RESULTS OF THE FIRST QUARTER OF 2012 AND OUTLOOK

15 May 2012

MOL GROUP

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EBITDA INCREASED FURTHER IN Q1 2012

…as Downstream turned back to profitable

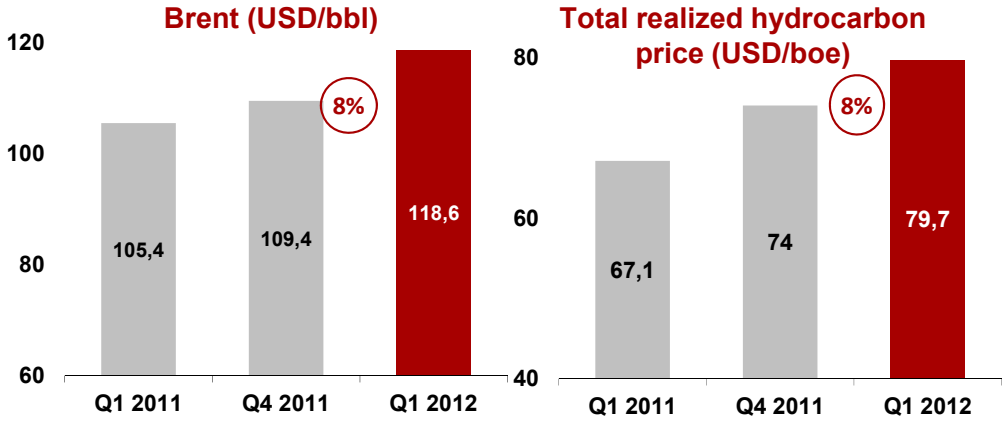
Q4 2011 restated	Q1 2012	Q1 2011 restated	% (q1/q4)	(IFRS), in HUF billion	FY 2011
133.9	157.4	177.3	18	EBITDA	603.0
152.2	**175.2**	**186.6**	**15**	**EBITDA excl. special items(1)**	**645.1**
130.6	111.0	116.8	(15)	o/w Upstream	483.7
(5.4)	53.3	66.8	n.a	o/w Downstream	118.7
23.1	17.8	23.3	(23)	o/w Gas Midstream	86.0
11.7	83.3	109.4	612	Profit from operation	253.2
63.2	**101.1**	**121.1**	**60**	**Profit from operation excl. special items(1)**	**336.9**
67.0	64.2	78.2	(4)	Clean CCS-based operating profit (1) (2)	306.9
(29.1)	73.7	92.7	n.a.	Net profit for the period(3)	153.9
20.4	**83.2**	**99.5**	**308**	**Net profit for the period excl. special items(1) (3)**	**223.2**

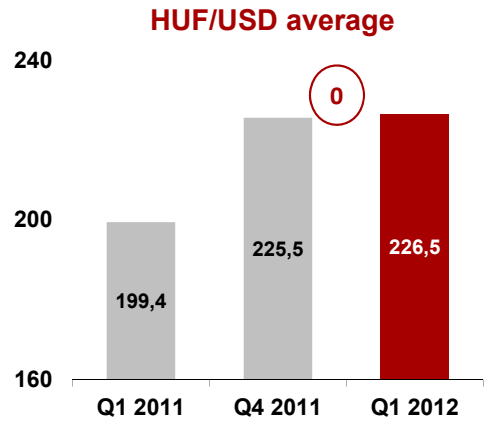
In Q1 2012 vs Q4 2011

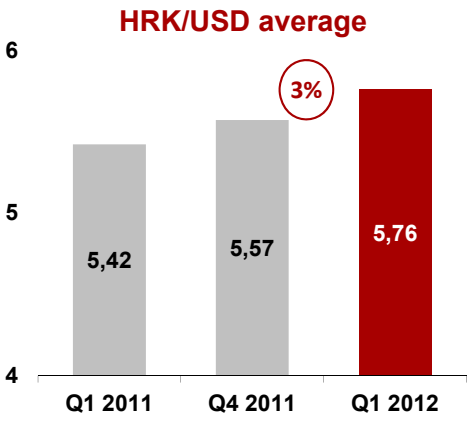
- **EBITDA**(1) increased as Downstream turned back to profitable after the loss making Q4 2011.
- **Upstream** results decreased due to the mix of negative effects: (1) lower hydrocarbon sales in Croatia (2) impact of Hungarian regulated gas prices (3) lower production.
- **Downstream** results improved in the moderately better external environment and optimization of feedstock selection and refinery operation had also positive impacts.

(1) Special items of operating profit and EBITDA are detailed in Appendix VII and IX of the Q1 2012 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

UPSTREAM – SUPPORTING OIL MACRO



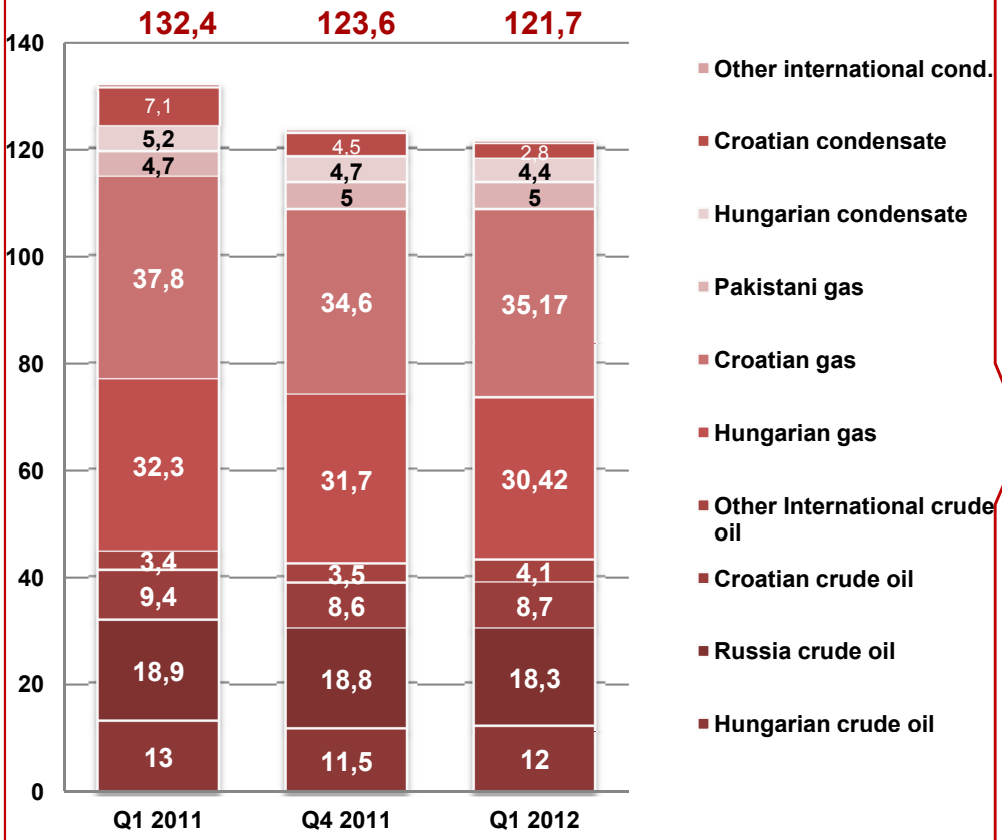




- Supporting price environment
- USD remained strong

UPSTREAM – SLIGHTLY LOWER PRODUCTION

Daily hydrocarbon production (mboepd) exluding Syria*



Production* decreased from Q4 level

- mainly due to lower Adriatic offshore gas

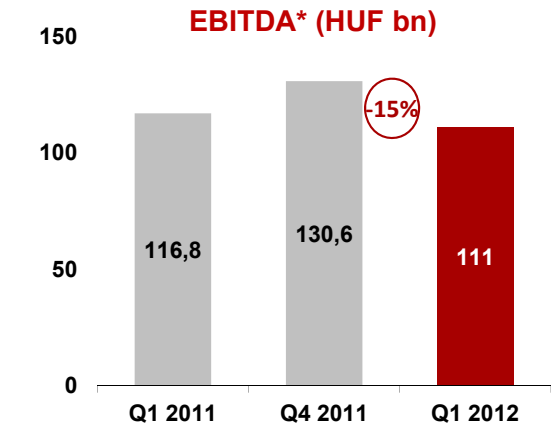
Syrian force majeure notice (INA, 26 February)*

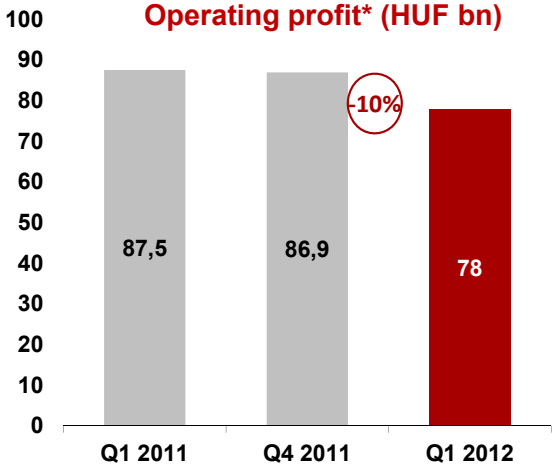
- no revenues since October 2011
- no realisation of further revenues or production during force majeure

Upstream

** Average daily hydrocarbon production **excluding Syrian production**: INA delivered **force majeure notice** on 26 February to the General Petroleum Company of Syria related to the Production Sharing Agreement for the Hayan Block signed in 1998 and Production Sharing Agreement for the Aphamia Block signed in 2004. Neither INA nor MOL Group do not expect to receive any revenues neither to realize its production share from Syria for the foreseeable future, i.e. until the termination of the "force majeure". Announcing the "force majeure" is a regular mechanism and it doesn't mean termination of the agreement and the simultaneous exit from the project. Further information in the Flash report and on our website: ir.mol.hu*

UPSTREAM RESULT DECREASED SLIGHTLY FROM RECORD HIGH Q4





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- Increasing average realized hydrocarbon price

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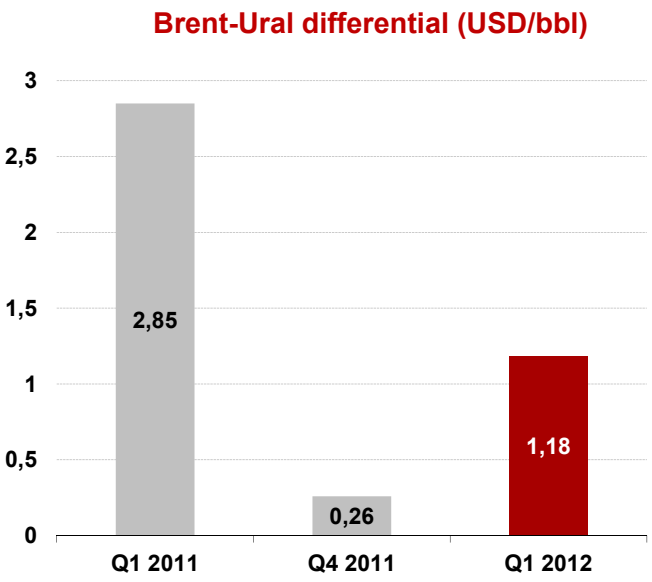
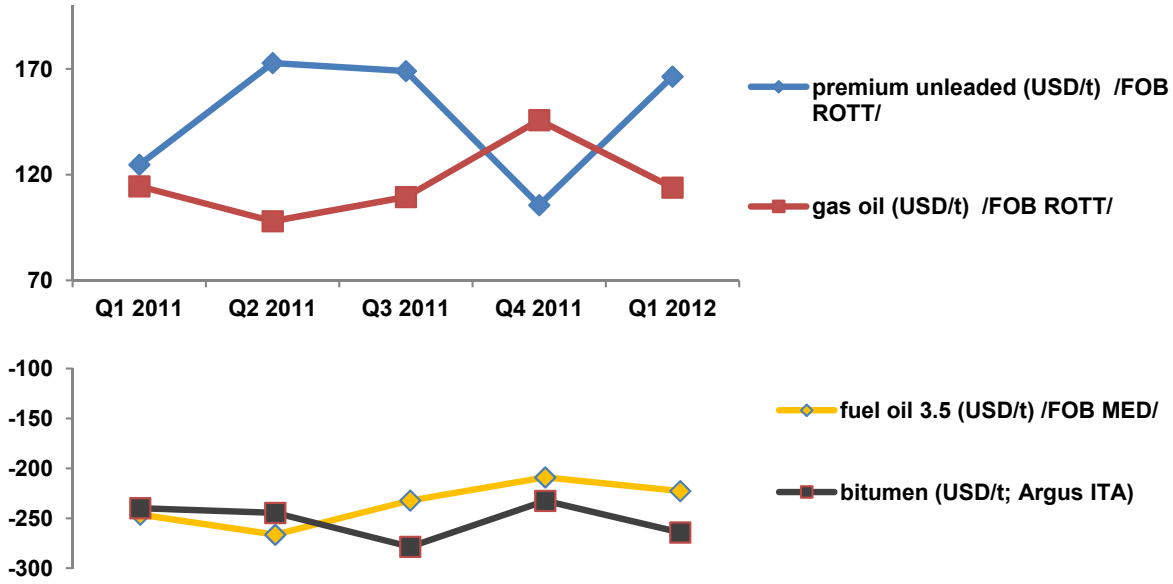
- Lower transfer in Croatia towards the Sisak refinery
- Regulated Hungarian natural gas price for household customers
- Slight production decrease

* Excluding special items

DOWNSTREAM ENVIRONMENT IMPROVED MODERATELY

Widening Brent Ural spread in the still high oil price evironment





Slightly improving external conditions

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- Widening Brent-Ural spread from record low Q4 level,
- Slightly higher average crack spreads

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- Petrochemical margin declined further and reached historically low level in January

MOL SALES OUTPERFORMED CORE MARKET

Consumption of motor fuels in the CEE region decreased

Demand of motor fuels decreased in the CEE due to

- **high price level which had a negative impact especially on gasoline sales and**
- **not improving economic outlook**

Q1 - Demand change of Motor Fuels *

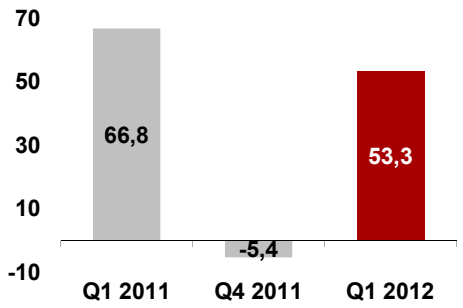
y-o-y change %	Market			MOL Group		
	Gasoline	Diesel	Motor Fuel	Gasoline	Diesel	Motor Fuel
Hungary	(5.0)	(4.4)	**(4.6)**	(5.5)	(4.7)	**(4.9)**
Slovakia	(0.9)	0.0	**(0.2)**	4.6	2.8	**3.3**
Croatia	(7.4)	(5.0)	**(5.7)**	(1.8)	4.9	**2.7**
Other	(1.2)	(4.5)	**(3.7)**	(6.2)	(0.9)	**(2.3)**
CEE 10 countries	**(1.8)**	**(4.3)**	**(3.7)**	**(4.0)**	**(1.0)**	**(1.9)**

- **However MOL sales performance was above the market average in CEE 10 countries**

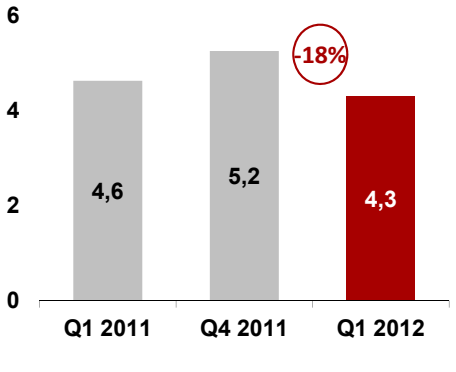
*Source: Company estimates

DOWNSTREAM RESULT TURNED BACK TO PROFITABLE

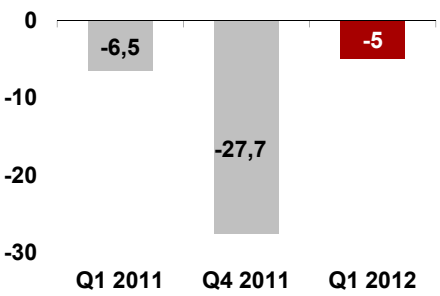
Downstream EBITDA* (HUF bn)



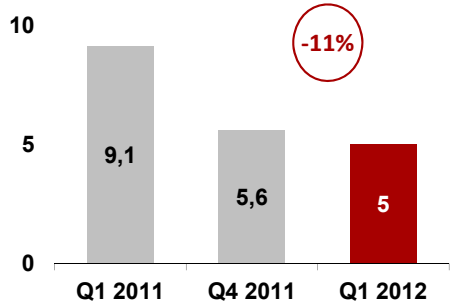
External refined product and petrochemical sales (Mt)



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



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



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- **Inventory gains**
- **Moderately better Downstream environment**
- **Internal efforts aiming optimization of feedstock selection and refinery operation**
- **Lower operating costs**

-

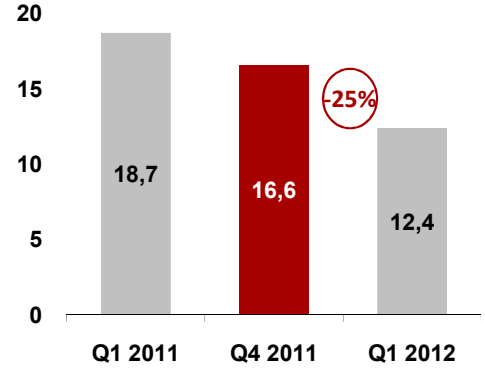
- **Depressed demand**
- **Erosion in sales margin due to high prices**
- **Further increasing energy prices**

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

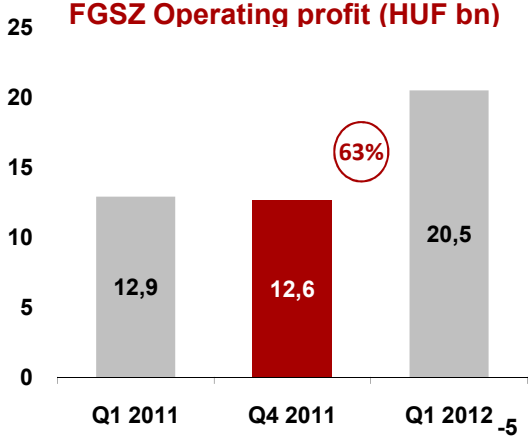
GAS MIDSTREAM RESULTS WERE HIT BY CROATIAN LOSS

FGSZ results were boosted by seasonally strong quarter

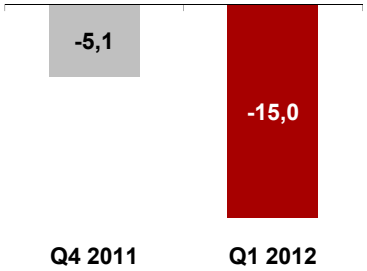
Gas Midstream Operating profit* (HUF bn)



FGSZ Operating profit (HUF bn)



Prirodni Plin (HUF bn)**



Gas Midstream results decreased compared to Q4 as the increasing loss of Prirodni Plin overshadowed the positive contribution of FGSZ & MMBF

+ FGSZ Zrt. – HUF 20.5 operating profit

- **Domestic revenues increased q-o-q due to seasonally higher volumes, while end of tariff freezing boosted y-o-y**
- **Transit volume and revenues also increased - Favourable change in foreign exchange rate**
- **Recognition of previous investments in regulatory asset base increased revenues**

+ MMBF reported HUF 5.7 bn operating profit*

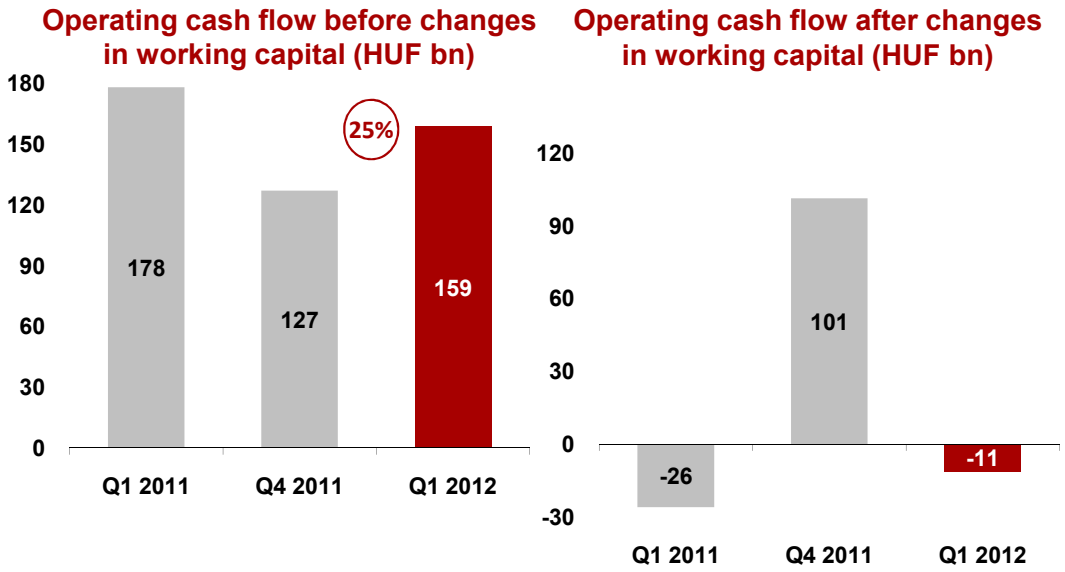
- Prirodi Plin – HUF 15 bn operating loss

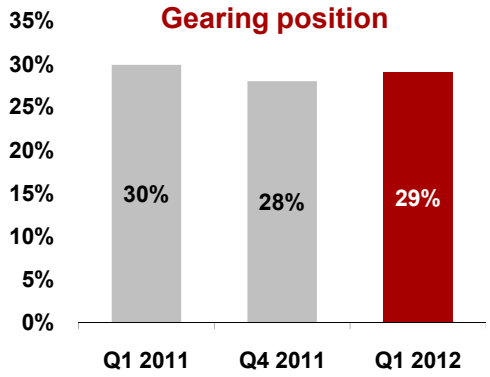
- **Increasing import gas price and volume**
- **Application of the maximum level of the natural gas price for the eligible customers and households**
- ***…However regulated gas price cap for households was lifted from HRK 1.7/cm to HRK 2.2/cm as of May 1.***

Excluding special items

** There is no data available for Prirodni Plin in Q1 2011 as INA did not report such figure

STRONG FINANCIAL POSITION

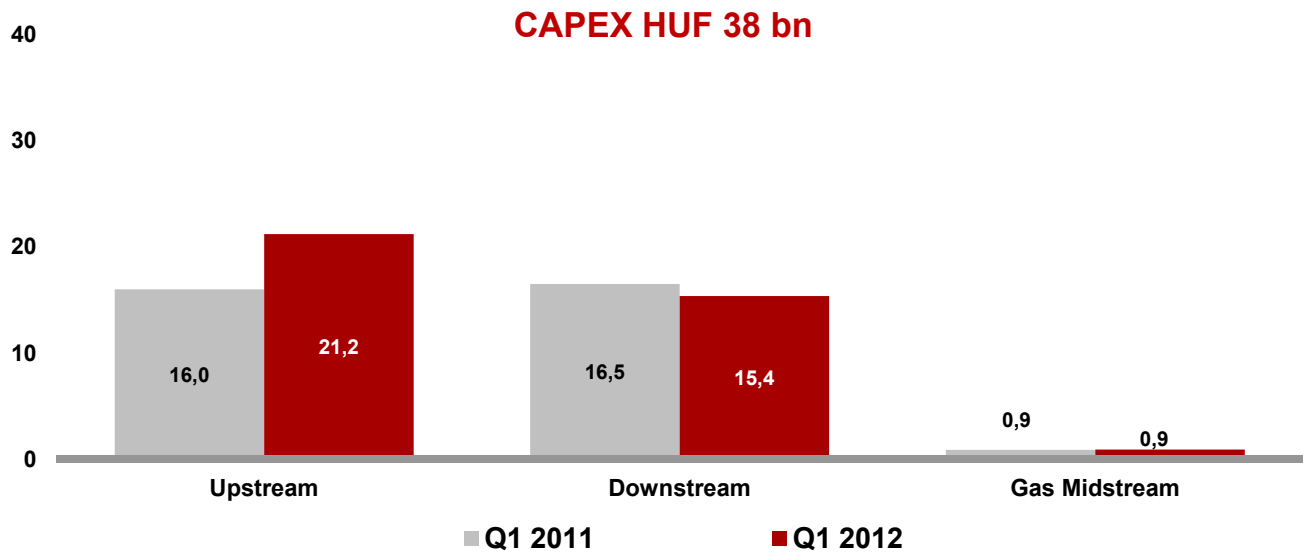




Healthy operating cash flow before changes in working capital,

► however noteworthy **inventory stockpiling** before scheduled turnarounds

CONSERVATIVE CAPEX POLICY



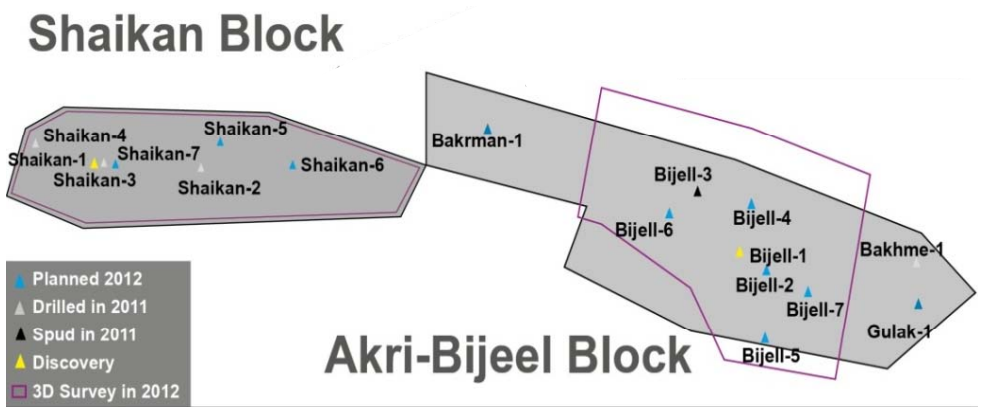
CAPEX spending was 11% higher compared to the base period:

- Upstream: CEE region, Russia and Kurdistan Region of Iraq
- Downstream: maintenance projects and Thermal Power Plant revamp at Bratislava refinery

OUTLOOK

ACCELERATED ACTIVITY IN KURDISTAN REGION OF IRAQ

3 appraisal and 1 exploration drills are ongoing



Field / Prospect	Activity	Well	2011	2012				2013	
			Q4	Q1	Q2	Q3	Q4	Q1	Q2
Akri-Bijeel	Exploration	Gulak-1							
	Exploration	Bakrman-1							
	Appraisal	Bijell-2							
	Appraisal	Bijell-3							
	Appraisal	Bijell-4							
	Appraisal	Bijell-5							
	Appraisal	Bijell-6							
	Appraisal	Bijell-7							
	3D Seismic	n.a.							
	Prod. dev.	n.a.							
Shaikan	Appraisal	Shaikan-5						Develop-ment drilling	
	Appraisal	Shaikan-6							
	Appraisal	Shaikan-7							

- expected spud *- expected well test*

BIJELL-3:

- **Around 2,300 m depth**
- **Expected well test in Q4 2012**

BAKRMAN-1:

- **Spud just started**
- **Expected test results in Q4 2012**

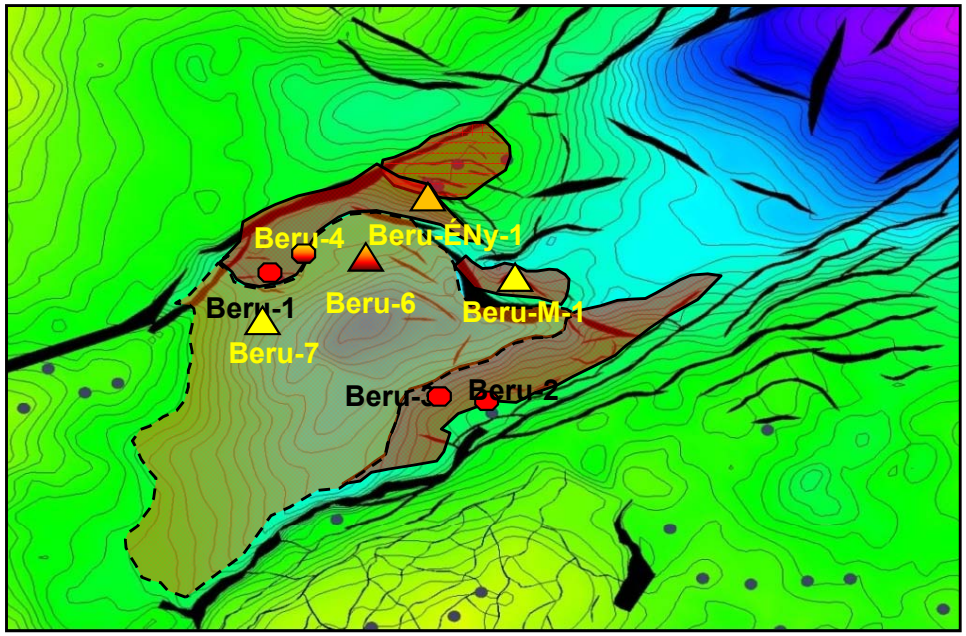
GULAK-1:

- **Spud to start by end of June**

SHAIKAN-4:

- **Five out of seven tests produced hydrocarbon inflow.**

HUNGARY: ON THE EDGE OF OUR FIRST EVER UNCONVENTIONAL SUCCESS



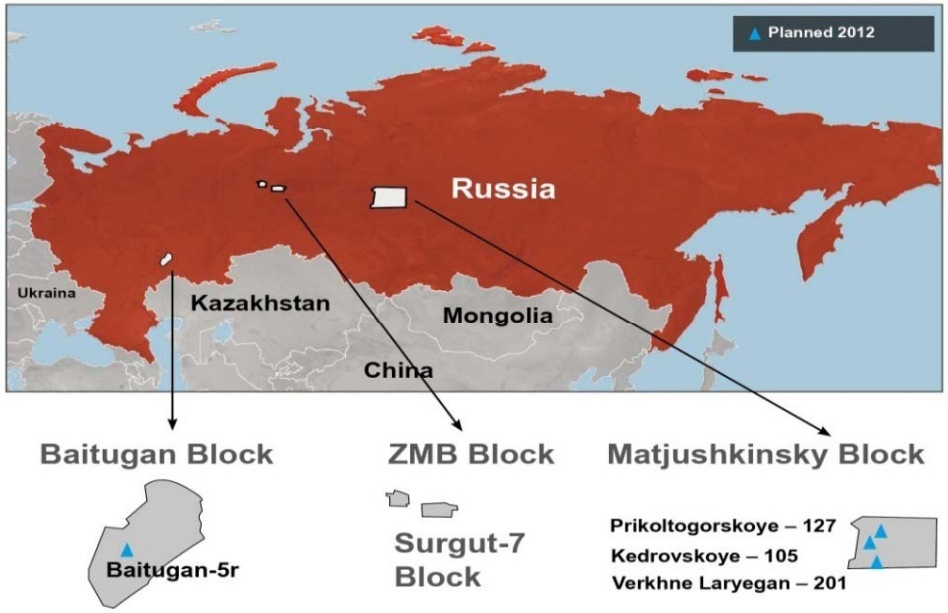
BERU-4

- Well tests are ongoing
- All of the three tested layers show gas outflow
- Final results expected at the end of Q2

BERU-6

- Drilling completed - unconventional potential present
- Hydraulic fracturing expected at the end of 2012
- Knowledge gained from Beru-4 fracturing will be used

RUSSIAN PRODUCTION INCREASE AS OF H2 2012



- Spud of two exploration wells (Matjushkinsky Block)
- Test results are expected in Q4 2012

- Intensive field development with drilling of 11 producing wells in Q1 2012, further around 50 wells by year end

- Production increase as of H2

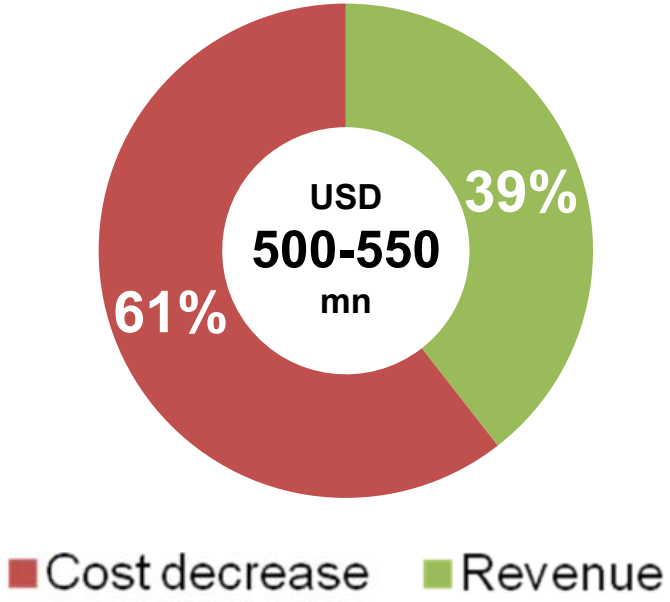
TARGETED USD 500-550 MN EFFICIENCY IMPROVEMENT BY 2014

Initiation of the 'New Downstream Program 2012-2014'

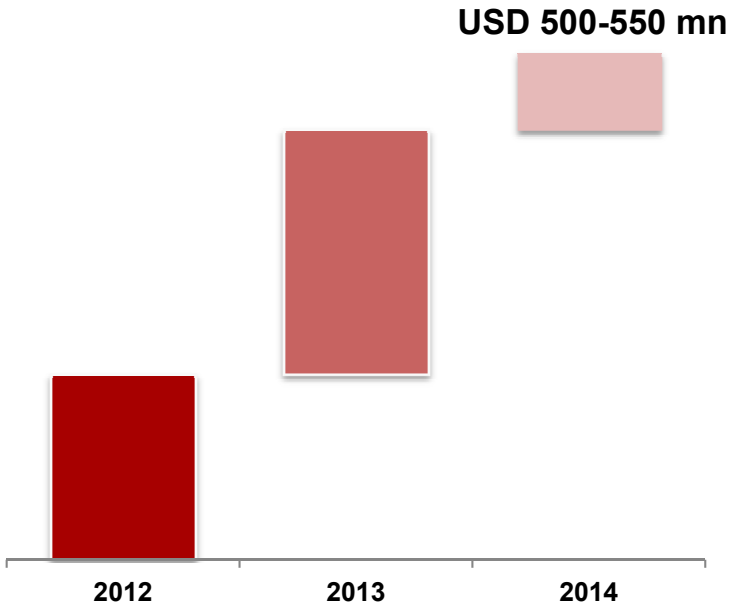
Strengthen the top position of complex assets and elevate overall profitability

- Covering the **entire Downstream value chain**
- Savings at **all the 7 units with proportional contribution**
- **Moderated CAPEX need** of the projects
- Improvement **on the basis of 2011** and **existing assets**

Cost-weighted improvement



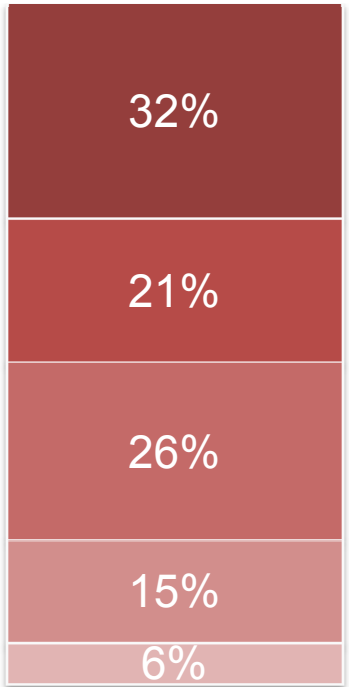
Continuous delivering is expected

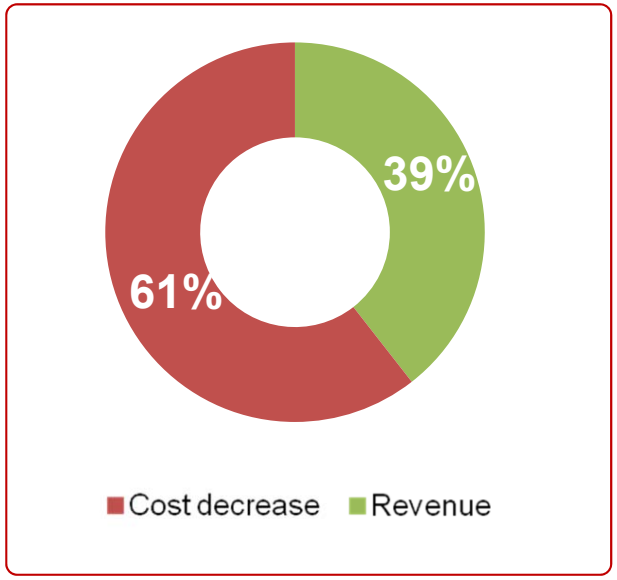


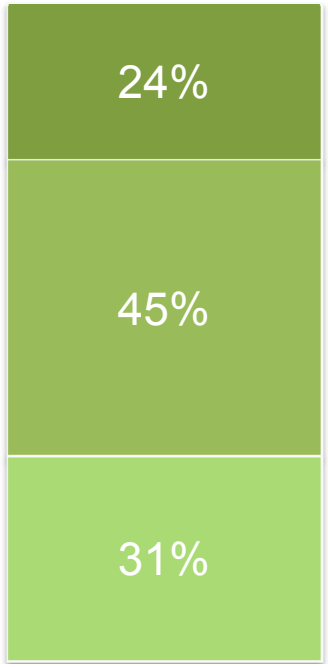
DETAILED ACTION PLAN FOR EFFICIENCY IMPROVEMENT

Paradigm shift and radical changes are needed

Main categories of USD 500-550 mn improvement







- Energy mngm.
- Maintenance mngm.
- Asset optimization & loss mngm.
- Organis. review and general cost reduction
- Other operational improvement

- Petrochemicals sales strategies
- R&M and Retail sales strategies
- SCM driven improvement

Downstream

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