

UNIPETROL 1Q 2013 CONSOLIDATED UNAUDITED FINANCIAL RESULTS (IFRS)



Marek Świtajewski

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25 April 2013



AGENDA

Unipetrol's key highlights in 1Q2013

Macro environment and operations

Financial results

Corporate Social Responsibility (CSR)

Targets for 2013

Supporting slides

UNIPETROL'S KEY HIGHLIGHTS IN 1Q2013

Macro environment

- Significant correction of crude price since middle of February from 120 below 100 USD/bbl in April, 1Q average price at 113 USD/bbl; Brent-Ural differential at 1.7 USD/bbl, refining margin at 1.9 USD/bbl
- Growing fuels imports within grey zone (untaxed) profoundly impairing oversupplied Czech market
- Combined petrochemical margin up by 23% y/y at very solid level of 631 EUR/t
- Ongoing negative influence of Czech / EU economy recession and business outlook uncertainty

Operations & sales volumes

- Crude oil throughput almost flat y/y at 896 kt implying utilization ratio of 80%
- Total refining sales volumes, including retail sales of Benzina, down by 2% y/y at 737 kt due to general market decline stemming from economic recession, and huge volumes coming on the market from grey zone
- Petrochemical sales volumes lower by 8% y/y at 403 kt; quite weak demand for polymers in 1Q2013, demand further weakened due to significant crude price correction since middle of February

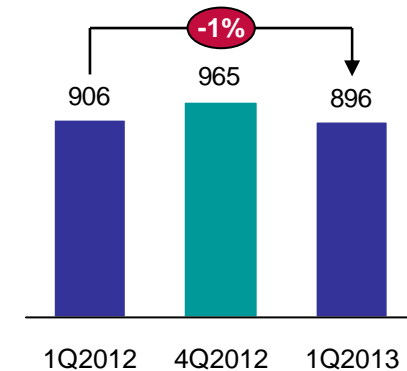
Financials

- Revenues at CZK 24,776 m lower by 3% y/y driven by lower sales volumes in all three segments
- Positive EBITDA at CZK 540 m
- EBIT loss at CZK -70 m due to losses of refining and retail segment
- EBIT of petrochemical segment positive at CZK 427 m – third profitable quarter of this segment in a row
- Net finance costs at CZK 93 m, net loss at CZK -148 m

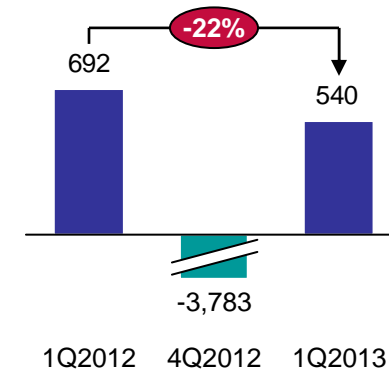
Strategic initiatives

- Unipetrol Group mid-term strategy is planned to be announced till the end of second quarter

Crude oil throughput, kt



EBITDA



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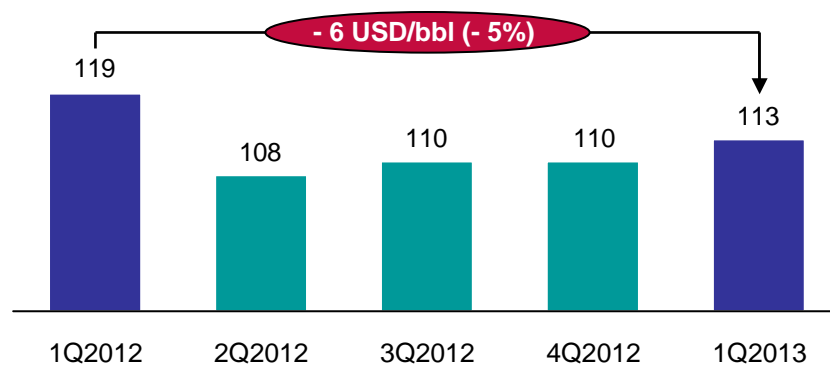
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MACRO ENVIRONMENT

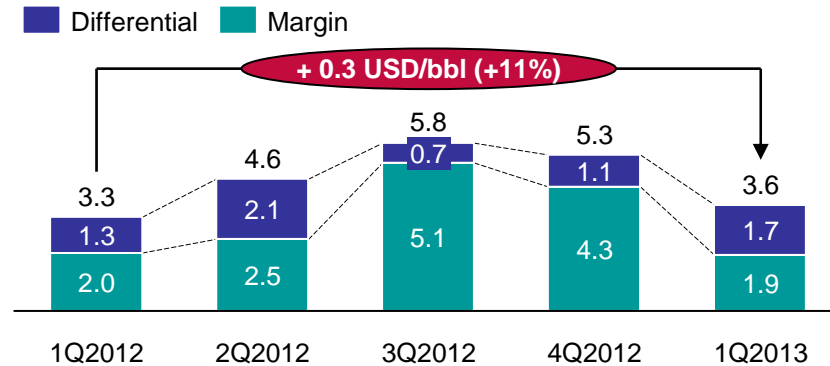
Average Brent Crude Oil Price, USD/bbl

Lower by 5% y/y; strong correction since middle of February from 120 to level below 100 USD/bbl in April



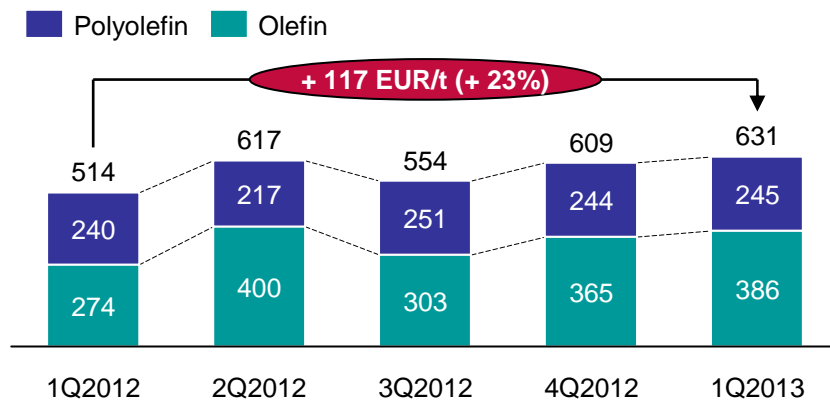
Model refining margin and Brent-Ural differential, USD/bbl

Margin 1.9 USD – stable y/y; differential 1.7 USD – slightly up y/y; integrated margin higher by 0.3 USD y/y at 3.6 USD



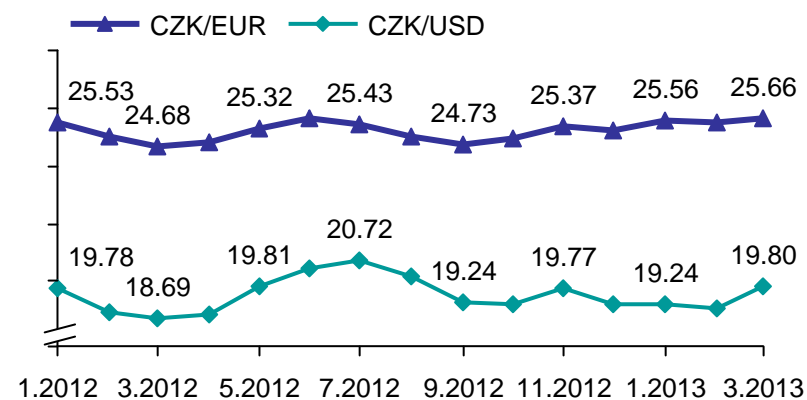
Model combined petrochemical margin, EUR/t

Olefin margin markedly higher y/y from 274 to 386 EUR; combined margin markedly higher by 23% y/y at very solid level of 631 EUR



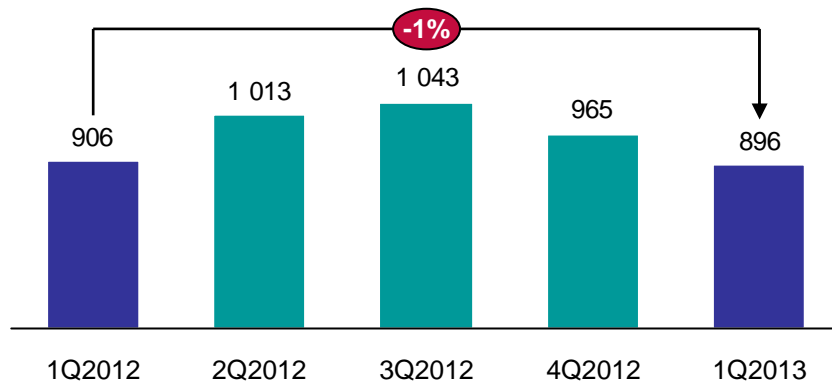
CZK/USD and CZK/EUR exchange rate, monthly averages

Relative stability of CZK – fluctuating around 25 CZK/EUR and 20 CZK/USD with higher volatility against USD

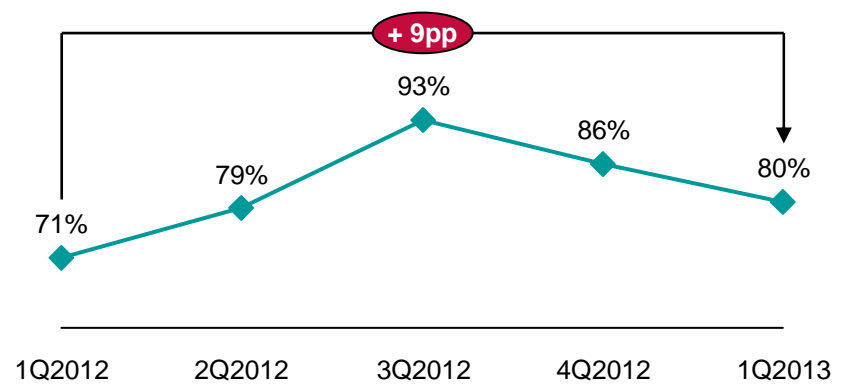


CRUDE OIL THROUGHPUT

Crude oil throughput, kt

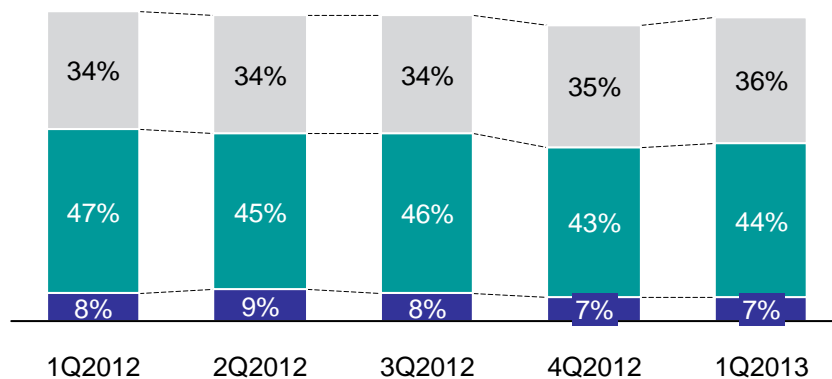


Utilization ratio, %



Distillate yields, %

Light Middle Heavy



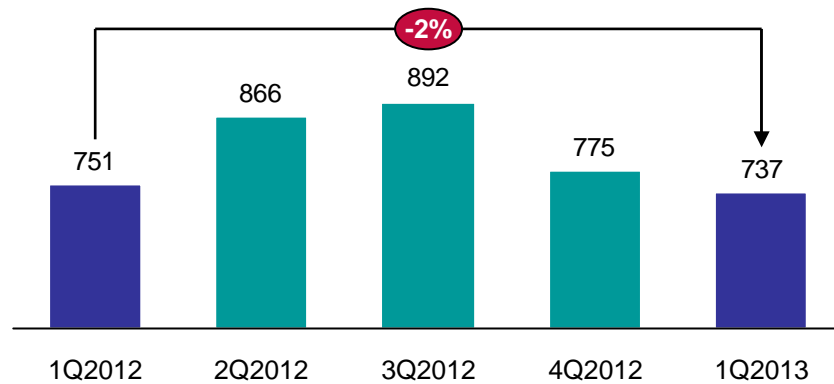
Comments

- Crude oil throughput almost flat y/y at 896 kt – higher throughput in Česká Rafinérská, no crude refining in Paramo refinery while 32 kt processed in 1Q2012
- Utilization ratio* at 80%, significantly higher by 9 pp y/y; 3 pp explained by higher throughput in Česká Rafinérská, the rest stems from lower total conversion capacity after Paramo shutdown
- Higher light distillates yield y/y at 36%, lower middle distillates yield at 44% on the other hand – production geared towards gasoline (light distillate) due to significantly higher gasoline spreads compared to diesel spreads (189 versus 122 USD/t in 1Q2013 in favor of gasoline)

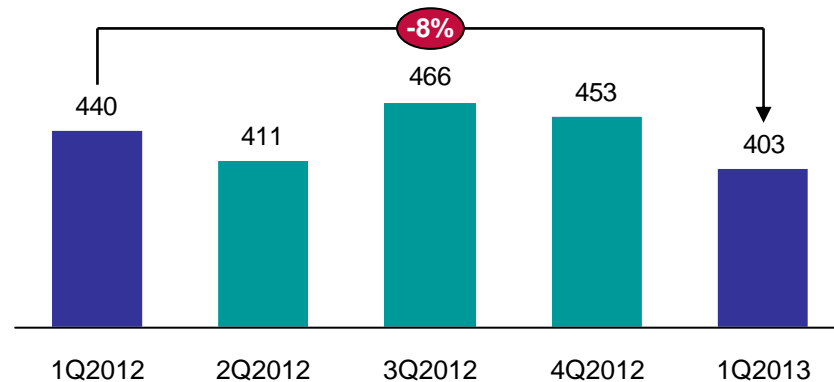
* From 3Q2012 conversion capacity is 4.5 mt/y, i.e. only Ceska rafinerska refineries conversion capacity, adjusted for 51.22% shareholding of Unipetrol, after discontinuation of crude oil processing in Paramo refinery (Ceska rafinerska – Kralupy 1.642 mt/y, Ceska rafinerska – Litivinov 2.813 mt/y); conversion capacity was 5.1 mt/y previously (Ceska rafinerska – Kralupy 1.6 mt/y, Ceska rafinerska – Litivinov 2.8 mt/y, Paramo 0.7 mt/y)

SALES VOLUMES

Fuels and other refinery products, kt *



Petrochemical sales volumes, kt



Refining & retail segment

- Volumes at 737 kt lower q/q following standard winter seasonality
- Lower by 2% y/y due to general market decline stemming from economic recession and huge volumes from grey zone; 1% of this decline due to higher number of days in 1Q 2012 (29 February)
- Lower diesel sales by 4% y/y at 397 kt; higher gasoline sales by 11% y/y at 197 kt; higher JET sales by 22% y/y at 16 kt
- Benzina retail sales volumes on its own also slightly lower y/y; decline stems mainly from gasoline side
- Both wholesale and retail segment strongly suffered from growing imports within grey zone; Czech market profoundly oversupplied overall which negatively impacted inland premiums for both diesel and gasoline

Petrochemical segment

- Volumes lower by 8% y/y at 403 kt
- Quite weak demand for polymers in 1Q2013, worsening during the quarter – at the beginning of the year many clients had full stocks of raw materials which they purchased in 4Q2012 as they had been expecting significant price increases like during previous years
- Demand further weakened due to significant correction of crude oil price since middle of February from 120 USD /bbl level
- Polyethylene sales at 60 kt lower by 17% y/y; polypropylene sales at 61 kt, the same like in 1Q2012
- Permanent shutdown of urea production unit in Litvínov plant according to plan as of 1 January; remaining volume sold during January and February

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GROUP PROFITABILITY

(CZK m)	1Q 2012	4Q 2012	1Q 2013	Δ q/q	Δ y/y
Revenues	25,421	26,292	24,776	-6%	-3%
EBITDA	692	-3,783	540	n/a	-22%
EBIT	-79	-4,468	-70	n/a	+11%
LIFO EBIT	-731	-4,138	-172	n/a	+76%
Net income	-363	-3,100	-148	n/a	+59%

Revenues

- Revenues at CZK 24,776m lower by 6% q/q and 3% y/y due to lower sales volumes in all three segments

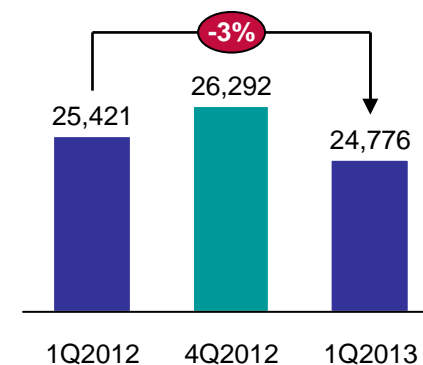
Operating profitability

- Positive EBITDA at CZK 540 m
- EBIT loss at CZK -70m due to losses of refining and retail segment, petrochemical segment EBIT positive at CZK 427 m
- LIFO EBIT negative at CZK -172 m after adjustment for inventory revaluation gains of CZK 102 m

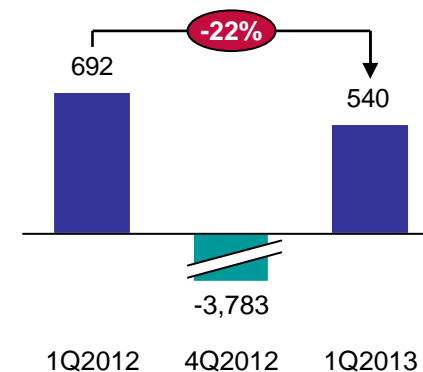
Net income

- Net loss at CZK -148m compared with CZK -363 m in 1Q 2012
- Bigger than EBIT loss due to net finance costs at CZK 93m; income tax credit of CZK 15 m

Revenues



EBITDA



SEGMENT PROFITABILITY

(CZK m)	1Q 2012	4Q 2012	1Q 2013	Δ q/q	Δ y/y
EBIT	-79	-4,468	-70	n/a	+11%
LIFO EBIT	-731	-4,138	-172	n/a	+76%
Refining EBIT	150	-4,806	-455	n/a	n/a
Refining LIFO EBIT	-188	-4,587	-479	n/a	n/a
Petrochemicals EBIT	-264	432	427	-1%	n/a
Petrochemicals LIFO EBIT	-554	526	354	-33%	n/a
Retail EBIT	50	-25	-34	-36%	n/a
Retail LIFO EBIT	25	-8	-40	n/a	n/a
Others	-15	-69	-8	n/a	n/a

1Q 2013 EBIT breakdown by segments



Refining

- EBIT loss of CZK -445 m due to weak winter seasonality in terms of refining margins and volumes
- Profound negative impact from growing imports within grey zone; Czech market markedly oversupplied overall with negative impact on inland premiums for both diesel and gasoline

Petrochemicals

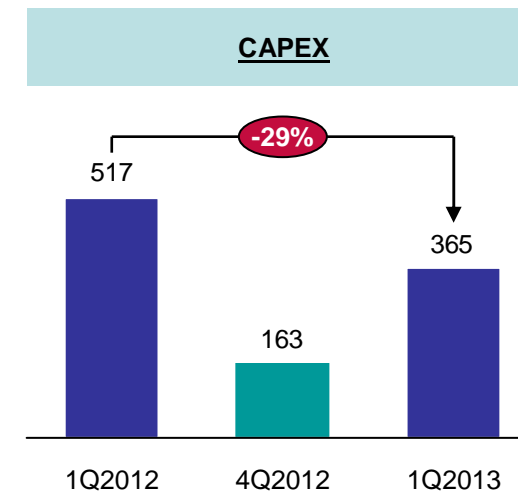
- EBIT positive at CZK 427 m stemming from very solid petrochemical margins – olefin 386 EUR/t, polyolefin 245 EUR/t, combined margin 631 EUR/t, and ongoing internal optimization measures
- Third profitable quarter of petrochemical segment in a row

Retail

- EBIT loss of CZK -34 m due to i) traditional weak winter seasonality, ii) milder and longer winter than a year ago with negative impact on total sales volumes and premium VERVA diesel in particular, and iii) volumes coming from grey zone (imports) pushing unit margins down, predominantly on gasoline
- Positive effects of new legislation to fight with huge grey zone volumes expected later, from 3Q 2013

CASH FLOW AND INDEBTEDNESS

(CZK m)	1Q 2012	4Q 2012	1Q 2013	Δ q/q	Δ y/y
Operating cash flow (OCF)	-2,268	2,451	-5,157	n/a	-127%
Capital expenditure (CAPEX)	517	163	365	+124%	-29%
Free cash flow (Operating - Investment CF)	-2,817	2,531	-5,484	n/a	-95%
Net working capital	8,017	4,767	10,696	+124%	+33%
Net finance costs	-196	-122	-93	-176%	+53%
Net debt	3,317	-220	5,333	n/a	+61%
Financial gearing	10.2%	-0.7%	18.2%	+18.9pp	+8.0pp



Cash flow

- Operating cash flow negative at CZK -5,157 m due to significant q/q increase of net working capital – increase of trade receivables and other current assets by CZK 1,079 m, and decrease of trade and other payables and accruals by CZK -4,280 m due to time shift of payments in 4Q 2012
- Capital expenditures (CAPEX) at CZK 365 m
- Free cash flow negative at CZK -5,484 m due to negative operating cash flow

Indebtedness

- Net debt at CZK 5,333 m – significant increase q/q due to net working capital increase
- Resulting financial gearing ratio also higher q/q at 18.2%

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CSR ACTIVITIES

The **Fulfilled Dreams fundraiser**, which Unipetrol Group organized for its employees, raised CZK 100,000. While the employees donated half of this amount, the company matched their contributions. The raised money was donated to nonprofit organizations at the Most region and in Pardubice and Prague.



BENZINA realized two fundraising events on its filling stations. In total it managed to raise CZK 774,292 from its customers. The money was divided between Pomozte dětem (Help the Children) and Konto Bariéry organizations.



CHEMISTRY POPULARIZATION

In March representatives of Unipetrol group and of the **Institute of Chemical Technology** in Prague have signed a contract on mutual cooperation for the year 2013. Unipetrol will support joint projects with CZK 800,000. Unipetrol Group has been a strategic partner of the Institute of Chemical Technology in Prague (VŠCHT) for twelve years.



**VYSOKÁ ŠKOLA
CHEMICKO-TECHNOLOGICKÁ
V PRAZE**

Unipetrol in cooperation with the **National Technical Museum** in Prague will support the exhibition Chemistry around us, which will be created in the NTM in the first half of 2013 and subsequently made available to the public. In addition to technical cooperation, Unipetrol also provided a financial gift to NTM in the amount of CZK 350,000.



**NÁRODNÍ
TECHNICKÉ
MUZEUM**

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TARGETS FOR 2013

Financial targets

- Operational excellence program – positive EBIT impact of CZK 1.5 bn CZK
- Positive EBIT
- Planned CAPEX of CZK 2.7 bn

Non-financial targets

- Unipetrol Group mid-term strategy is planned to be announced till the end of second quarter 2013
- Kralupy refinery periodical turnaround in September and October – planned CAPEX at CZK 575 m (100% of Česká Rafinérská)
- Slightly lower crude oil throughput at 3,761 kt due to Kralupy refinery periodical turnaround (3,927 kt in 2012)
- Continuation of Paramo restructuring / Sale of the company to a third party till the end of 2013 still under consideration
- Preparation and construction of 4 new self-service Express 24 filling stations
- Increase of Benzina's retail market share
- Active role of Unipetrol in supporting legislative measures on fuels grey zone mitigation and sustainability of regulatory related costs regarding energy from renewable sources

CALENDAR OF UPCOMING EVENTS

Investor Relations events

- **25 July 2013** **2Q 2013 financial results & Semi-Annual report**

THANK YOU FOR YOUR ATTENTION

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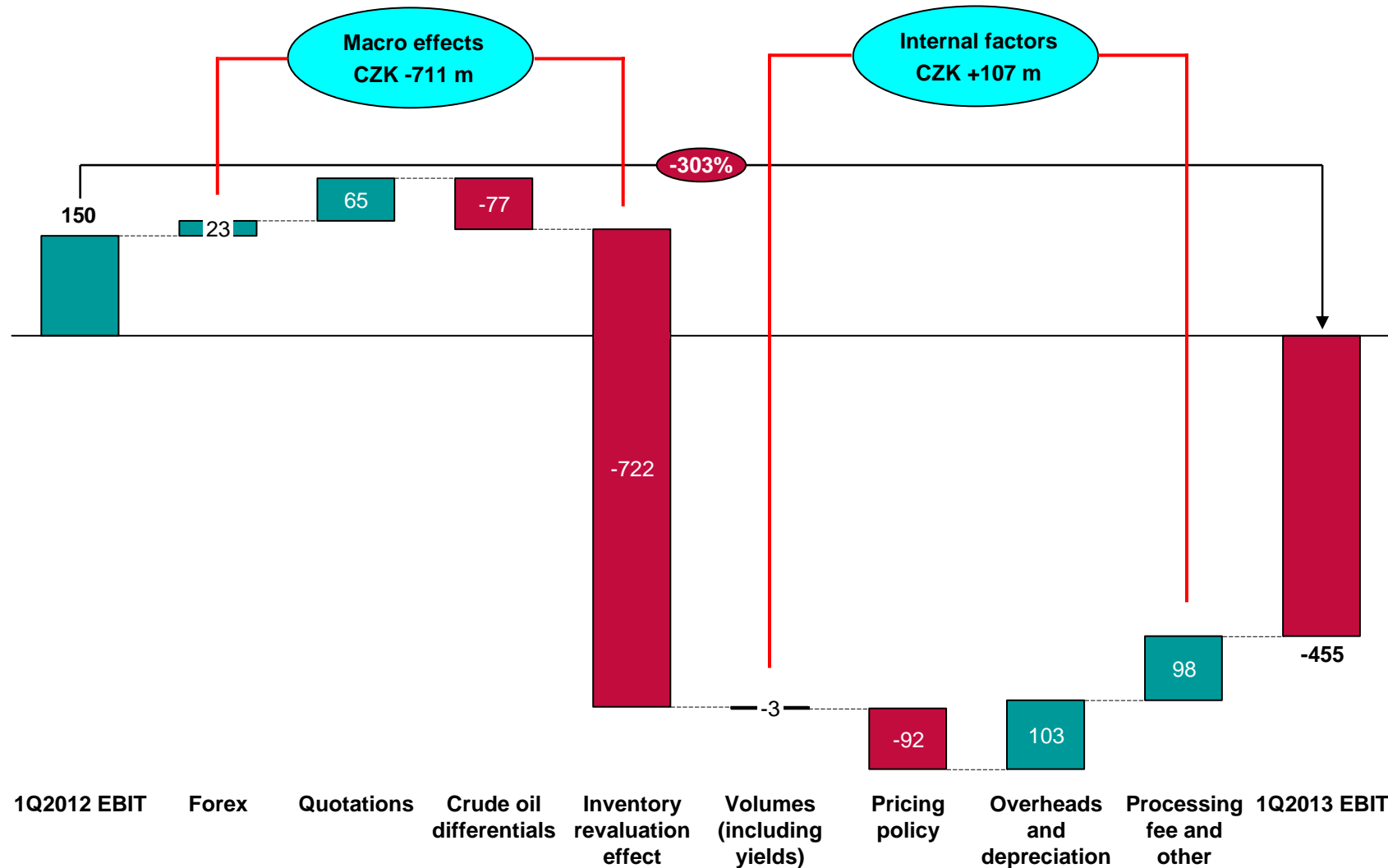
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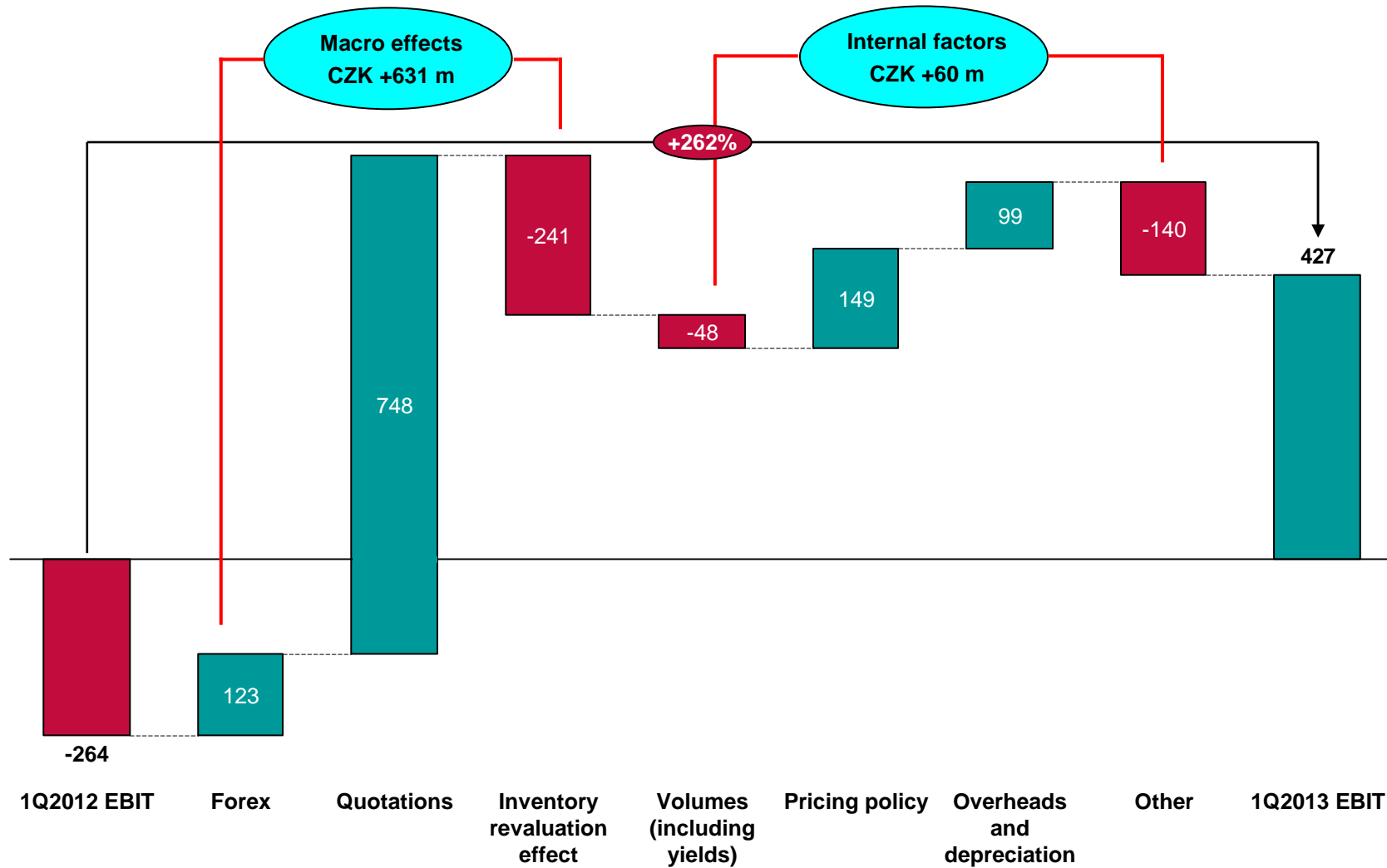
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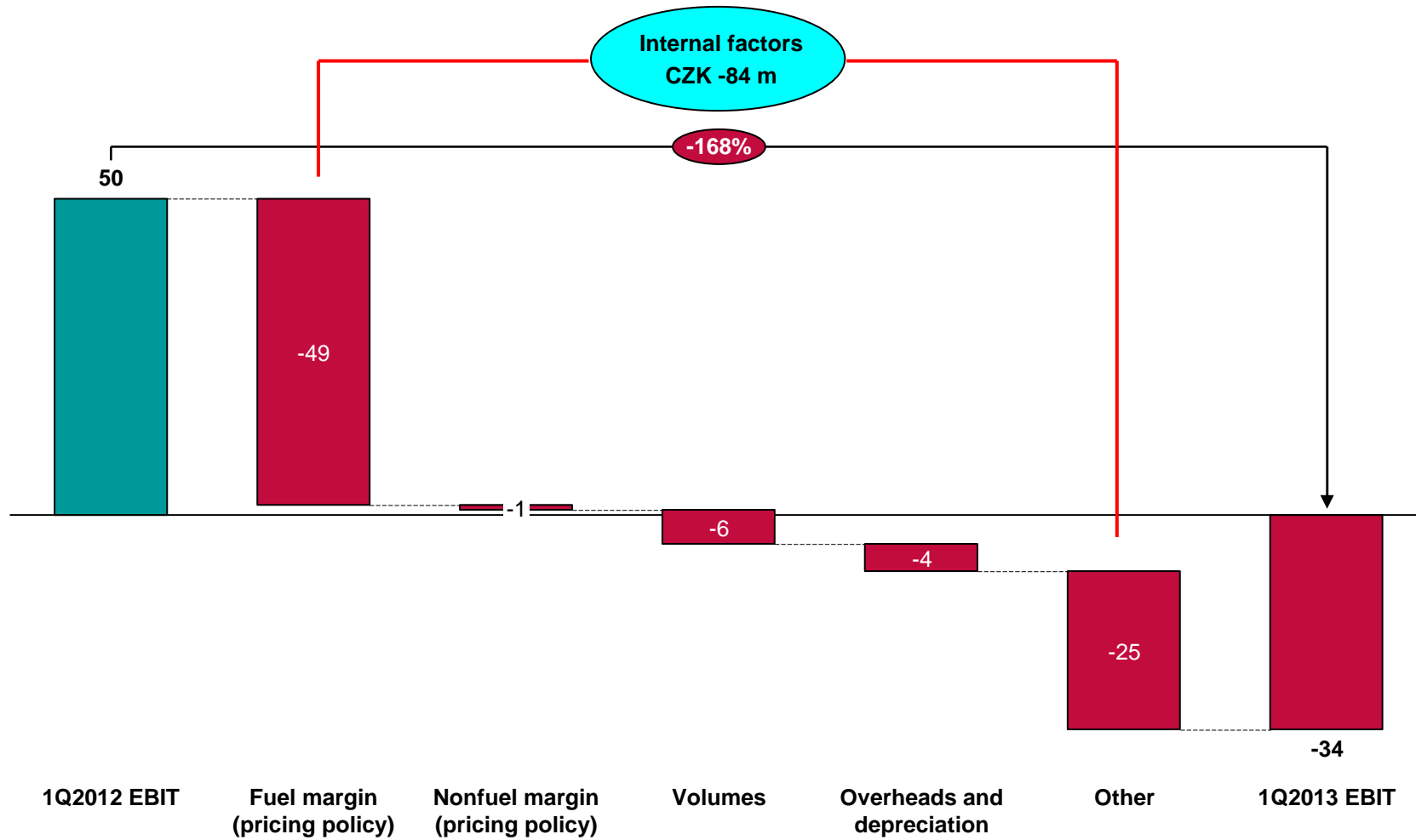
REFINING EBIT – 1Q2012 VERSUS 1Q2013



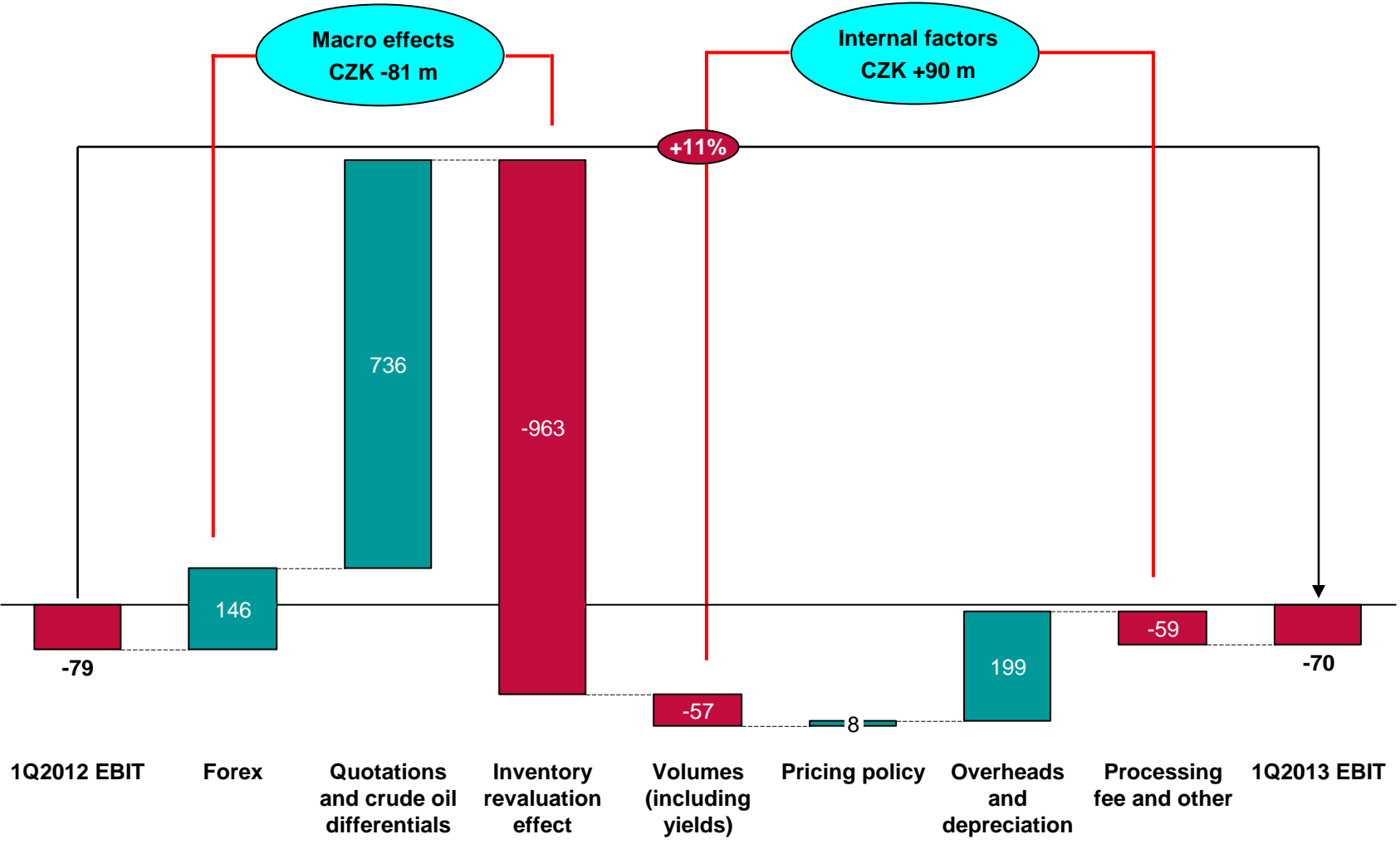
PETROCHEMICAL EBIT – 1Q2012 VERSUS 1Q2013



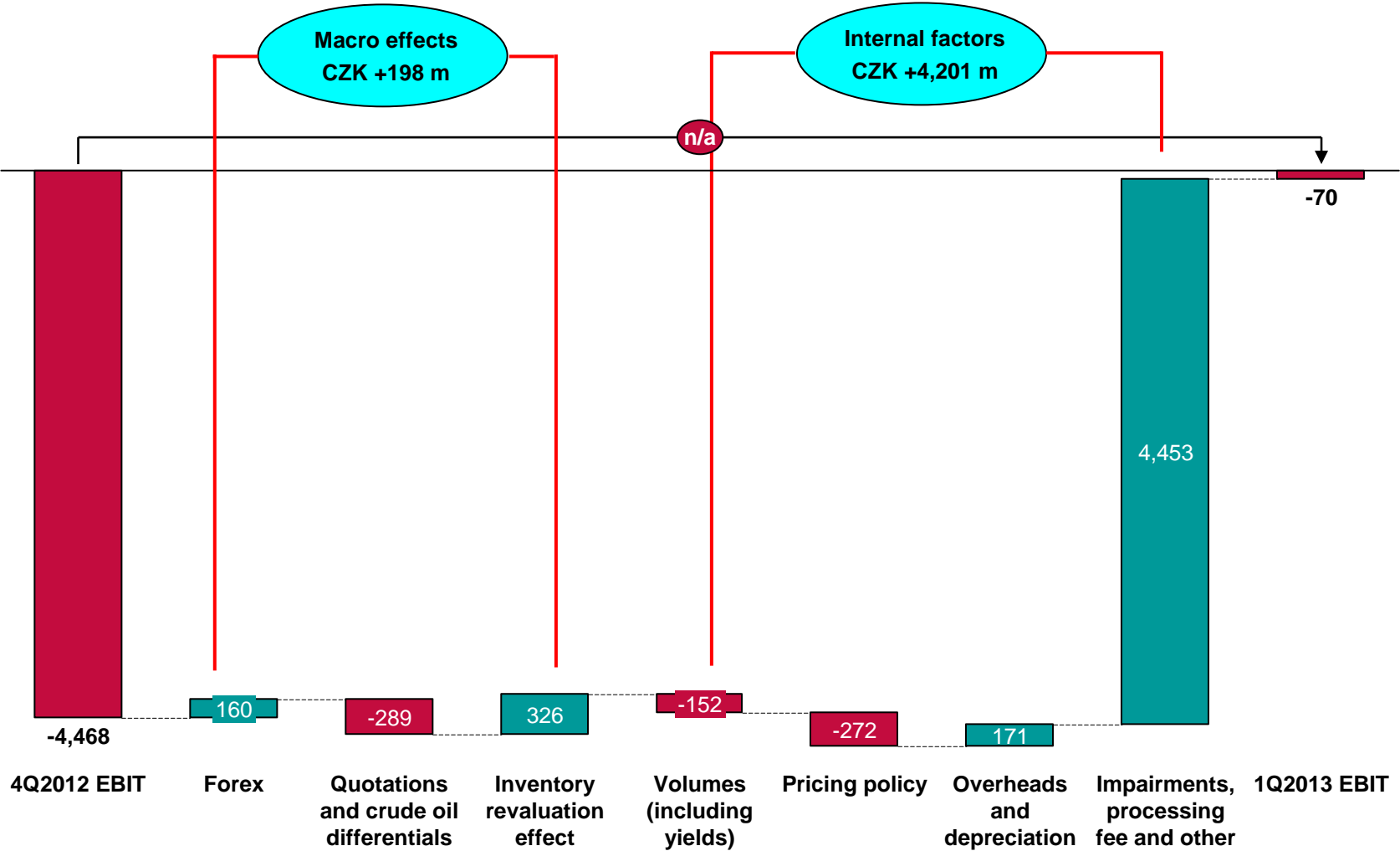
RETAIL EBIT – 1Q2012 VERSUS 1Q2013



GROUP EBIT – 1Q2012 VERSUS 1Q2013

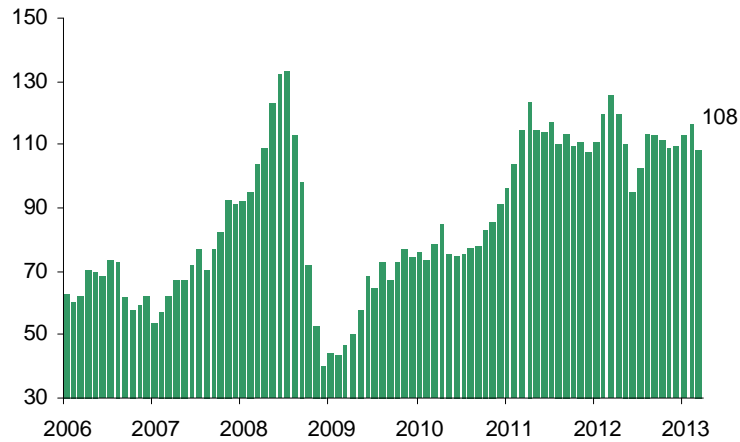


GROUP EBIT – 4Q2012 VERSUS 1Q2013

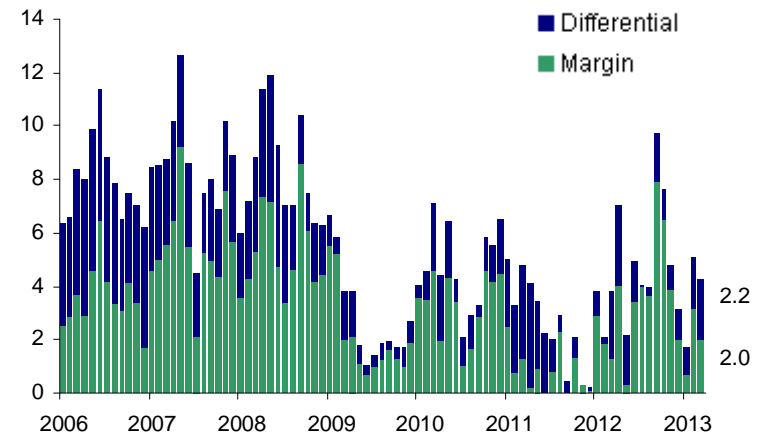


LONG-TERM MACRO ENVIRONMENT

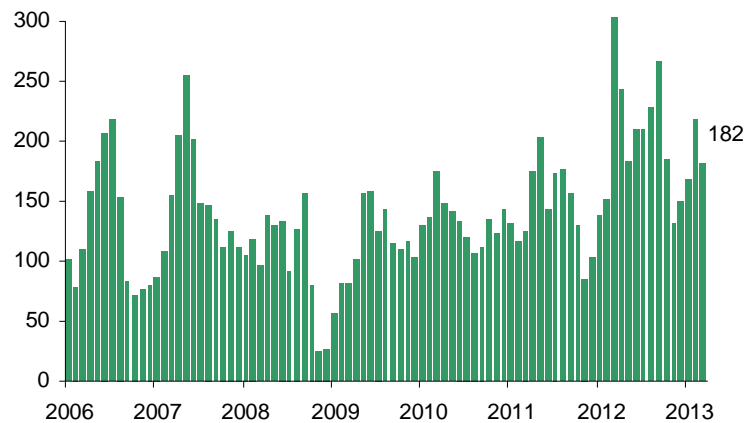
Brent crude oil, USD/bbl



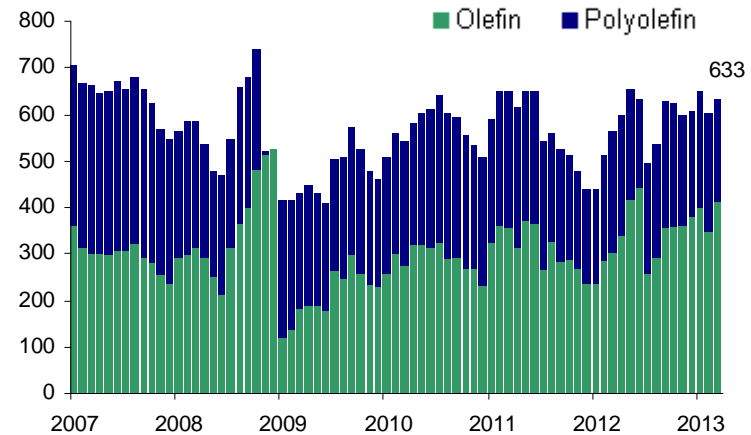
Model refining margin and Brent-Ural differential, USD/bbl



Gasoline-crude spread, USD/t



Model combined petrochemical margin, EUR/t



CONDENSED FINANCIAL STATEMENTS

Balance sheet (CZK m)	31 March 2013	31 December 2012
TOTAL ASSETS	50,232	50,632
Non-current assets	25,186	26,051
Current assets	25,046	24,581
Inventories	10,004	9,893
Trade receivables	12,085	10,575
Cash and cash equivalents	1,770	3,058
TOTAL EQUITY AND LIABILITIES	50,232	50,632
Total equity	29,349	29,528
Total liabilities	20,883	21,104
Non-current liabilities	901	947
Loans and borrowings	2	2
Current liabilities	19,982	20,157
Trade and other payables and accruals	11,846	15,929
Loans and borrowings	7,101	2,835
NET DEBT	5,333	3,317

Cash flow (CZK m)	31 March 2013	31 March 2012
Net cash provided by operating activities	-5,157	-2,268
Net cash provided by investing activities	-326	-550
Net cash provided by financing activities	4,194	1,543

Income statement (CZK m)	31 March 2013	31 March 2012
Revenue	24,776	25,421
Gross profit	688	696
<i>Gross profit margin</i>	2.8%	2.7%
Result from operating activities (EBIT)	-70	-79
<i>EBIT margin</i>	-0.3%	-0.3%
Finance income (costs)	-93	-196
Profit (loss) before tax	-163	-274
Income tax credit (expense)	15	-89
Net profit (loss) for the period	-148	-363
<i>Net profit margin</i>	-0.6%	-1.4%

UNIPETROL SALES VOLUMES BREAKDOWN

Refining (kt)	1Q12	4Q12	1Q13	q/q	y/y
Fuels and other refinery products ¹⁾	751	775	737	-5%	-2%
Diesel ¹⁾	415	422	397	-6%	-4%
Gasoline ¹⁾	178	175	197	+12%	+11%
JET	13	20	16	-18%	+22%
LPG	24	29	22	-22%	-7%
Fuel oils	46	21	40	+88%	-13%
Naphtha	2	4	5	+27%	+101%
Bitumen	29	61	19	-68%	-34%
Lubes	9	8	7	-3%	-18%
Rest of refinery products	35	35	34	-3%	-2%

Petrochemicals (kt)	1Q12	4Q12	1Q13	q/q	y/y
Petrochemicals	440	453	403	-11%	-8%
Ethylene	39	38	38	0%	-2%
Benzene	51	55	53	-4%	2%
Propylene	12	8	10	28%	-13%
Urea	48	48	5	-90%	-90%
Ammonia	30	43	55	29%	85%
C4 fraction	19	21	20	-5%	3%
Butadien	17	18	16	-7%	-6%
Polyethylene (HDPE)	72	77	60	-23%	-17%
Polypropylene	61	63	61	-3%	0%
Rest of petrochemical products	91	84	86	2%	-6%

DICTIONARY

- **Brent-Ural differential** = Spread fwd Brent Dtd vs Ural Rdam = Med Strip - Ural Rdam (Ural CIF Rotterdam)
- **Unipetrol model refining margin** = revenues from products sold (96% Products = Gasoline 17%, Petchem feedstock 20%, JET 2%, Diesel 40%, Sulphur Fuel Oils 9%, LPG 3%, Other feedstock 5%) minus costs (100% input = Brent Dated); product prices according to quotations.
- **Conversion capacity of Unipetrol's refineries** = From 3Q2012 conversion capacity is 4.5 mt/y, i.e. only Ceska rafinerska refineries conversion capacity, adjusted for 51.22% shareholding of Unipetrol, after discontinuation of crude oil processing in Paramo refinery (Ceska rafinerska – Kralupy 1.642 mt/y, Ceska rafinerska – Litivinov 2.813 mt/y); conversion capacity was 5.1 mt/y previously (Ceska rafinerska – Kralupy 1.6 mt/y, Ceska rafinerska – Litivinov 2.8 mt/y, Paramo 0.7 mt/y).
- **Light distillates** = LPG, gasoline, naphtha
- **Middle distillates** = JET, diesel, light heating oil
- **Heavy distillates** = fuel oils, bitumen
- **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.
- **Unipetrol model petrochemical polyolefin margin** = revenues from products sold (100% Products = 60% Polyethylene/HDPE + 40% Polypropylene) minus costs (100% input = 60% Ethylene + 40% Propylene); product prices according to quotations.
- **Net income** = Net result attributable to shareholders of the parent company
- **Net working capital** = inventories + trade and other receivables + Prepayments and other current assets – trade and other liabilities
- **Financial gearing** = net debt / equity, both at the end of the period

UNIPETROL GROUP PROFILE

Unipetrol is the leading refining and petrochemical Group in the Czech Republic and one of the major players in Central Europe. In the Czech Republic, it is the largest crude oil processor, one of the most important plastic producers, and the owner of the largest fuel filling stations network under the brand Benzina. The Group revenues amounted to CZK 107 bn in 2012, i.e. ca EUR 4 bn. Since 2005, Unipetrol Group has been a part of the biggest refining and petrochemical group in Central Europe - PKN Orlen from Poland.

The Group consists of three business segments: refining, petrochemicals and retail distribution of fuels. Within the refining segment, the company holds a 51.22% stake in ČESKÁ RAFINÉRSKÁ, a.s., the operator of the Czech refineries in Litvínov and Kralupy nad Vltavou. The Group is a leader on the Czech wholesale fuels market. It operates a steam cracker with a downstream polymer production in its Litvínov plant. Benzina network of filling stations was in 2012 with 338 stations and estimated retail market share of 13.7% the biggest player in the Czech Republic.

The Group operates, within its subsidiaries PETROTRANS, s.r.o. and UNIPETROL DOPRAVA, s.r.o., a broad range of transport and haulage services. Výzkumný ústav anorganické chemie, a.s. in Ústí nad Labem and Polymer Institute Brno, spol. s r.o. in Brno represent the research and development subsidiaries focusing on petrochemicals. The Group employed approximately 3,700 people of various professions as of 31 December 2012.

The mother company of the Group is UNIPETROL, a.s. As of 31 December 2012, the main subsidiaries of the Group were:

- UNIPETROL RPA, s.r.o.
- ČESKÁ RAFINÉRSKÁ, a.s.
- PARAMO, a.s.
- BENZINA, s.r.o.

DISCLAIMER

The following types of statements:

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