

## HELLENIC PETROLEUM

### **FULL - YEAR 2005 FINANCIAL RESULTS**

**(In accordance with International Financial Reporting Standards)**

#### **Strong profits and higher dividend for Hellenic Petroleum Group in 2005**

Hellenic Petroleum Group reported 2005 Consolidated Earnings Before Tax of Euro 495 million and Net Income of Euro 334 million, corresponding to Euro 1.09 per share (EPS), up 161% compared to 2004. Hellenic Petroleum's Board of Directors will recommend to the forthcoming AGM the payment of a final dividend of Euro 0.28 per share. Including the interim dividend of Euro 0.15 per share which was approved by the December 2005 EGM, this brings the total dividend for 2005 to Euro 0.43 per share, 65% higher than 2004. The total dividend of Euro 0.43 per share consists of an ordinary dividend of Euro 0.25 per share and an extraordinary dividend of Euro 0.18 per share.

Group Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) for 2005 were Euro 671 million.

The key 2005 financial indicators were as follows:

- Sales Euro 6,653 million, up 36%
- EBITDA Euro 671 million, up 80 %
- Net Income Euro 334 million, up 161 %
- Earnings per share (EPS) Euro 1.09, up 161 %
- Operating cash flow measure Euro 486 million, up 545%
- ROACE 13.8% versus 5.5% in 2004
- Proposed total dividend for the year (including interim dividend) Euro 0.43 per share, up 65%

Significant market factors affecting the 2005 results were:

- Continuation of the generally positive refining environment with:

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- High and volatile crude oil and product prices
- High and volatile refining margins for complex refineries in the Mediterranean (Med Cracking refining margins).
- Lower domestic demand for petroleum products, with the exception of motor gasoline and jet.
- Euro to US Dollar exchange rate at the same average levels of 2004

Key developments by business segment were as follows:

#### **REFINING, SUPPLY & TRADING:**

Operating profit for this activity reached Euro 502 million (+134%). Key drivers have been:

- Volumes:
  - Hellenic Petroleum increased its market shares in the Greek market. Total volumes sold from the company's Greek refineries were 15.5 million tons, 2% lower than 2004
  - OKTA refining sales were 958 thousand tons, 21% higher than in 2004
  - Crude transported through the Thessaloniki - Skopje pipeline were 960 thousand tons, compared to 830 thousand tons in 2004
- Operational:
  - Improved yields from Aspropyrgos refinery following the 2004 upgrade
  - Fully captured supply / refining synergies
  - Maintained operating expenses at levels lower than 2004
- Market / Environment:
  - Higher than 2004 cracking refining margins and increasing crude oil and product prices throughout the year had a positive impact on results. Consequently, the Refining, Supply & Trading EBITDA in 2005 increased by Euro 304 million compared to 2004, with inventory gains accounting for 50% of this increase.

#### **RETAIL MARKETING:**

Operating profit for Retail Marketing was Euro 46 million, up 18% from 2004. The increase is due to international marketing subsidiaries which, although still in early growth phase, are delivering improved results and higher sales volumes. The international marketing subsidiaries delivered in 2005 an EBITDA of Euro 22 million (+54%) and sales volumes of 749 thousand tons (+4%). EKO, on the other hand, reported results lower than 2004 due to

lower sales volumes (4.0 million tons in 2005, lower by 2% compared to 2004) and lower gross margins.

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#### PETROCHEMICALS:

Sales volumes of the petrochemical sector in Q4 2005 increased by 8% compared to the same period of the previous year, while total sales for 2005 were 383 thousand tons, 3% lower than 2004. EBITDA for 2005 was Euro 27 million, 19% percent lower than 2004, mainly due to lower global PVC margins.

#### POWER GENERATION AND TRADING:

Completed the construction of the 390 MW CCGT plant in Thessaloniki, and started commercial operation on December 24, 2005, following successful start up and testing. Started power trading activities through imports at the North interconnection and exports to Italy.

#### EXPLORATION AND PRODUCTION:

The Woodside (45%, operator), Repsol (35%) and Hellenic Petroleum (20%) JV continued exploration activities in 6 blocks in Sirte and Murzuk basins in Libya, and evaluation of Atchan gas field in line with plans and commitments to NOC. 2006 drilling program is underway.

Hellenic Petroleum submitted a bid in the EGPC exploration round for two blocks in Egypt. Hellenic Petroleum's management key targets remain the safe operations of the assets, the improvement of the competitive position of the Group, and the increase of returns on capital employed. To this extend key accomplishments during 2005 included:

- Safer operation of installations and reduction of the Lost Workday Injury Frequency (LWIF) index in 2005 to 3.48, compared to 4.75 in 2004
- Strict control of operating expenses, which were maintained at levels lower than 2004
- Recruitment of new experienced management team for the international activities, with specific knowledge of the markets abroad
- Introduction of a variable compensation scheme for the management team of Hellenic Petroleum, linked to Key Performance Indicators and Personal Business Objectives

Capital investments for 2005 were Euro 185 million, 50% of which were the completion of the 390 MW power plant in Thessaloniki.

The total net debt of the Group at the end of the year amounted to Euro 700 million, lower by Euro 12 million compared to September 30, 2005. Although high crude oil and product prices led to increased working capital requirements, debt gearing at the end of 2005 was still low at 25% (D/D+E) compared to 17% at the end of 2004.

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Following the positive results of the year and the strong financial position of the Group, the Board of Directors will propose to the General Assembly the payment of final dividend of Euro 0.28 per share which, including the interim dividend of Euro 0.15 per share that was approved by the December 2005 EGM, brings the total dividend for 2005 to Euro 0.43 per share, 65% higher than 2004.