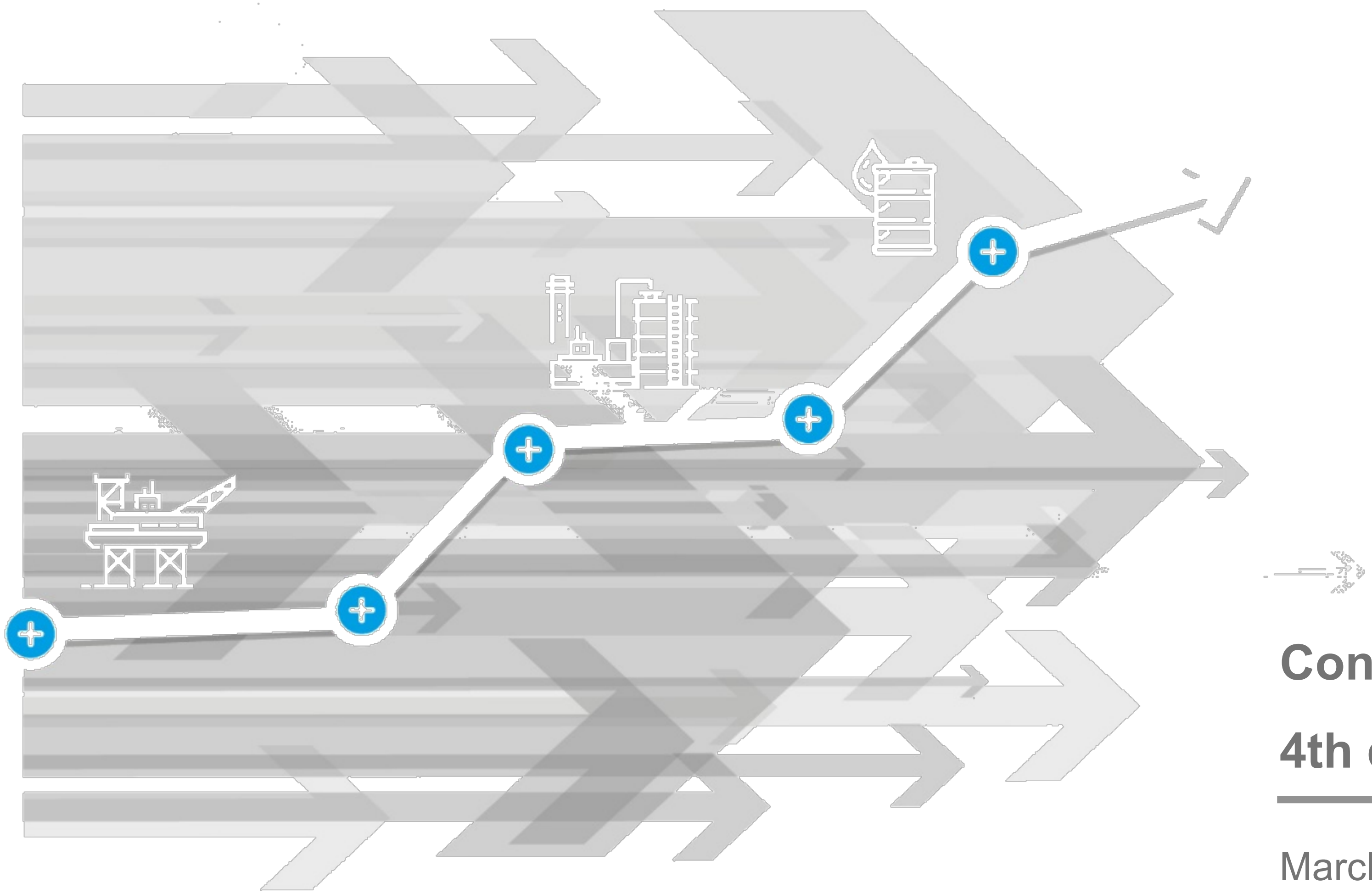

Consolidated financial results for 4th quarter 2018 and FY 2018

March 13th, 2019

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Financial results 4Q 2018 and FY 2018

Key highlights

Financial results 4Q 2018 and FY 2018

4Q 2018 – summary

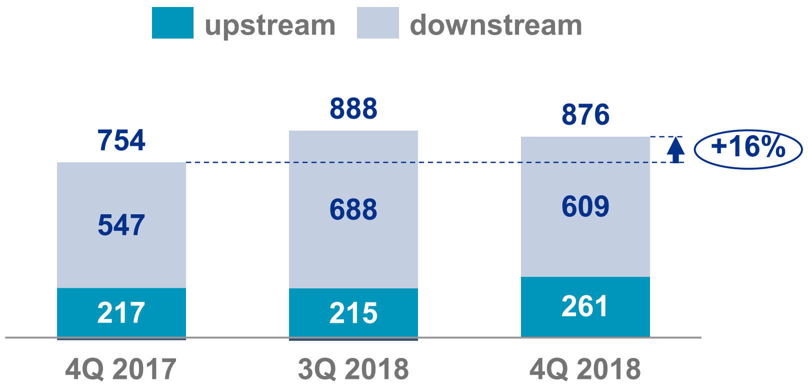
- LIFO EBITDA [1] reached 876m PLN, 15% increase (yoy), achieving growth for both of the reporting segments
- Operational excellence confirmed by the full utilisation of the refining capacity sticking to the favourable market environment
- Persistently strong balance sheet discipline – net debt/LIFO EBITDA [1] of 0.6x
- Agreement reached with the main contractor of the EFRA programme [2] clearing the path for reaching the RFSU [3] phase by the end of May 2019

(1) Net of one off items
(2) Annex signed with the main contractor, KT Kinetics Technology
(3) RFSU – ready for start up phase

4Q 2018

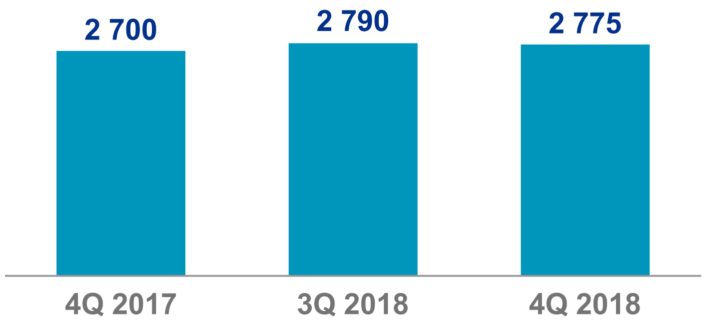
LIFO EBITDA [1]

m PLN



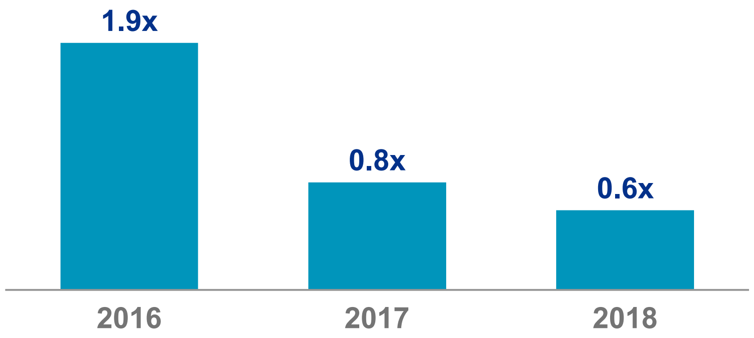
Downstream - crude oil throughput

k tons



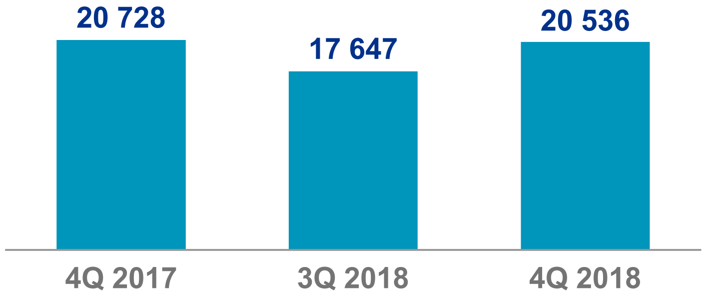
Net debt / LIFO EBITDA [2]

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*

FY 2018 – summary

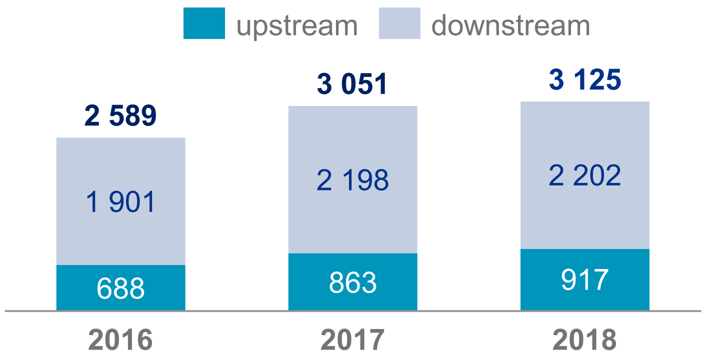
- Highest LIFO EBITDA (1) in the history of the company exceed 3.12bn, +2% y/y despite lower refining margins and decrease of the overall upstream production
- 185m PLN dividend paid by Grupa LOTOS S.A. (1 PLN per share)

(1) Net of one off items

FY 2018 - cumulative

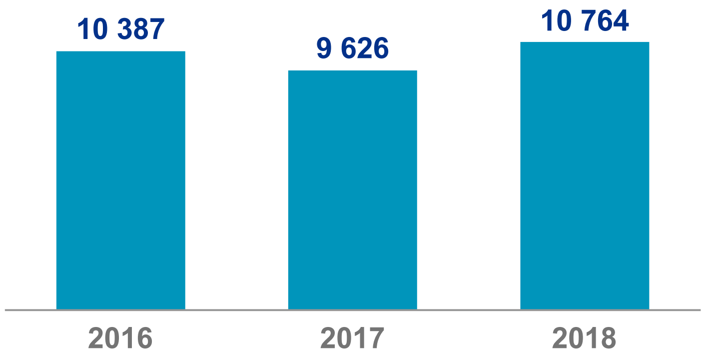
LIFO EBITDA [1]

m PLN



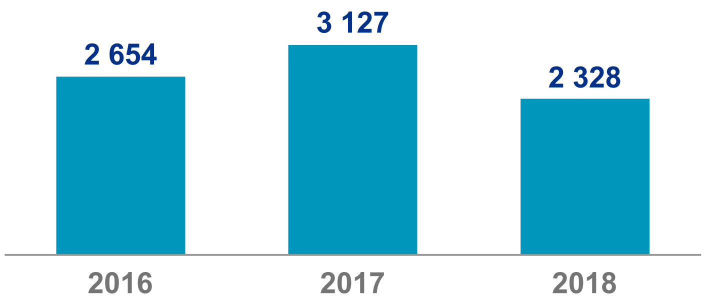
Downstream - crude oil throughput in Gdańsk

k tons



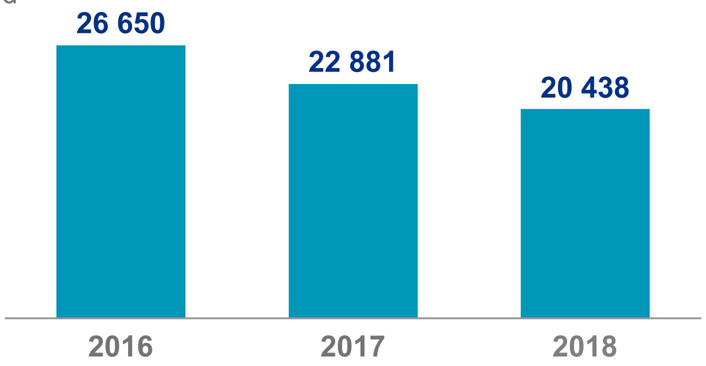
Operating cash flow

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

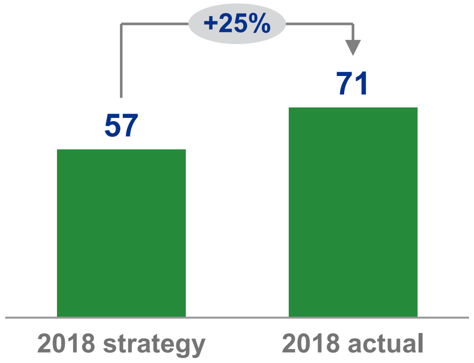
External environment

Financial results 4Q 2018 and FY 2018

Macroeconomic environment [1] vs strategic assumptions[2]

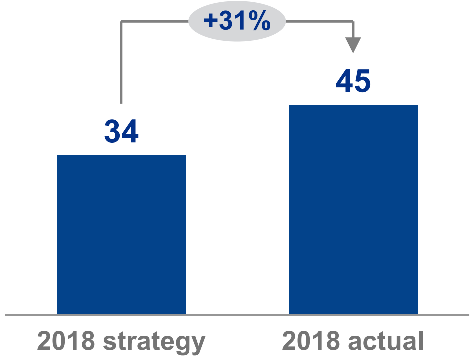
Brent DTD

USD/bbl



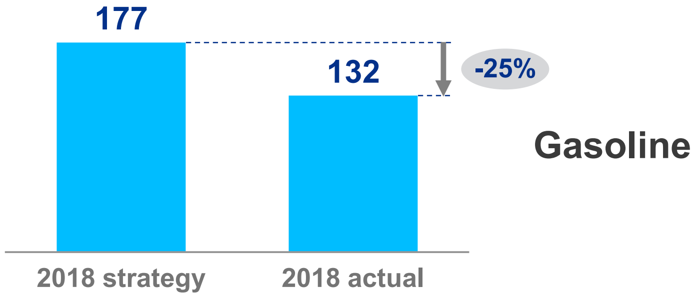
Natural gas

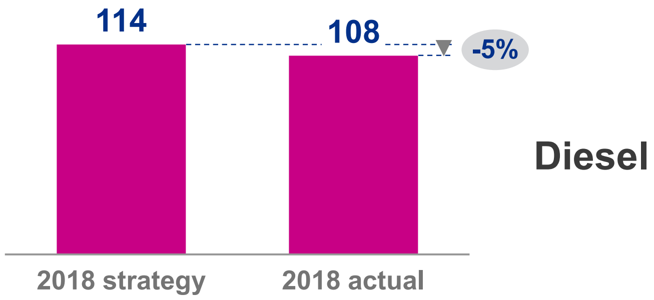
USD/boe

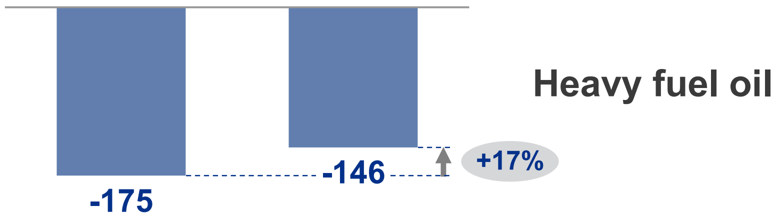


Product crack spreads

USD/ton



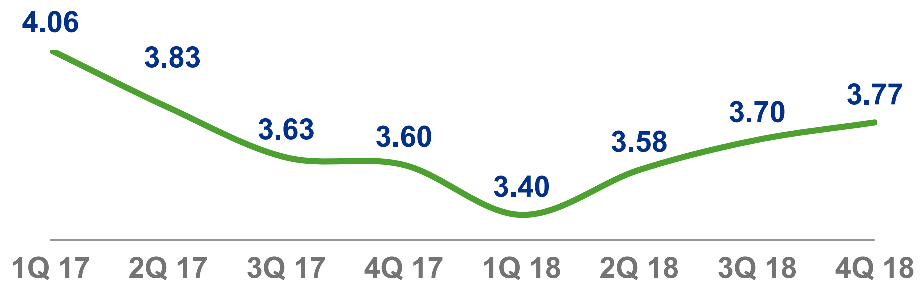




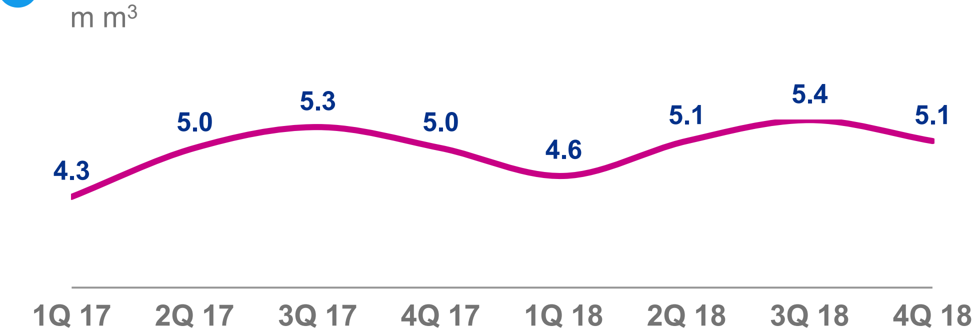
(1) Source : Thomson Reuters
(2) Average annual 2018 strategic assumptions adopted by LOTOS

FX rate, GDP growth, domestic fuel market

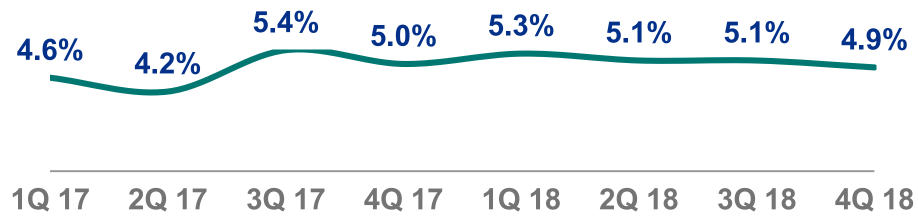
FX USD/PLN rate (1)



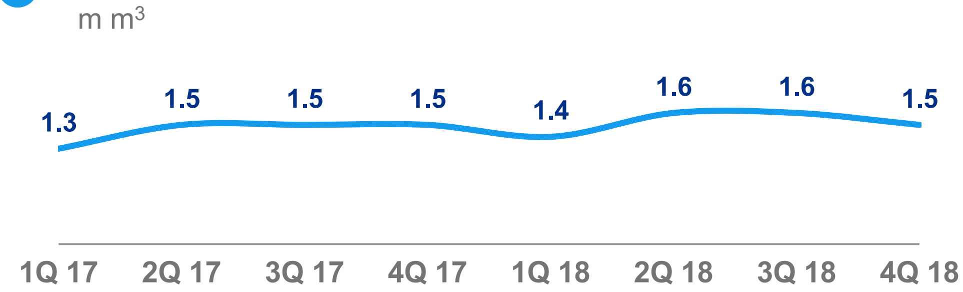
Diesel consumption (3)



Polish GDP growth (2)



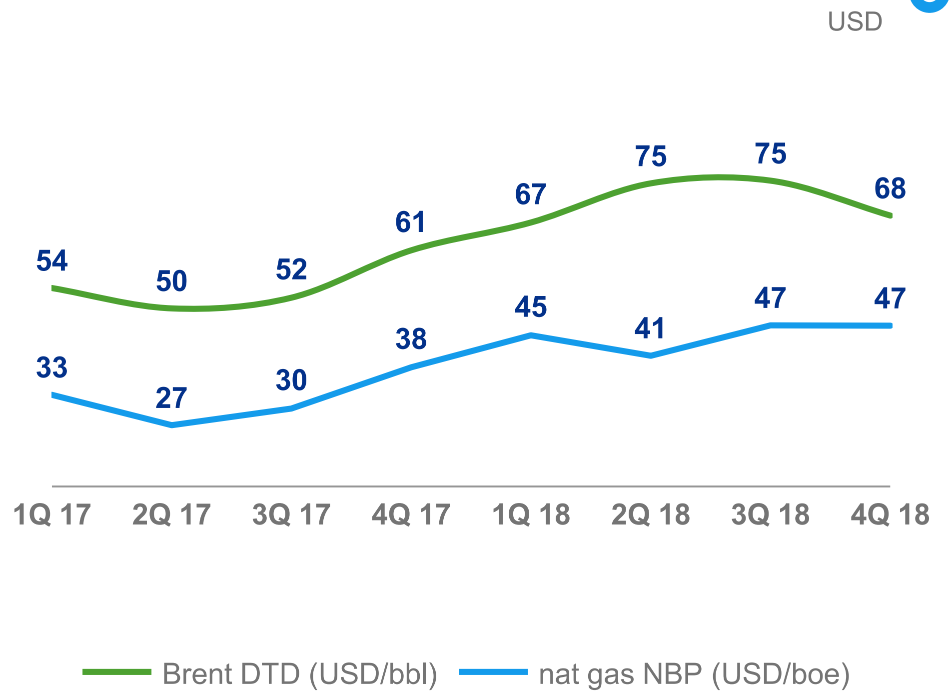
Gasoline consumption (3)



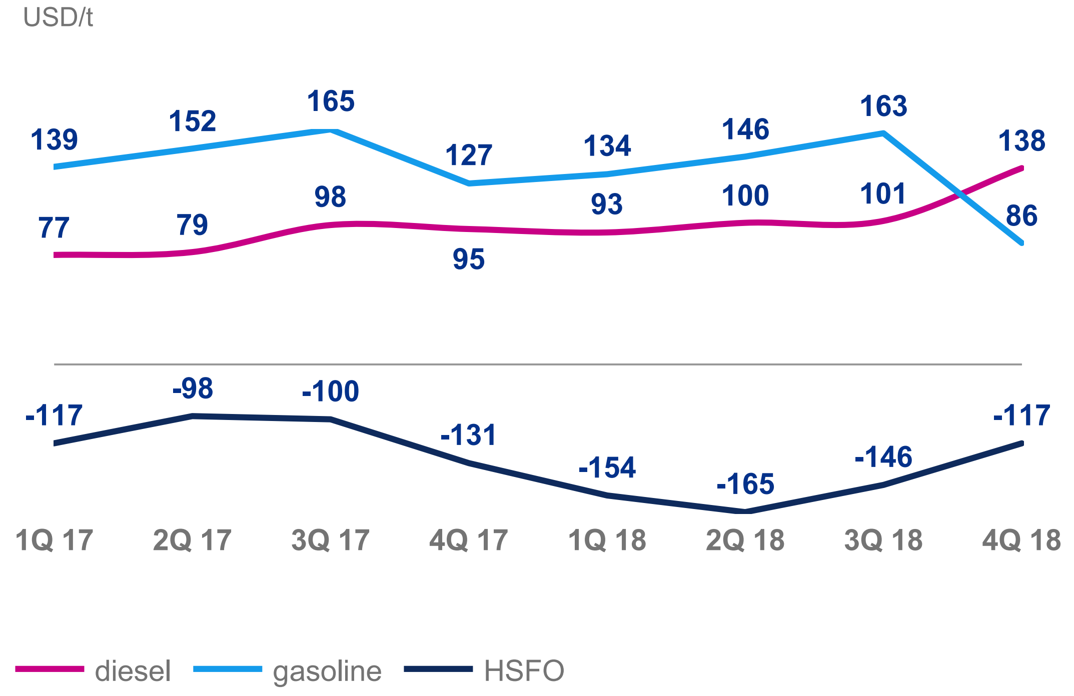
(1) *National Bank of Poland*
(2) *Statistics Poland (GUS); 4Q 2018 forecast*
(3) *domestic; according to POPiHN – organisation for Oil Trade and Industry*

Crude oil, natural gas and product crack spreads

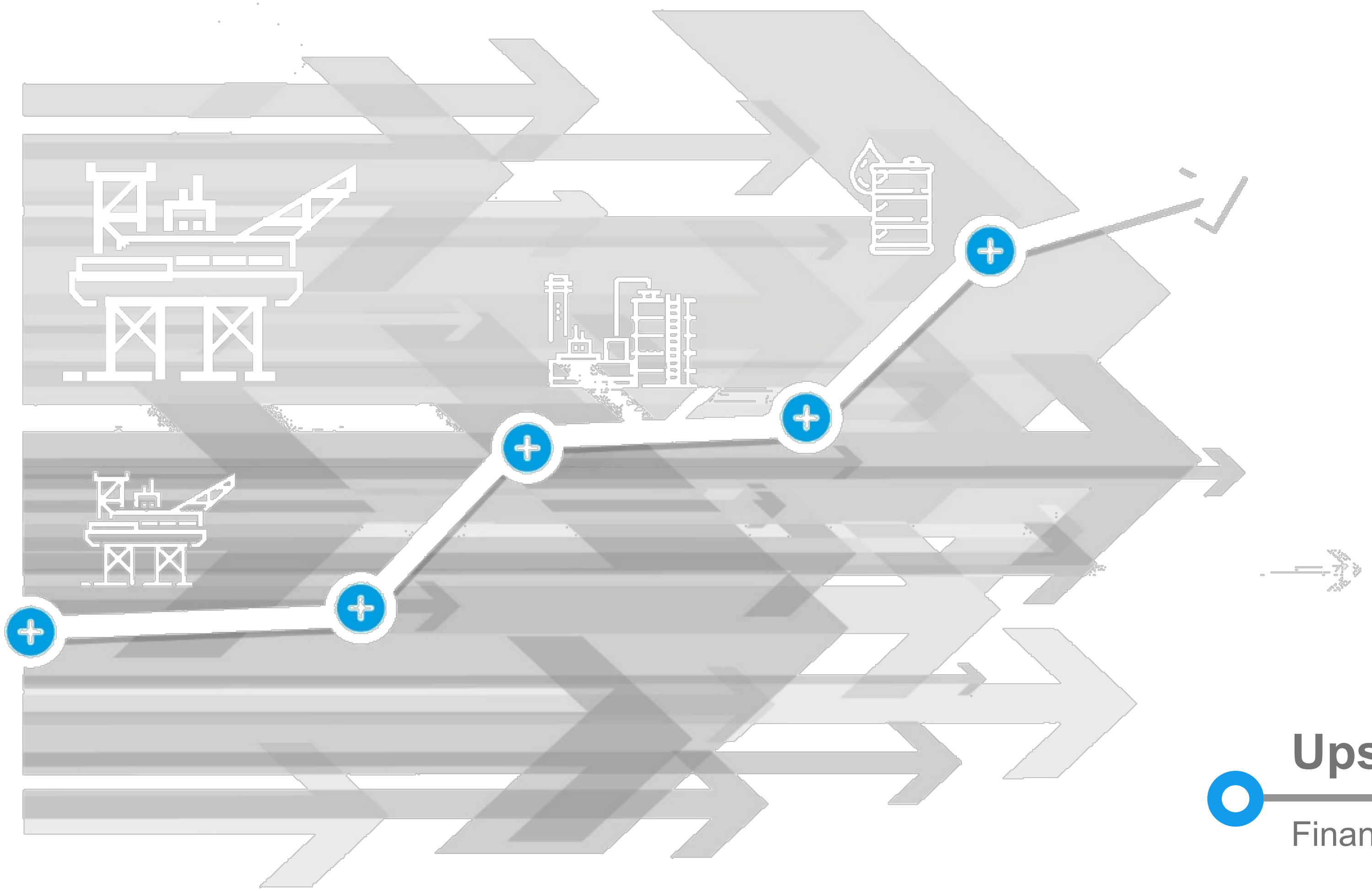
Crude oil [1] and nat gas prices [2]



Key product crack spreads [1]



(1) *Source : Thomson Reuters; HSFO – heavy sulfur fuel oil*
(2) *Source : National Balancing Point*



Upstream

Financial results 4Q 2018 and FY 2018

Producing assets – 4Q 2018

B8
Baltic Sea

Reserves(1) **35,9** mmboe
Production(2) **3,1** kboe/d

B3
Baltic Sea

Reserves(1) **13,7** mmboe
Production(2) **1,5** kboe/d

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

Sleipner
North Sea

Reserves(1) **14,8** mmboe
Production(2) **12,7** kboe/d

Heimdal
North Sea

Reserves(1) **2,5** mmboe
Production(2) **2,5** kboe/d

Lifting costs Norway: **12** USD/boe (3)

Onshore fields
Lithuania

Reserves(1) **2,9** mmboe
Production(2) **0,7** kboe/d

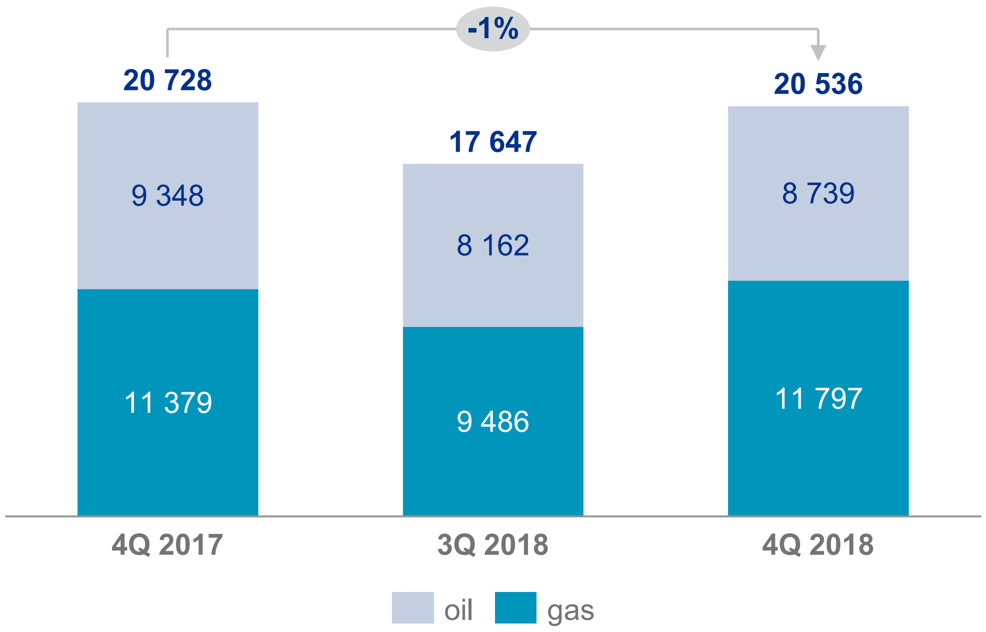
Lifting costs Lithuania: **17** USD/boe (3)

(1) 2P Reserves as of 31.12.2018
(2) Average daily production for 4Q 2018
(3) Average lifting costs for FY 2018

Overall production figures

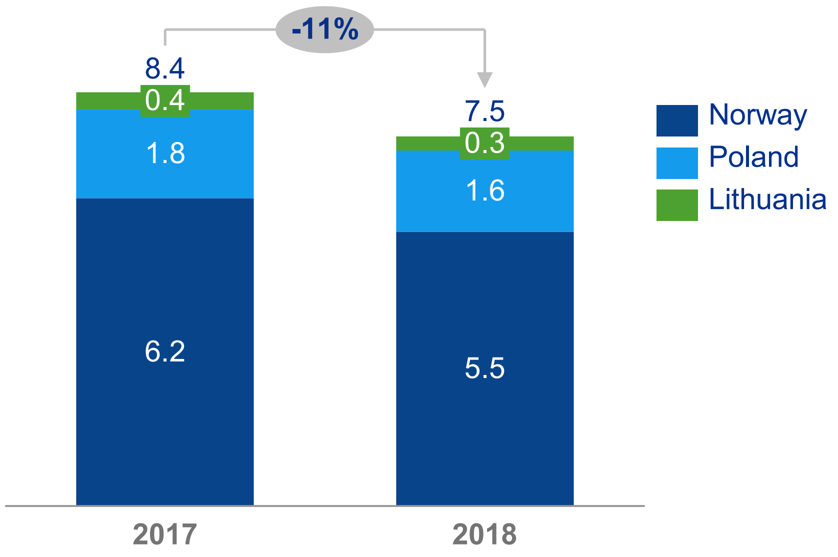
Daily quarterly production

boe/d



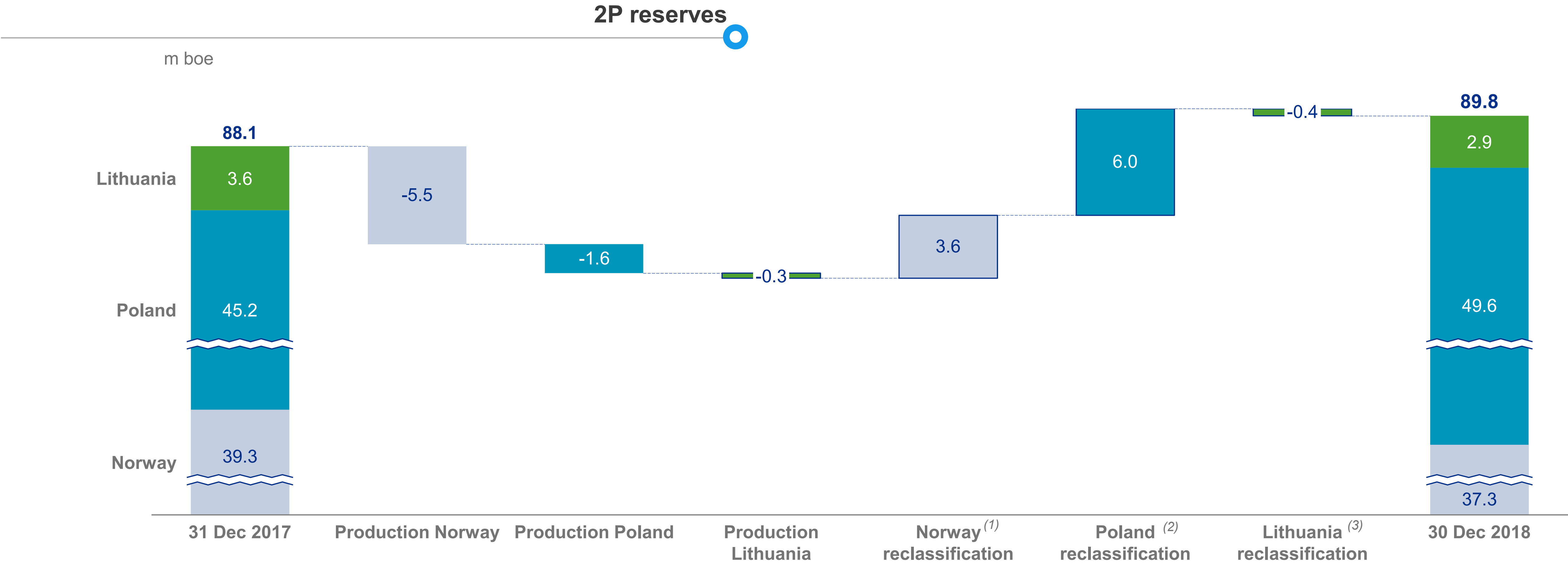
Overall FY production

m boe



Upstream

Total recoverable reserves comparing with 31.12.2017

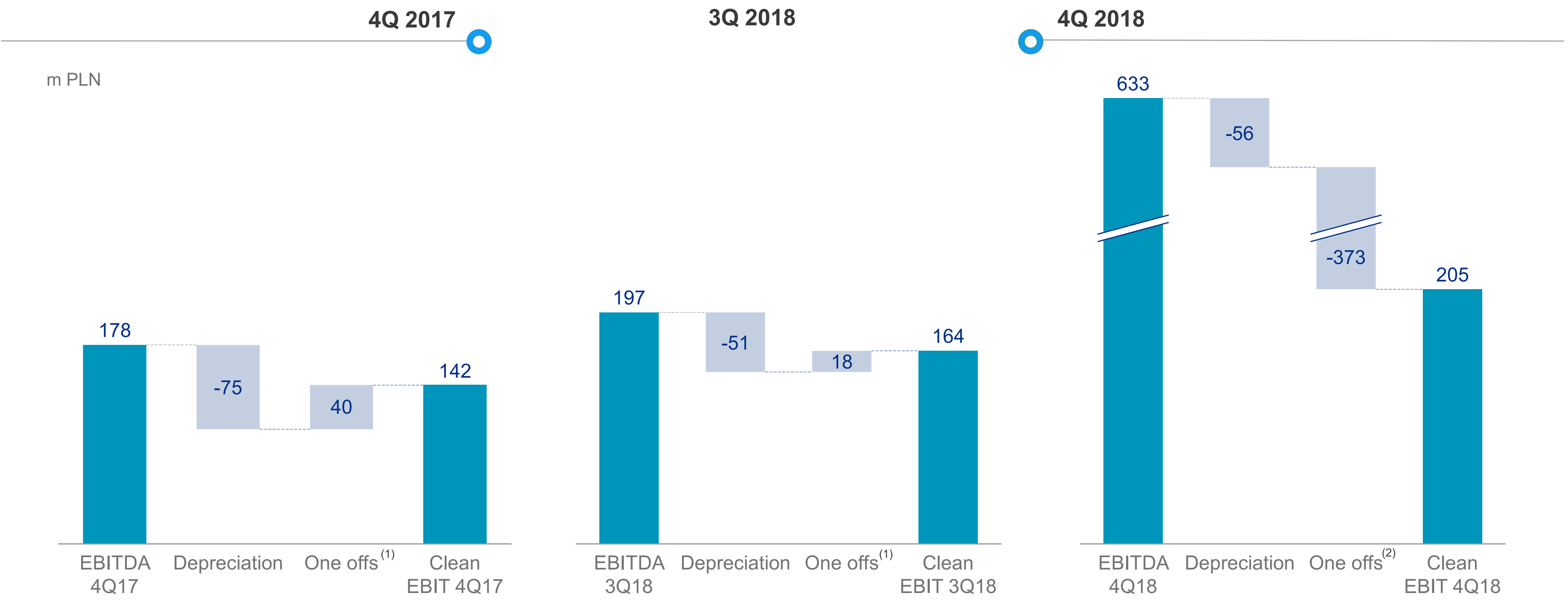


(1) *Including: (i) upward revision of 2P reserves for Sleipner area by 4,1 mboe due to extended production from existing wells on Sleipner West field; (ii) downward revision of 2P reserves for Heimdal area by 0,5 mboe due to planned earlier decommissiong of Heimdal hub*

(2) *Upward revision of 2P reserves for B3 field, due to approved by the Ministry extension of the license till year 2031*

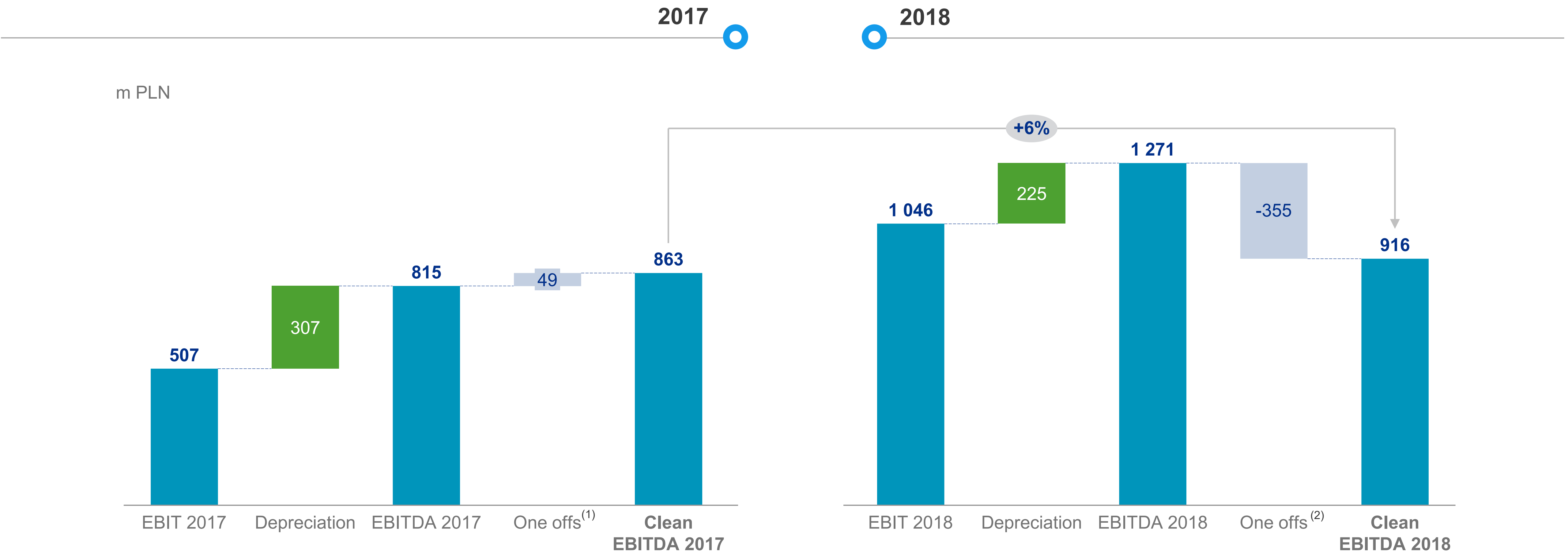
(3) *Downward revision of 2P reserves for Lithuanian fields based on the updated Miller and Lents Reserves Report*

Quarterly upstream EBITDA evolution

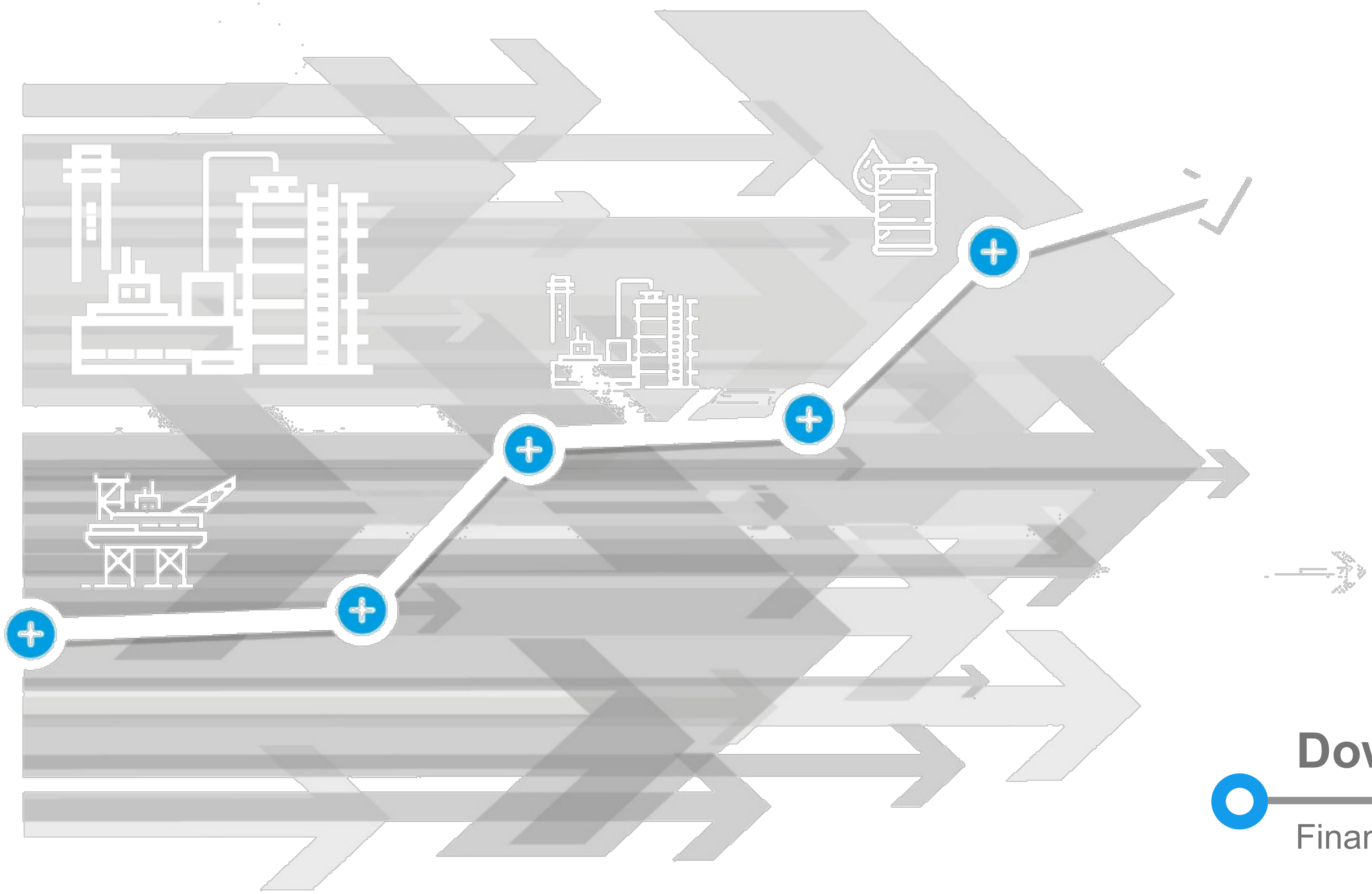


(1) Balance of assets impairments and other revaluations
(2) Balance of assets impairments and other revaluations, including reversal of YME assets impairment and SBM insurance claim received

Full year cumulative EBITDA evolution



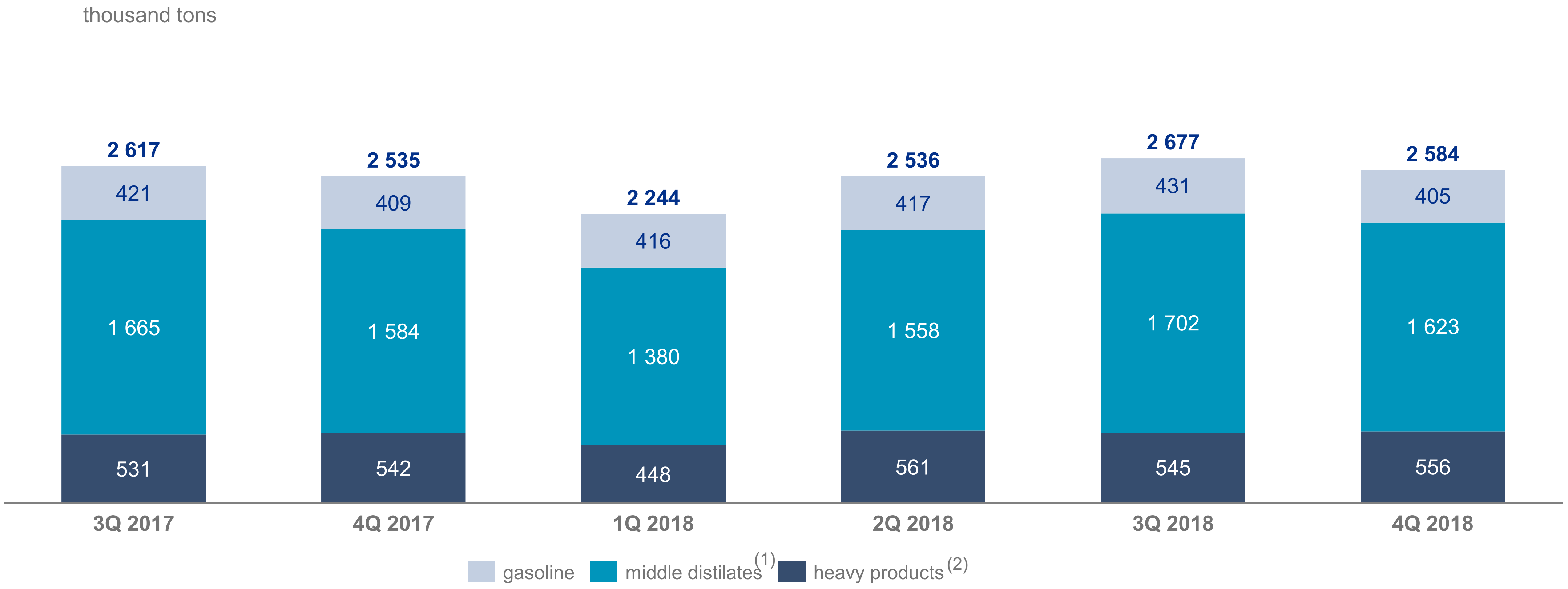
(1) *Balance of assets impairments and other revaluations*
(2) *Balance of assets impairments and other revaluations, including reversal of YME assets impairment and SBM insurance claim received*



Downstream

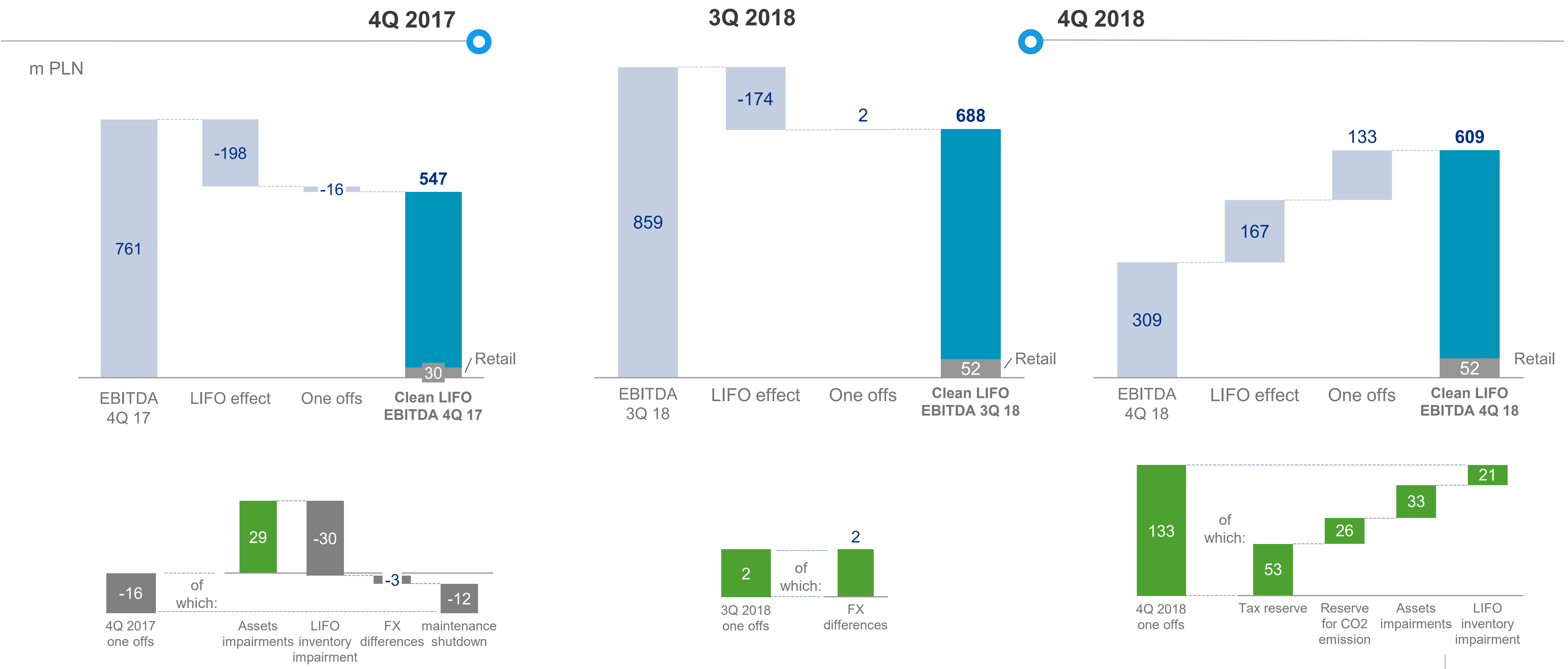
Financial results 4Q 2018 and FY 2018

Volume of sales of key refining products

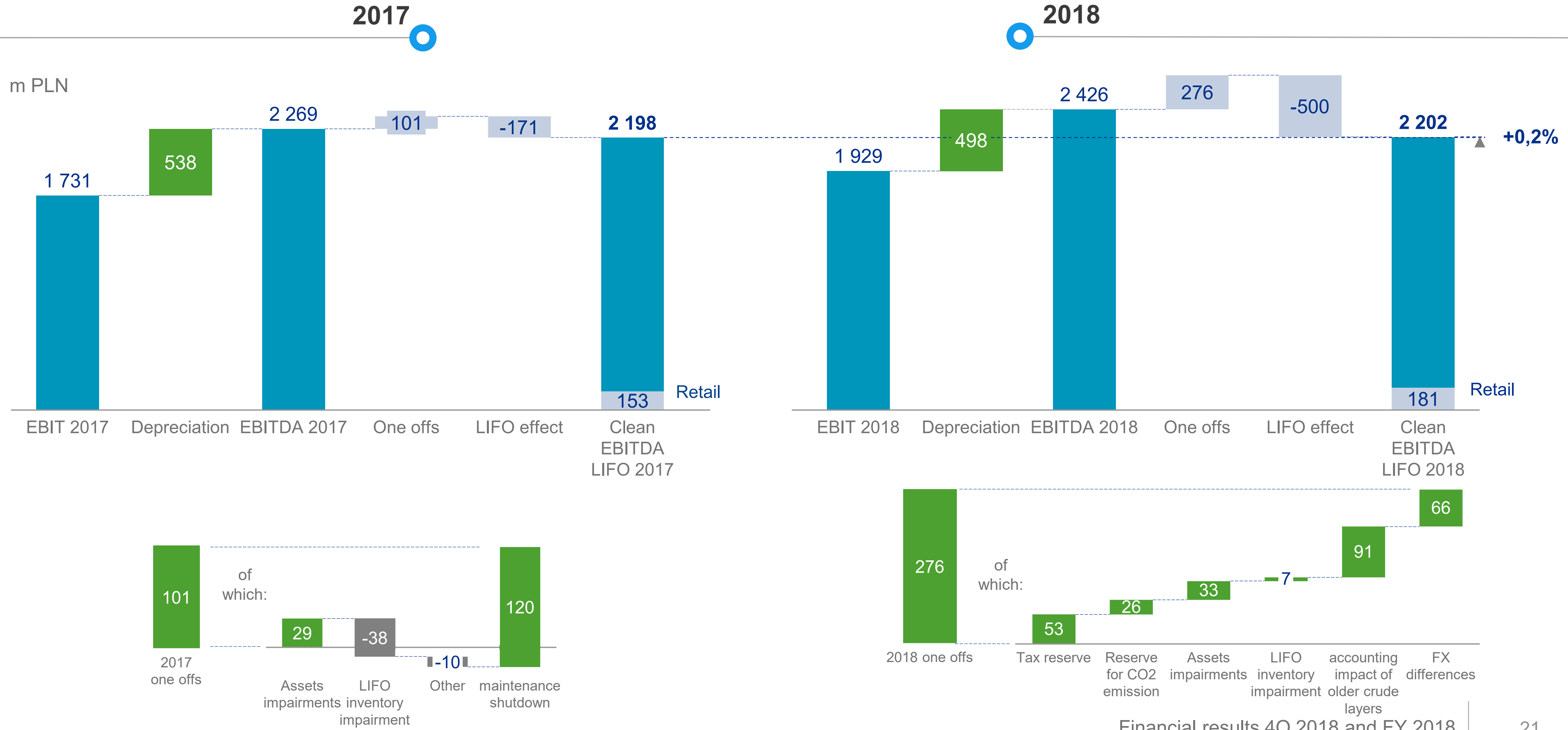


(1) middle distillates including : diesel, light heating oil and jet fuel
(2) heavy products : heavy sulfur fuel oil and bitumens

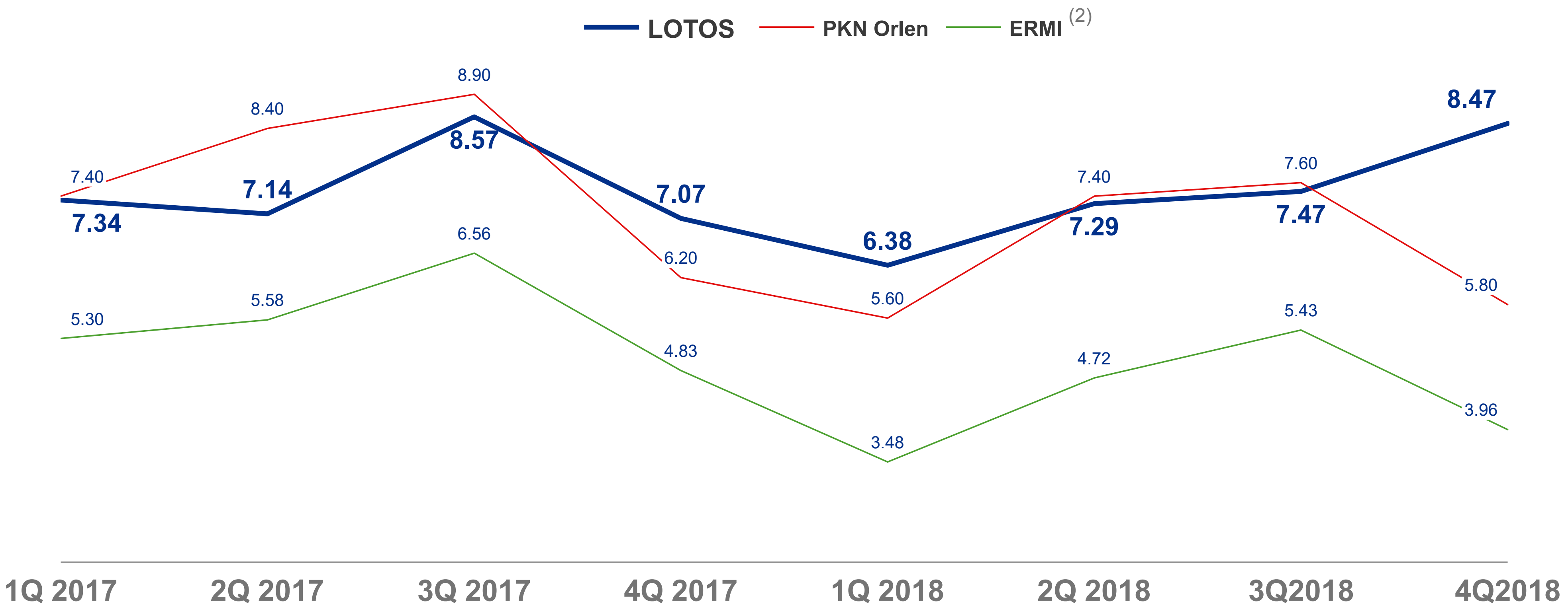
Quarterly downstream clean EBITDA LIFO evolution



Full year cumulative EBITDA evolution



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*

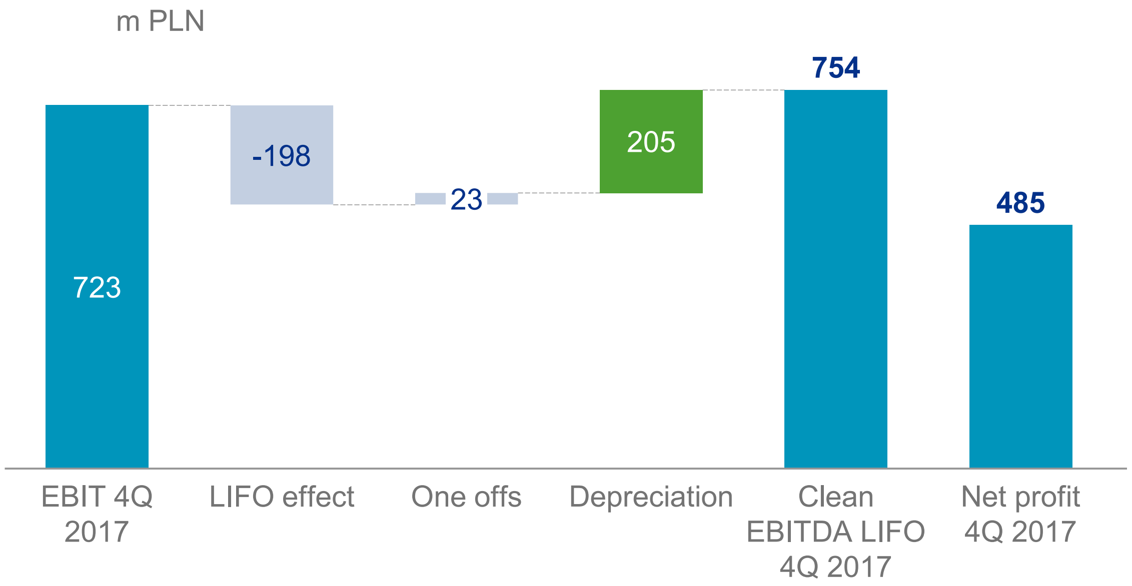
Consolidated financial results

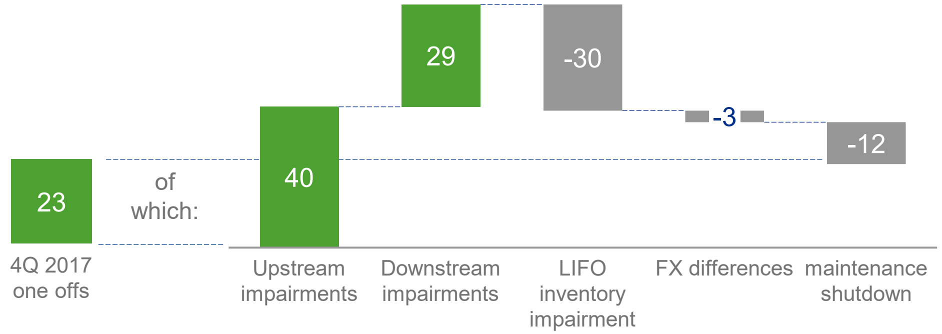
Financial results 4Q 2018 and FY 2018

Consolidated financial results

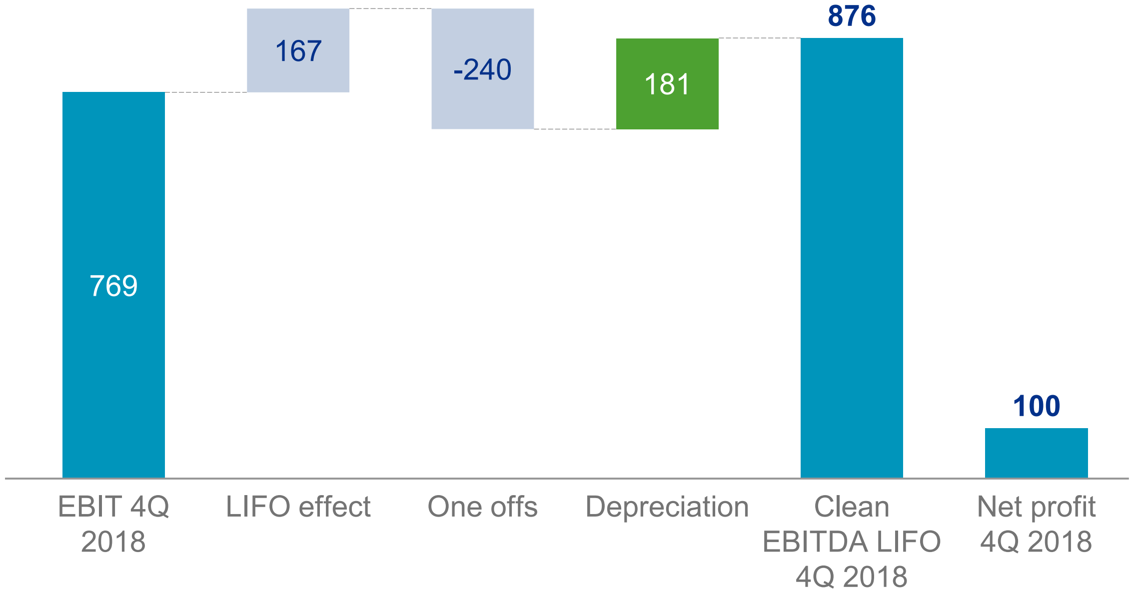
Decomposition of 4Q 2018 vs 4Q 2017 consolidated financial results

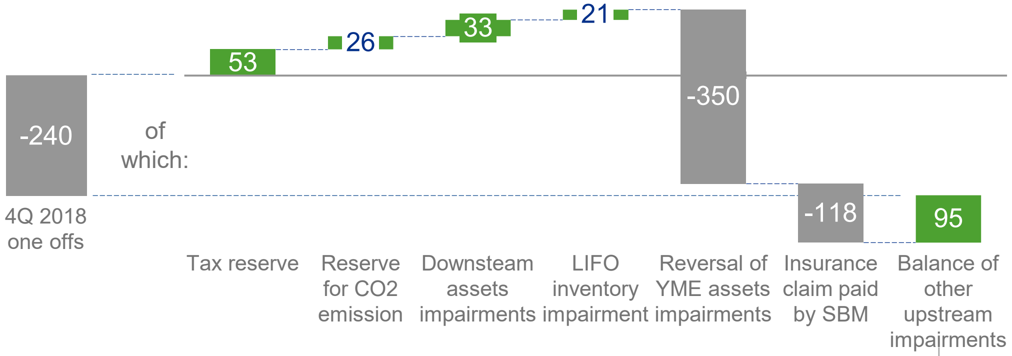
4Q 2017





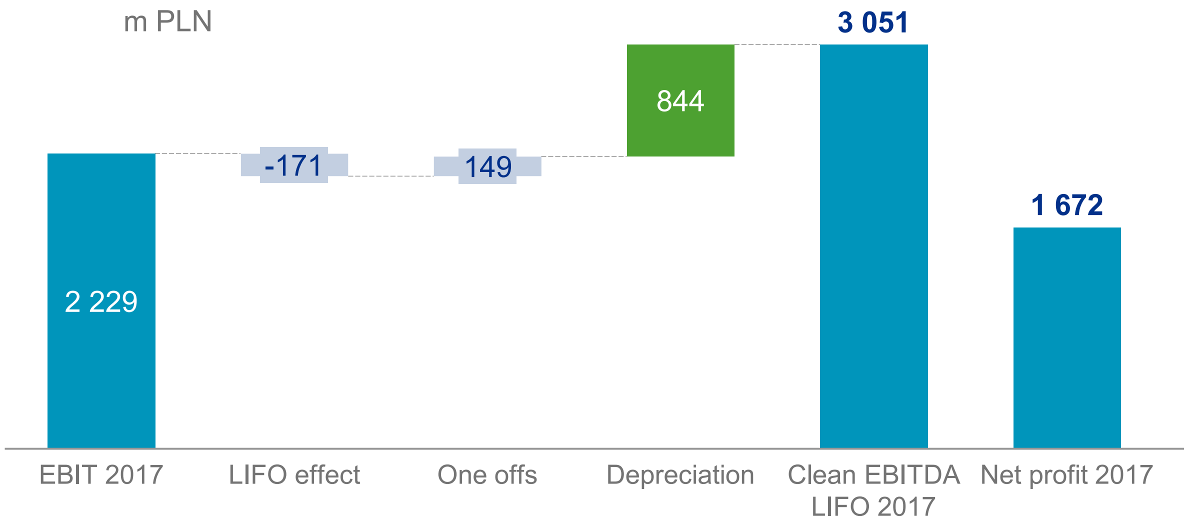
4Q 2018

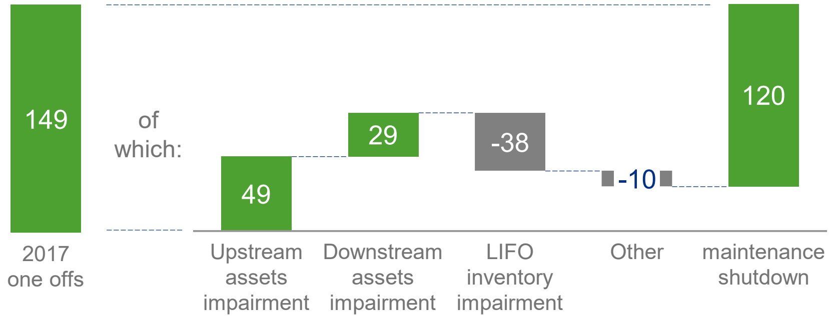




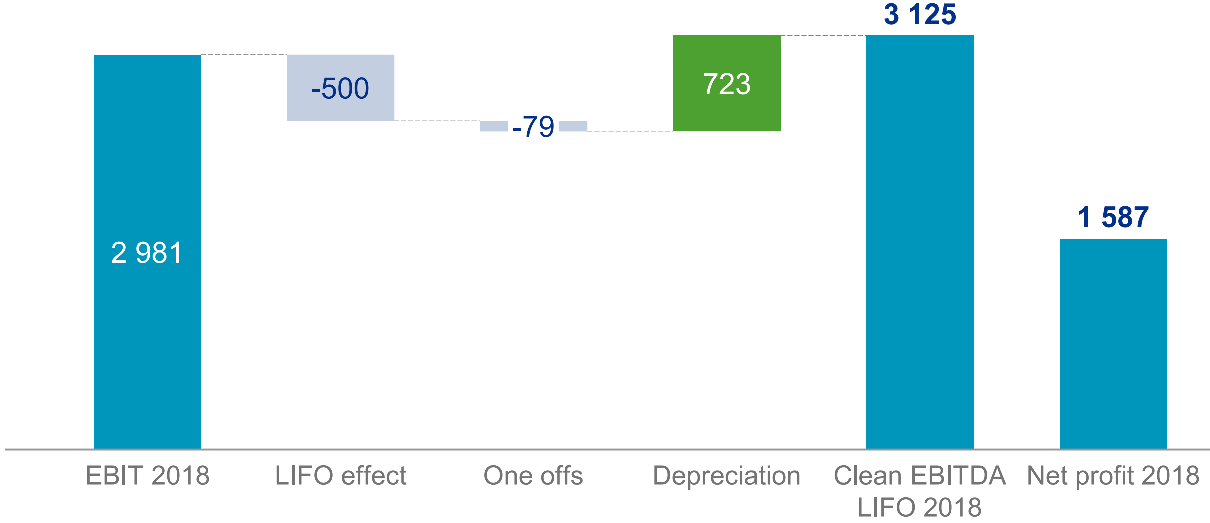
Full year operating results evolution

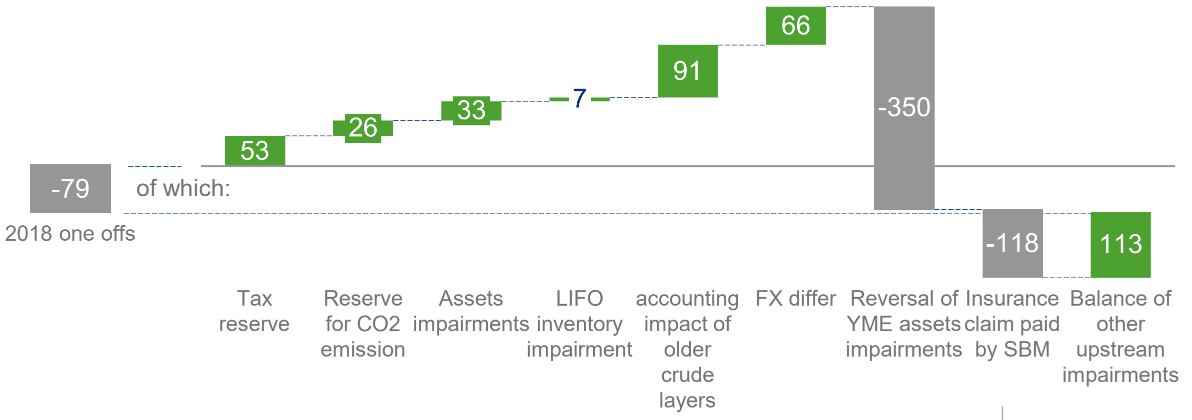
2017





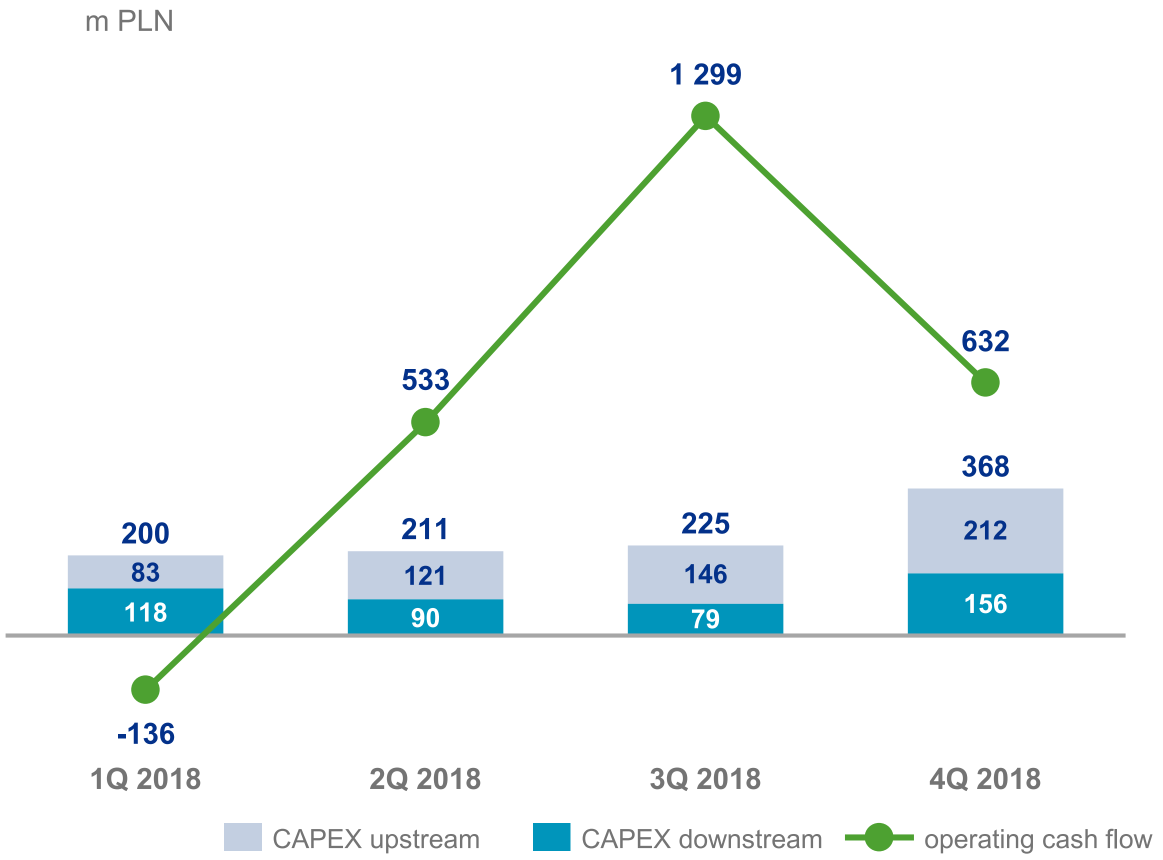
2018



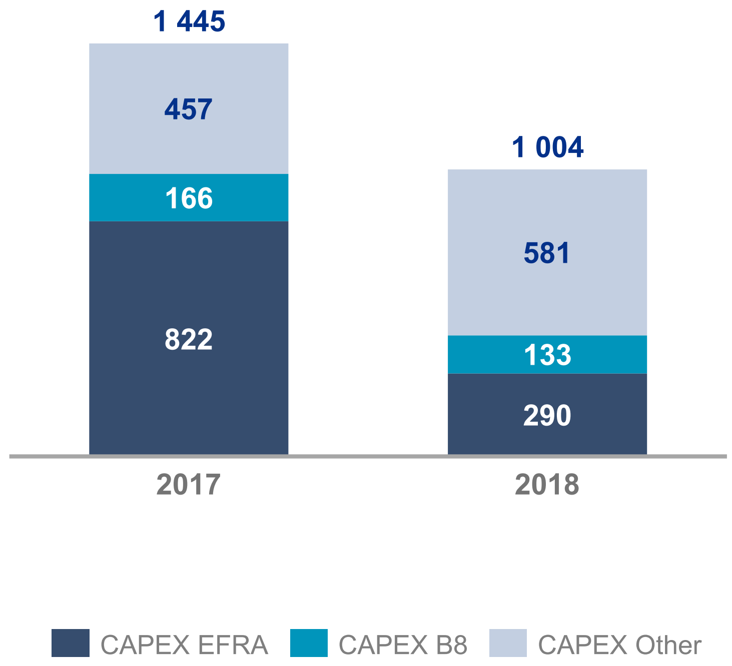


Operating cash flows vs CAPEX

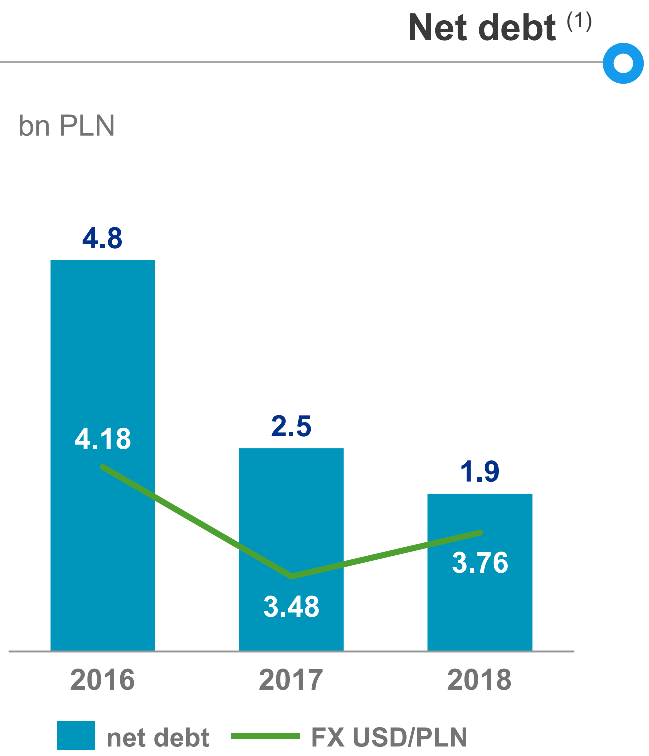
Quarterly

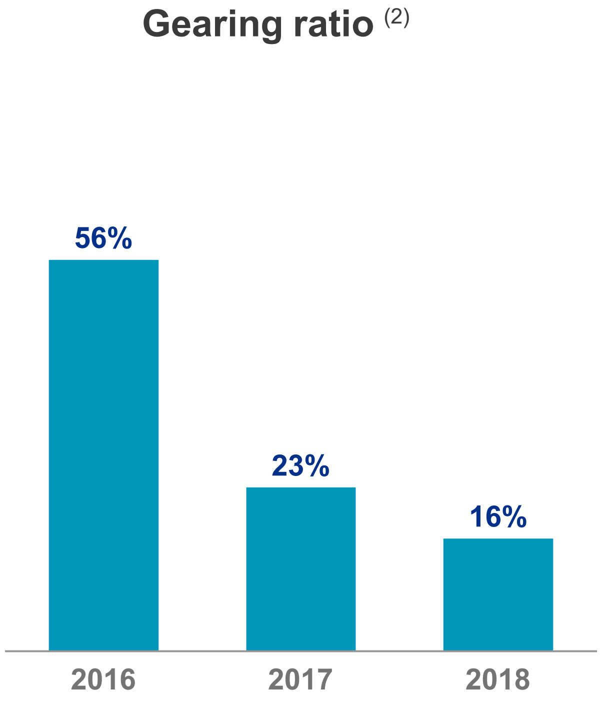


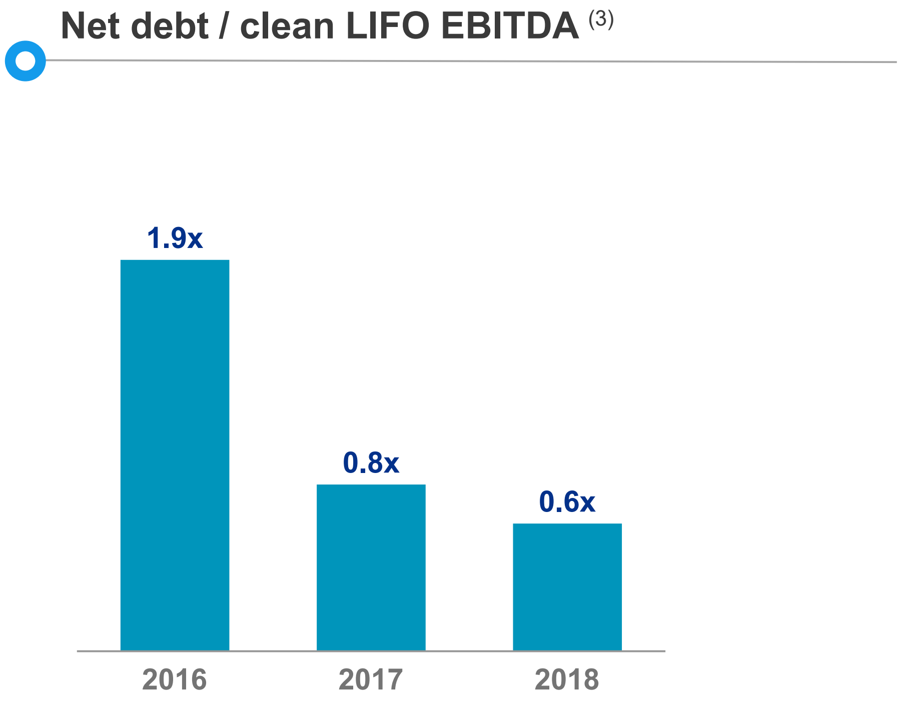
2018



Debt

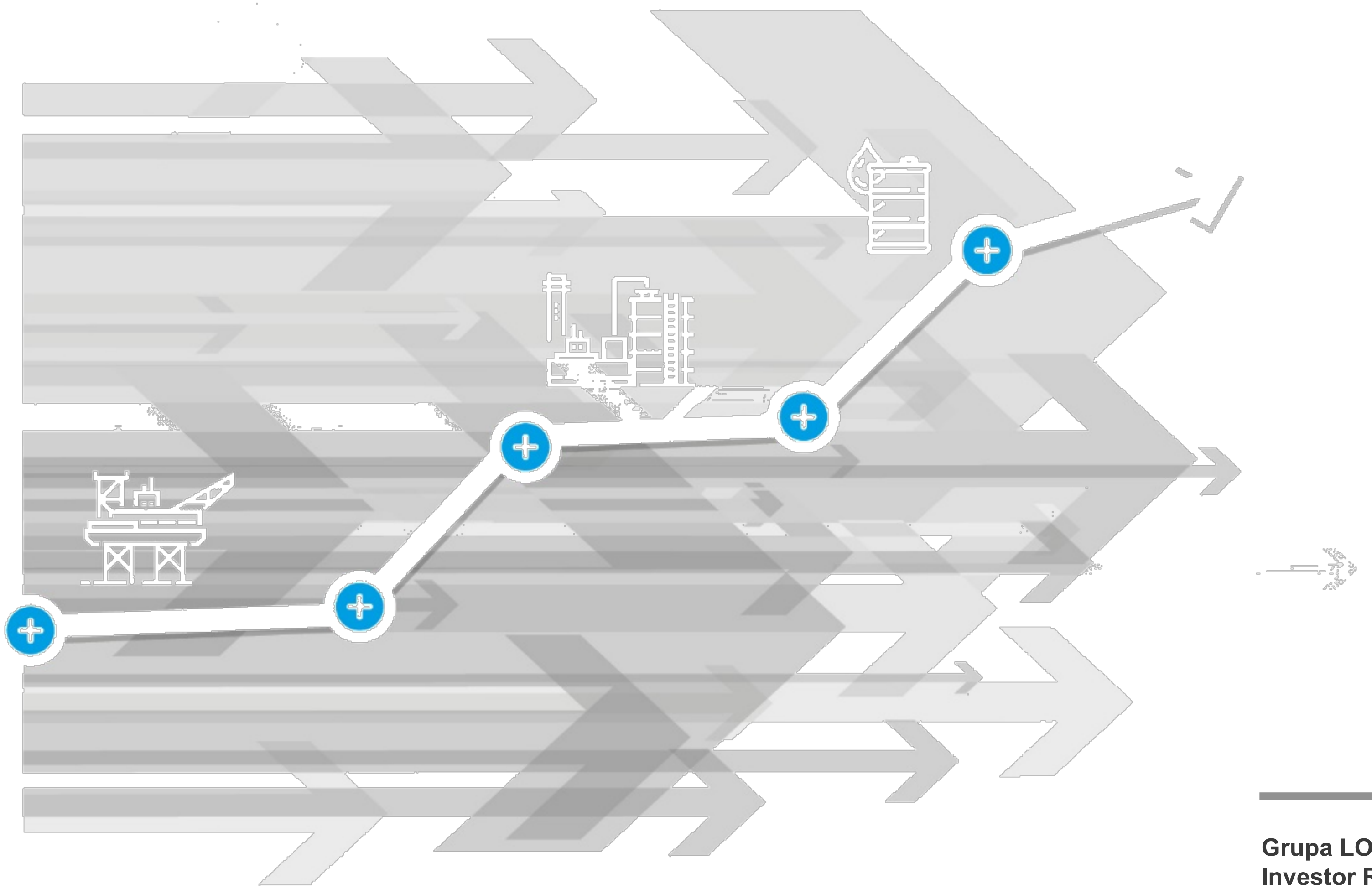






- Net debt figures include: interest bearing loans and borrowings, finance lease and bonds less cash&cash equivalents
- The current net debt/EBITDA ratio at 0.6x

(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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