

# Q2 2023 Preliminary Results

INVESTOR PRESENTATION

September 22, 2023



*Leading in the green transition*

# Disclaimer: estimated data

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The Management Board of PGE Polska Grupa Energetyczna (the "Company" or "PGE") emphasize that figures presented hereby are preliminary estimates, which may change. The financial statements of PGE Group are still in the preparation process. Consolidated report for HY 2023 will be released on September 26, 2023.

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# Estimated operating volumes and sales data

## Volumes: generation, sales, distribution

[TWh]	Q2 2023	Q2 2022	y/y	HY 2023	HY 2022	y/y
<b>Net electricity generation, by fuels:</b>	<b>12.30</b>	<b>15.00</b>	<b>-18%</b>	<b>28.02</b>	<b>32.32</b>	<b>-13%</b>
Lignite	6.68	9.59	-30%	14.85	19.91	-25%
<i>incl. Turów 7 unit</i>	0.24	0.53	-55%	0.80	1.12	-28%
hard coal (including)	3.92	4.16	-6%	8.85	9.03	-2%
Conventional Generation segment	3.18	3.35	-5%	6.61	6.66	-1%
<i>incl. Opole 5/6 units</i>	1.16	1.23	-6%	2.52	2.34	8%
District Heating segment	0.74	0.81	-9%	2.24	2.37	-5%
natural gas	0.83	0.49	69%	2.31	1.61	43%
pumped-storage plants	0.28	0.21	33%	0.57	0.43	33%
hydro	0.12	0.12	0%	0.28	0.26	8%
wind	0.32	0.33	-3%	0.89	0.88	1%
biomass	0.14	0.09	56%	0.26	0.18	44%
municipal waste	0.01	0.01	0%	0.01	0.02	-50%
<b>Sales of heat [PJ]</b>	<b>8.16</b>	<b>8.42</b>	<b>-3%</b>	<b>28.38</b>	<b>29.70</b>	<b>-4%</b>
<i>including Conventional Generation segment</i>	0.48	0.49	-2%	1.36	1.42	-4%
<b>Sales of electricity to final off-takers, including</b>	<b>8.61</b>	<b>8.36</b>	<b>3%</b>	<b>17.48</b>	<b>17.46</b>	<b>0%</b>
Supply	7.87	8.35	-6%	16.70	17.44	-4%
Energy Railway Services	0.72	0.00	-	0.72	0.00	-
<b>Distribution of electricity, including</b>	<b>9.35</b>	<b>8.83</b>	<b>6%</b>	<b>18.82</b>	<b>18.62</b>	<b>1%</b>
Distribution	8.35	8.83	-5%	17.82	18.62	-4%
Energy Railway Services	1.00	0.00	-	1.00	0.00	-

# Estimated operating volumes and sales data

## Average realized wholesale price of electricity

[PLN/MWh]	Q2 2023	Q2 2022	y/y	HY 2023	HY 2022	y/y
<b>Conv. Generation segment*</b>	749.13	478.49	57%	759.54	467.29	63%
<b>District Heating segment*</b>	592.06	432.41	37%	716.96	391.27	83%
<b>Total (Conv. Gen. &amp; District Heating)*</b>	722.37	474.15	52%	751.01	457.56	64%

## Average cost of CO2

<b>Conv. Gen. &amp; Dist. Heating (PLN/t CO2)</b>	442.66	296.97	49%	435.84	286.92	52%
<b>Conv. Gen. &amp; Dist. Heating (PLN/MWh)</b>	440.38	311.60	41%	421.50	291.82	44%

\* Price adjusted by contributions to the Price Difference Payment Fund

# Estimated key financial data

[PLN m]	Q2 2023	Q2 2022	y/y	HY 2023	HY 2022	y/y
<b>EBITDA recurring PGE Group, including:</b>	<b>2 859</b>	<b>1 616</b>	<b>77%</b>	<b>6 205</b>	<b>4 212</b>	<b>47%</b>
Conventional Generation	463	-44	-	1 372	394	248%
District Heating	353	-154	-	1 269	47	2600%
Renewables	233	340	-31%	669	840	-20%
Distribution	998	681	47%	2 272	1 479	54%
Railway Energy Services	269	0	-	269	0	-
Supply	374	630	-41%	39	1 127	-97%
Circular Economy	23	14	64%	37	30	23%
Other + consolidation adjustments	146	149	-2%	278	295	-6%
<b>One-off items, including:</b>	<b>-414</b>	<b>2 161</b>	<b>-</b>	<b>-333</b>	<b>2 180</b>	<b>-</b>
LTC compensations	-31	2	-	-31	2	-
Change of reclamation provision	-331	2 160	-	-331	2 160	-
Change of actuarial provision	-52	-19	174%	-52	-19	174%
Provision for prosumers	0	18	-100%	0	37	-100%
Correction of estimated contribution to the Price Difference Payment Fund for 2022	0	0	-	81	0	-
<b>EBITDA reported</b>	<b>2 445</b>	<b>3 777</b>	<b>-35%</b>	<b>5 872</b>	<b>6 392</b>	<b>-8%</b>

# One-off items in the operating segments HY 2023

(PLN m)	Conventional Generation		District Heating		Renewables		Distribution		Supply	
	HY 2023	HY 2022	HY 2023	HY 2022	HY 2023	HY 2022	HY 2023	HY 2022	HY 2023	HY 2022
<b>EBITDA reported</b>	<b>1 013</b>	<b>2 530</b>	<b>1 228</b>	<b>59</b>	<b>679</b>	<b>841</b>	<b>2 251</b>	<b>1 472</b>	<b>117</b>	<b>1 176</b>
<b>Change y/y</b>	<b>-1 517</b>		<b>1 169</b>		<b>-162</b>		<b>779</b>		<b>-1 059</b>	
<b>One-off events, including:</b>	<b>-359</b>	<b>2 136</b>	<b>-41</b>	<b>12</b>	<b>10</b>	<b>1</b>	<b>-21</b>	<b>-7</b>	<b>78</b>	<b>49</b>
LTC compensations			-31	2						
Change of reclamation provision	-334	2 150	-8	10	11	0				
Change of actuarial provision	-25	-14	-2	0	-1	1	-21	-7	-3	1
Correction of estimated contribution to the Price Difference Payment Fund for 2022									81	0
Provision for prosumers									0	48
<b>EBITDA recurring</b>	<b>1 372</b>	<b>394</b>	<b>1 269</b>	<b>47</b>	<b>669</b>	<b>840</b>	<b>2 272</b>	<b>1 479</b>	<b>39</b>	<b>1 127</b>

# One-off items in the operating segments Q2 2023

(PLN m)	Conventional Generation		District Heating		Renewables		Distribution		Supply	
	Q2 2023	Q2 2022	Q2 2023	Q2 2022	Q2 2023	Q2 2022	Q2 2023	Q2 2022	Q2 2023	Q2 2022
<b>EBITDA reported</b>	<b>104</b>	<b>2 092</b>	<b>312</b>	<b>-142</b>	<b>243</b>	<b>341</b>	<b>977</b>	<b>674</b>	<b>371</b>	<b>655</b>
<b>Change y/y</b>	<b>-1 988</b>		<b>454</b>		<b>-98</b>		<b>303</b>		<b>-284</b>	
<b>One-off events, including:</b>	<b>-359</b>	<b>2 136</b>	<b>-41</b>	<b>12</b>	<b>10</b>	<b>1</b>	<b>-21</b>	<b>-7</b>	<b>-3</b>	<b>25</b>
LTC compensations			-31	2						
Change of reclamation provision	-334	2 150	-8	10	11	0				
Change of actuarial provision	-25	-14	-2	0	-1	1	-21	-7	-3	1
Provision for prosumers									0	24
<b>EBITDA recurring</b>	<b>463</b>	<b>-44</b>	<b>353</b>	<b>-154</b>	<b>233</b>	<b>340</b>	<b>998</b>	<b>681</b>	<b>374</b>	<b>630</b>

# Estimated CAPEX, net debt and EPS

[PLN m]	Q2 2023	Q2 2022	y/y	HY 2023	HY 2022	y/y
<b>Consolidated recurring net profit (loss)</b>	<b>741</b>	<b>498</b>	<b>49%</b>	<b>2 506</b>	<b>1 550</b>	<b>62%</b>
<b>Consolidated net result to equity</b>	<b>352</b>	<b>2 266</b>	<b>-84%</b>	<b>2 076</b>	<b>3 288</b>	<b>-37%</b>
<b>Computation of net result to equity ex. Impairments</b>						
Assets impairment (pre-tax)*	-55	-7	686%	-80	-13	515%
Assets impairment (after tax) *	-45	-6	650%	-65	-11	491%
<b>Consolidated net result to equity – ex. Impairments*</b>	<b>397</b>	<b>2 272</b>	<b>-83%</b>	<b>2 141</b>	<b>3 299</b>	<b>-35%</b>
Earnings per share [PLN]	0.16	1.05	-85%	0.93	1.63	-43%
Earnings per share – ex. Impairment	0.18	1.05	-83%	0.95	1.64	-42%
<b>CAPEX**</b>	<b>2 396</b>	<b>949</b>	<b>152%</b>	<b>3 953</b>	<b>1 844</b>	<b>114%</b>

[PLN m]	30.06.2023	31.03.2023	q/q	30.06.2023	30.06.2022	y/y
Net economic financial debt***	19 250	13 766	5 484	19 250	9 830	9 420
Net debt	7 627	5 942	1 685	7 627	-583	8 210

8 \*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)- increase in debt in Q2'2023 was mainly due to acquisition of PKP Energetyka S.A.



# Drivers of periodic results

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

Q2 2023	HY 2023
<b>EBITDA recurring higher by approx. 77% y/y</b>	<b>EBITDA recurring higher by approx. 47% y/y</b>
<ul style="list-style-type: none"> <li>+ Higher revenues from sale of electricity in Conventional Generation and District Heating (higher electricity price by approx. 380 PLN/MWh y/y -without taking into account contributions to the Price Difference Payment Fund), with a lower production volume by 2.7 TWh y/y), approx. PLN 3.1 bn</li> <li>+ Higher revenues from ancillary services and capacity market by approx. PLN 0.55 bn</li> <li>+ Higher revenues from heat sales, mainly as effect of higher price, approx. PLN 0.35 bn. Higher support for cogeneration, approx. PLN 0.1 bn</li> <li>+ Higher result on distribution services (adjusted by non-cash cost of estimated energy balance settled between Distribution and Supply segments) approx. PLN 0.3 bn</li> <li>+ Margin on distribution services and energy sales in the segment of Energy Railway Services approx. PLN 0.3 bn</li> <li>+ Changes in the balance of provisions and write-offs of trade receivables in Supply segment related to the conditions on the electricity and gas market in Q2 2022 (mainly Enesta company), approx. PLN 0.25 bn</li> <li>+ Result on sales of electricity in Supply segment (adjusted by non-cash cost of estimated energy balance settled between Distribution and Supply segments) approx. PLN 0.1 bn</li> <li>- Contributions to the Price Difference Payment Fund, approx. PLN 1.4 bn</li> <li>- Higher cost of production fuels by approx. PLN 0.8 bn mainly due to increase in hard coal price</li> <li>- CO2 emission cost higher by approx. PLN 0.65 bn, mainly as a result of higher CO2 price by approx. 146 PLN/ tonne</li> <li>- Impact of revaluation of the coal purchased by the Group approx. PLN 0.56 bn</li> <li>- Personnel cost higher by approx. PLN 0.3 bn</li> <li>- Higher costs of materials, transport., maintenace and other services, approx. PLN 0.1 bn</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 approx. 442 PLN/MWh y/y -without taking into account contributions to the Price Difference Payment Fund), with a lower production volume by 4.5 TWh y/y), approx. PLN 9.55 bn</li> <li>+ Higher revenues from ancillary services and capacity market by approx. PLN 1.2 bn</li> <li>+ Higher revenues from heat sales, mainly as effect of higher price, approx. PLN 1.1 bn. Higher support for cogeneration, approx. PLN 0.25 bn</li> <li>+ Higher result on distribution services (adjusted by non-cash cost of estimated energy balance settled between Distribution and Supply segments) approx. PLN 0.4 bn</li> <li>+ Margin on distribution services and energy sales in the segment of Energy Railway Services approx. PLN 0.3 bn</li> <li>+ Changes in the balance of provisions and write-offs of trade receivables in Supply segment related to the conditions on the electricity and gas market in Q2 2022 (mainly Enesta company), approx. PLN 0.25 bn</li> <li>- Contributions to the Price Difference Payment Fund, approx. PLN 3.75 bn</li> <li>- Higher cost of production fuels by approx. PLN 3.15 bn mainly due to increase in hard coal price</li> <li>- CO2 emission cost higher by approx. PLN 2.4 bn, mainly as a result of higher CO2 price by approx. 149 PLN/ tonne</li> <li>- Impact of revaluation of the coal purchased by the Group approx. PLN 0.56 bn</li> <li>- Personnel cost higher by approx. PLN 0.55 bn</li> <li>- Result on sales of electricity in Supply segment (adjusted by non-cash cost of estimated energy balance settled between Distribution and Supply segments) approx. PLN 0.35 bn</li> <li>- Higher costs of materials, transport., maintenace and other services, approx. PLN 0.25 bn</li> </ul>

# Drivers of periodic results

Key factors that influenced y/y reported results dynamics:

Q2 2023	HY 2023
<b>EBITDA recurring higher by PLN 1 243m y/y</b>	<b>EBITDA recurring higher by PLN 1 993 m y/y</b>
- Negative balance of one-offs and temporary events PLN -2 575m y/y, mainly negative effect of change in the balance of reclamation provision PLN -2 491m y/y	- Negative balance of one-offs and temporary events PLN -2 513m y/y, mainly negative effect of change in the balance of reclamation provision PLN -2 491m y/y
<b>EBITDA reported lower by PLN 1 332m y/y</b>	<b>EBITDA reported lower by PLN 520m y/y</b>

# Investor Relations contacts

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Thank you

