



## 2011 FIRST QUARTER RESULTS

19 May 2011

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# MOL DELIVERED STRONG FINANCIAL RESULTS IN Q1 2011 AGAIN

## *Significant EBITDA improvement*

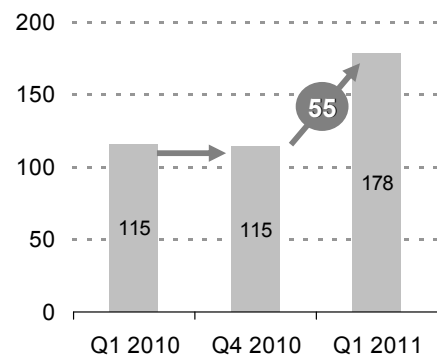
(IFRS), in HUF billion	Q4 2010	Q1 2011	Q1 2010 restated	Ch %	FY 2010
Net sales revenues	1,178.9	1,177.2	876.1	34	4,298.7
<b>EBITDA</b>	<b>138.1</b>	<b>176.6</b>	<b>118.8</b>	<b>49</b>	<b>518.1</b>
EBITDA excl. special items	148.3	186.0	123.0	51	598.2
<b>Profit from operation</b>	<b>61.3</b>	<b>109.1</b>	<b>48.1</b>	<b>127</b>	<b>239.1</b>
Profit from operation excl. special items	82.6	120.9	52.3	131	330.1
<b>Net financial expenses/(gain)</b>	<b>19.2</b>	<b>(28.6)</b>	<b>23.8</b>	<b>n.a.</b>	<b>79.1</b>
<b>Net profit for the period</b>	<b>36.1</b>	<b>92.7</b>	<b>19.0</b>	<b>387</b>	<b>104.0</b>
Net profit for the period excl. special items	53.7	101.8	22.4	355	180.8
<b>Operating cash flow</b>	<b>167.8</b>	<b>(26.0)</b>	<b>(99.2)</b>	<b>(74)</b>	<b>373.7</b>

- ▶ **EBITDA**, excluding special items **increased with more than 50% to HUF 186 bn** and
- ▶ **Operating profit**, excluding special items **more than doubled to HUF 121 bn.**
- ▶ **External environment** was **favourable for our upstream driven results**, while the **downstream environment was still challenging** and **negative regulatory changes** of last year put a pressure to our **Gas Midstream** results
- ▶ Positive effect of **net financial gain**, including almost **HUF 40 bn** foreign exchange gain
- ▶ **Net profit** increased significantly **to HUF 93 bn in Q1 2011**

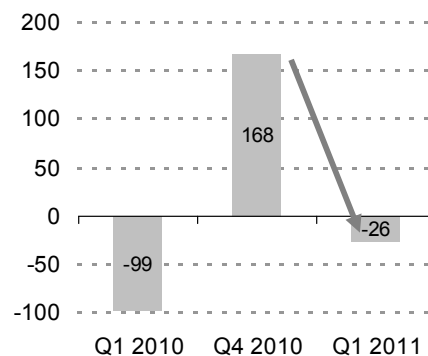
# STRONG FINANCIAL POSITION AND IMPROVING GEARING

*Higher working capital need decreased operating cash-flow*

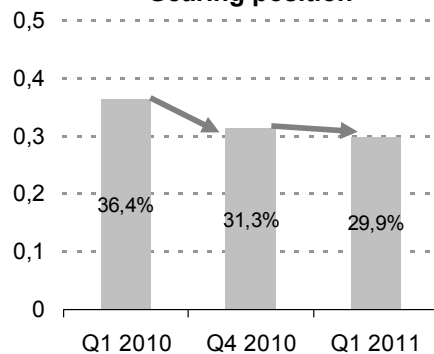
Operating cash flow before changes in working capital (HUF bn)



Operating cash flow (HUF bn)



Gearing position



Healthy operating cash flow before movements in working capital...

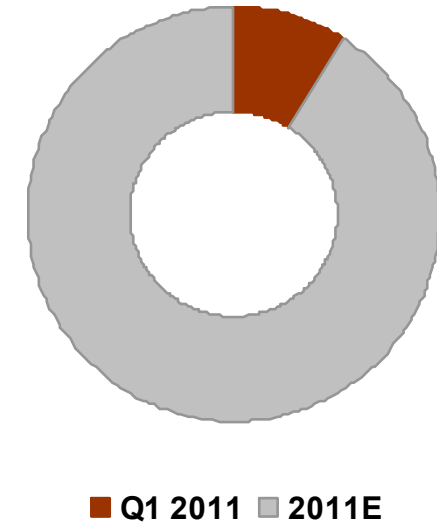
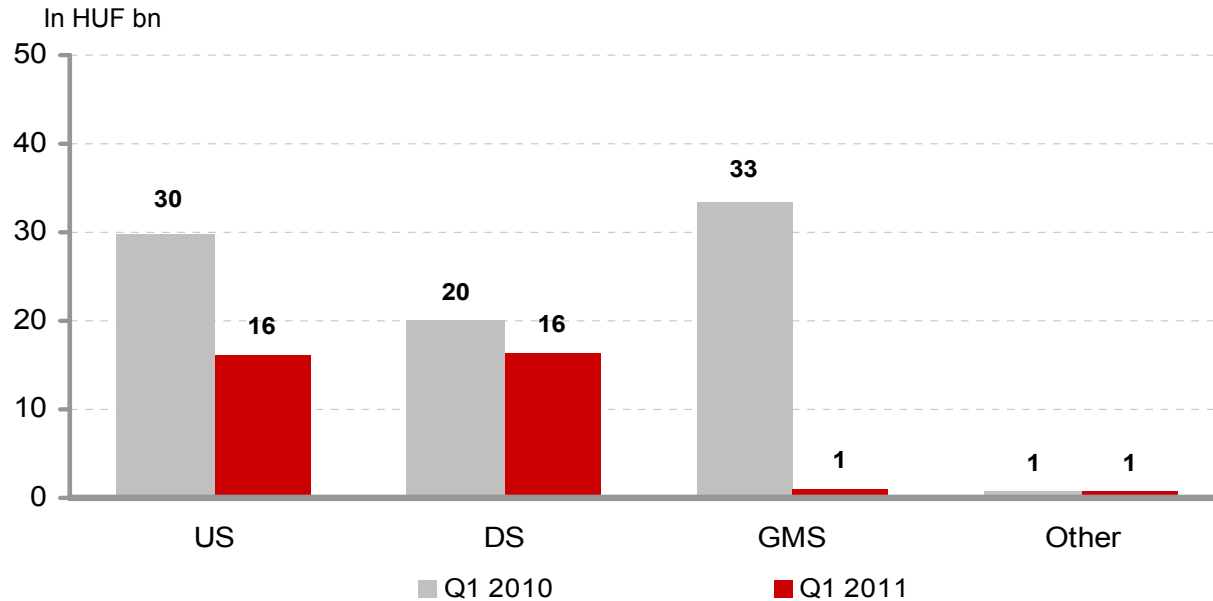
...but..

**negative operating cash flow**, reflecting primary the **higher working capital need**.

MOL kept its **strong financial position: improved, 29.9% gearing ratio** at the end of March 2011.

# CAPEX

*The spending was in line with our plan*



- ▶ CAPEX spending was HUF 34.2 bn (59% lower than previous year) in Q1 2011.
- ▶ The Investments focused on
  - ▶ CEE region and Syria in Upstream, and
  - ▶ Thermal Power Plant revamp at Bratislava Refinery and finalization of Rijeka refinery modernization in Downstream.

# ORGANISATION CHANGES FROM 1 JANUARY 2011

## *Upstream, Downstream, Gas Midstream*

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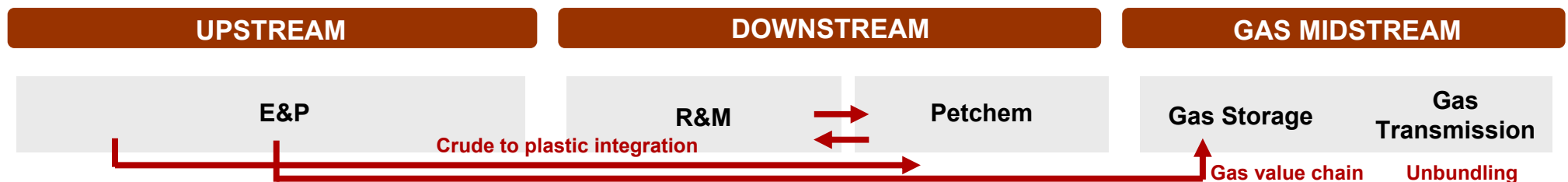
Starting from 1 January 2011, the Group has revised its operational segments to reflect changes in organizational responsibilities as well as the approach of the Group's chief operating decision making bodies.

As a consequence,

**Petrochemical** segment is included in Downstream

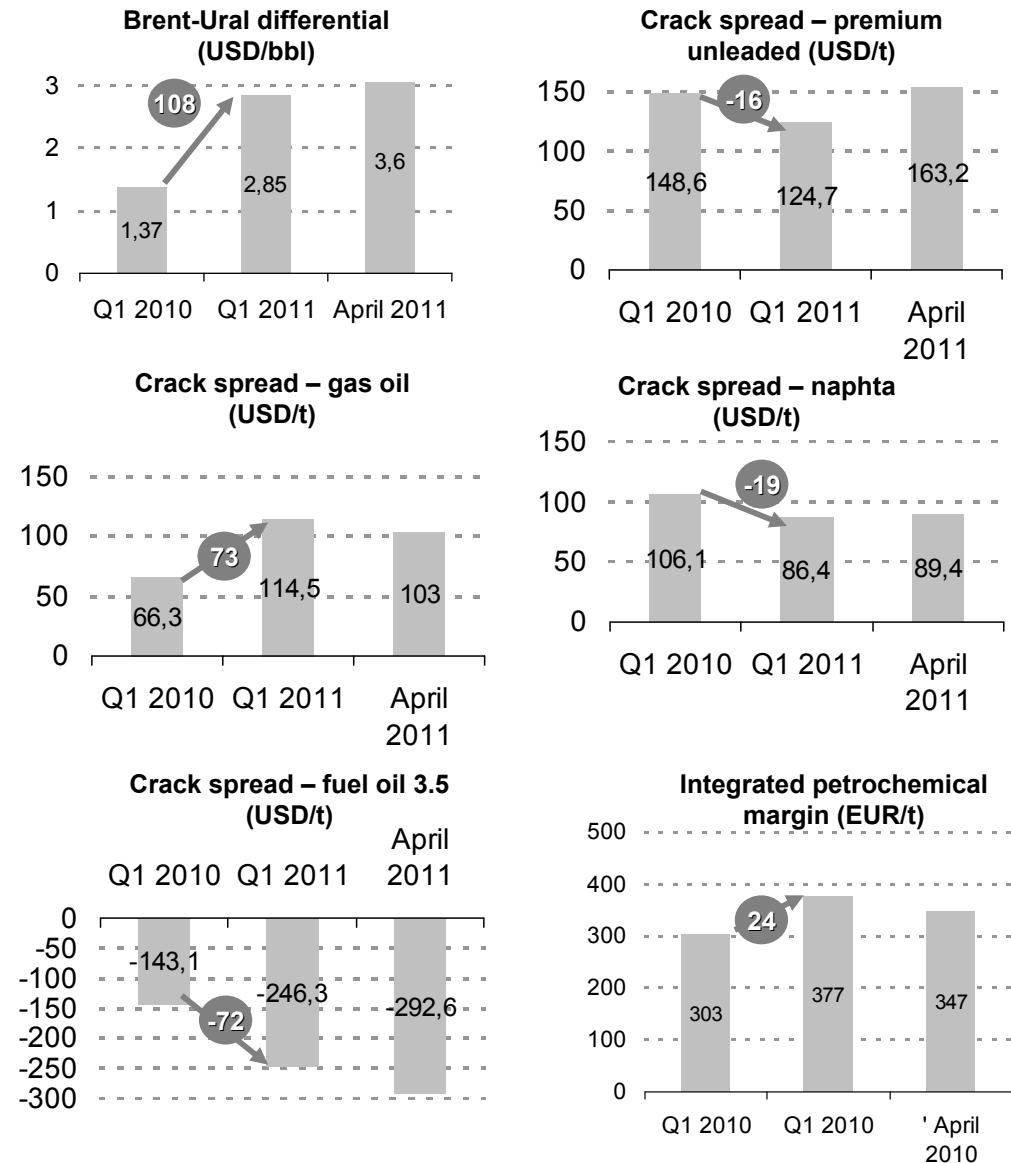
**Heating operations** have been reclassified to Downstream from former Gas and Power

**INA's gas wholesale trading** subsidiary has been reclassified to Gas Midstream from Upstream



# DOWNSTREAM

## *Mixed macro environment*



The external conditions in the first quarter of 2011 showed mixed picture which all in all favoured our reported result.

### *The positive effects of...*



- ▶ the significantly improving diesel crack spread
- ▶ almost doubled **Brent-Ural spread** on quarter and year on year as well, with high volatility.
- ▶ slightly weaker HUF/USD average in Q1 and strengthening of HUF, HRK during the quarter

### *...was moderated by*

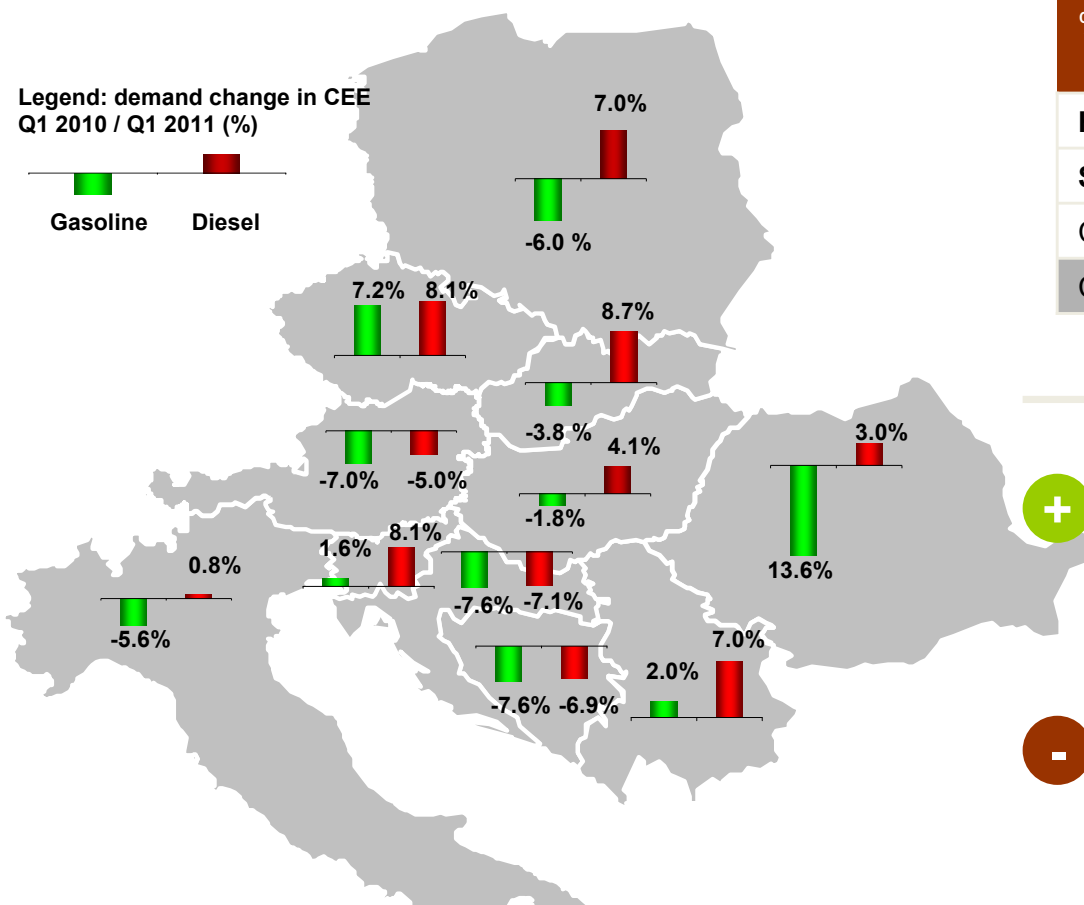


- ▶ slightly lower gasoline and
- ▶ drop of naphtha and fuel oil crack spreads

However refining margins remained well below historic average levels during Q1 2011.

# DOWNSTREAM

## *Slightly increased motor fuel consumption driven by diesel demand*



% change y-o-y	Gasoline Q1 2011	Diesel Q1 2011	Motor Fuel Q1 2011
Hungary	(1.8)	4.1	2.1
Slovakia	(3.8)	8.7	4.8
Croatia	(7.6)	(7.1)	(7.3)
CEE	(4.2)	3.6	1.5

### Drivers of year on year performance in Q1 2011

- ▶ **Diesel demand increased by almost 4%**
  - ▶ Gradual recovery of regional economies
  - ▶ Higher transportation and agricultural consumption
- ▶ **Gasoline consumption dropped by more than 4% (mainly private sector)**
  - ▶ High unemployment rate
  - ▶ Record high price level (27% higher gasoline quotations)

- ▶ Market consumption of motor fuels in the CEE region increased slightly (1.5%) in Q1 2011 year-on-year from the very low basis of Q1 2010.
- ▶ Increased market presence, focusing on domestic markets and key export countries
- ▶ For 2011 we expect continuation of gradual recovery driven by non-residential consumption

# DOWNSTREAM

## *Improving but still moderate results*

The Downstream segment operating profit, excluding special items was HUF 39 bn in Q1 2011, increasing by HUF 43 bn vs Q1 2010.

The year-on-year profit increase was influenced positively by

- (1) favourable **Brent-Ural spread**
- (2) significant gain on **inventory revaluation** and
- (3) on **debtors and creditors**,
- (4) better **petrochemical environment**
- (5) 5% **higher sales volume** and
- (6) more **efficient operation**, lower unit cost of refining

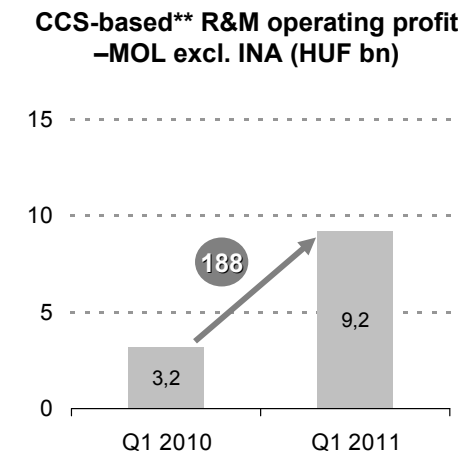
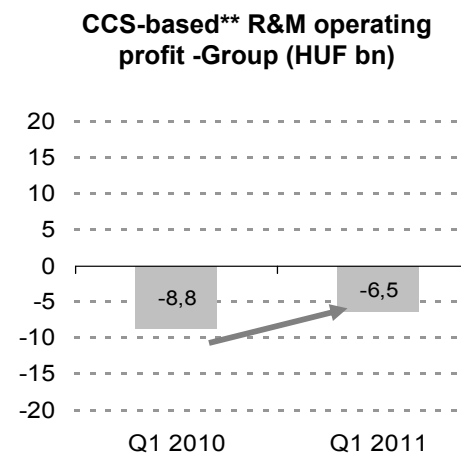
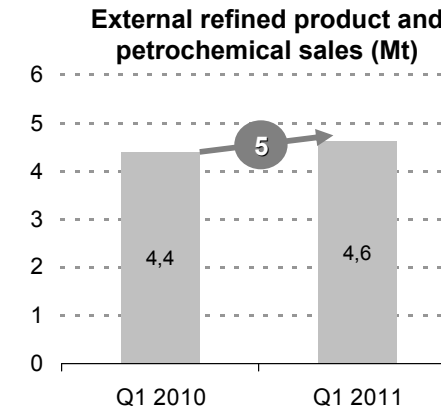
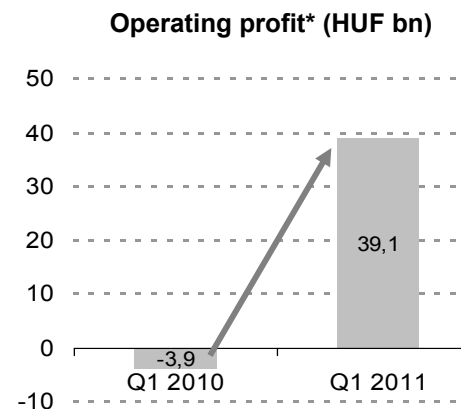
### REFINING AND MARKETING

**'Clean' CCS-based operating result of R&M, amounted to HUF 6.5 bn loss** as a combined negative affects of

- high own consumption cost due to rising crude quotations,
- challenging crack spread environment
- continuous pressure on sales margins

Still less effective **INA** was the major source of loss

**'Clean' CCS-based operating profit of the Group excluding INA contribution was HUF 9.2 bn**



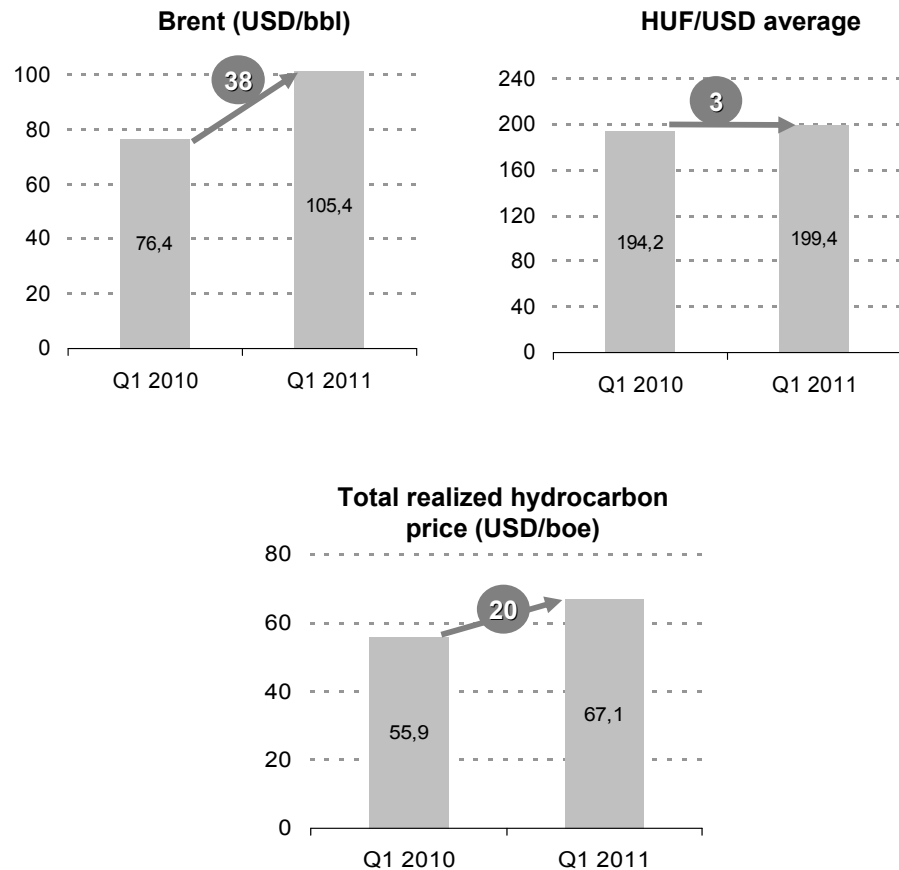
\* Excluding special item

\*\* Excluding special items and forex gains on debtors and creditors

# UPSTREAM

## ***Crude price increase dominated the macro environment***

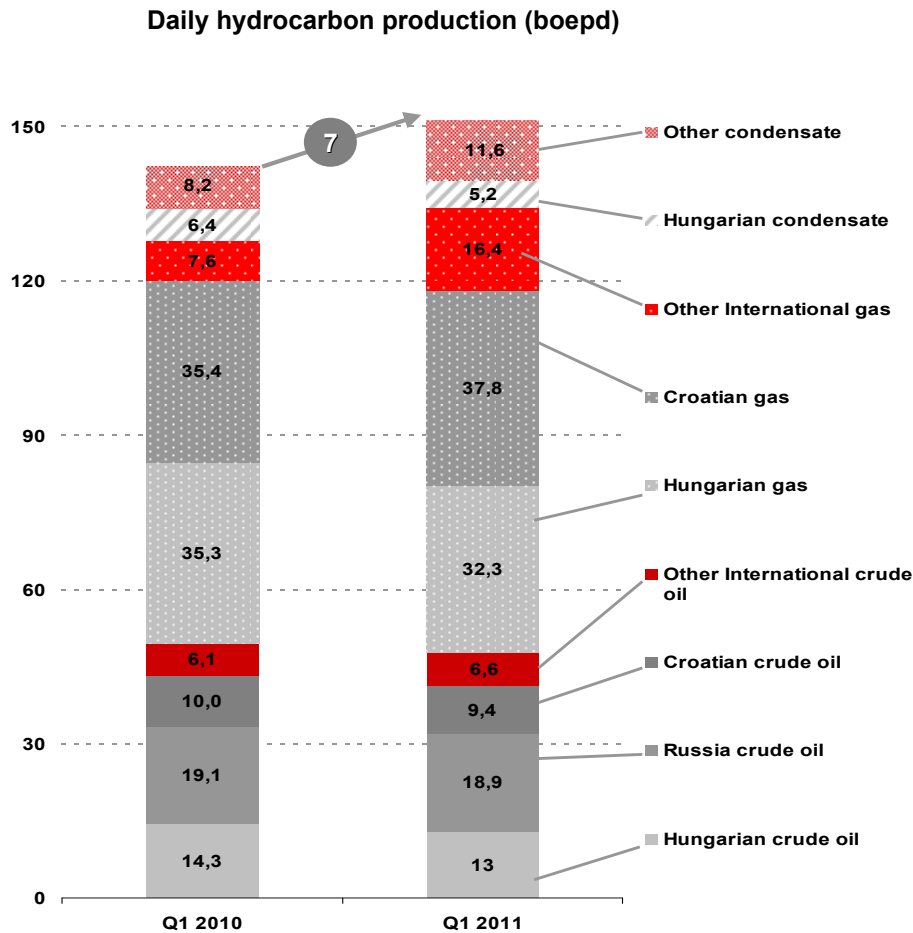
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- ▶ Oil prices followed a very bullish trend as a result of a series of supply shocks in the Middle East
- ▶ Increase was reflected in MOL's total realized hydrocarbon price as well
- ▶ Slightly weaker HUF and HRK against USD

# UPSTREAM

## Record high hydrocarbon production in Q1 2011



► **Average daily hydrocarbon production** increased to **151,160 boe/day** in Q1 2011 as a result of

► **higher Adriatic off-shore and**

► **international gas and condensate production, driven by**

► the increased contribution of **Syria,**

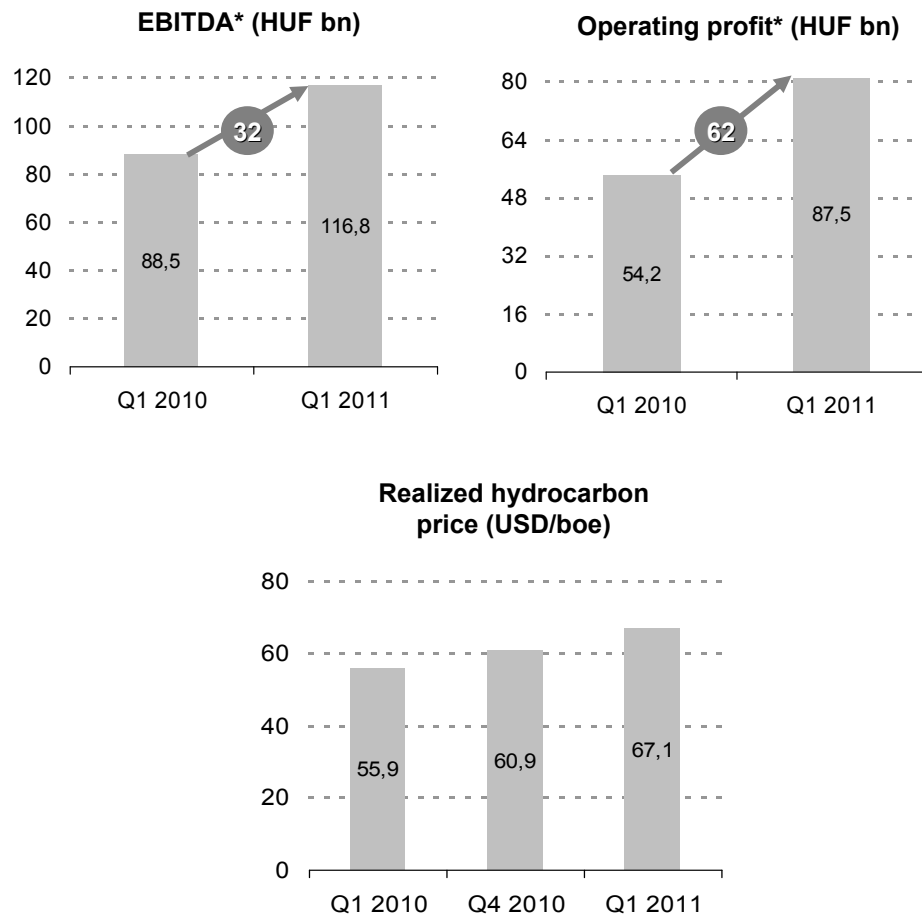
► but also including the growing **Pakistani** production from **Tal Block.**

► **In comparison to Q4 2010,** production shows **4% increase mainly** due to higher production in **Syria** after the start up of Jihar Gas Treatment Plant in last quarter in Hayan Block.

# UPSTREAM

## *Remained the strongest profit contributor in the Group*

- ▶ In Q1 2011, segment operating profit excluding special items, increased to HUF 87.5 bn, by 62% compared to the same period of the previous year.



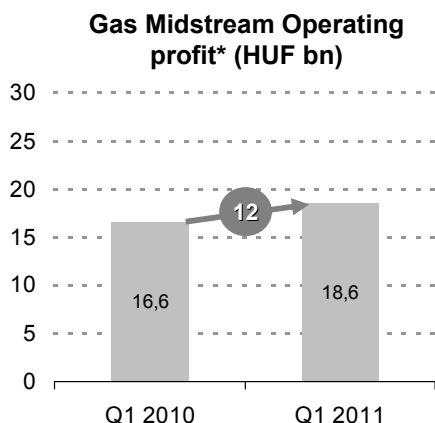
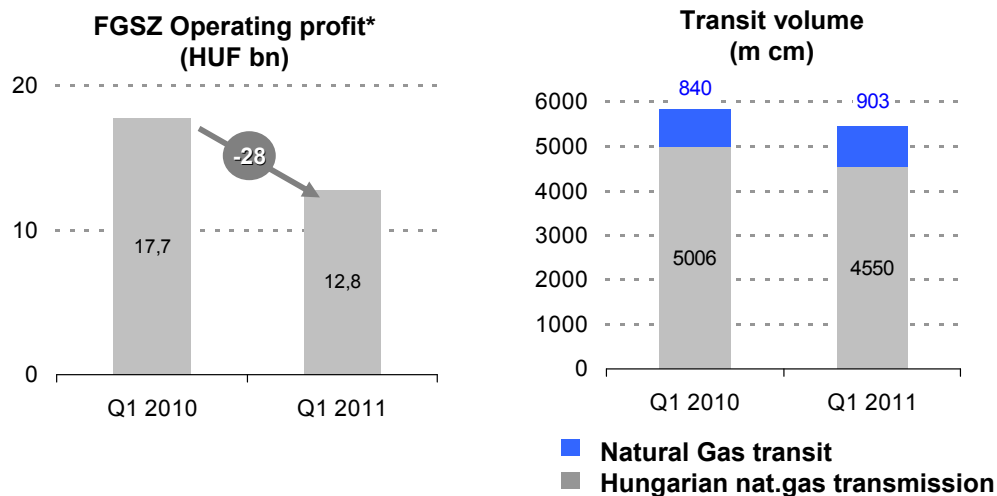
This profit growth derived from combination of positive effects, such as

- ▶ increased production volumes from international operation,
- ▶ 20% higher realized hydrocarbon prices due to increasing international quotations and
- ▶ weaker HUF and HRK against USD.

# GAS MIDSTREAM

## Seasonally strong result, but depressed by unfavorable regulatory changes

- ▶ The new Gas Midstream segment's operating profit, excluding special items accounted for HUF 18.6 bn.



### FGSZ Zrt.

- ▶ In Q1 2011 the operating profit decreased by 28% to HUF 12.8 bn y-o-y,
- ▶ negative effect of frozen gas tariffs
- ▶ recognition of Croatian interconnector in tariffs
- ▶ 2% higher transit income

### MMBF Zrt.

- ▶ Operating profit, excluding special items of MMBF Plc. was HUF 3.3 bn in Q1 2011.
- ▶ MMBF has sold the oil and condensate production of Szőreg-1 field with profit.

\* Excluding special items

# OUTLOOK

*MOL is ready for the upturn*

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## UPSTREAM

- ▶ Production expected around 150 mboepd in 2011
- ▶ Focused CAPEX spending (HUF 160 bn) with increasing share of exploration
- ▶ Continue exploration and appraisal program in Kurdistan
  - ▶ Drilling Bekhme-1 in Q2, testing expected in Q3

## DOWNSTREAM

- ▶ Aiming smooth operation of grassroots units in Rijeka refinery
- ▶ Preparation for the second phase of Rijeka modernization
- ▶ Ongoing efficiency improvement
- ▶ Continuous operation is expected in key refineries in the rest of 2011

## CAPEX

- ▶ Continue key development programs
- ▶ HUF 370 bn CAPEX spending expected in 2011

# THANK YOU FOR YOUR ATTENTION!

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