

Ladies and Gentlemen,

On behalf of the Management Board of PGNiG S.A., I have the pleasure to present to you the PGNiG Group's Annual Report for 2014.

Last year, we earned a net profit of PLN 2.8bn – a 47% improvement on 2013. Our EBITDA and EBIT came in at PLN 6.3bn and PLN 3.8bn, up by 13% and 22% year on year. 2014 also saw a 7% rise in the PGNiG Group's revenue, to more than PLN 34bn. Our sound performance was driven chiefly by achievements in the exploration and production and distribution areas.

In 2014, PGNiG Obrót Detaliczny commenced its operations, further cementing corporate governance within the PGNiG Group. This also marked a bona fide separation of our retail and wholesale business, which should help PGNiG satisfy the requirement to sell gas by auction or on the exchange market in the coming years and better respond to the growing needs and expectations of our Customers.

Last year, we also continued the consolidation of the PGNiG Group. PGNiG S.A. entered into cooperation agreements with its Group companies, and management regulations for each of the PGNiG Group's operating areas were implemented. Our companies joined a tax group and underwent integration under a common treasury management policy.

After several months of negotiations, we acquired new hydrocarbon fields in Norway, which strengthened our position on the international upstream market and permitted tax optimisation within PGNiG Upstream International.

Also in 2014, we signed an agreement with Qatargas and reopened negotiations of the Yamal Contract, whose results may be important to the Company's market standing in the future.

The past year also saw us adopt the Strategy of the PGNiG Group for 2014–2022, presenting the Group companies with new ambitious objectives to drive further growth. The Strategy is centred around four key areas: maintaining stable trading volumes in retail and wholesale, maximising cash flows from the infrastructure and generation areas, strengthening and transforming the upstream business, and laying foundations for growth along the PGNiG Group's value chain.

PGNiG's mission, as defined in the Strategy, is to create value through the development of the production business and efficient use of infrastructure while securing uninterrupted supplies of natural gas. Our vision for the future is to transform from a guarantor of gas supplies into a profitable and competitive player on hydrocarbon production and energy markets.

Our overriding priorities are to build the value of the PGNiG Group and meet expectations of our Shareholders and Customers.

Kind regards,

Mariusz Zawisza
President of the PGNiG Management Board