PKN ORLEN consolidated financial results
4Q17

25 January 2018

#ORLEN4Q17@PKN_ORLEN

Agenda

- Key highlights 2017
- Macro environment
- Financial and operating results
- Liquidity and investments
- Outlook for 2018

Key highlights 2017

Value creation

- EBITDA LIFO: PLN 10,4 bn
- Record-high throughput: 33,2 mt (94% capacity utilization)
- Record-high sales: 42,4 mt (increase by 7% y/y)
- Record-high retail result: over PLN 2 bn
- Positive impact of macro and regulations limiting grey zone in Poland
- Launching CCGT Włocławek and „first fire” of gas turbine in CCGT Płock

People

- Appointment of PKN ORLEN’s Management Board for the next 3 year term
- The World’s Most Ethical Company 2017
- Top Employer Polska 2017
- Platts TOP250 - 43th place among the largest energy companies in the world
- The Best Annual Report 2016
- IR Magazine Awards „Best in Central & Eastern Europe” for the best IR in the region and „Best ESG communications” for PKN ORLEN

Financial strength

- The highest dividend in the history of PLN 1,3 bn (PLN 3,00 per share)
- Net financial gearing: 2,2%
- Cash flow from operations: PLN 8,1 bn
- Rating upgrade by Moody’s (Baa2 stable outlook)
- Retail bonds issue program up to PLN 1 bn
- Buy out offer of minority shareholders in Unipetrol

Agenda

Key highlights 2017

Macro environment

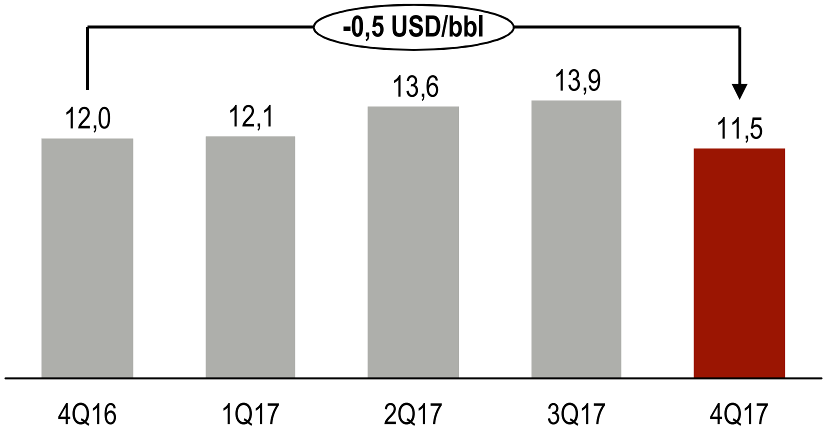
Financial and operating results

Liquidity and investments

Outlook for 2018

Macro environment in 4Q17 (y/y)

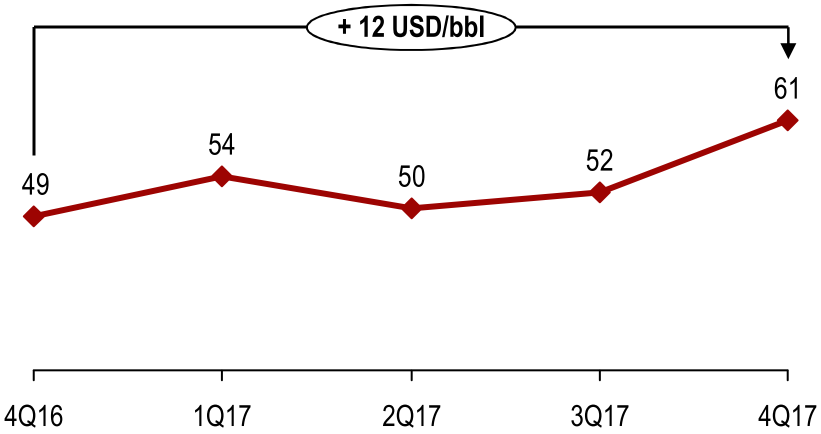
Downstream margin decrease
Model downstream margin, USD/bbl



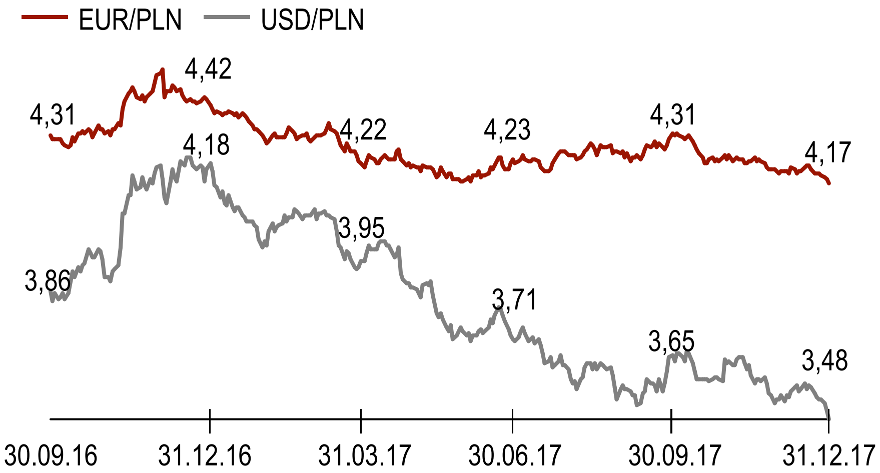
Product slate of downstream margin
Crack margins

Refining products (USD/t)	4Q16	3Q17	4Q17	∆ y/y
Diesel	87	96	91	5%
Gasoline	131	164	139	6%
HHO	-110	-100	-130	-18%
SN 150	110	382	289	163%
Petrochemical products (EUR/t)				
Ethylene	608	642	642	6%
Propylene	393	471	477	21%
Benzene	266	329	346	30%
PX	396	384	362	-9%

Crude oil price increase
Average Brent crude oil price, USD/bbl



Strengthening of average PLN to USD and EUR
USD/PLN and EUR/PLN exchange rate



Diesel consumption increase (y/y)
Positive impact of regulations limiting grey zone in Poland

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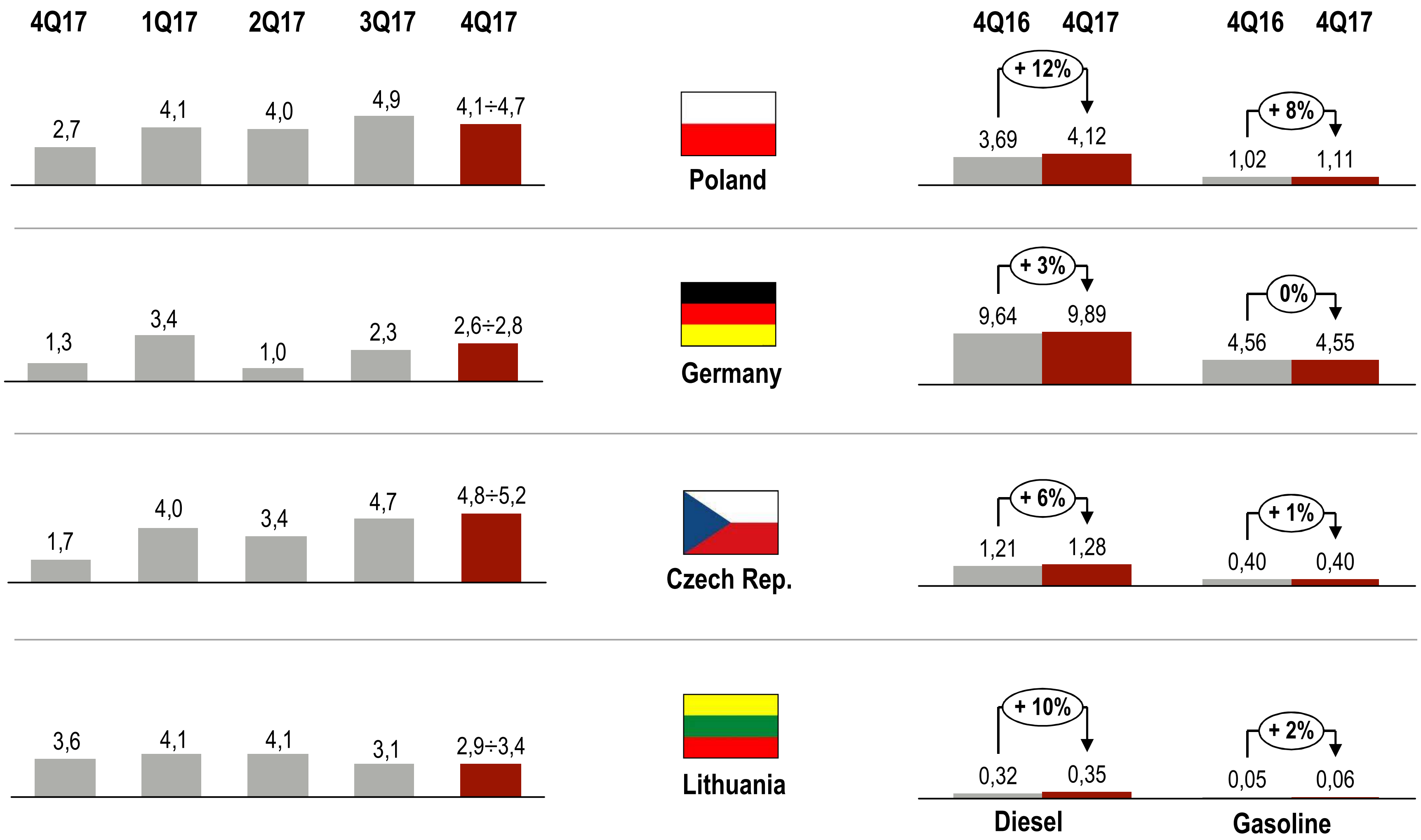
GDP increase[1]
Change (%) to respective quarter of the last year

Fuel consumption (diesel, gasoline)[2]
mt



[1] Poland – Statistical Office / not unseasonal data; (Germany, Lithuania) – Eurostat / not unseasonal data, the Czech Rep. – Statistical Office / unseasonal data, 4Q17 – estimates
[2] 4Q17 – PKN ORLEN estimates based on available data from ARE, Lithuanian Statistical Office, Czech Statistical Office and German Association of Petroleum Industry

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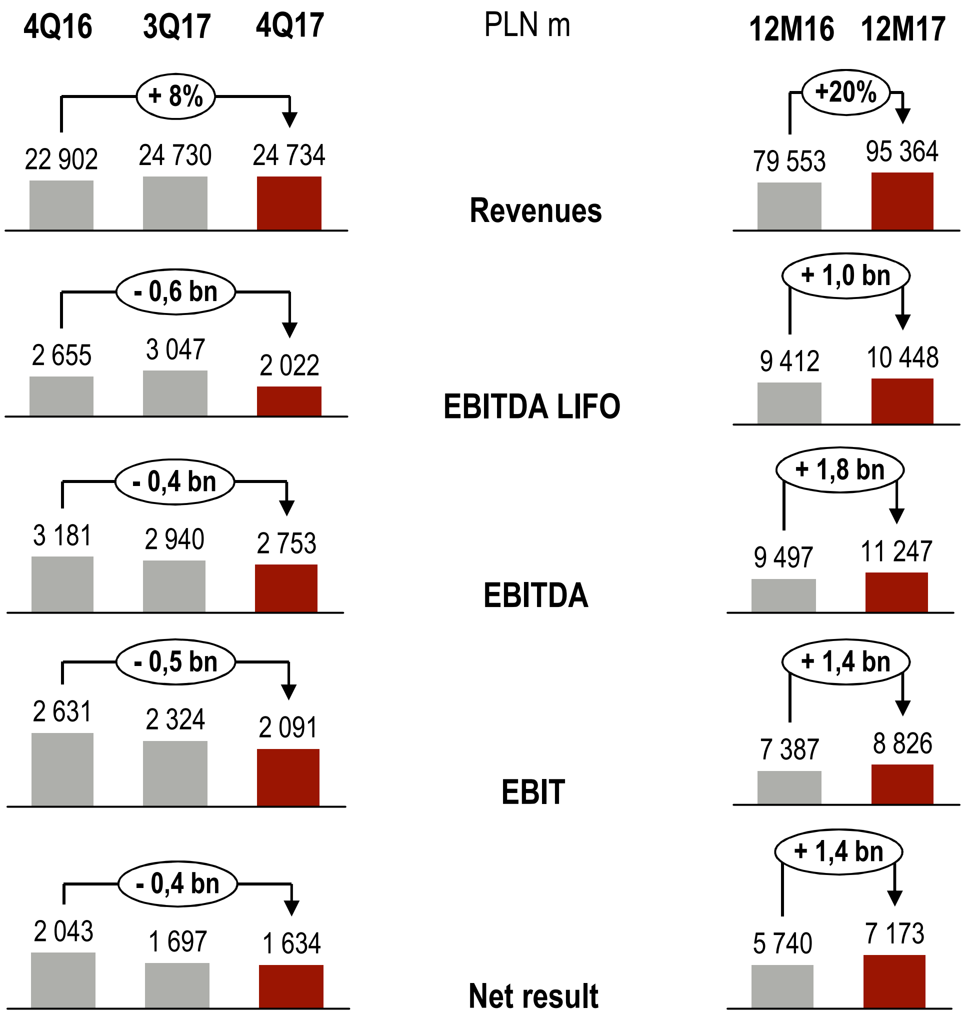
Financial results in 4Q17



Revenues: increase by 8% (y/y) due to higher crude oil prices and sales volumes

EBITDA LIFO: decrease by PLN (-) 0,6 bn (y/y) mainly due to negative impact of macro partially limited by higher sales volumes. 4Q16 results include PLN 0,3 bn positive effect of received insurance related to Steam Cracker failure in Unipetrol

LIFO effect: PLN 0,7 bn in 4Q17 due to increasing crude oil prices

Financial result: PLN (-) 0,3 bn negative impact of interests and valuation of derivatives offset by positive net effect of FX differences

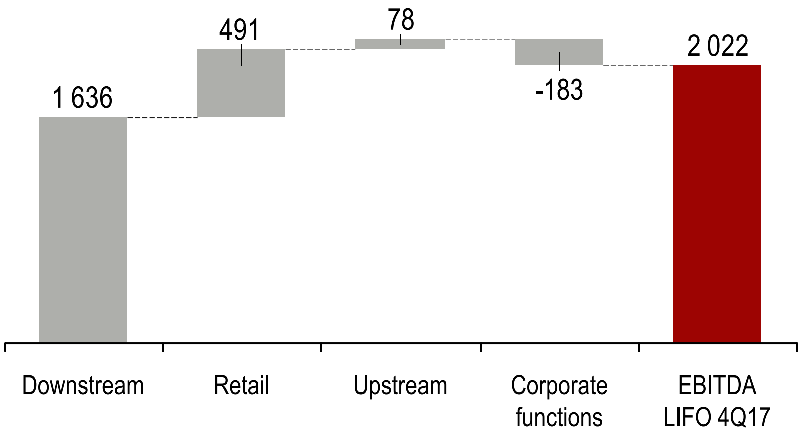
Net result: PLN 1,6 bn profit in 4Q17

Data before impairments of assets:
4Q16: PLN 0,2 bn, of which: PLN 0,3 bn reversal of impairment on Unipetrol refining assets and PLN (-) 0,1 bn regarding ORLEN Upstream assets in Poland and ORLEN Oil assets
3Q17: PLN (-) 0,1 bn regarding mainly upstream assets of ORLEN Upstream in Poland
4Q17: PLN (-) 0,1 bn regarding mainly upstream assets of ORLEN Upstream in Poland
12M16: PLN 0,2 bn, of which: PLN 0,3 bn reversal of impairment on Unipetrol refining assets and PLN (-) 0,1 bn regarding ORLEN Upstream assets in Poland and ORLEN Oil assets
12M17: PLN (-) 0,2 bn regarding mainly upstream assets of ORLEN Upstream in Poland

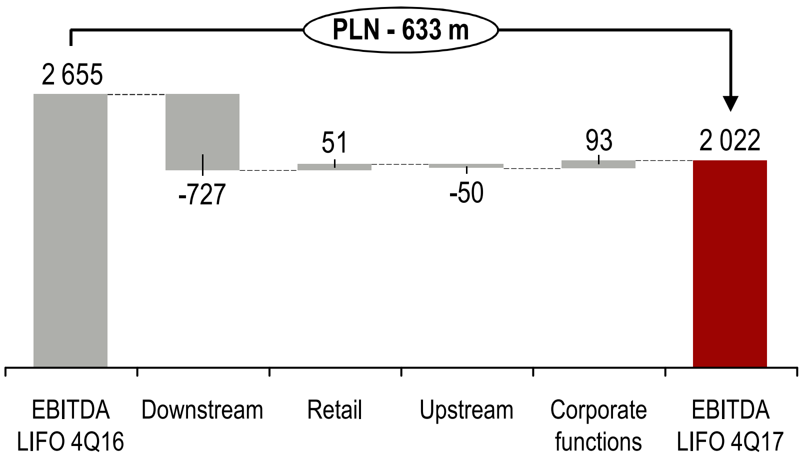
EBITDA LIFO

ORLEN

Segments' results in 4Q17
PLN m



Change in segments' results (y/y)
PLN m



Downstream: negative impact of macro partially limited by higher sales volumes (y/y). 4Q16 results include PLN 0,3 bn positive effect of received insurance related to Steam Cracker failure in Unipetrol

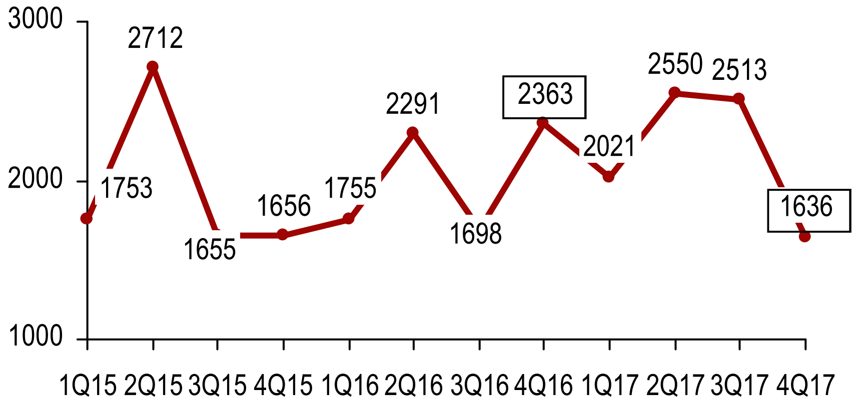
Retail: positive impact of higher sales volumes and higher fuel and non-fuel margins (y/y)

Upstream: negative impact of macro offset by higher sales volumes (y/y). 4Q16 results include positive one-off effect of FX Energy purchase price allocation correction

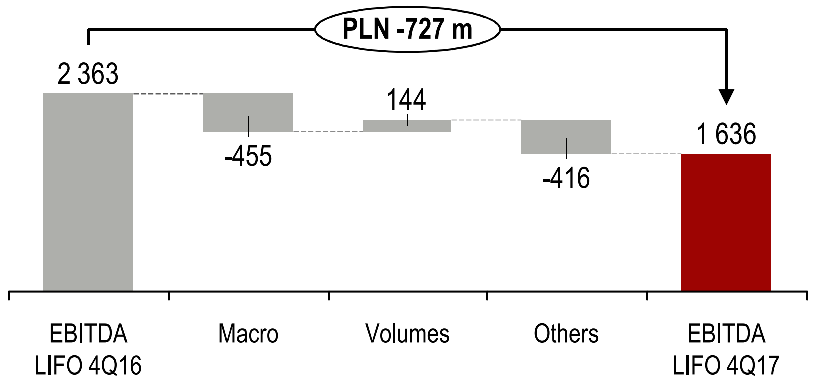
Corporate functions: lower costs (y/y), mainly due to positive change in the balance on other net operating activities

Downstream – EBITDA LIFO
Sales increase limited negative impact of macro

EBITDA LIFO
PLN m



EBITDA LIFO – impact of factors
PLN m



- Higher throughput by 5% (y/y) due to full utilization of refineries in Płock and Lithuania
- Sales volumes increase by 4% (y/y), of which:
  - higher sales (y/y): gasoline by 3%, LPG by 3%, olefins by 65%, polyolefins by 71% at comparable diesel sales (however in Poland diesel increased by 13%)
  - lower sales (y/y): fertilizers by (-) 21%, PVC by (-) 4% and PTA by (-) 17%

- Macro worsening (y/y), of which: effect of lower B/U differential, higher internal usage of feedstock for own energy needs, worsening margins on polyolefins and heavy fractions as well as PLN strengthening against foreign currencies partially compensated by improving fuel and olefin margins
- Others include mainly lack of PLN 0,3 bn positive effect of insurance received in 4Q16 related to Steam Cracker failure in Unipetrol

Macro: margins and differential: PLN (-) 333 m, exchange rate PLN (-) 221 m, hedging PLN 99 m

Downstream – operational data
Higher crude oil throughput and sales volumes increase

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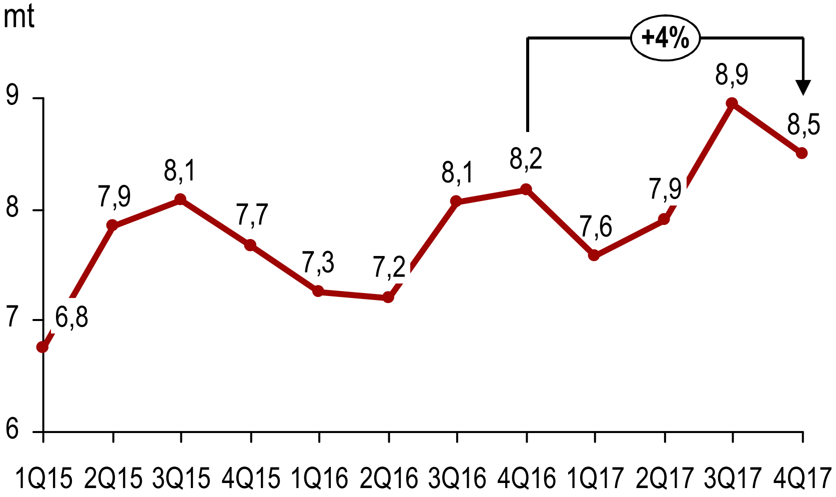
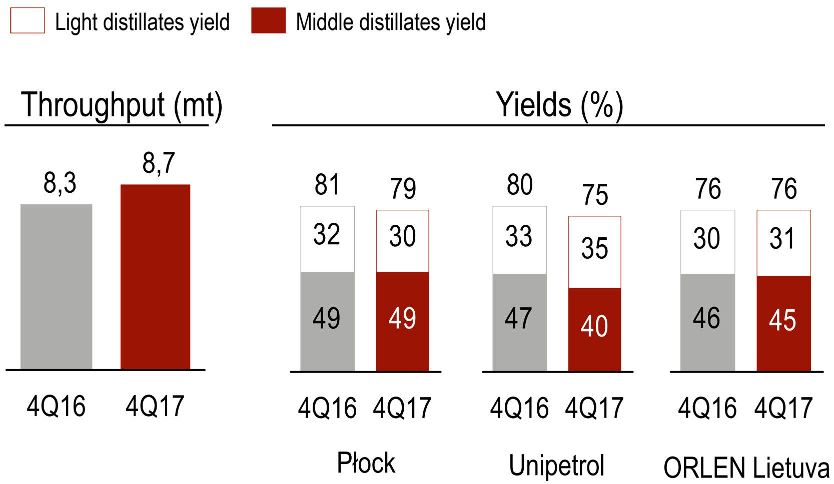
Sales volumes
mt



Utilization ratio
%

Refineries	4Q16	3Q17	4Q17	∆ (y/y)
Płock	93%	100%	104%	11 pp
Unipetrol	90%	97%	81%	-9 pp
ORLEN Lietuva	97%	106%	104%	7 pp
Petrochemical installations				
Olefins (Płock)	45%	87%	73%	28 pp
Olefins (Unipetrol)	70%	86%	89%	19 pp
BOP	46%	81%	75%	29 pp

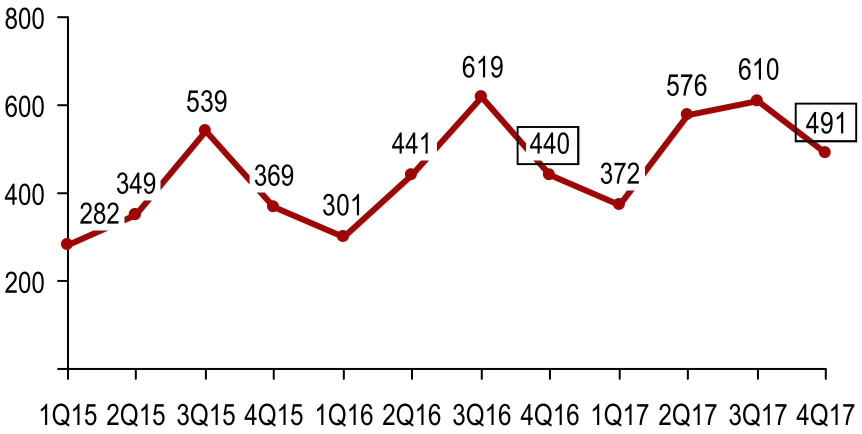
Crude oil throughput and fuel yield
mt, %



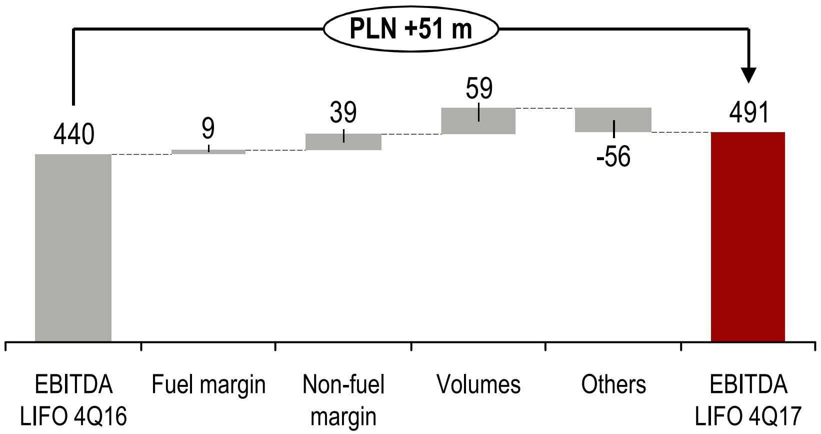
- Higher throughput by 5% (y/y) and utilization ratio by 5pp (y/y), of which: Płock 11pp due to increased market demand (y/y); Unipetrol (-) 9pp due to cyclical refinery shutdown in Litvinov and unplanned POX installation shutdown; ORLEN Lietuva 7pp due to favourable macro conditions (y/y)
- Poland – higher fuel sales, including intercompany exchange of products within ORLEN Group and increase of petrochemical products sales due to lack of cyclical maintenance of olefins installation from 4Q16
- Czech Republic – petchem sales increase due to Steam Cracker relaunch in 4Q16 and higher fuel sales due to favourable market conditions and availability of FCC
- ORLEN Lietuva – higher products sales and improvement of sales structure, i.e. limitation of seaborne sales volumes

Retail – EBITDA LIFO
Sales volumes and retail margins increase

EBITDA LIFO
PLN m



EBITDA LIFO – impact of factors
PLN m

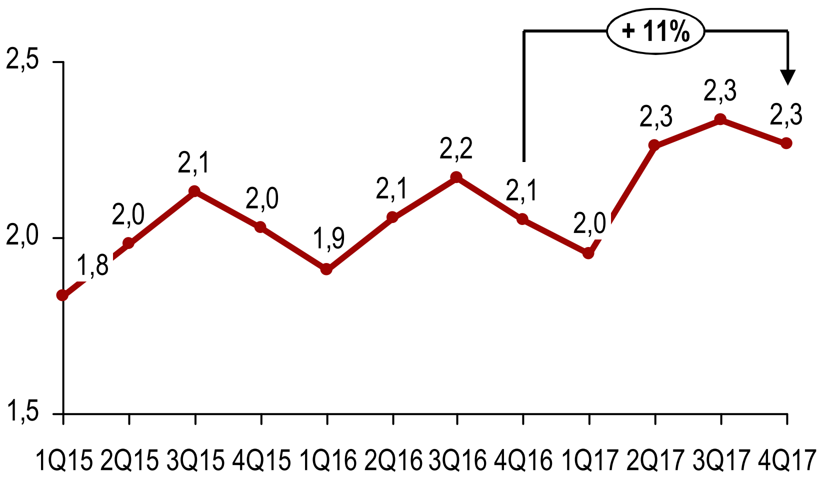


- Sales volumes increase by 11% (y/y)
- Market share increase in the Czech Rep., in Germany and in Lithuania (y/y)
- Fuel margins increase in Czech and German markets at comparable margins in Lithuania and lower margins in Poland (y/y)
- Non-fuel margins increase in Polish and Czech markets at comparable margins in Lithuania and Germany (y/y)
- Non-fuel offer: increase in Stop Cafe locations by 102 (y/y)

- Others include mainly higher costs of running fuel stations related to the higher sales volumes (y/y)

Retail – operational data
Sales volumes increase and further non-fuel offer development

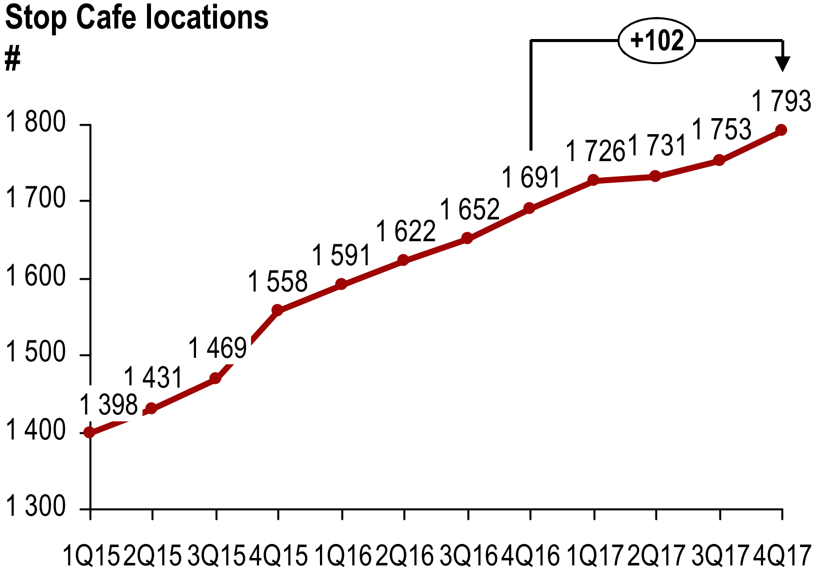
Sales volumes
mt



Number of petrol stations and market shares (by volume)
#, %

		# stations	Δ y/y	% market	Δ y/y
	PL	1 776	10	34,1%	0,0 pp
	DE	581	9	6,1%	0,1 pp
	CZ	401	38	20,5%	2,7 pp
	LT	25	0	4,5%	0,2 pp

Stop Cafe locations
#

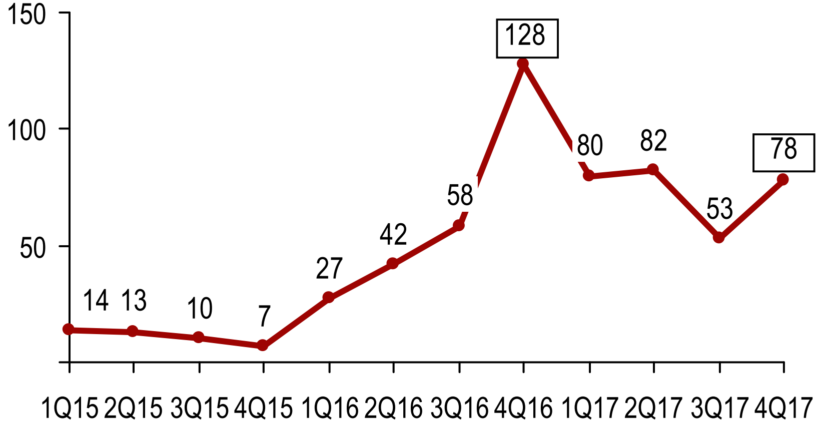


- Sales increase by 11% (y/y), of which: increase in Poland by 9%, in the Czech Rep. by 21%, in Lithuania by 5% and in Germany by 3%*
- Market share increase in the Czech Republic by 2,7 pp due to including stations acquired from OMV, in Germany by 0,1 pp and in Lithuania by 0,2 pp (y/y)
- 2783 fuel stations at the end of 4Q17, i.e. increase in total by 57 (y/y), of which: increase in Poland by 10, in Germany by 9 and in the Czech Rep. by 38 stations
- Growth of non-fuel offer by launching next 40 Stop Cafe locations in 4Q17. At the end of 4Q17 there were 1793 locations in total, of which: 1571 in Poland (including 180 in new format named O!SHOP), 199 in the Czech Rep. and 23 in Lithuania

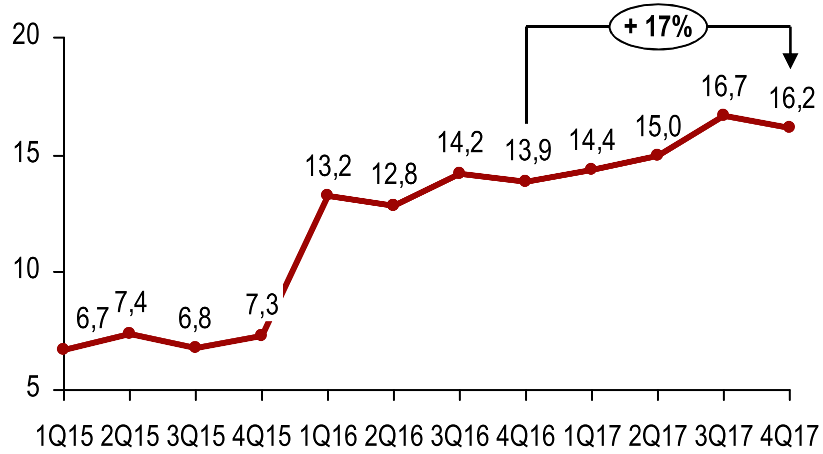
* Sales volumes on ORLEN Deutschland fuel stations

Upstream – EBITDA LIFO
Increase of average production by 17% (y/y)

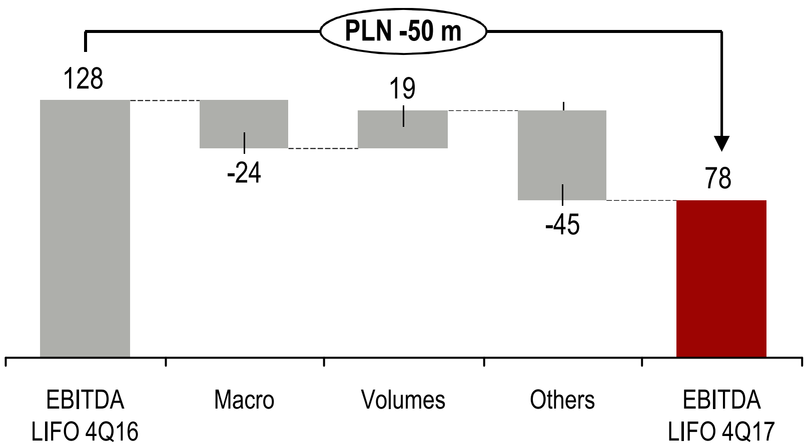
EBITDA LIFO
PLN m



Average production
th. boe/d



EBITDA LIFO – impact of factors
PLN m



- Increase of average production by 2,3 th. boe/d, including: higher average production in Canada by 2,2 th. boe/d and in Poland by 0,1 th. boe/d

- Negative impact of macro environment due to decrease of gas prices in Canada (y/y)
- Others include mainly lack of PLN 29 m due to correction of allocation of purchase price of FX Energy from 4Q16

Data before impairments of assets:
3Q17: PLN (-) 43m / 4Q17: PLN (-) 97m referring mainly to upstream assets of ORLEN Upstream in Poland

Upstream

Poland

Total reserves of crude oil and gas (2P)

Ca. 11 m boe* (6% liquid hydrocarbons, 94% gas)

4Q17

Average production: 1,3 th. boe/d (100% gas)

EBITDA**: PLN 11 m

CAPEX: PLN 56 m

12M17

Average production: 1,2 th. boe/d (100% gas)

EBITDA**: PLN 27 m

CAPEX: PLN 169 m

4Q17

- Drilling of 2 exploration wells in Karpaty and Edge projects completed
- Drilling of 3 exploration wells in Karpaty, Edge and Płotki projects started
- Continuation of acquisition of 3D seismic data in Płotki project and analyses of earlier obtained 2D and 3D seismic data
- Continuation of preparation works for next exploration wells and acquisition of seismic data scheduled for 2018

Canada

Total reserves of crude oil and gas (2P)

Ca. 141 m boe* (42% liquid hydrocarbons, 58% gas)

4Q17

Average production: 14,9 th. boe/d (42% liquid hydrocarbons)

EBITDA: PLN 67 m

CAPEX: PLN 108 m

12M17

Average production: 14,4 th. boe/d (41% liquid hydrocarbons)

EBITDA**: PLN 266 m

CAPEX: PLN 609 m

4Q17

- Drilling of 5 (3,7 net) wells, including: 3 (2,2 net) in Ferrier area and 2 (1,5 net) in Kakwa area started
- 2 drills (1,5 net) in Kakwa area and 5 drills (2,0 net) in Ferrier area fracked
- 1 well (0,8 net) in Kakwa area and 4 (1,3 net) in Ferrier area included into production
- In Kakwa area, continuation of the preparation works for extension of the initial gas processing installation and closing of the first stage of the project for construction of water storage installation. In Ferrier area, closing of works connected with construction of a pipeline for liquid hydrocarbons sales and acquisition of 3D seismic data.

Net – number of wells multiplied by percent of share in particular asset

* Initial data as of 31.12.2017

** Data before impairments of assets: 4Q17: PLN (-) 97 m / 12M17: PLN (-) 140 m regarding mainly upstream assets in Poland

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Macro environment

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Liquidity and investments

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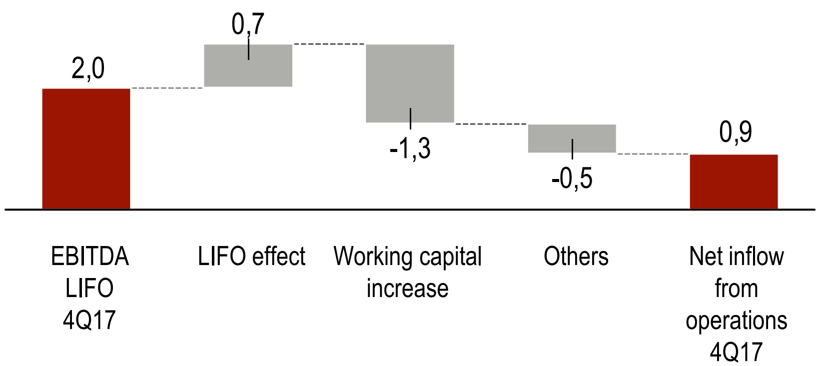
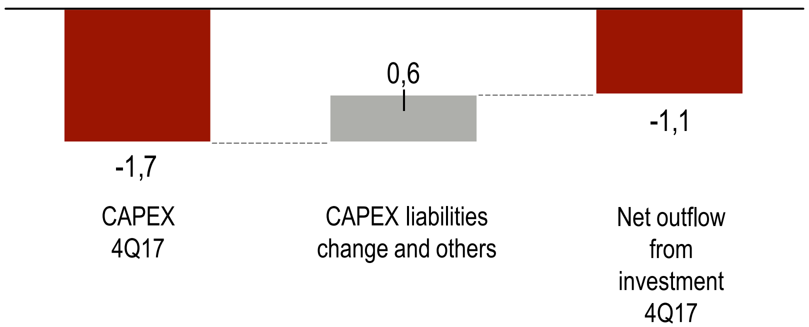
Cash flow

Cash flow from operations
PLN bn

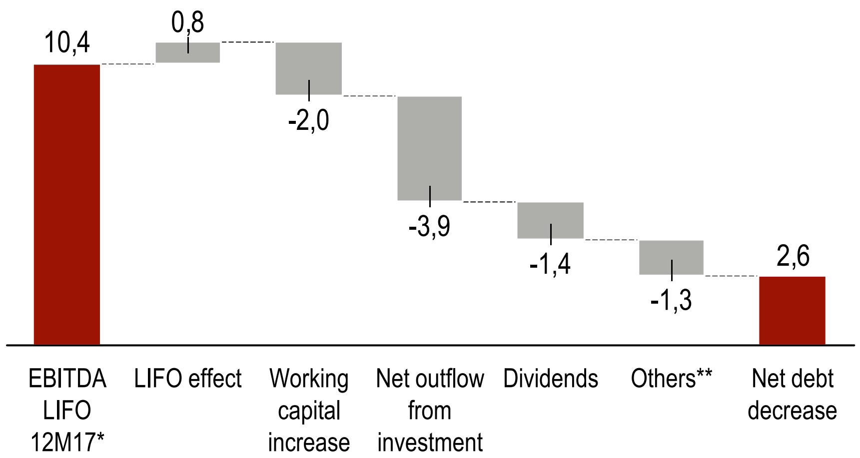


Cash flow from investments
PLN bn



- Working capital increase in 4Q17 by PLN 1,3 bn as a result of higher inventories value due to increased crude oil and products' prices
- Others PLN 0,5 bn include mainly paid income taxes
- Obligatory reserves in the balance sheet at the end of 4Q17 amounted to PLN 4,3 bn, out of which PLN 3,9 bn in Poland

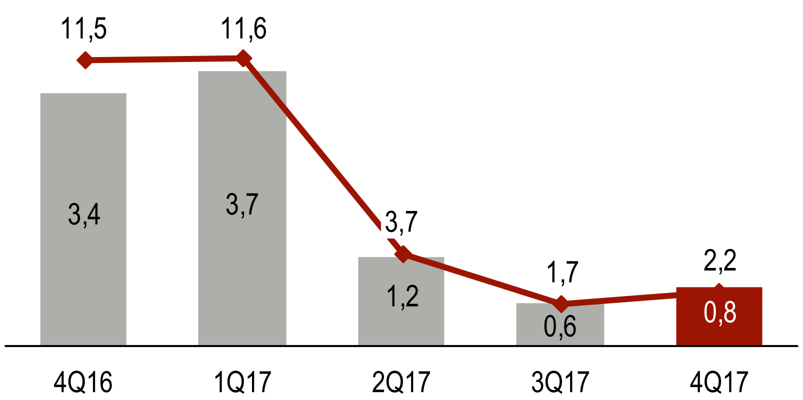
Free cash flow for 12M17
PLN bn



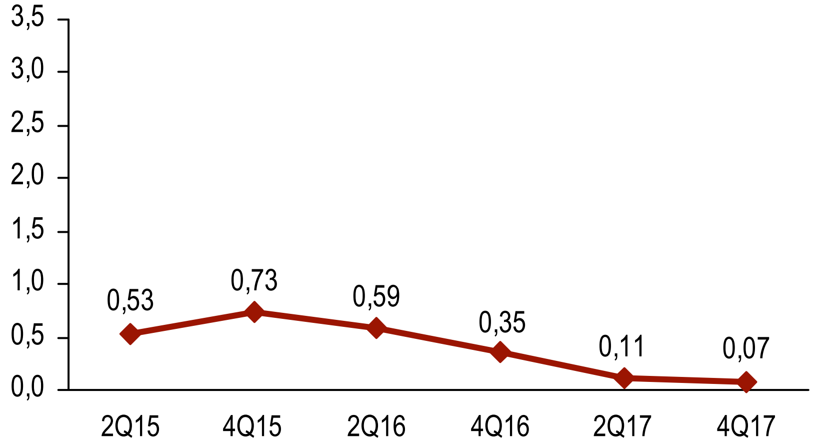
* includes PLN 0,7 bn insurance related to Steam Cracker and FCC failure in Unipetrol
** mainly net effect: paid income tax, elimination of companies' results consolidated under equity method, FX differences, paid interests and received insurance related to Unipetrol

Financial strength

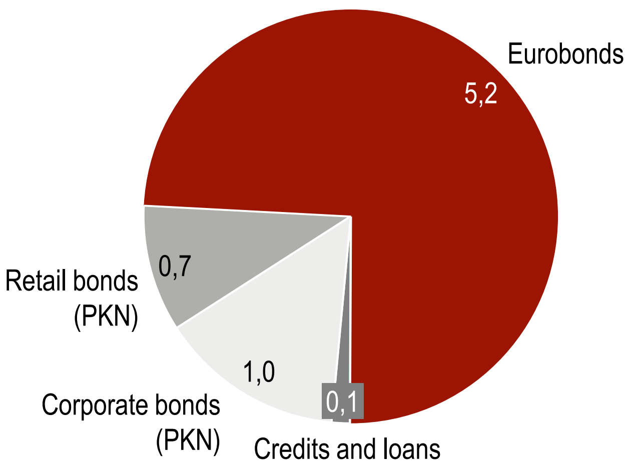
Net debt and gearing
PLN bn, %



Net debt/EBITDA LIFO



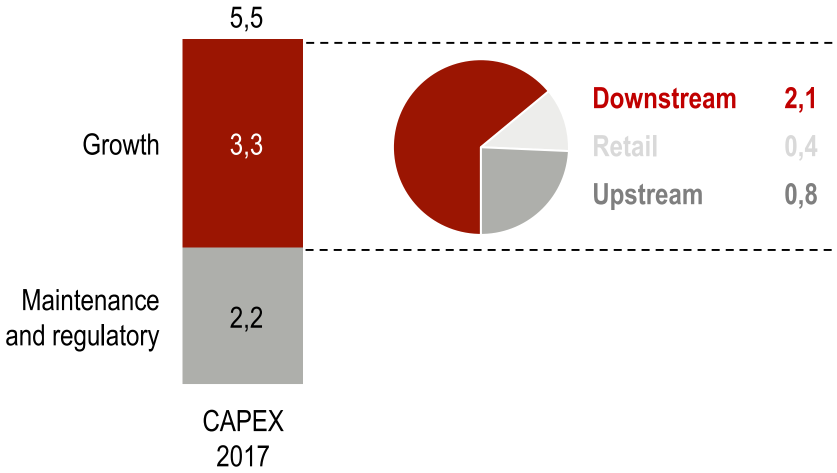
Diversified sources of financing (gross debt)
PLN bn



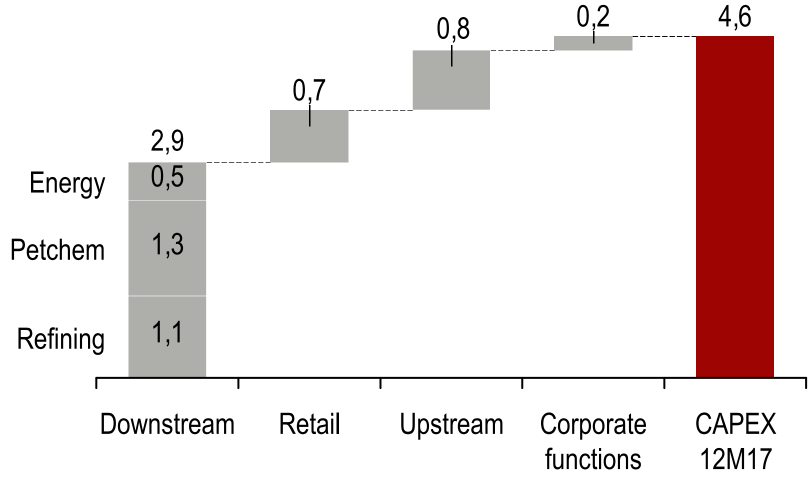
- Gross debt structure:
  EUR 75%, PLN 24%, CAD 1%
- Average maturity in 2021
- Investment grade: BBB- stable outlook (Fitch), Baa2 stable outlook (Moody's)
- Net debt increase of PLN 0,2bn (q/q) due to higher cash outflow from investments of PLN (-) 1,1 bn than cash flow from operations of PLN 0,9 bn
- PKO RLEN - the best FX managed company in CEE for 2018 by Global Finance

CAPEX 2017

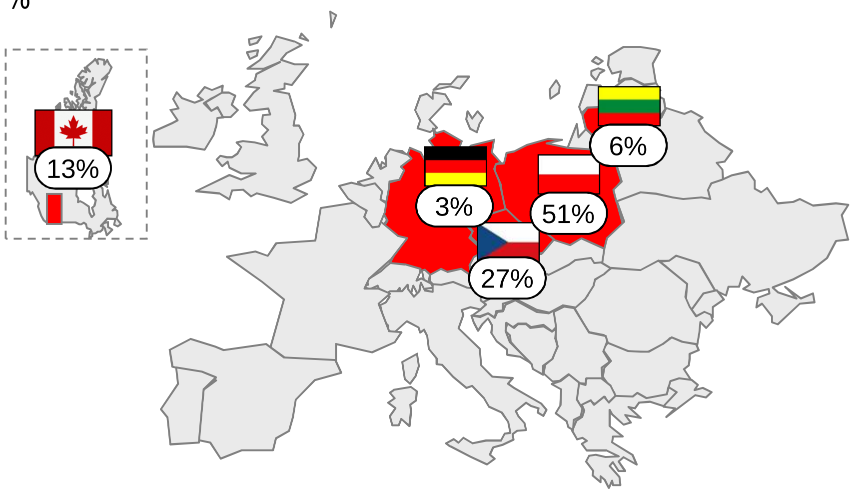
Planned CAPEX 2017
PLN bn, %



Realized CAPEX 12M17 – split by segments
PLN bn



Realized CAPEX 12M17 – split by country
%



Main projects w 4Q17

DOWNSTREAM

- Construction of Polyethylene Unit in the Czech Rep.
- Construction of Metathesis Unit in Płock
- Construction of CCGT in Płock:
  - Maximum block power reached
  - First deliveries of technological steam to the Plant in Płock
  - Planned EBITDA in 1H18

RETAIL

- 31 fuel stations opened (incl: 22 in Poland, 1 in Germany and 8 in the Czech Rep.), 5 closed, 17 modernized
- 40 Stop Cafe locations opened, including convenience shops in new format named O!SHOP

UPSTREAM

- Canada – PLN 108 m PLN / Poland – PLN 56 m

* CAPEX 4Q17 amounted PLN 1704 m : refinery PLN 379 m, petrochemicals PLN 494 m, energy PLN 252 m, retail PLN 335 m, upstream PLN 164 m, corporate functions PLN 80 m

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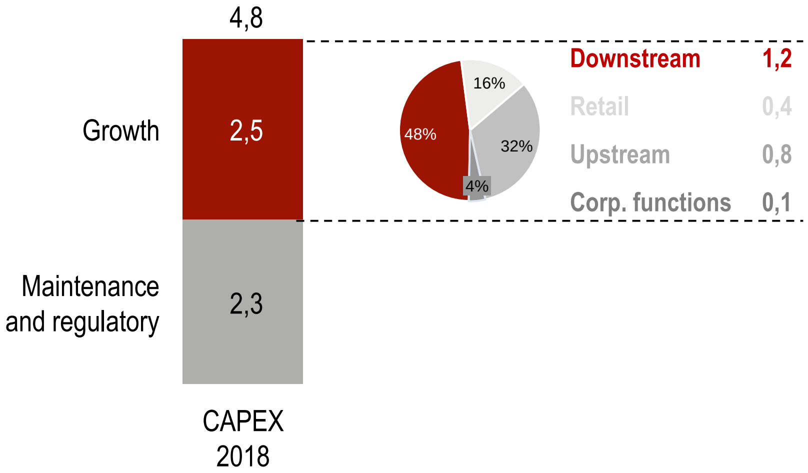
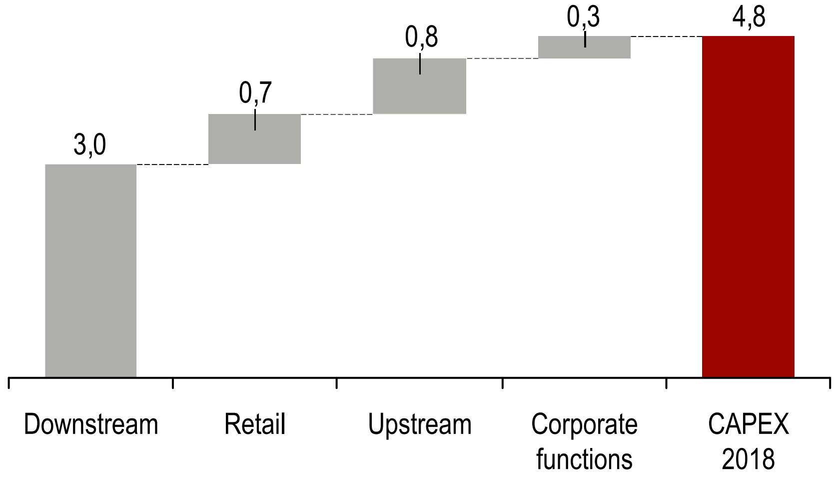
CAPEX 2018

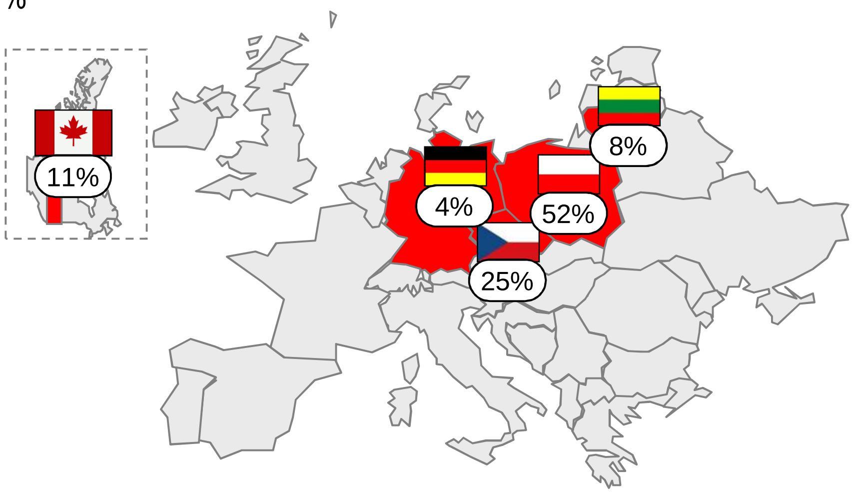
Planned CAPEX 2018
PLN bn, %



Planned CAPEX 2018 – split by segment
PLN bn



Planned CAPEX 2018 – split by country
%



Main projects in 2018

DOWNSTREAM
- Construction of Polyethylene Unit in the Czech Rep.
- Construction of Metathesis Unit in Płock
- Construction of PPF Spliter in Lithuania
- Construction of Visbreaking Unit in Płock
- Expansion of fertilizer production capacity in Anwil

RETAIL
- Development of fuel network (40 new own stations)
- Development of Stop Cafe 2.0 concept (over 200 new locations)
- Launching new services and products

UPSTREAM
- Canada – ca. PLN 600 m / Poland – ca. PLN 200 m

Macro environment 2018

Macro

- Brent crude oil – expected increase of crude oil price vs. the average for 2017 due to extension of agreement between OPEC countries regarding limitation of crude oil production by 1,8 m bbl/d till the end of 2018. However, stronger increase of crude oil price should increase production in the USA. Crude oil demand should balance increase of crude oil supply from other regions.
- Downstream margin – expected decrease of margin vs. the average for 2017 due to lower margins on refining and petrochemical products mainly as a result of crude oil price increase (y/y). Expected increase of fuels and petrochemical products consumption due to further growth of global economy should limit decrease of downstream margin.

Economy

- GDP forecast* – Poland 3,6%, Czech Republic 3,4%, Lithuania 2,9%, Germany 2,1%.
- Fuel consumption – expected stabilisation of gasoline demand and slight increase in diesel demand in CEE (Germany, the Czech Rep., Lithuania). In Poland, further increasing trend for both gasoline and diesel is expected.

Regulatory environment

- Regulations limiting grey zone – expansion of monitoring system of goods transport to rail transport is planned in 2018.
- Limitation of Sunday trading – from 1 March 2018 shops in Poland will be open on first and last Sunday of the month. The trade ban does not apply to fuel stations.
- Obligatory crude oil reserves – maintaining reserves in Poland at the level of 53 days.
- National Index Target – from 1 January 2018 necessity to fulfil 50% of NIT by mandatory blending of biocomponents to fuels in quarterly terms. In 2017 it was yearly term. PKN ORLEN in 2018 will be able to take advantage of the possibility to reduce ratio from 7,5% to 5,48%.

* Poland (NBP, November 2017); Germany (European Commission , November 2017); Czech Republic (CNB, November 2017); Lithuania (European Commission , November 2017)

Thank you for your attention

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Agenda

Supporting slides

Results – split by quarter

PLN m	4Q16	3Q17	4Q17	Δ (y/y)	12M16	12M17	Δ
Revenues	22 902	24 730	24 734	8%	79 553	95 364	20%
EBITDA LIFO	2 655	3 047	2 022	-24%	9 412	10 448	11%
LIFO effect	526	-107	731	39%	85	799	840%
EBITDA	3 181	2 940	2 753	-13%	9 497	11 247	18%
Depreciation	-550	-616	-662	-20%	-2 110	-2 421	-15%
EBIT LIFO	2 105	2 431	1 360	-35%	7 302	8 027	10%
EBIT	2 631	2 324	2 091	-21%	7 387	8 826	19%
Net result	2 043	1 697	1 634	-20%	5 740	7 173	25%

Data before impairments of assets:
4Q16: PLN 0,2 bn, of which: PLN 0,3 bn reversal of impairment on Unipetrol refining assets and PLN (-) 0,1 bn regarding ORLEN Upstream assets in Poland and ORLEN Oil assets
3Q17: PLN (-) 0,1 bn regarding mainly upstream assets of ORLEN Upstream in Poland
4Q17: PLN (-) 0,1 bn regarding mainly upstream assets of ORLEN Upstream in Poland
12M16: PLN 0,2 bn, of which: PLN 0,3 bn reversal of impairment on Unipetrol refining assets and PLN (-) 0,1 bn regarding ORLEN Upstream assets in Poland and ORLEN Oil assets
12M17: PLN (-) 0,2 bn regarding mainly upstream assets of ORLEN Upstream in Poland

Results – split by segment

4Q17 PLN m	Downstream	Retail	Upstream	Corporate functions	TOTAL
EBITDA LIFO	1 636	491	78	-183	2 022
LIFO effect	731	-	-	-	731
EBITDA	2 367	491	78	-183	2 753
Depretiation	-439	-112	-76	-35	-662
EBIT	1 928	379	2	-218	2 091
EBIT LIFO	1 197	379	2	-218	1 360

4Q16 PLN m	Downstream	Retail	Upstream	Corporate functions	TOTAL
EBITDA LIFO	2 363	440	128	-276	2 655
LIFO effect	526	-	-	-	526
EBITDA	2 889	440	128	-276	3 181
Depretiation	-353	-97	-73	-27	-550
EBIT	2 536	343	55	-303	2 631
EBIT LIFO	2 010	343	55	-303	2 105

Data before impairments of assets:
4Q16: PLN 0,2 bn, of which: PLN 0,3 bn reversal of impairment on Unipetrol refining assets and PLN (-) 0,1 bn regarding ORLEN Upstream assets in Poland and ORLEN Oil assets
4Q17: PLN (-) 0,1 bn regarding mainly upstream assets of ORLEN Upstream in Poland

EBITDA LIFO – split by segment

PLN m	4Q16	3Q17	4Q17	Δ (y/y)	12M16	12M17	Δ
Downstream	2 363	2 513	1 636	-31%	8 107	8 720	8%
Retail	440	610	491	12%	1 801	2 049	14%
Upstream	128	53	78	-39%	255	293	15%
Corporate functions	-276	-129	-183	34%	-751	-614	18%
EBITDA LIFO	**2 655**	**3 047**	**2 022**	**-24%**	**9 412**	**10 448**	**11%**

Data before impairments of assets:
4Q16: PLN 0,2 bn, of which: PLN 0,3 bn reversal of impairment on Unipetrol refining assets and PLN (-) 0,1 bn regarding ORLEN Upstream assets in Poland and ORLEN Oil assets
3Q17: PLN (-) 0,1 bn regarding mainly upstream assets of ORLEN Upstream in Poland
4Q17: PLN (-) 0,1 bn regarding mainly upstream assets of ORLEN Upstream in Poland
12M16: PLN 0,2 bn, of which: PLN 0,3 bn reversal of impairment on Unipetrol refining assets and PLN (-) 0,1 bn regarding ORLEN Upstream assets in Poland and ORLEN Oil assets
12M17: PLN (-) 0,2 bn regarding mainly upstream assets of ORLEN Upstream in Poland

Results – split by company

4Q17 PLN m	PKN ORLEN S.A.	Unipetrol [2)]	ORLEN Lietuva [2)]	Others and consolidation corrections	Total
Revenues	18 191	5 041	5 024	-3 522	24 734
EBITDA LIFO	1 167	211	344	300	2 022
LIFO effect [1)]	-571	-123	-29	-8	-731
EBITDA	1 738	334	373	308	2 753
Depreciation	338	139	19	166	662
EBIT	1 400	195	354	142	2 091
EBIT LIFO	829	72	325	134	1 360
Financial income	1 315	33	324	-939	733
Financial costs	-198	-79	-366	-82	-725
Net result	2 256	118	281	-1 021	1 634

1) Calculated as a difference between operating profit acc. to LIFO and operating profit based on weighted average
2) Presented data shows Unipetrol Group and ORLEN Lietuva results acc. to IFRS before taking into account adjustments made for PKN ORLEN consolidation

Data before impairments of assets:
4Q17: PLN (-) 0,1 bn regarding mainly upstream assets of ORLEN Upstream in Poland

ORLEN Lietuva Group

USD m	4Q16	3Q17	4Q17	∆ r/r	12M16	12M17	∆
Revenues	1 113	1 174	1 400	26%	3 607	4 541	26%
EBITDA LIFO	77	95	97	26%	279	290	4%
EBITDA	83	96	105	27%	258	308	19%
EBIT	79	91	99	25%	244	289	18%
Net result	95	72	78	-18%	238	244	3%

- Sales volumes in 4Q17 slightly above the level from 4Q16. Higher revenues reflect increase in products quotations due to crude oil price increase.
- Higher crude oil throughput and utilization increase by 7 pp (y/y) mainly due to favourable macroeconomic conditions. Fuels yield at the comparable (y/y) level of 76%.
- EBITDA LIFO higher by USD 20 m (y/y) mainly due to changes in sales structure and distribution channels (limitations on heavy refining fractions sales and seaborne sales as well as increase in sales of own production). Additionally positive impact of higher trading margins and positive impact (y/y) of net changes in revaluation of inventories to net realizable value at the negative effect of macroeconomic parameters.
- CAPEX 4Q17: USD 26 m / 12M17: USD 75 m

Data before impairments of assets:
3Q17 : USD (-) 2 m
4Q17: USD 0 m / 4Q16: USD (-) 3 m
12M17: USD (-) 1 m / 12M16: USD (-) 3 m

UNIPETROL Group

CZK m	4Q16	3Q17	4Q17	∆ r/r	12M16	12M17	∆
Revenues	26 466	30 904	30 544	15%	87 813	122 478	39%
EBITDA LIFO	3 312	3 414	1 282	-61%	10 186	14 860	46%
EBITDA	3 853	2 934	2 033	-47%	10 077	14 997	49%
EBIT	3 282	2 259	1 189	-64%	8 121	12 162	50%
Net result	4 185	1 539	716	-83%	8 037	8 687	8%

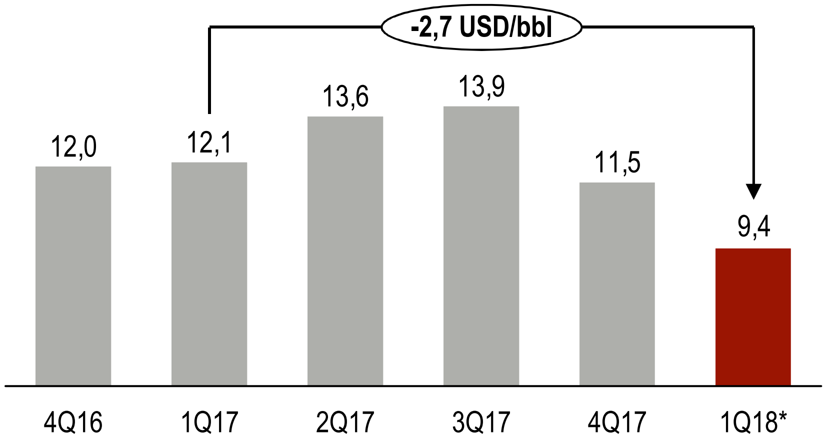
- Sales increase in 4Q17 by 7,5% (y/y) mainly of petchem products as a result of the full utilization of Steam Cracker in 4Q17. Higher revenues reflect increase in sales volumes and higher refining and petchem products quotations due to crude oil price increase.
- Utilization decrease by (-) 9 pp (y/y) in 4Q17 reflecting cyclical shutdown of refinery in Litvinov and unplanned shutdown of POX unit. Lower fuel yield by (-) 5 pp (y/y) reflecting the above mentioned effects and lack of need to maximize refining installations during the period of Steam Cracker shutdown.
- EBITDA LIFO in 4Q17 lower by CZK 2,0 bn (y/y) due to lower (y/y) compensation from insurers after ethylene production unit failure at the level of CZK (-) 1,8 bn (y/y) and negative impact of macroeconomic parameters in petchem products and trading margins at the higher sales volumes.
- CAPEX 4Q17: CZK 2 803 m / 12M17: CZK 7 541 m.

Data before impairments of assets:
3Q17: CZK 6 m
4Q17: CZK (-) 80 m / 4Q16: CZK 1 865 m
12M17: CZK (-) 78 m / 12M 17: CZK 1 852 m

Macro environment in 1Q18

Downstream margin decrease

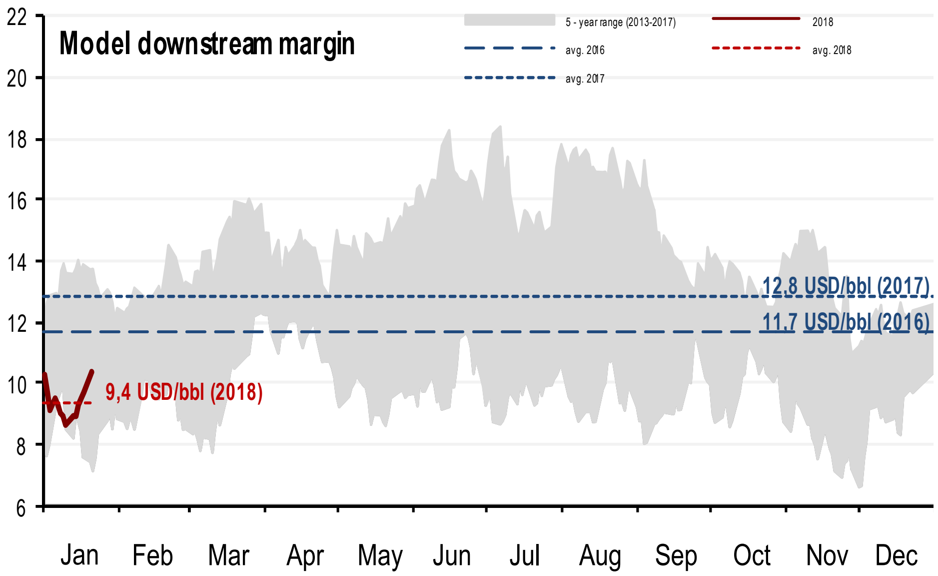
Model downstream margin, USD/bbl



Product slate of downstream margin

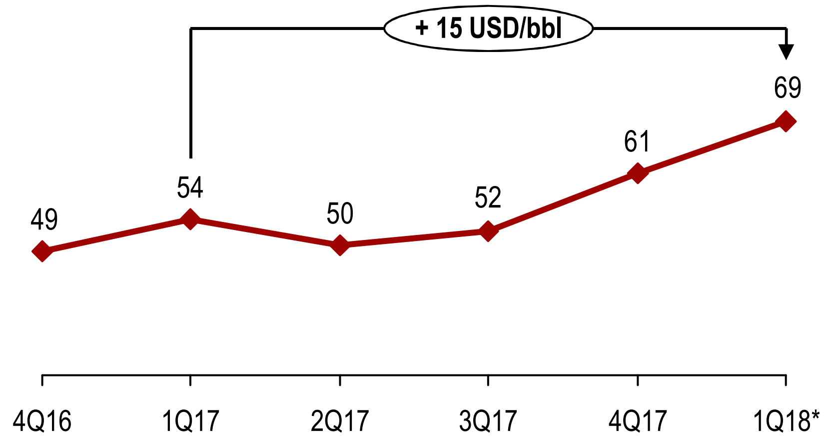
Crack margins

Refining products (USD/t)	1Q17	4Q17	1Q18*	∆ Q/Q	∆ Y/Y
Diesel	77	91	85	-7%	10%
Gasoline	142	139	125	-10%	-12%
HHO	-118	-130	-161	-24%	-36%
SN 150	151	289	200	-31%	32%
Petchem products (EUR/t)					
Ethylene	637	642	623	-3%	-2%
Propylene	442	477	478	0%	8%
Benzene	513	346	358	3%	-30%
PX	461	362	361	0%	-22%



Crude oil price increase

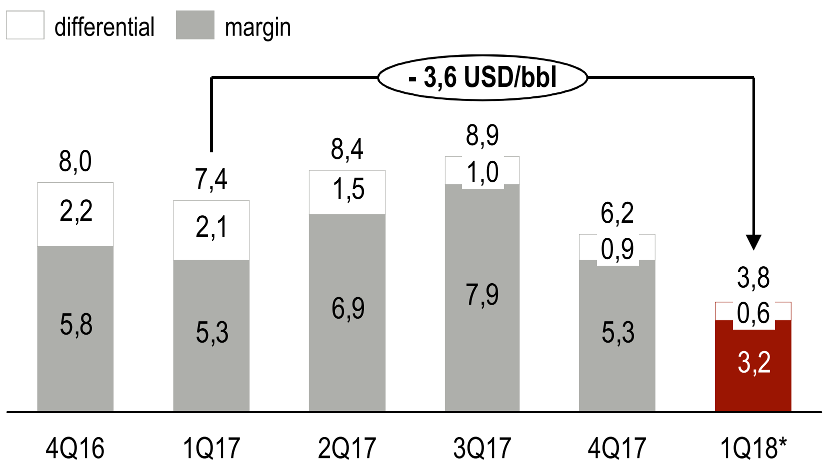
Average Brent crude oil price, USD/bbl



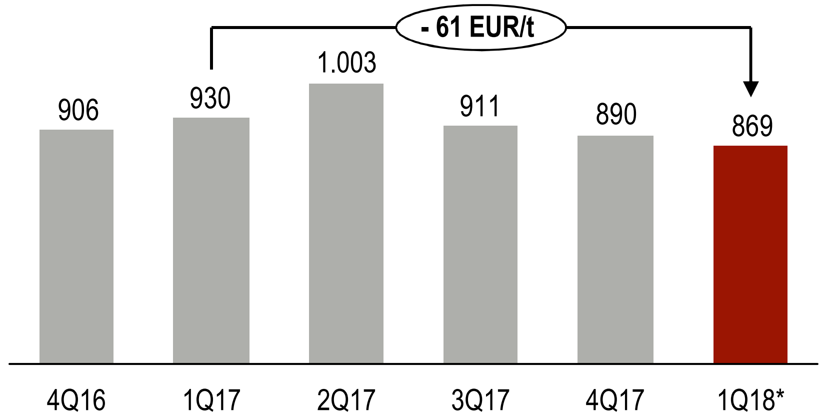
* Data as of 19.01.2018

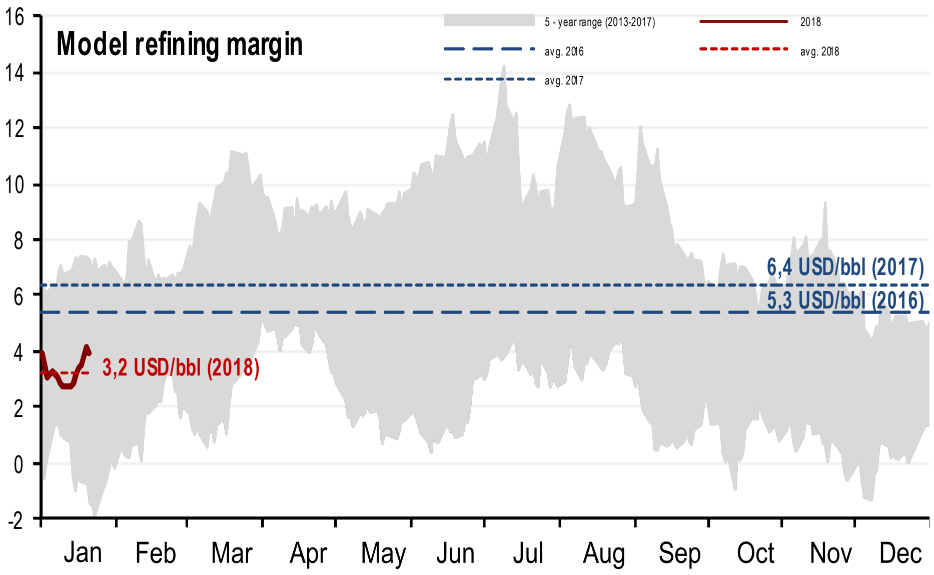
Macro environment in 1Q18

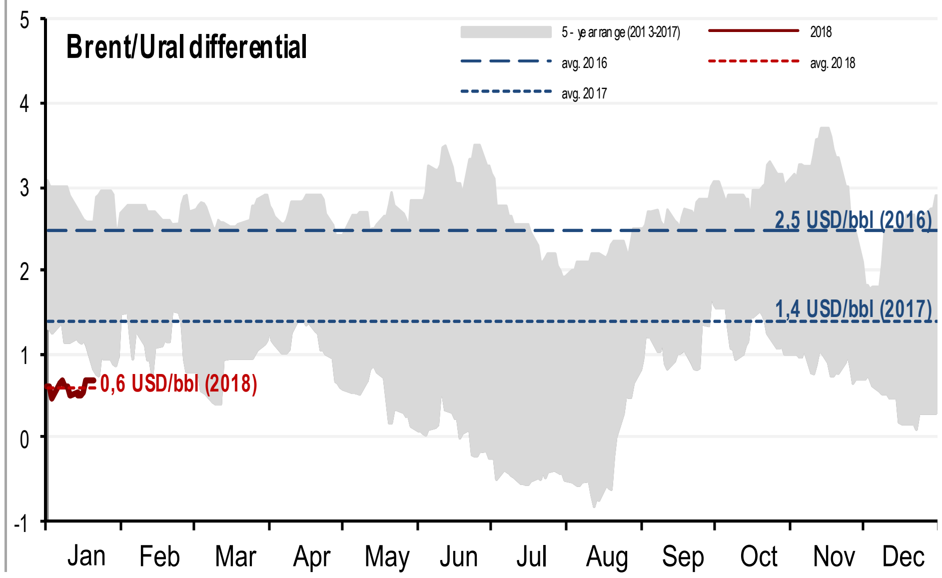
Refining margin and B/U differential decrease
Model refining margin and Brent/Ural differential, USD/bbl



Petrochemical margin decrease
Model petrochemical margin, EUR/t







* Data as of 19.01.2018

Production data

	4Q16	3Q17	4Q17	Δ (y/y)	Δ (q/q)	12M16	12M17	Δ
Total crude oil throughput in PKN ORLEN (kt)	8 308	8 966	8 746	5%	-2%	30 147	33 228	10%
Utilization	94%	102%	99%	5 pp	-3 pp	86%	94%	8 pp
Refinery in Poland [1]								
Processed crude (kt)	3 799	4 064	4 250	12%	5%	15 130	15 220	1%
Utilization	93%	100%	104%	11 pp	4 pp	93%	93%	0 pp
Fuel yield [4]	81%	81%	79%	-2 pp	-2 pp	79%	80%	1 pp
Light distillates yield [5]	32%	32%	30%	-2 pp	-2 pp	31%	32%	1 pp
Middle distillates yield [6]	49%	49%	49%	0 pp	0 pp	48%	48%	0 pp
Refineries in the Czech Rep.[2]								
Processed crude (kt)	1 956	2 120	1 770	-10%	-17%	5 422	7 894	46%
Utilization	90%	97%	81%	-9 pp	-16 pp	62%	91%	29 pp
Fuel yield [4]	80%	79%	75%	-5 pp	-4 pp	82%	79%	-3 pp
Light distillates yield [5]	33%	34%	35%	2 pp	1 pp	34%	35%	1 pp
Middle distillates yield [6]	47%	45%	40%	-7 pp	-5 pp	48%	44%	-4 pp
Refinery in Lithuania [3]								
Processed crude (kt)	2 483	2 703	2 656	7%	-2%	9 323	9 821	5%
Utilization	97%	106%	104%	7 pp	-2 pp	91%	96%	5 pp
Fuel yield [4]	76%	74%	76%	0 pp	2 pp	76%	75%	-1 pp
Light distillates yield [5]	30%	31%	31%	1 pp	0 pp	31%	30%	-1 pp
Middle distillates yield [6]	46%	43%	45%	-1 pp	2 pp	45%	45%	0 pp

1) Throughput capacity for Plock refinery is 16,3 mt/y
2) Throughput capacity for Unipetrol is 8,7 mt/y [Litvinov (5,4 mt/y) and Kralupy (3,3 mt/y)]
3) Throughput capacity for ORLEN Lietuva is 10,2 mt/y
4) Fuel yield equals middle distillates yield plus light distillates yield. Differences may occur from roundings
5) Light distillates yield is a ratio of gasoline, naphtha, LPG production excluding BIO and internal transfers to crude oil throughput
6) Middle distillates yield is a ratio of diesel, light heating oil (LHO) and JET production excluding BIO and internal transfers to crude oil throughput

Dictionary

Model downstream margin = revenues (90,7% Products = 22,8% Gasoline + 44,2% Diesel + 15,3% HHO + 1,0% SN 150 + 2,9% Ethylene + 2,1% Propylene + 1,2% Benzene + 1,2% PX) – costs (input 100% = 6,5% Brent crude oil + 91,1% URAL crude oil + 2,4% natural gas)

Model refining margin = revenues (93,5% Products = 36% Gasoline + 43% Diesel + 14,5% HHO) - costs (100% input: crude oil and other raw materials). Total input calculated acc. to Brent Crude quotations. Spot market quotations.

Spread Ural Rdam vs fwd Brent Dtd = Med Strip - Ural Rdam (Ural CIF Rotterdam).

Model petrochemical margin = revenues (98% Products = 44% HDPE + 7% LDPE + 35% PP Homo + 12% PP Copo) - costs (100% input = 75% Naphtha + 25% LS VGO). Contract market quotations.

Fuel yield = middle distillates yield + gasoline yield (yields calculated in relation to crude oil)

Working capital (in balance sheet) = inventories + trading receivables and other receivables – trading liabilities and other liabilities

Working capital change (in cash flow) = changes in receivables + changes in inventories + changes in liabilities

Gearing = net debt / equity calculated acc. to average balance sheet amount in the period

Net debt = (short-term + long-term Interest-bearing loans and borrowings)– cash

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