ORLEN Group consolidated financial results

Q2 2024

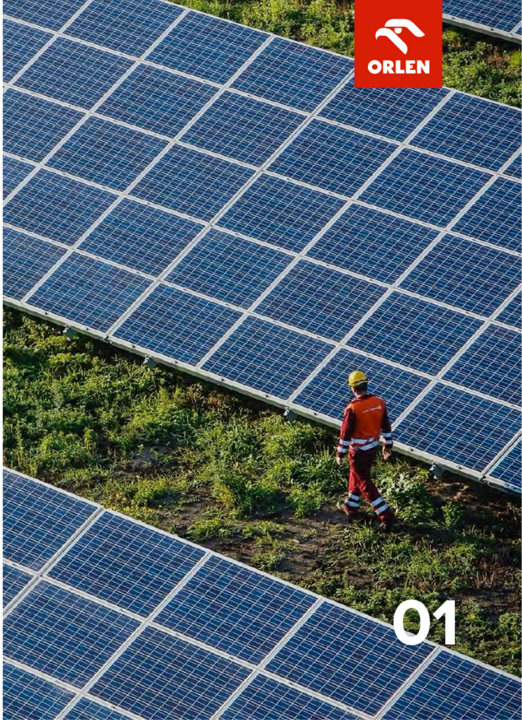
Introduction and strategic outlook

Warsaw, 22 August 2024

ORLEN

Building solid foundations

Introduction

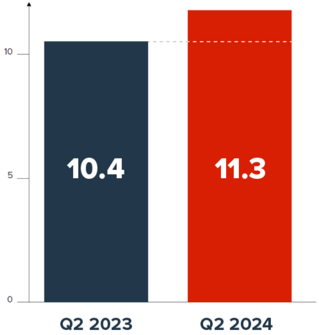


Performance improved amid more challenging environment

Macro environment (y/y)

electricity prices	-25%
gas prices	-12%
refining margins	-9%
petrochemical margins	-1%
Urals-Brent differentia (USD/bbl)	-2.9

LIFO-based EBITDA*

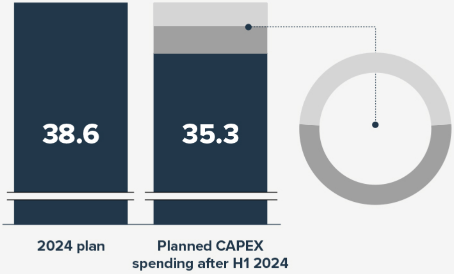


*adjusted for write-downs and compensation (PLN billion)

Sales (y/y)

upstream	+25%
retail	+18%
petrochemicals	+8%
gas	+4%
refining	-2%

Rationalising CAPEX

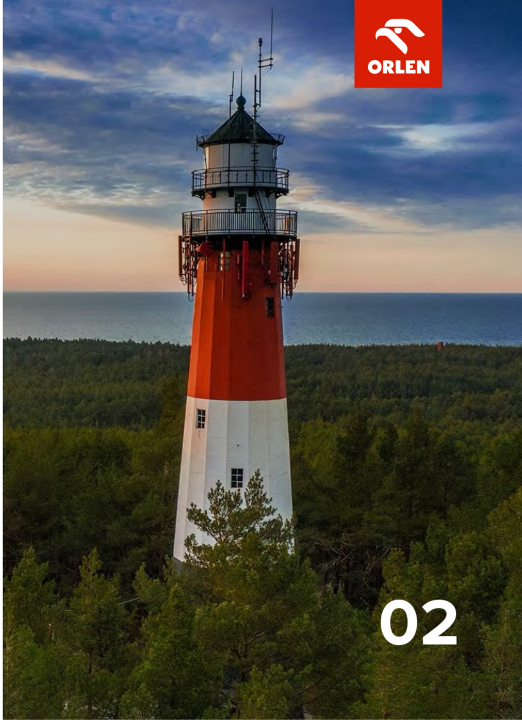


PLN -1.5 billion
growth CAPEX

PLN -1.8 billion
maintenance CAPEX

with the highest level of process safety maintained

Strategic outlook



Value creation

Onshore RES
- More than 300 MW in PV and wind assets acquired from EDPR
- Capacity increase by ca. 1/3

Offshore RES
- Work progressing as scheduled
- Maximising local content

SMR
- Negotiating with partner
- Conditional project siting decision: Włocławek

Heat generation
- Net zero target and use of circular solutions

Gas-fired power generation
- CCGT projects in Ostrołęka and Grudziądz progressing as scheduled

CCS
- Feasibility studies for transmission and storage technologies

Diversifying crude oil supplies
- Contract with bp to cover 15% of the Group's demand

Upstream
- Integrating domestic upstream and unlocking synergies
- Ramping up production

Olefins III project underway since 2018
Significant increase in CAPEX needs

Regulatory announcements	69/2018	26/2021	30/2023
CAPEX [PLN billion]	8.3	13.5	25.0
Scheduled completion date	2023	Q1 2024	H1 2027
Generated EBITDA [PLN billion]	1.5	1.0	1.0

Underestimated CAPEX needs

- CAPEX needs of Olefins III project have tripled, with significant reduction in project scope vs original concept.
- CAPEX estimated at PLN 25 billion.

Project rescheduling

- Original completion date announced in 2018 was 2023.
- Completion date extended several times, in 2023 – to H1 2027.

Profitability decline

- Projected EBITDA declined by 1/3.
- Business model is being updated based on current macroeconomic assumptions.

Three options available for the Olefins project

Current project discontinued

- (-) Additional expenses related to project discontinuation comprising contractual penalties for contractors, site securing and restoration, disposal of equipment and materials
- (+) Project discontinuation would entail further expenses
- (-) Lost benefits – decision to abandon the Olefins project would mean lower olefins production, affecting the integrated strategy for petrochemicals

ca. PLN 12 billion

CAPEX incurred

Optimising the project in terms of production capacity and utilisation of existing units

- (+) Production volume aligned with prevailing market conditions
- (+) Reducing CAPEX, as well as fixed/variable operating costs
- (+) Project profitability improved on the back of solutions under the Petrochemicals Value Building Programme
- (-) Need to update the schedule taking into account potential project revisions

Current project continued

- (-) Production volume not aligned with prevailing market conditions
- (+) Project profitability improved on the back of solutions under the Petrochemicals Value Building Programme
- (-) High CAPEX, as well as fixed/variable operating costs

Strategy revision

Focus on core business

- Disciplined CAPEX allocated to most prospective areas
- Selective M&A
- Building a shock-proof business portfolio

Openness to partnerships

- Reducing investment portfolio risk
- Access to technologies and finance
- Openness to acting on minority holdings

Organisational efficiency

- Further business integration and unlocking of synergies
- Restructuring assets that do not create value
- Business opportunities sought in geographically diverse markets

Stronger focus on innovation

- Risk-conscious approach and flexibility
- Actively seeking value-building technologies
- New approach to adopting innovative solutions at the Group

Growth ambitions by business segment

Upstream

- We are revising the project portfolio, with particular focus on foreign projects.
- We are integrating and restructuring our operations in Poland.
- We are leveraging upstream capabilities to engage in new activities – such as carbon storage.

Downstream

- We are maintaining efficient production of conventional fuels and developing into alternative fuels.
- We are opening up to partnerships in Poland and beyond.
- In petrochemicals, regardless of the final decision regarding Olefins III, our intention will be to strengthen market position in polymers and develop recycling.

Energy

- We are steadily increasing our renewable energy capacities.
- We are upgrading our energy assets and restructuring the heat generation business. We reaffirm our intention to phase out coal by 2035.
- We are rationalising the SMR project and increasing CAPEX on distribution networks.
- We are increasing CAPEX on Energa's distribution networks.

Retail

- We are integrating the retail area and pursuing efficiency gains in retail.
- We are introducing uniform brand and standards across the European fuel retail network.

We are consistently striving to become the energy transition leader in Central and Eastern Europe.

ORLEN

Powering the future.
Sustainably.