PKN ORLEN consolidated financial results 3Q15



22 October 2015

#ORLEN3Q15@PKN_ORLEN

Agenda

- Key highlights 3Q15
- Macroeconomic environment
- Financial and operating results
- Liquidity and investments
- Market outlook for 2015

Key highlights 3Q15

Value creation

- EBITDA LIFO: PLN 2,1 bn*
- 5% sales increase (y/y)
- Launching construction of CCGT in Płock / Signing a construction contract for PE3 in Litvinov

Financial strength

- Dividend paid: PLN 0,7 bn PLN / 1,65 per share
- Repurchase of 1mt of obligatory reserves for PLN 2,7 bn
- Financial gearing: 23,6%

People

- Best managed companies in CEE 2015
- PKN ORLEN new reporting standards www.integratedreport.orlen.pl/en

INTEGRATED Report 2014

* Data before impairment in the amount of PLN (-) 0,1 bn regarding mainly petchem assets in Unipetrol

Agenda

Key highlights 3Q15

Macroeconomic environment

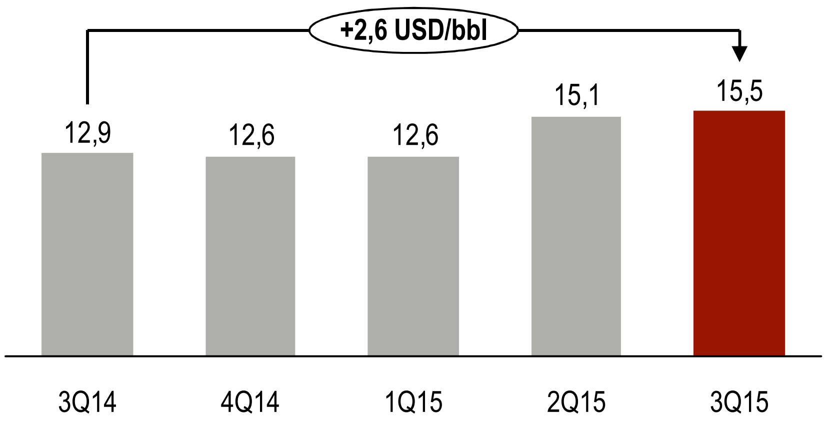
Financial and operating results

Liquidity and investments

Market outlook for 2015

Macro environment in 3Q15 (y/y)

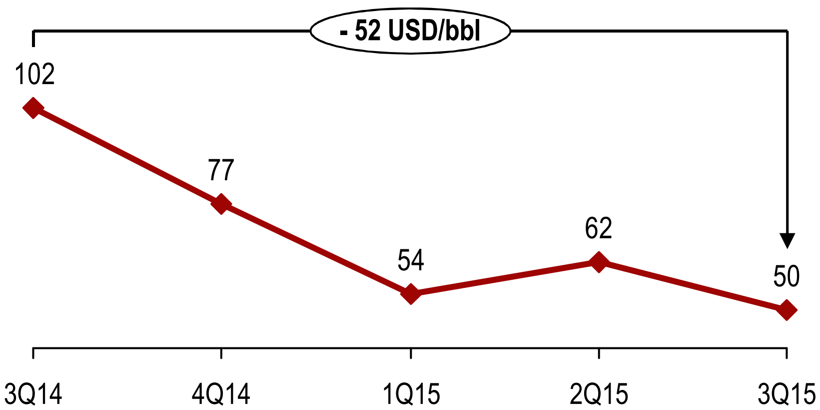
Downstream margin increase
Model downstream margin, USD/bbl



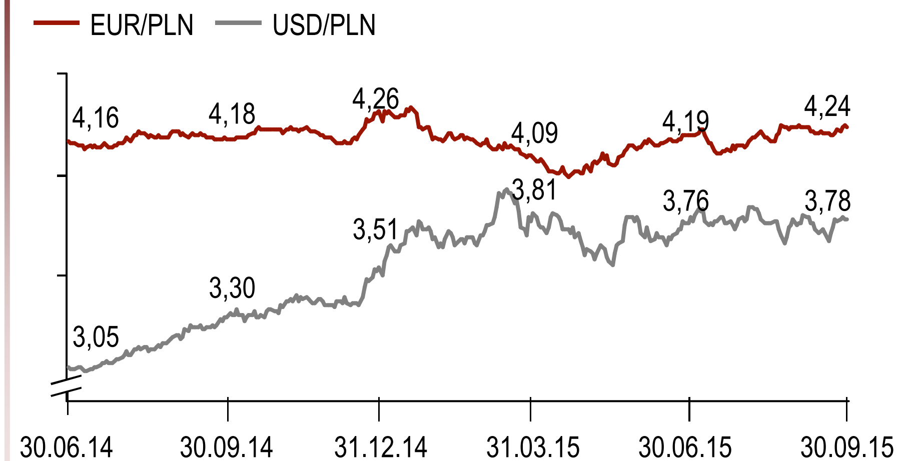
Product slate of downstream margin
Crack margins

Refining products (USD/t)	3Q14	2Q15	3Q15	∆ (y/y)
Diesel	111	116	108	-3%
Gasoline	193	215	212	10%
HHO	-215	-147	-140	35%
SN 150	202	198	145	-28%
Petchem products (EUR/t)				
Ethylene	604	619	671	11%
Propylene	557	557	564	1%
Benzene	479	307	355	-26%
PX	369	411	481	30%

Crude oil price decrease
Average Brent crude oil price, USD/bbl



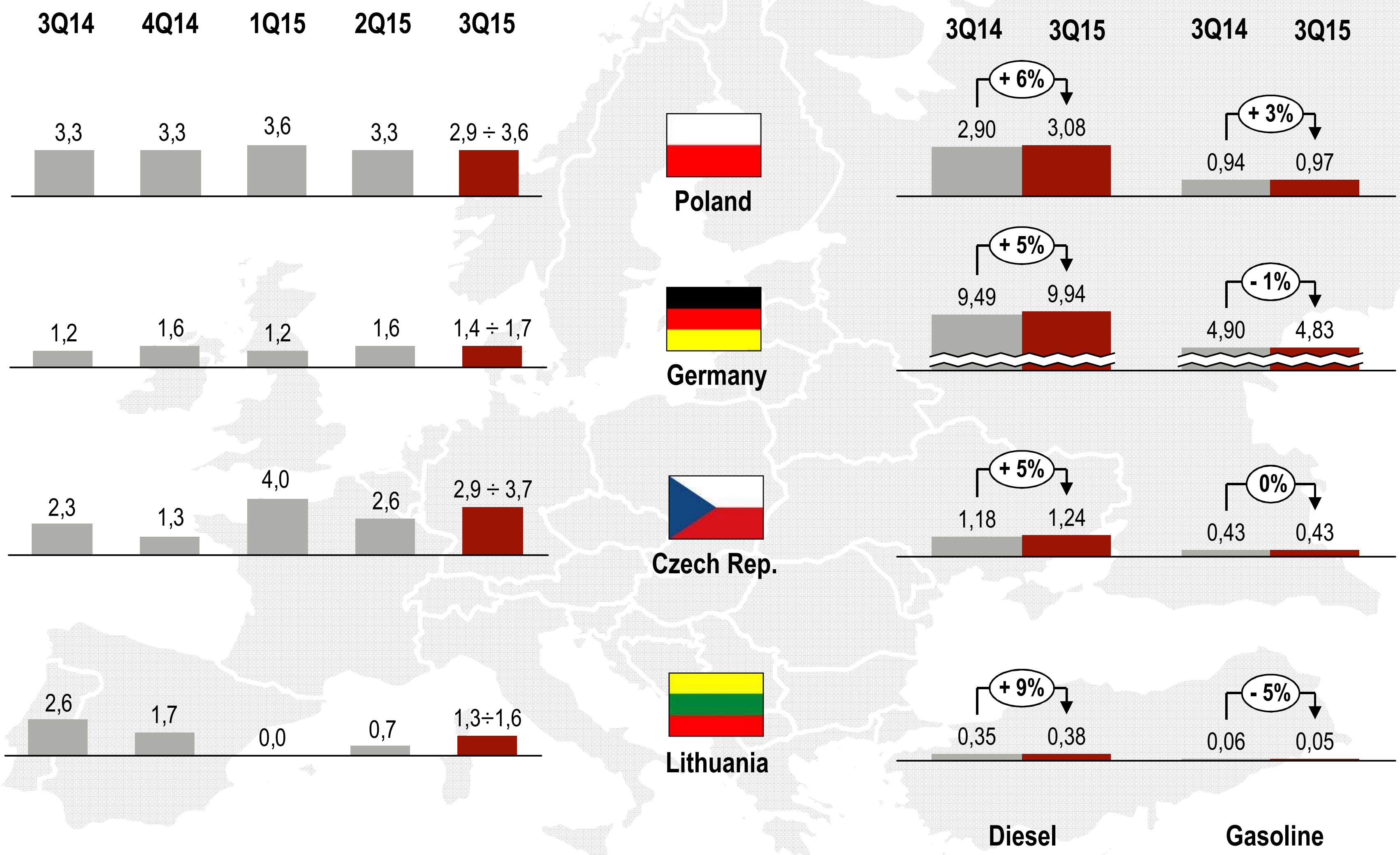
Weakening of PLN against USD; stable against EUR
USD/PLN and EUR/PLN exchange rate



GDP and fuel consumption increase

GDP increase[1]
Change (%) to respective quarter of the last year

Fuel consumption (diesel, gasoline)[2]
mt

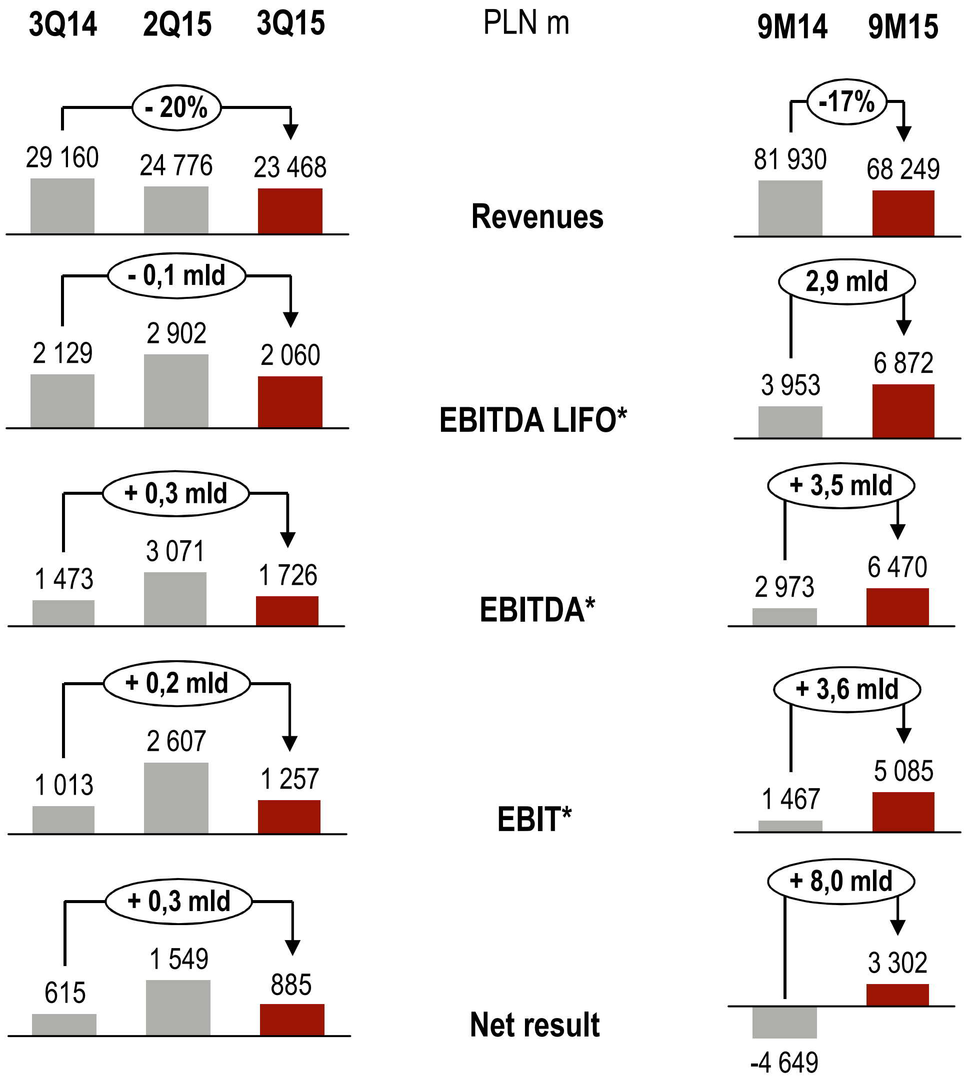


[1] Poland – Statistical Office (GUS) / not unseasonal data; (Germany, Lithuania) – Eurostat / not unseasonal data, the Czech Rep - OECD / unseasonal data, 3Q15 – estimates
[2] 3Q15 – estimates based on July and August 2015

Agenda

- Key highlights 3Q15
- Macroeconomic environment
- **Financial and operating results**
- Liquidity and investments
- Market outlook for 2015

Financial results in 3Q15



Revenues: sales volumes increase at lower crude oil quotations

EBITDA LIFO: positive impact of macroeconomic environment and higher sales volumes limited by effects of obligatory inventories repurchase and net realisable value (NRV) according to IAS2 in total amount of PLN (-) 1,2 bn

LIFO effect: PLN (-) 0,3 bn mainly due to lower crude oil prices in PLN

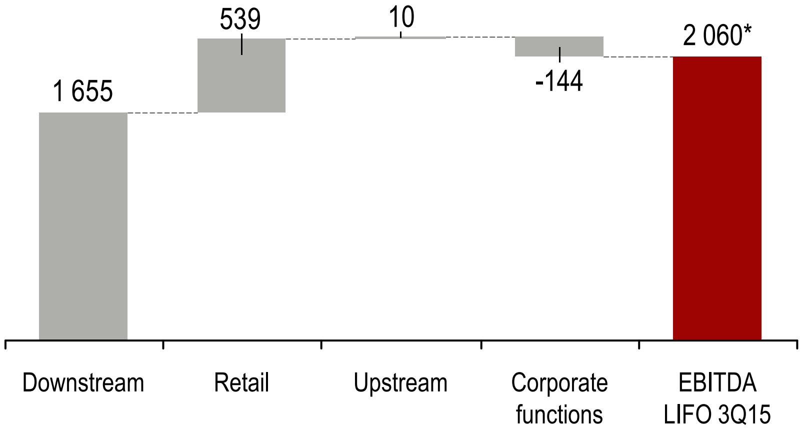
Financials' result: PLN (-) 0,1 bn including negative FX revaluation and net interests

Net result: PLN 0,9 bn

* Data before impairments:
2Q15: PLN (-) 0,4 bn regarding upstream assets in ORLEN Upstream
3Q15: PLN (-) 0,1 bn regarding mainly petchem assets in Unipetrol
9M14: PLN (-) 5,0 bn / 9M15: PLN (-) 0,5 bn

EBITDA LIFO

Segments' results in 3Q15
PLN m



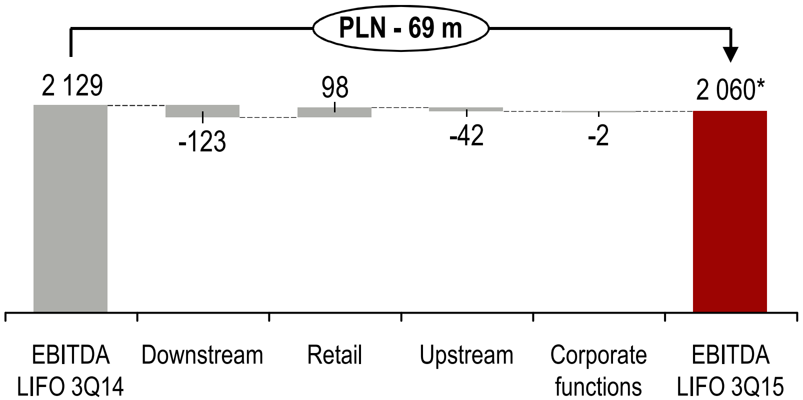
Positive impact (y/y) of:

- downstream margin increase by 2,6 USD/bbl
- sales increase by 5%
- weakening of PLN against USD by 20%
- fuel margin and non-fuel margin increase in retail

offset by negative impact (y/y) of:

- obligatory reserve repurchase
- failure in Unipetrol
- revaluation of inventories to net realisable value (NRV)

Change in segments' results (y/y)
PLN m

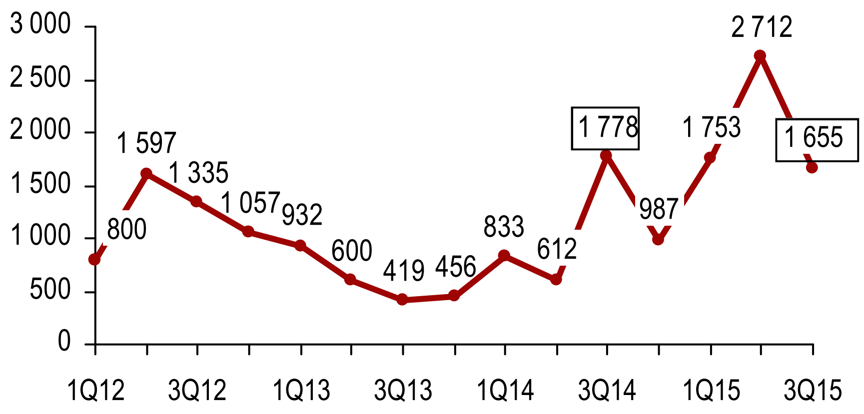


- **Downstream**: positive impact of macroeconomic environment and higher sales volumes limited by effects of obligatory inventories repurchase, failure of ethylene installation in Unipetrol and revaluation of inventories to net realisable value due to falling crude oil quotations
- **Retail**: higher fuel and non-fuel margins and sales increase in Poland and the Czech Republic at lower volumes in Germany
- **Upstream**: CAPEX rationalization reflecting oil and gas market condition
- **Corporate functions**: maintained cost discipline

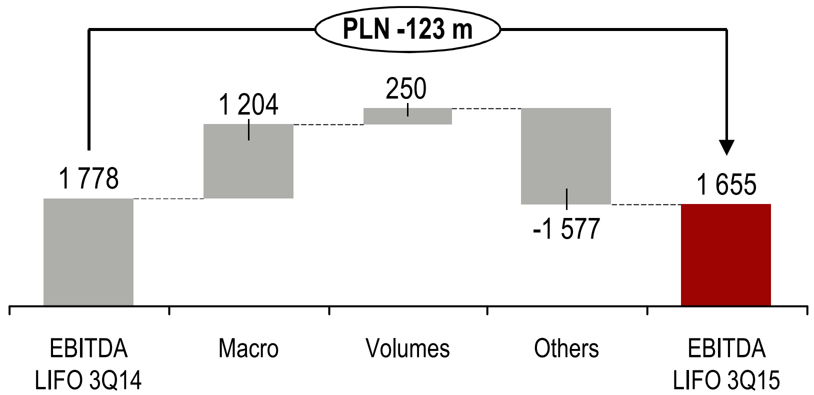
* 3Q15: Data before impairments in the amount of PLN (-) 0,1 bn regarding mainly petchem assets in Unipetrol

Downstream – EBITDA LIFO
PLN 1,7 bn as a result of good macro and higher sales (y/y)

EBITDA LIFO quarterly (without impairments*)
PLN m



EBITDA LIFO – impact of factors
PLN m



Macro: margins PLN 1388 m, differential PLN (-) 514 m, exchange rate PLN 330 m
* Impairments: 4Q12 = PLN (-) 0,7 bn, 2Q14 = PLN (-) 5,0 bn; 3Q15 = PLN (-) 0,1 bn

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- Downstream margin increase by 2,6 USD/bbl (y/y): lower crude oil price, margins improvement on gasoline and HHO as well as ethylene, propylene and paraxylene
- Weakening of PLN against USD by 20% (y/y)
- Crude oil throughput increase by 13% (y/y) and utilisation ratio by 4pp (y/y)
- Higher total sales by 6% (y/y), of which in: Poland by 2%, the Czech Republic by 24% and ORLEN Lietuva by 2%
- Higher sales (y/y): gasoline by 14%, diesel by 21%, olefins by 7% and PVC by 3%

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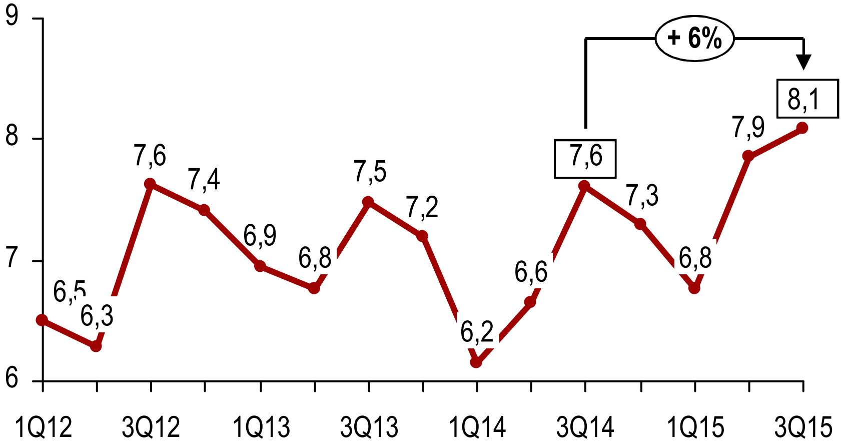
- Weakening of EUR against USD by 16% (y/y)
- Lower sales (y/y): polyolefins by (-) 28% due to failure of ethylene installation in Unipetrol, fertilizers by (-) 3% and PTA by (-) 18%

Other effects include mainly:

- PLN (-) 0,9 bn – repurchase of obligatory reserves and settlement of hedged repurchase price
- PLN (-) 0,4 bn – revaluation of inventories to net realisable value (NRV) due to falling crude oil quotations
- PLN (-) 0,3 bn – lack of positive effect from 3Q14 regarding inventories optimisation and crude oil throughput purchased in prior years

Downstream – operational data
Sales increase in all markets in total by 6% (y/y)

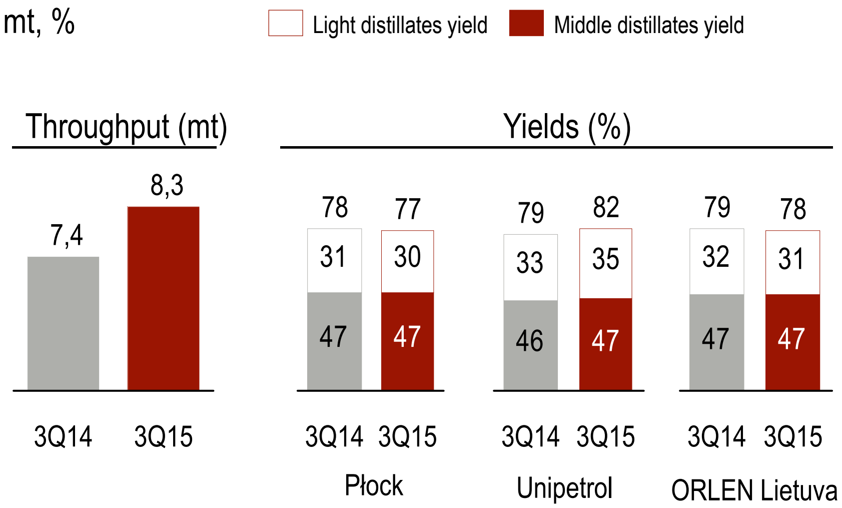
Sales volumes
mt



Utilization ratio
%

Refineries	3Q14	2Q15	3Q15	∆ (y/y)
Płock	96%	100%	104%	8 pp
Unipetrol	93%	95%	85%	-8 pp
ORLEN Lietuva	78%	86%	86%	8 pp
Petrochemical installations				
Olefins (Płock)	66%	95%	86%	20 pp
Olefins (Unipetrol)	89%	90%	36%	-53 pp
BOP	65%	91%	76%	11 pp

Crude oil throughput and fuel yield
mt, %



- Higher throughput by 13% (y/y) and utilisation ratio by 4pp (y/y), of which: 8pp (y/y) in Plock and ORLEN Lietuva and (-) 8pp (y/y) in Unipetrol due to failure of ethylene production in Litvinov
- Lower utilisation (y/y) in PKN ORLEN and ORLEN Lietuva due to planned maintenance shutdowns
- Poland – higher refining sales to key customers and export to Ukraine and seaborne. Higher olefins and PVC sales due to lack of production limitations from 3Q14 at lower PTA sales resulting from planned maintenance shutdown
- Czech Rep. – higher refining sales due to throughput increase resulting from acquisition of CR stake and improvement of market situation. Lower olefins and polyolefins sales due to failure in Litvinov
- ORLEN Lietuva – higher seaborne at lower land sales (mainly Ukraine)

Downstream
Energy projects realization (industry cogeneration)

Strategic assumptions

- Industry cogeneration projects – with the highest profitability / the lowest risk, thanks to guarantee of permanent steam take off, which enables to achieve very high efficiency
- Operational excellence thanks to efficiency management
- Good locations and synergies of gas energy with other segments
- Adaptation of projects to local conditions
- Natural gas as a strategic fuel for PKN ORLEN

Building a CCGT plant in Wloclawek (463 MWe)

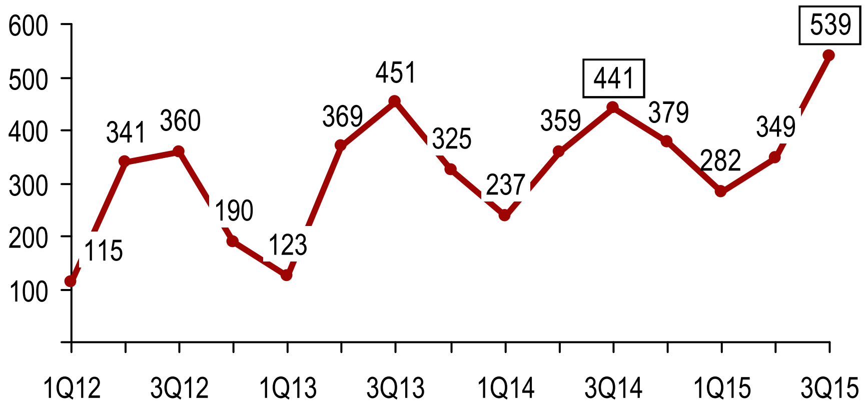
- In 3Q15 assembly and start-up works of particular systems were continued
- Gaz System works regarding gas connection and PSE regarding electricity connection were finished
- Agreement with PSE Operator on electric power transmission was concluded
- CAPEX PLN 1,4 bn
- Planned start-up 2Q16

Building a CCGT in Plock (596 MWe)

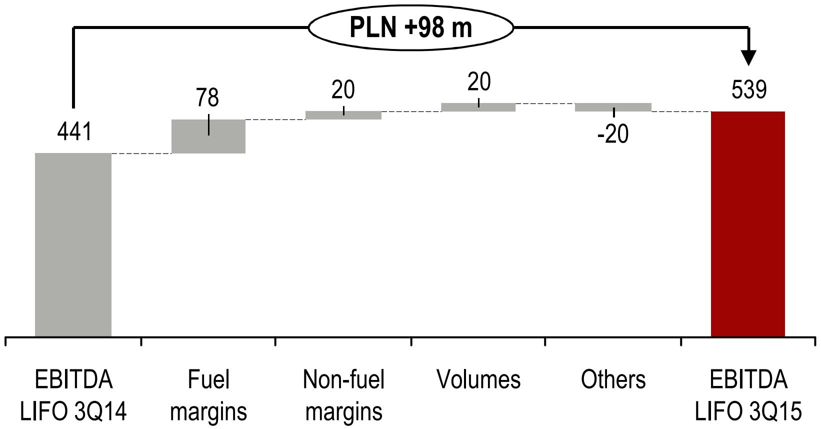
- In 3Q15 project works of main buildings and systems were conducted, earth and foundation works were continued
- In 3Q15 tests of gas turbine were finished and it was prepared for transportation from Berlin to Płock
- Majority of tenders regarding modernisation of Płock Production Plant infrastructure were finished and contractors were chosen
- CAPEX PLN 1,65 bn
- Planned start-up at the end of 4Q17

Retail – EBITDA LIFO
Record quarter

EBITDA LIFO quarterly (without impairments)
PLN m



EBITDA LIFO – impact of factors
PLN m



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- Sales increase by 2% (y/y)
- Market share increase in Poland and the Czech Rep. (y/y)
- Improvement of fuel margins (y/y) on the all markets and non-fuel (y/y) on Polish and the Czech Rep. markets
- 1335 of Stop Cafe and Stop Cafe Bistro locations in Poland; increase by 135 locations (y/y)

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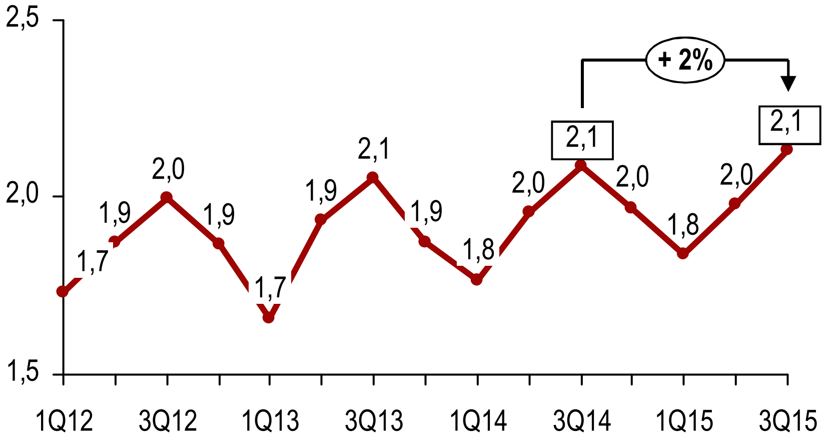
- Decrease in volumes and non-fuel margins on German market (y/y)
- Maintaining of ‘grey zone’ in Poland

Retail – operational data
Sales increase by 2% (y/y) and further growth of non-fuel offer

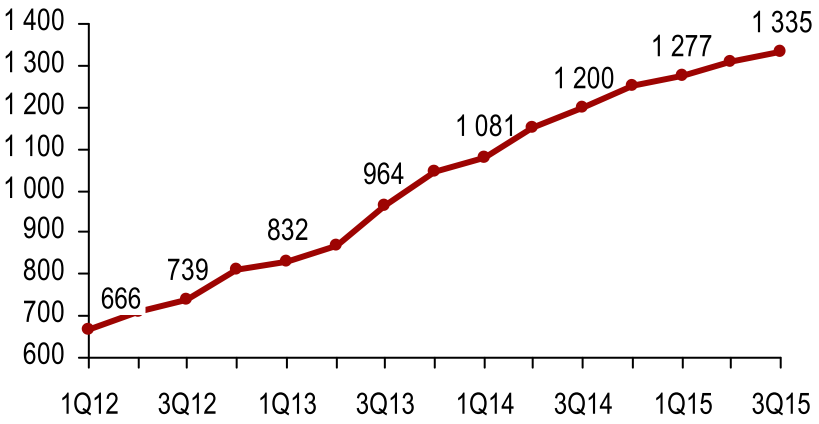
Sales volumes
mt



Number of petrol stations and market shares (by volume)
#, %

	# stations	Δ y/y	% market	Δ y/y
PL	1 766	9	36,9%	0,5 pp
DE	558	0	5,9%	0,0 pp
CZ	338	-1	15,3%	0,4 pp
LT	26	0	3,5%	0,0 pp

Number of Stop Cafe and Bistro Cafe in Poland
#



- Sales increase by 2% (y/y), including: increase in Poland by 3% (y/y) and the Czech Rep. by 11% (y/y) at stable sales in Lithuania (y/y) and decrease in sales in Germany by (-) 1% (y/y)
- Market shares increase in Poland by 0,5 pp and the Czech Rep. by 0,4 pp (y/y)
- 2689 stations at the end of 3Q15 , i.e. increase of stations in total by 8 (y/y), of which: increase in Poland by 9 stations at the decrease in the Czech Rep. by (-) 1 station
- Further growth of non-fuel offer by launching in 3Q15 more 27 new Stop Cafe and Stop Cafe Bistro in Poland

Upstream
Exploration projects in Poland

Poland

Project Sieraków (2 wells)

- Preparatory works at partial area development were conducted and analysis to assess area prospects were continued

Project Karbon (1 well)

- Acquisition and analysis of new 2D seismic data. Preparation to 3D seismic works on two concessions are in progress

Lublin Shale (12 wells)

- Liquidation of drills and drilling sites on Garwolin and Wierzbica concessions. At the same time, initial works to acquire 3D seismic data were conducted

Mid-Poland Unconventionals

- Analysis of new 2D seismic data were finished. Preparation for conduction of first drilling in progress

Project Bieszczady

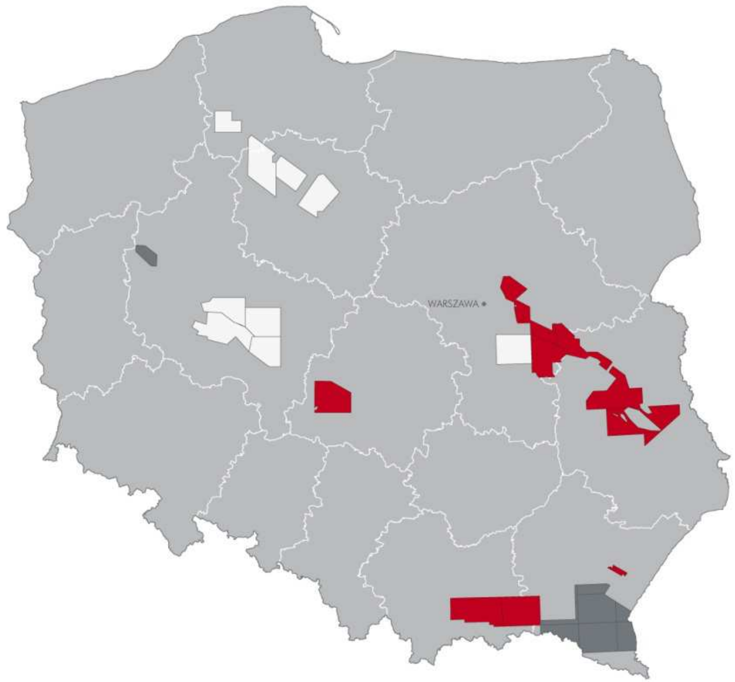
- Project in the region of Outer Carpathians (ORLEN Upstream owns 49% of concession) was started
- Acquisition of 2D seismic data on two blocks was started and initial works to tightness tests in well were conducted

Project Karpaty

- Process of acquisition of 100% of shares in two concessions in the region of Outer Carpathians in progress, awaiting approval by the Ministry of Environment for concession transfer to ORLEN Upstream

Project Miocen

- October 13 the Ministry of Environment granted ORLEN Upstream the Siennów-Rokietnica concession in the region of Carpathian Foredeep



Assets with 100% share of ORLEN Upstream
Assets with 49% share of ORLEN Upstream
Assets in acquisition

EBITDA 3Q15: PLN (-) 7 m
CAPEX 3Q15: PLN 12 m

EBITDA 9M15*: PLN (-) 23 m
CAPEX 9M15: PLN 46 m

* Data before impairments in the amount of PLN (-) 429 m

Upstream
Production projects in Canada

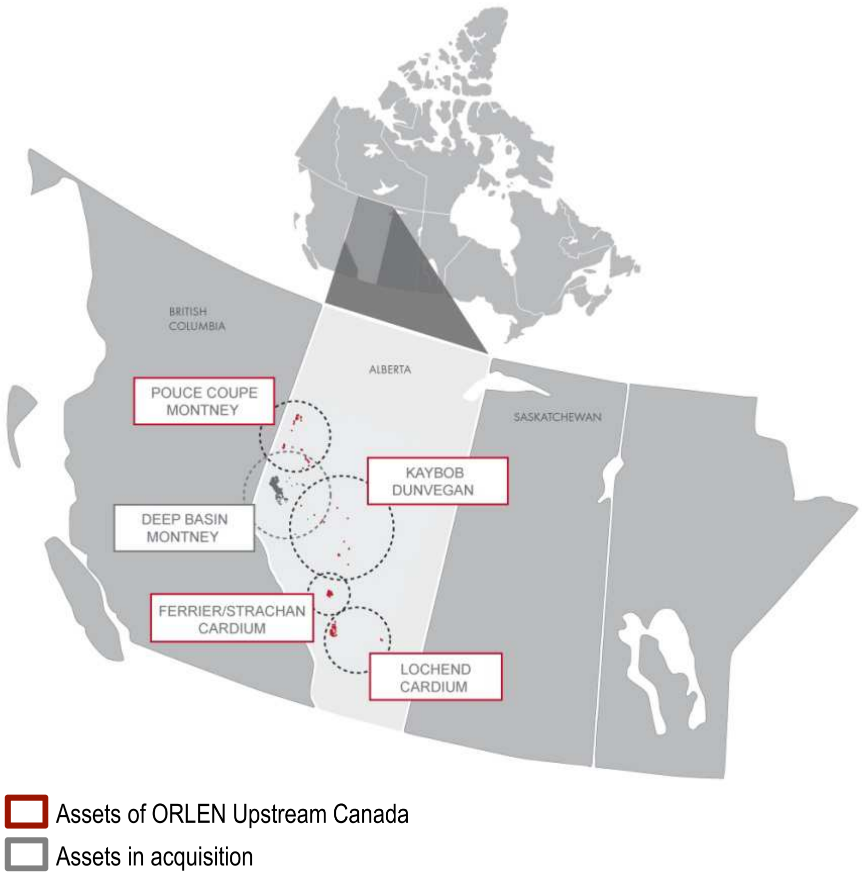
Canada

Assets of ORLEN Upstream Canada

- Assets in Canadian Alberta province is located on four areas: Lochend, Kaybob, Pouce Coupe and Ferrier/Strachan
- Total reserves: ca. 49,5 m boe of crude oil and gas (2P)

3Q15

- Drilling of 9 new wells (8,3 net*) were started, 6 fracking (5,3 net*) were done and 3 wells (2,3 net*) were included to production
- Average production amounted to ca. 6,8 th. boe/d (43% liquid hydrocarbons)
- Lower production (q/q) due to restart of some modernization works on TransCanada Pipeline logistic infrastructure mainly in Ferrier and Pouce Coupe areas



EBITDA 3Q15: PLN 17 m
CAPEX 3Q15: PLN 86 m

EBITDA 9M15: PLN 60 m
CAPEX 9M15: PLN 149 m

* Number of wells multiplied by percent of share in particular asset

Upstream
Assets acquisitions in Canada and Poland

Kicking Horse Energy

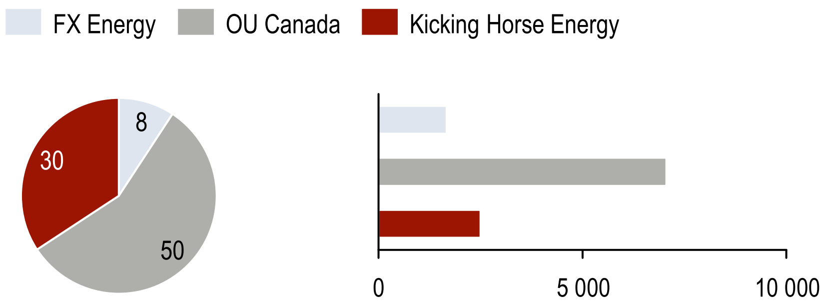
- Signing of acquisition agreement for 100% shares
- Closing of transaction: November / December 2015
- Value of transaction: PLN 1023 m
- Reserves at the end of 2014: 30 m boe (2P)
- Average production in 1H15: 2,5 th boe/d (60% crude oil / 40% gas)

FX Energy

- Signing of acquisition agreement for 100% shares
- Closing of transaction: 4Q15 / 1Q16
- Value of transaction: PLN 442 m
- Reserves at the end of 2014 : 8 m boe (2P)
- Average production 1H15: 1,7 t. boe/d (96% gas / 4% crude oil)

After closing of transaction

- Total reserves: 88 m boe of crude oil and gas (2P)
- Total production: over 11 th boe/d



Reserves

Upstream*

* Data 1H15

Execution of Strategy in upstream segment

Agenda

Key highlights 3Q15

Macroeconomic environment

Financial and operating results

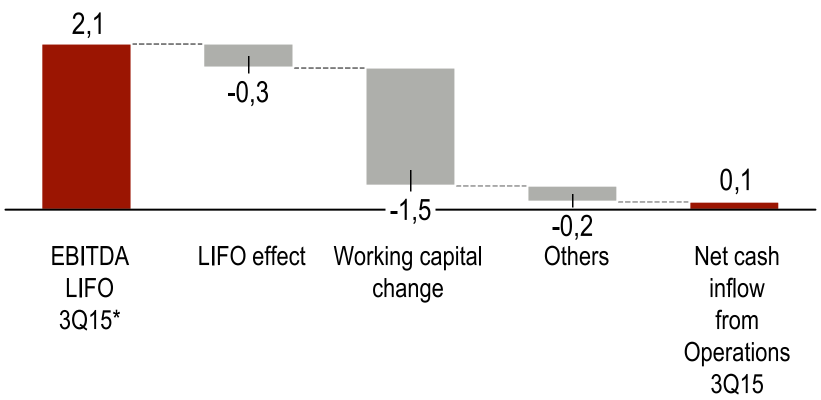
Liquidity and investments

Market outlook for 2015

Cash flow

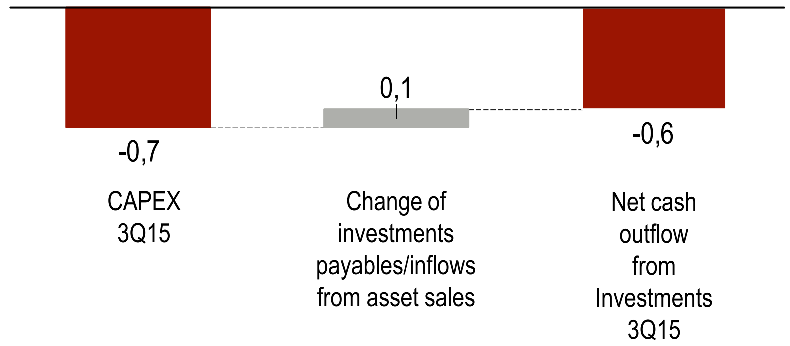
Cash flow from operations

PLN bn



Cash flow from investments

PLN bn

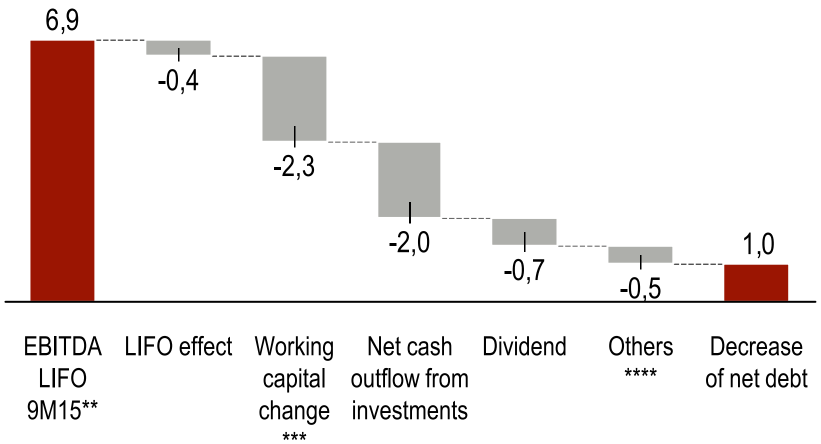


- Working capital increase in 3Q15 by PLN 1,5 bn mainly as a result of repurchase of last crude oil obligatory reserves tranche in the amount of 1 mt partially offset by decrease in crude oil and products prices
- Repurchase of obligatory reserves tranche and settlement of hedged repurchase price lowered EBITDA LIFO by PLN (-) 0,9 bn and increased working capital by PLN 1,8 bn
- Obligatory reserves in the balance sheet at the end of 3Q15 amounted to PLN 5,1 bn, in which in Poland PLN 4,7 bn

*/** Data before impairments:
3Q15: PLN (-) 0,1 bn regarding mainly petchem assets in Unipetrol
9M15: PLN (-) 0,5 bn

Free cash flow for 9M15

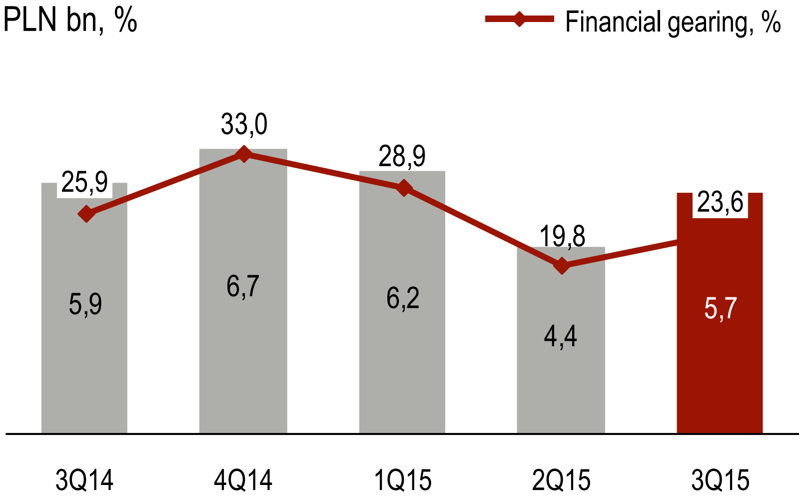
PLN bn



*** Impact of repurchase of two obligatory reserves tranches: PLN 0,7 bn and PLN 1,8 bn
**** Includes mainly: taxes, interests and operating FX

Indebtedness

Net debt and gearing
PLN bn, %

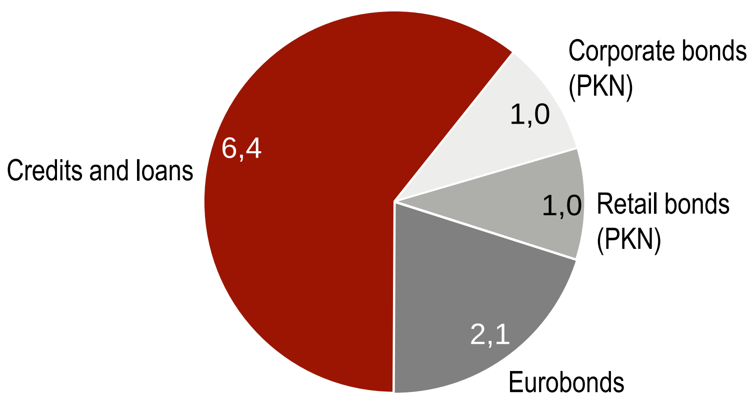


- Gross debt structure:
  EUR 63%, PLN 27%, USD 5%, CAD 3%, CZK 2%

- Net debt increase by PLN 1,3 bn (q/q) due to positive cash flow from operations of PLN 0,1 bn, reduced by cash outflow from investments of PLN (-) 0,6 bn, dividend PLN (-) 0,7 bn and impact of FX from credit valuation of PLN (-) 0,1 bn

- Average credit lines maturity in 1Q19

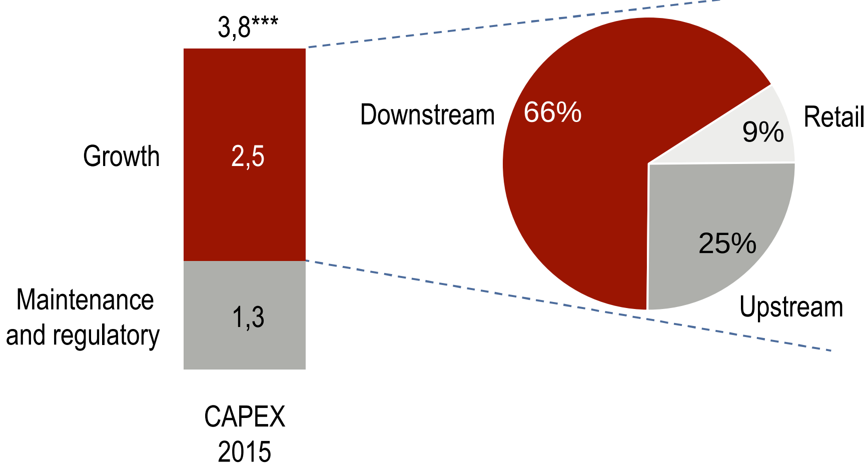
Diversified sources of financing (gross debt)
PLN bn



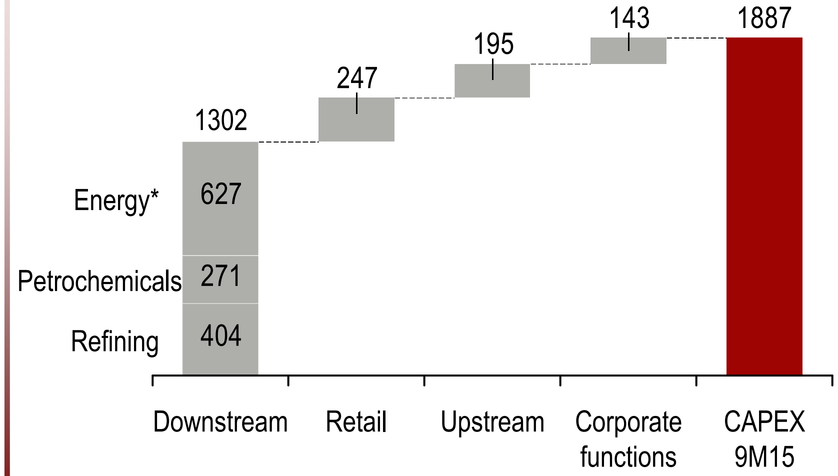
Safe level of indebtedness and financial leverage

Capital expenditures

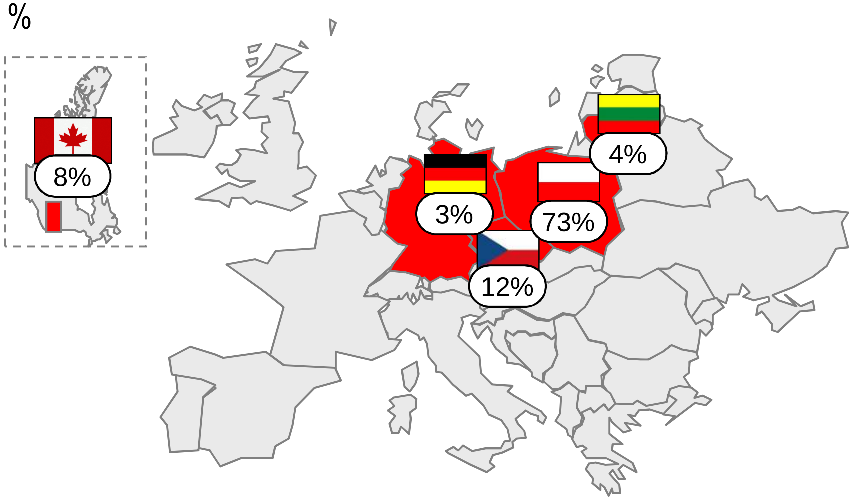
Planned CAPEX in 2015
PLN bn, %



Realized CAPEX 9M15 – split by segment
PLN m



Realised CAPEX 9M15 – split by country
%



Major growth projects in 3Q15**

Downstream
- Building a CCGT in Wloclawek together with infrastructure
- Building a CCGT in Plock together with infrastructure
- Complying Power plant in Plock to the emission standards from 01.01.2016
- CDU-IV installation modernization

Retail
- Start-up of 10 fuel stations (including 6 own stations in Poland and 1 in Germany), 2 modernized, 3 closed
- 27 Stop Cafe and Stop Cafe Bistro points opened in Poland

Upstream
- Canada – PLN 86 m
- Poland – PLN 12 m

* Energy including mainly: CCGT in Wloclawek (industrial energy) and IOS, SCR (production energy)
** CAPEX 3Q15 amounted to PLN 722 m: Refining PLN 151 m, Petrochemicals PLN 135 m, Energy PLN 162 m, Retail PLN 97 m, Upstream PLN 98 m, CF PLN 79 m
*** Does not include PLN 1,5 bn for planned acquisition of Kicking Horse Energy and FX Energy

Agenda

Key highlights 3Q15

Macroeconomic environment

Financial and operating results

Liquidity and investments

Market outlook for 2015

Market Outlook 2015

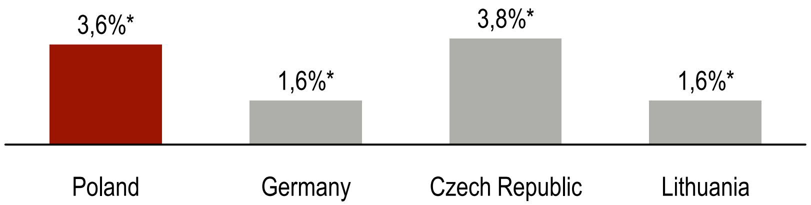
Macroeconomic environment

- **Brent crude oil price** – we assume stabilization of crude oil prices at the current levels. Crude oil price also depends on geopolitical risks

- **Downstream margin** – expected increase of yearly average in 2015 (y/y) due to favorable macro environment, i.e. lower crude oil prices and increase in fuels and petrochemical products consumption (y/y)

Economy

- **GDP outlook** – 3,6% for Poland in 2015 and 3,4% in 2016 - NBP (July 2015)



- **Fuels consumption** – continuation of demand increase for diesel with a slight drop in demand for gasoline in CEE region in 2015 - JBC Energy (October 2014)

Regulatory environment

- **Grey zone** – PKN ORLEN owns concession for foreign trading in liquid fuels for 10 years. The process of giving concessions is pending. Additionally, penalties for companies which operate their business without concessions have been increased from max. PLN 5 th to the level of PLN 200 th up to PLN 1 m

- **Obligatory crude oil reserves** – decrease of keeping reserves from 76 to 68 days in 2015 (ca. 0,4 mt). Reserve tariff has been implemented at the level of PLN 43 per tone of crude oil and PLN 99 per tone of LPG

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* Poland (NBP, July 2015); Germany (RGE, October 2015); Czech Republic (CNB, August 2015); Lithuania (Lietuvos Bankas, September 2015)

Thank You for Your attention

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Agenda

Supporting slides

Results – split by quarters

PLN, m	3Q14	2Q15	3Q15	Δ y/y	9M14	9M15	Δ
Revenues	29 160	24 776	23 468	-20%	81 930	68 249	-17%
EBITDA LIFO*	2 129	2 902	2 060	-3%	3 953	6 872	74%
Effect LIFO	-656	169	-334	49%	-980	-402	59%
EBITDA*	1 473	3 071	1 726	17%	2 973	6 470	118%
Depreciation	-460	-464	-469	-2%	-1 506	-1 385	8%
EBIT LIFO*	1 669	2 438	1 591	-5%	2 447	5 487	124%
EBIT*	1 013	2 607	1 257	24%	1 467	5 085	247%
Net result	615	1 549	885	44%	-4 649	3 302	-

* Data before impairments:
2Q15: PLN (-) 0,4 bn regarding upstream assets in ORLEN Upstream
3Q15: PLN (-) 0,1 bn regarding mainly petchem assets in Unipetrol
9M14: PLN (-) 5,0 bn / 9M15: PLN (-) 0,5 bn

Results – split by segments

3Q15* PLN, m	Downstream	Retail	Upstream	Corporate Functions	Total
EBITDA LIFO	1 655	539	10	-144	2 060
Effect LIFO	-334	-	-	-	-334
EBITDA	1 321	539	10	-144	1 726
Depretiation	-318	-92	-36	-23	-469
EBIT	1 003	447	-26	-167	1 257
EBIT LIFO	1 337	447	-26	-167	1 591

3Q14 PLN, m	Downstream	Retail	Upstream	Corporate Functions	Total
EBITDA LIFO	1 778	441	52	-142	2 129
Effect LIFO	-656	-	-	-	-656
EBITDA	1 122	441	52	-142	1 473
Depreciation	-310	-89	-37	-24	-460
EBIT	812	352	15	-166	1 013
EBIT LIFO	1 468	352	15	-166	1 669

* Data before impairments:
3Q15: PLN (-) 0,1 bn regarding mainly petchem assets in Unipetrol

EBITDA LIFO – split by segments

PLN, m	3Q14	2Q15	3Q15	Δ y/y	9M14	9M15	Δ
Downstream	1 778	2 712	1 655	-7%	3 223	6 120	90%
Retail	441	349	539	22%	1 037	1 170	13%
Upstream	52	13	10	-81%	110	37	-66%
Corporate functions	-142	-172	-144	-1%	-417	-455	-9%
EBITDA LIFO	**2 129**	**2 902**	**2 060**	**-3%**	**3 953**	**6 872**	**74%**

* Data before impairments:
2Q15: PLN (-) 0,4 bn regarding upstream assets in ORLEN Upstream
3Q15: PLN (-) 0,1 bn regarding mainly petchem assets in Unipetrol
9M14: PLN (-) 5,0 bn / 9M15: PLN (-) 0,5 bn

Results - split by companies (before impairments)

3Q15* PLN, m	PKN ORLEN S.A.	Unipetrol 2)	ORLEN Lietuva 2)	Others and consolidation corrections	Total
Revenues	16 384	4 552	3 982	-1 450	23 468
EBITDA LIFO	921	555	108	476	2 060
LIFO effect 1)	-336	-82	93	-9	-334
EBITDA	585	473	201	467	1 726
Depreciation	-275	-74	-11	-109	-469
EBIT	310	399	190	358	1 257
EBIT LIFO	646	481	97	367	1 591
Financial income	43	25	36	-3	101
Financial costs	-148	-28	-35	9	-202
Net result	160	320	185	302	967

* Data before impairment in the amount of PLN (-) 0,1 bn regarding mainly petchem assets in Unipetrol

1) Calculated as a difference between operational profit acc. to LIFO and operational profit based on weighted average
2) Presented data shows Unipetrol Group and ORLEN Lietuva results acc. to IFRS after taking into account adjustments made for ORLEN Group consolidation

ORLEN Lietuva Group
Key elements of the profit and loss account

USD m	3Q14	2Q15	3Q15	Δ y/y	9M14*	9M15	Δ
Revenues	1 822	1 252	1 057	-42%	4 808	3 185	-34%
EBITDA LIFO	53	139	29	-45%	31	269	768%
EBITDA	25	134	54	116%	3	271	8933%
EBIT	22	131	51	132%	-58	263	-
Net result	21	98	50	1	-54	195	-

- Higher sales in 3Q15 by 2% (y/y) despite limited availability of production installations (maintenance shutdowns in August and September) and lower inland sales (reduced volumes in Ukraine). Lower revenues are reflecting drop in crude oil price and as a result refining products quotations
- Utilisation increase by 8 pp (y/y) under favourable macro environment, lower by (-) 1,0 pp (y/y) fuel yield resulting from planned shutdown of Visbreaking and HDS
- EBITDA LIFO lower by USD (-) 24 m (y/y): positive impact of macro environment and higher sales volumes offset by revaluation of inventories to net realisable value in the amount of USD (-) 55 m due to falling crude oil quotations
- EBITDA LIFO lower by USD (-) 110 m (q/q): USD (-) 15 m impact of lower volumes due to maintenance shutdown (lower fuel yield by 3pp) and USD (-) 94 m impact of inventories rotation due to maintenance shutdown and revaluation of inventories to net realisable value as a result of lower crude oil and refining margins
- CAPEX: 3Q15 – USD 8,8 m / 9M15 – USD 17,4 m

Data as of ORLEN Group consolidation and without impairments: in 3Q14 in the amount of USD (-) 2 m and for 9M14 in the amount of USD (-) 1374 m and in 3Q15 in the amount of USD (-) 1 m and for 9M15 in the amount USD (-) 1 m.

UNIPETROL Group
Key elements of the profit and loss account

CZK m	3Q14	2Q15	3Q15	Δ y/y	9M14*	9M15	Δ
Revenues	34 041	32 523	29 452	-13%	95 290	85 950	-10%
EBITDA LIFO	2 391	3 959	3 597	50%	5 188	10 780	108%
EBITDA	2 069	4 567	3 066	48%	4 872	10 643	118%
EBIT	1 585	4 090	2 589	63%	3 161	9 236	192%
Net result	1 482	3 306	2 081	40%	2 767	7 481	170%

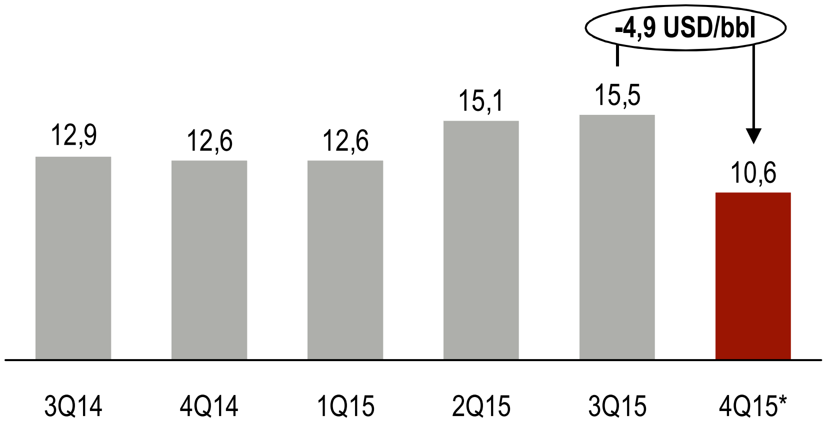
- Higher total sales volumes by 25% (y/y) – higher refining volumes due to increased production capacity after 32% CR stake increase from ENI and favourable market conditions, lower petchem products sales due to failure of ethylene installation from August 2015. Revenues lower due to crude oil price decrease as well as refining and petchem products quotations
- Lowered refining utilisation by (-) 8 pp (y/y) down to 85% in 3Q15 due to ethylene installation failure, fuel yield increase by 3 pp (y/y) as a result of deeper throughput on refining installations fractions directed so far for further processing on to not working Olefins installation
- EBITDA LIFO increase by over CZK 1,2 bn (y/y) mainly due to positive macro environment in the amount of CZK 2,6 bn, lower sales volumes in the amount of CZK (-) 0,3 bn partially limited by revaluation of inventories to net realisable value in the amount of CZK (-) 1,0 bn due to lower crude oil prices and products' margins in the turn of 3Q and 4Q15
- CAPEX: 3Q15 – CZK 696 m / 9M15 – CZK 1 460 m

Data as of ORLEN Group consolidation and without impairments: in 3Q14 in the amount of CZK (-) 99 m and for 9M14 in the amount of CZK (-) 4 820 m and 3Q15 CZK (-) 597 m and for 9M15 CZK (-) 710 m

Macro environment in 4Q15

Downstream margin decrease

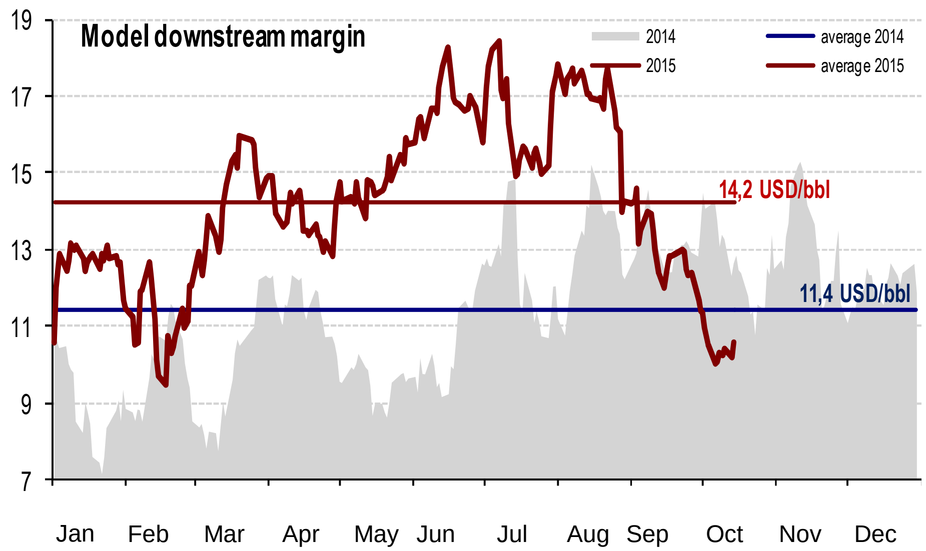
Model downstream margin, USD/bbl



Product slate of downstream margin

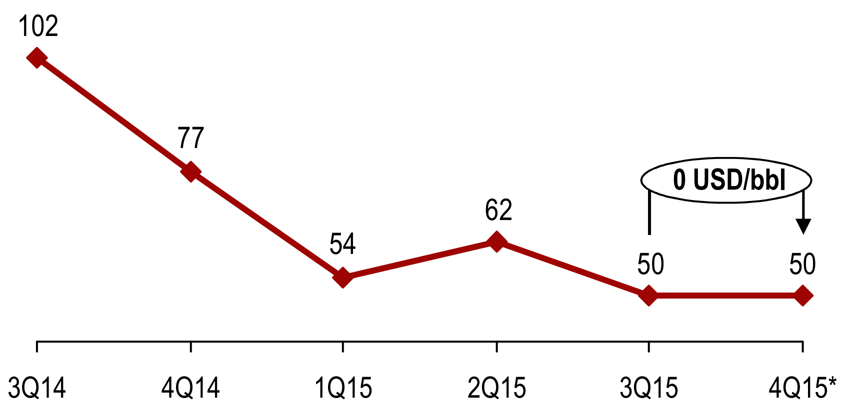
Crack margins

Refining products (USD/t)	4Q14	3Q15	4Q15*	Δ (q/q)	Δ (y/y)
Diesel	122	108	95	-12%	-22%
Gasoline	135	212	125	-41%	-7%
HHO	-180	-140	-156	-11%	13%
SN 150	194	145	152	5%	-22%
Petchem products (EUR/t)					
Ethylene	588	671	571	-15%	-3%
Propylene	540	564	376	-33%	-30%
Benzene	435	355	186	-48%	-57%
PX	443	481	391	-19%	-12%



Crude oil price flat

Average Brent crude oil price, USD/bbl

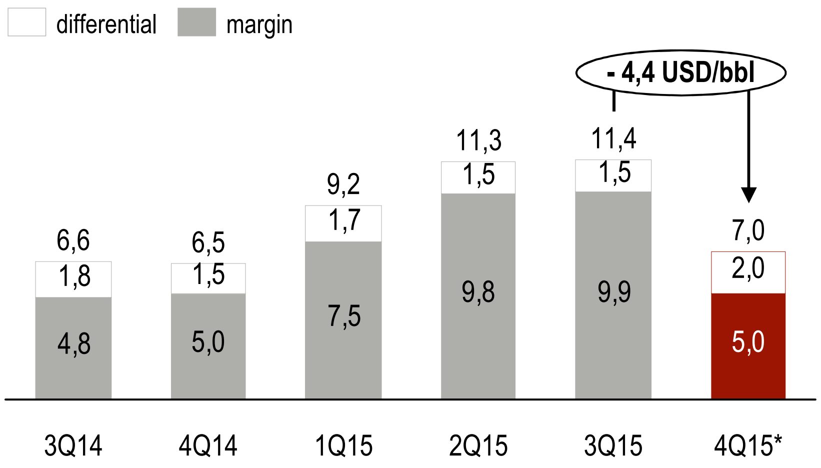


* Data as of 16.10.2015

Macro environment in 4Q15

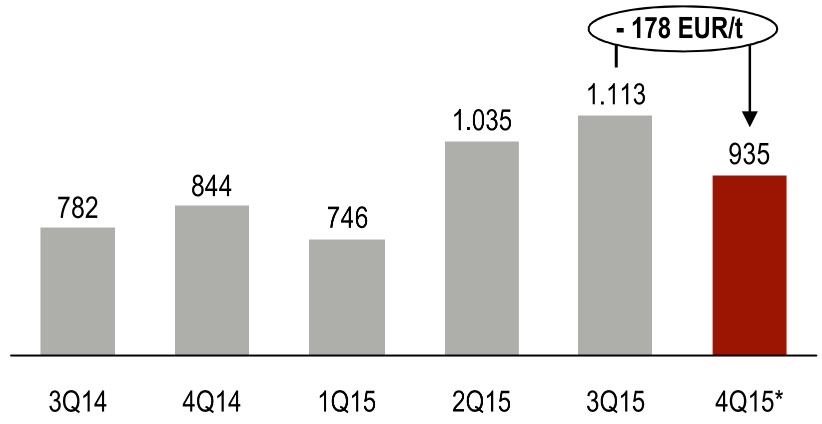
Refining margin and B/U differential decrease

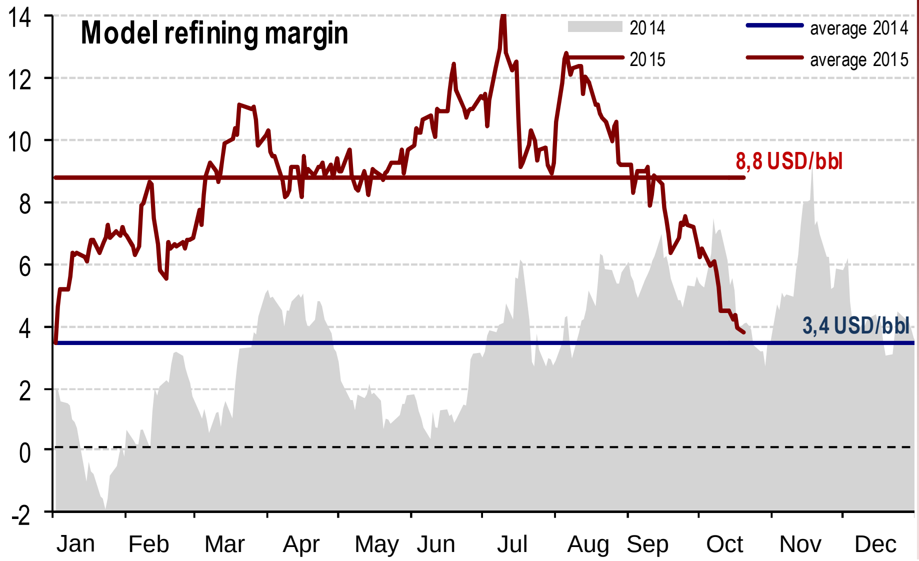
Model refining margin and Brent/Ural differential, USD/bbl

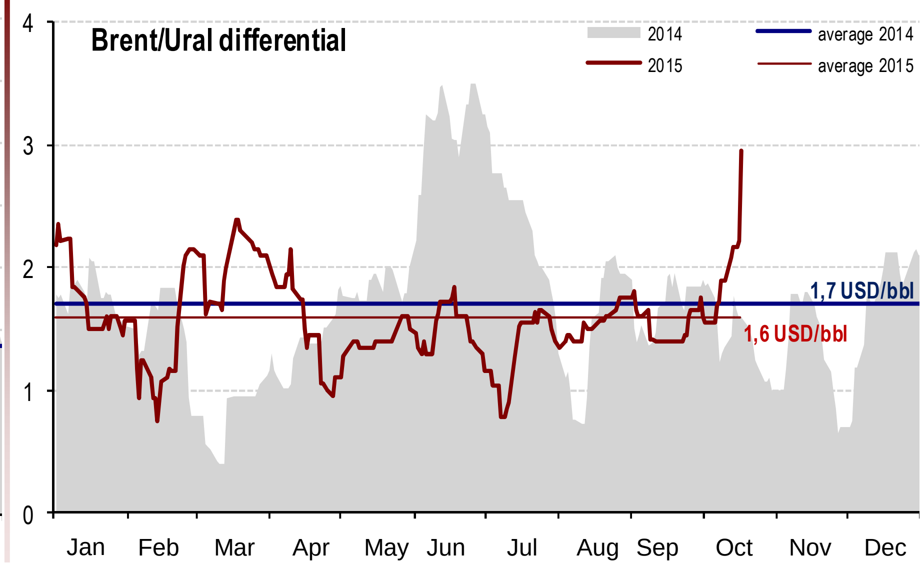


Petrochemical margin decrease

Model petrochemical margin, EUR/t







* Data as of 16.10.2015

Production data

	3Q14	2Q15	3Q15	Δ (y/y)	Δ (q/q)	9M14	9M15	Δ
Total crude oil throughput in PKN ORLEN (tt)	7 385	8 149	8 332	13%	2%	20 055	23 133	15%
Utilization in PKN ORLEN	91%	95%	95%	4 pp	0 pp	83%	91%	8 pp
Refinery in Poland [1]								
Processed crude (tt)	3 931	4 058	4 240	8%	4%	10 666	11 831	11%
Utilization	96%	100%	104%	8 pp	4 pp	87%	97%	10 pp
Fuel yield [4]	78%	77%	77%	-1 pp	0 pp	77%	78%	1 pp
Middle distillates yield [5]	47%	47%	47%	0 pp	0 pp	46%	47%	1 pp
Light distillates yield [6]	31%	30%	30%	-1 pp	0 pp	31%	31%	0 pp
Refineries in the Czech Rep. [2]								
Processed crude (tt)	1 372	1 845	1 840	34%	0%	3 828	4 928	29%
Utilization	93%	95%	85%	-8 pp	-10 pp	89%	88%	-1 pp
Fuel yield [4]	79%	80%	82%	3 pp	2 pp	81%	81%	0 pp
Middle distillates yield [5]	46%	46%	47%	1 pp	1 pp	46%	46%	0 pp
Light distillates yield [6]	33%	34%	35%	2 pp	1 pp	35%	35%	0 pp
Refinery in Lithuania [3]								
Processed crude (tt)	1 986	2 195	2 195	11%	0%	5 283	6 185	17%
Utilization	78%	86%	86%	8 pp	0 pp	69%	81%	12 pp
Fuel yield [4]	79%	81%	78%	-1 pp	-3 pp	76%	77%	1 pp
Middle distillates yield [5]	47%	49%	47%	0 pp	-2 pp	47%	46%	-1 pp
Light distillates yield [6]	32%	32%	31%	-1 pp	-1 pp	30%	31%	1 pp

1) Throughput capacity for Plock refinery is 16,3 mt/y
2) Throughput capacity for Unipetrol increased since May 2015 from 5,9 mt/y to 8,7 mt/y as a result of stake increase in CKA. CKA [Litvinov (5,4 mt/y) and Kralupy (3,3 mt/y)]
3) Throughput capacity for ORLEN Lietuva is 10,2 mt/y
4) Fuel yield equals middle distillates yield plus light distillates yield. Differences can occur due to rounding
5) Middle distillates yield is a ratio of diesel, light heating oil (LHO) and JET production excluding BIO and internal transfers to crude oil throughput
6) Light distillates yield is a ratio of gasoline, naphtha, LPG production excluding BIO and internal transfers to crude oil throughput

Dictionary

Model downstream margin = revenues (90,7% Products = 22,8% Gasoline + 44,2% Diesel + 15,3% HHO + 1,0% SN 150 + 2,9% Ethylene + 2,1% Propylene + 1,2% Benzene + 1,2% PX) – costs (input 100% = 6,5% Brent crude oil + 91,1% URAL crude oil + 2,4% natural gas)

Model refining margin = revenues (93,5% Products = 36% Gasoline + 43% Diesel + 14,5% HHO) - costs (100% input: crude oil and other raw materials). Total input calculated acc. to Brent Crude quotations. Spot market quotations.

Spread Ural Rdam vs fwd Brent Dtd = Med Strip - Ural Rdam (Ural CIF Rotterdam).

Model petrochemical margin = revenues (98% Products = 44% HDPE + 7% LDPE + 35% PP Homo + 12% PP Copo) - costs (100% input = 75% Naphtha + 25% LS VGO). Contract market quotations.

Fuel yield = middle distillates yield + gasoline yield (yields calculated in relation to crude oil)

Working capital (in balance sheet) = inventories + trading receivables and other receivables – trading liabilities and other liabilities

Working capital change (in cash flow) = changes in receivables + changes in inventories + changes in liabilities

Gearing = net debt / equity calculated acc. to average balance sheet amount in the period

Net debt = (short-term + long-term Interest-bearing loans and borrowings)– cash

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