

Operational and financial update

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

MOL has been preparing for several weeks to face the unprecedented challenges presented by the coronavirus epidemic. Initial measures were targeted at protecting the health and safety of employees, customers and partners – this continues to be the top priority for the company – whilst attempting to prevent the spread of the virus. Constantly adapting to the ever-changing situation MOL implemented countless different actions and created new solutions literally every day in the last few weeks to reduce the likelihood of infection among employees and customers. These preventive and precautionary measures inevitably affect our retail, downstream and upstream sites as they support social distancing, increase hygienic awareness and include the provision of protective equipment to our colleagues, the changing shift patterns throughout the group’s plants and exploration sites, the implementation of testing in key operational areas and the switch to home office for our workers.

Subsequent emergency measures of the respective governments in our operating countries resulted in partial or full lockdown, significantly slowing down economic activity in our core CEE countries. This also necessitated the management to implement immediate financial and operational measures not only to mitigate the impact of the current situation on the group, but also to allow MOL to emerge from this crisis as a stronger entity. In this release, we update the market of our financial and operational guidance and provide some operational update of the key businesses.

- ▶ **Withdrawing EBITDA guidance for 2020.** Due to the uncertainty related to the duration and impact of the coronavirus pandemic, the extreme volatility of the external environment and the unpredictability of volumes development across our businesses, MOL is withdrawing its EBITDA guidance for 2020.
- ▶ **Significantly lower organic capex in 2020.** Organic capex will be at least 25% lower at below USD 1.5bn in 2020 vs our original guidance of USD 1.9-2.1bn. The substantial drop in capex is the result of a project-by-project review process and the subsequent delay of non-essential investments as well as supply chain bottlenecks caused by the widespread lockdown. Primarily for this latter reason, capex may ultimately drop even below the newly estimated level.
- ▶ **A comprehensive OPEX review** will be completed in the near future, with meaningful results already in 2020, to support our goal of cash preservation.
- ▶ **Aiming for cash neutral/positive operations.** All measures ultimately serve the purpose to preserve cash and allow for MOL to maintain cash neutrality, while our operations are running uninterrupted.
- ▶ **Ample liquidity and financial headroom maintained.** MOL began 2020 in a strong financial position and even after closing of the ACG transaction, MOL will continue to have ample liquidity with around USD 2.0-2.5bn financial headroom in the form of cash and cash equivalents and undrawn credit facilities. This should allow MOL to successfully manage through these challenging times even in the

case of a longer lasting crisis and also to accelerate activities and grab opportunities once normalization begins.

- ▶ **Dividends.** Given that the short-term efforts focus on cash preservation and on retaining maximum flexibility and despite the original intention to continue the previous trend of increasing base dividends, the Board proposed to fully allocate the after-tax profit of 2019 to retained earnings. Once the situation normalizes and circumstances allow for it, these retained earnings may be used for cash dividend distribution upon the decision of shareholders.
- ▶ **Upstream.** Oil and gas production was around 110 mboepd in Q1 2020, with no significant disruption and in line with our guidance for this part of the year. Going forward, coronavirus-related demand destruction, leading to reduced refinery runs and full storage capacities, may result in temporary production curtailment in some of our international assets. This could be offset by more entitlement barrels from our PSA assets, due to the low oil price. In light of the reduced visibility of the macro environment, we change our production guidance to 115-120 mboepd from 120 mboepd previously (assuming 6-month contribution from ACG). A comprehensive set of actions has been put in place to adjust our operating and capital expenditures and reduce our portfolio breakeven towards USD 25/boe.
- ▶ **Downstream.** The lockdown in our operating countries has resulted in a significant drop in demand of 20-40% for various key product groups in various countries in the past 2-3 weeks. This creates operational challenges for downstream production, which is continuously optimized to meet market demand. However, our high-quality downstream assets of three refineries and two petrochemical sites and the extensive logistics network in Central Europe form a scalable system, which can be adjusted real-time to meet changes in market demand. In this demand-constrained environment Downstream is also targeting to utilize the currently attractive margins. Accordingly, all refineries and the three steam crackers have been running, even if at reduced rates. MOL will continue to provide safe and steady supply of oil and chemical products in each of its operating countries.
- ▶ **Consumer Services.** Consumer Services had had very strong operational and financial performance in Q1 up until the virus-driven lockdown was put in place with each KPIs (fuel and non-fuel alike) running above plan and guidance. Life has changed materially since. The company has experienced a broad-based deceleration in sales over the past weeks as a result of the mandatory closure of borders and reduced socio-economic activity, causing an unprecedented drop in fuel demand throughout the region. As a result, we have to reorganize and refocus operations in order to be able to continue to provide reliable and safe supply across our network, on the one hand, and to attempt to remain cash flow positive, on the other hand. Earlier targets and guidance set for 2020 have lost their relevance under the current conditions, hence we are withdrawing them given the unknown duration of measures implemented to restrict non-essential travel.

MOL Group's Chairman-CEO Zsolt Hernádi commented:

"The world is facing an unprecedented challenge. Our life has changed completely in the last few weeks. The energy industry, while better positioned to weather the economic hardships than some others, enters a period of uncertainty it has probably never faced before, with scenarios ranging to extremes, which were impossible to imagine even a few weeks ago."

MOL has proven its adaptability many times before; we have seen and overcome several shocks in the past. We have shown that we are able to operate successfully in a highly volatile external environment, thanks in no small part to our high-quality assets, our resilient, integrated business model and most importantly to our dedicated, highly-skilled workforce. MOL enters this difficult period in a good shape – and I am sure it will emerge from it even stronger, and certainly with important lessons learnt.

At the end of the day, it all comes down to our investments into human capital – to the dedicated work of almost 25,000 of my colleagues. We have many assets in many countries, but it is our people, who are the key to our resilience. We have done and will continue to do everything to protect their health, especially those who need to be physically present at our sites to ensure both business continuity and supply security.

I am extremely proud of the colleagues of mine that came up with the idea of switching a lubricants production line to manufacture sanitizers. While in normal times this may also have been a good business proposition, today it is our responsibility and obligation to come up with innovative ideas and solutions to help to contain the virus, protect our employees and fight side by side with the governments, public authorities and communities in our countries of operations.

I personally believe that the way a company behaves in a crisis will show its real character and strength. MOL is determined to be a source of stability in a world plagued by uncertainty and will prove once again that it has a place in the “champion’s league” of energy companies.”

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