

1st Oil & Gas Forum – Alexandroupoli, September 7, 2017

“Oil & Gas Reserves in Greece: Prospective of new drillings, tenders and business alliances”

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Speech Text

Good afternoon Ladies and Gentlemen,

First of all, I would like to thank the American-Hellenic Chamber of Commerce for taking the initiative to organize the 1st Oil & Gas Forum, in cooperation with Hellenic Association for Energy Economics. It is my pleasure to be here today to present and discuss with you the perspectives and challenges of Hydrocarbon Exploration in Greece.

(Slide 1) With rising global energy demand trends up to 2040, and solid projections that oil & gas will continue to hold a sizeable percentage of the energy mix, despite stronger contribution by alternative sources such as renewables and nuclear energy, the quest for new oil & gas reserves lingers on. The recent discoveries of gas fields in Israel, Egypt and Cyprus have revived interest in SE Mediterranean.

HELPE financial results

Before going into details with regards to our development program for Oil & Gas Exploration in Greece, let me briefly present to you the financial results recently announced for Hellenic Petroleum Group.

(Slide 2) Second quarter 2Q17 Adjusted EBITDA stood at €228m (+46%) and Adjusted Net Income at €98m, significantly up compared to last year, while 1H17 Adjusted EBITDA came to €457m (+40%) and Adjusted Net Income to €224m (vs. €108m in 1H16) **(Slide 3)**. Refining, Supply & Trading performance was the key driver for results improvement, while Fuels Marketing also recorded improved performance.

HELPE strategy in Upstream sector

Hellenic Petroleum, based on its strong commercial and financial position, **(Slide 4)** as part of its growth strategy, is playing a leading role in the upstream sector in Greece, where we enjoy a significant competitive advantage: our experienced geoscientists have a remarkable knowledge of the Greek geology.

(Slide 5) The last years we reviewed thoroughly all the available legacy exploration data incorporating the recently acquired multi-client seismic data shot by PGS offshore western Greece and we concluded some new geological concepts. **(Slide 6)** Based on that knowledge, we have started sharing our ideas with international oil companies to form JVs to explore further the country and reveal its hydrocarbon potential.

Blocks awarded to Hellenic Petroleum

The result is clear. HELPE participated in three license rounds so far and have already been awarded exclusive exploration and production rights – alone or with international partnerships – on the following blocks **(Slide 7)**:

- West Patraikos Gulf block, acting as operator in a joint venture with Edison (50% each)
- NW Peloponnese & Arta/Preveza onshore blocks (the lease agreements signed on May 25th with the Ministry of Environment & Energy).

Furthermore, HELPE have submitted bids for 3 additional offshore blocks in western Greece:

- Block 1, north of Corfu
- Block 10, at Kyparissiakos Gulf
- Block 2, west of Corfu, in a joint venture with Total (operator, 50%), Edison (25%) and HELPE (25%)

HELPE has been nominated as selected applicant for blocks 2 & 10, whereas the evaluation of our offer for Block 1 is still ongoing.

The resurgence of interest is evident. In that context, state officials and institutions involved in the process of the tenders should do their best to speed up the license award. Equally – if not more – important is to maintain the current legislative framework that governs Exploration & Production in Greece, which has incorporated the EU regulations and just fine tune it in some specific clauses to reflect the current industry standards.

Current exploration activities at Patraikos

We are currently close to concluding the 1st phase of exploration in the Patraikos Gulf (**Slide 8**). During the last three years, HELPE and Edison have agreed not only to fulfil the minimum contractual work program commitments, but also to reprocess and acquire additional seismic data. Therefore, 2,000 km of legacy seismic 2D data together with newly acquired 325 km 2D and 1,800 sq.km 3D data have been processed with state-of-the-art technology. We went to great lengths to fully comply with environmental legislation and minimize nuisance to people and natural life, and this has been duly acknowledged by the local communities, setting both a precedent and a trademark for future works. The evaluation of seismic data is close to completion (**Slide 9**), and all I can disclose at the moment is that preliminary results look very promising. Based on that, we are contemplating proceeding to the 2nd phase, which involves drilling of exploration wells to confirm the oil potential of the Patraikos Gulf block.

Crete application with Total and ExxonMobil

This, however, is just the beginning (**Slide 10**). On May 31st a joint venture comprising of Total (operator), ExxonMobil and HELPE submitted to the Ministry of Environment & Energy and to Hellenic Hydrocarbons Resources Management an official application, expressing its interest to explore for hydrocarbons in two offshore blocks south of Crete. The three companies constitute a powerful business venture that possesses specialized and advanced expertise as well as robust financial magnitude, which are prerequisites for the successful outcome of the complicated endeavor of deep-water frontier exploration. The Ministry accepted our application and on 11th of August released an international tender, the bid date of which will be 90 days following its publication in the official EU Journal and all three companies are working closely for the submission of a competitive bid.

HELPE is contributing in country's growth

HELPE is fully aware of the responsibility of undertaking such an effort of unprecedented complexity, and commits to proving worthy of the Greek Government's trust, if it is selected. We aspire, as a Group, to contribute substantially to the efforts of our country to revert to steady growth rates and to becoming an energy hub of significant importance for the wider region of SE Europe. If indeed the existence of exploitable hydrocarbons is verified, it is certain that our country will enter a new era with tangible benefits for the national economy and the local communities, and will contribute to the geopolitical and energy upgrade of Greece.

Thank you all for your attention.