

Details of the webcast from the meeting with CEO & CFO
May 16, 2018 (Wednesday), 10.00 AM CEST

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

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Financials: EBITDA above PLN 2.2 bn and net profit of PLN 1 bn, substantial impact of acquired assets

Generation: strong operational performance, additional capacities in power and heat generation

CAPEX: Opole with approx. 91% of progress, Turów with status of 56% completed construction works

PGE in transition towards low-emission generation – implementation of district heating strategy

- Group Q1 EBITDA of PLN 2.21 bn (+14% y/y); Group recurring Q1 EBITDA of PLN 2.20 bn (+17% y/y),
- Power generation with +18% y/y growth - doubled volumes on coal; tripled volumes of heat sales,
- Update from construction sites: Opole ready in 91%, Turów with approx. 56% of completed construction works,
- Responsible energy of tomorrow: integration of acquired assets, Waste-to-Energy unit and plans on the horizon.

Steady EBITDA growth, support from acquired assets

Consolidated EBITDA in Q1 2018 amounted to PLN 2.20 bn, higher by 14% y/y - achieved despite higher level of overhauls of lignite-fired units. PLN 2.21 bn recurring EBITDA result meaning 17% growth y/y. Conventional Generation in Q1 2018 supported with results of acquired assets (+30% y/y, Q1 2018 EBITDA of PLN 1,288 m). Distribution segment being the source of stable EBITDA growth (+3% y/y, Q1 2018 EBITDA of PLN 628 m). Supply segment results (-22% y/y, Q1 2018 EBITDA of PLN 189 m) due to high base period effect – record-breaking Q1 2017. High prices of electricity (spot) and property rights supported EBITDA of Renewables (+25% y/y, Q1 2018 EBITDA of PLN 114 m).

Volumes – first full quarter of new asset's visible impact

Q1 2018 allowing to fully observe the acquisition impact, not yet fully visible in the fourth quarter (acquisition realized in mid-November). Tripled volume of heat sales: approx. 23.5 PJ in Q1 2018 – effect of acquired heat assets. Quarter with doubled coal volumes and strong growth in gas-fired units: approx. 3 TWh of additional power generation coming from acquired coal assets: +1.22 TWh from Rybnik power plant, +1.41 TWh from acquired coal CHPs and +0.5 TWh from acquired gas-fired CHPs. Weaker volumes from lignite – Q1 2018 lower by 0.8 TWh resulting from overhauls in Bełchatów and Turów power plants. Volumes generated from renewable resources with neutral effect on Group operational results – weaker wind generation compensated with better hydro conditions.

CAPEX: continuation of Opole and Turów projects

Overall progress of works at Opole II project of approx. 91%. New commissioning dates and rescheduled payments influencing CAPEX realization. Update from construction site: further works are continued. Progress of construction works in Turów reached 56% – further milestones achieved: ongoing assembly of major equipment of the unit and works on auxiliary systems.

Changing generation profile – ongoing integration of acquired assets, Waste-to-Energy unit and other plans

Announced in December 2017 District Heating Strategy of the Group already at implementation stage. Integration in the spotlight. Further cogeneration developments based on low-emission sources: new capacities for Wrocław metro area – Czechnica CHP, smaller projects in Bydgoszcz and Kielce CHPs and continuation of announced Rybnik project ensuring district heating for local citizens. Waste-to-Energy unit - supportive for local communities struggling with waste storage problem, to be commissioned soon.

Draft bill on cogeneration support presented by the Ministry of Energy in line with PGE's assumptions reflected in PGE's District Heating Strategy.

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Key Financials

PLNm	Q1 2018	Q1 2017	y/y [%]
Sales	7 137	5 741	24%
Sales recurring*	7 123	5 741	24%
EBITDA	2 214	1 948	14%
EBITDA recurring**	2 202	1 880	17%
EBIT	1 315	1 201	9%
EBIT recurring**	1 345	1 140	18%
Net profit (to equity)	935	964	-3%
Net profit (to equity) ex. Impairments ***	969	970	0%

* adjusted for LTC compensations; **one-off items summary presented at pg. 20 of Q1'18 presentation, ***adjusted for net impairments only

EBITDA by segments

PLNm	Q1 2018	Q1 2017	y/y [%]
Conventional Generation	1 288	992	30%
Renewables	114	91	25%
Distribution	638	618	3%
Supply	189	243	-22%

EBIT by segments

PLNm	Q1 2018	Q1 2017	y/y [%]
Conventional Generation	765	630	21%
Renewables	50	25	100%
Distribution	346	326	6%
Supply	182	237	-23%

Key operating data

TWh	Q1 2018	Q1 2017	y/y [%]
Net Generation Volume	17.66	15.00	18%
Sales on the Wholesale Market	8.39	6.29	33%
Sales to End-users	10.54	10.06	5%
Electricity Distribution Volume	9.19	8.96	3%

Electricity generation by source

TWh	Q1 2018	Q1 2017	y/y [%]
Lignite-fired power plants	9.82	10.57	-7%
Hard coal-fired power plants	3.95	2.51	57%
Coal-fired CHPs	1.80	0.38	374%
Gas-fired CHPs	1.49	0.95	57%
Biomass-fired CHPs	0.05	0.05	0%
Pumped-storage	0.11	0.10	10%
Hydro	0.15	0.12	25%
Wind	0.29	0.32	-9%
TOTAL	17.66	15.00	18%
Renewable generation	0.51	0.53	-4%
incl. biomass co-combustion	0.02	0.04	-50%

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