

# CAPITAL EXPENDITURE PROGRAM

CAPITAL EXPENDITURES (HUF BN)	FY 2014 RESTATED	FY 2015
Upstream	328.4	232.1
of which inorganic:	121.0	33.5
Downstream	186.9	180.3
of which inorganic:	13.7	50.9
Gas Midstream	3.8	5.7
Corporate & intersegment	14.9	19.5
<b>Total</b>	<b>534.1</b>	<b>437.7</b>
of which inorganic:	134.7	84.4

Total CAPEX decreased during 2015 compared to the previous year, primarily driven by lower Upstream spending. Despite the decrease, Upstream continued to absorb the majority of Group CAPEX with 53%, while Downstream was responsible for 41% of the spending. The remaining 6% or HUF 25.2bn of capital expenditures targeted Gas Midstream and other corporate projects.

Organic Upstream CAPEX remained at similar levels compared to 2014, while inorganic spending decreased substantially. Overall Downstream CAPEX was below base as strategic projects reached their completion phase during 2015, while inorganic spending saw a substantial increase driven by Retail acquisitions.

## UPSTREAM CAPEX

FY 2015 (HUFBN)	HUNGARY	CROATIA	KURDISTAN REGION OF IRAQ	RUSSIA	PAKISTAN	UK	NORWAY	OTHER	TOTAL
Exploration	14.5	3.0	27.9	1.0	11.9	1.9	3.6	15.5	79.3
Development	14.0	22.3	3.4	6.0	1.5	52.1	0.0	9.4	108.7
Acquisition	0.3	0.0	0.0	0.0	0.0	11.0	22.1	0.0	33.4
Consolidation & other	7.1	2.4	0.1	0.0	0.1	0.8	0.2	0.0	10.7
<b>Total</b>	<b>35.9</b>	<b>27.7</b>	<b>31.4</b>	<b>7.0</b>	<b>13.5</b>	<b>65.8</b>	<b>25.9</b>	<b>24.9</b>	<b>232.1</b>

In 2015, Upstream CAPEX amounted to HUF 232bn, the biggest contributor of which was HUF 33bn inorganic CAPEX, mostly driven by the acquisition of two North Sea assets. Other major investments excl. acquisitions were in the North-Sea Region (28%), in Hungary (18%), in the Kurdistan Region of Iraq (16%) and in Croatia (14%).

## DOWNSTREAM CAPEX

CAPEX (IN BN HUF)	FY 2014 RESTATED	FY 2015	CH. %	MAIN PROJECTS IN FY 2015
R&M CAPEX and investments excluding retail	70.7	63.3	(10)	<ul style="list-style-type: none"> <li>▶ Final phase of Laura depot conversion project in IES was carried over</li> <li>▶ Major turnarounds only at MOL</li> <li>▶ Strategic INA Logistics projects started in 2015, main CAPEX spending expected in 2016</li> </ul>
Retail CAPEX and investments	29.7	74.2	150	<ul style="list-style-type: none"> <li>▶ 208 sites were acquired from ENI in Romania, Slovakia and Czech Republic</li> <li>▶ Rebranding of ex-Lukoil and ex-ENI sites on-going</li> <li>▶ 28 new non-fuel concept pilot projects were completed region wide</li> </ul>
Petrochemicals CAPEX	85.0	40.1	(53)	▶ Peak CAPEX in 2014 related to the butadiene and LDPE4 units' construction followed by lower spending in 2015
Power and other	1.5	2.7	80	
<b>Total</b>	<b>186.9</b>	<b>180.3</b>	<b>(4)</b>	

Downstream CAPEX decreased year-on-year mostly driven by a sharp decline in petrochemical spending as strategic projects (e.g. LDPE4 and Butadiene) reached completion phase. Retail more than doubled its capital expenditures, primarily driven by the inorganic expansion of the network. In Refining & Marketing, due to major turnarounds, maintenance related activities absorbed a substantial amount of capital expenditures.

