

November 12, 2019

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**Details of the webcast from the meeting with CEO & CFO**

**November 13, 2019 (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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**Operating performance: further market pressure in the system coming from wind and import**

**Financials: Q3 EBITDA supported by higher generation margins**

**Transition process underway – further investments supporting transformation**

- Weaker power generation (9M with 43.4 TWh: -12% y/y, Q3 at 13.9 TWh: -14% y/y).
- Reported 9M Group EBITDA of PLN 6.1 bn (+18% y/y): positive balance of one-off items (mainly additional EUA emission allowances granted in H1'19, worth PLN 1.4bn).
- Recurring 9M Group EBITDA of PLN 4.9 bn (-6% y/y): lack of cogeneration support (yellow and red certificates) mainly responsible for the decline.
- Strategic projects: Opole - units 5&6 commissioned, Turów after applying voltage.
- Ongoing progress in transition process: Dolna Odra CCGT units at the stage of selection of the General Contractor and awaiting results of capacity market auction; onshore project at final straight; beginning of negotiations with Ørsted on offshore transaction documents; next steps towards electromobility.

**More wind and more import in system.**

On the supply side higher wind generation (+1.9 TWh in 9M) and increased imported volumes (+2.7 TWh in 9M) combined with lower domestic electricity consumption (-0.8 TWh in 9M) resulted in lower demand for conventional generation power in system thus lower generation volumes from our key units. As a result of higher demand for heat in Q3'19 we increased the sale of heat (3.9 PJ: +14% y/y). In the past nine months we have increased sales to end-users (9M: 32.8 TWh: +4% y/y, Q3: 10.9 TWh: +1% 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 9M reported result (additional PLN 1.4 bn at EBITDA level granted in H1'19). Recurring EBITDA impacted by lack of cogeneration support and lower result on energy sales to final customers and higher personnel costs y/y. Looking at overall production, we had a significant increase in CO<sub>2</sub> and fuel costs on the one hand, and on the other the realized wholesale price was higher.

**CAPEX: Opole commissioned, focus on Turów project**

Expenditures on investments after three quarters of 2019 in PGE Group amounted to PLN 4.5 billion and were 19 percent larger than in the same period last year. Capital-intensive projects come to an end. Both Opole units are commissioned for commercial use. Turów unit is completed in 93% - soon the beginning of the intensive start-up phase of unit's individual devices. Commissioning scheduled for the end of October 2020.

**Progress of projects being finalized in a few years.**

Transition – oriented projects in PGE support energy sector transformation in Poland. CCGT units in Dolna Odra Power Plant Project at the stage of selection of the General Contractor - offer evaluation process underway. Realization depends on the results of the capacity market auction. Klaster onshore project to be commissioned by the end of Q1 2020. Selection of offshore business partner – ongoing negotiations with Ørsted. Deeper involvement of PGE into electromobility: partnerships with various partners launching cooperation on more accessible zeroemission public transport, special vehicles for energy sector and further locations for electric cars charging stations.

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### Key Financials

PLNm	Q3 2019	Q3 2018	y/y [%]	9M 2019	9M 2018	y/y [%]
Sales	9 696	6 091	59%	27 932	18 962	47%
EBITDA	1 677	1 441	16%	6 072	5 144	18%
Recurring EBITDA	1 634	1 440	13%	4 933	5 243	-6%
EBIT	621	507	22%	3 067	2 366	30%
Recurring EBIT	670	580	16%	2 115	2 667	-21%
Net profit (to equity)	471	416	13%	2 173	1 697	28%
Net profit (to equity) ex. impairments	546	476	15%	2 324	1 861	25%

### EBITDA by segments

PLNm	Q3 2019	Q3 2018	y/y [%]	9M 2019	9M 2018	y/y [%]
Conventional Generation	659	532	0	2 765	1 801	1
District heating	93	-26	n/d	865	577	1
Renewables	100	132	0	410	354	0
Distribution	599	622	0	1 810	1 892	0
Supply	59	152	-1	532	420	0

### EBIT by segments

PLNm	Q3 2019	Q3 2018	y/y [%]	9M 2019	9M 2018	y/y [%]
Conventional Generation	130	137	0	1 346	640	1
District heating	-52	-193	n/d	429	78	5
Renewables	34	68	-1	214	163	0
Distribution	300	328	0	909	1 016	0
Supply	50	146	-1	507	401	0

### Key operating data

TWh	Q3 2019	Q3 2018	y/y [%]	9M 2019	9M 2018	y/y [%]
Net Generation Volume	13,94	16,17	-14%	43,44	49,09	-12%
Sales to End-users	10,89	10,78	1%	32,78	31,51	4%
Electricity Distribution Volume	8,99	9,09	-1%	27,12	27,08	0%
Sales of Heat [PJ]	3,88	3,4	14%	32,45	32,43	0%

### Electricity generation by source

TWh	Q3 2019	Q3 2018	y/y [%]	9M 2019	9M 2018	y/y [%]
Lignite-fired power plants	7,75	10,07	-23%	24,76	29,32	-16%
Hard coal-fired power plants	4,4	4,59	-4%	10,79	12,52	-14%
Coal-fired CHPs	0,45	0,51	-12%	2,86	2,95	-3%
Gas-fired CHPs	0,86	0,63	37%	3,12	2,87	9%
Biomass-fired CHPs	0,07	0,02	250%	0,2	0,1	100%
Waste-to-energy CHPs	0,01	0	n/d	0,03	0	n/d
Pumped-storage	0,12	0,07	71%	0,45	0,27	67%
Hydro	0,05	0,07	-29%	0,32	0,32	0%
Wind	0,23	0,21	10%	0,91	0,74	23%
TOTAL	13,94	16,17	-14%	43,44	49,09	-12%
Renewable generation	0,38	0,32	19%	1,51	1,24	22%
incl. biomass co-combustion	0,02	0,02	0%	0,05	0,08	-38%

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