

# UNIPETROL GROUP

## Overview and update



**Stegersbach, 6 October 2009**



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- 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.

# AGENDA

## Company Overview

Update on External Environment and Corporate Activities

# UNIPETROL'S PROFILE

Refinery and integrated petrochemical group, part of PKN Orlen Group

## Basic Data

### Unipetrol Group

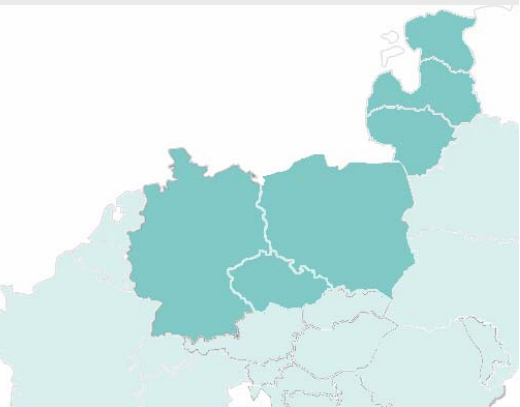
- **3 refineries** with a total annual capacity of 5.5 million tonnes and **integrated petrochemical plant**
- More than **330 filling stations**
- About **4,200 employees**
- Part of the **PKN Orlen Group** since 2005

- Unipetrol is the leading refinery and petrochemical group in the Czech Republic and a major player in Central and Eastern Europe; since 2005 it has been part of Central Europe's largest refining and petrochemical group PKN Orlen

### Unipetrol's Mission:

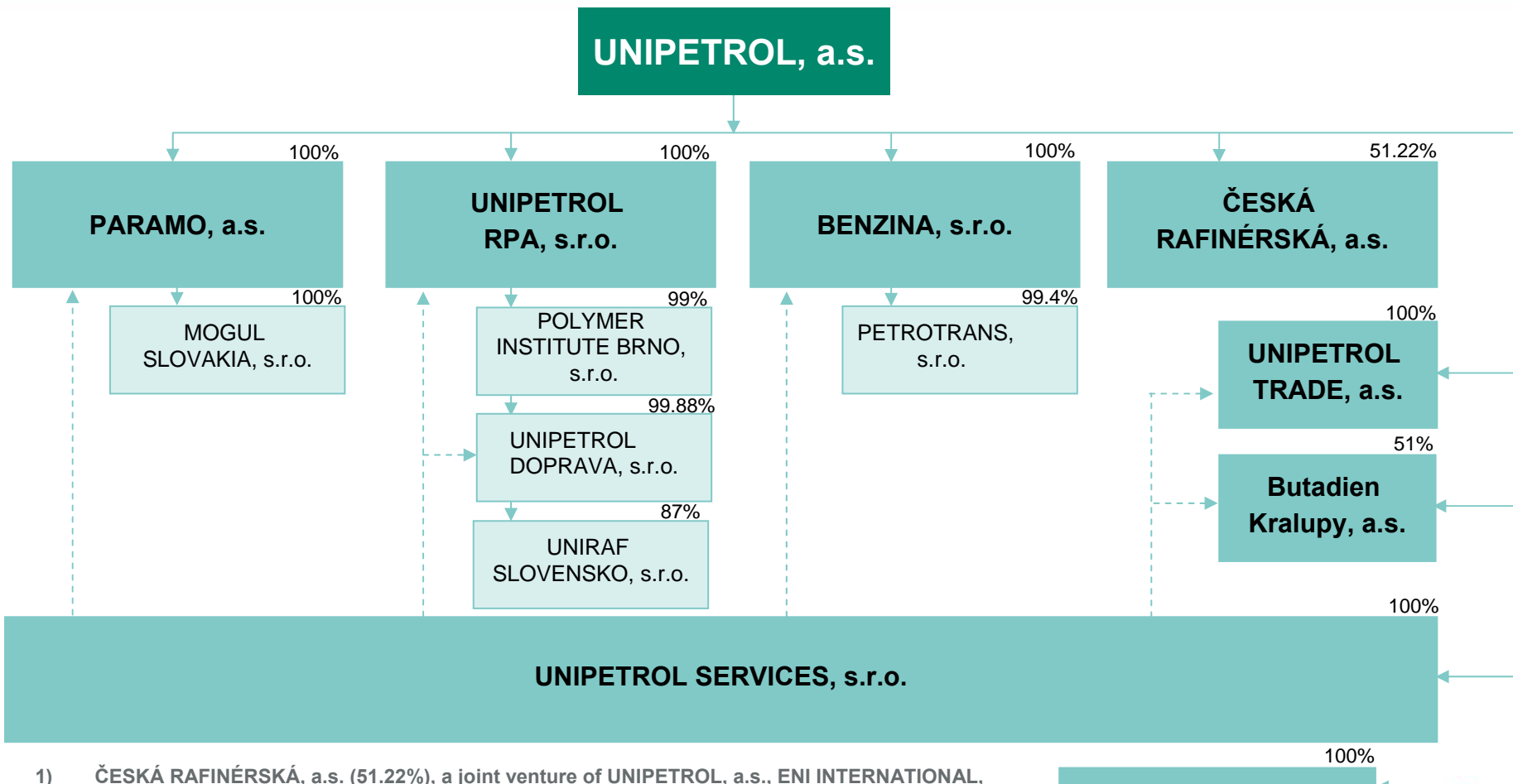
- We strive to ensure long-term and permanent value growth for our shareholders. We want to achieve this by focusing on three strategic business segments:
- **Crude oil refining and wholesale**
- **Petrochemical production and sales**
- **Retail distribution of motor fuels**

PKN Orlen Group



# STRUCTURE OF UNIPETROL GROUP

Simplified company structure after restructuring measures



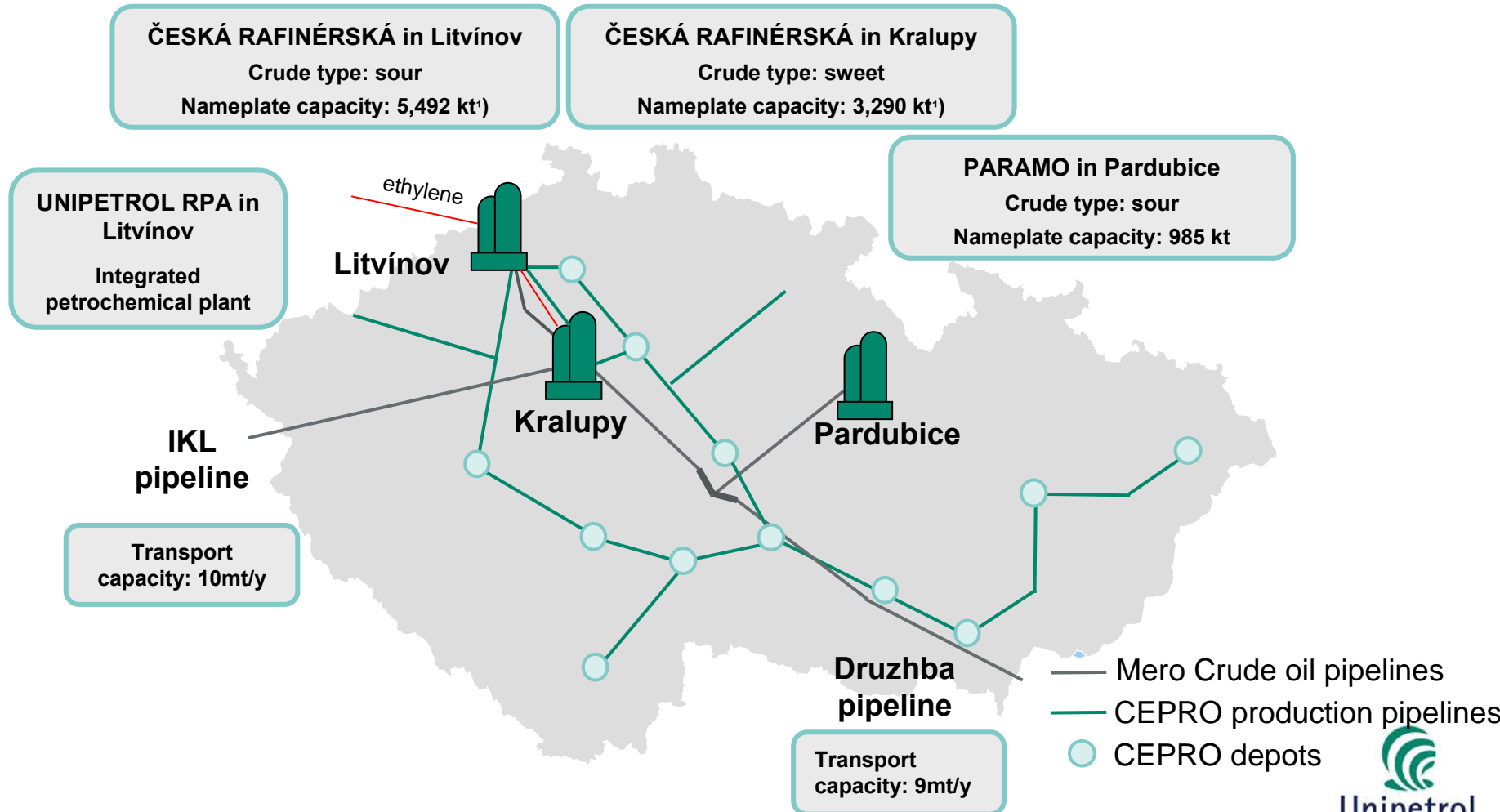
- 1) ČESKÁ RAFINÉRSKÁ, a.s. (51.22%), a joint venture of UNIPETROL, a.s., ENI INTERNATIONAL, B.V., and Shell Overseas Investment B.V., the largest processing refinery in the Czech Republic, with a wide range of products and total annual capacity of 8.8 million tonnes
- 2) Butadien Kralupy, a.s. (51%),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

---> Business connections of Unipetrol Services. s.r.o.

100%  
**Výzkumný ústav  
 anorganické chemie, a.s.**

# UNIPETROL'S CONNECTIONS

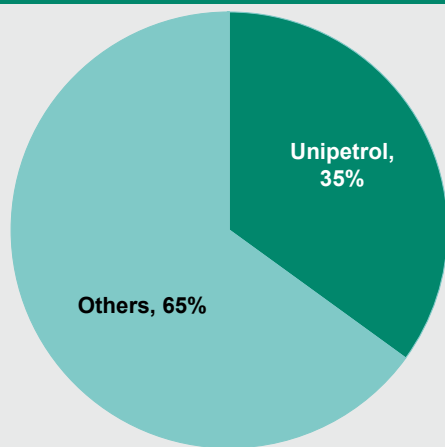
Connection to both crude oil supply, crude oil feedstock and monomer grid with end-users and co-producers



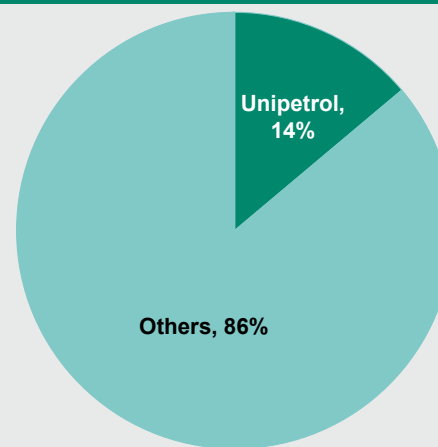
# MARKET SHARE IN RESPECTIVE SEGMENTS

Petrochemical segment regionally more significant than refining or retail

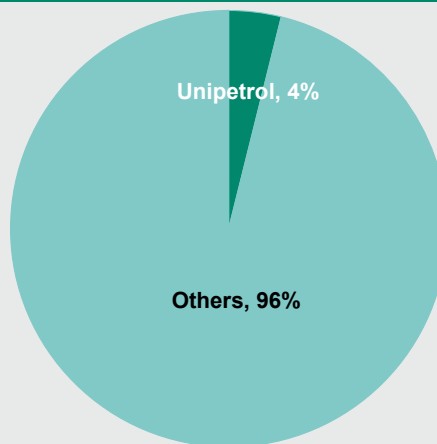
## Refining – market share in the Czech Republic



## Retail – market share in the Czech Republic



## Petrochemical – market share in Europe



# UNIPETROL'S CORE BUSINESS APPROACH

## Segment alignment with PKN Orlen

Unipetrol Group concentrates on its core business activities which are in line with PKN Orlen Group.

Core

Refinery

Petchem & Agro

Retail

Lubricants & bitumen

Logistics

Further, CG changes laid the foundations of “One company” concept

- Strengthened leadership
- Stronger control via centralized core functions
- Asset optimization capability
- Optimizing margins for multiple segments/locations
- „Commercial excellence” capability
- Segment alignment with the parent company



Increase of shareholders' value





# KEY OPERATING DATA

Product mix biased towards light and middle distillates

	1H2009	2008	2007	2006	2005
<b>Crude oil throughput (kt)</b>	1,866	4,533	4,137	4,281	4,152
<b>Utilisation ratio (%)</b>	68	84	75	77	75
<b>Light distillates <sup>1)</sup> yield (%)</b>	30	33	31	32	30
<b>Middle distillates <sup>2)</sup> yield (%)</b>	45	46	43	40	38
<b>Heavy distillates <sup>3)</sup> yield (%)</b>	9	10	10	11	14
<b>Refinery products sales <sup>4)</sup> (kt)</b>	1,282	2,940	3,123	2,818	3,025
<b>Petrochemical products sales <sup>4)</sup> (kt)</b>	880	1,872	1,660	1,480	1,560
<b>Retail sales <sup>4)</sup> (kt)</b>	237	501	498	443	368

1) LPG, gasoline, naphtha

2) JET, diesel

3) Fuel oils, bitumen

4) Sales outside Unipetrol Group

All data refers to Unipetrol RPA, i.e., 51.225% of Ceska Rafinerska and 100% of Paramo

# EBITDA DEVELOPMENT

Cyclical development of the financial performance

## 2000-1H2009 EBITDA and EBITDA growth (m CZK)



# AGENDA

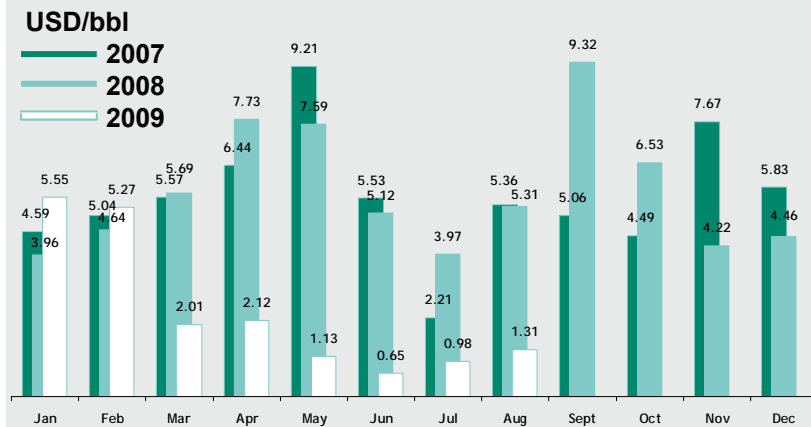
Company Overview

**Update on External Environment and Corporate Activities**

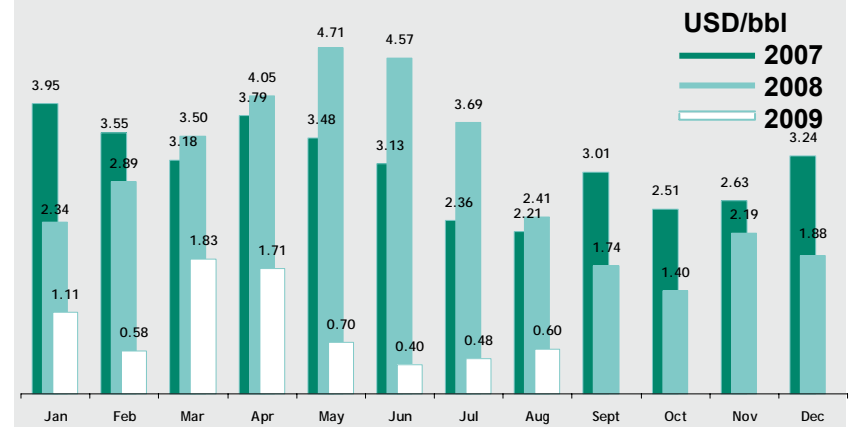
# EXTERNAL ENVIRONMENT

## Refining under pressure with squeezed B-U differential

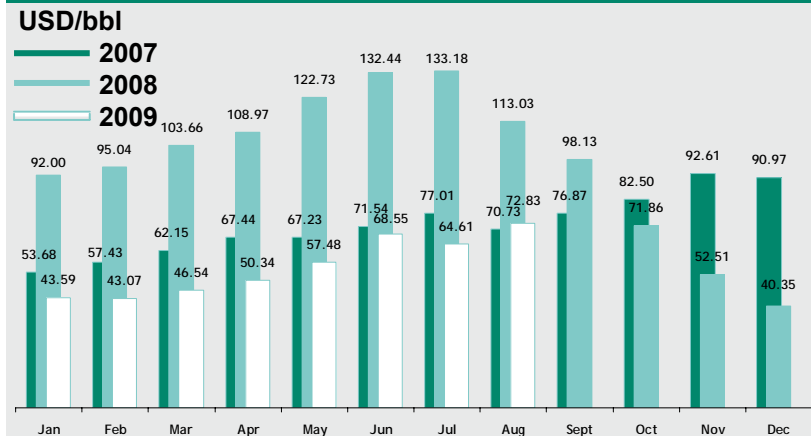
### Unipetrol model refining margin



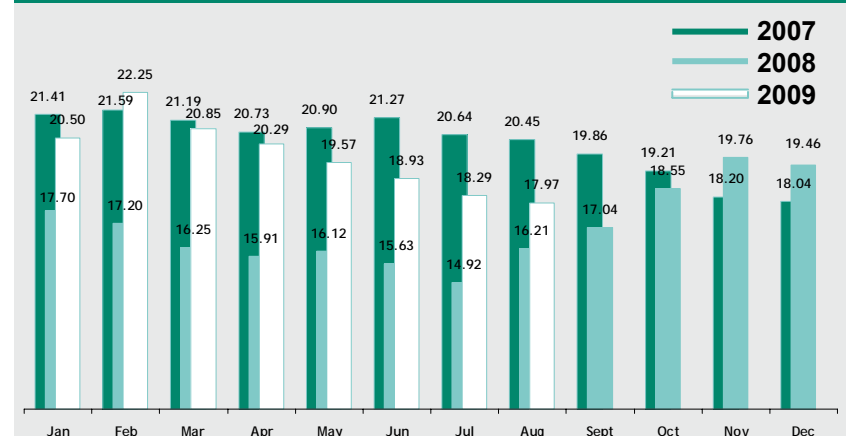
### Brent-Ural price differential<sup>1)</sup>



### Brent crude price

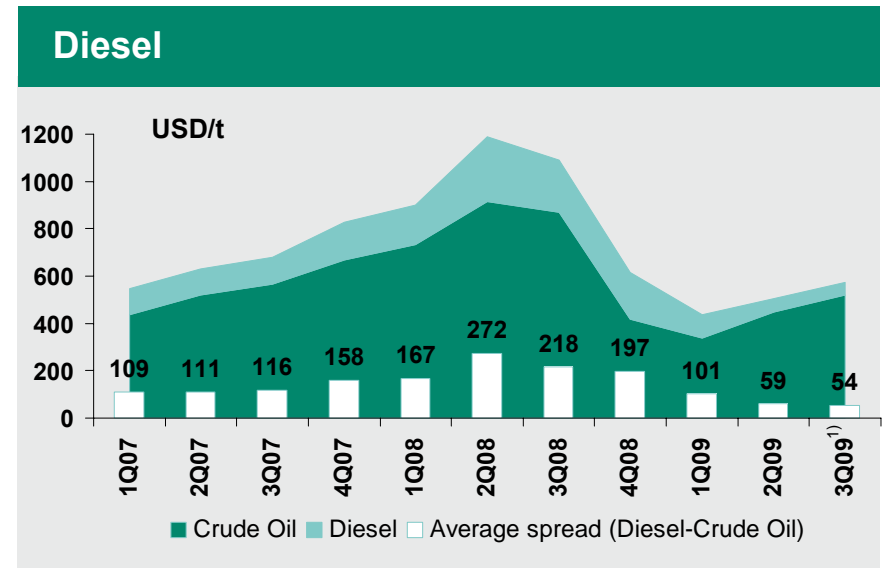
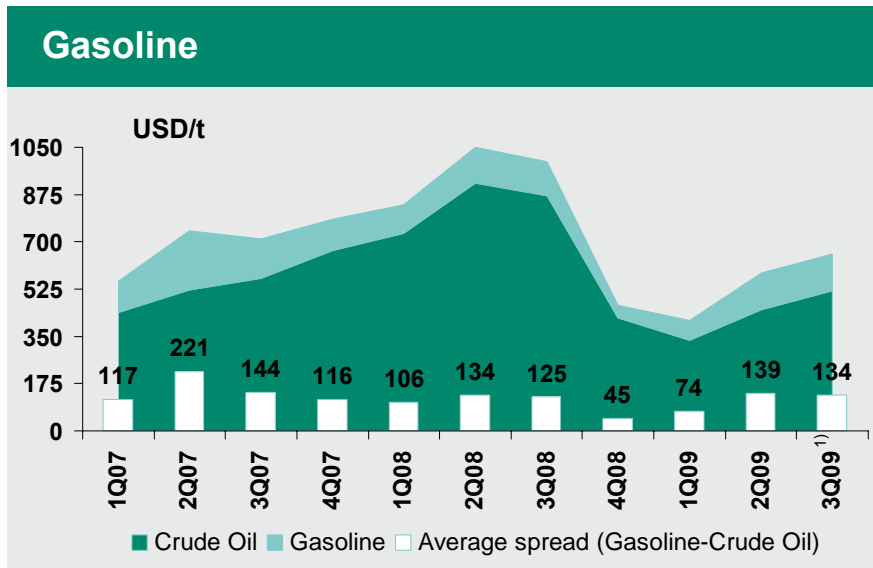


### CZK/USD



# EXTERNAL ENVIRONMENT

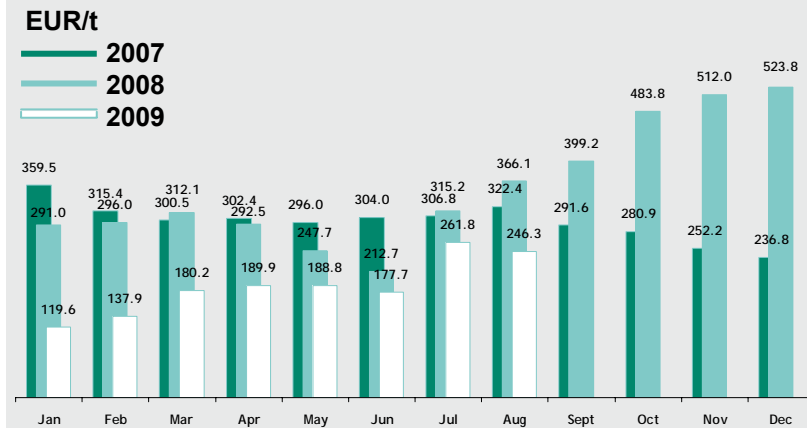
## Motor Fuels spreads – gasoline faring better than diesel lately



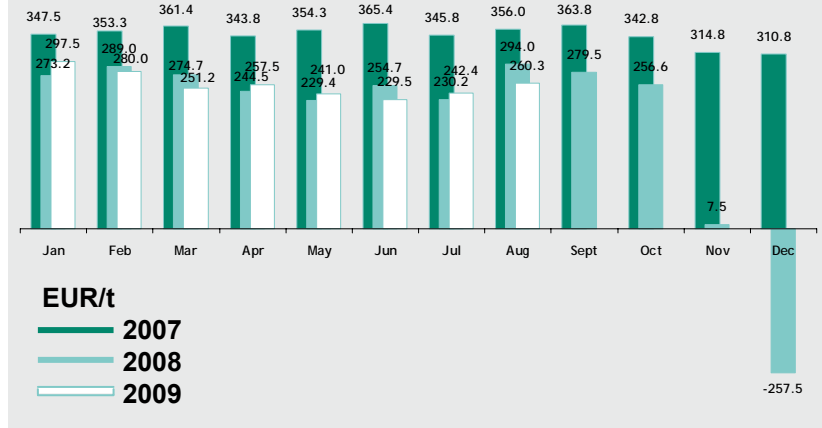
# EXTERNAL ENVIRONMENT

## Petrochemical below long-term average but slowly recovering

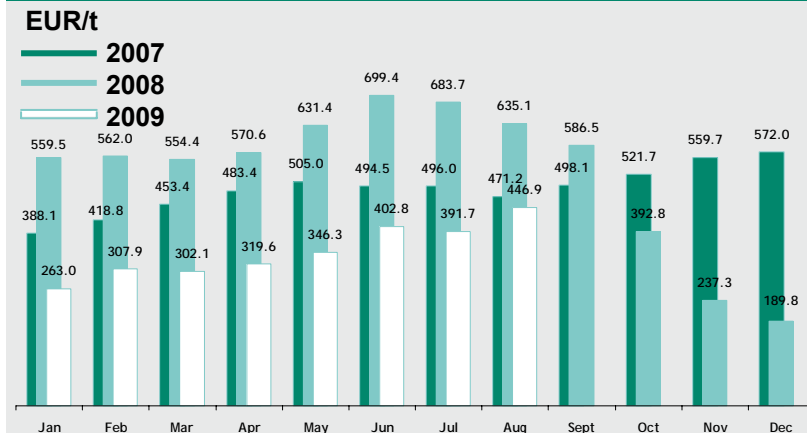
### Unipetrol model olefin margin



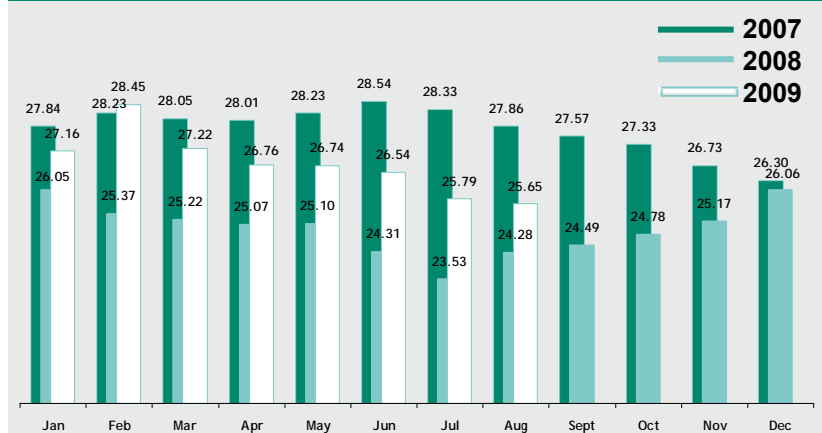
### Unipetrol model polyolefin margin



### Naphtha price



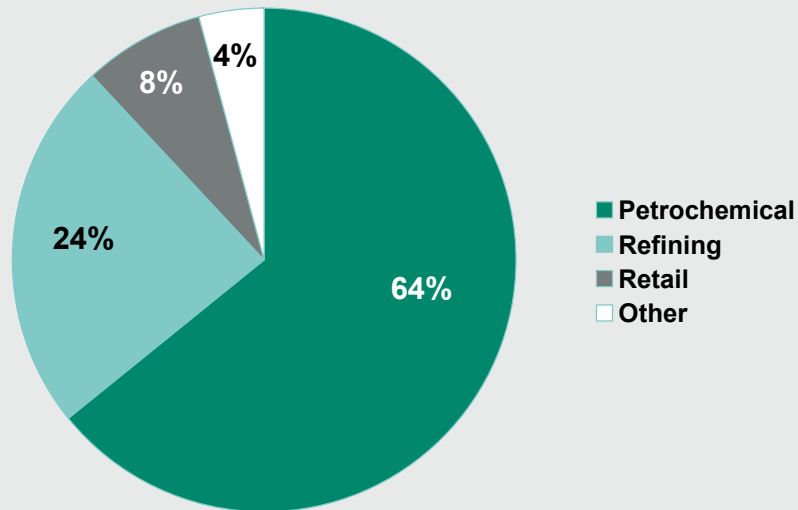
### CZK/EUR



# 2009 KEY PROJECTS

Petrochemical accounts for majority of 2009 planned CAPEX

Segment share of 2009 planned CAPEX



- **Butadiene unit**
- **FCC unit upgrade – LPG part**
- **Polypropylene unit expansion**
- **Exchange of retail information system**
- **Steam cracker capacity expansion**

# MAIN 2009 PLAN OBJECTIVES

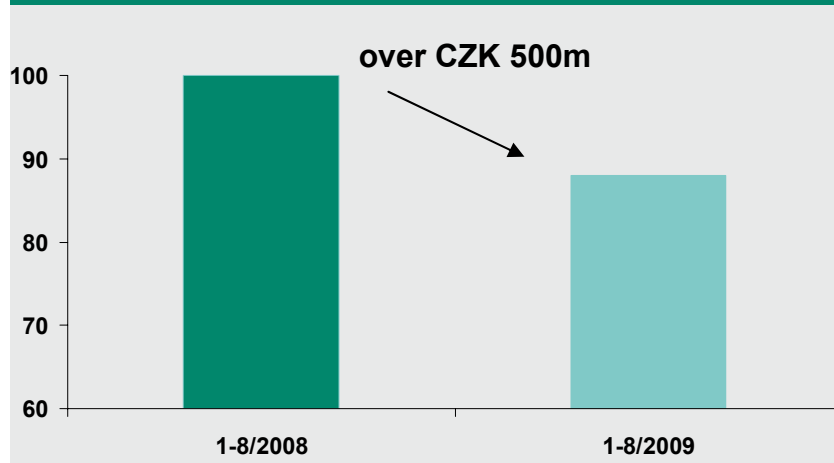
- **Fixed cost reduction**
- **Variable cost reduction**
- **CAPEX reduction and cash optimisation**
- **Asset optimisation**



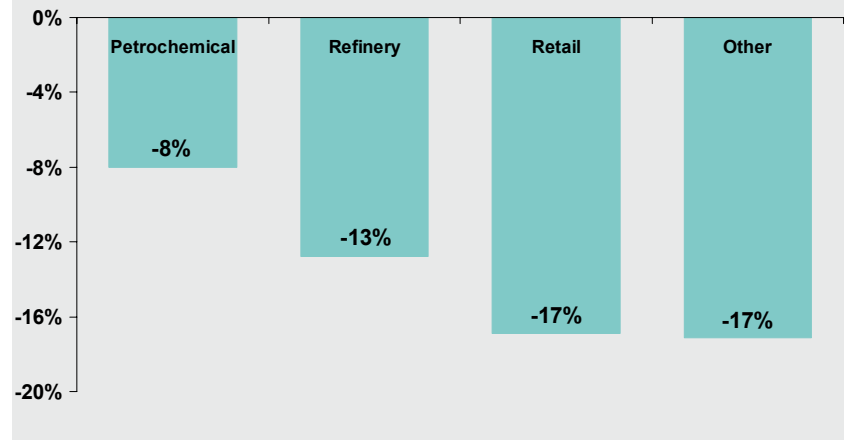
# 1-8/2009 FIXED COST REDUCTION

Slightly ahead of our objectives

Achieved fixed cost reduction (1-8/2008 base)



Segmental breakdown of y/y reduction



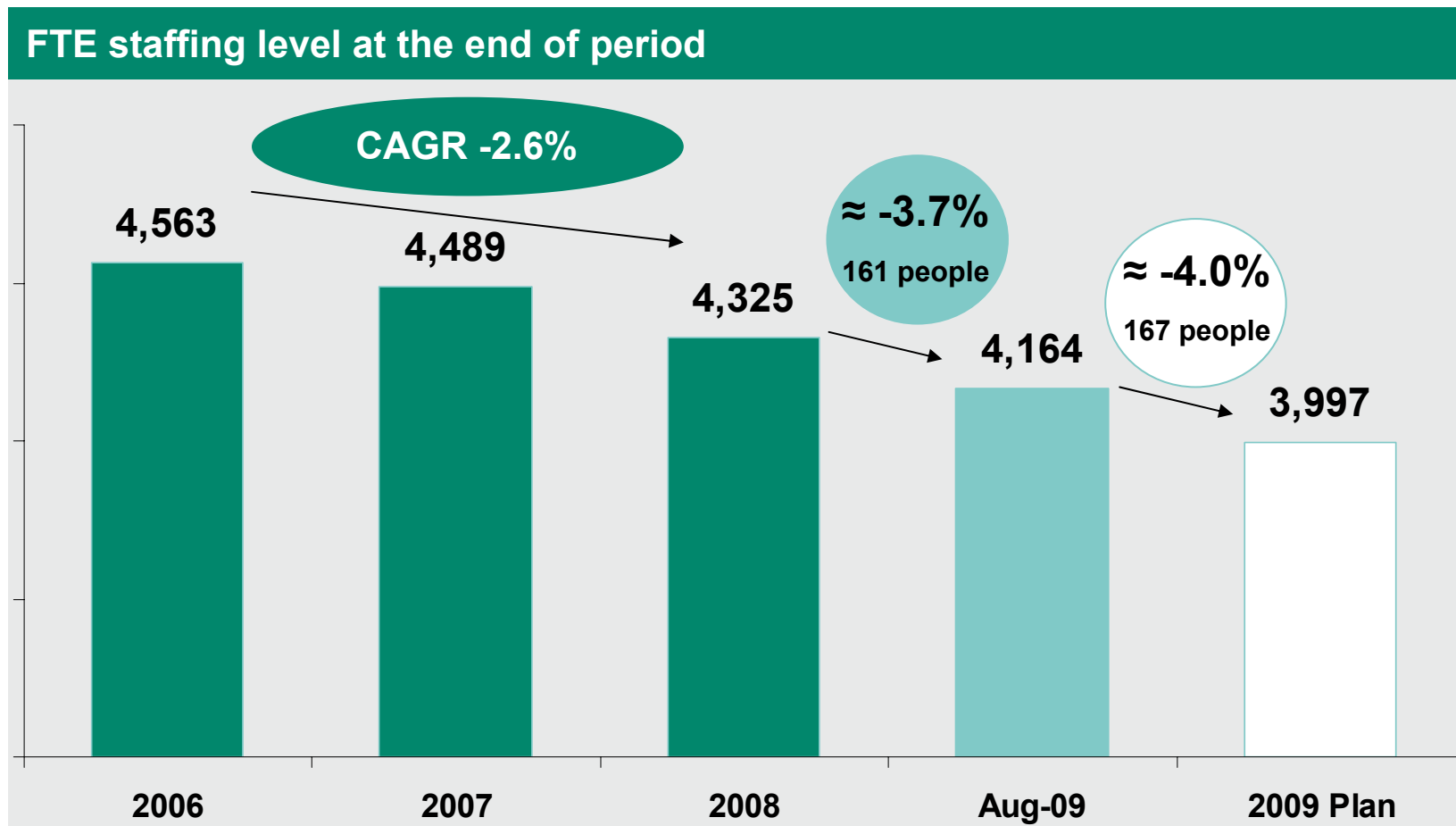
## MAIN CONTRIBUTIONS

- Staff costs, Promotion, Overhead material, Fuel and Travel costs
- Refining and Petrochemical segment accounts for 60% of cost reduction
- Cost reduction in all segments better than planned

# 1-8/2009 HR RESTRUCTURING

(net of outsourcing and sold companies)

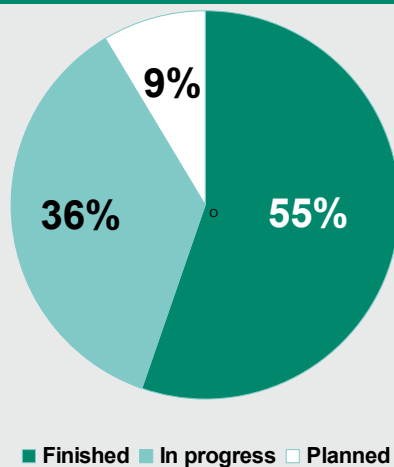
Staff reduction is in line with our plan and our social responsibility



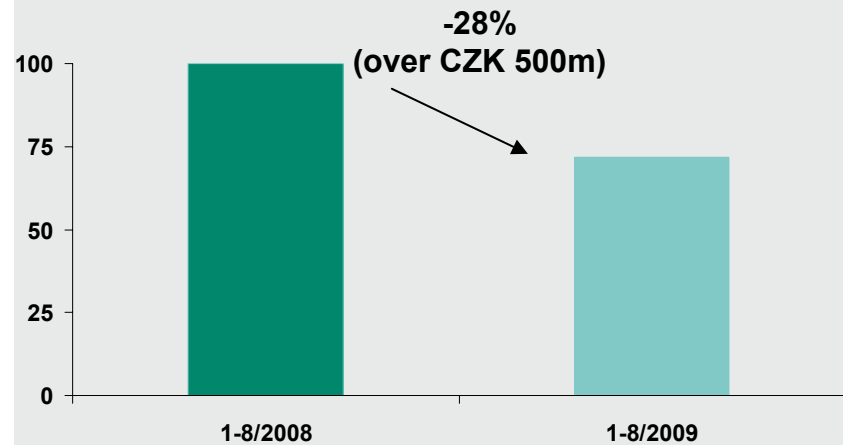
# 1-8/2009 VARIABLE COST AND CAPEX REDUCTION

On track to reach our targets

## Updated status of variable cost savings



## CAPEX cuts (1-8/2008 base)



## VARIABLE COST SAVINGS

- Estimated range of CZK 200m – 300m full year impact
- Finished initiatives with biggest contribution: fossil fuels, logistics or feedstock for steam cracker
- In progress or planned initiatives with biggest contribution: wrapping, coal

## CAPEX DEVELOPMENT

- 1-8/2009 CAPEX<sup>1)</sup> is tracking our 2009 plan and reaches 60% of our annual target
- Cca 80% of CAPEX into ongoing projects, mainly development
- Cca 20% of CAPEX into new projects, mainly refurbishment

# 1-8/2009 ASSET OPTIMISATION

## Achievements and ongoing targets in progress

### REVIEW OF CURRENT STATUS

- **Petrochemical**
  - **Closure of oxo-alcohol production during May 2009 completed**
  - **Decision on ammonia and urea production options in 4Q09**
- **Refining**
  - **Paramo restructuring under ongoing analysis**
- **Waste management**
  - **Celio – divestment 2009/2010 on track with due diligence in progress**

# CALENDAR OF UPCOMING EVENTS

## IR events

- **23 October 2009**                      **3Q09 trading statement**
- **13 November 2009**                      **3Q09 consolidated results**

# THANK YOU FOR YOUR ATTENTION



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