

Q3 and 9M 2022 Preliminary Results

INVESTOR PRESENTATION

November 10, 2022



Leading in the green transition

2 Disclaimer: estimated data

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Estimated operating volumes and sales data

[TWh]	Q3 2022	Q3 2021	y/y	9M 2022	9M 2021	y/y
Net electricity generation. by fuels:	16.02	17.60	-9%	48.34	50.72	-5%
Lignite	10.03	9.74	3%	29.94	27.53	9%
<i>incl. Turów 7 unit</i>	0.44	0.38	16%	1.56	1.01	55%
hard coal (including)	5.11	6.59	-22%	14.14	17.93	-21%
Conventional Generation segment	4.54	6.15	-26%	11.20	15.27	-27%
<i>incl. Opole 5/6 units</i>	1.96	2.60	-25%	4.30	6.42	-33%
District Heating segment	0.57	0.44	30%	2.94	2.66	11%
natural gas	0.28	0.63	-56%	1.89	3.09	-39%
pumped-storage plants	0.25	0.14	79%	0.68	0.50	36%
Hydro	0.06	0.09	-33%	0.32	0.37	-14%
Wind	0.28	0.27	4%	1.16	0.98	18%
Biomass	0.00	0.13	-	0.18	0.29	-38%
municipal waste	0.01	0.01	0%	0.03	0.03	0%
Sales of heat [PJ]	4.03	4.05	-1%	33.79	36.16	-7%
<i>incl. Conv. Gen. segment</i>	0.36	0.38	-4%	1.78	3.65	-51%
Sales of electricity to final off-takers	8.26	9.17	-10%	25.72	27.92	-8%
Distribution of electricity	8.93	9.30	-4%	27.55	27.94	-1%
Average realized wholesale price of electricity						
[PLN/MWh]	Q3 2022	Q3 2021	y/y	9M 2022	9M 2021	y/y
Conv. Generation segment	575.69	281.55	104%	505.13	264.44	91%
District Heating segment	625.25	242.43	158%	432.55	245.77	76%
Total (Conv. Gen. & District Heating)	578.26	278.96	107%	497.53	262.34	90%
(Conv. Gen. & Dist. H.) Average cost of CO2 (PLN/t CO₂)	304.73	132.90	129%	292.89	120.77	143%
(Conv. Gen. & Dist. H.) Average cost of CO2 (PLN/MWh)	329.83	130.37	153%	304.53	116.53	161%

4 Estimated key financial data

[PLN m]	Q3 2022	Q3 2021	y/y	9M 2022	9M 2021	y/y
EBITDA recurring PGE Group, including:	2 328	1 941	20%	6 540	6 160	6%
Conventional Generation	576	685	-16%	970	1 726	-44%
District Heating	-8	71	-	39	779	-95%
Renewables	561	213	163%	1 401	595	135%
Distribution	668	649	3%	2 147	2 023	6%
Supply	486	314	55%	1 613	1 008	60%
Circular Economy	17	17	0%	47	41	15%
Other + consolidation adjustments	28	-8	-	323	-12	-
One-off items and temporary events, including:	-402	169	-	1 778	1 204	48%
LTC compensations	1	1	0%	3	5	-40%
Change of reclamation provision	-422	-508	-17%	1 738	424	310%
Change of actuarial provision	0	35	-	-19	52	-
Reversal of provision for Voluntary Leave Programme	0	0	-	0	11	-
Provision for prosumers	19	0	-	56	0	-
Temporary events -rollover of the EUA contracts	0	641	-	0	712	-
EBITDA reported	1 926	2 110	-9%	8 318	7 364	13%

One-off items in the operating segments 9M 2022

(PLN m)	Conventional Generation		District Heating		Renewables		Distribution		Supply	
	9M 2022	9M 2021	9M 2022	9M 2021	9M 2022	9M 2021	9M 2022	9M 2021	9M 2022	9M 2021
EBITDA reported	2 687	2 803	49	867	1 402	596	2 140	2 047	1 685	1 022
Change y/y	-116		-818		806		93		663	
One-off and temporary events, including:	1 717	1 077	10	88	1	1	-7	24	72	14
LTC compensations			3	5						
Change of reclamation provision	1 731	414	7	10						
Change of actuarial provision	-14	22		2	1	1	-7	24	1	3
Release of the provision for Voluntary Leave Programme									0	11
Provision for prosumers									71	0
Temporary events -rollover of the EUA contracts		641		71						
EBITDA recurring	970	1 726	39	779	1 401	595	2 147	2 023	1 613	1 008

One-off items in the operating segments Q3 2022

(PLN m)	Conventional Generation		District Heating		Renewables		Distribution		Supply	
	Q3 2022	Q3 2021	Q3 2022	Q3 2021	Q3 2022	Q3 2021	Q3 2022	Q3 2021	Q3 2022	Q3 2021
EBITDA reported	157	754	-10	152	561	214	668	665	509	316
Change y/y	-597		-162		347		3		193	
One-off and temporary events, including:	-419	69	-2	81	0	1	0	16	23	2
LTC compensations			1	1						
Change of reclamation provision	-419	-516	-3	8						
Change of actuarial provision		15		1		1		16		2
Release of the provision for Voluntary Leave Programme										
Provision for prosumers									23	
Temporary events -rollover of the EUA contracts		570		71						
EBITDA recurring	576	685	-8	71	561	213	668	649	486	314

Estimated CAPEX, net debt and EPS

[PLN m]	Q3 2022	Q3 2021	y/y	9M 2022	9M 2021	y/y
Consolidated recurring net profit	991	459	116%	2 541	2 396	6%
Consolidated net result to equity	654	561	17%	3 942	3 251	21%
Computation of net result to equity ex. Impairments						
Assets impairment (pre-tax)**	-55	-63		-68	-132	
Assets impairment (after tax)**	-44	-51		-55	-107	
Consolidated net result to equity – ex. Impairments**	698	612	14%	3 997	3 358	19%
Earnings per share [PLN]	0.29	0.30	-3%	1.88	1.74	8%
Earnings per share – ex. Impairment	0.31	0.33	-6%	1.91	1.80	6%
CAPEX*	1 990	822	142%	3 834	3 069	25%

[PLN m]	30.09.2022	30.06.2022	q/q	30.09.2022	30.09.2021	y/y
Net economic financial debt	11 140	9 830	1 310	11 140	12 802	1 162
Net debt (end of period)**	-1 837	-583	-1 254	-1 837	2 578	-4 415

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

***estimated net economic financial debt (real value of net debt, adjusted by forward payment for CO2)

8 Drivers of periodic results

Key factors that influenced recurring y/y results dynamics:

Q3 2022	9M 2022
EBITDA recurring higher by 20% y/y	EBITDA recurring higher by 6% y/y
<ul style="list-style-type: none"> + Higher revenues from sale of electricity in Conventional Generation and District Heating, (higher electricity price by PLN 299/MWh y/y outweighs lower production volume by 1.7 TWh y/y, approx. PLN 4 150m) + 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 330m + Higher result on sales of electricity in Supply segment mainly as result of higher margin on sales to end customers, lower result on trading of electricity, total effect of approx. PLN 170m + Higher revenues from distribution services (higher tariffs) approx. PLN 40m - CO2 emission cost higher by approx. PLN 2 800m, mainly as result of higher CO2 price by PLN 172/ton. - Higher cost of production fuels by approx. PLN 1 250m mainly due to increase in hard coal and gas prices - Personnel cost higher by approx. PLN 170m - Lower revenues from ancillary services and capacity market by approx. PLN 60m, (mainly due to lower revenues from provision of capacity reallocation services) - Other costs (higher costs of external services, environmental fees, property taxes,) approx. PLN 100m 	<ul style="list-style-type: none"> + Higher revenues from sale of electricity in Conventional Generation and District Heating, (higher electricity price by PLN 235/MWh y/y outweighs lower production volume by 2.7 TWh y/y, approx. PLN 10 150m) + 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 800m + Higher result on sales of electricity in Supply segment mainly as result of higher margin on sales to end customers, lower result on trading of electricity, total effect of approx. PLN 450m + Higher revenues from support for cogeneration approx. PLN 150m + Higher revenues from distribution services (higher tariffs) approx. PLN 150m + Higher revenues from property rights approx. PLN 70m - CO2 emission cost higher by approx. PLN 8 500m, mainly due to higher prices of emission rights by PLN 172/ton. - Higher cost of production fuels by approx. PLN 2 050m mainly due to increase in hard coal and gas prices - Personnel cost higher by approx. PLN 350m - Lower revenues from ancillary services by approx. PLN 200m, (mainly due to lower revenues from provision of capacity reallocation services) - Other costs (higher costs of external services, environmental fees, property taxes) approx. PLN 250m

9 Drivers of periodic results

Key factors that influenced y/y reported results dynamics:

Q3 2022	9M 2022
EBITDA recurring higher by PLN 387m y/y	EBITDA recurring higher by PLN 380m y/y
- Negative balance of one-offs PLN -571m y/y, mainly as effect of change in the balance of reclamation provision (PLN +86m y/y) and balance of temporary items PLN -641m y/y (rollover of the EUA contracts in Q3 2021 increased reported results).	+ Positive balance of one-offs PLN +574m y/y, mainly as effect of change in the balance of reclamation provision (PLN +1 314m y/y) and balance of temporary items PLN -712m y/y (rollover of the EUA contracts in 9M 2021 increased reported results).
EBITDA reported lower by PLN 184m y/y	EBITDA reported higher by PLN 954m y/y

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Thank you

