



**Financial results: FY 2006 (IFRS)  
and financial assumptions for the 2007 plan**

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*March 1st 2007*



**ORLEN**

## EBITDA increase of PKN ORLEN by 4% when excluding negative goodwill, even though it faced significant deterioration of the macroeconomic environment in 2006

### Key financial data in 2006<sup>1</sup>

m PLN	2005	2006	r/r [%]
	1	2	3=2/1
EBITDA	6 728	5 021	-25%
<b>EBITDA</b> ex. negative goodwill*	4 833	5 021	4%
Net profit <i>attributed to shareh. of the parent company</i>	4 578	2 330	-49%
<b>Net profit</b> <i>attributed to shareh. of the parent company</i> ex. negative goodwill*	2 683	2 330	-13%
<b>Cash flow from operations</b>	3 664	3 706	1%
<b>ROACE (%)<sup>2</sup></b>	21,8%	9,0%	-12,8p.p.
<b>Gearing (%)<sup>3</sup></b>	11,4%	27,5%	+16,1p.p.
<b>Optima Program</b>	-**	299	-

1) Refers to the PKN ORLEN Capital Group including Unipetrol, IFRS numbers in the presentation unless otherwise stated

2) ROACE = operating profit after tax / average capital employed (equity + net debt)

3) Gearing = net debt / equity

\* one-off effect of negative goodwill accounting in 2005 for 'other operating costs' of PLN 1 895 m

\*\* In 2005 there was another cost cutting program (KPRKO).



**ORLEN**

## Significant increase of fuels and petrochemical products volume sales was a result of positive effect of the expansion of both segments

### Key operating data in 2006

	2005		2006		y/y [%]	
	<i>PKN ORLEN mother company</i>	PKN ORLEN	<i>PKN ORLEN mother company</i>	PKN ORLEN	<i>PKN ORLEN mother company</i>	PKN ORLEN
	1	2	3	4	5=3/1	6=4/2
Wholesale fuels volume sales (kt) <sup>1,4</sup>	5 166	<b>8 491</b>	5 556	<b>9 703</b>	7,5%	14,3%
Petrochemical volume sales (kt) <sup>4</sup>	1 023	<b>3 249</b>	1 496	<b>4 863</b>	46,2%	49,7%
Retail volume sales (m litres) <sup>2</sup>	2 641	<b>4 495</b>	3 036	<b>5 268</b>	15,0%	17,2%
Crude oil throughput	12 569	<b>15 383</b>	13 612	<b>18 023</b>	8,3%	17,2%
Utilization ratio <sup>3</sup>	93,1%		<b>98,6%</b>		+5,5p.p.	-

1) Refers to gasoline, diesel, Jet, LHO

2) Refers to retail sales of gasoline, diesel, LPG

3) Refers to deep processing capacity at PKN ORLEN **13,5** m t/y in 2006 and **13,8** m t/y in 2006

4) Refers to PKN ORLEN mother company excluding export



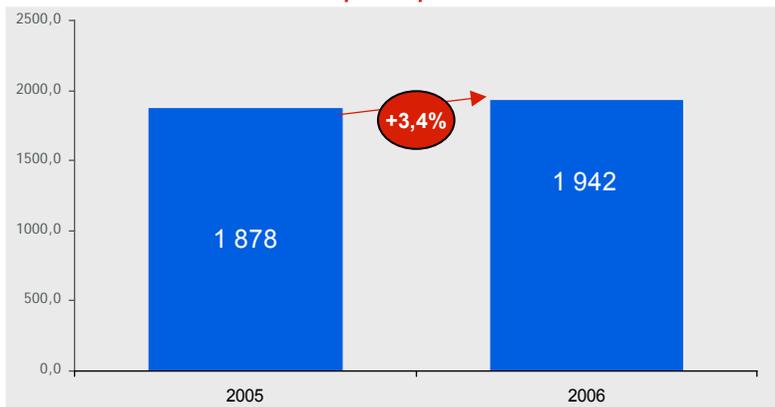
**ORLEN**

# The targets of an increase in EBITDA in 2006 and a decrease in fixed costs were executed as planned

## CAPEX (in PLN m) PKN ORLEN

Target 2006: PLN 2,7 bn

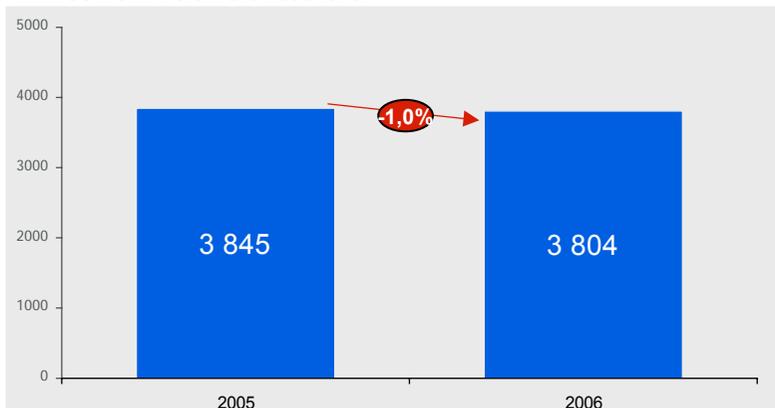
EXECUTION: Prioritization of capital expenditures.



## Fixed costs (in PLN m) PKN ORLEN (excluding Unipetrol)

Target 2006: below the 2005 level

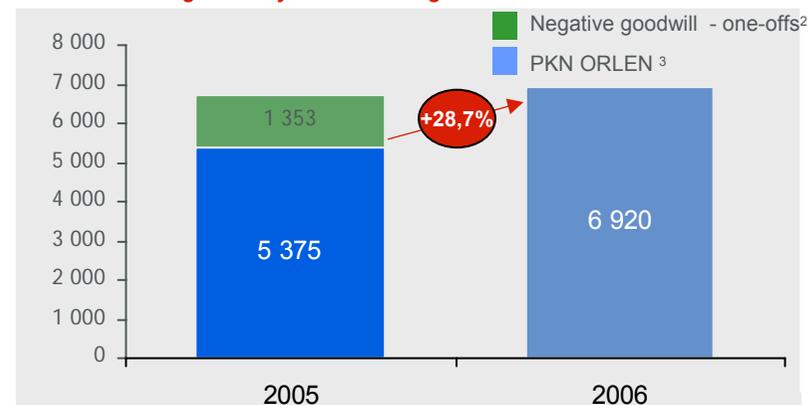
EXECUTION: Below the 2005 level



## EBITDA (in PLN m)<sup>1</sup> PKN ORLEN

Target 2006: > 15%<sup>1</sup>

EXECUTION: Significantly above the target



2) EBITDA 2005 adjusted by negative goodwill PLN 1 895 m and provision for business risk which includes provision to cover possible negative financial effects associated to agreements concerning the sale of some Unipetrol assets at a level of PLN 376 m and protection package provision PLN 166 m. Net adjustment of 2005 EBITDA at a level of PLN 1 353 m.

3) EBITDA in 2006 adjusted for one-off PLN 230 m associated with the Kaucuk divestment

<sup>1</sup> Based on the same market conditions – average 2004: crude oil Brent \$38.3/b, Brent/Ural differential \$4.1/b, refinery margin \$5.6/b, PLN/EUR 4.52; PLN/USD 3.65;



# Agenda

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## Financial plan assumptions for 2007

- Financial results FY 2006 – overview
- Supporting slides



## Further retail expansion and strengthening petrochemical position

### Main operational assumptions of PKN ORLEN mother company

### Target for 2007

• <b>Wholesale sales volume increase</b> <sup>1</sup> (gasoline, diesel, Jet, LHO)	<b>4%</b>
• <b>Retail sales volume increase</b> <sup>2</sup> (gasoline, diesel, LPG)	<b>8%</b>
• <b>Petrochemicals sales volume increase</b> <sup>1</sup>	<b>5%</b>
• <b>Crude throughput</b> <sup>3</sup>	<b>13.8 m ton</b>
• <b>Fuel consumption in Poland</b> <sup>4</sup>	<b>3.5%</b>
• <b>Main maintenance shutdowns, main production plant in Płock and Czech:</b>	
Płock: HDS III	<b>4 weeks; 1Q'2007</b>
Płock: HDS V	<b>4 weeks; 1Q'2007</b>
Płock: Hydro-craking	<b>6 weeks; 2Q'2007</b>
Płock: HDS I	<b>3 weeks; 3Q'2007</b>
Płock: HDS II	<b>4 weeks; 3Q'2007</b>
Płock: Hydrodesulphurization of Gudron	<b>5 weeks; 3,4Q'2007</b>
Česká Rafinérská	<b>8 weeks; H2'2007;</b>
CHEMOPETROL	<b>6 weeks; H2'2007</b>
PARAMO;	<b>3 weeks; H2'2007</b>

1) Volume increase at PKN ORLEN mother company excl. export.

2) Volume increase at PKN ORLEN mother company

3) Refers to deep processing capacity at PKN ORLEN – Płock refinery

4) Own estimates: gasoline, diesel and LPG consumption



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# Ongoing pro-efficiency and M&A activities in 2007 in accordance with PKN ORLEN Strategy

## Strategic actions for 2007 for PKN ORLEN

### Tier 1 of PKN ORLEN Strategy

Implement improvements and investments

- **Retail sales development plan** – ongoing implementation of retail restructuring, construction over 90 new sites (30 in new locations and over 60 as a general overhaul). We are aiming to manage over 300 BLISKA sites by the end of 2007.
- **Expansion of the refinery complex** – paraxial (PX) and terephthalic acid (PTA) installations program – above others, Diesel Desulphurization unit VII program as well as hydrocracking.
- **Cost reduction program OPTIMA** – as promised the effects of the program shall be seen in 2007 at the level of PLN 170 m.
- **Orlen Deutschland** - intensified implementation of restructuring program.

### Tier 2 & 3 of PKN ORLEN Strategy

Strengthening existing core business activities in home markets and following expansion opportunities on new markets

- **Divisional management** – implementation within the whole Capital Group (Unipetrol and Mazeikiu Nafta)
- **Unipetrol** – ongoing pro-efficiency activities of Partnership Program.
- **Upstream** – implementation of precise operation plan for upstream activity. Active search for upstream projects.
- **M&A** – monitor the M&A in the downstream sector in Europe
- **Capital Group restructuring** – ongoing divestment of non-core assets



# Agenda

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- **Financial plan assumptions for 2007**

## **Financial results FY 2006 – overview**

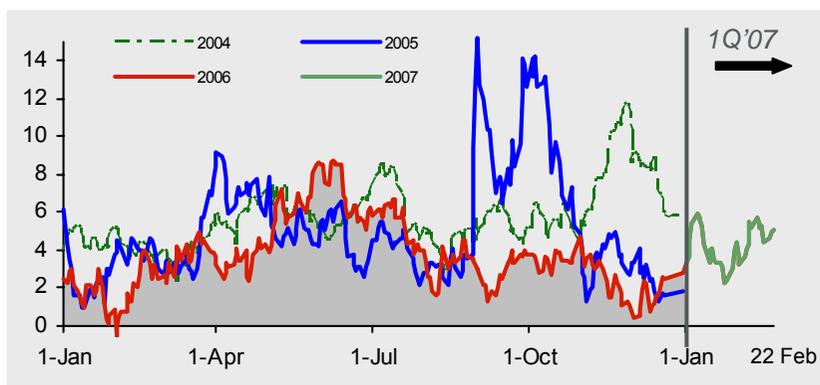
- **Supporting slides**



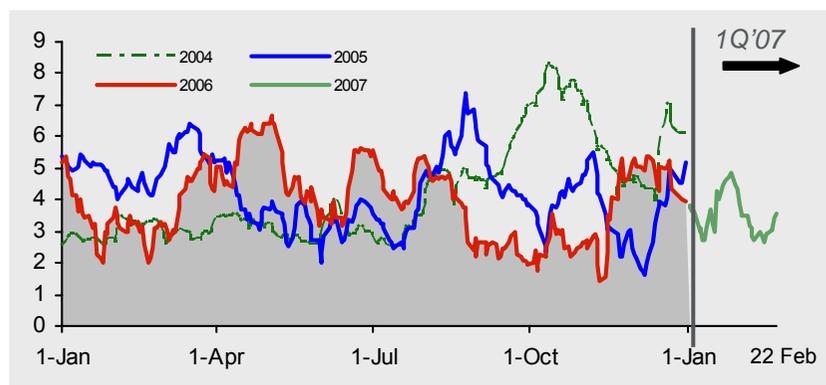
# Macroeconomic environment in 2006

Significant volatility of the external macro factors

**Refinery margin<sup>(1)</sup> \$3,7/b average in 2006**  
Decrease of 28% vs. 2005 \$5.11 /b



**Brent/Ural differential \$3,91/b average in 2006**  
Decrease of 6 % vs. 2005 \$4.15/b



**Brent \$65,12 /b average in 2006**  
Increase of 20% vs. 2005 \$54.57/b



**Key external economic factors**  
In 2005 – 2008 <sup>(2)</sup>

	2005A	2006A	2007E	2008E
Refining margin (\$/b)	5,11	3,70	4,10	4,27
Ural/Brent differential (\$/b)	4,15	3,91	3,00	3,00
Brent crude oil (\$/b)	54,57	65,15	38,25	40,25
Marża Etylene (\$/t)	507,2	594,6	433	440
Marża Propylene (\$/t)	476,0	547,8	356	367
PLN/USD	3,23	3,10	2,93	2,91
PLN/EUR	4,02	3,90	3,89	3,85

1) Estimates published in PKN ORLEN Strategy  
Calculated as: 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)

2) Estimates published in PKN ORLEN Strategy Update 2006-2009

## Transaction of Mazeikiu Nafta acquisition <sup>1,2</sup> (1/2)

Preliminary recognition of MN contribution to consolidated financial statement of PKN ORLEN after Q4'2006 presented as of March 1st 2007

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### Transaction of Mazeikiu Nafta<sup>1</sup> acquisition – summary of consolidation techniques

- For the purpose of consolidated financial statement published as of March 1st 2007 PKN ORLEN present stake in Mazeikiu Nafta as for 100%<sup>1</sup>, and as the Mazeikiu Nafta acquisition took place in December 15th 2006 PKN ORLEN recognizes in its consolidated balance sheet the consolidated balance sheet of Mazeikiu Nafta as for December 31<sup>st</sup> 2006.
- Due to immaterial impact on consolidated P&L of PKN ORLEN as for 2006 there is no recognition of Mazeikiu Nafta Group results for the period December 15th 2006 until December 31st 2006.
- Costs of acquisition outstripped stake of PKN ORLEN in fair value of identified net assets, liabilities and conditional liabilities of MN arise positive goodwill recognized in assets of the balance sheet as for December 31st 2006 in the initial amount of PLN 425 m.
- Due to above-mentioned initial value of purchased assets and liabilities of Mazeikiu Nafta, and arised positive goodwill, after final valuation is subject to change. It is committed to account for this transaction within 12 months in accordance with IFRS 3.

1) On 15 December 2006 PKN ORLEN purchased Mazeiku Nafta bearer shares, that are equal to 84,36% of the total number of shares issued by Mazeikiu Nafta. The acquisition was concluded based on the two agreements signed by PKN ORLEN: the agreement dated 26 May 2006 by which PKN ORLEN purchased 53,7022% of the total number of MN shares from z Yukos International UK B.V., and the agreement signed on 19 May 2006 by which the Government of Lithuania sold to PKN ORLEN 30,6615% of the total number of shares of MN. On 28 December 2006 Mazeikiu Nafta had merged Mažeikių Elektrine. Due to this fact the percentage of shares held by PKN ORLEN in MN decreased by 0,16%. Due to the sales option agreement signed by GoL and PKN ORLEN for the number of 70 750 000 MN shares and due to the mandatory tender offer for the MN shares owned by minority shareholders to the transaction (for the needs of 4Q 2006 financial statements) the financial liabilities have been identified, the minority capital had not been identified in reference to the MSR 32 „Financial instruments – disclosure and presentation”, points 22-23.

2) The final settlement of the transaction may also affect potential increase of the purchase costs connected with the works aiming towards final transaction settlement. After all the settlement processed are finished the final Mazeikiu Nafta value may differ from the number presented above.

# Transaction of Mazeikiu Nafta acquisition<sup>1,2</sup> (1/2)

## Preliminary disclosure in the PKN ORLEN consolidated financial results after 4Q 2006 released on March 1<sup>st</sup> 2007.

**Preliminary settlement of the acquisition of Mazeikiu Nafta in the PKN ORLEN books after 4Q 2006.**

*In PLN mln*

MN book value as od 31 December 2006	2 216
PKN ORLEN shares in the MN net assets <sup>1</sup>	100%
<b>MN net assets in reference to the fair value - preliminary assesed level</b>	<b>7 632</b>
<b>MN purchase price - Integration cost*</b>	<b>8 057</b>

**MN positive goodwill\* - preliminary assesed level** **425**

*\*Including PLN 1 296 986 th. of the financial liabilities identified according to the agreement concerning the sale option of Mazeikiu Nafta shares by the Government of Lithuania to the PKN ORLEN and to the mandatory tender offer of te minority shraholders and also costs of the concultancy services, business trips ect. in the amount of PLN 24047 th., that can be directly connected with this acquisition.*

- **Based on preliminary assets valuation PKN ORLEN has not included in Q4'06 consolidated statement the value of impairment test effect stemming from business combinations of PKN ORLEN and Mazeikiu Nafta.**
- **PKN ORLEN will carry out impairment test for the needs of FY2006 financial statement.**
- **Potential one off write – down due to impairment test will affect 2006 consolidated financial P&L statement of PKN ORLEN maximum up to the full amount of the goodwill – PLN 425 mln.**

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2) The final settlement of the transaction may also affect potential increase of the purchase costs connected with the works aiming towards final transaction settlement. After all the settlement processed are finished the final Mazeikiu Nafta value may differ from the number presented above.

## Simplified P&L account. Operating income in 2006 comparable on y/y even though refinery margin decreased by 28%

IFRS in m PLN	2005	Unipetrol effect 2006	2006	y/y [%]
	1	2	3	4=3/1
Revenues	41 188	13 050	52 870	28,4%
Operating profit	4 948	212	2 918	-41,0%
<b>Operating profit</b> excluding negative goodwill*	<b>3 053</b>		<b>2 918</b>	<b>-4,4%</b>
Net profit	4 638	26	2 406	-48,1%
<b>Net profit</b> excluding negative goodwill*	<b>2 743</b>		<b>2 406</b>	<b>-12,3%</b>
Net profit excluding minority shareholders	4 578	22	2 330	-49,1%
<b>Net profit excluding minority shareholders</b> excluding negative goodwill*	<b>2 683</b>		<b>2 330</b>	<b>-13,2%</b>

### Comments

- Revenues in 2006, excluding Unipetrol consolidation effect increase by almost 18%
- Increase of revenues associated with the increase of wholesale refinery products sales by 14.3%, and retail refinery product sales by 17.2% as well as increase of petrochemical products sales by 49.7% (y/y)

- Operating profit in 2006 on a comparable level of 2005 even though there were range of unfavorable events like:
  - decrease of refinery margin of 28%
  - decrease of Ural/Brent differential of 6%
  - strengthening of PLN vs. USD of 4%
 which all totally decreased results by over PLN 350 mln

\* One off-effect negative goodwill: 1 895 m PLN



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## Costs by kind .Costs increase due to the growth of business scale and relative low base of 2005 (7 months of Unipetrol consolidation in 2005)

IFRS, in m PLN	2005	Unipetrol effect 2006	2006	y/y [%]
	1	2	3	4=3/1
Raw materials and energy	20 742	7 812	28 878	39%
Costs of goods for resale	11 568	2 290	13 711	19%
External services	2 338	1 025	2 992	28%
Staff costs	1 267	457	1 512	19%
Depreciation and amortisation	1 780	854	2 103	18%
Taxes and charges	284	8	300	6%
Others	286	73	312	9%
<b>Total</b>	<b>38 265</b>	<b>12 519</b>	<b>49 808</b>	<b>30%</b>
Variable costs	33 458	10 666	44 151	32%
Fixed costs	4 807	1 853	5 657	18%
Other operating costs	1 091	477	887	-19%
Change in inventories, other payable and accrued expenses, internal costs	-756	66	-128	83%
<b>Total operating costs</b>	<b>38 600</b>	<b>13 062</b>	<b>50 567</b>	<b>31,0%</b>

### Comments

- Increase of variable and fixed cost due to full year consolidation of Unipetrol and higher price of feedstock
- Excluding Unipetrol fixed cost decrease of over 1%
- Increase of raw materials and energy and external services costs due to higher volume sales
- Higher depreciation as a result of higher assets based mainly in the petrochemical segment (increase of depreciation of over 55%)



**While performing in a very unfavourable macro environment operating profit of the comparable y/y proves the healthy growth of the PKN ORLEN Group (ex. negative goodwill)**

IFRS, in m PLN	2005	Unipetrol effect 2006	2006	y/y [%]
	1	2	3	4=3/1
<b>Operating profit, of which</b>	<b>4 948</b>	<b>212</b>	<b>2 918</b>	<b>-41,0%</b>
<i>negative goodwill*</i>	<b>1 895</b>			
<b>Operating profit ex. negative goodwill*</b>	<b>3 053</b>	<b>212</b>	<b>2 918</b>	<b>-4,4%</b>
<b>Refining<sup>1</sup></b>	<b>2 946</b>	<b>11</b>	<b>1 762</b>	<b>-40,2%</b>
<b>Petrochemical</b>	<b>709</b>	<b>277</b>	<b>842</b>	<b>18,8%</b>
<b>Chemical</b>	<b>149</b>	<b>-17</b>	<b>226</b>	<b>51,7%</b>
<b>Retail</b>	<b>78</b>	<b>14</b>	<b>573</b>	<b>634,6%</b>
<b>Others<sup>2</sup></b>	<b>-97</b>	<b>-73</b>	<b>32</b>	<b>-</b>
<b>Non-attributable<sup>3</sup></b>	<b>-732</b>		<b>-517</b>	<b>29,4%</b>

### Comments

Refinery segment under strong unfavorable macro pressure. Despite refinery margin decrease by 28% refinery segment results according LIFO is lower by 7% y/y

Retail segment result increase by over 630% due to sales volume increase in mother company by over 15% and efficiency improvement

- Petrochemical results increased by 18.8% e.g. due to Unipetrol consolidation and higher sales of olefins and polyolefin's
- Higher result of chemical segment due to improvement of main products sales y/y including: polyvinyl chloride increase by 33%, soda lye increase by 89%

1) Production, Wholesale and Logistics

2) Departments responsible for energetic media PKN ORLEN social activity, subsidiaries services and crude oil turnover

3) Position non-attributable includes corporate centre of PKN and subsidiaries not mentioned in previous segments, and also provision on the business risk associated with Unipetrol

\* Negative goodwill of Unipetrol amounted to PLN 1,895 th



## PKN ORLEN Group results significantly influenced by one-off elements Increase of operating income based on LIFO by 20,4%

m PLN	Q4'05	Q4'06	y/y [%]
	1	2	3=2/1
<b>EBIT (reported)</b>	444	<b>173</b>	-61,0%
<b>one-off elements (selected)</b>	<b>-258</b>	<b>-244</b>	
Kaucuk divestment		-230	
Orlen Deutschland provision	-124		
business risk provision	-21		
protection package provision	-113		
others		-14	
<b>EBIT (clean)</b>	702	<b>417</b>	-40,6%
<b>LIFO effect (pro-forma)</b>	<b>-45</b>	<b>-483</b>	
<b>EBIT LIFO</b>	748	<b>900</b>	20,4%

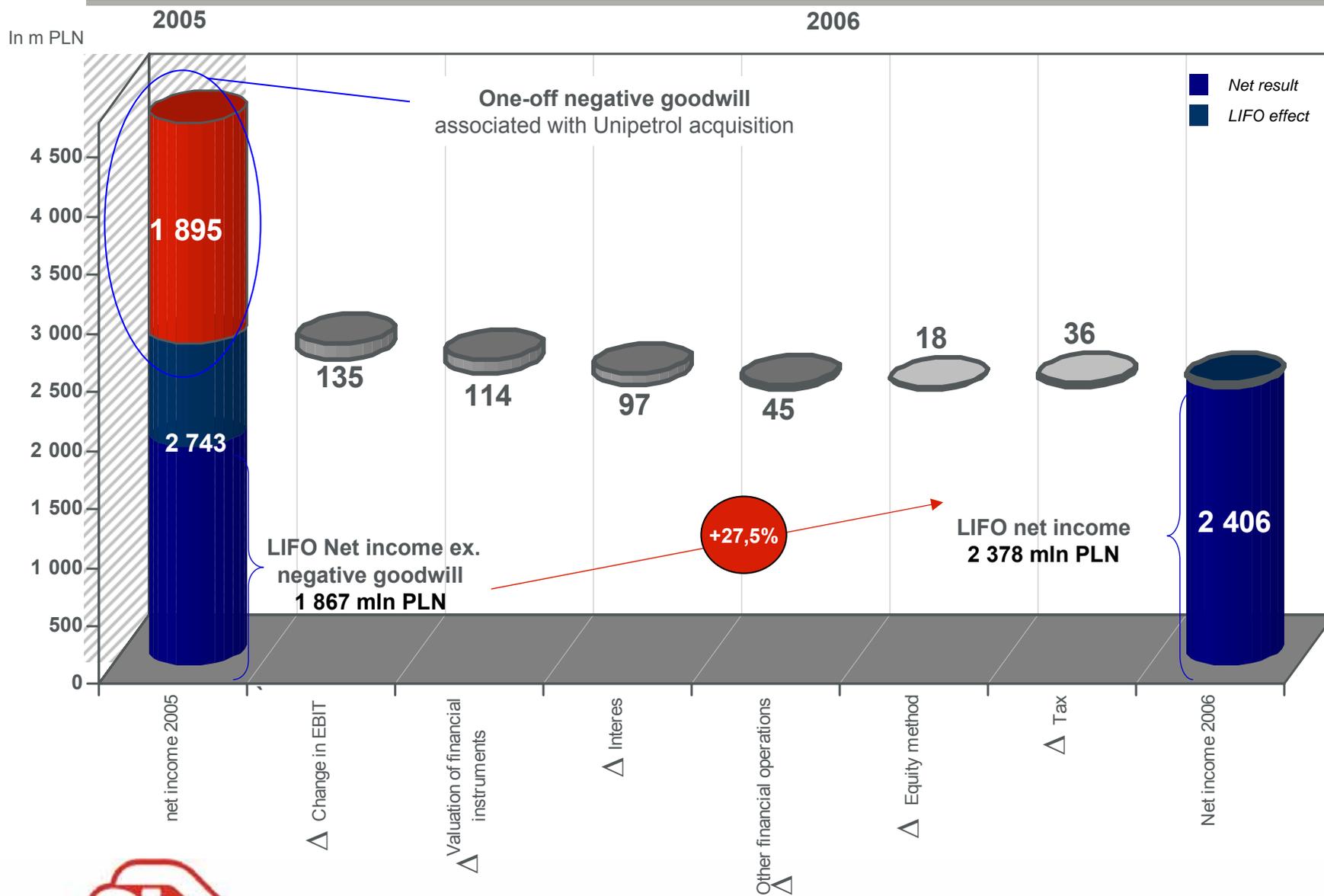
### Comments

- Accounting loss due to the asset lose of Kaucuk company and on consolidated operating result of ca. PLN 230 m. The difference comes from the difference between the sales price of Kaucuk – paid in cash by Dwory - EUR 195 m ( PLN 765 m) and the Kaucuk book value (as of December 31<sup>st</sup> 2006) on Unipetrol consolidated basis - ca. CZK 7.06 bn

- Provisions associated with the protection package in Q4'05 (PLN 113 m)
- ORLEN Deutschland – business risk provision – Q4'05 due to business restructurization



# Increase of clean LIFO net profit by over 27% y/y

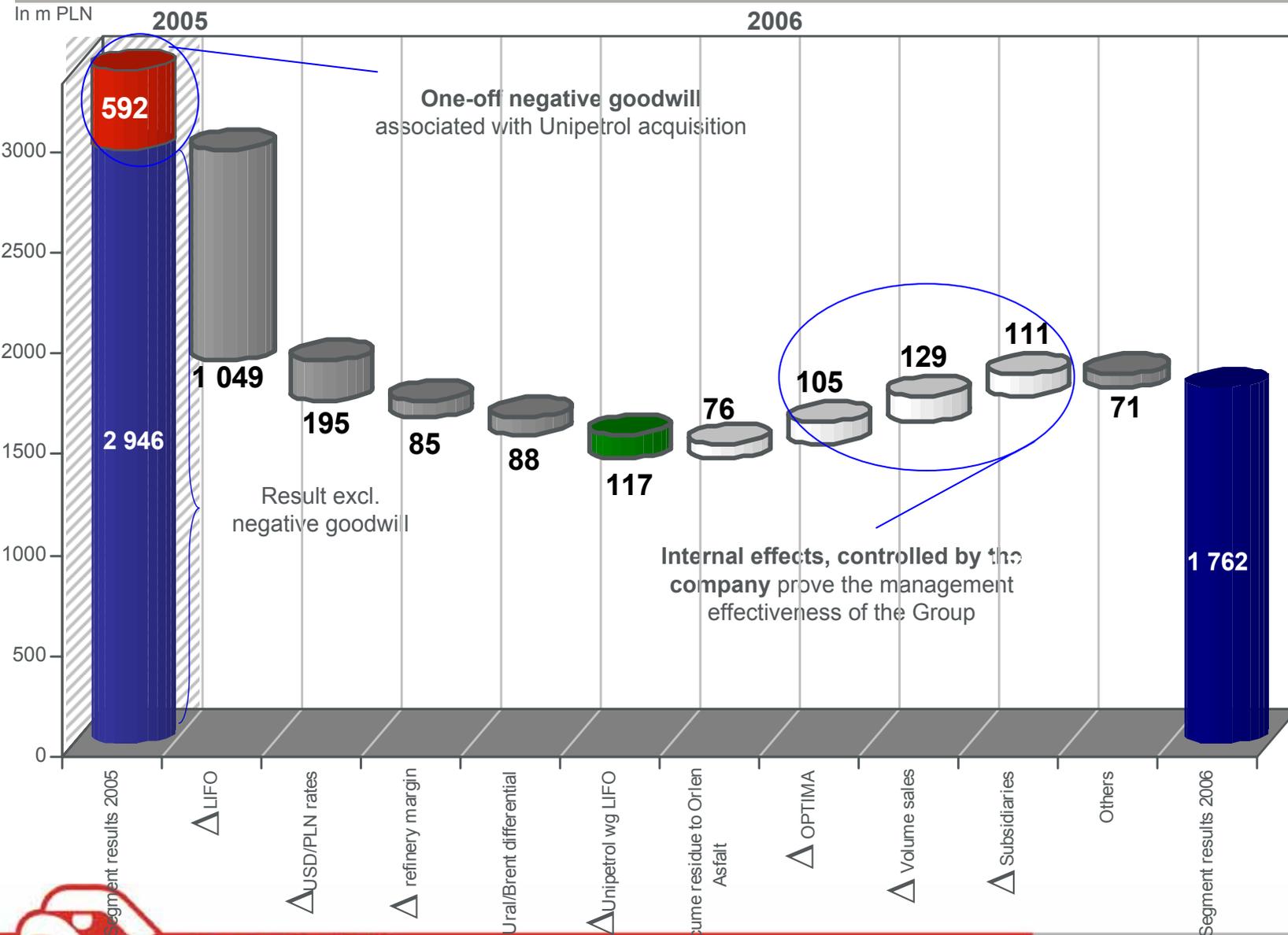


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\*Consolidation of Unipetrol assets is affected by one-off result on negative goodwill at a level of PLN 1 895 m attributed to the 2005 results

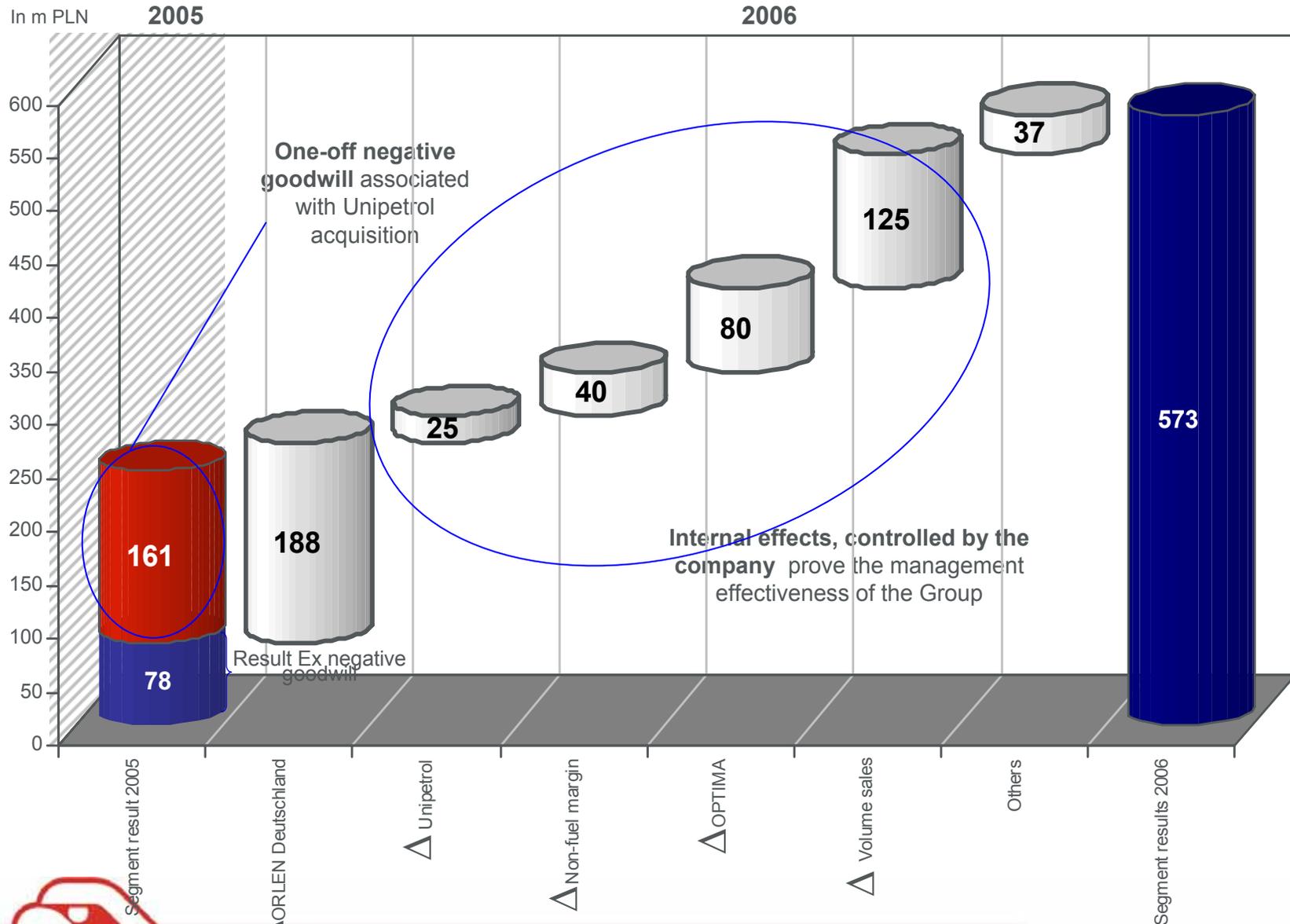
# Refining segment

Improvements of company operating proves the restructuring and pro-expansion activity



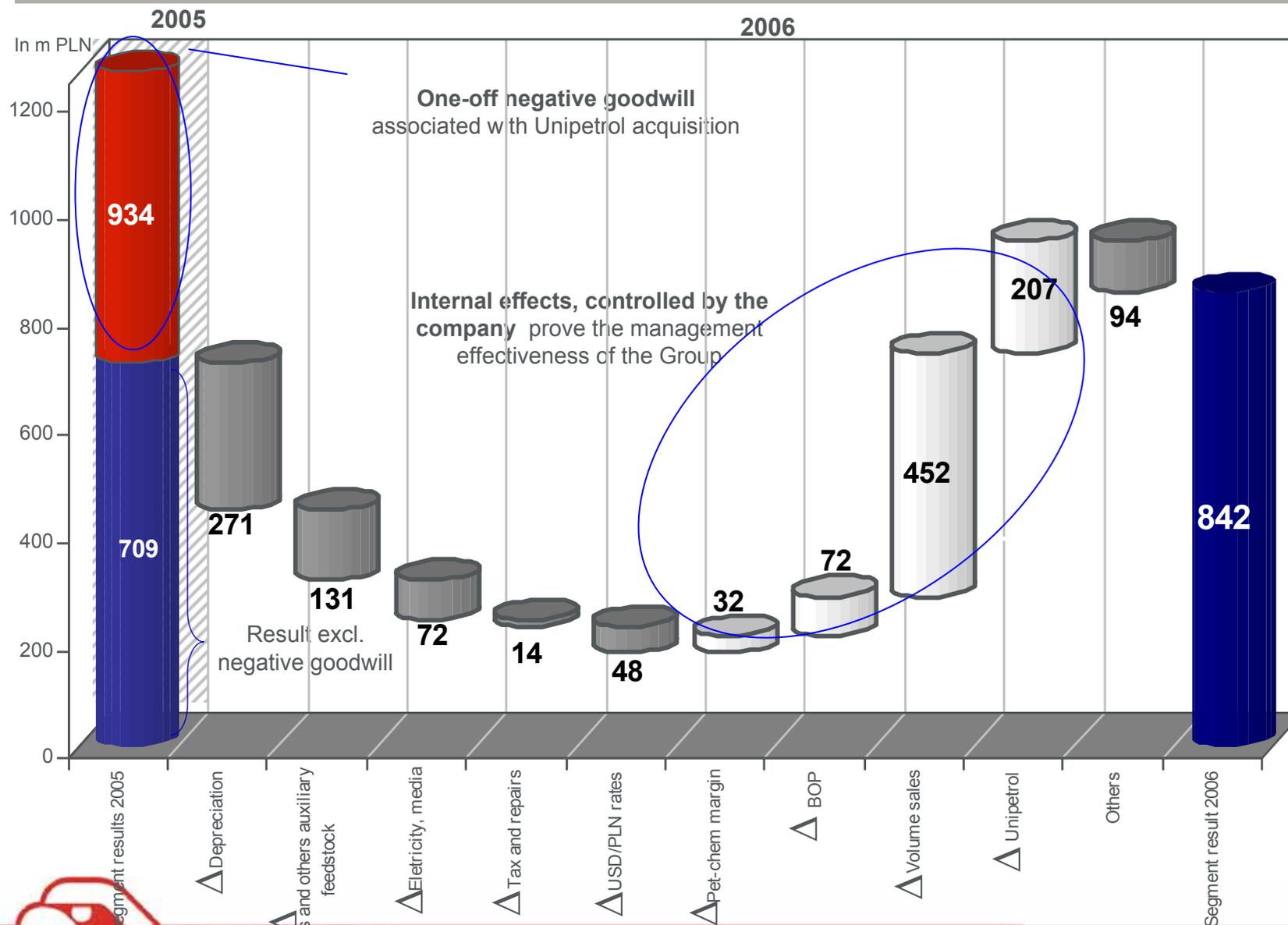
# Retail segment

More than 6 fold improvement of the segment operating result is a direct impact of its ongoing strategy



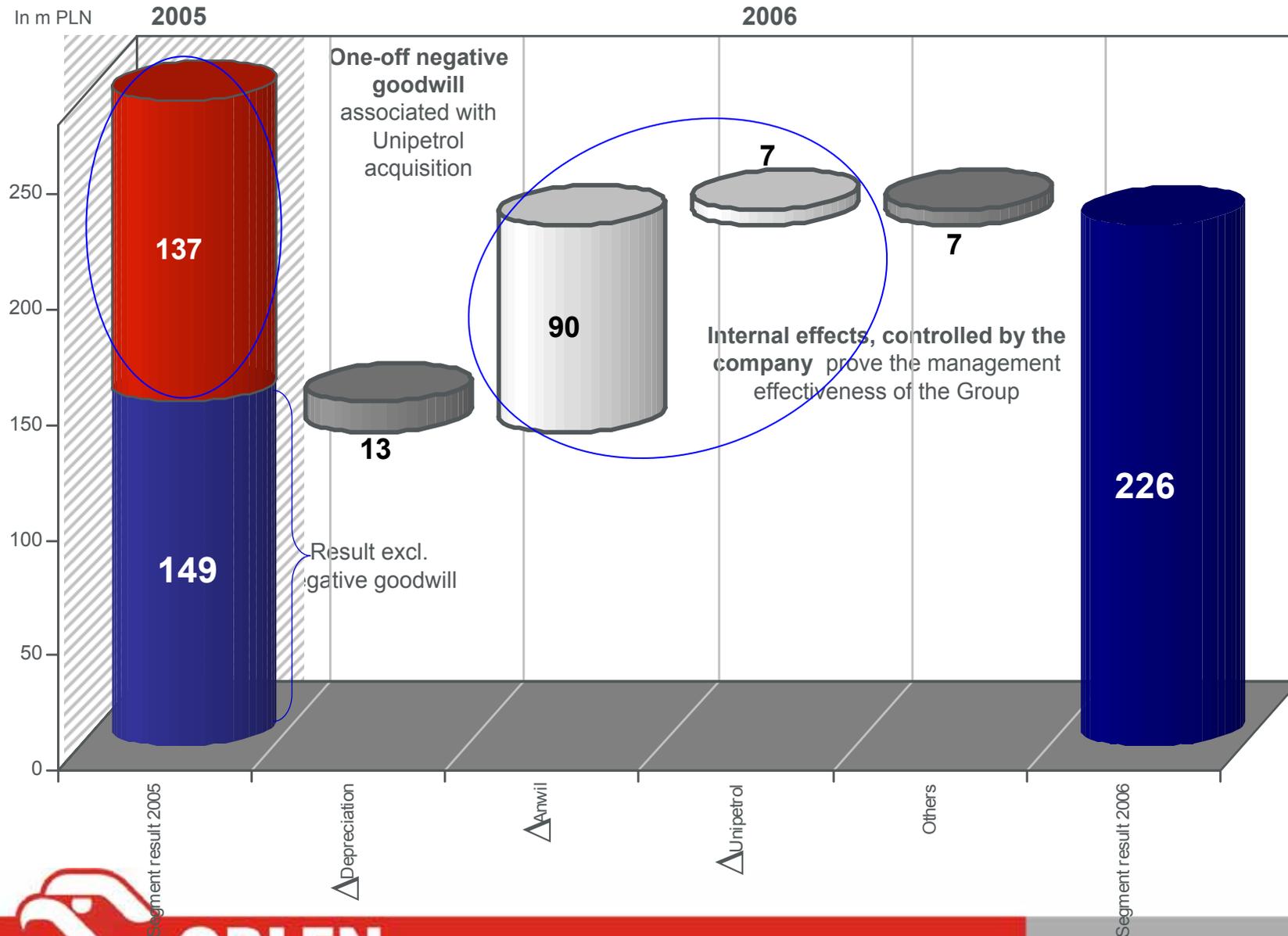
## Petrochemical segment

Over 20% increase of the segment result as a consequence of its expansion strategy



# Chemicals

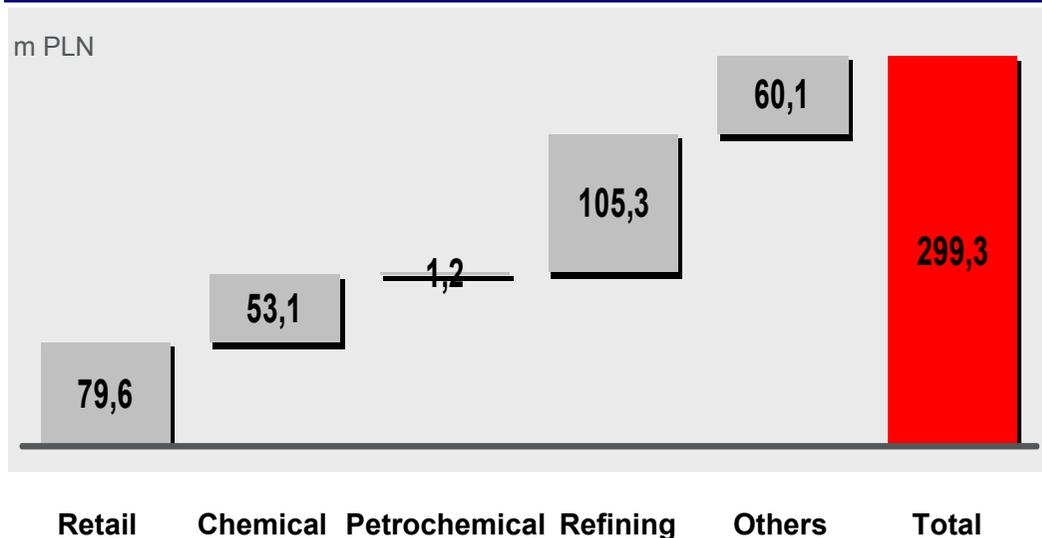
Significant improvement of segment performance by 50% y/y through its dynamic expansion



## Results of OPTIMA Program in 2006 by segments

### Achieved savings of over PLN 299 m – ca. 20% over the plan

Program realization and results in 2006 exceeded the expectations by PLN 49 m



- Progress in the majority of segments is at a satisfactory or very good (in refining and others) level
- Refining segment leads with the results.

### OPTIMA Program potential in 2009 – examples of major initiatives

- 32.7 PLN m – reconfiguration of chloride production technology (Anwil)
- 20.0 PLN m – increase of hydrosulfide yield on the HDS VI unit
- 10.0 PLN m – optimization in the use of recovered heat at the Hydrocracking and Olefin II units
- 5.4 PLN m – increase of efficiency in furfural unit



# Agenda

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- **Financial plan assumptions for 2007**
- **Financial results FY 2006 – overview**

## **Supporting slides**

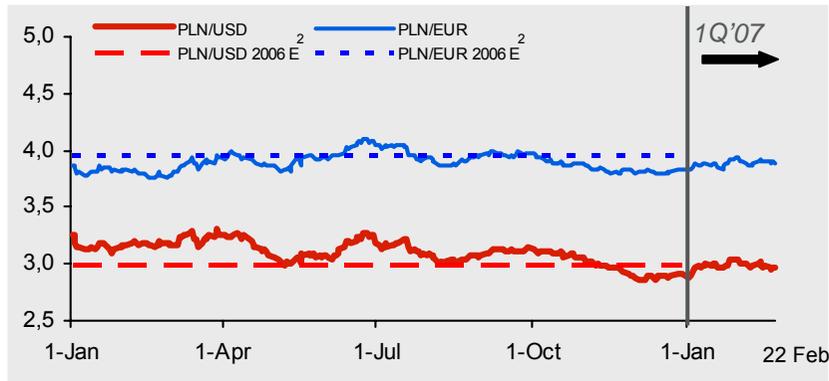
- **Characteristics of macroeconomic environment**
- **Financial and operating results Q4'2006**
- **Unipetrol**
- **ORLEN Deutschland**
- **Petrochemicals market – environment summary**



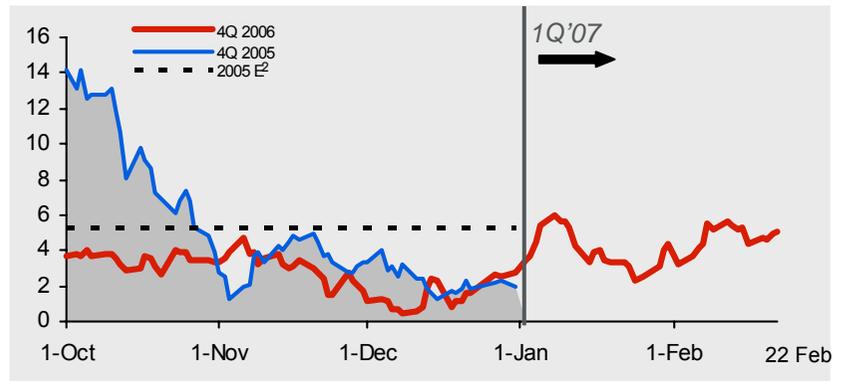
# Macroeconomic conditions

## 4Q'2006

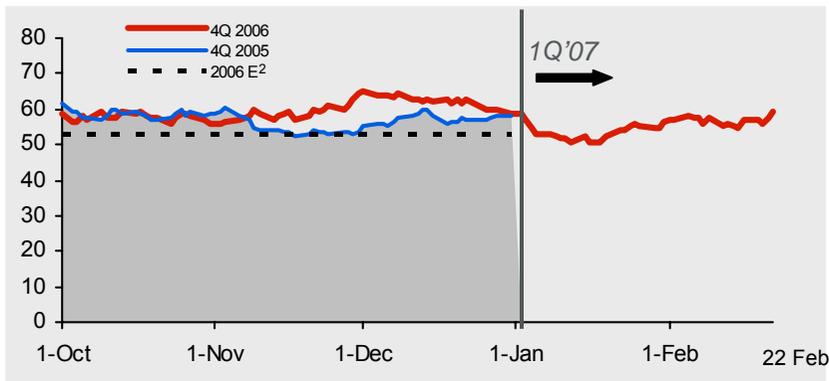
### Exchange rates<sup>1</sup>



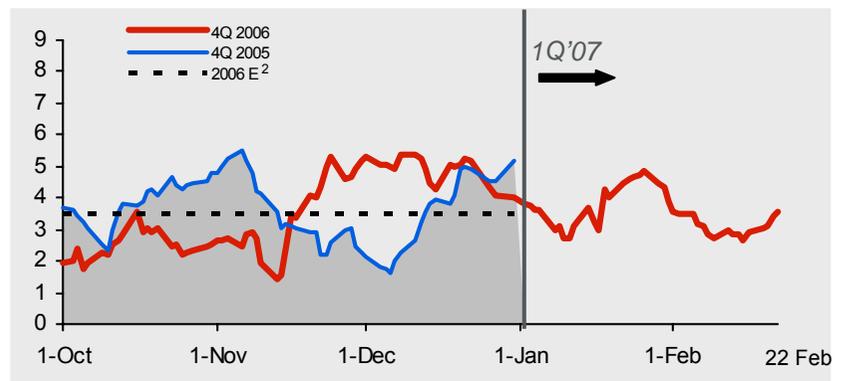
### Refinery margin 2,73 \$/b average in 4Q 2006<sup>3</sup> Decrease of 48% y/y vs. \$5,2/b



### Brent 59,60 \$/b average in 4Q 2006 Increase by 5% y/y vs. \$56,89/b



### Brent/Ural differential 3,56 \$/b average in 4Q 2006 Decrease by 2% y/y vs. \$3,63/b



1) Source: NBP (Polish National Bank)

2) Estimates published in PKN ORLEN Strategy

3) Calculated as: 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)



## Simplified P&L account

Set of one – off elements and unfavourable macro conditions in Q4'2006

IFRS, PLN m	Q4'2005	Q3'2006	Unipetrol effect Q4'2006	Q4'2006	change y/y [%]	change q/q [%]
	1	2	3	4	5=4/1	6=4/2
<b>Revenues</b>	<b>11 353</b>	<b>14 879</b>	<b>3 141</b>	<b>13 115</b>	15,5%	-11,9%
<b>Operating profit</b>	<b>444</b>	<b>1 179</b>	<b>-258</b>	<b>173</b>	-61,0%	-85,3%
<b>Net profit</b>	<b>399</b>	<b>1 037</b>	<b>-272</b>	<b>76</b>	-81,0%	-92,7%
<b>Net profit ex minority shareholders</b>	<b>365</b>	<b>1 026</b>	<b>-280</b>	<b>146</b>	-60,0%	-85,8%

### Comments

- Revenue increase as a result of higher crude oil prices by 5% and better refinery product sales by almost 10%
- Negative impact of Unipetrol consolidation due to revaluation of book value to the fair value of Kaucuk company adjusted by sales cost PLN -230 m
- Operating profit decreased by one-off item due to unplanned maintenance shutdown of refinery and petrochemical units in PKN ORLEN and Unipetrol
- Net profit LIFO in Q4'2006 at a level of PLN 465 m increase form PLN 436 m



## Operating costs

While increasing the scale of operations decrease of fixed costs y/y

IFRS, PLN m	Q4'05	Q3'06	Unipetrol effect Q4'06	Q4'06	y/y [%]	q/q [%]
	1	2	3	4	5=4/1	5=4/2
Raw materials and energy	6 404	6 541	1 607	6 985	9%	7%
Costs of goods for resale	3 076	3 387	823	3 831	25%	13%
External services	799	633	279	795	-1%	26%
Staff costs	378	343	134	403	7%	17%
Depreciation and amortisation	619	532	286	540	-13%	2%
Taxes and charges	61	62	2	62	2%	0%
Others	73	68	15	111	52%	63%
<b>Total</b>	<b>11 410</b>	<b>11 566</b>	<b>3 146</b>	<b>12 727</b>	<b>12%</b>	<b>10%</b>
Variable costs	9 688	10 368	2 583	11 039	14%	6%
Fixed costs	1 722	1 198	563	1 688	-2%	41%
Other operating costs	403	121	373	514	28%	325%
Change in inventories, other payable and accrued expenses, internal costs	-730	388	-12	-60	-92%	-115%
<b>Total operating costs</b>	<b>11 083</b>	<b>12 075</b>	<b>3 507</b>	<b>13 181</b>	<b>14.5%</b>	<b>11.0%</b>

### Comments

- Dynamic increase of variable costs lower than revenue increase
- Fixed cost decrease in PKN ORLEN Group by 2%
- Raw materials and energy and external service increase as a result of higher sales volume
- Higher depreciation in Q4'2005 as a result of assets base revaluation in Unipetrol



## Operating profit of Group petrochemical and retail segments leading the positive results after excluding the one-off events

IFRS, in m PLN	Q4'05	Q3'06	Unipetrol effect Q4'06	Q4'06	y/y [%]	q/q [%]
	1	2	3	4	5=4/1	6=4/2
<b>Operating profit , of which</b>	444	1 179	-258	<b>173</b>	-61,0%	-85,3%
<b>Refining<sup>1</sup></b>	404	917	-155	<b>-3</b>	-100,7%	-
<b>Petrochemical</b>	151	211	-79	<b>82</b>	-45,7%	-61,1%
<b>Chemical</b>	124	57	-10	<b>83</b>	-33,1%	45,6%
<b>Retail</b>	-25	187	18	<b>182</b>	-828,0%	-
<b>Others<sup>2</sup></b>	-120	-15	-32	<b>-10</b>	91,7%	33,3%
<b>Non-attributable<sup>3</sup></b>	-90	-178		<b>-162</b>	-79,4%	9,3%

### Comments

- Refinery segment under strong external pressure. Segment result in refining in LIFO basis at a level PLN 480 m increase by 7%
- Excellent result in retail due to effects of implement strategy and cost discipline in OPTIMA programe

- Petrochemical segment result affected by one-off item – Kaucuk sale. Excluding this effect result at a level of PLN 312 m.
- Chemical result lower due to loose on consolidated level of Unipetrol subsidiaries

1) Production, Wholesale and Logistics

2) Departments responsible for energetic media PKN ORLEN social activity, subsidiaries services and crude oil turnover

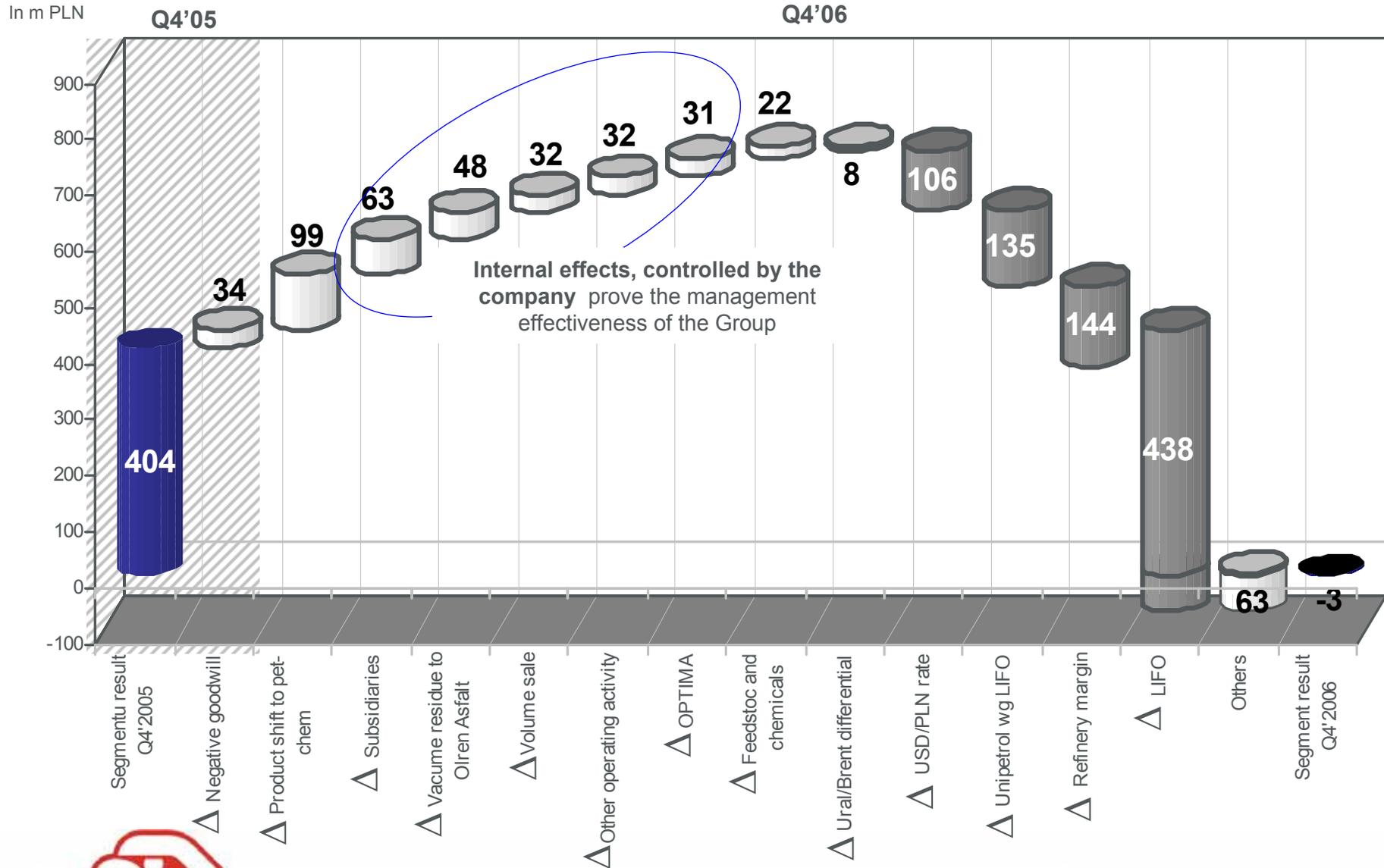
3) Position non-attributable includes corporate center of PKN and subsidiaries not mentioned in previous segments, and also provision on the business risk



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# Refining segment

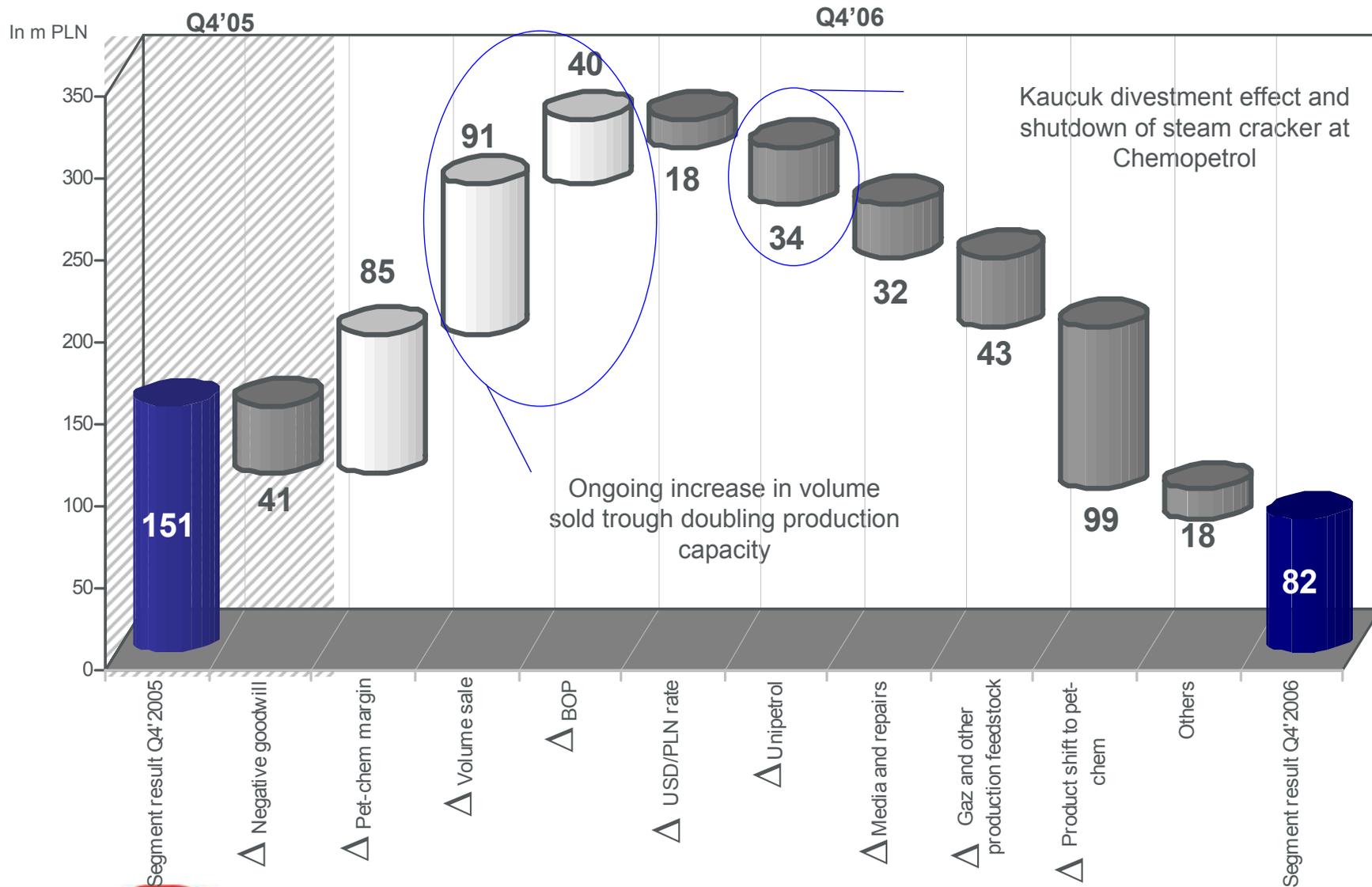
Macroeconomic environment elements depressed the result





# Petrochemical segment

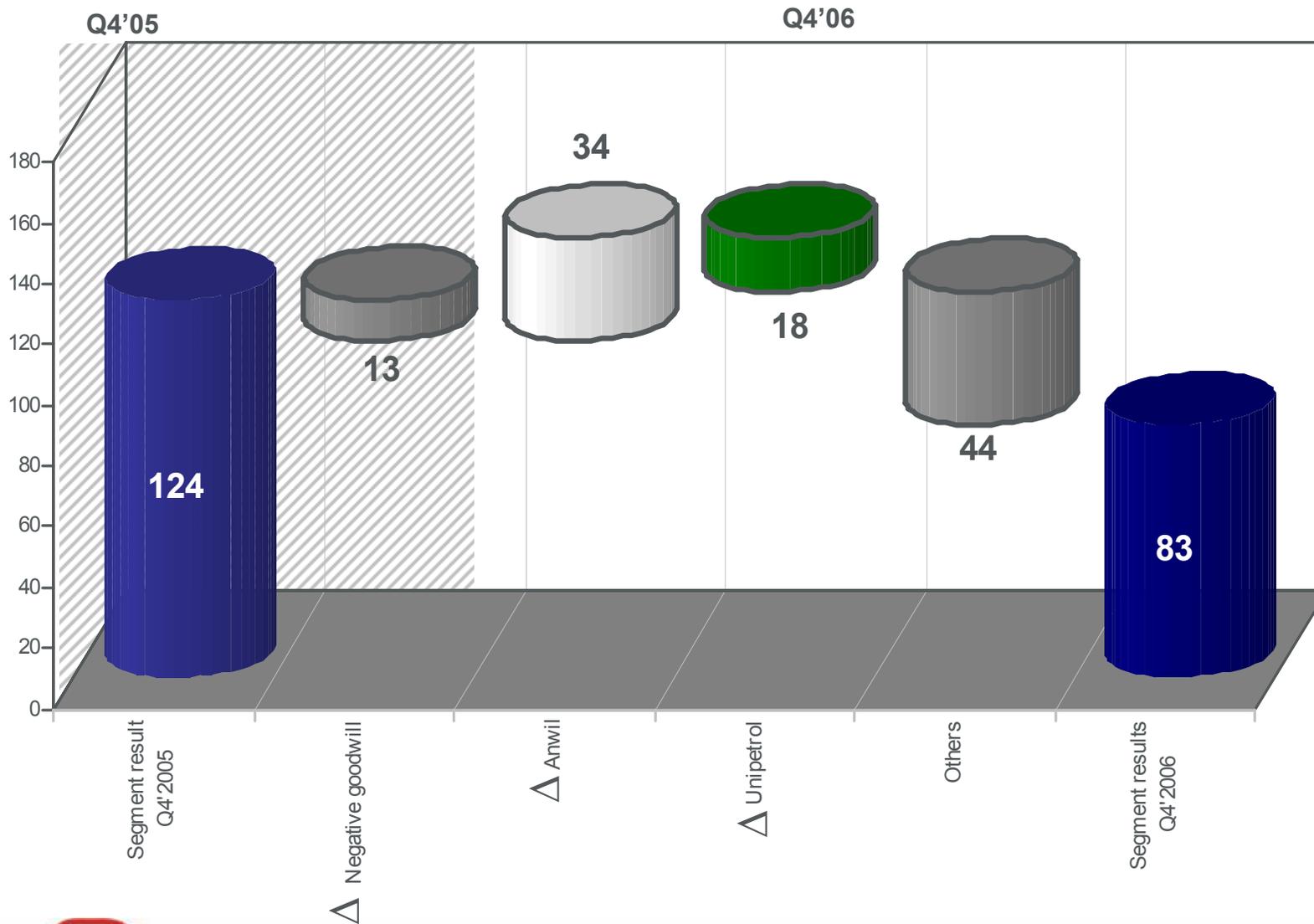
Visible increase in volume sold was the key to the segment result increase



# Chemical segment

## Radical improvement of efficiency.

m PLN



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# Operating data 2006 vs 2005

Visible increase of crude throughput at PKN ORLEN Group

Selected operating data	2005	2006	y/y [%]
<b>Rafinery - Poland <sup>1</sup></b>			
Crude oil troughput (tys.t)	12 569	13 612	8%
Utilization ratio	93,1%	98,6%	+5'5pp
White product yeald	79,8%	78,1%	-1,7pp
Fuel yeald	68,1%	62,8 %	-5,3pp
<b>Rafinery - Czech <sup>2</sup></b>			
Crude oil troughput (tys.t)	4 151	4 281	3%
Utilization ratio	74,9%	77,1%	+2,2pp
White product yeald	70,8%	72,8%	+2,0pp
Fuel yeald	56,2%	57,8%	+1,7pp
<b>Rafinery in Lithuania <sup>3</sup></b>			
Crude oil troughput (tys.t)	9 196	8 028	-13%
Utilization ratio	90,0%	78,5%	+11,5pp
White product yeald	72,5%	68,5%	-4,0pp

1) Plock refinery 13,5 mt/y w 2005 And 13,8 mt/y in 2006

2) Ceska Rafinerska [51% Litvinov (2,8mt/y) and 51% Kralupu (1,7mt/y) ] and 100% Paramo (1,0 mt/y): Total 5,5 mt/y

3) Mazeikiu Nafta 10 mt/y



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# Unipetrol Group

## Selected financial data for Q4'06 vs. Q4'05 (1/2)

### Preliminary financial results of main subsidiaries of Unipetrol a.s.

IFRS in CZK m	2005	2006	Q4'05	Q4'06	2006 y/y	Q4'06 y/y
<b>Chemopetrol a.s.</b>						
Revenues	31 103	<b>33 306</b>	7 694	<b>7 538</b>	7,1%	-2,0%
EBIT	3 144	<b>3 396</b>	744	<b>659</b>	8,0%	-11,4%
Net result	2 616	<b>2 362</b>	671	<b>562</b>	-9,7%	-16,2%
<b>Benzina a.s.</b>						
Revenues	6 299	<b>7 810</b>	1 673	<b>2 013</b>	24,0%	20,3%
EBIT	-9	<b>332</b>	24	<b>203</b>	-	745,8%
Net result	-499	<b>-140</b>	-137	<b>107</b>	71,9%	-
<b>Ceska Rafinerska a.s. (100%)</b>						
Revenues	9 293	<b>9 256</b>	2 421	<b>2 330</b>	-0,4%	-3,8%
EBIT	468	<b>332</b>	66	<b>-30</b>	-29,1%	-145,5%
Net result	326	<b>241</b>	39	<b>-23</b>	-26,1%	-159,0%
<b>Unipetrol Rafinerie a.s.</b>						
Revenues	56 888	<b>61 935</b>	15 776	<b>16 722</b>	8,9%	6,0%
EBIT	978	<b>673</b>	545	<b>-146</b>	-31,2%	-126,8%
Net result	578	<b>643</b>	417	<b>-23</b>	11,2%	-105,5%

### Comments

- Chemopetrol results in 2006 are the best in the company history. Main factors that impacted such good results are: full utilization of production capacity, excellent market conditions for company products and favourable exchange rate.
- In the beginning of 2006, BENZINA developed a brand new business strategy that focused on improving \_\_\_ the offer along all the attributes. A new organization, new customers standards (more than 50 dealers was changed), a new brand concept, more flexible pricing policy and the successful promotion actions together with stabilized situation in the Czech retail fuel market brought the best retail results since 2001 (measured by EBIT).
- Market situation in 2006 for Unipetrol Rafinerie was very similar to the previous year \_\_\_ because of similar factors impact.
- Brent dated high average price in 2005 - USD 54,55/bbl while in 2006 it reached 65,15 USD/bbl.
- NRU (Refinery margins) 2006 was weaker (USD 5,98/bbl) than NRU 2005 - USD 7,40/bbl (6,34 when Katrina impact is excluded)
- High level of Unipetrol Rafinerie capacity utilization (3 719 kt)
- High stocks level in the 3rd and 4th quarter, no impact of hurricanes against energy sector and lower global economic growth made a market situation calm.
- Effect of listed factors was reduced especially by new geopolitical tensions (Russian natural gas supplies problem, Middle East conflict, Iranian nuclear programme, North Korea activities, long-term troubles in Nigeria etc.).



# Unipetrol Group

## Selected financial data for Q4'06 vs. Q4'05 (2/2)

### Preliminary financial results of main subsidiaries of Unipetrol a.s.

IFRS in CZK m	2005	2006	Q4'05	Q4'06	2006 y/y	Q4'06 y/y	Comments
<b>Kaucuk a.s.</b>							<ul style="list-style-type: none"> <li>Kaučuk had one of the best result in its history despite the European commission fine. High profit was due to favourable market prices of SBR, expandable polystyrene and butadiene. Kaučuk utilized its maximum capacity of production.</li> </ul>
Revenues	10 395	<b>11 335</b>	2 458	<b>2 779</b>	9,0%	13,1%	
EBIT	536	<b>975</b>	54	<b>308</b>	81,9%	470,4%	
Net result	439	<b>723</b>	186	<b>209</b>	64,7%	12,4%	
<b>Paramo a.s. (100%)</b>							<ul style="list-style-type: none"> <li>2006 was an excellent year for Paramo with a net profit m CZK due to substantial commercial and operational improvement compared to 2005</li> <li>Refinery segment: excellent performance during especially in H2 2006, good results for diesel and virgin naphtha during H2 2006 because of high inland premium (decrease of crude oil price with maintained favourable selling prices)</li> <li>Lubricants and bitumen: substantial improvement of unit margins in lubricants and bitumen due to increase of selling prices in Q3 2006. Volume of bitumen supported by construction works (motorway, infrastructure) in the Czech republic.</li> <li>Substantial improvement of financial situation and decrease of net indebtedness due to strong 2006 cashflow.</li> </ul>
Revenues	11 073	<b>11 815</b>	3 265	<b>3 170</b>	6,7%	-2,9%	
EBIT	-103	<b>302</b>	-37	<b>113</b>	-	-	
Net result	-207	<b>267</b>	-54	<b>96</b>	-	-	
<b>Spolana a.s. (100%) as at 13.11.2006</b>							
Revenues	5 758	<b>5 325</b>	1 491	<b>na</b>	-7,5%	-	
EBIT	292	<b>225</b>	124	<b>na</b>	-22,9%	-	
Net result	183	<b>139</b>	97	<b>na</b>	-24,0%	-	



# Unipetrol Group

## Financial and operational results for Q4'06 and 2006

Preliminary consolidated financial highlights of Unipetrol a.s. for Q4'06 and 2006

IFRS, in CZK m	31/12/2005	31/12/2006			[%]	
	1	2	3	4	5=2/1	
<b>Equity</b>	39 696	<b>41 182</b>	-	-	3,7%	-
<b>Total assets</b>	76 442	<b>71 920</b>	-	-	-5,9%	-

IFRS, in m CZK	2005	2006	Q4'05	Q4'06	2006 y/y [%]	Q4'06 r/r [%]
	1	2	3	4	5=2/1	6=4/3
<b>Revenues</b>	80 946	<b>94 591</b>	14 387	<b>22 782</b>	16,9%	58,4%
<b>EBIT</b>	5 279	<b>3 565</b>	1 435	<b>-916</b>	-32,5%	-163,8%
<b>Net profit</b>	3 429	<b>1 621</b>	1 118	<b>-1 195</b>	-52,7%	-206,9%



# Unipetrol Group

## Selected financial data in 2005-2006

### Selected operational highlights for Q1'05 to Q4'06

Operational data*	2004	Q1'05	Q2'05	Q3'05	Q4'05	2005	Q1'06	Q2'06	Q3'06	Q4'06	2006
<b>Total sales, of which</b>	<b>4 692</b>	1 118	1 326	1 400	1 320	<b>5 164</b>	1 186	1 366	<b>1 513</b>	<b>1 354</b>	<b>5 418</b>
- light products (kt) <sup>1</sup>	<b>3 039</b>	746	848	919	854	<b>3 367</b>	813	941	<b>1 015</b>	<b>914</b>	<b>3 683</b>
- other refinery products (kt)	<b>552</b>	123	192	197	166	<b>677</b>	110	164	<b>173</b>	<b>152</b>	<b>599</b>
- petrochemical products (kt)	<b>905</b>	209	236	235	249	<b>928</b>	213	200	<b>274</b>	<b>240</b>	<b>926</b>
- other products (kt)	<b>196</b>	41	51	50	51	<b>192</b>	51	60	<b>51</b>	<b>48</b>	<b>211</b>
<b>Retail sales of motor fuels (kt)<sup>2</sup></b>	<b>491</b>	104	126	136	120	<b>486</b>	107	134	<b>150</b>	<b>144</b>	<b>535</b>
<b>Processed crude oil (kt)</b>	<b>3 718</b>	874	1 022	1 134	1 122	<b>4 152</b>	875	1 103	<b>1 193</b>	<b>1 110</b>	<b>4 281</b>
<b>Utilisation ratio<sup>3</sup></b>	<b>67%</b>	64%	74%	81%	81%	<b>75%</b>	64%	80%	<b>85%</b>	<b>79%</b>	<b>77%</b>
<b>White product yield<sup>4</sup></b>	<b>71%</b>	72%	69%	72%	71%	<b>71%</b>	73%	74%	<b>73%</b>	<b>71%</b>	<b>73%</b>
<b>Fuel yield<sup>5</sup></b>	<b>54%</b>	52%	55%	59%	58%	<b>56%</b>	56%	59%	<b>59%</b>	<b>57%</b>	<b>58%</b>

\*Refers to Unipetrol Group

1) Gasoline, Diesel, LHO, Jet

2) Gasoline, Diesel, LPG

3) 51% of Ceska Rafinerska, 100% of Paramo

4) Gasoline, Diesel, LHO, Jet

5) Gasoline, Diesel, LPG, LHO



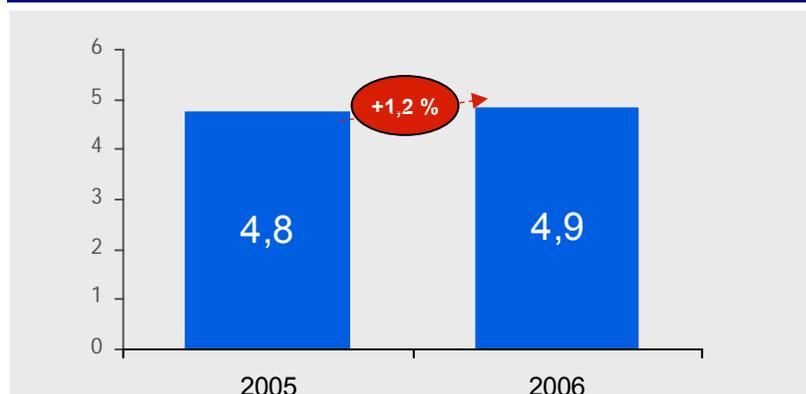
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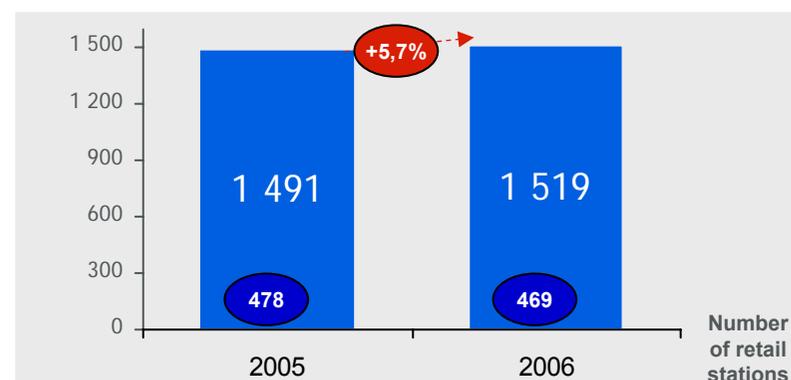
## The Restructuring of the business was visible in the 2006 results

IFRS, PLN m	2005	2006	y/y [%]
	1	2	3=2/1
<b>Assets</b>	1 309	1 220	-6,8%
<b>Equity</b>	325	348	7,1%
IFRS, in PLN m	2005	2006	y/y [%]
<b>Revenues</b>	8 601	8 859	3,0%
<b>Cost of sale</b>	-8 303	-8 500	-2,4%
<b>SG&amp;A</b>	-378	-352	6,9%
<b>Profit/Loss on sales</b>	-81	7	-
<b>Other operating revenues/costs</b>	-91	20	-
<b>Operating profit/loss</b>	-171	27	-
<b>Net profit/loss</b>	-138	27	-

Retail benchmark margin in Germany – y average



Retail volumes sales – in m litres



## ORLEN Deutschland

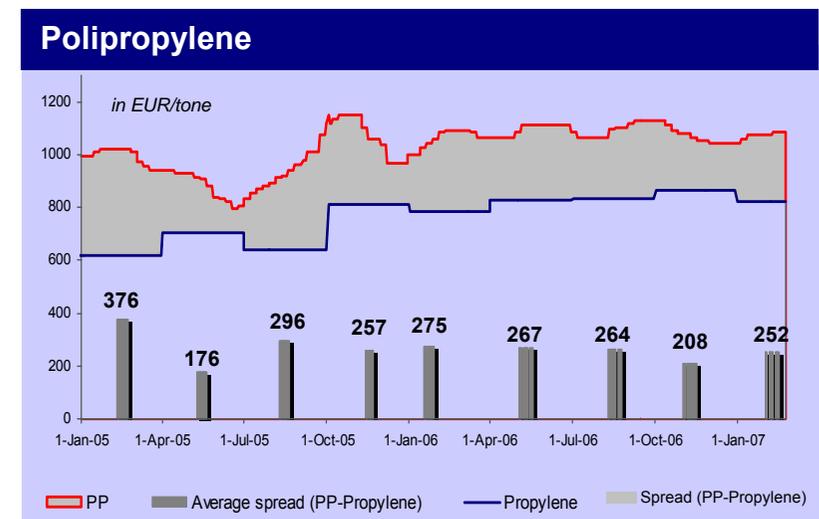
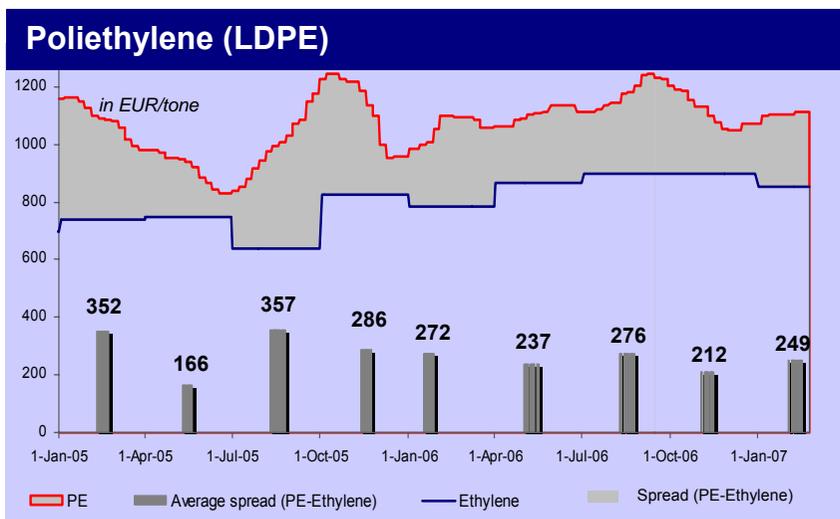
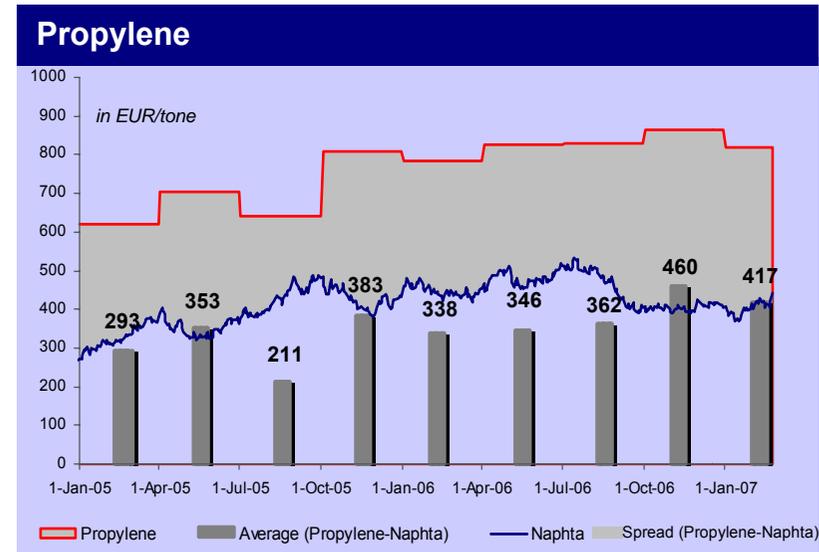
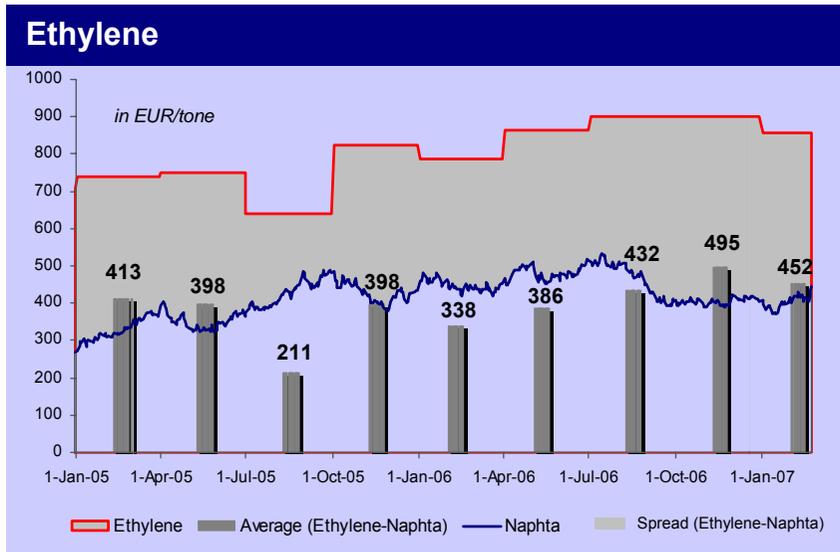
The Restructuring of the business was visible in the 2006 results

IFRS, PLN m	Q4'05	Q3'06	Q4'06	y/y [%]	q/q [%]
	1	2	3	4=3/1	5=3/2
<b>Assets</b>	1 307	1 490	1 214	-7,1%	-18,5%
<b>Equity</b>	324	350	346	6,8%	-1,1%
IFRS, in PLN m	4kw'05		4kw'06	y/y [%]	q/q [%]
<b>Revenues</b>	2 125	2 369	2 155	1,4%	-9,0%
<b>Cost of sale</b>	-2 139	-2 365	-2 111	1,3%	10,7%
<b>SG&amp;A</b>	-11	-6	-4	63,6%	33,3%
<b>Profit/Loss on sales</b>	-25	-2	40	-	-
<b>Other operating revenues/costs</b>	-133	25	-46	65,4%	284,0%
<b>Operating profit/loss</b>	-157	23	-6	96,2%	126,1%
<b>Net profit/loss</b>	-128	24	-5	96,1%	-



# Petrochemical market

from January 1st 2005 to February 23rd 2007



Source: Market quotations



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