

More from less

Industrial challenges in Europe 2020

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MOL Group SVP SCM



AGENDA

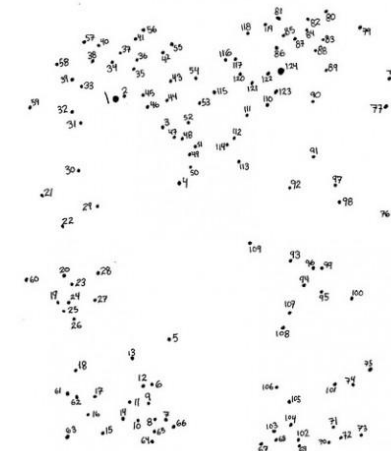
► Challenges ahead of Europe



► MOL Group and its answers



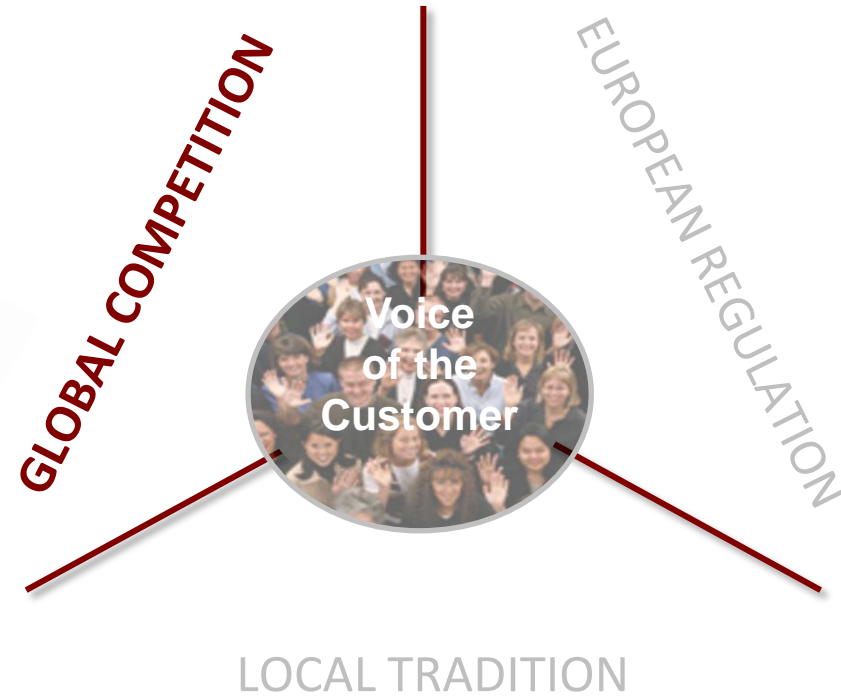
► Collect the dots and connect the dots



CHALLENGES AHEAD OF EUROPE



CHALLENGES AHEAD OF EUROPE



DIVERGING WORLD – SPLITTING INTO THREE PIECES

Macroeconomic trends and key industry dynamics affecting the process industries

North-America

the returning rock star



Europe

the retiring old lady



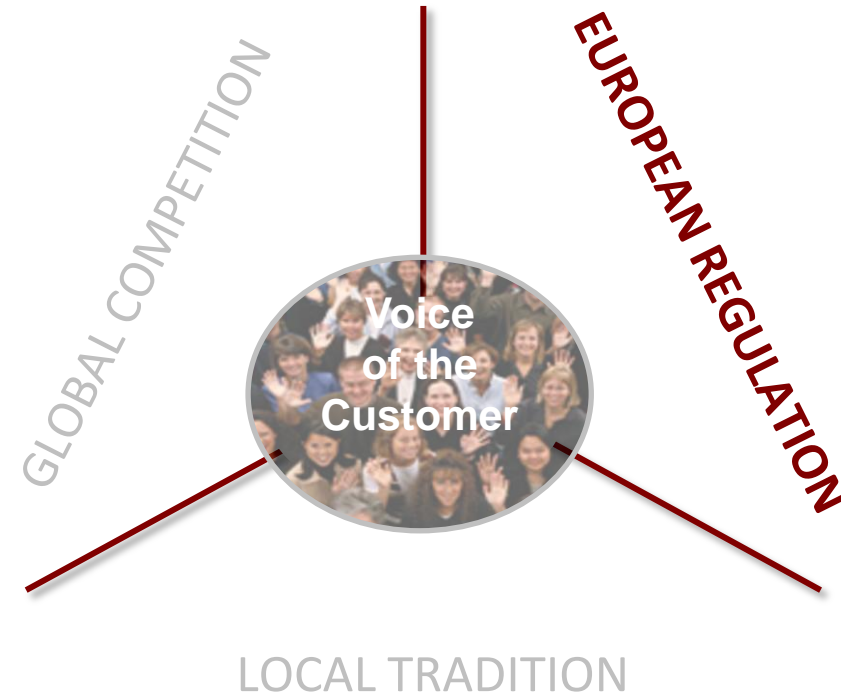
Asia

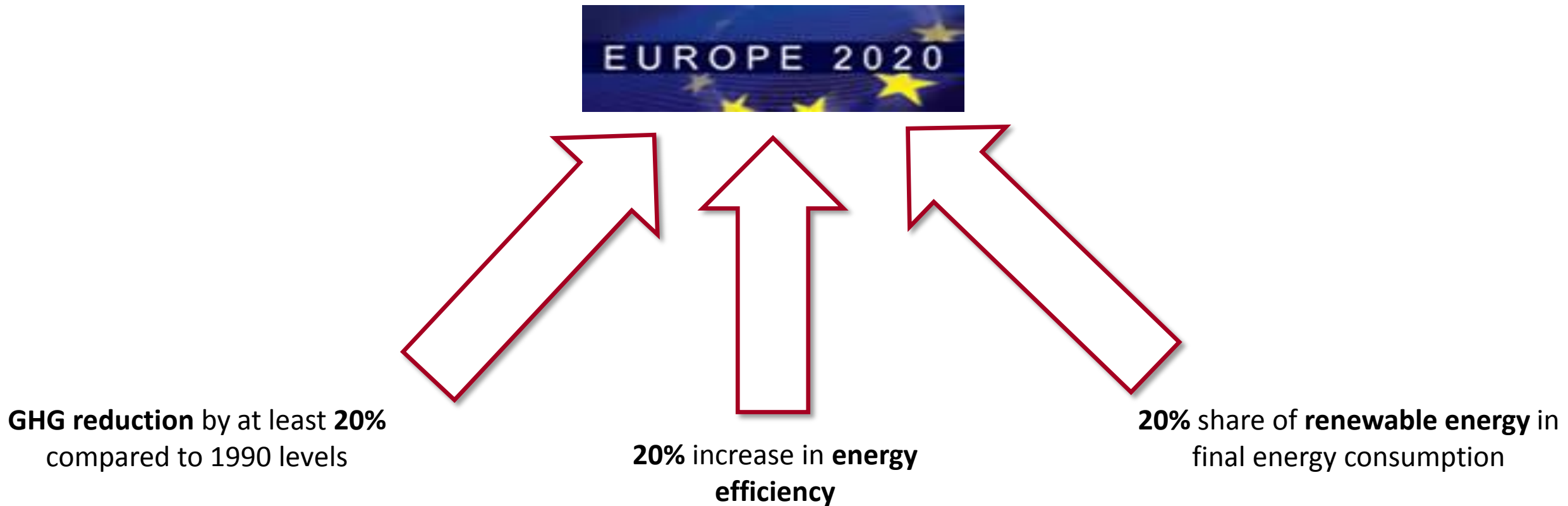
the hungry youngster



	North-America	Europe	Asia
Growth	moderate	none	high
Energy hunger	high	moderate	high
Regulation constraints	moderate	high	low

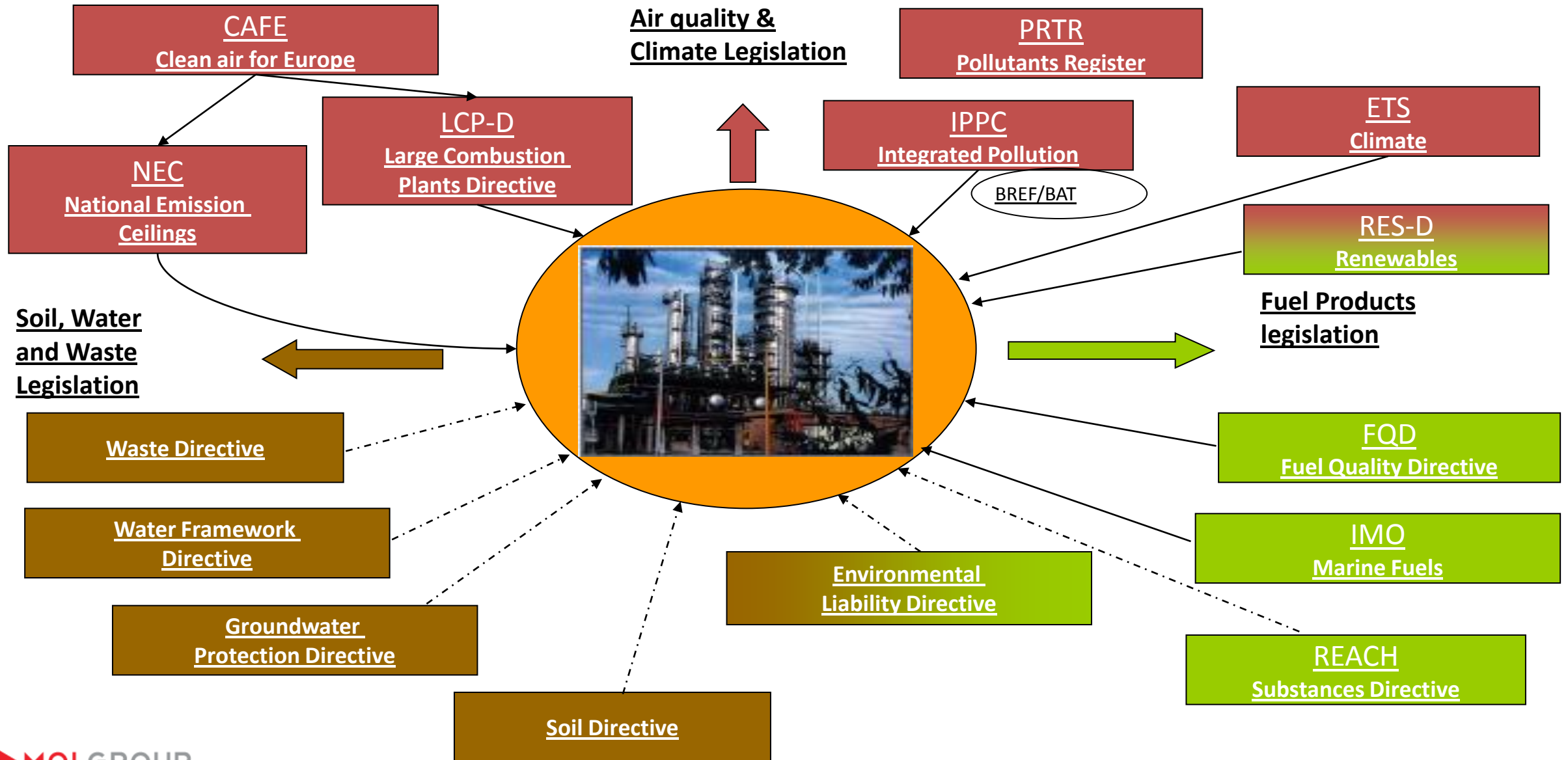
CHALLENGES AHEAD OF EUROPE





EUR 20 bn investment is needed in Refining Sector in Europe

REGULATORY ENVIRONMENT FOR REFINERIES



CHALLENGES AHEAD OF EUROPE



LOCAL TRADITION – THE RETIRING OLD LADY

Europe's downstream industry is suffering recently

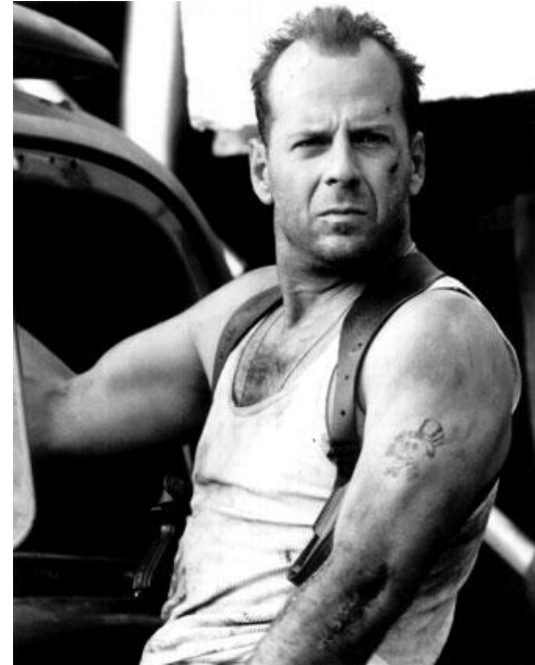
European refining is **150 years old**, the **past guarantees the future**.
We are doing many years the same, **who else could do that better**

European refining acted **like the cricket and not like the ant** during prosperity, but **failed to learn how to survive** without growth

Who will **survive**?
Can we imagine **Europe without refining**?
Or must we simply aim not to be in the **worst 30%**?

LOCAL TRADITION – OLD BAD HABITS OF THE RETIRING LADY AND BRUCE WILLIS

Old bad habits???



„Die hard”

LOCAL TRADITION – THE RETIRING OLD LADY

Europe's downstream industry is suffering recently

Preserve the core & stimulate progress

Keep:
core values
core purpose
(why the company exists)



Change:
operational practice,
specific objectives,
strategies



AGENDA

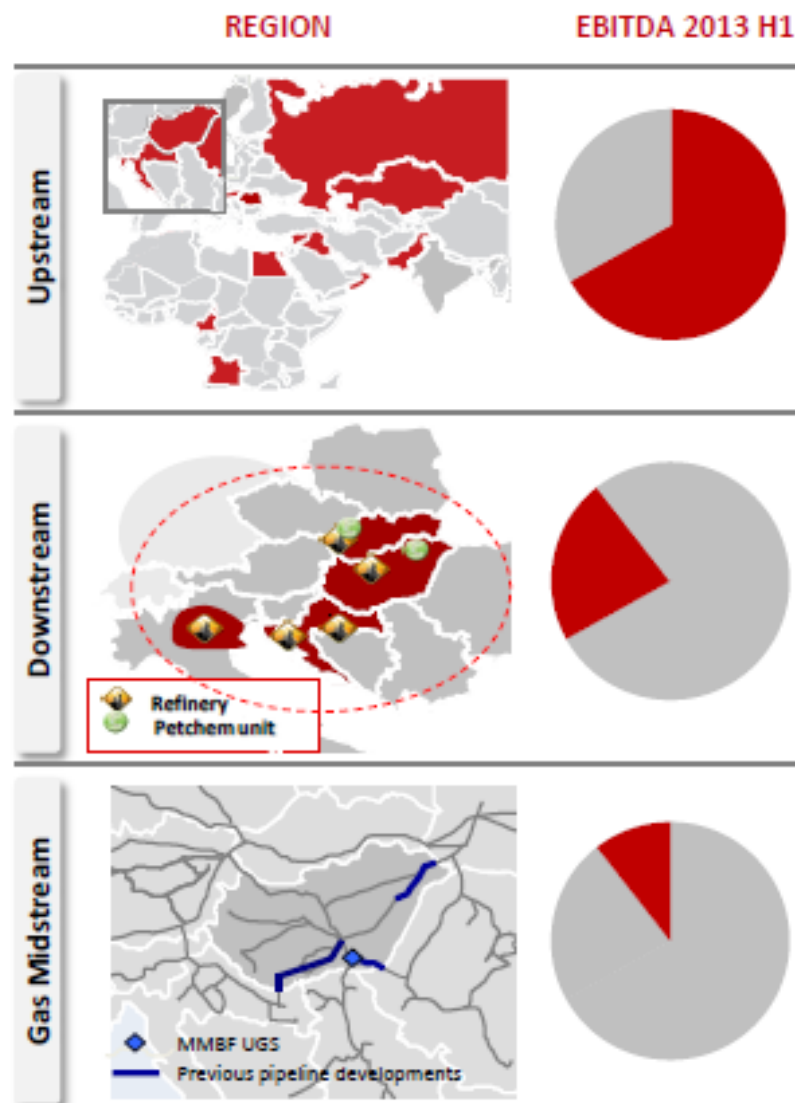
▶ Challenges ahead of Europe

▶ MOL Group and its answers



▶ Collect the dots and Connect the dots

MOL GROUP – LEADING EUROPEAN INTEGRATED COMPANY



**USD 8 Bn market cap. USD 1 bn
EBITDA 2013H1**

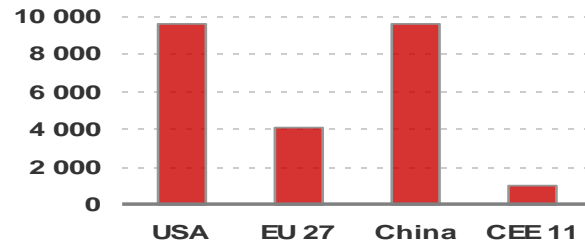
**Upstream-driven integrated
company,
headquartered in Budapest,
Hungary
significant downstream presence**

MAGNITUDES OF CENTRAL EASTERN EUROPE

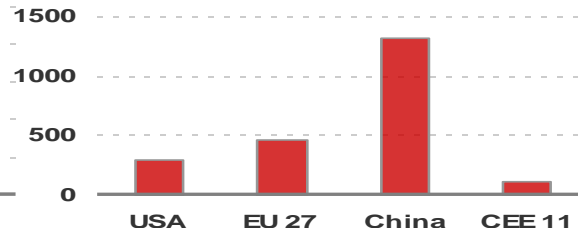
120 million people live in MOL Group's core region

Comparisons

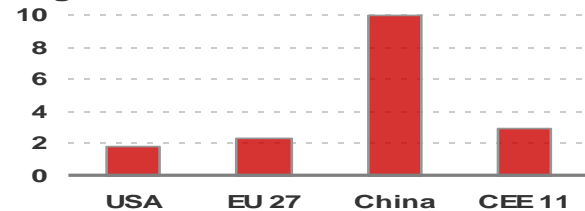
Area 1000 km



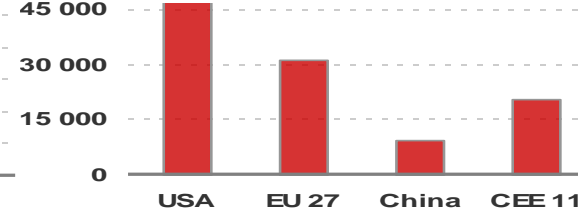
Population in mio



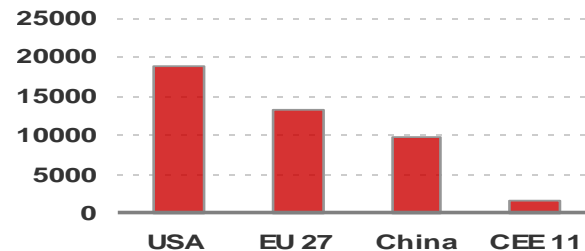
GDP growth 2000-2012, avg. in %



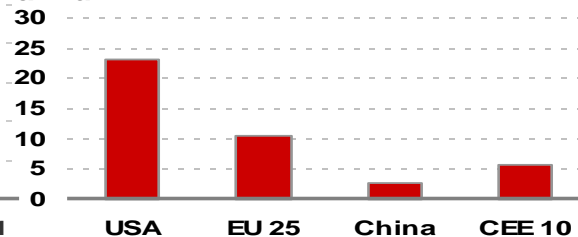
GDP per capita (2012) in USD mn



Oil consumption 1000 bpd



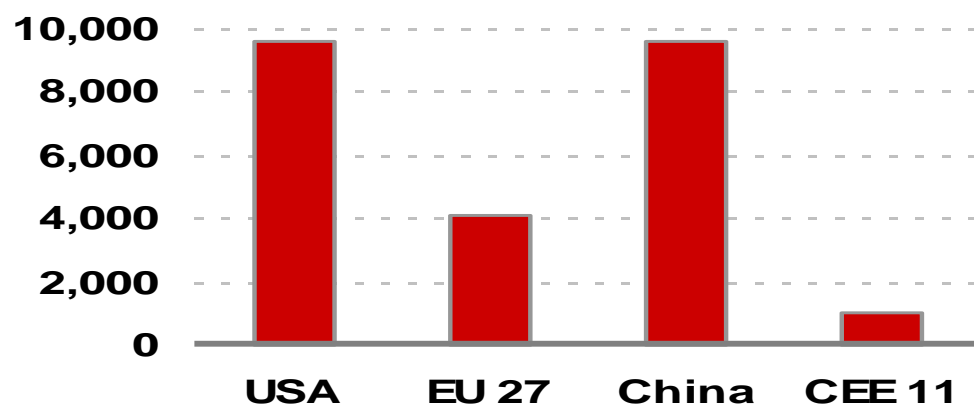
Oil consumption bbl / capita / annum



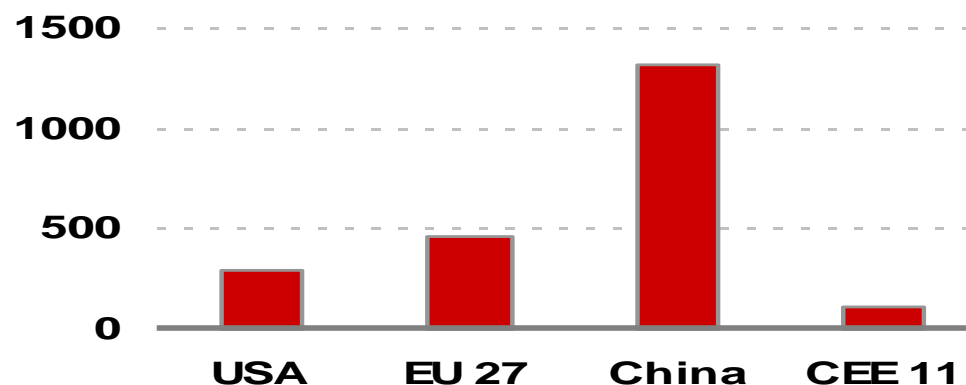
MAGNITUDES OF CENTRAL EASTERN EUROPE

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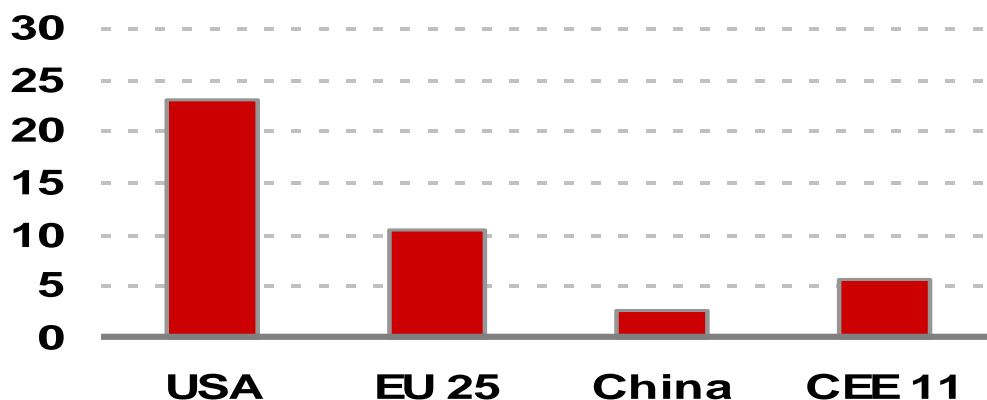
Area 1000 km



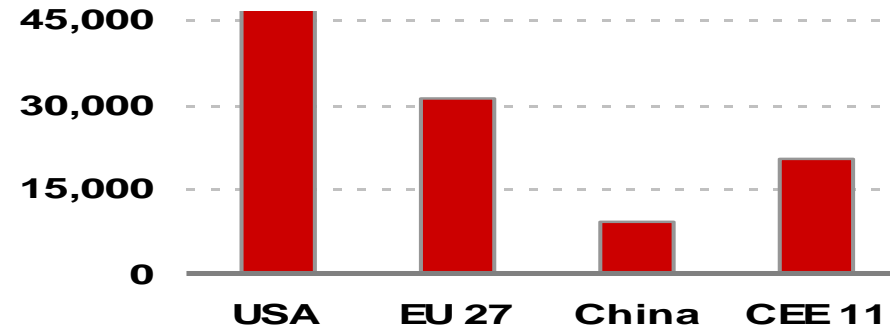
Population in mio



Oil consumption bbl / capita / annum

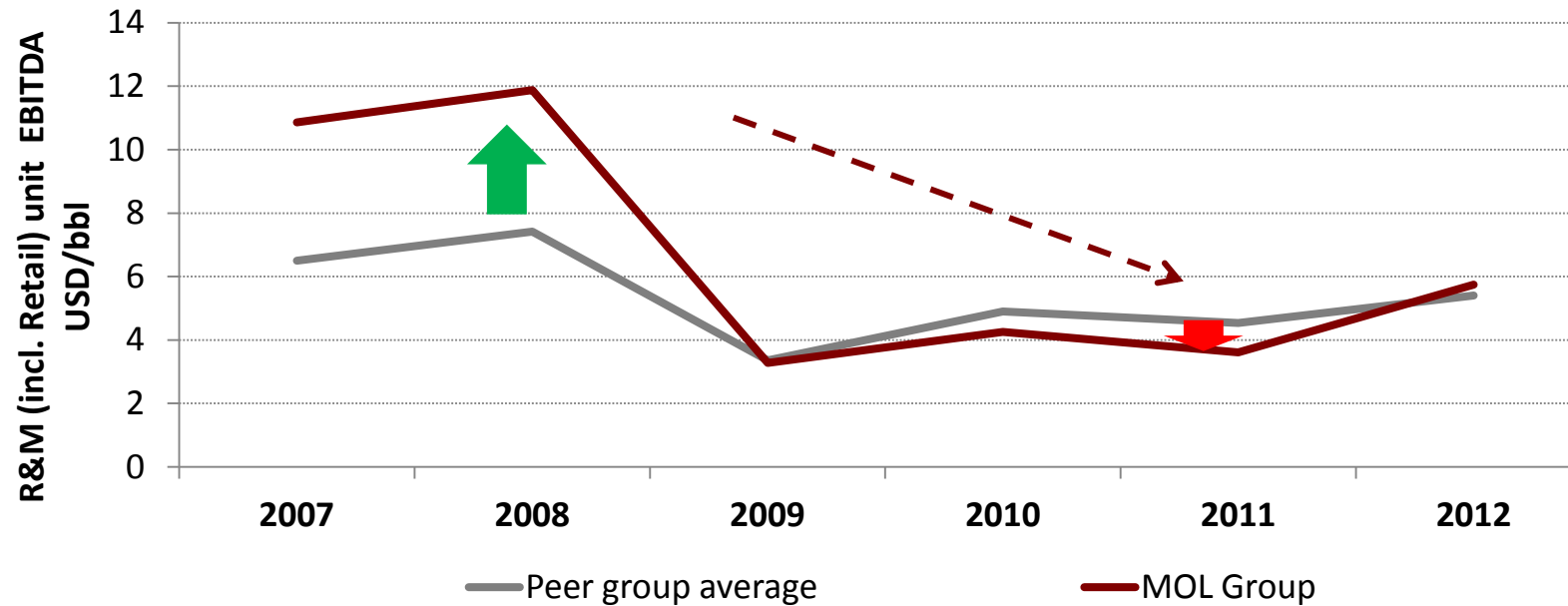


**GDP per capita (2012)
in USD 1000**



MOL GROUP – FROM THE BEST TO BELOW AVERAGE

Can we be best-in-class ever again?



Source: MOL Group

Peer group includes the following companies: OMV, Lotos, Tupras, PKN, Saras, Neste, Repsol, Galp

- ▶ **After being clear leader** in EBITDA/bbl compared to its regional peer group, MOL Group posted **below average results in 2010 and 2011**
- ▶ We did not realise that we were getting worse, and **now it is late to wake up.**

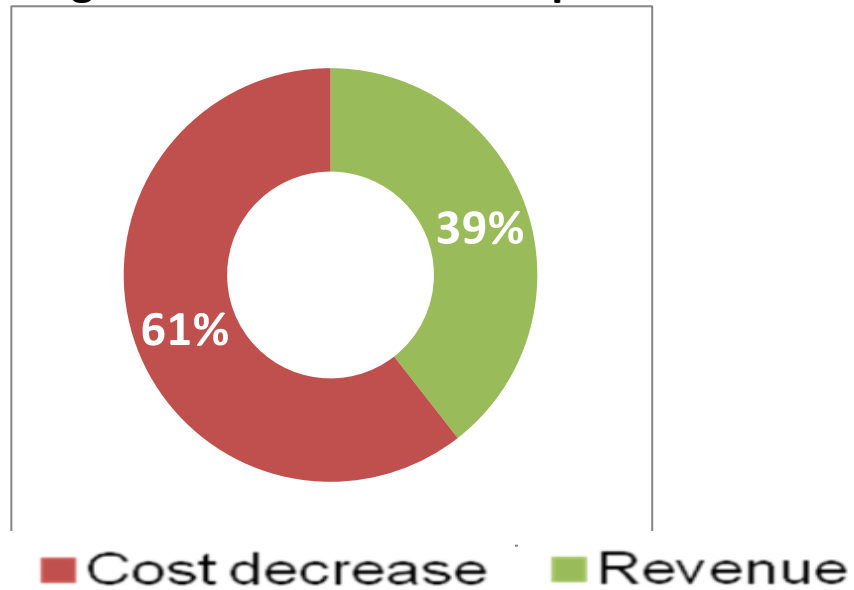
USD 500-550 MN EFFICIENCY IMPROVEMENT TARGETED BY 2014

Enormous efforts affecting the whole organisation

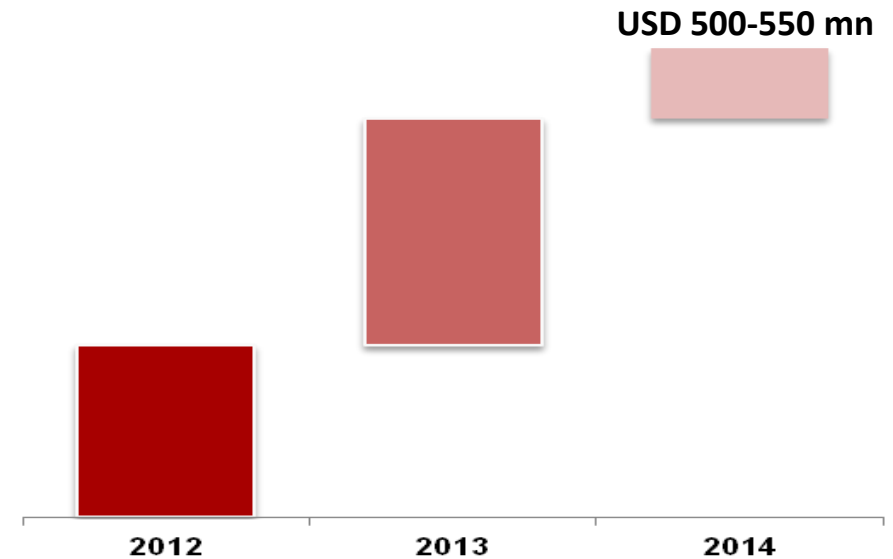
Double 2011 EBITDA above USD 1 Bn

back to 10 USD/bbl

Cost cutting and revenue driven improvements



Continuous delivery is expected



New Downstream Program 2012-2014

**DOING
DIFFERENTLY**

I.) Value Chain Optimization

II.) Asset Management

- ▶ **Existing Asset Optimization**
- ▶ **Maintenance Rationalization**

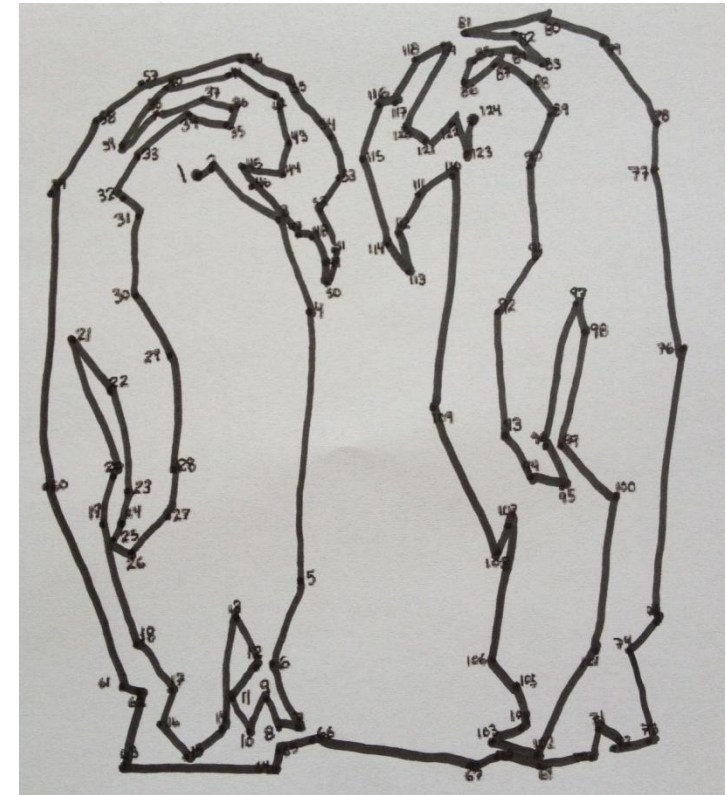
III.) Market Management

IV.) Resource and Process Efficiency

- ▶ **Waste Elimination**
- ▶ **Simplification-Standardisation-Automation**

AGENDA

- ▶ Challenges ahead of Europe
- ▶ MOL Group and its answers
- ▶ Collect the dots and connect the dots



**Give the customer exactly what
they want,
nothing less and
nothing more**

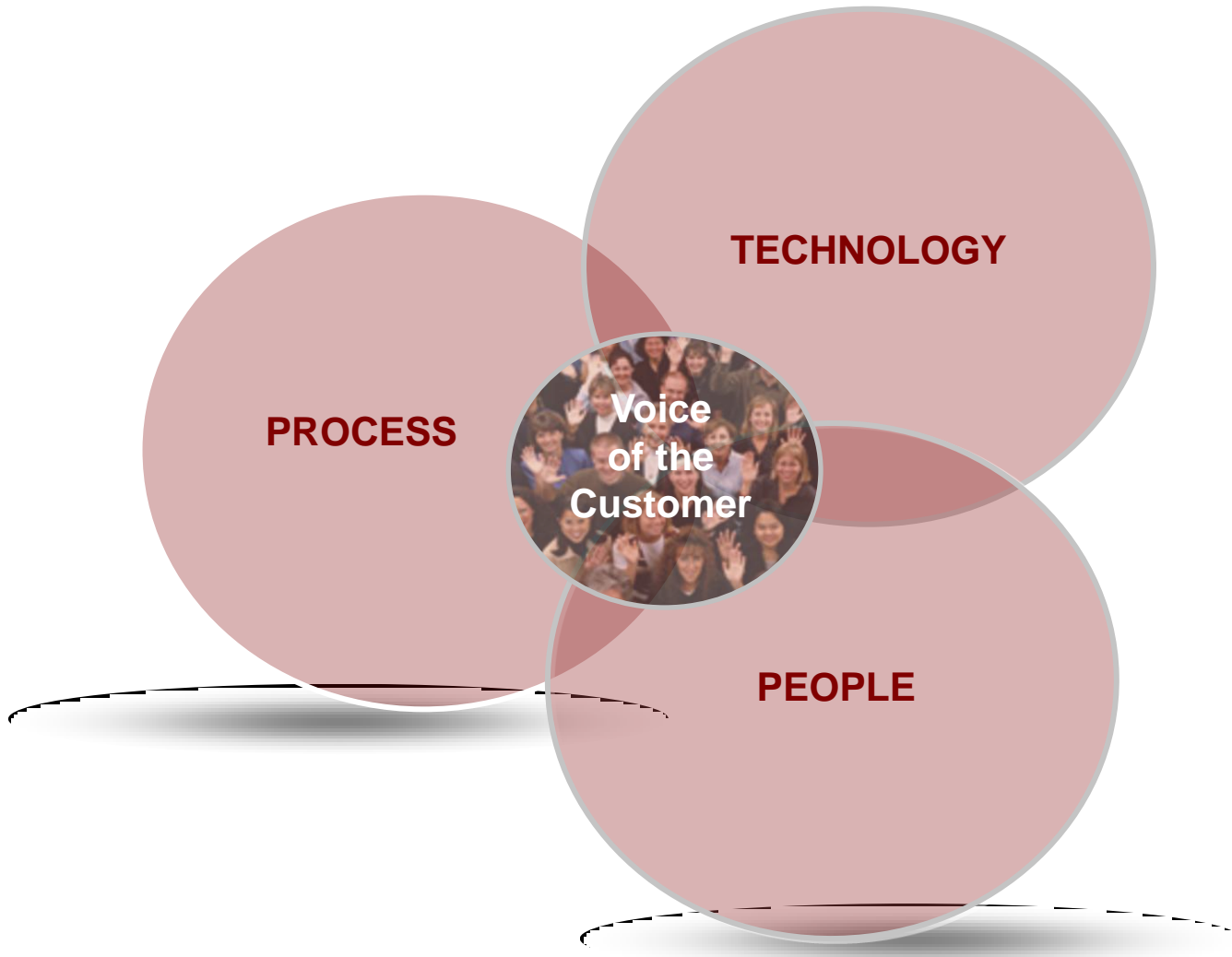
**Make the customer happy and
satisfied, serve the customer's
mobility**

**We have to remember the gasoline
is for the client, is not for profit.**

The profit is inevitable part of the company operation, but not the fundamental goal

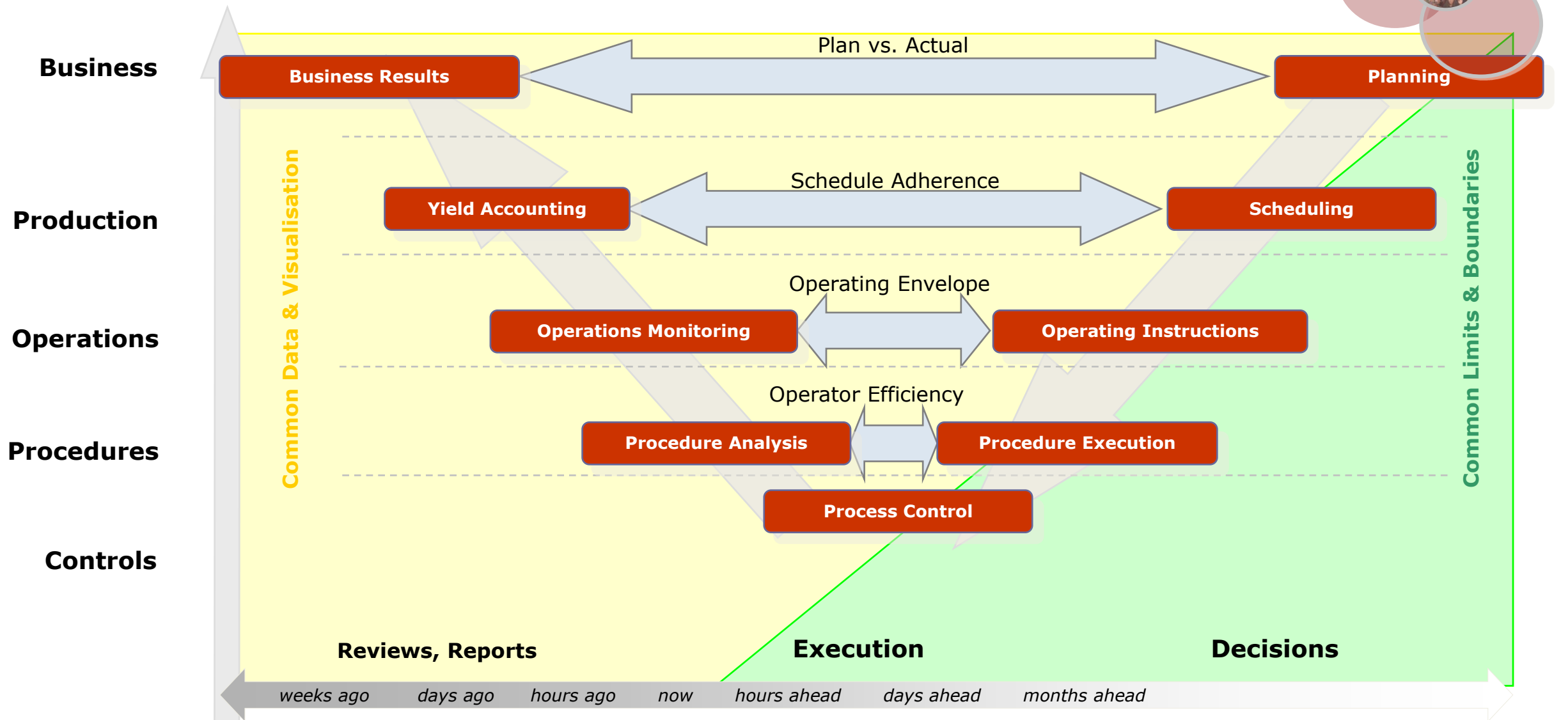
Integrate
all activities, processes and the organization
to optimise use of resources
to maximize overall performance and
profitability.

THREE PILLARS OF BUSINESS OPERATIONS

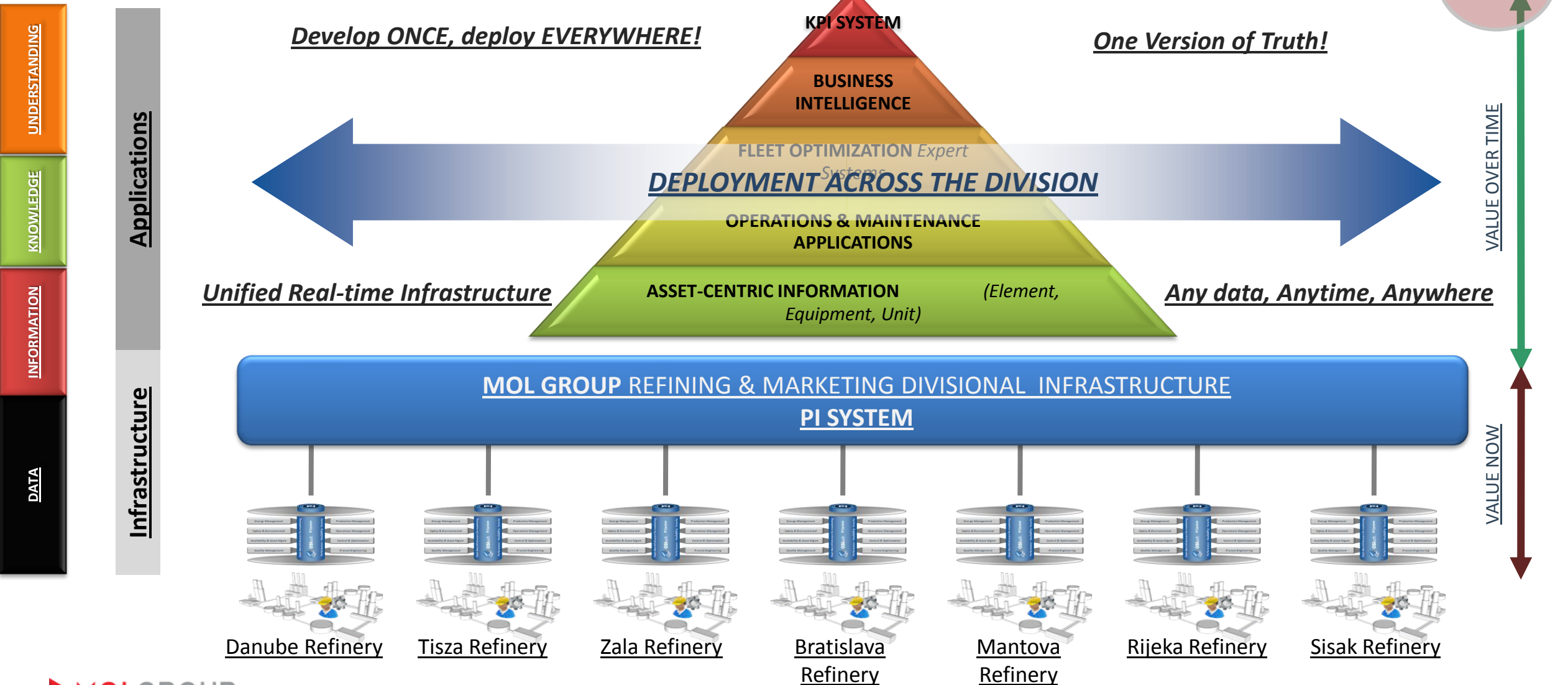


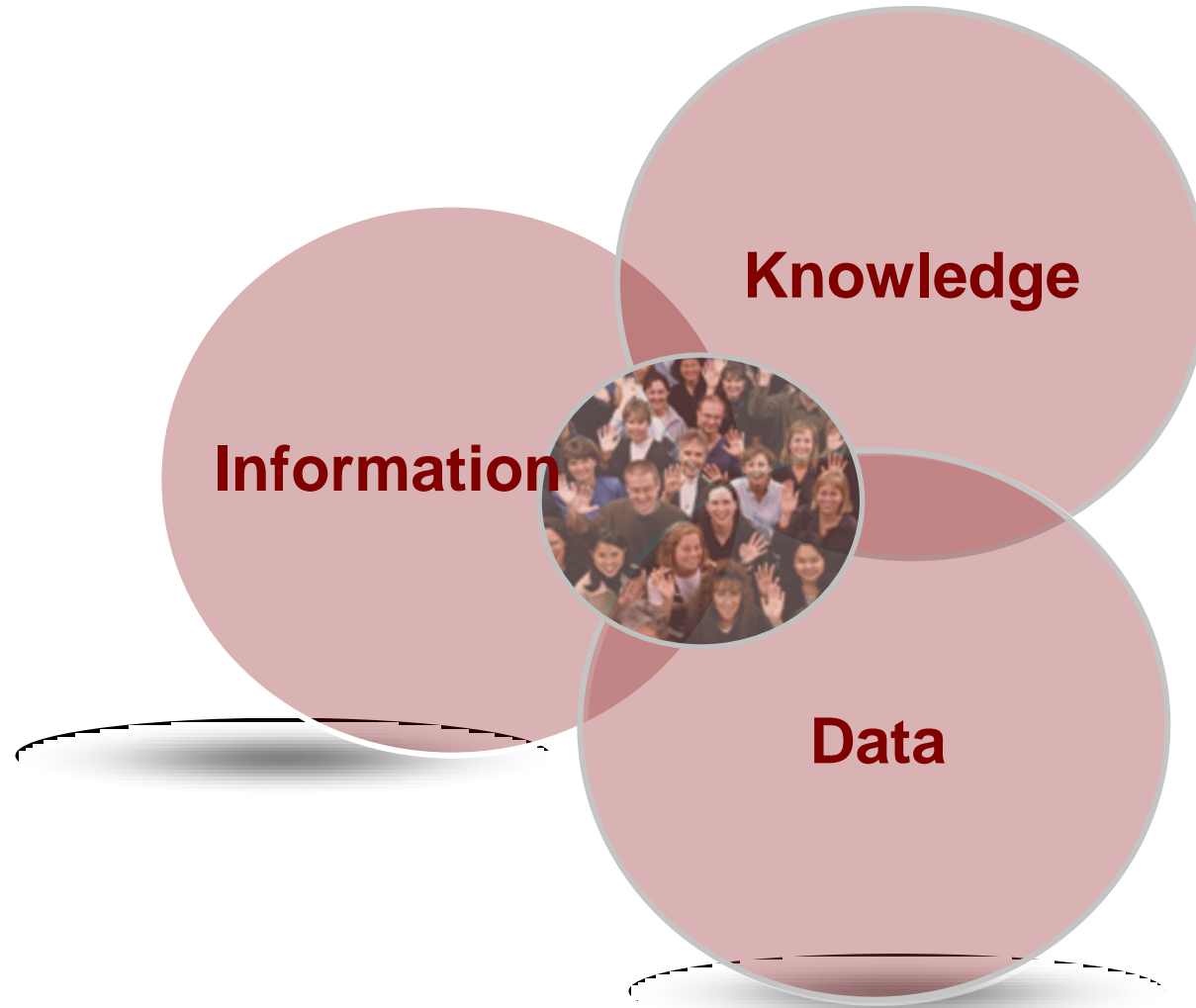
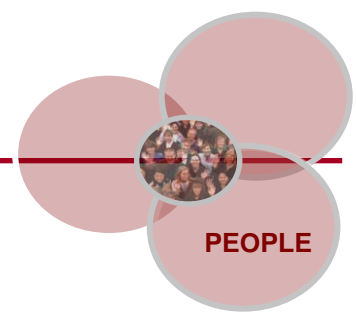
**THE THREE PILLARS
MUST BE IN
BALANCE,
WHILE CUSTOMERS
ARE IN FOCUS**

MANUFACTURING ENTERPRISE SOLUTIONS AND INFORMATION FLOW



IMPLEMENTING INFORMATION TECHNOLOGY TO SUPPORT PROCESS



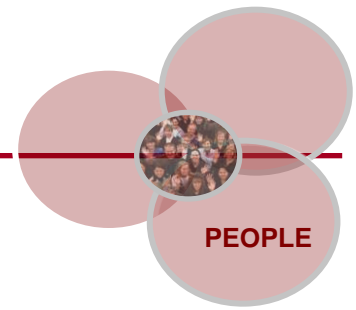


COLLECT THE DOTS

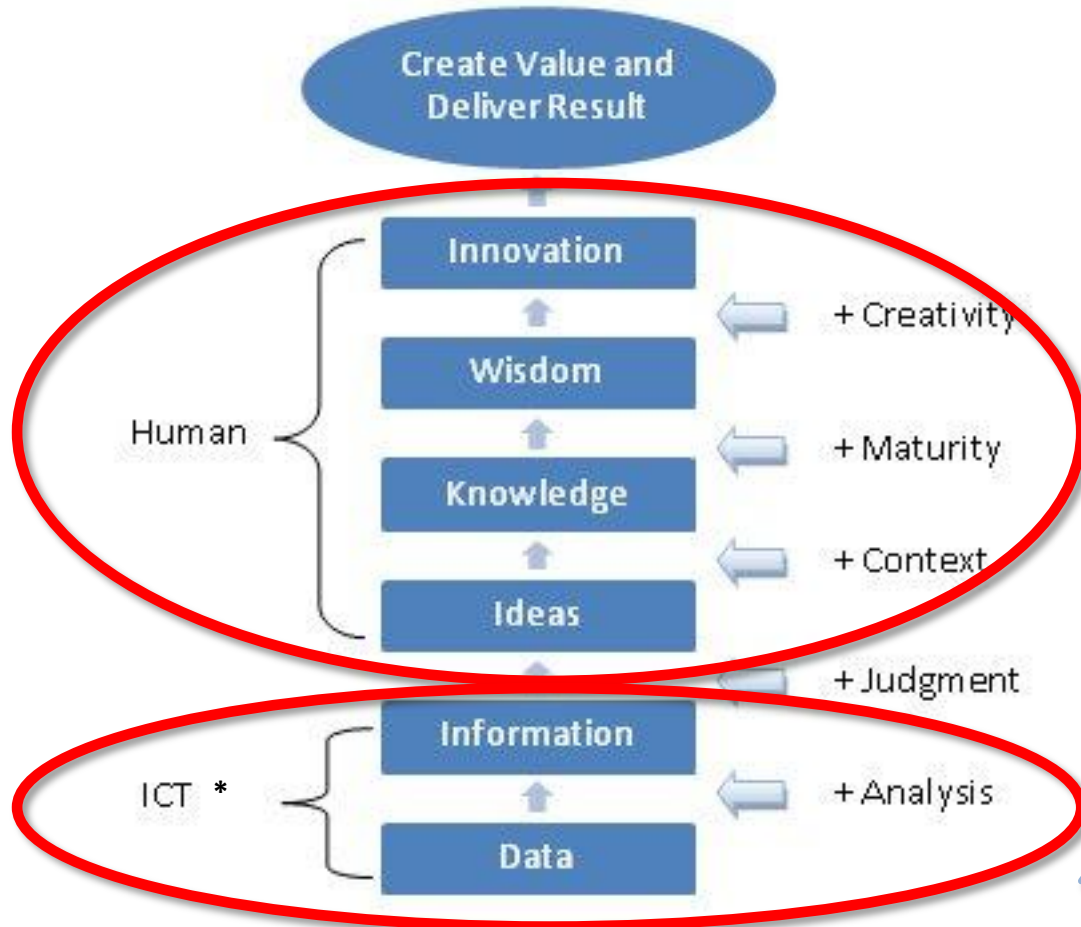
OR

CONNECT THE DOTS

Experience is really what we learn from past mistakes

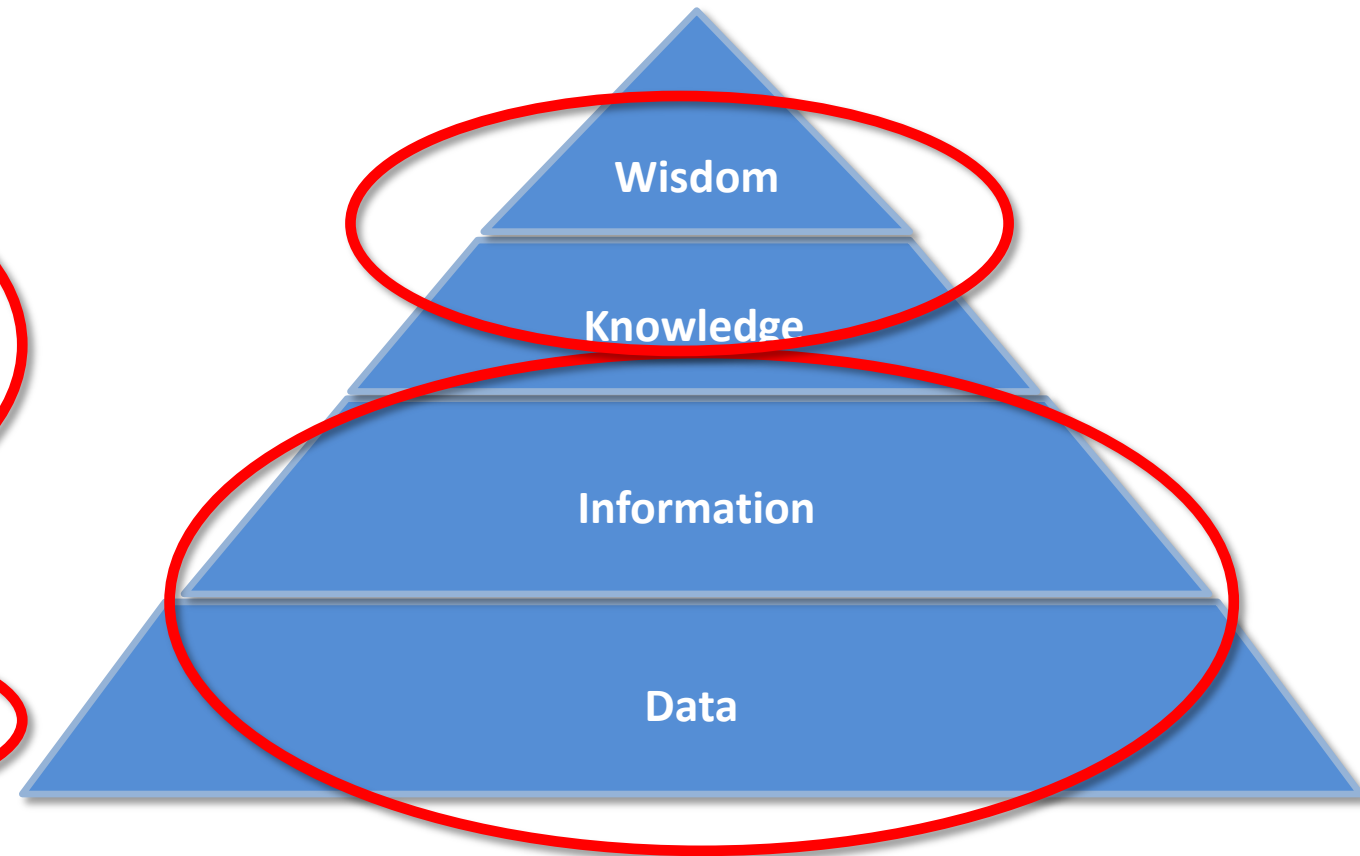


FUTURE NOVELTY

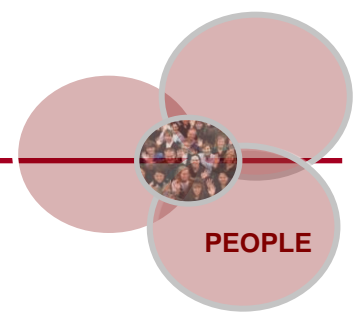


PAST EXPERIENCE

FUTURE NOVELTY



PAST EXPERIENCE



PI System advanced

- Tank monitoring
- Rotating equipment
- Advanced report
- PI CoreSight

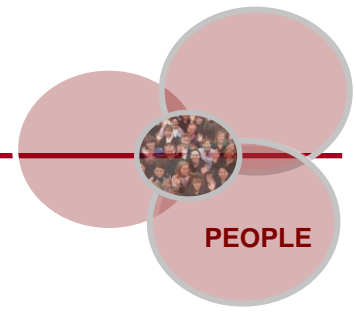
PI System beginner

- PI DataLink report
- PI ProcessBook drawing

Shift leaders

- PI DataLink report
- PI ProcessBook drawing

REQUESTS OF TECHNOLOGY



► The Voice of the Customer:

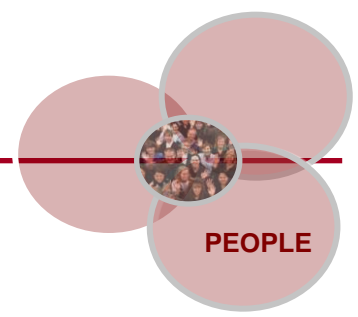
Transparent, easy to use, easy to read, easy to understand

- The **new user generation** (Y or Z) has gained dramatically different experience and requests of Technology



Do not underestimate the **significance of KNOWLEDGE and EXPERIENCE**

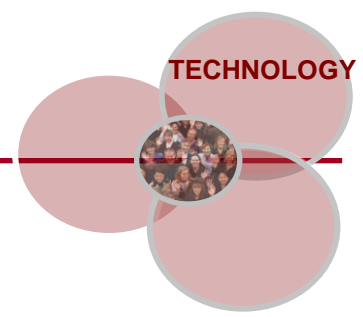




„A picture is worth a thousand words” – newspaper ad from 1911

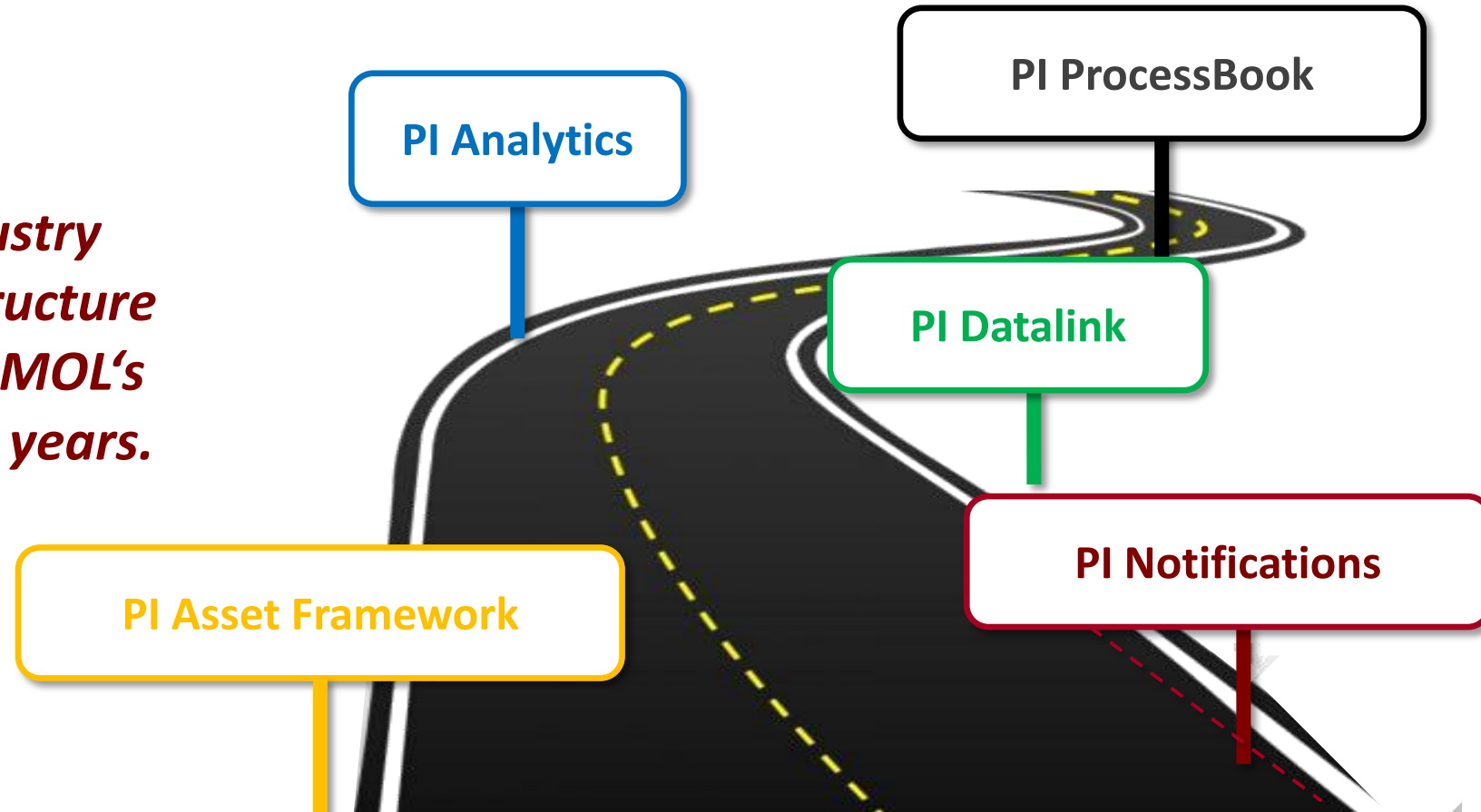


THE ROLE AND IMPACT OF TECHNOLOGY



15 + years

OSIsoft's PI System, the industry leading real-time data infrastructure has been a key component of MOL's technology portfolio for many years.



Who will be the winner in the long run?



OPTIMIZATION IS A CRITICAL QUESTION IN HARD TIMES

It shows a company's flexibility and adaptability to external change

“It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is the most adaptable to change.”

Charles Darwin

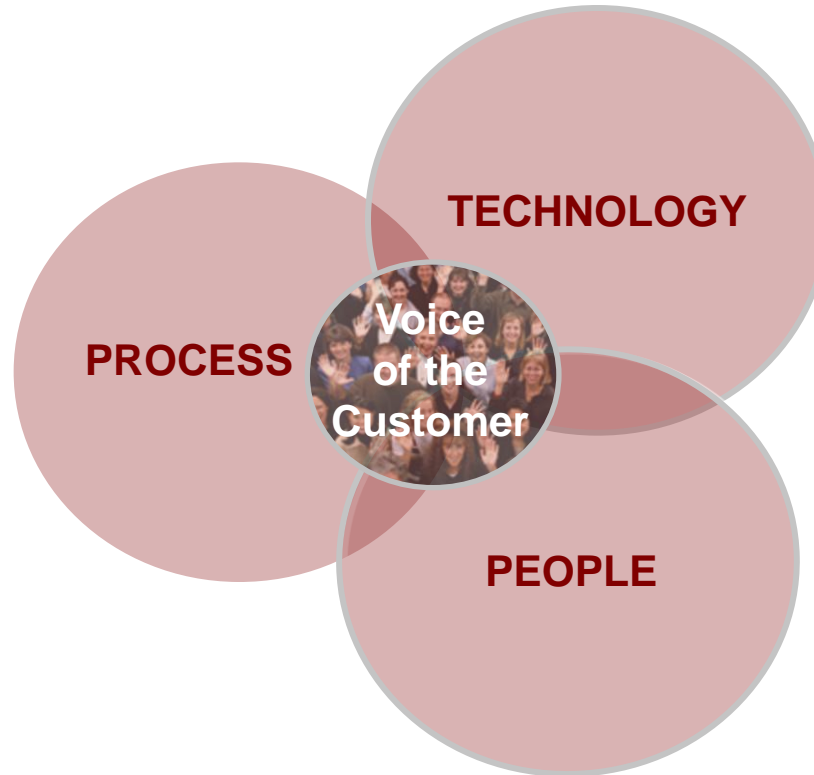
OPTIMIZATION IS A CRITICAL QUESTION IN HARD TIMES

It shows a company's flexibility and adaptability to external change

“Life can only be understood backwards; but it must be lived forwards.”

Soren Kierkegaard

Outside focus – inside balance



More value from less resources

THANK YOU FOR YOUR ATTENTION



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