

# Grupa LOTOS on the Stock Exchange

## Quotation of Grupa LOTOS stocks From 1 January 2008 to 25 March 2009



## Quotation of Grupa LOTOS, PKN Orlen and MOL stock prices and the WIG20 index From 1 January 2008 to 25 March 2009



At the opening of the first session in 2008, the stock price of Grupa LOTOS started at PLN 44.60, while the WIG20 index was at 3,421.25 points. For the first three weeks of January, the Company's stocks showed a strong correlation with the WIG20 index and (continuing the falling trend from the end of the previous year) achieved the monthly minimum at PLN 36.70 on 23 January. The cause of the this slump in the prices of Grupa LOTOS stocks in January by 22.6% and the fall of the WIG20 index by 13.7% was the deepening crisis on the American mortgage market and its impact on financial institutions.

Until the publication of results for Q4 2007 in February, the stock price was in a horizontal trend. After the publication of results, which were worse than expected, on 28 February, the Company fell into a strong declining trend. On 10 March, it came back to a lateral trend, achieving PLN 35.00 by the end of Q1. During the period, the WIG20 index maintained a lateral trend with minor deviations, finishing the quarter at 2,981.07 points.

Until 9 April, both the Grupa LOTOS stock prices and the WIG20 index maintained a horizontal trend with low fluctuations. However, the reduction of the recommendations for the Company's stocks by three brokerage houses and the falling WIG20 contributed to the fall of the Grupa LOTOS stock price in April to the minimum at PLN 31.88. May was another downturn month on the market, which featured the fall of the Grupa LOTOS stock prices by 1.7%. The WIG20 dropped by 1.8% in the same period.

June witnessed the further fall of stock prices and the WIG20. On 25 June, Grupa LOTOS reached a monthly minimum at PLN 25.00 per one stock. The deteriorating situation on the WSE resulted from major falls on the global capital markets. In the case of the Company, the falls were deepened due to the negative response of the market to the information on Grupa LOTOS extending investment plans. However, owing to a good communication campaign (concerning e.g. successes in obtaining credit for the planned investments), the price of Grupa LOTOS stocks recovered by 6.0% at the end of June, ending the quarter at PLN 26.50. However, the WIG20 index ended the quarter at 2,591.09 points, the lowest level since December 2005.

In June 2008, the Company stocks achieved a growth interrupted by short revisions. The positive sentiment of the market to Grupa LOTOS was generated by information given on the advancement of the 10+ Programme performance and the intensification of operations in petroleum exploration and production. The appreciation of the WIG20 index in the second half of the month also had a positive impact on the Company's stock price, resulting from the improved sentiment on the global capital markets. From the beginning of the month, Grupa LOTOS stock prices increased by 6.3% while the WIG20 by 7.6%.

The publication of the financial results for Q2 2008, which were better than expected, did not prevent the fall of the Grupa LOTOS stock price in August 2008, which decreased from PLN 28.39 to 27.27. The prevailing uncertainty and the low activity of investors during the holiday season contributed to the fall of the WIG20 index by 4.4% at very low turnover.

A lateral trend prevailed in the Company's stock price throughout September. The WIG20 index weakened by 7.7%. This was due to the bankruptcy of the Lehman Brothers bank and the revelation of problems by several major financial institutions operating on the global market. By the end of Q3 2008, the WIG20 index fell to 2,384.22 points.

In October and November, information on the crisis mounting not only in the financial world kept pouring in from the global market. It deepened the slump of the WIG20 index. The Grupa LOTOS stock price was strongly correlated with the WIG index in October, while in November it fell by a record 36.7% during a single month. At the end of November, it reached the level of PLN 12.35.

Apart from negative information from the global markets, the stock prices of fuel companies during the period were under pressure from the massive fall in oil prices started in August. On 20 November, the price of a Brent oil barrel reached USD 47.91. Many analysts considered this to be another sign of the approaching recession, leading to a deeper fall of the global demand for oil. Moreover, on 17 November Grupa LOTOS published financial results that were weaker than expected and on 24 November UniCredit announced a report that evaluated the company at PLN 0.00.

December ended with a rise of Grupa LOTOS stock prices by 2.1%. However, the prices were characterised by considerable fluctuations: in the first half of the month they recorded a major rise due to the reaction to the fall resulting from the November appraisal by UniCredit, and after that, a substantial fall related to the expected poor results in Q4 2008.

Finally, the Grupa LOTOS stock price as of the end of the year amounted to PLN 11.95, while the WIG20 reached 1,789.73 points. The price of a Brent petroleum barrel fell in December 2008 to the record level of USD 38.73.

January 2008 was a month of strong depreciation of the Grupa LOTOS stock price. During the month, it fell by 37.7%, reaching a historic minimum of PLN 7.25 (2 February 2009). The decrease in the stock prices resulted from the weakness of the Polish currency and the perceived exposition of the Company's FX positions due to credits in foreign currencies. Moreover, the stock prices were heavily affected by the reduction of recommendations by Deutsche Bank to PLN 7.0 and the deepening global recession, which was reflected in the fall of the WIG20 index by 15.0%.

From 3 February, the Company entered a strong rising trend that was weakly correlated with the WIG20 index. The positive sentiments of investors about the Grupa LOTOS stocks resulted from the anti-crisis package presented by the Company and the publication of information that put an end to speculations about problems with liquidity. During the month, the Grupa LOTOS stock price increased by 47.7% to PLN 10.71. February was a consecutive month of reductions for the WIG20 index, resulting from deepening distrust of the CEE region. Since the beginning of 2009, the WIG20 index has shown a strong correlation with the Polish zloty exchange rate, which on 27 February reached a record lowest level at PLN 4.92 for one EURO.

March witnessed a record growth of the Grupa LOTOS index prices. From 2 to 25 March 2009, the price increased by 30.8%, reaching PLN 13.95. The main factors contributing to the strong growth of the price were: the zloty's appreciation and the resulting strengthening of the WIG index, the information announced by the Treasury of the planned taking over of the obligation by state agencies in order to maintain fuel stocks and the market expectations of the strong growth of petroleum prices.

In 2008 and at the beginning of 2009, the Grupa LOTOS stock prices showed a strong correlation with the WIG20 and WIG-Fuels indexes. However, its loss of value was deeper. This was particularly evident between the beginning of November and the beginning of February, i.e. the series of events (the negative recommendation of UniCredit and the market speculation about the lack of liquidity) that resulted in a fall by 72.87%.

From the beginning of January 2008 to 25 March 2009, the Company lost 68.72% of its value, reaching the price of PLN 13.95 per stock. In the same period, the WIG20 index fell by 52.99% to 1,622.11 points. On 3 February, the stocks of the Company left the long-term falling trend, regaining as much as 92.4% during 37 days.