



**Consolidated financial results for  
3rd quarter 2018 and 9 months 2018**

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October 30th, 2018



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## Financial results 3Q 2018 and 9M 2018



## Key highlights



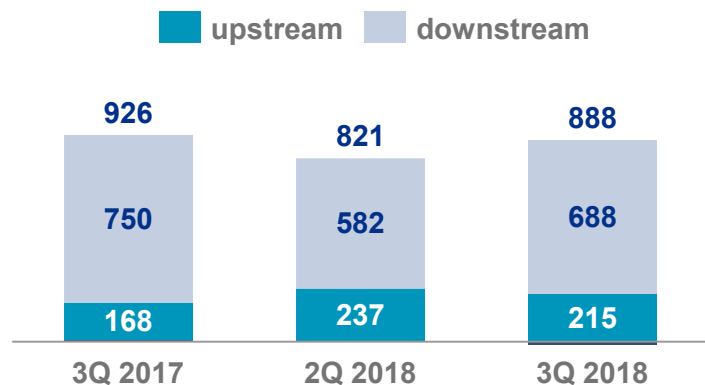
Financial results 3Q 2018 and 9M 2018

- 185m PLN dividend paid by Grupa LOTOS S.A. (1 PLN per share)
- LIFO EBITDA <sup>(1)</sup> reached 888m PLN, 8% increase (qoq), despite a maintenance shutdown in Sleipner area
- Operational excellence confirmed by the full utilisation of the refining capacity adapting to the favourable market environment
- Continuation of balance sheet discipline – net debt/LIFO EBITDA <sup>(1)</sup> of 0.6x
- Strong operating cash flow of 1.3 bn PLN

*(1) Net of one off items*

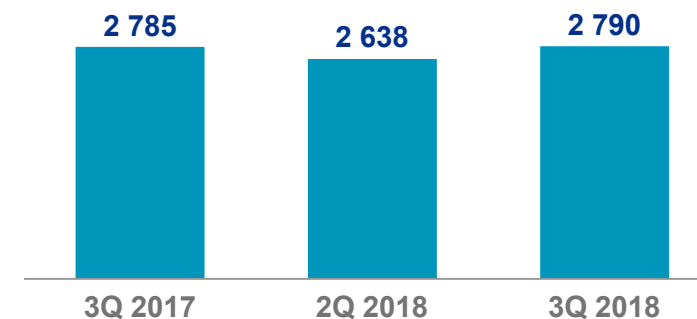
LIFO EBITDA <sup>(1)</sup>

m PLN



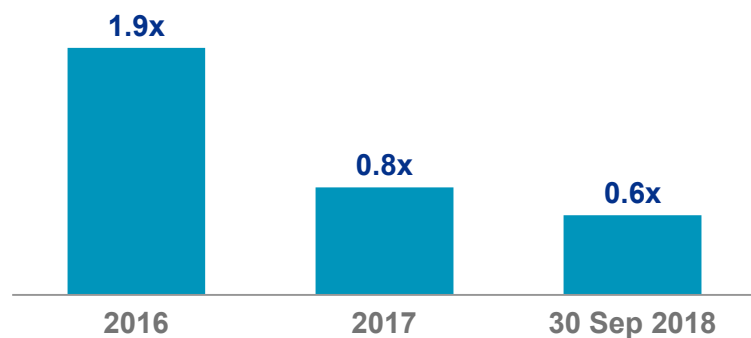
Downstream - crude oil throughput

k tons



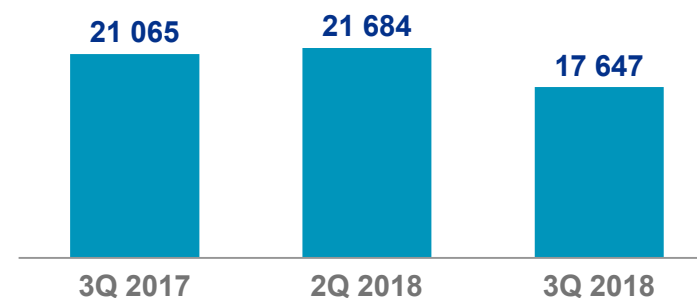
Net debt / LIFO EBITDA <sup>(2)</sup>

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> of almost 2.25bn (flat yoy) confirming an effective asset mix resilient to lowering margin and weaken USD against the PLN
- Net debt lowered to 1.9 bn PLN pushing net debt/LIFO EBITDA <sup>(1)</sup> ratio down to 0.6x

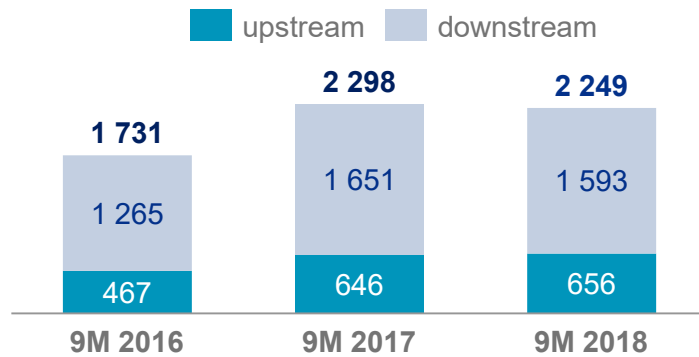
*(1) Net of one off items*

Key highlights

9M 2018 - cumulative

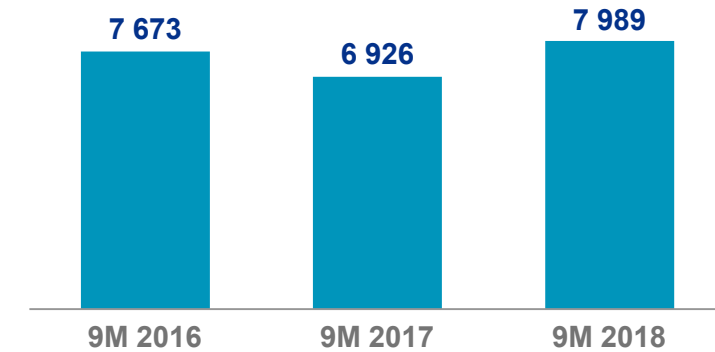
LIFO EBITDA <sup>(1)</sup>

m PLN



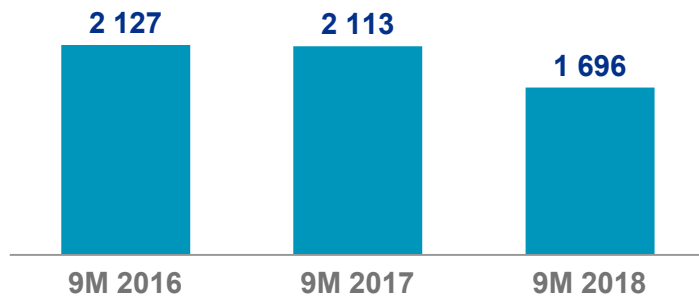
Downstream - crude oil throughput in Gdańsk

k tons



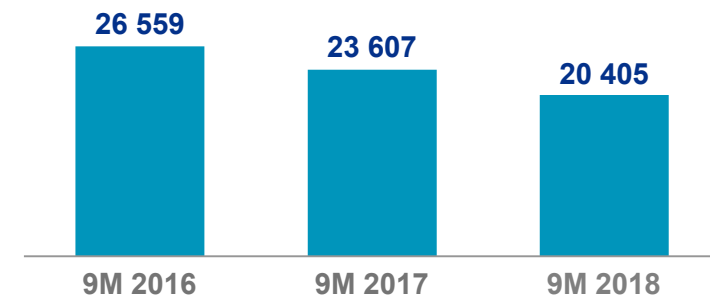
Operating cash flow

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



## External environment

Financial results 3Q 2018 and 9M 2018

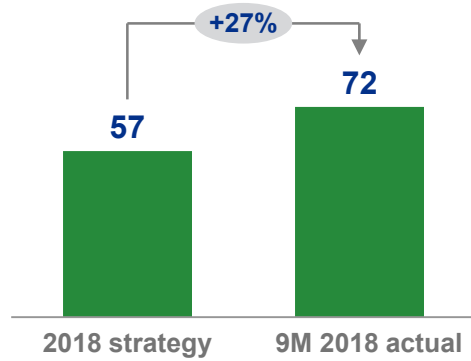


External environment

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

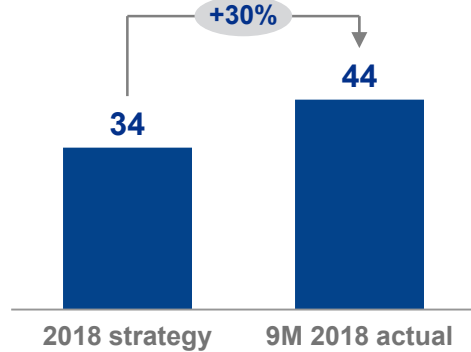
Brent DTD

USD/bbl



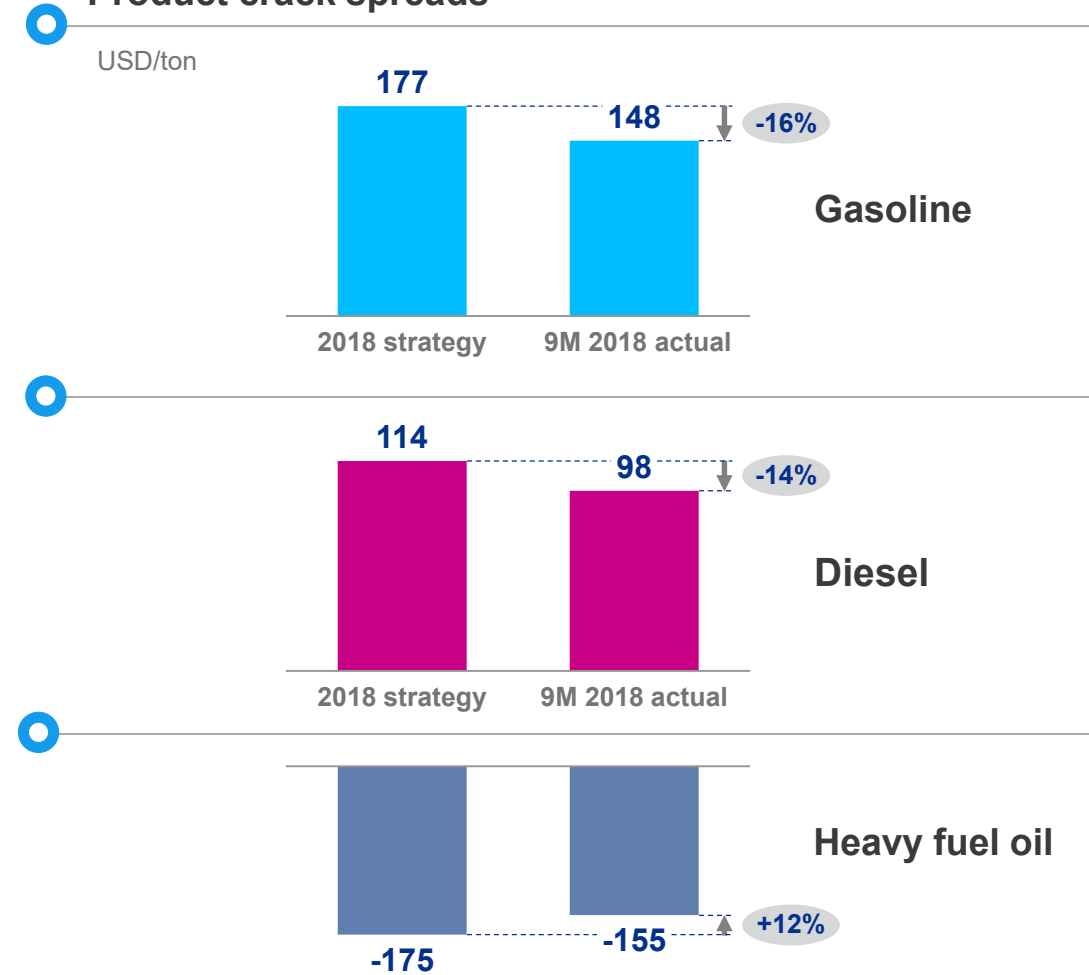
Natural gas

USD/boe



Product crack spreads

USD/ton



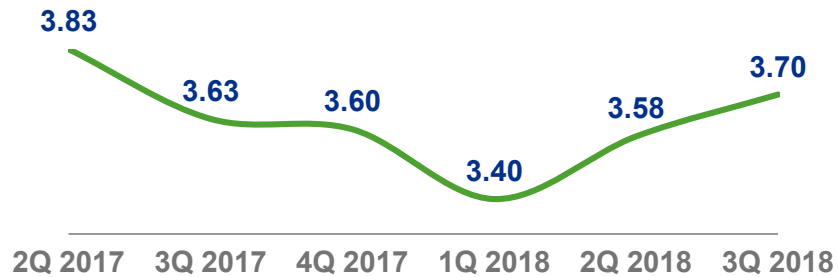
(1) Source : Thomson Reuters

(2) Average annual 2018 strategic assumptions adopted by LOTOS

External environment

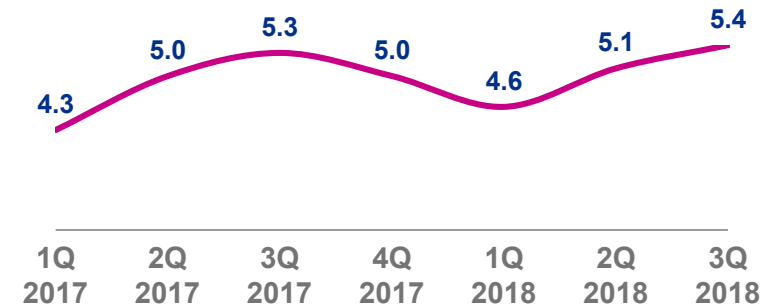
FX rate, GDP growth, domestic fuel market

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

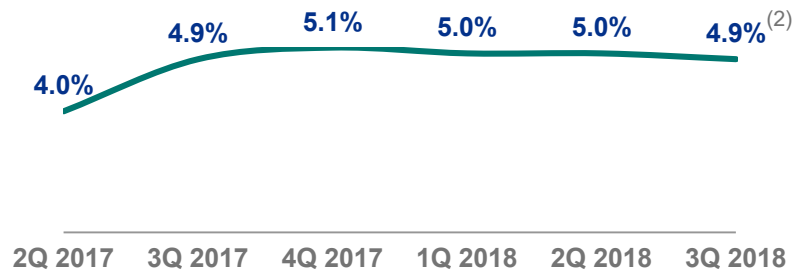


Diesel consumption <sup>(3)</sup>

m m<sup>3</sup>

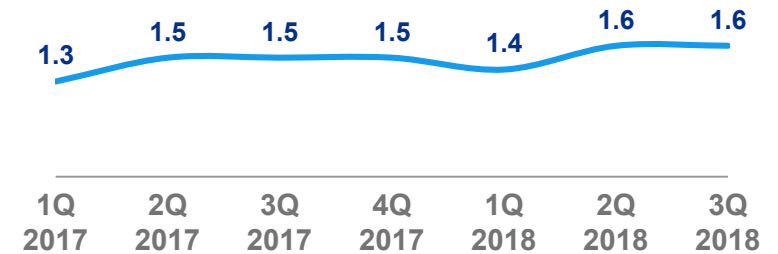


Polish GDP growth



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

m m<sup>3</sup>



(1) National Bank of Poland

(2) National Bank of Poland forecast for full year 2018

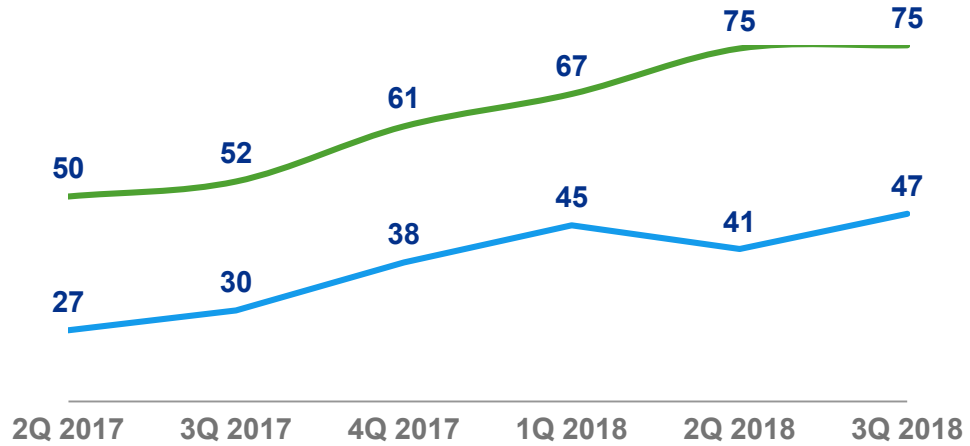
(3) domestic; according to POPIHN – organisation for Oil Trade and Industry

External environment

Crude oil, natural gas and product crack spreads

Crude oil <sup>(1)</sup> and nat gas prices <sup>(2)</sup>

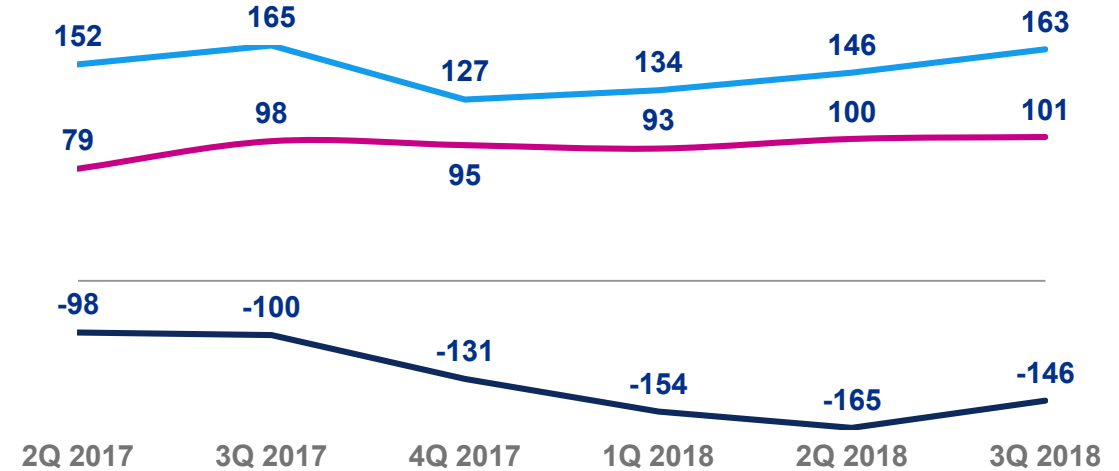
USD



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

Key product crack spreads <sup>(1)</sup>

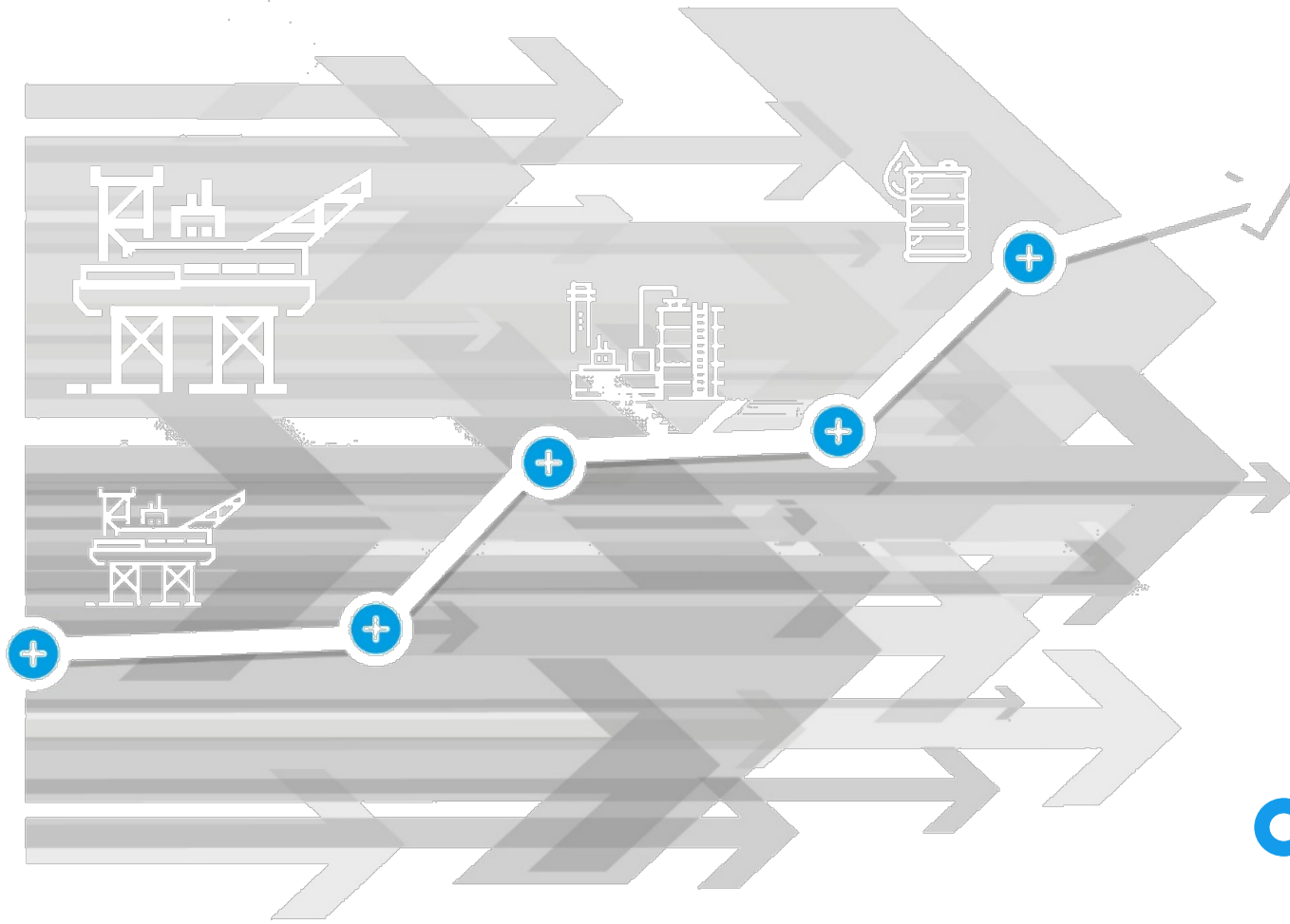
USD/t



— gasoline — diesel — HSFO

(1) Source : Thomson Reuters; HSFO – heavy sulfur fuel oil

(2) Source : National Balancing Point



## Upstream

Financial results 3Q 2018 and 9M 2018

## B8

Baltic Sea



Reserves<sup>(1)</sup> **36,2 mmboe**  
Production<sup>(2)</sup> **3,0 kboe/d**

## B3

Baltic Sea



Reserves<sup>(1)</sup> **13,8 mmboe**  
Production<sup>(2)</sup> **1,7 kboe/d**

Lifting costs Poland: **36 USD/boe**<sup>(3)</sup>

## Sleipner

North Sea



Reserves<sup>(1)</sup> **12,0 mmboe**  
Production<sup>(2)</sup> **10,2 kboe/d**

## Heimdal

North Sea



Reserves<sup>(1)</sup> **2,2 mmboe**  
Production<sup>(2)</sup> **1,9 kboe/d**

Lifting costs Norway: **11 USD/boe**<sup>(3)</sup>

## Onshore fields

Lithuania



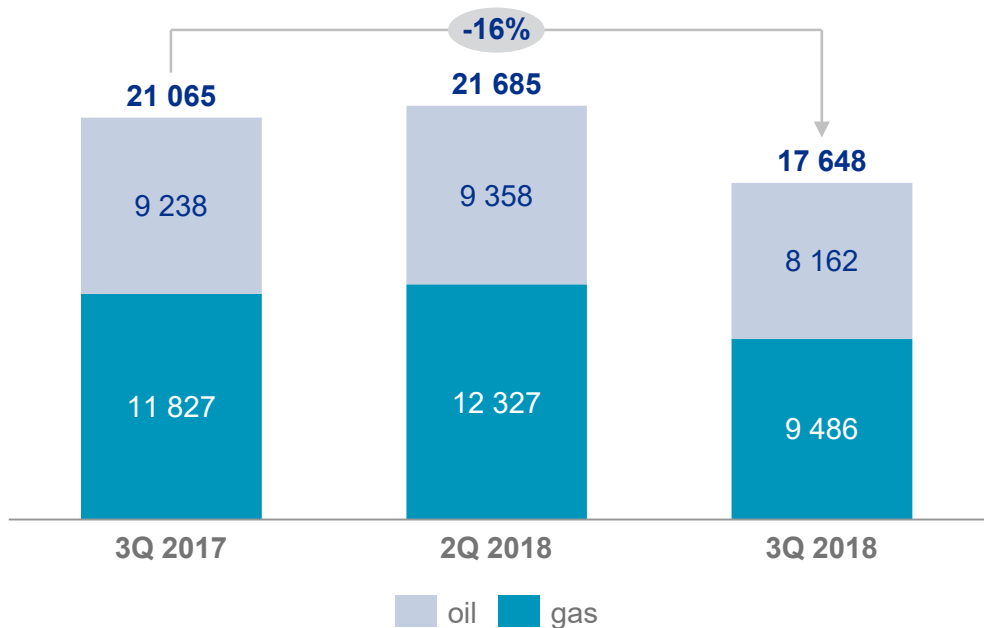
Reserves<sup>(1)</sup> **3,4 mmboe**  
Production<sup>(2)</sup> **0,8 kboe/d**

Lifting costs Lithuania: **16 USD/boe**<sup>(3)</sup>

(1) 2P Reserves as of 30.09.2018  
(2) Average daily production for 3Q 2018  
(3) Average lifting costs for 1H 2018

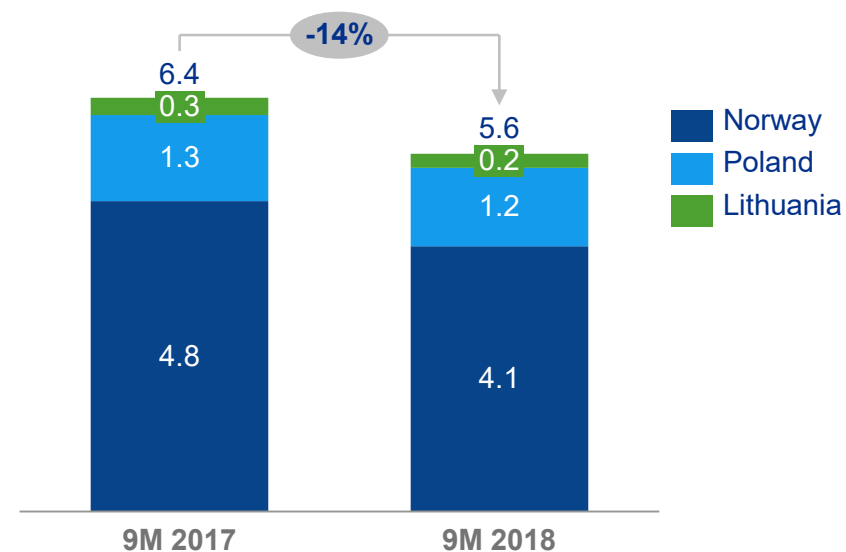
Daily quarterly production

boe/d



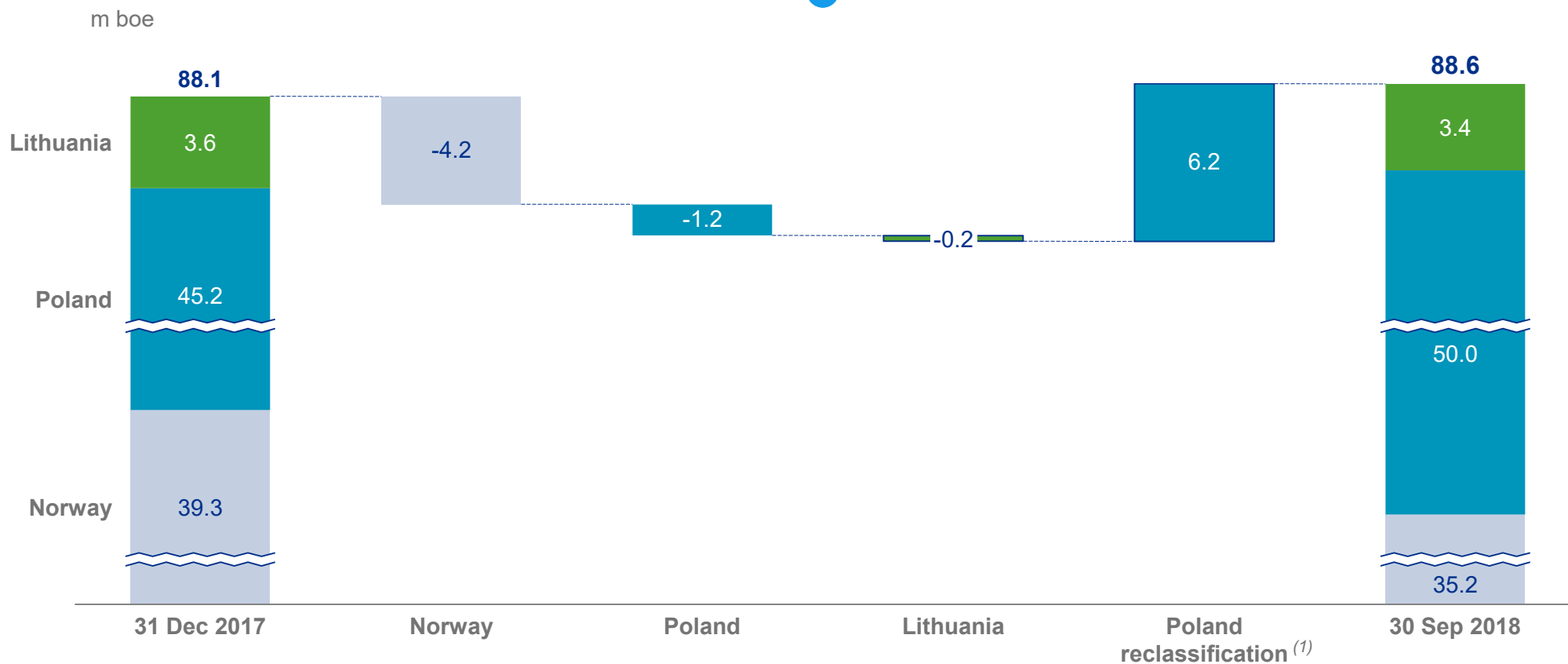
Overall 9M production

m boe



Total recoverable reserves comparing with 31.12.2017

2P reserves



(1) Upward revision of 2P reserves for B3 field, due to extension of the license

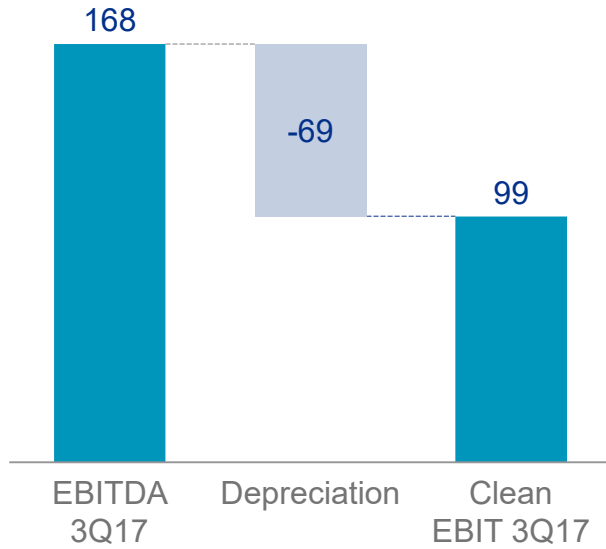
Upstream

Quarterly upstream EBITDA evolution

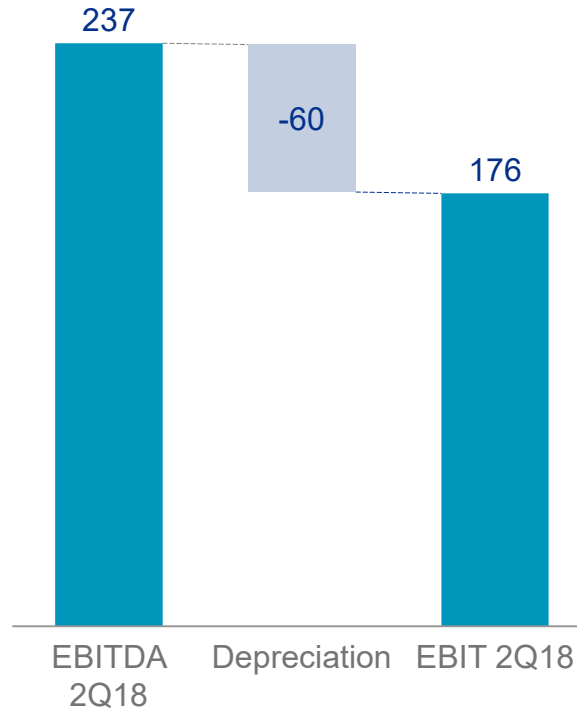
3Q 2017



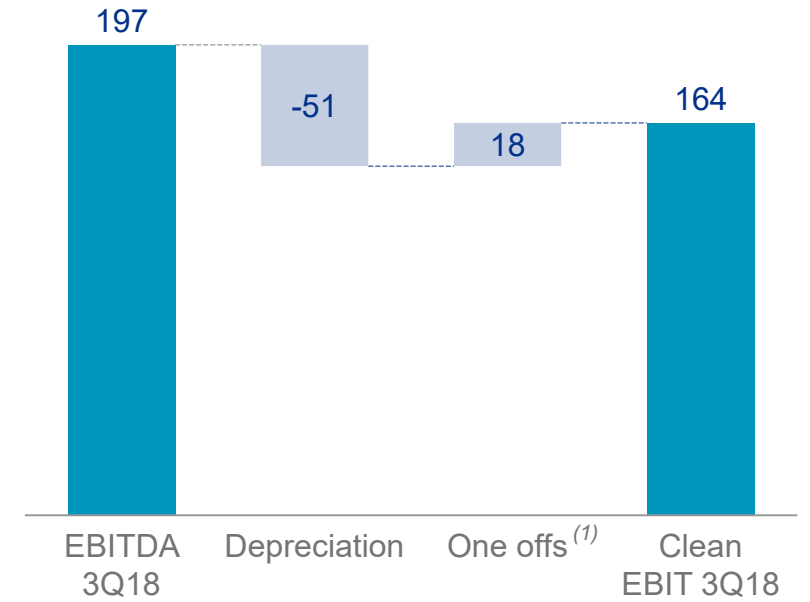
m PLN



2Q 2018

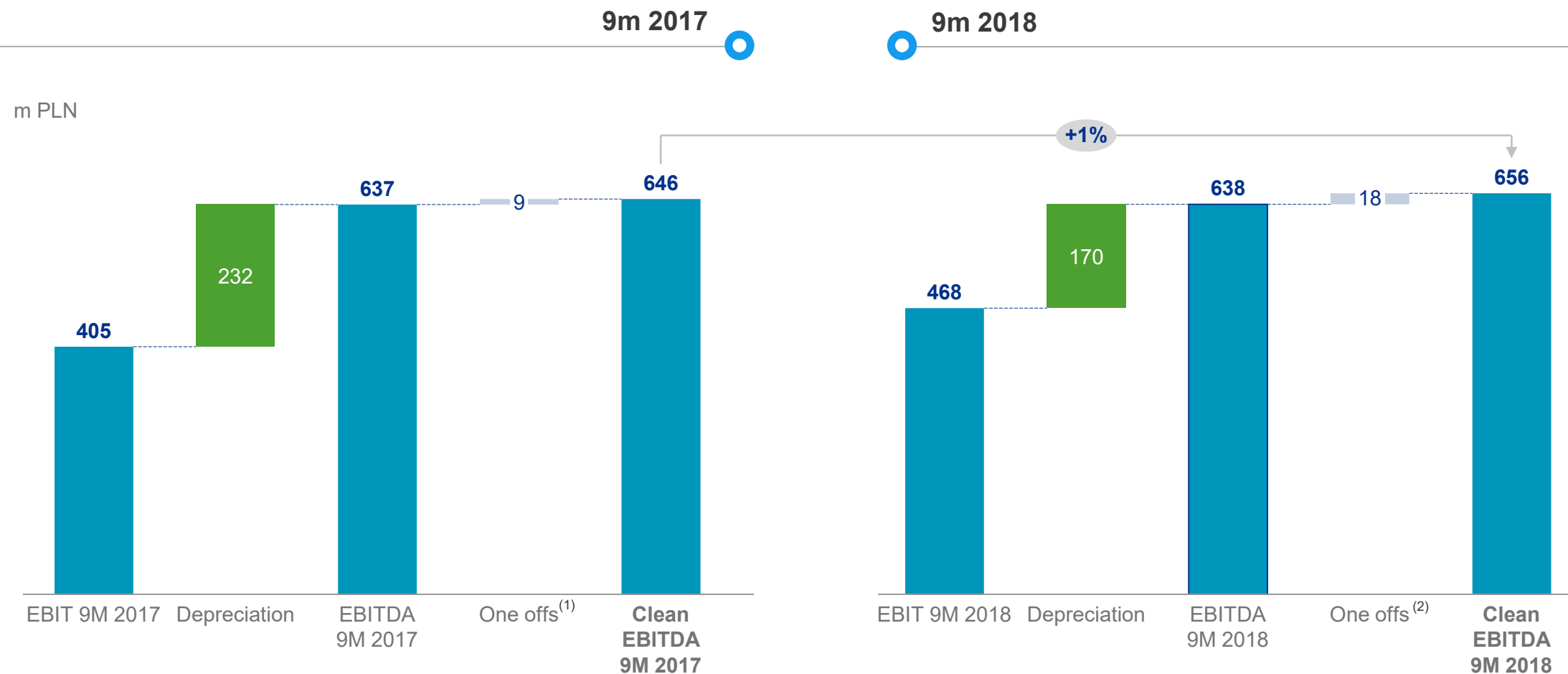


3Q 2018



(1) Revaluation of reserve for contingent payment related to acquisition of Sleipner assets





(1) Balance of assets impairments and other revaluations

(2) Revaluation of reserve for contingent payment related to acquisition of Sleipner assets

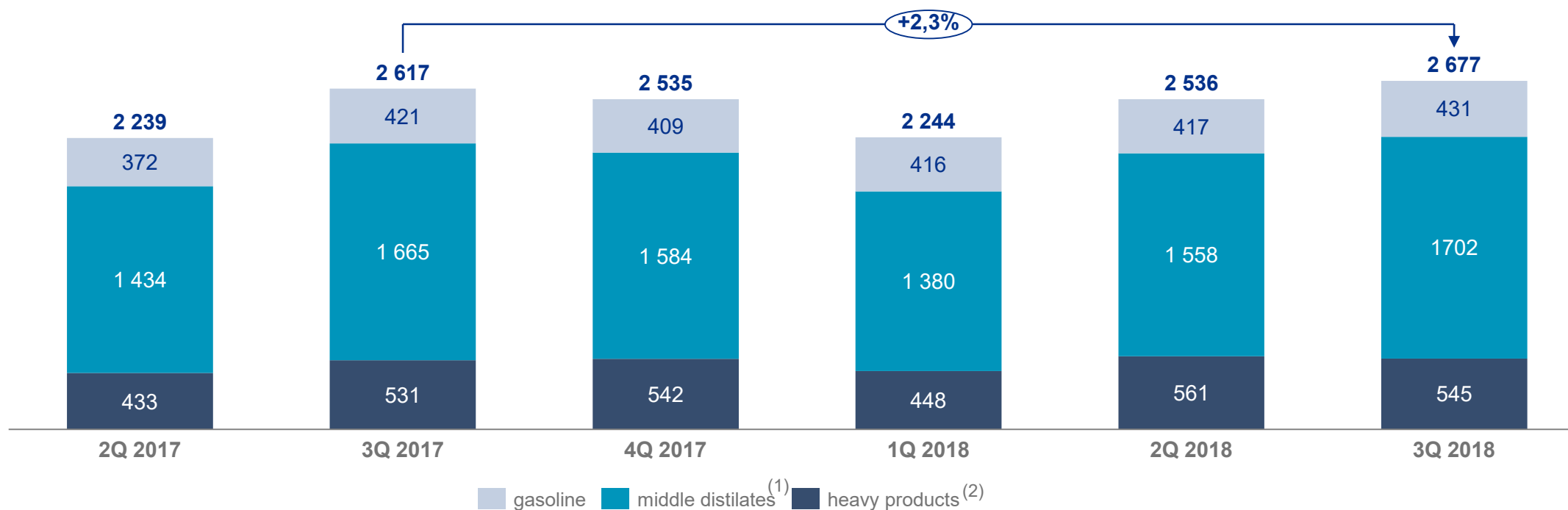


## Downstream

Financial results 3Q 2018 and 9M 2018

### Volume of sales of key refining products

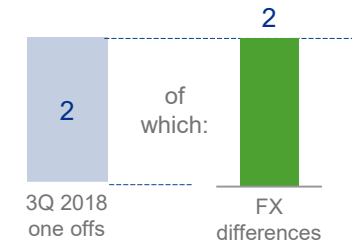
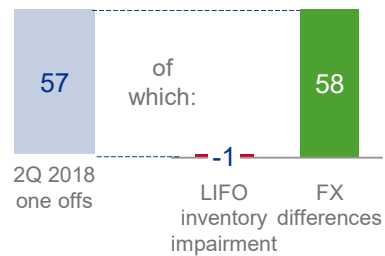
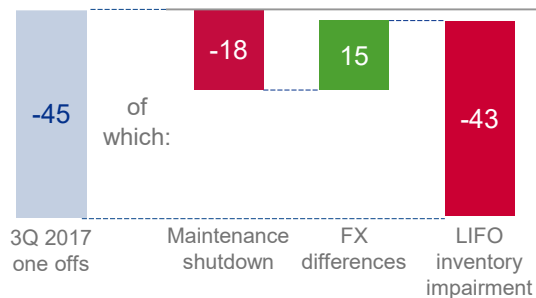
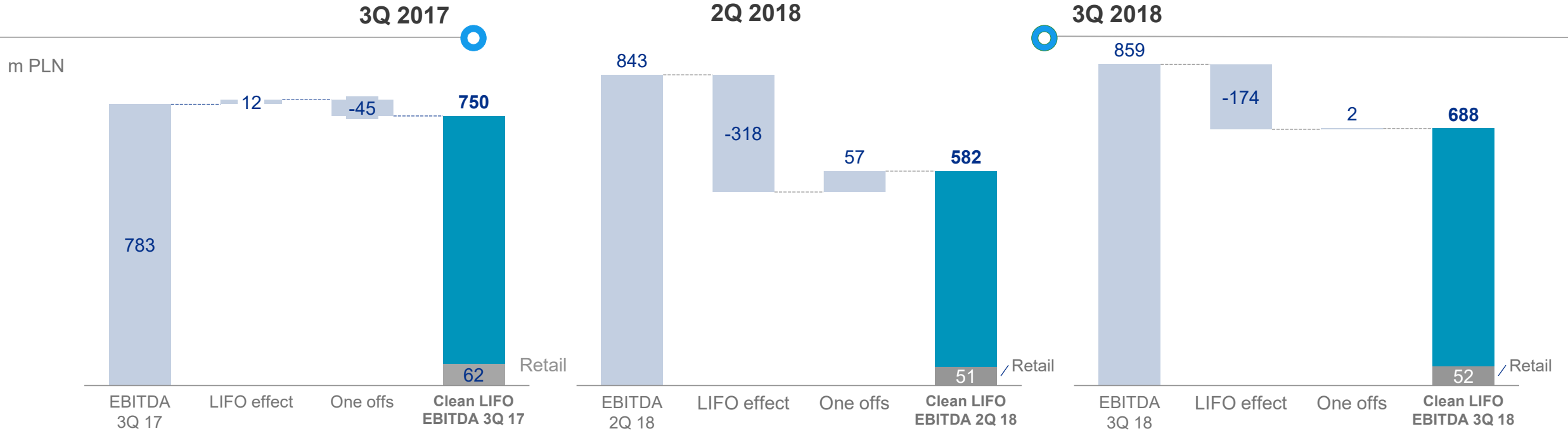
thousand tons



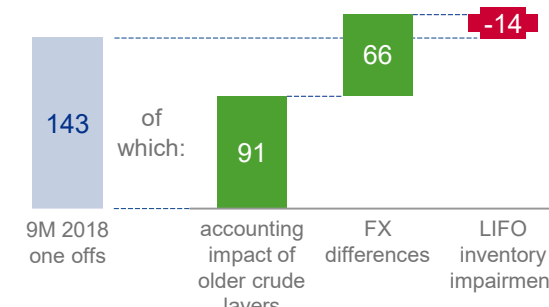
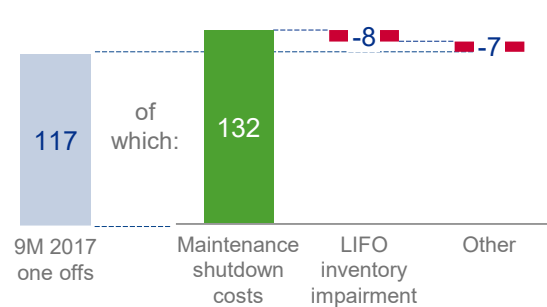
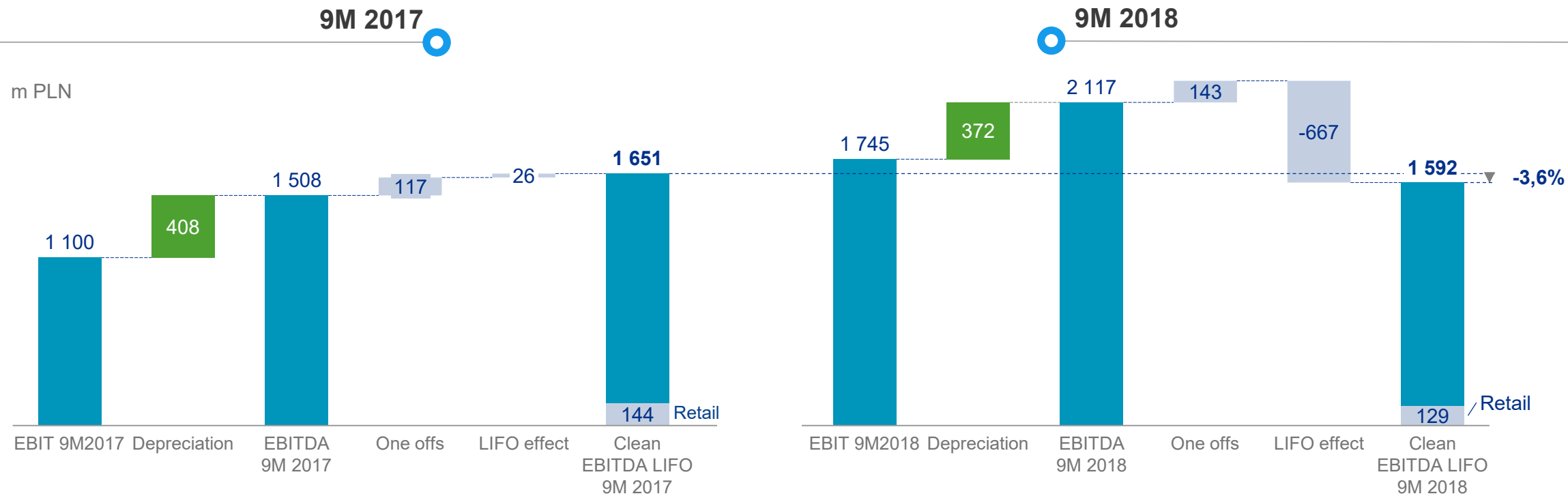
(1) middle distillates including : diesel, light heating oil and jet fuel  
 (2) heavy products : heavy sulfur fuel oil and bitumens

Downstream

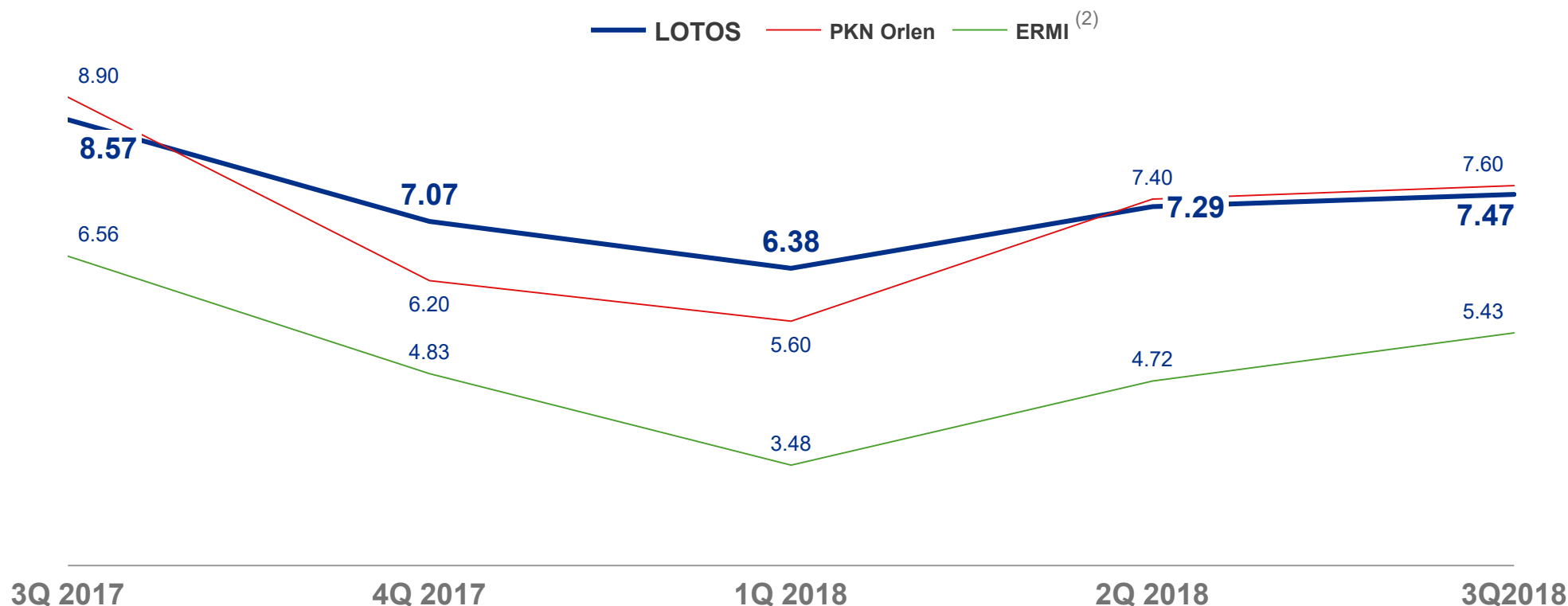
Quarterly downstream clean EBITDA LIFO evolution



Cumulative 9M EBITDA evolution



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

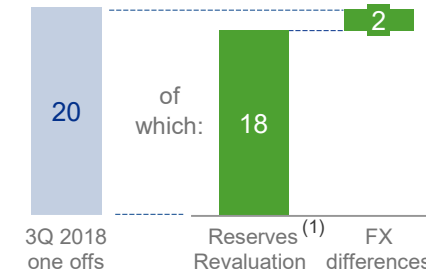
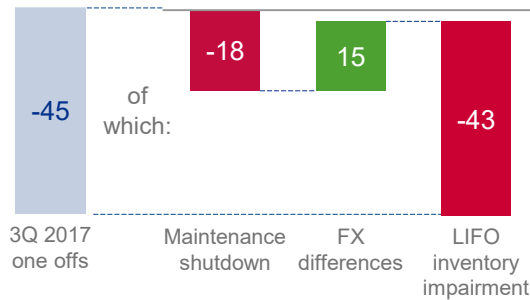
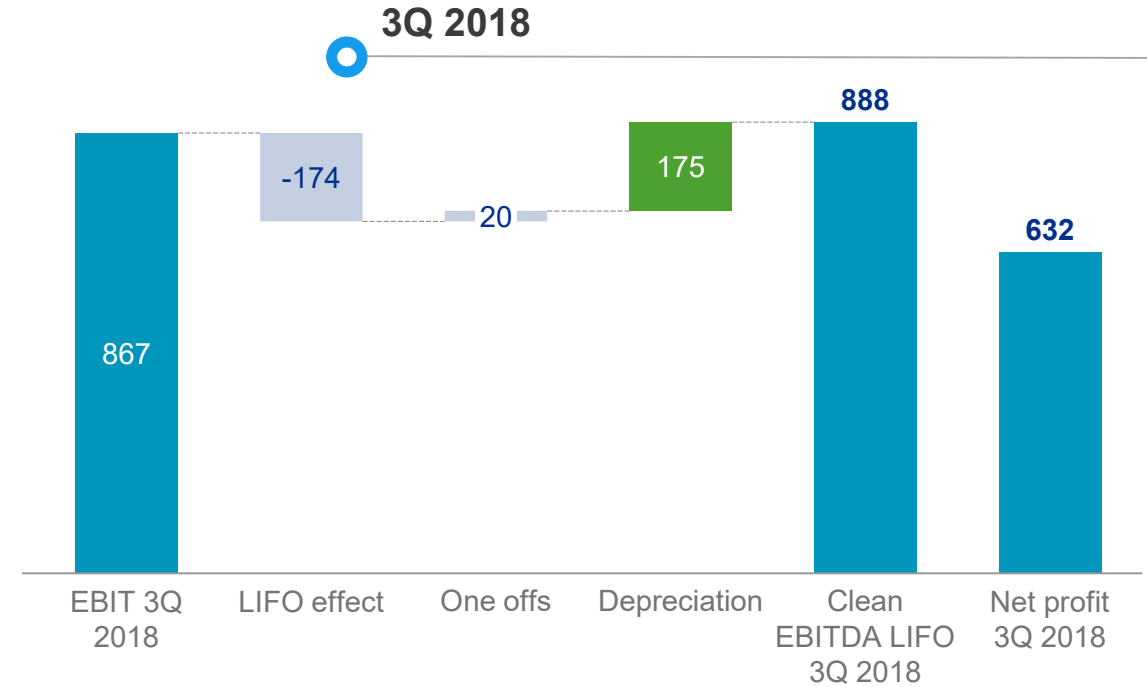
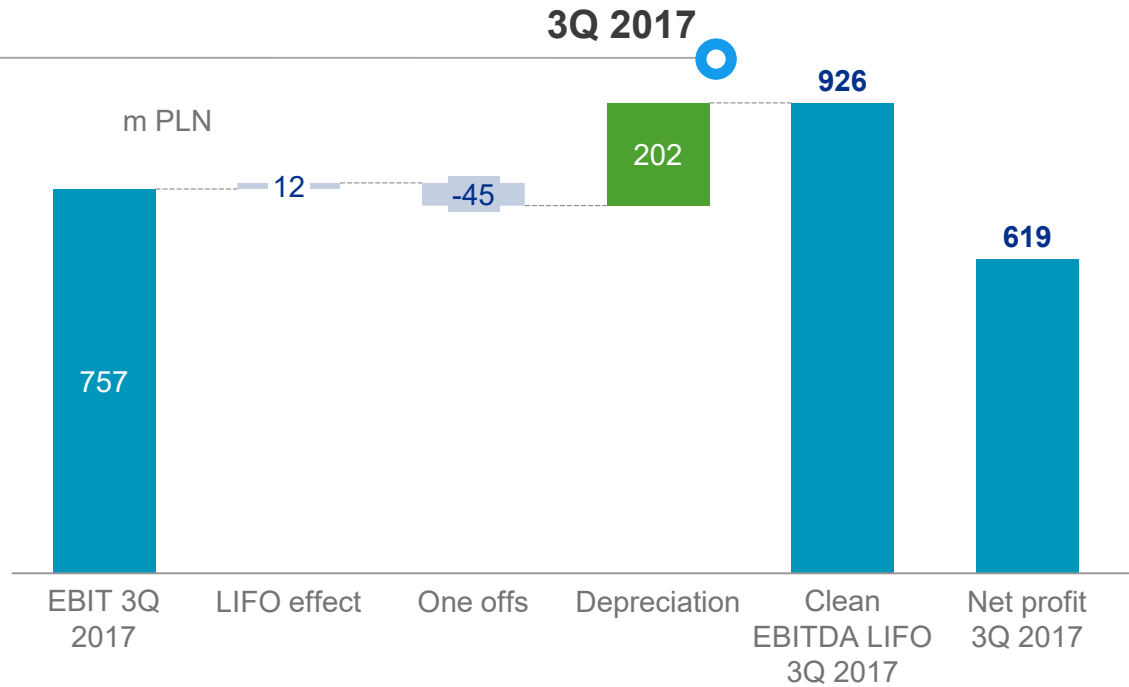


## Consolidated financial results

Financial results 3Q 2018 and 9M 2018

Consolidated financial results

Decomposition of 3Q 2018 vs 3Q 2017 consolidated financial results

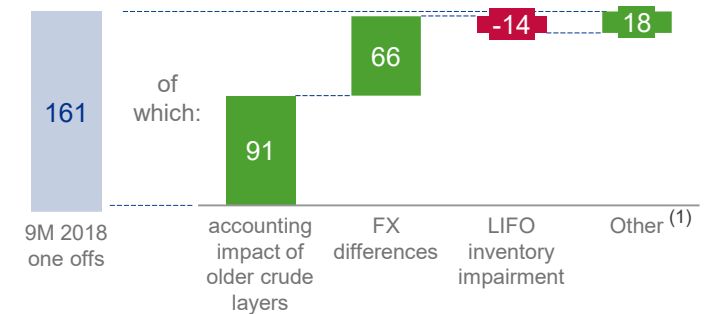
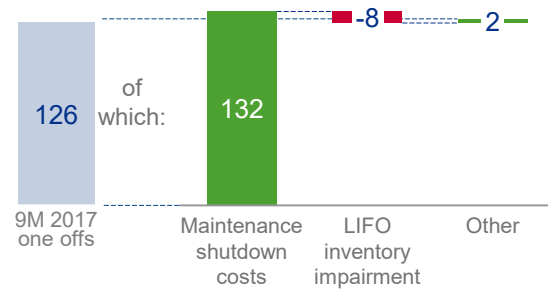
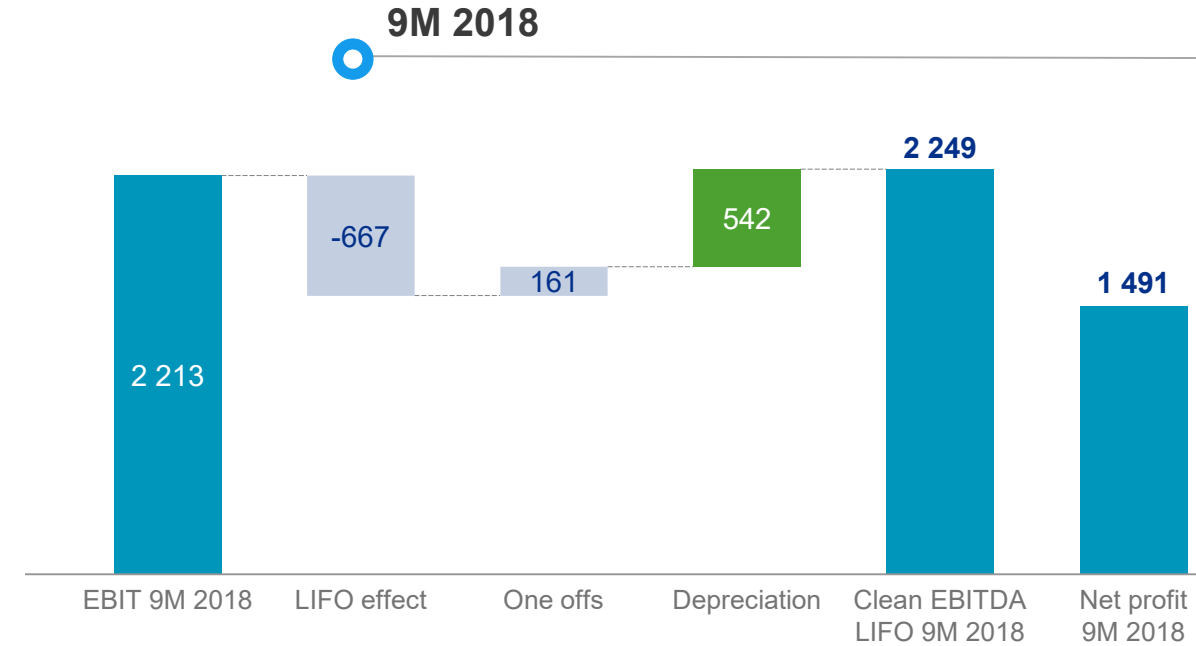
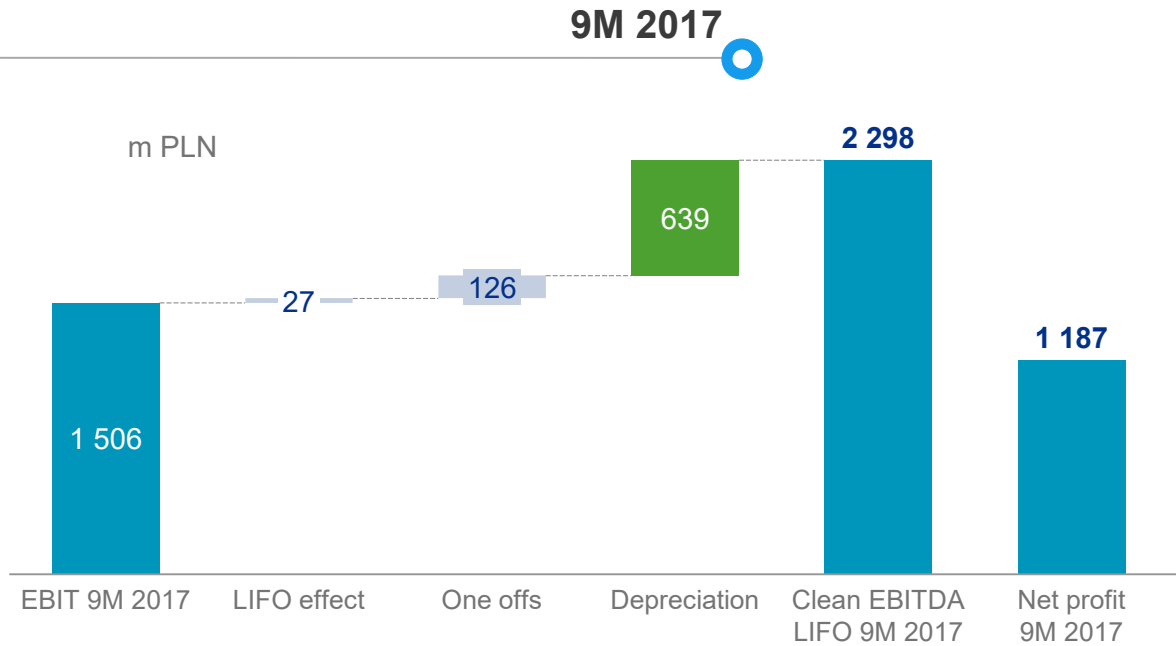


(1) Revaluation of reserve for contingent payment related to acquisition of Sleipner assets



Consolidated financial results

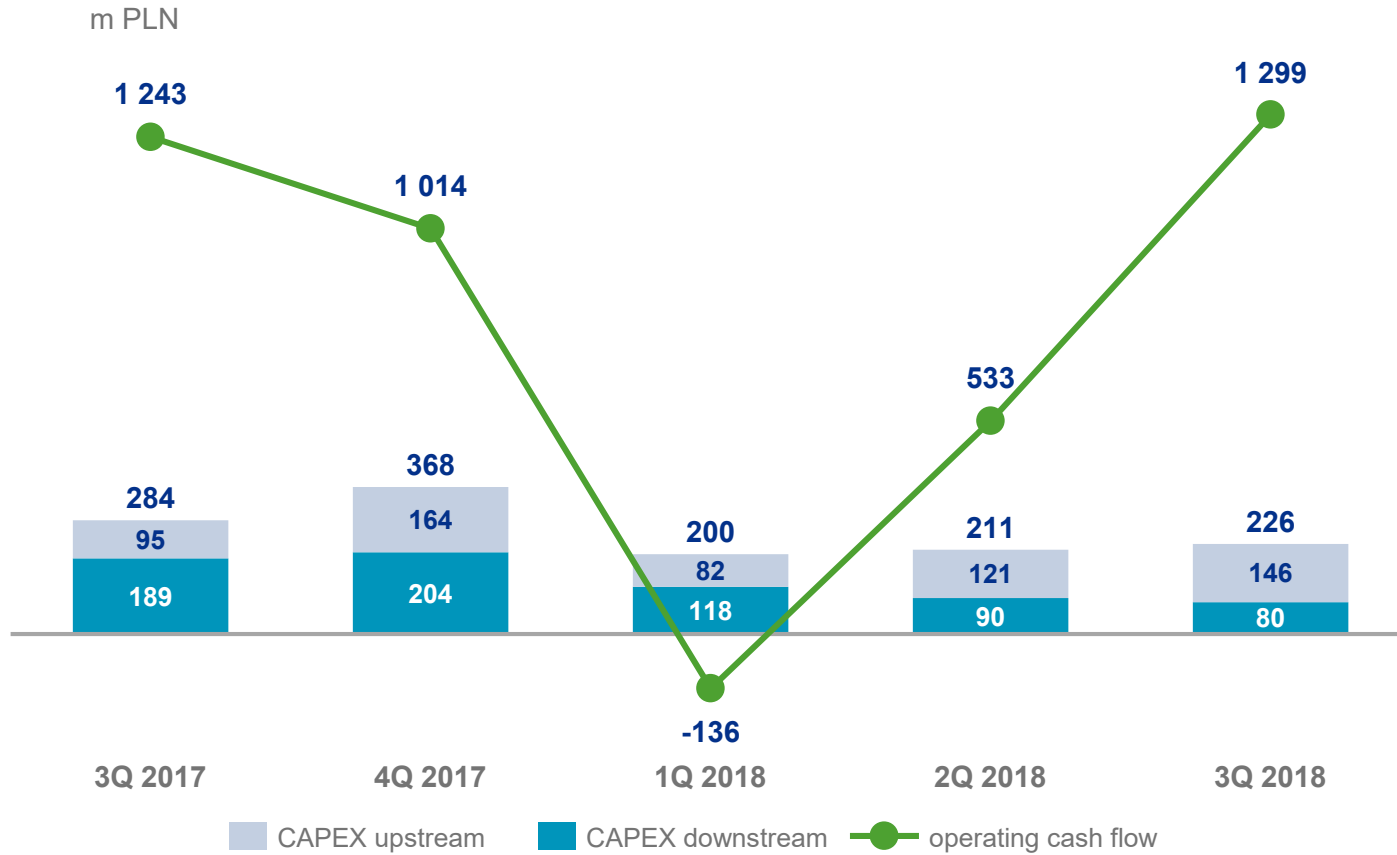
Cumulative 9month operating results evolution



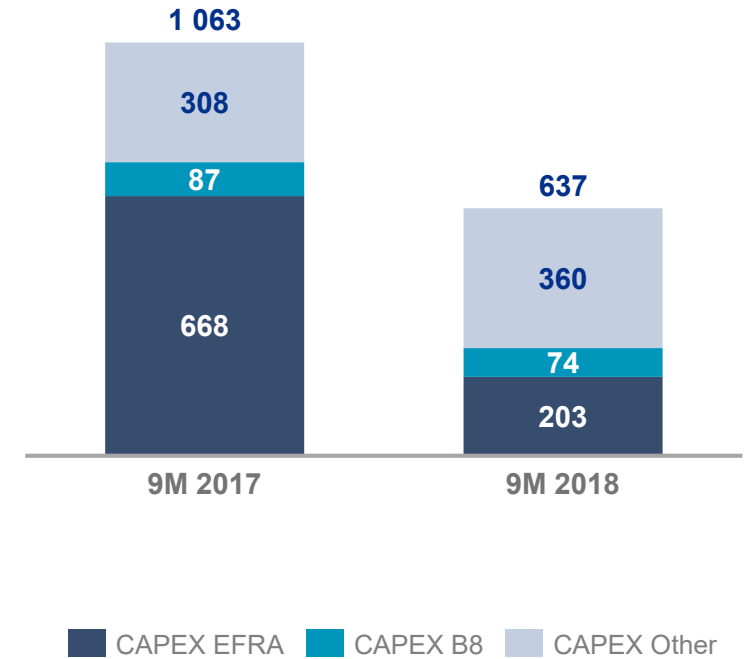
(1) Revaluation of reserve for contingent payment related to acquisition of Sleipner assets

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

Quarterly



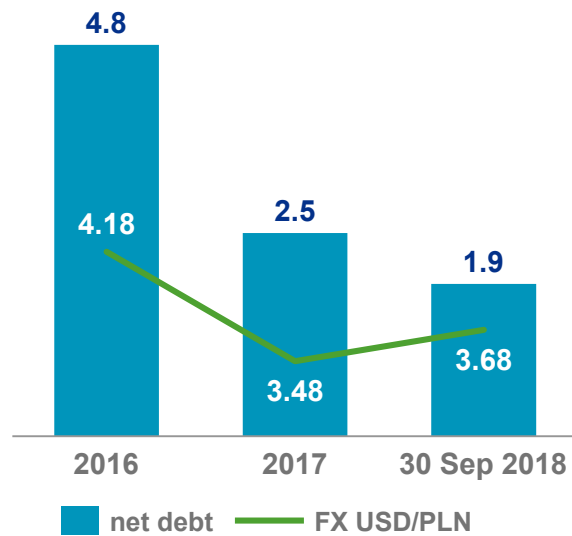
9M 2018



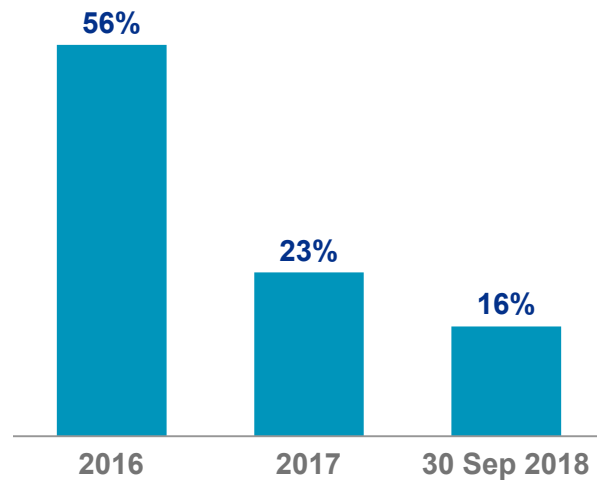
Debt

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

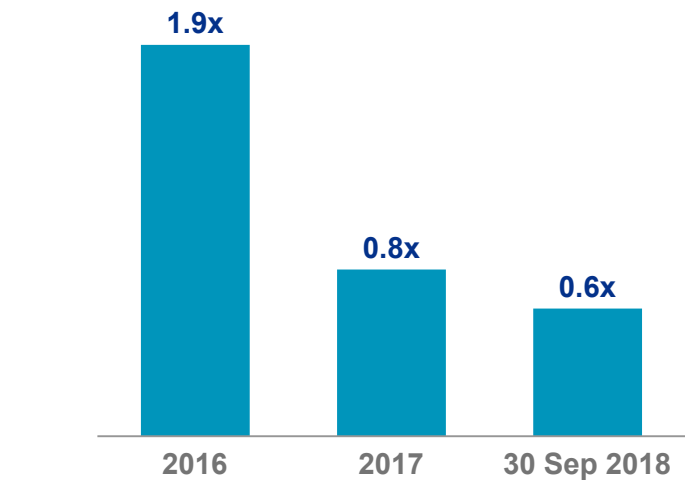
bn PLN



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 0.6x

(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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