FitchRatings

RATING ACTION COMMENTARY

Fitch Affirms MOL at 'BBB-'; Outlook Stable

Wed 17 Dec, 2025 - 2:24 PM ET

Fitch Ratings - Warsaw - 17 Dec 2025: Fitch Ratings has affirmed MOL Hungarian Oil and Gas Company Plc's (MOL) Long-Term Issuer Default Rating at 'BBB-' and its Short-Term Rating at 'F3'. The Outlook on the IDR is Stable.

MOL's rating is supported by a diversified and integrated business with assets in downstream, upstream, retail and gas midstream, low leverage and a strong competitive position in the company's core markets.

The rating is constrained by MOL's high reliance on Russian crude, whose continued supply to Hungary (BBB/Negative) is uncertain, its moderate scale and reserve life compared with peers and uncertainty regarding its stake in Croatia's INA - Industrija Nafte, d.d. (INA).

KEY RATING DRIVERS

Russian Oil Exposure: Pipeline oil supplies remain exempt from EU and US sanctions, but event risk related to supply disruptions continues to arise from the Druzhba pipeline, a primary supply route for Russian oil to Hungary, which runs through Ukraine. MOL's landlocked refineries currently have the technical capacity to process 45%-50% non-Russian crude and are expected to achieve full diversification capacity by end-2026. The company estimates the project costs at USD500 million.

The Adria pipeline is the main alternative supply source; however, MOL argues that supplies through the pipeline may be subject to technical bottlenecks and, therefore, insufficient to achieve 80% utilisation rates at its refineries. This view is contested by Croatian pipeline operator JANAF, and we expect further clarifications during 2026. We expect MOL to continue work on refinery adaptations, as the EU remains committed to full withdrawal of Russian oil and gas imports by end-2027, and exemption from US sanctions may not be granted after 2026.

Danube Refinery Fire: In October 2025, MOL's largest Danube refinery in Hungary experienced a fire incident, which severely damaged one out of the three vacuum distillation units. The refinery, accounting for 43% of MOL's refining capacity, is expected to run at 50%-55% of capacity until damage is repaired. The company has yet to provide full estimates for the cost of the damage and the timeline for the repairs. The Fitch base case assumes the refinery will be partially operational until early 2027, and Fitch forecasts about 75% of refining capacity utilisation in 2026. We also assume that the cost of damage will be partly covered by insurance, while full costs have yet to be estimated.

Refining Margins Temporarily Higher: The group's realised refining margin improved to about USD10 per barrel (bbl) by end-3Q25 from about USD4/bbl in 1H25. While the margins remained high in 4Q25, we expect moderation towards midcycle levels in 2026 as the effects of temporary outages and supply squeezes fade. Global refining capacity remains ample, while the adoption of electric vehicles and biofuels gradually reduces demand. Also, the planned capacity closures are not expected to be sufficient to balance the market.

Petrochemicals Segment Underperforming: MOL's petrochemicals segment remained loss-making in 9M25, in line with the overall European market, reflecting weak demand, high energy costs and increased competition from China and the Middle East. In Fitch's view, a recovery in profits will depend on the pace of efficiency improvements and cost reductions, although a meaningful recovery is not anticipated before 2027.

High Capex: Fitch expects MOL to maintain growth investments as the company targets its decarbonisation objectives. The current strategy assumes average capex of USD1.9 billion per annum in 2025-2030, allocating 30%-40% of investments to low-carbon projects, including energy efficiency, electrification, renewable energy and circular economy initiatives. Fitch believes the company will balance investments and shareholder distributions with its conservative approach to the balance sheet and expects net EBITDA leverage to remain below 1.5x by end-2028.

Reserve Life Remains a Constraint: MOL's consolidated (excluding JVs) 1P and 2P reserve life of six and nine years, respectively, at end-2024, is short compared with peers. Fitch expects MOL to rely on acquisitions to replenish reserves. While reserve life is viewed as a rating constraint, MOL's diversified business profile and strong financial profile provide ample headroom for acquisitions and help mitigate risks to its upstream segment.

Standalone Rating: MOL is currently 30.49% owned by three foundations, which are effectively controlled by the Hungarian government. Fitch continues to rate MOL on a standalone basis, reflecting a support score of 10 points out of a maximum of 60 under the Government-Related Entities (GRE) Rating Criteria. The score reflects a 'Strong' preservation of government policy role for MOL's operations in Hungary's oil and gas sector, while other responsibility-to-support and incentive-to-support factors under the GRE criteria are not strong enough to contribute to the score. The planned transition of the group to a holding structure, announced in October 2025, is neutral to the ratings.

PEER ANALYSIS

MOL's close EMEA downstream peers are Moeve, S.A. (BBB-/Stable) and ORLEN S.A. (BBB+/Stable). MOL and its closest peer Moeve have similar business profiles, characterised by vertical integration and comparable refinery capacities; MOL has capacity of 380 thousand barrels per day (kbbl/d) versus Moeve's 489kbbl/d. MOL's smaller refinery capacity is balanced by larger upstream production scale especially after Moeve's divestment of UAE production assets in 2023; MOL has capacity of 93.8 thousand barrels of oil equivalent a day (kboed) versus Moeve's 34.4 kboed. Both companies have similar scale of retail networks, with over 2,000 service stations.

Compared with ORLEN, MOL has smaller upstream and downstream production and less diversified cash flow. ORLEN has upstream production capacity of 208kboed and refinery capacity of 894kbbl/d. Its meaningfully diversified revenue stream via regulated utility businesses supports relatively stable profitability and cash flow.

Unlike the other peers, MOL is still dependent on Russian crude supply due to exemptions from the oil embargo granted to Hungary in June 2022. However, MOL is aiming to become fully independent by end-2026 with alternative crude supply routes through the Adria region.

FITCH’S KEY RATING-CASE ASSUMPTIONS

Fitch's Key Assumptions Within Our Rating Case for the Issuer

-- Oil and natural gas prices in line with Fitch's base-case price deck to 2028

-- Upstream production maintained at about 81kboed (excluding non-consolidated associated companies)

-- Refining throughput averaging 316kbbl/d in 2025, 287kbbl/d in 2026, 303kbbl/d in 2027 then 31kbbl/d in 2028

-- Refining margins to gradually fall to mid-cycle levels in 2027 from USD7/bbl in 2025

-- Annual capex at USD1.5 billion in 2025, then USD1.9 billion for 2026-2028

-- HUF250 billion (USD0.8 billion) dividend paid in 2025, then averaging HUF130 billion (USD0.4 billion) in 2026-2028, in line with our forecast of lower operating performance

RATING SENSITIVITIES

Factors That Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

-- Improved operational profile in the upstream or petrochemical segment

-- Lower reliance on oil and gas supplies from Russia

-- EBITDA net leverage below 1.5x on a sustained basis

-- Favourable resolution of the dispute with the Croatian government regarding MOL's stake in INA

Factors That Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

-- EBITDA net leverage above 2.5x on a through-the-cycle basis

-- Inability to maintain an integrated business profile, with sharply lower upstream production not substituted with cash flow from other segments

-- Negative impact on the financial profile from the dispute regarding the INA stake

-- Sustained deterioration in feedstock supply negatively affecting mid-cycle earnings and leading to the re-evaluation of MOL's business profile

LIQUIDITY AND DEBT STRUCTURE

As of September 2025, MOL has estimated readily available cash of about HUF460 billion and undrawn committed credit facilities of HUF1,100 billion fully covering short-term debt of HUF226 billion. About HUF1,000 billion of undrawn credit facilities expire beyond 2027.

ISSUER PROFILE

MOL is a medium-sized integrated oil & gas company based in Hungary.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

MACROECONOMIC ASSUMPTIONS AND SECTOR FORECASTS

Click here to access Fitch's latest quarterly Global Corporates Sector Forecasts Monitor data file which aggregates key data points used in our credit analysis. Fitch's macroeconomic forecasts, commodity price assumptions, default rate forecasts, sector key performance indicators and sector-level forecasts are among the data items included.

ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

RATING ACTIONS

ENTITY / DEBT	RATING			PRIOR
MOL Hungarian Oil and Gas Company Plc	LT IDR	BBB- Rating Outlook Stable	Affirmed	BBB- Rating Outlook Stable
	ST IDR	F3	Affirmed	F3

	LC LT IDR	BBB- Rating Outlook Stable Affirmed	BBB- Rating Outlook Stable
	LC ST IDR	F3 Affirmed	F3
senior unsecured	LT	BBB- Affirmed	BBB-
MOL Group Finance S.A.			
senior unsecured	LT	BBB- Affirmed	BBB-

VIEW ADDITIONAL RATING DETAILS

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APPLICABLE CRITERIA

Corporates Recovery Ratings and Instrument Ratings Criteria (pub. 02 Aug 2024) (including rating assumption sensitivity)

Corporate Rating Criteria (pub. 27 Jun 2025) (including rating assumption sensitivity)

Sector Navigators – Addendum to the Corporate Rating Criteria (pub. 27 Jun 2025)

Government-Related Entities Rating Criteria (pub. 18 Jul 2025)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Corporate Monitoring & Forecasting Model (COMFORT Model), v8.2.0 (1)

ADDITIONAL DISCLOSURES

Dodd-Frank Rating Information Disclosure Form

Solicitation Status

Endorsement Policy

ENDORSEMENT STATUS

MOL Group Finance S.A.	EU Issued, UK Endorsed
MOL Hungarian Oil and Gas Company Plc	EU Issued, UK Endorsed

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