
INSIDE INFORMATION

UREA UNIT SHUTDOWN

On 7 June 2012 executives of UNIPETROL RPA, s.r.o., 100% owned subsidiary of UNIPETROL, a.s., resolved to approve permanent shutdown of the urea production unit at Chemopark Záluží in Litvínov as of 1 January 2013.

The urea production unit is part of the agro division of UNIPETROL RPA, s.r.o. and its impact on the profitability of the whole Unipetrol Group has been negative in the last couple of years. No reversion of this trend is expected according to internal evaluation and evaluation of an independent external advisor.

UNIPETROL RPA, s.r.o.'s agro technology is based on heavy oil residue which implies for the urea unit a significant feedstock cost disadvantage as compared with urea competitors and complicates unit utilization due to changing feedstock material availability.

Another important reason for the decision is the fact that urea production plant integrated permit is limited till 31 December 2017. Extension of permanent operation is conditioned on an investment into a significant reconstruction of the urea production unit with required capital expenditures in the amount of several hundreds of millions of Czech crowns. Any potential return on this investment is not expected within various scenarios of the possible future macro and business development analyzed.

Urea production unit permanent shutdown as of 1 January 2013 is expected to have a positive impact on the Group's EBIT of couple of tens of millions of Czech crowns in 2013 with a further positive EBIT impact in the following years.

The urea production unit shutdown should have a very limited impact on other business segments of UNIPETROL Group.

Urea production unit permanent shutdown will result in a certain number of redundancies. Current expected reduction is approximately 50 FTEs (full-time equivalent). UNIPETROL Group will deal with this issue with utmost care trying to offer new job position in other business units to selected employees of the urea production plant.