

Entry into municipal waste management services in Hungary



MOL WILL PROVIDE MUNICIPAL WASTE MANAGEMENT SERVICES AS A SINGLE LICENSOR IN HUNGARY

KEY FEATURES OF THE WASTE MANAGEMENT CONCESSION

PERIOD OF 35 YEARS

- ▶ with a commencement date of 1 July, 2023

4.5 – 5 MILLION TONS
WASTE PER ANNUM

- ▶ of total waste stream falling under the concession system

AROUND HUF 185BN
INVESTMENT

- ▶ Into the development of the waste management including collection and pre-treatment infrastructure with an investment obligation within the initial ten years of the concession agreement

MINIMUM 100 KTS
CAPACITIES PER
ANNUM

- ▶ Of new waste-to-energy generation capacities within the initial five years of the concession contract

ACQUISITION OF
LEGAL ENTITIES

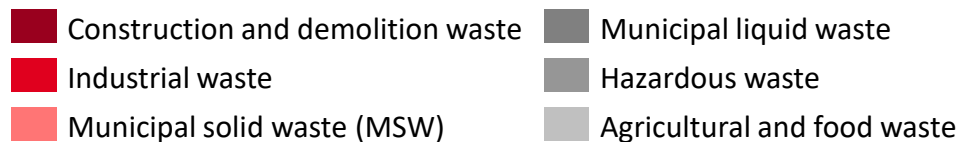
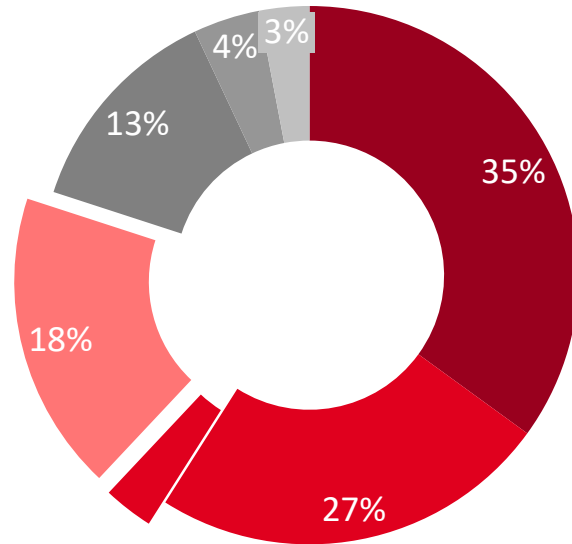
- ▶ such as NHKV, responsible for the coordination of the Hungarian waste management system and NHSZ, the public service provider on the municipal waste management market

THE CONCESSION IS EXPECTED TO COVER ~5 MN TONNES OF WASTE AND THE WHOLE TERRITORY OF HUNGARY

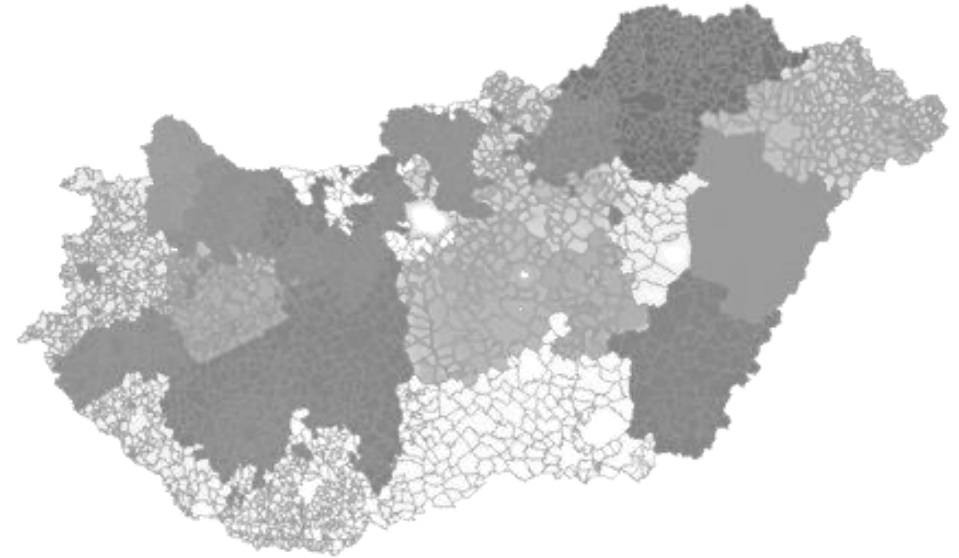
COMPOSITION OF WASTE BY SOURCE (HUNGARY, 2019)

Total waste:
20 mn tons

MOL'S SCOPE :
4.7 mn tons
(mainly
municipal solid
waste)



FRAGMENTED OPERATION IN RING-FENCED REGIONS



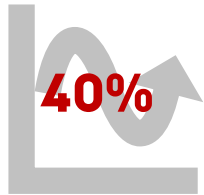
- ▶ 26 services providers operating independently
- ▶ Lack of synergies as a result of fragmented municipal waste management operations

EFFICIENCY GAINS AND MINIMIZING LANDFILL PROVIDE SIGNIFICANT IMPROVEMENT POTENTIAL

CURRENT WASTE MANAGEMENT SYSTEM



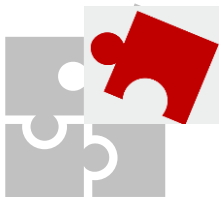
- ▶ Low coverage of waste transfer stations
 - ▶ Current utilization is cca. 50%



- ▶ Oversized capacities
 - ▶ Facility network operates at 40% utilization

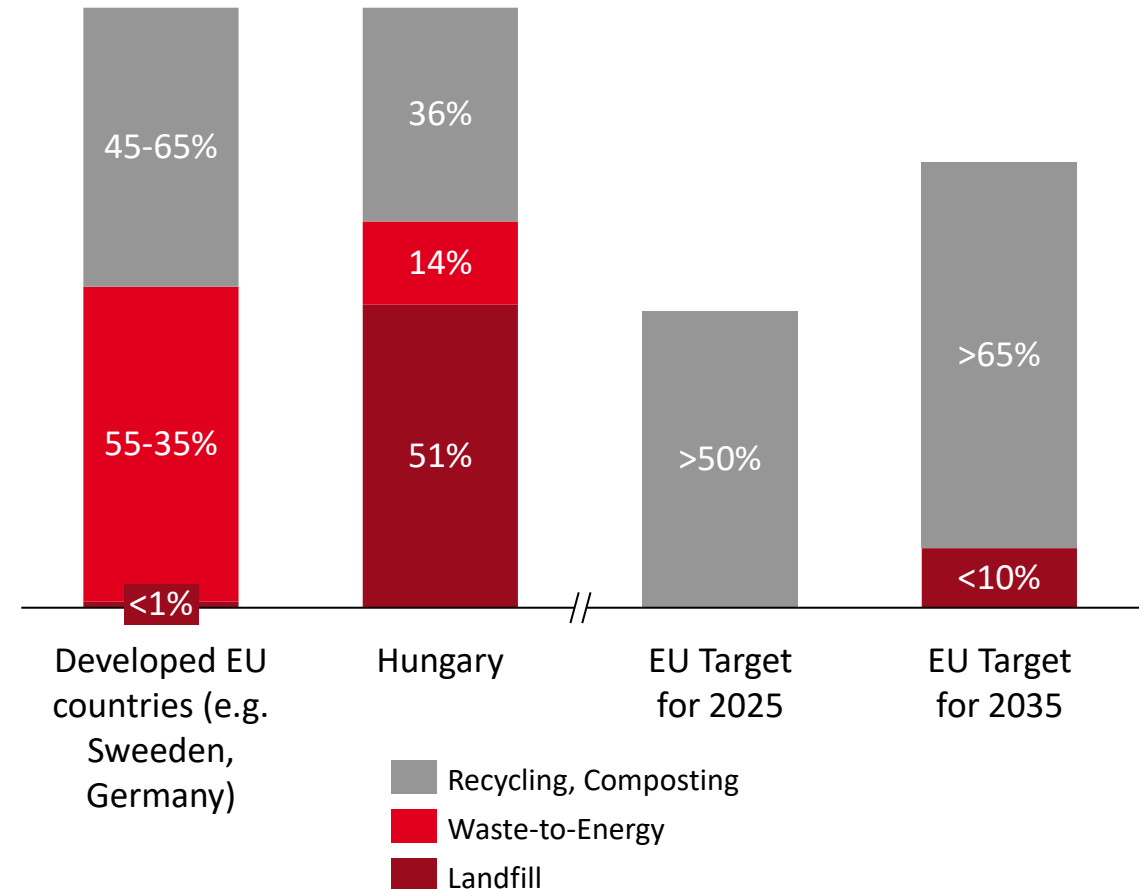


- ▶ Fleet utilization is suboptimal
 - ▶ 60% utilization



- ▶ Lack of funding, strategy and systematic approach
- ▶ Inconsistent incentives

MUNICIPAL WASTE HANDLING IN THE EU



WASTE MANAGEMENT PROVIDES ACCESS TO FEEDSTOCK

MOL DOWNSTREAM FEEDSTOCK



Petchem
(LDPE, HDPE, PP, PUR)



Fuel feedstock
(biogas, bio component)



Energy
(electricity , H2, steam)



Modified Rubber Bitumen

FEEDSTOCK FOR NEW BUSINESSES



PET, PS



Glass



Metal



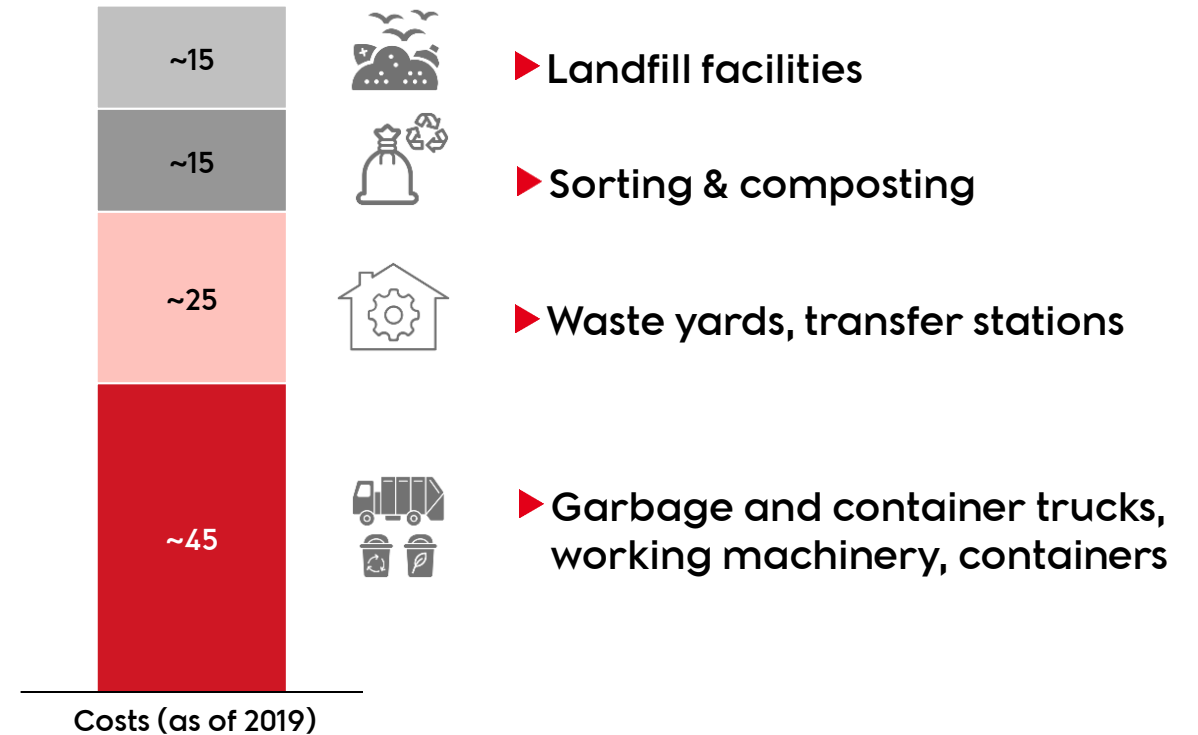
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COST BASED COMPENSATION TO COVER EXPENSES, SALES FROM RECYCLABLE MATERIALS PROVIDES UPSIDE

MAIN REVENUE STREAMS

- ▶ Public services: regulated revenue stream for household services
- ▶ Extended producer responsibility (EPR): producers cover part of waste costs
- ▶ Deposit fees, regulated return on capital, etc.
- ▶ Sales of recyclable materials within MOL Group or to external customers

MAIN COST STREAMS (%)



UNIQUE CAPABILITIES TO SUPPORT SUCCESSFUL IMPLEMENTATION

WASTE MANAGEMENT EXPERIENCE

- ▶ Waste handling of 100-120th tonnes p.a. within current operations
- ▶ Recycled material utilization and recycling technology development

INTEGRATED VALUE CHAIN MANAGEMENT

- ▶ Value chain management and operational experience within the CEE (and beyond)

COMPLEX BUSINESS OPERATIONS

- ▶ Integrated oil and gas company in transition

INTERNAL CAPABILITIES

- ▶ Management experience: team composition strikes the right balance between experience in waste management and relevant in-house track record

FINANCIAL CAPABILITIES

- ▶ In line with the 2030+ strategy, MOL is committed to invest into circular economy infrastructure development with up to USD 1bn earmarked for new businesses in the 2022-26 period

INTEGRATED WASTE MANAGEMENT CONCESSION

EXTENDED SERVICE SCOPE WITH MANAGING ROLE IN THE WHOLE VALUE CHAIN

Extended Public Service

