PKN ORLEN consolidated financial results 2Q16



21 July 2016

#ORLEN2Q16@PKN_ORLEN

Agenda

- Key highlights 2Q16
- Macroeconomic environment
- Financial and operating results
- Liquidity and investments
- Market outlook for 2016

Key highlights 2Q16

ORLEN

Value creation

- EBITDA LIFO: PLN 2,6 bn
- Results under the pressure of macro and shutdowns
- Long-term contract with Saudi Aramco for crude oil delivery
- Building of Polyethylene Unit in Litvinov started

Financial strength

- Financial gearing: 19,8%
- Cash flow from operations: PLN 1,8 bn
- Dividend for 2015: PLN 2,00 per share
- Eurobonds issue: EUR 750 m

People

ORLEN WARSAW MARATHON NATIONAL RUNNING DAY

AMSTERDAM 2016 EUROPEAN ATHLETICS CHAMPIONSHIPS ORLEN

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Agenda

Key highlights 2Q16

Macroeconomic environment

Financial and operating results

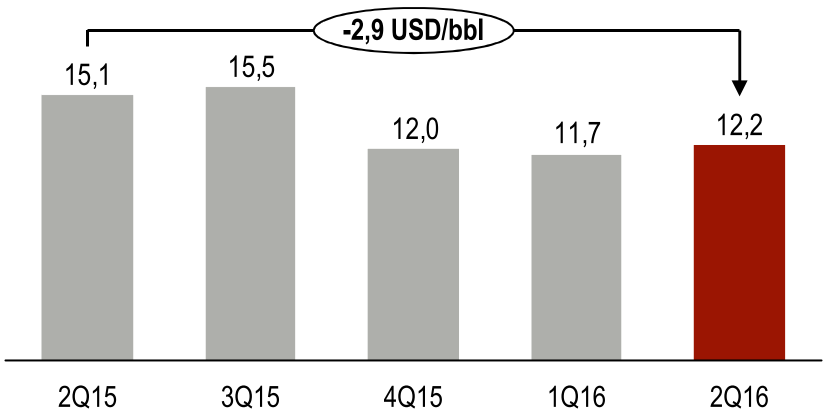
Liquidity and investments

Market outlook for 2016

Macro environment in 2Q16 (Y/Y)

Downstream margin decrease

Model downstream margin, USD/bbl



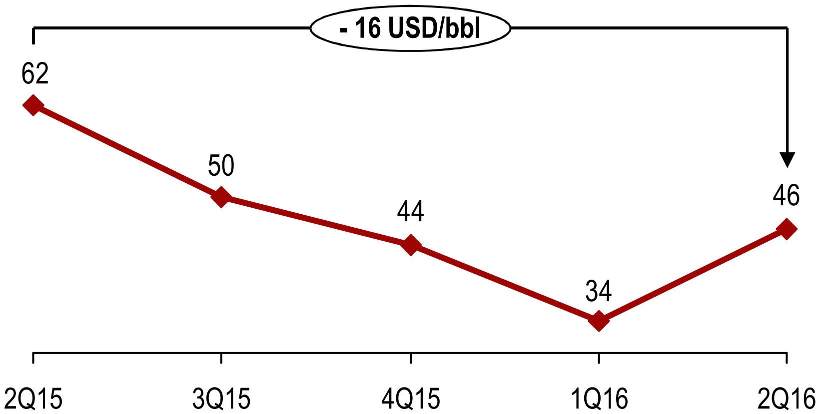
Product slate of downstream margin

Crack margins

Refining products (USD/t)	2Q15	1Q16	2Q16	Δ Y/Y
Diesel	116	60	71	-39%
Gasoline	215	143	170	-21%
HHO	-147	-122	-147	0%
SN 150	198	234	108	-45%
Petchem products (EUR/t)				
Ethylene	619	606	605	-2%
Propylene	557	342	334	-40%
Benzene	307	319	293	-5%
PX	411	459	438	7%

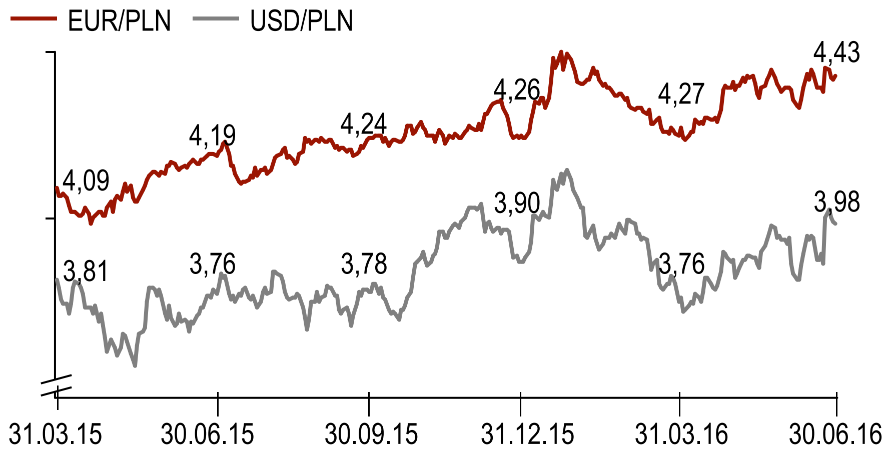
Crude oil price decrease

Average Brent crude oil price, USD/bbl

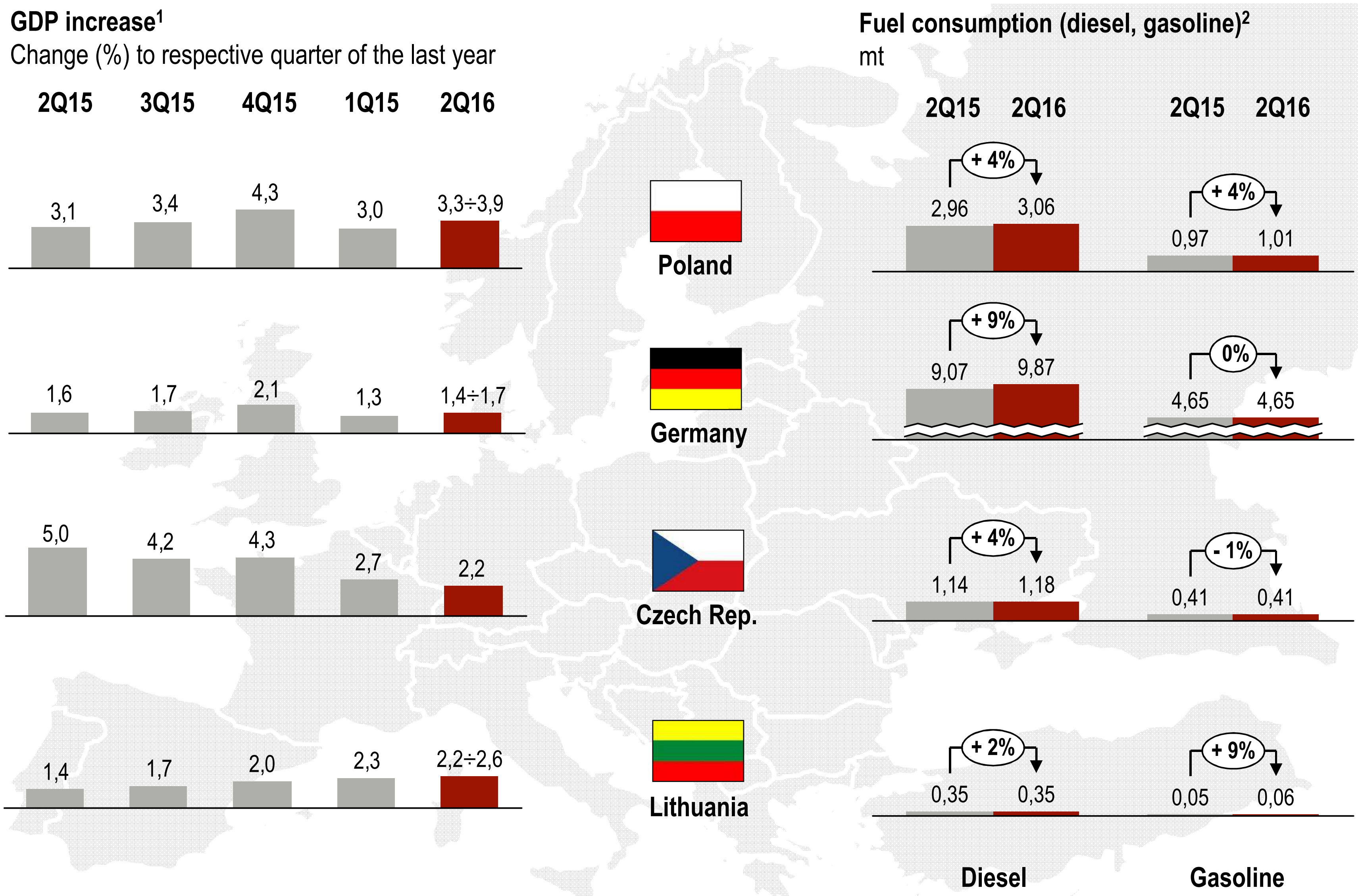


Weakening of average PLN against USD and EUR

USD/PLN and EUR/PLN exchange rate



Diesel consumption increase (Y/Y)



[1] Poland – Statistical Office (GUS) / not unseasonal data; (Germany, Lithuania) – Eurostat / not unseasonal data, the Czech Rep - OECD / unseasonal data, 2Q16 – estimates

[2] 2Q16 – PKN ORLEN estimates based on available data from ARE, Lithuanian Statistical Office, Czech Statistical Office and German Association of Petroleum Industry

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Key highlights 2Q16

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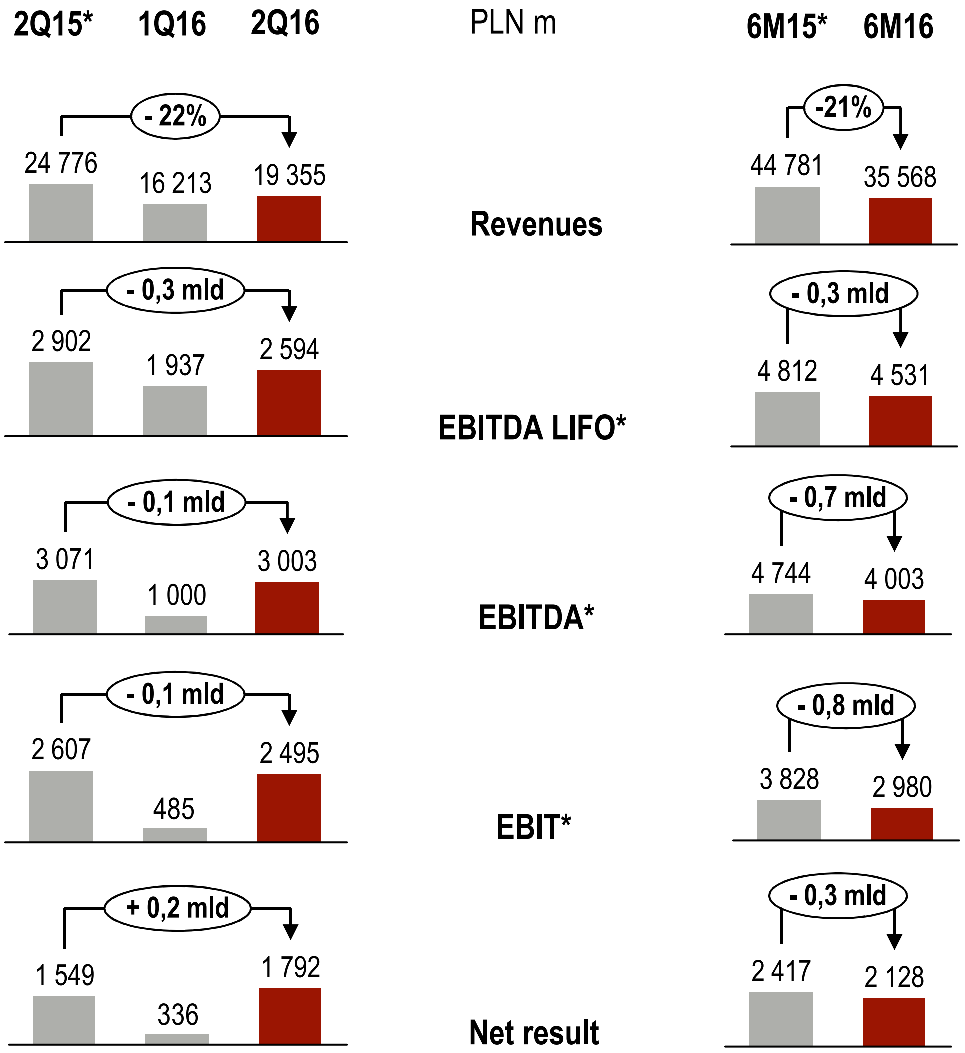
Market outlook for 2016

Financial results in 2Q16



Revenues: decrease by (-) 22% (Y/Y) due to lower crude oil price and lower sales volumes

EBITDA LIFO: decrease by PLN (-) 0,3 bn (Y/Y) due to negative impact of macro environment and lower sales volumes limited by positive impact of received partial compensation related to Steam Cracker fire in Litvinov

LIFO effect: PLN 0,4 bn in 2Q16 mainly due to rising crude oil prices in PLN terms

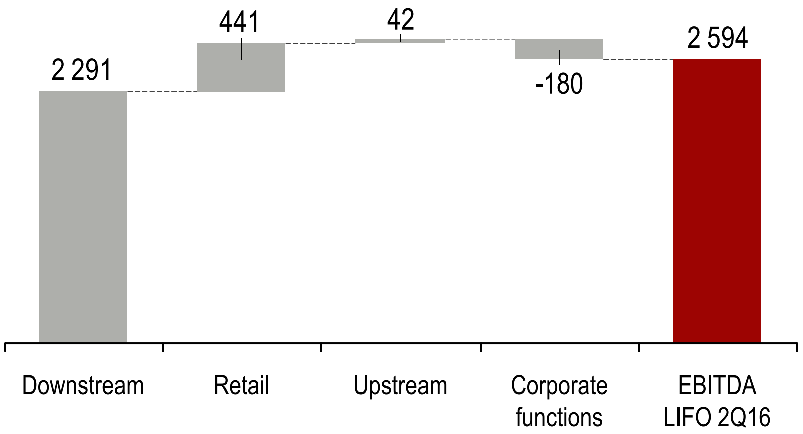
Financials' result: PLN (-) 0,5 bn mainly due to negative FX rates and interest costs

Net result: over PLN 2,1 bn of profit in the first half of 2016

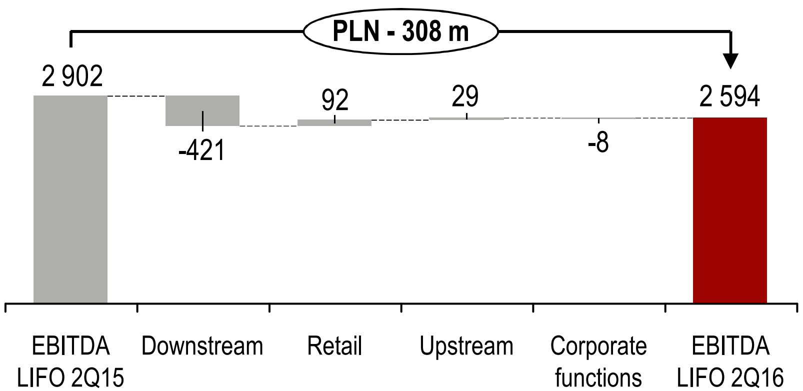
* Data before impairments of assets:
2Q15: PLN (-) 0,4 bn regarding mainly upstream assets of ORLEN Upstream in Poland
6M15: PLN (-) 0,4 bn regarding mainly upstream assets of ORLEN Upstream in Poland

EBITDA LIFO

Segments' results in 2Q16
PLN m



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



Positive impact (Y/Y) of:

- weakening of PLN vs USD by 5% and EUR by 7%
- higher fuel and non-fuel margins in retail
- PLN 0,6 bn of partial compensation related to Steam Cracker fire in Litvinov

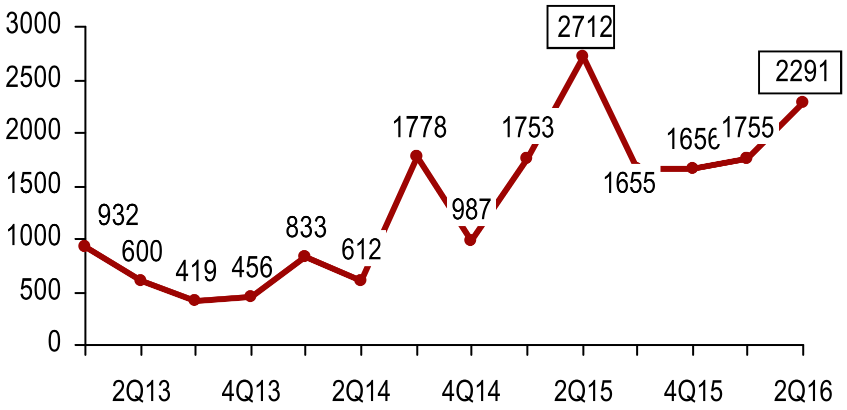
offset by negative impact (Y/Y) of:

- decrease of downstream margin by (-) 2,9 USD/bbl
- lower sales volumes by (-) 5%
- maintenance shutdowns, mainly:
  - HDS, H-Oil and Hydrocracking (PKN ORLEN),fertilisers (Anwil)
  - CDU, HDS and Visbreaking (ORLEN Lietuva)
  - cyclical maintenance and unplanned maintenance of Steam Cracker and FCC (Unipetrol)

- **Downstream**: negative impact of macro environment, maintenance shutdowns and lower sales volumes limited by positive impact of received partial compensation related to Steam Cracker fire in Litvinov
- **Retail**: positive impact of sales volumes increase and higher fuel and non-fuel margins
- **Upstream**: optimisation of production due to lower crude oil and gas prices. Higher production (Y/Y) due to acquisition of assets in Poland and Canada

Downstream – EBITDA LIFO
Results impacted by macro and maintenance shutdowns

EBITDA LIFO quarterly (without impairments*)
PLN m



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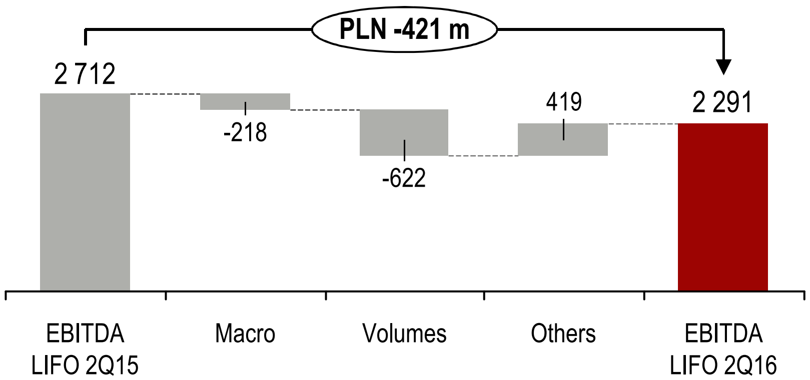
- Weakening of PLN vs USD by 5% and EUR by 7% (Y/Y)
- Higher sales volumes (Y/Y): gasoline 2%, PTA 11%
- Others include mainly PLN 0,6 bn of partial compensation related to Steam Cracker fire in Litvinov

EBITDA LIFO – impact of factors
PLN m



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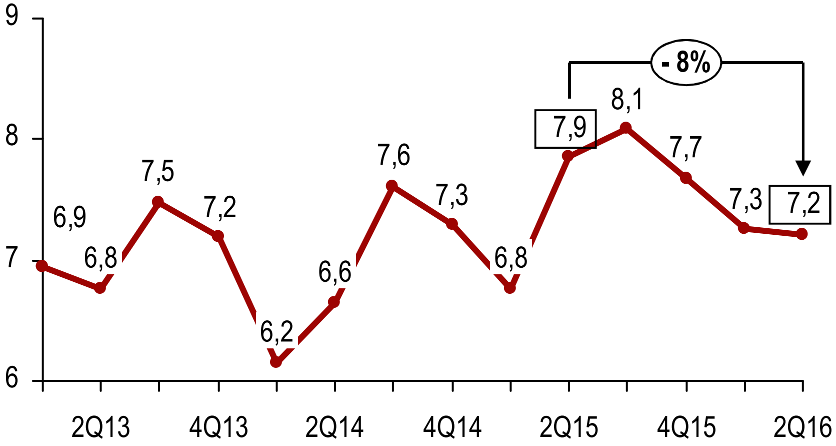
- Decrease of downstream margin by (-) 2,9 USD/bbl, (-) 19% (Y/Y)
- Lower throughput by (-) 15% and capacity utilisation by (-) 16pp (Y/Y) due to maintenance shutdowns
- Lower sales volumes by (-) 8% (Y/Y), of which: Poland (-) 9%, Czech Republic (-) 14% and ORLEN Lietuva (-) 3%
- Lower sales volumes (Y/Y): diesel (-) 9%, olefins (-) 18%, polyolefins (-) 62%, fertilisers (-) 12%, PVC (-) 12%
- Lower trade margins reflecting market situation

Macro: margins and differential PLN (-) 320 m, exchange rate PLN 102 m
* Impairments: 2Q14 = PLN (-) 5,0 bn; 3Q15 = PLN (-) 0,1 bn

Downstream – operational data
Lower throughput and sales (Y/Y) due to maintenance shutdowns

Sales volumes

mt



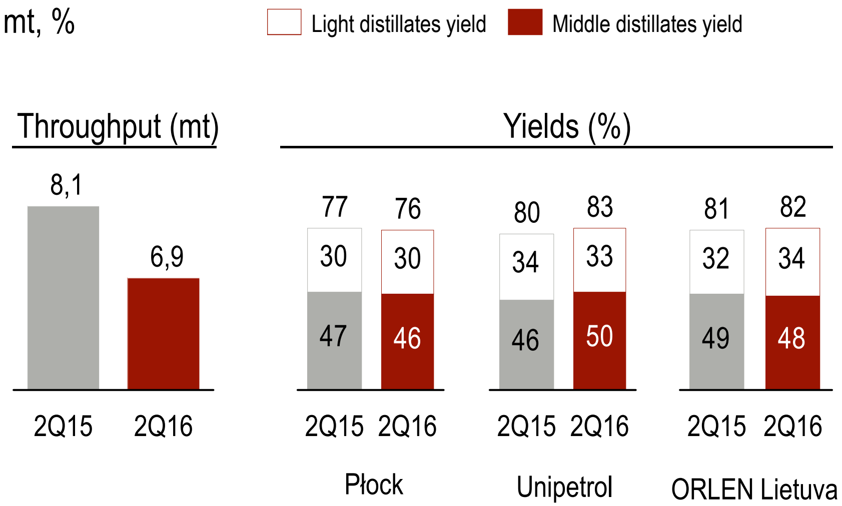
Utilization ratio

%

Refineries	2Q15	1Q16	2Q16	Δ (y/y)
Płock	100%	86%	94%	-6 pp
Unipetrol	95%	66%	46%	-49 pp
ORLEN Lietuva	86%	94%	79%	-7 pp
Petrochemical installations				
Olefins (Płock)	95%	94%	88%	-7 pp
Olefins (Unipetrol)	90%	0%	0%	-90 pp
BOP	91%	90%	86%	-5 pp

Crude oil throughput and fuel yield

mt, %



- Lower throughput by (-) 15% and capacity utilisation by (-) 16pp (Y/Y), of which: (-) 6pp in Płock due to maintenance of HDS, H-Oil and Hydrocracking, (-) 49pp in Unipetrol mainly due to unplanned maintenance of Steam Cracker and FCC and (-) 7pp in ORLEN Lietuva due to complex refining shutdown
- Poland – lower refining sales of fuels and heavy heating oil. Higher volumes of PTA at lower PVC and fertilisers sales due to market constraints and shutdown
- Czech Republic – lower petrochemical sales due to Steam Cracker shutdown from 3Q15 in Litvinov
- ORLEN Lietuva – higher volumes of inland sales limited by lower seaborne 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)

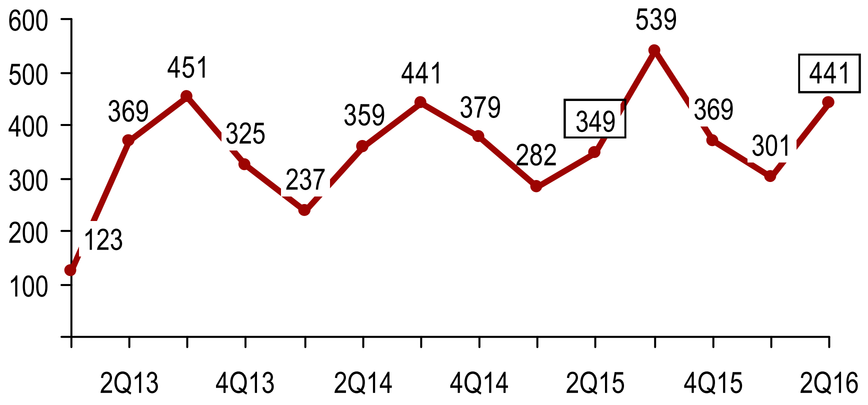
- In 2Q16 completion of grid tests with PSE (positive outcome)
- Finalisation of steam tests with Anwil
- Optimization processes of steam turbine and gas turbine
- Conclusion of annex to the agreement with Consortium GE/SNC defining defects detected during commissioning and further steps to undertake
- Till the mid-September 2016 the Power plant will be in hot commissioning, after which shutdown is scheduled to conduct the repairs, repeated guarantee measurements and trial run
- Planned commercial operation from 1Q17

Building a CCGT in Plock (596 MWe)

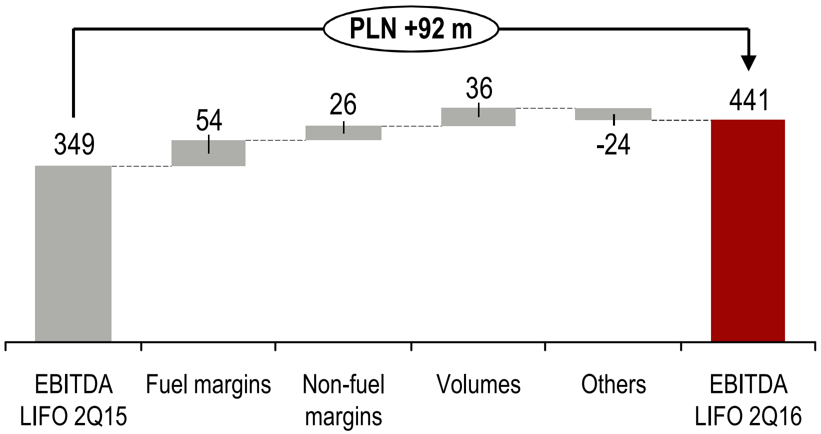
- In 2Q16 continuation of building and installation works for all technological objects and administration building
- Installation works of equipment started. High and intermediate pressure part of steam turbine was placed on foundation.
- Environmental decision received for 400 kV line
- Assembly works are ongoing on heat recovery steam generator
- CAPEX PLN 1,65 bn
- Planned start-up at the end of 4Q17

Retail – EBITDA LIFO
Sales volumes, fuel and non-fuel margins increase (Y/Y)

EBITDA LIFO quarterly (without impairments)
PLN m



EBITDA LIFO – impact of factors
PLN m



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- Sales increase by 4% (Y/Y)
- Market share increase in Czech Republic and Lithuania (Y/Y)
- Fuel margins increase on Polish, Czech and German market at stable margins on Lithuanian market (Y/Y)
- Increase of non-fuel margins at all markets (Y/Y)
- 1622 Stop Cafe and Stop Cafe Bistro locations; increase by 191 (Y/Y)

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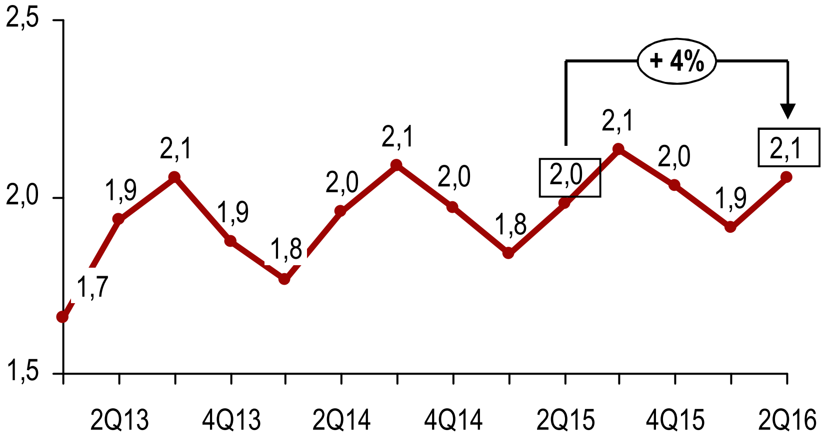
- Maintaining of 'grey zone' in Poland
- Others include mainly higher costs of running fuel stations connected with the higher sales volumes

Retail – operational data
Sales increase by 4% (Y/Y) and further growth of non-fuel offer

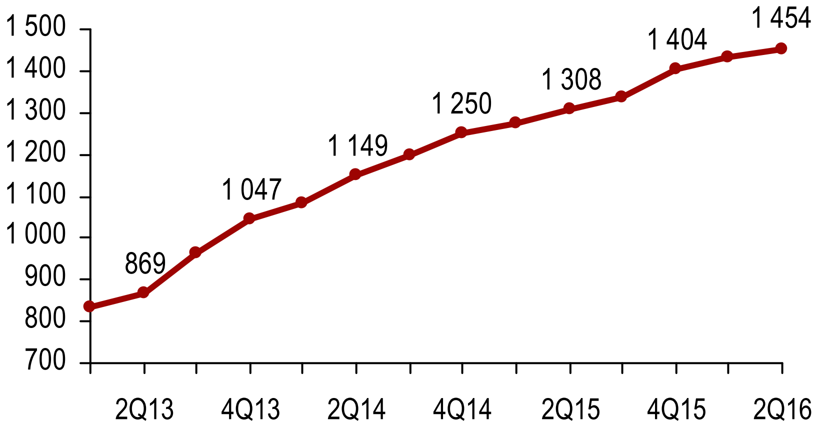
Sales volumes
mt



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

	# stations	Δ y/y	% market	Δ y/y
PL	1 752	-8	36,1%	0,0 pp
DE	574	16	6,0%	0,0 pp
CZ	342	4	16,8%	1,5 pp
LT	25	-1	3,8%	0,2 pp

Number of Stop Cafe and Bistro Cafe in Poland
#



- Sales increase by 4% (Y/Y), of which: increase in Poland by 6%, Czech Republic by 16%, Lithuania by 9% and Germany by 5%*
- Market share increase (Y/Y) in Czech Republic by 1,5 pp and in Lithuania by 0,2 pp
- 2693 stations at the end of 2Q16, i.e. increase of stations in total by 11 (Y/Y), of which: decrease in Poland by (-) 8, increase in Germany by 16 and Czech Republic by 4 and decrease by (-) 1 in Lithuania
- Further growth of non-fuel offer by launching 31 Stop Cafe and Stop Cafe Bistro locations in 2Q16. In total, at the end of 2Q16 there were 1622 locations, including: 1454 in Poland, 145 in the Czech Rep. and 23 in Lithuania

* Sales volumes growth realized on ORLEN Deutschland fuel stations. Sales volumes of ORLEN Deutschland recognized on consolidation level after elimination of intercompany transactions within ORLEN Group decreased by (-) 4% (Y/Y).

Upstream
Exploration and production projects in Poland

Poland

2Q16

- Acquisition of 3D seismic data in Mazovia and Lublin region has been finished, preparation for further acquisitions of seismic data on areas with PGNiG cooperation are in progress
- Drilling works and production tests on exploration well on Edge project have been finished
- Development of areas and preparatory works for drilling new wells were in progress
- New concession for exploration and recognition of hydrocarbons in Karpaty (Poręba-Tarnawa concession) was acquired

Total reserves of crude oil and gas (2P)

Ca. 8 m boe

2Q16

Average production: 1,3 th. boe/d (90% gas)

EBITDA: PLN 2 m

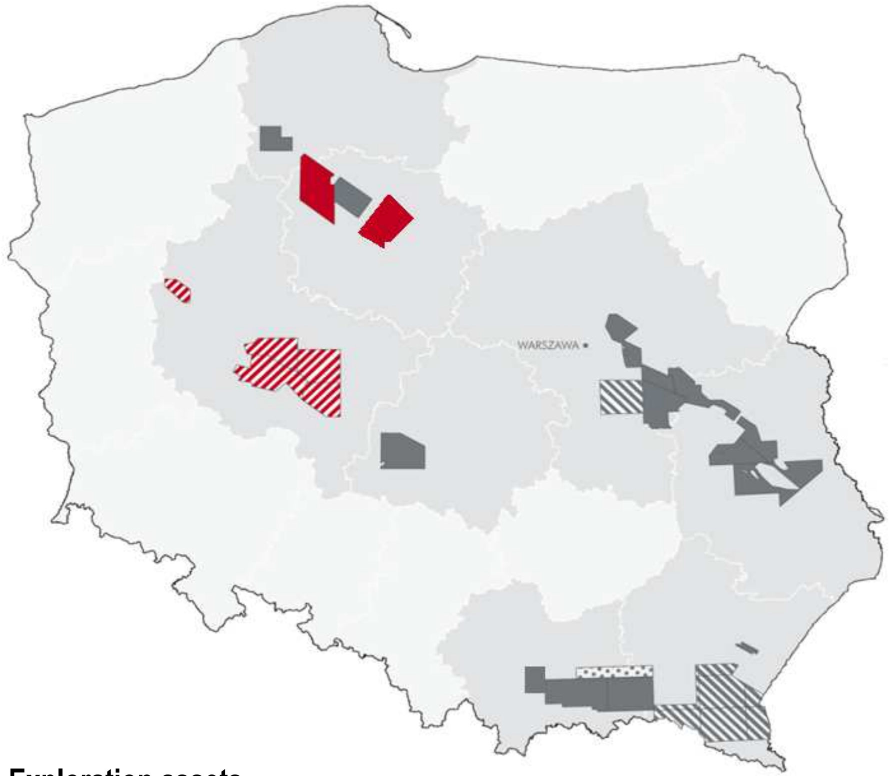
CAPEX: PLN 40 m

6M16

Average production: 1,4 th. boe/d (90% gas)

EBITDA: PLN 4 m

CAPEX: PLN 79 m



Exploration assets

- with cooperation: Warsaw South (51% of shares), Bieszczady (49% of shares)
- ORLEN Upstream 100% of shares: Karbon, Lublin Shale, Mid-Poland Unconventionals, 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

* Commercial production

Upstream
Production projects in Canada

Canada

Assets in Canadian Alberta province are located in 5 areas: Lochend, Kaybob, Pouce Coupe, Ferrier/Strachan and Kakwa

2Q16

- Drilling of 2 new wells (1,8 net*) has been started, 3 fracking procedures (2,8 net*) were done and 2 wells (1,5 net*) have been included into production

Total reserves of crude oil and gas (2P)

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

2Q16

Average production: 11,5 th. boe/d (47% liquid hydrocarbons)

EBITDA: PLN 40 m

CAPEX: PLN 140 m

6M16

Average production: 11,6 th. boe/d (47% liquid hydrocarbons)

EBITDA: PLN 65 m

CAPEX: PLN 227 m

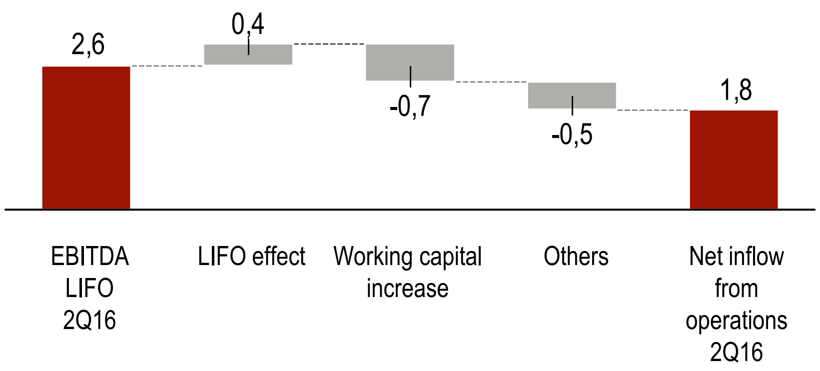
* Number of wells multiplied by percent of share in particular asset

Agenda

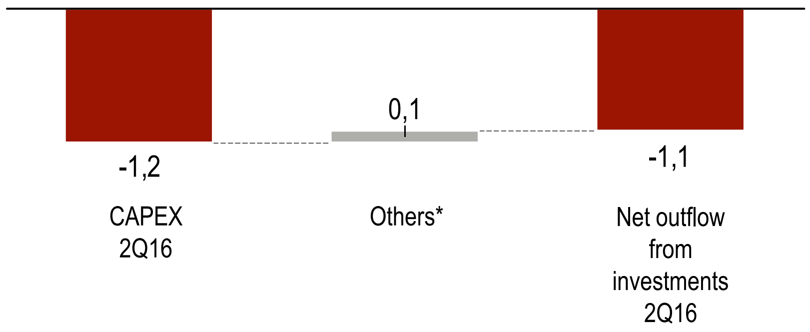
- Najważniejsze wydarzenia 2kw.2016r.
- Otoczenie makroekonomiczne
- Wyniki finansowe i operacyjne
- Płynność i inwestycje
- Perspektywy na 2016r.

Cash flow

Cash flow from operations
PLN bn

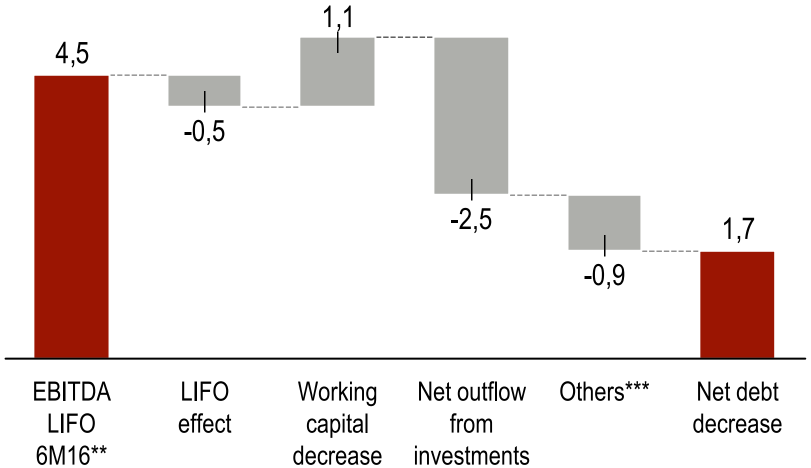


Cash flow from investments
PLN bn



- Working capital increase in 2Q16 by PLN 0,7 bn mainly as a result of inventories value increase due to rise in crude oil price in 2Q16
- Others of PLN (-) 0,5 bn include: PLN (-) 0,3 bn from prepayments from insurers for Property Damage and Business Interruption due to fire of Steam Cracker in Litvinov booked in 1Q16 in balance sheet and cash flow, but not in P&L and PLN (-) 0,1 bn share in the BOP result
- Obligatory reserves in the balance sheet at the end of 2Q16 amounted to PLN 4,2 bn, out of which PLN 3,8 bn in Poland

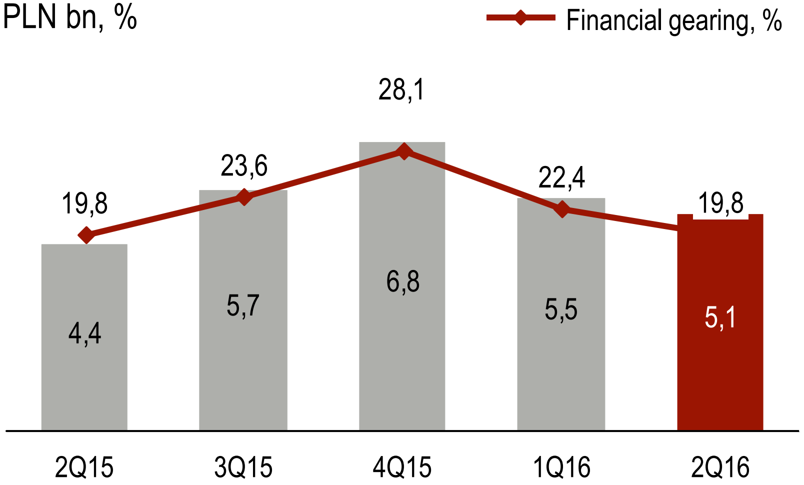
Free cash flow in 6M16
PLN bn



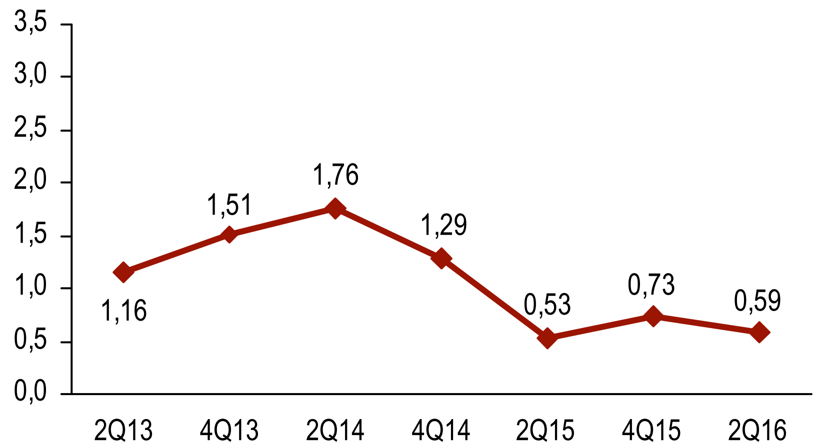
* mainly: dividends received from BOP (entity consolidated under equity method)
** including PLN 0,6 bn of partial compensation related to Steam Cracker fire in Litvinov
*** mainly: income tax, interests, results of companies consolidated under equity method and FX differences

Safe level of indebtedness and financial gearing

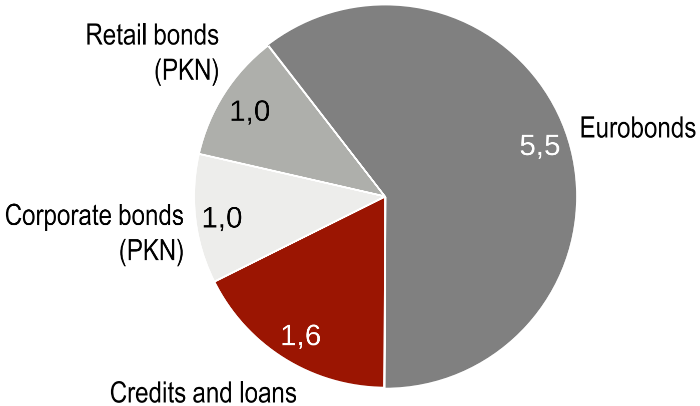
Net debt and gearing
PLN bn, %



Indicator – net debt/EBITDA LIFO



Diversified sources of financing (gross debt)
PLN bn

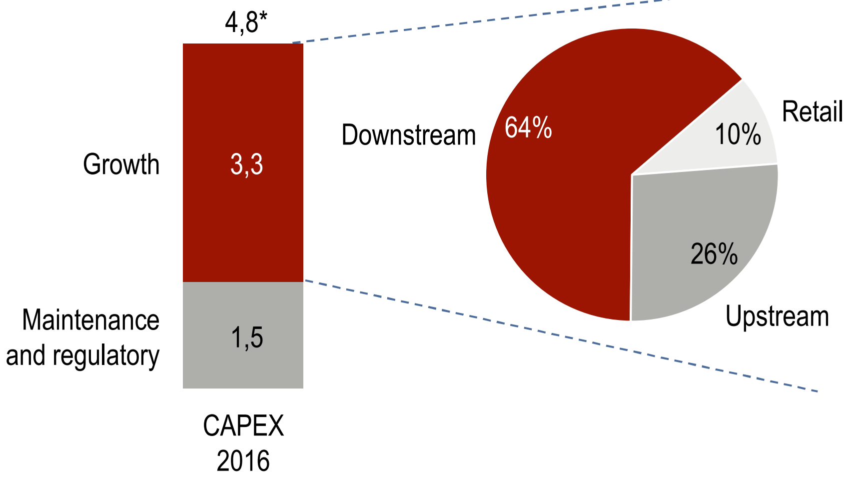


- Gross debt structure:
  EUR 61%, PLN 31%, CAD 8%
- Eurobonds issue in the amount of EUR 750 m
- Average maturity in 3Q20
- Investment grade: BBB - with a stable outlook
- Net debt decrease by PLN (-) 0,4 bn (Q/Q) due to cash flow from operations in the amount of PLN 1,8 bn PLN, reduced by cash outflow from investments of PLN (-) 1,1 bn and PLN (-) 0,3 bn due to interest paid and FX from debt and cash revaluation

CAPEX

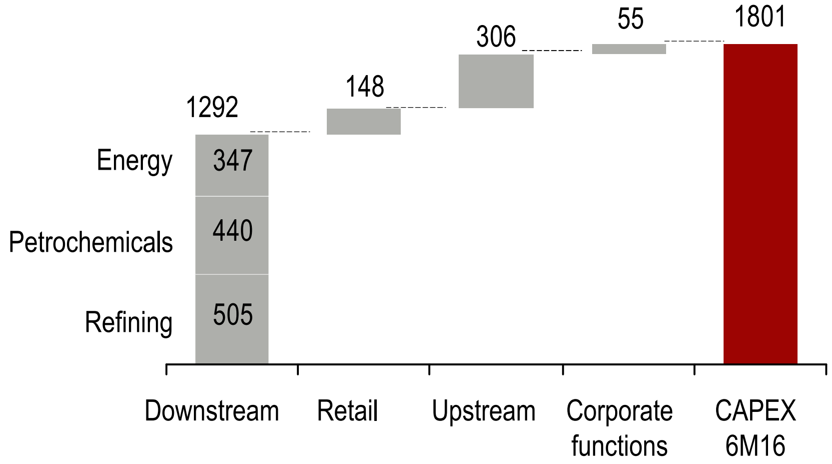
Planned CAPEX in 2016 (base case scenario*)

PLN bn, %



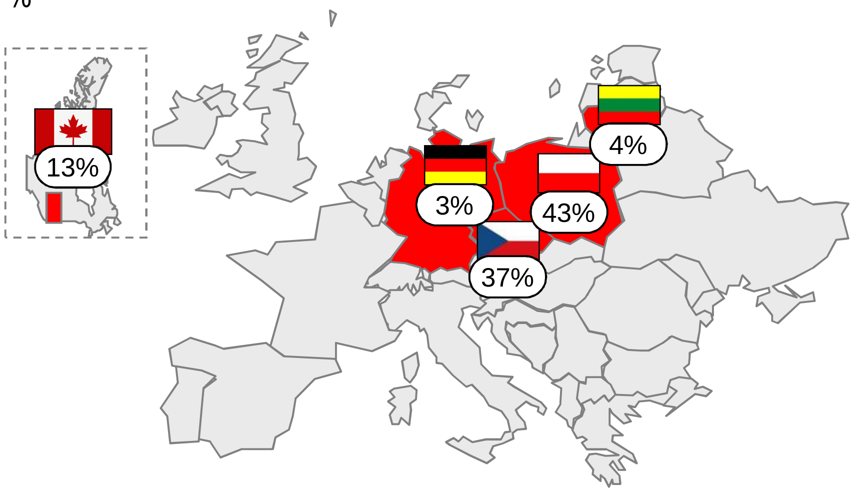
Realized CAPEX in 6M16** – split by segment

PLN m



Realized CAPEX in 6M16** – split by country

%



Major growth projects in 2Q16

Downstream

- Building CCGT in Wloclawek and Plock with infrastructure
- Building polyethylene installation in Litvinov

Retail

- Start-up of 10 fuel stations (including 4 own stations), 3 closed, 19 modernized (including rebranding of 8 stations from Sun to Star in Germany)
- 31 Stop Cafe and Stop Cafe Bistro locations opened (including 21 in Poland)

Upstream

- Canada – PLN 140 m / Poland – PLN 40 m

Rebuilt of the Steam Cracker in Litvinov

- PLN 0,6 bn partial compensation received on account of Property Damage and Business Interruption
- Cost of the rebuilt PLN 0,6 bn and PLN 1,1 bn lost margin by the end of June 2016

* CAPEX for fixed assets purchase (except acquisitions). Does not include PLN 0,6 bn estimated expenses for the rebuilt of the Seam Cracker in Litvinov

** Does not include PLN 449 m CAPEX spent on the rebuilt of the Seam Cracker in Litvinov

*** CAPEX 2Q16 amounted to PLN 954 m: PLN 285 m refining, PLN 257 m petchem, PLN 121 m energy, PLN 76 m retail, PLN 180 m upstream, PLN 35 m corporate functions

Agenda

Key highlights 2Q16

Macroeconomic environment

Financial and operating results

Liquidity and investments

Market outlook for 2016

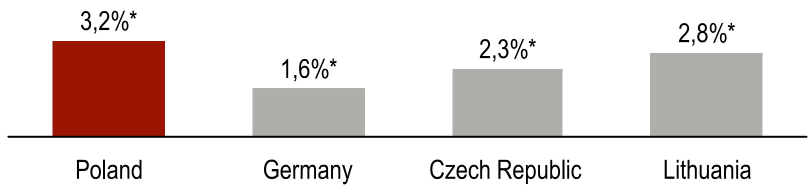
Market outlook in 2016

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: 3,2% in 2016, 3,5% in 2017 and 3,3% in 2018 - NBP (July 2016)



- **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 (November/December 2015)

Regulatory environment

- **Grey zone** – from 1 August 2016 fuel package becomes effective. The purpose is to reduce grey zone in fuel sector, better VAT and excise tax collection and to eliminate loopholes concerning concessions.
- **Obligatory crude oil reserves** – reduction of keeping reserves from 68 to 60 days in 2016 (ca. 0,3 mt). Currently 63 days is valid. Reduction to 60 days since 1 October 2016.
- **Retail tax** – from 1 September 2016 Retail Sales Tax Act, including sale on fuel stations, should become effective.

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* Poland (NBP, July 2016); Germany (RGE, July 2016); Czech Republic (CNB, May 2016); Lithuania (OECD, June 2016)

Thank You for Your attention

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Agenda

Supporting slides

Results – split by quarters

PLN m	2Q15*	1Q16	2Q16	Δ Y/Y	6M15*	6M16	Δ
Revenues	24 776	16 213	19 355	-22%	44 781	35 568	-21%
EBITDA LIFO*	2 902	1 937	2 594	-11%	4 812	4 531	-6%
Effect LIFO	169	-937	409	142%	-68	-528	-676%
EBITDA*	3 071	1 000	3 003	-2%	4 744	4 003	-16%
Depreciation	-464	-515	-508	-9%	-916	-1 023	-12%
EBIT LIFO*	2 438	1 422	2 086	-14%	3 896	3 508	-10%
EBIT*	2 607	485	2 495	-4%	3 828	2 980	-22%
Net result	1 549	336	1 792	16%	2 417	2 128	-12%

* Data before impairments of assets:
2Q15: PLN (-) 0,4 bn regarding mainly upstream assets of ORLEN Upstream in Poland
6M15: PLN (-) 0,4 bn regarding mainly upstream assets of ORLEN Upstream in Poland

Results – split by segments

2Q16 PLN m	Downstream	Retail	Upstream	Corporate Functions	Total
EBITDA LIFO	2 291	441	42	-180	2 594
Effect LIFO	409	-	-	-	409
EBITDA	2 700	441	42	-180	3 003
Depretiation	-312	-99	-72	-25	-508
EBIT	2 388	342	-30	-205	2 495
EBIT LIFO	1 979	342	-30	-205	2 086

2Q15 PLN m	Downstream	Retail	Upstream	Corporate Functions	Total
EBITDA LIFO*	2 712	349	13	-172	2 902
Effect LIFO	169	-	-	-	169
EBITDA*	2 881	349	13	-172	3 071
Depretiation	-314	-90	-39	-21	-464
EBIT*	2 567	259	-26	-193	2 607
EBIT LIFO*	2 398	259	-26	-193	2 438

* Data before impairments of assets:
2Q15: PLN (-) 0,4 bn regarding mainly upstream assets of ORLEN Upstream in Poland

EBITDA LIFO – split by segments

PLN m	2Q15*	1Q16	2Q16	Δ Y/Y	6M15*	6M16	Δ
Downstream	2 712	1 755	2 291	-16%	4 465	4 046	-9%
Retail	349	301	441	26%	631	742	18%
Upstream	13	27	42	223%	27	69	156%
Corporate functions	-172	-146	-180	-5%	-311	-326	-5%
EBITDA LIFO*	**2 902**	**1 937**	**2 594**	**-11%**	**4 812**	**4 531**	**-6%**

* Data before impairments of assets:
2Q15: PLN (-) 0,4 bn regarding mainly upstream assets of ORLEN Upstream in Poland
6M15: PLN (-) 0,4 bn regarding mainly upstream assets of ORLEN Upstream in Poland

Results - split by companies

2Q16 PLN m	PKN ORLEN S.A.	Unipetrol [2]	ORLEN Lietuva [2]	Others and consolidation corrections	Total
Revenues	12 850	3 325	3 425	-245	19 355
EBITDA LIFO	1 150	744	276	424	2 594
Effect LIFO[1]	397	-51	54	9	409
EBITDA	1 547	693	330	433	3 003
Depreciation	-274	-76	-13	-145	-508
EBIT	1 273	617	317	288	2 495
EBIT LIFO	876	668	263	279	2 086
Financial income	1 476	17	8	-1 447	54
Financial costs	-440	-2	-6	-61	-509
Net result	2 154	508	300	-1 170	1 792

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

USD m	2Q15	1Q16	2Q16	∆ Y/Y	6M15	6M16	∆
Revenues	1 252	663	882	-30%	2 128	1 545	-27%
EBITDA LIFO	139	82	72	-48%	240	154	-36%
EBITDA	134	59	85	-37%	217	144	-34%
EBIT	131	55	82	-37%	212	137	-35%
Net result	98	51	77	-21%	145	128	-12%

- Sales decrease in 2Q16 by (-) 3 (Y/Y) due to limited seaborne sales at higher inland sales. Lower revenues reflecting lower crude oil price and lower quotations of refining products.
- Lower utilization by (-) 7 pp (Y/Y) due to maintenance shutdown of the refinery in 2Q16 and higher fuel yield by 1,0 pp (Y/Y) due to higher throughput of a feedstock other than crude oil.
- EBITDA LIFO lower by USD (-) 67 m (Y/Y) due to worsening of macro including product and market margins as a result of lower trading margins.
- CAPEX 2Q16: USD 13,8 m / 6M16: USD 19,0 m

UNIPETROL Group

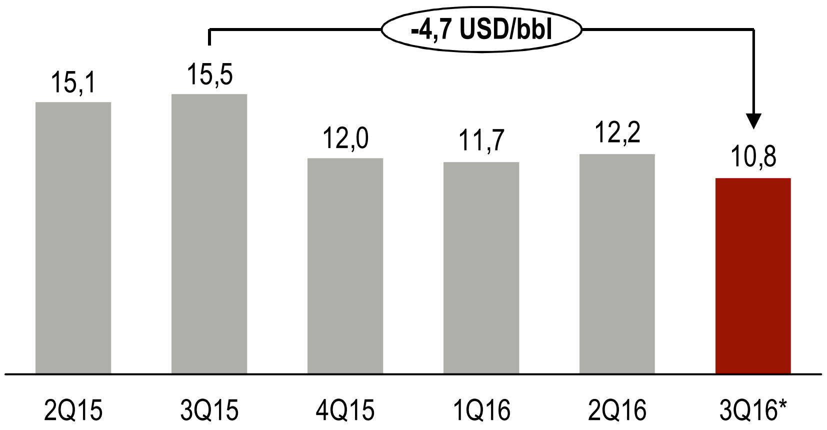
CZK m	2Q15	1Q16	2Q16	Δ Y/Y	6M15	6M16	Δ
Revenues	32 523	17 686	20 551	-37%	56 498	38 237	-32%
EBITDA LIFO	3 998	349	4 588	15%	7 182	4 938	-31%
EBITDA	4 606	558	4 266	-7%	7 576	4 824	-36%
EBIT	4 129	121	3 798	-8%	6 646	3 920	-41%
Net result	3 306	-10	3 124	-6%	5 309	3 113	-41%

- Lower sales volumes in 2Q16 by (-) 9% (Y/Y) mainly in petrochemical products due to Steam Cracker shutdown in Litvinov after the failure from 3Q15. Lower revenues reflecting lower crude oil price and lower quotations of refining and petchem products.
- Lower throughput and decrease in utilization by (-) 49 pp (Y/Y) down to 46% in 2Q16 due to Steam Cracker shutdown after the failure from August 2015 and discontinue of crude oil throughput in Kralupy due to FCC Unit failure from mid-May 2016
- EBITDA LIFO higher by CZK 590 m (Y/Y) mainly due to positive impact of other operating profit as a result of received partial compensation related to Steam Cracker fire in Litvinov in amount of CZK 3 904 m at negative impact of macro including lower refining margins and lower sales volumes due to shutdowns
- CAPEX 2Q16: CZK 4 209 m / 6M16: CZK 6 955 m

* Data before impairments of assets:
2Q15: CZK (-) 39 m / 2Q16: CZK (-) 6 m
6M15: CZK (-) 112 m / 6M16: CZK (-) 6 m

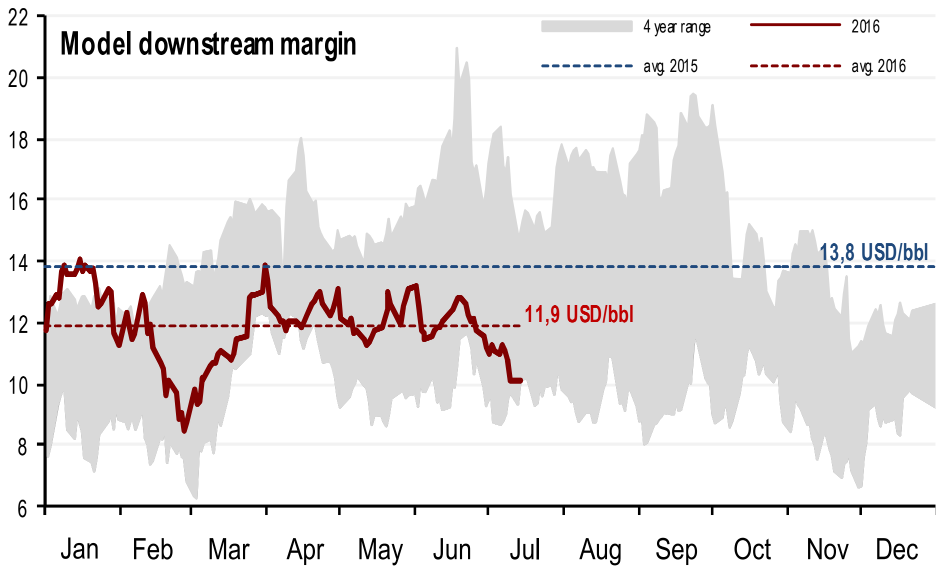
Macro environment in 3Q16 (Y/Y)

Downstream margin decrease
Model downstream margin, USD/bbl

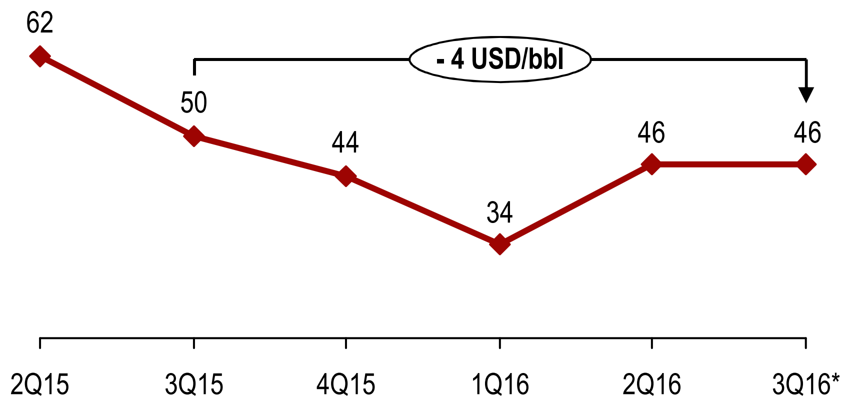


Product slate of downstream margin
Crack margins

Refining products (USD/t)	3Q15	2Q16	3Q16*	∆ Q/Q	∆ Y/Y
Diesel	108	71	67	-6%	-38%
Gasoline	212	170	120	-29%	-43%
HHO	-140	-147	-121	18%	14%
SN 150	145	108	105	-3%	-28%
Petchem products (EUR/t)					
Ethylene	671	605	629	4%	-6%
Propylene	564	334	354	6%	-37%
Benzene	355	293	269	-8%	-24%
PX	481	438	439	0%	-9%



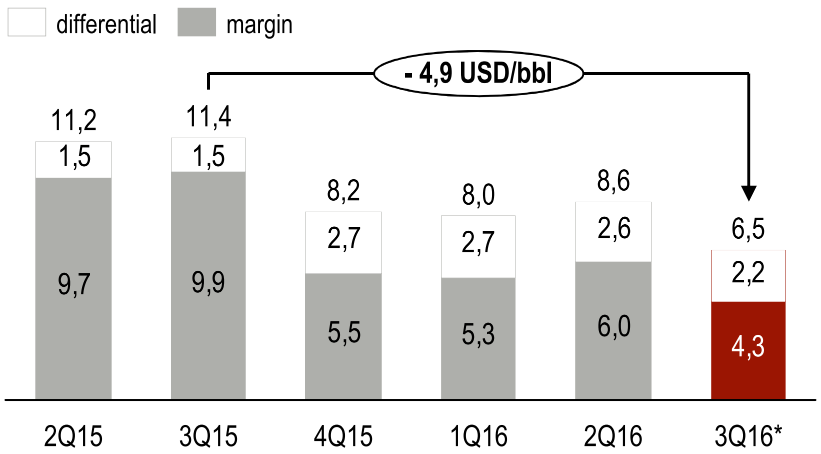
Crude oil price decrease
Average Brent crude oil price, USD/bbl



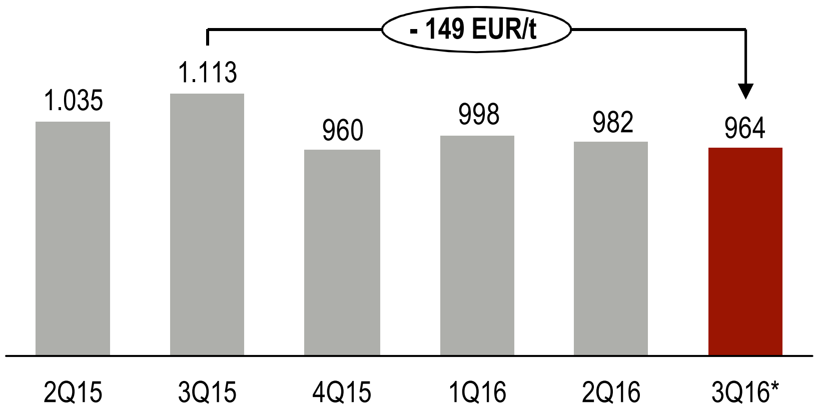
* Data as of 15.07.2016

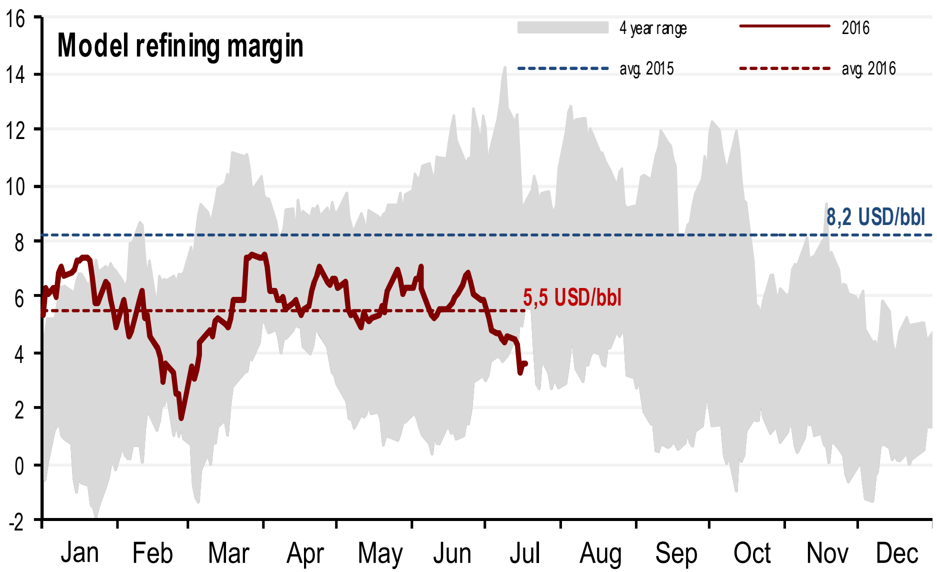
Macro environment in 3Q16 (Y/Y)

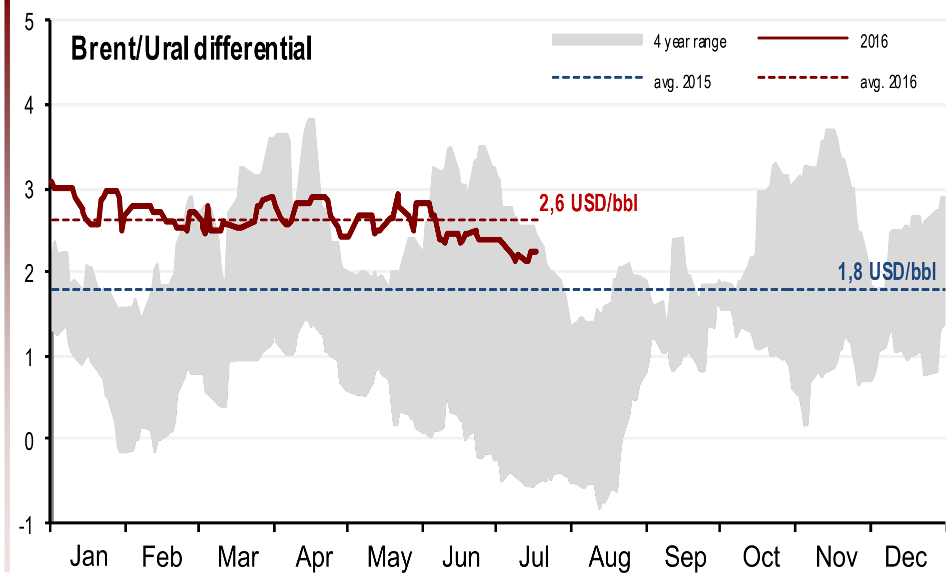
Refining margin and B/U differential decrease
Model refining margin and Brent/Ural differential, USD/bbl



Petrochemical margin decrease
Model petrochemical margin, EUR/t







* Data as of 15.07.2016

Production data

	2Q15	1Q16	2Q16	Δ Y/Y	Δ Q/Q	6M15	6M16	Δ
Total crude oil throughput in PKN ORLEN (tt)	8 149	7 369	6 938	-15%	-6%	14 801	14 307	-3%
Utilization in PKN ORLEN	95%	84%	79%	-16 pp	-5 pp	89%	82%	-7 pp
Refinery in Poland [1]								
Processed crude (tt)	4 058	3 486	3 842	-5%	10%	7 591	7 328	-3%
Utilization	100%	86%	94%	-6 pp	9 pp	94%	90%	-4 pp
Fuel yield [4]	77%	81%	76%	-1 pp	-5 pp	79%	78%	0 pp
Middle distillates yield [5]	47%	48%	46%	-1 pp	-2 pp	48%	46%	-2 pp
Light distillates yield [6]	30%	33%	30%	0 pp	-3 pp	31%	32%	1 pp
Refineries in the Czech Rep.[2]								
Processed crude (tt)	1 845	1 429	998	-46%	-30%	3 088	2 427	-21%
Utilization	95%	66%	46%	-49 pp	-20 pp	90%	56%	-34 pp
Fuel yield [4]	80%	84%	83%	3 pp	-1 pp	81%	83%	3 pp
Middle distillates yield [5]	46%	46%	50%	4 pp	4 pp	46%	47%	1 pp
Light distillates yield [6]	34%	38%	33%	-1 pp	-5 pp	35%	36%	2 pp
Refinery in Lithuania[3]								
Processed crude (tt)	2 195	2 385	2 020	-8%	-15%	3 990	4 405	10%
Utilization	86%	94%	79%	-7 pp	-15 pp	78%	87%	9 pp
Fuel yield [4]	81%	72%	82%	1 pp	10 pp	76%	77%	1 pp
Middle distillates yield [5]	49%	43%	48%	-1 pp	5 pp	46%	45%	-1 pp
Light distillates yield [6]	32%	29%	34%	2 pp	5 pp	30%	32%	2 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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