PKN ORLEN consolidated financial results 2Q20

30 July 2020

#ORLEN2Q20@PKN_ORLEN

Agenda

- Key facts and figures
- Macro environment
- Financial and operating results
- Liquidity and investments
- Outlook

Key facts and figures 2Q20

Value creation

- EBITDA LIFO: PLN 5,7 bn*
- Macro worsening: downstream margin decreased by (-) 3,8 USD/ bbl (y/y)
- Crude oil throughput: 6,2 mt, i.e. 71% of capacity utilization
- Sales: 8,5 mt, i.e. decrease by (-) 21% (y/y)
- M&S's: LOTOS Group – conditional approval of the European Commision for takeover / ENERGA Group – purchase of 80% shares / PGNiG Group – signing a letter of intent with the State Treasury initiating takeover process, commencing work on concentration application to the EC and due diligence kick off / RUCH – planned acquisition of 65% shares
- Investments: Completion of the construction of the main part of Polyethylene installation in the Czech Rep. / Submission of the environmental report and finalization of designer selection process for offshore wind farm on the Baltic Sea / Commencement of the construction of the Visbreaking installation in Płock and signing of a license and base project agreement as part of the expansion of phenol production capacity / Signing of a license and base project agreement for the modernization of the H-Oil installation / Planned construction of a hydrogen hub in Włocławek by the end of 2021.
- Energy: We focus on the development of low and zero-emission energy sources (declaration of commitment to the construction of the Ostrołęka C power plant under the condition of using technology based on gas)
- Retail: Expansion of the retail segment and development of the fuel station network in Slovakia / Development of the station network in terms of the availability of alternative fuels / Consistent support for the Polish economy through the development of cooperation with Polish enterprises / Development of ORLEN Pay application

People

- Over PLN 100 million dedicated to the fight against coronavirus
- Supervisory Board of PKN ORLEN appointed the Management Board of PKN ORLEN in an unchanged composition for a new three-year term
- Awards: Golden Leaf of CSR by Polityka (ranking of the most socially engaged companies operating in Poland)

Financial strength

- Cash flow from operations: PLN 3,3 bn
- CAPEX: PLN 2,2 bn
- Net debt: PLN 10,9 bn / financial gearing: 26,2%
- AGM of PKN ORLEN approved a dividend payment for 2019 recommended by Management Board: 1,00 PLN/share
- Moody's upgraded rating outlook from negative to positive and maintaining rating at Baa2

* Results before impairments of assets in the amount of PLN (-) 146 m including profit on a bargain purchase of ENERGA shares in the amount of PLN 3.690 m

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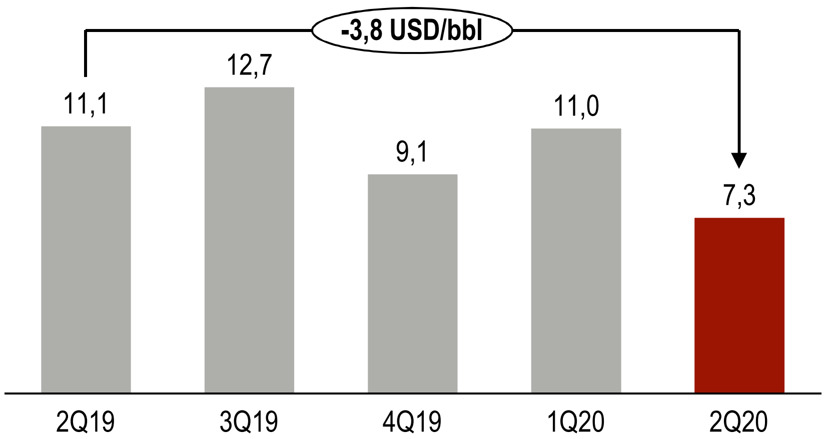
Macro environment in 2Q20

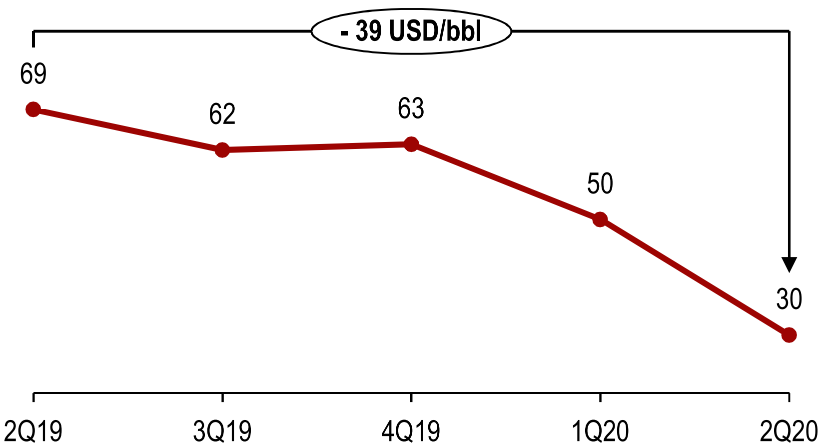
Model downstream margin
USD/bbl



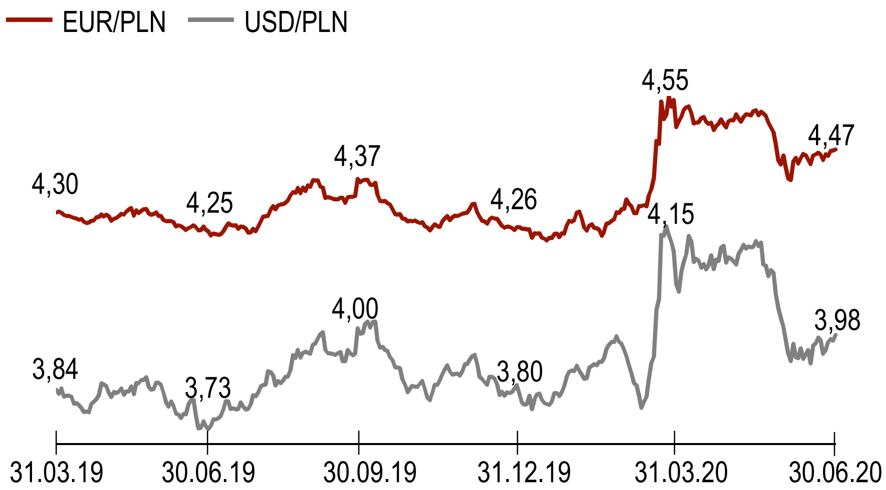
Product slate of downstream margin
Crack margins

Refining products (USD/t)	2Q19	1Q20	2Q20	Δ (y/y)
Diesel	92	91	62	-33%
Gasoline	163	94	58	-64%
HSFO	-136	-154	-62	54%
SN 150	67	169	163	143%
Petrochemical products (EUR/t)				
Ethylene	593	594	478	-19%
Propylene	511	480	421	-18%
Benzene	174	309	39	-78%
PX	487	402	327	-33%

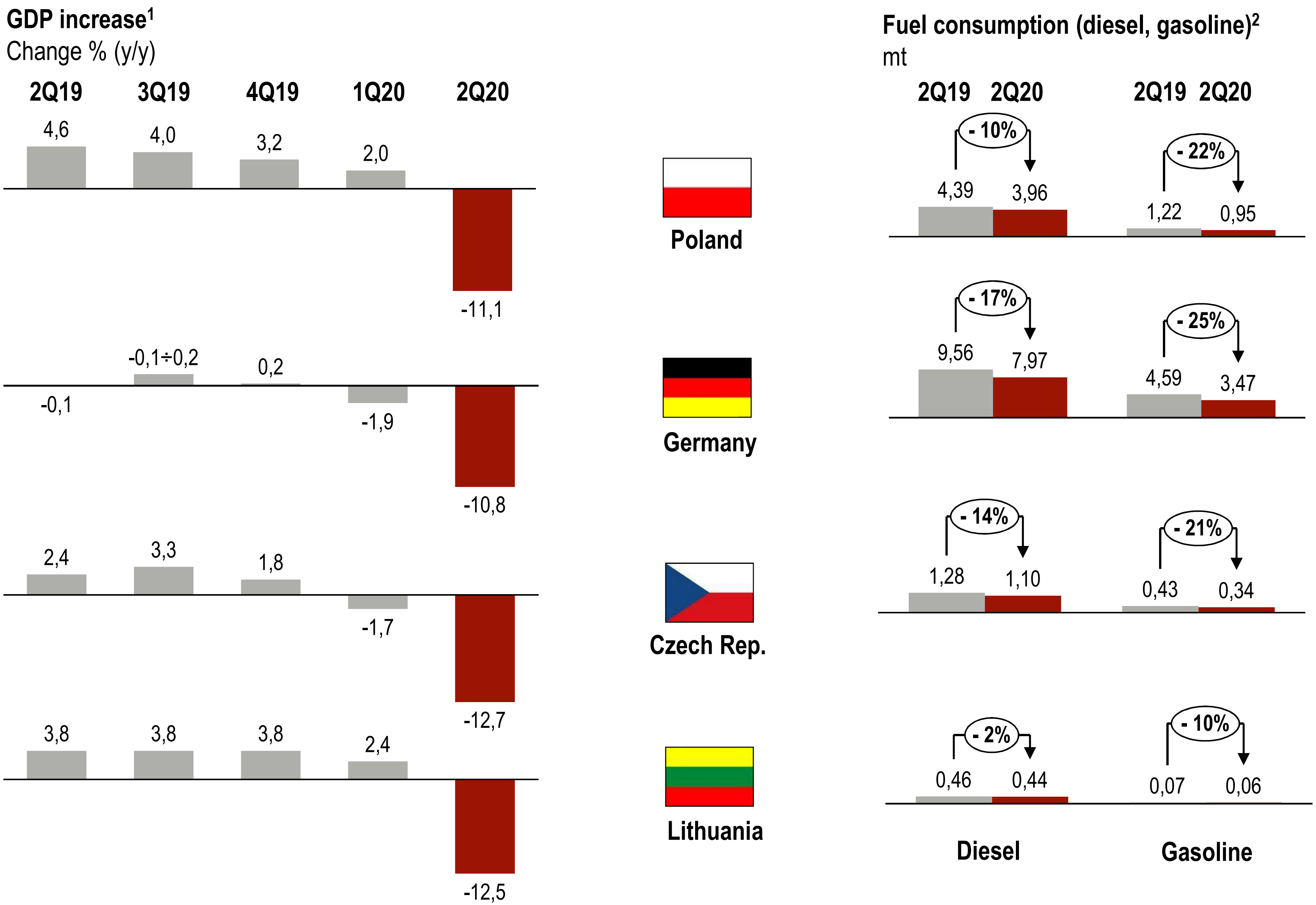
Average Brent crude oil price
USD/bbl



Average PLN vs USD and EUR
USD/PLN, EUR/PLN



Fuel consumption decrease due to COVID-19



[1] Poland – Statistical Office / not unseasonal data, (Germany, Lithuania) – Eurostat / not unseasonal data, the Czech Rep. – Czech Statistical Office / unseasonal data, 2Q20 – estimates.
[2] 2Q20 – PKN ORLEN estimates based on available data from ARE, Lithuanian Statistical Office, Czech Statistical Office and German Association of Petroleum Industry.

Agenda

Key facts and figures

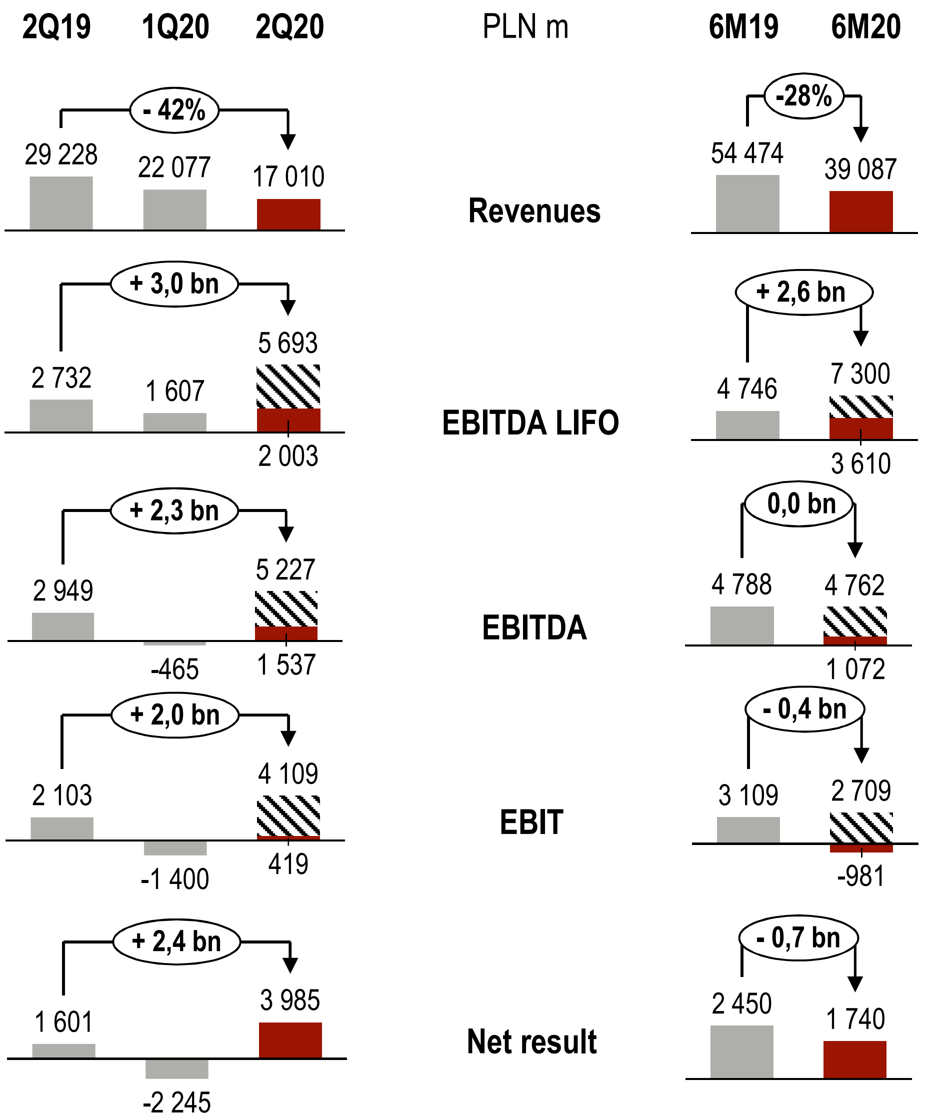
Macro environment

Financial and operating results

Liquidity and investments

Outlook

Financial results



Revenues: decrease by (-) 42% (y/y) mainly due to lower quotations of refining and petrochemical products resulting from crude oil price decrease and lower sales volumes.

EBITDA LIFO: increase by PLN 3.0 bn (y/y) mainly as a result of recognition of the profit on the bargain purchase of ENERGA shares in the amount of PLN 3.7 bn at negative impact of lower sales volumes, macro deterioration, usage of historical layers of inventories, lower wholesale margins and lower non-fuel margins in retail limited by positive impact of the consolidation of the ENERGA Group results and inventory revaluation (NRV).

LIFO effect: PLN (-) 0,5 bn impact of lower crude oil price on inventories valuation.

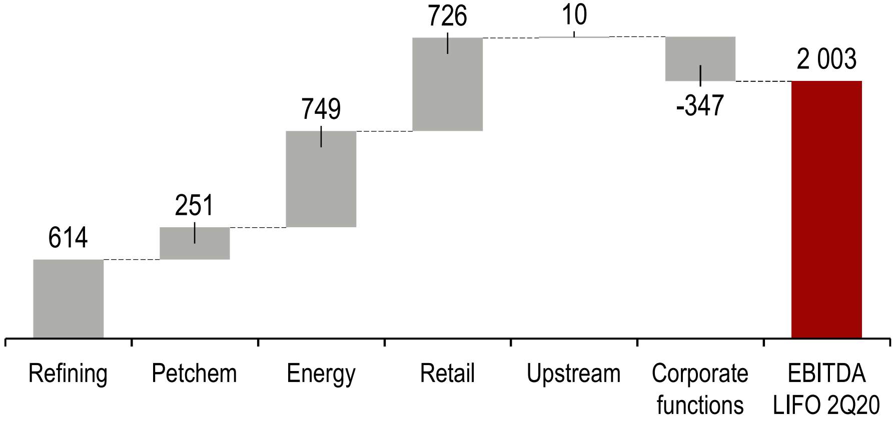
Financial result: PLN 0,1 bn due to positive impact of net FX differences and net settlements and valuation of derivative financial instruments limited by interest costs.

Net result: increase by PLN 2,4 bn (y/y) including: lower EBITDA LIFO by PLN (-) 0,7 bn, higher impairments of assets by PLN (-) 0,1 bn, profit on a bargain purchase of ENERGA shares in the amount of PLN 3,7 bn, lower LIFO effect by PLN (-) 0,7 bn, higher depreciation by PLN (-) 0,3 bn, higher net financials by PLN 0,1 bn and lower tax impact by PLN 0,4 bn (y/y).

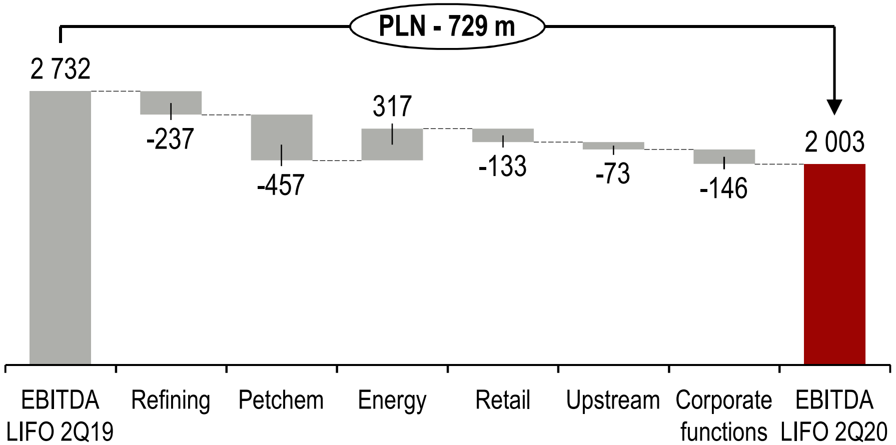
Results including profit on a bargain purchase of ENERGA shares in the amount of PLN 3.690 m
Operational results before impairments of assets: 2Q20 PLN (-) 146 m / 1Q20 PLN (-) 504 m / 2Q19 PLN (-) 17 m
NRV: 2Q20 PLN 1.207 m / 1Q20 PLN (-) 1.609 m / 2Q19 PLN (-) 39 m

EBITDA LIFO

Segments' results
PLN m



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



Results excluding profit on a bargain purchase of ENERGA shares in the amount of PLN 3.690 m
Operational results before impairments of assets:2Q20 PLN (-) 146 m / 2Q19: PLN (-) 17 m
NRV: 2Q20 PLN 1.207 m

Refining: decrease by PLN (-) 237 m (y/y) due to negative effect of sales volumes drop, macro deterioration and usage of historical layers of inventories limited by positive impact of inventory revaluation (NRV).

Petchem: decrease by PLN (-) 457 m (y/y) due to negative effect of sales volumes drop and macro deterioration.

Energy: increase by PLN 317 m (y/y) due to positive impact of the consolidation of the ENERGA Group results and macro improvement limited by negative effect of energy sales volumes drop.

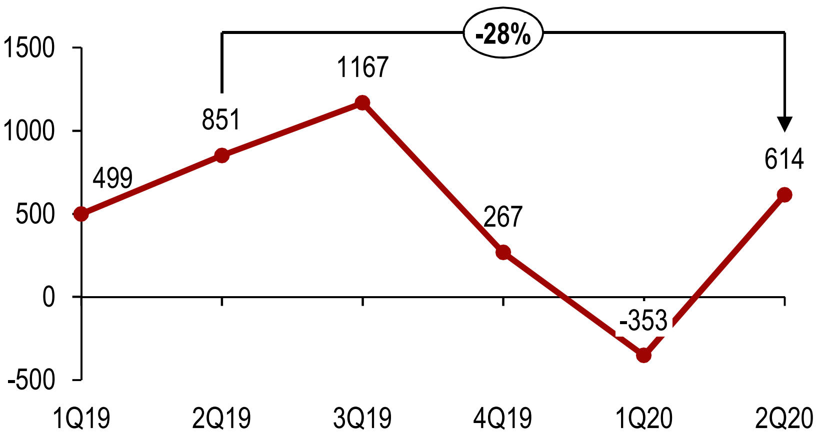
Retail: decrease by PLN (-)133 m (y/y) due to negative effect of sales volumes drop and lower non-fuel margins limited by positive effect of higher fuel margins.

Upstream: decrease by PLN (-) 73 m (y/y) due to negative macro effect limited by positive effect of sales volumes increase.

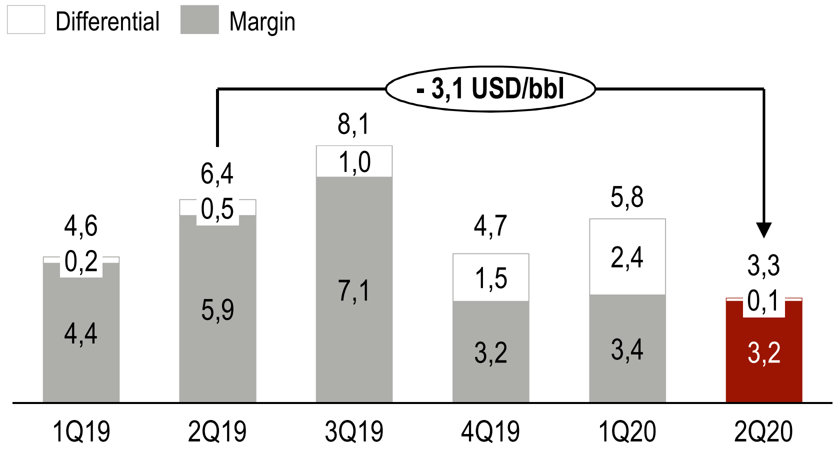
Corporate functions: higher costs by PLN 146 m (y/y) including e.g. expenses on COVID-19, donations for ORLEN Dar Serca foundation and higher costs of insurance and IT systems.

Refining – EBITDA LIFO
Negative impact of macro and sales volumes

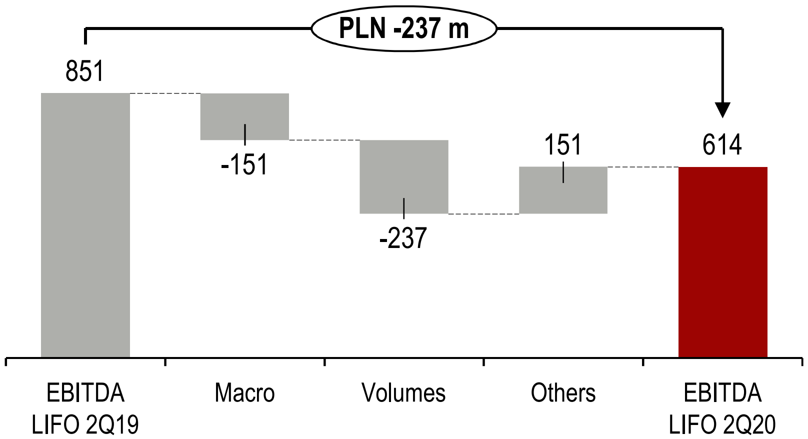
EBITDA LIFO
PLN m



Model refining margin and Brent/Ural differential
USD/bbl



EBITDA LIFO – impact of factors
PLN m

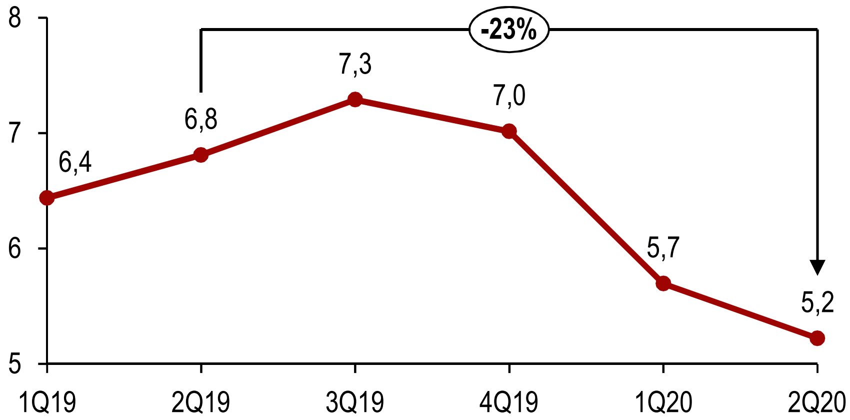


- Negative macro impact (y/y) due to drop in light and middle distillates cracks, lower Brent/Ural differential by (-) 0,4 USD/bbl and negative impact of hedging transactions on cash flows from products sales and crude oil purchases. Abovementioned negative effects were limited by positive effect of higher cracks on heavy refining fractions, lower internal usage costs due to crude oil prices drop by (-) 39 USD/bbl and weakening of PLN vs USD.
- Sales volumes decrease by (-) 23% (y/y), of which: gasoline by (-) 20%, diesel by (-) 15%, LPG by (-) 14%, JET by (-) 86%, HSFO by (-) 41%.
- Others include mainly:
  - PLN 1,2 bn (y/y) inventories revaluation (NRV)
  - PLN (-) 0,8 bn (y/y) utilisation of historical inventories layers due to shutdowns mainly in PKN ORLEN and Unipetrol

Operational results before impairments of assets: 2Q20 PLN (-) 4 m / 2Q19 PLN (-) 1 m
Macro: margins PLN (-) 91 m, B/U differential PLN (-) 64 m, exchange rate PLN 150 m, hedging PLN (-) 146 m

Refining – operational data
Lower crude oil throughput due to fuel demand drop and shutdowns

Sales volumes
mt

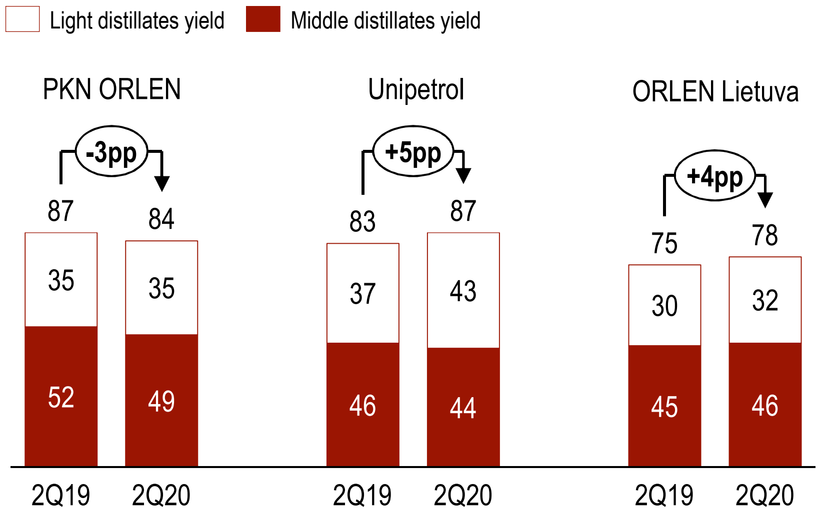


Crude oil throughput and utilisation ratio
mt, %

Crude oil throughput (mt)	2Q19	1Q20	2Q20	Δ (y/y)
PKN ORLEN	3,9	3,9	3,5	-0,4
Unipetrol	1,9	1,6	0,8	-1,1
ORLEN Lietuva	2,4	2,0	1,8	-0,6
TOTAL	8,3	7,7	6,2	-2,1

Utilisation ratio (%)	2Q19	1Q20	2Q20	Δ (y/y)
PKN ORLEN	97%	97%	86%	-11 pp
Unipetrol	87%	76%	36%	-51 pp
ORLEN Lietuva	95%	80%	73%	-22 pp
TOTAL	94%	88%	71%	-23 pp

Fuel yield
%



Crude oil throughput ca. 6,2 mt, i.e. decrease by (-) 2,1 mt (y/y), of which:

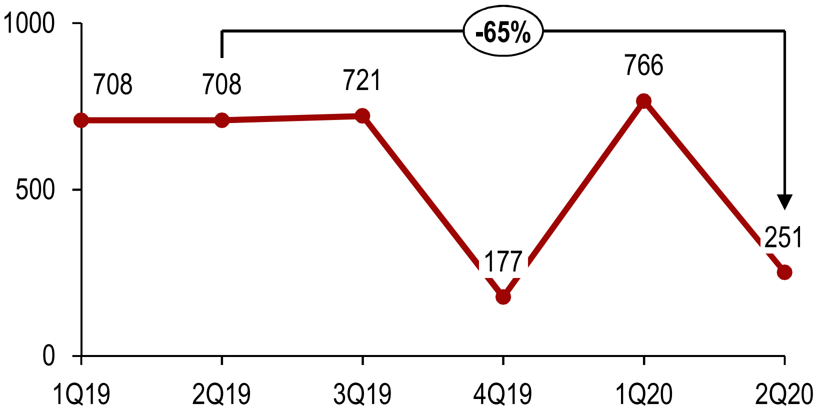
- PKN ORLEN by (-) 0,4 mt – maintenance shutdowns of CDU III and VI, HDS V and VII, PTA and accelerated shutdowns of FCC II and Metathesis due to lower demand for fuels (COVID-19 impact).
- Unipetrol by (-) 1,1 mt – extended shutdown in Kralupy refinery and planned shutdown of refining and petrochemical installations in Litvinov refinery.
- ORLEN Lietuva by (-) 0,6 mt – throughput cut due to unfavourable macro situation, impact of maintenance shutdown started in the end of March and unplanned shutdown of HDT Diesel.
- Higher fuel yield in Unipetrol and ORLEN Lietuva as a result of higher throughput of low sulphur types of crude; at drop in PKN ORLEN due to abovementioned shutdowns.

Sales volumes at the level of 5,2 mt, i.e. decrease by (-) 23% (y/y), of which: Poland by (-) 24%, The Czech Rep. by (-) 39%, ORLEN Lietuva by (-) 13%. Lower sales volumes in all markets due to drop in demand for fuels (COVID-19 impact) and maintenance shutdowns.

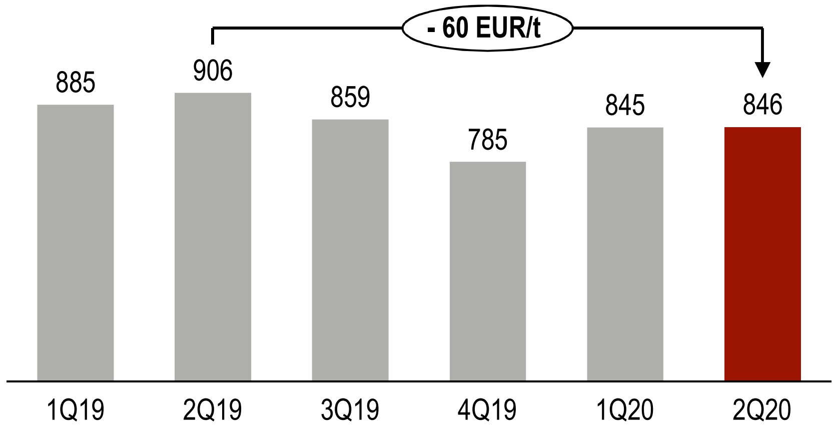
Petrochemicals – EBITDA LIFO
Negative impact of macro and sales volumes

ORLEN

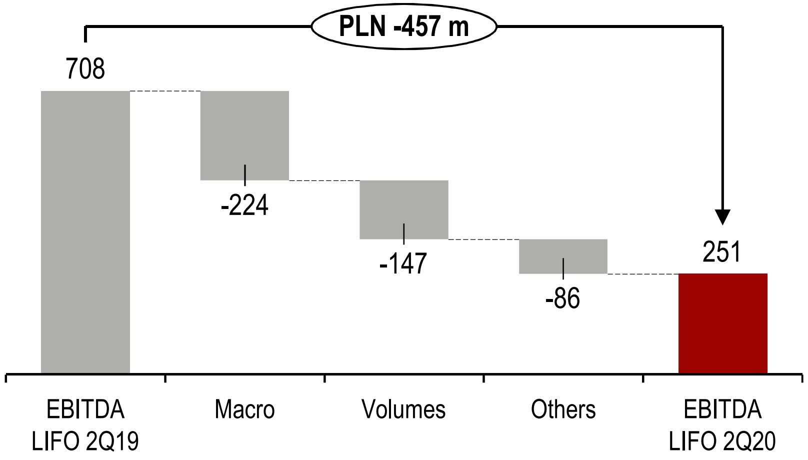
EBITDA LIFO
PLN m



Model petrochemical margin
EUR/t



EBITDA LIFO – impact of factors
PLN m

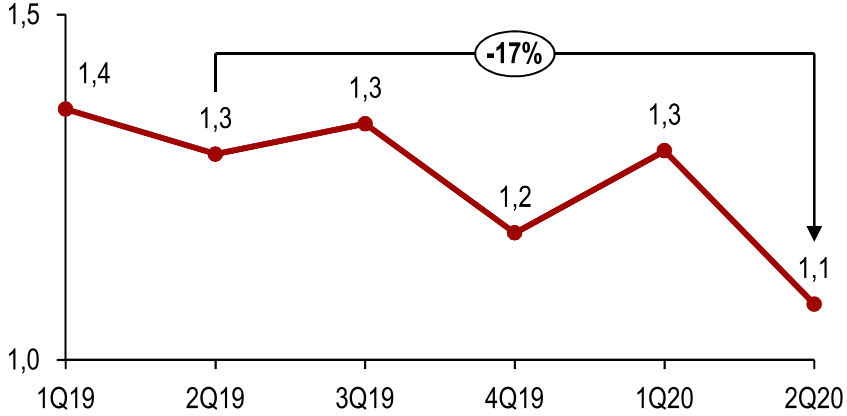


- Negative macro impact (y/y) due to drop in margins on olefins and fertilizers partially compensated by higher margins on polyolefins and PVC at positive impact of PLN weakening against EUR.
- Sales volumes decrease by (-) 17% (y/y), of which:
  - lower sales: olefins by (-) 21%, polyolefins by (-) 20%, PVC by (-) 13% and PTA by (-) 13%.
  - higher sales: fertilizers by 12%.
- Others include mainly:
  - PLN (-) 0,1 bn (y/y) utilisation of historical inventories layers due to shutdowns in Unipetrol
- EBITDA LIFO 2Q20 in the amount of PLN 251 m includes:
  - Anwil result ca. PLN 63 m, i.e. decrease by PLN (-) 19 m (y/y).
  - PTA result ca. PLN 72 m, tj. decrease by PLN (-) 46 m (y/y).

Macro: margins PLN (-) 202 m, exchange rate PLN 44 m, hedging PLN (-) 66 m

Petrochemicals – operational data
Sales volumes decrease and lower capacity utilisation

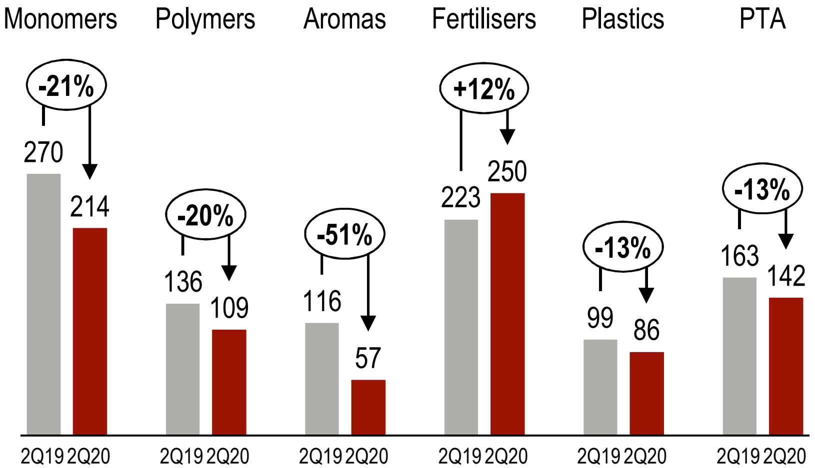
Sales volumes
mt



Utilisation ratio
%

Petrochemical installations	2Q19	1Q20	2Q20	∆ (y/y)
Olefins (Płock)	91%	82%	88%	-3 pp
BOP (Płock)	82%	76%	77%	-5 pp
Metathesis (Płock)	98%	85%	68%	-30 pp
Fertilisers (Włocławek)	57%	82%	68%	11 pp
PVC (Włocławek)	85%	80%	80%	-5 pp
PTA (Włocławek)	97%	93%	72%	-25 pp
Olefins (Unipetrol)	86%	82%	18%	-68 pp
PPF Splitter (ORLEN Lietuva)	94%	86%	73%	-21 pp

Sales volumes – split by product
kt



Utilisation ratio of petrochemical installations:

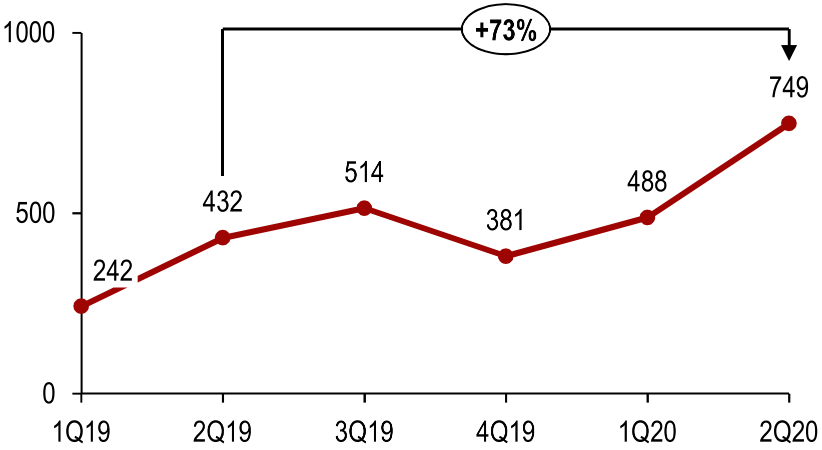
- PKN ORLEN – PTA shutdown and accelerated Metathesis shutdown.
- Unipetrol – cyclical shutdown in Litvinov refinery.
- ORLEN Lietuva – maintenance shutdown started in the end of March

Sales volumes at the level of 1,1 mt, i.e. decrease by (-) 17% (y/y), of which:

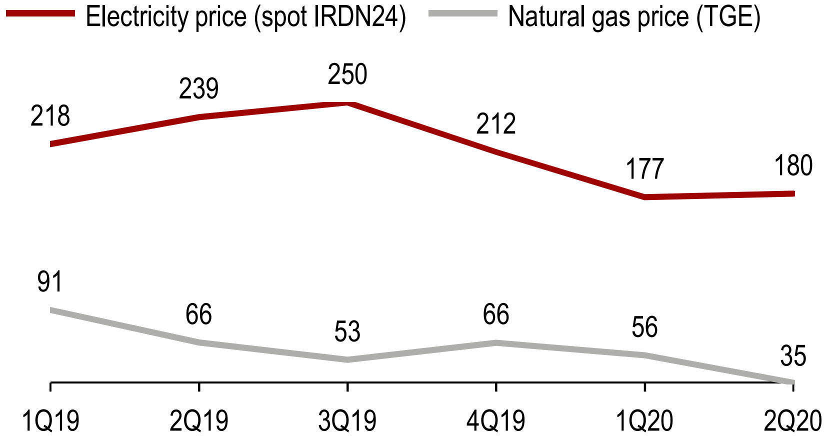
- Poland by (-) 6% – impact of abovementioned maintenance shutdowns.
- The Czech Rep. by (-) 36% – impact of abovementioned maintenance shutdowns and demand decrease from automotive and construction sectors (COVID-19 impact).
- ORLEN Lietuva – sales volumes at comparable level (y/y).

Energy – EBITDA LIFO
Positive macro effect offsets sales volumes decrease

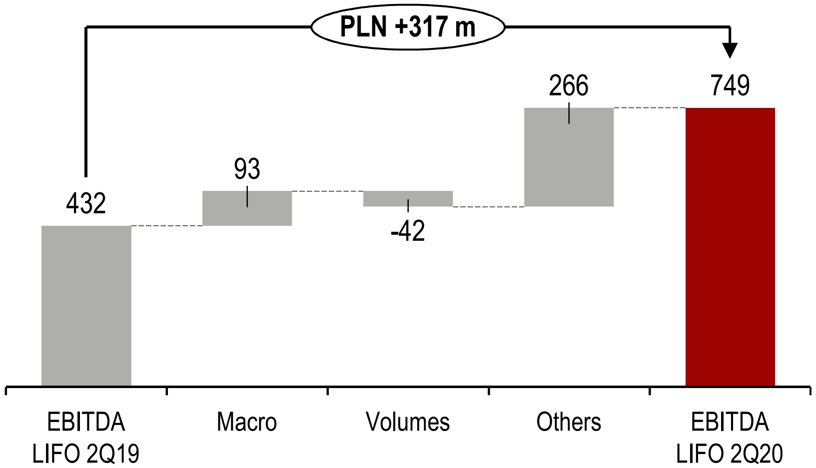
EBITDA LIFO
PLN m



Electricity and natural gas prices
PLN/MWh



EBITDA LIFO – impact of factors
PLN m

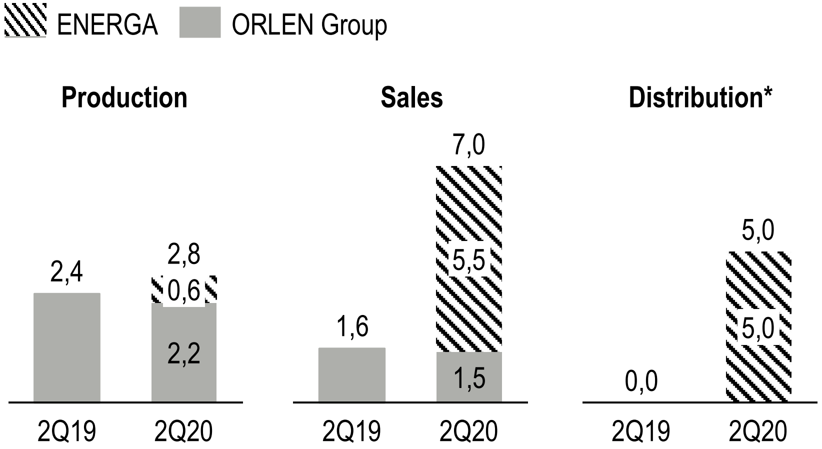


- Positive macro impact (y/y) as a result of natural gas prices decrease limited by drop in electricity prices.
- Sales volumes decrease by (-) 0,1 TWh in ORLEN Group due to lower demand from the economy for energy (COVID-19 impact).
- Others include mainly:
  - PLN 260 m of ENERGA Group results consolidation

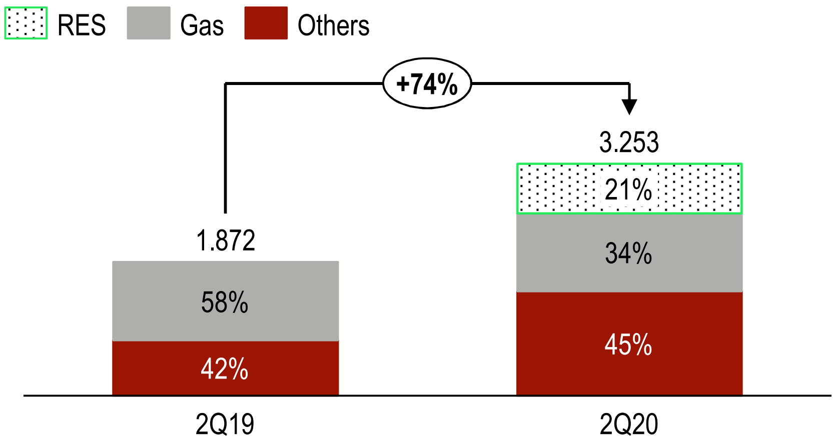
Data before gain on bargain purchase of ENERGA shares in the amount of PLN 3.690 m
Data before impairments of assets: 2Q20 PLN (-) 2 m

Energy – operational data
Almost 80% of electricity production from RES and gas

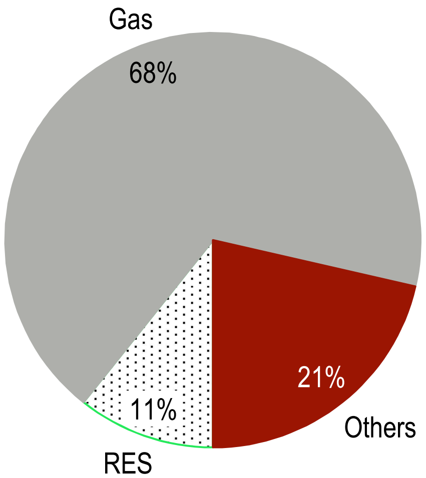
Electricity production and sales volumes
TWh



Installed capacity
MWe



Electricity production by types of sources
%

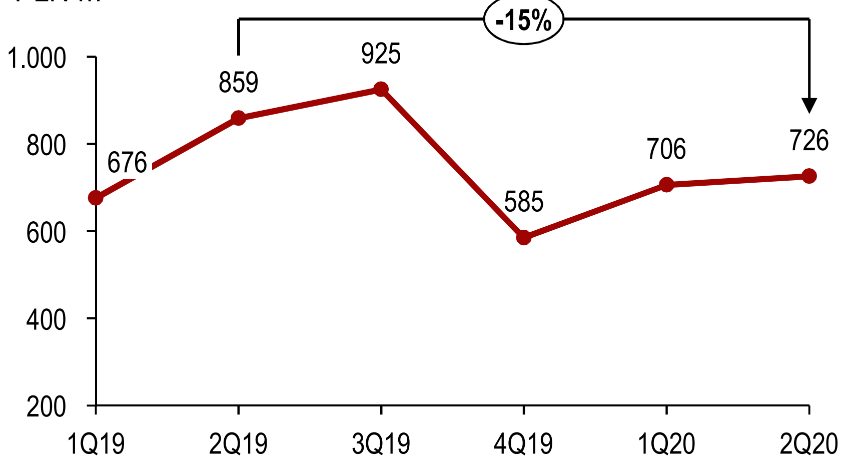


- Installed capacity: 3.253 MWe, of which:
  - ORLEN Group 1.810 MWe (474 MWe CCGT Włocławek, 608 MWe CCGT Płock, 359 MWe EC Płock, 92 MWe EC Anwil, 11 MWe ORLEN Południe, 160 MWe ORLEN Lietuva, 106 MWe Unipetrol
  - ENERGA 1.443 MWe
- Net electricity production: 2,8 TWh
- Electricity sales volumes: 7,0 TWh
- Distribution of electricity: 5,0 TWh
- Gas usage: 0,37 bn m3 (ORLEN Group Energy segment without ENERGA)
- CO2 emission volume in 2Q20: 1,6 mt (ORLEN Group Energy segment without ENERGA)

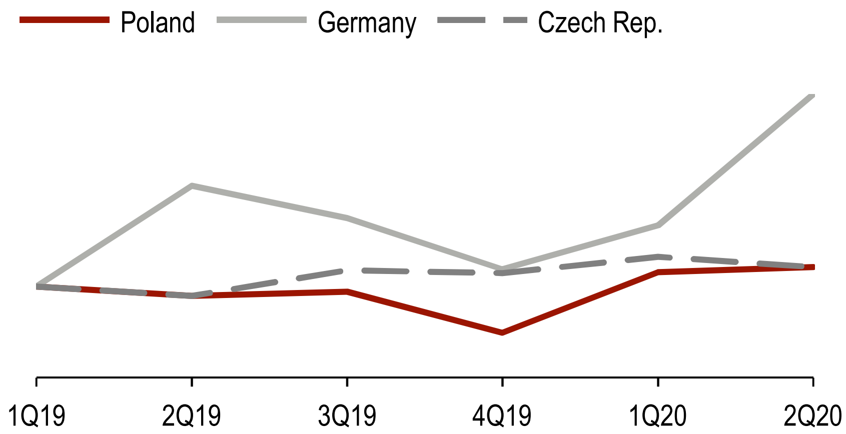
* ENERGA Operator volumes

Retail – EBITDA LIFO
Higher retail margins limited by lower volumes

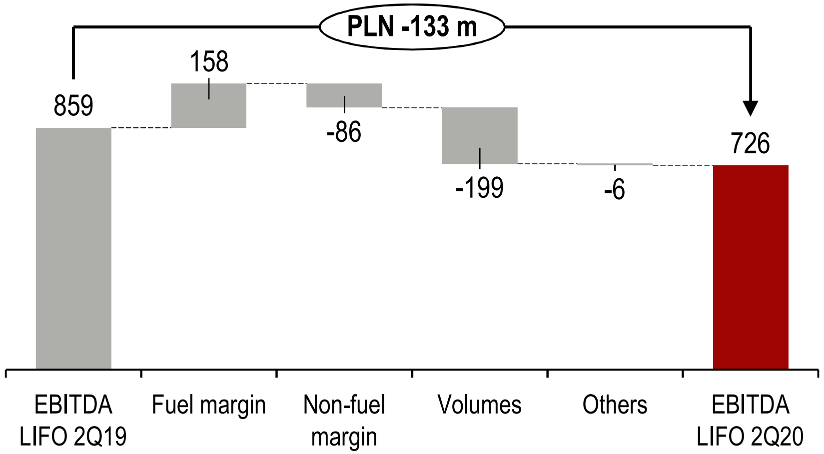
EBITDA LIFO
PLN m



Fuel margin
% (y/y)



EBITDA LIFO – impact of factors (y/y)
PLN m

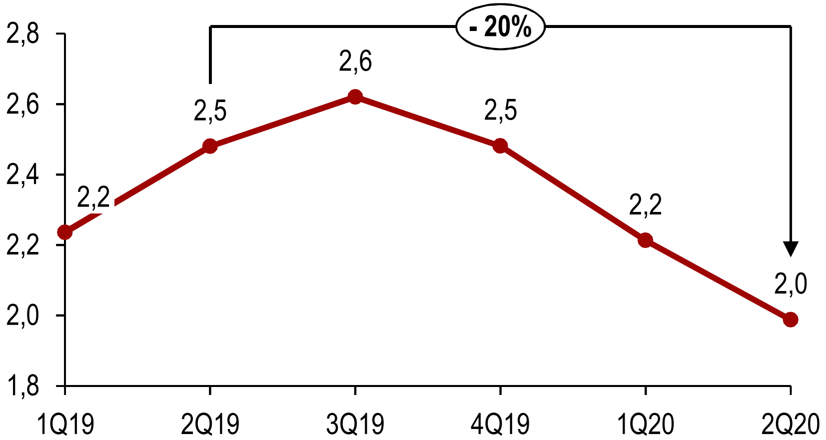


- Lower sales volumes by (-) 20% (y/y), of which: gasoline by (-) 20%, diesel by (-) 20% and LPG by (-) 21%.
- Higher fuel margins in Poland, Germany and the Czech Rep. at comparable level in Lithuania (y/y).
- Lower non-fuel margins in Poland and the Czech Rep. at higher margins in Germany and comparable margins in Lithuania (y/y)
- Higher number of Stop Cafe/Star Connect coffee corners (including convenience stores) increased by 93 (y/y).
- Higher number of EV chargers by 56 (y/y). We have 86 EV chargers, 2 hydrogen and 42 CNG stations.
- Others include higher costs of running fuel stations and higher labour costs (y/y).

Data before impairments of assets : 2Q20 (-) 7 PLN m / 2Q19: PLN (-) 4 m

Retail – operational data
Lower sales volumes. Further growth of non-fuel offer

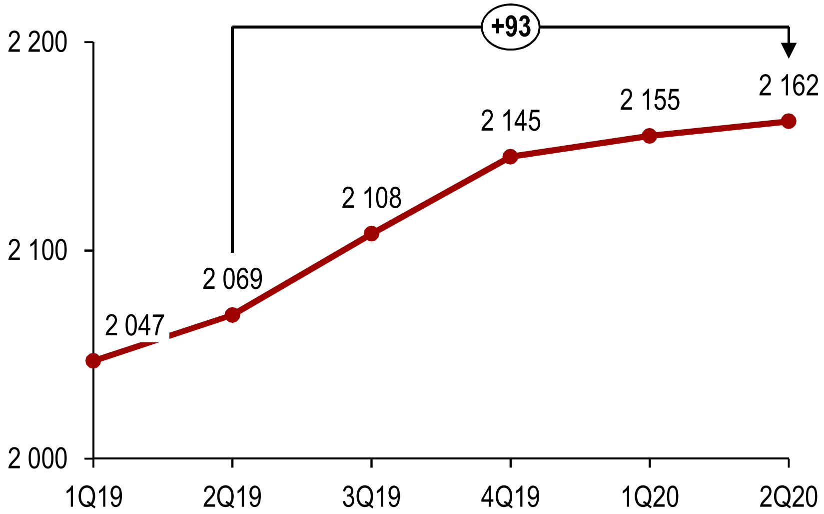
Sales volumes
mt



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

	# stations	Δ y/y	% market	Δ y/y
Poland	1 792	13	34,3	0,1 p.p.
Germany	586	2	6,6	0,0 p.p.
Czech Rep.	417	4	25,0	1,0 p.p.
Lithuania	26	1	4,6	- 0,1 p.p.
Slovakia	11	10	0,3	0,3 p.p.

Coffee corners and convenience stores
#

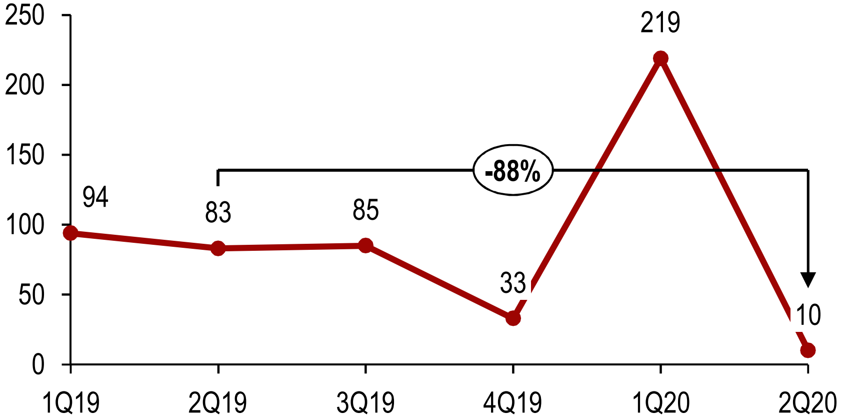


- Sales decrease by (-) 20% (y/y), of which: in Poland by (-) 20%, in the Czech Rep. by (-) 16%, in Germany by (-) 22%* and in Lithuania by (-) 16%.
- 2832 fuel stations at the end of 2Q20, i.e. increase by 30 (y/y), of which: in Poland by 13, in Germany by 2, in the Czech Rep. by 4, in Lithuania by 1 and in Slovakia by 10 stations.
- Market share increase (y/y) in the Czech Rep. by 1,0 p.p. and in Slovakia by 0,3 p.p. at comparable level on other markets.
- 2162 non-fuel locations at the end of 2Q20, i.e. 1701 Stop Cafe in Poland (including 552 convenience stores), 308 Stop Cafe in the Czech Rep., 26 Stop Cafe in Lithuania and 127 Star Connect in Germany. Increase by 93 (y/y), of which: in Poland by 28, in the Czech Rep. by 26, in Lithuania by 3 and in Germany by 36.
- We have 86 EV chargers, of which: 58 in Poland, 21 in the Czech Rep. and 7 in Germany. Higher by 56 (y/y): in Poland by 45, in the Czech Rep. by 6 and in Germany by 5.

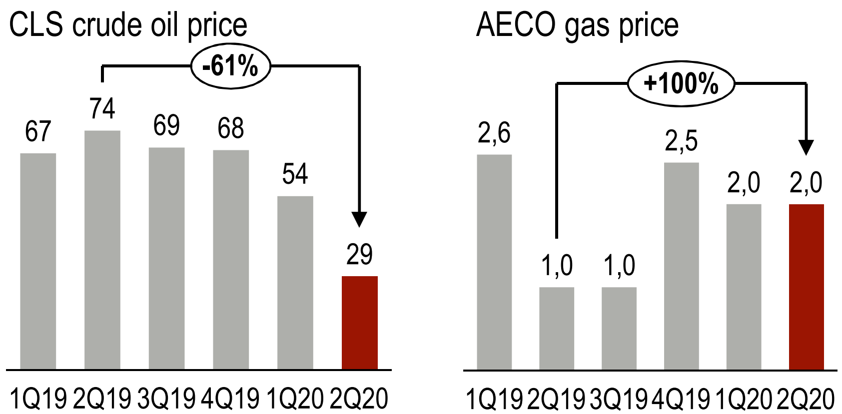
* Includes also fuel sales beyond own petrol stations. Sales volumes on ORLEN Deutschland fuel stations decreased by (-) 20,7% (y/y).

Upstream – EBITDA LIFO
Negative macro impact

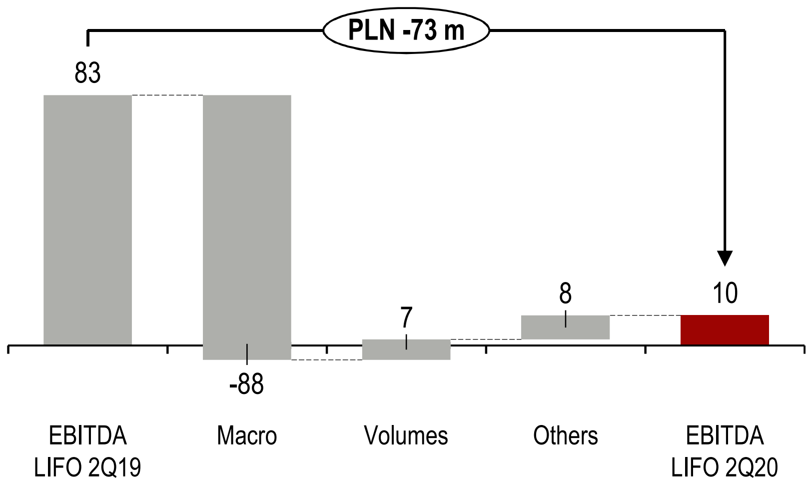
EBITDA LIFO
PLN m



Canadian Light Sweet crude oil and AECO gas prices
CAD/bbl, CAD/mcf



EBITDA LIFO – impact of factors
PLN m



- Negative macro impact due to decrease of crude oil and NGL's prices at higher gas prices (y/y).
- Positive impact of higher sales volumes as a result of increase of average production by 1,0 th. boe/d, of which: in Canada by 0,9 th. boe/d and in Poland by 0,1 th. boe/d (y/y).
- Others mainly include the positive result on other operating activities related to the optimization of the structure of ORLEN Upstream Group assets.

Data before impairments of assets:
2Q20 PLN (-) 133 m regarding mainly assets of ORLEN Upstream in Poland / 2Q19 PLN (-) 1 m

Upstream – operational data
Higher average production by 1,0 th. boe/d (y/y)

Poland

Total reserves of crude oil and gas (2P)

11,0 m boe* (5% liquid hydrocarbons, 95% gas)

2Q20

Average production: 1,0 th. boe/d (100% gas)

EBITDA: PLN 0 m** / CAPEX: PLN 38 m

6M20

Average production: 1,1 th. boe/d (100% gas)

EBITDA: PLN 37 m** / CAPEX:PLN 71 m

2Q20

- Completion and tie-in works continuation - reservoir Bystrowice (Miocen project). Design, legal and formal works continuation - reservoirs: Bajerze and Tuchola (Edge project) and Chwalęcin (Płotki project)
- Pławce-3/3H well drilling completion (Płotki project), Dylągowa-1 well drilling continuation (Bieszczady project) and start of Sieraków-2H well drilling (Sieraków project)
- Drilling pads preparation - Płotki and Sieraków projects
- Seismic data analysis: Wilcze 3D (Edge project), Brzezie-Gołuchów 3D (Płotki project), Topoliny-Biecz-Pola-Pasterniki 3D for depth aspect (Karpaty project). Design of the future seismic shots of Grybów 3D (Karpaty project) and Koczała-Miastko 3D (Edge project).
- Due to economic profitability analysis a decision was made to withdraw from the Bieszczady project.

Canada

Total reserves of crude oil and gas (2P)

186,3 m boe* (58% liquid hydrocarbons, 42% gas)

2Q20

Average production : 17,8 th. boe/d (45% liquid hydrocarbons)

EBITDA: PLN 10 m** / CAPEX: PLN 0 m

6M20

Average production : 18,5 th. boe/d (50% liquid hydrocarbons)

EBITDA: PLN 192 m** / CAPEX: PLN 143 m

2Q20

- As part of investment projects related to the management of owned assets, tasks related to the optimization of production in key areas of activity in Canada were carried out (assembly of a dedicated downhole completion equipment and installation of infrastructure in the Ferrier and Kakwa areas)
- OUC constantly monitors the potential purchase, divestment and exchange of secondary/minor assets in order to increase the attractiveness of the portfolio of owned projects and to work out the most effective forms of cooperation with partners.
- The CAPEX program for the remaining months has been reduced due to low prices of liquid hydrocarbons.
- Currently, the operating activities are constantly adapted to the macroeconomic situation in order to optimize the operating margins obtained.

* Data as of 31.12.2019

** Operational results before impairments: 2Q20 PLN (-) 133 m regarding mainly upstream assets of ORLEN Upstream in Poland due to update of hydrocarbon prices and withdrawing from selected projects

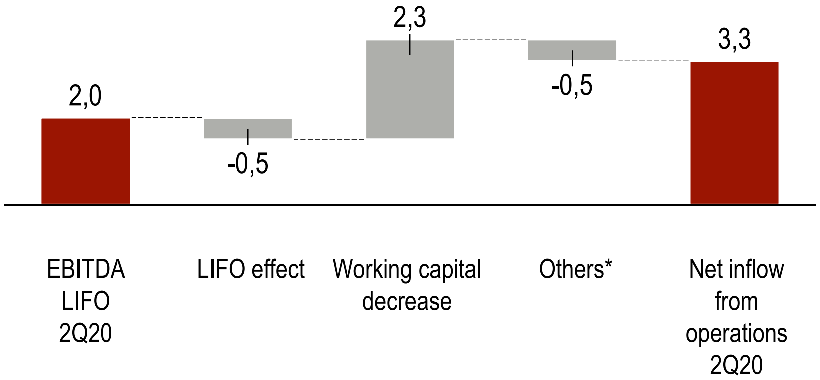
Agenda

- Key facts and figures
- Macro environment
- Financial and operating results
- Liquidity and investments
- Outlook

Cash flow

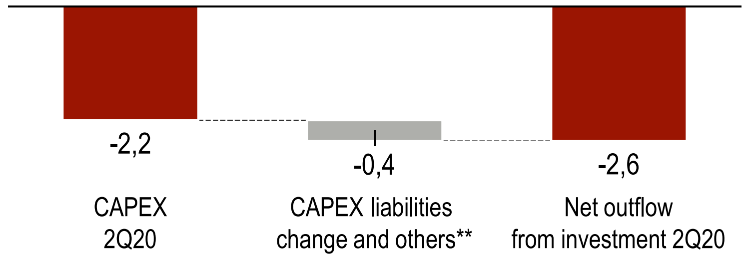
Cash flow from operations

PLN bn



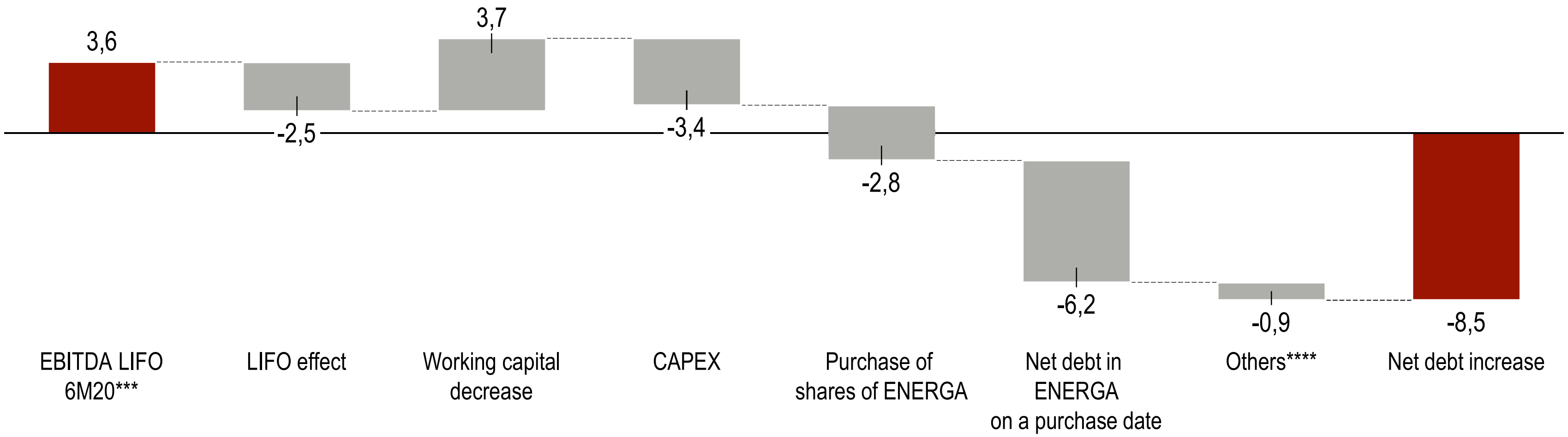
Cash flow from investments

PLN bn



Free cash flow 6M20

PLN bn



* Mainly adjustment for changes in the balance of deposits and reserve, property rights received free of charge and paid income tax

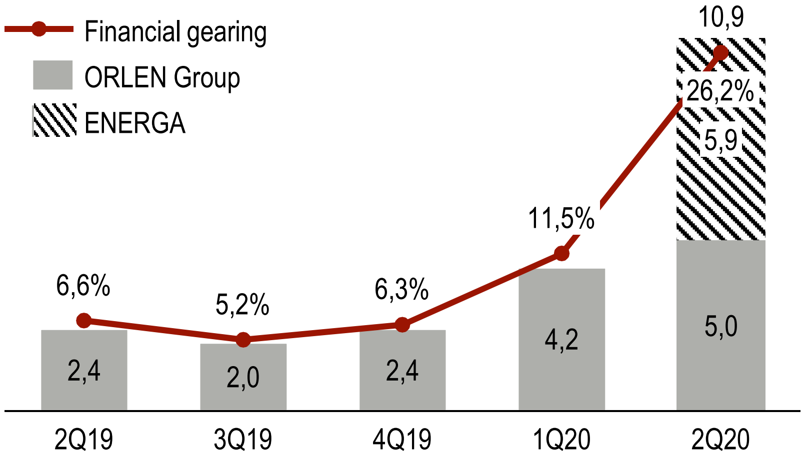
** Includes PLN (-) 1,6 bn acquisition of ENERGA shares decreased by cash, PLN 1,0 bn settlement of derivatives not designated as hedge accounting and PLN 0.2 bn increase in advance payments and investment liabilities

*** Includes PLN (-) 0,4 bn of negative impact from inventories revaluation (NRV)

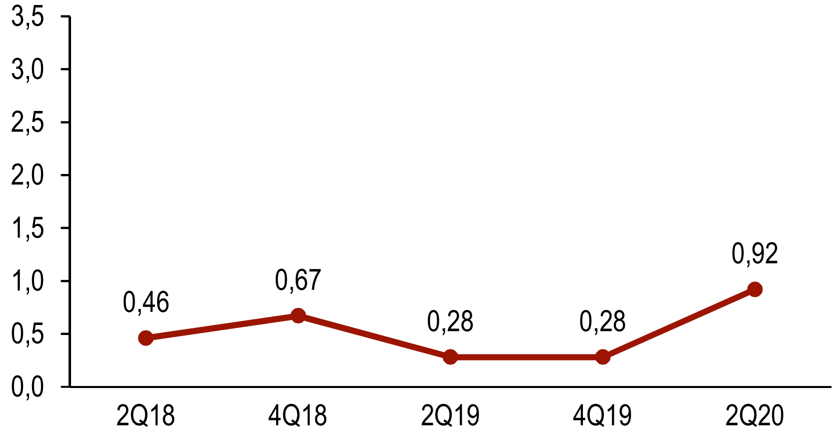
**** Mainly paid income tax and paid interest.

Financial strenght

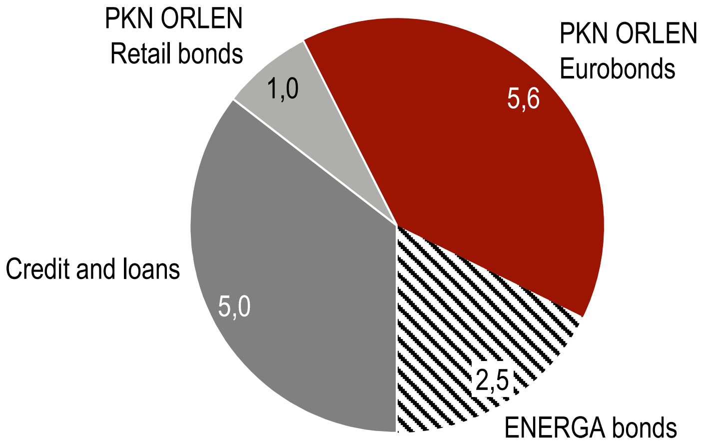
Net debt and gearing
PLN bn, %



Net debt/EBITDA LIFO



Gross debt – sources of financing
PLN bn

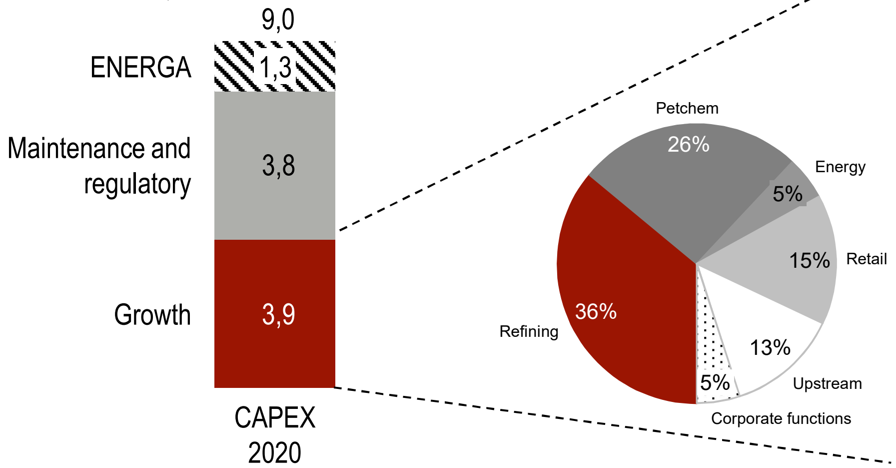


- Gross debt structure: EUR 65%, PLN 34%, CAD 1%
- Average maturity in 2021.
- Investment grade: BBB- stable outlook (Fitch), Baa2 positive outlook (Moody's).
- Net debt increase by PLN 6,7 bn (q/q) as a result of the recognition of ENERGA Group's net debt in the amount of PLN 5,9 bn with investment expeditures at the level of PLN (-) 2,3 bn and positive cash flow from operations of PLN 0,5 bn.
- Mandatory reserves on balance sheets as of the end of 2Q20 were at the level of PLN 4,6 bn including PLN 4,2 bn in Poland.

CAPEX

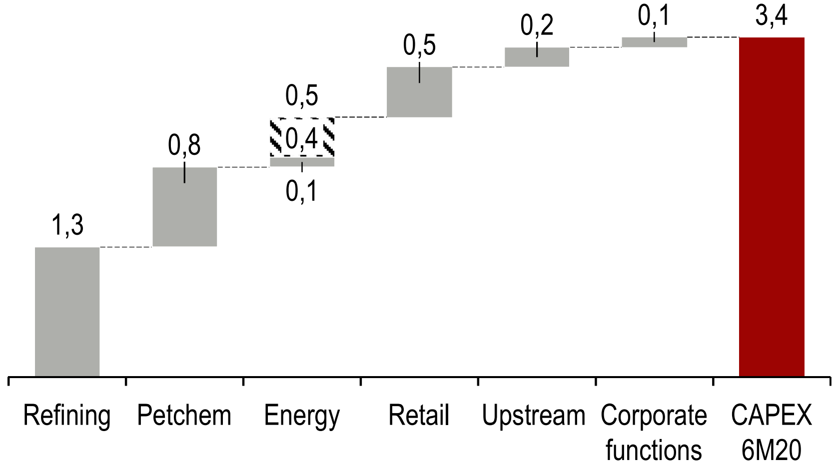
Planned CAPEX 2020

PLN bn, %



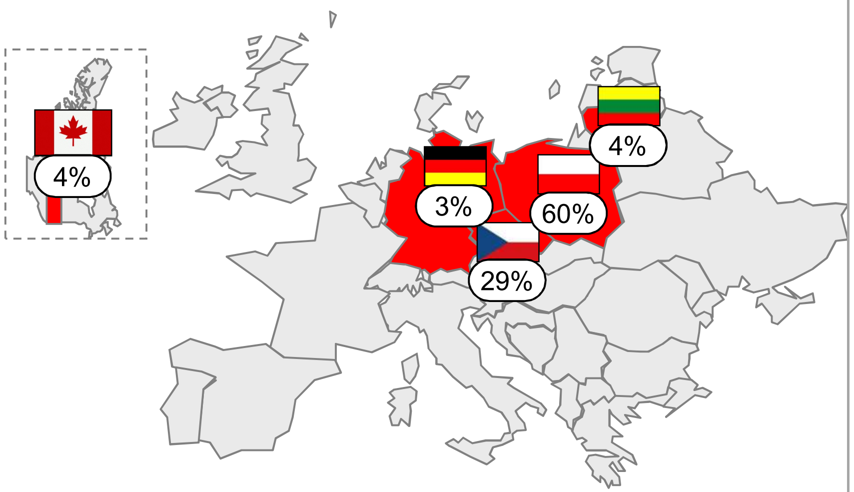
Realized CAPEX 6M20* – split by segment

PLN bn



Realized CAPEX 6M20* – split by country

%



Main growth projects realized in 2Q20

Refining

- Construction of Visbreaking Unit in Płock
- Construction of Propylene Glycol Unit in ORLEN Południe

Petchem

- Extension of fertilizers production in Anwil
- Completion of the construction of the main part of Polyethylene installation in the Czech Republic
- Construction of units under Petrochemical Development Program

Energy

- Preparation for construction of offshore wind farm on Baltic Sea
- Modernization of the TG1 turbine set in the Heat and Power Plant in Płock

Retail

- 3 fuel stations opened, 7 closed (5 DOFO stations in Poland and 2 smaller CODO stations in Poland and in the Czech Republic), 1 modernized.
- 7 Stop Cafe/Star Connect locations opened (including convenience stores)

Upstream

- Canada – PLN 0 m / Poland – PLN 38 m

* CAPEX 2Q20 amounted to PLN 2.186 m: refining PLN 782 m, petrochemicals PLN 571 m, energy PLN 421 m, retail PLN 282 m, upstream PLN 38 m, corporate functions PLN 90 m.

Agenda

Key facts and figures

Macro environment

Financial and operating results

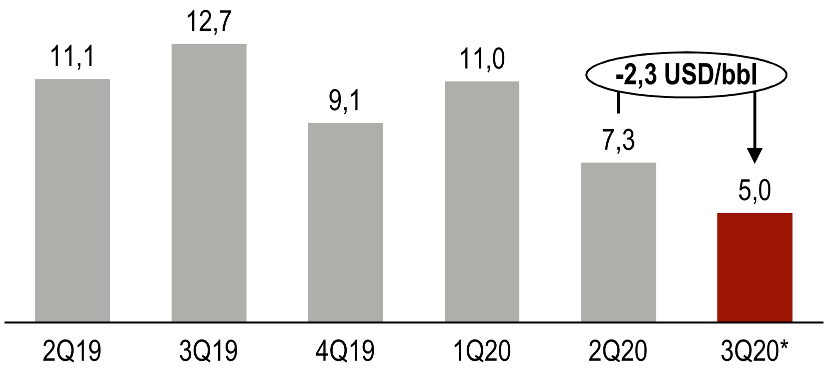
Liquidity and investments

Outlook

Macro environment in 3Q20

Model downstream margin

USD/bbl



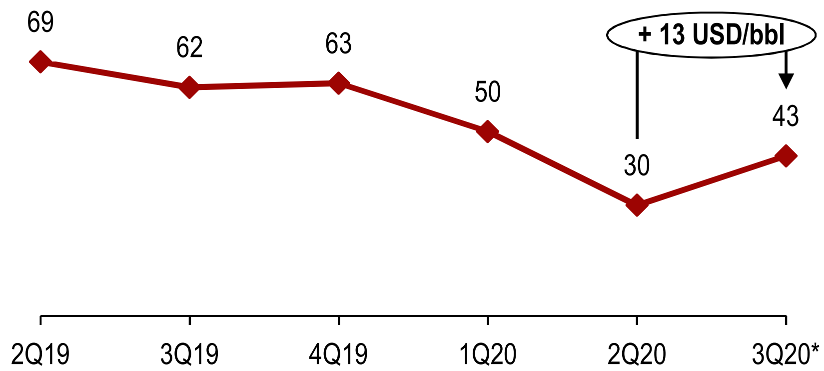
Product slate of downstream margin

Crack margins

Refining products (USD/t)	3Q19	2Q20	3Q20*	(Q/Q)	(Y/Y)
Diesel	115	62	45	-27%	-61%
Gasoline	154	58	80	38%	-48%
HSFO	-140	-62	-93	-50%	34%
SN 150	119	163	14	-91%	-88%
Petchem products (EUR/t)					
Ethylene	568	478	474	-1%	-17%
Propylene	467	421	415	-1%	-11%
Benzene	273	39	79	103%	-71%
PX	366	327	218	-33%	-40%

Average Brent crude oil price

USD/bbl

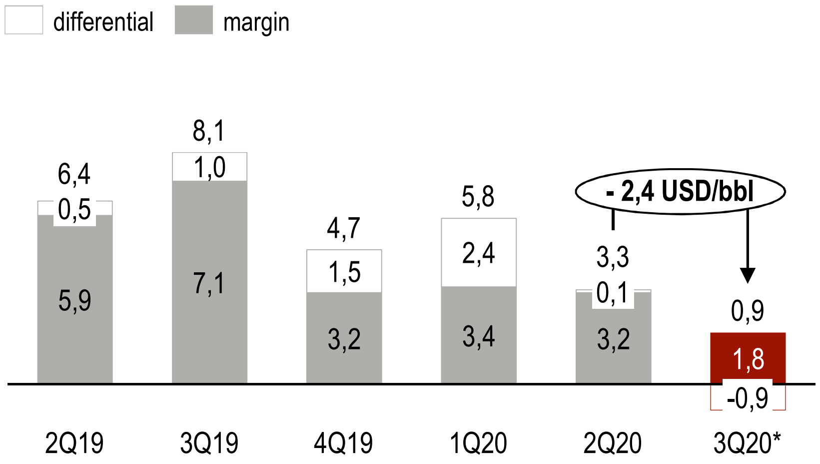


* Data as of 24.07.2020

Macro environment in 3Q20

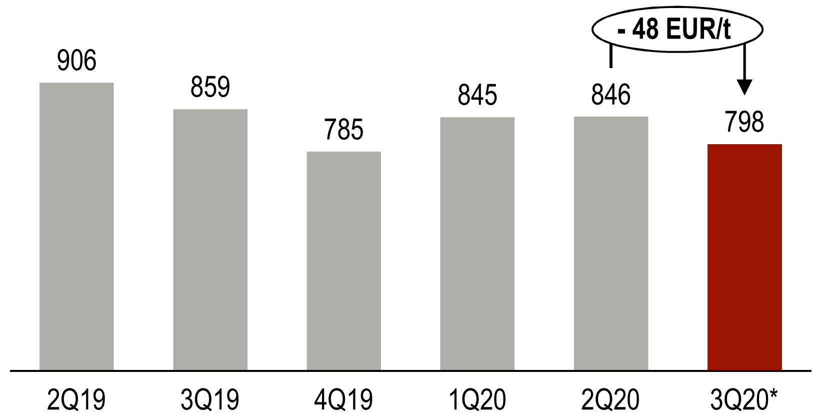
Model refining margin and Brent/Ural differential

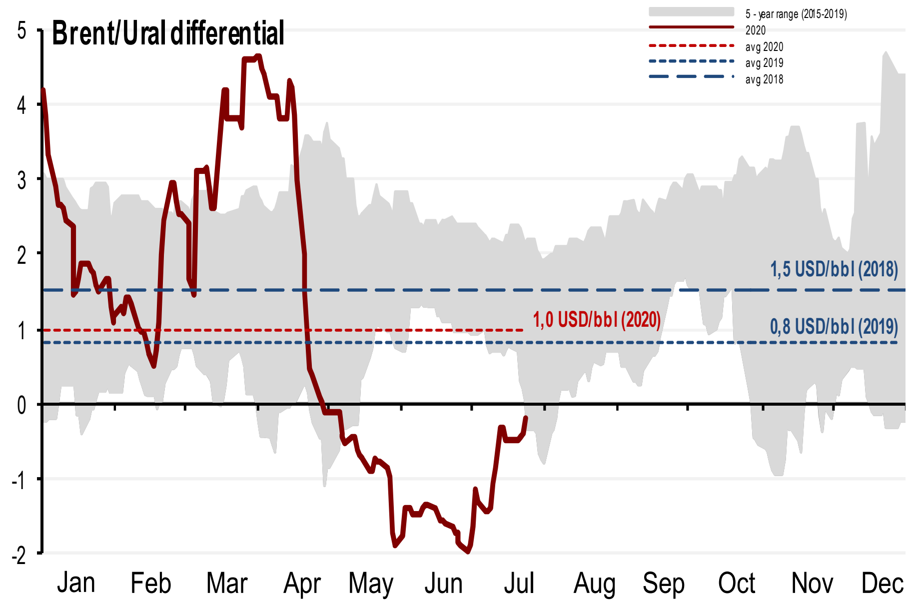
USD/bbl



Model petrochemical margin

EUR/t





* Data as of 24.07.2020

Market outlook 2020

Macro

- Brent crude oil – we expect the price of crude oil to remain around 40 USD / bbl in the coming quarters. The projected increase in demand for crude oil as a result of the economic recovery will translate into a decline in oil stocks, which are currently 3-4 times higher than in 2015. Additionally, a loosening of OPEC + restrictive approach to the reduction of production and an increase in production in the US is possible.
- Refining margin – we expect an improvement in the refining margin in the second half of the year (scenario "V") due to the slower dynamics of crude oil price increases and consolidation in the global refining industry forced by economic factors (excess refining capacity, resulting from adjustments to the IMO regulations with a decrease in demand due to COVID-19), which will translate into higher margins at refineries that will remain on the market.
- Petrochemical margin – we expect petrochemical margins to remain at around EUR 800 / t. Petrochemicals depend on economic activity, which has declined sharply, however, Europe, which is an importer of many base petrochemicals, has opened up opportunities for local production due to the slump in imports.

Economy

- GDP forecast* – Poland (-) 3,8%, Czech Republic (-) 8,0%, Lithuania (-) 9,7%, Germany (-) 6,0%.
- Fuel consumption – expected increase in demand for fuels and petrochemical products as a result of the forecast economic recovery.

Regulations

- National Index Target – base level for 2020 set on 8,5%.
  PKN ORLEN will be able to take advantage of the possibility to reduce the ratio to 5,576%.
- Retail tax – due to COVID-19 implementation of the retail tax was postponed from 1 July 2020 to 1 January 2021.

* Poland (NBP, June 2020); Germany (CE, June 2020); the Czech Republic (CNB, May 2020); Lithuania (LB, May 2020)

Thank you for your attention

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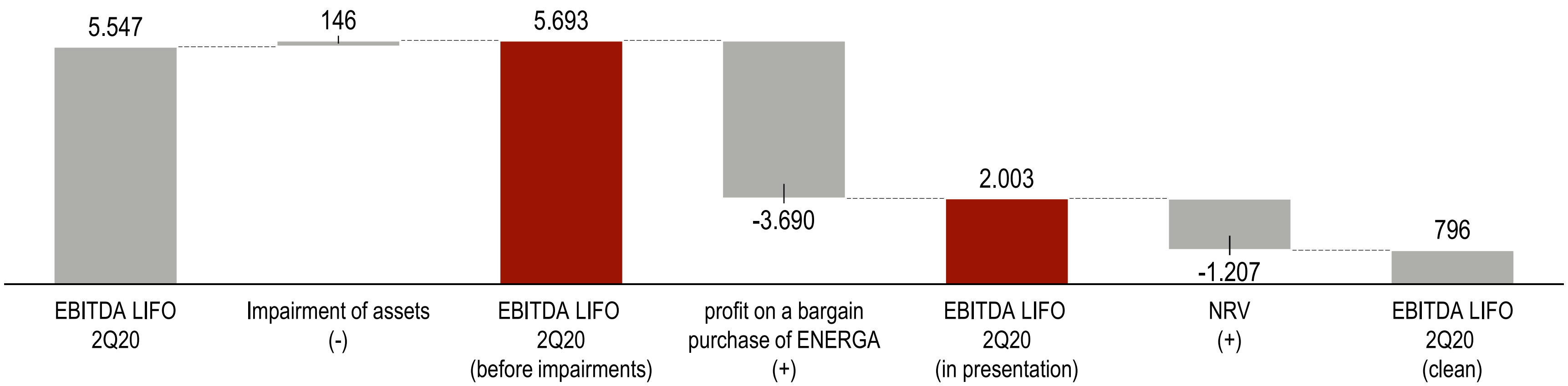
Agenda

Supporting slides

EBITDA LIFO – clean results

EBITDA LIFO
PLN m



PLN m	**1Q19**	**2Q19**	**3Q19**	**4Q19**	**1Q20**	**2Q20**
Refining	499	851	1 167	267	-353	614
incl. NRV	*241*	*-39*	*-142*	*-45*	*-1 551*	*1 168*
Refining excl. NRV	*258*	*890*	*1 309*	*312*	*1 198*	*-554*
Petrochemicals	708	708	721	177	766	251
incl. NRV	*0*	*0*	*-1*	*0*	*-58*	*39*
Petrochemicals excl. NRV	*708*	*708*	*722*	*177*	*824*	*212*
Energy	242	432	514	381	488	749
Retail	676	859	925	585	706	726
Upstream	94	83	85	33	219	10
Corporate functions	-205	-201	-245	-184	-219	-347
EBITDA LIFO	**2 014**	**2 732**	**3 167**	**1 259**	**1 607**	**2 003**
incl. NRV	**241**	**-39**	**-143**	**-45**	**-1 609**	**1 207**
EBITDA LIFO excl. NRV	**1 773**	**2 771**	**3 310**	**1 304**	**3 216**	**796**

Results – split by quarter

PLN m	2Q19	1Q20	2Q20	Δ (y/y)	6M19	6M20	Δ
Revenues	29 228	22 077	17 010	-42%	54 474	39 087	-28%
EBITDA LIFO	2 732	1 607	5 693	108%	4 746	7 300	54%
LIFO effect	217	-2 072	-466	-	42	-2 538	-
EBITDA	2 949	-465	5 227	77%	4 788	4 762	-1%
Depreciation	-846	-935	-1 118	-32%	-1 679	-2 053	-22%
EBIT LIFO	1 886	672	4 575	143%	3 067	5 247	71%
EBIT	2 103	-1 400	4 109	95%	3 109	2 709	-13%
Net result	1 601	-2 245	3 985	149%	2 450	1 740	-29%

Results including profit on a bargain purchase of ENERGA shares in the amount of PLN 3.690 m
Operational results before impairments of assets:2Q20 PLN (-) 146 m / 1Q20 (-) 504 mln PLN / 2Q19: PLN (-) 17 m

PLN m	2Q19	1Q20	2Q20	Δ (y/y)	6M19	6M20	Δ
Revenues	29 228	22 077	17 010	-42%	54 474	39 087	-28%
EBITDA LIFO	2 732	1 607	2 003	-27%	4 746	3 610	-24%
LIFO effect	217	-2 072	-466	-	42	-2 538	-
EBITDA	2 949	-465	1 537	-48%	4 788	1 072	-78%
Depreciation	-846	-935	-1 118	-32%	-1 679	-2 053	-22%
EBIT LIFO	1 886	672	885	-53%	3 067	1 557	-49%
EBIT	2 103	-1 400	419	-80%	3 109	-981	-
Net result	1 601	-2 245	3 985	149%	2 450	1 740	-29%

Results excluding profit on a bargain purchase of ENERGA shares in the amount of PLN 3.690 m
Operational results before impairments of assets:2Q20 PLN (-) 146 m / 1Q20 (-) 504 mln PLN / 2Q19: PLN (-) 17 m

Results – split by segment

2Q20 PLN m	Refining	Petchem	Energy	Retail	Upstream	Corporate functions	TOTAL
EBITDA LIFO	614	251	749	726	10	-347	2 003
LIFO effect	-526	60	-	-	-	-	-466
EBITDA	88	311	749	726	10	-347	1 537
Depreciation	-290	-231	-287	-184	-78	-48	-1 118
EBIT	-202	80	462	542	-68	-395	419
EBIT LIFO	324	20	462	542	-68	-395	885

2Q19 PLN m	Refining	Petchem	Energy	Retail	Upstream	Corporate functions	TOTAL
EBITDA LIFO	851	708	432	859	83	-201	2 732
LIFO effect	228	-11	-	-	-	-	217
EBITDA	1 079	697	432	859	83	-201	2 949
Depreciation	-285	-198	-106	-153	-66	-38	-846
EBIT	794	499	326	706	17	-239	2 103
EBIT LIFO	566	510	326	706	17	-239	1 886

Data before impairments of assets: 2Q20 PLN (-) 146 m / 2Q19 PLN (-) 17 m

EBITDA LIFO – split by segment

PLN m	2Q19	1Q20	2Q20	Δ (y/y)	6M19	6M20	Δ
Refining	851	-353	614	-28%	1 350	261	-81%
Petrochemicals	708	766	251	-65%	1 416	1 017	-28%
Energy	432	488	749	73%	674	1 237	84%
Retail	859	706	726	-15%	1 535	1 432	-7%
Upstream	83	219	10	-88%	177	229	29%
Corporate functions	-201	-219	-347	-73%	-406	-566	-39%
EBITDA LIFO	**2 732**	**1 607**	**2 003**	**-27%**	**4 746**	**3 610**	**-24%**

Data before impairments of assets: 2Q20 PLN (-) 146 m / 1Q20 PLN (-) 504 m / 2Q19 PLN (-) 17 m

Results – split by company

2Q20 PLN m	PKN ORLEN	Unipetrol [2]	ORLEN Lietuva [2]	ENERGA [2]	Others and consolidation corrections	TOTAL
Revenues	10 864	2 494	2 173	1 934	-455	17 010
EBITDA LIFO	879	97	348	260	4 109	5 693
LIFO effect [1]	-161	-119	-187	-	1	-466
EBITDA	718	-22	161	260	4 110	5 227
Depreciation	479	205	40	170	224	1 118
EBIT	239	-227	121	90	3 886	4 109
EBIT LIFO	400	-108	308	90	3 885	4 575
Financial income	602	4	-2	26	-350	280
Financial costs	-131	-19	1	-35	5	-179
Net result	582	-198	111	90	3 400	3 985

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

ORLEN Lietuva

PLN m	2Q19	1Q20	2Q20	Δ (y/y)	6M19	6M20	Δ
Revenues	5 308	3 136	2 173	-59%	9 667	5 309	-45%
EBITDA LIFO	43	-753	348	709%	249	-405	-
EBITDA	111	-696	161	45%	258	-535	-
EBIT	74	-730	121	64%	183	-609	-
Net result	62	-608	111	79%	175	-497	-

- Decrease in revenues by (-) 59% (y/y) as a result of lower quotations of refining and petrochemical products due to decrease of crude oil prices and lower sales volumes.
- Decrease of refining utilisation by (-) 22 pp (y/y) due to limited crude oil throughput caused by unfavourable macroeconomic situation and the impact of the spring maintenance shutdown started at the end of March 2020. Fuel yield increase by 3 pp (y/y) resulting from higher share of low-sulphur crude oil in throughput structure.
- EBITDA LIFO higher by PLN 305 m (y/y) mainly due to positive effect of inventories revaluation (NRV) at the amount of PLN 601 m (y/y) at negative macro environment, lower sales volumes and lower trade margins.
- CAPEX 2Q20: PLN 62 m.

Unipetrol

PLN m	2Q19	1Q20	2Q20	Δ (y/y)	6M19	6M20	Δ
Revenues	5 691	4 054	2 494	-56%	10 534	6 548	-38%
EBITDA LIFO	300	-100	97	-68%	450	-3	-
EBITDA	279	-258	-22	-	444	-280	-
EBIT	93	-457	-227	-	73	-684	-
Net result	38	-363	-198	-	30	-561	-

- Decrease in revenues by (-) 56% (y/y) as a result of lower quotations of refining and petrochemical products due to decrease of crude oil prices and lower sales volumes.
- Lower crude oil throughput and, as a consequence, lower refining utilisation ratio by (-) 51 pp (y/y) due to the shutdown of the refining and petrochemical parts of the refinery in Litvinov and the delayed start-up of Kralupy refinery after maintenance shutdown in March 2020. Fuel yield increase by 4pp (y/y) due to higher share of low-sulphur crude oil in throughput structure and the use of intermediates accumulated before refineries shutdowns.
- EBITDA LIFO lower by PLN (-) 203 m (y/y) mainly due to negative macro impact in refining and petrochemicals, lower sales volumes as a result of maintenance shutdowns and the impact of COVID-19, as well as the use of inventory layers accumulated at higher crude oil prices during installation shutdowns. Positive impact of inventories revaluation (NRV) at the amount of PLN 646 m (y/y).
- CAPEX 2Q20: PLN 684 m.

Data before impairments of assets:
2Q20: PLN 0 m / 2Q19: PLN (-) 3 m
6M20: PLN 0 m / 6M19: PLN (-) 8 m

ENERGA Group

PLN m	2Q19	1Q20	2Q20	Δ (y/y)	6M19	6M20	Δ
Revenues	3 059	3 289	2 856	-7%	6 030	6 145	2%
EBITDA	704	568	487	-31%	1 258	1 055	-16%
EBIT	163	307	-244	-	454	63	-86%
Net result	66	111	-878	-	252	-767	-

- Revenues decrease due to lower production and sales of electricity as well as lower sales prices.
- ENERGA Group EBITDA lower by PLN (-) 217 m (y/y), including:
  - Distribution Business Line EBITDA higher by PLN 19 m as a result of a one-off event related to the recognition of infrastructure received free of charge due to the unification of the accounting policy with the ORLEN Group at increase in labor costs as a result of increase in the minimum wage, as well as an increase in actuarial provisions impacting increase in employee benefits costs. COVID-19 also had a negative impact on the results.
  - Production Business Line EBITDA lower by PLN (-) 26 m as a result of lower energy production in hydropower plants (mainly power plant in Włocławek) and system power plant in Ostrołęka.
  - Sales Business Line EBITDA lower by PLN (-) 217 m due to the lack of revenues from compensations resulting from the application of the Act on "Energy Prices in 2019" concerning the entire half-year received in 2Q19 as well as due to the negative impact of COVID-19 and the lower tariff for 2020.
- CAPEX 2Q20: PLN 484 m.

Results before impairments on assets: 2Q20 PLN (-) 473 m / 1Q20 PLN 3 m / 2Q19 PLN (-) 270 m

Production data

	2Q19	1Q20	2Q20	Δ (y/y)	Δ (q/q)	6M19	6M20	Δ
Total crude oil throughput in ORLEN Group (kt)	8 289	7 683	6 192	-25%	-19%	16 514	13 875	-16%
Utilization	94%	88%	71%	-23 pp	-17 pp	95%	79%	-16 pp
PKN ORLEN [1]								
Processed crude (kt)	3 940	3 926	3 505	-11%	-11%	8 015	7 431	-7%
Utilization	97%	97%	86%	-11 pp	-11 pp	99%	92%	-7 pp
Fuel yield [4]	87%	84%	84%	-3 pp	0 pp	84%	84%	0 pp
Light distillates yield [5]	35%	34%	35%	0 pp	1 pp	34%	35%	1 pp
Middle distillates yield [6]	52%	50%	49%	-3 pp	-1 pp	50%	49%	-1 pp
Unnipetrol [2]								
Processed crude (kt)	1 883	1 646	777	-59%	-53%	3 730	2 423	-35%
Utilization	87%	76%	36%	-51 pp	-40 pp	86%	56%	-30 pp
Fuel yield [4]	83%	82%	87%	4 pp	5 pp	82%	83%	1 pp
Light distillates yield [5]	37%	35%	43%	6 pp	8 pp	37%	37%	0 pp
Middle distillates yield [6]	46%	47%	44%	-2 pp	-3 pp	45%	46%	1 pp
ORLEN Lietuva [3]								
Processed crude (kt)	2 410	2 028	1 839	-24%	-9%	4 633	3 867	-17%
Utilization	95%	80%	73%	-22 pp	-7 pp	92%	76%	-16 pp
Fuel yield [4]	75%	74%	78%	3 pp	4 pp	74%	76%	2 pp
Light distillates yield [5]	30%	30%	32%	2 pp	2 pp	29%	31%	2 pp
Middle distillates yield [6]	45%	44%	46%	1 pp	2 pp	45%	45%	0 pp

[1] Throughput capacity for Plock refinery is 16,3 mt/y
[2] Throughput capacity for Unipetrol is 8,7 mt/y [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 may occur from rounding
[5] Light distillates yield is a ratio of gasoline, naphtha, LPG production excluding BIO and internal transfers to crude oil throughput
[6] Middle distillates yield is a ratio of diesel, light heating oil (LHO) and JET 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). Cracks for petrochemical products calculated as the difference between the quotation of a given product and Brent DTD oil price.

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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