



Consolidated financial results of PKN ORLEN Q2'2006 (IFRS)

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ORLEN

Agenda

Financial results in Q2'06

Analysis of results in Q2'06 – segments

Supporting slides



Grow in sales, favorable macroeconomic conditions and increased Unipetrol profit caused EBITDA improvement and net profit y/y and q/q (without negative goodwill)*

Key financial data

m PLN	Q2'2005	Q1'2006	Q2'2006	y/y [%]	q/q [%]
	1	2	3	4=3/1	5=3/2
EBITDA	2 956	983	1 644	-44%	67%
EBITDA <i>ex. negative goodwill*</i>	1 062	983	1 644	55%	67%
Net Profit <i>ex. negative goodwill*</i>	671	398	958	43%	141%
Net profit attributed to shareh. of the parent company	2 560	365	881	-66%	141%
Net profit attributed to shareh. of the parent company (ex neg.)*	667	365	881	32%	141%
ROACE (%)²	48.1%	6.2%	16.0%	-32 p.p.	+10 p.p.
Cash flow from operations	1 068	-557	1 684	58%	-
Gearing (%)³	10.5%	19.7%	18.4%	7.9 p.p.	-1.3 p.p.
Optima Program	-**	54	44.1	-	-18%

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

* Negative goodwill: one-off effects (PLN 1,893,688 th.)

** In 2Q' 2005 KPRKO - previous cost cutting program was realized.



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Significant increase of fuels and petrochemical products volume sales as a positive effects of PKN ORLEN pro-sales activities

Key operating data

	2Q'2005		2Q'2006		y/y [%]	y/y [%]
	<i>PKN ORLEN mother company</i> 1	PKN ORLEN 2	<i>PKN ORLEN mother company</i> 3	PKN ORLEN 4	<i>PKN ORLEN mother company</i> 5=3/1	PKN ORLEN 6=4/2
Wholesale fuels volume sales (kt) ^{1,4}	1 476	1 980	1 520	2 684	3.0%	35.6%
Petrochemical volume sales (kt) ⁴	123	641	275	1 100	123.5%	71.6%
Retail volume sales (m litres) ²	676	1 125	751	1 304	11.1%	15.9%
Utilisation ratio³	87.5%	-	100.8%	-	13.3 p.p.	-

1) Refers to gasoline, diesel, Jet, LHO

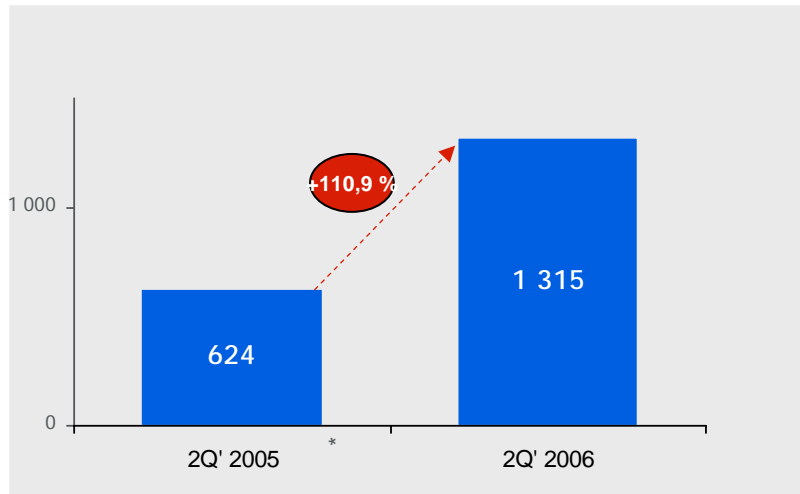
2) Refers to retail sales of gasoline, diesel, LPG

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

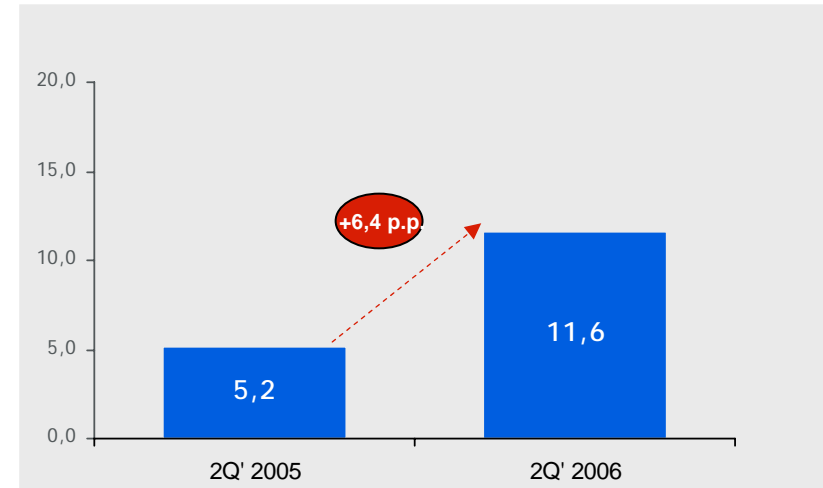
4) Refers to PKN ORLEN mother company excluding export

Dynamic increase of EBITDA in comparable market conditions confirms efficiency of PKN ORLEN activities*

EBITDA (PLN m) (comparable market conditions)¹



ROACE (%) (comparable market conditions)¹



Financial assumptions for 2006 – realized according to plan

Item

- EBITDA¹
- Fixed costs²
- CAPEX

Delivery after 2Q '06 vs. 2Q' 05*

- Increase by 110.9%
- On the level of previous year
- PLN 380 m

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. Assumptions vs. 2005. In Q2'05 provision was made on business risk at a level of 376 m PLN and restructurisation at a level of PLN 54 mln. Taking into consideration negative goodwill and above mention provision EBITDA in comparable condition increase by 24,8% y/y.
2) Excluding strategic projects and one-off payment of year employees prize (refers to PKN Orlen mother company).

* In order to provide comparability of 2Q' 05 result : negative goodwill was excluded

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Analysis of results in Q2' 06 - segments

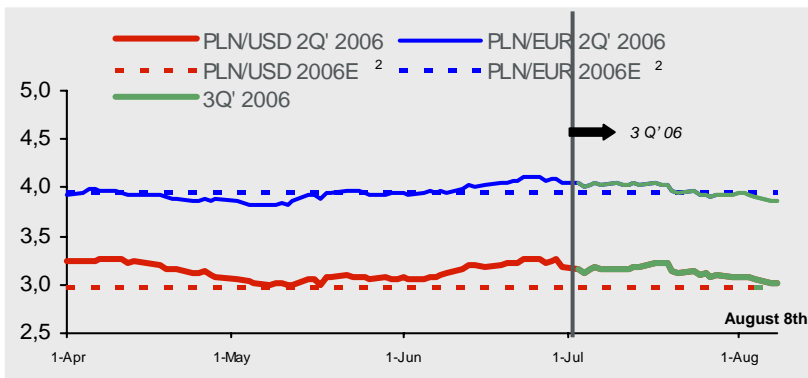
Supporting slides



External environment in 2Q' 2006

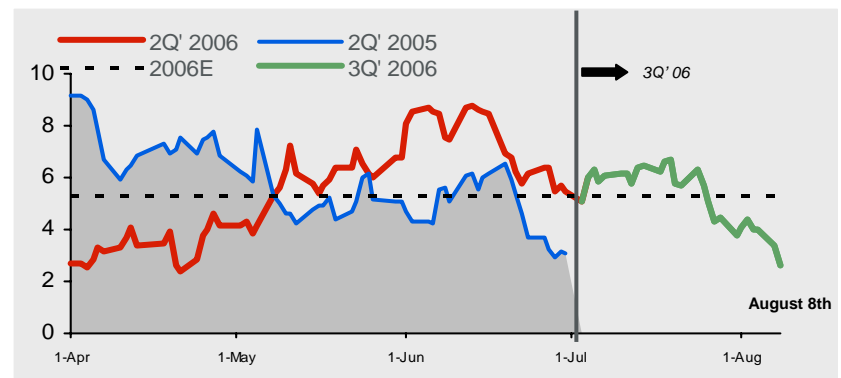
Refining–petrochemical sector conditions improvement

Average exchange rates¹



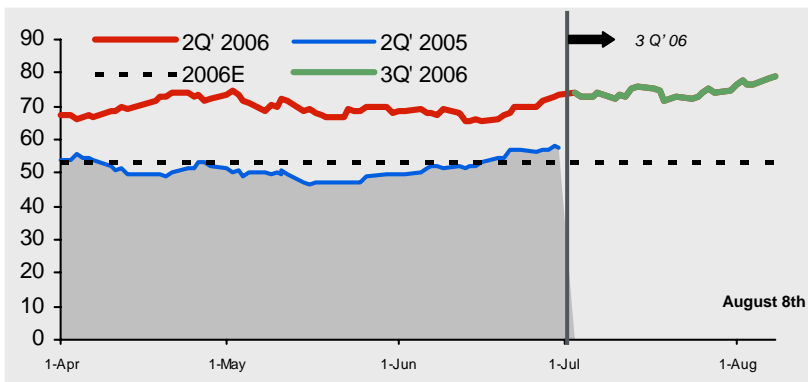
Refining margin

\$5.65/b average in 2Q 2006³ Increase by 1.3% y/y



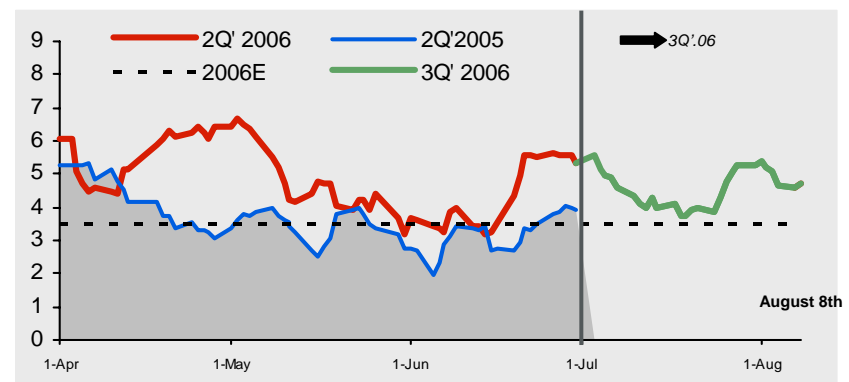
Brent crude oli

\$69.6/b average in 2Q 2006 Increase by 34.7% y/y



Brent/Ural differential

\$4.81/b average in 2Q 2006⁴ Increase by 34% 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%), LHO (15.31%), HSFO (5.44%) i Jet (2.69%) (source: CIF NWE quotations, except HSFO FOB ARA)

Simplified P&L account

Increase of clear operating profit y/y by 66.4%

IFRS in m PLN	2Q'2005	1Q'2006	Unipetrol effect 2Q'2006	2Q'2006	y/y [%]	q/q [%]
	1	2	3	4	5=4/1	6=4/2
Revenues	9 955	11 331	3 362	13 545	36.1%	19.5%
Operating profit	2 615	450	225	1 200	-54.1%	166.7%
Operating profit excluding negative goodwill*	721	450	225	1 200	66.4%	166.7%
Net profit	2 565	398	154	958	-62.7%	140.7%
Net profit excluding negative goodwill*	671	398	154	958	42.8%	140.7%
Net profit excluding minority shareholders	2 560	365	146	881	-65.6%	141.4%
Net profit excluding minority shareholders excluding negative goodwill*	667	365	146	881	32.1%	141.4%

Comments

- Revenues in 2Q'06, excluding Unipetrol consolidation effect, increased by 21.9% vs 2Q' 05.
- Increase of revenues associated with the increase of wholesale refinery products sales by 35.4%, and retail refinery product sales by 15.4% as well as increase of petrochemical products sales by 99.4%(y/y)

- Q2'2006 EBIT increased by 66.4% excluding in Q2'05 negative goodwill mainly due to the favourable external environment conditions and pro-sales activities
- Higher Ural/Brent differential increased operating profit by PLN 127 m
- Total effect of higher operating profit supported by the Unipetrol consolidation in amount of PLN 225 million.

* One off-effect negative goodwill: 1 893 m PLN



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Costs by kind

Costs discipline consequently maintained

IFRS, in m PLN	2Q 2005	1Q 2006	Unipetrol effect 2Q 2006	2Q 2006	y/y [%]	q/q [%]
	1	2	3	4	5=4/1	5=4/2
Raw materials and energy	4 528	6 397	2 341	7 629	68%	19%
Costs of goods for resale	2 908	2 779	319	3 161	9%	14%
External services	537	654	263	791	47%	21%
Staff costs	288	346	105	404	40%	17%
Depreciation and amortisation	341	533	150	444	30%	-17%
Taxes and charges	69	98	3	65	-6%	-34%
Others	104	50	22	81	-22%	62%
Total	8 775	10 857	3 203	12 575	43%	16%
Variable costs	7 728	9 493	2 805	11 212	45%	18%
Fixed costs	1 047	1 364	398	1 363	30%	0%
Other operating costs	503	94	4	75	-85%	-20%
Change in inventories, other payable and accrued expenses, internal costs	78	63	-42	-192	-	-405%
Total operating costs	9 356	11 014	3 165	12 458	33,2%	13,1%

Comments

- Variable cost increase y/y due to Unipetrol consolidation and higher feedstock price
- Despite business base increase excluding strategic project cost and one-off employees payment fixed cost of PKN ORLEN mother company were at a level of Q2'2005

- Total operating costs dynamic growth is lower than dynamic of revenues growth y/y and q/q
- Increase of depreciation costs y/y by 30% due to the investments and extension of PKN ORLEN assets and also Unipetrol acquisition

Increase of operating profit y/y and q/q as a result of accepted strategy and improvement of Unipetrol performace (excluding negative goodwill)

IFRS, in m PLN	2Q 2005	1Q 2006	Unipetrol effect 2Q 2006	2Q 2006	y/y [%]	q/q [%]
	1	2	3	4	5=4/1	6=4/2
Operating profit, of which	2 615	450	225	1 200	-54.1%	166.7%
<i>negative goodwill*</i>	1 894					
Operating profit ex. negative goodwill*	721	450	225	1 200	66.4%	166.7%
Refining¹	848	139	101	926	9.2%	566.2%
Petrochemical	188	315	145	223	18.6%	-29.2%
Chemical	24	52	-4	34	41.7%	-34.6%
Retail	61	6	0	76	24.6%	1166.7%
Others²	-13	49	-17	8	-	-83.7%
Non-attributable³	-387	-111	0	-67	82.7%	39.6%

Comments

- Petrochemical result increased by 18.6% e.g. due to Unipetrol consolidation. At the same time estimated negative effect of decrease in petrochemical margins in the PKN ORLEN mother company amounted to PLN 55 m.

- Higher result of chemical segment due to improvement of main products sales y/y including: polyvinyle chloride increase by 41.1%, soda lye increase by 37.4% and granulat of polyvinyl chloride by 60.1%

- Retail engine fuels volume sales increase in mother Company by over 11% affected profit increase by PLN 23 m.

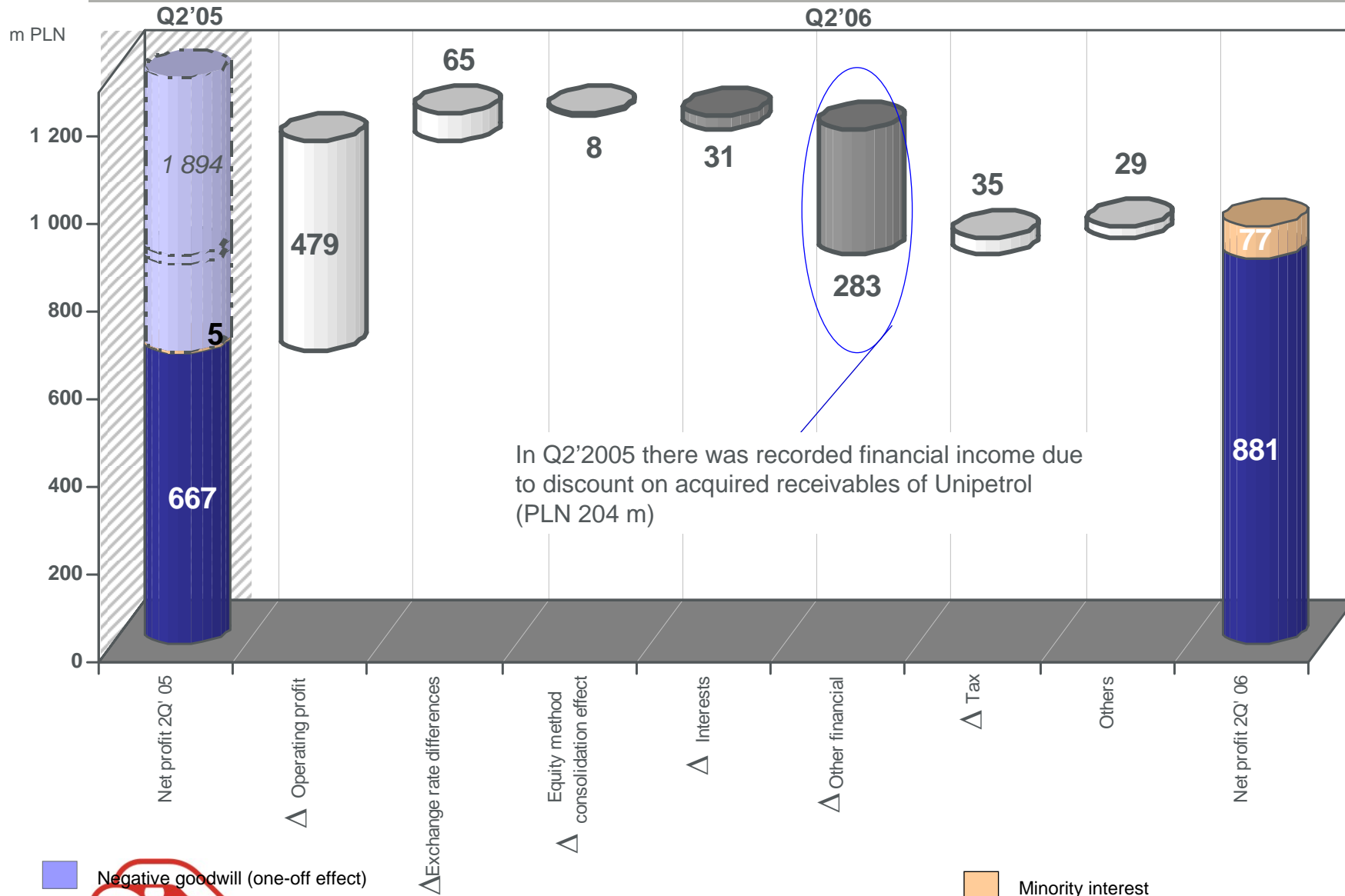
1) Production, Wholesale and Logistics

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 attributed to the Unipetrol transaction

* Negative goodwill of Unipetrol amounted to PLN 1,893 th

Net profit increase excluding negative goodwill and one-off financial revenues effect



Blue box: Negative goodwill (one-off effect)

Orange box: Minority interest

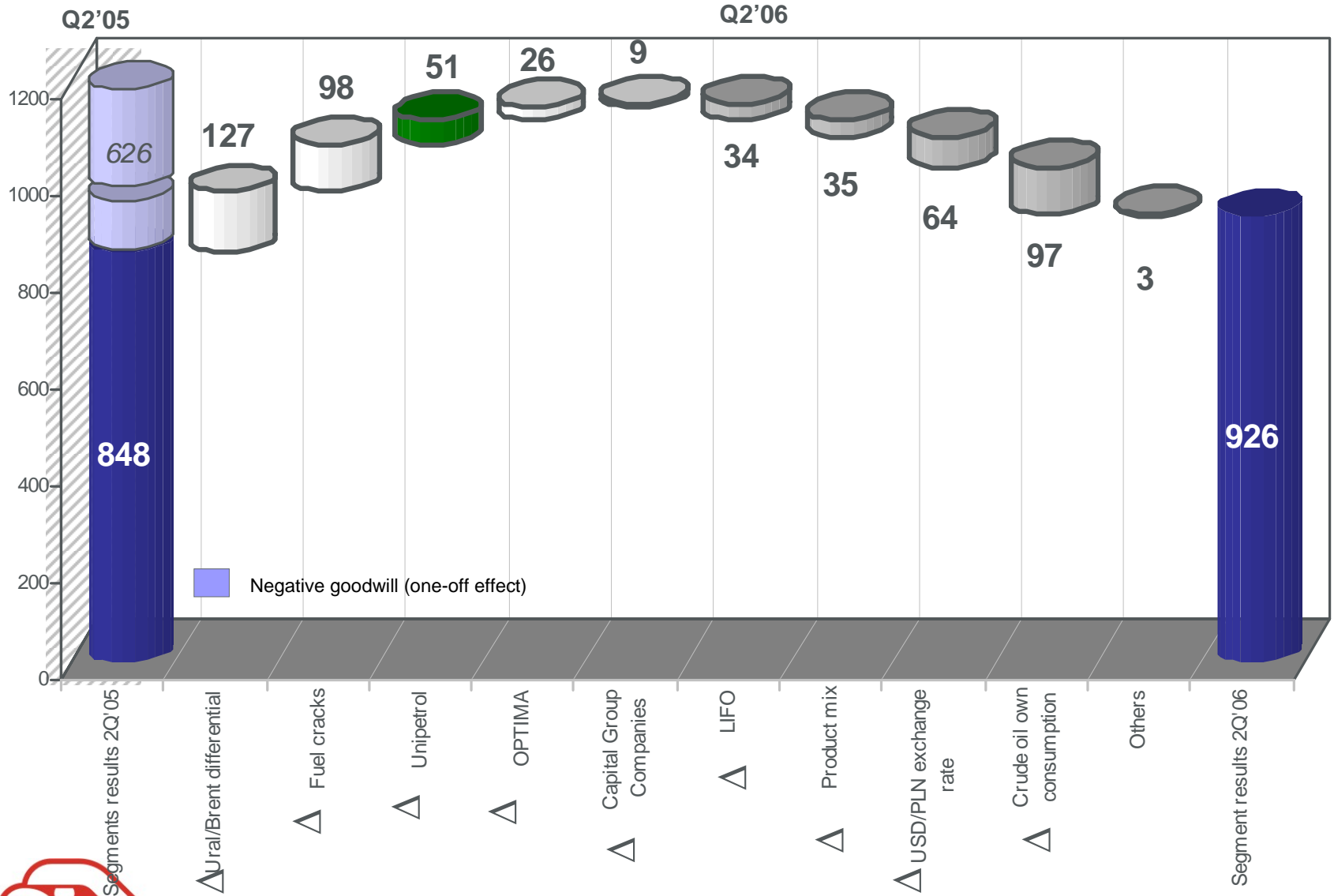


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Refinery

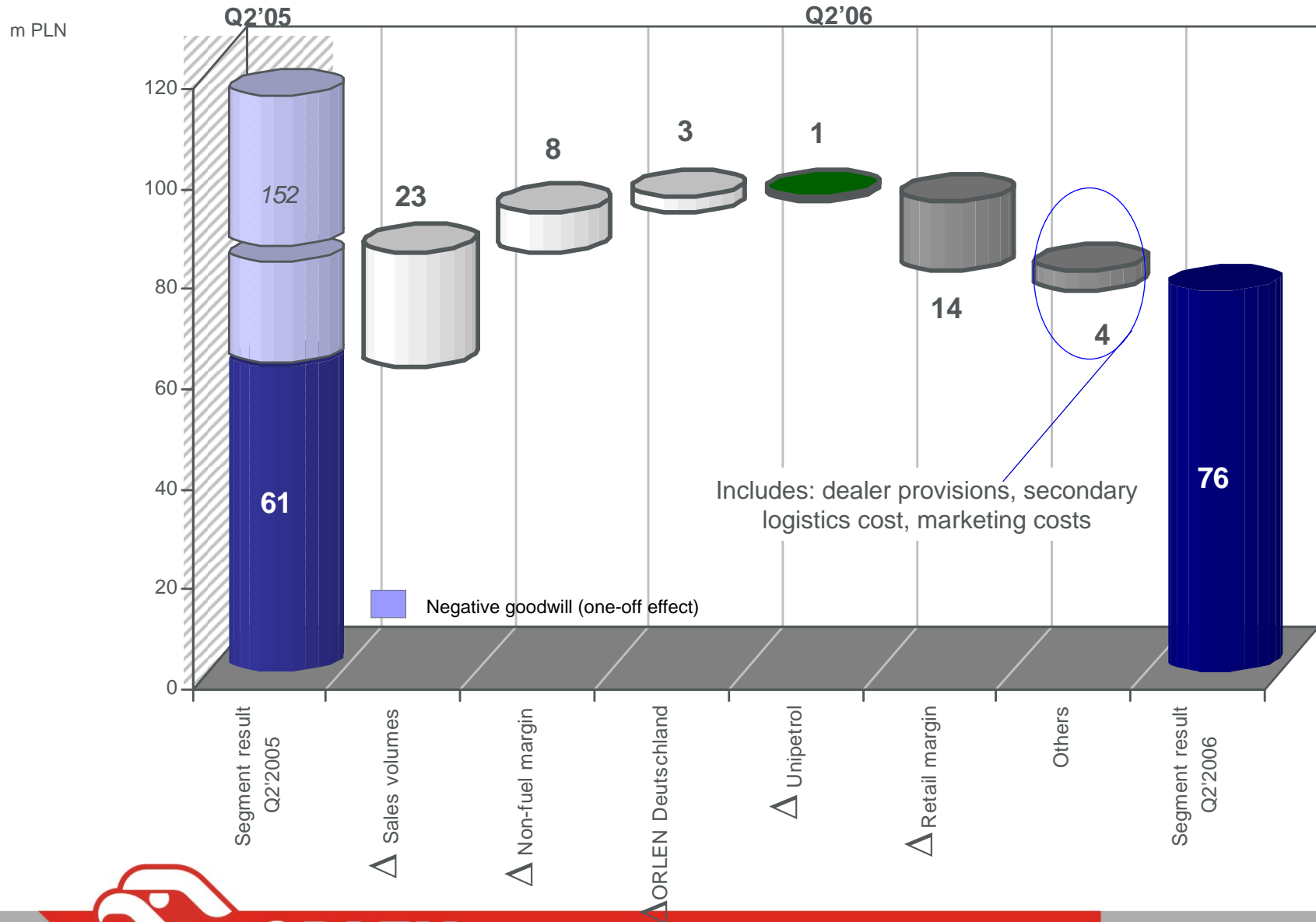
Six times increase of segment results comparing to the Q1'2006

m PLN



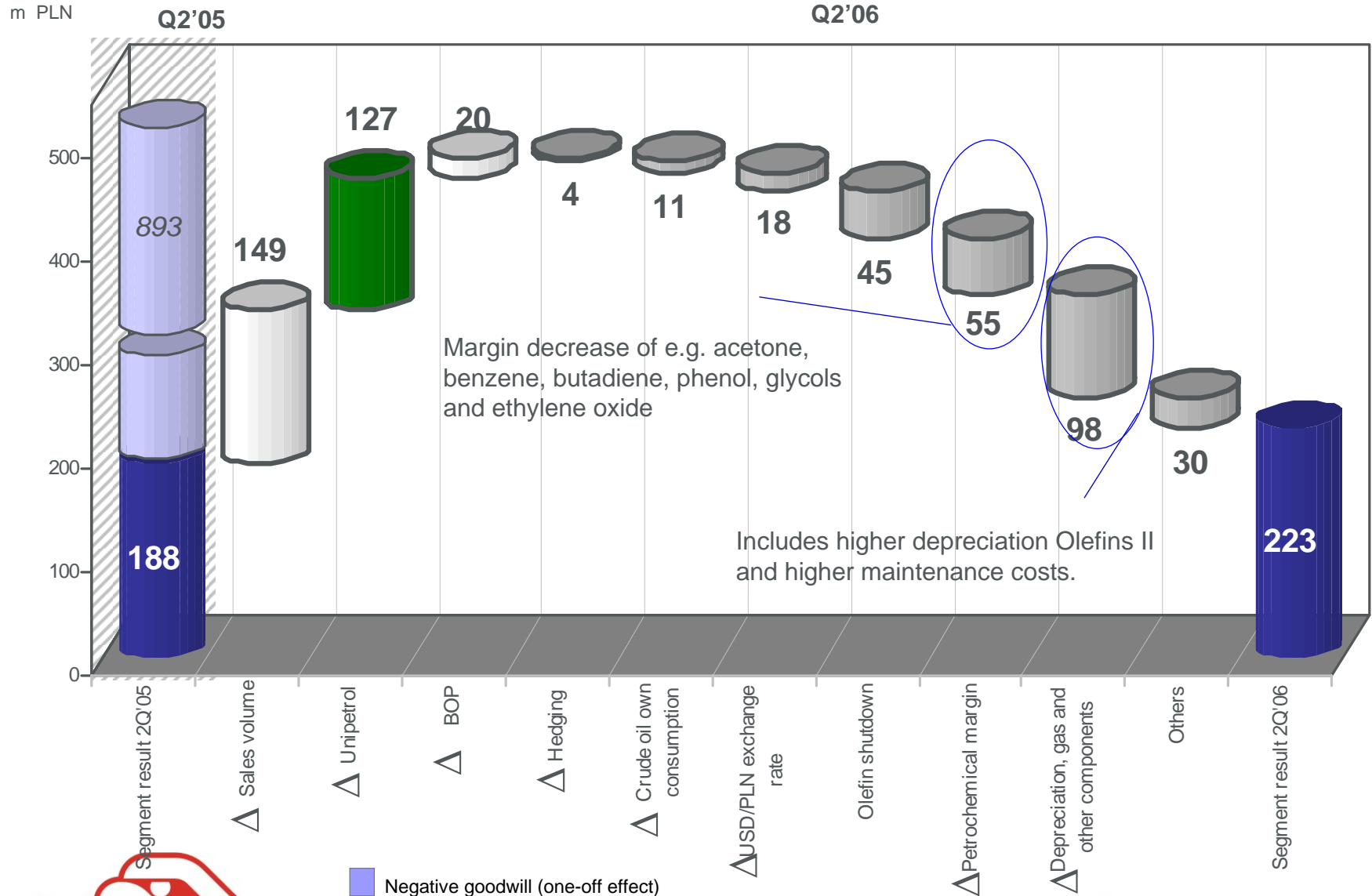
Retail

Group volume sales increase by over 16%.

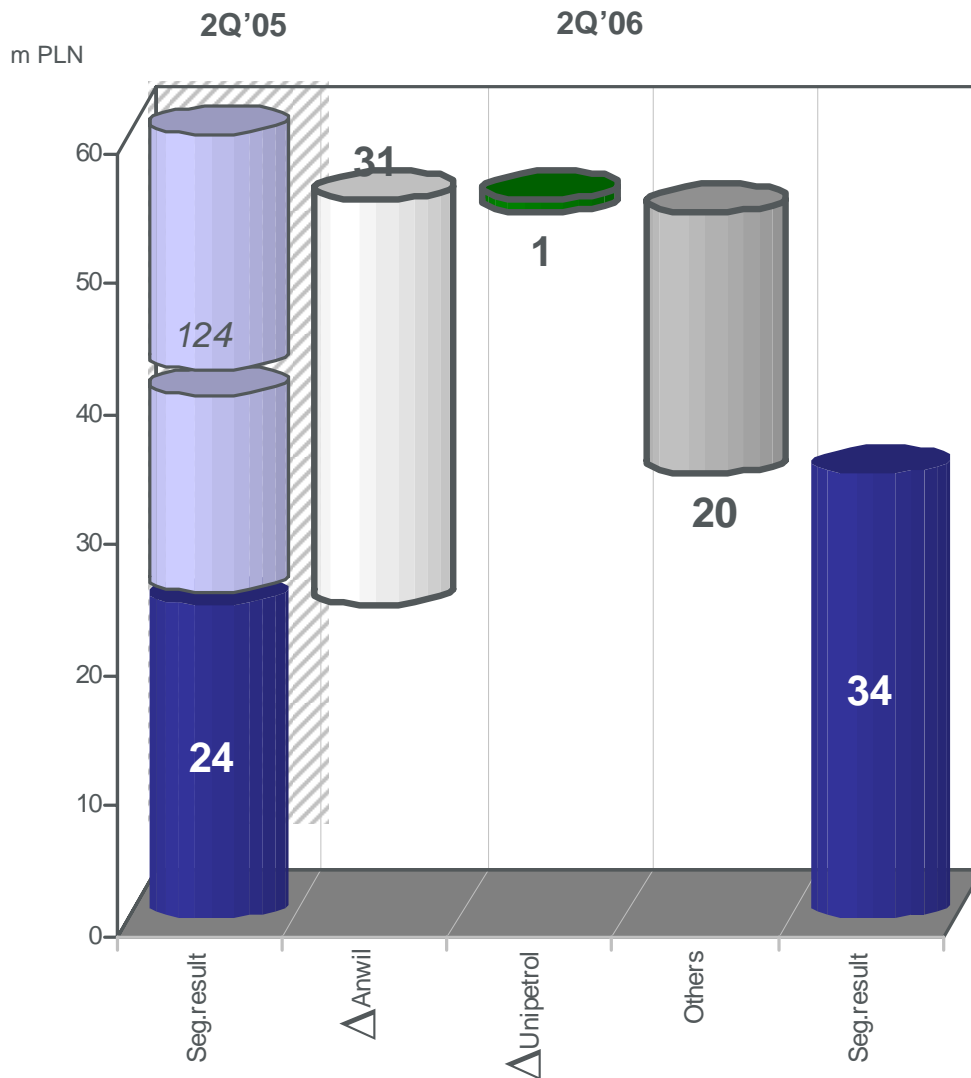


Petrochemical

Positive Unipetrol contribution



Chemical



Chemical segment

- Increase of volume sales in 2Q'2006 by 44.6% y/y e.g. due to Unipetrol consolidation effect
- Significant Anwil results improvement caused by increase of sales of polyvinyl chloride by 41% and granulated polyvinyl chloride by 60% (y/y)

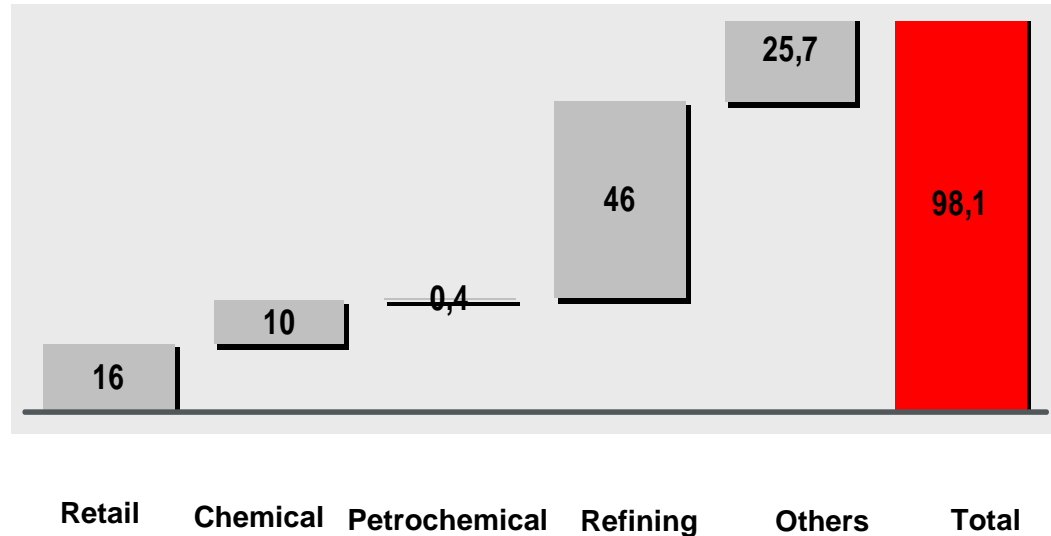


Results of OPTIMA Program after 2Q'06

Savings realisation at the level of almost PLN 100 m

In m PLN

Program realisation and results after 2Q' 06 are in line with the expectations



- Progress at majority of segments is at the satisfactory level.
- Refining segment leads with the results.

OPTIMA Program potential in 2009 – examples of major initiatives

- PLN 32.7 m – reconfiguration of chloride production technology (Anwil)
- PLN 20 m – increase of hydrosulfide yield on the HDS VI unit
- PLN 8.5 m – optimisation of the use of warmth included in vapour at the Hydrocracking and Olefin II units
- PLN 5.4 m – increase of efficiency on furfural unit - dissolvent

Agenda

Financial results in Q2'06

Analysis of results in Q2'06 - segments

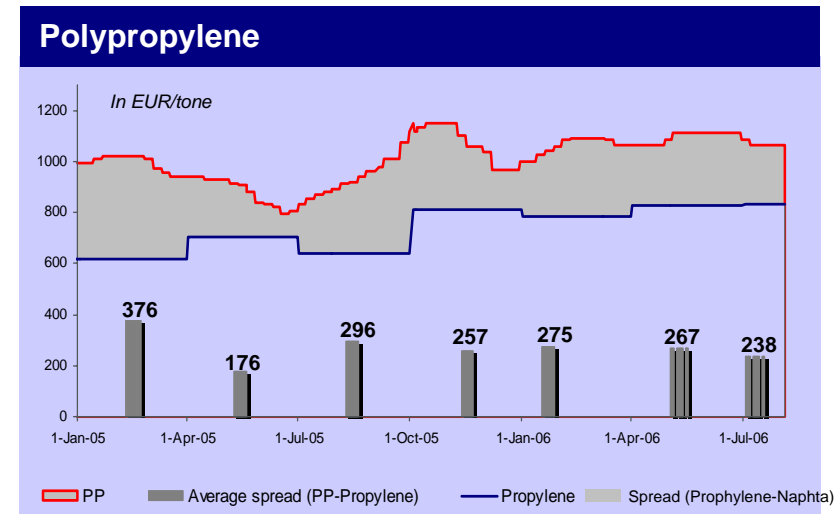
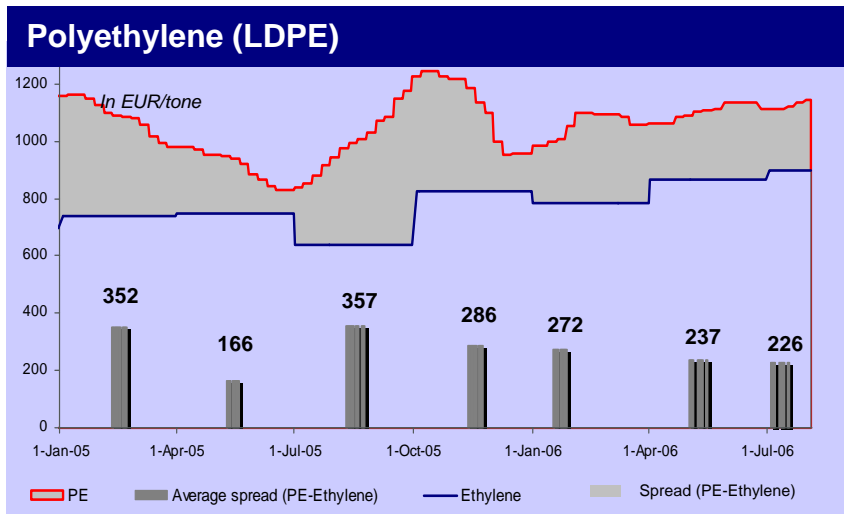
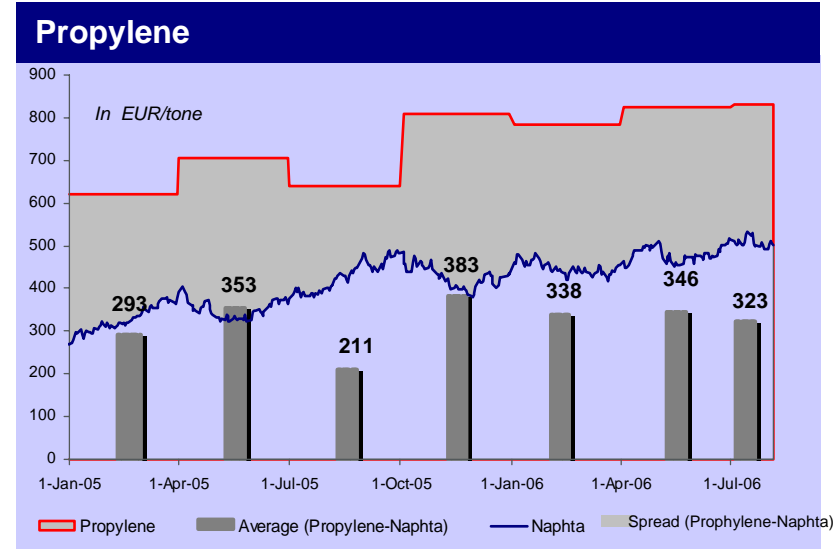
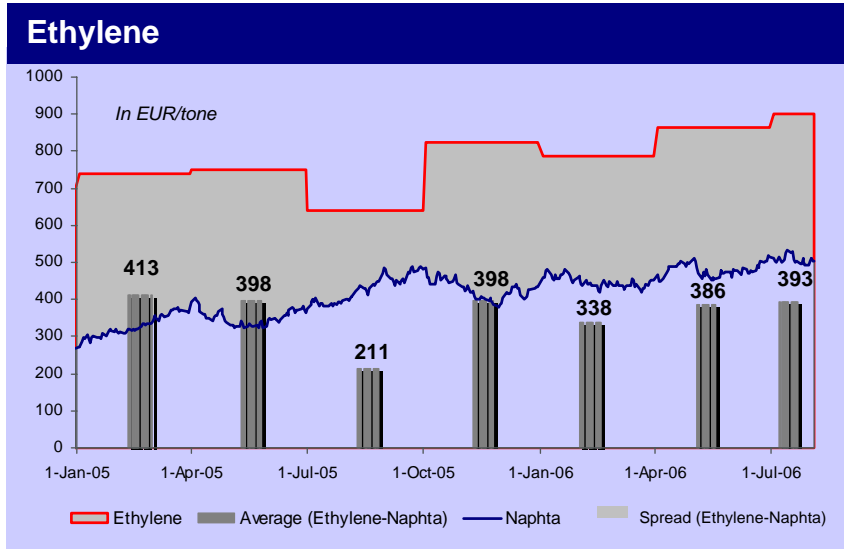
Supporting slides

- **Petrochemical market – environment summary**
- **Unipetrol**
- **OPTIMA – the streams of cost reduction according to the plan expectations**
- **Orlen Deutschland**



Petrochemical market

from January 1st, 2005 to August 4th, 2006



Source: Market quotation

Unipetrol Group

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

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

In m CZK	2Q' 05 IFRS	1Q' 06 IFRS*	2Q' 06 IFRS	y/y[%]	q/q [%]
Chemopetrol a.s.					
Revenues	8 169	8 409	8 585	5.1%	2.1%
EBIT	763	965	916	20,0%	-5.1%
Net result	391	897	568	45.4%	-36.6%
Benzina a.s.					
Revenues	1 507	1 444	2 031	34.7%	40.7%
EBIT	-295	-3	46	-	-
Net result	-376	-208	-47	87.5%	77.3%
Ceska Rafinerska a.s.					
Revenues	2 265	2 236	2 240	-1.1%	0.2%
EBIT	114	124	117	2.2%	-6.0%
Net result	86	91	92	6.4%	0.2%
Unipetrol Rafinerie a.s.					
Revenues	13 428	13 783	15 883	18.3%	15.2%
EBIT	344	-455	369	7.4%	-
Net result	237	-326	288	21.4%	-

* Basing on the 1Q'06 published results of Unipetrol Group

Comments

- Ethylene production met market demand although installation did not work on the full process capacity due to reduced amount of feedstock from Ceska Rafinerska

- Relatively lower production of the polypropylene caused by the granulate unit conservation

- Integration of 19 petrol stations of Paramo Trysk with Benzina retail network

- Complex restructuring process is pending, new promotion programs brings visible economical effects

- Increase of crude oil processed caused increase of sales y/y and q/q

- Improvement of refining margin in 2Q' 2006

- Improvement of product mix and also increase of certain product quotation prices (e.g. naphtha, gasoline)

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

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

In m CZK	2Q'05 IFRS	1Q'06 IFRS*	2Q'06 IFRS	y/y [%]	q/q [%]	Comments
Kaucuk a.s.						
Revenues	2 632	2 671	2 946	11.9%	10.3%	<ul style="list-style-type: none"> • Higher revenues y/y and q/q • The highest level of sales volumes and margins was noticed on the butadiene product fractions C4. Continued high sales of E-SBR product and EPS • Polystyrenes sales and margin higher in 2Q'06 y/y • The process of company's sale is pending
EBIT	-144	305	221	-	-27.5%	
Net result	-66	211	208	-	-1.3%	
Paramo a.s.						
Revenues	3 163	2 071	3 145	-0,6%	51.9%	<ul style="list-style-type: none"> • Significant improvement of the operating result y/y and q/q • Increase of asphalt sales supported by the season in branch
EBIT	58	-97	124	112,4%	-	
Net result	-2	28	111	-	295.4%	
Spolana a.s.						
Revenues	1 396	1 623	1 361	-2.5%	-16.2%	<ul style="list-style-type: none"> • Visible increase of CPL Molten demand • From the beginning 2Q'06 lowering demand for Sodium Hydroxide • Decrease of ammonium sulphur compensated by export increase in 2Q'06 • The process of company's sale is pending
EBIT	17	122	63	269.3%	-48.3%	
Net result	-8	96	42	-	-55.8%	

* Basing on the 1Q'06 published results of Unipetrol Group

Unipetrol Group

Financial and operational results for 2Q' 06

Preliminary consolidated financial highlights of Unipetrol for 2Q'06

IFRS, in m CZK	2Q'05	1Q'06*	2Q'06	y/y [%]	q/q [%]
	<i>1</i>	<i>2</i>	<i>3</i>	<i>4=3/1</i>	<i>4=3/2</i>
Equity	37 290	39 790	40 982	10%	3%
Total assets	78 317	74 661	76 612	-2%	3%
Revenues	20 261	20 140	24 795	22%	23%
EBIT	1 152	978	1 824	58%	86%
Net profit	536	814	1 167	118%	43%

* Basing on the 1Q'06 published results of Unipetrol Group



Unipetrol Group

Selected financial data in 2005-2006

Selected operational highlights from 1Q'05 to 2Q'06

Operating data*	2004	1Q' 05	2Q' 05	3Q' 05	4Q' 05	2005	1Q' 06	2Q' 06	y/y [%]	q/q [%]
Total sales, of which	4692	1 118	1 326	1 400	1 320	5 164	1 187	1 365	2.9%	15.0%
- light product sales (tt) ¹	3039	746	848	919	854	3 367	813	941	11.0%	15.7%
-other refinery product sales (tt)	552	123	192	197	166	678	110	164	-14.4%	49.8%
- petrochemical product sales (tt)	905	209	236	235	249	928	213	200	-15.2%	-6.1%
-other product sales (tt)	196	41	51	50	51	192	51	60	18.6%	17.6%
Retail sales of motor fuels (tL)²	491	104	126	136	120	486	107	134	6.3%	25.2%
Processed crude (tt)	3718	874	1 022	1 134	1 122	4 151	875	1 103	7.9%	26.1%
Utilisation³	67%	64%	74%	81%	81%	75%	64%	80%	5.7 p.p.	16 p.p.
White product yield⁴	71%	72%	69%	72%	71%	71%	74%	74%	5.4 p.p.	0 p.p.
Fuel yield⁵	54%	52%	55%	59%	58%	56%	56%	59%	3.9 p.p.	2.9 p.p.

*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

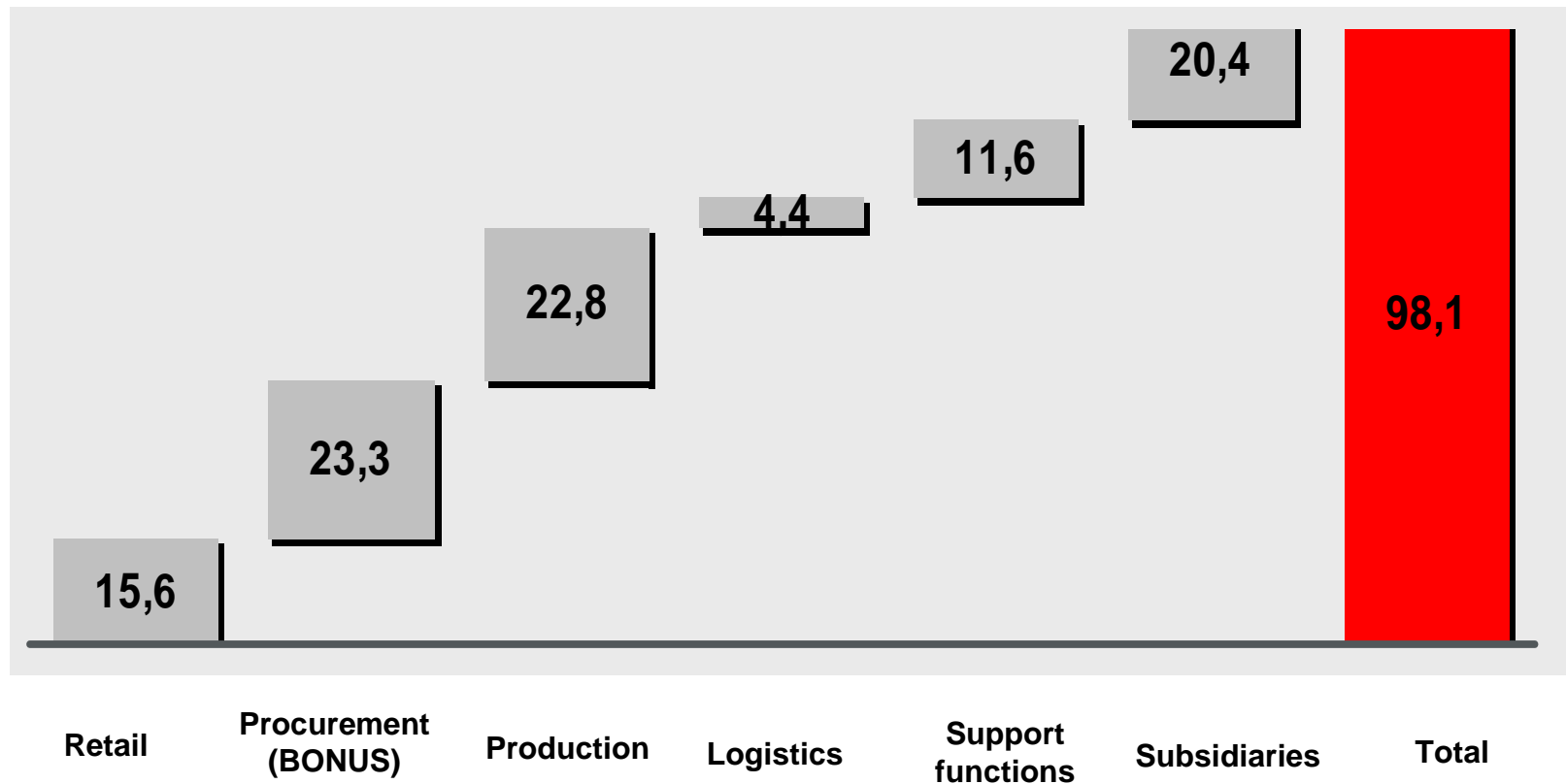
5) Gasoline, Diesel, LPG, LHO

Results of OPTIMA Program – Q2'06

In particular streams

In m PLN

Program realization and results after 2Q'06 are in line with the expectations



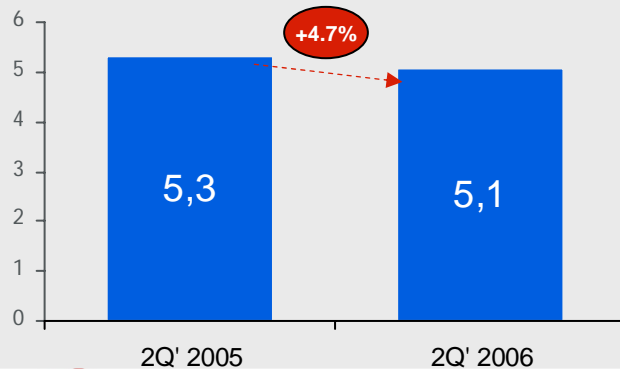
ORLEN Deutschland

Selected financial data for 2Q'06 vs 2Q'05

IFRS, in m PLN	2Q'05	1Q'06	2Q'06	y/y [%]	q/q [%]
	1	2	3	4=3/1	5=3/2
Assets	1 476	1 445	1 509	2.2%	4.4%
Equity	465	327	350	-24.7%	7.0%

IFRS, in m PLN	2Q'06		y/y [%]	q/q [%]	
Revenues	2 238	2 204	2 327	4,0%	5.6%
Cost of sale	-2 239	-2 030	-2 327	3.9%	15.0%
Administration and general management costs	-5	-5	-6	20.0%	-20.0%
Profit/Loss on sales	-6	-23	-8	36.4%	64.4%
Other operating revenues/costs	17	21	21	26.3%	-2.3%
Operating profit/loss	11	-2	14	24.5%	-
Net profit/loss	7	-4	14	100,0%	-

Retail benchmark margin in Germany – q average



Retail volumes sold – in ths. liters

