PRESS RELEASE

11 May 2016

First quarter 2016 financial results

Strong results on the back of positive benchmark refining margins, stable and improved refineries operations, as well as utilisation of liquidity and supply optimisation

In 1Q16, HELLENIC PETROLEUM Group reported another set of strong results, with Adjusted EBITDA at €169m (1Q15: €205m), mainly on the back of sustained high benchmark refining margins, improved operational performance of Group's refineries coupled with the high exports (55% of total sales), as well as the use of the liquidity to take advantage of commercial opportunities in crude supply alternatives during the period.

IFRS Reported Net Income amounted to €32m (1Q15: €17m), negatively impacted (€40m) by the continued crude oil price drop at the beginning of the year, and by one-off provisions in DEPA results. Excluding inventory effect and one-offs, 1Q16 Adjusted Net Income reached €70m (1Q15: €54m).

Group's balance sheet strengthened as higher profitability during the last six quarters, combined with lower capital expenditure, improved operating cash flow generation and provided increased trading optionality and better crude oil supply terms.

On 16 May 2016, the Group plans the repayment of the $400m bond issued by HPF plc, mainly through existing cash reserves, while a refinancing process for the remaining bonds is under consideration.

Further crude oil price drop in 1Q16

Global crude oil supply surplus continued in 1Q16, with no agreement reached on an output freeze between OPEC members; coupled with the gradual return of Iranian crude in the market increased pressure on prices. As a result, Brent crude oil price averaged $35/bbl in 1Q16, while in the first half of February prices temporarily dropped below $30/bbl, the lowest since 2004.

US dollar has remained at the same levels as in the last quarters, with EURUSD rate averaging 1.10.

Crude oil oversupply, especially for the heavier crude grades in the Med, combined with increased gasoline demand, maintained benchmark refining margins at satisfactory levels. Benchmark Med FCC margins averaged $5.5/bbl, lower compared with last year ($6.9/bbl) with Hydrocracking margin at $5.4/bbl (2015: $7.2/bbl).

Demand decline in domestic fuels market in 1Q16

Domestic fuels demand amounted to 1.8 million tones in 1Q16, recording a 7% drop, driven by the significant decline in heating gasoil consumption (-22%), due to milder weather conditions. According to preliminary official market data, overall auto fuels demand recorded marginal growth, with diesel 4% up and gasoline down 2% vs last year.

Strong operating results

The improved performance of all Group's refineries, on higher availability and crude supply optimisation, coupled with the ability to capture opportunities in the price structure and yield of specific crude oil grades, account to a large extent for results improvement.

Aspropyrgos and Thessaloniki refineries recorded higher utilisation, improved yields and lower energy cost, resulting to increased overperformance. Elefsina refinery successfully and safely completed all scheduled maintenance works at the hydrocracker complex, with a limited impact on production and profitability and is already recording improved performance.

Petrochemicals benefited from increased sales volumes that, coupled with improved margins, led Adjusted EBITDA at €25m.

Weak demand for heating gasoil during 1Q16, was the main reason for the sales volume and profitability drop for the Marketing companies in Greece, while international subsidiaries continued to deliver strong results.

In line with Group's financial strategy, and taking into account current capital markets conditions, the Group will repay the $400m bond maturing on 16 May 2016, using existing cash reserves. Plans to refinance and improve borrowing terms for outstanding bonds are under consideration and will be implemented later in the year, subject to international capital market developments. As part of the preparation for this process, the Group agreed to a €240m Stand-By Committed Facility bond loan with Greek banks. Finally, despite the challenging environment, Group's finance costs continued to decrease, recording a 3% decline versus last year.

The regulatory approval process for the sale of 66% of DESFA shares to SOCAR, as well as a due diligence from parties interested to participate in the transaction alongside SOCAR, are in progress.

Key highlights and contribution for each of the main business units in 1Q16 were:

REFINING, SUPPLY & TRADING

- Domestic Refining, Supply & Trading 1Q16 Adjusted EBITDA at €136m.
- Production amounted to 3.8 million tonnes, with sales at 3.4m tonnes
- White products' yield at 86%.

MARKETING

- Marketing Adjusted EBITDA amounted to €11m, vs €14m LY.
- Lower heating gasoil consumption led Domestic Marketing Adjusted EBITDA to €1m. Nevertheless Domestic Marketing reported increased sales volumes in Aviation and Bunkering and improved market shares in all products in an overall declining market.
- International Marketing improved profitability vs LY, with Adjusted EBITDA at €10m, recording higher retail sales volumes in most countries where the Group operates.

PETROCHEMICALS

- Strong PP margins and increased sales volumes, led Adjusted EBITDA to €25m.

ASSOCIATED COMPANIES

- DEPA Group contribution to consolidated Net Income (adjusted for one-offs) came in at €14m, with higher volumes on increased demand from gas-fired electricity generators.
- Elpedison EBITDA at €7m on increased production. It should be noted that the performance has been affected by the absence of a CAC replacement mechanism since early 2015.

Key consolidated financial indicators (prepared in accordance with IFRS) for 1Q16 are shown below:

€ million	**1Q15**	**1Q16**	***% Δ***
P&L figures			
Refining Sales Volumes ('000 MT)	3,615	3,443	*-5%*
Sales	1,879	1,247	*-34%*
EBITDA	155	129	*-17%*
Adjusted EBITDA [1]	**205**	**169**	***-17%***
Net Income	17	32	*84%*
Adjusted Net Income [1]	**54**	**70**	***30%***
Balance Sheet Items			
Capital Employed	3.836	4.321	*13%*
Net Debt	2.085	2.504	*20%*
Debt Gearing (ND/ND+E)	54%	58%	-

Notes:

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

Note 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 presence in 6 countries.

Further information:

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