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

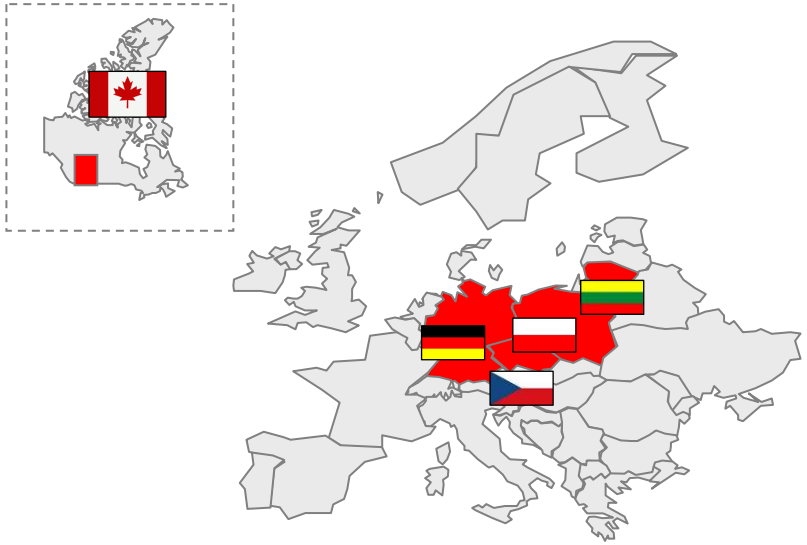
- 2 700 filling stations: Poland, the Czech Rep., Germany and Lithuania

UPSTREAM

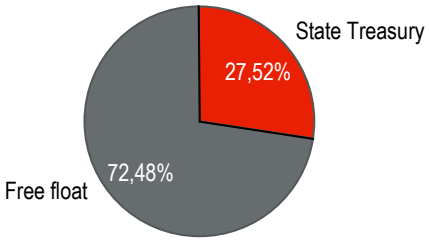
- Polish operations: shale gas projects as well as conventional projects
- International M&A: TriOil in Canada

ENERGY

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



Shareholders structure



WARSAW STOCK EXCHANGE

- **Listed since 1999**
- **WSE ticker:** PKN
- **Mcap:** USD 5.8 bn***
- **WSE indices included:** WIG, WIG 20, WIG 30, WIG fuels

*** Data as of 31.12.2013

Key data

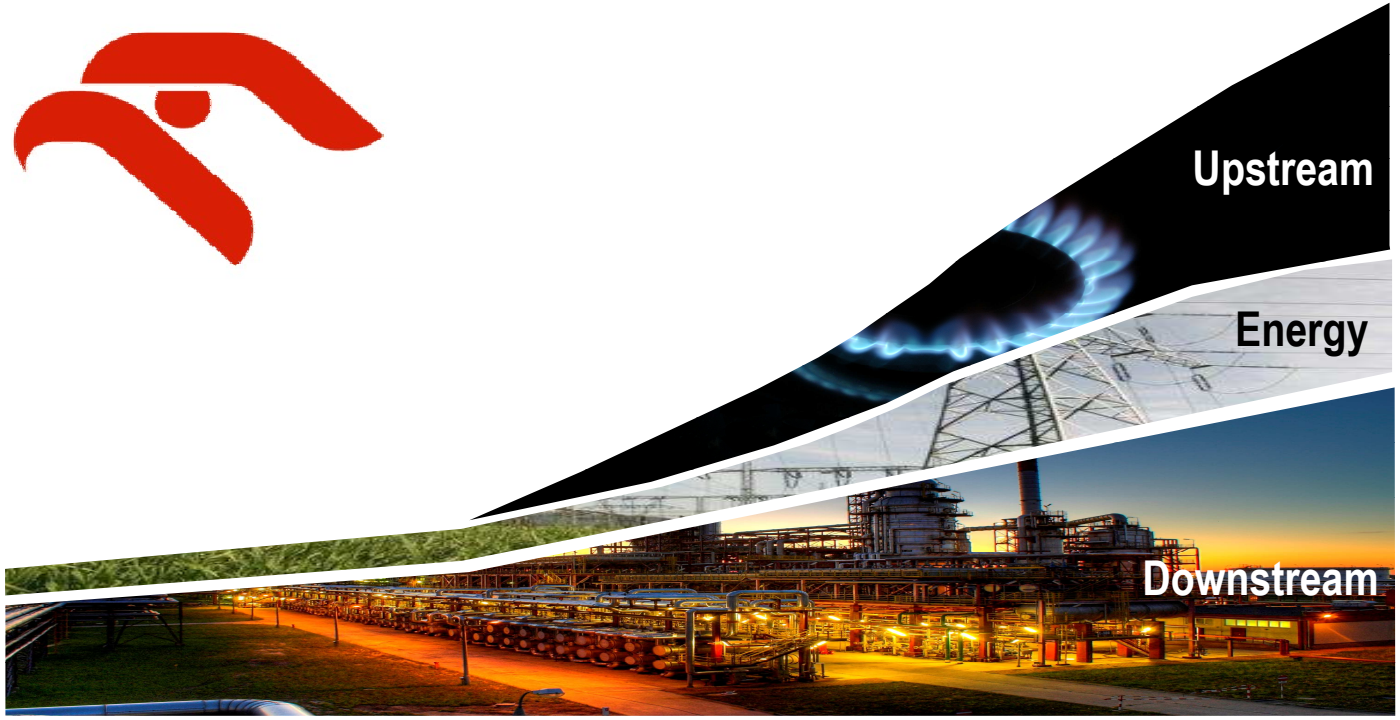
OPERATIONAL (mt/y):

Max. throughput capacity	ca. 32.4*
Petrochemical production	ca. 5.8

FINANCIAL (PLN bn):	**2010**	**2011**	**2012**	**2013**
Revenues	83.5	107.0	120.1	113.9
EBITDA LIFO	4.1	2.1**	4.5**	3.2

* Since Feb 2014 after closing acquisition of 16,3% stake of Ceska Rafinerska from Shell
** Including impairments: 2011 PLN (-) 1,8 bn / 2012 PLN (-) 0,7 bn

PKN ORLEN vision



PKN ORLEN in 2008…

… 2012…

… 2017…

… and in 2022

Agenda

PKN ORLEN today & in the future

Downstream – core business

Upstream & Energy – growth segments

Summary

Refining

HIGH-CLASS ASSETS

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**

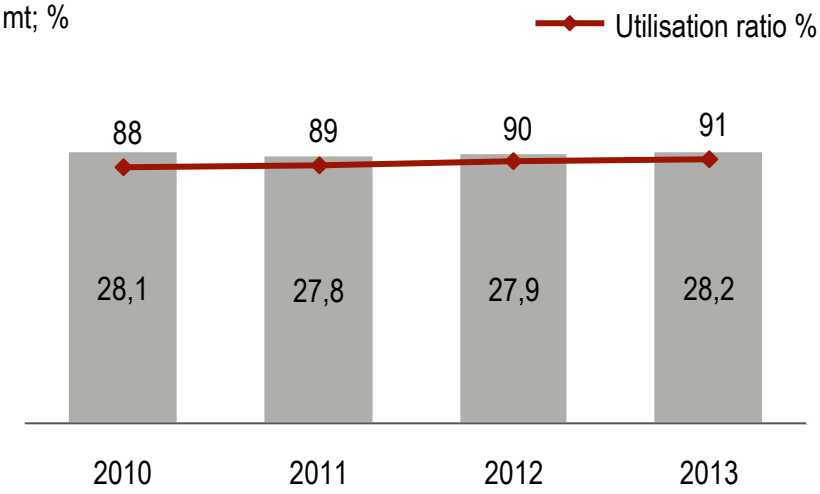
KEY DATA

- 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: 66%, CZ: 34%, LT: 100%) & diesel (PL: 59%, CZ: 29%, LT: 99%)

* Data as of 31.12.2013
** Poland, Lithuania, the Czech Republic

THROUGHPUT AND UTILISATION RATIO



Petrochemical

INTEGRATED ASSETS

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

KEY DATA

- Production volumes: 5.8 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

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 nonfuel 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

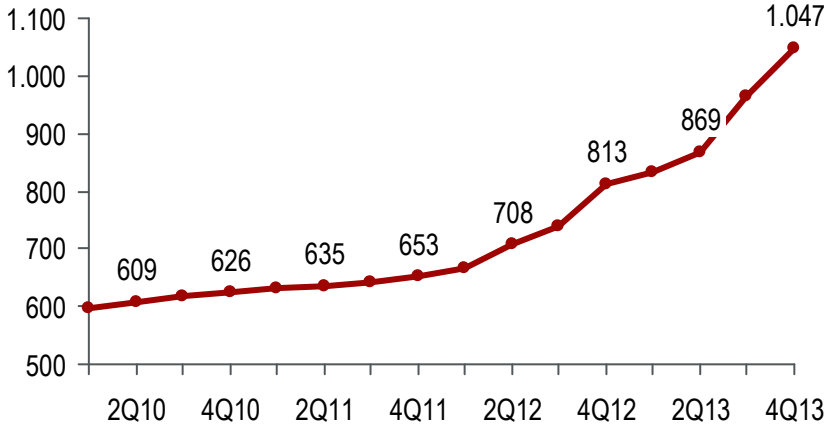
KEY DATA

- Over 2 700 filling stations*: Poland - 1778, Germany - 555, the Czech Rep. - 338, Lithuania - 35
- Market share*: PL: 35%, CZ: 15%, LT: 3%, DE: 6%
- Over 1000 Stop Cafe and Bistro Cafe in Poland.

  In 2013 we sold 35m hotdogs (ca. 96k per day / 1 hotdog per second) and 5.3m litters hot drinks (2,5 Olympic swimming pools)
- The largest group of loyal customers in Poland: 2,5 m of active customers VITAY and FLOTA programs

* Data as of 31.12.2013

STOP CAFE AND BISTRO CAFE IN POLAND



Agenda

PKN ORLEN today & in the future

Downstream – core business

Upstream & Energy – growth segments

Summary

„Multi-utility" is a foundation for further PKN ORLEN value growth

STRATEGIC RATIONALES

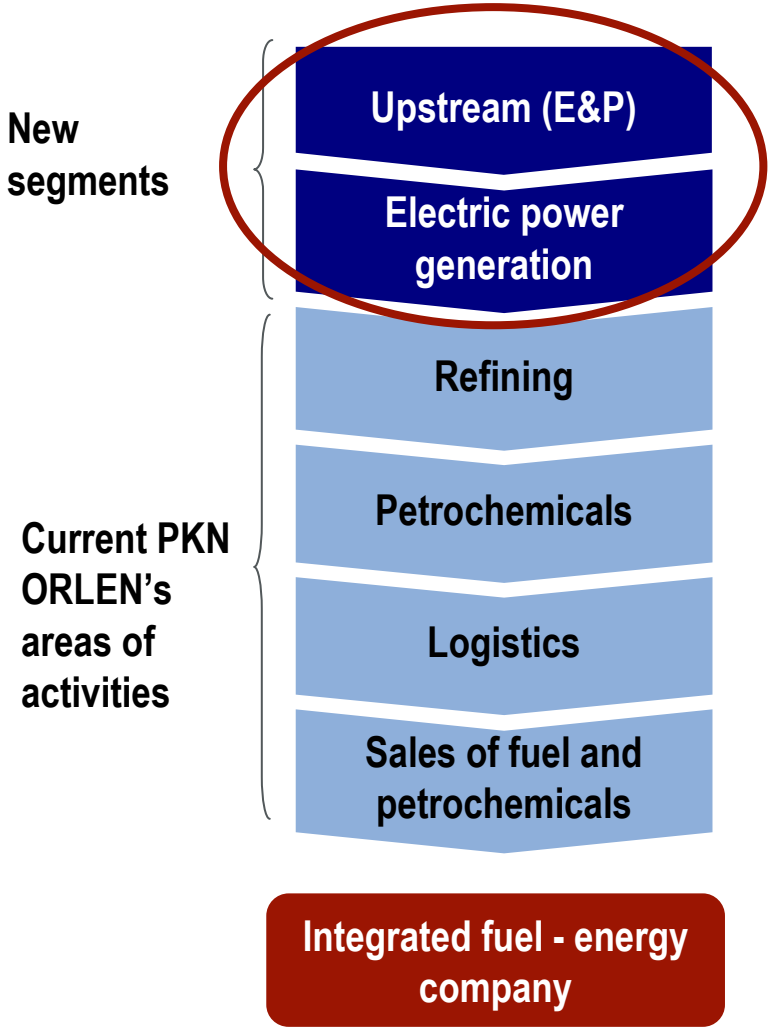
PKN ORLEN faces serious barriers for the further dynamic growth in the oil sector...

- 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"



Upstream
Organic projects in Poland

ASSETS

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

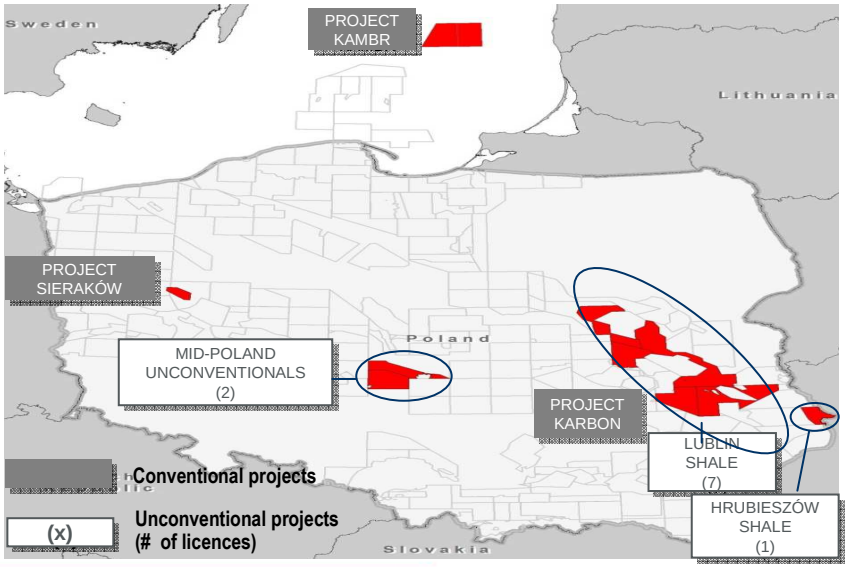
KEY DATA

Unconventional projects (shale gas and closed gas)

- 10 exploration concessions / 9 th km2
- 9 wells finished, including: 7 vertical and 2 horizontal as well as 2 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
- Latvian shelf – discontinuation of further works based on exploration works results and impairment in the amount of PLN (-) 0,1 bn



Data as of 31.12.2013

ORLEN

Upstream
M&A – acquisition of TriOil in Canada

TRANSACTION

- On 12 November 2013 shareholders on TriOil Meeting accepted by a majority of votes the shares purchase transaction, which was formally confirmed by Canadian Alberta court (Court of Queen's Bench)
- The value of transaction: CAD 183,7 m i.e. 2,85 CAD per share
- EV including net debt and working capital amounts to CAD 240,1 m
- Due to settlement of transaction, the profit resulted from the excess of net assets at fair value contributed to PKN ORLEN, which was above paid price was recognised in the amount of PLN 83 m

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 22m boe (2P, proven and probable reserves)
- In 2013 - 15 net wells* were done
- Average production in 2013 ca. 3,8 th boe/d (ca. 60% crude oil, 40% gas)
- In 2014 planned average production over 5 th boe/d

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

* Number of wells multiplied by share percentage in particular asset

Energy
New projects and improvement of efficiency of held assets

ASSETS

COMPETITIVE ADVANTAGES

- **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.

KEY DATA

Building a CCGT plant in Wloclawek (463MWe)

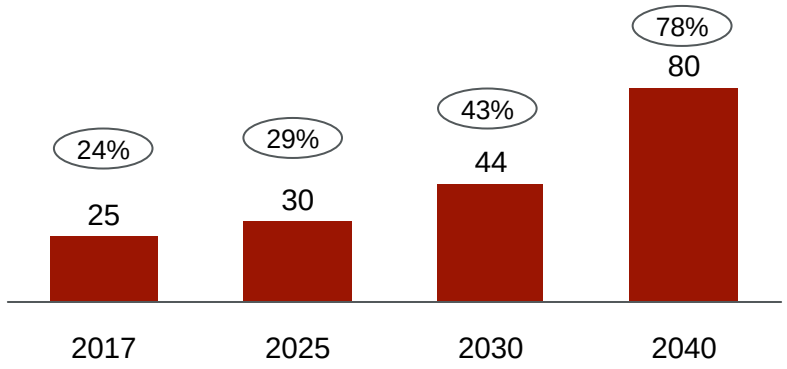
- Start-up of energy production in 4Q15. CAPEX PLN 1,4 bn.
- Energy produced in cogeneration with steam also for Anwil Group and PKN ORLEN needs.
- 50% of energy will be sold on the market.

Concept of building a CCGT plant in Plock (450-600 MWe)

- The process of selecting the contractor to build the power plant in the turnkey formula and long-term service agreement are in progress.
- The final investment decision after positive results of the profitability analysis of the project.

Plans for blocks closures in Poland

block as a % of total, 2012-2040*



* PKN ORLEN analysis

Agenda

PKN ORLEN today & in the future

Downstream – core business

Upstream & Energy – growth segments

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

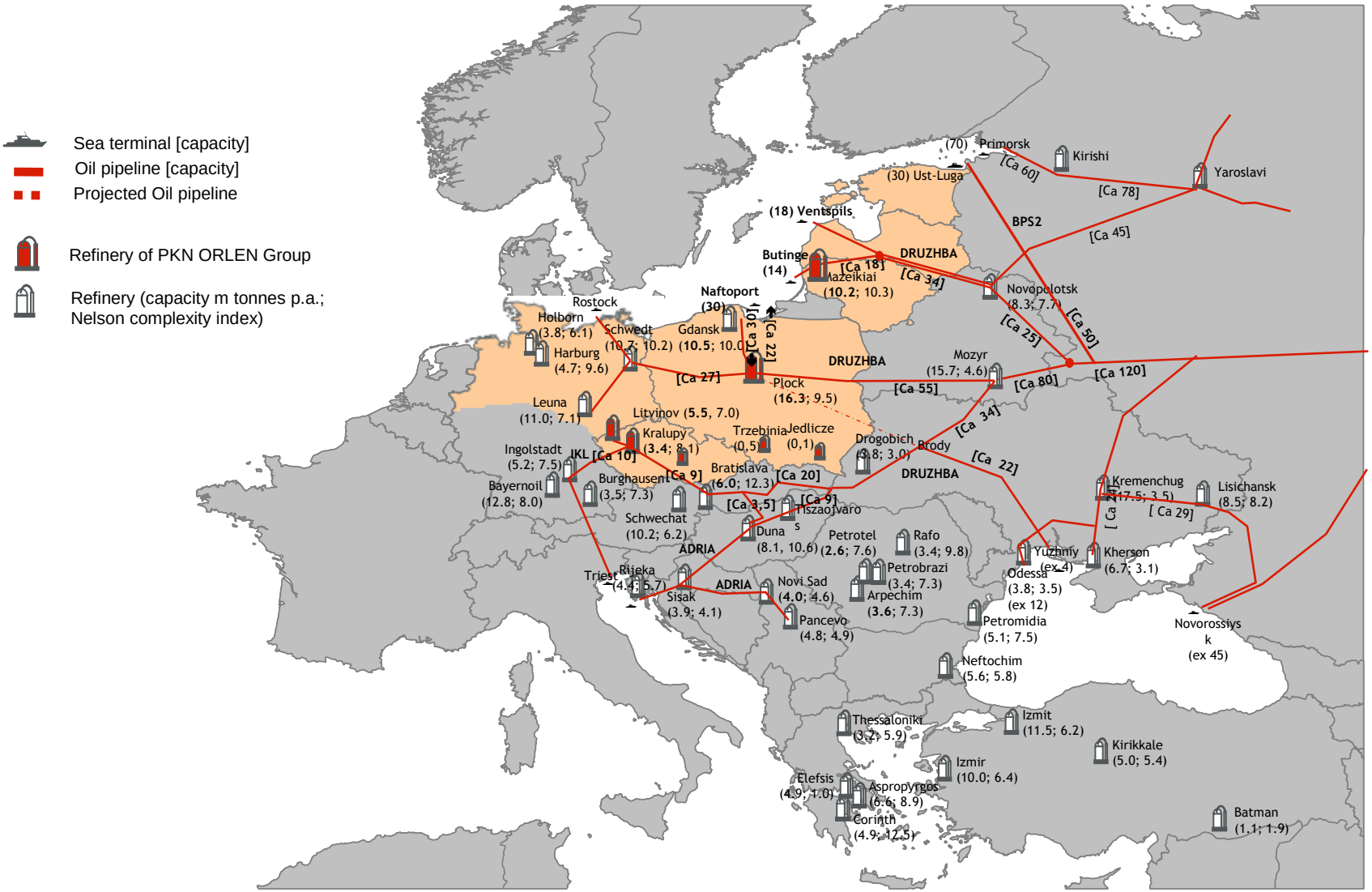
For more information on PKN ORLEN, please contact
Investor Relations Department:
telephone: + 48 24 256 81 80
fax: + 48 24 367 77 11
e-mail: ir@orlen.pl
www.orlen.pl

Agenda

Supporting slides

Supply Routes Diversification

Sea Oil Terminals in Gdansk and Butinge Guarantee Alternative Supply Routes



Source: Oil & Gas Journal, PKN Orlen own calculations, Concawe,Reuters, WMRC, EIA, NEFTE Compass, Transneft.ru

ORLEN

ORLEN Lietuva - maximizing the possessed potential

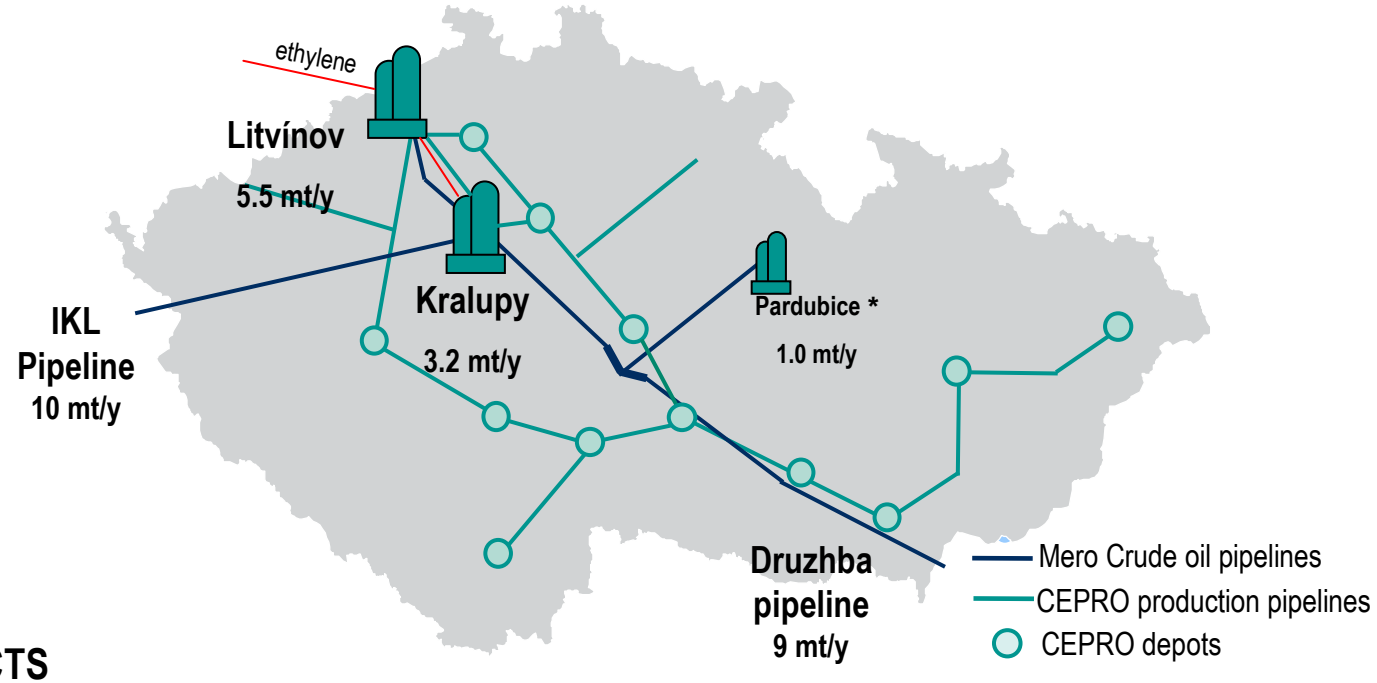
ASSETS

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



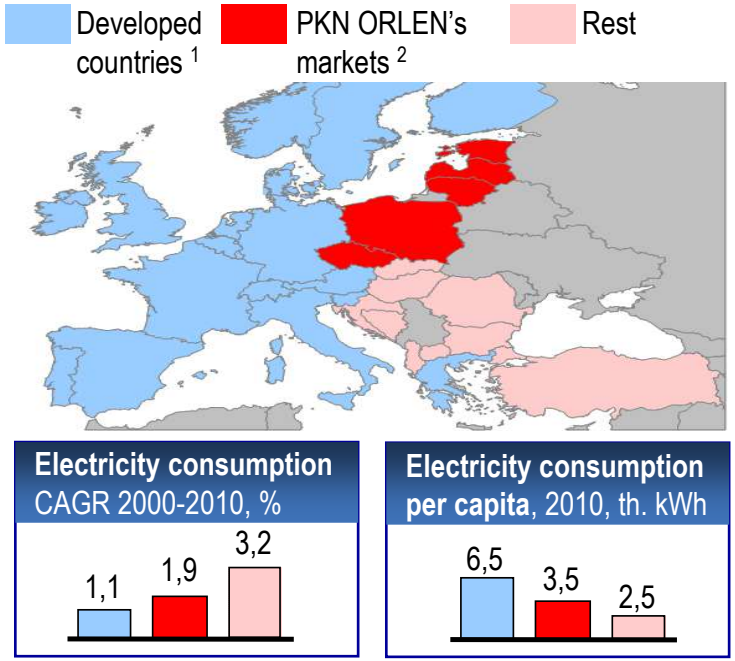
KEY FACTS

- 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.

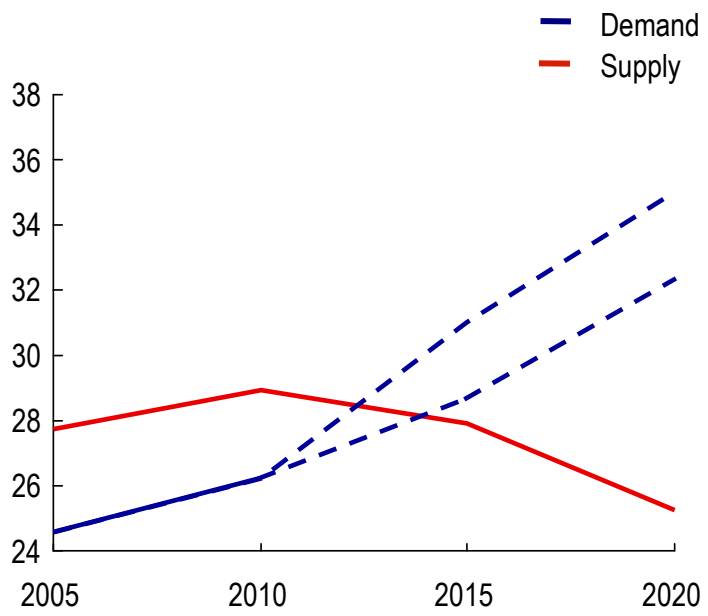
* Paramo refinery in Pardubice closed permanently and does not process crude oil since 3Q 2012. The production of bitumen and lubes was not affected.

Relatively low rate of energy consumption per capita and need for new power plants indicates high potential for growth in the energy generation sector

ELECTRICITY CONSUMPTION IN EUROPE, 2000-2010



FORECAST FOR SUPPLY AND DEMAND FOR PEAK POWER IN POLAND, 2005-2020, GW

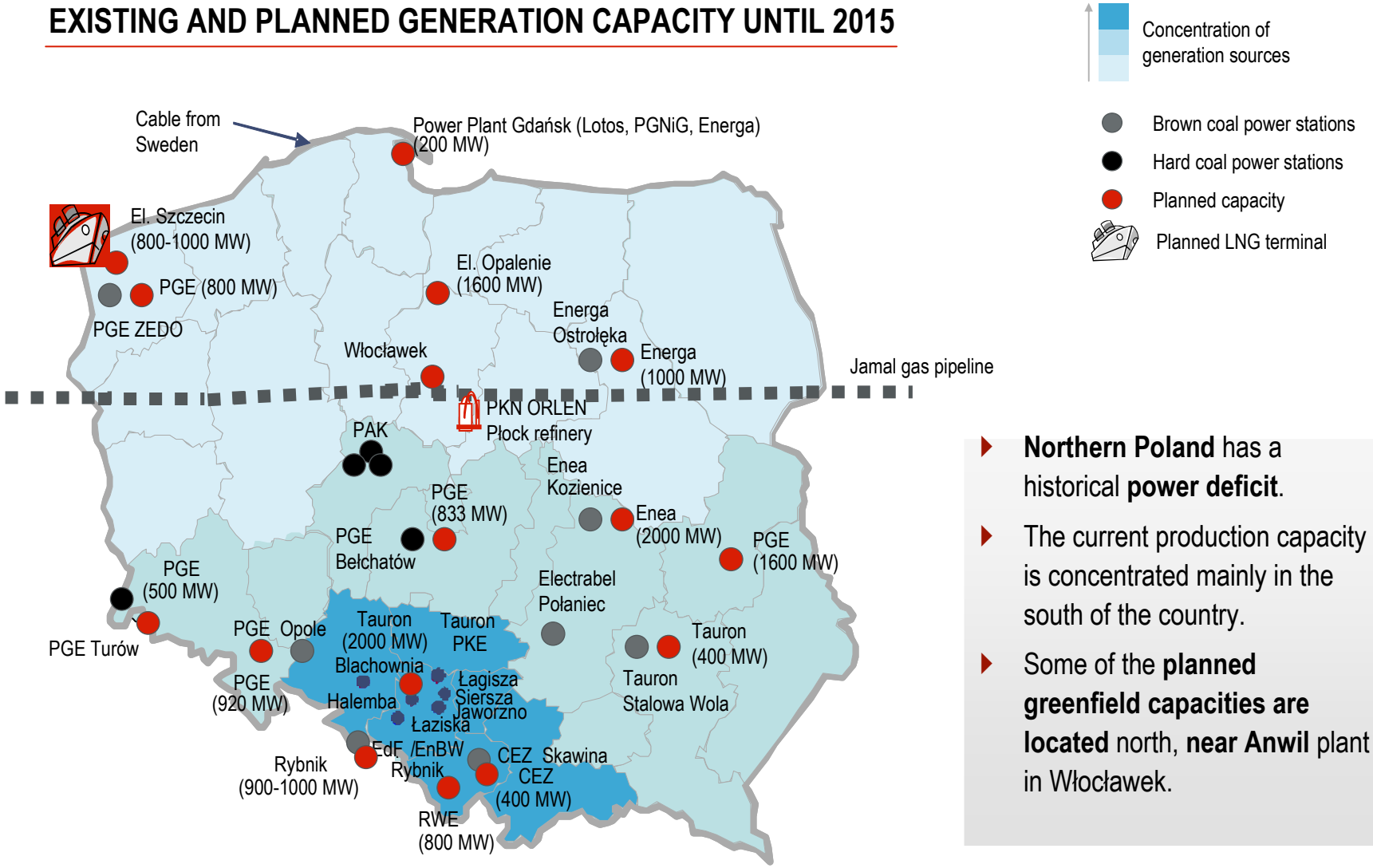


- Currently energy consumption per capita on PKN ORLEN's market is by ~ 40% lower than in developed countries 1. Forecasts indicate 2-3% increase in the electricity demand in Poland until 2030 p.a.
- The profitability of the sector is increasing in the result of the expected imbalance between supply 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

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



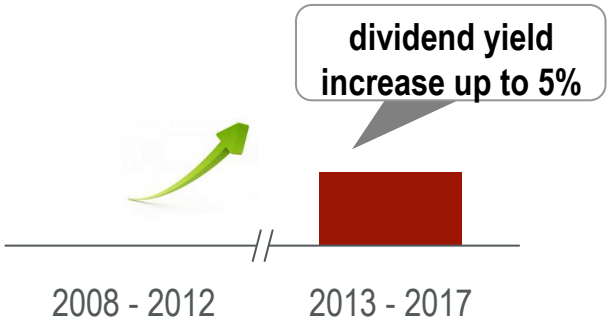
- **Northern Poland** has a historical **power deficit**.
- The current production capacity is concentrated mainly in the south of the country.
- Some of the **planned greenfield capacities are located** north, **near Anwil** plant in Włocławek.

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 …



… based on clear dividend policy.

- 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

		PREMIUM	ECONOMICAL
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.		

Disclaimer

This presentation ("Presentation") has been prepared by PKN ORLEN S.A. ("PKN ORLEN" or "Company"). Neither the Presentation nor any copy hereof may be copied, distributed or delivered directly or indirectly to any person for any purpose without PKN ORLEN's knowledge and consent. Copying, mailing, distribution or delivery of this Presentation to any person in some jurisdictions may be subject to certain legal restrictions, and persons who may or have received this Presentation should familiarize themselves with any such restrictions and abide by them. Failure to observe such restrictions may be deemed an infringement of applicable laws.

This Presentation contains neither a complete nor a comprehensive financial or commercial analysis of PKN ORLEN and of the PKN ORLEN Group, nor does it present its position or prospects in a complete or comprehensive manner. PKN ORLEN has prepared the Presentation with due care, however certain inconsistencies or omissions might have appeared in it. Therefore it is recommended that any person who intends to undertake any investment decision regarding any security issued by PKN ORLEN or its subsidiaries shall only rely on information released as an official communication by PKN ORLEN in accordance with the legal and regulatory provisions that are binding for PKN ORLEN.

The Presentation, as well as the attached slides and descriptions thereof may and do contain forward-looking statements. However, such statements must not be understood as PKN ORLEN's assurances or projections concerning future expected results of PKN ORLEN or companies of the PKN ORLEN Group. The Presentation is not and shall not be understand as a forecast of future results of PKN ORLEN as well as of the PKN ORLEN Group.

It should be also noted that forward-looking statements, including statements relating to expectations regarding the future financial results give no guarantee or assurance that such results will be achieved. The Management Board's expectations are based on present knowledge, awareness and/or views of PKN ORLEN's Management Board's members and are dependent on a number of factors, which may cause that the actual results that will be achieved by PKN ORLEN may differ materially from those discussed in the document. Many such factors are beyond the present knowledge, awareness and/or control of the Company, or cannot be predicted by it.

No warranties or representations can be made as to the comprehensiveness or reliability of the information contained in this Presentation. Neither PKN ORLEN nor its directors, managers, advisers or representatives of such persons shall bear any liability that might arise in connection with any use of this Presentation. Furthermore, no information contained herein constitutes an obligation or representation of PKN ORLEN, its managers or directors, its Shareholders, subsidiary undertakings, advisers or representatives of such persons.

This Presentation was prepared for information purposes only and is neither a purchase or sale offer, nor a solicitation of an offer to purchase or sell any securities or financial instruments or an invitation to participate in any commercial venture. This Presentation is neither an offer nor an invitation to purchase or subscribe for any securities in any jurisdiction and no statements contained herein may serve as a basis for any agreement, commitment or investment decision, or may be relied upon in connection with any agreement, commitment or investment decision.

For more information on PKN ORLEN, please contact
Investor Relations Department:
telephone: + 48 24 256 81 80
fax + 48 24 367 77 11
e-mail: ir@orlen.pl
www.orlen.pl

ORLEN