HELLENIC PETROLEUM

# PRESS RELEASE

August 31, 2011

## SECOND QUARTER/ FIRST HALF 2011 FINANCIAL RESULTS

***Positive set of results despite weak industry environment and challenging domestic market***

Key figures for the 1H and 2Q period to 30 June 2011 are:

| | |
|---|---|
| • **Adjusted EBITDA** | **2Q11: €144m (2Q10: €183m)** |
| | **1H11: €217m (1H10: €306m)** |
| • **EBITDA** | **2Q11: €103m (2Q10: €142m)** |
| | **1H11: €269m (1H10: €292m)** |
| • **Adjusted Net Income** | **2Q11: €93m (2Q10: €60m)** |
| | **1H11: €138m (1H10: €103m)** |
| • **Net Income** | **2Q11: €60m (2Q10: €16m)** |
| | **1H11: €179m (1H10: €59m)** |
| • **Adjusted EPS** | **2Q11: €0.30 (2Q10: €0.20)** |
| | **1H11: €0.45 (1H10: €0.34)** |
| • **EPS** | **2Q11: €0.20 (2Q10: €0.05)** |
| | **1H11: €0.59 (1H10: €0.19)** |

## GROUP

Hellenic Petroleum reported another set of positive results for 2Q, capitalizing on its diversified asset base and the impact of transformation efforts over the last 2 years. Group Quarterly Adjusted EBITDA, which takes into account the effect of inventory and the one-off impact of labour actions during the period, reached €144m (-21% vs 2Q10). This signals an improvement in trend from 1Q11 which was -42% behind 1Q10. Operating results were affected by the weak refining industry environment and the poor economic conditions in the domestic market. However, part of the adverse impact from these conditions was mitigated by higher profits from increased international trading and tight cost control as Group's operating costs are reported 12% down vs last year. Quarterly Adjusted Net Income was €93m (+56%) affected by the positive impact of USD loans revaluation, lower tax provisions and improved performance by DEPA and EPLEDISON. On a reported results basis, half year Net Income was €179m (1H10 €59m) with EPS at €0.59 per share.

In terms of key developments, the Thessaloniki refinery upgrade was completed and is currently in start-up phase, while the Elefsina refinery upgrade progress reached 90%. Full mechanical completion of the new upgraded refinery, which will significantly improve the complexity factor of Hellenic

Petroleum's refineries, is expected by year-end. In line with its strategy of focusing on core markets and activities, the Group announced the divestment of 100% of the shares of EKO Georgia for a cash consideration of €6.6m in July, while the West Obayed farm-out is at the final stage of regulatory approval by the Egyptian Authorities.

Finally, on 6 July the Group signed a new 3-year Collective Labour Agreement with HELLENIC PETROLEUM and EKO unions. The agreement came after a 6-month negotiation process aiming to adjust employment conditions and costs to the current environment in a socially responsible way.

The new agreements enhance competitiveness and cost efficiency for the Group, with benefits in the first 3 years estimated in excess of €54m.

Commenting on the results, Hellenic Petroleum's CEO, John Costopoulos, said:

*"2011 continues to be a challenging year due to the recession in the domestic market. However, as demonstrated by our results, the Group's diversified portfolio and focus on risk management and cost control, helped to mitigate partly the impact of the adverse market conditions. Over the next 6-9 months, our key priority continues to be the successful delivery of the upgrade project of the Elefsina refinery, which will transform the Group's profitability and value generation capability."*

Key highlights and contribution for each of the main business units were:

**REFINING, SUPPLY & TRADING**

- Weak margin environment, Thessaloniki upgrade and industrial action, impacted production, resulting in lower sales volume for both domestic and export markets.
- Adjusted EBITDA at €98m (2Q10: €143m), adverse exogenous factors were partly mitigated by increased trading contribution and cost control.
- OKTA refinery contribution reached €6m at EBITDA level for 2Q, while sales increased by 14%.

**DOMESTIC MARKETING**

- Challenging market conditions persisted with pressure on margins, leading to an adjusted EBITDA of €4m (2Q10: €7m).
- Retail network sales volume recovered to last year's levels with market share gains supported by successful marketing campaigns.

**INTERNATIONAL MARKETING**

- Despite challenging market environments in our core markets, performance was broadly in line with last year, with EBITDA at €11m (vs €13m 2Q10) and market share gains in Bulgaria and Montenegro.

## PETROCHEMICALS

- Lower volumes due to industrial actions and refinery runs affected results with a €6m margin loss; however, strong Polypropylene margins supported Petrochemicals EBITDA performance, which adjusted for the impact of strikes, stood at €19m (2Q10: €21m).

## ASSOCIATED COMPANIES

- Mild weather conditions affected domestic demand (-4% y-o-y); however improved spark spreads led to a Net Income contribution from ELPEDISON of €2m in 2Q2011.
- DEPA contribution to Group results reached €10m (vs €-3m in 2Q10) reflecting higher sales volume and improved profitability of local trading and distribution subsidiaries.

**Key consolidated financial indicators (prepared in accordance with IFRS) for the three and six-month period ended 30 June 2011 are shown below:**

| *€ million* | **2Q10** | **2Q11** | ***% Δ*** | **1H10** | **1H11** | ***% Δ*** |
|---|---|---|---|---|---|---|
| **P&L figures** | | | | | | |
| Net Sales | 2,080 | 2,180 | *5%* | 4,214 | 4,600 | *9%* |
| EBITDA | 142 | 103 | *-27%* | 292 | 269 | *-8%* |
| **Adjusted EBITDA [1]** | **183** | **144** | ***-21%*** | **306** | **217** | ***-29%*** |
| Net Income | 16 | 60 | - | 59 | 179 | - |
| **Adjusted Net Income [1]** | **60** | **93** | ***56%*** | **103** | **138** | ***34%*** |
| EPS (€) | 0.05 | 0.20 | *-85%* | 0.19 | 0.59 | *-60%* |
| **Adjusted EPS (€) [1]** | **0.20** | **0.30** | ***56%*** | **0.34** | **0.45** | ***34%*** |
| **Balance Sheet Items** | | | | | | |
| Capital Employed | | | | 4,306 | 4,554 | *6%* |
| Net Debt | | | | 1,831 | 1,967 | *7%* |
| Debt Gearing (D/D+E) | | | | 43% | 45% | |

*Notes:*

*1. Calculated as Reported adjusted for inventory effects and other non-operating items.*

**Notes to Editors:**

Founded in 1998, Hellenic Petroleum is one of the leading energy groups in South East Europe, with activities spanning across the energy value chain and in 9 countries. Its shares are primarily listed on the Athens Exchange (ATHEX: ELPE), with its market capitalisation amounting to c.€1.9 billion.

**Further information:**

V. Tsaitas, Investor Relations Officer
Tel.: +30-210-6302399
Email: vtsaitas@helpe.gr

E. Stranis, PR and Corporate Affairs Director
Tel.: +30-210-6302241
Email: estranis@helpe.gr