

# Q4 2022 Preliminary Results

INVESTOR PRESENTATION

March 2, 2023



*Leading in the green transition*

## Disclaimer: estimated data

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## Estimated operating volumes and sales data

[TWh]	Q4 2022	Q4 2021	y/y	2022	2021	y/y
<b>Net electricity generation. by fuels:</b>	<b>17.79</b>	<b>18.23</b>	<b>-2%</b>	<b>66.13</b>	<b>68.95</b>	<b>-4%</b>
Lignite	9.66	9.84	-2%	39.60	37.37	6%
<i>incl. Turów 7 unit</i>	0.44	0.51	-14%	2.00	1.51	32%
hard coal (including)	6.41	6.41	0%	20.55	24.34	-16%
Conventional Generation segment	5.10	4.97	3%	16.30	20.17	-19%
<i>incl. Opole 5/6 units</i>	2.01	1.94	4%	6.31	8.36	-25%
District Heating segment	1.31	1.44	-9%	4.25	4.17	2%
natural gas	0.90	1.13	-20%	2.79	4.22	-34%
pumped-storage plants	0.27	0.19	42%	0.95	0.69	38%
Hydro	0.07	0.08	-13%	0.39	0.45	-13%
Wind	0.41	0.47	-13%	1.57	1.45	8%
Biomass	0.07	0.10	-30%	0.25	0.39	-36%
municipal waste	0.00	0.01	-	0.03	0.04	-25%
<b>Sales of heat [PJ]</b>	<b>17.49</b>	<b>18.97</b>	<b>-8%</b>	<b>51.28</b>	<b>55.16</b>	<b>-7%</b>
<i>incl. Conv. Gen. segment</i>	1.14	1.20	-5%	2.56	4.48	-43%
<b>Sales of electricity to final off-takers</b>	<b>8.56</b>	<b>9.56</b>	<b>-10%</b>	<b>34.28</b>	<b>37.48</b>	<b>-9%</b>
<b>Distribution of electricity</b>	<b>9.52</b>	<b>9.80</b>	<b>-3%</b>	<b>37.07</b>	<b>37.74</b>	<b>-2%</b>
<b>Average realized wholesale price of electricity</b>						
[PLN/MWh]	Q4 2022	Q4 2021	y/y	2022	2021	y/y
Conv. Generation segment*	560.06	289.84	93%	519.00	270.90	92%
District Heating segment*	318.07	212.47	50%	397.67	235.54	69%
<b>Total (Conv. Gen. &amp; District Heating)*</b>	<b>528.21</b>	<b>278.90</b>	<b>89%</b>	<b>505.46</b>	<b>266.66</b>	<b>90%</b>
<b>(Conv. Gen. &amp; Dist. H.) Average cost of CO2 (PLN/t CO<sub>2</sub>)</b>	<b>306.24</b>	<b>124.45</b>	<b>146%</b>	<b>296.44</b>	<b>121.75</b>	<b>143%</b>
<b>Conv. Gen. &amp; Dist. H.) Average cost of CO2 (PLN/MWh)</b>	<b>304.38</b>	<b>130.43</b>	<b>133%</b>	<b>304.49</b>	<b>120.19</b>	<b>153%</b>

\*Price after contributions to the Price Difference Payment Fund

## 4 Estimated key financial data

[PLN m]	Q4 2022	Q4 2021	y/y	2022	2021	y/y
<b>EBITDA recurring PGE Group, including:</b>	<b>619</b>	<b>1 969</b>	<b>-69%</b>	<b>7 159</b>	<b>8 129</b>	<b>-12%</b>
Conventional Generation	-352	887	-	618	2 613	-76%
District Heating	-6	65	-	33	844	-96%
Renewables	395	418	-6%	1 796	1 013	77%
Distribution	689	723	-5%	2 836	2 746	3%
Supply	337	-103	-	1 950	905	115%
Circular Economy	-10	4	-	37	45	-18%
Other + consolidation adjustments	-434	-25	-	-111	-37	-
<b>One-off items and temporary events, including:</b>	<b>-241</b>	<b>202</b>	-	<b>1 537</b>	<b>1 406</b>	9%
LTC compensations	-1	-63	-	2	-58	-
Change of reclamation provision	-17	1 039	-	1 721	1 463	18%
Change of actuarial provision	-54	12	-	-73	64	-
Reversal of provision for Voluntary Leave Programme	0	0	-	0	11	-100%
Provision for prosumers	18	-74	-	74	-74	-
Provision for one-time benefit related to NABE carve-out*	-187	0	-	-187	0	-
Temporary events - rollover of the EUA contracts	0	-712	-	0	0	-
<b>EBITDA reported</b>	<b>619</b>	<b>1 969</b>	<b>-69%</b>	<b>7 159</b>	<b>8 129</b>	<b>-12%</b>

\* Provision for the agreement with the social side related to setting-up of NABE

## One-off items in the operating segments 2022

(PLN m)	Conventional Generation		District Heating		Renewables		Distribution		Supply	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>EBITDA reported</b>	<b>2 065</b>	<b>4 078</b>	<b>39</b>	<b>805</b>	<b>1 795</b>	<b>1 016</b>	<b>2 850</b>	<b>2 779</b>	<b>2 043</b>	<b>827</b>
<b>Change y/y</b>	<b>-2 013</b>		<b>-766</b>		<b>779</b>		<b>71</b>		<b>1 216</b>	
<b>One-off and temporary events, including:</b>	<b>1 447</b>	<b>1 465</b>	<b>6</b>	<b>-39</b>	<b>-1</b>	<b>3</b>	<b>14</b>	<b>33</b>	<b>93</b>	<b>-78</b>
LTC compensations			2	-58						
Change of reclamation provision	1 714	1 446	7	16		1				
Change of actuarial provision	-80	19	-3	3	-1	2	14	33	-2	6
Temporary events -rollover of the EUA contracts										
Release of the provision for Voluntary Leave Programme										11
Provision for one-time benefit related to NABE carve-out	-187									
Provision for prosumers									95	-95
<b>EBITDA recurring</b>	<b>618</b>	<b>2 613</b>	<b>33</b>	<b>844</b>	<b>1 796</b>	<b>1 013</b>	<b>2 836</b>	<b>2 746</b>	<b>1 950</b>	<b>905</b>

## One-off items in the operating segments Q4 2022

(PLN m)	Conventional Generation		District Heating		Renewables		Distribution		Supply	
	Q4 2022	Q4 2021	Q4 2022	Q4 2021	Q4 2022	Q4 2021	Q4 2022	Q4 2021	Q4 2022	Q4 2021
<b>EBITDA reported</b>	<b>-622</b>	<b>1 275</b>	<b>-10</b>	<b>-62</b>	<b>393</b>	<b>420</b>	<b>710</b>	<b>732</b>	<b>358</b>	<b>-195</b>
<b>Change y/y</b>	<b>-1 897</b>		<b>52</b>		<b>-27</b>		<b>-22</b>		<b>553</b>	
<b>One-off and temporary events, including:</b>	<b>-270</b>	<b>388</b>	<b>-4</b>	<b>-127</b>	<b>-2</b>	<b>2</b>	<b>21</b>	<b>9</b>	<b>21</b>	<b>-92</b>
LTC compensations			-1	-63						
Change of reclamation provision	-17	1 032		6		1				
Change of actuarial provision	-66	-3	-3	1	-2	1	21	9	-3	3
Temporary events -rollover of the EUA contracts		-641		-71						
Release of the provision for Voluntary Leave Programme										
Provision for one-time benefit related to NABE carve-out	-187									
Provision for prosumers									24	-95
<b>EBITDA recurring</b>	<b>-352</b>	<b>887</b>	<b>-6</b>	<b>65</b>	<b>395</b>	<b>418</b>	<b>689</b>	<b>723</b>	<b>337</b>	<b>-103</b>

## Estimated CAPEX, net debt and EPS

[PLN m]	Q4 2022	Q4 2021	y/y	2022	2021	y/y
<b>Consolidated recurring net profit (loss)</b>	<b>-280</b>	<b>585</b>	-	<b>2 261</b>	<b>2 981</b>	<b>-24%</b>
<b>Consolidated net result to equity</b>	<b>-582</b>	<b>721</b>	-	<b>3 360</b>	<b>3 972</b>	<b>-15%</b>
<b>Computation of net result to equity ex. Impairments</b>						
Assets impairment (pre-tax)*	-36	-84	-57%	-104	-216	-52%
Assets impairment (after tax) *	-29	-68	-57%	-84	-175	-52%
<b>Consolidated net result to equity – ex. Impairments*</b>	<b>-553</b>	<b>789</b>	-	<b>3 444</b>	<b>4 147</b>	<b>-17%</b>
Earnings per share [PLN]	-0.26	0.39	-	1.58	2.12	-25%
Earnings per share – ex. Impairment	-0.25	0.42	-	1.62	2.22	-27%
<b>CAPEX**</b>	<b>3 219</b>	<b>1 593</b>	<b>102%</b>	<b>7 053</b>	<b>4 662</b>	<b>51%</b>

[PLN m]	31.12.2022	30.09.2022	q/q	31.12.2022	31.12.2021	y/y
Net economic financial debt	14 373	11 140	3 233	14 373	10 322	4 052
Net debt (end of period)***	-2 656	-1 837	-819	-2 656	4 228	-6 884

\*Impairment of Property, Plant and Equipment, Intangible Assets, Right-of-Use Assets and shares in associated companies

\*\* Capital expenditures and increases in Right-of-Use Assets

\*\*\*Estimated net economic financial debt (real value of net debt, adjusted by forward payments for CO2)

## 8 Drivers of periodic results

### Key factors that influenced recurring y/y results dynamics:

Q4 2022	2022
EBITDA recurring lower by 69% y/y	EBITDA recurring lower by 12% y/y
<ul style="list-style-type: none"> <li>+ Higher revenues from sale of electricity in Conventional Generation and District Heating (higher electricity price by PLN 253/MWh y/y outweighs lower production volume by 0.45 TWh y/y, approx. PLN 4 200m</li> <li>+ Result on sales of electricity and gas in Supply segment, changes in the balance of provisions and write-offs of trade receivables in Supply segment related to decline in prices of electricity and gas, total effect of approx. PLN 460m</li> <li>+ Higher revenues from heat sales, mainly as effect of higher price, approx. PLN 240m</li> <li>+ Change in the balance of write-offs of trade receivables in District Heating segment related to property rights (settlement with ENEA), approx. PLN 200m</li> <li>+ Higher revenues from ancillary services and capacity market by approx. PLN 130m, (mainly due to lower revenues from provision of capacity reallocation services)</li> <li>+ Higher revenues from distribution services (higher tariffs) and connection fees approx. PLN 80m</li> <li>+ Higher revenues from sale of electricity in Renewables segment (mainly effect of higher SPOT prices) and higher margin of pumped-storage plants (PSP) on balancing and wholesale market, approx. PLN 70m</li> <li>- CO2 emission cost higher by approx. PLN 3 350m mainly as a result of higher CO2 price by PLN 182/ton.</li> <li>- Higher cost of production fuels by approx. PLN 2 500m mainly due to increase in hard coal and gas prices</li> <li>- Personnel cost higher by approx. PLN 300m</li> <li>- Other costs (higher costs of external services, environmental fees, property taxes,) approx. PLN 190m</li> <li>- Contributions to the Price Difference Payment Fund in segments of Conventional Generation, District Heating, Renewables and Supply, approx. PLN 350m</li> </ul>	<ul style="list-style-type: none"> <li>+ Higher revenues from sale of electricity in Conventional Generation and District Heating, (higher electricity price by PLN 240/MWh y/y outweighs lower production volume by 3.1 TWh y/y, approx. PLN 14 350m</li> <li>+ Higher revenues from sale of electricity in Renewables segment and higher margin of pumped-storage plants (PSP) on balancing and wholesale market, approx. PLN 850m</li> <li>+ Result on sales of electricity and gas in Supply segment, changes in the balance of provisions and write-offs of trade receivables in Supply segment related to decline in prices of electricity and gas, total effect of approx. PLN 500m</li> <li>+ Higher revenues from distribution services (higher tariffs), connection fees approx. PLN 300m</li> <li>+ Higher revenues from heat sales, mainly as effect of higher price, approx. PLN 250m</li> <li>+ Higher revenues from support for cogeneration approx. PLN 200m</li> <li>+ Change in the balance of write-offs of trade receivables in District Heating segment related to green certificates (settlement with ENEA), approx. PLN 200m</li> <li>- CO2 emission cost higher by approx. PLN 11 900m mainly due to higher prices of emission rights by PLN 175/ton.</li> <li>- Higher cost of production fuels by approx. PLN 4 550m mainly due to increase in hard coal and gas prices</li> <li>- Personnel cost higher by approx. PLN 650m</li> <li>- Other costs (higher costs of external services, environmental fees, property taxes) approx. PLN 450m</li> <li>- Contributions to the Price Difference Payment Fund in segments of Conventional Generation, District Heating, Renewables and Supply, approx. PLN 350m</li> </ul>



## 9 Drivers of periodic results

### Key factors that influenced y/y reported results dynamics:

Q4 2022	2022
<b>EBITDA recurring lower by PLN 1 350m y/y</b>	<b>EBITDA recurring lower by PLN 970m y/y</b>
<ul style="list-style-type: none"><li>- Negative balance of one-offs and temporary events PLN -443m y/y, negative effect of change in the balance of reclamation provision (- PLN 1 056m y/y) and creation of the provision for one-time benefit related to NABE carve-out PLN -187m. Positive effect of balance on rollover of the EUA contracts (in Q4 2021 rollover lowered reported result) of PLN 712m y/y.</li></ul>	<ul style="list-style-type: none"><li>+ Positive balance of one-offs and temporary events PLN +131m y/y, mainly as effect of change in the balance of reclamation provision (PLN +258m y/y) and balance of prosumers provision PLN +148m y/y. Negative effect of and creation of the provision for one-time benefit related to NABE carve-out PLN -187m y/y and balance on actuarial provision PLN -137m y/y.</li></ul>
EBITDA reported lower by PLN 1 793m y/y	EBITDA reported lower by PLN 839m y/y

# Investor Relations contacts

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**Filip Osadczuk**

IR and ESG Director

[filip.osadczuk@gkpge.pl](mailto:filip.osadczuk@gkpge.pl)

Tel: (+48 22) 340 12 24

Mob: +48 695 501 370



**Krzysztof Dragan**

[krzysztof.dragan@gkpge.pl](mailto:krzysztof.dragan@gkpge.pl)

Tel: (+48 22) 340 15 13

Mob: +48 601 334 290



**Stanisław Ozga  
CFA**

[stanislaw.ozga@gkpge.pl](mailto:stanislaw.ozga@gkpge.pl)

Tel: (+48 22) 340 12 69

Mob: +48 887 171 324

Thank you

