

# **Hellenic Petroleum: Strategy and actions for the resurgence of the Greek E&P sector**

**A presentation prepared for the  
3<sup>rd</sup> SE Europe Hydrocarbons Upstream Workshop  
Athens, October 2018**

**Yannis Grigoriou  
Hellenic Petroleum Upstream SA, CEO**



## **I. Hellenic Petroleum S.A.:**

- a. business activities,
- b. key financial data
- c. E&P past activities and growth strategy

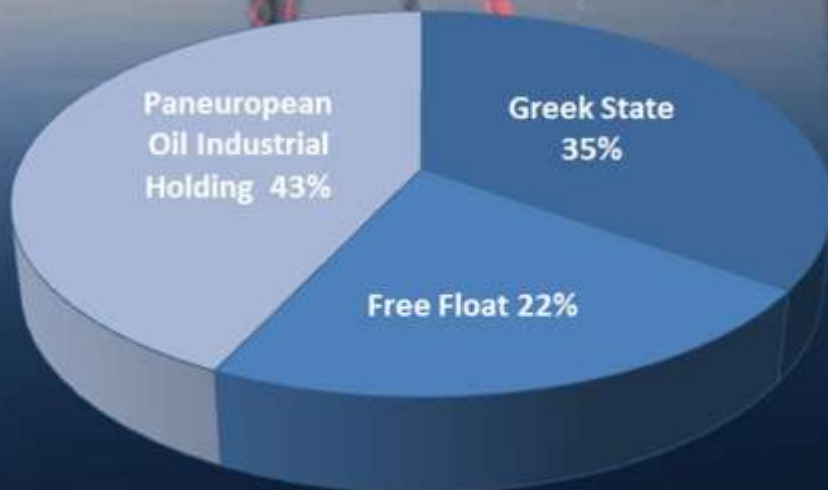
## **II. Greek Upstream sector:**

- a. hydrocarbon prospectivity based on existing exploration data
- b. overview of the current fiscal regime and commercial terms
- c. Hellenic Petroleum activities in the recent and ongoing licensing rounds



**HELLENIC  
PETROLEUM**

The leading Greek integrated energy group, listed in Athens Stock Exchange implementing **long term strategy** fully supported by the controlling shareholders and adopting **strict Code of Ethics** and **Corporate Governance** criteria





# A leading energy group with activities across the energy value chain in Greece and the SEE region

		DESCRIPTION	METRICS
Exploration & Production		<ul style="list-style-type: none"> <li>• Exploration assets in Greece</li> </ul>	<ul style="list-style-type: none"> <li>• Patraikos Gulf</li> <li>• Sea of Thrace</li> <li>• Arta – Preveza</li> <li>• NW Peloponnese</li> <li>• 5 more offers in progress</li> </ul>
Refining, Supply & Trading		<ul style="list-style-type: none"> <li>• Complex (recently upgraded) refining system:                             <ul style="list-style-type: none"> <li>– Aspropyrgos (FCC, 148kbpd)</li> <li>– Elefsina (HDC, 100kbpd)</li> <li>– Thessaloniki (HS, 93kbpd)</li> </ul> </li> <li>• Pipeline fed refinery/terminal in FYROM</li> </ul>	<ul style="list-style-type: none"> <li>• Capacity: 16MT</li> <li>• NCI: 9.6</li> <li>• Market share: 65%</li> <li>• Tankage: 7m M<sup>3</sup></li> </ul>
Petrochemicals		<ul style="list-style-type: none"> <li>• Basel technology PP production (integrated with refining) and trading</li> <li>• &gt; 60% exports in the Med basin</li> </ul>	<ul style="list-style-type: none"> <li>• Capacity (PP): 220 kt</li> </ul>
Domestic Marketing		<ul style="list-style-type: none"> <li>• Leading position in all market channels (Retail, Commercial, Aviation, Bunkering) through EKO and HF (BP branded network)</li> </ul>	<ul style="list-style-type: none"> <li>• c.1,700 petrol stations</li> <li>• 30% market share</li> <li>• Sales volumes: 3.5MT</li> </ul>
International Marketing		<ul style="list-style-type: none"> <li>• Strong position in Cyprus, Montenegro, Serbia, Bulgaria, FYROM</li> <li>• Advantage on supply chain/vertical integration</li> </ul>	<ul style="list-style-type: none"> <li>• c.290 petrol stations</li> <li>• Sales volumes: 1.2MT</li> </ul>
Power & Gas		<ul style="list-style-type: none"> <li>• ELPEDISON: Second largest IPP in Greece (JV with Edison/EdF)</li> </ul>	<ul style="list-style-type: none"> <li>• Capacity: 810 MW (CCGT)</li> </ul>
		<ul style="list-style-type: none"> <li>• DEPA/DESFA GROUP: 35% in Greece's incumbent NatGas supply company (DESFA in sale process)</li> </ul>	<ul style="list-style-type: none"> <li>• Volumes (2015): 3.0bcm</li> </ul>



# Solid performance on the back of recent investments and continuous improvement initiatives



# HELPE GROUP 1H 2018 Financial Results

€473 m

Reported EBITDA

+25%

8,3 m MT 

Record high  
Sales Volume

Historical High Profitability 

€225 m

Reported Net Income

+34%

5 m MT 

Record high  
Exports

14%

Reduction  
in Financial Costs



# HSSE is our top priority







**HELLENIC  
PETROLEUM**

***We are operating in  
upstream business  
in Greece and the greater  
SE Med area  
since 1975 ...***



# HELPE explored the country from 1975 - 2007



- The Greek State awarded to HELPE exclusive rights for E&P activities in **26 oil promising blocks**, while **audited and overviewed Prinos area operations** (1975 – 2007)
- HELPE, as **operator**, with its high quality personnel and using advanced support by experienced third parties, explored the country
  - with **extensive geochemical, geological & geophysical studies**
  - **acquiring 63.000 km onshore & offshore seismic data and**
  - **drilling 75 wells**

## Field Discoveries

**Katakolon (1981, oil, W. Greece)**

**Epanomi (1989, natural gas, N. Greece)**

**Alykes (1990, heavy oil, Zakynthos)**

## International activities of HELPE in E&P



Last years ELPE invested in international exploration activities, more than \$ 220 millions, drilling **34 wells and discovering c. 200 million barrels** as operator or participating in JVs

- **Albania:** 3 blocks ( 49% JV with **OMV**)
- **Libya:** 6 blocks (20% in JV with **Woodside και Repsol**)
- **Egypt:** 2 blocks (W. Obayed 30% in JV with **Vegas** and Mesaha 30% in JV with **Petroceltic, Kuwait Energy and Beach**)
- **Montenegro:** 3 blocks (following the acquisition of the local company JPK)

**Participation in 17 international rounds mainly in MMEA area in Joint Ventures with reputable oil companies as GdFSuez, Edison, Repsol, Woodside, Statoil, OMV, Lukoil, JAPEX, Kuwait Energy etc.**



2011

ENERGIAN

SEA OF THRACE

HELLENIC PETROLEUM

CALFRAC



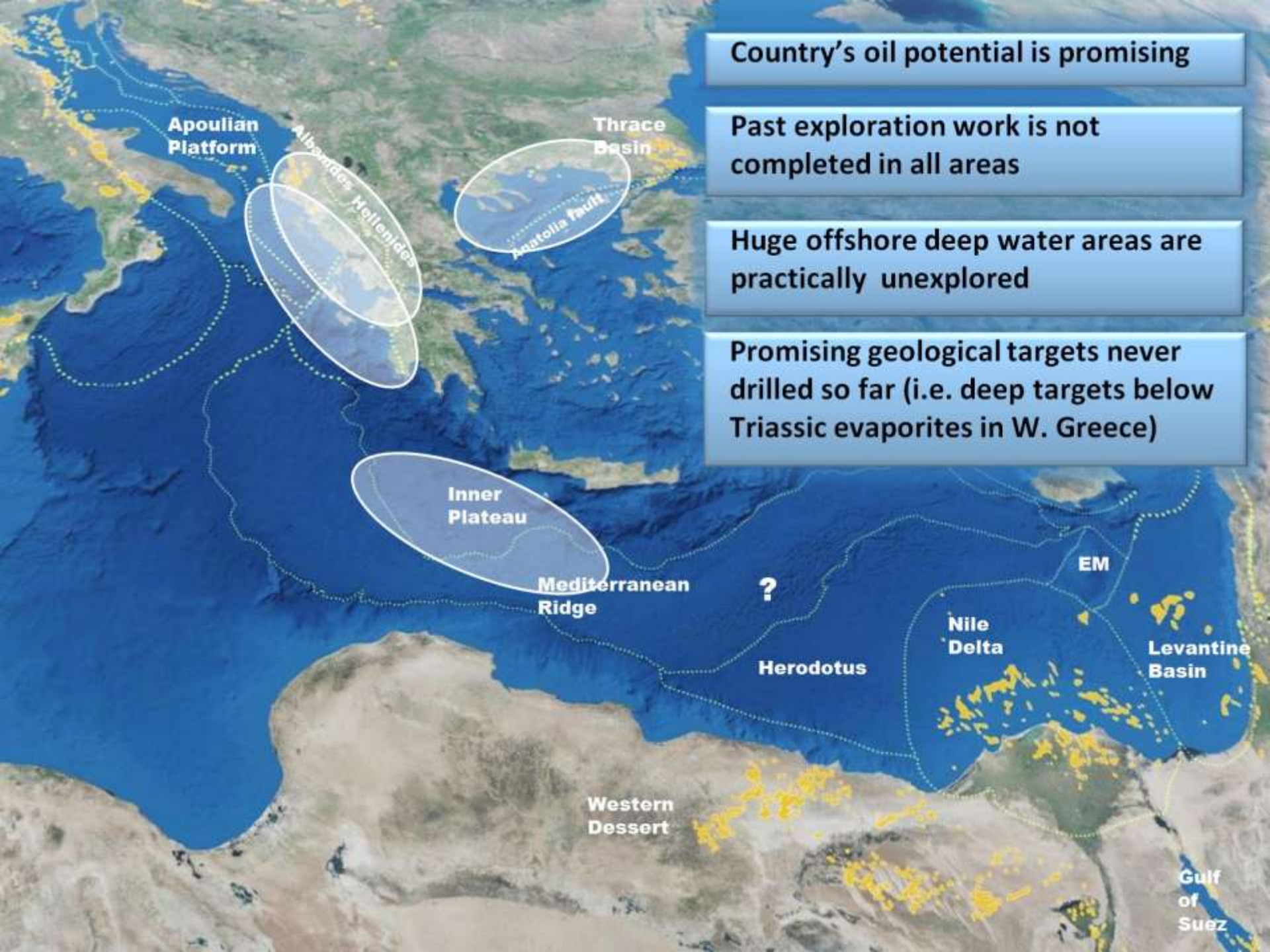












Country's oil potential is promising

Past exploration work is not completed in all areas

Huge offshore deep water areas are practically unexplored

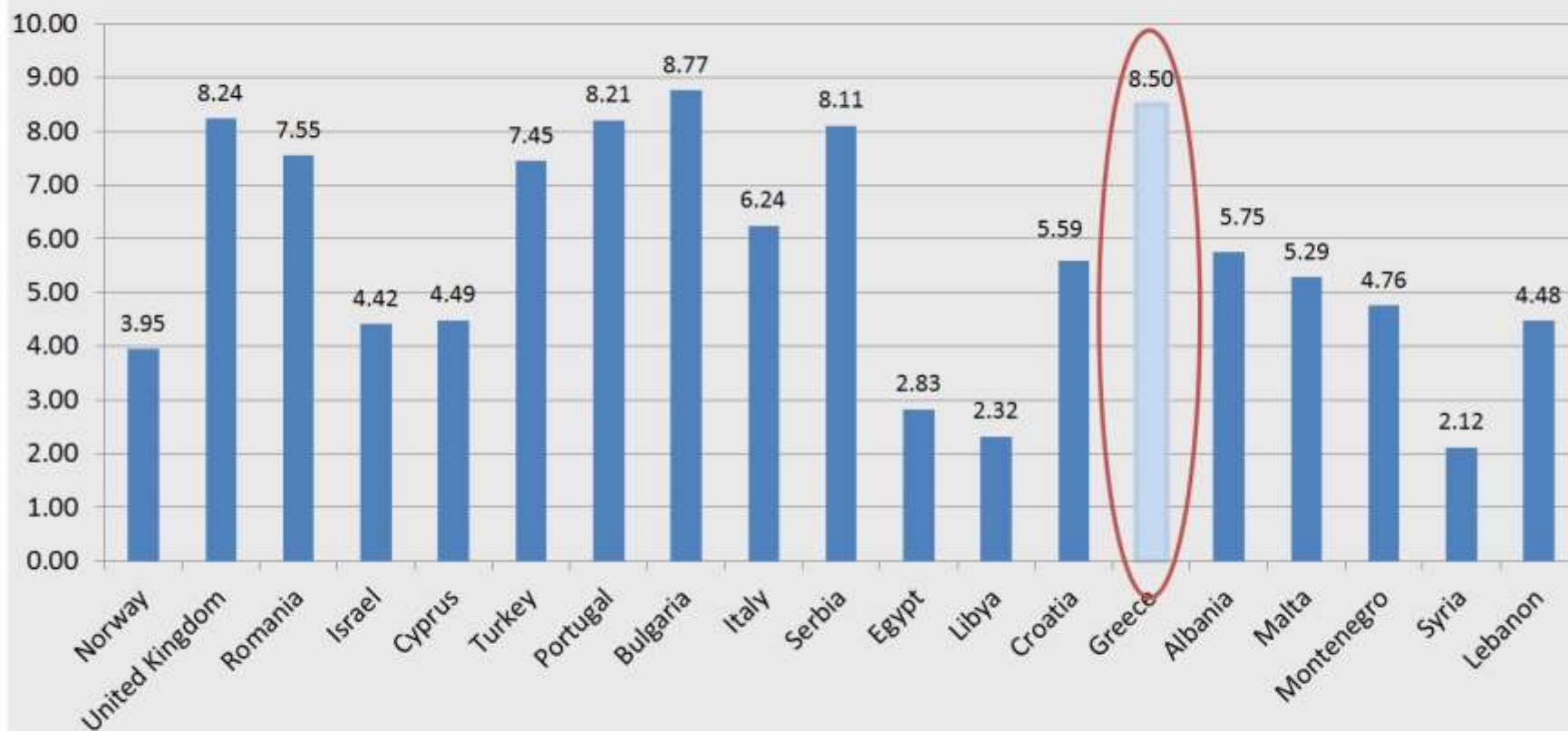
Promising geological targets never drilled so far (i.e. deep targets below Triassic evaporites in W. Greece)



# The existing Greek legal and fiscal regime is competitive

Source: IHS PEPS Report 3Q 2018

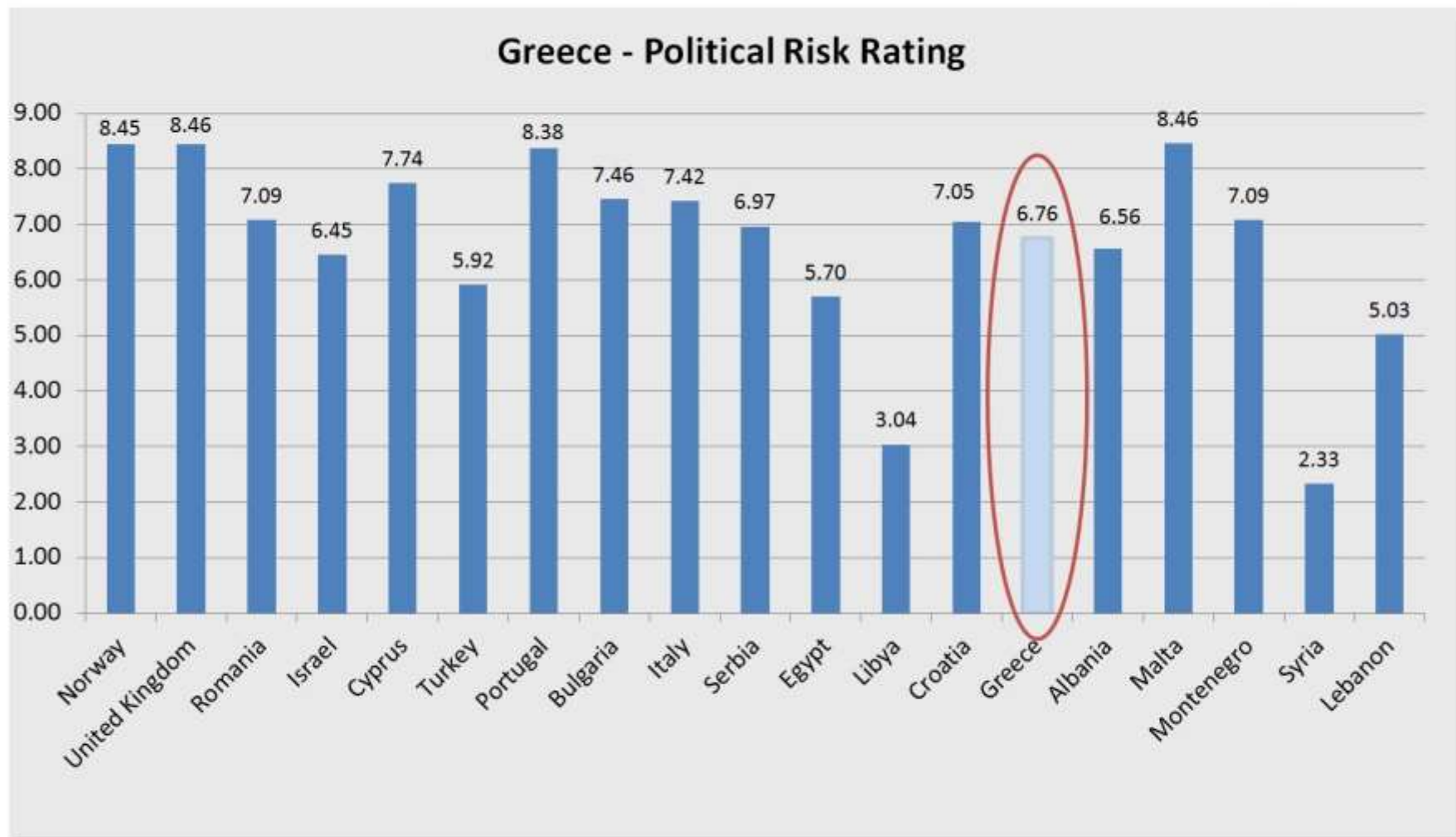
## Greece - Fiscal Rating



**Fiscal regime: Greece is ranked 7<sup>th</sup> amongst 130 countries**

# Political stability with low risk in a safe EU country

Source: IHS PEPS Report 3Q 2018



**Political risk: Greece is ranked 41<sup>st</sup> amongst 130 countries**

# HELPE: is considering Greek E&P sector as a pillar for growth



building a promising portfolio of blocks  
partnering with major oil companies



# 2012 Open door

ENERGEAN

SEA OF THRACE

HELLENIC  
PETROLEUM

CALFRAC

HELLENIC  
PETROLEUM

EDISON

petrocelltic



2012 -2014



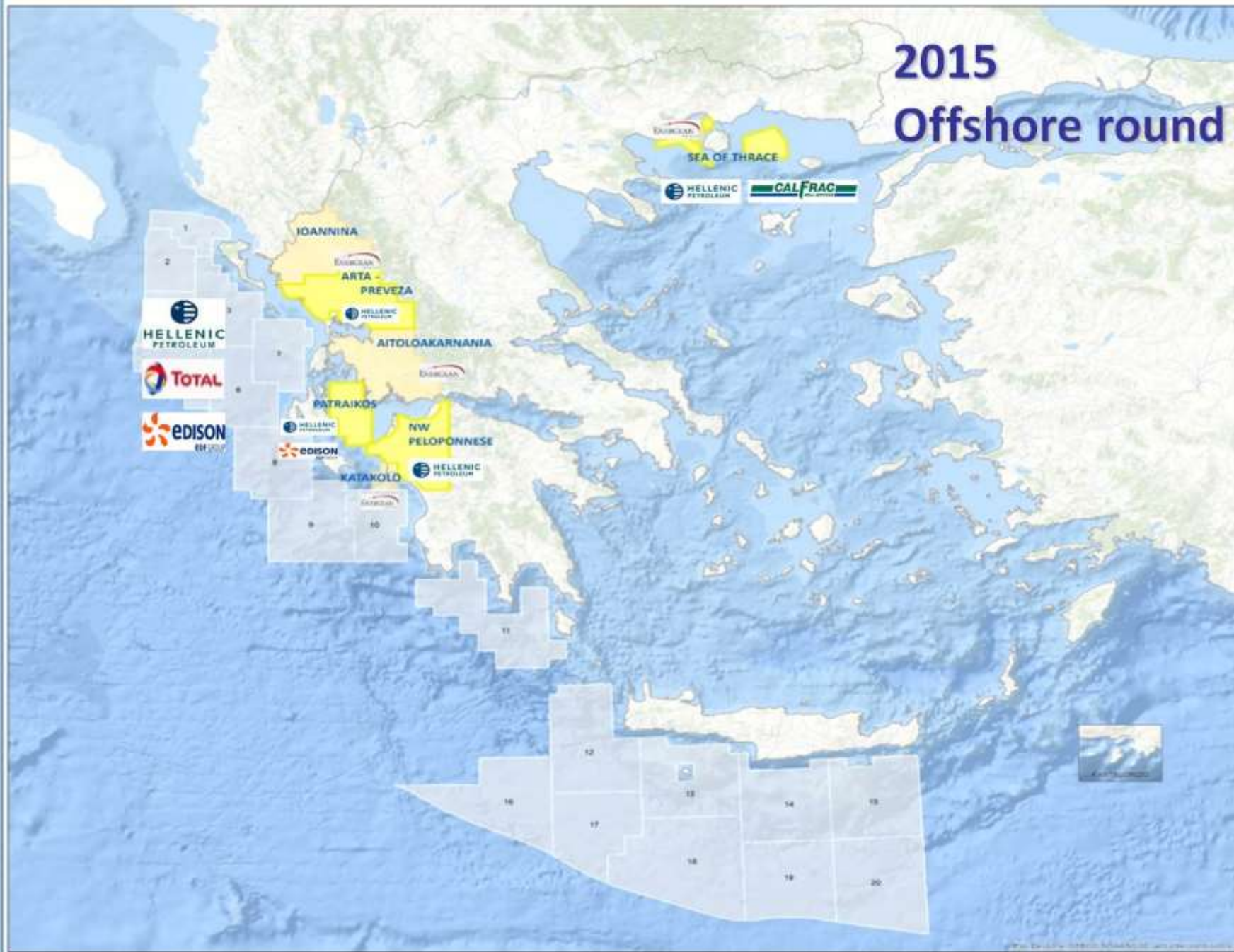


# 2015 Onshore round





# 2015 Offshore round



2016 2017



BLOCK 1  
HELENIC PETROLEUM

BLOCK 2  
TOTAL  
EDISON  
HELENIC PETROLEUM

HELENIC PETROLEUM

REPSOL

IOANNINA  
REPSOL  
EDISON

ARTA - PREVEZA  
HELENIC PETROLEUM

AITOLOAKARNANIA  
REPSOL  
EDISON

PATRAIKOS  
HELENIC PETROLEUM  
EDISON

NW PELOPONNESE  
HELENIC PETROLEUM

KATAKOL0  
HELENIC PETROLEUM

BLOCK 10  
HELENIC PETROLEUM

EDISON  
SEA OF THRACE  
HELENIC PETROLEUM  
CALFRAC

TOTAL

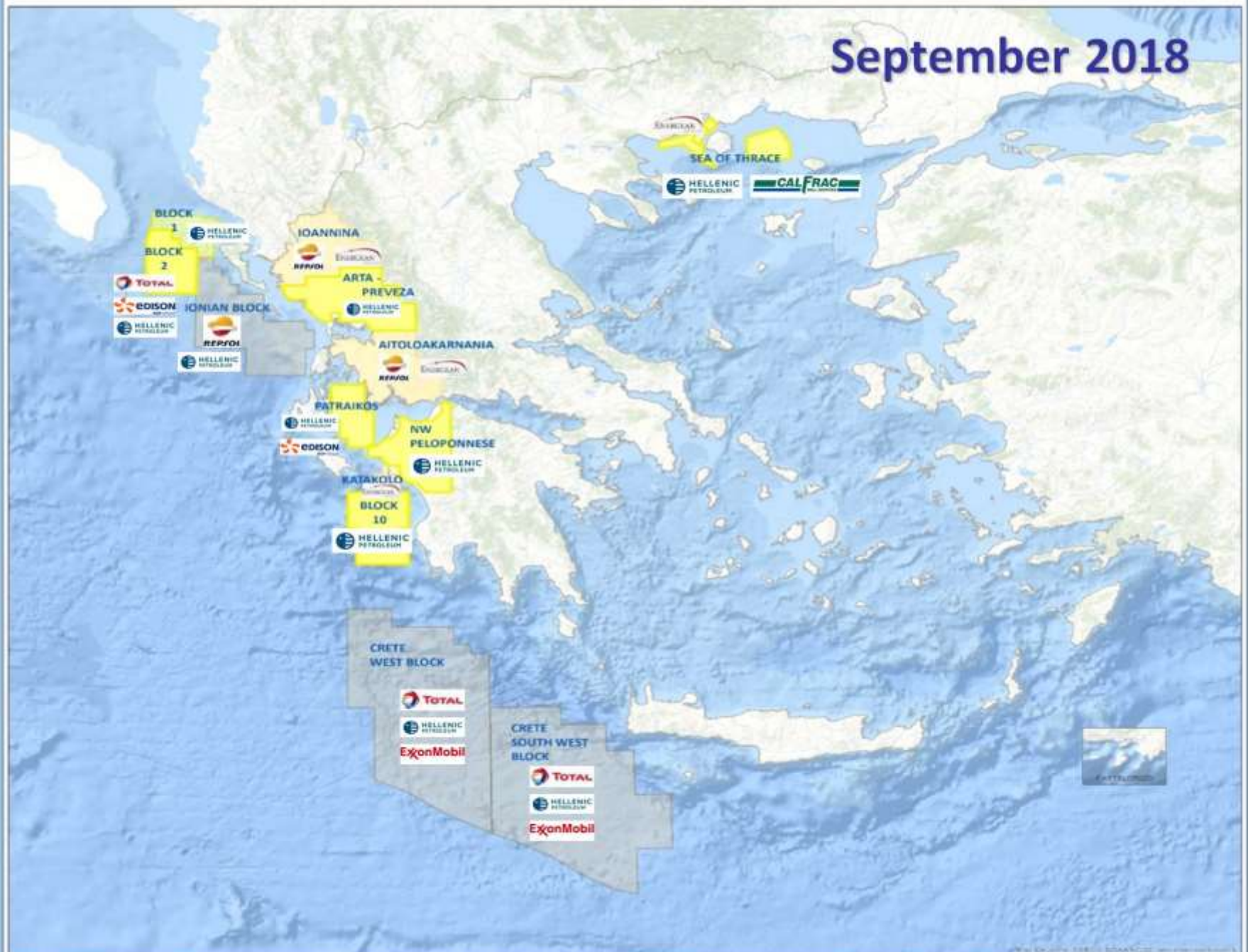
HELENIC PETROLEUM

ExxonMobil





# September 2018





The market environments, the competitive fiscal terms, the existing opportunities combined with the geological risks in the greater area of SE Europe and Mediterranean compelled us to better

## ***Understand***

that our strategy for growth should be adopted to

## ***Evolve***

and reformulate our portfolio focusing in Greece where our commercial and technical competitive advantages are strong

## ***Energise***

We are energized by our position now, while our excellent progress against our strategy leaves us in a confident position for the years ahead.

2012

ENERGIAN

SEA OF THRACE

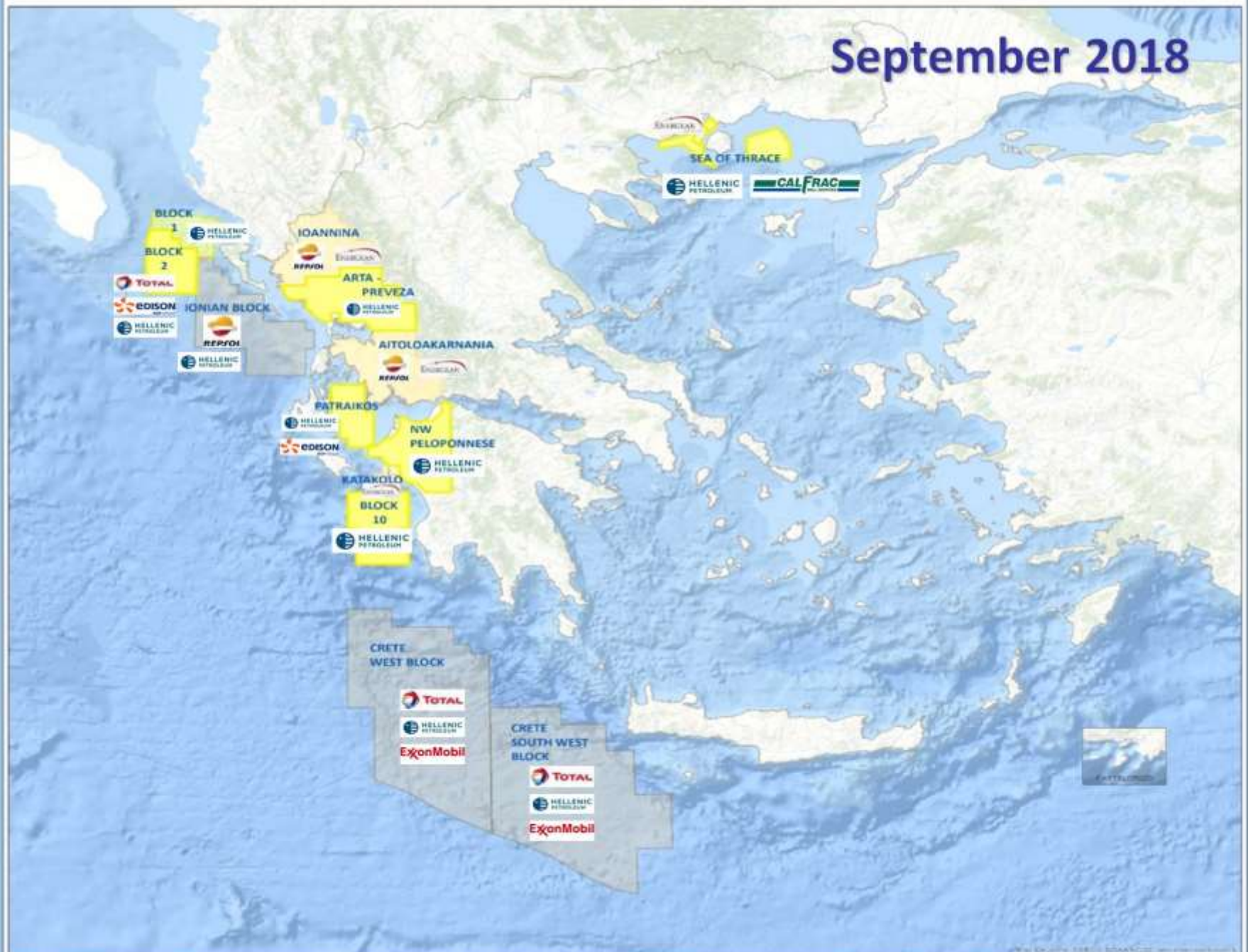
HELLENIC PETROLEUM

CALFRAC



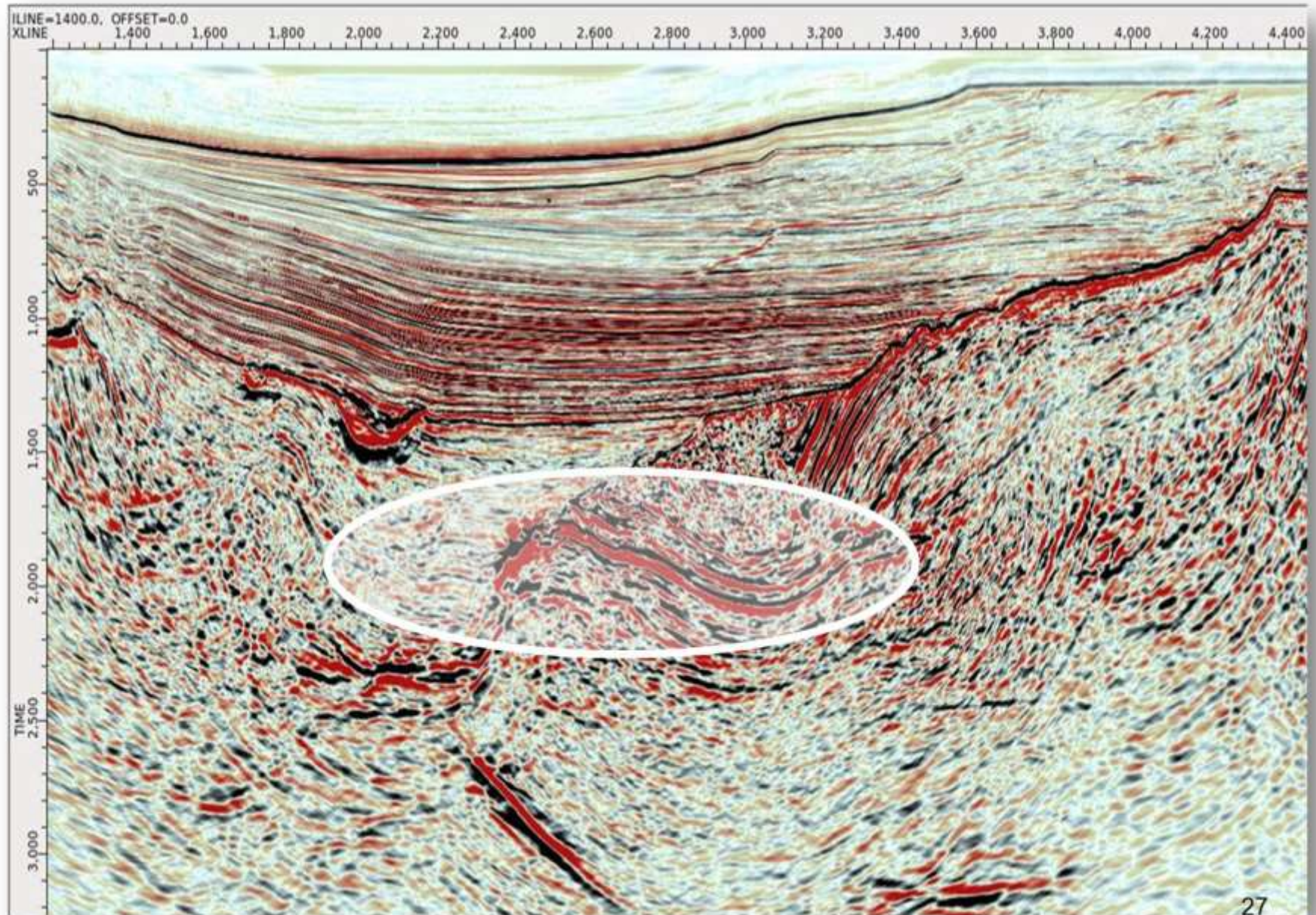


# September 2018





# Patraikos lease: 3D seismic indicate a promising geological target





## We are exploring Greece

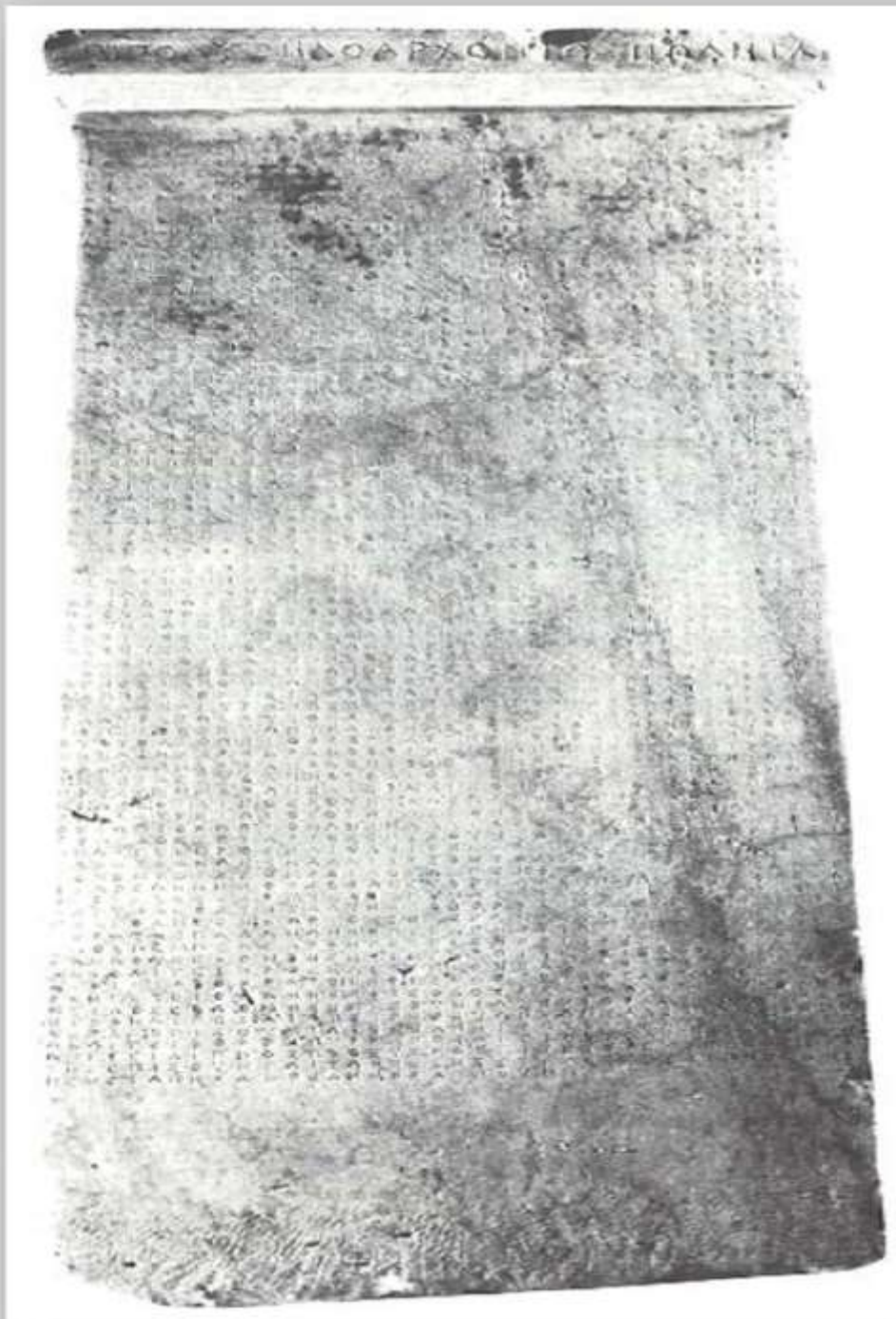
to develop and produce hydrocarbon resources

- ✓ At high HSE standards - With zero environmental impact
- ✓ In close friendly cooperation with local communities

contributing to corporate, local and national economic growth







**Marble column  
located at  
Athens Ancient Agora museum**





# 483 bc: silver vein was discovered nearby Athens (Lavrion)



Producing silver, Marble plate at Berlin Museum



Metallurgy, Pot at Athens Archaeological Museum



Entrance of ancient mine, Lavrion



Open pit for silver extraction, Lavrion



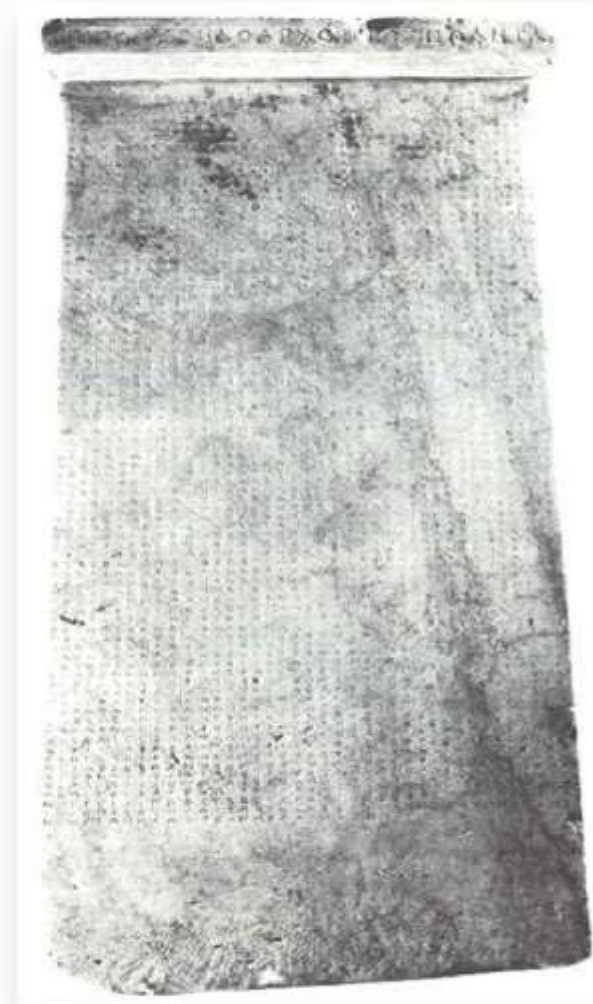
## Athenian State released tender for exploring, developing and producing silver

The ancient legislation, as found written in detail, is not inferior compared to the most updated upstream legislation: tender / offers / bids / negotiations / lease agreements agreements .....

The State released rounds and all the Athenian citizens could submit an offer describing in detail the exploration work program and “drachma” commitments, royalties to be given to the State

The offers were evaluated and negotiated with state representatives, who were chosen by lot amongst the citizens and were changed every 6 months

The Lease agreement was ratified by voting in the Parliament





## Athenian State grants licenses to preferred bidders to explore and produce silver receiving royalties

The royalties, given by the lessors to the state, allows Athens to become strong being the **most powerful State in the known world at the time**

Athenian State issues the famous silver coin (99,9 % silver) called **“Drachma”** - the **Euro** at the time



## Mid 480's: Persians, after their victory at Thermopylae, are asking again from the Greeks "earth and water"

The Athenians, now are well prepared.  
Themistocles, a brilliant leader, convinced the citizens to use the royalties from the silver mines to build warships (triremes) to fight the Persians

### 480 bc: Naval battle of Salamis





# Battle of Salamis: major turning point in European history





# Athens, a democratic State saved Europe from subjugation and enslavement by eastern invaders





***Understand***

***Evolve***

***Energise***





The Athenian **Golden Century** starts philosophy, culture, sciences, architecture and above all **freedom and democracy** are inherited to people of Europe for ever ....



**Many thanks  
for your kind attendance**