Maroussi, 10 November 2022

Third Quarter / Nine Month 2022 financial results

Improved operating performance on positive international refining environment, exports contribution and RES investments; Acceleration of strategy implementation and launch of new corporate identity.

HELLENiQ ENERGY Holdings S.A. ("Company") announced its 3Q22 consolidated financial results, with Adjusted EBITDA at €504m and Adjusted Net Income at €381m.

The strong operating performance mainly reflects **international environment** evolution, as well as improved operation across the Group's business. The key performance drivers were the strong benchmark refining margins, exports, which accounted for 46% of total refining sales volumes, the improved profitability of the international subsidiaries, as well as the contribution from the new investments in RES. Furthermore, **improved refineries' performance** and crude oil supply opportunities, as well as the **operational improvement initiatives**, such as the digital transformation program, the Group re-organization, premium products in retail and network development also had a significant contribution.

Refining production amounted to 3.8m MT in 3Q22, -3% vs 3Q21, due to the Thessaloniki T/A, which was safely and successfully completed. The Group aimed to improve the availability and utilization of its refineries during a period of tight oil products supply, especially diesel. Sales volumes amounted to 3.9m MT (+1% y-o-y), with a substantial share of the production directed to aviation and marine fuels, which recorded considerable sales increase, due to strong tourism.

Reported EBITDA amounted to €329m, with Reported Net Income at €252m, as the price decreases during the quarter resulted in inventory valuation losses, following the material increase in 1H22.

Following the completion of the DEPA Infrastructure sale, the BoD on 29 September decided the distribution of €0.40/share, as communicated during the previous quarters. As far as the FY22 is concerned, based on the 9M22 financial results and outlook for the FY, the BoD decided the distribution of an additional interim dividend of €0.25/share, payable on 18 January 2023.

Strategy Implementation - Vision 2025

During 3Q22, the Group's strategy implementation accelerated, with significant developments on all fronts.

On 20 September 2022, following approval by the EGM, the Group's new corporate identity was launched, with a new corporate name and logo. As a result, the Company delivered in less than a year across all its objectives, on the 1st phase of its strategic plan Vision 2025. Part of the strategy includes the portfolio review of non-core activities, including the sale of the equity stake in DEPA Infrastructure. Following the conclusion of the sale of our participation to Italgas, the sale proceeds for HELLENiQ ENERGY amounted to €266m and have been directed partly for distribution to our shareholders who supported our strategy, as well as towards accelerating our expansion in New Energy.

In terms of our RES expansion, on 1 August 2022 the acquisition of 55 MW of operating wind farms in Mani, S. Greece was completed, increasing the Group's installed RES capacity to 340 MW. Our objective is to gradually grow the operating RES portfolio to 1 GW in the medium term and over 2 GW by 2030. The Company is already in advanced negotiations for the increase of its RES portfolio through new acquisitions in Greece and abroad.

Our digital transformation program is proceeding as planned, with total scheduled investments of >€40m, funded by the Recovery and Resilience Facility (RRF), having realized to date annualized benefits exceeding €10m, mainly in refining. This initiative enables a holistic change in the way our business operates and the development of a Digital Innovation Hub at Group level. Beyond the obvious corporate benefits, this initiative also acts as an incentive for the attraction and development of young scientists from Greece and abroad, contributing to the industry and the growth of our country.

High international oil prices, strengthening of the USD and strong benchmark refining margins

International crude oil prices weakened compared to 2Q22, but remain close to multi-year records, due to geopolitical developments, energy security worries in the region and supply-demand balances, with Brent prices in 3Q22 averaging at $101/bbl, compared to $114/bbl in 2Q22 and $74/bbl in 3Q21.

The US dollar continued to strengthen, reaching a 20-year high vs EUR, with the EUR/USD averaging 1.01 in 3Q22 compared to 1.18 in 3Q21, driven by the diverse monetary policies of the central banks and concerns around the impact of Eurozone's higher reliance on energy imports. The strong US dollar supports export-oriented sectors, such as refining.

The combination of the highest oil prices in recent years and the strengthening of the US dollar, led to particularly high crude oil and product prices in Euro terms, with Brent averaging €100/bbl in 3Q22 vs €62/bbl in the corresponding period of last year; International and domestic pump prices, albeit lower q-o-q, remained at high levels, resulting in increased funding requirements to ensure the smooth market supply.

Benchmark refining margins almost halved vs record-high levels in 2Q22, but still averaged materially above pre-Covid-19 period levels, due to strong diesel demand. Hydrocracking and FCC benchmark margins averaged $11.9/bbl and $8.9/bbl respectively in 3Q22.

Increased demand in the domestic fuel market

Total domestic market ground fuels demand increased by 4% y-o-y to 1.7m MT, while auto-fuels consumption grew by 0.5% y-o-y in 3Q22, driven by diesel, as a result of increased economic activity and tourism. Aviation fuels demand increased by 39% vs 3Q21, on increased air traffic, mainly due to tourism, while bunkering fuels offtake was 7% higher y-o-y.

Balance sheet and capital expenditure

The Group's balance sheet strengthened notably on the back of increased operating cash flows and the DEPA sale proceeds. As a result, Net Debt was reduced by €0.39bn q-o-q to €1.58bn, with Net Debt over Capital Employed at 34%. The refinancing process of bank loans maturing in 4Q22 is at a final stage and expected to be completed within the next weeks.

Capital expenditure amounted to €214m, higher y-o-y, mainly due to the acquisition of the RES wind parks in Mani (55 MW) and the maintenance works at the refining facilities.

Andreas Shiamishis, Group CEO, commented on the results:

"The 3Q22 financial results are undoubtedly satisfactory, having benefited from a positive environment and the performance of our entities in Greece and abroad. However, beyond the financial results, the considerable progress in achieving a major turnaround of our Company, is of particular importance, with an emphasis on cleaner forms of energy, upgraded corporate governance and improved efficiency. Having the ***full support*** *of our shareholders, capital markets, and, especially our management and employees, whom I express my thanks, with the implementation of* ***Vision 2025****, we proceeded with a revision of our strategy at a rapid pace, culminating in the recent development and change of our corporate identity. These changes support the Company in achieving its business objectives in the long term, with* ***a leading role in the transition to cleaner forms of energy, while at the same time continuing to constitute a strong pillar for the energy security of our country.***

However, for our Company, success does not go hand in hand only with the positive financial results, but also with ***contribution to the community****. In this context, we proceeded with a series of actions targeted at mitigating, to the extent possible, the impact of the energy crisis, such as the transport subsidization for remote islands, a discount on heating oil on top of the state subsidy, as well as the supply of heating oil to the pediatric hospitals in Attica and Thessaloniki and a number of schools in neighboring municipalities.*

Our objective is to continue achieving the best possible results for our shareholders, but at the same time, invest in a greener and safer future for the Company and the country, while, wherever we can, be supportive to the needs of society."

Key highlights and contribution for each of the main business units in 3Q22 were:

REFINING, SUPPLY & TRADING

- Refining, Supply & Trading 3Q22 Adjusted EBITDA came in at €433m, supported by international refining margins, strong US dollar and refining over-performance.
- During 3Q22, the scheduled turnaround at the Thessaloniki refinery was safely and successfully completed, with all units currently in operation.

PETROCHEMICALS

- 3Q22 Adjusted EBITDA came in at €8m, lower y-o-y on weak PP margins.

MARKETING

- Domestic Marketing recorded increased sale volumes (+11% y-o-y) on the back of higher demand from aviation and bunkering. Adjusted EBITDA came in at €21m, lower than 3Q21 due to lower inventory valuation, as gasoline prices declined materially.
- In International Marketing, higher sales volume (+12% y-o-y) and margins resulted in improved profitability, with Adjusted EBITDA at €30m (+30% vs 3Q21).

RENEWABLES

- Higher RES operating capacity due to full contribution from the Kozani 204 MW PV park and the consolidation of the recently acquired wind farms of 55 MW capacity (Mani, Greece) in the RES portfolio, led to higher electricity output (175 GWh vs 12 GWh in 3Q21), with Adjusted EBITDA increasing to €11m vs €1m in 3Q21.

ASSOCIATE COMPANIES

- DEPA companies' contribution to 3Q22 consolidated Net Income was €30m.
- Elpedison 3Q22 EBITDA came in at €59m, driven by operational flexibility and trading opportunities. Increased prices resulted in higher working capital and funding needs.

HELLENiQ ENERGY

HELLENiQ ENERGY Holdings S.A.

Key consolidated financial indicators for 3Q/9M 22
(prepared in accordance with IFRS)

€ million	3Q21	3Q22	% Δ	9M21	9M22	% Δ
P&L figures						
Refining Sales Volumes ('000 MT)	3,841	3,889	1%	11,300	10,599	-6%
Sales	2,442	4,189	72%	6,399	10,967	71%
EBITDA	140	329	-	531	1,568	-
Adjusted EBITDA [1]	**125**	**504**	**-**	**264**	**1,137**	**-**
Operating Profit	76	249	-	341	1,337	-
Net Income	49	252	-	255	1,121	-
Adjusted Net Income [1]	**33**	**381**	**-**	**48**	**755**	**-**
Balance Sheet Items						
Capital Employed				3,937	4,591	17%
Net Debt				1,866	1,581	-15%
Gearing (ND/ND+E)				47%	34%	-13pps[2]

Note 1: Calculated as Reported adjusted for inventory effects and other non-operating items, as well as the IFRS accounting treatment of the EUAs deficit.

Note 2: pps stands for percentage points

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