PRESS RELEASE

30 August 2018

Second quarter / first half 2018 financial results

Record reported profitability and strong operating results despite weaker refining margins, stronger euro and planned refining maintenance

HELLENIC PETROLEUM Group announced its 2Q/1H18 financial results. IFRS Reported EBITDA came in at €307m in 2Q18 vs €152m in 2Q17, with 1H18 Reported EBITDA at €473m (+25%). 2Q18 IFRS Reported Net Income amounted to €151m (vs €44m in 2Q17) and €225m (+34%) in 1H. Sales Revenues were €2.5bn in 2Q18 and €4.7bn in 1H18, reflecting increased prices and high sales volumes.

Excluding the effect of increasing prices on inventory and other non-recurring items, Adjusted results were as follows:

- 2Q18 Adjusted EBITDA at €187m, vs €228m in 2Q17, with 1H18 at €336m vs €457m.
- 2Q18 Adjusted Net Income at €66m, vs €98m in 2Q17, with 1H18 at €128m vs €224m.

Operating results in 2Q and 1H reflect a weaker than last year industry environment, in terms of benchmark margins and stronger Euro vs USD. Results were also affected by the increased provisions for CO2 emission rights and the scheduled maintenance at Elefsina and Thessaloniki refineries, which was successfully completed in 2Q. These turnarounds already support further improvement in the production units performance and a significant positive impact in 3Q18 operations.

In 1H18, production remained at high levels, amounting to 7.65m MT, while sales volumes reached 8.27m MT, with exports up by 10% to 5m MT, accounting for 60% of total sales. Conversely, sales in the domestic market were lower, mainly on account of lower fuel oil sales to PPC and bunkering.

The Group's financial position strengthened further following the completion of the 2018 refinancing program; funding costs in 1H18 were 14% lower while loans maturity improved significantly as well.

Finally, the formal launch and implementation of a Digital Transformation program, as well as an Energy Efficiency program, are important initiatives aiming to improve our competitive position in the medium and longer term.

Higher crude oil prices and stronger EUR

The resumption of US sanctions on Iran resulted in a further increase in crude oil prices in 2Q18, despite the production output control by OPEC, with Brent averaging $75/bbl in 2Q18, +10% vs 1Q18, and significantly higher vs 2Q17 ($51/bbl).

Macro and political developments in Eurozone and the US led to the strengthening of Euro vs USD, averaging 1.19 vs 1.10 in 2Q17.

Stronger diesel cracks and normalization of FO spreads compared to last year were the key drivers of benchmark refining margins, with Med Hydrocracking higher at $5.7/bbl vs $4.4/bbl in 2Q17, while FCC was lower at $5.4/bbl vs $6.1/bbl.

Increased aviation & bunkering fuels demand

Domestic fuels demand was 2% lower in 2Q18, with total volumes at 1.5m MT, while transport fuels recorded a 0.5% increase. Aviation and bunkering fuels were higher by 11% and 3% respectively, on increased tourism.

Refinancing completed, finance costs reduced further

The Group has successfully completed the refinancing of c.€900m of existing bank debt, further improving its financial position. In particular, the Group proceeded to the following:

- The refinancing of an existing €400m syndicated facility, with participation of Greek and international banks, maturing in 2023
- A new 3-year, $250m revolving credit facility

Furthermore, a €240m syndicated loan, which was put in place as part of the 2016 liability refinancing (Eurobonds), has been fully repaid. As a result of those developments, Group has fully refinanced its funding requirements for the next 2 years, while significantly improving commercial terms.

Net financing costs were €37m in 2Q18, 10% lower vs 2Q17 and 20% lower since the first quarter of 2017; the completion of the 2018 refinancing program is expected to provide additional benefits. Operating cash flows (Adjusted EBITDA – Capex) amounted to €152m in 2Q18, with Net Debt at €1.9bn and Gearing at 43%, lower vs 1H17.

Key developments

In E&P, the JV of Total (40% - operator), ExxonMobil 40% and HELPE 20% was announced on 3 July 2018 as Selected Applicant for two offshore areas West and SW of Crete.

On 20 July 2018, the SPA for the sale of DESFA's 66% stake was signed between HRADF, HELPE and a consortium comprising of Snam S.p.A., Enagás Internacional S.L.U. και Fluxys S.A., for a total cash consideration of €535m, while the transaction is expected to be completed in the next few months.

DEPA and Attiki Gas BV (a subsidiary of Shell Gas BV) signed an agreement on 13 July 2018, for the sale of 49% of the share capital of EPA and EDA Attikis.

Key highlights and contribution for each of the main business units in 2Q/1H18 were:

REFINING, SUPPLY & TRADING

- Refining, Supply & Trading 2Q18 Adjusted EBITDA at €136m (-24%), with 1H18 at €248m (-32%).
- 2Q18 sales and production came in at 4.2m MT (-2%) και 3.7m MT (-5%) respectively, affected by the planned maintenance in Elefsina and Thessaloniki refineries.
- HELPE 2Q18 realised margin amounted to $10.6/bbl, on improved refining performance and crude mix optimisation.
- Middle distillate yield was 50%, with FO at 12%, highlighting the Group's competitive position ahead of the implementation of the new bunkering fuels specs, following the investment in the Elefsina refinery.

PETROCHEMICALS

- Higher sales volume (+27%) had a positive impact on profitability, with 2Q18 Adjusted EBITDA at €27m (+15%), while 1H18 came in at €53m (+4%).

MARKETING

- 2Q18 Marketing Adjusted EBITDA at €25m (-4%), with 1H18 at €38m (-5%)
- Domestic Marketing sales volumes were lower, due to the decrease in PPC volumes, leading 2Q18 Adjusted EBITDA at €12m (-6%).
- International Marketing affected by the reduced wholesale volumes in Bulgaria, with 2Q18 Adjusted EBITDA at €13m (-5%).

ASSOCIATED COMPANIES

- DEPA Group participation to the consolidated Net Income came in at €4m, due to the lower sales volumes (-19%).
- Elpedison's EBITDA at -€2m in 2Q18, mainly due to the shutdown of the Thessaloniki plant, despite improved profitability in Retail business.

Key consolidated financial indicators (prepared in accordance with IFRS) for 2Q/1H18 are shown below:

€ million	**2Q17**	**2Q18**	***% Δ***	**1H17**	**1H18**	***% Δ***
P&L figures						
Refining Sales Volumes ('000 MT)	4,227	4,165	-1%	8,204	8,267	1%
Sales	2,000	2,499	25%	4,066	4,667	15%
EBITDA	152	307	-	378	473	25%
Adjusted EBITDA [1]	***228***	***187***	***-18%***	***457***	***336***	***-26%***
Net Income	44	151	-	168	225	34%
Adjusted Net Income [1]	***98***	***66***	***-33%***	***224***	***128***	***-43%***
Balance Sheet Items						
Capital Employed				4,024	4,431	10%
Net Debt				1,799	1,916	6%
Debt Gearing (ND/ND+E)				45%	43%	-

Notes:

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

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