

Polish Oil and Gas Company (PGNiG SA)
Head Office

Warsaw, July 29th 2019

Estimates of Q2 and H1 2019 consolidated financial highlights

Current Report No. 39/2019

The Management Board of Polskie Górnictwo Naftowe i Gazownictwo S.A. ("PGNiG" or the "Company") announces preliminary PGNiG's consolidated financial results for Q2 and H1 2019:

in PLNbn	Q2 2018	Q2 2019	H1 2018	H1 2019
Consolidated revenue	7.64	8.28	20.89	22.62
Consolidated EBITDA, herein:	1.63	1.00	4.30	3.17
<i>impairment losses on property, plant and equipment of PGNiG Group</i>	+0.07	-0.24	+0.31	-0.22
Exploration and Production's EBITDA, herein:	1.19	0.69	2.57	1.99
<i>cost of dry wells and seismic surveys</i>	-0.13	-0.01	-0.38	-0.02
<i>impairment losses on property, plant and equipment</i>	+0.07	-0.21	+0.31	-0.19
Trade and Storage's EBITDA	-0.21	-0.16	-0.03	-0.23
Distribution's EBITDA	0.62	0.49	1.38	1.07
Generation's EBITDA	0.07	0.11	0.47	0.51
Consolidated EBIT	0.97	0.29	2.97	1.67
Consolidated net result	0.70	0.25	2.27	1.31

The PGNiG's consolidated financial results for Q2 2019 were driven mainly by:

- In the Exploration and Production segment:
 - 17% yoy decrease in production volumes of crude oil in Norway;
 - lower prices of products, including -8% yoy of the average Brent crude oil price in USD/bbl for the quarter and -31% yoy of Day Ahead Market gas prices on Polish Power Exchange ("PPE");
 - change in impairment losses on non-current assets of PLN -206 million.
- In the Trade and Storage segment:
 - higher cost of gas mainly due to +14% yoy increase in 9-month average Brent crude oil price in USD/bbl;
 - 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;
 - effect of gas inventory write-downs higher by PLN -152m, gas inventory write-down reversal in Q2 2018: PLN +7m;

CURRENT REPORT

- the result on exercise of derivative financial instruments designated for hedge accounting recognized in profit and loss statement: PLN +102m in Q2 2019 vs PLN -168m in Q2 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 Q2 2019 down by -1,6 °C yoy;
 - net income/cost of system balancing: PLN +181m in Q2 2019 vs PLN +226m in Q2 2018.
4. In the Generation segment:
- +28% yoy growth in revenue from sales of heat due to lower average temperature in Q2 2019 thus higher volumes of produced heat;
 - +58% yoy growth in revenue from sales of electricity due to 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 Q2 and H1 2019 will be published on August 22nd, 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.