



Consolidated financial results for 1st quarter 2019

April 30th, 2019



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Financial results 1Q 2019



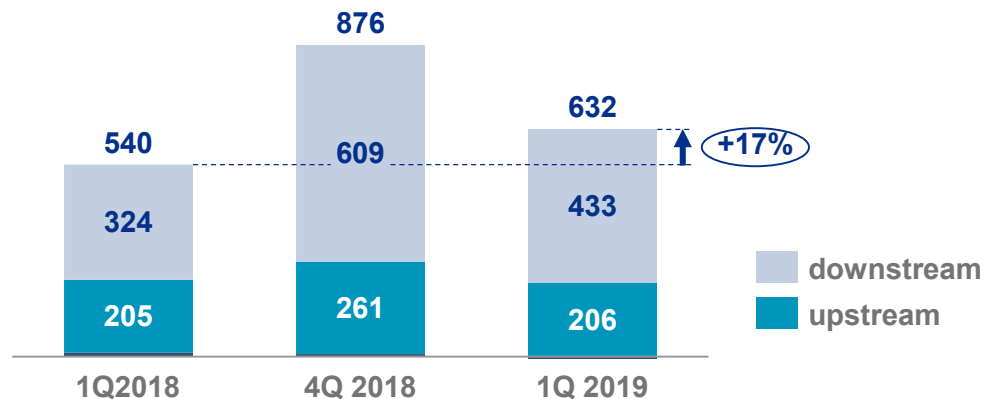
 **Key highlights**
Financial results 1Q 2019

- LIFO EBITDA ⁽¹⁾ reached 632m PLN, 17% increase (yoy), growing strongly within the downstream segment and staying flat within upstream despite decreasing crude oil and nat gas prices
- Operational excellence confirmed by the full utilisation of the refining capacity sticking to the favourable market environment
- Maintaining strong balance sheet discipline – net debt/LIFO EBITDA ⁽¹⁾ of 0.9x, growing from 0.6x q/q due to the implementation of IFRS 16 standard, which increased the finance lease liabilities

(1) Net of one off items

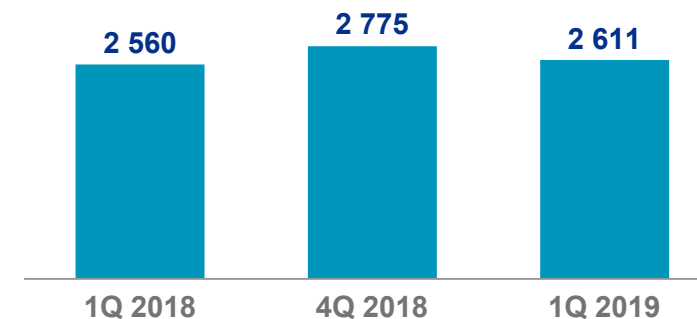
LIFO EBITDA ⁽¹⁾

m PLN



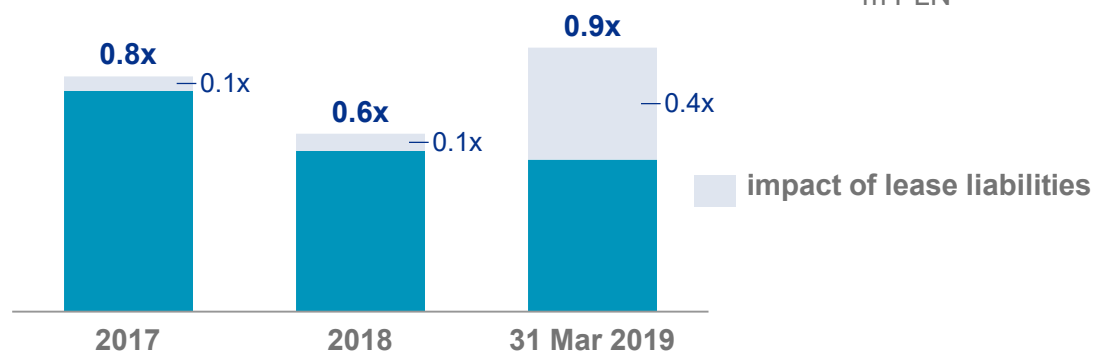
Downstream - crude oil throughput

k tons



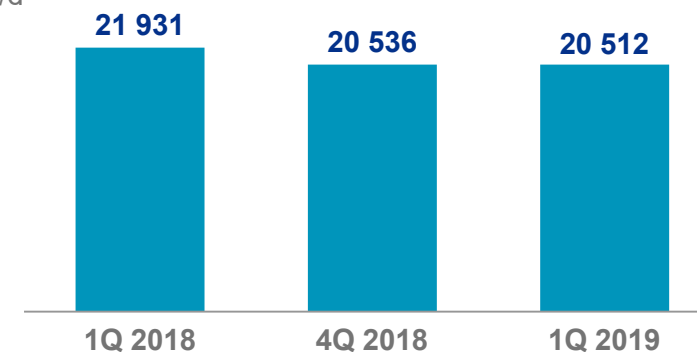
Net debt / LIFO EBITDA ⁽²⁾

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



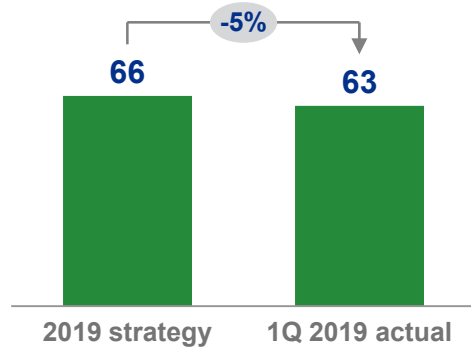
 **External environment**
Financial results 1Q 2019

External environment

Macroeconomic environment ⁽¹⁾ vs strategic assumptions ⁽²⁾

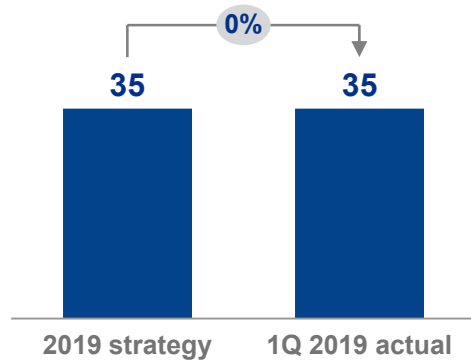
Brent DTD

USD/bbl



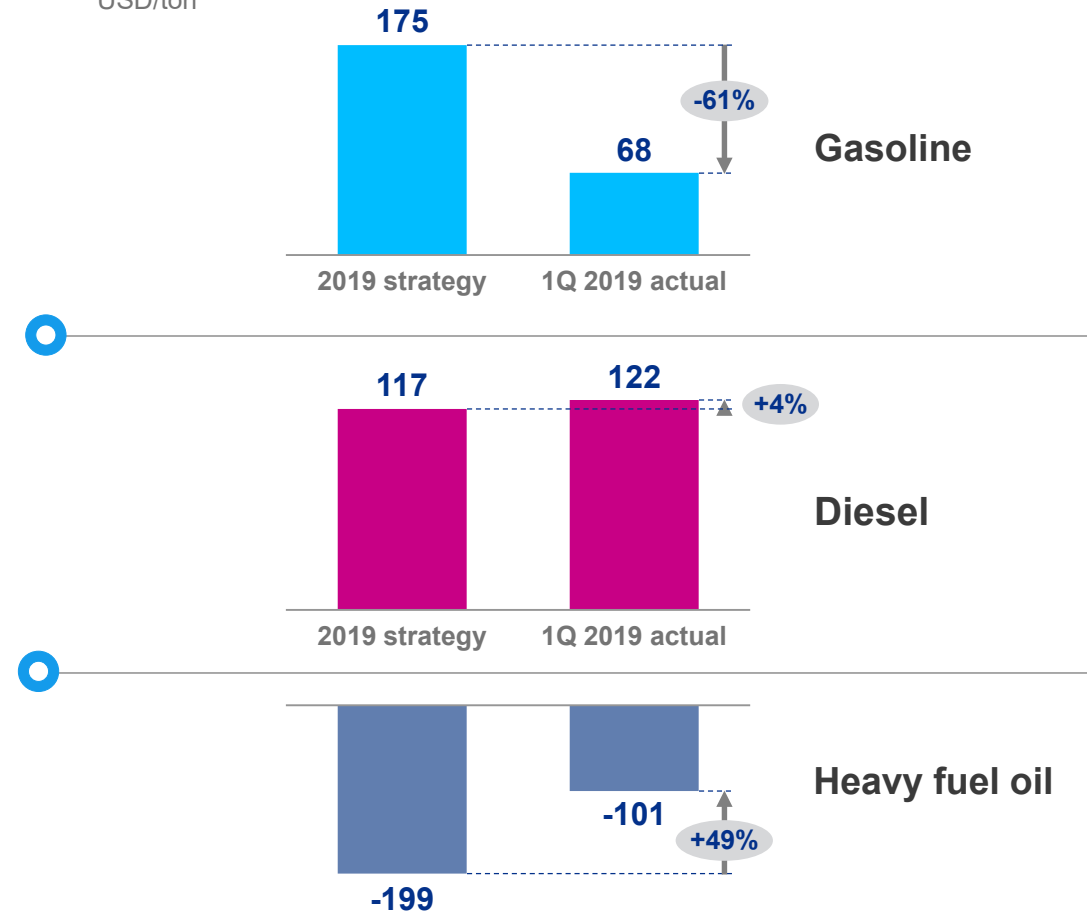
Natural gas

USD/boe



Product crack spreads

USD/ton



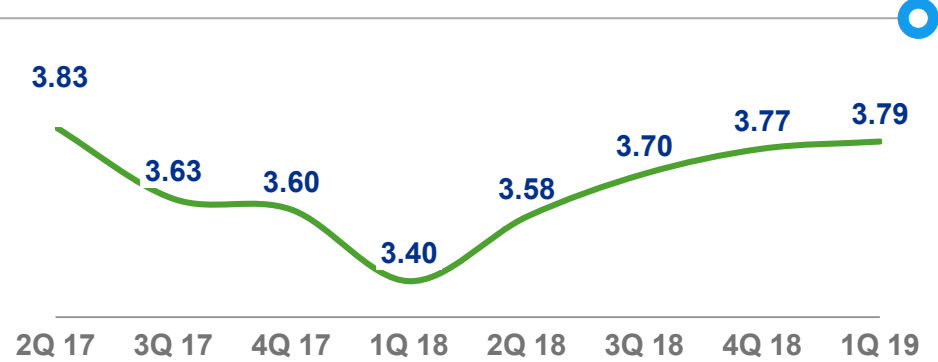
(1) Source : Refinitiv

(2) Average annual 2019 strategic assumptions adopted by LOTOS

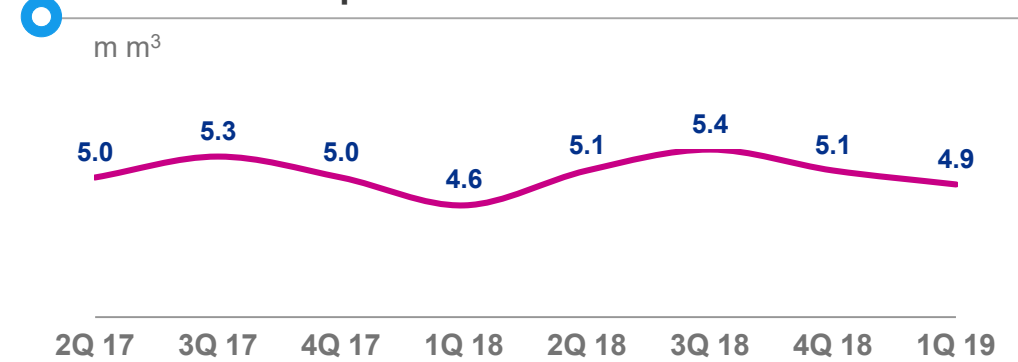
External environment

FX rate, GDP growth, domestic fuel market

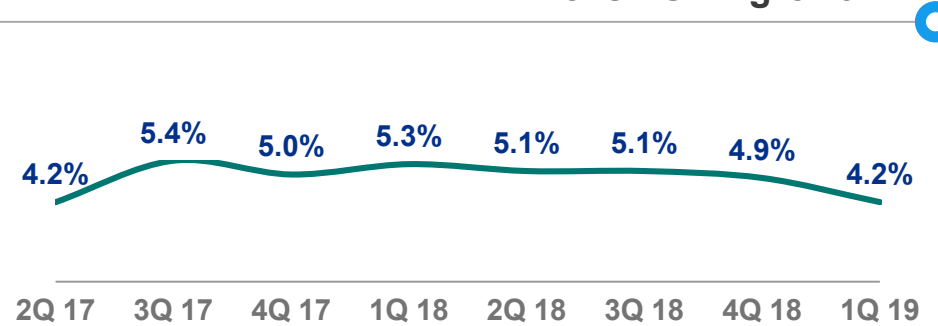
FX USD/PLN rate ⁽¹⁾



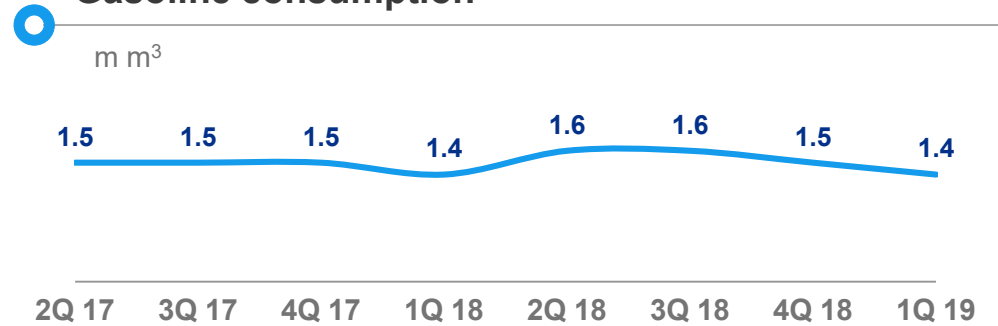
Diesel consumption ⁽³⁾



Polish GDP growth ⁽²⁾



Gasoline consumption ⁽³⁾



(1) National Bank of Poland

(2) Statistics Poland (GUS); 1Q 2019 avg of forecasts (Bank Pekao S.A. and Credit Agricole)

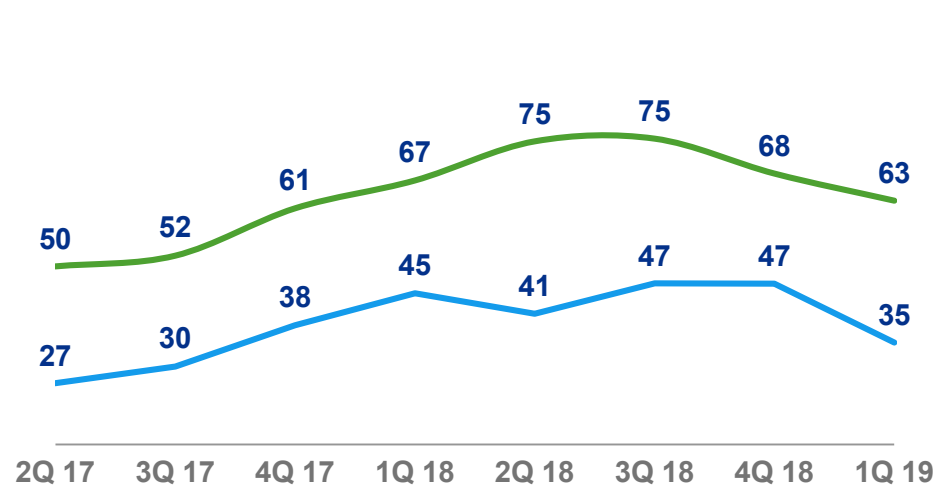
(3) domestic; according to POPiHN – organisation for Oil Trade and Industry

External environment

Crude oil, natural gas and product crack spreads

Crude oil ⁽¹⁾ and nat gas prices ⁽²⁾

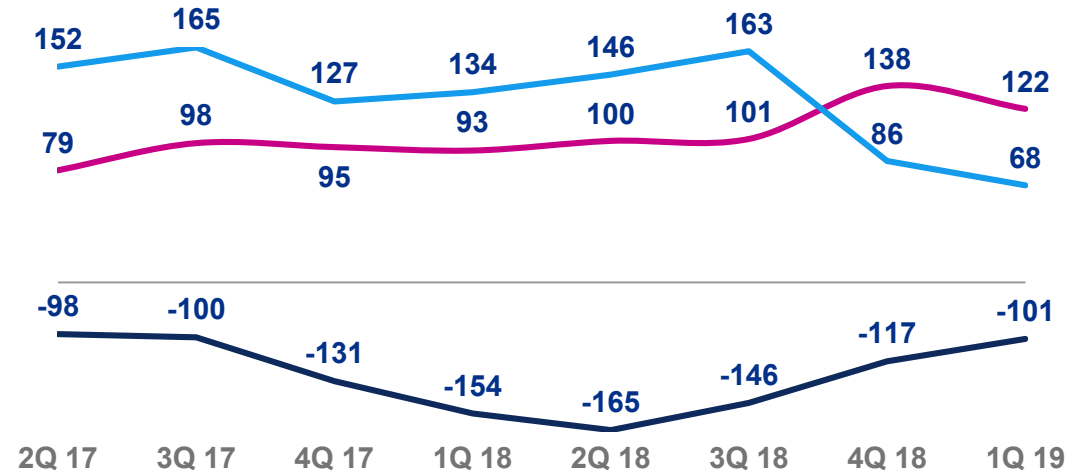
USD



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

Key product crack spreads ⁽¹⁾

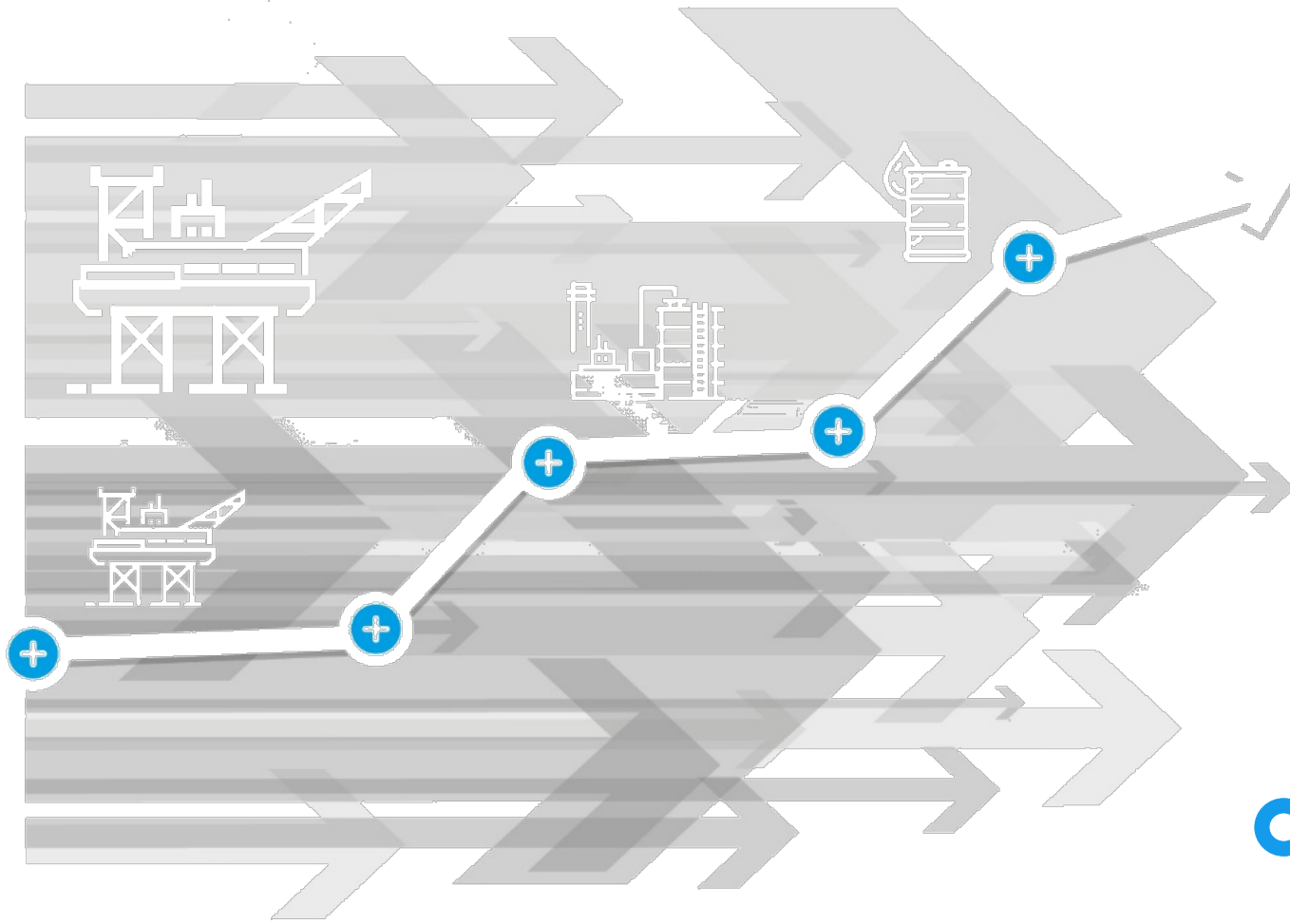
USD/t



— diesel — gasoline — HSFO

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

(2) Source : National Balancing Point



 **Upstream**
Financial results 1Q 2019

B8

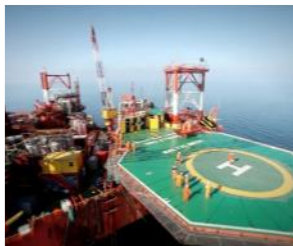
Baltic Sea



Reserves⁽¹⁾ **35,6 mmboe**
Production⁽²⁾ **3,3 kboe/d**

B3

Baltic Sea



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

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

Sleipner

North Sea



Reserves⁽¹⁾ **13,7 mmboe**
Production⁽²⁾ **12,3 kboe/d**

Heimdal

North Sea



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

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

Onshore fields

Lithuania



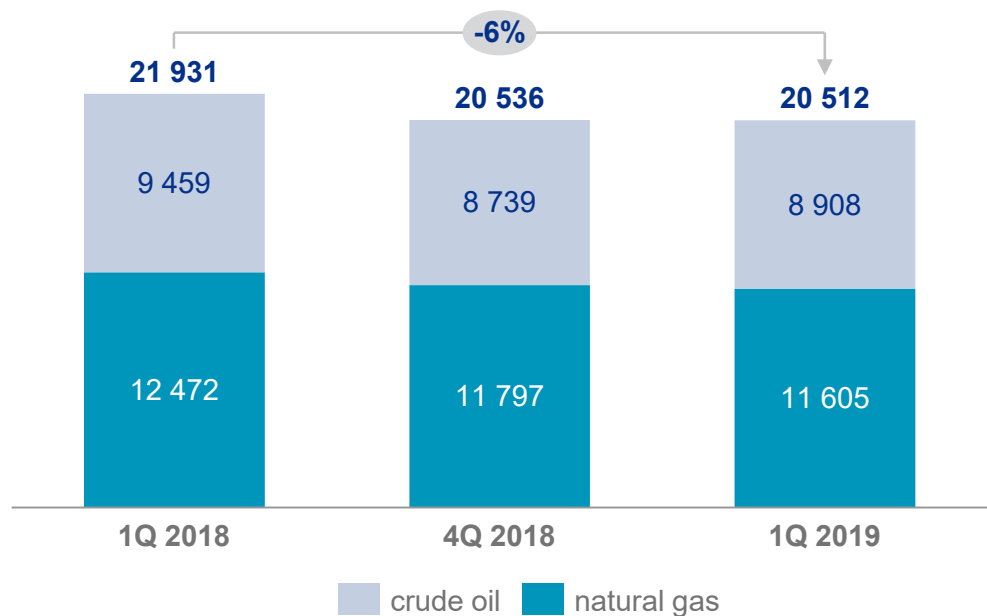
Reserves⁽¹⁾ **2,9 mmboe**
Production⁽²⁾ **0,7 kboe/d**

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

(1) 2P Reserves as of 31.03.2019
(2) Average daily production for 1Q 2019
(3) Average lifting costs for FY 2018

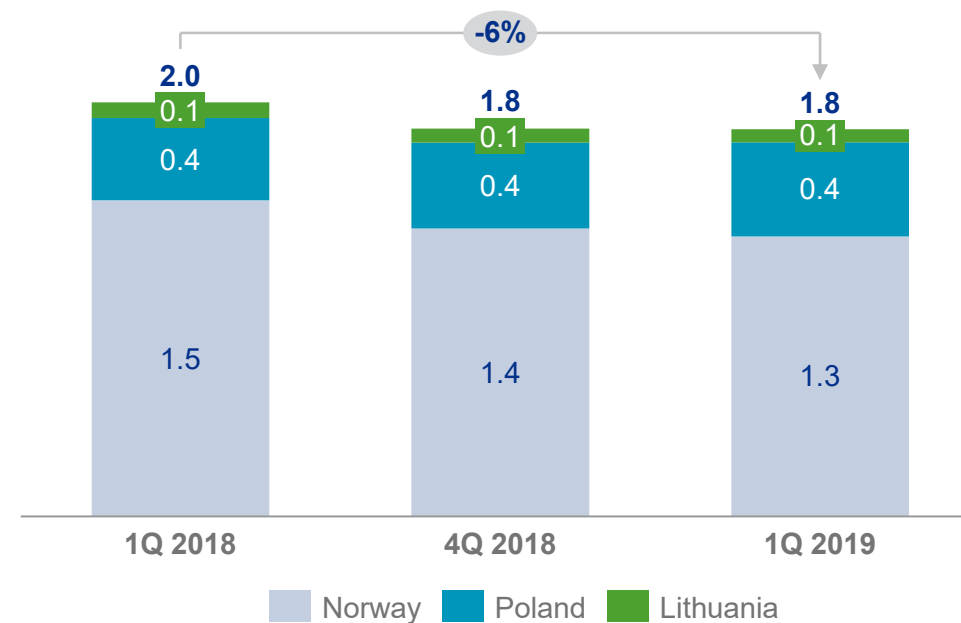
Daily quarterly production

boe/d

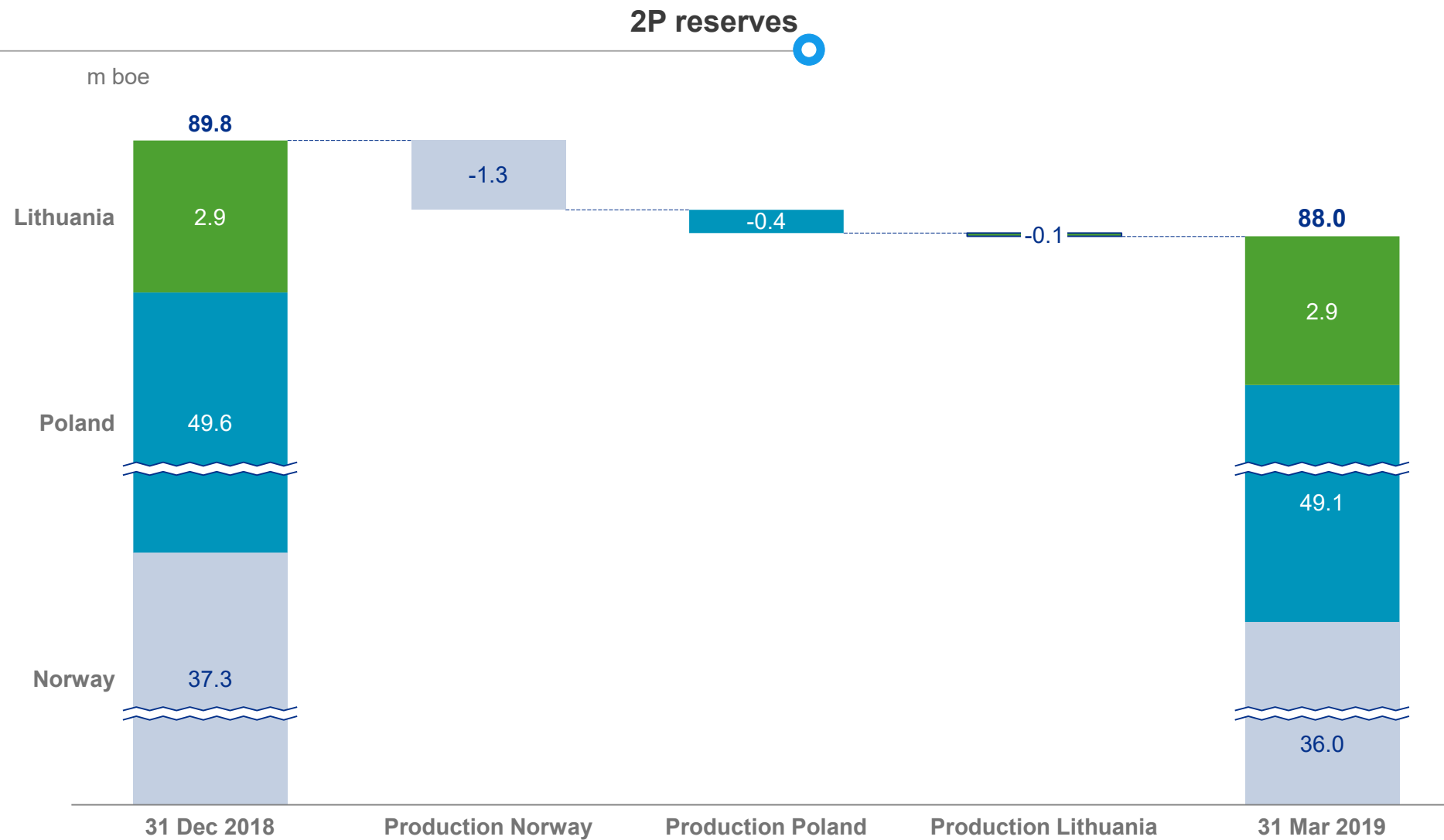


Overall production split

m boe

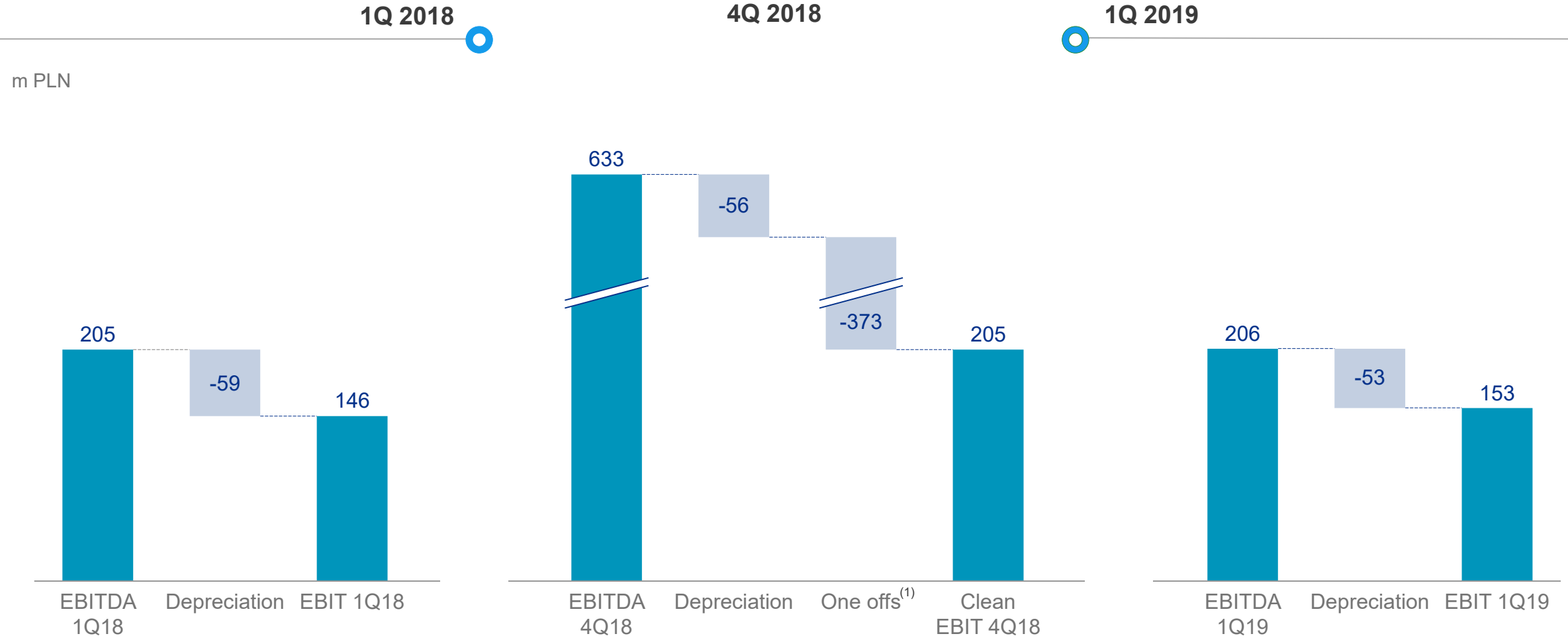


Total recoverable reserves comparing with 31.12.2018



Upstream

Quarterly upstream EBITDA evolution



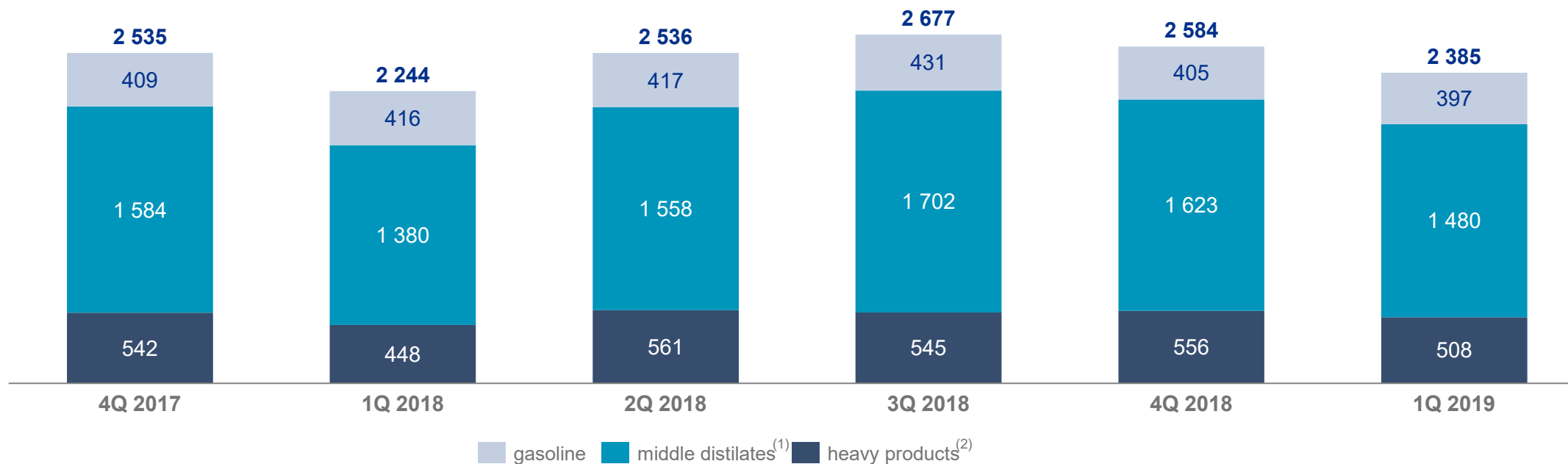
(1) Balance of assets impairments and other revaluations, including reversal of YME assets impairment and SBM insurance claim received



 **Downstream**
Financial results 1Q 2019

Volume of sales of key refining products

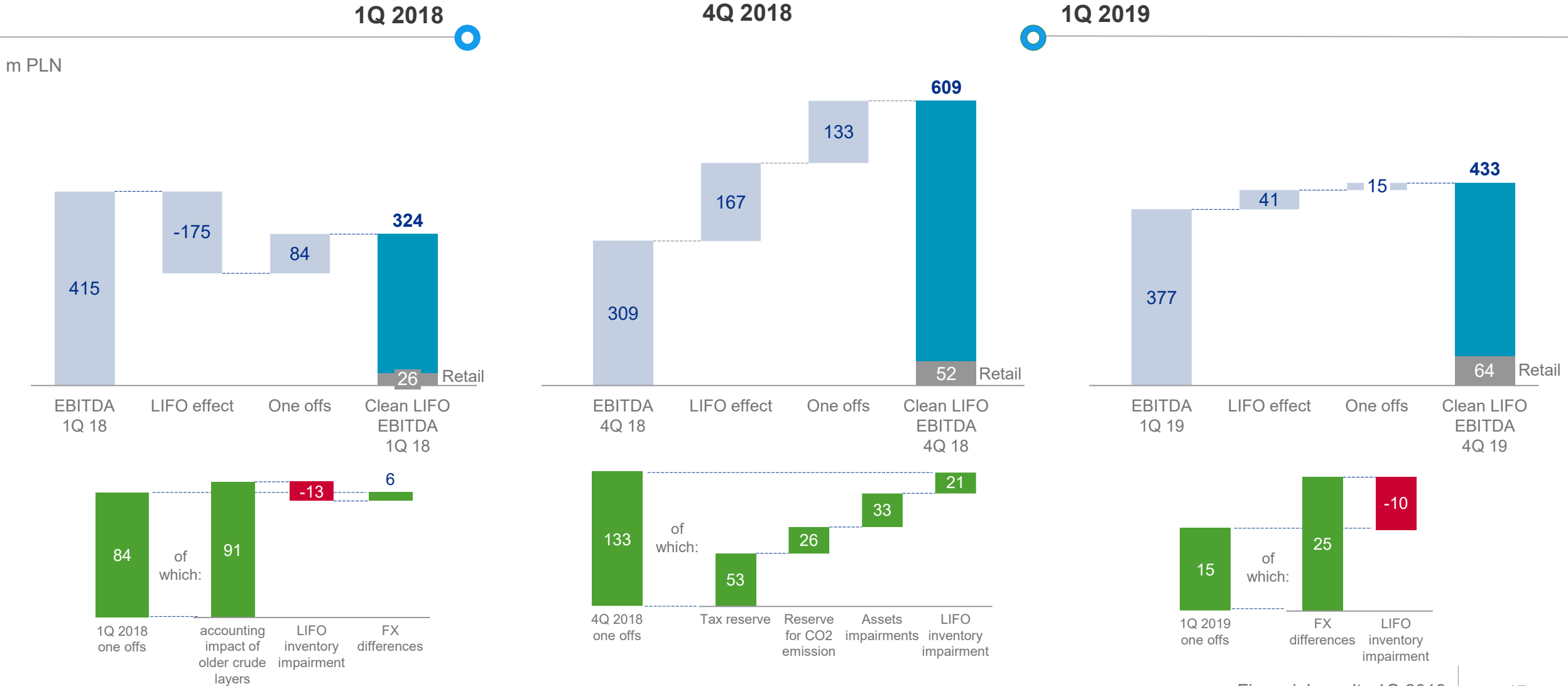
thousand tons



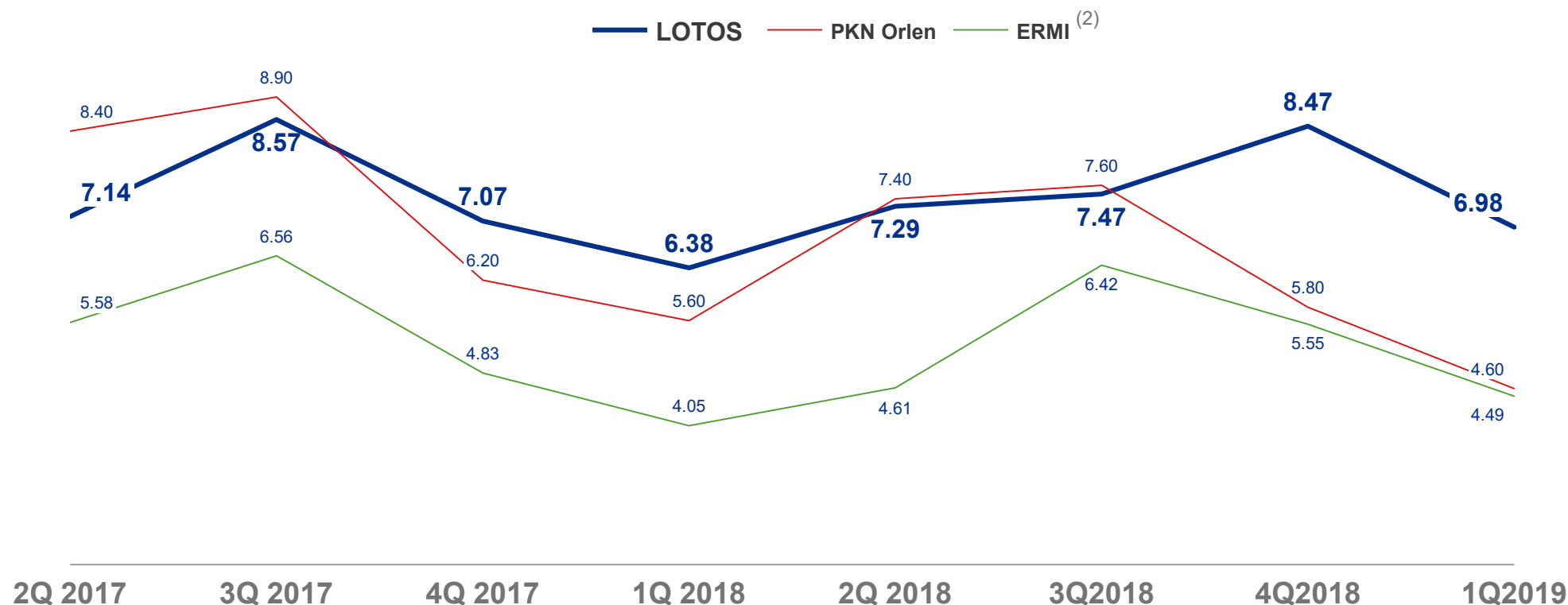
(1) middle distillates including : diesel, light heating oil and jet fuel
 (2) heavy products : heavy sulfur fuel oil and bitumens

Downstream

Quarterly downstream clean EBITDA LIFO evolution



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; Variable cost margin, European refining 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

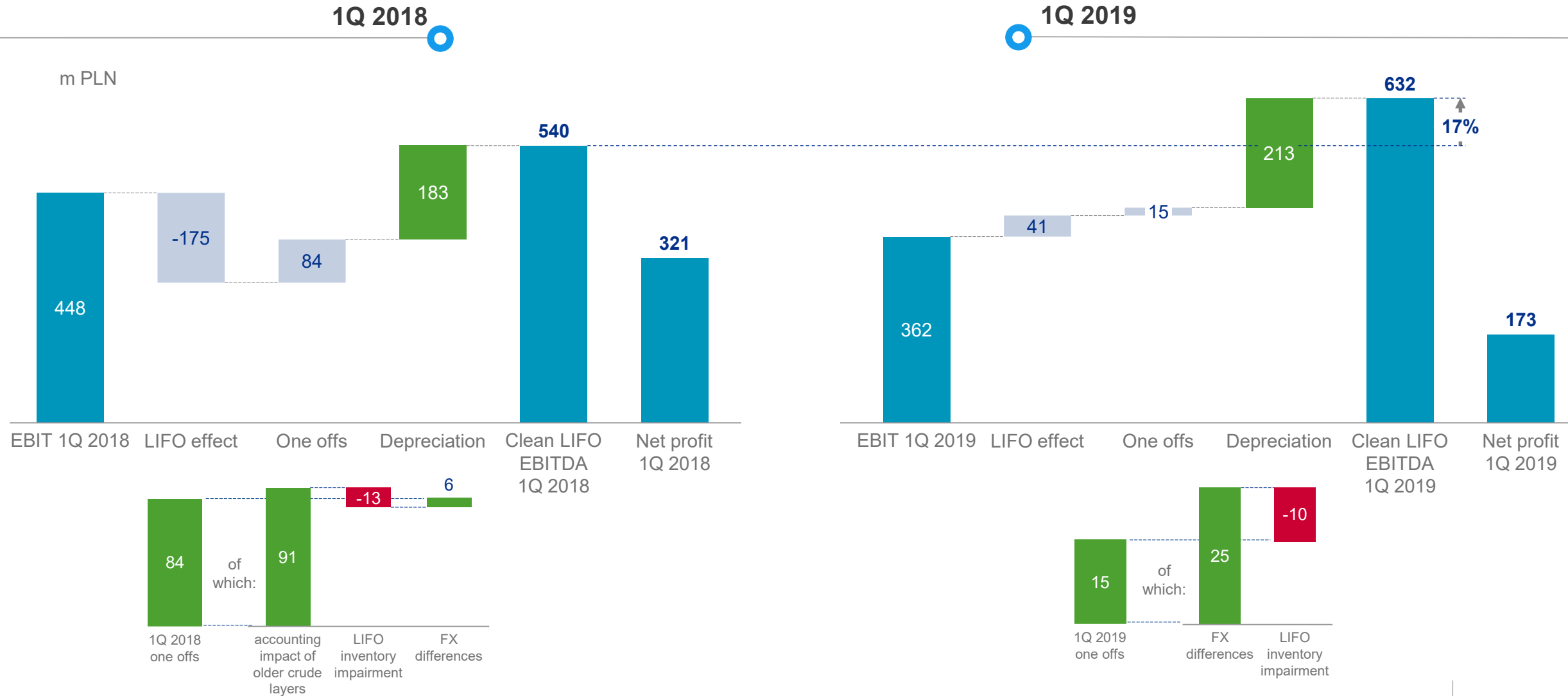


Consolidated financial results

Financial results 1Q 2019

Consolidated financial results

Decomposition of 1Q 2019 vs 1Q 2018 consolidated financial results

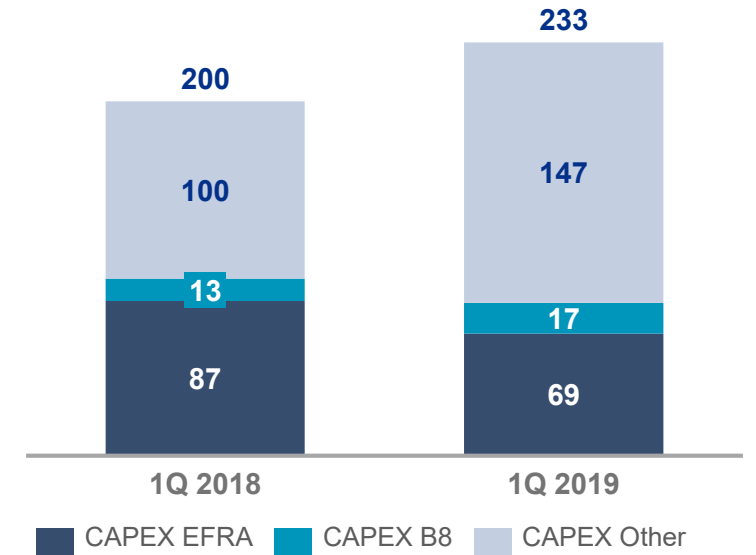
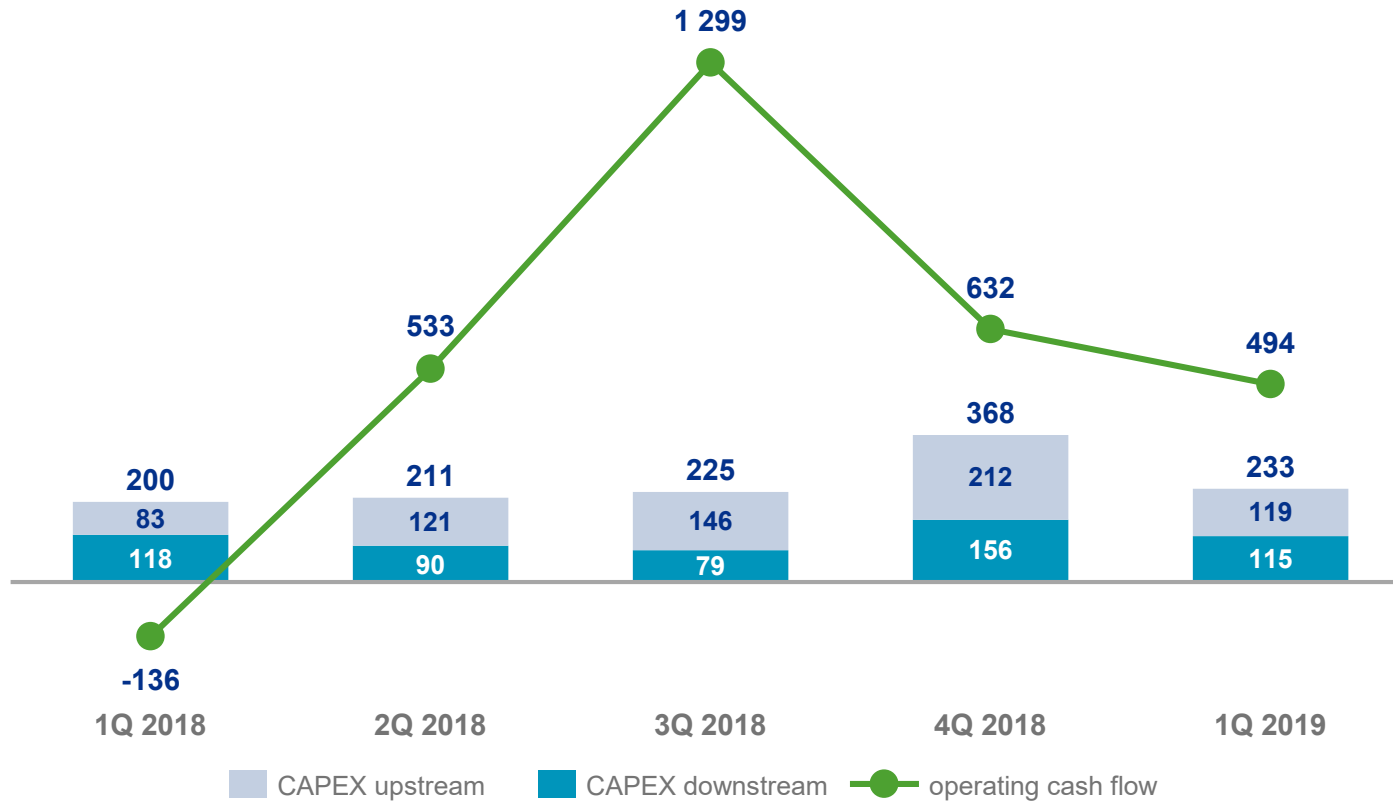


Consolidated financial results
Operating cash flows vs CAPEX

Quarterly

1Q 2019

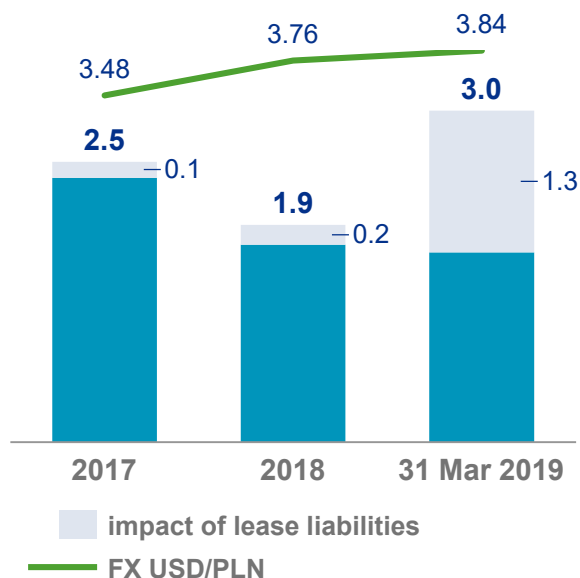
m PLN



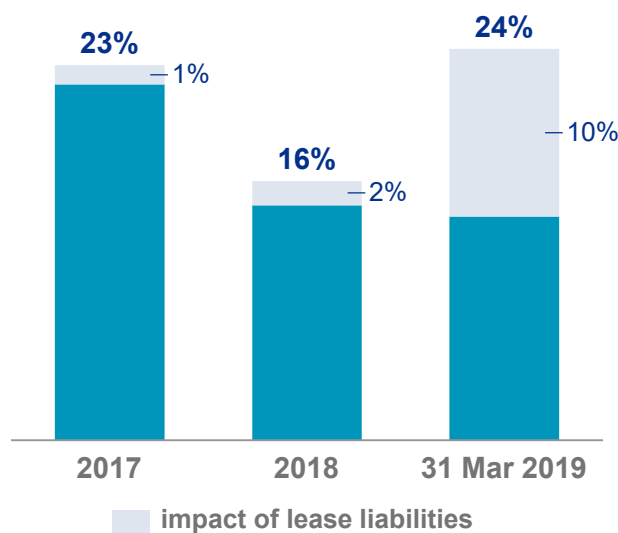
Debt (1)

Net debt

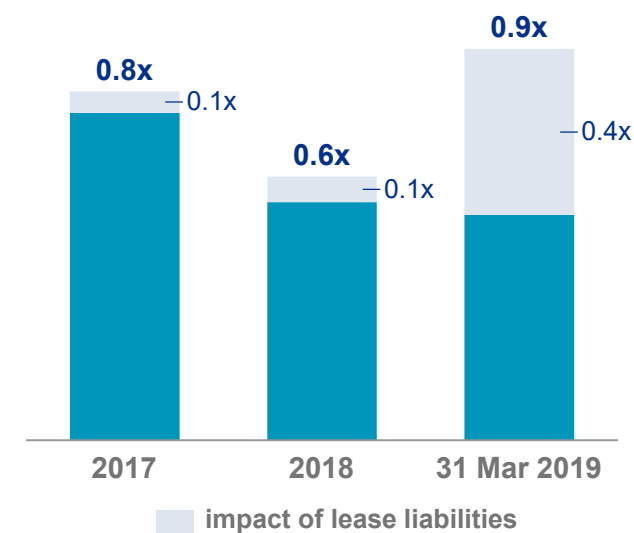
bn PLN



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
- Net debt/LIFO EBITDA of 0.9x, growing from 0.6x q/q due to implementation of IFRS 16 „Leases”

(1) End of period data; impact of lease liabilities presented using grey colour

(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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