



UNIPETROL 4Q 2014 FINANCIAL RESULTS

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Key highlights of 4Q14

Macro environment

Financial results

Segment results

Cash flow & financial gearing

Achievements in 2014

Back-up



External macro environment

- ▶ Relatively good performance of Czech economy with increasing business and consumer confidence
- ▶ Significant improvement of refining margin y/y to 2.2 USD/bbl and small decline q/q
- ▶ Further increase of combined petrochemical margin y/y to 714 EUR/t
- ▶ Grey zone reduction y/y on fuels market with positive impact on sales volumes and margins

Operational performance

- ▶ Increase of crude oil throughput by 44% y/y to 1,302 kt and increase of refining utilization ratio y/y to 88%
- ▶ Maintaining high steam-cracker utilization ratio at 90%
- ▶ Further significant increase of sales volumes y/y in both segments

Value creation and financial standing

- ▶ Revenues significantly higher by 15% y/y to CZK 28.9 bn
- ▶ Profound increase of profitability y/y with EBITDA LIFO of CZK 2,618 m and net profit of CZK 598 m
- ▶ Solid increase of retail segment EBITDA LIFO by 83% y/y to CZK 316 m
- ▶ Very conservative financial gearing of 10% and net debt/EBITDA 0.6



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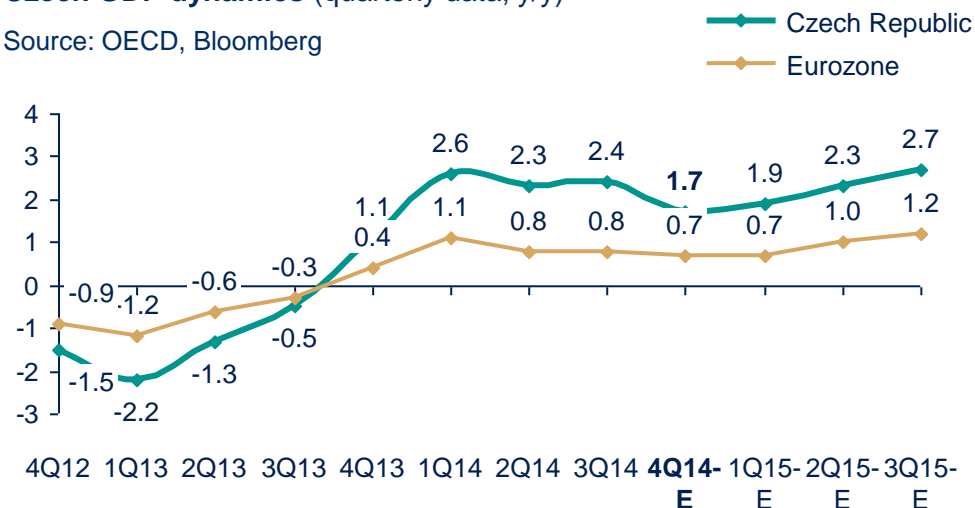
Back-up

GENERAL MACRO ENVIRONMENT

Czech GDP growth expected at 1.7% y/y in 4Q14, confidence in the economy further increased

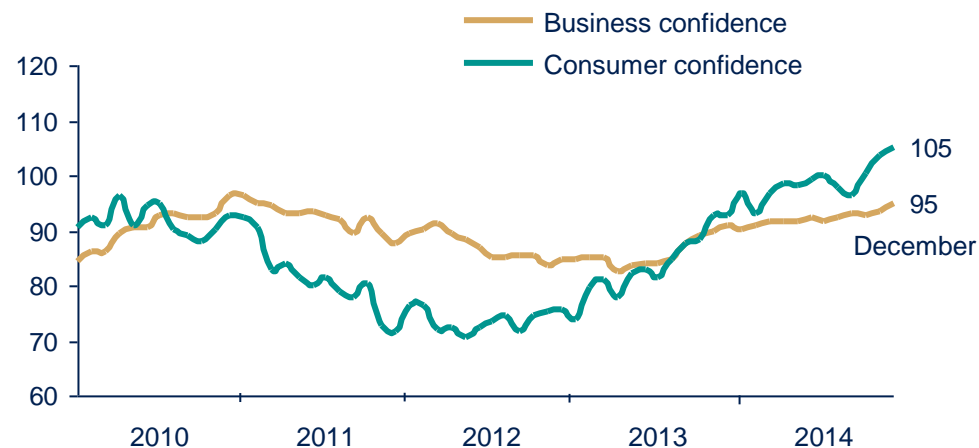
Czech GDP dynamics (quarterly data, y/y)

Source: OECD, Bloomberg



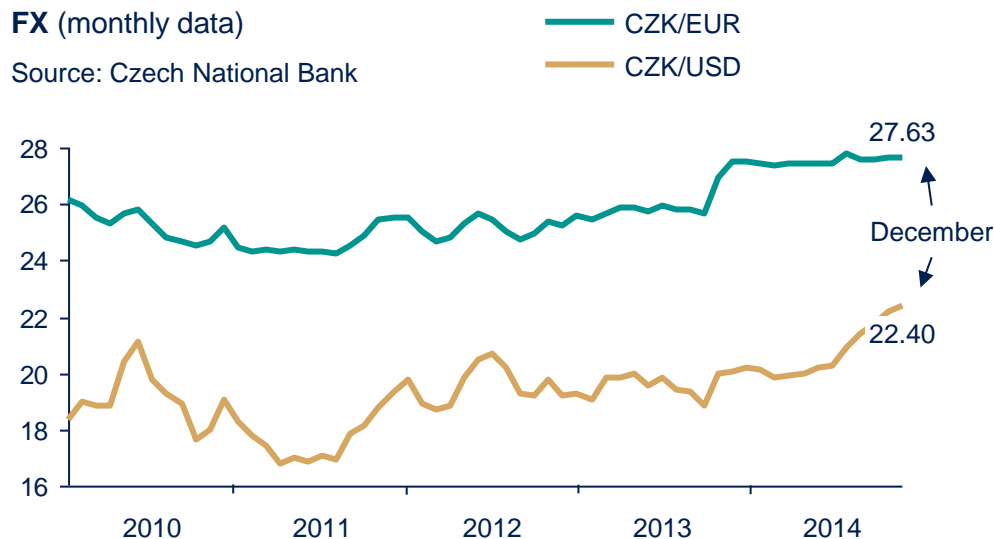
Confidence in the Czech economy (monthly data)

Source: Czech Statistical Office



FX (monthly data)

Source: Czech National Bank



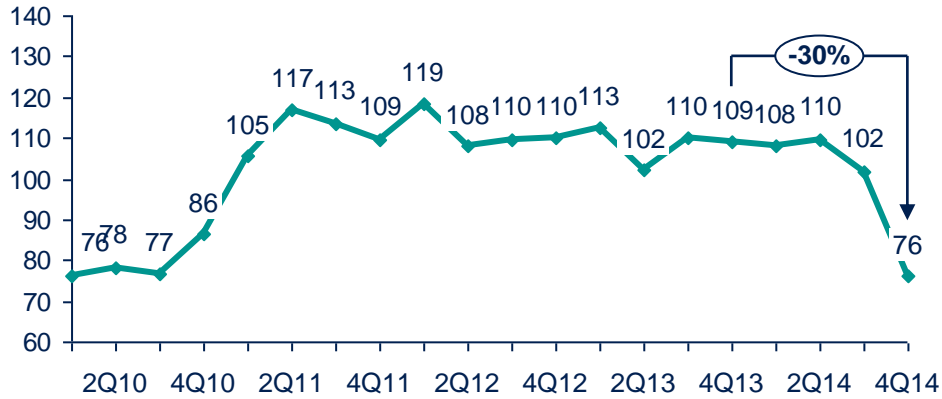
- ▶ Czech GDP growth in 4Q14 expected at 1.7% y/y maintaining solid dynamics...
- ▶ ...with increase to 1.9% y/y expected in 1Q15
- ▶ Slight increase of business confidence in the Czech economy and significant increase of consumer confidence
- ▶ CZK relatively stable against EUR around 27.60 CZK/EUR and weakening against USD to 22.40 CZK/USD in December

DOWNSTREAM MACRO ENVIRONMENT

Significant improvement of refining margin and further increase of petrochemical margin y/y

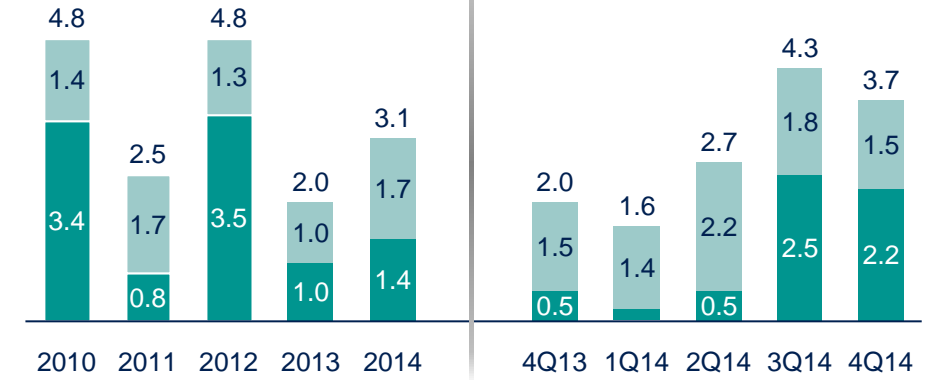
Brent crude oil price (quarterly average)

USD/bbl



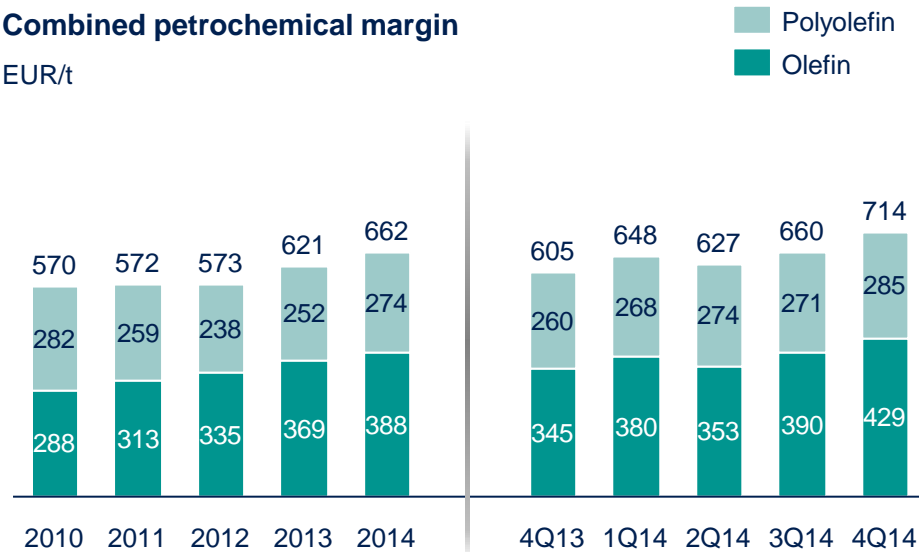
Refining margin and Brent-Ural differential

USD/bbl



Combined petrochemical margin

EUR/t



- ▶ Profound decline of crude oil price both q/q and y/y to 76 USD/bbl (quarterly average), by the end of the year to 57 USD/bbl
- ▶ Significant improvement of refining margin y/y to 2.2 USD/bbl driven by higher gasoline spread y/y (by 26% to 146 USD/t)
- ▶ Declining refining margin in 4Q14 because of lower gasoline spread q/q by 28%
- ▶ Brent-Ural differential stable y/y and small decline q/q to 1.5 USD/bbl
- ▶ Further increase of combined petrochemical margin to very solid level of 714 EUR/t driven by higher olefin margin of 429 EUR/t

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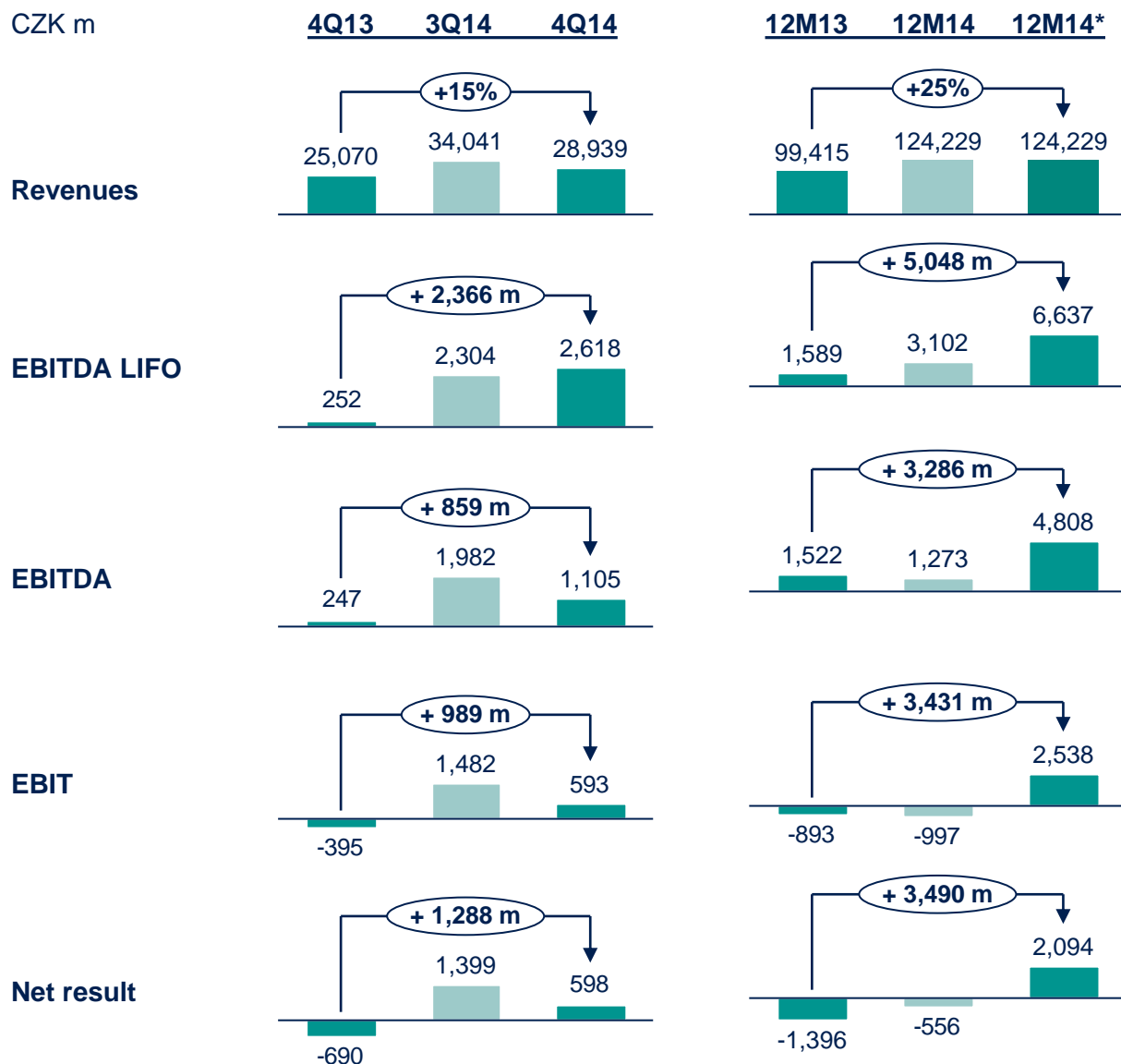
Cash flow & financial gearing

Achievements in 2014

Back-up

FINANCIAL RESULTS

Significant increase of profitability y/y with EBITDA LIFO of CZK 2,618 m



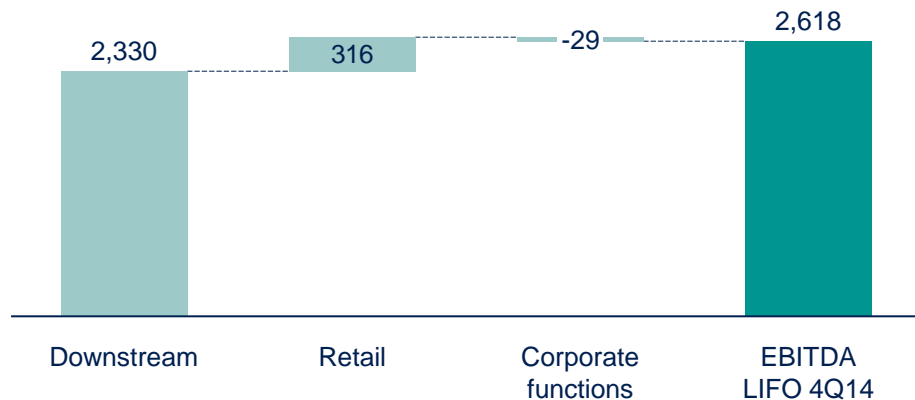
- ▶ **Revenues** higher by 15% y/y of CZK 28,939 m in 4Q14 driven by operation of higher refining capacity and higher sales volumes in both segments
- ▶ Fixed assets impairment of CZK (-) 185 m in 4Q14
- ▶ Inventory revaluation of CZK (-) 775 m in 4Q14
- ▶ Significant increase of profitability y/y with **EBITDA LIFO** of CZK 2,618 m in 4Q14 driven by higher sales volumes and higher margins in downstream segment, both refining and petrochemicals
- ▶ **LIFO effect** negative of CZK (-) 1,513 m due to profound crude oil price decline q/q...
- ▶ ...and depreciation and amortization of CZK 512 m generates **EBIT** of CZK 593 m
- ▶ **Financial result** of CZK (-) 4 m
- ▶ Tax credit of CZK 9 m and **net profit** of CZK 598 m in 4Q14
- ▶ **Full year net profit** at the level of CZK 2,094 m (excluding one-off accounting non-cash items)

OPERATING PROFITABILITY BY SEGMENTS

Downstream segment with operating profit EBITDA LIFO of CZK 2,330 m

Segment results – EBITDA LIFO – 4Q14

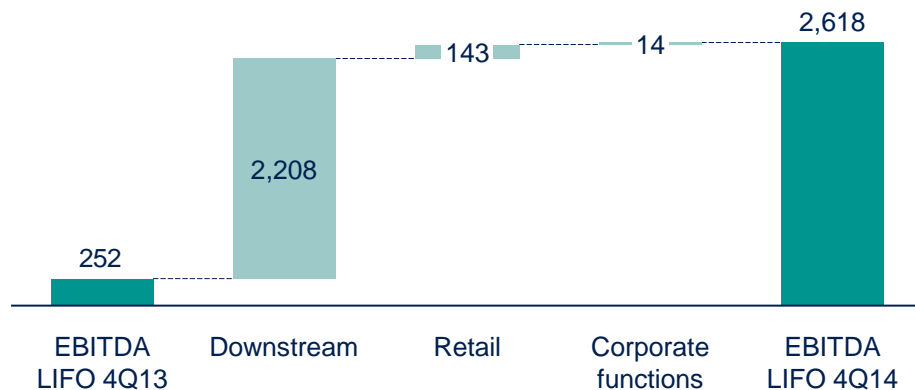
CZK m



- ▶ **Downstream segment** (combination of refining and petrochemicals) with operating profit of CZK 2,330 m, of which:
 - ▶ Refining: CZK 118 m
 - ▶ Petrochemicals: CZK 2,213 m
- ▶ **Retail segment** with positive contribution of CZK 316 m
- ▶ **Group EBITDA LIFO** of CZK 2,618 m in 4Q14

Change in segment results y/y

CZK m



- ▶ Profound improvement of profitability y/y by CZK 2,366 m...
- ▶ ...driven by downstream segment with improvement y/y of CZK 2,208 m (combination of refining and petrochemicals), of which:
 - ▶ Refining: CZK 509 m
 - ▶ Petrochemicals: CZK 1,699 m
- ▶ Retail segment improvement by CZK 143 m y/y
- ▶ Decreased cost base within corporate functions by CZK 14 m y/y

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Achievements in 2014

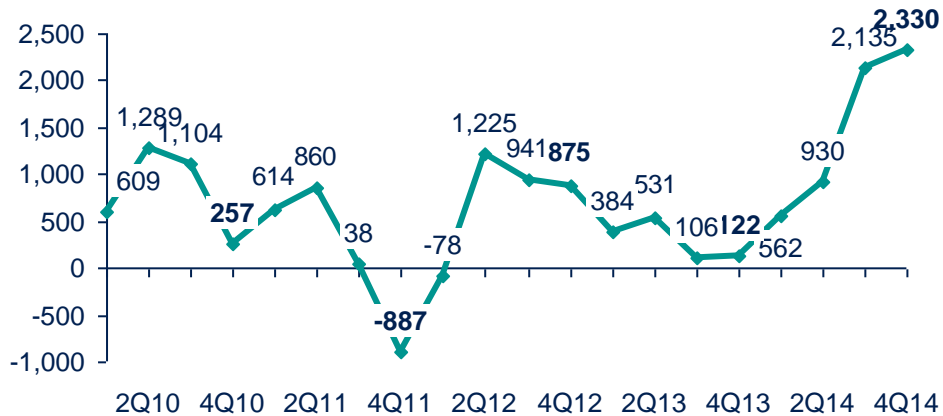
Back-up

DOWNSTREAM – EBITDA LIFO

Profoundly positive impact y/y of both macro and volumes factors

EBITDA LIFO quarterly

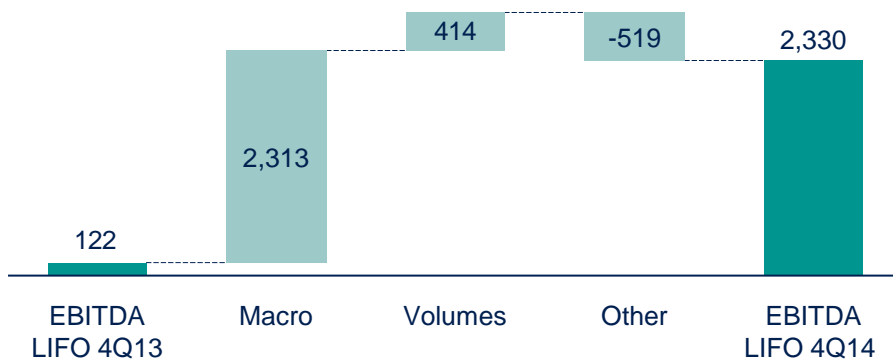
CZK m (w/o impairment in 2011, 2012, 2Q14 and gain on acquisition in 1Q14)



- ▶ Positive macro impact of CZK 2,313 m y/y driven by:
 - ▶ Higher margins (both refining and petrochemicals) which were also supported by significantly lower/falling crude oil price
 - ▶ FX development (weaker CZK)
 - ▶ Lower on costs of internally consumed crude oil (lower energy costs) thanks to considerably lower crude oil price
- ▶ Positive volumes impact of CZK 414 m y/y (mainly refining and also petrochemicals)
- ▶ Grey zone reduction y/y on fuels market with positive impact on sales volumes and margins
- ▶ Ongoing positive impact of Operational Excellence Initiatives and sales effectiveness with impact of CZK 679 m y/y

Downstream segment results – Drivers of change y/y

CZK m



- ▶ Refining assets impairment of CZK (-) 151 m
- ▶ CO₂ allowances costs increase of CZK (-) 57 m y/y
- ▶ Overheads increase mainly related to higher stake in Česká rafineruská of CZK (-) 133 m y/y
- ▶ Inventory revaluation effect of CZK (-) 864 m y/y

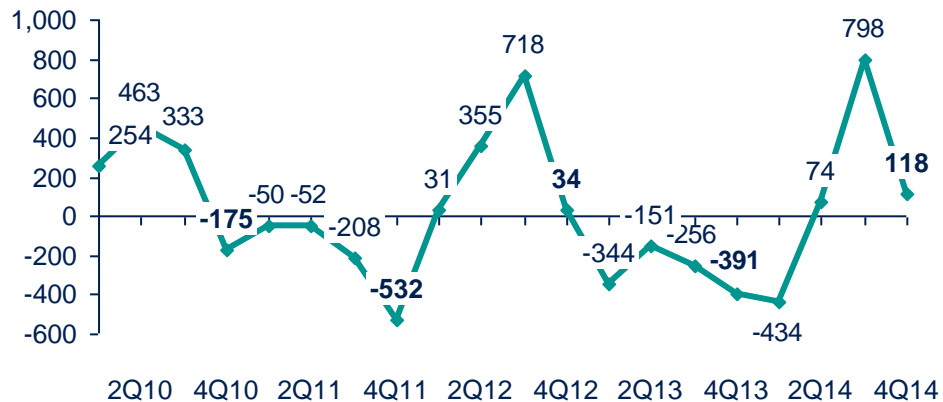
DOWNSTREAM – EBITDA LIFO

Refining and petrochemicals contribution to results

Refining

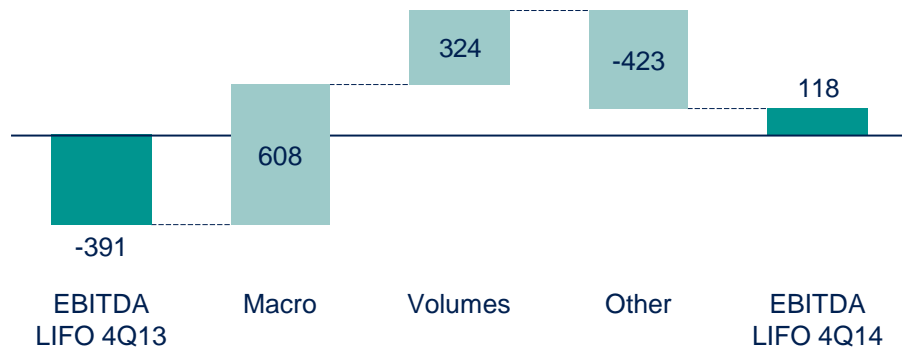
EBITDA LIFO quarterly

CZK m (without impairment in 2011, 2012, 2Q14 and gain on acquisition in 1Q14)



Drivers of change y/y

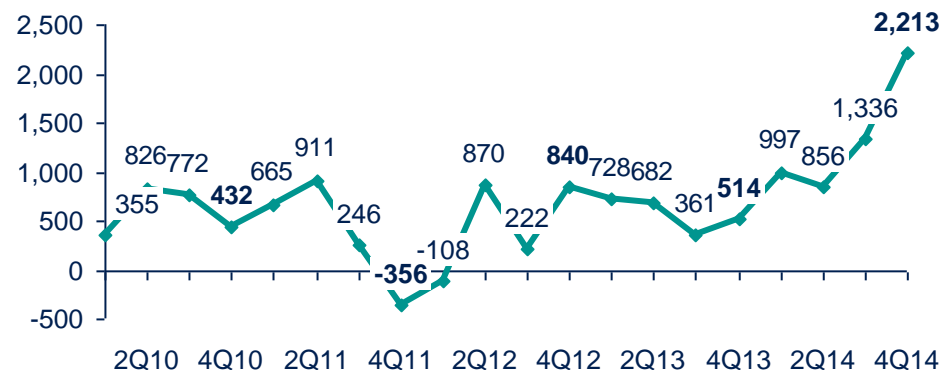
CZK m



Petrochemicals

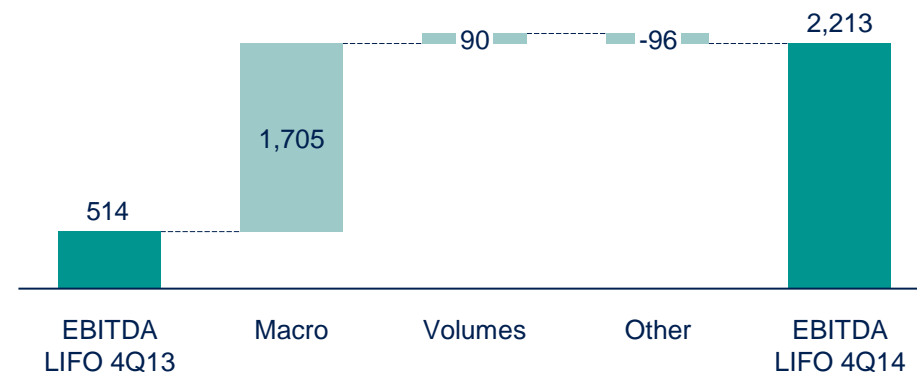
EBITDA LIFO quarterly

CZK m (without impairment in 2011)



Drivers of change y/y

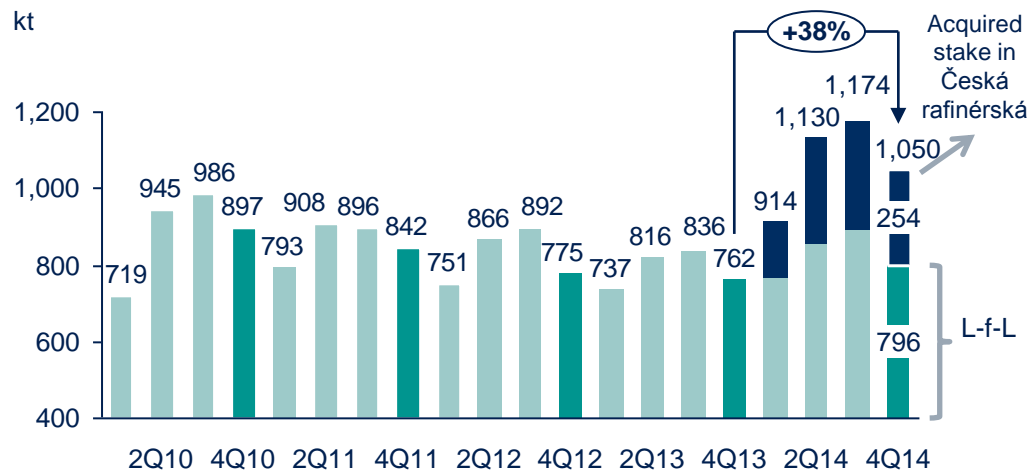
CZK m



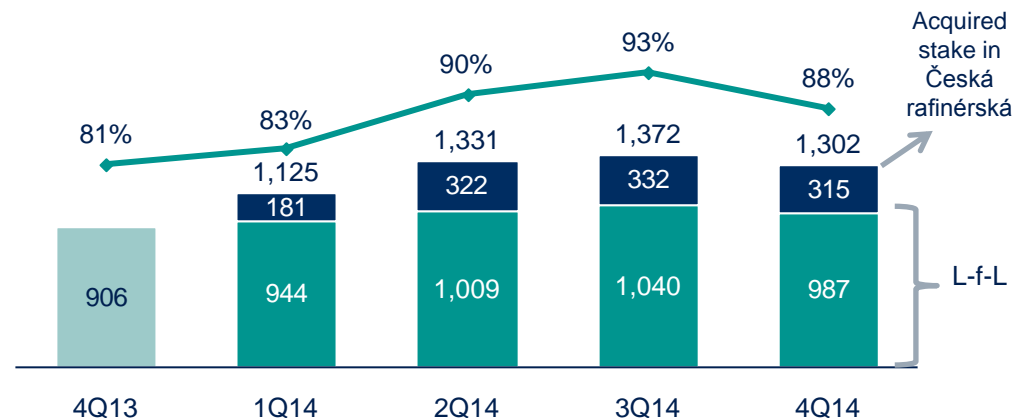
DOWNSTREAM (REFINING) – OPERATIONAL DATA

Increase of utilization ratio y/y to 88% and sales volumes by 38% y/y to 1,050 kt

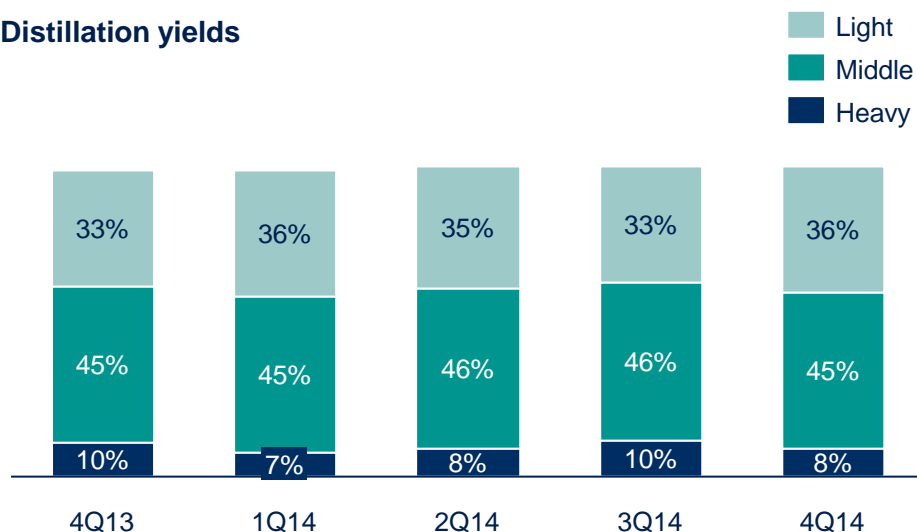
Sales volumes of refining products, incl. retail (Benzina network)



Crude oil throughput (kt) and refining utilization ratio



Distillation yields

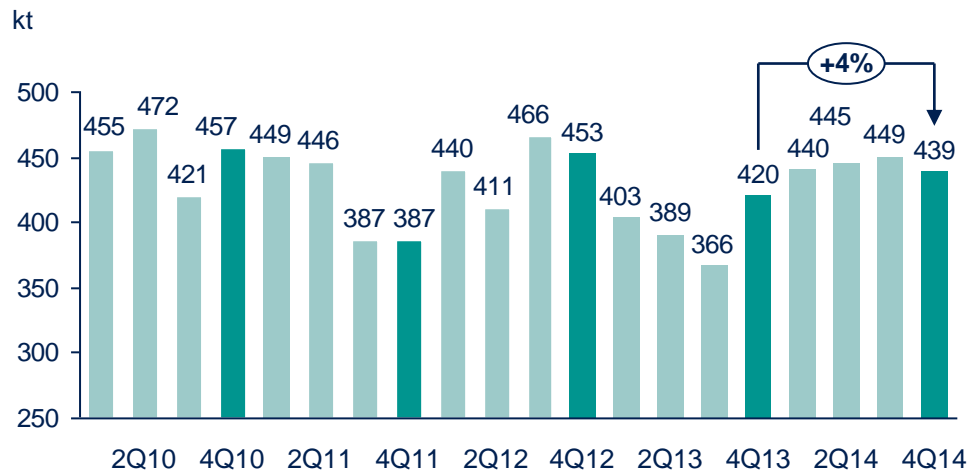


- ▶ Increase of crude oil throughput by 44% y/y from 906 kt in 4Q13 to 1,302 kt, driven by operation of higher refining capacity (5.9 mt/y vs 4.5 mt/y in 2013) and due to turnaround of Kralupy refinery last year
- ▶ Increase of refining utilization ratio y/y to 88%, driven by 9% like-for-like increase of crude oil throughput to 987 kt
- ▶ Decrease of heavy distillation yield y/y to 8% and increase of light distillation yield y/y to 36%
- ▶ Significantly higher sales volumes by 38% y/y of 1,050 kt driven by both diesel and gasoline, thanks to operation of higher refining capacity

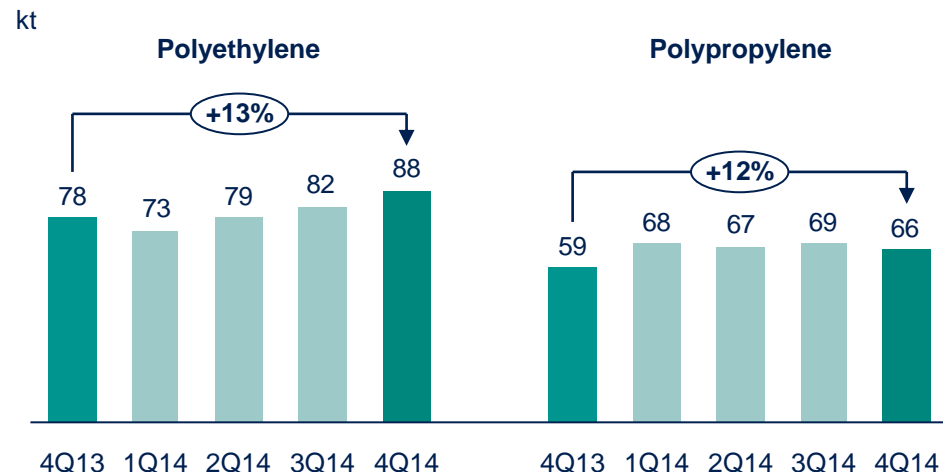
DOWNSTREAM (PETROCHEMICALS) – OPERATIONAL DATA

Increase of sales volumes by 4% y/y to 439 kt

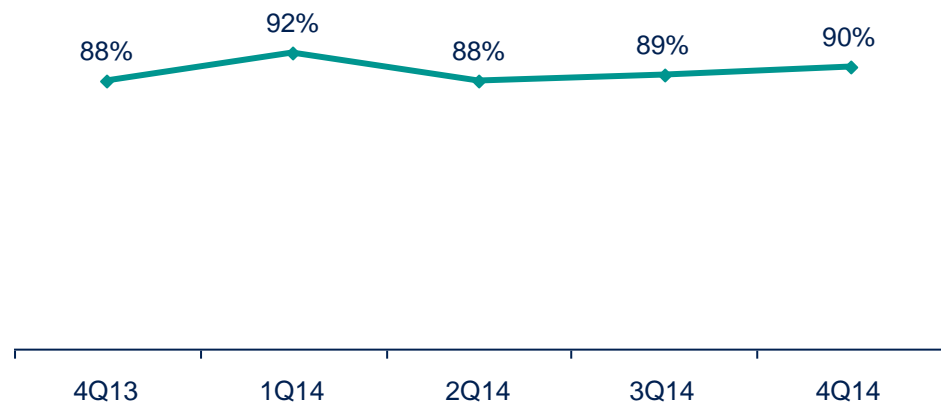
Sales volumes of petrochemical products



Sales volumes of polyethylene and polypropylene



Steam-cracker utilization ratio

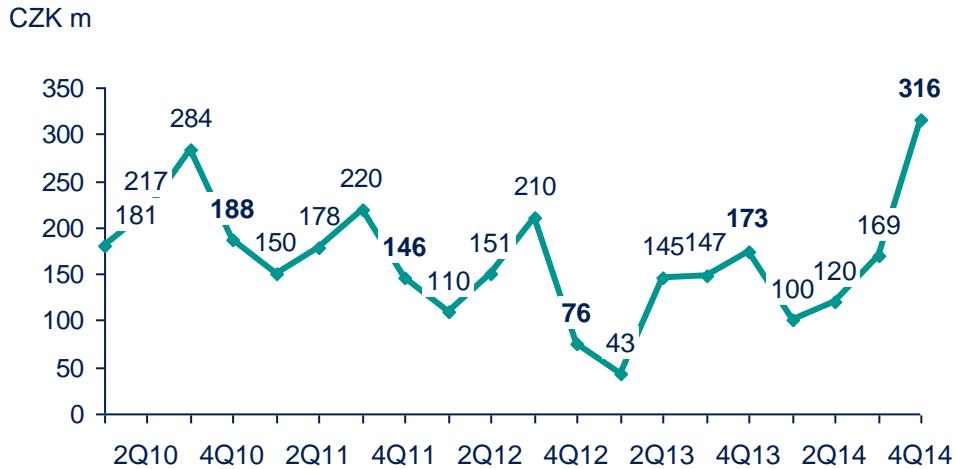


- ▶ Maintaining high steam-cracker utilization at 90% thanks to reliable production
- ▶ Increase of sales volumes by 4% y/y to 439 kt in 4Q14, increases across the whole product portfolio also thanks to very good market demand driven by lower price level due to steep decline of crude oil price, of which:
 - ▶ Polyethylene by 13% to 88 kt
 - ▶ Polypropylene by 12% to 66 kt

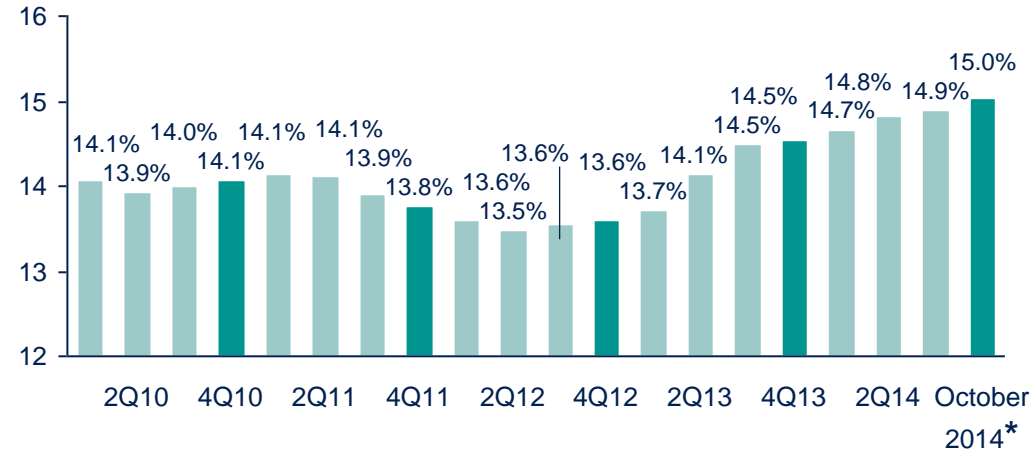
RETAIL SEGMENT

Profound EBITDA LIFO increase by 83% y/y to CZK 316 m

EBITDA LIFO quarterly

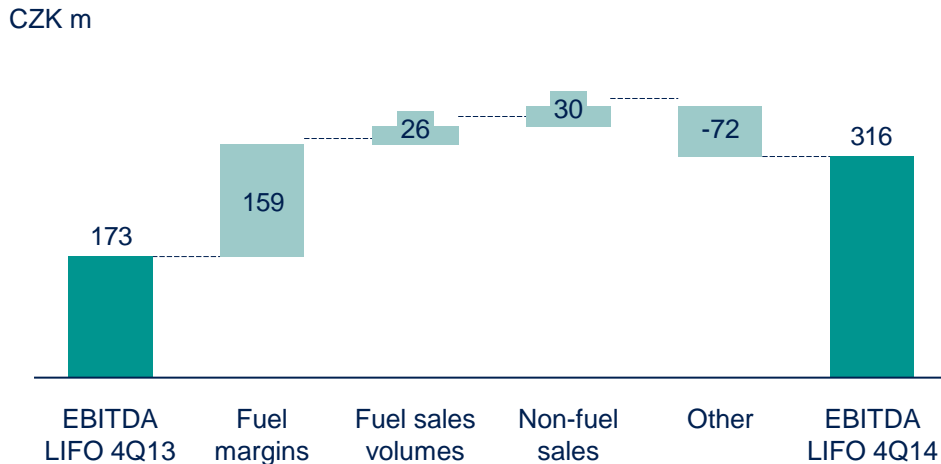


Benzina market share



*October 2014 – last available official statistical data.

Retail segment results – Drivers of change y/y



- +
 - ▶ Positive impact of fuel margins of CZK 159 m y/y thanks to significantly lower crude oil price
 - ▶ Positive impact of higher fuel sales volumes of CZK 26 m y/y thanks to set of activities in pricing, marketing and standards increase
 - ▶ Better performance of non-fuel segment by CZK 30 m y/y

- - ▶ Negative impact in Other driven mainly by one-offs (-) 41 m y/y related to impairment creation for non performing assets

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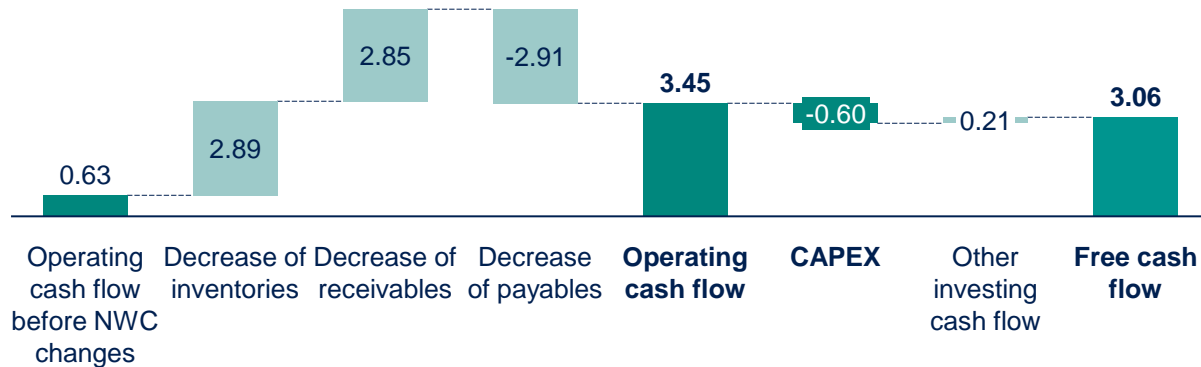
Back-up

CASH FLOW & FINANCIAL GEARING

Stable financial gearing of 9.7%

Free cash flow in 4Q14

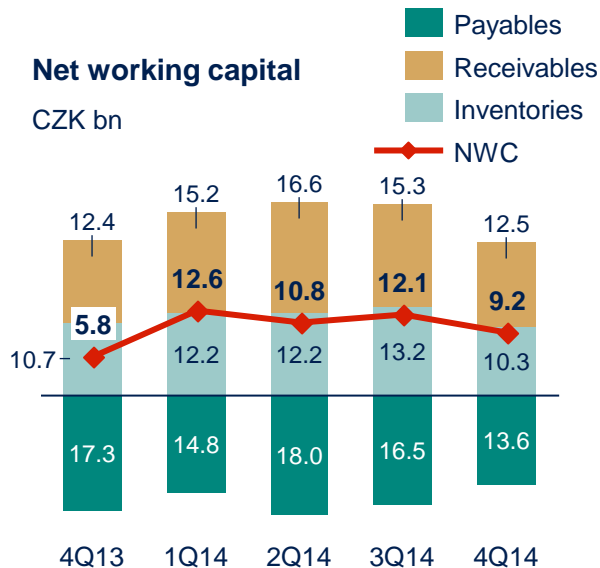
CZK bn



- ▶ Positive operating cash flow of CZK 3.45 bn
- ▶ CAPEX of CZK 603 m in 4Q14
(Annual CAPEX of CZK 2.6 bn including acquired additional stake in Česká rafinérská)
- ▶ Positive free cash flow of CZK 3.06 bn
- ▶ Strict control of net working capital with decline q/q at the level of CZK 9.2 bn at the end of 2014

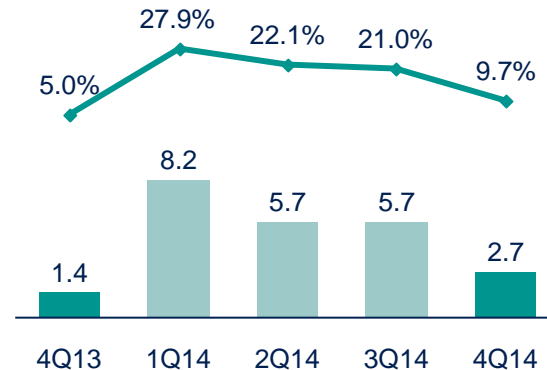
Net working capital

CZK bn



Net debt & financial gearing*

CZK bn, %



- ▶ Decrease of net debt to CZK 2.7 bn
- ▶ Decrease of financial gearing to 9.7%
- ▶ Net debt/EBITDA** 0.6

* Net debt includes cash pool liabilities.

** 4-quarter trailing EBITDA without impairment in 2Q14 and gain on acquisition in 1Q14.

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ACHIEVEMENTS IN 2014

- ✓ Completion of acquisition of 16.335% stake in Česká rafinérská from Shell
- ✓ Strong financial results in 3Q and 4Q 2014
- ✓ Positive impact of ongoing Operational Excellence Initiatives of CZK 1,062 m compared to 2013
- ✓ Very good operational performance with refining utilization ratio of 88.5% and steam-cracker utilization ratio of 89.8%
- ✓ An amendment to the contract with Transpetrol for crude oil transportation for 2015-2016
- ✓ Acceptation of the bona fide offer from Eni to acquire its shares in Česká rafinérská
- ✓ Strategic cooperation with VŠCHT – Educational and Learning Centre VŠCHT - Unipetrol
- ✓ Increase of Benzina retail market share



Thank you for your attention

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EBITDA & EBIT

Detailed breakdown

	CZK m	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	4Q 2014	12M 2013	12M 2014
Group	EBITDA LIFO	438	663	235	252	1 857	-3 677	2 304	2 617	1 589	3 102
	EBITDA	540	-1	737	246	1 726	-3 540	1 982	1 105	1 522	1 273
	EBIT LIFO	-172	76	-341	-389	1 231	-4 308	1 803	2 106	-827	832
	EBIT	-70	-588	160	-396	1 100	-4 172	1 481	593	-893	-997
Downstream	EBITDA LIFO	384	531	106	122	1 748	-3 791	2 135	2 330	1 142	2 422
	EBITDA	480	-122	598	114	1 623	-3 660	1 814	877	1 070	654
	EBIT LIFO	-125	45	-371	-411	1 222	-4 321	1 736	1 921	-862	559
	EBIT	-29	-608	121	-419	1 097	-4 190	1 415	468	-934	-1 210
<i>of which Refining</i>	EBITDA LIFO	-344	-151	-256	-391	752	-4 647	798	117	-1 142	-2 980
	EBITDA	-320	-528	17	-438	722	-4 573	637	-871	-1 270	-4 085
	EBIT LIFO	-479	-263	-347	-525	610	-4 800	770	86	-1 614	-3 334
	EBIT	-455	-641	-74	-572	580	-4 727	609	-902	-1 741	-4 440
<i>of which Petrochemicals</i>	EBITDA LIFO	728	682	361	514	997	856	1 336	2 213	2 285	5 402
	EBITDA	800	407	581	552	902	913	1 177	1 748	2 340	4 739
	EBIT LIFO	354	308	-24	114	612	480	965	1 835	752	3 893
	EBIT	427	33	195	153	517	537	806	1 370	807	3 231
Retail	EBITDA LIFO	43	145	147	173	100	120	169	316	509	705
	EBITDA	49	134	157	175	93	126	168	257	515	644
	EBIT LIFO	-40	63	67	90	21	39	88	234	180	382
	EBIT	-34	52	76	91	14	45	87	175	185	322
Corporate functions	EBITDA	11	-13	-18	-43	9	-6	0	-29	-63	-25
	EBIT	-8	-32	-37	-68	-11	-26	-21	-50	-145	-109

Sales volumes

Detailed breakdown

	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	4Q 2014	12M 2013	12M 2014
Refining products, including retail, kt	737	816	836	762	914	1,130	1,174	1,050	3,151	4,268
Diesel, including retail (Benzina network)	397	438	446	420	507	594	626	566	1,701	2,293
Gasoline, including retail (Benzina network)	197	200	200	185	225	284	273	270	782	1,052
JET	16	22	19	11	21	41	44	37	69	144
LPG	22	19	25	21	23	32	32	25	88	112
Fuel oils	40	37	31	17	54	31	36	32	124	152
Naphtha	5	0	0	0	5	2	0	2	5	9
Bitumen	19	62	76	64	35	89	111	74	222	308
Lubricants	7	8	10	8	9	10	9	9	33	36
Rest of refining products	34	30	29	35	35	48	43	35	128	161

	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	4Q 2014	12M 2013	12M 2014
Petrochemical products, kt	403	389	366	420	440	445	449	439	1,578	1,773
Ethylene	38	30	30	40	44	38	38	42	140	163
Benzene	53	43	38	55	55	55	59	58	189	228
Propylene	10	7	9	6	10	9	14	12	31	44
Urea	5	0	0	0	0	0	0	0	5	0
Ammonia	55	40	38	53	60	55	44	54	186	214
C4 fraction	20	22	16	21	22	21	22	21	79	86
Butadien	16	11	15	15	16	15	17	16	58	64
Polyethylene	60	76	66	78	73	79	82	88	280	322
Polypropylene	61	60	52	59	68	67	69	66	231	270
Rest of petrochemical products	86	100	101	93	92	105	104	81	380	382

- ▶ **Refining margin** = revenues from products sold (96% Products = Gasoline 17%, Naphtha 20%, JET 2%, Diesel 40%, Sulphur Fuel Oils 9%, LPG 3%, Other feedstock 5%) minus costs (100% input = Brent Dated); product prices according to quotations.
- ▶ **Conversion capacity of Unipetrol's refineries** = Conversion capacity till 2Q2012 was 5.1 mt/y (Česká rafinérská – Kralupy 1.642 mt/y, Česká rafinérská – Litvínov 2.813 mt/y, Paramo 0.675 mt/y). From 3Q2012 till 4Q2013 conversion capacity was 4.5 mt/y, i.e. only Česká rafinérská refineries conversion capacity, adjusted for 51.22% shareholding of Unipetrol, after discontinuation of crude oil processing in Paramo refinery (Česká rafinérská – Kralupy 1.642 mt/y, Česká rafinérská – Litvínov 2.813 mt/y). From 1Q2014 conversion capacity is 5.9 mt/y after completion of acquisition of Shell's 16.335% stake in Česká rafinérská, corresponding to Unipetrol's total stake of 67.555% (Česká rafinérská – Kralupy 2.166 mt/y, Česká rafinérská – Litvínov 3.710 mt/y).
- ▶ **Light distillates** = LPG, gasoline, naphtha
- ▶ **Middle distillates** = JET, diesel, light heating oil
- ▶ **Heavy distillates** = fuel oils, bitumen
- ▶ **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.
- ▶ **Petrochemical polyolefin margin** = revenues from products sold (100% Products = 60% Polyethylene/HDPE + 40% Polypropylene) minus costs (100% input = 60% Ethylene + 40% Propylene); product prices according to quotations.
- ▶ **Free cash flow** = sum of operating and investing cash flow
- ▶ **Net debt** = non-current loans, borrowings and debt securities + current loans, borrowings and debt securities + cash pool liabilities – cash and cash equivalents
- ▶ **Gearing ratio** = net debt / (total equity – hedging reserve)
- ▶ **Net working capital** = inventories + trade and other receivables – trade and other liabilities



The following types of statements:

Projections of revenues, income, earnings per share, capital expenditures, dividends, capital structure or other financial items; Statements of plans or objectives for future operations; Expectations or plans of future economic performance; and Statements of assumptions underlying the foregoing types of statements are "forward-looking statements", and words such as "anticipate", "believe", "estimate", "intend", "may", "will", "expect", "plan", "target" and "project" and similar expressions as they relate to Unipetrol, its business segments, brands, or the management of each are intended to identify such forward looking statements. Although Unipetrol believes the expectations contained in such forward-looking statements are reasonable at the time of this presentation, the Company can give no assurance that such expectations will prove correct. Any forward-looking statements in this presentation are based only on the current beliefs and assumptions of our management and information available to us. A variety of factors, many of which are beyond Unipetrol's control, affect our operations, performance, business strategy and results and could cause the actual results, performance or achievements of Unipetrol to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. For us, particular uncertainties arise, among others, from: (a) changes in general economic and business conditions (including margin developments in major business areas); (b) price fluctuations in crude oil and refinery products; (c) changes in demand for the Unipetrol's products and services; (d) currency fluctuations; (e) loss of market and industry competition; (f) environmental and physical risks; (g) the introduction of competing products or technologies by other companies; (h) lack of acceptance of new products or services by customers targeted by Unipetrol; (i) changes in business strategy; (j) as well as various other factors. Unipetrol does not intend or assume any obligation to update or revise these forward-looking statements in light of developments which differ from those anticipated. Readers of this presentation and related materials on our website should not place undue reliance on forward-looking statements.