PKN ORLEN consolidated financial results
3Q20

29 October 2020

#ORLEN3Q20@PKN_ORLEN

Agenda

- Key facts and figures
- Macro environment
- Financial and operating results
- Liquidity and investments
- Outlook

Key facts and figures 3Q20

Value creation

- EBITDA LIFO: PLN 2,0 bn
- Macro worsening: downstream margin decreased by (-) 7,3 USD/bbl (y/y) i.e. (-) 57%
- Crude oil throughput: 8,2 mt, i.e. 93% of capacity utilization
- Sales: 10,5 mt, i.e. decrease by (-) 8% (y/y)
- M&A: LOTOS Group – ongoing talks with potential partners to meet remedies negotiated with the European Commission / ENERGA Group – announcement of the tender offer for remaining ENERGA shares / PGNiG Group – ongoing due diligence process and works on concentration application to the EC / RUCH – planned acquisition of 65% shares
- Investments: Start of Visbreaking Unit construction in Płock / project of Hydrocracking and HDS Units modernization in Płock / Completion of Polyethylene Unit in the Czech Rep. / Submission of the environmental report and selection of a designer for offshore wind farm on the Baltic Sea / Analysis of the possibility of building 20 biogas plants in ORLEN Południe / Letter of intent with PGNiG regarding potential cooperation on CCGT Unit construction in Ostrołęka and development of a biogas plant / Start of the process of selecting a contractor for the hydrogen hub in Włocławek

People

- Retail: Launch of another drive-through station in Poland (the most modern format in Europe) / Plan to build two hydrogen stations in the Czech Rep. by the end of 2020 / ORLEN is the most recognizable brand of fuel stations in Poland (Institute for Market and Social Research)
- ESG: Sustainalytics agency raised the rating for PKN ORLEN (5th place out of 86 companies from the Oil & Gas Refining and Marketing) / "The Best Annual Report 2019" - PKN ORLEN again awarded for the best Integrated Report
- Emission neutral in 2050 - PKN ORLEN was the first fuel concern from Central Europe to declare its willingness to achieve such an ambitious goal

Financial strength

- Cash flow from operations: PLN 2,2 bn
- CAPEX: PLN 2,0 bn
- Net debt: PLN 11,9 bn / financial gearing: 28,4%
- Dividend for 2019 paid: PLN 0,4 bn (1,00 PLN/share)
- Moody's upgraded rating outlook from negative to positive while maintaining rating at Baa2
- Securing financing of current operations and growth projects by signing a revolving credit facility agreement up to EUR 1,75 bn.

Agenda

Key facts and figures

Macro environment

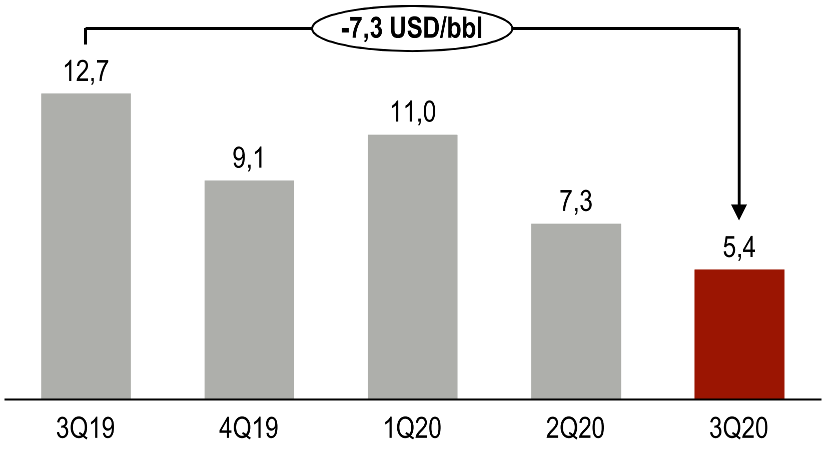
Financial and operating results

Liquidity and investments

Outlook

Macro environment in 3Q20

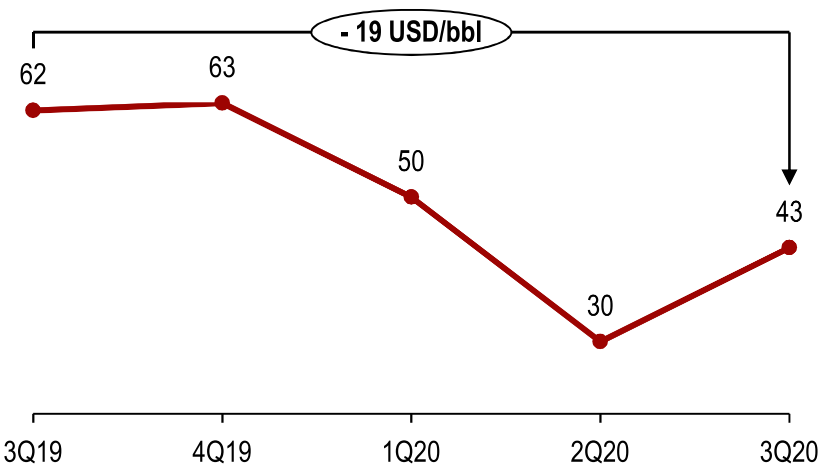
Model downstream margin
USD/bbl



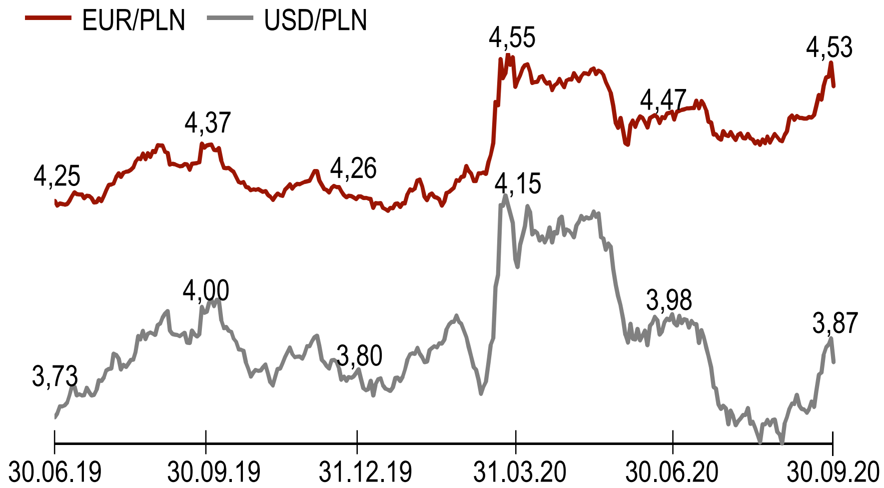
Product slate of downstream margin
Crack margins

Refining products (USD/t)	3Q19	2Q20	3Q20	∆ (y/y)
Diesel	115	62	33	-71%
Gasoline	154	58	78	-49%
HSFO	-140	-62	-86	39%
SN 150	119	163	100	-16%
Petrochemical products (EUR/t)				
Ethylene	568	478	499	-12%
Propylene	467	421	444	-5%
Benzene	273	43	90	-67%
PX	366	327	235	-36%

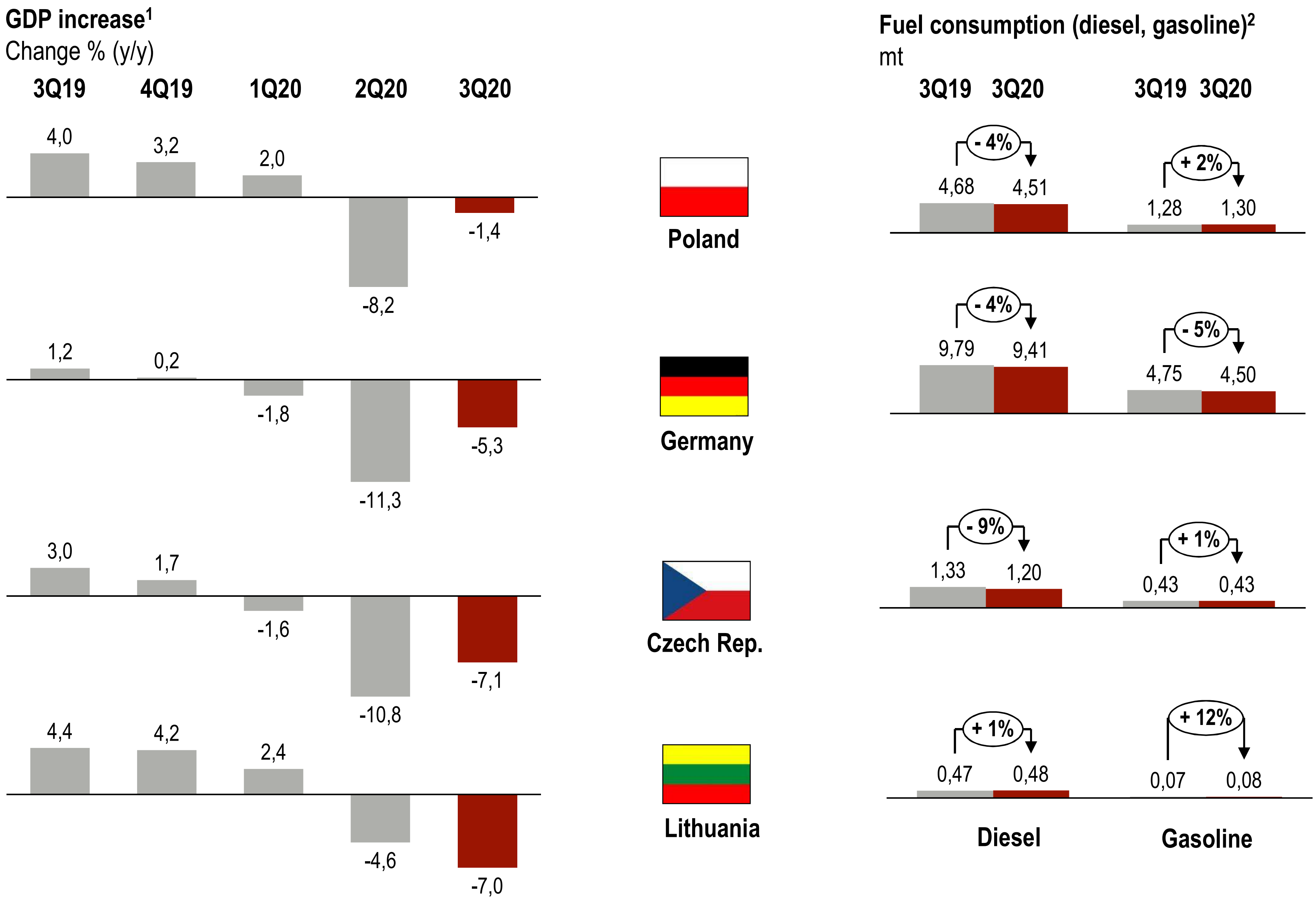
Average Brent crude oil price
USD/bbl



Average PLN vs USD and EUR
USD/PLN, EUR/PLN



Diesel consumption decrease due to COVID-19



[1] Continuum Economics Forecasts

[2] 3Q20 – PKN ORLEN estimates based on available data from ARE, Lithuanian Statistical Office, Czech Statistical Office and German Association of Petroleum Industry.

Agenda

Key facts and figures

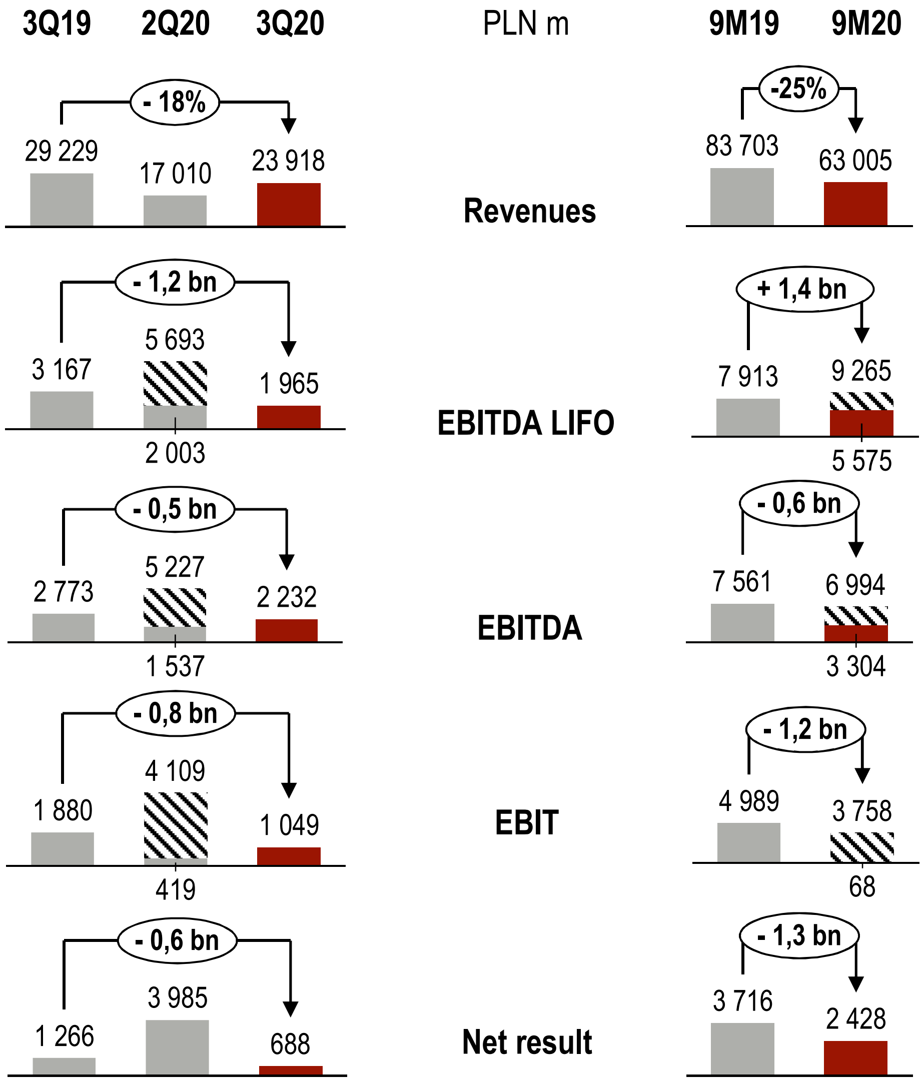
Macro environment

Financial and operating results

Liquidity and investments

Outlook

Financial results



Revenues: decrease by (-) 18% (y/y) due to lower quotations of refining and petrochemical products resulting from crude oil price decrease and lower sales volumes.

EBITDA LIFO: decrease by PLN (-) 1,2 bn (y/y) mainly due to negative macro effect, lower sales volumes, higher fixed and labor costs, and usage of historical inventory layers. The above negative effects were partially limited by positive impact of higher trade margins in wholesale and retail, consolidation of ENERGA Group results and inventory revaluation (NRV).

LIFO effect: PLN 0,3 bn impact of higher crude oil price on inventories valuation.

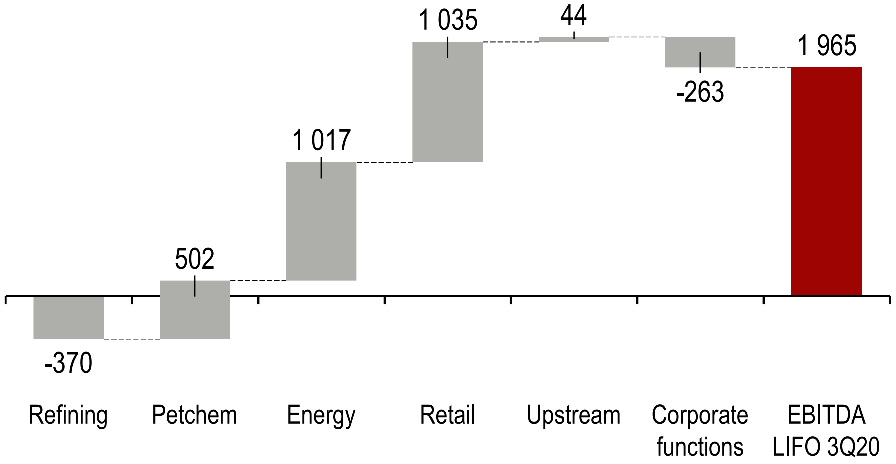
Financial result: PLN (-) 0,2 bn as a result of the surplus of negative FX differences, negative impact of settlement and valuation of derivative financial instruments and interest costs.

Net result: decrease by PLN (-) 0,6 bn (y/y), including: EBITDA LIFO PLN (-) 1,2 bn (y/y), impairments of assets PLN 0,1 bn (y/y), LIFO effect PLN 0,7 bn (y/y), depreciation PLN (-) 0,3 bn and income tax PLN 0,1 bn (y/y).

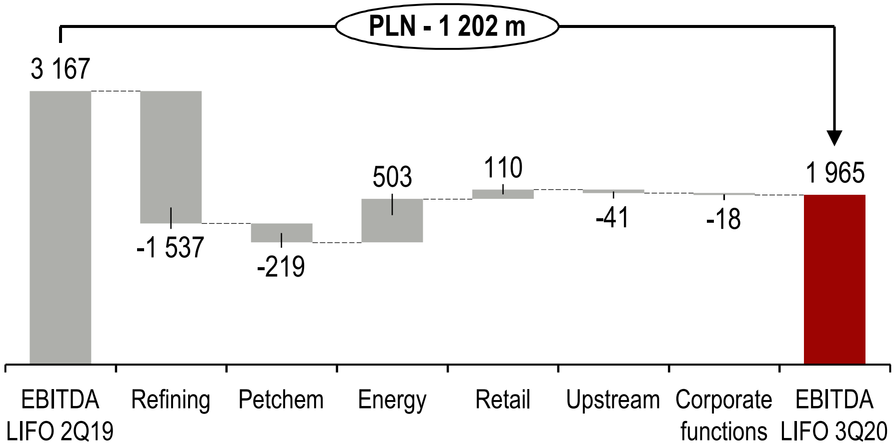
Operational results before impairments of assets: 3Q20 PLN 8 m / 2Q20 PLN (-) 146 m / 3Q19 PLN (-) 73 m / 9M19 PLN (-) 100 m / 9M20 PLN (-) 642 m
NRV: 3Q20 PLN (-) 66 m / 2Q20 PLN 1.207 m PLN / 3Q19 PLN (-) 143 m PLN / 9M19 PLN 59 m PLN / 9M20 PLN (-) 468 m PLN
2Q20 and 9M20 results include profit on a bargain purchase of ENERGA shares in the amount of PLN 3.690 m

EBITDA LIFO

Segments' results
PLN m



Change in segments' results (y/y)
PLN m



Operational results before impairments of assets: 3Q20 PLN 8 m / 3Q19 PLN (-) 73 m
NRV: 3Q20 PLN (-) 66 m / 3Q19 PLN (-) 143 m

Refining: decrease by PLN (-) 1 537 m (y/y) mainly due to negative macro impact and lower sales volumes, limited by positive impact of higher wholesale trade margins and inventory revaluation (NRV).

Petchem: decrease by PLN (-) 219 m (y/y) mainly due to negative macro impact.

Energy: increase by PLN 503 m (y/y) mainly due to positive impact of consolidation of ENERGA Group results.

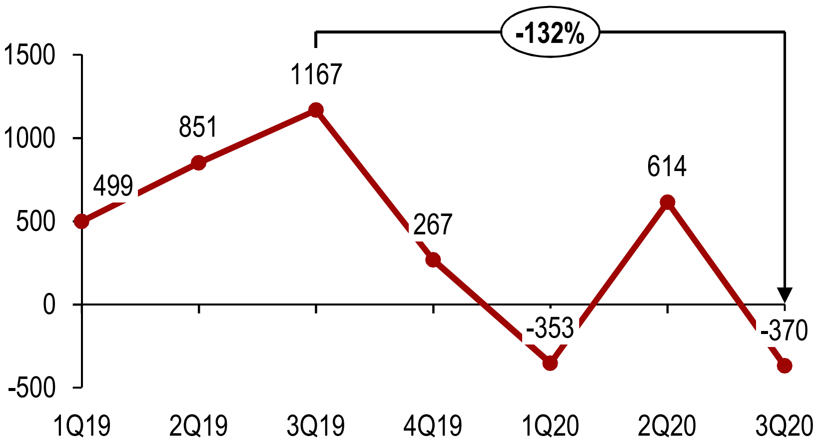
Retail: increase by PLN 110 m (y/y) mainly due to positive impact of higher fuel margins limited by negative impact of lower sales volumes and lower non-fuel margins.

Upstream: decrease by PLN (-) 41 m (y/y) mainly due to negative impact of macro and lower sales volumes.

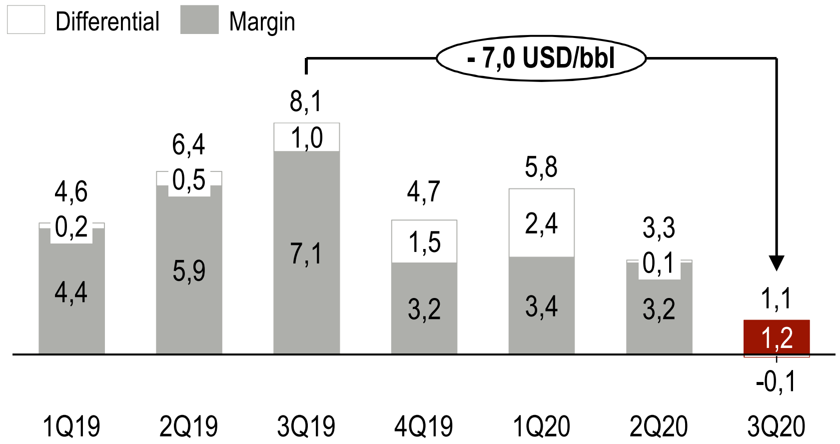
Corporate functions: higher costs by PLN (-) 18 m (y/y) mainly due to donations given for the fight against COVID-19.

Refining – EBITDA LIFO
Negative impact of macro and lower sales volumes

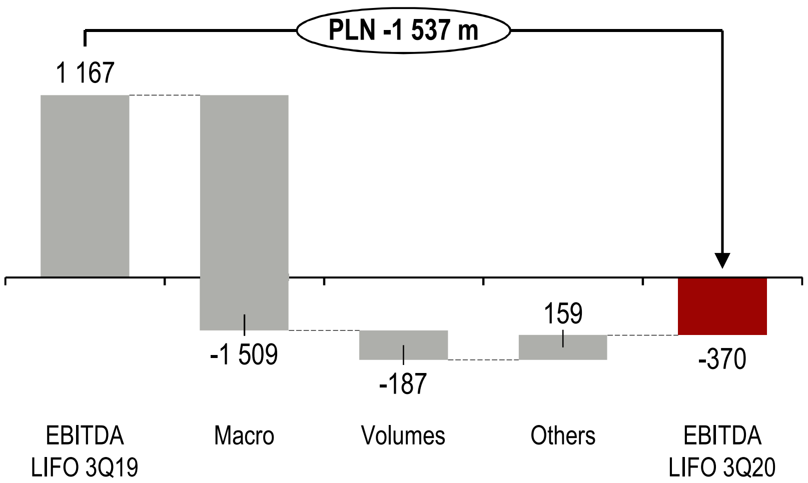
EBITDA LIFO
PLN m



Model refining margin and Brent/Ural differential
USD/bbl



EBITDA LIFO – impact of factors
PLN m



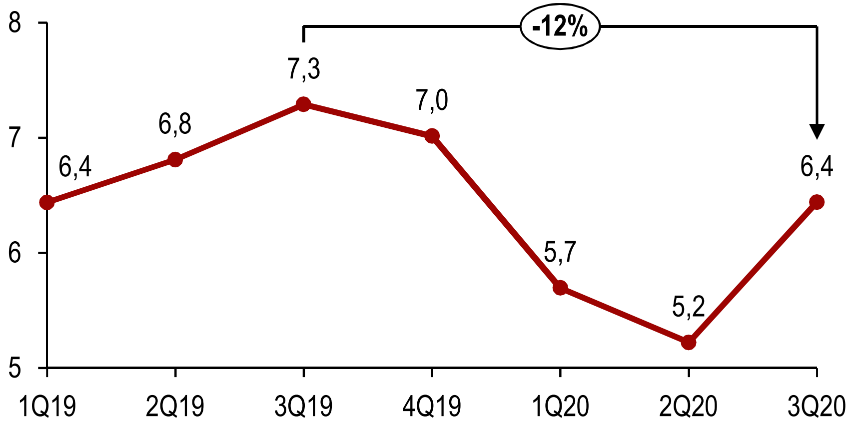
- Negative macro impact (y/y) mainly due to drop in light and middle distillates cracks, lower Brent/Ural differential by (-) 1,1 USD/bbl and strengthening of PLN against USD. Abovementioned negative effects were partially limited by positive effect of higher cracks on heavy refining fractions, lower costs of internal usage due to crude oil prices drop by (-) 19 USD/bbl.
- Sales volumes decrease by (-) 12% (y/y), of which: gasoline by (-) 4%, diesel by (-) 5%, LPG by (-) 23%, JET by (-) 61%, HSFO by (-) 23%.
- Others include mainly:
  - PLN 0,1 bn (y/y) inventory revaluation (NRV)
  - PLN 0,2 bn (y/y) higher trade margins in wholesale
  - PLN (-) 0,1 bn higher operating costs and negative effect of usage of historical inventory layers

Operational results before impairments of assets: 3Q20 PLN 2 m / 3Q19 PLN 0 m
Macro: margins PLN (-) 1136 m, B/U diff PLN (-) 337 m, exchange rate PLN (-) 40 m, hedging PLN 3 m

Refining – operational data
Lower crude oil throughput adjusted to fuel demand and macro

ORLEN

Sales volumes
mt

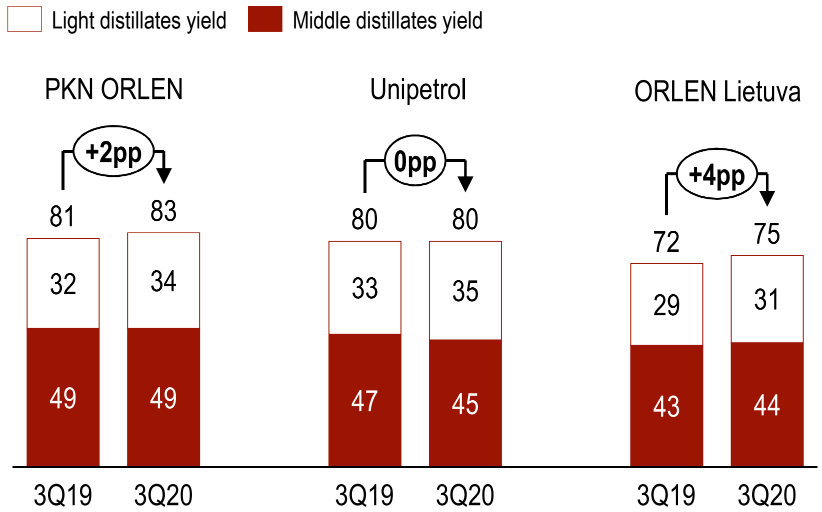


Crude oil throughput and utilisation ratio
mt, %

Crude oil throughput (mt)	3Q19	2Q20	3Q20	Δ (y/y)
PKN ORLEN	4,2	3,5	4,2	0,0
Unipetrol	2,1	0,8	1,9	-0,2
ORLEN Lietuva	2,6	1,8	2,1	-0,5
TOTAL	9,0	6,2	8,2	-0,8

Utilisation ratio (%)	3Q19	2Q20	3Q20	Δ (y/y)
PKN ORLEN	102%	86%	103%	1 pp
Unipetrol	97%	36%	88%	-9 pp
ORLEN Lietuva	101%	73%	81%	-20 pp
TOTAL	102%	71%	93%	-9 pp

Fuel yield
%



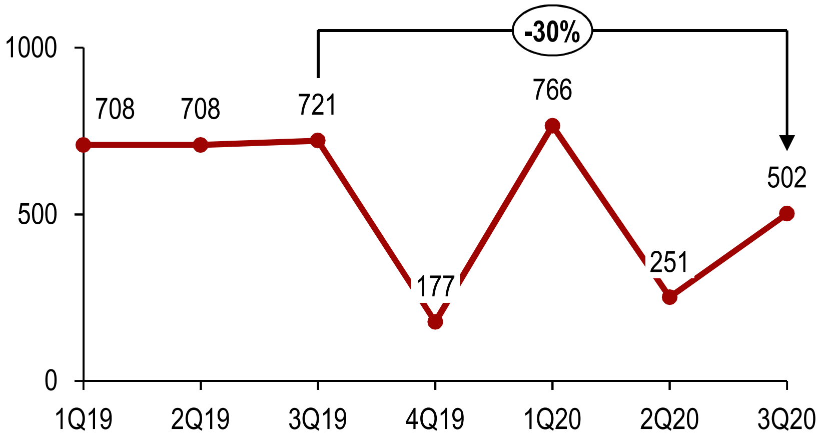
Crude oil throughput ca. 8,2 mt, i.e. decrease by (-) 0,8 mt (y/y), of which:

- PKN ORLEN – comparable throughput (y/y).
- Unipetrol – decrease by (-) 0,2 mt (y/y) due to lower demand for middle distillates and maintenance shutdowns of PE3 installation in Unipetrol and PVC in Spolana.
- ORLEN Lietuva – decrease by (-) 0,5 mt (y/y) as a result of adjusting throughput to macro situation.
- Higher fuel yield in PKN ORLEN and ORLEN Lietuva as a result of higher throughput of low sulphur types of crude at comparable yields in Unipetrol.

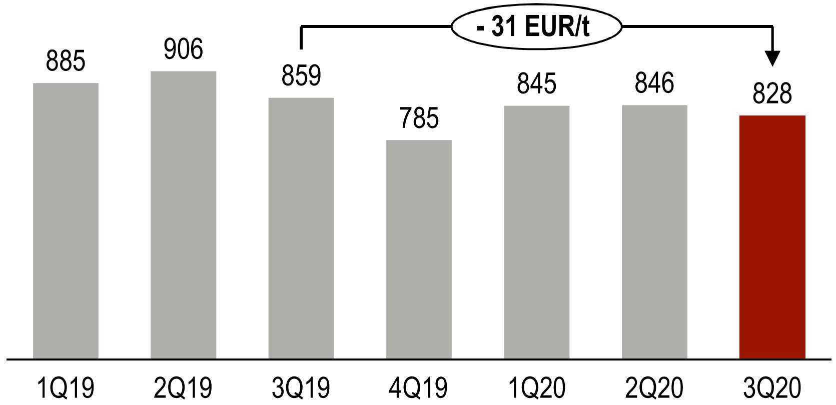
Sales volumes at the level of 6,4 mt, i.e. decrease by (-) 12% (y/y), of which: Poland by (-) 10%, Czech Rep. by (-) 10%, ORLEN Lietuva by (-) 15%. Lower sales volumes in all markets due to drop in demand for fuels (COVID-19 impact).

Petrochemicals – EBITDA LIFO
Negative impact of macro at comparable sales volumes (y/y)

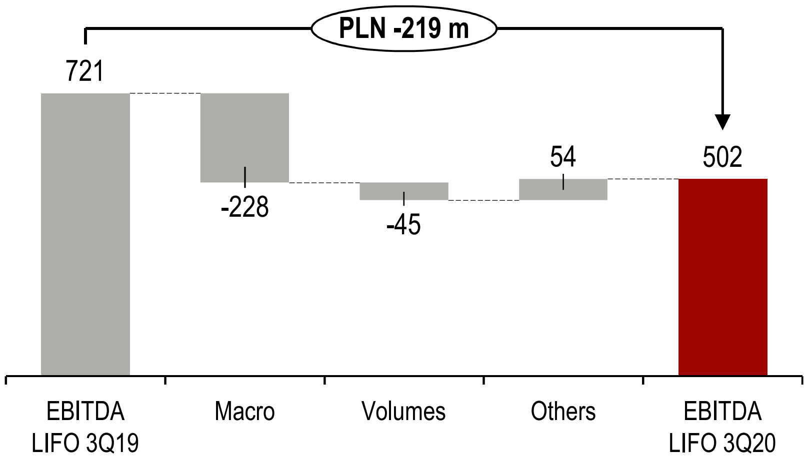
EBITDA LIFO
PLN m



Model petrochemical margin
EUR/t



EBITDA LIFO – impact of factors
PLN m

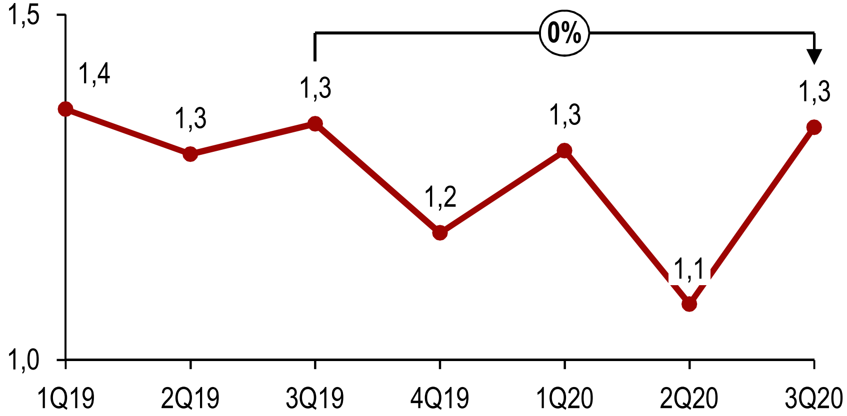


- Negative macro impact (y/y) due to drop in margins on olefins and polypropylene and result on hedging transactions. Abovementioned negative effects were partially limited by a positive impact of higher margins on polyethylene and PVC as well as weakening of PLN against EUR.
- Sales volumes at comparable level (y/y), of which:
  - higher sales: olefins by 3%, fertilisers by 12% and PVC by 9%
  - lower sales: polyolefins by (-) 5% and PTA by (-) 14%.
- Others include mainly:
  - PLN 0,1 bn (y/y/) mainly higher trade margins on products.
- EBITDA LIFO 3Q20 in the amount of PLN 502 m includes:
  - PLN 106 m Anwil result, i.e. decrease by PLN (-) 7 m (y/y).
  - PLN 64 m PTA result, i.e. decrease by PLN (-) 32 m (y/y).

Operational results before impairments of assets: 3Q20 PLN (-) 1 m / 3Q19 PLN (-) 9 m
Macro: margins PLN (-) 284 m, exchange rate PLN 114 m, hedging PLN (-) 58 m

Petrochemicals – operational data
Sales volumes at comparable level (y/y)

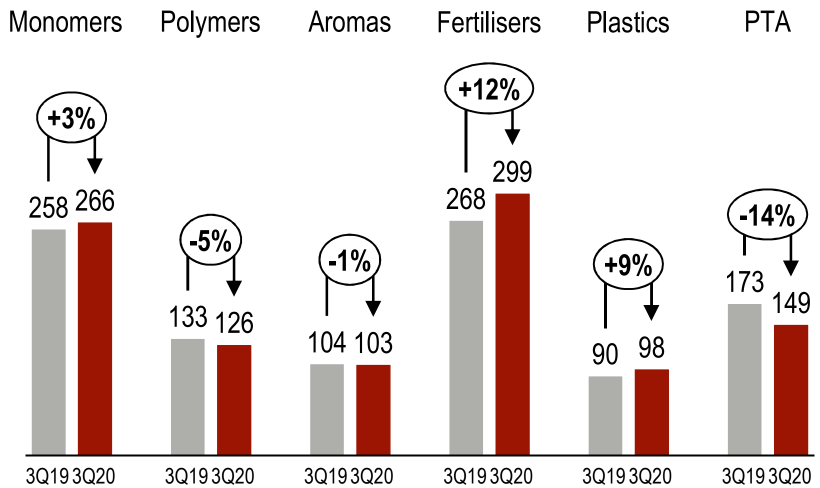
Sales volumes
mt



Utilisation ratio
%

Petrochemical installations	3Q19	2Q20	3Q20	∆ (y/y)
Olefins (Płock)	76%	88%	85%	9 pp
BOP (Płock)	76%	77%	79%	3 pp
Metathesis (Płock)	93%	68%	88%	-5 pp
Fertilisers (Włocławek)	69%	68%	86%	17 pp
PVC (Włocławek)	68%	80%	78%	10 pp
PTA (Włocławek)	98%	72%	83%	-15 pp
Olefins (Unipetrol)	80%	18%	83%	3 pp
PPF Splitter (ORLEN Lietuva)	98%	73%	90%	-8 pp

Sales volumes – split by product
kt



Utilisation ratio of petrochemical installations:

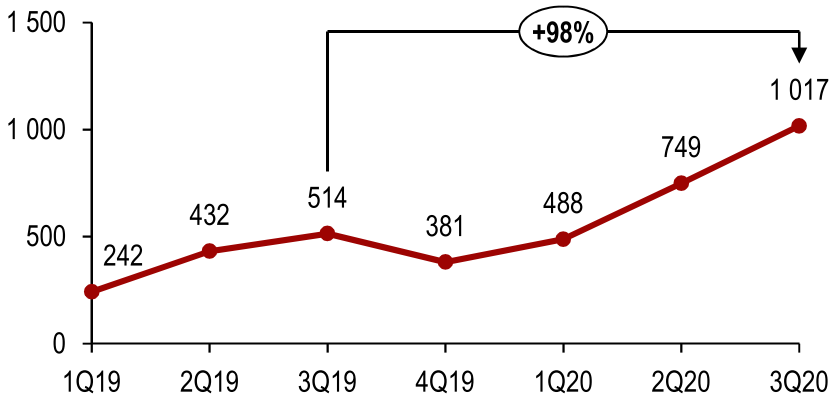
- PKN ORLEN – utilisation increase (y/y) resulting from technical shutdowns in BOP and Anwil in 3Q19.
- Unipetrol – higher utilisation ratio despite shutdowns of PE3 and PVC.
- ORLEN Lietuva – no major shutdowns.

Sales volumes at the level of 1,3 mt, i.e. comparable level (y/y), of which:

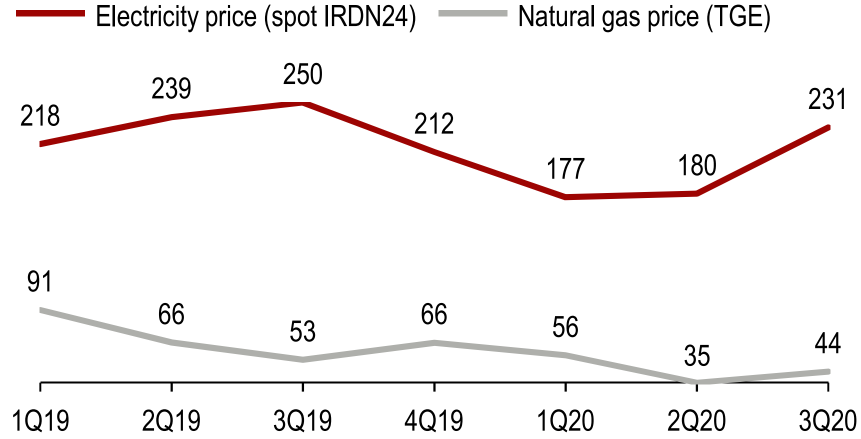
- Poland – increase by 7% (y/y) due to higher sales of olefins, fertilisers and PVC.
- Czech Rep. – decrease by (-) 16% (y/y) mainly due to lower demand from automotive and construction sectors as well as abovementioned maintenance shutdowns.
- ORLEN Lietuva – increase by 110% (y/y) due to increase in market share after launch of PPF Splitter Unit in 2Q19.

Energy – EBITDA LIFO
Positive impact of ENERGA Group consolidation

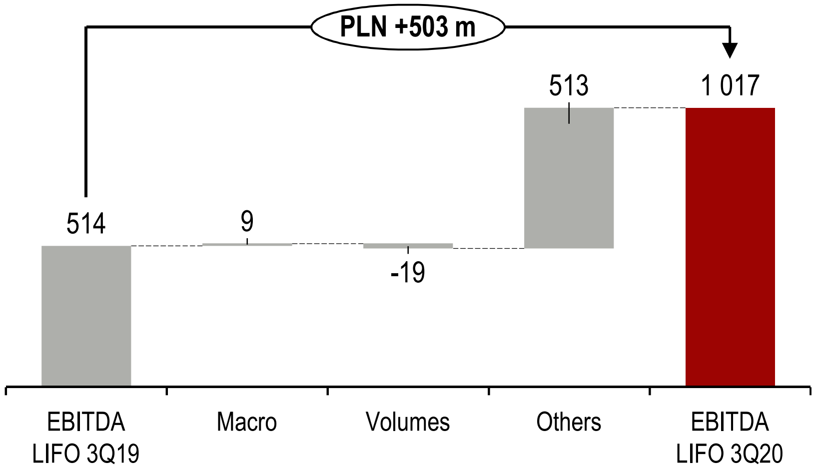
EBITDA LIFO
PLN m



Electricity and natural gas prices (market quotations)
PLN/MWh



EBITDA LIFO – impact of factors*
PLN m

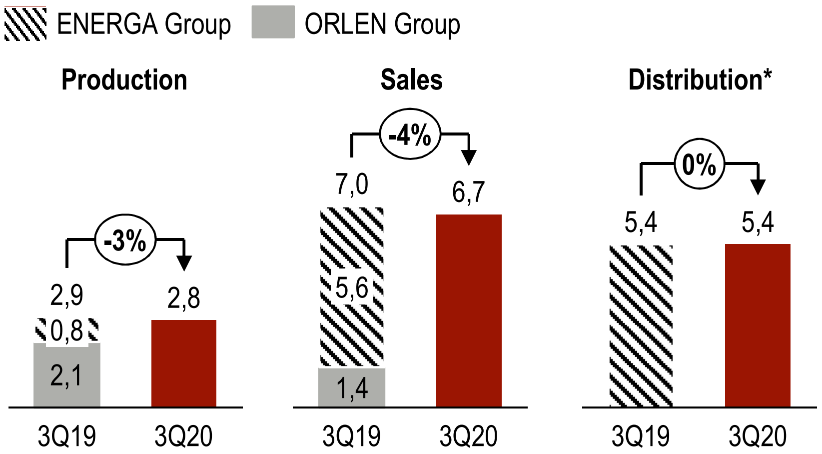


- Positive macro impact (y/y) as a result of higher decrease in natural gas prices comparing to electricity prices.
- Sales volumes decrease by nearly (-) 0,3 TWh due to lower demand from the economy for energy (COVID-19 impact).
- Others include mainly:
  - PLN 486 m of ENERGA Group results consolidation

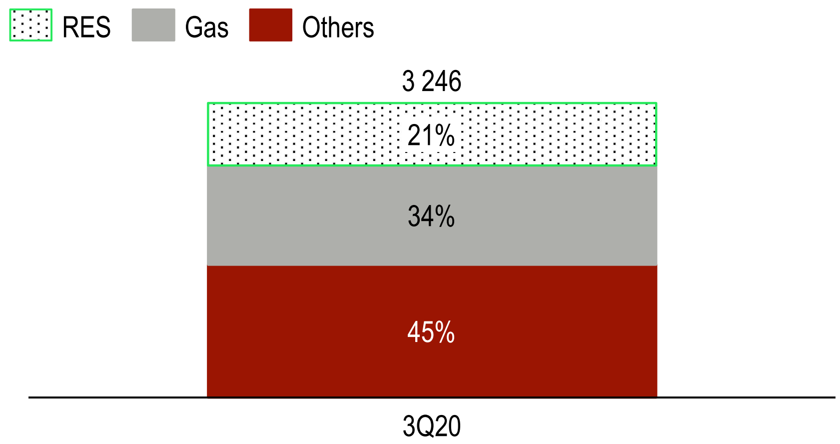
Operational results before impairments of assets: 3Q20 PLN (-) 1 m / 3Q19 PLN 0 m
* Business effects calculations does not include ENERGA Group due to the fact that consolidation started from May 2020.

Energy – operational data
75% of electricity production from zero and low emission sources

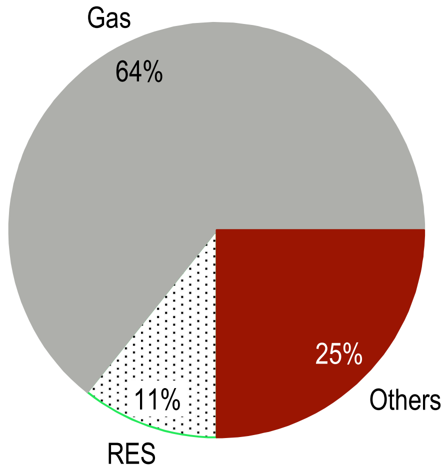
Electricity production and sales volumes
TWh



Installed capacity
MWe



Electricity production by type of sources
%

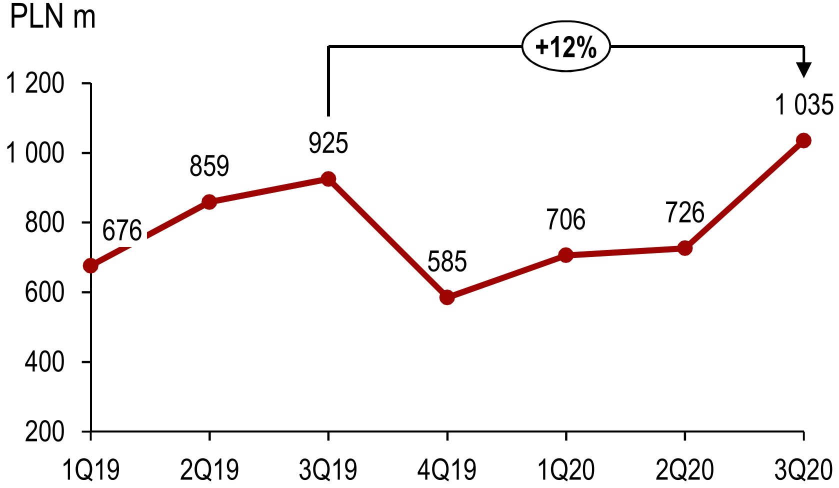


- Installed capacity: 3 246 MWe, of which:
  - ORLEN Group 1 810 MWe (474 MWe CCGT Włocławek, 608 MWe CCGT Płock, 359 MWe EC Płock, 92 MWe EC Anwil, 11 MWe ORLEN Południe, 160 MWe ORLEN Lietuva, 106 MWe Unipetrol)
  - ENERGA 1 436 MWe
- As a result of the decrease in demand for electricity in the economy due to COVID-19, net electricity production was reduced by (-) 3% compared to the previous year. Electricity sales decreased by (-) 4% (y/ y) and amounted to 6,7 TWh
- Electricity distribution is realized only by ENERGA Group and amounted to 5,4 TWh
- Gas consumption in Energy segment of the ORLEN Group (excluding ENERGA) amounted to 0,43 bcm
- CO_2 emissions in Energy segment of the ORLEN Group (excluding ENERGA) amounted to 1,6 mt.

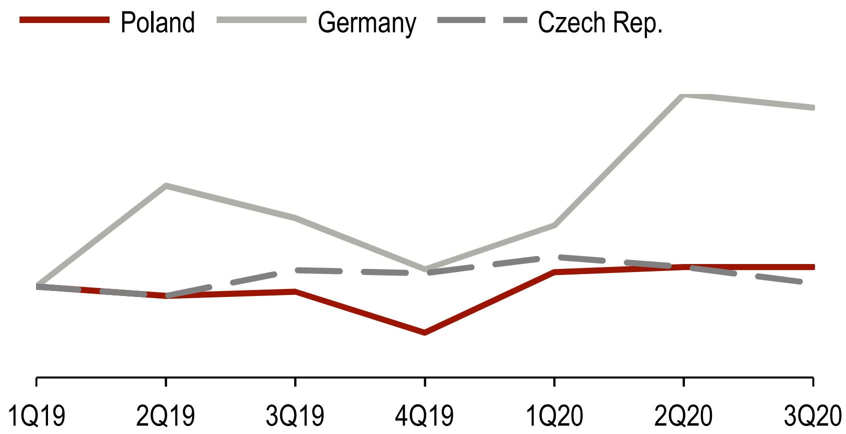
ENERGA has been consolidated in the ORLEN Group's results since May 2020

Retail – EBITDA LIFO
Higher retail margins limited by lower volumes

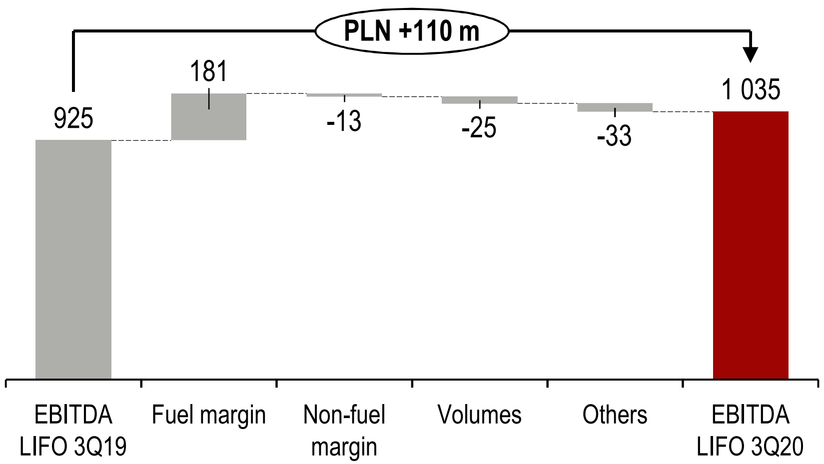
EBITDA LIFO
PLN m



Fuel margin
%



EBITDA LIFO – impact of factors (y/y)
PLN m

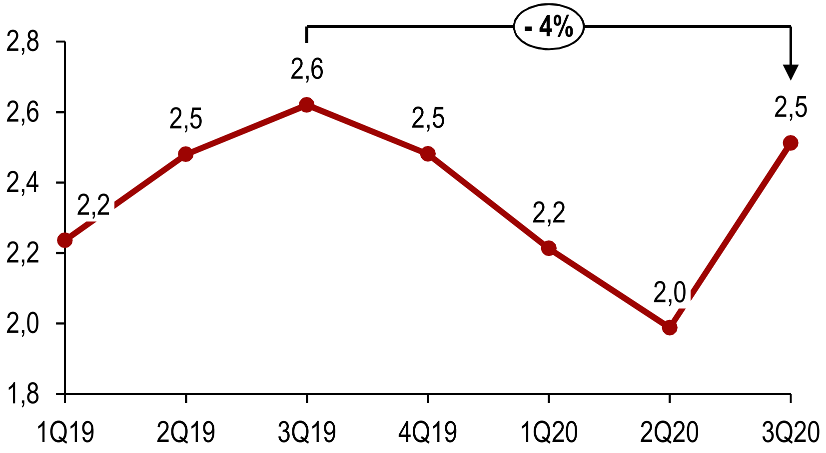


- Lower sales volumes by (-) 4% (y/y), of which: gasoline by 1%, diesel by (-) 6% and LPG o (-) 5%.
- Higher fuel margins in Germany and Poland, at lower margins in the Czech Rep. and comparable margins in Lithuania (y/y).
- Lower non-fuel margins in Poland, at comparable margins in Germany, the Czech Rep. and Lithuania (y/y).
- Higher number of Stop Cafe/Star Connect coffee corners (including convenience stores) increased by 73 (y/y).
- Increase in the number of alternative refueling points by 90 (y/y). We currently have 182 alternative refueling points, including: 138 EV charging points, 2 hydrogen stations and 42 CNG stations.
- Others include higher costs of running fuel stations and higher labour costs (y/y).

Data before impairments of assets: 3Q20: PLN (-) 2 m / 3Q19: PLN (-) 1 m

Retail – operational data
Lower sales volumes (y/y). Further growth of non-fuel sales

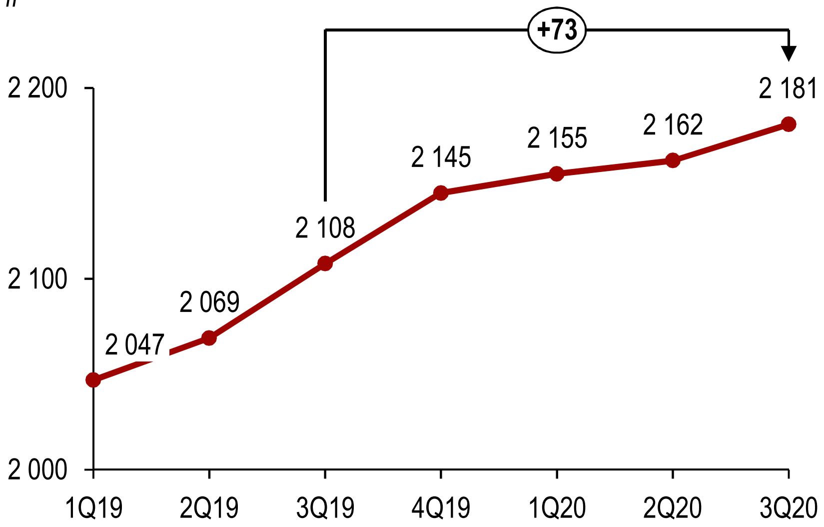
Sales volumes
mt



Number of petrol stations and market shares (by volume)
#, %

	# stations	Δ y/y	% market	Δ y/y
Poland	1 798	14	34,3	0,2 pp
Germany	586	2	6,6	0,0 pp
Czech Rep.	416	3	24,9	0,7 pp
Lithuania	29	4	4,5	- 0,2 pp
Slovakia	11	10	0,5	0,4 pp

Coffee corners incl. convenience stores
#

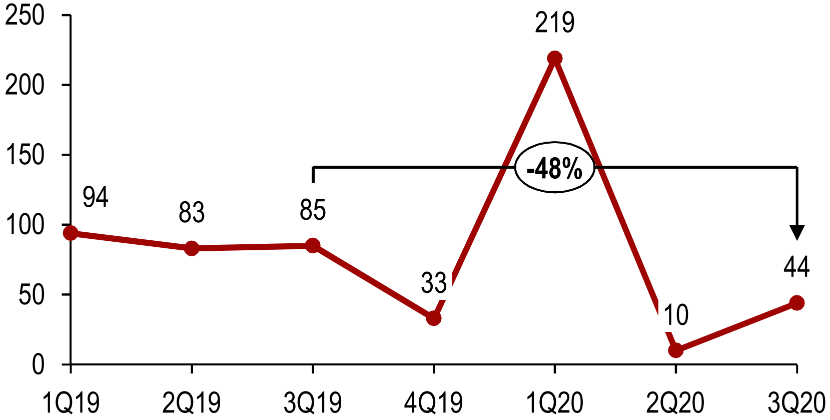


- Sales decrease by (-) 4% (y/y), of which: in Poland by (-) 2%, in the Czech Rep. by 4%, in Germany by (-) 10%* at comparable sales in Lithuania.
- 2840 fuel stations i.e. increase by 33 (y/y), of which: in Poland by 14, in Germany by 2, in the Czech Rep. by 3, in Lithuania by 4 and in Slovakia by 10 stations.
- Market share increase (y/y) in the Czech Rep. by 0,7pp , in Slovakia by 0,4pp and in Poland by 0,2pp at comparable level in Germany and decrease in Lithuania.
- 2181 non-fuel locations, of which: 1710 Stop Cafe in Poland (including 592 convenience stores), 310 Stop Cafe in the Czech Rep., 28 Stop Cafe in Lithuania, 131 Star Connect in Germany and 2 Stop Cafe in Slovakia. Increase by 73 (y/y), including: in Poland by 29, in the Czech Rep. by 12, in Lithuania by 5, in Germany by 25 and in Slovakia by 2.
- 182 alternative fuel points, of which: 110 in Poland, 63 in the Czech Rep. and 9 in Germany. Higher by 90 (y/y), of which: in Poland by 81, in the Czech Rep. by 6 and in Germany by 3.

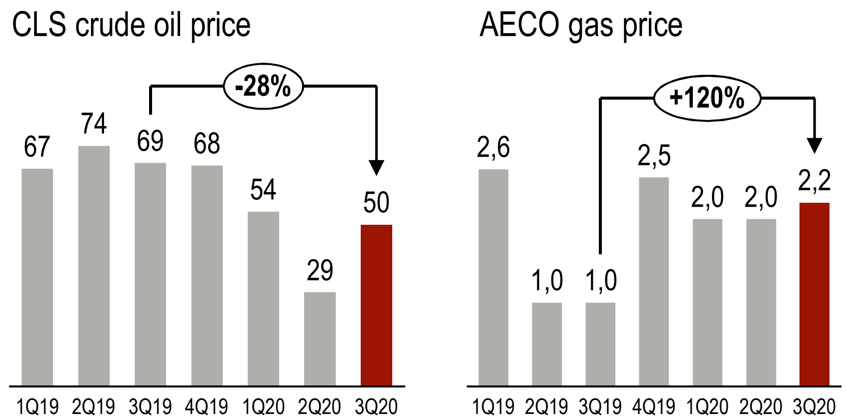
* Includes also fuel sales beyond own petrol stations. Sales volumes on ORLEN Deutschland fuel stations decreased by (-) 6,2% (y/y).

Upstream – EBITDA LIFO
Negative macro impact and lower sales volumes

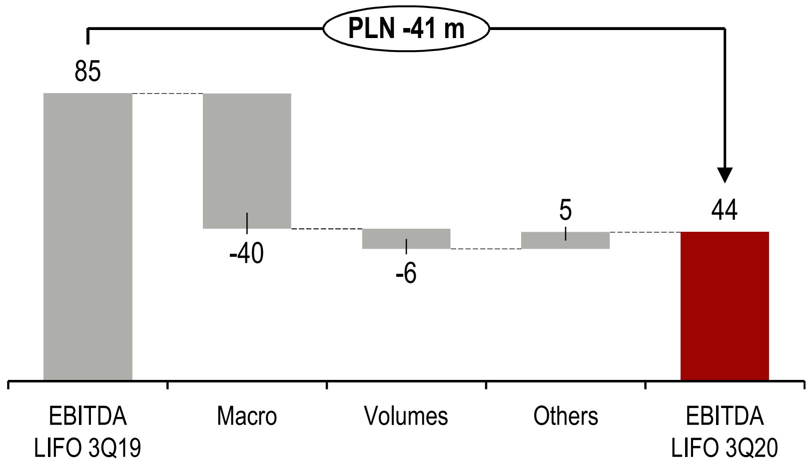
EBITDA LIFO
PLN m



Canadian Light Sweet crude oil and AECO gas prices
CAD/bbl, CAD/mcf



EBITDA LIFO – impact of factors
PLN m



- Negative macro impact due to decrease of crude oil and NGL's prices at higher gas prices (y/y) and cash flow hedging transactions.
- Negative impact of lower sales volumes by (-) 2% (y/y) as a result of decrease of average production by (-) 0,9 th. boe/d (y/y), of which: in Poland by (-) 0,1 th. boe/d and in Canada by (-) 0,8 th. boe/d.
- Others mainly include cost savings.

Data before impairments of assets: 3Q20 PLN 10 m / 3Q19: PLN (-) 62 m

Upstream – operational data
Lower average production by (-) 0,9 th. boe/d (y/y)

Poland

Total reserves of crude oil and gas (2P)

11,0 m boe* (5% liquid hydrocarbons, 95% gas)

3Q20

Average production: 0,9 th. boe/d (100% gas)

EBITDA: PLN (-) 1 m** / CAPEX: PLN 35 m

9M20

Average production: 1,0 th. boe/d (100% gas)

EBITDA: PLN 36 m** / CAPEX: PLN 105 m

3Q20

- Bystrowice field development has entered the construction and assembly phase (project Miocen). The formal and legal works have been continued as a part of the development of Bajerze and Tuchola field (project Edge). Procedures for selecting suppliers of devices and contractors for the Production Equipment have been also launched.
- Drilling of Dylagowa-1 well was completed (after a previous exit decision from Bieszczady project). The well was abandoned due to serious drilling accident. Drilling and short-term production tests were carried out in a horizontal well as part of Sieraków project.
- At the end of 3Q, drilling of Grodzewo-1 well has started (project Płotki).
- There were carried out preparatory works and acquisition of 3D-Koczała Miastko seismic data (project Edge).
- In addition, process of interpretation of seismic data has started (Wilcze 3D (project Edge) and Brzezie Gołuchów 3D (project Plotki), as well as processing of 2D seismic regional profiles in Karpaty project.

Canada

Total reserves of crude oil and gas (2P)

186,3 m boe* (58% liquid hydrocarbons, 42% gas)

3Q20

Average production: 15,9 th. boe/d (41% liquid hydrocarbons)

EBITDA: PLN 45 m** / CAPEX: PLN 16 m

9M20

Average production: 17,6 th. boe/d (47% liquid hydrocarbons)

EBITDA: PLN 237 m** / CAPEX: PLN 160 m

3Q20

- The CAPEX program in Q3 remained at a reduced level due to only a moderate strengthening of the price of liquid hydrocarbons.
- As part of investments related to the development of owned assets, at the end of Q3 preparations were accelerated and works were commenced aimed at fracking two wells in the Kakwa area. Moreover, activities related to the optimization of production and installation of downhole equipment in key areas were also carried out.
- The process of technical consolidation of Ferrier and Strachan's upstream assets within one Ferrier operating area was launched.
- Pro-ecological activities are carried out to reduce greenhouse gas emissions and to meet all environmental requirements introduced by the federal and provincial governments of Canada. Those activities include: limiting flaring, counteracting methane emissions, adapting infrastructure, using appropriate engines and infrastructure elements.

* Data as of 31.12.2019

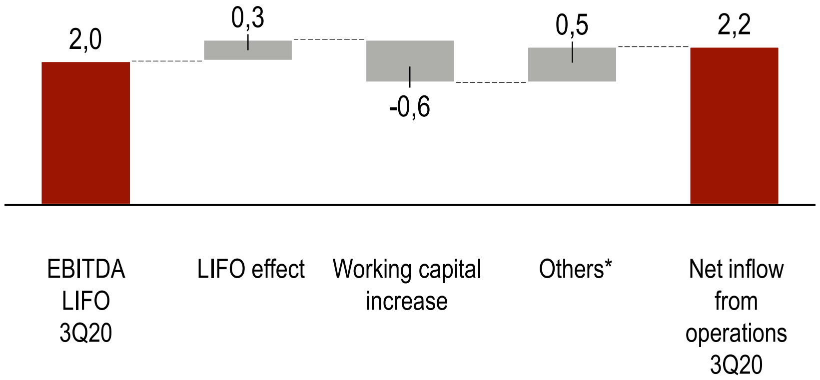
** Data before impairments of assets: 3Q20 PLN 10 m / 9M20: PLN (-) 619 m

Agenda

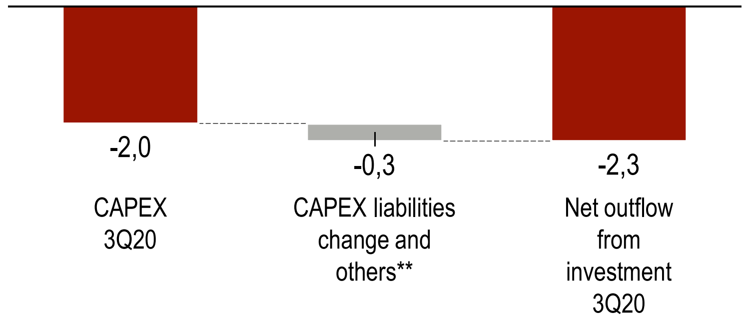
- Key facts and figures
- Macro environment
- Financial and operating results
- Liquidity and investments
- Outlook

Cash flow

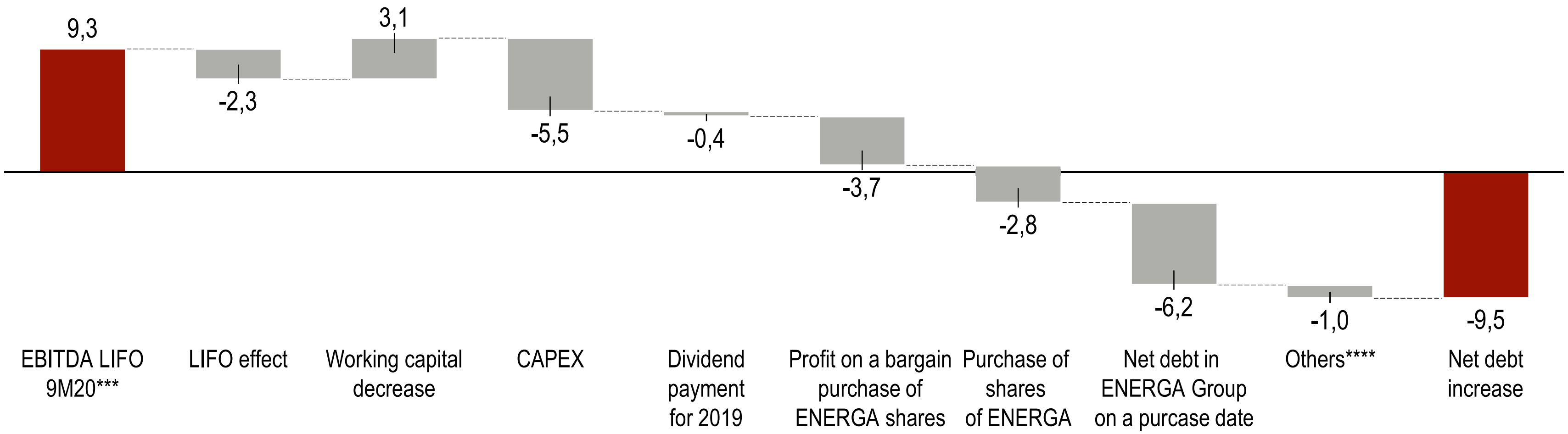
Cash flow from operations 3Q20
PLN bn



Cash flow from investments 3Q20
PLN bn



Free cash flow 9M20
PLN bn

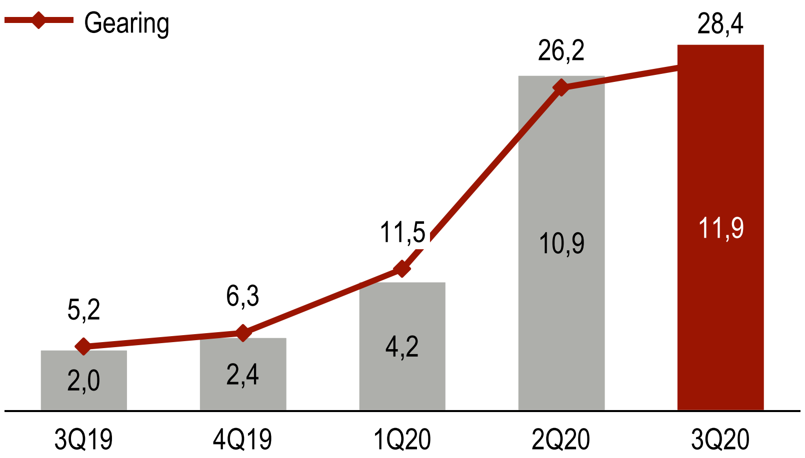


* Mainly adjustment for changes in the balance of deposits PLN 0,2 bn and reserve PLN 0,5 bn, property rights received free of charge PLN (-) 0,2 bn and paid income tax PLN (-) 0,1 bn.
** Includes PLN (-) 0,3 bn settlement of derivatives not designated as hedge accounting
*** Includes PLN (-) 0,5 bn of negative impact from inventories revaluation (NRV) and PLN 3,7 bn of profit on a bargain purchase of ENERGA shares
**** Mainly paid income tax PLN (-) 0,6 bn and paid interest PLN (-) 0,4 bn.

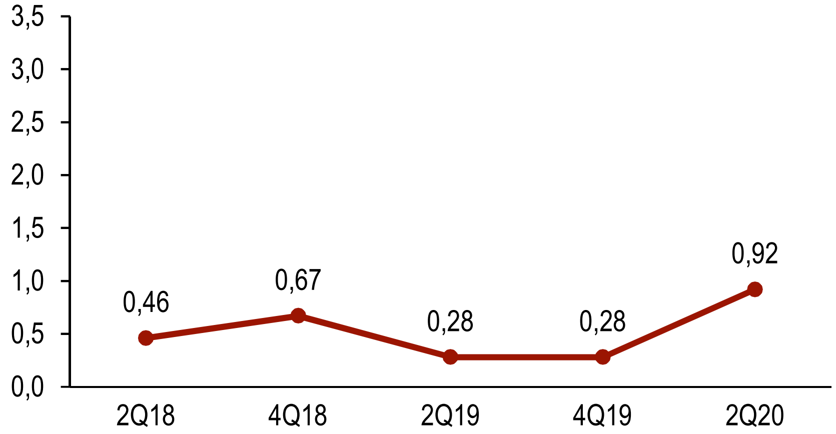
Financial strength

Net debt and gearing

PLN bn, %

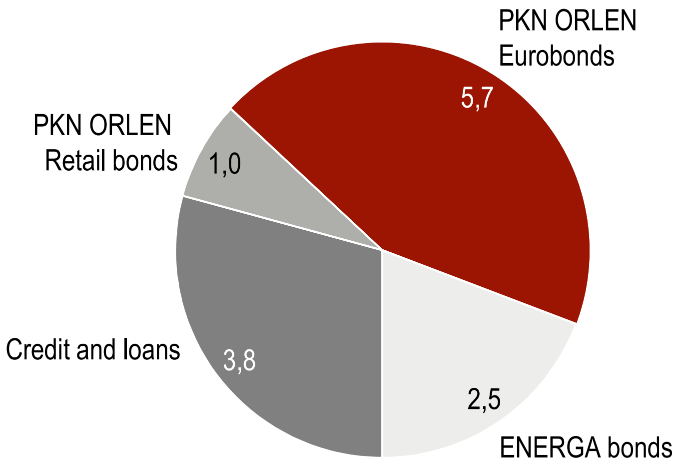


Net debt/EBITDA LIFO



Gross debt – sources of financing

PLN bn

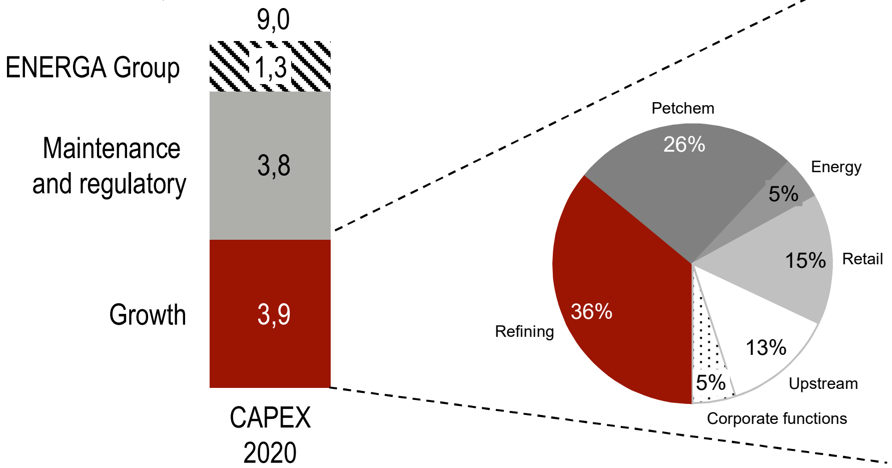


- Gross debt currency structure: EUR 63%, PLN 36%, CAD 1%
- Average maturity in 2023.
- Investment grade: BBB- stable outlook (Fitch), Baa2 positive outlook (Moody's).
- Securing financing of current operations and growth projects by signing a revolving credit facility agreement up to EUR 1,75 bn.
- As part of current Bond Issue Program, PKN ORLEN plans to issue 5-year bonds till the end of this year with a value up to PLN 1 bn.
- Net debt increase by PLN 1,0 bn (q/q) as a result of cash outflow from investments of PLN (-) 2,3 bn, dividend paid of PLN (-) 0,4 bn, payments of lease liabilities in the amount of PLN (-) 0,2 bn and interest paid in the amount of PLN (-) 0,1 bn with positive cash flow from operations of PLN 2,2 bn.
- Mandatory reserves in the balance sheet at the end of 3Q20 amounted PLN 4,6 bn, of which PLN 4,2 bn in Poland.

CAPEX

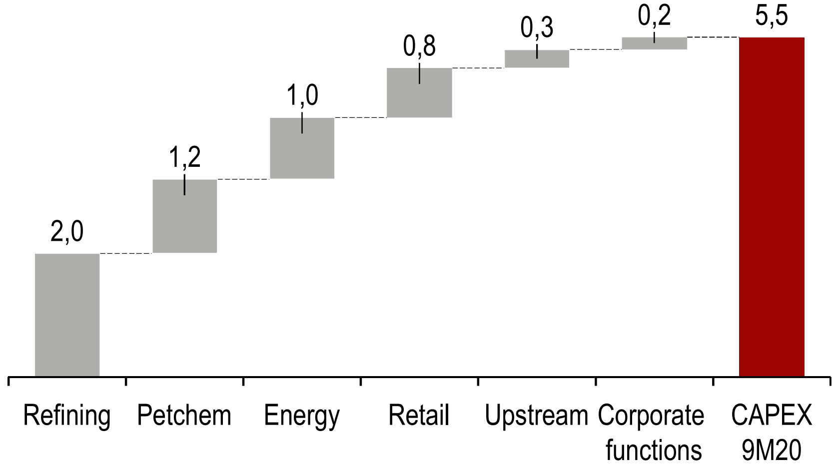
Planned CAPEX 2020

PLN bn, %



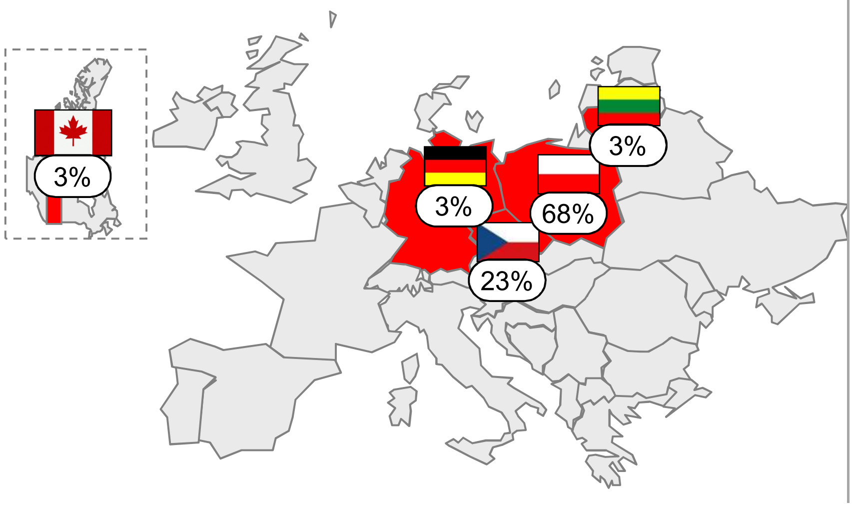
Realized CAPEX 9M20* – split by segment

PLN bn



Realized CAPEX 9M20* – split by country

%



Main growth projects realized in 3Q20

Refining
- Construction of Propylene Glycol in ORLEN Południe
- Construction of Visbreaking Unit in Płock

Petchem
- Extension of fertilizers production in Anwil
- Construction of units under Petrochemical Development Program

Energy
- Modernization of TG1 turbine set in CHP in Płock
- Projects in ENERGA Group focused on production and distribution
- Preparation for construction of offshore wind farm on the Baltic Sea

Retail
- 14 fuel stations opened, 5 closed/cooperation ended, 2 modernized.
- 19 Stop Cafe/Star Connect locations (including convenience stores) opened

Upstream
- Canada – PLN 16 m / Poland – PLN 35 m

* CAPEX 3Q20 amounted to PLN 2 030 m: refining PLN 727 m, petrochemicals PLN 343 m, energy PLN 506 m, retail PLN 309 m, upstream PLN 51 m, corporate functions PLN 94 m.

Agenda

Key facts and figures

Macro environment

Financial and operating results

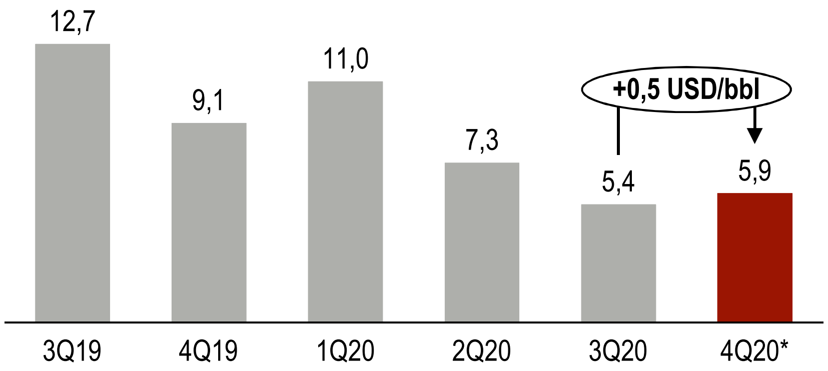
Liquidity and investments

Outlook

Macro environment in 4Q20

Model downstream margin

USD/bbl



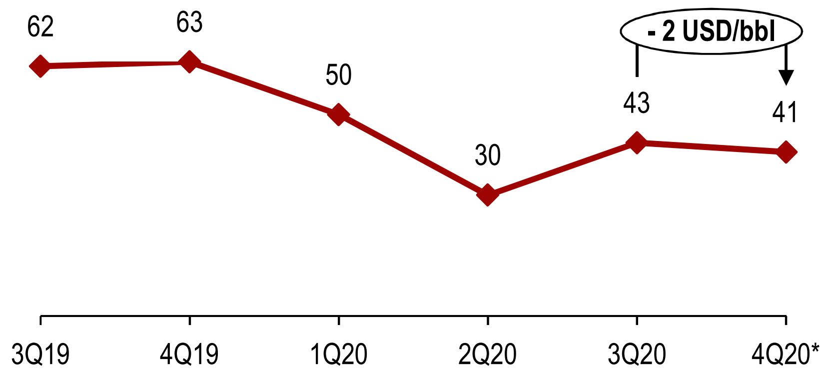
Product slate of downstream margin

Crack margins

Refining products (USD/t)	4Q19	3Q20	4Q20*	(Q/Q)	(Y/Y)
Diesel	113	33	28	-15%	-75%
Gasoline	127	78	93	19%	-27%
HSFO	-252	-86	-74	14%	71%
SN 150	75	100	180	80%	140%
Petchem products (EUR/t)					
Ethylene	543	499	511	2%	-6%
Propylene	421	444	456	3%	8%
Benzene	188	90	89	-1%	-53%
PX	328	235	251	7%	-23%

Average Brent crude oil price

USD/bbl

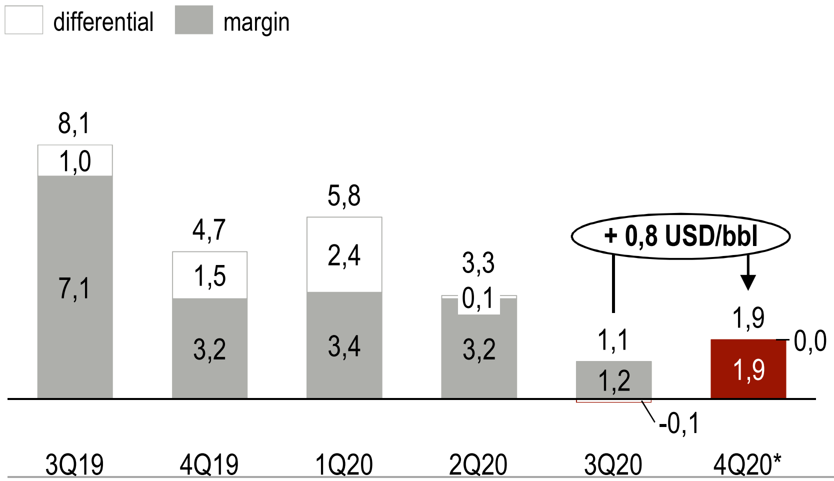


* Data as of 23.10.2020

Macro environment in 4Q20

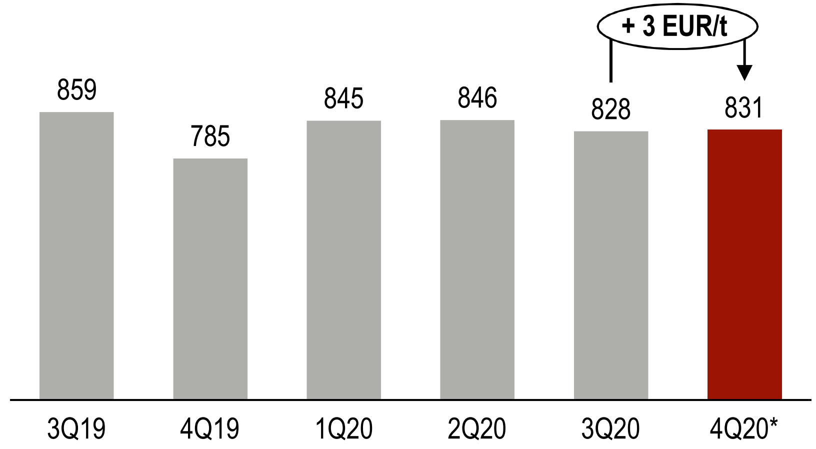
Model refining margin and Brent/Ural differential

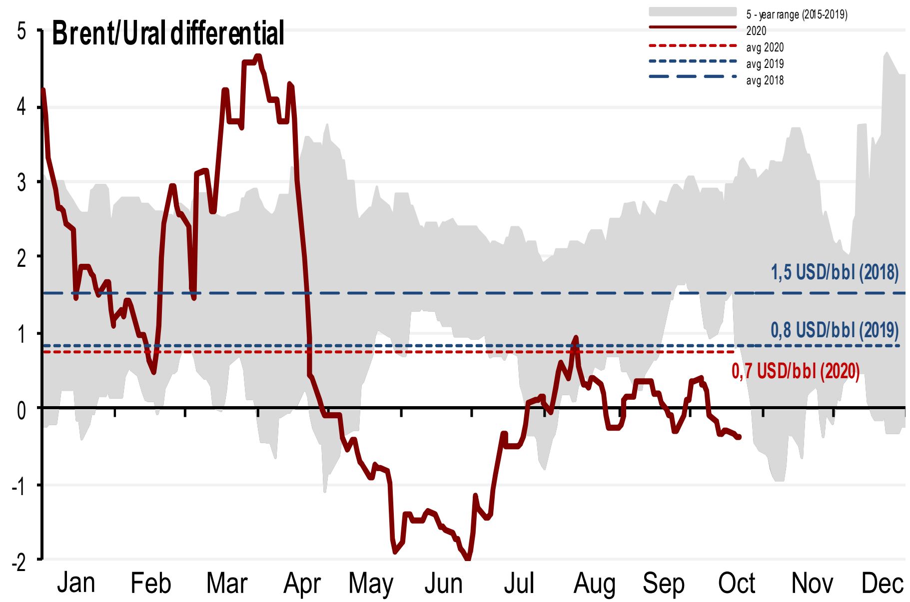
USD/bbl



Model petrochemical margin

EUR/t





* Data as of 23.10.2020

Market outlook

Macro

- Brent crude oil – we expect crude oil price to remain in the range of 40-50 USD/bbl till the end of 2021 (increase in crude oil price over 40 USD/bbl causes increase in US production, and thus weakens OPEC+ willingness to reduce production. Increased production at stable demand will lead to higher oil stocks and lower prices).
- Refining margin – refining industry has to adjust to much lower demand, similarly to those in oil market. On the refining market there was a reduction in supply, but processing capacities did not decrease. Refining margins may be under the pressure until global production capacity is reduced by ca. 3 mbd, which may take several quarters. Permanent restructuring of the refining industry seems to be inevitable, and biofuels and integration with petrochemicals should gain in importance.
- Petrochemical margin – we expect petrochemical margins to remain at ca. 800 EUR/ t. Petrochemicals depend on economic activity, which sharply declined, however in Europe, which is an importer of many base petrochemicals, opportunities for local production have opened due to the slump in imports.

Economy

- GDP forecast* – Poland (-) 3,1%, the Czech Republic (-) 5,0%, Lithuania (-) 2,0%, Germany (-) 6,0%.
- Fuel consumption – expected decline in fuel demand as a result of the second wave of COVID-19.

Regulation

- National Index Target – base level for 2020 set on 8,5%.
  PKN ORLEN will be able to take advantage of the possibility to reduce the ratio to 5,576%.
- Retail tax – due to COVID-19 implementation of the retail tax was postponed from 1 July 2020 to 1 January 2021.

* Poland (NBP, September 2020); Germany (CE, September 2020); the Czech Republic (CE, September 2020); Lithuania (LB, September 2020)

Thank you for your attention

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Agenda

Supporting slides

EBITDA LIFO – clean results before impact of inventory revaluation

EBITDA LIFO PLN m	**1Q19**	**2Q19**	**3Q19**	**4Q19**	**1Q20**	**2Q20**	**3Q20**
Refining	499	851	1 167	267	-353	614	-370
incl. NRV	241	-39	-142	-45	-1 551	1 168	-65
Refining excl. NRV	258	890	1 309	312	1 198	-554	-305
Petrochemicals	708	708	721	177	766	251	502
incl. NRV	0	0	-1	0	-58	39	-1
Petrochemicals excl. NRV	708	708	722	177	824	212	503
Energy	242	432	514	381	488	749	1 017
Retail	676	859	925	585	706	726	1 035
Upstream	94	83	85	33	219	10	44
Corporate functions	-205	-201	-245	-184	-219	-347	-263
EBITDA LIFO	**2 014**	**2 732**	**3 167**	**1 259**	**1 607**	**2 003**	**1 965**
incl. NRV	**241**	**-39**	**-143**	**-45**	**-1 609**	**1 207**	**-66**
EBITDA LIFO excl. NRV	**1 773**	**2 771**	**3 310**	**1 304**	**3 216**	**796**	**2 031**

Results – split by quarter

PLN m	3Q19	2Q20	3Q20	Δ (y/y)	9M19	9M20	Δ
Revenues	29 229	17 010	23 918	-18%	83 703	63 005	-25%
EBITDA LIFO	3 167	2 003	1 965	-38%	7 913	5 575	-30%
LIFO effect	-394	-466	267	-	-352	-2 271	-545%
EBITDA	2 773	1 537	2 232	-20%	7 561	3 304	-56%
Depreciation	-893	-1 118	-1 183	-32%	-2 572	-3 236	-26%
EBIT LIFO	2 274	885	782	-66%	5 341	2 339	-56%
EBIT	1 880	419	1 049	-44%	4 989	68	-99%
Net result	1 266	3 985	688	-46%	3 716	2 428	-35%

Operational results before impairments of assets: 3Q20 PLN 8 m / 2Q20 PLN (-) 146 m / 3Q19 PLN (-) 73 m / 9M19 PLN (-) 100 m / 9M20 PLN (-) 642 m
NRV: 3Q20 PLN (-) 66 m / 2Q20 PLN 1.207 m / 3Q19 PLN (-) 143 m / 9M19 PLN 59 m / 9M20 PLN (-) 468 m
2Q20 and 9M20 results include profit on a bargain purchase of ENERGA shares in the amount of PLN 3.690 m

Results – split by segment

3Q20 PLN m	**Refining**	**Petchem**	**Energy**	**Retail**	**Upstream**	**Corporate functions**	**TOTAL**
EBITDA LIFO	-370	502	1 017	1 035	44	-263	1 965
LIFO effect	270	-3	-	-	-	-	267
EBITDA	-100	499	1 017	1 035	44	-263	2 232
Depreciation	-285	-224	-372	-176	-72	-54	-1 183
EBIT	-385	275	645	859	-28	-317	1 049
EBIT LIFO	-655	278	645	859	-28	-317	782

3Q19 PLN m	**Refining**	**Petchem**	**Energy**	**Retail**	**Upstream**	**Corporate functions**	**TOTAL**
EBITDA LIFO	1 167	721	514	925	85	-245	3 167
LIFO effect	-362	-32	-	-	-	-	-394
EBITDA	805	689	514	925	85	-245	2 773
Depretiation	-282	-205	-108	-158	-100	-40	-893
EBIT	523	484	406	767	-15	-285	1 880
EBIT LIFO	885	516	406	767	-15	-285	2 274

Data before impairments of assets: 3Q20 PLN 8 m / 3Q19 PLN (-) 73 m
NRV: 3Q20 PLN (-) 66 m / 3Q19 PLN (-) 143 m

EBITDA LIFO – split by segment

PLN m	3Q19	2Q20	3Q20	Δ (y/y)	9M19	9M20	Δ
Refining	1 167	614	-370	-	2 517	-109	-
Petchem	721	251	502	-30%	2 137	1 519	-29%
Energy	514	749	1 017	98%	1 188	2 254	90%
Retail	925	726	1 035	12%	2 460	2 467	0%
Upstream	85	10	44	-48%	262	273	4%
Corporate functions	-245	-347	-263	-7%	-651	-829	-27%
EBITDA LIFO	**3 167**	**2 003**	**1 965**	**-38%**	**7 913**	**5 575**	**-30%**

Operational results before impairments of assets: 3Q20 PLN 8 m / 2Q20 PLN (-) 146 m / 3Q19 PLN (-) 73 m / 9M19 PLN (-) 100 m / 9M20 PLN (-) 642 m
NRV: 3Q20 PLN (-) 66 m / 2Q20 PLN 1.207 m / 3Q19 PLN (-) 143 m / 9M19 PLN 59 m / 9M20 PLN (-) 468 m
2Q20 and 9M20 results include profit on a bargain purchase of ENERGA shares in the amount of PLN 3.690 m

Results – split by company

3Q20 PLN m	PKN ORLEN	Unipetrol[2]	ORLEN Lietuva[2]	ENERGA[2]	Others and consolidation corrections	TOTAL
Revenues	15 684	3 795	2 891	3 030	-1 482	23 918
EBITDA LIFO	1 169	-93	-158	486	561	1 965
LIFO effect[1]	19	124	117	-	7	267
EBITDA	1 188	31	-41	486	568	2 232
Depreciation	481	194	37	255	216	1 183
EBIT	707	-163	-78	231	352	1 049
EBIT LIFO	688	-287	-195	231	345	782
Financial income	91	37	1	5	-25	109
Financial costs	275	25	2	61	-31	331
Net result	427	-125	-54	124	316	688

[1] Calculated as a difference between operating profit acc. to LIFO and operating profit based on weighted average
[2] Presented data shows Unipetrol Group and ORLEN Lietuva results acc. to IFRS before taking into account adjustments made for PKN ORLEN consolidation

ORLEN Lietuva

PLN m	3Q19	2Q20	3Q20	∆ (y/y)	9M19	9M20	∆
Revenues	5 061	2 173	2 891	-43%	14 728	8 200	-44%
EBITDA LIFO	176	348	-158	-	425	-563	-
EBITDA	164	161	-41	-	422	-576	-
EBIT	125	121	-78	-	308	-687	-
Net result	98	111	-54	-	273	-551	-

- Decrease in revenues as a result of lower (y/y) quotations of refining and petrochemical products and lower refining volumes at higher petrochemical volumes.
- Decrease of refining utilisation by (-) 20 pp (y/y) due to unfavourable macroeconomic situation. Fuel yield increased by 3 p.p. (y/y) as a result of higher share of low-sulphur crude oil in the throughput.
- EBITDA LIFO lower by PLN (-) 334 m (y/y) mainly due to negative macro impact (lower differential and margins on light and middle distillates) and negative impact of inventory revaluation (NRV) at the amount of PLN (-) 31 m (y/y). Positive impact of higher petrochemical volumes, limitation of sales of heavy refining fractions in the sales structure and trade margins.
- CAPEX 3Q20: PLN 46 m.

Data before impairments of assets: PLN 3Q19 1 m / 9M19 PLN 1 m

Unipetrol

PLN m	3Q19	2Q20	3Q20	Δ (y/y)	9M19	9M20	Δ
Revenues	5 842	2 494	3 795	-35%	16 377	10 343	-37%
EBITDA LIFO	425	97	-93	-	875	-96	-
EBITDA	381	-22	31	-92%	825	-249	-
EBIT	195	-227	-163	-	268	-847	-
Net result	174	-198	-125	-	204	-686	-

- Decrease in revenues as a result of drop in the refining and petrochemical products quotations and lower refining and petrochemical volumes at higher sales of fuels in retail segment.
- Lower crude oil throughput and as a result lower refining capacity utilisation by (-) 9 pp (y/y) due to reduced market demand for middle distillates. Fuels yield at the comparable level (y/y).
- EBITDA LIFO lower by PLN (-) 518 m (y/y) mainly due to negative macro effect in the refining and petrochemicals, lower sales volumes as a result of COVID-19 impact and negative impact of usage of historical layers of inventories (shutdowns of petrochemical units). Positive impact of trading margins in the refining and petrochemicals, non-fuel margins in retail and positive impact of NRV at the level of PLN 108 m (y/y).
- CAPEX 3Q20: PLN 246 m.

Data before impairments of assets: 3Q20 PLN (-) 1 m / 3Q19 PLN (-) 9 m / 9M20 PLN (-) 1 m / 9M19 PLN (-) 17 m

ENERGA Group

PLN m	3Q19	2Q20	3Q20	Δ (y/y)	9M19	9M20	Δ
Revenues	3 035	2 856	3 030	0%	9 065	9 175	1%
EBITDA	484	487	501	4%	1 742	1 556	-11%
EBIT	223	229	238	7%	946	771	-18%
Net result	103	-878	85	-17%	355	-682	-

- Revenues at the comparable level (y/y).
- EBITDA higher by PLN 17 m (y/y) due to higher results of Distribution Business Line (higher margin on distribution service and lower OPEX) with lower results of Sales Business Line (unfavorable tariff for households for 2020 and lower margins in business clients segment) and Production Business Line (lower revenues from sales of electricity, sales and distribution of heat and system services provided to PSE, at lower variable costs).
- CAPEX 3Q20: PLN 374 m.

Results before impairments on assets: 3Q20 PLN (-) 2 m / 2Q20 PLN (-) 473 m / 3Q19 PLN (-) 2 m / 9M20 PLN (-) 472 m / 9M19 PLN (-) 271 m

Production data

	3Q19	2Q20	3Q20	Δ (y/y)	Δ (q/q)	9M19	9M20	Δ
Total crude oil throughput in ORLEN Group (kt)	9 013	6 192	8 219	-9%	33%	25 527	22 094	-13%
Utilization	102%	71%	93%	-9 pp	22 pp	97%	84%	-13 pp
PKN ORLEN [1]								
Processed crude (kt)	4 196	3 505	4 204	0%	20%	12 211	11 635	-5%
Utilization	102%	86%	103%	1 pp	17 pp	100%	95%	-5 pp
Fuel yield [4]	81%	84%	83%	2 pp	-1 pp	83%	84%	1 pp
Light distillates yield [5]	32%	35%	34%	2 pp	-1 pp	33%	35%	2 pp
Middle distillates yield [6]	49%	49%	49%	0 pp	0 pp	50%	49%	-1 pp
Unnipetrol [2]								
Processed crude (kt)	2 133	777	1 914	-10%	146%	5 863	4 337	-26%
Utilization	97%	36%	88%	-9 pp	52 pp	90%	67%	-23 pp
Fuel yield [4]	80%	87%	80%	0 pp	-7 pp	81%	82%	1 pp
Light distillates yield [5]	33%	43%	35%	2 pp	-8 pp	35%	36%	1 pp
Middle distillates yield [6]	47%	44%	45%	-2 pp	1 pp	46%	46%	0 pp
ORLEN Lietuva [3]								
Processed crude (kt)	2 597	1 839	2 065	-20%	12%	7 230	5 932	-18%
Utilization	101%	73%	81%	-20 pp	8 pp	95%	78%	-17 pp
Fuel yield [4]	72%	78%	75%	3 pp	-3 pp	74%	76%	2 pp
Light distillates yield [5]	29%	32%	31%	2 pp	-1 pp	30%	31%	1 pp
Middle distillates yield [6]	43%	46%	44%	1 pp	-2 pp	44%	45%	1 pp

[1] Throughput capacity for Plock refinery is 16,3 mt/y
[2] Throughput capacity for Unipetrol is 8,7 mt/y [Litvinov (5,4 mt/y) and Kralupy (3,3 mt/y)]
[3] Throughput capacity for ORLEN Lietuva is 10,2 mt/y
[4] Fuel yield equals middle distillates yield plus light distillates yield. Differences may occur from rounding
[5] Light distillates yield is a ratio of gasoline, naphtha, LPG production excluding BIO and internal transfers to crude oil throughput
[6] Middle distillates yield is a ratio of diesel, light heating oil (LHO) and JET production excluding BIO and internal transfers to crude oil throughput

Dictionary

Model downstream margin = revenues (90,7% Products = 22,8% Gasoline + 44,2% Diesel + 15,3% HHO + 1,0% SN 150 + 2,9% Ethylene + 2,1% Propylene + 1,2% Benzene + 1,2% PX) – costs (input 100% = 6,5% Brent crude oil + 91,1% URAL crude oil + 2,4% natural gas). Cracks for petrochemical products calculated as the difference between the quotation of a given product and Brent DTD oil price.

Model refining margin = revenues (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 Crude quotations. Spot market quotations.

Spread Ural Rdam vs fwd Brent Dtd = Med Strip - Ural Rdam (Ural CIF Rotterdam).

Model petrochemical margin = revenues (98% Products = 44% HDPE + 7% LDPE + 35% PP Homo + 12% PP Copo) - costs (100% input = 75% Naphtha + 25% LS VGO). Contract market quotations.

Fuel yield = middle distillates yield + gasoline yield (yields calculated in relation to crude oil)

Working capital (in balance sheet) = inventories + trading receivables and other receivables – trading liabilities and other liabilities

Working capital change (in cash flow) = changes in receivables + changes in inventories + changes in liabilities

Gearing = net debt / equity calculated acc. to average balance sheet amount in the period

Net debt = (short-term + long-term Interest-bearing loans and borrowings) – cash

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