Budapest, 4 November 2019

MOL agrees to purchase a 9.57% stake in Azerbaijan’s ACG oil field and 8.9% in the BTC pipeline

MOL Plc. (“MOL”) hereby notifies the market participants of the following:

MOL today signed an agreement with Chevron Global Ventures, Ltd and Chevron BTC Pipeline, Ltd to acquire their non-operated E&P and mid-stream interests in Azerbaijan, including a 9.57% stake in the Azeri-Chirag-Gunashli (“ACG”) oil field, and an effective 8.9% stake in the Baku-Tbilisi-Ceyhan (“BTC”) pipeline that transports the crude to the Mediterranean port of Ceyhan, for total consideration of USD 1.57bn (subject to adjustments at closing) with an effective date of 1 January 2019. Once completed, this transaction will make MOL the third largest field partner in ACG.

The supergiant ACG field is located in the Caspian Sea and is one of the largest offshore oil fields in the world which started production in 1997. Operated by BP and encompassing six off-shore production platforms, ACG produced an average 584,000 barrels per day in 2018. The operator estimates total gross recoverable reserves to be c.3bn bbl of oil, following the license extension in September 2017 until 2049.

These share purchases provide an excellent fit to MOL’s current portfolio in line with the goals of our 2030 strategy:

- increased longevity of the E&P business will strengthen MOL’s integrated, resilient business model;
- enhanced sustainability and competitiveness of MOL’s E&P portfolio: this world-class asset with an exceptional production track record over the past two decades will add around 20 mboepd to net Group production in the coming years;
- further transformation of MOL’s E&P platform into an international business by strengthening our footprint in the CIS region through a non-operated position with world-class partners like BP (operator) and SOCAR as host;
- significant EBITDA and free-cash flow contribution: low-cost producing asset, which would be breaking even in a lower-oil price environment with limited investment needs;
- Azerbaijan has a stable and investor-friendly regulatory environment with a long record of international partnerships, and ACG is by far the largest strategic oil asset for the host country; and
- the transaction will be financed from available liquidity and would have no impact on MOL’s ambition to continue to increase base dividends in the coming years.

The transaction is subject to government and regulatory approvals and is expected to close in Q2 2020. MOL expects the Group's pro-forma total hydrocarbon 2P reserves to increase to around 360-380mmboe by the end of 2020.

"*This major USD 1.57bn transaction is a significant milestone in building our international E&P portfolio, in one of our core regions, the CIS, where we will team up with world-class partners. Following the closing of the deal, around half of our production will come from outside the CEE region, giving us a healthy balance. With these new barrels we are also strengthening our resilient, integrated business model, which will continue to generate robust cash flow to finance the MOL 2030 transformational projects as well as rising dividends to our shareholders."* – commented Zsolt Hernádi, MOL Group's Chairman-CEO.

„The ACG deal marks the beginning of a new chapter in MOL's E&P story as we take a significant step to deliver on our promise of inorganic reserve replacement. By completing the ACG acquisition we are well positioned to preserve the excellent cash-flow generation ability of MOL's E&P business for an extended period. MOL E&P has built a strong track record of delivering outstanding profitability over the course of the past three years and with this transaction we are continuing MOL E&P's transformation to an international business, as promised in our MOL 2030 Strategy." – said Dr. Berislav Gaso, MOL Group, Executive Vice President for Upstream.

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