



Unipetrol Group Strategy

People • Growth • Excellence

Prague, 14th March 2017

Agenda

UNIPETROL today

UNIPETROL of the future

Strategic objectives for 2017-2018

Summary



Over the last years Unipetrol realized major milestones that significantly improved its business position



Improved **organization**

- Simplification of capital group structure
- Business reality reflected in the structure and processes



Security of crude oil and gas supplies

- Long term Rebco contracts, alternative grades supply
- New contracts with MERO and Transpetrol



Strengthened position on the fuel market

- Consequent increase of retail market share
- Gaining full control over refining production assets



Good financial results and dividend pay-out

- Record high EBITDA LIFO in 2016: over CZK 12 bn
- First dividend after 8 years, app. CZK 1 bn paid out



Start of PE3 investment

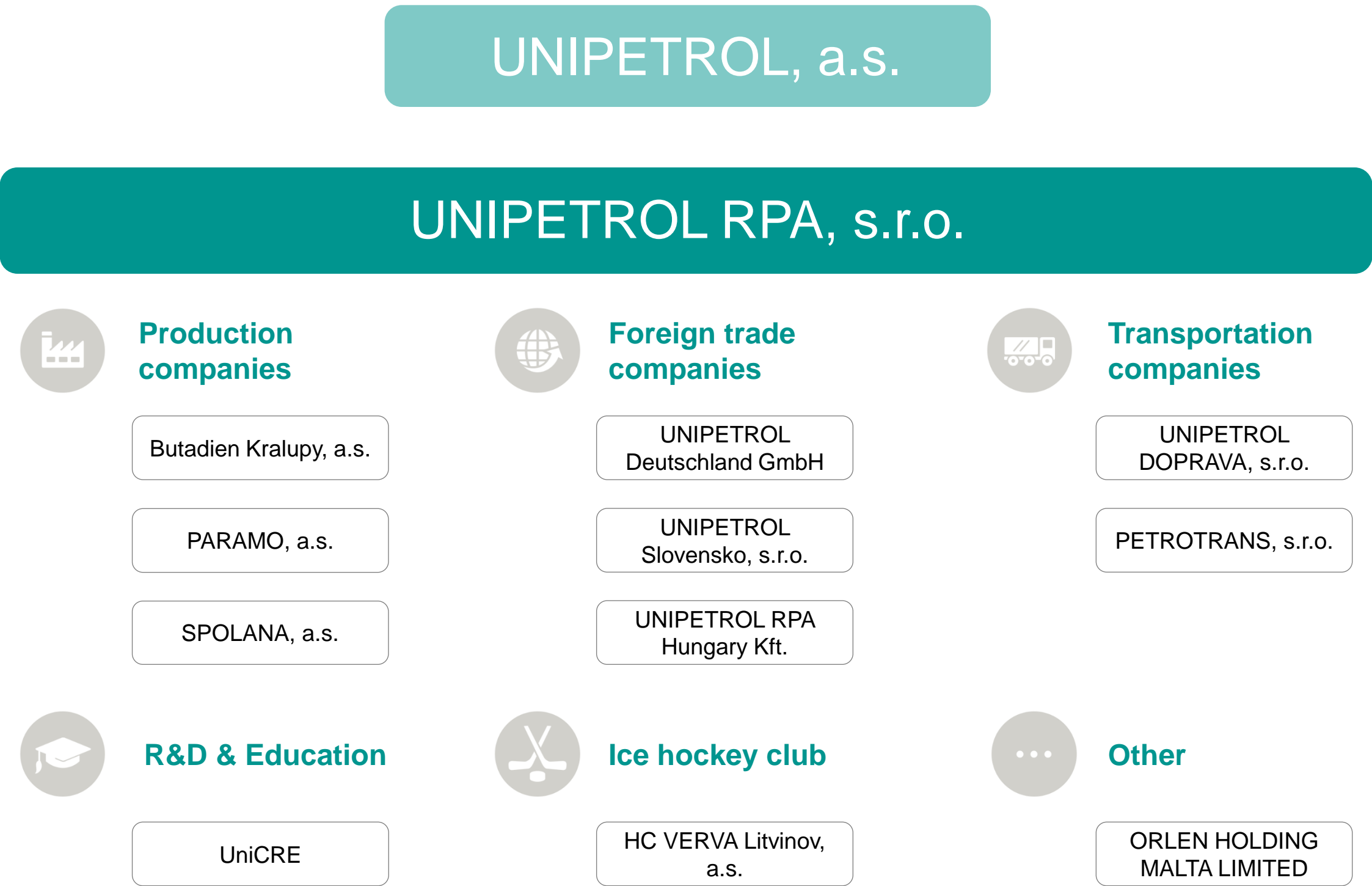
- One of the most modern units of its kind in Europe
- Largest investment in petrochemical industry in the Czech Republic – over CZK 8.5 bn



Group structure reflects business priorities and supports growth of the company

Unipetrol Capital Group companies, March 2017

- **Full control** over refining and petrochemical production assets
- A **number of companies** incorporated into Unipetrol RPA:
 - Česká Rafinérská
 - Benzina
 - Unipetrol Services
 - Polymer Institute Brno
 - Chemopetrol
 - Unipetrol Rafinérie
- **Unipetrol RPA** became an **operational center** of the Unipetrol Group
- Former **Benzina, Česká Rafinérská** and **Polymer Institute Brno** do operate as **branches** of Unipetrol RPA until the internal processes are optimized



Unipetrol RPA became an operational center of Unipetrol Group

Unipetrol has secured conditions of crude oil and gas deliveries

Druzhba remains the key crude oil route for Unipetrol, TAL and Janaf as additional routes

- Contracts with Rosneft and Tatneft provide for 60-100% of the consumption
- Up to 40% at seller's option or subject to Rebco spot deliveries
- Spot basis purchasing of alternative grades (e.g. Azeri, CPC)

Contracts for REBCO and alternative grades

- New long-term contract with Rosneft Oil Company and Tatneft for delivery of REBCO until 2019
- Saudi crude acquired within the framework of contract of ORLEN with Saudi Aramco (first successful processing occurred in 2016)
- Other grades analyzed and planned for processing

Natural gas

- Implementation of gas trading model enabling high flexibility and independence in gas purchases
- Improved commercial conditions of natural gas supply
- Infrastructure projects launched for reduction of gas distribution cost



Contract flexibility allows for cooperation with a number of suppliers in order to maximally exploit arising market opportunities



Unipetrol maintains leadership position on the fuels market in the Czech Republic

Market leader in fuels wholesale

Fuels* sales, 2013-2016, mn t



- The only fuel producer in the Czech Republic
- Well established direct presence at adjacent markets: Slovakia, Hungary and Germany

The strongest retail network in the Czech Republic

Retail market share, 2013-2016, %



- Offer of premium fuels and a wide range of non-fuel goods and services, highly acclaimed by customers
- Comprised of 363 stations as of end of 2016, running takeover of part of OMV network

High quality of products and services

- Reliability of products and their ability to pass the strictest test confirmed by contracts with emergency services and army
- Fuels produced according to legal quality norms (CSN EN 590 and CSN EN 228)
- CTIA monitoring as well as internal quality assurance program „Seal of Quality” confirm highest quality



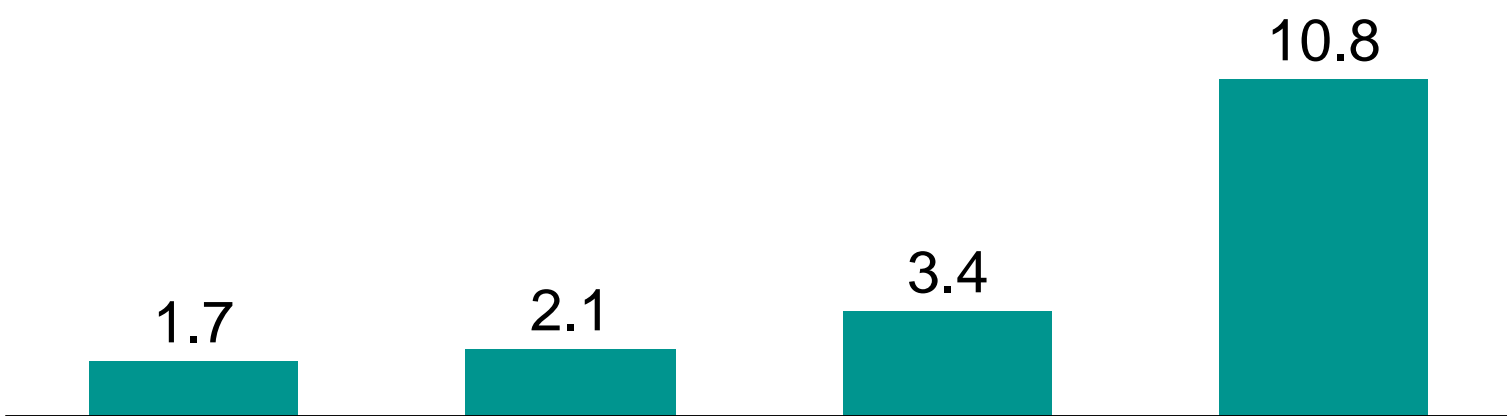
Unipetrol achieved good financial and operational results in recent years

Historical financial results of Unipetrol Group, 2013-2016

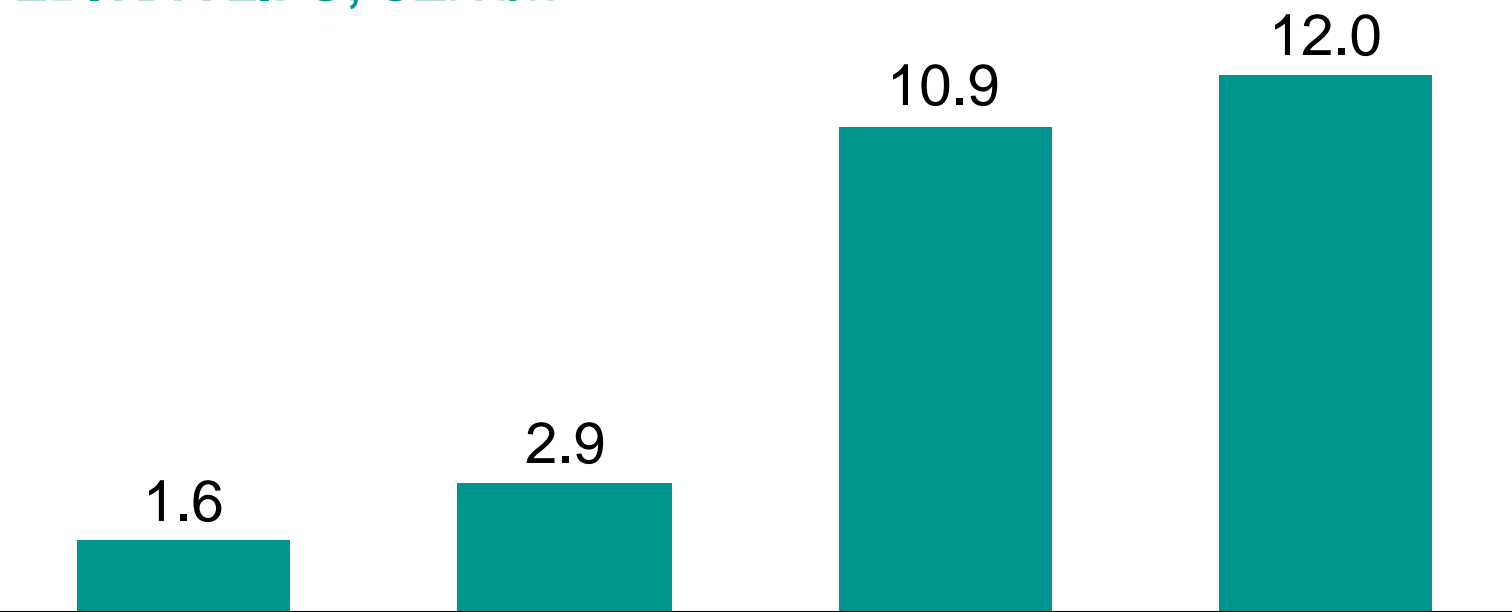
Revenues, CZK bn



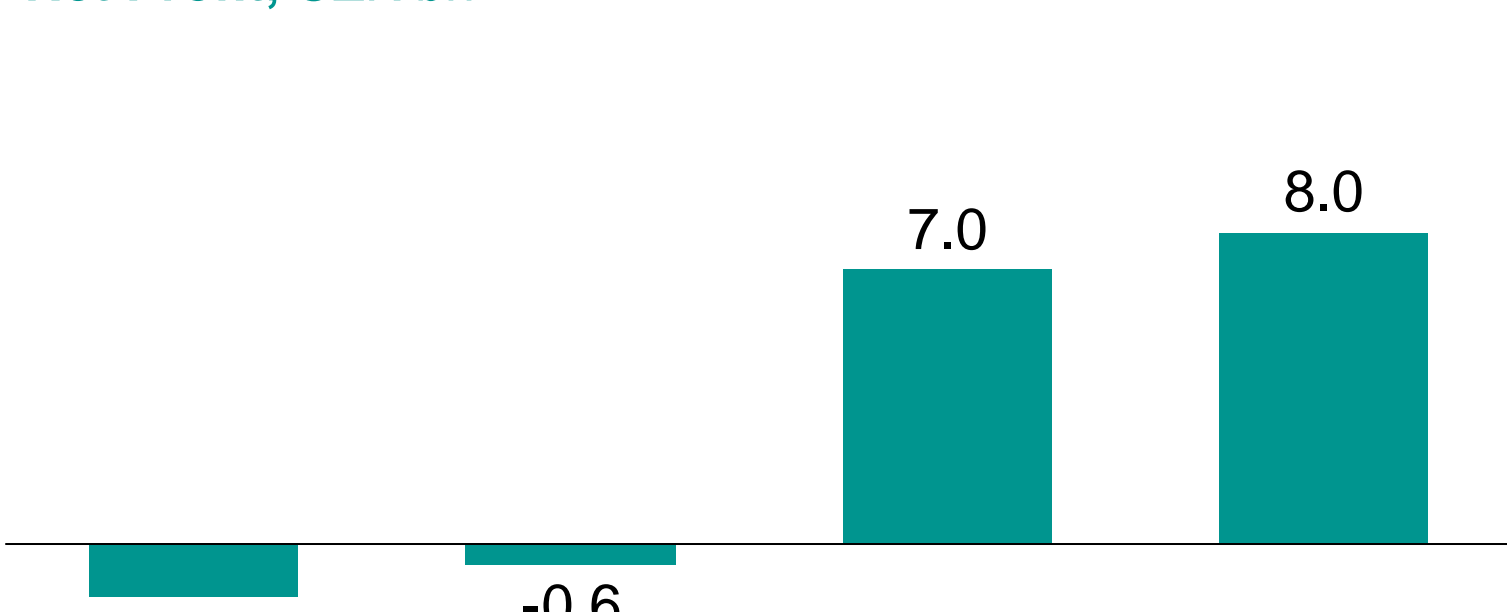
Investments – CAPEX*, CZK bn



EBITDA LIFO, CZK bn



Net Profit, CZK bn



2013

2014

2015

2016

2013

2014

2015

2016

Over the years 2013-2016 over CZK 27 bn EBITDA LIFO delivered



*Includes spendings on steam cracker and FCC reconstructions following unplanned shutdowns in 2015 and 2016, respectively

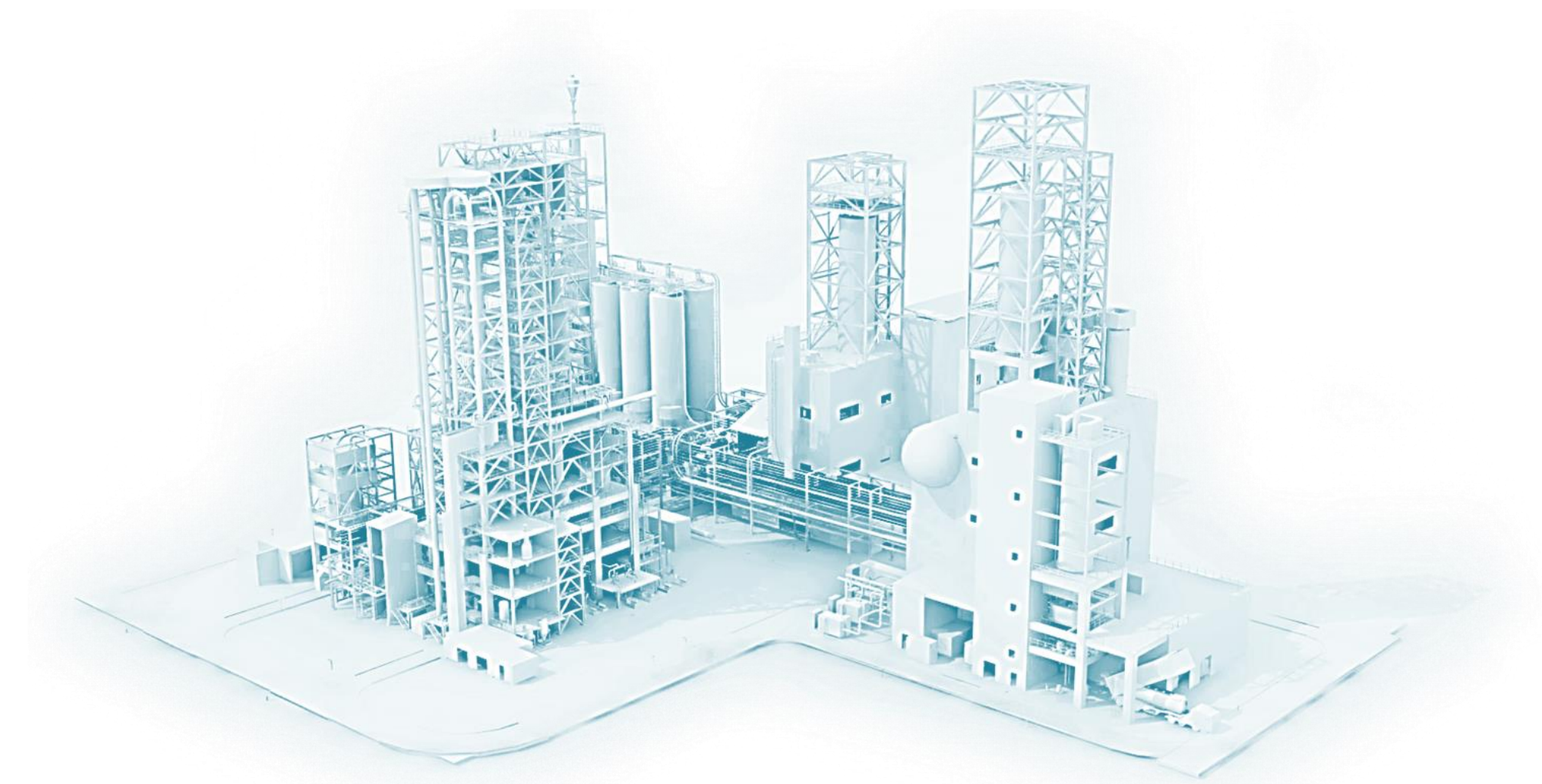
2017-2018: planned completion of PE3

Technical complexity of investment

- The largest petrochemical investment in the Czech Republic, worth over CZK 8.5 bn
- Huge scale of project: app. 2 mn hours, 4000 tonnes of steel, 750 km of cables
- Construction progresses, to be completed in 2018

Significant business transition

- One of the most modern assets of this kind in Europe
- Technology suitable for production of broad scope of bi-modal grades
- Will allow for overall petrochemical portfolio optimization



PE3 enables competitive advantages stemming from technical upgrade and organization's experience gained during the project



Unipetrol is well positioned to prosper in reality shaped by the coming trends



Strong position in business

- Among top-5 most integrated petrochemical complexes in Europe*
- Largest fuel stations network in the Czech Republic



Favorable market situation on core markets

- Key markets achieve a good level of economic growth with decent mid-term perspectives
- Successful regulatory actions resulting in contraction of grey zone in the Czech Republic



Well developed R&D capabilities

- 2 research institutes
- Over 100 R&D employees, university center on site



Team of high potential employees

- Unique technical and innovation specialists
- 4500 people, 14 nationalities



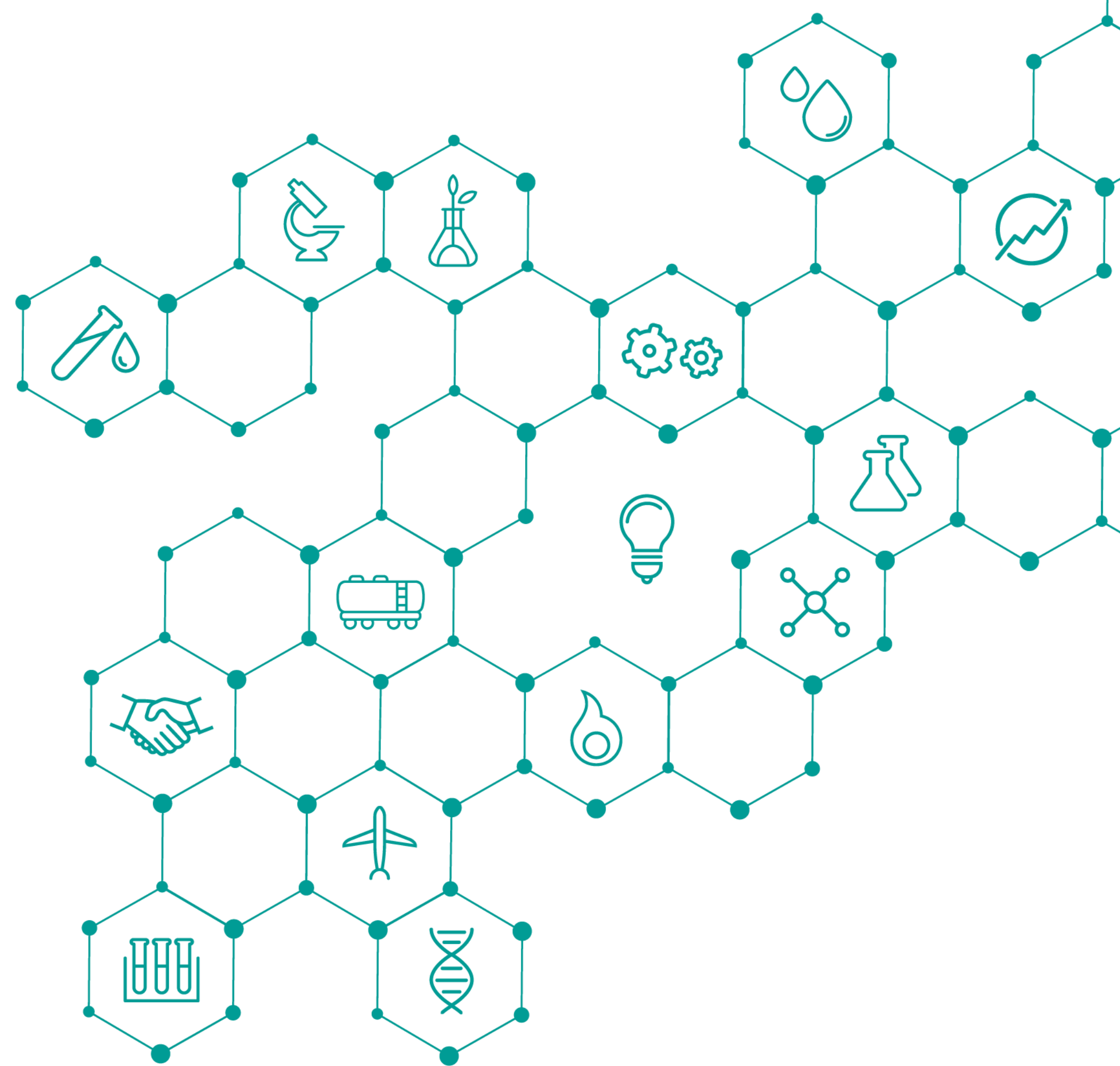
Agenda

UNIPETROL today

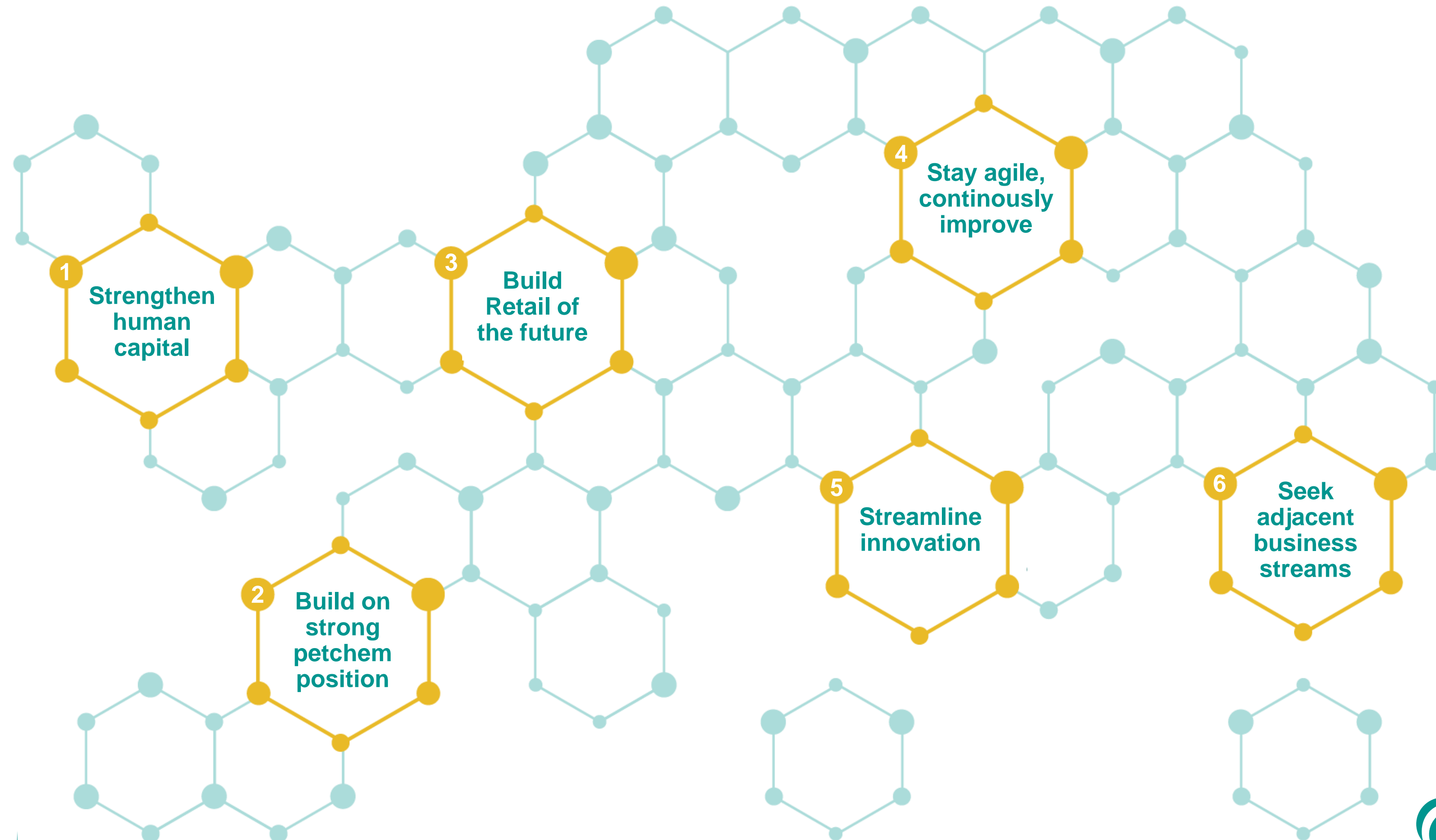
UNIPETROL of the future

Strategic objectives for 2017-2018

Summary



Unipetrol will use its advantages to act with a system of strategic ambitions in a 2017-2021 horizon





Increasing attractiveness of Unipetrol as employer

- Development of program dedicated for graduates
- Participation in competitions for employers
- Reaching employees through new recruitment channels



Enhance the total value proposition

- Competitive salaries, transparent competence system
- Extension to benefits programs
- Employee performance bonus and awards system
- Regular employees satisfaction surveys



Improved training and development of the employees

- Talent development program for top performing employees
- Development of Training Center for new and current operators
- Mentoring program



Further close cooperation with education sector

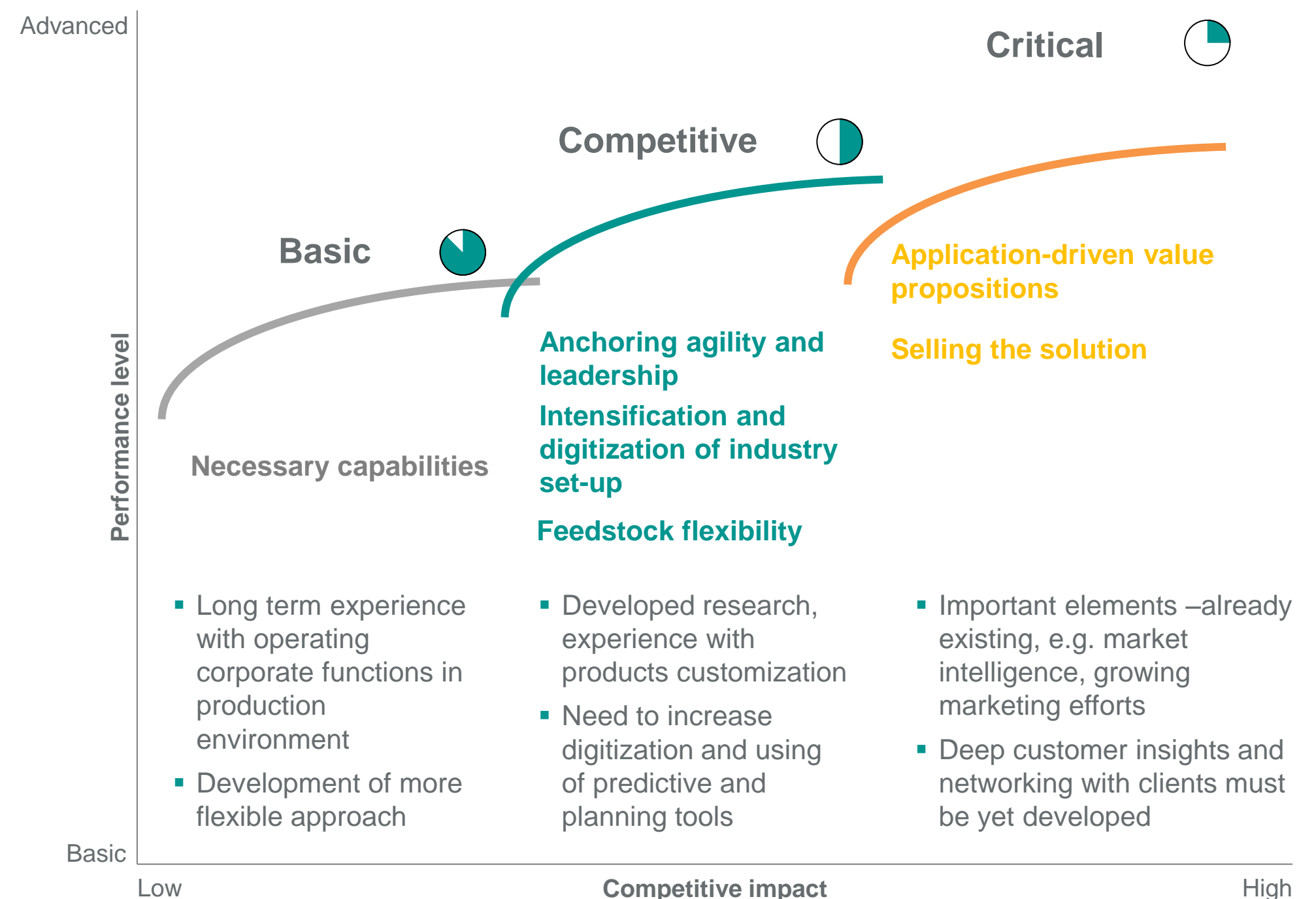
- Development of University Center in Litvinov
- Support in developing interest of youth in chemistry
- Partnerships and support to secondary schools in the region



Plastics applications are widening, giving refiners an alternative in times of lowering fuels consumption

- Trend of **wider application of plastics** is visible in the world economy today and will be still increasing - clients expecting flexibility from producers, **Age of Application** on the horizon
- **CEE** is predicted to have a decent **consumption growth in the long term** for current petrochemical products of Unipetrol (1.3-2.3%* CAGR until 2030)
- **Growing pressure on European producers** from US and Middle East but **Unipetrol's markets** are to a large degree **protected** by their geographical location

Competencies required for the Age of Application in the chemicals sector



Unipetrol is well positioned to prosper in the Age of Applications in chemicals



Improved and extended offer

efecta

- New offer of standard fuels
- Most advanced on the market adding to competitive advantage

**stop
cafe**

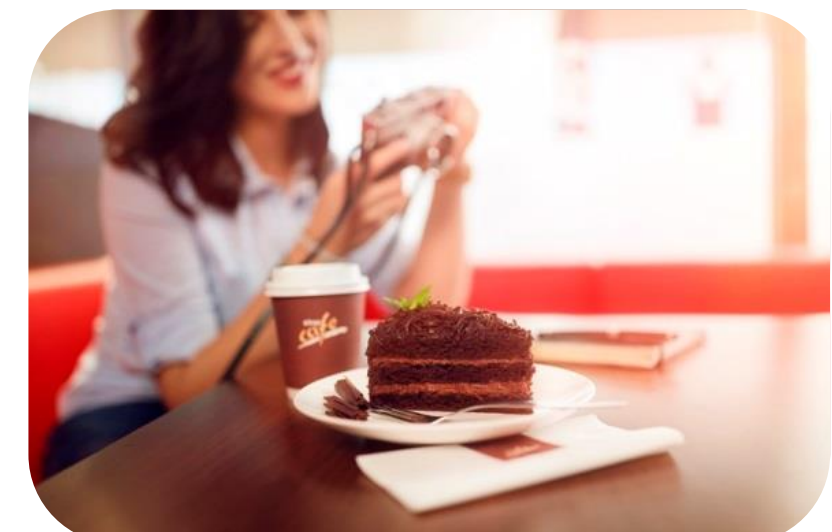
- High quality of food and beverages
- Modern design improving overall client experience of station service

I6
ROZJEDTE TO
NAPLNO!

- More attractive for new generation of customers
- Application of most modern marketing tools



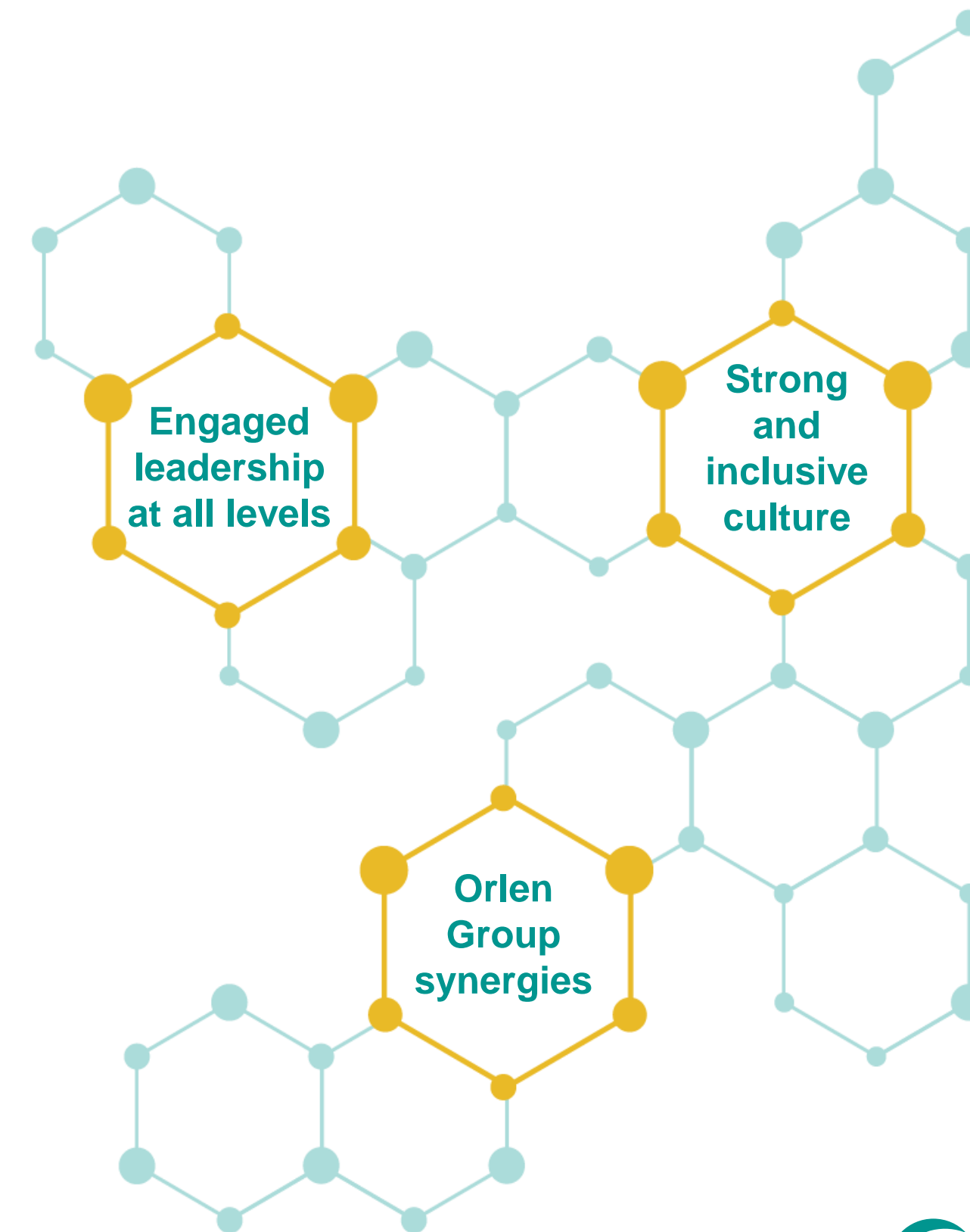
- Tracking new trends in alternative fuels
- Cost-effective presence across a range of trends



World nowadays changes at a pace unprecedented in history

- It is estimated that in comparison to **industrial revolution** changes are **happening now** ten times faster and on a **300 times greater scale**
- It is **difficult to understand** all the implications that result from the occurring changes, as their **2nd or 3rd order implications** may over time become **most influential**
- Researches prove that achieving **ability to be agile** coupled with **organizational stability** helps in becoming a **healthy organization**

Unipetrol will get ready to respond to disruptive changes at any time



R&D dedicated team at Unipetrol Group

- Unipetrol already has a strong team of R&D experts at Unipetrol RPA in Brno and Litvinov and at UniCRE
- Further strong support for development of Unipetrol's projects



All other personnel

- Sourcing ideas from all the employees, regardless of position and field of work
- Improving the channels for ideas sharing by adequate easy to use tools and motivation system



Cooperation with external partners

- Active seeking for cooperation with academic, corporate and individual partners
- Development of joint technical and business projects, potentially acquiring identified solutions



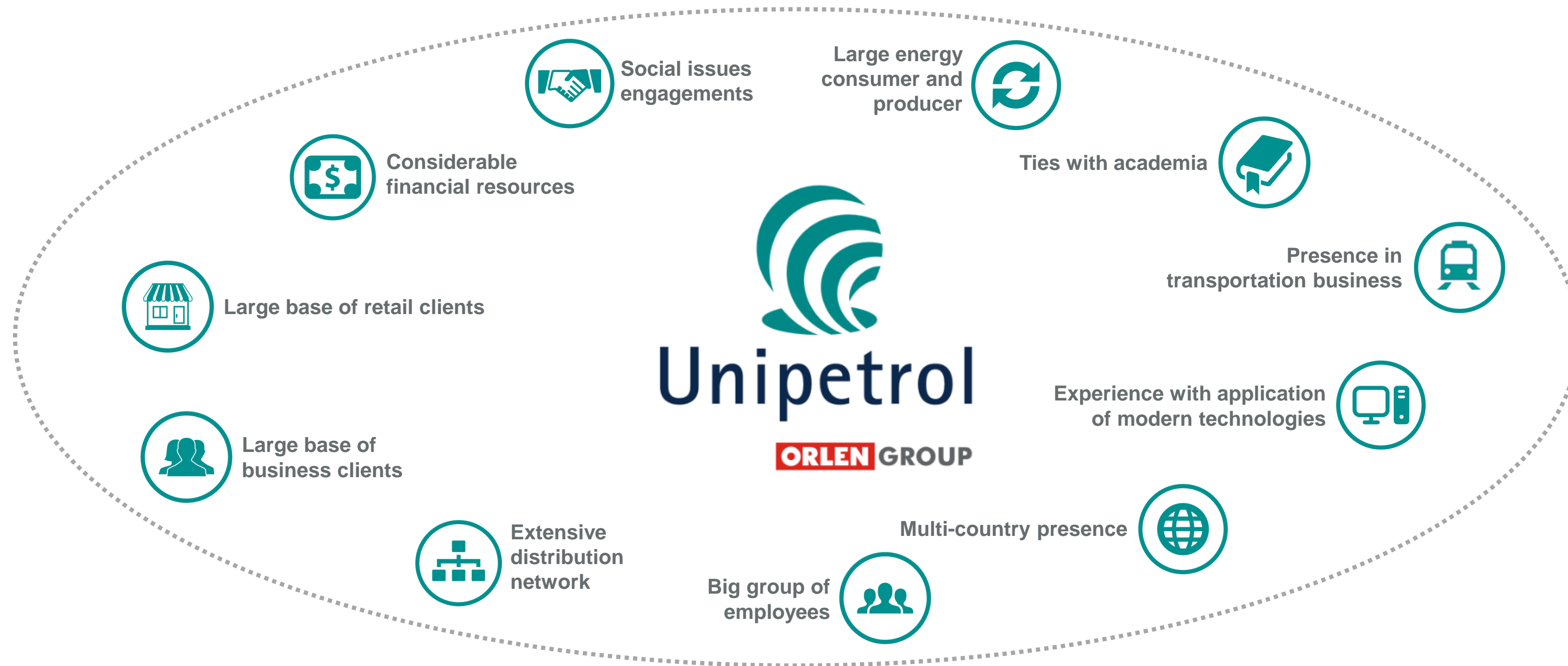
Enabled R&D and innovation potential of Unipetrol Group



Unipetrol is positioned in many business roles and gathers varied experience making it a good partner to growing entrepreneurs

6

Characteristics of Unipetrol business - selection



Pro-active seeking for monetizing opportunities that are related to Unipetrol's business



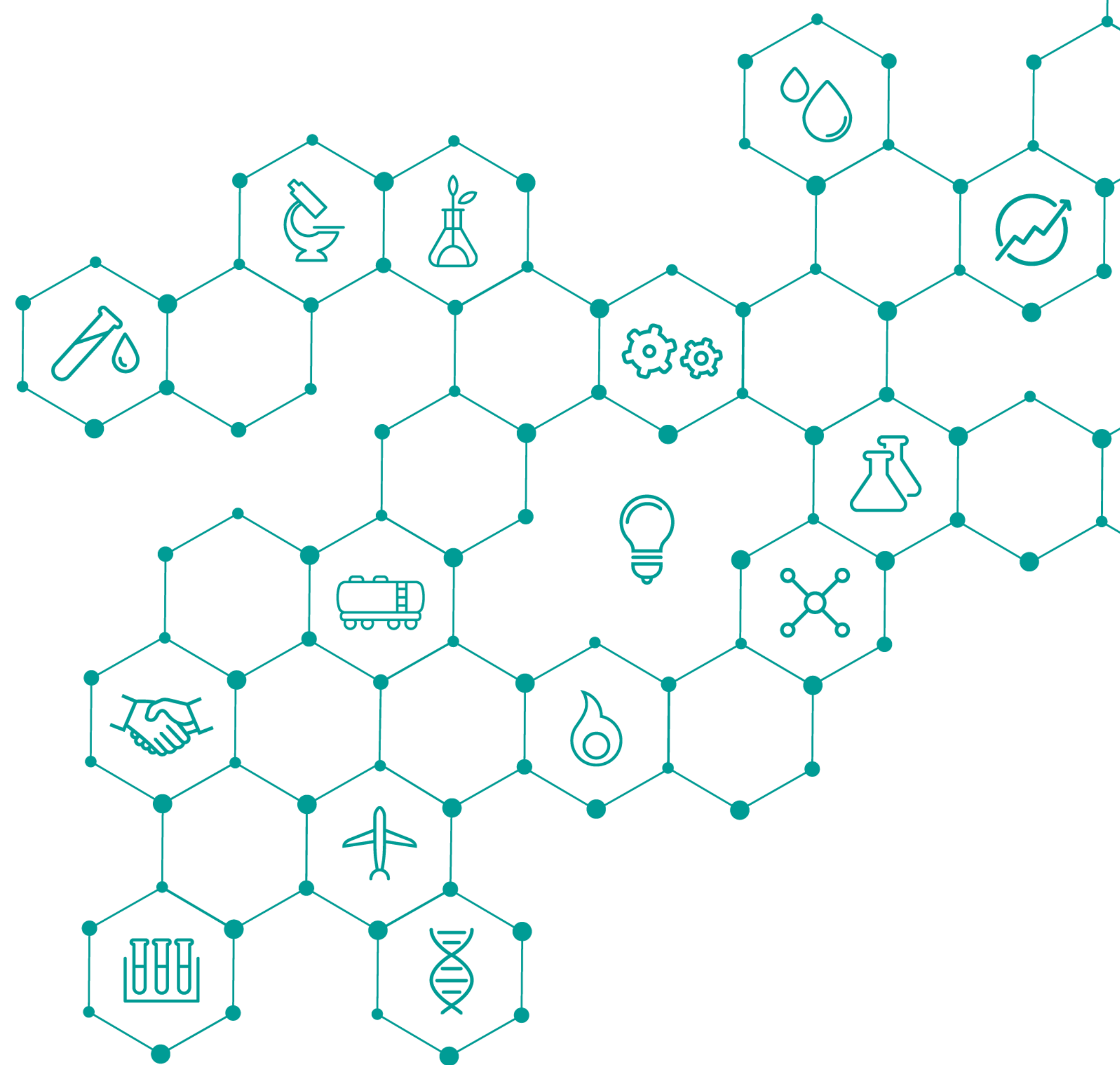
Agenda

UNIPETROL today

UNIPETROL of the future

Strategic objectives for 2017-2018

Summary



EBITDA LIFO in years 2017-2018 is planned to amount close to CZK 20 bn

EBITDA LIFO, 2013-2018, CZK bn

Downstream

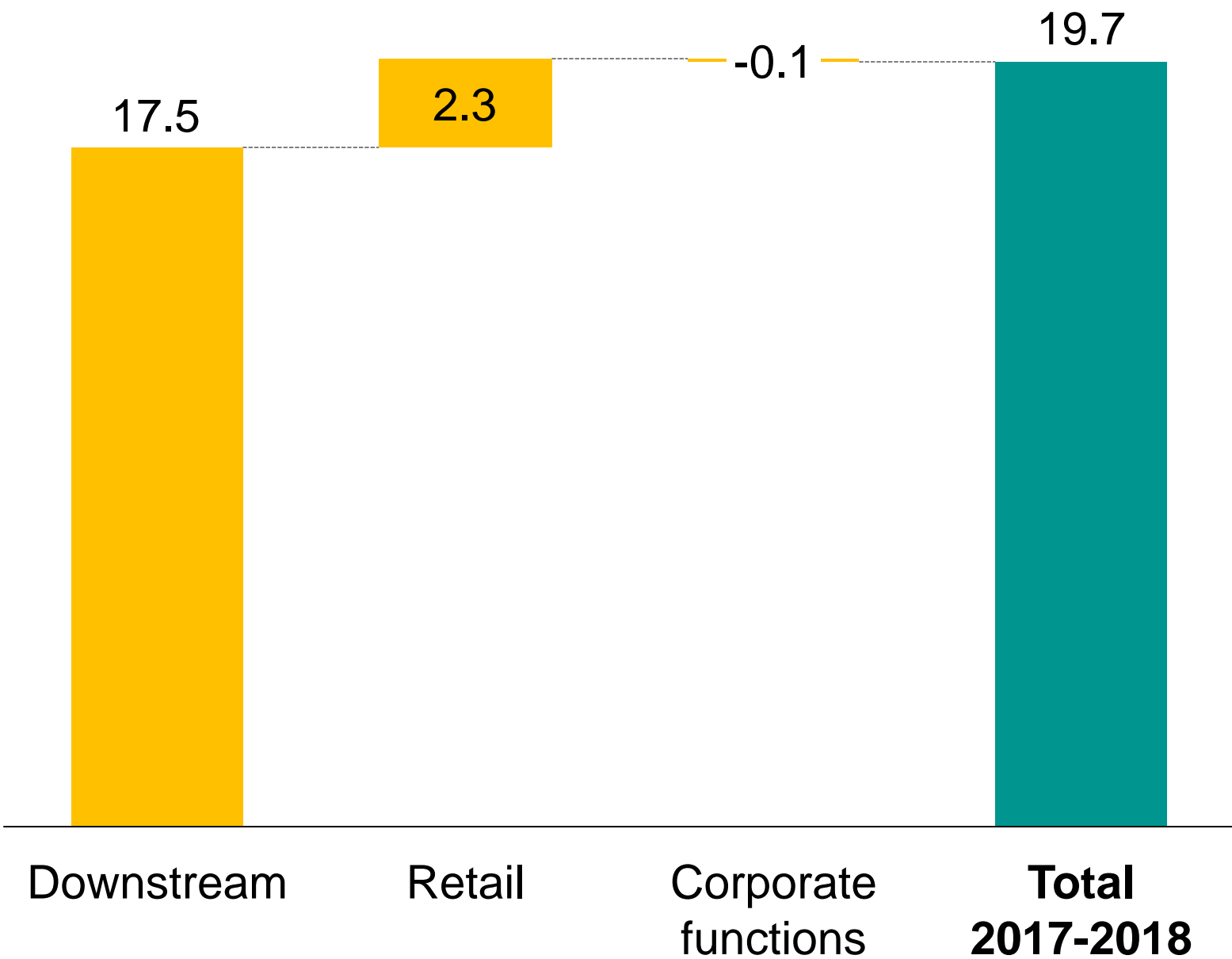


Retail



Average 2013-2016 Average 2017-2018

Total combined EBITDA LIFO, 2017-2018



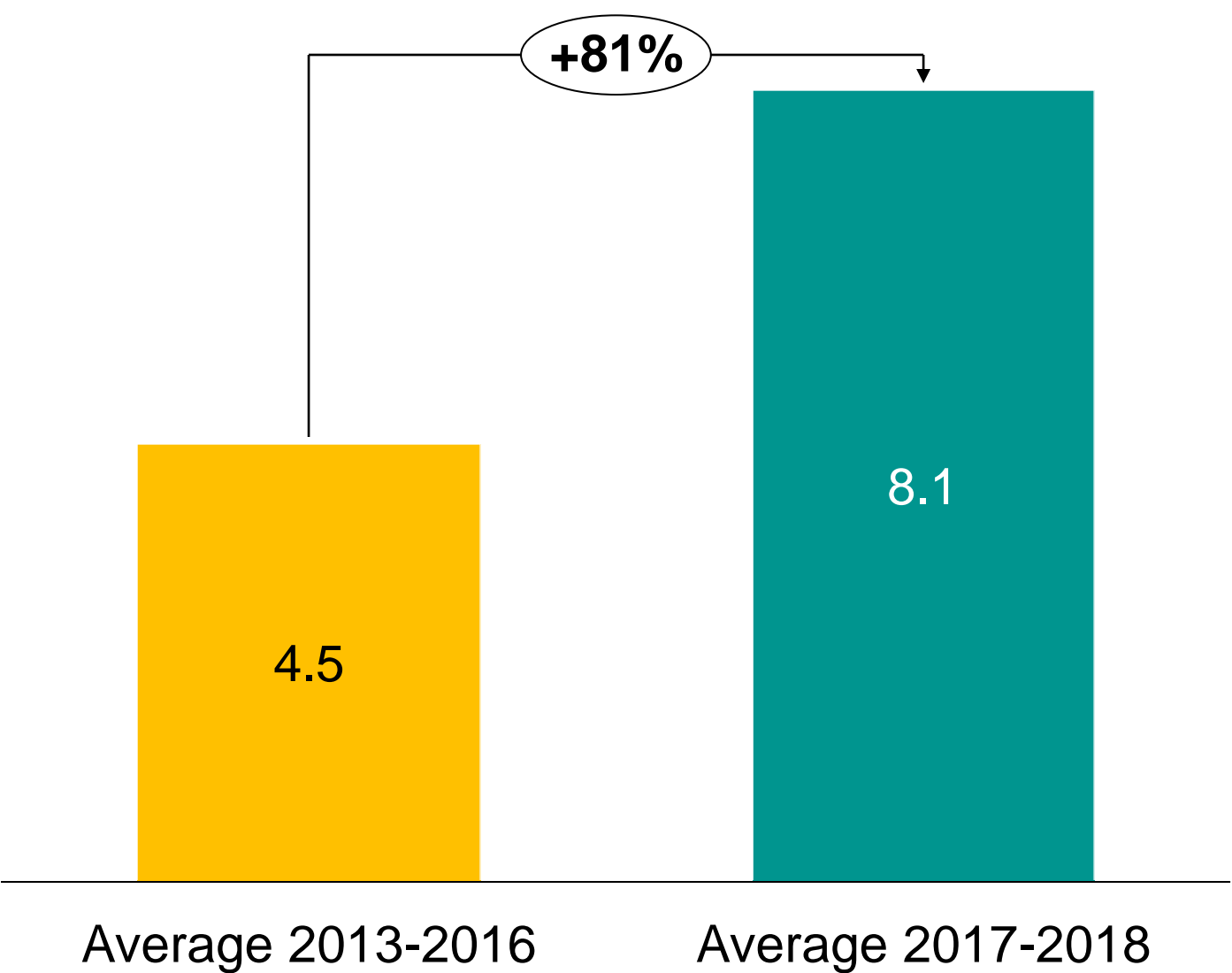
Safe financial standing of Unipetrol Capital Group and systematic increase of dividend-per-share ratio



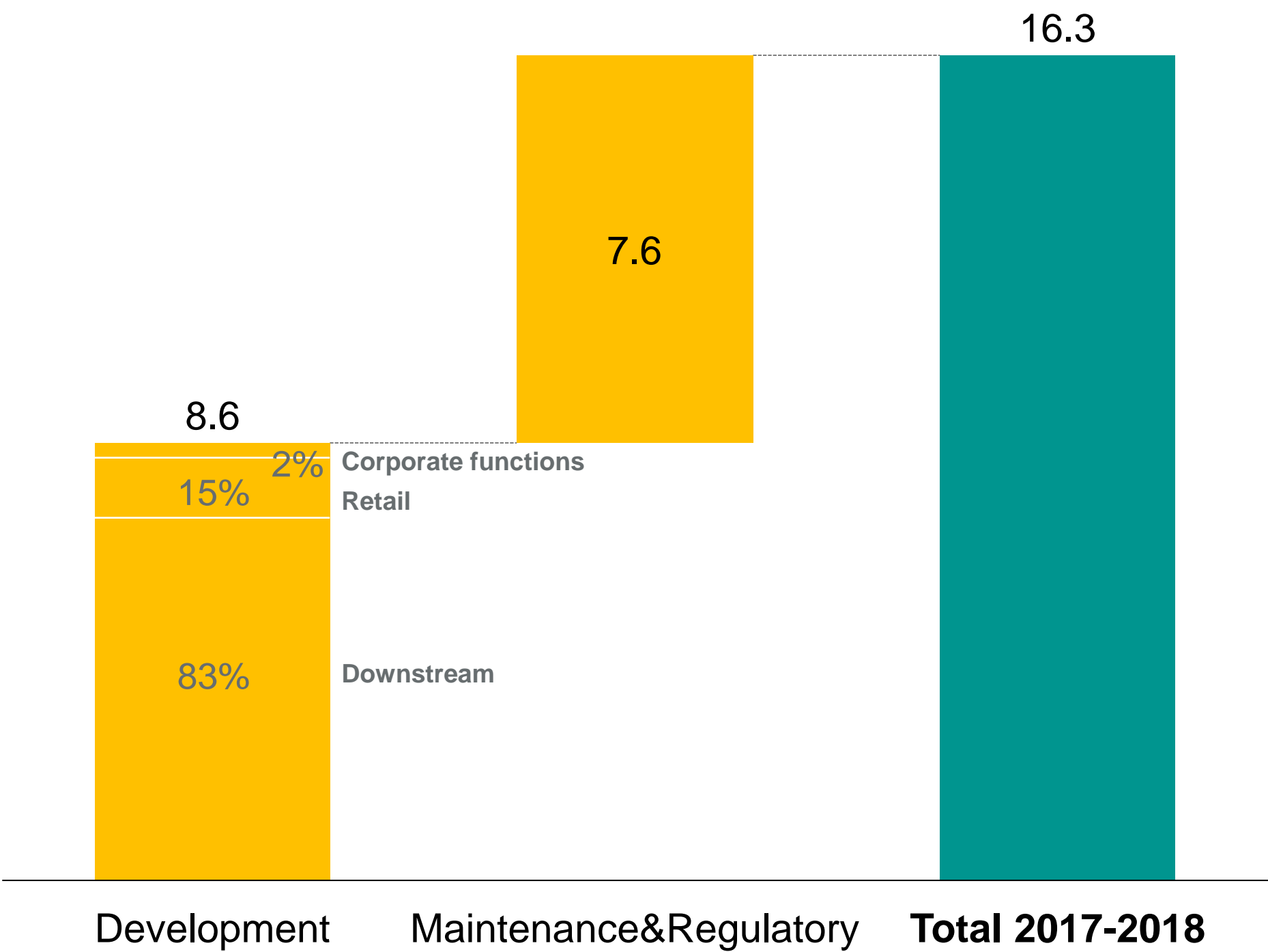
Increased investments planned for the years 2017-18 amounting to over CZK 16 bn in total

CAPEX spendings 2013-2018

Group CAPEX, 2013-2018, CZK bn



Total combined CAPEX 2017-2018, CZK bn



PE3 construction is the main factor that influences size of investments in the period 2017-2018

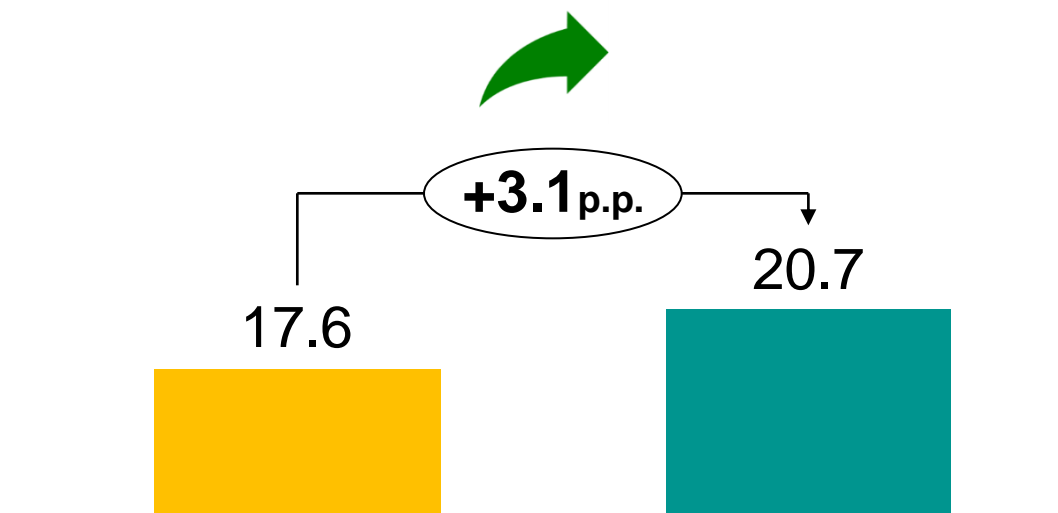


Note: Average 2013-2016 includes spendings on reconstruction of Steam Cracker in Litvinov and FCC in Kralupy after unplanned shutdowns

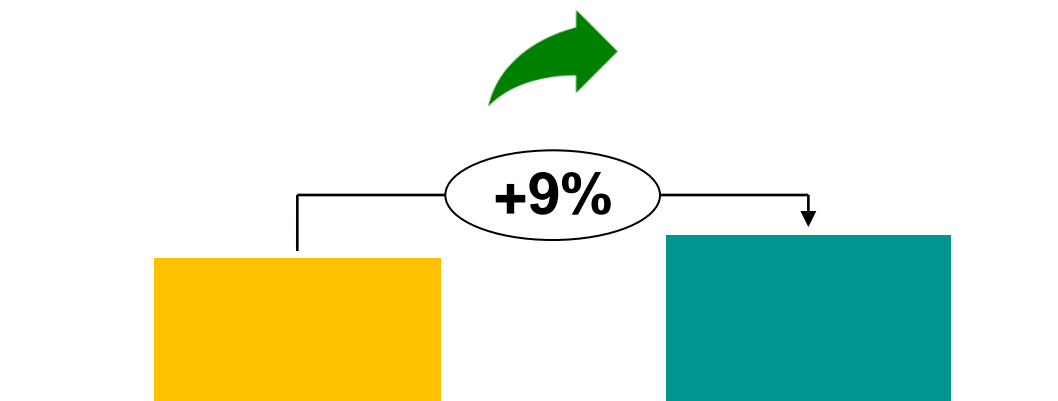
Strategic target of 20% share in retail market is planned to be achieved in 2018 horizon

- Unipetrol is **determined to improve** at its market **leader position**
- Growth perspective** estimates are based on **operational improvements** and **organic growth****
- Inorganic growth** options are considered as opportunistic **development catalyst**

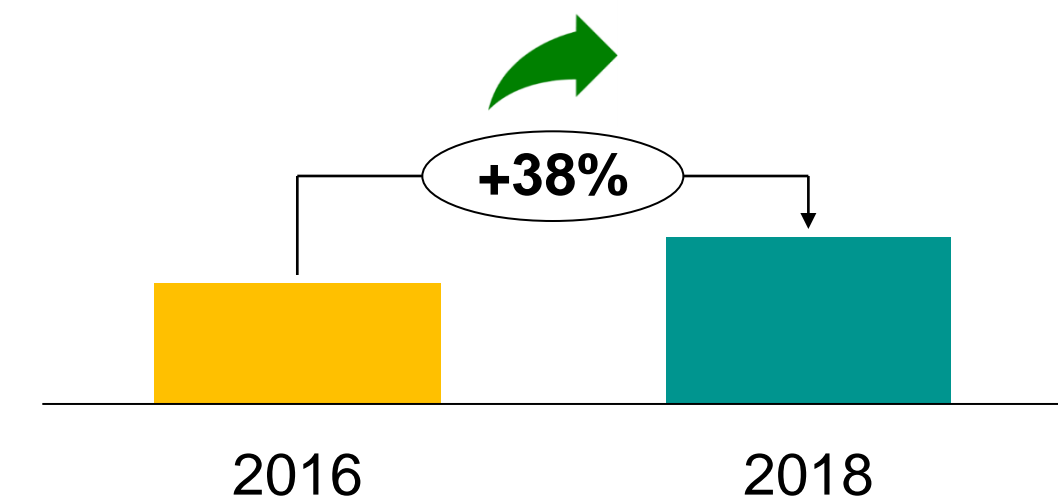
Market share,
2016*-2018, %



Throughput per station change,
2016-2018, index,
2016=100%



Shop sales turnover change,
2016-2018, index,
2016=100%



*October 2016 **including effects of completion of acquisition of OMV stations

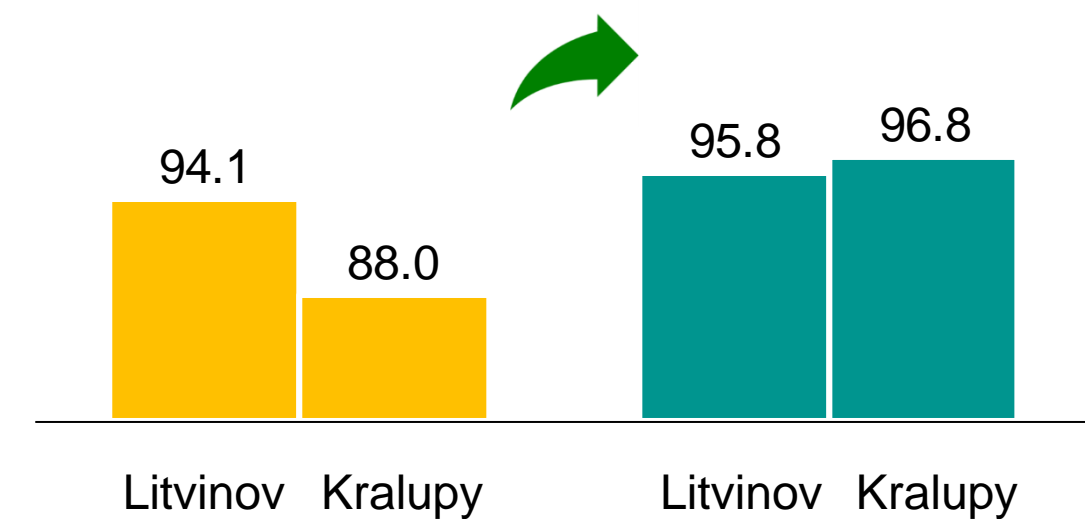
Strategic improvements will be possible only when the refining operations realize their potential

- **Refinery production** remains within the **core of the Unipetrol's** business
- Use of the **existing potential** of operations and current assets setup **in full** remains the **strategic base** for realization of other targets
- Considerably **higher usage** of both refineries' capacity coupled with their **operational availability** and **energy efficiency** improvement is **expected**

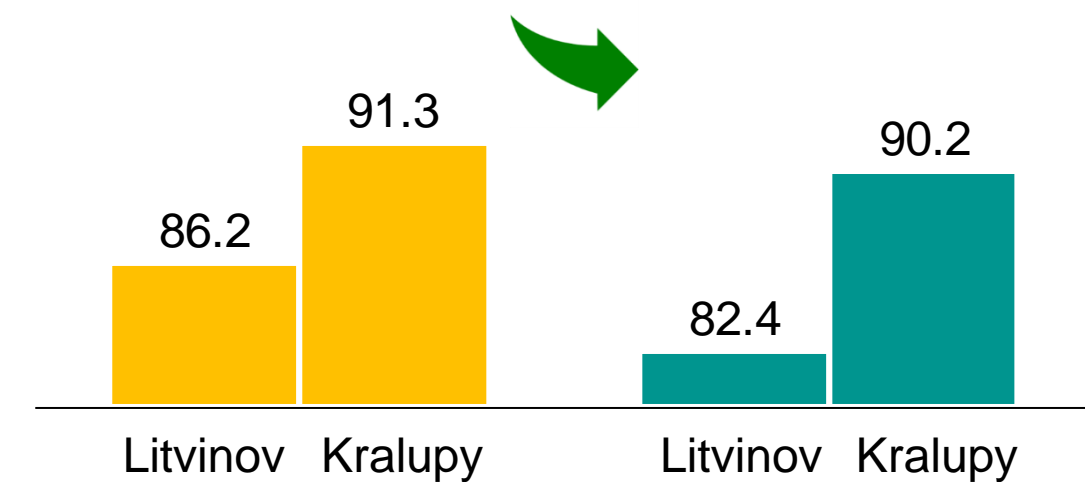
Refining capacity utilization, %



Operational availability, %



Energy Intensity Index



Continuous improvement of safety at work by systematic and comprehensive approach across the whole Unipetrol Group

Safety targets

- Decrease emergency events
- Decrease of work accidents of employees and contractors
- Decrease of TRR indicator for employees and contractors
- Process safety is a key to excellence

Health & Safety – pillars of approach



Management leadership



Personal safety



Process safety with process safety engineering

Safety is a #1 priority at Unipetrol areals

Creating corporate culture of safety

TRR level at max 0.9



Unipetrol will continue to maintain a high level of care for environment

Protection of environment

- Ensuring **compliance** with new **environmental regulations**
- **Reducing impact** on environment and **increasing** of environmental **awareness**
- Continuation of **remediation works**
- Increase of **energy efficiency**

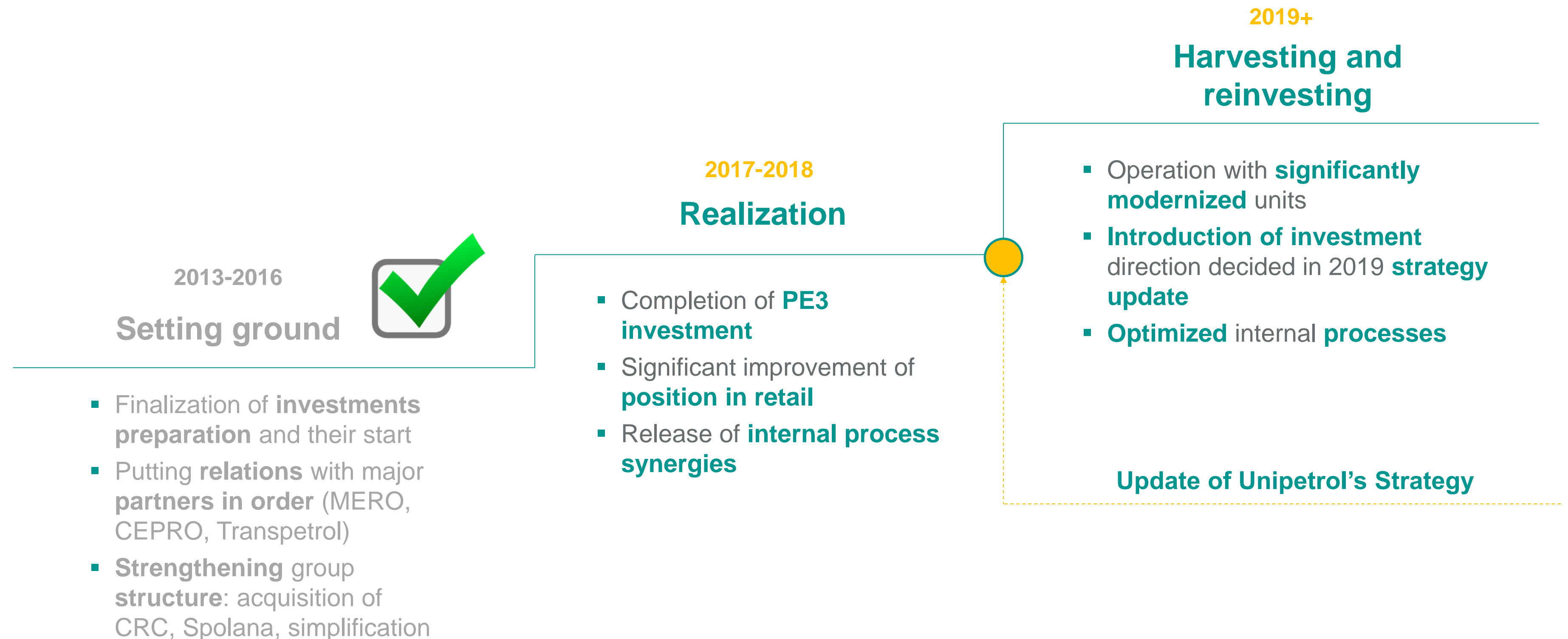


Safe, reliable and effective operation in environmentally responsible way



After preparing solid foundations, Unipetrol will gain a new growth trajectory

Growth schedule for Unipetrol



Constant effort to ensure existing assets performance improvement



Agenda

UNIPETROL today

UNIPETROL of the future

Strategic objectives for 2017-2018

Summary



On top of strategic objectives, Unipetrol plans to further support society, now also through Unipetrol Foundation



Unipetrol Foundation – development support through grants & scholarships



Univerzitní centrum VŠCHT Praha – Unipetrol in Litvinov



Program for science interest development - Zažij Chemii



Long term support to sport and culture



Unipetrol in 2017-2018 will...



Deliver **good financial results**

Cumulated **EBITDA LIFO CZK 19.7 bn**



Complete **PE3 investment**

Development investment **>CZK 8.5 bn**



Improve **efficiency of production** operations

Average refineries' capacity **utilization 87%**



Build **stronger retail** network

Over **400 stations**



Maintain **dividend** payment and **safe financial** standing

Systematic **growth** of **dividend-per-share** ratio



Macro assumptions

Macro factor	Unit	Average 2014-2016	Average 2017-2018
Model refining margin of Unipetrol	USD/bbl	3.2	2.3
Combined petrochemical margin of Unipetrol	EUR/t	774	686
Brent prices	USD/bbl	65	55
Brent/Ural differential	USD/bbl	2.1	2.2
CO ₂ allowances prices	EUR/t CO ₂	6.4	6.5
Real GDP growth in Czech Republic	% vs. previous year	3.2	2.3
Exchange rate: CZK/USD		23.3	24.6
Exchange rate: CZK/EUR		27.3	27.1
Inflation	%	0.5%	2.1%



Legal disclaimer

This presentation ("Presentation") has been prepared by UNIPETROL, a.s. ("Unipetrol"). Neither this Presentation nor any reproduction hereof may be copied, distributed, delivered or otherwise disclosed, directly or indirectly, in whole or in part, by any medium or in any form, to any other person for any purpose without Unipetrol's knowledge and prior written consent. Reproduction, distribution, delivery or other disclosure of this Presentation to any person in some jurisdictions may be subject to certain legal restrictions, and persons who may or have received this Presentation should familiarize themselves with any such restrictions and abide by them. Failure to observe such restrictions may be deemed an infringement of applicable laws in those jurisdictions.

This Presentation contains neither a complete nor a comprehensive financial or commercial analysis of Unipetrol and/or of the Unipetrol Group companies, nor does it present their position or prospects in a complete, accurate or comprehensive manner. Unipetrol has prepared this Presentation with due care, however, certain inconsistencies or omissions might have appeared in it. Therefore, it is recommended that any person who intends to undertake any investment decision regarding any shares, other securities or other financial instruments issued by Unipetrol or the Unipetrol Group companies shall only rely on information released as an official communication by Unipetrol or the Unipetrol Group companies in accordance with the legal and regulatory provisions that are binding for Unipetrol and the Unipetrol Group companies.

This Presentation, as well as any attachments hereto, in particular any attached slides and/or descriptions thereof, may contain forward-looking statements such as projections, estimates, forecast, opinions etc. However, such forward-looking statements must not be understood as Unipetrol's assurances or projections concerning future expected results of Unipetrol or the Unipetrol Group companies. This Presentation is not and shall not be understood as a forecast of future results of Unipetrol or the Unipetrol Group companies.

Certain industry and market information in this Presentation has been obtained from third party sources. Unipetrol has not carried out an in-depth verification of such information and therefore does not provide any assurance to any person in this respect.

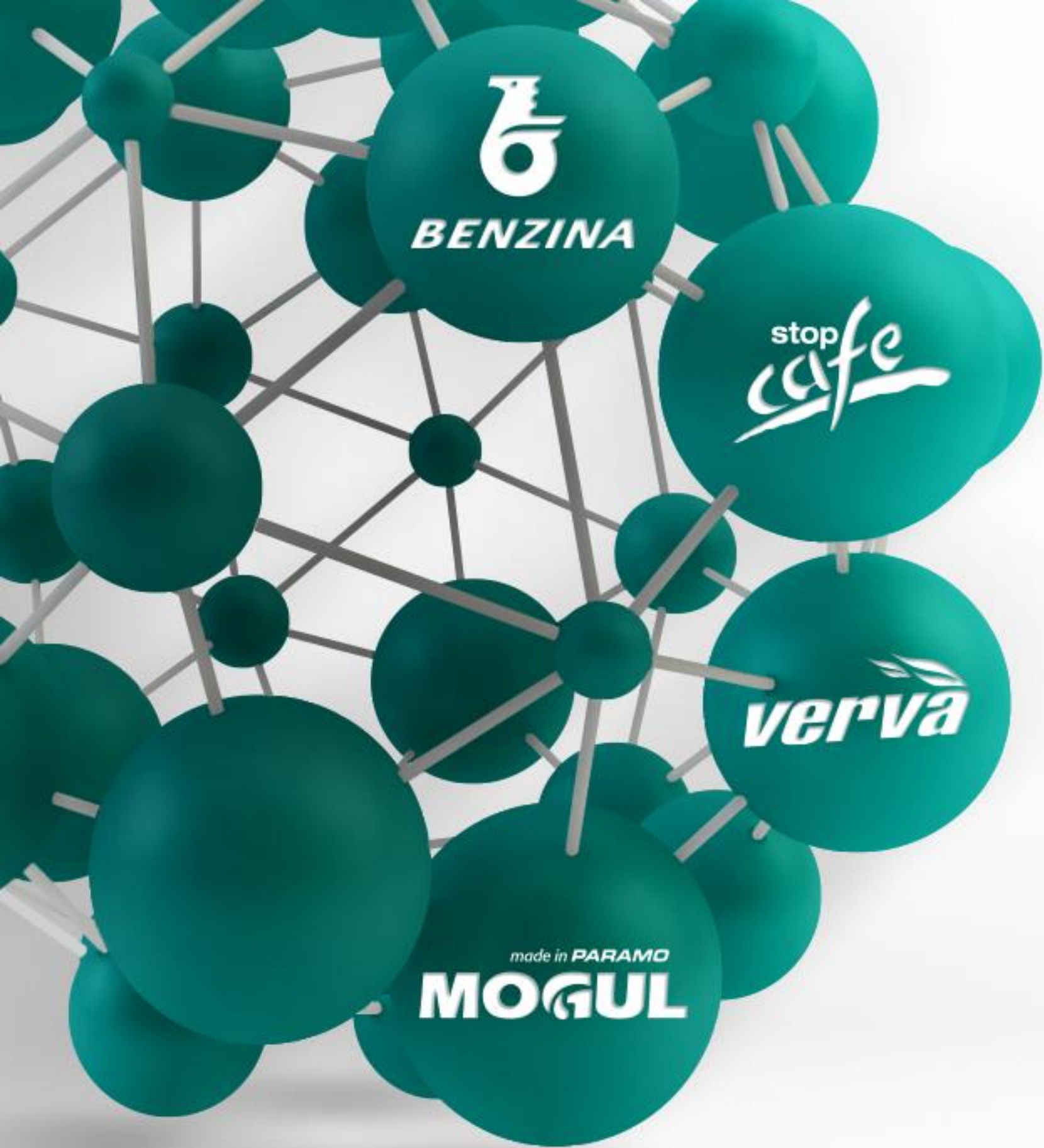
Any forward-looking statements, including statements relating to expectations regarding the future financial results of Unipetrol or the Unipetrol Group companies, give no guarantee or assurance that such results will be achieved. Therefore, any such forward-looking statements are not a reliable indicator of future performances. Unipetrol's expectations are based on present knowledge, awareness and/or views of Unipetrol's members of the Board of Directors and are dependent on a number of factors and contingencies, which may cause that the actual results that will be achieved by Unipetrol may differ materially from those discussed in this Presentation. Many such factors and contingencies are beyond the present knowledge, awareness and/or control of Unipetrol and cannot be reliably predicted by it.

No warranties or representations are being made as to the comprehensiveness, accuracy, completeness or reliability of the information contained in this Presentation. Unipetrol is under no obligation to update or keep current the information given in this Presentation, or to correct any inaccuracies.

Neither Unipetrol or the Unipetrol Group companies, nor their directors, managers, advisers or representatives shall bear any liability that might arise in connection with any use of information contained in this Presentation. Furthermore, no information contained herein constitutes an obligation, representation or assurance vis-à-vis Unipetrol or the Unipetrol Group companies, their managers or directors, their shareholders, subsidiary undertakings, affiliates, advisers or representatives of such persons.

This Presentation was prepared for information purposes only and does not constitute a purchase or acquisition or sale offer nor a solicitation of an offer to purchase or acquire or sell any shares, other securities or other financial instruments or an invitation, recommendation or advice to participate in any commercial venture under any jurisdiction. Furthermore, this Presentation is neither an offer nor an invitation, recommendation or advice to purchase or acquire or subscribe for any shares, other securities or other financial instruments in any jurisdiction and no statements contained herein may serve as a basis for any agreement, commitment or investment decision, or may be relied upon in connection with any agreement, commitment or investment decision.





Thank you!

Disclaimer: The information contained in this presentation is intended only for the person(s) or entity to which it is addressed and may contain confidential information and/or information subject to trade secret. Unauthorized review, dissemination, modification, disclosure of its content, or other use of, is prohibited. If you received this presentation in error, please inform the sender immediately and destroy this presentation/delete it from your computer. Thank you.