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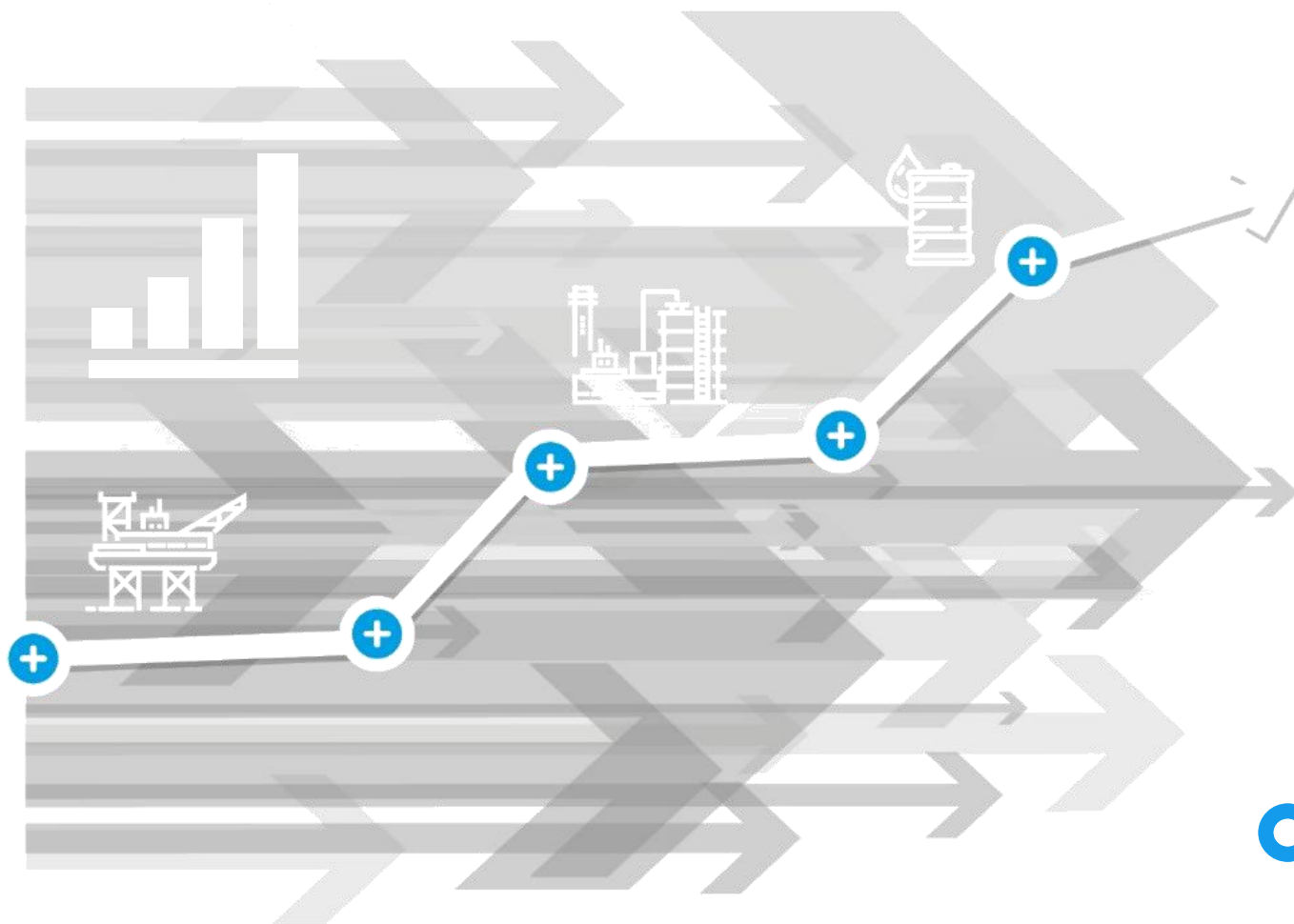
## Consolidated financial results for 9m 2017 and 3rd quarter 2017

October 26th, 2017



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Summary

- 
- Clean LIFO EBITDA of above 0.9bn PLN, strongly supported by record high downstream segment result of 0.75bn PLN (+43% yoy and +58.5% qoq)
  - Record high operating cashflow amounting PLN 1.2bn
  - 186m PLN of dividend paid out (1 PLN/share)
  - Record high crude throughput and refinery utilisation ratio
  - Covering domestic fuel demand gap by highest ever diesel and gasoline sales growth
  - Very healthy balance sheet and liquidity : Net debt/EBITDA<sup>(1)</sup> ratio at 1.1x (safely within strategic target)

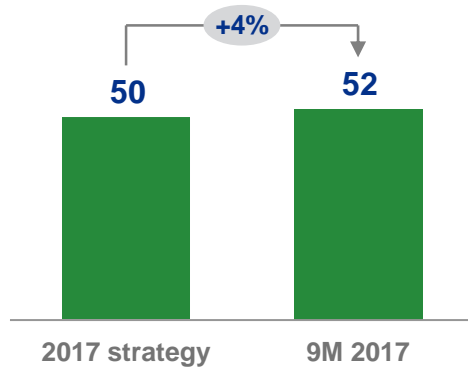
(1) Net debt to LIFO EBITDA excluding one off items

Summary

Macroeconomic environment <sup>(1)</sup> vs strategic assumptions<sup>(2)</sup>

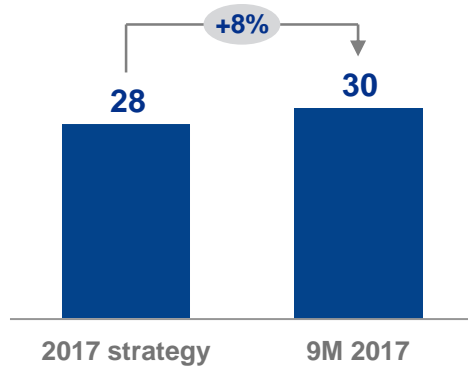
Brent DTD

USD/bbl



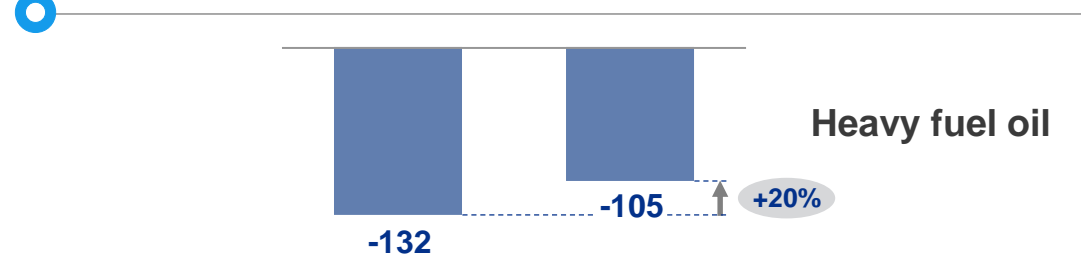
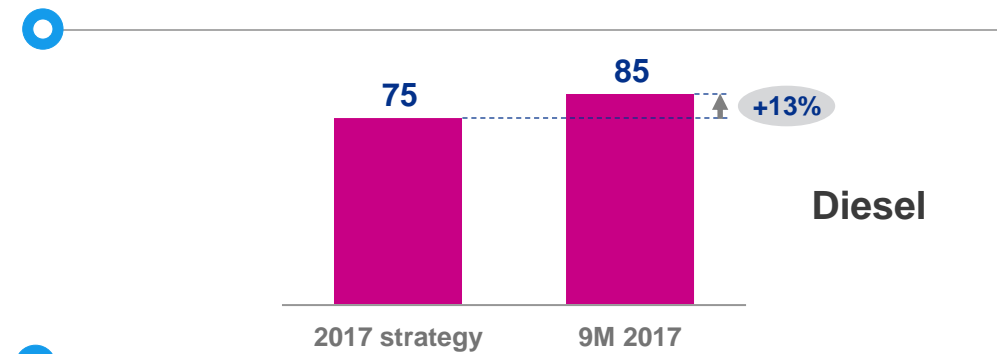
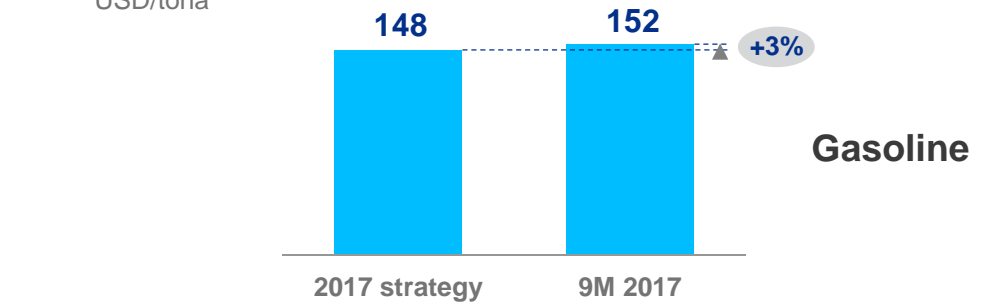
Natural gas

USD/boe



Product crack spreads

USD/tona



(1) Source : Thomson Reuters

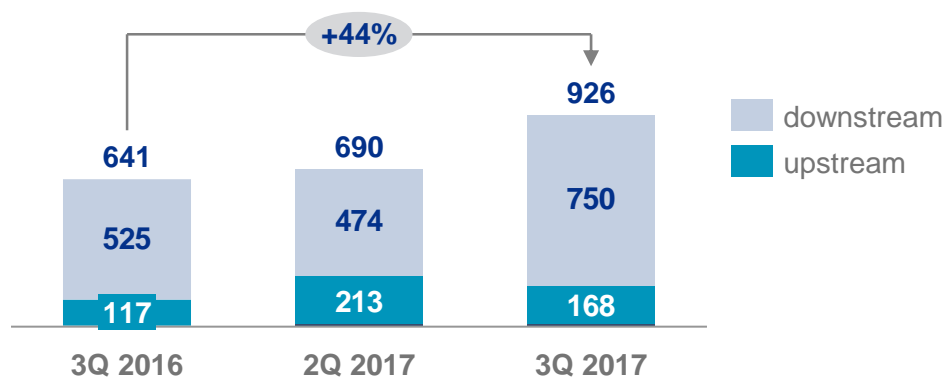
(2) Full year 2017 strategic assumptions adopted by the company

Summary  
3Q 2017 – key figures



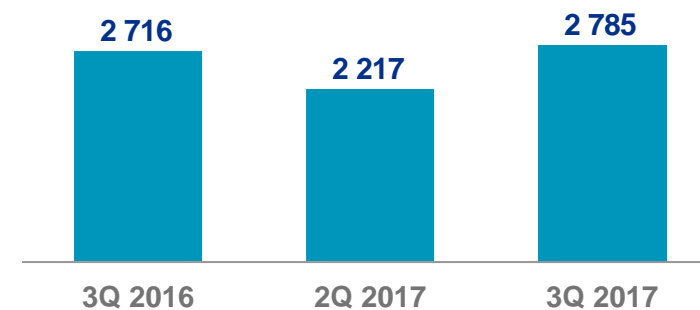
LIFO EBITDA <sup>(1)</sup>

m PLN



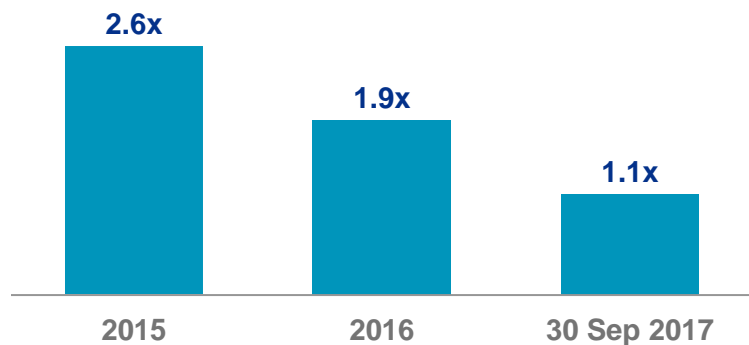
Downstream - crude oil throughput

k tons



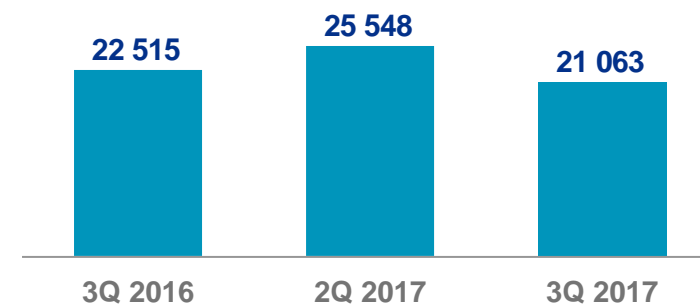
Net debt / LIFO EBITDA <sup>(2)</sup>

m PLN



Upstream – daily hydrocarbons production <sup>(3)</sup>

boe/d



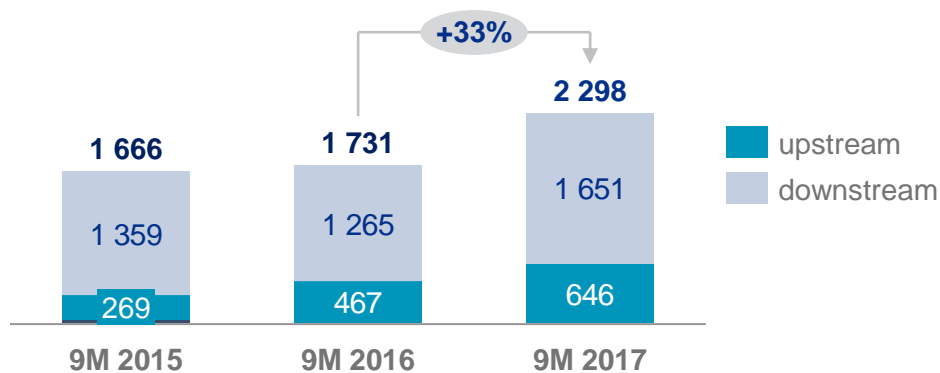
(1) excluding one off items; segment results may not sum up due to consolidation adjustments

(2) excluding one off items

(3) barrels of oil equivalent (crude oil + natural gas); total production for the period / number of calendar days

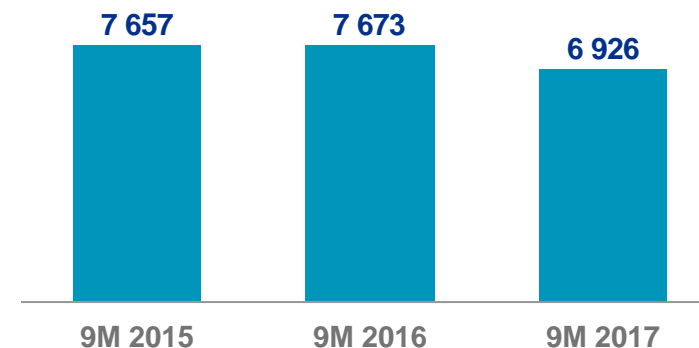
### LIFO EBITDA <sup>(1)</sup>

m PLN



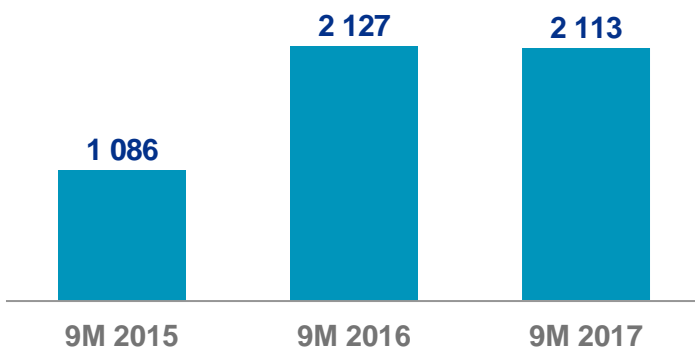
### Downstream - crude oil throughput

k tons



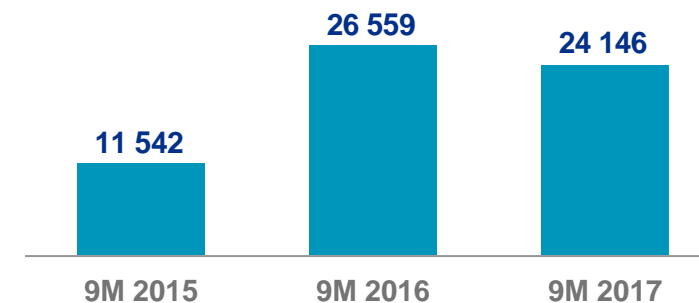
### Operating cash flow

m PLN



### Upstream – daily hydrocarbons production <sup>(2)</sup>

boe/d



(1) excluding one off items; segment results may not sum up due to consolidation adjustments

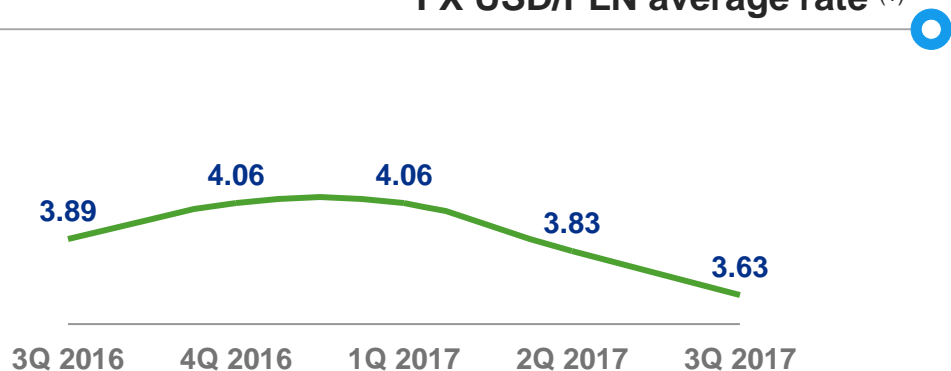
(2) barrels of oil equivalent (crude oil + natural gas); total production for the period / number of calendar days



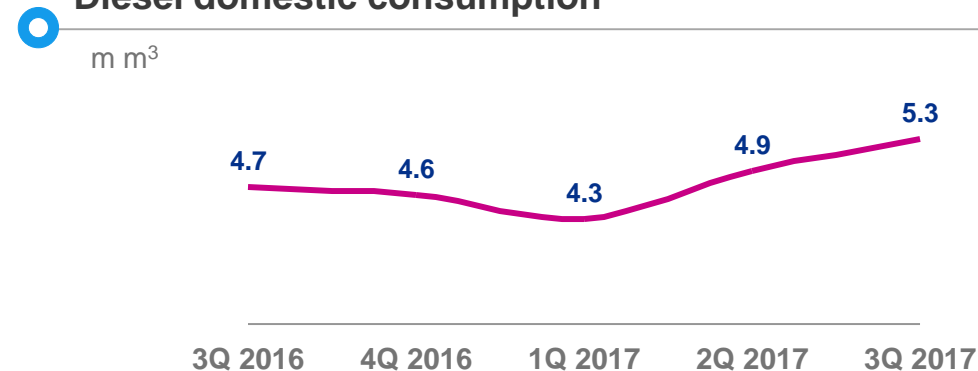
 **Macroeconomic environment**



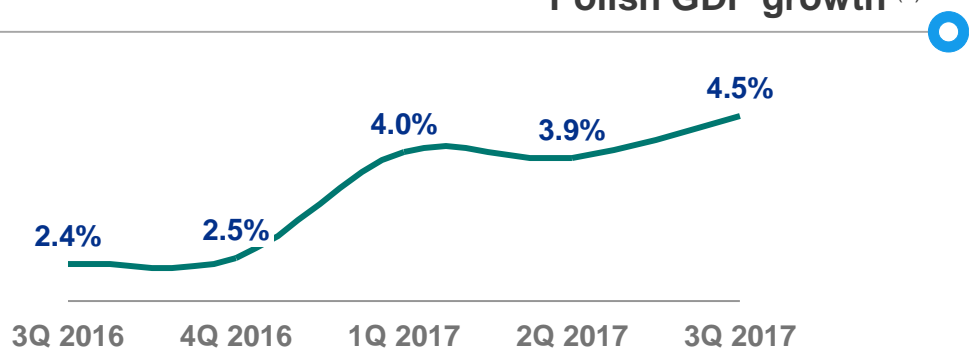
FX USD/PLN average rate <sup>(1)</sup>



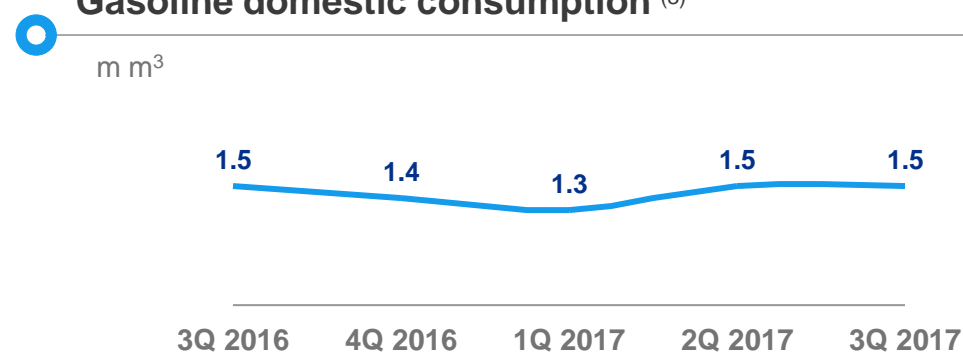
Diesel domestic consumption <sup>(3)</sup>



Polish GDP growth <sup>(2)</sup>



Gasoline domestic consumption <sup>(3)</sup>



(1) Source : National Bank of Poland

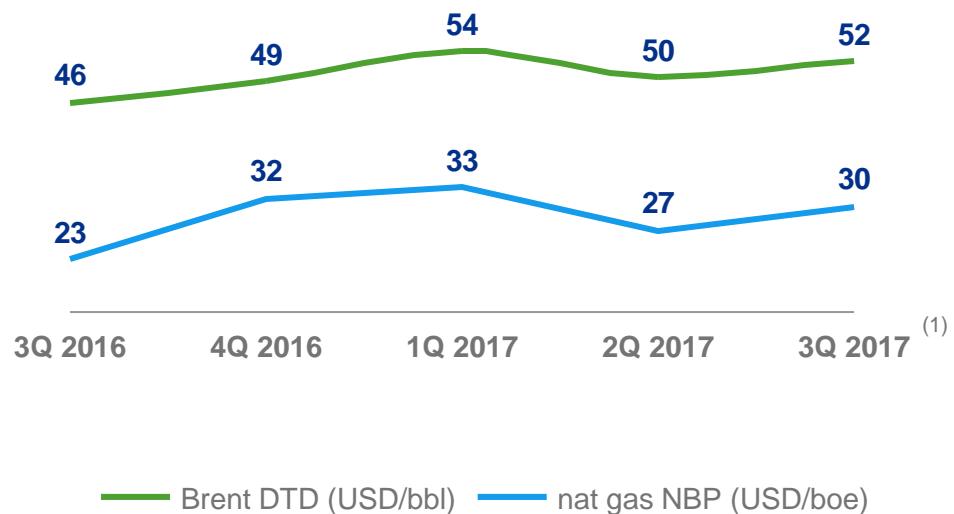
(2) Source : PKO BP, mBank

(3) Source : POPiHN – Organisation for Oil Trade and Industry (2 months of 3Q 2017)

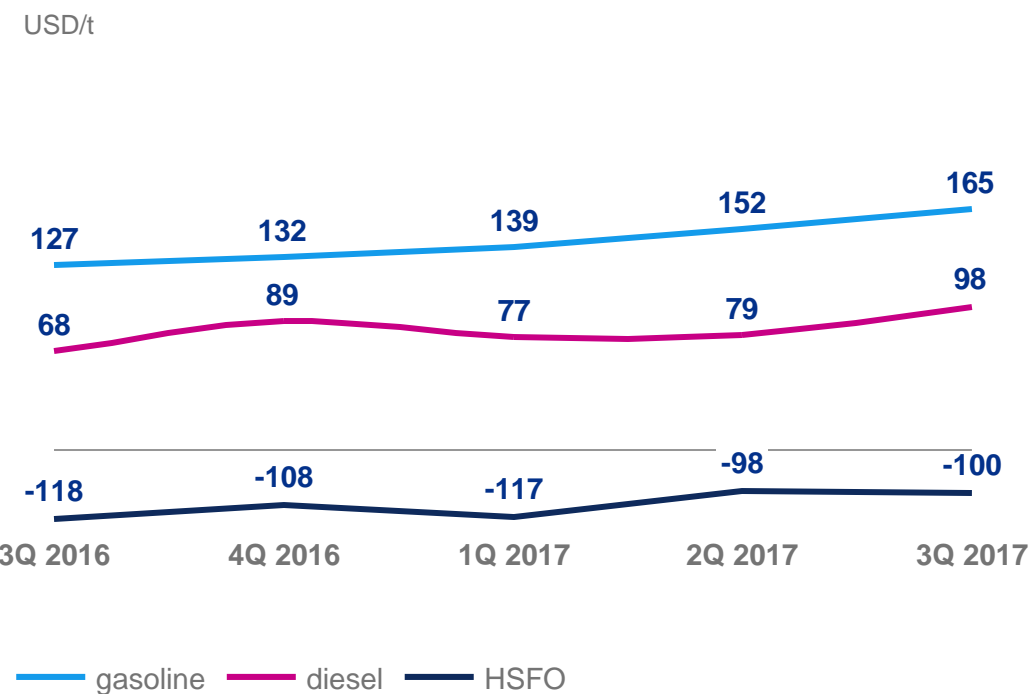
Crude oil, natural gas and product crack spreads



Crude oil and nat gas prices

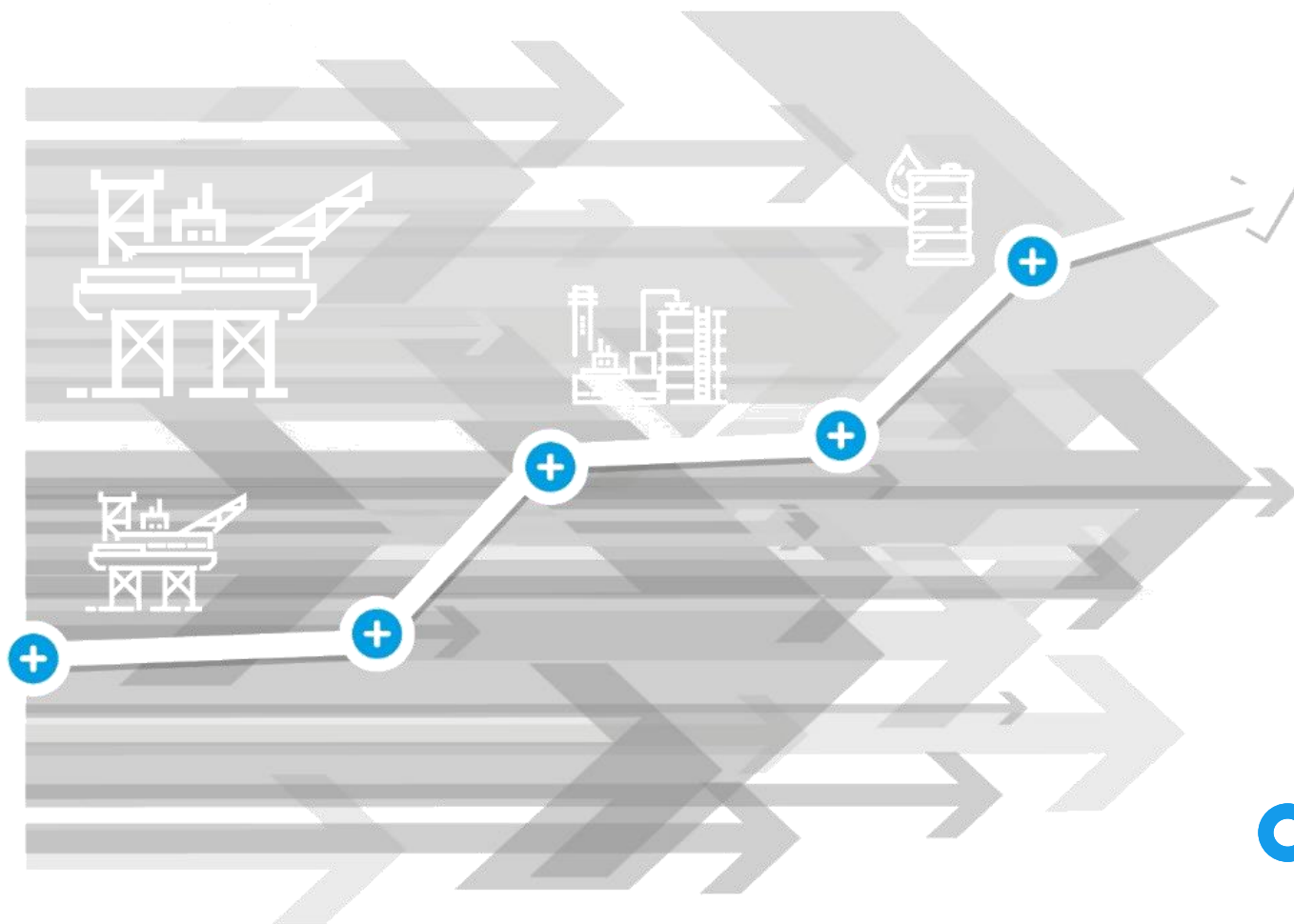


Key product crack spreads (2)



(1) Source : National Balancing Point

(2) Source : Thomson Reuters



Upstream

## Producing fields – 9M 2017 operational parameters



| field                             | <b>B3</b><br>Baltic Sea              | <b>B8</b><br>Baltic Sea | <b>Sleipner</b><br>North Sea | <b>Heimdal</b><br>North Sea | <b>AB Geonafra</b><br>Lithuania |
|-----------------------------------|--------------------------------------|-------------------------|------------------------------|-----------------------------|---------------------------------|
| 9M 2017 production <sup>(1)</sup> | 2 131 boe/d                          | 2 763 boe/d             | 13 847 boe/d                 | 4 404 boe/d                 | 1 000 boe/d                     |
| Δ vs 9M 2016                      | - 21%                                | - 4%                    | -10%                         | +1 %                        | -10%                            |
| % of crude oil <sup>(2)</sup>     | 92%                                  | 90%                     | 27%                          | 21%                         | 100%                            |
| 2P reserves <sup>(3)</sup>        | 8.8m boe                             | 37.2m boe               | 11.7m boe                    | 2.8m boe                    | 3.7m boe                        |
| lifting costs <sup>(4)</sup>      | ca. <b>27 USD/boe</b> <sup>(5)</sup> |                         | ca. <b>7 USD/boe</b>         |                             | ca. <b>11 USD/boe</b>           |

(1) total production / calendar days; 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 September 30 2017

(4) approximate direct costs per barrel related to oil production for 1H 2017; average figures per country of operation

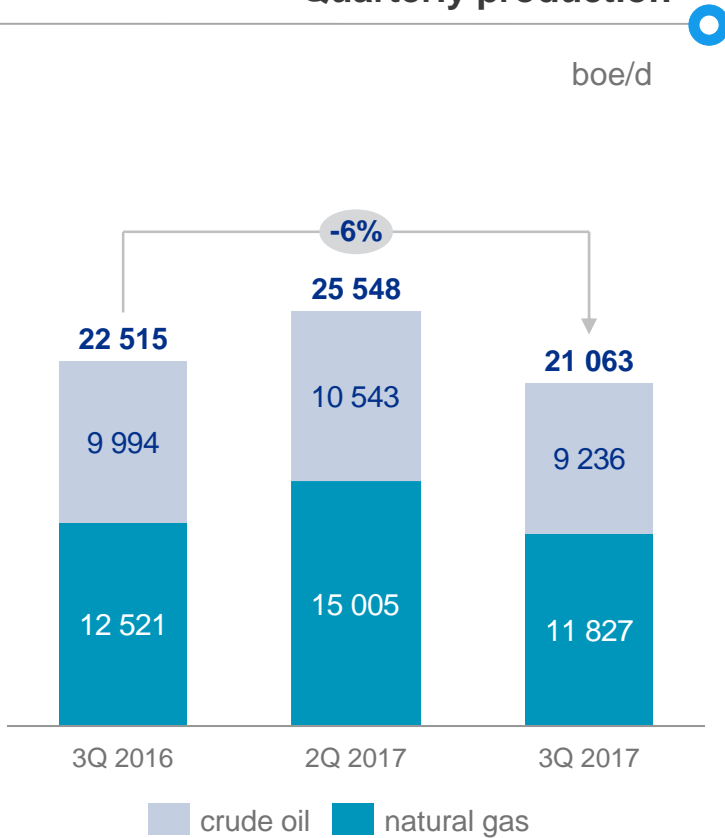
(5) including leasing costs of the temporary production platform located on the B8 field

Upstream

Overall production and reserves

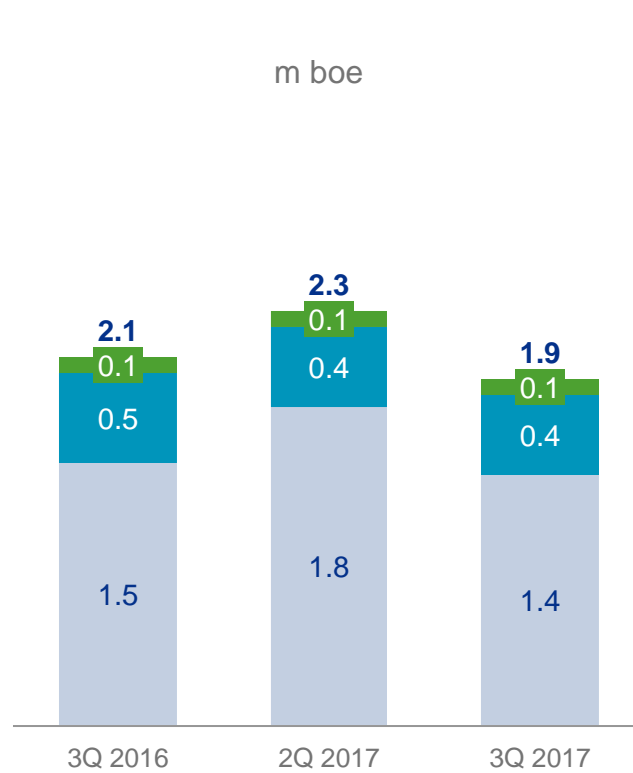
Quarterly production

boe/d



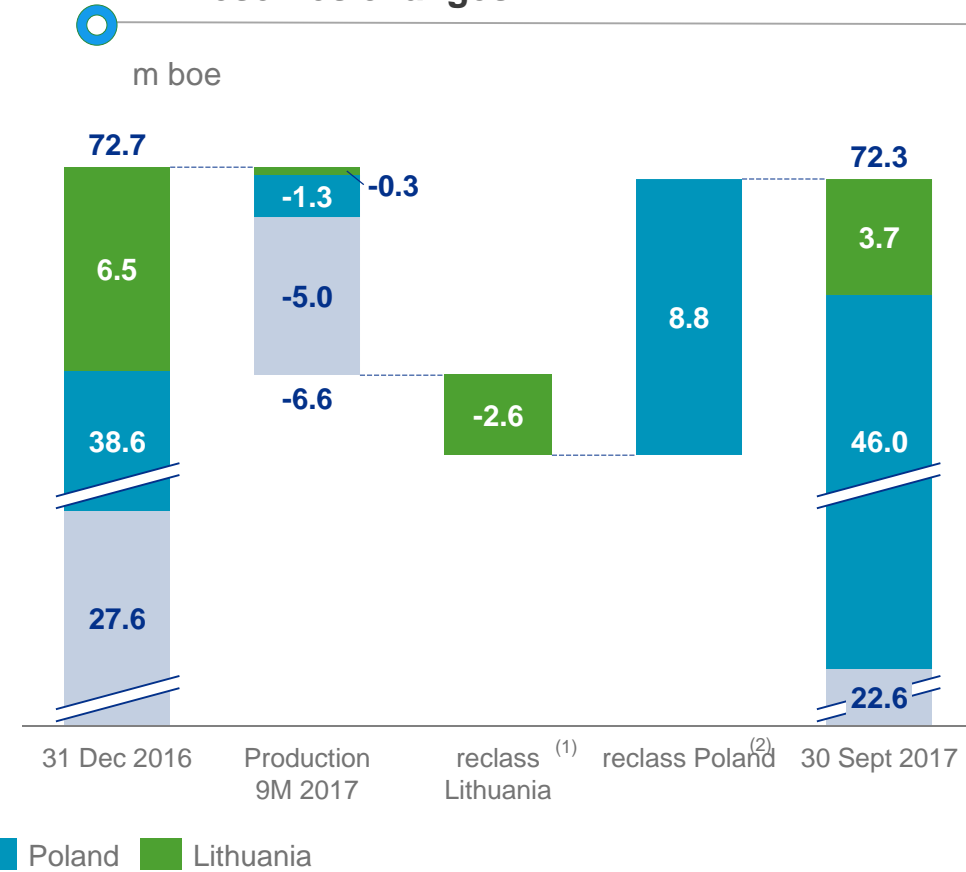
Total sales

m boe



2P reserves changes

m boe



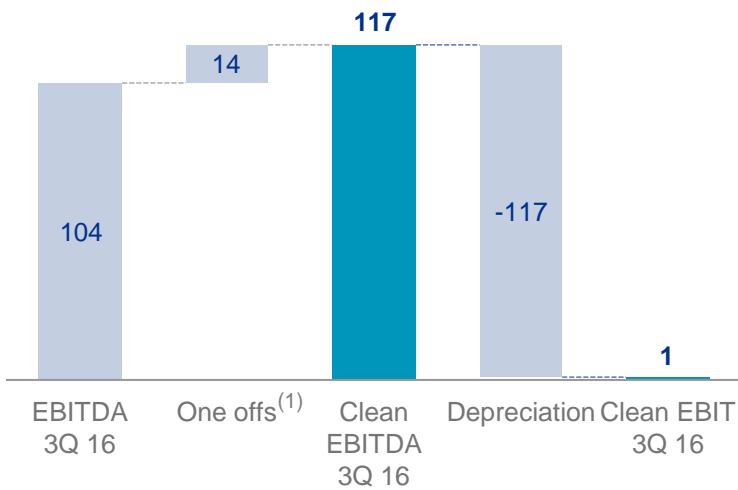
(1) Following the audit performed by Miller and Lents on UAB Minijos Nafta  
 (2) Following the revision of the overall reserves volume

Upstream  
Quarterly EBITDA evolution

3Q 2016



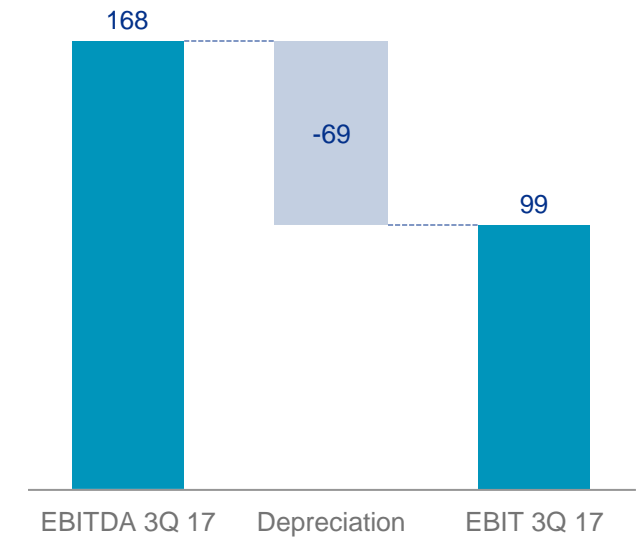
m PLN



2Q 2017

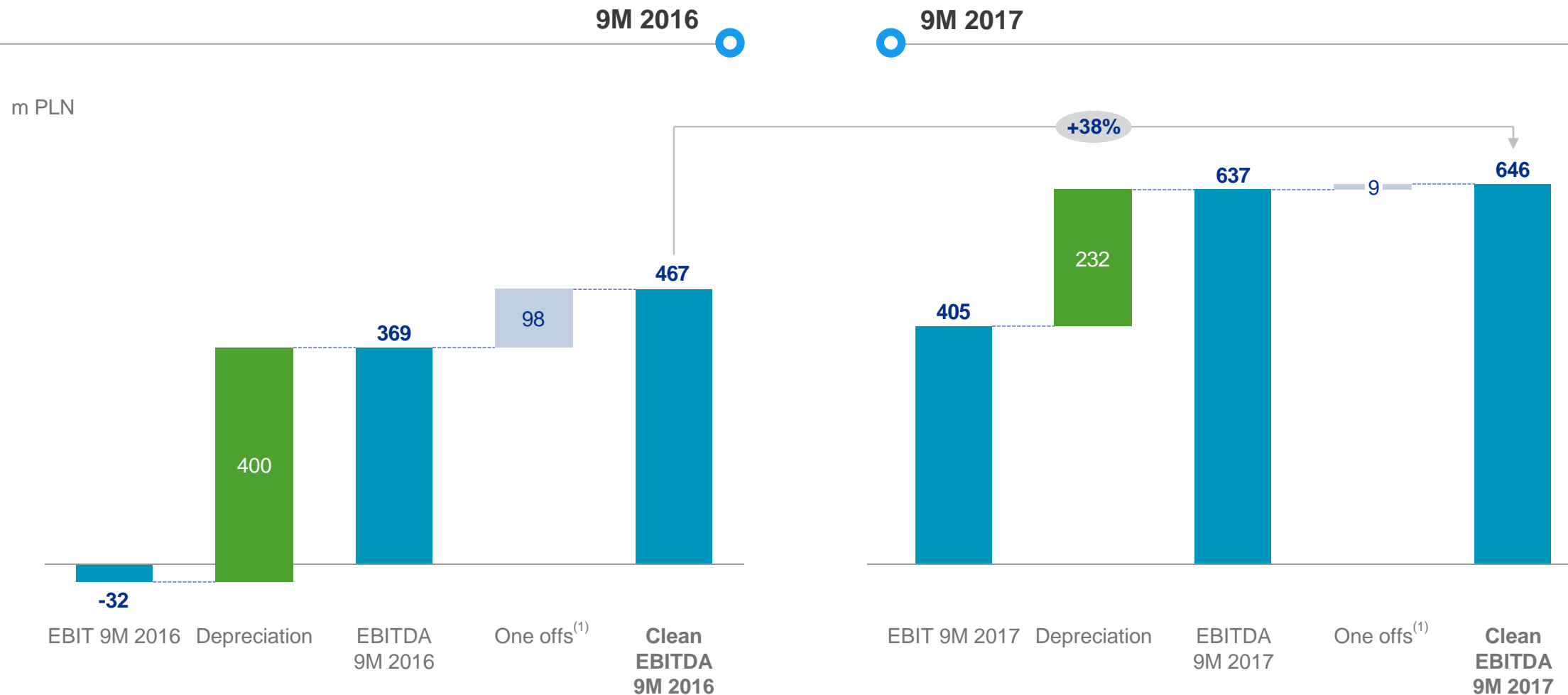


3Q 2017<sup>(2)</sup>



(1) Balance of assets impairments and other revaluations  
(2) No one offs in the reported period

Upstream  
9m cumulative EBITDA evolution



(1) Balance of assets impairments and other revaluations



Downstream



Downstream

## Throughput and capacity utilisation in 3Q 2017

**2.784 m tons of crude processed**

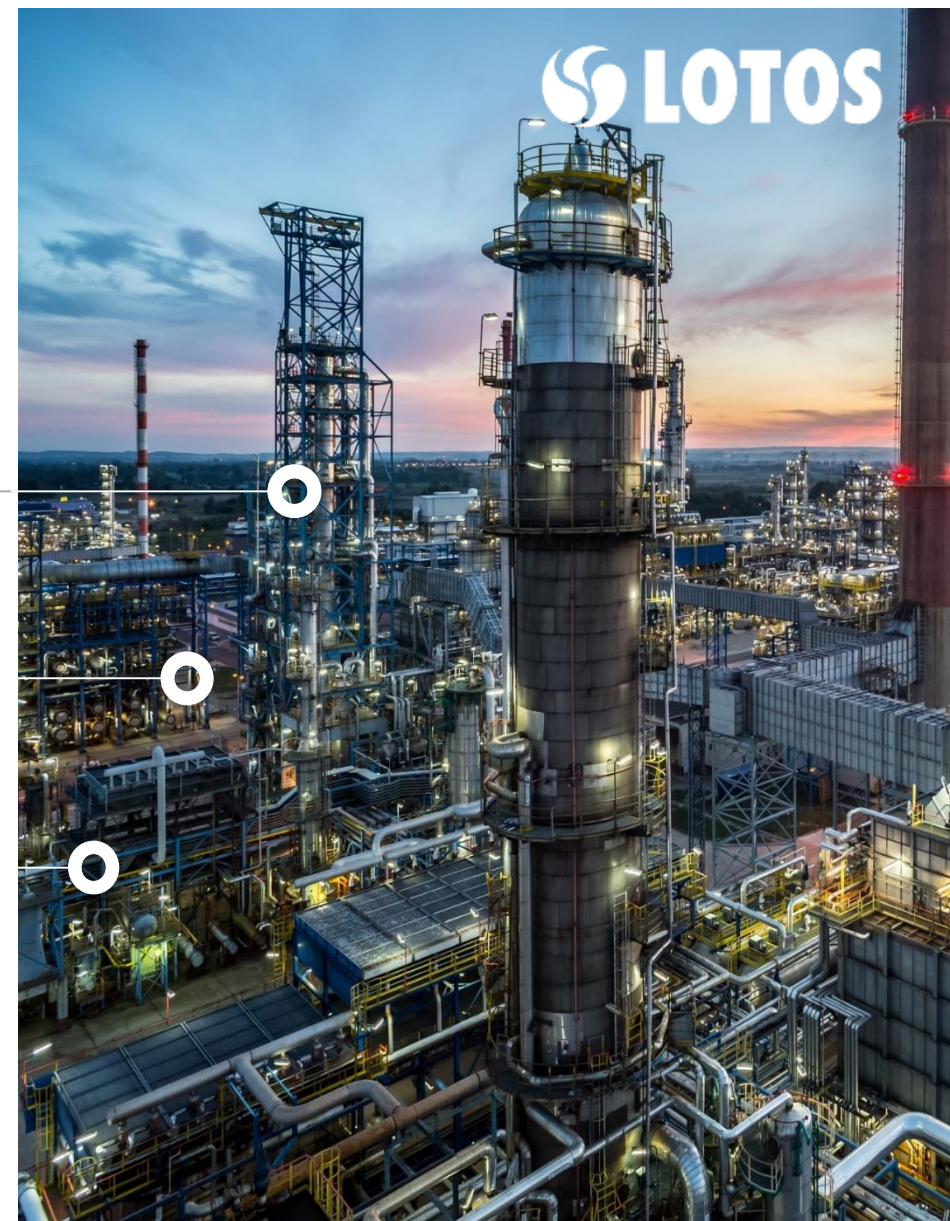
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**Full utilization of the refining capacity**

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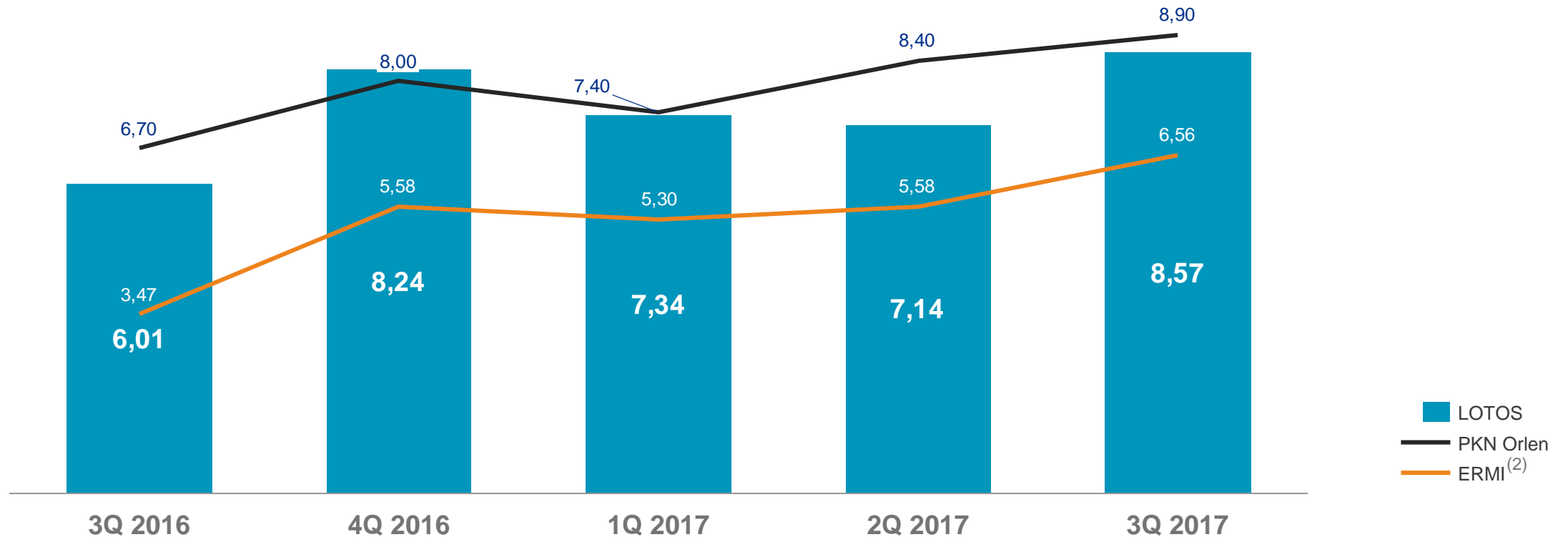
**Product output close to 3 m tons (2 963 k tons)**

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Downstream

Model refining margin evolution (USD/bbl) <sup>(1)</sup>



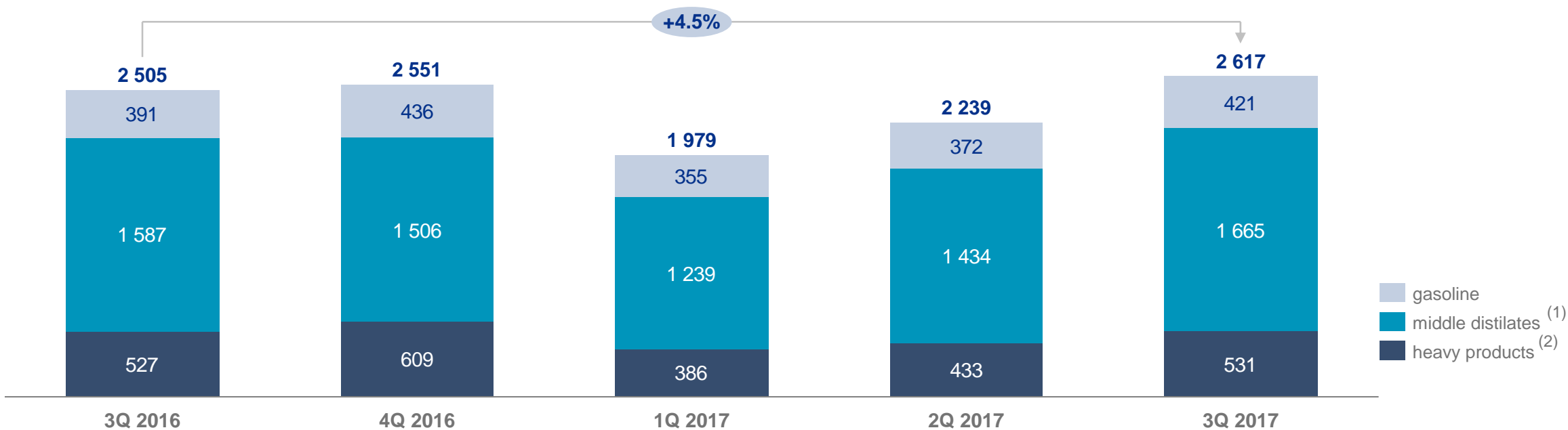
1) LOTOS model refining margin = 14.14% gasoline + 4.24% naphtha + 4.53% LPG + 49.57% diesel + 5.34% jet + 18.11% HSFO – Brent dtd – Brent Ural differential – natural gas consumption (estimated cost basing on the gas index quoted on the Polish Power Exchange)

2) Total; European Refining Margin Indicator (ERMI) – 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

Volume of sales of key refining products



thousand tons

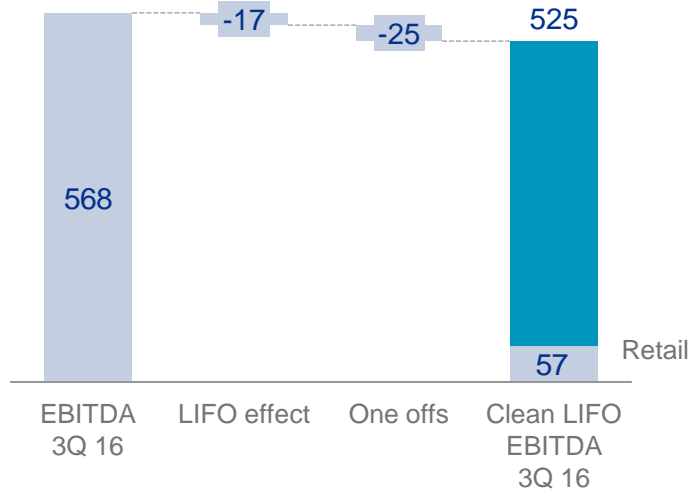


(1) middle distillates including : diesel, light heating oil and jet fuel

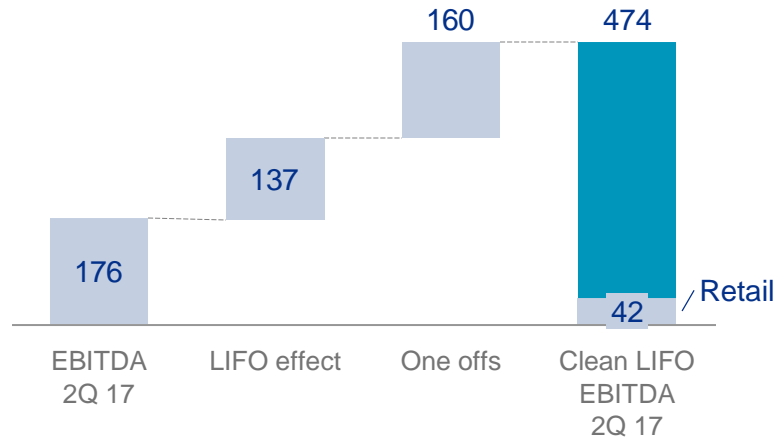
(2) heavy products : heavy sulfur fuel oil and bitumens

Downstream  
Quarterly EBITDA evolution

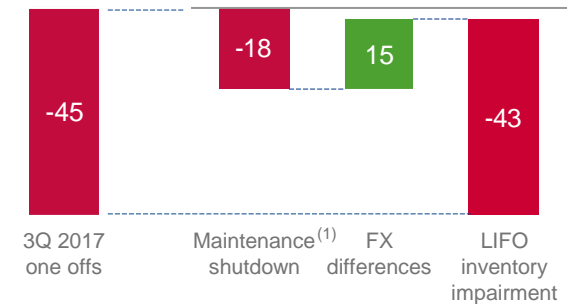
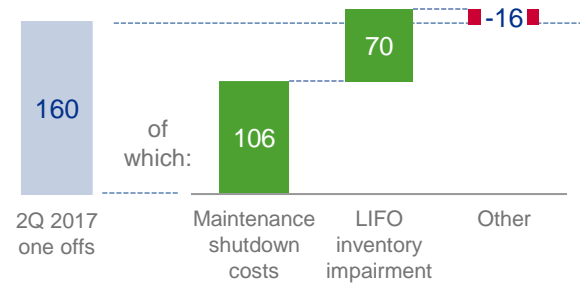
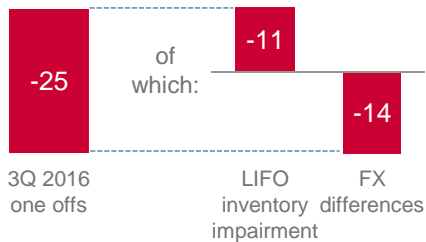
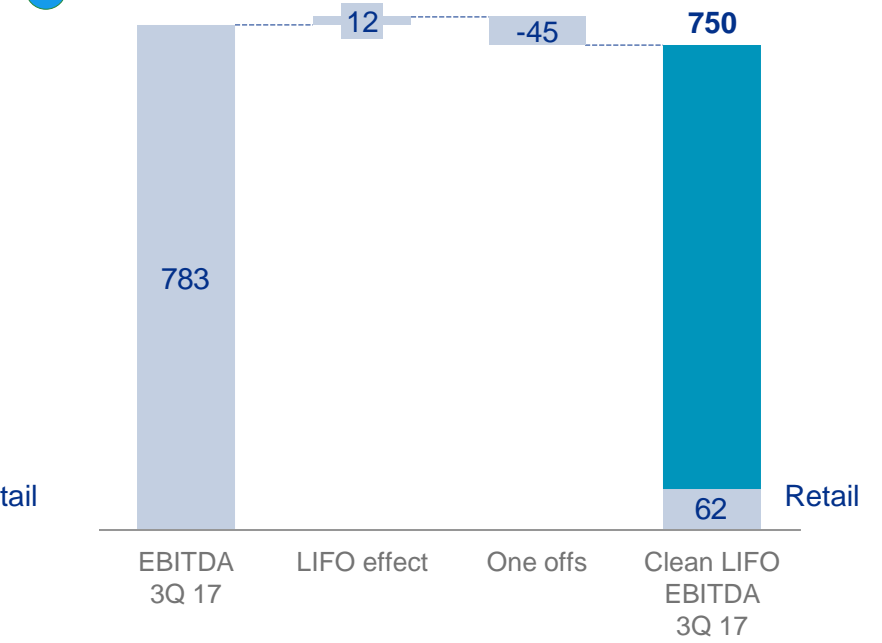
3Q 2016



2Q 2017



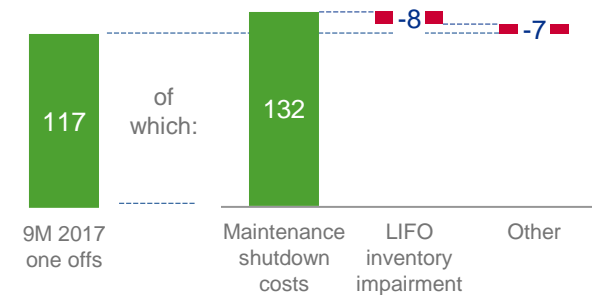
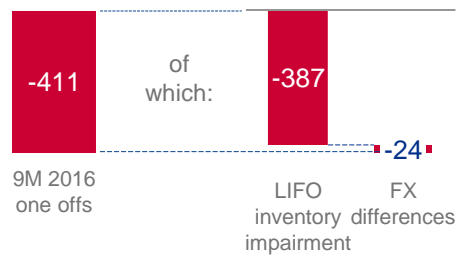
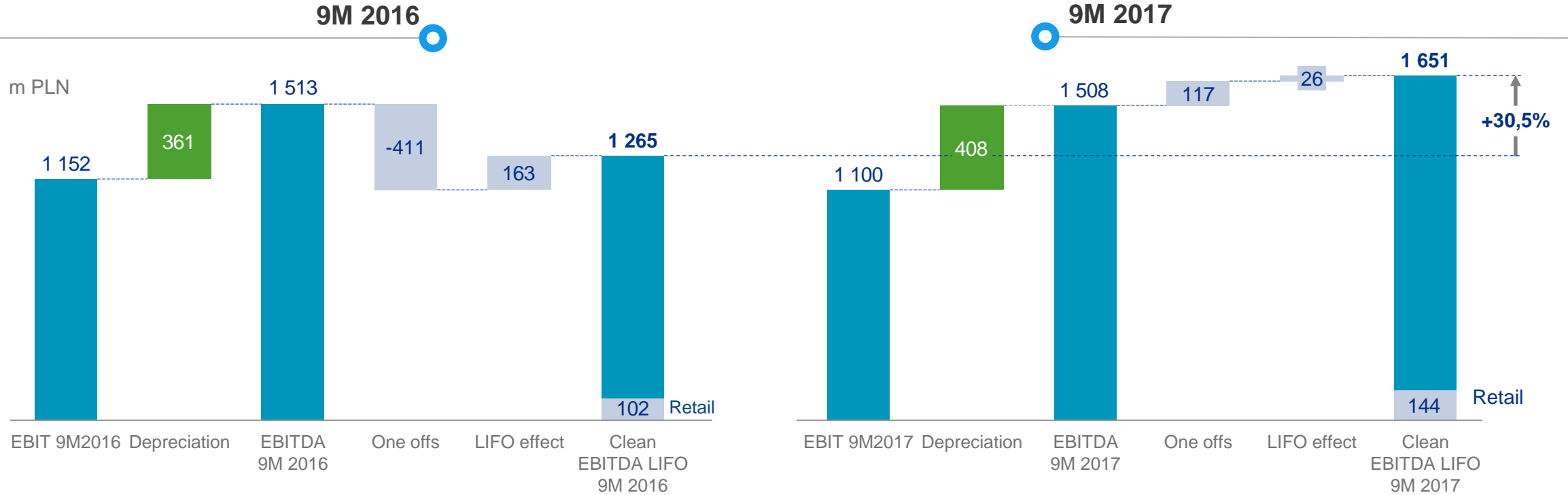
3Q 2017



(1) Release of provisions for the full cost of the maintenance shutdown completed in 2Q 2017

Downstream

Cumulative 9M EBITDA evolution





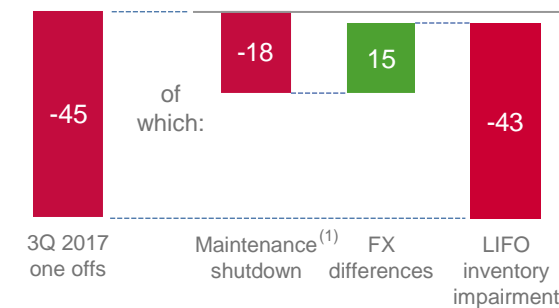
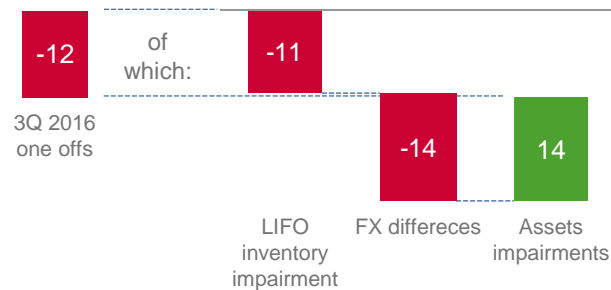
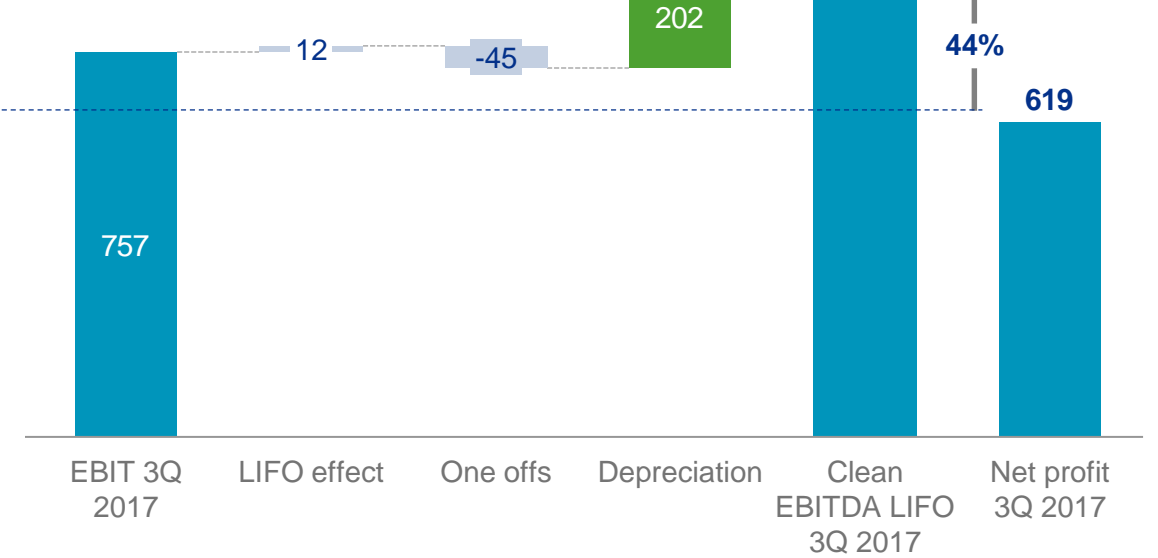
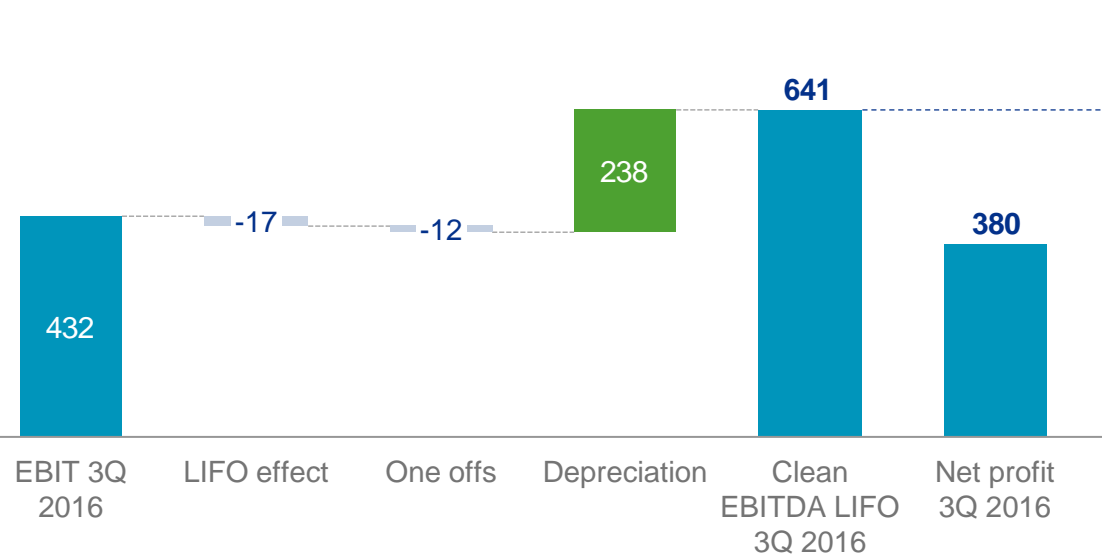
## Consolidated financial results

Consolidated financial results  
Quarterly results evolution

3Q 2016

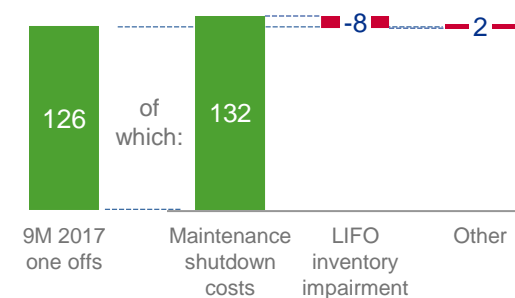
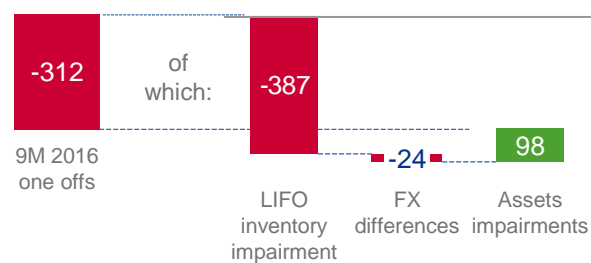
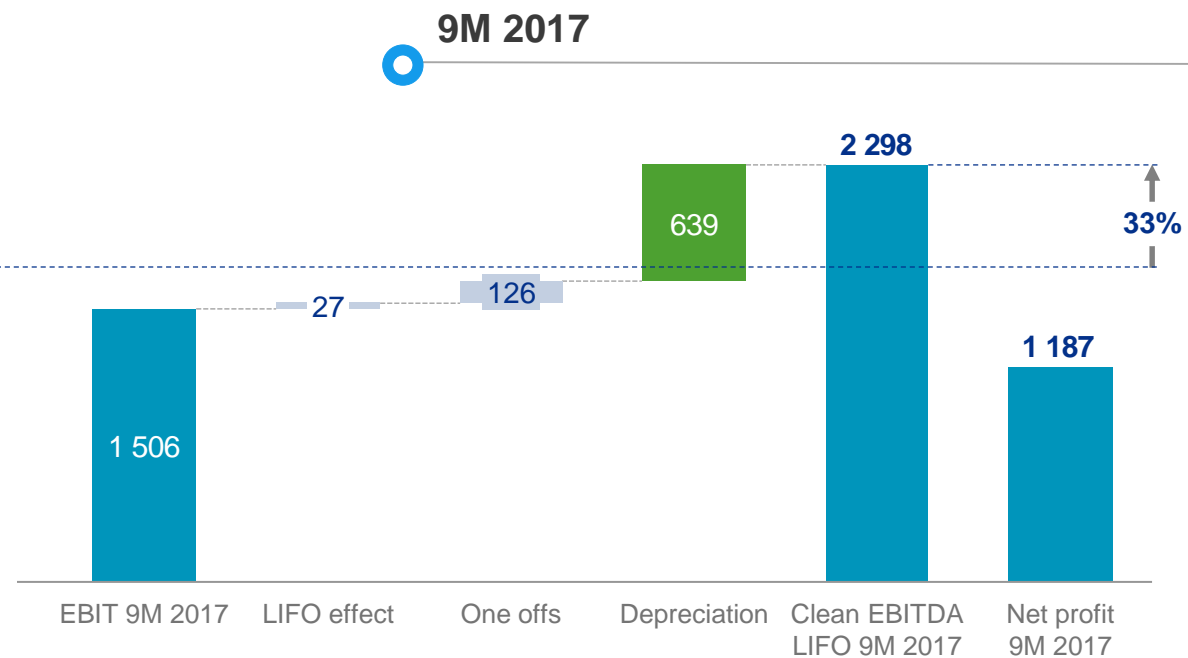
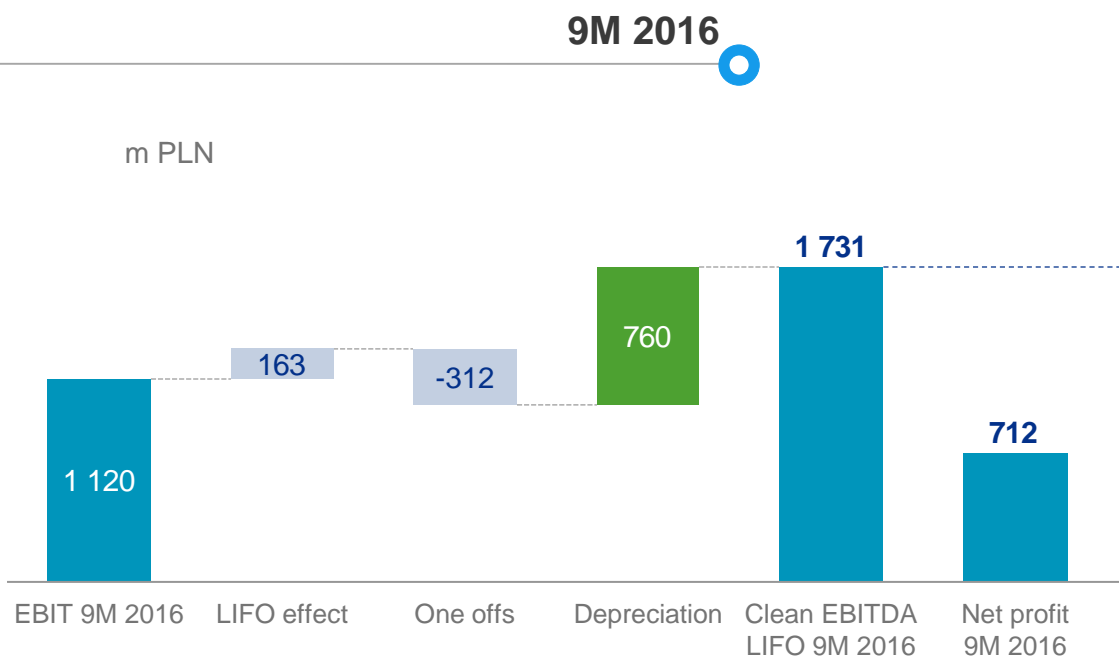
3Q 2017

m PLN



(1) Release of provisions for the full cost of the maintenance shutdown completed in 2Q 2017

Consolidated financial results  
Cumulative 9M results evolution

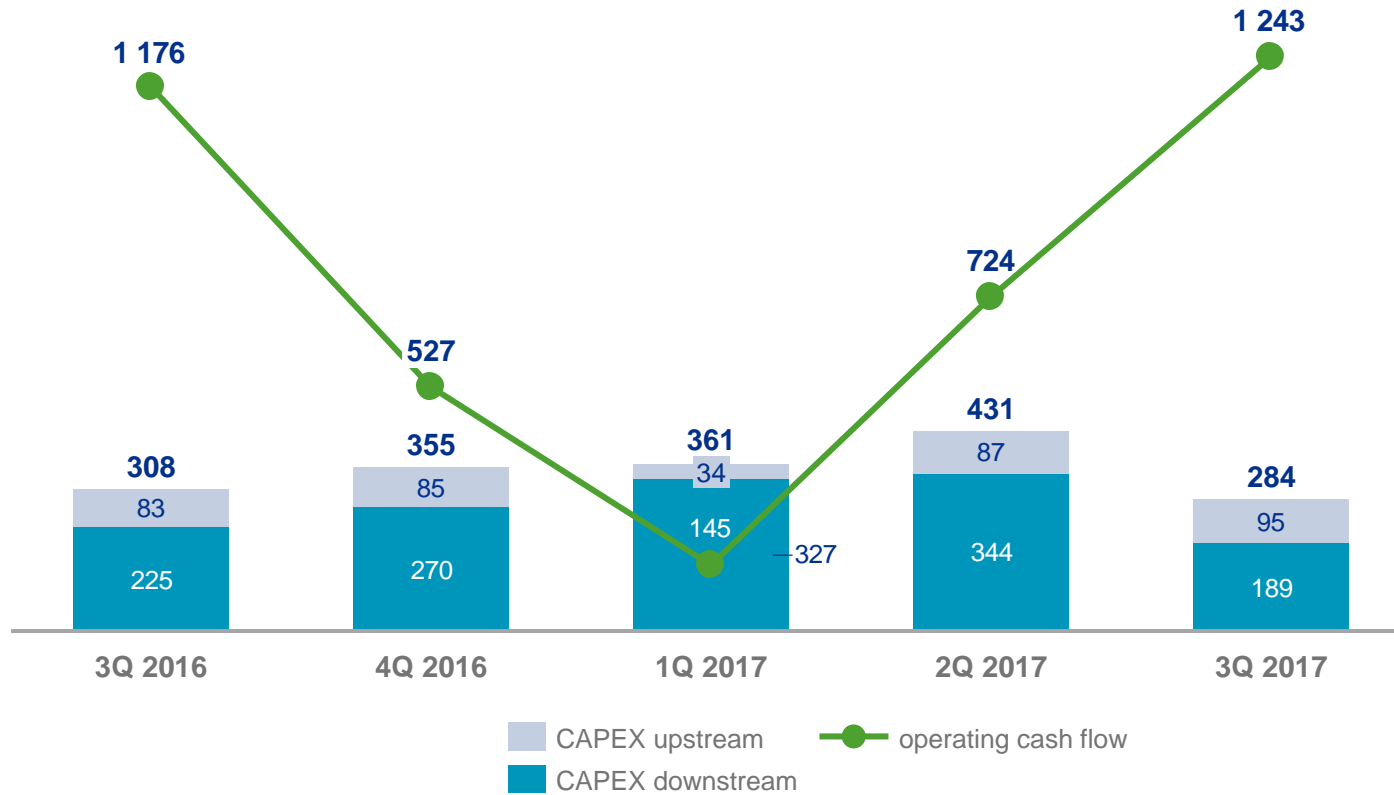




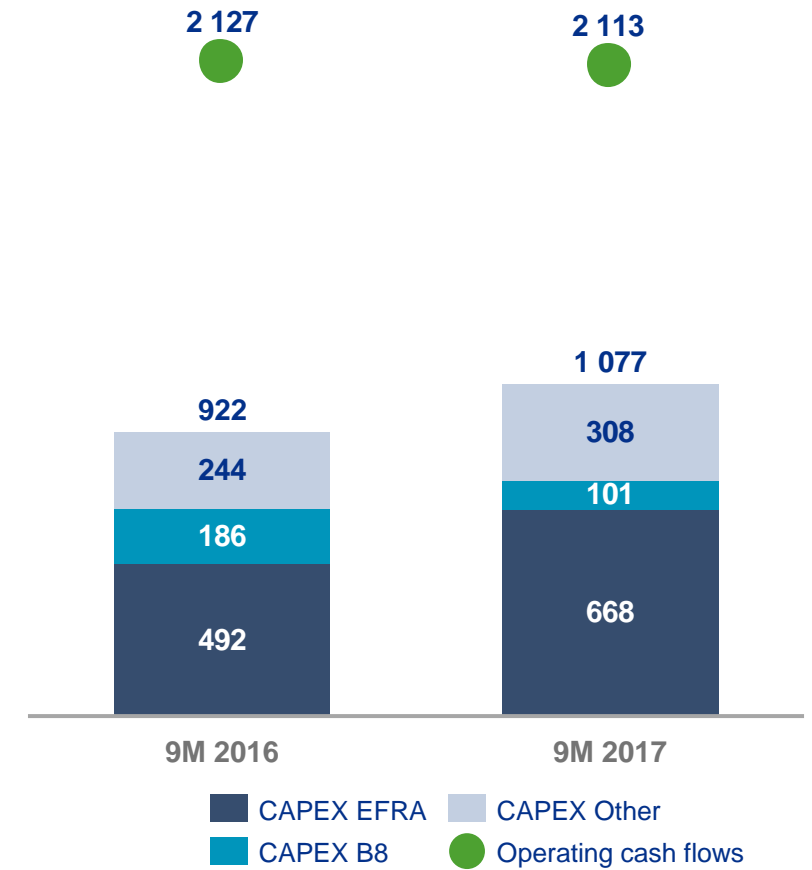
Consolidated financial results  
**Operating cash flows vs CAPEX**

Quarterly

m PLN

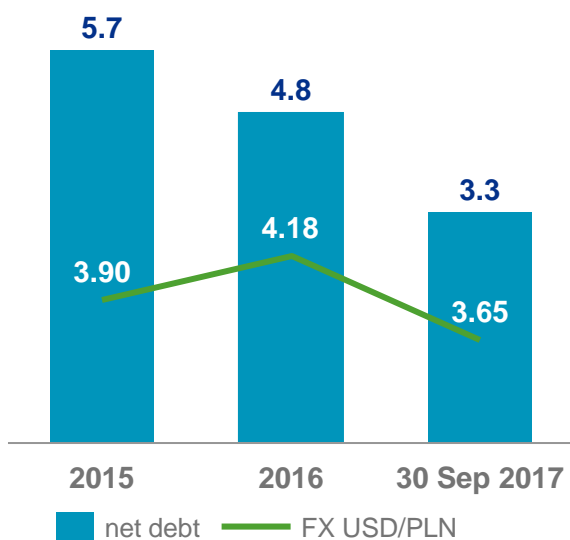


9M 2017

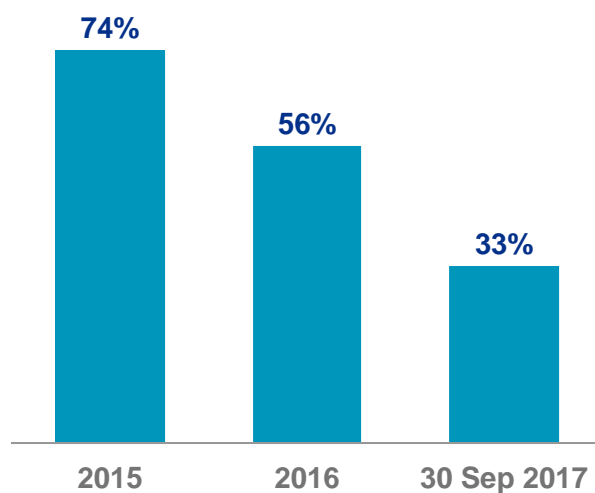


Net debt <sup>(1)</sup>

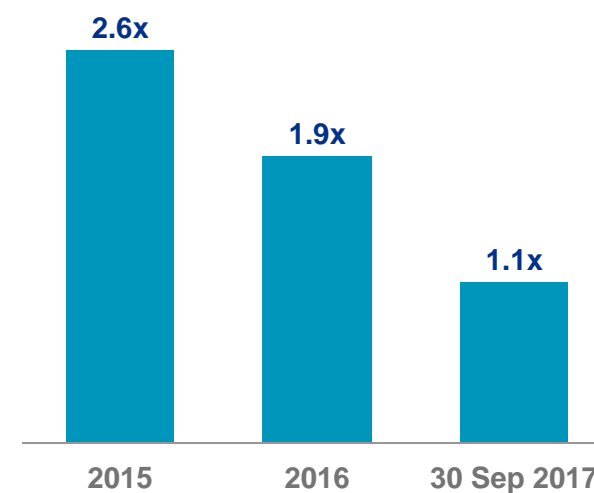
bn PLN



Gearing ratio <sup>(2)</sup>



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



- Net debt figures include: interest bearing loans and borrowings, finance lease and bonds less cash&cash equivalents
- The current net debt/EBITDA ratio at 1.1x

(1) End of period

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

(3) LIFO EBITDA for the last 12 months net of one off items.



App. 1. 2017 – 2018 Key performance indicators ..... 28

App. 2. 2019 – 2022 Key performance indicators ..... 29

## Appendix

**Strategy 2017 – 2022. 2017 – 2018 Key performance indicators**

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

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