Estimations of selected financial and operating data for ORLEN Capital Group for 4Q12
Regulatory announcement no 21/2013 dated 18 January 2013

Polski Koncern Naftowy ORLEN Spolka Akcyjna ("PKN ORLEN S.A.") hereby announces estimates of selected financial and operating data for ORLEN Capital Group ("PKN ORLEN") for 4Q12.

Table 1.

Macro environment	unit	4Q11	1Q12	2Q12	3Q12	4Q12	change q/q	change y/y	2011	2012	change y/y
Brent crude oil price	USD/b	109,4	118,6	108,3	109,5	**110,1**	*1%*	*1%*	111,3	**111,7**	*0%*
Brent/Ural differential[1]	USD/b	0,3	1,3	2,1	0,7	**1,1**	*57%*	*267%*	1,7	**1,3**	*-24%*
Model refining margin[2]	USD/b	2,8	3,3	6,8	8,4	**4,4**	*-48%*	*57%*	2,1	**5,7**	*171%*
Model petrochemical margin[3]	EUR/t	609	618	772	625	**729**	*17%*	*20%*	705	**685**	*-3%*
Average USD/PLN[4]	PLN	3,28	3,23	3,33	3,31	**3,17**	*-4%*	*-3%*	2,96	**3,26**	*10%*
Average EUR/PLN[4]	PLN	4,42	4,23	4,26	4,14	**4,11**	*-1%*	*-7%*	4,12	**4,19**	*2%*
USD/PLN (at the end of period)[4]	PLN	3,42	3,12	3,39	3,18	**3,10**	*-3%*	*-9%*	3,42	**3,10**	*-9%*
EUR/PLN (at the end of period)[4]	PLN	4,42	4,16	4,26	4,11	**4,09**	*0%*	*-7%*	4,42	**4,09**	*-7%*

1) Spread Ural Rdam vs fwd Brent Dtd = Med Strip - Ural Rdam (Ural CIF Rotterdam).
2) PKN ORLEN model refining margin = revenues from products sold (93,5% Products = 36% Gasoline + 43% Diesel + 14,5% HHO) - costs (100% input: crude oil and other raw materials). Total input calculated acc. to Brent quotations. Spot market quotations.
3) PKN ORLEN model petrochemical margin = revenues from products sold (98% Products = 44% HDPE + 7% LDPE + 35% PP Homo + 12% PP Copo) - costs (100% input = 75% Naphtha + 25% LS VGO). Contract market quotations.
4) According to the National Bank of Poland.

Table 2.

Production	unit	4Q11	1Q12	2Q12	3Q12	4Q12	change q/q	change y/y	2011	2012	change y/y
Total crude oil throughput in PKN ORLEN, including:	th t	7 179	6 655	6 362	7 431	**7 491**	*1%*	*4%*	27 785	**27 939**	*1%*
Throughput in Plock	th t	3 814	3 656	3 836	3 759	**3 940**	*5%*	*3%*	14 547	**15 191**	*4%*
Utilisation ratio[5]	%	94%	90%	94%	92%	**97%**	*5 p.p.*	*3 p.p.*	91%	**93%**	*2 p.p.*
Fuel yield[6]	%	76%	78%	76%	78%	**77%**	*-1 p.p.*	*1 p.p.*	76%	**77%**	*1 p.p.*
Throughput in Unipetrol	th t	1 010	906	1 013	1 043	**965**	*-7%*	*-4%*	3 942	**3 927**	*0%*
Utilisation ratio[7]	%	79%	71%	79%	93%	**86%**	*-7 p.p.*	*7 p.p.*	77%	**82%**	*5 p.p.*
Fuel yield[6]	%	77%	81%	79%	80%	**78%**	*-2 p.p.*	*1 p.p.*	78%	**79%**	*1 p.p.*
Throughput in ORLEN Lietuva	th t	2 283	2 023	1 454	2 551	**2 505**	*-2%*	*10%*	9 007	**8 533**	*-5%*
Utilisation ratio[8]	%	90%	79%	57%	100%	**98%**	*-2 p.p.*	*8 p.p.*	88%	**84%**	*-4 p.p.*
Fuel yield[6]	%	75%	76%	73%	75%	**75%**	*0 p.p.*	*0 p.p.*	75%	**75%**	*0 p.p.*

5) Throughput capacity for Plock refinery is 16,3 mt/y.
6) Fuel yield = gasoline, naphtha, LPG, diesel, LHO, JET (production excluding BIO and internal transfers) / crude oil throughput.
7) Throughput capacity for Unipetrol was 5,1 mt/y. Since 3Q12 is 4,5 mt/y due to discontinuation of crude oil processing in Paramo. CKA [51% Litvinov (2,81 mt/y) and 51% Kralupy (1,64 mt/y)].
8) Throughput capacity for ORLEN Lietuva is 10,2 mt/y.

Table 3.

Sales	unit	4Q11	1Q12	2Q12	3Q12	4Q12	change q/q	change y/y	2011	2012	change y/y
Total sales in PKN ORLEN including:	th t	9 153	8 224	8 149	9 627	**9 283**	*-4%*	*1%*	35 446	**35 283**	*0%*
Refining sales	th t	5 992	5 111	5 095	6 290	**6 087**	*-3%*	*2%*	23 033	**22 583**	*-2%*
Retail sales	th t	1 922	1 732	1 873	1 995	**1 867**	*-6%*	*-3%*	7 345	**7 467**	*2%*
Petrochemical sales	th t	1 239	1 381	1 181	1 342	**1 329**	*-1%*	*7%*	5 068	**5 233**	*3%*

Macro environment

Changes in macroeconomic factors in 4Q12 (y/y):

- Model refining margin in 4Q12 was definitely in downward trend characterized by significant volatility in the range from 11,9 USD/bbl to 0,3 USD/bbl. Average margin on monthly basis in 4Q12 was decreasing from 7,6 USD/bbl in October through 3,8 USD/bbl in November to only 1,2 USD/bbl in December.

Beside massive drop during the quarter, average model refining margin and Brent/Ural differential in total increased by 2,4 USD/bbl to 5,5 USD/bbl.

- Model petrochemical margin increased by 120 EUR/t to 729 EUR/t.
- Average USD/PLN decreased by PLN (-) 0,11 to 3,17.
- Average EUR/PLN decreased by PLN (-) 0,31 to 4,11.

Changes in macroeconomic factors in 4Q12 (q/q):

- Model refining margin and Brent/Ural differential in total decreased by (-) 3,6 USD/bbl.
- Model petrochemical margin increased by 104 EUR/t.
- Average USD/PLN decreased by PLN (-) 0,14.

  USD/PLN at the end of 4Q12 decreased by PLN (-) 0,08 and amounted to 3,10.
- Average EUR/PLN decreased by PLN (-) 0,03.

  EUR/PLN at the end of 4Q12 decreased by PLN (-) 0,02 and amounted to 4,09.

Operational parameters

Crude oil throughput in PKN ORLEN in 4Q12 increased by 4% (y/y) and reached 7,5mt.

- Plock refinery: higher utilisation ratio by 3 pp (y/y) mainly due to lack of maintenance shutdown of CDU III conducted in 4Q11. Increase of fuel yield by 1 pp (y/y) mainly due to lack of maintenance shutdown of Fluid Catalytic Cracking II, which took place in 4Q11.
- Unipetrol: decrease in throughput by (-) 4% (y/y) mainly as a result of discontinuation of crude oil processing in Paramo. Increase of fuel yield by 1 pp (y/y) mainly due to lack of negative impact of cyclical shutdown of refining and petrochemical in Litvinov, which took place in 4Q11.
- ORLEN Lietuva: utilisation ratio in 4Q12 close to maximum level and stable fuel yield at better macro (y/y).

Higher refining and petrochemical sales as a result of throughput increase at volumes limitation on Polish market due to decreasing fuel consumption.

- Sales in 4Q12 on Polish market was under strong influence of decreasing fuel consumption. After 11 months of 2012 fuel consumption (diesel and gasoline) acc. to ARE (The Energy Market Agency) in Poland dropped by 7%.
- Refining volumes increased by 2% (y/y) due to higher sales in ORLEN Lietuva at lower volumes on Polish and Czech markets (y/y) mainly as a result of decrease in fuel consumption.
- Lower retail sales on Polish market (y/y) mainly due to decrease in fuel consumption partially offset by increase in volumes on German and Czech markets. Gradual margins recovery on Polish and German market at remaining pressure on margins in the Czech Republic (y/y).
- Higher olefin and polyolefin sales (y/y) mainly due to lack of production limitations, which took place in 4Q11 in Unipetrol. Higher fertilizers sales (y/y) as well as higher PVC sales (y/y) as a result of export sales increase and stable PTA volumes (y/y).

Financial parameters

- Positive total impact of changes in macroeconomic factors and sales volumes in 4Q12 amounted to ca. PLN 0,7 bn (y/y).

- Positive impact of change on other operating activity balance amounted to ca. PLN 0,8 bn (y/y) including lower by ca. PLN 1,1 bn (y/y) impairments of assets and negative impact of other elements in the amount of ca. PLN (-) 0,3 bn (y/y).

  Impairments of assets carried out in 4Q12 according to IAS 36 amounted to ca. PLN (-) 0,7 bn mainly in refining segment of Unipetrol Group. In 4Q11 impairments of assets amounted to PLN (-) 1,8 bn mainly in Unipetrol (refining and petrochemical segments) and Anwil (PVC).

  Negative impact of other elements in the amount of ca. PLN (-) 0,3 bn (y/y) mainly due to lack of positive effects from 4Q11 including received compensations, return of paid fees and revaluation of provisions for CO_2 emission.

After including negative impact of impairments carried out according to IAS 36 in the amount of ca. PLN (-) 0,7 bn in 4Q12 and PLN (-) 1,8 bn in 4Q11, operational result according to LIFO will be higher by PLN 1,5 bn (y/y) and is estimated to ca. PLN (-) 0,2 bn.

Operational result according to LIFO before non-cash impairments in 4Q12 is estimated for PLN 0,5 bn and will be higher by ca. PLN 0,4 bn (y/y).

Estimated LIFO effect lowering reported result due to decreasing crude oil prices in PLN terms will amount to ca. PLN (-) 0,5 bn.

As a result estimated operational result in 4Q12 before impairments is estimated at the level of ca. zero and after including impairments at ca. PLN (-) 0,7 bn.

Positive net effect from debt revaluation in 4Q12 concerning mainly USD denominated debt connected with ORLEN Lietuva investment and foreign units debts is estimated at ca. PLN 0,1 bn and will be booked in equity. Net financial revenues from revaluation of other positions in foreign currencies, valuation and settlement of hedging instruments and net interests costs will amount to ca. PLN 0,1 bn.

2012 SUMMARY:

- Estimated operating profit according to LIFO increased by deprecation (EBITDA LIFO) for 2012 before impairments will amount to PLN 5,1 bn, in line with estimates published in the report dated as of 30.XI.2012 and related to Strategy for ORLEN Group for 2013-2017.
- Operational profit according to LIFO for 2012 before impairments is estimated at ca. PLN 2,9 bn, which means increase by ca. PLN 1,4 bn compared to 2011.
- EBIT acc. to LIFO in 2012 after impairments is estimated at ca. PLN 2,2 bn (y/y), indicating increase by ca. PLN 2,5 bn comparing to 2011.
- Cumulative LIFO effect lowering operating result will amount to PLN (-) 0,2 bn in 2012, comparing to positive impact in 2011 in the amount of PLN 2,3 bn. In consequence, operating result in 2012 will be close to 2011 and will amount to ca. PLN 2 bn.

Moreover, we inform that due to standard quarterly procedures in accordance with IAS 36 (Impairment of Assets) there are currently carried out analysis of potential reasons to conduct tests for impairment of assets.

Additionally, in accordance with IAS 10 (Events After the Balance Sheet Date), significant events taking place after the balance sheet date till the date of financial statements approval, in particular risks evaluation, can impact the reported results.

All information published in this report is an estimate and may differ from results which will be published on 23 January 2013 in PKN ORLEN consolidated financial statements for 4Q12.

This announcement has been prepared pursuant to §5 item 1 p 25 and §31 of the Regulation of the Minister of Finance, dated 19 February 2009, on current and periodic information to be published by issuers of securities and on the conditions under which such information may be recognized as being equivalent to information required by the regulations of law of a state which is not a member state (Journal of Laws 2009 No. 33, item 259, with subsequent changes) and Article 56 section 1 p 1 of the Act on Public Offerings, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies dated 29 July 2005 (Journal of Laws 2009 No. 185, item 1439, with subsequent changes).

Management Board of PKN ORLEN S.A.