



Details of the webcast from the meeting with CEO & CFO

November 18, 2020 (Wednesday), 11.00 AM CET

Link to the webcast: www.gkpge.pl/Investor-Relations

Questions for Q&A session allowed via email: pgeresults@gkpge.pl

Investor relations contact:

Filip Osadczuk, Head of IR

tel.: +48-22-340-1224

mob: +48-695-501-370

e: filip.osadczuk@gkpge.pl

Operations: Signs of market stabilisation after Q2 lockdown

Financials: Rising CO2 cost in Conventional Generation burdens Group results Y/Y

- Q3 power generation up to 14.3 TWh (+2% y/y)
- 8% lower reported Group EBITDA stands at PLN 1.55bn given the falling generation margins in Conv. Generation
- Positive change of remaining business segments with significant increase in Supply
- Net profit to equity 0.3bn in Q3 (-42% y/y) but still 9M net loss (-0.4bn) due to H1 impairments
- Continued temporary decrease of net debt as a result of forward hedging of 2020 CO2 allowances

Higher volumes in conventional generation as the economy rebounds

While the rising imports and renewables are leaving less space for the conventional generation in the system the incremental effect of the new units in Opole PP (+0.7 TWh y/y) is supporting PGE's volumes. Higher (+0.4 TWh y/y) Q3 generation on natural gas in CHPPs resulting from improved economics of generation (lower gas price and higher CO2). Lignite generation in Q3 remains stable at 7.7 TWh but 9M effect is still -10% y/y.

Slightly lower volume (-2% y/y) of heat sold in quarter as the average temperatures were a bit higher.

Comparable volumes of electricity distributed (9 TWh) on post-lockdown environment. Sales to end-users lower (-5% y/y), as a result of high base.

For more operational data see table on the second page of this document.

Slightly lower recurring EBITDA

Q3 recurring result at EBITDA level -4% y/y (PLN 1.6bn), and reported lower by 8% without significant impact of one-off items (only voluntary leave program with PLN 28m impact).

Conventional Generation EBITDA at PLN 0.48bn 27% lower y/y as the higher price of electricity is not covering increased cost of CO2 allowances (with limited volume of free allowances granted this year and higher market price). Distribution to become the most important segment with Q3 EBITDA at PLN 0.61bn (+2% y/y) with normalised volumes and higher unitary tariff revenues in 2020. Return of margins is supporting the Supply segment (EBITDA at PLN 0.30bn, +407% y/y) but the Q3 result is strongly supported by additional compensations for energy price freeze in 2019 and correction on settlement of green certificates. Moreover, base period was negatively affected by the valuation of financial instruments.

CAPEX: Continued decrease in conventional generation to support FCF

Expenditures on investments in PGE Group amounted to ca. PLN 1.3bn in Q3 (-34% y/y) after the completion of Opole units in 2019. Distribution expenditures ca. PLN 0.1bn lower at PLN 0.4bn in Q3 as an effect of the suspended grid grounding project.

Increase of net debt suspended to Q1 2021

PLN 1.2bn decrease in net debt during Q3 is also the result of the strong cash flow from operations supported by higher electricity price in 2021 while the CO2 are hedged with forward contracts and key cash outflows are expected in Q1 2021. Net debt/LTM EBITDA at 1.58x (1.75x as of the end of the H1).

November 17, 2020

Key Financials

PLNm	Q3 2020	Q3 2019	y/y [%]	9M 2020	9M 2019	y/y [%]
Sales	10 320	9 343	10%	33 096	27 579	20%
EBITDA	1 546	1 677	-8%	4 351	6 072	-28%
Recurring EBITDA	1 574	1 634	-4%	4 691	4 933	-5%
EBIT	469	621	-24%	740	3 067	-76%
Recurring EBIT	620	671	-8%	1 827	2 115	-14%
Net profit (to equity)	273	471	-42%	-415	2 173	n/a
Net profit (to equity) ex. impairments	201	230	-13%	501	2 009	-75%

EBITDA by segments

PLNm	Q3 2020	Q3 2019	y/y [%]	9M 2020	9M 2019	y/y [%]
Conventional Generation	484	659	-27%	1 258	2 765	-55%
District heating	115	93	24%	608	865	-30%
Renewables	110	100	10%	411	410	0%
Distribution	611	599	2%	1 738	1 810	-4%
Supply	299	59	407%	486	532	-9%

EBIT by segments

PLNm	Q3 2020	Q3 2019	y/y [%]	9M 2020	9M 2019	y/y [%]
Conventional Generation	37	130	-72%	-630	1 346	n/a
District heating	-47	-52	n/a	146	429	-66%
Renewables	24	34	-29%	176	214	-18%
Distribution	311	300	4%	813	909	-11%
Supply	291	50	482%	460	507	-9%

Key operating data

TWh	Q3 2020	Q3 2019	y/y [%]	9M 2020	9M 2019	y/y [%]
Net Generation Volume	14.27	13.94	2%	42.85	43.44	-1%
Sales to End-users	10.34	10.89	-5%	30.46	32.78	-7%
Electricity Distribution Volume	8.98	8.99	0%	26.27	27.12	-3%
Sales of Heat [PJ]	3.79	3.88	-2%	31.54	32.45	-3%

Electricity generation by source

TWh	Q3 2020	Q3 2019	y/y [%]	9M 2020	9M 2019	y/y [%]
Lignite-fired power plants	7.72	7.75	0%	22.4	24.76	-10%
Hard coal-fired power plants	4.28	4.40	-3%	11.70	10.79	8%
Coal-fired CHPs	0.51	0.44	16%	2.97	2.84	5%
Gas-fired CHPs	1.23	0.86	43%	3.62	3.12	16%
Biomass-fired CHPs	0.04	0.08	-50%	0.25	0.22	14%
Waste-to-energy CHPs	0.01	0.01	0%	0.03	0.03	0%
Pumped-storage	0.13	0.12	8%	0.50	0.45	11%
Hydro	0.08	0.05	60%	0.33	0.32	3%
Wind	0.27	0.23	17%	1.05	0.91	15%
TOTAL	14.27	13.94	2%	42.85	43.44	-1%
Renewable generation	0.41	0.38	8%	1.68	1.51	11%
incl. biomass co-combustion	0.01	0.01	0%	0.02	0.03	-33%

Details of the webcast from the meeting with CEO

November 18, 2020 (Wednesday), 11.00 CET

 In order to register please visit <https://www.pge.tvip.pl/>

 Questions for Q&A session allowed via email: pgeresults@gkpge.pl

Further information

Filip Osadczuk

tel: +48-22-340-12-24

mob: +48-695-501-370

 e: filip.osadczuk@gkpge.pl