



INSTITUTE OF ENERGY  
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## IENE COMPANY PROFILE



# HELLENIC PETROLEUM



## Overview

Founded in 1998, HELLENIC PETROLEUM (HELPE) is one of the leading energy groups in SE Europe, with activities spanning across the energy value chain, presence in 6 countries and significant export activity with its exports representing more than 50% of its sales. HELPE shares are primarily listed on the Athens Stock Exchange with a secondary listing on the London Exchange, while its two bond issues are listed on the Luxemburg Stock Exchange.

The Hellenic Republic Asset Development Fund (HRADF) holds 35.5% of HELPE shares and Paneuropean Oil and Industrial Holdings S.A. 47%, with the remaining held by institutional (8.7%) and private (8.8%) investors.

Refining is the Group's core business. HELPE owns three of the four refineries in Greece, with a 65% share of the Greek wholesale oil products market. HELPE is also the sole petrochemicals producer in Greece with exports accounting for more than 70% of sales and the domestic market share exceeding 50%. The Group is the domestic ground fuels marketing leader, with a retail network of c. 1,700 petrol stations throughout Greece as well as LPG, industrial, aviation and marine fuels and lubricants businesses. HELPE is a leading player in SE European markets. The Group owns a network of over 300 petrol stations in Cyprus, Serbia, Bulgaria, Montenegro and the Republic of North Macedonia.

Moreover, HELPE is active in the field of renewable energy sources with a portfolio of 26 MW in operation and more than 1,000 MW in various development stages, including a 204 MW PV project in Kozani (Northern Greece), which is under construction and one of the largest in Europe.

The Group's exploration and production activities are focused on Greece by developing an exploration portfolio in onshore and offshore areas, either independently or in collaboration with leading companies in the sector such as Total, ExxonMobil, Repsol, Energean and Edison.

The Group is also active in the power and gas sectors. Power generation and trading activities are carried out through ELPEDISON, a JV with EDISON, which owns and operates two CCGT plants in Greece, in Thessaloniki and in Thisvi, with a combined capacity of 810 MW.

The "IENE Company Profile" is an occasional communication published by the Institute of Energy for SE Europe in its effort to broaden the dialogue on current energy issues of regional and global interest. A Company Profile, as the name implies, focuses on a particular company engaged in one or more areas of activity in the broad energy field. The scope of the "Company Profile" is to focus on the achievements and plans of prominent energy companies and organizations which through their work paradigm provide inspiration for leadership, strategy and innovation. Material used for a Company Profile may come from the company itself, from published sources but also from original input contributed by IENE's Research Associates.

The Group is also present in the natural gas sector through its 35% stake in Greece’s Public Gas Corporation (DEPA), which is the main natural gas importer and wholesale supplier of the country. DEPA has a strong presence in the distribution and supply business through its subsidiaries. DEPA is undergoing a transformation process with the partial demerger of its infrastructure sector and the spin-off of its international business sector, while it is renamed to “DEPA Commercial”. International tender processes for the sale of DEPA Infrastructure as well as of HRADF’s percentage of “DEPA Commercial” are ongoing.

## HELPE Group’s Activities

HELPE Group’s wide range of activities include:

- Supply, Refining and Trading of petroleum products, both in Greece and abroad
- Fuels Marketing, both in Greece and abroad
- Petrochemicals/Chemicals Production and Trading
- Power Generation & Natural Gas
- Renewable Energy Sources (RES)
- Oil & Gas Exploration and Production

HELPE Group is active in across SE Europe, being one of the key market players, with a total network of over 300 petrol stations in Cyprus, Bulgaria, Serbia, Montenegro and the RNM. It also owns the OKTA installations in Skopje (RNM).



### 1. Supply, Refining and Trading of Petroleum Products

The Refining, Supply and Trading segment is the Group’s core business and main source of revenues and profitability.

### Activities in Greece

Activities in Greece revolve around the operation of the Group's three refineries located in Aspropyrgos, Elefsina and Thessaloniki, which account for approximately 65% of the country's total refining capacity. The three refineries combine a storage capacity of 6.65 million m<sup>3</sup> of crude oil and petroleum products. Each refinery has distinct technical characteristics, as outlined in the table below, which determine their financial performance and profitability.

Refinery	Daily Refining Capacity (Kbpd)	Annual Refining Capacity (mil. MT)	Configuration Type	Nelson Complexity Index
Aspropyrgos	148	7.5	Cracking (FCC)	9.7
Elefsina	106	5.3	Hydrocracking	12
Thessaloniki	90	4.5	Hydroskimming	5.8

In 2020, the international refining environment deteriorated significantly due to the COVID-19 pandemic. From April 2020 onwards, there has been a sharp drop in demand both in the domestic and international fuel market and a decline in international refining margins to negative levels, resulting in the most unfavorable conditions historically for the global refining industry. The prolonged low margin environment resulted to loss-making operations for many refineries worldwide, but also in the region, with some of them proceeding to temporary or permanent shutdown or conversion of activities. In terms of the domestic market, motor fuels demand has partially recovered from the 4Q20 lows, however, it remains significantly lower than 2019 levels, especially in the aviation and bunkering sectors.

In these particularly unfavorable conditions and despite the five-year Aspropyrgos refinery extended maintenance program, the Group's refineries maintained high levels of operation. Production came up at 13.8 million tonnes, similar levels to 2019. Total sales were lower at 14.4 million tonnes (-5.4%), due to the decline of the domestic market, with the drop being more pronounced in the aviation (-70%) and bunkering (-30.5%) sectors, while exports increased by 11%, maintaining the Group's position as one of the most export-oriented in the region.

Refineries' operation, in line with plan, led the middle distillates yield (jet, gasoil and diesel), to 50.2%, with gasoline yield to 20.3%. Overall, the production of high value-added products amounted to 83.2%, among the highest in the European refining industry, while fuel oil was limited to only 5.8%. It is worth highlighting that 2020 was the first full year of the new marine fuels' specifications (IMO/MARPOL) production, as well as the first year of bioethers production in order to meet the needs of the domestic gasoline market.

Improved refining operation, inventory management, storage facilities utilisation as well as the materialisation of storage/contango trades, resulted to significant financial benefits,

offsetting to some extent the negative impact of the adverse international environment, compared to 2019.

### ***Crude Oil Supply***

Crude oil supplies are controlled centrally and carried through term contracts and spot purchases. Due to the COVID-19 pandemic and declining demand, OPEC+ agreed to an initial reduction of total oil production from May 1, 2020 by about 10 million bpd, which was adjusted in the following months. These decisions, combined with ongoing US sanctions on Iran and Venezuela and developments in Libya, had a significant impact on global supply. As a result, HELPE adjusted its crude mix, reflecting the attractiveness of certain crude types vs others, while, due to the new marine fuel regulation (IMO), which entered into force at the beginning of 2020, part of the supply mix was changed accordingly. As a result, the main sources of crude supply in 2020 were Russia (27%), Kazakhstan (22%), Iraq (12%) and Algeria (12%), followed by Saudi Arabia (9%), Azerbaijan (7%), Egypt (6%) and the USA (4%).

The ability to access and the flexibility of the Group's refineries to process a wide range of crude oil types constitute one of its main competitive advantages, proved to be particularly important, both as a profitability contributor, as well as the ability of the company to respond to sharp supply shortages of specific types of crude oil, thus ensuring the uninterrupted supply of the markets where the Group operates.

### ***Refinery Sales (Wholesale Trading)***

HELPE is engaged in ex-refinery sales of petroleum products to marketing companies in Greece, including its subsidiary, EKO ABEE, as well as to other specialty customers, such as the country's armed forces, while 50% to 60% of the production is exported. All of the Group's refinery products comply with the European standards (Euro VI).

### ***International Activities***

The Group's international refining activities are connected to its OKTA facility<sup>1</sup>, which is located in Skopje and is connected to Thessaloniki refinery through a pipeline, with the ability to transport high value-added products (e.g. diesel). OKTA's location is one of its significant competitive advantages for the domestic distribution of products through marketing companies as well as for exports to neighbouring Balkan markets.

## **2. Production and Trading of Petrochemicals/Chemicals**

Petrochemicals activities mainly focus on the production and marketing of polypropylene, BOPP film<sup>2</sup> and solvents, as well as the trading of imported plastics and chemicals. Based on its financial contribution, the propylene-polypropylene-BOPP value chain represents the

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<sup>1</sup> A mothballed refinery owned by HELPE which currently serves as a storage and distribution centre.

<sup>2</sup> Biaxially Oriented PolyPropylene (BOPP) Films.

main activity for petrochemicals. The polypropylene production plant in Thessaloniki sources propylene mainly from the Aspropyrgos refinery. Part of the polypropylene output is used as raw material in the BOPP film production unit in Komotini. 72% of sales volumes are directed to the markets of Turkey, Italy, the Balkans and the Iberian Peninsula for use as raw materials in local manufacturing.

### **3. Fuels Marketing**

Marketing business is split into Domestic activities, through Greek subsidiary EKO ABEE and International activities.

#### ***Domestic Marketing***

In Greece, the Group, through its subsidiary EKO ABEE, is active in the distribution and marketing of fuels through its EKO and BP brands, supplying a total of 1,703 service stations, 232 of which are company-operated. EKO ABEE offers the most wide-ranging fuels supply network in the country comprising 15 fuel storage and distribution facilities, 24 aircraft refueling stations in the major Greek airports, 2 LPG bottling plants and 1 lubricants production and packing site.

The COVID-19 pandemic had a major impact to the domestic fuels' consumption. The traffic restrictions imposed combined with the significant decrease in tourism resulted in a drop of gasoline consumption by 17% compared to 2019, while auto diesel demand was 9% lower. Aviation fuels consumption dropped by 67% while the decrease of coastal shipping routes and the loss of cruise traffic resulted in a 33% decrease of marine fuels.

Despite the unprecedented circumstances, EKO maintained the safe and continuous operation of its facilities and supply of all market segments. EKO and BP market shares remained high for most products, sustaining the Company's leading position in retail, industrial fuels, aviation as well as bunkering.

The Group has agreed with BP plc to extend the exclusive use of the BP trademarks for ground fuels in Greece until the end of 2025.

#### ***International Marketing***

The Group's international business operates through its subsidiaries in Cyprus, Bulgaria, Serbia, Montenegro and North Macedonia. The petrol stations' network consists of 315 petrol stations, including 27 petrol stations that bear the brand name of OKTA, a Group subsidiary in the Republic of North Macedonia. In Cyprus and Montenegro, the local subsidiaries (from the acquisition of pre-existing companies) hold leading positions in their markets. In Bulgaria and Serbia, where activities began greenfield, the Group's subsidiaries, are currently among the five largest in their sector.



#### 4. Exploration and Production of Hydrocarbons

HELPE Group exploration and production activities are focused in Greece with a promising portfolio of assets:

- HELPE has a 25% working interest in the Sea of Thrace idle concession, North Aegean; covering a total area of 1,600 sq. km.
- The Group has a 50% working interest, as Operator, through HELPE Patraikos in a Joint Venture with EDISON International E&P S.p.A.<sup>3</sup> (50%) in the offshore block of 'Patraikos Gulf (West)', covering an area of 1,419 sq. km. In December 2020, the acquisition of EDISON E&P (parent company of EDISON International E&P S.p.A.,) by Energean Capital Ltd. was completed.
- The Group has exclusive rights of hydrocarbons exploration and production (100%, Operator), through its subsidiaries HELPE Arta-Preveza and HELPE N.W. Peloponnisos, in the onshore blocks of 'Arta-Preveza' and 'N.W. Peloponnese', covering an area of 4,762.90 and 3,778.30 sq. km, respectively.
- The Group has a 25% working interest, through HELPE West Kerkyra, in a Joint Venture with TOTAL (50%, Operator) and EDISON International E&P S.p.A. (25%) in the offshore block of Ionian Sea 'Block 2', covering an area of 2,422.10 sq. km. In December 2020, the transfer of rights of TOTAL 50% working interest to Energean Hellas Ltd., including operatorship were completed. Currently, HELPE West Kerkyra participates in 'Block 2' with 25% working interest in Joint Venture with Energean Hellas Ltd (Operator, 50%) and EDISON International E&P S.p.A. (25%).
- The Group was awarded rights of hydrocarbons exploration and production (100%, Operator), through HELPE Kyparissiakos Gulf, in the offshore block of Kyparissiakos Gulf 'Block 10', covering an area of 3,420.60 sq. km.
- The Group has a 50% working interest, through HELPE Ionian, in a Joint Venture with REPSOL (50%, Operator), in the offshore block 'Ionian' covering an area of 6,671.13 sq. km.
- The Group has a 20% working interest, through HELPE West Crete and HELPE South West Crete, in a Joint Venture with TOTAL (40%, Operator) and ExxonMobil (40%), in the offshore blocks 'West Crete' and 'South West Crete', covering areas of 20,058.40 and 19,868.37 sq. km, respectively.
- HELPE has submitted the sole offer for the offshore 'Block 1', north of Corfu Island and is expecting the outcome of the process.

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<sup>3</sup> Recently acquired by Energean PLC

## 5. Power Generation and Natural Gas

### *Power Generation and Trading*

The Group is active in the generation, trading and supply of power in Greece through its participation (50%) in the JV Elpedison B.V.. The remaining 50% is held by EDISON International. ELPEDISON S.A. is currently the second largest independent power producer in Greece with a total installed capacity of 810 MW (comprising a 390 MW plant in Thessaloniki, since 2005 and a 420 MW plant in Thisvi, since 2010). In addition, RAE has granted ELPEDISON S.A. with a power generation permit for a new combined cycle gas fired plant at Thessaloniki, with a nominal capacity of 826 MW.

### *Natural Gas*

The Group is active in the natural gas sector through its participation in the companies that emerged from DEPA's corporate transformation (35% HELPE, 65% Hellenic Republic Asset Development Fund -HRDAF-). The activities include: (a) the supply of natural gas in Greece's domestic market (through long-term contracts as well as spot cargoes of LNG), (b) the supply of natural gas to large industrial type customers (power generation plants, industries and supply companies), (c) natural gas supply through EPA Attica to small and medium scale consumers and (d) the distribution of medium- and low-pressure gas through DEPA INFRASTRUCTURE, as well as in international gas transportation projects through DEPA INTERNATIONAL PROJECTS S.A..

## 6. Renewable Energy Sources (RES)

HELPE Renewables was founded in 2006 and is a fully owned subsidiary. HELPE Renewables plans to develop significant renewable capacity in the next few years, leading to a diversification in the Group's energy portfolio and contributing to balancing its greenhouse gas emissions, with a plan to reach 600 MW of installed capacity until 2024.

The following projects are currently in operation:

- 7 PV parks located on property owned by the Group with a total nominal capacity of 19 MW. These include 4 P/V projects with a total capacity of 17.6 MW from the first tender process organized by RAE (2016).
- A wind farm with a capacity of 7 MW in Pylos, Messinia.
- 14 PV with net-metering systems totaling approximately 192 KW, installed at EKO and BP fuel stations.

More than 1.3 GW of projects, mainly PV and wind, are currently at various stages of development, including the Kozani PV project.

HELPE Renewables follows the Group's Health, Safety and Environment procedures with regard to compliance, reporting, risk and accidents prevention and management, both during



the construction phase as well as operation. An S&E engineer is appointed for each new project with the responsibility to monitor relevant issues, supervise works and the S&E licensing stage, validity term and potential renewals.

## Corporate Social Responsibility (CSR) and the HELPE's Group

The HELLENIC PETROLEUM Group, with a sense of responsibility, contributed to the collective national effort to deal with the pandemic crisis, undertaking actions under the following categories: I. Safeguarding the health of the employees and ensuring safety at the workplace, II. Meeting the needs of the National Health System, III. Meeting the needs of Society.

The aim of the Group is to contribute to the total fight against the pandemic to the benefit of the country and its citizens. After consulting with the Ministry of Health and relevant bodies, it provided hospital equipment, medical supplies, special services, products, fuel and parallel support to vulnerable social groups.

The Group, since its establishment, has supported initiatives and actions that promote the concept of Corporate Social Responsibility (CSR). Since 2005, HELPE has been an active member of the Hellenic Network for CSR and also a member of CSR Europe.

Since 2008, the Group is formally committed to integrate the 10 principles of the UN Global Compact (UNGC) into its corporate strategy and culture and to promote them within the sphere of its influence. This public commitment communicates the desire of the management, employees and the entire Group in the pursuit of sustainable development. The Group has adopted and applies the United Nation's 17 Goals for Sustainable Development, thus creating value for the next generations.

Some of HELPE's CSR latest actions can be summarized as follows:

- €8 million the total social contribution to the fight against the COVID-19 pandemic
- 10 coronavirus diagnostic systems to reference hospitals in Greece with more than 100,000 test kits for molecular tests (PRC) by ensuring, with this way, the increase of molecular tests in our country for 20,000 checks per day
- 1.5 million litres of fuel for the transportation of medical equipment and consumables, in collaboration with Aegean Airlines, as well as for the implementation of daily disinfections in some of the largest municipalities of the country
- €2.8 million, allocated on CSR actions in Greece
- €380,800 litres of heating oil to schools, non-profit organizations, foundations and groups
- 10 scholarships for top-performing students to pursue postgraduate studies abroad (72 postgraduate scholarships until today)

- 2 photovoltaic roof type PV systems (12 photovoltaic systems on the roofs of schools and foundations until today, with an average annual energy production of 284,000 kWh and an average of 266 tons CO<sub>2</sub> emissions avoided)

## HELPE Group Performance

The following Tables present the main financial and operational Group indicators for 2020:

Operational Data	2020	2019
Refinery sales (in million metric tons)	<b>14.4</b>	15.2
Marketing sales (in million metric tons)	<b>3.9</b>	4.9
Refinery production (in million metric tons)	<b>13.8</b>	14.24
Group employees	<b>3,544</b>	3,606

Group Financial Data (in million €)	2020	2019
Net sales	<b>5,782</b>	8,857
Reported EBITDA <sup>11</sup>	<b>-253</b>	574
<i>Inventory effect – Loss (gain)<sup>11</sup></i>	<b>525</b>	-24
<i>One offs<sup>11</sup></i>	<b>62</b>	22
<b>Adjusted EBITDA<sup>11</sup></b>	<b>333</b>	572
Reported net income (attributable to the owners of the Parent Company)	<b>-397</b>	164
<b>Adjusted net income<sup>11</sup></b>	<b>5</b>	185

The Group's operating profitability in 2020 was negatively affected by the consequences of the COVID-19 pandemic, which had an adverse effect on economic activity in Greece and globally. The weak refining environment with the Med benchmark margins deteriorating significantly, the weak demand as well as reduced refining units availability due to the full turnaround at the Aspropyrgos refinery (the largest maintenance project in the history of the Group), led Adjusted EBITDA to €333 million (2019: €572 million). The effects of the above were partially offset by the increase in exports and by taking advantage of the Group's storage facilities through storage/contango trades.

The above, combined with the significantly high inventory valuation losses (€525 million losses against €24 million profits in 2019) due to crude price drop, led Reported EBITDA to -€253 million and Reported Net Income to -€397 million. Losses due to inventory valuation

are also reflected in the company's balance sheet, affecting the amount of working capital and total assets, as well as Equity, while Net Debt increased.

As a result of lower availability, production at the Group's refineries was 3% lower at 13.8 million tonnes, with a respective decline in sales at 5%, which came in at 14.4 million tonnes. In terms of Adjusted Net Income, the negative impact of the environment was moderated by the decrease in financial expenses.

Balance Sheet / Cash Flow (in million €)	2020	2019
Total Assets	6,775	7,092
Total Equity	1,849	2,327
Capital Employed <sup>11</sup>	3,521	3,869
Net Debt <sup>11</sup>	1,672	1,543
Net Cash Flows (operating & investing cash flows)	172	268
Capital Investments	295	246
% of debt on capital employed - Debt Gearing	47%	40%

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