



Consolidated financial results of PKN ORLEN 2Q 2008

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ORLEN

AGENDA

Key developments in 2Q 2008

Main factors shaping financial results in 2Q 2008

Supporting slides



EXECUTIVE SUMMARY FOR 2Q 2008

PKN ORLEN achieved its highest quarterly operational result¹ (EBIT) in 2Q 2008.

Summary

- **Despite unfavourable macroeconomic environment ...**
 - Negative influence of PLN strengthening against USD (by 23%) and PLN against EUR (by 10%)
 - Sharp decrease in petrochemicals margins
 - Crude oil price increased by 76%
- **... due to operational excellence ...**
 - Sales volume increased by 21% y/y
 - Crude oil throughput up by 22% y/y
 - Middle distillates yield improved by over 1 percentage point to 51% of refining production
- **... significant improvement in financial results were achieved**
 - Revenues increased by 36% y/y
 - Operational profit before amortisation (EBITDA) increased by 20% y/y
 - Net profit excluding minority shareholders increased by 47% y/y

1) EBIT in 2Q 2008 was PLN 1 646 m. In 2Q 2005 EBIT amounted to PLN 2 709 m, but after accounting for negative goodwill of PLN 2 005 m, EBIT 2Q 2005 was PLN 704 m.



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KEY FINANCIALS IN 2Q 2008

Financial results in 2Q 2008 are significantly better than in 2Q 2007.

Operational profit before amortisation (EBITDA) increased by PLN 379 m and net profit increased by PLN 532 m. Cash flow stabilized.

PLN m	2Q2007	1Q2008	2Q2008	change y/y [%]	change q/q [%]
	1	2	3	4=3/1	5=3/2
Revenues	16 218	17 938	22 090	36%	23%
EBITDA ¹	1 874	1 152	2 253	20%	96%
Net profit excl. minority shareholders	1 136	626	1 668	47%	166%
Cash from operations (Cash Flow)	1 315	986	1 281	-3%	30%
Capital expenditures (CAPEX)	699	577	849	21%	47%
Free cash flow (Cash flow - CAPEX)	616	409	432	-30%	6%

1) Operational profit before amortisation and depreciation.



KEY FINANCIAL RATIOS

EBITDA margin improvement q/q by almost 4 p.p. and earnings per share grew by 41% y/y

	2Q2007	1Q2008	2Q2008	change y/y [%]	change q/q [%]
	1	2	3	4=3/1	5=3/2
EBITDA margin ¹	11,6%	6,4%	10,2%	-1,4p.p.	3,8p.p.
Earnings per share (PLN)	2,66	1,46	3,74	41%	156%
ROACE (%) ²	7,1%	7,2%	8,2%	1,1p.p.	1,0p.p.
Financial gearing (%) ³	37,9%	37,1%	33,3%	-4,6p.p.	-3,8p.p.
Net debt / EBITDA ⁴	1,52	1,52	1,24	-18%	-18%

1) Operational profit before amortisation / revenues

2) ROACE (return on average capital employed) = operational profit after taxes for four quarters / average capital employed in the period (equity + net debt).

3) Financial gearing = net debt / equity.

4) Interest-bearing borrowings less cash and less short term investments / (EBITDA + dividends received from Polkomtel).



OPERATING PROFIT

Operating profit (EBIT) in 2Q 2008 is over PLN 350 m (increase of 27%) higher compared to 2Q 2007. Operating profit increased significantly in the refining segment (by almost PLN 500 m). EBIT in petrochemicals decreased by 90% mainly due to weak macroeconomic environment.

PLN m	2Q2007	1Q2008	2Q2008	change y/y [%]	change q/q [%]
	1	2	3	4=3/1	5=3/2
EBIT, of which:	1 292	565	1 646	27%	191%
Refining ¹	921	240	1 407	53%	486%
Retail	113	103	109	-4%	6%
Petrochemical	349	232	35	-90%	-85%
Chemical	69	91	73	6%	-20%
Others ²	-13	1	74	-	7300%
Non-attributable ³	-147	-102	-52	-	-

1) Production, Wholesale and Logistics.

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

3) Non-attributable includes the corporate centre of PKN and subsidiaries not included in other segments.



SALES

Sales volumes in 2Q 2008 are significantly higher than in 2Q2007. Wholesale volumes increased by over 1.28 mt (27%) and retail volumes by over 200 kt (18%).

kt	2Q2007	1Q2008	2Q2008	y/y change [%]	q/q change [%]
	1	2	3	4=3/1	5=3/2
Sales volume, total	7 127	7 423	8 622	21%	16%
Wholesale	4 779	4 982	6 064	27%	22%
Retail sales	1 114	1 147	1 317	18%	15%
Petrochemical sales	791	779	848	7%	9%
Chemical sales	443	515	393	-11%	-24%



PRODUCTION

Crude oil throughput and production volumes in 2Q 2008 are significantly higher compared to 2Q 2007. Production share of diesel, light heating oil (LHO) and aviation fuel JET increased by over 1.2 pp y/y to over 51% of total refining production.

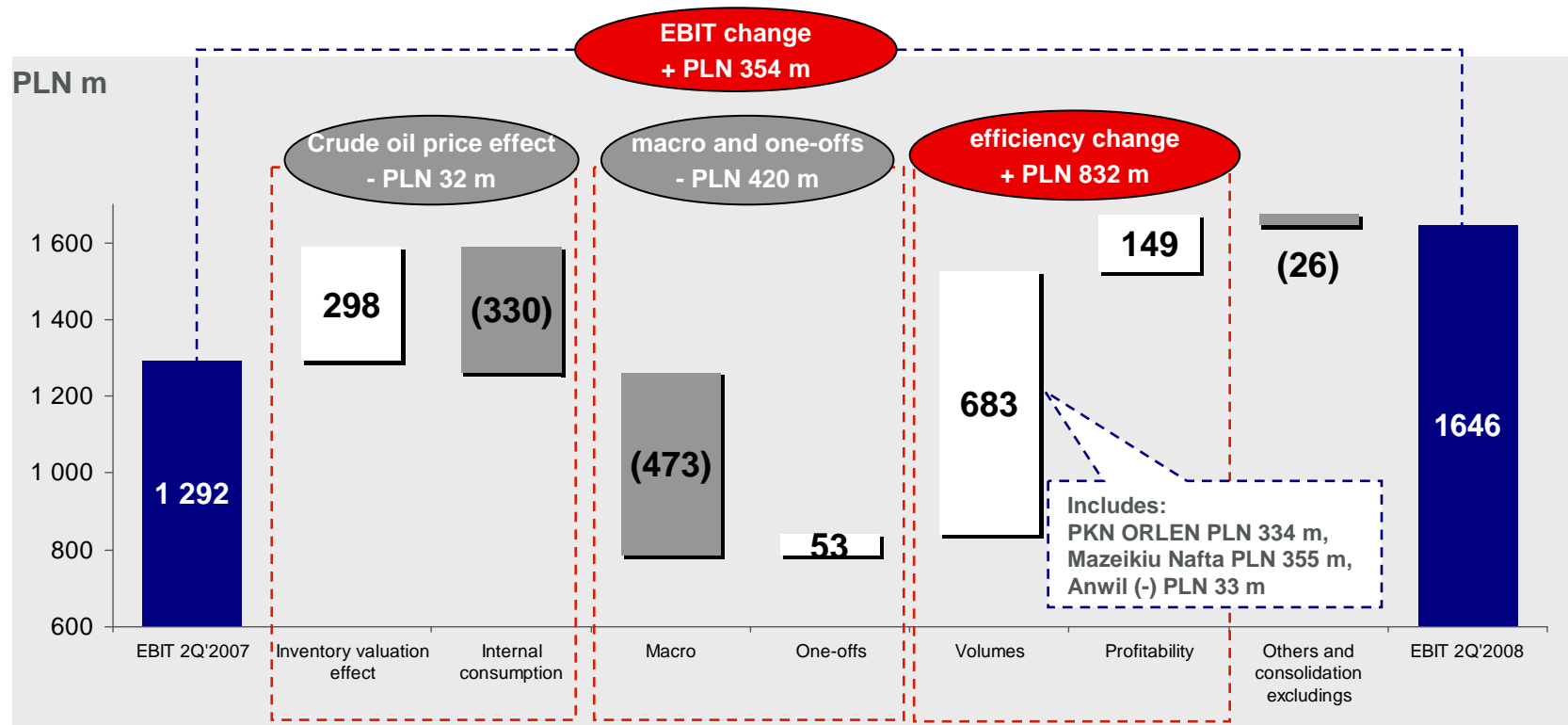
kt	2Q2007	1Q2008	2Q2008	y/y change [%]	q/q change [%]
	1	2	3	4=3/1	5=3/2
Crude oil throughput	6 018	6 501	7 342	22%	13%
Production, total	6 342	6 765	7 550	19%	12%
Refining products volume, of which:	4 893	5 308	6 162	26%	16%
- Diesel, LHO, JET	2 457	2 702	3 170	29%	17%
- Gasoline, LPG	1 479	1 624	1 796	21%	11%
- Others ¹	957	982	1 196	25%	22%
Petrochemical products volume	903	947	890	-1%	-6%
Chemical products volume	546	510	498	-9%	-2%

1) Includes heavy heating oil, base oil and others refinery products.



INCREASE IN PKN ORLEN GROUP EFFICIENCY

Crude oil throughput and fuel sales volume increase maximisation. Long-standing improvement in amount and quality of refining production. Refining remains the key segment driving the efficiency increase.

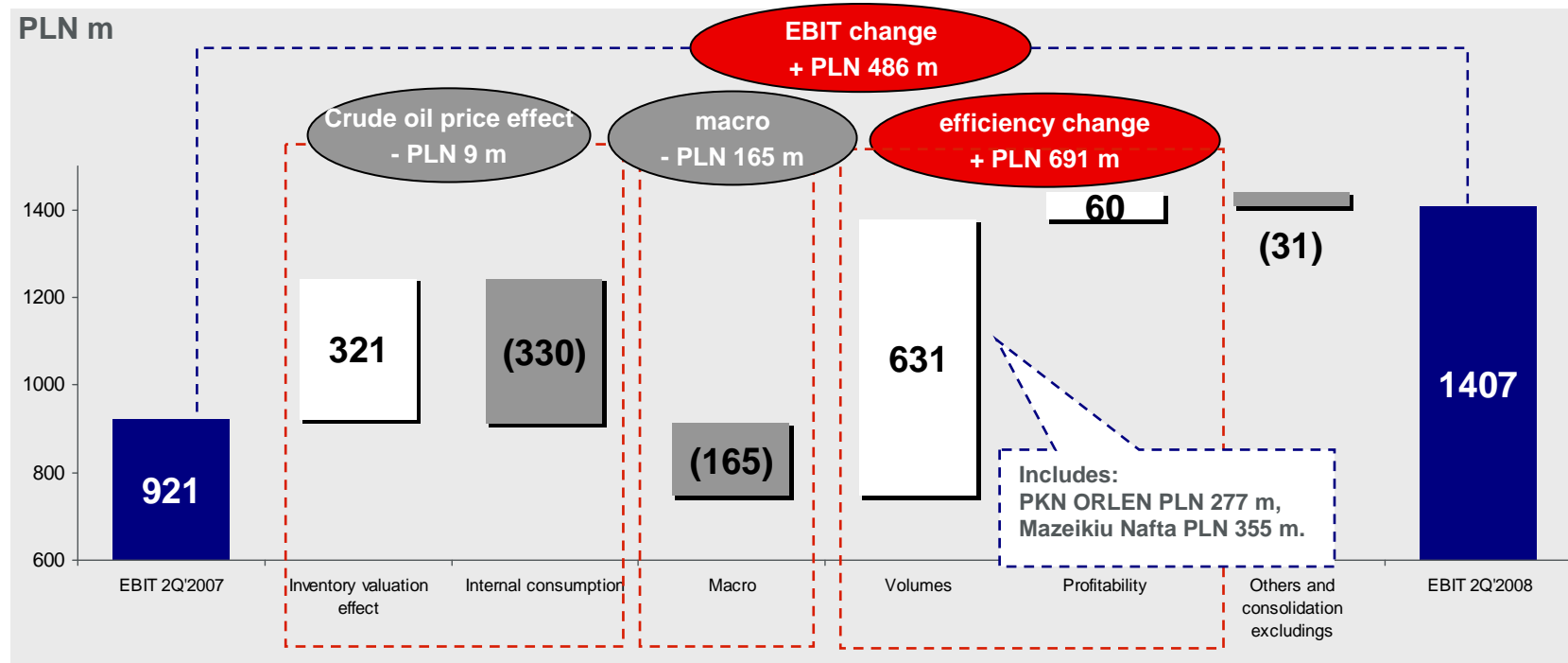


Macroeconomic effect: (- PLN 473 m), of which: exchange rate change (- PLN 686 m), cracks and Ural/Brent differential change PLN 176 m and hedging effect PLN 37 m.
One-offs: PLN 53 m includes revenues from successful litigation with PGE of PLN 84 m in 2Q 2008 and Kaucuk consolidation in 2Q 2007 at the level of PLN 31 m.
LIFO effect: PLN 298 m, of which PLN 547 m in 2Q 2007 and PLN 845 m in 2Q 2008.
Others include: other companies of the Group, consolidation adjustments and result of other operational activity.



REFINING

Mazeikiu Nafta back on-stream a key reason for EBIT increase in refining segment.
Efficiency increase due to fuel yield improvement, in particular middle distillates.

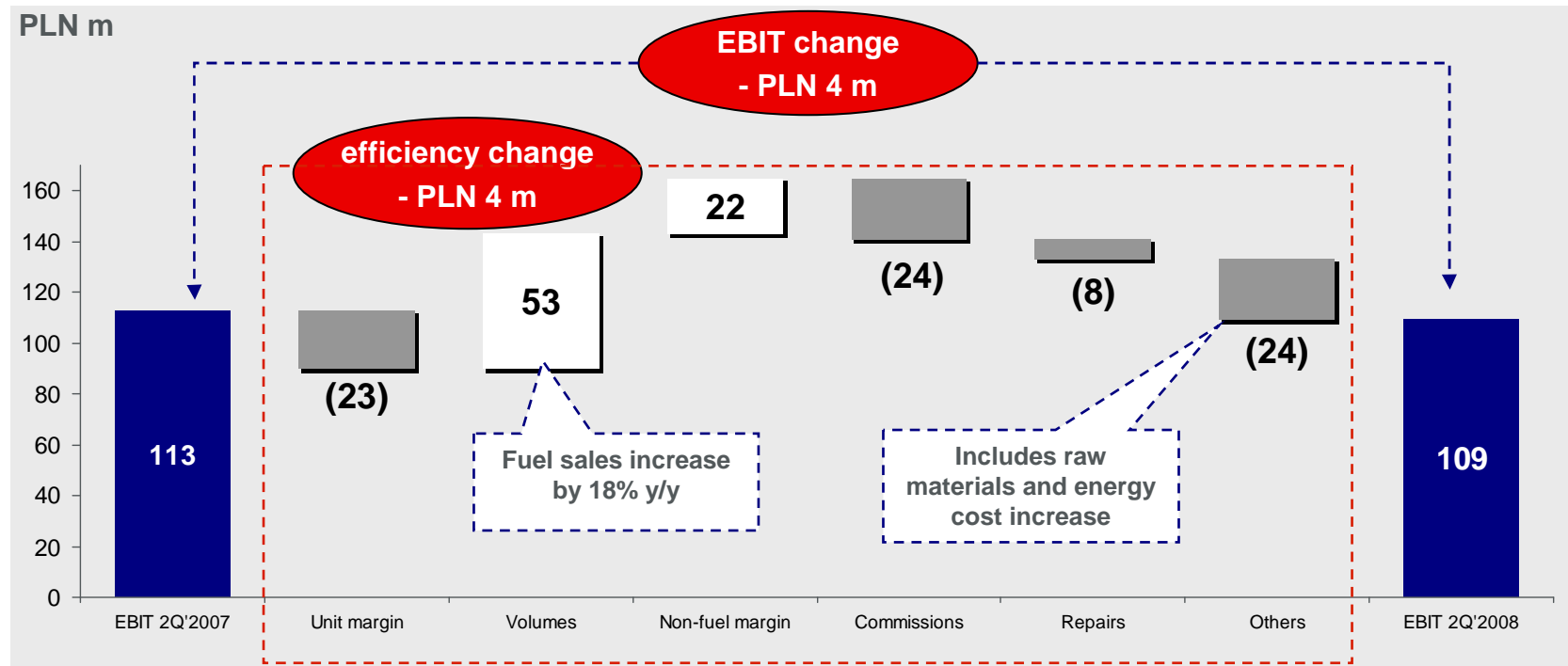


Macroeconomic effect: (- PLN 165 m), of which: exchange rate change (- PLN 598 m), cracks and Ural/Brent differential change PLN 424 m and hedging effect PLN 9 m.
LIFO effect: PLN 321 m, of which PLN 548 m in 2Q 2007 and PLN 870 m in 2Q 2008.
Others include: other companies of the Group, consolidation adjustments and result of other operational activity.



RETAIL

Stable operational result in retail despite tough market situation in terms of rising fuel prices and falling margin. Long-term efficiency improvement due to fuel sales and non-fuel margin increase.

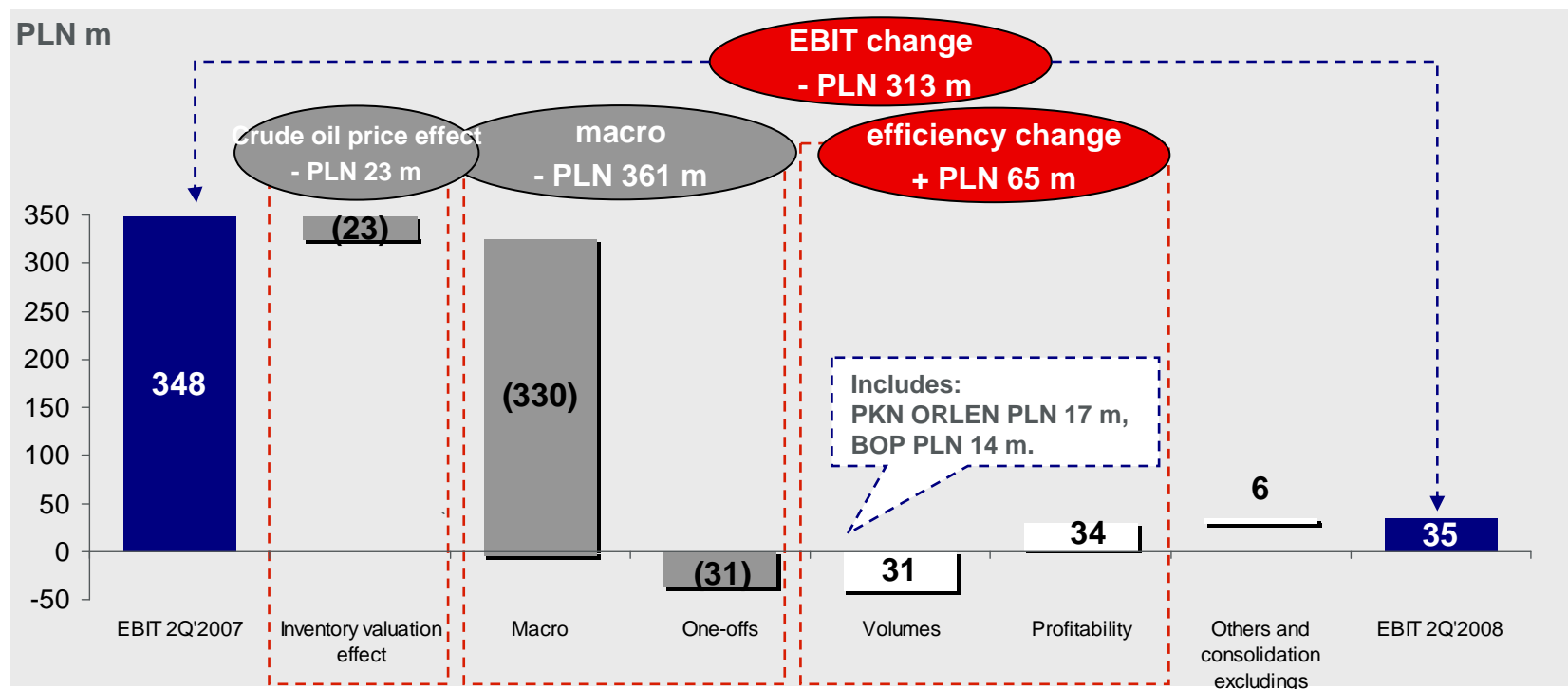


Others include: consolidation adjustments and result on other operational activity.



PETROCHEMICALS

Tough situation in petrochemicals segment due to low margins on products as a result of demand barrier and economic slowdown in sectors orientated towards petrochemicals.



Macroeconomic effect: (- PLN 330 m), of which: exchange rate change (- PLN 55 m), cracks change (- PLN 303 m) and hedging effect PLN 28 m.

One-offs: Kaucuk consolidation in 2Q 2007 at the level of PLN 31 m.

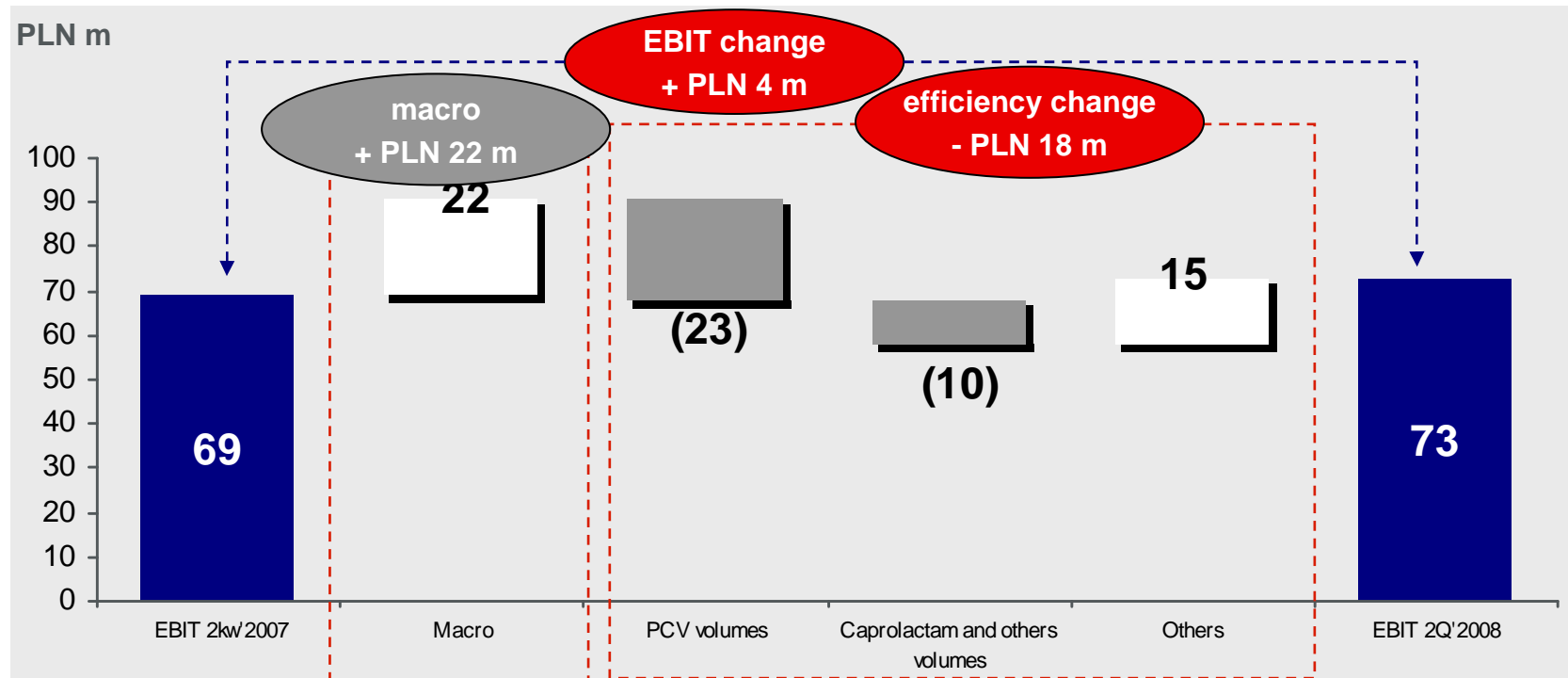
LIFO effect: (- PLN 23 m) in 2Q 2008.

Others include: other companies of the Group, consolidation adjustments and result of other operational activity.



CHEMICALS

PCV weaker demand resulted in product price and margin decrease. EBIT in the segment increased by PLN 4 m mainly due to fertilizers sales increase and prosperity in this market.



Macroeconomic effect: PLN 22 m, includes change of fertilizers margin and PLN/USD exchange rate.
 Others include: consolidation adjustments and result of other operational activity.





Thank You for Your attention

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Key developments in 2Q 2008

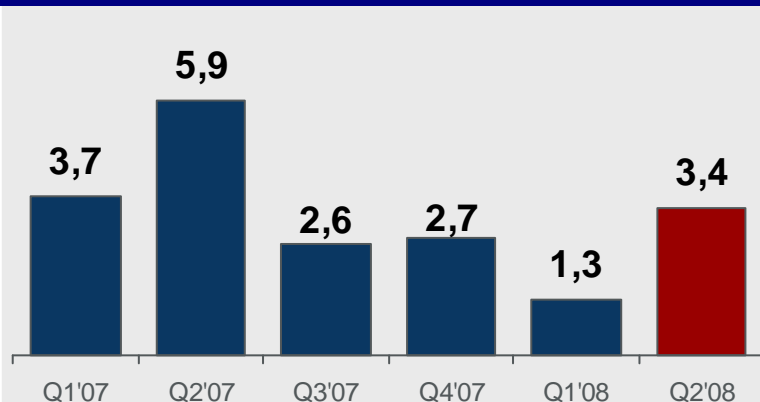
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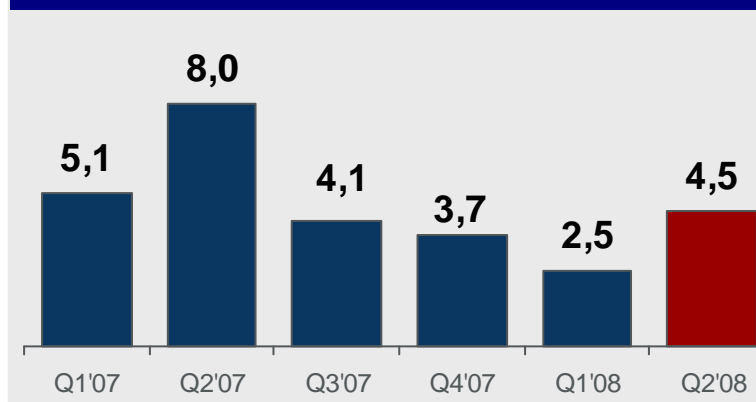


MACROECONOMIC ENVIRONMENT IN REFINING

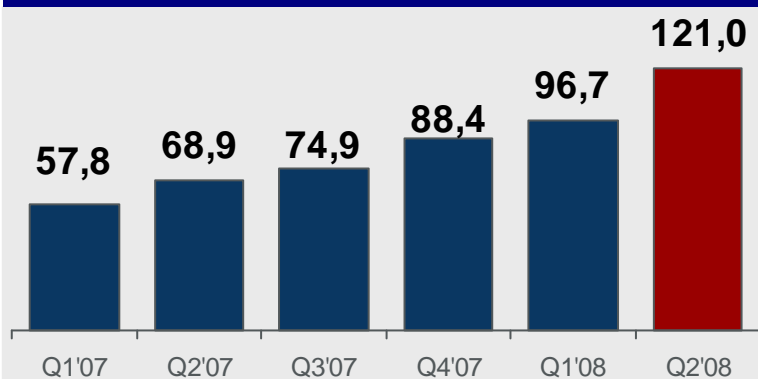
PKN ORLEN model refining margin (Group) ¹⁾
 Decrease by 42% to 3.4 \$/b in Q2'08 vs Q2'07



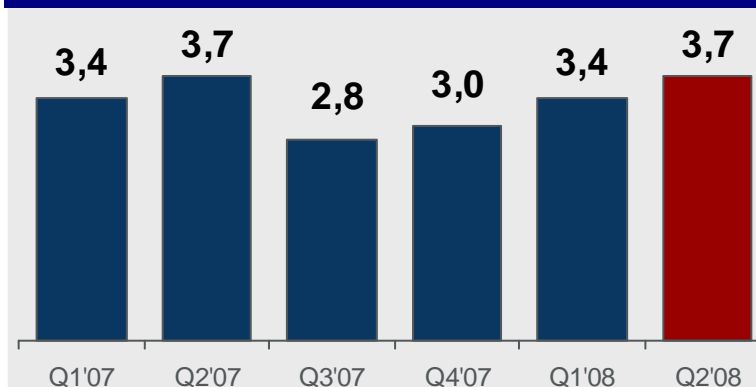
PKN ORLEN model refining margin (Plock) ²⁾
 Decrease by 44% to 4.5 \$/b in Q2'08 vs Q2'07



Brent Crude Oil price
 Increase by 76% to 121 \$/b in Q2'08 vs Q2'07



Brent-Ural differential ³⁾
 No change at the level of 3.7 \$/b in Q2'08 vs Q2'07

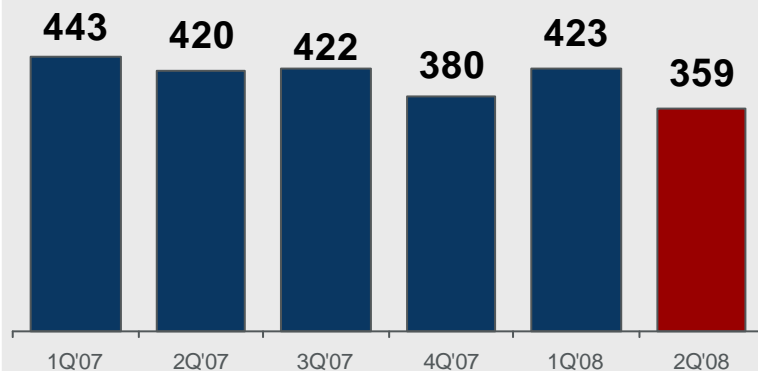


1) PKN ORLEN Group model refining margin = revenues (88% Products = 22% Gasoline + 11% Naphtha + 38% Diesel + 3% LHO + 4% JET + 10% HHO) less costs (100% feedstock = 88% Brent Crude + 12% internal consumption); price of products based on market quotations.
 2) PKN ORLEN (Plock) model refining margin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

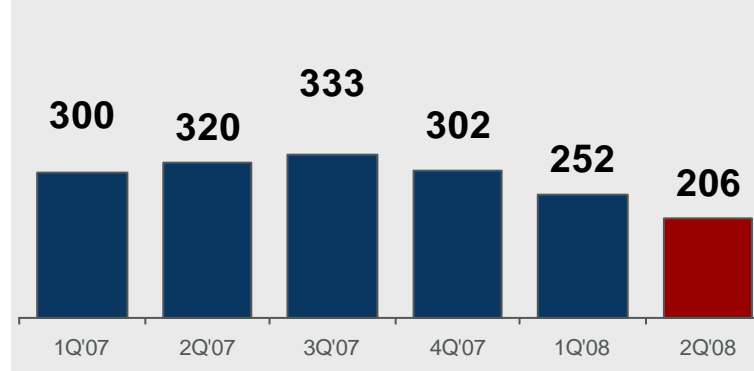


MACROECONOMIC ENVIRONMENT IN PETROCHEMICALS AND CHEMICALS

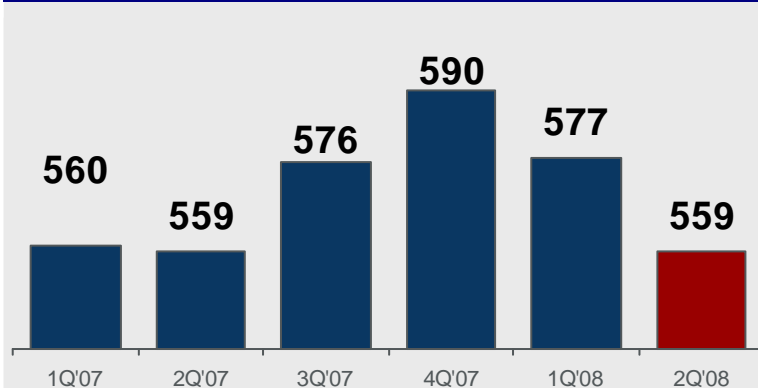
Model petrochemicals margin on olefins¹
Decrease by 15 % to 359 EUR/t in Q2'08 vs Q2'07



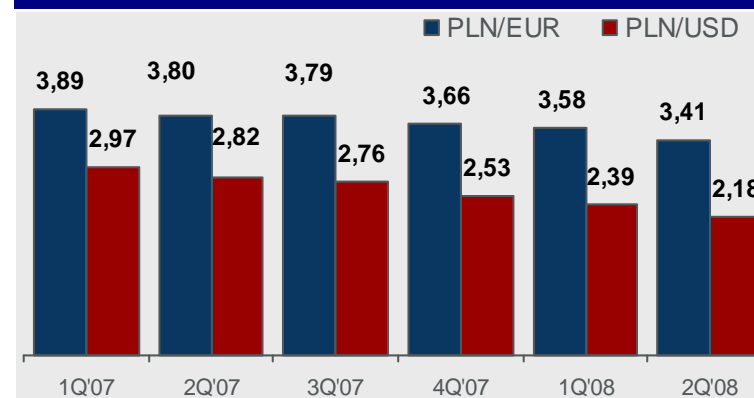
Model petrochemicals margin on polyolefins²
Decrease by 36 % to 206 EUR/t in Q2'08 vs Q2'07



Model chemicals margin³
The same level of 559 EUR/t in Q2'08 vs Q2'07



Exchange rate PLN/USD and PLN/EUR⁴
Decrease by 23% PLN/USD and 10% 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: NBP.



PKN ORLEN GROUP RESULTS BY KEY COMPANIES

IFRS, PLN m	<i>PKN ORLEN (unconsolidated)</i>	Unipetrol	Mazeikiu Nafta	Others	Consolidation excludings	<i>PKN ORLEN Group</i>
	1	2	3	4	5	6
Revenues	16 524	3 726	5 261	8 104	-11 525	22 090
EBITDA	1 355	237	379	280	2	2 253
Depreciation & amortisation	233	156	111	109	-2	607
EBIT	1 123	81	267	175	0	1 646
Financial revenues ¹	916	20	14	38	-426	562
Financial costs	-119	-79	-21	-27	3	-243
Net profit	1 637	20	230	148	-337	1 698
Net profit ex.minority shareholdings	1 637	18	229	151	-367	1 668
LIFO adjustment ², gross	-556	-62	-216	-11	0	-845

1) Consolidation excludings PLN (-) 11 525 m include about PLN 6 500 m due to crude oil sales to Mazeikiu Nafta and Unipetrol

2) Financial revenues in 2Q2008 includes PLN 386 m from FX rate effect gains.

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



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PKN ORLEN GROUP EBIT BY SEGMENT

IFRS, PLN m	PKN ORLEN (unconsolidated)	Unipetrol	Mazeikiu Nafta	Others	PKN ORLEN Group
	1	2	3	4	5
EBIT, of which:	1 123	81	267	175	1 646
Refining¹	913	126	328	40	1 407
Retail	104	-1	-1	7	109
Petrochemical	61	-53	n/a	27	35
Chemical	n/a	n/a	n/a	73	73
Others²	97	9	-60	28	74
Non-attributable³	-52	-	-	-	-52

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.



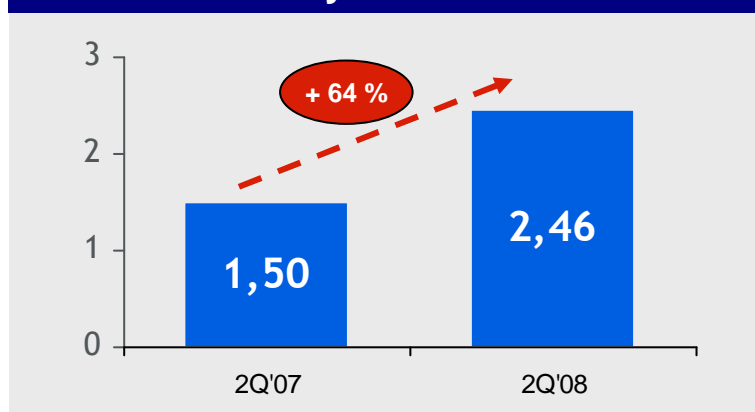
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MAZEIKIU NAFTA GROUP

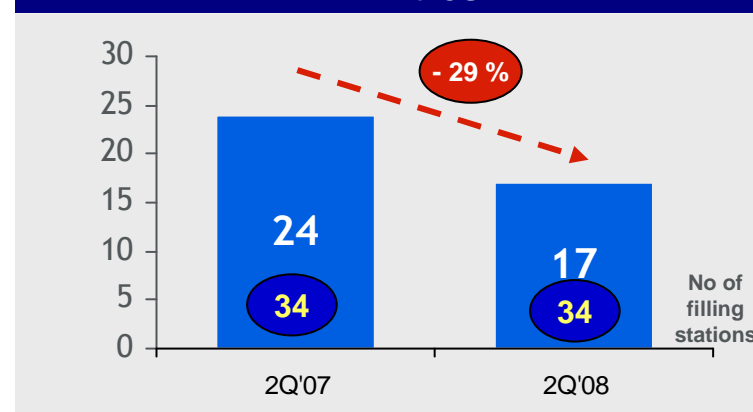
KEY ELEMENTS OF THE FINANCIAL STATEMENTS¹

IFRS, USD m	2Q2007	1Q2008	2Q2008	y/y [%]	q/q [%]
	1	2	3	4=3/1	5=3/2
Revenues	958	1 568	2 391	150%	52%
EBITDA	54	9	167	209%	1756%
EBIT	45	-3	152	238%	-
Net result	33	-3	130	294%	-

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 Group consolidation. They present Mazeikiu Nafta Group results according to Lithuanian accounting standards and historical cost.



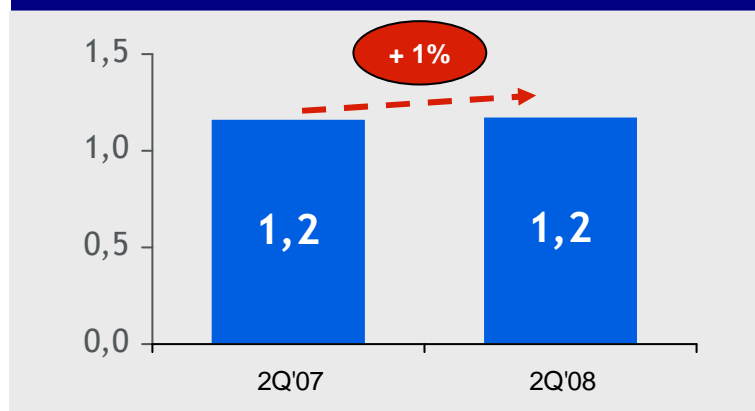
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UNIPETROL GROUP

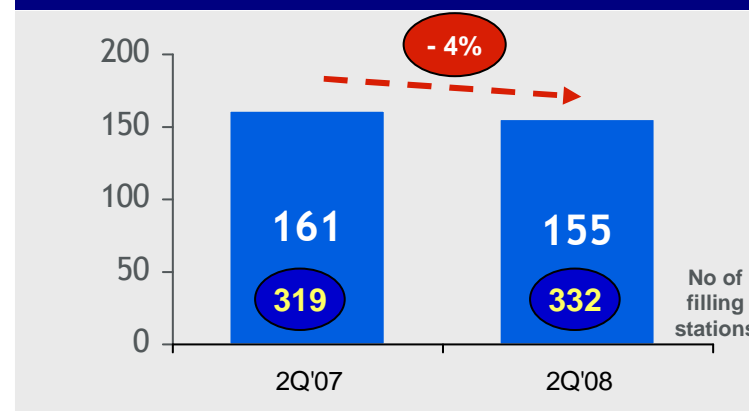
KEY ELEMENTS OF THE FINANCIAL STATEMENTS¹

IFRS, CZK m	2Q2007	1Q2008	2Q2008	r/r [%]	q/q [%]
	1	2	3	4=3/1	5=3/2
Revenues	24 841	22 149	27 081	9%	22%
EBITDA	2 956	1 491	1 702	-42%	14%
EBIT	2 173	653	838	-61%	28%
Net result	1 503	406	307	-80%	-24%

Crude oil processing in the Czech refineries in m tonnes



Retail sales volume for Benzina in m litres



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



KEY PRODUCTION DATA

Key operating data	2kw'07	1kw'08	2kw'08	r/r [%]	kw/kw [%]
	1	2	3	4=3/1	5=3/2
Refinery in Poland ¹					
Processed crude (tt)	3 273	3 421	3 606	10.2%	5.4%
Utilisation	95%	97%	102%	7pp	5pp
Fuel yield ⁴	58%	61%	65%	7pp	4pp
Middle distillates yield ⁵	39%	42%	45%	6pp	3pp
Gasoline yield ⁶	19%	19%	20%	1pp	1pp
Refineries in Czech Republic ²					
Processed crude (tt)	1 167	1 027	1 179	1.0%	14.8%
Utilisation	85%	75%	86%	1pp	11pp
Fuel yield ⁴	56%	61%	63%	7pp	2pp
Middle distillates yield ⁵	40%	44%	46%	6pp	2pp
Gasoline yield ⁶	16%	17%	17%	1pp	0pp
Refinery in Lithuania ³					
Processed crude (tt)	1 499	1 984	2 464	64.4%	24.2%
Utilisation	60%	78%	97%	37pp	19pp
Fuel yield ⁴	66%	73%	69%	3pp	-4pp
Middle distillates yield ⁵	44%	40%	40%	-4pp	0pp
Gasoline yield ⁶	22%	33%	29%	7pp	-4pp

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 to 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.

