

Details of the webcast from the meeting with CEO & CFO  
**November 9, 2016 (Wednesday), 10.00 AM CET**

Link to the webcast: [www.gkpge.pl/en](http://www.gkpge.pl/en)  
Questions for Q&A session allowed via email: [pgeresults@gkpge.pl](mailto:pgeresults@gkpge.pl)

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**Financials: Group EBITDA rebound in Q3**  
**Corporate: Updated strategy provides action plan until 2020 and beyond**  
**CAPEX: Completion of modernizations in Bełchatów and 60% progress of works at Opole II**  
**Regulations: Capacity market in Poland – consultations**

- Group 9M EBITDA of PLN 4.8 bn (-23% yoy); Group recurring 9M EBITDA result of PLN 5.5 bn (-21% yoy).
- Q3 2016 EBITDA rebound (Q1'16 EBITDA of PLN 1.8 bn, Q2'16 EBITDA of PLN 1.3 bn, Q3'16 EBITDA of PLN 1.6 bn)
- Refreshed strategy of PGE focuses on efficiency and flexibility of the Group
- PGE investment grid update: the most important objects of Opole II project already constructed, Bełchatów comprehensive modernization completed – acceleration in production volumes on lignite
- New project of Polish capacity market takes into account the amendments submitted by the industry in the consultation round

**EBITDA level under pressure YTD, however rebounded in Q3**

Consolidated EBITDA result for 9M 2016 amounted to PLN 4.8 bn lower 23% yoy mainly due to availability of lignite units (- 8% yoy) and hard coal assets (- 6% yoy). Third quarter was the first quarter of increase in lignite production volumes due to the end of Bełchatów overhaul. Lower demand of the Operator for hard coal units – decreased CHP's usage being result of relatively warm September. Weaker results on sales mostly due to lower available for trading volumes combined with lower realised electricity prices on the wholesale market. Significant reduction of green certificates price run down the financials of Renewables. Supply segment with lower results on trading – mainly due to the price factor while remuneration of distribution assets is tightened by the regulator.

**Update of PGE Group strategy**

Recently updated strategy emphasize the operational efficiency allowing to compete on the existing market. Dynamically changing business environment requires the flexibility both on assets and organisation side. Our investment portfolio of conventional plants is backed up with strategic options (off-shore, modern conventional plants, nuclear power plant) to be developed depending of current needs.

**Continuation of investment program**

Progress of Opole II project exceeded 60 percent. Main construction objects are completed. Turów unit is at foundations works stage. Gorzów cogeneration unit to be commissioned in December 2016. Bełchatów overhaul is completed. The last retrofitted units already commissioned and in the third quarter Bełchatów Power Plant was working at full capacity. As a result at this period Bełchatów reached the highest production volumes since the beginning of this year. We keep on the modernisations of our assets: ongoing reception of main project for particular islands of units 1-3 in Turów, Pomorzany with already fixed contracts for deNOx and deSOx installations. On the horizon the crucial for region investment in HV line in the Warsaw branch of PGE Distribution.

**Capacity market is shaping up**

Taking advantage of British experience current project of capacity market admits the possibility of baskets that should stimulate new investments and further modernization. First auction scheduled on 2017 - the delivery of capacity extended to five years ahead which makes more realistic the completion of new entering investment projects.

## Q3 & 9M 2016 PGE Group Results



November 8, 2016

### Key Financials

PLNm	Q3 2016	Q3 2015	y-o-y [%]	9M 2016	9M 2015	y-o-y [%]
Sales	6 897	6 915	0%	20 563	21 160	-3%
Sales recurring*	6 766	6 773	0%	20 179	20 717	-3%
EBITDA	1 643	2 002	-18%	4 786	6 230	-23%
EBITDA recurring**	1 520	1 859	-18%	4 401	5 540	-21%
EBIT	895	1 312	-32%	1 847	-4 862	n.a.
EBIT recurring**	805	1 210	-33%	2 302	3 380	-32%
Net profit (to equity)	656	1 029	-36%	1 202	-4 026	n.a.
Net profit (to equity) recurring**	583	948	-39%	1 637	2 650	-38%

\* adjusted for LTC compensations; \*\*adjustments summary presented at pg. 22 of Q3'16 presentation

### EBITDA by segments

PLNm	Q3 2016	Q3 2015	y-o-y [%]	9M 2016	9M 2015	y-o-y [%]
Conventional Generation	878	1 127	-22%	2 446	3 585	-32%
Renewables	51	76	-33%	256	278	-8%
Distribution	568	630	-10%	1 685	1 865	-10%
Supply	112	144	-22%	320	423	-24%

### EBIT by segments

PLNm	Q3 2016	Q3 2015	y-o-y [%]	9M 2016	9M 2015	y-o-y [%]
Conventional Generation	500	789	-37%	1415	-6 471	n.m.
Renewables	-12	17	n.a.	-733	105	n.a.
Distribution	289	360	-20%	846	1 069	-21%
Supply	105	138	-24%	300	405	-26%

### Key operating data

TWh	Q3 2016	Q3 2015	y-o-y [%]	9M 2016	9M 2015	y-o-y [%]
Net Generation Volume	13,62	14,11	-3%	39,04	41,73	-6%
Sales on the Wholesale Market	15,27	15,43	-1%	43,39	45,58	-5%
Sales to End-users	10,47	9,77	7%	31,90	29,03	10%
Electricity Distribution Volume	8,52	8,35	2%	25,43	24,8	3%

### Electricity generation by source

TWh	Q3 2016	Q3 2015	y-o-y [%]	9M 2016	9M 2015	y-o-y [%]
Lignite-fired power plants	10,30	10,03	3%	27,15	29,64	-8%
Hard coal-fired power plants	2,60	3,18	-18%	8,07	8,32	-3%
Coal-fired CHPs	0,09	0,25	-64%	0,62	0,92	-33%
Gas-fired CHPs	0,19	0,20	-5%	1,50	1,30	15%
Biomass-fired CHPs	0,13	0,11	18%	0,37	0,34	9%
Pumped-storage	0,06	0,15	-60%	0,32	0,37	-14%
Hydro	0,07	0,04	75%	0,31	0,30	3%
Wind	0,18	0,15	20%	0,70	0,54	30%
TOTAL	13,62	14,11	-3%	39,04	41,73	-6%
Renewable generation	0,48	0,46	4%	1,66	1,77	-6%
incl. biomass co-combustion	0,10	0,16	-38%	0,28	0,59	-53%

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