

# Value Creation Model

Our operations are based on a segment management model in which a full value chain is built: from production to sale of finished products.

We create value at each stage of our business, always giving due consideration to the concept of sustainable development and operating in line with the energy security policy. We deliberately manage our impact on the environment, people, and economy to make it increasingly positive, contributing to the Company's value growth and benefiting our stakeholders.



## CREATING VALUE

Performed through 'crude oil and natural gas exploration and production' phase in the Exploration and Production segment



### EXPLORATION & PRODUCTION SEGMENT



## ADDING VALUE

Performed through the 'refining and marketing' phase in the Refining and Marketing segments



### REFINING SEGMENT



## MONETISING INVESTMENTS

Performed through the 'sales and logistics' phase in the Marketing segment



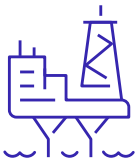
### MARKETING SEGMENT

Our Value Creation Model has been developed following a thorough analysis of the global oil market and its long-term growth forecasts. The model gives us certainty that our growth in 2017–2022 will be stable and safe.

### IN THIS BUSINESS MODEL, MANAGEMENT SUPPORTS THE ENTIRE LOTOS GROUP IN:

- implementing a coherent strategy,
- planning and controlling,
- integrated operational management, and
- setting up uniform corporate standards.

how we create value?



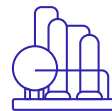
## Exploration & Production segment

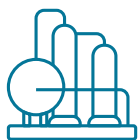
The acquisition of and production from oil and gas fields allow us to diversify revenue sources and reduces our dependence on business cycles in individual market segments. In this way, we build our competitive advantage.

### SOURCES OF OUR EFFECTIVENESS:

- We operate on a few markets – our exploration and production activities span three countries: Poland, Lithuania, and the largest player in the region – Norway.
- Our partners are experienced companies with international presence.
- We have strong competencies in drilling and hydrocarbon production.
- We have good knowledge of the geographical region of the Baltic Sea shelf and Norwegian Continental Shelf.
- We are pursuing important growth projects for this segment (relating to both oil and gas fields).

### CAPITALS ENGAGED





## Refining segment

We process crude oil to manufacture fuels, oils, lubricants, and bitumens. As the operator of one of the most advanced refineries in Europe, we do it extremely efficiently and safely, easily adapting to current market demand.

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## Marketing segment

We sell our fuel, oil, and bitumen products in Poland and abroad, exporting them by sea and by land.

### SOURCES OF OUR EFFECTIVENESS:

- We manage 495 service stations conveniently located across Poland, which we constantly upgrade and expand in terms of their offering.
- We have 20 Motor Service Areas along the A1, A2, A4, and A6 motorways and the S3 and S7 expressways.
- Our Company is among leaders in the domestic market of road bitumens.
- We sell our products in 86 countries.

### CAPITALS ENGAGED

