

## The Board of Directors approved an updated, integrated long-term strategy

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

The Board of Directors reviewed and approved “MOL Group 2030+”, an update of the company’s long-term strategy – which was originally announced in October 2016 –, fully integrated with a new sustainability strategy and complemented with a longer-term vision and ambitions beyond 2030.

MOL will hold an Online Capital Markets Day today (24 February), where the following presentation will be used:

- [Capital Markets Day presentation \(link\)](#)

*„The MOL 2030 long-term strategy has so far proved to be progressive, credible and directionally correct. Accordingly, MOL has taken important strategic steps in the right direction over the past five years. However, we have observed an unprecedented pace of changes around us recently, including rapid progress in the green energy transition. Our updated strategy seeks to accelerate our transformation process to enhance MOL’s resilience and our ability to shape a sustainable future. We will sharpen our focus, increase our efficiency further, while seeking new opportunities with a new determination. One thing has not changed since 2016: we remain deeply committed to the transformation of our traditional fossil-fuel-based operations into a low-carbon, sustainable business model.” (Zsolt Hernádi, Chairman-CEO)*

**Strategic transformation directions in existing businesses confirmed.** With an unchanged vision of the structural, long-term decline in fossil fuel demand in Europe, MOL will continue and accelerate its fuel-to-chemicals transformation in Downstream growing to become a leading sustainable chemicals company in CEE. MOL has unchanged ambitions in Consumer Services to become a market-leading, digitally driven consumer goods retailer and complex mobility service provider in the region.

*“Sustainability and profitability are not mutually exclusive concepts; they have to go together. You cannot be sustainable without generating revenues, nor can you be profitable without focusing on how those revenues are generated; they go hand in hand. This has been evident for some time and will increasingly be clear to everyone in the future. We all want to live in a better, safer and cleaner world; and for a better and more sustainable world we need to shift to a low-carbon, circular economic model.” (Zsolt Hernádi, Chairman-CEO)*

**Investing in new businesses to shape a low-carbon circular economy.** MOL wants to significantly increase its EU Taxonomy-aligned climate-friendly investments to exceed 50% of total capex by 2030 and to approach 100% by 2050, or earlier. MOL also wants to play a key role in shaping the low-carbon circular economy with investments in new businesses such as waste integration and utilization, recycling, carbon capture, utilization and storage (CCUS), advanced biofuels and potentially hydrogen-related opportunities. In the next five years, MOL will spend USD 1bn on new, low-carbon and sustainable projects to become a key player in CEE in the circular economy.

### **Significant carbon reduction targets by 2030, fully aligned 2050 ambitions with the EU Green Deal.**

In line with the Paris Agreement and the need for globally coordinated efforts to limit global warming and climate change, it is also the role of MOL to contribute to the decline in carbon emissions from its value chain and operated assets. Accordingly, MOL will reduce group-level emissions by 30% by 2030, make both E&P and Consumer Services carbon-neutral (in terms of Scope 1 and 2 emissions) by 2030, while Downstream emissions (Scope 1 and 2) will be reduced by 20% by 2030 (from a 2019 base) for existing operations. MOL also shares the EU's ambition to be climate-neutral by 2050 in terms of all (Scope 1, 2 and 3) carbon emissions and wishes to actively participate in the industrial revolution required to make Europe carbon-neutral, both on its own and in partnering with others.

*„The key element for the success of a large company, like MOL, is to maintain its ability to attract, develop and retain talent. Our talented people are by far our most valuable assets, and they are also the core assets of any successful economy. Managing a complex transformation as the one MOL has embarked upon requires not only a diverse and inclusive workforce. It also needs strong collaboration with our local communities, partners, regulators, ensuring the involvement of practically every layer of the society so that we can accomplish the mission of the green energy transition.” (Zolt Hernádi, Chairman-CEO)*

**A comprehensive sustainability framework sets targets along all four pillars: People and Communities; Health and Safety; Integrity and Transparency; Climate and Environment.** MOL sees Diversity and Inclusion as one of its key values and strategy enablers with targets to increase female participation at all levels, reaching 30% in managerial positions and focusing on broader employee wellbeing and health. Our sustainable employee engagement score will stay above 75; community engagement will intensify so that we become a trusted partner; TRIR will fall below 1.0 by 2025 and significant API Tier 1 process safety events will be eliminated. We will instigate a new responsible procurement strategy across the group by the end of 2022; awareness of ethics and human rights will be further promoted among employees and management; and negative environmental impact (beyond CO<sub>2</sub>) will be further reduced.

*“One of MOL's core strengths lies in its resilient, uniquely balanced, integrated business model. In order to preserve this resilience and to be able to shape our future, we will have to continually adjust our business portfolio to meet the challenges of a future carbon-constrained economy.” (Zolt Hernádi, Chairman-CEO)*

**Downstream: transforming into a highly efficient, sustainable, chemicals-focused leading industry player.** MOL Downstream will retain its top-tier cash generation position in European refining and targets USD 1.2bn+ EBITDA by 2025, supported by an additional USD 150mn of efficiency improvement. The fuel-to-chemicals transformation will continue at full speed to reduce motor fuel yield in the refining system and to convert 1.8mn tons to petrochemical feedstock by 2030. This will be achieved through two investment cycles using highly efficient technologies and targeted start-up dates in 2027 and 2030, respectively. At the same time, MOL will increasingly integrate circular technologies into its core businesses, using bio- and waste-based streams in production, scaling up recycling and utilizing CCS opportunities with a clear focus on materially reducing the segment's CO<sub>2</sub> footprint. The total Downstream transformation capex may reach USD 4.5bn in the next ten years.

**Consumer Services: becoming a digitally driven consumer goods retailer and an integrated, complex mobility service provider by 2030 with significantly higher revenues and free cash flow.** Consumer Services will materially increase its contribution to the group by reaching over USD 700mn annual EBITDA by 2025 and a cumulative simplified free cash flow of over USD 2bn in 2021-25. The segment will invest in the further development of food and convenience offerings and will continue the standardization and digitalization processes within the network. Our focus will then increasingly shift towards sales channel diversification, expanding the alternative fuels portfolio and complex mobility platforms and services.

**Upstream (E&P): focus on cash generation, managed decline in CEE, approach international E&P opportunistically and invest in CCUS.** Existing resources will continue to be managed to maximize cash generation and value creation with around USD 1.8bn simplified free cash flow in 2021-25 at USD 50/bbl oil prices (and assuming no inorganic reserve replacement). This requires the cost-conscious and efficient management of the CEE production decline and an active, but opportunistic approach to international E&P without setting any volumetric targets. MOL aims to utilize its expertise in the Pannonian basin geology to become a key player in carbon capture, utilization and storage (CCUS) in CEE by 2030, which will also support it becoming carbon-neutral (Scope 1 and 2).

*“Any transformation is an inherently complex, lengthy and often painful exercise. I am convinced, however, that our refreshed long-term strategy will keep us on the right track to develop into a key player of the low-carbon circular economy, offering exciting opportunities to our employees, continuously enhancing customer experience, working constructively with our partners whilst ensuring a stable, predictable income to our investors along the entire transformation journey.” (Zolt Hernádi, Chairman-CEO)*

**Financial Framework 2021-25: fully funded transition and stable, predictable shareholders remuneration, strong balance sheet.** Even with conservative mid-term base macro assumptions MOL will generate sufficient operating cash flows in 2021-25 – with EBITDA rising from USD 2.3bn in 2021 to USD 2.6bn in 2025 – to cover “sustain” capex, at least USD 3.5bn strategic capex, including USD 1bn new, low-carbon, circular economy investments, and stable base dividends. Keeping a strong financial profile through a robust balance sheet and ample financial headroom remains a priority. This flexibility may be used to fund new business opportunities, including cash-generative M&A in any business lines.

**For further information, please contact Investor Relations:**

Tel: +36 1 464 1395  
Email: [investorrelations@mol.hu](mailto:investorrelations@mol.hu)