RESULTS OF THE THIRD QUARTER OF 2011

15 November 2011

MOL GROUP

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MOL DELIVERED GOOD RESULTS IN Q1-Q3 2011

Strong operating cash flow in Q3

Q2 2011	Q3 2011	Q3 2010 restated	%	(IFRS), in HUF billion	Q1-Q3 2010 restated	Q1-Q3 2011	%
1,298.4	1,377.7	1,189.9	16	Net sales revenues	3,119.8	3,853.3	24
155.3	127.0	150.6	(16)	EBITDA	380.0	458.9	21
163.8	**138.4**	**180.5**	**(23)**	**EBITDA excl. special items(1)**	**449.9**	**488.2**	**9**
78.4	50.8	83.5	(39)	Profit from operation	177.7	238.3	34
87.0	**62.1**	**113.3**	**(45)**	**Profit from operation excl. special items(1)**	**247.6**	**270.0**	**9**
86.1	71.9	93.5	(23)	Clean CCS-based operating profit (1) (2)	223.9	236.0	5
10.3	18.3	(41.4)	n.a.	Net financial expenses/(gain)	59.9	(0.1)	n.a.
54.0	36.4	92.1	(60)	Net profit for the period	67.9	183.0	170
61.1	**42.3**	**113.1**	**(63)**	**Net profit for the period excl. special items(1)**	**118.7**	**202.6**	**71**
132.2	153.6	21.4	618	Operating cash flow	198.3	259.8	31

(1) Special items of operating profit and EBITDA are detailed in Appendix VII and IX of the Q3 2011 Flash Report.

(2) Estimated Current Cost of Supply based operating profit/(loss) excluding special items, FX gain or loss on debtors and creditors and impairment on inventories in Refining and Marketing

In Q3 2011

- **In tighter environment the EBITDA and operating profit**, excluding special items **decreased compared to Q2 2011 and to Q3 2010 as well, and amounted to HUF 138 bn and HUF 62 bn respectively**
- **Upstream gave almost 80% of EBITDA in Q3**
- **Mixed external environment:**
  - weaker HUF against USD
  - slightly lower crude oil price
  - more challenging downstream environment
- **Net profit amounted to HUF 36.4 bn in Q3 and HUF 183 bn in Q1-Q3 2011**

UPSTREAM REMAINED THE KEY CONTRIBUTOR

Q2 2011	Q3 2011	Q3 2010 restated	Ch. %	EBITDA Excluding Special Items	Q1-Q3 2010 restated	Q1-Q3 2011	Ch. %
115.1	121.2	104.9	16	Upstream	292.7	353.1	21
45.4	10.8	80.4	(87)	Downstream	146.8	122.5	(17)
18.9	20.4	12.4	65	Gas Midstream	56.1	62.5	12
(10.6)	(5.5)	(12.2)	(55)	Corporate and other	(28.7)	(32.0)	12
(4.9)	(8.6)	(5.0)	71	Intersegment transfers	(17.0)	(17.9)	5
163.8	**138.4**	**180.5**	**(23)**	**Total EBITDA Excluding Special Items**	**449.9**	**488.2**	**9**

Q2 2011	Q3 2011	Q3 2010 restated	Ch. %	Operating Profit Excluding Special Items	Q1-Q3 2010 restated	Q1-Q3 2011	Ch. %
74.4	81.3	75.9	7	Upstream	201.8	243.2	21
17.2	(17.6)	50.6	n.a.	Downstream	60.2	38.7	(36)
14.5	16.0	7.8	105	Gas Midstream	41.7	49.1	18
(14.8)	(9.6)	(16.7)	(43)	Corporate and other	(41.9)	(44.8)	7
(4.4)	(8.0)	(4.4)	84	Intersegment transfers	(14.2)	(16.3)	15
87.0	**62.1**	**113.3**	**(45)**	**Total Operating Profit Excluding Special Items**	**247.6**	**270.0**	**9**

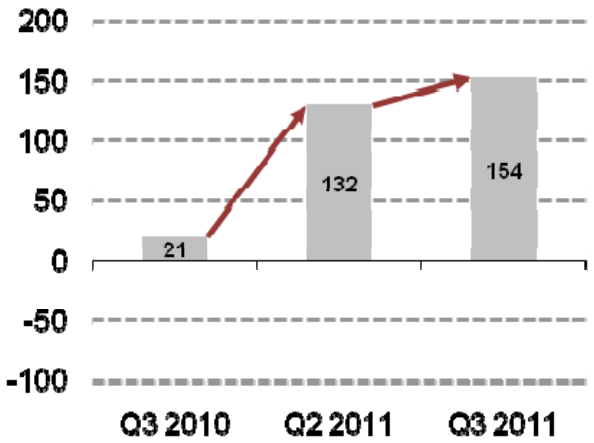
In Q3 2011

- **Upstream improved vs Q2 2011 and Q3 2011 as well**
- **Downstream suffered from external environment**
- **Stable Gas Midstream contribution in seasonally low quarter**

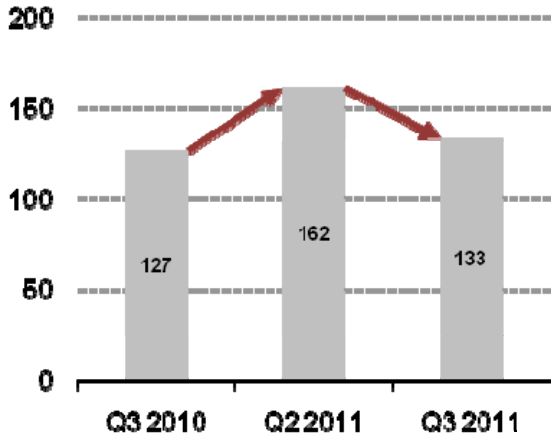
STRONG FINANCIAL POSITION AND DECREASING GEARING

Strong operating cash flow in Q3 2011

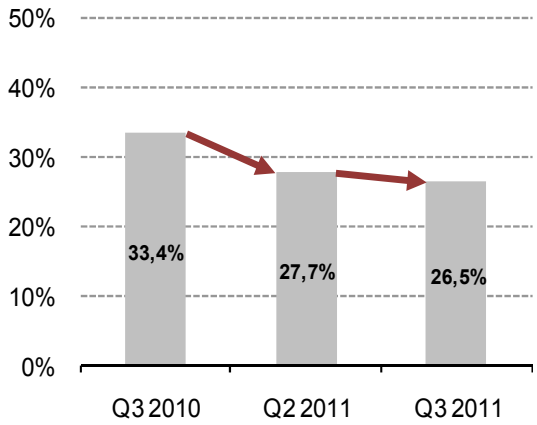
Operating cash flow (HUF bn)



Operating cash flow before changes in working capital (HUF bn)



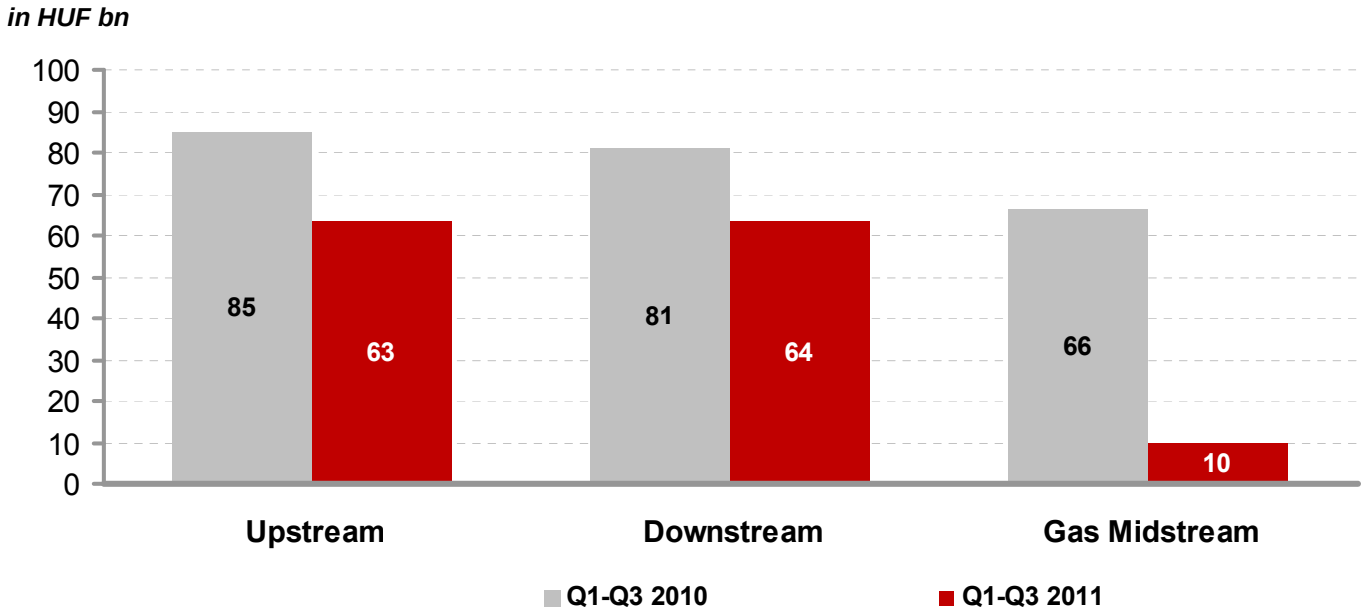
Gearing position



- **Robust operating cash flow in Q3, improved by 16% compared to Q2**
- y-o-y **20% higher operating cash flow** in Q3 before measurements in working capital
- **Net debt decreased further (HUF 777 bn)**
- MOL improved further its **strong financial position**: **26.5% gearing ratio** at the end of Q3.

CAPEX BELOW 2011 TARGETS …

…but investments are expected to accelerate in Q4

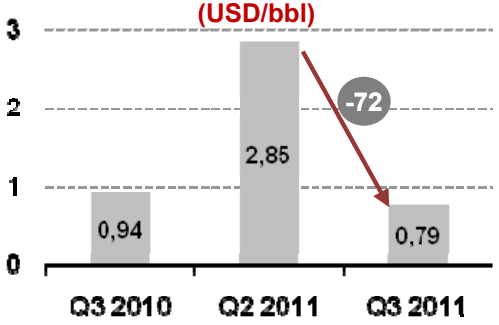


- **CAPEX spending was HUF 165 bn (31% lower than previous year) in Q1-Q3 2011**
- **The Investments focused on**
  - **CEE region, Russia and Syria in Upstream,**
  - **on Thermal Power Plant revamp at Bratislava refinery and finalization of Rijeka refinery modernization in Downstream.**

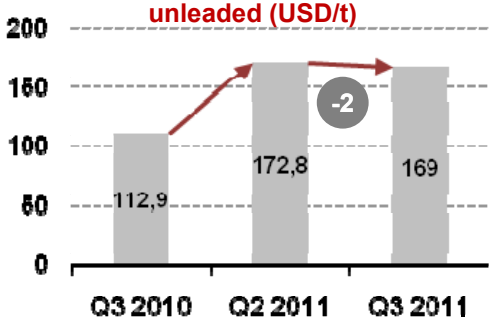
DOWNSTREAM: EVEN MORE DEPRESSED MACRO ENVIRONMENT

High oil price and falling Brent-Ural spread ruled the conditions

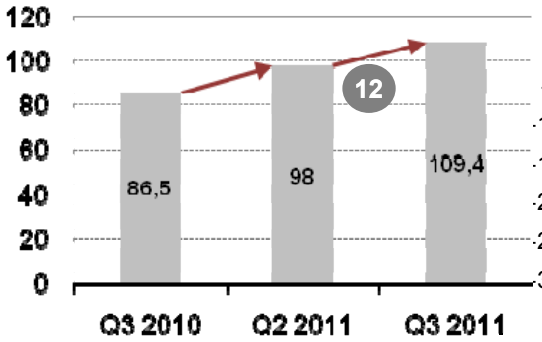
Brent-Ural differential (USD/bbl)



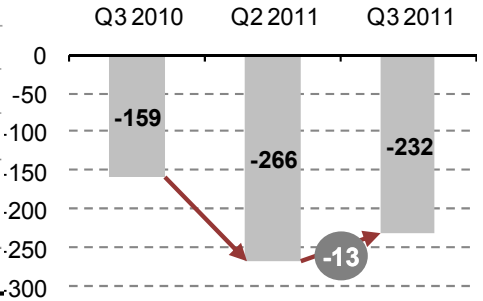
Crack spread – premium unleaded (USD/t)



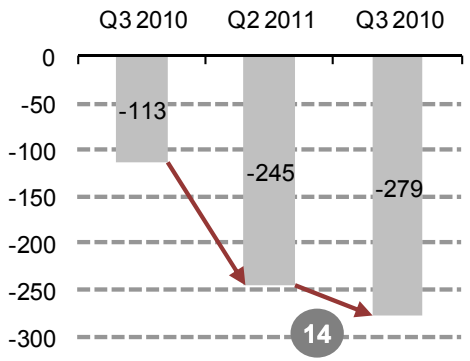
Crack spread – gas oil (USD/t)



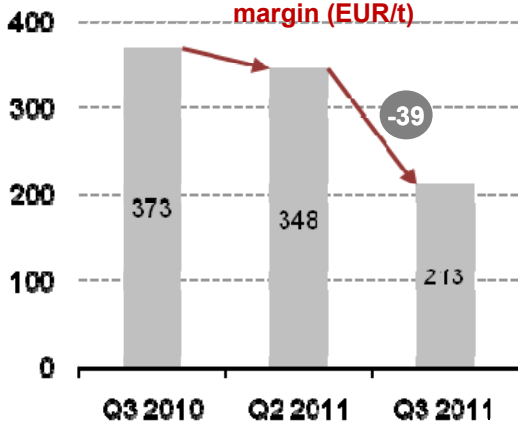
Crack spread – fuel oil 3.5 (USD/t)



Crack spread – bitumen (USD/t; Argus ITA)



Integrated petrochemical margin (EUR/t)



Lower average crack spread and **worsening petrochemical conditions** made downstream environment even more challenging in Q3:

The positive effect of...

\+

- **higher gas oil crack spreads**

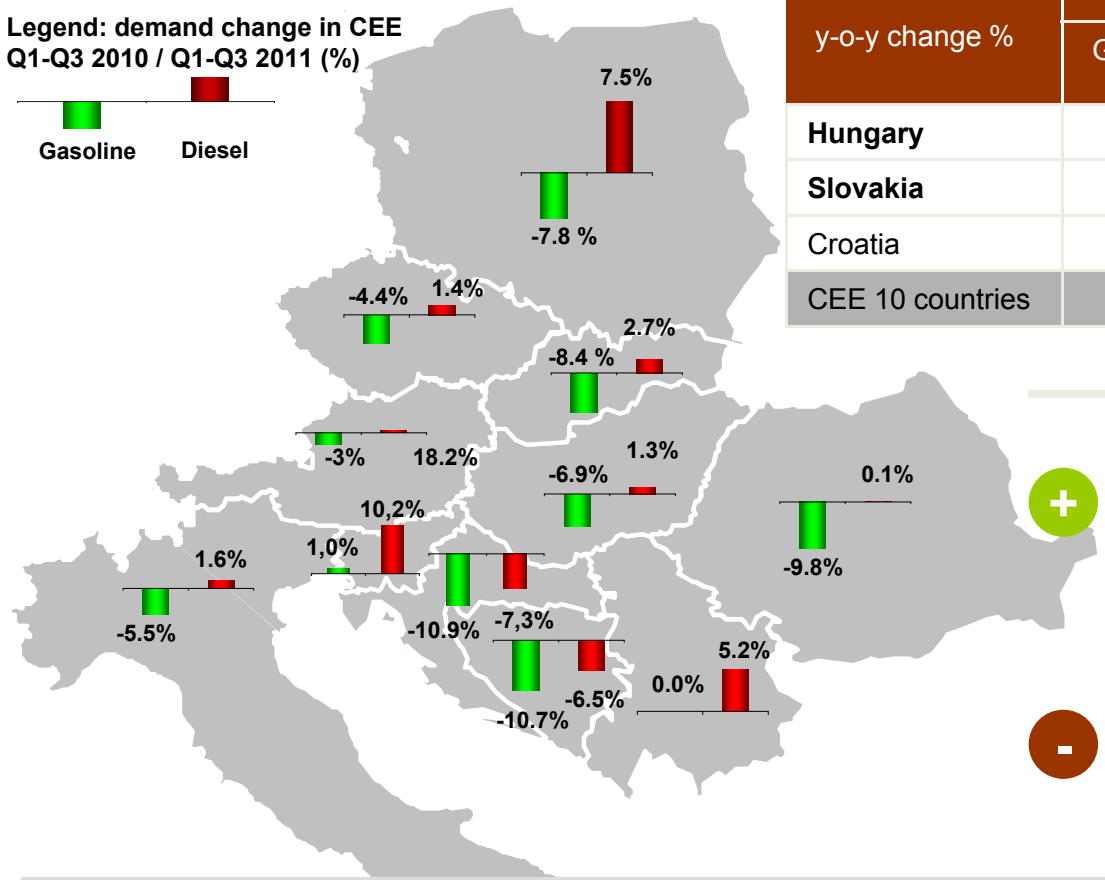
...were overshadowed by

\-

- **2 USD/bbl drop in Brent-Ural spread**
- dramatic drop of bitumen crack spread
- **historical low petrochemical margins**
- **Unfavorable FX movements**

DOWNSTREAM – DEMAND GROWTH SLOWS DOWN

…but motor fuel market still growing y-o-y, driven by diesel



y-o-y change %	Q3 2011			Q1-Q3 2011		
	Gasoline	Diesel	Motor Fuel	Gasoline	Diesel	Motor Fuel
Hungary	**(9.3)**	**(1.7)**	**(4.2)**	**(6.9)**	**1.3**	**(1.5)**
Slovakia	**(9.8)**	**(1.1)**	**(3.6)**	**(8.4)**	**2.7**	**(0.6)**
Croatia	**(11.6)**	**(8.1)**	**(9.2)**	**(10.9)**	**(7.3)**	**(8.5)**
CEE 10 countries	**(6.8)**	**2.3**	**(0.2)**	**(6.4)**	**3.2**	**0.5**

Drivers of year on year performance in Q1-Q3 2011

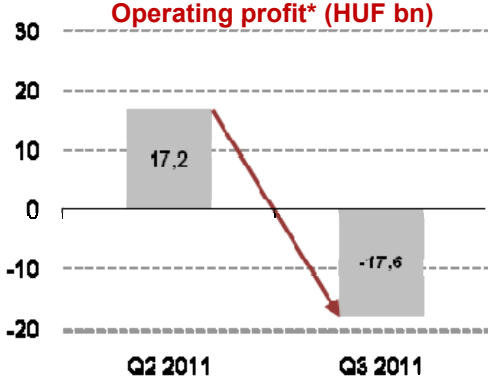
- **Diesel demand increased by 3.2% in the region**
  - strengthening export activity of regional economies
  - agricultural consumption increased due to favourable weather conditions
- **Gasoline consumption dropped by more than 6% (mainly private sector)**
  - still high unemployment rate
  - higher gasoline quotations

- **Consumption of motor fuels in the CEE region decreased slightly, by 0.2% in Q3 2011 vs Q3 2010**
- **High price environment and glooming economic outlook depressed demand in Q3 on domestic markets (even for diesel)**
- **Moderated motor fuel demand is expected in following quarters**

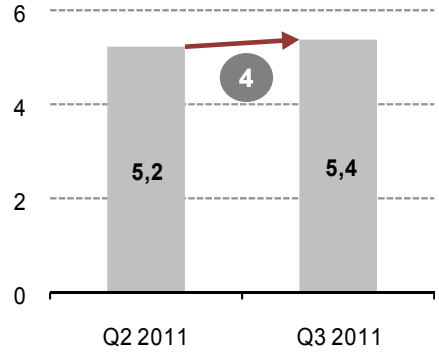
DOWNSTREAM in Q3 2011 – SUFFERED FROM EXTERNAL ENVIRONMENT

Negative effects overshadowed good Q2 results

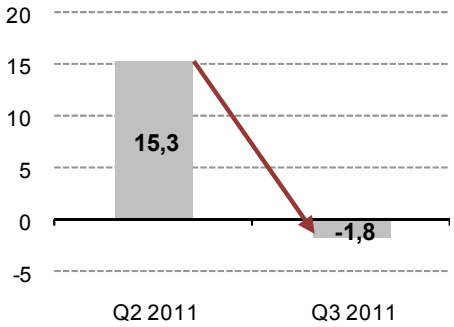
Downstream Operating profit* (HUF bn)



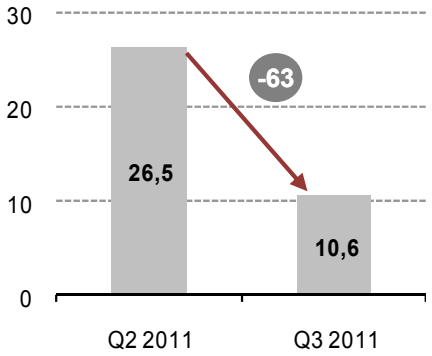
External refined product and petrochemical sales (Mt)



CCS-based R&M operating profit -Group (HUF bn)**



CCS-based R&M operating profit –MOL excl. INA (HUF bn)**



* Excluding special item
** Excluding special items, forex gains on debtors and creditors and impairment on inventories

The Downstream segment operating profit* was

HUF -18 bn in Q3 2011

Beside challenging refinery environment
- **huge FX loss** on debtors and creditors, and
- **weak petrochemical margin** also negatively influenced the result

REFINING AND MARKETING 'CLEAN' CCS RESULT

'Clean' CCS-based operating profit of the Group excluding INA contribution was **HUF 11 bn.** However with INA's poor contribution **Group result amounted to HUF -2 bn**, as

negative effects of

(-)
- **2 USD/bbl drop in Brent-Ural spread**
- **lower average crack spread**
- **pressure on sales margin**
- **operational challenges at Rijeka**

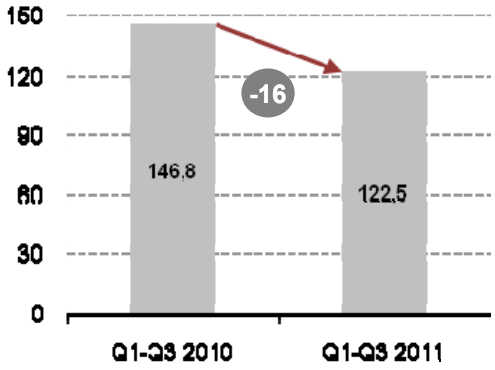
just partly moderated by

(+)
- **slightly higher sales volume**
- **efficiency improvement program**

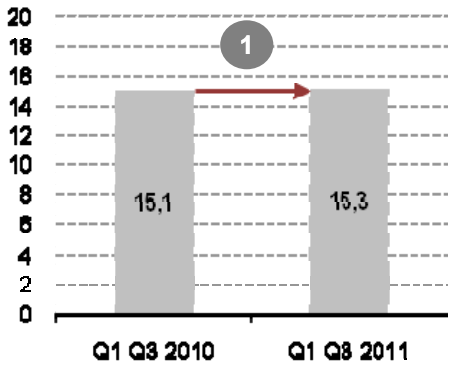
DOWNSTREAM in Q1-Q3 2011

Amid worsening refinery environment, cash generation remained relatively strong

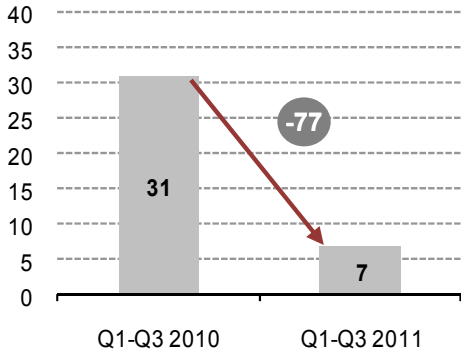
EBITDA* (HUF bn)



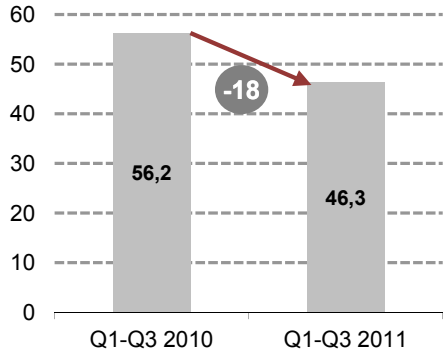
External refined product and petrochemical sales (Mt)



CCS-based R&M operating profit -Group (HUF bn)**



CCS-based R&M operating profit –MOL excl. INA (HUF bn)**



* Excluding special item
** Excluding special items, forex gains on debtors and creditors and impairment on inventories

Downstream segment EBITDA* amounted HUF 122 bn, (with moderate addition in Q3), **excluding INA** contribution **EBITDA* reached HUF 144 bn, both supported by inventory gain**

On the other hand

- Higher cost of own consumption
- Increased cost of purchased energy
- Lower average crack spreads and integrated petrochemical margin

challenged the overall refining sector.

REFINING AND MARKETING CLEAN CCS RESULT

'Clean' CCS-based operating profit remained moderated and amounted to HUF 7.0 bn.

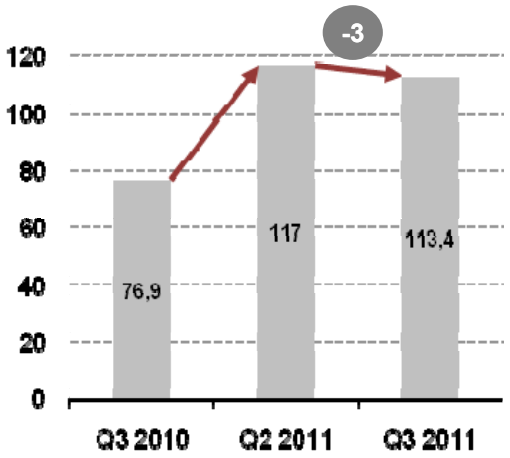
Group result, excluding INA contribution was **HUF 46 bn,** still emphasizing the **strength of complex assets even in tough** refining **environment.** Results were supported by internal efforts, as

- sales increase amid moderate regional demand
- focus on energy costs

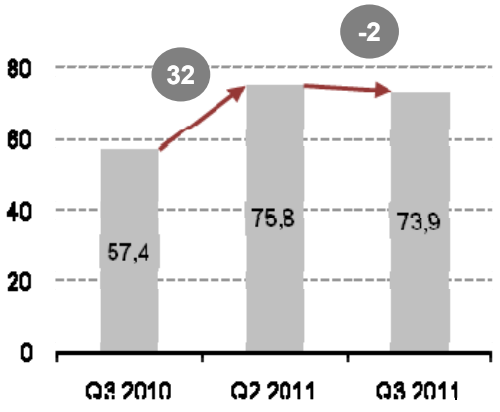
UPSTREAM - SUPPORTING EXTERNAL ENVIRONMENT

High crude price, stronger USD

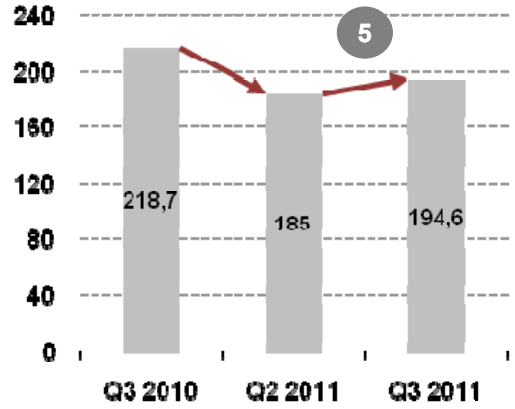
Brent (USD/bbl)



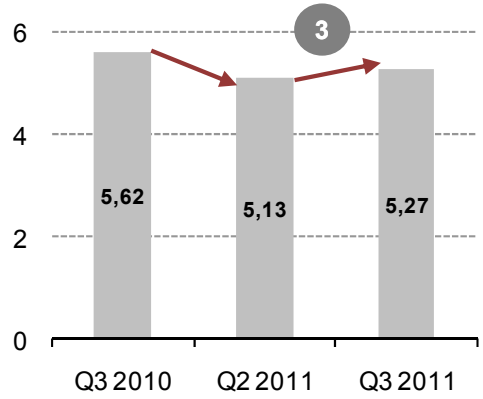
Total realized hydrocarbon price (USD/boe)



HUF/USD average



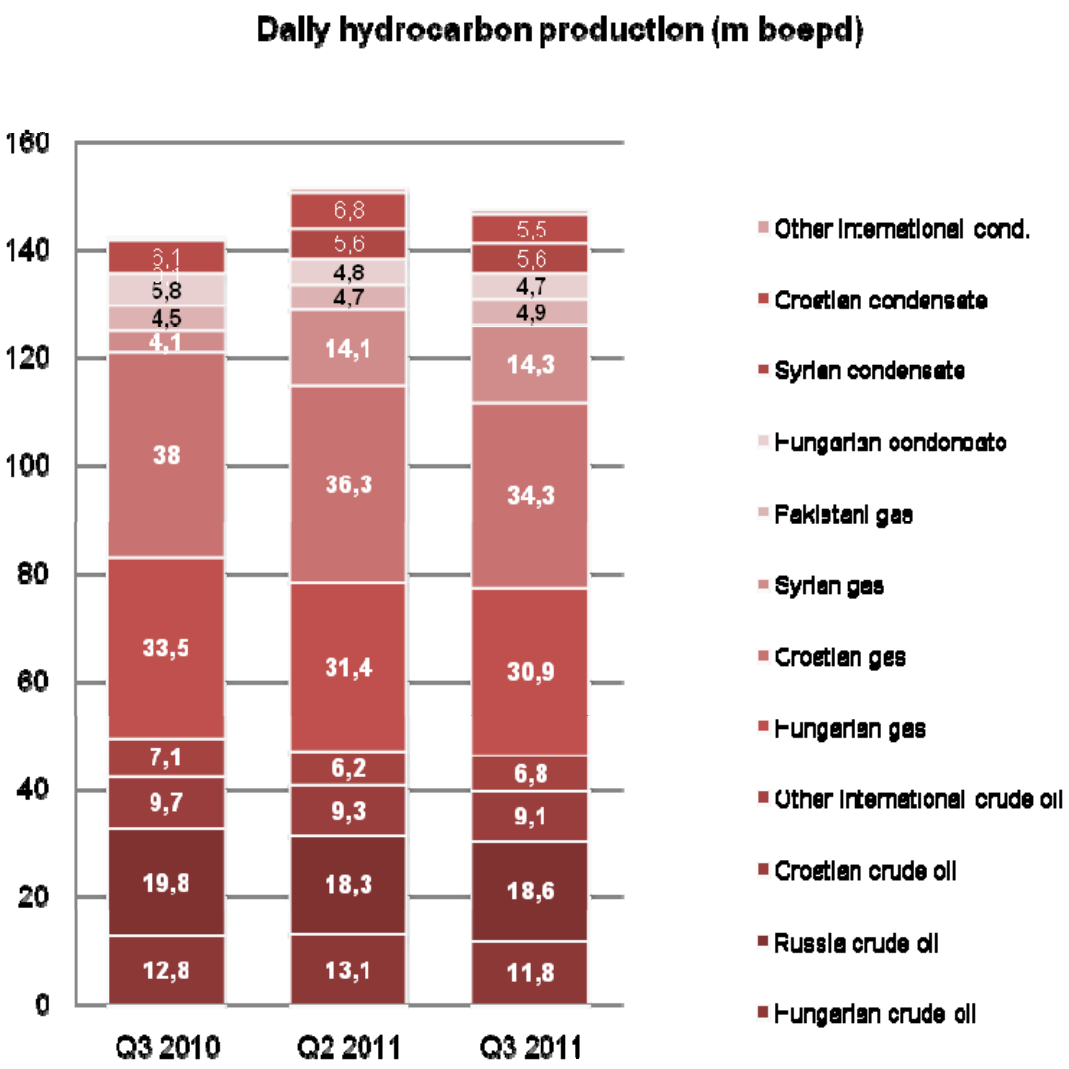
HRK/USD average



- **Oil prices** followed **a volatile** trading pattern in Q3, but remained relatively high
  - Dated Brent averaged 113 USD/bbl which is 3% lower q-o-q, but 52% higher y-o-y
- **Relatively stable realized hydrocarbon** price
- **Stronger USD against HUF and HRK** had positive effect on results

UPSTREAM: RECORD HIGH HYDROCARBON PRODUCTION IN Q1-Q3 2011

Slightly moderated production in Q3 2011



- **Average daily hydrocarbon production** increased to **149.9 Mboe/day** in Q1-Q3 2011 vs. Q1-Q3 2010 as a result of

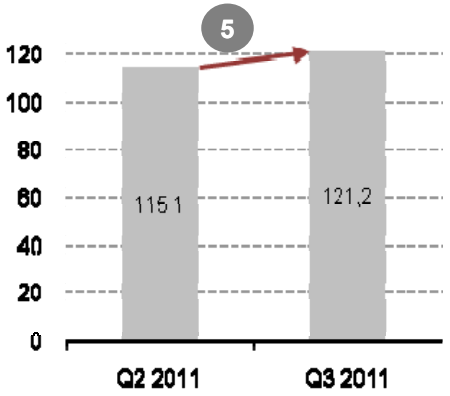
- **Higher international gas and condensate production**, driven by
  - increased production volumes from **Syria**
  - rise in **Pakistani contribution**

- **147.3 Mboe/day production in Q3. Slight decrease mostly due to**
  - planned maintenance activity on CEE onshore and offshore gas and Hungarian crude

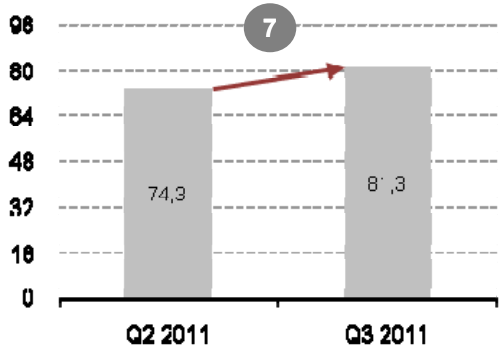
UPSTREAM DELIVERED ALMOST 80% OF GROUP OPERATING PROFIT IN Q3

- **In Q3 2011, segment operating profit* increased to HUF 81 bn**

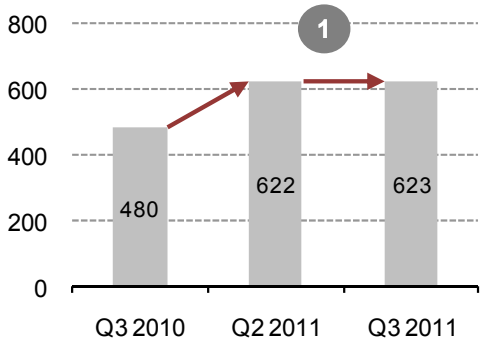
EBITDA* (HUF bn)



Operating profit* (HUF bn)



EBITDA* (USD mn)



Positive effect of

- **Strengthening USD** against HUF and HRK
- Positive effect of **revision of field abandonment**

were moderated by negative effects of

- **Slight production decrease**
- **No sales of crude oil and condensate in Croatia** (due to halted Sisak refinery)

In USD terms segment's EBITDA* remained stable compared to Q3 2010

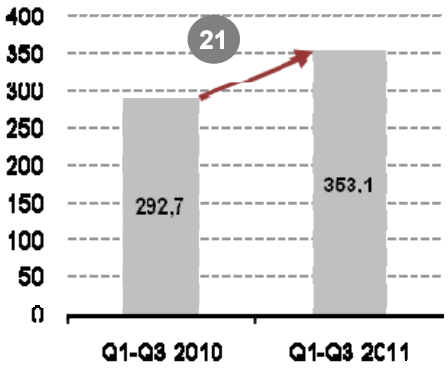
* Excluding special items

UPSTREAM IN Q1-Q3 2011

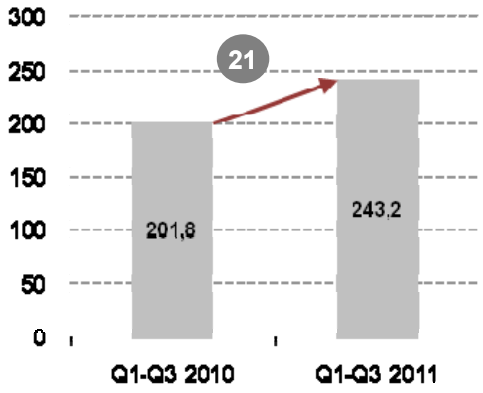
Remained the main driver of operating profit in the Group

► **In Q1-Q3 2011, segment operating profit* increased to HUF 243 bn, by 21% compared to the same period of the previous year.**

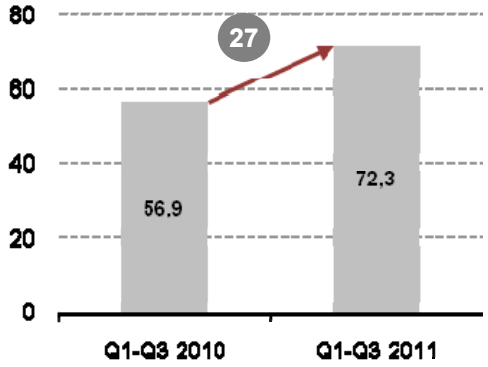
EBITDA* (HUF bn)



Operating profit* (HUF bn)



Realized hydrocarbon price (USD/boe)



This amount of profit growth derived from combination of *positive effects, such as*

\+

- **higher average hydrocarbon production** driven by increased volumes from Syria
- **27% higher realized hydrocarbon prices** due to increasing international quotations.

Negative effects of

\-

- **weakening USD**
- **higher depreciation**
- **Hungarian regulated gas price for household customers**

moderated the operating profit.

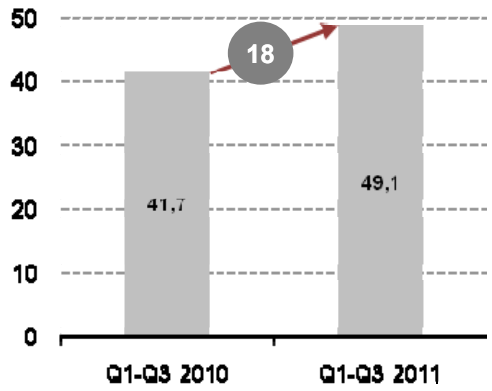
* Excluding special items

GAS MIDSTREAM – STABLE RESULT IN SEASONALLY LOW QUARTER

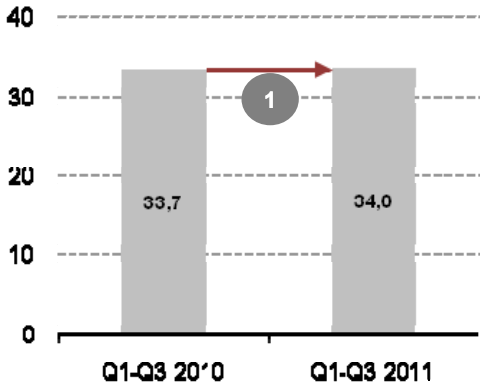
Better transmission result after end of tariff freezing in Q3

► **The new Gas Midstream segment's operating profit, excluding special items accounted for HUF 49.1 bn in Q1-Q3 2011**

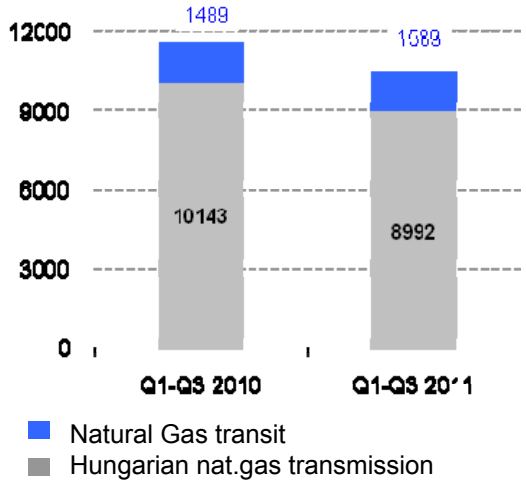
Gas Midstream Operating profit* (HUF bn)



FGSZ Operating profit* (HUF bn)



Transmission volume (m cm)



MMBF Zrt.

► **Operating profit* of MMBF Plc. was HUF 9.6 bn in Q1-Q3 2011.**

► **MMBF has sold the oil and condensate production of Szőreg-1 field with profit.**

FGSZ Zrt.

► **In Q1-Q3 2011 the operating profit* increased by 1% to HUF 34.0 bn y-o-y,**

► **negative effect of frozen gas tariffs ended from Q3 2011** with new regulatory environment

► **11% decline in transmission volumes** (milder weather conditions)

► **increased transit volume by 7%**

*** Excluding special items**

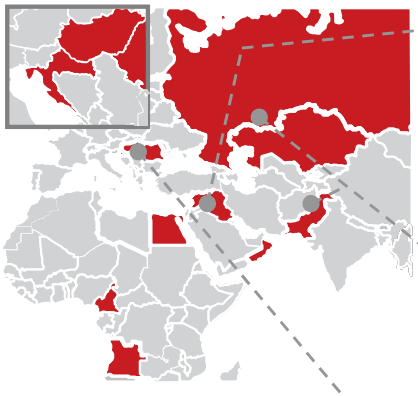
Key projects and 2012 outlook

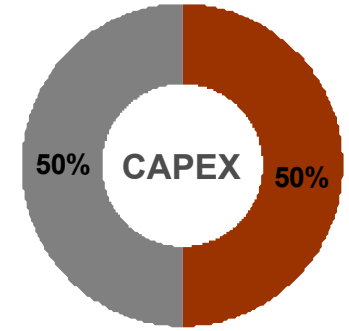
SPEED UP EXPLORATION AND DEVELOPMENT FOR RESERVE BOOKING

Frequent newsflow is expected from Kurdistan

Upstream production is expected around 140 Mboepd in business as usual environment

- **High oil price environment expected to continue**
- **Due to Middle East tensions, risk of estimation is higher than usual**
- **Focus on exploration, field development and reserve booking to create basis of mid-term growth**
- **Active portfolio management (acquisitions, farm outs and divestments)**





KURDISTAN REGION OF IRAQ – Akri Bijeel

- Deepening and testing **3 exploration wells** till end of 2012;
- Start **4 appraisal wells** on Bijell structure & significant seismic is also planned for 2012
- Construction of surface facilities for early development project; **start Extended Well Test** in H2 2012

CIS & PAKISTAN

- **Intensification of Matjushkinskaya and Baitex** development supports short-term production growth from Russia
- Appraisal to **book Kazakhstan reserve at the end of 2012**
- Start **early production of recent Pakistani oil discoveries** (Makori–East-1 & Karak-1)

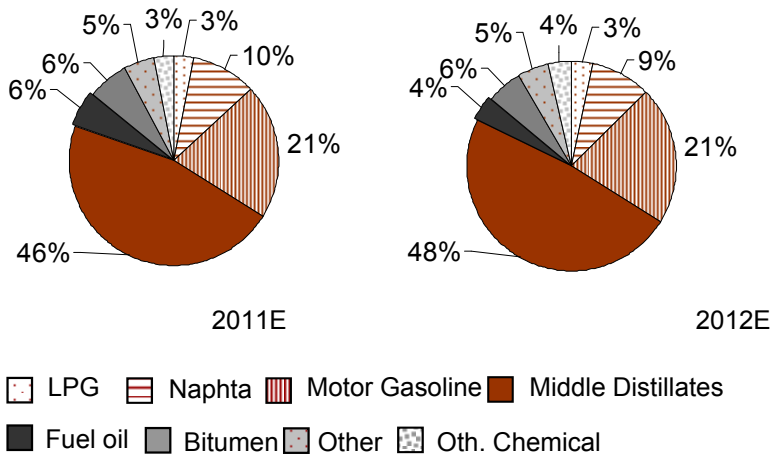
CORE CEE

- **Moderate decline in CEE on-shore production**, especially in natural gas
- **Testing unconventional potential** of Derecske Basin, Hungary
- Start **exploration in Romania**

CONTINUE DOWNSTREAM DEVELOPMENT IN TIGHT ENVIRONMENT

Organic growth projects and efficiency improvement in the focus

MOL Group Product yields – 2011E/2012E



2012E: SMOOTH OPERATION IN TIGHT ENVIRONMENT

- **Similar refinery environment** is expected as in 2011
- Regional **demand expected to remained moderated**
- Similar level sales, but **improving market share and better product slates**
- Improved availability of refinery capacities is exp., but higher turnaround activity in Petchem
- **Utilize the opportunities of Rijeka HCK**

EFFICIENCY IMPROVEMENT

with special focus on energy costs and decrease of own consumption & loss (mainly in Croatia)

ORGANIC GROWTH PROJECTS IMPROVE FLEXIBILITY

- Strongly **committed to start residue upgrade project in Rijeka** (Phase-2)
- **Improve naphta-gasoline flexibility of Refining-Petchem integration** with a new 220 kt/y LDPE unit in SN from H2 2015; **CAPEX: EUR 260 m**
  - *(improved competitiveness - lower operational costs; better quality products - higher sales price)*
- **Exploit the opportunities of favorable butadiene market**, through a grassroot Butadiene Extraction Unit from early-2015; **CAPEX: EUR 100 m**
  - *(exploit value of crude C-4 utilization ; decrease further pressure on gasoline pool)*

*compared to 2009 basis

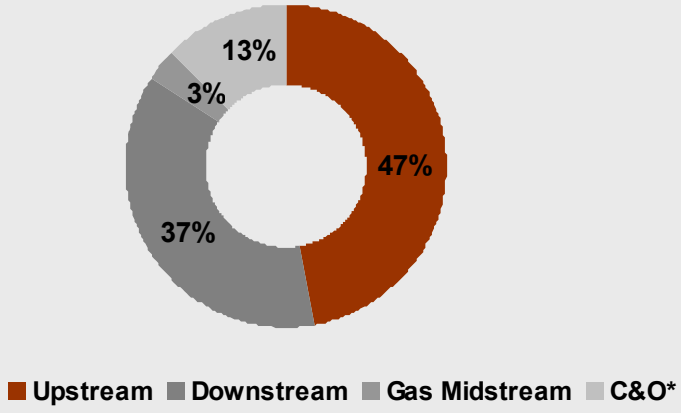
CAPEX OUTLOOK

Should be fully financed from operational cashflow

2012E: cca. USD 2 bn for organic CAPEX

- CAPEX should be fully financed from operating cash flow
- Major projects before FID

CAPEX by divisions



* incl. contingency

UPSTREAM

- Focusing on early cash generation and creating basis of mid-term growth
- Focus on developments in the core CEE, and CIS
- Increasing share of exploration: speed up in Iraq; CEE

DOWNSTREAM

- Strict control on maintenance; focus on safe operation
- Improve flexibility and extend value chain in Petchem
- Reorganization of retail network
- Finalization of TPP at Bratislava

GAS MIDSTREAM & OTHER

- Safe operation of the assets
- CCGT from contingency in light of further decision

Strong financial position ensures significant headroom for inorganic growth
Active portfolio management

THANK YOU FOR YOUR ATTENTION!

Financial reports, announcements, other information

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