

Details of the webcast from the meeting with CEO & CFO**March 7, 2018 (Wednesday), 10.00 AM CET**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**PGE in transition towards low-emission generation****Financials: stable growth of annual operating and financial results, weaker Q4****Generation: wind, import and overhauls impacted merit order in Q4, new assets in portfolio****CAPEX: Opole project with approx. 90% of progress – new commissioning dates**

- Group FY EBITDA of PLN 7.65 bn (+4% y/y); Group recurring FY EBITDA of PLN 6.48 bn (+5% y/y)
Group Q4 EBITDA of PLN 1.54 bn (-40% y/y); Group recurring Q4 EBITDA of PLN 1.59 bn (-9% y/y)
- Generation in Q4 with +5% y/y growth of volumes, lower production on lignite - approx. 9% lower y/y
- Update from construction sites: Opole ready in 90% - both units to be commissioned in 2019, Turów with approx. 50% of completed construction works, ongoing and planned BAT/BREF modernisations
- Responsible energy of tomorrow: analysis of gas utilization potential, works on off-shore wind farm, cogeneration

Changing generation profile – PGE is planning to turning to low-emission technologies

Changes in the regulatory environment prompt to choose a low-carbon scenario in PGE development schedule - planned gradual reduction of exposure to costs of CO₂ emission allowances and generating portfolio diversification. Internal analysis indicate the opportunity for flexible power generation based on gas in PGE's existing locations. Intensive preparation for off-shore wind farm in result of shifting regulatory environment and technology improvements. 1000 MW off-shore kick off in the middle of the next decade realistic and feasible. Further cogeneration development based on low-emission sources resulting from District heating strategy of PGE Capital Group supports air pollution fight.

Stable annual EBITDA growth, weaker Q4 developments

Growth of FY reported and recurring EBITDA: reported value shaped by comparable balance of one-offs. Recurring FY EBITDA influenced mainly by higher volume of lignite generation in 2017 (compared to 2016 less overhauls in Belchatow) and positive impact of acquired assets (new generating capacities). Supportive results of Supply and Distribution segments. Weak Q4 2017 reported EBITDA (-40% y/y) due to the high base effect related to the impact of the reclamation reserve in Q4 2016 and expiration of LTC compensations. Q4 2017 recurring EBITDA lower by 9% y/y reflecting lower volume of generation from lignite, lower realized price and higher cost of fuel purchase. Q4 in generation under pressure from high wind utilization and increased imports.

CAPEX: changed schedule of Opole project and adaptation to BAT conclusions in various locations

Overall progress of works at Opole II project at approx. 90%. New commissioning dates of units 5 and 6 estimated as a result of negotiations with the General Contractor and General Designer. Declared modified commissioning dates: May 31, 2019 for unit 5 and September 30, 2019 for unit 6. Progress of construction works in Turów reached 50%, on time. Continued and planned adaptation to BAT conclusions – project covering all PGE power plants and CHPs (including new assets) to be executed with PLN 1.9 bn CAPEX.

March 6, 2018

Key Financials

PLNm	Q4 2017	Q4 2016	y/y [%]	2017	2016	y/y [%]
Sales	6 407	7 529	-15%	23 100	28 092	-18%
Sales recurring*	6 403	7 393	-13%	21 885	27 572	-21%
EBITDA	1 542	2 590	-40%	7 650	7 376	4%
EBITDA recurring**	1 592	1 751	-9%	6 481	6 151	5%
EBIT	-195	1 665	n.a.	3 620	3 512	3%
EBIT recurring**	770	991	-22%	3 445	3 292	5%
Net profit (to equity)	-300	1 366	n.a.	2 660	2 568	4%
Net profit (to equity) ex. Impairments	442	1 484	-70%	3 466	3 433	1%

***adjusted for LTC compensations, **one-off items summary presented at pg. 24 of FY 2017 presentation, ***adjusted for net impairments only

EBITDA by segments

PLNm	Q4 2017	Q4 2016	y/y [%]	2017	2016	y/y [%]
Conventional Generation	698	1 736	-60%	4 099	4 182	-2%
Renewables	125	109	15%	364	365	0%
Distribution	526	545	-3%	2 333	2 230	5%
Supply	197	180	9%	811	500	62%

EBIT by segments

PLNm	Q4 2017	Q4 2016	y/y [%]	2017	2016	y/y [%]
Conventional Generation	-479	1 276	-138%	1 754	2 691	-35%
Renewables	-77	-37	108%	-36	-770	n.a.
Distribution	227	258	-12%	1 166	1 104	6%
Supply	190	173	10%	784	473	66%

Key operating data

TWh	Q4 2017	Q4 2016	y/y [%]	2017	2016	y/y [%]
Net Generation Volume	15,33	14,63	5%	56,79	53,67	6%
Sales on the Wholesale Market	7,15	15,74	-55%	22,67	59,13	-62%
Sales to End-users	10,70	11,02	-3%	40,43	42,96	-6%
Electricity Distribution Volume	9,14	8,89	3%	35,34	34,32	3%

Electricity generation by source

TWh	Q4 2017	Q4 2016	y/y [%]	2017	2016	y/y [%]
Lignite-fired power plants	9,19	10,11	-9%	38,95	37,26	5%
Hard coal-fired power plants	3,28	2,64	24%	11,11	10,71	4%
Coal-fired CHPs	0,87	0,36	142%	1,47	0,98	50%
Gas-fired CHPs	1,18	0,83	42%	2,87	2,33	23%
Biomass-fired CHPs	0,06	0,06	0%	0,20	0,43	-53%
Pumped-storage	0,18	0,13	38%	0,44	0,45	-2%
Hydro	0,14	0,12	17%	0,47	0,43	9%
Wind	0,43	0,38	13%	1,28	1,08	19%
TOTAL	15,33	14,63	5%	56,79	53,67	6%
Renewable generation	0,66	0,58	14%	2,08	2,24	-7%
incl. biomass co-combustion	0,03	0,02	50%	0,13	0,30	-57%

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