

UNIPETROL GROUP



Continuation of operating efficiency improvements

Piotr Chelmiński

Chairman of the Board of Directors and CEO

15 June 2010



AGENDA

- **Intro and achievements in 1Q10**

Unipetrol in the light of refining developments

Unipetrol in the light of petrochemical developments

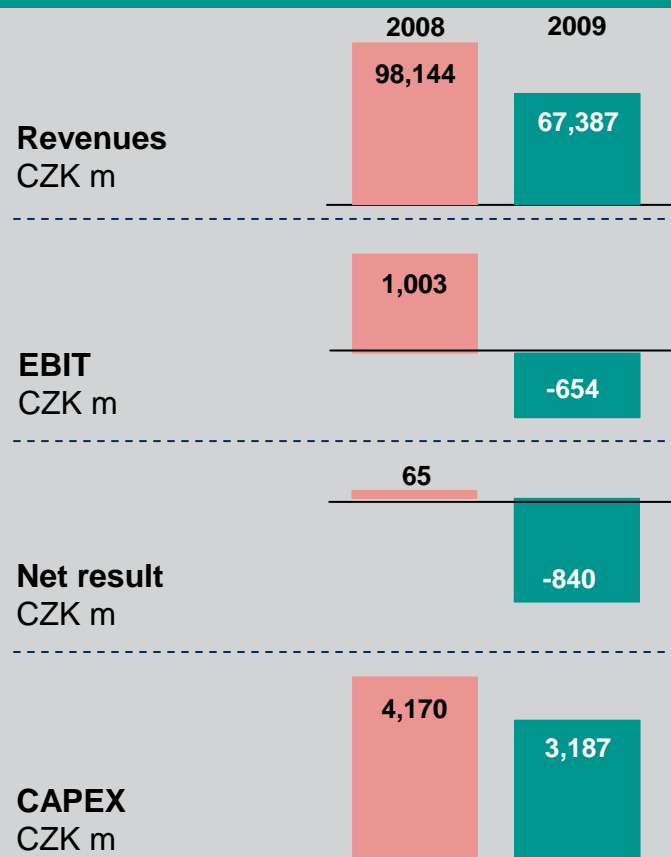
Unipetrol in the light of retail developments

The 2010 targets

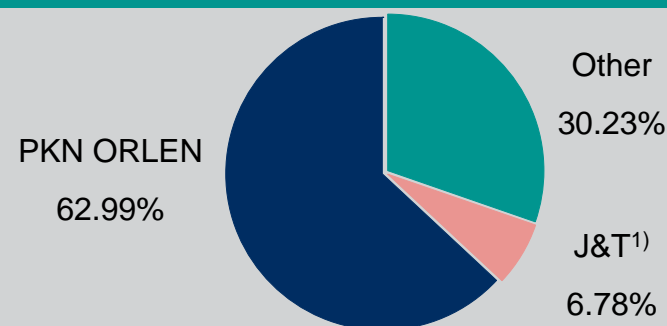
Supporting slides

QUICK OVERVIEW OF UNIPETROL GROUP

Key Financial Data



Ownership Structure of UNIPETROL, a.s.



Main subsidiaries



Unipetrol RPA - 100%



Benzina - 100%



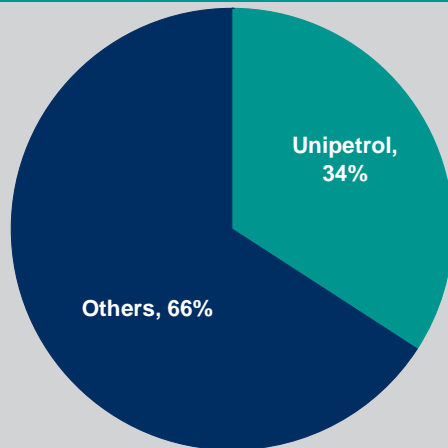
Ceska Rafinerska - 51%



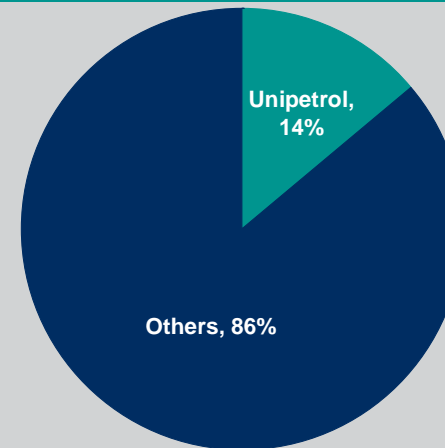
Paramo - 100%

IMPORTANT PLAYER FROM REGIONAL AS WELL AS EUROPEAN PERSPECTIVE

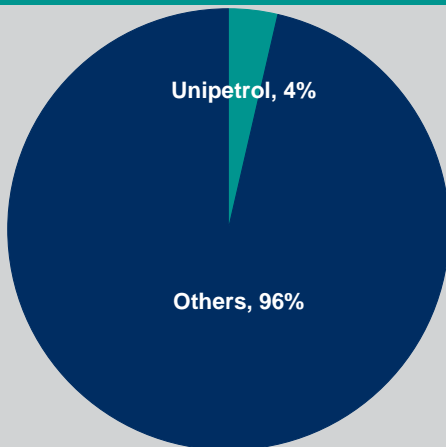
Refining – market share in the Czech Republic



Retail – market share in the Czech Republic

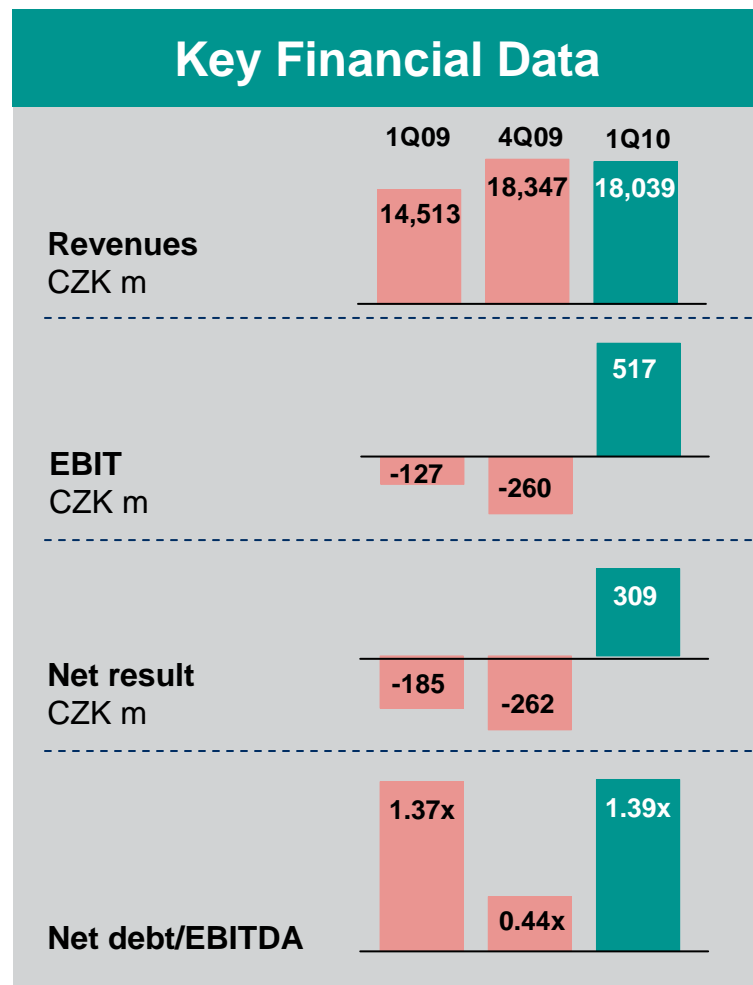


Petrochemical – market share in Europe



- **Refining:** In addition to Czech market, Unipetrol has ca 15% market share in Slovakia.
- **Retail:** steadily growing market share from below 10% in 2005.
- **Petrochemical:** currently higher market share in HDPE market ca 5% than PP market ca 2%.

UNIPETROL'S 1Q10 KEY HIGHLIGHTS



- Return to profitability after several quarters of adverse macro situation, net profit CZK +309m.
- Continuation of operating efficiency improvements.
- Material enhancement in the refining segment, positive EBIT contribution CZK +279m.
- Polyolefin sales volumes up by almost 7% y/y.
- Stable above-average unit margins in retail, with growing demand for premium VERVA fuels (+49% y/y).
- Smooth refinery operations.
- Signing of SPA¹⁾ for CELIO disposal, with the deal closed in April (CZK 78.3m in proceeds).

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Unipetrol in the light of petrochemical developments

Unipetrol in the light of retail developments

The 2010 targets

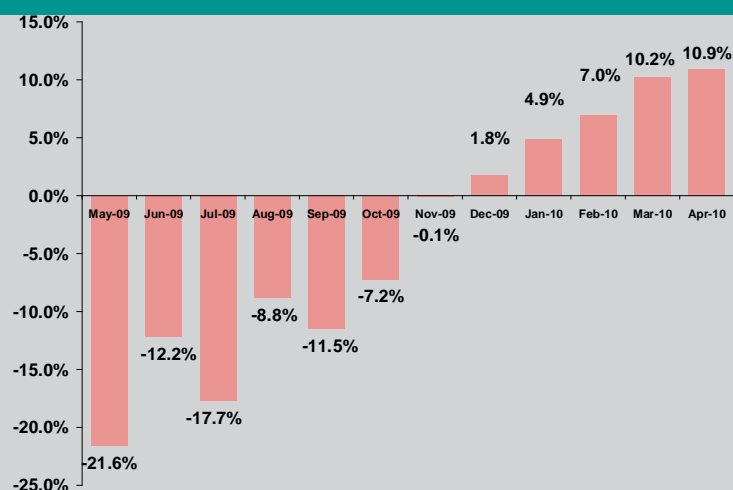
Supporting slides

MACROECONOMIC INDICATORS SUGGESTS IMPROVING ENVIRONMENT

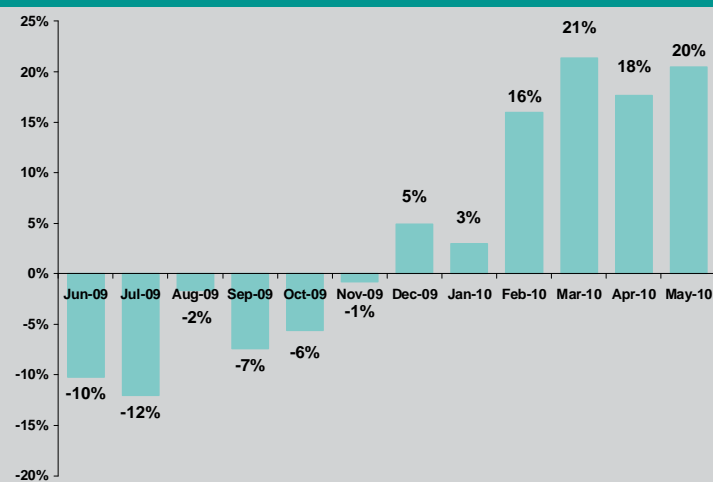
- Czech Republic's GDP growth is expected to show slightly positive development in 2010.
- Declines in industrial activity reversed and highway tolls also shows constant improvement in the trend.

	2008	2009	2010 (forecast)
GDP growth	2.5%	-4.1%	1.5%
Inflation rate (average)	6.3%	1.0%	1.5%
Unemployment rate	5.4%	9.2%	10.1%
Government deficit (bn CZK)	-100	-215	-197
% of GDP	-2.7%	-5.9%	-5.3%
CZK/EUR (average)	24.9	26.4	25.5

Czech industrial production (y/y)



Collected Czech highway tolls¹⁾ (y/y)

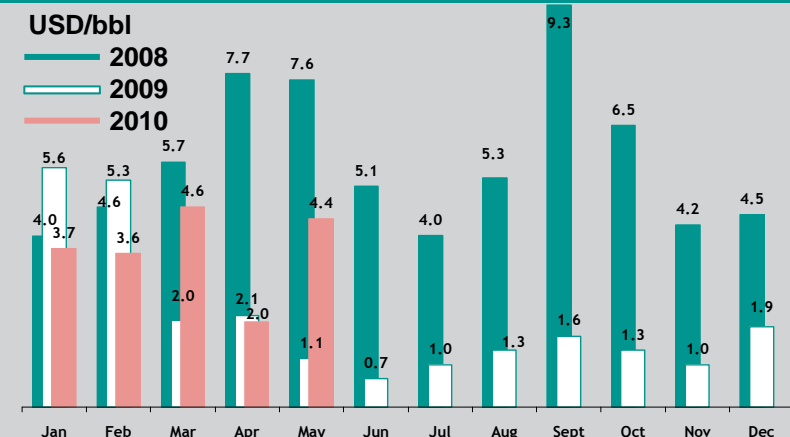


1) As of 1 February 2010, all vehicles above 3.5 t included, previously only vehicles above 12 t

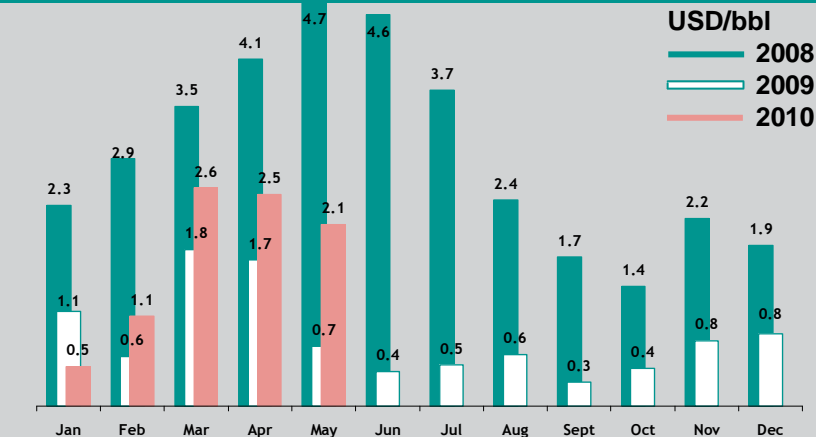
Source: MF CR, Czech Statistical Office, CTK

IMPROVING REFINING INDICATORS

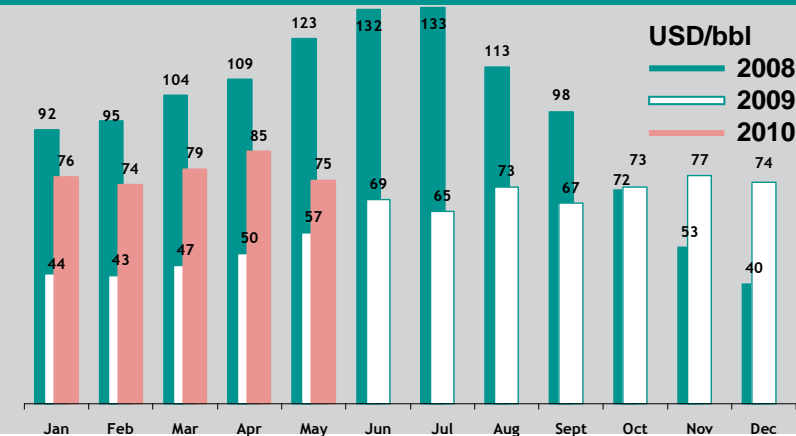
Unipetrol model refining margin¹⁾



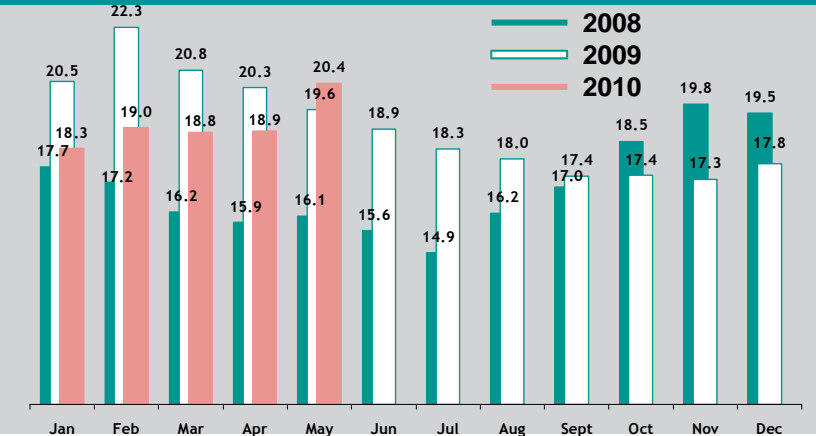
Brent-Ural price differential²⁾



Brent crude price (feedstock)



CZK/USD

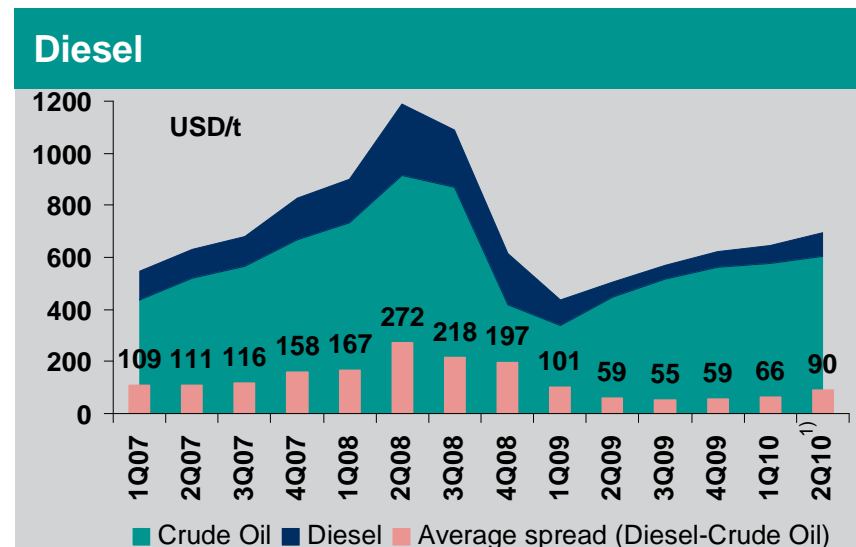
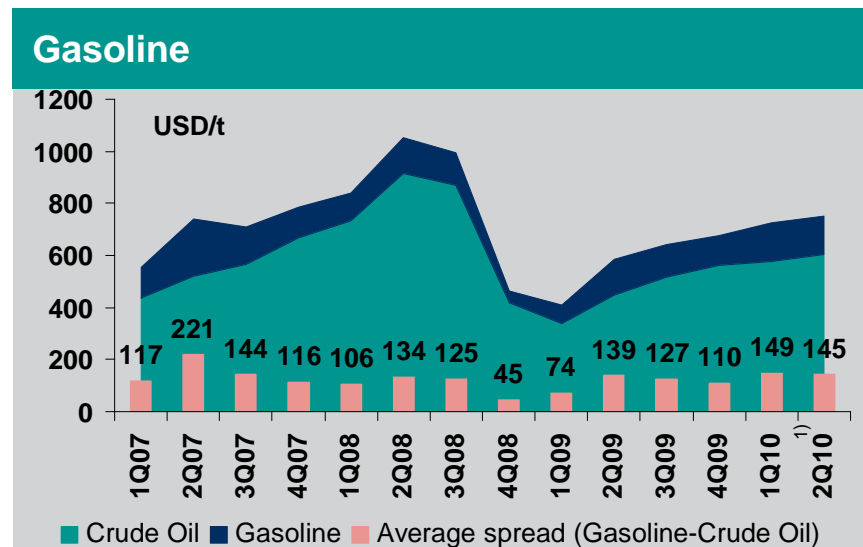


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- 1) Unipetrol model refining margin = revenues from products sold (97% Products = Gasoline 17%, Petchem feedstock 20%, JET 2%, Diesel 40%, Sulphur Fuel Oils 9%, LPG 3%, Sulphur 1%, Other feedstock 5%) minus costs (100% input = Brent Dated); product prices according to quotations.
- 2) Spread fwd Brent Dtd v Ural Rdam = Med Strip - Ural Rdam (Ural CIF Rotterdam)

Source: REUTERS, FERTWEEK, CNB

DIESEL UNDER PRESSURE BUT STARTED TO RECOVER STEP BY STEP



PRODUCT MIX CONTINUES TO BE BIASED TOWARDS MIDDLE DISTILLATES...

	2005	2006	2007	2008	2009	1Q10
Crude oil throughput (kt)	4,152	4,281	4,137	4,533	4,110	948
Utilisation ratio (%)	75	77	75	82	75	69
Light distillates¹⁾ yield (%)	30	32	31	31	31	34
Middle distillates²⁾ yield (%)	38	40	43	44	44	42
Heavy distillates³⁾ yield (%)	14	11	10	10	10	9
Refinery products sales⁴⁾ (kt)	3,393	3,261	3,621	3,825	3,409	719
Petrochemical products sales (kt)	1,560	1,480	1,660	1,830	1,824	455

- Cyclical decrease in utilisation ratio due to ca 4-year regular maintenance shutdown cycle in Kralupy and Litvinov refinery.
- Lower utilization ratio in 1Q10 is due to the lower demand related partly to harsh winter conditions.

1) LPG, gasoline, naphtha

2) JET, diesel

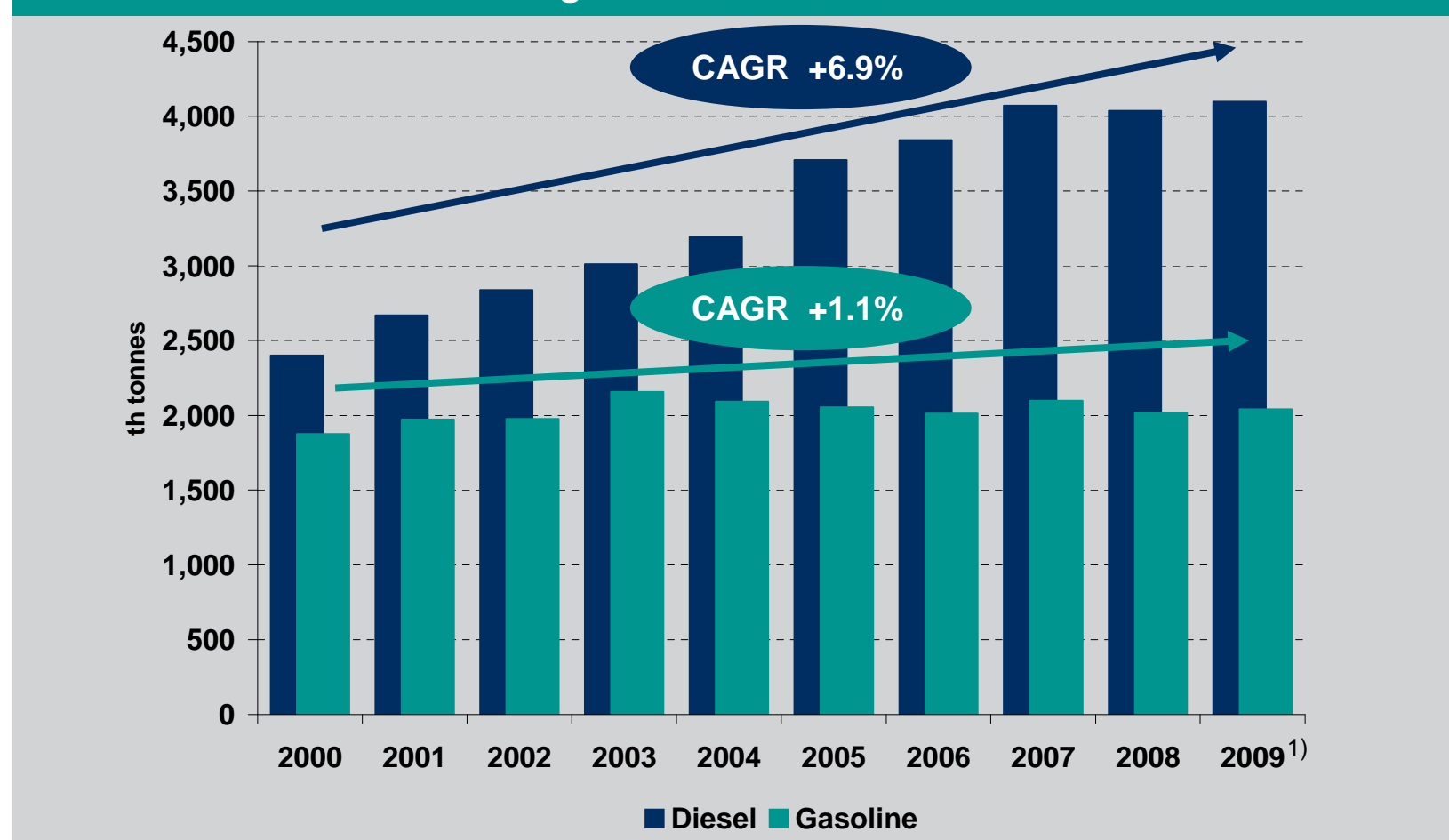
3) Fuel oils, bitumen

4) Includes retail distribution - Benzina

All data refers to Unipetrol RPA, i.e., 51.22% of Ceska Rafinerska and 100% of Paramo

...AS DIESELATION TREND IS CLEARLY VISIBLE AND EXPECTED TO CONTINUE

Total deliveries of diesel and gasoline on the Czech market



LOWER THAN PROPOSED INCREASE IN BIO-COMPONENTS BENEFITS REFINING SEGMENT

The EU's policy on biofuels sets the target of 10% energy content of transport fuel in each member state to be provided by biofuels by 2020.

	2006	2010	2014	2020
EU's indicative targets for biofuels	2.75%	5.75%	7.55%	10.00%

- Czech Republic (as of June 2010): 6% limit for diesel and 4.1% limit for gasoline in volume content (lower than initially proposed 6.3% and 4.5%) translates to ca 4.5% energy content.

Lower than proposed increase of mandatory blend of bio-components benefits Unipetrol as these are:

- More expensive than fossil fuels.
- Ousting classic fuels.
- Producers have to bear the costs.



MAIN OPERATING IMPROVEMENT INITIATIVES IN REFINING

- **Renegotiation of agreements** with ENI and Shell on petchem feedstocks supplies as well as takeover of LPG business.
- **Improvement of netback inland premium** on fuels through revised pricing policy.
- **Increase of export sales**, e.g. Heavy Fuel Oils, via improved coordination of commercial policy of Unipetrol RPA and Paramo.
- **Increase of penetration into authorized workshops** for Paramo products and synergies with other product groups, i.e. fuels.



AGENDA

Intro and achievements in 1Q10

Unipetrol in the light of refining developments

- **Unipetrol in the light of petrochemical developments**

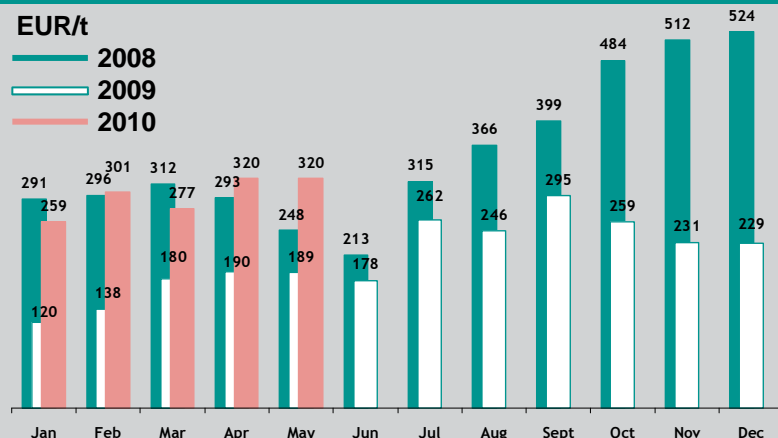
Unipetrol in the light of retail developments

The 2010 targets

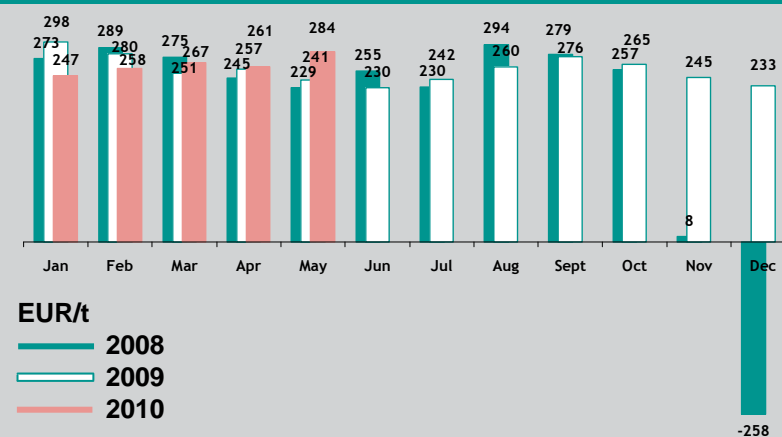
Supporting slides

COMBINED PETCHEM MARGIN ENJOYS A SLIGHTLY UPWARD TREND

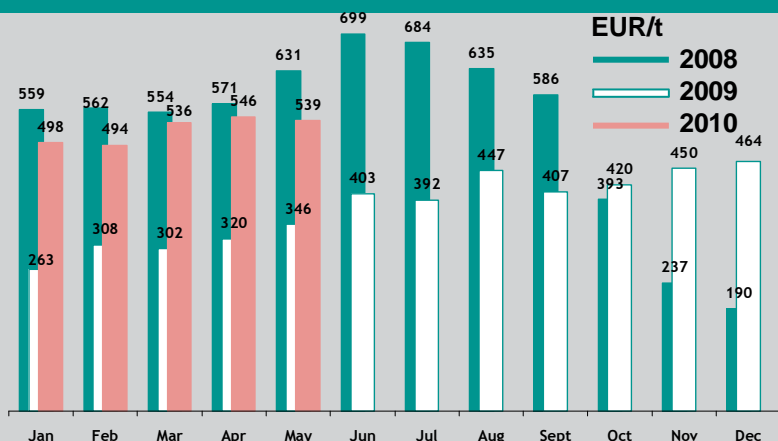
Unipetrol model olefin margin¹⁾



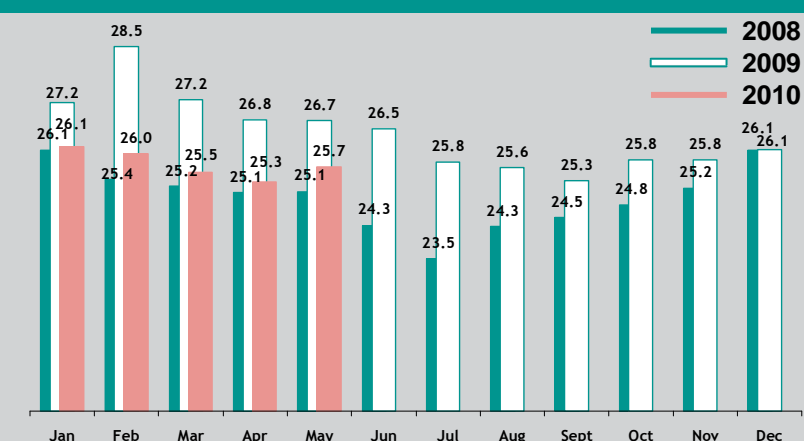
Unipetrol model polyolefin margin²⁾



Naphtha price (feedstock)



CZK/EUR



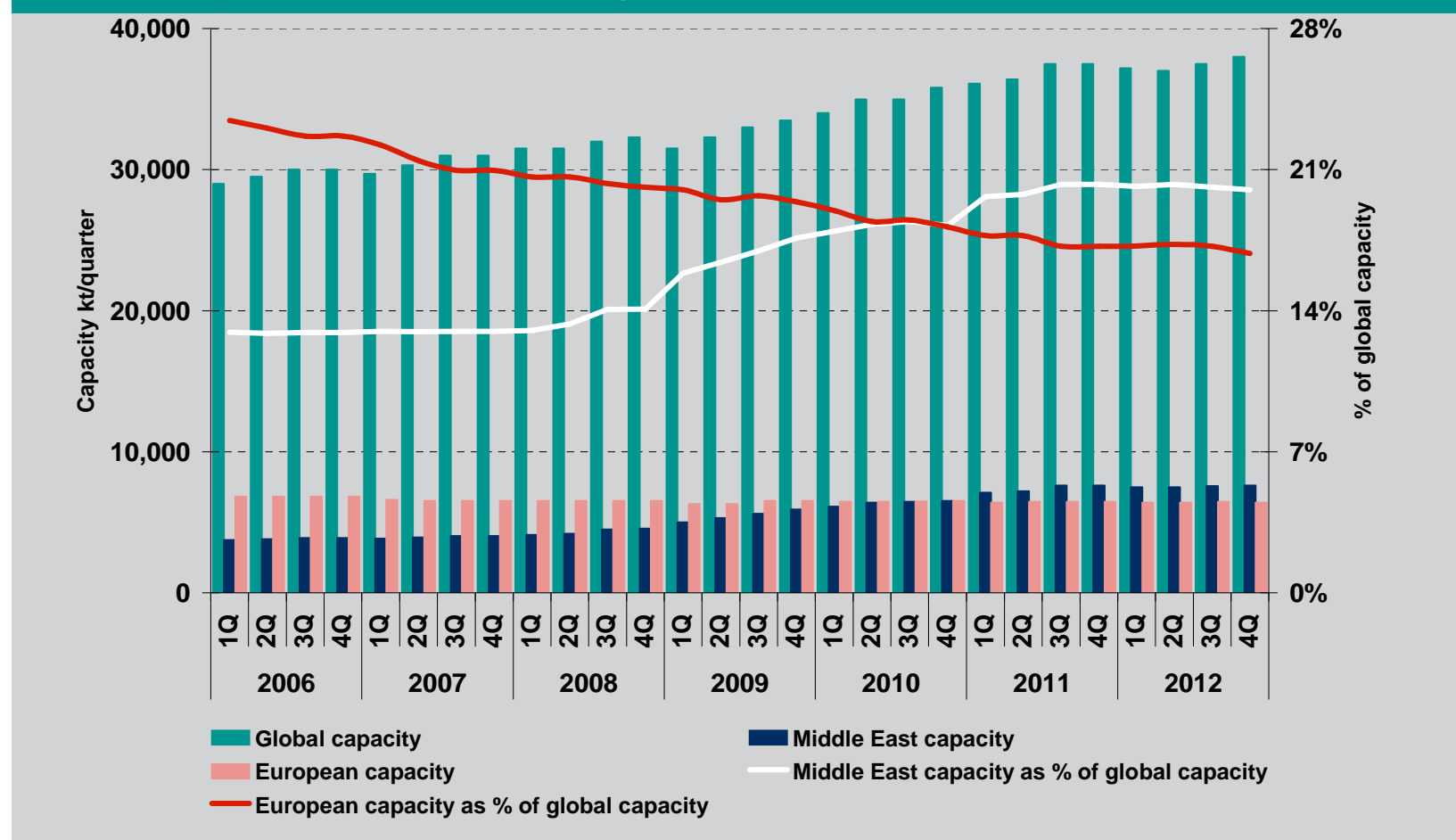
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- 1) Unipetrol model petrochemical olefin margin = revenues from products sold (100% Products = 40% Ethylene + 20% Propylene + 20% Benzene + 20% Naphtha) minus costs (100% Naphtha); product prices according to quotations.
- 2) Unipetrol model petrochemical polyolefin margin = revenues from products sold (100% Products = 60% HDPE + 40% Polypropylene) minus costs (100% input = 60% Ethylene + 40% Propylene); product prices according to quotations.

Source: REUTERS, ICIS, CNB

MID-TERM DYNAMICS DUE TO INCREASING CAPACITIES IN THE MIDDLE EAST

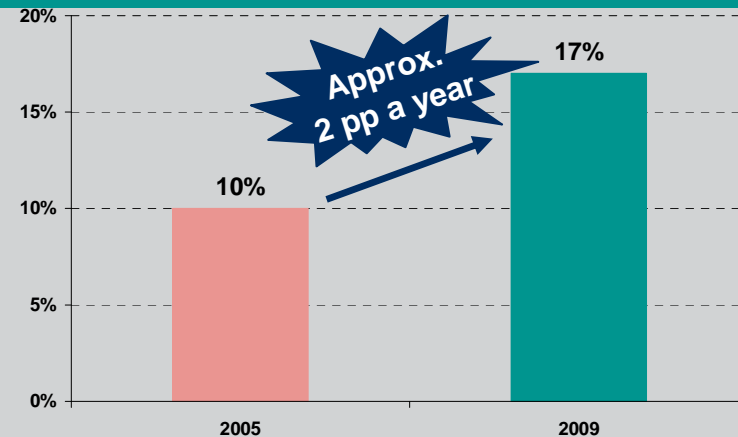
Global ethylene capacity tracking¹⁾



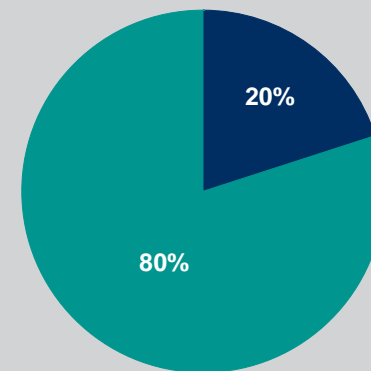
TAILOR MADE AND SPECIAL PETROCHEMICAL GRADES IN UNIPETROL'S FOCUS

- **Shifting focus towards products with a higher added value** - products requiring the observance of stringent European standards confirmed by independent certification (e.g. civil engineering sector – geomembranes/landfills, health sector – bicomponent fibres for non-woven textiles).
- **Our main markets for petrochemical production:** Czech Republic, Germany, Slovakia, Austria, The Baltic countries, and Ukraine.
- **Main sectors:** packaging (58%), building (16%), textile (12%), smaller exposure to automotive (4%), electro (4%), agro (3%) and other (3%).

Volume share of tailor made/special PE grades

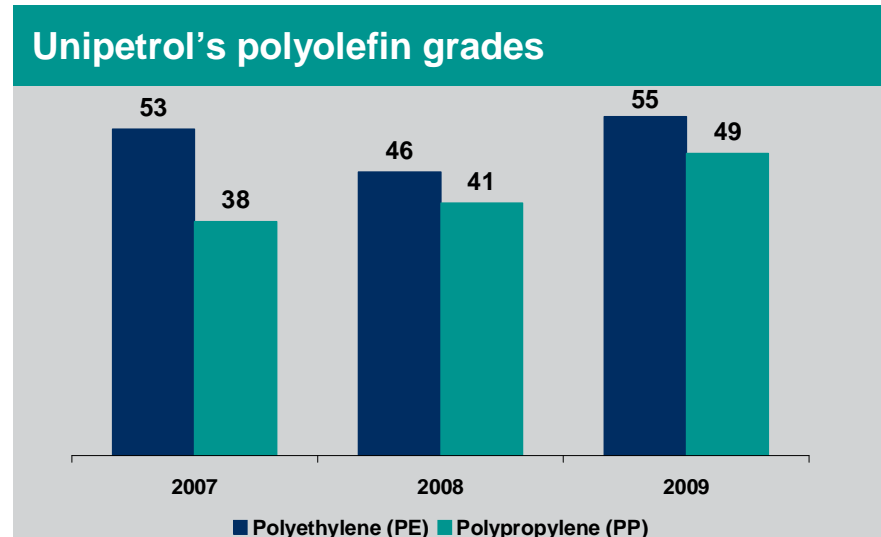
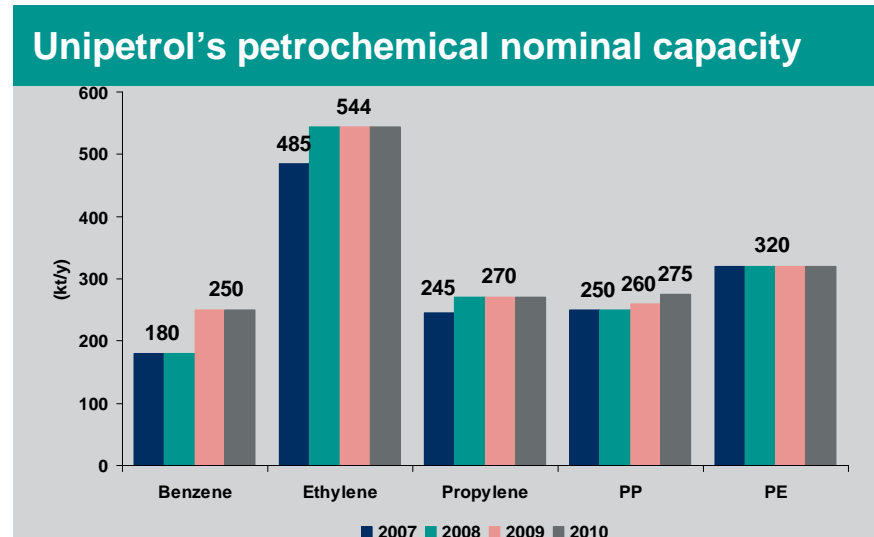


Volume share of tailor made/special PP grades



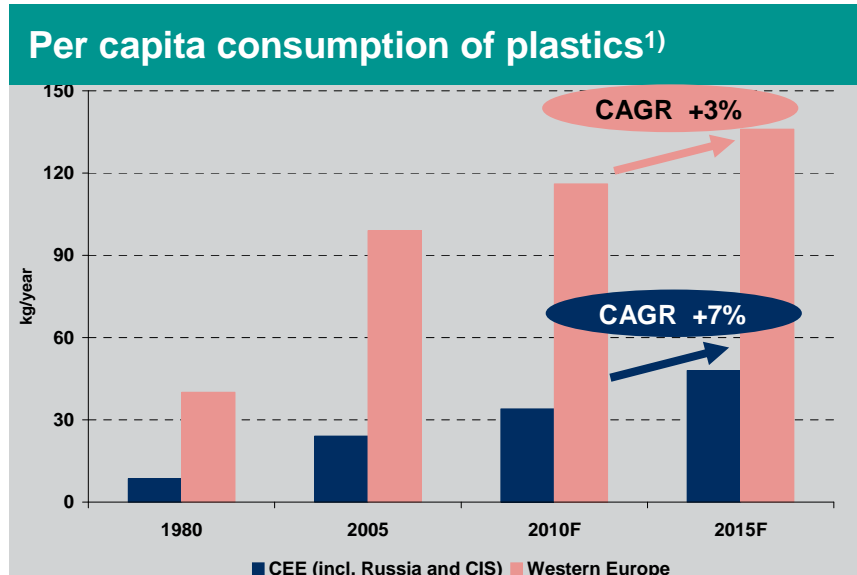
■ Tailor made/special ■ Other

CAPACITY AND NUMBER OF GRADES SHOULD HELP US TO GROW WITH THE MARKET...



- Our capacity additions during 2008-2009 (benzene +70 kt/y, ethylene +59 kt/y, polypropylene 25 kt/y) should help us to grow with the market going forward and have room to focus on tailor-made/special grades.
- With Unipetrol's specialization to tailor made/special grades we have increased number of grades by almost 30% in polypropylene and some 5% in polyethylene over past two years. Final grades are based on additive differentiation of less numerous semi-products with different polymer matrix.

...CEE PER CAPITA CONSUMPTION OF PLASTICS LAGS BEHIND WESTERN EUROPE



- CEE region provides **above average growth in per capita consumption** of plastics (2010F-2015F CAGR of +7% in CEE region vs. 3% in Western Europe).
- Besides 2010 target of increasing petrochemical sales volumes we concentrate on margin improvement. We have launched a **Pricing Improvement Project** focused not only on our regional markets but also on Germany, Austria and Switzerland (the D-A-CH region).



PRICING IMPROVEMENT PROJECT

- **Transfer of products** from less profitable to more profitable areas (e.g. the D-A-CH region).
- Benefiting from **sales, distribution and logistic cost optimization and synergies**.
- Permanent increase of share of the products with **higher added value**, e.g. **polypropylene copolymers**.
- Project has **complex support of all departments** in the Unipetrol RPA (Unipetrol's main subsidiary) and is regularly monitored and evaluated by the top management.



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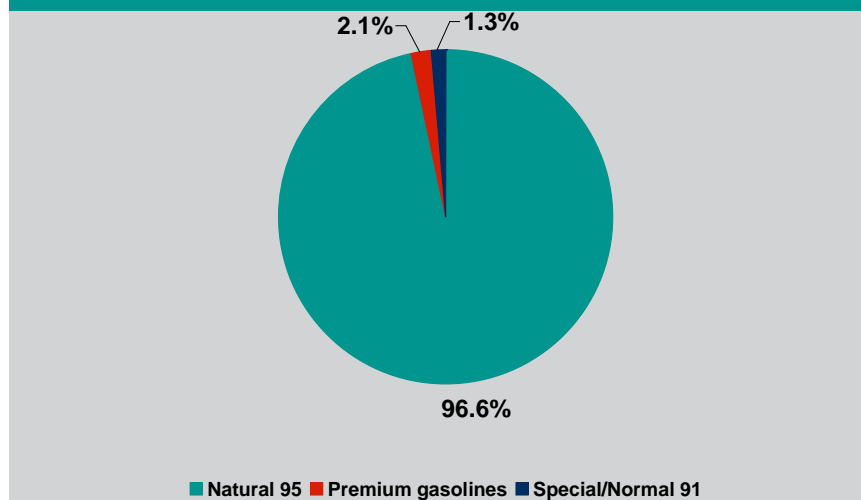
- **Unipetrol in the light of retail developments**

The 2010 targets

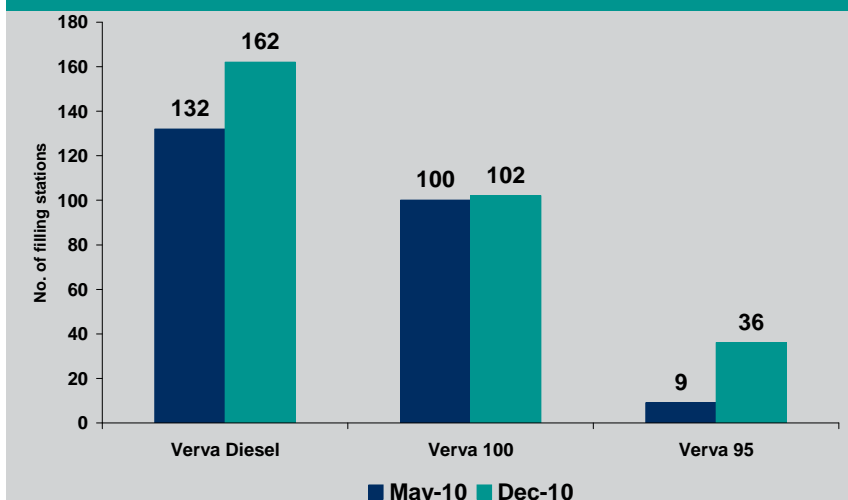
Supporting slides

FOCUS ON PREMIUM FUELS AND COOPERATION WITH COMPETITORS IN RETAIL

Structure of Czech 2009 gasoline consumption



VERVA at Benzina's filling stations



- Co-operation with OMV and CEPRO's EuroOil retail network on mutual cross-acceptance of fleet fuel cards (combined network of almost 750 filling stations vs. 337 Benzina filling stations).



- Withdrawal of standard fuels Special/Normal 91 in 2010 due to decreasing demand in favour of premium fuels in selected areas.

STRIVING TO FURTHER ENHANCE OUR RETAIL OPERATIONS AND SOLIDIFY LEADING POSITION

- Retail information system implemented in May to all Benzina filling stations (helps with more effective sharing of information as well as better inventory monitoring).

CZECH REPUBLIC ¹⁾	2006	2007	2008	2009
Fuel deliveries	1.9%	5.1%	-1.9%	1.3%
Collection of excise tax	1.6%	5.5%	1.6%	-3.2%
GDP	6.8%	6.1%	2.5%	-4.1%
Unemployment	7.7%	6.0%	6.0%	9.2%
Collected highway toll	n/a	n/a	10.4%	-9.8%

- Deliveries of fuels in the Czech Republic were higher in 2009, even though all relevant macro data showed deterioration, e.g. excise tax collection: ?potential indication of fuel tax frauds?
- Benzina together with other members of CAPPO²⁾ association are cooperating with leading Czech political parties to launch 8 corrective legislative measures to eliminate losses from fuel tax frauds and thus improve its market share.

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- **The 2010 targets**

Supporting slides

TARGETS FOR 2010

Financial plans

- Ongoing strict cost control.
- **Positive free cash flow** (excluding potential acquisitions).
- **Similar level of CAPEX as in 2009** (excluding potential acquisitions).
- Continuation of the long-term trend in **staffing reduction**.
- ✓ Disposal of Celio completed in 1H2010.

Operational plans

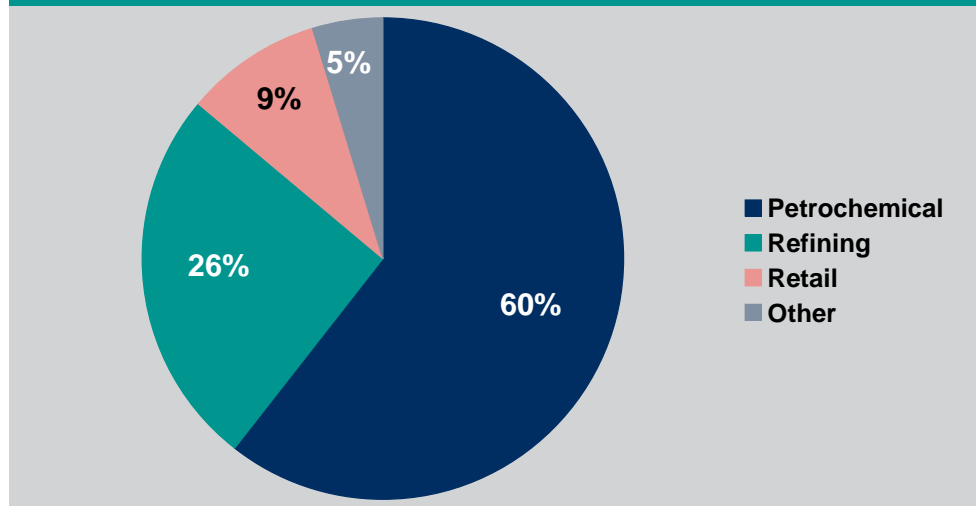
- Over 5% y/y higher crude oil throughput than in 2009.
- Increase in refining and petrochemical sales volumes from 2009 level.
- Increase of retail market share above 14%.
- 3 new additions to Benzina's portfolio of filling stations and over 20 facelifts or rebrandings.
- ✓ Launch of Butadiene unit with 120 kt/y production capacity in 1H2010.

Maintenance plans

- **Refining**
 - Two older small hydrocrack units (1st in 2Q and 2nd in 3Q for 1 month).
 - Two visbreaker units (1st in 2Q and 2nd in 3Q/4Q for 2 weeks).
 - ✓ **Paramo's Diesel Oil Desulphurisation** (3 weeks in 1Q).
 - HDS in Kralupy (2 weeks in 3Q).
- **Petrochemical**
 - ✓ **Polyolefin units** (2 weeks in 2Q).

PETCHEM CONTINUES TO ACCOUNT FOR MAJORITY OF PLANNED CAPEX

Segment share of 2010 planned CAPEX



- **Sulphur Recovery Unit Tail Gas:** environmental investment to meet the new legislation on sulphur recovery efficiency
- **Refurbishment of steam cracker furnaces:** continuous modernisation of strategic assets in petrochemical production
- **Processing of waste water:** environmental investment to ensure sufficient capacity and quality of waste water treatment
- **Completion of the butadiene unit:** strategic investment to offtake C4 fraction from the steam cracker in exchange for raffinate 1 for MTBE production
- **Replacement of the retail information system:** better monitoring and optimisation of fuel filling stations

CALENDAR OF UPCOMING EVENTS

IR events

- 18 June 2010 Annual General Meeting
- 29 July 2010 2Q10 trading statement
- 31 August 2010 2Q10 consolidated financial results

THANK YOU FOR YOUR ATTENTION



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- **Supporting slides**

BOTTOM LINE RETURNED TO PROFITABILITY

	1Q09	4Q09	1Q10	Q/Q	Y/Y
CZKm	1	2	3	4=3/2	5=3/1
Revenues	14,513	18,347	18,039	-2%	+24%
EBITDA	709	620	1,352	+118%	+91%
EBIT	-127	-260	517	n/a	n/a
Net result attrib. to sharehold. of the parent co.	-185	-262	309	n/a	n/a
EPS (CZK) ¹⁾	-1.02	-1.44	1.70	n/a	n/a
EBITDA margin ²⁾	4.9%	3.4%	7.5%	+4.1pp	+2.6pp

	1Q09	4Q09	1Q10	Q/Q	Y/Y
CZKm	1	2	3	4=3/2	5=3/1
EBIT, of which	-127	-260¹⁾	517	n/a	n/a
• Refining	-329	-320	279	n/a	n/a
• Petrochemical	110	33	97	+194%	-12%
• Retail distribution	57	208	131	-37%	+130%
• Others, Non-attrib., Eliminations	35	-180	10	n/a	-71%

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- 1) Earnings per share = net profit attributable to shareholders of the parent company / number of issued shares
2) EBITDA margin = Operating profit before depreciation and amortisation / Revenues

LOW INDEBTEDNESS MAINTAINED

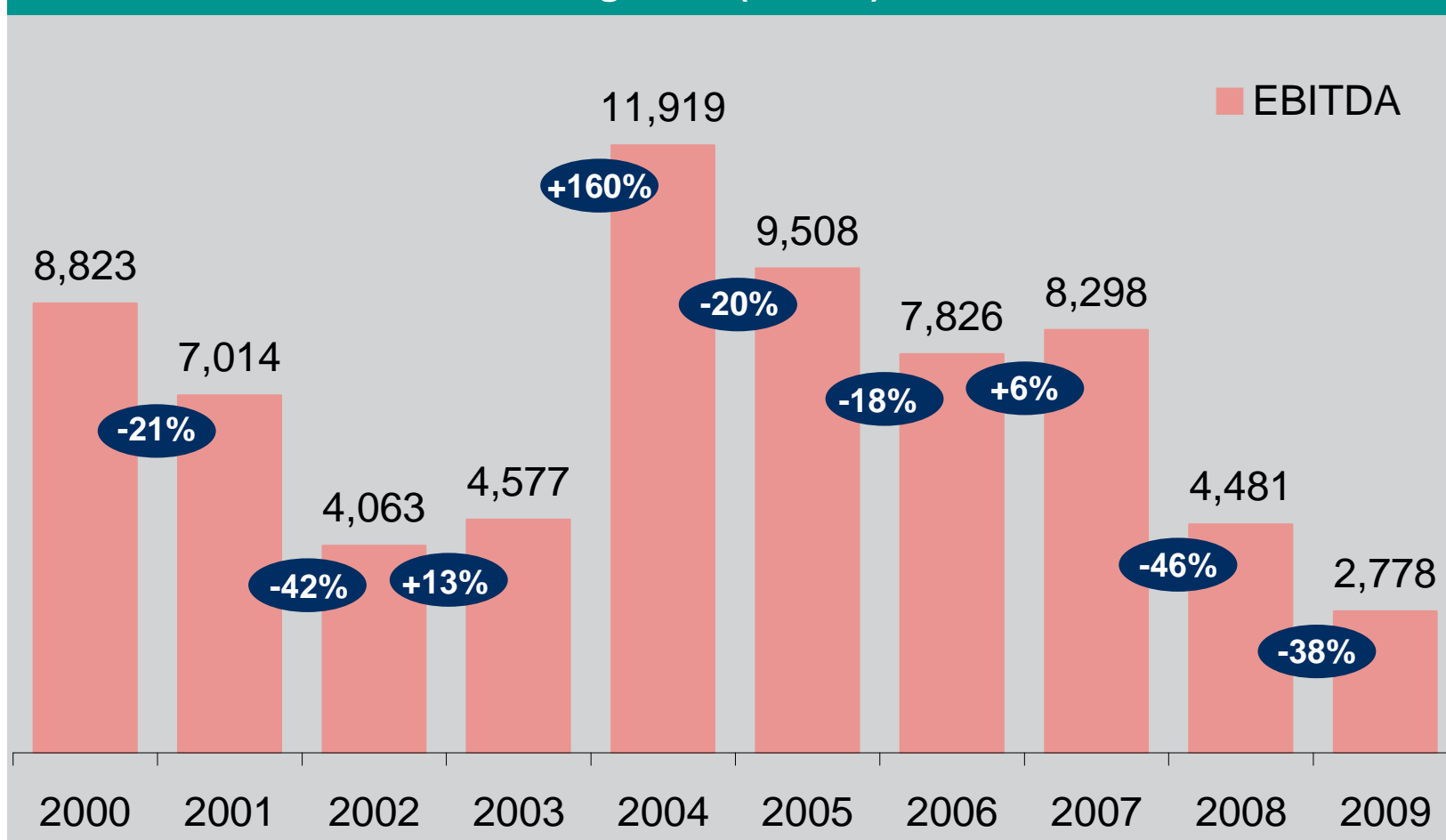
	1Q09	4Q09	1Q10	Q/Q	Y/Y
CZKm	1	2	3	4=3/2	5=3/1
Operating cash flow (OCF)	-846	698	-2,868	n/a	n/a
Capital expenditure (CAPEX)	864	810	648	-20%	-25%
Free cash flow (Operating - Investment CF)	-1,739	1,206	-3,487	n/a	n/a
Net Working Capital ¹⁾	4,780	4,968	5,858	+18%	+23%
Net finance costs	103	182	147	-19%	+43%
Gearing ²⁾	13.2%	3.2%	12.5%	+9.3pp	-0.7pp
Net debt / EBITDA ³⁾	1.37	0.44	1.39	+216%	+1%
ROACE ⁴⁾	-0.2%	-0.5%	1.0%	+1.5pp	+1.2pp

- Operating cash flow temporarily weaker due to primarily timing of crude oil payment.

- 1) Net Working Capital = current assets – current liabilities, at the end of the period (excl. derivatives and provisions)
- 2) Gearing = net debt / equity, both at the end of period
- 3) Interest-bearing borrowings less cash / EBITDA (rolling over last four quarters)
- 4) Return on average capital employed = Operating profit after taxes in the period / average capital employed in the period

CYCLICAL EBITDA DEVELOPMENT

2000-2009 EBITDA and EBITDA growth (m CZK)



CONDENSED BALANCE SHEET

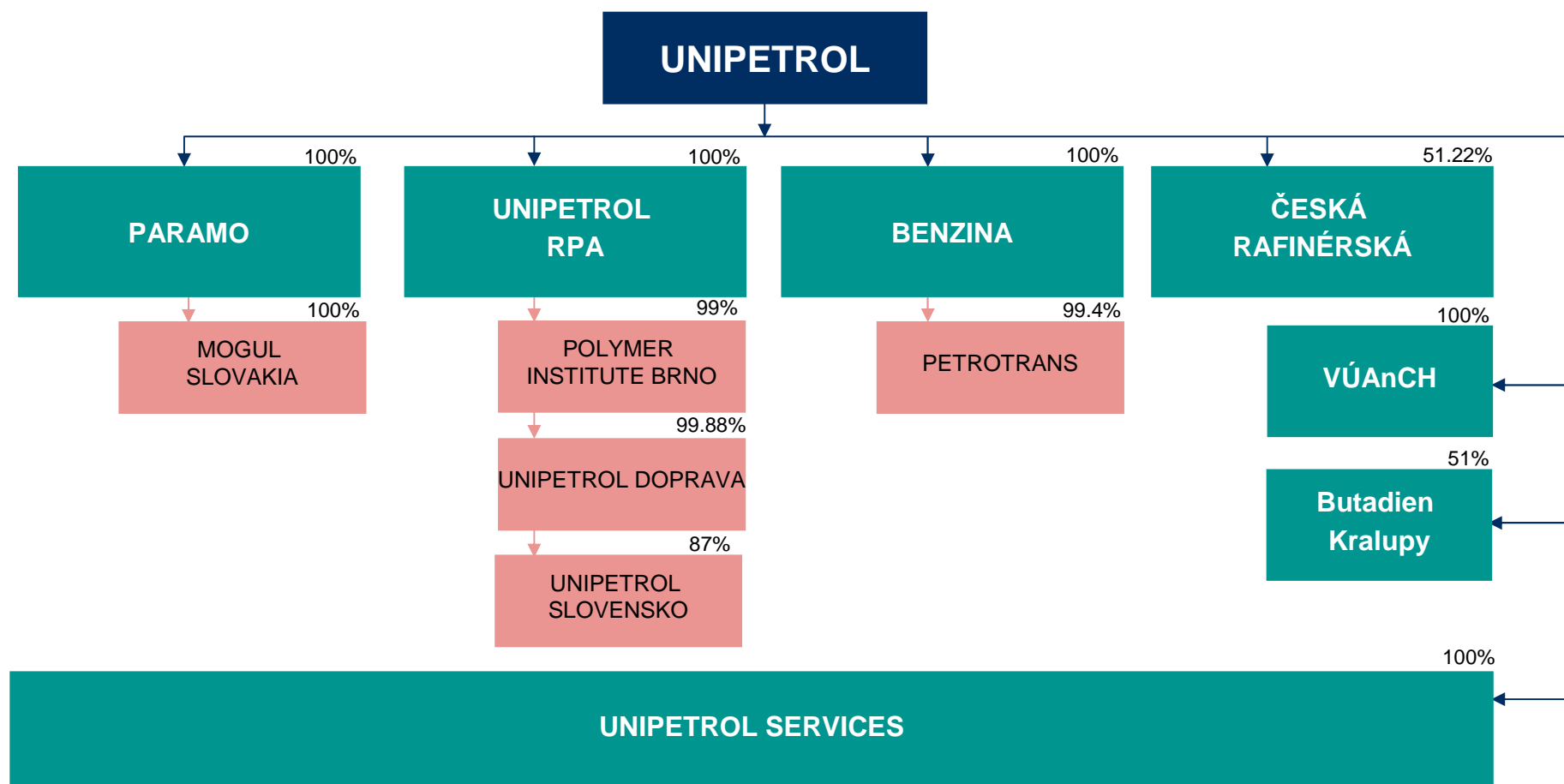
CZK m	31 Mar 2010	31 Dec 2009
TOTAL ASSETS	58,774	58,249
Non-current assets	37,485	38,061
Current assets	21,289	20,188
Inventories	8,665	8,598
Trade receivables	10,356	9,310
Cash and cash equivalents	1,015	1,186
TOTAL EQUITY AND LIABILITIES	58,774	58,249
Total equity	38,173	37,871
Total liabilities	20,601	20,378
Non-current liabilities	4,285	4,267
Loans and borrowings	2,000	2,012
Current liabilities	16,317	16,111
Trade and other payables and accruals	11,465	14,595
Current portion of loans and borrowings	269	209
Short-term bank loans	3,471	140
NET DEBT	4,756	1,212

CONDENSED P&L AND CASH FLOW STATEMENT

CZK m	31 Mar 2010	31 Mar 2009
Revenue	18,039	14,513
Gross profit	1,211	674
<i>Gross profit margin</i>	<i>6.7%</i>	<i>4.6%</i>
Operating profit before finance cost	517	-127
<i>Operating profit margin</i>	<i>2.9%</i>	<i>-0.9%</i>
Net finance cost	147	103
Profit before tax	370	-231
Income tax expense	61	-40
Net profit for the period	309	-190
<i>Net profit margin</i>	<i>1.7%</i>	<i>-1.3%</i>

CZK m	31 Mar 2010	31 Mar 2009
Net cash provided by operating activities	-2,868	-846
Net cash provided by investing activities	-619	-893
Net cash provided by financing activities	3,316	1,833

SIMPLIFIED STRUCTURE OF UNIPETROL GROUP AFTER RESTRUCTURING MEASURES



- 1) ČESKÁ RAFINÉRSKÁ, a.s. (51.22%), a joint venture of UNIPETROL, a.s., ENI INTERNATIONAL, B.V., and Shell Overseas Investment B.V., the largest processing refinery in the Czech Republic, with a wide range of products and total annual capacity of 8.8 million tonnes
- 2) Butadien Kralupy, a.s. (51%), a joint venture of UNIPETROL, a.s., and SYNTHOS Kraplupy, a.s.

DISCLAIMER

The following types of statements:

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