



UNIPETROL Group *Overview and Update*

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UNIPETROL, a.s.

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Agenda

Company Overview

Update on External Environment and Corporate Activities

History of the Group

1995

Founding of UNIPETROL, a.s.; CHEMOPETROL, a.s., KAUČUK, a.s., ČESKÁ RAFINÉRSKÁ, a.s and BENZINA, a.s. became main members of the Group. Other major companies have been acquired since 2000. PARAMO, a.s., and SPOLANA, a.s., became part of the Group.

2003

Merger of KORAMO, a.s. and PARAMO, a.s.; the latter became the successor company. ČESKÁ RAFINÉRSKÁ, a.s. transformed to processing mode refinery.

2004

Signing of a 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 the majority interest in a subsidiary, Spolana, a.s., to the Polish company Zakłady Azotowe ANWIL S.A.

2007

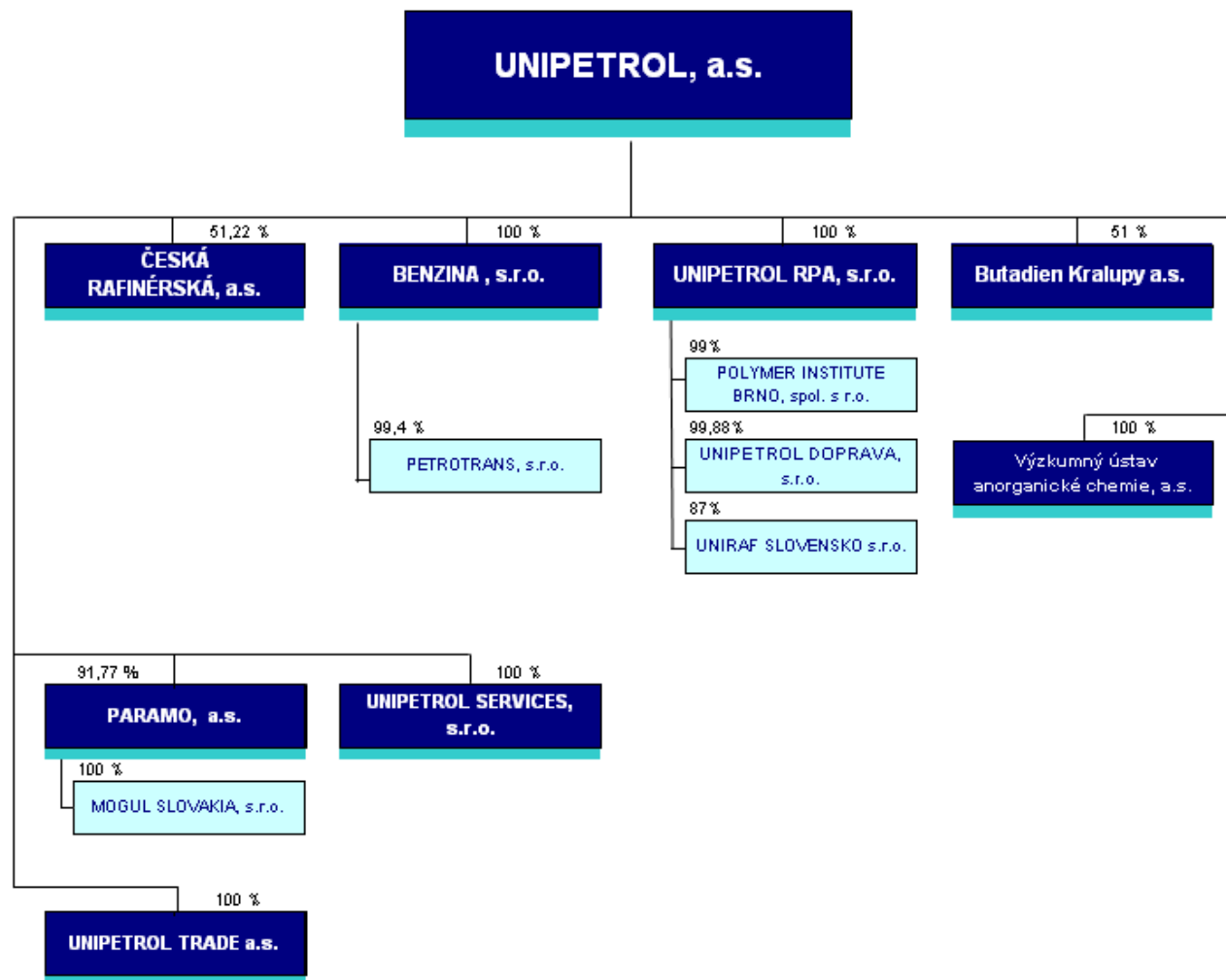
Sale of a subsidiary, KAUČUK, a.s. to the Polish company Firma Chemiczna Dwory S.A. Opening of activities of a new subsidiary, UNIPETROL SERVICES, s.r.o. Change of legal form of UNIPETROL DOPRAVA, BENZINA and PETROTRANS: they were transformed from joint-stock companies to limited liability companies. Foundation of Butadien Kralupy, a.s.; its shareholders are UNIPETROL, a.s. (51%) and KAUČUK, a.s. (49%). Merger of the following subsidiaries: CHEMOPETROL, a.s. and UNIPETROL RAFINÉRIE, a.s., with UNIPETROL RPA, s.r.o.

2008

Closing of transactions concerning out-of-court settlement of disputes of UNIPETROL, a.s. with Deza, a.s. concerning sale of shares of Agrobohemie, a.s. and Synthesia, a.s.

Ownership structure of UNIPETROL Group

Main controlled companies as of 01/10/2008



Key Operating Data

	kt	2008e	2007	2006	2005	2004
Processed crude		4,593	4,139	4,281	4,152	3,718
UNIPETROL total refining capacity		5,550	5,550	5,550	5,540	5,520
Utilisation ratio		83%	75%	77%	75%	67%
Light product yield ¹⁾		76% ²⁾	72%	73%	71%	71%
Motor fuels wholesale		1,418 ²⁾	2,730	2,827	2,579	2,001
Petrochemical sales		829 ²⁾	1,430	1,557	1,625	1,655
Retail sales (mL)		243 ²⁾	620	535	447	447

UNIPETROL SWOT Analysis

Strengths

- ☞ Dominant position on the domestic market in petrochemical segment, refining segment and retail distribution of fuels.
- ☞ Significant market shares in respective markets. 4.2mt processed crude, 2.7mt motor fuel sales, 1.5mt petrochemical sales, 0.5mt retail sales
- ☞ High diesel yield (currently around 60%)

Weaknesses

- ☞ Sensitivity to macroeconomic conditions (crude oil and naphtha prices, petrochemical product prices – Unipetrol is a price taker, and FX)
- ☞ Decreasing of B-U spread
- ☞ Limited acquisition targets

Opportunities

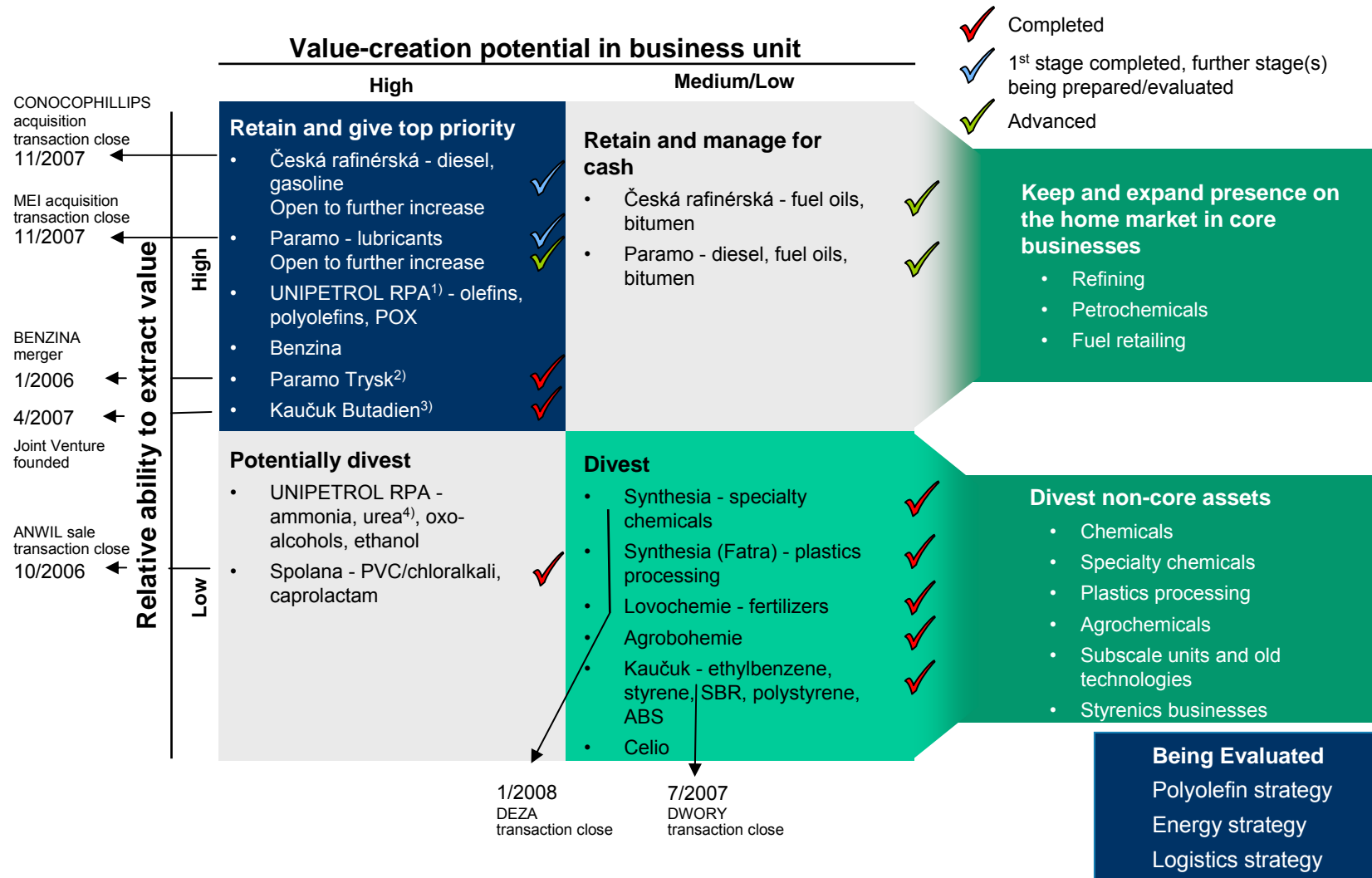
- ☞ Fast growing CEE market with significant under-consumption per capita in both plastics and fuels
- ☞ Rebranding of the retail network, non-organic growth (DOFO, acquisitions), retail market consolidation
- ☞ Organic growth oriented investments, intensification projects being finished during 2008-2009
- ☞ Low D/E providing room for debt financing of potential acquisitions

Threats

- ☞ Growing competition in CEE with imports (of finished goods) from abroad in petrochemical segment
- ☞ EU Initiatives (Biofuels, Carbon Dioxide Tax, REACH), energy taxes, rising energy prices

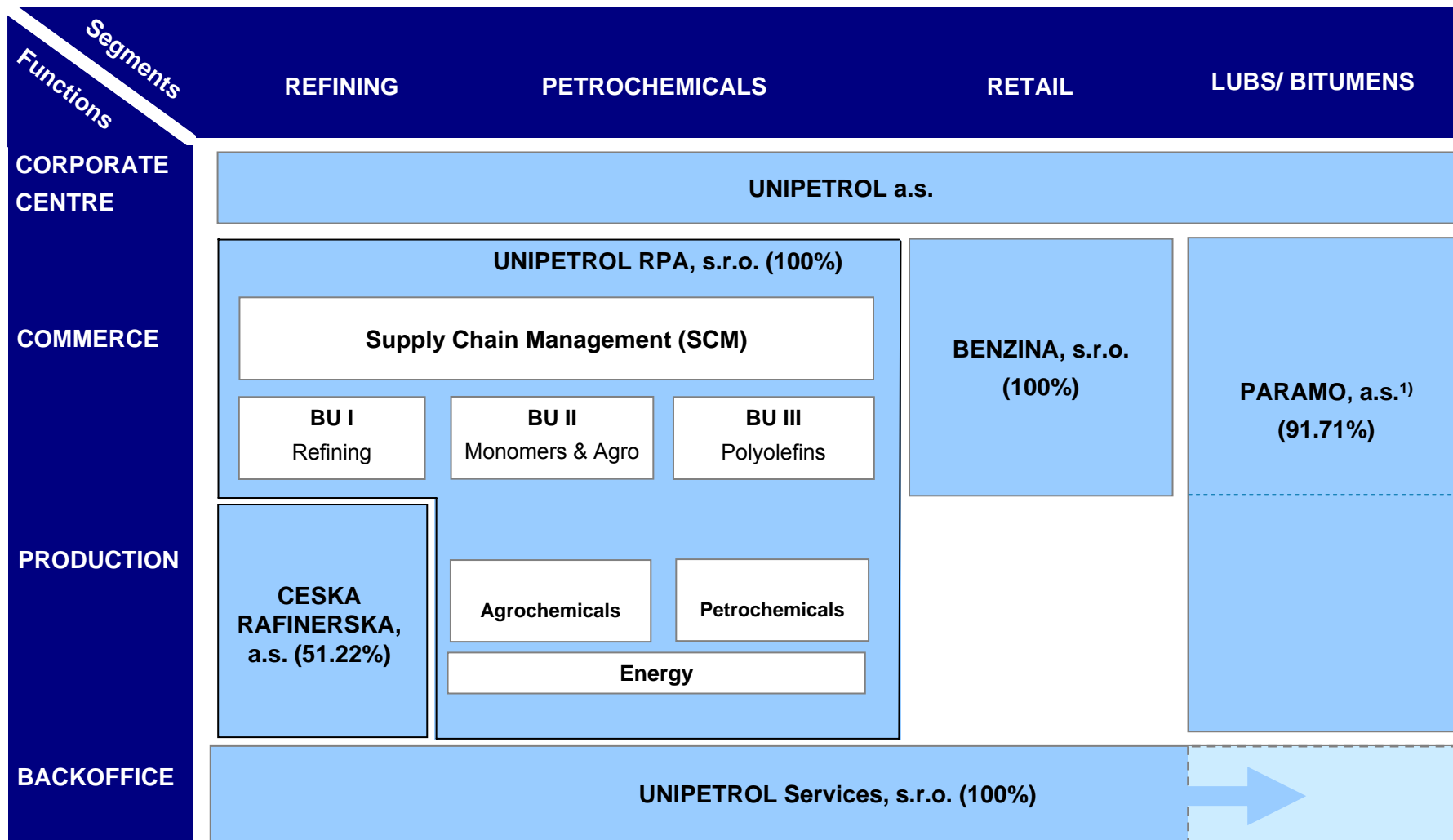
UNIPETROL continues the strategy of maximizing asset value

Focus on core businesses and business cooperation with PKN ORLEN



Current UNIPETROL Structure

Management via segments and functions



1H 2008 Financial Results

Sound top line, bottom squeezed by external environment

	2Q 07	1Q 08	2Q 08	1H 07	1H 08	q/q	y/y	h/h
<i>m CZK</i>	1	2	3	4	5	6=3/2	7=3/1	8=5/4
Revenues	24,841	22,149	27,081	45,474	49,230	+22%	+9%	+8%
EBITDA	2,956 ¹⁾	1,491	1,702	6,066 ¹⁾	3,193	+14%	- 42%	- 47%
EBIT	2,173 ¹⁾	653	838	4,491 ¹⁾	1,491	+28%	- 61%	- 67%
Net finance costs	- 72	-142	- 462	- 227	- 604			
Net profit attributable to shareholders of the parent company	1,503	406	302	3,067	708	- 26%	- 80%	- 77%
Operating cash flow	1,810	74	206	3,296	280	+ 178%	- 89%	- 92%
Net Working Capital	6,495	9,885	6,735	6,495	6,735	- 32%	+4%	+4%
ROACE ²⁾	3.4%	1.2%	1.6%	7.1%	2.8%			
Gearing ³⁾	25.1%	3.1%	6.0%	8.4%	6.0%			
EPS (CZK) ⁴⁾	8.28	2.24	1.76	16.91	3.91	-21%	- 79%	- 77%
EBITDA margin	11.9%	6.7%	6.3%	13.3%	6.5%			
EBIT margin	8.7%	3.0%	3.1%	9.9%	3.0%			

Agenda

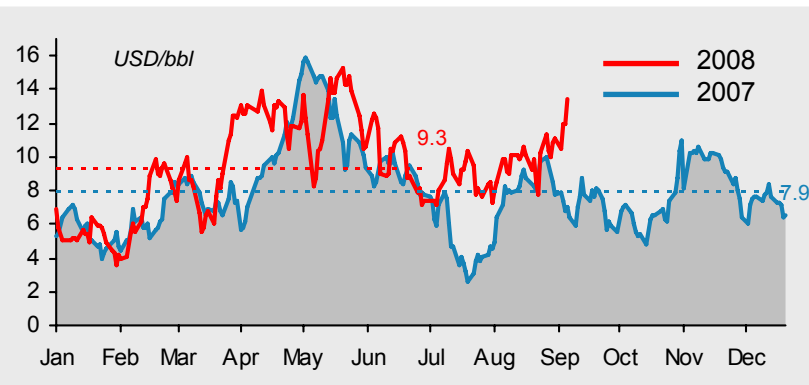
Company Overview

Update on External Environment and Corporate Activities

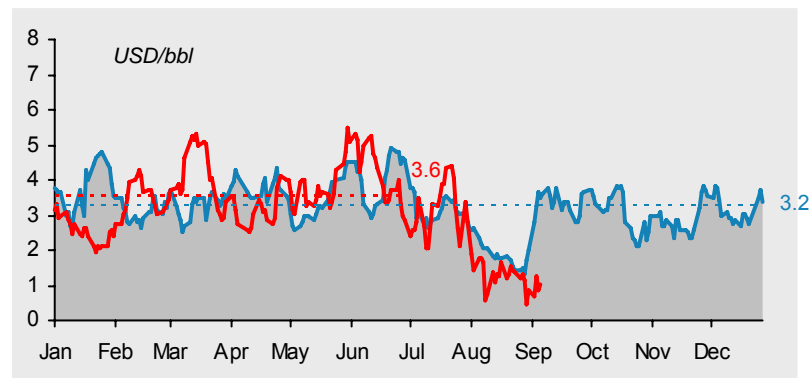
Refining Environment

Volatility, unpredictability

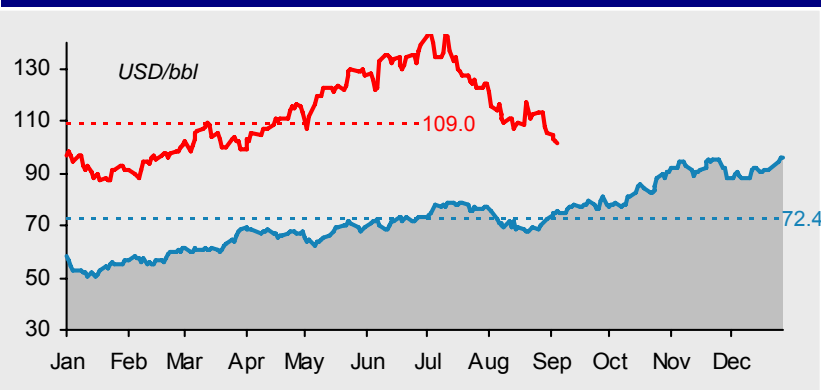
Model refining margin



Brent-Ural price differential



Brent crude price



Quarterly overview

	2Q 07	1Q 08	2Q 08	3Q 08 ³⁾
Brent crude oil (USD/bbl)	68.8	96.7	121.2	123.2
Ural crude oil (USD/bbl)	65.0	93.4	117.5	120.9
Brent-Ural differential (USD/bbl)	3.7	3.4	3.7	2.3
Model refining margin (USD/bbl) ¹⁾	10.7	6.8	11.7	9.1
CZK/USD ²⁾	21.0	17.1	15.9	15.5

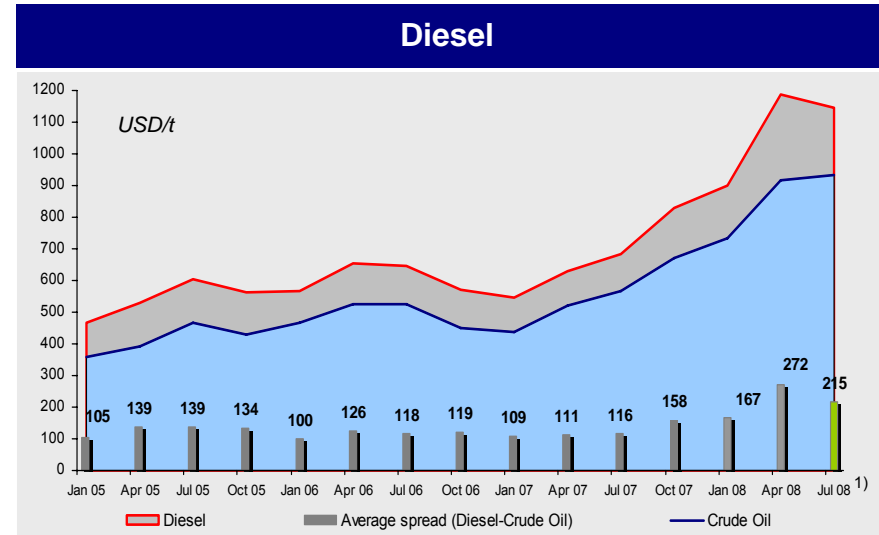
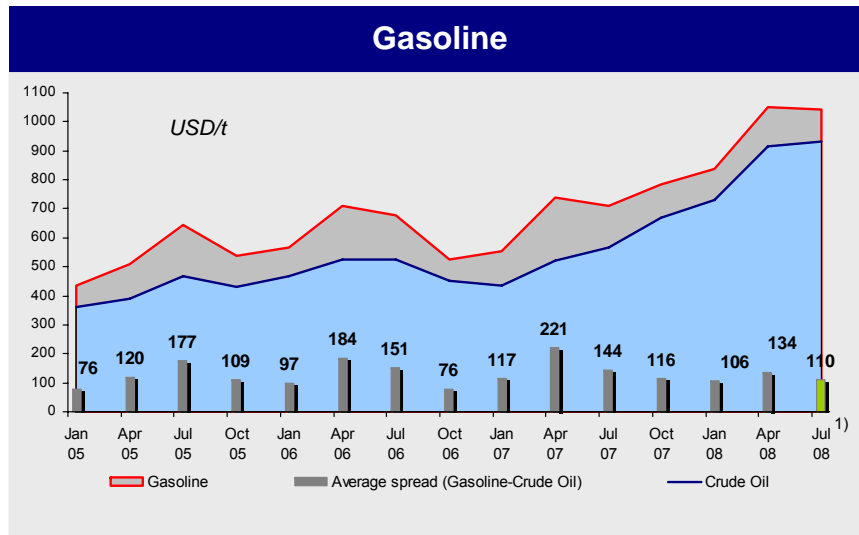
1) UNIPETROL model refining margin = revenues from products sold (95.5% Products = Premium Unleaded 23.4%, Regular Unleaded 15.5%, Jet/Kerosene 8.3%, Diesel 33.3%, 1% Sulphur Fuel Oil 12.9%, Propane 1.5%, Butane 0.3%, Sulphur 0.4%) minus costs (100% input = Brent Dated); products prices according to quotations.

2) Quarterly average foreign exchange rates in accordance to the Czech National Bank.

3) July - August

Source: PLATTS, FERTWEEK

Motor Fuel spreads

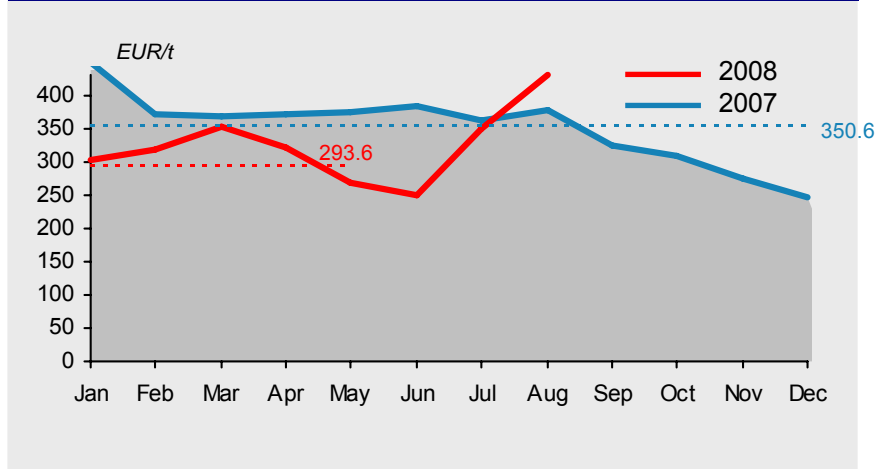


1) July - August
Source: PLATTS
Quarterly averages

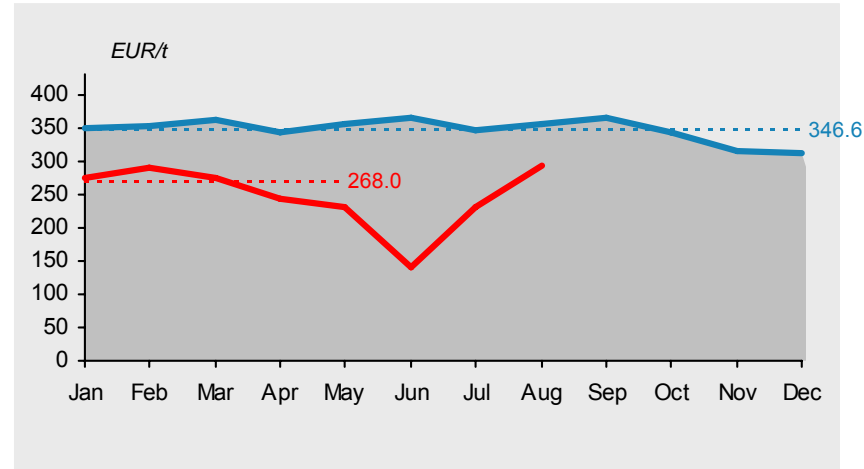
Petrochemical Environment

Margins under pressure (June collapse), now improving

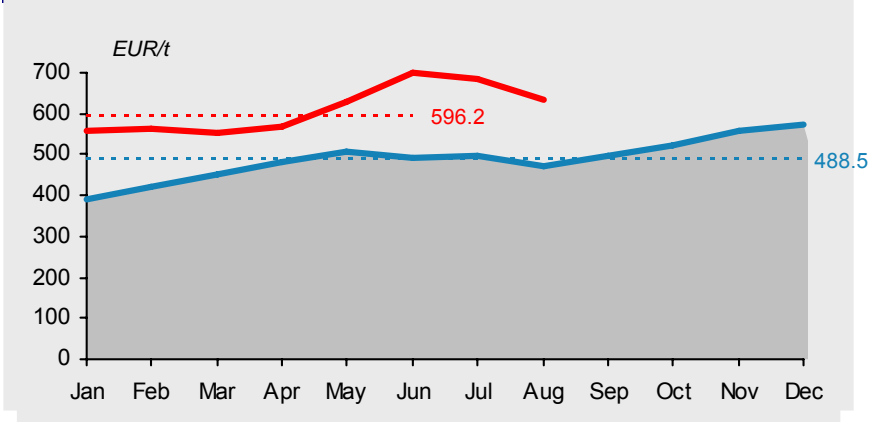
Model petrochemical olefin margin



Model petrochemical polyolefin margin



Naphtha price



Quarterly overview

	2Q 07	1Q 08	2Q 08	3Q 08 ⁴⁾
Naphtha (EUR/t)	494.7	558.3	632.6	659.4
Ethylene contract (EUR/t)	890.0	1023.0	1038.0	1228.0
Model olefin margin (EUR/t) ¹⁾	376.0	324.2	279.9	389.6
Model polyolefin margin (EUR/t) ²⁾	355.2	279.6	242.0	262.1
CZK/EUR ³⁾	28.3	25.6	24.8	23.9

1) UNIPETROL model petrochemical olefin margin = revenues from products sold (100% Products = 50% Ethylene + 50% Benzene) minus costs (100% Naphtha); products 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); products prices according to quotations.

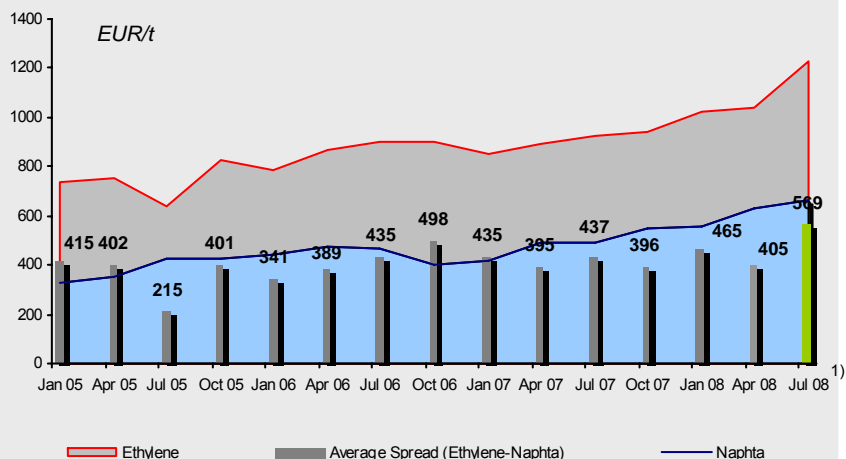
3) Quarterly average foreign exchange rates in accordance to the Czech National Bank.

4) July - August

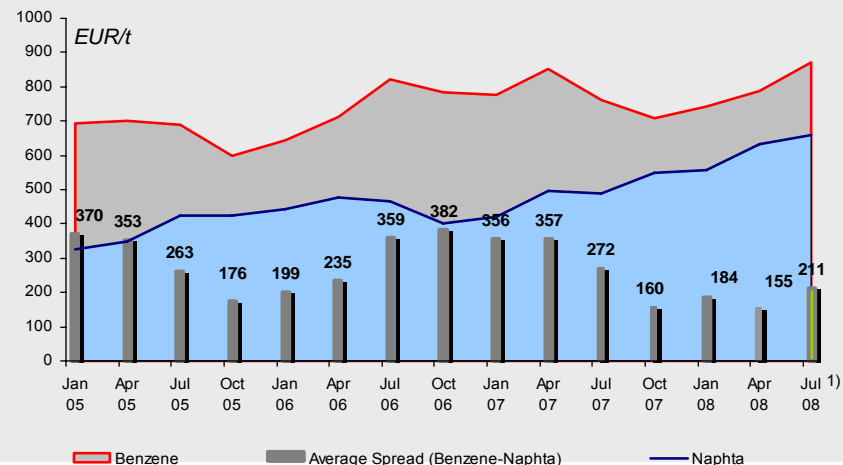
Source: ICIS, PLATTS

Petrochemical Spreads

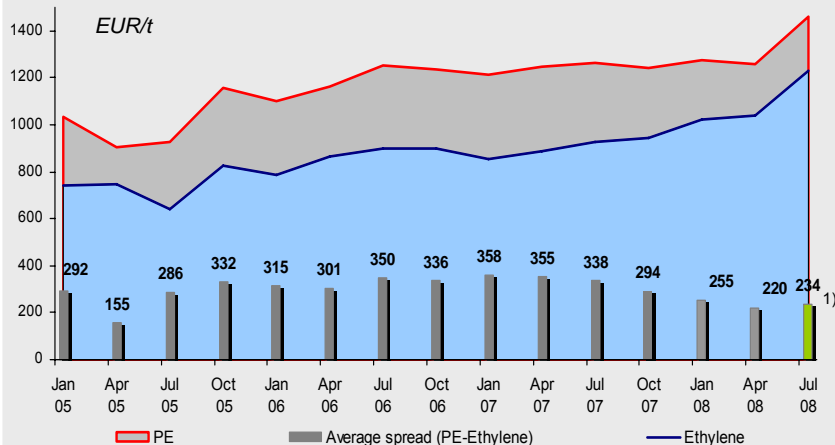
Ethylene



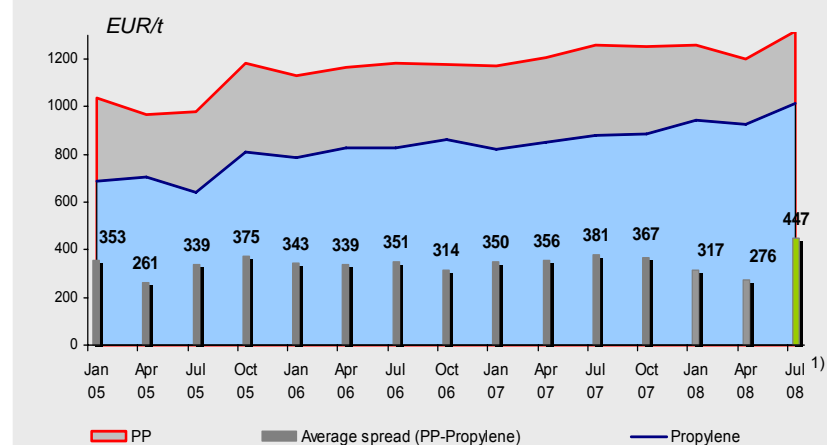
Benzene



Polyethylene (HDPE)



Polypropylene



Tools to Minimize the Impact of External Instability

Control everything you can control

Revenue side

Maximize volumes across all three segments: refining-petrochemicals-retail

Margin optimisation – review product portfolio - e.g. in plastics, analysis of lowering the number of produced grades

Cost side

Strict OPEX control

Review CAPEX plan under new macroeconomic conditions

Control energy costs – ensure self-sufficiency with NPV positive project in energy field; eventual surplus electricity to be sold on the electricity market. final strategy to be agreed by YE 08

Commercial and production excellence

Decrease volatility – e.g. engagement in production of non cyclical products, such as DCPD or C9 fractions (on stream in 2010)

Operational excellence – maximize reliability and minimize unplanned S/Ds

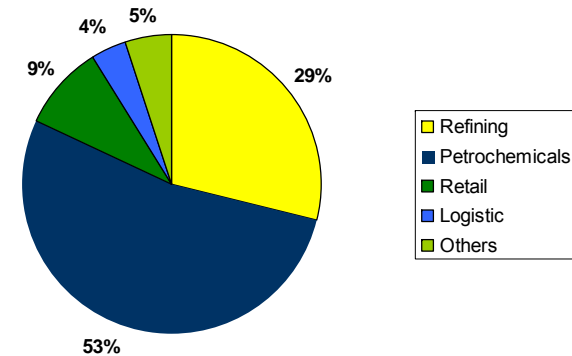
Optimize sale channels – geographical focus on the fast growing home market

2008 Key Projects

Baseline for future growth

CAPEX Plan 2008

- Total planned CAPEX for 2008 at a level of CZK 6.5bn, incl. 100% CESKA RAFINERSKA and 100% Butadiene unit.
- Follow-up investment in an intensification of petrochemical units (increasing ethylene unit capacity toward a target of 544kt), construction of the new butadiene unit (completion planned in 2009), extractive distillation of benzene (completion by end 2008), processing of C5 surpluses, increase of polyolefin unit capacities.
- Investments in refinery FCC conversion unit – bottom-of-barrel approach
- In retail, completion of current network rebranding, DODO/DOFO project expansion.



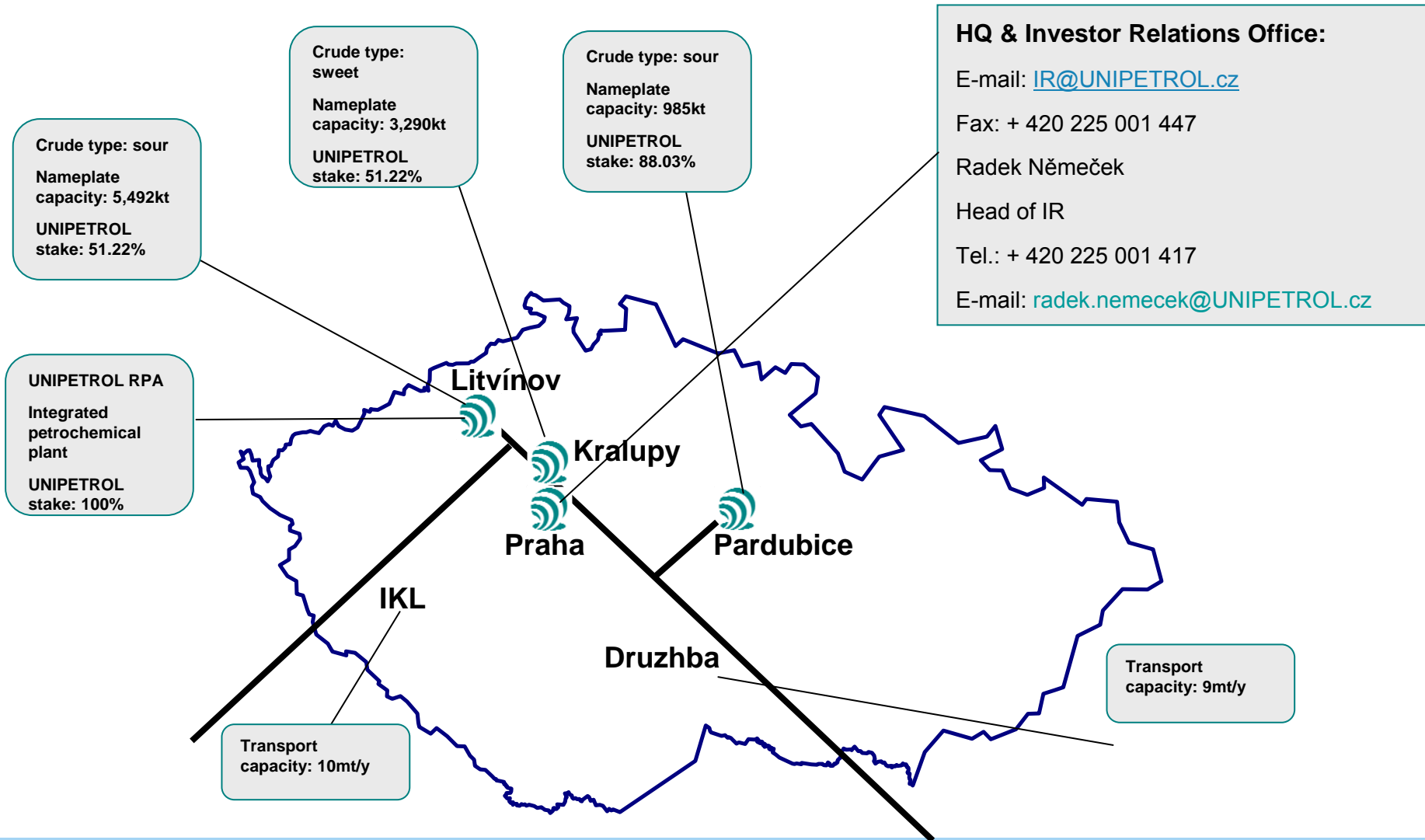
Efficiency improvements

- Completion of the Corporate Governance changes, mainly gain full control over PARAMO refinery and integrate it into the current corporate structure.
- Sales channel optimization (completing UNIPETROL TRADE restructuring).
- Logistics strategy implementation – cooperation with PKN ORLEN.
- Operational excellence in manufacturing and supply chain.
- FTEs (Staff) optimization (-4% p.a.).

Strategies in the pipeline

- Completion of strategies in the following fields:
 - polyolefins – cooperation with PKN ORLEN
 - energy
 - R&D

Contacts & Sites Map



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- 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

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