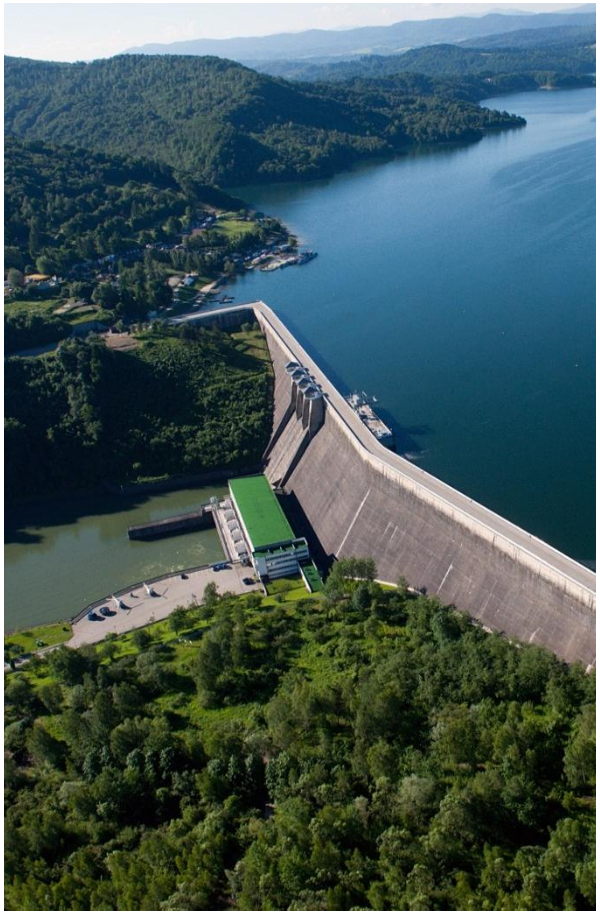
Growth in shifting conditions

FY 2012 and Q4 2012 Financial Results
March 14, 2013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• Key achievements and developments

Krzysztof Kilian, President and CEO

Market conditions have shifted but PGE has remained one of the healthiest utilities in Europe

Reasons

- Economic slowdown
- Increasing share of the zero-variable-cost renewables in the power mix
- Regulatory uncertainty

Results

- Lower demand
- Lower prices of electricity
- Lower prices of CO_2 allowances

Implications

- PGE's base load lignite assets (71% of 2012 volume) best positioned to maintain high profitability and invest for growth

PGE sustains its leadership position

- One of the most profitable utilities in Europe – 2012 recurring EBITDA margin of 27%
- One of the few growing utilities in Europe – 2012 was the fifth year of consecutive recurring EBITDA growth. Generation and sales volumes also went up despite consumption decrease.
- The largest power utility in Poland and absolute leader in Polish base load generation
- Least leveraged of large European utilities with net cash position of 0.37x EBITDA and over PLN 6.8 bn of operating cashflow
- Leader of renewable generation in Poland after acquisition of 131MW in wind farms from Dong and Iberdrola[1]

[1] Transactions not closed yet – await antimonopoly approvals

Proactive PGE's approach helps manage the risks and builds a solid foundation for further growth

PGE Action	Goals
Strategy under review	Sustain long-term value growth by setting right objectives and a feasible execution plan
Investment projects reassessment	Maximize capital productivity and build a portfolio of optimal projects
Preparation of a new operational model	Redesign the group management model to allow for improved execution and efficiency of processes
Implementation of SAP	Increase management efficiency, improve decision-making processes and give more transparency in the capital group
ICT Shared Services	Optimal application of ICT technologies and resources
Turów complex optimization	Strengthen cost leadership and competiveness of lignite mine-power plant complex, allow for further development

Investment projects are under review in order to adjust in line with shifting market conditions

Investment plan providing long-term value maximization

Number of factors taken into account

- Demand/Supply expectations
- Scenario analysis
- Risk-reward profile
- Project economics
- Portfolio interactions
- Support mechanism/subsidies outlook
- Funding possibilities
- Environmental footprint
- Organisational feasibility
- Other

Decisions on

- Technology
- Scale
- Timing
- Process triggers

Outcome

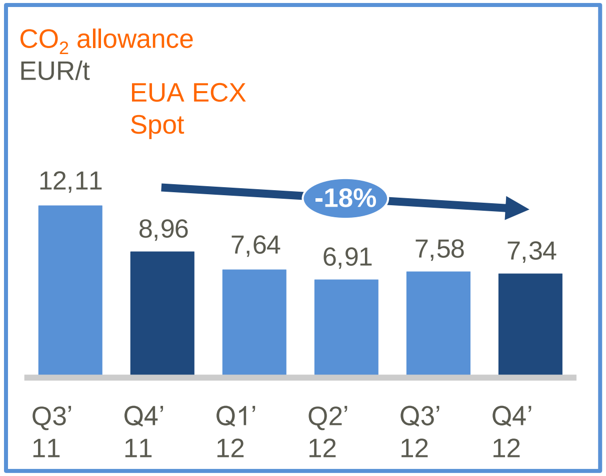
Updated investment plan allowing for efficient use of capital

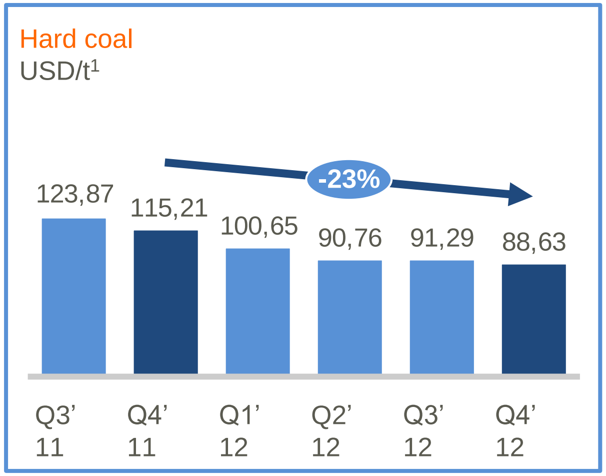
2012 Financial Results

Detailed financial and operational results

Wojciech Ostrowski, CFO

Economics of the lignite plants remains sound, even though commodities and power prices are under pressure

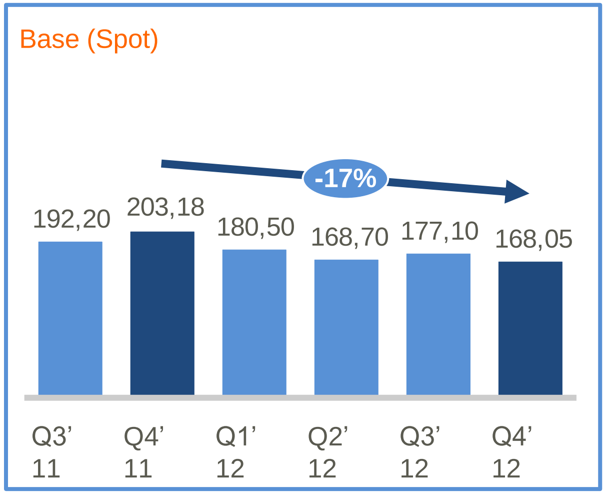


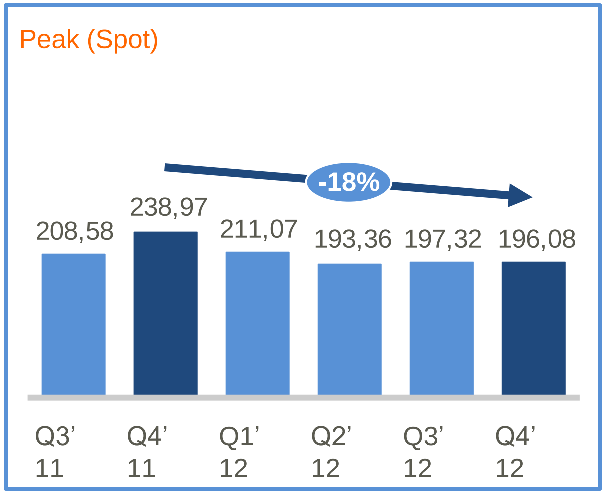


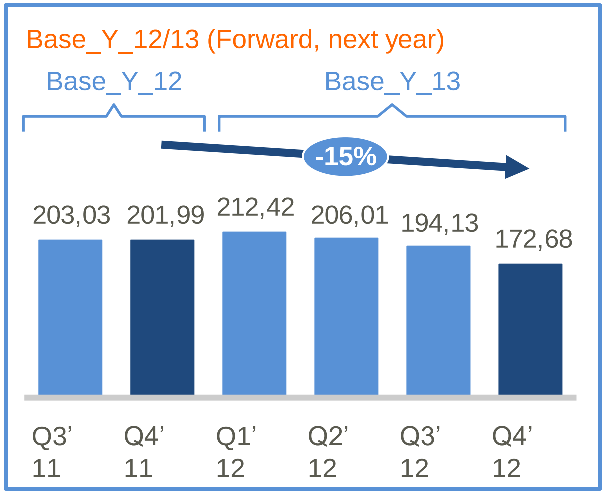
- Polish electricity prices have fallen and reflected trends on commodities markets
- Weakening of the demand and growth of generation from Renewable Energy Sources (RES) added pressure on prices
- Clean-dark spreads have remained positive, but fixed costs' coverage in the least efficient hard coal plants is questionable

Source: Bloomberg

Average quarterly TGE Electricity Prices in 2012 and 2011
PLN/MWh







[1] An average price on global COAL DES ARA Index

In 2012 the economy decelerated with impact on electricity consumption, but PGE succeeded in keeping volumes high

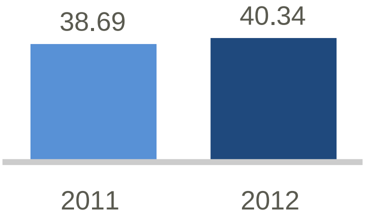
Macroeconomic environment	2011	2012	Q4 2011	Q4 2012
Real GDP growth y-o-y (%)[1]	4.3	2.0	4.3	1.1
Industrial production growth y-o-y (%)[2]	7.7	1.0	-	-
CPI y-o-y (%)[2]	4.3	3.7	4.6	2.9
Polish electricity market				
Domestic Electricity Consumption Growth y-o-y (%)[3]	1.9	-0.6	0.5	-1.7
Domestic Electricity Production Growth y-o-y (%)[3]	4.6	-2.0	2.8	-3.0

PGE Group	2011	2012	2012 vs. 2011	Q4 2011	Q4 2012	Q4 2012 vs. Q4 2011
Net Generation Volume (TWh)	56.52	57.05	1%	15.05	13.99	-7%
Sales on the wholesale market (TWh)	57.01	61.70	8%	15.44	16.18	5%
Sales to end-users (TWh)	31.63	31.87	1%	7.80	7.96	2%
Electricity distribution volume (TWh)	31.08	31.32	1%	8.10	8.00	-1%

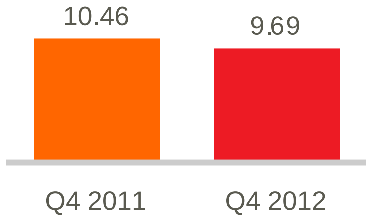
[1] Source: European Commission
[2] Source: Central Statistical Office
[3] Source: PSE S.A.

Key Operating Data – Net electricity generation by sources (TWh)

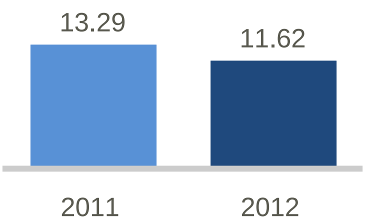
Lignite-fired power plants



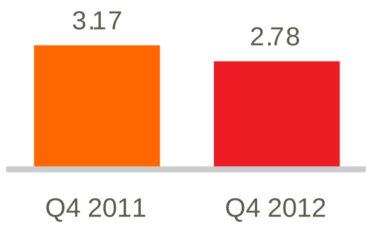
Lignite-fired power plants



Hard coal-fired power plants

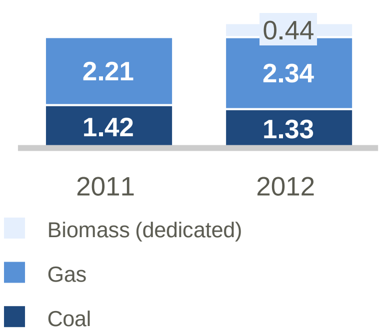


Hard coal-fired power plants

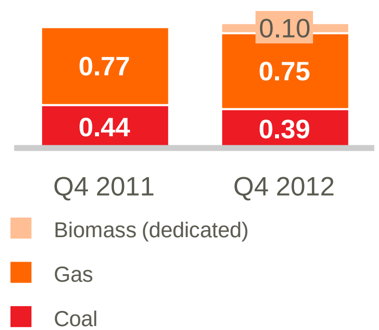


- Total net electricity generation amounted to 57,05 TWh in 2012 (up by 1% yoy) and 13.98 TWh in Q4 2012 (down by 7% yoy)
  - Main impact of Q4 lower output due to outage of lignite fired unit no. 4 in Bełchatów – we are eligible to claim lost profits from an insurer
  - Lower output from hard-coal fired power plants mostly due to lower demand for electricity from Dolna Odra
- Increased generation from renewable sources – amounted to 2.5 TWh in 2012 (up by 74%) and 0.94 TWh in Q4 2012 (up by 161%)
  - Impact of biomass fired CHP in Szczecin in Q4 2011
  - Acquisition of Pelplin and Żuromin wind farms, however effects will be more visible in the future

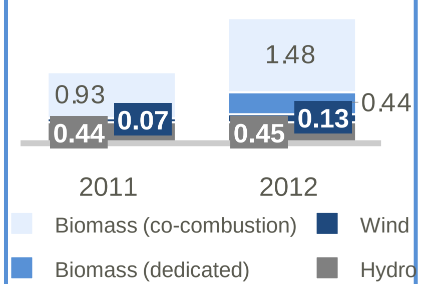
Combined Heat and Power Plans



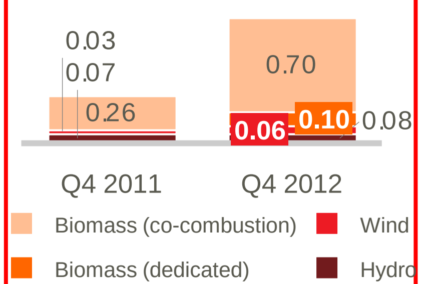
Combined Heat and Power Plans



Renewable Energy Sources

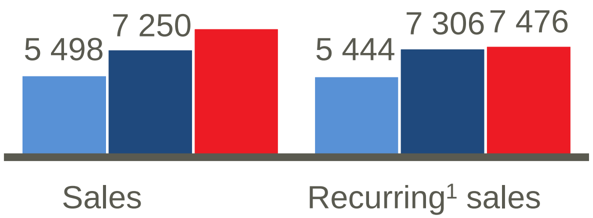


Renewable Energy Sources

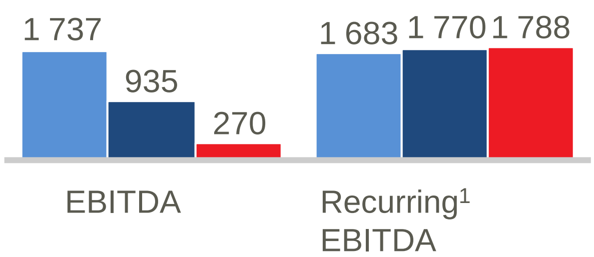


Q4 2012 Financial results – key drivers

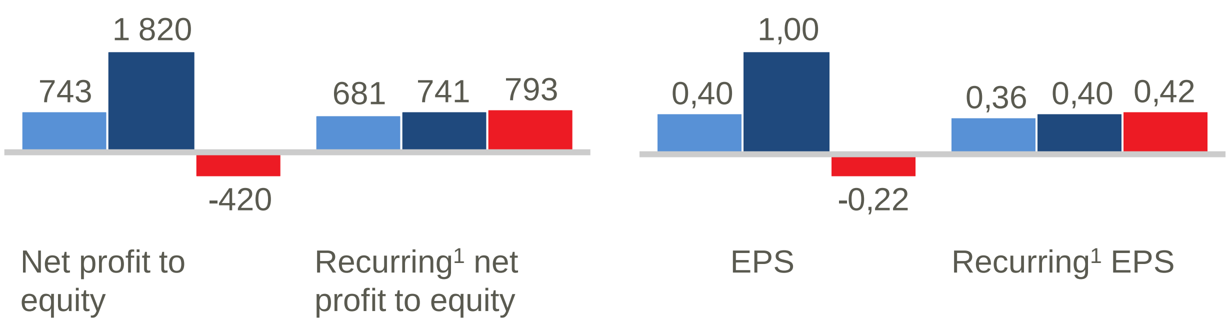
Q4 2010 Q4 2011 Q4 2012



- Recurring sales revenues increased by 2% y-o-y or PLN 170 m
- Significant revenues from LTC compensations of PLN 1,184m as a result of updated electricity prices path and change in the allocation of the final LTC adjustment



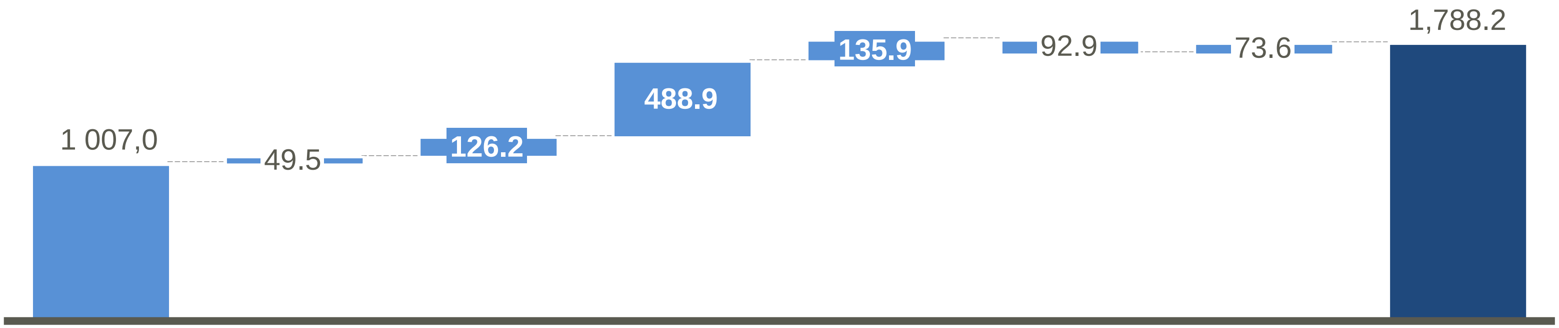
- Recurring EBITDA increased by 1% y-o-y
- Recurring EBITDA CAGR of 3.1% for 2010-2012 seats PGE among the few growing utilities in Europe
- Reported EBITDA heavily impacted by non-cash one-off items
  - Dolna Odra impairment of PLN (1,486 m)
  - Recultivation provision update resulting from change of the discount rate PLN (886 m)
  - CCS project impairment PLN (156 m)



- Reported net profit to equity amounted to respectively PLN (420 m) and PLN (0,22) per share
- However, recurring numbers show growth of 7.0% y-o-y

[1] Recurring = excluding significant one-off items

Recurring[1] Q4 2012 EBITDA Composition and Development



	Conventional	Renewables	Wholesale	Disribution	Retail	Other	Adjust.	EBITDA
Q4 2012	1,007.0	49.5	126.2	488.9	135.9	-92.9	73.6	1788.2
Q4 2011	1241.9	38.0	40.8	367.9	19.0	25.9	36.1	1,769.7
Change (PLN m)	-235,0	11.5	85.5	120.9	116.9	-118.7	37.6	18.6
Change (%)	-18.9%	30.1%	209.6%	32.9%	614.7%	-458.6%	104.2%	1.0%

Management fee paid to Wholesale (PLN 75m) and higher costs of fuel are main factors influencing the results

Higher volume offset lower prices of electricity

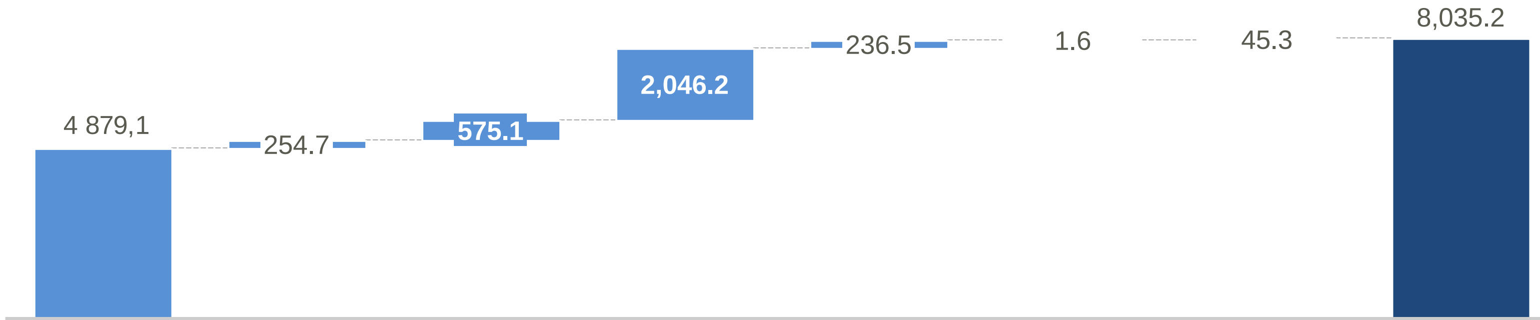
Significant increase of EBITDA due to internal settlements between segments – mostly management services fee paid by Generation

Higher revenues (RAB revaluation) and strict cost discipline stay behind the growth

Retail margin expanded as costs of certificates of origin were significantly lower

[1] Recurring = excluding significant one-off items

Recurring[1] FY 2012 EBITDA Composition and Development



	Conventional	Renewables	Wholesale	Disribution	Retail	Other	Adjust.	EBITDA
2012	4,879.1	254.7	575.1	2,046.2	236.5	-1.6	45.3	8,035.2
2011	5,160.5	214.5	201.6	1,623.8	116.7	147.1	6.3	7,470,5
Change (PLN m)	-281.4	40.2	373.4	422.4	119.8	-148.7	39.0	564.7
Change (%)	-5.5%	18.8%	185.2%	26.0%	102.6%	-101.1%	621.5%	7.6%

Higher costs of fuel and generation management fee stay behind slightly lower result. The decrease was partially offset by lower fees for emissions of CO_2 and higher revenues from the sale of electricity and certificates of origin

Higher EBITDA results mainly from higher revenues from the sale of regulated system services, certificates and renewable energy. Lower cost of electricity consumption for production purposes contributed as well

Increase of EBITDA due to internal settlements between segments – mostly management services fee paid by Generation as well as a higher result on other operating activities (mainly due to reversal of provision for Alpiq dispute)

Higher EBITDA was achieved mainly due to RAB revaluation path reflected in tariffs, however cost discipline played its role as well.

Margin expanded as average prices went up and variable costs (certificates of origin) decreased

[1] Recurring = excluding significant one-off items

Key one-off items – Q4 2012

LTC Compensations	• Value of non-cash one-off items related to LTC compensations amounted to PLN 1,253 m • LTC compensations model was updated as a result of the electricity prices path update • Thus, allocation of the final adjustment was changed (impact of PLN 1,184 m). Total value of LTC revenues also includes adjustment of revenues in result of a favourable Court of Appeal verdict (PLN 69 m)	• Sales: PLN 1,184 m • Other operating revenues: PLN 69 m • EBIT / EBITDA: PLN 1,253 m • Net profit to equity: PLN 1 bn
Dolna Odra impairment	• PGE revaluated assets of Dolna Odra power plant. Test conducted according to IAS 36 showed loss of value in property, plan and equipment in the amount of approx. PLN 1,486 m. • Tests were necessitated by current market conditions and an updated electricity prices path	• Other operating costs: PLN (1,486 m) • EBIT / EBITDA: PLN (1,486 m) • Net profit to equity: PLN (1,186 m)
Recultivation provision	• Recultivation provision was revaluated in result of a significant drop in interest rates in Poland in the course of 2012 (from 5.75% at the end of 2011 to 4.00% at the end of 2012) • Provision for recultivation increased by approx. PLN 886 m	• Other operating costs: PLN (886 m) • EBIT / EBITDA: PLN (886 m) • Net profit to equity: PLN (707 m)
CCS project impairment	• PGE did not secure financing of the CCS project due to the lack of European Union support in funding. • Moreover, number of technological, legal and social risks identified by PGE resulted in cancellation of a CCS grant contract with European Commission. • Impairment of to-date expenditures related to the realization of the CCS project amounted to approx. PLN 156 m	• Other operating costs: PLN (156 m) • EBIT / EBITDA: PLN (156 m) • Net profit to equity: PLN (125 m)
Actuarial provisions	• Actuarial assumptions, including the discount rate were changed. • As a result, provisions for employee benefits within the employment period increased by approx. PLN 244 m. Provisions for employee benefits after the employment period increased by approx. PLN 202 m	• Other operating costs: PLN (244 m) • EBIT / EBITDA: PLN (244 m) • Net profit to equity: PLN (196 m) • Other compreh. income: PLN (202 m)

Dividend for 2012

Dividend policy	• PGE's dividend policy states that the company will distribute 40-50% of the consolidated net profit for a given year • Policy is long-term and sustainable in the course of the investment programme
2012 proposal	• From 2012 profit the Management Board proposes to pay out the top of the policy's range, which is 50% of the consolidated net profit • Final decision will be taken by the Ordinary General Meeting
Dividend per Share	• According to the proposal, the dividend from 2012 profit shall amount to PLN 1.608 bn, which sets Dividend per Share for PLN 0.86
Timeline	• Proposed dividend date: September 05, 2013 • Proposed dividend payment date: September 26, 2013

PGE cash position provides…

…plenty of headroom in the balance sheet

	FY 2011	FY 2012
Gross Debt (PLN m)	2,039.1	1,896.7
Net Cash (PLN m)	4,128.5	2,512.4
Net Debt/LTM EBITDA	- 0.61 x	-0.37x
Net Debt/Equity	- 0.10 x	-0.06x

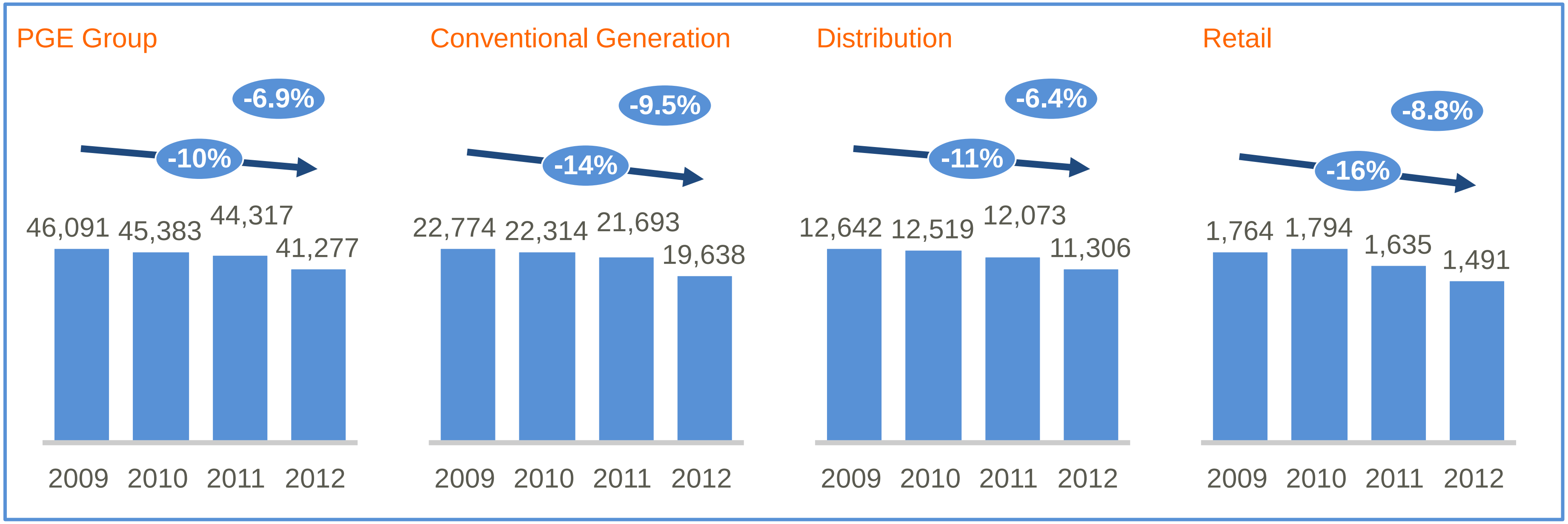
Financial strength has been confirmed by rating agencies

	Moody's	Fitch
Long-term company rating (IDR)	A3	BBB+
Rating outlook	Stable	Stable
Date of rating assignment	September 2, 2009	September 2, 2009
Date of the latest rating confirmation	December 16, 2011	August 10, 2012
Senior unsecured rating		BBB+
Date of the latest rating confirmation		August 10, 2012
Long-term national rating		AA- (pol)
Date of rating assignment		August, 2012
Poland's long-term rating	A2	A-

Effects of the Efficiency Improvement Programme and decrease in headcount

PLN m	Generation	Distribution	Retail	Total
Costs (Voluntary Leave Programmes)	-241	-16	0	-257
Cost initiatives	169	88	12	269
Revenue initiatives	-31	0	-1	-32
Total	-103	72	11	-20

- Net effect of the EIP in 2012 amounted to PLN -20 m
- Headcount decreased from over 46k in 2009 to ca. 41 k at the end of 2012
- Only in 2012 more than 3 k people left the company (annual decrease of 7%)
- Voluntary Leave Programmes conducted in 2012 resulted in headcount decrease of 2,050



Questions and Answers Session

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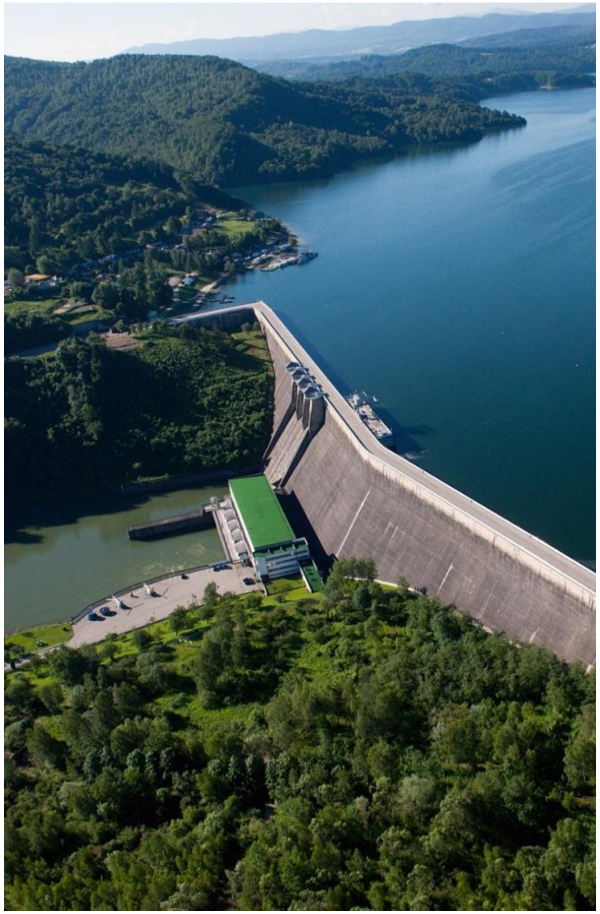





Investor relations contacts

Head of IR

Przemysław Wasilewski
Tel: (+48 22) 340 19 46
Mob: +48 723 189 235

IR Officers

Krzysztof Dragan
Tel: (+48 22) 340 15 13
Mob: +48 601 334 290

Karolina Drach-Kowalczyk
Tel: (+48 22) 340 16 90
Mob: +48 784 036 365

Jakub Frejlich
Tel: (+48 22) 340 10 32
Mob: +48 695 883 902

Agata Milewska
Tel: (+48 22) 340 10 35
Mob: +48 723 996 513



2012 Financial Results

Additional information

Key Financials

Selected financial data, consolidated, IFRS

	2011 PLN m audited	2012 PLN m audited	2012 vs. 2011	Q4 2011 PLN m not audited	Q4 2012 PLN m not audited	Q4 2012 vs. Q4 2011
Sales	28,111	30,557	9%	7,250	8,660	19%
• *including LTC compensations*	-439	1,327		55	1,184	215%
Recurring* Sales	27,672	29,230	6%	7,306	7,476	2%
EBITDA	6,801	6,791	0%	935	270	-71%
Recurring* EBITDA	7,471	8,035	8%	1,770	1,788	1%
EBIT	4,090	3,871	-5%	200	-488	-344%
Recurring* EBIT	4,760	5,115	7%	1,034	1,031	0%
Net profit (to equity)	4,893	3,211	-34%	1,821	-420	-123%
Recurring* net profit (to equity)	3,551	4,206	18%	741	793	7%
CAPEX	4,314	4,254	-1%	1,613	1,461	-9%
Net cash from operating activities	6,942	6,843	-1%	2,386	1,262	-35%
Net cash from investing activities	-3,327	-1,951		-286	-1,106	
EBITDA margin	24%	22%		13%	3%	
Recurring* EBITDA margin	27%	27%		24%	24%	
Net Working Capital	4,210	3,944				
Net Debt/LTM EBITDA	-0.61x	-0.37x				

*** Recurring = excluding key one-off items (2012)**

- **Sales:** LTC compensations (+PLN 1327m)
- **Other operating revenues:** (+PLN 200m)
- **EBITDA/EBIT:** LTC compensations (+PLN 1527m), EDO impairment loss (-PLN 1486m), provision for recultivation (-PLN 886m), actuarial reserves (-PLN 244m), impairment of CCS (-PLN 156m),
- **Net profit (to equity):** LTC compensations (+PLN 1000m), EDO impairment (-PLN 1186m), provision for recultivation (-PLN 707m), actuarial reserves (-PLN 196m), impairment of CCS (-PLN 124m).

*** Recurring = excluding key one-off items (Q4)**

- **Sales:** LTC compensations (+PLN 1184m)
- **Other operating revenues:** LTC reversal (+ PLN 69m)
- **EBITDA/EBIT:** LTC compensations (+PLN 1253m), EDO impairment (-PLN 1486m), provision for recultivation (-PLN 886m), actuarial reserves (-PLN 244m), impairment of CCS (-PLN 156m),
- **Net profit (to equity):** LTC compensations (+PLN 1000m), EDO impairment (-PLN 1186m), provision for recultivation (-PLN 707m), impairment of CCS (-PLN 124m)

Key Operating Data

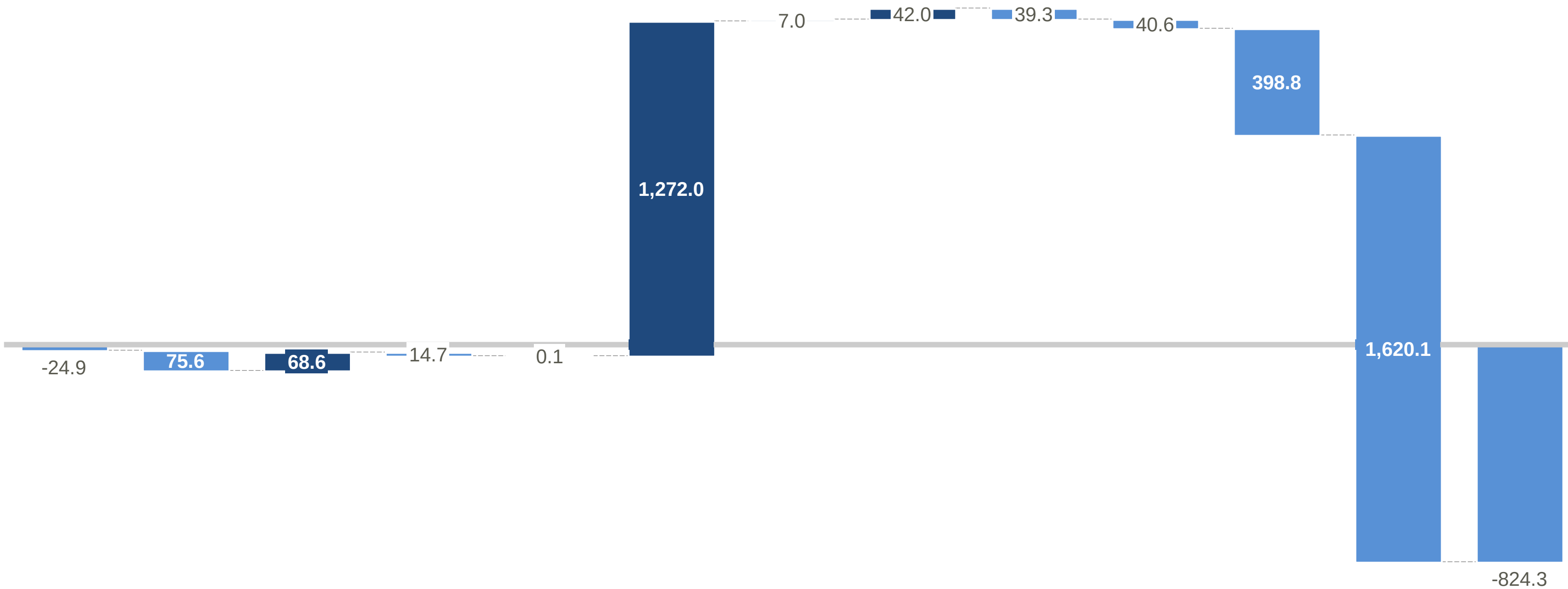
Net electricity generation by sources (TWh)

	2011	2012	2012 vs. 2011	Q4 2011	Q4 2012	Q4 2012 vs. Q4 2011
Lignite-fired power plants	38.69	40.34	4%	10.46	9.69	-7%
Hard coal-fired power plants	13.29	11.62	-13%	3.17	2.78	-12%
Coal-fired CHPs	1.42	1.33	-6%	0.44	0.39	-11%
Gas-fired CHPs	2.21	2.34	6%	0.77	0.75	-3%
Biomass-fired CHP	-	0.44	-	-	0.10	-
Pump storage	0.40	0.40	0%	0.11	0.14	27%
Hydro	0.44	0.45	2%	0.07	0.08	14%
Wind	0.07	0.13	86%	0.03	0.06	100%
TOTAL	56.52	**57.05**	**1%**	**15.05**	**13.99**	**-7%**

	2011	2012	2012 vs. 2011	Q4 2011	Q4 2012	Q4 2012 vs. Q4 2011
Renewable generation	1.44	2.5	74%	0.36	0.94	161%
Incl. biomass co-combustion	0.93	1.48	59%	0.26	0.70	169%

Conventional Generation – EBIT Q4 2012

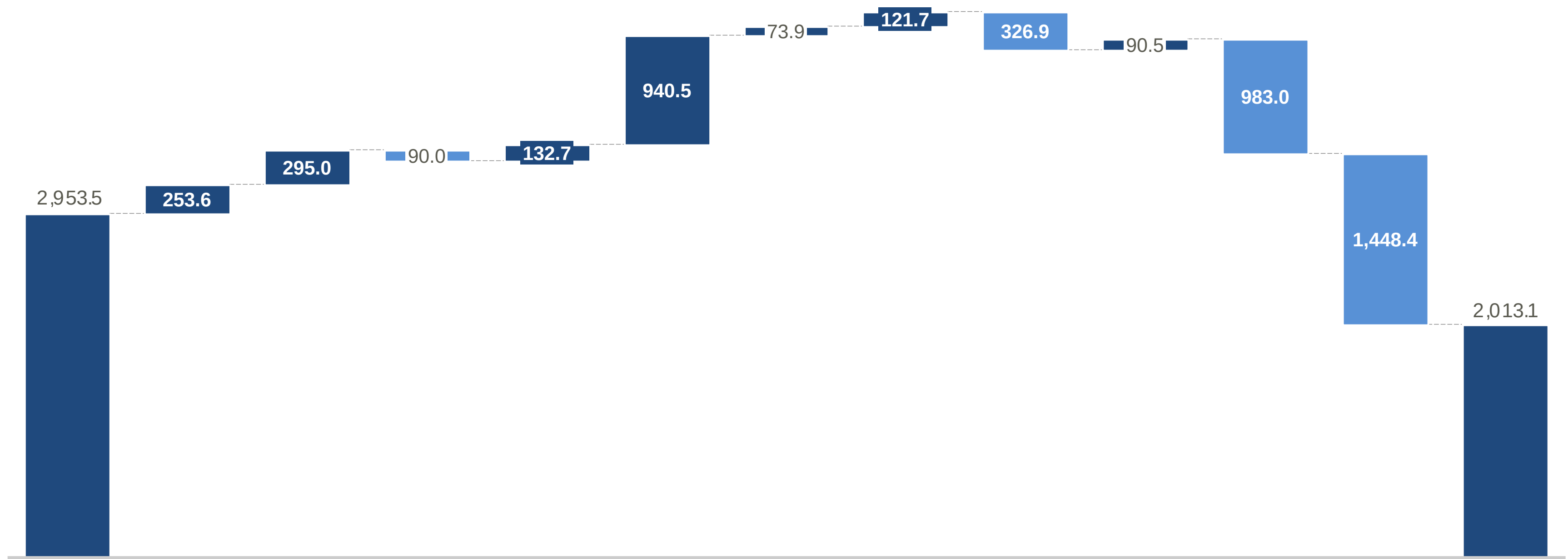
Key Changes in EBIT (PLN m)



	Result Q4 2011	Sale of electricity - difference in volume	Sale of electricity - differenece in price	Revenues from regul. serv. and bal. market	Revenues from cert. of origin	Other revenues	Electricity consumption	Cost of CO_2	Cost of fuel	Cost of merchanndise and materials sold	Other costs	Result on other oper. activities	Result Q4 2012
Change		-75.6	68.6	-14.7	0.1	1,272.0	7.0	42.0	-39.3	-40.6	-398.8	-1,620.1	
Q4 2011	-24.9			43.8	42.4	214.3	18.2	52.9	807.0	254.3	1,575.8	-786.0	
Q4 2012				29.1	42.5	1,486.3	11.2	10.9	846.3	294.9	1,974.5	-2,406.1	-853.8

Conventional Generation – EBIT FY 2012

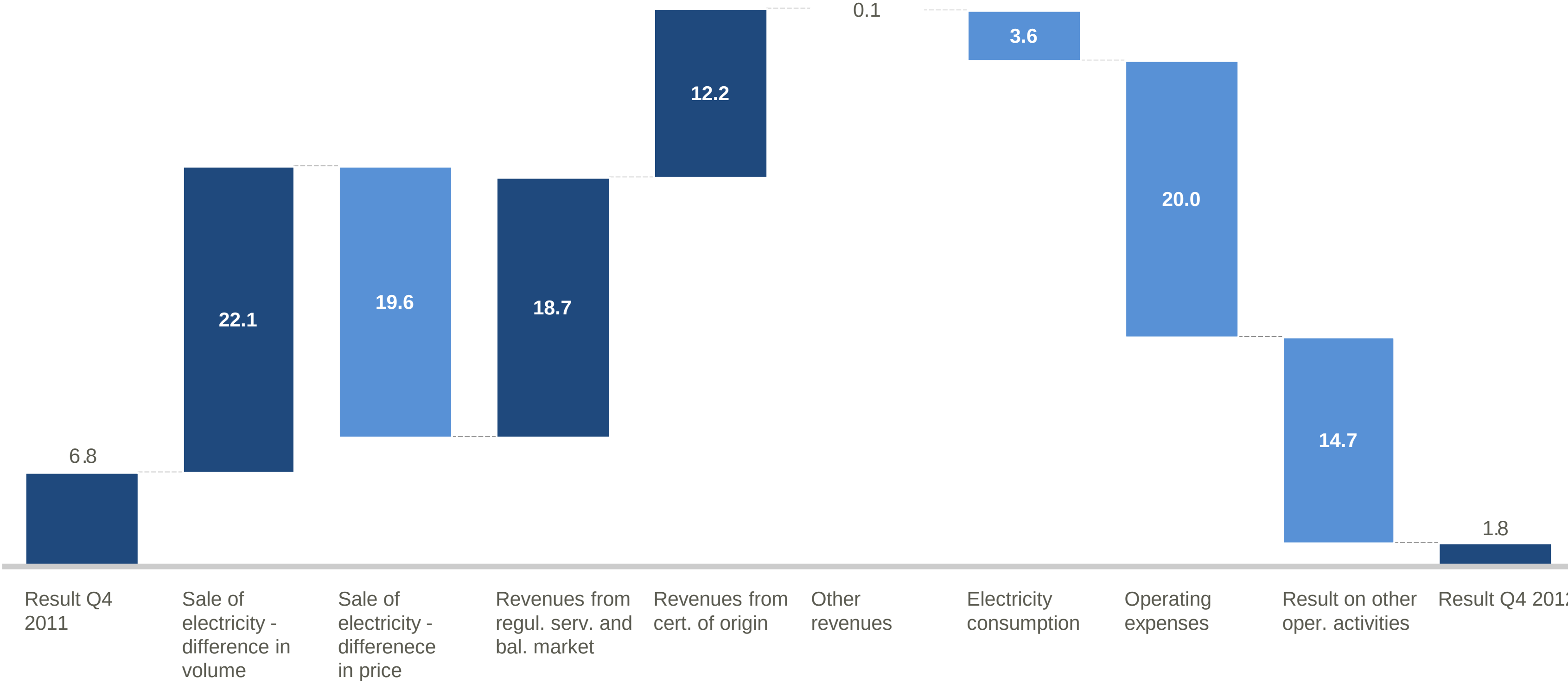
Key Changes in EBIT (PLN m)



	Result 2011	Sale of electricity - difference in volume	Sale of electricity - difference in price	Revenues from regul. serv. and bal. market	Revenues from cert. of origin	Other revenues	Electricity consumption	Cost of CO_2	Cost of fuel	Cost of merchandise and materials sold	Other costs	Result on other oper. activities	Result Q4 2012
Change		253.6	295.0	-90.0	132.7	940.5	73.9	121.7	-326.9	90.5	-983.0	-1,448.4	
Q2011	2 953.5			316.1	402.9	1,313.7	137.2	207.2	2,764.8	832.7	5,897.1	-757.5	
Q2012				226.0	535.6	2,254.2	63.3	85.5	3,091.7	742.1	6,880.0	-2,205.8	2,013.1

Renewable Generation – EBIT Q4 2012

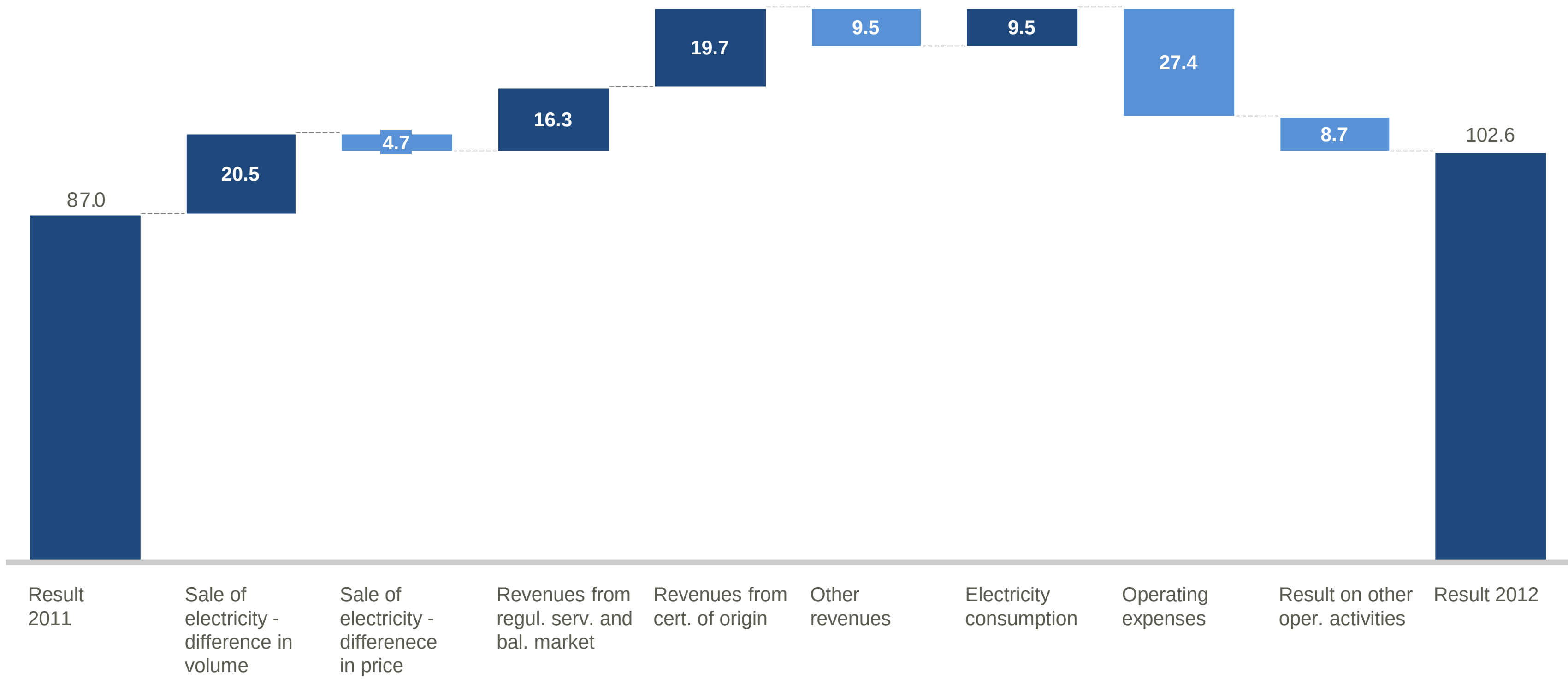
Key Changes in EBIT (PLN m)



	Result Q4 2011	Sale of electricity - difference in volume	Sale of electricity - differenece in price	Revenues from regul. serv. and bal. market	Revenues from cert. of origin	Other revenues	Electricity consumption	Operating expenses	Result on other oper. activities	Result Q4 2012
Change		22.1	-19.6	18.7	12.2	-0.1	-3.6	-20.0	-14.7	
Q4 2011	6.8			72.2	16.5	5.3	30.8	79.9	0.3	
Q4 2012				90.8	28.7	5.2	34.3	100.0	-14.4	1.8

Renewable Generation – EBIT FY 2012

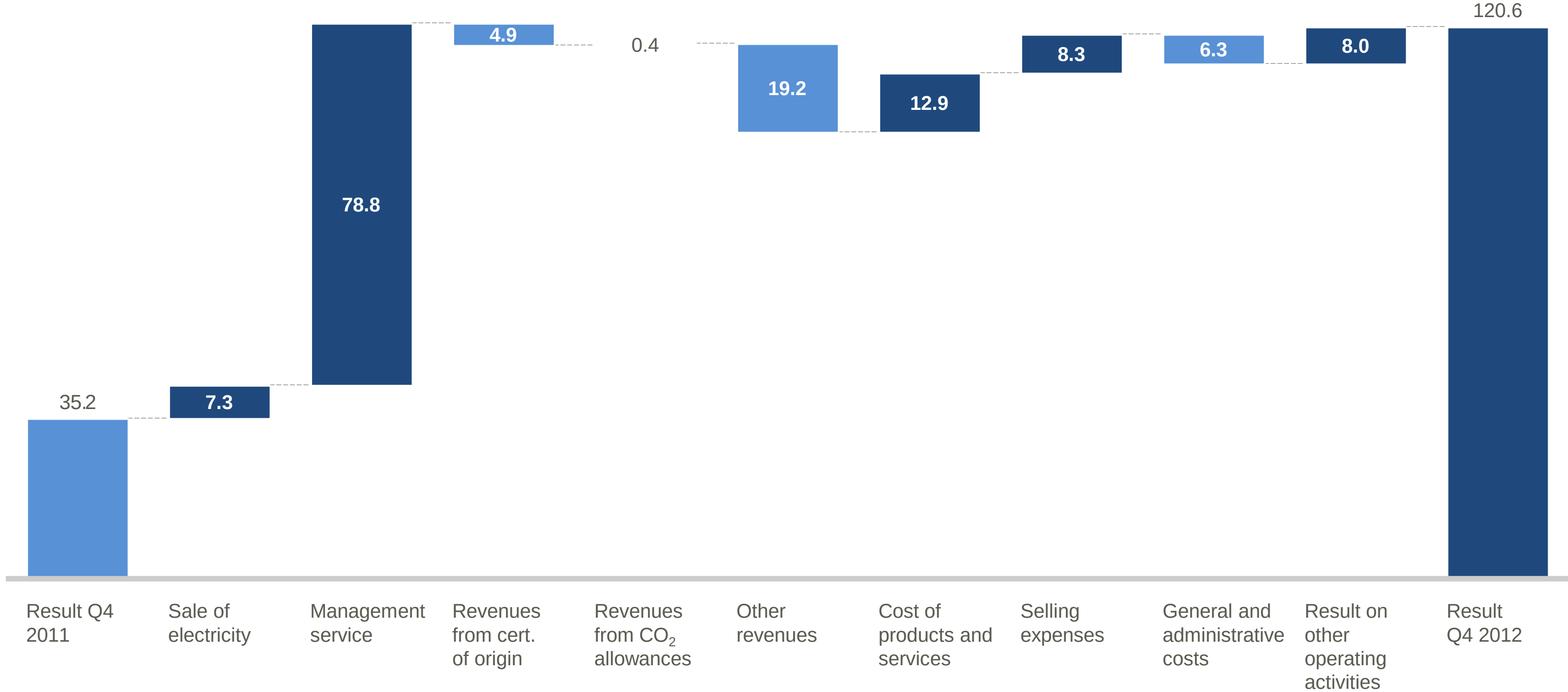
Key Changes in EBIT (PLN m)



	Result 2011	Sale of electricity - difference in volume	Sale of electricity - differenece in price	Revenues from regul. serv. and bal. market	Revenues from cert. of origin	Other revenues	Electricity consumption	Operating expenses	Result on other oper. activities	Result 2012
Change		20.5	-4.7	16.3	19.7	-9.5	9.5	-27.4	-8.7	
2011	87.0			322.1	102.8	28.6	134.7	302.1	-7.9	
2012				338.5	122.5	19.1	125.3	329.5	-16.6	102.6

Wholesale – EBIT Q4 2012

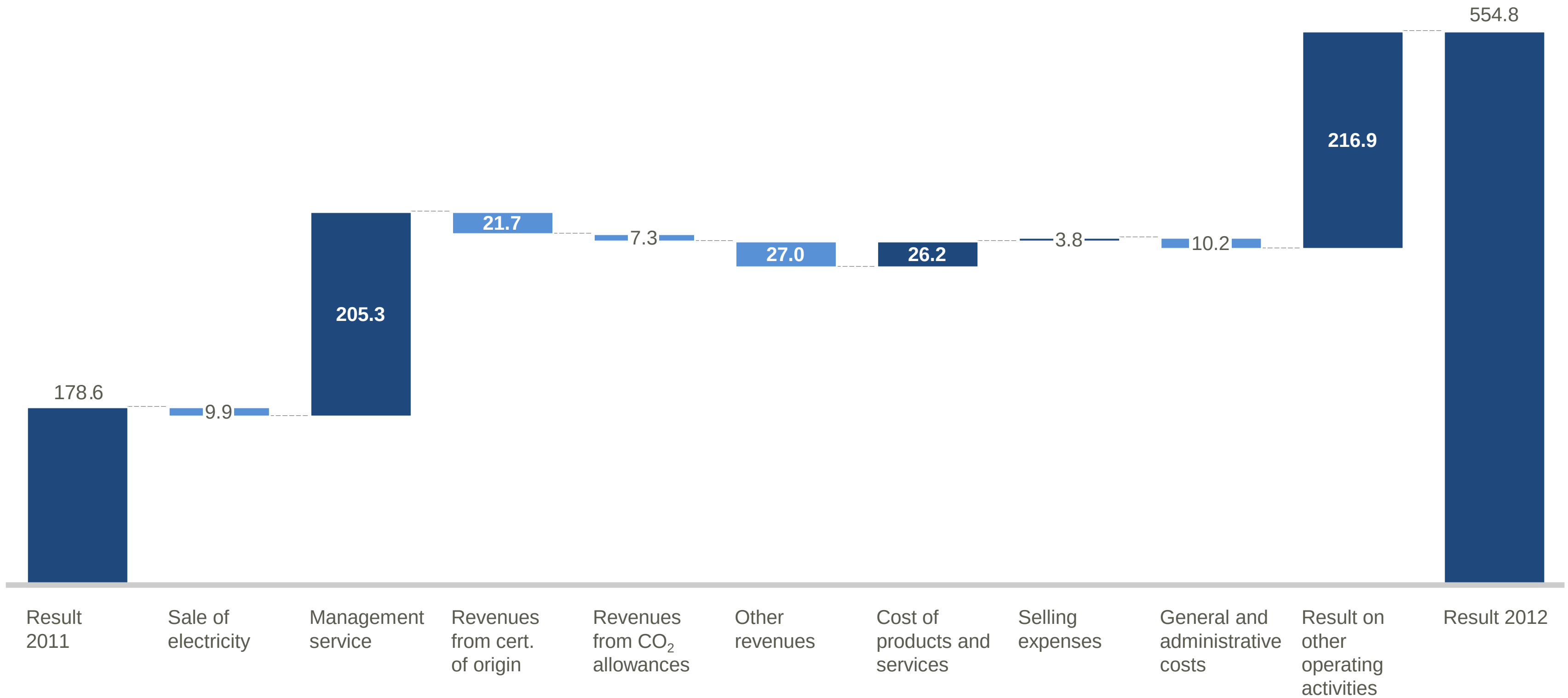
Key Changes in EBIT (PLN m)



Change		7.3	78.8	-4.9	0.4	-19.2	12.9	8.3	-6.3	8.0	85.3
Q4 2011	35.2	15.5	52.4	8.0	-0.6	38.0	27.8	15.1	34.1	-1.0	
Q4 2012		22.7	131.3	3.1	-0.2	18.7	14.9	6.8	40.4	7.0	120.6

Wholesale – EBIT FY 2012

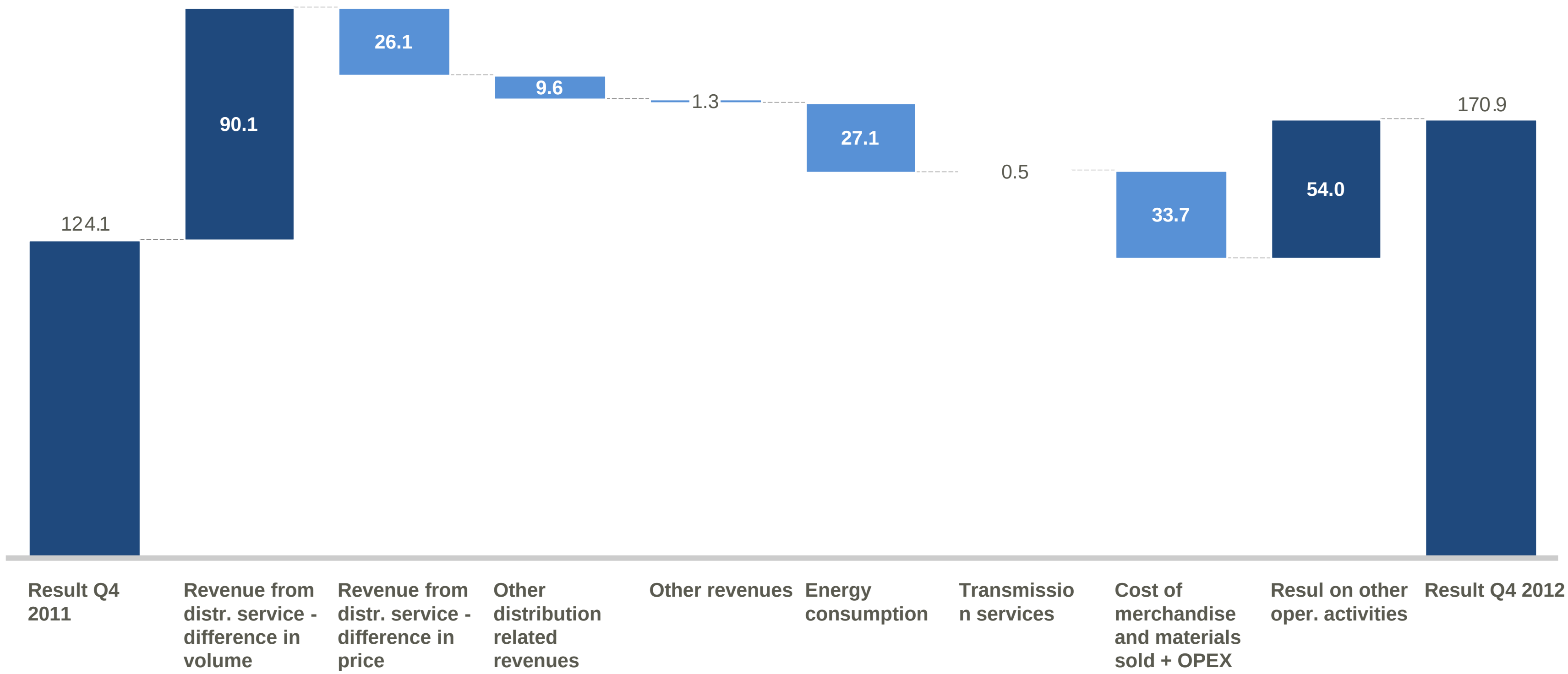
Key Changes in EBIT (PLN m)



	Result 2011	Sale of electricity	Management service	Revenues from cert. of origin	Revenues from CO_2 allowances	Other revenues	Cost of products and services	Selling expenses	General and administrative costs	Result on other operating activities	Result 2012
Change		-9.9	205.3	-21.7	-7.3	-27.0	26.2	3.8	-10.2	216.9	376.2
2011	178.6	109.7	180.6	44.5	10.1	101.7	78.3	29.2	125.8	-34.7	
2012		99.8	385.9	22.8	2.8	74.7	52.1	25.4	136.0	182.2	554.8

Distribution – EBIT Q4 2012

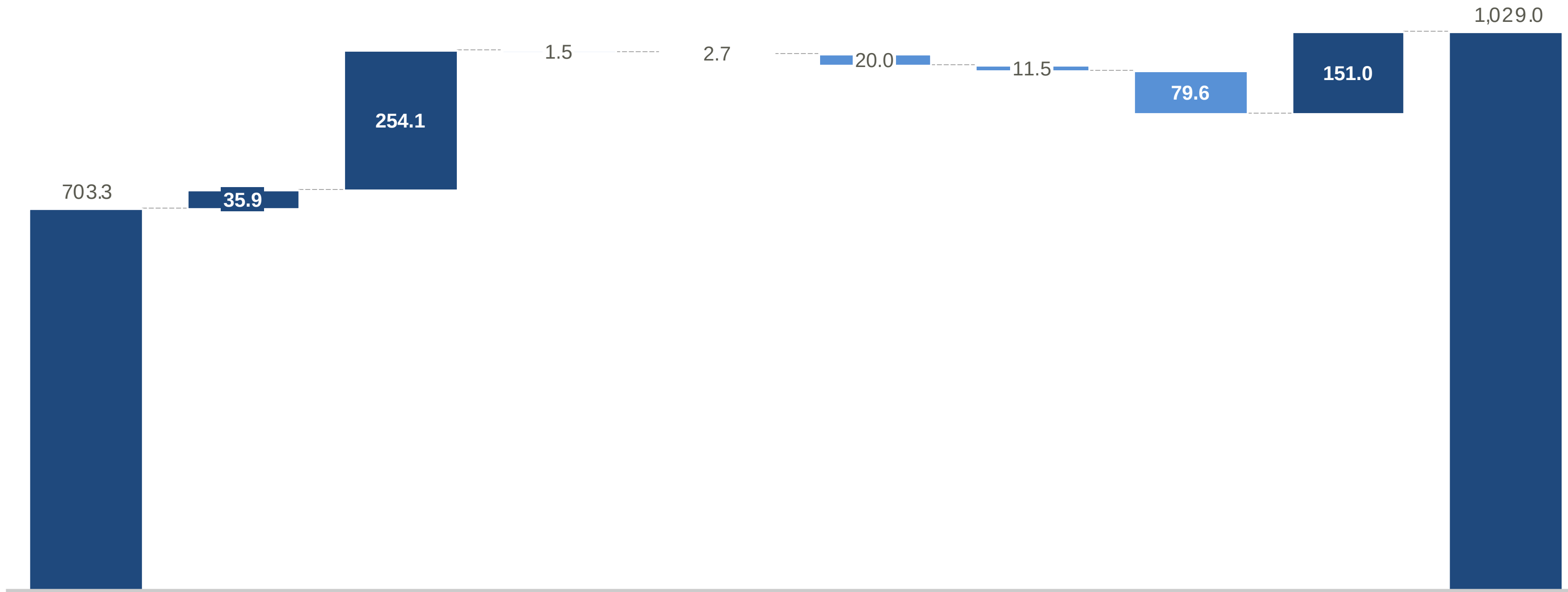
Key Changes in EBIT (PLN m)



	Result Q4 2011	Revenue from distr. service - difference in volume	Revenue from distr. service - difference in price	Other distribution related revenues	Other revenues	Energy consumption	Transmission services	Cost of merchandise and materials sold + OPEX	Resul on other oper. activities	Result Q4 2012
Change		90.1	-26.1	-9.6	-1.3	-27.1	0.5	-33.7	54.0	
Q4 2011	124.1			157.7	32.7	157.0	306.5	753.3	-40.6	
Q4 2012				148.1	31.3	184.1	306.0	787.1	13.5	170.9

Distribution – EBIT FY 2012

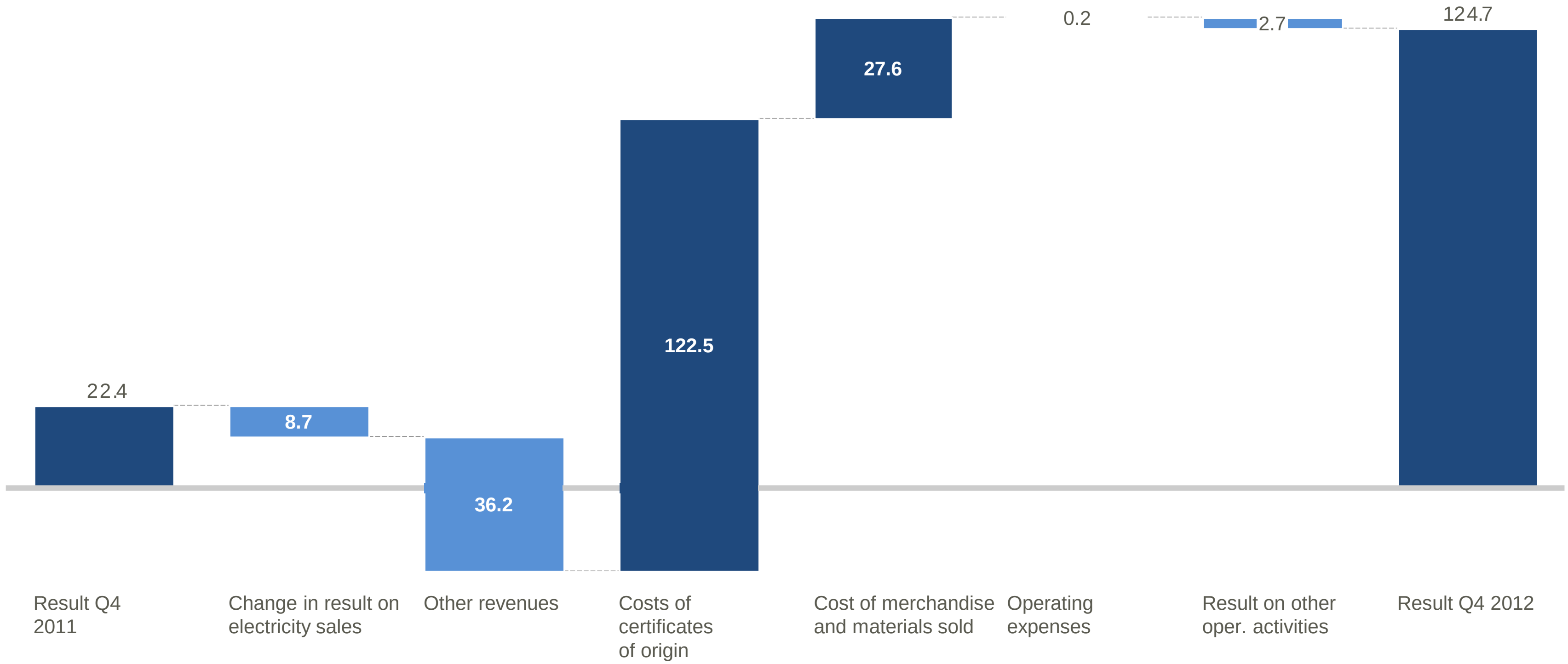
Key Changes in EBIT (PLN m)



	Result 2011	Revenue from distr. service - difference in volume	Revenue from distr. service - difference in price	Other distribution related revenues	Other revenues	Energy consumption	Transmission services	Cost of merchandise and materials sold + OPEX	Resul on other oper. activities	Result 2012
Change		35.9	254.1	-1.5	-2.7	-20.0	-11.5	-79.6	151.0	
Q4 2011	703.3			566.0	127.7	551.5	1,207.8	2,714.5	-75.9	
Q4 2012				564.5	125.0	571.5	1,219.3	2,794.0	75.0	1,029.0

Retail – EBIT Q4 2012

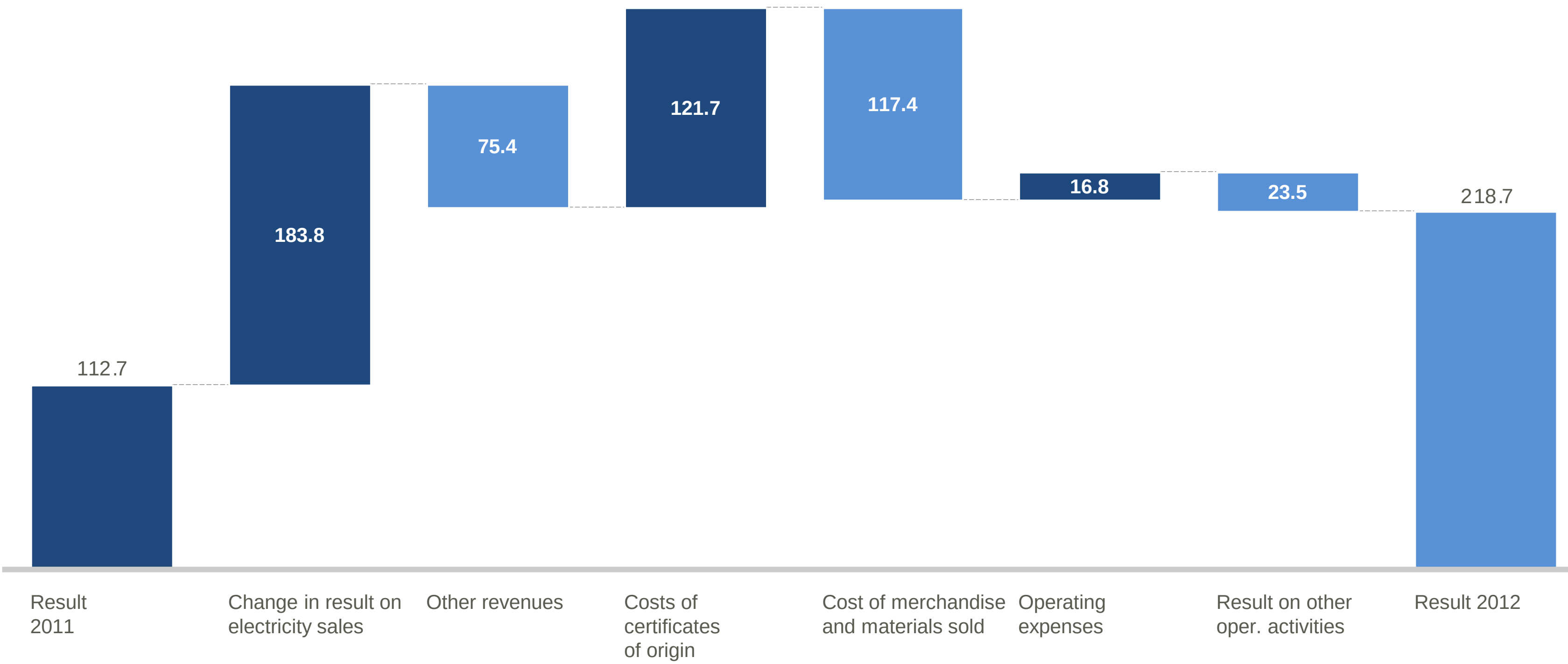
Key Changes in EBIT (PLN m)



	Result Q4 2011	Change in result on electricity sales	Other revenues	Costs of certificates of origin	Cost of merchandise and materials sold	Operating expenses	Result on other oper. activities	Result Q4 2012
Change		-8.7	-36.2	122.5	27.6	-0.2	-2.7	102.3
Q4 2011	22.4	0.0	1,112.7	313.4	2,820.9	91.0	2.6	
Q4 2012		-8.7	1,076.5	190.9	2,793.3	91.3	-0.1	124.7

Retail – EBIT FY 2012

Key Changes in EBIT (PLN m)



	Result 2011	Change in result on electricity sales	Other revenues	Costs of certificates of origin	Cost of merchandise and materials sold	Operating expenses	Result on other oper. activities	Result 2012
Change		183.8	-75.4	121.7	-117.4	16.8	-23.5	105.9
2011	112.7	0.0	4,350.8	1,204.1	10,877.7	306.2	-0.7	
2012		183.8	4,275.4	1,082.4	10,995.1	289.5	-24.2	218.7

Detailed segmental revenues and costs

Conventional Generation (PLN m)

	2011	2012	2012 vs. 2011	Q4 2011	Q4 2012	Q4 2012 vs. Q4 2011
Sales, including	13,549.9	15,081.7	11%	3,469.4	4,690.2	35%
• Sale of electricity	11,766.5	12,226.0	4%	3192	3,155.3	-1%
• LTC compensations	439.5	1,327.3	202%	-55.1	1,183.6	-
• sale of heat	648.6	689.9	6%	202.3	232.3	15%
• sale of certificates of origin	402.9	535.6	33%	42.4	42.5	0%
Cost by kind, including	9,526.4	10,562.3	11%	2,606.6	2,991.3	15%
• D&A	1,537.8	1,711.7	11%	432.9	432.5	0%
• Materials	3,442.3	3,710.9	8%	966.8	1,017.4	5%
• Energy	137.2	63.3	-54%	18.2	11.2	-38%
• External services	1,052.1	1,248.3	19%	289	390.4	35%
• Taxes and charges	828.1	762.4	8%	210.8	176.4	-16%
• Personnel expenses	2,368.0	2,870.8	21%	641.5	910.8	42%
• Other cost	160.9	194.7	21%	47.3	52.7	11%
EBIT	2,953.5	2,013.1	-32%	-24.9	-853.8	-
EBITDA	4,491.3	3,724.9	-17%	408.1	-421.3	–

Detailed segmental revenues and costs

Renewables (PLN m)

	2011	2012	2012 vs. 2011	Q4 2011	Q4 2012	Q4 2012 vs. Q4 2011
Sales, including	531.6	573.9	8%	117.2	150.5	28%
• Sale of electricity	210.1	215.3	3%	50.3	62.0	23%
• Sale of certificates of origin	102.8	122.5	19%	16.5	28.7	74%
Cost by kind, including	431.8	455.2	5%	110.2	134.1	22%
• D&A	127.5	147.9	16%	31.1	43.5	40%
• Materials	8.0	8.9	11%	2.4	2.6	9%
• Energy	134.7	125.3	-7%	30.8	34.3	12%
• External services	50.3	47.9	-5%	13.9	16.8	22%
• Taxes and charges	35.8	39.0	9%	10.3	9.9	-3%
• Personnel expenses	64.6	76.3	18%	17.4	23.9	37%
• Other cost	10.9	9.9	-9%	4.4	3.1	-31%
EBIT	87.0	102.6	18%	6.8	1.8	-74%
EBITDA	214.4	250.5	17%	37.9	45.3	19%

Detailed segmental revenues and costs

Wholesale (PLN m)

	2011	2012	2012 vs. 2011	Q4 2011	Q4 2012	Q4 2012 vs. Q4 2011
Sales, including	10,234.6	10,648.9	4%	2,643.7	2,996.7	13%
• Sale of electricity	7,921.9	8,372.1	6%	2,153.3	2,222.8	3%
• Sale of certificates of origin	1,139.3	1,149.4	1%	244.1	256.3	5%
Cost by kind, including	238.0	243.3	2%	73.7	72.2	-2%
• D&A	23.5	19.3	-18%	6.1	4.7	-22%
• Materials	1.5	1.8	21%	0.6	0.7	21%
• Energy	2.1	2.4	13%	0.6	0.8	25%
• External services	68.1	59.5	-13%	31.9	17.6	-45%
• Taxes and charges	9.6	9.3	-3%	2.4	2.5	4%
• Personnel expenses	66.8	72.2	8%	17.3	21.7	26%
• Other cost	66.5	78.8	19%	14.9	24.1	62%
EBIT	178.6	554.8	211%	35.2	120.6	242%
EBITDA	202.1	574.1	184%	41.3	125.3	203%

Detailed segmental revenues and costs

Distribution (PLN m)

	2011	2012	2012 vs. 2011	Q4 2011	Q4 2012	Q4 2012 vs. Q4 2011
Sales, including	5,253.0	5,538.7	5%	1,381.5	1,434.6	4%
• Revenues from distribution services	4,874.1	5,159.4	6%	1,270.9	1,327.1	4%
• Other operating revenues	251.2	254.3	1%	77.9	76.1	-2%
Cost by kind, including	4,532.6	4,626.6	2%	1,232.7	1,289.5	5%
• D&A	914	941.1	3%	237.4	241.8	2%
• Materials	104.9	97.3	-7%	25.3	26.5	4.4%
• Energy	551.5	571.5	4%	157.0	184.1	17%
• External services	1,491.0	1,519.4	2%	384.9	391.1	2%
• Taxes and charges	282.0	299.2	6%	70.3	73.5	5%
• Personnel expenses	1,163.1	1173	1%	351.5	365.5	4%
• Other cost	26.1	25.1	-4%	6.1	7.1	15%
EBIT	703.3	1029	46%	124.1	170.9	38%
EBITDA	1,617.3	1970	22%	361.5	412.7	14%

Detailed segmental revenues and costs

Retail (PLN m)

	2011	2012	2012 vs. 2011	Q4 2011	Q4 2012	Q4 2012 vs. Q4 2011
Sales, including:	12,501.4	12,609.9	1%	3,245.1	3,200.3	-1%
• Sale of electricity	8,150.6	8,334.4	2%	2,132.4	2,123.7	0%
• Revenues from distribution services	4,274.1	4,203.3	-2%	1,094.8	1,060.7	-3%
Cost by kind, including:	1,511.1	1,371.9	-9%	404.7	282.2	-30%
• D&A	9.6	8.9	-8%	2.3	2.3	1%
• Materials	4.4	4.3	-4%	1.2	1.2	-2%
• Energy	1.1	0.9	-10%	0.3	0.3	-9%
• External services	102.7	85.7	-17%	26.1	20.3	-22%
• Taxes and charges	1,207.9	1,085.9	-10%	314.2	191.8	-39%
• Personnel expenses	174.8	155.3	-11%	57.2	55.2	-4%
• Other cost	10.6	30.9	191%	3.5	11.2	224%
EBIT	112.7	218.7	94%	22.4	124.7	456%
EBITDA	122.4	227.6	86%	24.7	127	414%

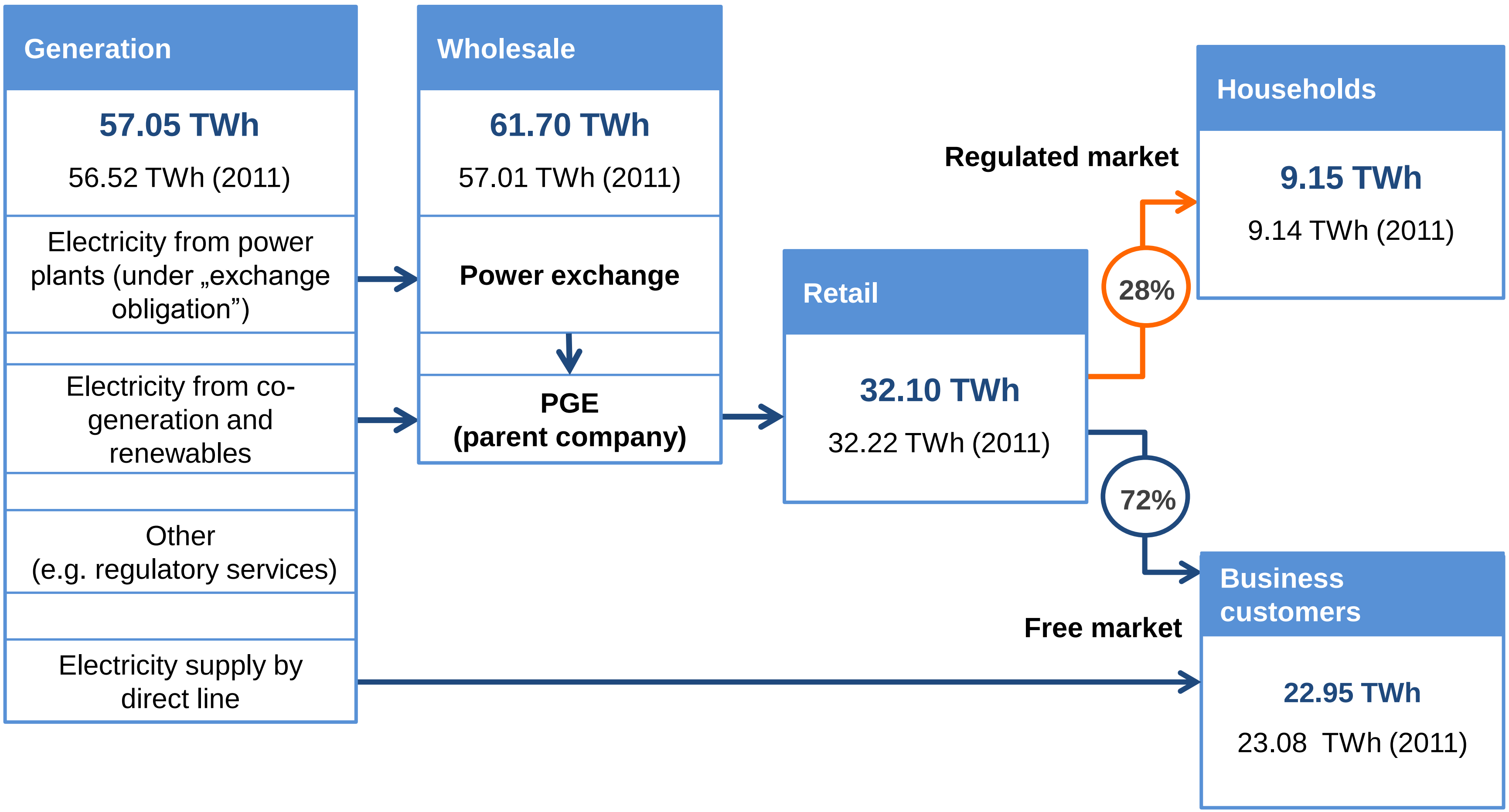
Capital expenditures

CAPEX for Q4 and 12M (PLN m)

Segment	2011	2012	2012 vs. 2011	Q4 2011	Q4 2012	Q4 2012 vs. Q4 2011
Conventional Generation	2,922.9	2,767.7	-5%	1,016.8	893.2	-12%
Distribution	1,254.6	1,338.8	7%	539.6	514.5	-5%
• New clients connection	536.7	566.6	6%	199.4	181.0	-9%
• Distribution grid	435.4	462.3	6%	214.5	209.2	-2%
Renewables	148.5	126.6	-15%	47.6	28.1	-41%
• Modernization and replacement	119.4	45.3	-62%	30.0	18.9	-37%
Retail, Wholesale, Others	138.9	145.1	4%	42.4	58.0	37%
TOTAL	4,464.9	4,378.2	-2%	1,646.4	1,494.0	-9%
TOTAL (incl. adjustments)	4,313.6	4,254.3	-1%	1,612.8	1,460.7	-9%

FY 2012 Key business flows

Key business flows (illustrative only)



LTC compensations – an update

Generators from the PGE Capital Group are in disputes with the ERO President regarding stranded cost compensations in years 2008-2011

Current status of 2008 cases

- In case of CHP Lublin-Wrotków the Court of Appeal issued a verdict unfavourable for PGE. After the verdict PGE Management Board reassessed LTC compensations accounting policy and decided to write-off the total value of outstanding disputed cases.
  - PLN 1,037m was included in FY2011 results in a line of other operating expenses.
  - PGE filed a cassation appeal in June 2012.
- In 3 cases (CHP Rzeszow, CHP Gorzow and Turów PP) verdicts were favourable for PGE.
  - Decisions are final and binding, however ERO President filed cassation appeals in CHP Gorzów and CHP Rzeszów cases.
  - PGE reversed the write off in value of PLN 130m in Q1 2012 in line of other operating revenues.
- In ZEDO case, after Court of Appeal remitted the case for re-examination, the CCCP issued verdict favourable for PGE. However, verdict is not final and binding.
- In one further case (Opole PP) PGE is awaiting a verdict from the Court of Appeal.

Current status of 2009 cases

- CCCP issued verdicts in two cases (ZEDO and CHP Gorzow), both favourable for PGE.
- Court of Appeal in Warsaw dismissed the appeal of the ERO President regarding ZEDO. The judgement is final and binding but ERO President is entitled to file a cassation appeal with the Supreme Court. The claim value was PLN 93m.

Current status of 2010 cases

- PGE appealed against the ERO President decisions
- No case has been recognized by the CCCP yet

Current status of 2011 cases

- The ERO President issued decisions concerning annual adjustments for 2011. According to these decisions PGE returned to Zarządca Rozliczeń S.A. PLN 84m, a part of advance payments received in 2011.
- PGE will not appeal to the Court with respect to those decisions
- PGE appealed to the Court with respect to one decision concerning gas annual adjustment for 2011 of total disputed value PLN 7m

CO_2 allowances in PGE books

Free EUA recognized at a fair value (exchange spot price from day of recognition) – note 28 of the FY 2012 consolidated FS

	EUA		CER/ERU		Total value
	Quantity (m)	Value (PLN m)	Quantity (m)	Value (PLN m)	(PLN m)
As at Jan 1, 2012	56,405	3,038	8,238	329	3,367
Purchased	6,494	202	2	39	241
Allocated in NAP for 2012	57,042	1,738			1,738
Redeemed	-54,185	-2,614	-5	-177	-2,791
As at Dec 31, 2012	76,303	2,696	6	194	2,891

Gross impact of PLN (85 m) recognized in conventional generation segment in costs by kind – note 15.2

Costs by kind **(PLN m)**	FY ended Dec 31, 2012
Depreciation/amortization	2,920
Materials and energy	4,124
External services	2,500
Taxes and charges	2,213
Personnel expenses	4,847
Other costs by kind	322

FY 2012 costs compen-sation

2011 CO_2 allowances redeemed in April 2012

In 2012 PGE installations emitted 60.7m tonnes of CO_2.
Provision for CO_2 liabilities is created reflecting total emissions in a given period – note 35

P&L situation (illustrative only)

	Redeemable CO_2 allowances
As at Jan 1, 2012	3,100
Redeemed	-2,791
Created in the reporting period (FY 2012)	1,823
As at Dec 31, 2012	2,132

	FY ended Dec 31, 2012
Compensation of costs after FY 2012 (revenues)	1,738
Costs	-1,823
Impact on P&L	-85

Sell-side analysts covering PGE

Domestic analysts

Institution	Analyst
BRE Bank	Kamil Kliszcz
BZ WBK	Paweł Puchalski
Citigroup	Piotr Zielonka
Credit Suisse	Piotr Dzięciołowski
Deutsche Bank	Tomasz Krukowski
Espirito Santo	Maciej Hebda
IDM	Sylwia Jaśkiewicz
ING Securities	Milena Olszewska
IPOPEMA Securities	Arkadiusz Chojnacki/ Tomasz Duda
KBC Securities	Robert Maj
Millennium DM	Maciej Krefta
PKO BP	Stanisław Ozga
UniCredit CAIB	Flawiusz Pawluk

Foreign analysts

Institution	Analyst
Bank of America Merill Lynch	Evgeny Olkhovich
Erste Group	Petr Bartek
Exane BNP	Philip Gottschalk
Goldman Sachs	Fred Barasi
HSBC	Dmytro Konovalov
JP Morgan	Sarah Laitung
Morgan Stanley	Igor Kuzmin
Raiffeisen Centrobank	Teresa Schinwald
Societe Generale	Alberto Ponti
UBS	Patrick Hummel/ Michał Potyra
VTB Capital	Alexander Seleznev
Wood&Company	Bram Buring

Investor relations contacts



Head of IR

Przemysław Wasilewski
Tel: (+48 22) 340 19 46
Mob: +48 723 189 235

IR Officers

Krzysztof Dragan
Tel: (+48 22) 340 15 13
Mob: +48 601 334 290

Karolina Drach-Kowalczyk
Tel: (+48 22) 340 16 90
Mob: +48 784 036 365

Jakub Frejlich
Tel: (+48 22) 340 10 32
Mob: +48 695 883 902

Agata Milewska
Tel: (+48 22) 340 10 35
Mob: +48 723 996 513