

Polish Oil and Gas Company (PGNiG SA)
Head Office

Warsaw, February 13th 2019

Estimates of Q4 and full-year 2018 consolidated financial highlights

Current Report No. 8/2019

Further to Current Report No. 7/2019 of January 25th 2019, The Management Board of Polskie Górnictwo Naftowe i Gazownictwo S.A. ("PGNiG" or the "Company") announces preliminary consolidated financial results of PGNiG Group for Q4 and FY 2018:

in PLNbn	Q4 2017	Q4 2018	2017	2018
Consolidated revenue*	10.91	12.79	35.69	41.27
Consolidated EBITDA,	1.32	1.35	6.58	7.12
<i>Herein: impairment losses on property, plant and equipment of PGNiG Group</i>	-0.55	-0.24	-0.43	+0.21
EBITDA of Exploration and Production, herein:	0.83	1.06	3.87	5.01
<i>cost of dry wells and seismic surveys</i>	-0.25	-0.15	-0.40	-0.69
<i>impairment losses on property, plant and equipment</i>	-0.20	-0.25	-0.08	+0.19
EBITDA of Trade and Storage, herein:	-0.25	-0.33	-0.44	-0.83
<i>impairment losses on property, plant and equipment</i>	-0.36	-	-0.36	-
EBITDA of Distribution	0.53	0.42	2.49	2.39
EBITDA of Generation	0.24	0.29	0.84	0.79
Consolidated EBIT	0.65	0.60	3.91	4.40
Consolidated net result	0.46	0.39	2.92	3.21

* restated data to ensure comparability in connection with the application of new standard IFRS 15

The PGNiG Group's consolidated financial results for Q4 2018 were driven mainly by:

- In the Exploration and Production segment:
 - higher volumes of sales, including mainly a 21% yoy increase in sales volumes of crude oil;
 - prices of products, including 10% yoy rise in the average crude oil price in USD/bbl for the quarter and 27% yoy increase of gas prices on Polish Power Exchange;
 - impairment losses (on non-current assets, receivables etc.), dry wells and seismic surveys written off.

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2. In the Trade and Storage segment:
 - higher costs of gas due to rising prices of products, resulting from a 10% yoy rise in the average crude oil price in USD/bbl for the quarter, 39% yoy increase in 9-month average crude oil price, higher prices of natural gas in the European markets as well as gas prices quoted on the Polish Power Exchange, which have an impact on the level of settlement price for gas from domestic production to the Trade and Storage segment;
 - the result on derivative financial instruments designated for hedge accounting (effect on the financial result): +45 mPLN in Q4 2018 vs -13 mPLN in Q4 2017.
3. In the Distribution segment:
 - a 7.37% decline in the gas distribution tariff, which was introduced on March 1st 2018;
 - net impact from system balancing lower by 41 mPLN.
4. In the Generation segment:
 - 31% yoy growth in revenue from sales of electricity due to higher sales volumes and higher prices of electricity;
 - higher 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 full year 2018 will be published on March 14th, 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.