

UNIPETROL 2011 AUDITED FINANCIAL RESULTS (IFRS)



Piotr Chełmiński

Chairman of the Board of Directors and Chief Executive Officer

Mariusz Kędra

Member of the Board of Directors and Chief Financial Officer

29 March 2012



AGENDA

- **Key highlights**

One-off impairments in FY2011

Impact on financial data

Paramo update

Long-term strategic vision of Unipetrol Group

Supporting slides

KEY HIGHLIGHTS

- A higher one-off impairment of Paramo and a new additional impairment charged to Unipetrol RPA petrochemical assets as a result of the impairment analysis performed after February 9.
- Significant impact of additional impairment charges on the final audited financial statements for FY2011 in comparison with the data presented on February 9 during the 4Q2011 conference call.
- The future structure of Paramo is now being discussed and analyzed.
- In the course of the current very difficult external macro environment in the refining and petrochemical industry Unipetrol is going to execute a set of key strategic and difficult managerial decisions that will substantially enhance the shareholder value creation in the long-term.
- Long-term restructuring and optimization of Unipetrol Group asset base thus continues.

AGENDA

Key highlights

- **One-off impairments in FY2011**

Impact on financial data

Paramo update

Long-term strategic vision of Unipetrol Group

Supporting slides

ONE-OFF IMPAIRMENTS IN FY2011

Reasons for one-off impairments in FY2011

- Both **internal** and **external indications** based on the **requirements of IAS 36 (IFRS)** triggered the impairment testing.
- **Internal indications** → Operating profits of entities in question for FY2011 worse in comparison to forecasts.
- **External indications** → Adverse external macro environment on the refining and petrochemical market in terms of very volatile feedstock prices and lower margins as compared to the long-term average.

Final total impairment charges

- **Final total impairment charges** to non-current assets within the whole Unipetrol Group in FY2011 amount to **CZK 4,647m**.
- **A higher one-off impairment of Paramo** and **a new additional impairment charged to Unipetrol RPA petrochemical assets** as a result of the impairment analysis performed after February 9.
- Impairment charged to PPE amounts to CZK 4,431m. The rest was charged to intangibles.

Paramo

- One-off impairment presented on February 9 during 4Q2011 conference call in the amount of CZK 1,277m increased to total amount of ca **CZK 1,715m** as a result of the impairment analysis performed after February 9.

Unipetrol RPA

- One-off impairment loss charged to **Unipetrol RPA petrochemical assets** in the amount of **CZK 2,933m** as a result of the impairment analysis performed after February 9.

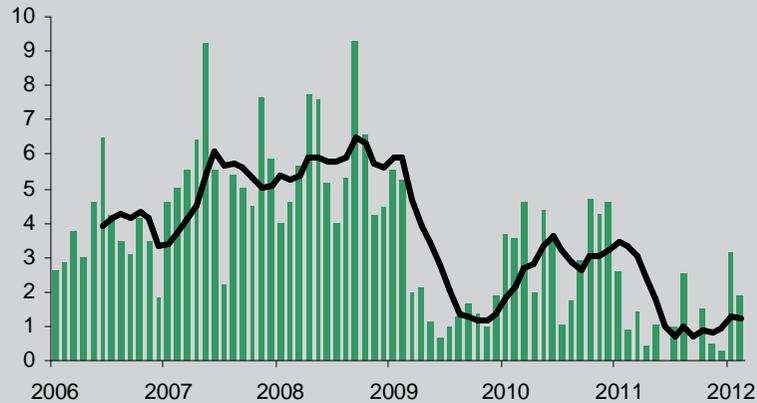
Impairment indication for 2012

- **We conduct impairment testing on a quarterly basis** based on the requirements of IAS 36 (IFRS).
- Further impairments or reversals of impairment losses on the other hand will depend on the future development of internal and external indications.

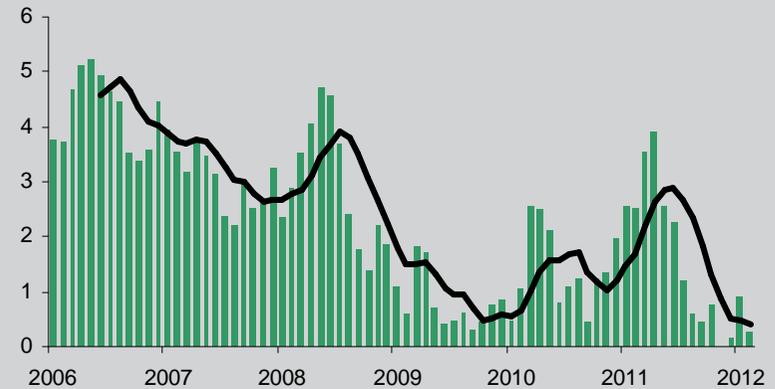
REFINING – EXTERNAL INDICATORS

Note: Line charts present 6-month moving-average.

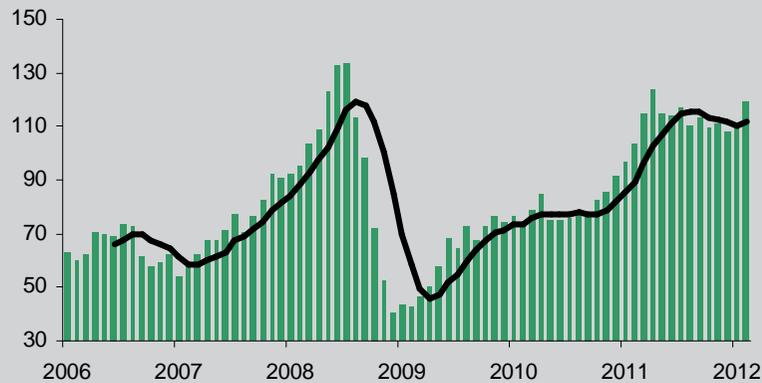
Unipetrol model refining margin¹⁾



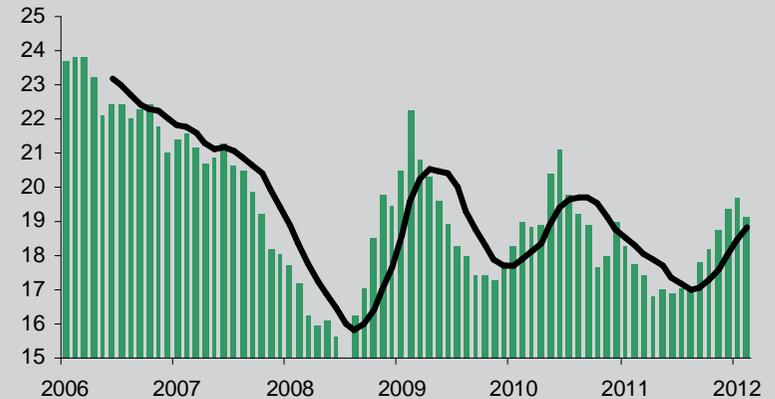
Brent-Ural price differential²⁾



Brent crude price (feedstock)



CZK/USD³⁾



6

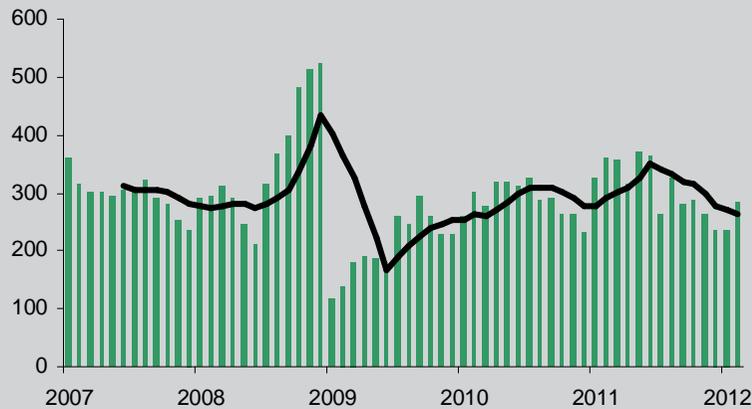
- 1) Unipetrol model refining margin = revenues from products sold (97% Products = Gasoline 17%, Petchem feedstock 20%, JET 2%, Diesel 40%, Sulphur Fuel Oils 9%, LPG 3%, Sulphur 1%, Other feedstock 5%) minus costs (100% input = Brent Dated); product prices according to quotations.
- 2) Spread fwd Brent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

Source: REUTERS, FERTWEEK, CNB

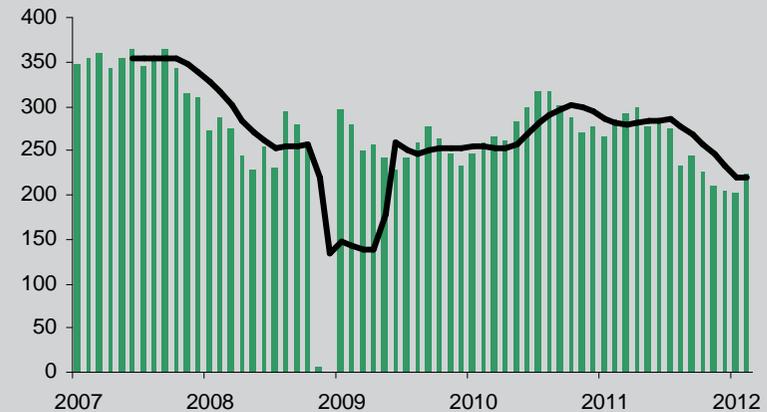
PETCHEM – EXTERNAL INDICATIONS

Note: Line charts present 6-month moving-average.

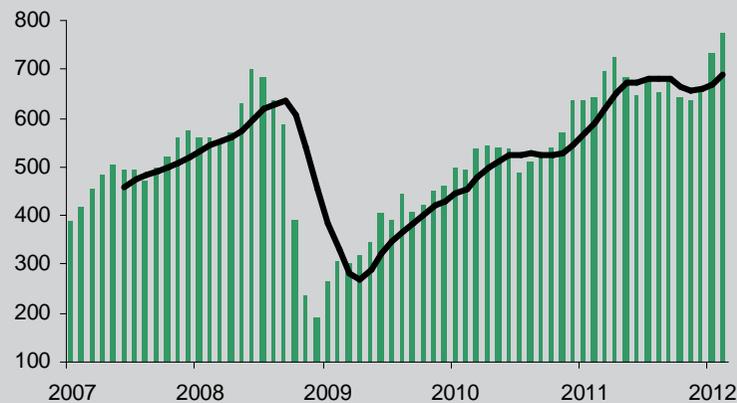
Unipetrol model olefin margin¹⁾



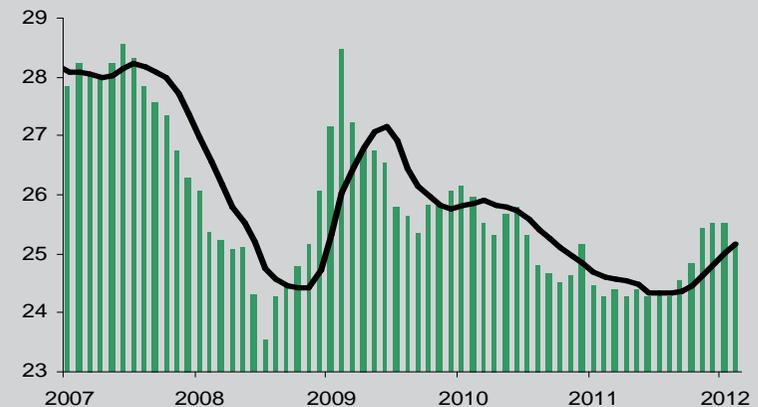
Unipetrol model polyolefin margin²⁾



Naphtha price (feedstock)



CZK/EUR³⁾



7

- 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.
- 3) Monthly average foreign exchange rates provided by the Czech National Bank.

Source: REUTERS, ICIS, CNB

AGENDA

Key highlights

One-off impairments in FY2011

- **Impact on financial data**

Paramo update

Long-term strategic vision of Unipetrol Group

Supporting slides

IMPACT ON FINANCIAL DATA (1)

	4Q11 9 Feb 2012	4Q11 Final	4Q11 Δ		FY11 9 Feb 2012	FY11 Final	FY11 Δ
CZKm	1	2	3=2-1		4	5	6=5-4
Revenues	24,327	24,327	-		97,428	97,428	-
EBITDA	-1,778	-5,159	-3,381		1,118	-2,263	-3,381
EBIT	-2,554	-5,935	-3,381		-1,989	-5,370	-3,381
Net result ¹⁾	-3,141	-6,249	-3,108		-2,806	-5,914	-3,108
EPS (CZK) ²⁾	-17.32	-34.46	-17.14		-15.47	-32.61	-17.14
EBITDA margin ³⁾	-7.3%	-21.2%	-13.9pp		1.2%	-2.3%	-3.5pp
EBIT margin ⁴⁾	-10.5%	-24.4%	-13.9pp		-2.0%	-5.5%	-3.5pp

- Revenues unchanged.
- Impairment charges booked above the EBITDA line.
- Final EBITDA and EBIT lower by CZK 3,381m as a result of higher impairment charges.
- Net result lower by CZK 3,108m. Smaller impact of impairments compared to EBITDA and EBIT line due to lower effective tax rate.

9

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

IMPACT ON FINANCIAL DATA (2)

	4Q11 9 Feb 2012	4Q11 Final	4Q11 Δ		FY11 9 Feb 2011	FY11 Final	FY11 Δ
CZKm	1	2	3=2-1		4	5	6=5-4
Operating cash flow (OCF)	2,642	2,642	-		115	115	-
Capital expenditure (CAPEX)	919	919	-		3,592	3,592	-
Free cash flow (Operating - Investment CF)	2,053	2,053	-		-2,909	-2,909	-
Net Working Capital ¹⁾	4,571	4,446	-125		4,571	4,446	-125
Net finance costs	440	440	-		574	574	-
Gearing ²⁾	1.2%	1.3%	+0.1pp		1.2%	1.3%	+0.1pp
Net debt / EBITDA ³⁾	0.39	n/a	n/a		0.39	n/a	n/a
ROACE ⁴⁾	-5.7%	-14.4	-8.7pp		-4.0%	-10.8%	-6.8pp

- No impact on cash flows.
- Gearing up by 0.1pp from 1.2% to 1.3% as of 31 December 2011.
- Net debt/EBITDA not reported due to negative final EBITDA in FY2011.

10

- 1) Newly applied formula: Net Working Capital = inventories + trade and other receivables + Prepayments and other current assets – trade and other liabilities
- 2) Gearing = net debt / (equity-hedging reserve), both at the end of the period
- 3) Interest-bearing borrowings less cash / EBITDA (rolling over the last four quarters)
- 4) ROACE = (EBIT after current rate) / (shareholders' equity + net debt)

IMPACT ON FINANCIAL DATA (3)

	4Q11 9 Feb 2011	4Q11 Final	4Q11 Δ		FY11 9 Feb 2012	FY11 Final	FY11 Δ
CZKm	1	2	3=2-1		4	5	6=5-4
EBIT, of which	-2,554	-5,935	-3,381		-1,989	-5,370	-3,381
• Refining	-1,905	-2,354	-449		-2,475	-2,923	-449
• Petrochemical	-696	-3,629	-2,933		-117	-3,050	-2,933
• Retail distribution	64	64	0		365	365	0
• Others, Non-attributable, Eliminations	-16	-16	0		238	238	0

	4Q11 9 Feb 2012	4Q11 Final	4Q11 Δ	LIFO effect 4Q11		FY11 9 Feb 2012	FY11 Final	FY11 Δ	LIFO effect FY11
CZKm	1	2	3=2-1			4	5	6=5-4	
LIFO EBIT, of which	-2,778	-6,159	-3,381	224		-2,728	-6,109	-3,381	739
• Refining	-2,033	-2,482	-449	128		-3,054	-3,502	-449	579
• Petrochemical	-789	-3,722	-2,933	93		-252	-3,184	-2,933	135
• Retail distribution	60	60	0	4		340	340	0	25
• Others, Non-attributable, Eliminations	-16	-16	0	0		238	238	0	0

11

- Segment breakdown of total impairment increase – Paramo further CZK 449m and Unipetrol RPA CZK 2933m.
- Positive LIFO effect in 4Q11 and FY2011 due to rising crude oil prices in general.

AGENDA

Key highlights

One-off impairments in FY2011

Impact on financial data

- **Paramo update**

Long-term strategic vision of Unipetrol Group

Supporting slides

PARAMO UPDATE

Presence

- Paramo company as a whole below breakeven since 2009.
- Profitability, effectiveness and perspective of crude oil processing in Pardubice refinery is the key problem due to its low production capacity and low complexity.
- Other segments – oils/lubricants and bitumen products – have a positive long-term potential.
- Key conclusion is that in the current very challenging environment in the whole refining industry, in terms of overcapacities and low margins in general, crude oil processing has probably no future in Pardubice refinery.

Future

- The current Paramo asset base is going to be restructured and streamlined.
- Elimination of the unprofitable part of Paramo asset base – crude oil processing in Pardubice refinery – is being considered.
- Key pillar of the restructured Paramo asset base will likely be products of the lubes segment.
- Paramo restructuring should accelerate in the course of this year and should significantly enhance the shareholder value creation potential for the mid-term perspective in terms of the whole Unipetrol Group.

AGENDA

Key highlights

One-off impairments in FY2011

Impact on financial data

Paramo update

- **Long-term strategic vision of Unipetrol Group**

Supporting slides

UNIPETROL'S KEY GROWTH OPPORTUNITIES

- Benefiting from forecasted growth of plastics consumption in the CEE region.



- Modified/specialized petchem grades with higher margin and revised contract terms.



- Restructuring of refining and petchem units as well as improvement of crude & products logistics.



- Retail market share to grow with network upgrades as well as new regulation to mitigate motor fuel grey zone.



- Energy sector.



G
R
O
W
T
H

LONG-TERM STRATEGIC VISION

- Unipetrol's Board of Directors continues to be fully focused on its long-term strategic vision to achieve operational and business excellence of the whole Unipetrol Group.



- In the course of the current very difficult external macro environment in the refining and petrochemical industry Unipetrol is going to execute a set of key strategic and difficult managerial decisions that will substantially enhance the shareholder value creation in the long-term.



- Long-term restructuring and optimization of Unipetrol Group asset base thus continues.



- After the current restructuring and optimisation phase Unipetrol Group asset base will be in the optimal shape for significantly higher shareholder value creation potential in the years to come.

THANK YOU FOR YOUR ATTENTION



**For more information about
UNIPETROL please contact:**

Investor Relations Department

Tel.: +420 225 001 417

Fax: +420 225 001 447

E-mail: ir@unipetrol.cz

www.unipetrol.cz

Michal Stupavský

Head of Investor Relations

Tel.: +420 225 001 417

E-mail: michal.stupavsky@unipetrol.cz

AGENDA

Key highlights

One-off impairments in FY2011

Impact on financial data

Paramo update

Long-term strategic vision of Unipetrol Group

- **Supporting slides**

CALENDAR OF UPCOMING EVENTS

Investor Relations events

- 19 April 2012 1Q12 trading statement
- 27 April 2012 1Q12 consolidated financial results

UNIPETROL SALES VOLUMES BREAKDOWN - REFINING

	4Q10	3Q11	4Q11	Q/Q	Y/Y	FY10	FY11	FY11/ FY10
kt	1	2	3	4=3/2	5=3/1	6	7	8=7/6
Fuels and other refinery products ¹⁾	897	896	842	-6%	-6%	3,548	3,439	-3%
Diesel ¹⁾	466	444	435	-2%	-7%	1,844	1,789	-3%
Gasoline ¹⁾	185	234	204	-13%	+10%	815	827	+1%
JET	22	25	20	-20%	-9%	86	79	-8%
LPG	37	33	30	-9%	-19%	130	116	-11%
Fuel oils	60	29	38	+31%	-37%	197	162	-18%
Naphtha	10	0	5	n/a	-50%	19	11	-42%
Bitumen	66	84	63	-25%	-5%	293	264	-10%
Lubes	11	11	10	-9%	-9%	42	43	+2%
Rest of refinery products	39	36	37	+3%	-5%	121	147	+21%

UNIPETROL SALES VOLUME BREAKDOWN - PETROCHEMICAL

	4Q10	3Q11	4Q11	Q/Q	Y/Y	FY10	FY11	FY11/ FY10
kt	1	2	3	5=3/2	6=3/1	7	8	9=8/7
Petrochemicals	457²⁾	387	387	0%	-15%	1,843²⁾	1,668	-9%
Petrochemicals - like for like¹⁾	457²⁾	387	387	0%	-15%	1,843²⁾	1,721¹⁾	-7%
Ethylene	36	34	35	+3%	-3%	165	148	-10%
Benzene	56	43	47	+9%	-16%	211	201	-5%
Propylene	15	10	11	+10%	-27%	51	42	-18%
Urea	50	41	39	-5%	-22%	195	174	-11%
Ammonia	43	28	31	+11%	-28%	147	130	-12%
C4 fraction	19	15	15	0%	-21%	120	71	-41%
C4 fraction - like for like¹⁾	19	15	15	0%	-21%	120	110¹⁾	-8%
Butadien	14	14	16	+14%	+14%	30²⁾	59	+97%
Polyethylene	68	63	61	-3%	-10%	288	262	-9%
Polypropylene	56	51	44	-14%	-21%	241	212	-12%
Rest of petrochemical products	100³⁾	88	88	0%	-12%	394³⁾	371	-6%

21

- 1) As of June 2010, only 49% of C4 fraction sales considered as external due to launch of Budatien Kralupy.
- 2) It does not represent FY figure as JV Butadien Kralupy was launched in June 2010.
- 3) The value is corrected and changes refer to technical recalculations of quantities in relation to various minor products.

CONDENSED BALANCE SHEET

CZK m	FY2011 Final	FY2011 9 Feb 2012	FY2010
TOTAL ASSETS	57,176	60,574	61,471
Non-current assets	31,918	35,316	36,351
Current assets	25,258	25,258	25,120
Inventories	11,609	11,609	10,194
Trade receivables	10,628	10,628	9,488
Cash and cash equivalents	2,471	2,471	4,742
TOTAL EQUITY AND LIABILITIES	57,176	60,574	61,471
Total equity	32,854	35,953	38,800
Total liabilities	24,322	24,621	22,671
Non-current liabilities	4,047	4,346	4,312
Loans and borrowings	2,005	2,005	2,013
Current liabilities	20,275	20,275	18,359
Trade and other payables and accruals	17,792	17,792	16,742
Loans and borrowings	903	903	212
NET DEBT	438	438	-2,516

Note: Rounding differences possible.

CONDENSED INCOME AND CASH FLOW STATEMENT

CZK m	FY2011 Final	FY2011 9 Feb 2012	FY2010
Revenue	97,428	97,428	85,967
Gross profit	1,876	1,876	4,334
<i>Gross profit margin</i>	1.9%	1.9%	5.0%
EBIT	-5,370	-1,989	1,678
<i>Operating profit margin</i>	-5.5%	-2.0%	2.0%
Net finance cost	574	574	492
Profit before tax	-5,944	-2,563	1,186
Income tax credit (expense)	30	-243	249
Net profit for the period	-5,914	-2,806	937
<i>Net profit margin</i>	-6.1%	-2.9%	1.1%

CZK m	FY2011 Final	FY2011 9 Feb 2012	FY2010
Net cash provided by operating activities	115	115	4,656
Net cash provided by investing activities	-3,024	-3,024	-937
Net cash provided by financing activities	626	626	-144

DISCLAIMER

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.