



# LOTOS Group 3Q 2015 consolidated financial results

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<b>1</b>	<b>Key highlights</b>	<b>3 - 4</b>
<b>2</b>	<b>External environment</b>	<b>5 - 8</b>
<b>3</b>	<b>Upstream</b>	<b>9 - 12</b>
<b>4</b>	<b>Downstream</b>	<b>13 - 18</b>
<b>5</b>	<b>Consolidated financial results</b>	<b>19 - 24</b>

# Key highlights



## Key highlights 3Q 2015

PLN	EBITDA reported	Clean <sup>(1)</sup> EBITDA LIFO	y/y % change Clean EBITDA LIFO	q/q % change Clean EBITDA LIFO
<b>Consolidated</b>	<b>82 m</b>	<b>609 m</b>	<b>+43%</b>	<b>+2%</b>
upstream	74 m	91 m	-14%	-11%
downstream	10 m	519 m	+82%	+2%

Operating cash flow

564 m PLN

Crude oil throughput

2 651k tons (100% utilisation rate) (+10% y/y)

Upstream average daily production

11 740 boe/d<sup>(2)</sup> (-8% y/y)

*Note : Values for the segments above do not sum up due to balancing effect of other segment and consolidation items*

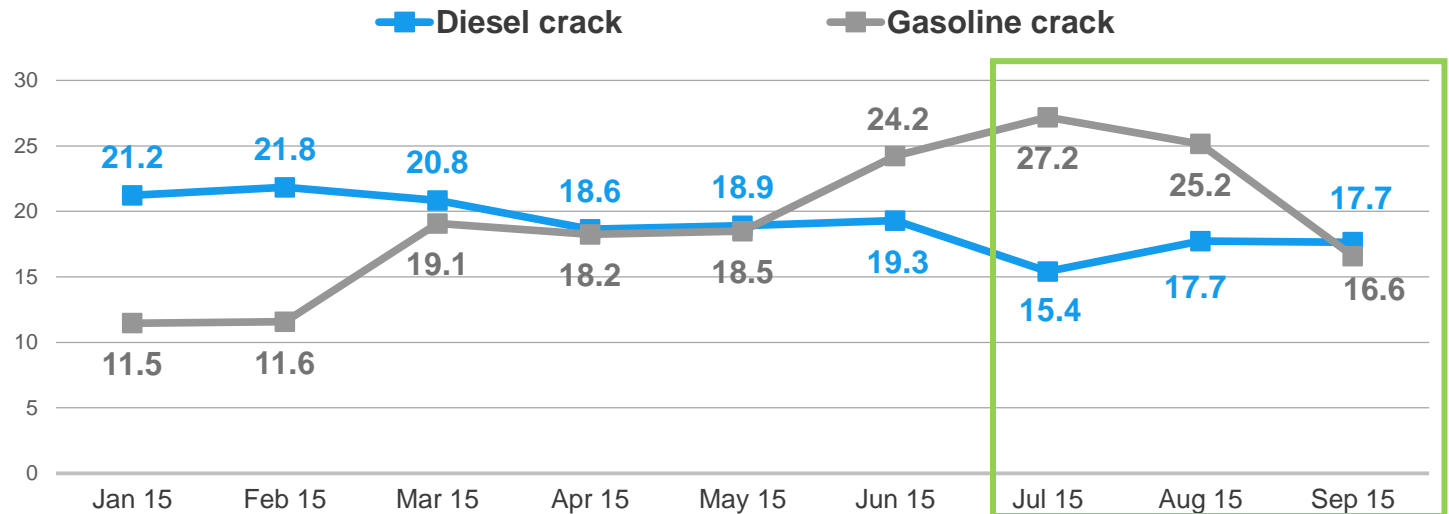
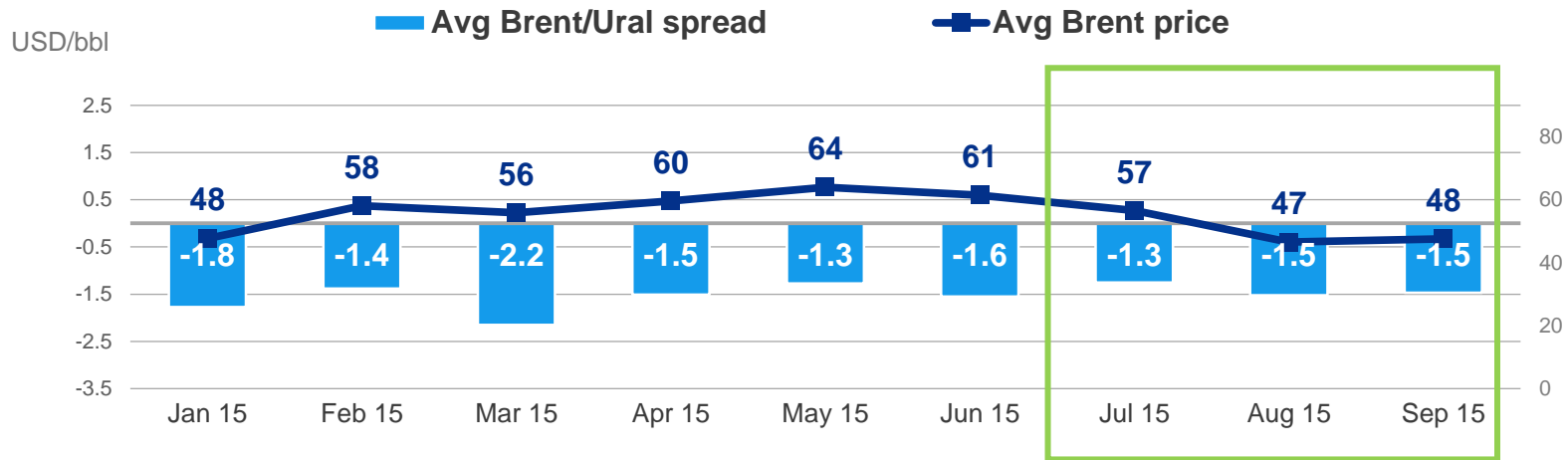
*(1) Excluding one-off items*

*(2) Barrels of oil equivalent. Calculated per effective days of production.*

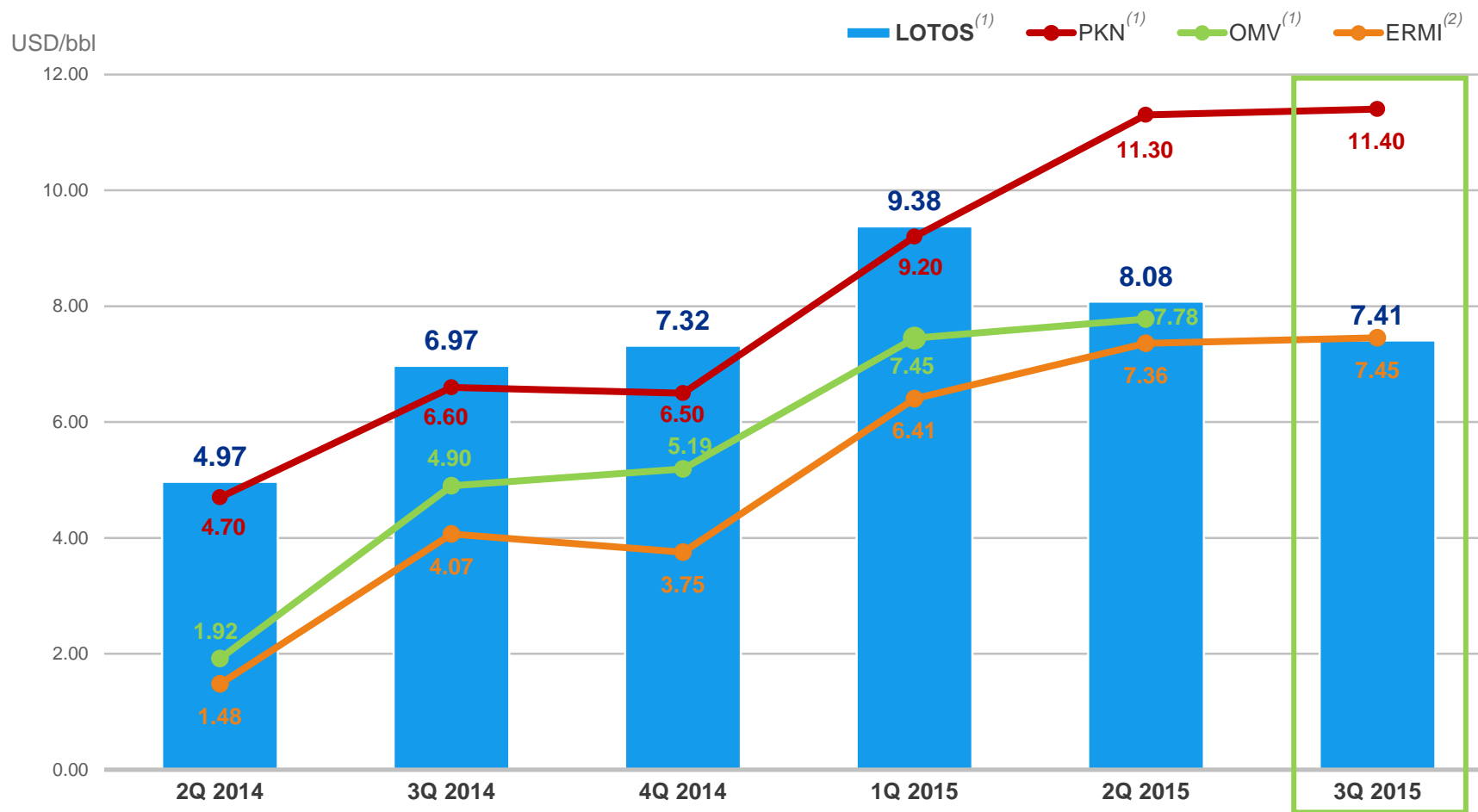
# External environment



## External environment - crude oil prices & product cracks



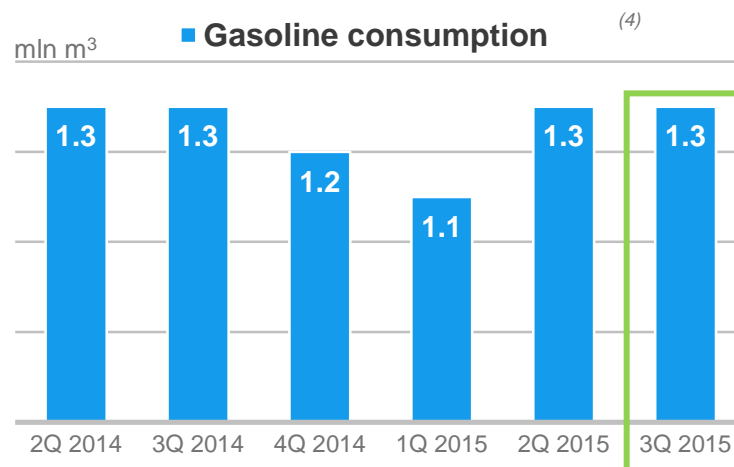
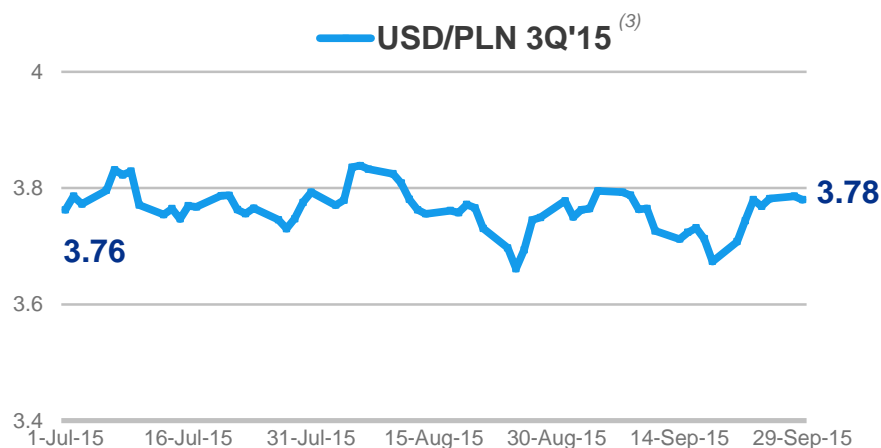
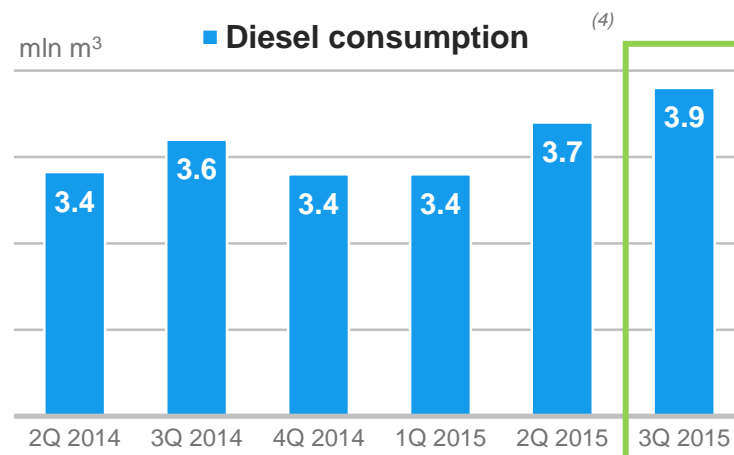
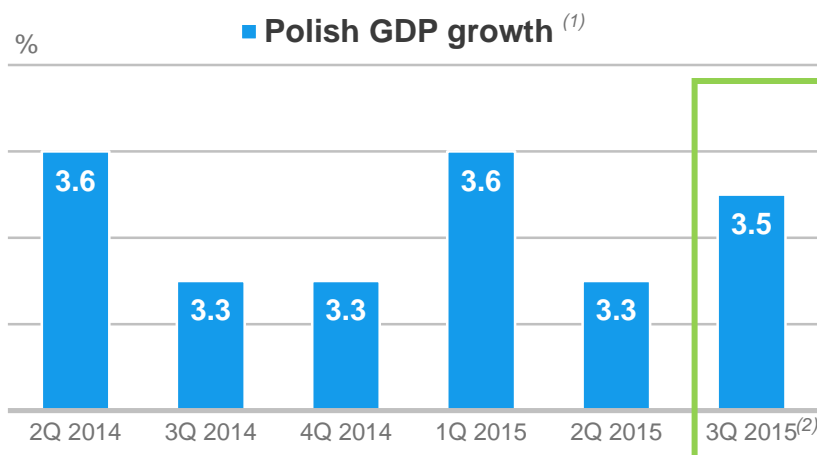
## Model refining margin vs. peers



(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 & domestic fuel consumption



(1) National Statistics Bureau (GUS)

(2) In-house calculation based on market data

(3) National Bank of Poland

(4) POPIHn – Organisation for Oil Trade and Industry



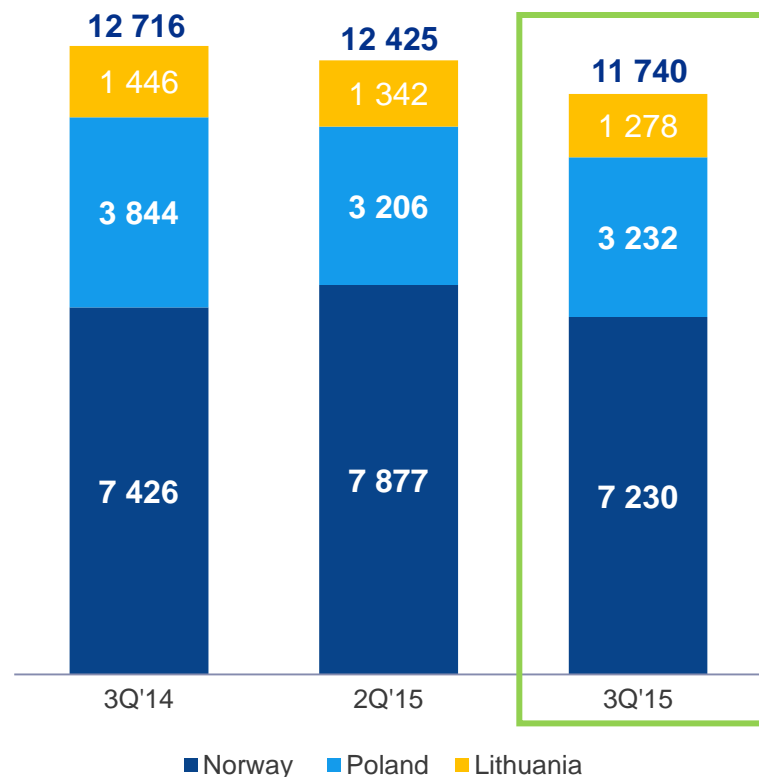


# Upstream

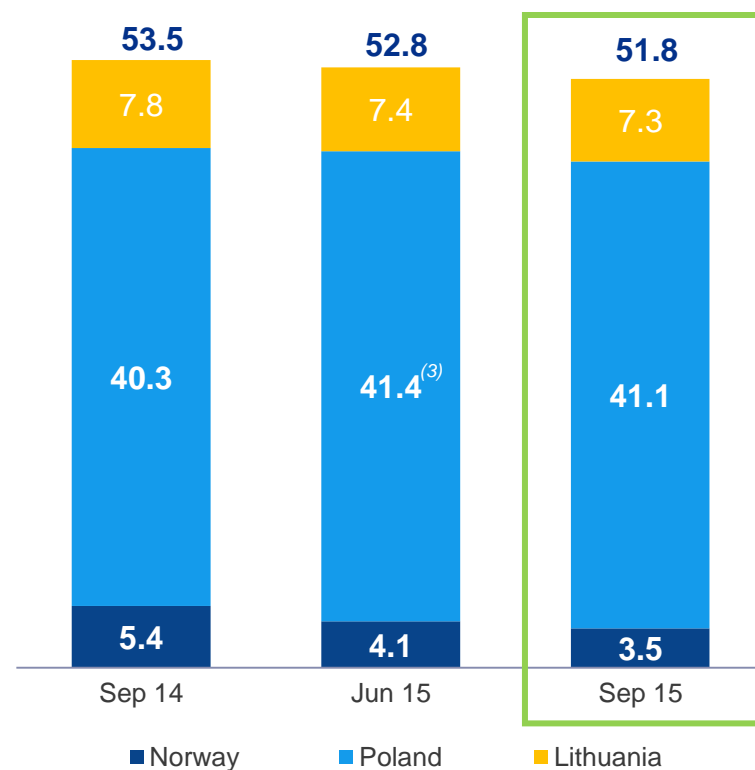


## Hydrocarbons reserves and production figures

Average daily oil&gas production (boe/d)<sup>(1)</sup>



2P<sup>(2)</sup> oil&gas reserves (m boe)

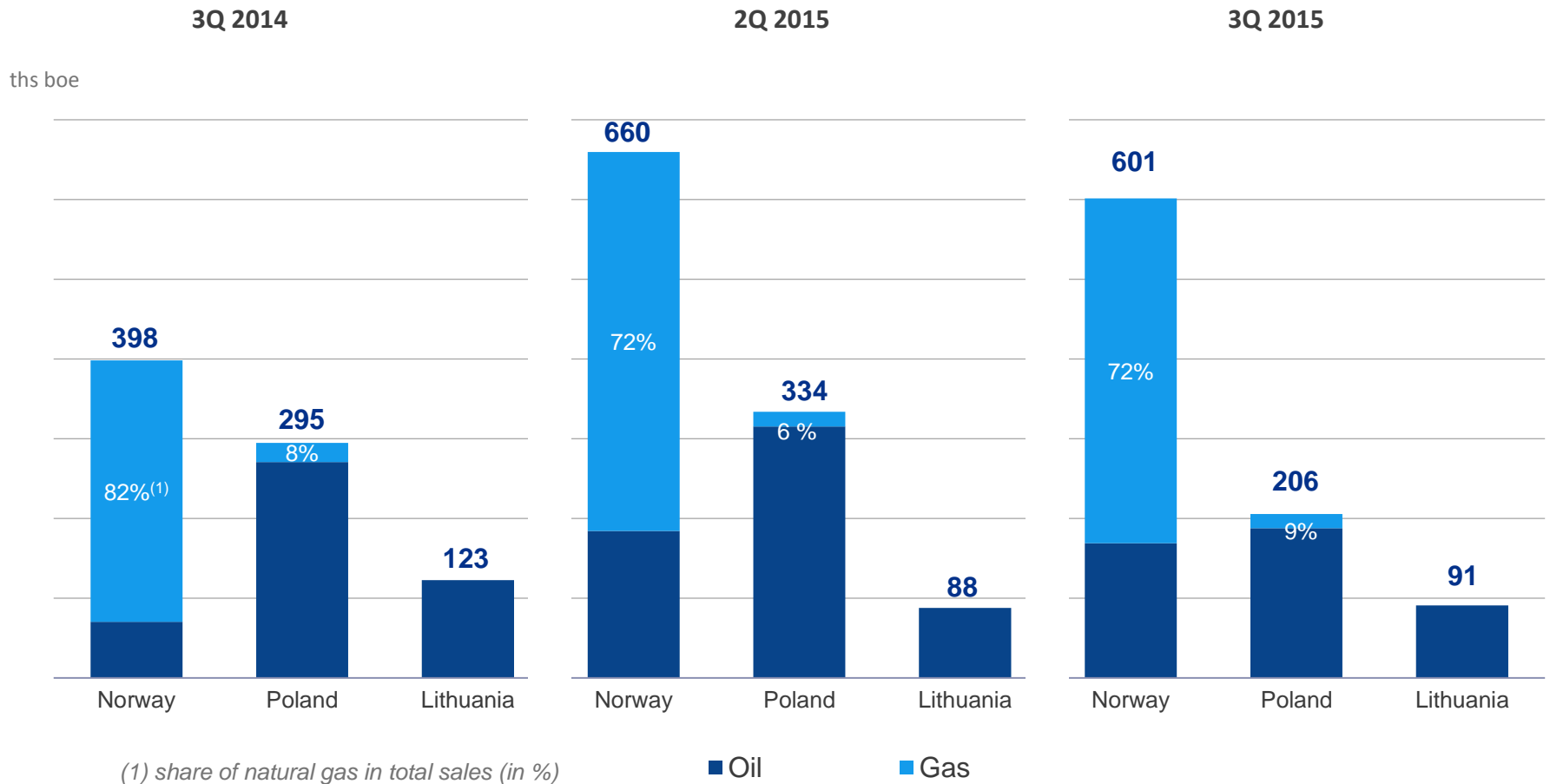


(1) Calculated on effective production days

(2) 2P reserves (proved and probable)

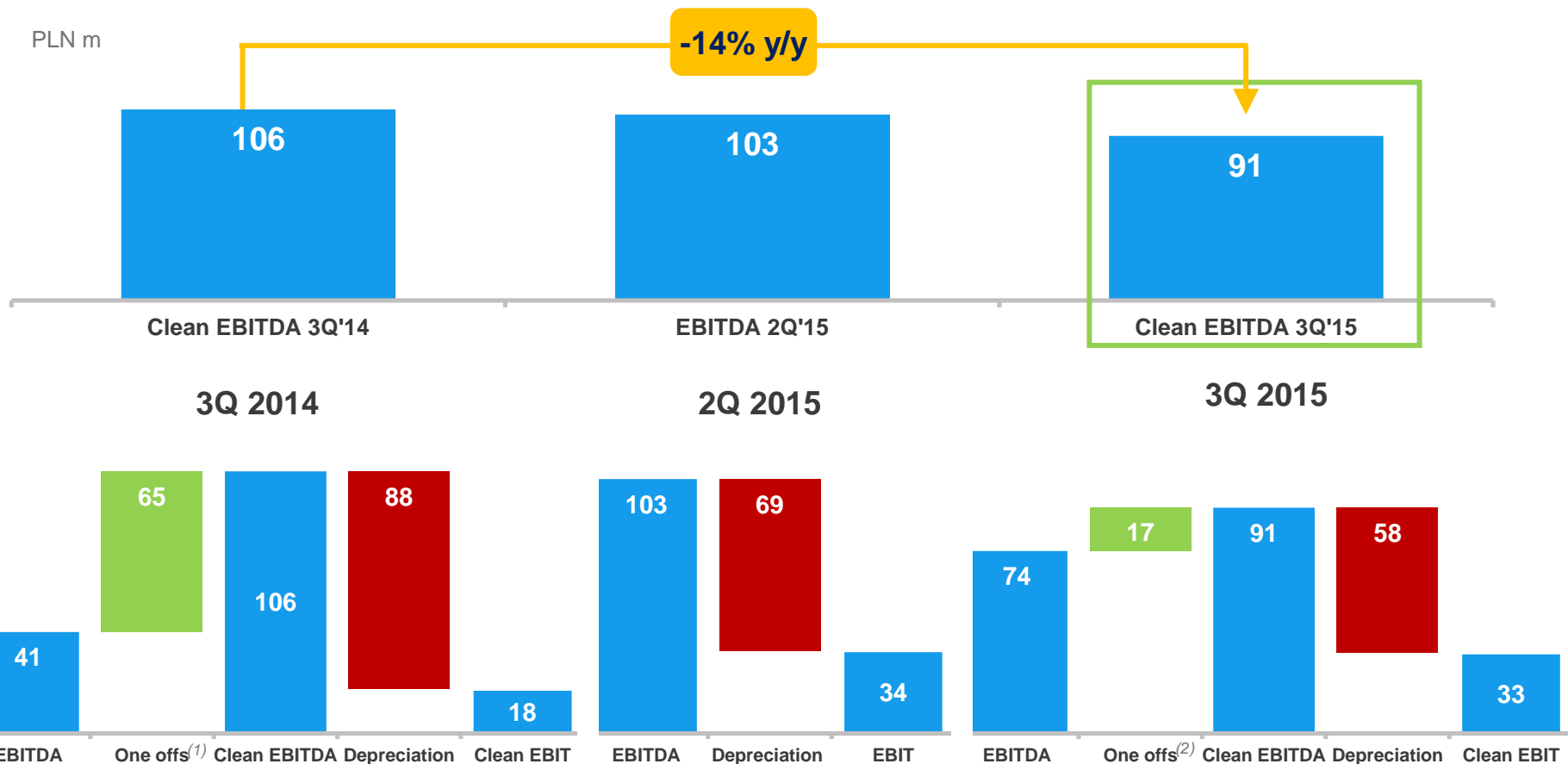
(3) Increase of 2P reserves in the B8 field in Poland due to reclassification from 2C reserves (contingent)

## Quarterly sales split by products and countries



## Upstream quarterly clean EBITDA development

PLN m

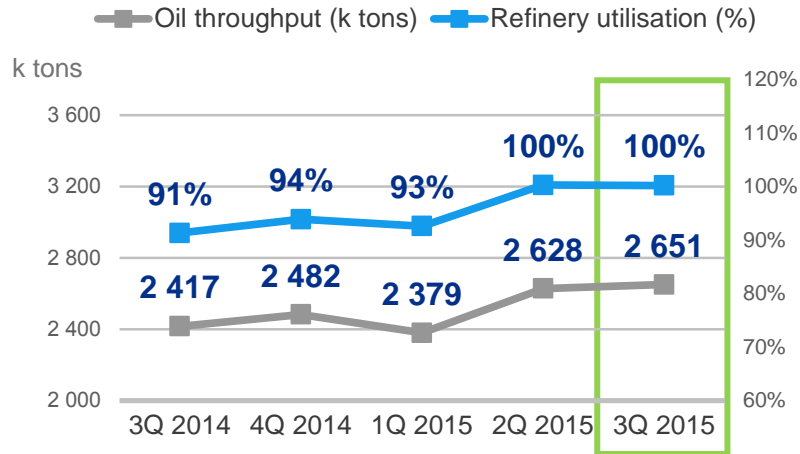


(1) 3Q 2014: Impairments within Baltic Sea (B27) and Lithuanian fields , and impairment of assets related to YME field

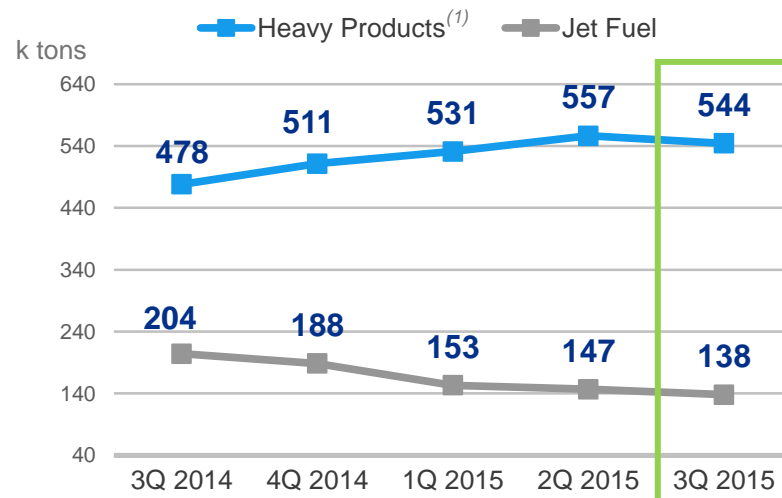
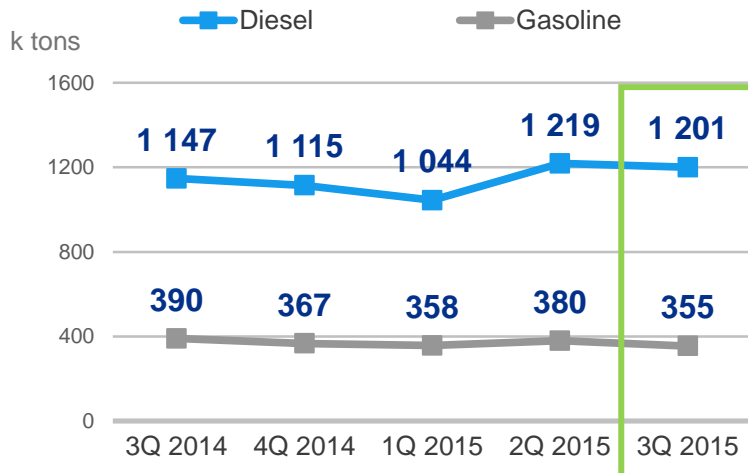
(2) 3Q 2015: Impairments within Baltic sea (i.e. Sambia E) and Norwegian exploration licenses

# Downstream

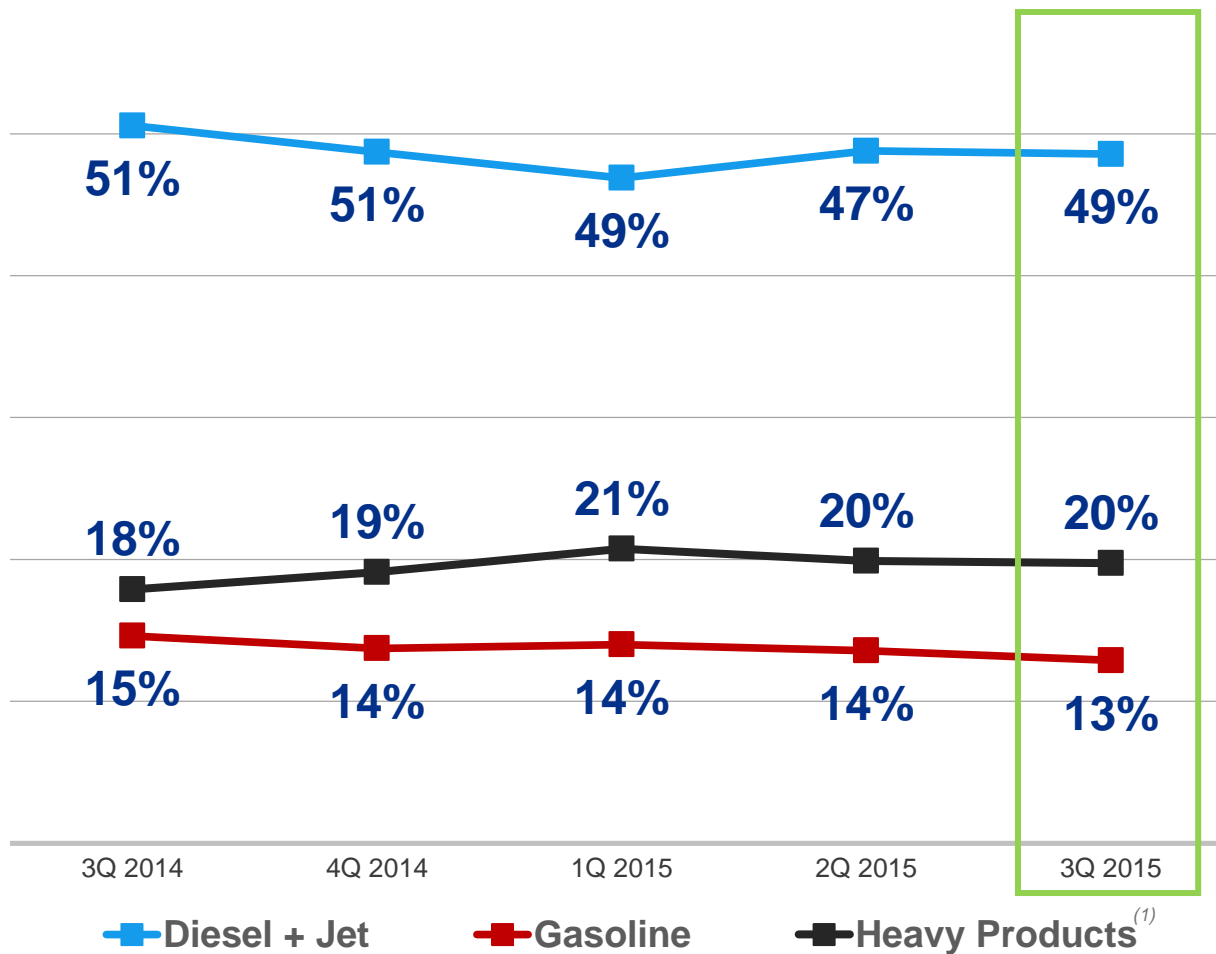
## Refinery production - volumes of key products, crude oil throughput & utilisation rate



**Crude oil throughput at 2 651 k tons,  
with capacity utilisation rate at c. 100%**



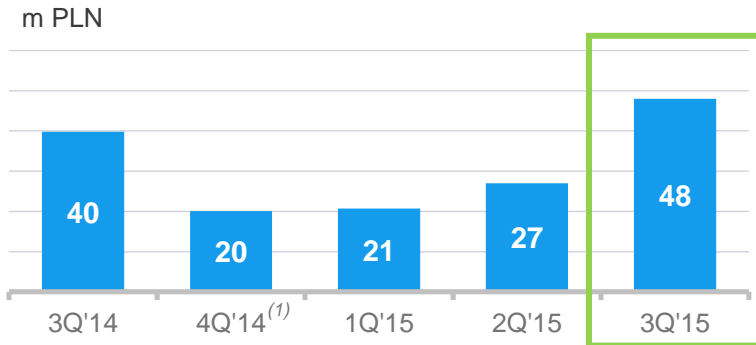
## Share of key products in the overall refinery output



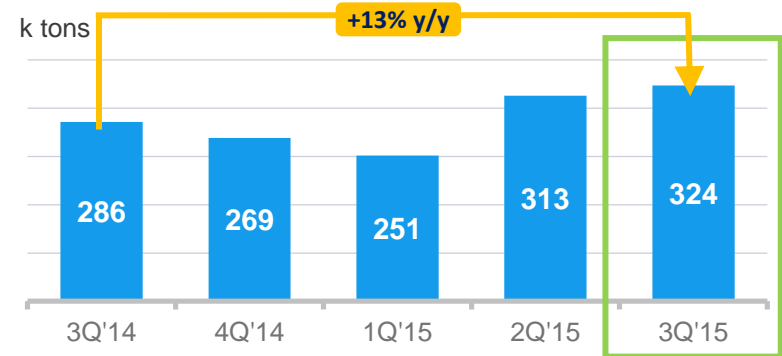
(1) Heavy Sulfur Fuel Oil and bitumens

## Retail performance and market share evolution

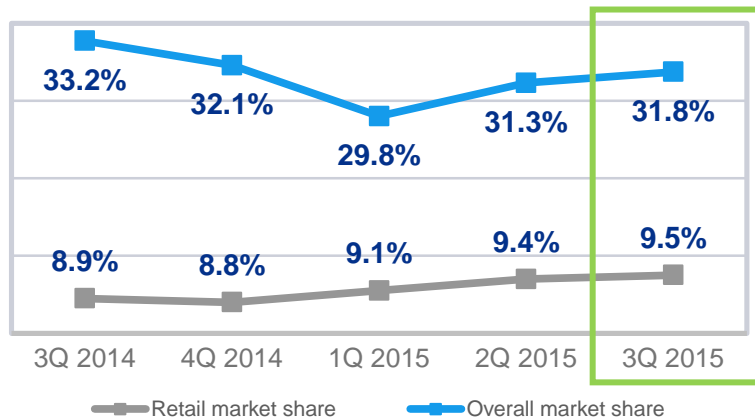
Quarterly retail EBITDA



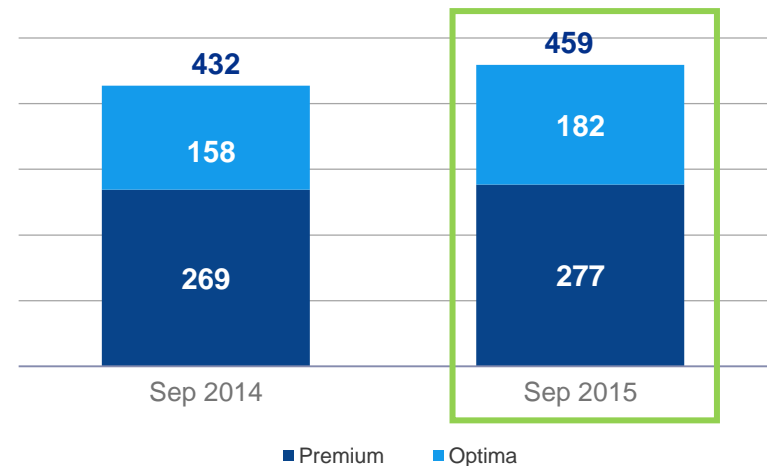
Quarterly retail sales volumes



Market share by sales volume



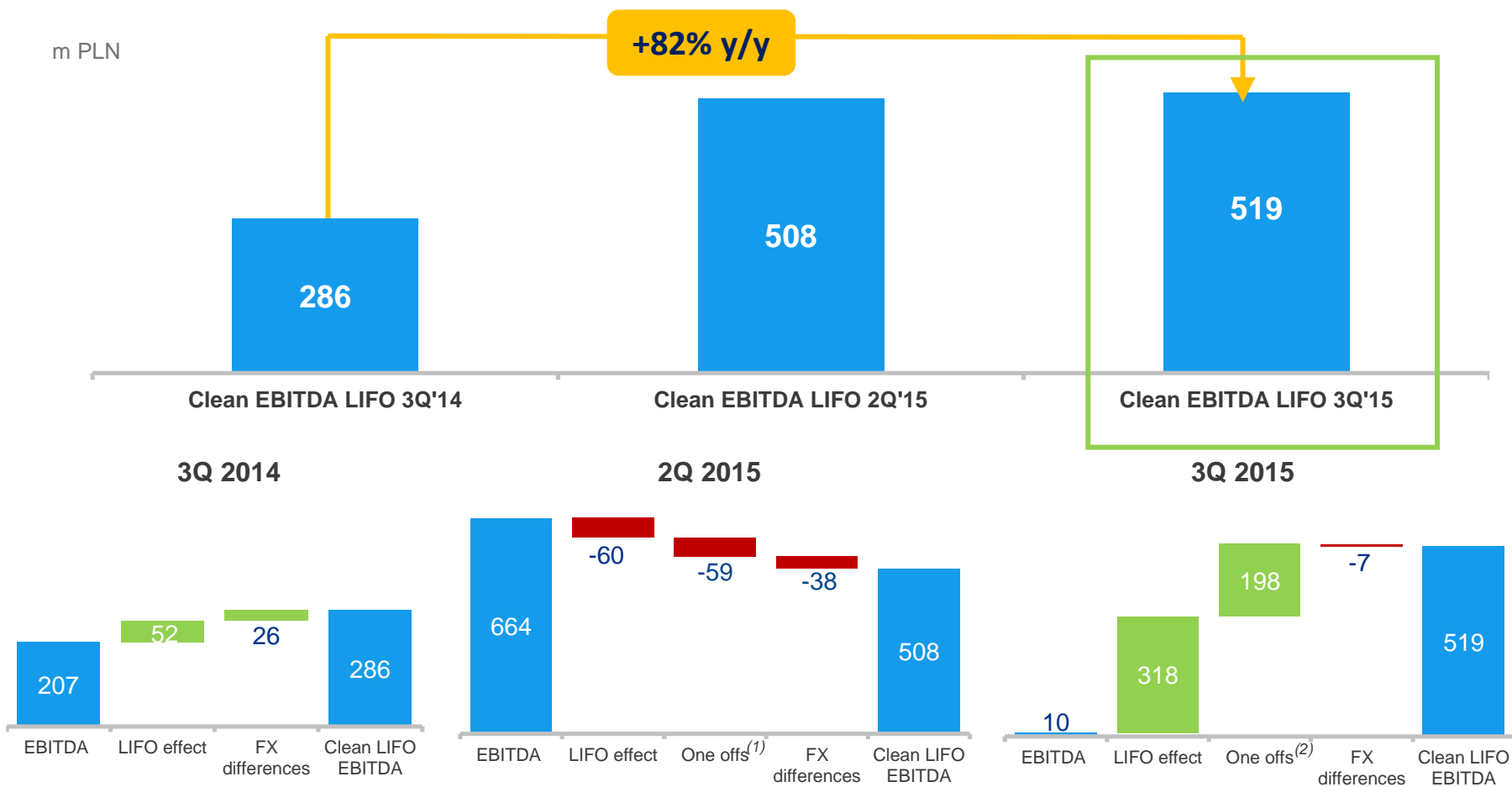
Petrol station network (no. of units)





## Downstream segment quarterly clean EBITDA LIFO

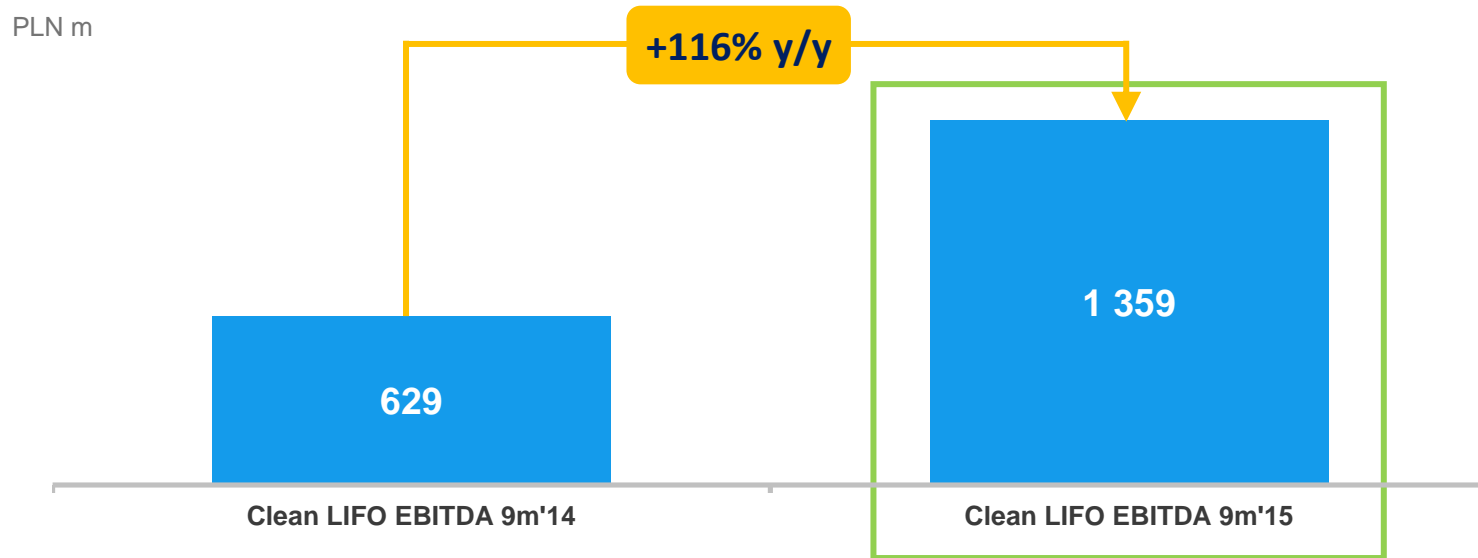
m PLN



(1) Effect of LIFO inventory impairment from 4Q 2014

(2) Out of which : PLN 161m VAT arrears for 2010 and 2011 and PL:N 37 of theoretical LIFO inventory impairment

## Downstream segment clean<sup>(1)</sup> LIFO EBITDA cumulative for 9M 2015



(1) Excluding :

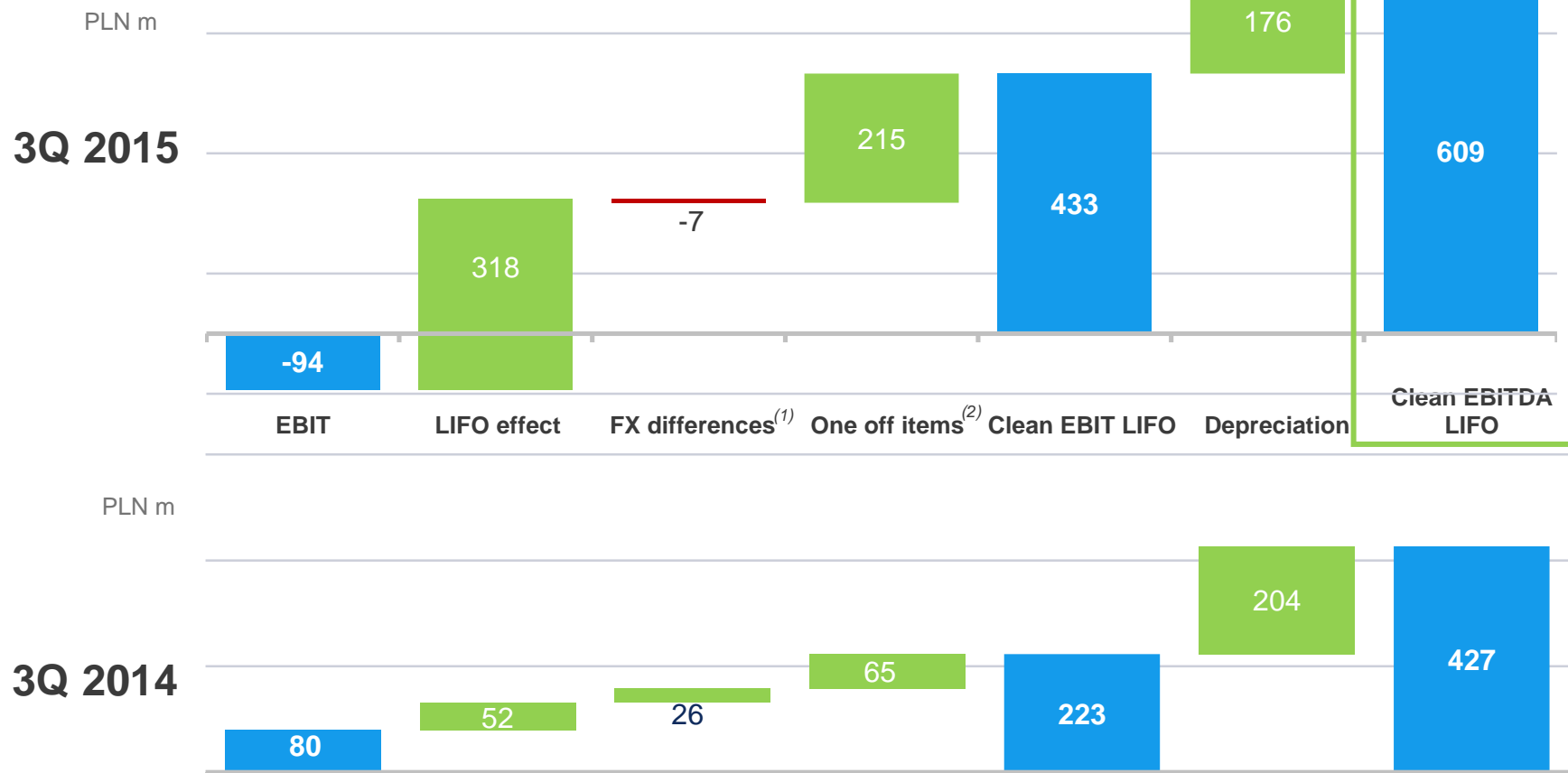
9M 2014: FX operational differences

9M 2015: theoretical LIFO inventory impairment , VAT arrears for 2010 and 2011 and FX operational differences

# Consolidated financial results



## 3Q 2015 results breakdown vs 3Q 2014



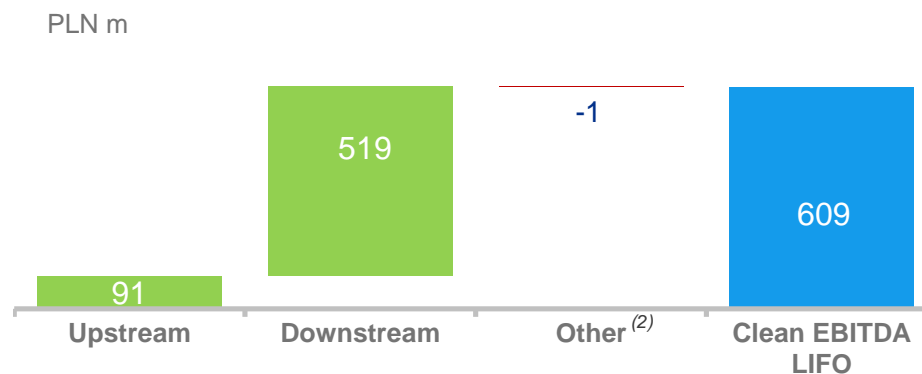
(1) FX operational differences included in the cost of sales

(2) 3Q 2015 : VAT arrears for 2010 and 2011, theoretical LIFO inventory impairment, impairment related to Sambia East license and Norwegian exploration licenses

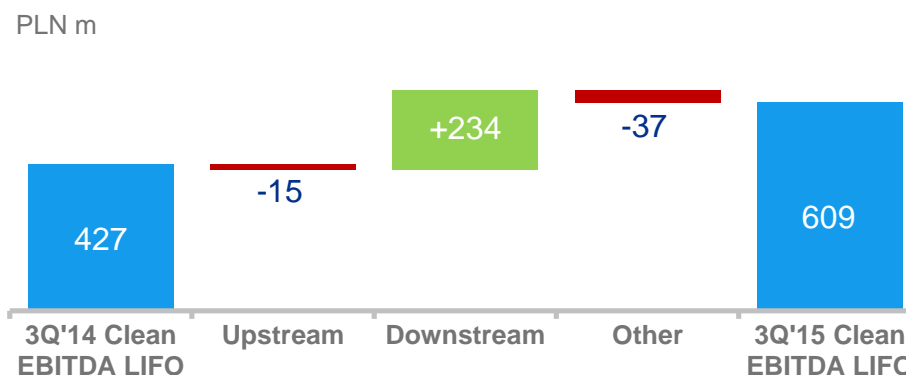
3Q 2014 : impairments within Baltic Sea (B27) and Lithuanian licenses , and impairment of assets related to YME field

## Quarterly clean EBITDA LIFO<sup>(1)</sup> by segments

### 3Q 2015 segment results



### changes to segment results<sup>(3)</sup>

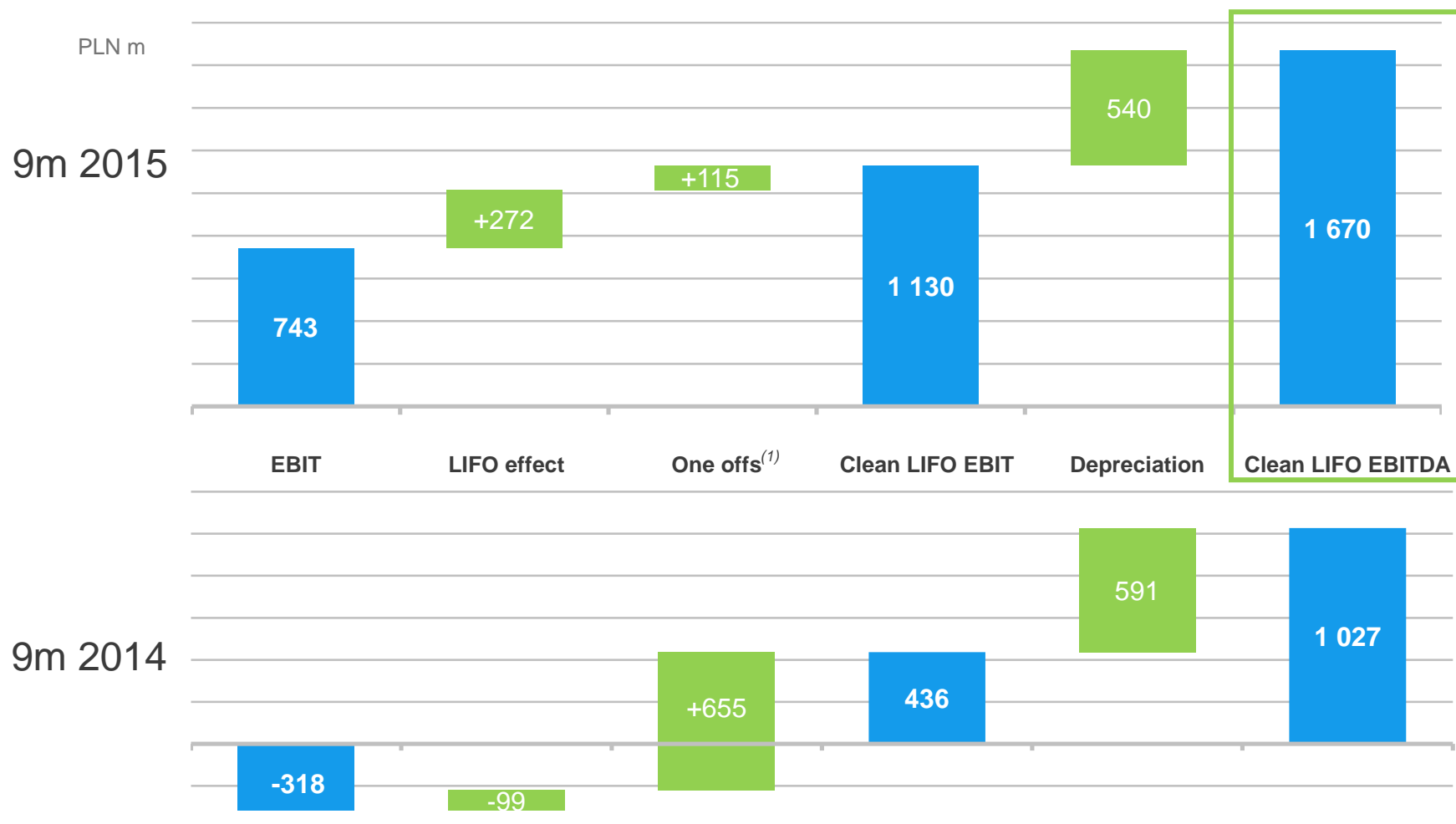


(1) All figures excluding one – off items & FX operational differences . Figures may not add up due to rounding

(2) Other = consolidation adjustments + segment Other

(3) Respective blocks represent changes within each business segment between 3Q 2014 and 3Q 2015

## 9M 2015 results breakdown vs 9M 2014

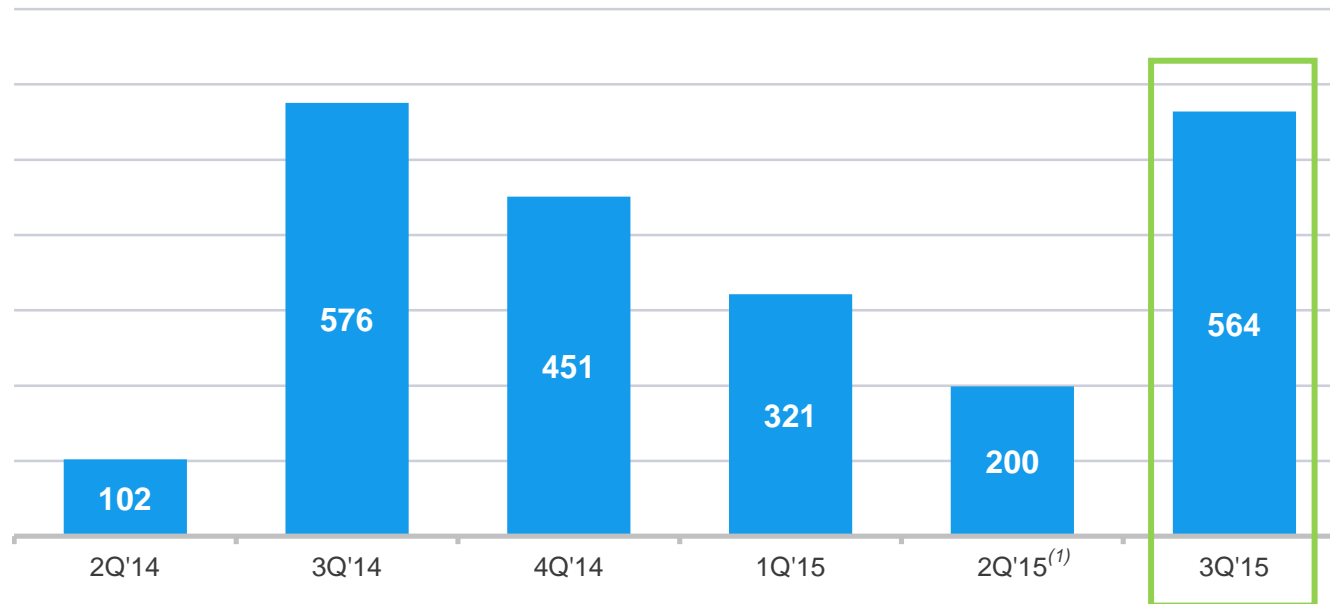


(1) 9M 2015: theoretical LIFO inventory impairment, VAT arrears for 2010 and 2011, FX operational differences, impairment related to Sambia East license and Norwegian exploration licenses

9M: 2014: impairments within upstream segment (especially YME) and FX operational differences

## Quarterly operating cash flow

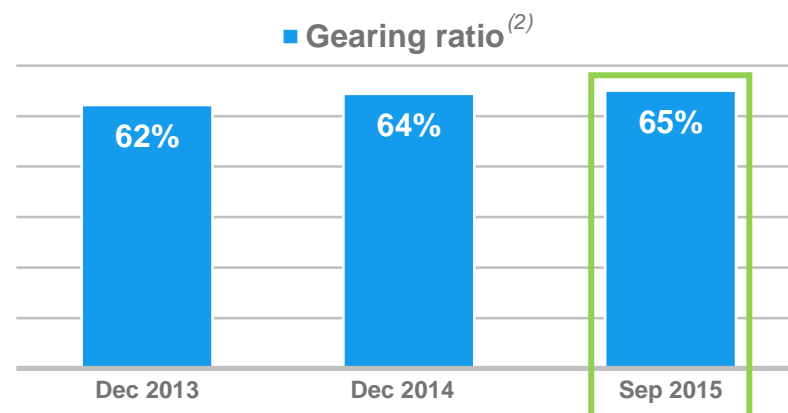
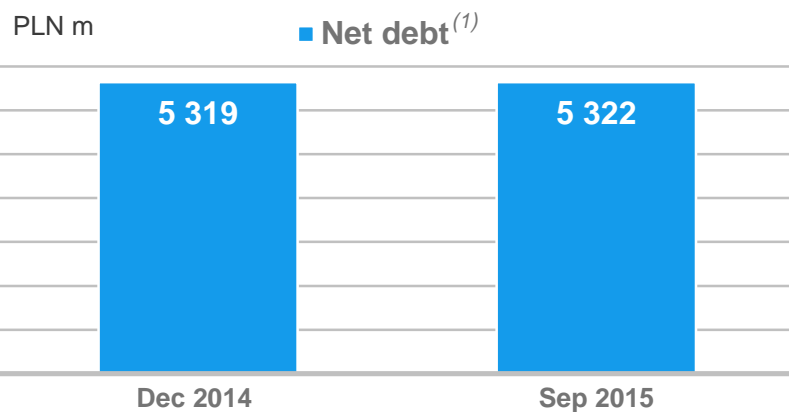
PLN m



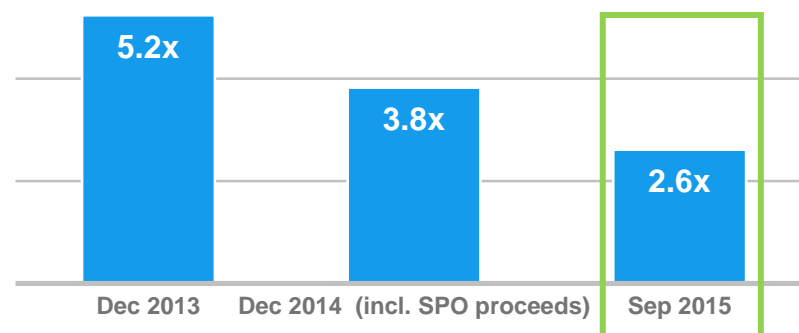
(1) There were two elements influencing the net position of the operating cash flow in 2Q 2015 :

- The increase of inventories caused by the investment in the crude oil reserves, acquired to benefit from the favourable situation on the commodity derivative market
- The increase of payables due to the extension of VAT payment period (different approach to VAT settlement after receiving AEO Certificate – Authorised Economic Operator)

## Indebtedness



■ Net debt/LTM clean EBITDA LIFO<sup>(3)</sup>



- Net debt figures include: interest bearing loans and borrowings, finance lease and bonds
- The current gearing ratio at a stable level of 65% influenced by strong USD/PLN

(1) Net debt includes proceeds from the capital increase completed in January 2015

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

(3) Estimated EBITDA for the last 12 months, according to the LIFO valuation, net of one off items.





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