PKN ORLEN consolidated financial results
4Q15



28 January 2016

#ORLEN4Q15@PKN_ORLEN

Agenda

- Key highlights 2015
- Macroeconomic environment
- Financial and operating results
- Liquidity and investments
- Market outlook for 2016

Key highlights 2015

Value creation

- EBITDA LIFO: PLN 8,7 bn*
- Record-high throughput 30,9 mt and sales 38,7 mt
- M&A of upstream assets in Canada and Poland
- New contracts for crude oil delivery up to 10,8 mt per year

Financial strength

- Financial gearing: 28,1%
- Cash flow from operations: PLN 5,4 bn
- Dividend paid: PLN 0,7 bn / PLN 1,65 per share
- Extension of average maturity for sources of financing to 4Q19

People

- The World's Most Ethical Company 2015
- Top Employer Polska 2015
- Best managed companies in CEE 2015
- ORLEN Warsaw Marathon / Verva Street Racing

ORLEN
The most valuable brand in Poland worth PLN 4,5 bn **

* Data before impairments of assets in the amount of PLN (-) 1,0 bn regarding mainly E&P assets of ORLEN Upstream and petrochemical assets of Unipetrol
** According to „The most valuable brands" ranking published by „Rzeczpospolita" dated 30 November 2015

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- **Macroeconomic environment**
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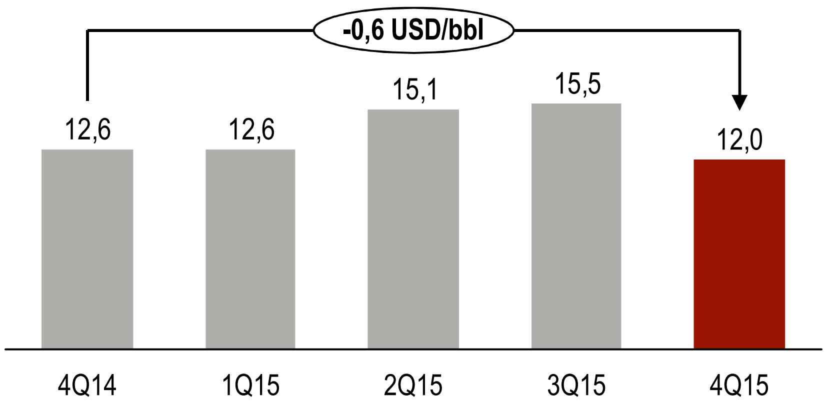
Macro environment in 4Q15 (y/y)

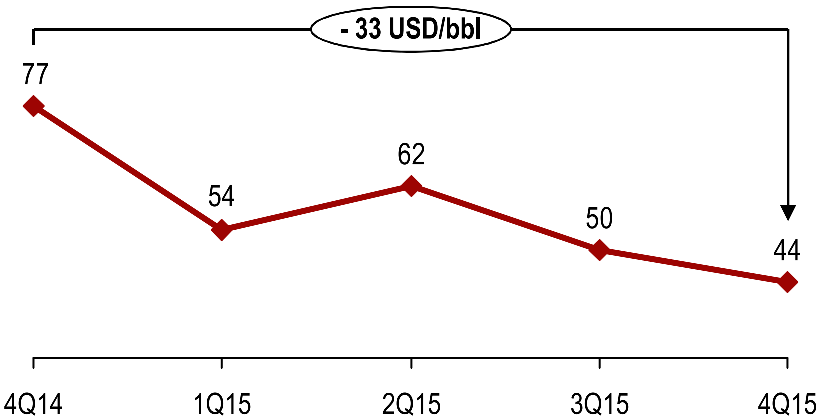
Downstream margin decrease
Model downstream margin, USD/bbl



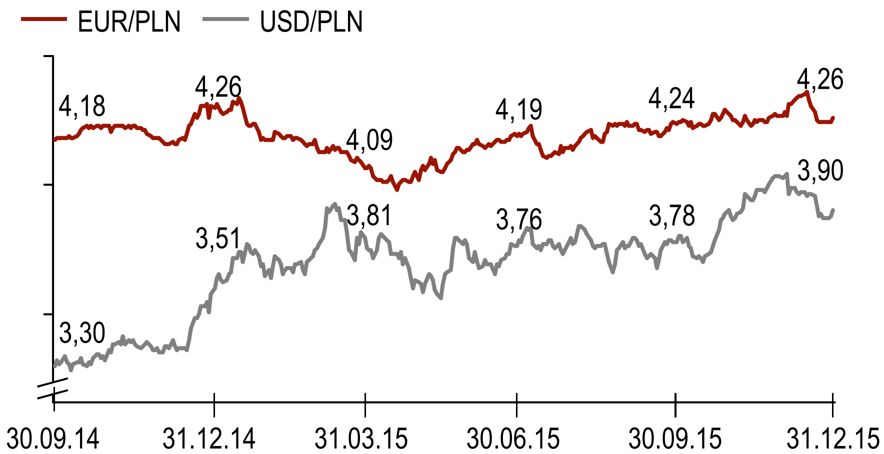
Product slate of downstream margin
Crack margins

Refining products (USD/t)	4Q14	3Q15	4Q15	Δ (y/y)
Diesel	122	108	85	-30%
Gasoline	135	212	140	4%
HHO	-180	-140	-147	18%
SN 150	194	145	197	2%
Petchem products (EUR/t)				
Ethylene	588	671	604	3%
Propylene	540	564	373	-31%
Benzene	435	355	264	-39%
PX	443	481	427	-4%

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



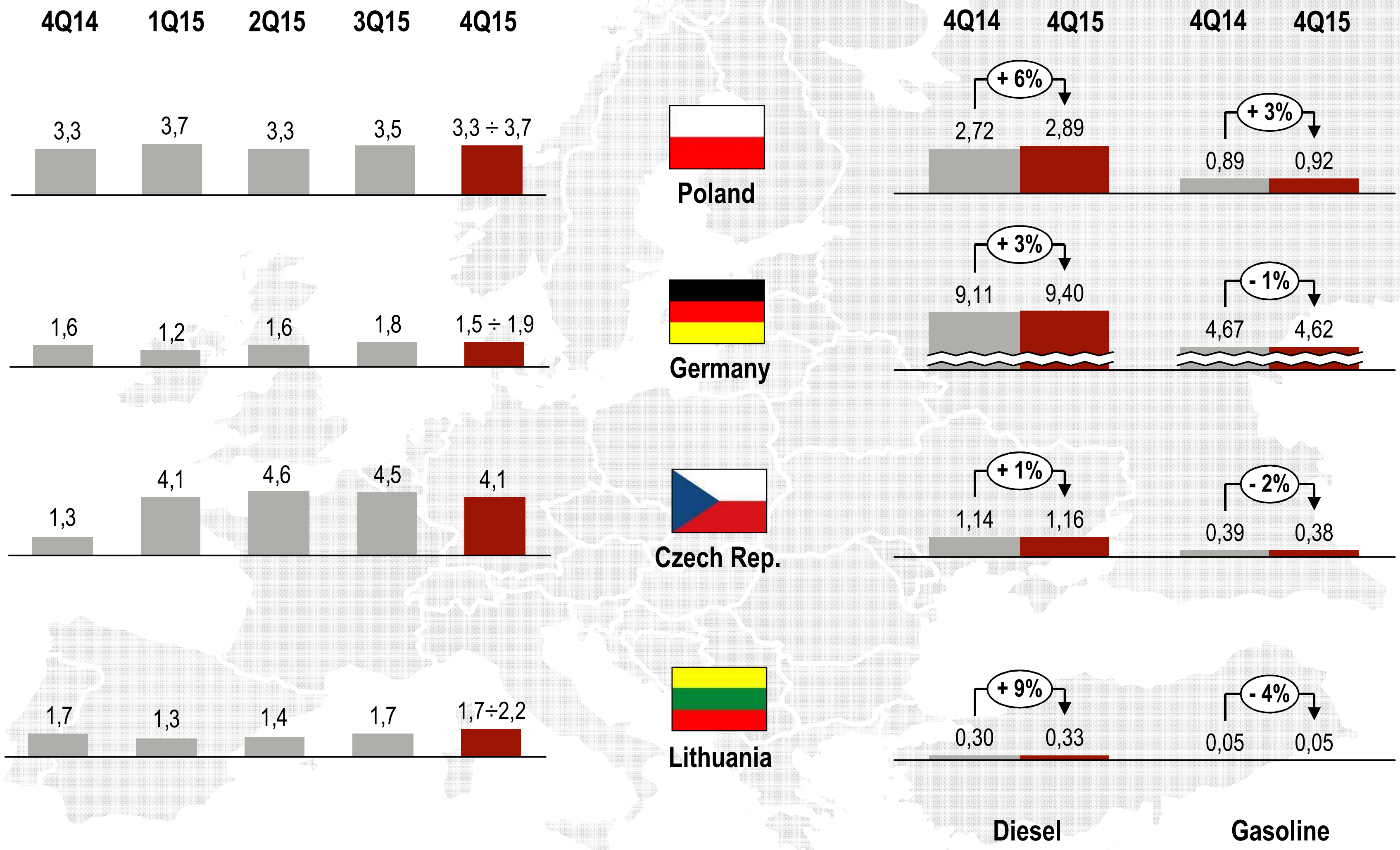
Weakening of PLN against USD and EUR
USD/PLN and EUR/PLN exchange rate



Diesel consumption increase correlated with GDP increase

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

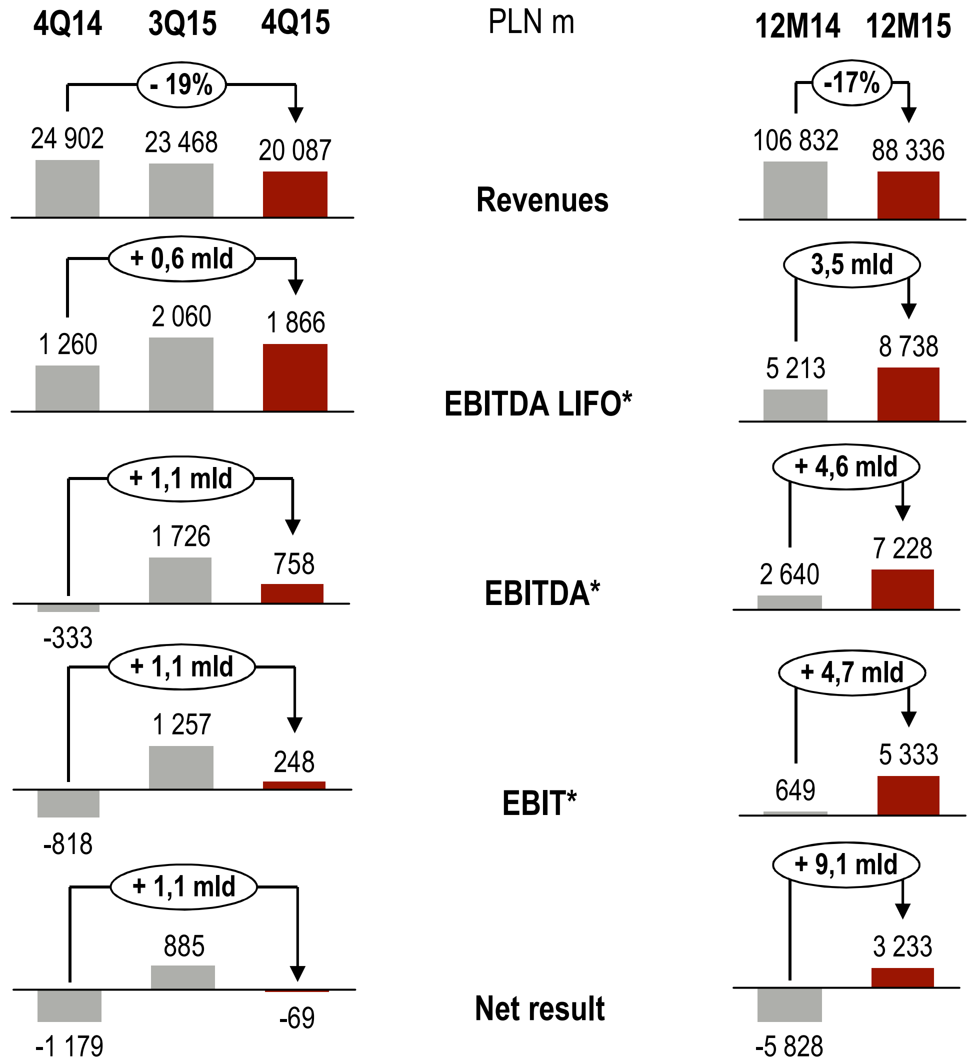
Fuel consumption (diesel, gasoline)[2]
mt



[1] Poland – Statistical Office (GUS) / not unseasonal data; (Germany, Lithuania) – Eurostat / not unseasonal data, the Czech Rep - OECD / unseasonal data, 4Q15 – estimates
[2] 4Q15 – own estimates based on available data from ARE, Lithuanian Statistical Office, Czech Statistical Office and German Association of Petroleum Industry

Agenda

Financial results in 4Q15



Revenues: decrease due to lower crude oil prices limited by sales volumes increase

EBITDA LIFO: positive impact of macroeconomic environment and higher sales volumes limited by impact of inventory revaluation to net realisable value (NRV) according to IAS2 due to falling crude oil prices in amount of PLN (-) 0,2 bn

LIFO effect: PLN (-) 1,1 bn mainly due to lower crude oil prices in PLN

Financials' result: PLN (-) 0,2 bn mainly due to negative net FX and interest costs

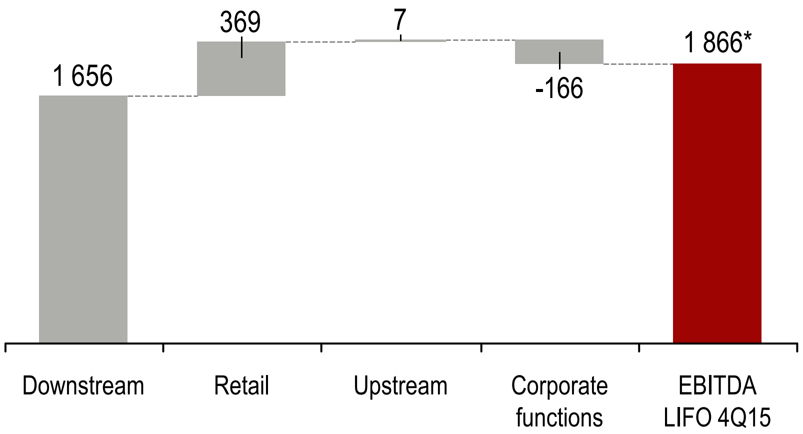
Net result: net loss in 4Q15 mainly due to significant negative LIFO effect impact and impairments of upstream assets of ORLEN Upstream Canada.

Unconsolidated net profit of PKN ORLEN SA for 2015 amounted to PLN 1048 m

* Data before impairments of assets:
4Q14: PLN (-) 0,3 bn regarding mainly upstream assets of ORLEN Upstream Canada
3Q15: PLN (-) 0,1 bn regarding mainly petrochemical assets of Unipetrol
4Q15: PLN (-) 0,4 bn regarding mainly upstream assets of ORLEN Upstream Canada
12M14: PLN (-) 5,4 bn, of which mainly: ORLEN Lietuva PLN (-) 4,2 bn, Unipetrol PLN (-) 0,7 bn , ORLEN Upstream Canada PLN (-) 0,3 bn
12M15: PLN (-) 1,0 bn, of which mainly: ORLEN Upstream PLN (-) 0,4 bn, Unipetrol PLN (-) 0,1 bn , ORLEN Upstream Canada PLN (-) 0,4 bn

EBITDA LIFO

Segments' results in 4Q15
PLN m



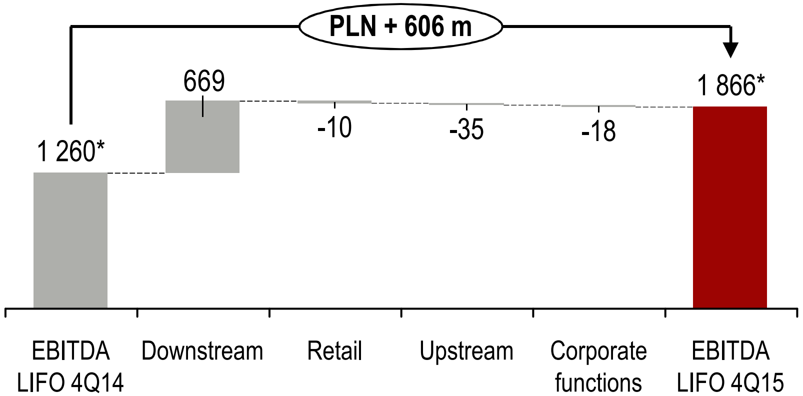
Positive impact (y/y) of:

- sales increase by 5%
- macro environment improvement mainly due to weakening of PLN against USD by 16% and lower costs of internal consumption derived from lower crude oil prices
- non-fuel margin increase in retail
- inventory revaluation to net realisable value (NRV)

offset by negative impact (y/y) of:

- downstream margin decrease by (-) 0,6 USD/bbl
- maintenance shutdowns, mainly: ethylene unit due to fire from 3Q15 (Unipetrol) and PX/PTA (PKN ORLEN S.A.)

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

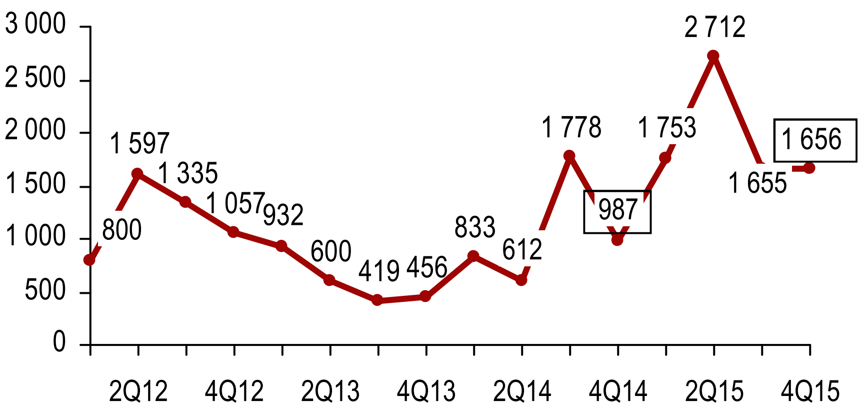


- **Downstream**: positive impact of macroeconomic environment, higher sales volumes and inventories revaluation to net realisable value (NRV) limited by negative effect of maintenance shutdowns
- **Retail**: lower fuel margins limited positive impact of sales increase and higher non-fuel margins
- **Upstream**: optimisation of production due to lower crude oil and gas prices

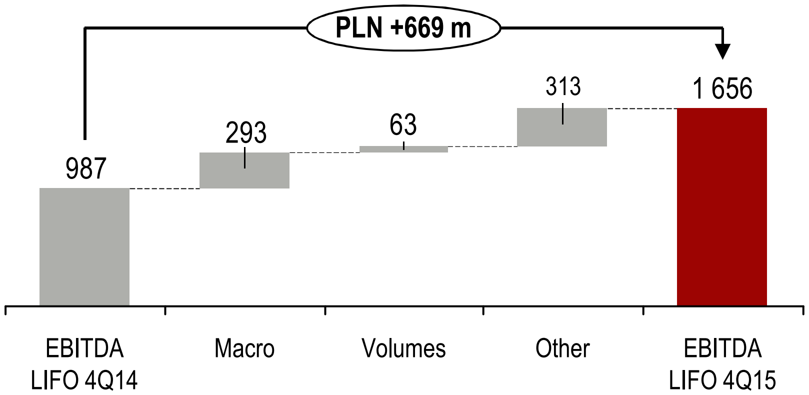
* Data before impairments of assets: :
4Q14: PLN (-) 0,3 bn regarding mainly upstream assets of ORLEN Upstream Canada
4Q15: PLN (-) 0,4 bn regarding mainly upstream assets of ORLEN Upstream Canada

Downstream – EBITDA LIFO
PLN 1,7 bn due to good macro and sales increase (y/y)

EBITDA LIFO quarterly (without impairments*)
PLN m



EBITDA LIFO – impact of factors
PLN m



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- Higher margins (y/y) on: HHO, gasoline, SN 150 and ethylene
- Weakening of PLN against USD by 16% (y/y)
- Crude oil throughput increase by 8% (y/y)
- Sales increase by 5% (y/y), of which: Poland (-) 5%, Czech Republic 21% i ORLEN Lietuva 15%
- Higher sales (y/y): gasoline by 23%, diesel by 16% and PVC by 1%

Other includes mainly:

- PLN 0,4 bn – revaluation of inventories to net realisable value (NRV), i.e. PLN (-) 0,6 bn in 4Q14 and PLN (-) 0,2 bn in 4Q15

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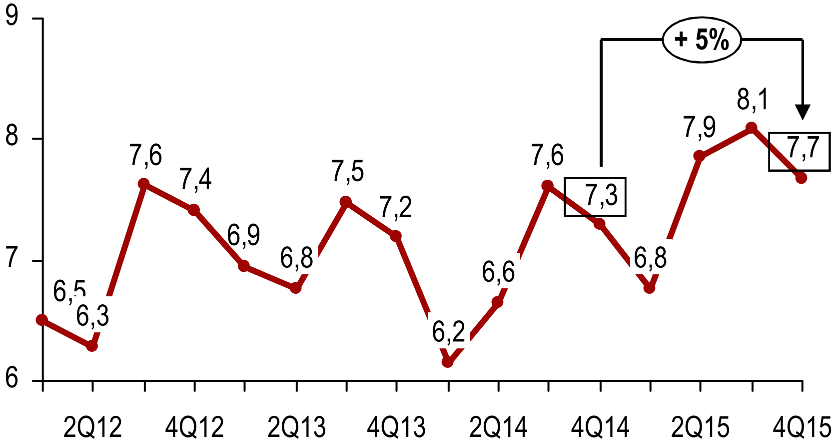
- Lower margins (y/y): diesel, propylene, benzene and PX
- Weakening of EUR against USD by 12% (y/y)
- Lower utilisation ratio by (-) 1pp (y/y) due to limited crude oil throughput in the Czech Rep. following ethylene unit breakdown in Unipetrol from 3Q15
- Lower sales (y/y): olefins by (-) 9%, polyolefins by (-) 60% due to ethylene unit breakdown in Unipetrol, fertilisers by (-) 2% and PTA by (-) 17% due to maintenance shutdown

Macro: margins and differential PLN 69 m, exchange rate PLN 224 m
* Impairments: 4Q12 = PLN (-) 0,7bn, 2Q14 = PLN (-) 5,0 bn; 3Q15 = PLN (-) 0,1 bn

Downstream – operational data
Higher crude oil throughput by 8% and sales by 5% (y/y)

Sales volumes

mt



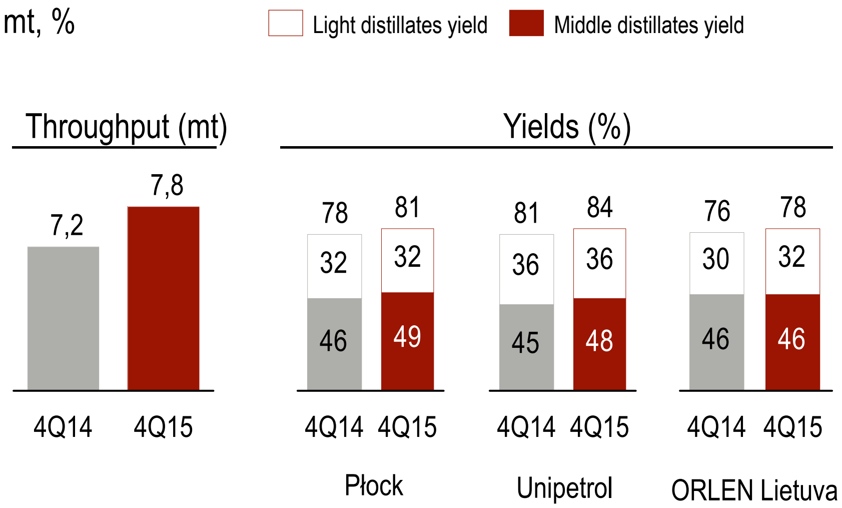
Utilization ratio

%

Refineries	4Q14	3Q15	4Q15	Δ (y/y)
Płock	89%	104%	94%	5 pp
Unipetrol	88%	85%	72%	-16 pp
ORLEN Lietuva	87%	86%	90%	3 pp
Petrochemical installations				
Olefins (Płock)	85%	86%	90%	5 pp
Olefins (Unipetrol)	90%	37%	0%	-90 pp
BOP	81%	76%	79%	-2 pp

Crude oil throughput and fuel yield

mt, %



- Higher throughput by 8% at lower utilisation by (-) 1pp (y/y), of which: 5pp in Płock, 3pp in ORLEN Lietuva and (-) 16pp (y/y) in Unipetrol due to ethylene unit breakdown from 3Q15
- Higher yields (y/y) in all refineries of ORLEN Group
- Poland – lower refining sales (mainly HHO and diesel at higher volumes of gasoline and Jet fuel). Higher sales of olefins and PVC at lower PTA sales due to planned maintenance shutdown
- Czech Republic – higher refining sales due to CR stake increase and market situation improvement. Lower sales of olefins and polyolefins as a result of breakdown in Litvinov
- ORLEN Lietuva – higher seaborne and land sales

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
- 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)

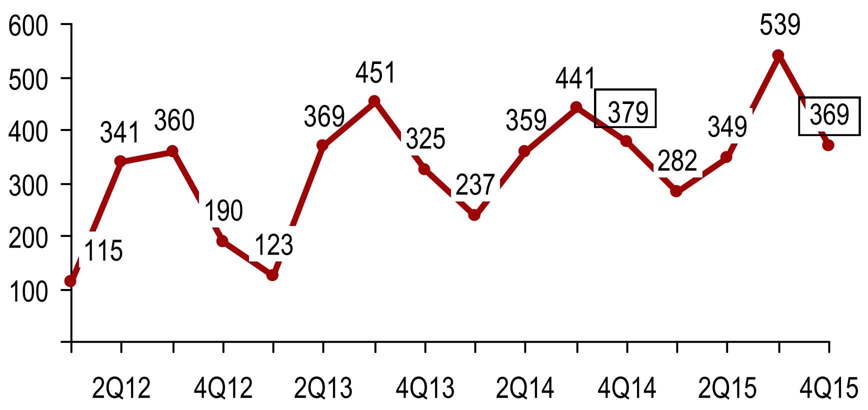
- In 4Q15 finalisation of start-up works of all auxiliary systems and gas turbine
- Continuation of works regarding first synchronisation of unit and delivering energy to PSE system – (first synchronisation was January 12, 2016)
- Infrastructure works completed
- CAPEX PLN 1,4 bn
- Planned start-up 2Q16

Building a CCGT in Plock (596 MWe)

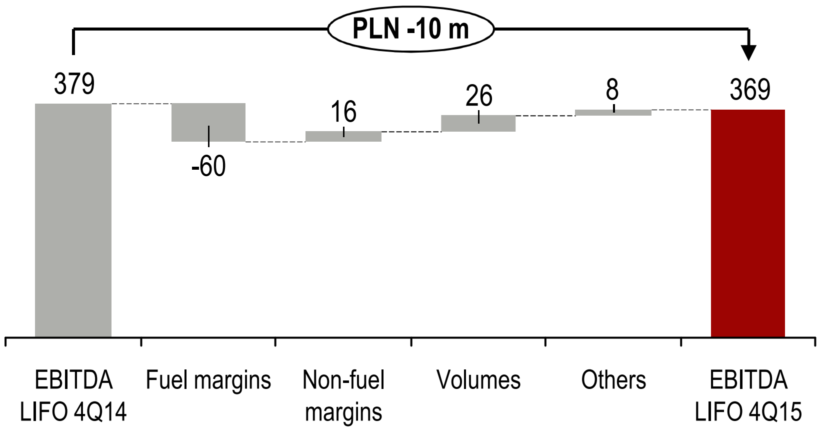
- In 4Q15 a complex basic project of CCGT was conducted
- Foundation works for main technological objects, i.e. boiler house and engine room were started
- Final tests of gas turbine and generator. Building of recycling boiler and chimney in progress
- Tender for contractor of 400kV power line
- CAPEX PLN 1,65 bn
- Planned start-up at the end of 4Q17

Retail – EBITDA LIFO
Sales increase by 3% at lower fuel margins (y/y)

EBITDA LIFO quarterly (without impairments)
PLN m



EBITDA LIFO – impact of factors
PLN m



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- Sales increase by 3% (y/y)
- Market share increase in the Czech Rep. and Lithuania (y/y)
- Improvement of non-fuel margins (y/y) on Polish and Czech markets
- 1404 Stop Cafe and Stop Cafe Bistro locations in Poland; increase by 154 locations (y/y)

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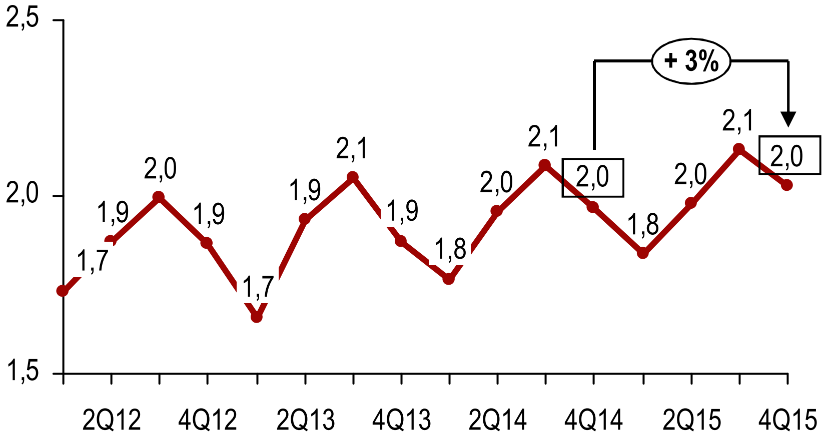
- Market share decrease in Poland and Germany (y/y)
- Lower fuel margins (y/y) on all markets
- Lower non-fuel margins (y/y) on German market
- Maintaining of ‘grey zone’ in Poland

Retail – operational data
Sales increase and further growth of non-fuel offer

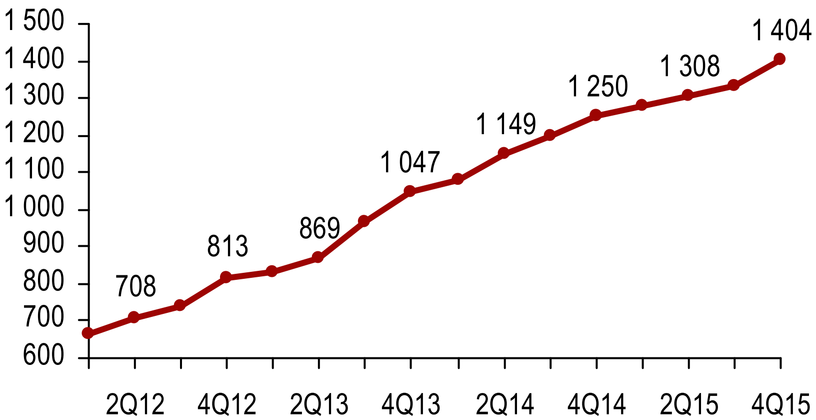
Sales volumes
mt



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

	# stations	Δ y/y	% market	Δ y/y
PL	1 749	-19	36,7%	- 0,1 pp
DE	565	6	6,0%	- 0,1 pp
CZ	339	0	15,8%	0,6 pp
LT	26	0	3,6%	0,1 pp

Number of Stop Cafe and Bistro Cafe locations in Poland
#



- Sales increase by 3% (y/y), including: increase in Poland by 4%, the Czech Rep. by 15%, Lithuania by 4% at comparable sales in Germany
- Market shares increase (y/y) in the Czech Rep. by 0,6 pp and Lithuania by 0,1 pp
- 2679 stations at the end of 4Q15 , i.e. decrease of stations in total by (-) 13 (y/y) including: decrease in Poland by (-) 19 stations at increase in Germany by 6 stations
- Further growth of non-fuel offer by launching in 4Q15 next 69 Stop Cafe and Stop Cafe Bistro locations in Poland

Upstream
Exploration projects in Poland

Poland

4Q15

- Project and analytics works were continued and acquisition/processing of seismic 2D and 3D data were started. Preparation works of areas development and administration works connected with adoption of concessions were in process.
- Closing of 100% FX Energy acquisition, which increase portfolio of conducted projects in Poland by 3 new E&P areas. Production in December from acquired assets amounted to 1,3 th. boe/d. Assets consolidated from 31 December 2015.

Total reserves of crude oil and gas (2P)

Ca. 8 m boe (100% gas)

4Q15

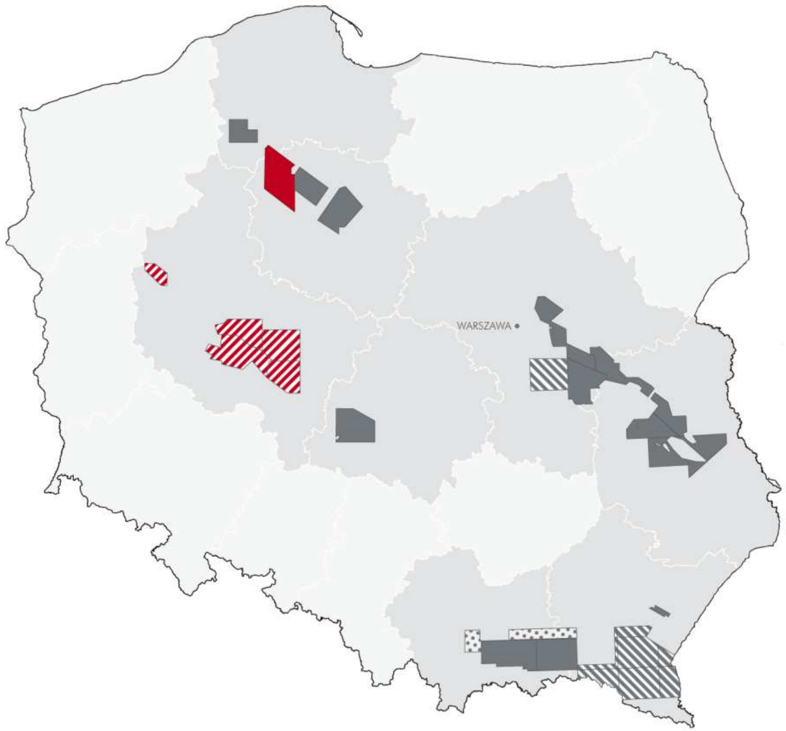
EBITDA: PLN (-) 7 m

CAPEX: PLN 50 m

12M15

EBITDA*: PLN (-) 30 m

CAPEX: PLN 96 m



Exploration assets

With cooperation: Warsaw South (51% of shares), Bieszczady (49% of shares)

ORLEN Upstream 100% of shares : Karbon, Lublin Shale, Mid-Poland Unconventional, Karpaty, Miocen, Edge

Requested areas

Exploration and production assets

With cooperation: Sieraków (49% of shares), Płotki** (49% of shares)

ORLEN Upstream 100% of shares: Edge

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

** Production from Płotki project (100% gas)

Upstream
Production projects in Canada

Canada

4Q15

- Drilling of 2 new wells (1,7 net*) were started, 3 fracking (3,0 net*) were done and 5 wells (5,0 net*) were included to production
- Closing acquisition of Kicking Horse Energy Ltd., thanks to which 2P reserves in Canada increased by ca. 40 m boe. Production in December from acquired assets (Kakwa area) amounted to 4,6 th. boe/d. Assets consolidated from 31 December 2015.

Total reserves of crude oil and gas (2P)

Ca. 89** m boe (46% liquid hydrocarbons, 54% gas)

4Q15

Average production: 7,3 th. boe/d (45% liquid hydrocarbons)

EBITDA***: PLN 14 m

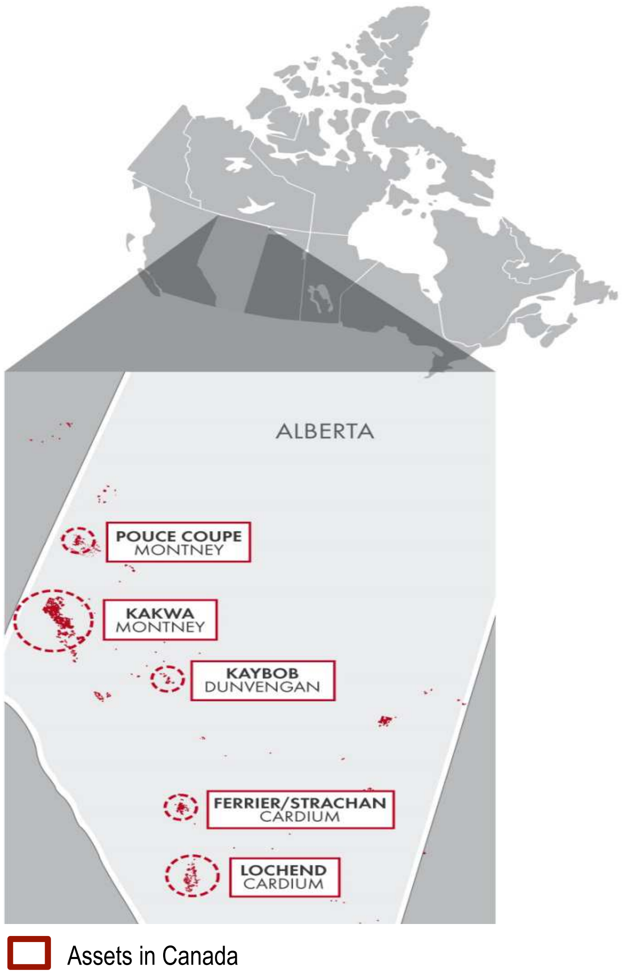
CAPEX: PLN 43 m

2015

Average production : 7,1 th. boe/d (44% liquid hydrocarbons)

EBITDA***: PLN 74 m

CAPEX: PLN 195 m



- Assets in Canadian Alberta province are located in five areas: Lochend, Kaybob, Pouce Coupe, Ferrier/Strachan and Kakwa

* Number of wells multiplied by percent of share in particular asset
** Including acquisition of Kicking Horse Energy Ltd.
*** Data before impairment of assets in the amount of PLN (-) 423 m

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- **Liquidity and investments**
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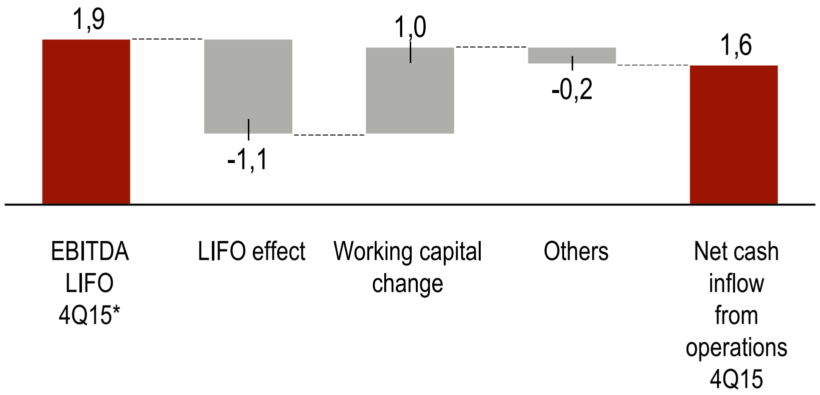
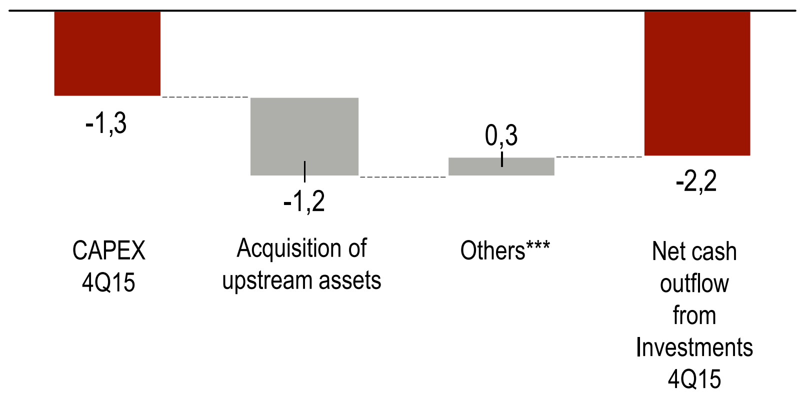
Cash flow

Cash flow from operations
PLN bn

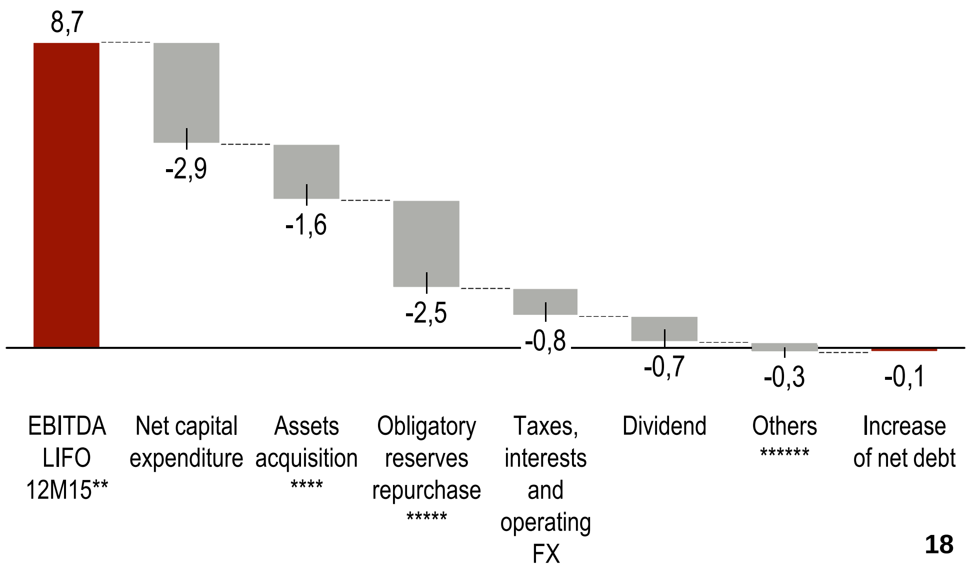


Cash flow from investments
PLN bn



- Working capital decrease in 4Q15 by PLN 1,0 m mainly as a result of inventories value decrease due to drop in crude oil price
- Obligatory reserves in the balance sheet at the end of 4Q15 amounted to PLN 4,5 bn, out of which PLN 4,2 bn in Poland

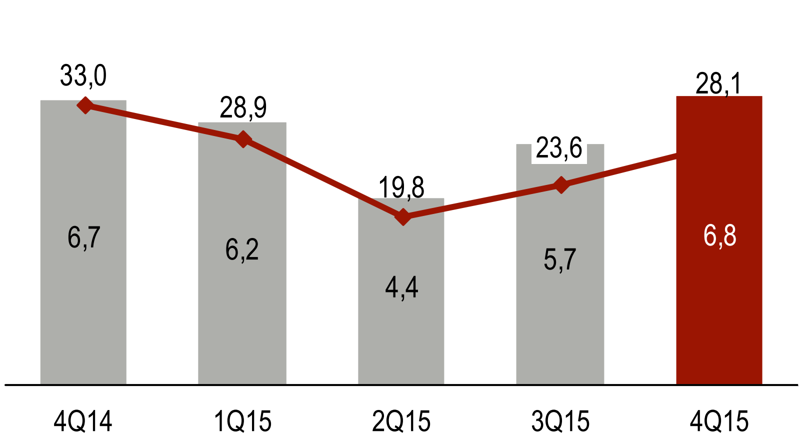
Free cash flow in 12M15
PLN bn



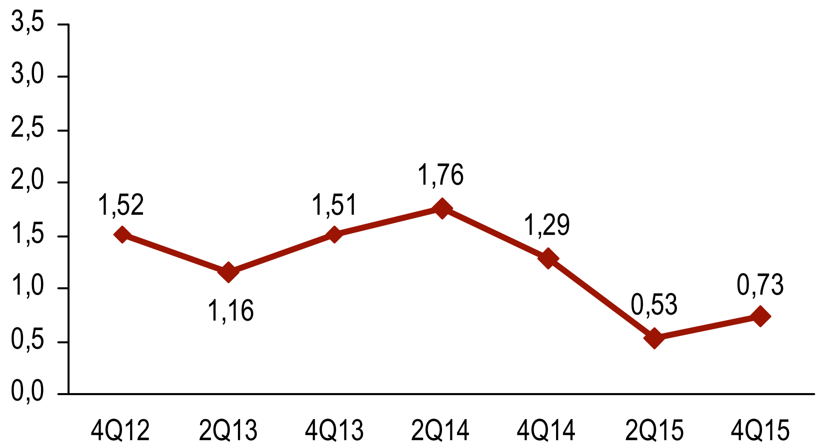
*/** Data before impairments:
4Q15: PLN (-) 0,4 bn / 12M15: PLN (-) 1,0 bn
*** including mailny: dividends received and fixed assets sales proceeds
**** including PLN (-) 0,4 bn net debt of aquired assets
***** repurchase in total amounted to PLN (-) 3,7 bn, of which PLN 1,2 bn lowered EBITDA LIFO
****** including: PLN 1,2 bn of working capital change adjusted by PLN (-) 1,5 bn of LIFO effect

Safe level of debt and financial gearing

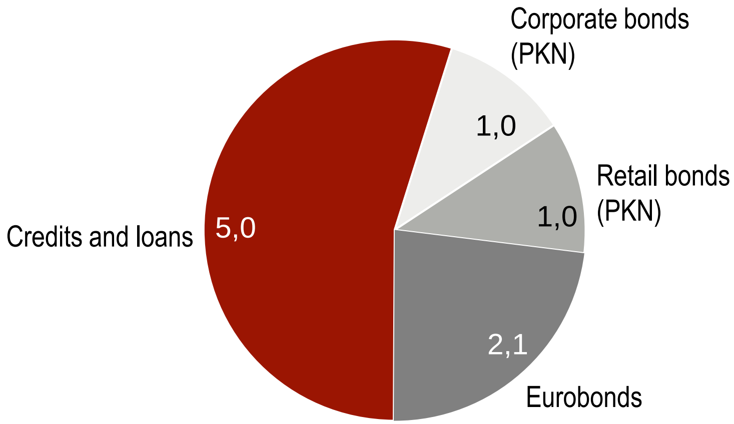
Net debt and gearing
PLN bn, %



Net debt/EBITDA LIFO



Diversified sources of financing (gross debt)
PLN bn

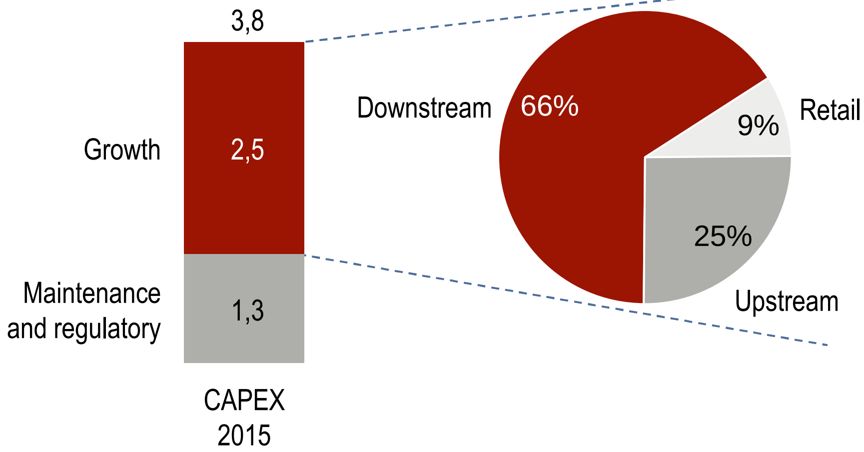


- Gross debt structure:
  EUR 55%, PLN 33%, USD 6%, CAD 6%
- Net debt increase by PLN 1,1 bn (q/q) due to positive cash flow from operations of PLN 1,6 bn, reduced by cash outflow from investments of PLN (-) 2,2 bn, impact of FX from credit valuation of PLN (-) 0,1 bn and net debt of upstream companies taken over in 4Q15 of PLN (-) 0,4 bn
- Average maturity for sources of financing to 4Q19

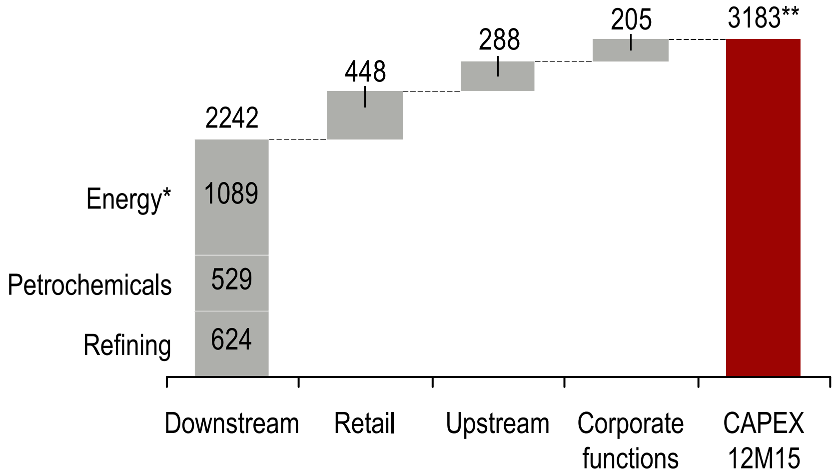
Capital expenditures

ORLEN

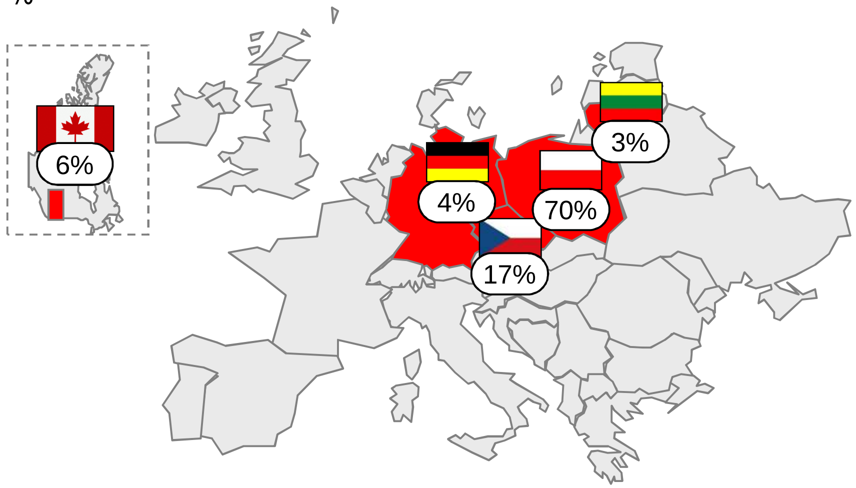
Planned CAPEX in 2015
PLN bn, %



Realised CAPEX 12M15 – split by segments
PLN m



Realised CAPEX 12M15 – split by countries
%



Major growth projects in 4Q15***

Downstream

- Building a CCGT in Wloclawek together with infrastructure
- Building a CCGT in Plock together with infrastructure
- CDU-IV installation modernization
- Rebuilt of the Steam Cracker in Litvinov

Retail

- Start-up of 27 fuel stations (including: 10 own stations in Poland, 8 in Germany and 1 in the Czech Rep.), 17 modernized (including: 7 own stations in Poland, 1 in the Czech Rep. and 2 in Lithuania)
- 69 Stop Cafe and Stop Cafe Bistro locations opened in Poland

Upstream

- Canada – PLN 43 m
- Poland – PLN 50 m

* Energy including mainly: CCGT in Wloclawek (industrial energy) and IOS, SCR (production energy)
** Does not include PLN 1,6 bn from acquisitions: PLN 1,5 bn Kicking Horse Energy and FX Energy and PLN 0,1 bn stake in Ceska Rafinerska
*** CAPEX 4Q15 amounted to PLN1296 m: Refining PLN 220 m, Petrochemicals PLN 258 m, Energy PLN 462 m, Retail PLN 201 m, Upstream PLN 93 m, CF PLN 62 m

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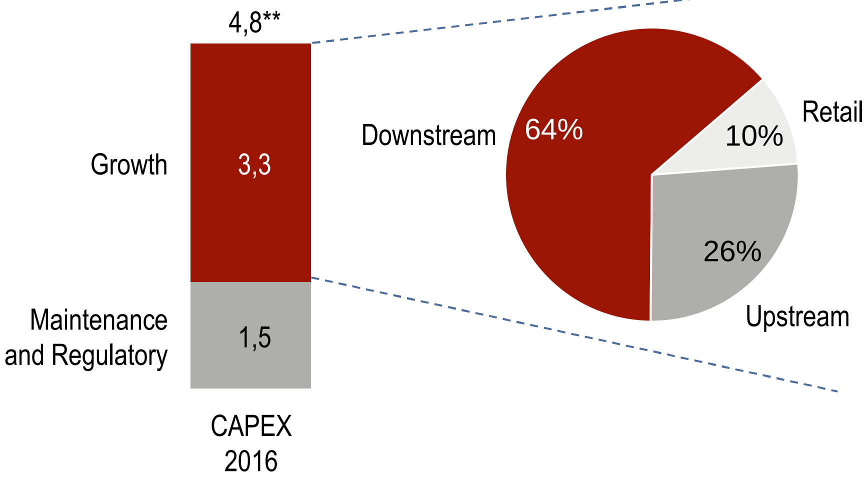
Plans for 2016

Planned CAPEX * in 2016 (base case scenario)

PLN bn, %



Main growth projects in 2016

Downstream
- Building of CCGT in Płock
- Building of Polyethylene Unit (PE3) in the Czech Republic

Retail
- Building of over 20 fuel stations in total in Poland, Germany and the Czech Rep.
- Modernisation of fuel stations and extension of the non-fuel offer

Upstream
- CAPEX in base case scenario: 60% Canada / 40% Poland
- CAPEX in base case scenario will be optimised depending on crude oil and gas prices

Main maintenance shutdowns plan

ORLEN
- CDU
- H-Oil
- HDS
- Olefin Unit
- Polyethylene/Polypropylene (BOP)
- PVC (Anwil)

ORLEN Lietuva
- Reforming
- HDS
- Visbreaking

Unipetrol ORLEN GROUP
- Steam Cracker (Litvinov)
- Polypropylene (Litvinov)
- Visbreaking (Litvinov)
- Hydrocracking (Litvinov)
- HDS (Kralupy)

ORLEN. Fuelling the future.

* CAPEX on property, plant and equipment (without acquisition)
** Excluding PLN 0,6 bn of estimated CAPEX on rebuilt of the Steam Cracker Unit in the Czech Rep.

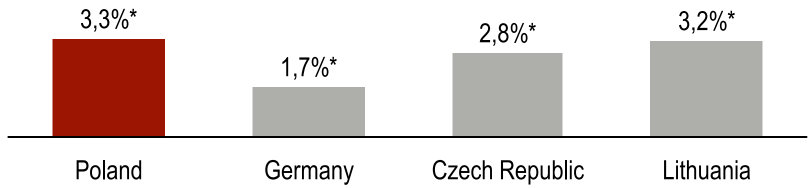
Market outlook for 2016

Macroeconomic environment

- **Brent crude oil price** – in base case scenario crude oil price is expected at comparable level to an average crude oil price from 2015. Factors that may cause crude oil price increase: demand increase, limited number of drillings in USA and high geopolitical risk
- **Downstream margin** – expected decrease of yearly average comparing to 2015, mainly due to lower cracks on diesel and petrochemical products. Despite the drop, downstream margin should still be pretty high due to favourable macro environment, i.e. lower crude oil price and increase in fuels and petrochemical products consumption

Economy

- **GDP outlook** – for Poland: 3,6% in 2015; 3,3% in 2016 and 3,5% in 2017 - NBP (November 2015)



- **Fuel consumption** – expected fuel demand increase, both gasoline and diesel in Poland and Baltics, flat demand in the Czech Rep. and demand decrease in Germany – JBC Energy (July – November 2015)

Regulatory environment

- **Grey zone** – existing significant grey market in fuel sector in Poland. Further regulatory actions targeting reduction of grey zone.
- **Obligatory crude oil reserves** – reduction of keeping reserves from 68 to 60 days in 2016 (ca. 0,3 mt). Reduction schedule: 68 days till 30 March / 63 days from 31 March to 30 September / 60 days from 1 October.
- **National Index Target** – the level of NIT in 2016 in Poland remains unchanged at 7,1%. NIT for PKN ORLEN is reduced to 6,035%.
- **Sales tax** – works on retail tax revenues implementation including fuel stations are progress

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* Poland (NBP, November 2015); Germany (RGE, November 2015); Czech Republic (CNB, November 2015); Lithuania (Lietuvos Bankas, December 2015)

Thank You for Your attention

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Agenda

Supporting slides

Results – split by quarters

PLN m	4Q14	3Q15	4Q15	Δ y/y	12M14	12M15	Δ
Revenues	24 902	23 468	20 087	-19%	106 832	88 336	-17%
EBITDA LIFO*	1 260	2 060	1 866	48%	5 213	8 738	68%
Effect LIFO	-1 593	-334	-1 108	30%	-2 573	-1 510	41%
EBITDA*	-333	1 726	758	-	2 640	7 228	174%
Depreciation	-485	-469	-510	-5%	-1 991	-1 895	5%
EBIT LIFO*	775	1 591	1 356	75%	3 222	6 843	112%
EBIT*	-818	1 257	248	-	649	5 333	722%
Net result	-1 179	885	-69	94%	-5 828	3 233	-

* Data before impairments of assets:
4Q14: PLN (-) 0,3 bn regarding mainly upstream assets of ORLEN Upstream Canada
3Q15: PLN (-) 0,1 bn regarding mainly petrochemical assets of Unipetrol
4Q15: PLN (-) 0,4 bn regarding mainly upstream assets of ORLEN Upstream Canada
12M14: PLN (-) 5,4 bn, of which mainly: ORLEN Lietuva PLN (-) 4,2 bn, Unipetrol PLN (-) 0,7 bn , ORLEN Upstream Canada PLN (-) 0,3 bn
12M15: PLN (-) 1,0 bn, of which mainly: ORLEN Upstream PLN (-) 0,4 bn, Unipetrol PLN (-) 0,1 bn , ORLEN Upstream Canada PLN (-) 0,4 bn

Results – split by segments

4Q15 PLN m	Downstream	Retail	Upstream	Corporate Functions	Total
EBITDA LIFO*	1 656	369	7	-166	1 866
Effect LIFO	-1 108	-	-	-	-1 108
EBITDA*	548	369	7	-166	758
Depretiation	-327	-95	-64	-24	-510
EBIT*	221	274	-57	-190	248
EBIT LIFO*	1 329	274	-57	-190	1 356

4Q14 PLN m	Downstream	Retail	Upstream	Corporate Functions	Total
EBITDA LIFO*	987	379	42	-148	1 260
Effect LIFO	-1 593	-	-	-	-1 593
EBITDA*	-606	379	42	-148	-333
Depretiation	-317	-91	-48	-29	-485
EBIT*	-923	288	-6	-177	-818
EBIT LIFO*	670	288	-6	-177	775

* Data before impairments of assets:
4Q14: PLN (-) 0,3 bn regarding mainly upstream assets of ORLEN Upstream Canada
4Q15: PLN (-) 0,4 bn regarding mainly upstream assets of ORLEN Upstream Canada

EBITDA LIFO – split by segments

PLN m	4Q14	3Q15	4Q15	Δ y/y	12M14	12M15	Δ
Downstream	987	1 655	1 656	68%	4 210	7 776	85%
Retail	379	539	369	-3%	1 416	1 539	9%
Upstream	42	10	7	-83%	152	44	-71%
Corporate functions	-148	-144	-166	-12%	-565	-621	-10%
EBITDA LIFO*	**1 260**	**2 060**	**1 866**	**48%**	**5 213**	**8 738**	**68%**

* Data before impairments of assets:
4Q14: PLN (-) 0,3 bn regarding mainly upstream assets of ORLEN Upstream Canada
3Q15: PLN (-) 0,1 bn regarding mainly petrochemical assets of Unipetrol
4Q15: PLN (-) 0,4 bn regarding mainly upstream assets of ORLEN Upstream Canada
12M14: PLN (-) 5,4 bn, of which mainly: ORLEN Lietuva PLN (-) 4,2 bn, Unipetrol PLN (-) 0,7 bn , ORLEN Upstream Canada PLN (-) 0,3 bn
12M15: PLN (-) 1,0 bn, of which mainly: ORLEN Upstream PLN (-) 0,4 bn, Unipetrol PLN (-) 0,1 bn , ORLEN Upstream Canada PLN (-) 0,4 bn

Results - split by companies

4Q15 PLN m	PKN ORLEN S.A.	Unipetrol 2)	ORLEN Lietuva 2)	Others and consolidation corrections	Total
Revenues	13 229	3 615	3 706	-463	20 087
EBITDA LIFO*	1 323	129	74	340	1 866
Effect LIFO[1)]	-1 112	-15	21	-2	-1 108
EBITDA*	211	114	95	338	758
Depreciation	282	70	13	145	510
EBIT*	-71	44	82	193	248
EBIT LIFO*	1 041	59	61	195	1 356
Financial income	237	87	12	-202	134
Financial costs	569	81	8	-370	288
Net result	-335	31	166	69	-69

* Data before impairments of assets:
4Q15: PLN (-) 0,4 bn regarding mainly upstream assets of ORLEN Upstream Canada

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	4Q14	3Q15	4Q15*	Δ y/y	12M14*	12M15	Δ
Revenues	1 414	1 057	953	-33%	6 222	4 138	-33%
EBITDA LIFO	-86	29	20	-	-74	289	-
EBITDA	-58	54	25	-	-74	295	-
EBIT	-61	51	21	-	-137	284	-
Net result	-68	50	43	-	-119	237	-

- Sales increase in 4Q15 by 15% (y/y) due to high seaborne sales and higher sales volumes in Lithuania, Latvia and Estonia despite limited gasoline sales in Ukraine. Lower revenues are reflecting drop in crude oil price and as a result refining products quotations.
- Refining utilisation increase by 3 pp (y/y) under favourable macro environment, higher by 2,0 pp (y/y) fuel yield due to optimisation of feedstock structure.
- EBITDA LIFO higher by USD 106 m (y/y): positive impact of macro environment and higher sales volumes at lower, compared with previous year, revaluation of inventories to net realisable value due to falling crude oil quotations.
- CAPEX: 4Q15 – USD 4,7 m / 12M15 – USD 22,2 m

* Data as of ORLEN Group consolidation and without impairments: 4Q15 in the amount of USD 1 m and 12M14 in the amount of USD (-) 1 374 m

UNIPETROL Group
Key elements of the profit and loss account

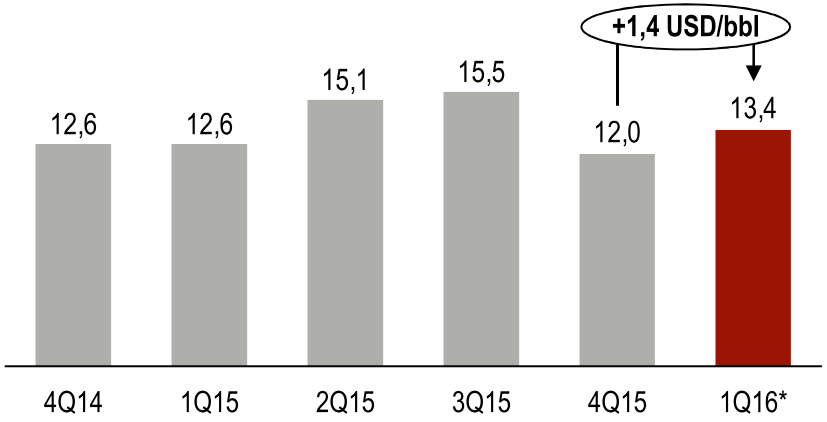
CZK m	4Q14*	3Q15	4Q15*	∆ y/y	12M14*	12M15*	∆
Revenues	28 939	29 452	22 956	-21%	124 229	108 907	-12%
EBITDA LIFO	2 573	3 597	824	-68%	7 857	11 604	48%
EBITDA	1 303	3 066	725	-44%	6 271	11 368	81%
EBIT	807	2 589	279	-65%	4 065	9 515	134%
Net result	771	2 081	206	-73%	3 538	7 706	118%

- Higher sales volumes in 4Q15 by 23% (y/y): higher refining volumes due to increased production capacity after acquisition of 32% CR stake 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 (-) 16 pp (y/y) down to 72% in 4Q15 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 to not working Olefins installation.
- EBITDA LIFO decrease by over CZK (-) 1,7 bn (y/y) due to lower petchem sales as a result of installations failure and higher (y/y) revaluation of inventories to net realisable value due to lower crude oil prices and products' margins in the amount of CZK (-) 0,1 bn, at higher refining volumes and positive macro impact.
- CAPEX: 4Q15 – CZK 1 885 m / 12M15 – CZK 3 345 m

* Data as of ORLEN Group consolidation and without impairments: 4Q14 in the amount of CZK (-) 170 m / 12M14 in the amount of CZK (-) 4 989 m and 4Q15 in the amount of CZK (-) 6 m / 12M15 in the amount CZK (-) 716 m

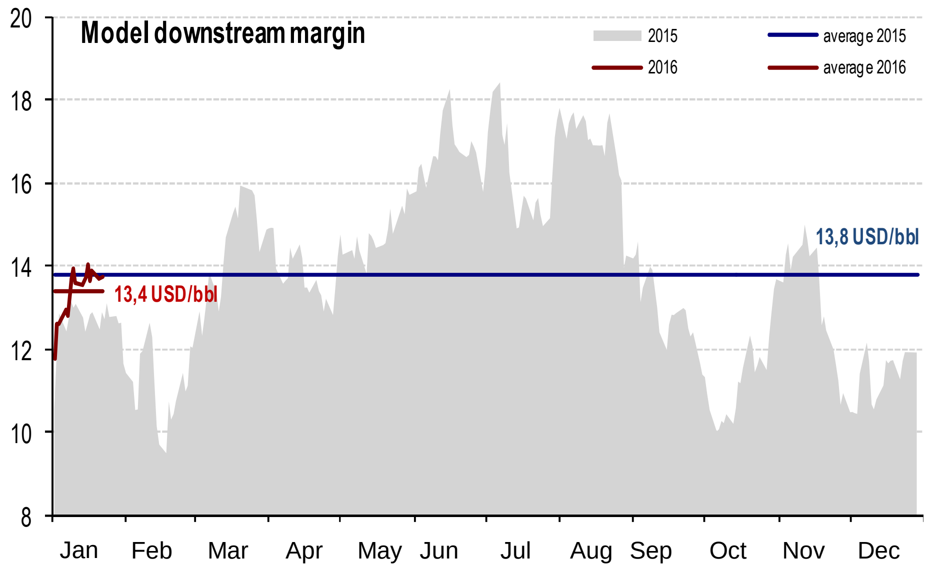
Macro environment in 1Q16

Downstream margin increase
Model downstream margin, USD/bbl

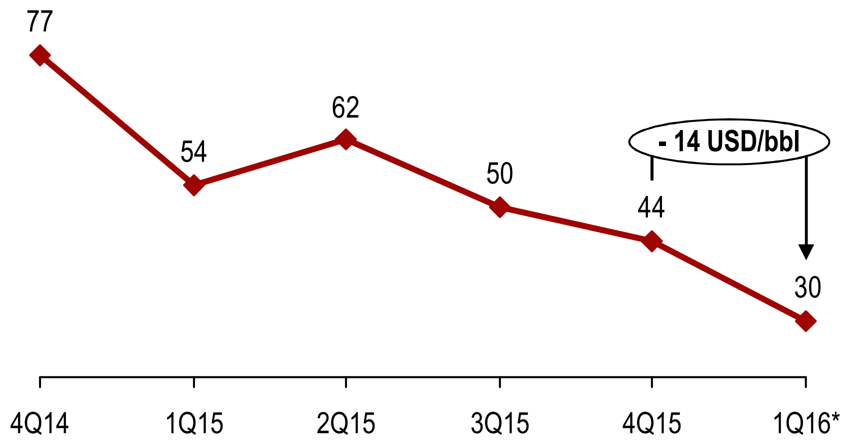


Product slate of downstream margin
Crack margins

Refining products (USD/t)	1Q15	4Q15	1Q16*	∆ (q/q)	∆ (y/y)
Diesel	123	85	56	-34%	-54%
Gasoline	140	140	173	24%	24%
HHO	-133	-147	-116	21%	13%
SN 150	166	197	299	52%	80%
Petchem products (EUR/t)					
Ethylene	505	604	687	14%	36%
Propylene	454	373	407	9%	-10%
Benzene	180	264	372	41%	107%
PX	336	427	487	14%	45%



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

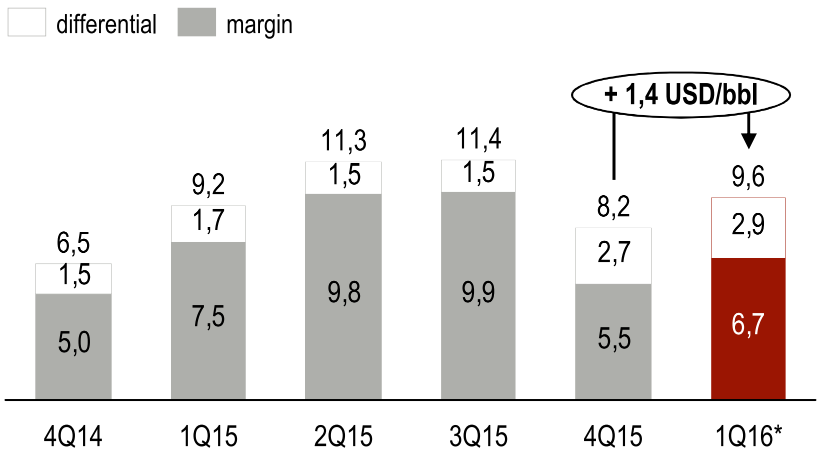


* Data as of 22.01.2016

Macro environment in 1Q16

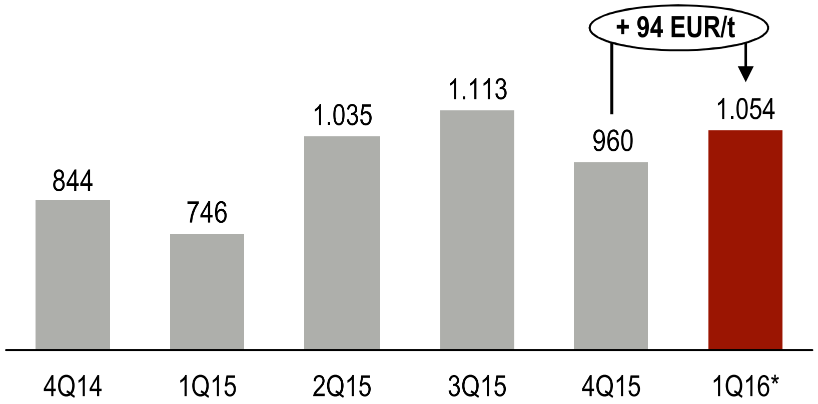
Refining margin and B/U differential increase

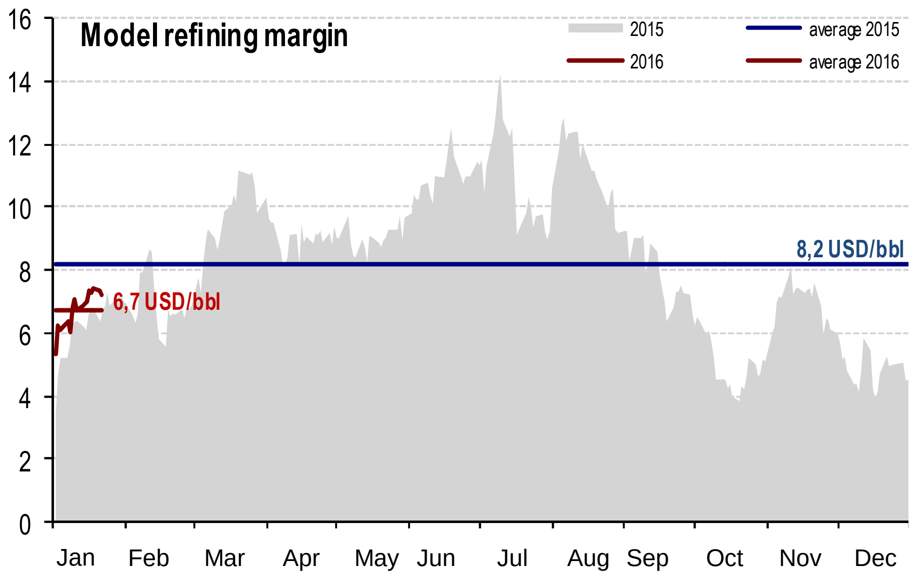
Model refining margin and Brent/Ural differential, USD/bbl

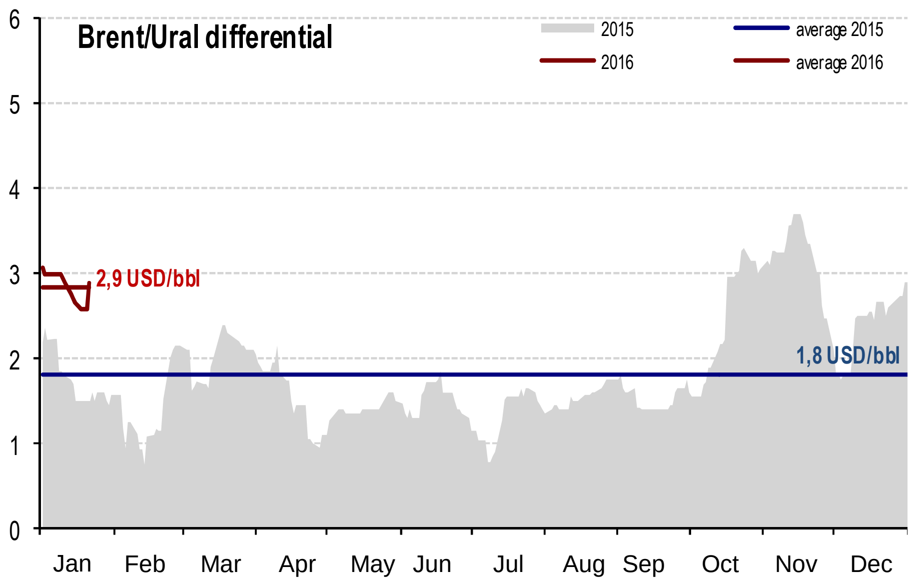


Petrochemical margin increase

Model petrochemical margin, EUR/t







* Data as of 22.01.2016

Production data

	4Q14	3Q15	4Q15	Δ y/y	Δ q/q	12M14	12M15	Δ
Total crude oil throughput in PKN ORLEN (tt)	7 221	8 332	7 776	8%	-7%	27 276	30 908	13%
Utilization in PKN ORLEN	89%	95%	88%	-1 pp	-7 pp	84%	90%	6 pp
Refinery in Poland [1]								
Processed crude (tt)	3 612	4 240	3 843	6%	-9%	14 278	15 674	10%
Utilization	89%	104%	94%	5 pp	-10 pp	88%	96%	9 pp
Fuel yield [4]	78%	77%	81%	3 pp	4 pp	77%	79%	2 pp
Middle distillates yield [5]	46%	47%	49%	3 pp	2 pp	46%	48%	2 pp
Light distillates yield [6]	32%	30%	32%	0 pp	2 pp	31%	31%	0 pp
Refineries in the Czech Rep. [2]								
Processed crude (tt)	1 302	1 840	1 567	20%	-15%	5 130	6 495	27%
Utilization	88%	85%	72%	-16 pp	-13 pp	89%	84%	-4 pp
Fuel yield [4]	81%	82%	84%	3 pp	2 pp	81%	82%	1 pp
Middle distillates yield [5]	45%	47%	48%	3 pp	1 pp	46%	47%	2 pp
Light distillates yield [6]	36%	35%	36%	0 pp	1 pp	35%	35%	0 pp
Refinery in Lithuania [3]								
Processed crude (tt)	2 214	2 195	2 301	4%	5%	7 497	8 486	13%
Utilization	87%	86%	90%	3 pp	4 pp	74%	83%	9 pp
Fuel yield [4]	76%	78%	78%	2 pp	0 pp	76%	77%	1 pp
Middle distillates yield [5]	46%	47%	46%	0 pp	-1 pp	46%	46%	0 pp
Light distillates yield [6]	30%	31%	32%	2 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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