

Polish Oil and Gas Company

Meeting with Total, 12 February 2014



AGENDA

- PGNiG Group & Polish Gas Market
- E&P Segment in Poland
 - Unconventionals
- PGNiG in Norway

PGNiG Capital Group – who we are

- Poland's largest integrated oil & gas company
- Main presence on the Polish market
- Listed on Warsaw Stock Exchange since 2005
- Third largest Polish company on the WSE
- Main Shareholder (72.5%) – Polish State



CAPEX in 2012

2.3

billion USD

EBITDA in 2012

1.4

billion USD

Number of
employees

32

ths persons

Market
capitalization

11

billion USD

PGNiG Capital Group – what we do

Upstream

Largest gas and oil producer in Poland

- Proven reserves 785 mboe
- Production 106 000 boe (2013)

Midstream (gas)

Leader in gas infrastructure in Poland

- 8 gas storages (capacity 2 bcm)
- 120 000 km of distribution network
- 9.9 bcm of distributed gas (2012)

Downstream (gas)

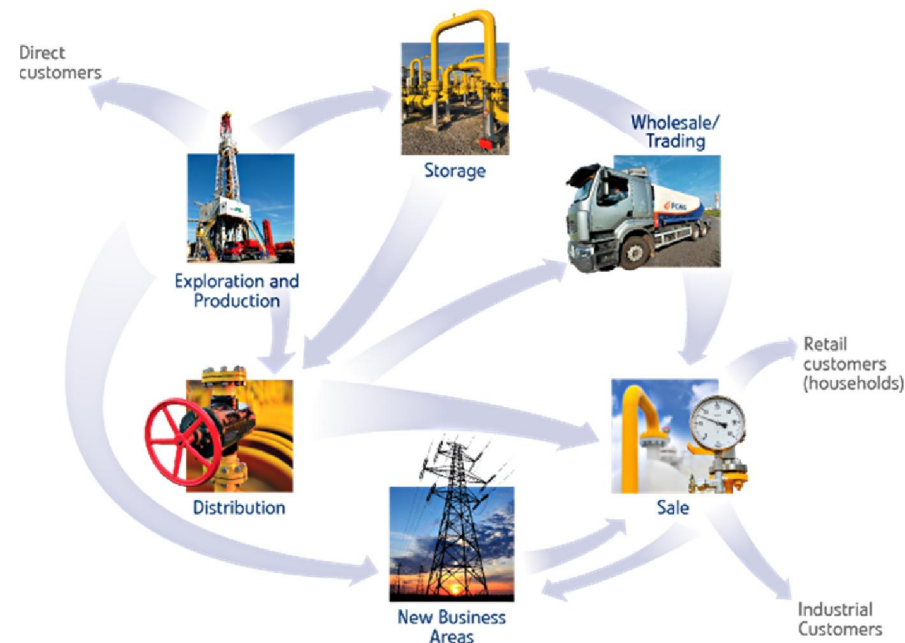
Main gas seller in Poland

- 15 bcm of sold natural gas
- 6.7 million customers

Heat and Power

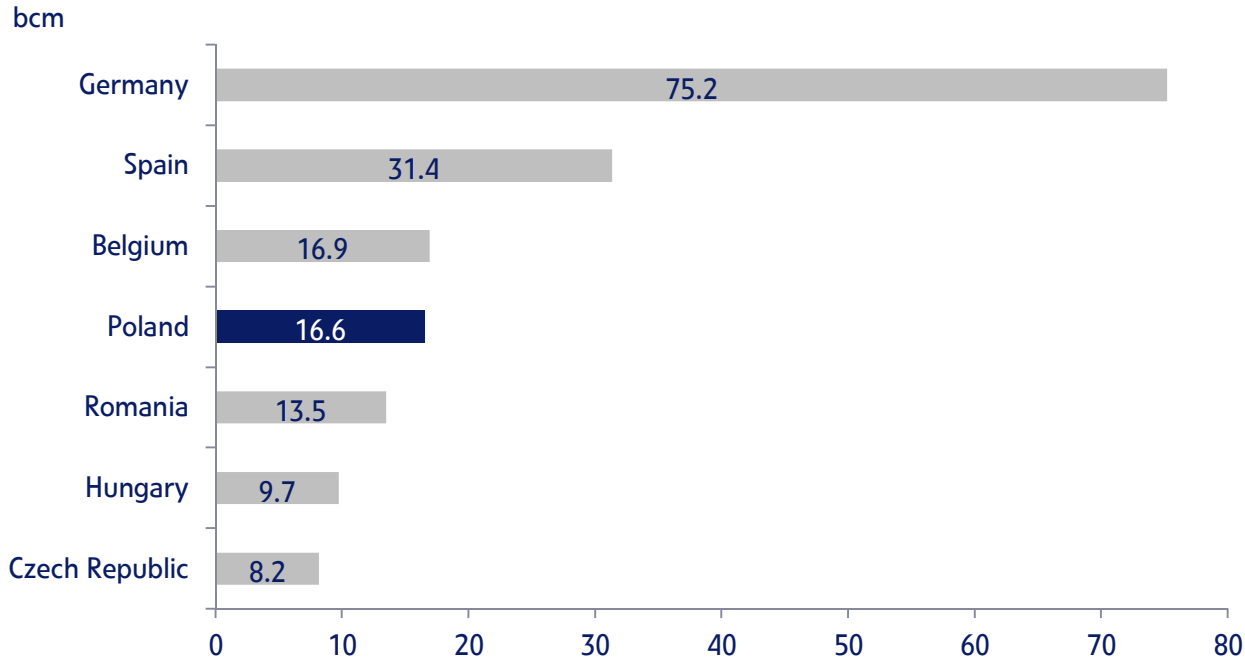
Largest heat producer and 7th electricity producer in Poland

- Heat volume 40.2 PJ
- Electricity volume 3.7 TWh



Gas Market in Poland

Natural gas consumption by country in 2012



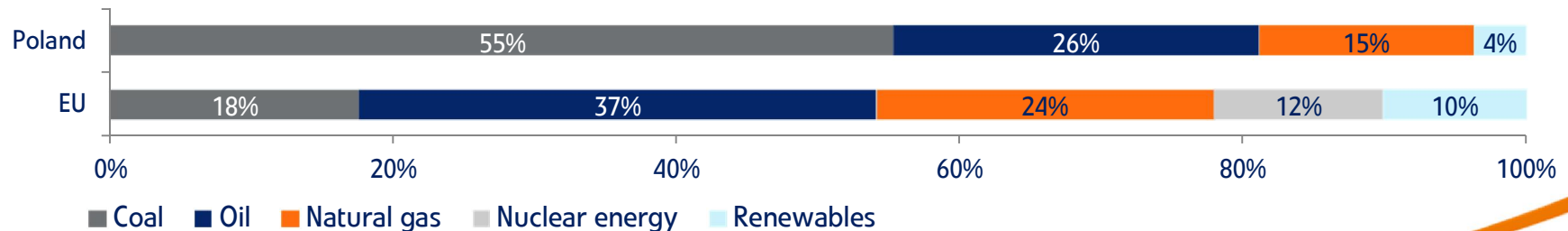
Polish Gas Market

Executive summary

- Low consumption with potential to growth
- Expected increase in demand

Primary energy consumption by fuel in 2012

Source: BP Statistical Review 2012 and EuroGas Statistical Report 2012



Four objectives of the strategy



Growth in upstream

- Unconventionals in Poland and IOR
- International growth (incl. Norway)
- Investment focus (development and M&A)

Optimising gas supplies

- Renegotiations of oil linked gas import contracts
- Diversification of supplies

Deregulation of the Polish gas market

- Preparation for increased competition
- Focus on customer service and brand recognition

Restructuring the business model

- Cost optimization
- Consolidation of subsidiaries
- Divestment of non core assets



E&P Summary

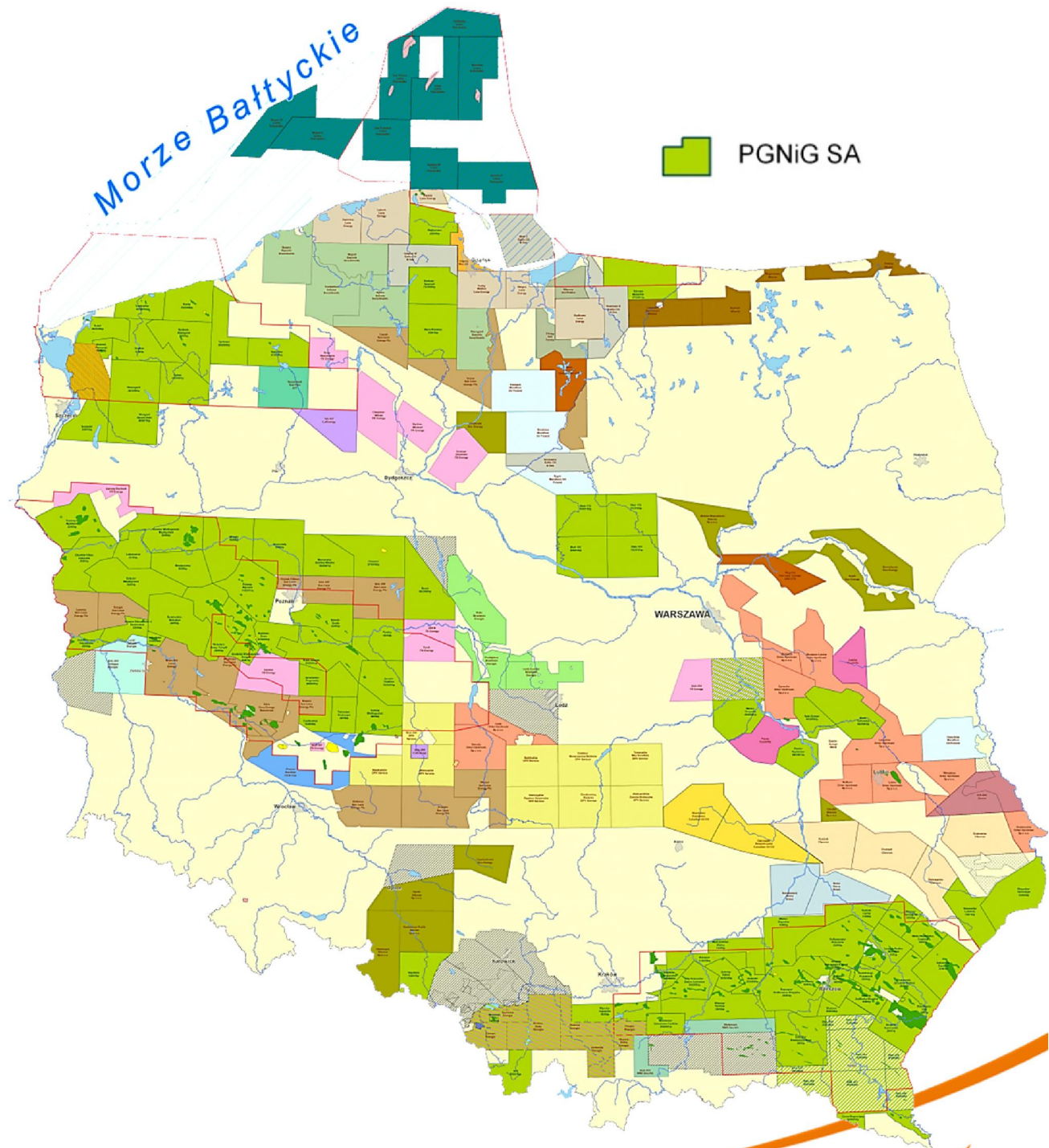
Overview of activities in Poland and Norway

E&P Summary

- PGNiG is the biggest exploration and production company in Poland
 - provides nearly 100% of gas production in Poland (4.6 bcm)
 - provides up to 80% of oil production in Poland (5.3 million boe)
- Exploration licenses in Poland: 84
- Production licenses in Poland: 228

Technical data

- 41 gas production facilities and 27 crude oil production facilities
- 2 215 producing wells

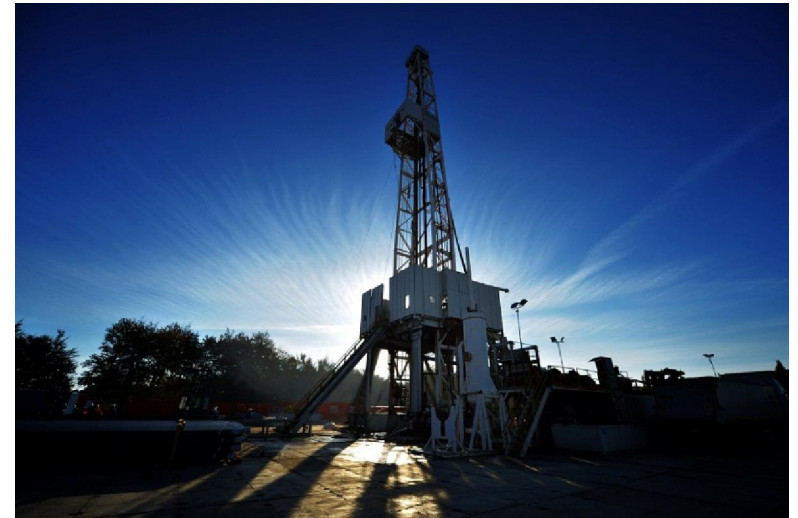


E&P Strategy – three aims

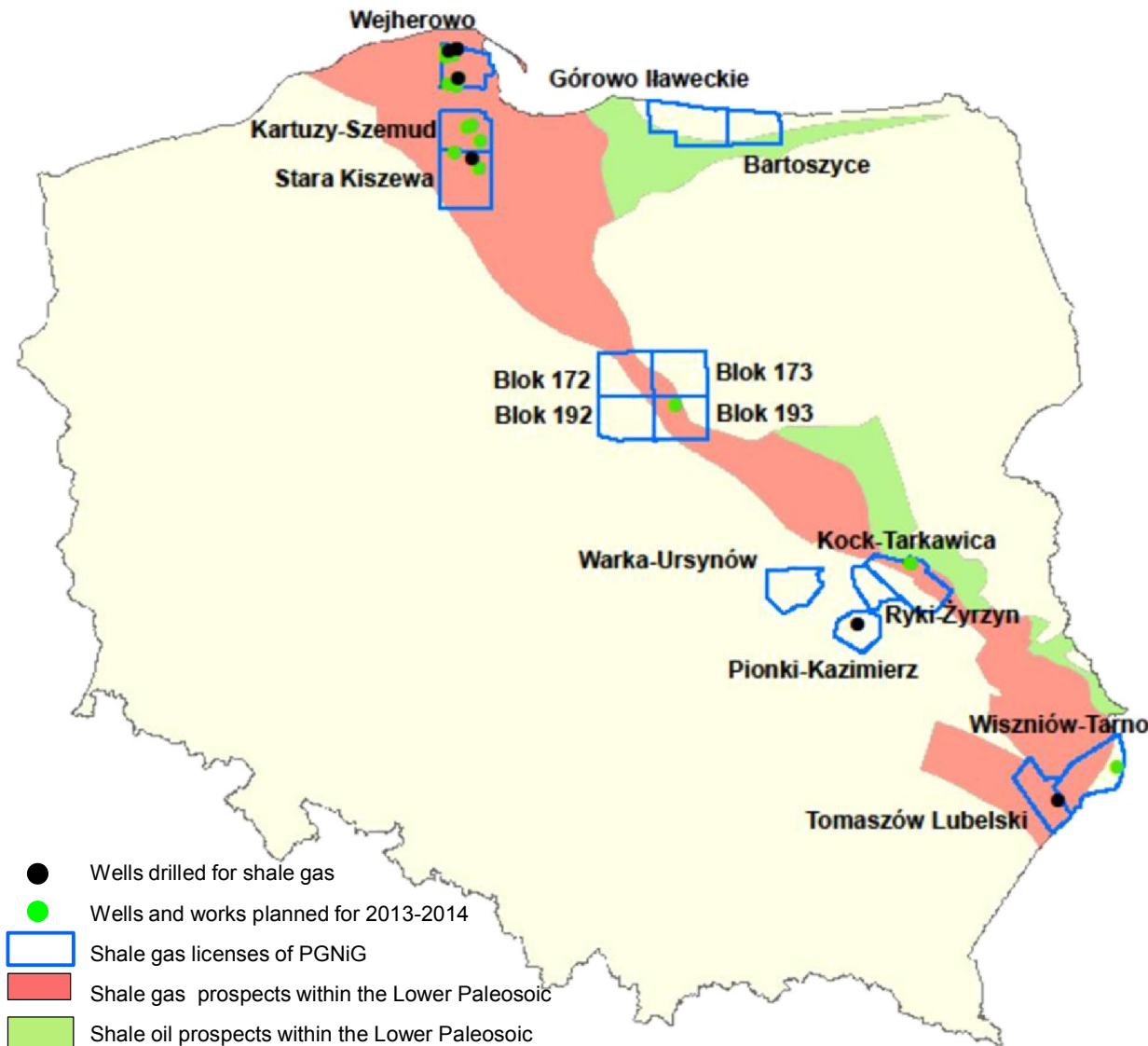
- **IOR** - Intensify production from domestic conventional fields
 - Enhance the performance of mature fields in Poland

- **Shale** - Optimise activities focused on unconventional deposits
 - Continue exploration for unconventional gas (shale and tight gas)
 - Share experience with other companies in Poland, enhance transfer of know-how
 - Find experienced external partners to jointly explore for unconventional gas

- **International** - Expand the upstream business outside of Poland
 - Shift the exploration focus to low-risk countries (incl. Norway)
 - Acquire oil producing fields in the North Sea region



Unconventionals

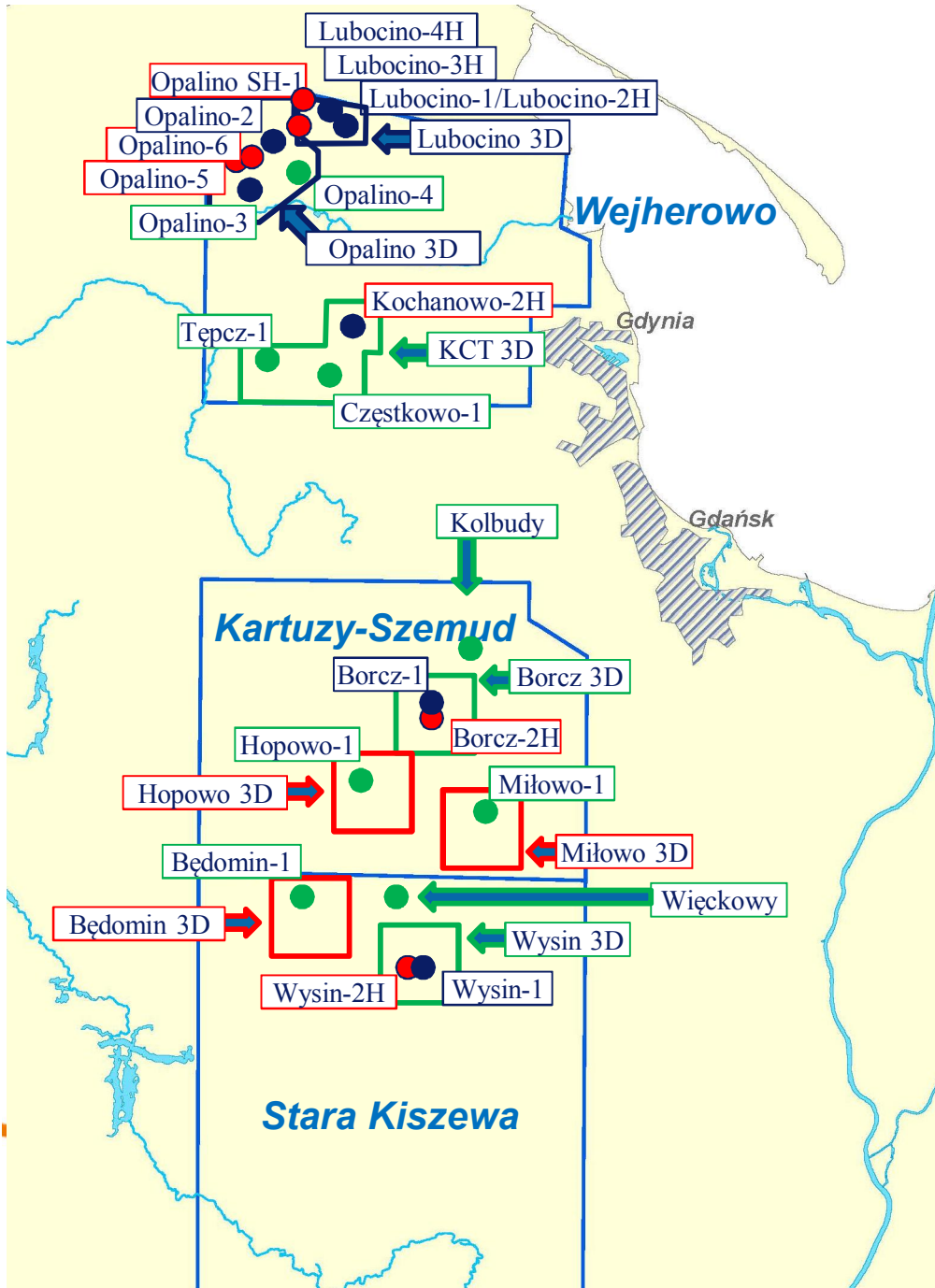


- PGNiG owns 14 standalone exploration licences with perspectives for shale gas, out of app. 100 granted in Poland
- 12 exploration wells so far
- 9 wells planned for 2014

Three area of interests for PGNiG:

- Baltic basin (see next slide)
- Central Poland: seismic acquisition in progress
- Lublin basin: in 2013 initiated cooperatin with Chevron on Wiszniów-Tarnoszyn and Tomaszów

Work programme - Baltic basin



Seismic surveys
Lubocino 3D
Opalino 3D
KCT 3D
Borcz 3D
Miłowo 3D
Hopowo 3D
Będomin 3D
Wysin 3D

Main planned wells	Depth [m]
Lubocino-4H	4 300
Tępcz-1	3 380
Opalino-4	3 100
Opalino-5	3 100
Opalino-6W	3 100
Opalino-7W	3 100
Opalino SH-1	4 300
Częstkowo-1	3 400
Borcz-2H	4 500
Miłowo-1	3 800
Hopowo-1	3 800
Będomin-1	3 750
Wysin-2H	4 400

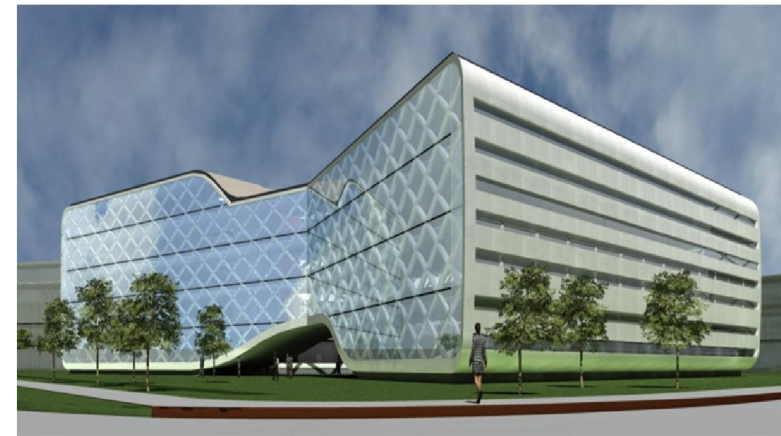
● 8 wells already drilled
● ● 13 wells continued or to be drilled

PGNiG in Norway

- Established in Norway in 2007
- Investments so far > 1.4 billion USD
- 27 employees with extensive experience both from the NCS and Poland
- 13 production licenses (two operated)



Skarv FPSO

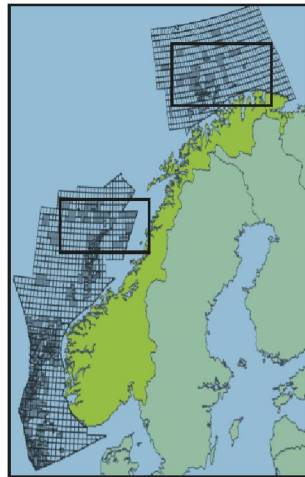


PGNiG office in Forus

- 2P reserves: 65 million boe
- Main asset – the **Skarv field** on the Norwegian Sea (operated by BP) – commenced production in the end of 2012
- Production rate (net to PGNiG): ~13 000 boed ('13) and ~17 000 boed ('14)
- Strong cash flow in Norway due to tax position

PGNiG's licenses in Norway

PGNiG Upstream International AS
Licence Portfolio, February 2014



PL711 (7218/4,5,6 and 7)
License granted 22nd Round
Repsol Exploration Norge 40 %
Idemitsu Petroleum Norge 20 %
OMV Norge 20 %
PGNiG UI 20 %

PL707 (7127/5 and 6, 7128/4)
License granted 22nd Round
Edison International 50 %
PGNiG UI 30 %
North Energy 20 %

PL600 (6607/1 and 2)
License granted 21st Round
Dana Petroleum Norge 70 %
PGNiG UI 30 %

PL599 (6605/2,3 and 6, 6606/1, 6706/10)
License granted 21st Round
BG Norge 40 %
Idemitsu Petroleum Norge 20 %
Noreco Norway 20 %
PGNiG UI 20 %

PL702 (6604/8 and 9)
License granted 22nd Round
OMV Norge 60 %
PGNiG UI 40 %

PL703 (6605/1)
License granted 22nd Round
OMV Norge 60 %
PGNiG UI AS 40 %

PL648 S (6507/1 and 2)
License granted APA2011
PGNiG UI 50 %
OMV Norge 50 %

PL212 E (6507/3)
License granted 15th Round
Statoil Petroleum 30 %
E.ON E&P Norge 30 %
BP Norge 25 %
PGNiG UI 15 %

BA SKARV
(PL262, PL212, PL212B)
Statoil Petroleum 36.16500 %
E.ON E&P Norge 28.08250 %
BP Norge 23.83500 %
PGNiG UI 11.91750 %

PL558 (6507/5)
License granted APA2009
E.ON E&P Norge 30 %
PGNiG UI 30 %
Det norske oljeselskap 20 %
Petoro 20 %

PL756 (6507/7 and 10)
License granted APA2013
PGNiG UI 50 %
Rocksource 25 %
Idemitsu 25 %

PL646 (6507/8 and 9)
License granted APA2011
Winthershall Norge 40 %
Lundin Norway 20 %
PGNiG UI 20 %
Noreco Norway 20 %



- Presence on Norwegian Sea (hub around the Skarv field and hub around Aasta Hansteen)
- In 2013 entry into Barents Sea
- Interest in further exploration activity in Barents (incl. Barents Sea East)

PGNiG's strategy in Norway

- **Acquisition of fields in production on the NCS**

- PGNiG has unique tax position with substantial losses carried forward from development phase

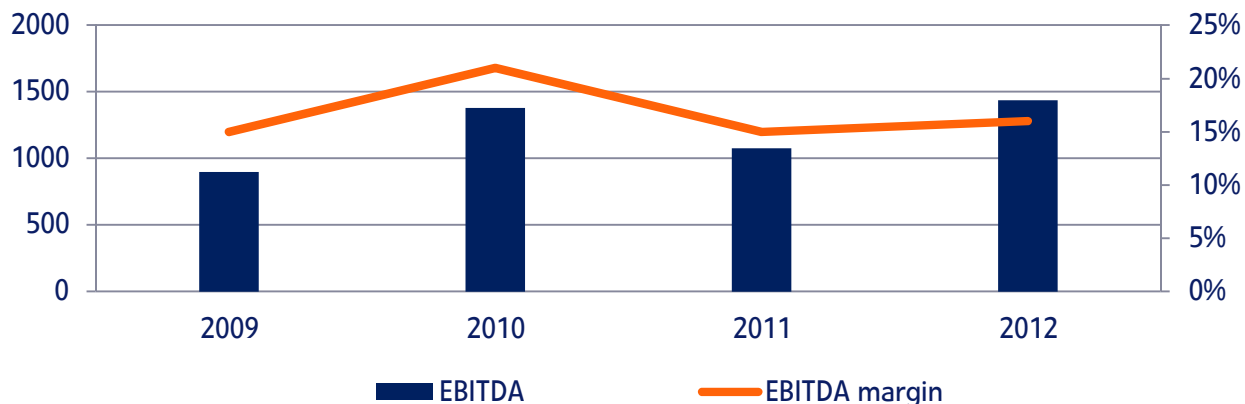


- **Exploration activity**

- Barents Sea East (old „disputed” zone)
 - PGNiG participates in group seismic survey
- Focus on licensing rounds (APA 2014 and 23rd Licensing Round)
- Cooperation with experienced players - AMIs

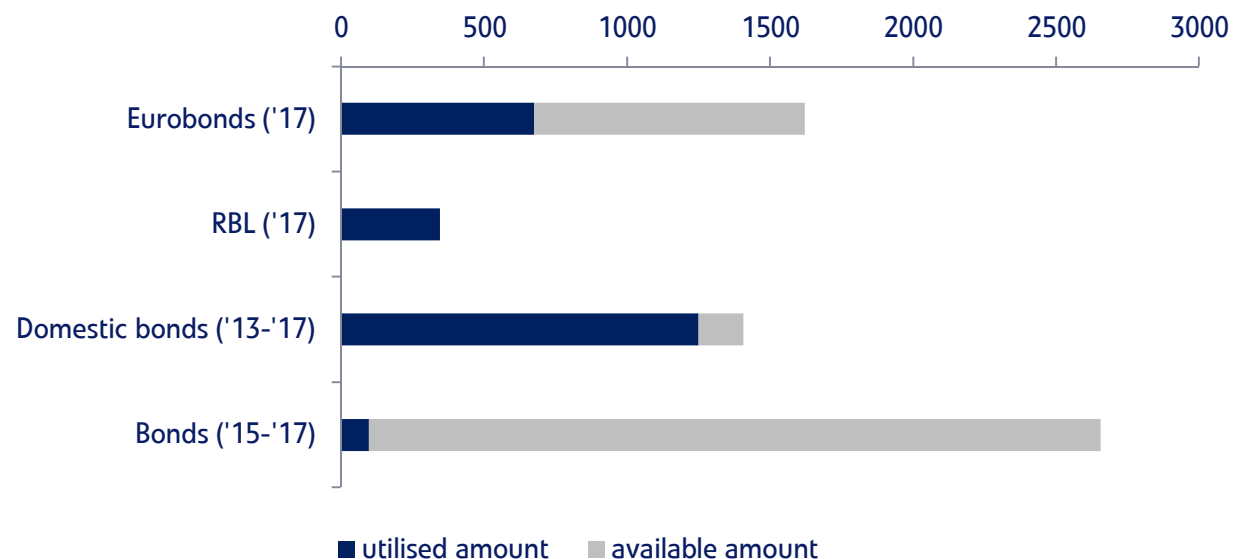
PGNiG's financial performance

EBITDA (m USD) and EBITDA margin



- Strong financial performance in recent years
- Yearly EBITDA in excess of 1 billion USD
- Most profitable upstream (>50% EBITDA)

Financing sources as at June 30th 2013 (m USD)



- Safe level of debt
- Net debt/EBITDA < 1
- More than 3.5 billion USD of available and not utilized funding in mid-2013

Additional Information

- **PGNiG SA (Polish Oil & Gas Company)**

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