PKN ORLEN Capital Group

December 2013
Agenda

PKN ORLEN today & in the future

Downstream – core business

Upstream & Energy – growth segments

Summary
Integrated oil & gas company with energy assets

REFINING
- Strategic location on key pipeline network and access to crude oil sea terminals in Gdansk (Poland) and Butinge (Lithuania)
- Refineries in Poland (supersite in Plock), Lithuania and the Czech Rep.
- REBCO crude oil processing - benefiting from B/U diff

PETCHEM
- Petrochemical assets fully integrated with the refining

RETAIL
- 2,700 filling stations: Poland, the Czech Rep., Germany and Lithuania

UPSTREAM
- Polish operations: shale gas projects as well as conventional projects
- International M&A: TriOil in Canada

ENERGY
- Building 463 MWe CCGT plant in Wloclawek (Poland)

Key data

**Operational (mt/y):**
- Max. throughput capacity: ca. 32.4*
- Petrochemical production: ca. 6.2

**Financial (PLN bn):**
- Revenues: 2010 - 83.5, 2011 - 107.0, 2012 - 120.1, 9M2013 - 86.2

* After acquisition of 16.3% stake of Ceska Rafinera from Shell
** Including impairments: 2011 PLN (-) 1.8 bn / 2012 PLN (-) 0.7 bn

Shareholders structure

- Listed since 1999
- WSE ticker: PKN
- Mcap: USD 6.5 bn***
- WSE indices included: WIG, WIG 20, WIG 30, WIG fuels

*** Data as of 29.11.2013
PKN ORLEN vision

PKN ORLEN in 2008... … 2012... … 2017... … and in 2022
Agenda

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Summary
### Refining

#### HIGH-CLASS ASSETS

- **32.4 mt/y - max. throughput capacity:** Plock – 16.3 mt/y, ORLEN Lietuva – 10.2 mt/y, Unipetrol – 5.9 mt/y
- Ca. 90% REBCO crude oil processing benefiting from B/U diff.
- Flexibility to process many kinds of crude oil
- Fuel production in line with 2009 Euro standards in all refineries
- Market share*: gasoline (PL: 64%, CZ: 35%, LT: 97%) & diesel (PL: 57%, CZ: 30%, LT: 100%)

#### COMPETITIVE ADVANTAGES

- **Refinery in Plock classified as a super-site** (acc. to WoodMackenzie) considering the volume and depth of processing, integration with petrochemical operations
- Modernized refining assets in Lithuania and in Litvinov
- Prepared for regulatory and market trends changes thanks to investment projects execution
- Leader on the fuel market in the Central Europe**

#### KEY DATA

<table>
<thead>
<tr>
<th>Year</th>
<th>Refinery Utilisation Ratio %</th>
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<tbody>
<tr>
<td>2010</td>
<td>88</td>
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<td>2011</td>
<td>89</td>
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<td>2012</td>
<td>90</td>
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* Data as of 30.09.2013

** Poland, Lithuania, the Czech Republic
Petrochemical

INTEGRATED ASSETS

KEY DATA

➢ Production volumes: 6.2 mt/y
➢ Depending on the product we have 40% up to 100% market share in domestic consumption
➢ Polyolefins sales within Basell network
➢ PX/PTA - one of the most advanced petrochemical complex in Europe with production capacity of 600 kt/y PTA

COMPETITIVE ADVANTAGES

➢ The largest petrochemical company in Central Europe*
➢ Integration with refinery giving a good position on the cost curve
➢ Attractive portfolio of products including PTA, polyolefins, butadiene
➢ Strategic regional supplier for chemical industry

ANWIL – CHEMICAL COMPANY

➢ PVC and fertilizers producer
➢ Ethylene pipeline connection with Plock refinery secures feedstock for PVC production
➢ Synergies with new CCGT plant: steam, energy and infrastructure

* Poland, Lithuania, the Czech Republic
Retail

MODERN SALES NETWORK

COMPETITIVE ADVANTAGES

- The largest retail network in Central Europe
- Leader on the retail market in Poland, strong position in the Czech Rep. and regionally in Germany
- ORLEN brand – strong, recognizable and the most valuable in Poland (PLN 3.9 bn)
- Successful two-tier branding strategy
- Further development of non-fuel sales by extension of Stop Cafe and Bistro Cafe
- The highest quality of service among fuel stations customers in Poland in 2012 confirmed by consumer research

KEY DATA

- 2,700 filling stations*: Poland - 1,766, Germany - 557, the Czech Rep. - 337, Lithuania - 35
- Market share*: Poland - 35%, the Czech Rep. - 14%, Lithuania - 3%, Germany - 6%
- The largest group of loyal customers in Poland: 2.5 m of active customers VITAY and FLOTA programs

STOP CAFE AND BISTRO CAFE IN POLAND

* Data as of 30.09.2013
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Summary
„Multi-utility” is a foundation for further PKN ORLEN value growth

STRATEGIC RATIONALES

PKN ORLEN faces serious barriers for the further dynamic growth in the oil sector...

- The dynamic growth through acquisitions and geographic expansion in 2002-2006
- Focus on organic development and efficiency improvement
- Strong competitive pressure and high volatility in margins

...hence the perceived growth opportunities in the new areas of growth...

- Higher profitability
- Stable cash flows
- Operational synergies and diversification of activities
- PKN ORLEN’s security

CONCEPT OF „MULTI-UTILITY”

New segments

- Upstream (E&P)
- Electric power generation

Current PKN ORLEN’s areas of activities

- Refining
- Petrochemicals
- Logistics
- Sales of fuel and petrochemicals

Integrated fuel - energy company
Upstream
Organic projects – mainly in Poland

ASSETS

Unconventional projects (shale gas and closed gas)
- 10 exploration concessions / 9 th km2
- 8 wells finished, including: 6 vertical and 2 horizontal as well as first fracking

Conventional projects (crude oil and gas)
- 9 concessions/ 3 projects (2 in Poland and 1 on the Latvian shelf)
- 3 wells finished including: 2 inland and 1 offshore

COMPETITIVE ADVANTAGES

- Organic projects in exploration phase
- Stable geopolitical regions: focus on Central Europe and North America
- Potential strategic partnerships
- Access to production assets through M&A projects
- Advanced unconventional gas projects on ‘Lublin Shale’ concessions

Data as of 30.11.2013
Upstream
M&A projects – acquisition of 100% stake of TriOil in Canada completed

Transaction

- 15 September 2013 - ORLEN Upstream signed an arrangement agreement to acquire 100% shares of TriOil Resources Ltd.
- 12/13 November 2013 - TriOil's General Meeting has approved the transaction with the required majority of votes and it was formally confirmed by the Court of Queen's Bench of Alberta
- Offered price per share: CAD 2,85
- Transaction value: CAD 183,7m* i.e. ca. PLN 549,2 m**
- EV including net debt plus working capital is ca. PLN 717.8m
- Acquisition financed in cash from PKN ORLEN own funds

Assets

- Assets portfolio concentrated in the Canadian province of Alberta covering 3 areas - Lochend, Kaybob and Pouce Coupe
- TriOil's total production capacity is approximately 20m boe (2P, proven and probable reserves)
- 179 gross producing wells as of June 2013
- Average daily production of 4.1 k boe (ca. 65% crude oil, 35% gas) in 2Q13 – double increase (y/y)
- Exit production estimates in 2015 done by TriOil is above 7 k boe (ca. 70% crude oil, 30% gas)

Business rationales

- Steadily growing company with an experienced management team in place
- Access to crude oil and gas producing assets in a mature and technologically advanced Canadian market
- Transaction with low-risk profile
- Know-how transfer and synergies with ORLEN's organic E&P projects
- Cash flow stabilization and risk diversification

* Consideration for 100% shares of TriOil including shares after exercising all in money options, ** CAD/ PLN exchange rate as per Polish National Bank at 13 November 2013
Energy
New projects and improvement of efficiency of held assets

ASSETS

Power plant in Plock (345 MW, 1970 MWt) – the biggest industrial block in Poland.

Heating oil, refining gas and natural gas - fuels used for energy and heat production in Plock and Wloclawek plants.

PKN ORLEN the biggest gas consumer in Poland and active participant for natural gas market liberalization.

Favorable perspectives for energy market eg. increase of electricity demand not addressed by new projects, increasing supply-demand gap resulting from closures of old units and low-emission of gas.

Building 463MW CCGT plant in Wloclawek

Start-up in 4Q15. CAPEX PLN 1.4 bn.

Energy produced in cogeneration with steam also for Anwil Group and PKN ORLEN needs.

50% of energy will be sold on the market.

Concept of building CCGT plant in Plock

Feasibility study of the selected option (450-600 MWe) completed.

The final investment decision after positive results of the profitability analysis of the project.

COMPETITIVE ADVANTAGES

KEY DATA

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Plans for blocks closures in Poland

# block as a % of total, 2012-2040*

Data as of 30.09.2013

* PKN ORLEN analysis
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Summary
PKN ORLEN competitive advantages

- Integrated, high-class assets and strong position on competitive market
- New units and attractive portfolio of products offered on developing markets
- Modern and the largest sales network in the region with strong and recognizable brand
- Best locations and synergies of gas-fired power generation with other segments
- Perspective licenses and advanced unconventional gas projects

Further PKN ORLEN growth
Mission and Corporate Values

„We discover and process natural resources to fuel the future”

RESPONSIBILITY
We respect our customers, shareholders, the natural environment and local communities

PROGRESS
We explore new possibilities

PEOPLE
We are characterized by our know-how, teamwork and integrity

ENERGY
We are enthusiastic about what we do

DEPENDABILITY
You can rely on us
Thank You for Your attention

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Agenda

Supporting slides
ORLEN Lietuva - maximizing the possessed potential

ASSETS

- Sea terminal Ventspils (20.0 m t/y)
- Sea terminal Butinge (14.0 m t/y)
- Sea terminal Ventspils (14.3 m t/y)
- Sea terminal Butinge (16.4 m t/y)
- Klaipeda (9.0 m t/y)
- Illukste
- Biržai
- Lellapède
- Butinge
- Klaipeda
- Sea terminal Ventspils (20.0 m t/y)

KEY FACTS

- ORLEN Lietuva manages ca. 500 km of pipelines in the territory of Lithuania (both crude oil and product pipelines).
- Crude oil deliveries via sea from Primorsk to Butinge.
- Products supply within Lithuania is managed by use of railway or tankers.
- The potential product pipeline to Klaipeda would improve logistics of final products.
- Long-term contract until the end of 2024 for reloading of petroleum products with Klaipedos Nafta was signed in 2011.
- Costs optimization and improvement of operating parameters.
Unipetrol – continuation of operating efficiency improvement

ASSETS

KEY FACTS

- Ongoing strict cost control including staff reduction.
- Growing market share in the Czech retail from below 10% in 2005 to over 14% in 2012.
- Negative free cash flow due to weaker profitability caused by unfavourable macro environment and higher capital expenditures dedicated mainly to maintenance as well as development projects during the cyclical turnaround in 2011.

* Paramo refinery in Pardubice closed permanently and does not process crude oil since 3Q 2012. The production of bitumen and lubes was not affected.
Relatively low rate of energy consumption per capita and need for new power plants indicates high potential for growth in the energy generation sector

- Currently energy consumption per capita on PKN ORLEN’s market is by ~ 40% lower than in developed countries. Forecasts indicate 2-3% increase in the electricity demand in Poland until 2030 p.a.
- The profitability of the sector is increasing in the result of the expected imbalance between supply and demand.
- 44% of existing power plants in Poland is over 30 years. Old units of 11-15 GW (~30-40% existing capacity) have been planned to be closed. Power capacities increase planned until 2020 of ~20 GW (includes both modernization of existing and construction of new plants). Top Polish energy companies (i.e. PGE, Tauron, Enea, Energa) have announced plans of extensive capital investments into increase of capacities, summing up to ~90 bn PLN.
- Despite the current economic slowdown, an increase in the wholesale electricity prices is expected in the coming years.

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1) Developed countries comprise: EU-15, Norway, Switzerland and Slovenia. 2) PKN Orlen’s markets comprise: Poland, Czech Republic, Baltics.

Source: EIA, IMF, PWC, PKN ORLEN analysis.
New power plants are mostly required in the northern Poland

EXISTING AND PLANNED GENERATION CAPACITY UNTIL 2015

- **Northern Poland** has a historical **power deficit**.
- The current production capacity is concentrated mainly in the south of the country.
- Some of the **planned greenfield capacities** are located north, near Anwil plant in Włocławek.
Dividend policy

Focus on creating solid financial standing forced no dividend payout in 2008 – 2012 …

- Gearing decrease
- Refinancing
- Rating improvement

… but in coming years cash flow from operations will secure cash for both growth and for Shareholders …

- Gradual increase in dividend payout up to 5% dividend yield
- With reference to average share price from previous year
- Taking into account strategic targets achievement, financial standing and macro environment

We assume dividend payouts at levels recognized as good market practice
Effective execution of two-tier branding strategy as a response to market polarization

**PKN ORLEN branding strategy**

- **Poland**
  - Successful rebranding of heritage network of mixed brands into premium ORLEN and economical BLISKA networks.

- **Czech Republic**
  - Market research is to help to determine the final branding strategy.

- **Lithuania**
  - Building a solid foundation for the future development of high quality ORLEN network.

- **Germany**
  - Focus on economical STAR network with competitive prices and superior customer service.
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