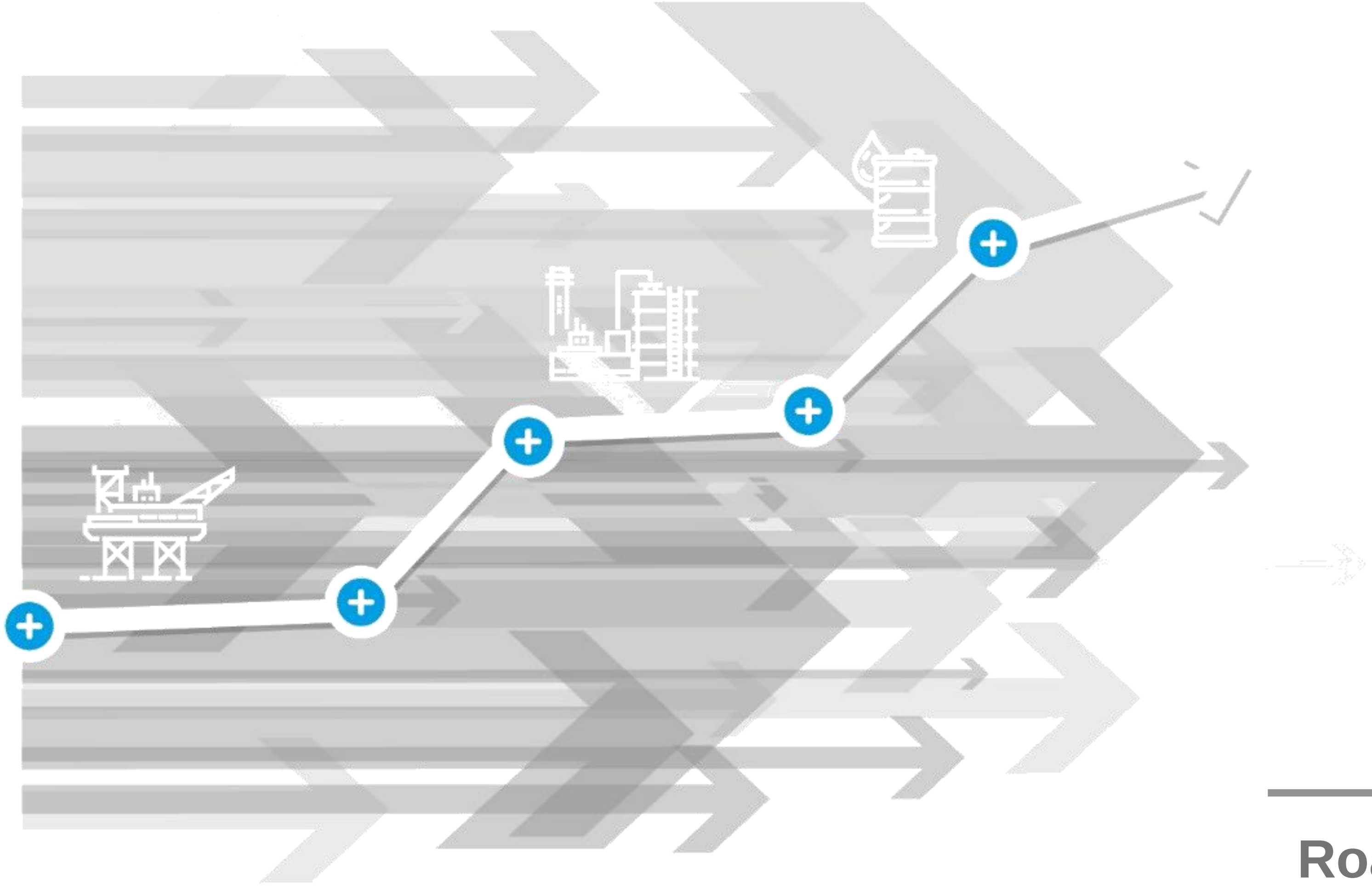
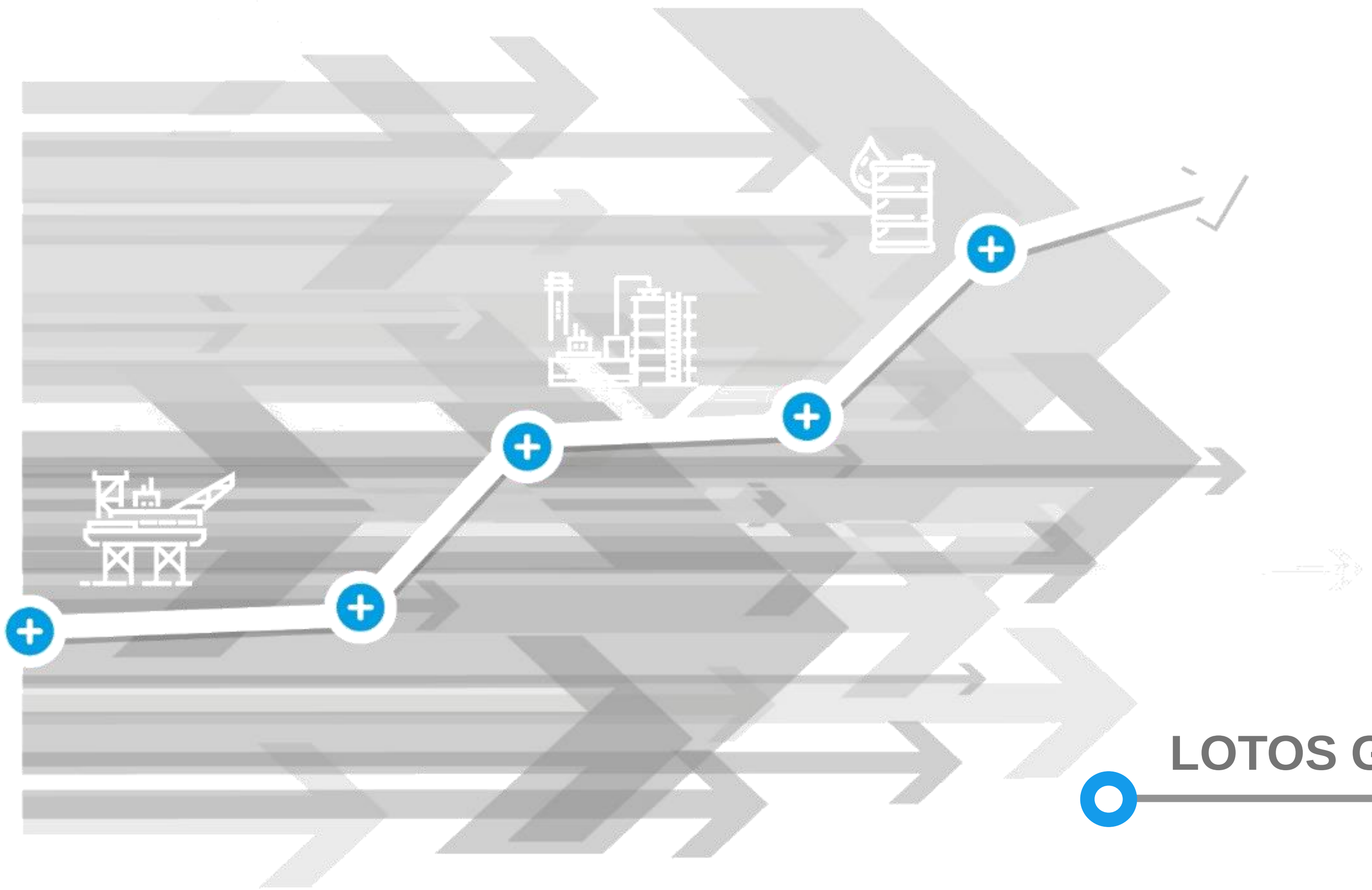


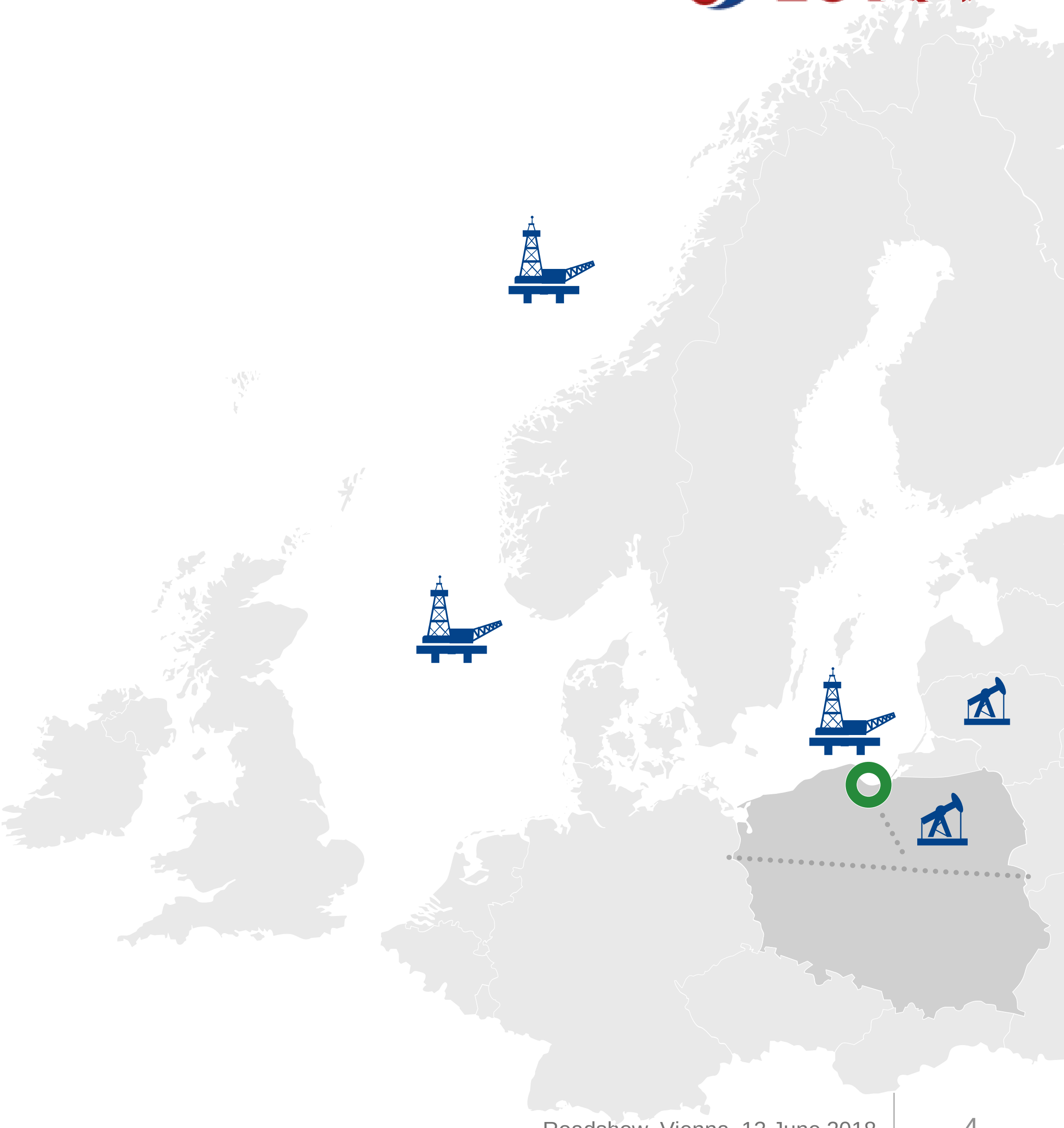
Roadshow – corporate presentation

Vienna, 13 June, 2018



LOTOS Group today

Upstream competitive advantages



Low risk profile of upstream activity: organic growth and selective acquisitions

- Expanding Norwegian Continental Shelf upstream position basing on acquired E&P diversified assets portfolio
- Risk mitigation by cooperating with top ranked international players : Statoil, Aker-BP

3 countries of operation:

- Poland and Norway offshore,
- Lithuania on-shore

92 m boe:

- of 2P oil & gas reserves as of Mar 31st

(1) Barrels of oil equivalent – crude oil + natural gas

Upstream producing assets overview

B8
Baltic Sea

Reserves[1] **36,7** mmboe
Production[2] **2,6** kboe/d

B3
Baltic Sea

Reserves[1] **14,1** mmboe
Production[2] **1,8** kboe/d

Sleipner
North Sea

Reserves[1] **14,3** mmboe
Production[2] **13,8** kboe/d

Heimdal
North Sea

Reserves[1] **2,4** mmboe
Production[2] **2,9** kboe/d

Onshore fields
Lithuania

Reserves[1] **3,5** mmboe
Production[2] **0,8** kboe/d

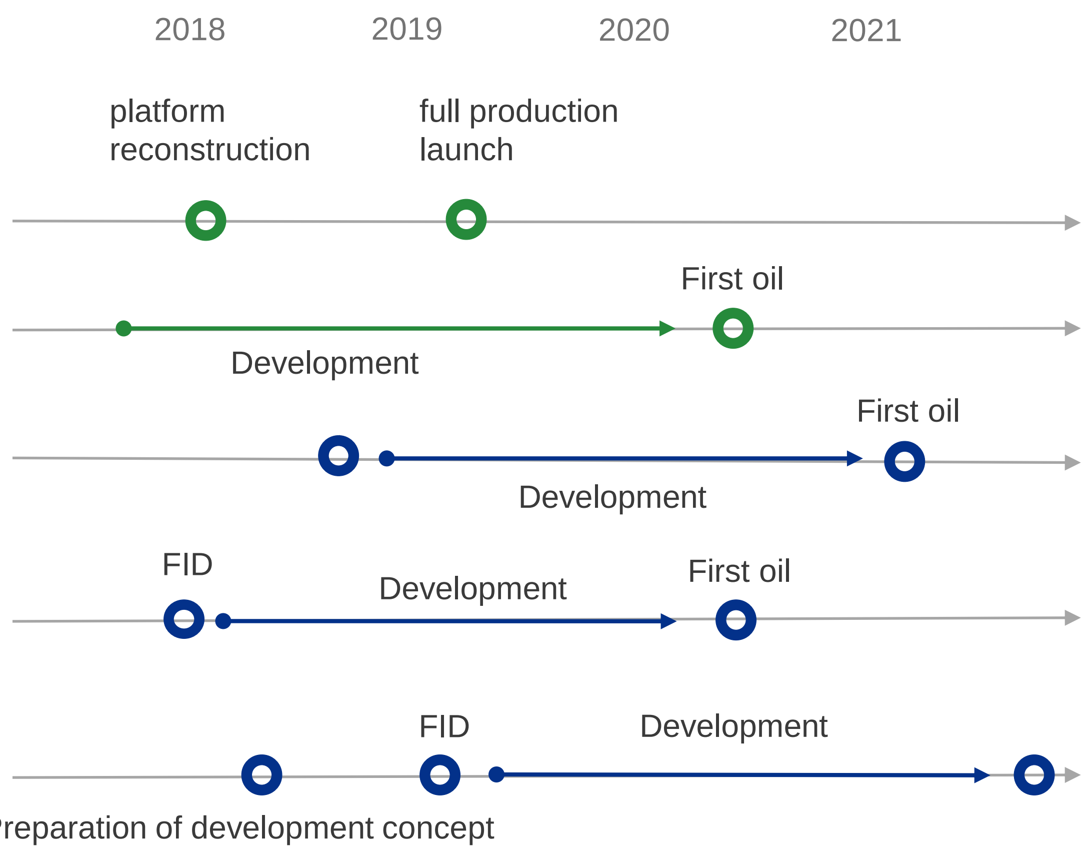
Lifting costs Poland: **29** USD/boe [3]

Lifting costs Norway: **9** USD/boe [3]

Lifting costs Lithuania: **13** USD/boe [3]

(1) 2P Reserves as of 31.03.2018
(2) Average daily production for 1Q 2018
(3) Average lifting costs for FY2017

Upstream projects – schedule and economics [(1)]



field	Reserves m boe [(2)]	Production target k boe/d [(3)]
B8	28.0	5.0
Utgard	8.1	4.0
B4/B6	17.9	4.3
Yme	12.9	4.9
Frigg Gamma Delta and Langfjellet	10.7	4.0

after FID   before FID

(1) as per LOTOS stake
(2) planned amount of future CAPEX on the project, exclusive of historical CAPEX.
(3) future EBITDA and output figures are estimates based on average annual amounts for the first five years of production from the field
(4) target production is an estimate based on average annual volumes for the first five years of production from the field

Downstream competitive advantages

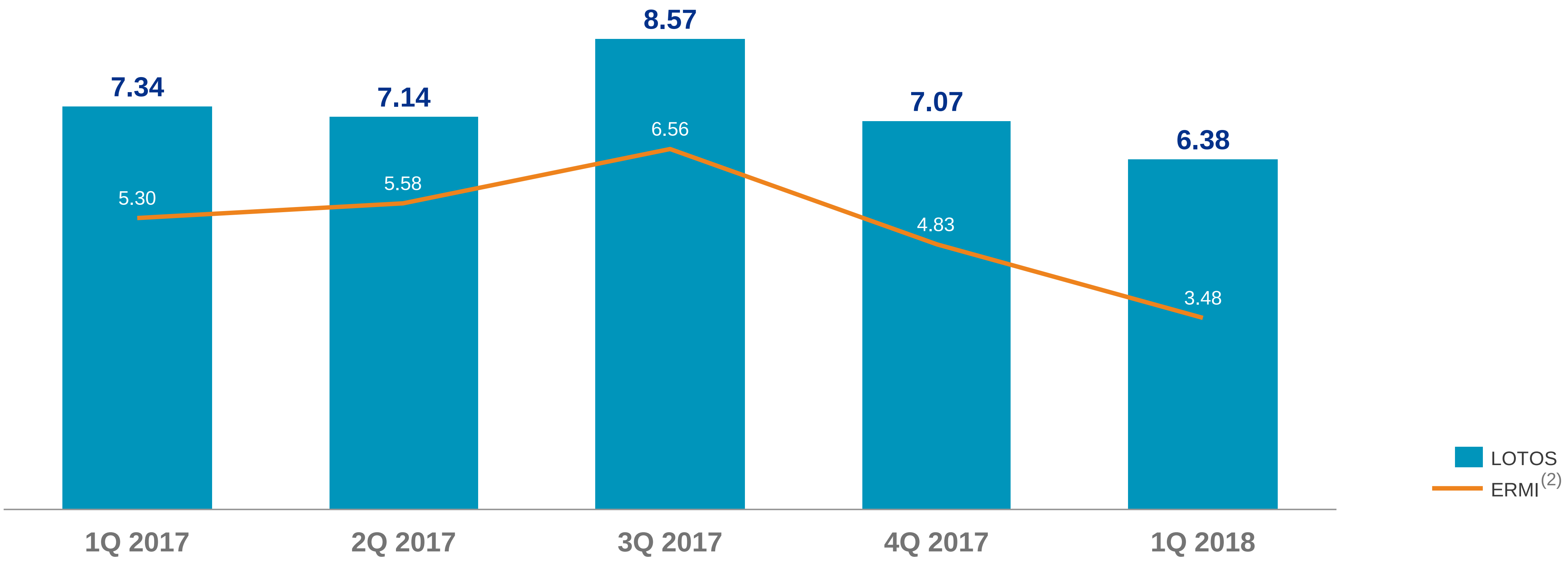
One of the most technically advanced refineries in Europe with advantageous logistics

- **Processing capacity** at the level of 10.5 mtpa (210 k barrels/day)
- Solomon **Complexity Index** of 9.5 (expected 10.6 post EFRA Programme completion)
- Advantageous **seaside location** and above 30% share in domestic wholesale market
- **Flexibility** of crude oil type used in the refinery
- Environmental friendly (based on nat gas)
- **EFRA Programme** to give additional c. 2 USD/bbl of additional refining margin - replacing HSFO with additional value generating fuels, beginning with 2019

Retail

- Further optimization of **countrywide network** of 492 petrol stations,

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*

Downstream – additional value through EFRA programme expected benefits

The goal of this project is to

PLN 2.3 bn

this sum will be invested by Lotos in the EFRA complex project, designed to make the Gdańsk refinery the most advanced facility of this type in the world

and produce

2 USD per barrel(1)

increase the margin of processed oil

900 thousand tonnes

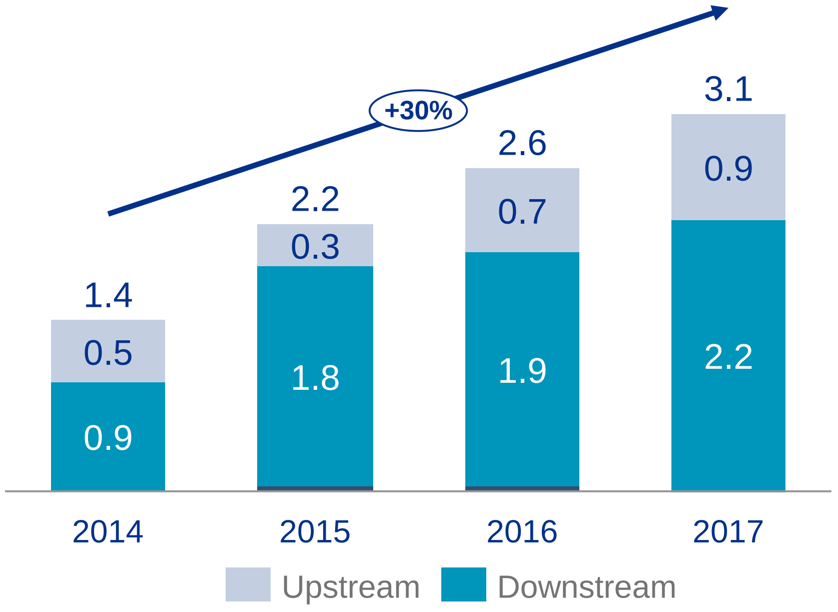
of additional high-margin products per year (primarily diesel oil and aviation fuel).

(1) Annual throughput capacity of the refinery: ~75 m barrels

Managing to significantly improve EBITDA despite volatile business environment

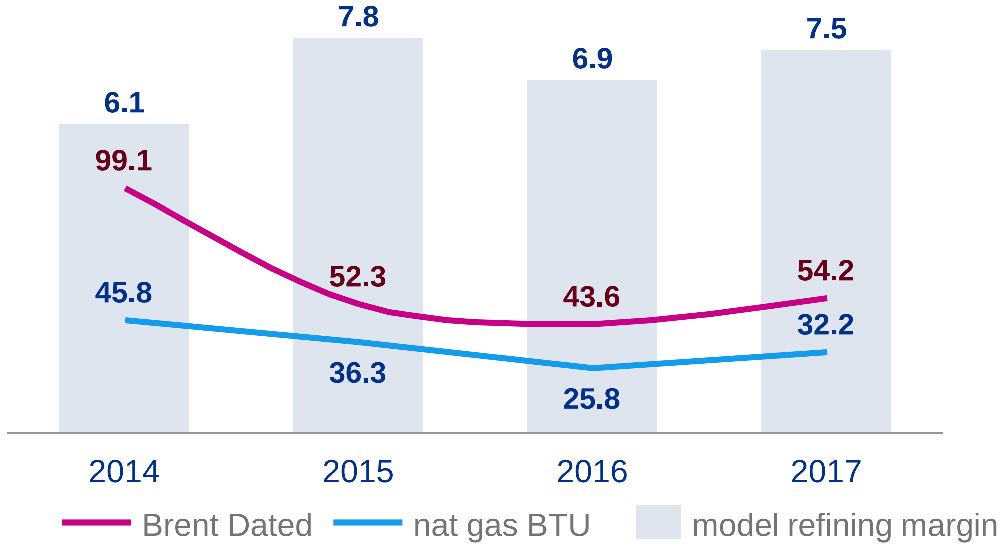
EBITDA LIFO[1]

PLN bn



Business environment

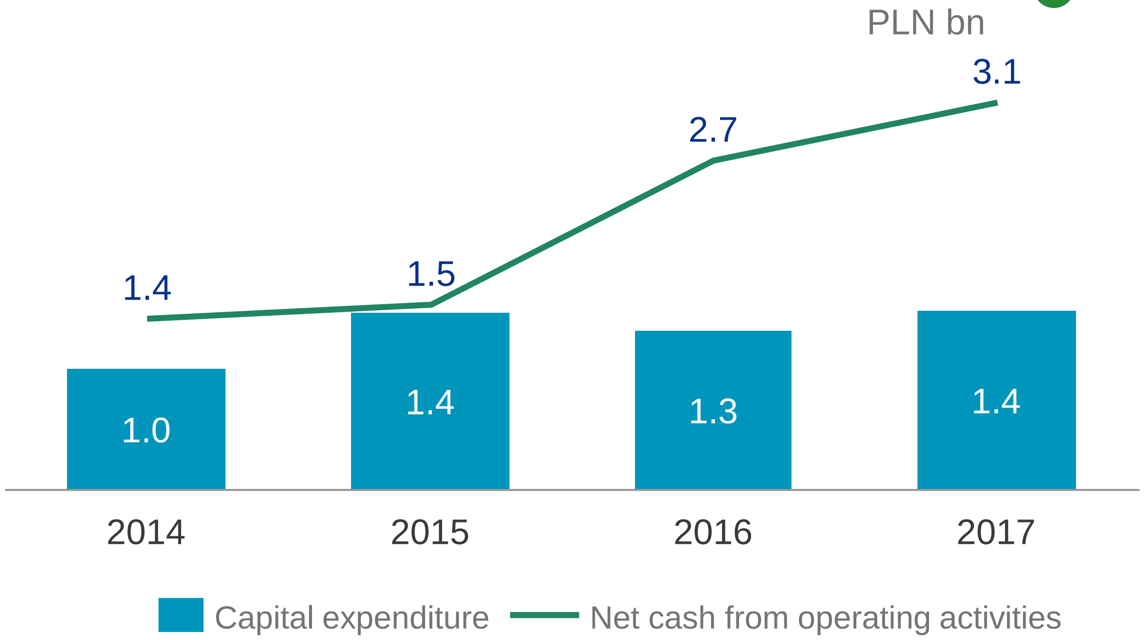
USD/boe



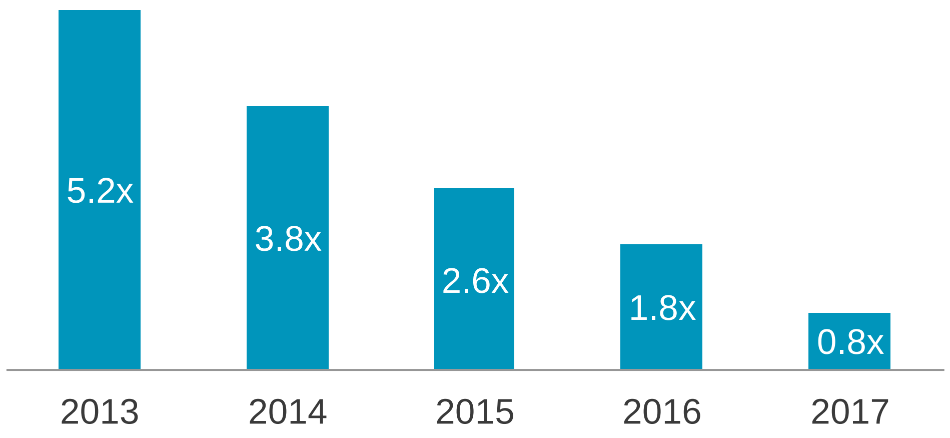
(1) net of one-off items

Sound cash generation, covering investments and improving debt situation

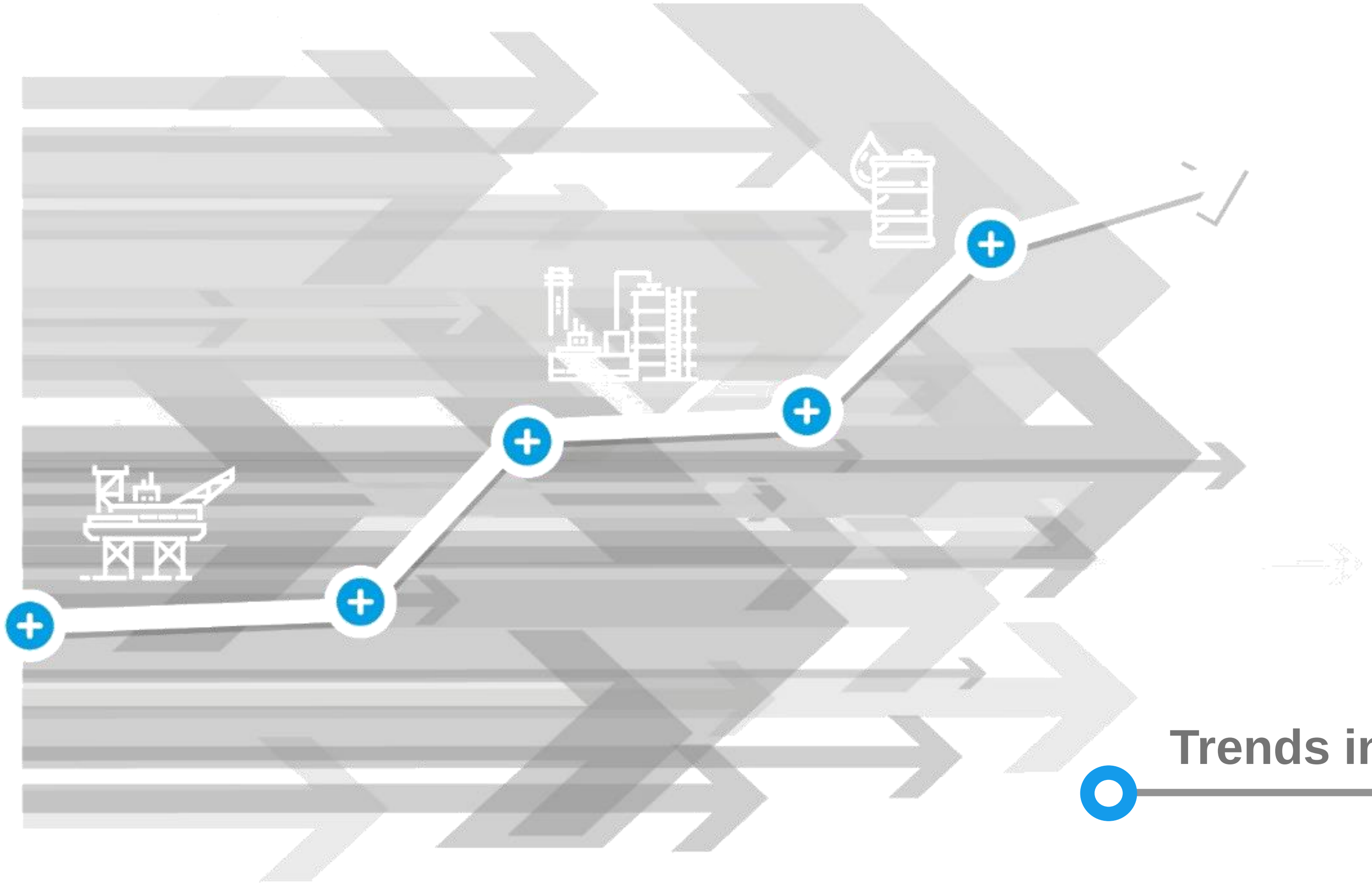
Operating CF and CAPEX(1)



Net debt/EBITDA LIFO(2)



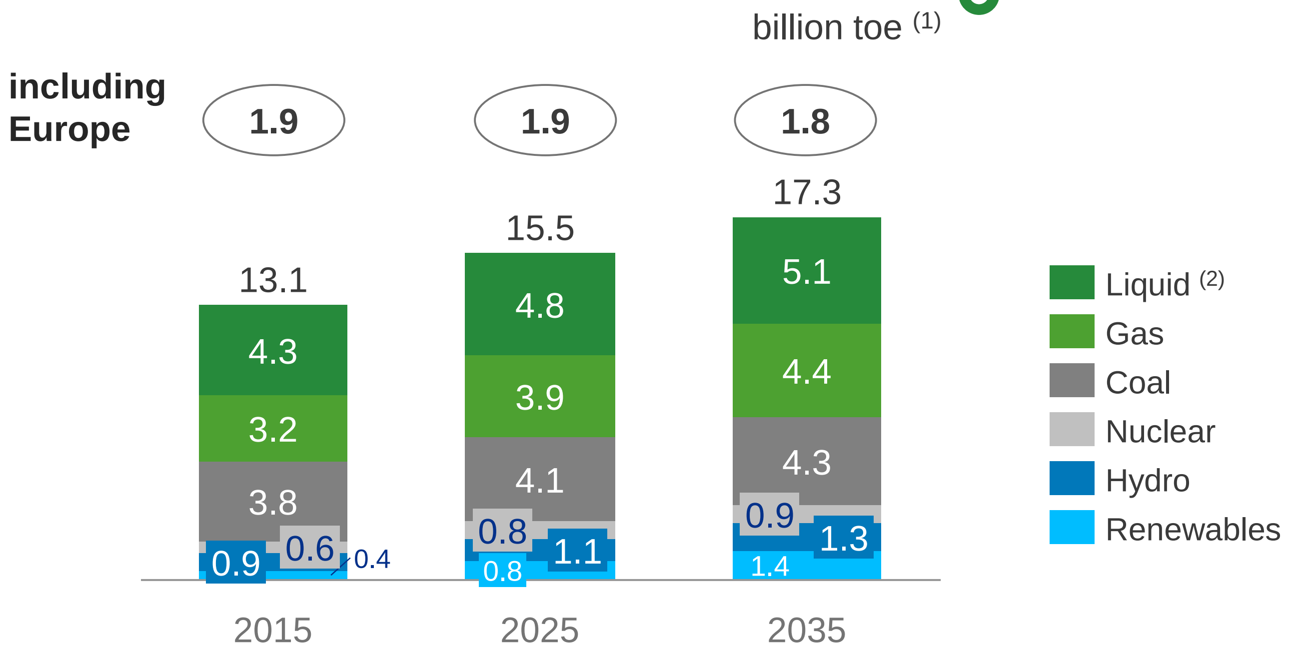
(1) borrowings, other debt instruments and finance lease liabilities less cash and cash equivalents
(2) net of one off items



Trends in the oil & gas market 2017 – 2022

Liquid fuels and natural gas remain important sources of energy despite dynamic growth of renewables

Global consumption of primary energy



Key trends

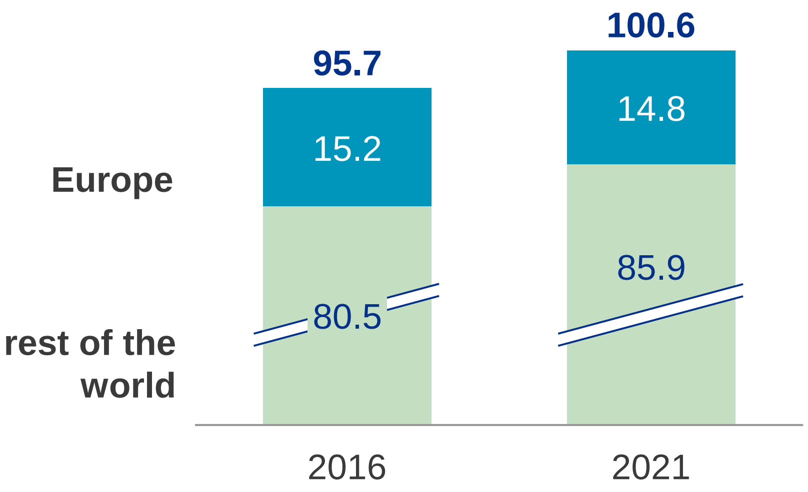
- **Increase in global demand** for energy due to rising per capita GDP and growing population in non-OECD countries
- **Demand for liquid and gaseous fuels to remain steady,** e.g. thanks to strong development of transport in non-OECD countries
- Rapidly **growing share of renewables** in the energy mix

(1) tons of oil equivalent (2) biofuels included
Source: Grupa LOTOS, Base case, BP Energy Outlook 2035

Deficit of middle distillates with a concurrent oversupply of gasolin

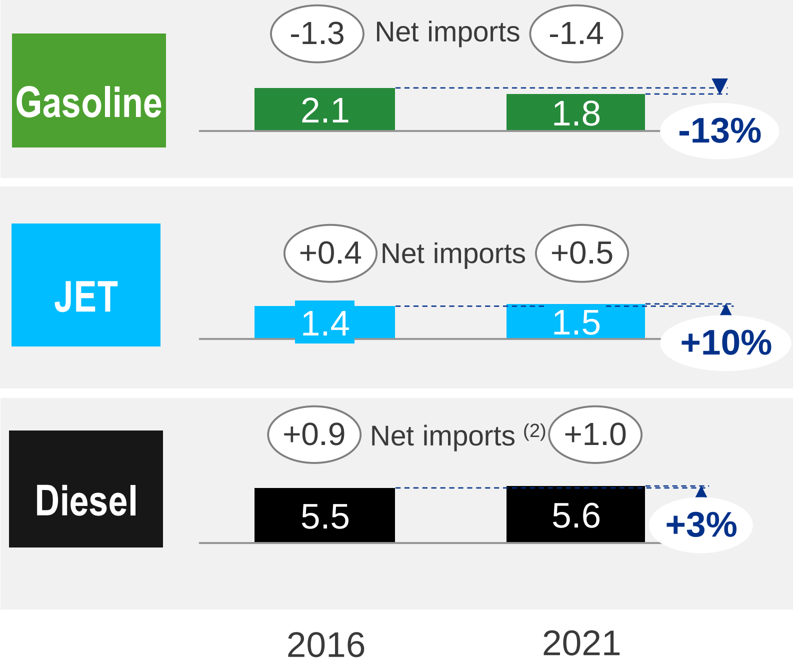
Global demand for refining products [1]

mboe/d



Europe: demand for key products and international balance

mboe/d



- 13% **drop in demand**
- **Increase in exports** of gasoline to 1.4 mboe/d

- 10% **growth in demand**
- **Imports of** aviation fuel [3] and kerosene up to 0.5 mboe/d

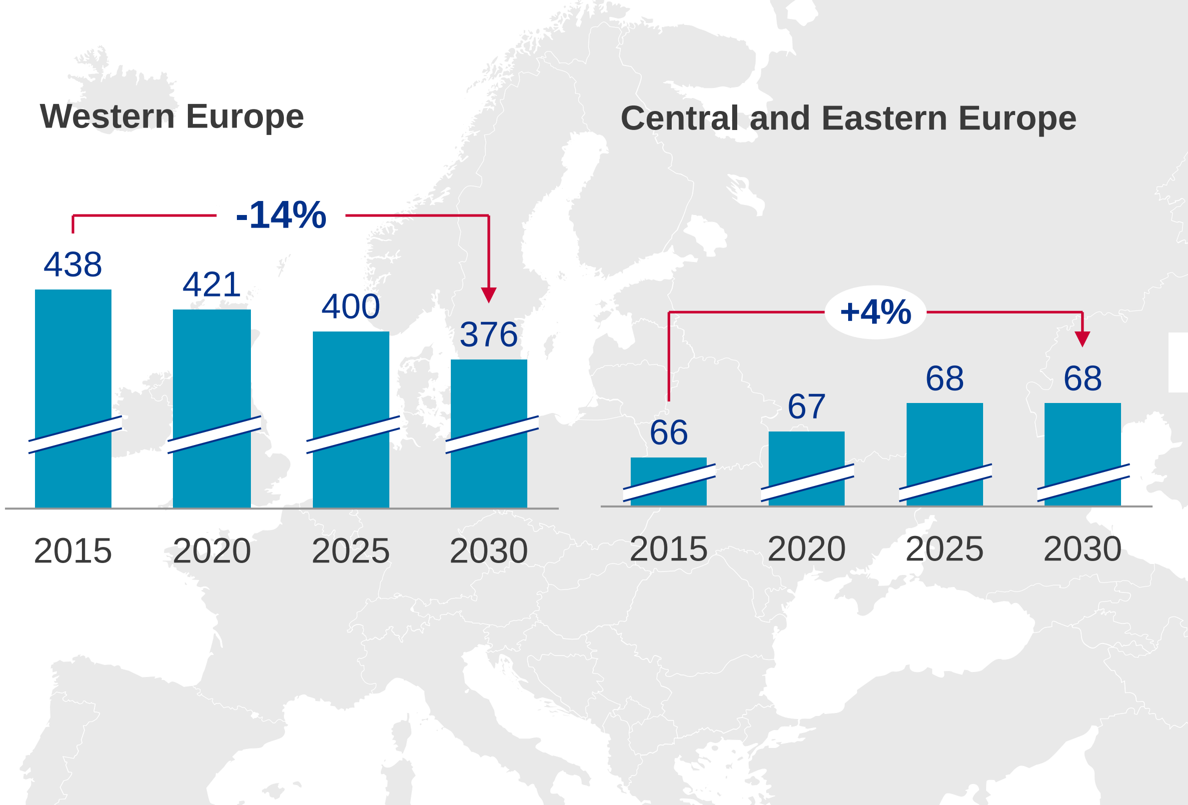
- 3% **growth in demand**
- **Imports of** diesel and light fuel oil up to 1.0 mboe/d

(1) gasoline, naphtha, diesel, light fuel oil, JET, heavy fuel oil and other
(2) including light fuel oil (3) including kerosene
Source: JBC Energy SuDeP

Regional demand for key fuel products is not forecasted to drop

Forecasted demand for main transport fuels

gasoline, diesel, light fuel oil, aviation fuel (m tonnes)



Key conclusions

- Continued growth of CEE economies implies further increase in fuel consumption, ultimately to Western European levels
- Fuel efficiency measures will only reduce the rate of growth in CEE
- The still growing CEE market is considered more promising for fuel producers in the coming years

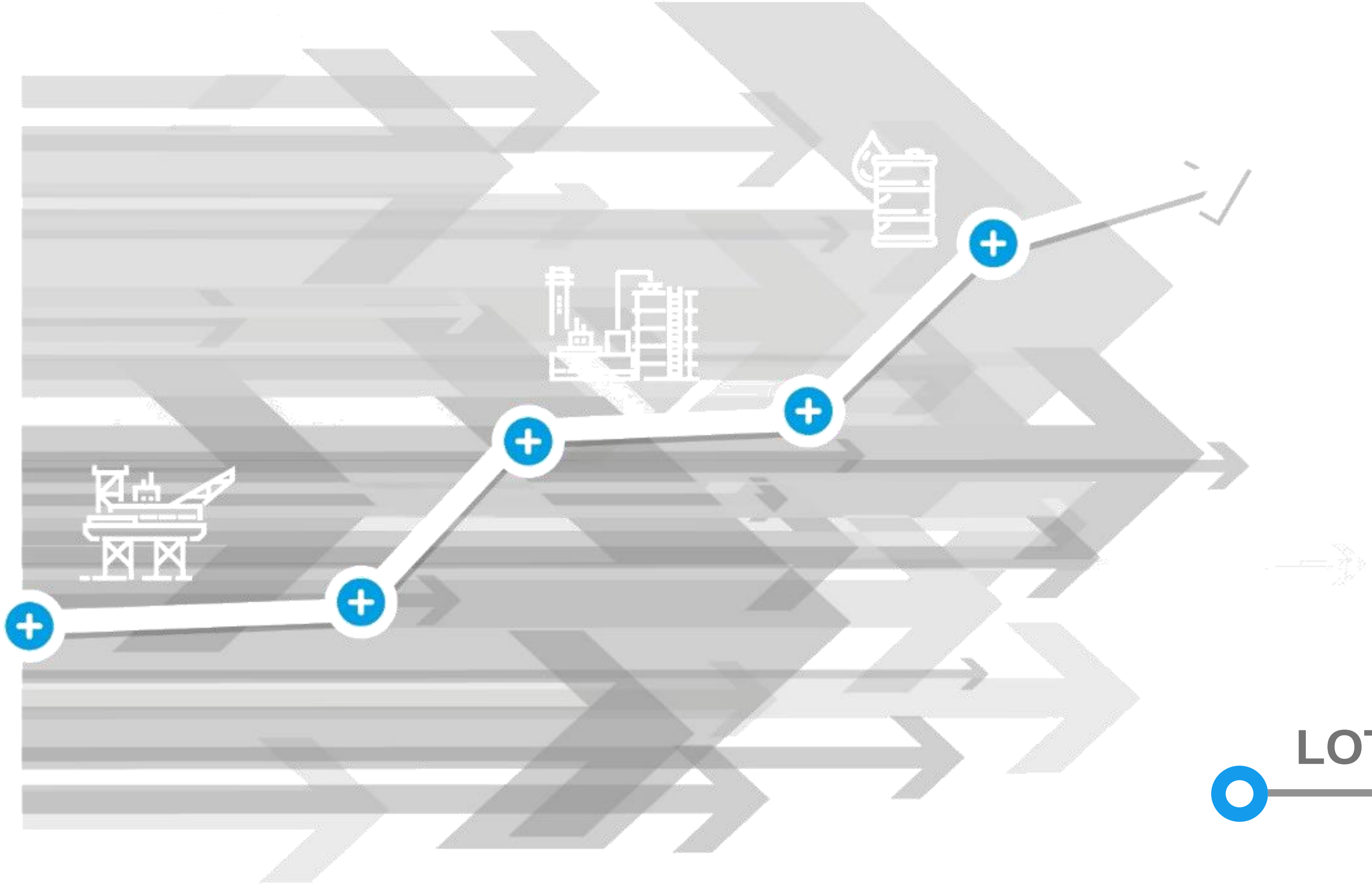
Source: Grupa LOTOS, WoodMckenzie, PWC, in-house analysis

Poland – visibly balancing fuel market since legal regulations effective from August 2016

Poland

volume

(1) Basing on full year 2017 GDP growth forecast
(2) FY 2017 : gasoline + diesel + gasoil



LOTOS Strategy 2017 - 2022

Upstream: safe development, balanced portfolio, optimised structure

Resource profile: **balanced portfolio (license diversification and structure)**

- Increasing involvement in field development projects
- Gradually increasing the role of oil and gas exploration
- Expanding the asset portfolio by capturing market opportunities
- Reducing the share of mature fields in the portfolio

Location: **presence on predictable markets**

- Developing business in Norway (around hubs) and Poland
- Geographical diversification in response to market conditions

Economics: **low total cost**

- Cost optimisation in Poland, new cost structure
- Cooperation with effective operators
- Effective use of assets (platforms and vessels) and potential divestment

Our ambition: to be a leader in the Baltic region and a trusted partner internationally
2017−2022 CAPEX: PLN 3.0bn, in 2018 − part of PLN 3.3bn CAPEX allocation decision in 2018

Sleipner, fot. Øyvind Hagen (Statoil)

Refining: superior competitive advantage driven by innovation

More high-margin products:
enhancing refinery flexibility through investment in state-of-the-art technologies

- Building **a new olefin complex** (with an ETBE unit)
- Producing **gasoline** from naphtha, which is now sold abroad − to extend the margin chain

or

New products:
adding new product categories to expand the offering

- Production of high-margin **Group 2 and Group 3 base oils** (using internally generated feedstock − hydrowax)

or

Increased refining efficiency:
improving reliability of energy supply and entry into the capacity market (peak demand capacity)

- Building a **Combined Heat Power plant to meet internal needs** − electricity and process steam

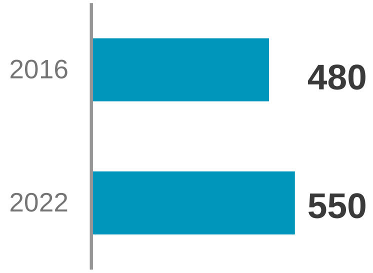
Our ambition: to preserve the technology advantage
2017−2022 CAPEX: PLN 2.5bn [(1)] in 2018 − part of PLN 3.3bn CAPEX allocation decision in 2018

(1) projects: EFRA, Hydrogen Recovery Unit and planned upgrade and replacement activity

Retail: optimising the retail network, innovating the product and service portfolio

Further standardisation and organic growth

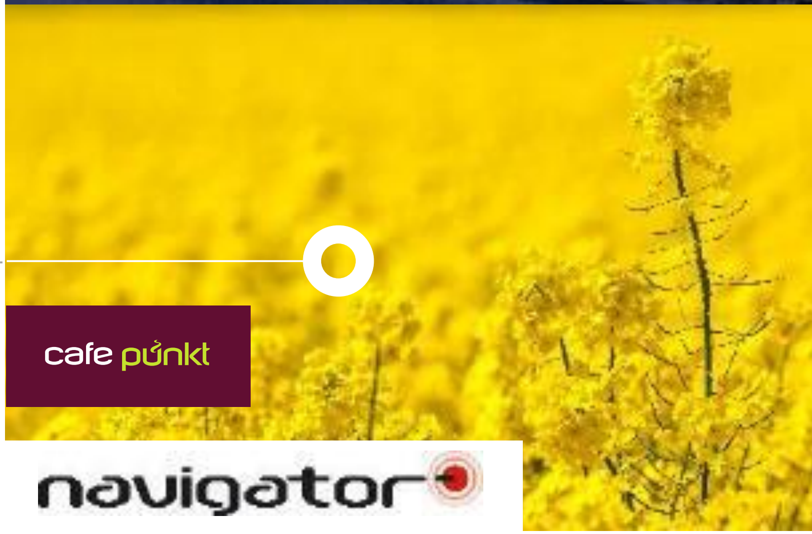
petrol stations



- **Customer service and sales process** optimisation
- **Revamping the loyalty rewards scheme** with up-to-date technology solutions
- **Introducing a new quality in hospitality** in partnership with market leaders
- **Upgrading** on-site facilities: car wash stations, electric car charging points
- LOTOS **Energy Hub,** alternative fuels

Acquisition opportunities

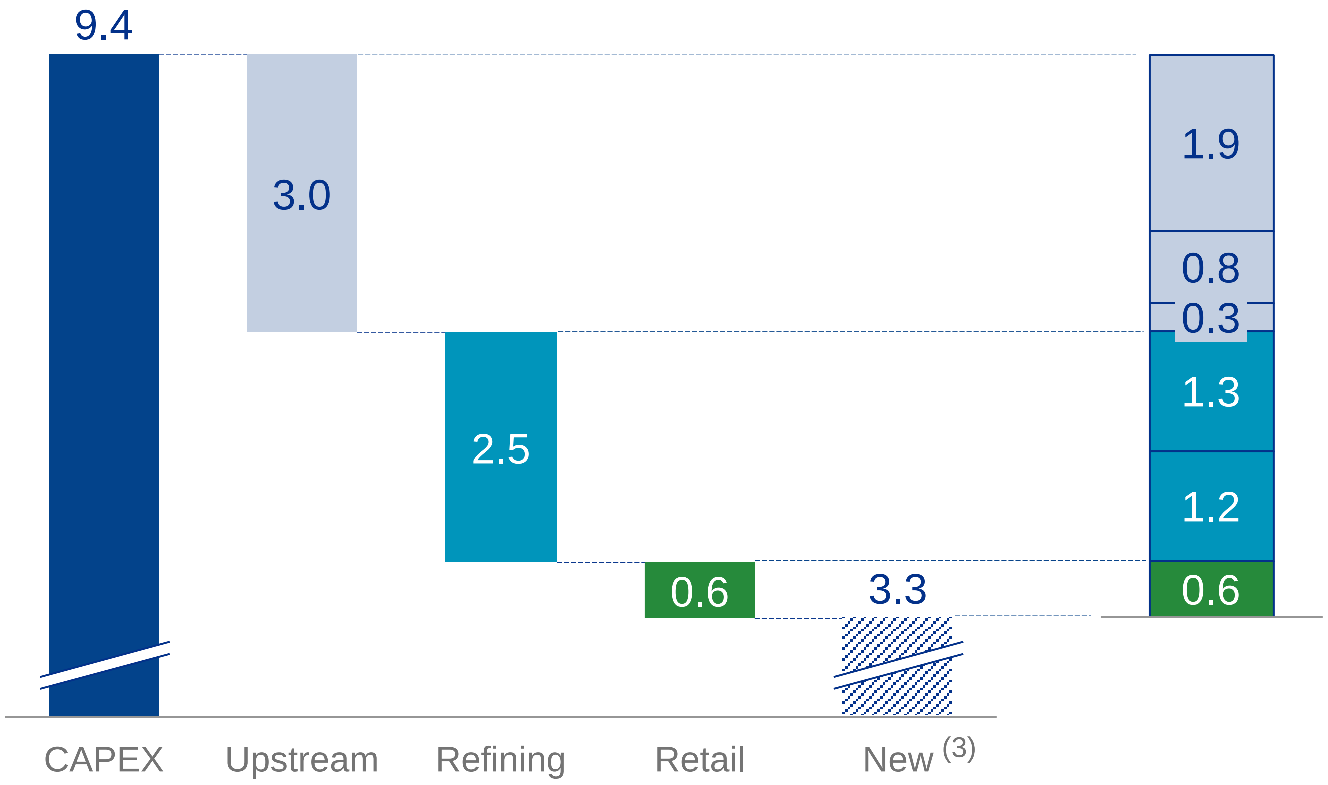
- Seeking out non-organic opportunities to expand the network
- Capturing opportunities to acquire complementary petrol station network



Our ambition: new quality of LOTOS retail

2017−2022 CAPEX: PLN 0.6bn - part of PLN 3.3bn CAPEX allocation decision in 2018

Strong potential for growth investments assuming continuation of current projects: CAPEX in 2017−2022 (1)



Development (2) : B4/B6, Utgard, Frigg Gamma Delta, Yme

Production: B8, B3, Heimdal, Sleipner and Lithuania

Exploration: oil and gas fields (on-shore and off-shore licences)

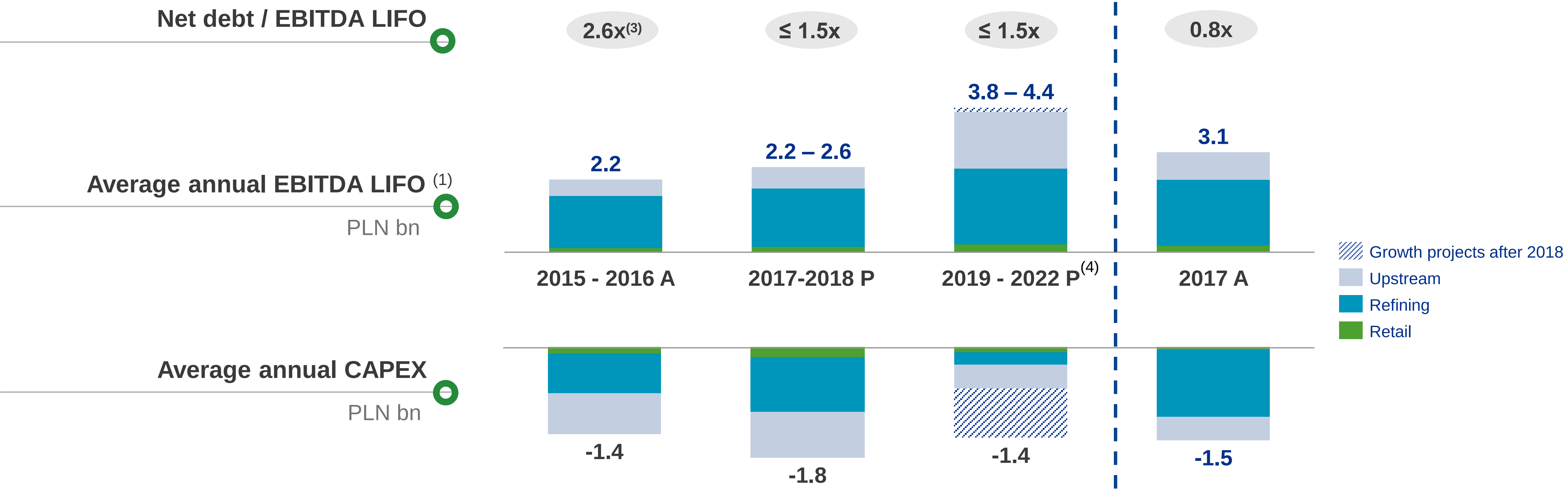
EFRA Project continued

Maintenance upgrade, replacement, catalysts and other

Retail network optimalisation

(1) estimates
(2) or other similar project
(3) growth CAPEX after to 2018 (to be allocated among segments)

Key performance indicators. Twofold increase in average annual EBITDA LIFO(1) Debt ratio capped at 1.5x(2) and dividend capacity

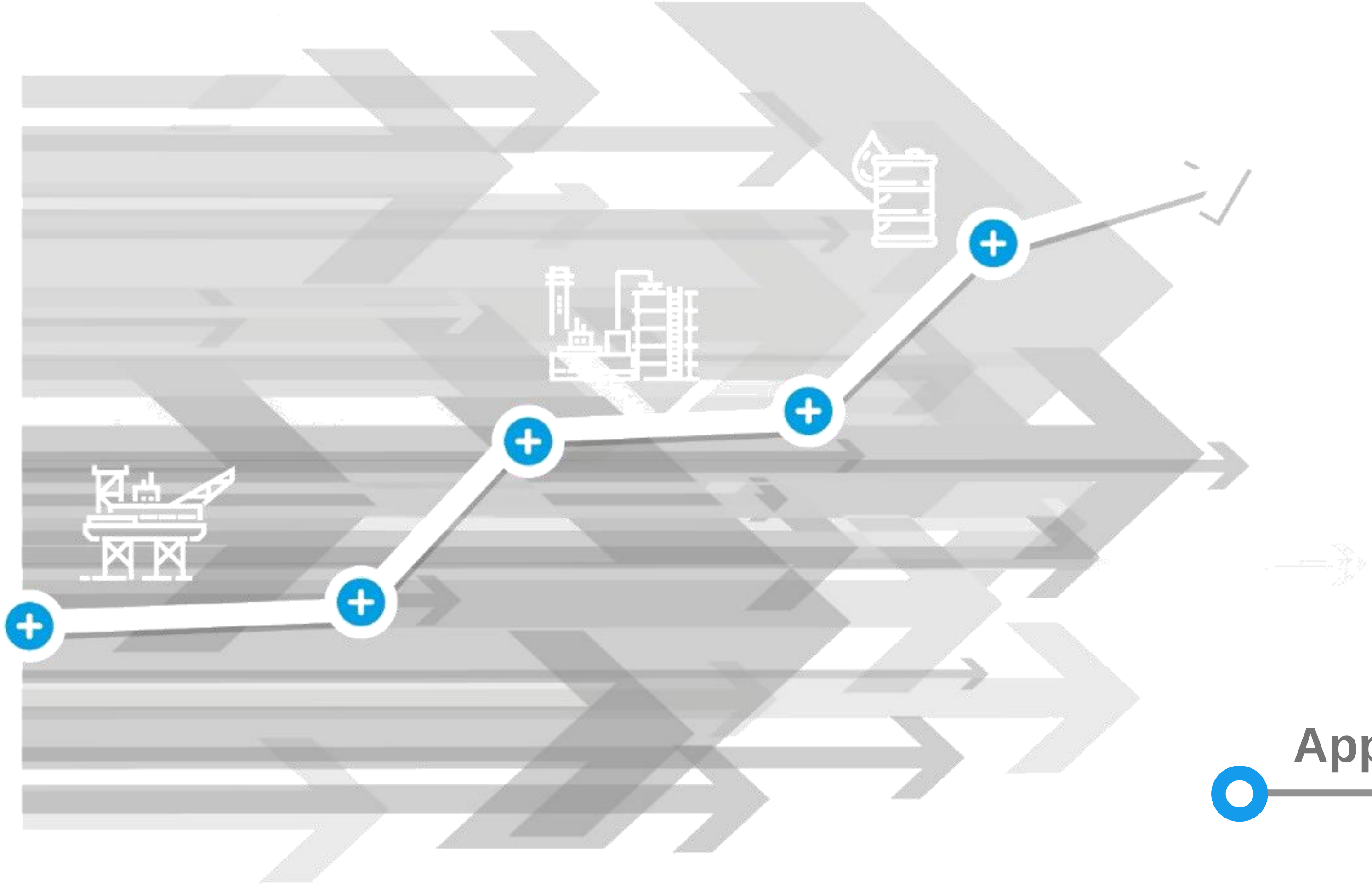


(1) net of one-off items.
(2) debt ratio = net debt/EBITDA LIFO− target level of 1.5 expected to be reached at the end of 2018
(3) value as at December 31st 2015
(4) assuming the B4/B6 project is fully consolidated (LOTOS' interest in the project: 51%)

Key highlights: summary

- 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[1] and hydrocarbon production between 30 – 50 kboe/d
- 550 petrol stations
- LTIF [2] < 3

(1) Boe – barrels of oil equivalent (crude oil + natural gas)
(2) Lost Time Injury Frequency Rate



Appendix

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 (*run rate*) 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

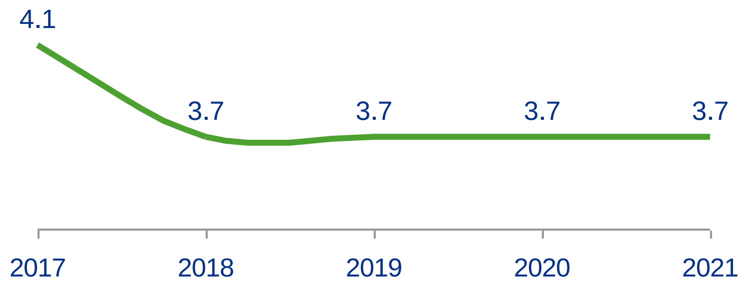
Safety	LTIF [1] < 3		
Operational and financial metrics	**UPSTREAM**	**REFINING**	**RETAIL**
Operational metrics	2P reserves [2] more than 60 mboe Production 30 − 50 kboe/d [3]	10.5m tonnes	550 petrol stations
EBITDA LIFO bn PLN [4] average annual in 2019−2022	1.6 -1.8	2.3 – 2.7	
CAPEX bn PLN total 2019−2022	ca. PLN 1.5	ca. PLN 0.7	ca. PLN 0.3
Net debt/EBITDA	less than 1.5x		
OPEX savings	PLN 300m annually (*run rate*) 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+.

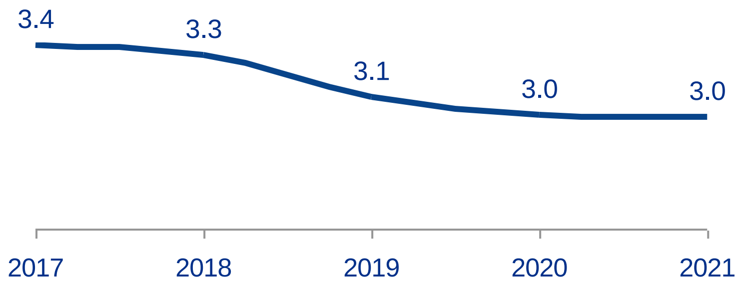
(1) Lost Time Injury Frequency Rate (2) 2P reserves: proved and probable
(3) average annual projected production volume in barrels of oil equivalent (oil and gas) per day (4) net of one-off items.

Strategy 2017 – 2022. Key market assumptions. USD/PLN exchange rates and GDP growth

USD/PLN FX rate (1)



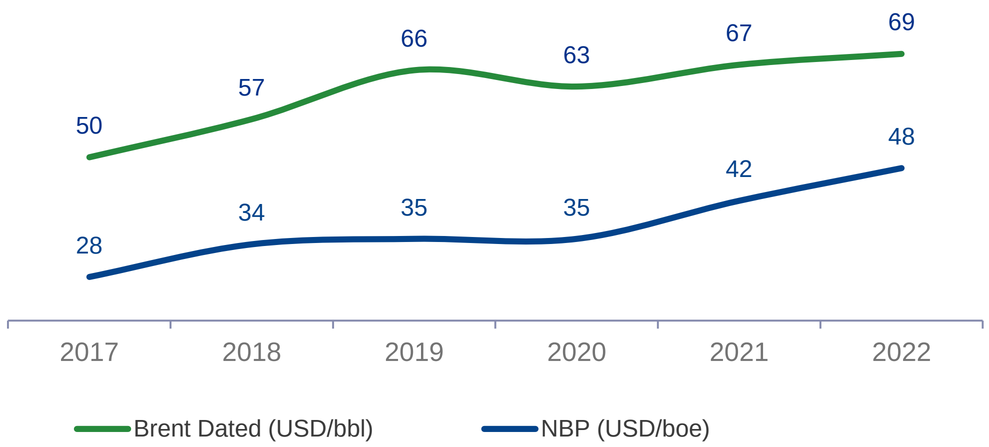
GDP growth rate (2)



(1) company's assumptions
(2) International Monetary Fund forecast

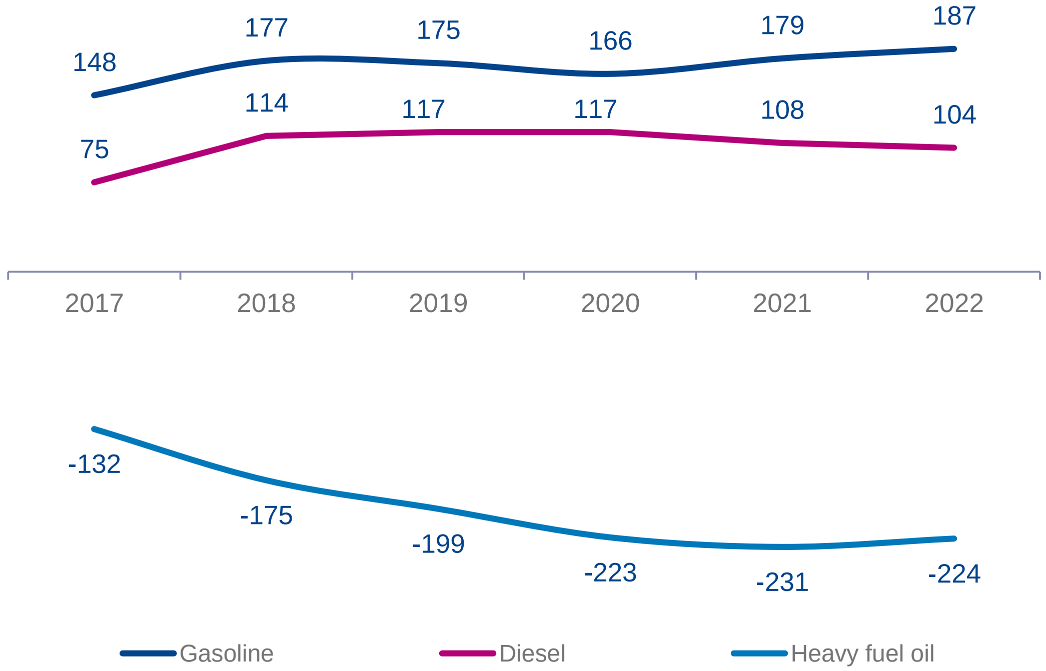
Strategy 2017 – 2022. Key market assumptions. Crack spreads and crude oil & nat gas prices

Crude oil and nat gas prices [1]



Crack spreads for key products

USD/t



(1) nominal prices

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