

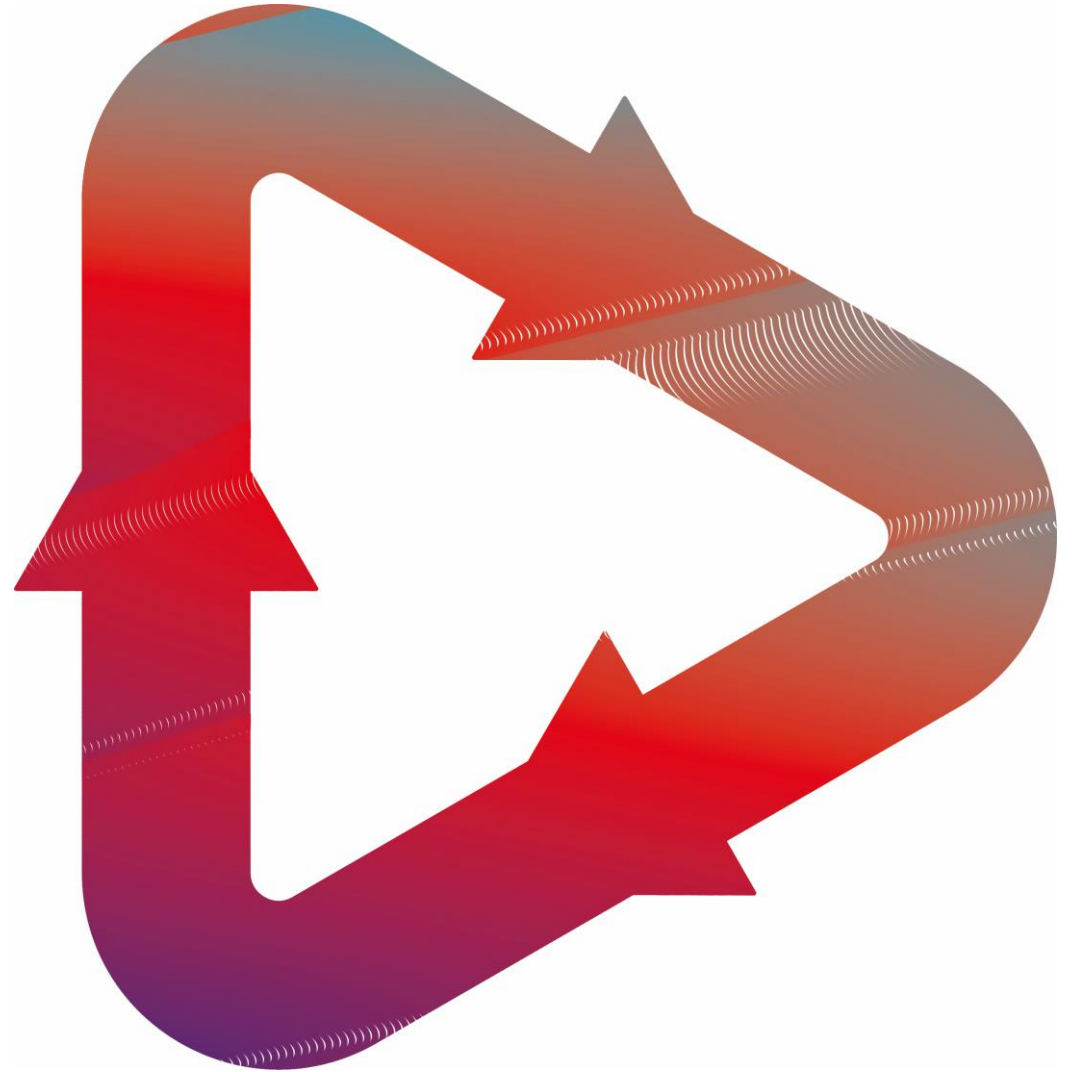
# MOL GROUP 2030+ STRATEGY

## PREPARING MOL FOR THE LOW-CARBON CIRCULAR ECONOMY

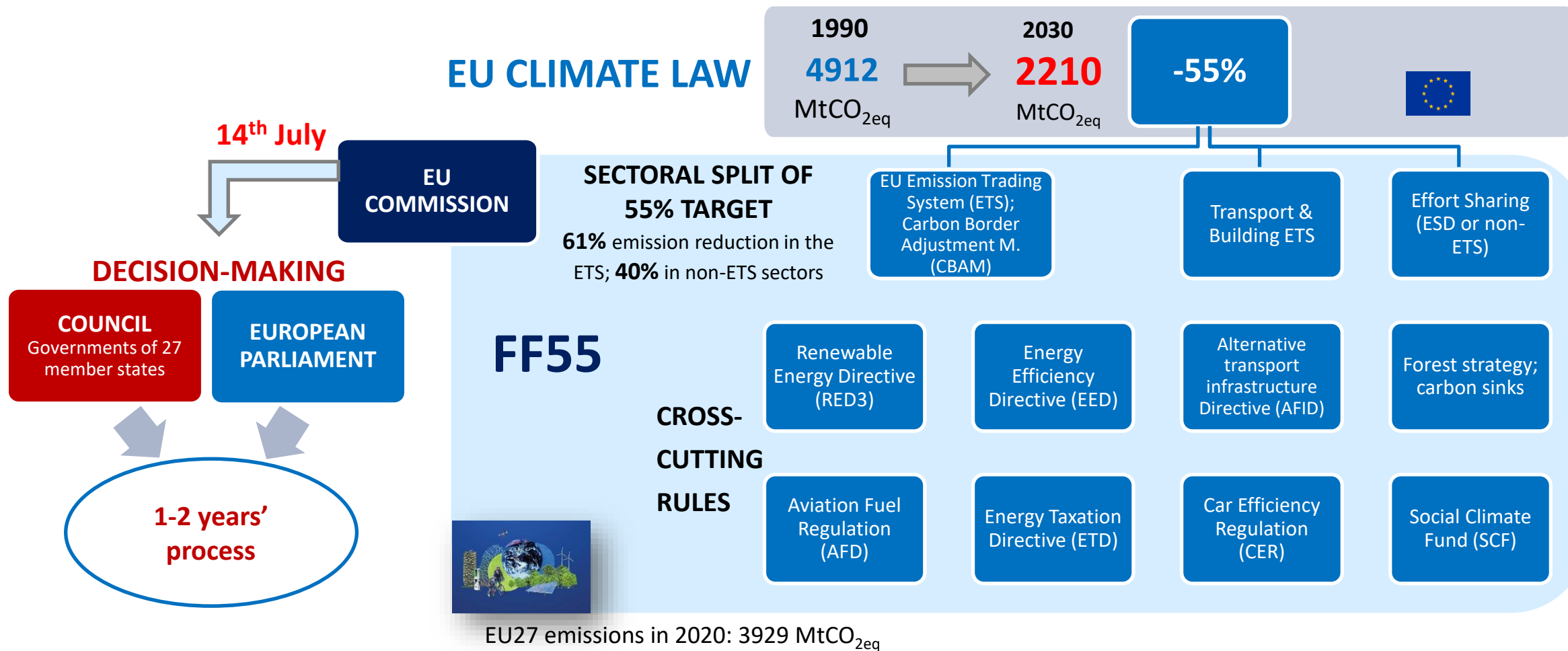
**Viktor Sverla**

Group Strategy Director

April 2022



# REGULATORY ENVIRONMENT



# „MOL HAS A TRANSFORMATION PLAN THAT IS AMONG THE MOST EXPLICIT RESPONSES...“ (WSJ, NOVEMBER 28, 2016)

## THE WALL STREET JOURNAL

MONDAY, NOVEMBER 28, 2016 • VOL. CCLXVII NO. 126

### What's News

#### Business & Finance

##### What all producers

are preparing for the prospect of a decline in demand by diversifying into petrochemicals, gas and alternative energy. **A1**

Oil and gas spending during the third quarter fell 10% from a year ago as the industry gears up for a second year in a row. **B1**

The U.S. became a net exporter of gas this month, a milestone for the industry since 1953. **B1**

Donald Trump's campaign has held talks with Trump supporters in Texas plans to be carried out in the state. **A1**

Competition to get many Trump supporters to attend a presidential campaign. **A1**

Shovel firms are looking to win big contracts in the U.S. as they compete for the Obama administration's work. **B4**

U.S. bank assets have stayed on pace for an end to the low rate era. **B1**

Obama's "Mission" took on more political color in the Thanksgiving week. **B1**

AT&T wants to live TV New streaming video service Monday, offering over \$100 in TV channels. **B1**

The WTO is pushing to raise the bar for trade agreements. **B1**

World-Wide

Trump urged the "real" base of people's support to be linked to the state's popular vote. **A1**

Trump's economic policy will be tested as the economy grows. **A1**

Obama's death is pushing through on the Trump campaign. **A1**

The best leader in the world is likely to be chosen for years to come with the Obama administration. **A1**

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The best leader in the world is likely to be chosen for years to come with the Obama administration. **A1**

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## Trump Takes Aim at 'Millions' of Votes

As recent efforts are stepped up, president-elect responds with new claims of fraud

By Steve M. Lipp

President-elect Donald Trump on Sunday pledged that "millions of people" had voted illegally in the Nov. 8 election, as he responded to reports of voter fraud and to critics who have pointed to Hillary Clinton's lead of more than two million votes in the national popular vote.

"In addition to winning the Electoral College as a landslide, I won the popular vote if you define the millions of people who voted illegally," Mr. Trump tweeted, without providing any corroborating evidence for the allegations.

Trump also said there is no evidence of widespread voting by illegal immigrants or others ineligible to vote.

"It would have been much easier for me to win the national popular vote than I did," he said. "I would have won, even if I had only 50% of the vote."

Mr. Trump said he would not accept a re-run of the election, but he would accept a re-run of the popular vote if it were held in a state that gave Mr. Trump a majority of the electoral votes.

Separately, officials in three states that gave Mr. Trump large majorities of electoral votes said they would not accept a re-run of the election.

The White House said it would not accept a re-run of the election.

## Flags Unfurled in Miami as an Era Ends in Cuba



Crowds in Miami, shown, turned out Sunday to celebrate the death of former Cuban President Fidel Castro, 90, who died Friday at age 90.

## Castro's Death Dials Up Pressure On Trump to Rethink Cuba Thaw

By Peter A. Binkovitz and Steve M. Lipp

WASHINGTON — The death of Fidel Castro is pushing new pressure on President-elect Donald Trump to follow through on his earlier promise to re-examine Cuba's status as an enemy nation.

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Competition to get many Trump supporters to attend a presidential campaign.

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## Oil Firms Anticipate Day of Reckoning

This month, European oil company MOL Group delivered a stark message to investors: Demand for fuel in its key markets is bound to fall.

By Sarah Kent in London and Brian Spegele in Beijing

Peak oil demand—when global consumption crests and begins a permanent decline—is a mind-bending scenario that global producers such as Royal Dutch Shell PLC and state-owned Saudi Aramco are beginning to quietly anticipate. But MOL has a transformation plan that is among the most explicit responses to the trend, indicating how the landscape may change for big energy providers over the next decade.

The Hungarian company is rethinking its traditional focus on fuel supply and shifting investment to petrochemicals, the key ingredient of everyday plastic products and a sector where MOL believes growth will continue even when its fuel business falters.

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## FINANCIAL TIMES



### Climate change EU carbon price soars to record highs

Gains accelerate after rally since November as EU pushes ahead with plans to tackle high emissions



### Oil & Gas industry Big Oil hit by record losses from pandemic and clean fuel

Exxon racks up first annual loss of \$20bn while BP loses \$5.7bn as energy demand plunged last year



### Lex Exxon Mobil Corp Exxon/climate change: feeling the heat

Premium

To be an oil company, it must continue spending money to drill for the stuff

# WE NEED TO SPEED UP TRANSITION

THE DIRECTION HAS NOT CHANGED, BUT THE STORY IS ACCELERATING

„We always overestimate the change that will occur in the next two years and underestimate the change that will occur in the next ten.” (Bill Gates)

## Climate Challenge

Climate change is a widely accepted challenge, and it requires immediate mitigation

## ESG Revolution

Investors increasingly integrate non-financial risk in decisions

Climate/CO2 is a number one concern

The concept of „stakeholder capitalism” is also gaining traction

Oil&gas is a net loser of ESG-driven capital flows

## EU Green Deal

Net Zero ambitions require dramatic policy change and an aggressive transition trajectory

## COVID-19

Unprecedented challenges caused by world-wide pandemic

## Macro Crisis

Oil & gas was amongst the strongest hit sectors

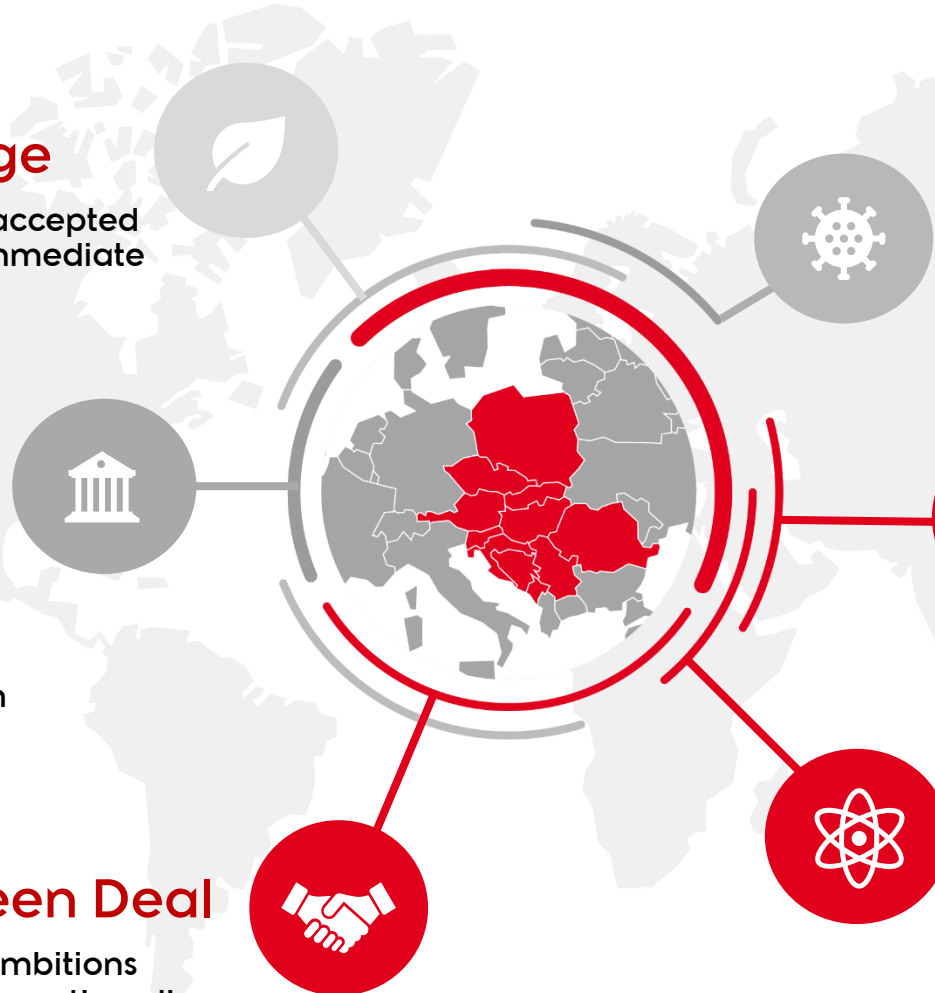
The EU is to support the recovery via green investments

## Technology

No breakthrough in EV penetration yet...

...but Renewable Energy has become a real hot spot...

...and new tech is now firmly on the agenda (H2, CCUS)



# MOL GROUP VISION 2050

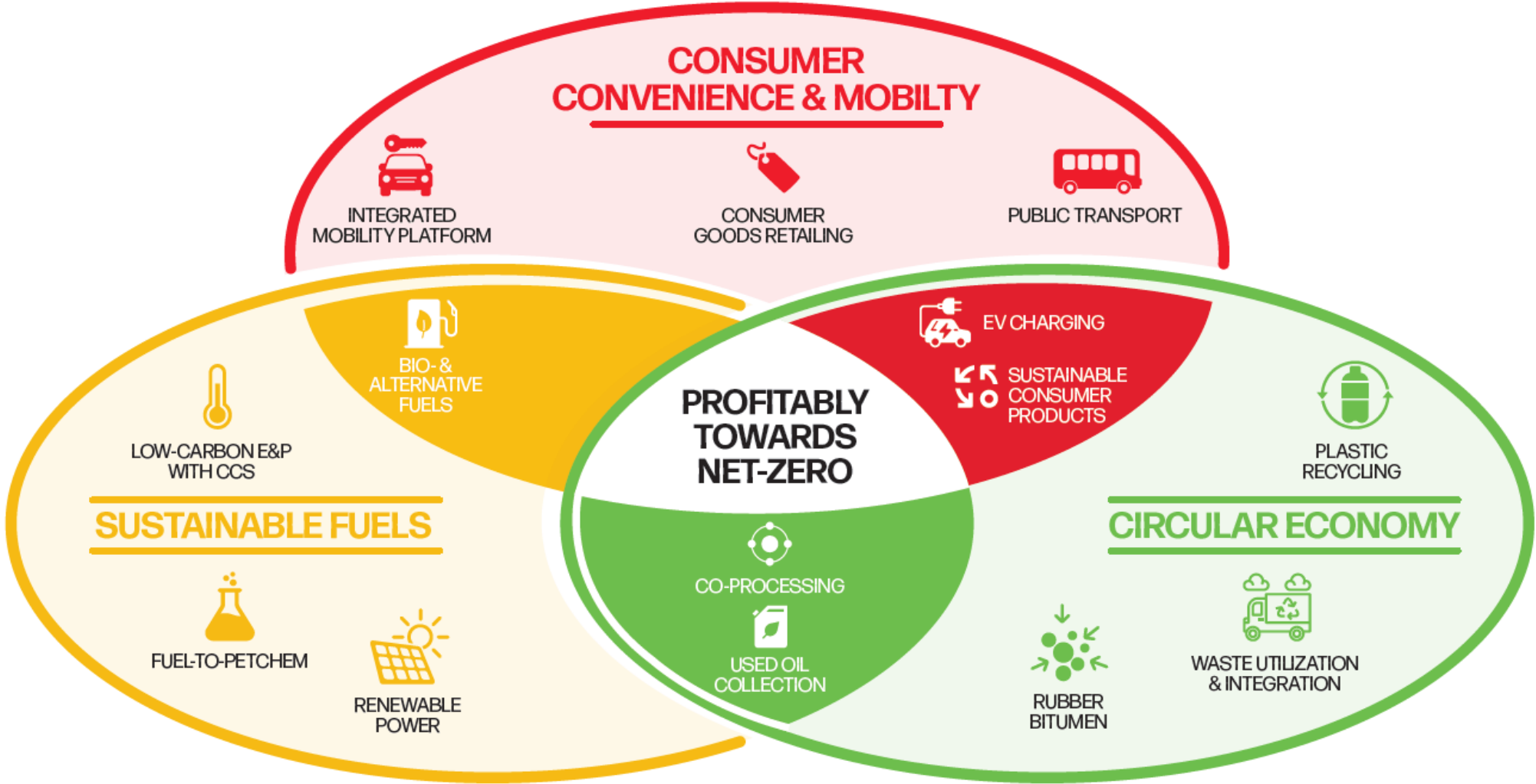


WE WILL BE **A KEY PLAYER OF THE LOW CARBON CIRCULAR ECONOMY** IN CENTRAL AND EASTERN EUROPE. A HIGHLY EFFICIENT COMPANY, PROVIDING SUSTAINABLE MATERIALS FOR THE ECONOMY, LOW CARBON FUELS FOR MOBILITY AND CONVENIENT PRODUCTS AND SERVICES FOR THE PEOPLE ON THE MOVE.

By following this vision, **we start shaping tomorrow.**

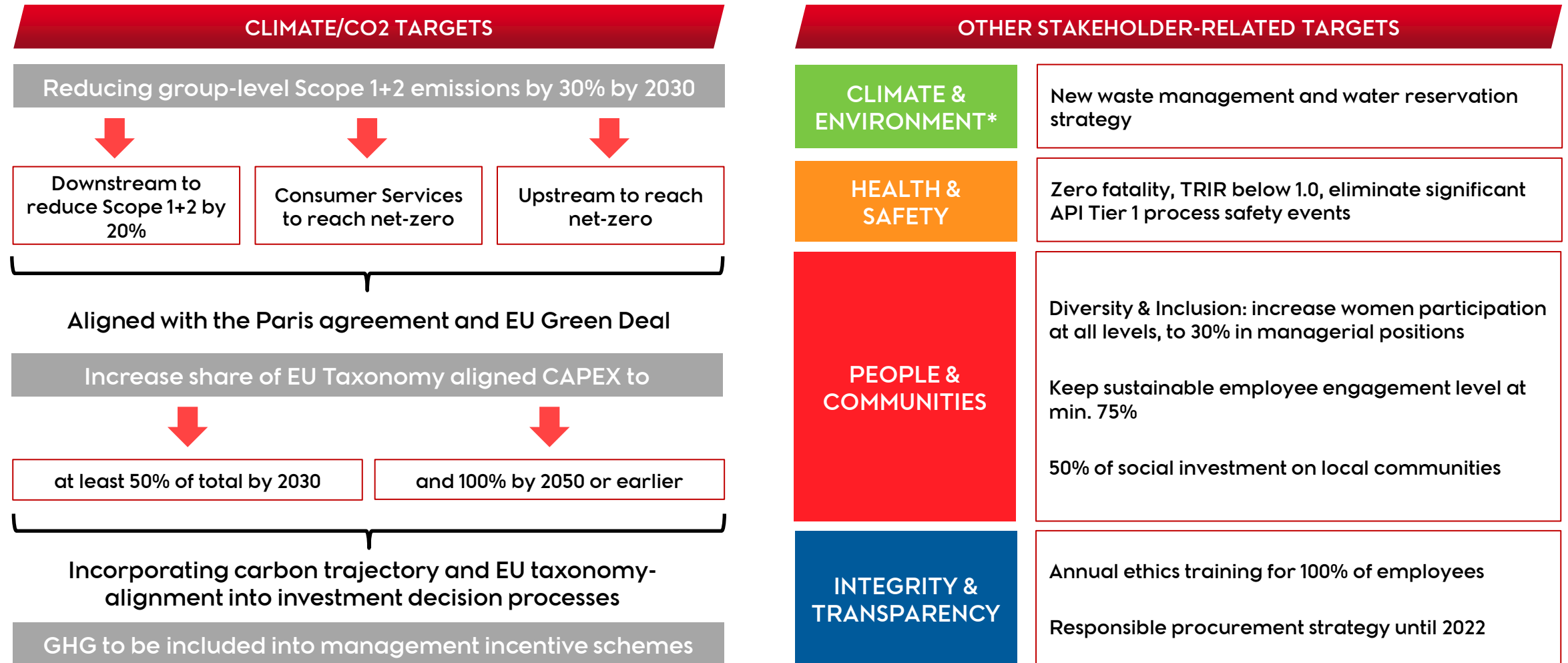
# MOL 2030+: PROFITABLY TOWARDS NET-ZERO

## ACCELERATED LOW-CARBON TRANSITION



# ESG: CLIMATE/CO2 IN FOCUS, BUT ALL STAKEHOLDERS MATTER

BOTTOM LINE AND SUSTAINABILITY ARE NOT MUTUALLY EXCLUSIVE



\* In addition to the CO2 targets

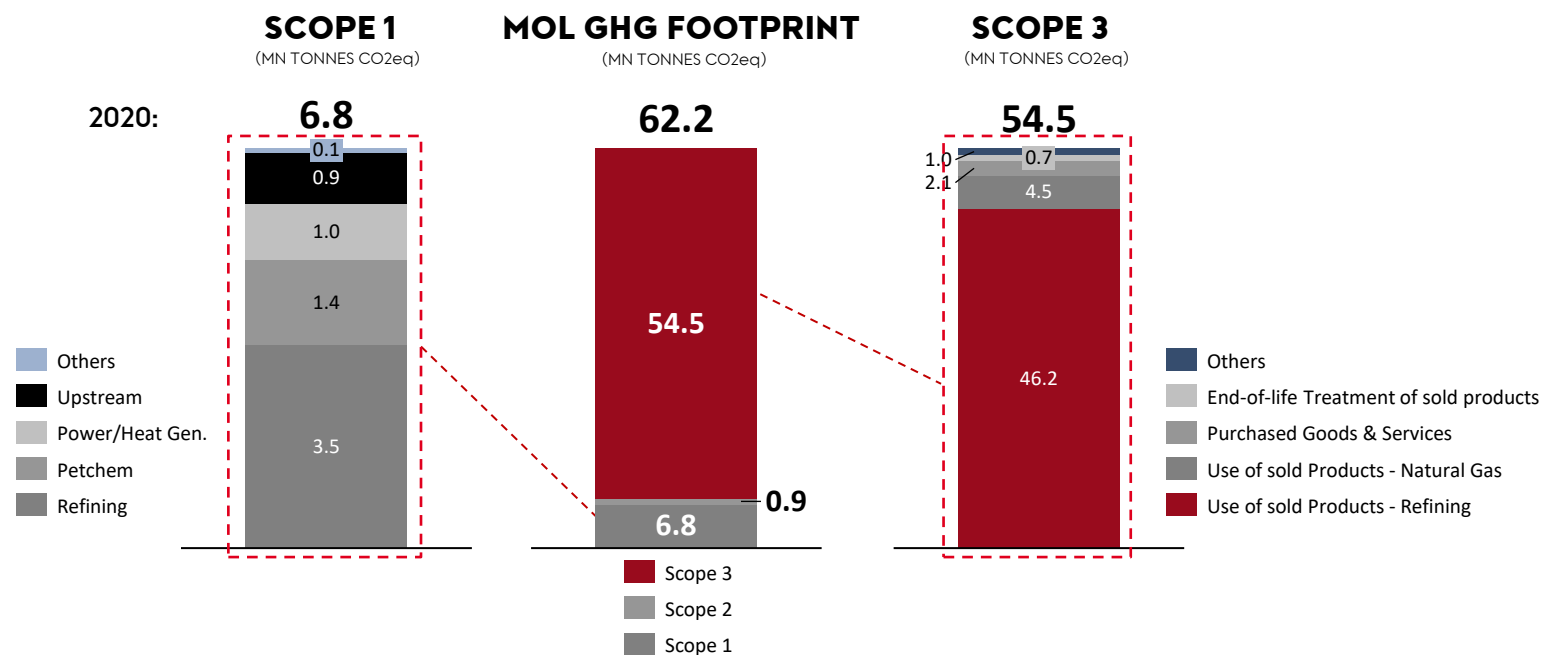
- **GHG: DOWNSTREAM AND FUEL SALES BIGGEST CONTRIBUTORS**
- **SCOPE 2 IS MINIMAL**

### TOTAL GHG EMISSIONS SCOPE 1, 2 AND 3

- ▶ Scope 3 accounts for 90% of MOL Group's total GHG emission footprint
- ▶ Downstream accounts for 90% of MOL's Scope 1 emissions, Upstream for 9%
- ▶ Around 90% of all MOL Group Scope 1 falls under ETS (99% of DS under ETS)
- ▶ Use of sold products (mainly diesel, gasoline) accounts for 93% of reported Scope 3

### REPORTING AND DISCLOSURE

- ▶ Climate related disclosures produced in accordance with the core elements of the TCFD
- ▶ Full Scope 3 emissions breakdown of all 15 categories in Annual Report
- ▶ Calculation and reporting of GHG Emissions Scope 1, 2 and 3 consistent with the following standards:



# DOWNSTREAM



# 2050 VISION: HIGHLY EFFICIENT, SUSTAINABLE, CHEMICAL-FOCUSED

WE HAVE A LONG-TERM VISION TO BECOME A SUSTAINABLE CHEMICALS COMPANY AND POWERING MOBILITY WITH AN AMBITION TO REDUCE CARBON FOOTPRINT AND STRIVING TO REACH NET ZERO EMISSION



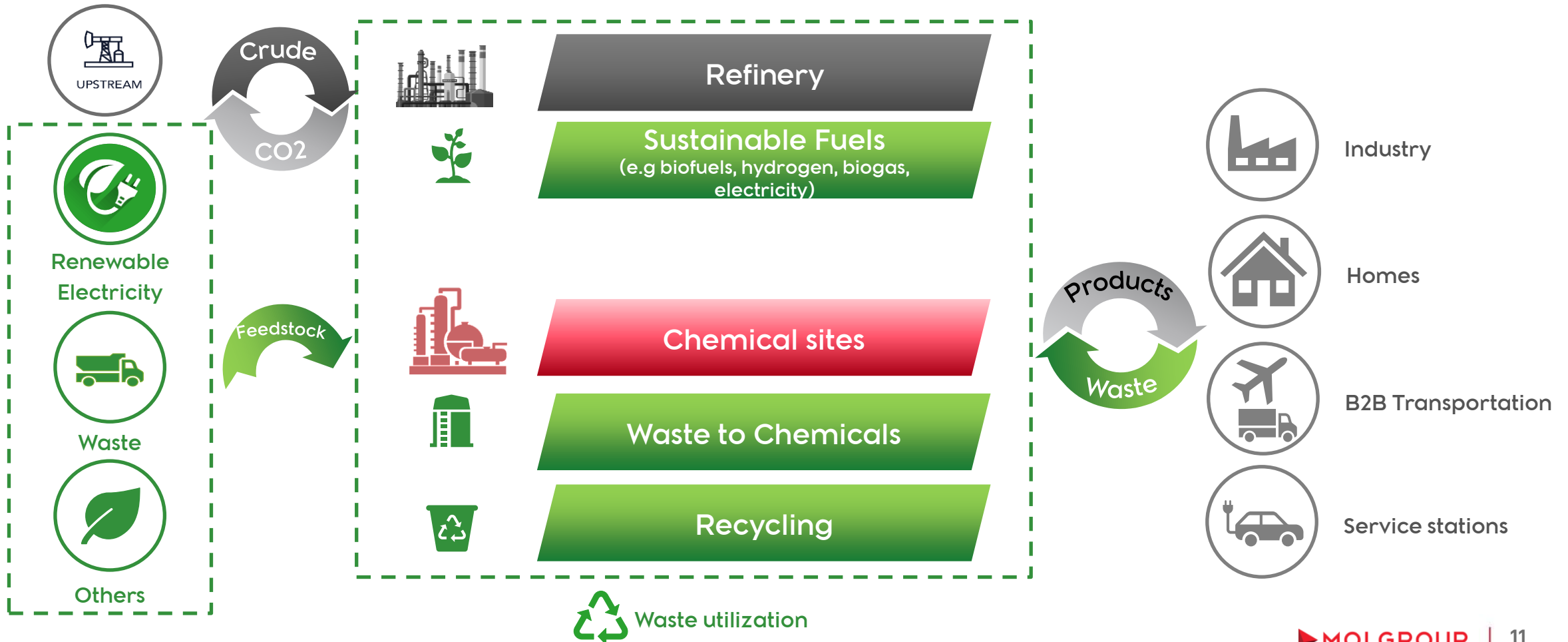
# INTEGRATING CIRCULAR ECONOMY INTO OUR CORE BUSINESS

INTEGRATING BIO- AND WASTE-BASED STREAMS IN PRODUCTION AND SCALING UP RECYCLING

In our feedstock...

...in our operations...

...in our product portfolio



# MOL HAS TAKEN ITS FIRST STEPS TOWARDS A MORE SUSTAINABLE PRODUCT PORTFOLIO

- ▶ Exploit and utilize Carbon Capture Utilization/CCS: Front-end loading and project definition is expected to be finalized in Q1 2022
- ▶ Group level Hydrogen concept under development

- ▶ Utilization of unused own industrial sites for solar power plant installation
- ▶ Currently ~30+ MW installed

- ▶ 2021: MOL began coprocessing renewable diesel at Danube Refinery, increasing renewable share of fuels with bio feedstock, and decreasing CO2 emission by 200 ktpa
- ▶ Examining Sisak project to produce biofuels



- ▶ Integrate into core business
- ▶ Exploit and utilize Waste to Chemicals opportunities

▶ Strategic partnership with:  
**MERAXIS**, **APK**



- ▶ Acquisition of: **AURORA** Kunststoff GmbH  
MEMBER OF MOL GROUP
- ▶ Capacity is 15 ktpa

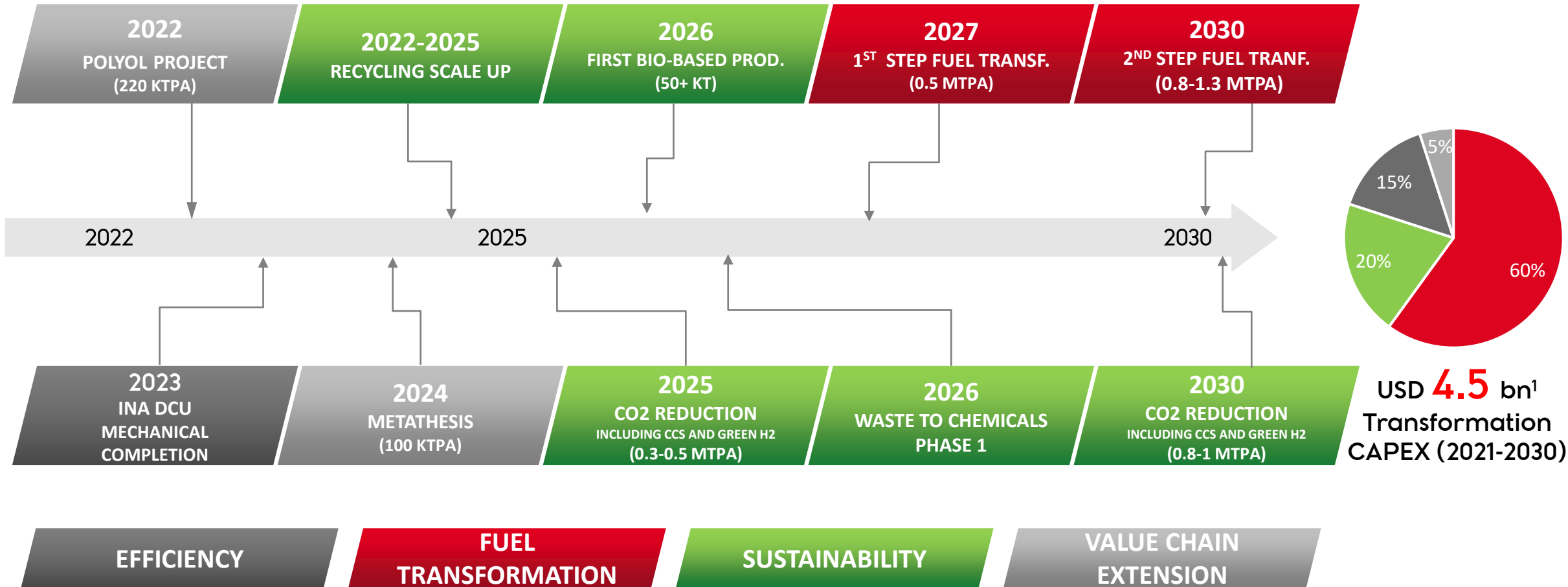
COMPOUNDING

- ▶ Patented technology since 2013
- ▶ ~20kt expansion completed, recycle ~10% of used tires in Hungary



# USD 4.5BN MODULAR TRANSFORMATION – INDICATIVE ROADMAP

RETAINING A LEADING POSITION AND GENERATE ATTRACTIVE RETURN IN THE 2020S WHILE TRANSFORMING



<sup>1</sup>Excluding already in implementation phase Polyol and DCU projects; only MOL Group share

# CONSUMER SERVICES



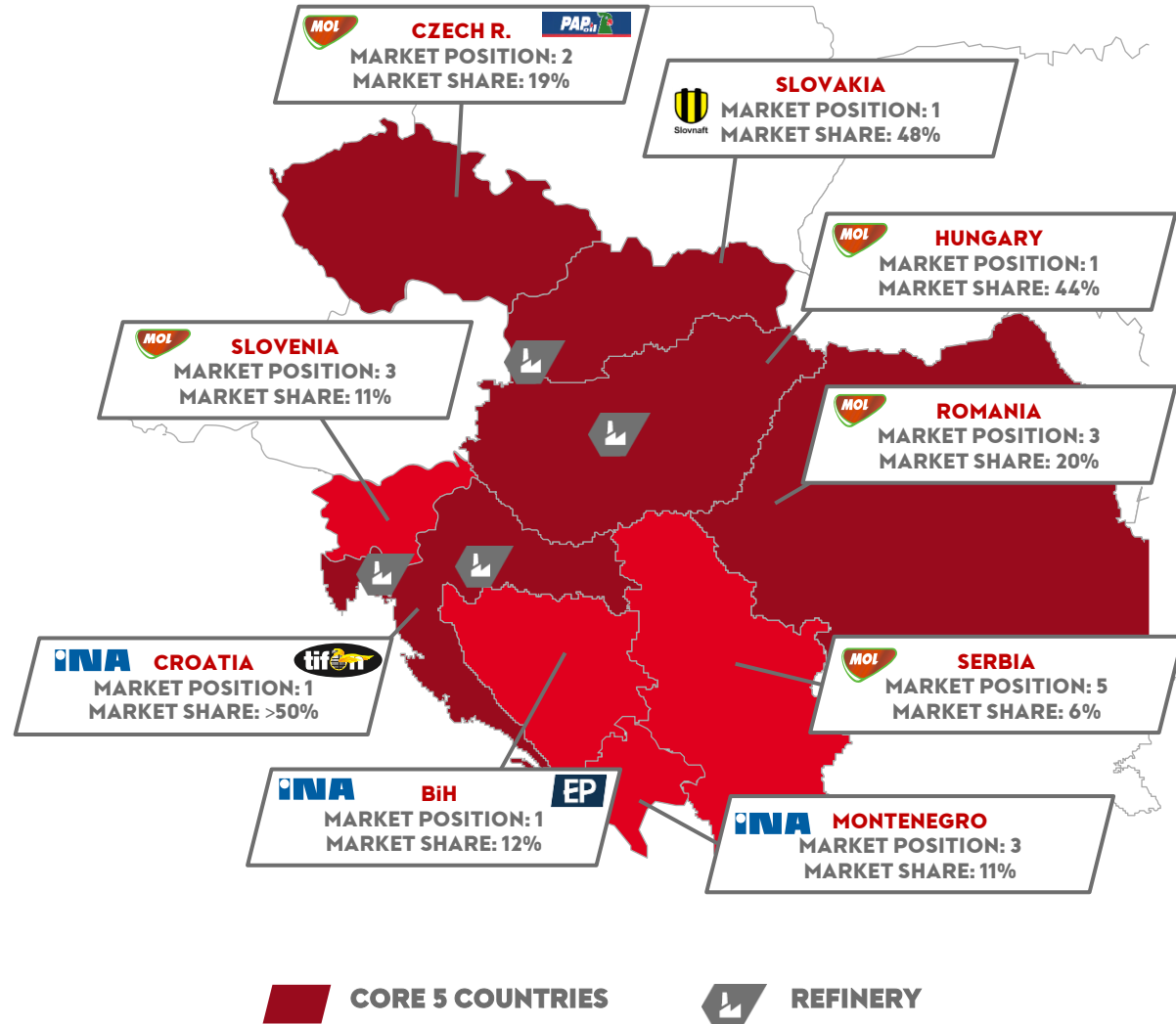
# A LEADING REGIONAL NETWORK

**TOP 3**  
IN 90% OF THE NETWORK

**9** COUNTRIES

**6** WELL ESTABLISHED BRANDS

**~2,000**  
MOSTLY COCO / COCA SERVICE STATIONS



Market share sources: HU, SK, CZ – local oil associations, RO, SLO, CRO, SRB, BiH, MNE – own estimate

# CEE MARKET LEADER IN FUEL & CONVENIENCE RETAILING

1 **700** mn EBITDA

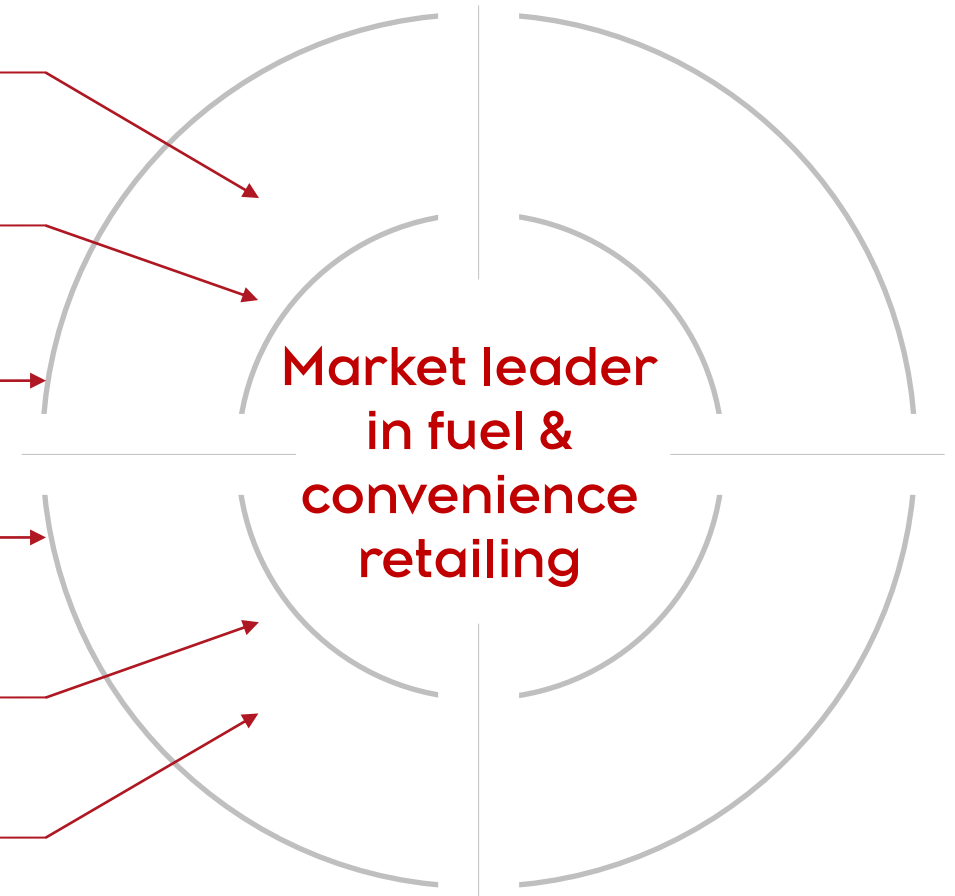
2 **85%** more FCF in 5 years

3 **60%** convenience sales increase

4 **30%** fuel volume increase

5 **0%** CO2 emission in operation

6 **50%** increase in active loyalty customers





## SUSTAINABILITY GOALS



Carbon neutrality by 2030: renewable energy to cover the consumption of the service station network, including the EV chargers



Carbon offsetting initiatives



Conscious waste management



Extensive use of recyclable materials (e.g. coffee cups) at Service Stations

# EXPLORATION & PRODUCTION



# E&P VISION: NET ZERO BY 2030, OPPORTUNISTIC APPROACH IN INTERNATIONAL E&P AND MANAGED DECLINE IN CEE

## CLIMATE STRATEGY



- ▶ Net-zero until 2030 (Scope 1 and Scope 2)
- ▶ EOR opportunities and CCUS pilot project

## CEE



- ▶ Transform the largest Pannonian oil and gas producer into the largest Pannonian player in CO<sub>2</sub> storage
- ▶ Operate CEE in the most efficient and productive way possible

## INTERNATIONAL (INCLUDING ACG)



- ▶ Further improve quality and cash-delivery of international E&P
- ▶ Limited inorganic M&A
- ▶ Selective approach to organic exploration & growth opportunities

# CCUS PROJECTS SUPPORTING OUR NET ZERO ASPIRATION

CO<sub>2</sub> PRICE (EUR/T)



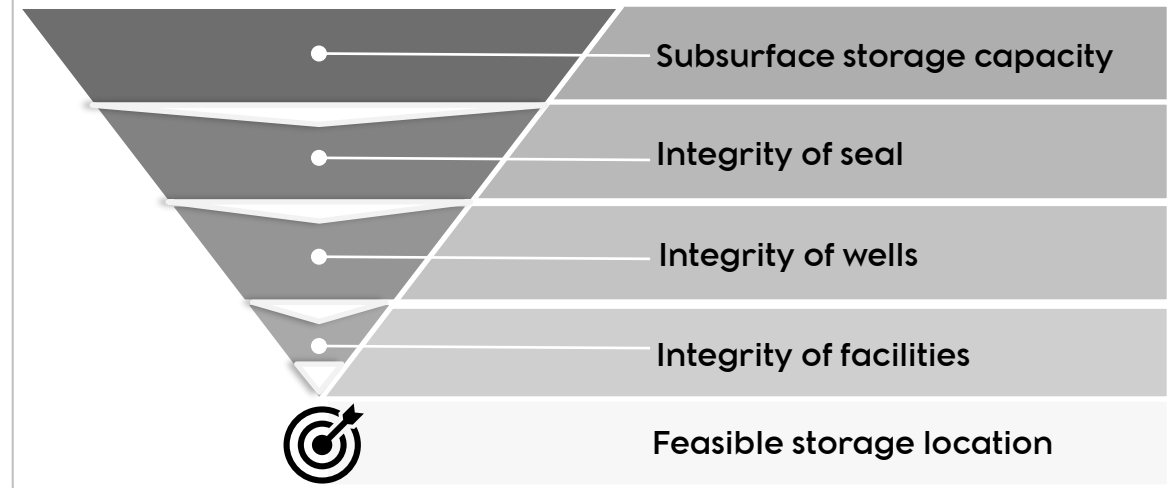
- ▶ Accelerated energy transition ambition of EU (Fit for 55)
- ▶ EU CO<sub>2</sub> price increased rapidly in the last 12 months
- ▶ Permanent CO<sub>2</sub> storage capacity becoming an asset

Due to favorable changes in external pricing environment, business case for CC(U)S becomes stronger

WHERE ARE WE?

We have technically matured different storage locations in Hungary and Croatia for permanent CO<sub>2</sub> storage

## FEASIBILITY CRITERIA ASSESSMENT STEPS



- ▶ Assessment of different options ongoing:
  1. Own (MOL Group) CO<sub>2</sub>
  2. 3rd party CO<sub>2</sub>\*
- ▶ First commercial project targeted by 2026

Leverage decades of expertise in injecting CO<sub>2</sub>, and create value through permanently storing CO<sub>2</sub>

\*Biorefineries, fertilizer plants, cement factories, blue hydrogen