

UNIPETROL

ACQUISITION OF 16.335% STAKE IN ČESKÁ RAFINÉRSKÁ FROM SHELL



Marek Świtajewski, Chairman of the Board and Chief Executive Officer

Andrzej Kozłowski, Member of the Board and Chief Strategy and M&A Officer

7 November 2013

Prague, Czech Republic



TRANSACTION

On 7 November 2013 UNIPETROL, a.s. signed a share purchase agreement (SPA) with Shell Overseas Investments B.V. (“Shell”) to acquire Shell’s shareholding interest in ČESKÁ RAFINÉRSKÁ, a.s. (“Company”) amounting to 16.335% of the share capital (“Transaction”)

Transaction description

- ▶ 16.335% stake
- ▶ 152,701 registered book-entered ordinary shares of the Company with a nominal value of CZK 10,000 each
- ▶ Acquisition price for the shares in the amount of USD 27.2 million
- ▶ Transaction will be financed from own financial sources of UNIPETROL, a.s.
- ▶ Completion of the Transaction expected at the beginning of 2014
- ▶ Opportunistic acquisition fully in line with Unipetrol Group Strategy 2013-2017 announced in June 2013 and supporting its execution thanks to:
 - ▶ Increasing security of petrochemical feedstock supplies
 - ▶ Faster implementation of Operational Excellence initiatives
 - ▶ Strengthening long-term presence on the Czech market

TRANSACTION HIGHLIGHTS

- ▶ Transaction further confirms the main strategic objective to ensure Unipetrol's long-term growth

Unipetrol's
long-term growth



- ▶ Transaction supports one of the main strategic targets of the announced Unipetrol Group Strategy 2013-2017 – further integration of the refining and petrochemical segments

Refining

Petrochemicals



Further integration



- ▶ Transaction will strengthen long-term presence on the Czech market



- ▶ Transaction will improve feedstock security for petrochemical development

Petrochemical
feedstock security



- ▶ Acquisition of Qualified majority (QM) of votes in ČESKÁ RAFINÉRSKÁ, a.s. – 67.5% threshold – will allow:

- ▶ significant improvement of the company's operational management
- ▶ operational costs savings

Multiple additional
benefits

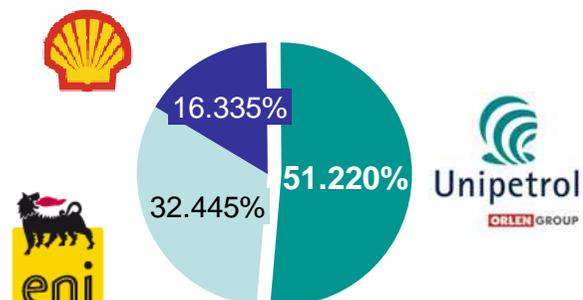


STRUCTURE OF ČESKÁ RAFINÉRSKÁ

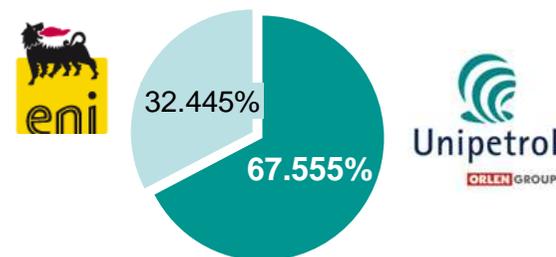


- ▶ ČESKÁ RAFINÉRSKÁ, a.s. operates refineries in Litvínov and Kralupy, currently the only two running refineries in the Czech Republic
- ▶ Established in April 1995
- ▶ It is a joint-venture (JV) of 3 shareholders:
 - ▶ **UNIPETROL, a.s. → 51.22%**
 - ▶ ENI International B.V. → 32.445%
 - ▶ Shell Overseas Investments B.V. → 16.335%
- ▶ Company started operating in the processing mode as a cost-plus entity in August 2003
- ▶ No sales activities, only crude oil processing and production of refinery products
 - ▶ Shareholders purchase crude oil and other feedstock for processing in the refineries, and then take and trade with the processed refinery products, predominantly transportation fuels
- ▶ Upon completion of the transaction, shareholders structure will be following:
 - ▶ **UNIPETROL, a.s. → 51.22% + 16.335% = 67.555% → qualified majority of votes (67.5% threshold)**
 - ▶ ENI International B.V. → 32.445%

Shareholders structure pre-transaction

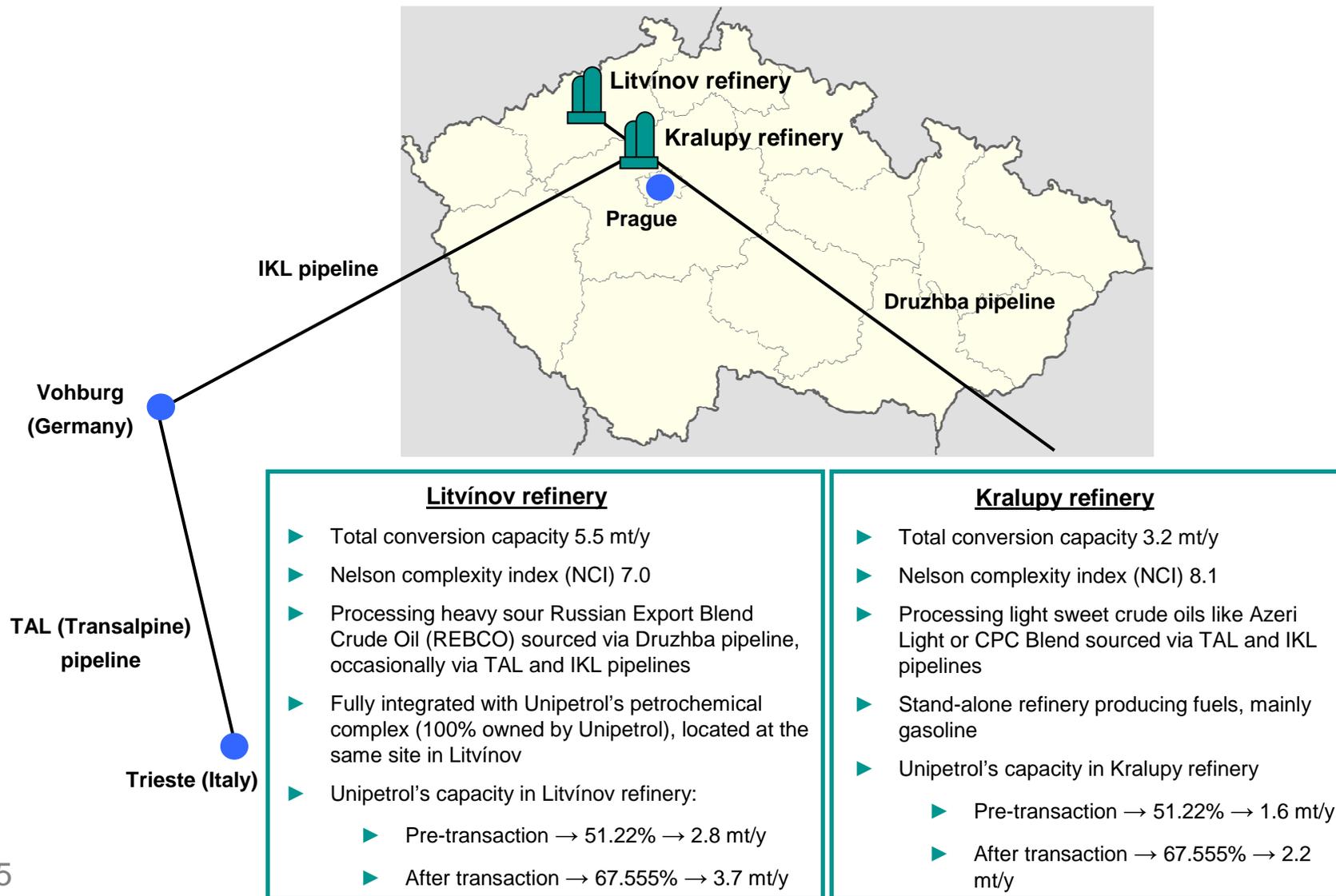


Shareholders structure upon completion of the transaction



Unipetrol
ORLEN GROUP

ČESKÁ RAFINÉRSKÁ CONSISTS OF TWO REFINERIES – LITVÍNŮV AND KRALUPY



MAIN VALUE DRIVERS

Despite challenging refining market conditions

Qualified majority

- ▶ Achievement of Qualified majority (QM) of votes in ČESKÁ RAFINÉRSKÁ, a.s. – 67.5% threshold – is an important value driver for the Transaction
 - ▶ savings from optimized logistics procedures, including transport and warehousing
 - ▶ opportunity to speed up adoption of several production initiatives aimed towards increase of operational efficiency
 - ▶ path to optimize administration costs will be substantially strengthened due to option to utilize the established Unipetrol Group's shared service centre (UNIPETROL SERVICES, s.r.o.)

Synergies

- ▶ Apart of QM, standard synergies played an important role for Transaction evaluation
 - ▶ more effective distribution of production streams to bring substantial benefits from 2015 onwards
 - ▶ potential to decrease overhead costs for the operation of additional stake
 - ▶ economy of scale bringing direct savings in the area of domestic pipeline transportation

Crude supplies

- ▶ Druzhba Pipeline: Direct contract with producer on crude oil deliveries provides certainty of stable and uninterrupted supplies
- ▶ IKL/TAL – alternative rout of supplies in place

THANK YOU FOR YOUR ATTENTION

Investor Relations Department (IR)

Michal Stupavský, CFA

Head of Investor Relations

Phone: +420 225 001 417

Email: michal.stupavsky@unipetrol.cz

www.unipetrol.cz

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