

# Scale of operations

## International reach

The LOTOS Group is one of Central and Eastern Europe's major and most efficient oil companies and the second largest producer of fuels in Poland. The coastal location of its plants ensures direct access to the sea, resulting in higher flexibility in terms of feedstock supply and lower costs of logistics in maritime transport.

Grupa LOTOS is the only producer in Poland with access to hydrocarbons in Poland's Exclusive Economic Zone of the Baltic Sea. Other regions where we are engaged in petroleum production include the Norwegian Continental Shelf and Lithuania (onshore). As a vertically-integrated organization, the LOTOS Group operates based on two reporting segments: upstream and downstream.

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### Upstream segment

comprises activities related to the acquisition of crude oil and natural gas reserves, and crude oil and natural gas production.

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### The downstream segment

comprises production and processing of refined petroleum products and their wholesale and retail sale, as well as auxiliary, transport and service activities.

#### Production and exploration



Portfolio of assets in 3 countries: Norway, Poland and Lithuania



#### Refining operations



One of Europe's most technologically advanced refineries



#### Marketing operations



Poland's 3rd largest network of 476 service stations.

Wholesale of fuels and other petroleum products (bitumens and oils)



**28,369\***  
barrels per day\*

production of  
hydrocarbons



**10,2** million  
tonnes

annual oil throughput

\* Including average daily output from the acquired Sleipner assets attributable to the LOTOS Group, as of the effective date of the acquisition (January 1st 2015)

## Geographical presence

As at the end of the period, apart from Grupa LOTOS (the Parent with registered office in Gdańsk, managing the Gdańsk refinery), the LOTOS Group included 15 other companies operating under the LOTOS brand, two of them seated abroad: in Lithuania (AB LOTOS Geonafta) and in Norway (LOTOS Exploration and Production Norge AS).

## Geographical reach of the LOTOS Group's operations

### Norway

**21** oil and gas exploration  
and production licences



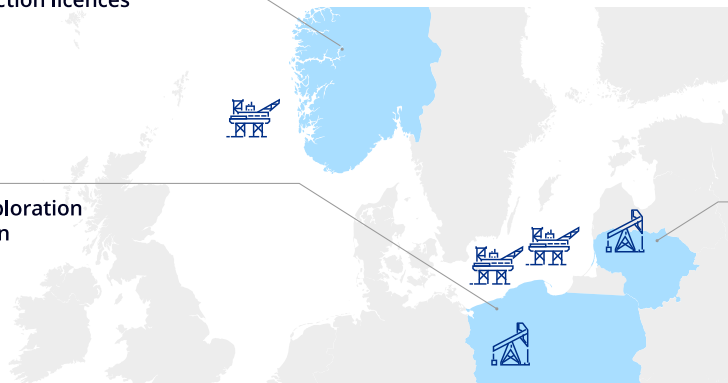
### Poland

**3** oil and gas exploration  
and production  
licences



### Lithuania

**14**  
producing fields



## Our products and markets

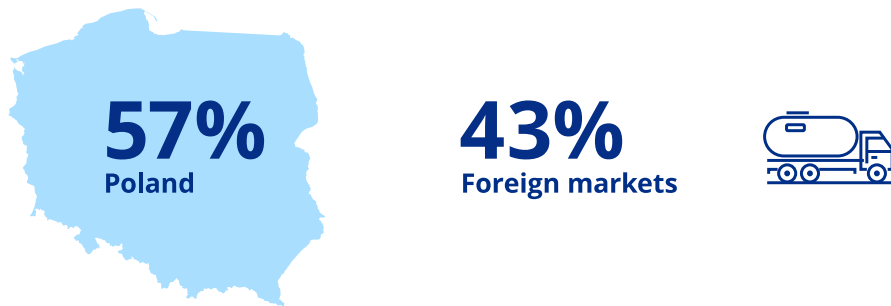
Key products offered by the LOTOS Group are: unleaded gasoline, diesel oil and light fuel oil, heavy fuel oil, bitumens, aviation fuel, naphtha, propane-butane LPG, base oils and lubricating oils, i.e. industrial and engine oils.

Key markets for our refined petroleum products include Poland and countries in Western and Northern Europe, such as Germany, the Netherlands, Belgium, Sweden, United Kingdom, France, Estonia, Denmark and the Czech Republic.

Most of the natural gas accompanying production is sold within the Capital Group. Natural gas produced in Norway is marketed to the United Kingdom and Continental Europe, with the entire condensate volume exported to the UK.

## LOTOS Group's revenue by market (%)

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We have established a presence on 82 markets.

## Our export markets are as follows

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<b>Naphtha</b>	integrated fuel and petrochemical companies in Germany and Scandinavia, and the Amsterdam-Rotterdam-Antwerp (ARA) oil hub
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<b>Motor gasolines</b>	the Amsterdam-Rotterdam-Antwerp (ARA) oil hub, Sweden, and United Kingdom
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<b>Aviation fuel</b>	Scandinavian countries and the Czech Republic, where the products are transported by land
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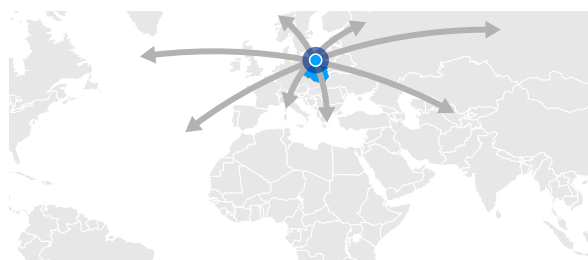
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<b>Diesel oil</b>	the United Kingdom, Germany and the Czech Republic
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## Heavy fuel oil

storage depots of global trading companies in the Netherlands, Sweden, Estonia and Denmark (for re-sale outside of Europe)



EXPORT

# 82 countries

A vast majority of exported products are transported by sea, using the P.P.P.P. Naftoport Sp. z o.o.'s infrastructure, and the rest is transported by land.

## Our brand

The [LOTOS brand](#) is one of our most valuable assets. In 2015, the *Rzeczpospolita* daily estimated its value at more than PLN 1.4bn.

Our service stations operate under the LOTOS brand, in the premium segment as LOTOS, and in the economy segment as LOTOS Optima. We manufacture and sell LOTOS Dynamic premium fuels, LOTOS Quazar premium oils and LOTOS Turdus oils.

[\(See more\)](#)

## Changes in the LOTOS Group structure

In 2015, significant changes were made to the corporate structure of Grupa LOTOS, triggering its transformation towards operating segments with a stronger focus on core business, supported by segments providing services to the business structures, all to ensure effective implementation of strategic objectives, process optimization, dynamism, greater operational flexibility, as well as strengthening of corporate functions and owner supervision. As a consequence of these changes, a [new organizational structure of Grupa LOTOS](#) was implemented.

## Ownership and legal form of Grupa LOTOS

Grupa LOTOS is a joint-stock company with the State Treasury as the majority shareholder (53.2% share).

As at December 31st 2015, the Grupa LOTOS' share capital totalled PLN 184,873,362 and comprised 184,873,362 shares, with a par value of PLN 1 per share, including:

- i. 78,700,000 Series A ordinary bearer shares,
- ii. 35,000,000 Series B ordinary bearer shares,
- iii. 16,173,362 Series C ordinary bearer shares,
- iv. 55,000,000 Series D ordinary bearer shares.

Each share confers the right to one vote at the Company's General Meeting.

## Shareholding structure of Grupa LOTOS as at December 31st 2015

### Shareholders holding 5% or more of total voting rights at the Annual General Meeting of Grupa LOTOS on June 30th 2015

Shareholder	Number of Grupa LOTOS shares held	% of total voting rights at GM	% of share capital held
State Treasury	98,329,515	75.82%	53.19%
ING OFE	11,740,000	9.05%	6.35%
OFE PZU Złota Jesień	9,100,000	7.02%	4.92%

### Shareholders holding 5% or more of total voting rights at the Extraordinary General Meeting of Grupa LOTOS on January 27th 2016

Shareholder	Number of Grupa LOTOS shares held	% of total voting rights at GM	% of share capital held
State Treasury	98,329,515	75.84%	53.19%
Nationale Nederlanden OFE*	10,584,287	8.16%	5.73%
OFE PZU Złota Jesień	9,100,000	7.02%	4.92%

\* Formerly ING OFE

In the reporting period, Grupa LOTOS did not issue any securities conferring special control powers. As at the date of release of this report, the Company had no information on any shareholder agreements on joint exercise of voting rights.