



Financial results 1Q 2017



| | |
|--------------------------------------|----|
| Key highlights | 3 |
| External environment | 6 |
| Upstream | 9 |
| Downstream | 15 |
| Consolidated financial results | 20 |
| Appendix | 24 |

Financial results 1Q 2017



Key highlights

Financial results 1Q 2017

- **Average annual EBITDA LIFO doubled in 2019 – 2022**
- **Targeted net debt/EBITDA LIFO below 1.5x**
- **CAPEX of 9.4bn over 6 years**
- **2P reserves of more than 60 m boe⁽³⁾ and hydrocarbon production between 30 – 50 kboe/d**
- **550 petrol stations**
- **LTIF ⁽¹⁾ < 3**

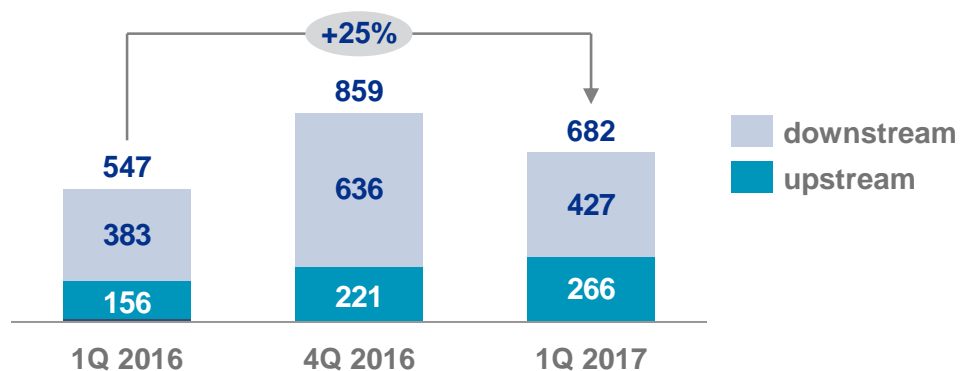
(1) Lost Time Injury Frequency Rate

(2) Published 15th Dec 2016

(3) Boe – barrels of oil equivalent (crude oil + natural gas)

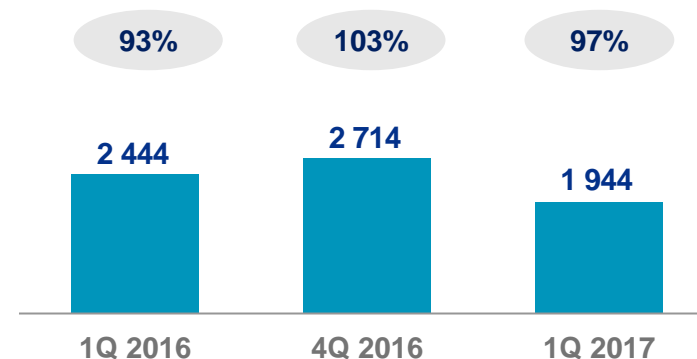
LIFO EBITDA ⁽¹⁾

m PLN



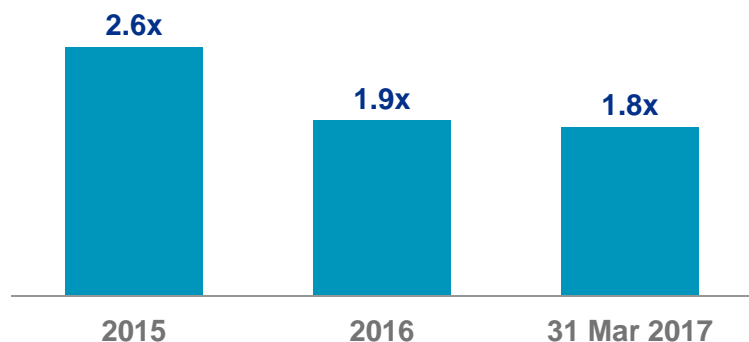
Downstream - crude oil throughput and utilisation ratio ⁽⁴⁾

k tons



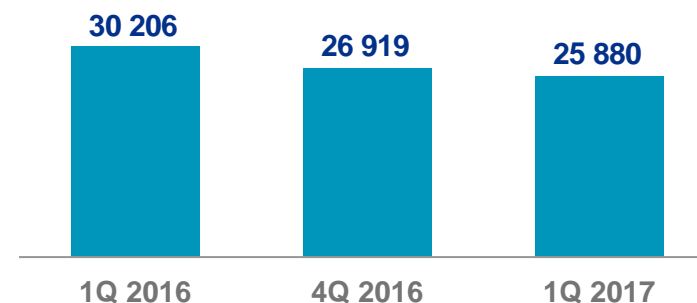
Net debt / LIFO EBITDA ⁽³⁾

m PLN



Upstream – daily hydrocarbons production ⁽²⁾

boe/d



(1) excluding one off items; segment results may not sum up due to consolidation adjustments
 (2) barrels of oil equivalent (crude oil + natural gas); total production for the period / number of calendar days
 (3) excluding one off items
 (4) calculated for the days when the production units were available, i.e. excluding the maintenance shutdown period started on March 3rd 2017



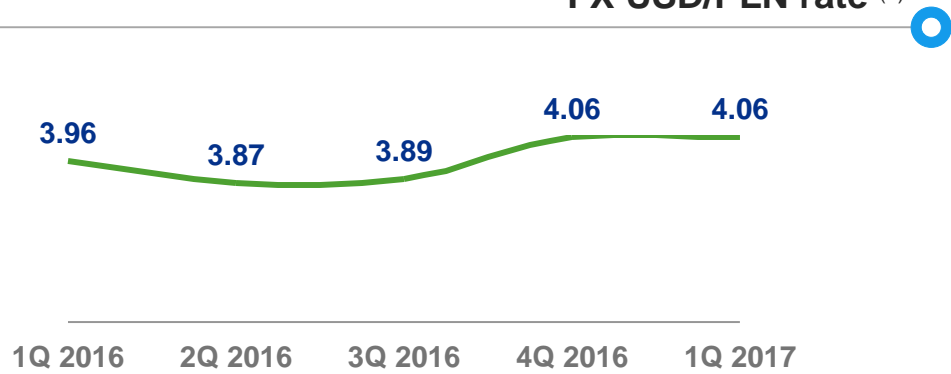
External environment

Financial results 1Q 2017

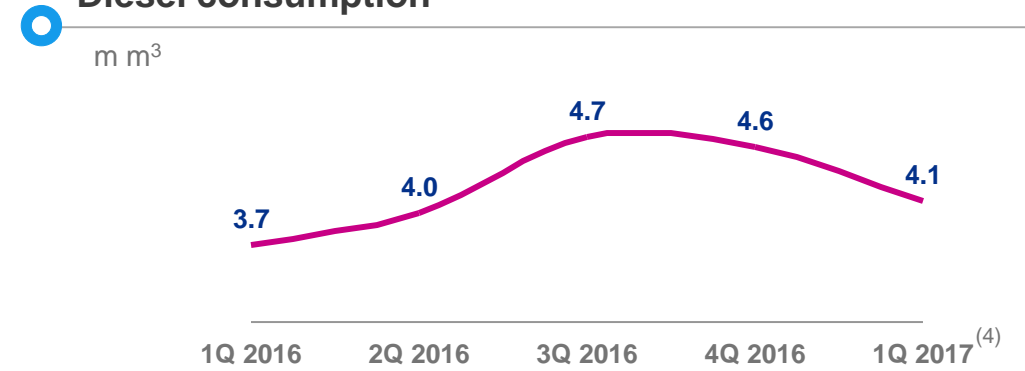
External environment

FX rate, GDP growth, domestic fuel market

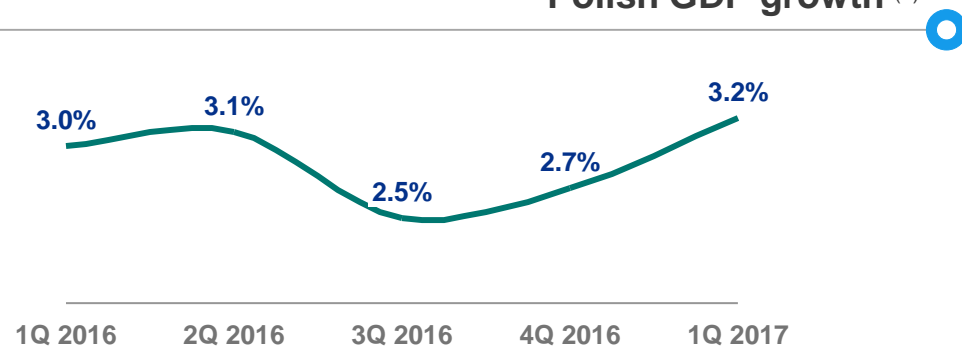
FX USD/PLN rate ⁽¹⁾



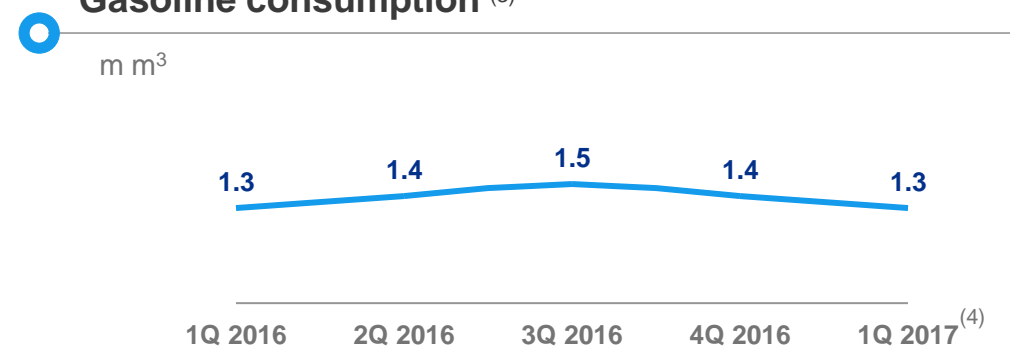
Diesel consumption ⁽³⁾



Polish GDP growth ⁽²⁾



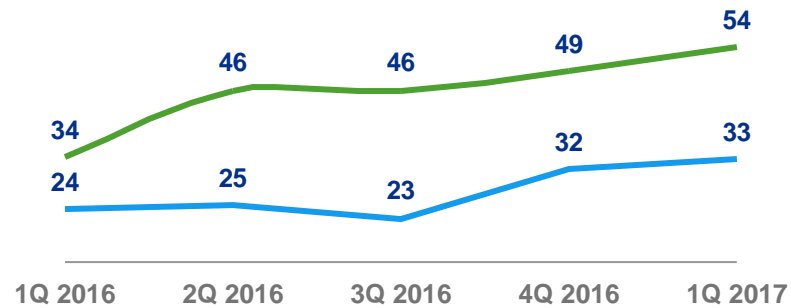
Gasoline consumption ⁽³⁾



(1) National Bank of Poland
 (2) consensus of estimates
 (3) domestic; according to POPIHN – organisation for Oil Trade and Industry
 (4) Actual data for Jan-Feb; forecast for March

Crude oil, natural gas and product crack spreads

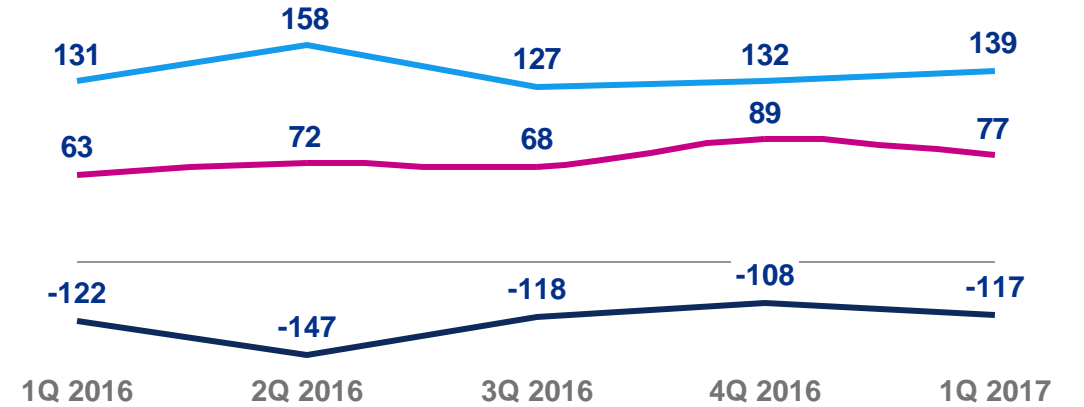
Crude oil and nat gas prices



— Brent DTD (USD/bbl) — nat gas NBP (USD/boe)⁽²⁾

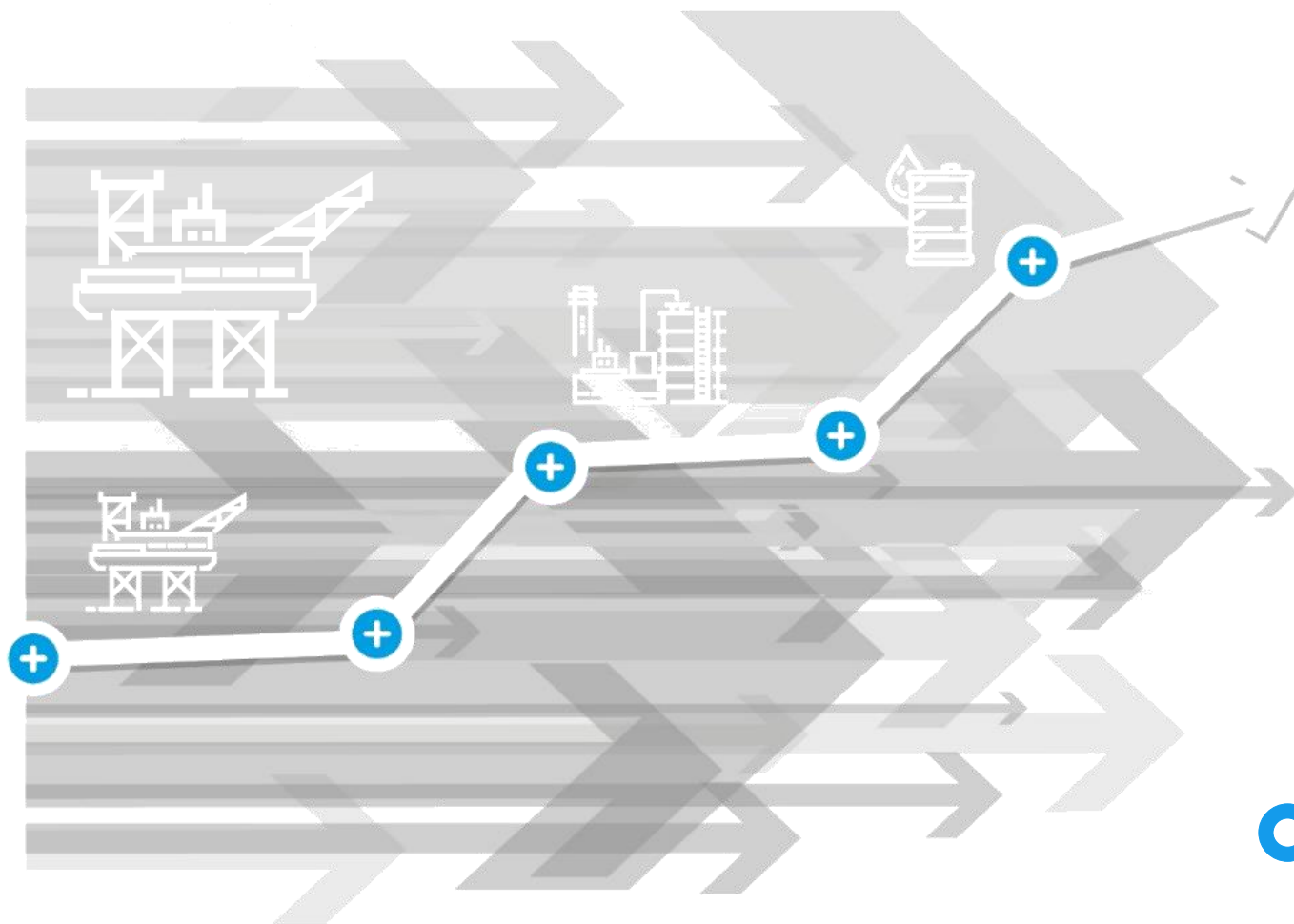
Key product crack spreads ⁽¹⁾

USD/t



— gasoline — diesel — HSFO

(1) Source : Thomson Reuters
 (2) Source : National Balancing Point



Upstream

Financial results 1Q 2017

Upstream

Producing fields – 2016 operational parameters



| field | B3 Baltic Sea | B8 Baltic Sea | Sleipner North Sea | Heimdal North Sea | AB Geonafta Lithuania |
|--------------------------------|--------------------------------------|-------------------------|------------------------------|-----------------------------|---------------------------------|
| 2016 production ⁽¹⁾ | 2 599 boe/d | 2 902 boe/d | 15 726 boe/d | 4 323 boe/d | 1 099 boe/d |
| Δ vs 2015 | - 455 boe/d | + 2 193 boe/d | +15 652 boe/d | -2 400 boe/d | -228 boe/d |
| % of crude oil ⁽²⁾ | 92% | 91% | 25% | 25% | 100% |
| 2P reserves ⁽³⁾ | 8.8m boe | 29.3m boe | 14.3m boe | 3.4m boe | 3.9m boe |
| lifting costs ⁽⁴⁾ | ca. 25 USD/boe ⁽⁵⁾ | | ca. 9 USD/boe | | ca. 11 USD/boe |

(1) Total annual production / 366; barrels of oil equivalent

(2) share of crude oil in the overall hydrocarbons production of the fields

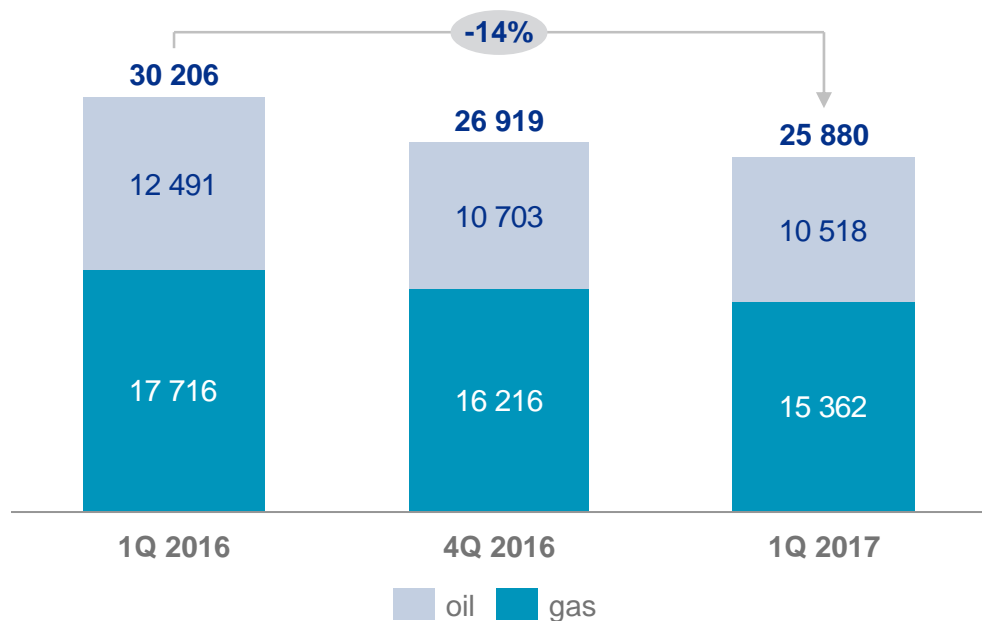
(3) proved oil and gas reserves (2P) as at Mar 31 2017

(4) approximate direct costs per barrel related to oil production for 2016; average figures per country of operation

(5) including leasing costs of the temporary production platform located on the B8 field

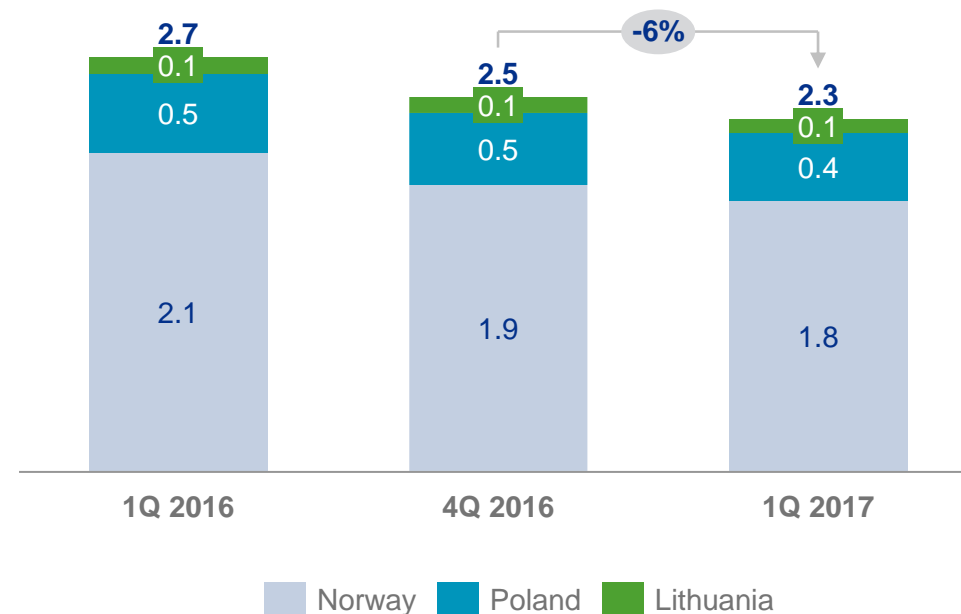
Daily quarterly production

boe/d

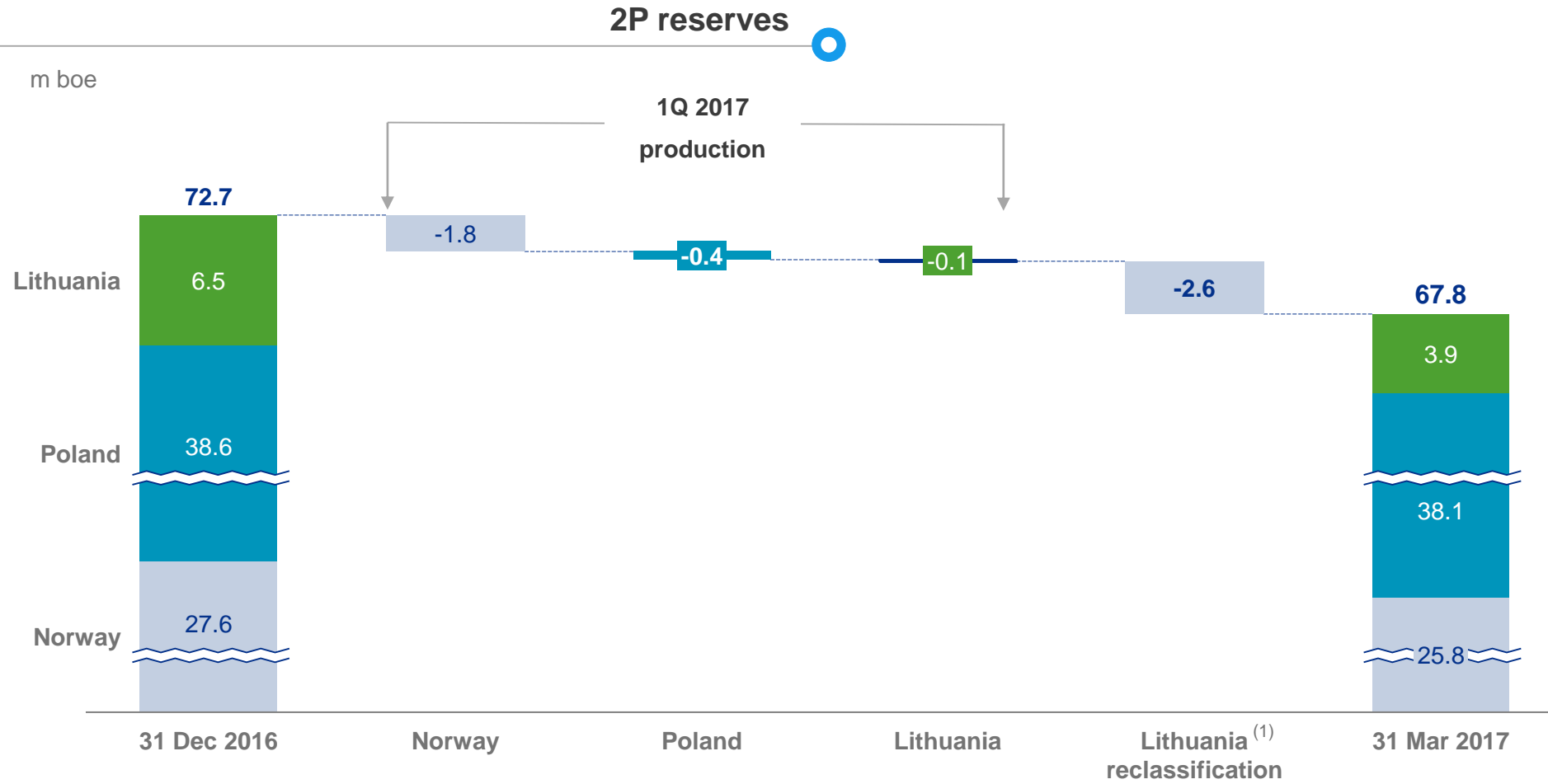


Overall quarterly production

m boe



Total recoverable reserves comparing with 31.12.2016



(1) Following the audit performed by Miller and Lents on UAB Minijos Nafta

Upstream

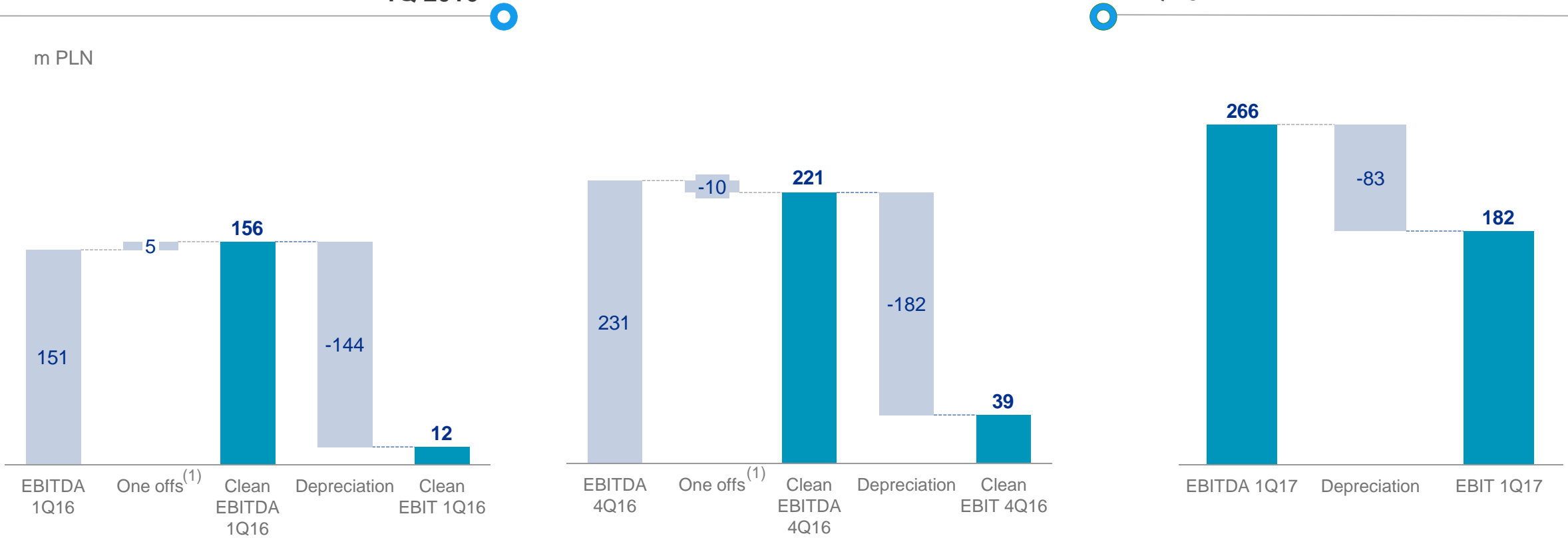
Quarterly upstream EBITDA evolution

1Q 2016

4Q 2016

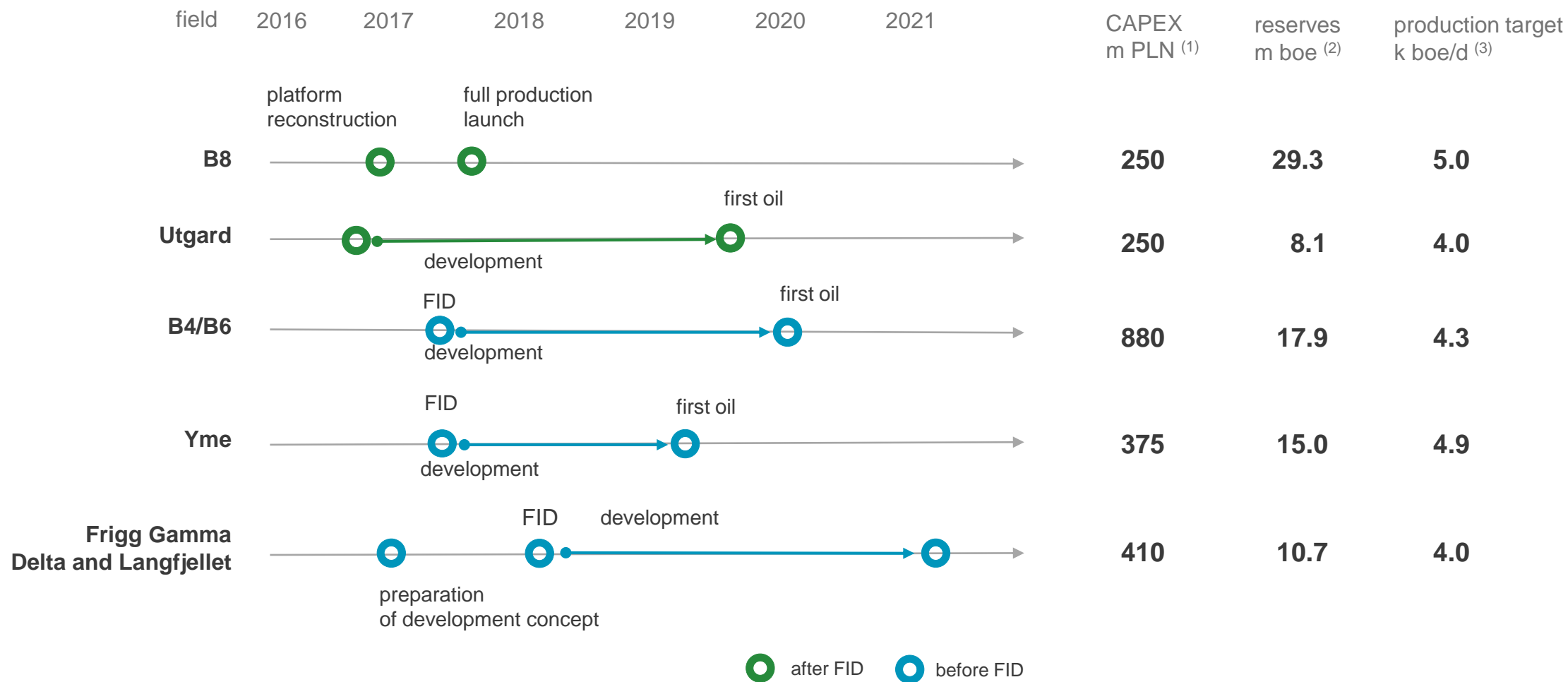
1Q 2017

m PLN



(1) balance of assets impairments and other revaluations; no one off items in the reported period

Projects to be implemented – schedule and economics



(1) planned amount of future CAPEX on the project, exclusive of historical CAPEX

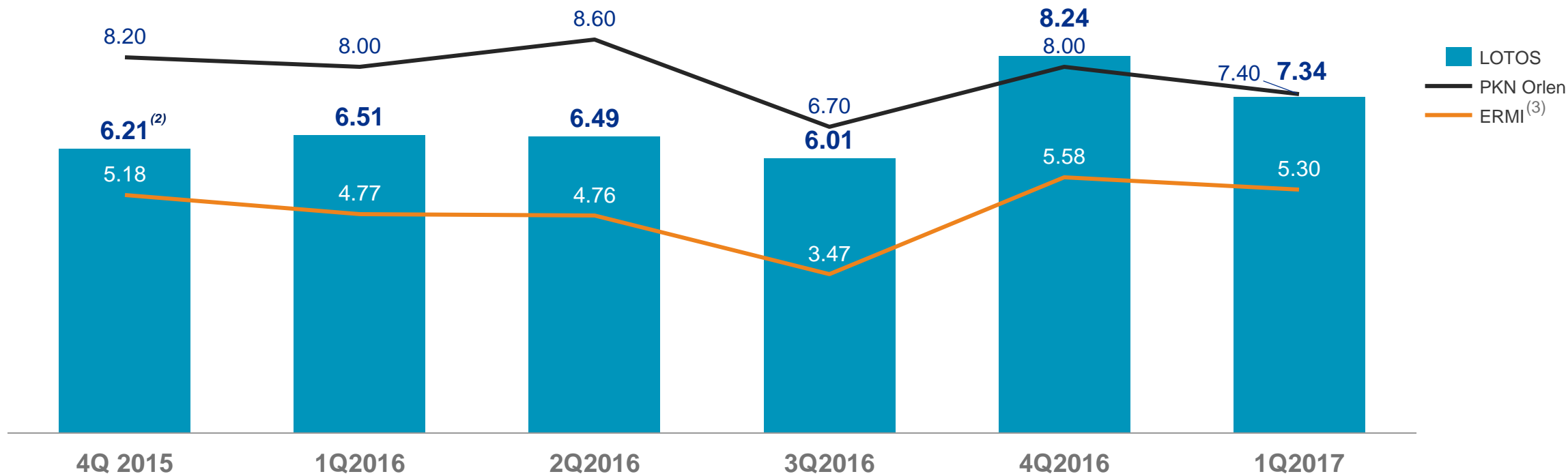
(2) as per LOTOS stake

(3) future output figures are estimates based on average annual amounts for the first five years of production from the field



Downstream

Financial results 1Q 2017

Model refining margin evolution ⁽¹⁾ (USD/bbl) and FX USD/PLN


(1) model refining margin = 14.14% gasoline + 4.24% naphtha + 4.53% LPG + 49.57% diesel + 5.34% jet + 18.11% HSFO – Brent dtd – Brent Ural differential – natural gas consumption (estimated cost basing on the gas index quoted on the Polish Power Exchange)

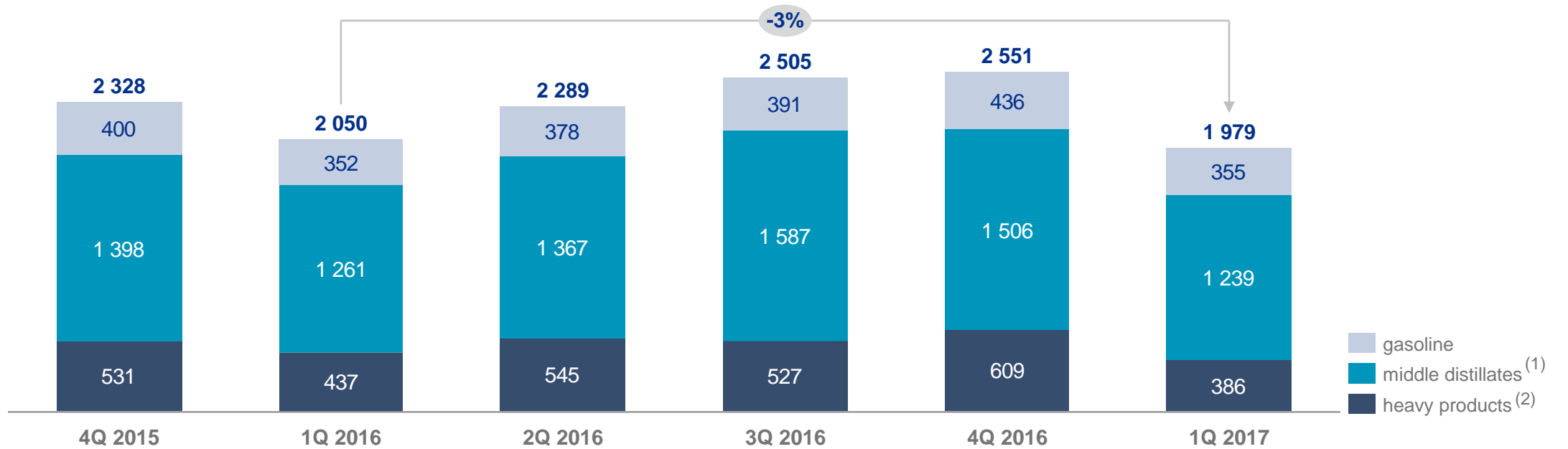
(2) model refining margin = 14.14% gasoline + 4.24% naphtha + 4.53% LPG + 49.57% diesel + 5.34% jet + 18.11% HSFO – Brent dtd – Brent Ural differential – natural gas consumption (3 USD/bbl)

(3) ERMI (European Refining Margin Indicator) 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. Source: TOTAL

Downstream

Volume of sales of key refining products

thousand tons



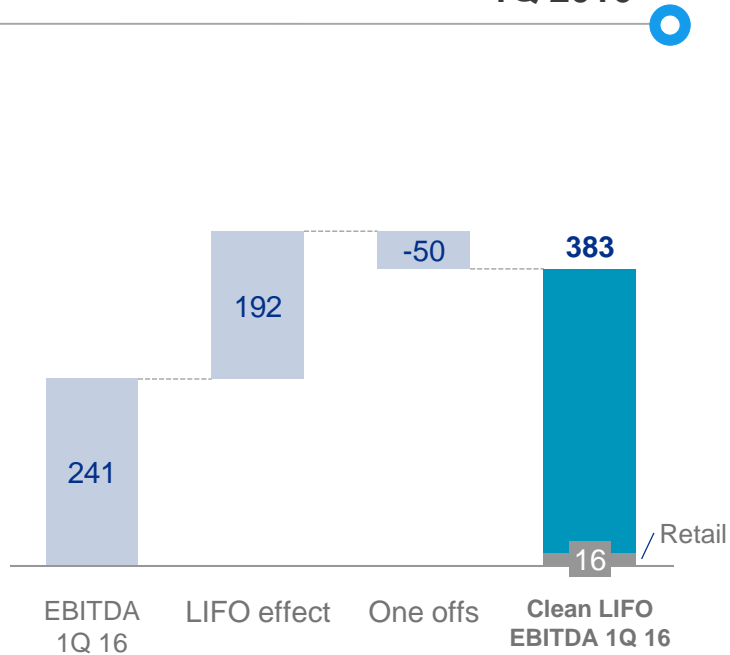
(1) middle distillates including : diesel, light heating oil and jet fuel

(2) heavy products : heavy sulfur fuel oil and bitumens

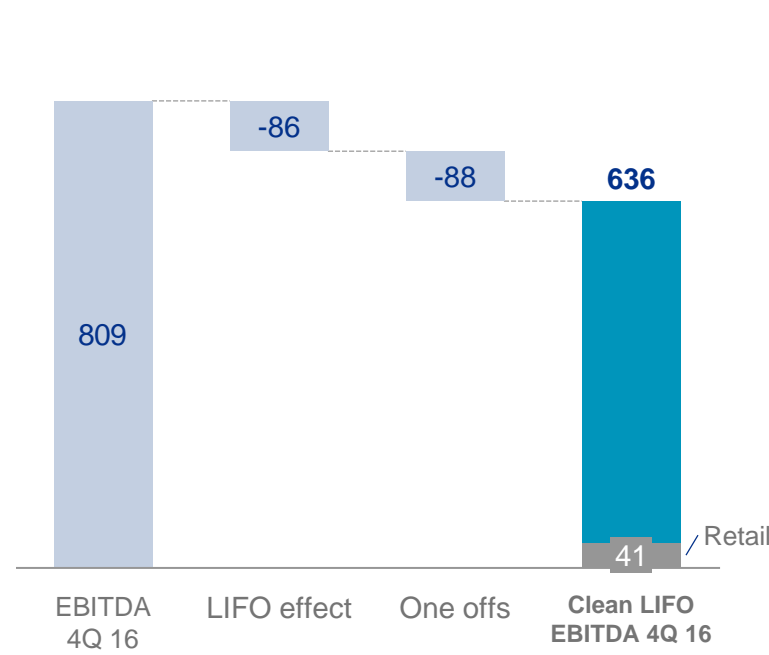
Downstream

Quarterly downstream EBITDA evolution

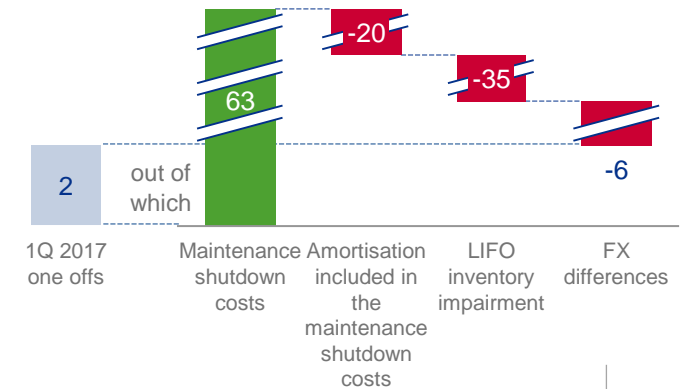
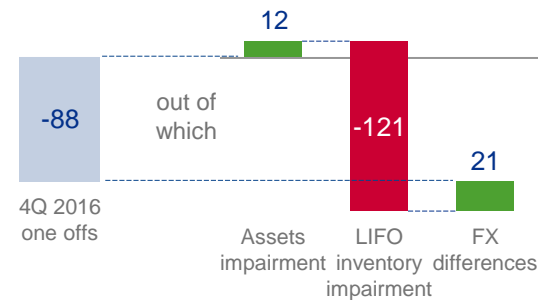
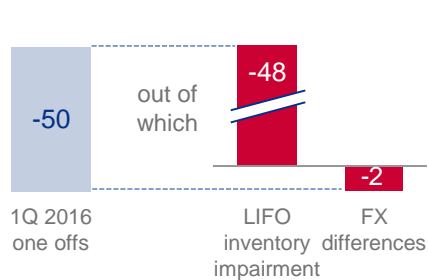
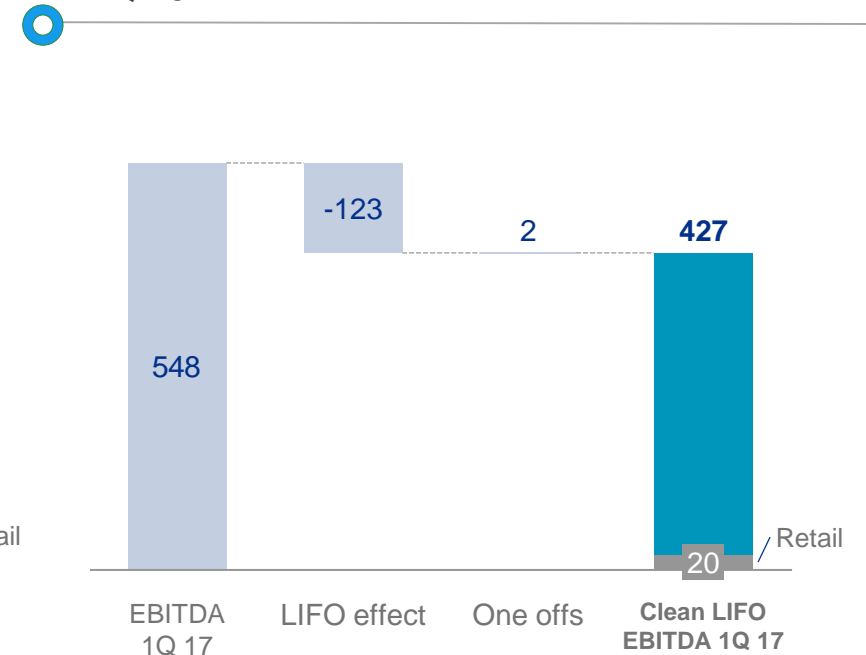
1Q 2016



4Q 2016

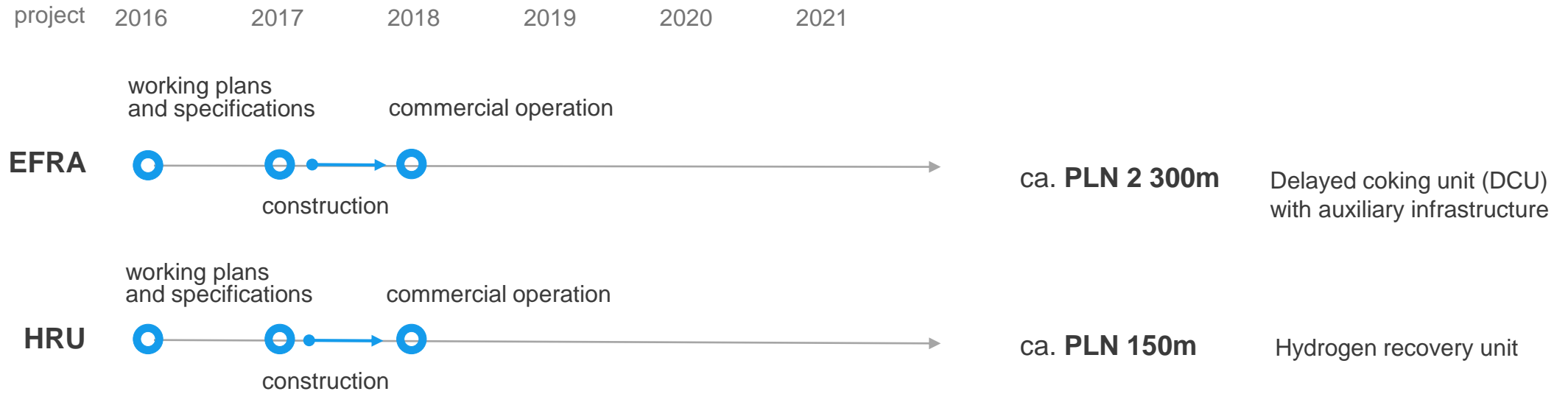


1Q 2017



Downstream

Downstream key projects. Schedule and economics

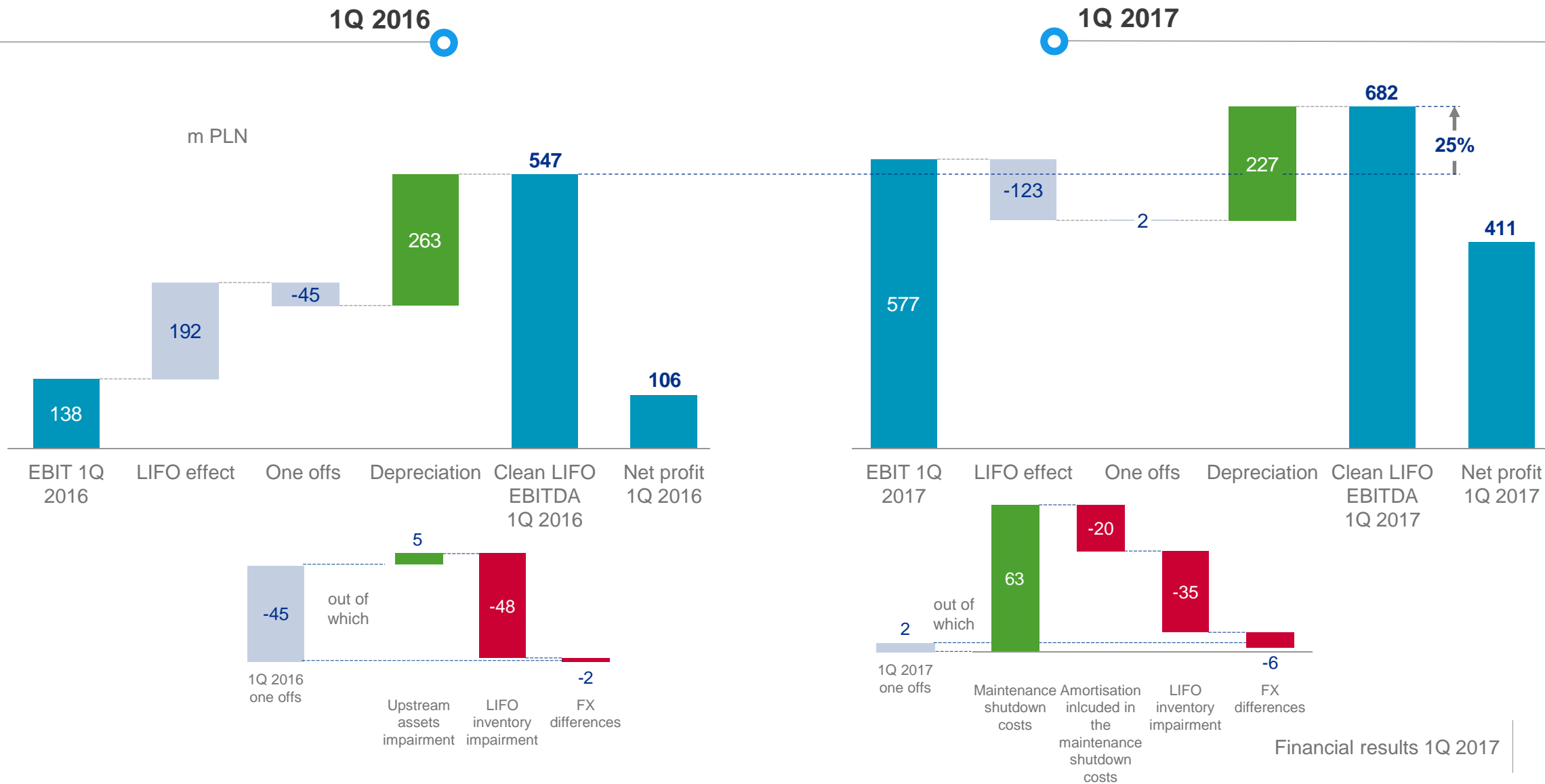




Consolidated financial results

Financial results 1Q 2017

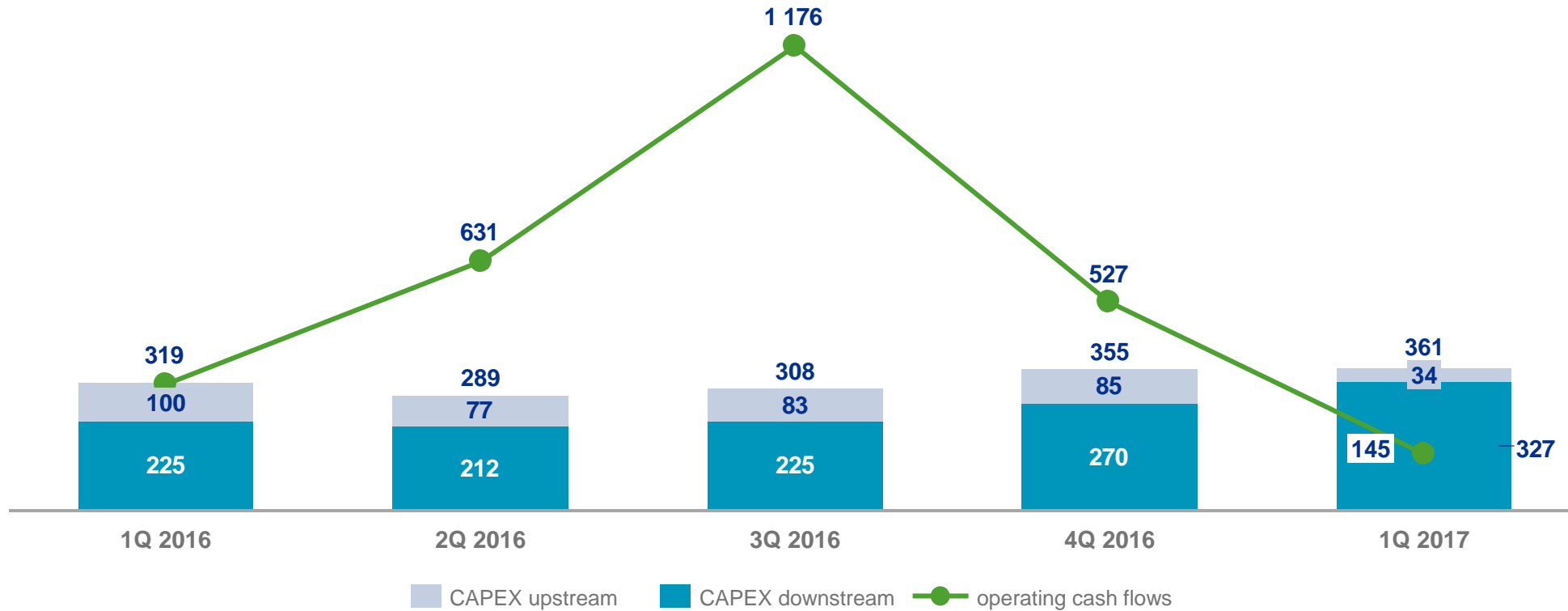
Decomposition of 1Q 2017 vs 1Q 2016 consolidated financial results



Consolidated financial results
Operating cash flows vs CAPEX

Quarterly view

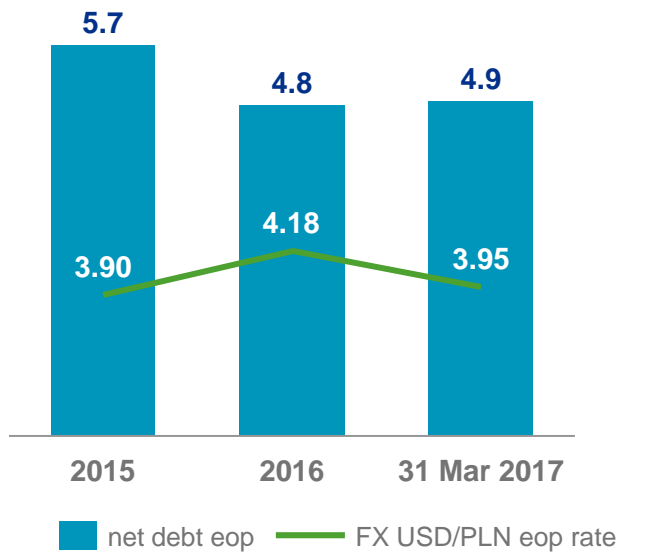
m PLN



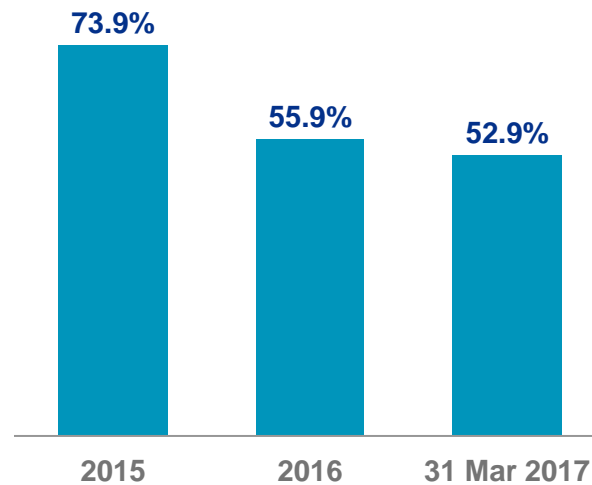
Debt

Net debt

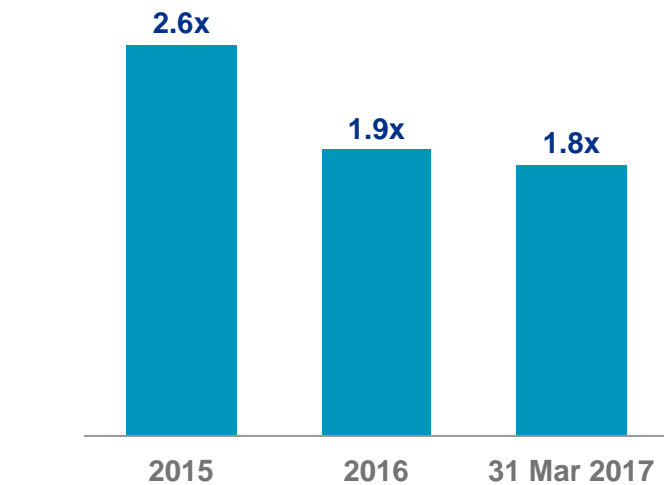
bn PLN



Gearing ratio ⁽¹⁾



Net debt / LIFO EBITDA ⁽²⁾



- Net debt figures include: interest bearing loans and borrowings, finance lease and bonds less cash&cash equivalents
- The current net debt/EBITDA ratio at 1.8x

(1) gearing ratio = net debt / total shareholders equity
 (2) estimated EBITDA for the last 12 months, according to the LIFO valuation, net of one off items.



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| App. 1. 2017 – 2018 Key performance indicators | 25 |
| App. 2. 2019 – 2022 Key performance indicators | 26 |

Appendix

Financial results 1Q 2017

Strategy 2017 – 2022. 2017 – 2018 Key performance indicators

| | | | |
|--|--|-----------------|--|
| Safety | LTIF ⁽¹⁾ < 3 | | |
| Operational and financial metrics | UPSTREAM | REFINING | RETAIL |
| Operational metrics | 2P reserves ⁽²⁾ ca. 60 mboe Production ca. 22 kboe/d ⁽³⁾ | 10.5m tonnes | 500+ petrol stations; standardisation |
| EBITDA LIFO bn PLN ⁽⁴⁾ average annual in 2017-2018 | 0.6 – 0.7 | 1.6 – 1.9 | |
| CAPEX bn PLN total 2017-2018 | ca. PLN 1.5 | ca. PLN 1.8 | ca. PLN 0.3 |
| Net debt/EBITDA ⁽⁵⁾ | less than 1.5x ⁽⁵⁾ | | |
| OPEX savings | PLN 200m annually (<i>run rate</i>) vs 2015 cost base | | |
| Customer satisfaction | Net Promoter Score (NPS) implemented, first measurements in 2017 | | |
| Dividend capacity | yes | | |

(1) Lost Time Injury Frequency Rate (2) 2P reserves: proved and probable
(3) average annual projected production volume in barrels of oil equivalent (oil and gas) per day
(4) net of one-off items (5) at the end of 2018

Strategy 2017 – 2022. 2019 – 2022 Key performance indicators

| | | | |
|--|---|-----------------|---------------------|
| Safety | LTIF ⁽¹⁾ < 3 | | |
| Operational and financial metrics | UPSTREAM | REFINING | RETAIL |
| Operational metrics | 2P reserves ⁽²⁾ more than 60 mboe Production 30 – 50 kboe/d ⁽³⁾ | 10.5m tonnes | 550 petrol stations |
| EBITDA LIFO bn PLN ⁽⁴⁾ average annual in 2019–2022 | 1.6 -1.8 | 2.3 – 2.7 | |
| CAPEX bn PLN total 2019–2022 | ca. PLN 1.5 | ca. PLN 0.7 | ca. PLN 0.3 |
| Net debt/EBITDA | less than 1.5x | | |
| OPEX savings | PLN 300m annually (<i>run rate</i>) vs 2015 cost base | | |
| Customer satisfaction | positive trend in NPS | | |
| Dividend capacity | yes | | |

NOTE: Additional CAPEX of approximately PLN 3.3bn, to be allocated among segments in 2018 for 2019+.

(1) Lost Time Injury Frequency Rate (2) 2P reserves: proved and probable
(3) average annual projected production volume in barrels of oil equivalent (oil and gas) per day (4) net of one-off items.



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