



LOTOS Group
Integrated Annual Report 2018

08. **FINANCIAL PERFORMANCE**

HOMEPAGE / FINANCIAL PERFORMANCE /

Financial highlights - consolidated the LOTOS Group

FINANCIAL HIGHLIGHTS - CONSOLIDATED

the LOTOS Group

	PLNm		EURm	
	Year ended Dec 31 2018	Year ended Dec 31 2017	Year ended Dec 31 2018	Year ended Dec 31 2017
Revenue	30,121.7	24,185.6	7,059.4	5,697.8
Operating profit	2,981.3	2,228.5	698.7	525.0
Pre-tax profit	2,722.6	2,447.7	638.1	576.6
Net profit	1,587.4	1,671.8	372.0	393.9
Net profit attributable to owners of the Parent	1,587.4	1,671.8	372.0	393.9
Net profit attributable to non-controlling interests	-	-	-	-
Total comprehensive income/(loss)	1,515.9	2,286.5	355.3	538.7
Total comprehensive income/(loss) attributable to owners of the Parent	1,515.9	2,286.5	355.3	538.7
Total comprehensive income/(loss) attributable to non-controlling interests	-	-	-	-
Net cash from operating activities	2,327.5	3,126.5	545.5	736.6
Net cash from investing activities	(1,086.6)	(1,448.7)	(254.7)	(341.3)
Net cash from financing activities	(1,235.0)	(482.7)	(289.4)	(113.7)
Total net cash flow	5.9	1,195.1	1.4	281.6
Basic earnings per share (PLN/EUR)	8.59	9.04	2.01	2.13
Diluted earnings per share (PLN/EUR)	8.59	9.04	2.01	2.13

	PLNm		EURm	
	As at	As at	As at	As at

	Dec 31 2018	Dec 31 2017	Dec 31 2018	Dec 31 2017
Total assets	22,223.9	21,171.2	5,168.3	5,075.9
Equity attributable to owners of the Parent	12,034.7	10,712.4	2,798.8	2,568.4
Non-controlling interests	0.1	0.1	0.0	-
Total equity	12,034.8	10,712.5	2,798.8	2,568.4

Items in the Financial Highlights table have been translated at the following EUR exchange rates:

Items of the statement of financial position have been translated at the mid-exchange rates quoted by the National Bank of Poland for the last day of the reporting period:

As at Dec 31 2018	As at Dec 31 2017
1 EUR = 4.3000 PLN	1 EUR = 4.1709 PLN

Items of the statement of comprehensive income and the statement of cash flows have been translated using the arithmetic mean of the mid-exchange rates quoted by the National Bank of Poland for the last day of each month in the reporting period:

For the year ended Dec 31 2018	For the year ended Dec 31 2017
1 EUR = 4.2669 PLN	1 EUR = 4.2447 PLN

Consolidated statement of comprehensive income for 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for 2018

	Note	2018	2017
Revenue	8	30,121.7	24,185.6
Cost of sales	9.1	(25,592.7)	(20,194.1)
Gross profit		4,529.0	3,991.5
Distribution costs	9.1	(1,355.6)	(1,252.3)
Administrative expenses	9.1	(422.1)	(450.0)
Other income	9.3	412.5	60.3
Other expenses	9.4	(182.5)	(121.0)
Operating profit		2,981.3	2,228.5
Finance income	9.5	41.1	450.0
Finance costs	9.6	(303.1)	(234.0)
Share in net profit/(loss) of equity-accounted joint ventures	14	3.3	3.2
Profit before tax		2,722.6	2,447.7
Corporate income tax	10.1	(1,135.2)	(775.9)
Net profit		1,587.4	1,671.8

Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss:			
		(71.6)	614.8
Exchange differences on translating foreign operations		(8.6)	27.2
Cash flow hedges	20	(77.8)	725.4
Corporate income tax relating to cash flow hedges	10.1	14.8	(137.8)
Items that will not be reclassified to profit or loss:			
		0.1	(0.1)
Actuarial gain/(loss) under post-employment benefits		0.4	(1.4)
Corporate income tax relating to actuarial gain/(loss) under post-employment benefits	10.1	(0.3)	1.3
Other comprehensive income/(loss), net		(71.5)	614.7
Total comprehensive income/(loss)		1,515.9	2,286.5
Net profit attributable to:			
Owners of the Parent	11	1,587.4	1,671.8
Total comprehensive income/(loss) attributable to:			
Owners of the Parent		1,515.9	2,286.5
Net profit attributable to owners of the Parent per share (PLN)			
Weighted average number of shares (million)	11	184.9	184.9
- basic	11	8.59	9.04
- diluted	11	8.59	9.04

Consolidated statement of financial position for 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION for 2018

	Note	December 31st 2018	December 31st 2017
ASSETS			
Non-current assets			
Property, plant and equipment of the Downstream segment	13	8,742.4	8,761.5
Intangible assets of the Downstream segment	13	151.9	163.2
Property, plant and equipment of the Upstream segment	13	3,044.0	2,404.2
Intangible assets of the Upstream segment	13	338.0	304.8
Equity-accounted joint ventures	14	117.2	106.5
Deferred tax assets	10.3	149.6	415.4
Derivative financial instruments	23	9.1	2.7
Other non-current assets	15	525.8	303.8
Total non-current assets		13,078.0	12,462.1
Current assets			
Inventories	16	4,848.9	3,559.6
- including emergency stocks		2,886.9	2,098.7
Trade receivables	15	1,880.4	2,677.0
Current tax assets		2.4	1.3
Derivative financial instruments	23	15.3	161.8
Other current assets	15	457.6	388.7

Cash and cash equivalents	17	1,941.3	1,920.7
Total current assets		9,145.9	8,709.1
Total assets		22,223.9	21,171.2
EQUITY AND LIABILITIES			
Equity			
Share capital	18	184.9	184.9
Share premium	19	2,228.3	2,228.3
Cash flow hedging reserve	20	(288.2)	(225.2)
Retained earnings		9,826.1	8,432.2
Translation reserve		83.6	92.2
Equity attributable to owners of the Parent		12,034.7	10,712.4
Non-controlling interests		0.1	0.1
Total equity		12,034.8	10,712.5
Non-current liabilities			
Bank borrowings, non-bank borrowings, notes and finance lease liabilities	22	2,345.3	2,738.3
Derivative financial instruments	23	6.9	6.7
Deferred tax liabilities	10.3	324.9	277.7
Employee benefit obligations	24	170.4	169.3
Other liabilities and provisions	25	1,196.8	1,072.4
Total non-current liabilities		4,044.3	4,264.4
Current liabilities			
Bank borrowings, non-bank borrowings, notes and finance lease liabilities	22	1,538.7	1,687.6
Derivative financial instruments	23	47.4	72.7
Trade payables	25	1,913.7	2,201.7
Current tax payables		565.3	210.0

Employee benefit obligations	24	156.2	145.3
Other liabilities and provisions	25	1,923.5	1,877.0
Total current liabilities		6,144.8	6,194.3
Total liabilities		10,189.1	10,458.7
Total equity and liabilities		22,223.9	21,171.2

[HOMEPAGE](#) / [FINANCIAL PERFORMANCE](#) /

Consolidated statement of cash flows for 2018

CONSOLIDATED STATEMENT OF CASH FLOWS
for 2018, prepared using the indirect method

	Note	2018	2017
Cash flows from operating activities			
Net profit		1,587.4	1,671.8
Adjustments:		1,106.7	1,804.9
Income tax	10.1	1,135.2	775.9
Share in net profit/(loss) of equity-accounted joint ventures	14	(3.3)	(3.2)
Depreciation and amortisation	9.1	722.7	844.3
Foreign exchange (gains)/losses		190.5	72.3
Interest and dividends		133.5	146.2
(Gain)/loss from investing activities		8.0	8.6
Impairment losses on property, plant and equipment and other intangible assets	9.3; 9.4	(271.7)	83.6
Settlement and measurement of financial instruments	9.5; 9.6	7.2	(314.1)
Decrease/(Increase) in trade receivables		796.6	(425.3)
(Increase)/Decrease in other assets		(157.3)	160.1
(Increase) in inventories		(1,256.7)	(230.9)
(Decrease)/Increase in trade payables		(288.0)	483.5
Increase in other liabilities and provisions		77.6	194.8
Increase in employee benefit obligations		12.4	9.1
Income tax paid		(366.6)	(350.2)
Net cash from operating activities		2,327.5	3,126.5

Cash flows from investing activities

Dividends received - equity-accounted joint ventures		3.2	2.1
Dividends received from other entities		1.7	1.7
Interest received		6.2	11.3
Sale of property, plant and equipment and other intangible assets		8.3	4.3
Purchase of property, plant and equipment and other intangible assets		(967.2)	(1,439.2)
Cash contributions - equity-accounted joint ventures	14	(7.6)	(5.4)
Deposits		8.0	(8.0)
Security deposit (margin)		27.0	25.3
Funds for future costs of decommissioning of oil and gas extraction facilities		(226.3)	(42.9)
Settlement of derivative financial instruments		60.1	2.8
Other cash used in investing activities		-	(0.7)
Net cash from investing activities		(1,086.6)	(1,448.7)

Cash flows from financing activities

Proceeds from bank borrowings	22.1	366.6	925.8
Issue of notes	22.3	128.2	296.1
Repayment of bank borrowings	22.1	(1,109.5)	(1,223.4)
Repayment of non-bank borrowings	22.2	(12.8)	(12.8)
Redemption of notes	22.3	(214.8)	(160.2)
Interest paid		(224.3)	(203.3)
Dividends paid	12	(184.9)	(184.9)
Finance lease payments		(33.0)	(36.8)
Settlement of derivative financial instruments		49.5	116.8
Net cash from financing activities		(1,235.0)	(482.7)

Total net cash flow		5.9	1,195.1
Effect of exchange rate fluctuations on cash held		11.8	(5.3)
Change in net cash		17.7	1,189.8
Cash at beginning of period		1,920.6	730.8
Cash at end of period	17	1,938.3	1,920.6

Consolidated statement of changes in equity for 2018

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for 2018

	Note	Share capital	Share premium	Cash flow hedging reserve	Retained earnings	Translation reserve	Equity attributable to owners of the Parent	Non-controlling interests	Total equity
January 1st 2018		184.9	2,228.3	(225.2)	8,432.2	92.2	10,712.4	0.1	10,712.5
Effect of changes in accounting policies	4	-	-	-	(8.7)	-	(8.7)	-	(8.7)
January 1st 2018		184.9	2,228.3	(225.2)	8,423.5	92.2	10,703.7	0.1	10,703.8
Net profit	11	-	-	-	1,587.4	-	1,587.4	-	1,587.4
Other comprehensive income/(loss), net		-	-	(63.0)	0.1	(8.6)	(71.5)	-	(71.5)
Total comprehensive income/(loss)		-	-	(63.0)	1,587.5	(8.6)	1,515.9	-	1,515.9
Dividend	12	-	-	-	(184.9)	-	(184.9)	-	(184.9)
December 31st 2018		184.9	2,228.3	(288.2)	9,826.1	83.6	12,034.7	0.1	12,034.8
January 1st 2017		184.9	2,228.3	(812.8)	6,945.4	65.0	8,610.8	0.1	8,610.9

Notes to the financial statements

NOTES INDEX

1. General information	PDF	↓	
2. Composition of the Group and its changes	PDF	↓	XLS ↓
3. Basis of preparation	PDF	↓	
4. New standards and interpretations	PDF	↓	
5. Use of accounting assumptions, estimates and judgements	PDF	↓	
6. Change of information presented in previous reporting periods and change of accounting policies	PDF	↓	
7. Accounting policies	PDF	↓	XLS ↓
8. Business segments	PDF	↓	XLS ↓
9. Income and expenses	PDF	↓	XLS ↓
10. Income tax	PDF	↓	XLS ↓
11. Earnings per share	PDF	↓	XLS ↓
12. Dividends	PDF	↓	
13. Property, plant and equipment and intangible assetsproperty, plant and equipment	PDF	↓	XLS ↓
14. Equity-accounted joint ventures	PDF	↓	XLS ↓
15. Trade receivables and other assets	PDF	↓	XLS ↓
16. Inventories	PDF	↓	XLS ↓

17. Cash and cash equivalents	PDF ↓	XLS ↓
18. Share capital	PDF ↓	XLS ↓
19. Share premium	PDF ↓	XLS ↓
20. Cash flow hedging reserve	PDF ↓	XLS ↓
21. Retained earnings	PDF ↓	
22. Bank borrowings, non-bank borrowings, notes and finance lease liabilities	PDF ↓	XLS ↓
23. Derivative financial instruments	PDF ↓	XLS ↓
24. Employee benefit obligations	PDF ↓	XLS ↓
25. Trade payables, other liabilities and provisions	PDF ↓	XLS ↓
26. Financial instruments	PDF ↓	XLS ↓
27. Objectives and policies of financial risk management	PDF ↓	XLS ↓
28. Capital management	PDF ↓	XLS ↓
29. Contingent liabilities and assets	PDF ↓	
30. Related parties	PDF ↓	XLS ↓