



## **Consolidated financial results of PKN ORLEN FY 2008**

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*26 February 2009*



**ORLEN**

# Agenda

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**Summary of financial results for 2008**

**Strategy implementation in 2009**

**Supporting slides**



## Reported results under the strong influence of external factors

### High dynamics of changes in crude oil prices and exchange rates

- Reported EBIT amounted to PLN 758 m.
- Reported results for the whole year 2008 under the extraordinarily strong influence of results for 4q2008.
- Reversal of the growth trend in crude oil prices in the middle of 2008 caused reduction in reported operating profit in 4q2008 by PLN 2,7 bn.
- Strong change in exchange rates vs. PLN negatively affected reported result in 4q2008 by PLN 1,5 bn.
- Influence of inventories valuation and unrealized foreign exchange rates differences on reported result is non-cash.

### Operating achievements in 2008

- Revenues increase by 25% y/y.
- Growth in volume sales by 22% y/y in wholesale and by 13% y/y in retail – increase in market share.
- Crude oil processed over 28 m tones – growth of 22% y/y.
- EBIT according to LIFO amounted to PLN 2,6 bn



# Operating projects realization in 2008

In 2008 the following actions aimed at production and fuel sales growth, especially diesel, goods and services in retail segment were introduced.

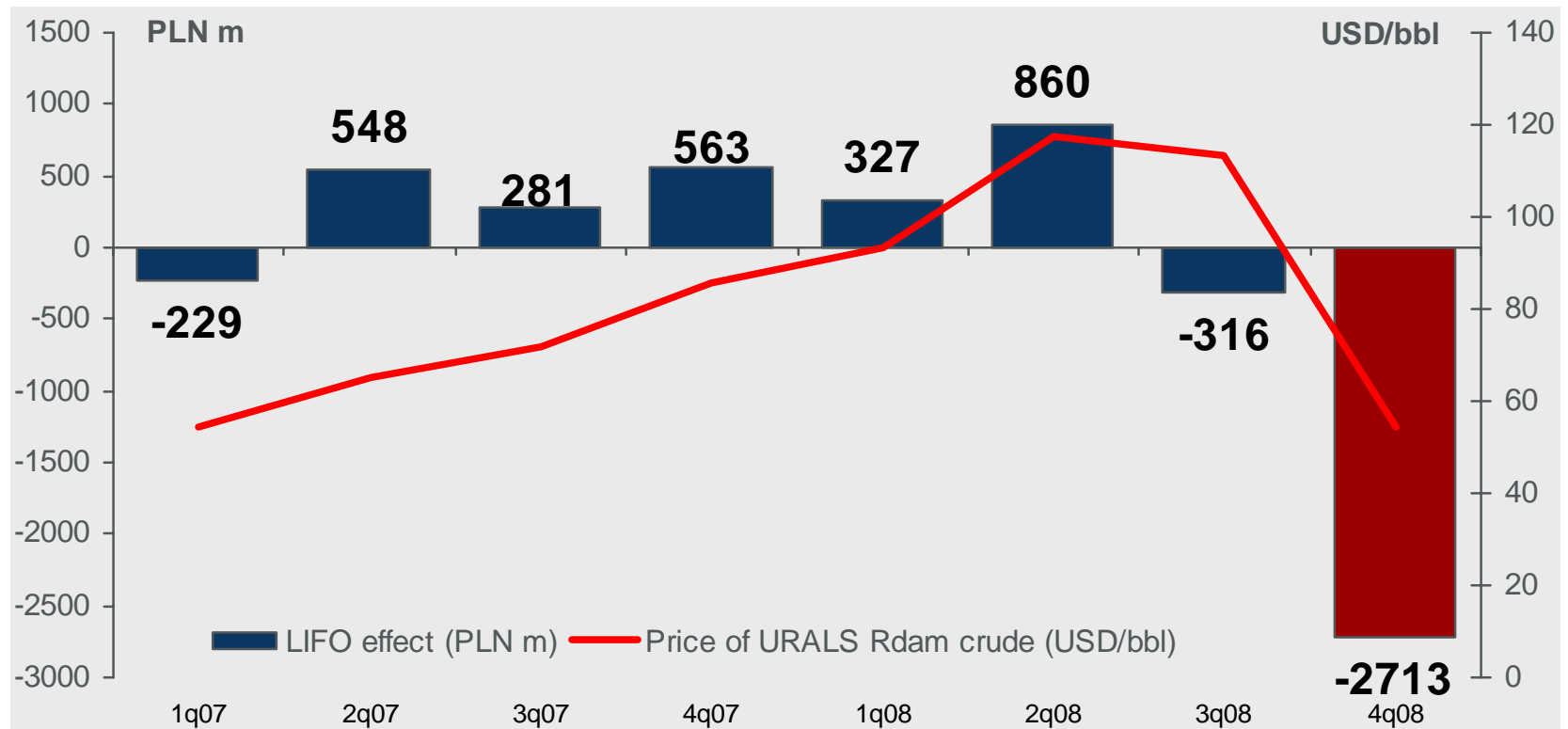
Segment	Action realized
Refining	<ul style="list-style-type: none"> <li>• Building of Diesel Hydrodesulphurization Unit (HON)<sup>1)</sup> VII and Hydrogen Plant II at the Plant in Plock.</li> <li>• Successful testing of different crude oil types processing at the Plant in Plock.</li> <li>• Closing of rebuilding and start up of Visebreaking Unit at Mazeikiu Nafta.</li> <li>• Start up of diesel production unit (HONH)<sup>2)</sup> in Plock.</li> <li>• Modernization of Diesel Hydrodesulphurization Unit in Mazeikiu Nafta.</li> </ul>
Petrochemicals	<ul style="list-style-type: none"> <li>• Realization of the planned maintenance shutdown of Olefins Unit.</li> <li>• Building of paraxylene unit (PX) and purified terephthalic acid unit (PTA) according to the schedule.</li> <li>• Building of benzene extraction and C5 fraction unit at Unipetrol Group.</li> </ul>
Retail	<ul style="list-style-type: none"> <li>• Opening of 71 new fuel stations (including 31 DOFO stations).</li> <li>• 225 fuel stations under modernization, rebranding and rebuilding.</li> <li>• Consistent management of product categories and non-fuel services; introduction of STOP Cafe offer.</li> </ul>
Chemicals	<ul style="list-style-type: none"> <li>• Maximization of fertilizers sales.</li> <li>• Building of oxygen unit and increase of capacity of fertilizers units.</li> <li>• Modernization of production lines at PVC complex.</li> </ul>

1) HON – Diesel Hydrodesulphurization

2) HONH – Diesel Hydro refining from Residue Hydrodesulphurization

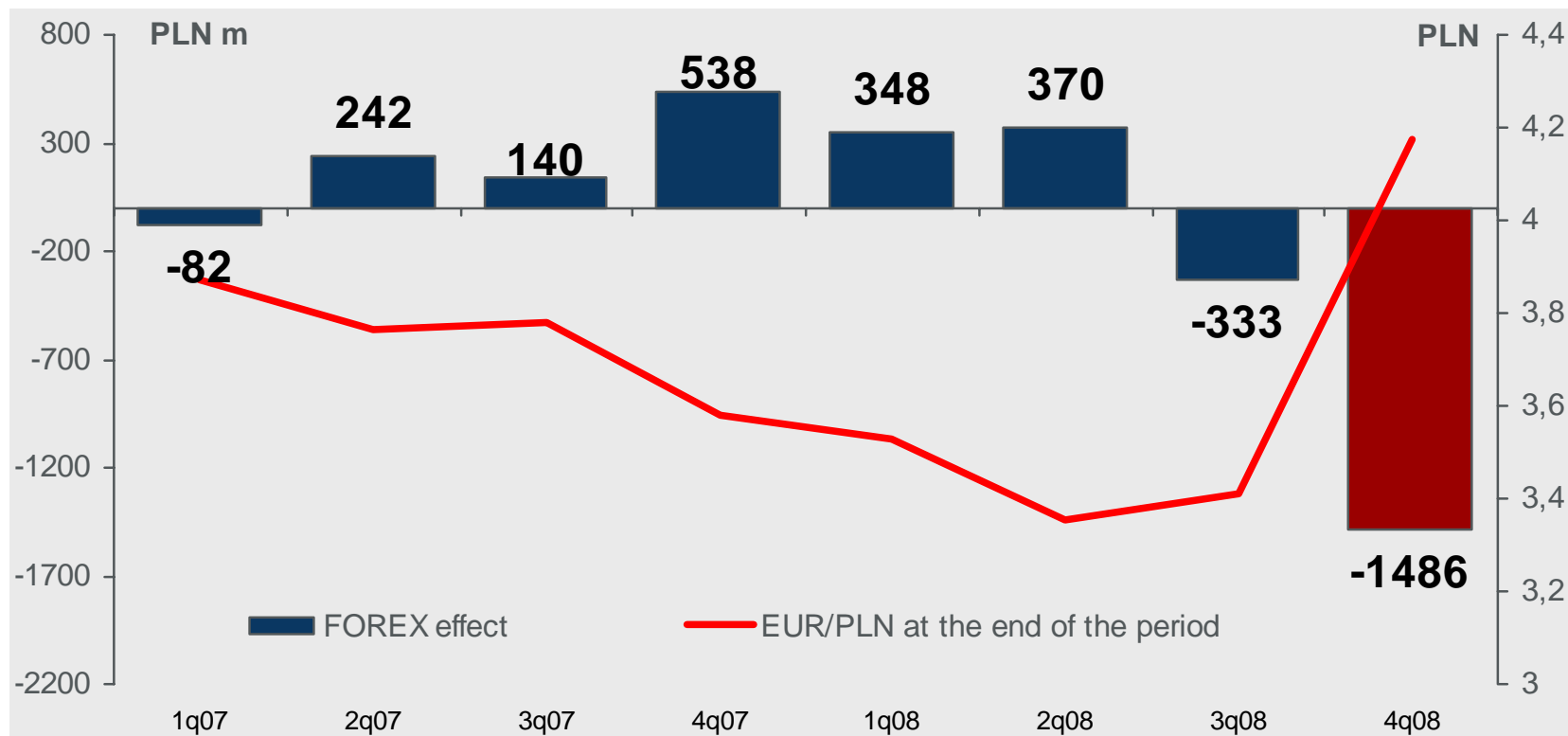


## Negative LIFO effect in 4q2008 exceeds the sum of LIFO effects from the previous quarters



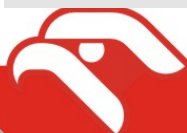
**Growing crude oil price positively affected reported EBIT. Reversal of trend to decline in the second half 2008 caused significant reduction in reported EBIT. Over half of the PLN 2,7 bn negative impact in the 4q2008 is connected by law with obligatory inventories.**

## Negative impact of foreign exchange rates differences in 4q2008 exceeded the sum of foreign exchange rates differences from the previous quarters



PLN appreciation positively influenced reported financial revenues. Reversal of PLN rate trend to decline in the second half 2008 caused increasing costs from negative foreign exchange rates differences in 4q2008 of almost PLN 1,5 bn.

Negative foreign exchange rate differences refer mainly to revaluation of foreign currencies debt, that is a natural economic protection against changing of operating results due to fluctuations in PLN rates.



## Good operating results according to LIFO decreased by the effect of changes in crude oil prices and exchange rates

4q08	3q08	4q07	PLN m	2008	2007	change y/y
1	2	3		4	5	6=4/5
16 449	23 058	16 902	Revenues	79 535	63 793	25%
-1 275	1 120	730	EBITDA <sup>1</sup>	3 249	5 035	-35%
2 713	316	-563	<i>LIFO effect</i>	1 843	-1 167	-
1 438	1 436	167	EBITDA accor. to LIFO	5 092	3 868	32%
-3 117	71	588	Net profit	-632	2 480	-
2 220	269	-451	<i>LIFO effect</i> <sup>2</sup>	1 516	-938	-
-897	340	137	Net profit accor. to LIFO	884	1 542	-43%

Net loss in 4q2008, exceeding PLN 3 bn, is a result of the extraordinary decrease in crude oil prices and weakness of PLN vs. EUR and USD.

Good operating results according to LIFO are mainly due to higher sales volumes. The result in yearly financial statements can undergo a change due to potential adjustments resulting from leading tests for permanent loss of value on assets.

- 1) EBIT before amortization and depreciation.  
2) Including tax effect.



## Cash from operations higher in 2008 by over PLN 1,6 bn

4q08	3q08	4q07	PLN m	2008	2007	change y/y
1	2	3		4	5	6=4/5
1 103	238	-573	Cash from operations	3 609	1 965	1 644
1 374	1 138	1 734	CAPEX	3 938	3 721	217
12 557	9 840	8 824	Net debt	12 557	8 824	3 733
48,4%	36,6%	35,7%	Gearing (%) <sup>1</sup>	47,2%	37,3%	9,9p.p.
3,66	1,79	1,67	Net debt / EBITDA <sup>2</sup>	3,66	1,63	2,03
2,38	2,42	2,14	Net debt / EBITDA according to LIFO <sup>3</sup>	2,38	2,09	0,29

Financial debt increase in 4q2008 mainly due to revaluation of debt in USD and EUR. Temporary increase of Net debt/EBITDA ratio over 3,5 is a subject of discussions with the banks.

1) Gearing = net debt / equity – calculated according to the average balance sheet status in the period.

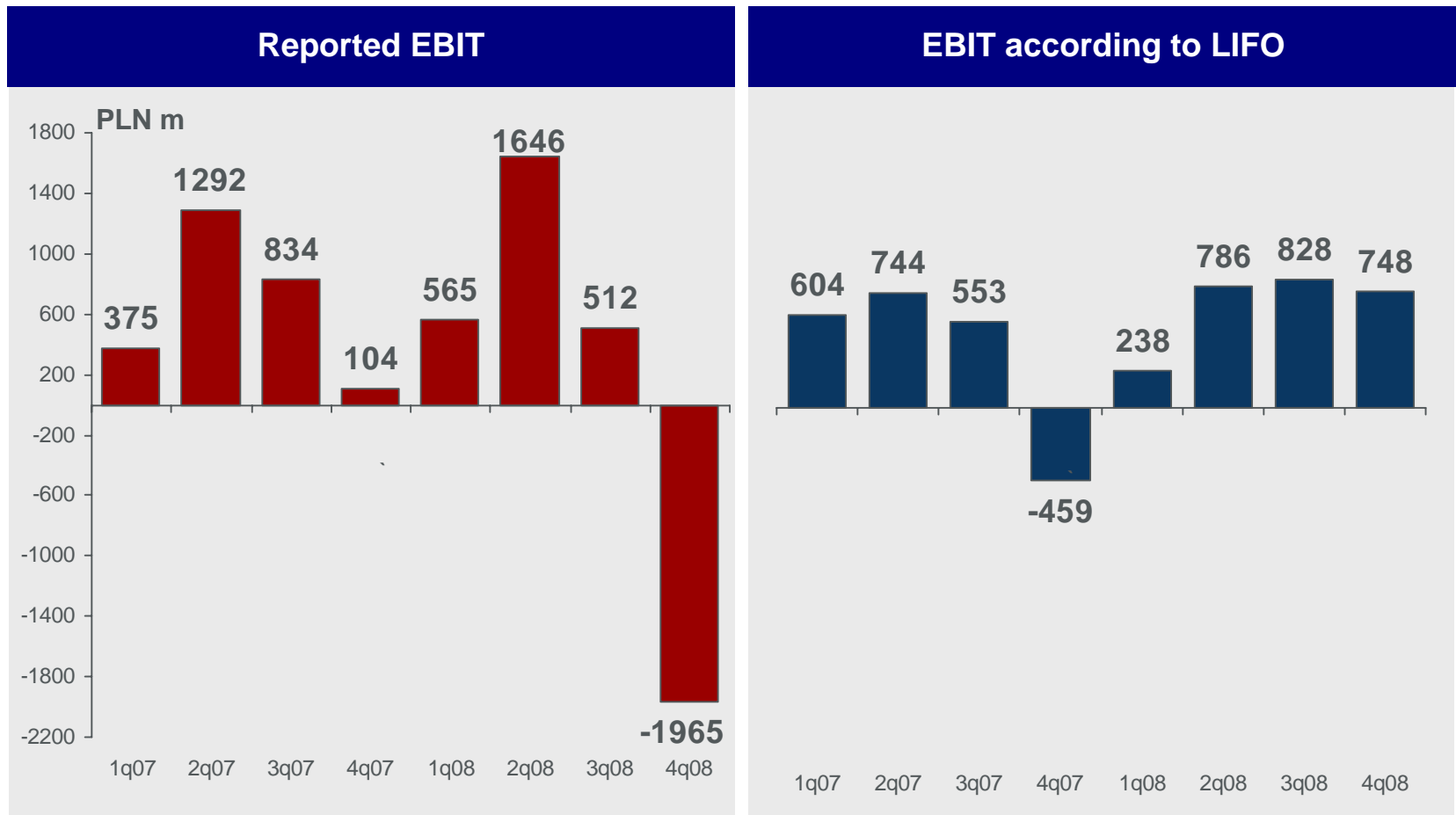
2) Interest bearings less cash at the end of the period / (EBITDA + dividend received from Polkomtel) from the last four quarters.

3) Interest bearings less cash at the end of the period / (EBITDA + dividend received from Polkomtel) from the last four quarters according to LIFO.





# EBIT according to LIFO is not so variable and reflects operating achievements



EBIT according to LIFO in 4q2008 maintained at a stable, higher level than in 2007.

## Positive reported operating profit for 2008 although unfavorable effect on inventories valuation

4q08	3q08	4q07	PLN m	2008	2007	change y/y [%]
1	2	3		4	5	6=4/5
<b>-1 965</b>	<b>512</b>	<b>104</b>	<b>EBIT, incl.following segments:</b>	<b>758</b>	<b>2 604</b>	<b>-71%</b>
748	828	-459	<i>EBIT according to LIFO</i>	2 601	1 437	81%
<b>-1 778</b>	<b>184</b>	<b>224</b>	<b>Refining<sup>1</sup></b>	<b>53</b>	<b>1 672</b>	<b>-97%</b>
823	501	-321	<i>Refining according to LIFO</i>	1 778	543	227%
<b>165</b>	<b>247</b>	<b>67</b>	<b>Retail</b>	<b>625</b>	<b>423</b>	<b>48%</b>
<b>-97</b>	<b>104</b>	<b>55</b>	<b>Petrochemicals</b>	<b>274</b>	<b>1 068</b>	<b>-74%</b>
15	103	37	<i>Petrochemicals according to LIFO</i>	391	1 029	-62%
<b>33</b>	<b>87</b>	<b>38</b>	<b>Chemicals</b>	<b>285</b>	<b>246</b>	<b>16%</b>
<b>33</b>	<b>29</b>	<b>-46</b>	<b>Others<sup>2</sup></b>	<b>137</b>	<b>-155</b>	<b>-</b>
<b>-321</b>	<b>-139</b>	<b>-234</b>	<b>Non-attributable<sup>3</sup></b>	<b>-616</b>	<b>-650</b>	<b>-5%</b>

Refining segment result according to LIFO in 2008 is better due to, among others reasons, higher production and sales in Mazeikiu Nafta, after start up of rebuilt Visbreaking Unit. Continuation of growth in operating result in retail segment due to consistently conducted restructuring, rebranding success and effective marketing actions. Petrochemicals segment result under the influence of macro conditions and realization of planned maintenance shutdowns.

1) Production, Wholesale and Logistics.

2) Units responsible for media, social activity and service companies of PKN ORLEN.

3) Corporate centre of PKN ORLEN and companies from the Group not included in the abovementioned segments.



## Sales growth dynamics significantly higher than market growth

4q08	3q08	4q07	change 4q/4q	thousand tonnes	2008	2007	change y/y [%]
1	2	3	4=1/3		5	6	7=5/6
7 636	8 608	6 465	18%	<b>Sales volume, in total including:</b>	32 291	27 852	16%
5 337	6 088	4 168	28%	<b>Wholesale</b>	22 471	18 448	22%
1 265	1 376	1 152	10%	<b>Retail</b>	5 105	4 521	13%
707	621	766	-8%	<b>Petrochemicals</b>	2 956	3 056	-3%
327	523	379	-14%	<b>Chemicals</b>	1 759	1 827	-4%

High sales dynamics in wholesale and retail y/y shifts to the growth in market share. Noted decrease in volumes of wholesale and retail 4q/3q is a result of seasonality and first signals of recession. Reduction of volumes in 3q2008 in petrochemical segment due to realization of planned maintenance shutdown.

# Increase in crude oil processed by 22 % and production of highly profitable middle distillates by 26%

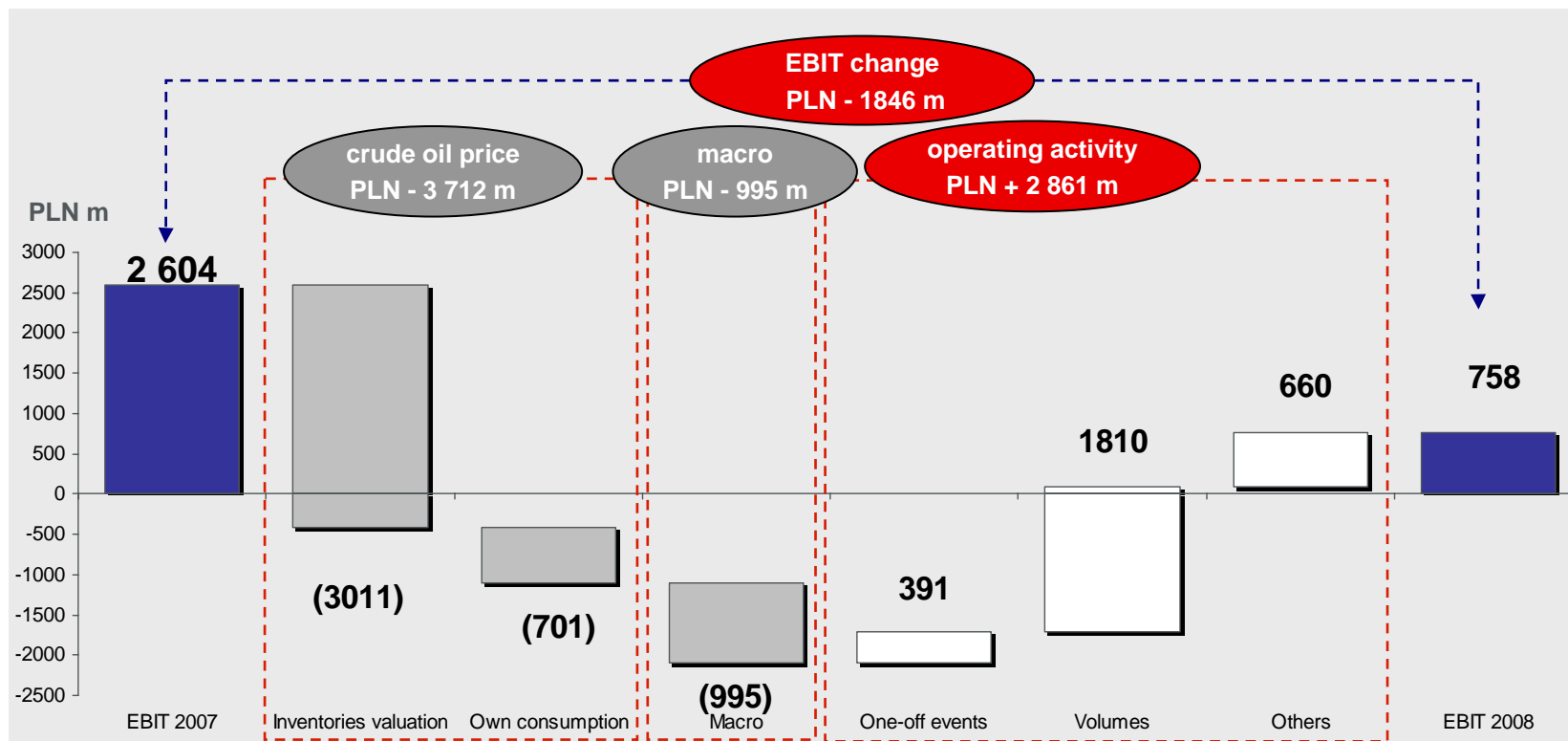
4q08	3q08	4q07	change 4q/4q	thousand tones	2008	2007	change y/y [%]
1	2	3	4=1/3		5	6	7=5/6
7 057	7 342	5 235	35%	Crude oil processed	28 309	23 114	22%
7 566	7 942	5 900	28%	Production, in total	30 906	26 003	19%
6 014	6 292	4 358	38%	Refining production, including:	24 025	19 260	25%
3 059	3 157	2 184	40%	- diesel, LHO, JET	12 094	9 600	26%
1 760	1 868	1 211	45%	- Gasoline, LPG	7 077	5 486	29%
1 195	1 267	963	24%	- Others <sup>1</sup>	4 854	4 174	16%
751	790	716	5%	Petrochemical production	3 442	3 361	2%
801	860	826	-3%	Chemical production	3 439	3 382	2%
43,3%	43,0%	41,7%	1,6 pp	Middle distillates yield <sup>2</sup>	42,7%	41,5%	1,2 pp

Systematic growth of middle distillates yield - diesel, light heating oil (LHO) and aviation fuel (JET) to a level of over 43% in 4q2008.

1) Includes heavy heating oil, oil bases and other refining products.

2) Middle distillates yield is a relation of the amount of produced diesel, LHO and JET to the amount of crude oil processed.

# Negative effect of crude oil price change and macro exceeds improvement of operating activity in 2008



**Reported EBIT in 2008 was under the strong influence of changes in crude oil prices through inventories valuation and costs of energy raw materials used in the production process.**

Inventories valuation effect: PKN PLN (-) 1770 m, MN PLN (-) 821 m, Unipetrol PLN (-) 383 m.

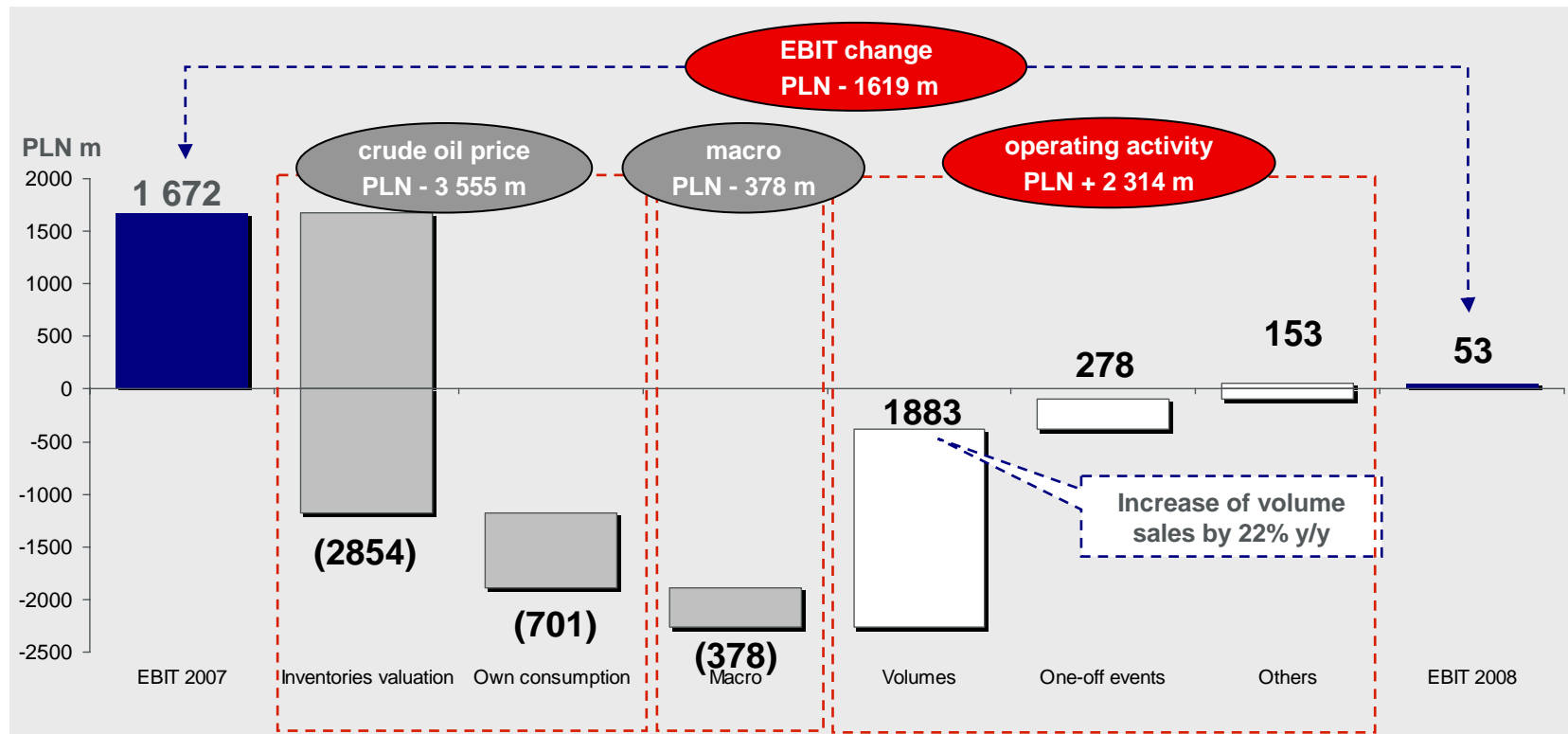
Macroeconomic effect: exchange rates PLN (-) 1844 m, cracks PLN + 1182 m, differential PLN (-) 333 m.

One-off events: relates to shutdowns in PKN ORLEN, Unipetrol and MN

Others: other positions (see next slides); result of segment, other activities and non-attributable, consolidating corrections

# Refining segment

## Significant growth of volumes in unfavorable macro conditions



**High sales dynamics mainly due to higher sales in Mazeikiu Nafta. Positive effects of active trading policy were partially balanced by negative impact of Czech Koruna and Polish zloty appreciation against USD.**

Inventory valuation effect: PKN ORLEN PLN (-) 1726 m, MN PLN (-) 821 m, Unipetrol PLN (-) 270 m.

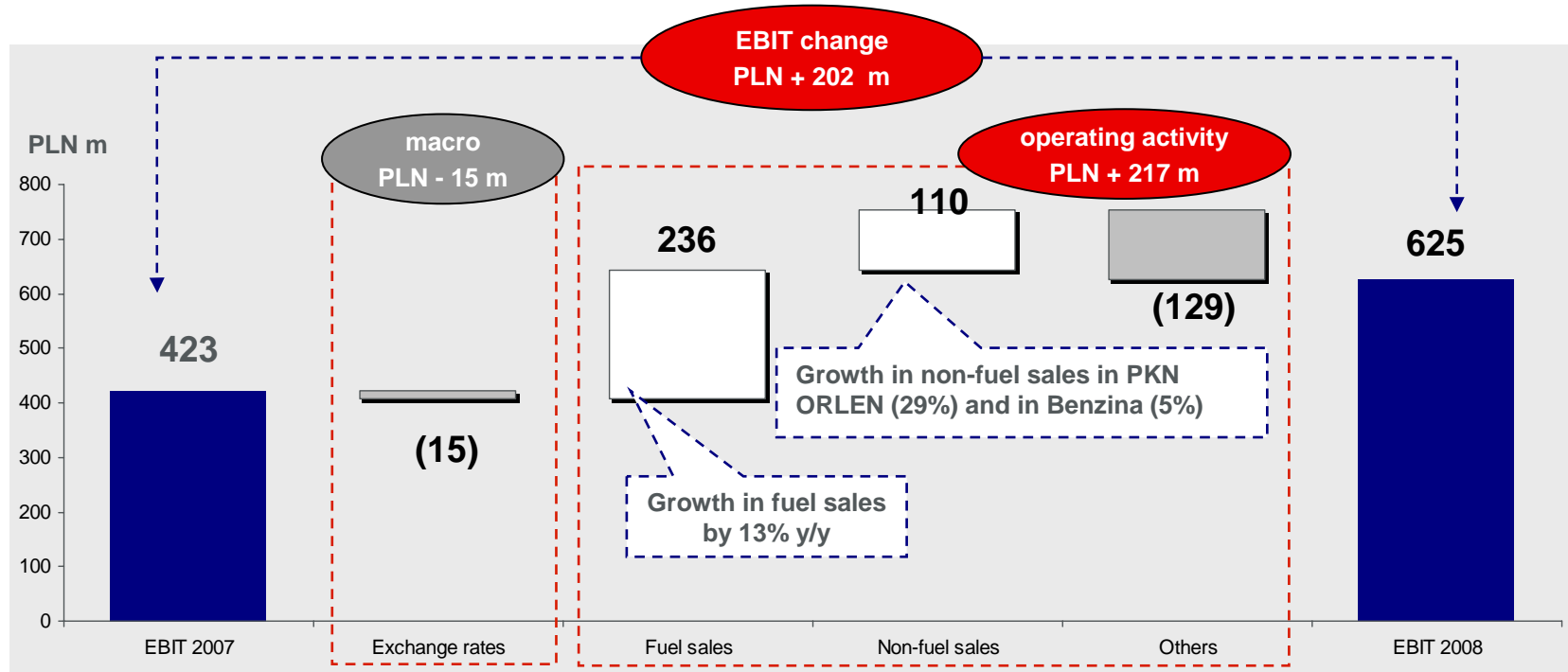
Macroeconomic effect: exchange rates PLN (-) 1400 m, cracks PLN +1355 m, differential PLN (-) 333 m.

One-off events: maintenance shutdown of VDU unit at MN PLN 177 m in 2007; breakdown of PERN pipeline – logistic problems in PKN ORLEN PLN 70 m in 2007.

Others: revaluation write-down of provision on CO2 emission rights in MN PLN 63 m in 2007.

# Retail segment

## Effect of increase in volumes of fuels and non-fuel sales

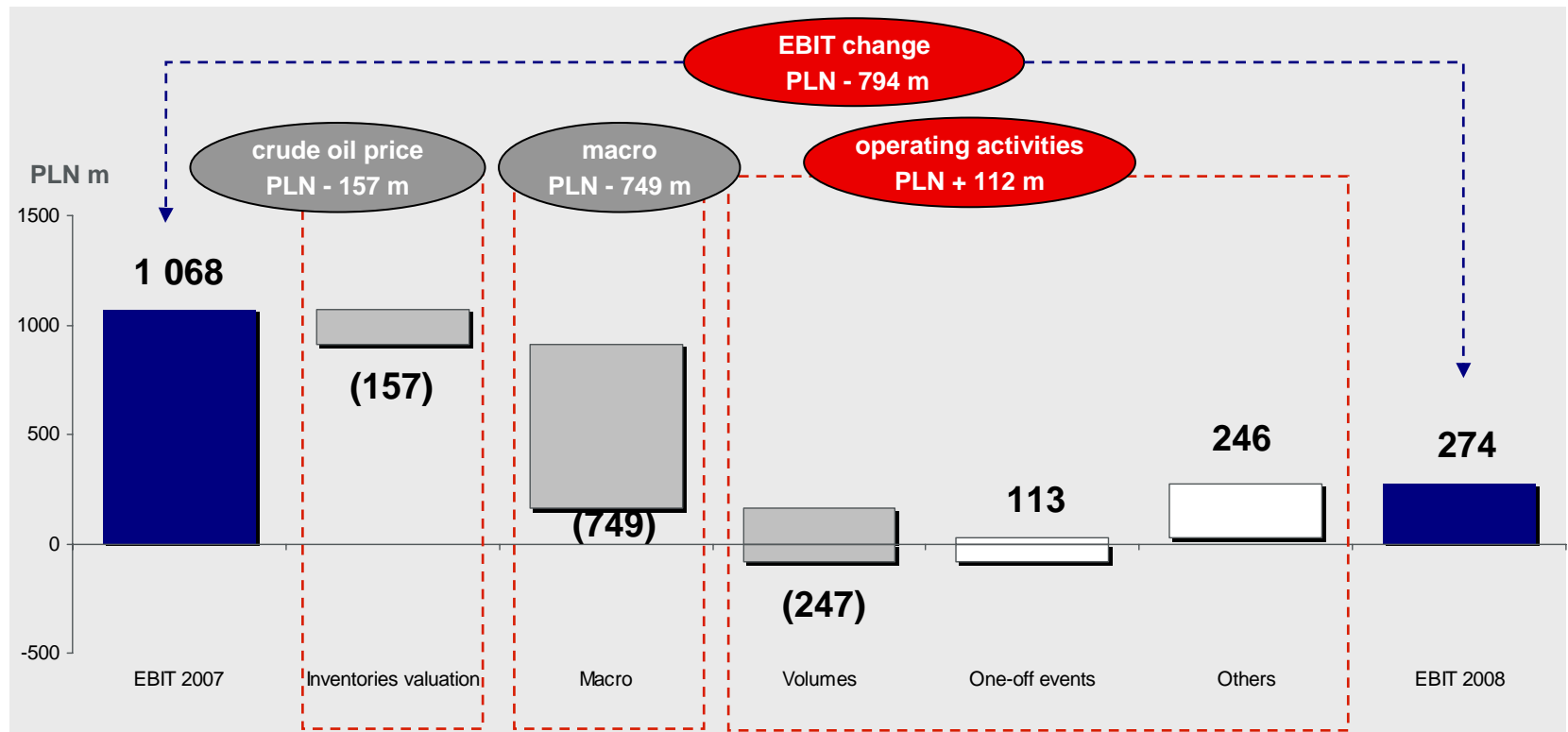


In 2008 high dynamics of fuel sales was noted, mainly due to high growth of sales in PKN ORLEN (12%) and in ORLEN Deutschland (18%).

Macroeconomic effect: exchange rates PLN (-) 15 m  
 Others: mainly franchise holders commissions

# Petrochemical segment

## Negative macro effect and decrease of volumes



**In 2008 operating result under the strong impact of macro, as well as dropping volumes in 4q2008.**

Macroeconomic effect: exchange rates PLN (-) 336 m, cracks PLN (-) 412 m.

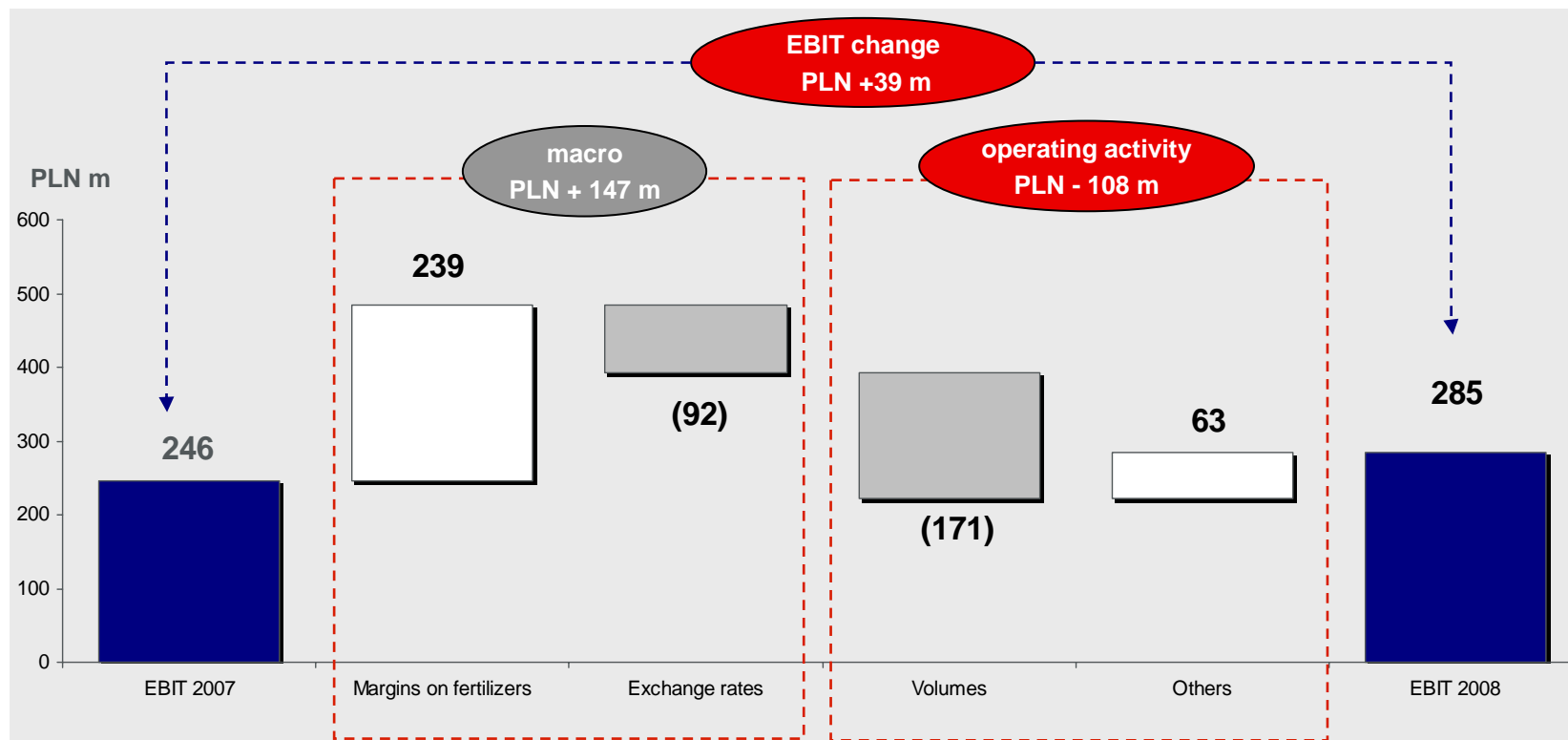
One-off events: maintenance shutdown of Olefins unit at Unipetrol PLN 327 m in 2007; maintenance shutdown at Olefins unit in PLN ORLEN PLN 150 m; breakdown of POX unit in Unipetrol PLN 64 m in 2008.

Others: revaluation write-down in Kaucuk PLN 123 m in 2007



# Chemical segment

## Margins on fertilizers the main factor for growth in 2008



**Advantageous influence of margins on segment result in 2008 was balanced out opposite impact of exchange rate and lower volumes.**

Macroeconomic effect: exchange rates PLN (-) 93 m, margins PLN + 239 m.  
Others: cost reductions due to reducing of production in 4q2008.

# Agenda

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**Summary of financial results for 2008**

**Strategy implementation in 2009**

**Supporting slides**



# Investment projects in 2009 - strategy realisation

## Concentration on core business

Segment	Planned actions	Expected effects
Refining	<ul style="list-style-type: none"><li>• Closing of installation of the main facilities for Diesel Hydrodesulphurisation Unit VII and Hydrogen Plant II (Plock)</li><li>• Exchange of the second reactor at the Diesel Hydrodesulphurisation Unit in Mazeikiu Nafta</li></ul>	<ul style="list-style-type: none"><li>• Start up of installation allowing for effective production of middle distillates in 2009. Increase of middle distillates yields to 47%.</li><li>• Increase in efficiency of production of fuels meeting EU 2009 quality standards in Mazeikiu Nafta.</li></ul>
Retail	<ul style="list-style-type: none"><li>• Continuation of modernization and optimization process in the fuel stations network</li><li>• Development of non-fuel offer.</li><li>• Improvement of cost efficiency.</li></ul>	<ul style="list-style-type: none"><li>• Improvement of volume sales per station ratio</li><li>• Further growth in non-fuel margin</li><li>• Lowering of station costs and marketing costs</li></ul>
Petrochemicals	<ul style="list-style-type: none"><li>• Building of Paraxylene Unit (PX) (ground equipment and installation of rectification columns) and continuation of investment connected with Purified Terephthalic Acid Unit (PTA)</li><li>• New butadiene unit in Unipetrol</li><li>• Modernization and development of chemical units.</li><li>• Building of propylene fractionation unit in Mazeikiu Nafta</li></ul>	<ul style="list-style-type: none"><li>• Realization according to schedule the next stage of the project aiming at starting up in 2010 of unit with 400 kt/y paraxylene production capacity and unit with 600 kt/y PTA production capacity.</li><li>• Starting up of butadiene unit with 120 kt/y production capacity.</li><li>• Maintaining of Anwil as an attractive assets for sale.</li></ul>

# Operations in 2009 are consistent realization of assumptions of announced strategy

Area	Planning operations in 2009
Exploration & Production	<ul style="list-style-type: none"><li>• Continuing of operations in Baltic shelf area and on deposits in Poland</li><li>• Work on selected acquisition targets</li><li>• Establishing and keeping relations with potential strategic partners</li></ul>
Energy	<ul style="list-style-type: none"><li>• Finishing of work on strategy for energy sector under the PKN ORLEN strategy for years 2009 -2013</li><li>• Announcement of work results in 2q2009</li></ul>
Divestment	<ul style="list-style-type: none"><li>• Continuing of sale process of Polkomtel. Realization of transaction with TDC opens the way for negotiations with shareholders about potential exit from partnership.</li><li>• Leading the sale process of Anwil.</li><li>• Optimization of structure of Capital Group.</li></ul>

# We are achieving a position to further dynamic development

Area	Planning operations in 2009
<b>Operating efficiency</b>	<ul style="list-style-type: none"><li>• The process was started in second half of 2008 for the purpose of reaching the best ratios in efficiency area</li><li>• Precisely defined targets in strategy approved at the end of November 2008</li><li>• Impact of efficiency improvement on increase of EBITDA to 2013 in the level of PLN 1,3 bl</li><li>• Intensity of recession accelerates planned activities. First effects are already visible in 2008</li><li>• Operations directed to:<ul style="list-style-type: none"><li>• Continuing and starting investments with the highest return on interest rate</li><li>• Limitation of operating costs</li><li>• Improvement of sales efficiency</li><li>• Release of funds engaged in working capital</li><li>• Release of synergies within Company</li><li>• Optimization of the structure of Company managing to increase speed and efficiency of operations</li></ul></li><li>• In 2009 we are preparing for different scenarios and we will be reacting dynamically keeping in mind long-term increase of Company value</li></ul>





## Thank You for Your attention

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# Agenda

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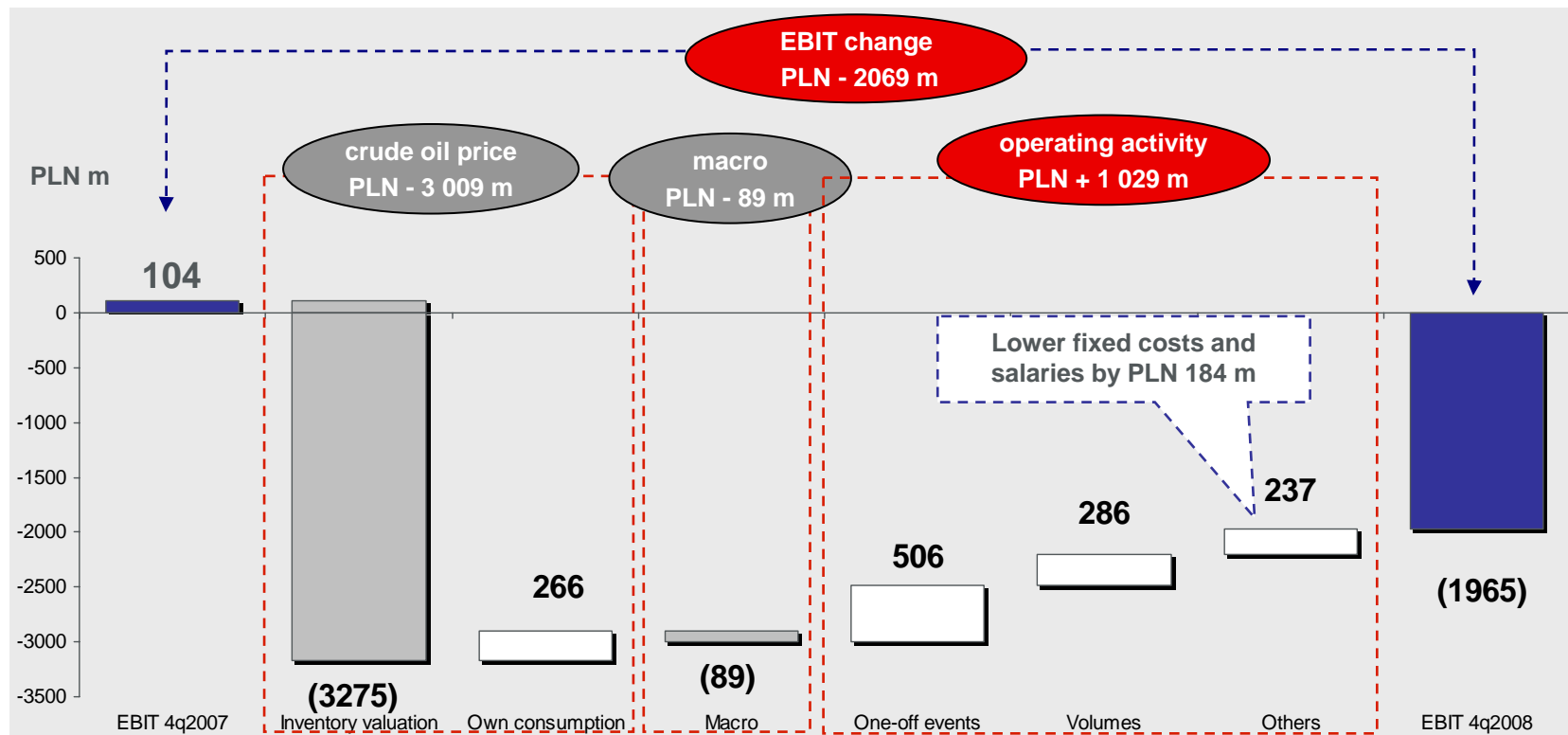
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# Increase of efficiency of the Company by PLN 1 bn in 4q2008



**Inventory valuation negatively affected reported EBIT in 4 quarter 2008 in the historically lowest value .**

Inventory valuation effect: PLN (-) 2137 m, MN PLN (-) 736, Unipetrol PLN (-) 338 m.

Macroeconomic effect: exchange rate PLN +177 m, margin PLN (-) 61 m, differential PLN (-) 205 m.

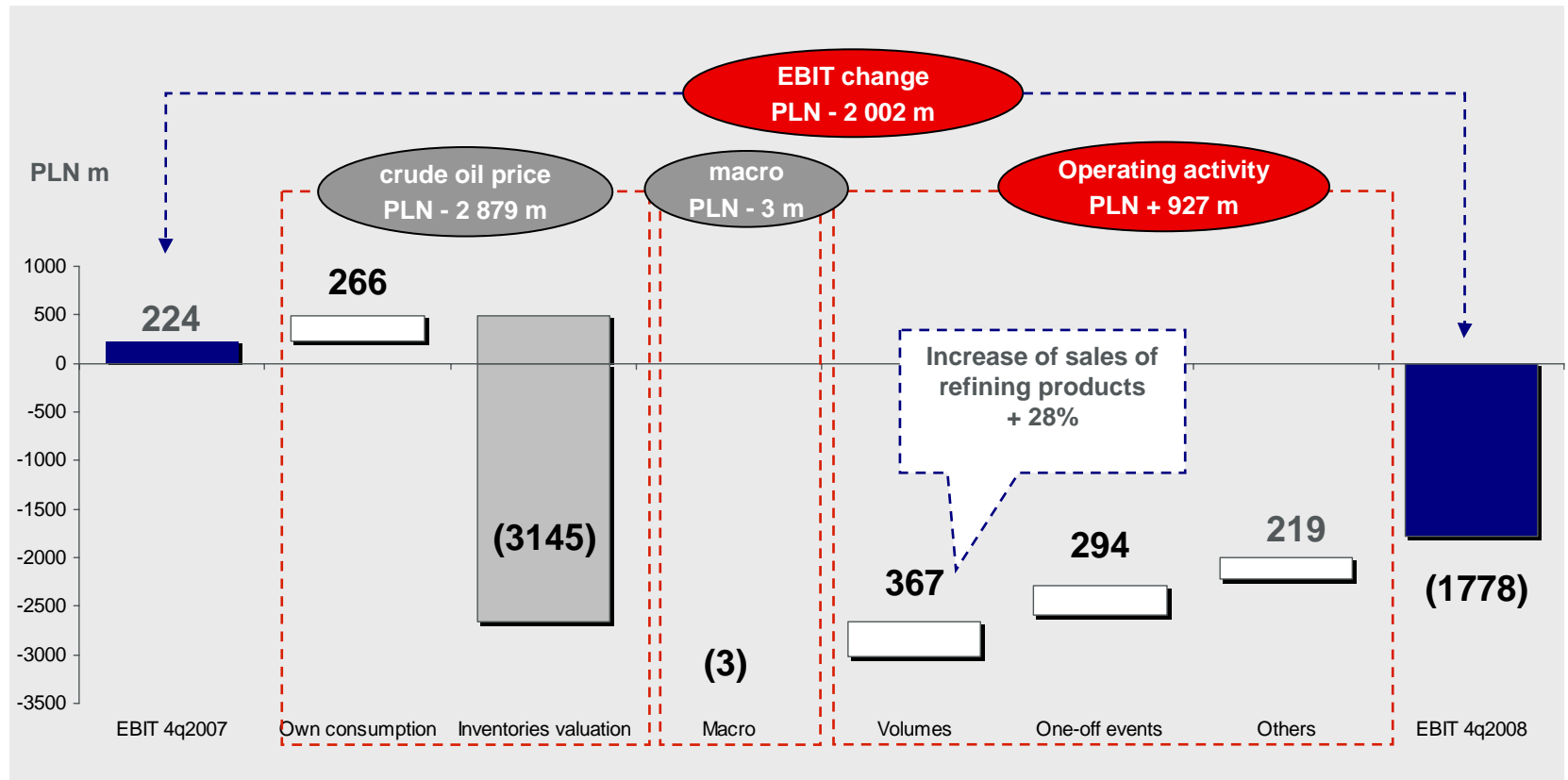
One-off events: refers to maintenance shutdowns at PKN ORLEN, Unipetrol and MN.

Others: result on the other activity, result of the segment Other Activities and Non-attributable; consolidation corrections.



# Refining segment

High level of impact of inventories valuation in 4q2008 connected mainly with refining segment.



High dynamic sales of refining products in 4 quarter 2008 is mainly an effect of higher sales at Mazeikiu Nafta connected with restoring full production capacities of the refinery.

Inventories valuation effect: PKN ORLEN PLN (-) 2137 m, MN PLN (-) 736 m, PLN (-) 338 m

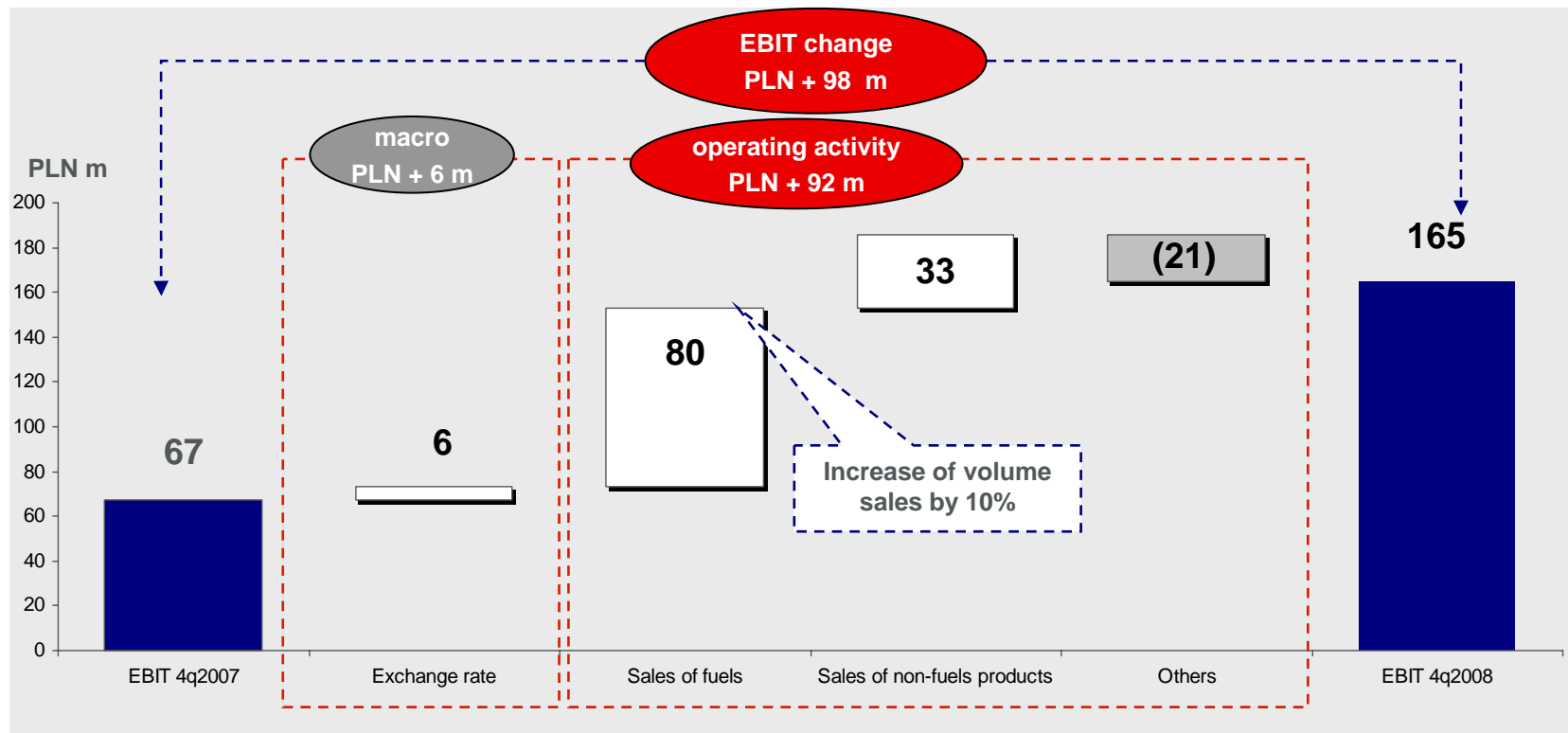
Macro: exchange rate PLN 161 m, cracks PLN 41 m, differential PLN (-) 205 m.

One-off events: VDU maintenance in MN PLN 177 m in 2007, PERN pipeline breakdown – logistic problems of PKN ORLEN PLN 70 m in 2007, Unipetrol maintenance shutdown of the refinery in Litvinov in 2007 PLN 35 m.



## Retail segment

The result in retail segment in 4q2008 is higher by over PLN 100 m due to, among others, increase of volumes and non-fuel margins.



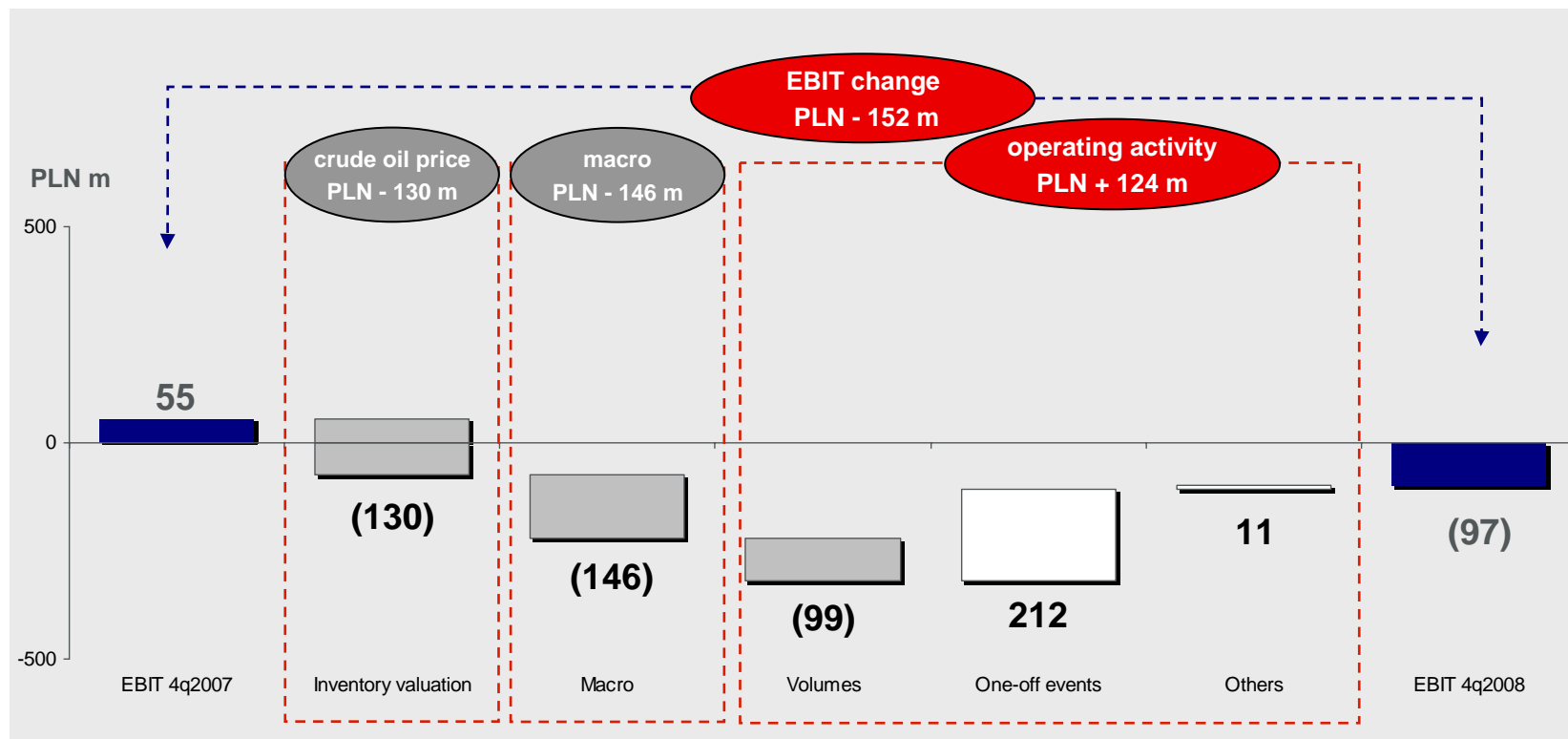
High dynamic of fuels volume sales in 4 quarter 2008 is mainly an effect of increased sales in PKN ORLEN (12%) and ORLEN Deutschland (16%).

Non-fuel products sales reached high growth due to increase of sales in shops and catering in all companies in Capital Group (mainly in PKN ORLEN 29% and in Benzina 4%).

Others: lower revenues from sale of assets

# Petrochemical segment

## Visible influence of global economic slowdown

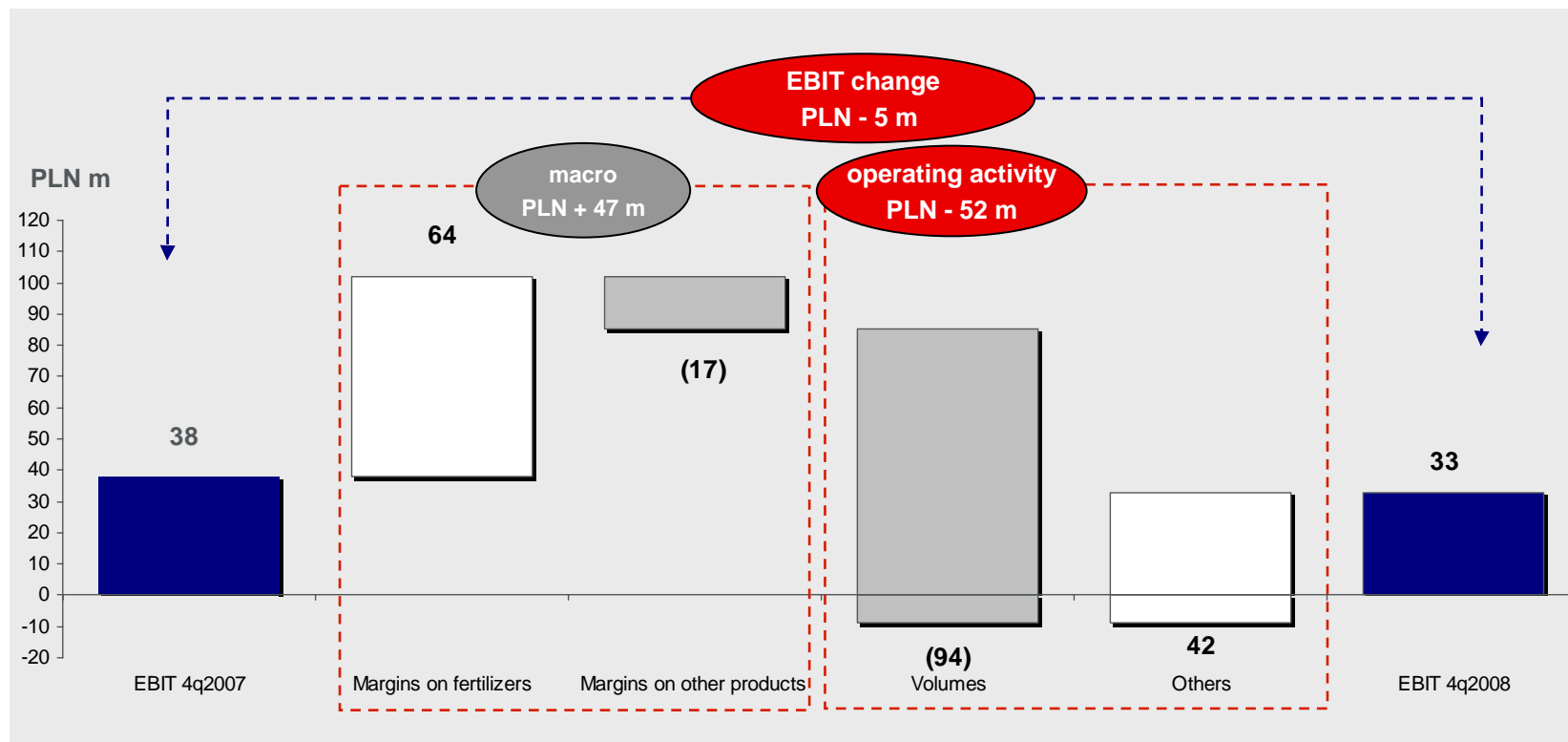


The result of the segment in 4q2008 under pressure from macro and lower volumes.

One-off events: maintenance shutdown at the olefins unit in Unipetrol in 2007 PLN 212 m.

# Chemical segment

The effect of better margins on fertilizers in chemical segment was exceeded by impact of lower volumes



Model chemical margin at the highest level for the last two years.

Others: costs reductions due to production limits in 4q2008.

# PKN ORLEN Group results breakdown by key companies in 4q2008

IFRS, PLN m	PKN ORLEN (unconsolidated)	Unipetrol	Mazeikiu Nafta	Others	Consolidation excludings	PKN ORLEN Group 4q2008	PKN ORLEN Group 4q2007
	1	2	3	4	5	6	6
<b>Revenues</b> <sup>1</sup>	11 013	2 968	3 691	5 818	-7 041	16 449	16 902
<b>EBITDA</b>	-946	-29	-384	73	11	-1 275	730
<b>Depreciation &amp; amortisation</b>	255	172	140	118	5	690	626
<b>EBIT</b>	-1 201	-201	-524	-45	6	-1 965	104
Financial revenues	-64	14	40	44	247	281	703
Financial net costs <sup>2</sup>	-1 799	-321	-228	379	34	-1 935	-2 261
<b>Net profit</b>	-2 509	-187	-633	-129	341	-3 117	588
<b>Net profit</b> ex. minority sharehold.	-2 509	-187	-633	-156	438	-3 047	634
<b>LIFO adjustment</b> <sup>3</sup>	1 748	227	683	55	-	2 713	-563

1) Consolidation excludes PLN (-) 7 041 m, includes ca. PLN (-) 3 338 m due to crude oil sales to Mazeikiu Nafta and Unipetrol

2) Net financial revenues and costs in 4Q2008 includes PLN (-) 1 486 m from negative FX rate effect gains.

3) Calculated as a difference between operational profit based on LIFO and operational profit based on weighted average.

# PKN ORLEN Group EBIT by segments in 4q2008

IFRS, PLN m	PKN ORLEN (unconsolidated)	Unipetrol	Mazeikiu Nafta	Others	PKN ORLEN Group 4q2008	PKN ORLEN Group 4q2007	change y/y %
	1	2	3	4	5	5	5
<b>EBIT, of which:</b>	<b>-1 201</b>	<b>-201</b>	<b>-524</b>	<b>-39</b>	<b>-1 965</b>	<b>104</b>	<b>-</b>
<b>Refining<sup>1</sup></b>	<b>-1 170</b>	<b>-137</b>	<b>-473</b>	<b>2</b>	<b>-1 778</b>	<b>224</b>	<b>-</b>
<b>Retail</b>	<b>153</b>	<b>6</b>	<b>1</b>	<b>5</b>	<b>165</b>	<b>67</b>	<b>146%</b>
<b>Petrochemicals</b>	<b>71</b>	<b>-70</b>	<b>-</b>	<b>-98</b>	<b>-97</b>	<b>55</b>	<b>-</b>
<b>Chemicals</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>33</b>	<b>33</b>	<b>38</b>	<b>-13%</b>
<b>Others<sup>2</sup></b>	<b>72</b>	<b>0</b>	<b>-52</b>	<b>13</b>	<b>33</b>	<b>-46</b>	<b>-</b>
<b>Non-attributable<sup>3</sup></b>	<b>-327</b>	<b>0</b>	<b>-</b>	<b>6</b>	<b>-321</b>	<b>-234</b>	<b>-</b>

1) Production, wholesale and logistics.

2) Departments responsible for media, PKN ORLEN's social activities, subsidiary services.

3) The corporate center of PKN ORLEN and subsidiaries not mentioned in other segments.

# PKN ORLEN Group results breakdown by key companies in 2008

IFRS, PLN m	PKN ORLEN (unconsolidated)	Unipetrol	Mazeikiu Nafta	Others	Consolidation excludings	PKN ORLEN Group 2008	PKN ORLEN Group 2007
	1	2	3	4	5	6	6
<b>Revenues</b> <sup>1</sup>	57 227	13 848	17 942	29 247	-38 729	79 535	63 793
<b>EBITDA</b>	1 581	632	44	978	14	3 249	5 035
<b>Depreciation &amp; amortisation</b>	948	623	473	447	0	2 491	2 431
<b>EBIT</b>	633	9	-429	519	26	758	2 604
Financial revenues	1 172	67	52	116	-704	703	1 190
Financial costs <sup>2</sup>	-2 225	-190	-156	-201	511	-2 261	-1 050
<b>Net profit</b>	-242	-90	-623	359	-36	-632	2 480
<b>Net profit ex. minority sharehold.</b>	-242	-90	-623	326	-30	-659	2 412
<b>LIFO adjustment</b> <sup>3</sup>	889	220	688	46	-	1 843	-1 167

1) Consolidation excludes PLN (-) 38 729 m, includes ca. PLN (-) 20 853 m due to crude oil sales to Mazeikiu Nafta and Unipetrol

2) Net financial revenues and costs in 2008 includes PLN (-) 1 101 m from negative FX rate effect gains.

3) Calculated as a difference between operational profit based on LIFO and operational profit based on weighted average.

# PKN ORLEN Group EBIT by segments in 2008

IFRS, PLN m	PKN ORLEN (unconsolidated)	Unipetrol	Mazeikiu Nafta	Others	PKN ORLEN Group 2008	PKN ORLEN Group 2007	change y/y %
	1	2	3	4	5	5	5
<b>EBIT, of which:</b>	<b>633</b>	<b>9</b>	<b>-429</b>	<b>545</b>	<b>758</b>	<b>2 604</b>	<b>-71%</b>
Refining <sup>1</sup>	112	-19	-216	176	53	1 672	-97%
Retail	577	23	1	24	625	423	48%
Petrochemicals	312	-19	-	-19	274	1 068	-74%
Chemicals	-	-	-	285	285	246	16%
Others <sup>2</sup>	256	24	-214	71	137	-155	-
Non-attributable <sup>3</sup>	-624	-	-	8	-616	-650	5%

1) Production, wholesale and logistics.

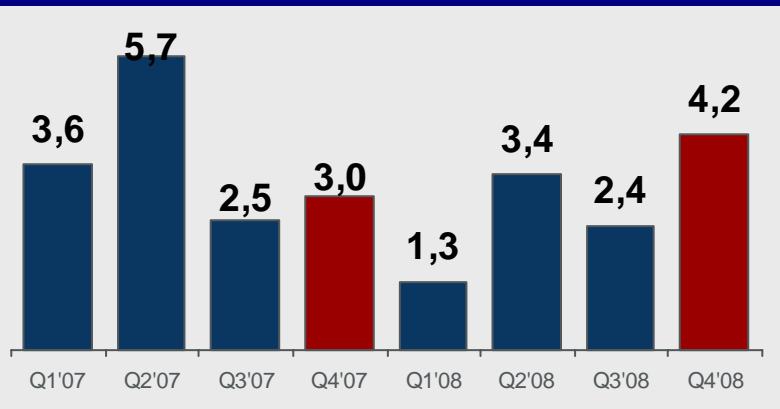
2) Departments responsible for media, PKN ORLEN's social activities, subsidiary services.

3) The corporate center of PKN ORLEN and subsidiaries not mentioned in other segments.

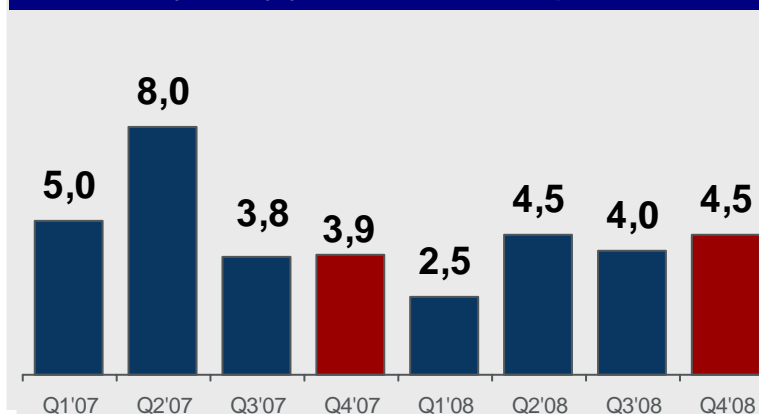


# Macroeconomic environment in refining

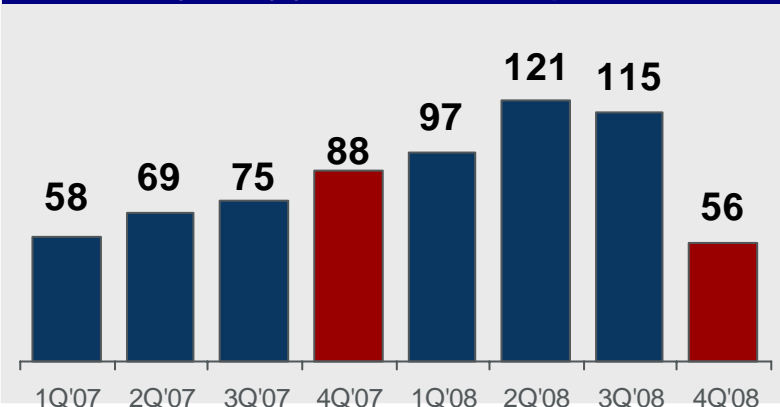
**PKN ORLEN model refining margin (Group) <sup>1)</sup>**  
 Increase by 40% y/y to 4,2 USD/b in 4q08



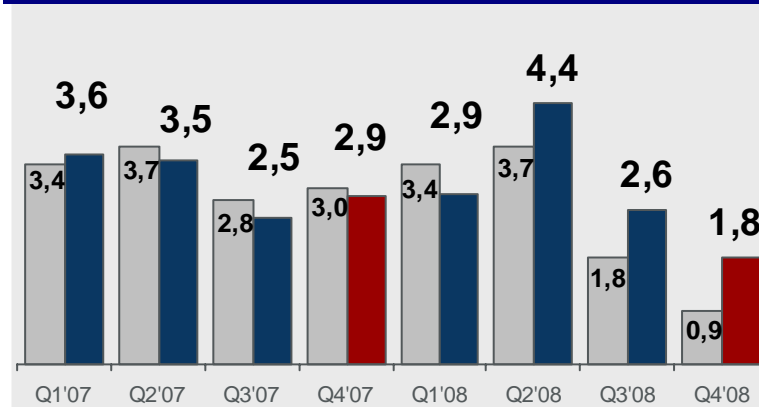
**PKN ORLEN model refining margin (Plock) <sup>2)</sup>**  
 Increase by 15% y/y to 4,5 USD/b in 4q08



**Brent Crude Oil price**  
 Decrease by 37% y/y to 56 USD/b in 4q08



**Ural/Brent differential <sup>3)</sup>**  
 Decrease by 38% y/y to 1,8 USD/b in 4q08



1) PKN ORLEN Group model refining margin = revenues (88% Products = 22% Gasoline + 11% Naphtha + 38% Diesel + 3% LHO + 4% JET + 10% HHO) less costs (100% feedstock = 88% Brent Crude + 12% internal consumption); price of products based on market quotations.

2) PKN ORLEN (Plock) model refining margin = 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

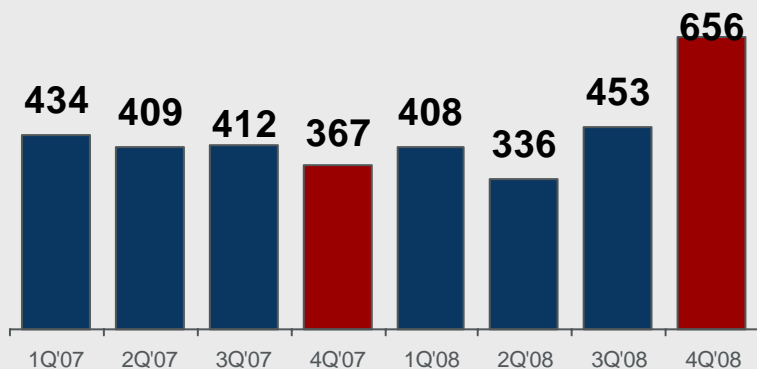
3) Brent Dtd quotation minus Ural Rdam quotation. Spread Urals (RDM) vs fwd DTD Brent starting from 2009.

■ differential acc. to previous methodology

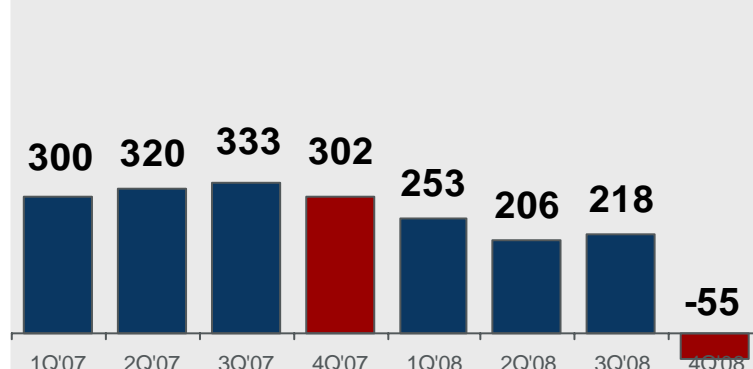


# Macroeconomic environment in petrochemicals and chemicals

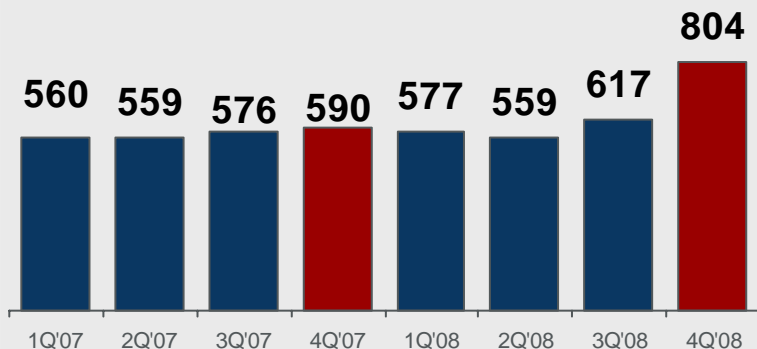
**Model petrochemicals margin on olefins<sup>1</sup>**  
Increase by 74% y/y to 656 EUR/t in 4q08



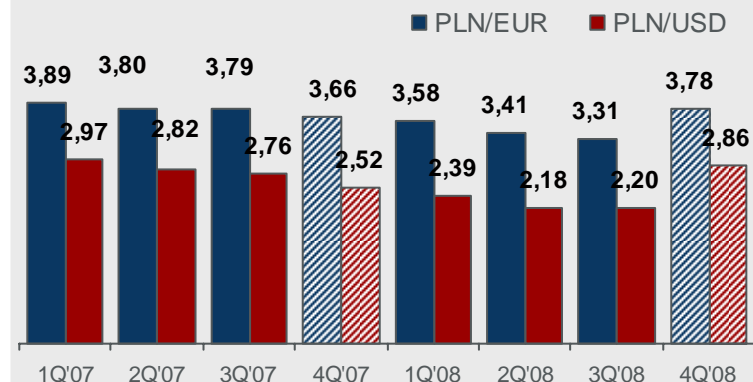
**Model petrochemicals margin on polyolefins<sup>2</sup>**  
Decrease y/y to the level -55 EUR/t in 4q08



**Model chemicals margin<sup>3</sup>**  
Increase by 36% y/y to 804 EUR/t in 4q08



**Exchange rate PLN/USD and PLN/EUR<sup>4</sup>**  
Increase y/y by 13% PLN/USD and 3% PLN/EUR



1) Model petrochemicals margin on olefins = revenues (100% Products = 50% Ethylene, 30% Propylene, 15% Benzene, 5% Toluene) minus costs (100% input = 70% Naphtha + 30% LS VGO); products' prices according to quotations.

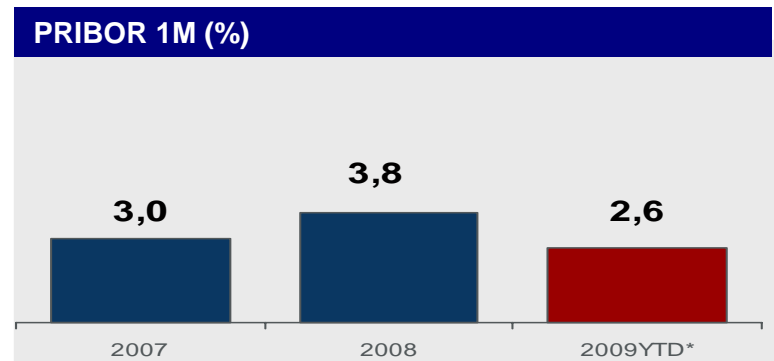
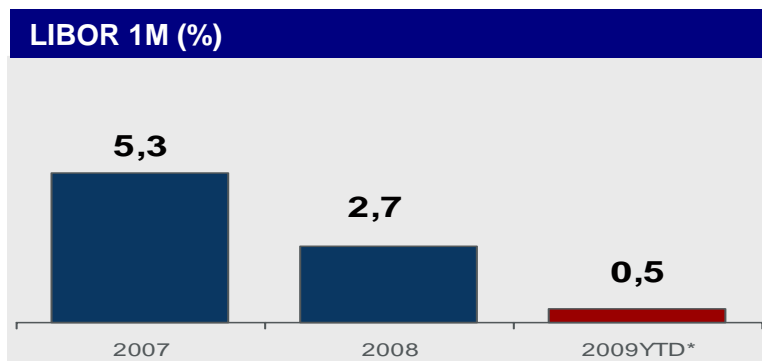
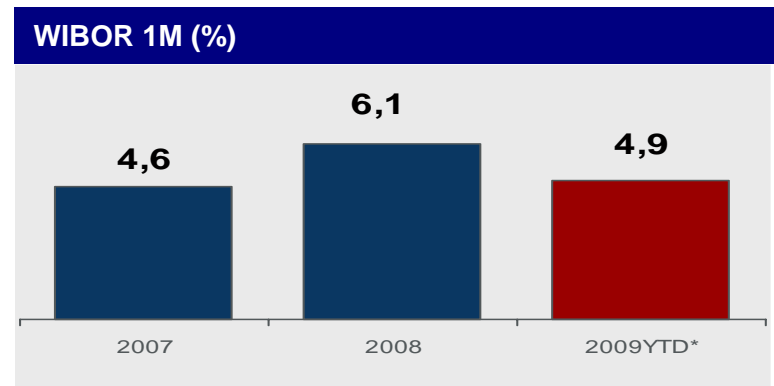
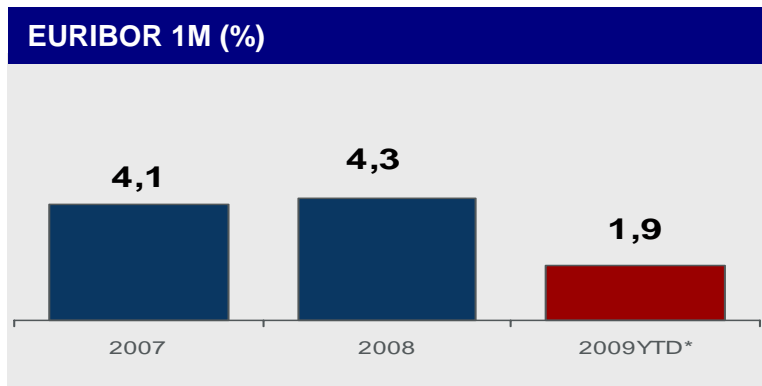
2) Model petrochemicals margin on polyolefins = revenues (100% Products = 50% HDPE, 50% Polypropylene) minus costs (100% input = 50% Ethylene + 50% propylene); products' prices according to quotations.

3) Model chemicals margin = revenues PVC (100%) minus costs (47% Ethylene); products' prices according to quotations.

4) Source: Polish National Bank



# Macroeconomic environment of servicing external finance



## Commentary

In the recent times the interest rates for EUR and USD were liable to significant correction and stabilized on historically low levels. Bearish trends also reached Poland, where we observe gradual decrease of WIBOR. In the Czech Republic, despite the lowest level of interest rates for two years, further money price reduction is expected, even to the level of 1% in mid-year 2009.

Source: based on REUTERS dated 24.02.2009.

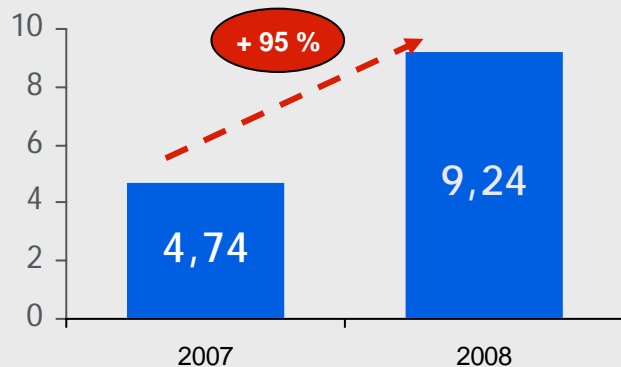


# MAZEIKIU NAFTA Group

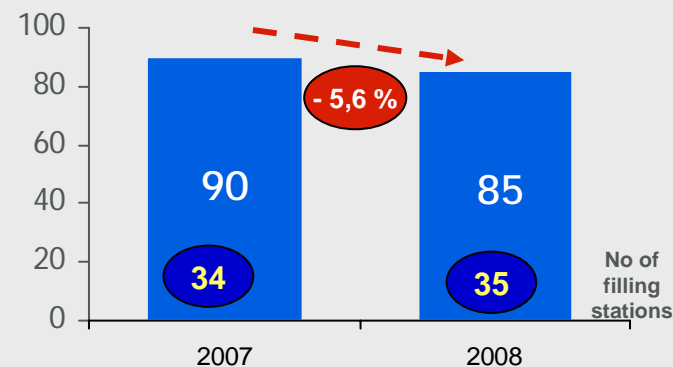
## Key elements of the profit and loss account<sup>1</sup>

IFRS, USD m	4q07	4q08	change y/y	2007	2008	change y/y
	1	2	3=2/1	4	5	6=5/4
Revenues	832	1 116	34%	3 502	7 463	113%
EBITDA	-22	-100	-355%	65	101	55%
EBIT	-32	-114	-258%	26	40	53%
Net result	-21	-78	-269%	36	23	-36%

Crude oil processing in the Lithuanian refinery in m tonnes



Retail sales volume for Ventus in m litres



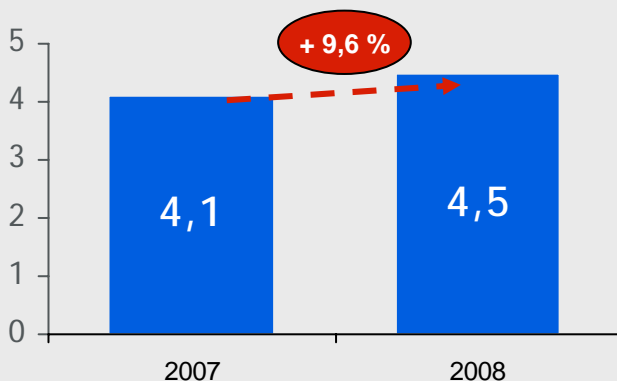
1) Note the above numbers are not subject to PKN ORLEN Group consolidation. They present Mazeikiu Nafta Group results according to IFRS and historical cost.

# UNIPETROL Group

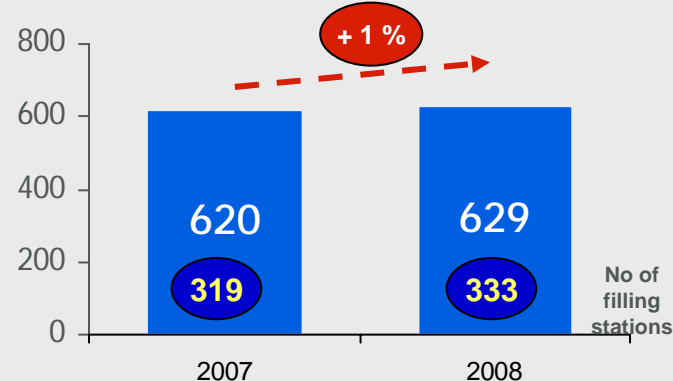
## Key elements of the profit and loss account<sup>1</sup>

IFRS, CZK m	4q07	4q08	change y/y	2007	2008	change y/y
	1	2	3=2/1	4	5	6=5/4
Revenues	21 149	19 015	-10%	88 462	98 144	11%
EBITDA	227	-351	-	8 298	4 481	-46%
EBIT	-657	-1 261	-	4 812	1 003	-79%
Net result	-557	-1 200	-	1 210	65	-95%

### Crude oil processing in the Czech refineries in m tonnes



### Retail sales volume for Benzina in m litres



<sup>1</sup>) Note the above numbers are not subject to PKN ORLEN Group consolidation. They present Unipetrol Group results according to IFRS and historical cost.

# Key production data

Key operating data	4q07	4q08	Y/Y [%]	2007	2008	Y/Y [%]
	1	2	3			4=3/1
<b>Refinery in Poland <sup>1</sup></b>						
Processed crude (tt)	3 512	3 594	2,3%	13 646	14 139	3,6%
Utilisation	102%	102%	0pp	74%	76%	2pp
Fuel yield <sup>4</sup>	63%	66%	3pp	61%	64%	3pp
Middle distillates yield <sup>5</sup>	43%	46%	3pp	42%	45%	3pp
Gasoline yield <sup>6</sup>	20%	20%	0pp	19%	20%	1pp
<b>Refineries in Czech <sup>2</sup></b>						
Processed crude (tt)	908	1 111	22,4%	4,137	4,533	9,6%
Utilisation	65%	79%	14pp	75%	82%	7pp
Fuel yield <sup>4</sup>	57%	62%	5pp	59%	63%	4pp
Middle distillates yield <sup>5</sup>	38%	43%	5pp	40%	45%	5pp
Gasoline yield <sup>6</sup>	19%	19%	0pp	19%	18%	-1pp
<b>Refinery in Lithuania <sup>3</sup></b>						
Processed crude (tt)	737	2 279	209,4%	4 741	9 241	94,9%
Utilisation	56,0%	88,5%	33pp	53,4%	90,4%	37pp
Fuel yield <sup>4</sup>	61,4%	67,9%	7pp	63,6%	67,9%	4pp
Middle distillates yield <sup>5</sup>	31,0%	38,2%	7pp	34,9%	38,4%	3pp
Gasoline yield <sup>6</sup>	30,4%	29,7%	0pp	28,8%	29,5%	1pp

1) Production data refers to refinery in Plock with refinery capacity assumptions of 13.8 m t/y in 2007 and 14.1 m t/y in 2008.

2) Production data refers to Ceska Rafinerska refinery [51% Litvinov (2.8 m t/y) and 51% Kralupy (1.7 m t/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.

4) Fuel yield equals middle distillates yield plus gasoline yield.

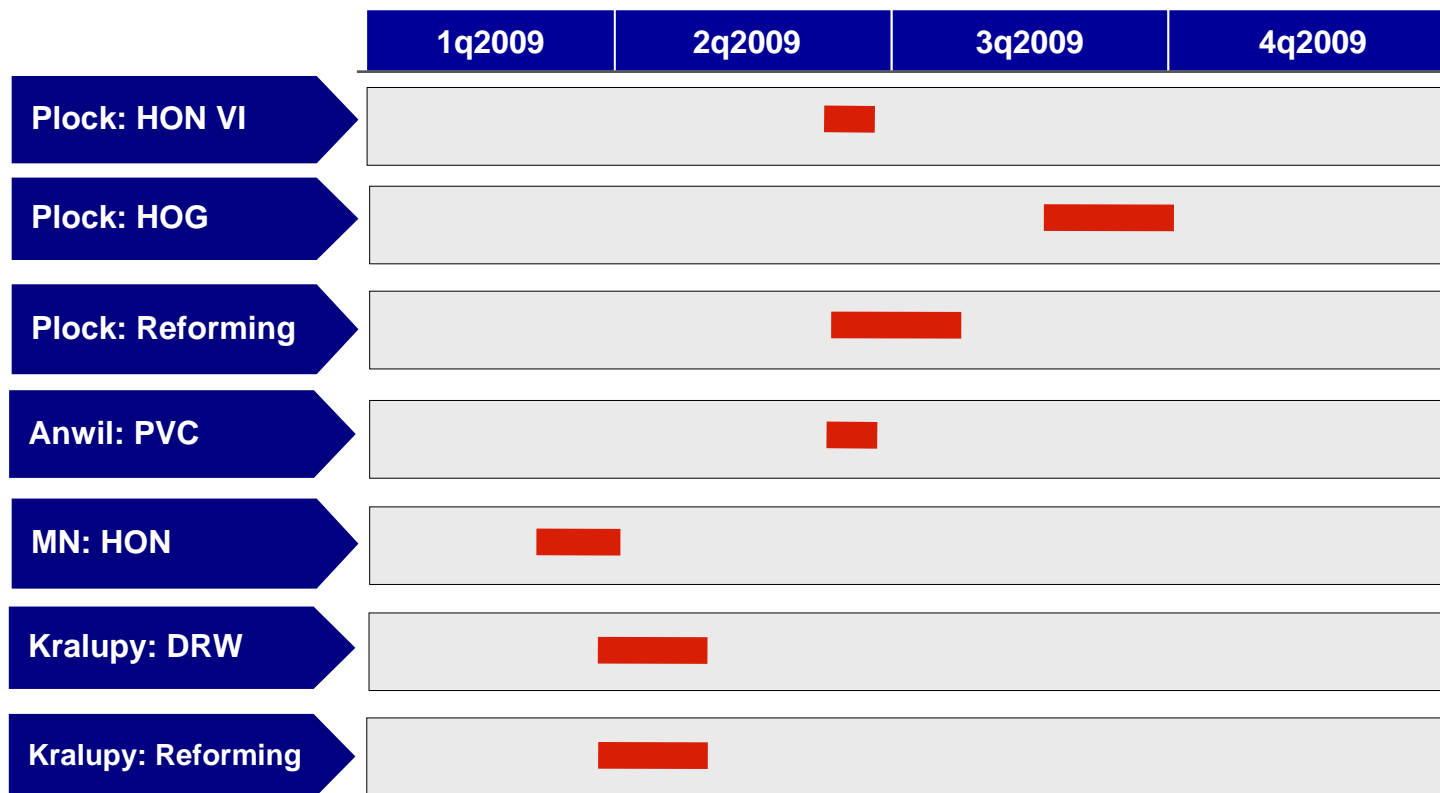
5) Middle distillates yield is a ratio of diesel, light heating oil (LHO) and JET production to crude oil throughput.

6) Gasoline yield is a ratio of gasoline production to crude oil throughput.



# Key planned shutdowns in PKN ORLEN Group in 2009

Introducing policy of shutdowns allows optimization of production and increased sales of refining products in long term horizon



HON – Diesel Hydrodesulphurization Unit  
HOG – Residue Hydrodesulphurization Unit  
DRW – Steam cracker



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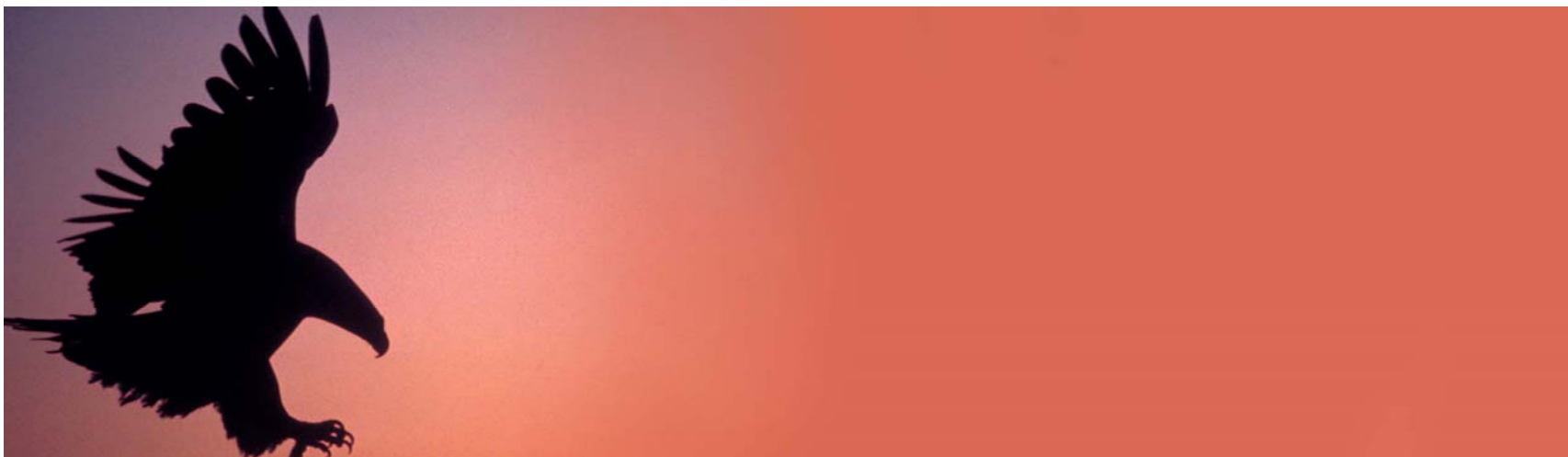
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