



LOTOS Group **1Q 2016 consolidated** **financial results**

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Key highlights



Key highlights 1Q 2016

PLN m	EBITDA reported	Clean ⁽¹⁾ EBITDA LIFO	y/y % change Clean EBITDA LIFO
Consolidated	400	547	+19%
upstream	150	155	+106%
downstream	241	383	+15%

Operating cash flow

319 m PLN

Crude oil throughput

2 444 k tons

Upstream production

29 816 boe/day

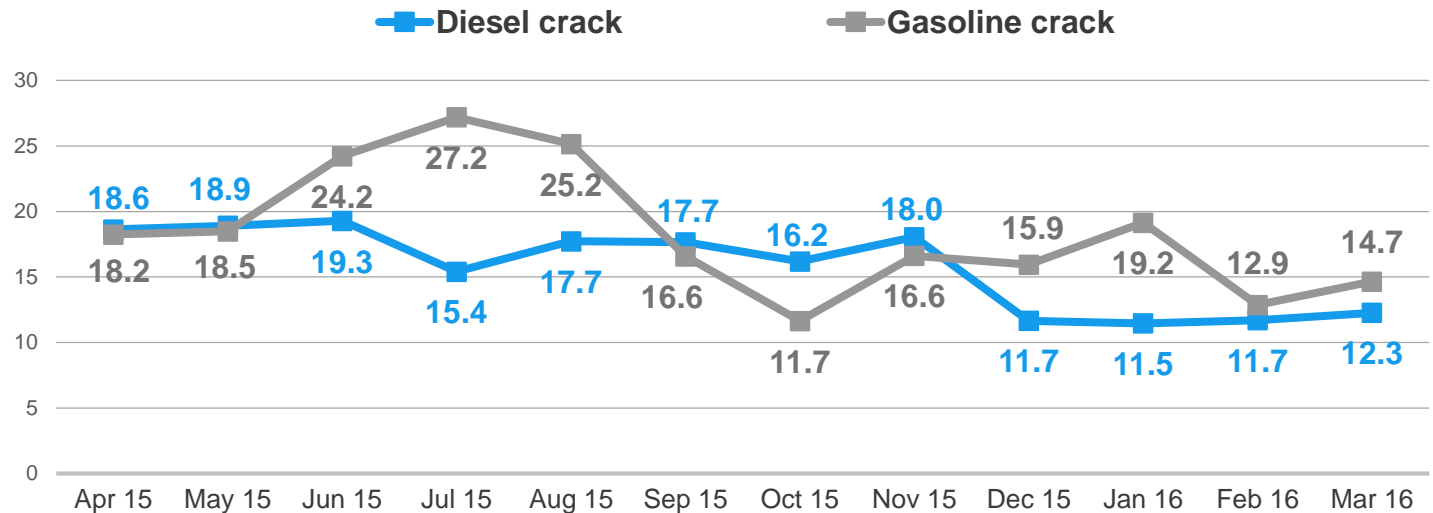
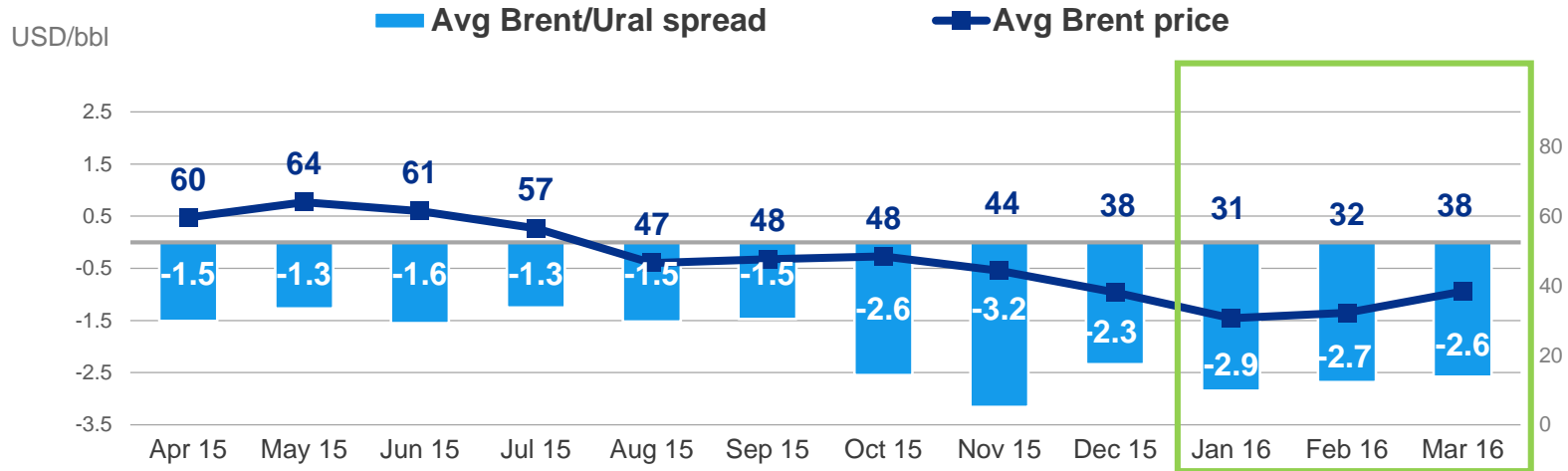
Note : Values for the segments above do not sum up due to balancing effect of other segment and consolidation items

(1) Excluding one-off items

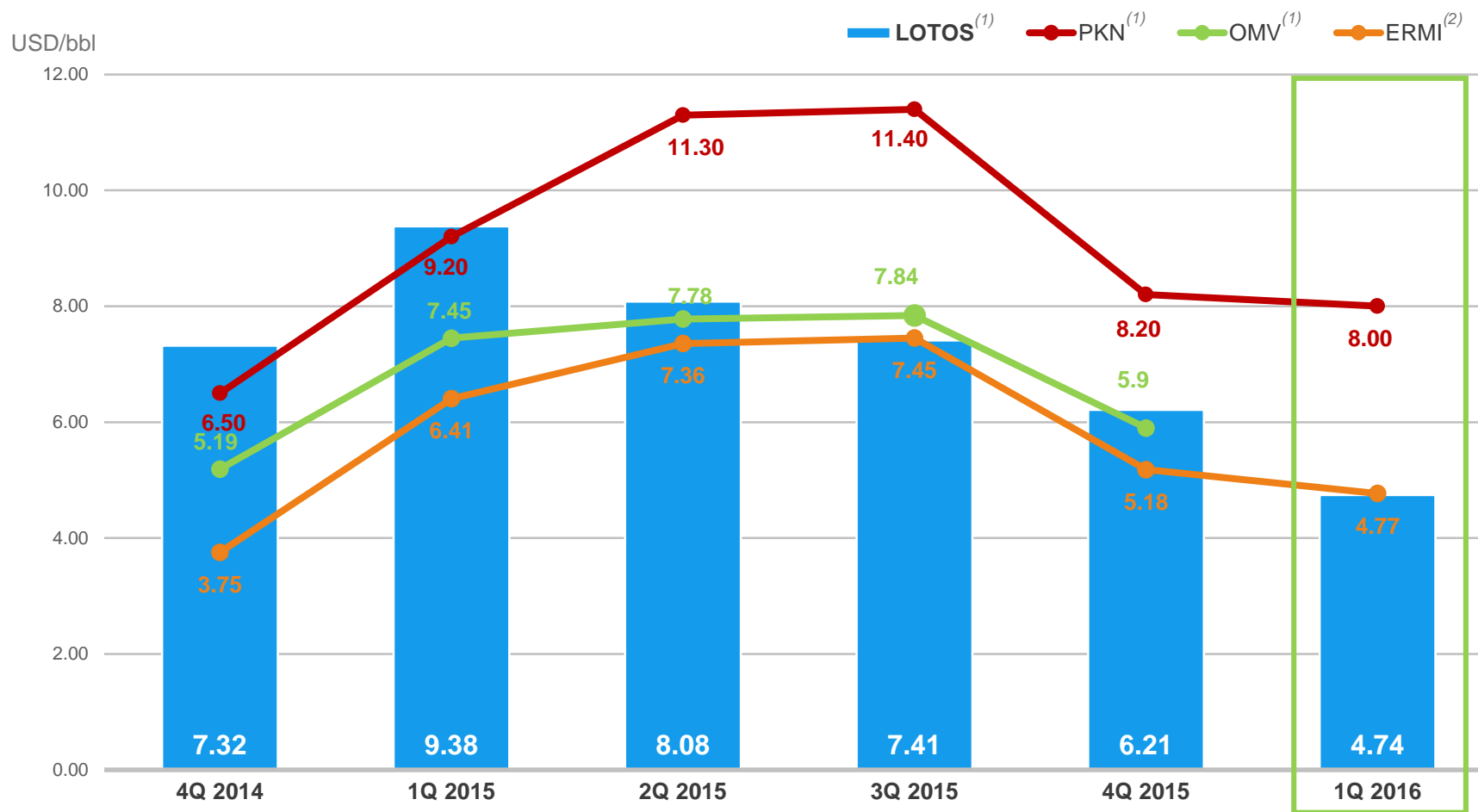
External environment



External environment - crude oil prices & product cracks



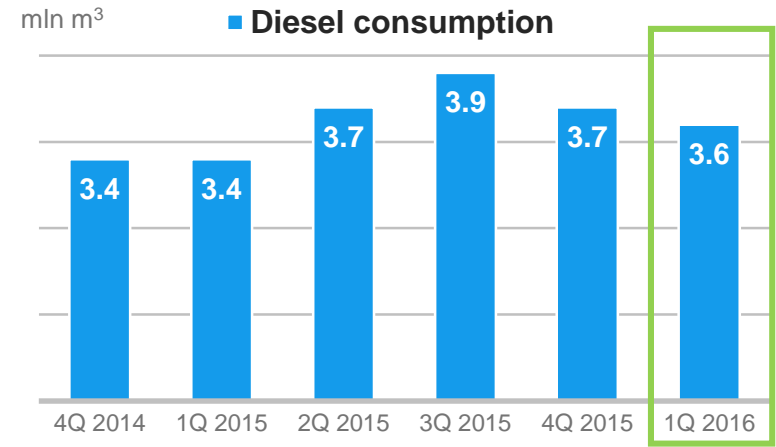
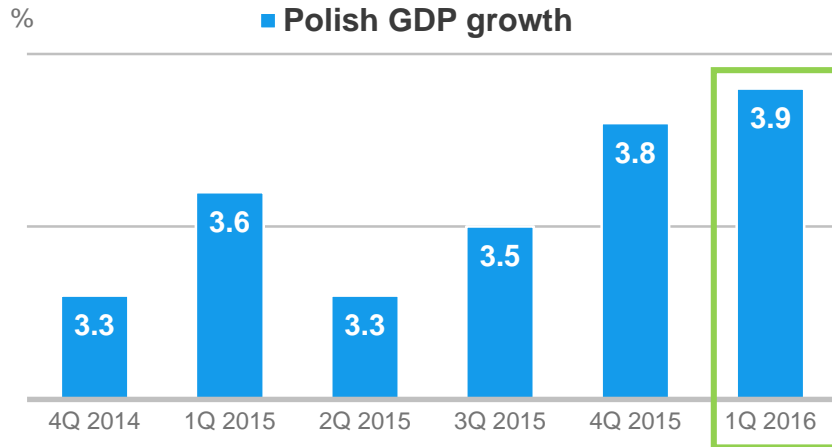
Model refining margin vs. peers



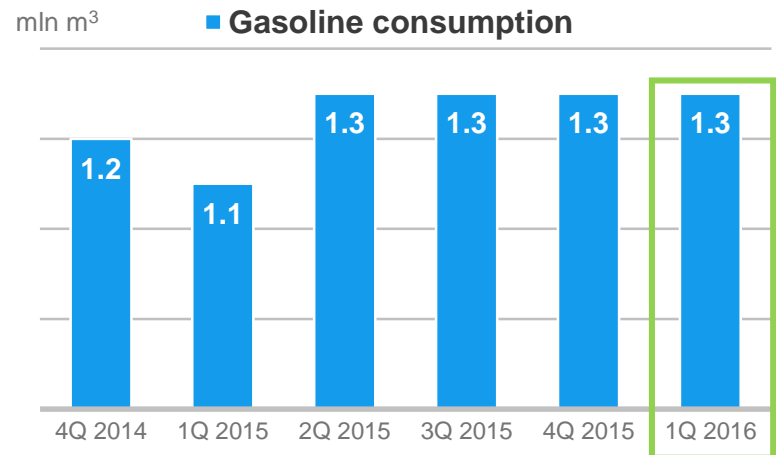
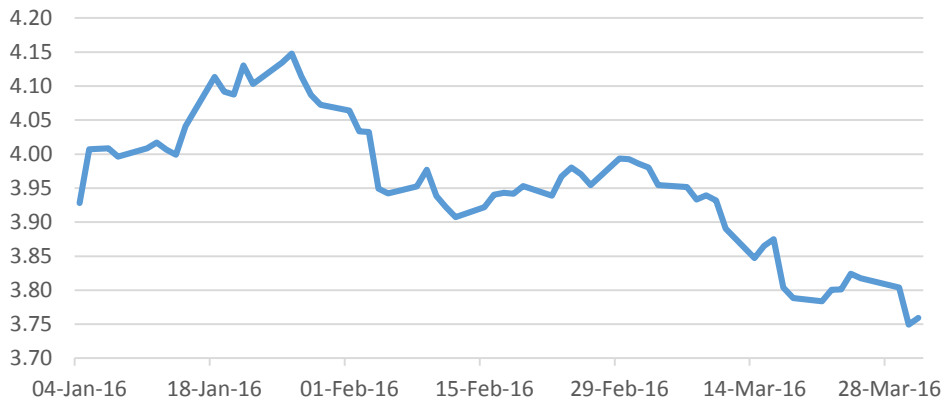
(1) Source: Company data; based on websites of the companies

(2) Source: Total; European Refining Margin Indicator (ERMI) is an 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.

External environment – GDP growth, FX development & domestic fuel consumption



— USD/PLN (3)



(1) National Statistics Bureau (GUS)

(2) Forecast of IBNGR (Instytut Badań nad Gospodarką Rynkową – Insitute for Market Economics)

(3) National Bank of Poland

(4) POPIHN – Organisation for Oil Trade and Industry

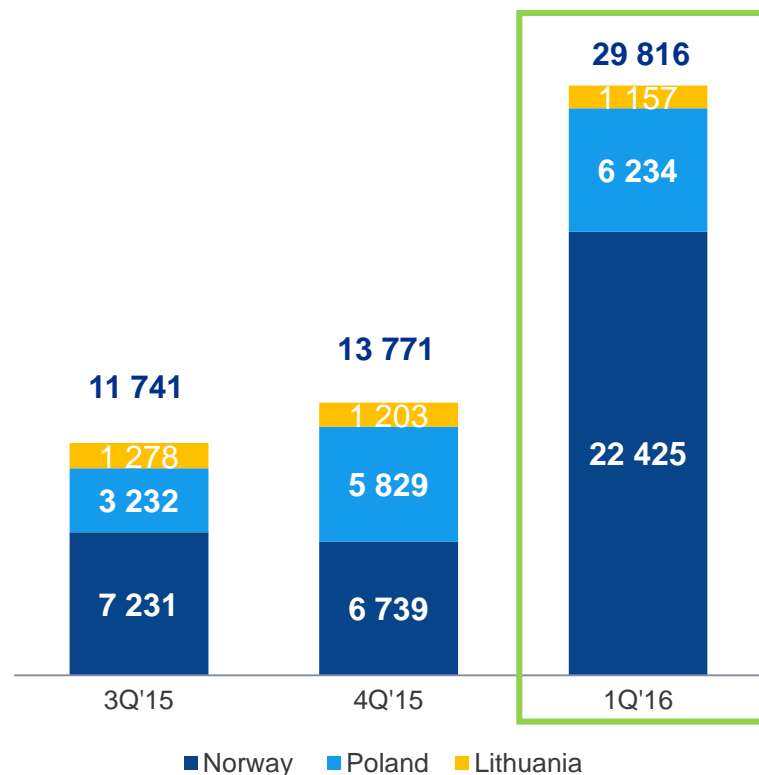


Upstream

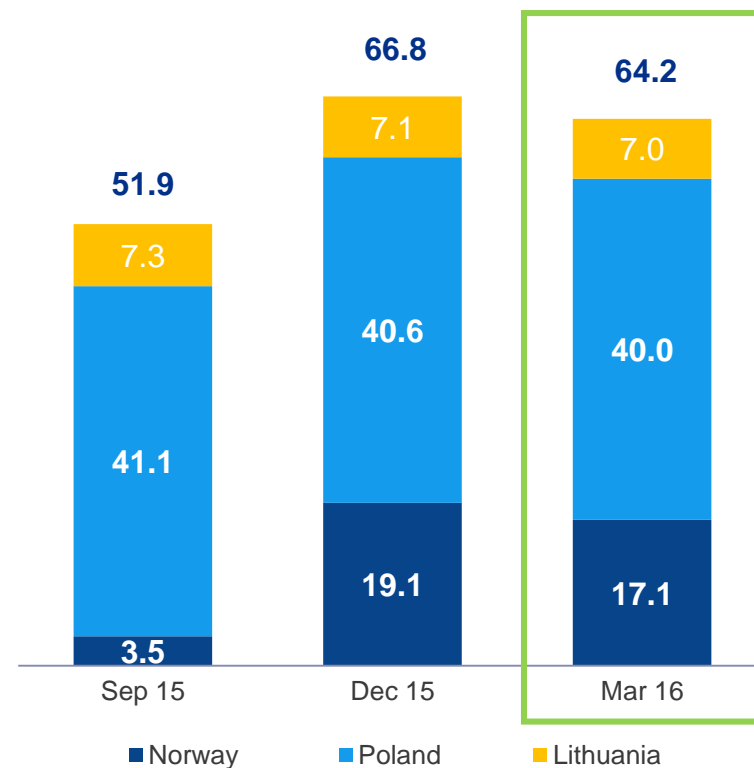


Hydrocarbons reserves and production figures

Average daily oil&gas production (boe/d)⁽¹⁾



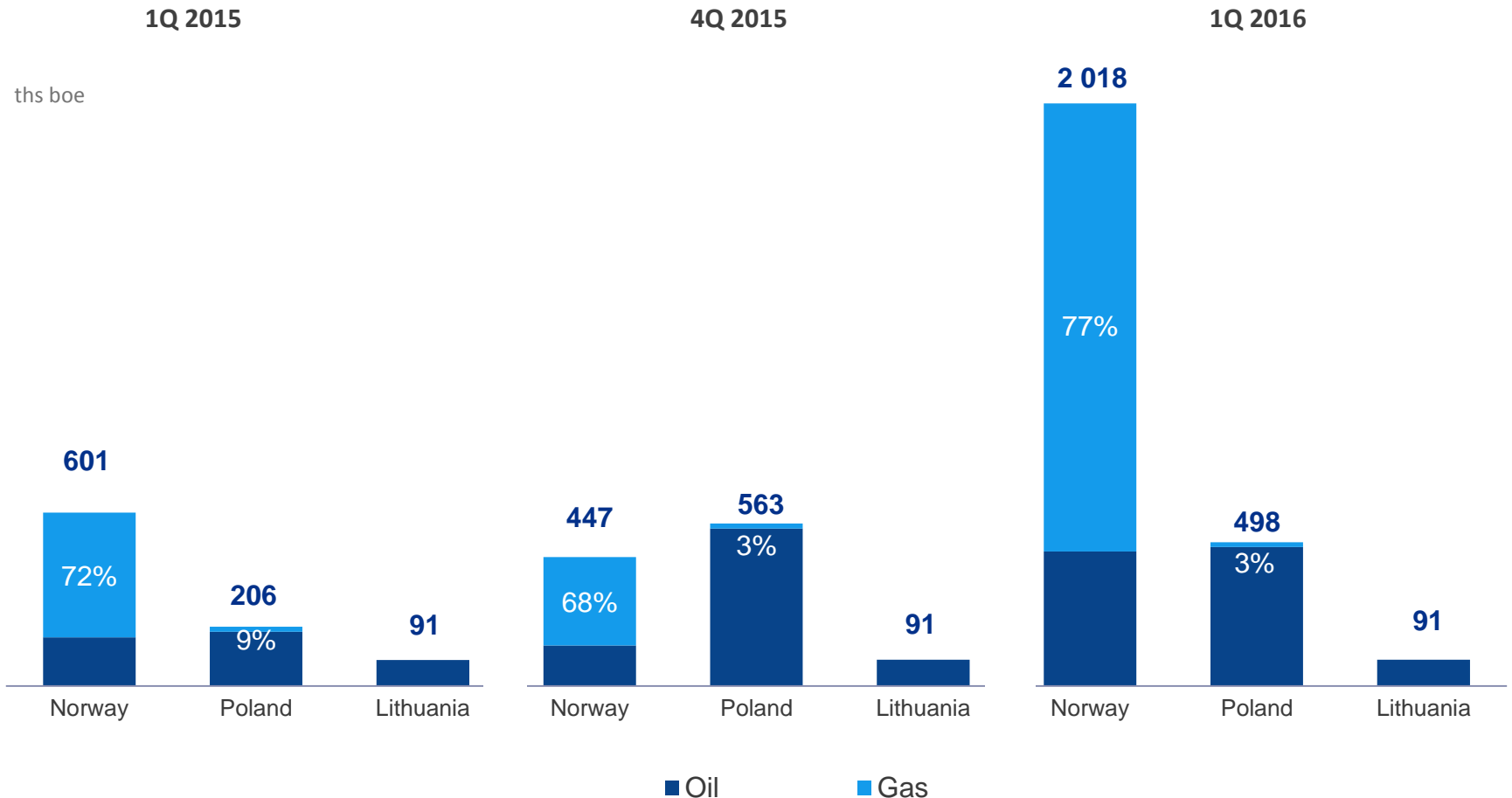
2P⁽²⁾ oil&gas reserves (m boe)



(1) Calculated on effective production days

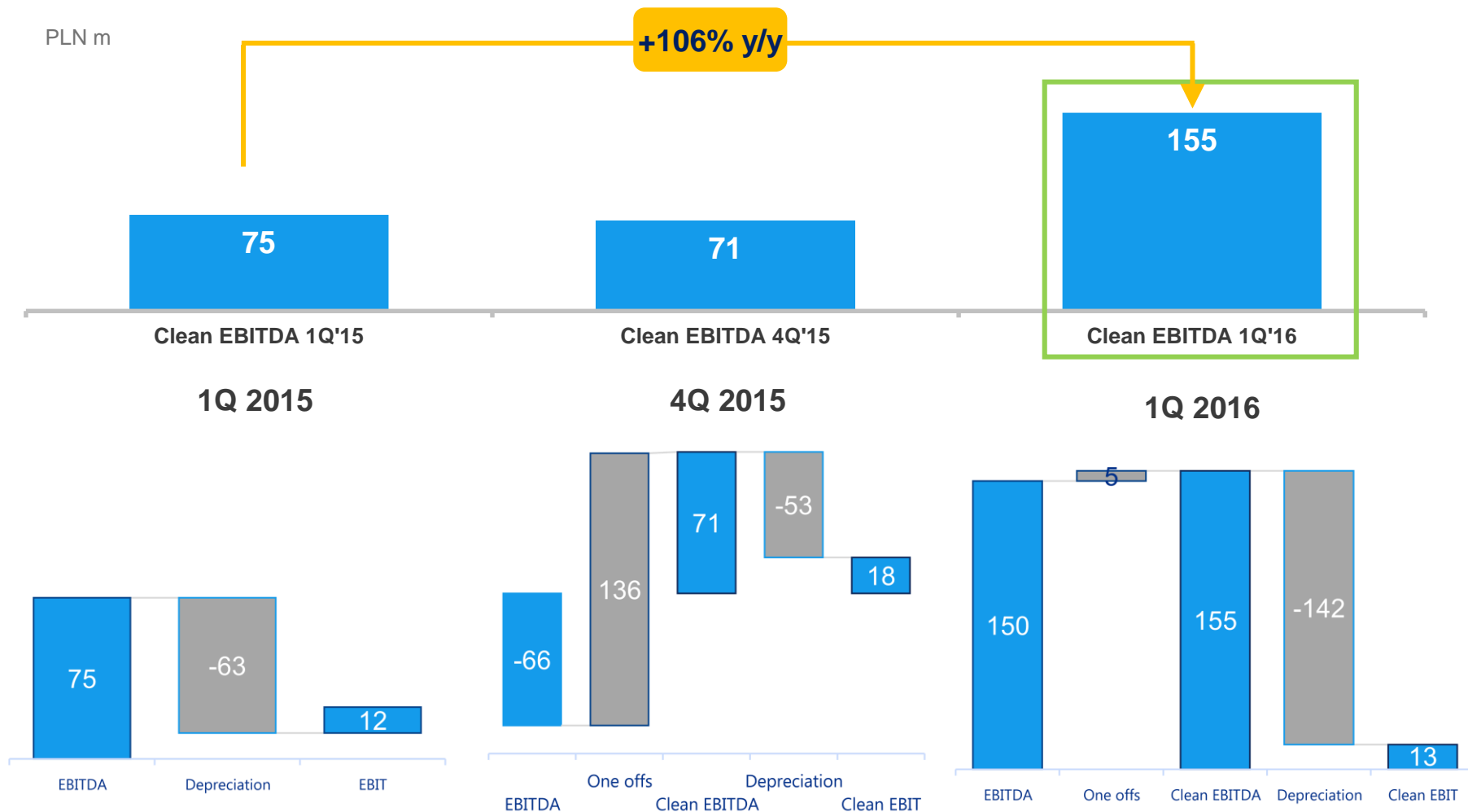
(2) 2P reserves (proved and probable)

Quarterly sales split by products and countries

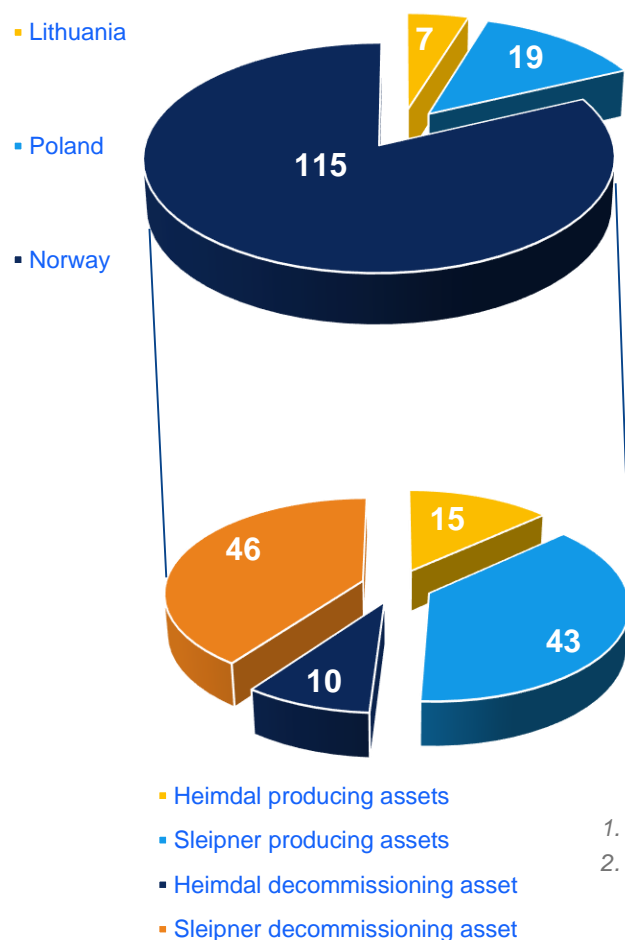


(1) share of natural gas in total sales (in %)

Upstream quarterly clean EBITDA development



Upstream segment - depreciation breakdown



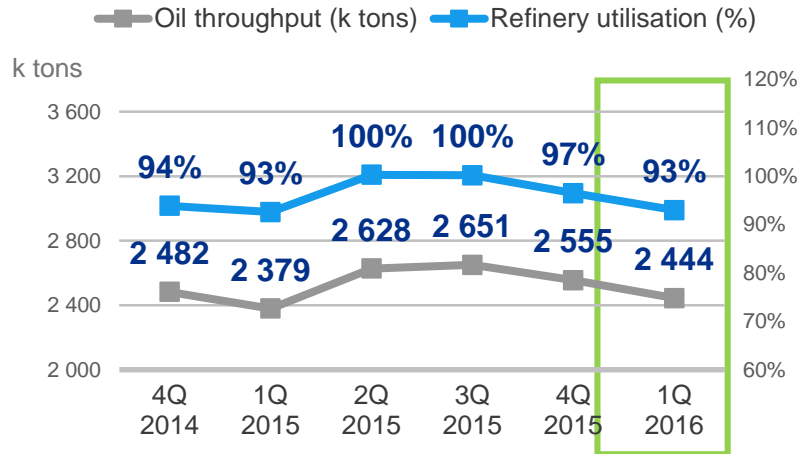
Segment's depreciation predominantly concentrated in the Norwegian part of the business⁽¹⁾

Almost half (56 m PLN) of the total Norwegian depreciation (115 m PLN) on Heimdal and Sleipner decommissioning assets⁽²⁾

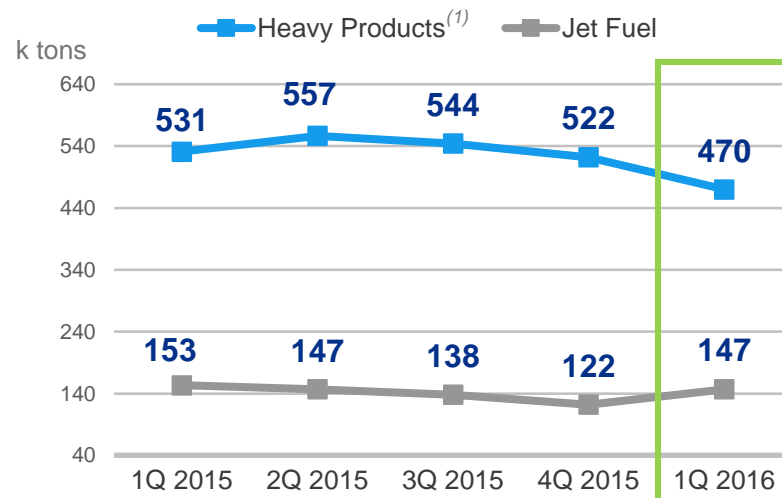
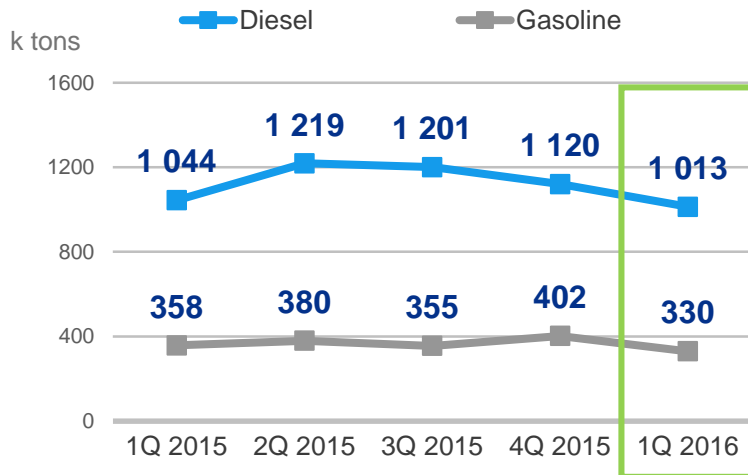
1. Graph including LOTOS Norge, AB LOTOS Geonafta and LOTOS Petrobaltic
2. On recognition of a decommissioning obligation (which arises with respect to production wells), a matching decommissioning asset is recognized, which is subsequently amortized in line with the asset subject to decommissioning

Downstream

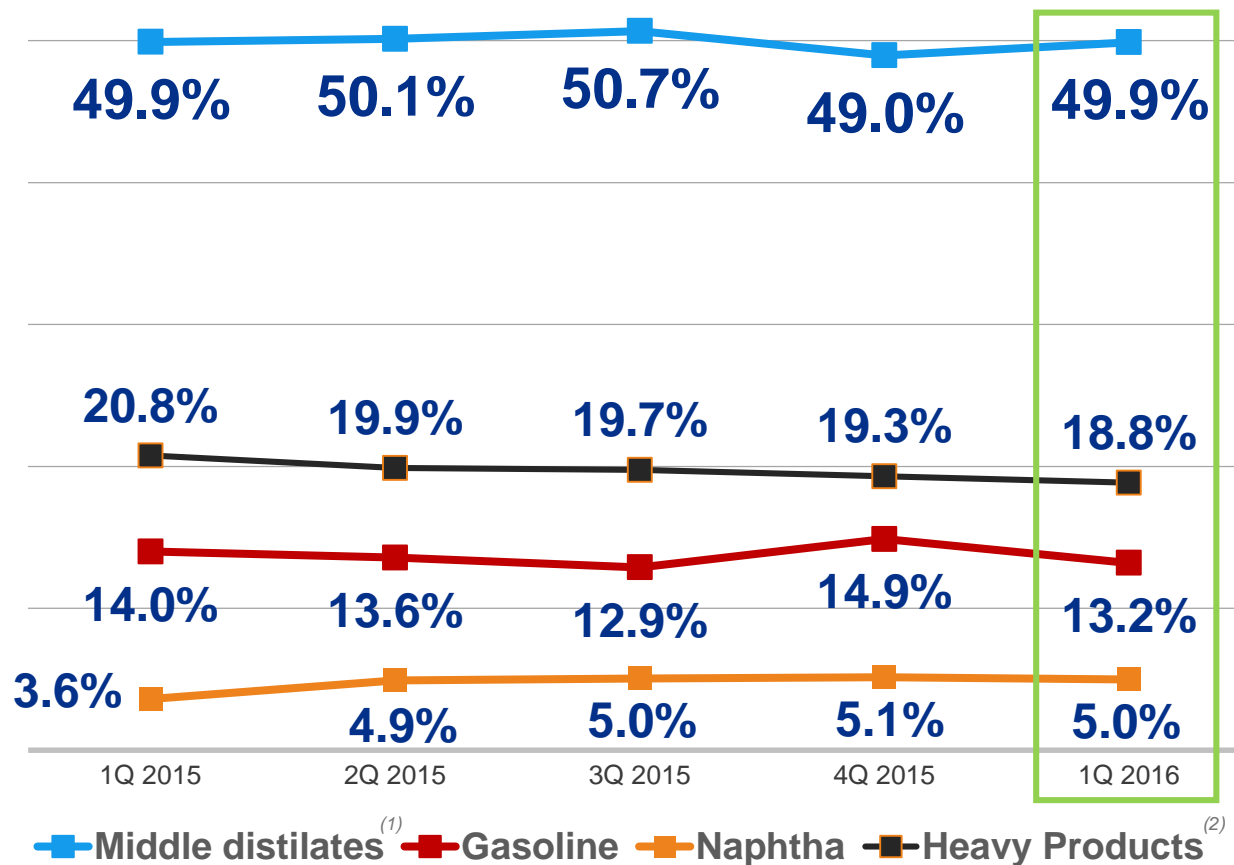
Refinery production - volumes of key products, crude oil throughput & utilisation rate



Crude oil throughput at 2 444 k tons, with capacity utilisation rate at c. 93%



Share of key products in the overall refinery output

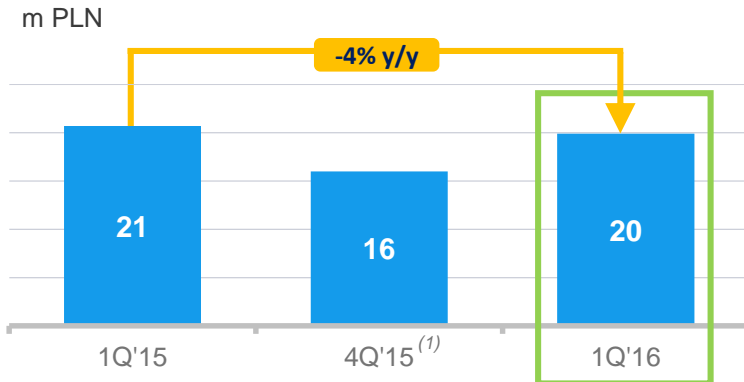


1) Diesel + Jet Fuel + Light Heating Oil

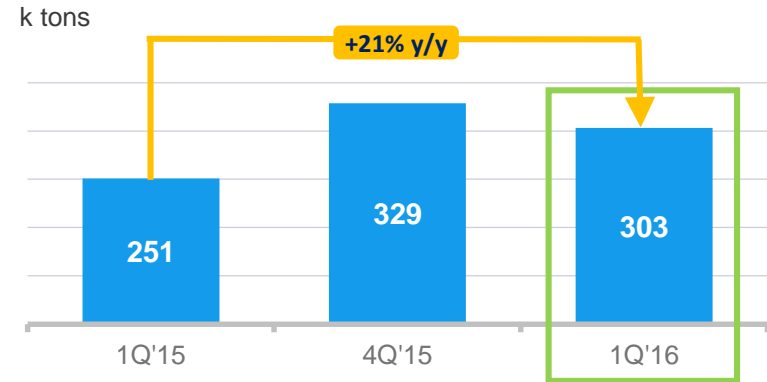
2) Heavy Sulfur Fuel Oil + Bitumens

Retail performance and domestic fuel sales

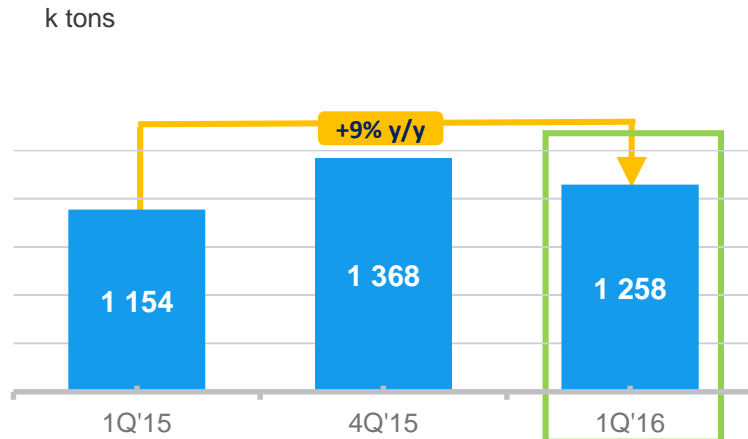
Quarterly retail EBITDA



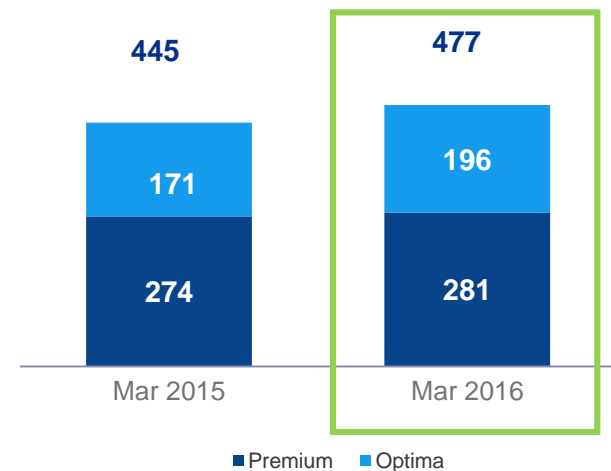
Quarterly retail sales volumes



Poland's fuel overall sales volumes⁽²⁾

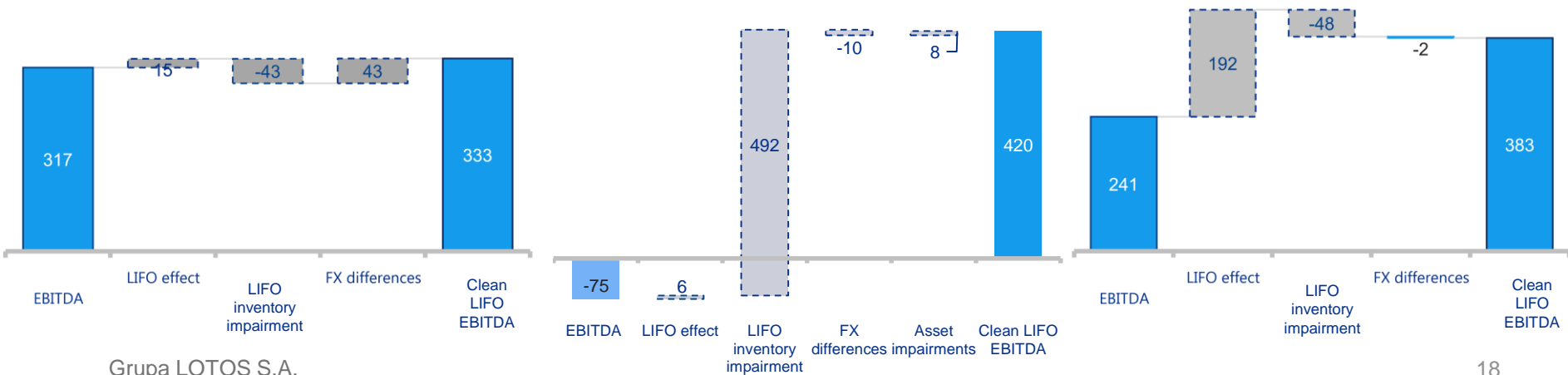
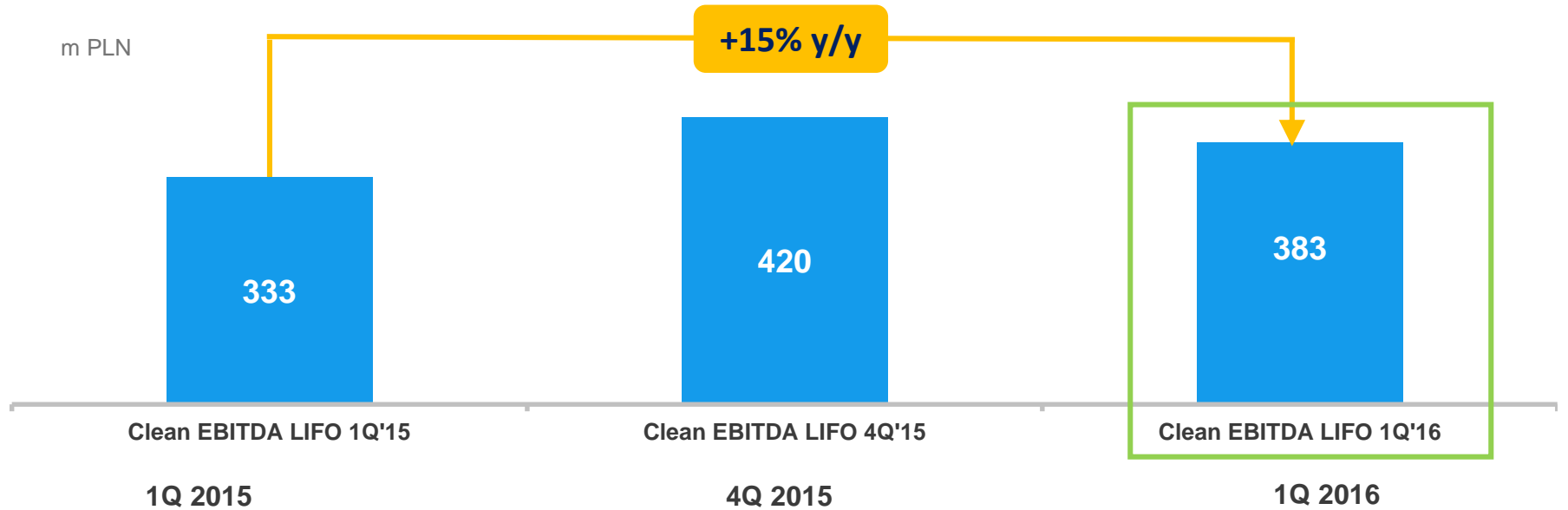


Petrol station network (no. of units)



Downstream segment quarterly clean EBITDA LIFO

m PLN



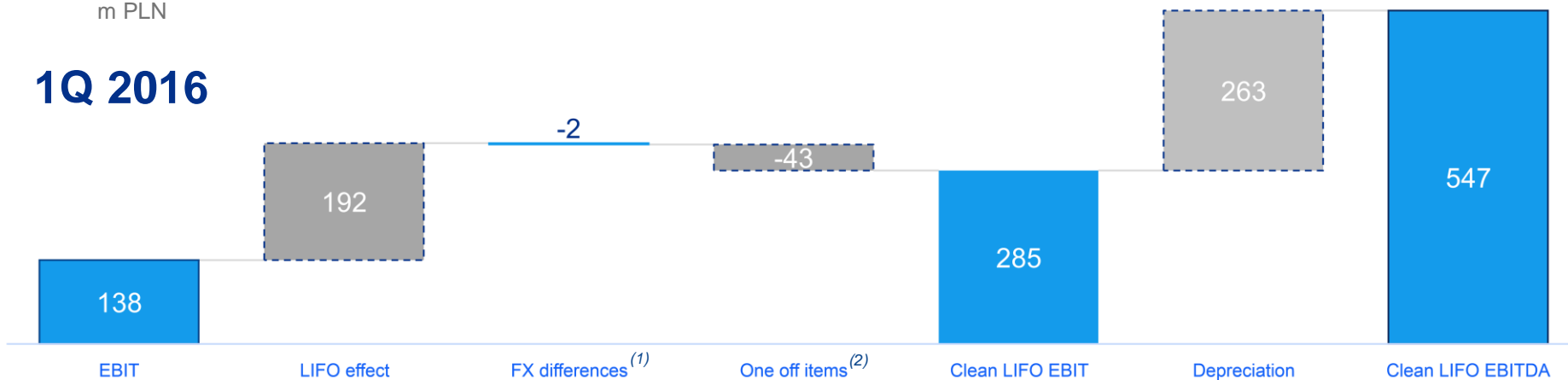
Consolidated financial results



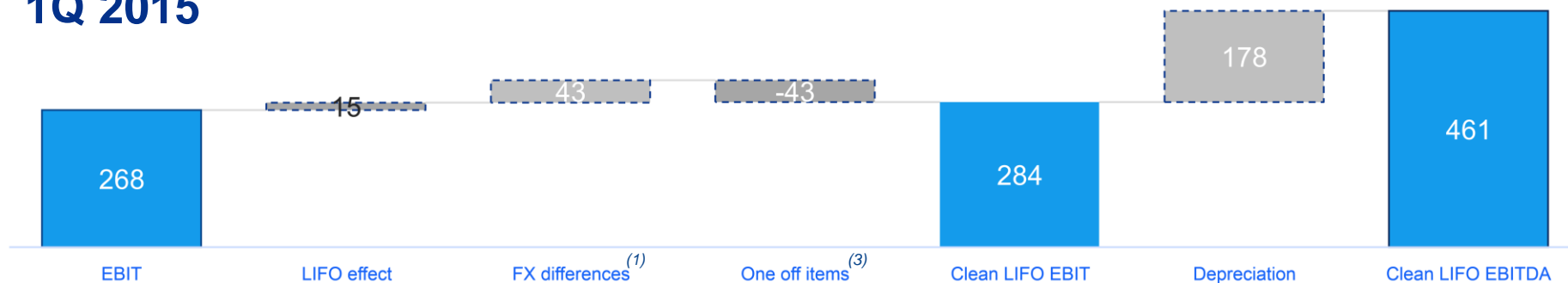
Quarterly operating result decomposition

m PLN

1Q 2016



1Q 2015



(1) FX operational differences

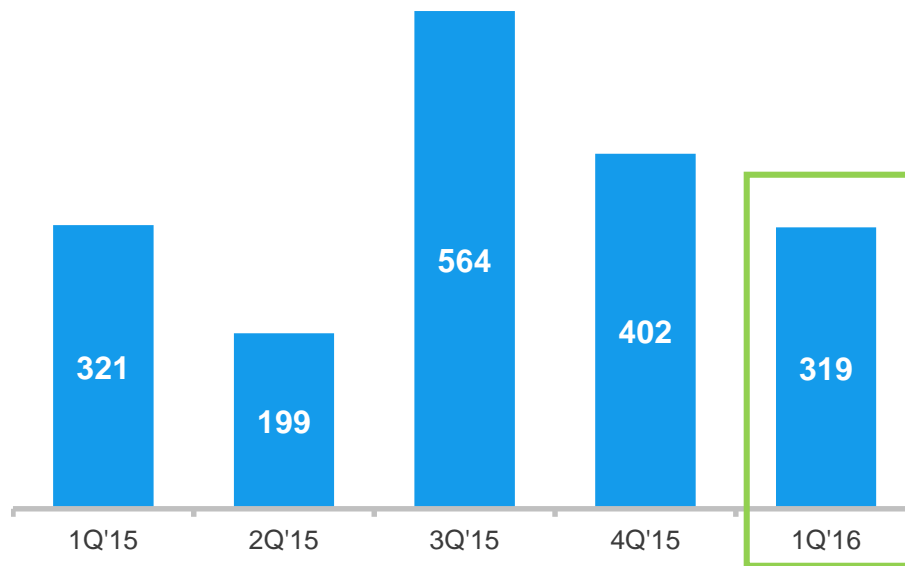
(2) -48 m PLN effect of the difference in the balance of LIFO inventory valuation : partial „reversal” od the impairments from 31. 12.2015;
+5 m PLN assets impairment in Lithuania

(3) Effect of the difference in the balance of LIFO inventory valuation : partial „reversal” od the impairments from 31.12.2014

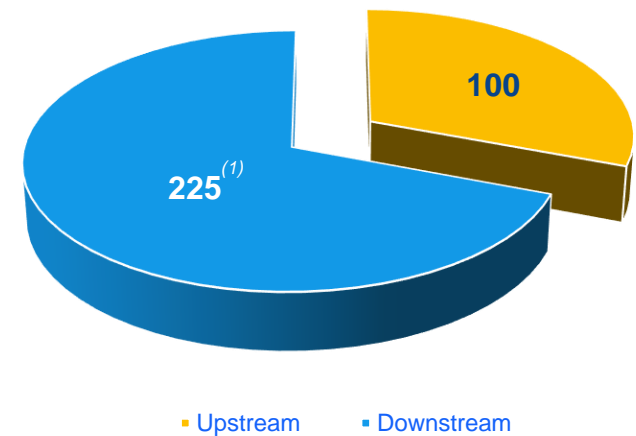
Quarterly operating cash flow and CAPEX

m PLN

Operating cash flow

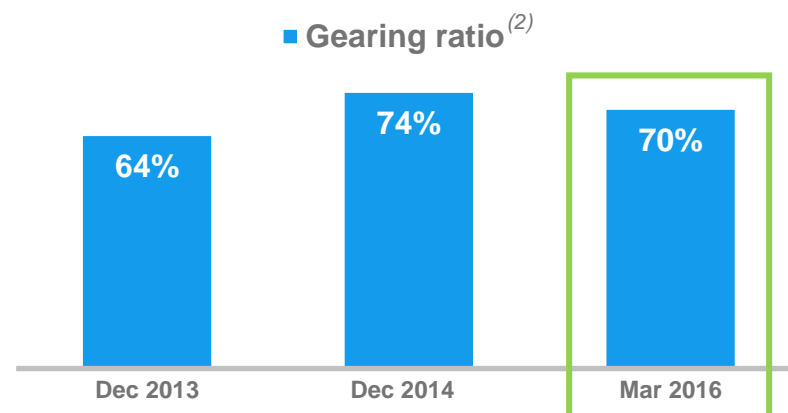
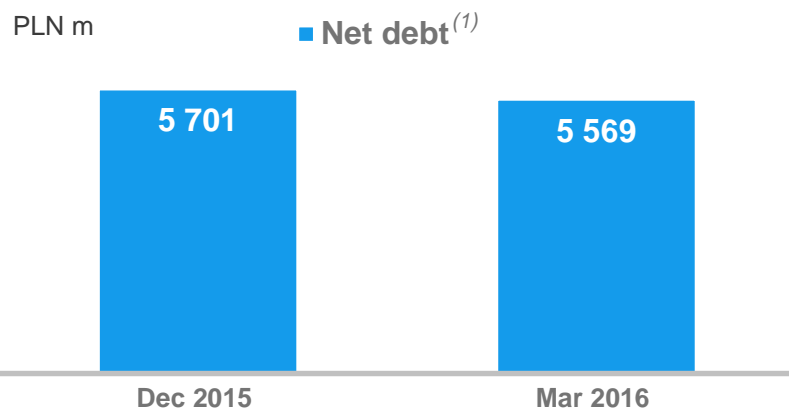


CAPEX per segments 1Q 2016

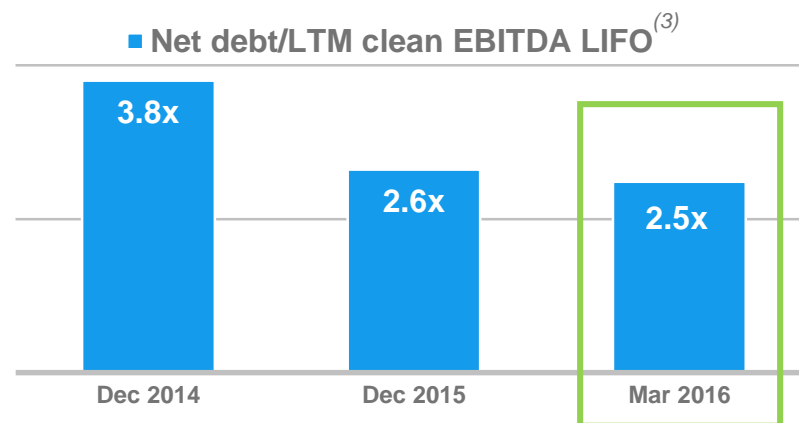


(1) EFRA Program 189 m PLN

Indebtedness



- Net debt figures include: interest bearing loans and borrowings, finance lease and bonds
- The current gearing ratio at a level of 70% due to strengthening of PLN vs USD



(1) Net debt includes proceeds from the capital increase completed in January 2015

(2) Gearing ratio = net debt / total shareholders equity

(3) Estimated EBITDA for the last 12 months, according to the LIFO valuation, net of one off items.



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