



## GRUPA LOTOS Consolidated financial results 3Q 2019 and 9M 2019

October 30th, 2019



Key highlights .....	3
External environment .....	7
Exploration & production.....	11
Refining & marketing.....	17
Consolidated financial results .....	22



## Key highlights

Consolidated financial results 3Q 2019 and 9M 2019

## Key highlights

### 3Q 2019 and 9M 2019

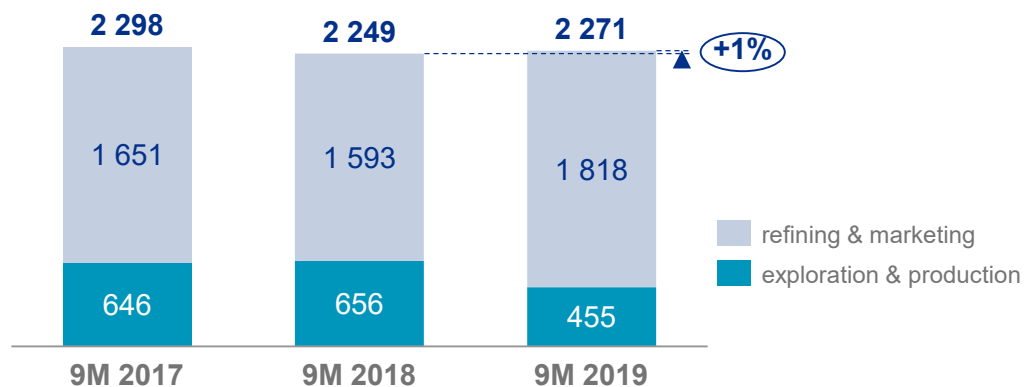
- 9M cumulative LIFO EBITDA <sup>(1)</sup> at circa 2.3bn PLN, flat yoy
- Quarterly LIFO EBITDA <sup>(1)</sup> reached 856m PLN, 9% increase (qoq)
- The highest dividend paid in history : 555m PLN (3 PLN per share)
- Start Up and optimization of a key EFRA Project installation: Delayed Coking Unit<sup>(2)</sup>
- Launching hydrocarbon extraction from the Utgard field in Norway, about 3 months ahead of schedule
- Completion of the Petrobaltic platform turnaround and towage to the B8 field
- Refinancing of loans for the 10+ program: removing collateral on assets and other limiting restrictions

*(1) Net of one off items*

*(2) No impact on the quarter result. Financial effects of the EFRA Project are expected in the consolidated results during 4Q 2019.*

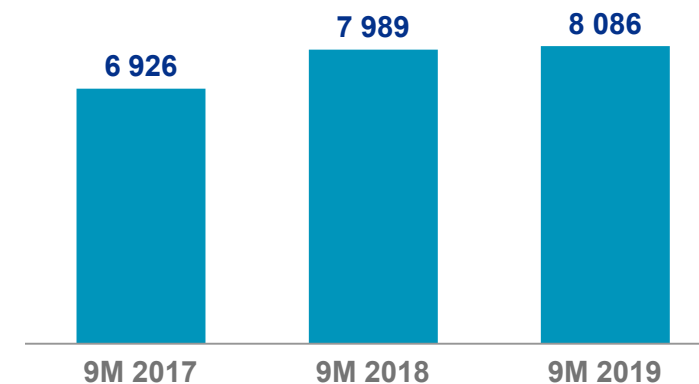
### EBITDA LIFO<sup>(1)</sup>

m PLN



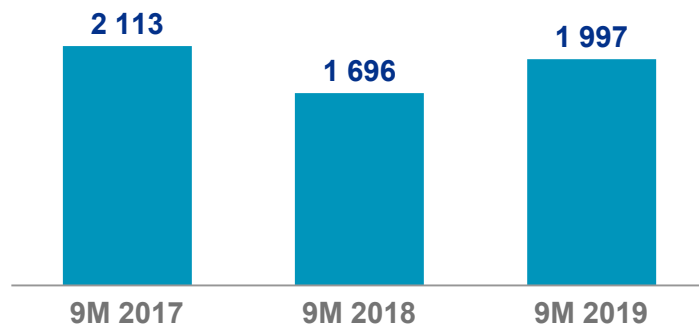
### Refining & marketing – crude oil throughput in Gdańsk

k tons



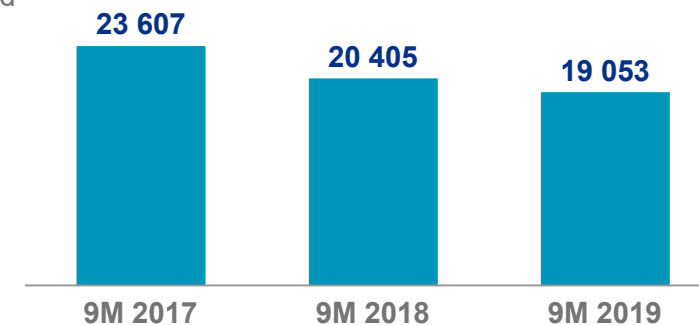
### Operating cash flows

m PLN



### Exploration & production – daily hydrocarbons production<sup>(2)</sup>

boe/d

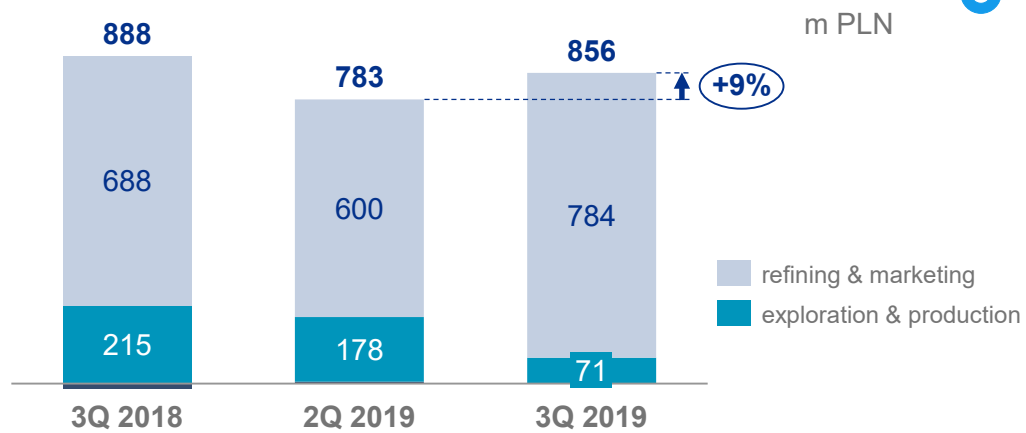


(1) excluding one off items; segment results may not sum up due to consolidation adjustments

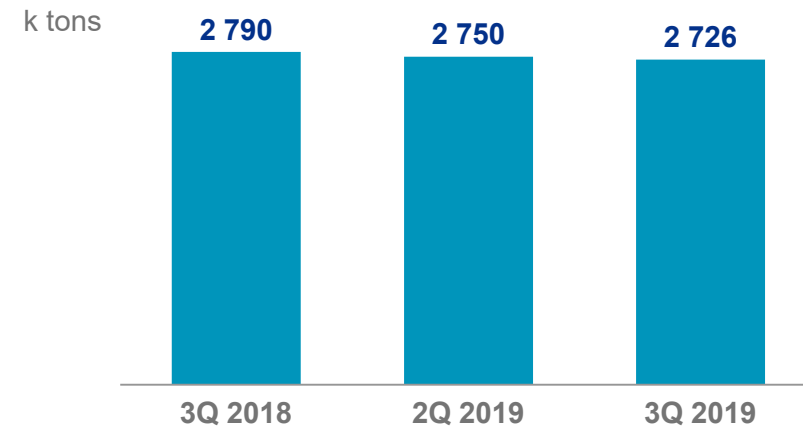
(2) barrels of oil equivalent (crude oil + natural gas); total production for the period / number of calendar days

Key highlights  
3Q of 2019

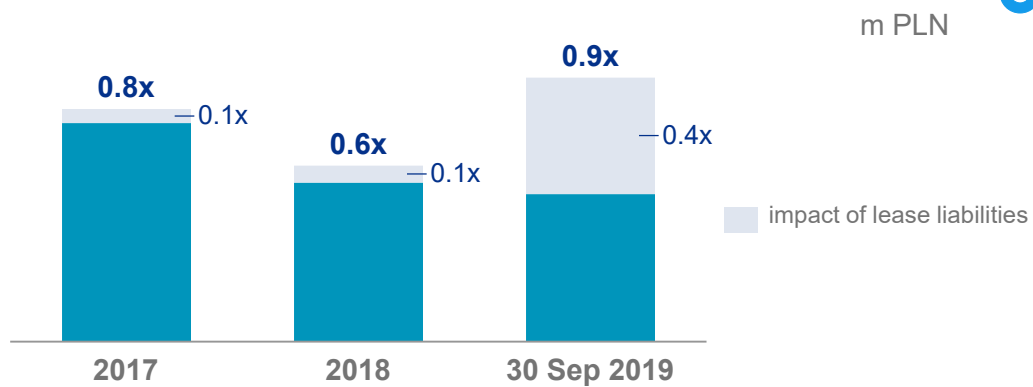
LIFO EBITDA <sup>(1)</sup>



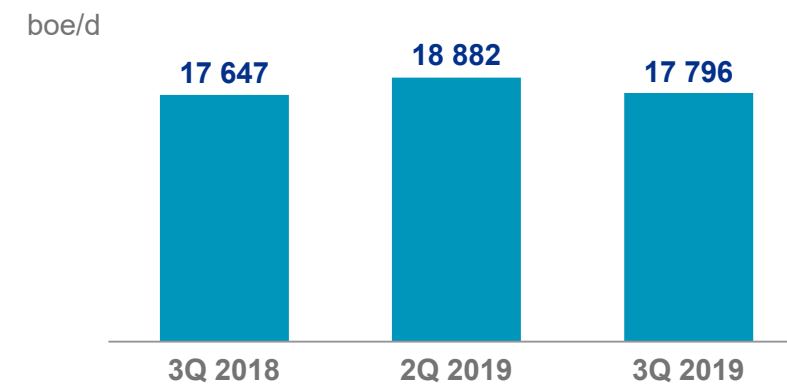
Refining & marketing – crude oil throughput in Gdańsk



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



Exploration & production – daily hydrocarbons production <sup>(2)</sup>



(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

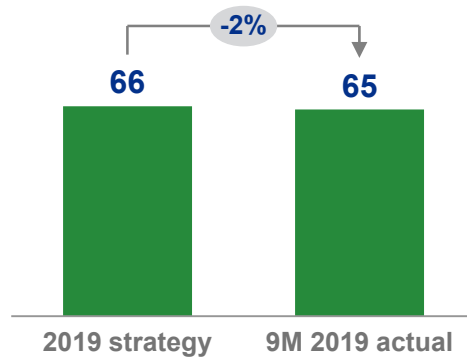
Consolidated financial results 3Q 2019 and 9M 2019

External environment

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

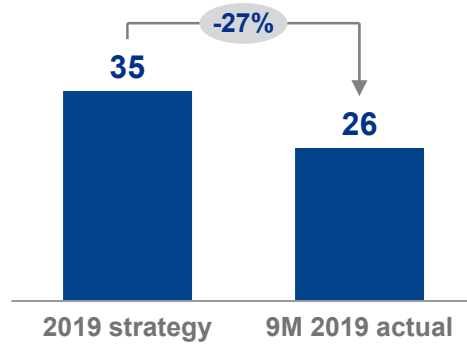
Brent DTD

USD/bbl



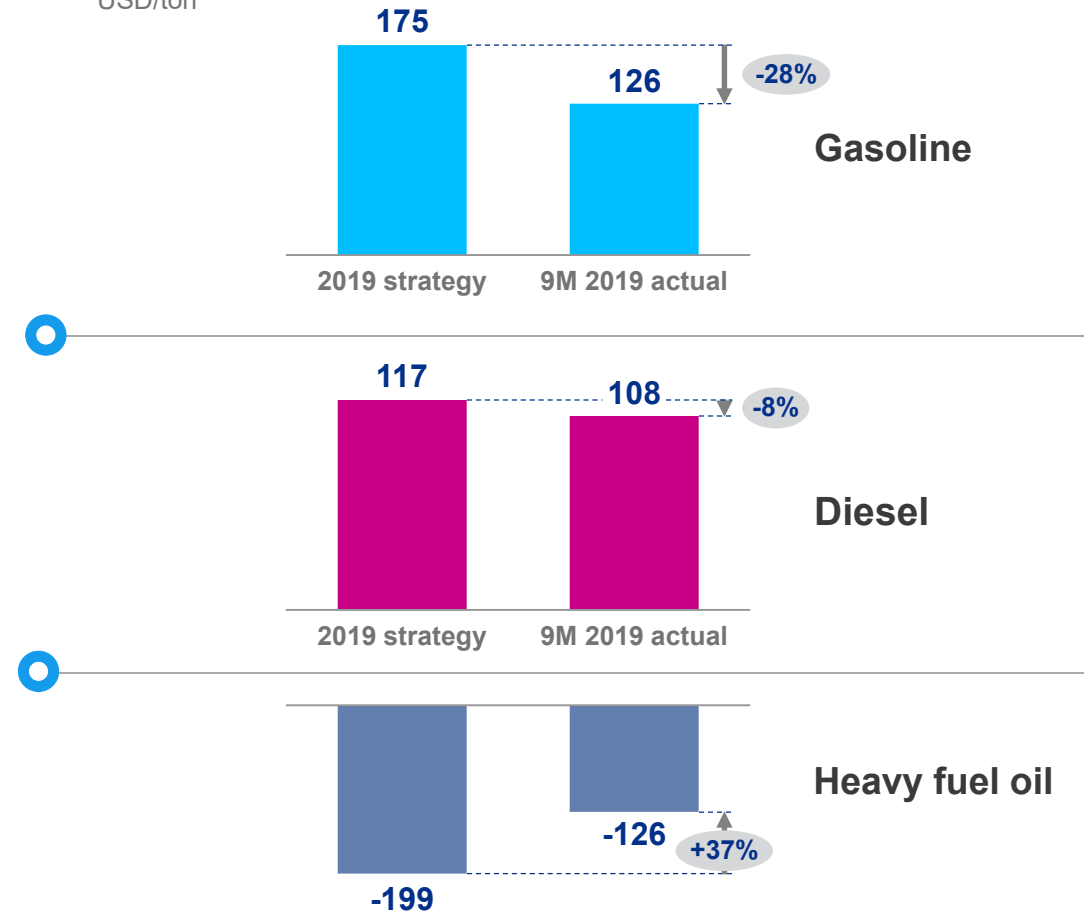
Natural gas

USD/boe



Product crack spreads

USD/ton



(1) Source: Refinitiv

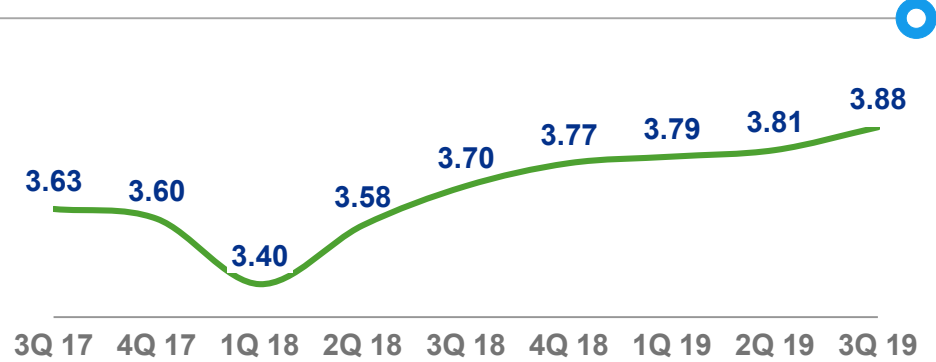
(2) Average annual 2019 strategic assumptions adopted by LOTOS



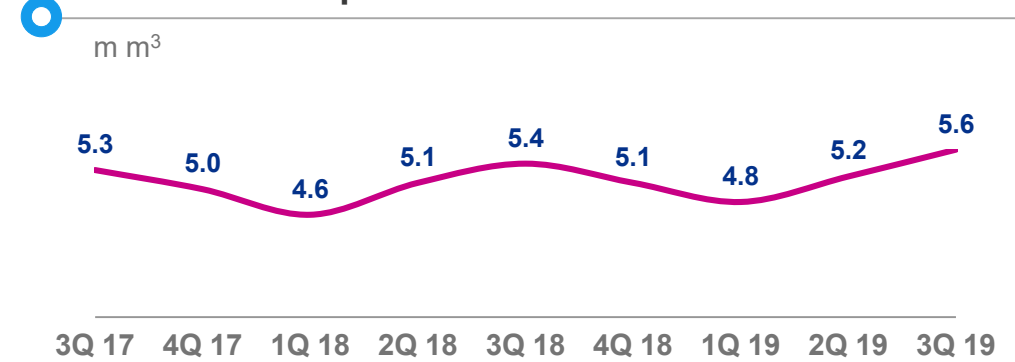
External environment

FX rate, GDP growth, domestic fuel market

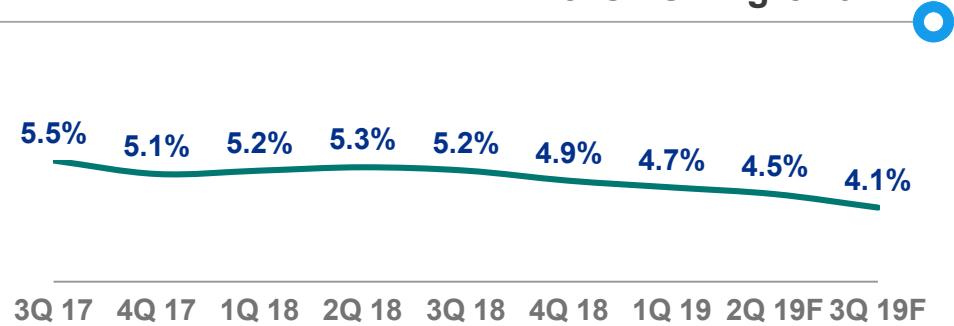
FX USD/PLN rate <sup>(1)</sup>



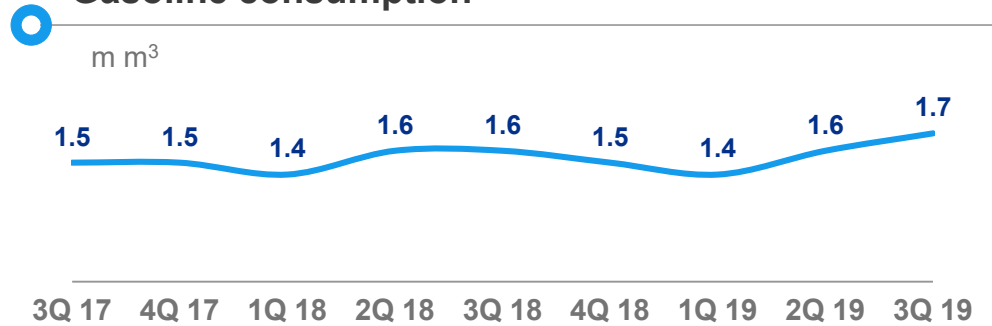
Diesel consumption <sup>(3)</sup>



Polish GDP growth <sup>(2)</sup>



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



(1) National Bank of Poland

(2) Statistics Poland (GUS); 3Q 2019 – forecast of Polish Press Agency consensus

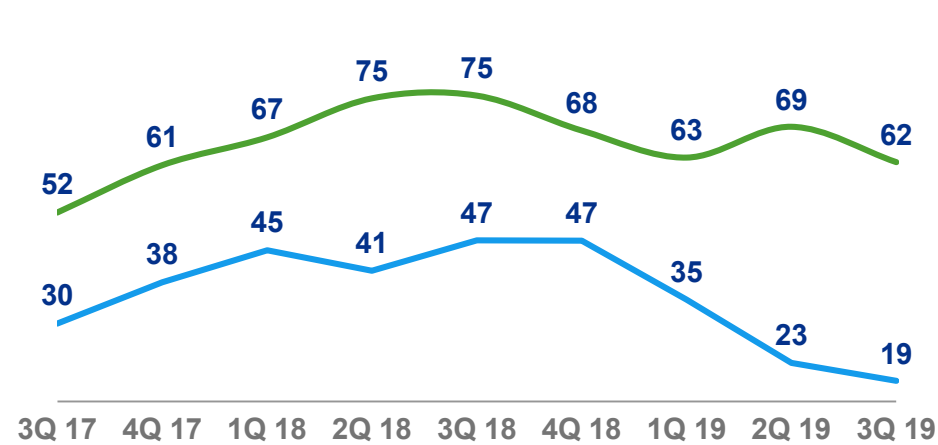
(3) Domestic; according to POPIHN – organisation for Oil Trade and Industry

External environment

Crude oil, natural gas and product crack spreads

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

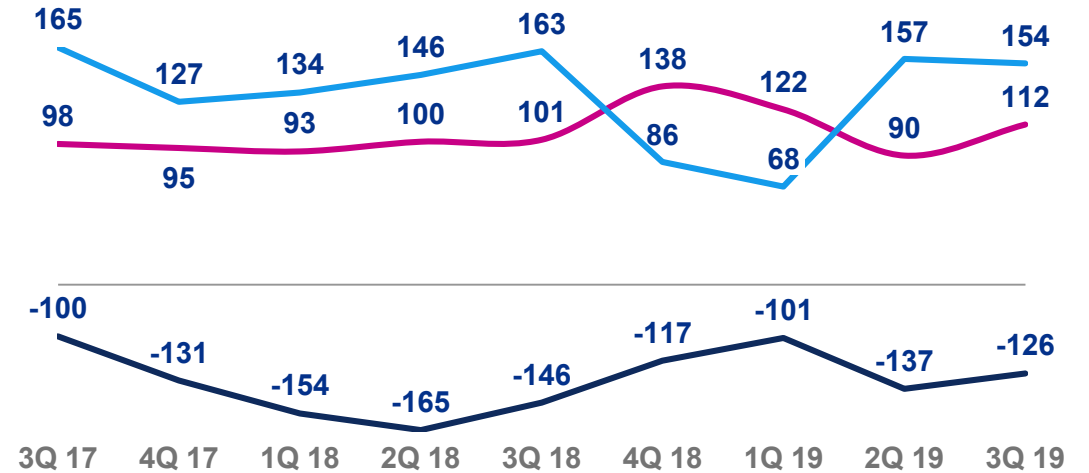
USD



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

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

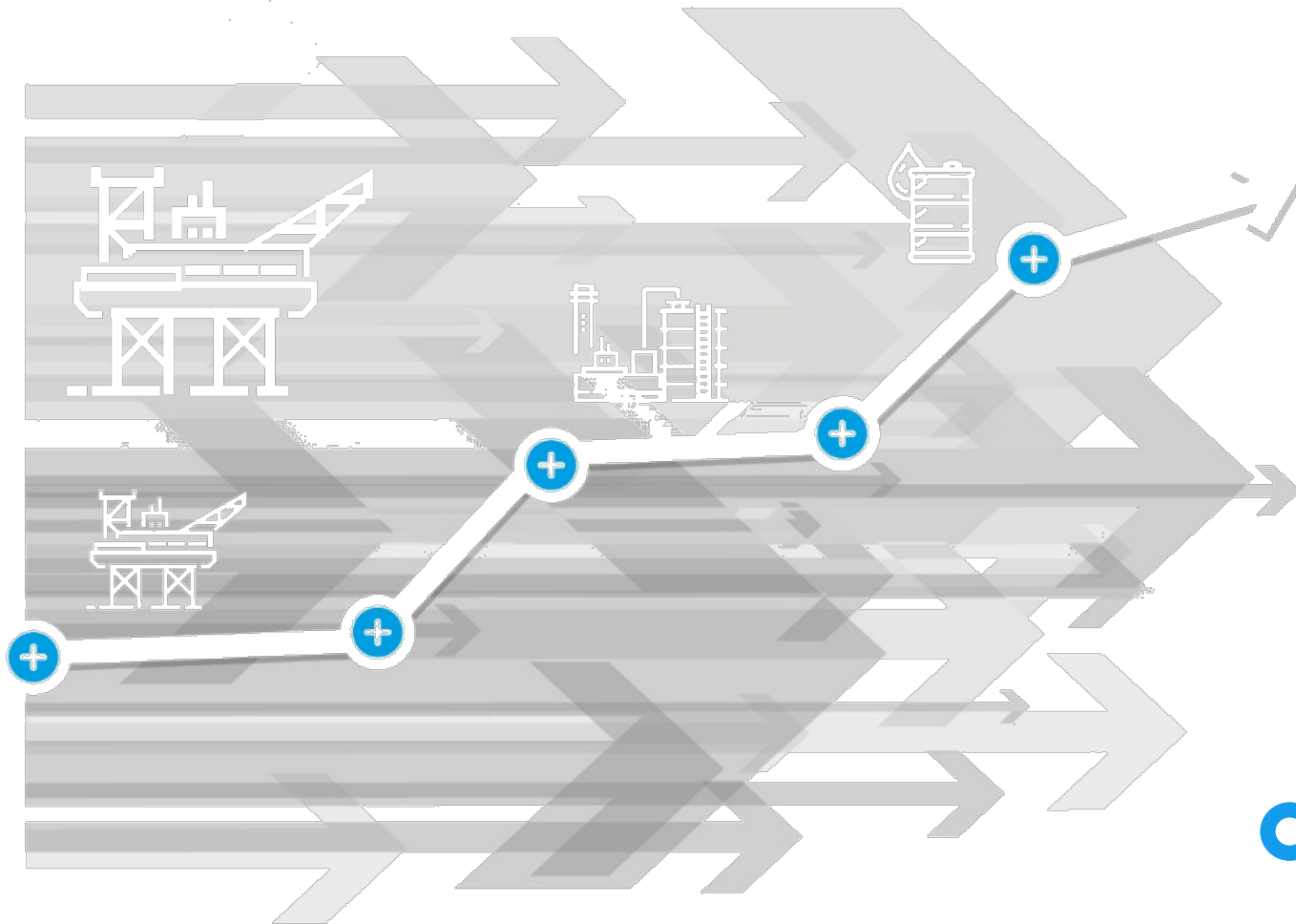
USD/t



— gasoline — diesel — HSFO

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

(2) Source : National Balancing Point



## Exploration & production

Consolidated financial results 3Q 2019 and 9M 2019

## B8

Baltic Sea



Reserves<sup>(1)</sup> **35.1 mmboe**  
Production<sup>(2)</sup> **2.8 kboe/d**



## Sleipner

North Sea



Reserves<sup>(1)</sup> **11.7 mmboe**  
Production<sup>(2)</sup> **10.5 kboe/d**



## Utgard<sup>(4)</sup>

North Sea



Reserves<sup>(1)</sup> **8 mmboe**  
Production<sup>(4)</sup> **1.4 kboe/d**



## B3

Baltic Sea



Reserves<sup>(1)</sup> **13.3 mmboe**  
Production<sup>(2)</sup> **1.2 kboe/d**



## Heimdal

North Sea



Reserves<sup>(1)</sup> **1.0 mmboe**  
Production<sup>(2)</sup> **1.3 kboe/d**



## Onshore fields

Lithuania



Reserves<sup>(1)</sup> **2.7 mmboe**  
Production<sup>(2)</sup> **0.7 kboe/d**



Lifting costs Poland: **34 USD/boe** <sup>(3)</sup>

Lifting costs Norway: **10 USD/boe** <sup>(3)</sup>

Lifting costs Lithuania: **19 USD/boe** <sup>(3)</sup>

(1) 2P Reserves as of 30.09.2019

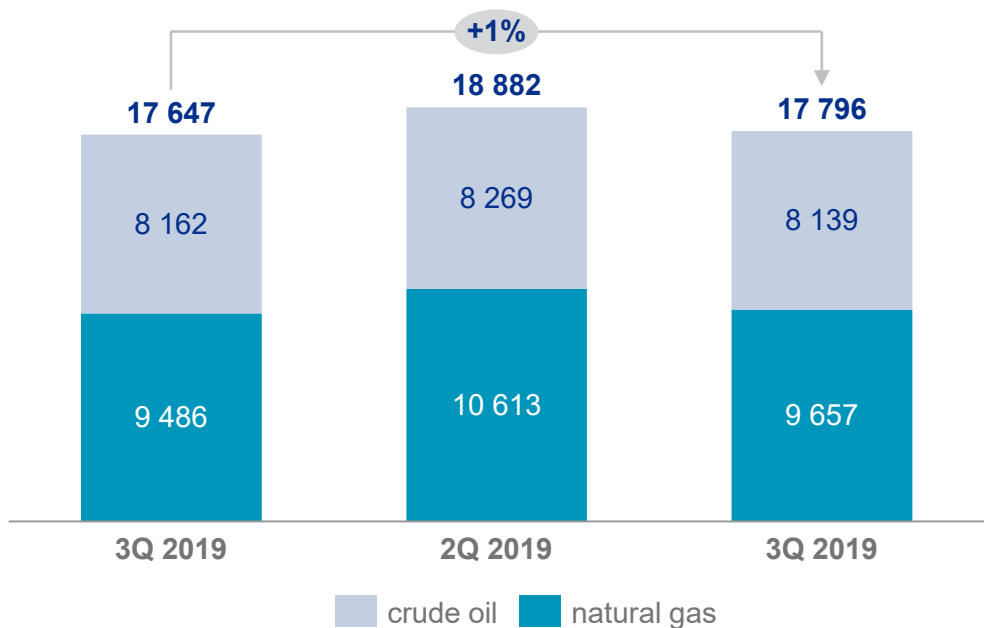
(2) Average daily production for 3Q 2019

(3) Average lifting costs for HY 2019

(4) Production has started 16 of September 2019. Fig. Equinor

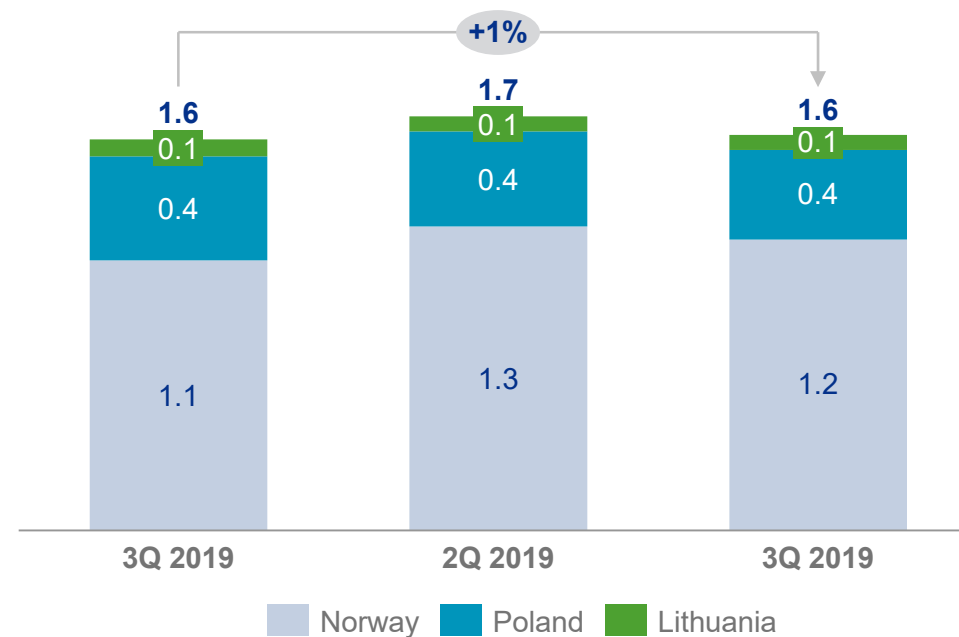
**Daily quarterly production**

boe/d

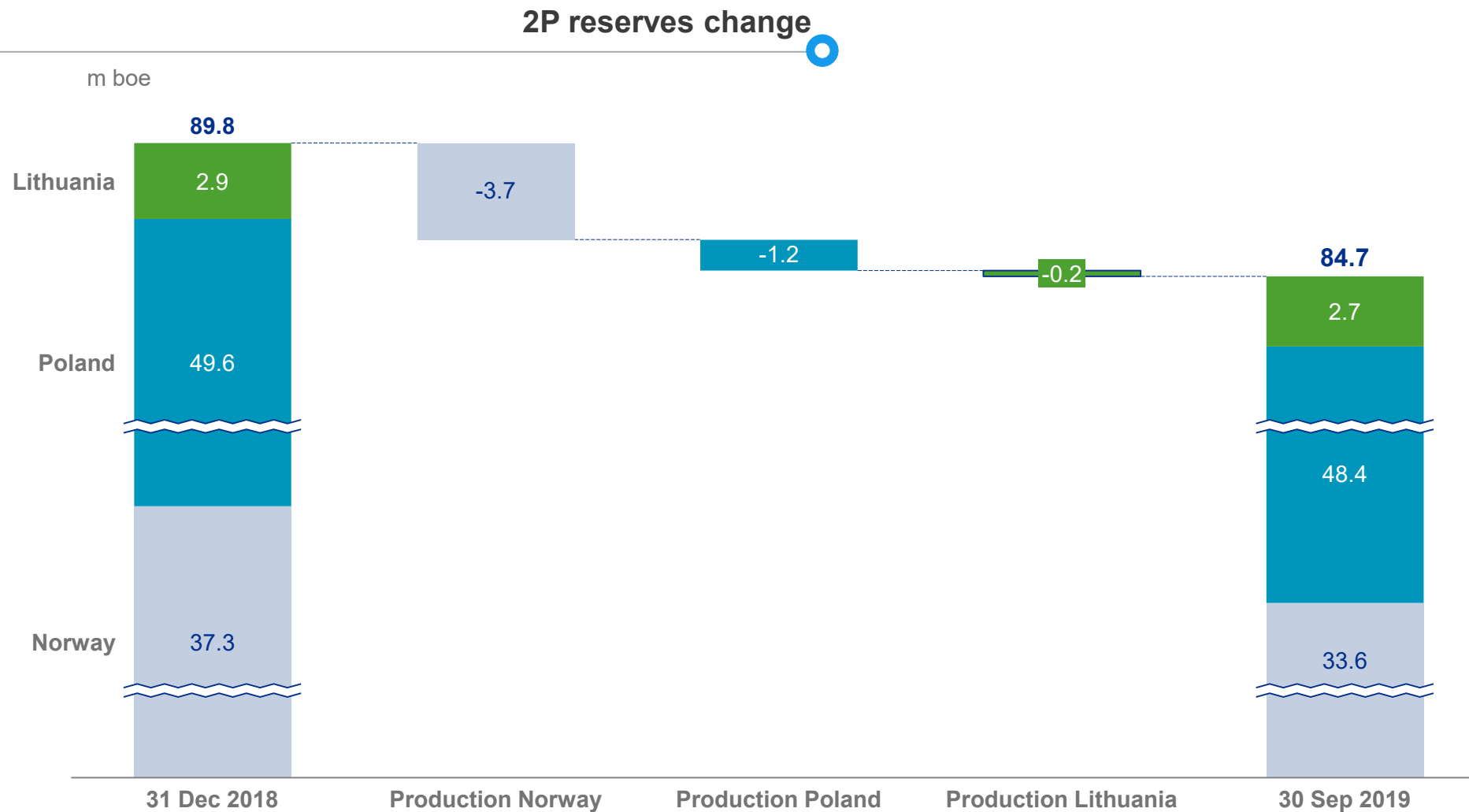


**Overall production split**

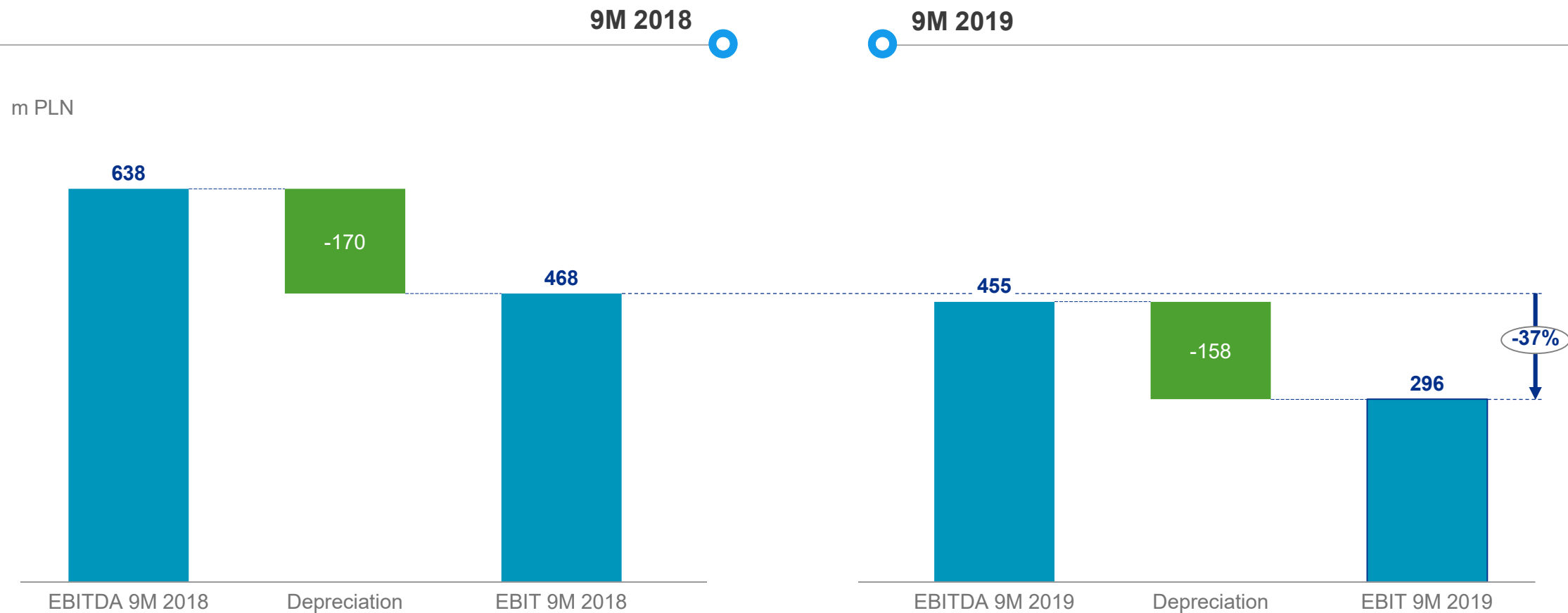
m boe



Total recoverable reserves comparing with 31 December 2018



### 9 months exploration & production EBITDA evolution



Exploration & production

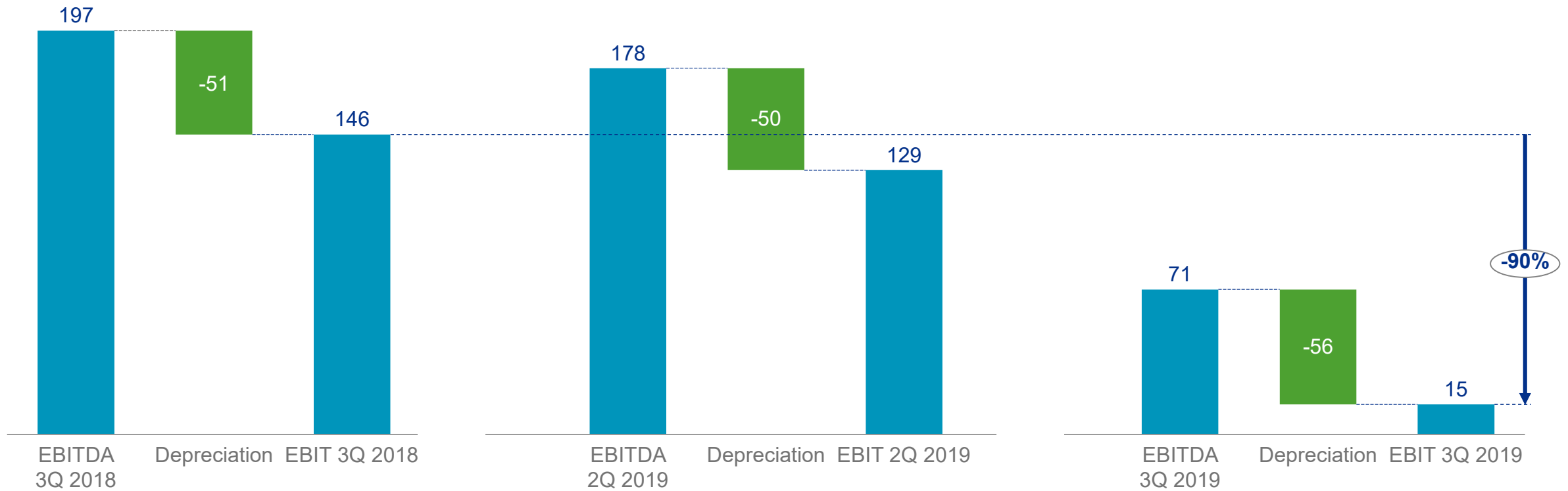
Quarterly exploration & production EBITDA evolution

3Q 2018

2Q 2019

3Q 2019

m PLN







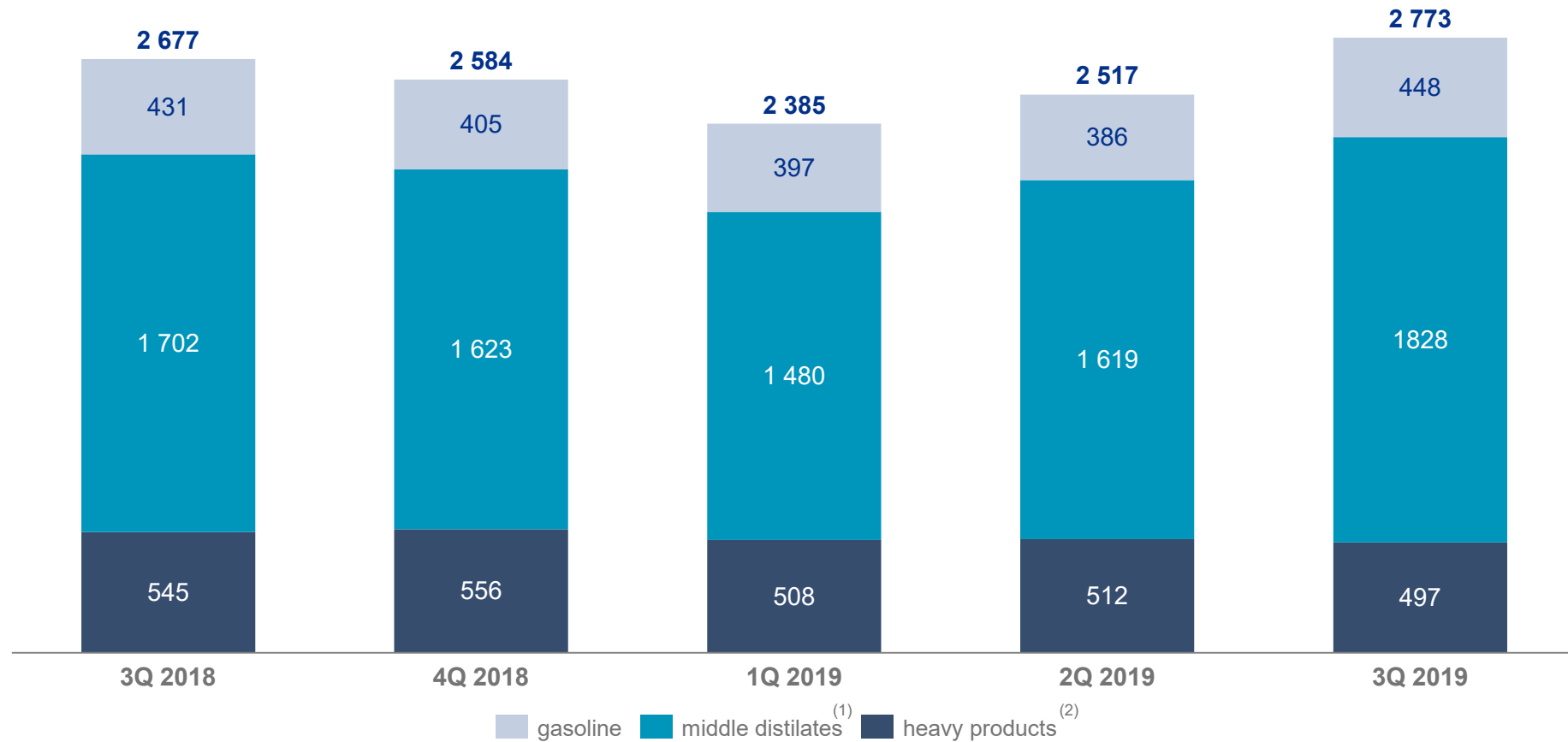
## Refining & marketing

Consolidated financial results 3Q 2019 and 9M 2019

Refining & marketing

**Volume of sales of key refining products**

thousand tons

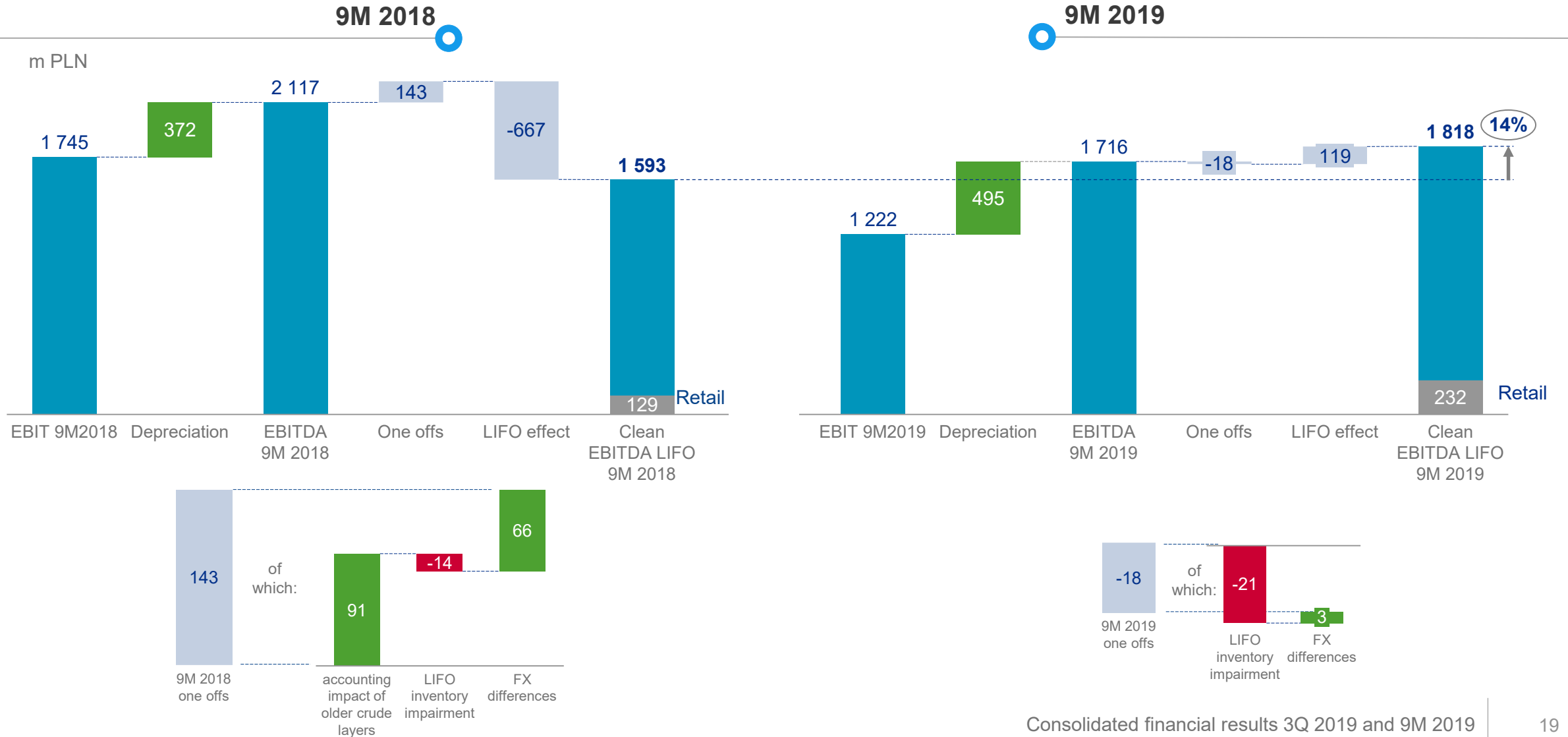


(1) middle distillates including: diesel, light heating oil and jet fuel

(2) heavy products: heavy sulfur fuel oil and bitumens

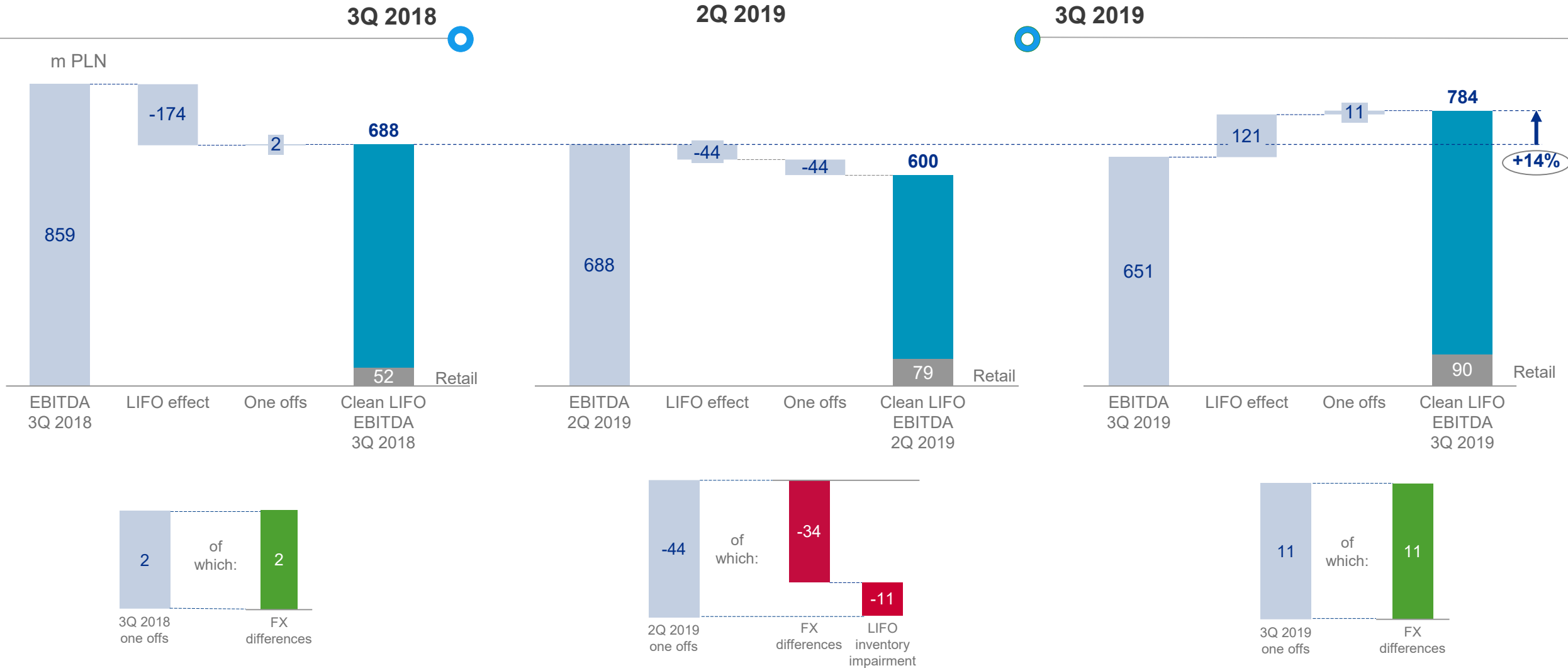
Refining & marketing

9 months refining & marketing clean EBITDA LIFO evolution

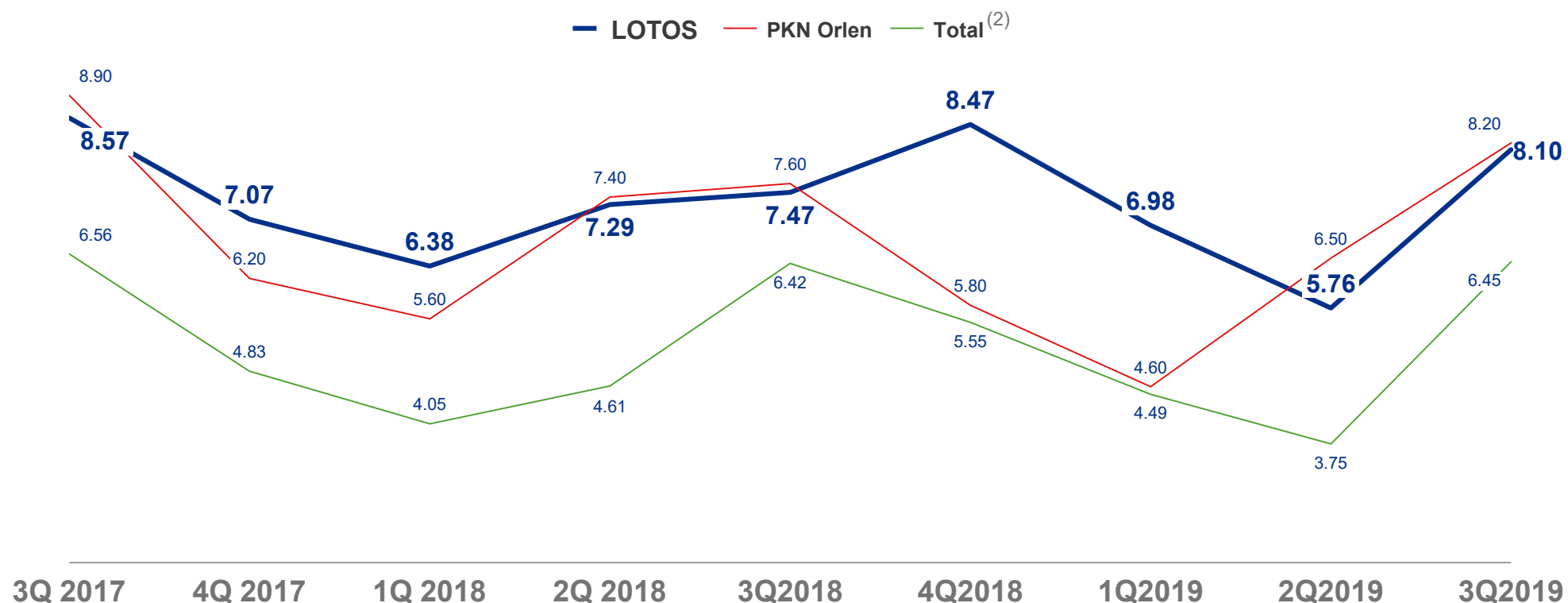


Refining & marketing

Quarterly refining & marketing clean EBITDA LIFO 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) This indicator represents the average margin on variable costs realized by Total's European refining business (equal to the difference between the sales of refined products realized by Total's European refining and the crude purchases as well as associated variable costs, divided by refinery throughput in tons). The previous ERMI indicator was 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.

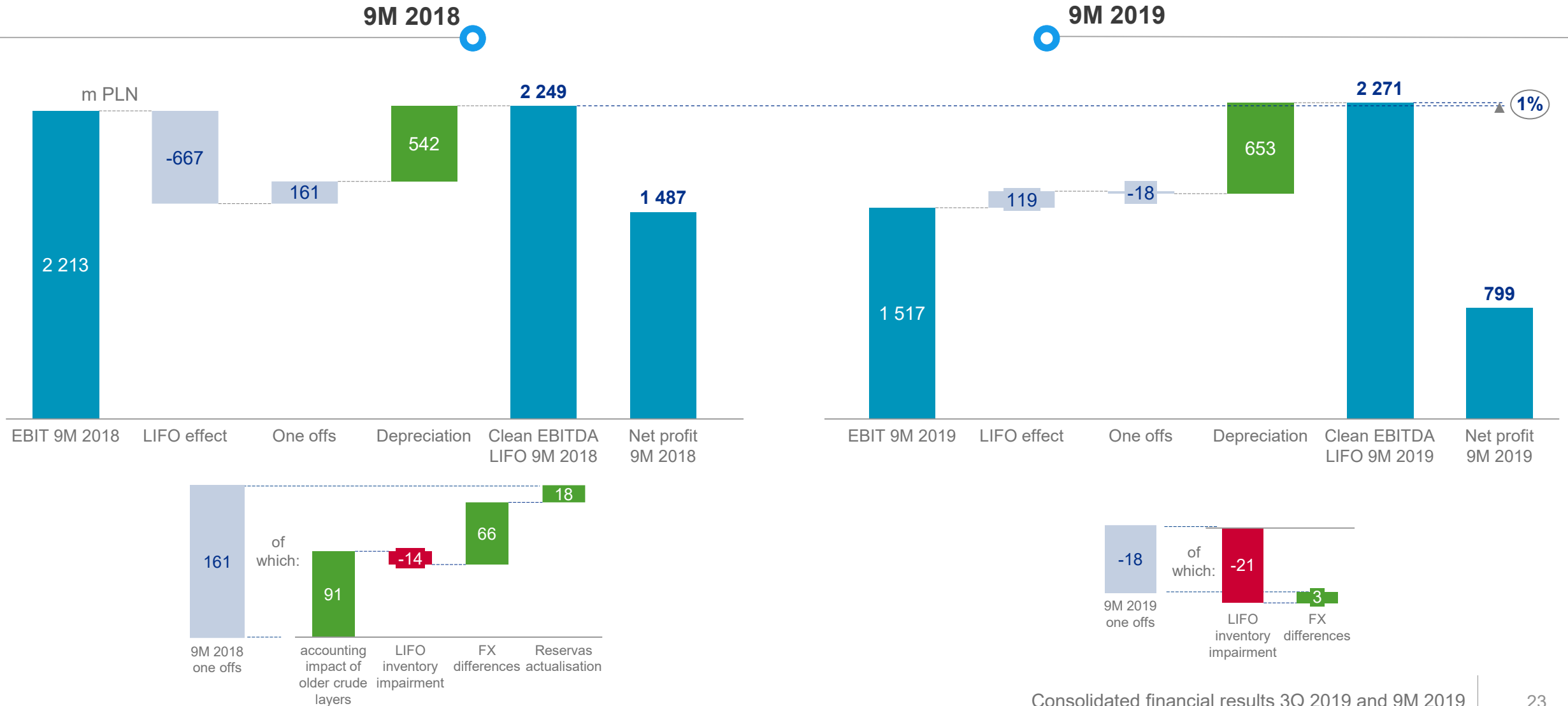


## Consolidated financial results

Consolidated financial results 3Q 2019 and 9M 2019

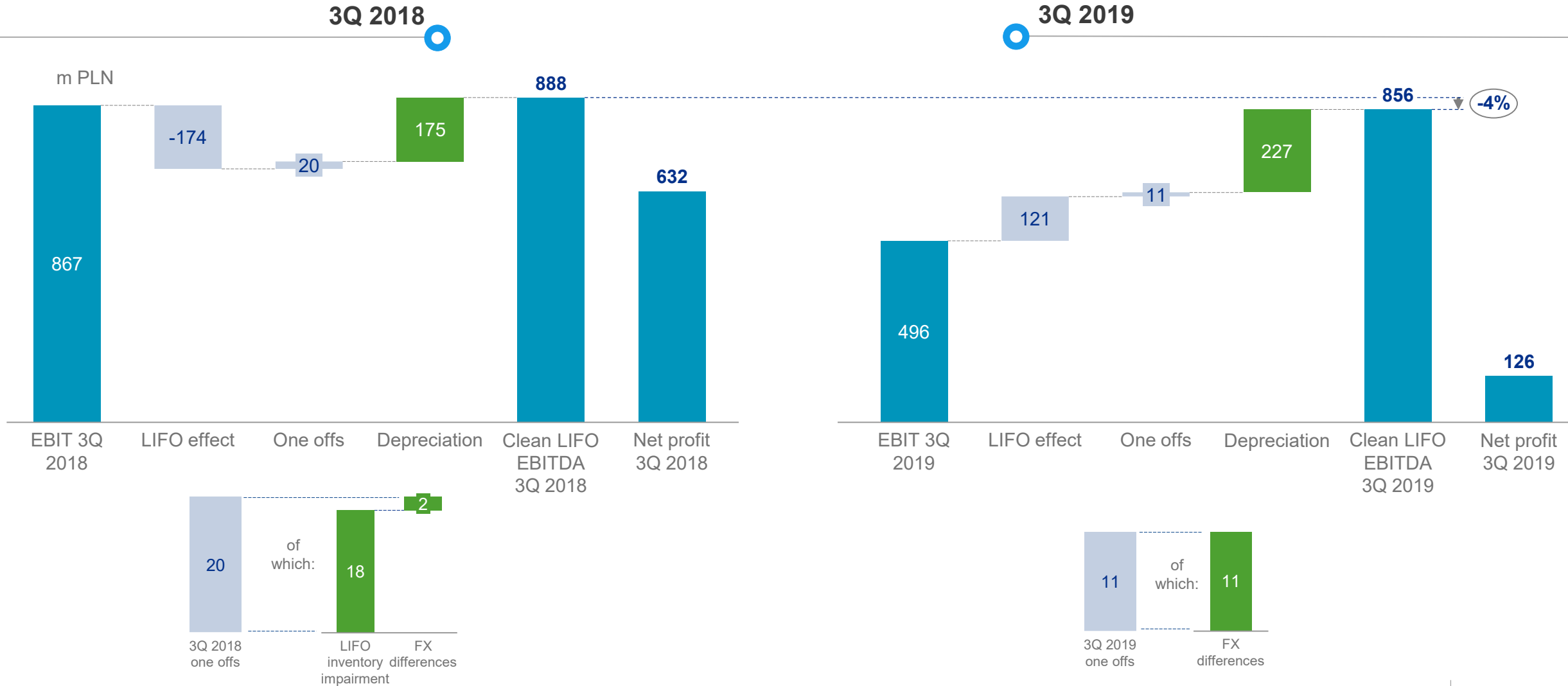
Consolidated financial results

Decomposition of 9M cumulative operating results



Consolidated financial results

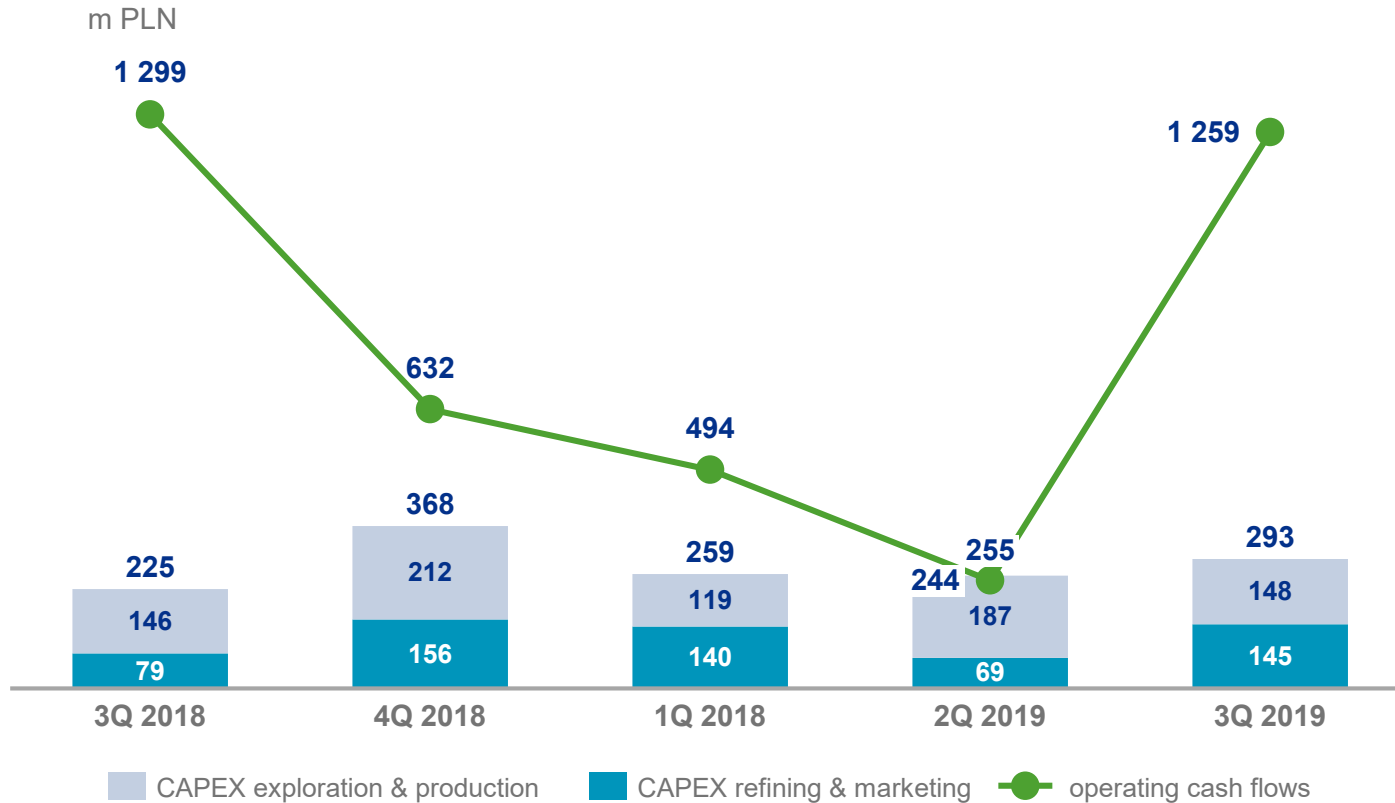
Decomposition of 3Q cumulative operating results



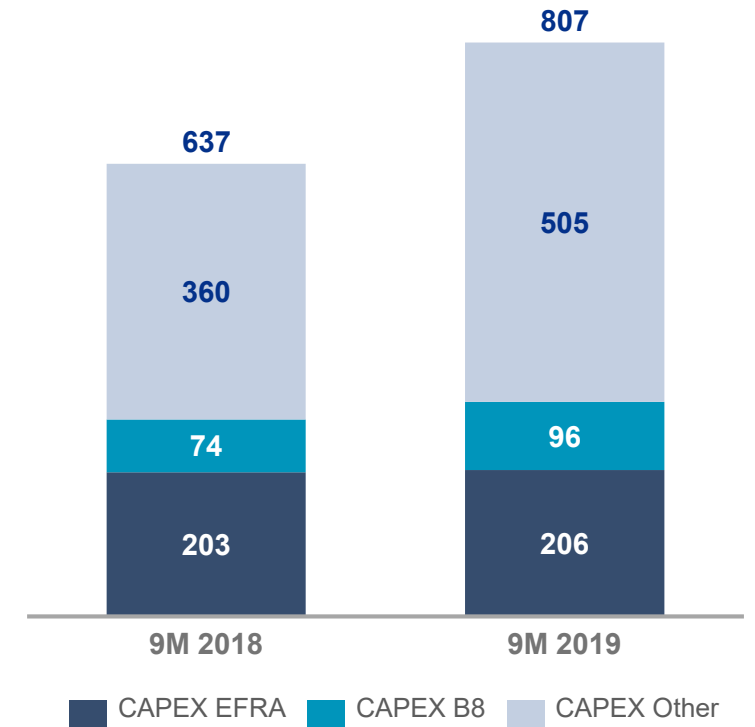


Consolidated financial results  
**Operating cash flows vs CAPEX**

Quarterly

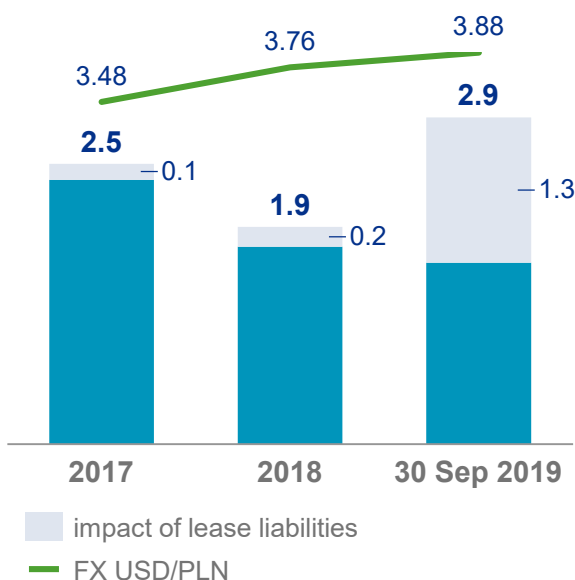


9M 2019

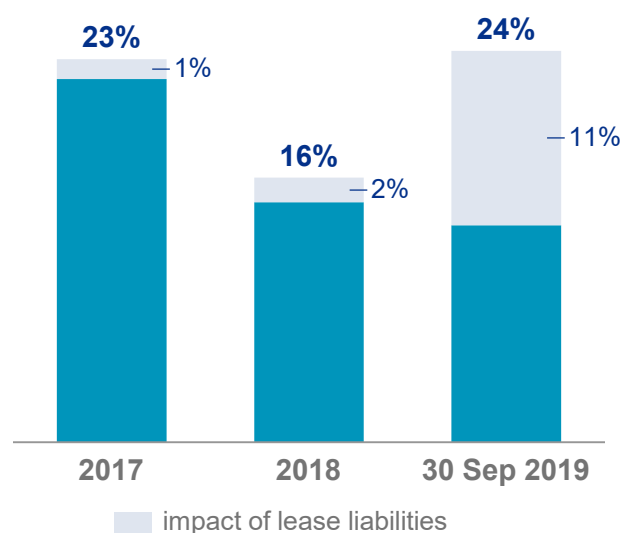


Net debt

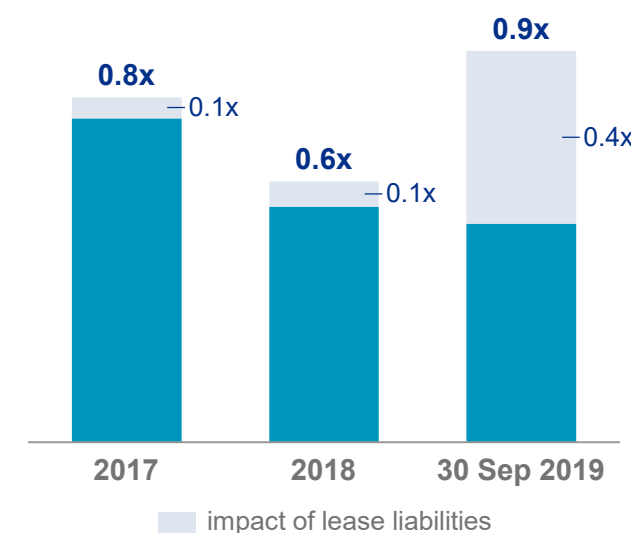
bn PLN



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 vs end of 2018 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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