



# UNIPETROL FY 2006 Financial Results (IFRS, Unaudited)

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Unipetrol

ORLEN GROUP

# UNIPETROL Group Results (Unaudited)

## 25% y/y growth of net profit excluding one-offs

### Key financial data in 2006<sup>1</sup>

m CZK	2005	2006	y/y [%]
	1	2	3=2/1
EBIT	5 279	3 565	-32%
<b>EBIT excluding one-offs</b>	<b>5279</b>	<b>5915</b>	<b>12%</b>
Net profit <i>attributable to shareholders of the parent company</i>	3 429	1 621	-53%
<b>Net profit excluding one offs</b> <i>attributable to shareholders of the parent company</i>	<b>3429</b>	<b>4296</b>	<b>25%</b>
Cash flow from operations	7 189	7 527	5%
ROACE (%) <sup>2</sup>	7,7%	5,9%	
Gearing (%) <sup>3</sup>	30,1%	12,0%	
Basic and diluted EPS	18,79	9,47	
Refinery utilization ratio <sup>4</sup>	75%	77%	

EU Fine CZK 333m (CZK 483m, CZK 150 m accrued before)  
Spolana impairment CZK 347m  
Kaučuk impairment CZK 1670m

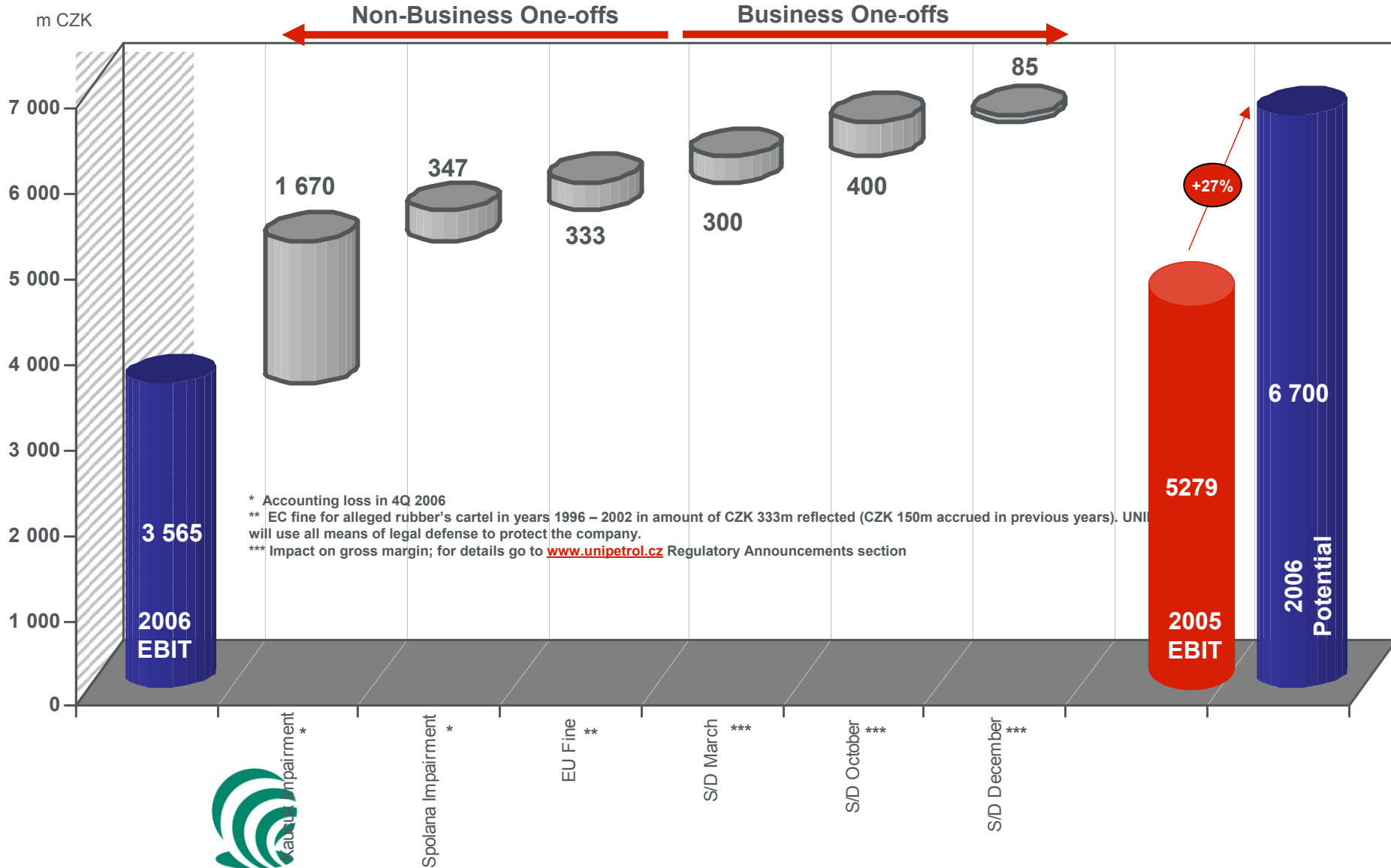
Chemopetrol tax withdrawal CZK 324 m

- 1) Refers to the UNIPETROL Group, IFRS numbers in the presentation unless otherwise stated
- 2) ROACE = operating profit after tax / average capital employed (equity + net debt)
- 3) Gearing = net debt / equity
- 4) UNIPETROL refineries (100% Česká rafinérská, Paramo)



# UNIPETROL EBIT Potential

operational result excluding the set of 2006 one-offs is huge



# Significant Increase of Fuels Sales both Wholesale and Retail as a positive effect of UNIPETROL pro-sales activities

## Key operating data in 2006

	2005	2006	y/y [%]
	1	2	3=2/1
<b>Wholesale fuels volume sales (kt) (1)</b>	<b>2 151</b>	<b>2 558</b>	<b>18,9%</b>
<b>Petrochemical volume sales (kt) (2)</b>	<b>2 534</b>	<b>2 456</b>	<b>-3,1%<sup>4</sup></b>
<b>Retail volume sales (m litres) (3)</b>	<b>486</b>	<b>535</b>	<b>10,1%</b>

1) Refers to gasoline, diesel, Jet, LHO

2) Refers to CHPL + UNIPETROL Rafinérie + Paramo

3) Refers to retail sales of naphtha, gas oils and LPG

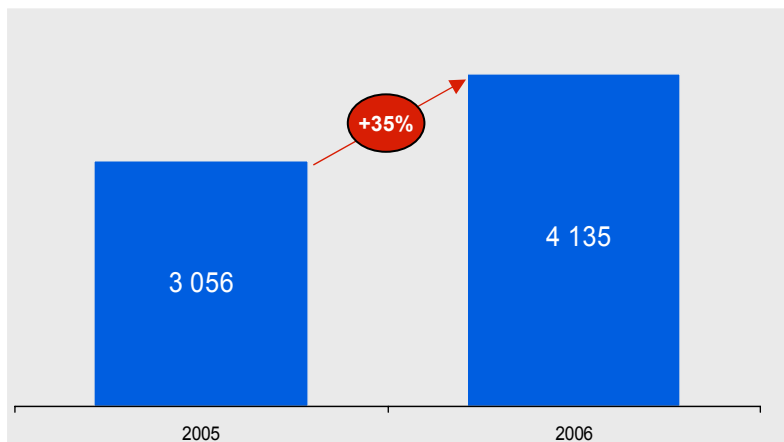
4) October steam cracker S/D



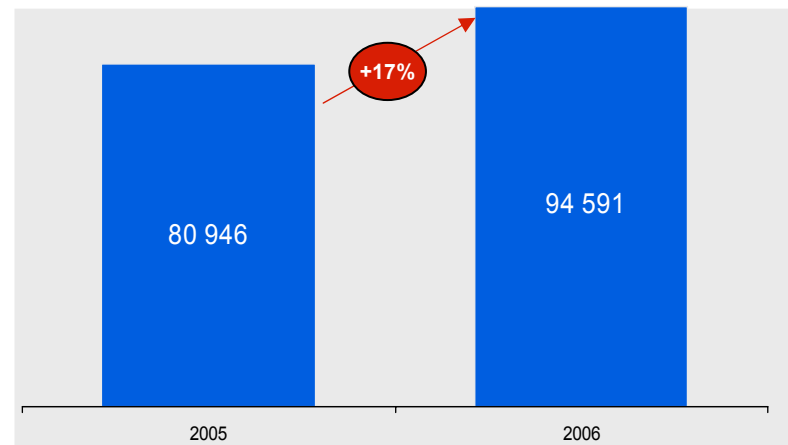
# Main Financial Indicators for 2006

reflect ongoing transformation of the Group

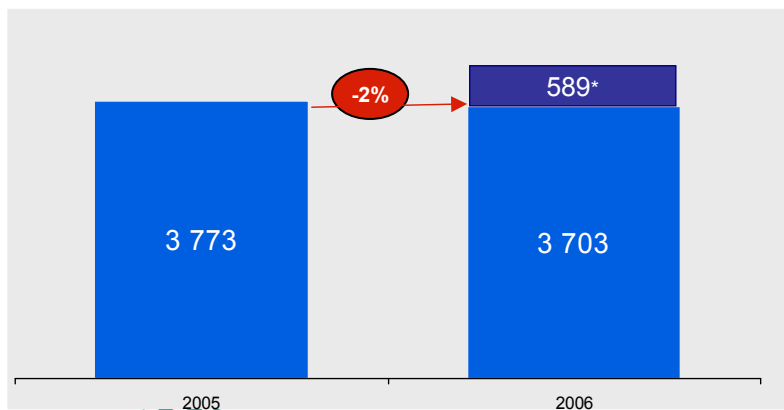
**CAPEX (CZK m)**  
UNIPETROL



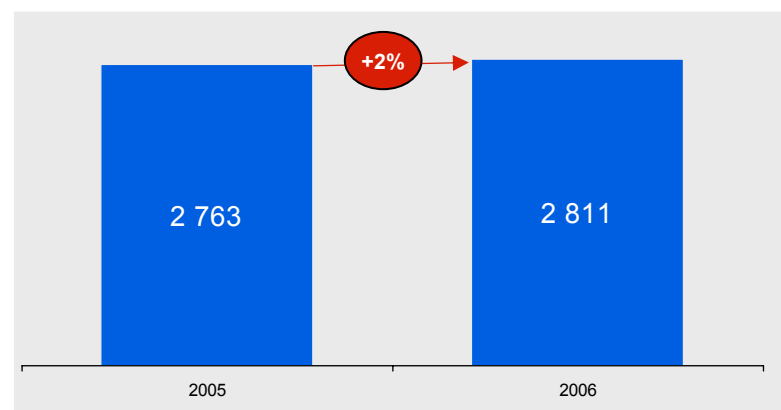
**Revenues (CZK m)**  
UNIPETROL



**Fixed costs (CZK m)**  
UNIPETROL



**Personal costs (CZK m)**  
UNIPETROL



\* 333 EU Fine + 256 CO2 allowance costs

# Agenda

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**Financial plan assumptions for 2007**

**Financial results FY 2006 – overview**

**Supporting slides**



# Investment Targeted at Increasing Production Capacities and strengthening retail market position

## 2007 Main operational assumptions of UNIPETROL

### Planned maintenance shutdowns in UNIPETROL production plants:

Česká rafinérská	50-60 days; H2 2007
CHEMOPETROL	45 days; H2 2007
PARAMO	21 days; H2 2007

- Shutdowns incorporated in long-term shutdown and maintenance plan with shut down cycle set to 4 years (last planned S/D in 2003)
- Shutdowns synchronized among companies to minimize the impact on the Group
- Shutdowns used to increase production capacities

### BENZINA re-branding:

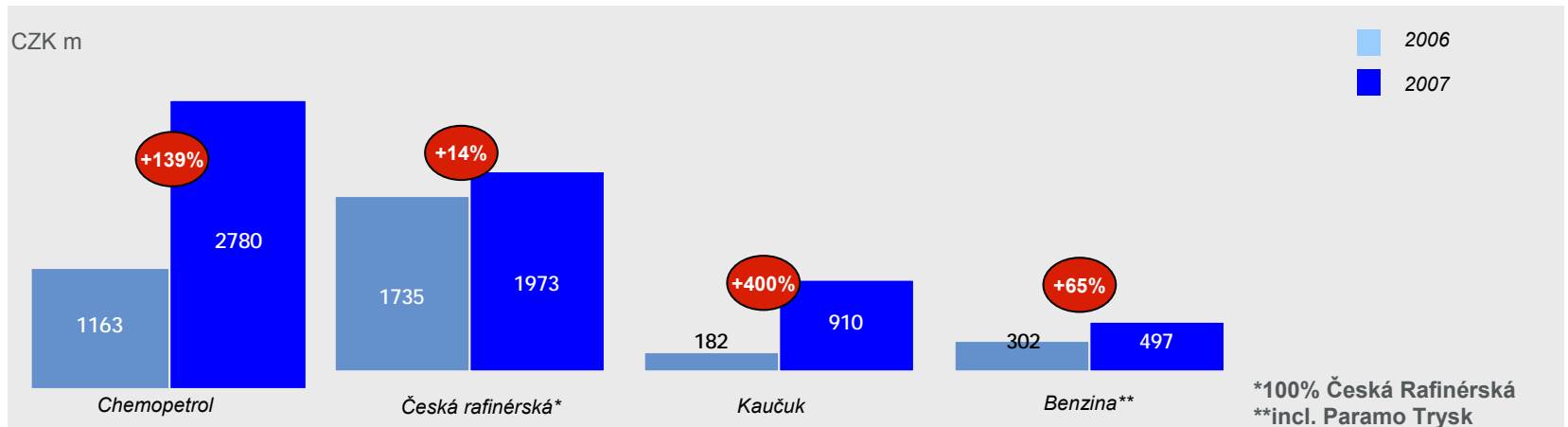
- Implementation of approved Brand strategy delivering increase of motor fuels' sales
- Sites portfolio optimization; increased focus on urban areas, highways and frequented roads



# CAPEX Plan for 2007

ambitious investment plan for shareholders value creation

## Capital expenditures in 2007 planned at CZK 5.5 bln



## Main projects for 2007 in our core businesses

**Refining:** NHC capacity and conversion revamp, Selective hydrogenation of FCC gasoline

**Petchem:** Steam cracker expansion, New butadiene unit, Benzene distillation expansion, C5 surplus processing, increase of polyolefins capacity

**Retail:** Overall network upgrade





# 2007: Ongoing Restructuring and Taste for Acquisitions

both aimed at strengthening our positions in core businesses

## Strategic actions for 2007 at UNIPETROL

### On Track

- Ongoing New Corporate Governance Project; legal start of Shared Service Center
- Commercial Excellence: Operational optimization of the UNIPETROL Group and overall consolidated gross margin
- Further tracking of the initiatives from the Partnership Program with the use of synergy effects between UNIPETROL and PKN ORLEN
- Restructuring of BENZINA network. Continual enhancement of the assets portfolio of petrol stations
- Building of the polypropylene warehouse, commencement of the revamp of the ethylene unit, intensification of polypropylene and polyethylene (HDPE)
- Combined crude purchases with PKN ORLEN brings economies of scale + increased flexibility of supply

### New

- Interest in increasing the processing stake in Česká rafinérská; suitable acquisitions in our core businesses
- New Polyolefins Strategy (PE+PP)
- Increasing cost efficiency within UNIPETROL Group
- Intensification of major production units (see slide 7)
- New concept of Group Treasury
- Analysis and implementation of further synergies between UNIPETROL and ORLEN companies in area of lubricants and bitumens



# Agenda

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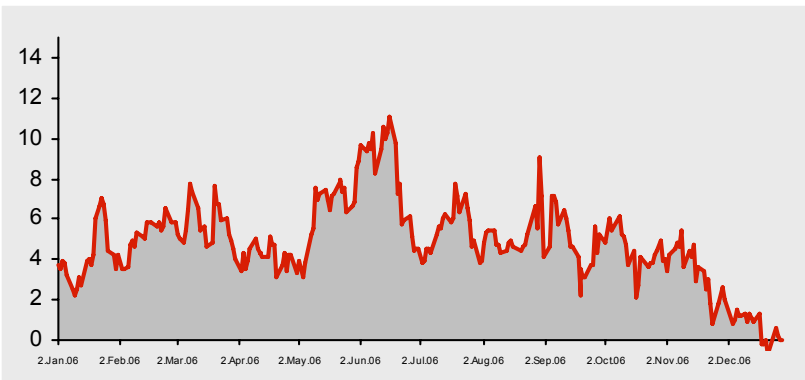
**Supporting slides**



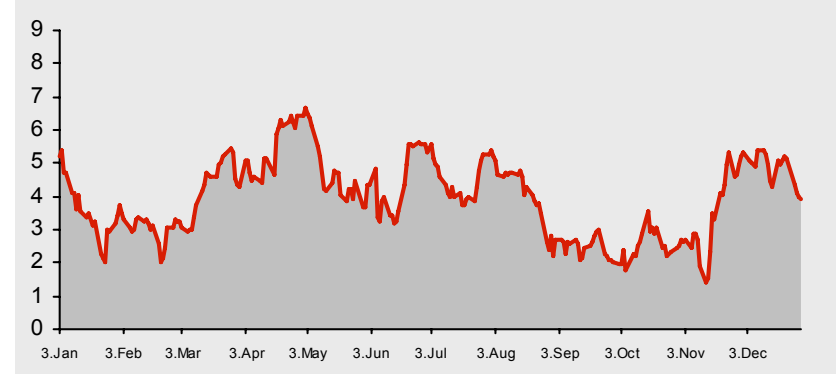
# Macroeconomic Environment in 2006

## unfavourable macro conditions in Q4 2006

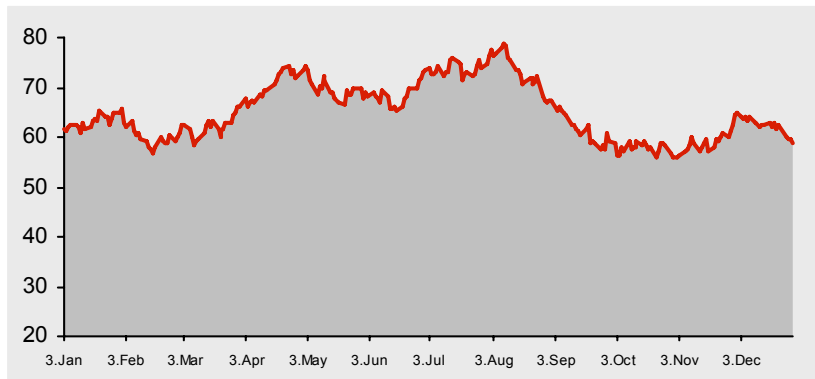
**Refinery margin(1) \$4.87/bbl average in 2006**  
vs 2005 \$6.19 /bbl



**Brent-Ural differential \$3.94/bbl average in 2006**  
vs 2005 \$4.21/bbl



**Brent crude \$65.14 /bbl average in 2006**  
vs 2005 \$54.52/bbl



**Key external economic factors**  
In 2004 – 2006 (2)

	2004	2005	2006
Refinig margin (\$/bbl)	4.9	6.2	4.9
Ural/Brent differential (\$/bbl)	4.1	4.2	3.9
Brent crude oil (\$/bbl)	38.3	54.5	65.1
Ethylene (\$/t)	783.9	917.4	1082.6
Propylene (\$/t)	685.3	881.7	1037.1
CZK/USD	25.6	23.9	22.6



1) Calculated as: Products (100%) vs. Brent Dtd (100%). Products contain Premium Unleaded (18%), Regular Unleaded (8%), Jet/Kerosene (26%), Diesel/GO (23%), 1% S Heavy Fuel Oil (19%), BUT Butane (3%), LPG (3%)  
Source: Reuters  
2) Source: PLATTS, ICIS

# Simplified P&L and BS Accounts

growth of underlying results y/y

m CZK	2005	2006	y/y [%]
<b>Revenues</b>	80 946	94 951	<b>17,3%</b>
<b>EBIT</b>	5 279	3 565	-32,5%
<b>EBIT excluding one-offs</b>	<b>5 279</b>	<b>5 915</b>	<b>12,0%</b>
<b>Net profit</b> <i>attributable to shareholders of the parent company</i>	<b>3 429</b>	<b>1 621</b>	-52,7%
<b>Net profit excluding one offs</b> <i>attributable to shareholders of the parent company</i>	<b>3 429</b>	<b>4 296</b>	<b>25,3%</b>
<b>Cash flow from operations</b>	<b>7 189</b>	<b>7 527</b>	<b>4,7%</b>

	31/12/2005	31/12/2006
<b>Equity</b>	39 696	<b>41 182</b>
<b>Total assets</b>	76 442	<b>71 920</b>

## Comments

- Revenues 17% above last year result; EBIT excluding non-business item grew 12% y/y; Net profit without non-business items grew 25% y/y; Cash flow from operations up 5% y/y
- Decline in EBIT and Net Profit as a result of set of accounting and non-business items: impairments related to the sale of SPOLANA and KAUCUK shares. The effect of impairment related to SPOLANA sale amounts to -333 m CZK, the effect of impairment related to the shares of KAUCUK amounts to -1 670 m CZK.
- In 4Q 2006 there was a EC rubber producers' cartel fine accounted in the amount of 483 m CZK (CZK 150 m accrued in previous years) in Unipetrol Group. Recently UNIPETROL and KAUCUK lodged applications with the European Court of First Instance against the European Commission's decision

# Operating Profit

## strong petrochemical and retail performance

in thousands CZK	2005	3Q2006	4Q2006	2006	y/y	q/q
	1	3	4	5	6=5/1	7=4/3
<b>Operating profit, of which</b>	<b>5 279 069</b>	<b>1 678 629</b>	<b>-915 878</b>	<b>3 565 005</b>	-32,5%	
<b>Refining<sup>1</sup></b>	<b>1 113 611</b>	<b>997 063</b>	<b>-48 335</b>	<b>1 142 884</b>	2,6%	
<b>Petrochemical</b>	<b>4 764 929</b>	<b>978 476</b>	<b>1 136 076</b>	<b>4 658 266</b>	-2,2%	116,1%
<b>Chemical</b>	<b>-291 884</b>	<b>75 689</b>	<b>-35 681</b>	<b>225 435</b>		
<b>Retail</b>	<b>-41 538</b>	<b>81 838</b>	<b>228 873</b>	<b>384 523</b>		279,7%
<b>Others</b>	<b>-348 405</b>	<b>-129 726</b>	<b>-428 778</b>	<b>-727 692</b>		
<b>Non-attributable</b>	<b>82 356</b>	<b>-324 711</b>	<b>-1 768 033</b>	<b>-2 118 411</b>		

### Comments

#### REFINING

- Generally low margins
- October, December and March shutdowns of main installations in Litvinov and Kralupy
- Paramo success

#### PETCHEM

- Favourable macro conditions
- Good utilization despite October shutdown of the steam cracker

#### RETAIL

- Growing volumes of fuel sold
- Positive effect of ongoing restructuralization and operational improvements



# Agenda

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# Simplified P&L Account

## Q4 excluding one-offs in black numbers

IFRS, m CZK	Q4'2005	Q4'2006	change y/y [%]
<b>Revenues</b>	<b>14 387</b>	<b>22 782</b>	<b>58,4%</b>
<b>EBIT</b>	<b>1 435</b>	<b>-916</b>	<b>-163,8%</b>
<b>EBIT excluding one-offs</b>	<b>1435</b>	<b>1057</b>	<b>-26,3%</b>
<b>Net profit</b>	<b>1 118</b>	<b>-1 195</b>	<b>-206,9%</b>
<b>Net profit excluding one-offs</b> <i>attributable to shareholders of the parent company</i>	<b>1118</b>	<b>778</b>	<b>-30,4%</b>

### Comments

- Unipetrol Group in 4Q2006 considerably increased its revenues in comparison to the same period of 2005. Most of the Group companies had better sales than in 4Q2005 due to favourable demand.
- The numbers of 4Q 2006 are influenced by shutdowns of Hydrocracker and Ethylene unit in CRC Litvinov and Chemopetrol in October and also by shutdown of FCC unit of CRC Kralupy in December.
- In December 2006 an impairment for Kaucuk shares was accounted.
- 4Q 2006 results are also heavily deteriorated by EC fine in the amount of 333 m CZK accounted in December.

# UNIPETROL Group I companies breakdown

## Preliminary financial results of main subsidiaries of Unipetrol a.s.

IFRS in CZK m	2005	2006	Q4'05	Q4'06	2006 y/y	Q4'06 y/y
<b>Chemopetrol a.s.</b>						
Revenues	31 103	<b>33 306</b>	7 694	<b>7 538</b>	7,1%	-2,0%
EBIT	3 144	<b>3 396</b>	744	<b>659</b>	8,0%	-11,4%
Net result	2 616	<b>2 362</b>	671	<b>562</b>	-9,7%	-16,2%
<b>Benzina a.s.</b>						
Revenues	6 299	<b>7 810</b>	1 673	<b>2 013</b>	24,0%	20,3%
EBIT	-9	<b>332</b>	24	<b>203</b>	-	745,8%
Net result	-499	<b>-140</b>	-137	<b>107</b>	71,9%	-
<b>Ceska Rafinerska a.s. (100%)</b>						
Revenues	9 293	<b>9 256</b>	2 421	<b>2 330</b>	-0,4%	-3,8%
EBIT	468	<b>332</b>	66	<b>-30</b>	-29,1%	-145,5%
Net result	326	<b>241</b>	39	<b>-23</b>	-26,1%	-159,0%
<b>Unipetrol Rafinerie a.s.</b>						
Revenues	56 888	<b>61 935</b>	15 776	<b>16 722</b>	8,9%	6,0%
EBIT	978	<b>673</b>	545	<b>-146</b>	-31,2%	-126,8%
Net result	578	<b>643</b>	417	<b>-23</b>	11,2%	-105,5%

## Comments

- Chemopetrol results in 2006 are the best in the company history. Main factors that impacted such good results are: **maximal utilisation of available production capacity, excellent market conditions for company products** and favourable exchange rate.
- **The business results in 2006 have been the best since 2001**, and the long-term trend of declining market share has been reverted. This has been driven by improved service standards, successful promotion, and strengthened organization.
- Furthermore, in Q4 2006, BENZINA has announced new strategy focused on two sub brands and value proposition improvement across all important factors (fuel, shop, gastronomy and service). This strategy should further boost growth in the following years.
- Brent dated high average price in 2005 - USD 54,52/bbl while in 2006 it reached 65,14 USD/bbl.
- Refinery margins 2006 were significantly lower (USD 4,87/bbl) than margins in 2005 - USD 6,19/bbl
- High level of **crude oil processed in UNIPETROL refineries: 3 719 kt**





# UNIPETROL Group II companies breakdown

## Preliminary financial results of main subsidiaries of Unipetrol a.s.

IFRS in CZK m	2005	2006	Q4'05	Q4'06	2006 y/y	Q4'06 y/y
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### Kaucuk a.s.

Revenues	10 395	<b>11 335</b>	2 458	<b>2 779</b>	9,0%	13,1%
EBIT	536	<b>975</b>	54	<b>308</b>	81,9%	470,4%
Net result	439	<b>723</b>	186	<b>209</b>	64,7%	12,4%

### Paramo a.s. (100%)

Revenues	11 073	<b>11 815</b>	3 265	<b>3 170</b>	6,7%	-2,9%
EBIT	-103	<b>302</b>	-37	<b>113</b>	-	-
Net result	-207	<b>267</b>	-54	<b>96</b>	-	-

### Spolana a.s. (100%) as at 13.11.2006

Revenues	5 758	<b>5 325</b>	1 491	<b>na</b>	-7,5%	-
EBIT	292	<b>225</b>	124	<b>na</b>	-22,9%	-
Net result	183	<b>139</b>	97	<b>na</b>	-24,0%	-

## Comments

- Kaučuk reached one of the best result in the history despite the European Commission fine. High profit was due to favourable market prices of SBR styrene-butadiene rubber (consensus exists that market has reached its peak), expandable polystyrene and butadiene. Kaučuk run its production units at high operating rates.

- 2006 was an **excellent year for Paramo** with a net profit of 267 m CZK due to substantial commercial and operational improvement compared to 2005. Out of this, CZK 118m is an income from the sale of Paramo Trysk stations to Benzina in Q1 2006
- Refinery segment: excellent performance especially in H2 2006, good results for diesel and virgin naphtha during H2 2006 because of high inland premium
- Lubricants: substantial improvement of unit margins in lubricants in Q3 2006
- Bitumens: Sales of bitumen supported by extensive construction works (motorways, infrastructure) in the Czech republic.
- Substantial improvement of financial situation and decrease of net indebtedness due to strong 2006 cashflow.



# UNIPETROL Group IV

## selected operational highlights for Q1 2005 to Q4 2006

Operating data*	Q1'05	Q2'05	Q3'05	Q4'05	2005	Q1'06	Q2'06	Q3'06	Q4'06	2006
Total sales (tt)	1 118,2	1 326,1	1 400,0	1 319,8	5 164	1 186	1 366	1 513	1 354	5 418
light product sales <sup>1)</sup>	746	848	919	854	3 367	813	941	1 015	914	3 683
other refinery product sales	123	192	197	166	677	110	164	173	152	599
pet-chem sales	209	236	235	249	928	213	200	274	240	926
other product sales	41	51	50	51	192	51	60	51	48	211
Retail sales of motor fuels <sup>2)</sup> (tL)	104	126	136	120	486	107	134	150	144	535
Processed crude (tt)	<b>874</b>	<b>1 022</b>	<b>1 134</b>	<b>1 122</b>	<b>4 152</b>	<b>875</b>	<b>1 103</b>	<b>1 193</b>	<b>1 110</b>	<b>4 281</b>
Utilization <sup>3)</sup>	64%	74%	81%	81%	75%	64%	80%	85%	79%	77%
White product yield <sup>4)</sup>	72%	69%	72%	71%	71%	73%	74%	73%	71%	73%
Motor Fuels' yield <sup>5)</sup>	52%	55%	59%	58%	56%	56%	59%	59%	57%	58%

\*Refers solely to UNIPETROL Refineries (51% of Ceska rafinerska, 100% of Paramo )

1) Gasoline, Diesel, LHO, Jet

2) Gasoline, Diesel, LPG

3) 51% of Ceska Rafinerska, 100% of Paramo

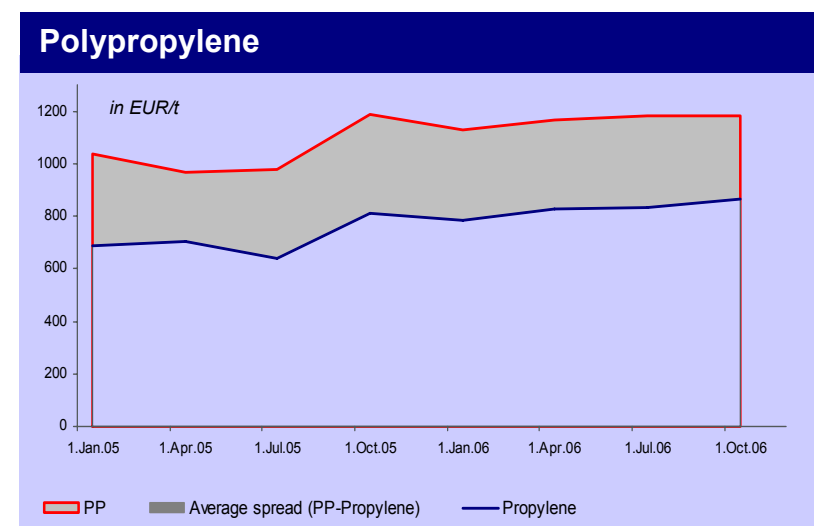
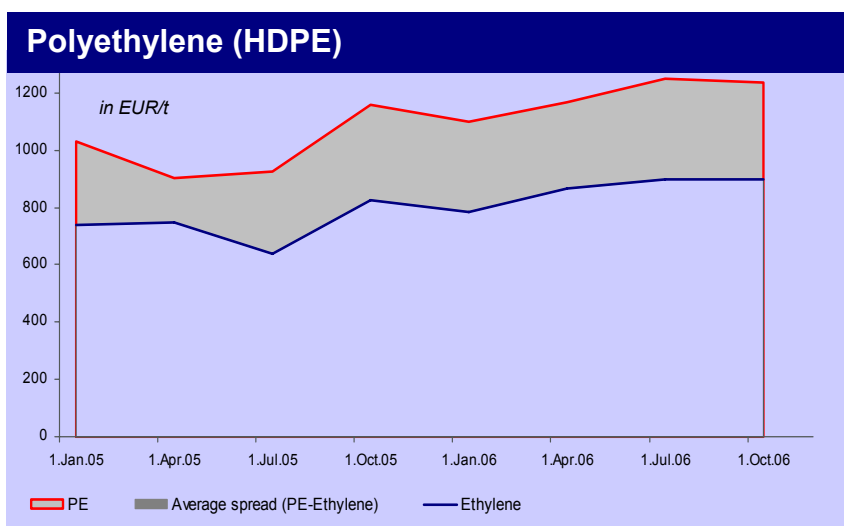
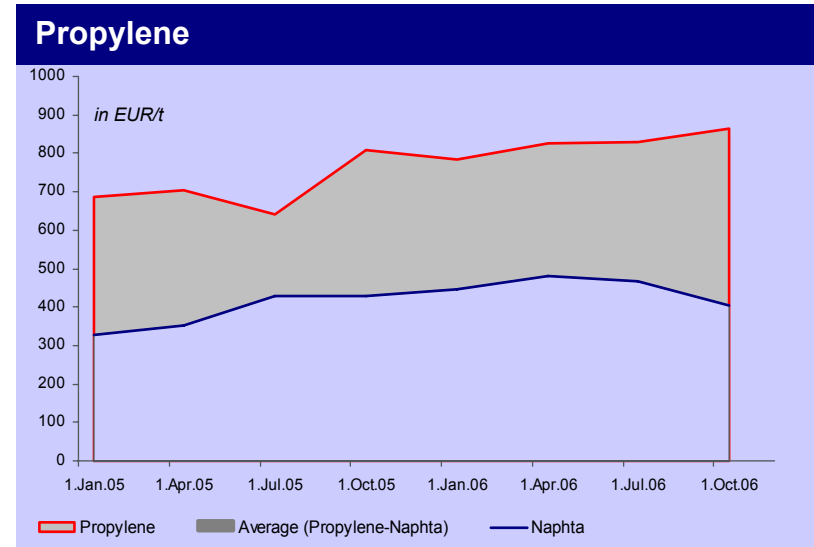
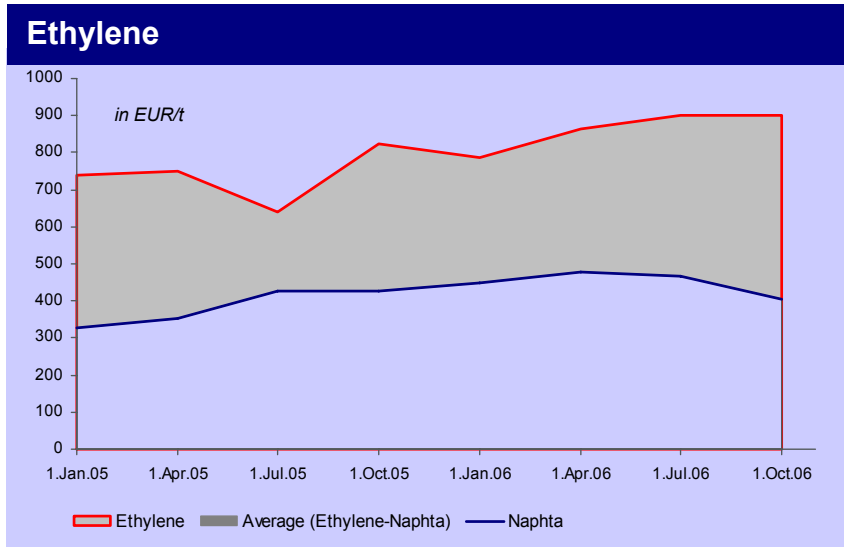
4) Gasoline, Diesel, LHO, Jet

5) Gasoline, Diesel, LPG, LHO



# Petrochemical Market

## from Q1 2005 to Q4 2006



Source: ICIS, PLATTS



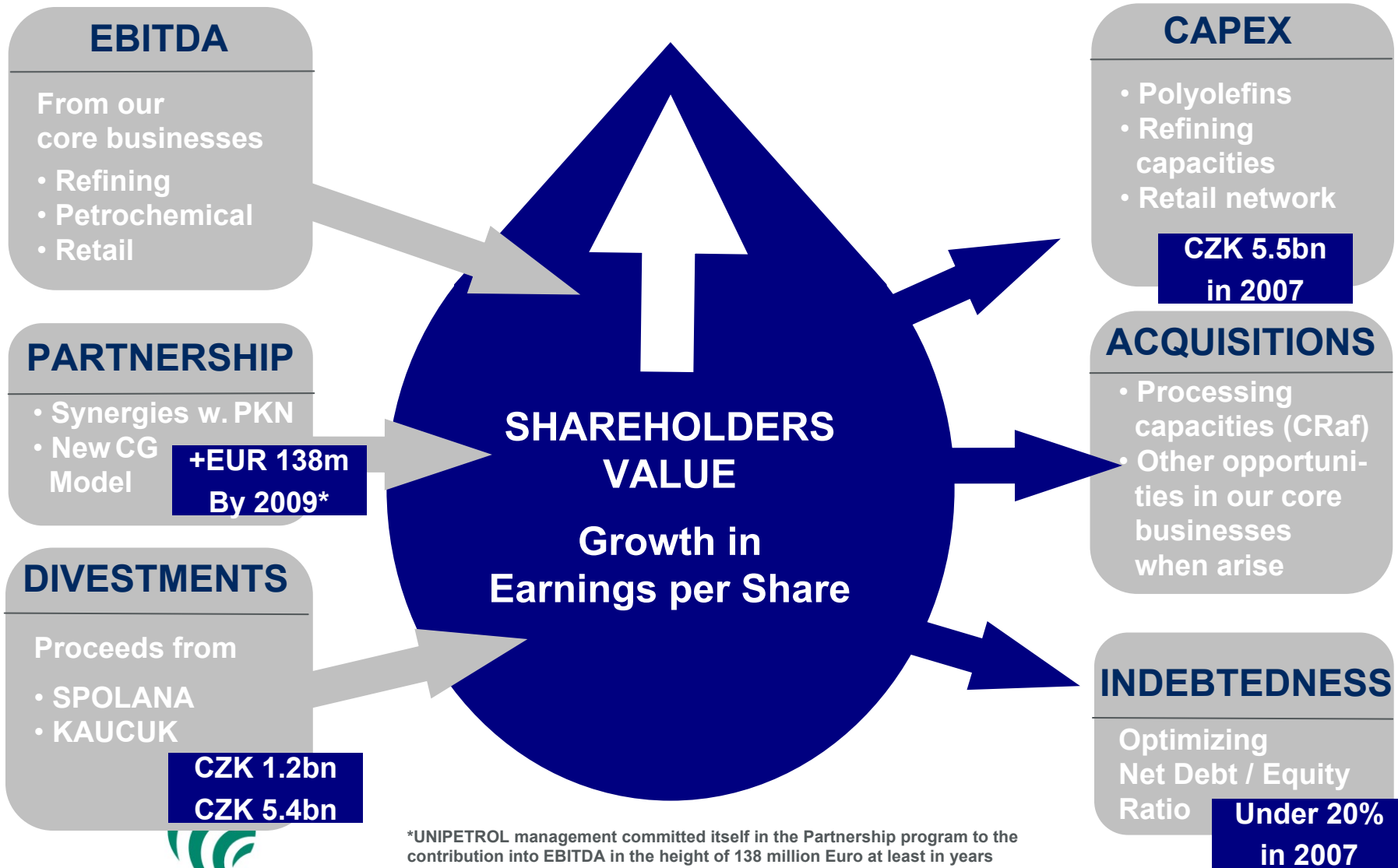
# Strategy Overview

## for our three core businesses

Business	Strategy
<b>Refining</b>	<ul style="list-style-type: none"> <li>• Increase of stake in Česká rafinérská if other shareholders should decide to divest their stakes</li> <li>• Restoring financial stability of PARAMO</li> <li>• Planned CAPEX at the level of approx. CZK 1 bn mainly to facilitate enhancement of the refining capacities in Litvinov and Kralupy refineries</li> </ul>
<b>Petrochemicals</b>	<ul style="list-style-type: none"> <li>• New strategy for polyolefins business</li> <li>• Extension of manufacturing capacities, mainly in ethylene and polypropylene units</li> <li>• Planned 2007 CAPEX in CHEMOPETROL amounting to CZK 3 bn</li> </ul>
<b>Retail</b>	<ul style="list-style-type: none"> <li>• After restoring financial stability of BENZINA new retail strategy for the segment was introduced in 2006               <ul style="list-style-type: none"> <li>• Introduction of new <i>BENZINA Plus</i> in premium segment</li> <li>• Introduction of improved <i>BENZINA</i></li> <li>• Introduction of new customer standards, new gastronomy and shop offer as well as VERVA – new premium motor fuels</li> </ul> </li> <li>• Continuation of operations improvement</li> <li>• 2006-2009 CAPEX in BENZINA at the level of CZK 1.3 bn to upgrade and rebrand the network</li> </ul>



# Value Oriented Growth Program for years 2007 - 2008



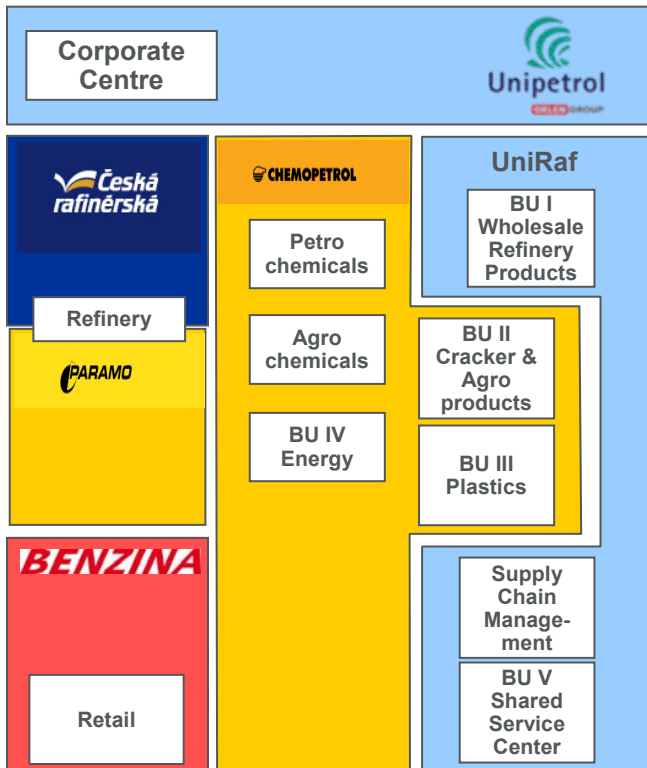
\*UNIPETROL management committed itself in the Partnership program to the contribution into EBITDA in the height of 138 million Euro at least in years 2005 - 2008.



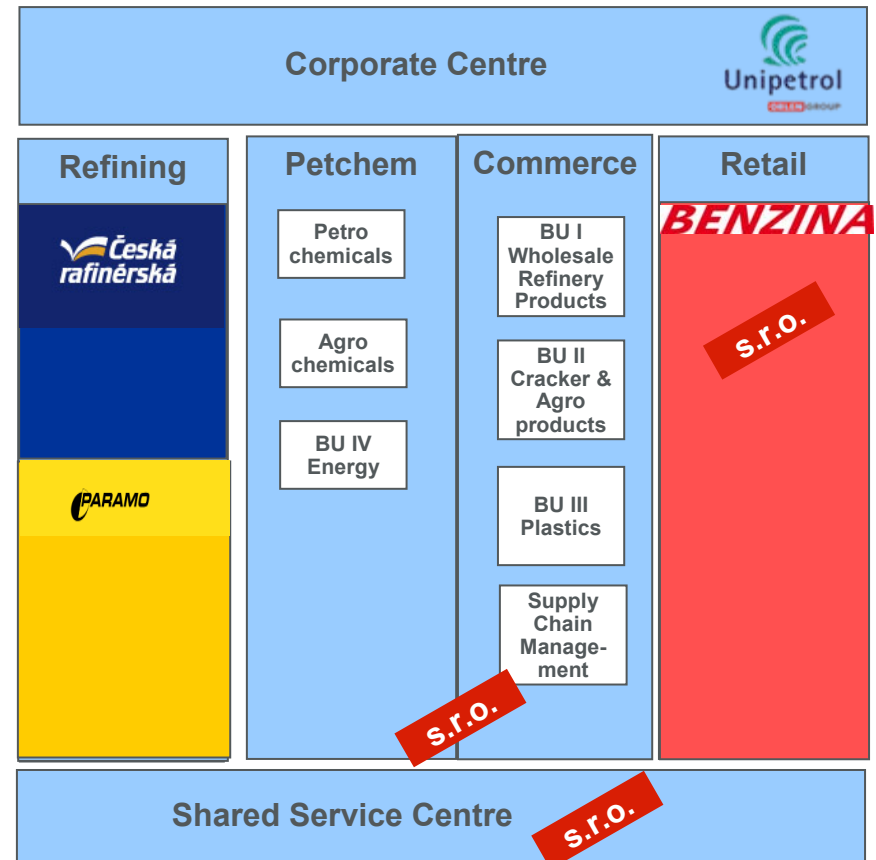
# We Are in the Middle of the CG\* Change Process

at the end we want to build an efficient and transparent structure

UNIPETROL Organization  
as of Jan 1, 2007



UNIPETROL Organization  
Planned structure



# CONTACTS

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