

# SECOND QUARTER 2016 RESULTS

5 AUGUST 2016



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# AGENDA

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GROUP OUTLOOK

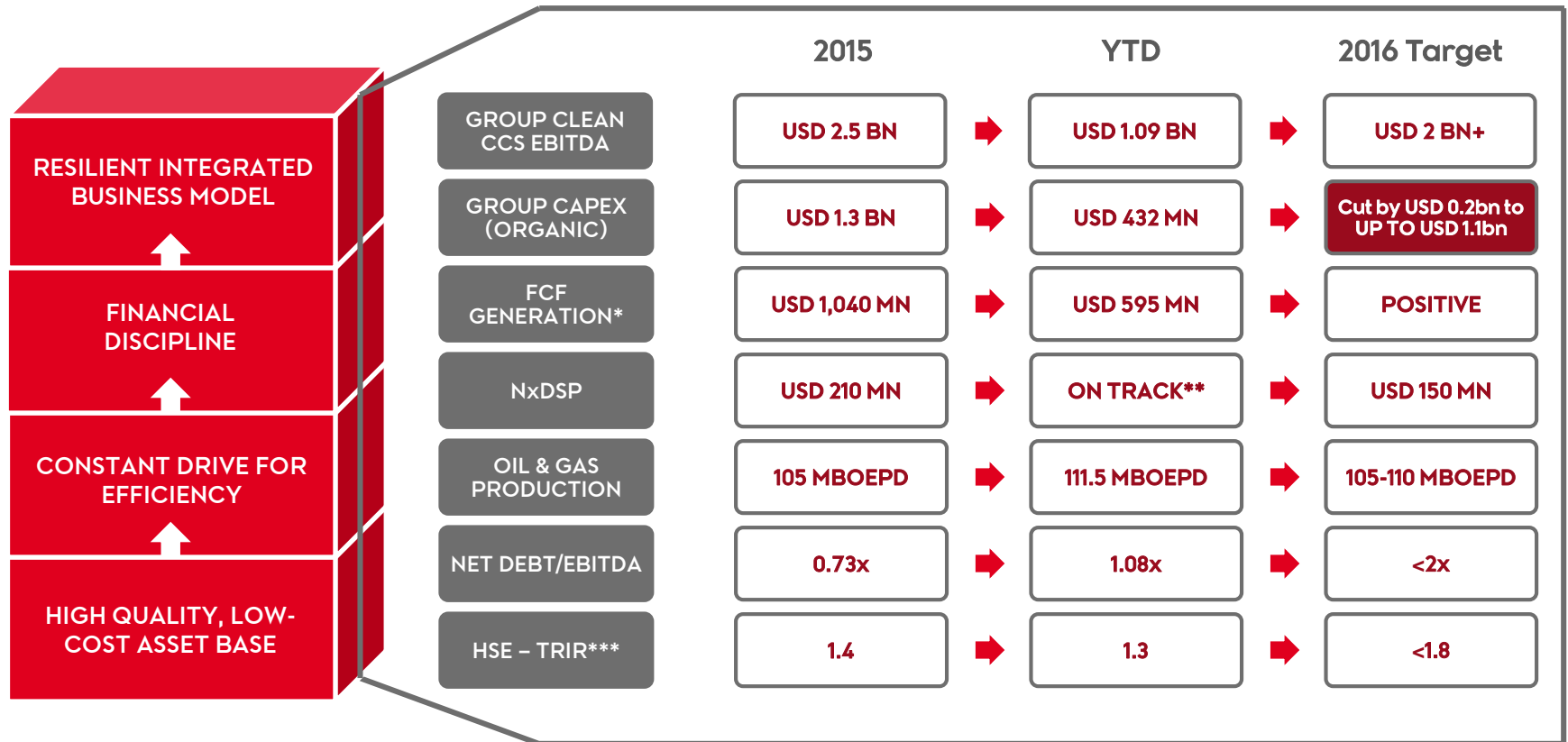
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SUPPORTING SLIDES

# HIGHLIGHTS OF THE QUARTER

# ON TRACK TO DELIVER

## WITH THE ESSENTIAL FUNDAMENTAL BUILDING BLOCKS

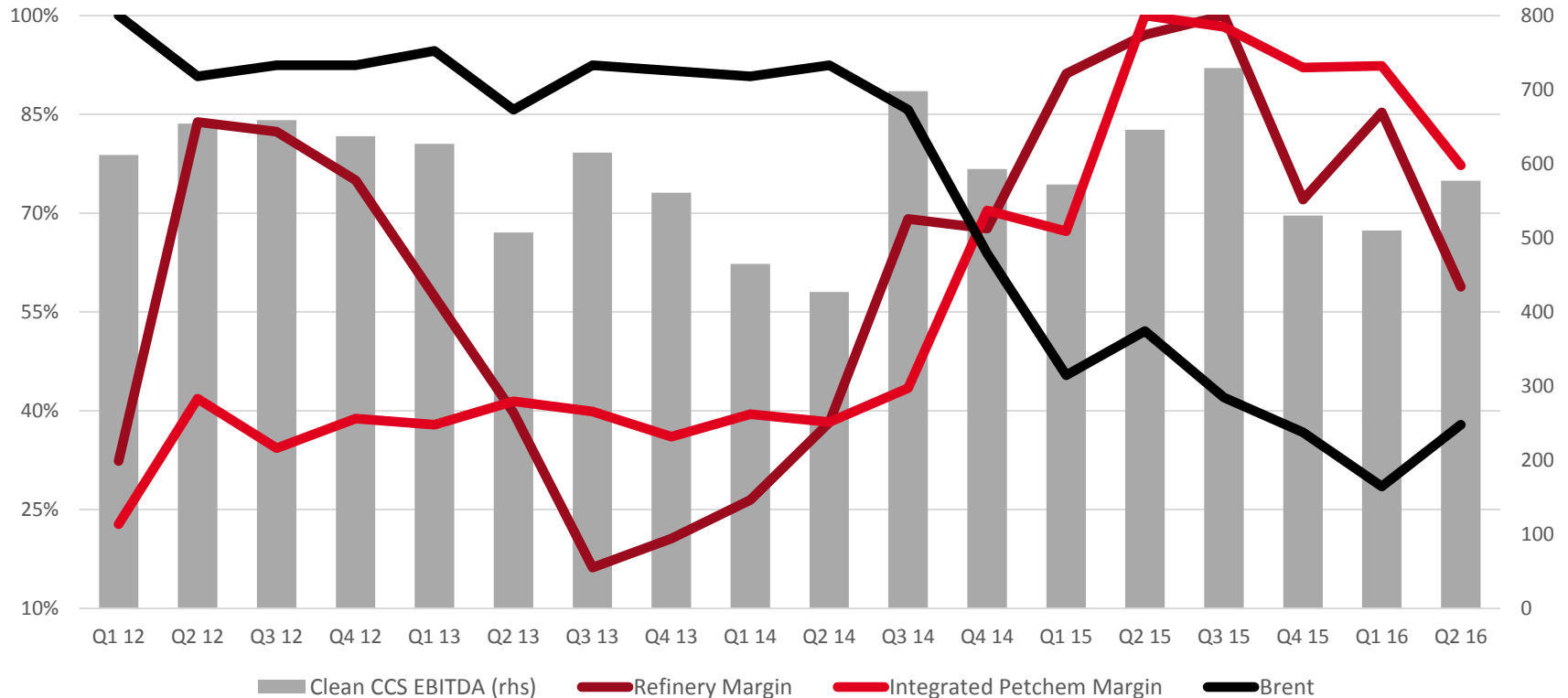


\* Net Operating Cash Flow (before changes in net working capital) less organic capex  
 \*\* MOL does not provide quarterly update on NxDSP; will provide annual update for 2016 only  
 \*\*\* Total Recordable Injury Rate

# SOLID, CONSISTENT EBITDA GENERATION

## RESILIENT INTEGRATED BUSINESS MODEL IN A HIGHLY VOLATILE ENVIRONMENT

### EXTERNAL ENVIRONMENT\* VS MOL CLEAN CCS EBITDA (USD MN)



\* The quarterly % values of the Refinery Margin, Petchem Margin and Brent price are measured against their respective maximum values (100%) in the period of Q1 2012 – Q2 2016

100% equals to the following values:

MOL Group Refining Margin: 6.8 USD/bbl; Integrated Petchem margin: 760 EUR/t; Brent crude: 119 USD

# FREE CASH FLOW GENERATION CONTINUED IN Q2

## FINANCIAL HIGHLIGHTS

- ▶ Strong Clean CCS EBITDA of HUF 160bn (USD 577mn) in Q2 2016, bringing H1 EBITDA to HUF 305bn (USD 1.09bn). MOL is confident it will comfortably meet its USD 2bn+ annual guidance
- ▶ Downstream EBITDA rose quarter-on-quarter on seasonality, but was slightly lower year-on-year on refining
- ▶ Upstream returns to EBITDA growth in Q2 (+15% quarter-on-quarter) on the back of rising oil prices
- ▶ Net operating cash flow before working capital changes (USD 623mn) continued to well exceed organic CAPEX (USD 247mn) in Q2, bringing total H1 simplified free cash flow to close to USD 600m
- ▶ Gearing metrics in Q2 remained stable despite a HUF 55bn dividend payment during the quarter. MOL signed EUR 615m syndicated credit facility with highly competitive conditions (95bps initial margin). MOL was upgraded to BB+ by S&P
- ▶ 2016 organic capex guidance lowered by USD 0.2bn to „up to USD 1.1bn”

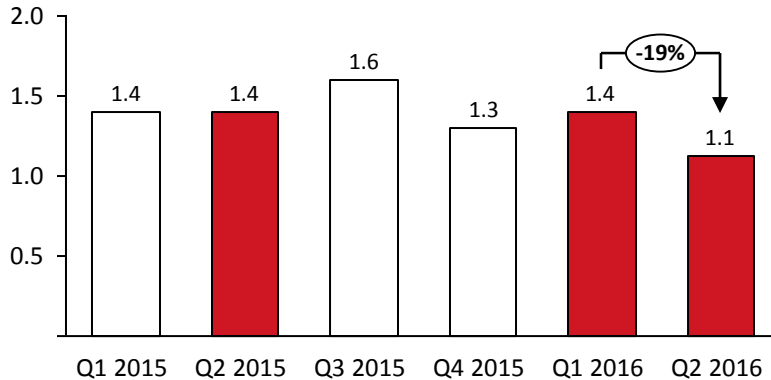
## OPERATIONAL HIGHLIGHTS

- ▶ Oil and gas production rose 7% year-on-year in Q2 2016 to 111 mboepd (+8% in H1 to 111.5 mboepd), the growth being more than 100% liquids-driven; well on track to reach the high-end of the 2016 target range of 105-110mboepd
- ▶ MOL made two oil and gas discoveries in the operated TAL block in Pakistan (the 12th and 13th in the country)
- ▶ First batch of crude oil from the Adria Pipeline was processed at the Bratislava Refinery
- ▶ Motor fuel demand growth in H1 (+5%) in the core CEE market continues to support Downstream

# SUSTAINABLE DEVELOPMENT & HSE HIGHLIGHTS

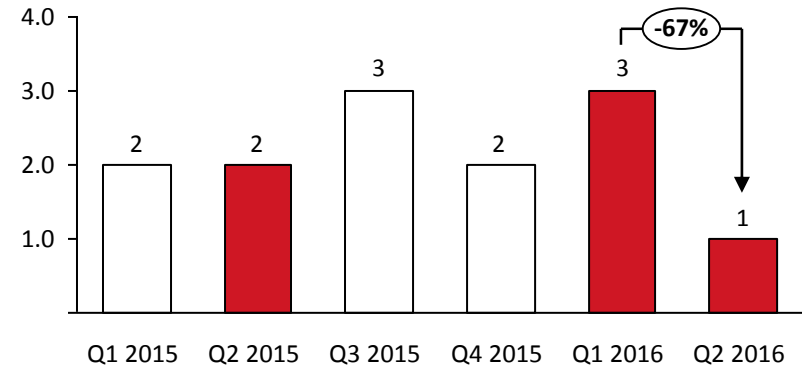
## IMPROVING TRENDS

### TOTAL RECORDABLE INJURY RATE (ALL)



- ▶ Lower TRIR due to a decrease in lost-time injuries

### TIER 1 PROCESS SAFETY EVENTS



- ▶ A single process safety event due to a spill in the Rijeka refinery

### UPSTREAM HIGHLIGHTS

- ▶ HSE leadership training on-going for E&P managers
- ▶ Life saving rules (lock out-tag out, fall protection) in progress as per plan
- ▶ Process safety plans implementation in each operating unit
- ▶ Reviewed contractor safety (pre-qualification, HSE requirements, bid and post evaluation)
- ▶ Improvements in near-miss reporting

### DOWNSTREAM HIGHLIGHTS

- ▶ Truck Driver Safety Fundamentals Program rollout in logistics
- ▶ Process Safety Management cross-country audit performed for DS production units
- ▶ HSE Leadership Engagement Program rollout on track, 64% group-wide completion rate
- ▶ Lock out-tag out energy isolation program launch at all DS production sites

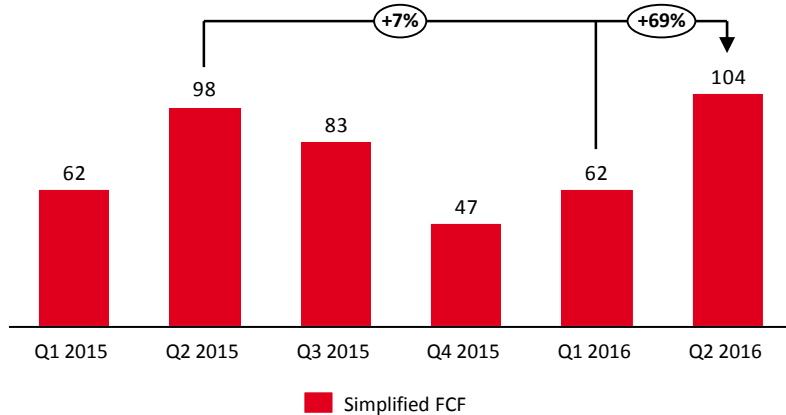


# KEY GROUP QUARTERLY FINANCIALS

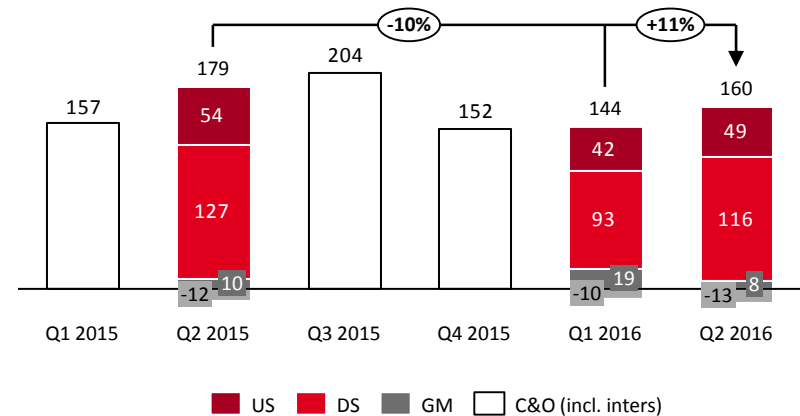
# Q2 2016: SEASONALLY STRONG, SLIGHTLY DOWN YOY

## RECORD-HIGH DOWNSTREAM EBITDA DELIVERY IN H1

### SIMPLIFIED FCF\* (HUF bn)



### SEGMENT CLEAN CCS EBITDA (HUF bn)

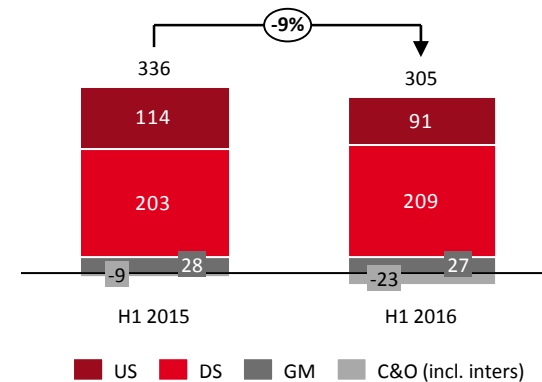


\* Simplified FCF= Net Operating Cash Flow (before changes in net working capital) less organic capex

### COMMENTS

- ▶ Record high H1 Clean CCS EBITDA in Downstream
- ▶ Upstream business shows resilience in low oil price environment
- ▶ Weaker Corporate & Other contribution due to service companies
- ▶ Very strong positive FCF generation maintained

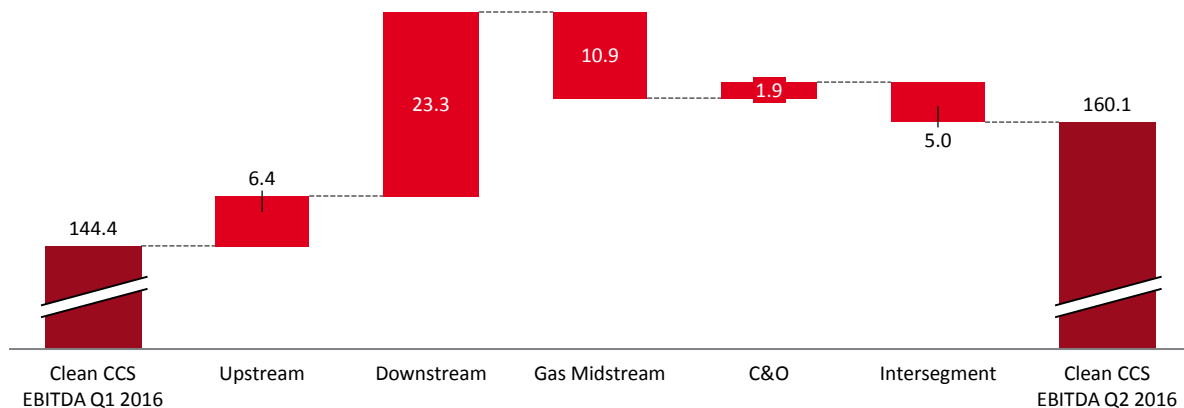
### SEGMENT CLEAN CCS EBITDA YTD (HUF bn)



# CLEAN CCS EBITDA UP 11% QOQ, DOWN 10% YOY

## RESILIENT DESPITE LOWER OIL PRICE, SOFTER REFINING

### GROUP EBITDA QoQ (HUF bn)



### COMMENTS

#### Downstream

- ▶ Strong volumes seasonality helps QoQ (motor fuels +23%)
- ▶ Retail EBITDA jumps QoQ

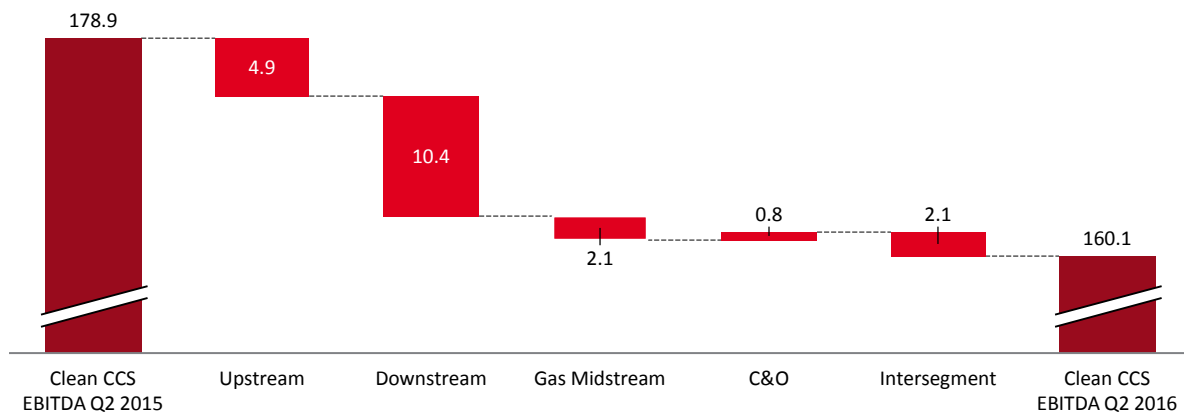
#### Upstream

- ▶ Uptick in oil prices supports results QoQ

#### Gas Midstream

- ▶ Seasonally down on lower summer capacity bookings

### GROUP EBITDA YoY (HUF bn)



### COMMENTS

#### Downstream

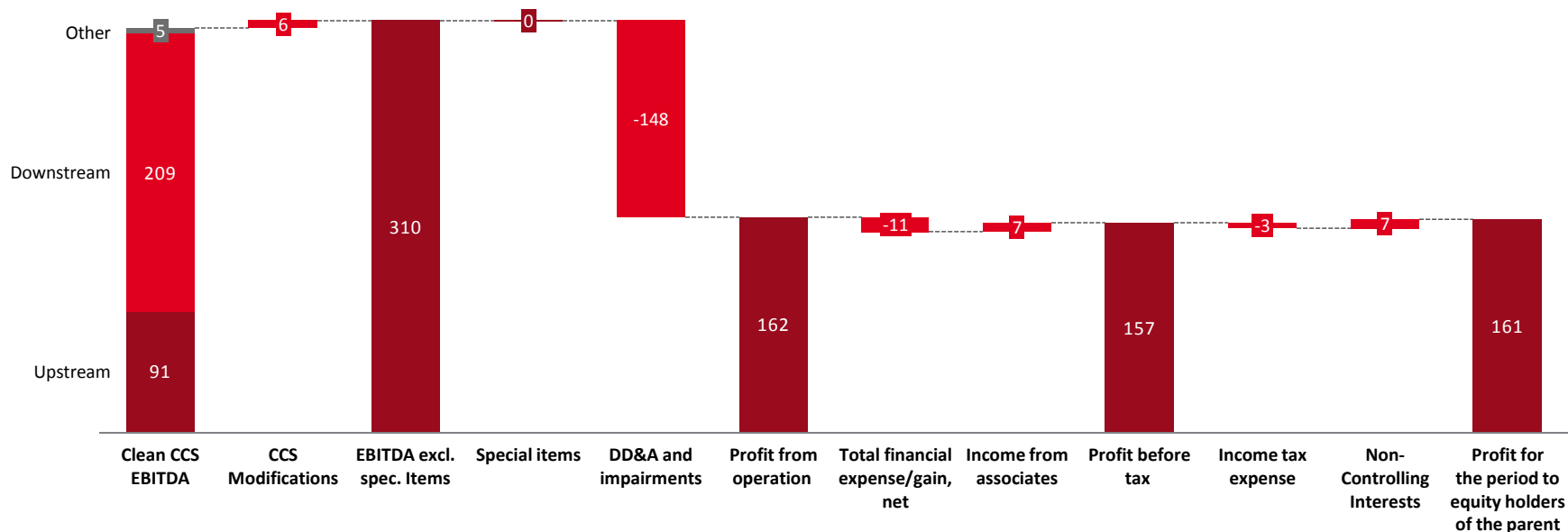
- ▶ Refining margins retreated from the Q2 2015 peaks
- ▶ Strong petchem and jumping retail EBITDA only partly offset
- ▶ Petchem & retail account for ~60% of total DS Clean EBITDA

#### Upstream

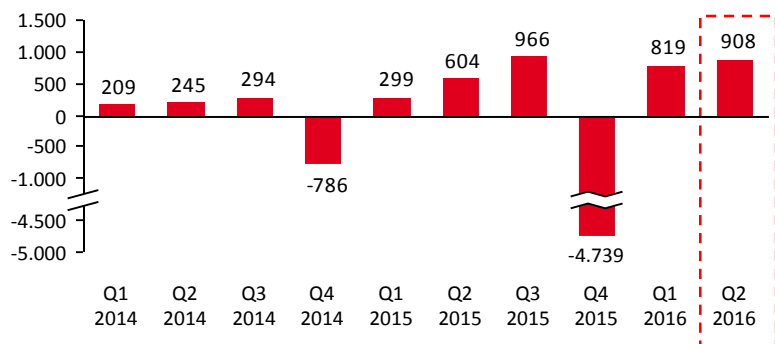
- ▶ Resilient on strong production, lower costs

# VERY STRONG REPORTED NET INCOME, EPS SUPPORTED BY DS PERFORMANCE, NON-RECURRING TAX ITEMS

## H1 2016 EARNINGS (HUF bn)



## EPS (HUF)



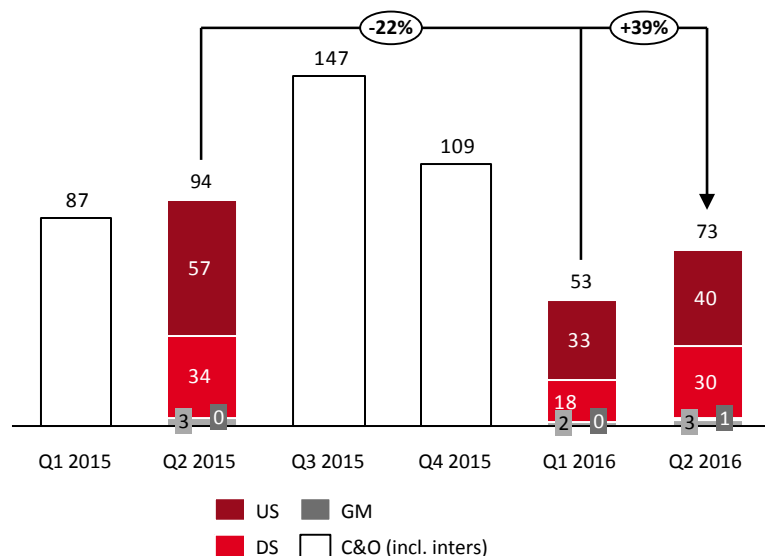
## COMMENTS

- ▶ DD&A charges at broadly normalized levels in H1 2016
- ▶ Net financials expenses include small (HUF 5bn) FX gain
- ▶ Deferred tax income on the back of the switchover to IFRS reporting at the parent company level in Q1
- ▶ No special items in H1 2016
- ▶ EPS amounts to HUF 1,727 in H1 2016

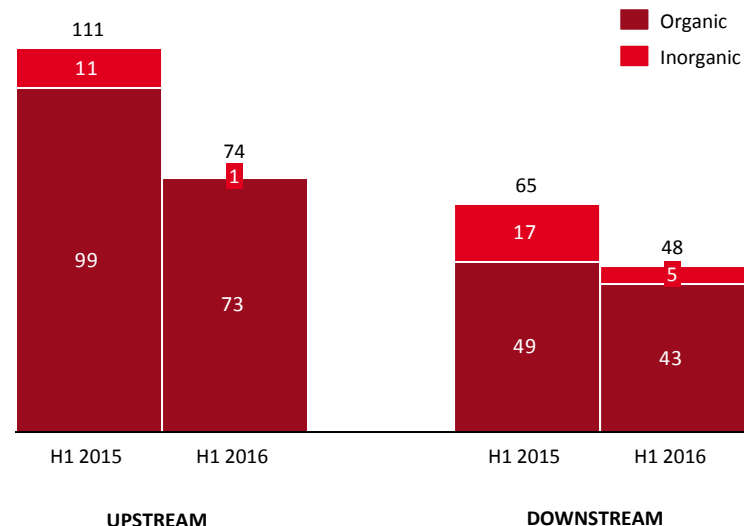
# CAPEX IS MATERIALLY LOWER YOY

PRIMARILY REFLECTING LOWER UPSTREAM SPENDING, NO MAJOR M&A

## TOTAL GROUP CAPEX (HUF bn)



## UPSTREAM vs DOWNSTREAM (HUF bn)



## COMMENTS

- ▶ Group CAPEX continued to decline in Q2 2016 YoY, was down by 22% to HUF 73bn (USD 265mn)
- ▶ H1 2016 capex was HUF 126bn (USD 452mn), 30% lower YoY
- ▶ There was no meaningful M&A in H1 2016 (a total of HUF 6bn)...
- ▶ ..and organic capex declined by 21% in H1 YoY

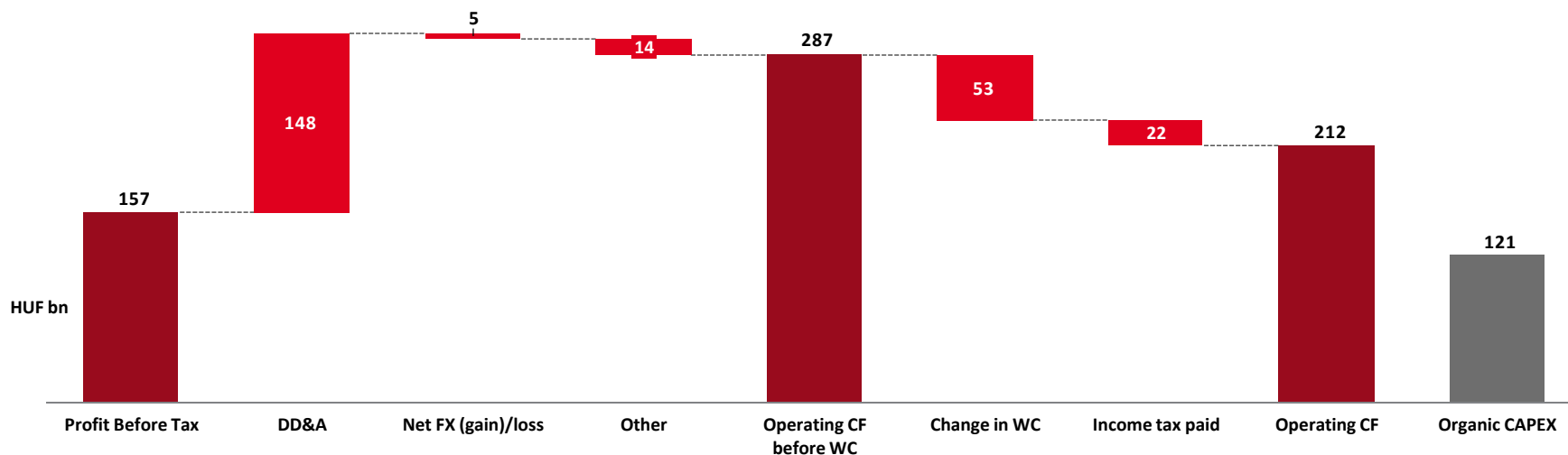
## COMMENTS

- ▶ Organic E&P spending was down 26% yoy in H1 2016
- ▶ Organic Downstream capex was slightly lower YoY, driven by materially lower spending on strategic projects in H1 2016

# STRONG CASH GENERATION INTACT

## COMFORTABLY COVERING ORGANIC CAPEX

### OPERATING CASH FLOW YTD (HUF bn)



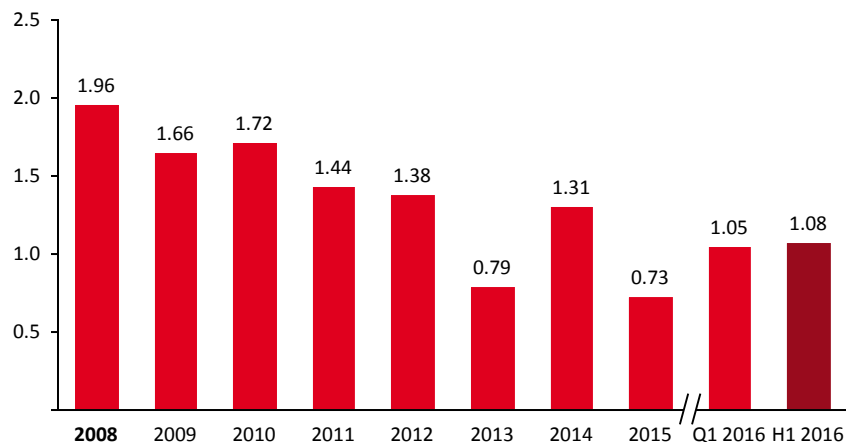
### COMMENTS

- ▶ Operating Cash Flow before Working Capital changes was slightly down YoY, in line with the EBITDA trend
- ▶ Working capital build was smaller than a year ago and was mostly driven by an increase in receivables (rising prices, higher volumes)
- ▶ Operating Cash Flow was 15% higher YoY...
- ▶ ... comfortably covering organic CAPEX and dividends

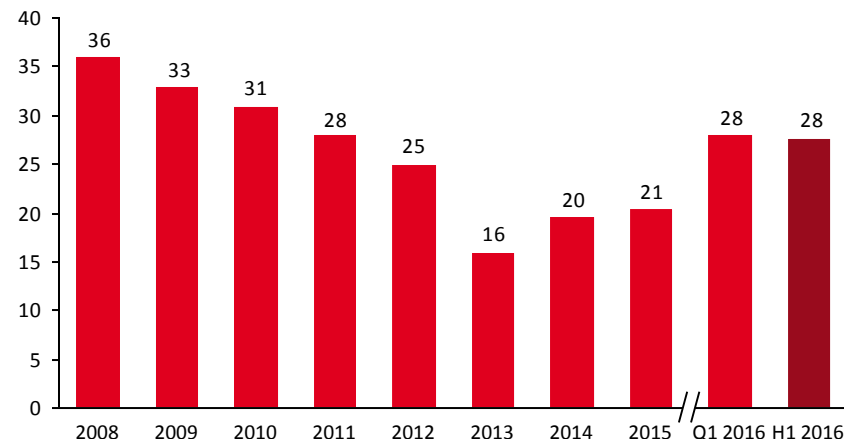
# BALANCE SHEET METRICS ON PAR WITH Q1

## DESPITE HUF 55BN (~USD 200MN) Q2 OUTFLOW ON DIVIDEND PAYMENT

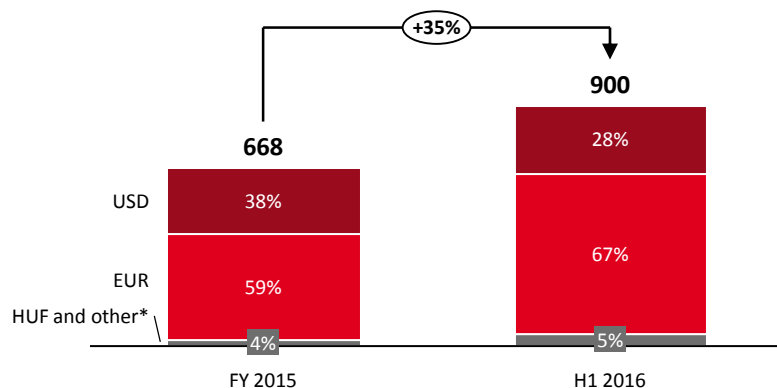
### NET DEBT TO EBITDA (x)



### GEARING (%)



### CURRENCY COMPOSITION DEBT (HUF bn)



### COMMENTS

- ▶ Q2 free cash flows covered dividends...
- ▶ ...thus gearing metrics remained stable in Q2
- ▶ Q1 increase in debt was driven by the Magnolia transaction (EUR 610m)
- ▶ Considerable financial headroom and liquidity remain
- ▶ EUR 750m 7-year Eurobond issued in April with lowest-ever coupon and yield...
- ▶ ...followed by securing EUR 615mn revolving credit line
- ▶ MOL was upgraded by S&P to BB+

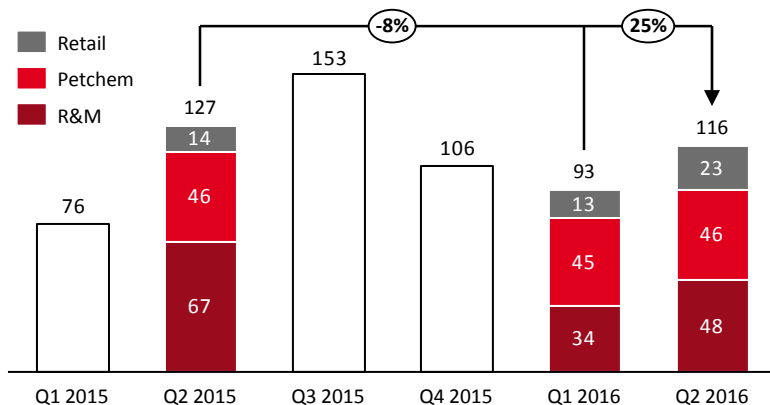
# DOWNSTREAM Q2 2016 RESULTS



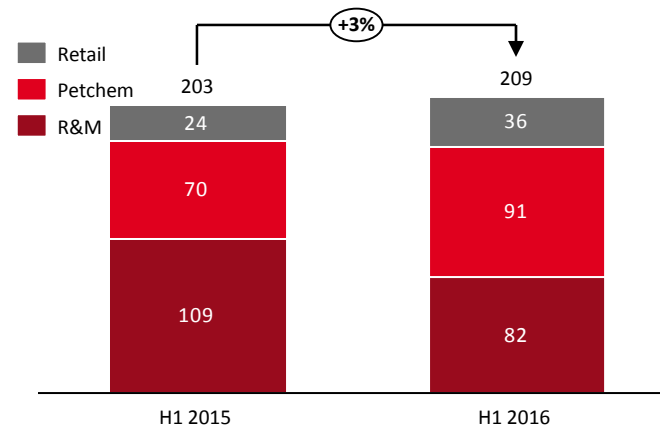
# ALL-TIME HIGH YTD RESULT

## RISING PETCHEM & RETAIL EARNINGS COMPENSATE DECLINE IN REFINING

### QUARTERLY CLEAN CCS EBITDA (HUF bn)



### YTD CLEAN CCS EBITDA (HUF bn)



### KEY FINANCIALS (HUF bn)

	Q2 2016	Q2 2015	YoY	H1 2016	H1 2015	YTD
EBITDA	137.6	142.3	(3)	214.8	202.2	6
EBITDA excl. spec.	137.6	142.3	(3)	214.8	202.2	6
Clean CCS EBITDA	116.2	126.7	(8)	209.2	202.8	3
o/w Petchem	46.1	46.1	0	91.3	69.6	31
o/w Retail	22.6	14.1	61	36.0	24.2	49
EBIT	107.4	114.7	(6)	154.4	147.3	5
EBIT excl. spec.	107.4	114.7	(6)	154.4	147.3	5
Clean CCS EBIT	86.0	99.0	(13)	148.8	147.8	1

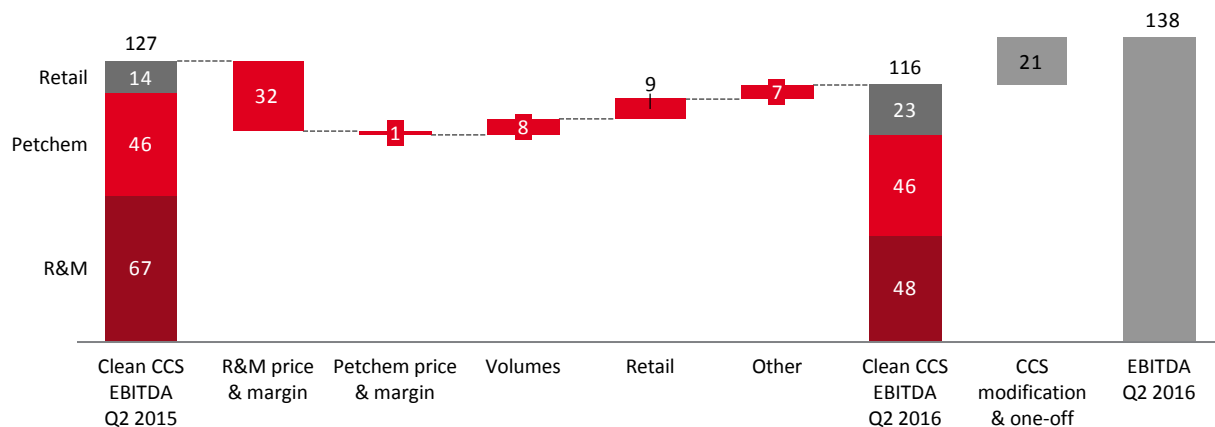
### COMMENTS

- ▶ Petchem & retail deliver ~60% of total Clean DS EBITDA in H1 2016
- ▶ Petchem still enjoys favorable external environment
- ▶ Retail delivers 49% EBITDA growth in H1 YoY, also supported by inorganic expansion
- ▶ R&M declines YoY as refining margins fell from Q2 2015 peak

# ONLY SLIGHTLY WEAKER Q2 16 CCS EBITDA YOY

## INTEGRATED DOWNSTREAM VALUE CHAIN SHOWS ITS STRENGTH

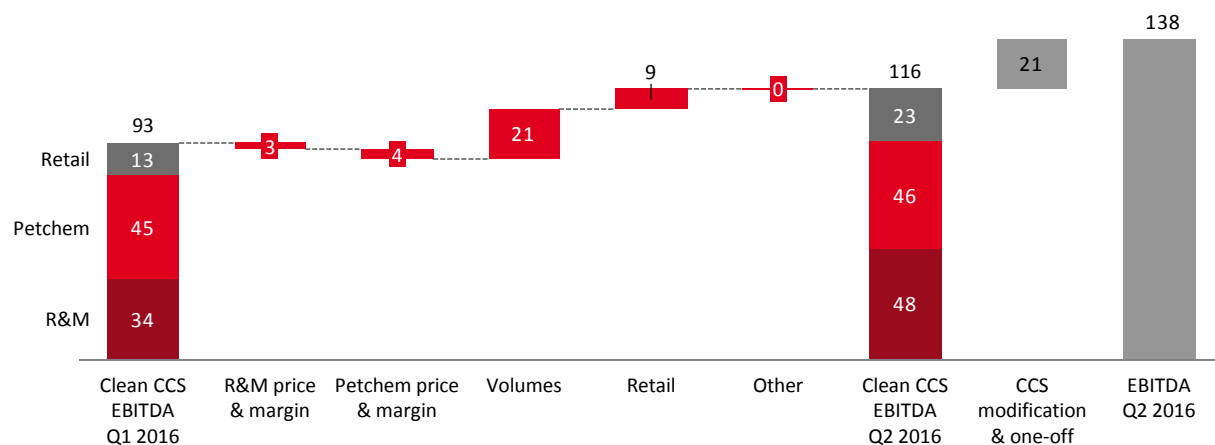
### CLEAN CCS EBITDA YoY (HUF bn)



### COMMENTS

- ▶ Contracting motor fuel crack spreads affected refining
- ▶ Refining and retail benefit from 5% CEE demand growth
- ▶ Petchem EBITDA remains very strong supported by macro tailwind
- ▶ Improving unit margins, M&A, strong volumes led to jumping Retail EBITDA

### CLEAN CCS EBITDA QoQ (HUF bn)



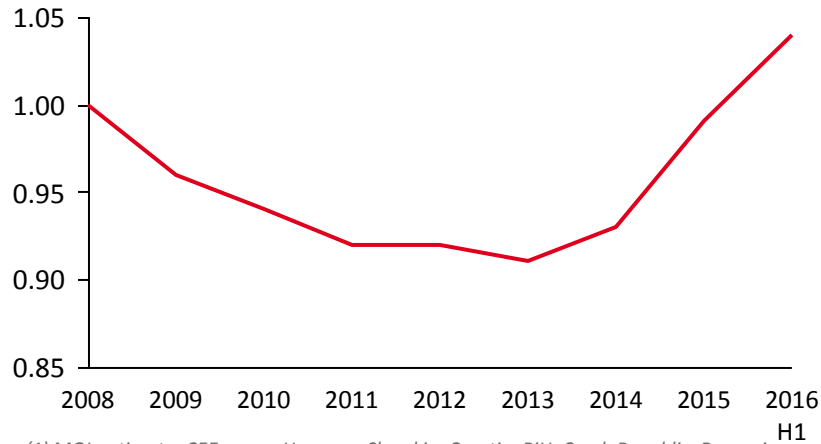
### COMMENTS

- ▶ Seasonal volumetric uplift drove the increase in refining and retail QoQ
- ▶ Integrated margin edged down but rising sales supported petchem
- ▶ CCS modification: HUF 21bn, as oil prices rose

# RETAIL EBITDA JUMPED BY ~50% YTD

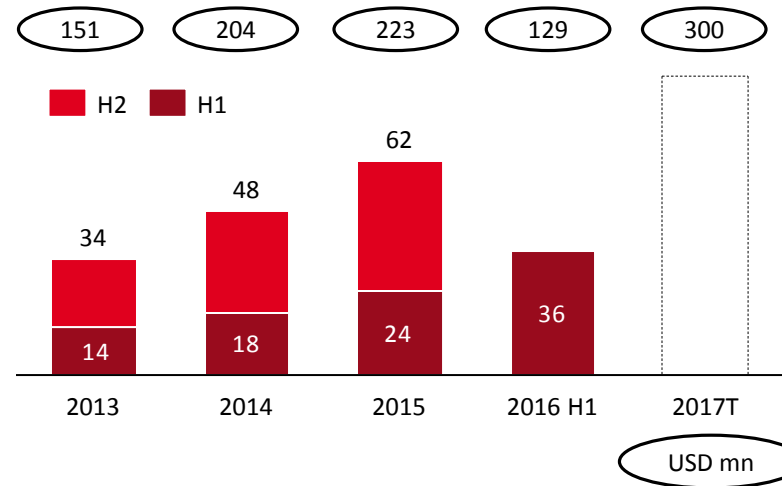
## CEE MOTOR FUEL CONSUMPTION ABOVE PRE-CRISIS HIGHS

CEE<sup>1</sup> MOTOR FUEL DEMAND EVOLUTION  
(2008 = 100%)

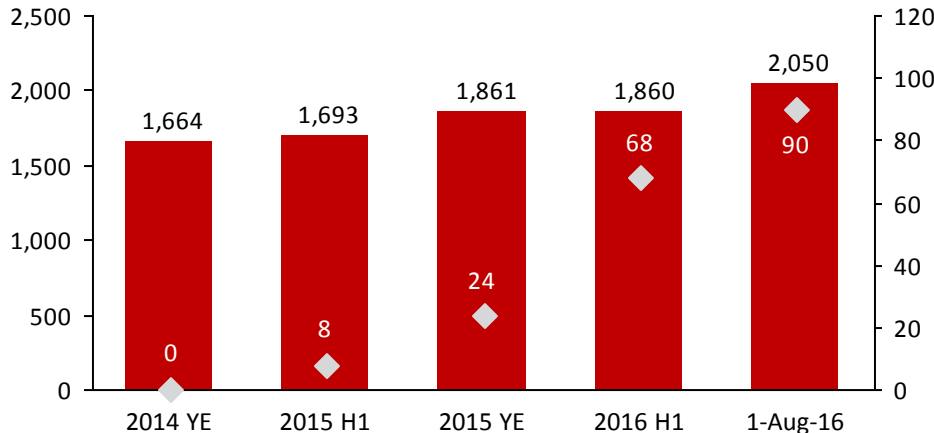


(1) MOL estimate; CEE covers Hungary, Slovakia, Croatia, BiH, Czech Republic, Romania, Slovenia, Serbia

RETAIL EBITDA EVOLUTION (HUF BN)



RETAIL (LHS) & FRESH CORNER SITE  
(RHS) #



### COMMENTS

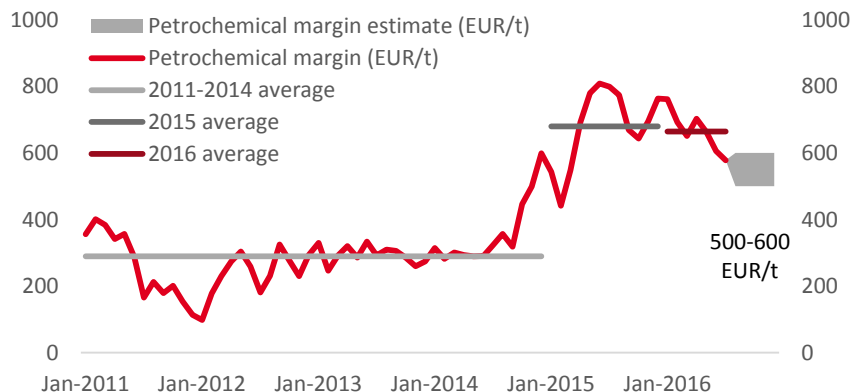
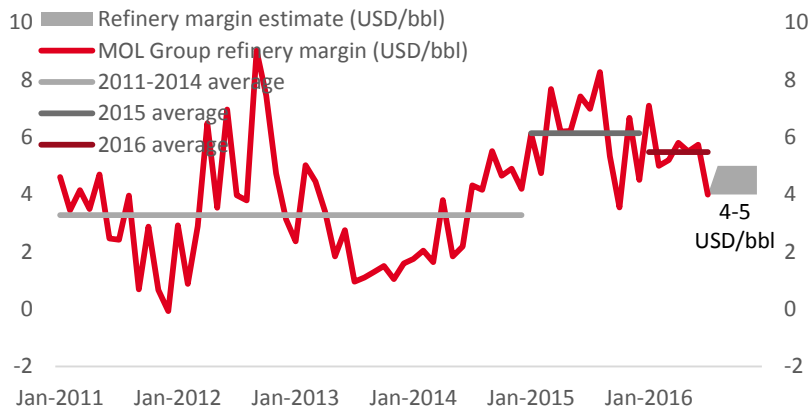
- ▶ ~450 stations purchased, 20%+ overall network growth in 2 years
- ▶ Supportive market conditions: 5-6% market growth in 2015 FY & H1 2016 in CEE
- ▶ Gradual roll-out of Fresh Corner concept
- ▶ Well on track to meet or exceed 2017 EBITDA target of USD 300mn

# DOWNSTREAM: WEAKER REFINING, STRONG PETCHEM

## TURNAROUND ACTIVITIES IN 2016

- ▶ **Petchem:** integrated margin edged down, but remained very supportive in 2016 ytd, holding upside risk for the year
- ▶ **Refining:** weaker motor fuel cracks (depressed diesel, eroding gasoline) only partly offset by low oil prices, wider crude differentials

### REFINING AND PETCHEM MARGINS



### SCHEDULED SHUTDOWNS IN 2016

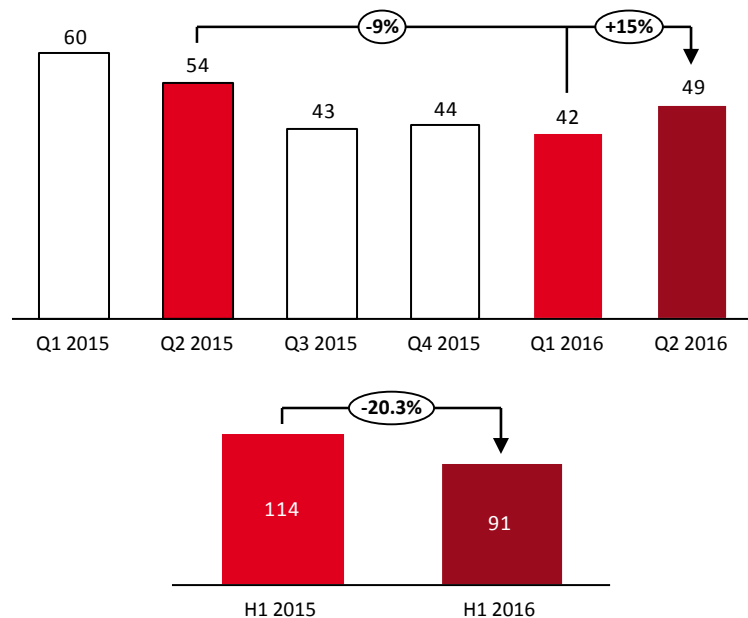
- ▶ **Danube refinery + Hungarian petchem**
  - ▶ Major turnaround with several units involved both in the refinery and at the petchem site
  - ▶ August-October
- ▶ **Bratislava refinery + petchem**
  - ▶ Only a smaller shutdown involving a limited number of processing units in refining
  - ▶ October-November

# UPSTREAM Q2 2016 RESULTS

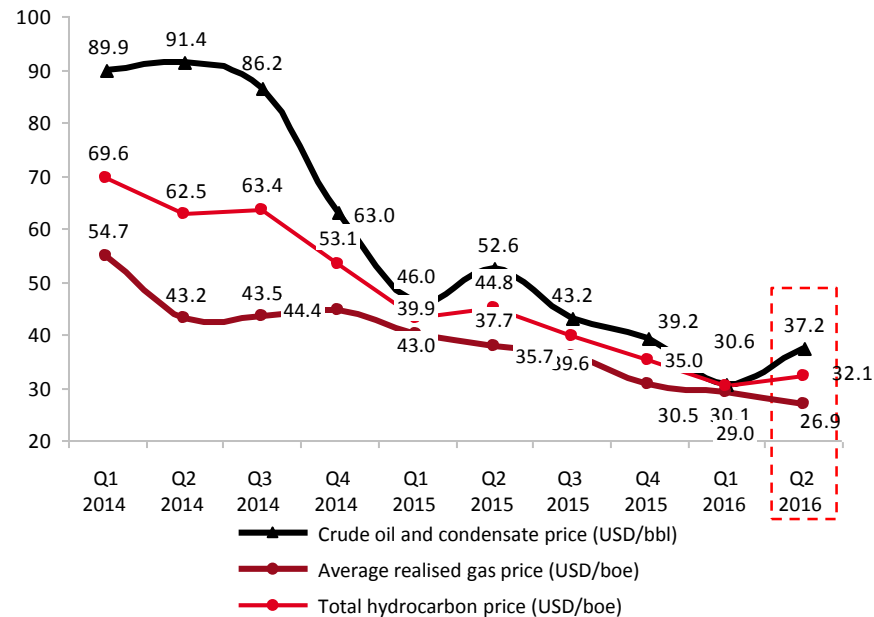
# EBITDA ON THE RISE (+15%) QOQ

## SUPPORTED BY RECOVERING OIL PRICES

### QUARTERLY EBITDA (HUF bn)



### REALIZED HYDROCARBON PRICES



### KEY FINANCIALS (HUF bn)

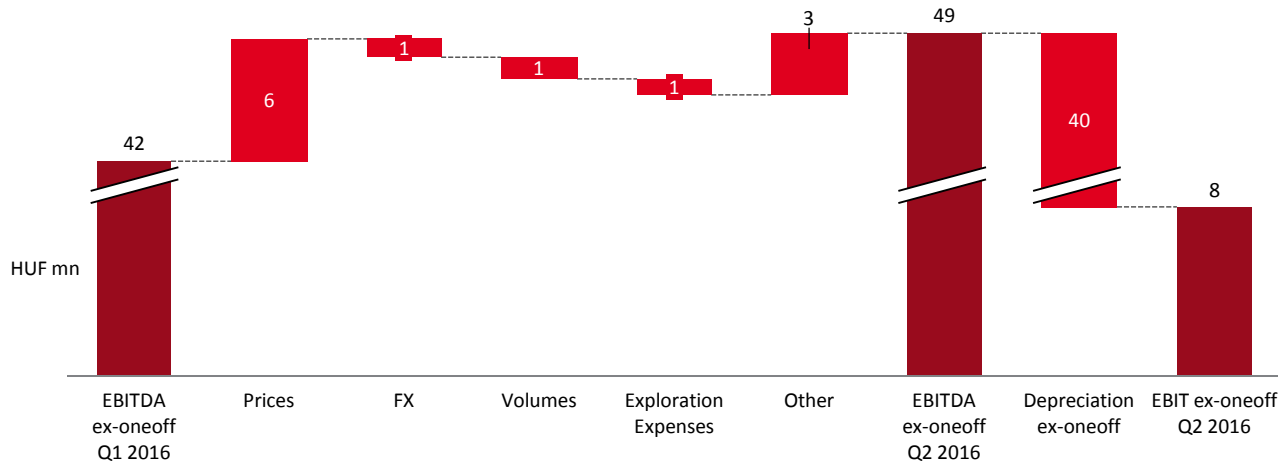
	Q2 2016	Q2 2015	YoY	H1 2016	H1 2015	YTD
EBITDA	48.6	53.5	(9)	90.8	113.9	(20)
EBITDA excl. spec.	48.6	53.5	(9)	90.8	113.9	(20)
EBIT	8.4	4.1	104	17.3	25.4	(32)
EBIT excl. spec	8.4	4.1	104	17.3	25.4	(32)

### COMMENTS

- ▶ EBITDA only down by 9% YoY in Q2 2016 while Brent slid 26%
- ▶ 20% decrease in profits YTD, as rising volumes, lower costs partly offset shrinking Brent (-31%)

# VOLUMES, COST CONTROL REMAIN CRUCIAL TO MITIGATE/OFFSET NEGATIVE PRICE IMPACT

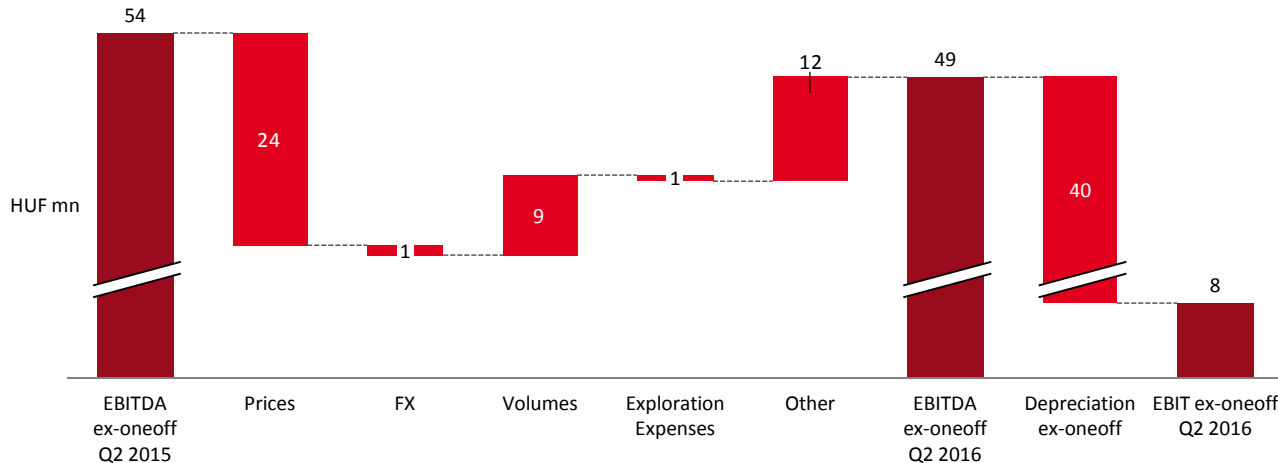
## US EBITDA QoQ (HUF bn)



## COMMENTS

- ▶ Higher oil prices partly offset by lower gas prices (primarily in Croatia)
- ▶ Lower exploration expenses on reduced activity
- ▶ Lower opex

## US EBITDA YoY (HUF bn)



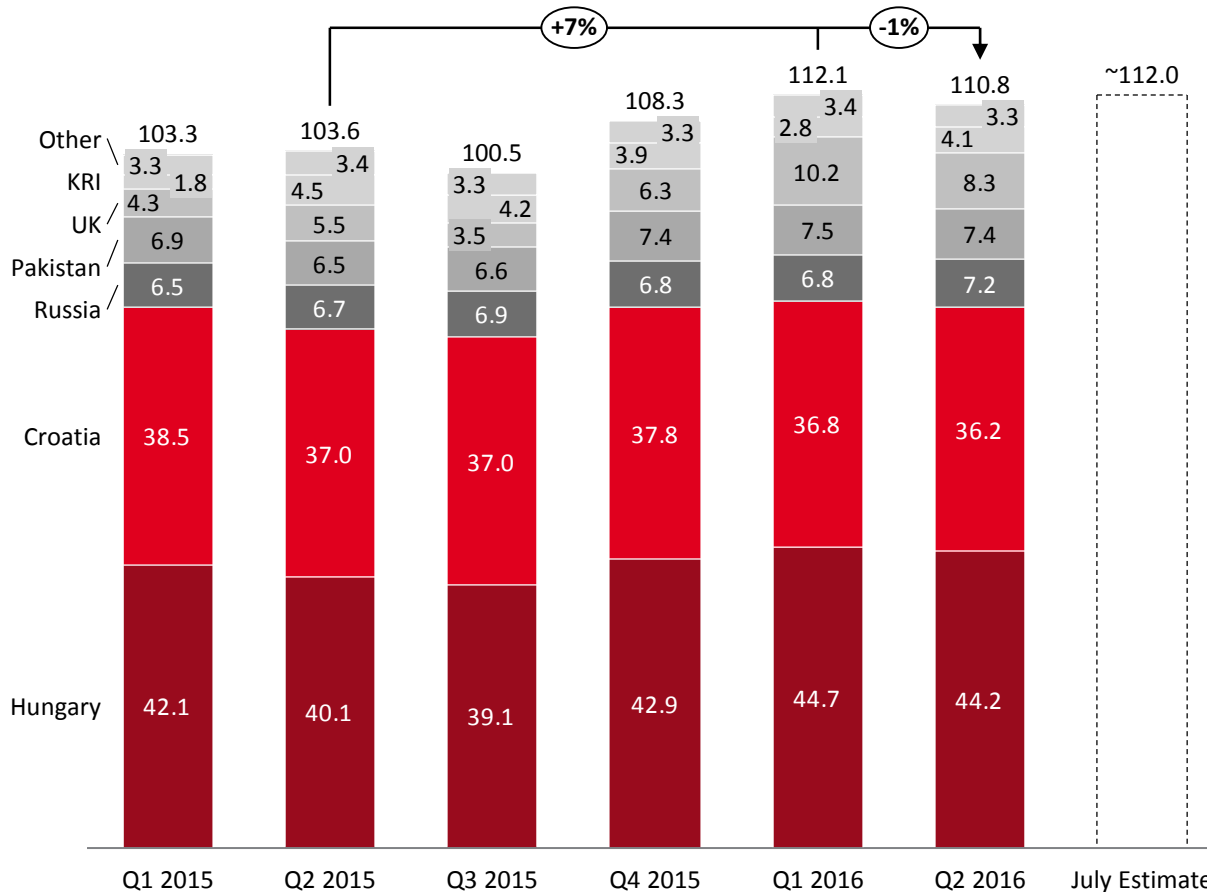
## COMMENTS

- ▶ Substantial drop in oil and gas prices
- ▶ Partly offset by strong volumes increase YoY
- ▶ Others: lower costs (NUP), some non-recurring items

# PRODUCTION REMAINED STRONG IN Q2

ON TRACK TO MEET UPPER END OF 105-110 MBOEPD GUIDANCE RANGE FOR FY 2016

## QUARTERLY PRODUCTION BY COUNTRY



## COMMENTS

Q2 2016 vs. Q1 2016 (-1%)

- ▶ UK: -1.9 mboepd QoQ on Cladhan and Scott decline
- ▶ Croatia: -1.5 mboepd offshore natural decline; +0.9 mboepd onshore growth
- ▶ KRI: +1.3 mboepd as Shaikan runs at capacity in Q2

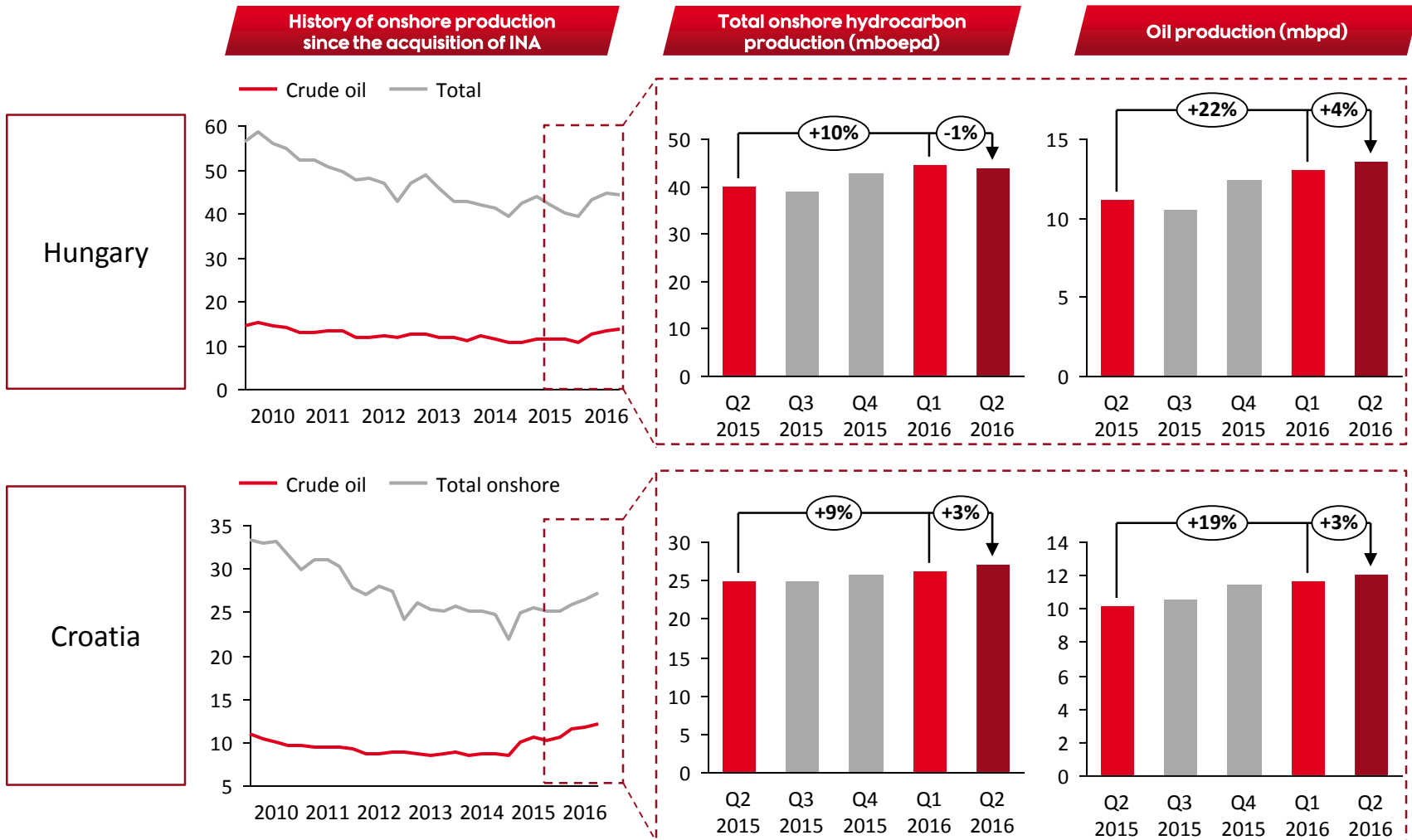
Q2 2016 vs. Q2 2015 (+7%)

- ▶ Growth is 100%+ liquids-driven (+8.6 mboepd)
- ▶ CEE onshore: +6.3 mboepd (+10%!) on production optimization, of which +4.1 mboepd in Hungary, +2.2 mboepd in Croatia
- ▶ Croatia offshore: -3 mboepd (natural decline + PSA)
- ▶ UK: +2.8 mboepd on Cladhan
- ▶ Pakistan: +0.9 mboepd on new discoveries, development wells



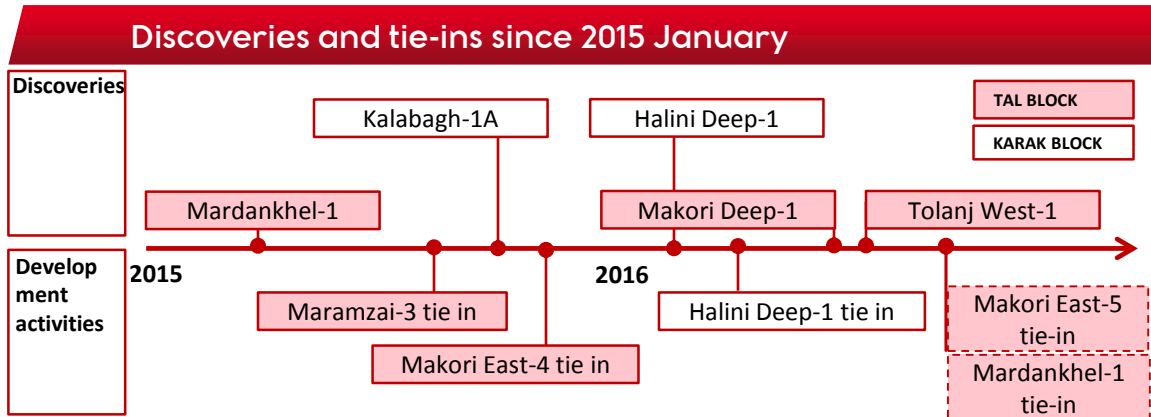
# CEE PROD. OPTIMIZATION BRINGS FURTHER SUCCESS

## CEE OIL PRODUCTION FURTHER UP BY 3% QOQ, +20% YOY



# CONTINUED OPERATIONAL SUCCESS IN PAKISTAN

## 5 NEW DISCOVERIES SINCE 2015; ON THE WAY TO REACH 80 MBOEPD MILESTONE IN TAL IN H2



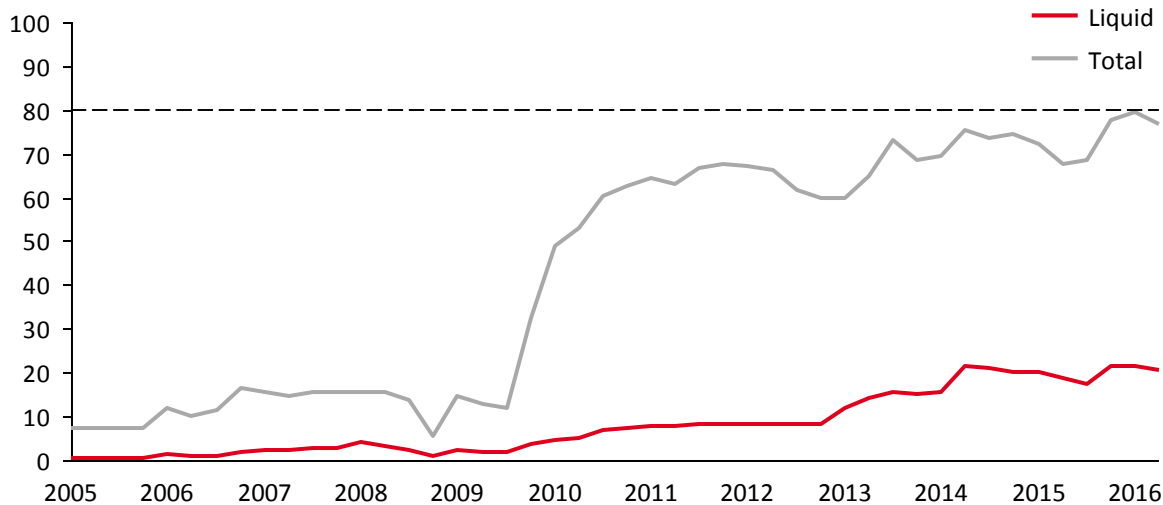
▶ MOL made 5 new discoveries in Pakistan since 2015, of which three in the operated TAL block and two in the non-operated Karak block

▶ The TAL block had two wells tied in in 2015 providing around 15,000 boepd incremental production (gross)

▶ TAL block gross production expected to reach 80 mboepd in H2 2016

▶ The recent discoveries (Mardankhel, Makori Deep, Tolanj West and Tolanj X) along with the Makori East-5 development well will add c. 22,000 boepd gross production in 2016-17 in the TAL block

### History of TAL block production (@100%, mboepd)

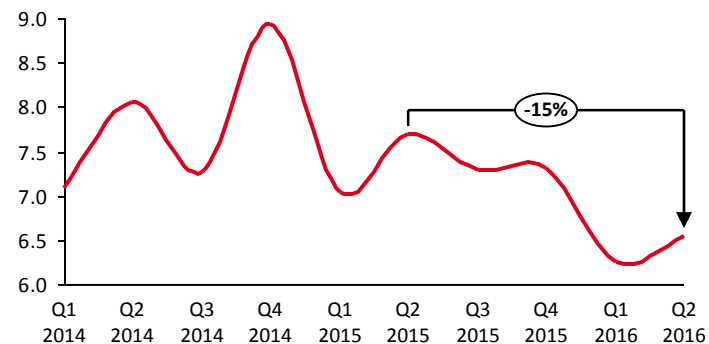


# COST DISCIPLINE CONTINUES

## CAPEX BY REGION AND TYPE IN H1 2016 (HUF bn)

	HUN	CRO	KRI	RUS	PAK	UK	NOR	OTHER	TOTAL H1 2016	TOTAL H1 2015
<b>EXP</b>	3.2	0.2	0.0	0.0	2.9	0.2	2.0	6.0	14.5	42.9
<b>DEV</b>	8.2	10.9	0.2	2.1	0.8	28.7	0.0	2.4	53.2	49.7
<b>C&amp;O</b>	1.8	2.4	0.7	0.0	0.0	0.1	0.1	0.0	5.2	11.3
<b>M&amp;A</b>	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	6.7
<b>TOTAL H1 2016</b>	13.8	13.5	1.0	2.1	3.6	28.9	2.1	8.5	73.5	
<b>TOTAL H1 2015</b>	16.4	10.2	22.0	3.2	7.1	37.9	0.0	14.0		110.6

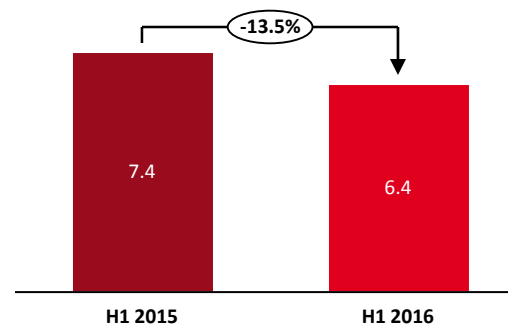
## UNIT OPEX 2014 TO DATE (USD/boe)



## COMMENTS

- ▶ Unit opex declined by 15% YoY in Q2, as costs fell across the board; higher production helped too
- ▶ No material FX impact on unit cost
- ▶ Organic capex dropped 27% in H1 2016 in USD terms (to USD 0.26bn)
- ▶ Exploration capex was down 60%+ in H1 YoY and development capex also declined

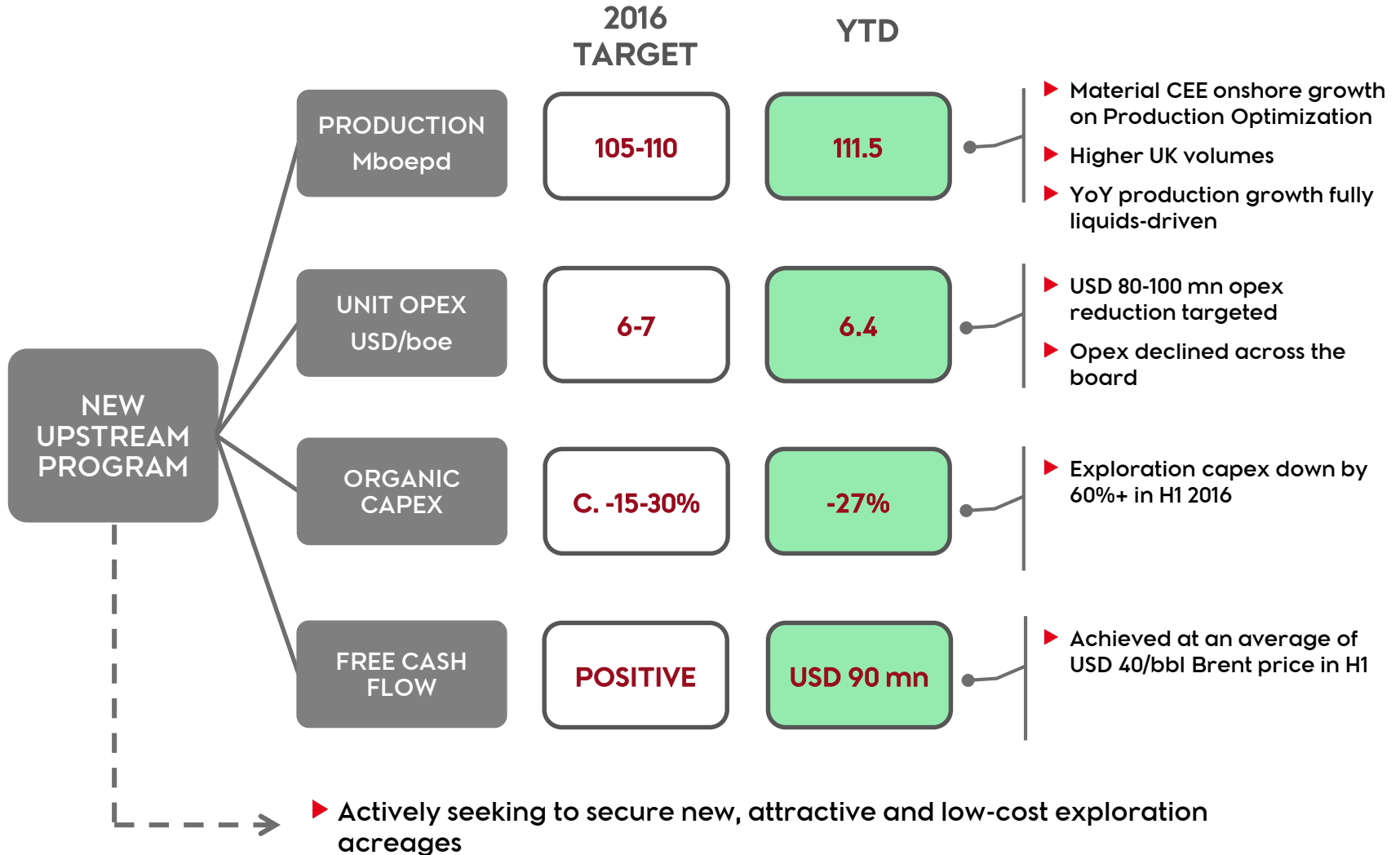
## UNIT OPEX YTD (USD/boe)





# NEW UPSTREAM PROGRAM ON TRACK

SELF FUNDING AND VALUE CREATING BUSINESS AT 45-50 USD/BBL OIL PRICE



# GROUP LEVEL OUTLOOK

# 2016 CLEAN CCS EBITDA GUIDANCE REITERATED

2016 ORGANIC CAPEX GUIDANCE LOWERED TO „UP TO USD 1.1BN”

## EXTERNAL ENVIRONMENT (2016)

- ▶ Oil price: USD 35-50/bbl
- ▶ Downstream: above mid-cycle, below 2015 peaks
  - ▶ Refinery margin: USD 4-5/bbl
  - ▶ Integrated petchems margin: EUR 500-600/t

## EBITDA, CAPEX (2016)

- ▶ USD 2bn+ EBITDA at our planning assumptions
- ▶ Capex guidance lowered by USD 0.2bn to „up to USD 1.1bn”

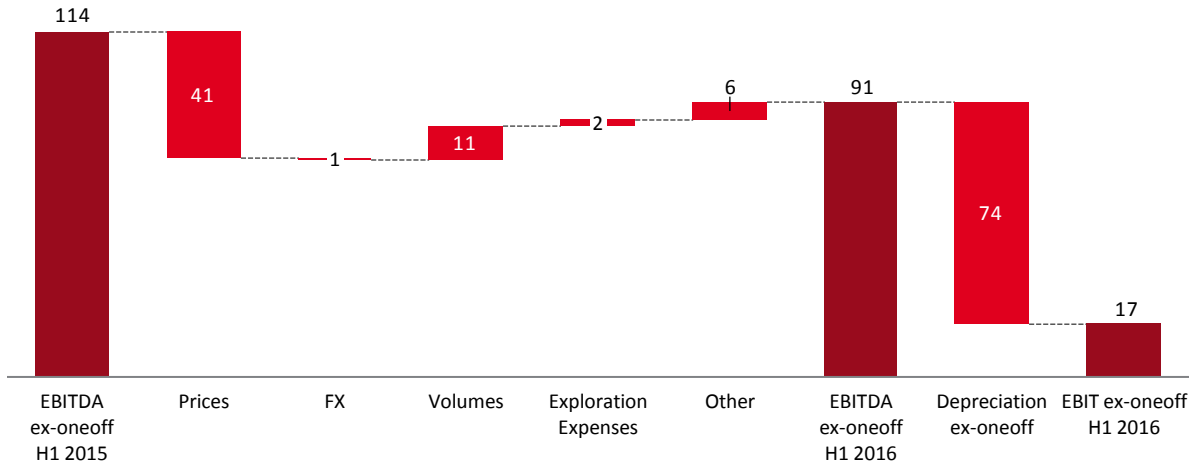
## CORPORATE

- ▶ Integrated business model to sustain strong cash flow generation even under adverse scenarios
- ▶ Operating cash flows to cover organic capex and dividends
- ▶ Maintain robust balance sheet and financial flexibility
- ▶ Self-funding E&P even at USD 35/bbl, generating FCF at USD 45-50/bbl
- ▶ Relentless drive for further efficiency and growth in Downstream

# SUPPORTING SLIDES

# 2016 YTD UPSTREAM & DOWNSTREAM EBITDA CHANGES

## UPSTREAM EBITDA YTD (HUF bn)



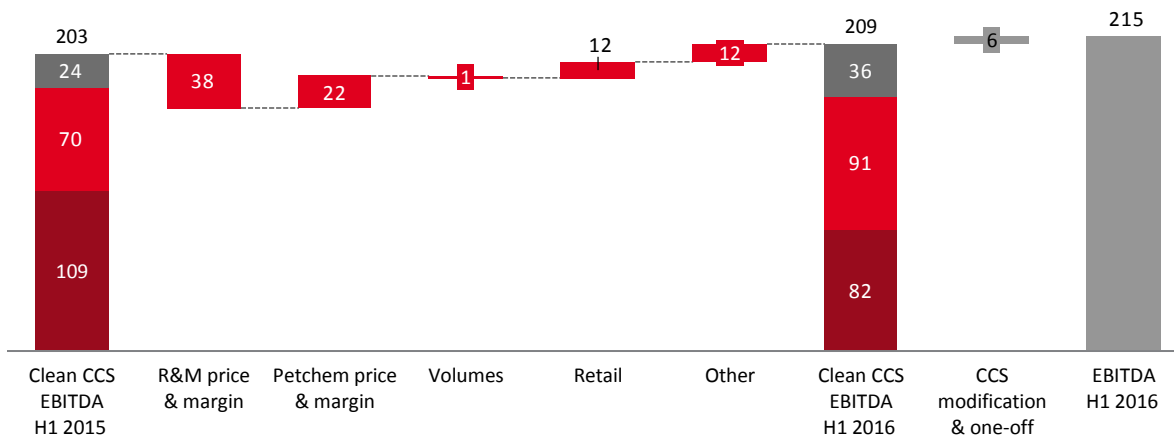
## COMMENTS

### Key drivers in H1 2016

- ▶ Oil prices (-31% yoy)
- ▶ 8% higher production
- ▶ Slightly lower exploration expenses

Depreciation: regular DD&A and smaller scale well write-offs

## DOWNSTREAM EBITDA YTD (HUF bn)



## COMMENTS

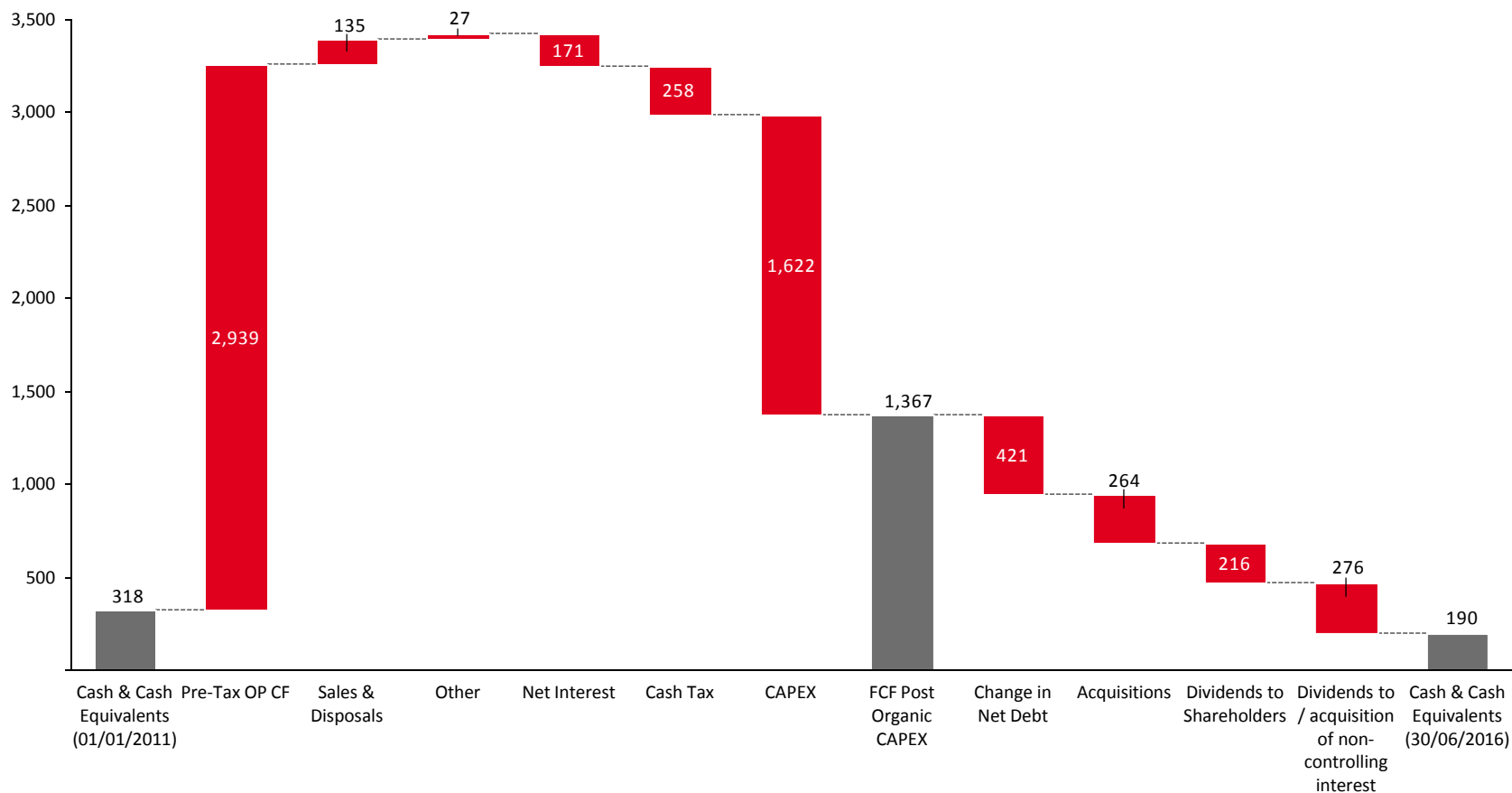
### Key drivers in H1 2016

- ▶ Refining affected by complex margin drop (-1.1 USD/bbl) & unplanned S/D in Bratislava
- ▶ Continued macro tailwind in petchems (IM: +7%)
- ▶ Retail improves by 50%: rising volumes (+12%) supported by inorganic expansion and widening margins



# FINANCIALS: SOURCES AND USES OF CASH

## SOURCES AND USES OF CASH (2011-TO DATE, HUF bn)



# UPSTREAM: OPERATIONAL UPDATE HIGHLIGHTS

## Hungary



- ▶ Successful continuation of the production optimisation campaign with 6 well workovers in Q2 (15 in H1)
- ▶ Hungarian production rose by 8% YoY in H1 to 44.5 mboepd, driven by a 18% jump in oil production to the highest level in 6 years

## Croatia



- ▶ Successful continuation of the production optimisation campaign and the EOR efforts
- ▶ Croatian onshore production increased by 6% YoY in H1 to 26.8 mboepd, with further 14 well workovers finished in Q2
- ▶ First gas is expected in Q3 2016 in the Međimurje development project, incremental production estimated at 2 mboepd in H2 2016, increasing further in 2017
- ▶ Ivanić-Žutica EOR project is progressing with trial injection of CO2 to selected wells
- ▶ Offshore decline continued on natural decline, water cut and lower PSA entitlement

## United Kingdom



- ▶ Cladhan: Production rates show natural decline in line with expectations
- ▶ Scott, Telford & Rochelle: Infill drilling program is ongoing, the contribution from the first infill well fell in Q2 due to natural decline, in line with estimates (-1.0 mboepd, net to MOL).
- ▶ Catcher: Cost savings are delivered across the project; the first development well on the Burgman field has been completed with the second well in progress
- ▶ Scolty-Crathes: The project remains on schedule and under budget. Both development wells have been completed successfully. The Scolty reservoir was on prognosis, while the Crathes reservoir exceeded expectations. First oil is anticipated in H1 2017 by the Operator.

## Norway



- ▶ Focus remains on maturation of the portfolio and active licence management
- ▶ In Q2 2016 MOL took over the operatorship of one of its licences
- ▶ The Rovarkula non-operated exploration well was spudded on July 17

# UPSTREAM: OPERATIONAL UPDATE HIGHLIGHTS

## Pakistan



- ▶ Two new discoveries in the Tal Block: Makori Deep-1 and Tolanj West-1 wells. Post acidization the Makori Deep-1 well flowed oil and gas from the Lockhart-1 formation at a rate of 2,500 bpd and 1,200 boepd (7.2 mmscf/d), respectively. The Tolanj West-1 well complements the Tolanj-X-1 gas discovery from 2011 in the same field. During testing the well flowed gas at a rate of 2,300 boepd (13.1 mmscf/d).
- ▶ The Mardankhel-1 discovery well is to be tied-in in Q3 2016. Its contribution is expected to be around 11 mboepd (gross, MOL's share is 8.4%).
- ▶ The Makori East-5 well was completed in Q2 and is expected to come onstream by the end of Q3 with potential incremental production of around 1,800 boepd (11 mmscf/d) gas and 1,600 bpd condensate.
- ▶ In the Karak block, the Halini Deep-1 oil discovery was made in March 2016 and was tied-in in Q2. As a result, the block's production increased from 1.4 mboepd (avg. Q1 2016) to 2.8 mboepd by the end of Q2 (gross, MOL's share is 40%).

## Kurdistan



- ▶ Production and crude oil export sales continued from 9 wells and two production facilities in Q2 at the non-operated Shaikan field with gross production averaging at around the current capacity level of 40 mbpd

## Oman



- ▶ The second exploration well in Block 66 proved to be dry thus was plugged and abandoned. MOL is currently analyzing the data collected and will make a decision on its position in Oman accordingly.

## Russia



- ▶ In the Baitugan field, 32 wells were drilled in H1, of which 27 wells were completed in H1 (13 wells in Q2). Total production rose further to 11.2 mboepd in Q2 (+22% YoY).

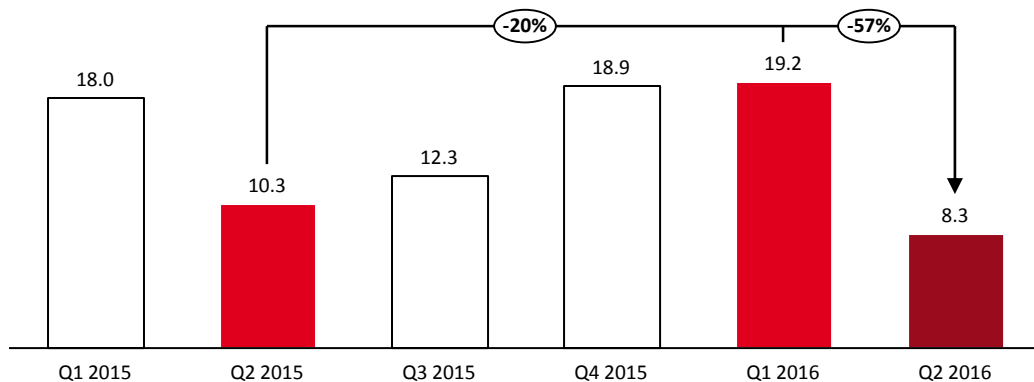
## Kazakhstan



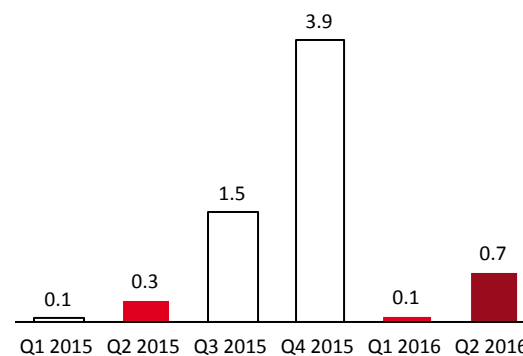
- ▶ Fedorovsky Block: drilling of U-25 well and appraisal program of the Bashkirian discovery ongoing. Further exploration upside targeted by JV partners.

# GAS MIDSTREAM: KEY FINANCIALS

## EBITDA



## CAPEX



## KEY FINANCIALS (HUF bn)

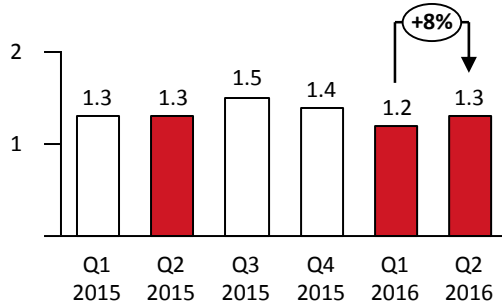
	Q2 2016	Q2 2015	YoY	H1 2016	H1 2015	YTD
EBITDA	8.3	10.3	(20)	27.4	28.3	(3)
EBITDA excl. spec. items	8.3	10.3	(20)	27.4	28.3	(3)
Operating profit/(loss)	5.0	6.9	(27)	20.9	21.5	(3)
Oper. Prof ex. spec. items	5.0	6.9	(27)	20.9	21.5	(3)

## COMMENTS

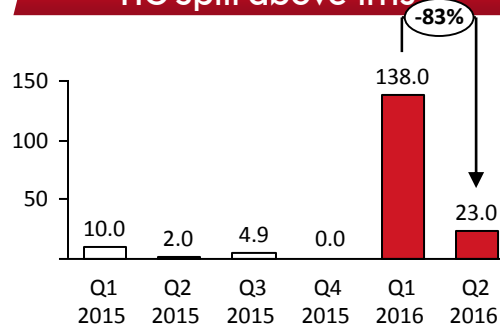
- ▶ H1 2016 EBITDA relatively stable YoY
- ▶ Q2 2016 EBITDA declined by 20% YoY as the domestic regulatory changes triggered more seasonality in revenues and EBITDA

# SD & HSE INDICATORS

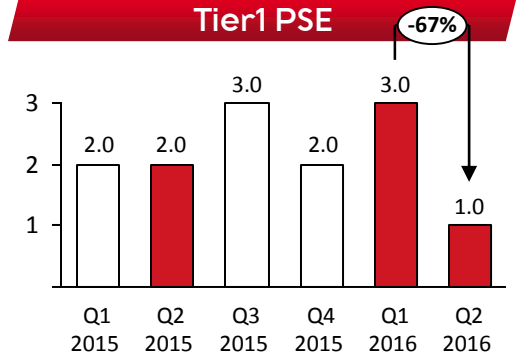
### CO2 under ETS



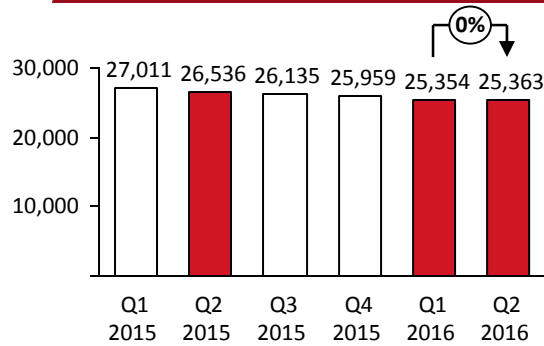
### HC Spill above 1m3



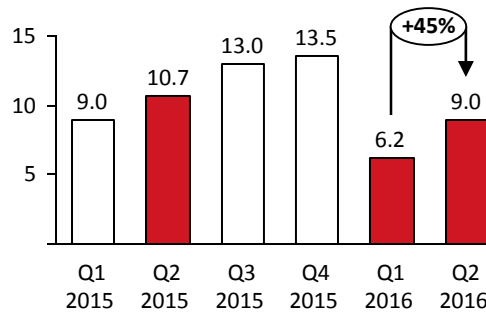
### Tier1 PSE



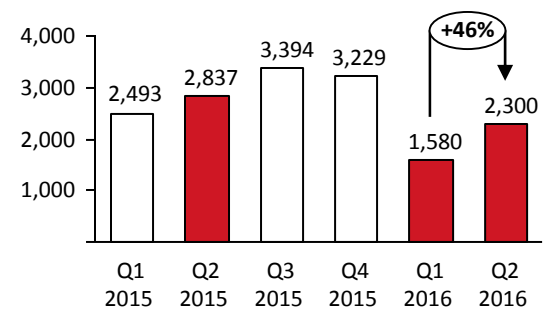
### Total workforce



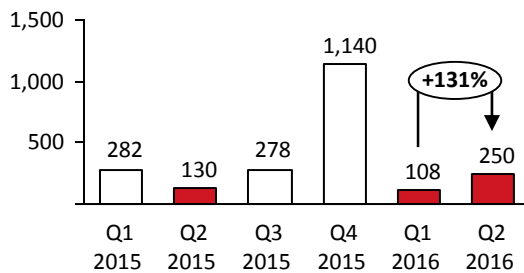
### Turnover rate



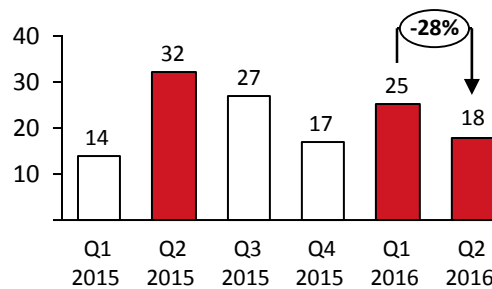
### Leavers



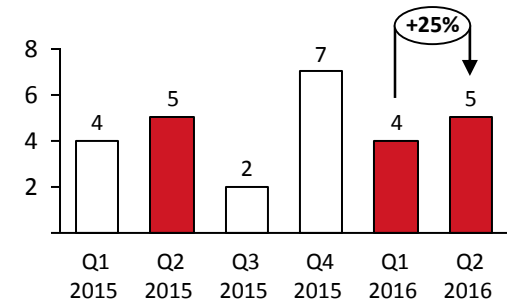
### Donations



### No of ethical reports

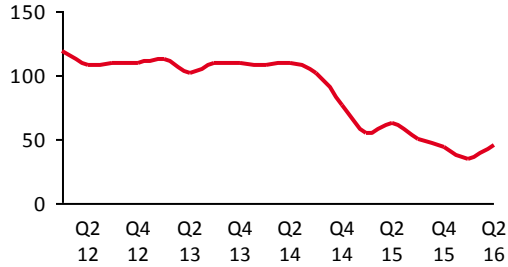


### Ethical misconducts

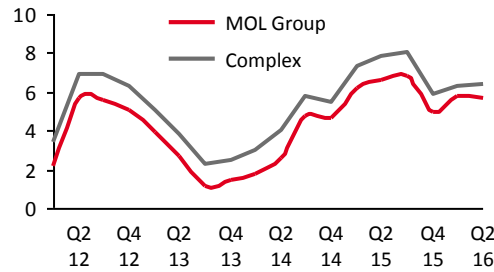


# MACRO INDICATORS

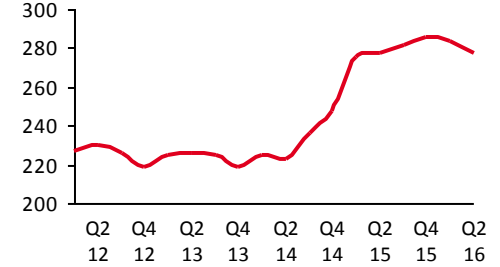
## BRENT



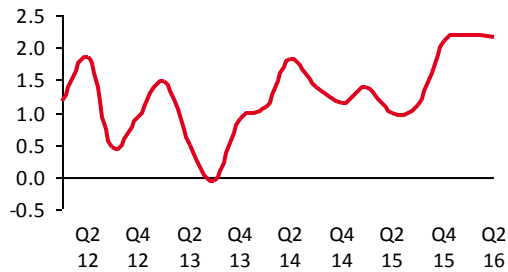
## REFINERY MARGINS



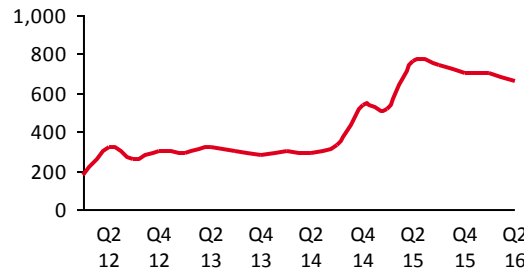
## HUF / USD



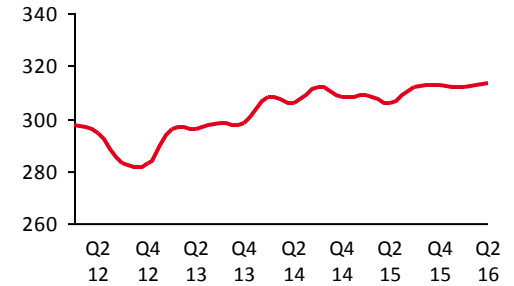
## BRENT URAL SPREAD



## PETCHEM MARGIN

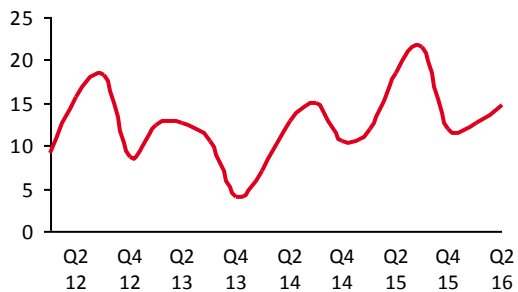


## HUF/EUR

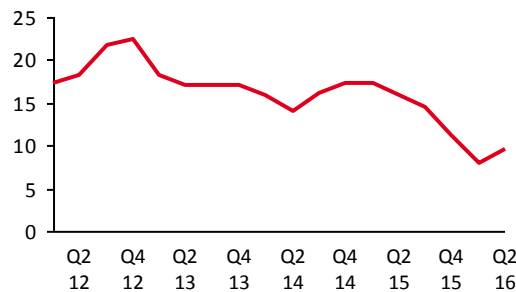


## CRACK SPREADS (USD/bbl)

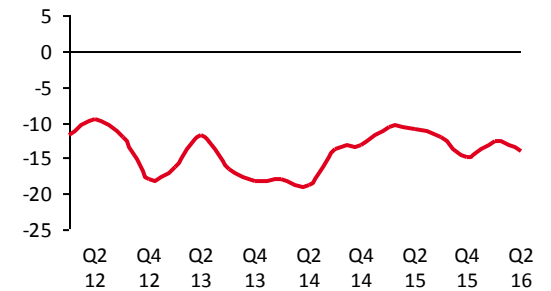
### PREMIUM UNLEADED



### GAS OIL



### FUEL OIL



# CONSOLIDATED INCOME STATEMENT

Q1 2016	Q2 2016	Q2 2015 Restated	YoY Ch %	Income Statement	Notes	H1 2016	H1 2015 Restated	Ch %
699,363	913,659	1,128,996	(19)	Net revenue	6	1,613,022	2,050,835	(21)
6,675	4,717	1,260	275	Other operating income		11,392	11,938	(5)
<b>706,038</b>	<b>918,376</b>	<b>1,130,256</b>	<b>(19)</b>	<b>Total operating income</b>		<b>1,624,414</b>	<b>2,062,773</b>	<b>(21)</b>
467,926	676,492	854,546	(21)	Raw material and consumables used		1,144,418	1,545,455	(26)
58,112	61,439	63,013	(2)	Personnel expenses		119,551	123,237	(3)
70,618	77,762	84,787	(8)	Depreciation, depletion, amortisation and impairment		148,380	158,963	(7)
43,777	49,147	54,333	(10)	Other operating expenses		92,924	108,113	(14)
19,287	(37,117)	(20,451)	81	Change in inventory of finished goods & work in progress		(17,830)	(24,361)	(27)
(11,711)	(13,093)	(15,745)	(17)	Work performed by the enterprise and capitalized		(24,805)	(24,958)	(1)
<b>648,009</b>	<b>814,630</b>	<b>1,020,483</b>	<b>(20)</b>	<b>Total operating expenses</b>		<b>1,462,637</b>	<b>1,886,449</b>	<b>(22)</b>
<b>58,029</b>	<b>103,746</b>	<b>109,773</b>	<b>(5)</b>	<b>Operating (loss) / profit</b>		<b>161,775</b>	<b>176,324</b>	<b>(8)</b>
10,736	2,468	6,164	(60)	Finance income	13	13,204	13,600	(3)
11,414	13,014	20,745	(37)	Finance expense	13	24,428	67,403	(64)
<b>(678)</b>	<b>(10,546)</b>	<b>(14,581)</b>	<b>(28)</b>	<b>Total financial gain / (expense), net</b>		<b>(11,224)</b>	<b>(53,803)</b>	<b>(79)</b>
2,798	3,865	3,005	29	Income from associates	14	6,663	7,038	(5)
<b>60,149</b>	<b>97,065</b>	<b>98,197</b>	<b>(1)</b>	<b>Profit / (loss) before tax</b>		<b>157,214</b>	<b>129,559</b>	<b>21</b>
(12,246)	15,467	39,139	(60)	Income tax expense	15	3,221	44,717	(93)
<b>72,395</b>	<b>81,598</b>	<b>59,058</b>	<b>38</b>	<b>PROFIT / (LOSS) FOR THE PERIOD</b>		<b>153,993</b>	<b>84,842</b>	<b>82</b>
				<b>Attributable to:</b>				
<b>77,177</b>	<b>83,543</b>	<b>57,454</b>	<b>45</b>	<b>Equity holders of the parent</b>		<b>160,720</b>	<b>86,624</b>	<b>86</b>
(4,782)	(1,945)	1,603	n.a.	Non-controlling interests		(6,727)	(1,782)	277
<b>819</b>	<b>908</b>	<b>604</b>	<b>50</b>	<b>Basic earnings per share attributable to ordinary equity holders of the parent (HUF)</b>		<b>1,727</b>	<b>903</b>	<b>91</b>
<b>794</b>	<b>908</b>	<b>586</b>	<b>55</b>	<b>Diluted earnings per share attributable to ordinary equity holders of the parent (HUF) <sup>(6)</sup></b>		<b>1,702</b>	<b>885</b>	<b>92</b>

# CONSOLIDATED BALANCE SHEET

Balance Sheet	Notes	30 Jun 2016	31 Dec 2015	Ch %
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets		232,365	235,412	(1)
Property, plant and equipment	8	2,231,518	2,229,059	0
Investments in associated companies and joint ventures		193,901	189,969	2
Available-for-sale investments		30,551	28,103	9
Deferred tax asset		144,290	113,467	27
Other non-current assets		75,523	64,687	17
<b>Total non-current assets</b>		<b>2,908,148</b>	<b>2,860,697</b>	<b>2</b>
<b>Current assets</b>				
Inventories	10	361,430	349,177	4
Trade receivables, net	13	463,316	378,749	22
Securities	13	38,252	63,147	(39)
Other current assets		140,397	137,967	2
Income tax receivable		4,520	6,051	(25)
Cash and cash equivalents	13	190,100	132,214	44
<b>Total current assets</b>		<b>1,198,014</b>	<b>1,067,305</b>	<b>12</b>
<b>Total assets</b>		<b>4,106,162</b>	<b>3,928,002</b>	<b>5</b>

Balance Sheet	Notes	30 Jun 2016	31 Dec 2015	Ch %
<b>Equity and Liabilities</b>				
<b>Shareholders' equity</b>				
Share capital <sup>(7)</sup>	11	79,260	79,241	0
Reserves		1,187,112	1,634,081	(27)
Profit / (loss) attributable to equity holders of the parent		160,720	(256,554)	n.a.
<b>Equity attributable to equity holders of the parent</b>		<b>1,427,092</b>	<b>1,456,768</b>	<b>(2)</b>
Non-controlling interest		328,651	364,349	(10)
<b>Total Shareholders' equity</b>		<b>1,755,743</b>	<b>1,821,117</b>	<b>(4)</b>
<b>Non-current liabilities</b>				
Long-term debt	13	457,100	461,681	(1)
Provisions - long term	12	410,352	415,974	(1)
Deferred tax liabilities		73,001	67,209	9
Other non-current liabilities		30,858	30,633	1
<b>Total non-current liabilities</b>		<b>971,311</b>	<b>975,497</b>	<b>0</b>
<b>Current liabilities</b>				
Trade and other payables		885,620	857,201	3
Current income tax payable		17,936	15,258	18
Provisions - short term	12	32,362	52,947	(39)
Short-term debt	13	443,191	205,982	115
<b>Total current liabilities</b>		<b>1,379,108</b>	<b>1,131,388</b>	<b>22</b>
<b>Total equity and liabilities</b>		<b>4,106,162</b>	<b>3,928,002</b>	<b>5</b>



# CONSOLIDATED CASH FLOW STATEMENT

Q1 2016	Q2 2016	Q2 2015 Restated	YoY Ch %	Cash Flow	Notes	H1 2016	H1 2015 Restated	Ch %
60,149	97,065	98,197	(1)	<b>Profit / (loss) before tax</b>		157,214	129,559	21
				Adjustments to reconcile profit before tax to net cash provided by operating activities				
70,618	77,762	84,787	(8)	Depreciation, depletion, amortisation and impairment		148,380	158,963	(7)
(667)	493	(1,764)	n.a.	Write-off / (reversal of write-off) of inventories		(174)	(7,764)	(98)
(15,057)	(13,416)	(4,557)	194	Increase / (decrease) in provisions		(28,474)	(3,236)	780
(799)	(966)	2,235	n.a.	Net (gain) / loss on sale of fixed assets		(1,765)	(1,632)	8
2,978	(1,179)	3,390	n.a.	Write-off / (reversal of write-off) of receivables		1,798	2,532	(29)
640	84	(1,233)	n.a.	Net (gain) / loss on sale of subsidiaries		724	(1,233)	n.a.
(937)	(1,366)	(3,070)	(56)	Interest income		(2,303)	(4,417)	(48)
7,614	9,268	9,353	(1)	Interest expense		16,882	19,822	(15)
(8,222)	3,507	7,275	(52)	Net foreign exchange (gain) / loss		(4,716)	27,852	n.a.
984	(3,723)	(2,604)	43	Other financial (gain) / loss, net		(2,739)	2,911	n.a.
(2,797)	(3,865)	(3,006)	29	Share of net profit of associates and joint venture		(6,662)	(7,038)	(5)
(290)	9,344	1,625	475	Other non-cash item		9,057	(3,116)	n.a.
<b>114,214</b>	<b>173,008</b>	<b>190,628</b>	<b>(9)</b>	<b>Operating cash flow before changes in working capital</b>		<b>287,222</b>	<b>313,203</b>	<b>(8)</b>
<b>(29,804)</b>	<b>(22,995)</b>	<b>(64,371)</b>	<b>(64)</b>	<b>Total change in working capital o/w:</b>		<b>(52,798)</b>	<b>(116,732)</b>	<b>(55)</b>
57,953	(62,348)	(44,588)	40	(Increase) / decrease in inventories		(4,394)	(53,752)	(92)
(26,519)	(55,989)	(33,654)	66	(Increase) / decrease in trade receivables		(82,508)	(52,091)	58
(29,309)	1,414	(9,721)	n.a.	(Increase) / decrease in other current assets		(27,895)	(5,892)	373
(56,492)	95,696	4,494	n.a.	Increase / (decrease) in trade payables		39,204	(17,480)	n.a.
24,563	(1,768)	19,098	n.a.	Increase / (decrease) in other payables		22,795	12,483	83
(6,869)	(15,341)	(2,678)	473	Income taxes paid		(22,211)	(13,587)	63
<b>77,541</b>	<b>134,672</b>	<b>123,579</b>	<b>9</b>	<b>Net cash provided by / (used in) operating activities</b>		<b>212,213</b>	<b>182,884</b>	<b>16</b>
(78,859)	(62,769)	(94,807)	(34)	Capital expenditures, exploration and development costs		(141,628)	(186,777)	(24)
1,241	927	(1,164)	n.a.	Proceeds from disposals of property, plant and equipment		2,168	3,211	(32)
(4,341)	(5,454)	920	n.a.	Acquisition / sale of subsidiaries (net of cash) and other financial investments		(9,796)	(14,744)	(34)
434	(4,409)	30,915	n.a.	Changes in loans given and long-term bank deposits		(3,975)	32,018	n.a.
(6,812)	32,174	(581)	n.a.	Changes in short-term investments		25,362	(755)	n.a.
125	1,411	3,374	(58)	Interest received and other financial income		1,538	5,021	(69)
2	4,685	7,695	(39)	Dividends received		4,687	7,748	(40)
<b>(88,210)</b>	<b>(33,435)</b>	<b>(53,648)</b>	<b>(38)</b>	<b>Net cash (used in) / provided by investing activities</b>		<b>(121,644)</b>	<b>(154,278)</b>	<b>(21)</b>
-	233,348	-	n.a.	Issuance of notes		233,348	-	n.a.
336,749	145,044	409,058	(65)	Drawdown of loans and borrowings		481,793	796,399	(40)
(143,481)	(341,646)	(438,120)	(22)	Repayments of loans and borrowings		(485,127)	(815,529)	(41)
(16,849)	(8,943)	(19,289)	(54)	Interest paid and other financial costs		(25,792)	(24,264)	6
(9)	(47,731)	(40,759)	17	Dividends paid to shareholders		(47,740)	(40,771)	17
(1,897)	(610)	(5,283)	(88)	Dividends paid to non-controlling interest		(2,507)	(7,131)	(65)
(189,556)	(3)	-	n.a.	Acquisition of non-controlling interest		(189,559)	(6,222)	n.a.
<b>(15,043)</b>	<b>(20,541)</b>	<b>(94,393)</b>	<b>(78)</b>	<b>Net cash (used in) / provided by financing activities</b>		<b>(35,584)</b>	<b>(97,518)</b>	<b>(64)</b>
(783)	3,686	11,399	(68)	Currency translation differences relating to cash and cash equivalents		2,901	1,825	59
<b>(26,495)</b>	<b>84,381</b>	<b>(13,063)</b>	<b>n.a.</b>	<b>Increase/(decrease) in cash and cash equivalents</b>		<b>57,886</b>	<b>(67,087)</b>	<b>n.a.</b>
<b>132,214</b>	<b>105,719</b>	<b>149,719</b>	<b>(29)</b>	<b>Cash and cash equivalents at the beginning of the period</b>		<b>132,214</b>	<b>203,743</b>	<b>(35)</b>
				from which:				
132,214	105,719	149,719	(29)	- presented in Balance Sheet		132,214	203,743	(35)
<b>105,719</b>	<b>190,100</b>	<b>136,656</b>	<b>39</b>	<b>Cash and cash equivalents at the end of the period</b>		<b>190,100</b>	<b>136,656</b>	<b>39</b>
				from which:				
105,719	190,100	136,656	39	- presented in Balance Sheet		190,100	136,656	39