PRESS RELEASE

25 August 2016

Second quarter / first half 2016 financial results

Improved results as increased production, productivity and sales offset weaker benchmark refining margins

Significant increase in Net Income

2Q16 HELLENIC PETROLEUM Group Adjusted EBITDA was €156m, +20% vs 2Q15 (€130m), leading **1H16 Adjusted EBITDA to €326m,** despite the significant drop of Med benchmark FCC and hydrocracking refining margins by 35% and 12% respectively and weaker domestic market demand.

Increased operational profitability of refineries due to high availability of production units, higher output and improved overperformance, higher petrochemical sales, increased domestic retail market shares, as well as sales volumes mitigated the negative impact of weaker benchmark margins and domestic demand decline; As a result, **1H16 Group Net Income amounted to €104m**, 57% higher vs 1H15, with **Adjusted Net Income at €108m**, improving net equity position and balance sheet.

Export growth, diversification of crude sourcing, new agreements

The doubling of exports in 2Q16 (2.3m MT vs 1.1m MT in 2Q15), that led their total sales contribution to 60%, a record high, as well as the benefits from crude optimization opportunities in international markets positively affected results.

The implementation of the commercial agreement with NIOC, in line with the prevailing international framework and the continuous diversification of key crude suppliers, with an agreement with Rosneft, which is already effective, being the most important, supported increased optionality in crude supply and the optimisation of processing mix, with positive impact on results.

Repayment of €400m Eurobond, lower finance costs

Financial position was further strengthened, as the $400m bond issued by HPF plc was repaid, on 16 May 2016, and the harmonization process of covenants of the outstanding Eurobonds and commercial bank term facilities was successful. Interest expense is reported 5% down vs 2Q15, and the refinancing of outstanding bonds maturing in 2017 is in progress, something that will lead to further reduction of financing cost.

Recovery of crude oil price, weaker benchmark margins

During 2Q16, reduced crude supply, due to production disruptions in Canada and Nigeria, combined with the sustained global demand increase, led to a partial recovery in international crude oil prices. Brent price averaged $47/bbl in 2Q16, recording a 30% increase compared to the beginning of the year, while US dollar was marginally lower vs 1Q16, with EURUSD rate averaging 1.13.

Increased crude oil supply in the Med, especially for the heavier grades, aided by the return of Iran to international markets, kept the Brent-Urals spread at $1.7/bbl, a 5-year high. This supported the profitability of complex refineries like Elefsina and Aspropyrgos, that have the ability to process heavy crude grades. Benchmark Med FCC margins averaged $4.7/bbl, lower compared with last year ($7.3/bbl) with Hydrocracking margin at $5.1/bbl ($5.8/bbl).

Demand decline in domestic fuels market in 2Q16

Domestic fuels demand, according to official market data, dropped by 3.9% in 1H16, while in 2Q16 decline was lower (-0.4%), with total consumption volume at 1.6 million tones; Aviation & Bunkering market was also lower by 3.1% in 1H16.

Auto-fuels demand recorded a decline in 2Q16, driven by a 5% drop in gasoline, while diesel demand was 1% higher. It should be noted that the comparison with last year is affected by the capital controls imposition that increased consumption in June 2015. Similarly, comparability is expected to be affected in 3Q16, due to the weaker demand in July – August 2015.

Strong operating results

The increased mechanical availability and production of the Group's refineries was the key driver of operational profitability improvement compared to last year. All Group refineries recorded higher production and a further increase in over-performance vs benchmarks; Aspropyrgos and Elefsina have recently completed turnaround schedules, while Thessaloniki refinery is scheduled to shut-down for a full turnaround in 4Q16.

Higher availability and output of the Aspropyrgos splitter unit contributed to increased sales and improved Petrochemicals results.

Weaker auto-fuels demand in domestic market and lower margins in some Balkan markets, affected Fuels Marketing profitability in Greece and the international retail subsidiaries.

On 16 May 2016 the Group repaid its $400m bond and on June 2016 proceeded to the harmonisation of financial ratios definitions across the 2017 and 2019 Eurobonds, as well as other outstanding commercial bank term facilities that include similar definitions. During 2016 and subject to market conditions, the Group plans the refinancing of its 2017 Eurobond.

The balance sheet of the Group is also improved, with Net Debt at €1.7bn, mainly due to the normalization of crude supply payables and capex levels, as well as the initial payments to NIOC.

Regarding the sale of 66% of DESFA share capital to SOCAR and relevant regulatory approval process, no significant development has taken place.

Key highlights and contribution for each of the main business units in 2Q16 were:

REFINING, SUPPLY & TRADING

- Refining, Supply & Trading 2Q16 Adjusted EBITDA at €107m, 35% higher vs 2Q15.
- Production amounted to 3.7 million tonnes, with sales at 3.9m tonnes and a doubling of exports to 2.3m tonnes.
- White products' yield at 84%.

PETROCHEMICALS

- Higher PP production and sales volumes, led Adjusted EBITDA to €25m, despite weaker benchmark margins.

MARKETING

- Marketing Adjusted EBITDA in 2Q16 amounted to €25m, vs €27m LY.
- Market share gains in retail, aviation and bunkering. Lower sales volumes in C&I, due to PPC and weaker auto-fuel demand affected Domestic Marketing profitability, with Adjusted EBITDA at €14m.
- International Marketing was impacted by lower margins in the Bulgarian market, with Adjusted EBITDA at €14m.

ASSOCIATED COMPANIES

- DEPA Group contribution to consolidated Net Income came in at €7m, with higher volumes, on increased demand from gas-fired electricity generators.
- Elpedison EBITDA at €6m on higher production. The new flexibility remuneration mechanism, replacing CAC, came into force on May 2016.

Key consolidated financial indicators (prepared in accordance with IFRS) for 2Q16 are shown below:

€ million	**2Q15**	**2Q16**	***% Δ***	**1H15**	**1H16**	***% Δ***
P&L figures						
Refining Sales Volumes ('000 MT)	2,950	4,006	*36%*	6,565	7,449	*13%*
Sales	1,785	1,693	*-5%*	3,664	2,940	*-20%*
EBITDA	144	205	*42%*	299	334	*12%*
Adjusted EBITDA [1]	**130**	**156**	***20%***	**335**	**326**	***-3%***
Net Income	49	72	*47%*	66	104	*57%*
Adjusted Net Income [1]	**39**	**38**	***-2%***	**93**	**108**	***17%***
Balance Sheet Items						
Capital Employed				2,947	3,607	*22%*
Net Debt				1,115	1,688	*51%*
Debt Gearing (ND/ND+E)				38%	47%	-

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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