

Q1 2006 Results



May 17, 2006

Results Conference Call Presentation

DISCLAIMER

Hellenic Petroleum do not in general publish forecasts regarding their future financial results. The financial forecasts contained in this document are based on a series of assumptions, which are subject to the occurrence of events that can neither be reasonably foreseen by Hellenic Petroleum, nor are within Hellenic Petroleum's control. The said forecasts represent management's estimates, and should be treated as mere estimates. There is no certainty that the actual financial results of Hellenic Petroleum will be in line with the forecasted ones.

In particular, the actual results may differ (even materially) from the forecasted ones due to, among other reasons, changes in the financial conditions within Greece, fluctuations in the prices of crude oil and oil products in general, as well as fluctuations in foreign currencies rates, international petrochemicals prices, changes in supply and demand and changes of weather conditions. Consequently, it should be stressed that Hellenic Petroleum do not, and could not reasonably be expected to, provide any representation or guarantee, with respect to the creditworthiness of the forecasts.

AGENDA



- **Key Highlights of Q1 2006**
- Industry and Macro Environment
- Q1 2006 Group Financial Results
- Q1 Results and Update by Segment
- Corporate Initiatives
- Q & A

2006 Q1 KEY HIGHLIGHTS

Positive Business Environment

- Weak refining margins in Jan-Feb, picking up in March; lower sweet-sour differential
- Impact of €/€ rate positive, average for the quarter was 8% higher than respective quarter in 2005.
- Increasing crude oil and products prices result in positive, albeit smaller than 2005, inventory gains
- Overall stable Greek market demand for oil products; gasoline and auto diesel up, jet and fuel oil down

Strong Operating Results

- Earnings before tax of €107m and Net Income of €72m
- Group ROACE (last 12 months) at 13.3% Vs 13,8% (2005 Full year)
- ROE% improved at 16.2% Vs last year 15.9%
- Higher debt at €930m (year end €700m) driven by higher stocks value due to high oil prices and contango transactions

Progress on 2006 key business objectives

- Commercial operation of Thessaloniki Power CCGT plant
- Elefsis refinery upgrade FEED on track; selection of Flexicoker technology and Hydrocracker licensor
- Commencement of drilling program in Libya with JV partners
- Award of West Obayed block in Egypt to Hellenic Petroleum as operator
- OKTA Skopje retail network development in progress, with re-branding of 20 existing third party PS
- Operating cost base still key priority, on track for zero growth in 2006
- Group-wide procurement initiative launched in May, aiming at 10-15% cost savings over three years

Q1 GROUP KEY FINANCIALS (IFRS)

	Q1 2006	Vs Q1 2005
• Net Proceeds	2.1 € bn	+41%
• EBITDA	134 € m	+4%
• Earnings Before Tax	107 € m	+30%
• Net Income	72 € m	+32%
• Operating Cashflow Measure*	116 € m	+51%
• EPS	0.24 €	+32%
• ROACE% - Last 12M	13.3%	N/M

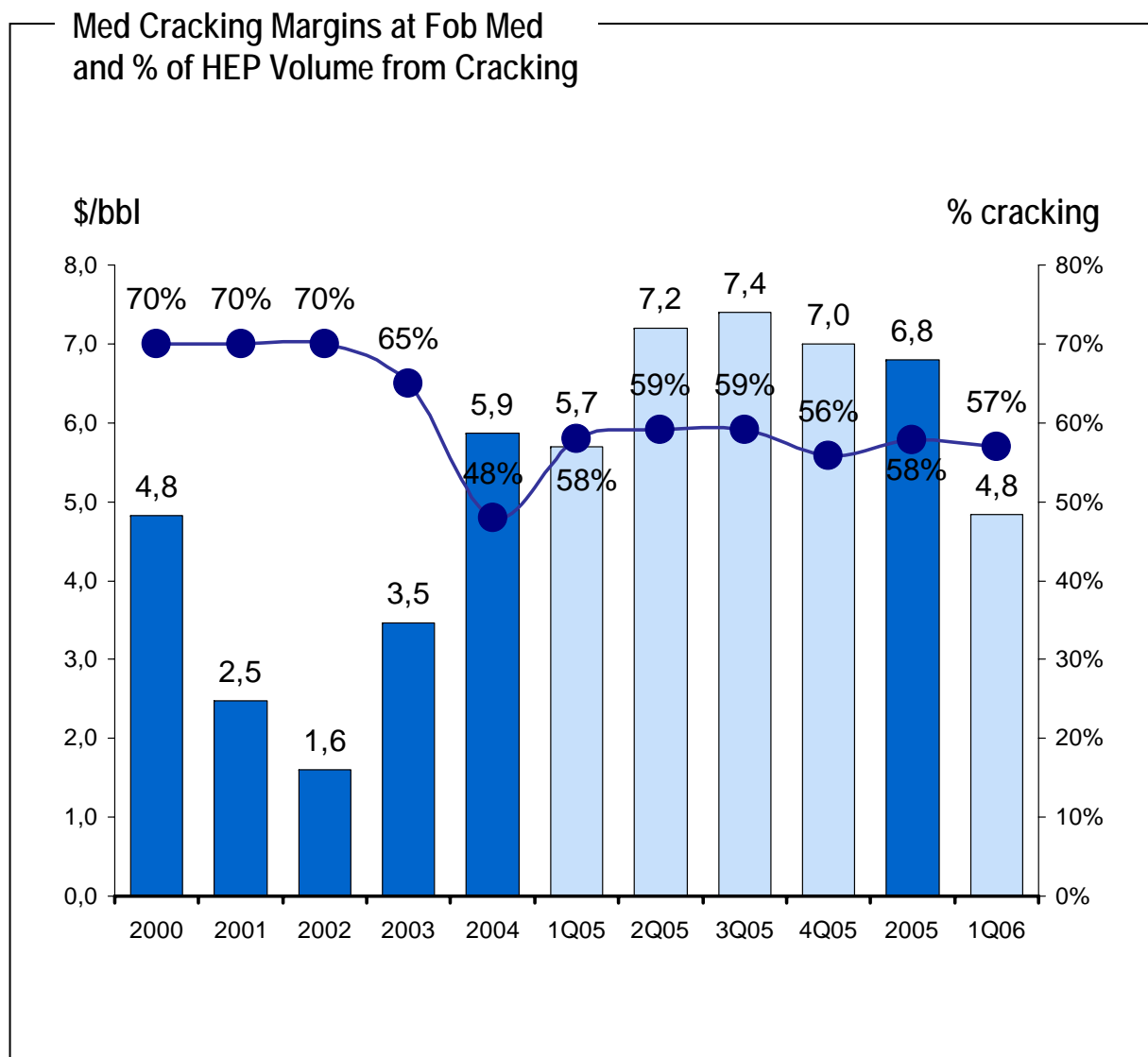
* Calculated as EBITDA less CAPEX

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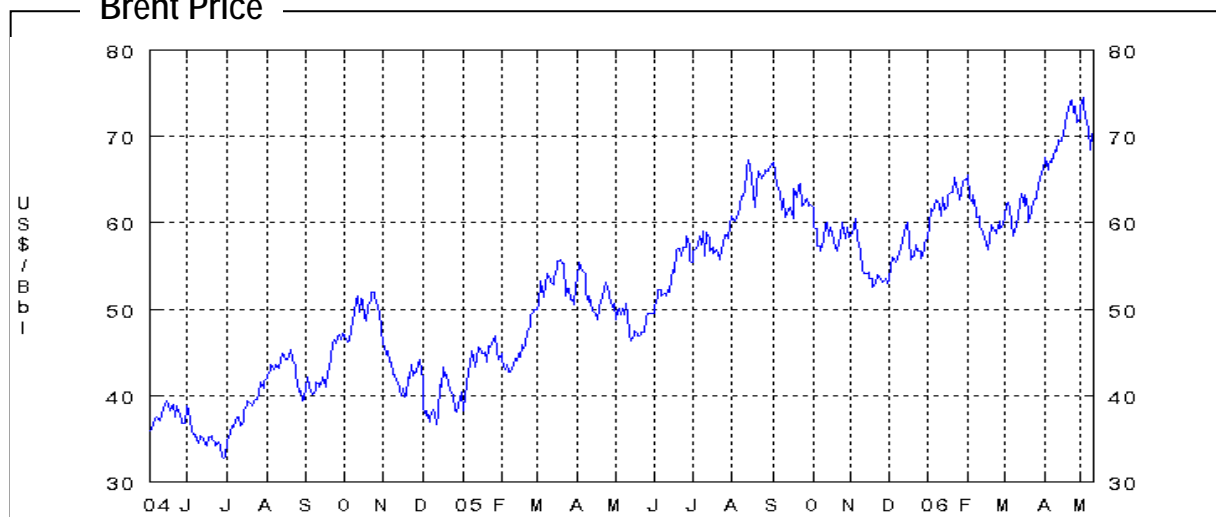
INDUSTRY AND MACRO ENVIRONMENT – REFINING MARGINS



- Weak cracking refining margins in January and February, recovering thereafter
- 1Q06 indicative hydroskimming an topping margins lower than 1Q05 by 0,50 \$/bbl and 0,75 \$/bbl respectively
- 57% of Greek refining production was dependent on cracking margin during 1Q06

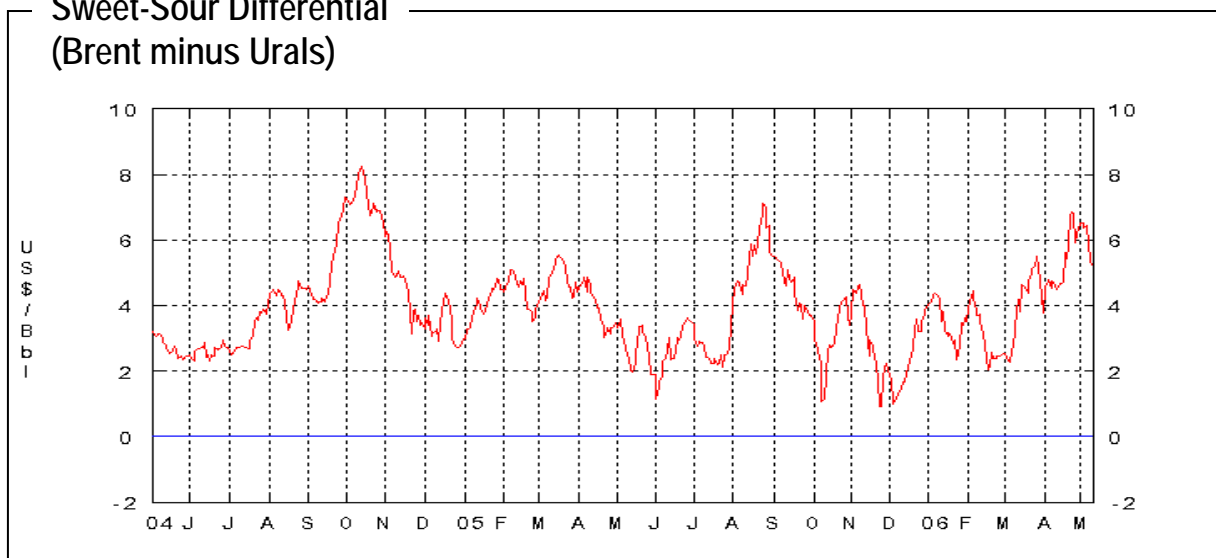
INDUSTRY AND MACRO ENVIRONMENT – CRUDE PRICES

Brent Price



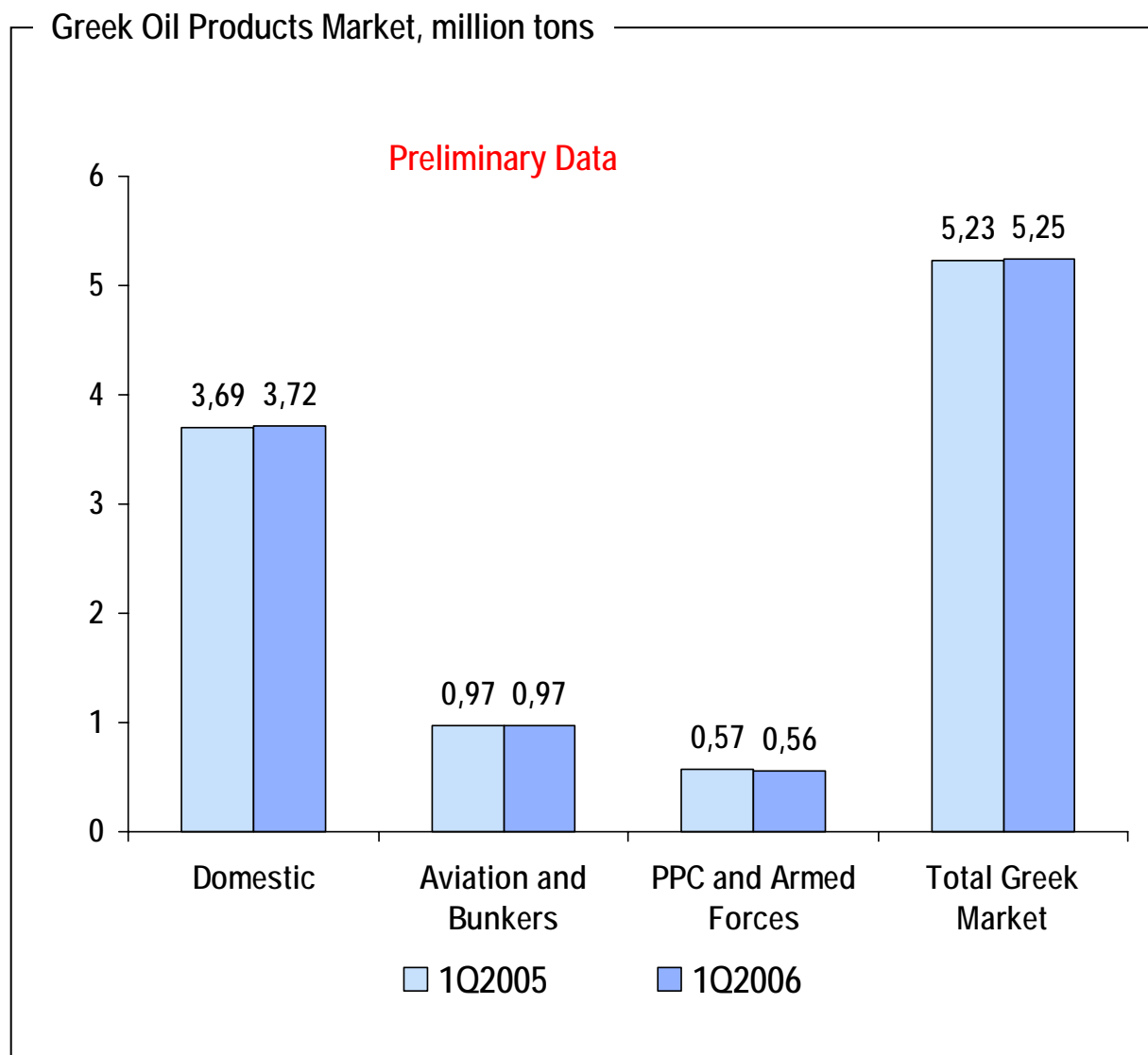
- Higher oil prices during the 1Q06 created opportunities for trading and positive impact on profitability

Sweet-Sour Differential (Brent minus Urals)



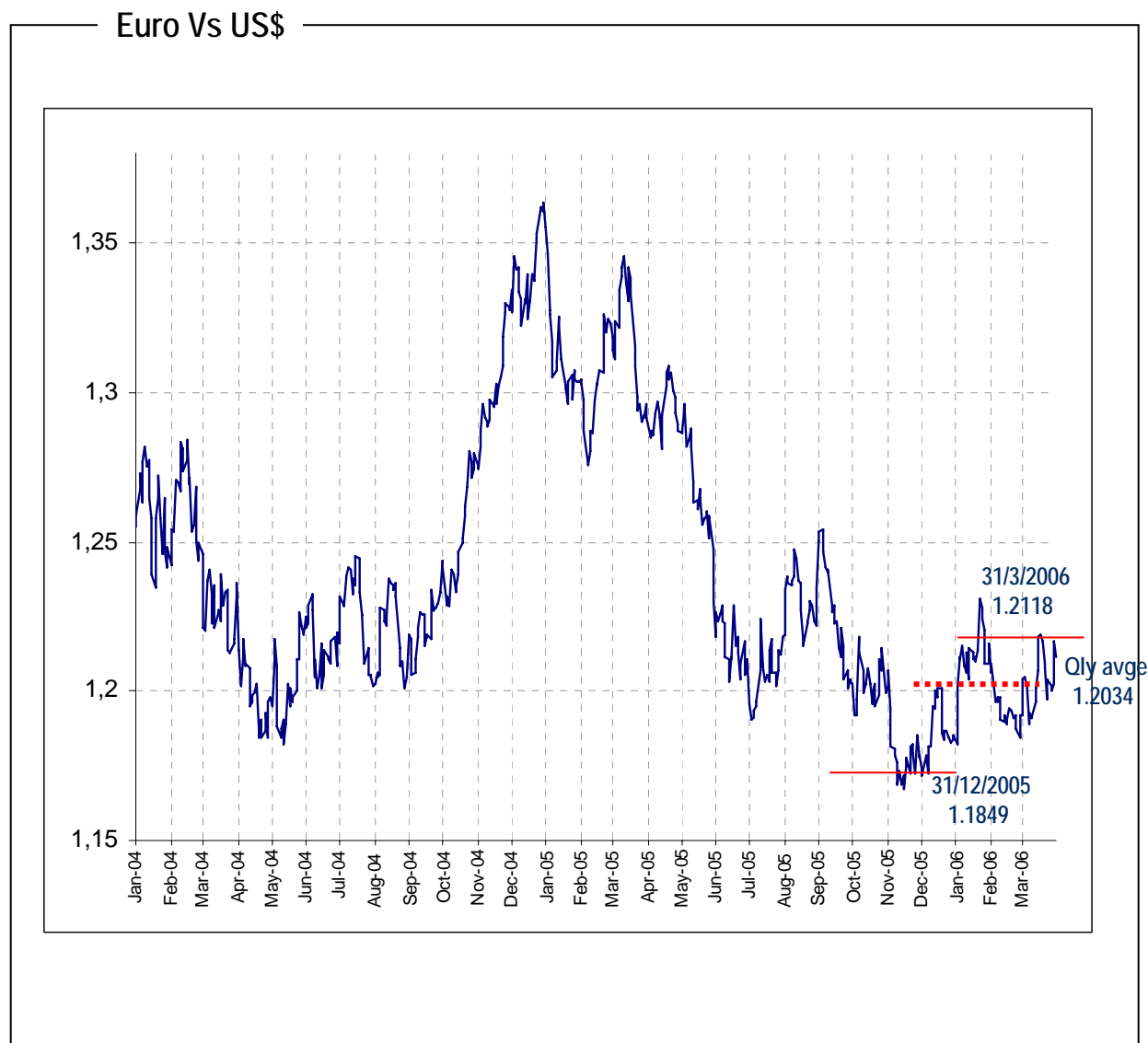
- Lower sweet - sour crude differential impacted Hellenic Petroleum refineries' financial performance. Average 1Q06 Brent to Urals differential of 3,98 \$/bbl, lower by -0,49 \$/bbl compared to 1Q05.

INDUSTRY AND MACRO ENVIRONMENT – GREEK WHOLESALE MARKET



- The total Greek wholesale market in 1Q2006 was up by 0,3% compared to 1Q2005 with gasoline, diesel and bunker fuels up, fuel oil and aviation fuels down.
- The domestic market in 1Q2006 was up 0,2% compared to 1Q2005, with gasoline higher by 3,9%, automotive diesel higher by 6,3% and fuel oil lower by 10,2%
- Jet consumption decreased by 10,1% in 1Q2006 while bunkers increased by 2,4%

INDUSTRY AND MACRO ENVIRONMENT – FOREIGN EXCHANGE



- Average €/ \$ rate for the quarter at 1,20 Vs 1,31 for 1Q05, results in an improvement of Euro gross margins by 8%
- Quarterly results also benefit by €8m as US\$ denominated loans are revalued at 31/3/2006 closing rate of 1,21 Vs Year end (31/12/2005) of 1,18

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Q1 2006 FINANCIAL RESULTS

GROUP KEY PROFIT AND LOSS FINANCIALS

FULL YEAR 2005	IFRS €M	Q1		
		2005	2006	Δ%
6.653	NET SALES	1.460	2.058	41%
671	EBITDA	129	134	4%
526	OPERATING RESULTS	90	96	6%
495	EARNINGS BEFORE TAX	82	107	30%
334	NET INCOME AFTER TAX & MI	55	72	32%
	KEY RATIOS			
1,09	NET EARNINGS PER SHARE (€/ SHARE)	0,18	0,24	32%
13,8%	ROACE % - LAST 12M	6,9%	13,3%	-
15,9%	ROE% - LAST 12M	8,0%	16,2%	-

Q1 2006 FINANCIAL RESULTS

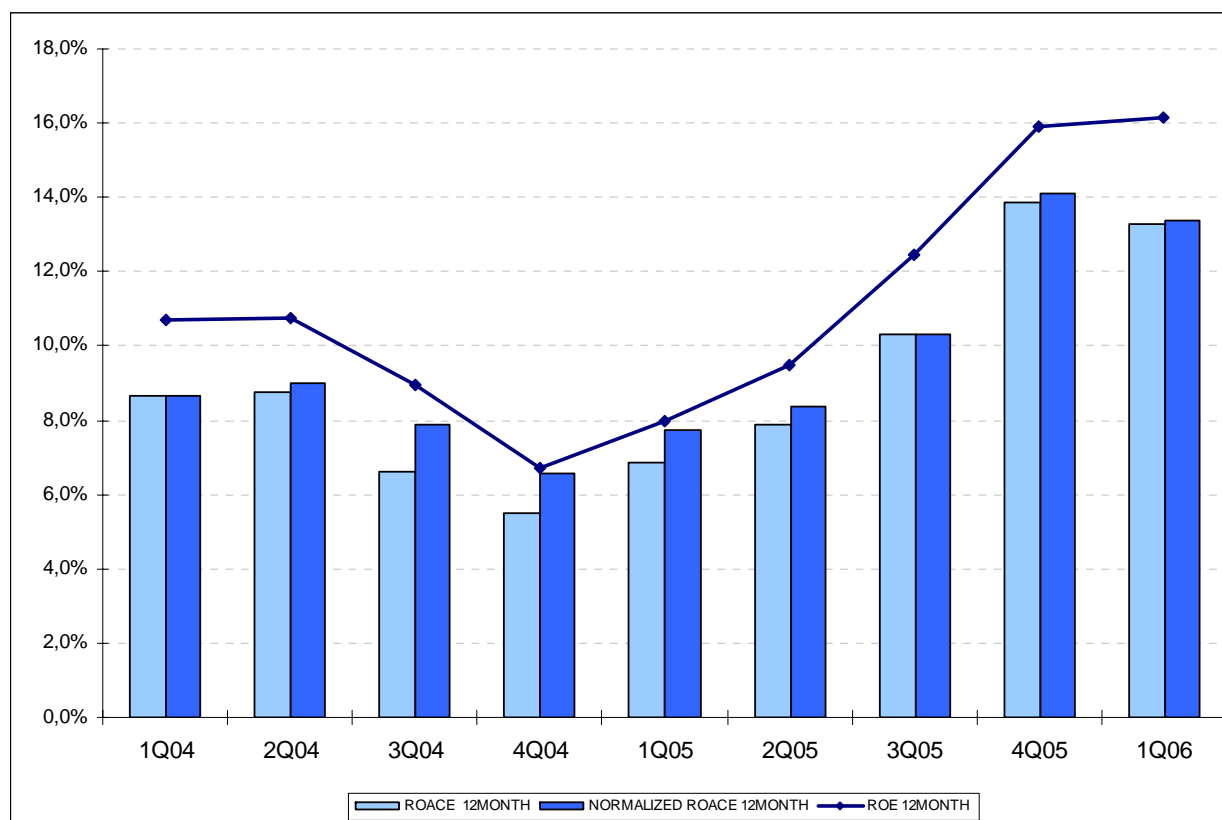
GROUP KEY BALANCE SHEET, CASHFLOW INDICATORS

YEAR END 2005	BALANCE SHEET & CASHFLOW	Q1		
	IFRS	2005	2006	Δ%
	€M			
2.956	CAPITAL EMPLOYED	2.418	3.261	35%
185	CAPITAL EXPENDITURE	52	17	-67%
486	OPERATING CASH FLOW MEASURE ⁽¹⁾	77	116	51%
-314	FREE CASH FLOW	-5	-230	-
700	NET DEBT	392	930	137%
	KEY RATIOS			
25%	DEBT / (DEBT + EQUITY) RATIO	16%	29%	-
28%	CAPEX AS % OF EBITDA	41%	13%	-

(1) Calculated as EBITDA less Capex

Q1 2006 FINANCIAL RESULTS

RETURN ON CAPITAL EMPLOYED AND ON EQUITY

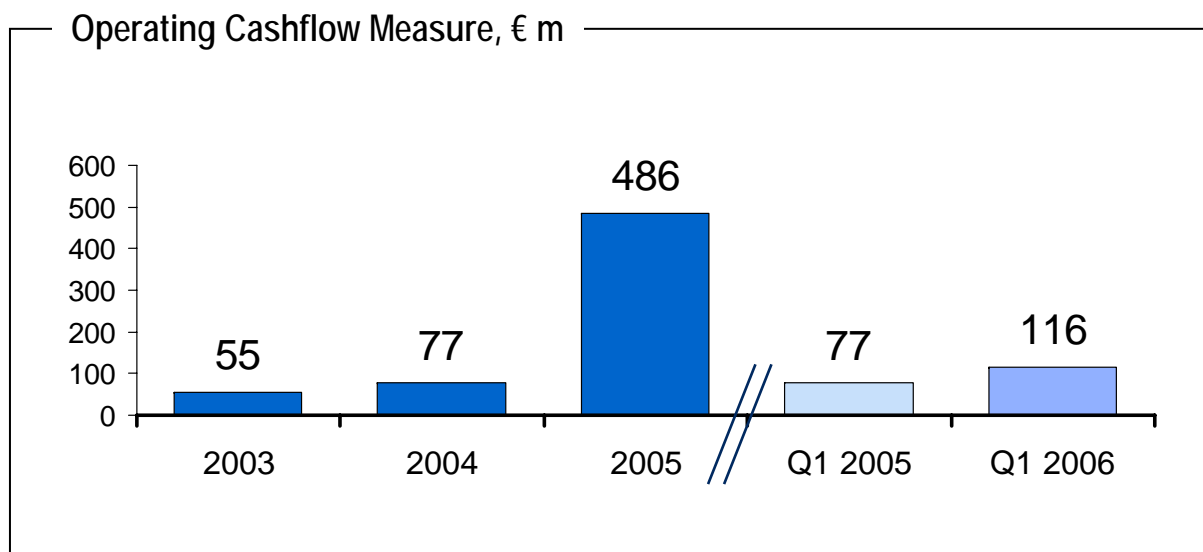


Note: Normalised ROACE calculated by applying a common 29% tax rate

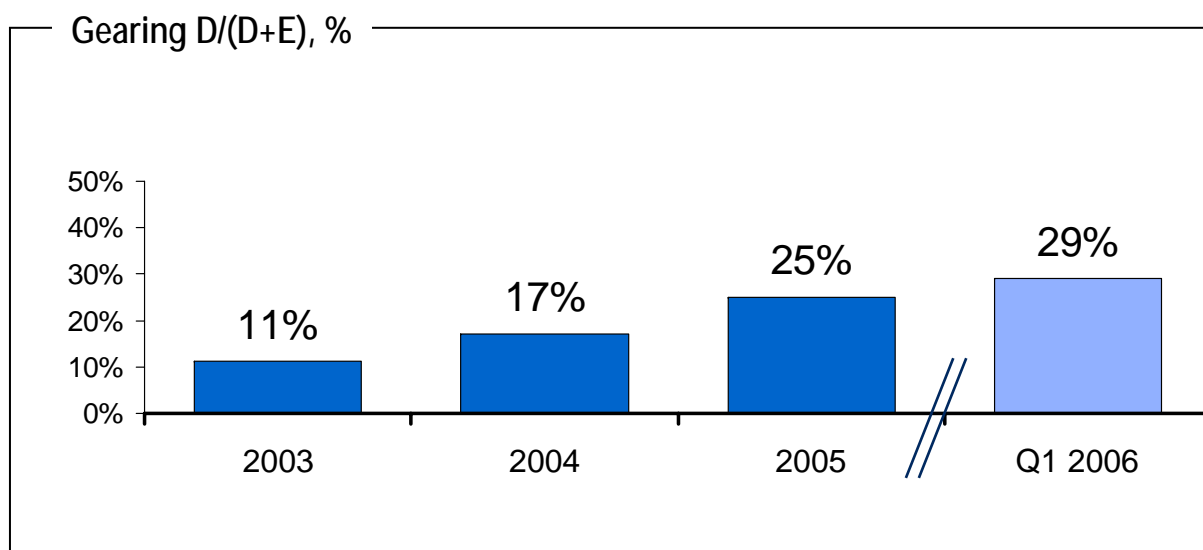
- Increase in Capital Employed driven by higher stocks value due to increased oil prices and contango transactions (€200m).
- ROACE at 13,3% (Full year 2005: 13,8%) affected by the increase in capital employed
- ROE at 16,2% (Full year 2005: 15,9%) improved as additional capital raised through debt

Q1 2006 FINANCIAL RESULTS

CASHFLOW AND DEBT GEARING



- Increased operating cashflow as Q1 CAPEX spending remains at low levels



- Increased debt due to higher stock value financing needs.
- Gearing ratio ($D/(D+E)$) up by 4% vs year end but still within the target range.
- Group treasury SPV in place, aiming to improve liquidity management and optimise funding for new, higher debt levels

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Q1 2006 KEY FINANCIAL RESULTS BY SEGMENT

€M	Q1 2006						TOTAL
	REFINING S&T	MARKETING	PETCHEMS	GAS & POWER	OTHERS	INTER- SEGMENT	
NET SALES	1.992,3	588,3	83,2	24,6	3,6	-633,8	2.058,2
EBITDA	114,5	16,4	4,9	1,0	-1,0	-2,2	133,6
OPERATING RESULTS	92,1	9,5	1,0	1,0	-5,9	-2,2	95,5
EBT (INCLUDING INCOME FROM ASSOCIATES)	102,3	7,8	1,0	4,3	-5,9	-2,2	107,3
CAPITAL EXPENDITURE	9,6	7,5	0,2	0,0	0,0	0,0	17,4
OPERATING CASHFLOW MEASURE	104,9	8,9	4,7	1,0	-1,0	-2,2	116,3

PERCENTAGE CONTRIBUTION OF EACH BUSINESS SEGMENT

	Q1 2006						TOTAL
	REFINING S&T	MARKETING	PETCHEMS	GAS & POWER	OTHERS	INTER- SEGMENT	
NET SALES	97%	29%	4%	1%	0%	-31%	100%
EBITDA	86%	12%	4%	1%	-1%	-2%	100%
OPERATING RESULTS	96%	10%	1%	1%	-6%	-2%	100%
EBT (INCLUDING INCOME FROM ASSOCIATES)	95%	7%	1%	4%	-6%	-2%	100%
CAPITAL EXPENDITURE	55%	43%	1%	0%	0%	0%	100%
OPERATING CASHFLOW MEASURE	90%	8%	4%	1%	-1%	-2%	100%

Q1 2006 FINANCIAL RESULTS

REFINING, SUPPLY & TRADING

FULL YEAR 2005	IFRS €M	Q1		
		2005	2006	Δ%
16.503	SALES VOLUME - KT	4.384	4.380	0%
6.426	NET SALES	1.329	1.992	50%
599	EBITDA	111	115	3%
502	OPERATING RESULTS	89	92	4%
55	CAPITAL EXPENDITURE	7	10	37%
543	OPERATING CASH FLOW MEASURE	104	105	1%
55,1	AVERAGE BRENT CRUDE PRICE - \$/bbl	47,7	62,7	31%
6,83	AVERAGE REFINERY MARGIN (FOB MED COMPLEX 50/50 \$/bbl)	5,70	4,85	-15%
1,25	AVERAGE EURO / DOLLAR RATE (€1 =)	1,31	1,20	-8%
DOMESTIC				
15.545	VOLUME - KT	4.146	4.143	0%
566	EBITDA	104	106	2%
476	OPERATING RESULTS	84	85	2%
INTERNATIONAL				
958	VOLUME - KT	238	237	0%
33	EBITDA	7	9	22%
26	OPERATING RESULTS	5	7	34%

Sales Volume

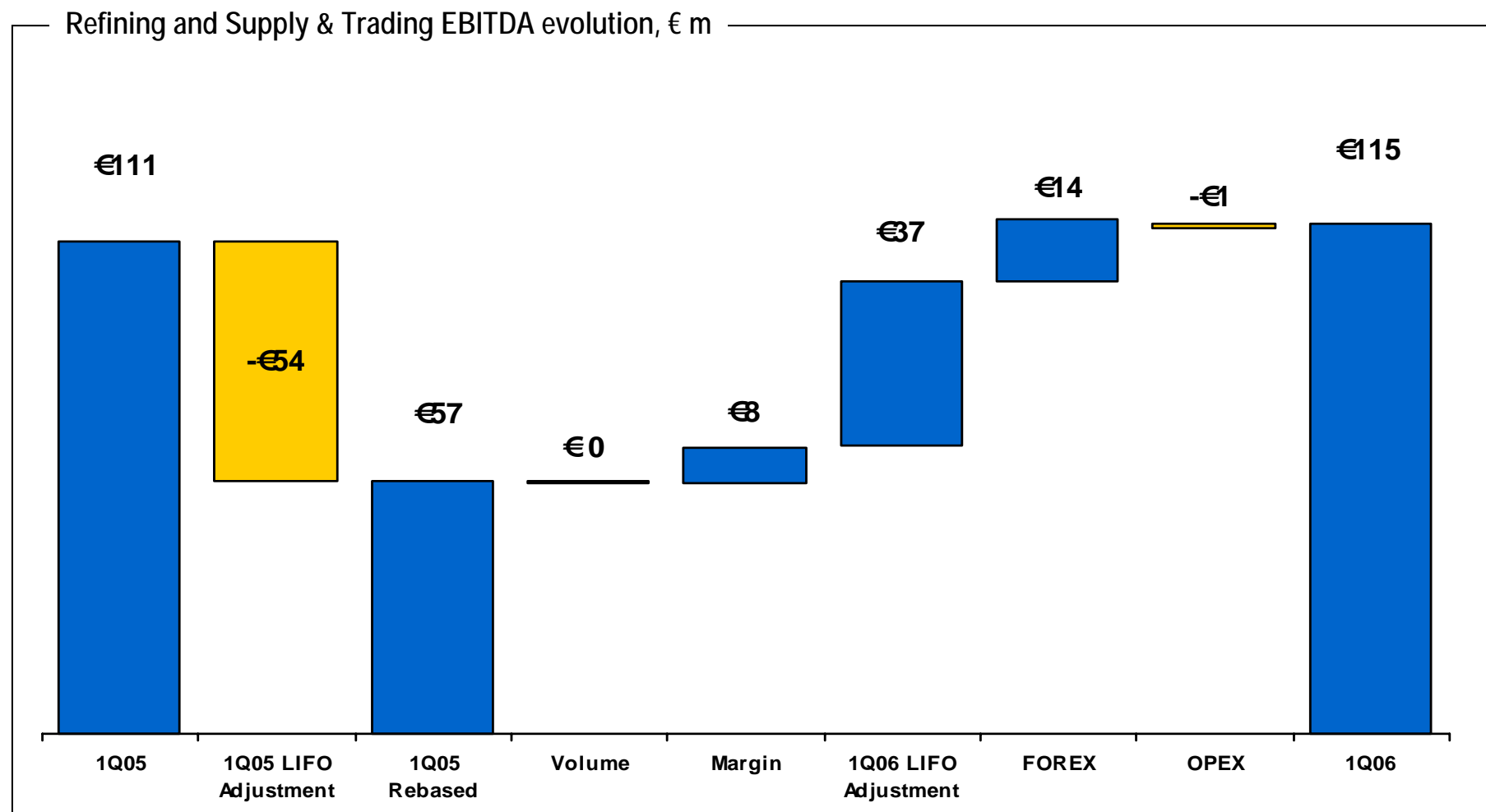
- Domestic market volumes maintained at similar overall levels as 1Q05 with:
 - Heating gasoil down by 4,1% due to warmer weather
 - ULSD up by 6,4%
 - Higher export sales driven by gross margin optimisation
- OKTA sales volume same as 1Q05

Margins

- Soft start for the year, picking up in March to levels similar to last year
- Higher FOB Med prices enabled increased trading in export markets
- Inventory gains from continuing oil price increases

Q1 2006 FINANCIAL RESULTS

REFINING AND SUPPLY & TRADING EBITDA EVOLUTION



Note:

Margin impact shows the net impact of lower international refining margins (benchmark), yield, product mix, trading profits

Q1 2006 FINANCIAL RESULTS

MARKETING

FULL YEAR 2005	IFRS €M	Q1		
		2005	2006	Δ%
4.713	SALES VOLUME - KT	1.195	1.201	0%
2.019	(1) NET SALES	419	588	41%
74	EBITDA	19	16	-13%
46	OPERATING RESULTS	10	10	-5%
41	CAPITAL EXPENDITURE	12	8	-37%
33	OPERATING CASH FLOW MEASURE	7	9	29%
	<u>GREEK MARKET</u>			
3.964	VOLUME	1.001	1.022	2%
52	EBITDA	12	10	-13%
23	CAPEX	4	5	16%
	<u>INTERNATIONAL</u>			
749	VOLUME	194	179	-8%
22	EBITDA	7	6	-14%
18	CAPEX	8	3	-63%

(1) Net sales excluding any sales and consumption taxes

Greece

- EKO volumes up by 2% following strong domestic market performance in diesel sales
- Margin erosion continues as new pricing policy not yet reflected in 1Q results

International

- While most international subs reported higher sales volume with underlying network volume up by 3.5%, loss of local wholesale low-margin volume in Cyprus leads to an 8% overall decrease.
- Profitability marginally down Vs last year Q1 due to volume and margin pressure following sustained crude oil price increases
- Expansion of small retail business in FYROM underway, through re-branding of existing (white flag) PS. Aim is to establish a network of 20 PS in 2006, 10 to be ready in Q2.

Q1 2006 FINANCIAL RESULTS

PETROCHEMICALS

FULL YEAR 2005	IFRS €M	Q1		
		2005	2006	Δ%
383	SALES VOLUME - KT	87	100	15%
301	NET SALES	64	83	30%
27	EBITDA	4	5	32%
10	OPERATING RESULTS	-1	1	-
1	CAPITAL EXPENDITURE	0	0	-
26	OPERATING CASH FLOW MEASURE	3	5	73%
	<u>INTERNATIONAL PROFIT MARGINS (€/ T)</u>			
254,0	POLYPROPYLENE	257,0	266,0	4%
78,0	PVC	45,0	57,0	27%

- Strong PP sales volume deliver a 15% increase Vs respective period last year
- EBITDA and operating profits up from last year due to volume and margin gains
- No new investment projects are in progress; operating cashflow up 73%.

Q1 2006 FINANCIAL RESULTS EXPLORATION & PRODUCTION

Asset base and projects status

- **Libya:**
 - A JV of Woodside (45%, operator) Repsol (35%) and HEP (20%)
 - 2-rig, 6-block drilling campaign in 2006
 - Evaluating Atshan gas field.
- **Albania:**
 - A JV of OMV (51%, operator) and HEP (49%) completed exploration activities (seismic, drilling) in blocks 4&5.
- **Montenegro:**
 - Negotiations with Ramco for farm out have been concluded. Group holds now 100% interest for Ulcinji and Prevlaka areas.
 - Local legal framework still to be revised to make it more attractive for exploration.

New business

- **Egypt:**
 - Hellenic Petroleum has been awarded West Obayed block as operator under EGPC International Bid Round 1- 2005
 - Advanced negotiations to acquire working interest in mature exploration block

Q1 2006 FINANCIAL RESULTS

POWER GENERATION & TRADING

- Commercial operation of Thessaloniki Power CCGT plant at the end of last year. This is the first IPP plant in Greece
- Gas supply negotiation still ongoing as natural gas codes not finalised yet
- Negative results from power generation operations; despite high operating efficiency of coastal CCGT plant, SMP at levels not sufficient to cover gas cost and other variable and fixed expenses.
- Profitable trading of power following successful bidding for interconnection capacity for imports from Bulgaria and exports to Italy
- 1Q sales of power at €25m

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Q1 2006 FINANCIAL RESULTS

CORPORATE INITIATIVES

As part of the strategic transformation initiative, the following projects are in progress:

- **Human resources**

- New DEKO (Public Sector Entities) legislation enabled long-delayed recruitment process for engineers to recommence
- Successful first-year implementation of variable compensation (cash bonus/options) schemes

- **Cost control**

- Maintenance of opex control continues to be high priority; target for 2006 set at zero growth for HEP SA.
- Group-wide procurement initiative launched in May, aimed at 10-15% cost savings over three years. Scope covers non-HR operating costs and capital projects estimated at €500m per year

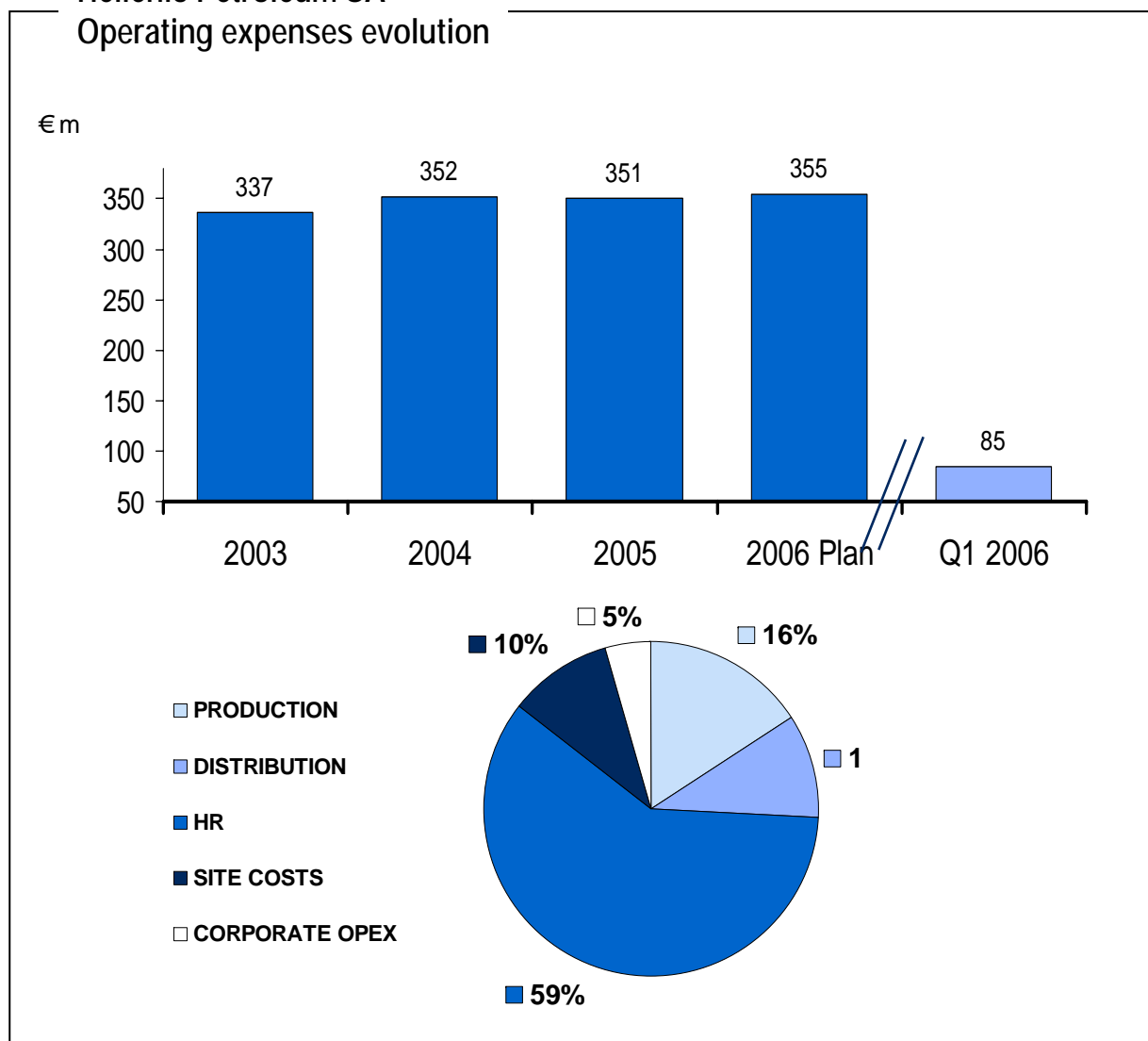
- **Group structure**

- Group treasury vehicle (Hellenic Petroleum Finance plc) in place to cover funding requirements, group-wide cash management and deliver €5m annual savings over the next 18 months

Q1 2006 FINANCIAL RESULTS

OPERATING COST BASE EVOLUTION

Hellenic Petroleum SA
Operating expenses evolution



- Operating costs for HEP SA targeted for zero growth, despite HR cost increases.
- Following successful opex control in 2005 amounting to €15m “self-help”, current year budget allows only for volume-related selling cost increases
- Reduction of non-HR related cost and capital projects expenditure further targeted through Group-wide procurement initiative.

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