

2008 Third Quarter and First Nine Months Results



► **MOL GROUP**

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Unexpected macro changes in Q3

(IFRS), in USD million ⁽¹⁾	Q3 2007	Q3 2008	Ch %	Q1-Q3 2007	Q1-Q3 2008	Ch %
EBITDA ⁽³⁾	735.3	478.1	(35)	1,968.6	1,840.6	(6)
Operating profit excl. special items ^{(2) (3)}	428.5	269.8	(37)	1,236.4	1,180.4	(5)
Net financial gain/(expenses)	27.0	(265.4)	n.a.	(151.6)	(17.6)	(88)
Net income excl. special items ⁽²⁾	324.7	(1.9)	n.a.	704.7	1,069.1	52

(IFRS), in HUF billion	Q3 2007	Q3 2008	Ch %	Q1-Q3 2007	Q1-Q3 2008	Ch %
EBITDA ⁽³⁾	134.8	75.2	(44)	367.5	300.0	(18)
Operating profit excl. special items ^{(2) (3)}	78.6	42.4	(46)	230.8	192.4	(17)
Net financial gain/(expenses)	4.9	(41.7)	n.a.	(28.3)	(2.9)	(90)
Net income excl. special items ⁽²⁾	59.5	(0.3)	n.a.	131.6	174.3	32

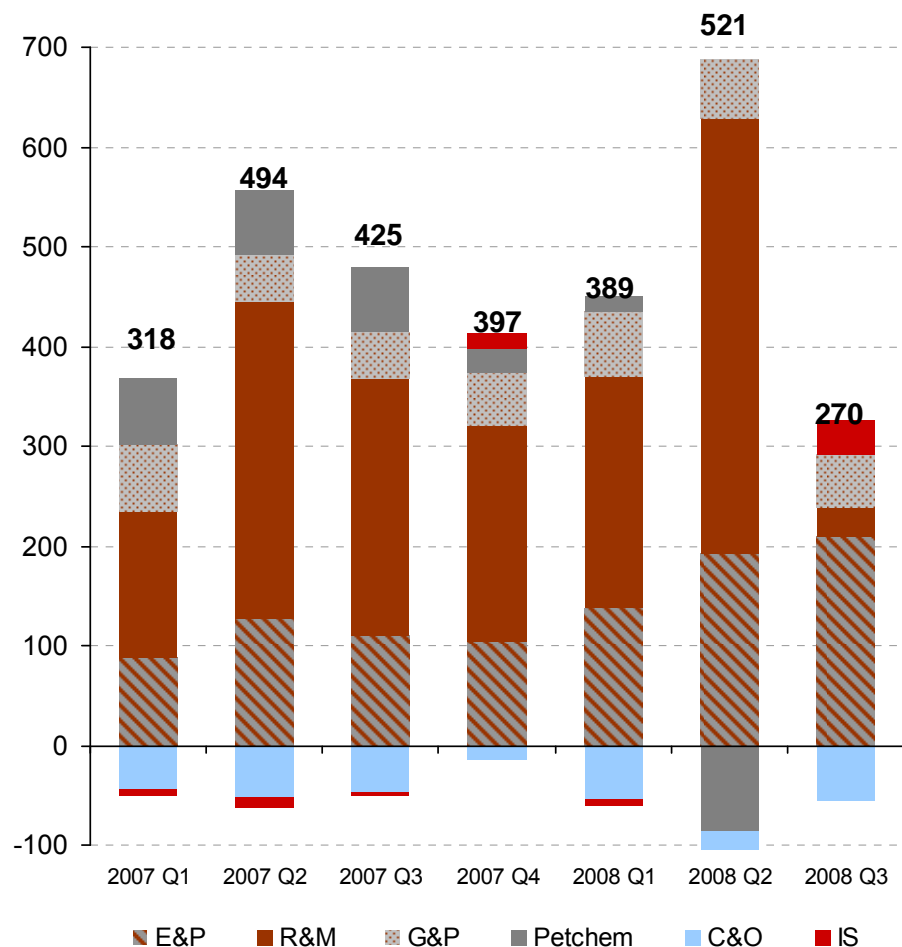
(1) In converting HUF financial data into USD, the following average NBH rates were used: for Q3 2007: 183.3 HUF/USD, for Q1-Q3 2007: 186.7 HUF/USD, for Q3 2008: 157.2 HUF/USD, for Q1-Q3 2008: 163.0 HUF/USD.

(2) Operating profit excludes the one-off gain on the acquisition of TVK shares realised in H1 2007 (HUF 14.4), the provisional liability made for the paraffin fine (HUF 5.8 bn) realised in Q3 2008 as well as the receivable for subsequent settlement from E.ON in connection with the gas business sale for the period of Q1-Q3 2008 and Q3 2007 (HUF 6.4 bn and HUF 17.4, respectively).

(3) Q3 2007 and Q1-Q3 2007 figures were restated as the Group has changed its accounting policy in 2007 to disclose Hungarian local trade tax and innovation fee as income tax expense as these tax types show the characteristics of income taxes rather than operating expenses. In previous years, local trade tax has been recorded as operating expense.

Operating profit performance

Quarterly Operating profit (USD mn)¹



1 Operating profit excludes:

- ▶ In Q3 2008 the provisional liability made for the paraffin fine (HUF 5.8 bn)
- ▶ In Q2 2008 the receivable for subsequent settlement from E.ON in connection with the gas business sale for the period of Q2 2008 (HUF 6.4 bn).
- ▶ In Q4 2007 the subsequent settlement from E.ON in connection with the gas business sales, which HUF 26.8 bn income has been accrued in Q4 2007.
- ▶ In Q3 2007 the subsequent price adjustment for gas business sale (HUF 17.4 bn).
- ▶ In Q2 2007 the one-off gain on the acquisition of TVK shares (HUF 0.5 bn).
- ▶ In Q1 2007 the one-off gain on the acquisition of TVK shares (HUF 13.9 bn).

Weaker Q3 2008 performance, especially compared to excellent Q2

- ▶ Dramatic fall in Downstream due to external factors
- ▶ Excellent Upstream contribution
- ▶ Petrochemicals almost at break-even
- ▶ Stable Gas and Power

Q1-Q3 2008 operating profit was stable y-o-y

- ▶ 5% drop in Downstream
- ▶ Strong Upstream contribution
- ▶ Petrochemicals in the red
- ▶ Stable Gas and Power

Upstream results not effected by oil price fall in Q3

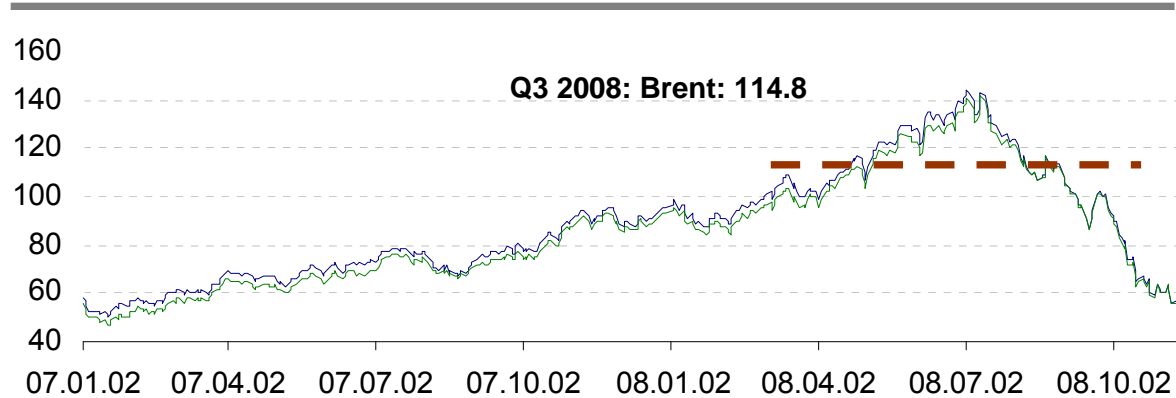
Q3 2008 vs. Q2 2008: sharp crude price fall

- ▶ Brent plummeted to 85 USD/bbl from all-time high of 144 USD/bbl (July)
- ▶but it only eroded by 5% on average vs Q2
- ▶ Natural gas price still increased

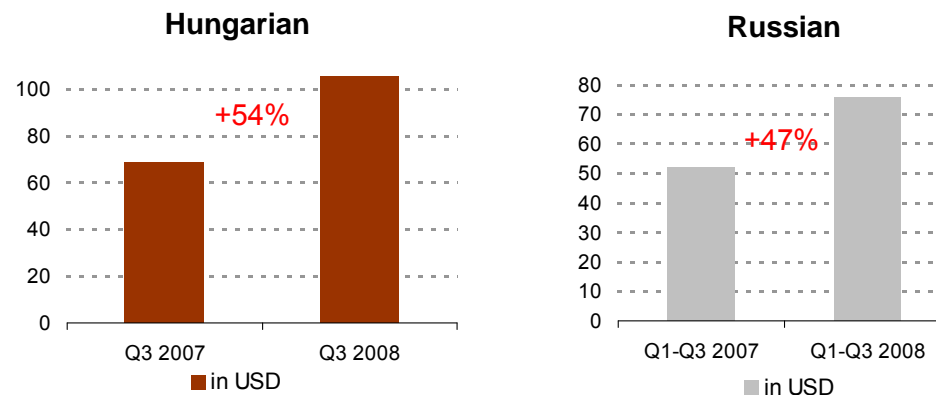
Q3 2008 vs. Q3 2007: excellent

- ▶ Brent averaged at 115 USD/bbl (up 53% y-o-y)
- ▶ Realized gross prices grew by 51% in USD-terms...
- ▶ ...but only by 30% in HUF-terms

Brent & Ural daily average crude price (USD/bbl)



Realized gross crude oil and condensate prices (bbl)



Upstream – Strong profit on higher gas and crude price

Q2 2008	Q3 2008	Q3 2007	Ch. %	Exploration & Production (in HUF bn)	Q1-Q3 2007	Q1-Q3 2008	Ch. %
37.2	43.4	34.1	27	EBITDA	91.2	177.0	94
37.2	43.4	34.1	27	<i>EBITDA excluding Szőreg 1 field disposal</i>	91.2	111.6	22
30.6	32.9	20.1	63	Operating profit/(loss)	60.7	152.7	151
30.6	32.9	20.1	63	<i>Operating profit/(loss) excluding Szőreg 1 field disposal</i>	60.7	87.3	44

Q2 2008	Q3 2008	Q3 2007	Ch. %	Exploration & Production (in USD mn)	Q1-Q3 2007	Q1-Q3 2008	Ch. %
235	276	186	48	EBITDA	488	1,086	123
235	276	344	(58)	<i>EBITDA excluding Szőreg 1 field disposal</i>	972	1,024	5
193	209	110	90	Operating profit/(loss)	325	937	188
193	209	110	90	<i>Operating profit/(loss) excluding Szőreg 1 field disposal</i>	325	536	65

Q3 2008 vs. Q2 2008 EBIT movers:

+ 4% volume increase fuelled by gas production growth

Hydrocarbon production averaged at 87.4 th boe/day

+ Natural gas price increase causing modest increase in average realised price in HUF-terms

Q3 2008 vs. Q3 2007 EBIT movers:

+ Extremely high average crude oil prices

- The higher realised prices in USD-term moderated by a major adverse impact of a weak USD and the strengthening of the HUF

- Moderate production erosion

Downstream – mixed environment

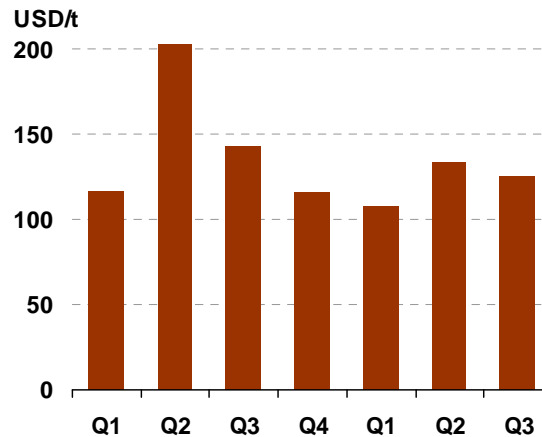
Q3 2008 vs. Q2 2008:

- ▶ Diesel crack spread down 21%
- ▶ 6% drop in gasoline crack spread
- ▶ 55% increase in naphtha spread
- ▶ Brent-Ural spread halved

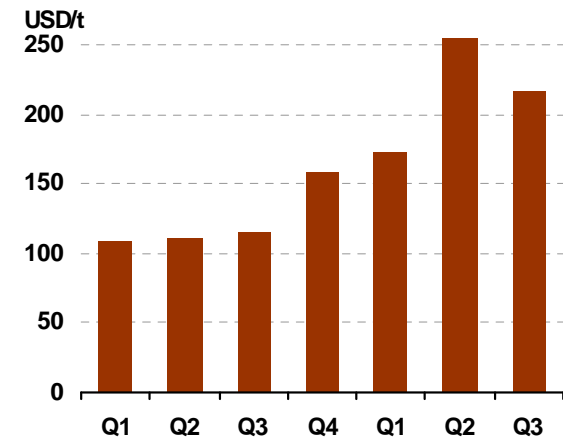
Q3 2008 vs. Q3 2007:

- ▶ Diesel crack spread almost doubled
- ▶ Gasoline crack spread weakened by 13%
- ▶ Naphtha crack spread dropped by 33%

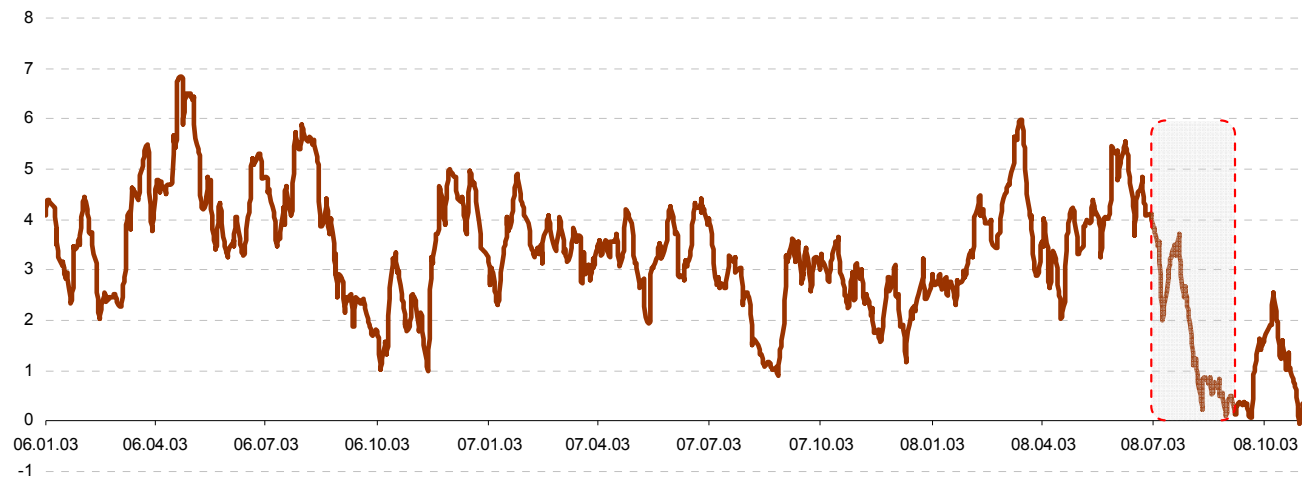
Average premium unleaded crack spread (10 ppm)



Average diesel crack spread (10 ppm)



Brent-Urals differential (USD/bbl)



Downstream – hit by external factors

Q2 2008	Q3 2008	Q3 2007	Ch. %	Refining & Marketing (in HUF bn)	Q1-Q3 2007	Q1-Q3 2008	Ch. %
86.3	22.9	63.0	(64)	EBITDA	181.5	167.0	(8)
69.0	4.5	47.2	(90)	Operating profit/(loss)	134.1	113.6	(15)
48.6	33.9	37.8	(10)	Estimated CCS-based EBIT excl. one-off effects*	116.0	114.9	(1)

Q2 2008	Q3 2008	Q3 2007	Ch. %	Refining & Marketing (in USD mn)	Q1-Q3 2007	Q1-Q3 2008	Ch. %
544	146	344	(58)	EBITDA	972	1024	5
435	29	258	(89)	Operating profit/(loss)	718	697	(3)
306	216	206	5	Estimated CCS-based EBIT excl. one-off effects*	621	705	13

Q3 2008 vs Q2 2008 EBIT movers

- Weakening crack-spreads
- Crude price fall caused significant inventory losses
- Shut down at IES
- Volatile FX movements

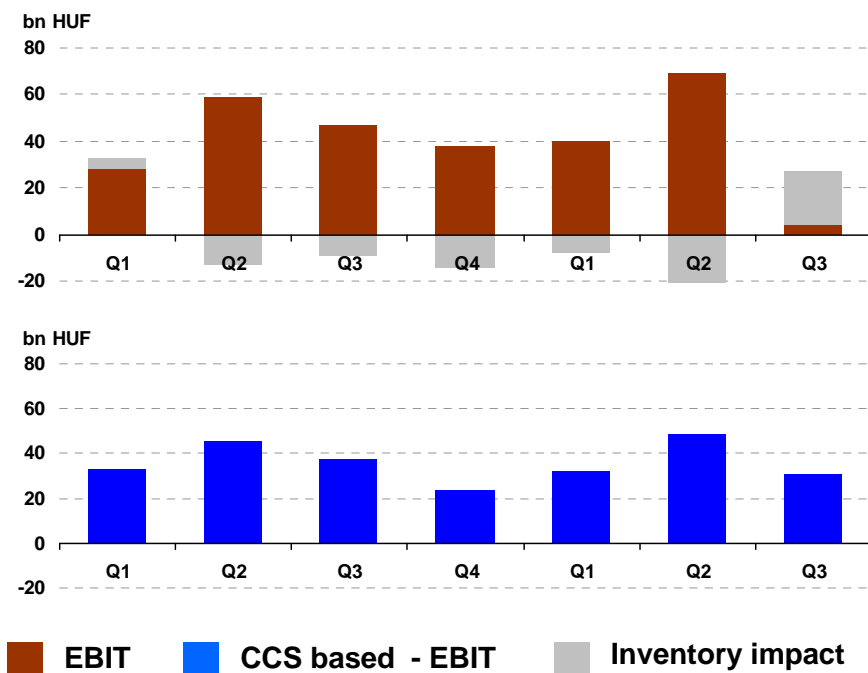
Q3 2008 vs Q3 2007 EBIT movers

- + Excellent diesel and jet crack spreads
- Negative inventory holding impact
- Weak USD vs HUF
- IES had negative EBITDA contribution of EUR 10.3 mn loss

*one-off effect including impairment of inventory and loss on the complete planned shut down in September in IES

Inventory impact

CCS impact



Current Cost of Supply (CCS) reporting

- ▶ CCS results exclude inventory holding gains and losses that are inherent in weighted average inventory accounting
- ▶ CCS reflect the actual cost of supplies incurred during the period.
- ▶ Semi-finished and finished products used / sold are charged to cost of sales at the value for which the crude oil content of these products could have been purchased in the period of sales

The difference between reported and CCS-based profit estimate

- ▶ The difference is not significant in case of near-flat crude oil prices, FX rates or minimal inventory level,
- ▶however, it has a material impact if these factors show a major change especially near to the end of a reporting period.

Petrochemicals – margin recovery in Q3

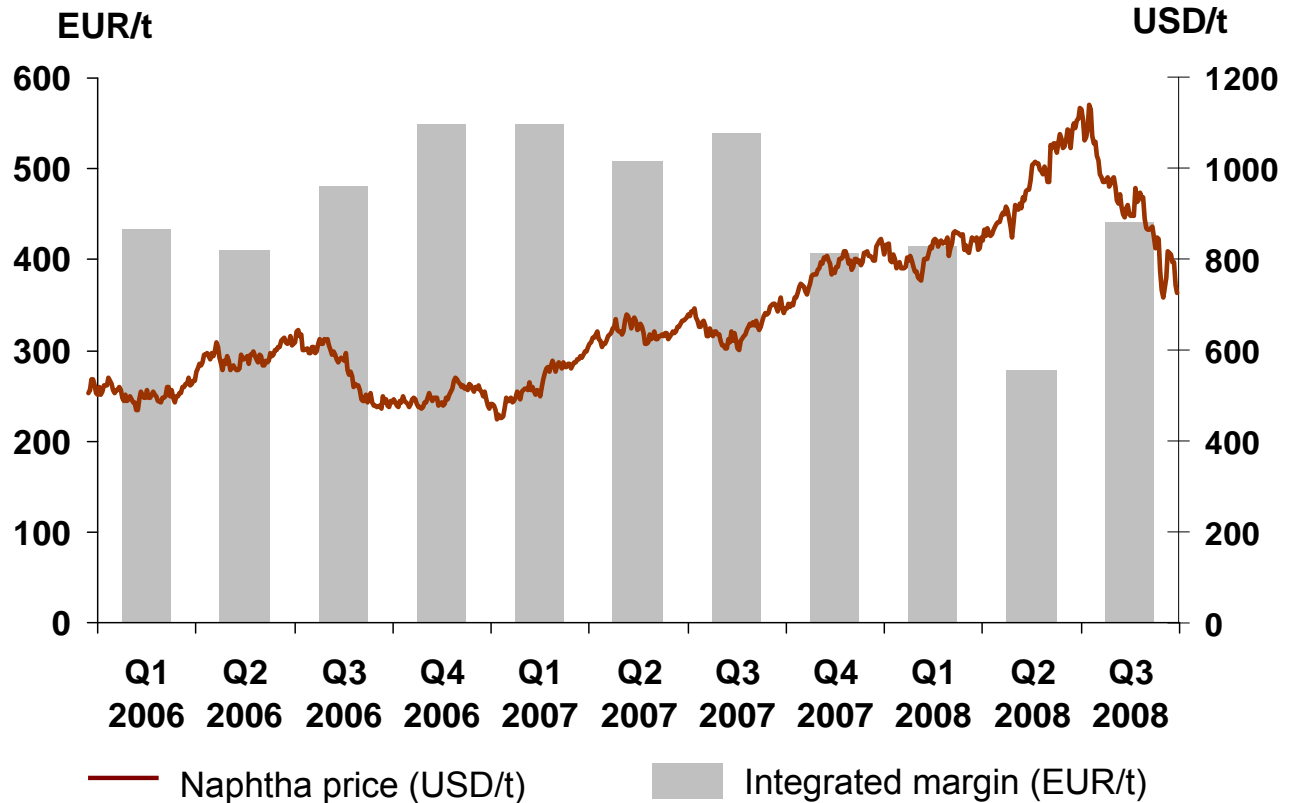
Q3 2008 vs. Q2 2008:

- ▶ Naphtha quotation decreased by 3%,
- ▶ Polyolefin quotations increased by 12-17% on average
- ▶ The integrated petrochemical margin increased by 59%

Q3 2008 vs. Q3 2007:

- ▶ Naphtha quotation increased by 42%,
- ▶ Polyolefin quotations increased by 2 - 15% on average
- ▶ The integrated petrochemical margin decreased by 18%

Integrated margin, Naphtha price (Med, FOB)



Petrochemicals – Q3 almost at Break-Even

Q2 2008	Q3 2008	Q3 2007	Ch. %	Petrochemicals (in HUF bn)	Q1-Q3 2007	Q1-Q3 2008	Ch. %
(8.2)	4.3	16.7	(74)	EBITDA	51.0	3.5	(93)
(13.7)	(0.2)	11.9	n.a.	Operating profit/(loss)	36.8	(11.3)	n.a.

Q2 2008	Q3 2008	Q3 2007	Ch. %	Petrochemicals (in USD mn)	Q1-Q3 2007	Q1-Q3 2008	Ch. %
(52)	28	91	(69)	EBITDA	273	22	(92)
(87)	(1)	65	n.a.	Operating profit/(loss)	197	(69)	n.a.

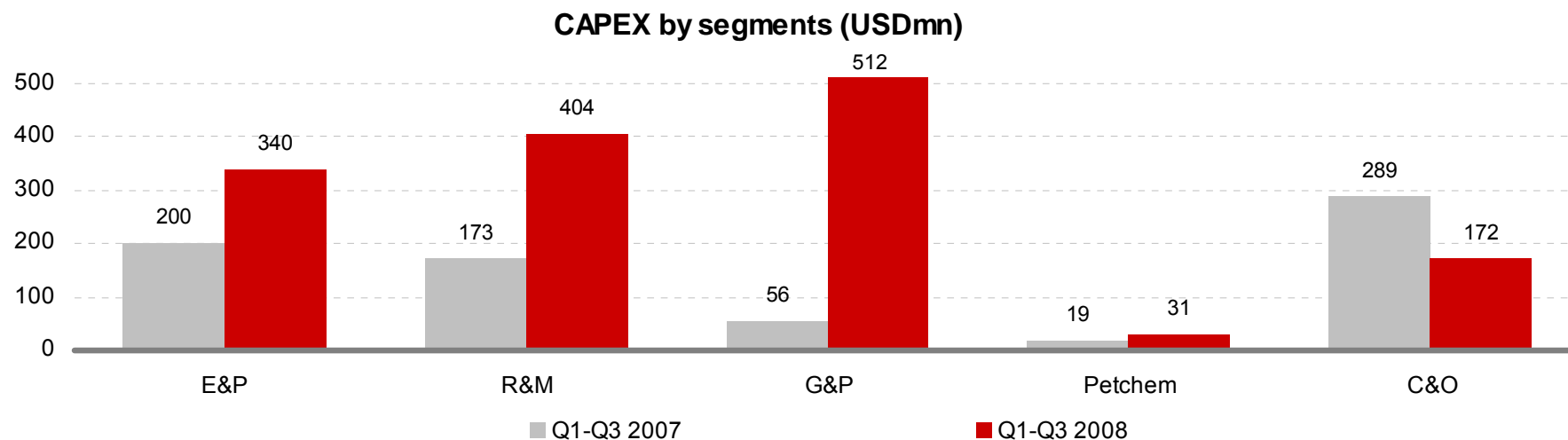
Q3 2008 vs. Q2 2008 EBIT movers:

- + strong margin recovery
- + cost cutting and loss reducing measures
- low utilisation on shut downs
- Unfavourable FX impact

Q3 2008 vs. Q3 2007 EBIT movers:

- + Favourable FX impact
- Squeezed integrated petchem margin
- 15-16% production volume decrease
- Energy price grew significantly

CAPEX dominated by organic investments



E&P

- ▶ Acquisition of two exploration blocks in Kurdistan and one in Cameroon (USD 68.1 mn)
- ▶ Exploration: USD 130.7 mn
- ▶ Development: USD 104.3 mn

R&M

- ▶ Refining & Wholesale: USD 332.5 mn
- ▶ Retail: USD 70.6 mn

Gas

- ▶ Large-scale pipeline construction projects including enlarging the import capacity (USD 332.1 mn)

Petchem

- ▶ Fuelled by general overhaul

Q3 2008 CAPEX: USD 488 mn, while Q1-Q3 2008 CAPEX: USD 1459 mn

Financial flexibility to pursue growth strategy

Gearing

- ▶ 39.9% gearing at the end of September (vs 35.6% at the end of 2007)
- ▶ INA transaction closure in October has no impact on gearing

30% LT gearing target unchanged

Existing credit lines

- ▶ MOL Group has more than EUR 1.5 bn unutilized credit facility and cash deposit after INA transaction

Sufficient external funding for expected projects until 2010

Disciplined CAPEX

- ▶ CAPEX review of existing projects
- ▶ Revising our investment program along a strict and disciplined CAPEX target

CAPEX spending under control

Preference to maintain investment grade credit rating

Trends in October, early November 2008

- ▶ Strong Upstream EBIT contribution
 - ▶ Daily production in October was 87.4 th boe/day (up 2% versus monthly average of Q1-Q3 2008)
 - ▶ Further gas price improvement and weakening HUF could compensate for the oil price decrease
- ▶ Oil macro changes are unfavourable for Downstream
 - ▶ Almost stable diesel, but shrinking gasoline & naphtha crack spread
 - ▶ Refinery throughput performing well
 - ▶ IES became compliant with 10ppm product specs as of mid-October, benefiting from 50% middle-distillate yield and improving bitumen spread
 - ▶ Significant negative inventory impact on falling crude price
- ▶ Turn-around in Petchem
 - ▶ integrated margin recovery
 - ▶ better utilisation
 - ▶ higher sales despite weaker demand
- ▶ MOL group had USD 0.8 bn and EUR 2.5 bn net debt adjusted by deposits at the end of September 2008. The unexpected weakening in HUF exchange rate resulted in significant unrealised forex losses on our net debt.

Outlook for 2009

- ▶ Turbulent external environment with eroding oil macro and volatile forex markets expected, but
- ▶ The current macro data are in line with the four years average for 2004-2007

MAIN EXTERNAL PARAMETERS	Average 2004-07	Q1-Q3 2008	Average Nov 2008	2009 E
Brent dated (USD/bbl)	57.6	111.0	50.8	60.0
Crack spread – premium unleaded (USD/t) FOB ROTT	127.0	121.8	30.2	80.0
Crack spread – gas oil (USD/t) FOB ROTT	116.1	220.0	221.2	160.0
Crack spread – naphtha (USD/t) FOB MED	60.6	60.0	(128.9)	10.0
Integrated petrochemical margin (EUR/t)	449.0	378.0	616.0	440.0
HUF/USD average	199.2	163.0	216.5	203.4
HUF/EUR average	253.9	247.8	264.8	258.3

- ▶ MOL is well positioned to the global environment:
 - ▶ Upstream: low crude oil price exposure
 - ▶ Downstream: high middle-distillates yield of 43%
 - ▶ Stable cash flow from Gas Transmission
 - ▶ Integrated refinery – petrochemicals value chain