




ORLEN Group
consolidated financial results
1Q21

29 April 2021

 [#ORLEN1Q21@PKN_ORLEN](https://twitter.com/PKN_ORLEN)



Summary



Macro environment



Financial and operating results



Liquidity and investments



Market outlook

Summary 1Q21



Financial and operating results

- EBITDA LIFO: PLN 2,4 bn; increase by PLN 0,8 bn (y/y)
- Downstream margin: 7,1 USD/bbl; decrease by (-) 35% (y/y)
- Crude oil throughput: 6,2 mt; decrease by (-) 19% (y/y) / 72% capacity utilization
- Sales: 8,4 mt; decrease by (-) 11% (y/y)



Financial strength

- Cash flow from operations: PLN 3,9 bn
- CAPEX: PLN 1,8 bn
- Net debt: PLN 13,5 bn
- Investment grade: BBB- stable outlook (Fitch), Baa2 positive outlook (Moody's).
- Next issue of PKN ORLEN corporate bonds related to ESG rating amounted to PLN 1 bn.
- Management Board of PKN ORLEN, in line with Strategy ORLEN2030, recommended dividend payment for 2020 at the level of PLN 3,50 per share.

Key facts

- Contract for crude oil purchase with ExxonMobil (1,0 mt per year) and with Rosneft (3,6 mt per year).
- Agreement with Northland Power for the construction of a wind farm on the Baltic Sea. Planned start of construction in 2023, commissioning in 2026.
- UOKiK will consider PKN ORLEN's application for takeover of PGNiG.
- Acquisition of 100% of shares in OTP (the largest road carrier of liquid fuels in Poland).
- Concept of building a new retail sales format outside fuel stations "ORLEN in motion". Involvement in development of parcel pick up points and courier services, including own automated parcel machines.
- In line with the Strategy ORLEN2030, PKN ORLEN focuses on the dynamic development of assets in Lithuania.

ESG

- Emission neutrality in 2050
- PKN ORLEN – 8 time in row – in the prestigious ranking of the most ethical companies in the world (THE WORLD'S MOST ETHICAL COMPANY 2021).
- 1st place among certified employers in Poland (TOP EMPLOYER POLSKA 2021).
- ESG ratings – 5th place out of 86 companies from the Oil & Gas Refining and Marketing segment (Sustainalytics) / A rating (MSCI)
- Increase in the share of zero and low-emission sources by purchasing 3 onshore wind farms with a total capacity of ca. 90 MW and planned construction of PV farm with a capacity of ca. 100 MW by ENERGA Group.
- Commencement of works at ORLEN Asphalt on a special type of asphalts, which will have a reduced carbon footprint.
- Work in progress on electromobility development.



Summary



Macro environment



Financial and operating results



Liquidity and investments



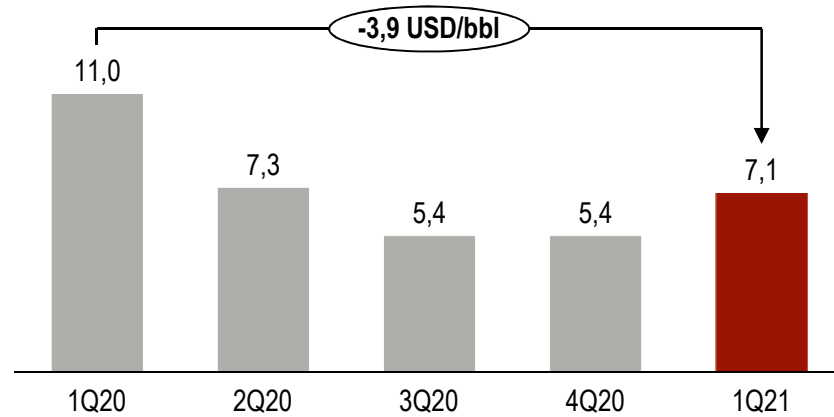
Market outlook

Macro environment 1Q21



Model downstream margin

USD/bbl



Product slate of downstream margin

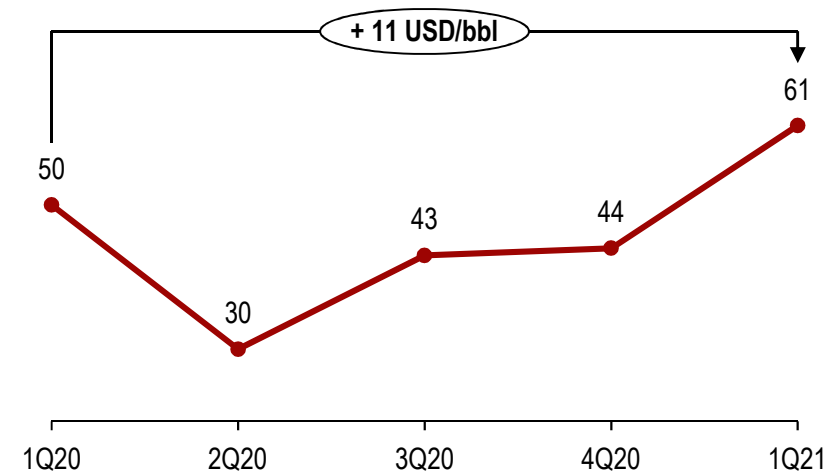
Crack margins

Refining products (USD/t)	1Q20	4Q20	1Q21	Δ (y/y)
Diesel	91	33	32	-65%
Gasoline	94	71	104	11%
HSFO	-154	-80	-122	21%
SN 150	169	261	348	106%

Petrochemical products (EUR/t)	1Q20	4Q20	1Q21	Δ (y/y)
Ethylene	594	502	559	-6%
Propylene	480	445	515	7%
Benzene	309	150	306	-1%
PX	402	236	243	-40%

Average Brent crude oil price

USD/bbl



Average PLN vs USD and EUR

USD/PLN, EUR/PLN

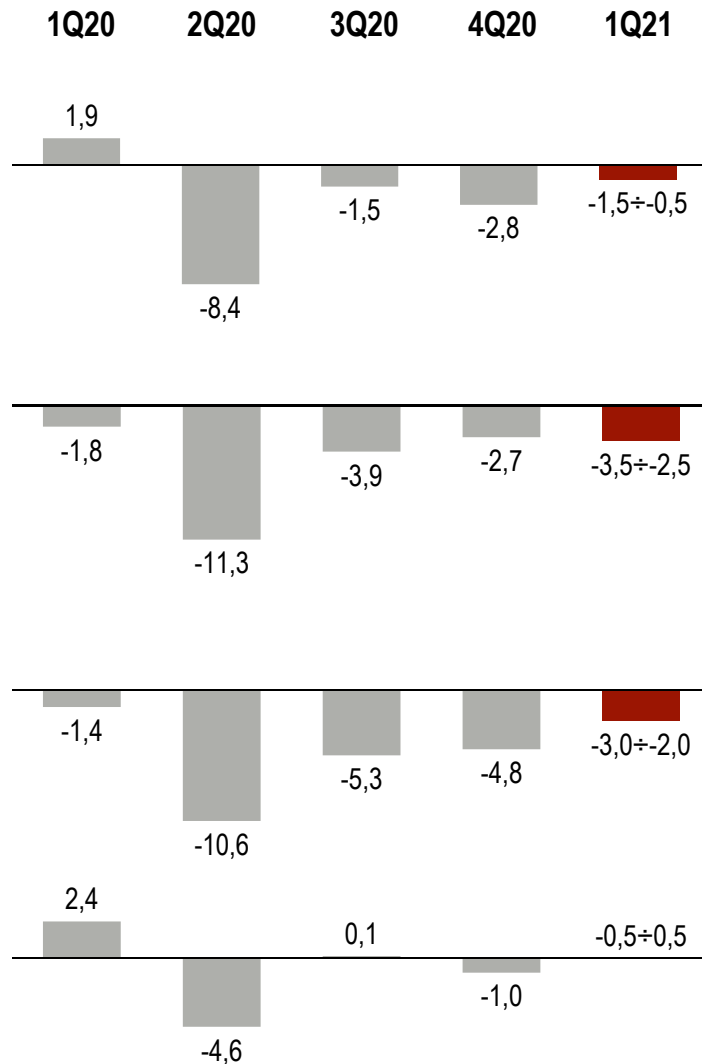


Fuel consumption decrease due to COVID-19



GDP¹

Change % (y/y)



Poland



Germany



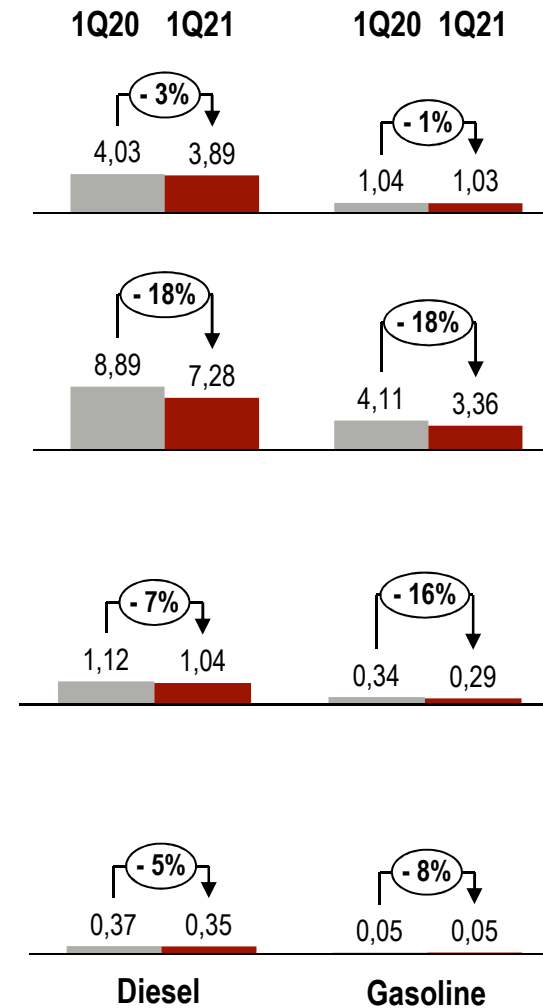
Czech Rep.



Lithuania

Fuel consumption²

mt



Diesel

Gasoline

¹ 1Q21 – estimates: Poland (NBP, European Commission, Polityka Insight), Germany, the Czech Rep., Lithuania (Central Banks, European Commission, Continuum Economics)

² 1Q21 – PKN ORLEN estimates based on available data from ARE, Lithuanian Statistical Office, Czech Statistical Office and German Association of Petroleum Industry.



Summary



Macro environment



Financial and operating results

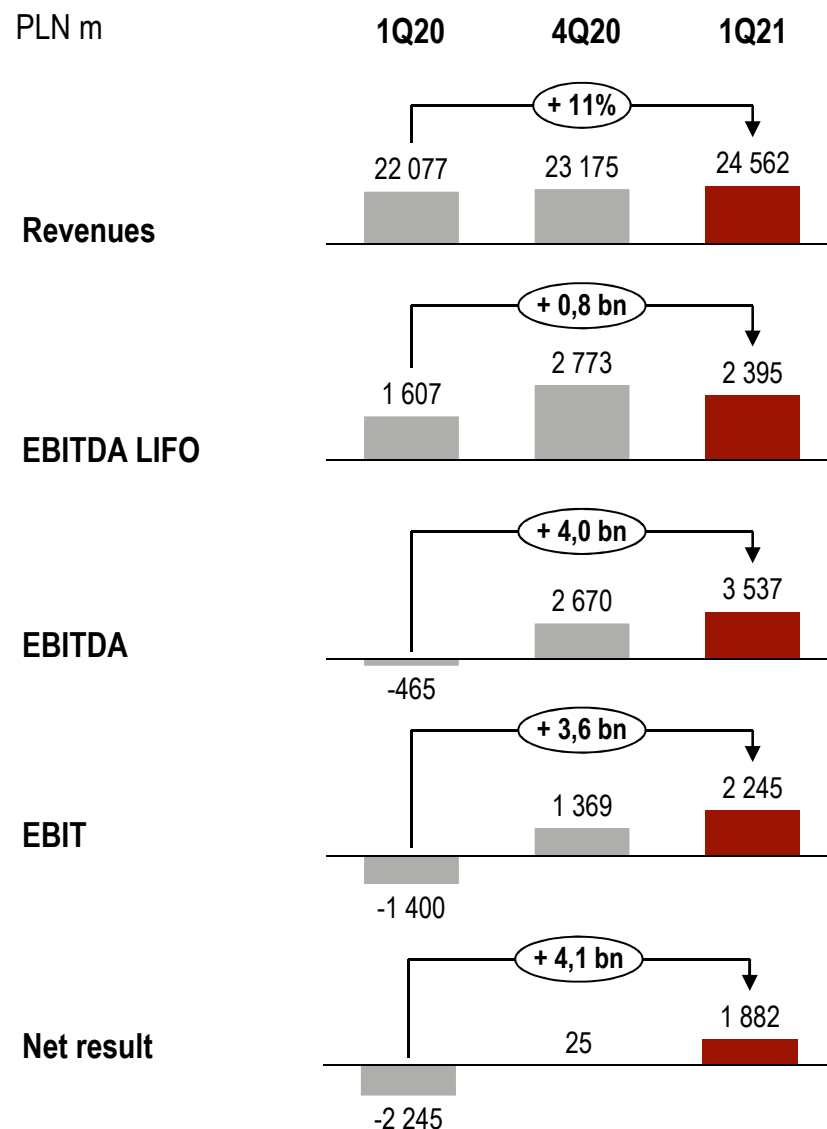


Liquidity and investments



Market outlook

Financial results



Revenues: increase by 11% (y/y) due to higher quotations of refining and petrochemical products resulting from crude oil prices increase at lower sales volumes.

EBITDA LIFO: increase by PLN 0,8 bn (y/y) mainly due to positive impact of consolidation of ENERGA Group results, reversal of write-offs on inventories (NRV), usage of historical layers of inventories, impact of CO2 contract valuation and changes in consolidation method of Baltic Power. The above positive effects were partially offset by negative macro impact, lower sales volumes, lower wholesale and retail margins, higher labor costs and revaluation of CO2 provisions.

LIFO effect: PLN 1,1 bn impact of changes in crude oil prices on inventories valuation.

Financial result: PLN (-) 0,1 bn as a result of the surplus of negative FX differences and interest costs at positive net impact of settlement and valuation of derivative financial instruments.

Net result: increase of PLN 4,1 bn (y/y) due to: higher EBITDA LIFO by PLN 0,8 bn (y/y), lower impairment on assets by PLN 0,5 bn (y/y), higher LIFO effect by PLN 3,2 bn (y/y), higher depreciation by PLN (-) 0,4 bn (y/y), higher financial result by PLN 0,6 bn (y/y) and higher income tax by PLN (-) 0,6 bn (y/y).

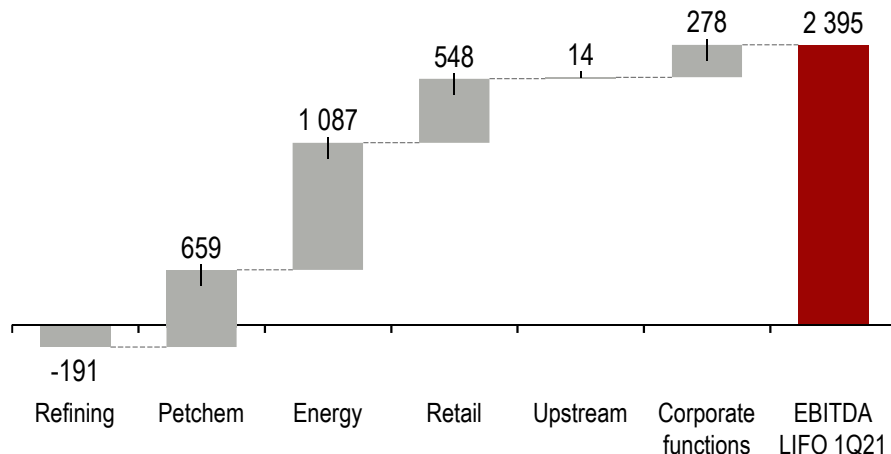
Operational results before impairments of assets: 1Q20 PLN (-) 504 m / 4Q20 PLN (-) 949 m / 1Q21 PLN (-) 4 m
 NRV: 1Q20 PLN (-) 1 609 m / 4Q20 PLN 358 m / 1Q21 PLN 193 m

EBITDA LIFO



Segments' results

PLN m



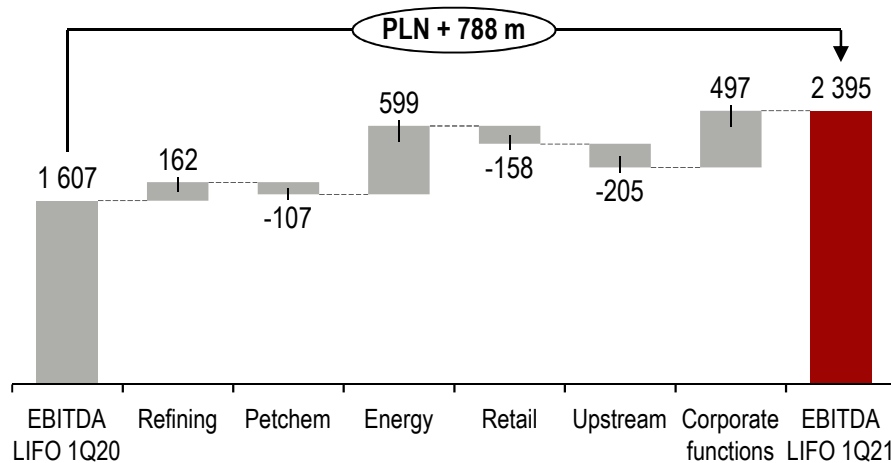
Refining: increase by PLN 162 m (y/y) mainly due to positive impact of reversal of write-offs on inventories (NRV) and usage of historical layers of inventories at negative macro effect and lower sales volumes.

Petchem: decrease by PLN (-) 107 m (y/y) mainly due to negative impact of lower sales volumes at positive macro effect and reversal of write-offs on inventories (NRV).

Energy: increase by PLN 599 m (y/y) mainly due to positive impact of consolidation of ENERGA Group results, changes in consolidation method of Baltic Power at negative macro impact, lower sales volumes and revaluation of CO2 provisions.

Change in segments' results (y/y)

PLN m



Retail: decrease by PLN (-) 158 m (y/y) mainly due to negative impact of lower sales volumes and lower fuel margins at positive impact of higher non-fuel margins.

Upstream: decrease by PLN (-) 205 m (y/y) mainly due to negative impact of hedging transactions and lower sales volumes at positive effect of higher crude oil, NGL's and gas prices.

Corporate functions: lower costs by PLN 497 m (y/y) mainly due to positive impact of CO2 contract valuation in the amount of PLN 568 m at negative impact of higher labor costs.

Operational results before impairments of assets: 1Q20 PLN (-) 504 m / 1Q21 PLN (-) 4 m
 NRV: 1Q20 PLN (-) 1 609 m / 1Q21 PLN 193 m

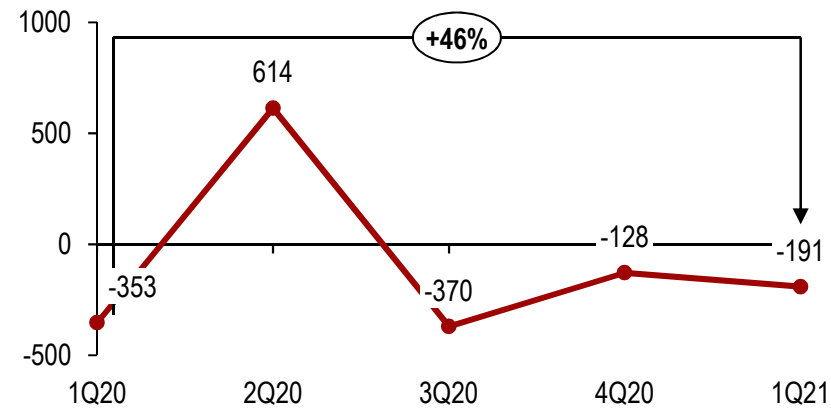
Refining – EBITDA LIFO

Negative impact of macro and lower sales volumes



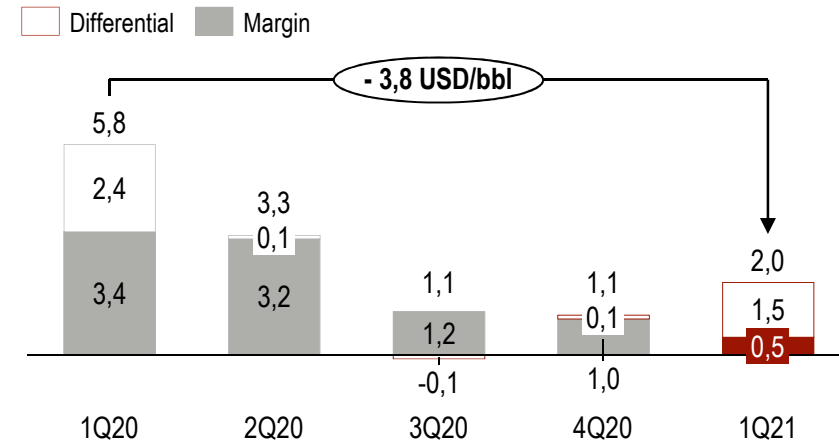
EBITDA LIFO

PLN m



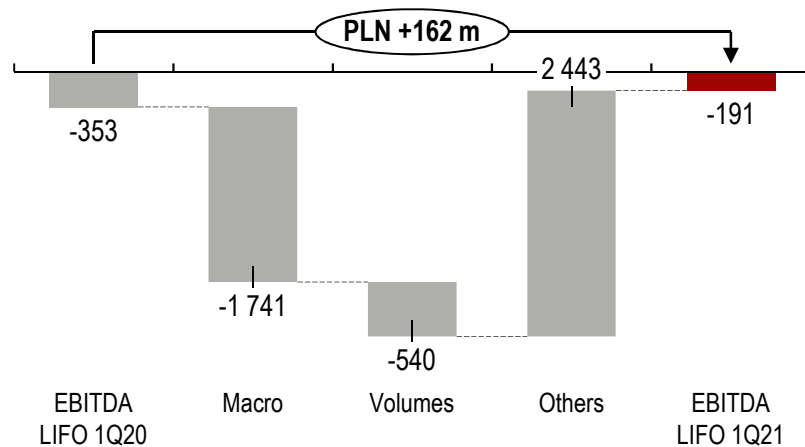
Model refining margin and Brent/Ural differential

USD/bbl



EBITDA LIFO – impact of factors

PLN m



Operational results before impairments of assets: 1Q20 PLN (-) 4 m / 1Q21 PLN (-) 2 m

NRV: 1Q20 PLN (-) 1 551 m / 1Q21 PLN 157 m

Macro: margins PLN (-) 410 m, B/U differential PLN 14 m, exchange rate PLN (-) 71 m, hedging PLN (-) 1 274 m

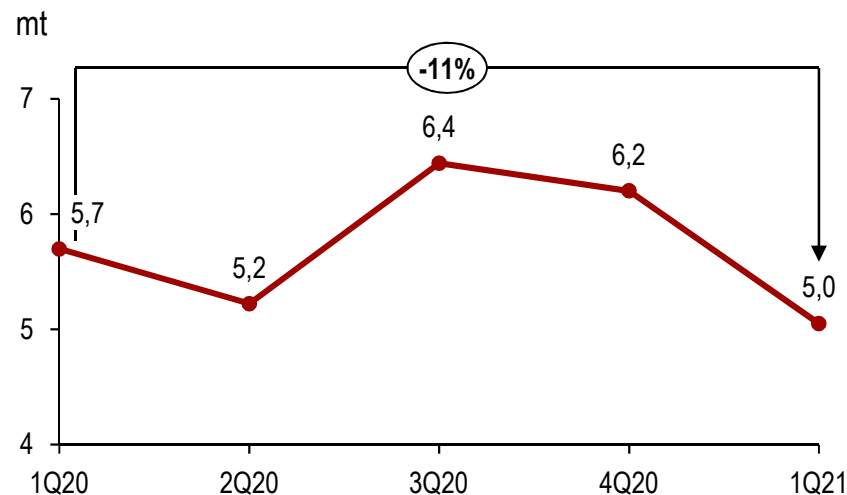
- Negative macro impact (y/y) mainly due to drop in middle distillates cracks, lower Brent/Ural differential by (-) 0,9 USD/bbl, strengthening of PLN against USD, negative impact of hedging transactions on crude oil purchases and product sales and higher costs of internal usage due to crude oil prices increase by 11 USD/bbl. Abovementioned negative effects were partially limited by positive effect of higher cracks on light distillates and heavy refining fractions.
- Sales volumes decrease by (-) 11% (y/y), of which: gasoline by (-) 19%, diesel by (-) 8%, LPG by (-) 32%, JET by (-) 67%, HSFO by (-) 28%.
- Others include mainly:
 - PLN 1,7 bn (y/y) reversal of write-offs on inventories (NRV)
 - PLN 0,8 bn (y/y) historical inventories layers use

Refining – operational data

Lower throughput due to shutdowns, macro and fuel demand



Sales volumes



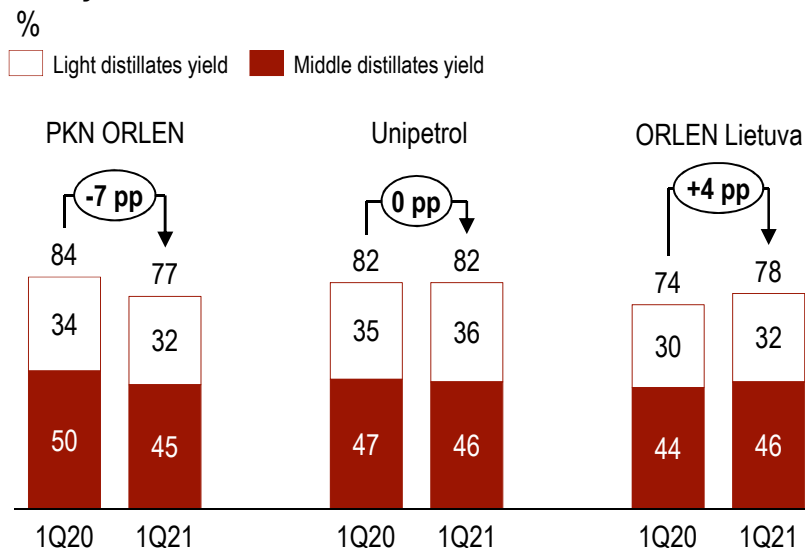
Crude oil throughput and utilisation ratio

mt, %

Crude oil throughput (mt)	1Q20	4Q20	1Q21	Δ (y/y)
PKN ORLEN	3,9	3,7	3,0	-0,9
Unipetrol	1,6	1,7	1,6	0,0
ORLEN Lietuva	2,0	1,9	1,5	-0,5
TOTAL	7,7	7,4	6,2	-1,5

Utilisation ratio (%)	1Q20	4Q20	1Q21	Δ (y/y)
PKN ORLEN	97%	90%	76%	-21 pp
Unipetrol	76%	80%	76%	0 pp
ORLEN Lietuva	80%	75%	59%	-21 pp
TOTAL	88%	84%	72%	-16 pp

Fuel yield



Crude oil throughput ca. 6,2 mt, i.e. decrease by (-) 1,5 mt (y/y), of which:

- PKN ORLEN – decrease by (-) 0,9 mt (y/y) mainly due to shutdowns of Hydrocracking, Hydrogen Unit, CDU and HDS. Additionally, crude oil throughput was under the pressure due to technical problems on Olefin Unit and works related to preparation of petrochemical installations for the planned shutdown in 2Q21.
- Unipetrol – comparable throughput (y/y). Reduced crude throughput due to lower demand for fuels and unstable work of PE3 Unit at lack of negative impact of Kralupy refinery shutdown from 1Q20.
- ORLEN Lietuva – decrease by (-) 0,5 mt (y/y) as a result of adjusting throughput to macro situation.
- Lower fuel yield in PKN ORLEN (y/y) due to shutdowns of Hydrocracking and Olefins, comparable yields in Unipetrol (y/y) and higher yields in ORLEN Lietuva (y/y) due to higher share of sweet crude oil in the throughput structure and lack of shutdown from March/ April 2020.

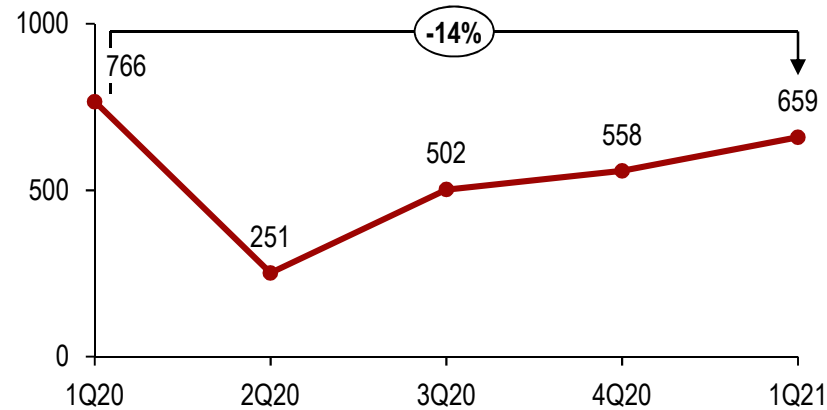
Sales volumes amounted to 5,0 mt, i.e. decrease by (-) 11% (y/y), of which: Poland by (-) 8%, Czech Rep. by (-) 17%, ORLEN Lietuva by (-) 14%. Lower sales volumes in all markets due to market limitations (COVID-19 impact).

Petrochemicals – EBITDA LIFO

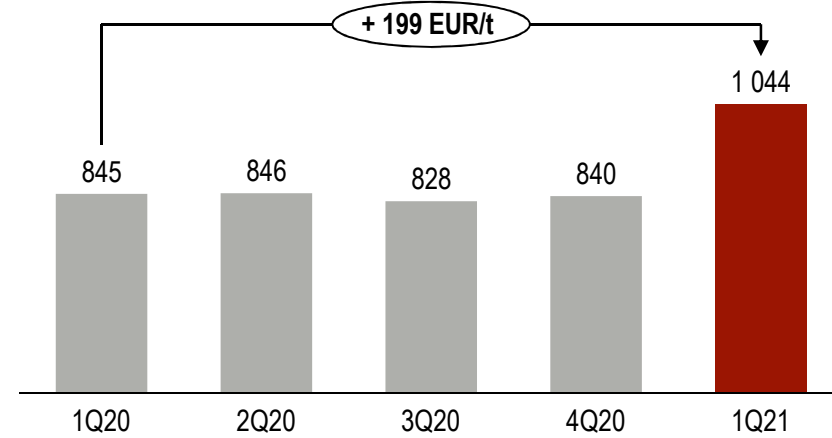
Positive impact of macro at lower sales volumes



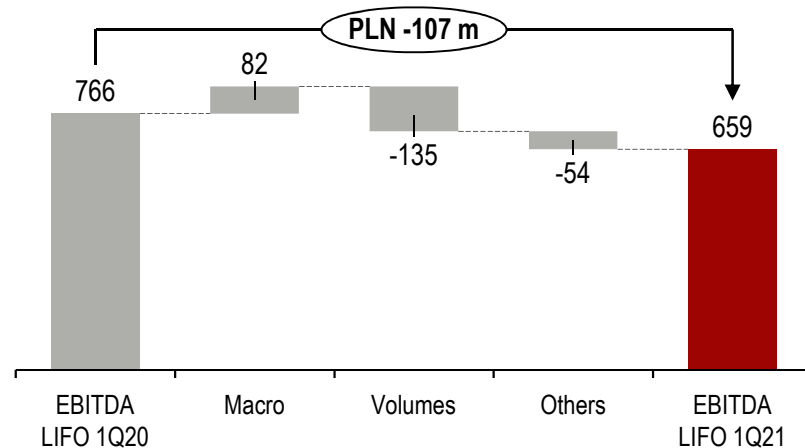
EBITDA LIFO
PLN m



Model petrochemical margin
EUR/t



EBITDA LIFO – impact of factors
PLN m



Operational results before impairments of assets: 1Q20 PLN 0 m / 1Q21 PLN 0 m
 NRV: 1Q20 PLN (-) 58 m / 1Q21 PLN 36 m
 Macro: margins PLN (-) 52 m, exchange rate PLN 189 m, hedging PLN (-) 56 m

- Positive macro impact (y/y) due to increase in margins on polyolefins, fertilisers and PVC as well as weakening of PLN against EUR. Abovementioned positive effects were partially limited by negative impact of lower margins on olefins and negative impact of hedging transactions on product sales.
- Sales volumes decrease by (-) 2% (y/y), of which: lower olefins sales by (-) 12%, PVC by (-) 28% and PTA by (-) 10% at higher sales of polyolefins by 49% and fertilisers by 8%.
- EBITDA LIFO 1Q21 includes:
 - PLN 93 m Anwil result; i.e. decrease by PLN (-) 17 m (y/y).
 - PLN 56 m PTA result; i.e. decrease by PLN (-) 82 m (y/y).

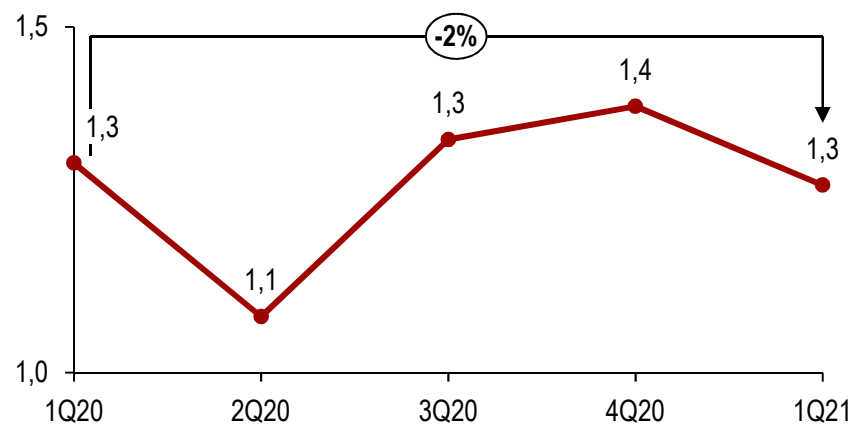
Petrochemicals – operational data

Sales volumes decrease by (-) 2% (y/y)



Sales volumes

mt



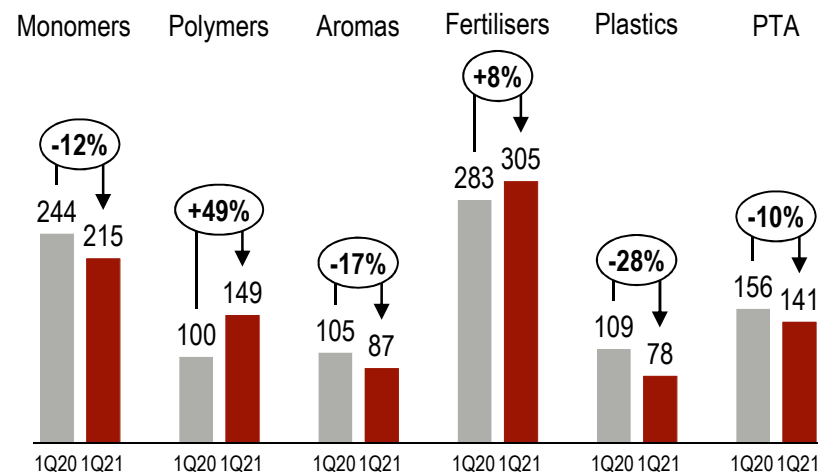
Utilisation ratio

%

Petrochemical installations	1Q20	4Q20	1Q21	Δ (y/y)
Olefins (Płock)	82%	80%	72%	-10 pp
BOP (Płock)	76%	73%	67%	-9 pp
Metathesis (Płock)	85%	79%	72%	-13 pp
Fertilisers (Włocławek)	82%	66%	84%	2 pp
PVC (Włocławek)	80%	81%	74%	-6 pp
PTA (Włocławek)	93%	98%	84%	-9 pp
Olefins (Unipetrol)	82%	83%	73%	-9 pp
PPF Splitter (ORLEN Lietuva)	86%	87%	92%	6 pp

Sales volumes – split by product

kt



Utilisation ratio of petrochemical installations:

- PKN ORLEN – utilisation decrease (y/y) resulting from processing limitations on installations.
- Unipetrol – lower utilisation (y/y) as a result of PE3 Unit unstable work and high ethylene inventories.
- ANWIL – higher utilisation in fertilisers (y/y) resulting from favourable market conditions and decreased PVC utilisation due to limited ethylene supplies.
- ORLEN Lietuva – lack of maintenance shutdown from 1Q20.

Sales volumes at the level of 1,3 mt, i.e. decrease by (-) 2% (y/y), of which:

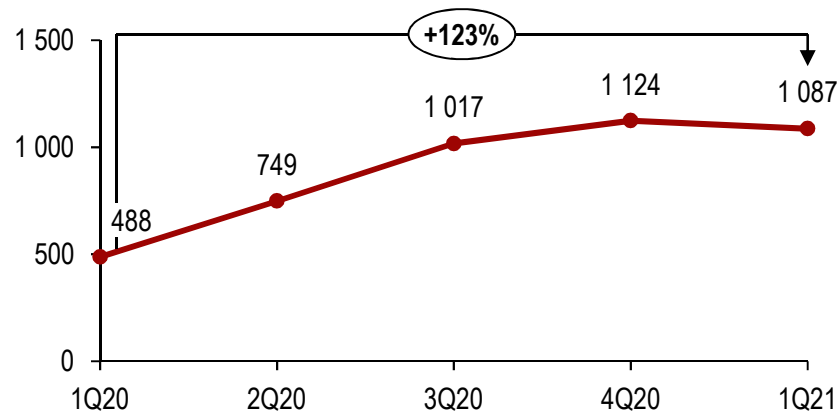
- Poland – decrease by (-) 12% (y/y) due to lower sales of olefins, PVC, PTA.
- Czech Rep. – increase by 16% (y/y) resulting from higher sales of polyolefins (launching PE3) and fertilisers.
- ORLEN Lietuva – increase by 42% (y/y) due to favourable market conditions and lack of maintenance shutdown from 1Q20.

Energy – EBITDA LIFO

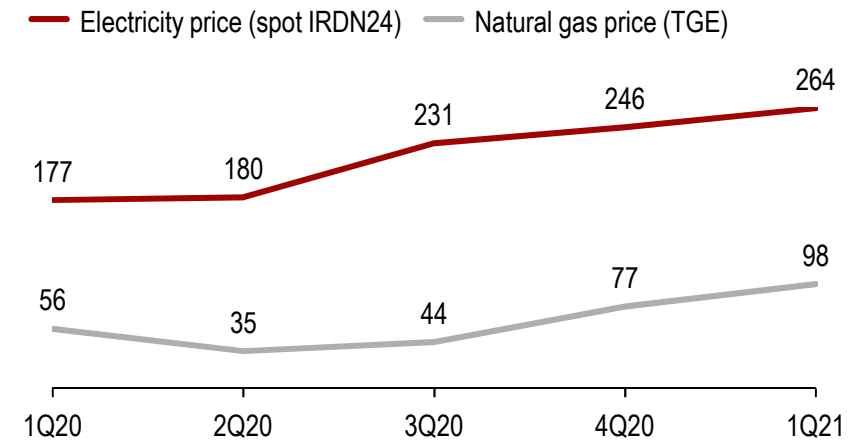
Positive impact of ENERGA Group results consolidation



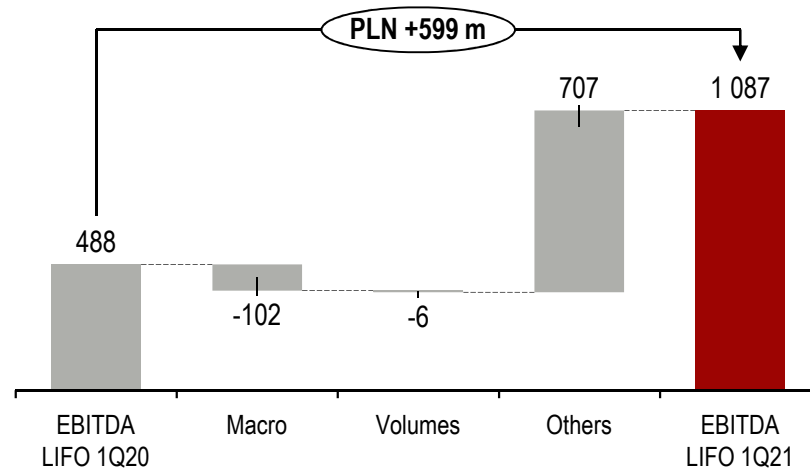
EBITDA LIFO
PLN m



Electricity and natural gas prices (market quotations)
PLN/MWh



EBITDA LIFO – impact of factors*
PLN m



- Negative macro impact (y/y) mainly as a result of higher natural gas prices.
- Lower electricity sales volumes in PKN ORLEN by (-) 6% due to CCGT Plock shutdown.
- Others include mainly:
 - PLN 0,8 bn (y/y) of ENERGA Group results consolidation
 - PLN 0,2 bn (y/y) of change in Baltic Power consolidation method
 - PLN (-) 0,2 bn (y/y) of CO2 reserves revaluation.
- EBITDA LIFO 1Q21 includes:
 - PLN 790 m of ENERGA Group result

Operational results before impairments of assets: 1Q20 PLN 0 m / 1Q21 PLN 0 m

* Macro and volumes effects calculations does not include ENERGA Group due to the fact that consolidation started from May 2020.

Energy – operational data

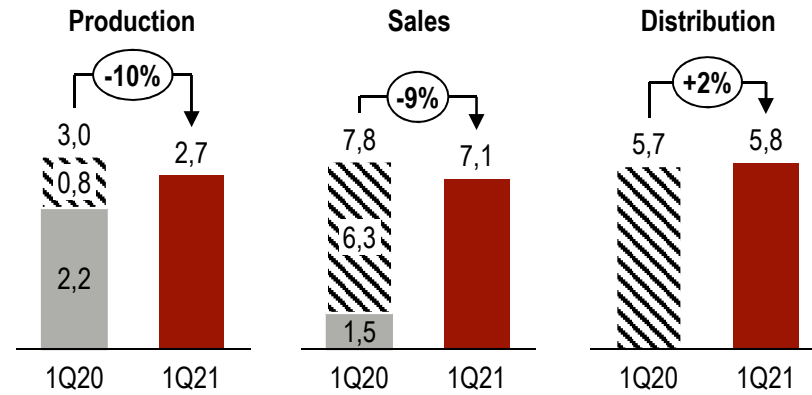
60% of electricity production from zero and low emission sources



Volumes

TWh

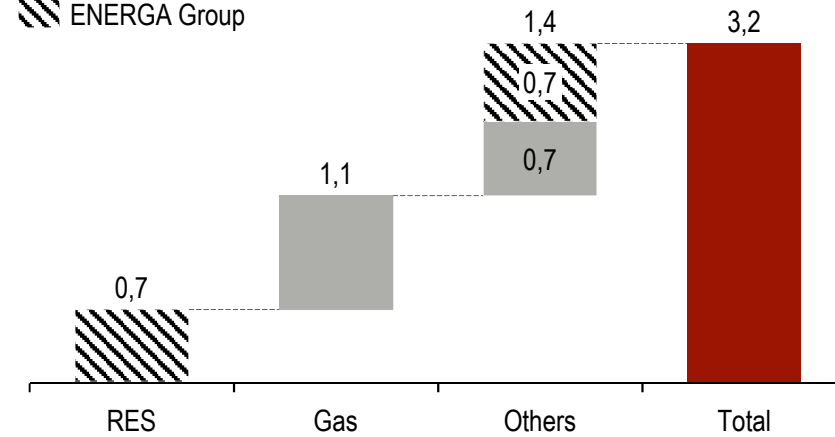
ENERGA Group



Installed capacity

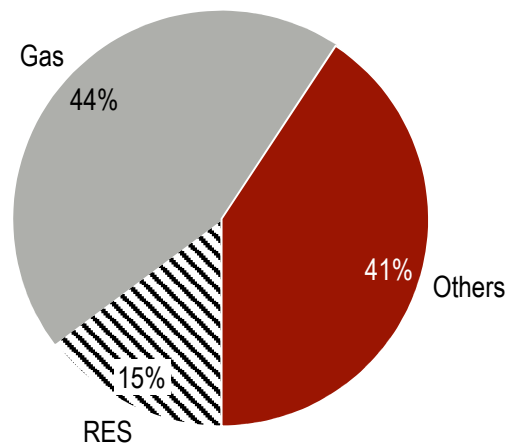
GWe

ENERGA Group



Electricity production by type of sources

%



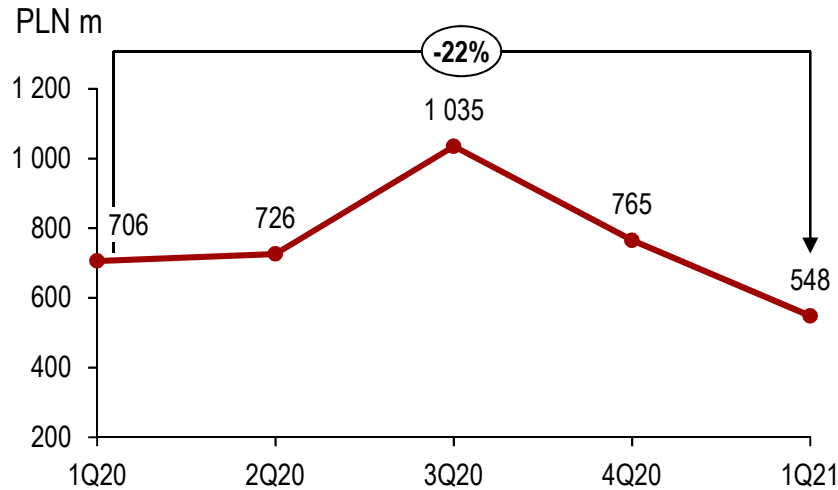
- Installed capacity: 3,2 GWe (electricity) / 6,1 GWt (heat).
- Production: 2,7 TWh (electricity) / 13,4 PJ (heat).
- Electricity production decreased by (-) 10% (y/y) mainly due to CCGT Plock maintenance shutdown. In conventional power generation, we recorded an increase in production (y/y) mainly in Ostrołęka as a result of higher demand from PSE. Additional RES capacity included into production (20 MW Kanin).
- Electricity sales decreased by (-) 9% (y/y) mainly due to lower sales in wholesale (portfolio optimization) and lower consumption of business customers (COVID impact).
- Electricity distribution (fully realized by Energa Operator) increased by 2% (y/y) mainly due to increase in remote work (COVID impact). A noticeable trend of increasing capacity of RES connected to Energa Operator grid.
- CO2 emissions in Energy segment amounted to 2,4 mt.

Retail – EBITDA LIFO

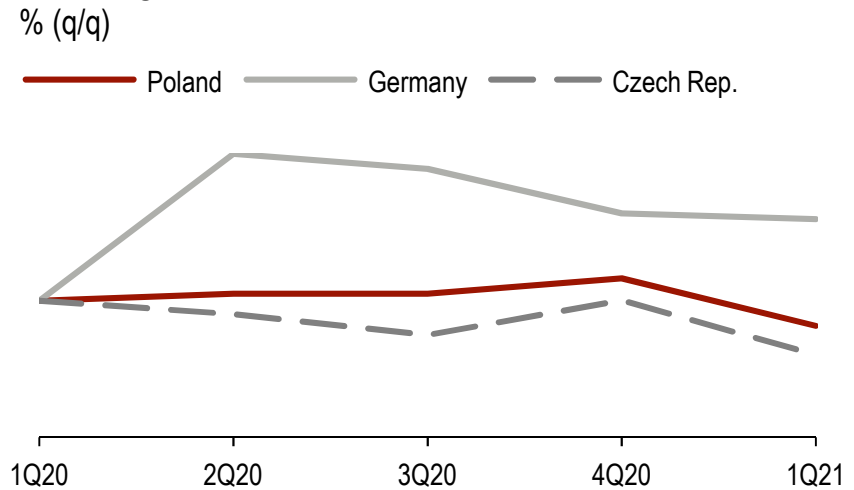
Negative impact of lower sales and fuel margins



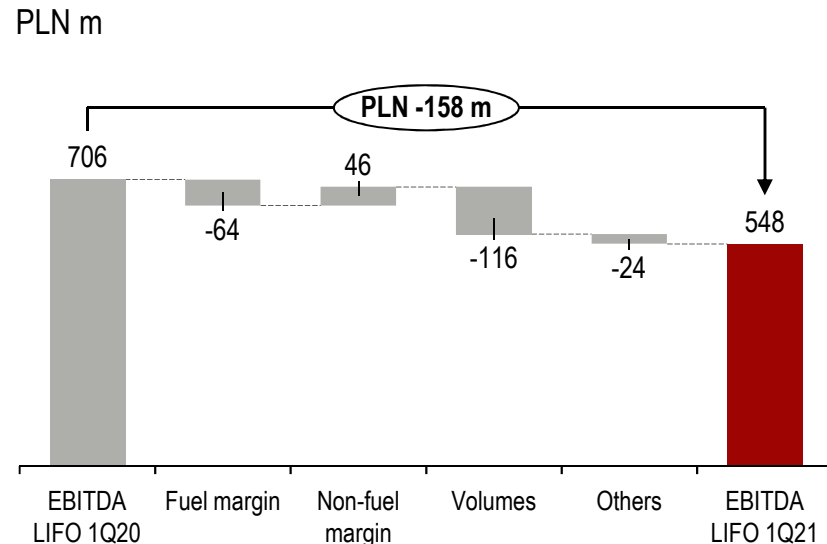
EBITDA LIFO



Fuel margin



EBITDA LIFO – impact of factors (y/y)



- Lower sales volumes by (-) 13% (y/y), of which: gasoline by (-) 15%, diesel by (-) 11% and LPG by (-) 17%.
- Lower fuel margins in Poland and the Czech Rep. at higher margins in Germany and comparable margins in Lithuania (y/y).
- Higher non-fuel margins in Poland, the Czech Rep. and Germany at comparable margins in Lithuania (y/y).
- Stop Cafe/Star Connect coffee corners increase by 74 (y/y).
- Increase in alternative fuel points by 111 (y/y). Currently, we have 225 alternative fuel points, including: 180 EV charges, 2 hydrogen stations and 43 CNG stations.
- Others mainly include higher operating costs of fuel stations and labor costs.

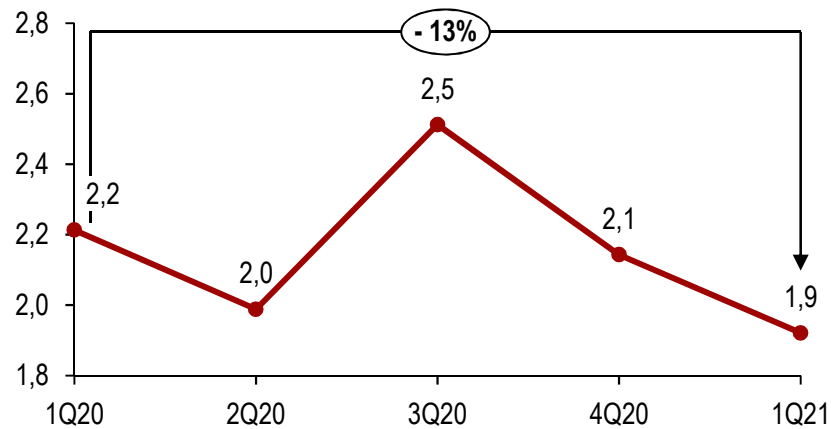
Retail – operational data

Ca. 80% of fuel stations equipped with non-fuel concept



Sales volumes

mt



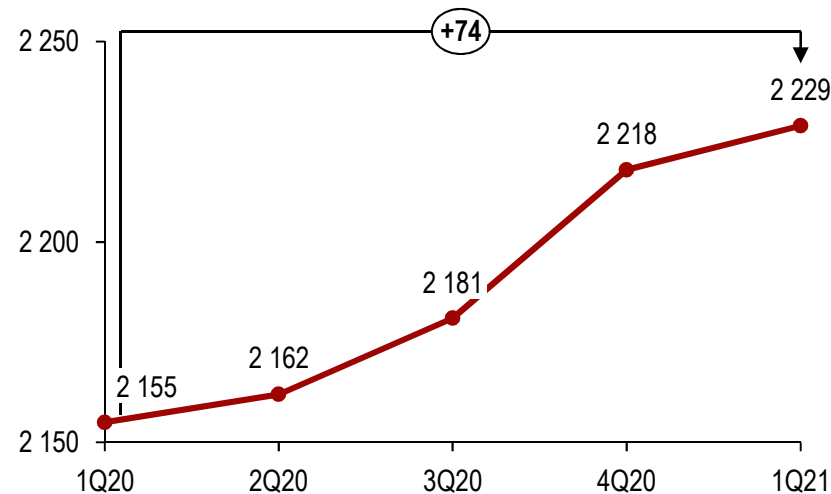
Number of petrol stations and market shares (by volume)

#, %

		# stations	Δ y/y	% market	Δ y/y
	Poland	1 808	12	32,9	-1,3 pp
	Germany	585	-1	6,4	-0,1 pp
	Czech Rep.	420	2	24,8	-0,1 pp
	Lithuania	29	3	4,4	-0,2 pp
	Slovakia	14*	4	0,7	0,5 pp

Stop Cafe/Star Connect coffee corners

#



- Sales decrease by (-) 13% (y/y), of which: in Poland by (-) 11%, in Germany by (-) 20%** in the Czech Rep. by (-) 4% and in Lithuania by (-) 15%.
- 2856 fuel stations i.e. increase by 20 (y/y), of which: in Poland by 12, in the Czech Rep. by 2, in Lithuania by 3 and in Slovakia by 4 at decrease of fuel stations in Germany by 1.
- Market share decrease (y/y) in all markets except Slovakia.
- 2229 Stop Cafe/Star Connect coffee corners, of which: 1729 in Poland, 313 in the Czech Rep., 146 in Germany, 28 in Lithuania and 13 in Slovakia. Increase by 74 (y/y), of which: in Poland by 29, in the Czech Rep. by 6, in Germany by 22, in Lithuania by 4 and in Slovakia by 13.
- 225 alternative fuel points, of which: 144 in Poland, 72 in the Czech Rep. and 9 in Germany. Increase by 111 (y/y), of which: in Poland by 102, in the Czech Rep. by 9 at comparable number of stations in Germany.

* We have 20 fuel stations in Slovakia, of which 14 are operational and the rest will be included in the network in 2021r.

** Includes also fuel sales beyond own petrol stations. Sales volumes on ORLEN Deutschland fuel stations decreased by (-) 23% (y/y).

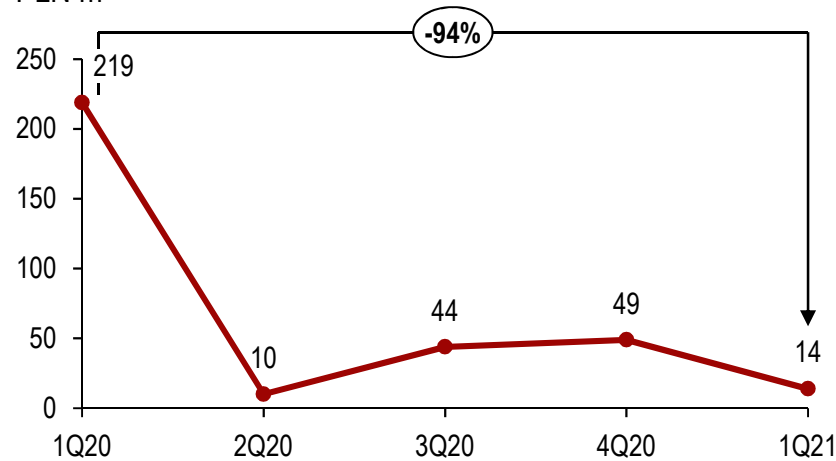
Upstream – EBITDA LIFO

Negative impact of macro and lower sales volumes



EBITDA LIFO

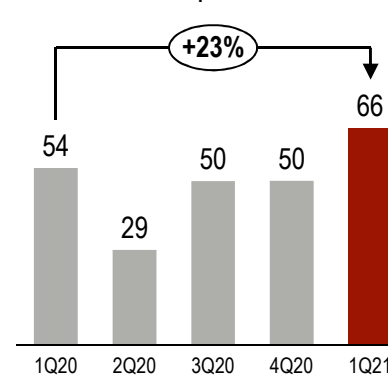
PLN m



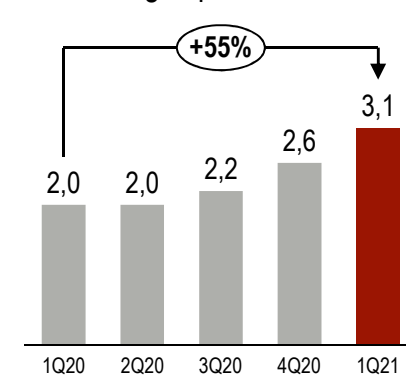
Canadian Light Sweet crude oil and AECO gas prices

CAD/bbl, CAD/mcf

CLS crude oil price

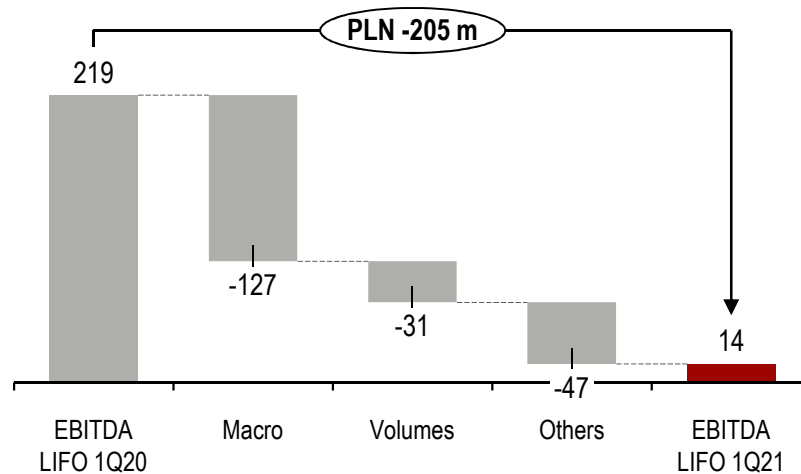


AECO gas price



EBITDA LIFO – impact of factors

PLN m



- Negative macro impact due to lack of positive effect of cash flow hedging transactions from 1Q20 at increase in crude oil, NGL's and gas prices (y/y).
- Negative impact of lower sales volumes by (-) 24% (y/y) as a result of decrease in average production by (-) 4,0 th. boe/d (y/y), of which: in Canada by (-) 4,3 th. boe/d at higher production in Poland by 0,3 th. boe/d.
- Others mainly include lack of provision reversal for tax liabilities related to the purchase of FX Energy by ORLEN Upstream from 1Q20

Data before impairments of assets: 1Q20 PLN (-) 496 m / 1Q21 PLN 0 m
 Macro: margins PLN 43 m, hedging PLN (-) 170 m

Upstream – operational data

Lower average production by (-) 4,0 th. boe/d (y/y)



Poland 

Total reserves of crude oil and gas (2P)

10,1 m boe* (5% liquid hydrocarbons, 95% gas)

1Q21

Average production: 1,4 th. boe/d (100% gas)

EBITDA: PLN (-) 9 m** / CAPEX: PLN 16 m

- Development of the assets: after the commencement of production from the KGZ Bystrowice (Miocen project) the start-up of surface installation is continued. In Edge Project Tuchola and Bajerze fields are under development based on the generation of electricity from nitrogen-rich natural gas. In cooperation with PGNiG, project and legal works for the development of Chwałęcín Natural Gas fields (Płotki project) were continued, as well as administrative and procurement works involved in the development of the Sieraków-2H well (Sieraków project), where second testing of the well was carried out.
- Drilling works: drilling of Bystrzek-1 well was started in Płotki project (ORLEN Upstream owns 49%). The final depth of the well at 3100 m was reached. No gas-deposits were discovered and a decision to abandon the well was made.
- Seismic activity: processing of seismic data of Koczala Miastko 3D is continued (Edge project). In Karpaty project, the interpretation of 2D seismic profiles was started and cartographic works were completed.

Canada 

Total reserves of crude oil and gas (2P)

163,9 m boe* (60% liquid hydrocarbons, 40% gas)

1Q21

Average production : 14,8 th boe/d (44% liquid hydrocarbons)

EBITDA: PLN 23 m** / CAPEX: PLN 71 m

- Investment activities related to the development of assets were continued. Ferrier area: drilling of one well (1,0 net) was completed and 3 (3,0 net) fracturing were carried out, followed by starting of production. Lochend area: 1 well (0,5 net) was drilled, fractured and brought on production. Kakwa area: drilling of 2 (2,0 net) wells was completed
- Additional tasks related to the optimization of the production, installation of pipelines and furnishing wells with down hole equipment in key areas of activity were carried out.
- Pro-environmental activities are conducted to reduce greenhouse gas emissions and meet all environmental requirements introduced by the federal and provincial governments of Canada, including: through limitation of flaring, counteracting methane emissions, regular inspections and adjusting the infrastructure, and modernizing engines and other devices affecting effect emissions.
- Due to favorable hydrocarbon prices, ORLEN Upstream Canada decided to switch to the so-called "deep cut" in Kakwa area. Using favorable NGL's price forecasts, it allows to achieve higher operating margin thanks to the increased share of liquid fraction in production.

* Data as of 31.12.2020

** Operational data before impairments of fixed assets : 1Q21: PLN 0 m



Summary



Macro environment



Financial and operating results



Liquidity and investments



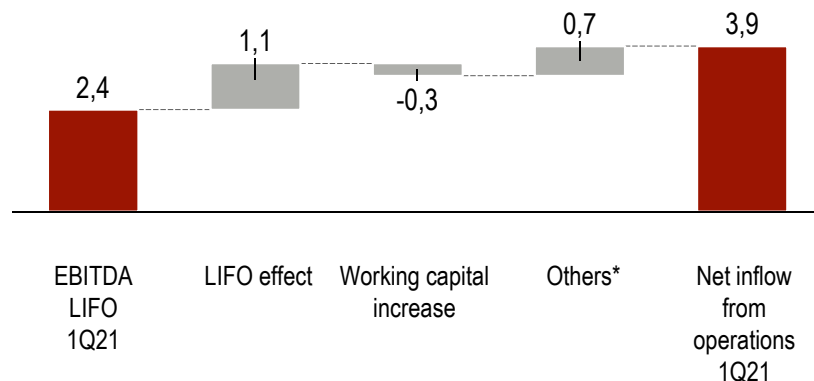
Market outlook

Cash flow



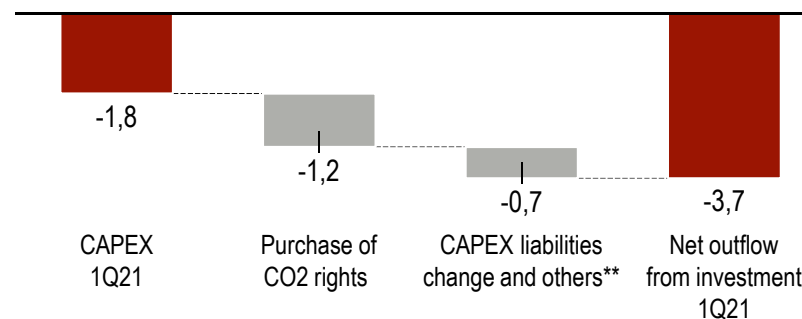
Cash flow from operations

PLN bn



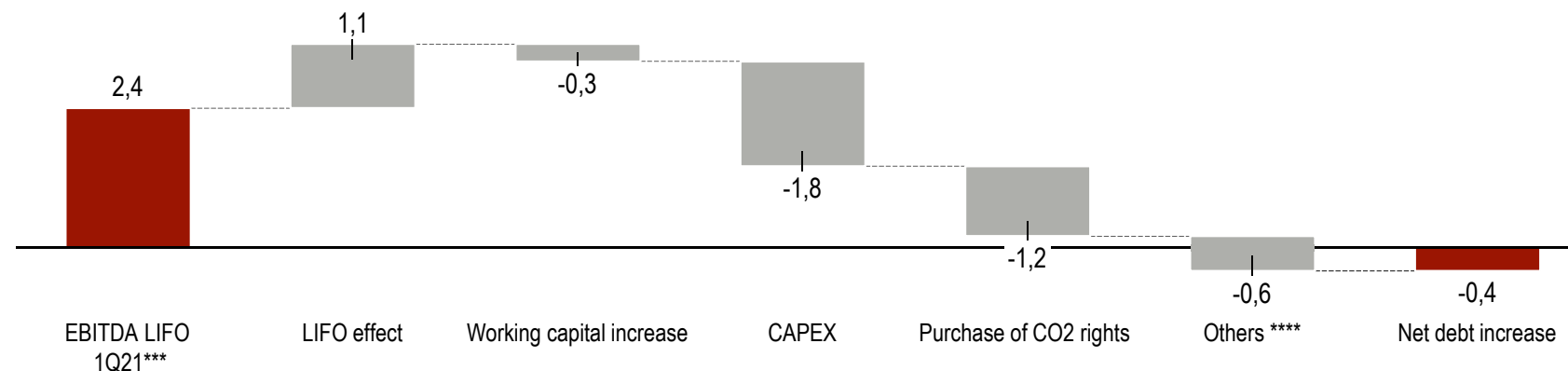
Cash flow from investments

PLN bn



Free cash flow 3M21

PLN bn



* Mainly adjustment for changes in the balance of reserve PLN 1,1 bn, profit on investment activities of PLN (-) 0,4 bn related mainly to the settlement and valuation of derivatives and profit on changes of Baltic JV ownership structure, settlement of grants for property rights PLN (-) 0,3 bn, paid income tax PLN (-) 0,1 bn and security deposits PLN 0,3 bn.

** Includes: change in investment liabilities PLN (-) 0,7 bn, acquisition of subsidiaries shares reduced by cash PLN (-) 0,2 bn, recognition of the right to use PLN 0,3 bn

*** Includes: PLN 0,2 bn positive impact of inventories revaluation (NRV)

**** Mainly acquisition of subsidiaries shares reduced by cash PLN (-) 0,2 bn, paid income tax PLN (-) 0,1 bn and paid interest PLN (-) 0,1 bn

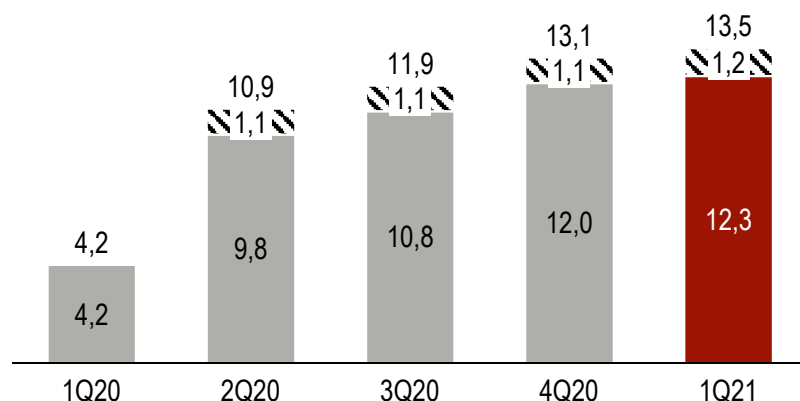
Financial strength



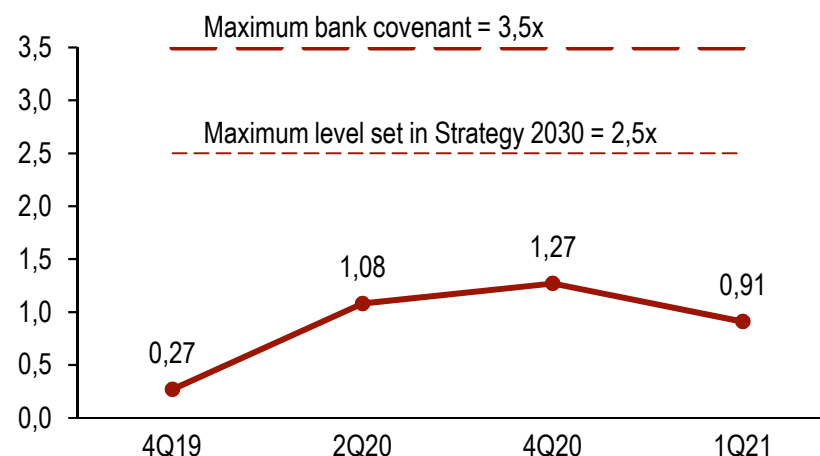
Net debt

PLN bn

▨ Hybrid bonds ■ Net financial liabilities

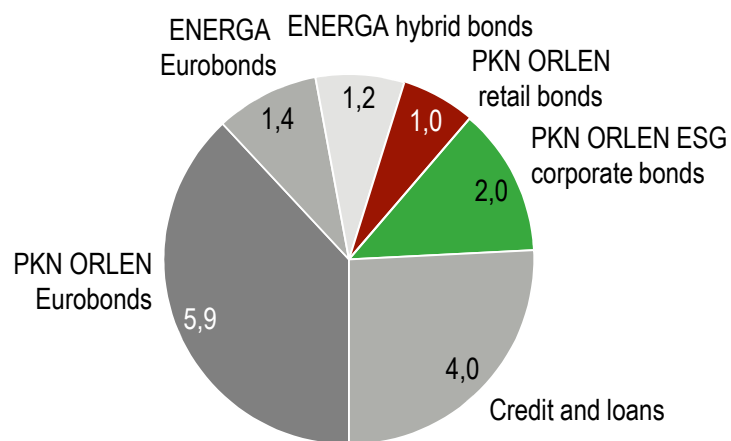


Net debt/EBITDA*



Gross debt – sources of financing

PLN bn



- Gross debt currency structure: EUR 55%, PLN 40%, CZK 5%
- Average maturity in 2023
- Investment grade: BBB- stable outlook (Fitch), Baa2 positive outlook (Moody's).
- Next issue of corporate bonds related to ESG MSCI rating (total nominal value: PLN 1 bn; tenor: 10 years).
- Net debt increase by PLN (-) 0,4 bn (q/q) mainly as a result of cash outflow from investments of PLN (-) 3,7 bn, payments of lease liabilities in the amount of PLN (-) 0,2 bn, paid interest in the amount of PLN (-) 0,1 bn and PLN (-) 0,2 bn of net impact of negative FX differences at positive cash flow from operations of PLN 3,9 bn.
- Mandatory reserves in the balance sheet at the end of 1Q21 amounted PLN 5,1 bn, of which PLN 4,4 bn in Poland.

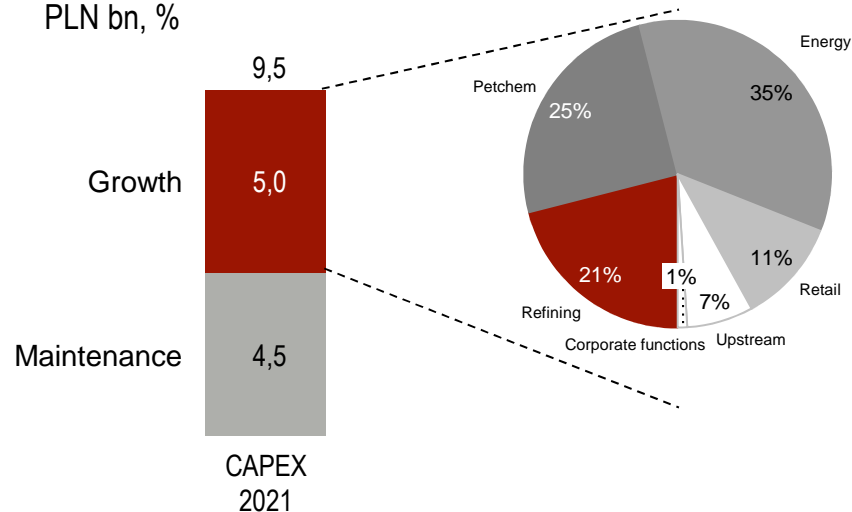
* The level of net debt adopted for the calculation of the ratio does not take into account project finance debt without recourse and hybrid bond issue

CAPEX



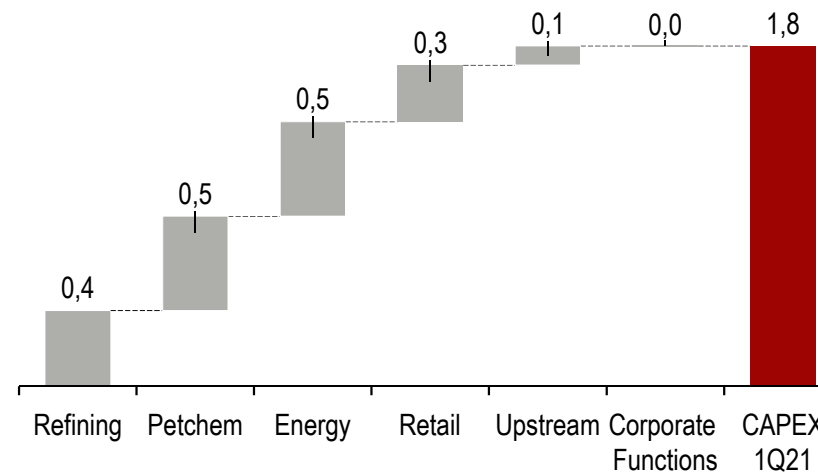
Planned CAPEX

PLN bn, %



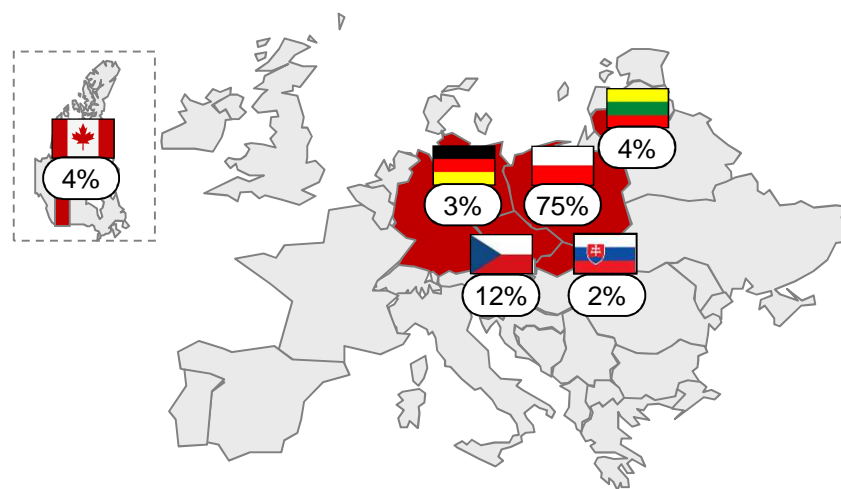
Realized CAPEX – split by segment

PLN bn



Realized CAPEX – split by country

%



Growth projects realized in 1Q21

Refining

- Construction of Visbreaking unit in Plock
- Construction of Propylene Glycol in ORLEN Południe

Petchem

- Project of capacities extension of Olefins unit in Plock
- Extension of fertilizers production in Anwil
- Construction of DCPD unit in Unipetrol

Energy

- Modernization of current assets and connection of new clients in ENERGA Group
- Preparation for construction of offshore wind farm on the Baltic Sea
- Development of EV chargers network (13 new stations)

Retail

- Fuel stations – 8 opened/included in the network, 7 closed/cooperation ended, 3 modernized
- Non-fuel sales – 11 Stop Cafe/Star Connect locations opened

Upstream

- Focus on projects: Canada (Kakwa and Ferrier) / Poland (Egde, Miocen and Plotki)



Summary



Macro environment



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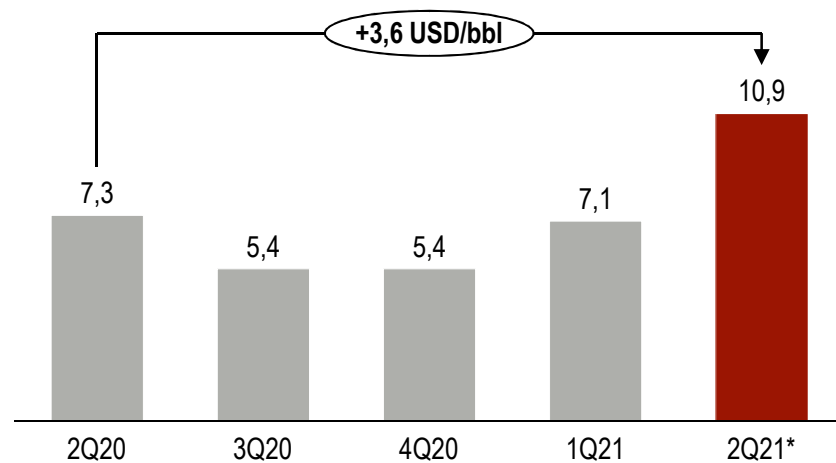
Market outlook

Macro environment 2Q21



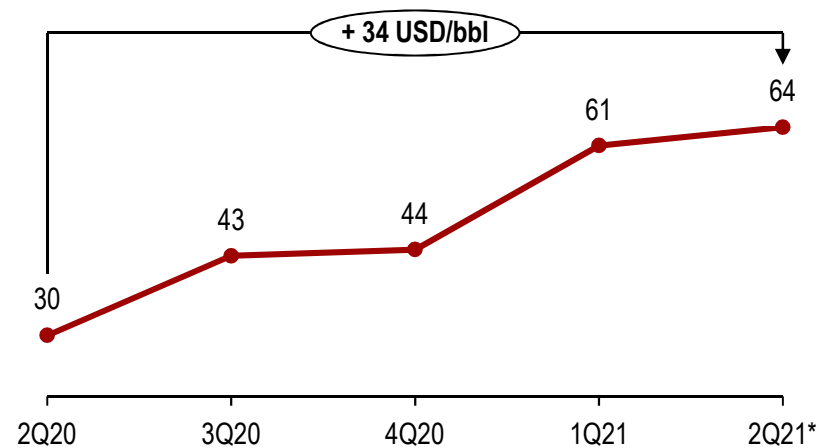
Model downstream margin

USD/bbl



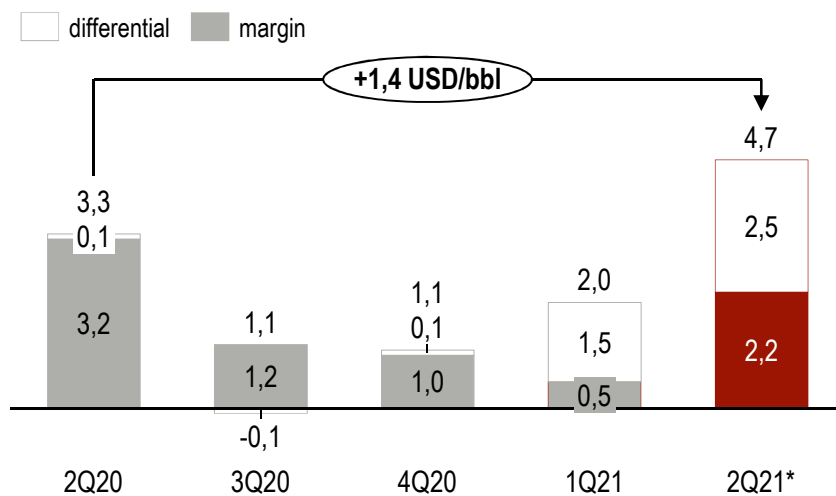
Average Brent crude oil price

USD/bbl



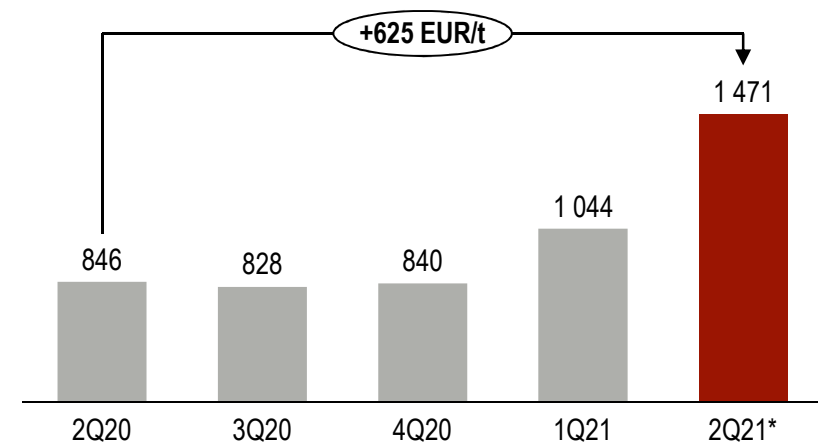
Model refining margin and Brent/Ural differential

USD/bbl



Model petrochemical margin

EUR/t



* Data as of 23.04.2021



Macro

- Brent crude oil – we expect crude oil price to increase in comparison to average from 2020 mainly due to effect of forecasted strong demand growth on fuels in the second half of 2021 (COVID-19 vaccination program). In the period from March to August there is forecasted a record grow in the global demand for crude oil by over 5 mbd, impossible without reduction of production by Saudi Arabia by 2 mbd, expected at the crude oil price at the level of 65 USD/bbl. Saudi Arabia decision to maintain unilateral reduction in production surprised the markets and increased benchmark to the level of 70 USD/bbl, what caused the correction of forecast up from 60\$/b to 66\$/b in 2021. The third wave of pandemic and restrictions in economy activity sustained the grows and in the second half of March the crude oil price fell.
- Refining margin – expected increase of refining margin in comparison to average from 2020, as a result of economic recovery after COVID-19 and gradual reduction of production surplus estimated at the level of 4,2 mbd (2020-2025). By the end of 1Q21 production capacities has been reduced/announced to be reduced by 2,7 mbd.
- Petrochemical margin – we expect petrochemical margins to remain at the average from 2020, i.e. ca. 800 EUR/ t. Petrochem is strictly correlated with GDP, which significantly dropped as a result of COVID-19. Currently, we can observe very high margins on polyolefins as a result of supply limitations, including: poor macro environment in refining (utilization reductions = less feedstock for petrochemicals), Steam Crackers' maintenance shutdowns (some shutdowns postponed from 2020) and turn off of 75% propylene production capacity in the USA (snowstorm), lack of inventories and logistic problems (low import of polyethylene to Europe) at higher demand (mainly automotive and packaging sector).
- In short periods refining and petrochemical margins will be under influence of crude oil price fluctuations (higher will reduce margins and lower will improve).



Economy

- GDP forecast* – Poland 4,1%, the Czech Rep. 2,2%, Lithuania 2,9%, Germany 3,8%.
- Fuel consumption – expected increase in fuel demand in the second half of the year as a result of forecasted economic recovery after COVID-19.



Regulation

- National Index Target – base level for 2021 set on 8,7%.
PKN ORLEN will be able to take advantage of the possibility to reduce the ratio to 5,707%.
- Retail tax – imposed on retail sales revenues.
- Capacity Market – additional revenues supporting Energy sector.

* Poland (NBP, March 2021); Germany (CE, March 2021); Czech Republic (CNB, February 2021); Lithuania (LB, February 2021)

Thank you for your attention



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Supporting slides

Results – split by quarter



PLN m	1Q20	4Q20	1Q21	Δ (y/y)	3M20	3M21	Δ
Revenues	22 077	23 175	24 562	11%	22 077	24 562	11%
EBITDA LIFO	1 607	2 773	2 395	49%	1 607	2 395	49%
LIFO effect	-2 072	-103	1 142	-	-2 072	1 142	-
EBITDA	-465	2 670	3 537	-	-465	3 537	-
Depreciation	-935	-1 301	-1 292	-38%	-935	-1 292	-38%
EBIT LIFO	672	1 472	1 103	64%	672	1 103	64%
EBIT	-1 400	1 369	2 245	-	-1 400	2 245	-
Net result	-2 245	25	1 882	-	-2 245	1 882	-

Operational results before impairments of assets : 1Q20 PLN (-) 504 m / 4Q20 PLN (-) 949 m / 1Q21 PLN (-) 4 m
 NRV: 1Q20 PLN (-) 1 609 m / 4Q20 PLN 358 m / 1Q21 PLN 193 m

Results – split by segment



1Q21 PLN m	Refining	Petchem	Energy	Retail	Upstream	Corporate functions	TOTAL
EBITDA LIFO	-191	659	1 087	548	14	278	2 395
LIFO effect	1 074	68	-	-	-	-	1 142
EBITDA	883	727	1 087	548	14	278	3 537
Depreciation	-329	-249	-376	-206	-75	-57	-1 292
EBIT	554	478	711	342	-61	221	2 245
EBIT LIFO	-520	410	711	342	-61	221	1 103

1Q20 PLN m	Refining	Petchem	Energy	Retail	Upstream	Corporate functions	TOTAL
EBITDA LIFO	-353	766	488	706	219	-219	1 607
LIFO effect	-1 946	-126	-	-	-	-	-2 072
EBITDA	-2 299	640	488	706	219	-219	-465
Depreciation	-280	-227	-117	-167	-94	-50	-935
EBIT	-2 579	413	371	539	125	-269	-1 400
EBIT LIFO	-633	539	371	539	125	-269	672

Data before impairments of assets: 1Q20 PLN (-) 504 m / 1Q21 PLN (-) 4 m
 NRV: 1Q20 PLN (-) 1 609 m / 1Q21 PLN 193 m

EBITDA LIFO – split by segment



PLN m	1Q20	4Q20	1Q21	Δ (y/y)	3M20	3M21	Δ
Refining	-353	-128	-191	46%	-353	-191	46%
Petchem	766	558	659	-14%	766	659	-14%
Energy	488	1 124	1 087	123%	488	1 087	123%
Retail	706	765	548	-22%	706	548	-22%
Upstream	219	49	14	-94%	219	14	-94%
Corporate functions	-219	405	278	-	-219	278	-
EBITDA LIFO	1 607	2 773	2 395	49%	1 607	2 395	49%

Operational results before impairments of assets: 1Q20 PLN (-) 504 m / 4Q20 PLN (-) 949 m / 1Q21 PLN (-) 4 m
 NRV: 1Q20 PLN (-) 1 609 m / 4Q20 PLN 358 m / 1Q21 PLN 193 m

Results – split by company



1Q21 PLN m	PKN ORLEN	Unipetrol ²	ORLEN Lietuva ²	ENERGA ²	Others and consolidation corrections	TOTAL
Revenues	15 853	4 347	2 848	3 441	-1 927	24 562
EBITDA LIFO	818	147	66	790	574	2 395
LIFO effect ¹	820	235	64	-	23	1 142
EBITDA	1 638	382	130	790	597	3 537
Depreciation	501	239	36	263	253	1 292
EBIT	1 137	143	94	527	344	2 245
EBIT LIFO	317	-92	30	527	321	1 103
Financial income	481	34	15	89	-68	551
Financial costs	-546	-31	-13	-79	49	-620
Net result	964	115	89	431	283	1 882

¹ Calculated as a difference between operating profit acc. to LIFO and operating profit based on weighted average

² Presented data shows Unipetrol Group, ORLEN Lietuva and ENERGA Group results acc. to IFRS before taking into account adjustments made for ORLEN Group consolidation

PLN m	1Q20	4Q20	1Q21	Δ (y/y)	3M20	3M21	Δ
Revenues	3 136	2 727	2 848	-9%	3 136	2 848	-9%
EBITDA LIFO	-753	83	66	-	-753	66	-
EBITDA	-696	-3	130	-	-696	130	-
EBIT	-730	-40	94	-	-730	94	-
Net result	-608	-99	89	-	-608	89	-

- Decrease in revenues as a result of lower (y/y) refining volumes, with an increase in product quotations and higher petrochemical volumes.
- Decrease of refining utilization by (-) 21 pp (y/y) due to remaining unfavourable macroeconomic situation. Fuel yield increased by 4 pp (y/y) as a result of higher share of low-sulphur crude oil in the throughput and the lack of shutdown at the turn of March/April 2020.
- EBITDA LIFO higher by PLN 819 m (y/y) mainly due to the lack of negative impact of inventory revaluation (NRV) in 1Q20 in the amount of PLN 912 m (y/y), positive effect of usage of historical layers of inventories and higher trading margins (y/y). Negative macro impact including B/U differentia, margins on middle distillates, lower sale volumes and cash flow hedging transactions.
- CAPEX 1Q21: PLN 63 m.

PLN m	1Q20	4Q20	1Q21	Δ (y/y)	3M20	3M21	Δ
Revenues	4 054	3 636	4 347	7%	4 054	4 347	7%
EBITDA LIFO	-100	71	147	-	-100	147	-
EBITDA	-258	17	382	-	-258	382	-
EBIT	-457	-214	143	-	-457	143	-
Net result	-363	-264	115	-	-363	115	-

- Increase in sales revenues as a result of higher quotations of refining and petrochemical products and higher petrochemical volumes with lower sales in the refining and retail segments (restrictions related to COVID-19).
- Comparable (y/y) level of the refining capacity utilization (despite the lack of impact of Kralupy refinery shutdown in 1Q20) resulting from the limited market demand for fuels and unstable operation of PE3 Unit. Fuel yield at a comparable level (y/y).
- EBITDA LIFO higher by PLN 247 m (y/y) due to lack of negative impact of NRV from 1Q20 in the amount of PLN 890 m (y/y), positive impact of usage of historical layers of inventories and higher petrochemical volumes with negative impact (y/y) of macro, including mainly hedging transactions and trading margins.
- CAPEX 1Q21: PLN 247 m.

PLN m	1Q20	4Q20	1Q21	Δ (y/y)	3M20	3M21	Δ
Revenues	3 289	3 378	3 460	5%	3 289	3 460	5%
EBITDA	568	482	758	33%	568	758	33%
EBIT	304	223	494	63%	304	494	63%
Net result	111	238	384	246%	111	384	246%

- Increase of revenues as an effect of higher revenues in Production Business Line (higher volume of electricity production in Ostrołęka Power Plant, as well as higher energy sales prices and the implementation of the Capacity Market from 2021).
- ENERGA Group EBITDA higher by PLN 190 m PLN (y/y) due to higher result achieved by all Business Lines:
 - PLN 110 m – Sales Business Line – the dynamic growth of results (y/y) is mainly the effect of a low base (in 2020 the lower tariff of the President of the Energy Regulatory Office for households was in force), as well as improved profitability in sales to business customers,
 - PLN 35 m – Generation Business Line – the effect of the implementation of the Capacity Market as well as higher production and higher sales prices in hydropower plants,
 - PLN 27 m – Distribution Business Line – the effect of one-offs (release of provisions and settlement with PKN ORLEN).
- CAPEX 1Q21: PLN 345 m.

Production data



ORLEN Group	1Q20	4Q20	1Q21	Δ (y/y)	Δ (q/q)	3M20	3M21	Δ
Processed crude (kt)	7 683	7 391	6 237	-19%	-16%	7 683	6 237	-19%
Utilization	88%	84%	72%	-16 pp	-12 pp	88%	72%	-16 pp
PKN ORLEN ¹								
Processed crude (kt)	3 926	3 671	3 040	-23%	-17%	3 926	3 040	-23%
Utilization	97%	90%	76%	-21 pp	-14 pp	97%	76%	-21 pp
Fuel yield ⁴	84%	77%	77%	-7 pp	0 pp	84%	77%	-7 pp
Light distillates yield ⁵	34%	32%	32%	-2 pp	0 pp	34%	32%	-2 pp
Middle distillates yield ⁶	50%	45%	45%	-5 pp	0 pp	50%	45%	-5 pp
Unipetrol ²								
Processed crude (kt)	1 646	1 739	1 640	0%	-6%	1 646	1 640	0%
Utilization	76%	80%	76%	0 pp	-4 pp	76%	76%	0 pp
Fuel yield ⁴	82%	79%	82%	0 pp	3 pp	82%	82%	0 pp
Light distillates yield ⁵	35%	34%	36%	1 pp	2 pp	35%	36%	1 pp
Middle distillates yield ⁶	47%	45%	46%	-1 pp	1 pp	47%	46%	-1 pp
ORLEN Lietuva ³								
Processed crude (kt)	2 028	1 915	1 472	-27%	-23%	2 028	1 472	-27%
Utilization	80%	75%	59%	-21 pp	-16 pp	80%	59%	-21 pp
Fuel yield ⁴	74%	75%	78%	4 pp	3 pp	74%	78%	4 pp
Light distillates yield ⁵	30%	32%	32%	2 pp	0 pp	30%	32%	2 pp
Middle distillates yield ⁶	44%	43%	46%	2 pp	3 pp	44%	46%	2 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

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 loans, borrowings and bonds) – cash

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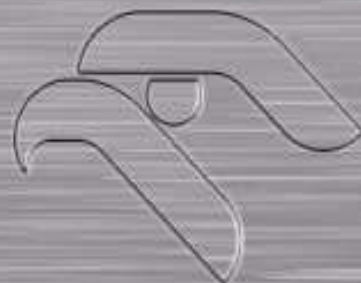
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