

The LOTOS Group – stability amid a volatile market environment

- The LOTOS Group is committed to ensuring continuity of crude oil supplies at optimum prices and diversifying the supply sources.
- In 2016, the LOTOS Group reported higher sales of its products: they grew 6%, including 9% in the domestic market and 2% internationally.
- The LOTOS Group's strong performance was supported by the Fuels Package, whose introduction on August 1st 2016 boosted official fuel consumption in Poland by 20.1% in the period between August and December 2016 and 13% year on year.
- The LOTOS Group takes into account forecasts and megatrends which affect its business, including a global rise in consumption of aviation fuel and drop in consumption of gasoline by 2020.

Diversification of supply sources

The LOTOS Group is committed to diversifying its supply sources in order to ensure energy security for Poland. Our specialists do not look for the types of crude oil similar to those delivered from the neighbouring countries east of Poland, but those which yield more interesting products. Moreover, completion of the EFRA (Effective Refining) Project will further expand the range of crude types used at the refinery.

In the first half of 2016, every fifth barrel of oil (21%) processed by the LOTOS refinery was imported from sources other than countries east of Poland, while in the first quarter of 2017 it was almost every third barrel of oil (32%). This came as a result of our continuous efforts to ensure greater diversification of supply sources of raw materials strategic for the economy and to increase Poland's energy security.

More information

[Directors' Report on the operations of Grupa LOTOS S.A. and the LOTOS Group in 2016](#)

Chapter 4.4.3. Procurement and supply

New markets

LOTOS Oil signed an agreement with Oupul Oil & Gas Group of China, and thus the LOTOS Group entered the largest market in the world. As much as 17,000 tonnes of premium quality lubricating (engine and industrial) oils manufactured by LOTOS Oil will be sold each year to Chinese customers in the next six years. Oupul Oil & Gas Group has declared its interest in a strategic and long-term cooperation with the LOTOS Group.

Sound performance of the LOTOS Group in Poland

Increased demand for refined petroleum products, mainly diesel oil and gasoline, in Poland and abroad drove up the LOTOS Group's sales of products to 11.9m tonnes in 2016, up 6% year on year, including 9% domestically and 2% internationally.



More information

[*Directors' Report on the operations of Grupa LOTOS S.A. and the LOTOS Group in 2016*](#)

Chapter 3. Macroeconomic environment of Grupa LOTOS S.A. and the LOTOS Group in 2016