

NEW ENERGY SECURITY CONFIGURATION

ENERGY ACCESS AND BALANCE OF INTERESTS

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PKN ORLEN – is a leading-edge player on the fuels and energy markets, and the largest company in Central and Eastern Europe, listed in prestigious global rankings such as Fortune Global 500, Platts TOP250 and Thomson Reuters TOP100.

PKN ORLEN together with the ORLEN Group companies are one of the largest refining and petrochemical producers in Central and Eastern Europe.

- The ORLEN Group operates on **6** home markets: in Poland, the Czech Republic, Germany, Lithuania, Slovakia and Canada.
- It owns state-of-the-art integrated assets capable of processing more than **35 million tons** of various crude types per year.
- Markets its products through the CEE region's largest chain of more than **2,800** petrol stations.
- The Group's offering encompasses over **50** top-quality petrochemical and refining products, which are sold in more than **100** countries across **6** continents.
- PKN ORLEN is also a major player on the Polish energy market and Poland's largest industrial electricity producer, with a generation capacity of **1.9 GWe**.
- The Group's upstream assets include **2P** oil and gas reserves estimated at close to **211 mboe** at the end of 2018.
- The ORLEN Group has **4** modern refineries in Poland, the Czech Republic and Lithuania.



ORLEN Paliwa – a company of the ORLEN Capital Group. The largest wholesale supplier of fuels and LPG in Poland. In 2019 on the list of 10 largest companies in Poland TOP 100 ranking of the prestigious economic daily "Rzeczpospolita,,.

Supplier of the highest quality, ecological gasolines, diesel oil, light heating oil and LPG.

- Sales level of over **6.6 billion USD**, approx. **1,800,00** tons of fuels and LPG a year
- **7** LPG terminals, including **1** sea terminal in Szczecin (Baltic Sea)
- Nationwide, extensive sales network
- Steadily increased own logistics network, including a fleet for transporting fuels and LPG.
- A leading player in the ORLEN Group that implements an innovative project - "Together, we fuel Polish agriculture,,.
- Promoter of green energy in Europe (Poland is a leader in autogas consumption in Europe - **1.9 million** tons per year) - among others BAQ Fuel Program

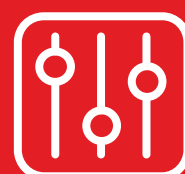
The main directions of the ORLEN Group activities in the field of energy security and maintaining the appropriate business level



Providing the appropriate level of Poland's energy security by diversification of the directions of crude oil supplies (in 2018, over 40% of oil supplies to refineries were from the United Arab Emirates, Saudi Arabia, **Kazakhstan**, the USA and Africa)



Taking new technological opportunities to increase production capacity to meet the growing demand for fuels and other petrochemical products



The gradual pursuit of reducing the level of emission and developing an ecological production

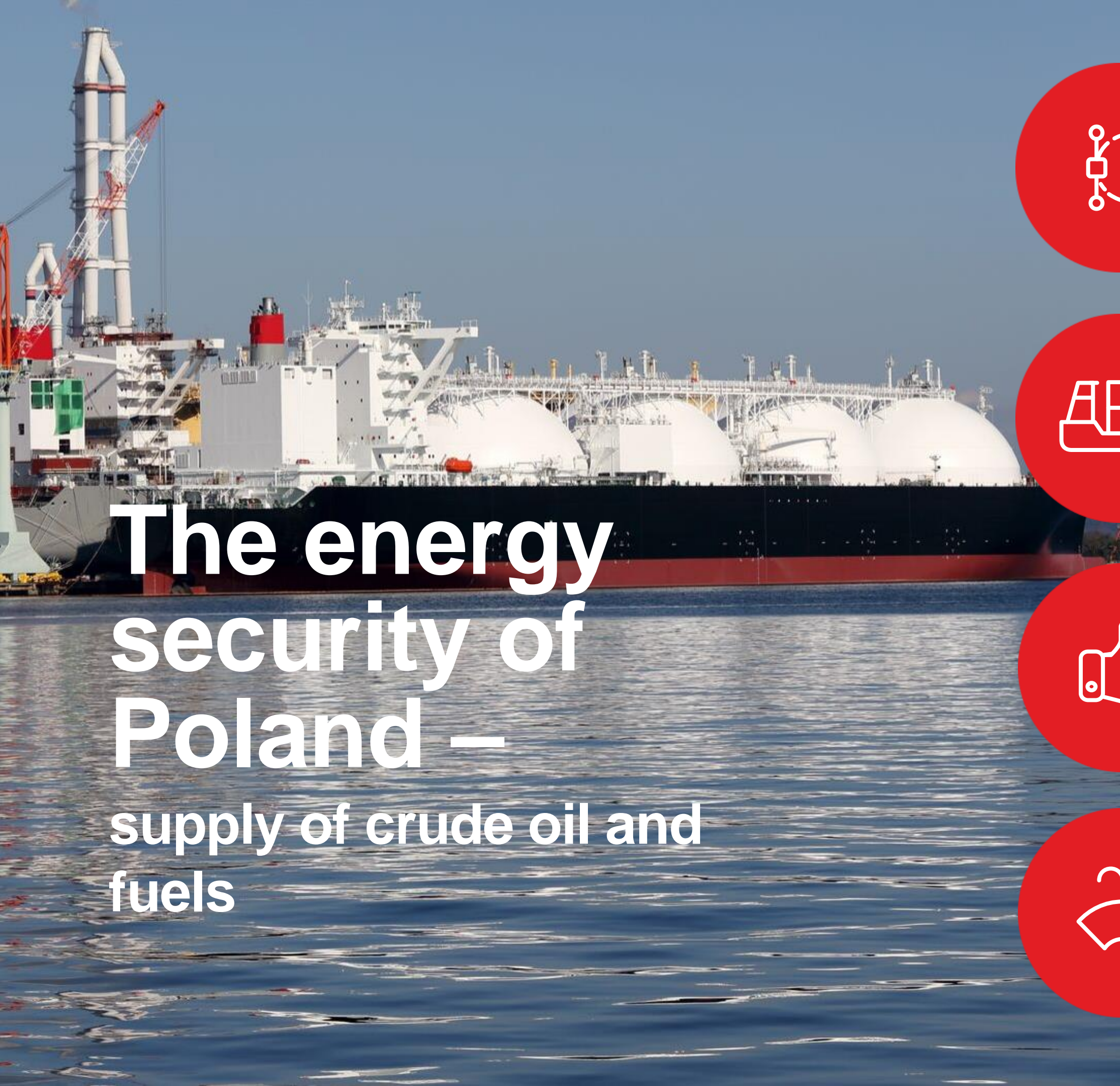


Development of a modern retail network and consolidation of the Polish and Central European oil sector (including acquisition of Grupa Lotos)

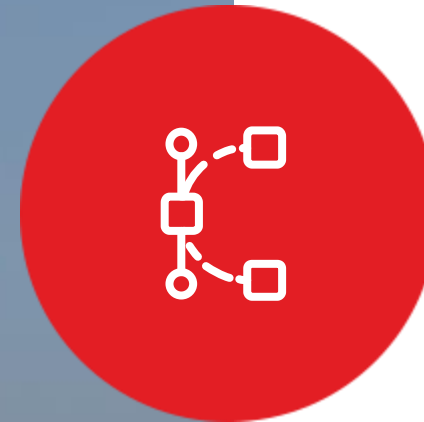


Current situation and prospects for next decade

- Crude oil is still the most important feedstock for the production of fuels and petrochemical products
- By the year 2030, estimated growth in demand for oil products in Central and Eastern Europe – transport fuels and petrochemical products, including LPG
- Increasing efficiency of crude oil extraction in the USA and increase of supply on the European market
- Growing demand for propane and butane from the European petrochemical market
- Increasing LPG supply and kerosene – import supplies to the European market and refinery production in Europe
- Regulatory pressure associated with the limiting climate change – pro-climate policy aimed to promote low-carbon energy
- The increasing role of low-emission fuels – LPG, CNG, LNG on the fuel market
- The trend in increasing consumer consciousness and pressure in terms of BIO in refinery and petrochemical products



The energy security of Poland – supply of crude oil and fuels



Diversification of oil supplies – over 40% of crude oil supply to the ORLEN Group is delivered from alternative markets: Nigeria, **Kazakhstan**, Saudi Arabia, the United States, Algeria, Iran, Norway, the United Arab Emirates, Azerbaijan and Lebanon. The remaining volume comes from Russia via Druzhba pipeline.



Change of supply direction - increasing use of maritime supplies.



LNG supplies carried out by PGNiG include from the USA, Qatar and Western Europe - independence from natural gas supplies from Russia.



Diversified sources of LPG supply - main burden of supply - production of the ORLEN Group refineries (PKN ORLEN, Unipetrol, ORLEN Lietuva) and supplementary deliveries from CIS countries (Russia, Belarus), **Kazakhstan** and Western Europe (Norway, Sweden, ARA region, Germany and UK).

Development of the Polish Energy market by increasing the supply stream

Modernization of the LNG sea terminal in Świnoujście - Northern Gate.

The investment allows Poland to build full independence in the field of gas supply, integrate the European gas transmission system and, as a result, strengthen our country's position on the gas map of Europe.

The extension of storage capacity at the PKN ORLEN fuel terminal in Szczecin

Investment in connection with the dynamically changing on the fuel market allows enables more storage space of fuels in Szczecin.

The extension of ORLEN Paliwa LPG sea terminal in Szczecin

Including modernization of the wharf and deepening of the bottom for servicing the LPG ships with capacity of 10 thousand DWT. The scope of the extension of Szczecin LPG sea terminal will allow to expand the storage capacity from **250,000** tons to **450,000** tons annually.

EFRA Project

Effective refinery increasing the efficiency of crude oil processing of LOTOS Group and a construction of Hydrogen Production Installation (HGU – Hydrogen Generation Unit).

The increase of the transshipment capacity of crude oil and petroleum products

The investment in Naftport at the Northern Port in Gdańsk.

Implementation of Polimery Police Project

New petrochemical complex in Police (production **437,000** tons of with a maritime transshipment and storage terminal (propane and ethylene).



Expectations for the energy market and development prospects

- The development of low-carbon energy
- The diversification of the oil, gas and fuel products directions allowing feedstock security and intensification of refinery and petrochemical production as well as providing facilities for the development of low-emission energy
- Making the market immune from political, military and terrorist threats
- The need to improve the storage capacity
- Flexible response to changes and challenges posed by the crude oil and gas market
- The creation of a well-functioning and integrated energy market
- The increase of the production level on the European market
- The development of modern, low-carbon and economical energy technologies
- Moderating the energy demand
- Real support for energy policy coordination within international organizations