

Polish Oil and Gas Company (PGNiG SA)  
Head Office

Warsaw, October 28th 2019

### Estimates of Q3 and 9M 2019 consolidated financial highlights

Current Report No. 54/2019

Further to Current Report No. 53/2019 of October 18th 2019, The Management Board of Polskie Górnictwo Naftowe i Gazownictwo S.A. ("PGNiG" or the "Company") announces preliminary PGNiG's consolidated financial results for Q3 and 9M 2019:

in PLNbn	Q3 2018	Q3 2019	9M 2018	9M 2019
Consolidated revenue	7.60	<b>7.03</b>	28.48	<b>29.65</b>
Consolidated EBITDA, herein:	1.47	<b>0.80</b>	5.77	<b>3.93</b>
<i>impairment losses on property, plant and equipment of PGNiG Group</i>	+0.14	<b>+0.05</b>	+0.45	<b>-0.17</b>
Exploration and Production's EBITDA, herein:	1.38	<b>0.68</b>	3.94	<b>2.67</b>
<i>cost of dry wells and seismic surveys</i>	-0.16	<b>-0.09</b>	-0.54	<b>-0.11</b>
<i>impairment losses on property, plant and equipment</i>	+0.13	<b>+0.05</b>	+0.44	<b>-0.14</b>
Trade and Storage's EBITDA	-0.47	<b>-0.22</b>	-0.50	<b>-0.45</b>
Distribution's EBITDA	0.58	<b>0.42</b>	1.96	<b>1.49</b>
Generation's EBITDA	0.03	<b>-0.02</b>	0.50	<b>0.44</b>
<i>including: provision for CO<sub>2</sub> emission allowances</i>	-	<b>-0.04</b>	-	<b>-0.09</b>
Consolidated EBIT	0.83	<b>0.14</b>	3.80	<b>1.82</b>
Consolidated net result	0.55	<b>0.03</b>	2.82	<b>1.34</b>

The PGNiG's consolidated financial results for Q3 2019 were driven mainly by:

- In the Exploration and Production segment:
  - 22% yoy decrease in production volumes of crude oil in Norway;
  - lower prices of products, including -18% yoy of the average crude oil price in USD/bbl for the quarter and -54% yoy of Day Ahead Market gas prices on Polish Power Exchange ("PPE");
- In the Trade and Storage segment:
  - stable 9-month average Brent crude oil price in USD/bbl with higher quarterly average USD/PLN exchange rate by 5% yoy;
  - significantly lower prices of natural gas on the PPE, which has an impact on the level of settlement price for gas from domestic production to the Trade and Storage segment;
  - +2,5% average increase of gas fuel price in the new retail tariff, which was introduced to act on February 15th 2019;

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- gas inventory write-down reversal in Q3 2019: PLN +149m vs effect of gas inventory write-downs higher by PLN -38m in Q3 2018;
  - the result on exercise of derivative financial instruments designated for hedge accounting reported in EBIT: PLN +103m in Q3 2019 vs PLN -137m in Q3 2018.
3. In the Distribution segment:
- -5% decline in the gas distribution tariff, which was introduced to act on February 15th 2019;
  - average temperature in Q3 2019 down by -0,7°C yoy;
  - net income/cost of system balancing: PLN +94m in Q3 2019 vs PLN +203m in Q3 2018.
4. In the Generation segment:
- +13% yoy growth in revenue from sales of heat due to lower average temperature in Q3 2019 thus higher volumes of sales;
  - -12% yoy decrease in revenue from sales of electricity from own generation due to lower volumes of sales;
  - stable costs of coal to production.

The presented values are estimates and as such are subject to change. The results will undergo audit by an independent auditor.

The report for Q3 and 9M 2019 will be published on November 14<sup>th</sup>, 2019.

### Legal basis:

Article 17 section 1 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.