



Consolidated financial results of PKN ORLEN Q2'2007 (IFRS)

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ORLEN

Agenda

Financial results in Q2'07

Analysis of results in Q2'07 - segments

Supporting slides



PKN ORLEN Group: EBITDA increase of 14% y/y and 88% q/q.

Key financial data in Q2'07¹

PLN m	Q2'06	Q1'07	Q2'07	change y/y [%]	change q/q [%]
	1	2	3	4=3/1	5=3/2
EBITDA	1 644	995	1 874	14.0%	88.3%
Net profit after excluding minority shareholders	870	49	1 110	27.6%	2165%
Cash flow from operations	1 684	594	1 314	-22.0%	121.2%
ROACE (%)²	15.8%	4.0%	13.8%	-2.0pp	+9.8pp
Gearing (%)³	18.4%	39.2%	37.9%	+19.5pp	-1.3%pp
Net debt / EBITDA⁴	0.54	1.65	1.39	+0.85p	-0.26p
Optima Program	44.1	88	133	201.6%	51.1%

1) Refers to the PKN ORLEN Capital Group including Unipetrol and Mazeikiu Nafta, IFRS numbers unless otherwise stated

2) ROACE = operating profit after tax / average capital employed (equity + net debt)

3) Gearing = net debt / equity

4) Interest-bearing borrowings less Cash & cash equivalents and less Short term investments / EBITDA + dividends received from Polkomtel

Significant increase in refinery and petrochemical sales, supported by Mazeikiu Nafta consolidation.

Key operating data in Q2'07¹

	Q2'06		Q2'07		y/y [%]	
	<i>unconsolidated</i>	Group	unconsolidated	Group	<i>unconsolidated</i>	Group
	1	2	3	4	5=3/1	6=4/2
Wholesale sales (kt) ^{1,4}	1 668	2 684	1 689	3 545	1.3%	32.1%
Petrochemical sales (kt) ⁴	331	631	393	790	18.7%	25.2%
Retail sales (m litres) ²	755	1 304	895	1 475	18.5%	13.1%
Crude oil throughput	3 401	4 310	3 273	6 018	-3.8%	39.6%
Refinery utilisation ratio³	99%		95%	-	-4pp	-

1) Refers to gasoline, diesel, Jet, LHO

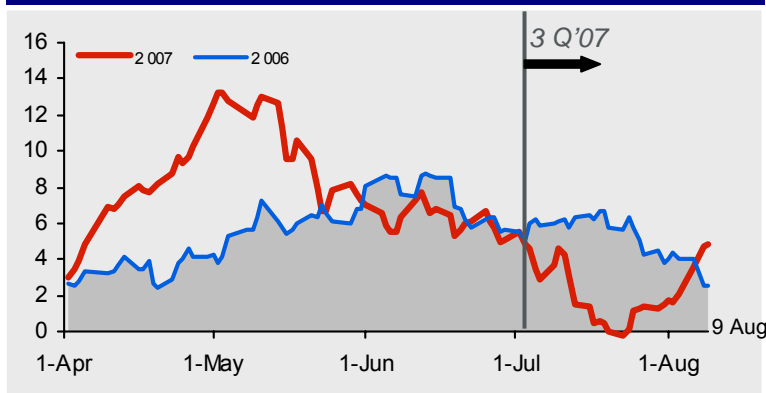
2) Refers to retail sales of gasoline, diesel, LPG

3) Refers to deep processing capacity at PKN ORLEN 13.8 m t/y

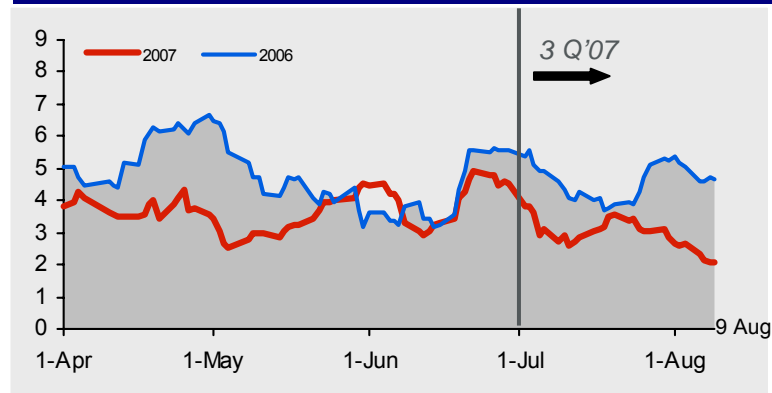
4) Refers to PKN ORLEN parent company

Differentiated macroeconomic conditions effect. Refining margin improvement by 42% y/y and decrease in Ural/Brent differential by 20% y/y.

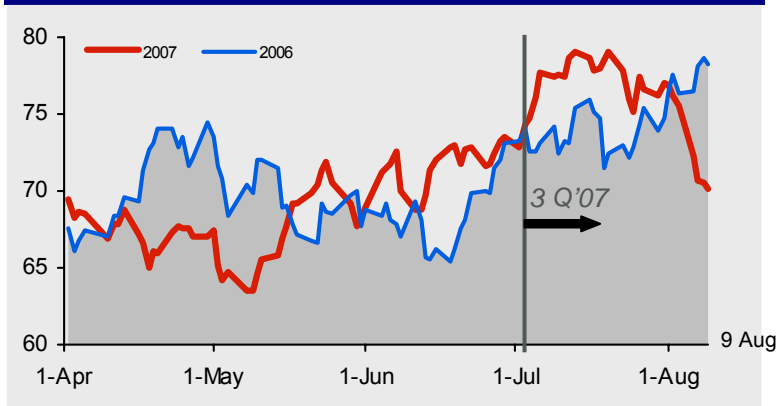
Refinery margin \$ 8.03 /b average in 2Q'07¹
Increase by 42% year/year vs. \$ 5.65 /b



Brent/Ural differential \$ 3.87/b in 2Q'07
Decrease by 20% year/year vs. \$ 4.81/b



Brent \$ 68.8 /b average in 2Q'07
Decrease by 1% year/year vs. \$ 69.6 /b



Main macroeconomic ratios
Quarterly breakdown

	2Q'06	1Q'07	2Q'07	y/y [%]
PKN benchmark ref margin(\$/b)	5.65	5.00	8.03	+42%
Ural/Brent differential (\$/b)	4.83	3.38	3.87	-20%
Brent(\$/b)	69.6	57.8	68.8	-1%
PLN/USD average	3.14	2.97	2.82	-10%
PLN/USD at the end of the period	3.18	2.91	2.80	-12%
PLN/EUR average	3.94	3.89	3.80	-4%
PLN/EUR at the end of the period	4.04	3.87	3.77	-7%

1) Calculated as: Products (88.36%) vs. Brent Dtd (100%). Products contain Premium Unl (25.21%), USLD (23.20%), Naphtha (16.51%), LHO (15.31%), HSFO (5.44%) i Jet (2.69%)
 (source: CIF NWE quotations, except HSFO FOB ARA)

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Simplified P&L account

Operating income increased by 9.6% y/y.

IFRS, in mln PLN	Q2'06	Q1'07	Unipetrol impact Q2'07	MN impact Q2'07	Q2'07	change y/y [%]	change q/q [%]
	1	2	3	4	5	6=5/1	7=5/2
Revenues	13 545	13 408	3 320	2 719	16 218	19.7	21.0
EBIT	1 179	375	245	12	1 292	9.6	244.5
Financial income	78	48	16	13	222	185.2	362.2
Financial expenses	-159	-260	-28	-20	-106	-33.0	59.1
Net profit	943	140	166	0.1	1 189	26.1	749.3
Net profit ex.minority sharehold.	870	49	162	-0.1	1 110	27.6	2165.3
LIFO adjustment , gross	-367	227	-83	-42	-595	62.1	

Comments:

- Significant increase in PKN ORLEN revenues by 19.7% y/y due to the increase of wholesale sales by 32%, refined product sales by 13% and petrochemical product sales by 25 % y/y.
- Operating profit increased by 9.6% y/y, due to the sales increase and cost discipline.

- Positive impact on net profit from financial line as a result of foreign exchange gains in the level of of PLN 210 million.
- Net profit (ex. minority shareholders) increased by 27.6% y/y.

Costs by type. Operating cost comparison at a satisfactory level, despite increase in the volume of activity and Mazeikiu Nafta consolidation.

IFRS basis, PLN m	Q2' 06	Q1' 07	Unipetrol effect Q2 '07	MN effect Q2 '07	Q2 '07	change y/y [%]	change q/q [%]
	1	2	3	4	5	6=5/1	7=5/2
Raw materials and energy	7 630	8 067	2 092	2 681	9 385	23.0	16.3
Costs of goods for resale	3 161	3 095	435	15	3 674	16.2	18.7
External services	791	769	249	105	813	2.8	5.7
Staff costs	404	439	101	60	517	28.0	17.8
Depreciation and amortisation	465	620	150	121	582	25.2	-6.1
Taxes and charges	65	110	3	5	74	13.8	-32.7
Others	81	64	17	14	75	-7.4	17.2
Total	12 597	13 164	3 047	3 001	15 120	20.0	14.9
Variable costs	11 234	11 516	2 665	2 581	13 361	18.9	16.0
Fixed costs	1 363	1 648	383	420	1 759	29.0	6.7
Other operating costs	75	254	81	11	173	130.7	-31.9
Change in inventories, other payable and accrued expenses, internal costs	-193	-255	-27	-313	-285	47.7	11.8
Total operating costs	12 479	13 163	3 101	2 699	15 007	20.3	14.0

Comments:

- Operating costs increased by 14% q/q, considerably lower than the revenue increase of 21%.

- Decrease in fixed costs, after excluding the effect of Mazeikiu Nafta consolidation, of 1% and decrease in variable costs of 4% y/y.

Increase in operating profit y/y and q/q despite shutdowns demonstrates the dynamic development of PKN ORLEN in its operating segments.

IFRS, in mln PLN	Q2'06	Q1'07	Unipetrol effect Q2'07	MN effect Q2'07	Q2'07	y/y [%]	q/q [%]
	1	2	3	4	5	6=5/1	7=5/2
Operating profit , of which	1 179	375	245	12	1 292	9.6	244.5
Refining¹	905	14	95	79	836	-7.6	5871.4
Petrochemical	223	370	143	-	349	56.5	-5.7
Chemical	34	83	-	-	69	102.9	-16.9
Retail	76	108	-3	0	186	144.7	72.2
Others²	8	-64	10	-67	-1	-	98.4
Non-attributable³	-67	-136	-	-	-147	-119.4	-8.1

Comments:

- Substantial increase in the profitability of Mazeikiu Nafta is due to the determination of the management board and staff to restore crude oil capacity and increase its processing effectiveness.

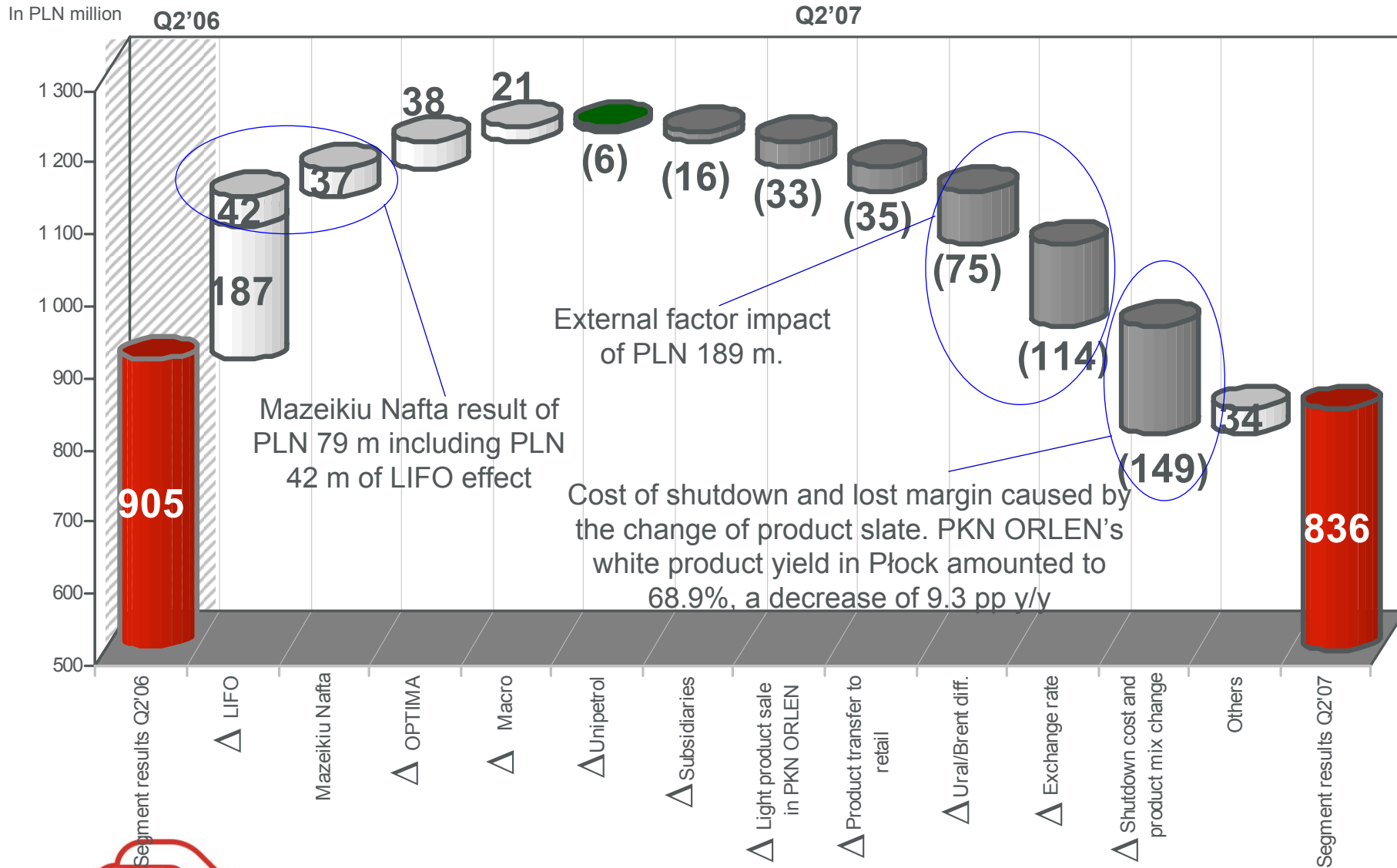
- Significant increase in the retail segment due to the 18.5% higher fuel sales in Poland, 20% in the Czech Republic, 5.6% in Germany.

1) Production, Wholesale and Logistics

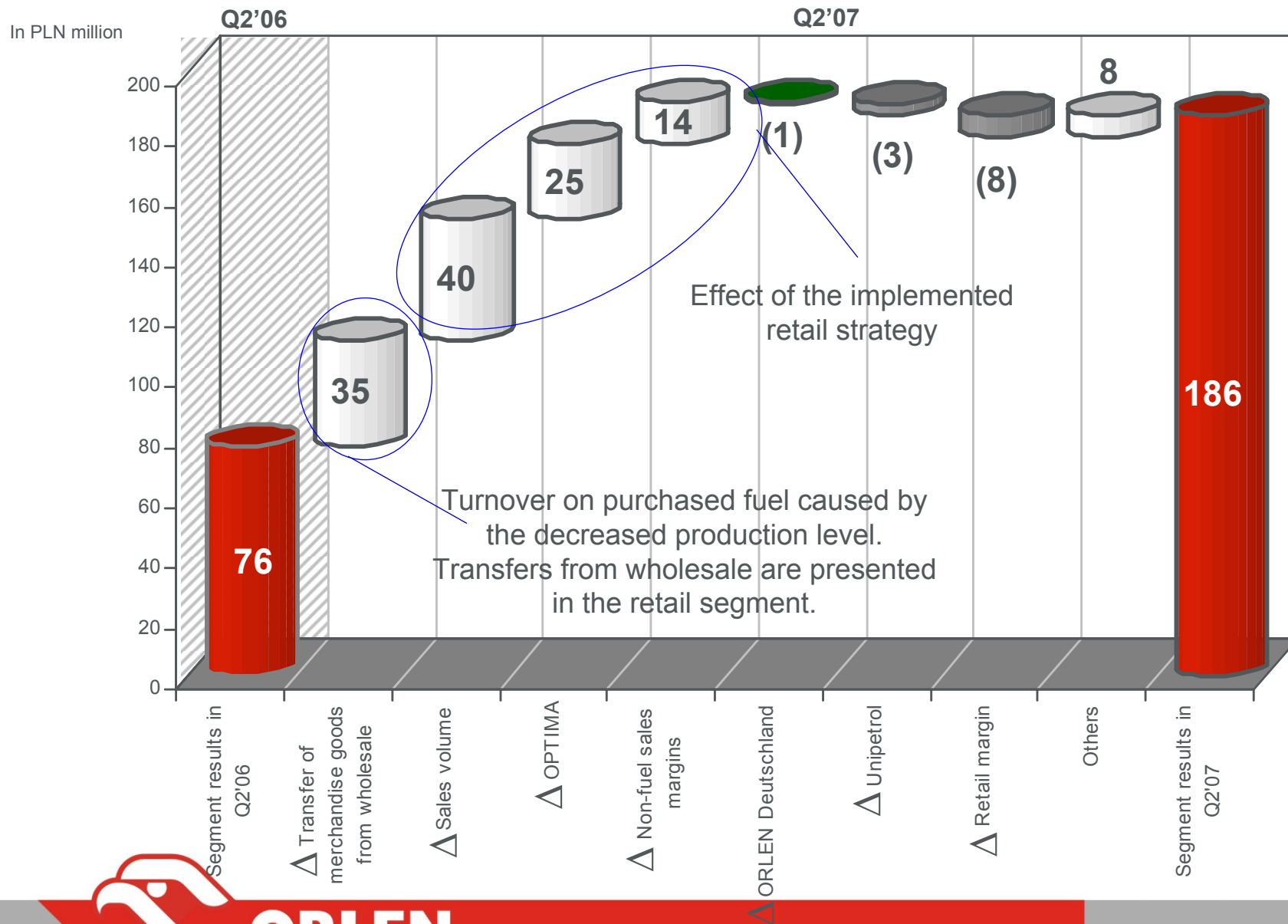
2) Departments responsible for energy media, PKN ORLEN's social activities, subsidiary services and crude oil turnover

3) Non-attributable includes the corporate centre of PKN and subsidiaries not mentioned in other segments. Also includes provisions for business risk

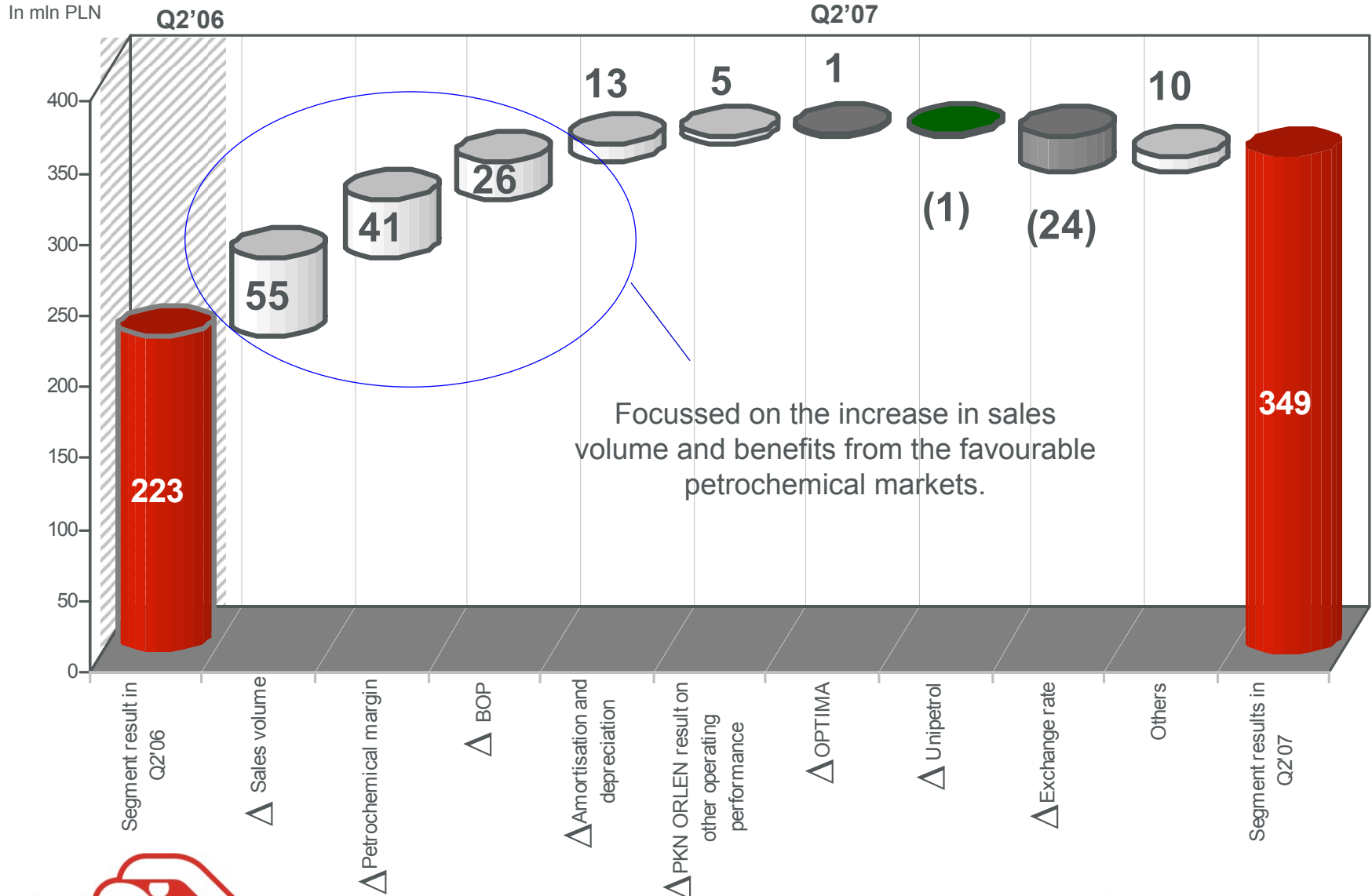
Refining segment: result lower by 8% due to the strong Polish zloty and maintenance shutdowns.



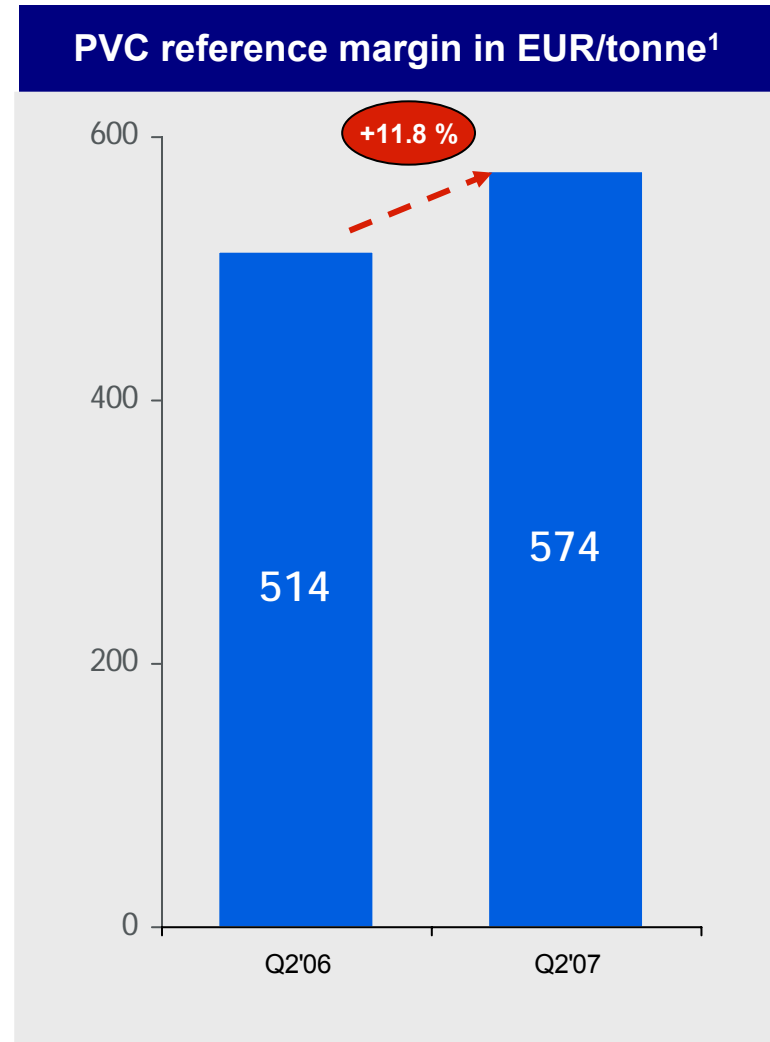
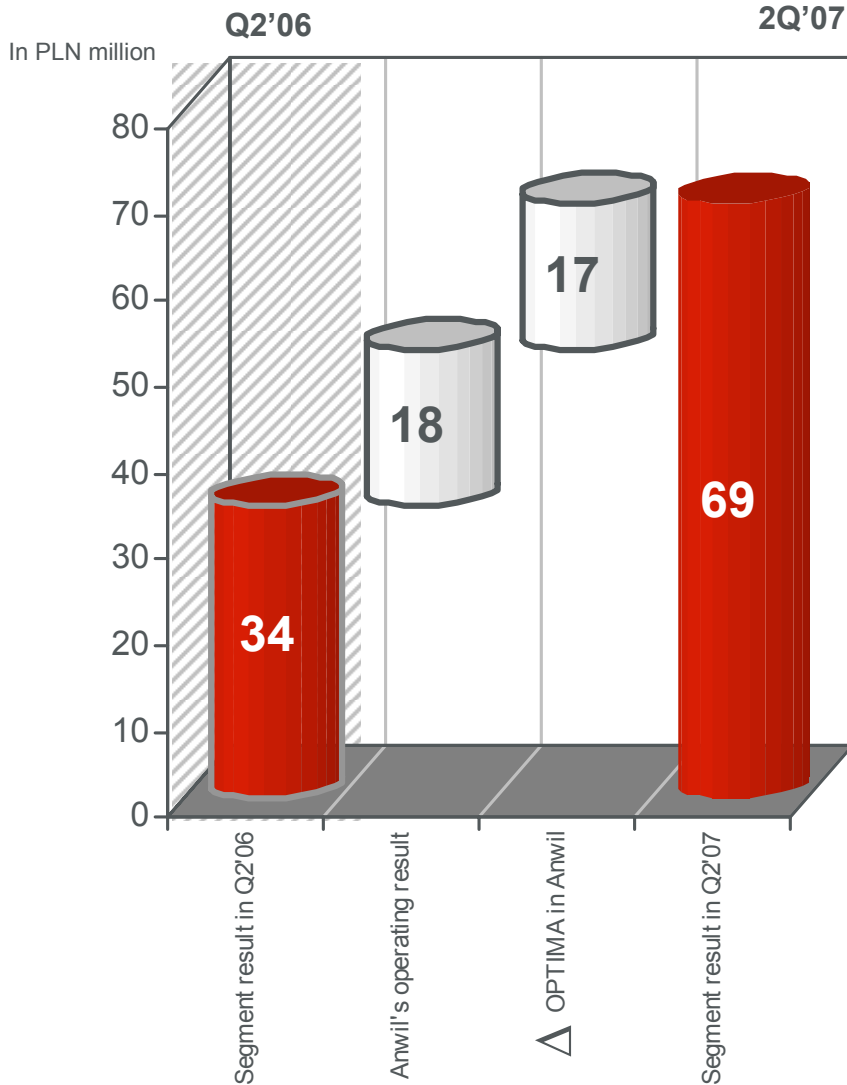
Retail segment: result increased by over 144% y/y due to the higher sales and cost discipline



Petrochemical segment: increase by over 56% y/y. Efficient use of production capacity and favourable market conditions.



Chemical segment: increase of over 100% y/y. owing to the joint performance of Anwil and Spolana.



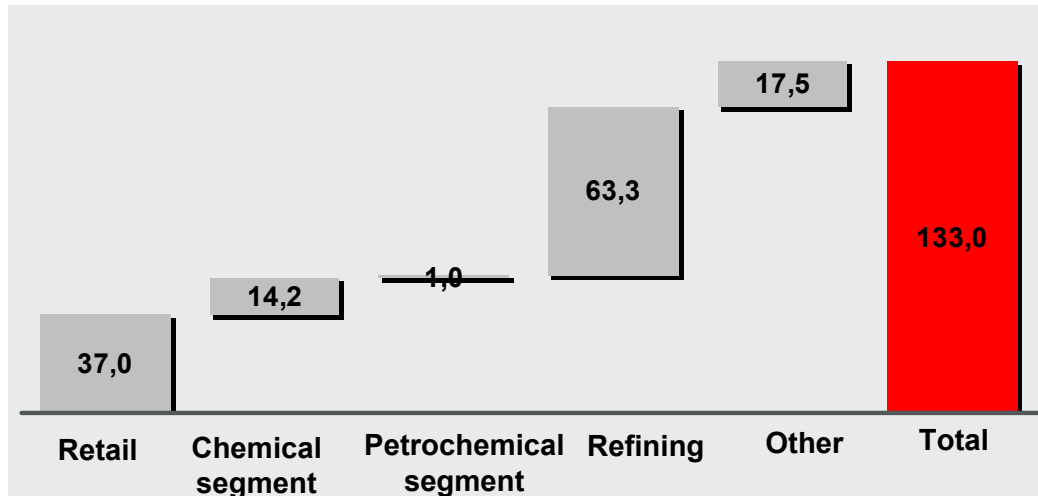
1) Margin counted as: PVC quotation (ICIS for German market) – 0.47 x ethylene spots quotation (ICIS)

OPTIMA program results after Q2'07.

Cost-savings realised at the level of PLN 133 m – increase of 202% y/y.

In PLN million

Realisation of work and results after Q2' 2007 are in line with expectations



- Progress of work in the majority of segments is at either at a satisfactory or very good level (Refining).

- Program leader is the refining segment.

Examples of initiatives realised in Q2'07 (in PLN m)

- PLN 6.6 m – reduction in use of electric and thermal energy as a result of change in technology of chlorine production from diaphragm to membrane
- PLN 5 m – increase of hydro-raffinate yield at HDS VI unit
- PLN 2.2 m – Cost optimisation of storage facilities



Agenda

Financial results for Q2'07

Segmental analysis of financial results for Q2'07

Supporting slides

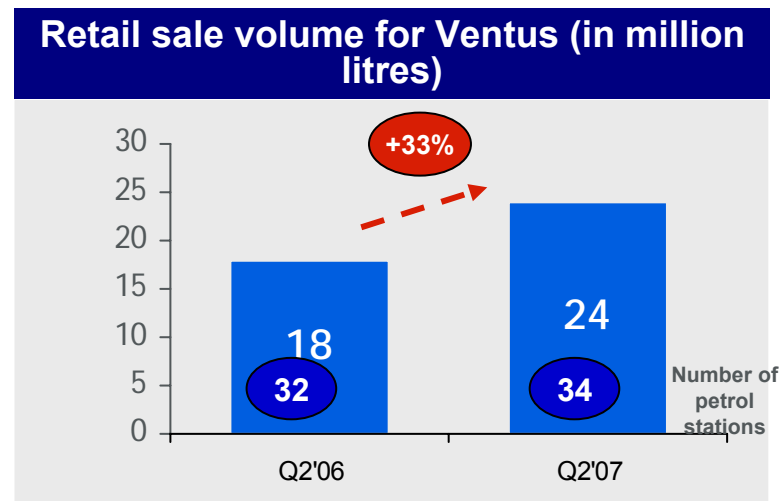
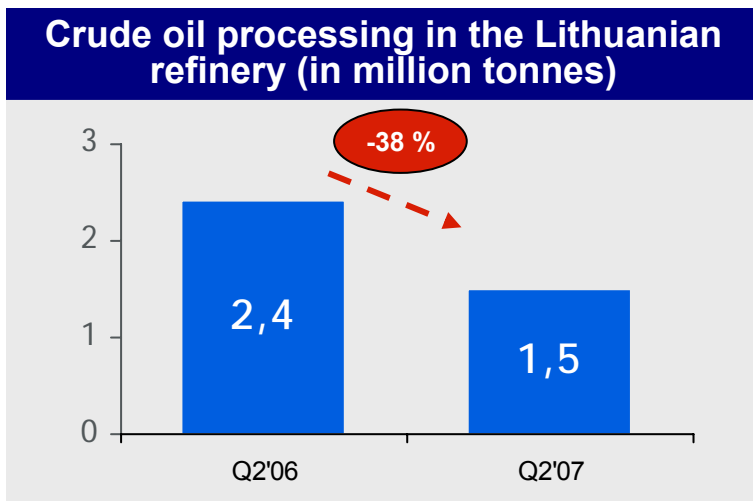
- **Mazeikiu Nafta**
- **Unipetrol**
- **Orlen Deutschland**
- **Crude oil processing and product yields in PKN ORLEN Group**
- **Maintenance schedule and plan of the crude oil throughput**
- **Petrochemical market – summary of the environment**



Mazeikiu Nafta. Selected items from Mazeikiu Nafta Group financial statements¹. Significant improvement in the operating and financial situation

IFRS, in mln USD	Q2'06	Q1'07	Q2'07	change y/y [%]	change q/q [%]
	1	2	3	4=3/1	5=3/2
Revenues	1 291	599	958	-25.8	59.9
EBITDA	114	-47	54	-52.6	-
EBIT	99	-57	45	-54.5	-
Net result	86	-51	33	-61.6	-

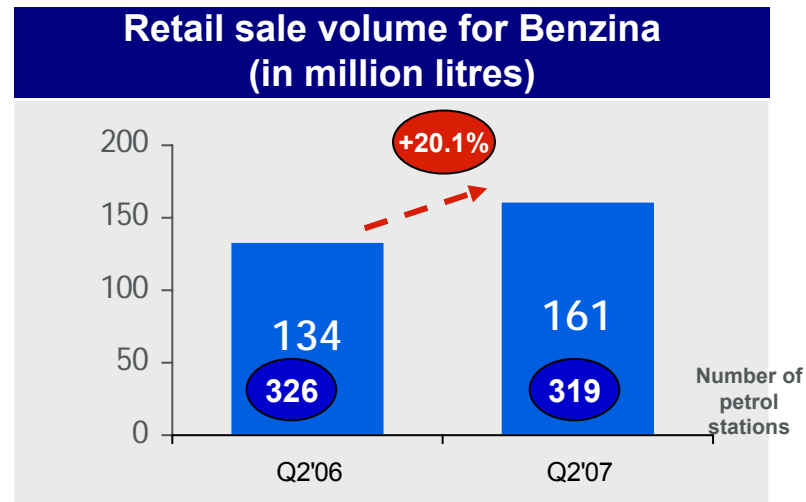
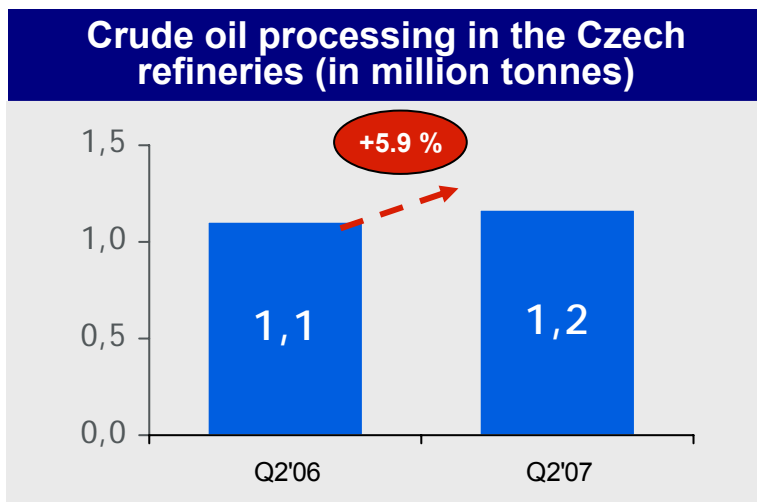
1) Note the above numbers are not subject to PKN Group consolidation and present Mazeikiu Nafta Group results according to Lithuanian accounting standards and historical cost



Unipetrol Group. Selected items from Unipetrol Group financial statements¹. Another quarter of excellent results from the Czech companies.

IFRS, in mln CZK	Q2'06	Q1'07	Q2'07	r/r [%]	q/q [%]
	1	2	3	4=3/1	5=3/2
Revenues	24 766	20 633	24 841	0.3	20.4
EBITDA	2 856	3 110	2 956	3.5	-5.0
EBIT	1 822	2 318	2 173	19.3	-6.3
Net result	1 323	1 564	1 503	13.6	3.9

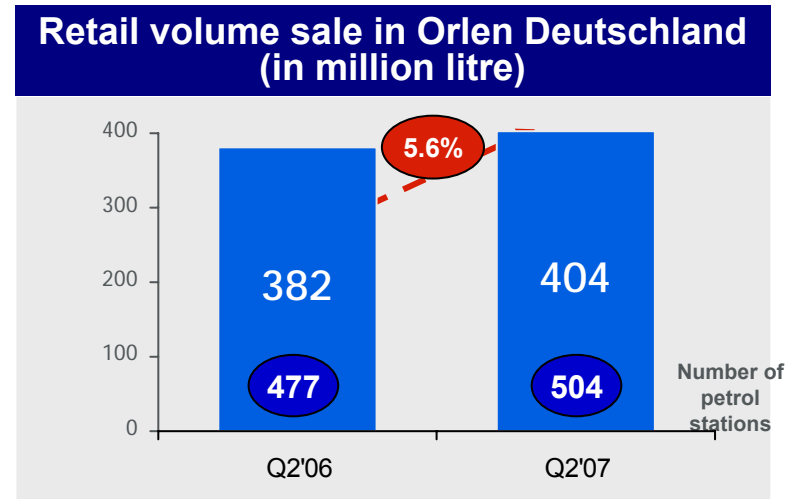
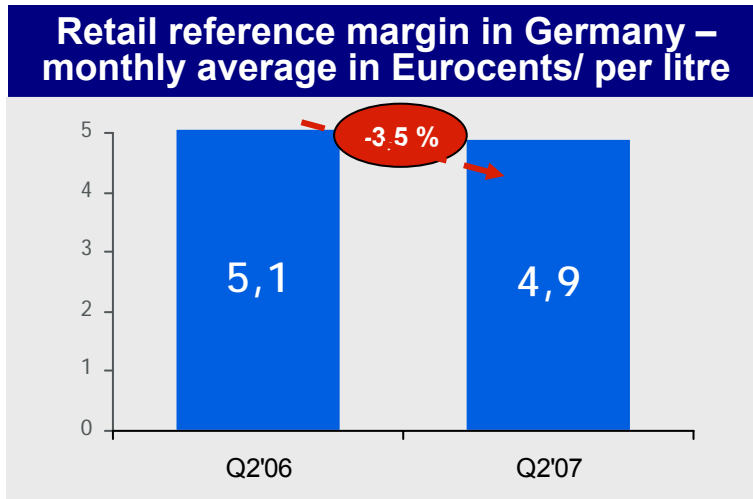
1) Note the above numbers are not subject to PKN Group consolidation and present Unipetrol Group results according to Czech accounting standards and historical cost



ORLEN Deutschland

Improvement of the operating result on a q/q basis.

IFRS, in mln PLN	Q2'06	Q1'07	Q2'07	y/y [%]	q/q [%]
	1	2	3	4=3/1	5=3/2
Revenues	2 330	1 854	2 193	-5.9	18.3
EBITDA	31	16	29	-6.5	81.3
EBIT	14	-0.4	11	-21.4	-
Net result	14	-0.9	12	-14.3	-



Key production data. Crude oil processing capacity increased by 49% q/q, and higher yields in Mazeikiu Nafta.

Selected operating data	2Q' 06	1Q' 07	2Q' 07	y/y [%]	q/q [%]
	1	2	3	4=3/1	5=3/2
Refinery in Poland ¹					
Processed crude (tt)	3 401	3 348	3 273	-3.8%	-2.2%
Utilisation	98.6%	97.0%	94.9%	-3.7pp	-2.2pp
White product yield	78.2%	80.9%	68.9%	-9.3pp	-12.0pp
Fuel yield	62.5%	62.6%	58.7%	-3.8pp	-3.9pp
Refineries in Czech ²					
Processed crude (tt)	1 103	1 070	1 168	5.9%	9.2%
Utilisation	80%	78%	85%	+5.0pp	+7.0pp
White product yield	74%	74%	70%	-4.0pp	-4.0pp
Fuel yield	59%	59%	56%	-3.0pp	-3.0pp
Refinery in Lithuania ³					
Processed crude (tt)	2 407	1 006	1 499	-37.7%	49.1%
Utilisation	94.2%	39.9%	58.7%	-35.5pp	+18.8pp
White product yield	72.2%	74.0%	70.0%	-2.2pp	-4.0pp
Fuel yield	58.8%	59.0%	56.0%	-2.8pp	-3.0pp

1) Production data refers to refinery in Plock, assumptions: refinery capacity of 13.8 m t/y.

2) Production data refers to Ceska Rafinerska refinery [51% Litvinov (2.8mt/y) and 51% Kralupy (1.7mt/y)] and 100% Paramo (1.0 m t/y): Total 5.5 m t/y

3) Production data refers to Mazeikiu Nafta refinery: 10 m t/y. Data for 2006 were not consolidated within PKN ORLEN Group

Scheduled plant stoppages, modernisation of the refining and petrochemical units, and plan for crude oil processing in the H2'07.

Technological and renovation stoppages in the PKN ORLEN Group refineries

	stoppage	period	aim
Płock refinery			
H-oil	5 weeks	2-3 q	<i>technological stoppage (already finished)</i>
HON - II	3 weeks	3 q	<i>technological stoppage (already finished)</i>
HON - I	3 weeks	3 q	<i>technological stoppage</i>
Czech refineries			
Ceska rafinerska	8 weeks	3 q	<i>modernisation, increase of production capacity</i>
Chemopetrol olefins	6 weeks	3 q	<i>modernisation, increase of production capacity</i>
Chemopetrol polyolefins	4 weeks	3 q	<i>modernisation, increase of production capacity</i>
Paramo (oil unit)	3 weeks	3 q	<i>modernisation, increase of production capacity</i>
Lithuanian refinery			
Refining complex	6 weeks	3-4 q	<i>modernisation, start up of the new CDU unit</i>

Planned crude oil processed for the PKN ORLEN Group in the second half of year 2007.

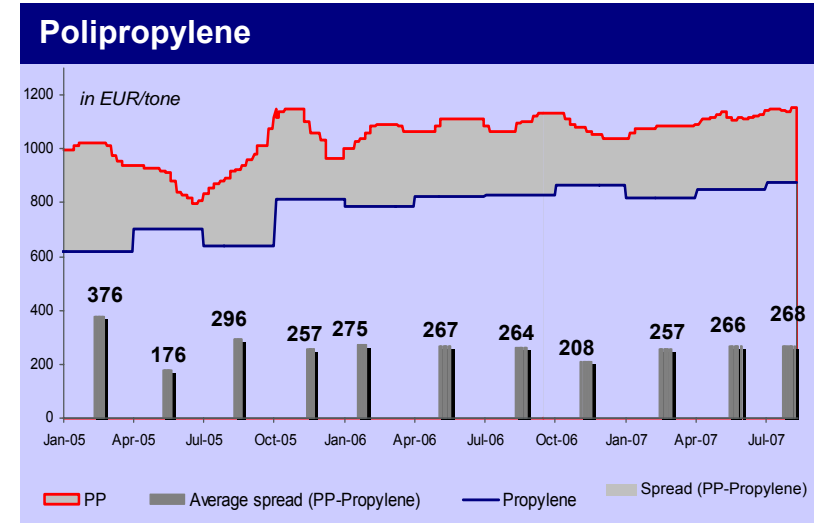
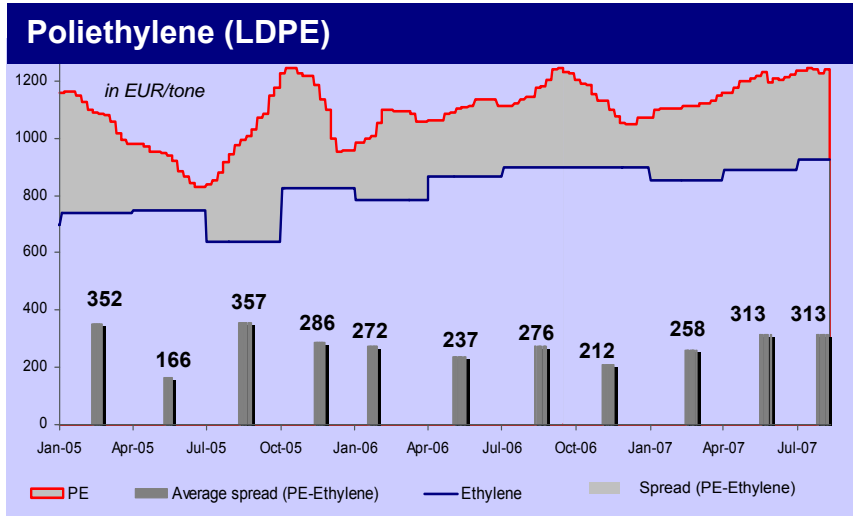
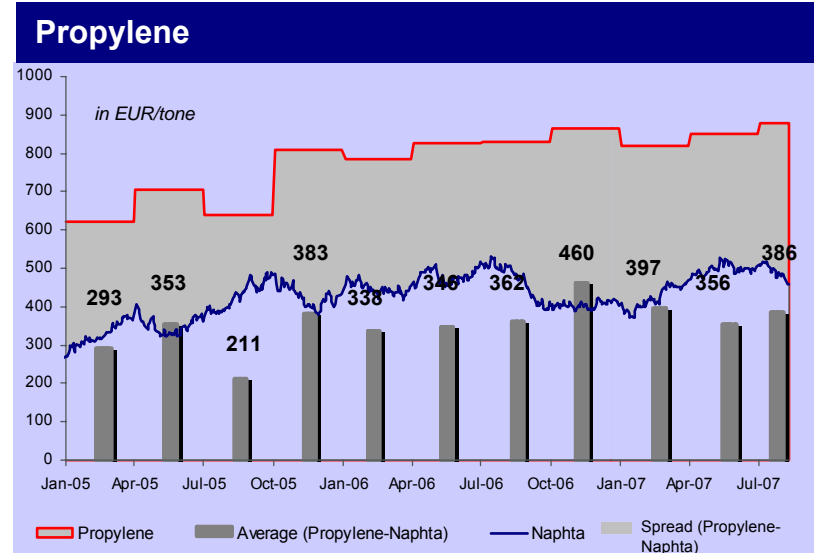
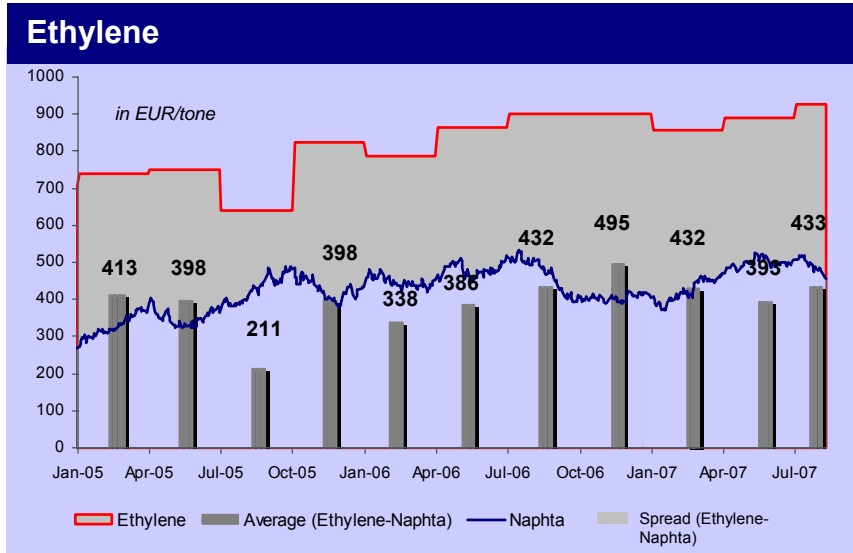
Short term effect of the technological and modernisation stoppages will be a decrease of the volume of crude oil processed.

Schedule of the PKN ORLEN Group crude processing for the second half of 2007:

PKN ORLEN Płock – **6.99 million tones**; Unipetrol -**1.81 million tones**; Mazeikiu Nafta – **3.16 million tones**

After the scheduled modernisation is finished, PKN ORLEN will have more production capacity with a higher complexity index.

Petrochemical market from 1 January 2005 to 9 August 2007.



Source: Market quotations

