



Consolidated financial results of PKN ORLEN Q1 2006 (IFRS)

Igor Chalupec, CEO

Paweł Szymański, CFO

May 15th 2006



ORLEN

Agenda

Financial results in Q1'06

Analysis of results in Q1'06 - segments

Supporting slides



Lower Q1'06 results due to extremely unfavourable macroeconomic conditions

Key financial data

In m PLN	Q1'05	Q4'05	Q1'06	y/y [%]	q/q [%]
	1	2	3	4=3/1	5=3/2
Net profit	668	314	365	-45%	16%
EBITDA	1 086	1 027	984	-9%	-4%
ROACE (%)²	20,5%	6,0%	6,4%	-14,1 p.p.	0,4 p.p.
Cash flow from operations	578	885	-557	-	-
Gearing (%)³	2,5%	15,7%	22,2%	19,7 p.p.	6,5 p.p.
Optima Program	-	-	54	-	-

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

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

3) Gearing = net debt / equity



Significant increase of flues & petrochemicals volumes sold

Positive effects of PKN ORLEN expansion

Key operating data

	Q1'05		Q1'06		y/y [%]	
	<i>PKN ORLEN mother comp</i>	PKN ORLEN	<i>PKN ORLEN mother comp</i>	PKN ORLEN	<i>PKN ORLEN mother comp</i>	PKN ORLEN
	1	2	3	4	5=3/1	6=4/2
Wholesale volume sale (kt) ^{1,4}	1 131	1 635	1 260	2 173	11,4%	32,9%
Petrochemical volume sale (kt) ⁴	285	550	365	1 274	28,1%	131,6%
Retail volume sale (m litres) ²	825	962	878	1 178	6,5%	22,5%
Refinery utilisation ratio ³	91,7%	-	92,8%	-	+1,1pp	-

1) Refers to gasoline, diesel, Jet, LHO

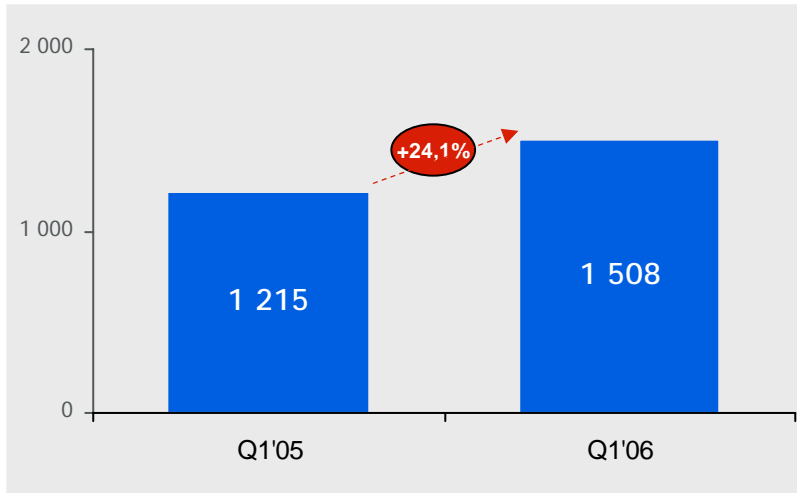
2) Refers to retail sales of gasoline, diesel, LPG

3) Refers to deep processing capacity at PKN ORLEN at 13,8 m t/y

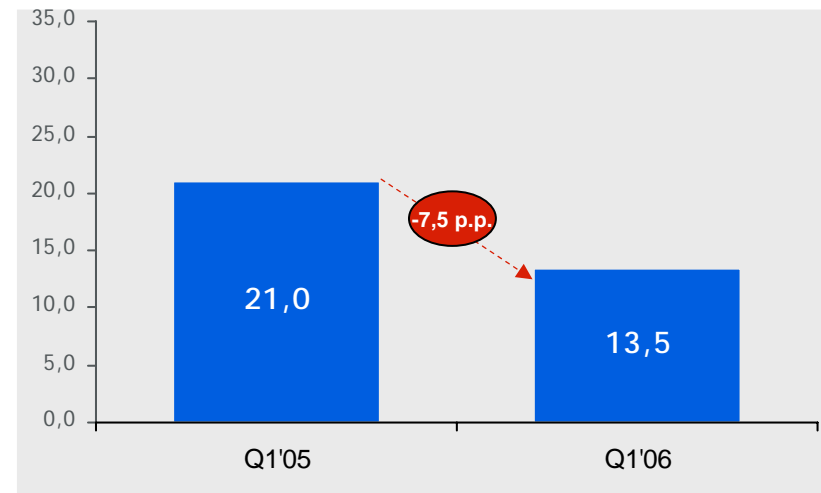
4) Refers to PKN ORLEN mother company excluding export

Considerable increase of EBITDA in comparable market conditions is a positive sign for the realization of the plan in the following quarters

EBITDA (PLN m)
(same market conditions)¹



ROACE (%)
(same market conditions)¹



Financial assumptions for 2006 - delivery on track

Item

- EBITDA¹
- Fixed costs²
- CAPEX

Delivery after Q1'06 r. vs. Q1'05

- Increase by 24,1%
- Decrease by 1%
- 264 m PLN

1) 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. PLN/USD 3,65. Assumptions vs. 2005. Negative goodwill effect excluded from 2005.

2) Excluding strategic projects.

Agenda

Financial results in Q1'06

Analysis of results in Q1'06 - segments

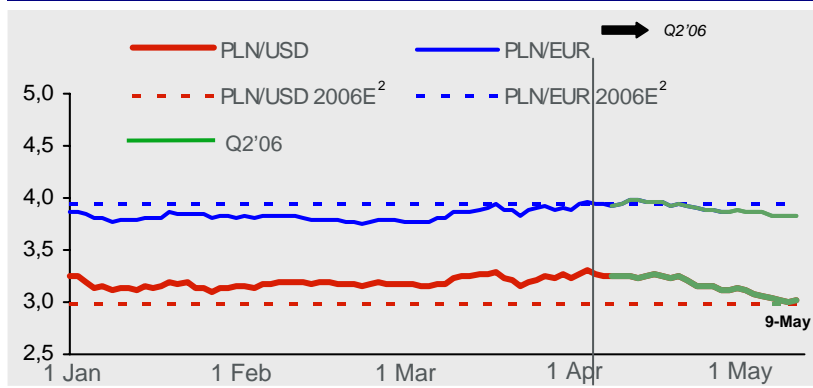
Supporting slides



Adverse conditions on refining and petrochemical market on Q1'06

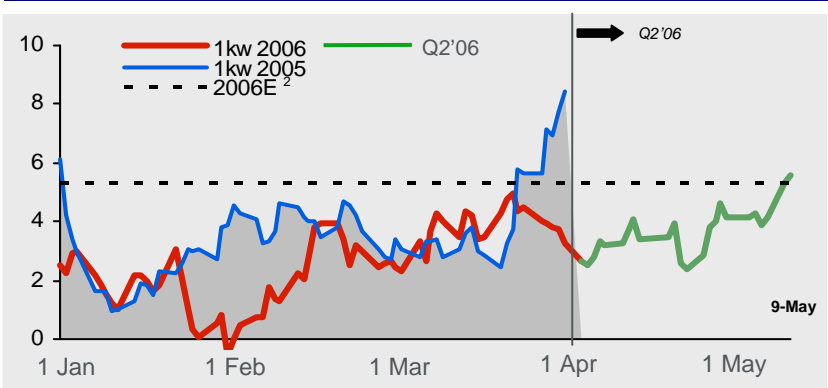
Sound improvement of the macroeconomic environment from the beginning of Q2'06

Exchange rates¹



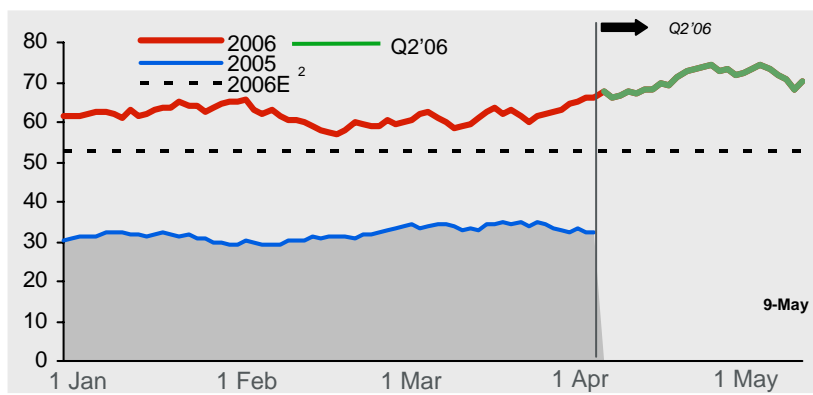
Refinery margin

2,56\$/b average in Q1'06³ Decrease by 28% y/y



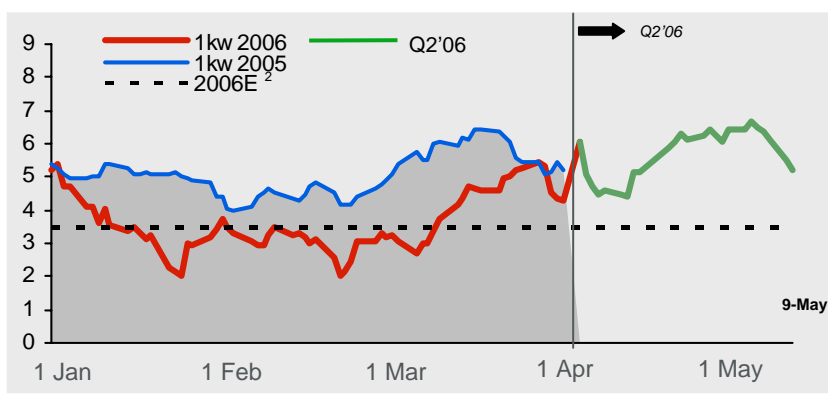
Brent crude

61,79 \$/b average in Q1'06 Increase by 30% y/y



Brent/Ural differential

3,59 \$/b average in Q1'06 Decrease by 29% y/y



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%), EN590 (23.20%), Naphtha (16.51%), LOO (15.31%), HSFO (5.44%) i Jet (2.69%) (source: CIF NWE quotations, except HSFO FOB ARA)



Simplified P&L account

Decrease of operating profit y/y, although increase by 13% q/q

In m PLN	Q1'05	Q4'05	Unipetrol effect Q1'06	Q1'06	y/y [%]	q/q[%]
	1	2	3	4	5=4/1	6=4/2
Revenues	6 806	12 969	2 804	11 331	66,5%	-12,6%
Operating profit	798	400	68	451	-43,5%	12,8%
Net profit	679	340	60	398	-41,4%	17,1%
Net profit ex minority shareh.	668	314	60	365	-45,4%	16,2%

Comments

- Revenues in 2005, excluding Unipetrol consolidation, increase by 25% y/y

- Increase of revenues associated with the improvement of wholesale products sales by 33%, increase in retail sales by 22% and petrochemical products by 132% y/y

- EBIT excluding Unipetrol lower by 48% mainly due to the unfavourable external factors

- Decrease in Ural/Brent differential lowered operating profit by PLN 138 m

- Total effect of lower petrochemical margin decrease result of PKN ORLEN mother company by PLN 130 m

- Unfavourable weather conditions and tense situation on raw materials market (natural gas) resulted in shortages in gas supplies and influenced negatively EBIT of the Parent Company by PLN 110 m

1) Revenues for Q4'05 inflated by the excise tax in Unipetrol results



ORLEN

Expenses – Decrease of fixed costs vs. Q4'05

Staff costs decrease by 8% y/y underpins the restructuring program at PKN ORLEN

In m PLN	Q1'05	Q4'05	Unipetrol effect Q1'06	Q1'06	q/q [%]
	1	2	3	4	5=4/2
Raw materials and energy	3 269	7 191	1 611	6 397	-11%
Costs of goods for resale	2 197	3 069	507	2 779	-9%
External services	370	803	223	654	-19%
Staff costs	258	378	103	346	-8%
Depreciation and amortisation	288	617	212	533	-14%
Taxes and charges	92	61	1	98	61%
Others	11	128	13	50	-61%
Total	6 485	12 247	2 670	10 857	-11%
Variable costs	5 547	10 703	2 241	9 493	-11%
Fixed costs	938	1 544	429	1 364	-12%
Other operating costs	94	500	32	94	-81%
Change in inventories	-492	96	92	63	-34%
Total operating costs	6 087	12 843	2 794	11 014	-14,2%

Comments

- Lower external services costs by 19% q/q
- Depreciation in Q4'05 inflated also due to a fair value assessment of Unipetrol assets

- Increase of variable costs y/y due to the consolidation of Unipetrol and increasing prices of crude

Operating profit of PKN ORLEN

Petrochemical segment stands as a leader of growth

In m PLN (IFRS)	Q1'05	Q4'05	Unipetrol effect Q1'06	Q1'06	y/y [%]	q/q [%]
	1	2	3	4	5=4/1	6=4/2
Operating profit , of which	798	400	68	451	-43,5%	12,8%
Refining¹	552	352	-56	139	-74,8%	-60,5%
Petrochemical	270	246	135	310	14,8%	26,0%
Chemical	65	0	6	57	-12,3%	-
Retail	1	-15	-8	6	500,0%	-
Others²	44	-108	-9	49	11,4%	-
Non-attributable³	-134	-75	0	-110	-17,9%	46,7%

Comments

- Decrease in Ural/Brent differential by 29% y/y negatively contributed to the lower results in refining segment

- Petrochemical segment, excluding Unipetrol lower by 35%, due to lower cracks on petrochemical products

- Increase in retail sale volume of engine fuels in the Parent Company resulted in an increase of EBIT by PLN 13 million

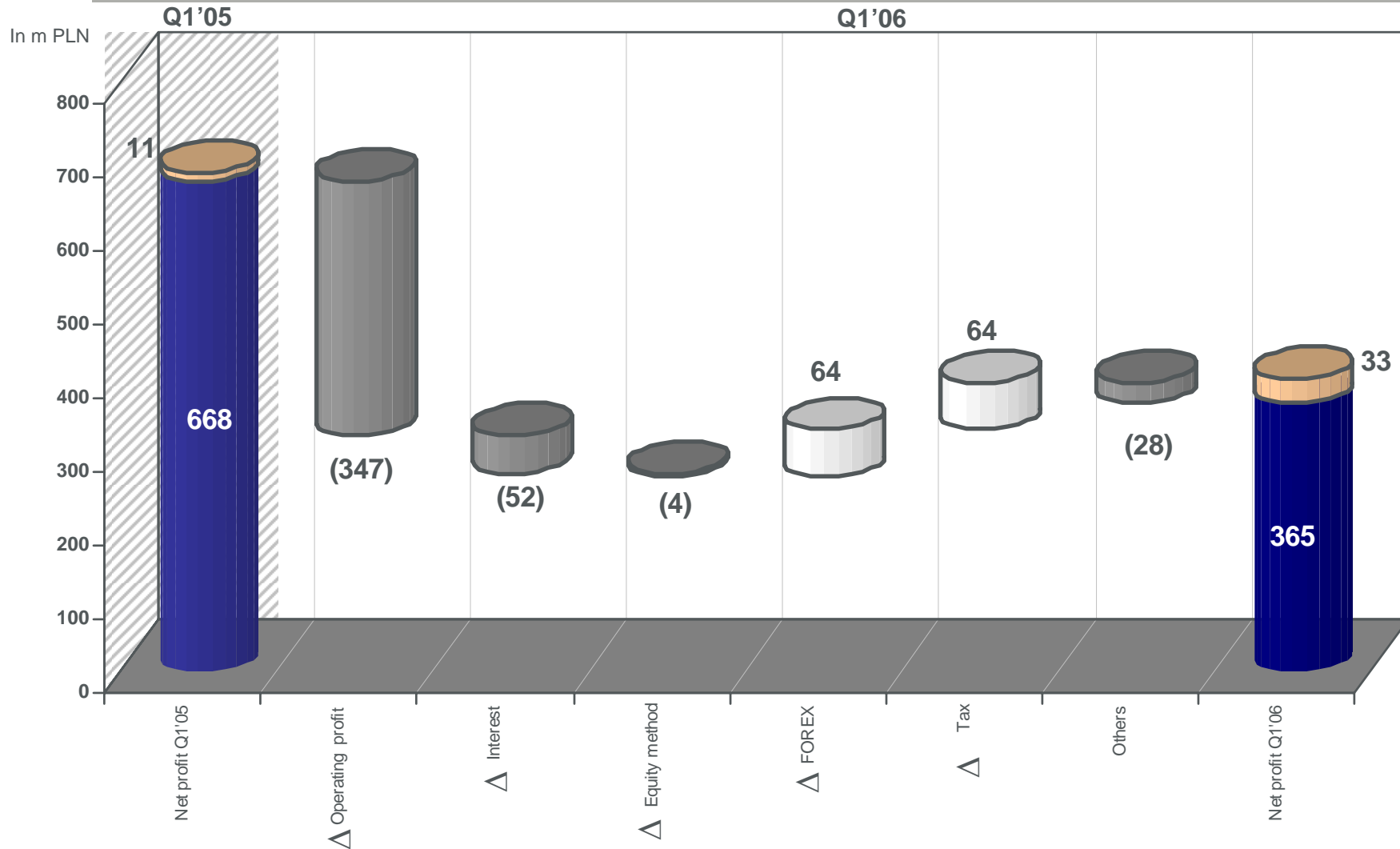
1) Production, Wholesale and Logistics

2) Departments responsible for energetic media and social activity and services subsidiaries of PKN ORLEN

3) Includes corporate centre of PKN and subsidiaries not mentioned in previous segments

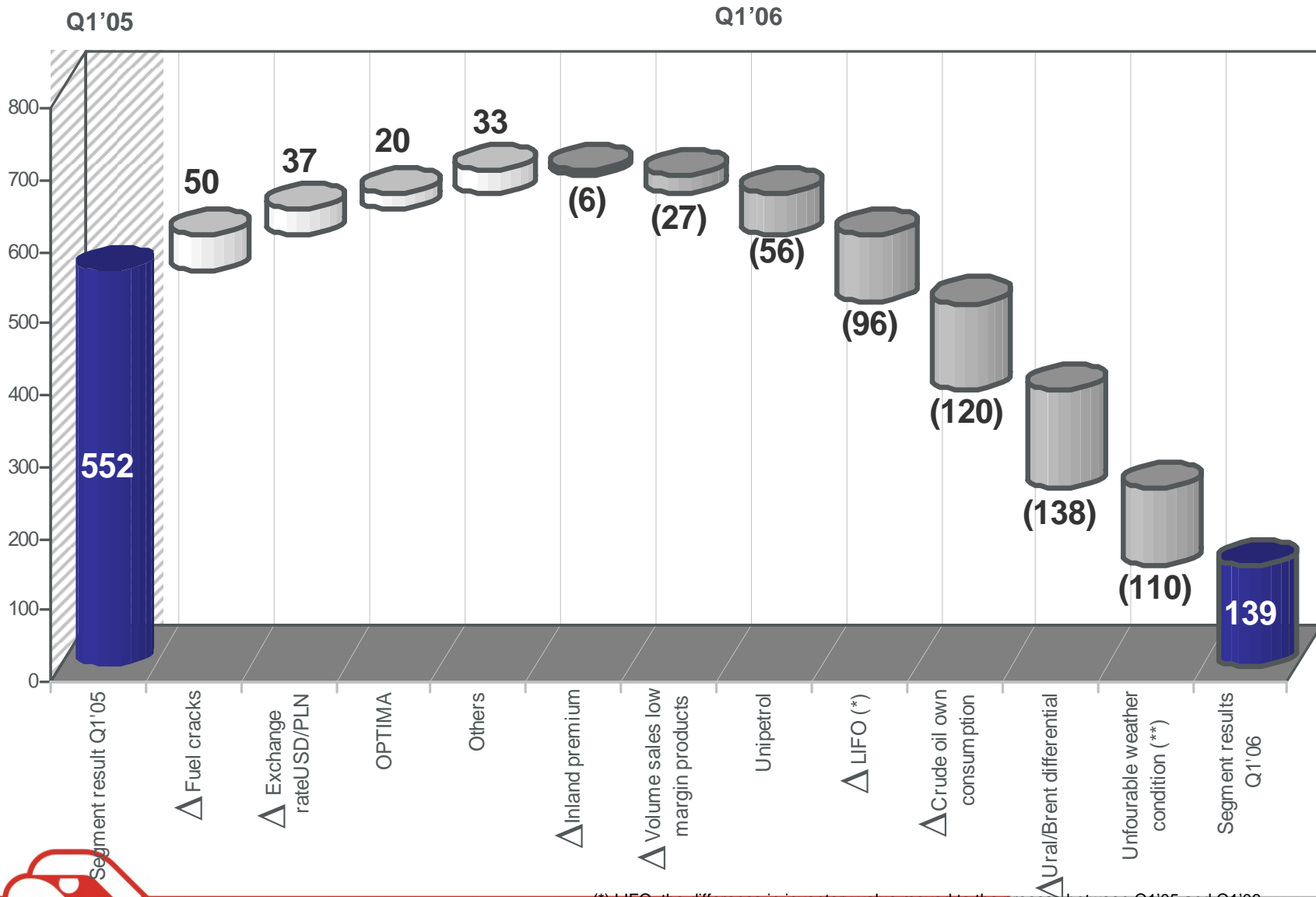
Decrease of operating profit due to hostile external conditions

Key factor behind decrease of net results



Refining segment

In PLN m

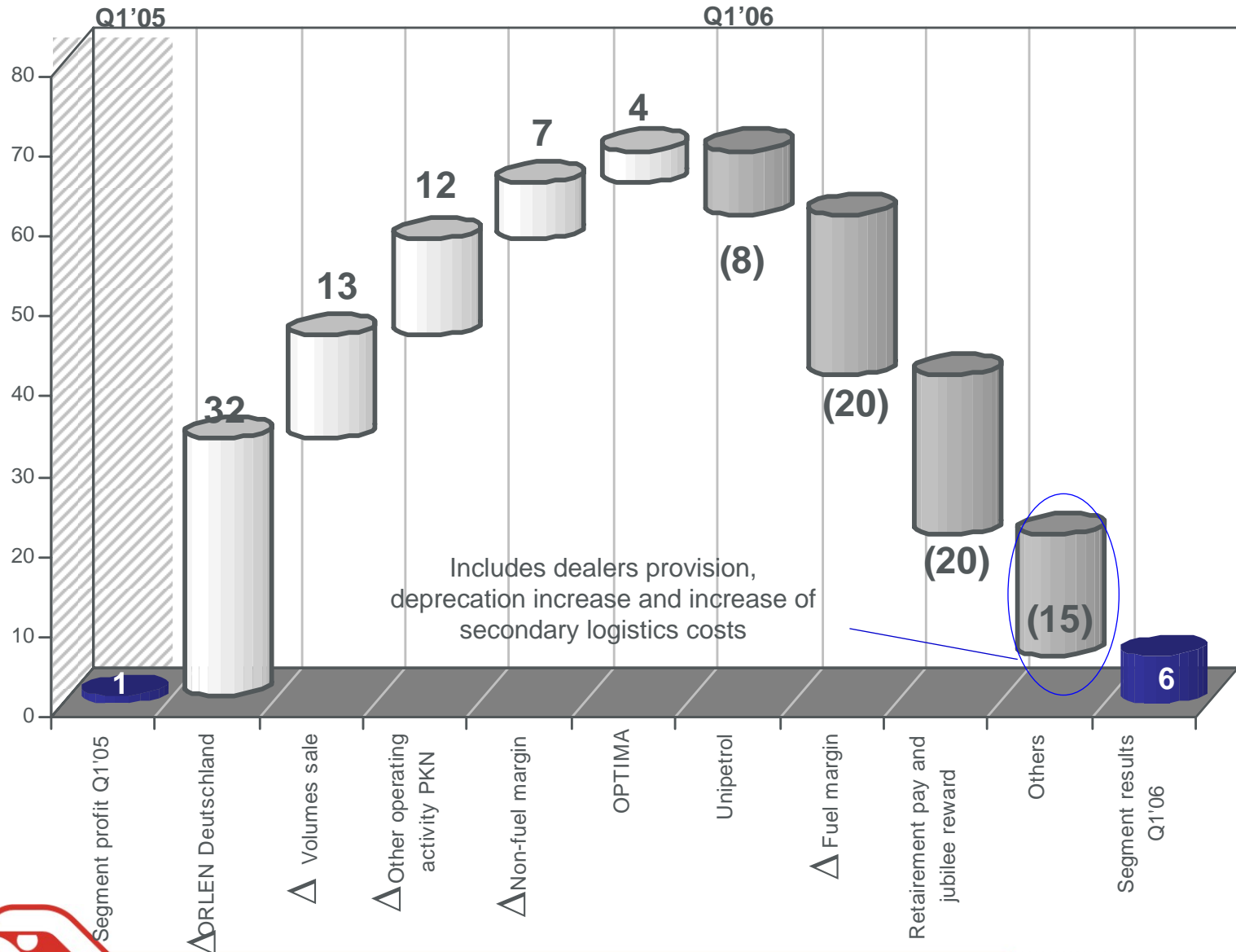


ORLEN

(*) LIFO, the difference in inventory value moved to the process between Q1'05 and Q1'06
 (**) Unfavorable weather conditions and tense situation on raw materials market (natural gas) resulted in shortages in gas supplies and influenced negatively

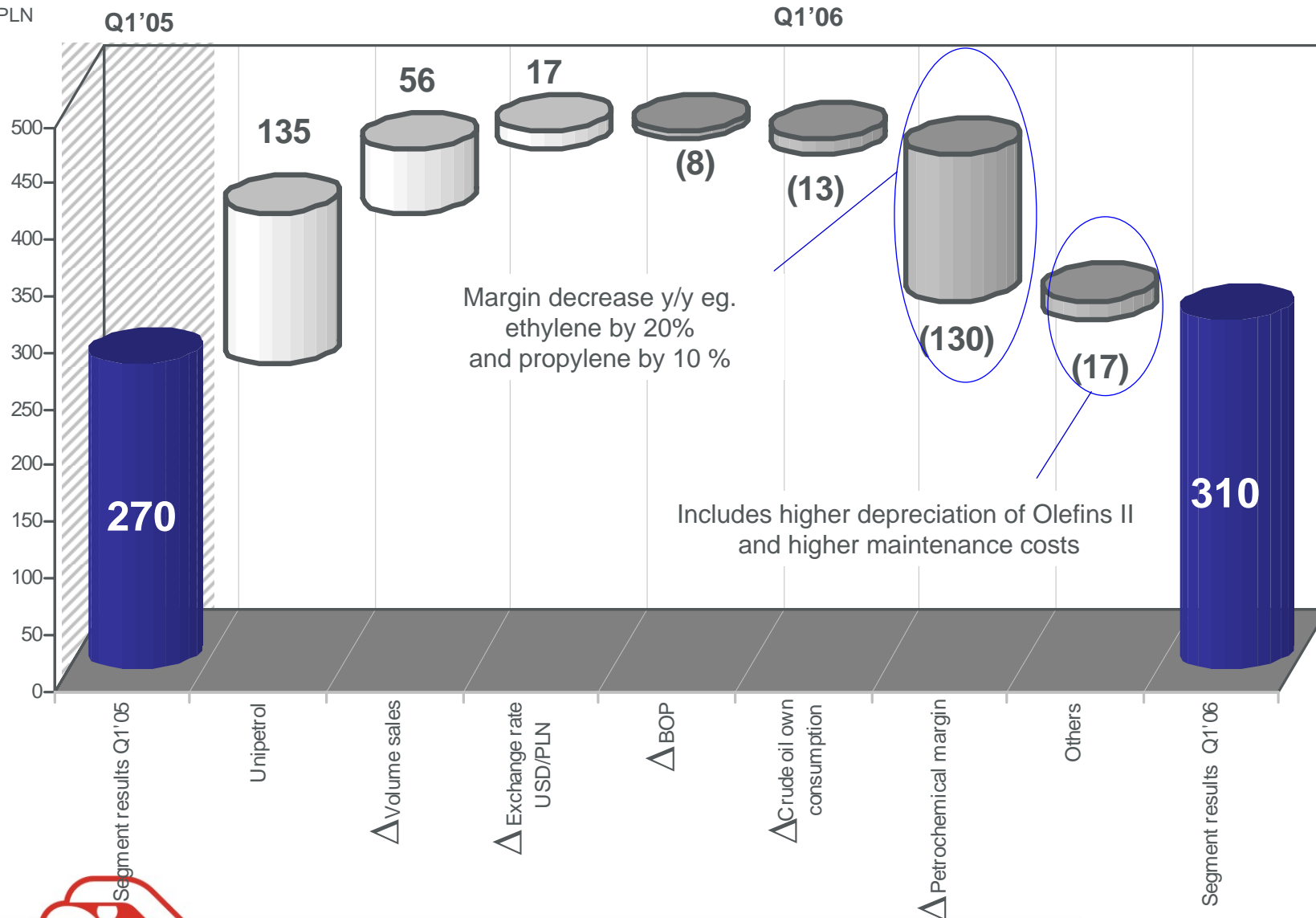
Retail segment

In m PLN



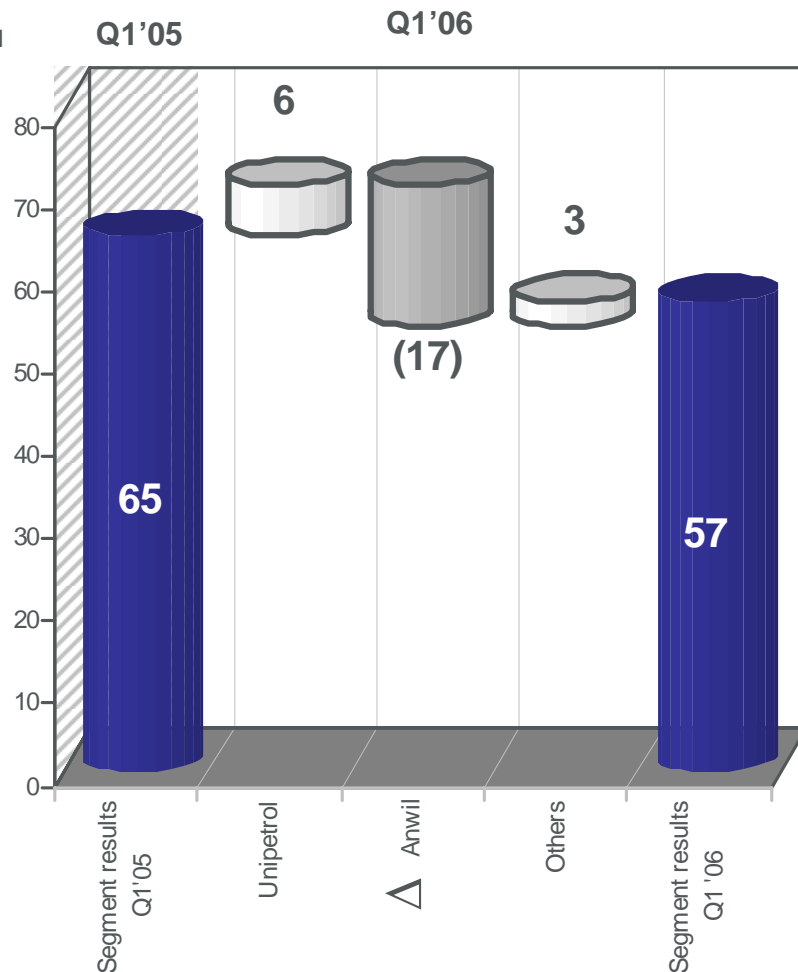
Petrochemical segment

In m PLN



Chemical segment

In m PLN



New segment - Chemicals

• Chemical segment included operating activity of the following entities:

- Anwil
- Spolana
- Unipetrol Trade
- ORLEN PetroProfit (chemical part)

- Increase of volumes sold in Q1'06 due to the consolidation of Unipetrol
- Cold winter negatively influenced operating results of Anwil

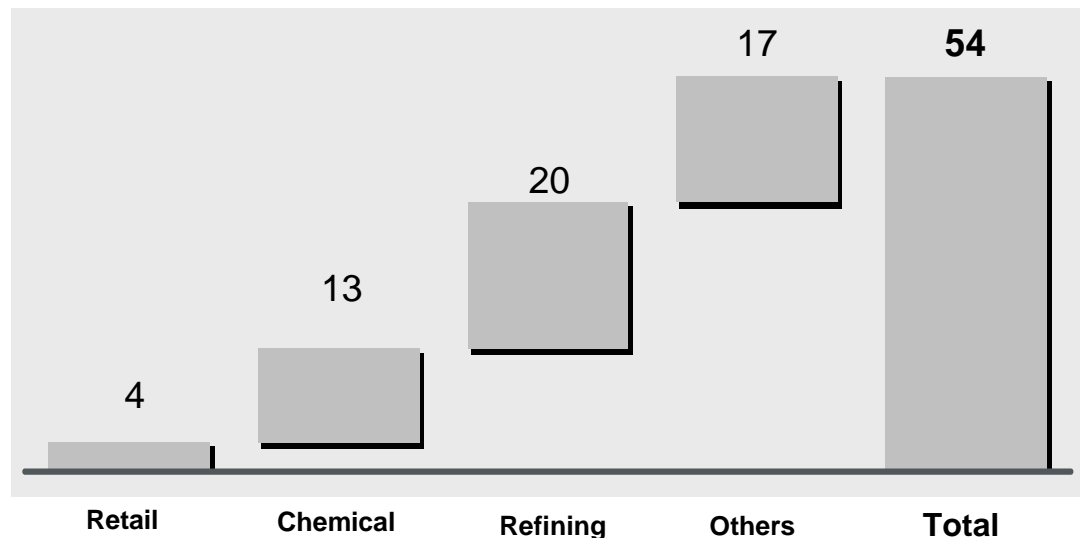


Results of OPTIMA Program in Q1'06

Breakdown by segment

In m PLN

First results of OPTIMA Program are in line with expectations



- OPTIMA Program is executed as scheduled.
- Progress at majority of segments is at satisfactory level
- Refining segment leads with the results. Also chemical segment provided with good results – including ANWIL S.A.

OPTIMA Program potential 2009 – examples of major initiatives

- 29,8 m PLN -reconfiguration of chloride production technology (Anwil)
- 5,4 m PLN – efficiency improvements of furfurole (dissolvent) installations (Capital Group)
- 9,4 m PLN – cost reduction of railway by PKP Cargo
- 10 m PLN – increase of refining yield at Desulphurization of Diesel VI installation



Agenda

Financial results in Q1'06

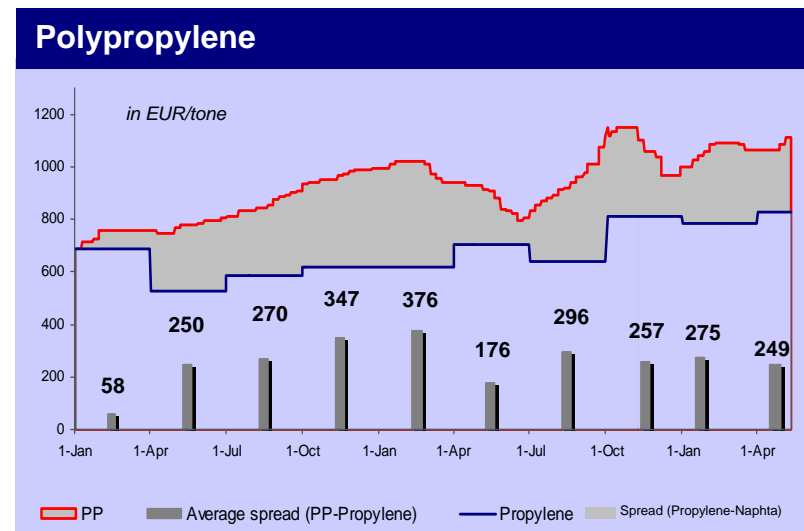
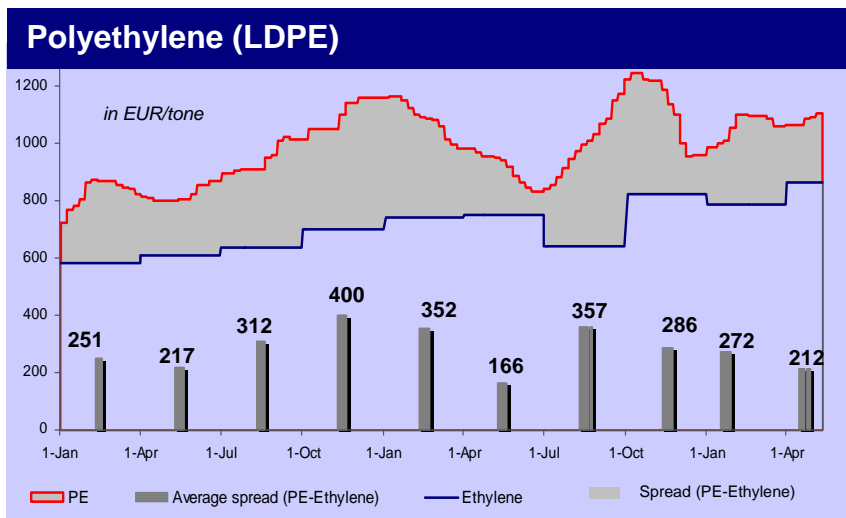
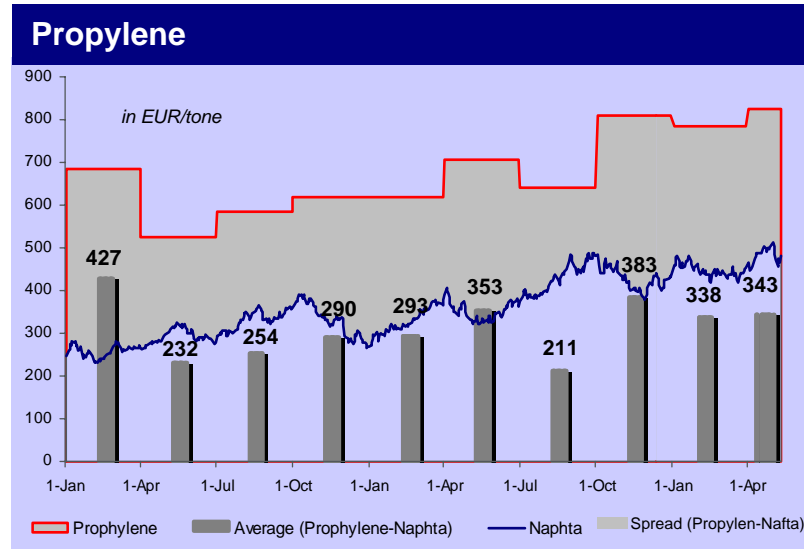
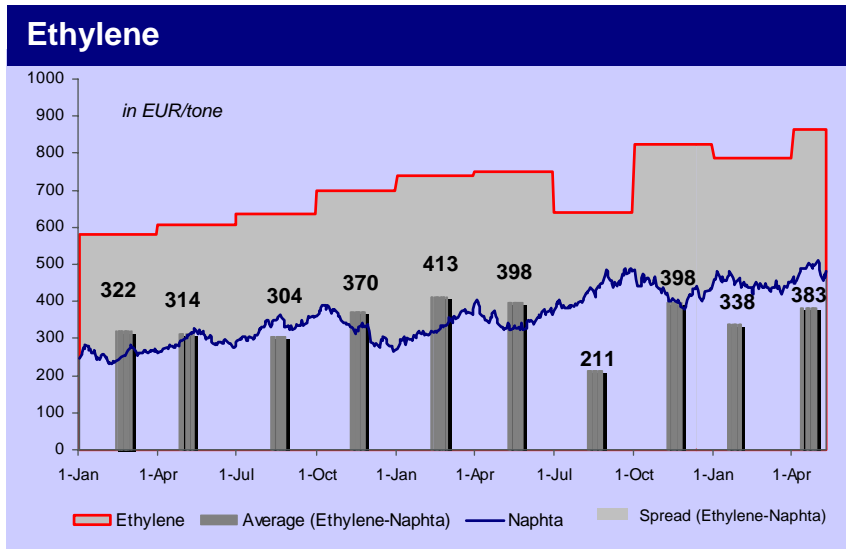
Analysis of results in Q1'06 - segments

Supporting slides

- **Petrochemicals market – environment summary**
- **Unipetrol**
- **OPTIMA – the streams of cost reduction**
- **Orlen Deutschland**



Unfavourable conditions on petrochemical market in Q1'06*



*The charts from January 1st 2004 to May 9th 2006

Source: Market quotations

Unipetrol Group

Selected financial data for Q1'06 vs. Q1'05

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

In ths. CZK (IFRS)	Q1'05	Q1'06	y/y [%]
Chemopetrol a.s.			
Revenues	7 302 886	8 408 916	15,1%
EBIT	1 227 518	965 369	-21,4%
Net result	1 098 535	896 716	-18,4%
Benzina a.s.			
Revenues	1 239 140	1 443 811	16,5%
EBIT	222 936	-3 217	-
Net result	112 819	-208 227	-
Ceska Rafinerska a.s.			
Revenues	2 154 153	2 235 878	3,8%
EBIT	129 518	124 258	-4,1%
Net result	91 251	91 341	0,1%
Kaucuk a.s.			
Revenues	2 918 665	2 670 632	-8,5%
EBIT	431 884	304 981	-29,4%
Net result	288 098	211 206	-26,7%
Paramo a.s.			
Revenues	1 659 049	2 070 747	24,8%
EBIT	-87 518	-97 151	11,0%
Net result	-92 210	28 004	-130,4%
Spolana a.s.			
Revenues	1 599 529	1 623 316	1,5%
EBIT	202 718	122 195	-39,7%
Net result	170 444	95 740	-43,8%
Unipetrol Rafinerie a.s.			
Revenues	10 643 149	13 782 846	29,5%
EBIT	-157 685	-454 699	188,4%
Net result	-177 496	-325 808	83,6%



Unipetrol Group

Financial and Operational Results for Q1'06

Preliminary consolidated financial highlights of Unipetrol a.s. Q1'06

In m CZK (IFRS)	Q1'05	2005	Q1'06	y/y [%]
	1	2	3	4=3/1
Equity	<i>b.d.</i>	38 988	39 790	-
Total assets	<i>b.d.</i>	76 442	74 661	-
Revenues	17 881	80 946	20 140	13%
EBIT	1 675	5 279	978	-42%
Net profit	1 223	3 407	814	-33%



Unipetrol Group

Selected financial data in 2003 - 2006

Operational highlights from Q1'03 to Q1'06

Operating data*	Q1'03	Q2'03	Q3'03	Q4'03	2003	Q1'04	Q2'04	Q3'04	Q4'04	2004	Q1'05	Q2'05	Q3'05	Q4'05	2005	Q1'06
Total sales (tt) , of w hich	110	177	720	1 135	2 142	1 024	1 195	1 204	1 269	4 692	1 118	1 326	1 400	1 320	5 164	1 186
- light product sales (tt) ¹	45	69	429	728	1 269	654	770	784	830	3 039	746	848	919	854	3 367	813
- other refinery products sales	52	83	156	128	420	100	132	190	130	552	123	192	197	166	678	110
- pet-chem sales (tt)	14	25	114	231	383	221	243	189	253	905	209	236	235	249	928	213
- other product sales (tt)	0	0	21	48	69	49	50	41	56	196	41	51	50	51	192	51
Retail sales of motor fuels (tL)²	110	130	137	129	507	107	130	133	120	491	104	126	136	120	486	107
Processed crude (tt)	131	143	671	978	1 922	834	898	952	1 034	3 718	874	1 022	1 134	1 122	4 151	875
Utilisation³	69%	69%	67%	71%	70%	62%	65%	68%	75%	67%	64%	74%	81%	81%	75%	64%
White product yield⁴	45%	65%	68%	71%	68%	72%	67%	74%	70%	71%	72%	69%	72%	71%	71%	74%
Fuel yield⁵	34%	48%	59%	60%	57%	46%	56%	57%	55%	54%	52%	55%	59%	58%	56%	56%

*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

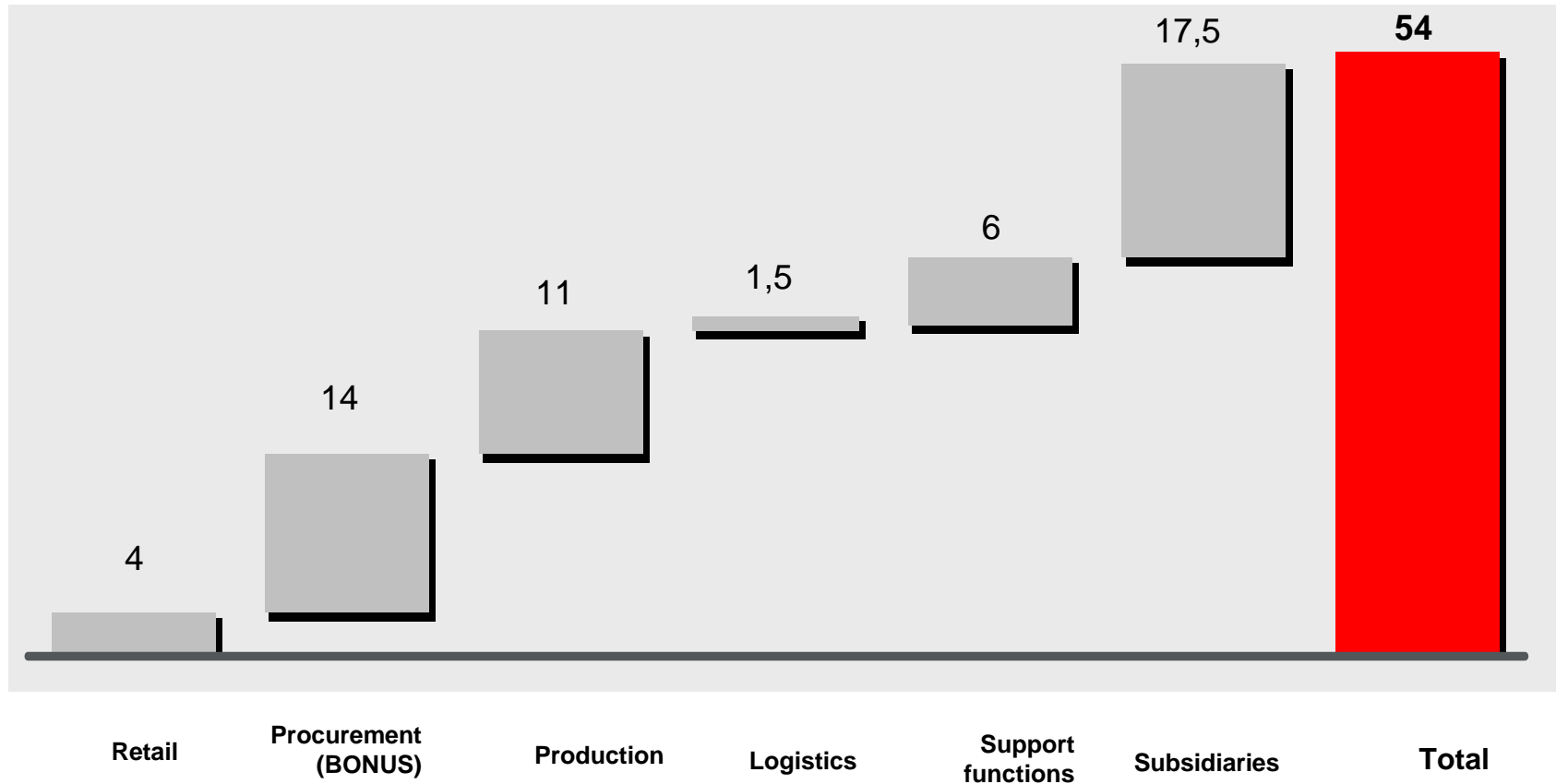
5) Gasoline, Diesel, LPG, LHO

Results of OPTIMA Program – Q1'06

The streams of cost reduction

In m PLN

First results of OPTIMA Program are in line with expectations

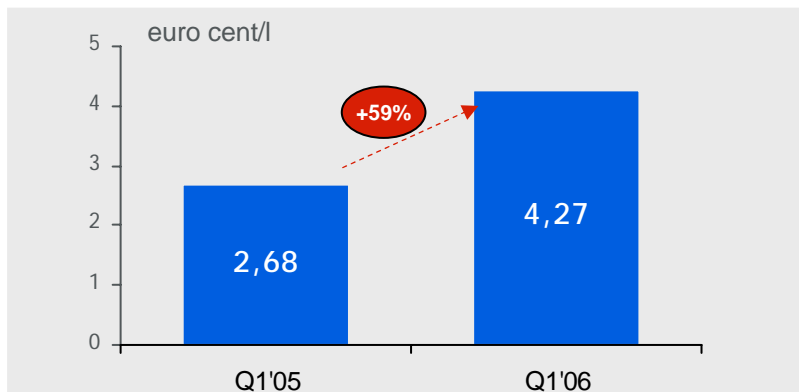


ORLEN Deutschland

Selected financial data Q1'06 vs Q1'05

in m PLN (IFRS)	Q1'05	Q4'05	Q1'06	y/y [%]	q/q [%]
	1	2	3	4=3/1	5=3/2
Assets	1 432	1 309	1 445	0,9%	10,4%
Equity	462	325	327	-29,2%	0,6%
IFRS in m PLN	Q1'05	Q4'05	Q1'06	y/y [%]	q/q [%]
Revenues	1 844	2 182	2 012	9,1%	-7,8%
Cost of sale	-1 806	-2 105	-2 030	12,4%	-3,6%
Administrative and GA costs	-88	-103	-81	-8,0%	-21,4%
Profit/loss on sale	-50	-25	-23	-54,0%	-8,0%
Other operating revenues/cost	15	-136	21	40,0%	-
Operating profit/loss	-35	-162	-2	-93,1%	-98,5%
Profit/loss net	-22	-132	-4	-81,8%	-97,0%

Retail benchmark margin in Germany – q average



Retail volumes sold in Orlen Deutschland - in ths. l

