

Management approach

New processing capacities enabled changes in the volume and structure of the Company's petroleum product sales in 2011.

In 2011, marketing activities were carried out by the LOTOS Group's parent as well as its subsidiaries: LOTOS Paliwa, LOTOS Tank, LOTOS Oil, LOTOS Asphalt, LOTOS Parafiny and LOTOS Kolej.

Key products of the marketing segment

Fuel products	
	LOTOS DYNAMIC 98 gasoline – modern fuel offering better performance and engine protection than standard products. It contains antioxidants and washing additives. The increased content of the washing additive supports better cleaning of the engine, lengthens its useful life and economises fuel consumption.
	LOTOS DYNAMIC DIESEL diesel oil – perfect fuel for modern diesel engines. Owing to the use of friction-reducing components, it offers more power efficiency of the engine and guarantees start-up even at -32°C. The additives significantly improve nozzle flow capacity and engine lubricity, extends useful life and improves performance of the engine.
	LOTOS RED heating diesel oil (ONDCO) – owing to its unique additives and low sulphur content, the product has the best-in-the-class parameters in terms of oxidation resistance, anti-corrosive action and maintaining cleanness of nozzles, thus extending the useful life of heating equipment. Owing to its features, the product guarantees optimised combustion process and meets all requirements of furnaces of the newest generation. These properties are also highly environment friendly, owing to significantly reduced emissions of noxious combustion products.
	IZ40 diesel oil – meets the requirements of arctic fuels, guarantees engine start-up at very low temperatures (CFPP of -32°C).
Non-fuel products	
Engine oils	LOTOS Quazar – premium engine oil, high-end product line in the LOTOS Oil product offering, designed for distribution through the chain of Authorised Service Stations, mostly of the Subaru and KIA brands, but also for a broad range of other customers.
	LOTOS Thermal Control – product line dedicated to passenger cars and comprising synthetic semi-synthetic and mineral products. The automotive product line is supplemented by products dedicated to older cars (City line), as well as gear oils and consumable fluids.
	Turdus – product for modern lorries.
	RG Trans – product for older lorries.
	Superol and Agrol – products for the agriculture segment.
	Marinol – highly specialised marine oils.
Industrial oils	Transmil – gear oils.
	Hydromil – hydraulic oils.
	Remiz turbine oils, as well as machine oils and industrial lubricants.
Plasticizers	TDAE and RAE class plasticizers offered under the QUANTILUS T50 and QUANTILUS T60 brands, used by tire and rubber manufacturers. These products meet the requirements of the EU REACH directive concerning the registration of chemical products and have been approved by global tire manufacturers.
Bitumens	MODBIT – modified bitumens, enhancing pavement resistance to rutting, extending pavement durability and increasing resistance to extreme weather conditions. These bitumens have been used in the construction of A1, A2 and A4 Motorways, as well as numerous national roads and airport pavements (e.g., at the Warsaw Chopin Airport).

The LOTOS Group operates on both the domestic and foreign markets. In 2011, the geographical coverage of individual product groups was as follows:

Engine fuels – sales mainly focused in Poland, principally to retail customers, international corporations, institutional customers, service station dealers and wholesalers supplying local markets.

Additionally, as part of LOTOS Biznes's fleet operation, the LOTOS Group acquired customers, mainly road carriers in the Baltic states (Lithuania, Latvia and Estonia), with a view to encourage foreign entities to purchase fuels at LOTOS service stations. In those countries, LOTOS Paliwa also operated as ExxonMobil Deutschland's sales agent, acquiring customers for a fleet product, the LOTOS/ESSO card. As part of cooperation with WOG, a Ukrainian company, whereby LOTOS accepts fuel cards issued by WOG, LOTOS Paliwa sells fuels to Ukrainian and Russian road carriers through its station chain.

Fuel products manufactured by Grupa LOTOS's refinery in 2011 were also exported to the United Kingdom, Sweden, the Netherlands, France, the Baltic states, the Czech Republic and even as far as Spain.

Aviation fuel – combusted in plane engines both in Poland and in the Baltic area, as well as planes using the Prague Ruzyně Airport. Aviation fuel was sold in Poland through two distribution channels: at the Gdańsk airport in cooperation with Statoil and through the wholesale channel, where the customers included the Polish Helicopter Emergency Medical Service and Petrolot, a national distributor of aviation fuel. Seaborne exports were performed under forward contracts and spot transactions, mostly to Scandinavia (Sweden, Finland and Norway).

Engine and industrial oils – domestically, sales were performed through the wholesale channel – Regional Distributors – and directly to end customers, which enabled the Company to gather knowledge of the market and thus to promptly and effectively respond to the market needs. In this channel, customers included industry, transport depots, authorised and non-authorised garages, service station chains, automotive part distributors and large-area retail chains. In 2011, the Company recorded material increase in sales on all most important foreign markets, including primarily EU countries, Central Asia and the Middle East. However, the strongest growth was seen in exports to the neighbouring countries. Oils and lubricants under the LOTOS brand are sold to over 45 countries all over the world. On some of the foreign markets, support services are being actively developed through Oil Service of LOTOS Oil. Intensive support of the Authorised Distributors' sales on foreign markets has strengthened LOTOS Oil's image abroad.

Bitumens – main customers are road and bridge contractors, using bitumen to produce mineral and bituminous mixtures. Other customers include manufacturers of road emulsions, bitumen felts and waterstop materials. The European Union is the main market for the LOTOS Group's bitumens. In 2011, the key markets were: Poland, Germany, Scandinavia, Austria, Baltic states, Russia, Romania, the Czech Republic, Slovakia, Hungary, Ukraine, the Netherlands, Switzerland, France, the United Kingdom and Moldova.

Heavy fuel oil – domestic sales were mainly to entities with their own generators of heat in the form of heat water and process steam.

2011 saw continued sales of heavy fuel oil to the Scandinavian countries. The product was also sold at ports on the Baltic Sea, whence it was re-exported to distant markets, mainly the US.

Paraffins – in 2011, products in this group were sold to the following customers on the domestic market:

- candle paraffins – candle and votive candle manufacturers;
- dedicated industrial paraffins and waxes:
 - paraffin emulsions – chipboard manufacturers,
 - anti-caking agents – artificial fertiliser manufacturers,
 - low-oil waxes WOSKOP – rubber and tire manufacturers.

In 2011, paraffins were exported mainly to Germany, the Netherlands and Slovenia, as well as to Ukraine, Lithuania, Hungary, Italy, the Czech Republic, France, Belgium, the United Kingdom and Spain.

Related content:

Product and service labelling Customer health and safety Structure of the organization