

# Our fuel tradition – the history of the LOTOS Group

The LOTOS Group is an organization with a long-time history, which translates into extensive experience and credibility of the company as a participant of fuel markets in Poland and globally. Since 1975, we have developed organically by expanding the range of products and services, and grown through acquisitions in Poland and abroad to enhance our production and processing capacities.

It has been 40 years in 2015 since the Gdańsk refinery had its tanks filled with the first batch of crude oil to start up the fuel unit. The decision on the refinery construction was made in May 1971. In 1972, an enterprise under the name Rafineria Nafty Gdańsk w Budowie (Gdańsk Oil Refinery under Construction) was formed. Within four years, a modern facility occupying an area of 220 ha, with designed annual processing capacity of 3 million tonnes of crude oil (now, after expansion, it is more than three times higher), was built to supply the Polish market with fuel and oils.

In 1976, the refinery changed its name to Gdańskie Zakłady Rafineryjne and the manufacture of motor gasolines was launched. A year later, the plant started to manufacture motor oils, a flagship product of Grupa LOTOS to this day. In 1980, production of aviation fuel and industrial bitumens began, which is a continuing business as well. A decade later, the name of mineral oil manufactured since 1976 was changed to LOTOS. In 1991, Gdańskie Zakłady Rafineryjne was transformed into a joint-stock company under the name Rafineria Gdańska S.A.

The company changed its name to Grupa LOTOS S.A. in 2003, two years before the debut of its stock on the Warsaw Stock Exchange. The initial public offering allowed it to raise more than one billion złoty in proceeds, which were applied towards e.g. the implementation of the Comprehensive Technical Development Programme (10+ Programme) and the acquisition of controlling stakes in refineries in the south of Poland and in Przedsiębiorstwo Poszukiwań i Eksploatacji Złóż Ropy i Gazu PETROBALTIC S.A., an exploration and production company.

In the recent decade, one of the key developments driving the dynamic growth of Grupa LOTOS and its competitive edge was the 10+ Programme carried out in 2007–2010. Valued at PLN 5.6bn, it was one of the largest investments in the Polish economy in 2000–2010. The 10+ Programme enabled Grupa LOTOS to increase its annual crude oil processing capacity from 6m to 10.5m tonnes, and the technologies implemented as part of the project enhanced the quality of fuels and reduced negative impact on the environment.

In order to increase its production potential, the LOTOS Group made a series of acquisitions abroad. In 2011, it acquired LOTOS Geonafta, the leader of crude oil production from onshore deposits in Lithuania. In 2013, as a result of the acquisition of Heimdal assets, LOTOS Norge secured Grupa LOTOS an interest in 14 exploration and production licences, as well as direct access to one of the key gas hubs on the Norwegian Continental Shelf. The field is a strategic area for exporting natural gas from Norway to Western Europe and United Kingdom. The gas sold through the Heimdal platform represents 15–20% of total natural gas exports from Norway.