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HELLENiQ ENERGY Holdings S.A.
Third Quarter & Nine Month 2024 Financial Results
Conference Call

Thursday, 14th November, 18:00 (GR Time)

Conductors:

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Mr. George Alexopoulos, Deputy Chief Executive Officer , GM Group Strategic Planning & New Activities

Mr. Vasilis Tsaitas, Group Chief Financial Officer

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Conference Call Conducted by Chorus Call Hellas

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OPERATOR: Ladies and Gentlemen, thank you for standing by. I am Vasileios your Chorus Call operator. Welcome and thank you for joining the HELLENiQ Energy Holdings Conference Call and Live Webcast to present and discuss the Third Quarter & Nine Month 2024 Financial Results.

At this time, I would like to turn the conference over to Mr. Andreas Shiamishis, CEO, Mr. Georgios Alexopoulos, Deputy CEO, General Manager Group Strategic Planning & New Activities, Mr. Vasilis Tsaitas, Group CFO, Mr. Dinos Panas, General Manager Oil Supply and Sales and Mr. Nikos Katsenos, Investor Relations Manager.

Gentlemen, you may now proceed.

SHIAMISHIS A: Thank you very much, Vasilis. Good afternoon, ladies, and Gentlemen, and thank you for taking the time to listening to the Third Quarter Nine Months Results for '24 Conference Call. We have a number of developments in the quarter, and we are more than happy to share the results, the drivers, and the plans for the remaining of the year and '25 with you over the next hour or so.

So, turning over to Page 4, which is my contribution to the presentation. Everything else will be discussed by our...by my colleagues here. The highlights…I think everybody has been following...everybody who's been following the company has seen the benchmark refining margin environment during the last quarter. Probably one of the worst quarters for a number of years that we have experiencedand this has had its impact on our Third Quarter results.

However, I would like to focus on the positive aspects of this presentation and this performance, which is effectively a 9-month period, which is reporting €0.75 billion of clean EBITDA. We have one of the strongest...we've got the strongest operational performance on all businesses, be it availability, mechanical availability of the refineries sales through our system, retail performance, renewables, which are beginning to become more noticeable in our numbers. And effectively, the weak point on the financial results is effectively the benchmark refining margin, which since the end of the quarter has picked up significantly.

So from an operational point of view, we are quite happy with what we've seen over the last 3 months and 9 months from all business units. Different priorities for each one of them. Refining has to do with mechanical availability. It has to do with safety, first and foremost. It has to do with crude selection and processing. And of course, it has to do with the trading operations that we do not only for Greece, but also for our international business.

On marketing, the ATPs of the petrol stations, the market share performance, the margin management, premium product penetration in the sales portfolio and the sales mix, have been doing very well, both in Greece and in all the markets that we participate.

And of course, renewables, which are gradually making themselves more noticeable in our numbers through increasing contribution coming from the higher capacity of installed megawatts that we had and the annualization impact of all the parks, which were installed in previous years. So, the financials, as I said, just under €200 million of adjusted EBITDA and €0.75 billion for the 9-month result.

Relatively good contribution from our power and gas business, especially from power. However, with the inclusion of the additional solidarity contribution, which was announced on the '23 results. Given that the legislation was enacted in July and disclosed it in the second quarter results and this time around, we included it in the Third Quarter results. That's clearly a one-off. We hope and expect that this is not going to be recurring. The framework, which was used by the European Union prescribed for the 2 years. So effectively, we believe that this is the end of it.

On that basis, taking into account the performance of the year over the 9 months to-date, the solidarity contribution and of course, a relatively strong outlook for the remaining of the year and for next year we have decided and approved at both levels, the distribution of an interim dividend of €0.20 per share, which with today's low priced, I would say, market cap prices amounts to about 2.5% to 3% yield on today's prices.

In terms of outlook, as I mentioned, we expect a better quarter in terms of benchmark margins. We are actually seeing that, $2 to $3 on average higher than Third Quarter numbers. Sales are performing very well. Renewables projects coming to market as scheduled. There is a delay in the renewables project, which is caused by the connection terms and the actual process of bringing it to the market.

But, if you sort of ignore a few months of delay, we are on track with what we originally said. And it seems that over the next 12 to 24 months, we will be achieving a net zero electricity supply at group level. So, all of our electricity needs, all of our power needs will either be generated from our own generation within the refineries or effectively be equal to the green production we will be having from our renewable parts.

On E&P, it's still a wait-and-see moment. We haven't made any decisions on drilling. We expect Exxon , who is leading the 2 Cretan blocks to complete their work and come back with a proposal. And on the Ionian, we are close to completing the assessment for those blocks. So, I would probably put any decisions on drilling sometime in the next couple of quarters.

On associates, as we have disclosed a number of times one of our key priorities is to streamline our portfolio, especially in the power and gas, including the renewables sector. To that effect, we are in discussions with Edison in order to find a mutually acceptable position vis-à-vis the joint venture we have.

We're hopeful that this will be coming to a resolution over the next few weeks…maybe a couple of months maximum, which is good for us because eventually, it will allow us to consolidate what we have either with or without Edison in the portfolio.

On DEPA, over the last few years, DEPA has played a critical role in the gas market for Greece. It is a company which has had its ups and downs over the last few years, especially with the crisis in Nat Gas prices. But...as we have said a number of times, it's a company that following the failure of the joint tender process of the joining process with "TAIPED" Hellenic Republic Asset Development Fund to sell a controlling stake, and we've terminated that process.

We are effectively aiming to see sort of next-day model for the cooperation with DEPA or a potential exit from the company. As I have said a number of times, our goal is to be in controlling interest of the activities that are core to our business and effectively convert assets into cash or cash flows. So, I think that still stands. And over the next couple of quarters, we will be competing this process as well.

So, with that, I will turn over the call to Dinos Panas, who will walk us through the relevant macro environment for the last quarter and previous quarters, if possible.

PANAS D: Thank you, Andreas. Good evening, everybody. Just 3 pages on the environment. First page, Page 6, we see the public data for Platts, FOREX, electricity, and natural gas and EUAs. You can see that we have crude running at...Brent running at $80 per barrel in the Third Quarter of 2024. 7% down year-on-year. US…the euro versus USD at 1.10. Now currently stands at somewhere around 1,056, which is good for the profitability of the company. Electricity prices 17% up natural gas prices is 5% up and the EUA price 20% down year-on-year.

Next page, Page 7. The first chart to the left is also public. You see the cracks. We are seeing a further improvement in Naphtha and HSFO in the fourth quarter of the year, here we're still remaining at same levels, while gasoline going a little bit lower. And overall, we see...you see in the Third Quarter refining margin at $3.6 per barrel compared to a record high $12.6 per barrels in the Third Quarter of 2023 and that was the one and the major key driver of the results of the company in the refining segment.

And finally, on the Greek consumption, we have all the segments up domestic net sales 2% up, aviation, 10% up, bunkers, 6% up. You see that gasoline and diesel were 3.4% higher than the previous year's quarter, respectively. And we are continuing to see the strength in the Greek market during the fourth quarter of the year.

And with this, I will pass you to Vasilis Tsaitas to discuss group performance.

TSAITAS V: Thank you, Dino. Good afternoon. Moving on to Page 10 to discuss our numbers, effectively starting from volumes, both for the quarter and the 9 months we see growth across the board for refining marketing and our renewable energy generation business on turnover for the 9 months of just under €10 billion. In terms of our results and refining, supply and trading is driving performance in comparison with last year. As we mentioned before, we have a benchmark margin, which is the lowest in the last two and a half years at least compared to one of the highest readings in the same period, at $9 per barrel of delta. That is adding our numbers to €183 million on an adjusted EBITDA basis for the group. As were both petrochemicals, marketing as well as renewables record a significant improvement in terms of their adjusted EBITDA contribution.

Moving on to our associates. Again, a better performance driven by Elpedison that took advantage of the good market conditions in the Third Quarter. Our finance costs are flat year-on-year, reflecting on the one side, higher benchmark rates that have picked in the meantime during the first half of the year and which is fully offset by the lower spreads following the refinancing's in the first half of the year.

As we discussed before our…the net impact of solidarity contribution is €173 million gross impact of €223 million, which is payable in February that will affect the cash flow of the first quarter. Nothing really in terms of capital employed is flat year-on-year, slightly higher net debt driven by the payment of taxes that have started in the Third Quarter and profitability.

Moving on to Page 11, we have a better description of the impact on the environment. So, benchmark refining margins took off just under €300 million, if you compare to the last year. However, we're able to mitigate part of that driven mainly by our refining operations, mainly Aspropyrgos and Elefsina as well as improvements that we've mentioned before in our marketing and renewables business.

On Page 12, we have an overview of our main credit metrics over the last few years. If you compare with 2019 leverage or the downstream business is almost half. Gearing is lower, and gross debt levels are also lower as we took advantage of the good performance of the last couple of years to improve our balance sheet. We have refinanced almost the entirety of our bank facilities over the course of the second quarter and issued a new Eurobond refinancing the one that matured…that was fully repaid in the beginning of the quarter.

The outcome of that was a much lower spread. So, in basing our funding costs lower, considering obviously the benchmark rates. We have rebalanced our fixed versus floating profile. And we have extended our maturity profile to more than 5 years, which is you know the healthiest from a risk management perspective for more than a decade. And we're relying much more on committed facilities and market debt versus our committed facilities if you compare them with the past.

Now moving on to discuss the business performance of our strategic business unit starting from refining, supply, and trading on Page 15. It's the second highest reading historically on a 9-month basis for both production and sales. It's the fifth consecutive quarter of running our refineries at or above nominal capacity. And we're very pleased with this outcome in terms of sustainably strong operating performance.

Our CAPEX reflects mostly you know require maintenance, long-term maintenance in tanks and other logistics infrastructure as well as safety CAPEX, and our benchmark margin of $3.6 per barrel for the quarter versus $12.6 the similar period last year. And a total realized margin of around $11 per barrel.

Moving on to Page 16, looking at operations, higher production across our 3 refineries. Sales of almost 4.2 million tones with increased performance across all our market channels and market share gains in aviation and bunkering.

In terms of crude supply the movement in the mix effectively reflects the relative pricing of goods and availability in the market. Let me remind you that we're still facing not an ideal, let's say, crude market with some of the traditional grades being out of the market due to sanctions and tightening of the high sulfur market because of OPEC+ production cuts. Product yields reflect you know normal operations with more than 90% white products yield.

Now on Page 17, over performance, driven by supply and trading, export premia and very good refining operations remains around $7.5 per barrel. Again, a consistently strong performance that leads our gross margin to $10.9 per barrel.

Moving on, on our petrochemicals business, the improvement in the benchmark polypropylene margins is the main driver of our adjusted EBITDA recording an increase of almost 50% versus last year. Sales are somewhat lower because of inventory management ahead of the shutdown that is currently taking place, which is the first phase of the polypropylene plant capacity expansion that will be completed in the next couple of years.

In fuels marketing, starting from our domestic business, a very strong performance for the quarter with comparable EBITDA of €38 million. Let me remind you that traditionally, due to seasonality, this is the strongest quarter of the year driven by air traffic and aviation business. Again, in higher sales, of course, our ground fuels, aviation, and bunkers. A very good performance in terms of market share, a very strong outreach of our loyalty program. The premium products penetration across our network is improving for both gasoline and diesel grades. Our brand recognition measured in various surveys is also improving, and NFR is commanding an increasingly higher share of our revenues and EBITDA.

In our international marketing business, on Page 22, similarly, most of the policies that I mentioned before in terms of premium products penetration and NFR holds for our international business as well. Most of the countries that we operate with improved performance for the quarter, mainly coming out of Cyprus and Bulgaria, leading on an adjusted EBITDA of €26 million for the quarter and €60 million for the 9 months.

On that note, I'll pass you on to George Alexopoulos that will discuss our renewables and power business. George.

ALEXOPOULOS G: Thank you, Vasilis. Good evening, everybody. On the renewables business, we had higher productions, sales, and profitability as a result of new parts coming into the system earlier in the year. And in spite of higher curtailments that we see in the market, we are pleased to announce that we expect to have another 120 megawatts of PV parts entering our operational portfolio before the year-end, thus bringing us over the half gigawatt mark.

And if we continue to the next page, you can see that we are well on track for reaching our 1-Gigawatt goal in the next 18 months or so. We also increased our portfolio under development to 5.3 gigawatts, and we continue to develop and mature our portfolio in all the markets where we are present.

Turning into Elpedison, we had a good quarter, both year-on-year and quarter-on-quarter. It was a hot summer, higher demand, and our plants were able to use their flexibility in order to contribute to the market. Overall, the year so far…the 9 months so far, the performance is lower than last year.

And with that, I think we can turn to the Q&A session.

OPERATOR: The first question comes from the line of Athanasoulias Nikos with Eurobank Equities. Please go ahead.

ATHANASOULIAS N: Hello, and thank you very much for taking my questions. The first one is regarding the over performance of the benchmark refining margin. Given that the benchmark refining margin was quite low in this quarter and you still over performed by over $7 per barrel. Does this mean that this is the bottom of what we should expect as a novel performance going forward?

And secondly, I have a question regarding DEPA. I'm not sure if I listened to that correctly. Did you give a timeline on when will you have a decision similar to what you said for Elpedison going forward? And is it an option to sell your stake back to the state as reported by the press?

And finally, regarding renewables, so is the target of 1 gigawatt of operating asset moved forward by 6 months so it's half a year, 2026? Thank you.

SHIAMISHIS A: Okay. I know there were 4 questions, I think, on overperformance, DEPA and the capacity for the renewables. So, can I ask Dinos to address the over performance question?

PANAS D: Well, the over-performance depends strongly on the volatility of the market. Both in the crude and the product sides, we like to operate in a high volatility environment. So, it has to do with that. It has to do with what opportunities you can find in the crude market, selecting one against the other, so that we can use the sophistication of RLP calculations to select the best crude feed for…crude slate for our feed. So, yes, it is one of the lowest over performance we've seen during the last 2 years. But we have to keep in mind that 2022 and 2023, the volatility was very high and it was giving us a lot of opportunities to take advantage of. And hopefully, we'll see them again in the near future.

SHIAMISHIS A: Okay. Now, on DEPA, which is the second question I noted down, you asked about the timeline for any next moves on DEPA and also whether an option would be to sell our stake to the states.

Well, on timeline, it is something which we expect that will not be very long. I wouldn't be in a position to comment on a specific committed timetable. But I think that over the next quarter or so, we should be seeing a resolution of this issue. And whether selling to the state is an option, it is an option. And we are investigating these amongst other options as well. I know there is a lot of press cover, both on DEPA and Elpedison as well.

Unfortunately, there is a lot of noise in the market. And some people would actually be interested to read a lot of gossip and noise on such transactions. Some people effectively get tired with this repetition of old news. So, on DEPA, the intention is to fix the governance, and I have mentioned it a number of times. I remind you that we were a participant in the previous tender, either as a buyer or as a seller, depending on what would be the valuation.

The government has since then decided to stop the process with our agreement for a number of reasons, outstanding issues with DEPA, the crisis on natural gas. So, it has led us to re-evaluate on our own and with the majority shareholder. Clearly, we have to take into consideration what the majority shareholder is intending to do. And, I believe that we will come to a fair and appropriate resolution, which will be suitable for both parties' strategy, as well as the company's strategy as well, by company I mean DEPA.

On Elpedison, again, a lot of noise. Some of it is not even related to business issues. I would like to make a statement on that that the relationship with Edison is as good as it has ever been. It's a very serious company. We have been working together for almost 15 years in this joint venture. We have seen a lot of benefits coming from the increased know-how that Edison has in this specific market. And conversely, Elpedison has utilized our industrial base and know-how increase, as well as our extensive clientele and network on the business side, not on the retail side.

And it has benefited from the goodwill and prestige that our name carries in the domestic market. So, it has been a joint venture with both parties contributing positively to that, and a cooperation, which has been very good up until now. The cooperation still is good. However, the 2 parties have different strategies. As George explained earlier, we have invested more than half a billion in renewables. We plan to invest another half a billion in renewables, which means that somehow, we need to manage an integrated portfolio.

And that's why we have decided with Edison that, as much as, we would like to be partners going forward, the governance of the company and the integration of products and services in the electricity market needs to be done in a different way. We expect that this will be resolved, as I said, within the next few weeks. I would probably say no more than a quarter. And the resolution will be an amicable one for both parties, and it will be one that will be for the interest of both shareholders and the company, which is one of the most important companies in the Greek market. There, we are probably more advanced and can be a bit more specific on timetables rather than DEPA.

So, I guess this covers any questions or any discussions you might have on both of these issues. And I can assure you that a number of press reports that we have seen could not be further from the truth, especially when it comes to the relationship and the respect between the two partners, either us and Edison or us and the Hellenic Republic Asset development Fund for DEPA.

ATHANASOULIAS N: Okay. Thank you. And regarding the timeline for renewables?

SHIAMISHIS A: Yes, the timeline, I think Andreas already mentioned it. As a result of delays over a year in the granting of connection terms in one of our projects, now we are very close to that point. We will not cross the 1gigawatt line at the end of 2025. It will probably be about 6 months later. So, what you mentioned is correct.

ATHANASOULIAS N: Okay, that's clear. Thank you.

OPERATOR: The next question comes from the line of Villari Giuseppe with Morgan Stanley. Please go ahead.

GIUSEPPE V: Hi, good afternoon. Thank you for the presentation and for taking my questions. The first one is about the performance in marketing, and especially the domestic market is quite strong and stronger than we expected. So, if you could give us some color on why the strength in the margins for the marketing segment?

SHIAMISHIS A: Yes, I'll take that point. Well, our marketing business, and especially the domestic marketing that you have referred to, has been doing very well over the last few quarters. This is a result of a lot of groundwork which has been done in those companies. And effectively, if you exclude 2 problems that we have in the domestic market, everything else is actually doing very well. The 2 problems that we have is the price controls that have survived since COVID, which is effectively a margin control and not so much a price control. And 2, the level of inappropriate trading, be it insufficient delivery of product invoice at the pump or mixing of lower quality products in higher quality products.

So those are 2 problems which have troubled us for a number of years. They have become more serious now because the level of this inappropriate retailing has gone up, partly to sort of counter lower margins, which are not enough to cover the increased cost. I mean, margins in '21 or '22 were calculated on the base of a specific cost model. We all know that supply chain costs have gone up significantly over the last couple of years, and that's not reflected in the margin control. So, it's a bit unfair on the companies.

Excluding those, everything else, I think we would probably fare positively. We have increased market share. We have increased throughput through our network. We have increased penetration of premium products in our sales. The non-fuel revenue from ancillary products is increasing. We have a new loyalty platform, which is gradually being rolled out, we have invested a lot of money over the last couple of years in developing and promoting that platform and it's actually paying dividends now as we are closer to our customers through that route.

We have insisted on our marketing to invest in specific events which are relevant to us like the" EKO Rally Acropolis" or the National Basketball team, and that has paid us back because consistency in marketing is good. So instead of spending money and resources on a lot of small campaigns, we decided to focus on a campaign that actually helps our brand.

And in all honestly, I was really pleased to see the last brand tracker report, which shows that "EKO" is a leading example in our industry in terms of improvement of brand awareness and customer loyalty. So, I guess, we are doing a lot of things right in" EKO." Results are weighted down by the 2 factors that I mentioned, and of course as is also mentioned to other aspects. The digital transformation is becoming more widespread. It's actually yielding benefits on a number of fronts." EKO," I mentioned the customer loyalty, but we have the supply chain management with automated routing systems. We have quality control that are actually helping us to manage our network much better. And our human resources, we have invested a lot in human resources, more than 30% of our middle and senior management staff is new as we recruited over the last 3 to 4 years and all of this is delivering the results.

GIUSEPPE V: Okay, clear. That's perfect. And as I have a follow-up on that, do we have any news on potential change in the price freeze on fuel in Greece or no update on that front?

SHIAMISHIS A: I will repeat my previous position. I expect that this will not last for long but it is not a decision that I control or I am privy to any such information.

GIUSEPPE V: Okay. Yes, clear. Perfect. Thank you very much.

OPERATOR: The next question comes from the line of Kollias Vasilis with Pantelakis Securities. Please go ahead.

VASILIS K: Hello, thank you for taking my questions. The first question is regarding the refining margin environment as in the summer months, refining margin declined sharply but rebounded in October and particularly, there was a rebound in refining margins from hydro-skimming in Thessaloniki Refinery which is the simplest refinery in your portfolio. And I would like to explain the rise in the refining margins of this technology?

And my second question is about renewable sales. You have an aggressive strategy to exceed 1 gigawatt by the beginning of 2026, and I would like to ask about feasibility of this target. Can you state the CAPEX for 2025 given that you plan to install about 600 megawatts in this year? Thank you very much.

SHIAMISHIS A: Thank you very much. Again, a number of areas will be covered. I will ask Dinos to cover the margin performance in this quarter, vis-à-vis previous quarter. I think he did mention something of…

PANAS D: Yes, I guess Vasilis. I mean, we are having October, November that close to $2.5 per barrel higher than the previous one. Well, you're correct Thessaloniki refinery a hydro-skimming refinery is performing quite well throughout this period at the last couple of years. Mostly due to the strength that we see in the straight run production coming from Thessaloniki, that are the bottom of Thessaloniki, the bottom of the barrel that is actually being further processed in the Aspropyrgos, Elefsina and this type of material has gained quite a significant increase in its crack after the loss of the similar Russian barrels. So this is the trends that we see up to now and that's why…that's the reason why Thessaloniki is doing that well I think.

SHIAMISHIS A: On renewables, I think we've said before and you can see it on the second page of the renewable section. The 1-gigawatt plan is fully secured. It's either contracted …in terms of being under construction or it is fully within our control and already at the stage of ready to build or about to become ready to build. So, it's fully secured.

In terms of the CAPEX, as I mentioned, we will be year-end at half a gigawatt so we have another half gigawatt for 2025 and early 2026, so I would say that for 2025, the CAPEX is of the order of 450 million depending how fast we are able to implement the projects within the year.

VASILIS K: Thank you very much.

OPERATOR: The next question is a follow-up question from the line of Athanasoulias Nikos with Eurobank Equities. Please go ahead.

ATHANASOULIAS N: Hello, thank you. Sorry, a quick follow up on my side. Do you have estimated an impact from the temporary shutdown or reducing production from Motor Oil refinery unit? Will this be an upside in margin for you? Thank you.

SHIAMISHIS A: Well, from what we understand, and see in the market, Motor Oil has lost part of its primary distillation capacity because of the fire, which happily was contained just to material losses.

Motor Oil has a slightly different business model to us. They heavily give towards exports, which means that there is no impact on the domestic markets. Even if there was a small impact for a few days, that's been…it has been covered. I would expect that exports might be a bit reduced, but I believe the company is making steps to recover their production capacity or to buy feedstock, but that is as much as we know and that is from information which is publicly available. I wouldn't be in a position to know anything in addition.

ATHANASOULIAS N: Okay. That's clear.

OPERATOR: The next question comes from the line of Tzioukalia Fani with Euroxx Securities. Please go ahead.

TZIOUKALIA F: Hi, hello from my side and thank you for the presentation. Quick question on renewables. Would it be possible to provide us with pricing profile…I mean, how do you plan to electrify the renewables? Will it be like 100% merchant exposure or do you have corporate PPAs in place? And I'm referring to the capacity coming into stream in by the first half of 2026? Thank you.

SHIAMISHIS A: Yes, hello Fani. I think if you look at the second page of the renewables section, we indicate that our current portfolio is entirely under feed-in tariffs and CFD, whereas our…the next batch of our portfolio, taking us to the 1 gigawatt is mostly through PPAs, and there is some limited merchant exposure. So, I think this should cover the question.

TZIOUKALIA F: And the average life of the PPAs that you have, I mean would it be like around 10, 13 years or...

SHIAMISHIS A: Our PPAs are typically between 8 and 15 years.

TZIOUKALIA F: 8 and 15? Okay, thank you so much.

OPERATOR: The next question comes from the line of Lamb Jonathan with Wood & Co. Please go ahead. Mr. Lamb Jonathan, please go ahead.

LAMB J: Can you hear me?

OPERATOR: Yes, we can hear you. Please go ahead.

LAMB J: Thanks for taking my question. PPC was announcing increased targets for renewables. It seems like everyone's building renewables in Greece at the moment. Are you worried that the market is going to be oversaturated. And how do you deal with the risk of oversupply at times of high sun or a loss of wind? Thanks.

SHIAMISHIS A: Sure. There is indeed a lot of renewables coming into the market, and we see this having an effect on curtailments that occur from time-to-time. In our case, we look for several characteristics to try to mitigate this risk. One is the position of assets in the network. Not all renewables have the same curtailment. The other is through adding battery storage, either as stand-alone or as hybrid together with our renewable projects. All our projects under development are designed as hybrid projects, and we expect to see the new legislation enabling these projects because currently, it's not very clear how these projects would come into operation.

The third point, of course, and this is going forward, keep in mind that we have a large short position in the market and our renewables supplying this short position through physical PPAs eventually, and should not have any such risks. So, there's a series of steps we're taking to mitigate what you point out, which is indeed a real issue in the market.

LAMB J: Okay, thank you very much.

OPERATOR: There are no further audio questions. I will now pass the floor to Mr. Katsenos to accommodate any written questions from the webcast participants. Mr. Katsenos, please proceed.

KATSENOS N: Yes. Thank you, operator. We have a question from Edison and specifically from Nick Paton who asks. “What are the conditions for restructuring the DEPA stake?”

SHIAMISHIS A: Nick, thank you for the question, but I guess we have already answered this previously.

KATSENOS N: Thank you, operator, back to you.

OPERATOR: Ladies and Gentlemen, there are no further questions at this time. I will now turn the conference over to management for any closing statements. Thank you.

SHIAMISHIS A: Thank you very much for your attendance. As I mentioned at the beginning, this has been a good quarter overall despite the fact that weak benchmark margins have dented the performance from a financial point of view. One should not overlook the effort and the operational improvement of the company. The next quarter looks to be a bit better, definitely in terms of the environment. So, taking into consideration the seasonality that we have between Q3 and Q4 I think Q4 is going to be a better quarter for us overall, taking into account the seasonality as I mentioned.

On the market conditions, we have seen the improvement in benchmark margins at $5.5 to $6 on average compared to $3.50 for the Third Quarter. Sales volumes are very strong. Heating gasoil is not that strong, but then again, it's not a very profitable product.

On the market supply and impact from the Motor Oil fire, no issues that we have seen so far. As I said, the company has done a good job at managing the results of that. So, we haven't seen any abnormalities in our market.

On the strategic front, we have the growth in renewables, which is part of our transformation plan. But with caution, we have said a number of times, we will keep on saying it until we go blue in the face, we are very realistic and very cautious when it comes to spending money on renewables. We believe that there is an energy transition and that it is part of the solution, but we are not planning to spend without caution into buying or developing projects, which have no reasonable visibility into the future. I mean it's a business. Nobody knows what is going to happen, but we should be able to have some minimum visibility.

On our E&P, we are effectively doing what we're supposed to do, going through the analysis, and expecting that in the next couple of quarters we will need to take a decision on drill-no-drill for some of the blocks. And on the associates, as I said, the Elpedison case is moving closer to resolution, which I repeat is going to be an amicable resolution through an agreed upon process with our partners. And I'm sure this will be for the benefit of all 3 parties being us, Edison, and the company as well.

On DEPA, as I said, it is something which has been in discussion for a long period. Again, in the spirit of how we do things in HELLENiQ, the aim is to try and achieve a solution which will be satisfactory to all parties involved. I am hopeful that these issues will be resolved sooner rather than later. And even the fact that we have come to the situation where we're actually talking about the resolution within a reasonable time frame of these issues is a success on its own.

So, once again, thank you. I would like to thank all of my colleagues and the employees of all companies in the group for the great effort. And we will continue developing our business and delivering strong sets of results. Thank you.