BUDGET
FOR THE YEAR
2019

Prepared by:	Directorate, Hungarian Hydrocarbon Stockpiling Association (HUSA)
Approved by:	Board of Directors, HUSA, November 21, 2018
	General Meeting, HUSA, December 14, 2018

BUSINESS POLICY OF THE HUNGARIAN HYDROCARBON STOCKPILING ASSOCIATION

The Hungarian Hydrocarbon Stockpiling Association (hereinafter referred to as "Association" or "HUSA") strives to ensure the proper fulfilment of the responsibilities laid down in Act No. XXIII of 2013 on the emergency stockpiling of imported crude oil and petroleum products (hereinafter referred to as "Oil Stockpiling Act") as well as Act No. XXVI of 2006 on the emergency stockpiling of natural gas (hereinafter referred to as "Gas Stockpiling Act", together also referred to as "Stockpiling Acts") exercising the rights provided by the aforementioned acts.

In relation to the above duties, the major tasks of the Association are as follows:

- definition of the stockpiling obligation,
- adjustment of the stock levels in line with the stockpiling obligation,
- safe storage of stocks, quantitative and qualitative maintenance of goods stored in storage facilities rented from companies owned by the Association as well as from other companies; regular control of qualitative parameters.

The Association holds the stocks in storage facilities rented from its own companies as well as from other companies. The purchases of products to be stored are financed from external resources. Fundamentally, principals on stock financing loans and other external resources are reimbursed only when stocks are sold or external resources are refinanced, meanwhile, the Association constantly seeks to reduce its debt level with early repayments, thus improving the coverage of its loans. The Association finances its operation from its own proceeds, as contribution fee revenues and incomes from other sources are utilised to cover storage costs, stock maintenance costs arising from the qualitative and quantitative preservation of the stocks, interests on loans and other resources as well as the operating expenses of the Association's work organisation. The Association consistently seeks to perform the above duties in a cost-efficient manner, in addition to optimising storage, financing and operating costs and contribution fee revenues.

The Association pursues its operations in line with the following principles:

- transparency,
- competitive neutrality,
- non-interference in the market,
- awarding of service, supply and loan agreements through competitive tendering.

The Association conducts exclusively the activities specified in the Stockpiling Acts, defined in detail in the Association's Statutes (hereinafter referred to as "Statutes"), and performs all tasks closely related thereto.

The procurements and sales of the Association, including the fulfilment of storage space requirements and the use of other services, are executed in the framework of open or restricted competitive tenders or equivalent procedures. The Association is not subject to Act No. CXLIII of 2015 on Public Procurement. In order to guarantee the optimal price level of purchases and sales and meet the annual budget estimates, the Association may conclude derivative, forward and option contracts on the commodity exchange and the financial markets as far as necessary as possible.

The Association raises external resources for its operations from banks and other financial services companies by competitive tendering and endeavours to attain the most favourable conditions possible. Furthermore, the Association is committed to the optimisation of risks and costs on financial and capital markets.

The Association cooperates with the international organisations involved or engaged in the strategic stockpiling of hydrocarbon energy sources, primarily with the competent bodies of the International Energy Agency (IEA) and the European Commission. The Association plays an active role in consultations and harmonisation efforts with foreign partner institutions, and participates in the Annual Coordinating Meeting of Entity Stockholders (ACOMES).

BUDGET FOR THE YEAR 2019

The primary obligation of the Association is to execute the purchase, sale, safe storage, quantitative and qualitative preservation and maintenance of the stocks of crude oil, petroleum products and natural gas in compliance with the legislation in force.

In order to fulfil the above requirements, the main responsibilities of the Association for 2019 are as follows:

- Define the stockpiling obligation for 2019, adjust the volume of stocks to the specified level of stockpiling obligation in compliance with the statutory requirements.
- Ensure the mandatory replacement of stocks prescribed by the relevant provision of law, provide the qualitative and quantitative maintenance of the stocks.
- Elaborate and implement a financing plan on the procurement of funds required for the refinancing of maturing loans.
- Determine the 2019 level of contribution fees by product group in order to comply with the "+0" budget position requirement for the Association.

1. Stockpiling Obligation

1.1. Oil Section

1.1.1. Expected Stockpiling Obligation for 2019

Pursuant to the effective Oil Stockpiling Act, the final deadline for determining the 90 days' stockpiling obligation for 2019 is March 31, 2019. Nevertheless, in order to put forward a well-founded budget, the expected stockpiling obligation has to be projected at present. We also have to predict currently whether the volume of available emergency stocks is to meet the minimum stock level set out by the legislation in force.

The stockpiling obligation was forecasted based on available net imports data recorded in the first six months of 2018 and domestic consumption figures for the first eight months of the year.

The stockpiling obligation estimated accordingly for 2019 is indicated in Table 1 below.

Table 1
Estimated Stockpiling Obligation for 2019

	Volume (kt of oil equivalent)
Annual net imports (year 2018)	5 635.6
Daily net imports (year 2018)	15.4
90 days' net imports (year 2018)	**1 389.6**

During the preparation of the forecast, the Association applied the calculation methodology laid down in the legislation in force, and for the present it did not take into consideration the legal harmonisation amendment urged by the Association on several occasions, pursuant to which the definition of the stockpiling obligation prescribed in the Oil Stockpiling Act fully complies with the methodology set out in Directive 2009/119/EC (hereinafter referred to as “Directive”) imposing an obligation on Member States to maintain minimum stocks of crude oil and/or petroleum products. In the implementation of the law amendment, in accordance with the Directive, the Hungarian legal provision would provide a choice in the calculation as to reduce the quantity of imported refinery feedstocks with either the naphtha yield or the volume of domestic naphtha consumption. In view of the principle of caution, the Association opted for the more stringent methodology specified in the effective Oil Stockpiling Act.

1.1.2. Volume of Stocks

By virtue of the Oil Stockpiling Act, in accordance with the Directive and the regulations of the International Energy Agency, solely mobile stocks, which can be withdrawn from storage tanks by traditional methods, are authorised as fulfilment of the stockpiling obligation, and

a) the volume of gross strategic stocks shall be reduced by 10 % for calculation purposes, whereas
b) conversions into crude oil equivalent are based on multipliers of 0.96 for crude oil and 1.2 for petroleum products, respectively.

Accordingly, the volume of strategic stocks expressed in crude oil equivalent is projected to be approximately 1 354.3 kt at the end of 2018.

Table 2
Expected Volume of Stocks for December 31, 2018

	Gross stocks (kt)	Net stocks (kt of oil equivalent)
Crude oil	589.5	509.3
Petroleum products	782.4	845.0
Total	**1 371.9**	**1 354.3**

The above figures also correspond to the opening level of stocks in January 2019, which is expected to be equivalent of 88 days' net imports for the stockpiling period between April 1, 2019 and March 31, 2020 (1 354.3:15.4=88), hence, the opening level of stocks in 2019 falls short of the 90 days' stockpiling obligation.

The Directive, which serves as the basis for the Oil Stockpiling Act, was amended in October 2018. The resulting changes shall be incorporated in the national legislations of the Member States by October 19, 2019, as well as implemented as of January 1, 2020. This also calls for the amendment of the Oil Stockpiling Act in 2019 at the latest, which is to entail the harmonisation of the stockpiling methodology. Consequently, the Association, taking account of the costs and the "transitional nature" of stock procurement, plans to purchase 40 kt of crude oil or petroleum product stocks required for the fulfilment of the stockpiling obligation for 2019 within the framework of ticket transactions[1] with regard to the fact that the current level of physically available stocks is certain to meet the prescribed level owing to the amendment of the legal provision.

1.2. Gas Section

Decree No. 13/2015 (31/03/2015) of the Ministry of National Development "on the Extent of Strategic Natural Gas Stocks" (hereinafter referred to as "Decree") effective in the budget planning period, sets the mandatory level of strategic natural gas stocks at 1 200 million m^3 as of October 31, 2017. From September 2017 to October 2018, the Association held the consistent volume of natural gas stocks specified by the Decree, nevertheless, due to the failure of a natural gas market player to provide gas, in October 2018 the Association withdrew 2 846 MWh natural gas from the gas storage in order to supply the customers of the relevant natural gas trader in accordance with Resolution No. 10702/2018 (hereinafter referred to as "Resolution") of the Hungarian Energy and Public Utility Authority (hereinafter referred to as "HEA"). Under the HEA Resolution, the Association is obliged to replenish the withdrawn volume of natural gas by the end of the 2019 injection period.

In the 2019 budget, the Association does not plan additional expenses generated by the replenishment of the withdrawn volume of natural gas, as the proceeds from the sale of the withdrawn quantity are expected to cover the costs of the replenishment.

In its 2019 budget, the Association does not anticipate changes to the level of stockpiling obligation for strategic natural gas prescribed by the Decree.

[1] It implies obtaining the right of disposal of the stocks, which entitles the Association to purchase and deliver the stocks in case of emergency.

2. Stockpiling Costs and Operating Expenses

In 2019, the Association's total net expenditures are expected to account for HUF 31 864.4 Mn, of which the expenditures of the Oil Sector are estimated to total HUF 15 827.6 Mn, whereas total expenditures of the Gas Section are to make up HUF 16 036.8 Mn.

Expenditures include net storage and stock maintenance costs of HUF 29 679.6 Mn, net financing costs (HUF 1 494.8 Mn) and the Association's operating expenses (HUF 690 Mn) explained in detail below.

2.1. Storage and Stock Maintenance Costs

In the Oil Section, stocks are stored within the framework of long-term custody agreements. The Association plans to ensure the volume of stocks required for the fulfilment of the stockpiling obligation mentioned in 1.1.2. by means of ticket transactions. Stock maintenance costs comprise the expenses of mandatory stock replacements set out in the Oil Stockpiling Act. A significantly large stock replacement of 165 kt of petroleum products is to be executed in the course of 2019. Storage and stock maintenance costs in the Oil Section are projected to total HUF 14 907.8 Mn in 2019. The increase in costs from the previous year is fundamentally attributable to the storage costs of crude oil procured so as to meet the 2018 obligation for stock creation, as well as the costs of ticket purchases for the fulfilment of the 2019 stockpiling obligation, the indexation of storage fees and the higher costs of large-scale stock replacements.

In the Gas Section, strategic stocks are stored in the framework of a long-term custody agreement concluded with MMBF Natural Gas Storage Plc (hereinafter referred to as "MMBF"), in MMBF's Szőreg-1 underground gas storage facility. During the negotiations with Hungarian Development Bank Plc - the majority owner of MMBF- on the reduction of the custody fee, the parties approved a short-term compromise solution. As a result, in its 2019 budget, the Association forecasts the storage fee of strategic natural gas at a reduced rate of HUF 15 021.6 Mn compared to the storage fee applied in 2018.

Revenues derived from the secondary sales of interruptible injection and withdrawal capacities booked in the gas storage facility are estimated to account for HUF 249.8 Mn[2].

Total net storage and stock maintenance costs (less revenues) of the two Sections amount to HUF 29 679.6 Mn, which exceeds the level planned in the 2018 budget essentially on account of increased storage and stock maintenance costs in the Oil Section.

2.2. Financing Costs

In 2019, financing costs in the Oil Section are expected to reach HUF 576.8 Mn, which approximately corresponds to the amount approved in the 2018 budget. The positive impact of the lower average interest premium is largely offset by the negative effect of a weaker forint and a rise in the average debt level.

Interest revenues from the fixed term deposits of the temporary surplus of liquid assets are projected to reach HUF 2 Mn. Therefore, net financing costs (less revenues) in the Oil Section add up to HUF 574.8 Mn.

In the Gas Section, interest costs total HUF 928.0 Mn, which also remains below the level budgeted for 2018. The decrease in interest costs is driven by two contrary effects, namely, the favourable impact of the lower average interest premium and the adverse influence of a weaker forint.

Interest revenues derived from the fixed term deposits of the temporary surplus of liquid assets are anticipated to equal to HUF 8 Mn, bringing the net financing costs of the Gas Section (less revenues) to HUF 920.0 Mn.

[2] Calculated with the annual EUR/HUF exchange rate average projected for 2019.

In 2019, net financing costs in the two Sections are projected to total HUF 1 494.8 Mn, which is lower than the level planned in the 2018 budget.

2.3. Operating Expenses

In 2019, the allocated budget for operating expenses corresponds to HUF 690 Mn, which is HUF 100 Mn higher than the amount approved in the 2018 budget. The increase in operating expenses is fundamentally down to the termination of the co-operation agreement with the National Tax and Customs Administration of Hungary. The operation and development of the Member Registration Information Technology System (hereinafter referred to as "TIR") taken over by the Association, incur additional costs. Moreover, the purchase of the TIR source code, which is a prerequisite for the further development of the system as well as indispensable for the fulfilment of the Association's responsibilities, arises as a one-off investment cost (HUF 72 Mn). In addition, personnel costs increased representing the adjustment of wages for inflation and the increased taxes and contributions on fringe benefits.

Compared to last year's budget, the structure of costs demonstrates significant modifications, with rearrangements (from the entries "Other costs" and "Other expenses" to the entries "Services used" and "Purchase of tangible assets") resulting principally from the one-off expenditure (purchase of source code) related to the TIR as well as from the operation and development of the system. Apart from the HUF 72 Mn one-off extraordinary expenditure concerning the year 2019, operating expenses are budgeted to be up by 5 % from 2018. The proportion of operating expenses within total costs still does not soar above 2 %.

Table 3
Main Cost Elements (HUF million)

	2018 plan	**2019 plan**
Material and material type costs	5.0	5.0
Personnel expenses	410.0	430.0
Services used	150.0	175.0
Other costs	10.0	7.5
Other expenditures	10.0	0.5
Purchase of tangible assets	5.0	72.0
Total	**590.0**	**690.0**

3. Revenues, Level of Contribution Fees

As a fundamental requirement, the Association's budget shall close a "+0" budget position. In the projection of funding needs for 2019, the primary objective was to ensure a balanced budget in 2019.

In line with the budgetary amendments introduced as of 2018, the budget reserves of the previous year and the dividend income of the current year are utilised to make early loan repayments. Accordingly, the Association's net contribution fee revenues shall provide coverage for net stockpiling costs (storage and financing costs) and operating expenses.

Consequently, a total coverage of HUF 15 827.6 Mn shall be created for net expenditures in the Oil Section and HUF 16 036.8 Mn in the Gas Section, respectively.

In the Oil Section, the Association's contribution fee revenues are determined by the projected volume of annual fuel consumption, whereas, in the Gas Section, contribution fee revenues depend on the estimated level of annual natural gas consumption in 2019.

3.1 Oil Section

In the course of 2018, domestic fuel consumption sky-rocketed and the market was predominantly characterised by an expansion in gas oil demand. Economic forecasts and market expectations predict a slowdown in economic expansion for 2019, thus a more moderate growth rate is anticipated compared to 2018. Fuel consumption is estimated to reach 5 120 kt in 2018, up by 6.2 % from the previous year. In the 2019 budget, our projection on fuel consumption, which serves as the basis for contribution fee revenues, is a further market expansion of 1.5 %, bringing total budgeted fuel consumption to 5 200 kt (6 397 million m^3).

In 2019, a surge in gas oil consumption is expected, spurred by a further increase in the consumption needs of the construction industry, which has had a dominant impact on consumption figures for years, and the determining influence of the consistently stable consumption of freighters. At present, the growing demand for gas oil is not significantly diminished by the advancement of electric mobility. As for gasoline consumption, a hike in real wages triggers a growing demand, which may be hit by an anticipated rise in fuel prices only in the long term.

The annual consumption of fuel oil is forecasted to reach 4 kt, whereas annual kerosene[3] consumption is expected to amount to 250 kt.

3.2 Gas Section

Two factors need to be taken into account for the projection of contribution fee revenues in the Gas Section. First, contribution fee payments on household consumption and natural gas utilised as feedstocks for chemical production can be recovered by members[4]. Second, the majority of actual natural gas consumption figures only appear in the contribution fee declarations with a delay of two to three months as the sales of natural gas are declared upon the fulfilment dates of VAT payments.

Natural gas consumption data indicate that the growing trend characterising the natural gas market for the last few years reached a turning point and embarked on a decline following the first quarter of 2018. According to figures from the first eight months of the year available in the budgeting period, a remarkable drop in consumption can be observed compared to a year earlier.

[3] Subject to the fulfilment of the conditions prescribed in Section (2) of Article 41 of the Oil Stockpiling Act, contribution fee payments on kerosene can be recovered. The estimated contribution fee refund was calculated on the basis of the forecasted kerosene consumption.

[4] Pursuant to Sections (8)-(10) of Article 8 of the Gas Stockpiling Act, universal service providers are eligible for recovering contribution fee payments on household natural gas consumption as of 2013, whereas member companies are entitled for the recovery of contribution fee payments on natural gas utilised as feedstocks for chemical production as of 01/09/2016.

Analyses by industry players and experts do not predict fundamental changes for 2019. The forecast on the volume of consumption liable to contribution fee payment was based on the projections of natural gas consumption in the three determinant sectors, namely, the industrial, tertiary and power plant sectors. In 2019, industrial consumption is expected to persist at the 2018 level, whereas the factors affecting the consumption of the temperature sensitive tertiary sector and gas-fired power plants carry several uncertainties. Concerning the former, the temperature factor may induce variations of millions of MWh in natural gas consumption, whilst in the case of power plants, consumption is influenced by the ratio of natural gas and electricity prices. Taking account of electricity market trends with a predictably adverse impact on energy efficiency investments and gas-fired power plants, annual natural gas consumption was estimated to total 97 million MWh (9.1 billion m^3)[5]. Natural gas consumption, less household consumption and feedstocks for chemical production, which serves as the basis for net contribution fee revenues, is anticipated to reach 52 million MWh (4.9 billion m^3).

3.3 Level of Contribution Fees

As of 2018, the Association's primary objective is to prepare its budget in order to ensure stable and predictable operations and level of contribution fees in the long term, meanwhile gradually improving the coverage of its loans with early repayments in the two Sections. Accordingly, the level of contribution fees in both Sections is established so that the Association's stockpiling costs (storage, maintenance and financing costs) and operating expenses anticipated for the given year shall be covered from contribution fee revenues derived in the same year. The previous year's budget reserves and dividend income received from the companies operating with the Association's participation are used for the early repayment of stock financing loans.

In the Oil Section, expenditures planned for 2019 are covered from revenues calculated with the 2019 consumption forecast, besides the 2018 level of contribution fees unchanged. Furthermore, the amount of the budget reserve provides sufficient financing stability. Therefore, the currently effective level of unit contribution fees by product group is not modified.

In the Oil Section, total net contribution fee revenues less recoveries, calculated with the consumption figures outlined in 3.1. and the level of contribution fees unchanged, are projected to equal to HUF 16 364.6 Mn in 2019.

In the Gas Section, decreasing consumption, which determines the level of the net contribution fee, in addition to only a partial reduction in stockpiling costs, requires a 7 % increase in the currently effective fee so that revenues fully cover the expenditures budgeted for 2019. However, even a slight raise in the level of the contribution fee would indirectly entail a surge in the price of natural gas. In order to prevent this, HUF 1 000 Mn was reallocated from the available budget reserve for the coverage of expenditures in 2019.The reallocation of the budget reserve enables the Association to ensure a balanced budget besides an unchanged level of the unit contribution fee.

Total gross revenues calculated with the data on gas consumption presented in 3.2. and an unchanged level of the unit contribution fee add up to HUF 28 228.8 Mn, less HUF 13 029.3 Mn total expected recoveries on household consumption and feedstocks for chemical production, result in net revenues of HUF 15 199.5 Mn.

In 2019, the Association's total gross contribution fee revenues from the two Sections are expected to correspond to HUF 45 298.8 Mn, of which HUF 13 734.7 Mn is to be recovered by member companies. As a consequence, net contribution fee revenues amount to HUF 31 564.1 Mn.

[5] For conversions from MWh into m^3, the average calorific value of 34.5 as well as the conversion factor of 3.2491 for the 2H quality natural gas group were applied in accordance with the Order of Natural Gas Quality Accounting at the Entry and Exit Points of the Natural Gas Transmission System published by Natural Gas Transmission Plc for the gas year 2017/2018.

Table 4

Unit Contribution Fees Effective as of January 1, 2019

Product group	**Combined nomenclature number**	**Contribution fees**		
		up to 31/12/2018	**as of 01/01/2019**	
Gasoline type fuel	2710 12 31	2 674	2 674	HUF / 1000 litre$_{15}$
	2710 12 41			
	2710 12 45			
	2710 12 49			
	2710 12 51			
	2710 12 59			
	2710 12 70			
Kerosene	2710 19 21	2 232	2 232	HUF / 1000 litre15
Gas oil	2710 19 43	2 505	2 505	HUF / 1000 litre$_{15}$
	2710 19 46			
	2710 19 47			
	2710 19 48			
	2710 20 11			
	2710 20 15			
	2710 20 17			
	2710 20 19			
Fuel oil	2710 19 62	2 303	2 303	HUF/ton
	2710 19 64			
	2710 19 68			
	2710 20 31			
	2710 20 35			
	2710 20 39			
Natural gas	2711	292.13	292.13	HUF / MWh

Accordingly, the 2019 budget is to include HUF 537.0 Mn budget reserve for the Oil Section and HUF 162.7 Mn for the Gas Section adding up to a total budget reserve of HUF 699.7 Mn.

4. Budget Implementation: Risks and Considerations

The Budget was compiled based on the information available in the budgeting period (October 2018). The assumptions taken into consideration comprise the parameters applied by oil and gas companies, defined in budget committees, as well as the forecasts of the National Bank of Hungary and the financing banks, therefore, they are obviously of hypothetical nature.

In the cost structure of the budget, storage fees constitute the major part. Financing costs determined by the debt level, the interest rate context, the average interest premium and the EUR/HUF exchange rate represent the second largest proportion. The third and smallest part is composed of operating expenses, which are easily foreseen and controlled.

The cost structures of the 2018 and 2019 budgets are demonstrated in the following table.

Table 5
Cost Structure of HUSA

	2018	2019
Storage fees, stock maintenance costs	93%	93%
Financing costs	5%	5%
Operating expenses, asset purchases	2%	2%
Total	100%	100%

The predominant budgetary risk is presented by the tight budget leeway in the Gas Section thanks to the considerably low budget reserve. Consumption forecasts are only preliminary estimates calculated with the prudence concept in mind. Nevertheless, even a minor shortfall of these projections incurs a loss in revenues the budget reserve is insufficient to cover. In case natural gas consumption, less household consumption and natural gas used as feedstocks for chemical production, is 100 million m^3 below the budgeted volume, contribution fee revenues are to drop by HUF 310 Mn.

In the Oil Section, a slightly higher budget reserve was planned involving lower risks for 2019. The major risk factor is posed by notable fluctuations in oil prices, which are of unpredictable nature and may influence next year's fuel consumption and thus the Association's revenues.

In order to offset the risks detailed above, the General Meeting of the Association is advised to authorise the Board of Directors to modify the level of unit contribution fees by +/- 10% in the course of the year.

5. Financing Plan

In Decision No. 2/2017 (14/12/2017), the General Meeting authorised the Board of Directors to take out loans for stock financing within the limit of maximum EUR 475 Mn (credit limit).

Currently, the Association's stock financing loans amount to EUR 461 Mn, which does not exceed the credit limit approved by the General Meeting.

According to Chapter 1 on the fulfilment of strategic stockpiling, the Association does not intend to purchase stocks in either Section, furthermore, the expenses of stock replacements are financed from contribution fee revenues, thus the Association does not plan to involve additional funding in 2019. Of the existing credit line, loans of EUR 104 Mn are to mature at the end of June 2019, for the refinancing thereof the Association is to publish a call for tenders.

The existing debt level is to reduce in case the Association utilises the dividend income from its affiliated companies received in 2019 as well as the amount of the 2018 budget reserve for the early repayment of its loans. Experience from 2018 proves that the aforementioned figures carry considerable uncertainty. In addition, changes may occur following the approval of the budget, which do not require modification to the level of unit contribution fees, however, they may lead to the amendment of the financing/early repayment strategy. As a consequence, the above figures are not considered in the financing plan in a conservative manner. Likewise, "interim items" (previous year's budget reserves, dividend income of the given year, early repayment of loans) are not indicated in the budget. In the light of factual data, the Association is to request the General Meeting to decide on the utilisation of the above sums.

In consideration of the above, during the compilation of the 2019 financing plan, the Association budgeted a debt level equal to the current level of EUR 461 Mn by the end of 2019.

Budapest, November 21, 2018

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2. Expected Level of Stock Financing Loans for 2019
3. HUSA Participation in Affiliated Companies
4. Planning Assumptions
5. Summary Tables of the 2019 Budget

Inventory Plan

2019

Oil Section

	Gross opening stocks (01/01/2019) (kt)	Change within the year (kt)	Closing stocks 31/12/2019		
			Gross stocks (kt)	Net stocks (kt)	Net stocks (ktoe)
Crude oil	589.5	40.0	629.5	566.6	543.9
Petroleum products	782.4	0.0	782.4	704.2	845.0
Gasoline	*268.4*	*0.0*	*268.4*	*241.6*	*289.9*
Gas oil	*514.0*	*0.0*	*514.0*	*462.6*	*555.1*
Total	**1 371.9**	**40.0**	**1 411.9**	**1 270.8**	**1 388.9**

Gas Section

	Opening stocks 01/01/2019	Change within the year (sale)	Change within the year (purchase)	Closing stocks (31/12/2019)
Natural gas (kWh)	12 720 798 250	0	2 846 080	12 723 644 330

EXPECTED LEVEL OF STOCK FINANCING LOANS FOR 2019

Values and items	**Loans EUR Mn**	**Loans HUF Mn**
Opening value on 01/01/2019	**461**	*149 825*
Loans maturing on 30/06/2019	-104	*-33 800*
Refinancing of maturing loans	104	*33 800*
Closing value on 31/12/2019	**461**	*149 825*

EUR/HUF exchange rate 325

HUSA Participation in Affiliated Companies

Expected for December 31, 2018

Company name	**HUSA participation (%)**	**Investment value (HUF Mn)**
OPAL Szolgáltató Zrt.	100.0	15 137.8
Terméktároló Zrt.	25.9	8.4
MMBF Földgáztároló Zrt.	49.0	12 750.6
Total		**27 896.8**

Planning Assumptions

for the 2019 Budget

	Period	Unit	Value
Gas oil consumption*	2019	thous m³	4 438
		kt	3 750
Gasoline consumption*	2019	thous m³	1 959
		kt	1 450
Fuel oil consumption*	2019	kt	4
Natural gas consumption**	2019	billion m³	4.9
		thous MWh	52 029.793
EUR/HUF exchange rate	Annual average for 2019	HUF	325
EUR/USD exchange rate	Annual average for 2019	USD	1.15
3-month EURIBOR rate	Annual average for 2019	%	0.02
Consumer price index ***	2018	%	103.0
Producer price index***	2018	%	105.0

** Consumption subject to contribution fee payment under the Oil Stockpiling Act*
*** Consumption subject to contribution fee payment under the Gas Stockpiling Act, less fee recoveries*
**** Indicators for indexing custody fees*

SUMMARY TABLE BUDGET 2019

OIL SECTION

HUF million

		January	February	March	April	May	June	July	August	Sept	Oct	Nov	Dec	TOTAL
Gross contribution fee revenue	MHUF	1 128.5	1 138.0	1 301.7	1 417.4	1 509.2	1 418.8	1 626.3	1 553.7	1 541.3	1 609.4	1 493.6	1 332.1	17 070.0
Contribution fee refund	MHUF	-48.7	-46.6	-52.9	-54.3	-63.5	-67.0	-66,3	-66.3	-61.4	-64.9	-57.1	-56.4	-705.4
NET CONTRIBUTION FEE REVENUE	**MHUF**	**1 079.8**	**1 091.4**	**1 248.8**	**1 363.1**	**1 445.7**	**1 351.8**	**1 560.0**	**1 487.4**	**1 479.9**	**1 544.5**	**1 436.5**	**1 275.7**	**16 364.6**
Storage and stock maintenance costs	MHUF	-1 280.4	-969.2	-1 386.6	-1 215.1	-1 109.4	-1 074.4	-1 109.4	-1 109.4	-1 074.4	-1 564.0	-1 737.6	-1 277.9	-14 907.8
Interest due, other costs	MHUF	-49.0	-44.2	-49.0	-47.4	-49.0	-47.4	-49.0	-49.0	-47.4	-49.0	-47.4	-49.0	-576.8
Income from capacity sale	MHUF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest received	MHUF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0	2.0
NET STOCKPILING COSTS	**MHUF**	**-1 329.4**	**-1 013.4**	**-1 435.6**	**-1 262.5**	**-1 158.4**	**-1 121.8**	**-1 158.4**	**-1 158.4**	**-1 121.8**	**-1 613.0**	**-1 785.0**	**-1 324.9**	**-15 482.6**
OPERATING EXPENSES OF HUSA	**MHUF**	**-28.8**	**-28.8**	**-28.8**	**-28.8**	**-28.8**	**-28.8**	**-28.8**	**-28.8**	**-28.8**	**-28.8**	**-28.8**	**-28.8**	**-345.0**
TOTAL NET EXPENDITURES	**MHUF**	**-1 358.2**	**-1 042.2**	**-1 464.4**	**-1 291.3**	**-1 187.2**	**-1 150.6**	**-1 187.2**	**-1 187.2**	**-1 150.6**	**-1 641.8**	**-1 813.8**	**-1 353.7**	**-15 827.6**
BUDGET RESULT	**MHUF**	**-278.4**	**49.3**	**-215.6**	**71.8**	**258.6**	**201.3**	**372.9**	**300.3**	**329.4**	**-97.3**	**-377.3**	**-78.0**	**537.0**

SUMMARY TABLE BUDGET 2019

GAS SECTION

HUF million

		January	February	March	April	May	June	July	August	Sept	Oct	Nov	Dec	TOTAL
Gross contribution fee revenue	MHUF	3 142.4	3 165.6	3 424.6	3 035.3	2 624.4	1 763.6	1 670.5	1 586.7	1 481.3	1 656.5	2 069.1	2 608.8	28 228.8
Contribution fee refund	MHUF	-1 470.5	-1 493.7	-1 600.7	-1 363.4	-1 256.4	-851.6	-758.5	-674.7	-721.3	-744.5	-1 005.1	-1 088.9	-13 029.3
NET CONTRIBUTION FEE REVENUE	**MHUF**	**1 671.9**	**1 671.9**	**1 823.9**	**1 671.9**	**1 368.0**	**912.0**	**912.0**	**912.0**	**760.0**	**912.0**	**1 064.0**	**1 519.9**	**15 199.5**
Storage and stock maintenance costs	MHUF	-1 251.8	-1 251.8	-1 251.8	-1 251.8	-1 251.8	-1 251.8	-1 251.8	-1 251.8	-1 251.8	-1 251.8	-1 251.8	-1 251.8	-15 021.6
Interest due, other costs	MHUF	-78.8	-71.2	-78.8	-76.3	-78.8	-76.3	-78.8	-78.8	-76.3	-78.8	-76.3	-78.8	-928.0
Income from capacity sale	MHUF	0.0	0.0	0.0	249,8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	249.8
Interest received	MHUF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.0	8.0
NET STOCKPILING COST	**MHUF**	**-1 330.6**	**-1 323.0**	**-1 330.6**	**-1 078.3**	**-1 330.6**	**-1 328.1**	**-1 330.6**	**-1 330.6**	**-1 328.1**	**-1 330.6**	**-1 328.1**	**-1 322.6**	**-15 691.8**
OPERATING EXPENSES OF HUSA	**MHUF**	**-28.8**	**-28.8**	**-28.8**	**-28.8**	**-28.8**	**-28.8**	**-28.8**	**-28.8**	**-28.8**	**-28.8**	**-28.8**	**-28.8**	**-345.0**
TOTAL NET EXPENDITURES	**MHUF**	**-1 359.4**	**-1 351.8**	**-1 359.4**	**-1 107.1**	**-1 359.4**	**-1 359.4**	**-1 359.4**	**-1 359.4**	**-1 356.9**	**-1 359.4**	**-1 356.9**	**-1 351.4**	**-16 036.8**
Utilisation of existing reserves	MHUF	1 000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1 000.0
BUDGET RESULT	**MHUF**	**1 312.6**	**320.2**	**464.6**	**564.9**	**8.7**	**-444.9**	**-447.4**	**-447.4**	**-596.9**	**-447.4**	**-292.9**	**168.6**	**162.7**

SUMMARY TABLE - BUDGET FOR THE YEAR 2019

HUF million

	OIL	GAS	TOTAL
Gross contribution fee revenue	17 070.0	28 228.8	45 298.8
Contribution fee refund	-705.4	-13 029.3	-13 734.7
NET CONTRIBUTION FEE REVENUE	**16 364.6**	**15 199.5**	**31 564.1**
Storage and stock maintenance costs	-14 907.8	-15 021.6	-29 929.4
Interest due, other costs	-576.8	-928.0	-1 504.8
Income from capacity sale	0.0	249.8	249.8
Interest received	2.0	8.0	10.0
NET STOCKPILING COSTS	**-15 482.6**	**-15 691.8**	**-31 174.4**
OPERATING EXPENSES OF HUSA	**-345.0**	**-345.0**	**-690.0**
TOTAL NET EXPENDITURES	**-15 827.6**	**-16 036.8**	**-31 864.4**
Utilisation of existing reserve	**0.0**	**1 000.0**	**1 000.0**
BUDGET RESULT	**537.0**	**162.7**	**699.7**