

**8th South East Europe
Energy Dialogue
12 June 2014**

**The re-emergence
of Greece's Upstream Oil & Gas sector:**

Hellenic Petroleum experience

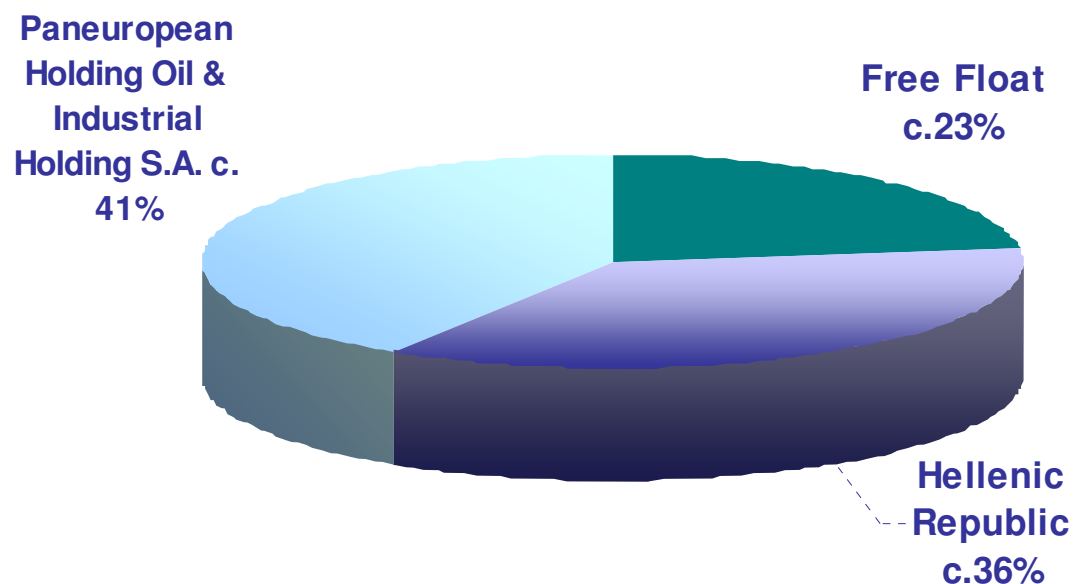
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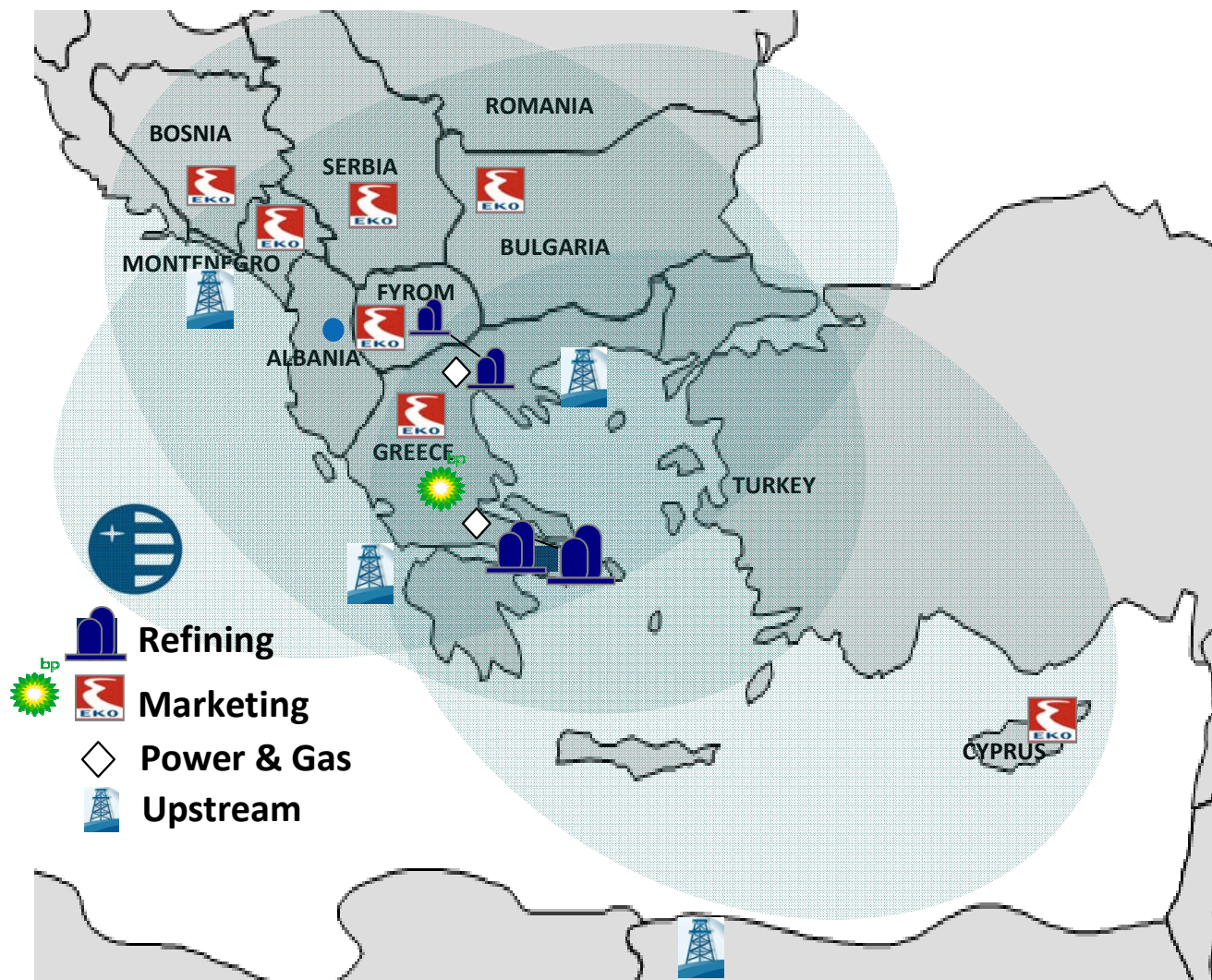
- Hellenic Petroleum E&P activities and experience
- Patraikos Lease
- Upcoming licensing rounds in Greece
- What oil industry is expecting

Hellenic Petroleum formed at 1998



- Comes from the **merger of the state companies** in the upstream (**DEP and DEP EKY**), downstream and retail Greek oil sector
- Listed in Athens Stock Exchange since **1998**
- Paneuropean Oil, member of **Latsis Group**, is **major shareholder with 41%** having a long term presence in the oil refining and trading industry in Greece.

Hellenic Petroleum is a diversified integrated regional energy player enjoying a leading position in Greece and SEE

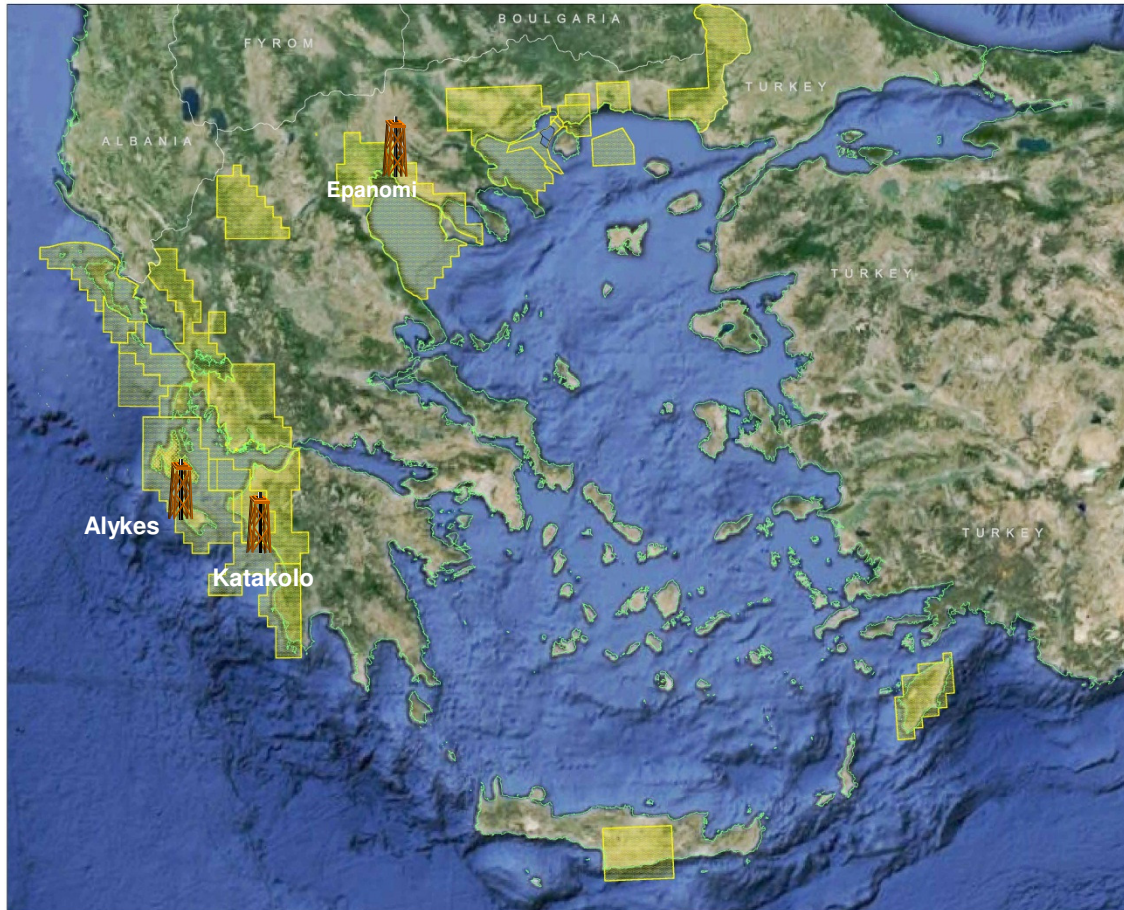


- Built around its strong R&M asset base (**annual sales: €10 -11 billion; EBITDA €350 million**)
- Completed its **investment plan (\$ 2 billions)**, moving to the delivery phase of a **significant cash generation** improvement
- **High quality assets**, especially coastal refineries which having delivered a substantial performance improvement program, enabling **over performance vs. benchmarks**
- **Recognised retail brand names**
- **Solid financial position** throughout the cycle, enabling to successfully complete the heavy capex period and manage through Greek crisis and challenges in the region

Hellenic Petroleum explored the country 1975 - 2007

Oil system proved
Marginal fields discovered:

Katakolo oil field (1981, offshore W. Greece)
Epanomi gas field (1989, onshore N. Greece)
Alykes heavy oil (1990, onshore Zante)



- **The Greek State granted to state companies DEP and DEP-EKY (Hellenic Petroleum predecessors) E&P rights in 26 blocks**
- DEP and DEP-EKY, acting as **operator** with its own experienced personnel, explored the country acquiring **63.000 km seismic** data (12.000 km with its own seismic crews)
- All G&G data processed and interpreted in house
- **75 wells were drilled**
- Offshore areas in deep waters (>500m) and deep structures remained unexplored.

1997: 1st Licensing Round



Ioannina: Enterprise 80% (operator), Hellenic Petroleum 20% An oil promising prospect mapped based on dynamite, Vibro and heli portable seismic data. The well Demetra due to high pressure did not reach the target (3,966 m).

NW. Peloponnese: Enterprise 80% (operator), Hellenic Petroleum 20%. Based on old and newly acquired seismic 2 dry wells drilled.

W. Patraikos: Triton 88% (operator), Hellenic Petroleum 12% Numerous Interesting prospects and leads are mapped based on a dense grid of seismic data, but were not drilled.

Aitolokarnania: Triton 88% (operator), Hellenic Petroleum 12%. Two dry shallow wells drilled based on G&G (gravity, magnetics, MT, seismic) before relinquishing this mountainous area.

2002: All four areas were relinquished mainly for commercial reasons without completing the exploration effort

Since 1998 Hellenic slowed down its E&P activities in Greece

- Following the privatization of DEP, its E&P rights granted in the past in **26 areas** were transferred to Hellenic Petroleum



- However according to the legislation (Law 2289) **Hellenic Petroleum should explore the areas in Greece alone** (it was not allowed to farm out its rights); so it was decided to
 - continue its participation in the existing JVs with Enterprise and Triton in 4 areas in W. Greece
 - due to high technical risk in the rest areas slow down the activity to low cost desk studies
 - discuss with the Greek State business options (unsuccessful requests for new licensing rounds 2000, 2004, 2007)
 - invest in E&P opportunities abroad

In 2007 the Greek State revoked unilaterally Hellenic's E&P rights in all awarded in the past areas (26 blocks except Sea of Thrace concession)

Hellenic's international expansion in E&P



The last six years we invested more than **\$ 220 millions** in exploration activities **drilling 34 wells** and **discovering more than 80 mmbbls** in JV with international reputable oil companies

- **Albania:** 3 blocks (49% in JV with **OMV**)
- **Libya:** 6 blocks (20% in a JV with **Woodside and Repsol**)
- **Egypt:** 2 blocks (W. Obayed 30% with **Vegas** and Mesaha 30% in JV with **Petroceltic, Kuwait Energy and Beach**)
- **Montenegro:** 3 blocks (acquisition of the local state company **JPK**)
- **Greece:** 25% Sea of Thrace concession

Participated in more than 15 international rounds in **JVs with GdF, Lukoil, OMV, Repsol, JAPEX, Woodside, Edison, Kuwait Energy, Oil Search, Petroceltic** etc.

Hellenic Petroleum focuses its E&P growth strategy in Greece

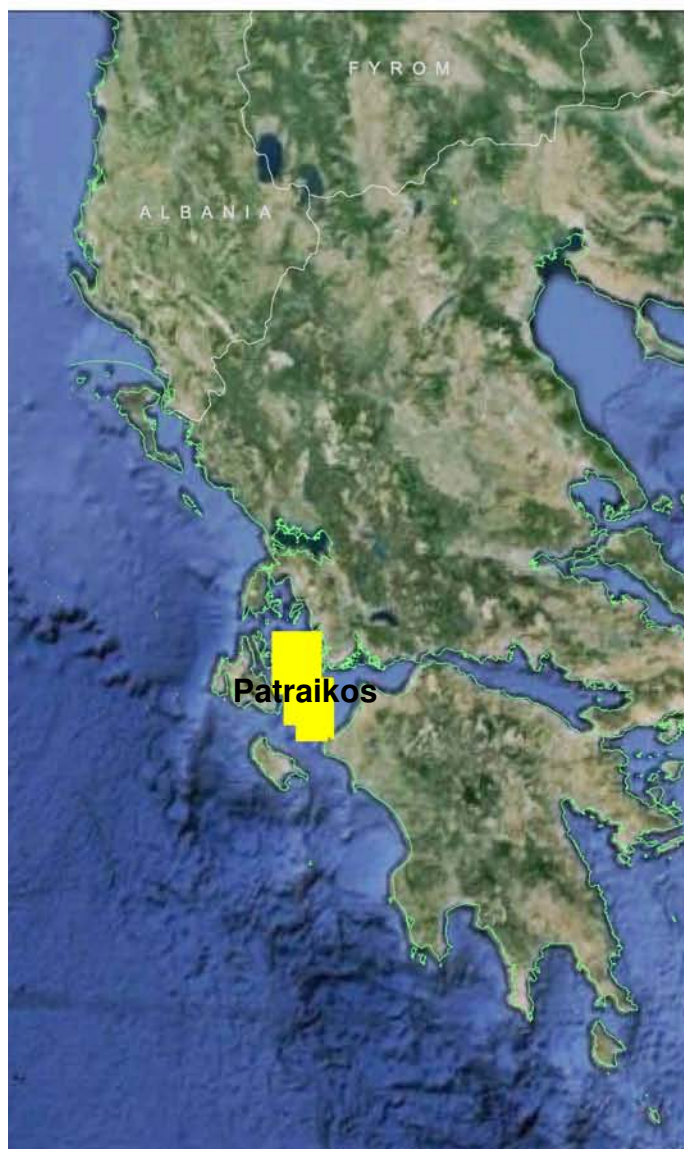


Hellenic Petroleum, the leading oil company in Greece,

- having deep knowledge of the Greek geology
- having being the operator in 26 blocks in Greece and Egypt
- with international experience in participating in more than 15 JVs with other major oil companies in Greece, Libya, Egypt, Albania and Montenegro

is following the recent developments in the Greek upstream sector **evaluating** the business opportunities and intends **to participate through JVs in future rounds** with reputable financially strong oil companies **focusing its E&P growth strategy in Greece**

W. Patraikos Lease (open door 2012 round)



- Back in **January 2012** the Greek State announced an Open Door process for 3 areas in W. Greece
 - Bid date was 2nd July 2012
 - Offers opened Sept 2012
 - Revised offer submitted May 2013
 - Negotiations for the Lease Agreement started October 2013 and completed April 2014

- Finally, in **14th May 2014**, exclusive **E&P rights awarded for the W. Patraikos** area to business scheme comprising
 - **Hellenic Petroleum** (33.3%, operator)
 - **Edison International SpA** (33.3%)
 - **Petroceltic Resources** (33.3%)

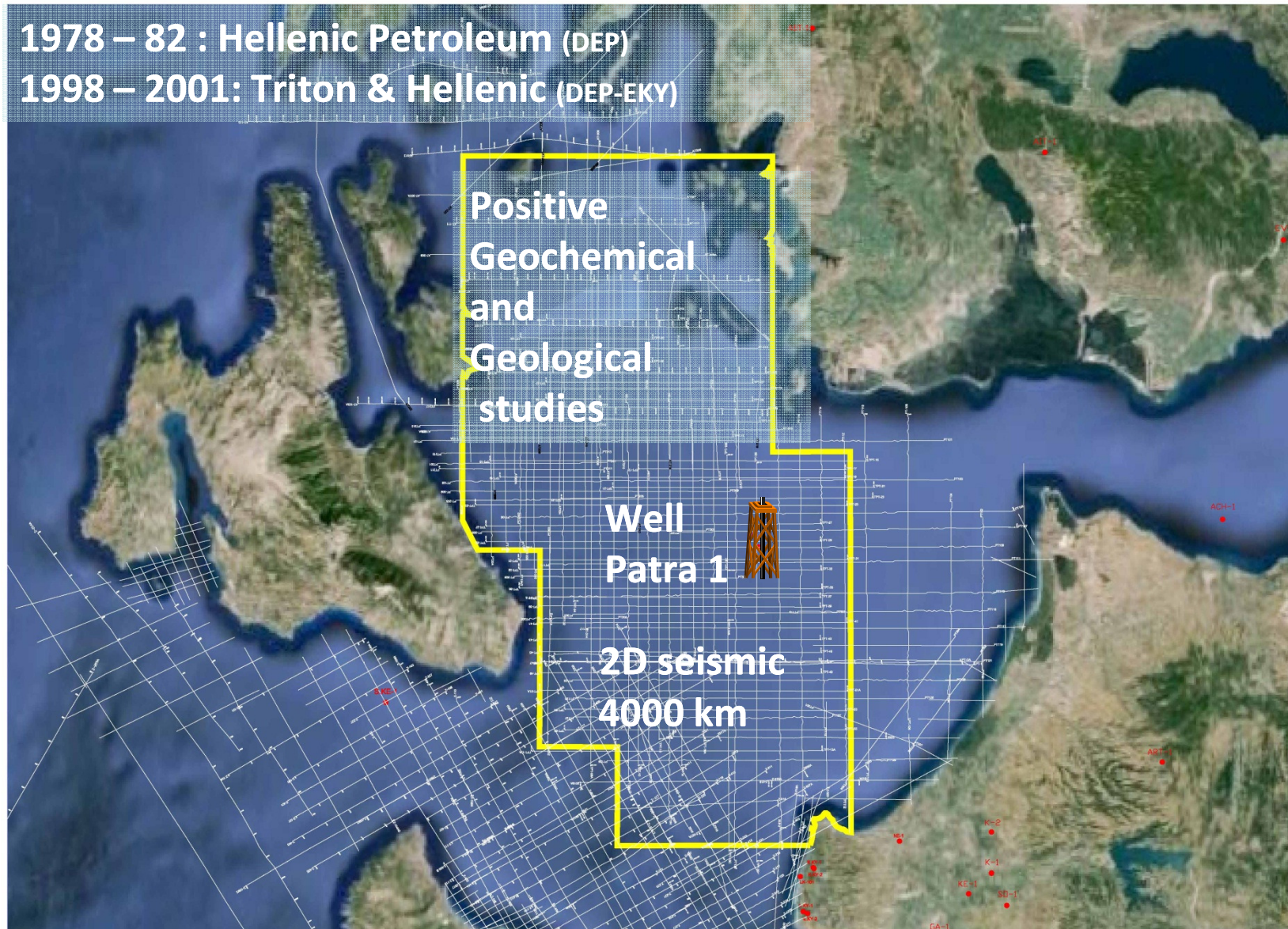
The executed Lease Agreement is expected to be ratified by the Greek Parliament over the coming weeks



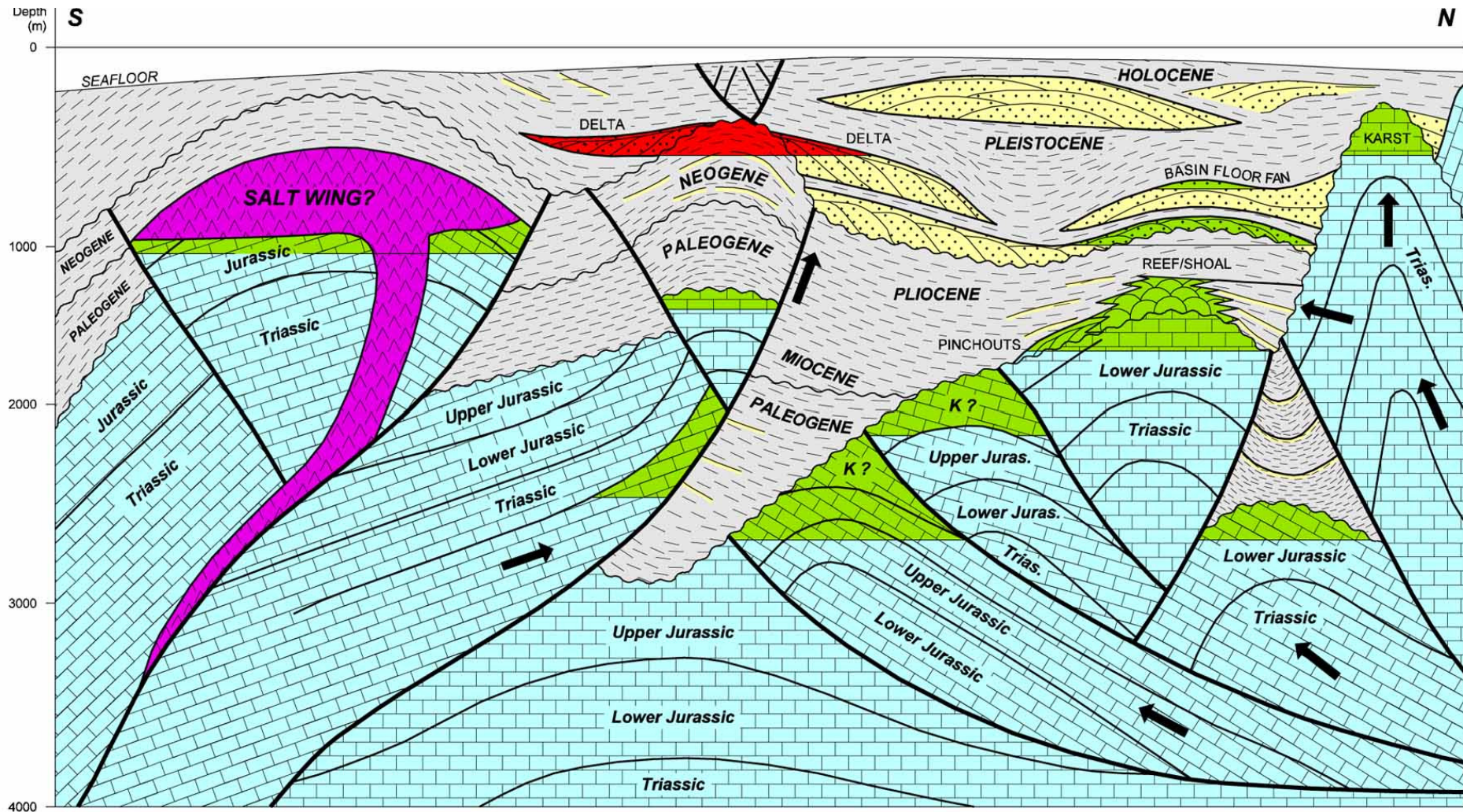
A group of established, reputable and financially strong oil companies with vast experience and knowledge in Adriatic and Ionian sea will explore the mother Earth with gratitude and respect investing for the prosperity and development of the local societies



Patraikos: Hellenic's past exploration activities



High risk, oil promising area with complex geology

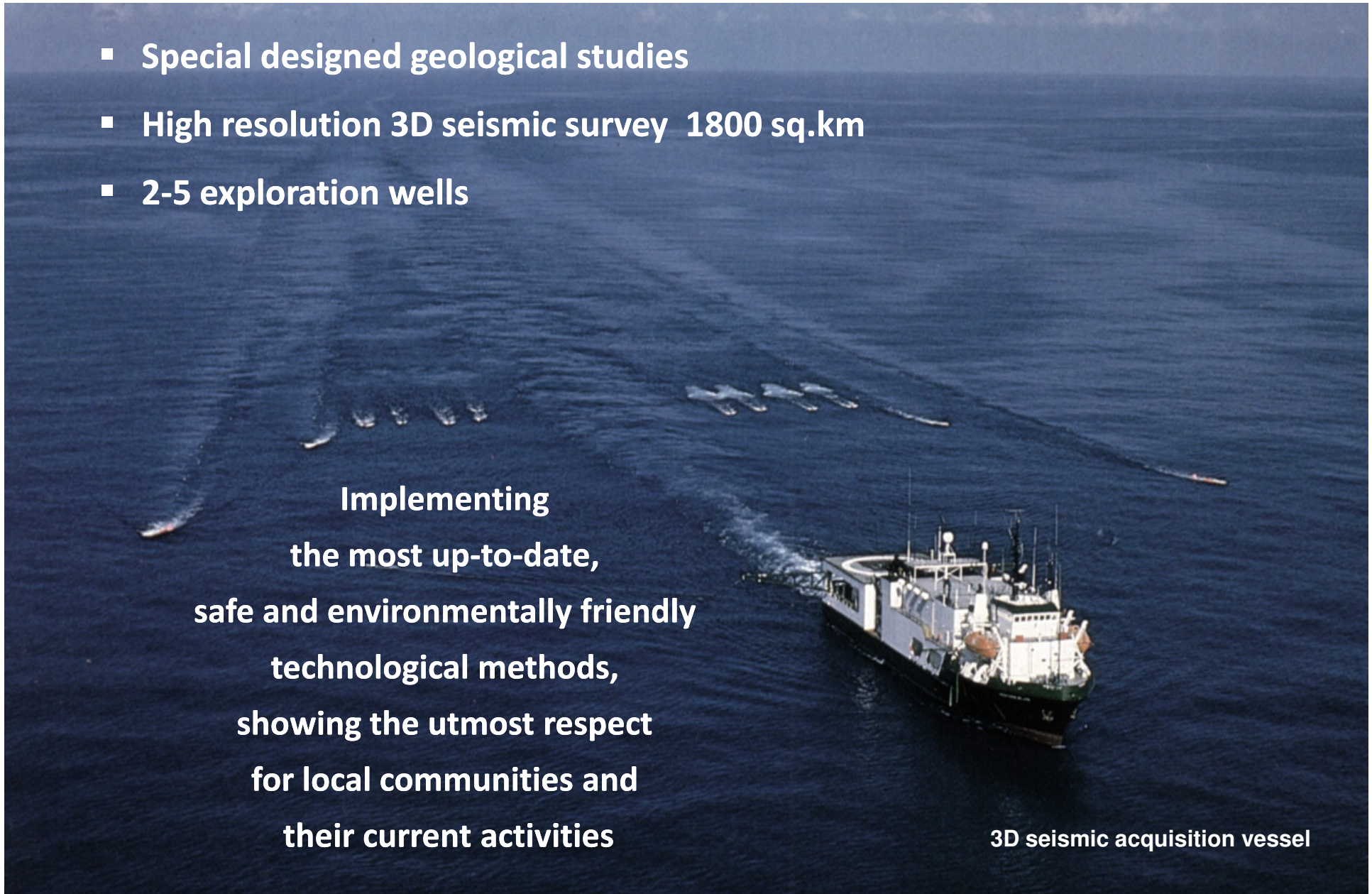


**Our exploration strategy: If there is any oil field in the area,
then we will discover and produce it**

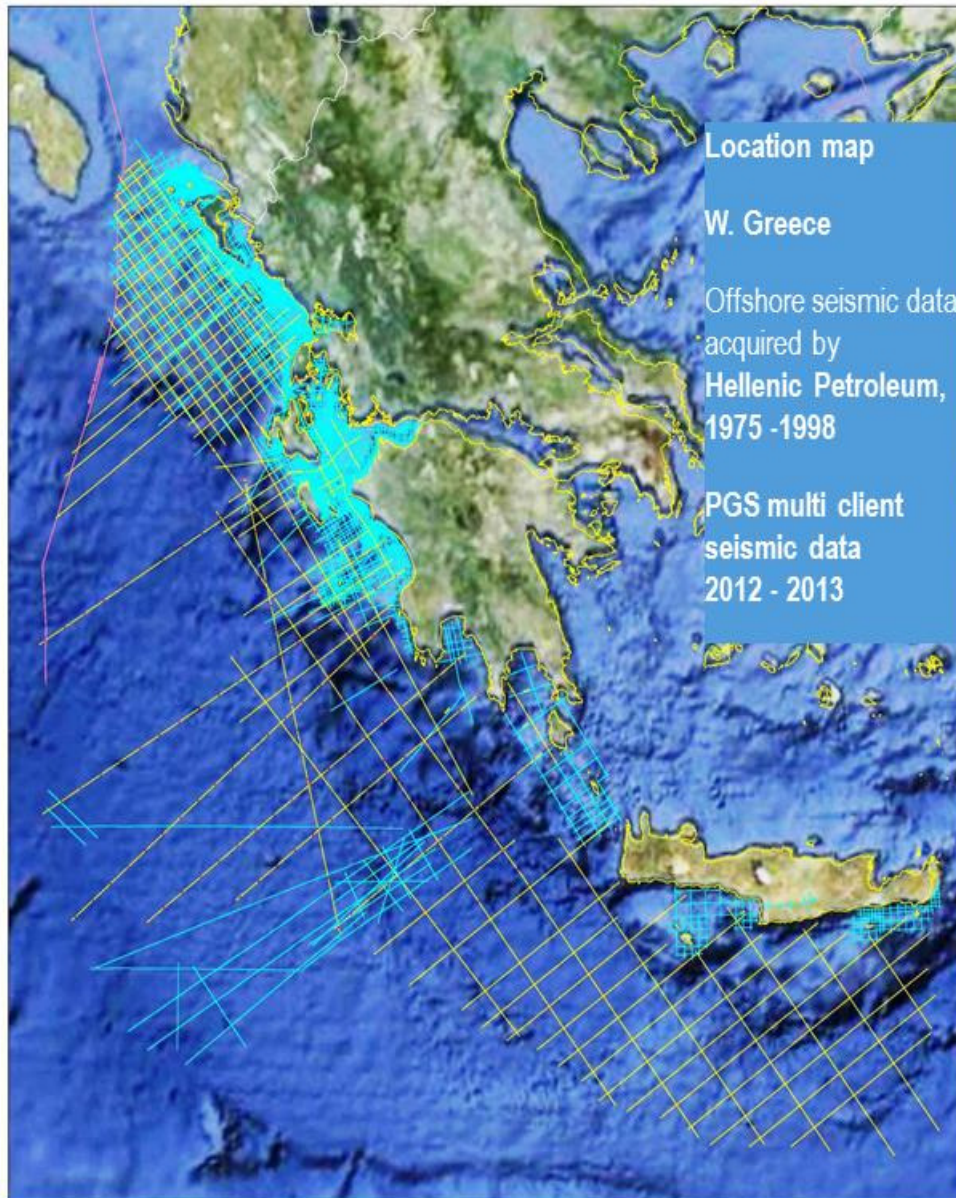
- **Special designed geological studies**
- **High resolution 3D seismic survey 1800 sq.km**
- **2-5 exploration wells**

**Implementing
the most up-to-date,
safe and environmentally friendly
technological methods,
showing the utmost respect
for local communities and
their current activities**

3D seismic acquisition vessel

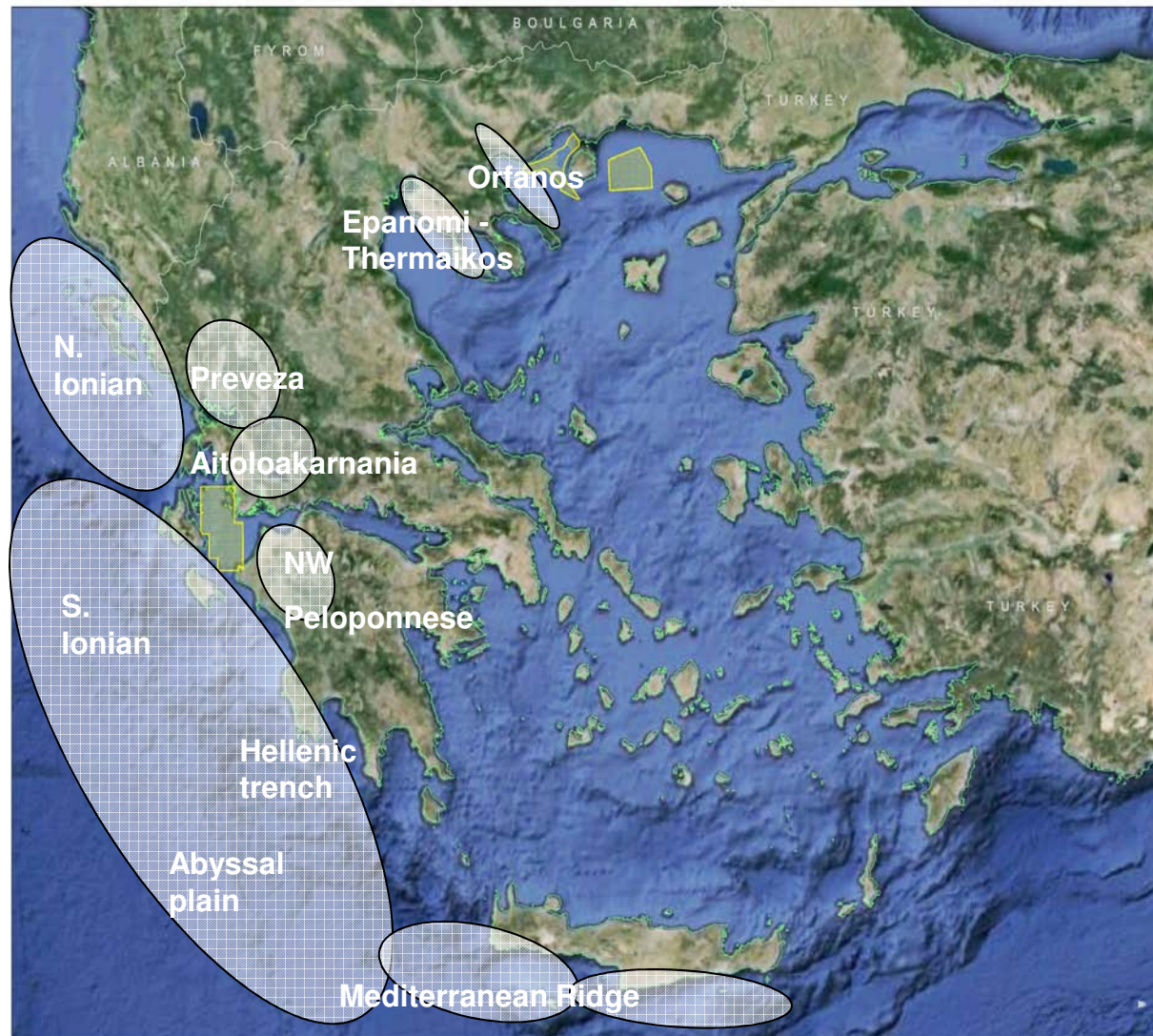


Hellenic's competitive advantage



- The Greek State retained PGS to acquire non exclusive seismic data offshore W. Greece, covering a huge area of more than 200.000 sq. km
- **Hellenic Petroleum purchased the data**; PGS has delivered late January 2014 the final seismic lines
- The seismic data in **Ionian sea comprises a dense grid of superior quality**, while it is not the case around Crete.
- **Currently we are working on these data, using the most sophisticated interpretation tools**
- The deep technical knowledge of the area is **our strong competitive advantage**

Upcoming licensing rounds



Interesting areas with:

- Undrilled mapped prospects and leads
- Deep geological targets (>3.000 m)
- Huge unexplored areas in deep waters (>500 m)

There are not past exploration studies for natural gas and shale gas

Oil industry is expecting the State to follow strict tender terms

What we are expecting from the Greek state

- to establish a fully staffed authorised and operating regulatory body (ΕΔΕΥ), which will manage in a professional way country's E&P rights on behalf of the Greek State
- to offer a competitive flexible fiscal and legal regime similar to the upstream industry's international standards
- based on its experience from the recent “open door” process to
 - release a proper international licensing round
 - offer attractive legal, fiscal, tax and commercial terms complying with upstream standards
 - follow strict and transparent procedures to evaluate the offers disqualifying “oil companies” which do not meet the set financial and technical criteria
 - keep a tight realistic announced time schedule

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Many thanks for your attendance

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