



Consolidated financial results for 2017 and 4th quarter 2017

March 7th, 2018



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Summary

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- Record high LIFO EBITDA ⁽¹⁾ of 3.1bn PLN
 - Operating cash flow of 3.1 bn PLN
 - 186m PLN of dividend paid out (1 PLN/share)
 - Delivery of WTI and canadian crude oils
 - Net debt/LIFO EBITDA ⁽¹⁾ of 0.8x

(1) Net of one off items

-
- LIFO EBITDA ⁽¹⁾ of 754 m PLN, despite lower refining margins and seasonally weaker quarter
 - Improving structure of sales (more diesel, less heavy products)
 - Strong operating cash flow of 1.0 bn PLN

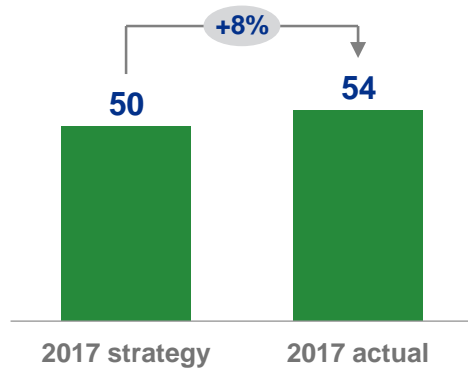
(1) Net of one-off items

Summary

Macroeconomic environment ⁽¹⁾ vs strategic assumptions ⁽²⁾

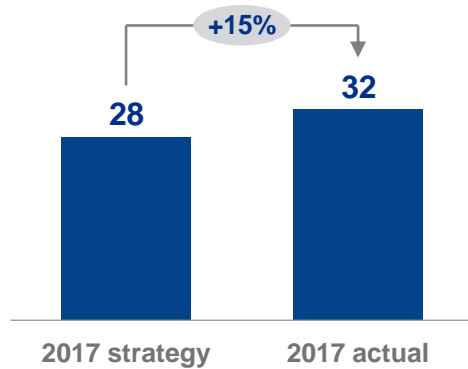
Brent DTD

USD/bbl



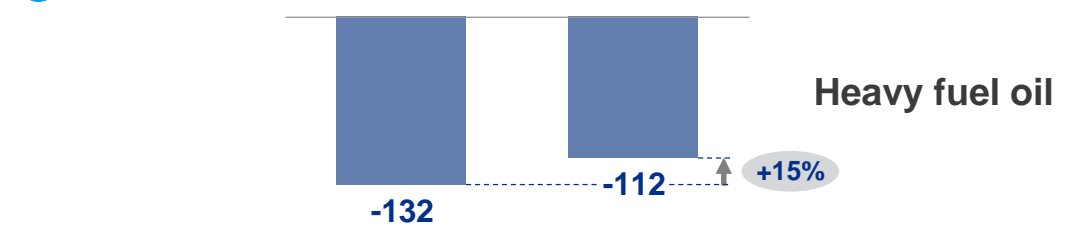
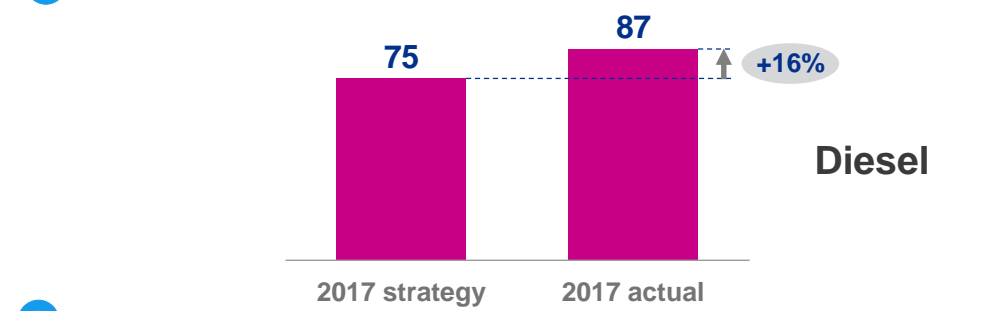
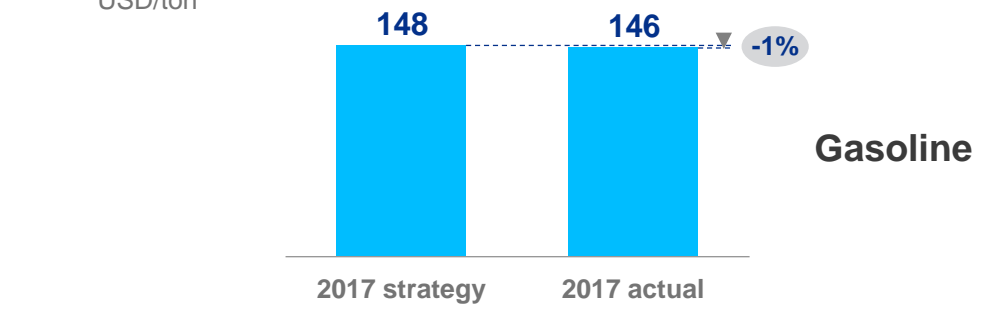
Natural gas

USD/boe



Product crack spreads

USD/ton



(1) Source : Thomson Reuters

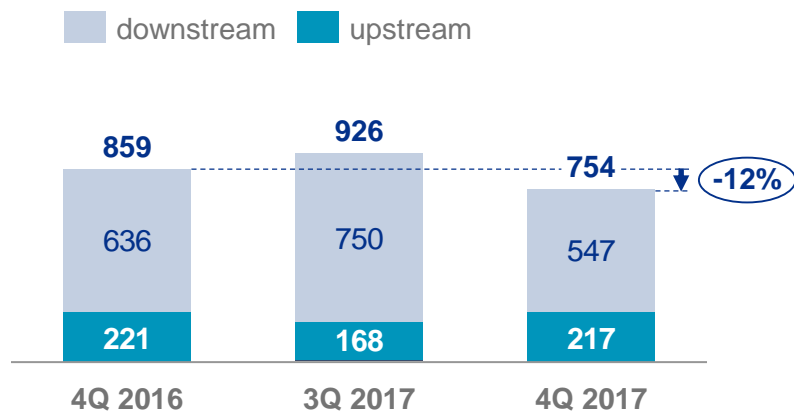
(2) Average annual 2017 strategic assumptions adopted by LOTOS

Summary
4Q 2017 – key figures



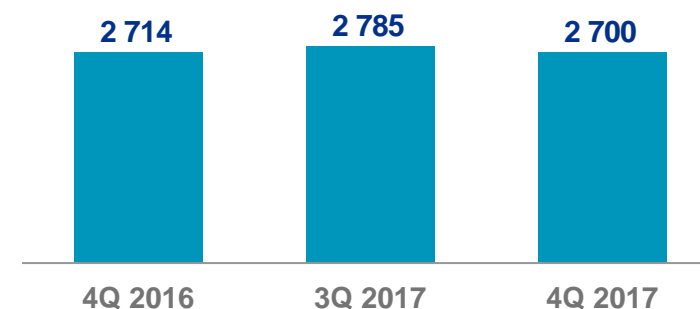
LIFO EBITDA ⁽¹⁾

m PLN



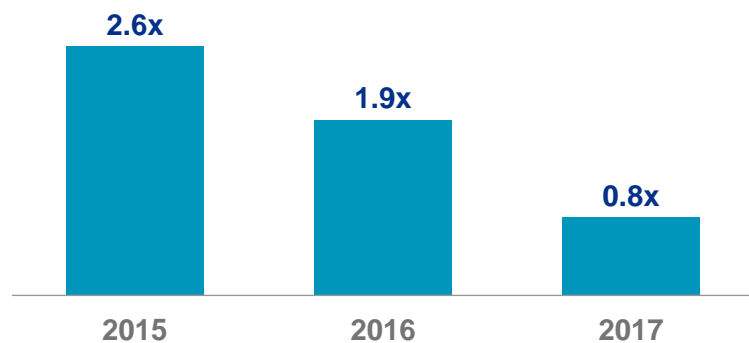
Downstream - crude oil throughput

k tons



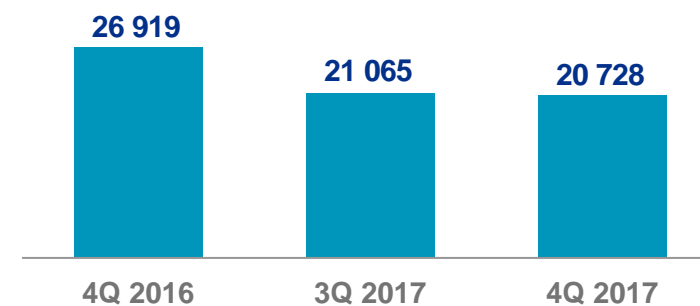
Net debt / LIFO EBITDA ⁽²⁾

m PLN



Upstream – daily hydrocarbons production ⁽³⁾

boe/d



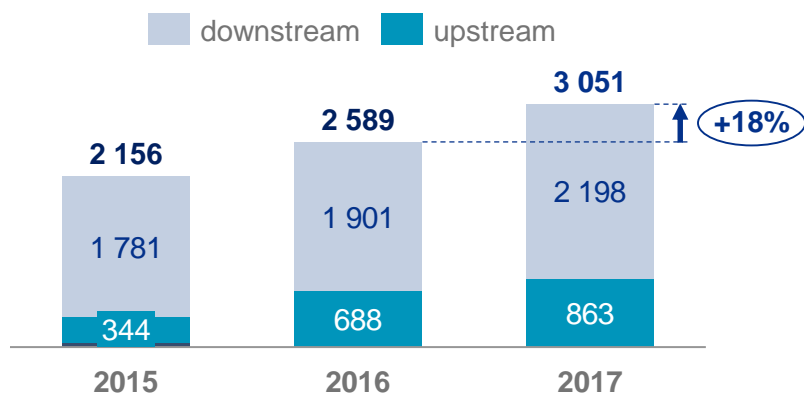
- (1) excluding one off items; segment results may not sum up due to consolidation adjustments
- (2) excluding one off items
- (3) barrels of oil equivalent (crude oil + natural gas); total production for the period / number of calendar days

Summary
2017 – Full year results



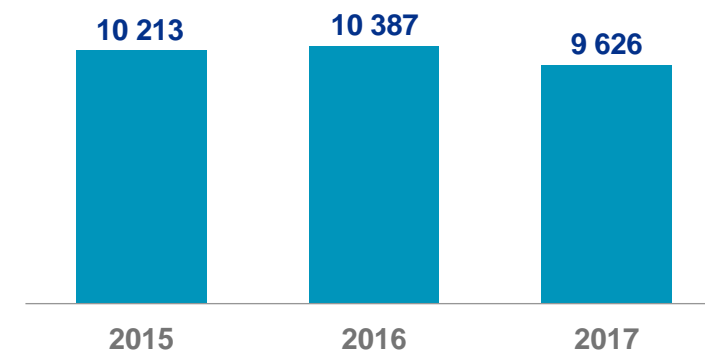
LIFO EBITDA ⁽¹⁾

m PLN



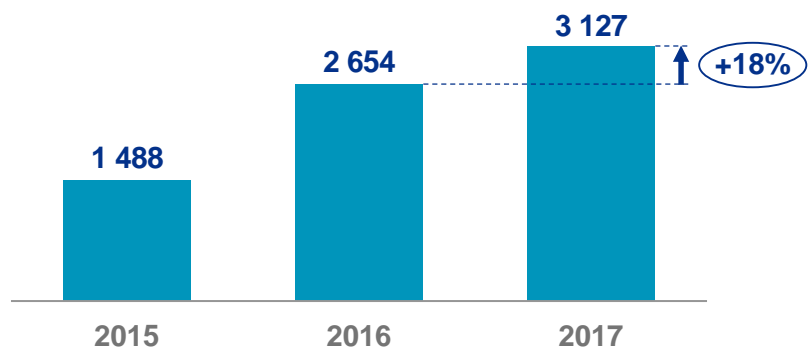
Downstream - crude oil throughput

k tons



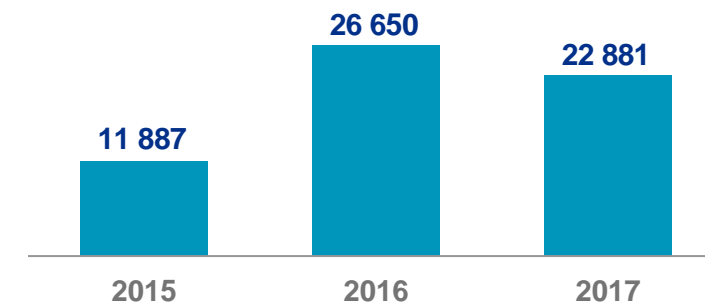
Operating cash flow

m PLN



Upstream – daily hydrocarbons production ⁽²⁾

boe/d



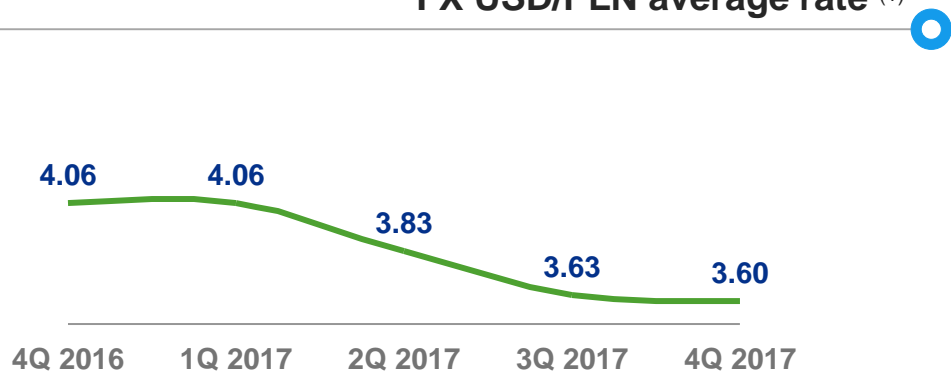
(1) excluding one off items; segment results may not sum up due to consolidation adjustments

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

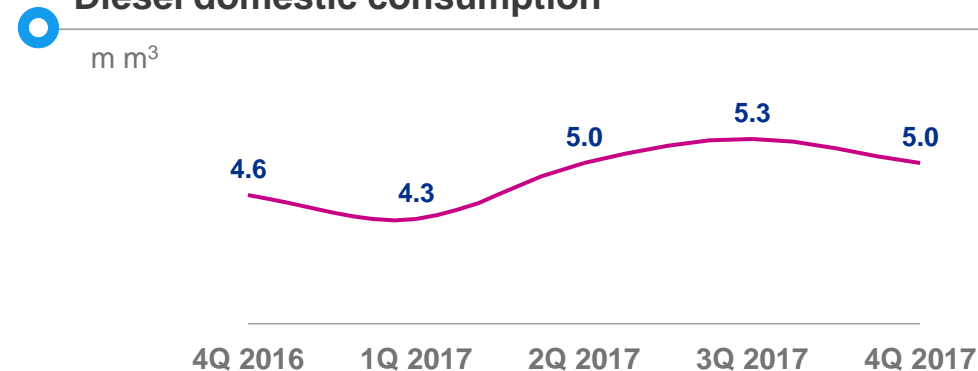


 **Macroeconomic environment**

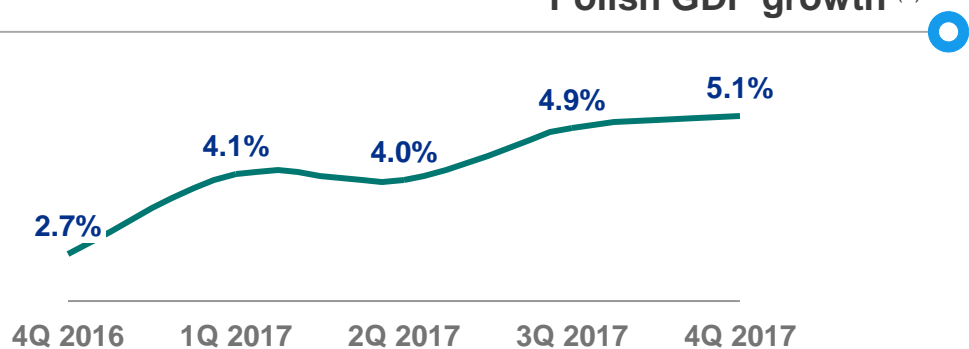
FX USD/PLN average rate ⁽¹⁾



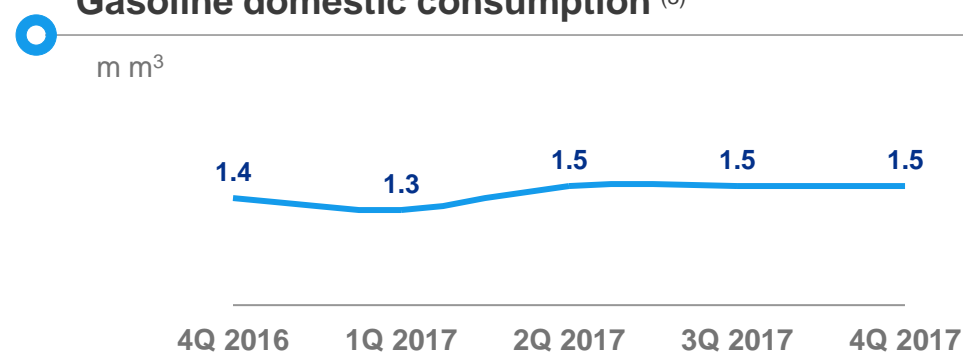
Diesel domestic consumption ⁽³⁾



Polish GDP growth ⁽²⁾



Gasoline domestic consumption ⁽³⁾



(1) Source : National Bank of Poland

(2) Source : GUS (Central Statistical Office)

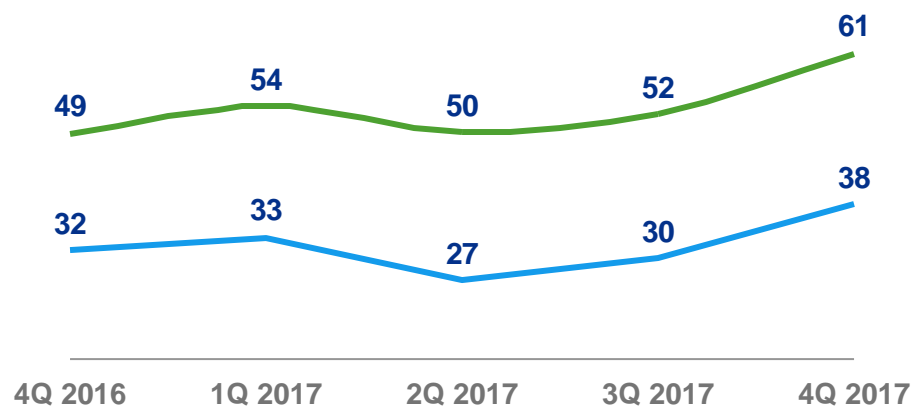
(3) Source : POPiHN – Polish Organisation for Oil Trade and Industry

Crude oil, natural gas and product crack spreads



Crude oil and nat gas prices

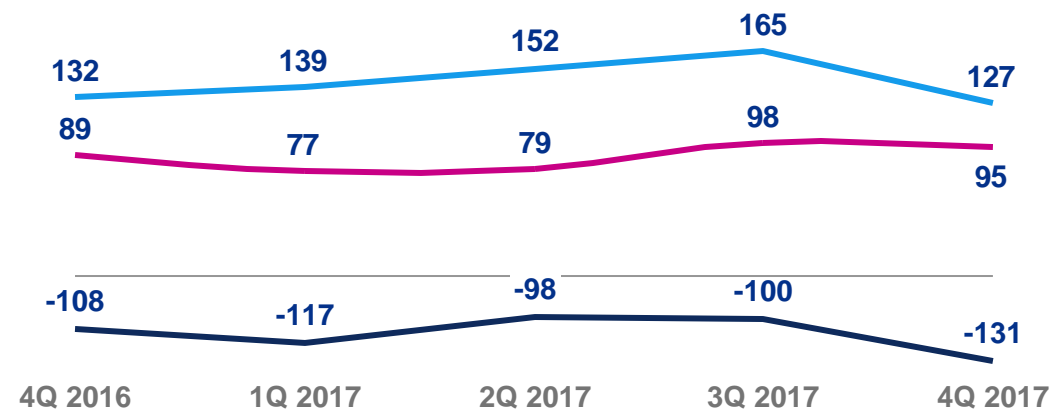
USD



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

Key product crack spreads ⁽²⁾

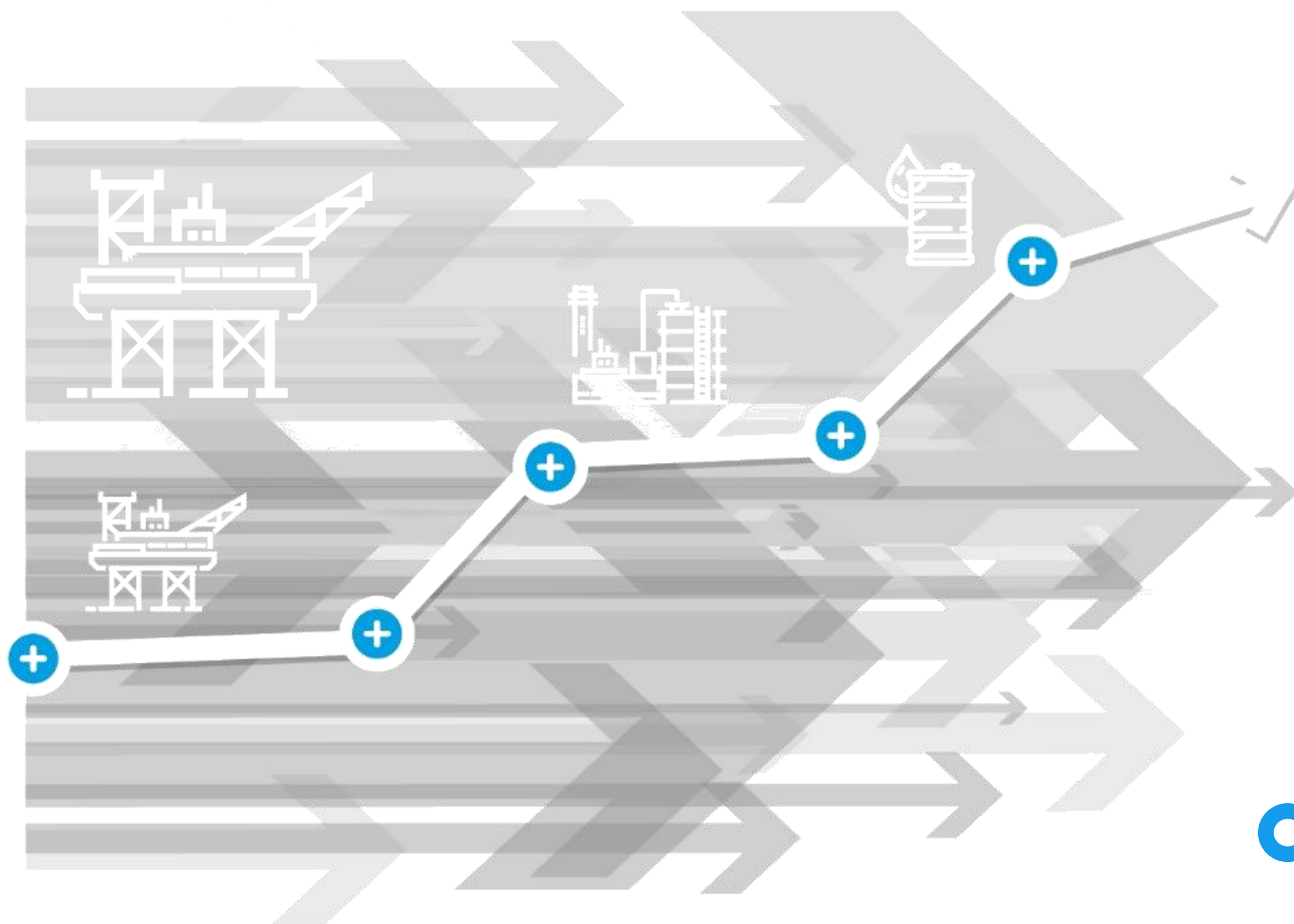
USD/t



— gasoline — diesel — HSFO

(1) Source : National Balancing Point

(2) Source : Thomson Reuters



Upstream

Producing fields – 2017 operational parameters



field	B3 Baltic Sea	B8 Baltic Sea	Sleipner North Sea	Heimdal North Sea	AB Geonafra Lithuania
2017 production ⁽¹⁾	2 106 boe/d	2 781 boe/d	13 465 boe/d	3 564 boe/d	968 boe/d
Δ vs 2016	- 19%	- 4%	-14%	-18 %	-12%
% of crude oil ⁽²⁾	92%	90%	27%	21%	100%
2P reserves ⁽³⁾	8.3m boe	36.9m boe	15.5m boe	2.7m boe	3.6m boe
lifting costs ⁽⁴⁾	ca. 29 USD/boe ⁽⁵⁾		ca. 9 USD/boe		ca. 13 USD/boe

(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 December 31 2017

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

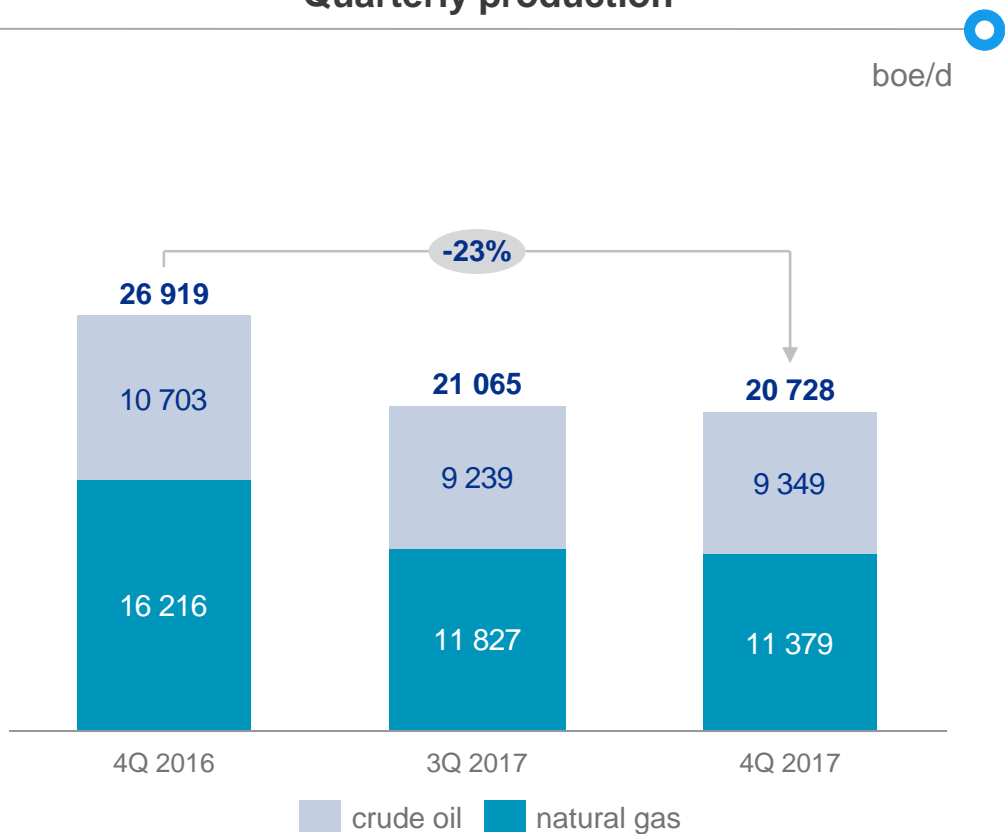
(5) including leasing costs of the temporary production platform located on the B8 field

Overall production and sales volumes



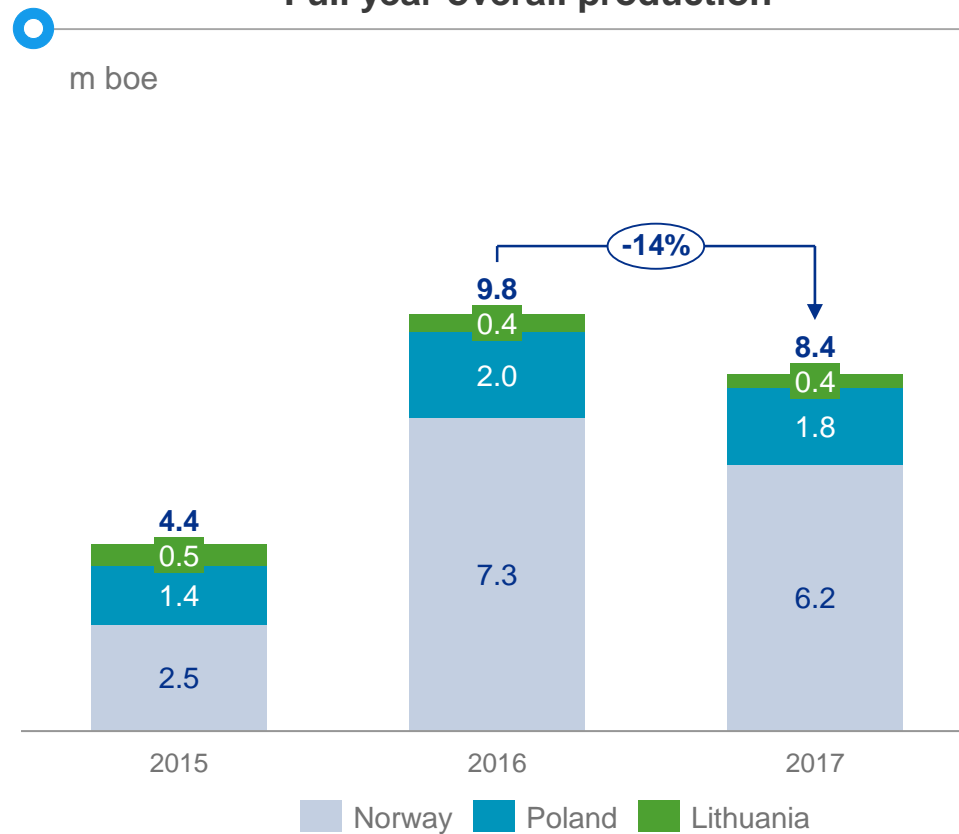
Quarterly production

boe/d



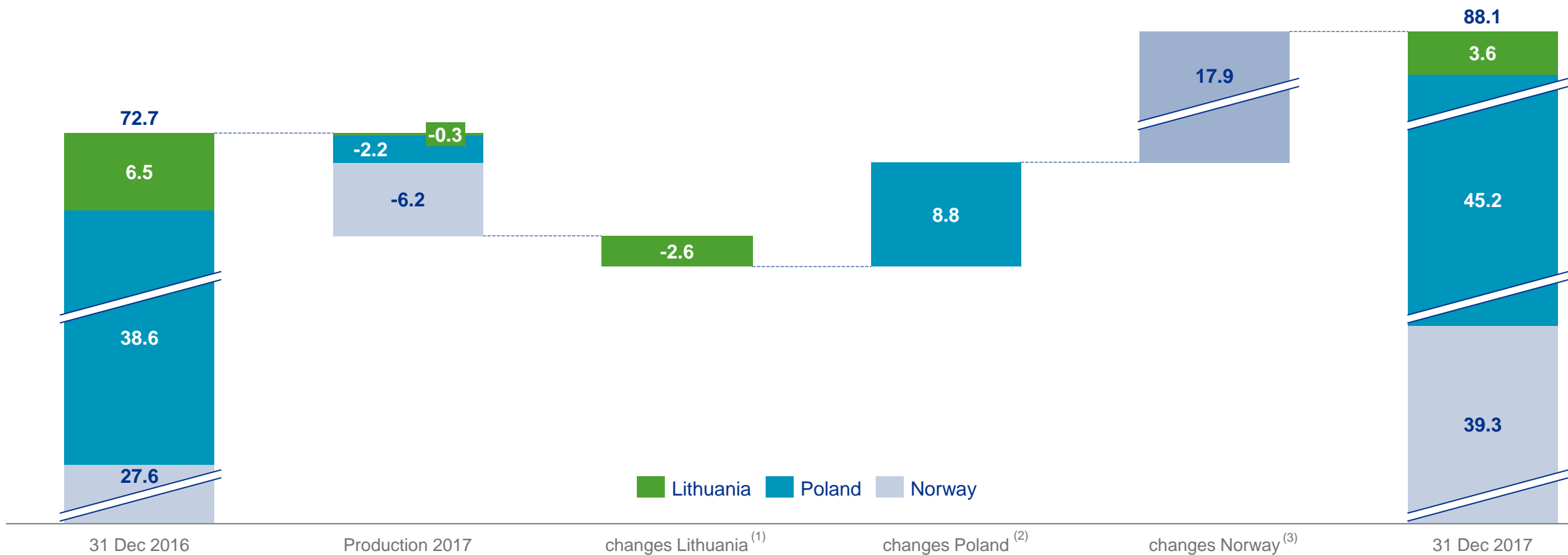
Full year overall production

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

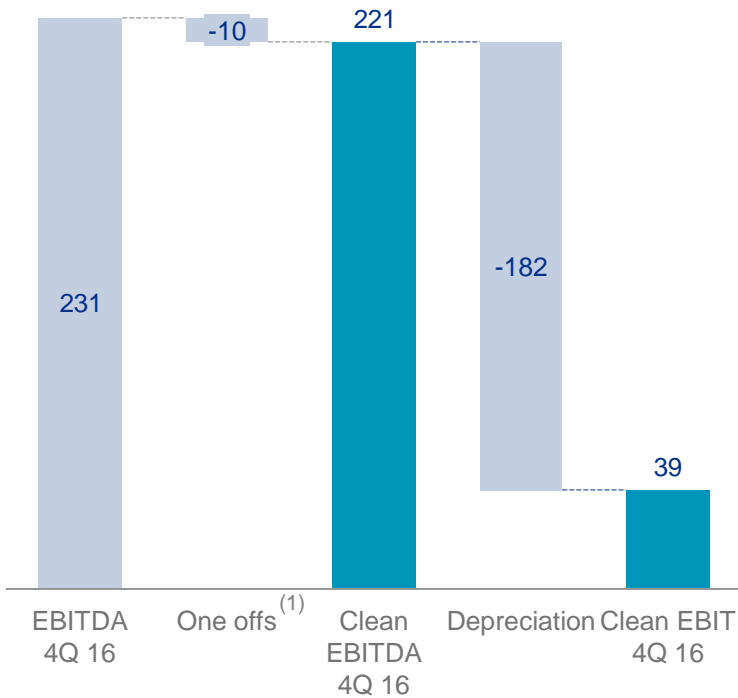
(3) +12.9 m boe as a result of YME PDO approval + 5.0m of additional Sleipner and Heimdal reserves identified

Upstream
Quarterly EBITDA evolution

4Q 2016

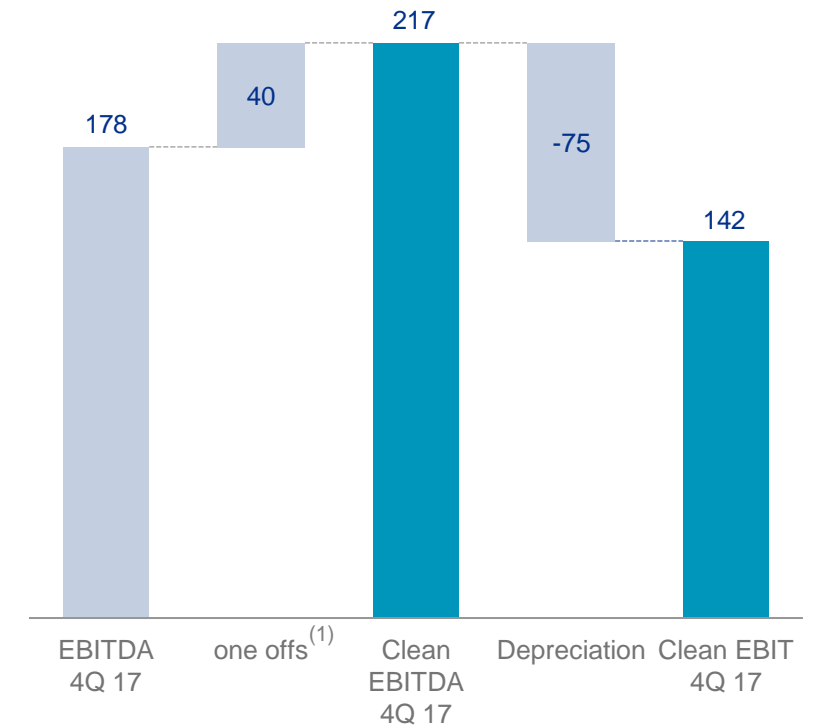
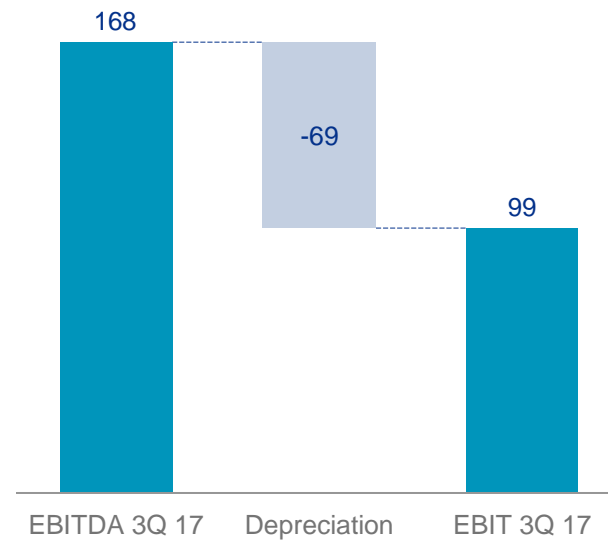


m PLN

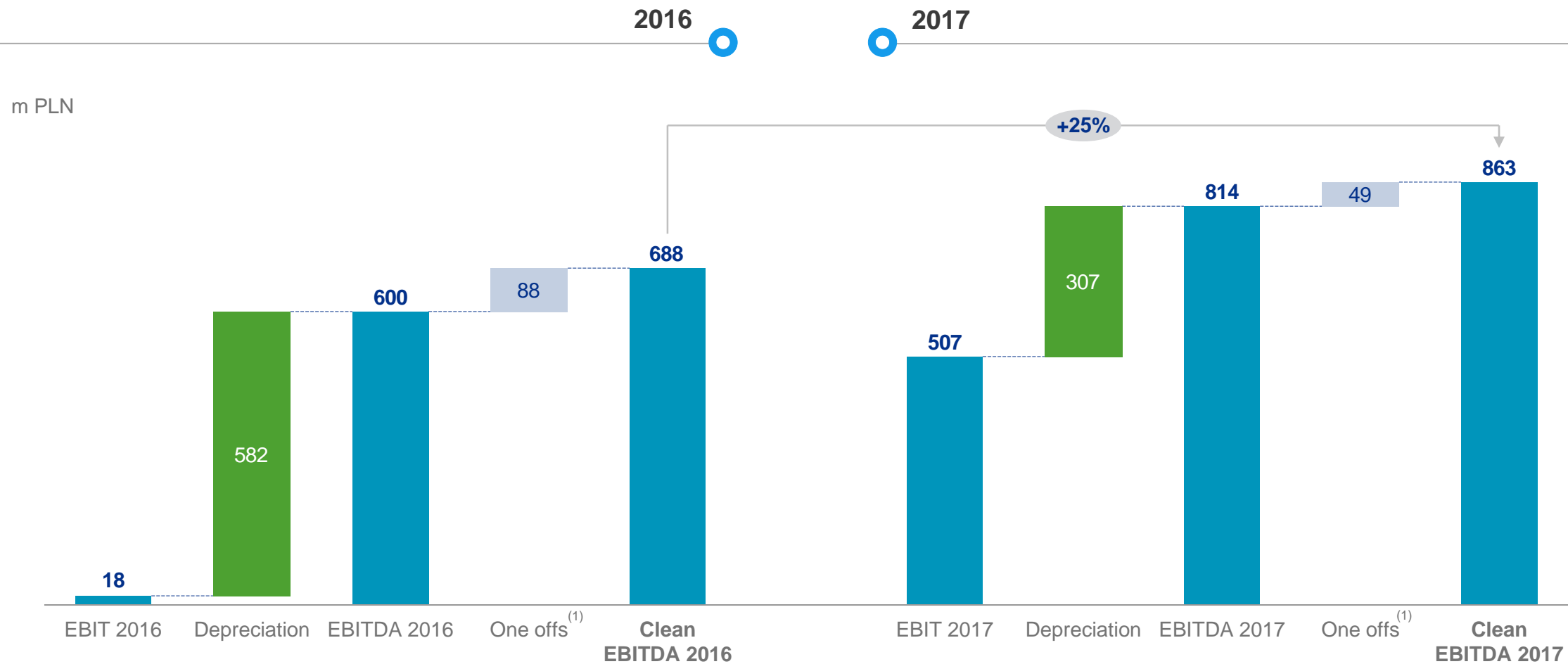


3Q 2017 ⁽²⁾

4Q 2017



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



(1) Balance of assets impairments and other revaluations

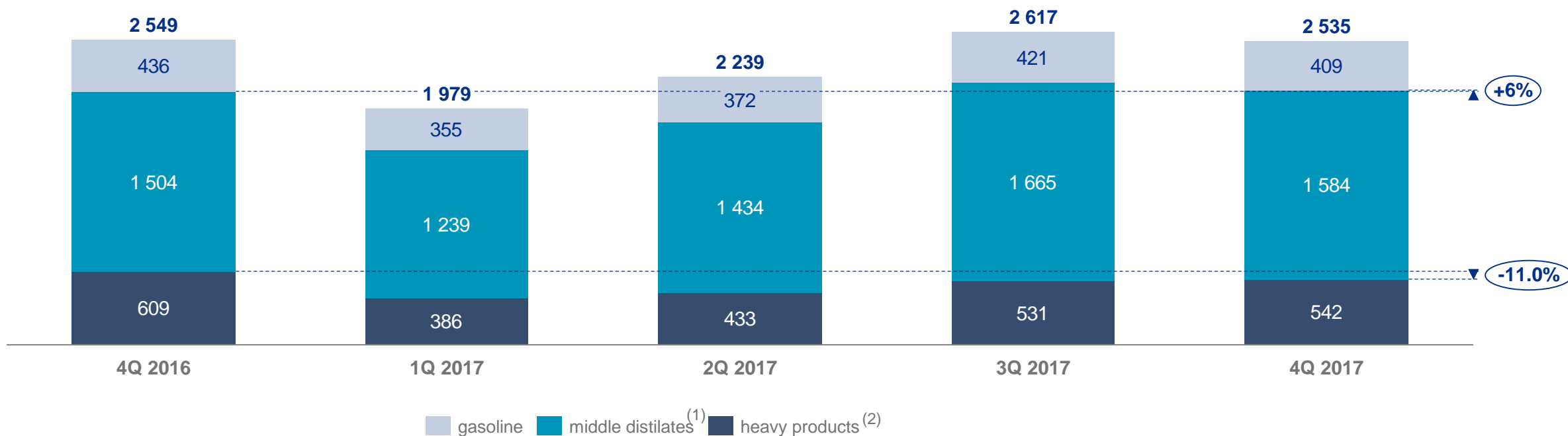


Downstream

Volume of sales of key refining products



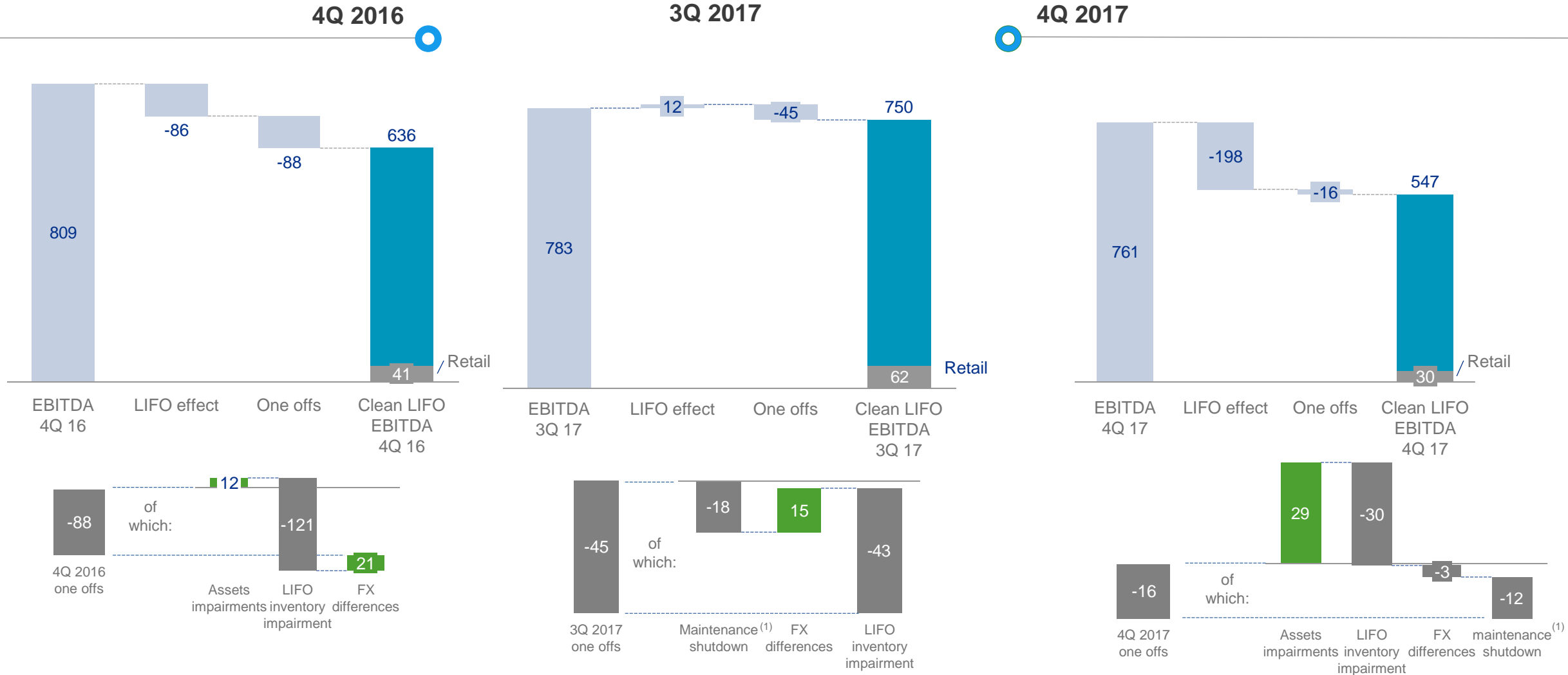
thousand tons



(1) middle distillates including : diesel, light heating oil and jet fuel
 (2) heavy products : heavy sulfur fuel oil and bitumens

Downstream

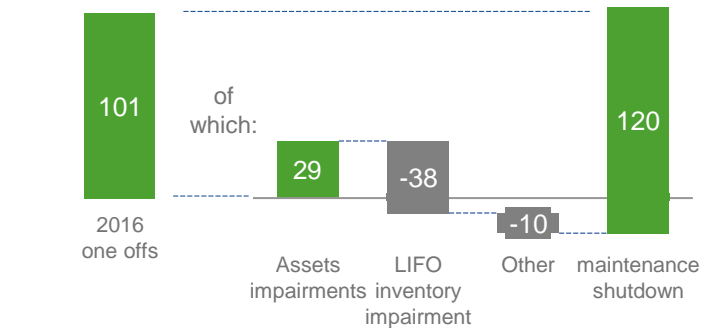
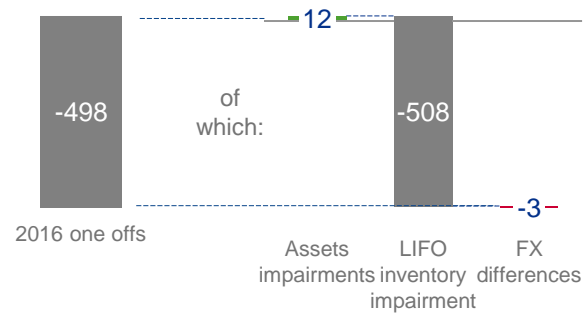
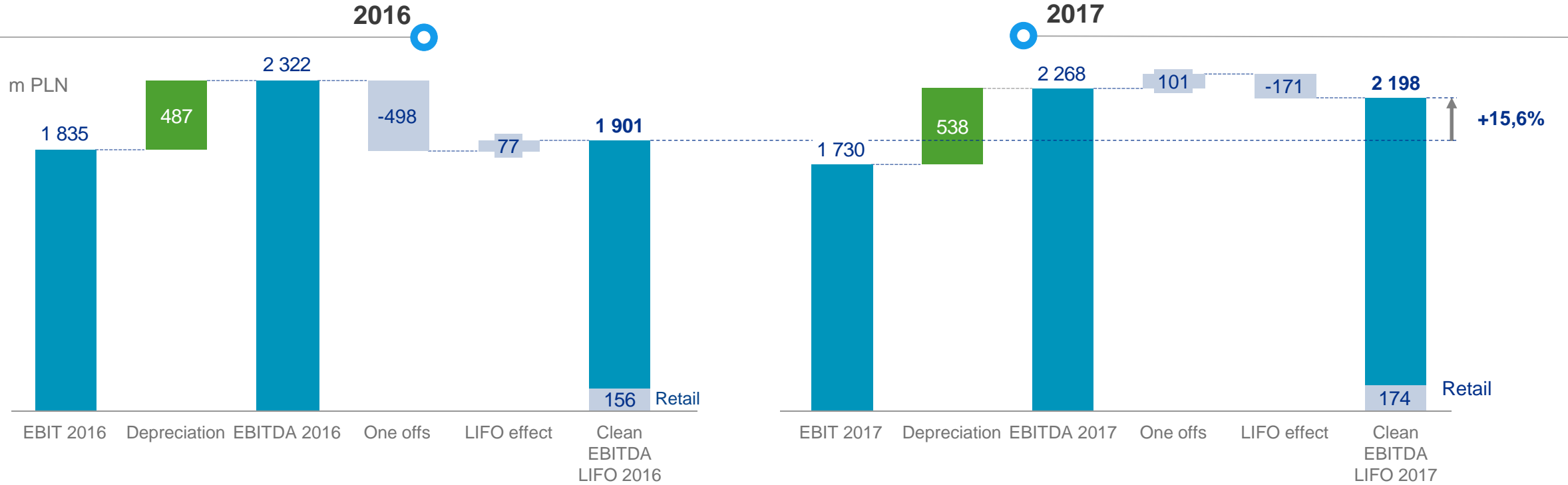
Quarterly downstream EBITDA evolution



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

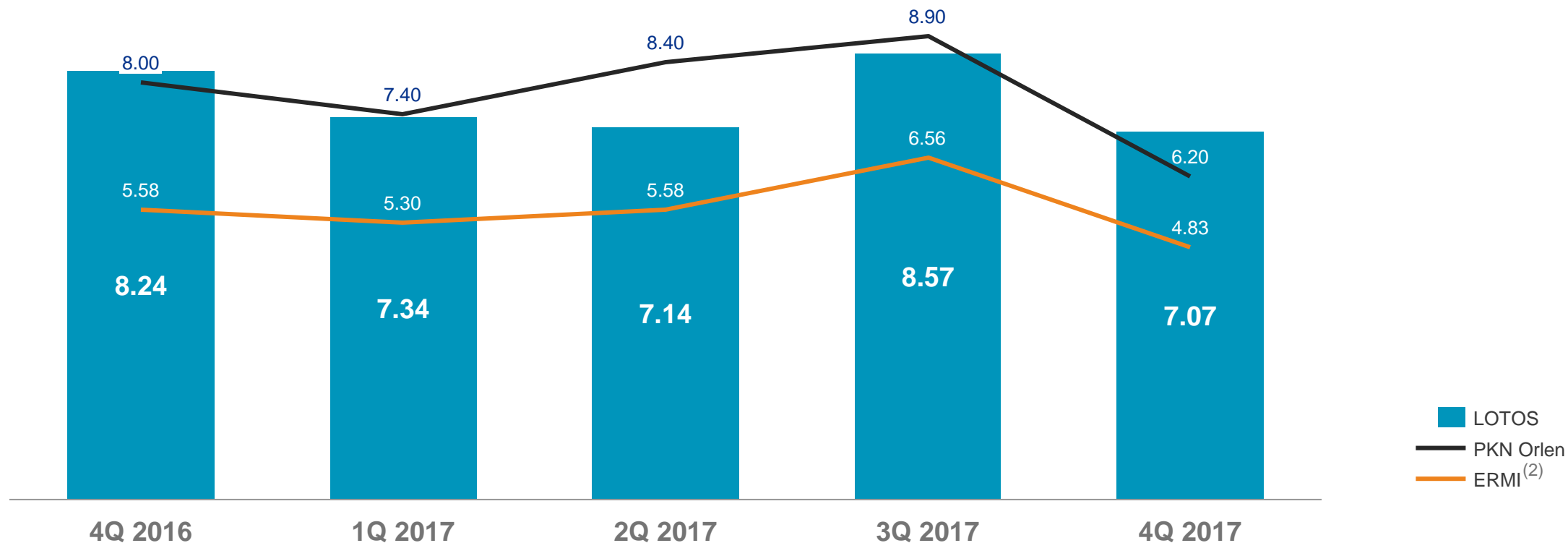
Downstream

Full year cumulative EBITDA evolution



Downstream

Model refining margin evolution (USD/bbl) ⁽¹⁾



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)

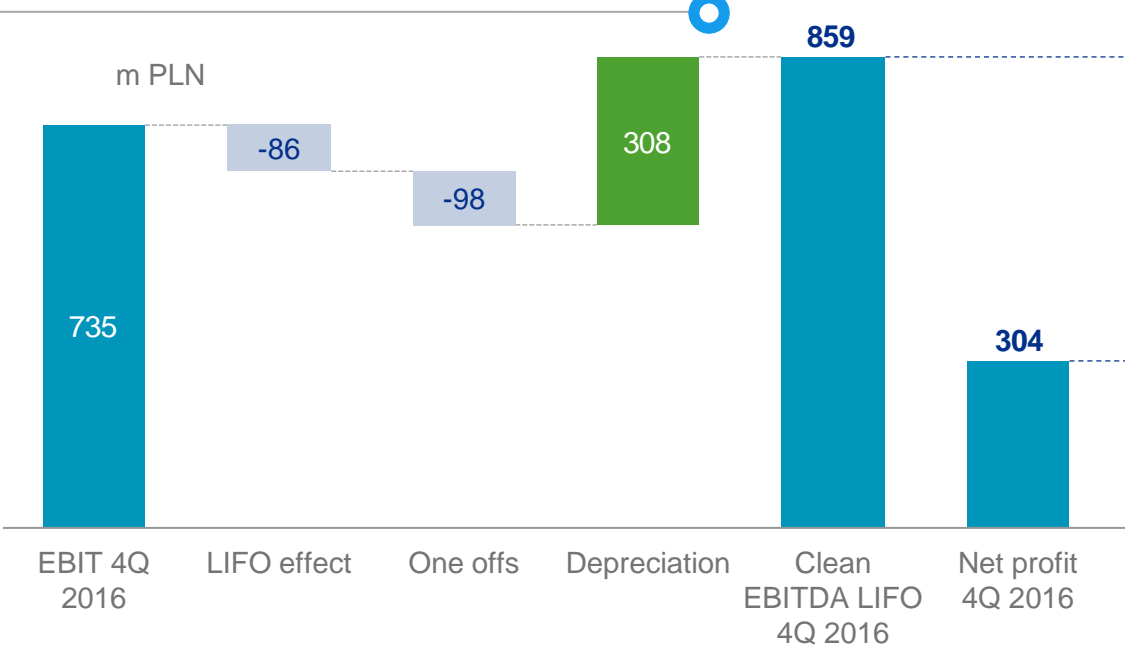
2) Total; European Refining Margin Indicator (ERMI) – indicator intended to represent the margin after variable costs for a hypothetical complex refinery located around Rotterdam in Northern Europe that processes a mix of crude oil and other inputs commonly supplied to this region to produce and market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



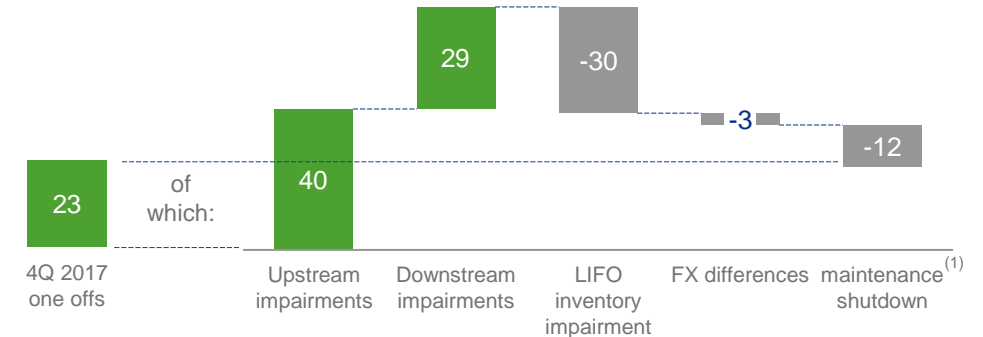
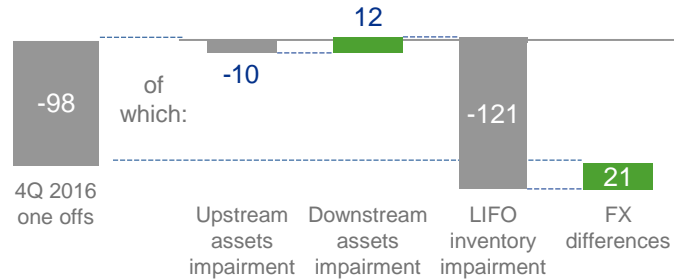
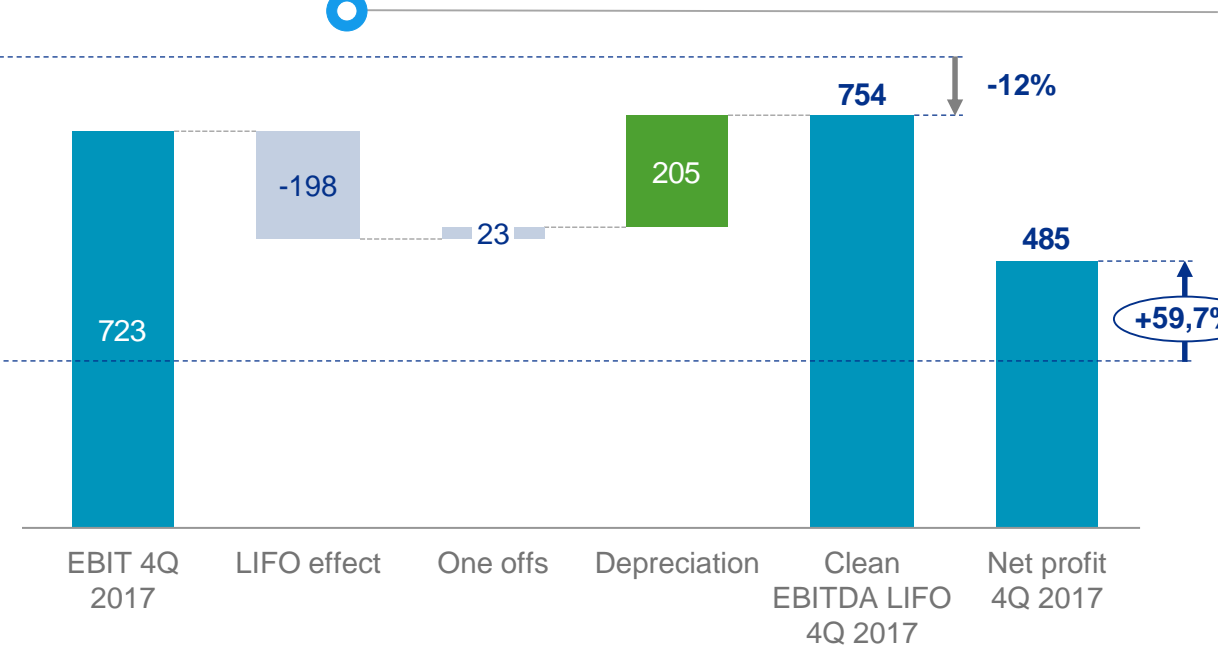
Consolidated financial results

Consolidated financial results
Quarterly results evolution

4Q 2016

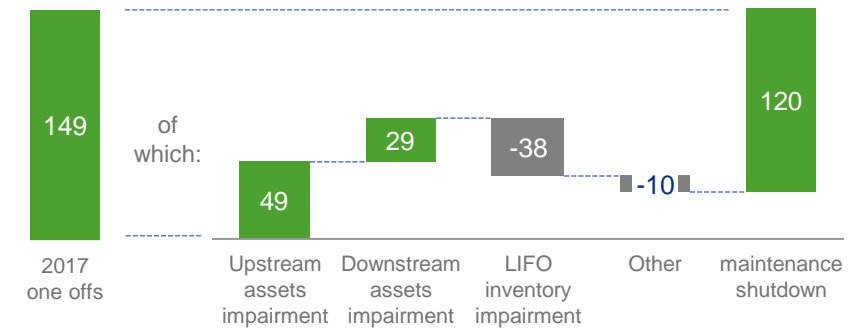
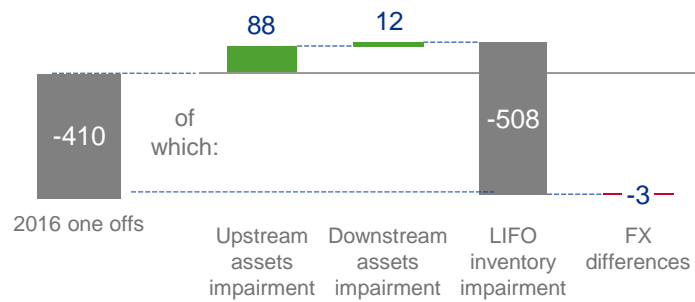
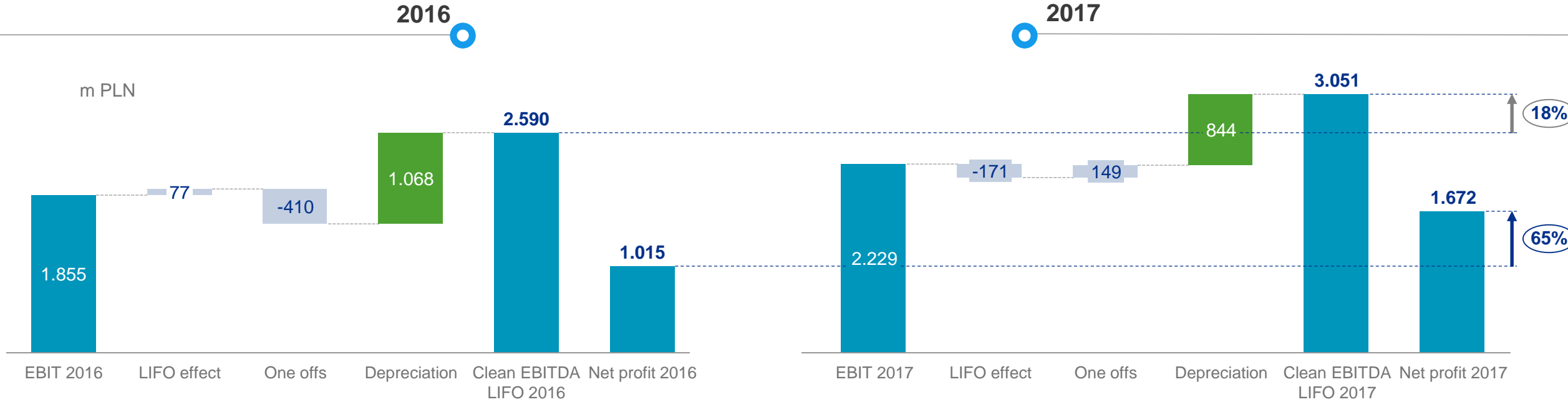


4Q 2017



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

Consolidated financial results
Cumulative 2017 results evolution



Consolidated financial results
Operating cash flows vs CAPEX

Quarterly

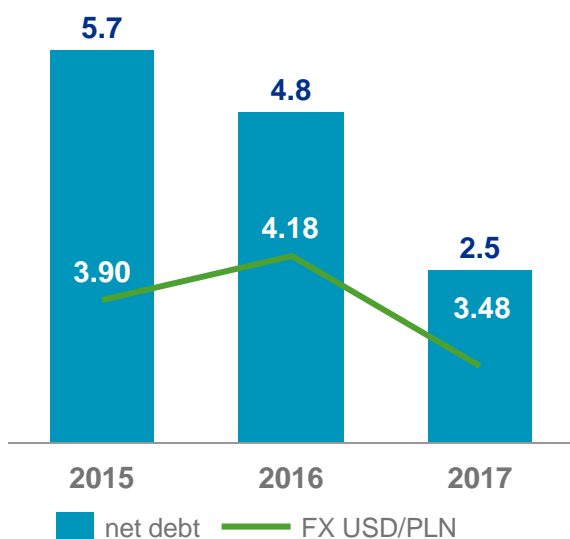
2017

m PLN

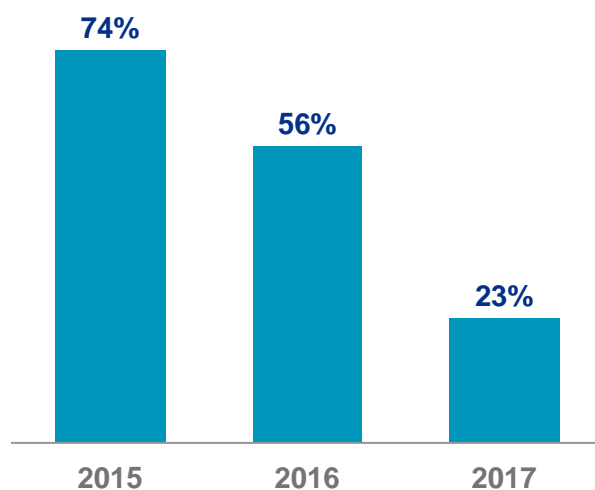


Net debt ⁽¹⁾

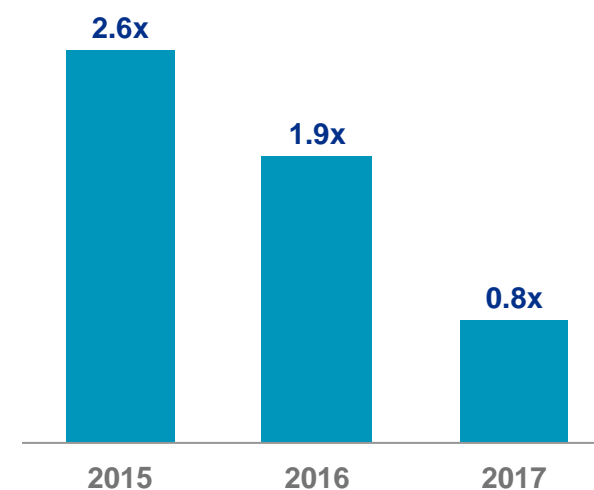
bn PLN



Gearing ratio ⁽²⁾



Net debt / clean LIFO EBITDA ⁽³⁾



- Net debt figures include: interest bearing loans and borrowings, finance lease and bonds less cash&cash equivalents
- The current net debt/EBITDA ratio at 0.8x

(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.



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