



# **LOTOS Group**

## **Q3 Consolidated Financial results**

29 October 2014



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# Agenda

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# Key highlights

## Key highlights

**7.55**

**bn PLN**

Revenues

**401**

**m PLN**

Clean LIFO  
EBITDA  
estimation

**12 716**

**boe/d**

Upstream  
production

**+576**

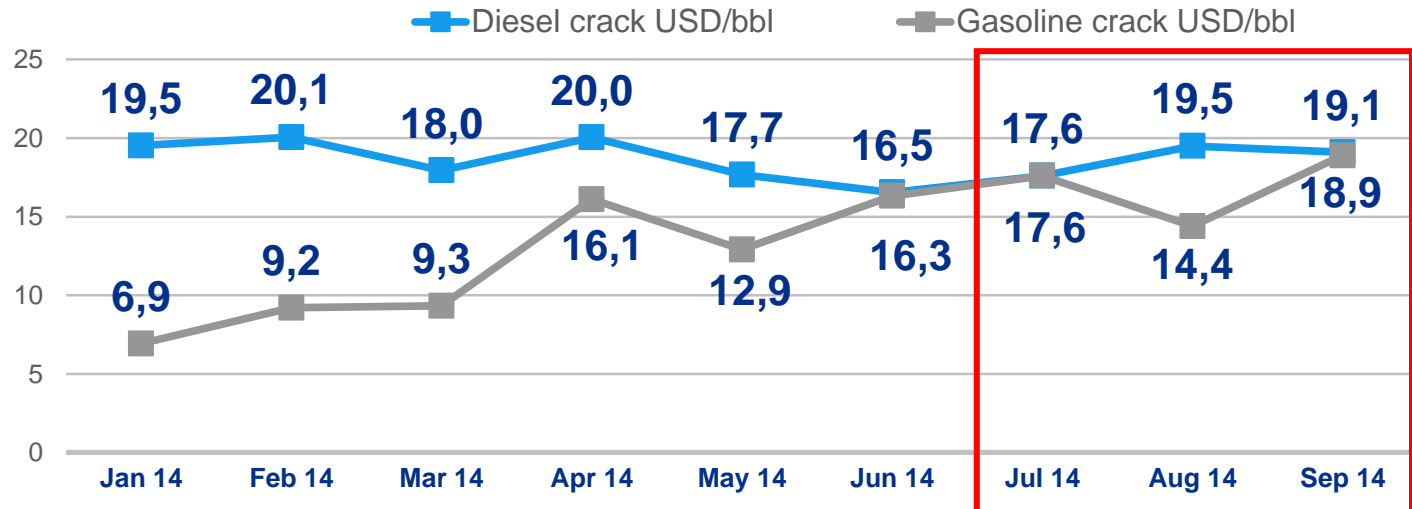
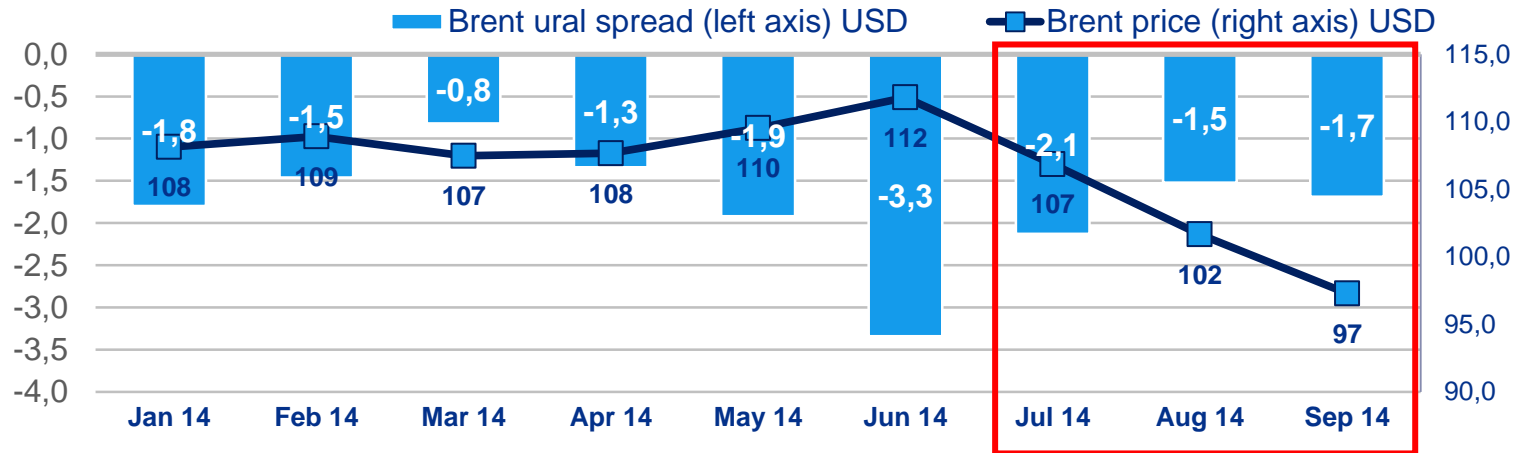
**m PLN**

Operational Cash  
flow



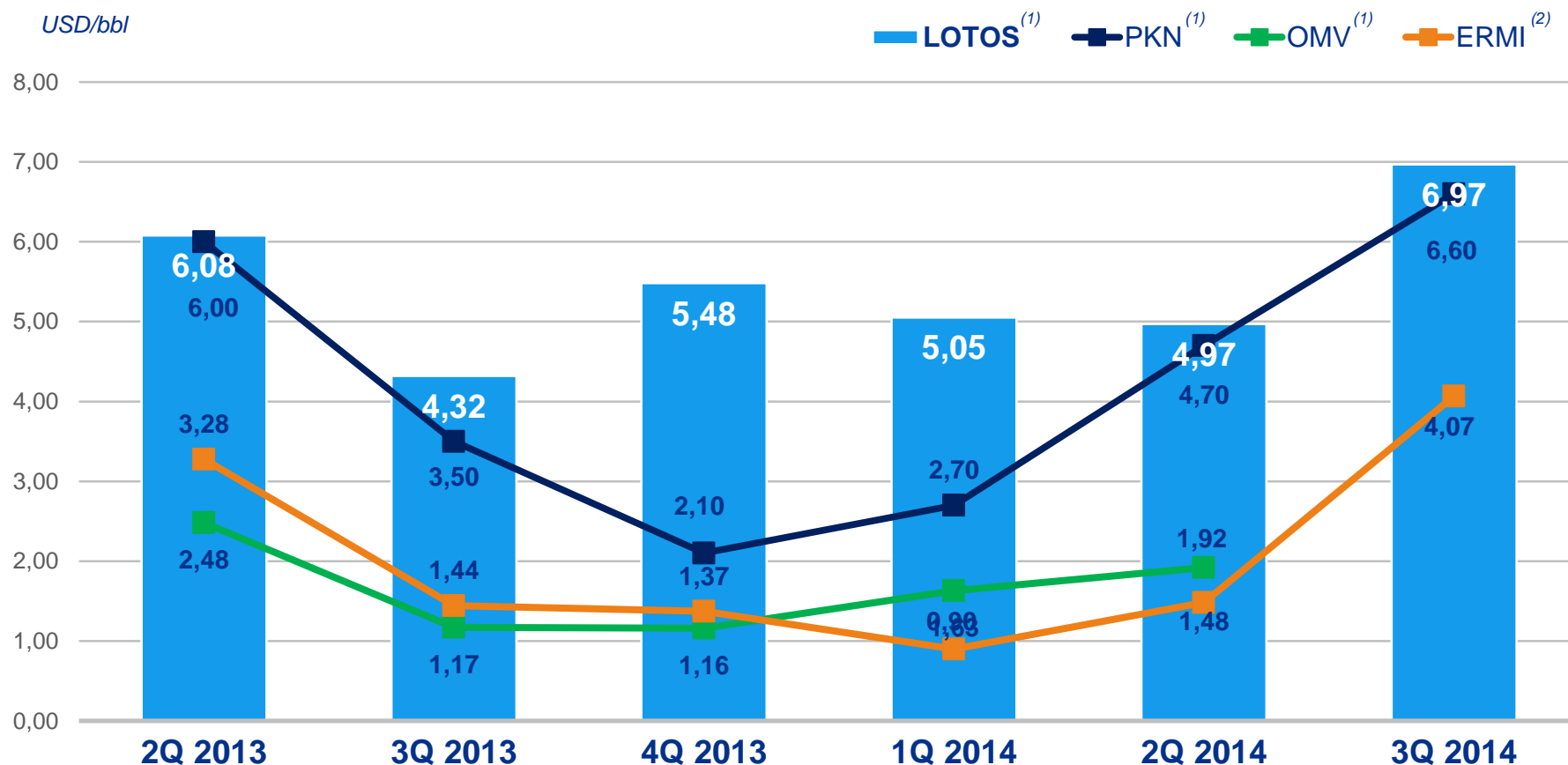
# External environment

# External environment – oil price & product cracks



Source: Average monthly data, Based on Thomson Reuters data. Product cracks including Brent/Ural spread

## Model refining margin vs peers

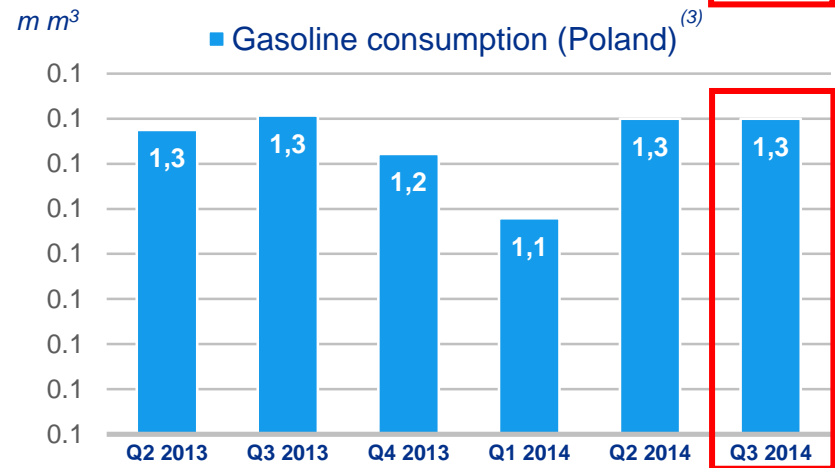
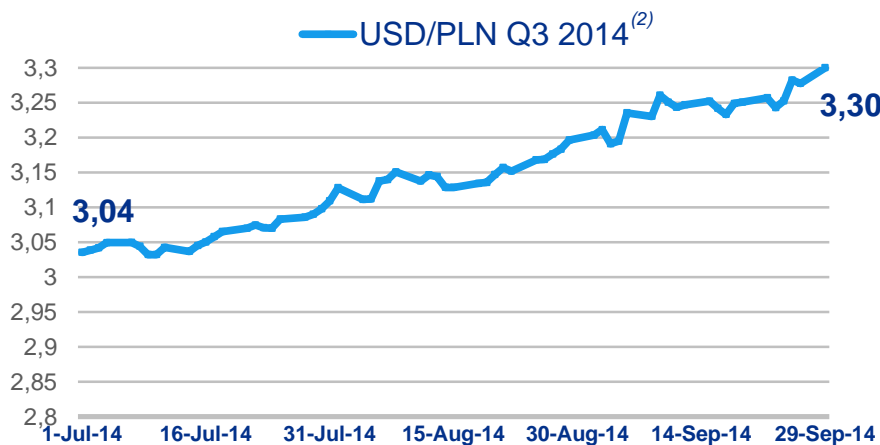
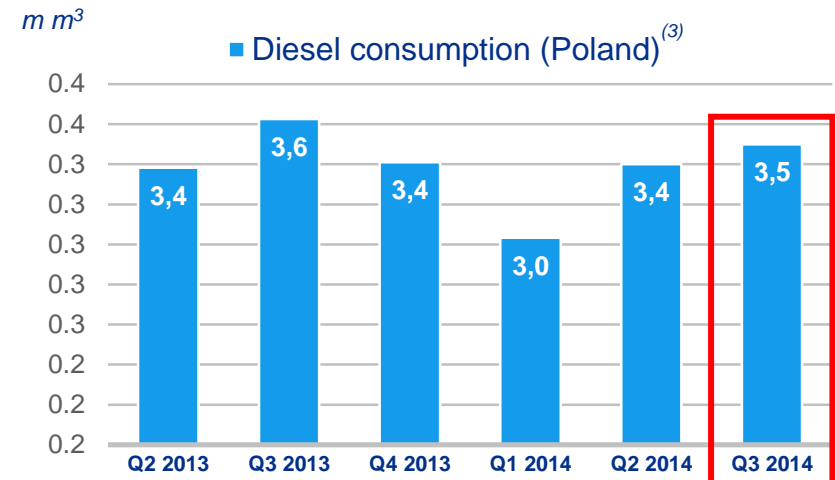


(1) Source: Company data; based on websites of the companies

(2) Source: Total; European Refining Margin Indicator (ERMI) is an indicator intended to represent the margin after variable costs for a hypothetical complex refinery located around Rotterdam in Northern Europe that processes a mix of crude oil and other inputs commonly supplied to this region to produce and market the main refined products at prevailing prices in this region.



# External environment – GDP growth & FX development



Source:

(1) National Statistics Bureau. Q3 2014 Bloomberg forecast

(2) National Bank of Poland

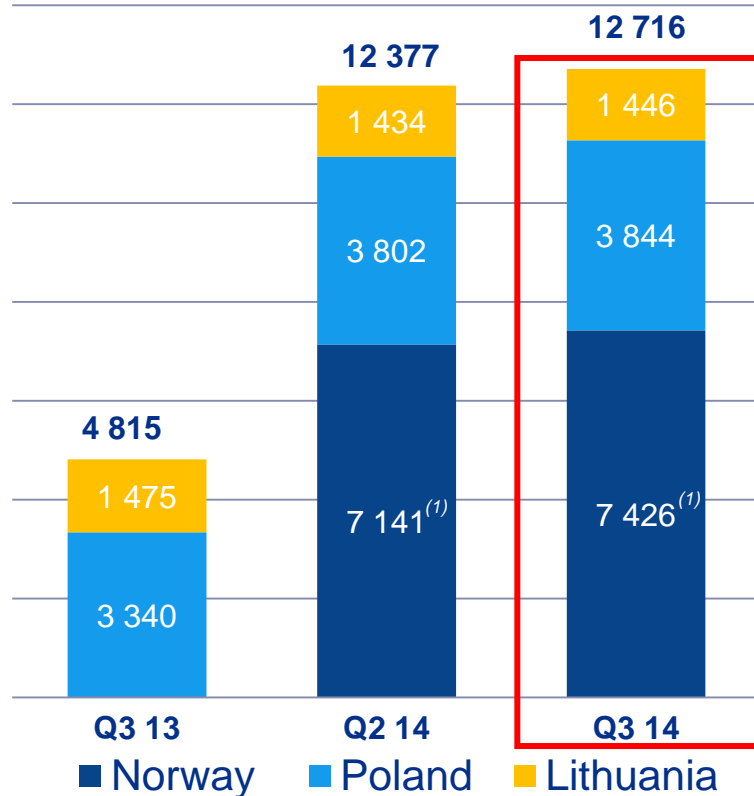
(3) POPIHN – Organisation for Oil Trade and Industry



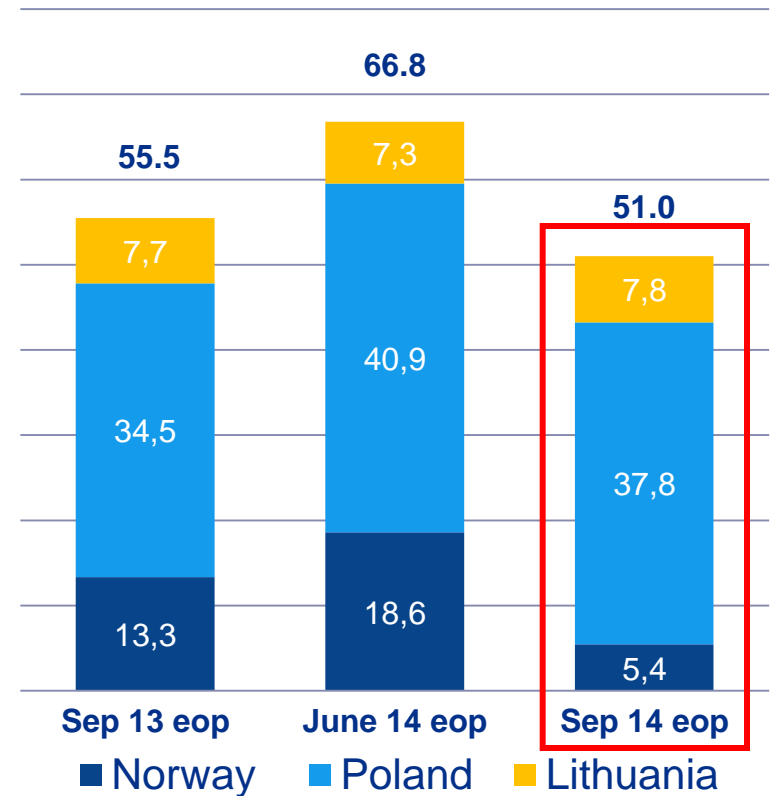
# Upstream

# Hydrocarbons reserves and production figures

Average daily oil&gas production (boe/d)



2P oil&gas reserves (m boe)



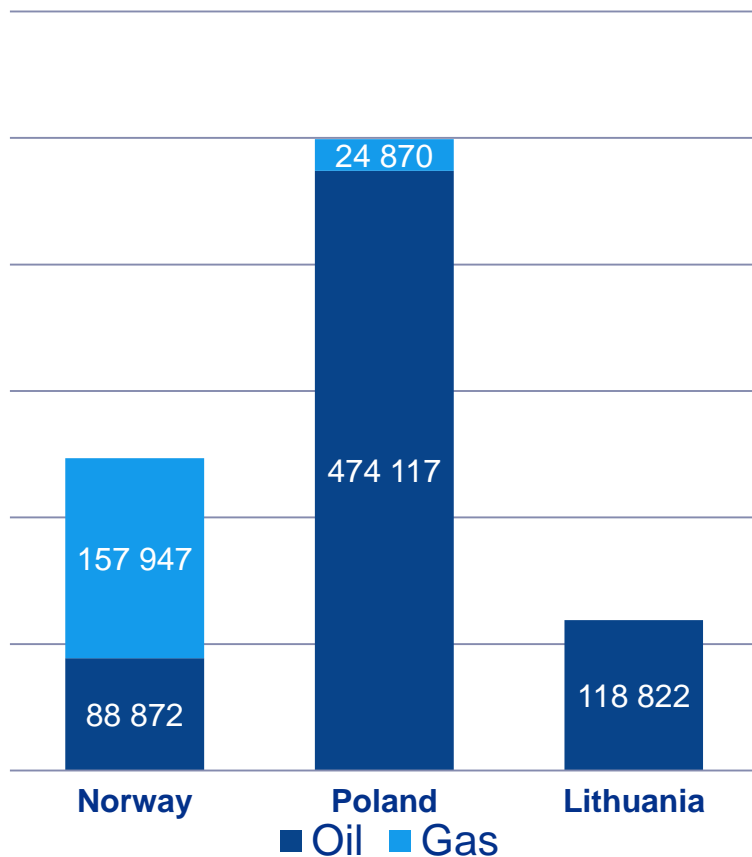
- Decrease of the 2P reserves (moving YME reserves to 2C) according to the AGR's Competence Person Report, which shall be attached to the Prospectus prepared in connection with the offering of shares in Grupa LOTOS S.A. subject to pre-emptive rights

Source: Company

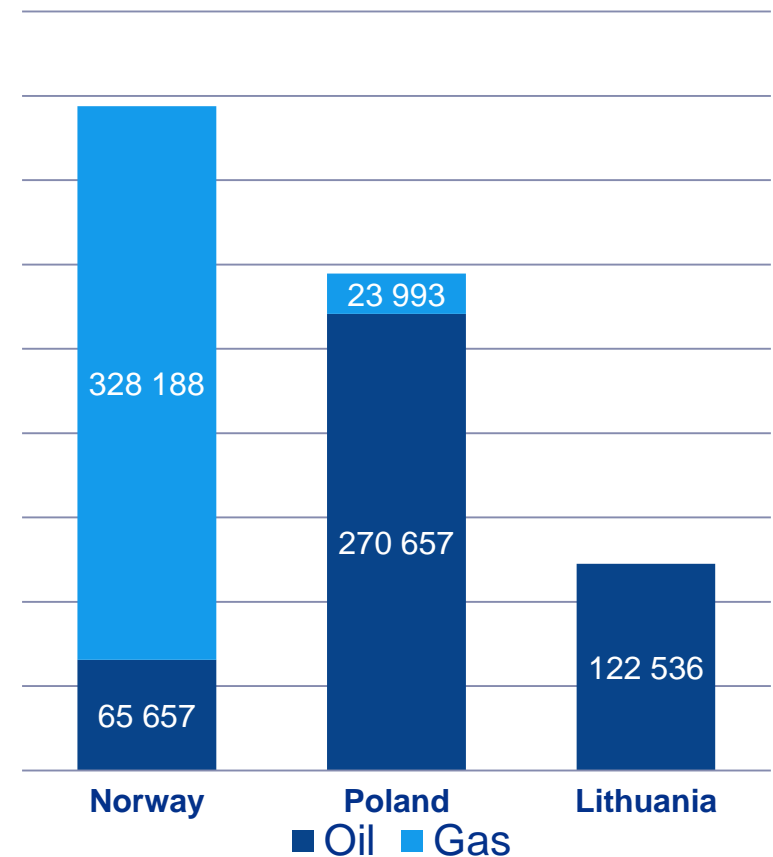
Grupa LOTOS S.A. (1) For Norway – calculated on effective production days : 31 days in 2Q 2014 and 75 days in 3Q 2014

## Sales split by products and countries q/q

Q2 2014 sales (total quarterly boe)



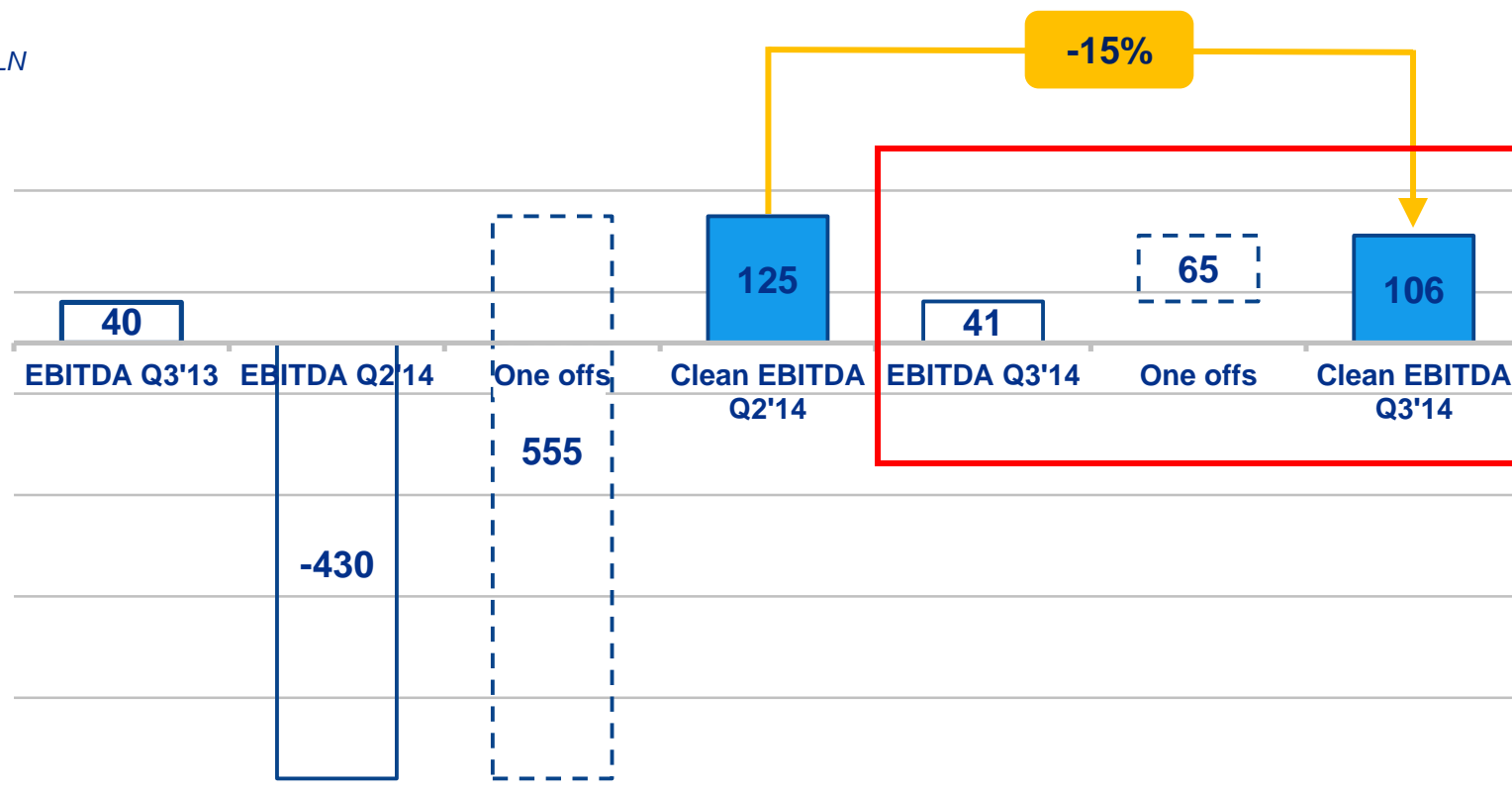
Q3 2014 sales (total quarterly boe)



Source: Company

## Upstream segment Clean EBITDA development

m PLN



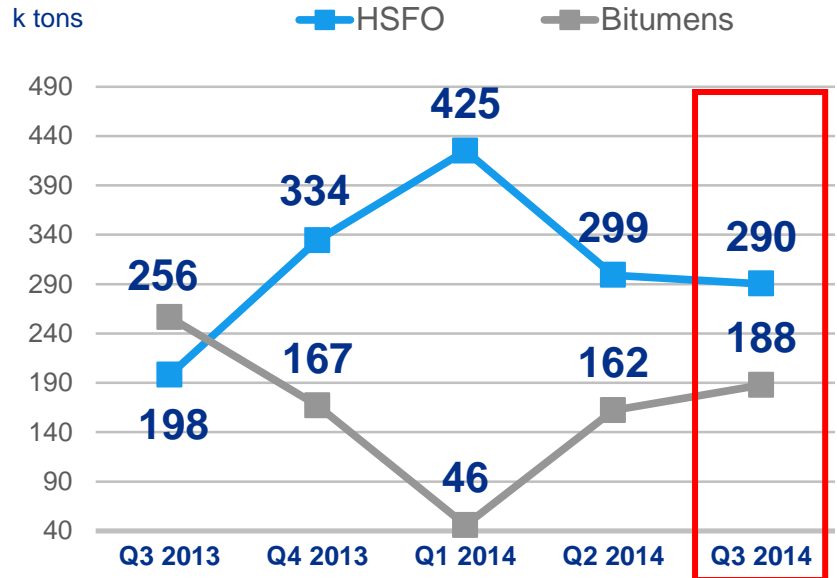
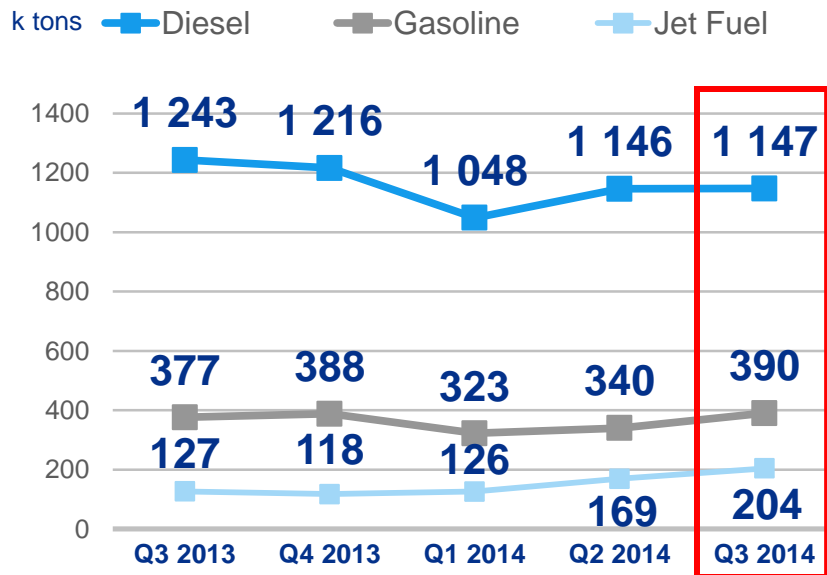
- Upstream's Clean EBITDA at PLN 106m, down by 15% q/q following lower sales volumes in Poland
- Decreasing oil prices negatively influencing profitability of the segment

Source: Company



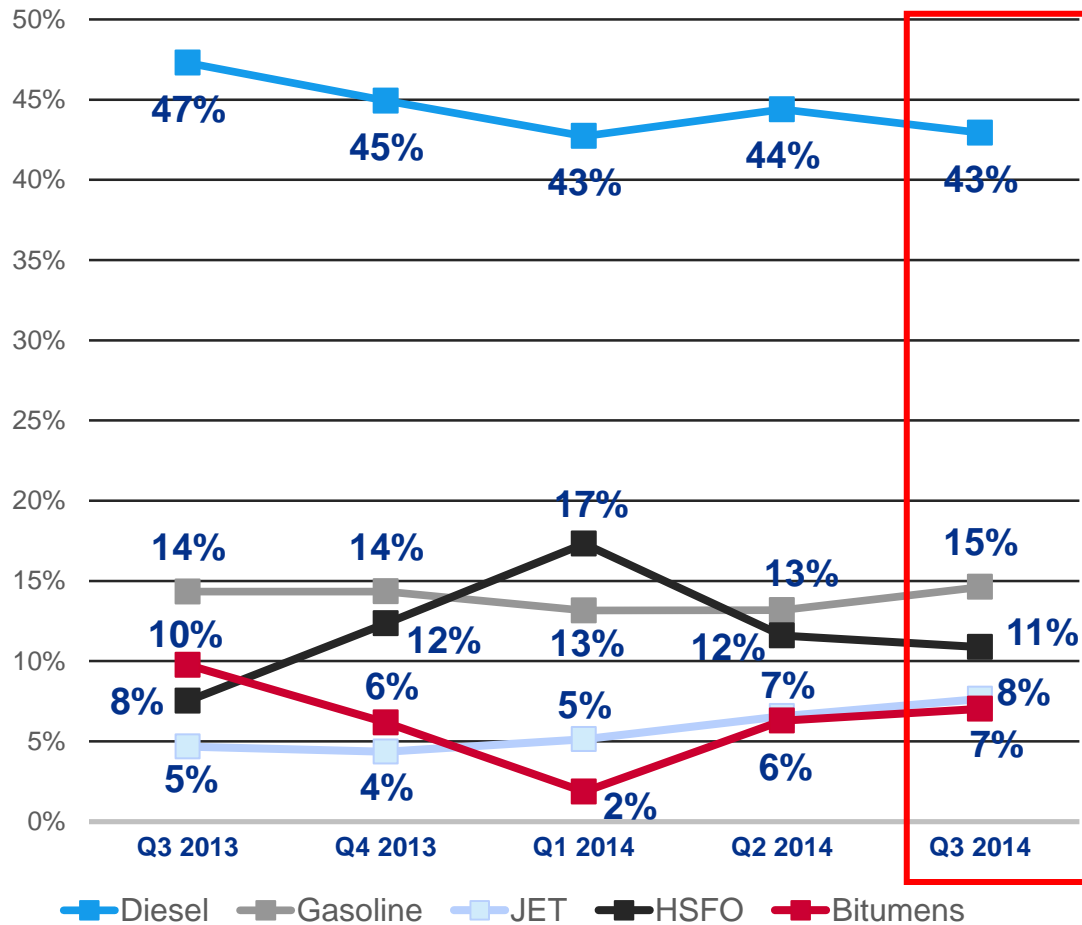
# Downstream

## Refinery production - volumes of key products



- Diesel staying flat q/q and slightly below the volume achieved last year, supported by the increased production of jet fuel
- Deteriorated structure of heavy products marked by the decrease of bitumens and increase of HSFO in the overall sales structure

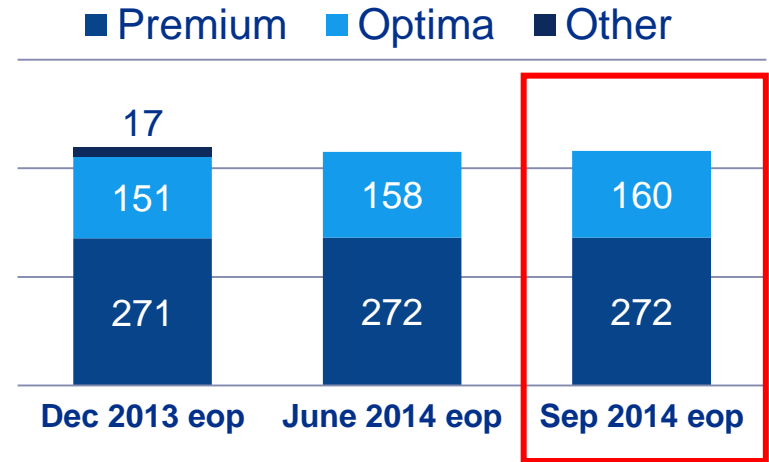
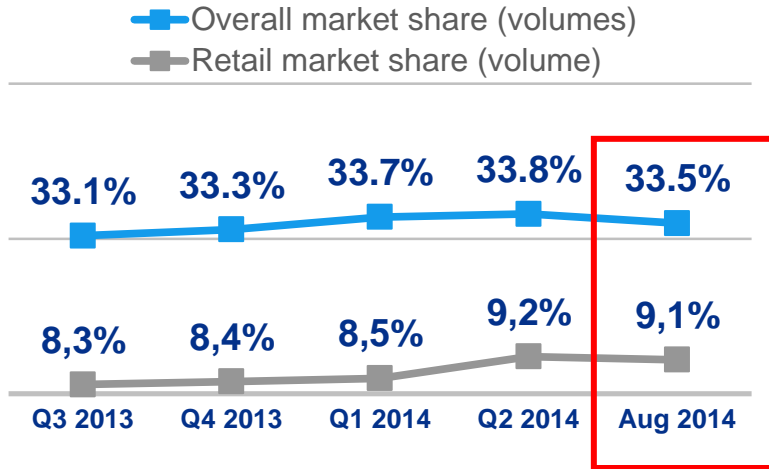
## Share of key products in the overall refinery throughput



Source: Company

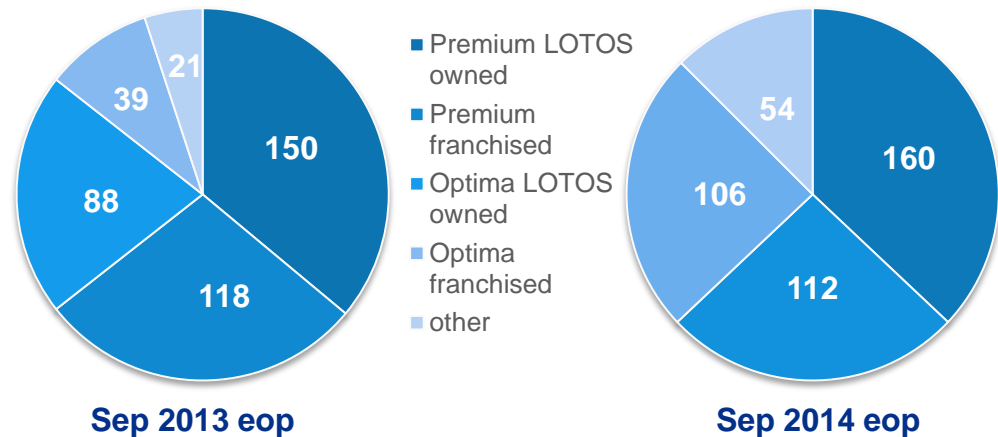


# Market share evolution and petrol station network



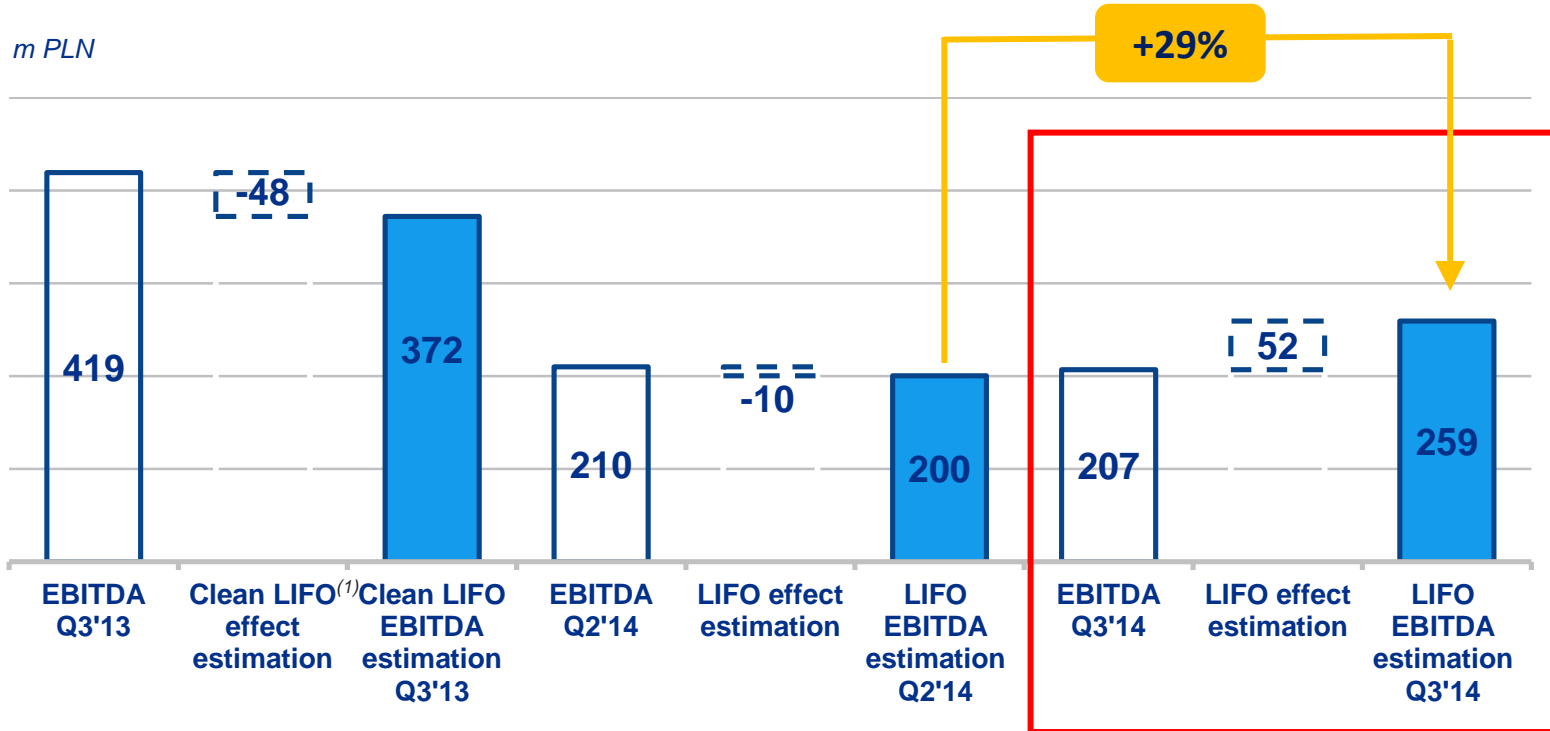
- Retail market share at 9.1%

## Number of stations by type



Source: Company

## Downstream segment LIFO EBITDA development



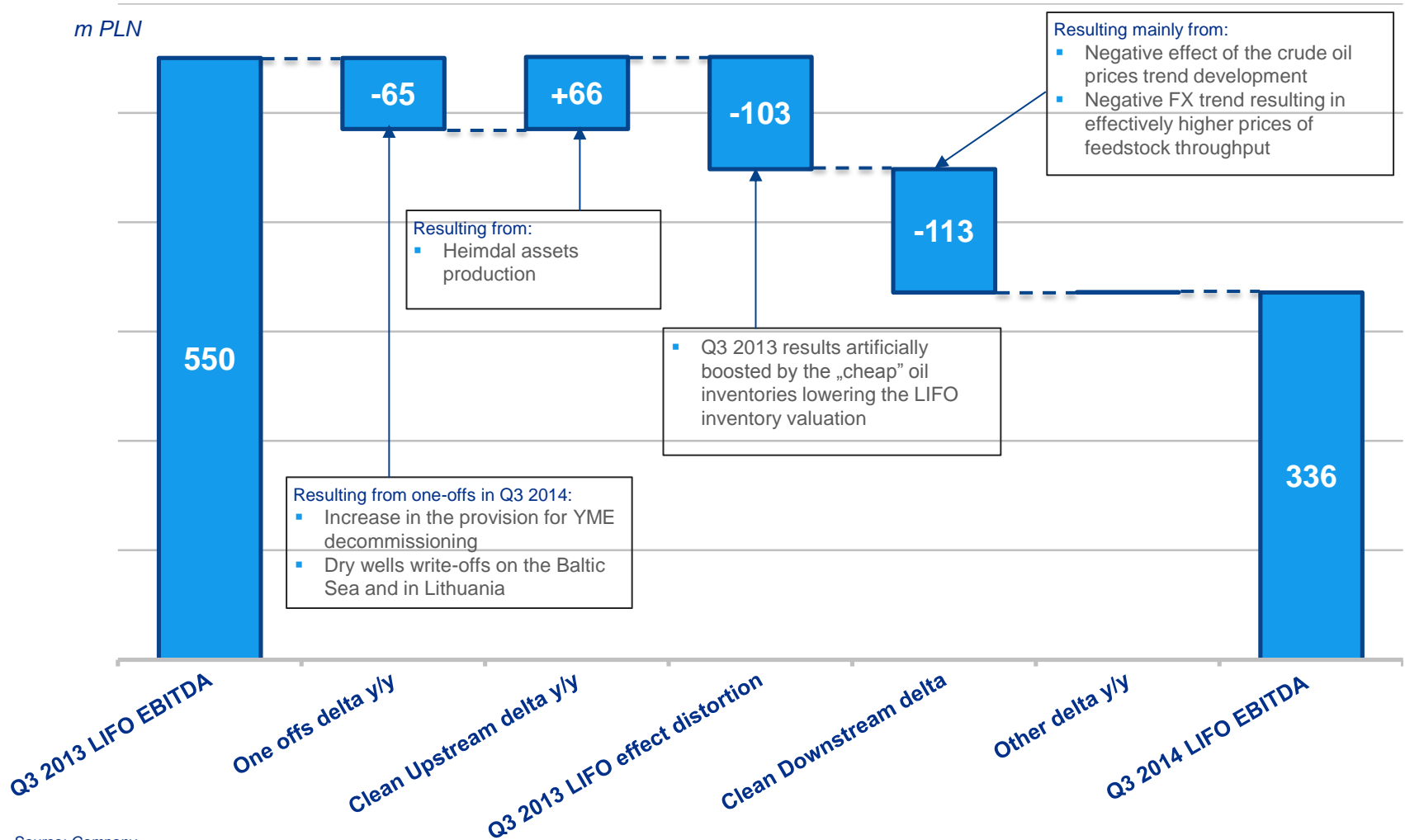
- LIFO EBITDA q/q up by 29% mainly thanks to the improved macro conditions
- Clean LIFO effect for the Q3 2013 excluding the 103m PLN „cheap” oil included in the LIFO inventory valuation, which artificially improved Q3 LIFO EBIT

Source: Company



# Consolidated financial results

# Changes in segments EBITDA results y/y

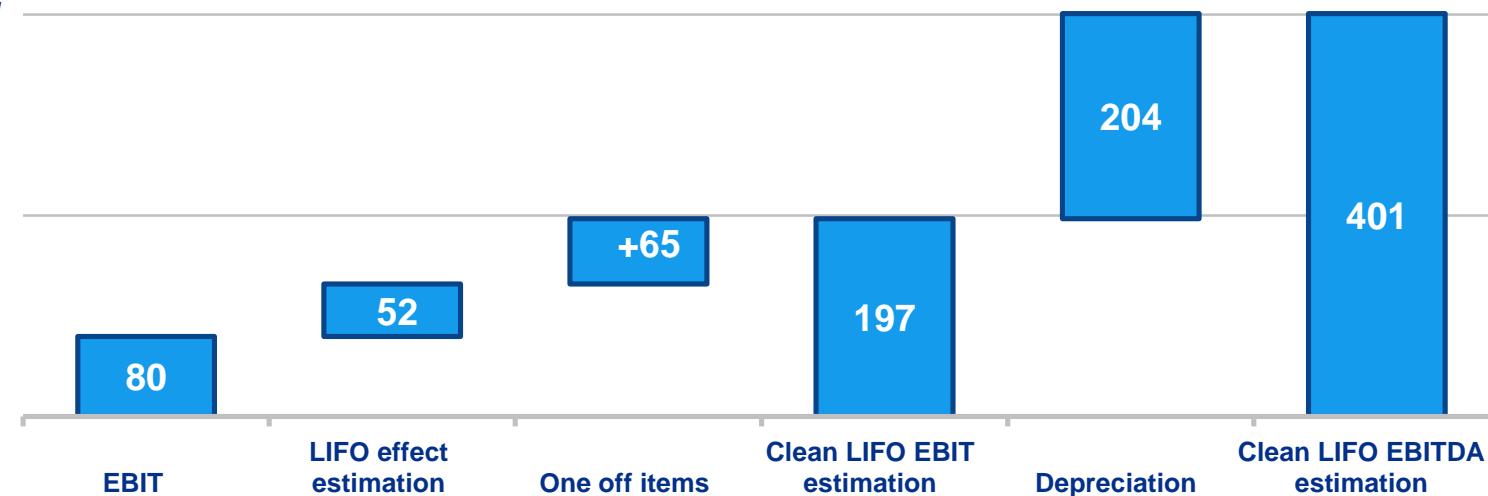


Source: Company

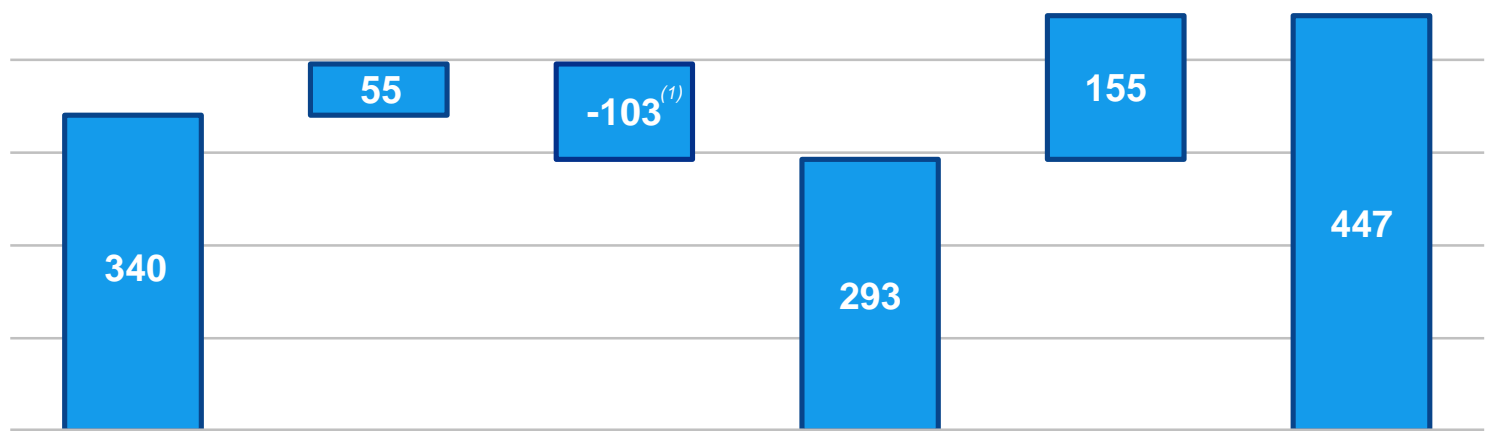
## Q3 2014 results breakdown vs Q3 2013

m PLN

Q3 2014

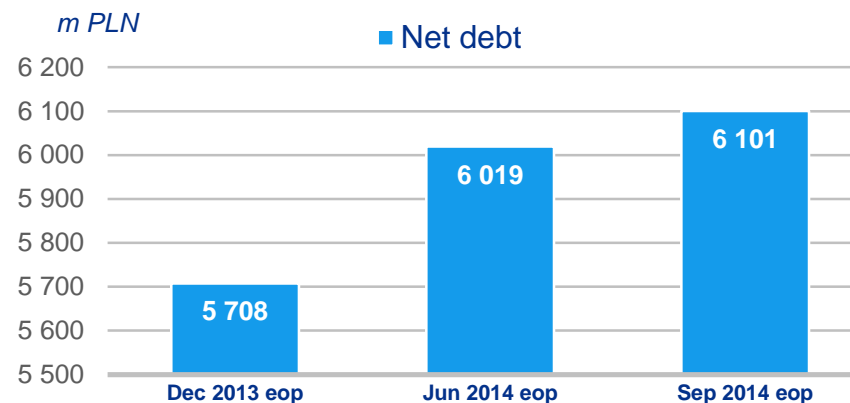
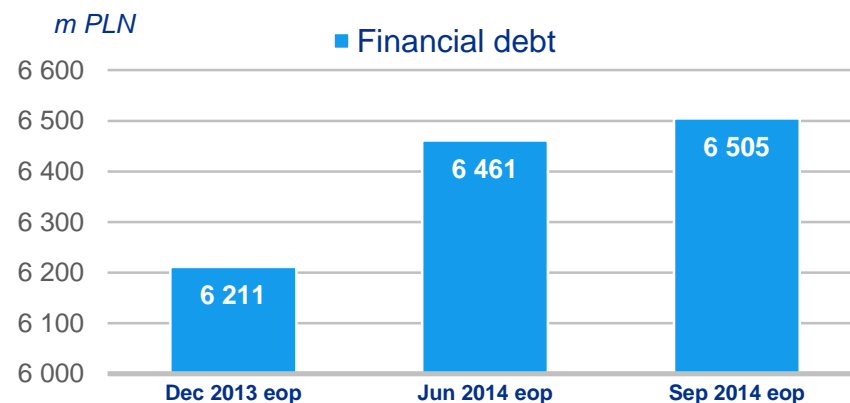
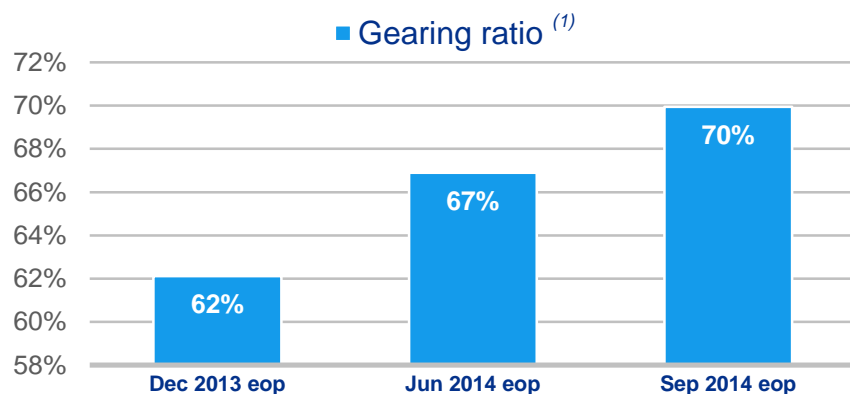


Q3 2013



Source: Company

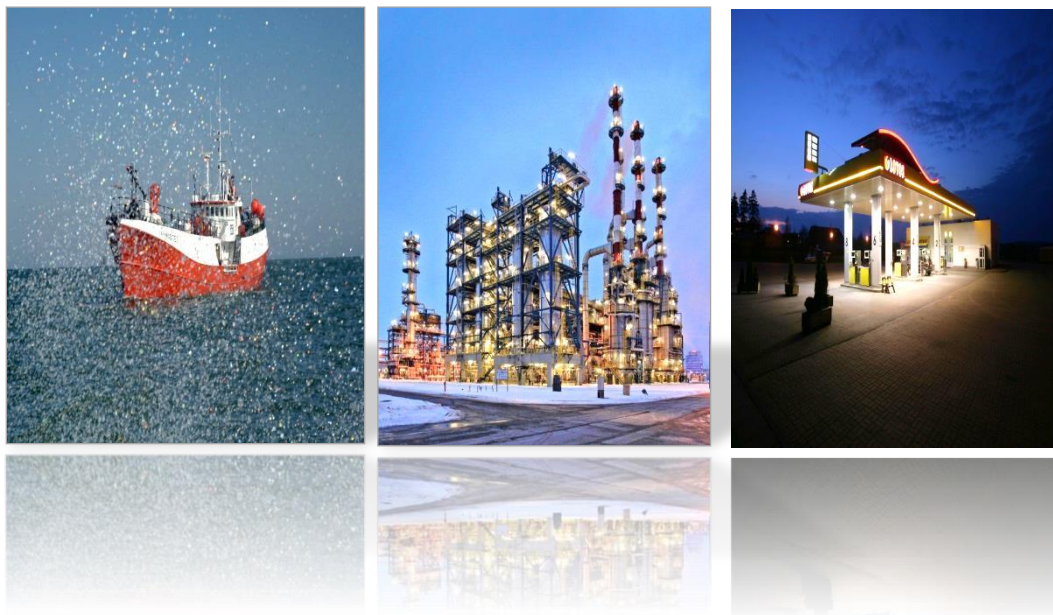
## Indebtedness



- Gearing ratio increased due to negative FX differences increasing the USD denominated debt balance and impacting the reserve capital position
- Financial and net debt figures including loans, borrowings, leasing and bonds

(1) Gearing ratio = net debt / total shareholders equity

# Thank You



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