

Ambitious targets – twofold growth of EBITDA

Presentation of the growth strategy for 2017–2022 (EBITDA to double in 2019–2022)

One of the objectives of the LOTOS Group's strategy for 2017–2022 is to stabilise the LOTOS Group's performance on the difficult oil market, and to maintain stable and sustainable growth in the following key business areas:

- Exploration and production,
- Manufacturing highest-quality fuels,
- Maintaining emergency stocks to build Poland's energy security,
- Technological advancement of the refinery and implementation of innovations.

In 2019–2022, we intend to double our LIFO-based EBITDA, from about PLN 2bn in 2015–2017 **to some PLN 4bn**. We plan to allocate PLN 9.4bn to capital expenditure until 2022.

Capital expenditure will be made in line with a detailed action plan, which for the next two years (2017–2018) provides for focusing on the development of the **B8 field** and the completion of the **EFRA Project**. We will also put emphasis on supporting innovation implementation processes.

Our strategy – five objectives

The LOTOS Group's strategic objectives for 2017–2022 are:

Effective use of assets along the value chain.

Meaning: use of production licences, further optimisation of refining technologies, new products and alternative fuels.

- 1.1. New, safer concept for developing a balanced upstream portfolio
- 1.2. Competitive edge with innovative technologies and new products
- 1.3. LOTOS Energy Hub in retail and care to ensure high standards in quality

Processes which guarantee stability.

Meaning: consistent and repeatable reduction of operating expenses and optimisation of margins along the value chain

- 2.1. Increased resilience to adverse external conditions thanks to low costs

- 2.2. Excellence in integrated margin management and diversification of feedstock sources

Readiness to embrace innovation.

Supported by: dedicated funds, a new model of collaboration with research centres, and real use of our employees' potential.

- 3.1. Setting up a fund to finance implementation of growth projects
- 3.2. Use of own experts and infrastructure to create a new research and development model in partnership with research institutions

Active opportunity and risk management.

Meaning: greater flexibility in responding to risks and faster identification of business opportunities.

- 4.1. Strong culture of open dialogue and early response to risk symptoms
- 4.2. Risk management to optimise value for stakeholders

Strong team, coherent CSR story and safety.

Meaning: greater responsibility for the wider environment. Building national energy security, diversifying supplies of raw materials and fuels, OHS, cyber security and social responsibility.

- 5.1. Talent development as a key source of competitive advantage
- 5.2. Integrated CSR policy
- 5.3. Robust safety culture

More information

Directors' Report on the operations of Grupa LOTOS S.A. and the LOTOS Group in 2016

Chapter 1.3. Corporate Social Responsibility

Chapter 2.4. CORPORATE SOCIAL RESPONSIBILITY strategy