



UNIPETROL Update

Business integration completed,
further efficiency enhancement

Francois Vleugels, CEO

Warsaw, 18th June, 2008

Agenda

Business integration

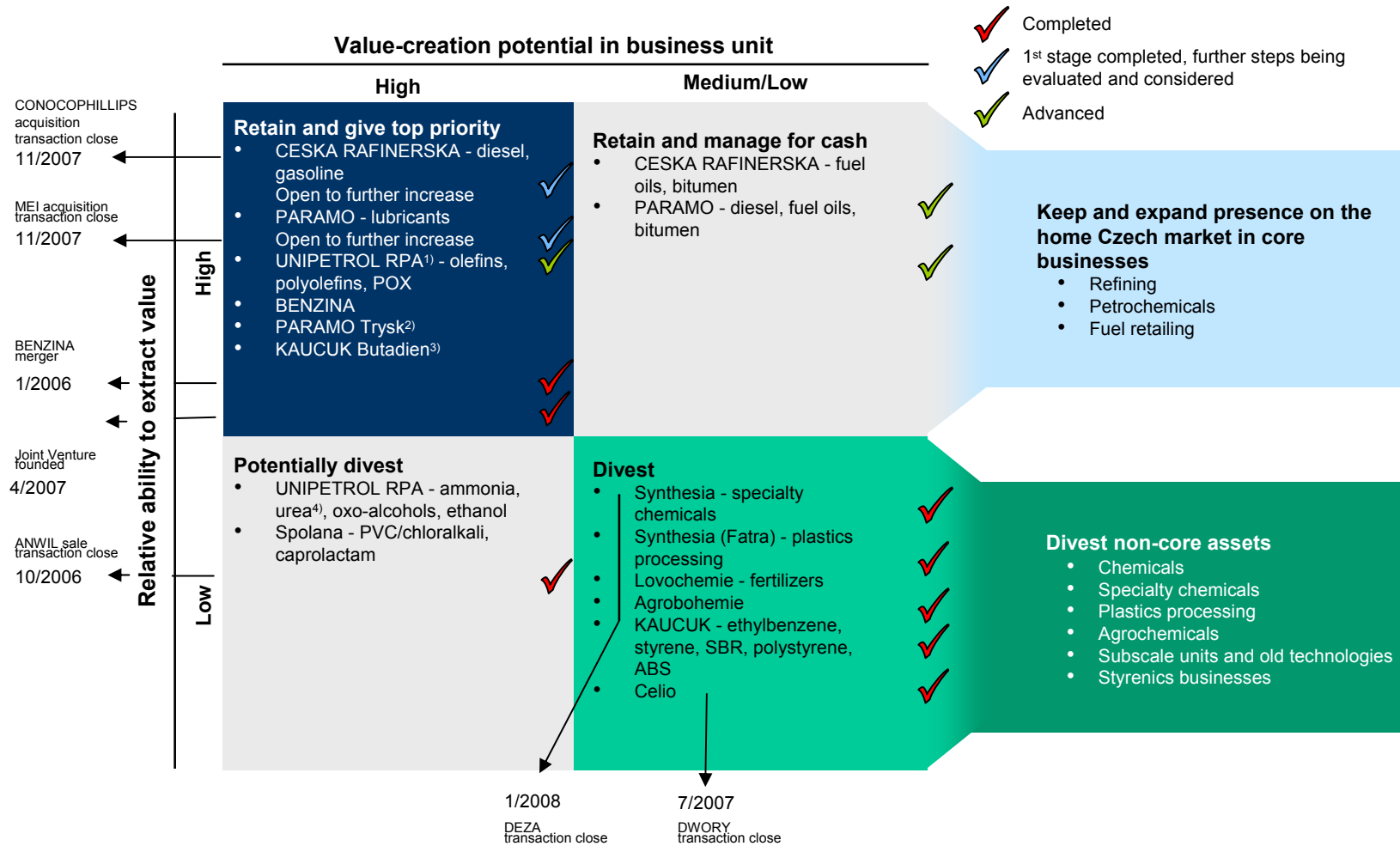
Further efficiency enhancement

BENZINA Story

2008 developments

UNIPETROL continues the strategy of maximizing asset value

Focus on core businesses and business cooperation with PKN ORLEN



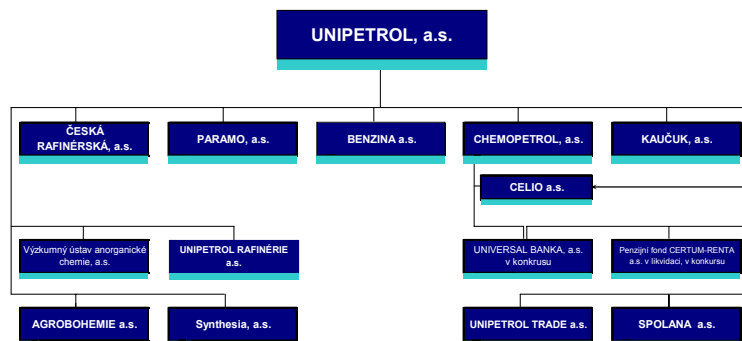
1) Formerly CHEMOPETROL and UNIPETROL RAFINERIE
 2) Merged with BENZINA
 3) Joint Venture created before the sale of KAUCUK
 4) Divestment might be possible only as a long-term option, after commercial obligations expire

Development of Corporate Governance

Simplification, standardization, unification, harmonization, leadership

PAST (as of May 31, 2006)

Once UNIPETROL Group was conglomerate of individual companies with duplicate business focuses.



Difficult to:

- obtain cost transparency (each legal entity contained admin, production and commercial related costs)
- obtain UNIPETROL Group synergies (due to difference in priorities)
- implement unified corporate decisions
- obtain standardization of business processes
- obtain unification of procedures and policies
- obtain clear business focus (top management was responsible for admin, production and commercial)
- organization flexibility
- avoid internal group competition or legal disputes

FUTURE

UNIPETROL Group will concentrate on its core business activities which are in line with PKN ORLEN Group.



After implementation of Corporate Governance model mentioned difficulties will be mitigated and “One company” concept will be supported:

- Strengthened leadership
- Stronger control via centralized core functions
- Asset optimization capability
- Optimizing margins for multiple segments/locations
- „Commercial excellence” capability
- 77 % reduction in number of Executives, SB-, and Board of directors members

Agenda

Business integration

Further efficiency enhancement

BENZINA Story

2008 developments

UNIPETROL RPA Related Major Projects

Growth, non-cyclical products, energy, and environment

Growth of existing technologies

- **PP capacity increase**
Capacity revamp (new granulation line) of 25% up to 275 kt/y. Start up in July 2009

- **Convection of furnaces BA 109 and BA102 revamp**
Completion of ethylene unit capacity increase to 544 kt. Capacity available mid 2009

- **New butadiene unit (JV with Synthos) within the Kralupy industrial area**
UNIPETROL will supply C4, and off-take raffinate 1. Completion in 2009

Compliance and efficiency improvement

- **Revamp of POX unit - 3rd stage**
Upgrade and adjustment to changed feedstock from refinery

- **Reconstruction of 4 turbo generators on T 700 power plant**
Power plant modernization




- **Unit POX waste water processing**
Further step to reduce wastes from POX unit

Growth in non-cyclical technologies

- **Production of C9-fraction and DCPD**
New high value products portfolio, completion 4Q 2010

CESKA RAFINERSKA Major Projects

Investments in conversion units finished in 2007

Key selected projects	Project objective	CAPEX CZK m	
<ul style="list-style-type: none">• Selective hydrogenation of FCC gasoline Kralupy	<ul style="list-style-type: none">• To desulfurize FCC gasoline to level allowing production of 10 ppm motor gas in both CESKA RAFINERSKA's refineries	<ul style="list-style-type: none">• 577	
<ul style="list-style-type: none">• Hydrocrack capacity and conversion revamp Litvínov	<ul style="list-style-type: none">• To manage potential structural changes of feeds for steam cracker and future diesel demand	<ul style="list-style-type: none">• 675	

CESKA RAFINERSKA Major Projects

Investments approved for 2008

Type of investment	Details
<ul style="list-style-type: none"> • Development • Production efficiency improvement • Infrastructure improvement • Safety operation improvement • Energy saving programs 	<ul style="list-style-type: none"> • Fluid Catalytic Cracker LPG part upgrade • Visbreaking unit recontacting and Monoethanolamine debottlenecking system, Recycle compressor - reliability improvement, etc. • Reconstruction of the underground cooling water pipelines, Tank farm Kralupy upgrade, Light products unloading Litvínov, etc. • Modifications of fire-fighting system - tank farm Jiřetín, Furnace safeguarding system, etc. • Power factor compensation, Increasing of FCC unit energy efficiency, etc.

Agenda

Business integration

Further efficiency enhancement

BENZINA Story

2008 developments

BENZINA: Benefiting from PKN ORLEN experience. Successfully replicating two-tier branding concept. At the end of 1Q 2008 – 86 new Plus sites and 102 new standard sites

2008 vs. 2004

- From 220 employees to **100** while growing business activities
- **3.6** percentage point increase of a market share in terms of fuel sales (14%)
- Operating result (EBIT) breaking the zero level and reaching nearly **half a billion CZK**

**Phase I:
Fixing up the basics**

**Phase II:
Catching up with the premium segment**

**Phase III:
Finalization of the 2-sub brands concept**

Timing

2006 - finished

2007 - finished

2008 – 2009

Key elements of the strategy introduced in 10/2006, largely based on PKN ORLEN retail experience

- Financial stabilization
- Organizational stabilization
- Improving of the services within the current infrastructure

- Massive introduction of the BENZINA Plus concept
- First phase of new BENZINA (standard) concept
- Focus on services quality and marketing promotions
- Replacement of ~1/3 of partners on the filling stations

- Finalization of the BENZINA Plus concept realization including a marketing support (campaign)
- Finalization of the BENZINA (standard) concept realization

BENZINA: 2008 network development via DOFO concept

Target for the end of 2008 – 20 new DOFO stations



NOVINKY.CZ ; 19.3.2008

*The biggest retail chain of filling stations is going to expand into the market. The company offers to the non-branded sites (individual pumpers) to join the BENZINA brand in the form of a franchisee contract. **“Franchising expansion** should be another mean for a further improvement of the economic position of the company and should follow up to the last year success, when BENZINA grew in terms of fuel sales by approx 16% (like for like)”, says Martin Durčák, the executive head of the company*

Agenda

Business integration

Further efficiency enhancement

BENZINA Story

2008 developments

Summary: 2008 Key Projects

Baseline for future growth

CAPEX Plan 2008

- 29% Refinery (incl. 100% CESKA RAFINERSKA), 53% Petrochemical (incl. 100% new Butadiene unit), 9% Retail, 4% Logistics.
- Total planned CAPEX for 2008 at a level of CZK 6.5bn, i.e. 32% increase y/y.
- Follow-up investment in an intensification of petrochemical units (increasing ethylene unit capacity toward a target of 544kt), construction of the new butadiene unit (completion planned in 2009), extractive distillation of benzene (completion by end 2008), processing of C5 surpluses, increase of polyolefin unit capacities.
- Investments in refinery conversion units – bottom-of-barrel approach (modernization of LPG section of the FCC unit, increase of FCC propylene production).
- In retail, completion of current network rebranding, DODO/DOFO project expansion.

Efficiency improvements

- Completion of the Corporate Governance changes.
- Gaining full control over PARAMO and its integration into the current corporate structure.
- Sales channel optimization (completing UNIPETROL TRADE restructuring).
- Logistics strategy implementation – cooperation with PKN ORLEN.
- Operational excellence in manufacturing and supply chain.
- FTEs (Staff) optimization (-4% 2008/2007).

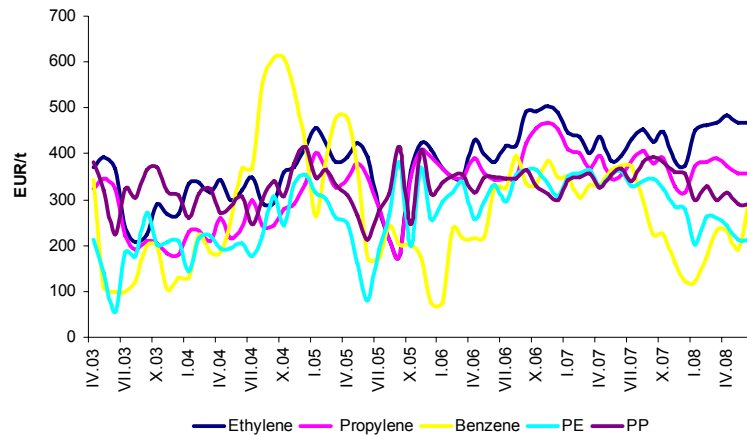
Strategies in the pipeline

- Completion of strategies in the following fields:
 - polyolefins – cooperation with PKN ORLEN
 - energy
 - R&D

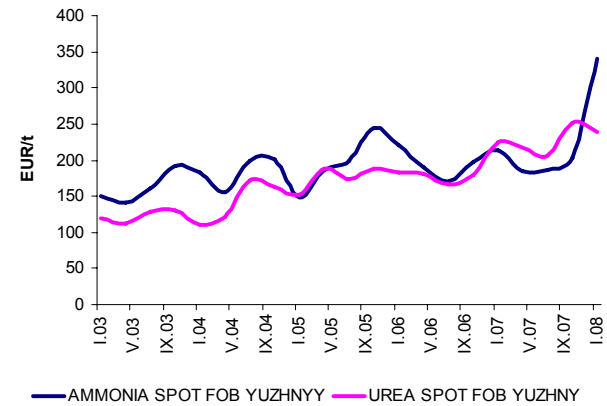
Long Term Cycle View ... where are we heading now?

Petchem, agro, fuels and crude oil developments

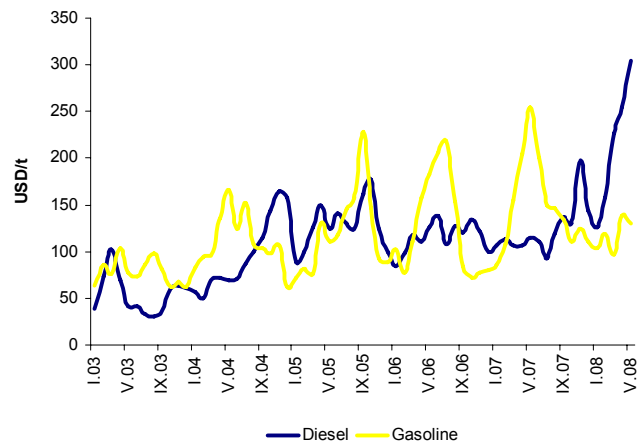
Petchem Margins 2003 - 2008



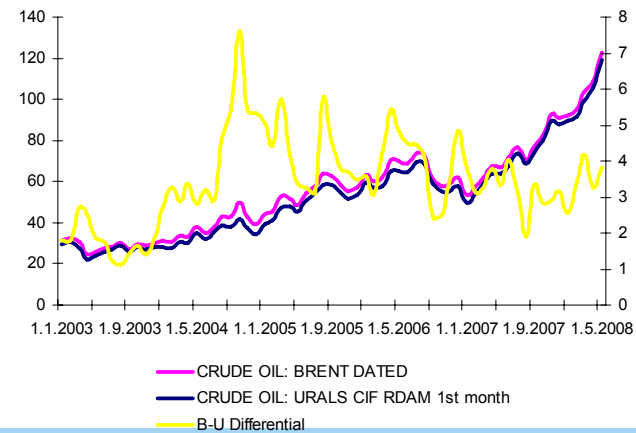
Ammonia & Urea Prices 2003 - 2008



Fuel margins 2003 - 2008



Crude oil prices 2003 - 2008



Contacts



Headquarters:

UNIPETROL, a.s.
Na Pankráci 127
140 00 Praha 4
Czech Republic

Investor Relations Office:

Fax: + 420 225 001 447
E-mail: IR@UNIPETROL.cz

Radek Němeček

Head of IR

Tel.: + 420 225 001 417
E-mail: radek.nemecek@UNIPETROL.cz

Press Office:

Tel.: + 420 225 001 407
E-mail: PR@UNIPETROL.cz