25 August 2022

Second Quarter / First Half 2022 financial results

Improved operating results on strong benchmark margins, significant contribution from exports and increased tourism activity

HELLENIC PETROLEUM Holdings S.A. announced its 2Q22 consolidated financial results, with Adjusted EBITDA at €535m compared with €79m in 2Q21 and Adjusted Net Income at €367m.

The positive results reflect increased benchmark refining margins, the improved profitability in exports and our international subsidiaries, but also the demand recovery in the Greek market due to tourism, especially in aviation and bunkering sales. Those outweigh the negative impact on our operating cost from electricity and natural gas pricing, as well as the planned refining maintenance.

Refining production amounted to 3.2m MT in 2Q22 (-13% vs 2Q21), as the scheduled full turnaround at the Elefsina refinery and the maintenance at the Aspropyrgos FCC unit were safely and successfully completed. As a result of reduced output due to maintenance, sales volumes amounted to 3.4m MT (-16%), with materially increased contribution from aviation and bunkering due to strong tourism.

Reported EBITDA amounted to €738m, with Reported Net Income at €526m, benefiting from the increase in international oil prices and the EUR/USD exchange rate on the valuation of our inventory.

Strategy Implementation - Vision 2025

The Group's transformation strategy with investments in cleaner forms of energy and reduction of its CO_2 footprint is successfully implemented, as in 2Q22, the new, 204 MW photovoltaic park in Kozani, the largest operating park in Greece, commenced operations. The impact of this investment is particularly positive both for the Company's results and Greece's energy balance, as it replaces very expensive natural gas imports. It is noted that in July 2022, the Group's installed RES capacity increased further to 340 MW, following the acquisition of 55 MW of operating wind farms in Mani, S. Greece. Our objective is to gradually grow the operating RES portfolio in the medium term to 1 GW and exceed 2 GW by 2030.

In this context, on 4 July 2022, the Group, through HELPE Renewables S.A., signed Heads of Terms (50-50 partnership) with RWE Renewables GmbH, a subsidiary of RWE, for the development, operation and management of offshore wind parks in Greece. At the same time, studies are progressing to further reduce the carbon footprint of the Group's refineries and petrol stations network, through investments in carbon capture and green hydrogen production technologies.

Record high crude oil prices in Euro/bbl terms, as well as of benchmark refining margins in 2Q22

International crude oil prices increased in 2Q22 to record highs. Specifically, Brent prices in 2Q22 averaged $114/bbl, compared to $69/bbl in 2Q21, driven by the market disruption and energy security concerns, following Russia's invasion in Ukraine, but also the strong demand due to improved economic activity.

The US dollar continued to strengthen, with the EUR/USD averaging 1.07 vs 1.20 in 2Q21, driven by the diverse monetary policies of the central banks and concerns over Eurozone's higher reliance on imports relative to the US.

The combination of the highest oil prices in recent years and the strengthening of the dollar, led to a historical high of crude oil and oil product prices in Euro terms, with Brent averaging €107/bbl vs €57/bbl in the corresponding period of last year; adding the impact of taxes, international and domestic pump prices reached the highest levels on record. Furthermore, this crisis led to a significant increase in the funding requirements to ensure the smooth market supply.

Benchmark refining margins increased significantly in 2Q22, reaching record high levels, mainly due to the strong demand, especially in diesel and gasoline. Specifically, Hydrocracking and FCC benchmark margins averaged $18.2/bbl and $21.4/bbl respectively in 2Q22.

Increased demand in the domestic fuel market

Domestic market's ground fuels demand was 2% higher, reaching 1.5m MT, while auto fuels consumption grew by 7% y-o-y in 2Q22, as a result of the increased economic activity and tourism. Aviation fuels consumption almost tripled, on increased air traffic, mainly due to tourism, while bunkering fuels demand grew by 13% y-o-y.

Balance sheet and capital expenditure

Net financial costs were flat y-o-y in 2Q22 at €25m, despite Net Debt increasing to €1.97bn, as oil prices escalated in the wake of the Ukraine crisis, resulting in higher working capital needs. However, Net Debt was lower vs 1Q22, as a result of robust free cash flow generation, further strengthening the Group's balance sheet.

Capital expenditure amounted to €136m, higher y-o-y, mainly due to the maintenance works at the Elefsina and the Aspropyrgos refineries and the acquisition of the Group's HQ office building.

Andreas Shiamishis, Group CEO, commented on the results:

“The 2Q22 set of financial results, with Adjusted Net Income of €367m, is particularly positive with substantial improvements across all our business units, mainly due to the prevailing conditions in international markets, increased demand in Greece, as well as the ongoing focus towards the Group’s operational improvement. The efforts for extroversion and change of business model are yielding results, as, in addition to the incremental profitability from our investments, the contribution from exports, aviation sales and our international subsidiaries, for the first time, significantly exceeded that of domestic market.

During the quarter we further accelerated our strategy implementation, with new investments in RES, where we have now created a new business pillar, as one of the fastest growing companies in the market. Developments in the rest of our portfolio are also evolving, with the partnership with ExxonMobil in the Crete offshore blocks, offering a new perspective to hydrocarbons exploration. As far as DEPA is concerned, we estimate that the sale of DEPA Infrastructure will soon be completed, with proceeds of over €250m directed towards new Energy, while allowing for an additional distribution to our shareholders.

The benefits of our new business strategy, the upgraded corporate governance, as well as the new organizational structure have become visible within a short period of time and allow a more dynamic development of the Group. With today's decision to convene an Extraordinary General Meeting of our shareholders to approve our new corporate identity, we are completing the first phase of our strategic plan Vision 2025”.

Key highlights and contribution for each of the main business units in 2Q22 were:

REFINING, SUPPLY & TRADING

- Refining, Supply & Trading 2Q22 Adjusted EBITDA came in at €467m (vs €9m in 2Q21).
- Realized HELPE System margin amounted to $26.5/bbl, with notable overperformance vs benchmarks.
- During 2Q22, scheduled maintenance works at the Elefsina and Aspropyrgos refineries were successfully completed. It is noted that in September an extensive maintenance program will commence at the Thessaloniki refinery.

PETROCHEMICALS

- 2Q22 Adjusted EBITDA came in at €22m, as normalization of global PP balances vs market deficit in 2Q21 led to lower international benchmark PP margins.

MARKETING

- Domestic Marketing recorded improved performance on higher sales volume (+31% y-o-y), benefiting from increased tourism. Adjusted EBITDA came in at €24m.
- In International Marketing, demand recovery across our markets resulted in increased sales volume (+24% vs 2Q21) and improved profitability, with Adjusted EBITDA at €19m.

RENEWABLES

- Higher RES operating capacity, due to the contribution of the wind farms in South Evia and the PV in Kozani, led to higher electricity output (114 GWh vs 13 GWh in 2Q21), with Adjusted EBITDA increasing to €6m vs €1m in 2Q21.

ASSOCIATE COMPANIES

- DEPA companies' contribution to 2Q22 consolidated Net Income was €10m.
- Elpedison 2Q22 EBITDA came in at €35mn, driven by an increase of operational flexibility and natural gas supply optimization. Increased prices resulted in higher working capital and funding needs.

HELLENIC PETROLEUM Holdings

Key consolidated financial indicators for 2Q/1H22
(prepared in accordance with IFRS)

€ million	**2Q21**	**2Q22**	***% Δ***	**1H21**	**1H22**	***% Δ***
P&L figures						
Refining Sales Volumes ('000 MT)	4,054	3,418	-16%	7,458	6,710	-10%
Sales	2,235	3,974	78%	3,957	6,777	71%
EBITDA	133	738	-	391	1,239	-
Adjusted EBITDA [1]	**79**	**535**	**-**	***139***	***633***	**-**
Net Income	54	526	-	206	872	-
Adjusted Net Income [1]	**7**	**367**	**-**	***12***	***371***	**-**
Balance Sheet Items						
Capital Employed				3,769	4,835	28%
Net Debt				1,751	1,967	12%
Gearing (ND/ND+E)				46%	41%	-

Note 1: Calculated as Reported adjusted for inventory effects and other non-operating items, as well as the IFRS accounting treatment of the EUAs deficit.

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