



# **Consolidated Financial Results of the LOTOS Group Q3 2010 (IFRS)**

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**4th November 2010**

**1 Q3'10 overall figures**

**2 Main investments update**

**3 Market Conditions**

**4 Upstream**

**5 Downstream**

**6 Overall financial results**

## **Q3'10 OVERALL FIGURES**

- **Average benchmark refining margin in Q3'10 was 2.50 USD/bbl (-12.9% yoy),**
- **Average Brent dtd price amounted to 76.86 USD/bbl (+12.9% yoy)**
- **Brent/Ural differential increased yoy from 0.32 to 1.28 USD/bbl**
- **Crude oil production in the upstream segment amounted to 37.5 thousand tonnes**
- **Crude oil throughput in the downstream segment increased to 2,196 thousand tonnes**
- **Consolidated sales increased to 2,328 thousand tonnes**
- **Operating profit in Q3 2010 reached PLN 242.6 mln, while net profit was equal to PLN 1,051.3 mln**

1 Q3'10 overall figures

**2 Main investments update**

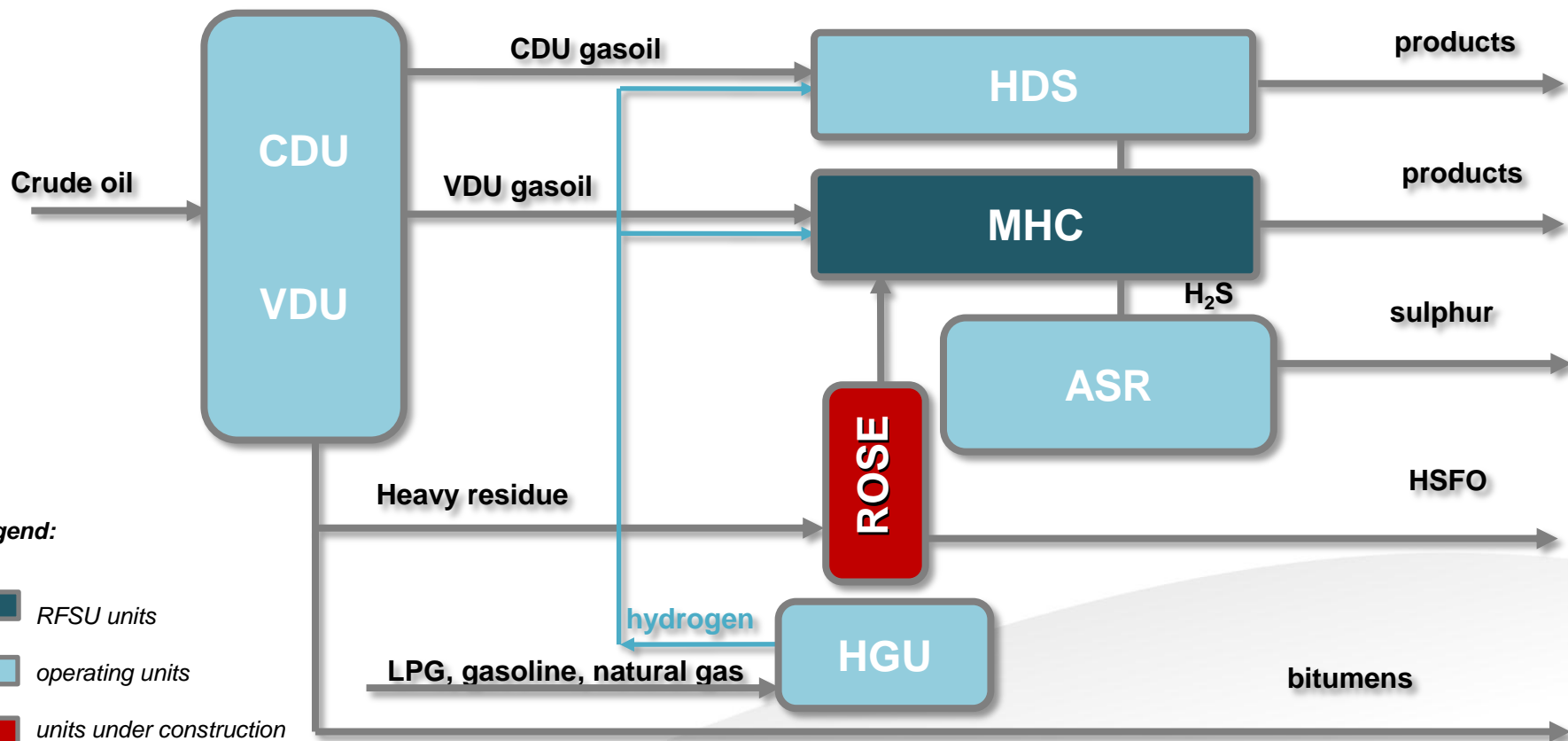
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# MAIN INVESTMENTS UPDATE OUTLINE OF THE 10+ PROGRAMME



Legend:

- RFSU units
- operating units
- units under construction

▪ The overall progress of the 10+ Programme reached 99,81% at the end of September 2010

# MAIN INVESTMENTS UPDATE

## MHC UNIT CURRENT STATUS



- Ready for Start-Up (RFSU) status ca. 2 months ahead of schedule
- Production tests being processed

# MAIN INVESTMENTS UPDATE

## ROSE UNIT CURRENT STATUS



- Unit construction status: 97,5% as for September 30th
- Production tests planned for December 2010

# MAIN INVESTMENTS UPDATE

## YME PROJECT UPDATE

### DONE

- Platform has reached Stavanger – Sep 16
- Topsides completed
- Pre-startup well drilled successfully

### AHEAD

- Once the topsides are on location, commissioning will take approximately two months
- Final well operations already being conducted





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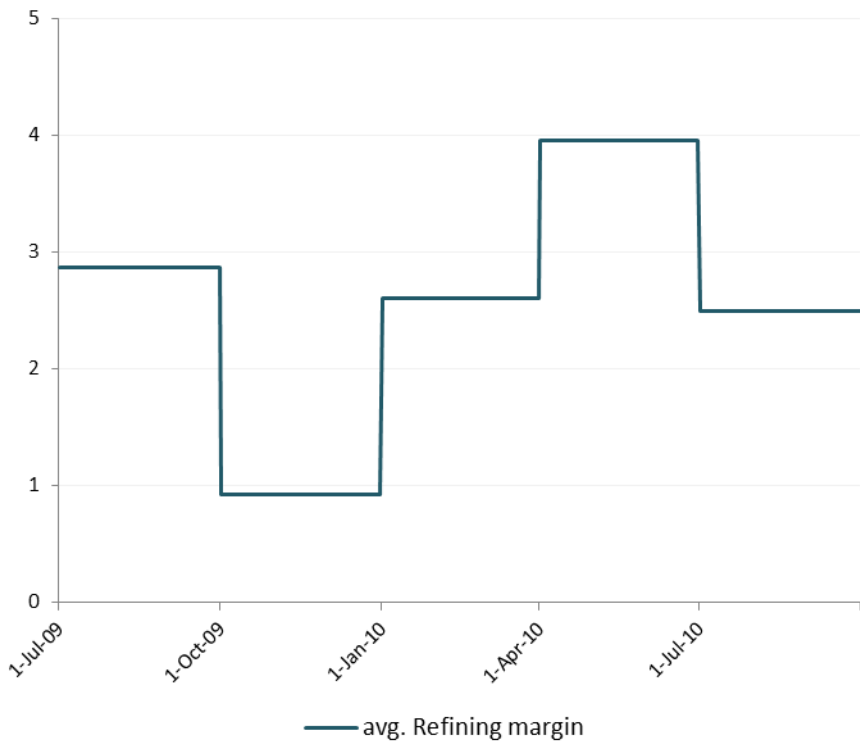
5 Downstream

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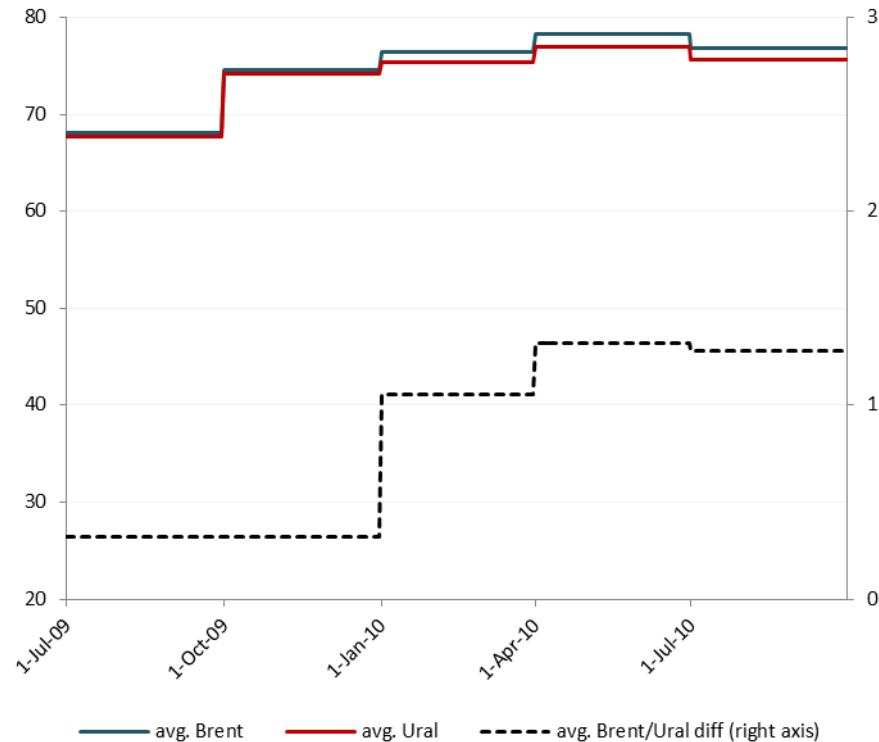
# MARKET CONDITIONS

## KEY FACTORS

### Refining margin



### Crude oil prices

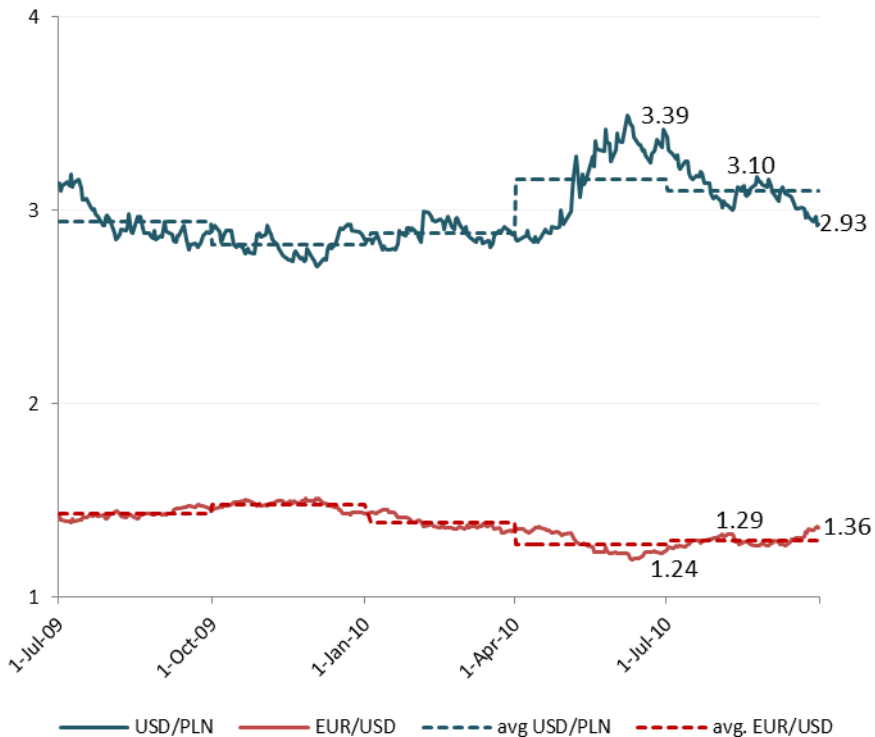


- Positive impact of increase in Brent/Ural differential in comparison with Q3'09
- Negative impact of decrease in refining margin qoq and yoy
- Increase in crude oil prices yoy, slight decrease qoq

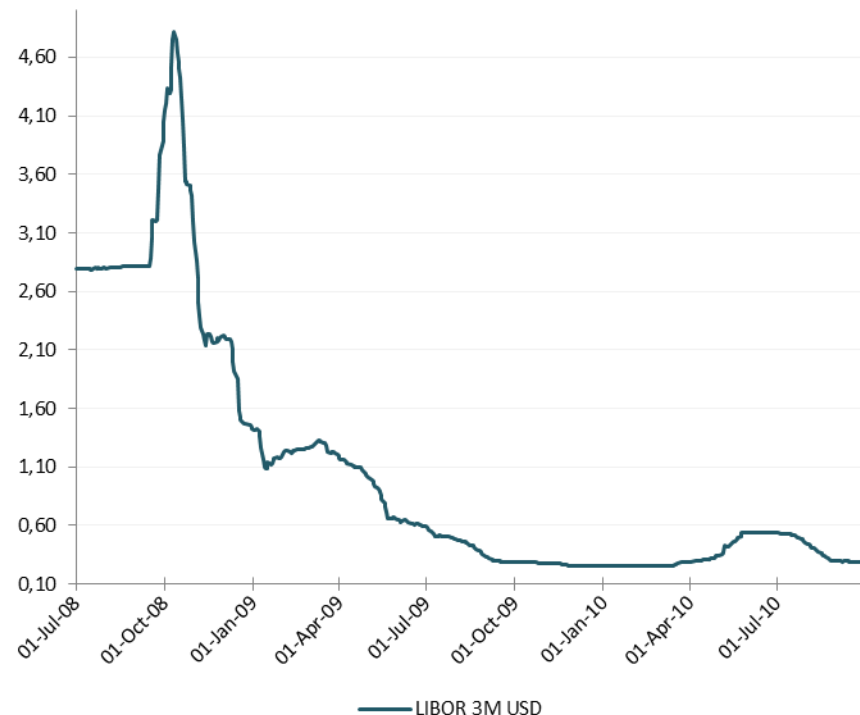
# MARKET CONDITIONS

## KEY FACTORS

### FX rate



### LIBOR 3M USD



- The EUR/USD FX rate increased qoq (end of Q3'10 to end of Q2'10), while the USD/PLN rate decreased
- Downward trend of 3M USD LIBOR rate from beginning of October 2008

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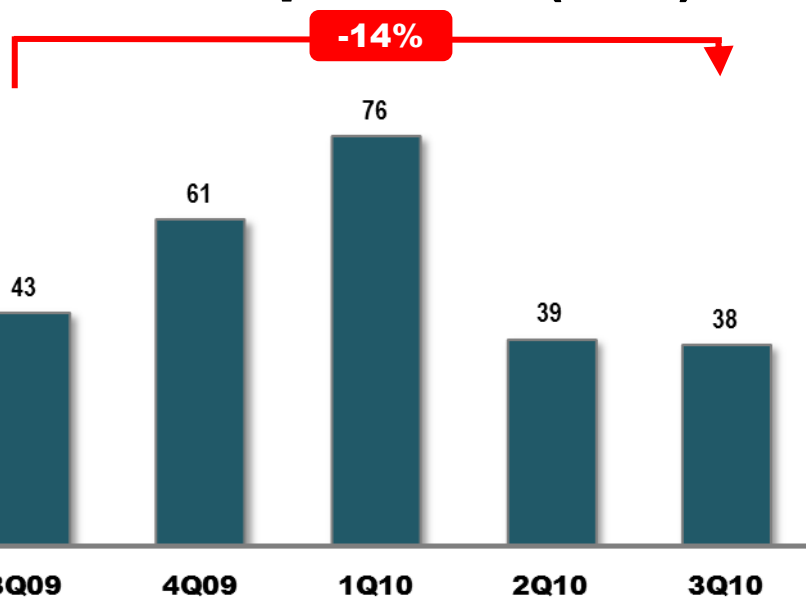
4 **Upstream**

5 Downstream

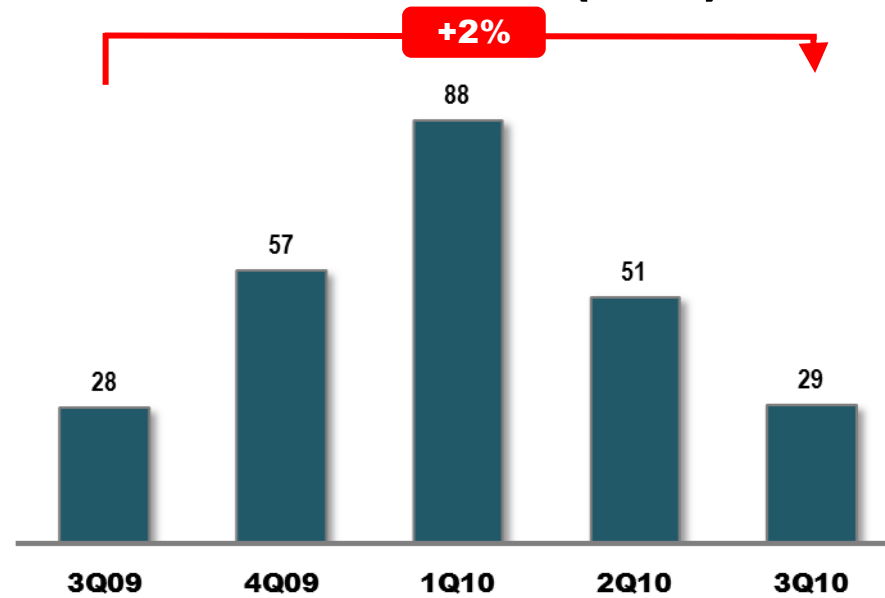
6 Overall financial results

## UPSTREAM CRUDE OIL PRODUCTION AND SALES

### Crude oil production ('000t)



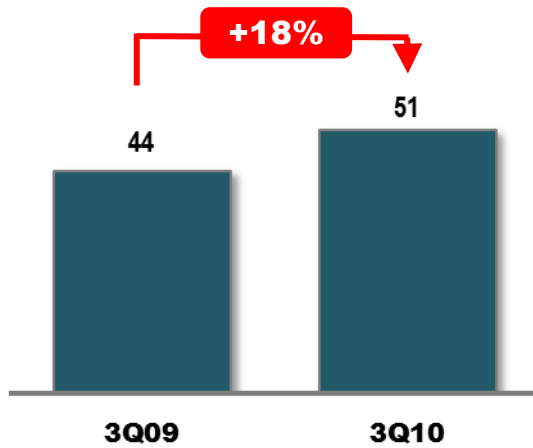
### Crude oil sales ('000t)



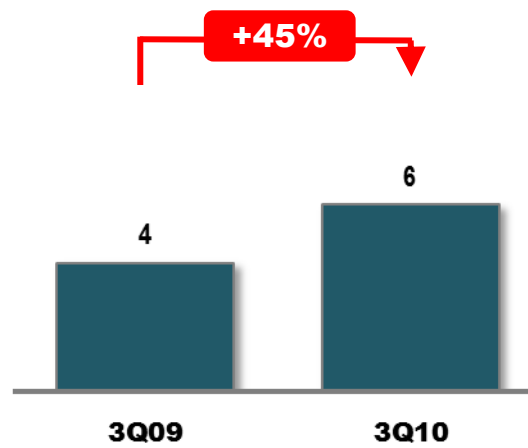
- Production yoy decreased by 14%
- The production figures qoq remain stable
- Qoq crude oil sales decreased due to maritime logistics

## UPSTREAM FINANCIAL RESULTS

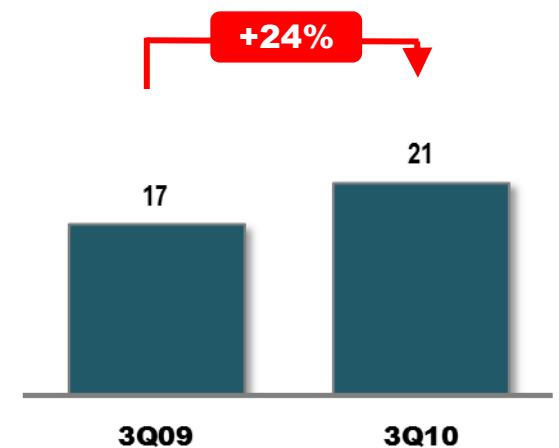
### Net sales (PLN m)



### EBIT (PLN m)



### EBITDA (PLN m)



- Increase in net sales of the upstream segment resulted from an increase in crude oil prices of 13% yoy

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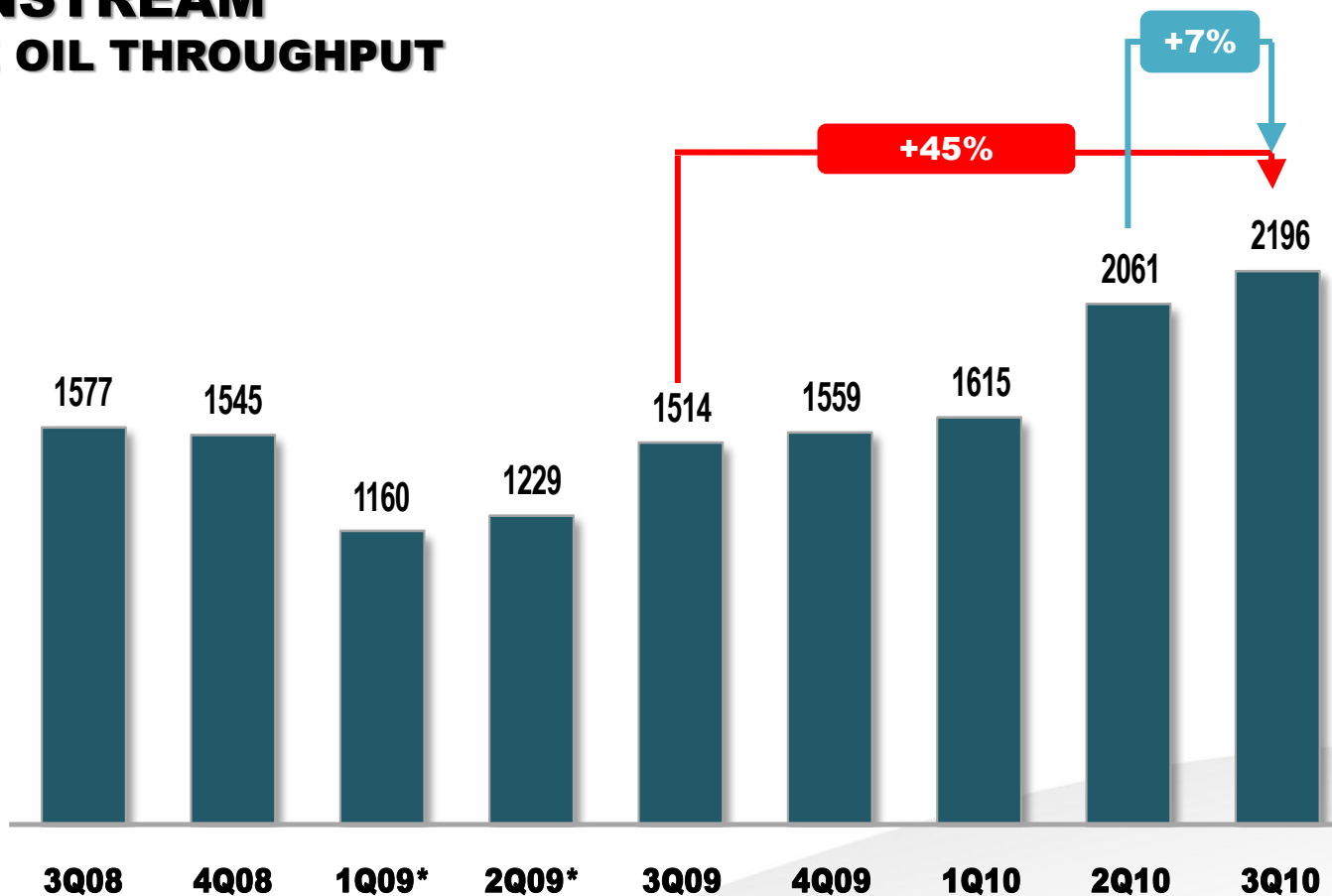
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## DOWNSTREAM CRUDE OIL THROUGHPUT



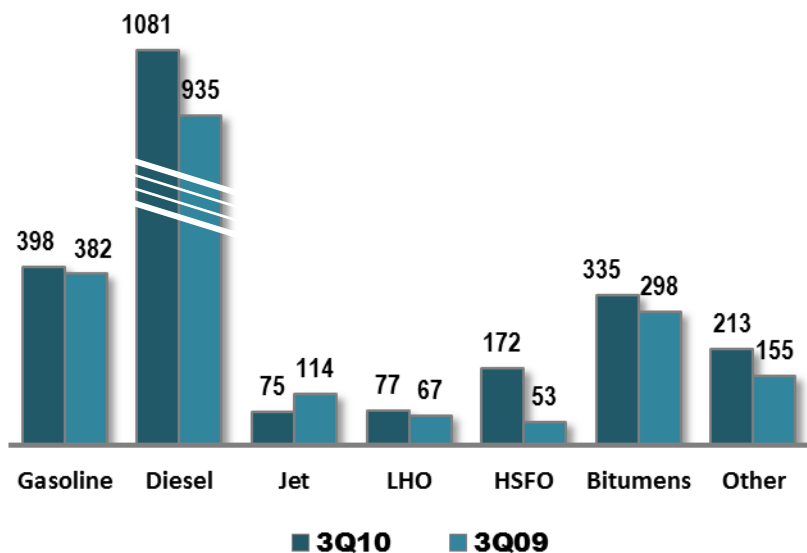
\* Lower throughput in Q1 and Q2'09 due to maintenance shutdown

- Significant increase in crude oil throughput due to operating CDU/VDU unit

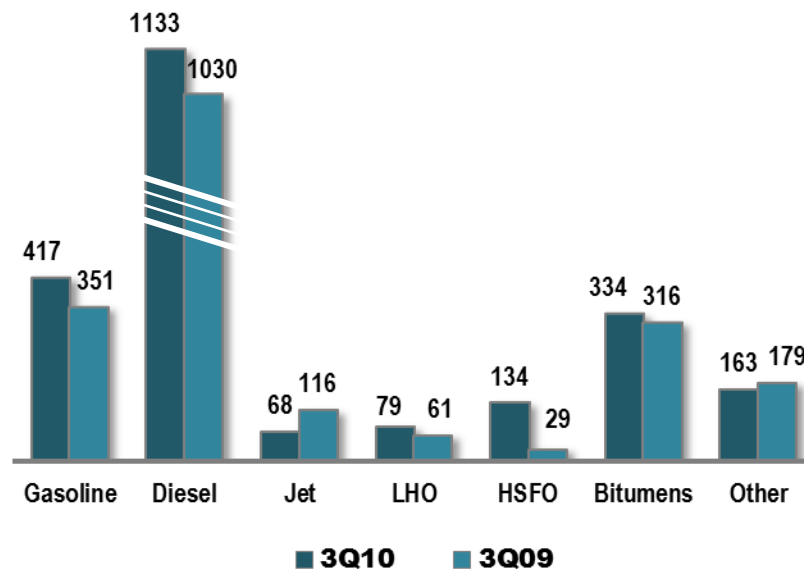


# DOWNSTREAM PRODUCTION AND SALES OF PRODUCTS AND GOODS

### Production ('000 t)



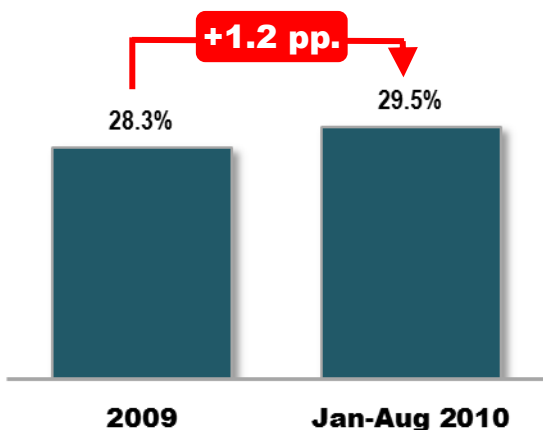
### Sales ('000 t)



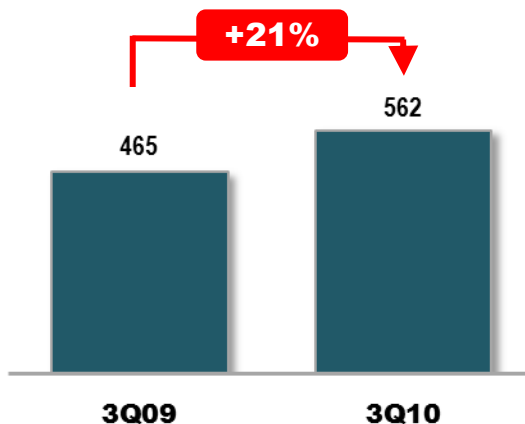
- Total sales reached 2,328 thousand tonnes (+12% yoy)
- Total production reached 2,352 thousand tonnes (+17% yoy)

## DOWNSTREAM MARKET SHARE AND RETAIL SALES

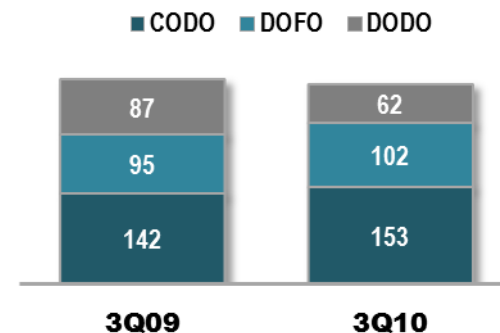
### Total market share



### Retail Sales (PLN m)



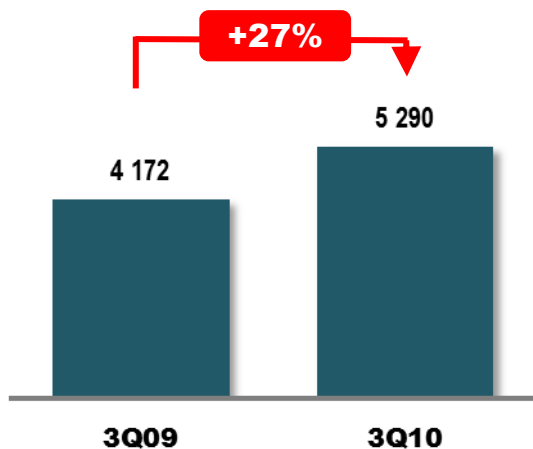
### Retail Network



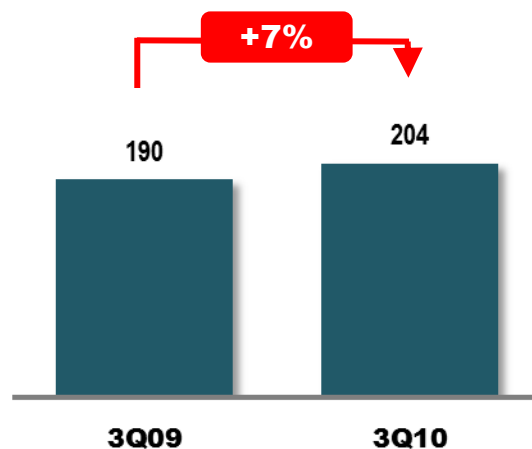
- Volume of retail sales increased by 7.4% yoy
- In comparison with Q3'09 the number of CODO and DOFO stations increased by 11 and 7 respectively, whereas 25 DODO station contracts have expired
- As of Sep 30th 2010 109 franchise agreements were signed

## DOWNSTREAM FINANCIAL RESULTS

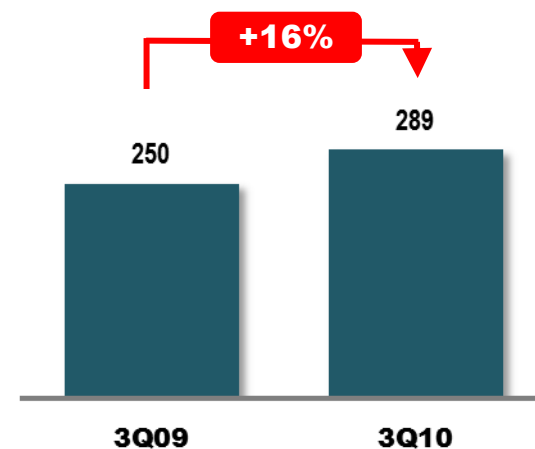
### Net sales (PLN m)



### EBIT (PLN m)



### EBITDA (PLN m)



- Increase in net sales of the downstream segment yoy was caused by higher crude oil and product prices as well as by an increase in sales volume.
- Increase in EBIT yoy was a result of higher margins for middle distillates than in Q3 2009, higher Brent/Ural differential and favourable bitumens market in Q3 2010
- The EBIT in retail was PLN 7.2 m

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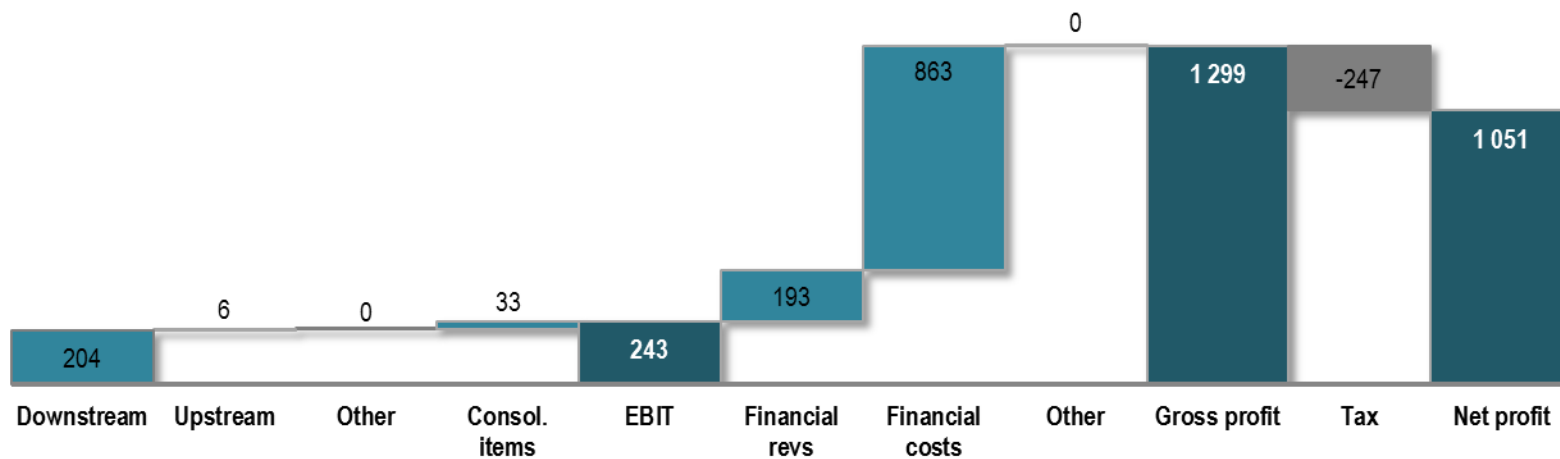
**5** Downstream

**6** **Overall financial results**

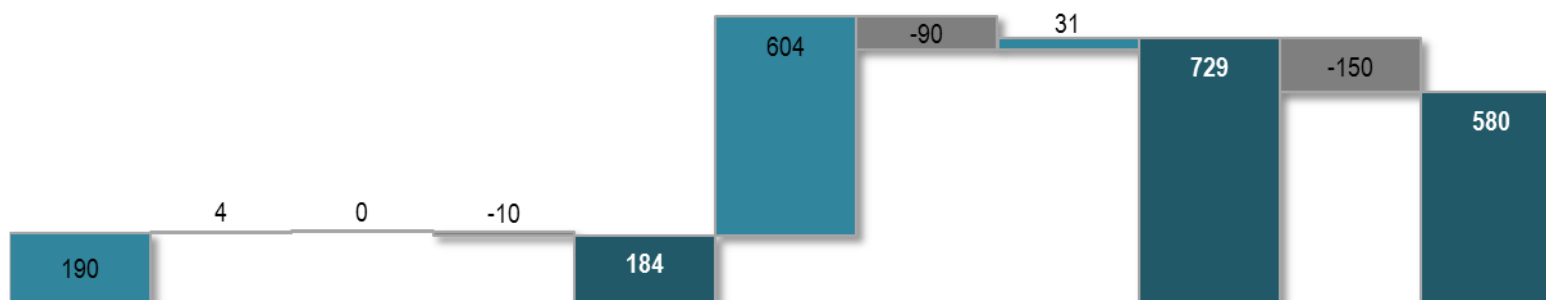
# OVERALL FINANCIAL RESULTS

## Q3'10 FINANCIAL RESULTS

3Q10

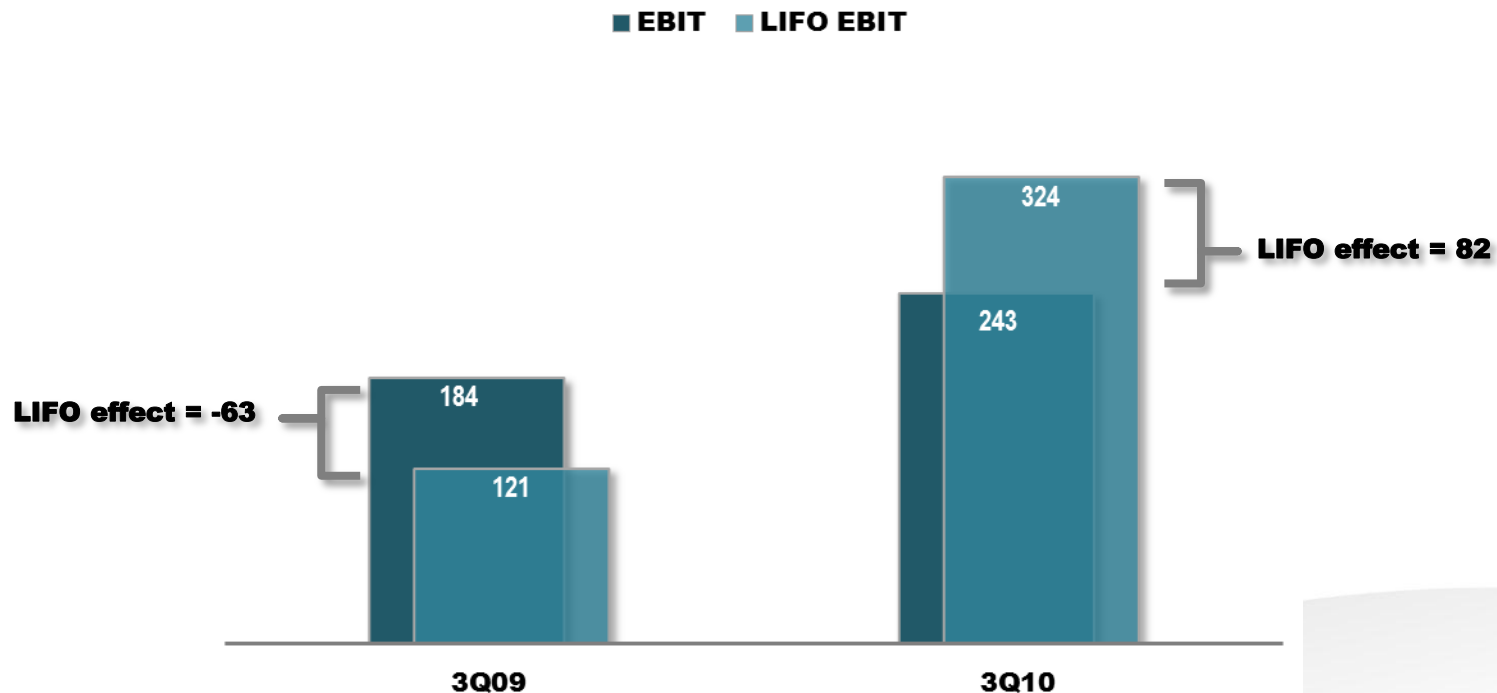


3Q09



# OVERALL FINANCIAL RESULTS

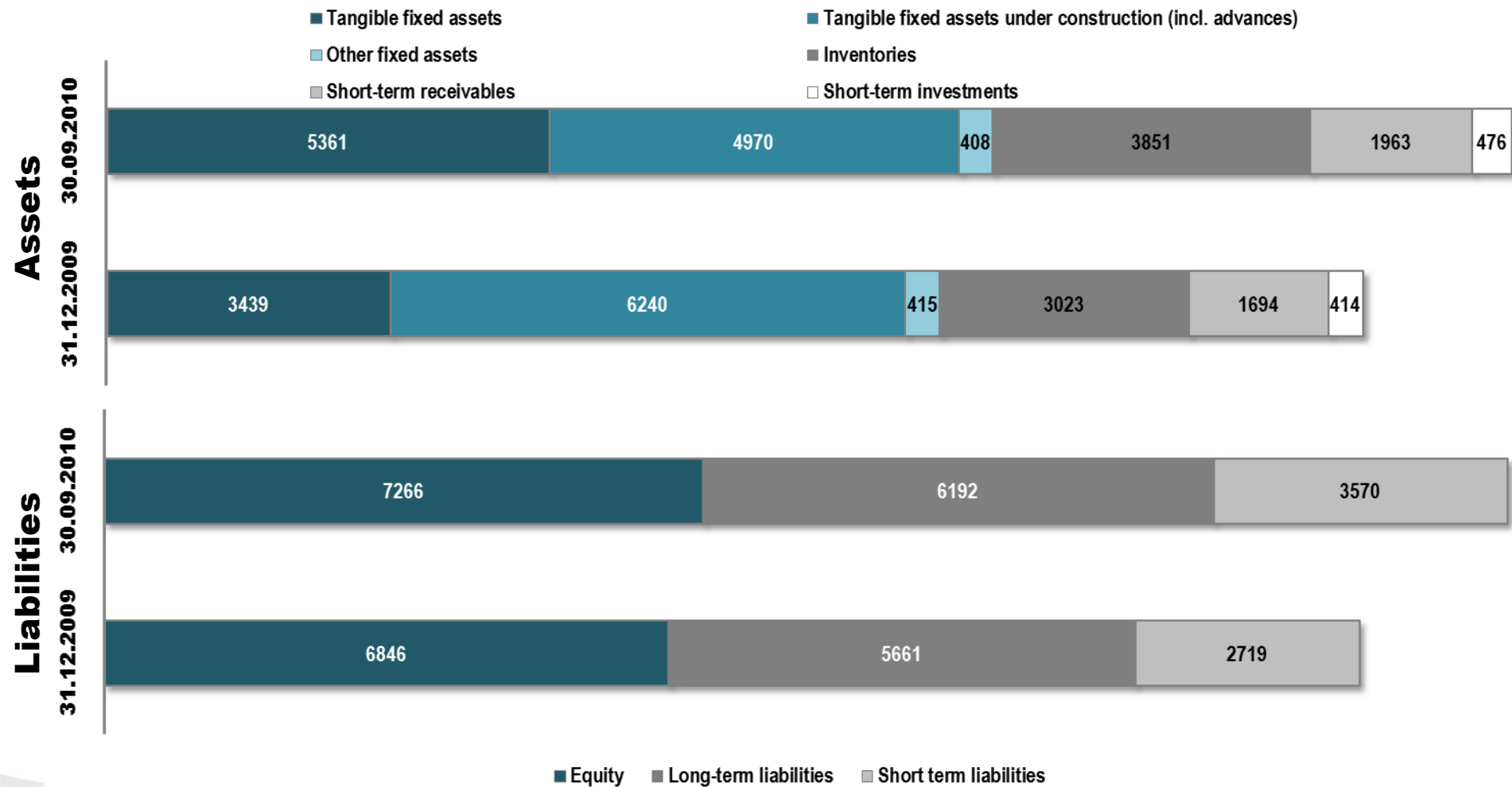
## OPERATING PROFIT ACCORDING TO LIFO INVENTORY VALUATION



- As a result of strengthening PLN vs. USD in Q3 2010 and stable crude oil prices the LIFO effect was positive and amounted to PLN 82 m

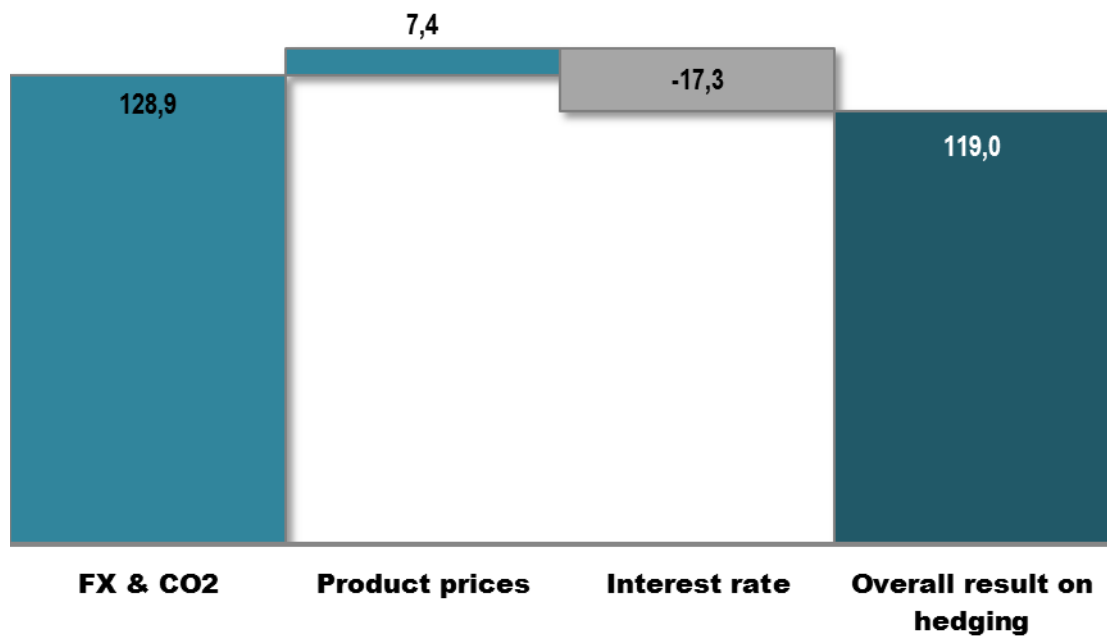
# OVERALL FINANCIAL RESULTS

## BALANCE SHEET



# OVERALL FINANCIAL RESULTS

## Q3'10 RESULT ON HEDGING



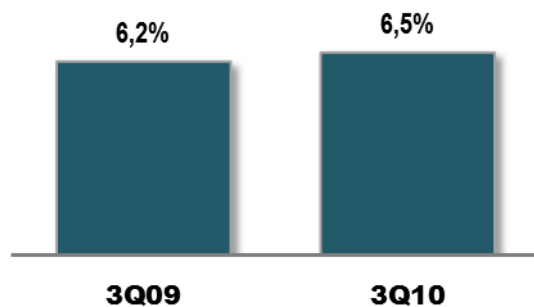
- The EUR/USD FX rate increase (by 11.1% qoq) positively impacts the result on hedging



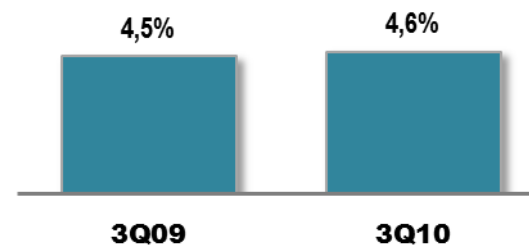
# OVERALL FINANCIAL RESULTS

## Q3'10 RATIOS

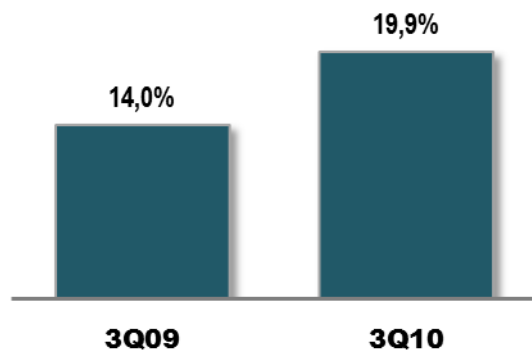
### EBITDA margin



### EBIT margin



### Net margin



### Gearing ratio

