

### **The Board of Directors approved MOL's new long-term strategy**

MOL Plc. hereby informs capital market participants that the Board of Directors formally approved the company's new long-term strategy, "MOL Group 2030 – Enter tomorrow", at its meeting held on 13<sup>th</sup> October 2016. The key pillars of the new strategy are the following:

**Strengthen and sustain MOL's regional leadership position in CEE.** MOL Group shall sustain its regional leadership in its core businesses, become a leading chemical group in CEE, be the customers' first choice serving their diverse and changing needs with the right products and services, and become the primary source for mobility solutions and innovations, while offering growing and competitive returns to its shareholders. MOL aims at increasing its fuels market share in the broader CEE region to 25-30% from slightly above 20% currently and will belong to the top quartile of the sector in terms of its unit profitability.

**Refining: complexity, efficiency, flexibility and diversifying from fuels.** MOL will continue to operate highly complex, efficient and profitable refineries in the mid-term belonging to the top European refiners measured by net cash margin. Furthermore, through its relentless drive for efficiency MOL targets top quartile position in Europe in terms of overall cost efficiency and further improving its energy efficiency. Simultaneously, as a response to MOL's mid-term view of fuel markets trends, fast-spreading alternative technologies and changing consumer behavior, MOL shall aim for material diversification within its refining operations by 2030. MOL targets a gradual increase of the share of non-motor fuel products to above 50% by 2030 (from below 30% currently) through carefully selected investment projects, primarily focused on the petrochemical and chemical value chains.

**Petrochemicals and chemicals: a focus segment for capital allocation with substantial growth ahead.** MOL believes the logical step in its strategy to diversify from fuels is to further invest in its petrochemical and chemical value chains, whilst retaining its integrated downstream focus. Consequently, MOL plans to spend around USD 1.5bn in every 5 years until 2030 on growth projects in the CEE region to expand in petrochemicals and chemicals. MOL targets to increase its petrochemical feedstock intake to 3m tons and plans to enter new product groups. Petrochemical and chemical investments should be built upon existing hydrocarbon molecules within MOL's refineries, thus continuing MOL's current strategy of deepening its downstream integration along the value chain whilst also moving towards semi-commodity and specialty products.

**Retail: transforming the "traditional" fuel retailing business into a market-leader consumer goods and services business.** On the one hand, MOL wants to operate and further develop its market-leading regional service station network in the CEE and to be the customers' first choice. On the other hand, responding to changing market dynamics and consumer behavior, MOL will transform its retail business into a "consumer goods and services" provider platform to capture or even to create new types of consumer demand. MOL shall target that the consumer goods and services segment contributes one-third of the Group EBITDA by 2030.

**E&P: a focused, scalable and value-accretive business.** MOL wants to be a focused and efficient E&P operator with the right capabilities to operate small-to-mid-size assets in well-defined core geographies in a value accretive way. MOL intends to keep its competitive cost position with single-digit direct production costs (currently below USD 7/boe) and continues to target self-funding, sustainable and value generative E&P operations even in a low oil price environment (at or below USD 50/bbl oil price).

**Embrace innovations and new business directions.** The new long-term strategy envisages MOL gradually investing in new business directions with the aim of these new businesses generating around 10% of the group EBITDA by 2030. These investments should follow a strong financial discipline and the portfolio of new businesses should be cash flow positive by 2030.

**2030 Strategy – 2030 Culture.** The success of the MOL Group 2030 strategy and achieving the strategic business goals will be much dependent on a successful transformational change in corporate culture. Collaboration, risk-taking, innovation, flexibility, service-oriented approach will all be key to ensure MOL Group makes a difference in the industry, in the region and in the communities it operates in.

**Competitive shareholders return.** MOL shall strive for providing a best-in-class equity story by offering a competitive return to its shareholders. MOL will continue to aim for steadily increasing its annual nominal dividends. MOL also supports higher liquidity and free float of its shares in the medium term.

Zsolt Hernádi, Chairman-CEO, MOL Group commented: *“In the past 15 years, MOL has successfully led the consolidation in the oil & gas industry in Central Eastern Europe, becoming a truly international player. We increased our EBITDA sevenfold and our market capitalization fivefold. The number of our service stations grew from 450 to over 2,000 and today we serve 1 million customers daily. Our strategy has been accomplished. Yet, we will by no means stop here. Looking ahead, we are well positioned to capture and deliver further long-term growth in an ever faster changing external environment where new global energy and fuel consumption patterns emerge, along with fast paced disruptive technological change and ever-shifting customer habits. The objective of the “MOL Group 2030” strategy is not only to sustain and strengthen our regional position in our core businesses, but also to once again drive the changes in Central and Eastern Europe. As part of our new strategy, we will further diversify and expand our petrochemicals portfolio with the aim to become a leading chemical group. Likewise, we will not simply sell fuel through our retail network, but we will aim to become the customer’s first choice, serving their ever more diverse and changing needs with the right products and services. Upstream will continue to play a key role as a natural hedge, operating profitably and adding value even in a low oil price environment. I am confident that through the combination of our high quality assets, financial strength, growing markets, talented people and the right culture, MOL will once again set the pace during the next 15 years, offering competitive returns to our shareholders and contributing to the long-term social and economic prosperity of the economies in the region.”*

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