

Estimations of selected financial and operating data for ORLEN Capital Group for the third quarter 2011
Regulatory announcement no 171/2011 dated 21 October 2011

Polski Koncern Naftowy ORLEN Spolka Akcyjna ("Company", "PKN ORLEN S.A.") hereby announces its estimates of selected financial and operating data for ORLEN Capital Group ("PKN ORLEN") for the third quarter 2011.

Table 1.

Macroeconomic data	unit	Q3'10	Q4'10	Q1'11	Q2'11	Q3'11	change (Q3'11 / Q2'11)	change (Q3'11 / Q3'10)
Average Brent crude oil price	USD/b	76,9	86,5	105,4	117,0	113,4	-3%	47%
URAL/Brent differential ¹	USD/b	0,9	1,5	2,9	2,9	0,7	-76%	-22%
Model refining margin ²	USD/b	3,1	3,3	1,5	1,4	2,7	93%	-13%
Model petrochemical margin ³	EUR/t	753	667	751	795	663	-17%	-12%
Average PLN/USD ⁴	PLN	3,10	2,92	2,88	2,75	2,94	7%	-5%
Average PLN/EUR ⁴	PLN	4,01	3,97	3,94	3,96	4,15	5%	3%
PLN/USD (at the end of period) ⁴	PLN	2,93	2,96	2,82	2,75	3,26	19%	11%
PLN/EUR (at the end of period) ⁴	PLN	3,99	3,96	4,01	3,99	4,41	11%	11%

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 crude 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.

Operating data: Production	unit	Q3'10	Q4'10	Q1'11	Q2'11	Q3'11	change (Q3'11 / Q2'11)	change (Q3'11 / Q3'10)
Total throughput in ORLEN Capital Group, including:	th t	7 406	7 542	6 423	6 765	7 418	10%	0%
Throughput in Plock	th t	3 664	3 788	3 301	3 480	3 953	14%	8%
Utilisation ratio ⁵	%	97%	100%	87%	85%	97%	12 p.p.	0 p.p.
Fuel yield ⁶	%	79%	80%	79%	74%	75%	1 p.p.	-4 p.p.
Throughput in Unipetrol	th t	1 182	1 141	879	1 112	941	-15%	-20%
Utilisation ratio ⁷	%	93%	90%	69%	87%	74%	-13 p.p.	-19 p.p.
Fuel yield ⁶	%	76%	74%	78%	76%	81%	5 p.p.	5 p.p.
Throughput in ORLEN Lietuva	th t	2 481	2 541	2 166	2 123	2 435	15%	-2%
Utilisation ratio ⁸	%	97%	100%	85%	83%	96%	13 p.p.	-1 p.p.
Fuel yield ⁶	%	74%	73%	74%	76%	75%	-1 p.p.	1 p.p.

5) Nameplate capacity for Plock refinery is 15,1 mt/y in 2010 and in 1q'2011. Since 2q'2011 nameplate capacity is 16,3 mt/y as a result of PX/PTA installation start-up.

6) Fuel yield is a ratio of (gasoline, naphtha, LPG, diesel, LHO, JET) production excluding BIO and internal transfers to crude oil throughput.

7) Nameplate capacity for Unipetrol refinery is 5,1 mt/y in 2011. CKA [51% Litvinov (2,8 mt/y) and 51% Kralupy (1,7mt/y)] and 100% Paramo (0,6 mt/y).

8) Nameplate capacity for ORLEN Lietuva refinery is 10,2 mt/y in 2011.

Table 3.

Operating data: Sales	unit	Q3'10	Q4'10	Q1'11	Q2'11	Q3'11	change (Q3'11 / Q2'11)	change (Q3'11 / Q3'10)
Total sales in ORLEN Capital Group including:	th t	9 227	8 888	8 070	8 597	9 626	12%	4%
Refining sales	th t	6 075	5 925	5 217	5 545	6 279	13%	3%
Retail sales	th t	1 940	1 759	1 600	1 836	1 987	8%	2%
Petrochemical sales	th t	1 212	1 204	1 253	1 216	1 360	12%	12%

MACRO ENVIRONMENT

Changes in macroeconomic factors in the third quarter 2011 comparing y/y:

- ▶ Model refining margin and URAL/Brent differential in total decreased by (-) 0,6 USD/bbl (y/y) to 3,4 USD/bbl,
- ▶ Model petrochemical margin decreased by (-) 90 EUR/t (y/y) to 663 EUR/t,
- ▶ On average, PLN appreciated against USD by 0,16 PLN (y/y) to the level of 2,94 PLN/USD,
- ▶ On average, PLN depreciated against EUR by 0,14 PLN (y/y) to the level of 4,15 PLN/EUR.

Comparing to the second quarter 2011:

- ▶ Model refining margin and URAL/Brent differential in total decreased by (-) 0,9 USD/bbl (q/q),
- ▶ Model petrochemical margin decreased by (-) 132 EUR/t (q/q),
- ▶ On average, PLN depreciated both against USD and EUR by 0,19 PLN (q/q).

OPERATIONAL PARAMETERS

Crude oil throughput in PKN ORLEN in the third quarter 2011 increased by 10% (q/q) to the level of 7,4 mt and achieved comparable level (y/y).

- ▶ Increase of utilisation ratio at Plock refinery by 12 pp (q/q) as a result of finishing in the third quarter 2011 maintenance shutdowns of H-Oil and Hydrogen Plant done mainly in the second quarter 2011. Reduction of share of low sulphur crude oils in the throughput and impact of above mentioned maintenance shutdowns caused decrease of fuel yield by (-) 4 pp (y/y),
- ▶ Lower utilisation ratio in Unipetrol reflects started in September 2011 maintenance shutdowns of refinery and petrochemical units in Litvinov. Increase of fuel yield by 5 pp (y/y) and (q/q) resulted from processing of semi-products accumulated before repairs,
- ▶ High level of utilisation ratio in ORLEN Lietuva at stable level of fuel yield (y/y).

Taking into account the above mentioned conditions in the third quarter 2011 PKN ORLEN recorded:

- ▶ Increase in refining sales by 3% (y/y) achieved on Polish and Lithuanian market at lower sales on Czech market as a result of started maintenance shutdown,
- ▶ Increase in retail sales by 2% (y/y) and 8% (q/q) achieved mainly on Polish and German market,
- ▶ Increase in petrochemical sales by 12% (y/y) achieved mainly due to start of purified terephthalic acid (PTA) sales and higher sales of PVC. Lower sales of olefins and polyolefins as a result of started in September maintenance shutdown in Unipetrol and limited demand on Polish and Czech market.

FINANCIAL PARAMETERS

The Management Board of PKN ORLEN S.A. estimates that in the third quarter 2011:

Total negative impact of macro factors including: refining and petrochemical margins, URAL/Brent differential, changes of PLN against foreign currencies and sales volumes is estimated at ca. PLN (-) 0,1 bn (y/y).

Pressure on retail margins due to high fuel prices was partially offset by increasing sales volumes and will cause decrease in retail segment results by more than PLN (-) 0,1 bn (y/y).

Other operating elements, mainly legislation changes in taxation of biocomponents in fuels and worsening of trading conditions due to tough competition will decrease operating result by ca. PLN (-) 0,3 bn (y/y).

As a result, estimated operating result acc. LIFO in the third quarter 2011 will amount to ca. PLN 0,2 bn.

LIFO effect increasing operating result will be higher by ca. PLN 0,5 bn (y/y) and will amount in the third quarter 2011 to more than PLN 0,5 bn.

Estimated operating profit in the third quarter 2011 will amount to ca. PLN 750 m.

Negative net effect of debt revaluation in the third quarter 2011 is estimated at ca. PLN (-) 1,4 bn, from which ca. PLN (-) 0,9 bn refers to USD denominated debt connected with ORLEN Lietuva investment and foreign units debts that were booked in equity.

Remaining part in the amount of ca. PLN (-) 0,5 bn refers mainly to negative foreign exchange differences from EUR denominated debt revaluation and was booked in profit and loss account.

After taking into account net negative foreign exchange differences from other positions in foreign currencies in the amount of ca. PLN (-) 0,5 bn as well as net interest costs in the amount of ca. PLN (-) 0,1 bn, negative balance in financial operations in the third quarter 2011 will amount to approximately PLN (-) 1,1 bn.

In the second quarter shares in Polkomtel S.A. were classified as assets for sale. Therefore, share in net profit from this investment will be excluded from profit and loss account of ORLEN Capital Group for the third quarter 2011.

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

Additionally, in accordance with IFRS 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 the values may differ from the values which are to be published on 4 November 2011 in PKN ORLEN consolidated financial statements for the third quarter 2011.

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 No. 33, item 259) 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 No. 184, item 1539).

Management Board of PKN ORLEN S.A.