



Operatørkonferansen 2022

Clarion Hotel Air ◀

23.11.2022 ◀

Agenda



▶ The Big Picture – Polish energy policy in the making



▶ The Response – Industrial solutions to policy in the making



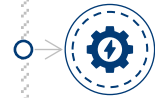
▶ The strategy - PGNiG Upstream Norway AS



▶ The Activity set - PGNiG Upstream Norway AS



Disclaimer



The opinions expressed in this presentation and on the following slides are solely those of the presenter and not necessarily those of PGNiG Upstream Norway AS (PUN). PUN does not guarantee the accuracy or reliability of the information provided herein.



Neither PUN or their respective directors, officers, employees, agents or advisors (as the case may be) make any representation or warranty, expressed or implied, as to the accuracy or completeness of the presentation or the information contained herein, and neither of such parties shall have any liability for the information contained in, or any omissions from, the presentation, nor for any of the written, electronic or oral communications transmitted in the course of the presentation.



Neither the receipt of the presentation, nor any information contained herein or provided subsequently constitutes, or shall be relied upon as constituting, the giving advice. The recipients should make their own independent assessment and should consult their own advisors.



1. The Big Picture

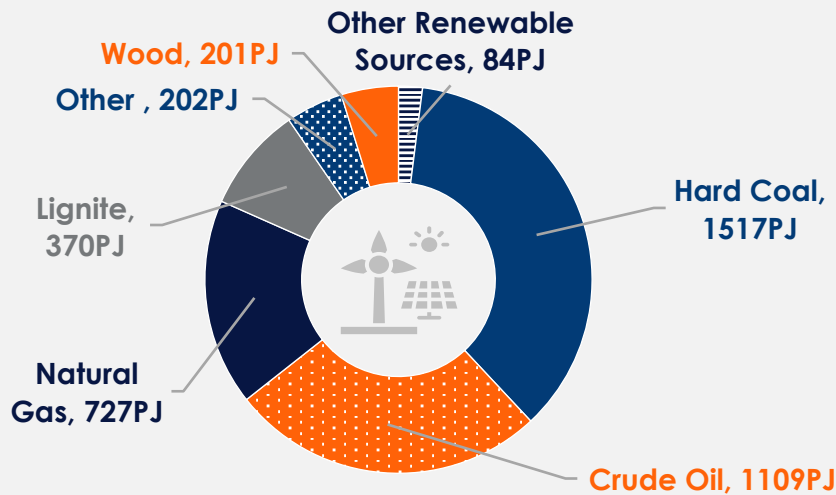


The Energy Transition

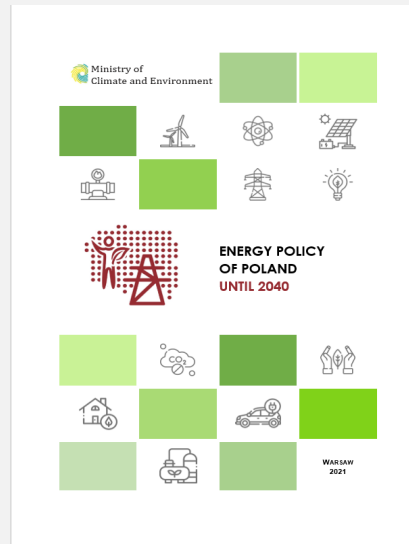
Energy Policy of Poland Until 2040 - The Polish Challenge



Poland has the highest share of coal in national energy production among European countries - in 2021 as much as 72 percent of its electricity was generated from coal.



- 45% of the energy consumed in Poland comes from coal.
- 88% of final energy consumption is covered by fossils fuels.



2. THE RESPONSE: Merger of PKN Orlen and PGNiG



- No more than 56% of coal in electricity production in 2030
- At least 23% of RES in gross final energy consumption in 2030
- Implementation of nuclear energy in 2033

30% reduction in GHG emissions by 2030 (compared to 1990)

23% reduction in primary energy consumption by 2030 (compared to the PRIMES2007 projection)





2. The Industrial Response to Policy





Merger of PKN Orlen and PGNiG

ORLEN-PGNiC Merger creates Value through Transformation, managing Contract Portfolio and Synergies




01  **Enhanced Transformation Potential**

The combination of ORLEN and PGNiC is a natural next step in **creating an integrated and diversified Polish multi-energy corporation of significant transformation potential** and enhanced energy security to face the current macroeconomic conditions. It will be among the 150 largest companies in the world.

02  **Energy Supply Stability**

Energy transition assumes a gradual shift away from conventional fuels towards new sustainable sources. **Natural gas will be an important transition fuel** and an essential component of strategies of integrated energy companies. The merger creates **a truly diversified and stabilized source of energy fuel resources** with sufficient scale and **financial strength to play a defining role in maintaining stability in the Polish economy**

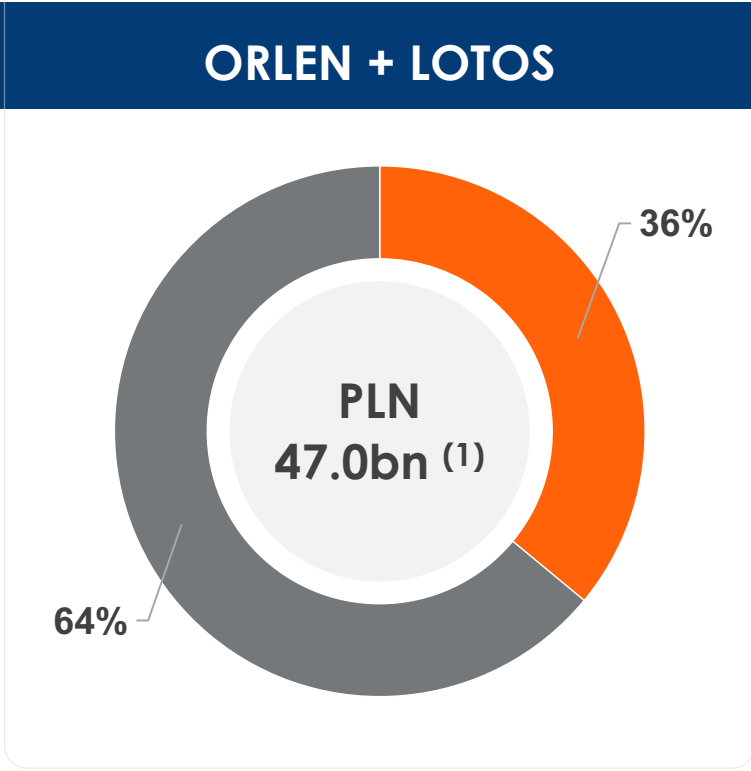
03  **Synergies**

Integration will enable implementation of **ambitious investments in low- and zero-emission generation of electricity**, broader activities in the scope of research & development and expansion of innovative sectors of economy. The combination will result **in improved coordination of operations and resources creating efficiencies** with identified synergies both on revenues and cost sides

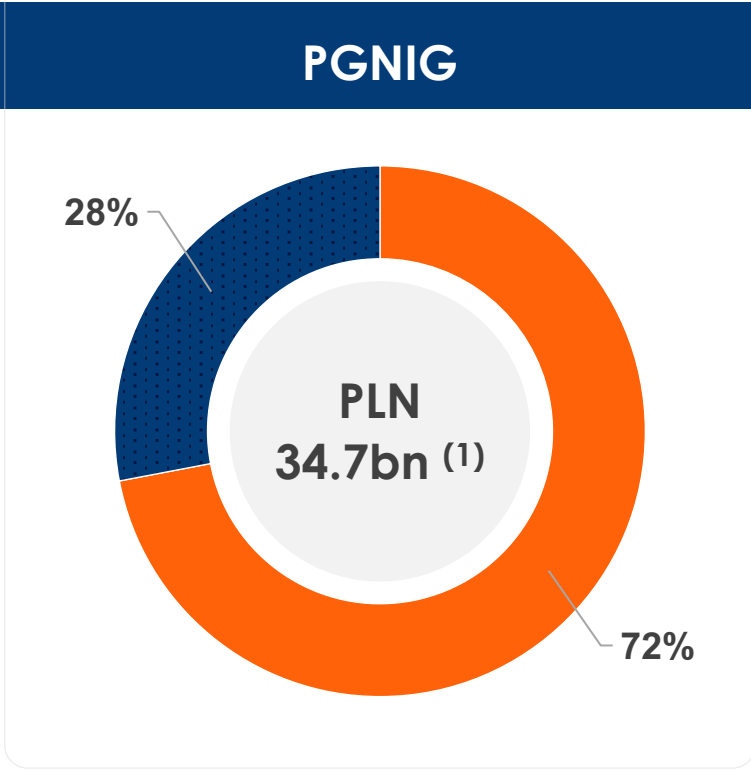
04  **Value Chain Upside**

Integration will result in **unlocking value by combining different segments** within the same or different value chains as well as new growth opportunities

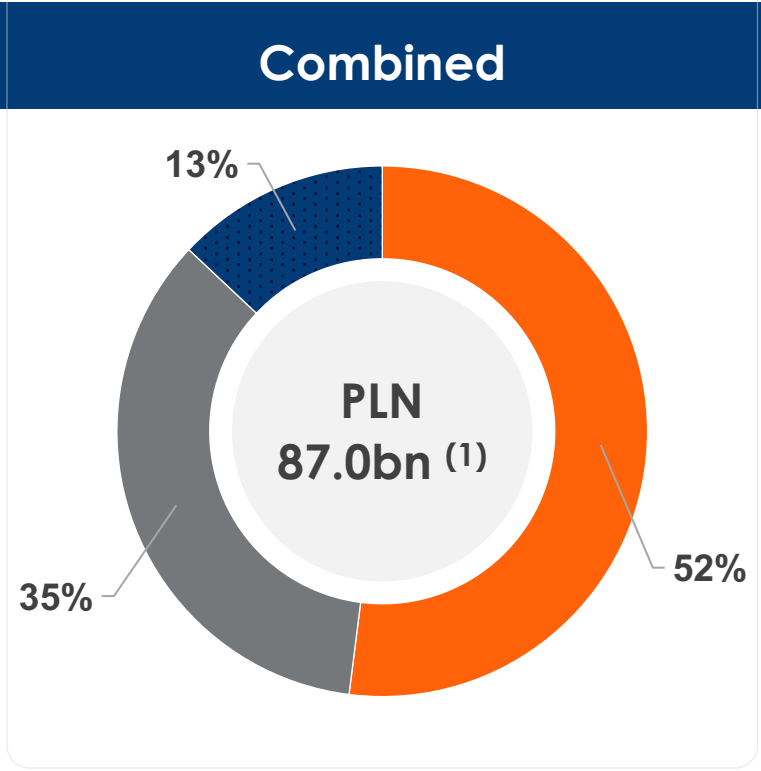
Illustrative Shareholding Pre and Post Merger



+



=



● State Treasury

● Other ORLEN + LOTOS Shareholders

● Other PGNiG Shareholders

Source: Company information

1) Illustrative Market Capitalization of respective business as of 28 July 2022



3. The Strategy



PGNiG Group strategic objective is to strengthen its competitive position while supporting the development and ensuring security of gas to Poland

PGNiG's strong Competitive Position

- ▶ **Securing new gas supply sources** to strengthen the Group's competitive position following expiry of the Yamal contract in 2022
- ▶ **Production projects in Norway, focused on increasing annual gas output to ca. 2.5 bcm from 2022 onwards.**
- ▶ **Participation in the Norwegian Corridor project to secure direct gas imports from Norway.**
- ▶ **Developing gas and LNG trading functions** to make PGNiG more competitive on gas markets in Europe and in Poland

Paramount Objective



Development of Gas Market in Poland

- ▶ **More rapid distribution network expansion** in order to enable more new customer connections and gas market growth.
- ▶ **Expanding the upstream business** in Poland to replenish hydrocarbon reserves and to maintain high production levels.
- ▶ **Significant customer service quality improvement** through service channels digitalisation and product portfolio expansion.

Baltic Pipe, First Gas transported 1st November



The Baltic Pipe Project is a strategic gas infrastructure project with the objective to provide a new gas supply corridor to the Central European market.



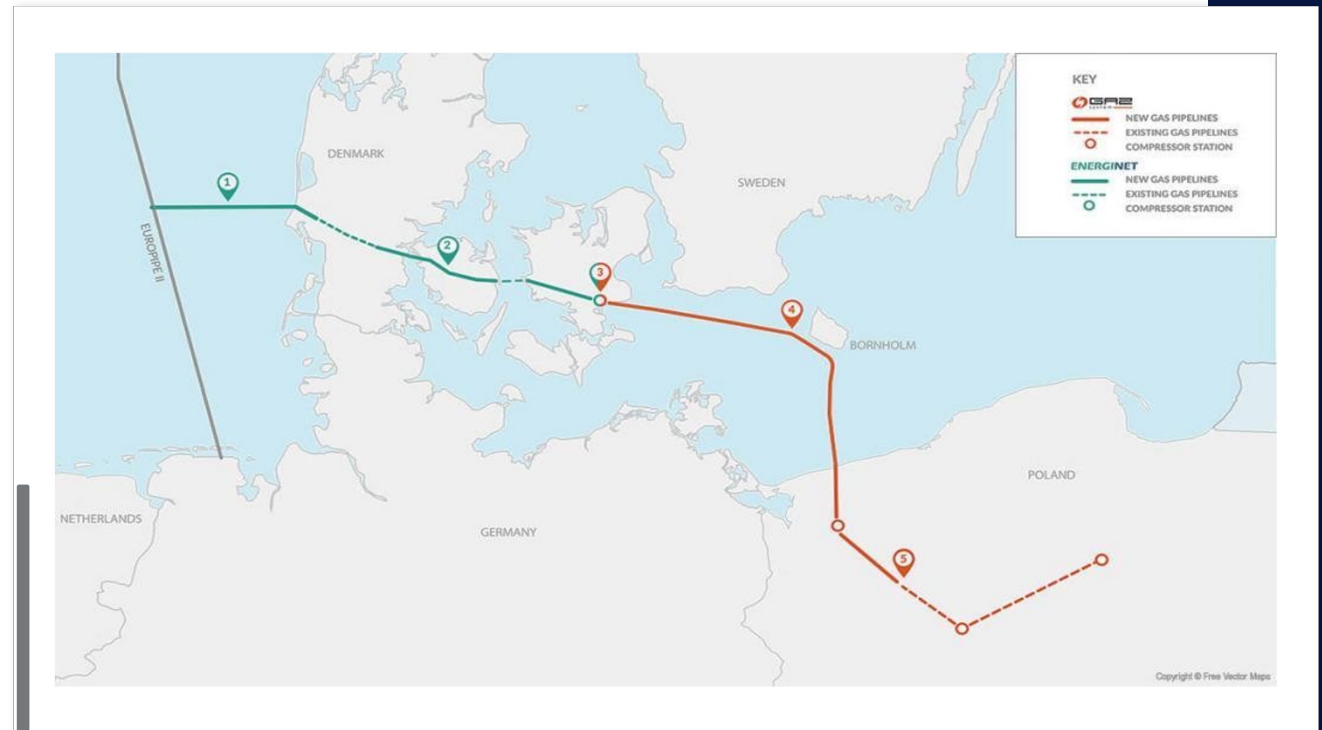
In January 2018 PGNiG signed a long-term capacity agreement for the Baltic Pipe. PGNiG Group is now committed to long term gas supplies from Norway.



Baltic Pipe project will connect NCS with customers in Central Europe. It will consist of approximately 900 kilometers of new pipeline and is projected to start transmission services in Q4 2022.



The project is organized as collaboration between transmission system operators in Denmark (eneginet.dk) and Poland (Gaz-System). The new connection expands Europe's gas transmission capacity by up to 10 bcm of gas per year.





4. PUN Activity Set in Norway



