

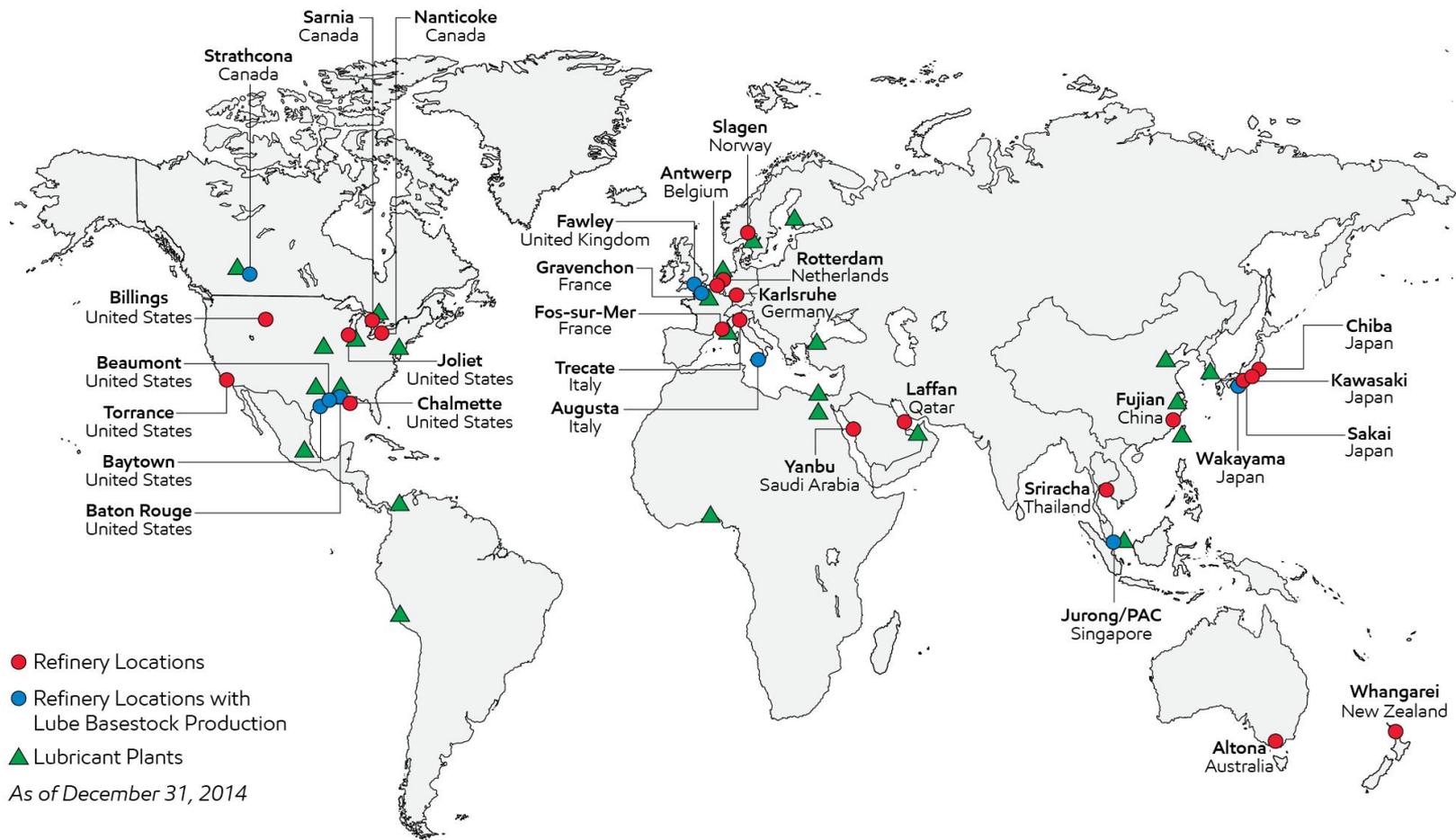
June 15, 2015

# European Union follow-up A view from the industry

Energy lives here™

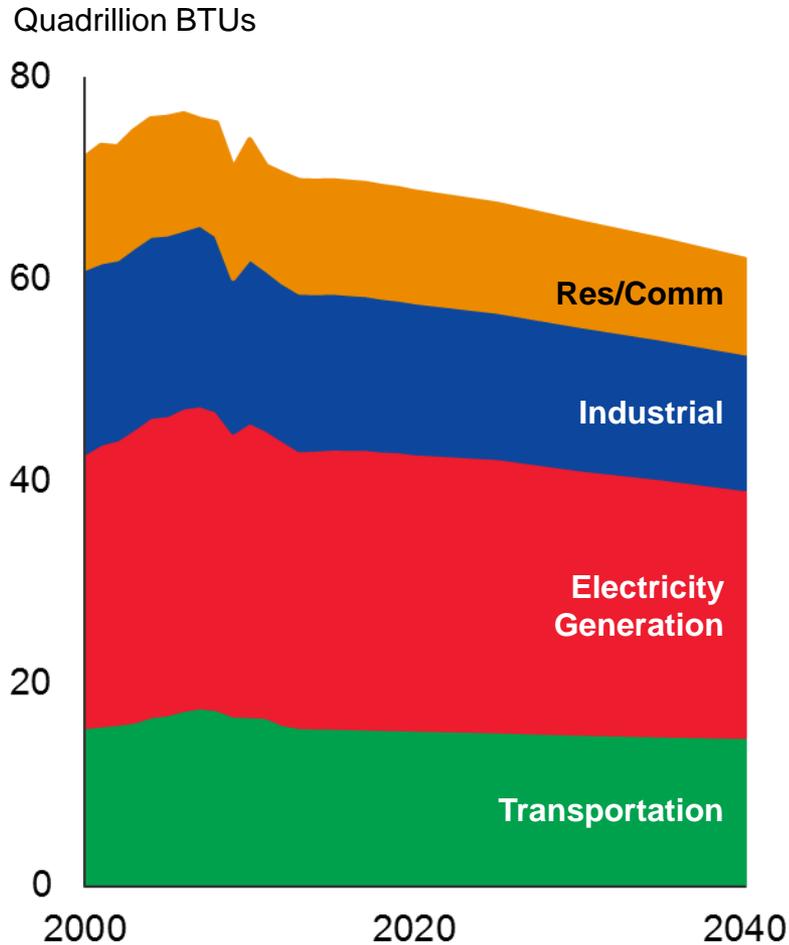
Gianni Murano, ExxonMobil  
CEO of Esso Italiana, former refinery manager of Trecate refinery

# European operations represent ~30% of ExxonMobil's global capacity

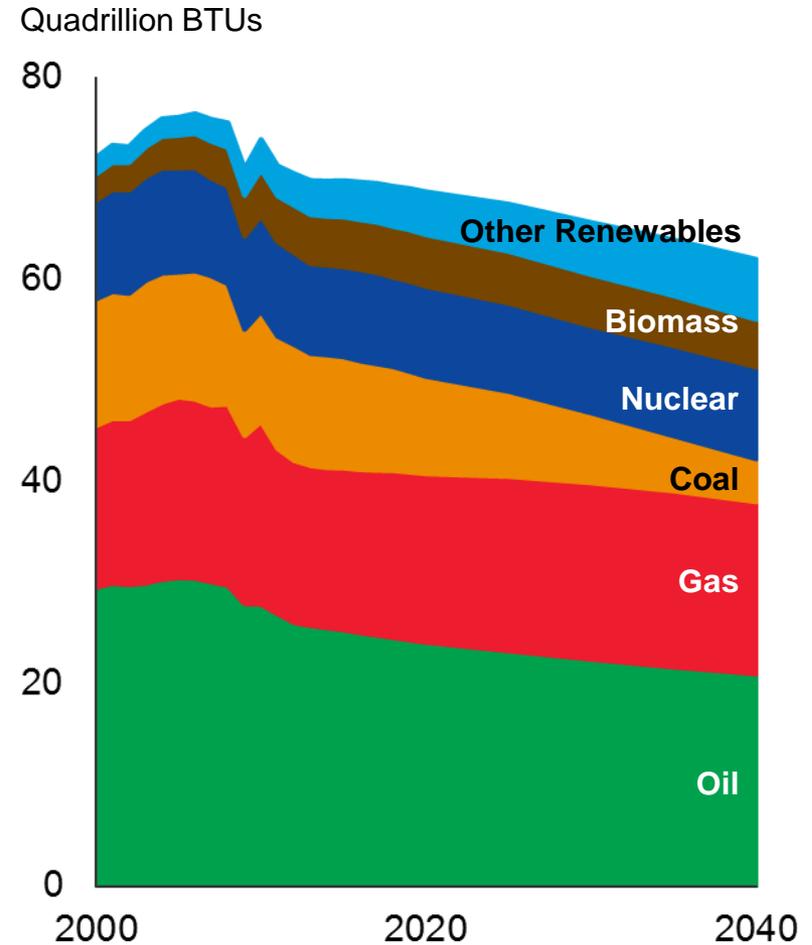


# Oil & gas remain critical for EU economy

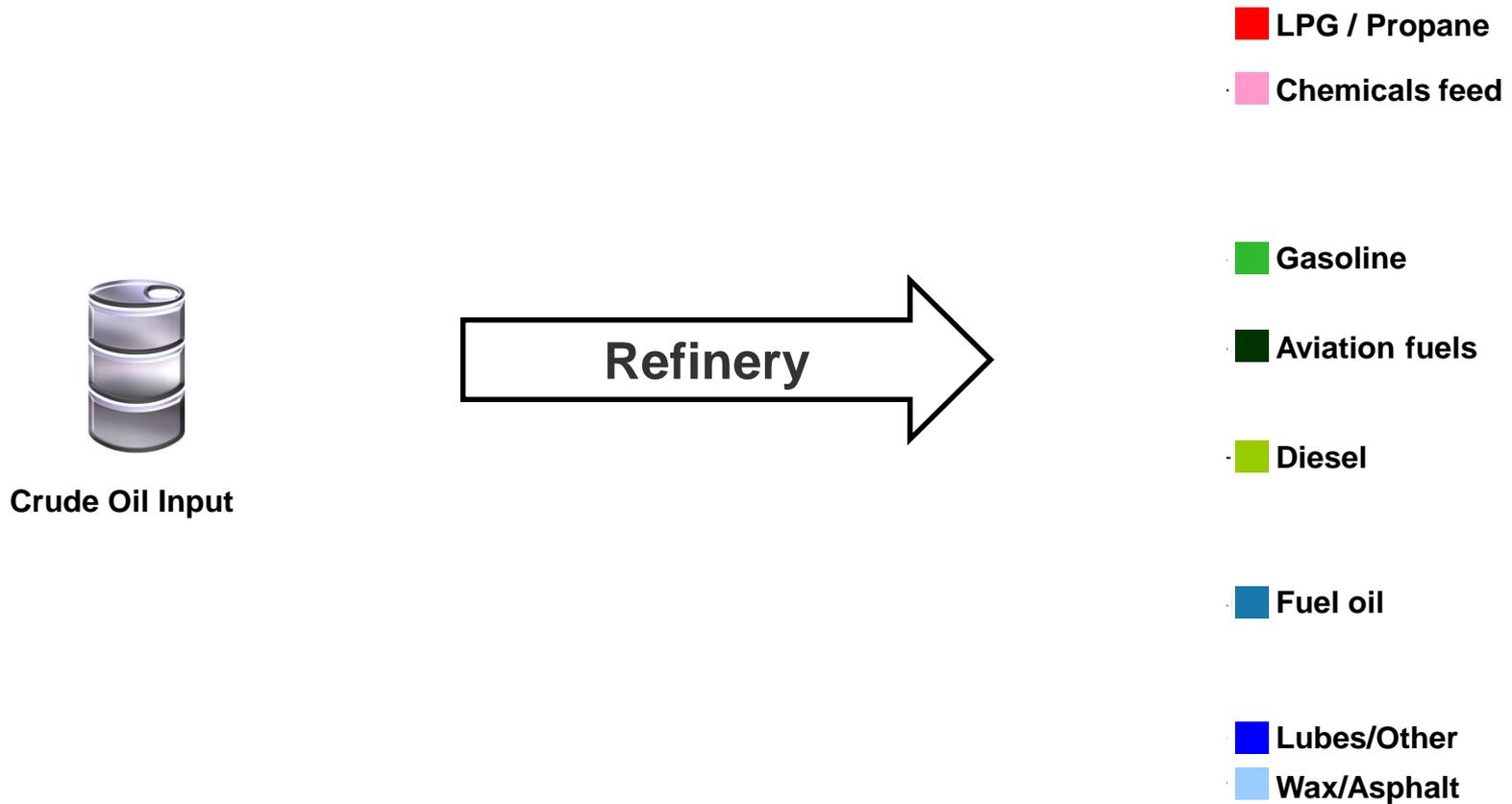
## EU Demand – By Section



## EU Demand - By Fuel



# Refining converts oil into many products



Source: U.S. Department of Labor

**ExxonMobil**

European refining industry is  
important to energy security

# Demand and regulations drive fuel imbalance

- Europe's diesel demand continues to grow

- Growing commercial transportation
- Sustained passenger vehicles switch from gasoline to diesel

- Further decline in gasoline demand

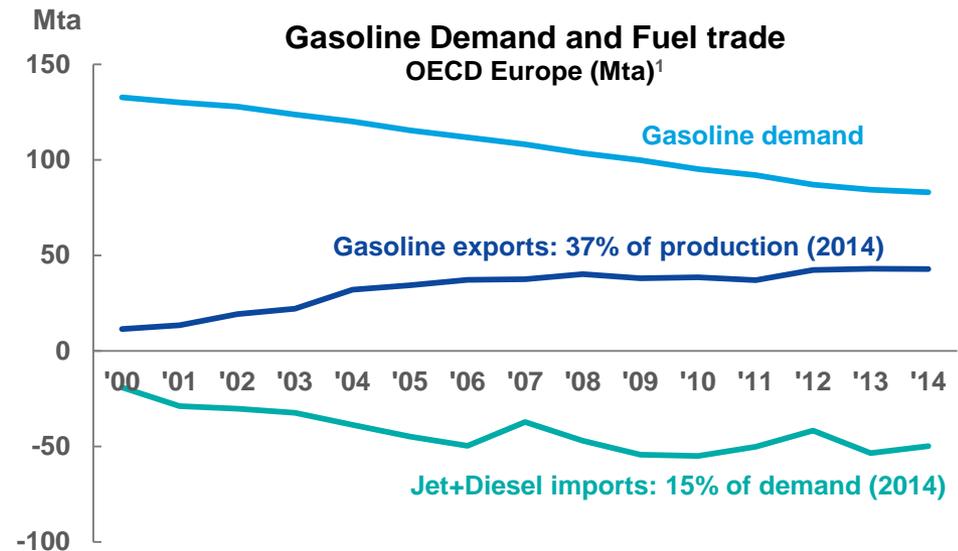
- Favorable excise taxation led to 'dieselisation' of fleet
- Improved fuel economy of car fleet & biofuels impact

- Fuel oil demand declines

- Significant impact from Bunker Fuels Sulfur spec reduction (IMO)

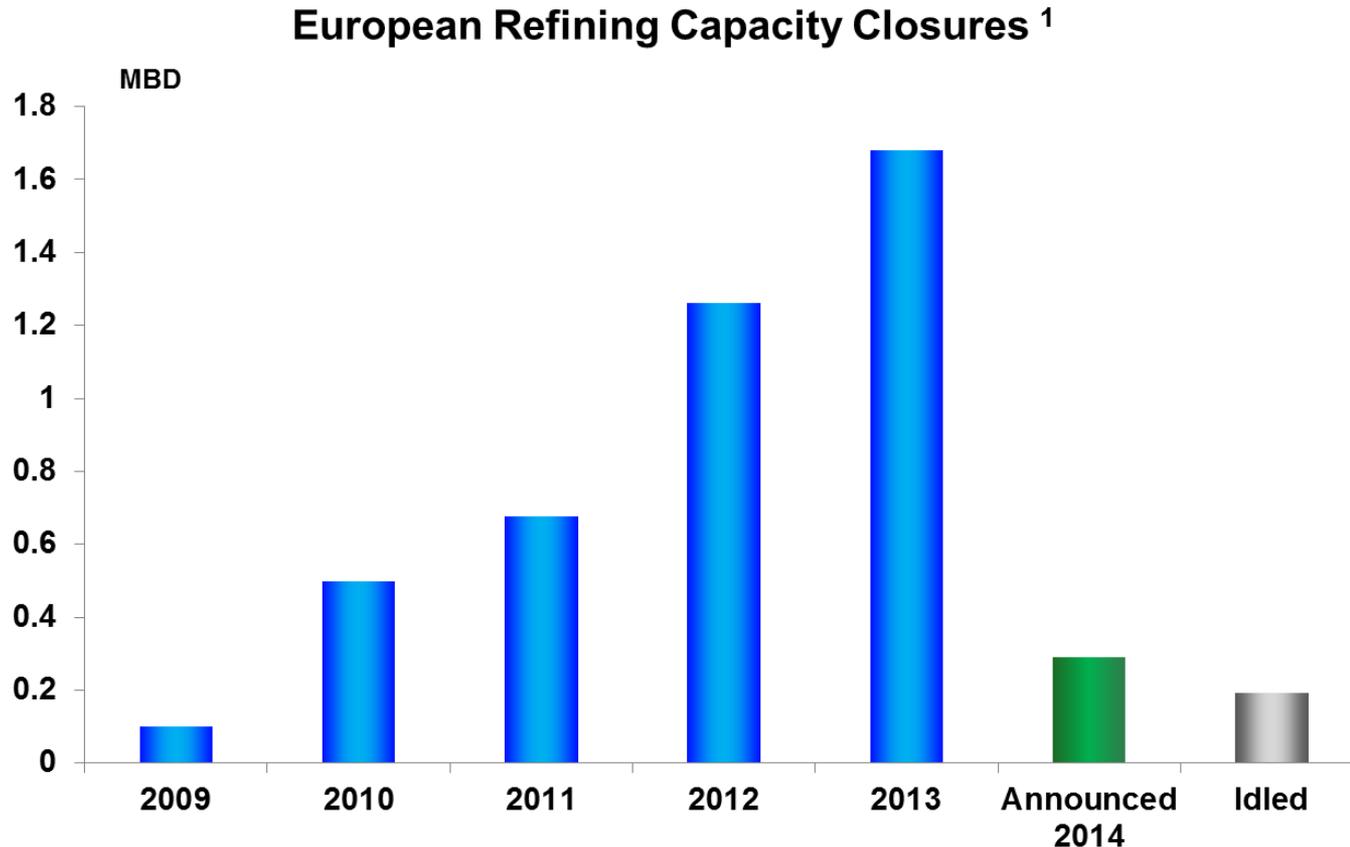
- Fuel imbalance becomes ever more pressing issue for Europe

- Europe increasingly dependent on diesel imports from US, Middle East, Far East
- Challenge (and higher costs) to export growing gasoline surplus
- US shifting from significant gasoline importer to balanced situation



1 Source: IEA data for OECD Europe

# EU refining is facing increasing rationalization pressure



<sup>1</sup> Western Europe and Med; Cumulative from 2009  
Sources: ExxonMobil assessment based on public information

European refining industry is not globally competitive due to higher energy costs, global change in demand and supply patterns, and severe / increasing regulatory burdens.

# Policymakers can help sustain a globally competitive EU Refining industry

- Encourage market conditions for access to energy and feedstock at a competitive cost.
- Guarantee a level-playing field amongst cost effective technologies.
- Energy taxation should be consistent and proportional to the energy content.
- Allow internal market forces to work: avoid interventions that distort free competition of assets in a global environment. Any subsidies would have the opposite effect of ensuring a competitive EU refining market.
- The EU policy framework should not cause unnecessary extra cost for the refining sector.
- EU policies should be transparent, predictable and market based.

# Summary

- Oil will remain essential for European economies for the foreseeable future.
- The refining industry, which is an essential and integrated part of many European industries, is no longer globally competitive.
- Europe's regulatory environment affects the competitiveness of European refining industry compared to other regions.
- EU refining is facing increasing rationalization pressure.
- Some level of domestic refining capacity is highly desirable for security of energy supply.
- Allow market forces to work and avoid interventions that distort free competition of assets in a global environment.

Thank you for your attention