

Progress in implementation of strategic objectives

The implementation of our new strategy will increase the value of the LOTOS Group, while enhancing Poland's energy security.

In the operating and marketing areas, the LOTOS Group has managed to achieve the key objectives for 2010, envisaged in the strategy adopted in 2006 and updated in 2008. With the completion of the 10+ Programme, the oil throughput was significantly increased which translated into an increase of finished products output, while the LOTOS Group's share in the domestic fuel market exceeded the target level of 30%.

The largest discrepancies between the target and actual performance were seen in the exploration and production segment. The objective, assuming production volumes equal to 10% of the 2012 throughput, proved impossible to achieve. The decisive factors here included the global financial crisis unfolding since 2008, the adverse macroeconomic climate and strong volatility in oil prices. The prevailing conditions made it impossible to borrow funds required to finance the development of exploration licences and planned acquisitions.

Given the emerging growth opportunities, a decision was made to develop a new strategy, that would place the strongest emphasis on the exploration and production segment. Its implementation will increase the LOTOS Group's value in the long term, while enhancing Poland's energy security.