mainly due to lower availability of lignite assets combined with lower realised electricity prices on the wholesale market. Renewables continued to be hampered by lower prices of green certificates while remuneration of distribution assets is tightened by the regulator. Supply segment with lower results on trading.

Impairment of wind assets

Changes in the regulatory environment prompted us to conduct impairment tests of our wind assets. The write off resulting from mentioned tests - approx. PLN m 800 - is non-cash and concerns mainly wind farms from our existing portfolio.

Lower DPS due to ambitious investments

Annual General Meeting adopted majority shareholder's proposal of lower dividend pay-out. Company sees it as supportive for continuation of the investment program.

Investment process ongoing

Opole II project reached a half-way point in June. Turów unit is at excavations and foundations works stage. Gorzów cogeneration unit is approaching the project's commissioning. Further modernisations of our conventional assets: comprehensive refurbishment of units 7-12 in Bełchatów at final stage, desulphurisation installations for units 4-6 in Turów commissioned while modernisation of units 1-3 at preparation stage.

Capacity market approaching

PGE is looking forward to the definitive findings relating the final shape of capacity market in Poland. The Ministry of Energy's proposal is already available in form of a draft. Looking at proposed schedule - legislative works should be completed by the end of this year. Draft assumes capacity auction for new and existing installations in 2017 for 2021 delivery in order to ensure stability and reliability of power generation system.

H1 2016 PGE Group Results



August 9, 2016

Key Financials

PLNm	Q2 2016	Q2 2015	y-o-y [%]	H1 2016	H1 2015	y-o-y [%]
Sales	6 533	6 692	-2%	13 666	14 245	-4%
Sales recurring*	6 410	6 553	-2%	13 413	13 944	-4%
EBITDA	1 321	2 026	-35%	3 143	4 228	-26%
EBITDA recurring**	1 318	1 642	-20%	2 881	3 682	-22%
EBIT	-171	-7 590	n.a.	952	-6 174	n.a.
EBIT recurring**	624	893	-30%	1 497	2 171	-31%
Net profit (to equity)	-324	-6 150	n.a.	546	-5 055	n.a.
Net profit (to equity) recurring**	387	718	-46%	1 055	1 702	-38%

* adjusted for LTC compensations; **adjustments summary presented at pg. 21 of H1'16 presentation

EBITDA by segments

PLNm	Q2 2016	Q2 2015	y-o-y [%]	H1 2016	H1 2015	y-o-y [%]
Conventional Generation	568	1 203	-53%	1 568	2 459	-36%
Renewables	91	77	18%	205	202	1%
Distribution	562	603	-7%	1 117	1 235	-10%
Supply	69	120	-43%	208	279	-25%

EBIT by segments

PLNm	Q2 2016	Q2 2015	y-o-y [%]	H1 2016	H1 2015	y-o-y [%]
Conventional Generation	235	-8 070	n.m.	915	-7 260	n.m.
Renewables	-770	18	n.m.	-720	88	n.m.
Distribution	284	342	-17%	557	709	-21%
Supply	63	114	-45%	195	267	-27%

Key operating data

TWh	Q2 2016	Q2 2015	y-o-y [%]	H1 2016	H1 2015	y-o-y [%]
Net Generation Volume	12.26	13.10	-6%	25.42	27.63	-8%
Sales on the Wholesale Market	13.85	14.25	-3%	28.12	30.15	-7%
Sales to End-users	10.73	9.42	14%	21.43	19.26	11%
Electricity Distribution Volume	8.27	8.04	3%	16.91	16.45	3%

Electricity generation by source

TWh	Q2 2016	Q2 2015	y-o-y [%]	H1 2016	H1 2015	y-o-y [%]
Lignite-fired power plants	8.35	9.48	-12%	16.85	19.61	-14%
Hard coal-fired power plants	2.73	2.54	7%	5.47	5.14	6%
Coal-fired CHPs	0.14	0.26	-46%	0.53	0.67	-21%
Gas-fired CHPs	0.51	0.33	55%	1.31	1.10	19%
Biomass-fired CHPs	0.12	0.12	0%	0.24	0.23	4%
Pumped-storage	0.08	0.08	0%	0.26	0.22	18%
Hydro	0.11	0.13	-15%	0.24	0.27	-11%
Wind	0.22	0.16	38%	0.52	0.39	33%
TOTAL	12.26	13.10	-6%	25.42	27.63	-8%
Renewable generation	0.54	0.62	-13%	1.18	1.32	-11%
incl. biomass co-combustion	0.09	0.21	-57%	0.18	0.43	-58%

Details of the webcast from the meeting with CEO

August 10, 2016 (Wednesday), 10.00 CEST

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

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

Further information:

Jakub Frejlich, Head of IR

tel: +48-22-340-1032

mob: +48-695-883-902

e: jakub.frejlich@gkpge.pl