

# 2011 3Q Results Presentation

Athens, 24 November 2011



**HELLENIC**  
**PETROLEUM**



# AGENDA



- **Results Highlights**
- Business Units Performance
- Financial Results
- Q&A

## RESULTS HIGHLIGHTS

### **INDUSTRY AND MACRO ENVIRONMENT: Conditions remain challenging**

- Weak margins, throughout 2011 with cracking margins in 3Q11 at 2.9\$/bbl (unchanged y-o-y); volatile crude oil prices averaging 112\$/bbl for the quarter
- Volatility on capital and currency markets with €/€ dropping to 1.35 at the end of September
- Domestic market challenging; fuels demand down 7% y-o-y

### **FINANCIAL RESULTS: Positive operating performance; Net Income affected by USD loans revaluation**

- 3Q11 Adjusted EBITDA at €70m (-14% vs 3Q10); 9M11 at €287m (-26% vs 9M10);
  - Improved trading performance from Supply & Trading
  - Volumes affected by poor domestic market conditions and refinery utilisation was lower due to weak margins and upgrades, however market share improved q-o-q reversing effect from 2Q strikes
  - Benefits from transformation initiatives and cost control
  - In Domestic Marketing Strong Aviation performance and gasoline market share gains offset by weak retail demand
  - International Marketing maintained performance on the back of market share improvements
  - Weaker Petchems results due to polypropylene price drop
- Reported 3Q Net Loss of €17m as a result of unrealised currency translation losses brings 9M Net Income to €162m (+25%)
  - FX losses (€43m vs gains of €54m in 3Q10) on spot USD loans revaluation
  - Improved DEPA and Elpedison performance (€12m, +61%)

## STRATEGY UPDATE & KEY DEVELOPMENTS

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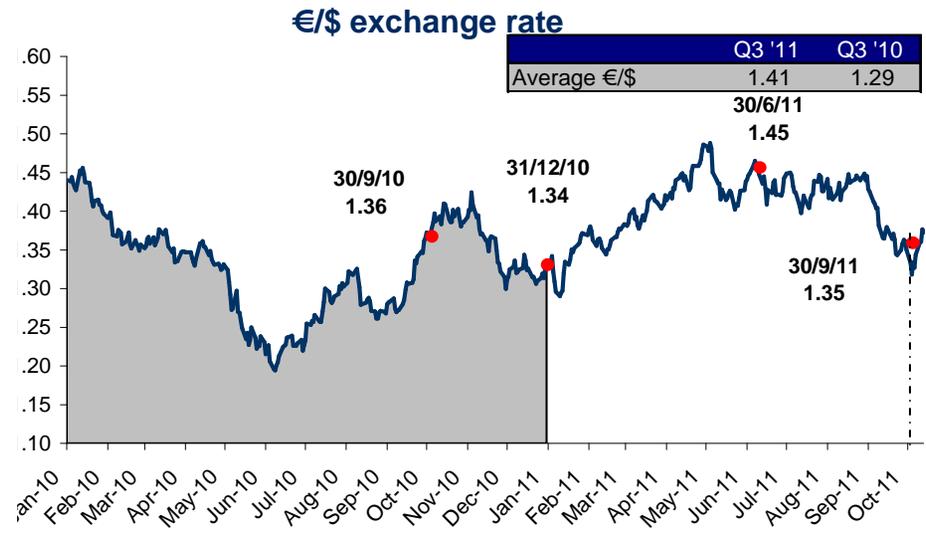
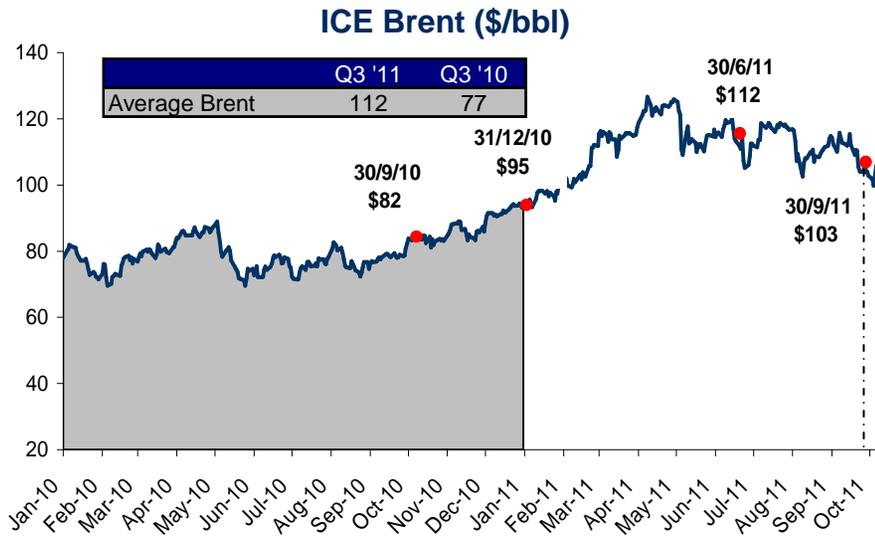
- Elefsina refinery upgrade progress at 93%
- Thessaloniki refinery in full commercial operation
- West Obayed transaction received regulatory approval by the Egyptian Authorities
- EKO Georgia divestment completed
- Agreement to refinance €400m extending maturity from 2Q2012 to 3Q2013
- In November a bill was passed lifting the 20-year ban on diesel-run private vehicles in Athens and Thessaloniki

## GROUP KEY FINANCIALS – 3Q 2011

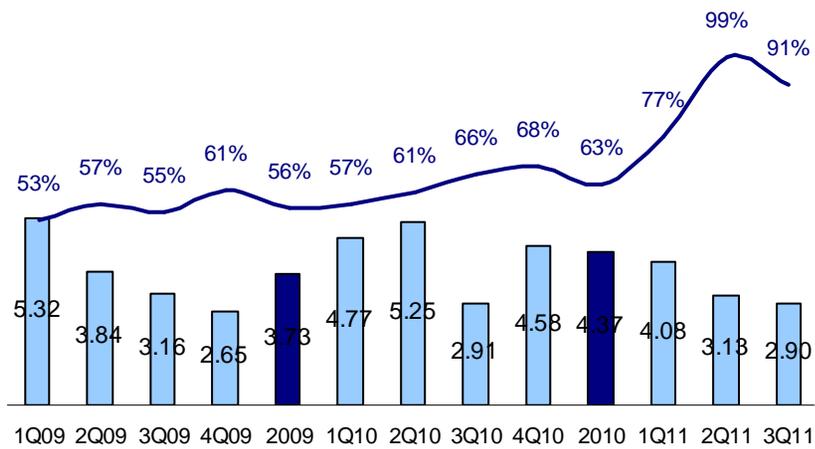
FY 2010	€ million, IFRS	2010	3Q 2011	Δ%	2010	9M 2011	Δ%
<b>Income Statement Figures</b>							
14,557	Sales Volume (MT) - Refining	3,348	2,969	-11%	10,754	9,158	-15%
5,735	Sales Volume (MT) - Marketing	1,476	1,338	-9%	4,305	3,877	-10%
8,477	Net Sales	1,966	2,208	12%	6,180	6,808	10%
501	EBITDA	87	70	-19%	378	339	-10%
180	Net Income	72	-17	-	130	162	25%
0.59	EPS (€)	0.24	-0.06	-	0.43	0.53	25%
474	Adjusted EBITDA *	82	70	-14%	388	287	-26%
317	Adjusted EBIT *	43	33	-25%	272	173	-36%
205	Adjusted Net Income *	68	-17	-	171	121	-29%
0.67	Adjusted EPS (€) *	0.22	-0.06	-	0.56	0.39	-29%
<b>Balance Sheet / Cash Flow Items</b>							
4,191	Capital Employed	-	-	-	4,696	4,927	5%
1,659	Net Debt	-	-	-	2,192	2,324	6%
709	Capital Expenditure	160	170	7%	393	411	5%

(\*) Calculated as Reported less the Inventory effects and other non-operating items including strike effect of €26m; Associates contribution included at EBT level

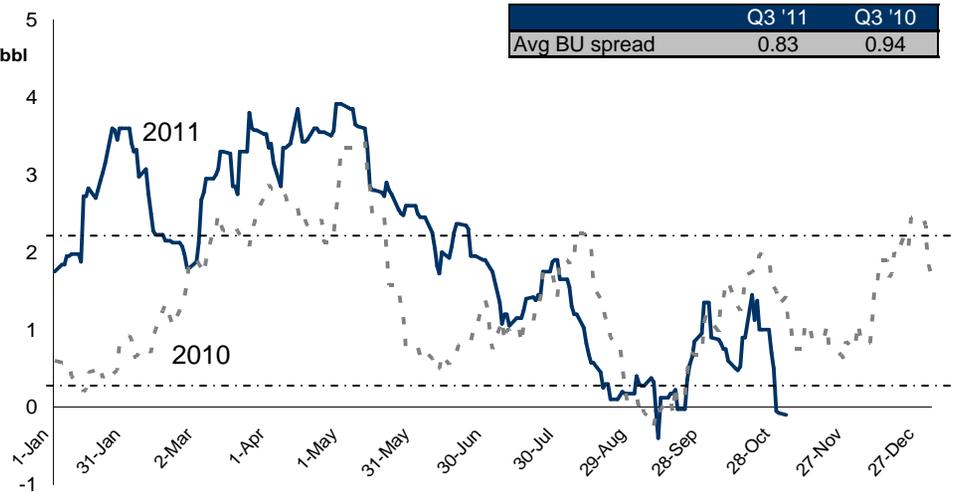
# INDUSTRY ENVIRONMENT



### Med Cracking benchmark margins (\$/bbl) and % of HEP volume from cracking

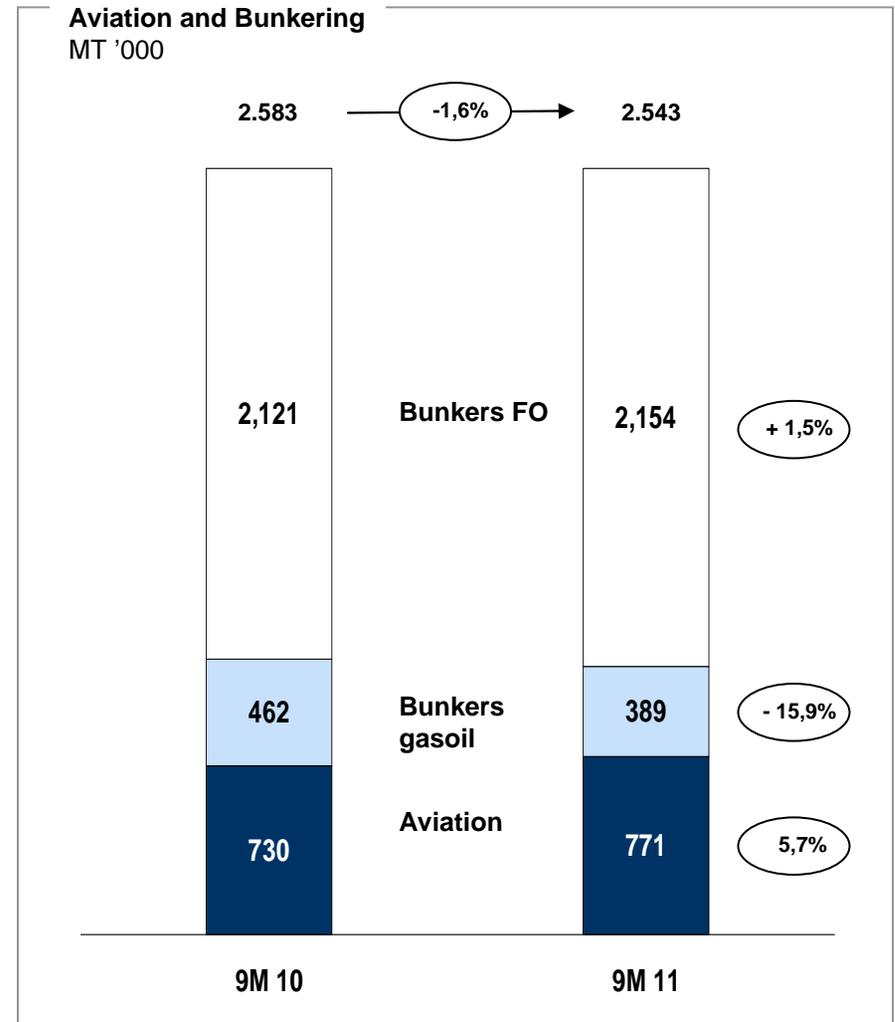
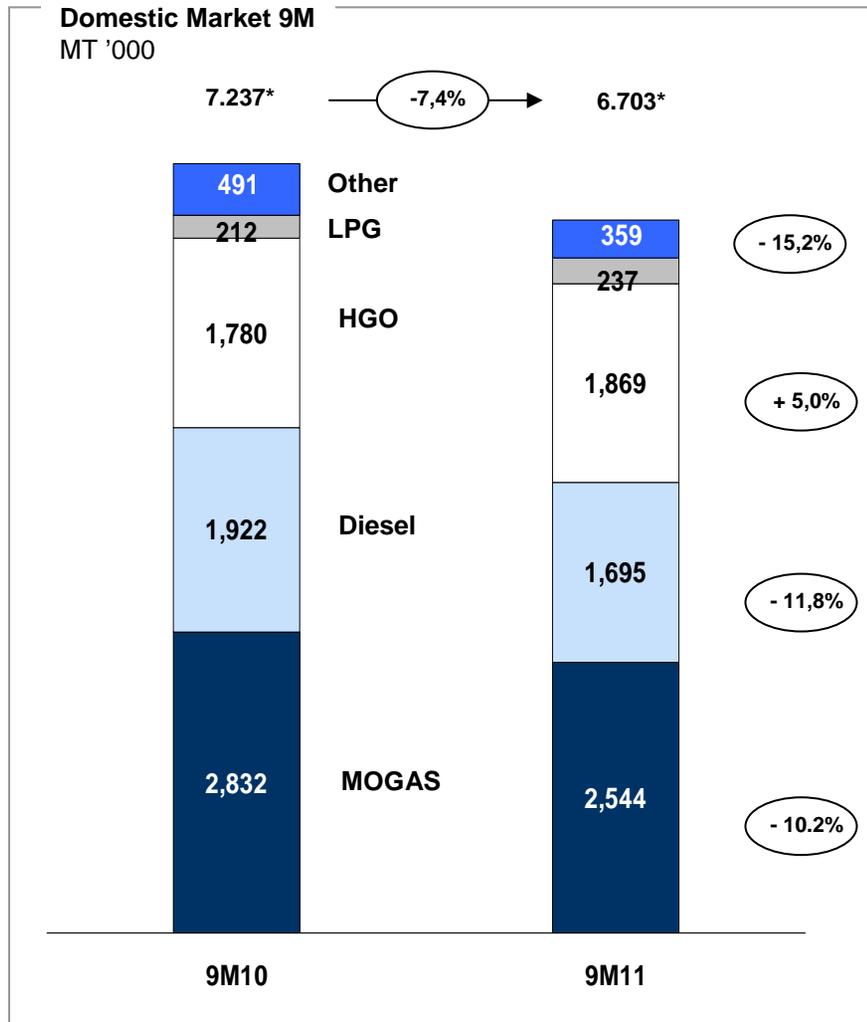


### Brent-Urals spread (\$/bbl)



# DOMESTIC MARKET ENVIRONMENT

Auto fuels down 10-12%, however decline eased in 3Q

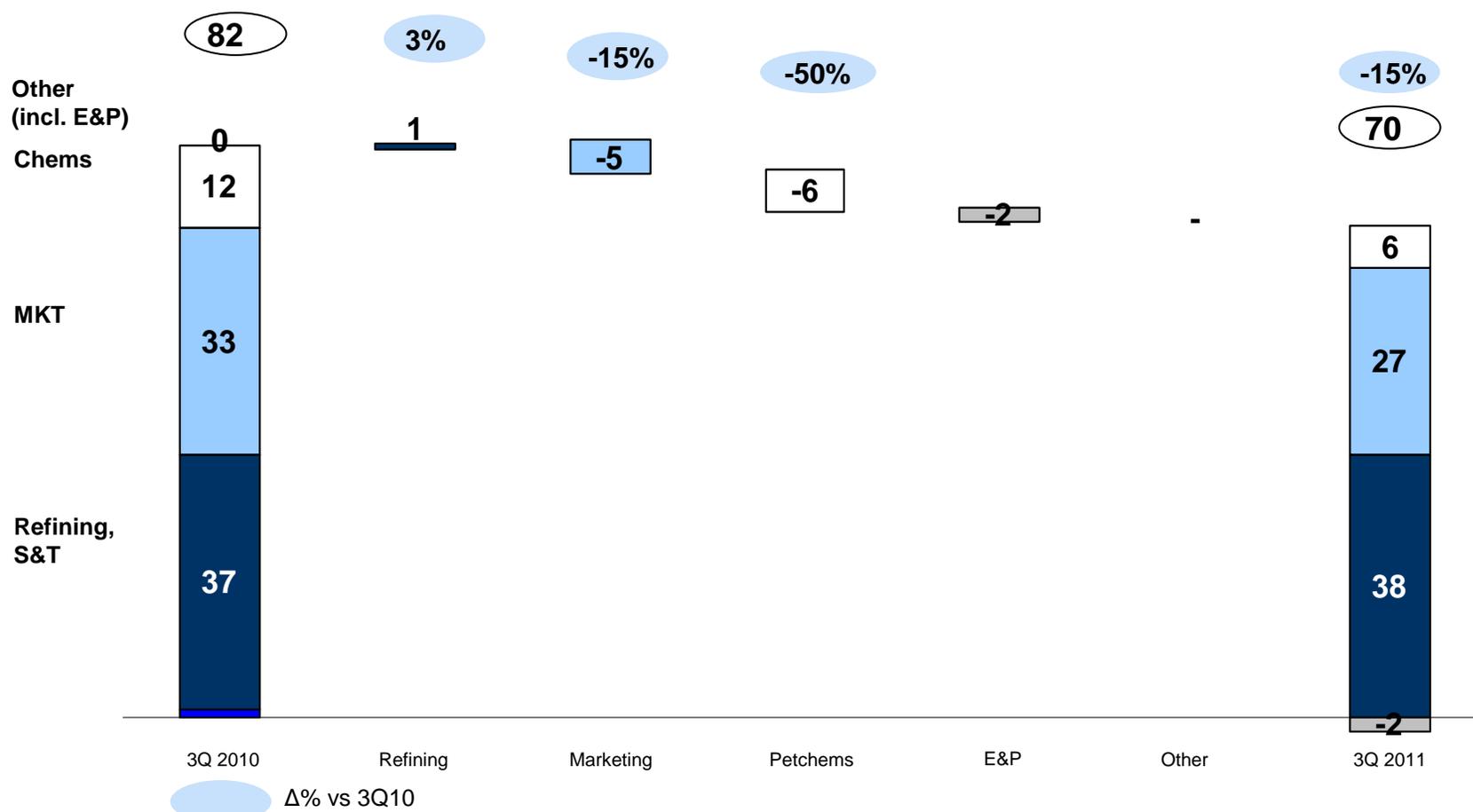


(\*) Does not include PPC and armed forces

# SEGMENTAL RESULTS OVERVIEW 3Q 2011

Performance affected by adverse environment for refining and weak domestic market; PP price movements impacted PetChems through inventory valuation

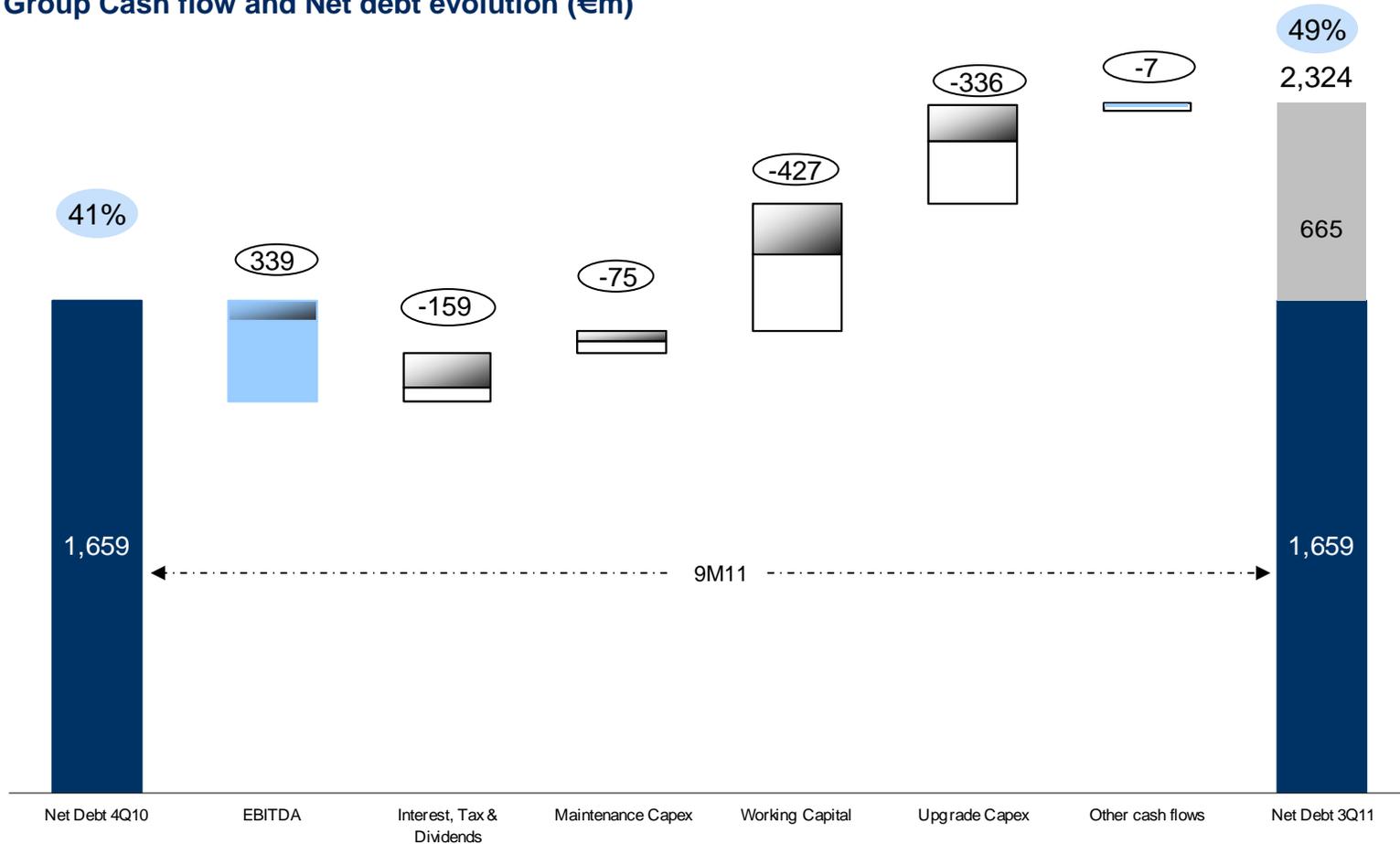
Adjusted EBITDA evolution 3Q10 – 3Q11 (€m)



# CASH FLOW & GEARING

Upgrade investments and increased working capital funded through operating cash flows and new debt drawdown despite Greek market crisis

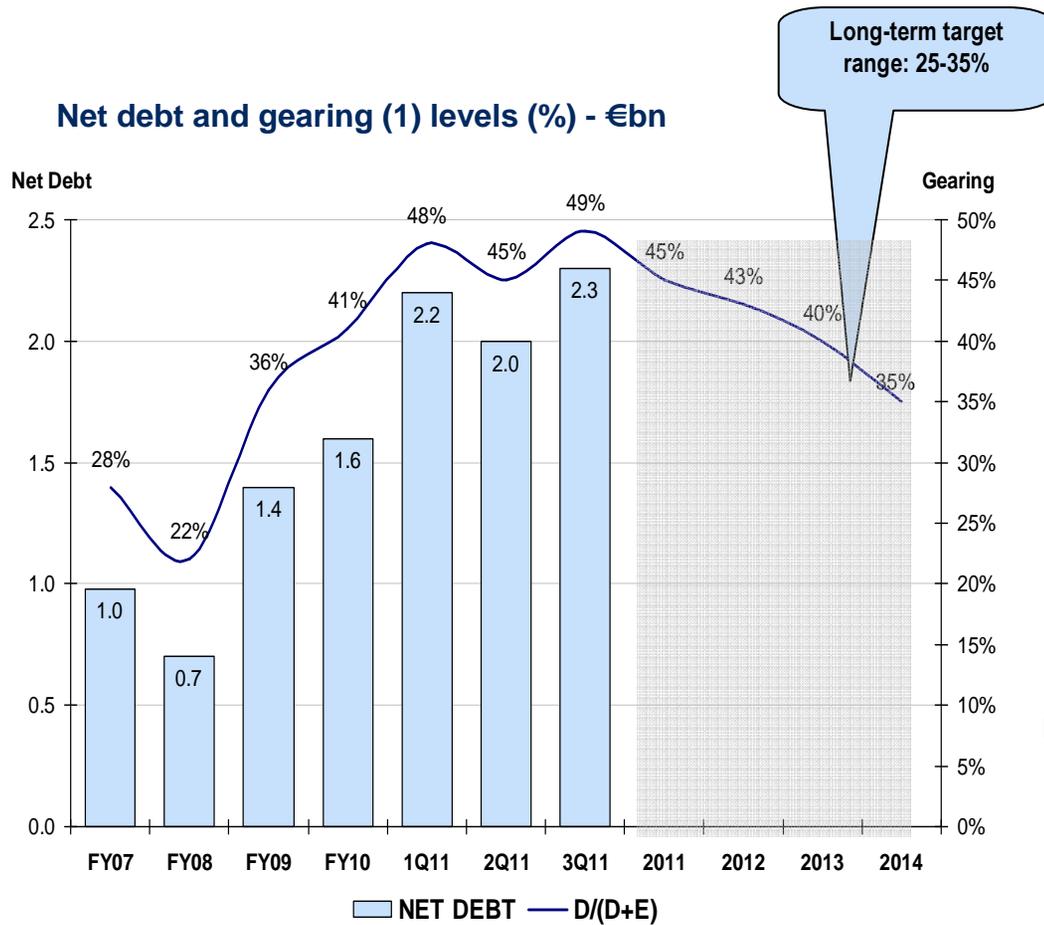
Group Cash flow and Net debt evolution (€m)



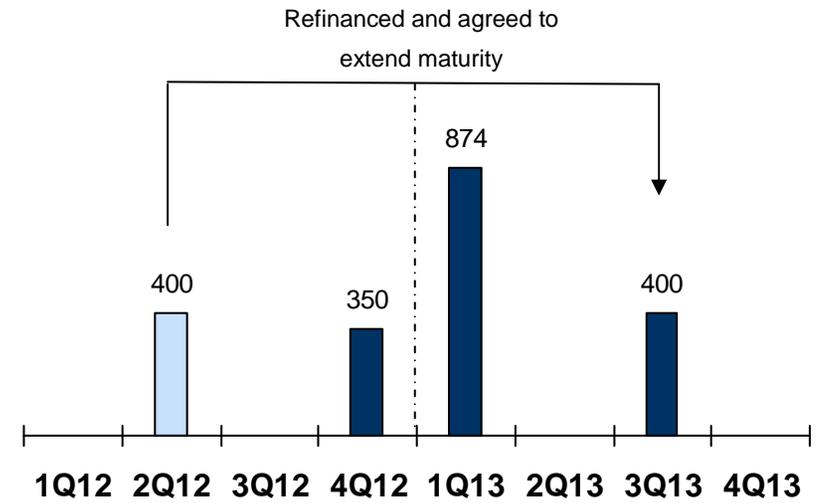
- gearing levels (%) calculated as  $Debt / (Debt + Equity)$
- 9M cash flow movements
- 3Q cash flow movements (shaded)
- 1H cash flow movements

# GEARING

Net debt increased to €2.3bn in 3Q; gearing at 49%; refinancing of facilities in progress



**HELPE lines maturity – next 2Y (€m)**

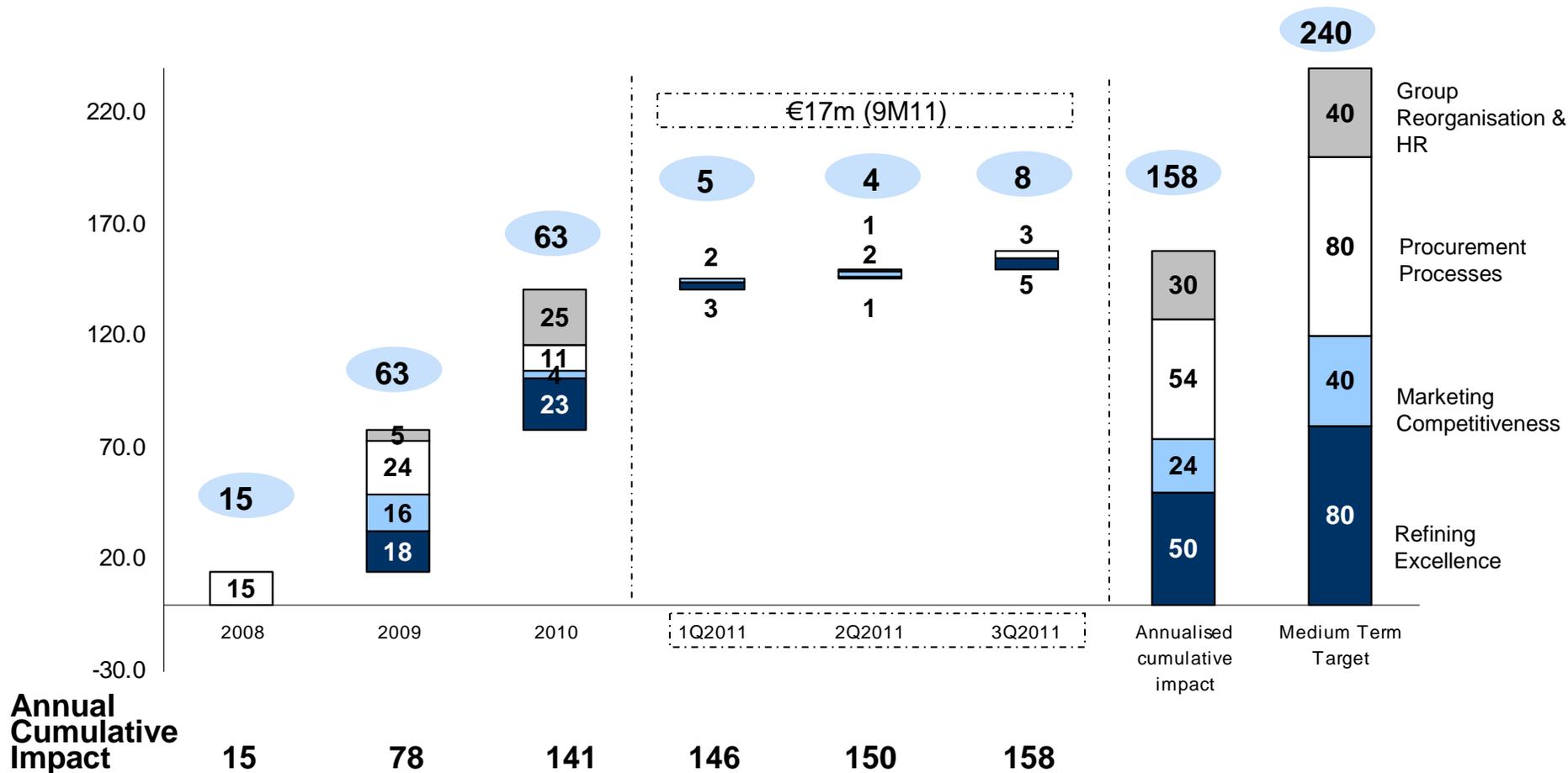


(1) Debt / (Debt + Equity)

# TRANSFORMATION BENEFITS

Total annual benefit of initiatives since launch reached €158m. Year to date impact at €17m; quarterly performance accelerated

Evolution of transformation initiatives (€m)



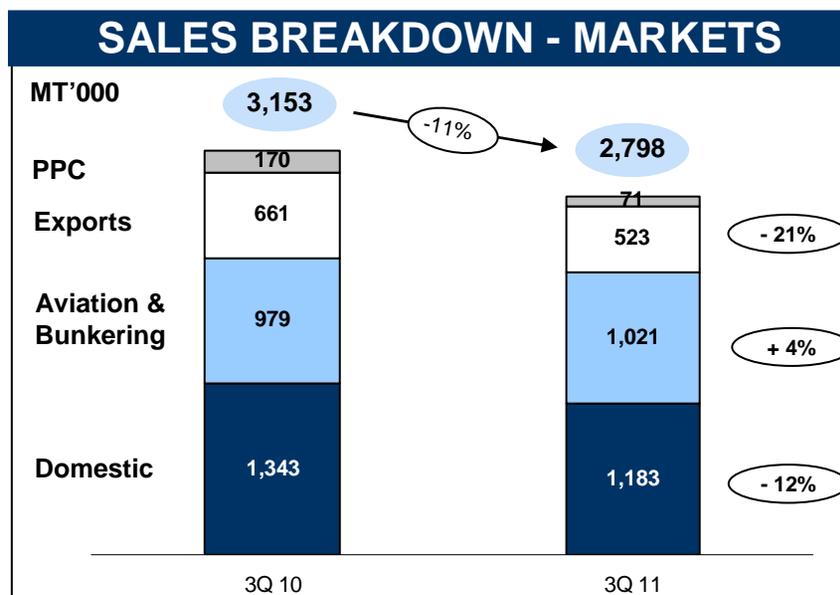
# AGENDA



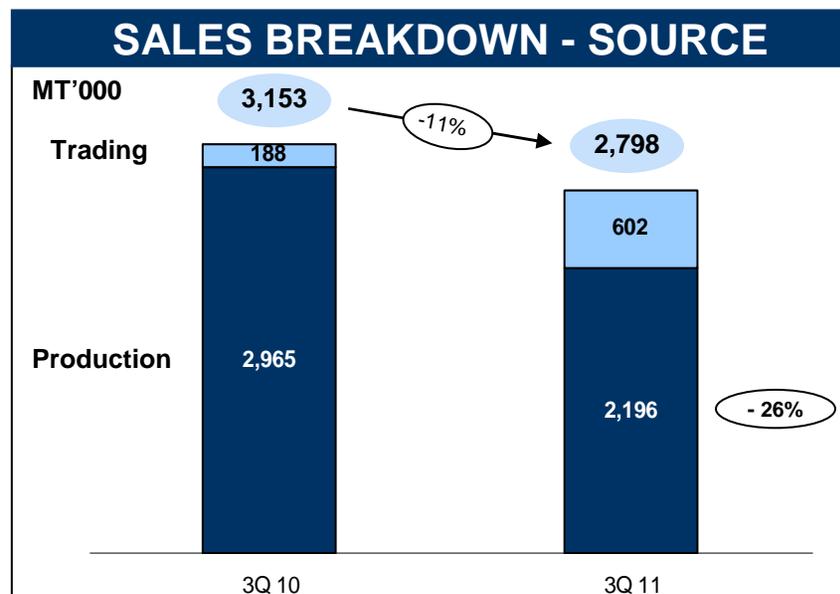
- Executive Summary: Results Highlights
- **Business Unit Performance**
- Financial Results
- Q&A

# DOMESTIC REFINING, SUPPLY & TRADING

KEY FINANCIALS							
FY 10	IFRS FINANCIAL STATEMENTS		3Q			9M	
	€ MILLION	2010	2011	Δ%	2010	2011	Δ%
<b>REPORTED RESULTS - GREECE</b>							
13,647	Volume (MT '000)	3,108	2,728	-12%	10,099	8,461	-16%
7,336	Sales	1,661	1,953	18%	5,303	5,981	13%
360	EBITDA	39	37	-5%	260	234	-10%
292	EBIT	22	19	-10%	211	185	-12%
<b>ADJUSTED RESULTS<sup>(*)</sup></b>							
326	Adjusted EBITDA	34	38	13%	266	177	-33%



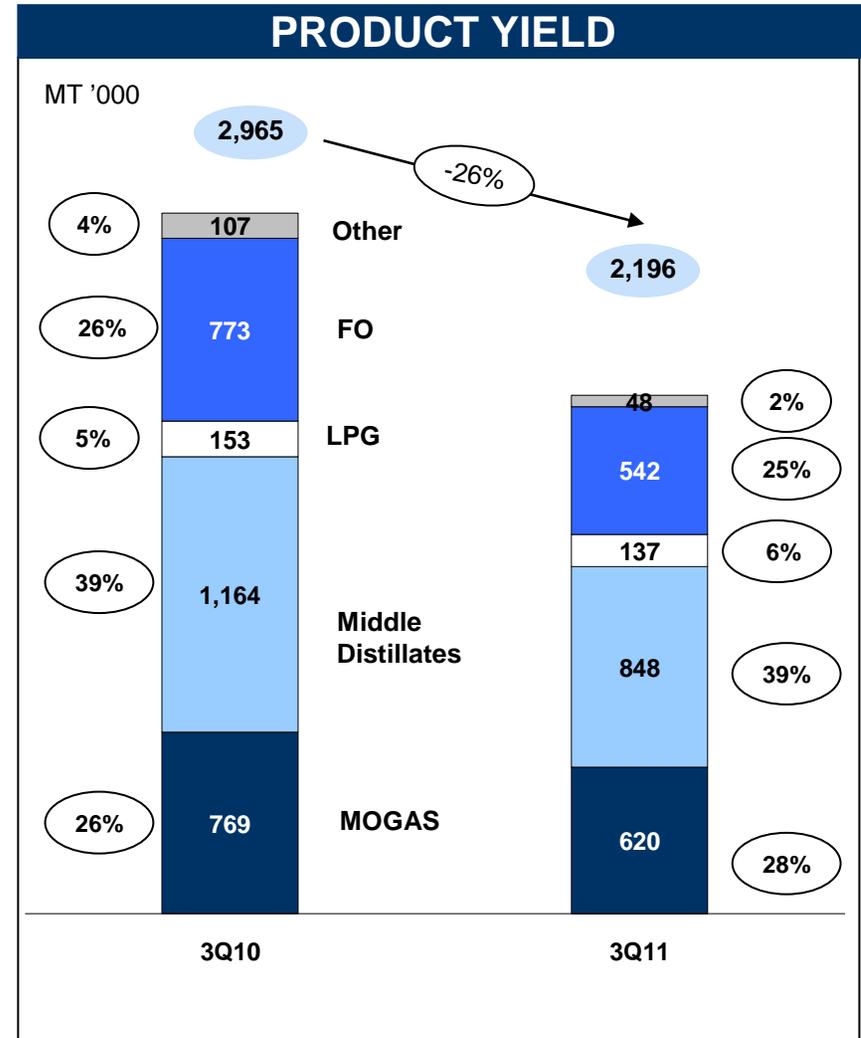
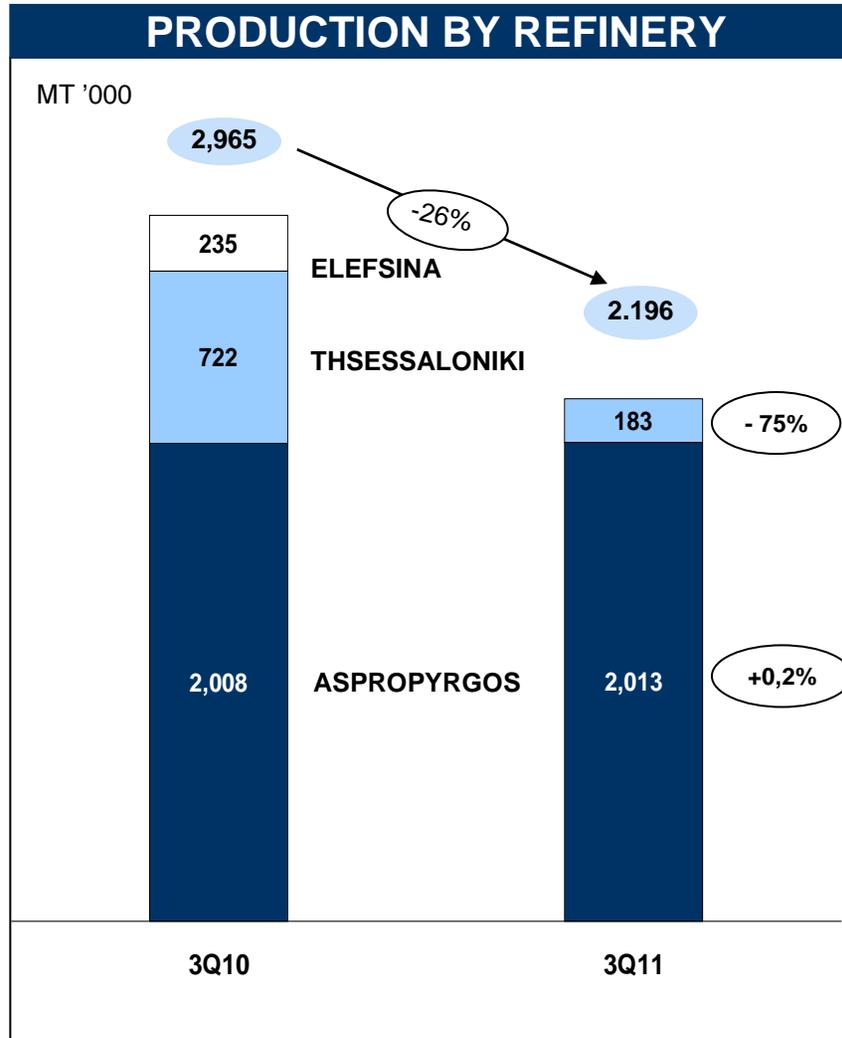
- ### RESULTS OVERVIEW
- Sales volumes affected by Greek market and lower refinery runs (export volumes), however market shares increased from 2Q
  - Margins deteriorated in September, as gasoline cracks retreated
  - EBITDA improved on the back of trading and Aspropyrgos higher contribution to production mix
  - Upgrades affected utilisation; Thessaloniki in full commercial operation
  - Aspropyrgos 4-week scheduled maintenance in October; resumed full utilisation in November



(\*) Calculated as Reported less the Inventory effects and other non-operating items including strike effect

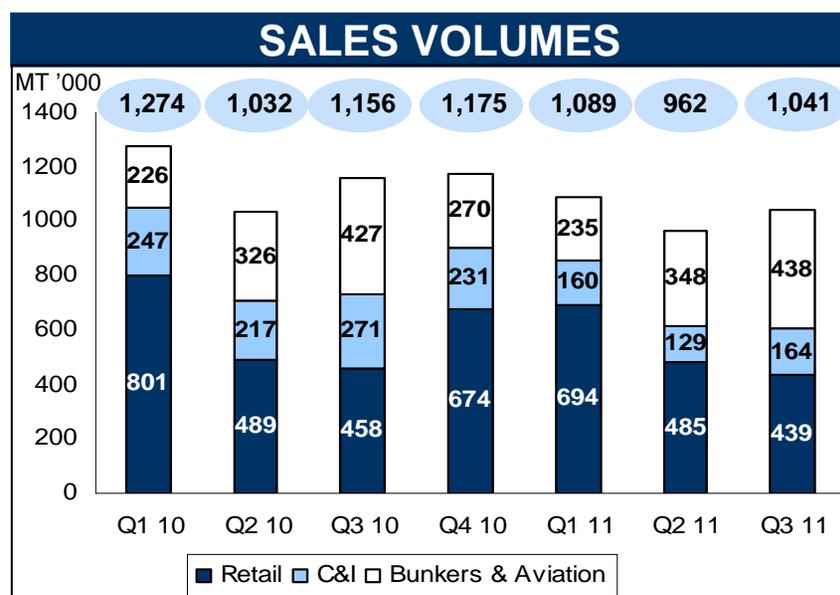
# DOMESTIC REFINING, SUPPLY & TRADING - PRODUCTION

Upgrade projects affected refinery runs and product yields

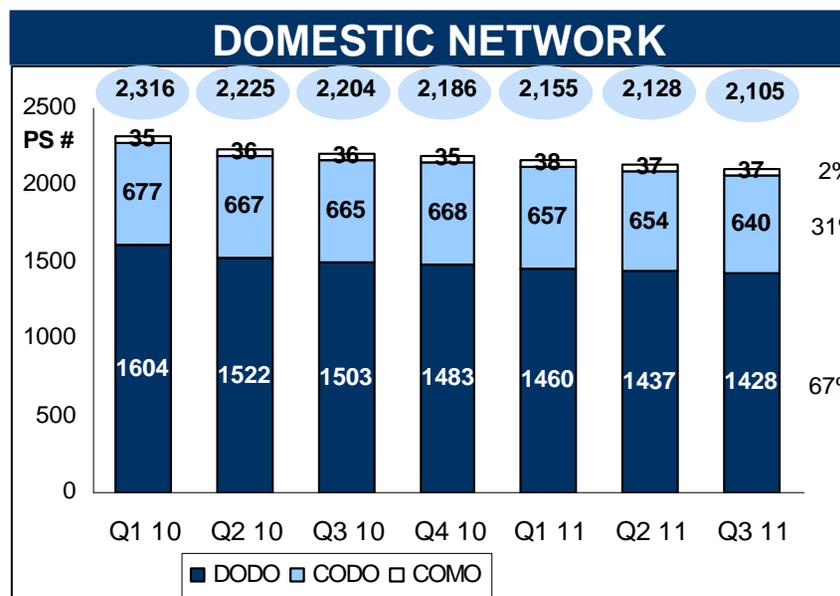


# DOMESTIC MARKETING

KEY FINANCIALS						
FY 10	IFRS FINANCIAL STATEMENTS	3Q		9M		
	€ MILLION	2010	2011	Δ%	2010	2011
<b>KEY FINANCIALS - GREECE</b>						
4,637	Volume (MT '000)	1,156	1,041	-10%	3,462	3,091
2,662	Net Sales <sup>(*)</sup>	770	738	-4%	2,066	2,264
59	EBITDA	17	13	-24%	48	29
11	EBIT	5	2	-66%	11	-5
17	CAPEX	5	3	-39%	11	8
<b>ADJUSTED OPERATING RESULTS<sup>(**)</sup></b>						
66	Adjusted EBITDA	17	13	-24%	50	29
<b>KEY INDICATORS</b>						
2,186	Petrol Stations	-	-	-	2,204	2,105
3.4	ATP (M <sup>3</sup> per day)	-	-	-	3.1	3.4



- ### RESULTS OVERVIEW
- Challenging market conditions put pressure on demand and margins
  - Retail volumes were broadly sustained accruing market share benefits from new product launches
  - C&I sales reflect lower PPC FO volumes
  - Aviation & Bunkering business increased volumes vs 3Q10 supporting profitability



(\*) Net of VAT and excise duties  
 (\*\*) Calculated as Reported less non-operating items

# INTERNATIONAL MARKETING

## KEY FINANCIALS

FY 10	IFRS FINANCIAL STATEMENTS € MILLION	2010	3Q 2011	Δ%	2010	9M 2011	Δ%
<b>KEY FINANCIALS - INTERNATIONAL</b>							
1,098	Volume (MT '000)	307	298	-3%	814	786	-3%
846	Net Sales <sup>(*)</sup>	135	281	-	518	735	42%
47	EBITDA	16	16	-2%	37	34	-6%
31	EBIT	12	12	-4%	25	23	-11%
11	CAPEX	3	1	-63%	7	6	-23%
<b>ADJUSTED OPERATING RESULTS<sup>(**)</sup></b>							
48	Adjusted EBITDA	16	15	-9%	37	33	-10%
<b>KEY INDICATORS</b>							
282	Petrol Stations	-	-	-	281	265	-6%
8.0	ATP (M <sup>3</sup> per day)	-	-	-	7.9	8.4	6%

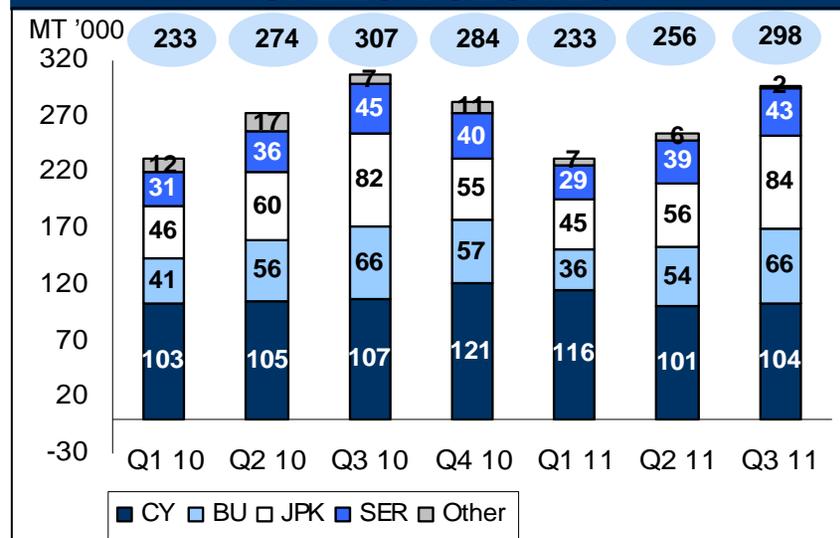
## CORE MARKETS OVERVIEW

- Demand under pressure due to overall economic conditions
- Volumes sustained in most markets reporting market share gains
- Reduced margins in Bulgaria due to local refinery's aggressive pricing strategy; Serbia margins recovered following tax equalisation
- Increased EBITDA in Cyprus on the back of strong wholesale performance
- Conservative investment policy given market conditions

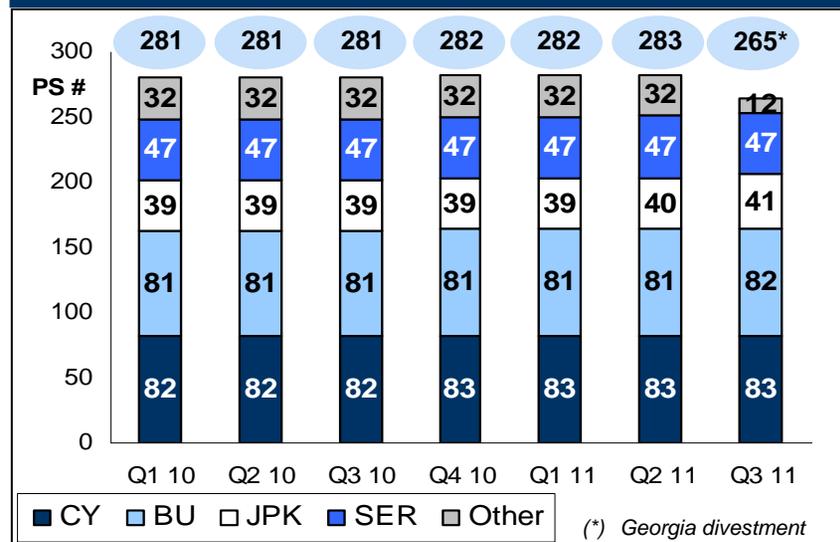
(\*) Net of VAT and excise duties

(\*\*) Calculated as Reported less non-operating items

## SALES VOLUMES



## INTERNATIONAL NETWORK

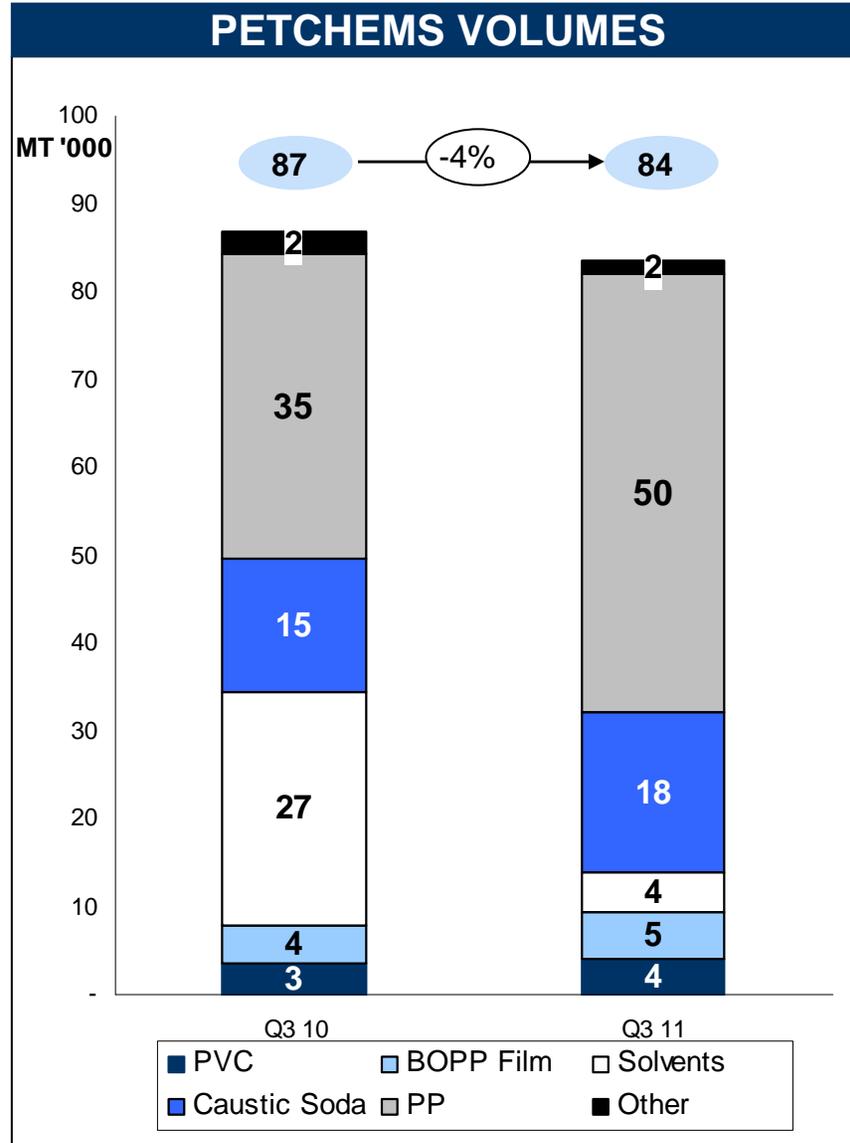
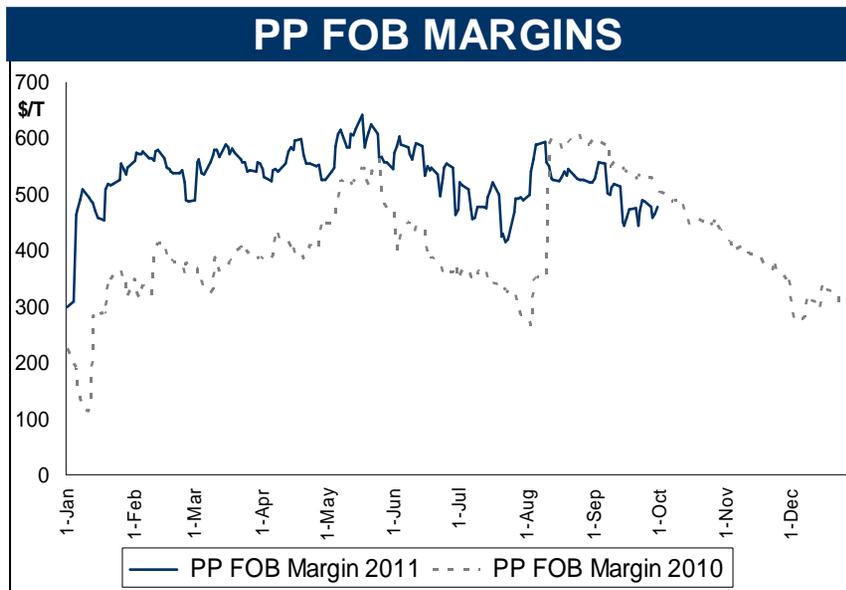


(\*) Georgia divestment

# PETROCHEMICALS:

Despite robust margins and increased volumes, international PP price movements and Thessaloniki outage affected profitability

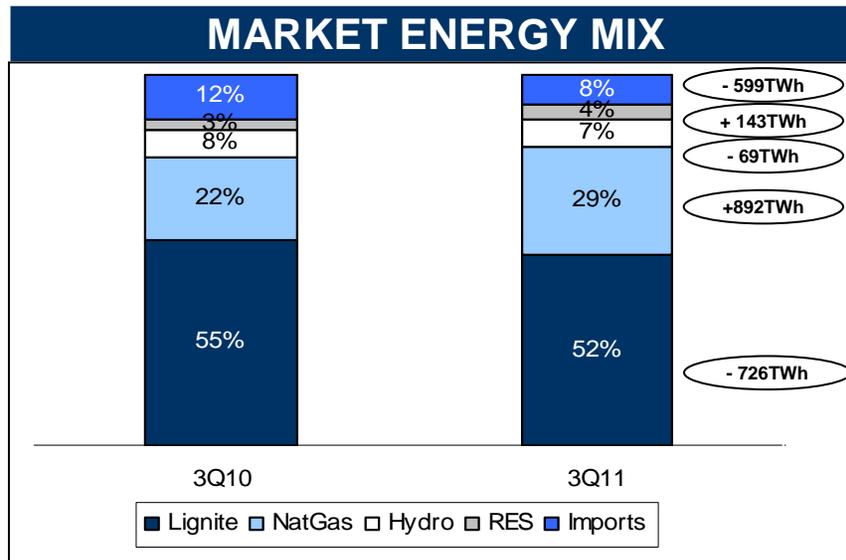
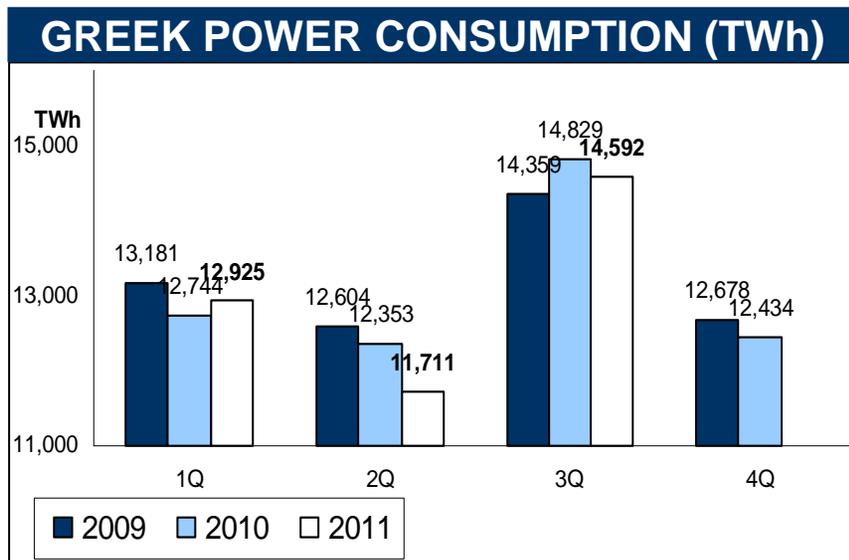
KEY FINANCIALS							
FY 10	IFRS FINANCIAL STATEMENTS	3Q			9M		
	€ MILLION	2010	2011	Δ%	2010	2011	Δ%
<b>KEY FINANCIALS</b>							
408	Sales Volume (MT '000)	87	84	-4%	285	227	-20%
377	Net Sales	77	86	11%	258	256	-1%
50	EBITDA	12	6	-48%	41	37	-9%
33	EBIT	7	2	-	28	25	-
<b>ADJUSTED RESULTS<sup>(*)</sup></b>							
	Adjusted EBITDA	12	6	-48%	41	43	5%
6	Capital Expenditure	2	0	-	4	1	-



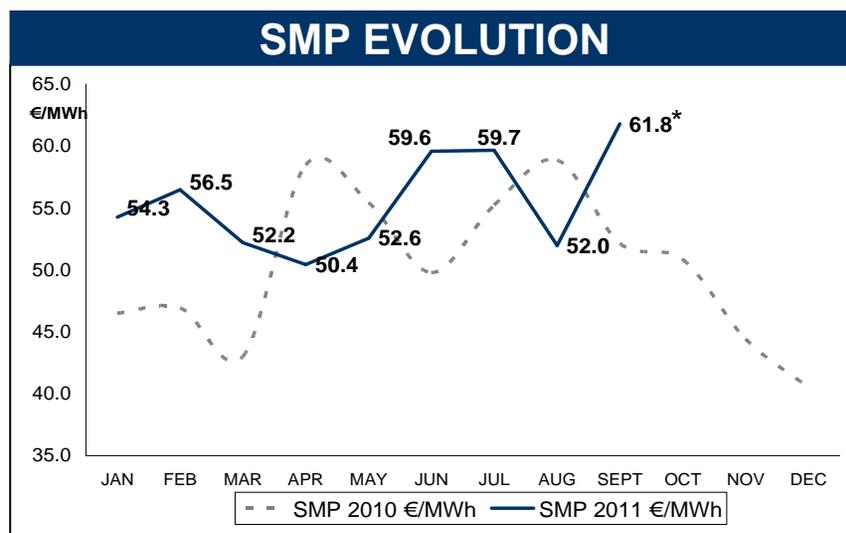
(\*) Calculated as Reported less non-operating items including strike effect

# POWER GENERATION: 50% stake in Elpedison

Improved profitability, despite drop in demand; Net Income contribution at €1.3m



- ### OVERVIEW
- 3Q Greek market demand was down 1.6% y-o-y, mainly due to weather and economic conditions
  - Increased capacity payment (CAT at €45k/MW vs €35k/MW)
  - The introduction of a €5.4/MWhG pass-through duty in September increased SMP by c.15-20%
  - 3Q EBITDA at €16m (€5.6m 3Q10); HEP share of after tax income at €1.3m
  - Completed refinancing of a €375m loan portfolio for 2 years



Source: HTSO  
 (\*) increased duty

## GAS: 35% stake in DEPA

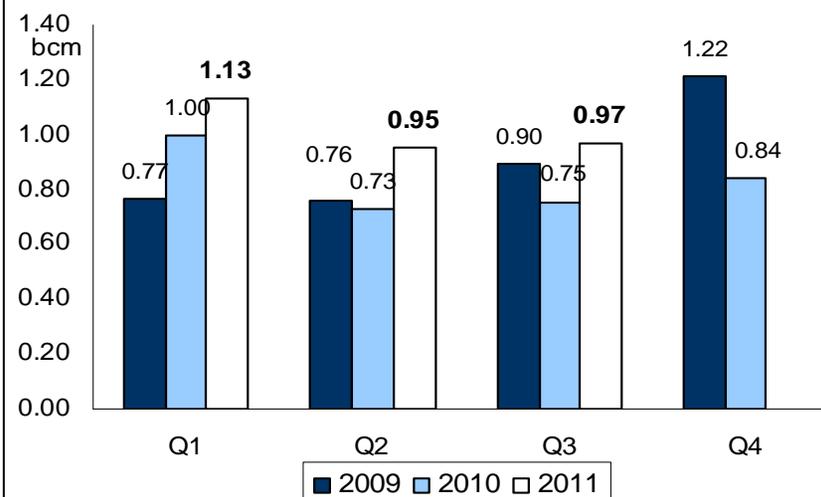
DEPA after tax contribution to Group at EUR11m

FY10	IFRS FINANCIAL STATEMENTS € MILLION	3Q			9M		
		2010	2011	Δ%	2010	2011	Δ%
	<b>KEY FINANCIALS</b>						
<b>91</b>	DEPA Reported Profit after tax	20	<b>32</b>	61%	50	<b>129</b>	156%
<b>32</b>	Contribution to ELPE Group (35% Stake)	7	<b>11</b>	61%	18	<b>45</b>	156%

### RESULTS OVERVIEW

- Significant volume increase (29% for 3Q, 23% for 9M), as more gas-fired plants participate in the energy mix
- Volume increase supported DESFA profitability
- Distribution & supply companies, particularly EPA Attiki, improved performance due to increased penetration

### DEPA VOLUMES



# AGENDA

- Executive Summary: Results Highlights
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## 3Q/9M 2011 FINANCIAL RESULTS

### GROUP PROFIT & LOSS ACCOUNT

FY 2010	IFRS FINANCIAL STATEMENTS € MILLION	3Q			9M		
		2010	2011	Δ %	2010	2011	Δ %
8,477	Sales	1,966	2,208	12%	6,180	6,808	10%
(7,661)	Cost of sales	(1,820)	(2,070)	(14%)	(5,577)	(6,275)	(13%)
<b>816</b>	<b>Gross profit</b>	<b>146</b>	<b>138</b>	<b>(6%)</b>	<b>603</b>	<b>532</b>	<b>(12%)</b>
(487)	Selling, distribution and administrative expenses	(112)	(111)	1%	(352)	(331)	6%
(21)	Exploration expenses	1	(1)	-	(16)	(3)	81%
35	Other operating (expenses) / income - net	13	7	(44%)	28	27	(3%)
<b>344</b>	<b>Operating profit</b>	<b>48</b>	<b>33</b>	<b>(32%)</b>	<b>263</b>	<b>225</b>	<b>(14%)</b>
(59)	Finance costs - net	(16)	(21)	(36%)	(45)	(52)	(15%)
(16)	Currency exchange gains /(losses)	54	(43)	-	(12)	(4)	71%
30	Share of operating profit of associates	7	12	61%	14	49	-
<b>299</b>	<b>Profit before income tax</b>	<b>94</b>	<b>(19)</b>	<b>-</b>	<b>220</b>	<b>219</b>	<b>(0%)</b>
(111)	Income tax expense	(18)	2	-	(83)	(51)	38%
<b>187</b>	<b>Profit for the period</b>	<b>76</b>	<b>(17)</b>	<b>-</b>	<b>137</b>	<b>168</b>	<b>22%</b>
(8)	Minority Interest	(5)	0	-	(7)	(5)	18%
<b>180</b>	<b>Net Income</b>	<b>72</b>	<b>(17)</b>	<b>-</b>	<b>130</b>	<b>162</b>	<b>25%</b>
<b>0.59</b>	<b>Basic and diluted EPS (in €)</b>	<b>0.24</b>	<b>(0.06)</b>	<b>-</b>	<b>0.43</b>	<b>0.53</b>	<b>25%</b>
<b>501</b>	<b>Reported EBITDA</b>	<b>87</b>	<b>70</b>	<b>(19%)</b>	<b>378</b>	<b>339</b>	<b>(10%)</b>

## 3Q/9M 2011 FINANCIAL RESULTS

### GROUP BALANCE SHEET

IFRS FINANCIAL STATEMENTS € MILLION	FY 2010	9M 2011
<b>Non-current assets</b>		
Tangible and Intangible assets	2,834	3,132
Investments in affiliated companies	561	602
Other non-current assets	164	151
	<b>3,559</b>	<b>3,885</b>
<b>Current assets</b>		
Inventories	1,601	1,473
Trade and other receivables	938	946
Held to maturity securities	168	168
Cash and cash equivalents	596	477
	<b>3,303</b>	<b>3,064</b>
<b>Total assets</b>	<b>6,862</b>	<b>6,949</b>
Shareholders equity	2,387	2,455
Minority interest	145	147
<b>Total equity</b>	<b>2,532</b>	<b>2,602</b>
<b>Non-current liabilities</b>		
Borrowings	1,128	1,117
Other non-current liabilities	310	283
	<b>1,438</b>	<b>1,400</b>
<b>Current liabilities</b>		
Trade and other payables	1,473	1,002
Borrowings	1,297	1,855
Other current liabilities	122	90
	<b>2,892</b>	<b>2,947</b>
<b>Total liabilities</b>	<b>4,330</b>	<b>4,347</b>
<b>Total equity and liabilities</b>	<b>6,862</b>	<b>6,949</b>

## 3Q/9M 2011 FINANCIAL RESULTS

### GROUP CASH FLOW

FY 2010	IFRS FINANCIAL STATEMENTS € MILLION	9M 2010	9M 2011
	<b>Cash flows from operating activities</b>		
719	Cash generated from operations	(189)	(117)
(14)	Income and other taxes paid	(10)	(23)
<b>706</b>	<b>Net cash (used in) / generated from operating activities</b>	<b>(199)</b>	<b>(140)</b>
	<b>Cash flows from investing activities</b>		
(709)	Purchase of property, plant and equipment & intangible assets	(393)	(411)
11	Acquisition of BP (Hellenic Fuels)	-	-
9	Sale of property, plant and equipment & intangible assets	1	1
	Sale of subsidiary	-	6
0	Grants received	-	-
13	Interest received	9	17
(18)	Investments in associates	(18)	-
4	Dividends received	4	6
<b>(689)</b>	<b>Net cash used in investing activities</b>	<b>(397)</b>	<b>(381)</b>
	<b>Cash flows from financing activities</b>		
(72)	Interest paid	(53)	(66)
(141)	Dividends paid	(94)	(88)
(168)	Securities held to maturity	-	-
662	Proceeds from borrowings	813	783
(191)	Repayment of borrowings	(24)	(230)
<b>90</b>	<b>Net cash generated from / (used in ) financing activities</b>	<b>642</b>	<b>399</b>
<b>106</b>	<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>46</b>	<b>(122)</b>
<b>491</b>	<b>Cash &amp; cash equivalents at the beginning of the period</b>	<b>491</b>	<b>596</b>
(2)	Exchange losses on cash & cash equivalents	(1)	3
106	Net increase/(decrease) in cash & cash equivalents	46	(122)
<b>596</b>	<b>Cash &amp; cash equivalents at end of the period</b>	<b>536</b>	<b>477</b>

## 3Q/9M 2011 FINANCIAL RESULTS

### KEY FINANCIAL RATIOS

FY 10	IFRS FINANCIAL STATEMENTS € MILLION	3Q			9M		
		2010	2011	Δ%	2010	2011	Δ%
	<b>KEY RATIOS</b>						
<b>0.59</b>	Net Earnings per Share (€/share)	0.24	<b>-0.06</b>	-	0.43	<b>0.53</b>	25%
<b>0.67</b>	Adjusted EPS (€/share) <sup>(*)</sup>	0.22	<b>-0.06</b>	-	0.56	<b>0.39</b>	-29%
<b>5%</b>	ROACE % - LAST 12M	-	-	-	3%	<b>6%</b>	-
<b>7%</b>	ROE% - LAST 12M	-	-	-	3%	<b>8%</b>	-
<b>41%</b>	Gearing Ratio (D/D+E)	-	-	-	47%	<b>49%</b>	-
<b>142%</b>	CAPEX as % of EBITDA	-	-	-	104%	<b>121%</b>	-

(\*) Calculated as Reported less the Inventory effects and other non-operating items

## 3Q/9M 2011 FINANCIAL RESULTS SEGMENTAL ANALYSIS

FY 2010	€ million, IFRS	2010	3Q 2011	Δ%	2010	9M 2011	Δ%
	<b>Reported EBITDA</b>						
372	Refining, Supply & Trading	42	37	-12%	271	245	-10%
106	Marketing	33	29	-13%	84	63	-25%
50	Petrochemicals	12	6	-48%	41	37	-9%
529	<b>Core Business</b>	87	72	-17%	396	346	-13%
-28	Other (incl. E&P)	0	-2	-	-18	-7	62%
501	<b>Total</b>	87	70	-19%	378	339	-10%
84	<b>Associates (Power &amp; Gas) share attributable to Group</b>	13	26	99%	55	96	74%
	<b>Adjusted EBITDA (*)</b>						
338	Refining, Supply & Trading	37	38	2%	278	189	-32%
114	Marketing	33	27	-17%	87	62	-29%
50	Petrochemicals	12	6	-48%	41	43	5%
502	<b>Core Business</b>	82	72	-12%	406	294	-28%
-28	Other (incl. E&P)	0	-2	-	-18	-7	61%
474	<b>Total</b>	82	70	-14%	388	287	-26%
84	<b>Associates (Power &amp; Gas) share attributable to Group</b>	13	26	99%	55	96	74%
	<b>Adjusted EBIT (*)</b>						
264	Refining, Supply & Trading	19	20	7%	224	134	-40%
50	Marketing	17	13	-28%	39	17	-57%
33	Petrochemicals	7	2	-75%	28	30	8%
347	<b>Core Business</b>	44	34	-21%	291	181	-38%
-29	Other (incl. E&P)	-1	-2	-	-19	-8	60%
317	<b>Total</b>	43	33	-24%	272	173	-36%
54	<b>Associates (Power &amp; Gas) share attributable to Group</b>	9	17	79%	31	69	-

(\*) Calculated as Reported less the Inventory effects and other non-operating items

## 3Q/9M 2011 FINANCIAL RESULTS SEGMENTAL ANALYSIS – II

FY 2010	€ million, IFRS	2010	3Q 2011	Δ%	2010	9M 2011	Δ%
	<b>Volumes (M/T'000)</b>						
14,557	Refining, Supply & Trading	3,348	2,969	-11%	10,754	9,158	-15%
5,735	Marketing	1,463	1,338	-9%	4,276	3,877	-9%
408	Petrochemicals	87	84	-4%	285	227	-20%
20,701	<b>Total - Core Business</b>	4,898	4,391	-10%	15,314	13,262	-13%
	<b>Sales</b>						
7,832	Refining, Supply & Trading	1,795	2,125	18%	5,657	6,466	14%
3,508	Marketing	905	1,019	13%	2,583	2,999	16%
377	Petrochemicals	77	86	11%	258	256	-1%
11,717	<b>Core Business</b>	2,777	3,229	16%	8,498	9,721	14%
-3,240	Intersegment & other	-811	-1,021	-26%	-2,318	-2,914	-26%
8,477	<b>Total</b>	1,966	2,208	12%	6,180	6,808	10%
	<b>Capital Employed</b>						
1,521	Refining, Supply & Trading				2,255	1,900	-16%
886	Marketing				909	871	-4%
145	Petrochemicals				164	162	-1%
2,552	<b>Core Business</b>				3,328	2,933	-12%
1,066	Refinery Upgrades				812	1,386	71%
561	Associates (Power & Gas)				545	602	11%
12	Other (incl. E&P)				10	5	-55%
4,191	<b>Total</b>				4,696	4,927	5%

## 3Q/9M 2011 FINANCIAL RESULTS

### KEY FINANCIALS – INTERNATIONAL REFINING

FY 10	IFRS FINANCIAL STATEMENTS		3Q 2011	Δ%	2010	9M 2011	Δ%
	€ MILLION	2010					
	<b>REPORTED RESULTS - INTERNATIONAL</b>						
<b>911</b>	Volume (MT '000)	241	<b>241</b>	0%	655	<b>697</b>	6%
<b>496</b>	Sales	134	<b>172</b>	28%	353	<b>485</b>	37%
<b>12</b>	EBITDA	4	<b>0</b>	-88%	11	<b>11</b>	2%
<b>6</b>	EBIT	2	<b>-1</b>	-	6	<b>5</b>	-9%
	<b>ADJUSTED RESULTS<sup>(*)</sup></b>						
<b>12</b>	Adjusted EBITDA	4	<b>0</b>	-88%	12	<b>11</b>	-7%

(\*) Calculated as Reported less the Inventory effects and other non-operating items

# AGENDA

- Executive Summary: Results Highlights
- Business Unit Performance
- Financial Results



- **Q&A**

## DISCLAIMER

### Forward looking statements

*Hellenic Petroleum do not in general publish forecasts regarding their future financial results. The financial forecasts contained in this document are based on a series of assumptions, which are subject to the occurrence of events that can neither be reasonably foreseen by Hellenic Petroleum, nor are within Hellenic Petroleum's control. The said forecasts represent management's estimates, and should be treated as mere estimates. There is no certainty that the actual financial results of Hellenic Petroleum will be in line with the forecasted ones.*

*In particular, the actual results may differ (even materially) from the forecasted ones due to, among other reasons, changes in the financial conditions within Greece, fluctuations in the prices of crude oil and oil products in general, as well as fluctuations in foreign currencies rates, international petrochemicals prices, changes in supply and demand and changes of weather conditions. Consequently, it should be stressed that Hellenic Petroleum do not, and could not reasonably be expected to, provide any representation or guarantee, with respect to the creditworthiness of the forecasts.*

*This presentation also contains certain financial information and key performance indicators which are primarily focused at providing a “business” perspective and as a consequence may not be presented in accordance with International Financial Reporting Standards (IFRS).*