

Estimations of selected financial and operating data for ORLEN Capital Group for the first quarter 2011
Regulatory announcement no 64/2011 dated 21 April 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 first quarter 2011.

Table 1.

Macroeconomic data	unit	Q1'10	Q2'10	Q3'10	Q4'10	Q1'11	change (Q1'11 / Q4'10)	change (Q1'11 / Q1'10)
Average Brent crude oil price	USD/b	76,4	78,3	76,9	86,5	105,4	22%	38%
URAL/Brent differential ¹	USD/b	1,4	1,8	0,9	1,5	2,9	93%	107%
Model refining margin ²	USD/b	4,0	4,7	3,1	3,3	1,5	-55%	-63%
Model petrochemical margin ³	EUR/t	629	721	753	667	751	13%	19%
Average PLN/USD ⁴	PLN	2,88	3,16	3,10	2,92	2,88	-1%	0%
Average PLN/EUR ⁴	PLN	3,99	4,01	4,01	3,97	3,95	-1%	-1%
PLN/USD (at the end of period) ⁴	PLN	2,87	3,39	2,93	2,96	2,82	-5%	-2%
PLN/EUR (at the end of period) ⁴	PLN	3,86	4,15	3,99	3,96	4,01	1%	4%

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	Q1'10	Q2'10	Q3'10	Q4'10	Q1'11	change (Q1'11 / Q4'10)	change (Q1'11 / Q1'10)
Throughput in ORLEN Capital Group	th t	6 233	6 901	7 406	7 542	6 423	-15%	3%
Throughput in Plock	th t	3 495	3 506	3 664	3 788	3 301	-13%	-6%
Utilisation ratio ⁵	%	93%	93%	97%	100%	87%	-13 p.p.	-6 p.p.
Fuel yield ⁶	%	73%	80%	79%	80%	79%	-1 p.p.	6 p.p.
Throughput in Unipetrol	th t	948	1 082	1 182	1 141	879	-23%	-7%
Utilisation ratio ⁷	%	74%	85%	93%	90%	69%	-21 p.p.	-5 p.p.
Fuel yield ⁶	%	75%	75%	76%	74%	78%	4 p.p.	3 p.p.
Throughput in ORLEN Lietuva	th t	1 706	2 257	2 481	2 541	2 166	-15%	27%
Utilisation ratio ⁸	%	67%	89%	97%	100%	85%	-15 p.p.	18 p.p.
Fuel yield ⁶	%	74%	75%	74%	73%	74%	1 p.p.	0 p.p.

5) Nameplate capacity for Plock refinery is 15,1 mt/y in 2010 and 2011.

6) Fuel yield calculated as: production of (gasoline, naphtha, LPG, diesel, LHO, JET) / 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 in ORLEN Capital Group	unit	Q1'10	Q2'10	Q3'10	Q4'10	Q1'11	change (Q1'11 / Q4'10)	change (Q1'11 / Q1'10)
Refining sales	th t	4 737	5 683	6 075	5 925	5 217	-12%	10%
Retail sales	th t	1 541	1 785	1 940	1 759	1 600	-9%	4%
Petrochemical sales	th t	1 239	1 077	1 212	1 204	1 253	4%	1%

MACRO ENVIRONMENT

In the first quarter 2011 following changes in macroeconomic factors were recorded comparing y/y:

- ▶ Model refining margin and URAL/Brent differential in total decreased (-) by 1,0 USD/bbl (y/y) to the level of 4,4 USD/bbl.
- ▶ Model petrochemical margin increased by 122 EUR/t (y/y) to the level of 751 EUR/t.
- ▶ Above changes occurred at stable average PLN exchange rate against USD and EUR.

Comparing to fourth quarter 2010 there were recorded:

- ▶ Model refining margin and URAL/Brent differential in total decreased by (-) 0,4 USD/bbl (q/q).
- ▶ Model petrochemical margin increased by 84 EUR/t (q/q).
- ▶ Above changes occurred at stable average PLN exchange rate against USD and EUR.

OPERATIONAL PARAMETERS

Crude oil throughput in PKN ORLEN in the first quarter 2011 increased by 3% (y/y) achieving over 6,4 mt.

- ▶ Plock refinery was operating at lower utilisation mainly due to started shutdowns of Hydrocracking and Hydrogen Plant II units. Increased share of low sulphur crude oil in total throughput in the first quarter 2011 and lack of shutdowns of Reformings and HDS VI installations that took place in 2010 influenced positively on fuel yield by 6 pp (y/y).
- ▶ ORLEN Lietuva utilisation ratio increased by 18 pp (y/y) at stable fuel yield. Due to tough weather conditions and the beginning of periodic refinery maintenance shutdown, utilisation ratio in the first quarter 2011 amounted to 85%.
- ▶ Utilisation ratio in Unipetrol decreased by (-) 5 pp (y/y) mainly as a result of Paramo refinery shutdown. Limited production of Paramo refinery, known from lower fuel yield comparing to Litvinow and Kralupy refineries, resulted in improvement of fuel yield by 3 pp (y/y) to 78%.

Changes in operational parameters comparing to fourth quarter 2010 besides issues described above are connected with seasonality in the business.

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

- ▶ Increase of refining sales by 10% (y/y) achieved mainly by ORLEN Lietuva and Unipetrol while stable volumes on the Polish market.
- ▶ Increase of retail sales by 4% (y/y) achieved on Polish, German and Czech markets offset by lower retail margins in Poland and the Czech Republic.
- ▶ Sales volumes increase in petrochemical segment by 1% (y/y) achieved mainly due to higher sales of basic petrochemical products including olefins, polyolefins and plastics.

FINANCIAL PARAMETERS

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

Total impact of macro factors including: refining and petrochemical margins, URAL/Brent differential and changes of PLN against foreign currencies was neutral in the first quarter 2011 comparing y/y.

To minimise effects of conversion installations shutdowns in the first quarter 2011, PKN ORLEN increased share of low sulphur crude oil in total throughput and in operational inventories. Simultaneously, the level of operational inventories of REBCO crude oil was decreased, according to LIFO method purchased in previous years for lower prices, what had positive impact on profit and loss account in the first quarter 2011. Total positive impact of above described inventory rotation and the effect of increasing sales volumes is estimated at ca. PLN 0,3 bn (y/y).

Due to growing crude oil prices, estimated LIFO effect increasing operating result will be higher by ca. PLN 0,5 bn (y/y) and will amount to ca. PLN 0,9 bn in the first quarter 2011.

As a result estimated operating profit of PKN ORLEN in the first quarter 2011 will amount ca. PLN 1,3 bn.

Positive net effect of debt revaluation in the first quarter 2011 is estimated at ca. PLN 170 m from which ca. PLN 220 m refer 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 (-) 50 m 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 positive foreign exchange differences from other positions in foreign currencies and changes in financial instruments valuation in the amount of ca. PLN 90 m as well as net interest costs in the amount of ca. PLN (-) 70 m, the impact of the balance in financial operations on results in the first quarter 2011 will be insignificant.

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.

CHANGES IN OPERATING DATA PRESENTATION MADE IN 1 QUARTER 2011

PKN ORLEN S.A. informs, that starting from the first quarter 2011 the method of calculation of maximum production capacities has been changed.

Updated ratio reflects possible crude oil throughput at full utilisation of conversion installations in case of lack of maintenance shutdowns.

Present maximum throughput capacities on yearly basis amount to 15,1 mt for refinery in Plock, 5,1 mt for Unipetrol and 10,2 mt for ORLEN Lietuva.

The level of ratio will be updated quarterly to reflect potential add-ins coming from new installations or elimination of bottlenecks.

The change of maximum production capacities will have an impact on the level of presented utilisation ratio.

Since the first quarter 2011 fuel yield calculation was changed, taking into account volumes of gasoline fractions (gasoline to pyrolysis and gas fractions) produced in refining segment and redirected to further processing in petrochemical segment.

Internal transfers respected in above calculations allow to eliminate discrepancies in the level of this ratio depending on further usage of above fractions by other segments.

In order to assure comparability, the above mentioned operational ratios for each quarter of 2010 were updated respectively.

All information published in this report is an estimate and the values may differ from the values which are to be published on 29 April 2011 in PKN ORLEN consolidated financial statement for the first quarter of 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.