



Investments in UNIPETROL RPA and CESKA RAFINERSKA

Investments into Future

Shareholders' Day, Litvinov, 25th April 2008

Francois Vleugels, CEO and Chairman of the Board



Agenda

Introduction

Investments in CESKA RAFINERSKA

Investments in UNIPETROL RPA

Summary

UNIPETROL

Key facts

UNIPETROL Group, a member of PKN ORLEN GROUP

One of the most significant companies in the Czech Republic and an important player on the market with refinery and petrochemical products in Central and Eastern Europe

- 1995 Founding of **UNIPETROL, a.s.**
- 1996 Founding of **CESKA RAFINERSKA**
- 2004 Signing of contract between **PKN ORLEN S.A.** and the National Property Fund on the sale of 63% of shares of UNIPETROL, a.s.
- 2006 Sale of a subsidiary SPOLANA, a.s. (PVC producer)
- 2007 Sale of a subsidiary KAUČUK, a.s. (Synthetic rubber producer)
Opening of activities of a new subsidiary **UNIPETROL SERVICES, s.r.o.**
Merger of CHEMOPETROL, a.s. and UNIPETROL RAFINÉRIE, a.s. with **UNIPETROL RPA, s.r.o.**, Purchase of additional stake in **PARAMO, a.s.**, Purchase of additional stake in **CESKA RAFINERSKA, a.s.**
- 2008 Out-of-court settlement with DEZA, a.s. and sales of AGROBOHEMIE, a.s. and Synthesia, a.s.



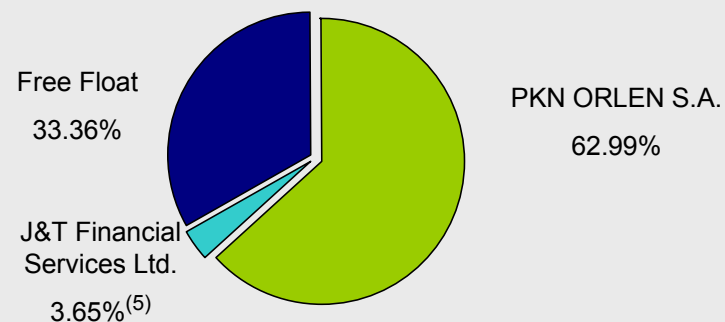
UNIPETROL

Overview

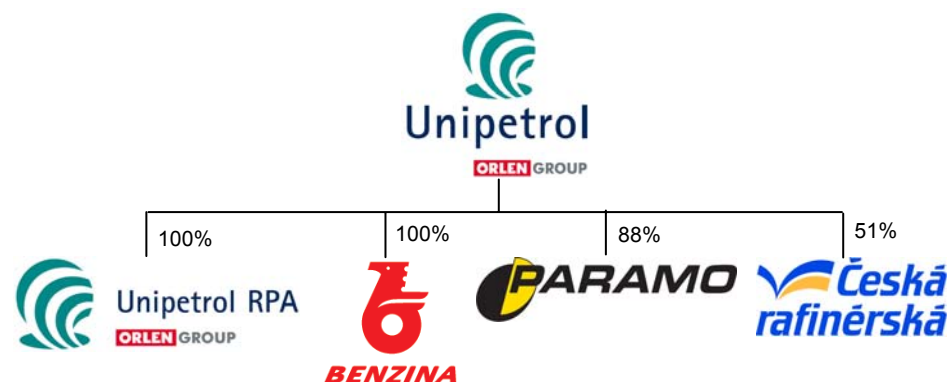
Basic Company Data (2007)

• Sales (CZK m)	88 779
• EBITDA (CZK m)	8 045
• EBIT (CZK m)	4 826
• Net profit (CZK m)	1 221
• Total assets (CZK m)	66 140
• Gearing ratio (%)	3.7
• ROACE (%)	8.4
• CAPEX (CZK bn)	5.5 ⁽¹⁾
• Market cap (EUR m)	1 875 ⁽²⁾
• EPS (CZK)	6.7
• FTEs	4 478 ⁽³⁾
• Crude processing capacity (tt/year)	5 464 ⁽⁴⁾
• Crude oil throughput (tt/year)	4 137
• No. retail stations in CR	315 ⁽⁵⁾

Ownership Structure of UNIPETROL, a.s.



Main Ownership Interests of UNIPETROL, a.s.



1) From cash flow statement

2) Date of calculation: March 26, 2008. Exchange rate 25.455 CZK/EUR, stock price 263.2 CZK. Source: CNB, PSE

3) Incl. 51 % of CESKA RAFINERSKA

4) Full distillation capacity of CESKA RAFINERSKA is 8.7 mil. t / year, UNIPETROL has 51% capacity right, PARAMO capacity is 985 kt / year

5) As of 31/12 2007

UNIPETROL as a part of PKN ORLEN capital group

Largest CEE downstream Group

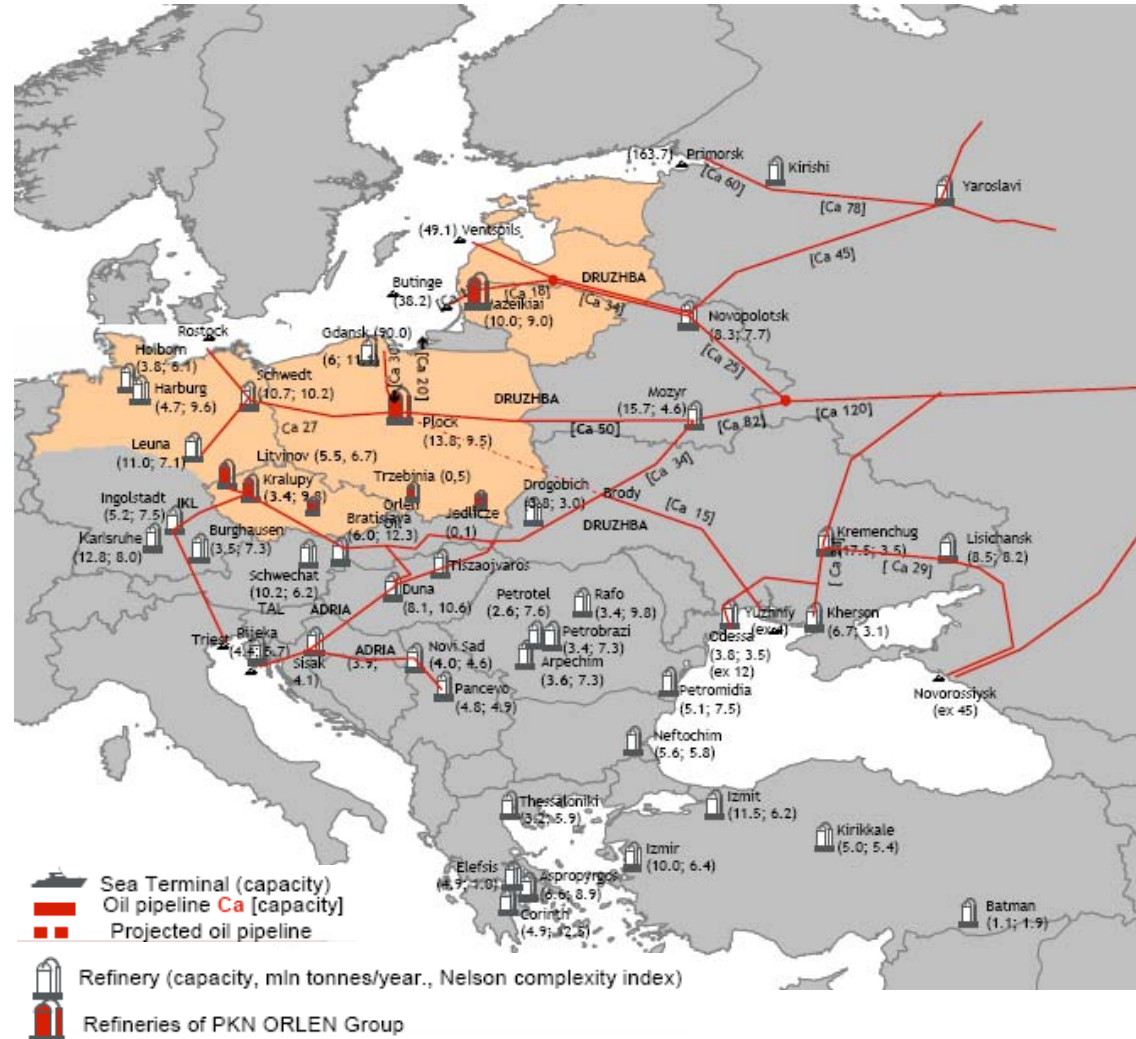
Basic Data

UNIPETROL Group

- **3 refineries** with a total annual capacity of 5.5 million tonnes
- More than **300 filling stations**
- Over **4,000 employees**
- Part of the **PKN ORLEN Group**

PKN ORLEN Group

- **7 refineries** in Poland, the Czech Republic and Lithuania with a total annual capacity of almost 32 million tonnes
- **2,700 filling stations** in Poland, the Czech Republic, Germany and Lithuania
- More than **20,000 employees**



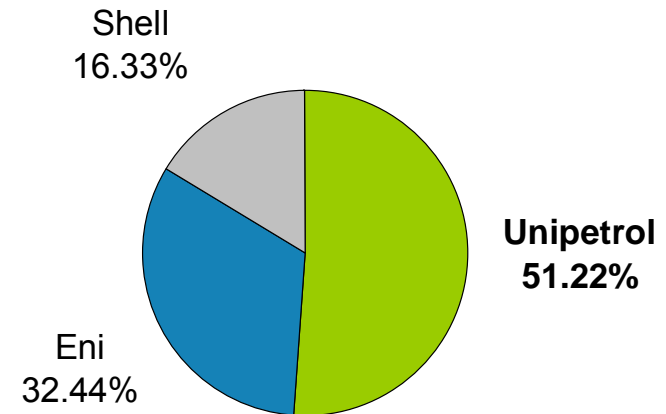
CESKA RAFINERSKA

Overview

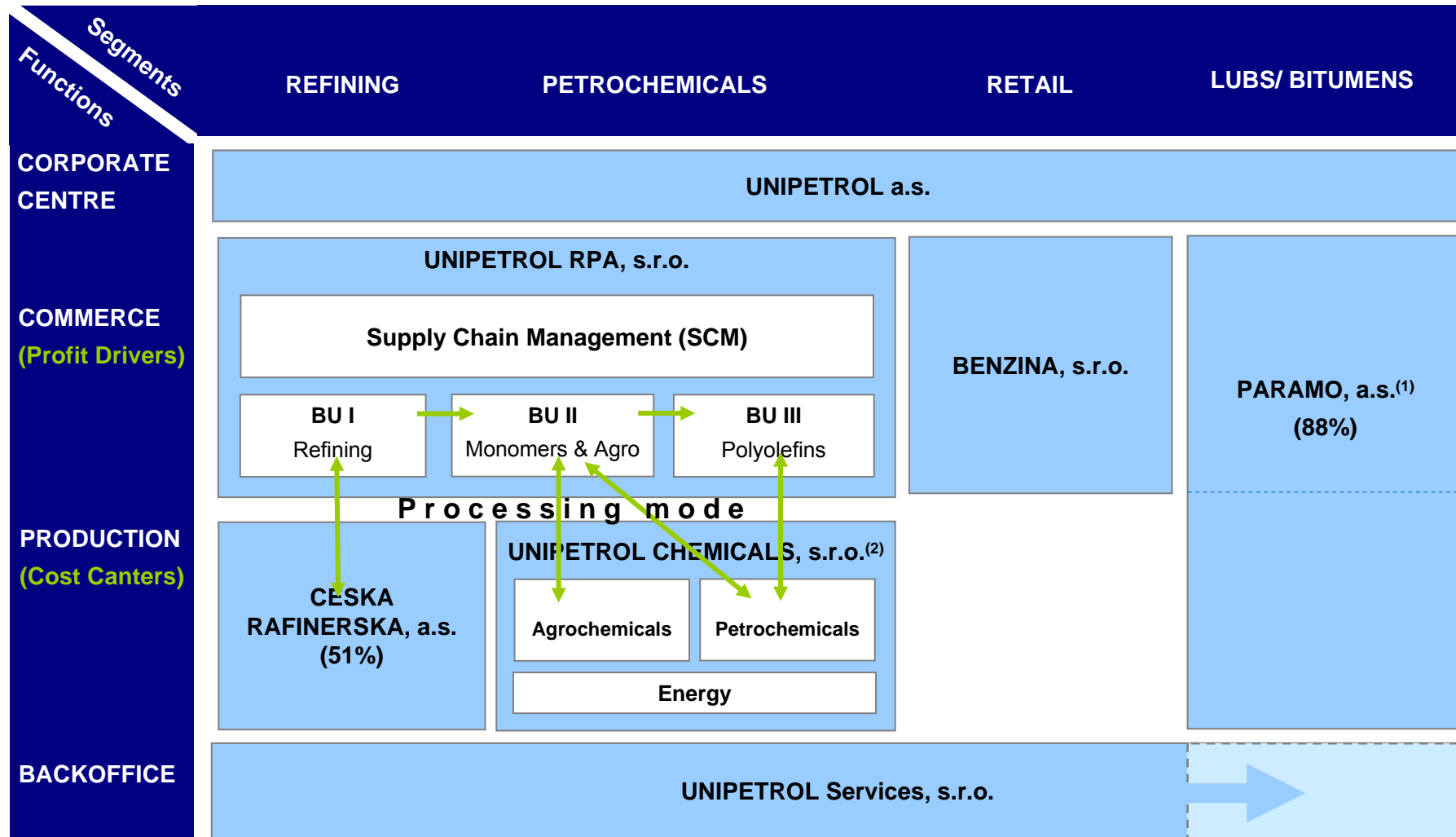
CESKA RAFINERSKA Basic Data

- The largest crude oil processing company and the largest producer of oil products in the Czech republic
- Main products include automotive gasoline and diesel oils, aviation fuels, fuel oils, LPG, bitumen and petrochemical feedstock
- Total annual capacity 8 782 kt
- Processing refinery since 2003
- Litvinov and Kralupy sites integrated with petrochemicals (UNIPETROL RPA)

Current Shareholders of CESKA RAFINERSKA



Current UNIPETROL structure



BU = business unit; a.s. = PLC; s.r.o. = Ltd.

1) Restructuring of PARAMO into commercial and production bodies as well as further alignment within the Group is planned for 2008

2) Registration of this entity into the Commercial Register is expected in July 2008

Competitive landscape and market outlook

Challenges and opportunities



We are fighting with giants and cope with various regulations...

- Large-Cap competitors
- Low Cost Middle-East Petrochemical producers (in terms of energy, raw materials, labor, etc.)
- Volatile environment, rising crude oil prices
- EU Initiatives (Biofuels, Carbon Dioxide Tax, REACH), energy taxes, rising energy prices, EUR/USD exchange rate, etc... make Europe less competitive



... but, we are also sitting on a market growing 10% per year in plastics, 4% in diesel,...

- High GDP growth region
- Cost competitive labor (from European perspective)
- High growth of demand for petrochemicals and fuels
- Dieselization of the market

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Trends and challenges

Refining trends

- Bottom-of-Barrel utilisation
- Clean fuels
- Diesel-isation
- Bio-lisation
- Petrochem-isation

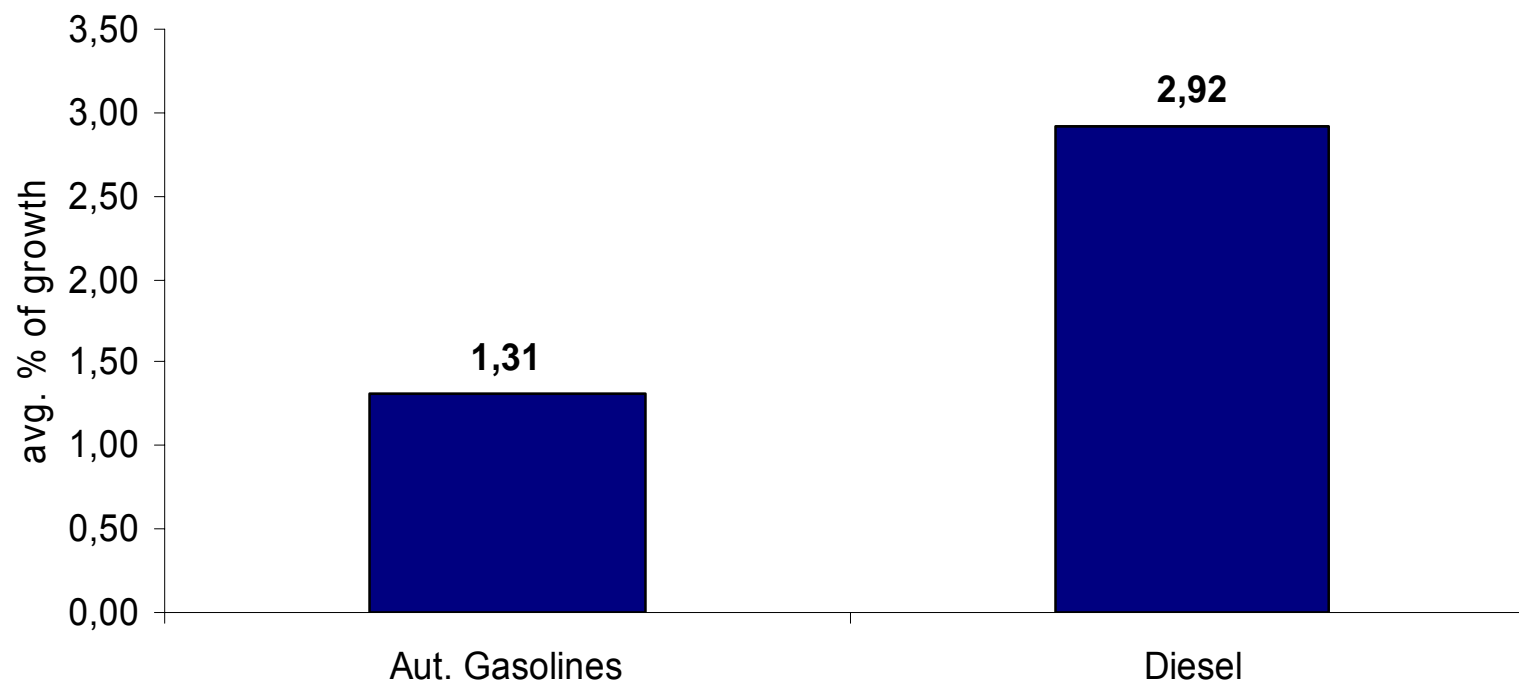
Challenges

- Crude price increasing
 - 2006 Brent average 65 USD
 - 2007 Brent average 72 USD
 - 1Q 2008 Brent average 97 USD
- Refining margin unstable

Motor fuels consumption growth

Dieselization as a basic trend in CEEs

Average growth of Motor Fuels Consumption 2008-2017



UNIPETROL/CESKA RAFINERSKA Response to the market trends I

Bottom-of-Barrel utilisation:

1997 – 1999 – construction and start-up of Visbreaking Unit

1999 – 2001 – construction and start-up of Fluid Catalytic Cracking Unit (FCC)

1999/2007 – debottlenecking/modernisation of Hydrocracking Unit

2006 – re-start of hydrocracking Chamber 11 (Diesel)

Clean fuels:

2002 – 2005 – modification/modernisation of Hydrotreating Units to assure motor fuels with 10/50 ppm S max., construction 3-Cut-Splitter (FCC)

2005 – 2007 – construction of Selective Desulphurisation Unit (FCC) completing Clean Fuels Program (allowing motor fuels production with only 10 ppm S)

UNIPETROL/CESKA RAFINERSKA Response to the market trends II

Diesel-isation:

2007 – increased conversion of Hydrocracking Unit
(upgrade to 160 t/h)

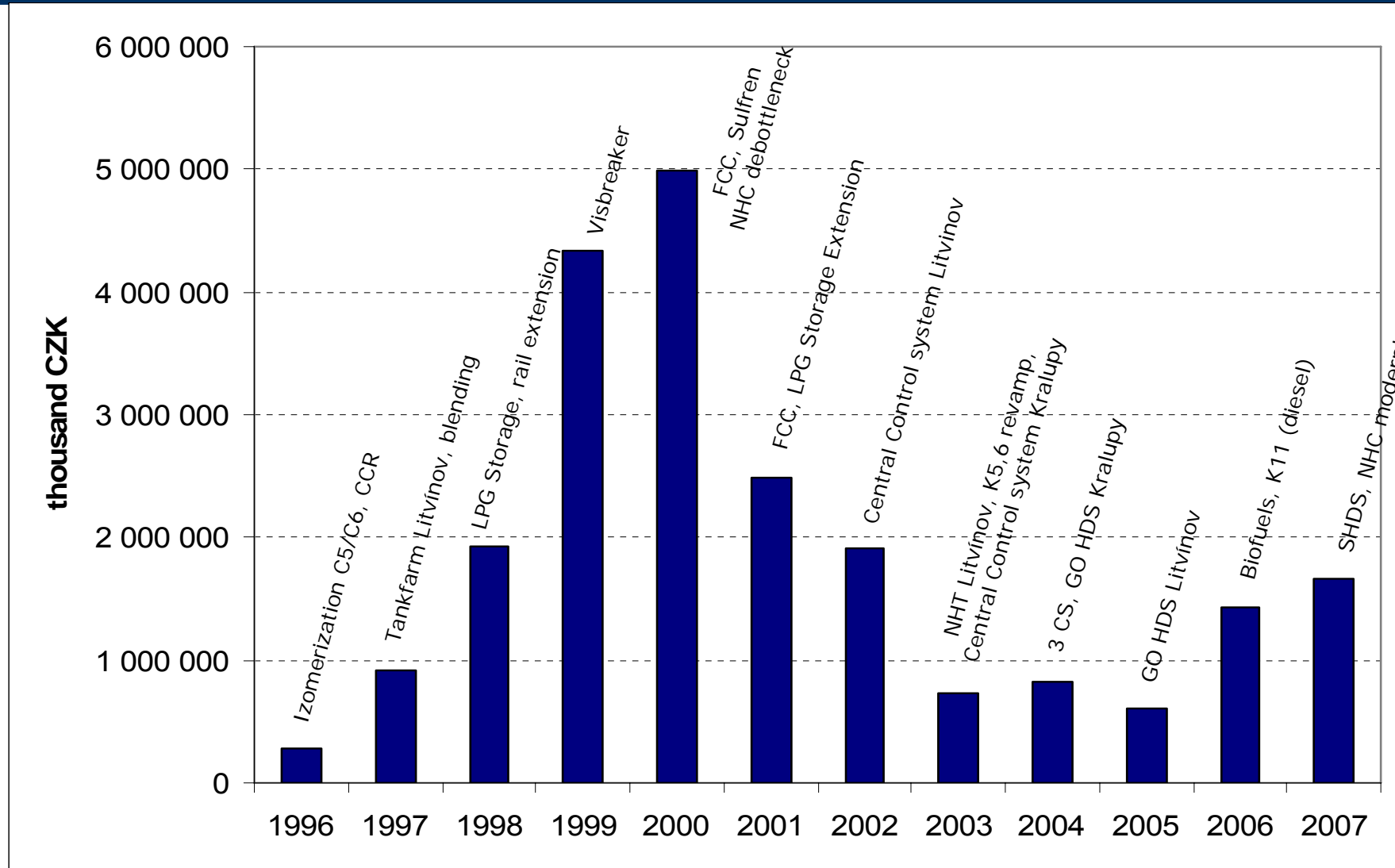
Bio-lisation:

2005 – 2006 – construction of unloading, storing,
blending, loading facilities for biocomponents
introduction (production started on 1 September 2007
as required by law)

Petrochem-isation:

1988 – construction of New Hydrocracking Unit
(NHC) = „preparation of petrochemical feed“
2001 – introduction of propylene production on FCC
2008 – 2009 – planned increase of propylene
production on FCC

Investments in 1996 – 2007⁽¹⁾



1) 100% CESKA RAFINERSKA

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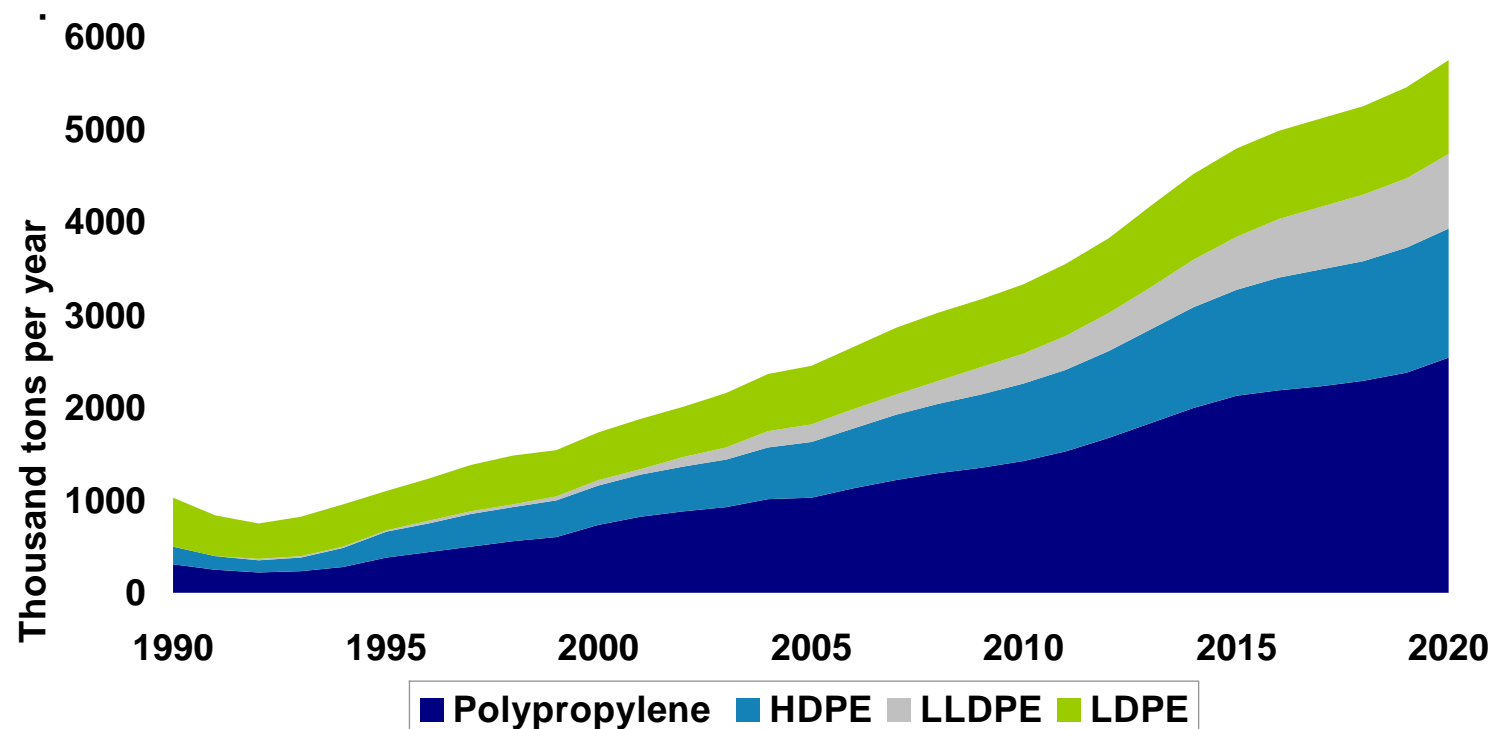
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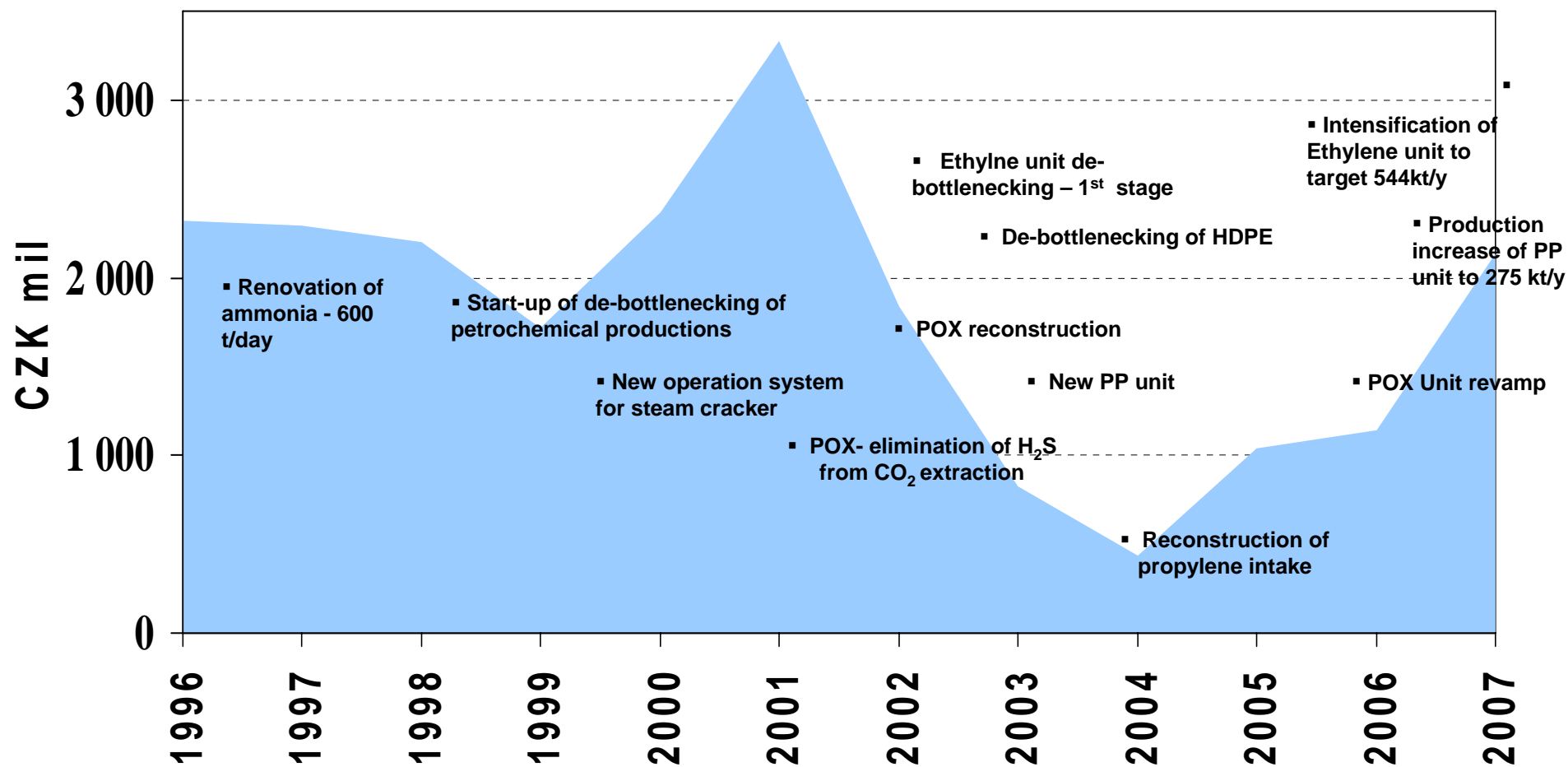
Central Europe polyolefin demand

10% CAGR to catch up per capita consumption in old EU countries



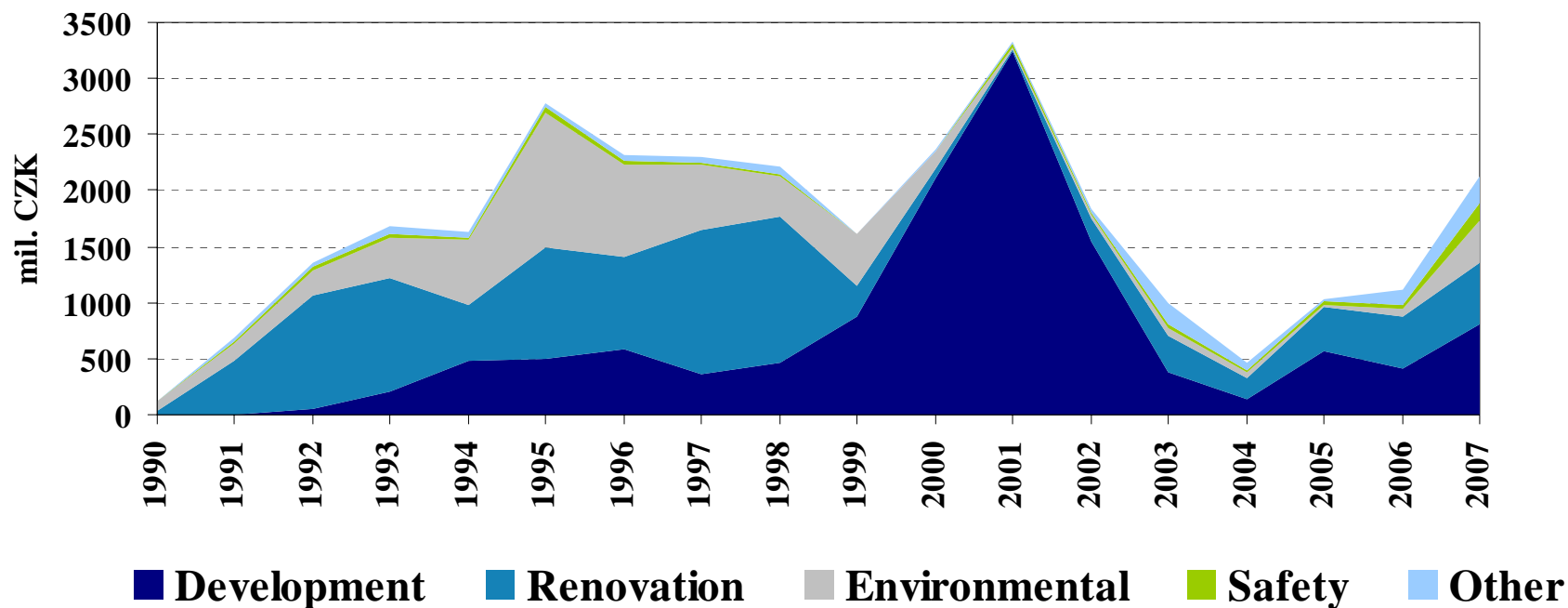
Investments in 1996 – 2007

Addressing the growing market



Investments by purpose

- 1992-1998: investment was concentrated especially on the renovation of production equipment, on making production more environmentally friendly, and on the safety of operation
- 2nd half of the 1990s: investment started to be focused on big development projects



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UNIPETROL CAPEX Program:

- Addresses current developments and trends on the market (diesel-isation, bio-isation, petrochem-isation)
- Is aimed to increase the weight of light products and petrochemical feedstock/production - hydrocrack revamp and planned FCC upgrade
- Includes debottlenecking of petrochemical production (ethylene to 544kt, benzene to 250kt, PP to 275kt and HDPE to 355kt). These are all high return investments even under conservative margin scenario
- Contains investments in the processing of less cyclical petrochemical products such as C9 fraction coming out from the ethylene unit
- Takes advantage of established product links among companies (Butadiene Kralupy, a.s. JV with SYNTHOS Kralupy, a.s.)

=> Increases shareholders' value

Contacts



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