



# PKN ORLEN consolidated financial results 4Q19

30 January 2020

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Key facts and figures 2019



Macro environment



Financial and operating results



Liquidity and investments



Outlook for 2020

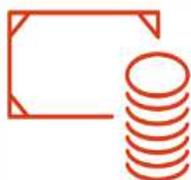
# Key facts and figures 2019



## Value creation



## People



## Financial strength

- EBITDA LIFO: PLN 9,4 bn\*
- Record crude throughput: 33,9 mt tj. 96% utilisation ratio
- Record high sales: 43,3 mt, i.e. increase by 1% (y/y)
- Macro environment worsening (y/y)
- Diversification of crude oil supplies
- Process of Grupa LOTOS takeover
- Announcement of a tender offer for 100% shares of Grupa Energa
- Completion of investments: Metathesis (Płock) and PPF Splitter (ORLEN Lietuva)
- Beginning of investments: extension of fertilizers production (Anwil), propylene glycol installation and purchase of a license and a base project for installations for the production of second generation bioethanol (ORLEN Południe), Visbreaking installation (Płock), start of process to choose offshore wind farm designer on the Baltic Sea, construction of electric vehicles chargers in Poland
- Retail: fuel stations network development and introduction of ORLEN brand in foreign fuel stations through cobranding
- ORLEN becomes a Title Sponsor of Alfa Romeo Racing
- Awards: The World's Most Ethical Company 2019 / Top Employer Polska 2019
- Cash flow from operations: PLN 9,3 bn
- CAPEX: PLN 5,4 bn
- Net debt: PLN 2,4 bn / financial gearing: 6,3%
- Dividend pay-out: PLN 1,5 bn (3,50 PLN/share)
- Maintaining investment rating from Fitch and Moody's

\* Data before impairments of assets in the amount of PLN (-) 0,2 bn regarding mainly upstream assets of ORLEN Upstream in Poland



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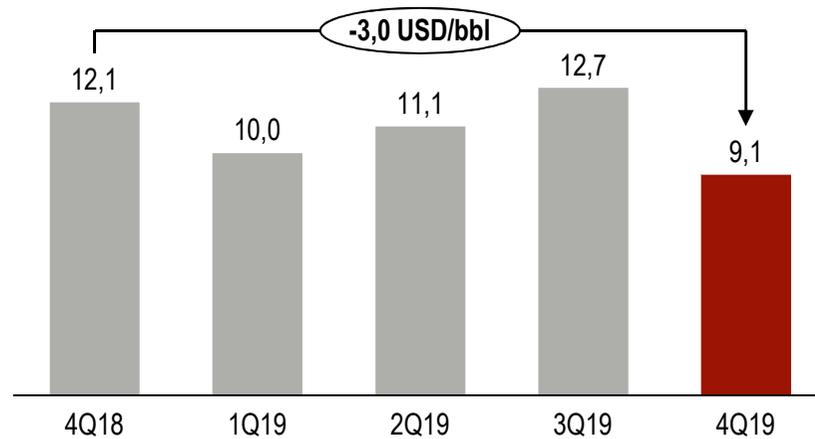
Outlook for 2020

# Macro environment in 4Q19 (y/y)



## Downstream margin decrease

Model downstream margin, USD/bbl



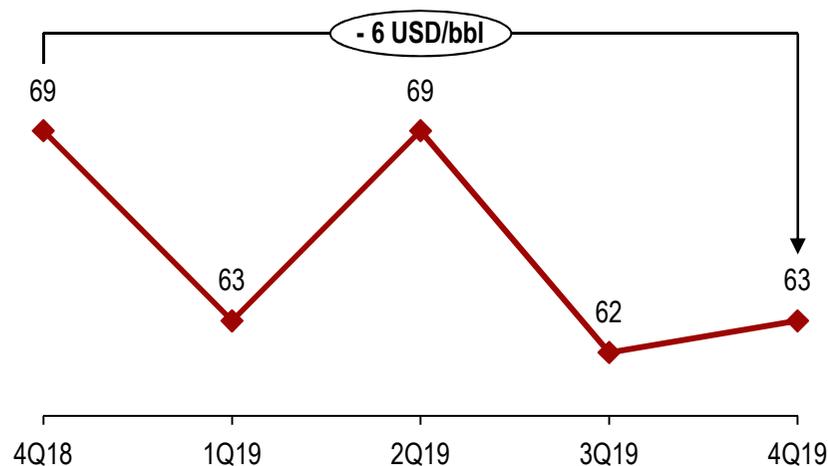
## Product slate of downstream margin

Crack margins

| Refining products (USD/t)      | 4Q18 | 3Q19 | 4Q19 | Δ (y/y) |
|--------------------------------|------|------|------|---------|
| Diesel                         | 124  | 115  | 113  | -9%     |
| Gasoline                       | 87   | 154  | 127  | 46%     |
| HSFO                           | -119 | -140 | -252 | -112%   |
| SN 150                         | 201  | 119  | 75   | -63%    |
| Petrochemical products (EUR/t) |      |      |      |         |
| Ethylene                       | 640  | 568  | 543  | -15%    |
| Propylene                      | 568  | 467  | 421  | -26%    |
| Benzene                        | 189  | 273  | 188  | -1%     |
| PX                             | 628  | 366  | 328  | -48%    |

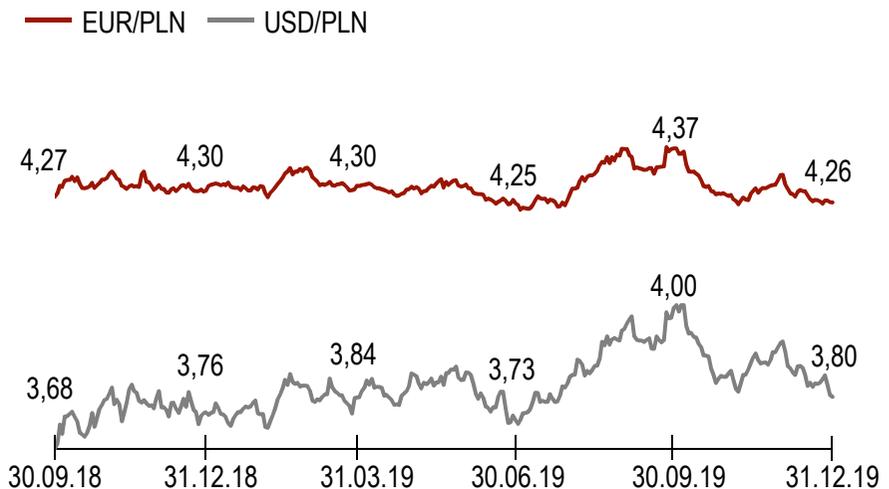
## Crude oil price decrease

Average Brent crude oil price, USD/bbl



## Weakening of average PLN to USD at stable PLN vs EUR

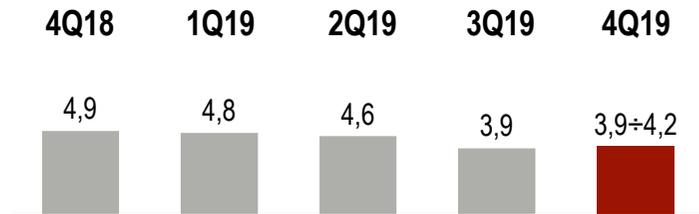
USD/PLN and EUR/PLN exchange rate



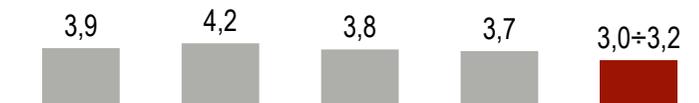
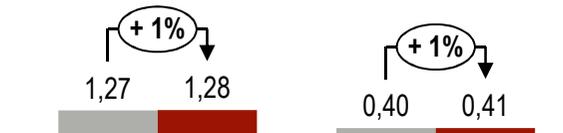
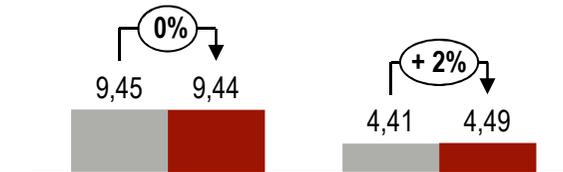
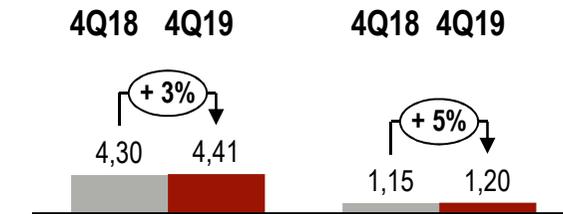
# Fuel consumption increase in all markets



**GDP increase<sup>1</sup>**  
Change % (y/y)



**Fuel consumption (diesel, gasoline)<sup>2</sup>**  
mt



**Diesel**

**Gasoline**

<sup>1</sup> Poland – Statistical Office / not unseasonal data, (Germany, Lithuania) – Eurostat / not unseasonal data, the Czech Rep. – Czech Statistical Office / unseasonal data, 4Q19 – estimates.

<sup>2</sup> 4Q19 – PKN ORLEN estimates based on available data from ARE, Lithuanian Statistical Office, Czech Statistical Office and German Association of Petroleum Industry.



Key facts and figures 2019



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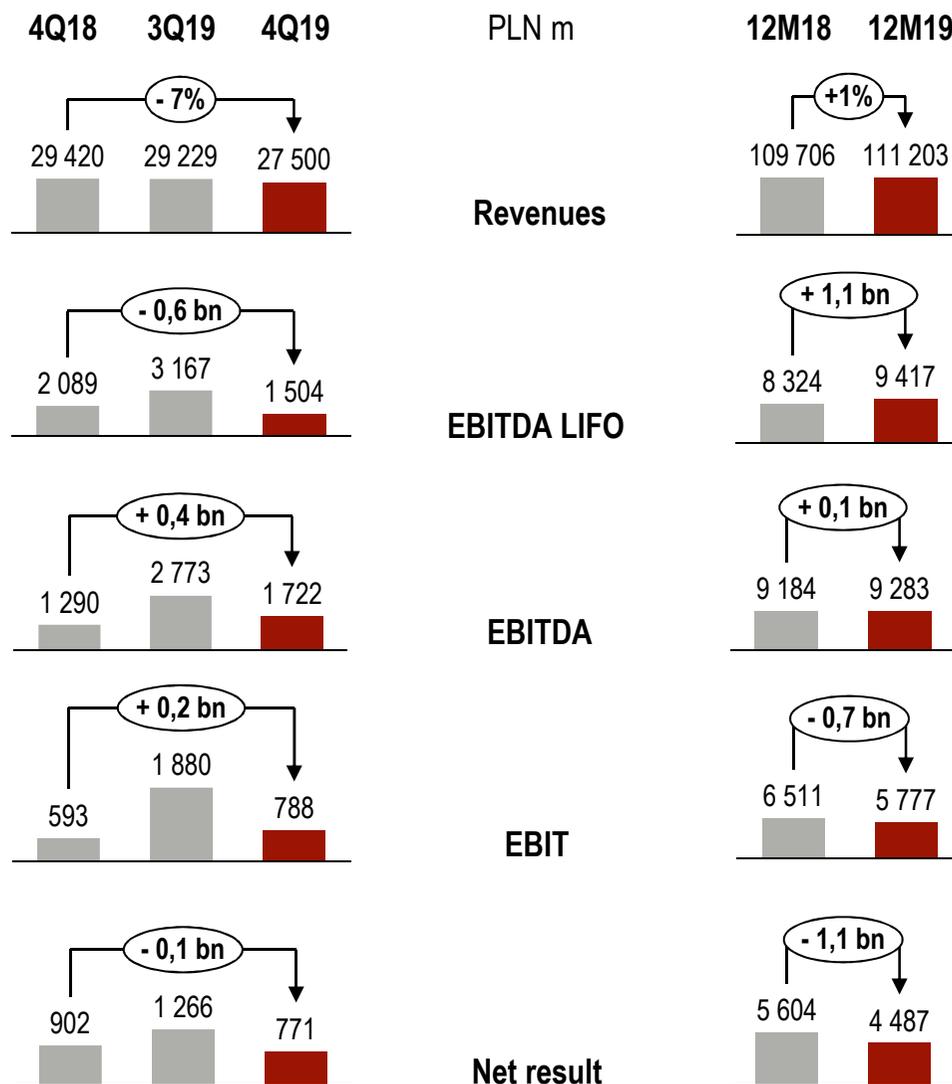


Liquidity and investments



Outlook for 2020

# Financial results in 4Q19



**Revenues:** decrease by (-) 7% (y/y) mainly due to lower quotations of refining and petrochemical products resulting from crude oil price decrease.

**EBITDA LIFO:** decrease by PLN (-) 0,6 bn (y/y) mainly due to negative macro impact, lower fuel margins in retail and higher overheads and labour costs limited by positive volumes effect, higher margins in wholesale and positive impact of inventory revaluation (NRV).

**LIFO effect:** PLN 0,2 bn impact on inventories due to increasing crude oil prices in 4Q19.

**Financial result:** PLN 0,2 bn mainly due to positive impact of net FX differences, positive impact of net settlements and valuation of derivative financial instruments at negative impact of interest costs.

**Net result:** decrease by PLN (-) 0,1 bn (y/y).

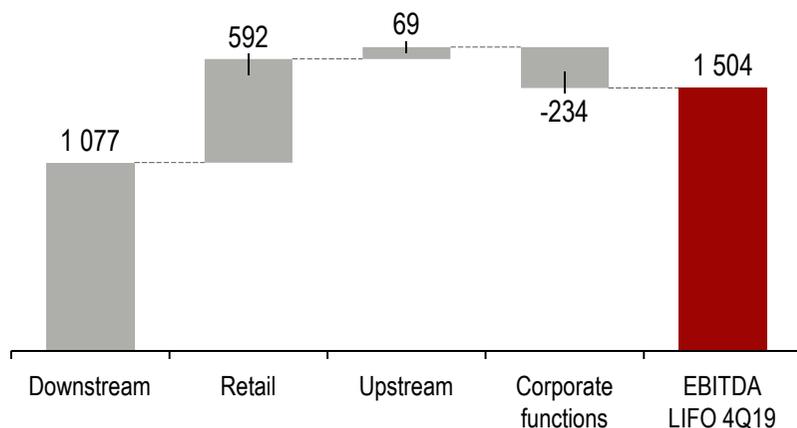
Operational results before impairments of assets:  
 4Q19 PLN (-) 115 m / 12M19 PLN (-) 215 m regarding mainly upstream assets of ORLEN Upstream in Poland / 4Q18 PLN 733 m / 12M18 PLN 704 m  
 NRV: 4Q19 PLN 23 m / 12M19 PLN 83 m of positive impact due to inventories revaluation

# EBITDA LIFO



## Segments' results in 4Q19

PLN m

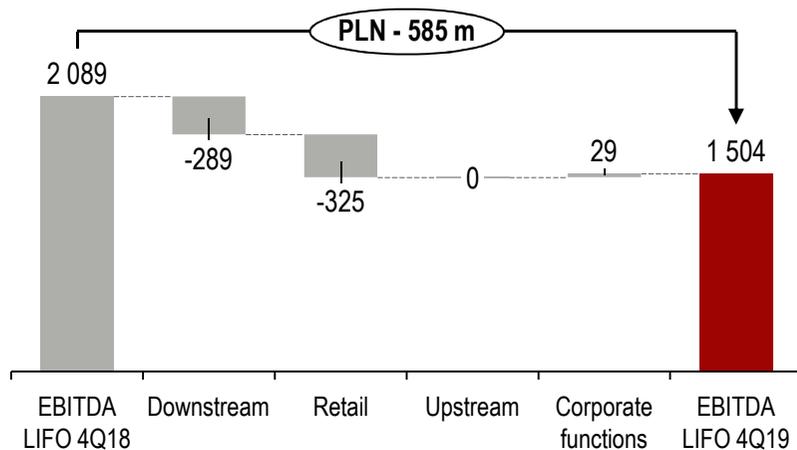


**Downstream:** negative macro impact and higher labour costs limited by positive volumes effect, higher trade margins and positive impact of inventory revaluation (NRV) (y/y).

**Retail:** negative effect of lower fuel margins limited by higher sales volumes and higher non-fuel margins (y/y).

## Change in segments' results (y/y)

PLN m



**Upstream:** negative effect of sales volumes and balance on other operational activities including settlement and valuation of derivative financial instruments limited by positive macro effect (y/y).

**Corporate functions:** lower costs mainly due to positive impact of change in other operational activity (y/y).

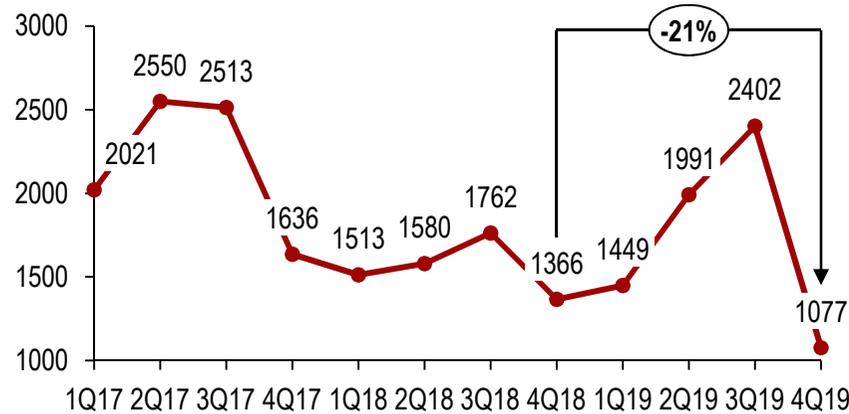
# Downstream – EBITDA LIFO

## Results impacted by negative macro (y/y)



### EBITDA LIFO

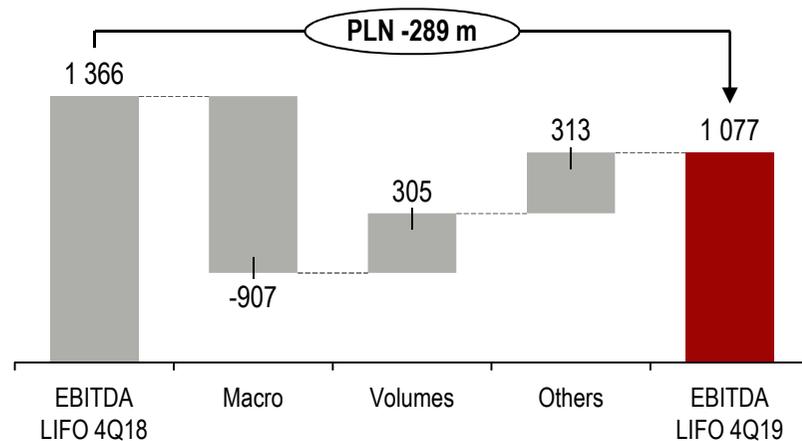
PLN m



- Positive volumes effect despite a decrease in sales by (-) 4% (y/y). Lower sales of refining products (y/y) as a result of unfavourable macro situation offset by improvement in the sales structure i.e. lower sales of heavy fractions. Increase of petrochemical sales volumes (y/y) due to higher availability of production facilities at PKN ORLEN and lack of impact of cyclical Olefins and PTA maintenance shutdowns from 4Q18.
- higher sales (y/y): olefins by 46%, fertilizers by 6% and PTA by 63%
- lower sales (y/y): gasoline by (-) 12%, diesel by (-) 3%, LPG by (-) 3%, polyolefins by (-) 8% and PVC by (-) 30%.
- Others include mainly:
  - PLN 0,3 bn from inventories revaluation (NRV)
  - PLN 0,1 bn from higher trade margins (y/y)
  - PLN (-) 0,1 bn from higher labour costs

### EBITDA LIFO – impact of factors

PLN m



- Negative macro impact (y/y) as a result of deterioration of margins on middle distillates, heavy fractions, olefins, PTA and PVC partially offset by better margins on light distillates, fertilizers and weakening of PLN vs foreign currencies.

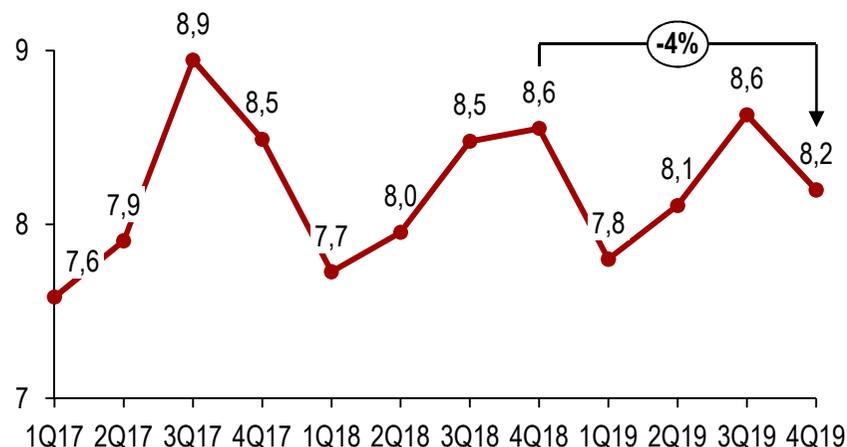
Macro: margins PLN (-) 576 m, B/U differential PLN (-) 57 m, exchange rate PLN 18 m, hedging PLN (-) 292 m

# Downstream – operational data

## Lower throughput and sales volumes (y/y)



**Sales volumes**  
mt



**Utilisation ratio**  
%

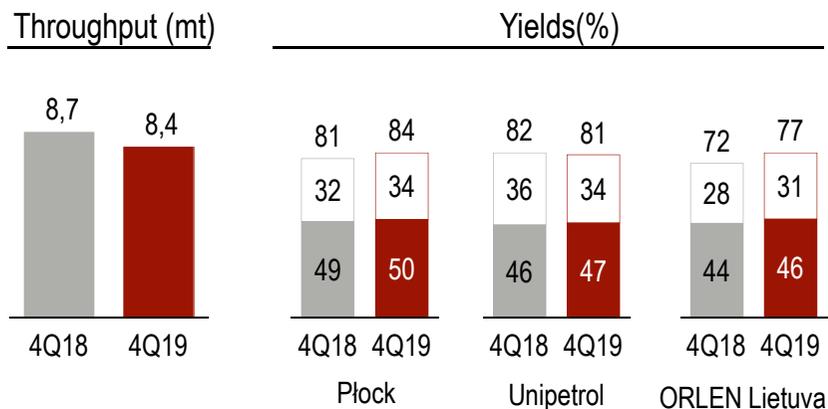
| Refineries    | 4Q18 | 3Q19 | 4Q19 | Δ (y/y) |
|---------------|------|------|------|---------|
| Plock         | 96%  | 102% | 97%  | 1 pp    |
| Unipetrol     | 94%  | 97%  | 91%  | -3 pp   |
| ORLEN Lietuva | 102% | 101% | 89%  | -13 pp  |

| Petrochemical installations | 4Q18 | 3Q19 | 4Q19 | Δ (y/y) |
|-----------------------------|------|------|------|---------|
| Olefins (Plock)             | 55%  | 76%  | 74%  | 19 pp   |
| Olefins (Unipetrol)         | 80%  | 80%  | 68%  | -12 pp  |
| BOP (Plock)                 | 53%  | 76%  | 73%  | 20 pp   |
| Metathesis (Plock)          | n/a  | 93%  | 90%  | 90 pp   |

**Crude oil throughput and fuel yield**  
mt, %

Light distillates yield (light blue) Middle distillates yield (dark blue)



- Plock – higher utilisation ratio by 1 pp (y/y) as a result of smaller scope of maintenance shutdowns (y/y) of H-Oil and PX/PTA installations and lack of cyclical shutdowns of Olefins from 4Q18. Higher fuel yields by 3 pp (y/y) mainly due to the higher share of low-sulphur crude oil in feedstock structure.
- Unipetrol – lower utilisation ratio by (-) 3 pp (y/y) as a result of longer maintenance shutdown of Visbreaking installation (y/y). Lower fuel yield by (-) 1 pp due to the lower share of low-sulphur crude oil in the feedstock and Visbreaking installation shutdown.
- ORLEN Lietuva – lower utilisation ratio by (-) 13 pp due to unfavourable macro situation. Higher fuel yields by 5 pp (y/y) due to the higher share of low-sulphur crude oil in the feedstock and higher yields from Visbreaker Vacuum Flasher installation.
- Poland – lower sales of fuels offset by higher petrochemical sales (olefins, fertilizers and PTA).
- The Czech Republic – lower sales of fuels, fertilizers and PVC as a result of unfavourable macro situation.
- ORLEN Lietuva – lower sales due to limitation of heavy fractions volumes and higher sales of middle distillates.

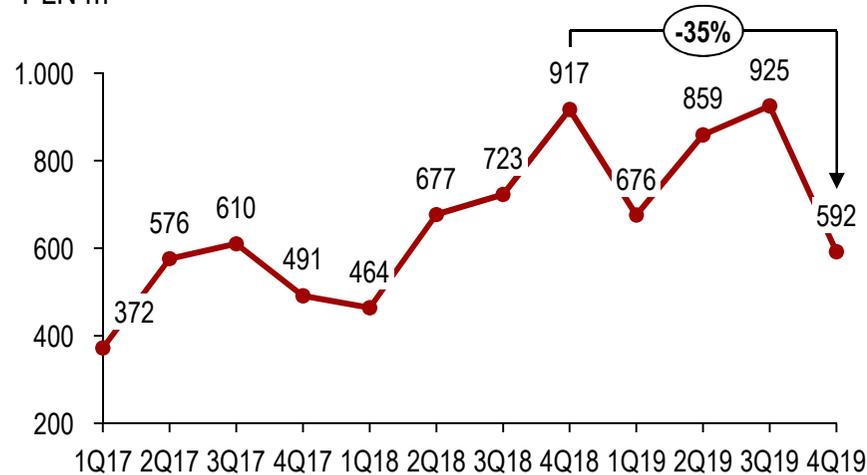
# Retail – EBITDA LIFO

## Results impacted by lower fuel margins (y/y)



### EBITDA LIFO

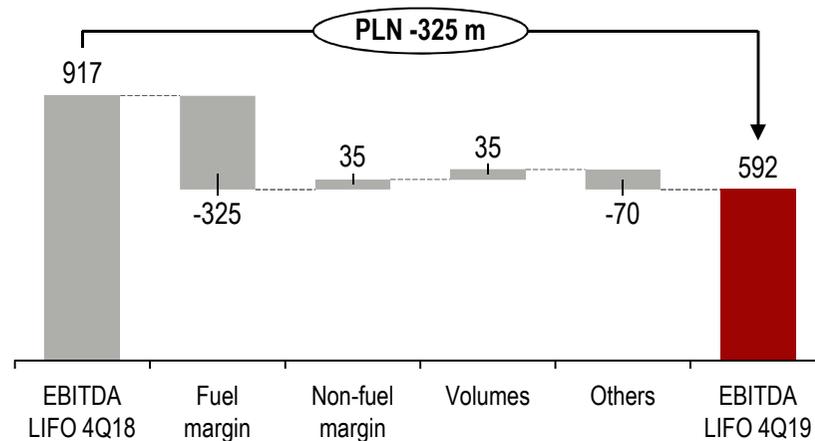
PLN m



- Sales volumes increase by 3% (y/y).
- Market share increase in the Czech Rep. and Germany (y/y).
- Non-fuel margin increase on all markets (y/y)
- Dynamic growth of non-fuel offer: number of Stop Cafe/Star Connect coffee corners (including convenience stores branded O!SHOP) increased by 129 (y/y).
- Cobranding: ORLEN brand on foreign stations within the Group
- Electromobility: 64 EV chargers

### EBITDA LIFO – impact of factors (y/y)

PLN m



- Lower fuel margins mainly in Poland and Germany (y/y).
- Market share decrease in Poland (y/y).
- Others include higher costs of running fuel stations related to the higher sales volumes (y/y) compensated by lower overheads.

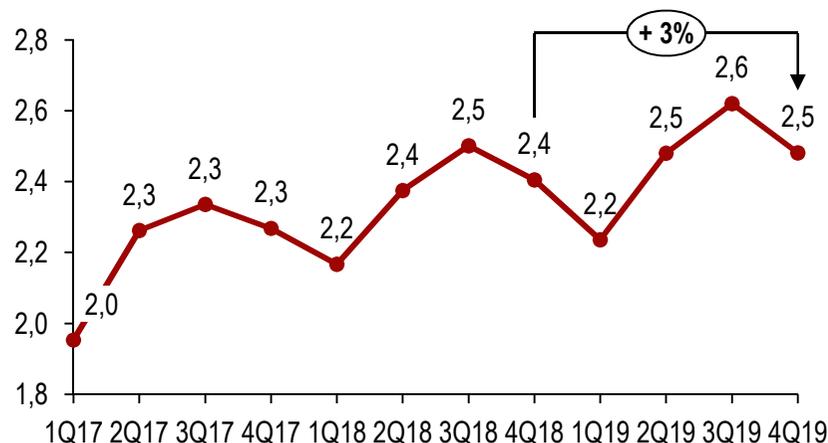
# Retail – operational data

## Higher sales volumes and further growth of non-fuel offer



### Sales volumes

mt



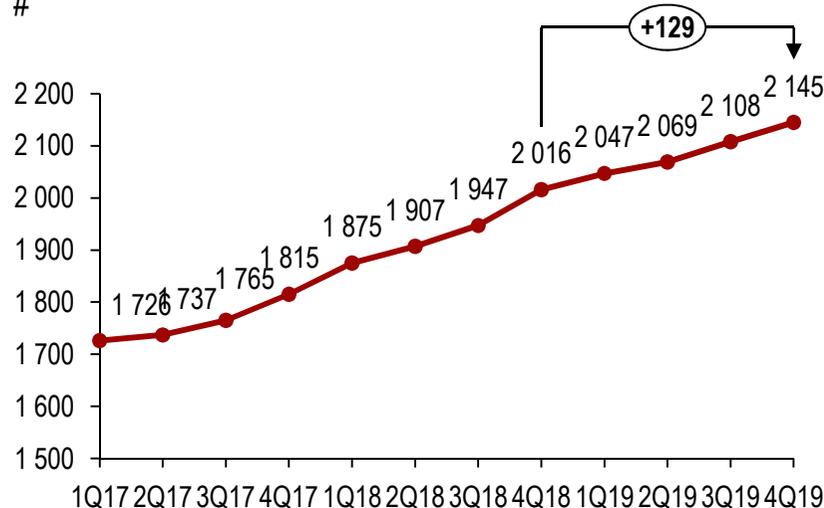
### Number of petrol stations and market shares (by volume)

#, %

|    | # stations | Δ y/y | % market | Δ y/y   |
|----|------------|-------|----------|---------|
| PL | 1 800      | 13    | 34,2     | -0,2 pp |
| DE | 585        | 3     | 6,6      | 0,1 pp  |
| CZ | 416        | 7     | 24,3     | 0,9 pp  |
| LT | 25         | 0     | 4,7      | 0,0 pp  |
| SK | 10         | 10    | -        | -       |

### Coffee corners and convenience stores

#



- Sales increase by 3% (y/y), of which: in Poland by 4% and in Czech Rep. by 7%, at stable level in Germany\* and decrease in Lithuania by (-) 1%.
- Market share increase (y/y) in Czech Rep. by 0,9 pp, in Germany by 0,1 pp, at comparable level in Lithuania and decrease by (-) 0,2 pp in Poland.
- 2836 fuel stations at the end of 4Q19, i.e. increase by 33 (y/y), of which: in Poland by 13, in Germany by 3, in Czech Rep. by 7 and in Slovakia by 10 stations.
- Growth of non-fuel offer in 4Q19 by launching another 37 locations. At the end of 4Q19 there were 2145 locations, of which: 1699 Stop Cafe in Poland (including 518 convenience stores branded O!SHOP), 306 Stop Cafe in Czech Rep., 23 Stop Cafe in Lithuania and 117 Star Connect in Germany

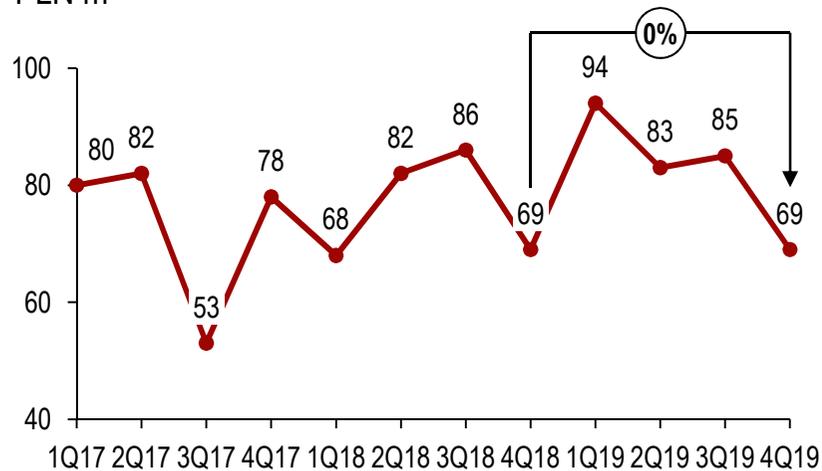
\* Includes also fuel sales beyond own petrol stations. Sales volumes on ORLEN Deutschland fuel stations decreased by (-) 2% (y/y).

# Upstream – EBITDA LIFO

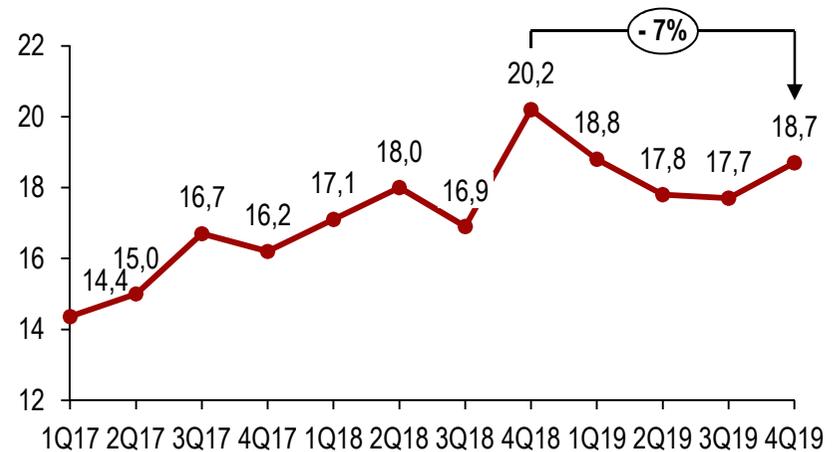
## Results supported by better macro (y/y)



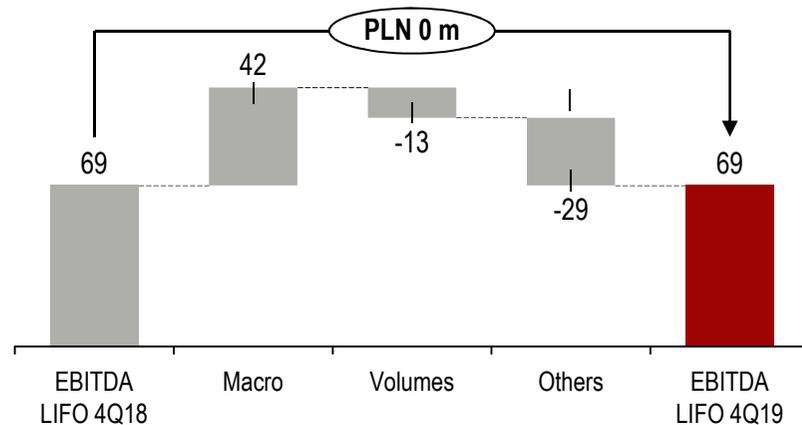
**EBITDA LIFO**  
PLN m



**Average production**  
th. boe/d



**EBITDA LIFO – impact of factors**  
PLN m



- Positive macro impact due to increase of crude oil, gas and NGL's prices (y/y).



- Negative impact of lower sales volumes as a result of decrease of average production in Canada by (-) 1,7 th. boe/d at increased production in Poland by 0,2 th. boe/d (y/y).
- Others include mainly settlement and valuation of derivative financial instruments.

Data before impairments of assets:  
4Q19: PLN (-) 58 m regarding mainly upstream assets of ORLEN Upstream in Poland

## Poland



### Total reserves of crude oil and gas (2P)

Ca. 11,0 m boe\* (8% liquid hydrocarbons, 92% gas)

#### 4Q19

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

EBITDA: PLN 2 m\*\*

CAPEX: PLN 78 m

#### 12M19

Average production: 1,0 th. boe/d (100% gas)

EBITDA: PLN 7 m\*\*

CAPEX: PLN 158 m

#### 4Q19

- Drilling of Bystrowice-OU3 well completed and Bystrowice-OU1 well armed for extraction (Miocen project).
- Start drilling wells: Pławce-3/3H (Płotki project) and Dylągowa-1 (Bieszczady project).
- Seismic data acquisition: Wilcze 3D (Edge project) and Brzezcie-Gołuchów 3D (Płotki).
- Photo interpretations of Bystrowice II SWATH 3D (Miocen project), Rusocin 3D (Płotki project) and Topoliny-Biecz-Pola-Pasterniki 3D (Karpaty project) were completed. Photo interpretations of Chełmno 3D (Edge project) were carried out.

## Canada



### Total reserves of crude oil and gas (2P)

Ca. 186,3 m boe\* (58% liquid hydrocarbons, 42% gas)

#### 4Q19

Average production: 17,5 th. boe/d (53% liquid hydrocarbons)

EBITDA: PLN 67 m\*\*

CAPEX: PLN 153 m

#### 12M19

Average production: 17,2 th. boe/d (49% liquid hydrocarbons)

EBITDA: PLN 324 m\*\*

CAPEX: PLN 476 m

#### 4Q19

- Start drilling 8 wells (6,6 net): 4 wells (3,6 net) in Ferrier area, 2 wells (2,0 net) in Kakwa area and 2 wells (1,0 net) Lochend area.
- 10 wells were fractured (7,8 net): 6 wells (5,2 net) in Ferrier area, 2 wells (1,6 net) in Kakwa area and 2 wells (1,0 net) in Lochend area.
- 8 wells (6,8 net) were included into production: 6 wells (5,2 net) in Ferrier area and 2 wells (1,6 net) in Kakwa area.
- Ongoing works of the construction and modernisation of mining and transmission infrastructure in key operations areas. Locations are being prepared for further drilling.

\* Preliminary data as of 31.12.2019

\*\* Operational results before impairments : 4Q19 PLN (-) 58 m/ 12M19 PLN (-) 122 m regarding mainly upstream assets of ORLEN Upstream in Poland  
Net – number of wells multiplied by percent of share in particular asset



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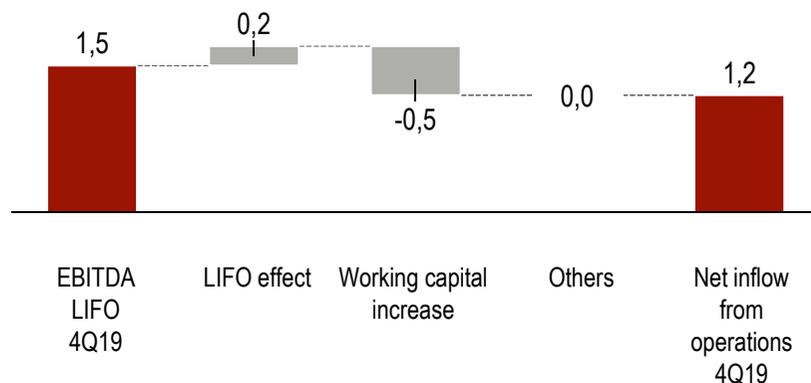
Outlook for 2020

# Cash flow



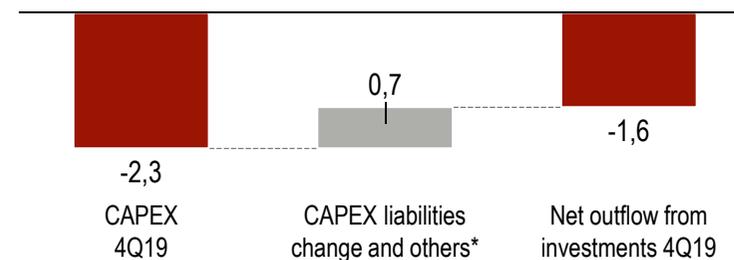
## Cash flow from operations

PLN bn



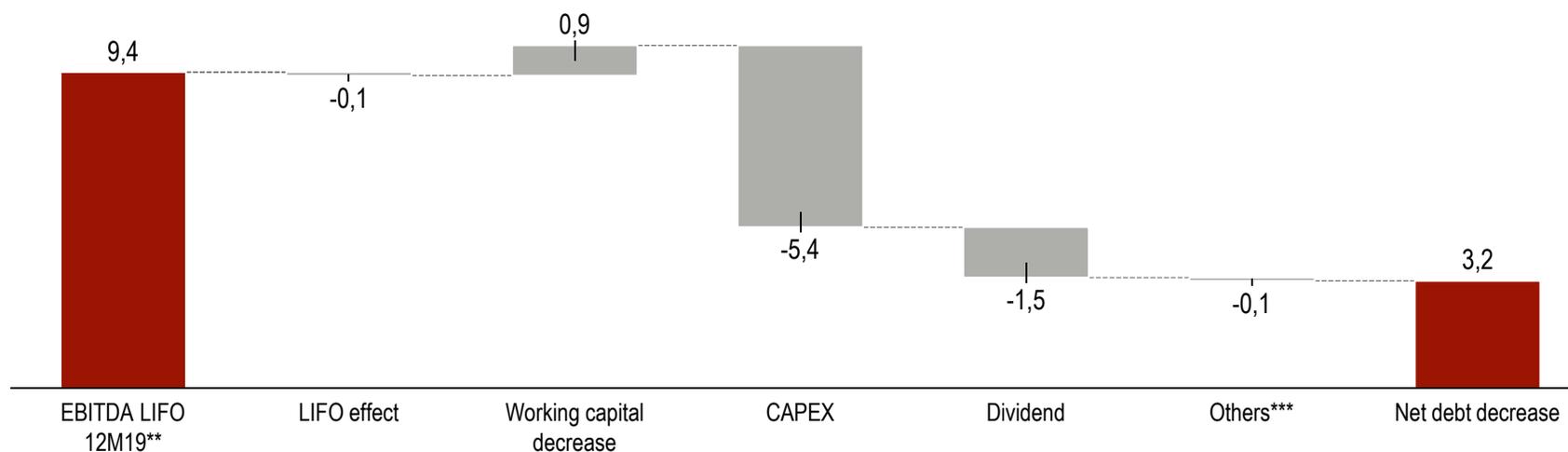
## Cash flow from investments

PLN bn



## Free cash flow 12M19

PLN bn



\* includes: PLN 0,4 bn changes in CAPEX liabilities, PLN (-) 0,2 bn of CO2 expenditure and PLN 0,5 bn related to the right to use

\*\* includes PLN 0,1 bn of positive impact from inventories revaluation (NRV)

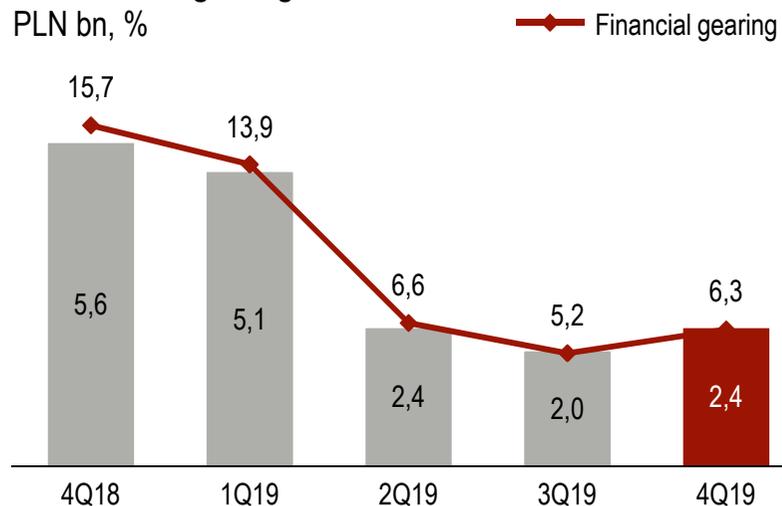
\*\*\* mainly paid income tax, elimination of companies' results consolidated under equity method, FX differences (operational and related to debt) and paid interests

# Financial strength

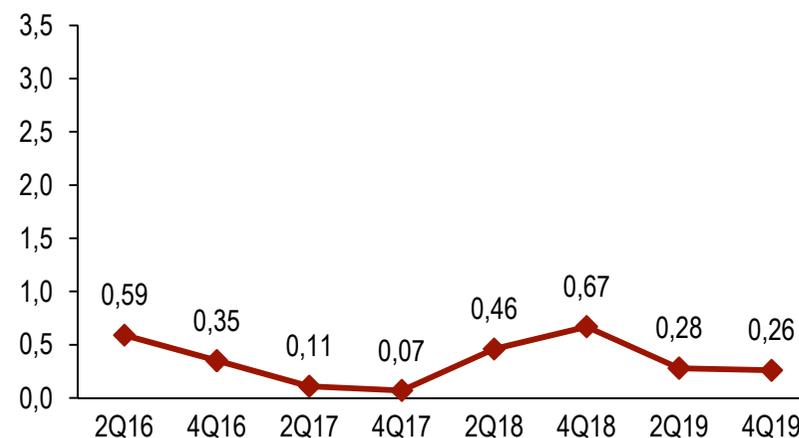


## Net debt and gearing

PLN bn, %

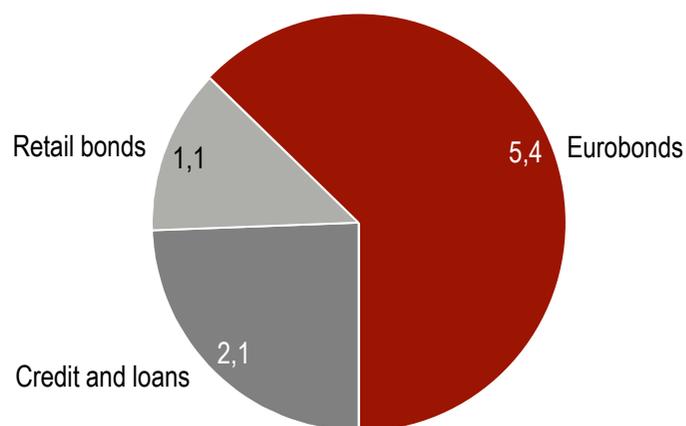


## Net debt/EBITDA LIFO



## Diversified sources of financing (gross debt)

PLN bn



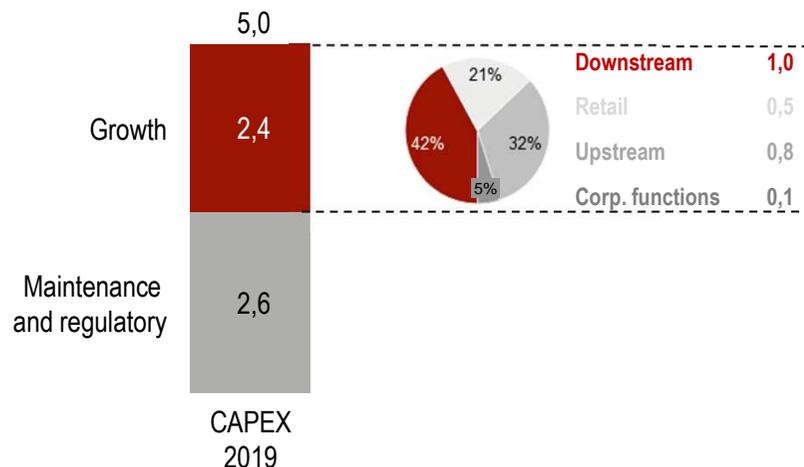
- Gross debt structure: EUR 87%, PLN 13%
- Average maturity in 2021.
- Investment grade: BBB- stable outlook (Fitch), Baa2 negative outlook (Moody's).
- Net debt increase by PLN 0,4 bn (q/q) mainly as a result of investment expenditures at the level of PLN (-) 1,6 bn with positive cash flow from operations at the level of PLN 1,2 bn.
- Mandatory reserves on balance sheet as of the end of 4Q19 were at the level of PLN 6,1 bn, including PLN 5,6 bn in Poland.

# CAPEX



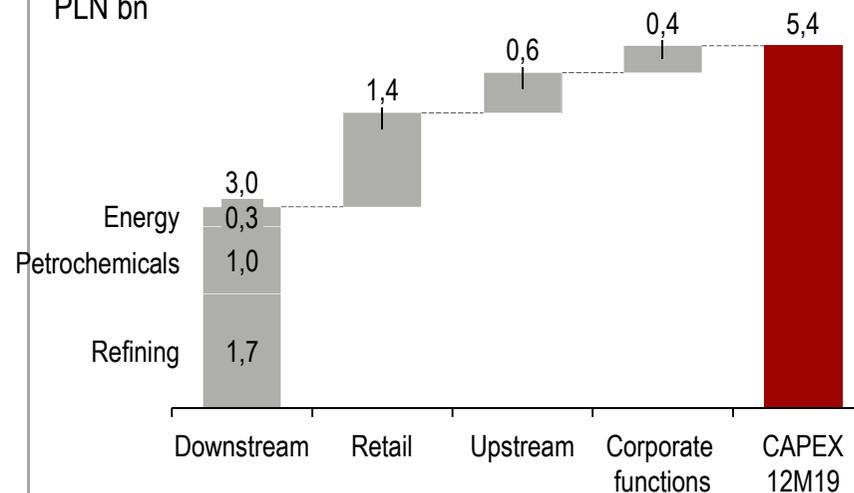
## Planned CAPEX 2019

PLN bn, %



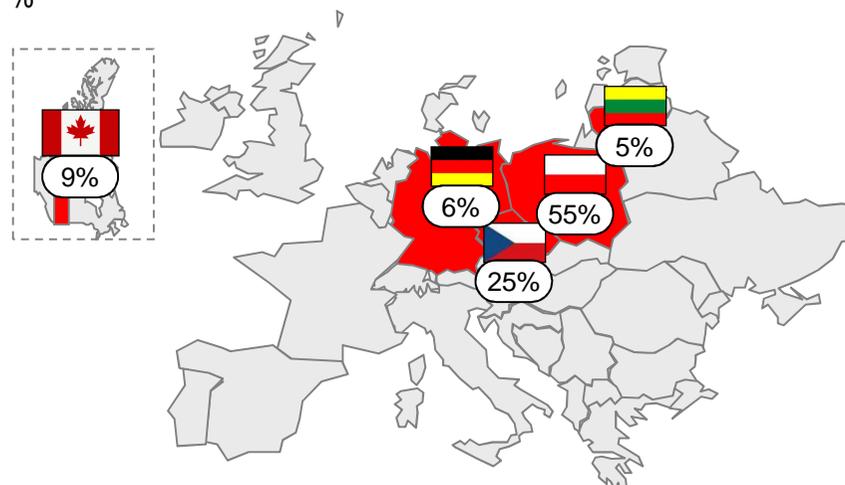
## Realized CAPEX 12M19\* – split by segment

PLN bn



## Realized CAPEX 12M19\* – split by country

%



## Main growth projects realized in 4Q19

- DOWNSTREAM**
  - Extension of fertilizers production in Anwil
  - Construction of Research and Development Centre in Plock
  - Construction of Propylene Glycol Unit in ORLEN Poludnie
  - Construction of Polyethylene Unit in the Czech Rep.
  - Construction of boiler room for Steam Cracker Unit in the Czech Rep.
- RETAIL**
  - 43 fuel stations opened, 14 closed (mainly DOFO stations in Poland), 5 modernized.
  - 37 Stop Cafe/Star Connect locations opened (including convenience shops under the brand O!SHOP)
- UPSTREAM**
  - Canada – PLN 153 m / Poland – PLN 78 m

\* CAPEX 12M19 includes leasing acc. to IFRS 16 in the amount of PLN 1,0 bn.

\*\* CAPEX 4Q19 amounted to PLN 2 310 m: refining PLN 652 m, petrochemicals PLN 484 m, energy PLN 130 m, retail PLN 658 m, upstream PLN 231 m, corporate PLN 155 m (includes leasing acc. To IFRS 16 in the amount of PLN 0,5 bn).



Key facts and figures 2019



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Liquidity and investments



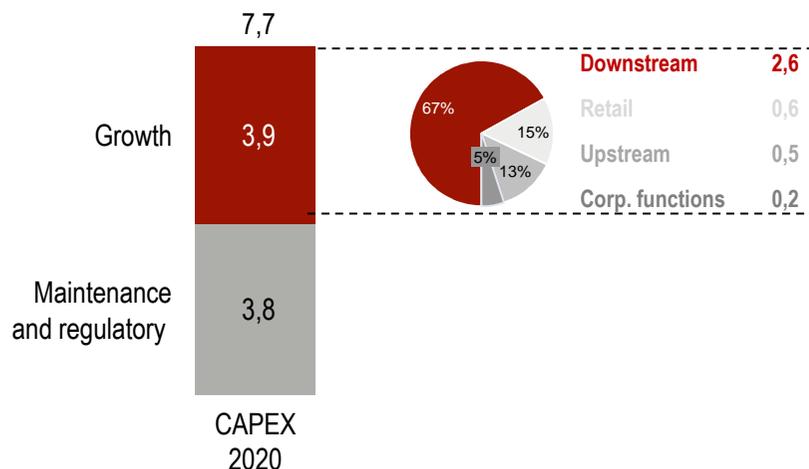
Outlook for 2020

# CAPEX in 2020



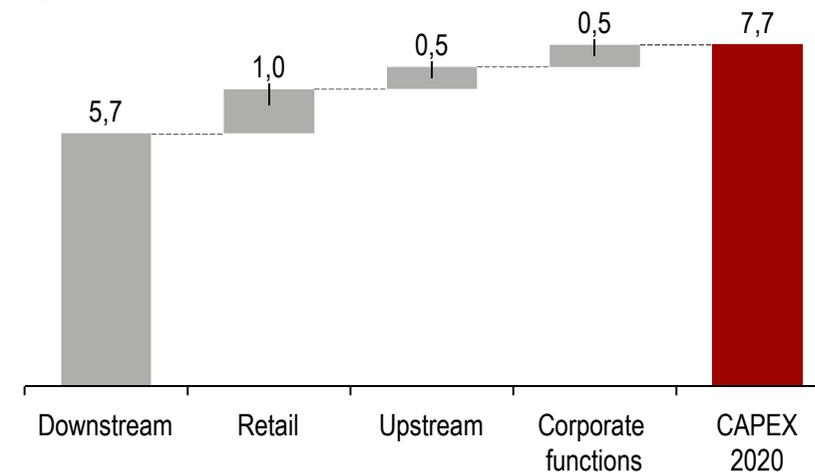
## Planned CAPEX 2020

PLN bn, %



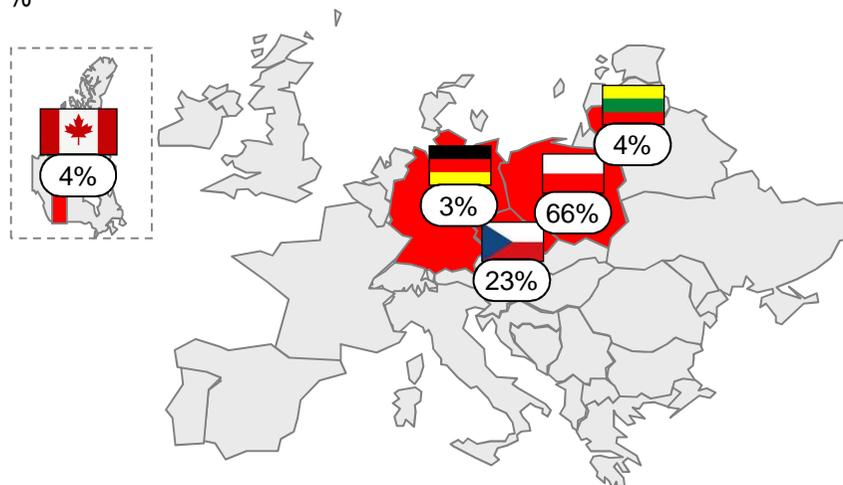
## Planned CAPEX 2020 – split by segment

PLN bn



## Planned CAPEX 2020 – split by country

%



## Main growth projects in 2020



- Extension of fertilizers production in Anwil
- Construction of Propylene Glycol Unit in ORLEN Południe
- Construction of Visbreaking Unit in Plock
- Construction of Research and Development Centre in Plock
- Construction of Biogas Unit in ORLEN Południe
- Construction of units under the Petrochemical Segment Development Program
- Preparation for construction of offshore wind farm on Baltic Sea
- Construction of EV chargers (50 new fast charging stations)



- Development of fuel network (37 new own stations)
- Development of non-fuel sales (over 170 new points)
- Launching new products and services



- Canada – ca. PLN 300 m / Poland – ca. PLN 200 m



## Macro

- Brent crude oil – expected higher oil price compared to the average for 2019.

Expected oil price increase as a result of OPEC+ agreement regarding limitation of crude oil production by another 500 th. bbl/d in 1Q20 and another 400 th. bbl/d in 2Q20 (in total by 2.1 m bbl/d), potential agreement in trade talks between US and China and geopolitical risks limited by decrease in crude oil prices due to global economy slowdown and increase of production in US.

- Downstream margin – expected higher level of downstream margin compared to the average for 2019.

Expected increase of refining margin incl. Brent/Ural diff. due to increase of demand for middle distillates limited by decrease of demand for HSFO and decrease of demand for Ural crude oil as a result of IMO Regulations implemented from 1 January 2020. Positive impact of higher refining margin incl. B/U diff. will be offset by decrease of petrochemical margins due to launching of new petrochemical production facilities. Expected further increase in fuels and petrochemical products consumption on domestic markets should support downstream margin.



## Economy

- GDP forecast\* – Poland 3,6%, Czech Republic 2,4%, Lithuania 2,5%, Germany 0,9%.
- Fuel consumption – expected flat demand for gasoline and slight increase in diesel demand in the Czech Rep., Germany and Lithuania. In Poland, further increasing demand for both gasoline and diesel is expected.

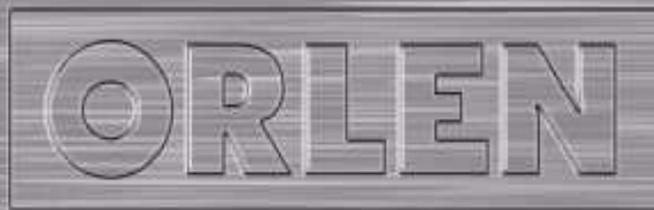
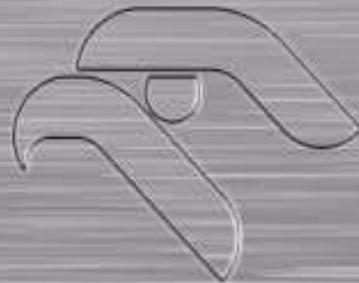


## Regulatory environment

- National Index Target – base level for 2020 set on 8,5%.  
PKN ORLEN will be able to take advantage of the possibility to reduce the ratio to 5,576%.
- Retail tax – come into force from 1 July 2020.

\* Poland (NBP, July 2019); Germany (RGE, August 2019); Czech Republic (CNB, August 2019); Lithuania (LB, August 2019)

# Thank you for your attention



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Supporting slides

## Results – split by quarter



| PLN m        | 4Q18   | 3Q19   | 4Q19   | Δ (y/y) | 12M18   | 12M19   | Δ    |
|--------------|--------|--------|--------|---------|---------|---------|------|
| Revenues     | 29 420 | 29 229 | 27 500 | -7%     | 109 706 | 111 203 | 1%   |
| EBITDA LIFO  | 2 089  | 3 167  | 1 504  | -28%    | 8 324   | 9 417   | 13%  |
| LIFO effect  | -799   | -394   | 218    | -       | 860     | -134    | -    |
| EBITDA       | 1 290  | 2 773  | 1 722  | 33%     | 9 184   | 9 283   | 1%   |
| Depreciation | -697   | -893   | -934   | -34%    | -2 673  | -3 506  | -31% |
| EBIT LIFO    | 1 392  | 2 274  | 570    | -59%    | 5 651   | 5 911   | 5%   |
| EBIT         | 593    | 1 880  | 788    | 33%     | 6 511   | 5 777   | -11% |
| Net result   | 902    | 1 266  | 771    | -15%    | 5 604   | 4 487   | -20% |

Data before impairments of assets:

4Q19 PLN (-) 115 m / 12M19 PLN (-) 215 m regarding mainly upstream assets of ORLEN Upstream in Poland / 4Q18 PLN 733 m / 12M18 PLN 704 m

# Results – split by segment



| 4Q19<br>PLN m | Downstream | Retail | Upstream | Corporate<br>functions | Total |
|---------------|------------|--------|----------|------------------------|-------|
| EBITDA LIFO   | 1 077      | 592    | 69       | -234                   | 1 504 |
| LIFO effect   | 218        | -      | -        | -                      | 218   |
| EBITDA        | 1 295      | 592    | 69       | -234                   | 1 722 |
| Depreciation  | -625       | -162   | -92      | -55                    | -934  |
| EBIT          | 670        | 430    | -23      | -289                   | 788   |
| EBIT LIFO     | 452        | 430    | -23      | -289                   | 570   |

| 4Q18<br>PLN m | Downstream | Retail | Upstream | Corporate<br>functions | Total |
|---------------|------------|--------|----------|------------------------|-------|
| EBITDA LIFO   | 1 366      | 917    | 69       | -263                   | 2 089 |
| LIFO effect   | -799       | -      | -        | -                      | -799  |
| EBITDA        | 567        | 917    | 69       | -263                   | 1 290 |
| Depreciation  | -476       | -118   | -71      | -32                    | -697  |
| EBIT          | 91         | 799    | -2       | -295                   | 593   |
| EBIT LIFO     | 890        | 799    | -2       | -295                   | 1 392 |

Data before impairments of assets:

4Q19: PLN (-) 115 m regarding mainly upstream assets of ORLEN Upstream in Poland / 4Q18 PLN 733 m

## EBITDA LIFO – split by segment



| PLN m               | 4Q18         | 3Q19         | 4Q19         | Δ (y/y)     | 12M18        | 12M19        | Δ          |
|---------------------|--------------|--------------|--------------|-------------|--------------|--------------|------------|
| Downstream          | 1 366        | 2 402        | 1 077        | -21%        | 6 031        | 6 919        | 15%        |
| Retail              | 917          | 925          | 592          | -35%        | 2 781        | 3 052        | 10%        |
| Upstream            | 69           | 85           | 69           | 0%          | 305          | 331          | 9%         |
| Corporate functions | -263         | -245         | -234         | 11%         | -793         | -885         | -12%       |
| <b>EBITDA LIFO</b>  | <b>2 089</b> | <b>3 167</b> | <b>1 504</b> | <b>-28%</b> | <b>8 324</b> | <b>9 417</b> | <b>13%</b> |

Data before impairments of assets:

4Q19 PLN (-) 115 m / 12M19 PLN (-) 215 m regarding mainly upstream assets of ORLEN Upstream in Poland / 4Q18 PLN 733 m / 12M18 PLN 704 m

## Results – split by company



| 4Q19<br>PLN m            | PKN ORLEN S.A. | Unipetrol <sup>2</sup> | ORLEN<br>Lietuva <sup>2</sup> | Others and<br>consolidation<br>corrections | Total  |
|--------------------------|----------------|------------------------|-------------------------------|--|--------|
| Revenues                 | 22 383         | 5 205                  | 4 949                         | -5 037                                     | 27 500 |
| EBITDA LIFO              | 955            | 129                    | 63                            | 357  | 1 504  |
| LIFO effect <sup>1</sup> | 154            | 52                     | 7                             | 5  | 218    |
| EBITDA                   | 1 109          | 181                    | 70                            | 362  | 1 722  |
| Depreciation             | -471           | -207                   | -37                           | -219                                       | -934   |
| EBIT                     | 638            | -26                    | 33                            | 143  | 788    |
| EBIT LIFO                | 484            | -78                    | 26                            | 138  | 570    |
| Financial income         | 453            | -2                     | -2                            | -3   | 446    |
| Financial costs          | -223           | -18                    | 6                             | -18  | -253   |
| Net result               | 712            | -75                    | 83                            | 51   | 771    |

<sup>1</sup> Calculated as a difference between operating profit acc. to LIFO and operating profit based on weighted average

<sup>2</sup> Presented data shows Unipetrol Group and ORLEN Lietuva results acc. to IFRS before taking into account adjustments made for PKN ORLEN consolidation

| PLN m       | 4Q18  | 3Q19  | 4Q19  | Δ (y/y) | 12M18  | 12M19  | Δ    |
|-------------|-------|-------|-------|---------|--------|--------|------|
| Revenues    | 5 728 | 5 061 | 4 949 | -14%    | 20 093 | 19 676 | -2%  |
| EBITDA LIFO | -239  | 176   | 63    | -       | 201    | 488    | 143% |
| EBITDA      | -255  | 164   | 70    | -       | 192    | 492    | 156% |
| EBIT        | -283  | 125   | 33    | -       | 101    | 341    | 238% |
| Net result  | -210  | 98    | 83    | -       | 97     | 356    | 267% |

- Decrease in revenues as a result of lower quotations of refining and petrochemical products and lower sales volumes.
- Lower crude oil throughput and as a result lower utilization by (-) 13 pp (y/y) mainly due to unfavourable macro situation and weather conditions, which made the crude oil unloading impossible.
- EBITDA LIFO higher by PLN 302 m (y/y) mainly due to reversal of net realizable value (NRV) in the amount of PLN 212 m (y/y) and higher trading margins at negative impact of macro environment and lower sales volumes.
- CAPEX 4Q19: PLN 105 m / 12QM: PLN 309 m.

Data before impairments of assets:  
 3Q19: PLN 1 m  
 12M19: PLN 1 m

| PLN m       | 4Q18  | 3Q19  | 4Q19  | Δ (y/y) | 12M18  | 12M19  | Δ    |
|-------------|-------|-------|-------|---------|--------|--------|------|
| Revenues    | 6 061 | 5 842 | 5 205 | -14%    | 21 745 | 21 582 | -1%  |
| EBITDA LIFO | 465   | 425   | 129   | -72%    | 1 454  | 1 004  | -31% |
| EBITDA      | 132   | 381   | 181   | 37%     | 1 338  | 1 006  | -25% |
| EBIT        | -16   | 195   | -26   | -63%    | 798    | 242    | -70% |
| Net result  | 646   | 174   | -75   | -       | 1 406  | 129    | -91% |

- Decrease in revenues due to lower quotations of refining and petrochemical products.
- Lower crude oil throughput and as a result lower utilization by (-) 3 pp (y/y) mainly due to extended maintenance shutdowns of Visbreaking unit (y/y) and lower share of low-sulphur crude oil in the feedstock.
- EBITDA LIFO lower by PLN (-) 336 m (y/y) mainly due to negative macro impact and lower trading margins at positive effect of inventory revaluation (NRV) (y/y) .
- CAPEX 4Q19: PLN 582 m / 12M19: PLN 1 767 m.

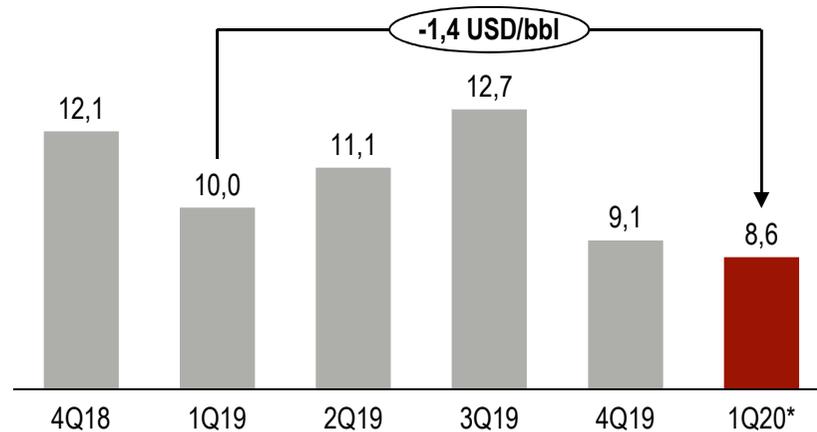
Data before impairments of assets:  
 3Q19: PLN (-) 9 m  
 4Q19: PLN (-) 22 m / 4Q18: PLN 748 m  
 12M19: PLN (-) 39 m / 12M18: PLN 741 m

# Macro environment in 1Q20



## Downstream margin decrease

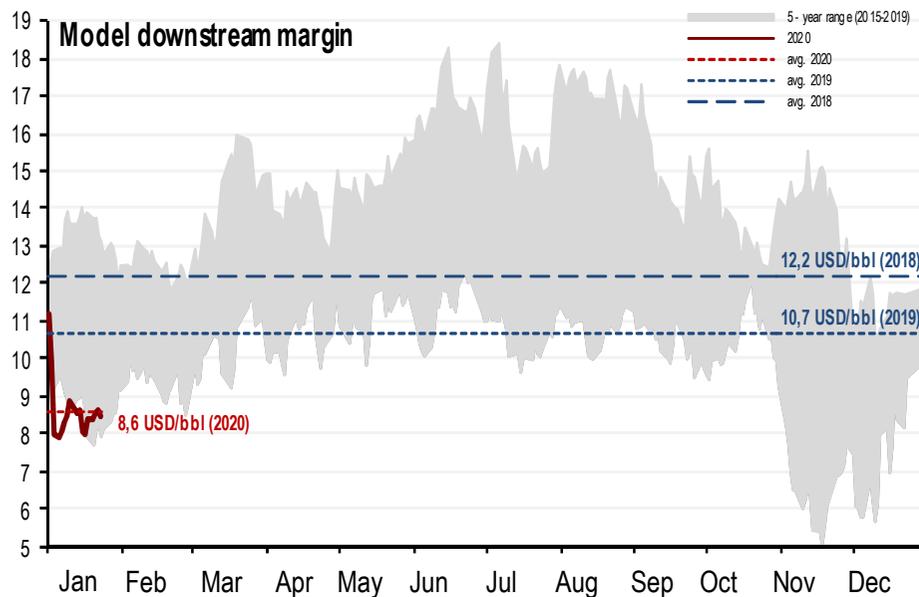
Model downstream margin, USD/bbl



## Product slate of downstream margin

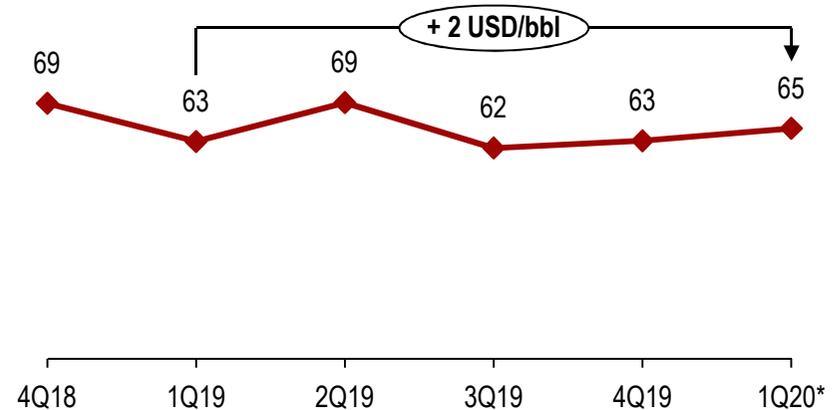
Crack margins

| Refining products (USD/t)       | 1Q19 | 4Q19 | 1Q20* | Δ Q/Q | Δ Y/Y |
|---------------------------------|------|------|-------|-------|-------|
| Diesel                          | 113  | 113  | 92    | -19%  | -19%  |
| Gasoline                        | 77   | 127  | 114   | -10%  | 48%   |
| HSFO                            | -102 | -252 | -224  | 11%   | -120% |
| SN 150                          | 146  | 75   | 56    | -25%  | -62%  |
| <b>Petchem products (EUR/t)</b> |      |      |       |       |       |
| Ethylene                        | 578  | 543  | 524   | -3%   | -9%   |
| Propylene                       | 516  | 421  | 399   | -5%   | -23%  |
| Benzene                         | 103  | 188  | 233   | 24%   | 126%  |
| PX                              | 534  | 328  | 324   | -1%   | -39%  |



## Crude oil price increase

Average Brent crude oil price, USD/bbl

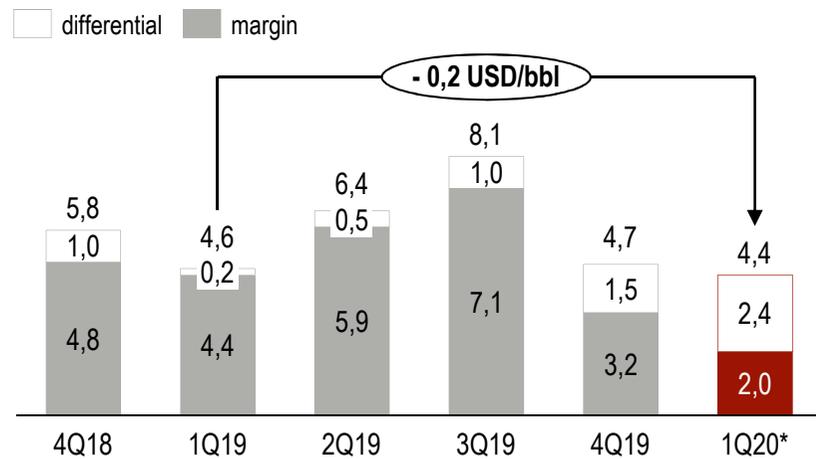


\* Data as of 24.01.2020

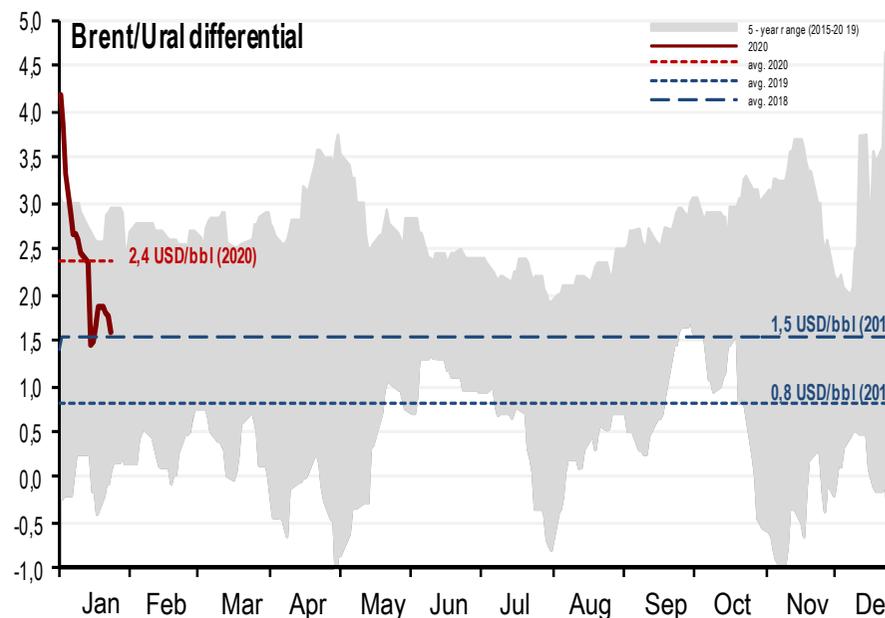
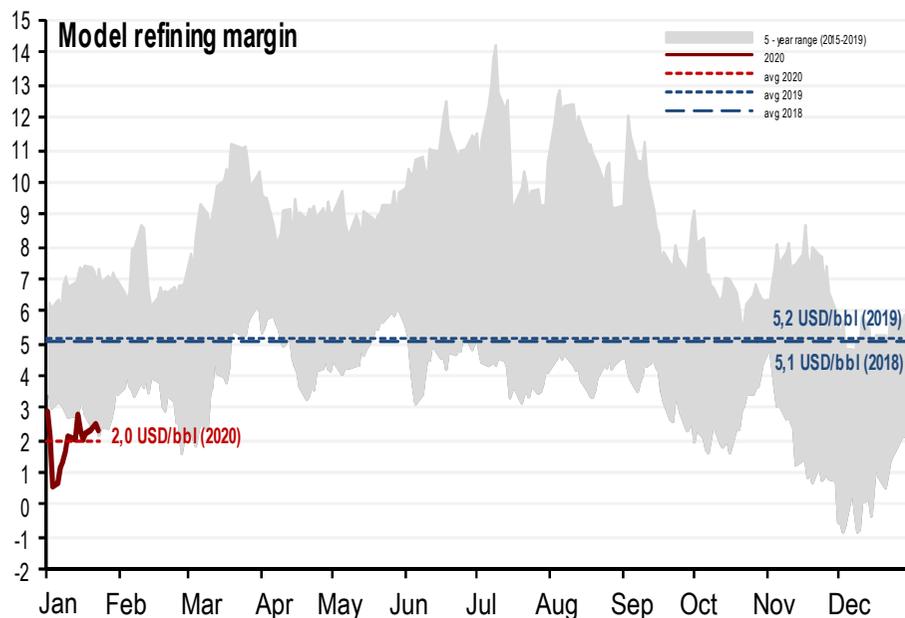
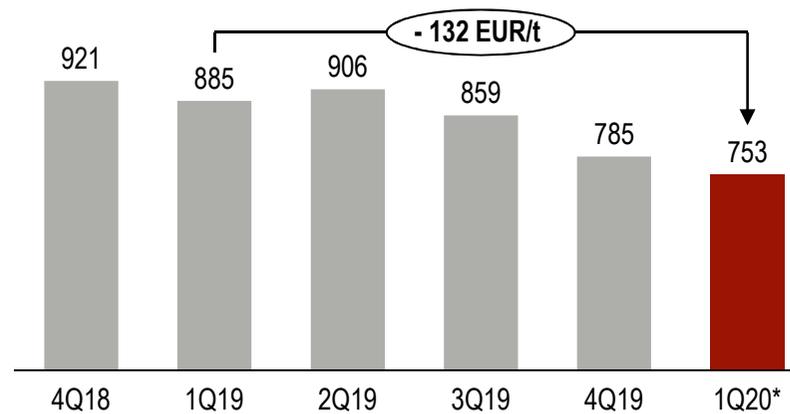
# Macro environment in 1Q20



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



**Petrochemical margin decrease**  
Model petrochemical margin, EUR/t



\* Data as of 24.01.2020

# Production data



|   | 4Q18  | 3Q19  | 4Q19  | Δ (y/y) | Δ (q/q) | 12M18  | 12M19  | Δ     |
|---|-------|-------|-------|---------|---------|--------|--------|-------|
| <b>Total crude oil throughput in PKN ORLEN (kt)</b> | 8 696 | 9 013 | 8 352 | -4%     | -7%     | 33 380 | 33 879 | 1%    |
| Utilization   | 98%   | 102%  | 94%   | -4 pp   | -8 pp   | 95%    | 96%    | 1 pp  |
| <b>Refinery in Poland <sup>1</sup></b>              |       |       |       |         |         |        |        |       |
| Processed crude (kt)                                | 3 955 | 4 196 | 3 996 | 1%      | -5%     | 15 855 | 16 207 | 2%    |
| Utilization   | 96%   | 102%  | 97%   | 1 pp    | -5 pp   | 97%    | 99%    | 2 pp  |
| Fuel yield <sup>4</sup>                             | 81%   | 81%   | 84%   | 3 pp    | 3 pp    | 81%    | 84%    | 3 pp  |
| Light distillates yield <sup>5</sup>                | 32%   | 32%   | 34%   | 2 pp    | 2 pp    | 32%    | 34%    | 2 pp  |
| Middle distillates yield <sup>6</sup>               | 49%   | 49%   | 50%   | 1 pp    | 1 pp    | 49%    | 50%    | 1 pp  |
| <b>Refinery in the Czech Rep. <sup>2</sup></b>      |       |       |       |         |         |        |        |       |
| Processed crude (kt)                                | 2 050 | 2 133 | 1 991 | -3%     | -7%     | 7 555  | 7 854  | 4%    |
| Utilization   | 94%   | 97%   | 91%   | -3 pp   | -6 pp   | 87%    | 90%    | 3 pp  |
| Fuel yield <sup>4</sup>                             | 82%   | 80%   | 81%   | -1 pp   | 1 pp    | 80%    | 81%    | 1 pp  |
| Light distillates yield <sup>5</sup>                | 36%   | 33%   | 34%   | -2 pp   | 1 pp    | 34%    | 35%    | 1 pp  |
| Middle distillates yield <sup>6</sup>               | 46%   | 47%   | 47%   | 1 pp    | 0 pp    | 46%    | 46%    | 0 pp  |
| <b>Refinery in Lithuania <sup>3</sup></b>           |       |       |       |         |         |        |        |       |
| Processed crude (kt)                                | 2 619 | 2 597 | 2 285 | -13%    | -12%    | 9 690  | 9 515  | -2%   |
| Utilization   | 102%  | 101%  | 89%   | -13 pp  | -12 pp  | 95%    | 93%    | -2 pp |
| Fuel yield <sup>4</sup>                             | 72%   | 72%   | 77%   | 5 pp    | 5 pp    | 73%    | 74%    | 1 pp  |
| Light distillates yield <sup>5</sup>                | 28%   | 29%   | 31%   | 3 pp    | 2 pp    | 28%    | 29%    | 1 pp  |
| Middle distillates yield <sup>6</sup>               | 44%   | 43%   | 46%   | 2 pp    | 3 pp    | 45%    | 45%    | 0 pp  |

<sup>1</sup> Throughput capacity for Plock refinery is 16,3 mt/y

<sup>2</sup> Throughput capacity for Unipetrol is 8,7 mt/y [Litvinov (5,4 mt/y) and Kralupy (3,3 mt/y)]

<sup>3</sup> Throughput capacity for ORLEN Lietuva is 10,2 mt/y

<sup>4</sup> Fuel yield equals middle distillates yield plus light distillates yield. Differences may occur from rounding

<sup>5</sup> Light distillates yield is a ratio of gasoline, naphtha, LPG production excluding BIO and internal transfers to crude oil throughput

<sup>6</sup> Middle distillates yield is a ratio of diesel, light heating oil (LHO) and JET production excluding BIO and internal transfers to crude oil throughput

**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). Cracks for petrochemical products calculated as the difference between the quotation of a given product and Brent DTD oil price.

**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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