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## Consolidated financial results for 1<sup>st</sup> quarter 2020

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May 15<sup>th</sup>, 2020



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## Financial results 1Q 2020



## Key highlights

Financial results 1Q 2020

## Key highlights

### 1Q 2020 – summary

- Quarterly LIFO EBITDA<sup>(1)</sup> reached 671m PLN (+ 6% y/y) and was adversely affected by worsening of macro environment with weaker key refining product margins (diesel, jet, light heating oil), lower crude oil and natural gas prices
- Reported figures negatively affected by non-cash items of E&P segment impairments and inventory write-downs
- Successful completion of all tests and stabilization of the key EFRA Project unit, i.e. DCU (Delayed Coking Unit)
- Persistently strong balance sheet discipline – net debt/LIFO EBITDA <sup>(1)</sup> of 1.1x
- 185 m PLN dividend recommendation (1 PLN per share) positively assessed by the Supervisory Board
- Active optimisation process enabling to continue optimum utilisation of the refinery in April (98%)

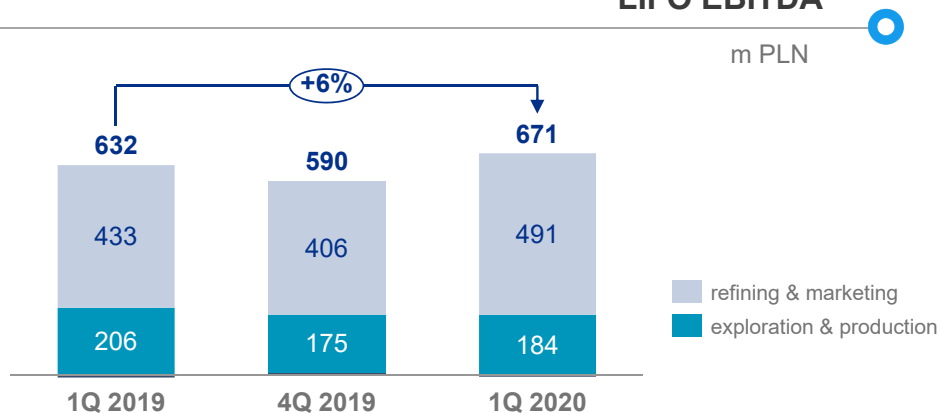
<sup>(1)</sup> Net of one off items

Key highlights  
1Q 2020



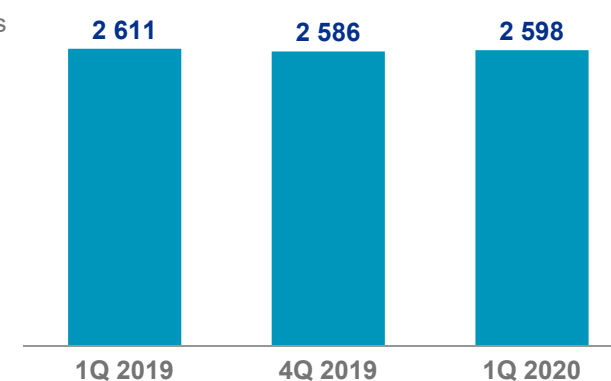
LIFO EBITDA <sup>(1)</sup>

m PLN



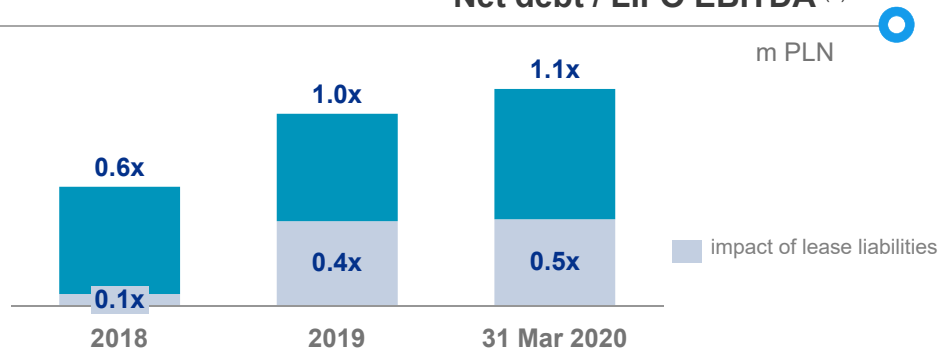
Refining & marketing – crude oil throughput in Gdańsk

k tons



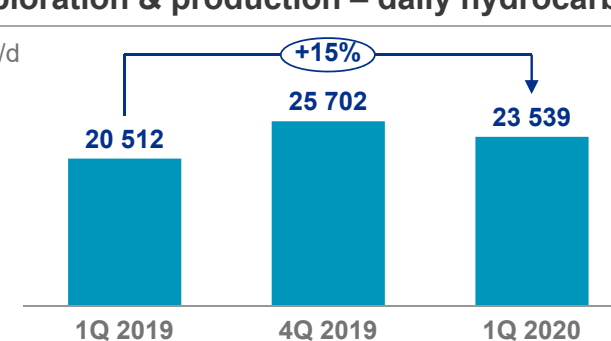
Net debt / LIFO EBITDA <sup>(2)</sup>

m PLN



Exploration & production – 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



## External environment

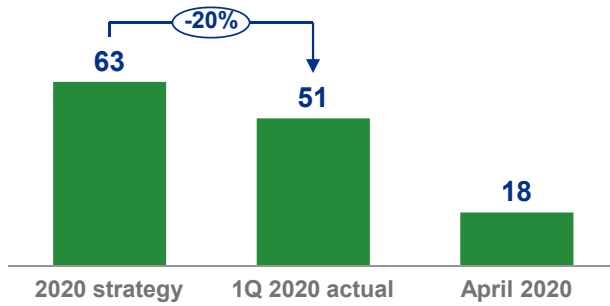
Financial results 1Q 2020

External environment

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

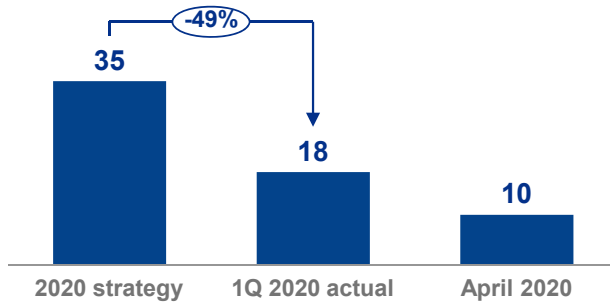
Brent DTD

USD/bbl



Natural gas

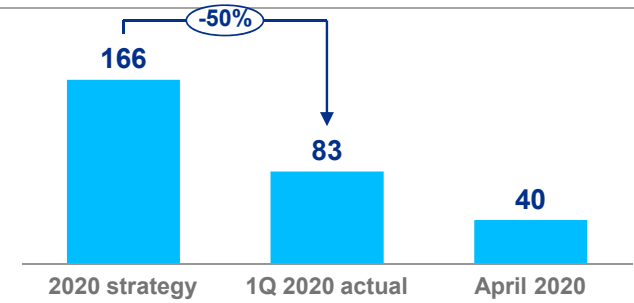
USD/boe



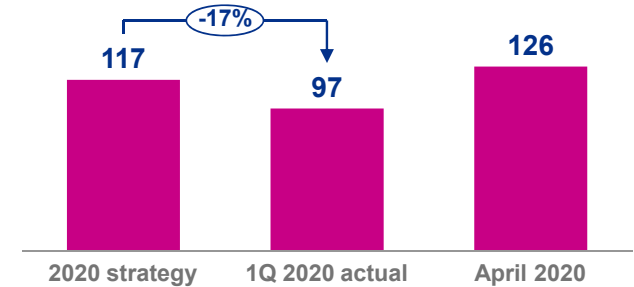
Product crack spreads

USD/ton

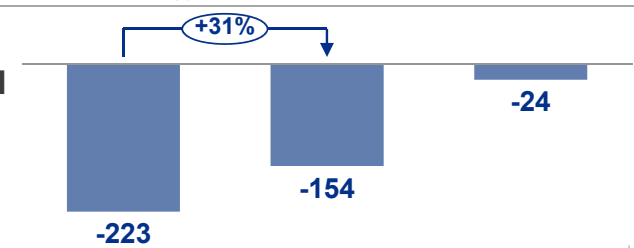
Gasoline



Diesel



Heavy fuel oil



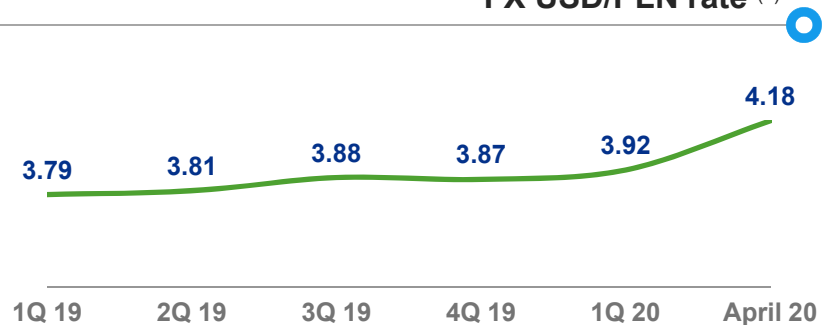
(1) Source: Refinitiv

(2) Average annual 2020 strategic assumptions adopted by LOTOS

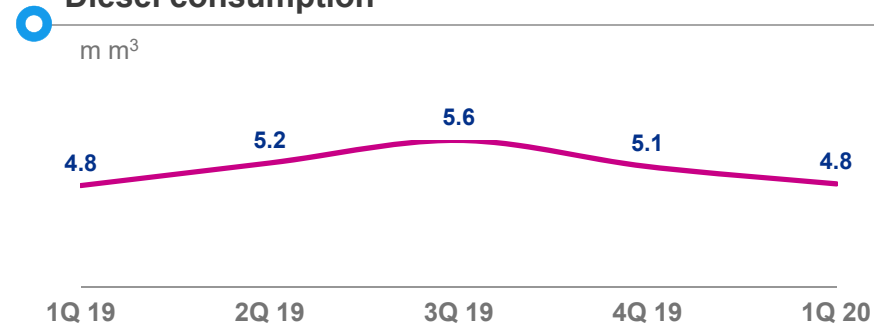
External environment

FX rate, GDP growth, domestic fuel market

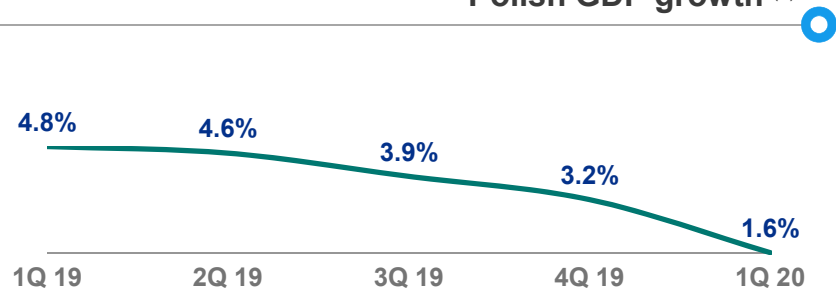
FX USD/PLN rate <sup>(1)</sup>



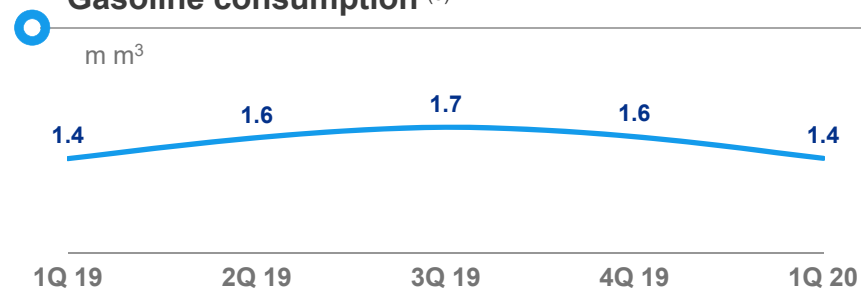
Diesel consumption <sup>(3)</sup>



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



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



(1) National Bank of Poland

(2) Statistics Poland (GUS); in 1Q 2020 forecast of Parkiet analysts

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

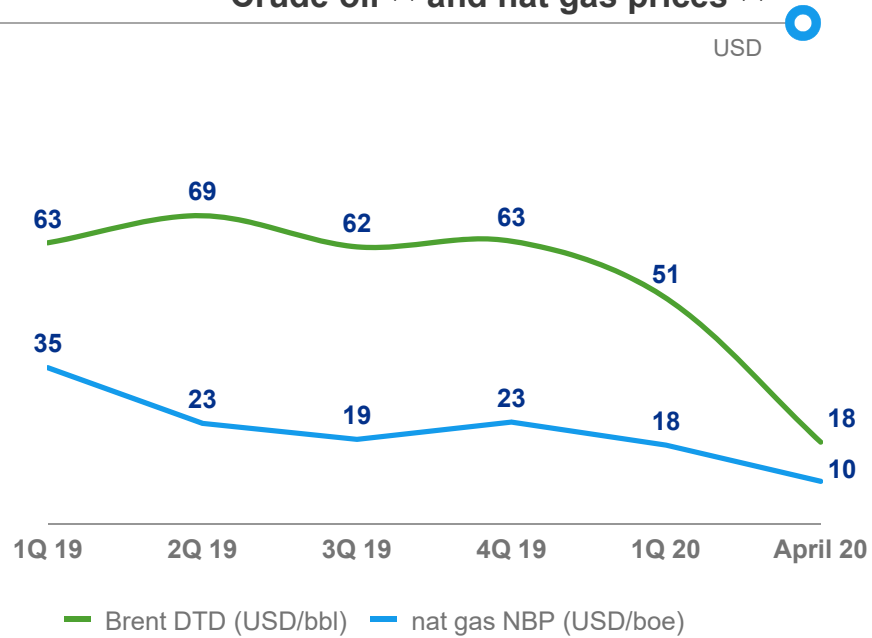


External environment

Crude oil, natural gas and product crack spreads

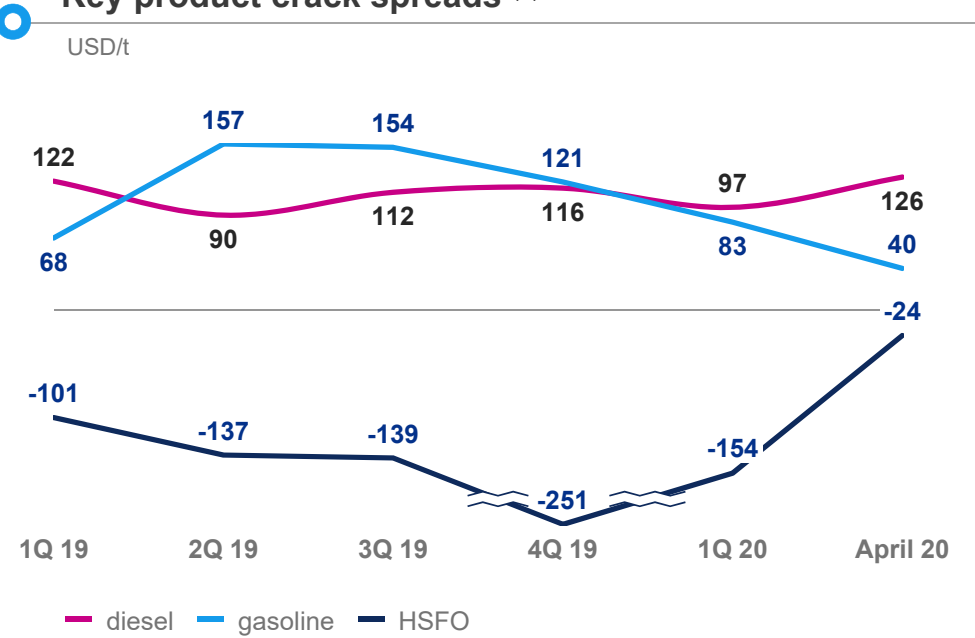
Crude oil <sup>(1)</sup> and nat gas prices <sup>(2)</sup>

USD

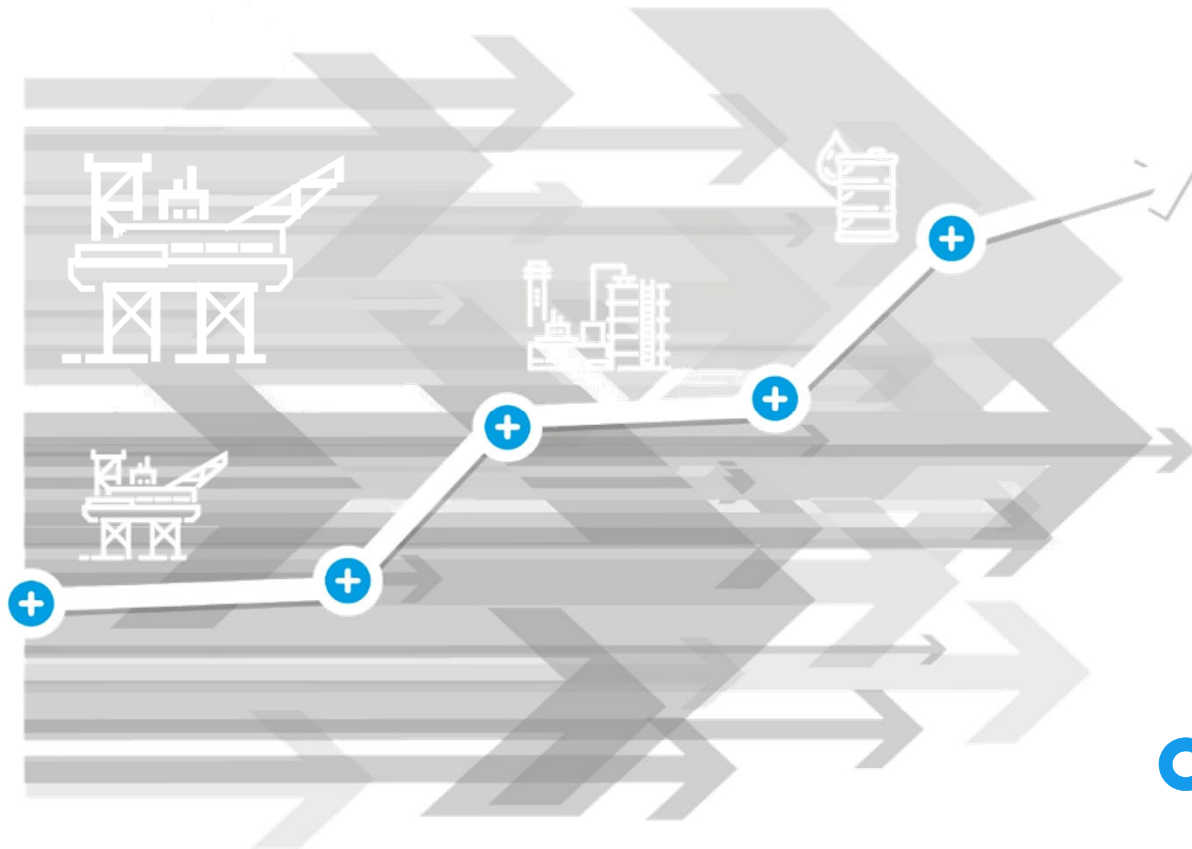


Key product crack spreads <sup>(1)</sup>

USD/t



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



## Exploration & production

Financial results 1Q 2020

Exploration & production  
**Producing assets – 1Q 2020**

## B8

Baltic Sea



Reserves<sup>(1)</sup> **34.4 m boe**  
 Production<sup>(2)</sup> **3.8 kboe/d**

## B3

Baltic Sea



Reserves<sup>(1)</sup> **13.1 m boe**  
 Production<sup>(2)</sup> **1.1 kboe/d**

Lifting costs Poland: **35.7 USD/boe** <sup>(3)</sup>

## Sleipner

North Sea



Reserves<sup>(1)</sup> **10.8 m boe**  
 Production<sup>(2)</sup> **10.0 kboe/d**

## Heimdal

North Sea

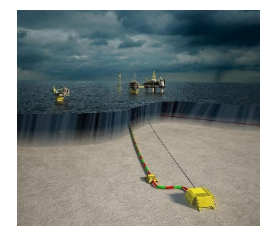


Reserves<sup>(1)</sup> **0.7 m boe**  
 Production<sup>(2)</sup> **2.0 kboe/d**

Lifting costs Norway: **9.4 USD/boe** <sup>(3)</sup>

## Utgard

North Sea



Reserves<sup>(1)</sup> **4.9 m boe**  
 Production<sup>(2)</sup> **6.1 kboe/d**

## Onshore fields

Lithuania



Reserves<sup>(1)</sup> **2.6 m boe**  
 Production<sup>(2)</sup> **0.6 kboe/d**

Lifting costs Lithuania: **18.5 USD/boe** <sup>(3)</sup>

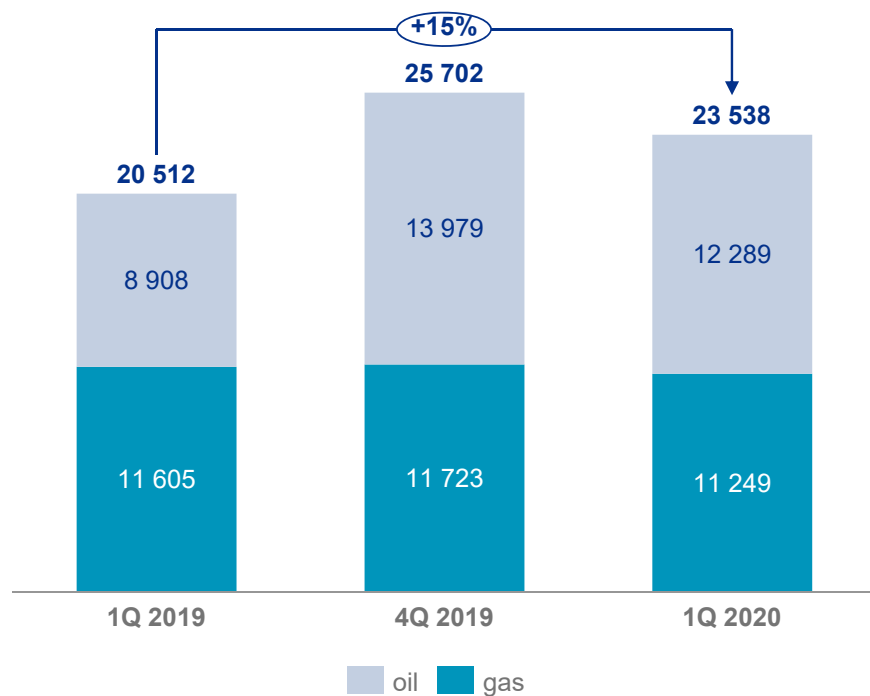
(1) 2P Reserves as of 31.03.2020  
 (2) Average daily production for 1Q 2020  
 (3) Average lifting costs for FY 2019

Exploration & production  
Overall production figures



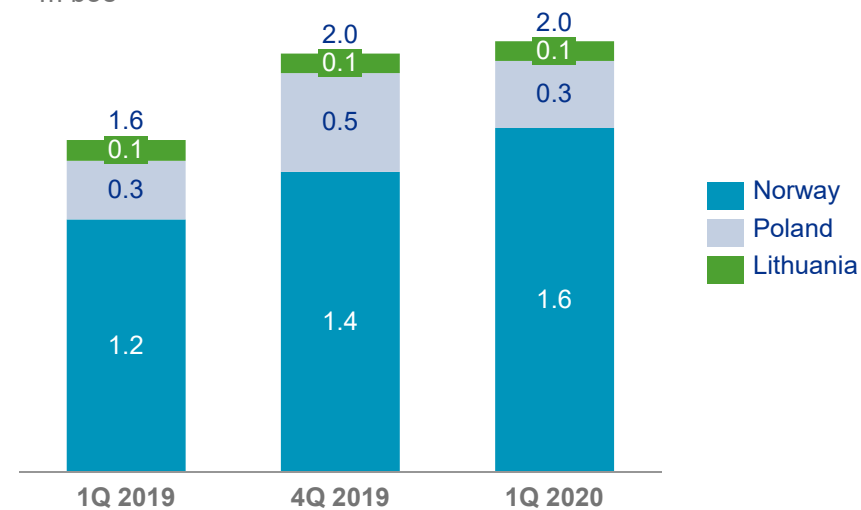
Quarterly production per day

boe/d

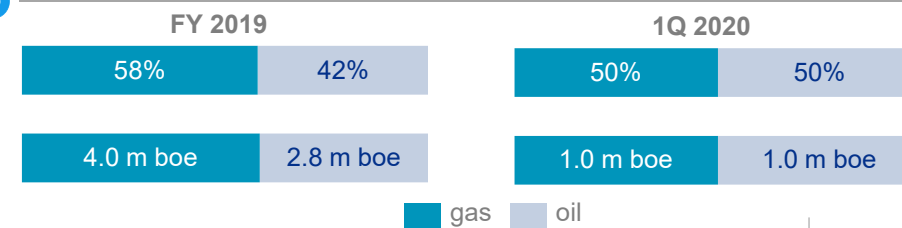


Overall quarterly sales

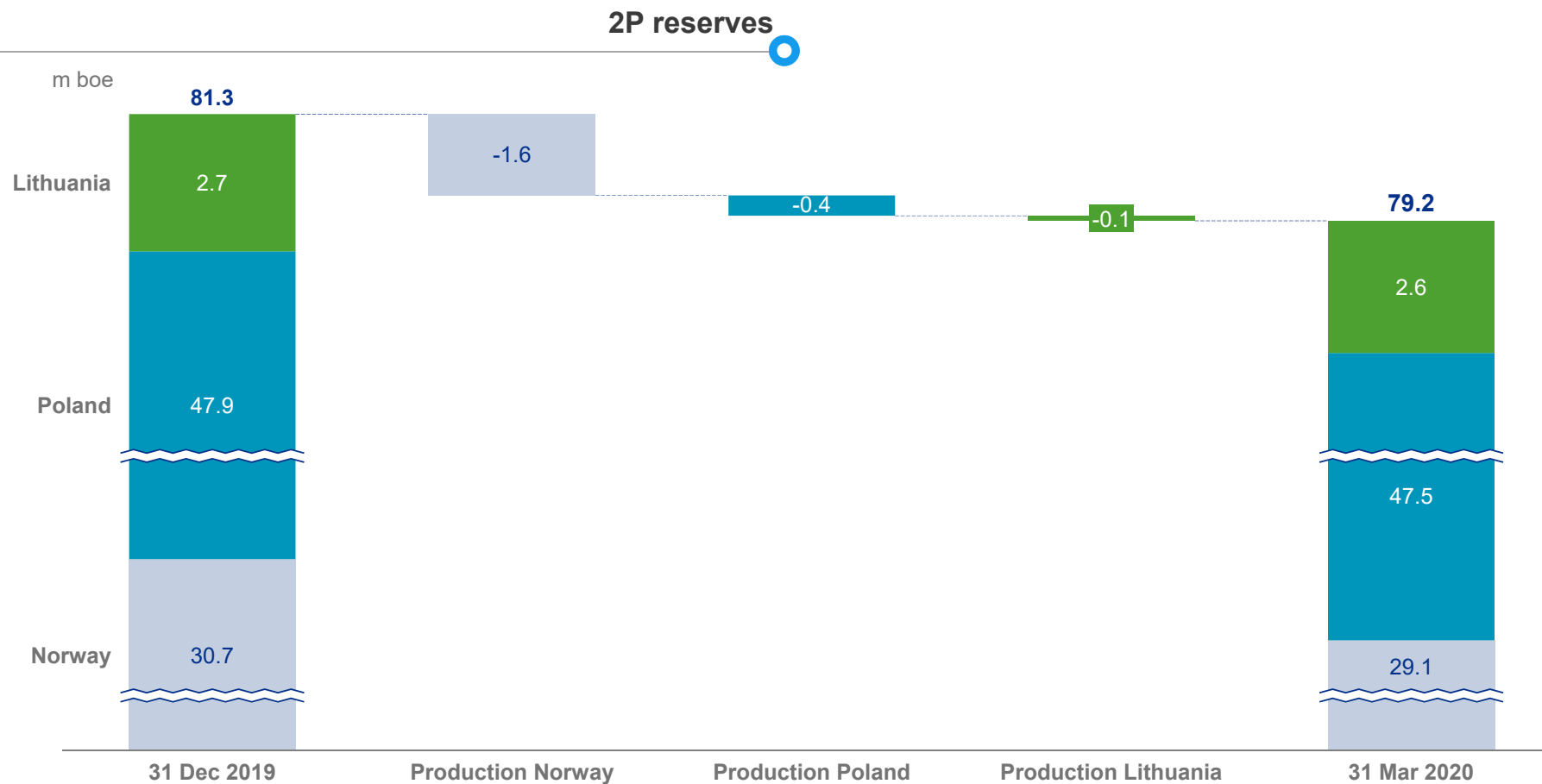
m boe



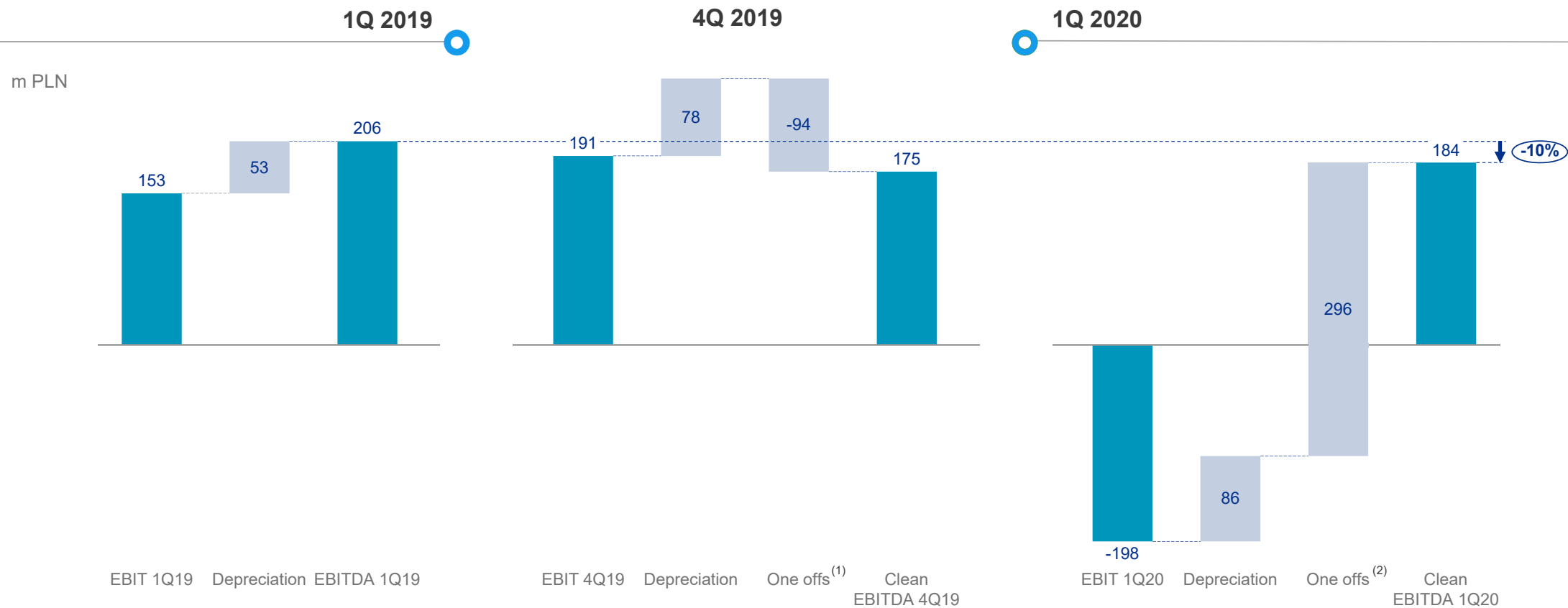
Product mix structure (sales)



Exploration & production  
**Total recoverable reserves**



Quarterly upstream EBITDA evolution



(1) Balance of assets impairments and other revaluations, including reversal of YME assets impairment (-105 m PLN)

(2) Comprising of assets impairments on: YME (224 m PLN), Utgard (53 m PLN) and Lithuanian fields (19 m PLN)



## Refining & marketing

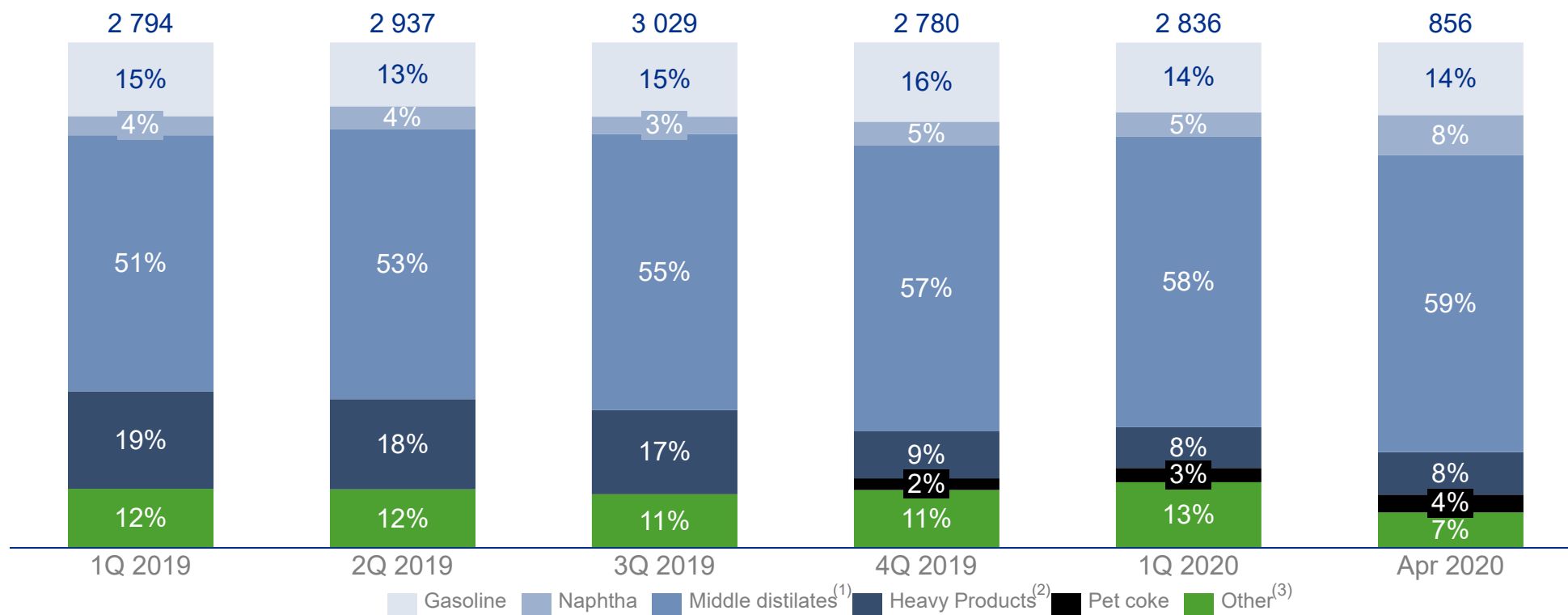
Financial results 1Q 2020

Refining & marketing

**Volume of key refining products**



thousand tons  
% share in total



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

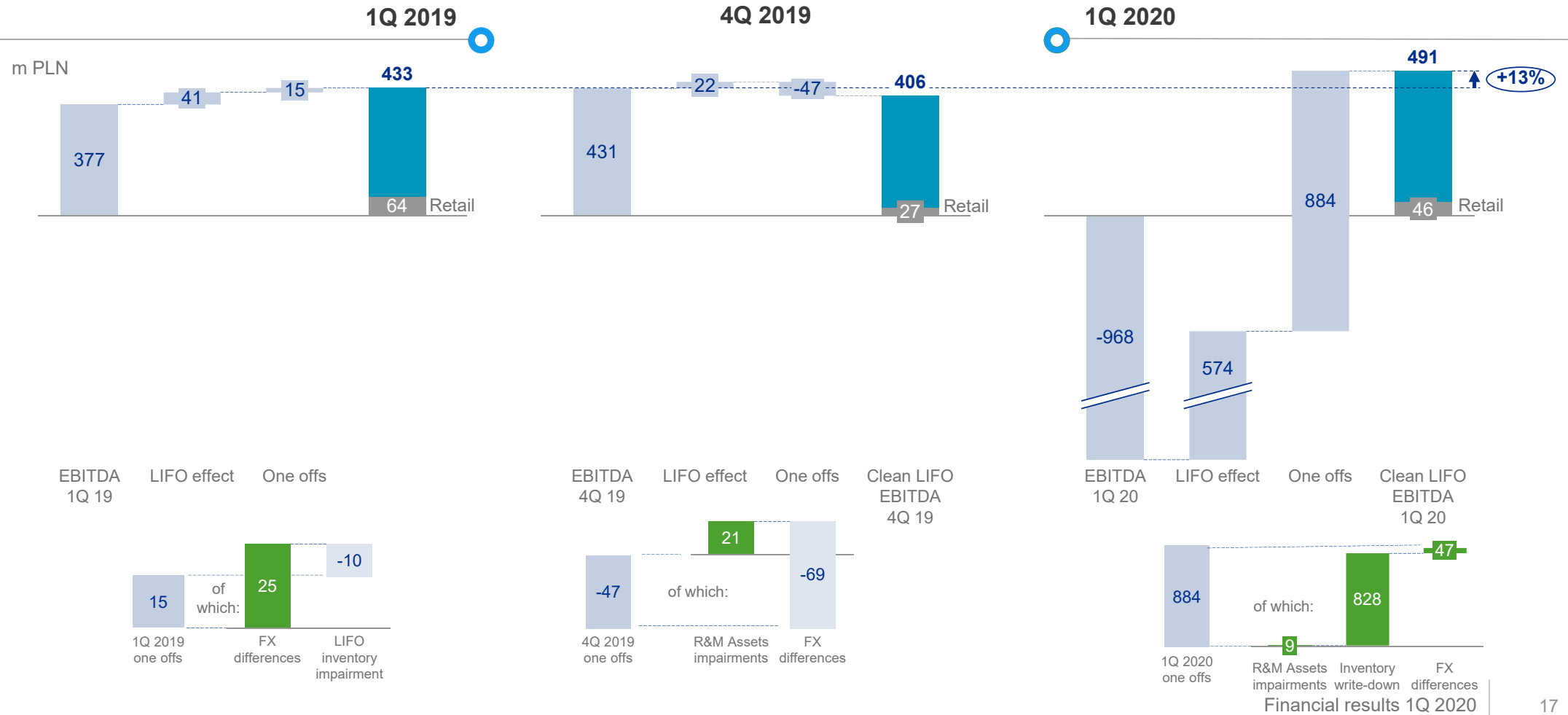
(2) heavy products : heavy sulfur fuel oil and bitumens

(3) other products include fuel and industrial gases, sulfur, base oils, xylene fraction, LPG, bunker fuel, extracts, refinates, and slack wax.



Refining & marketing

Quarterly downstream clean EBITDA LIFO evolution



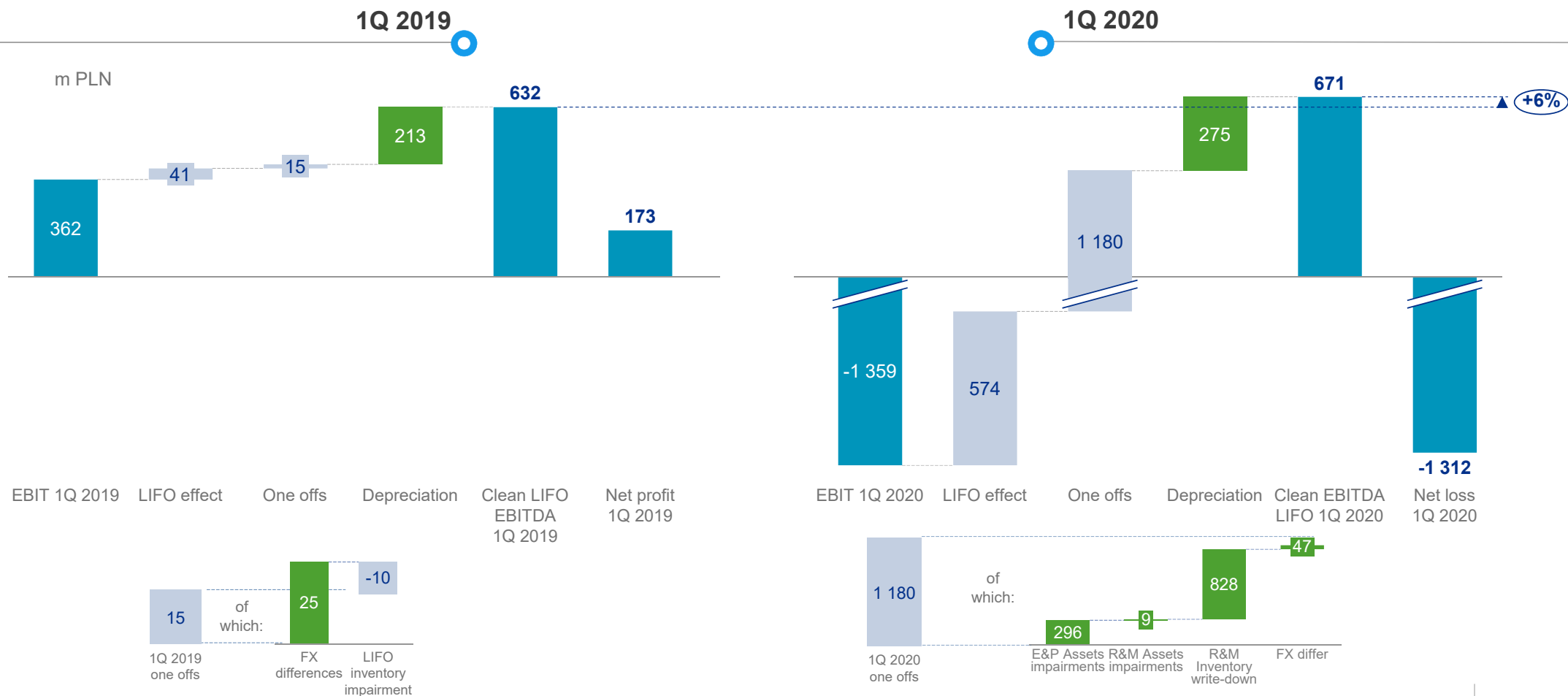


## Consolidated financial results

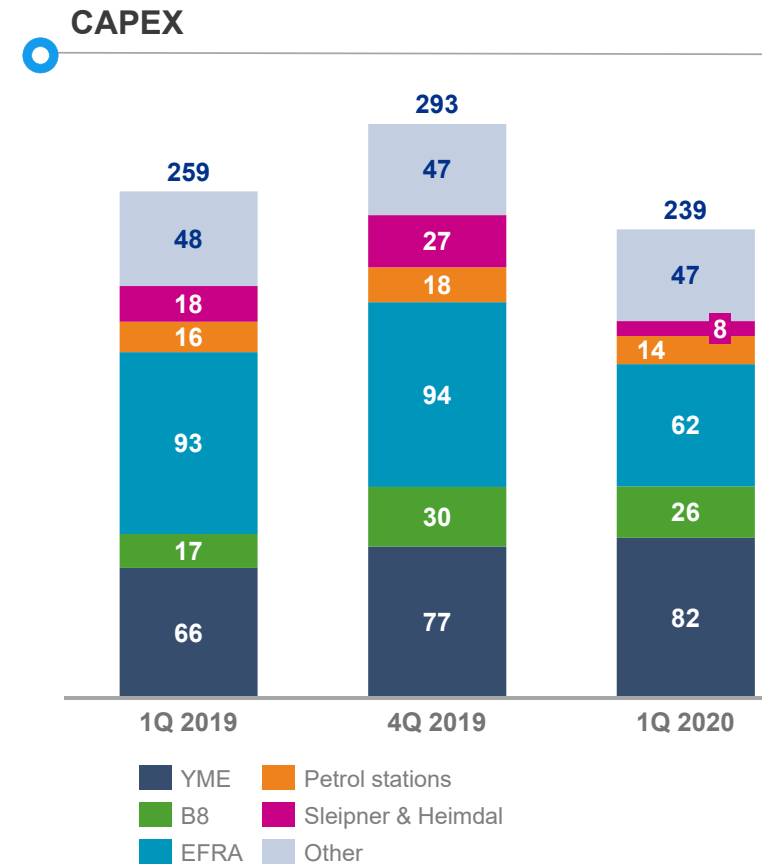
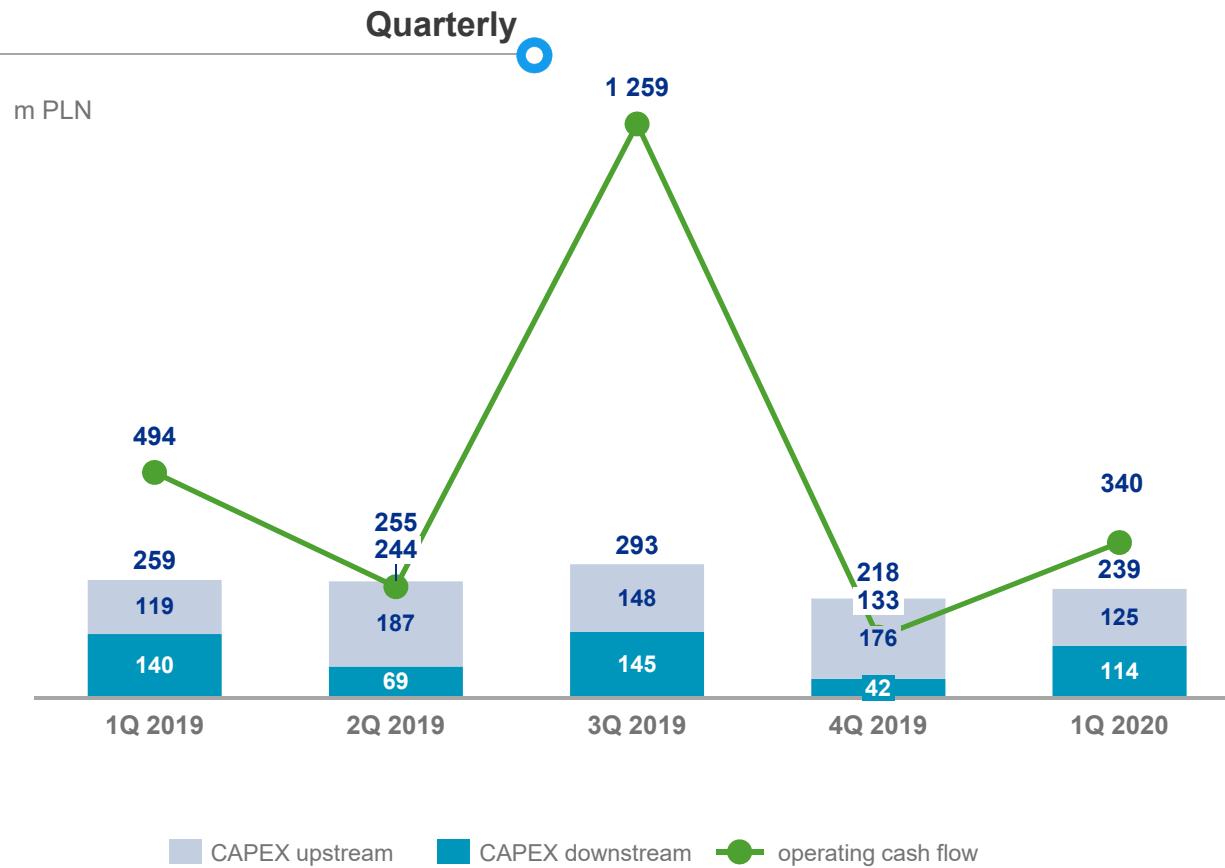
Financial results 1Q 2020

Consolidated financial results

Decomposition of 1Q 2020 vs 1Q 2019 consolidated financial results



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



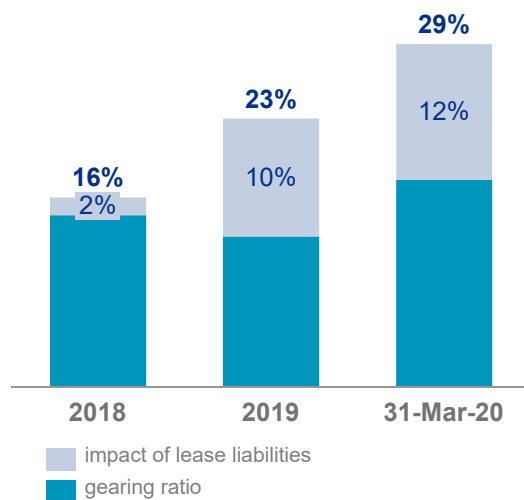
Debt

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

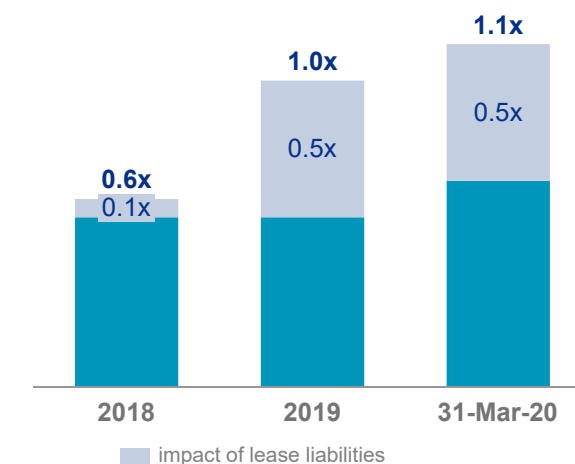
bn PLN



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 1.1x, including 0.5x impact of IFRS 16 „Leases”

(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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