

## LOTOS Group's macroeconomic environment in 2018

The LOTOS Group is an active participant of the fuel market, affecting it through its operations and responding to changes that occur in the oil and gas industry. Therefore, when planning strategic development directions, LOTOS takes into account forecasts and megatrends which affect its business.

The key drivers of oil and gas prices are changes in the world's population as well as global and regional changes in supply and demand.

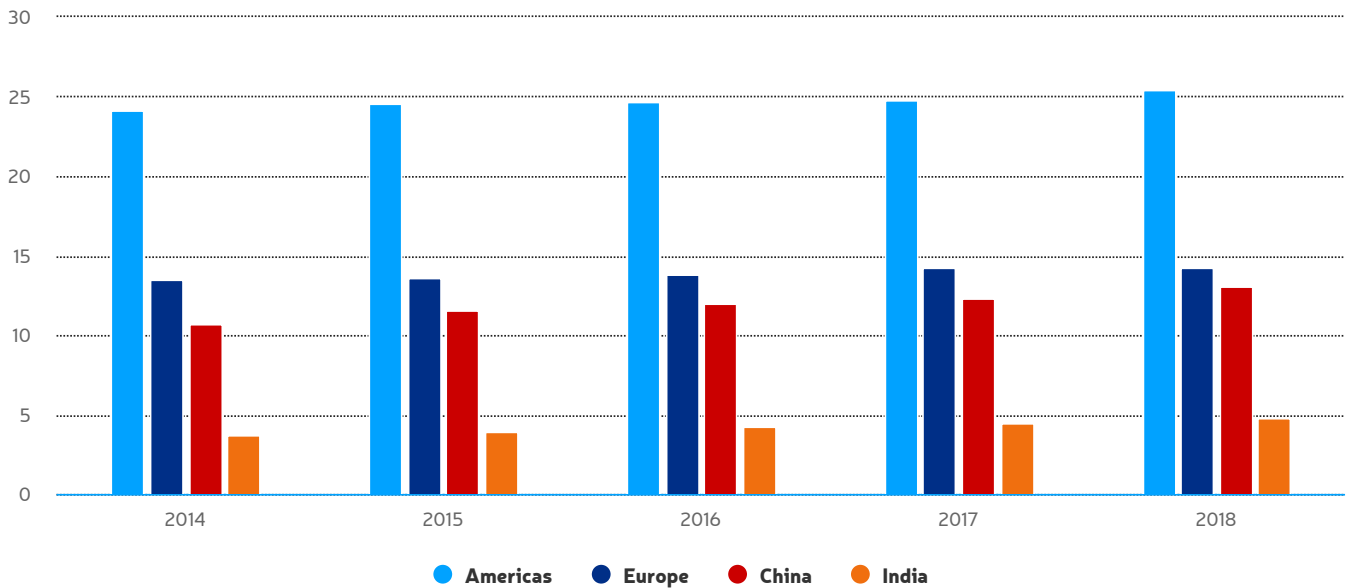
### OIL PRICES ARE ALSO AFFECTED BY:

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- macroeconomic situation,
- global and regional economic conditions,
- trading activities of market participants,
- weather conditions and natural disasters,
- availability and cost of construction or use of transport and processing infrastructure,
- price and availability of, and government subsidies for, alternative energy sources and new technologies,
- the US dollar exchange rate.

## Consumption increases in parallel with population growth

Over the last five decades, the world's population has grown on average by 1.6% per year, to 7.63bn in 2018. This increase was accompanied by growth in crude oil demand (by 2.3% on average a year).



## Economic growth and fluctuations in supply and demand

2018 saw considerable global and regional changes in oil supply and demand. It was also a period of fast economic growth in the world. According to OECD's computations, the world's economy grew by 3.7%. Particularly strong economic growth could be seen in the fast-growing countries such as China and India.

## GDP DYNAMICS IN 2017–2018

	2017	2018	% r/r
<b>Global economy</b>	<b>3.8%</b>	<b>3.7%</b>	<b>-0.1%</b>
Developing countries	4.7%	4.6%	-0.1%
Eurozone	2.4%	1.8%	-0.6%
US	2.2%	2.9%	0.7%
China	6.9%	6.6%	-0.3%
India	6.7%	7.3%	+0.6%

Source: LOTOS Group's in-house analysis based on World Economic Outlook Update