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"Third Quarter 2011 Financial Results" Conference Call

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Conductors:

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Mr. Andreas, Siamisis, Chief Financial Officer
Mr. George Alexopoulos, Corporate Planning & Development Director
Mr. VasilisTsaitas, Investor Relations Officer

Conference Call Conducted by Chorus Call Hellas

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OPERATOR: Good afternoon, ladies and gentlemen, this is the Chorus Call conference operator.

Welcome and thank you for joining Hellenic Petroleum Third Quarter 2011 Financial Results Conference Call.

At this time, I would like to turn the conference over to Mr. John Costopoulos, Chief Executive Officer, Mr. Andreas Siamisis, Chief Financial Officer, Mr. George Alexopoulos, Corporate Planning and Development Director and Mr. Vasilis Tsaitas, Investor Relations Officer.

Gentlemen, please go ahead.

COSTOPOULOS J: Ladies and gentlemen, good afternoon. It's John Costopoulos. Thank you very much for joining us again for the presentation of our third quarter results for 2011. As we have been doing over the last few quarters, I will make a short presentation of the highlights of our results and then I will pass on to Mr. Andreas Siamsis our CFO who will provide you with a more detailed analysis and presentation of the results for our Group as well as for the various business segments in which we operate.

Let me start by saying that, you know, we continue to operate in a difficult macro environment. The conditions both in the international refining environment as well as the domestic market remain challenging. As you all well know, in the third quarter we faced an environment with weak margins.

In the third quarter, the cracking margins came in at $2.9 per barrel, which is more or less unchanged versus the same quarter last year. The crude prices remained volatile at about $112 per barrel for…as an average for the quarter. An issue which hit the results this year was the volatility of the currency markets. The Euro Dollar exchange rate as you know, dropped to a low 135 at the end of September, which obviously impacted our net income because of unrealized FX losses on our dollar denominated loan portfolio and the domestic market remains challenging with the fuels demand down 7% year-on-year for the quarter.

Now, in terms of financial results, I think we can say that our underlying operating performance has been positive in comparison really with the peers in Europe, downstream peers in Europe. And as I mentioned before, our net income was primarily affected by the dollar denominated loans which were revalued at the 135 rate showing substantial FX unrealized losses versus substantial gains if you will at the end of the equivalent quarter last year.

At the EBITDA level, the adjusted EBITDA for the third quarter came in at €70 million, which is a 14% drop versus third quarter of 2010 and for the nine months the adjusted EBITDA came in at €287 million, which is 26% below the equivalent nine months of the previous year. This was primarily attributed to improved trading performance from our supply and trading activities.

On the volume side, the volumes were affected by the difficult domestic market conditions, and of course, low refinery utilizations due to both, if you will, weak margins, and the upgrades of the refinery you know, the…of Salonika and our

Elefsis refinery, which remains shutdown for the major upgrade project.

However, I think on the positive side we saw some market share gains in the quarter you know, particularly in the retail business where we show our market shares in road fuels improving as a result of very successful new product introductions the EKO95EKONOMYand interesting marketing and promotional activities.

Also on the positive side, we continue to see benefits that are flowing in from our transformation initiatives, the refinery optimization projects and cost control and cost reduction projects as well as on the procurement side, the shared services side and of course, tighter cost control overall.

In the domestic marketing, we saw, as I said, market share gains on gasoline, and we also had a strong quarter in the sales of…in the performance of our aviation fuels business, which was supported by strong a tourism season and substantially higher sales and better results from our aviation business in Greece. On the other side, you know we continue to have a weak retail demand overall in the market, which continues to decline because of the recession and difficult environment in Greece.

On our international marketing activities, which is handled through our subsidiaries in the Balkans and in Cyprus, throughout all of our markets, I think we maintained a decent performance. In all markets we have shown market share gains through successful marketing activities and you know, we will speak in a little bit more detail about each market in a little while.

On the Petchem business, we had weaker results versus the equivalent quarter last year particularly due to…well despite the fact, that we had increases in polypropylene sales, the price drop resulted in inventory losses, which obviously affected negatively our results versus the previous year.

So, I mean the underlying EBITDA therefore, Iwould say within the environment within which we operate you know, was positive, and you know, if we go down to the operating profits for the third quarter, the report operating profit came in at €33 million versus 48 for the equivalent quarter.

However, at the net income level, we report a net loss of €17 million, which as I said, is purely the result of unrealized currency translation losses. And if we look at the nine months, our net income comes in at €162 million, which is 25% ahead of the equivalent nine months last year. The FX loss for the quarter were €43 million compared with €54 million revaluation gains on the dollar denominated loans. So, obviously that kind of you know, tipped the net income to a net loss for the quarter.

And as far as the associates performance is concerned, we saw improvements both on the DEPA results and the Elpedison performance, which together combined you know, gave us €12 million profits at the associate level, which is 61ahead of the equivalent quarter last year. And I would give you more details as we proceed with our presentation and talk specifically about Elpedison and DEPA.

Now, in terms of key developments for the third quarter, the Elefsina refinery upgradeis continued to progress at a good pace. Our progress now in terms of completing the project is at 93%, as we have mentioned in previous discussions, we expect that the mechanical completion will be achieved by the end of this year. Some of the units have already been completed, and we are already proceeding with the commissioning across some of the units. And as we have also mentioned in previous discussions, we expect that the new upgrade refinery will be up and running early in the second quarter of 2012 with significantly positive impact on our results and creating more value for our company.

Our Salonika refinery upgrade as you know has been completed and in the quarter the refinery was in full commercial operation. The small EKO Georgia divestment has been completed. In the upstream segment, the West Obayed Concession transaction where we farmed-out 70% of our…over a 100% of regional share was…has been…has received now final and formal regulatory approval by the Egyptian authorities, by EGPC and by the Egyptian Ministry of Energy.

So we are already now in discussions with our new partners for the drilling campaign that will commence next year. An interesting also development has been the refinancing of €400 million facility, which was maturing in the second quarter of 2012. That now has been refinanced and the maturity has been extended to the third quarter of 2013 despite the difficult you know, capital market conditions that we are facing which is a good development for us.

And finally, in terms of the, you know regulatory and operating environment, in November the Greek parliament passed a bill which basically lifted a 20 year ban on diesel run private vehicles in Athens and Thessaloniki which we expect over the next few years to increase the domestic diesel consumption as the fleet of passenger cars in Athens and Salonika begins to gradually convert into diesel cars.

At this point, I will pass on to Andreas Siamsiis, our CFO who will continue with our presentation. Andreas?

SIAMSIS A: Thank you, John. If we move on to the financial performance of the company, I think the points that John summarized earlier are reflected in our numbers. So, the weak market is…reflected in both refining and marketing volumes…sales volume, where we have 9% to 11% lower sales volumes versus last year. And our operating performance at EBITDA level which is €70 million versus €87 million for last year.

In terms of net income, again we've mentioned the two points and I will highlight towards the end of the presentation, the impact of the FOREX of the translation on the USD loans so that it's quite clear that this…if you like a spot revaluation impact which actually reversed over the next few days, but it is something, which is reflected in our results.

Finally, in terms of our numbers, again the other highlight would be the DEPA and the Elpedison contribution, which even though are not shown as operating performance in the EBITDA line, because we consolidate this as an associate, they have reported fairly strong results with a big improvement versus last year.

In terms of our balance sheet, the key numbers here which is capital employed just under €5 billion on the back of our investments in Elefsina and Thessaloniki and of course, increasing working capital with crude oil prices moving above or being maintained at above $100 per barrel, and net debt at just 2…just over €2.3 billion. CapEx as one we would expect driven on the main by the Elefsina upgrade €411 million for the nine months, €170 million during the last quarter.

Moving on to the key parameters, which are the key drivers of our business, all of you know the numbers, so I will not spend too much time. Crude oil price has been quite volatile. During the last few days of September, we saw a dip in the price going down to $103, from an average of about €112.

Our stock balance was such that it didn’t give rise to a material inventory loss being reported, and clearly as prices picked up in Q4, we will be seeing that impact coming through in the following quarter.

In terms of exchange rates, we saw the dip at the end of September to 135. Now, clearly one should have in mind that a stronger dollar is actually something which benefits our results in terms of refining margins. So, part of the loss, which was reported as revaluation loss at the end of the quarter will be picked up as a profit, as an increased EBITDA moving into October, November.

In terms of refining margins, we have the benchmark margins of Aspropyrgos being the key driver of the business given the operating mode of the other two refineries, so 90%, 91% of our production came from Aspropyrgos. Refining margins even though at similar to last year levels of $2.9 per barrel…benchmark margins that is, are as you can see amongst the lowest over the last few years.

In terms of the sweet/sour differential, we show the impact of the narrowing of the spread, which clearly also impacts our profitability and performance of the refineries.

On the following page, we have the market environment in terms of the domestic fuels market. We are seeing a drop on the nine months to September of about 7% versus last year. This is intended to show the auto fuels heating and industrial use, so it excludes PPC, which is for Power generation purposes, and it can be volatile for reasons nothing to do with fuels demand and armed forces.

As you can see the market…the demand for aviation and bunkering is performing a lot better, given that we had a very good tourism season in third quarter. So we are picking up some of the benefits there, and primarily coming through the bunkering fuel for the shipping business.

Moving on to the analysis of results by segments, you can see on Page 7, a chart whereby we show the performance on an adjusted EBITDA basis for the quarter for our core businesses, and there you can see refining performing quite well given that refining margins have been at the same level but we had 10%

drop on the volume. So the improvement in performance came mainly from operating improvements and increase trading profits from our supply and trading activities.

On the marketing, even though we have done a lot to reduce our cost base, the volume drop of again about 10% has led to a €5 million drop in our reported results. International marketing has been maintained at relatively stable levels with marginal changes to be reported.

Petchems, went down to €6 million of EBITDA from €12 million, that is a result of decreasing polypropylene prices in the third quarter, and that is something which comes through as an inventory effect. As a policy with margins, we do not adjust our Petchems results for inventory impact, but if one was to takeaway the price impact then Petchems would be pretty much at the same high level as last year.

Finally E&P, we have marginal numbers given that we have reduced our exposure in this segment and that bring us to the €70 million EBITDA for the quarter.

Moving on to cash flow, we have shown here our evolution of cash from €1.7 billion to about €2.3 billion at the end of the quarter. This is the number which will be pretty close to the next six months debt as we are actually at the peak of our funding for the Elefsina upgrade, and the working capital funding requirement for the heating season.

So we expect this to be coming down over the next few months, as we reduce our capital investment, and we release some of the working capital. So, key drivers has been the upgrade project with about €336 million of additional funding requirement and increased working capital as a result of higher prices and increased excess taxes being part of our retail business receivables.

In terms of gearing, we are just under 50%, at 49% of our assets being funded by debt. And in terms of refinancing, we've already started the implementation of the refinancing plan. We have three facilities maturing over the next 18 months. We have successfully renegotiated one of them, which expires at second quarter of '12 and it's been refinanced with another facility which matures on the third quarter of 2013.

So, that seems to be doing quite well even though the Greek banking industry and the market is facing a lot of pressures, and the international banks are skeptical in terms of increasing their exposure into Greece mainly because of the sovereign issues rather than the corporate issues. Even so, we have been able to achieve the refinancing and we are quite hopeful that we would be able to complete our refinancing plan as we originally expected.

In terms of transformation benefits another area where management has dedicated a lot of attention and efforts, we have seen that this is one of the key reasons why we have been able to maintain a relatively stable performance over the last couple of years even though refining margins have been going down, and a lot of refining… pure refining players have been suffering as a result of that. The transformation has been supporting partly our result's, we have got about a €160 million of additional benefits coming through, compared to doing nothing. So, we are quite pleased to see these benefits continue and even accelerating during this quarter versus Q2.

That pretty much completes the discussion at Group level. And we are moving on to the individual business segments discussion. As in previous quarters, I am not planning to go through the numbers on the tables, but just to give you the key points for each business.

Sales volume in the Greek market have been affected by the slowdown in demand, and we've seen a reduction of about 11% in our sales. Now, that is partly because of the domestic market, but it's also to a great extent because of the refinery utilization mode, given that Elefsina is not in operation due to the marginal environment, as well as the tie-ins and the new upgrade, which needs to sort of be linked to the existing refinery unit, which means that we have practically no naphtha or fuel oil for exports, which has been traditionally our key export product portfolio. So that leads to a drop in our sales volumes.

As you all know, refining margins were at an extremely low point at the end of September, about 70 cents per barrel, and that was due mainly to the gasoline cracks following the driving season. Over the quarter as we said, we had pretty much the same level of low refining margins as last year.

In terms of our positive contribution due to trading, that is something which is quite visible if you see the chart at the bottom where we can see about three times higher trading volumes in last year, and that we have been able to optimize our supply chain in our supplies in terms of pricing and timing to give us an additional small but important benefit to maintain a stable performance in this year.

As John mentioned earlier, Thessaloniki is in full commercial operation as of September. And we are… well, we just completed the scheduled maintenance shutdown for the Aspropyrgos refinery, which was carried out during the month of October.

The refinery utilization is shown on the next page, and clearly one can see what we have been talking about in terms of numbers, and a direct consequence of that is the product yield of the three refineries, which is shown on the chart on Page 13. Clearly, even though we have a lower volume on the sales and refinery utilization, on an absolute basis, we have been able to benefit from an average margin improvement given that 91% of the refinery production came from the cracking refinery from Aspropyrgos, so that gives if you like a system margin improvement versus last year.

Moving on to domestic marketing, conditions are challenging. We are seeing the pressure on market demand, which is something which continues in the third quarter. And we are continuing to experience a relatively low margin environment. Things have not gotten worse since the last couple of quarters, so we are seeing a stabilization of margins. However, demand even though seems to be dropping at a lower pace, it is still with a negative sign.

The good thing is that, we have been able to pick up market share as a result of the economy, the EKO EKONOMY95 campaign, which effectively is focusing consumer's minds on the benefit of value for money concept rather than high performance. So that is something which has gone down very well with our consumers. They are able to benefit from a product, which is aimed at delivering the marginal additional mileage, so that is something which has helped us to gain a couple of points on the market share for the gasoline business.

The C&I sales are affected by the fuel oil volume, the low margin fuel oil volume sold to PPC. And of course, the positive tourist season in the second and the third quarter helped our aviation business results significantly. So we have a healthy profit from that segment of our business. International marketing, as we mentioned earlier, we have a pretty much flat performance on an EBIT basis, it's about €12 million, on adjusted EBITDA about €15 million, which is in line with last year's numbers.

We have pressures due to the economic environment in most countries. However, through the…if you like the excellence initiative, in the core markets and the operational efficiencies that we have achieved, as well as marketing drives we have been able to improve margins in most of our key markets.

Bulgaria remains…continues to be affected by the low margins environment due to the local refineries pricing policy. But the good thing is that Serbian market margins have recovered from the loss of the first quarter and the second quarter, which was a result of a tax differentiation strategy by the Serbian government.

EBITDA in Cyprus is performing quite well. We have an improvement on the back of wholesale performance, and clearly given the state of our investment and funding plans, we have been quite conservative in terms of approving material, additional investments in this business. We do monitor what is happening around us, and if needed we will be considering anything which is considered strategic. But at this point in time clearly emphasis remains on completing the Elefsina upgrade and optimizing the core structure of the domestic business.

Petchems, you can see the strong performance by petrochemicals even though compared to last year we are reporting a €6 million drop in profitability, which is a result of the price impact on our inventories.

Clearly, petrochemicals are affected in terms of sales volumes by the fact that the Thessaloniki refinery which has a lot of vertical integration with our chemicals business has been shut down for two out of the three months during the third quarter.

Moving on to the power generation business with Elpedison, that's consolidated on an equity basis, which is something that will help us to avoid any restatements due to the changes in the standards. We are reporting improved performance there, which is attributed to the increased capacity certificates, the semi-regulated environment with a cost recovery method, and that is something which leads to a higher utilization rate of the two plants.

In terms of financing, I think it's important to highlight that we not only achieved the refinancing of the €400 million at group level that we talked about earlier, but we also refinanced a €370 million loan, which was at the Elpedison level and clearly most of it was at the back of the credit strength of HP and Edison our partners from Italy.

It was refinanced at the end of September with a group of local and international banks, and it has a period of about two years. So, I think it's important to know that about €800 million of facilities have been refinanced in the group over the last few months.

In terms of DEPA, we have good news. We have increased volumes as a result of the CCGTs increased utilization. We have increased profitability from DESFA on the basis of the overhead gearing and higher volume lead to higher profitability there. And we also have positive performance from the local supply company such as EPA Attikis. You can see that we are approximately 1 BCM in terms of sales volumes for the third quarter of 2011, which is a big improvement versus last year.

Now, before I complete the presentation, I would like to very quickly go through the published profit and loss account just to highlight the impact of our…of the currency exchange. You can see that we have a negative impact of €43 million in the third quarter. That is a result of our funding strategy given that we carry about $2 billion of inventory, which is loan…which is USD based. We try to finance about 50% of that with USD loans.

Now, that gives us a natural hedge and a quite cost efficient hedge because we don't have to hedge our balance sheet, with the exception of dollar appreciation and reporting mismatch. So at the end of the third quarter, the appreciation of the dollar versus the euro gave us the downside on the revaluation of the liability, but did not allow us to take the upside on the inventory value, which is something that has come through in October and November, and clearly to the extend that dollar remains at relatively strong position versus the euro, then we will be able to see improved realized margins in the coming months. So it's bad news for the reported results at the end of the quarter but its good news for the business overall.

I think that pretty much completes the presentation of the results, and we will open the floor for any questions you may have.

Q&A

OPERATOR: The first question is from Mr. Katsenos Nikos of Alpha Finance. Please go ahead, sir.

KATSENOS N: Yes, hello everyone, just a simple question please. Apparently, you had a notable pick up in terms of your net financial expenses in the third quarter, normally and largely due to your net debt position, I am wondering whether you could comment in terms of the interest rate environment regarding the…your refinancing activities. And secondly, whether you could give me guidance in terms of your financial expenses for 2012 or alternatively, if you could cite an average cost of debt that we should expect?

SIAMSIIS A: Actually that is…that's a very interesting question because I think most of the Greek companies are actually facing this challenge. Clearly, the increased financial cost is a result of the project investments.

We have about €0.5 billion of additional loans as a result of the investment versus last quarter versus 2010, plus an increase in working capital due to the oil prices. That accounts for about 50% of the increase in the interest cost, and the rest is due to base rate plus additional margin costs. So we have experienced a moderate increase in our average cost of funding mainly because of marginal facilities or new facilities being slightly more expensive in line with market pricing.

2012, we don't expect to see material changes. We will clearly see a bigger number coming through the P&L given that we have higher debt balances and most likely the outlook is to have at least a similar level of interest rates as we have now. Now, clearly that is… that is something that will go down as we reduce our debt which will start happening from the second quarter of 2012 onwards. So, that will be coming at the end of the year to be something closer to this year.

KATSENOS N: So, just to understand something, given your target of 43% of gearing for 2012, would it be fair to assume that we would be looking for net financial expenses of something of around €70 million?

SIAMSIIS A: I think that number is pretty much in the right range, yes.

KATSENOS N: Okay, thank you very much.

OPERATOR: The next question is from Ms. Dunphy Elaine of Deutsche Bank. Please go ahead.

DUNPHY E: Hi, good evening gentlemen. Just on the bill that was passed in November in terms of the diesel ban, I was just wondering, can you give us some guidance in terms of what you think that could mean for diesel demand growth going forward in Greece?

COSTOPOULOS J: Well, I mean frankly it will take some time before we see any significant impact in terms of mix of our sales. I mean, as you can appreciate, Athens and Salonika between them probably account for you know, a good 60%, 65% of the total vehicle passenger fleet stock in Greece. And for that stock to actually change significantly from being purely gasoline driven to diesel will take a long time. I mean the…so I guess over the next two three years we don't expect to see a significant up take of diesel in Greece.

I also have to mention you know, two other, you know kind of data points, one is that, as far as the, I mean, if one compares it to Europe, obviously we have seen in Europe traditionally a…the vast majority of new car purchases have been diesel driven cars, but that has also been supported by a tax differential excise duty tax differential between diesel and gasoline in Europe. That differential will not exist in Greece next year. I mean, the government as you know has passed a bill under the kind of austerity program and the requirements for higher revenues…tax revenues, the excise duty will be equalized next year.

So taking away, I guess a big chunk of the incentive for people to kind of rush into you know, buying a diesel car. And so, I think that that's going to be a big downer. But, I mean yes, eventually because of the fuel savings on a diesel car particularly on larger engine cars, we expect that we will gradually see some sort of a shift, but it will take quite a few years to happen to have a significant impact on our sales.

According to car importers in Greece, I mean they basically are making assumptions in their own plans in 2012 that about 35% to 40% of new car sales, which are significantly down as you can expect in Greece over the last two years because of the austerity measures and the depressed economy, will be new diesel cars. So, the answer to your question is, we don't expect to see any kind of immediate impact, long-term you know we will see a pickup in you know, diesel sales, and I guess, which will lead to, you know to some increase diesel sales for us and some you know small reduction in gasoline sales in Greece.

DUNPHY E: Okay if I could just ask a follow up question. Actually, just I mean in light of where your debt levels are, and where they look like they'll be toward the year-end, what can we kind of expect in terms of your dividend for this year, are you comfortable with, I mean the kind of levels that you've paid out over the last two three years or just like €0.45 a share…?

SIAMSIIS A: Well, Elaine nothing would please us more to…than to be able to sort of announce what the interim and the final dividend being at least as high or even higher than last year's numbers. We thought…and thank you for giving us the opportunity to comment on that. We thought that, even though all in all our performance has not been…has not been as weak as it could have been or some other refining industry players, who are operating in Central Europe or in the Med, we decided that, we would probably delay an announcement for the interim dividend until we get clear of the Greek crisis and have some more visibility as to the upgrade.

Now, the full year dividend is very difficult for us to project anything, but I think our net income projections are not expected to be worse than last year and we don't expect to see a significant change on our payout ratios.

DUNPHY E: Okay, perfect. Thank you.

OPERATOR: The next question is from Mr. Theodorou Costas of Cheuvreux. Please go ahead, sir.

THEODOROU C: Hi, thank you and good afternoon. My first question is on…with regards to the refining business, if you could tell us what was the overall performance of trading and manufacturing margin or actually what you realized as margin in the third quarter, that's my first question?

And my second question is with regards to your debt and your borrowings, I fail to understand what had been refinanced and obviously it must refer to something on long-term, so you…if I am not wrong your short-term borrowings about €1.9 billion and your long-term is about €1.1 billion at this point, if that's correct can you split it between dollar, euro and what is the spread on this…on your borrowings? Thank you.

SIAMSIIS A: Costas, on the refining business performance and realized margin, we could not give out and disclose the actual realized margins by channel. However, as you know, we have a significant over-performance versus the benchmark due to the specific yield of the individual refineries. In the third quarter, we have been operating with Aspropyrgos only, one of the most complex and efficient refineries in the Med. And even though we had similar to last year refining margins the over-performance versus that driven by crude slate, driven by specific product yields, driven by the DIAS transformation program, which we started some time ago has enabled us to deliver higher realized margins than last year.

I would refer you to the page on the transformation benefits where we are delivering about 160 million of additional benefit. Well that…part of that benefit is coming through increased realized margins.

On trading, I think the impact is mainly…a volume impact given that the increase on trade has been able to deliver a higher trading margin. No material changes in terms of absolute numbers per ton, but it's just a volume effect there, that we are reporting.

THEODOROU C: Okay .

SIAMSIIS A: Now, on the funding, your numbers are pretty much correct. The €400 million that we refinanced refers to a one year revolving facility that we have with Hellenic Petroleum Finance PLC of €400 million. We've been renewing this facility for the last four or five years on an annual basis. This time around and given the environment, we decided to extend the maturity to longer than a year, so it went up to the third quarter of 2013. So we did a forward start by five months, six months as well as adding another three months at the end. So all in all, it was an extension by a year and a half.

THEODOROU C: Okay .

SIAMSIIS A: In terms of the details of the loan breakdown, I think we would be able to see some of that information in our published accounts, if needed, we are more than happy to provide additional information to you.

THEODOROU C: Just a follow up Andreas, on the spread…at the end of the year last year was about 4% of the short term on euros. Is this something similar to forecast for what the situation is today, because I mean about 4% spread or is it something more to account for?

SIAMSIIS A: No, in terms of the average, it's actually lower for the group, given our facilities in place. As you know, we have an advantage…advantageously priced facility and thanks to our relationship banks that support us on that, which is helping us to maintain a competitive cost of borrowing over the last few years. So, the number as an average I would expect to be a bit lower than that.

THEODOROU C: I was referring only to the short term not to the long term.

SIAMSIIS A: Short term, I think short term, you are probably right, that is pretty much the average cost that we are experiencing now in the Greek market.

THEODOROU C: And, just a follow up and last question on your domestic network, is there a plan for reducing your…own dealer operated plant just going forward for 2012, given the difficult trading conditions in Greece?

COSTOPOULOS J: On this latter question, I mean, I want to give you two answers. One is as far as the network is concerned, certainly you know, we are continuously culling if you will the end of the you know, the tail end of our you know, unprofitable or less profitable stations, that's one. So yes, I mean we will see a gradual decrease.

As you know, Greece is an over pumped market, so some stations are closing down themselves, some as they come up for renewal you know, we decide for profitability or logistical reasons to cull and take advantages even of the dual branding strategy that we have and the two networks, that we are running into the market.

Then more interestedly, I would say that apart from you know, the stations we are actually…have completed a very thorough supply chain review and cost review of our retail operations. We are proceeding more aggressively with consolidating all our… the logistical management of the two networks in terms of installations and this sort of primary and secondary transportation, as well as all the shared services which include you know IT, finance, you know, dealer management, administration, HR and so on and so forth.

And we, you know have already started the program whereby we will be you know, reducing the number of installations across the country where there is duplication between the two networks or where we feel that because of the new economics that have transpired from the new, the liberalization of fuel transportation in Greece you know, to optimize that supply chain and take costs out of it, and we are already doing that quite aggressively.

And we are restructuring the organization…the back office organizations of both companies, which will release additional you know, cost savings…substantial cost savings, which will flow through in 2012.

THEODOROU C: Okay. Thank you very much for your answers.

OPERATOR: Mr. Costopoulos, there are no more questions registered at this time. You may now proceed with your closing statements. Thank you.

COSTOPOULOS J: Yeah, okay. Well, I want to again thank you for the very interesting questions. I guess it started you know, late in the evening where our presentation has been you know quite comprehensive and we must have been quite clear with the messages or your models are pretty much complete. So again thank you for joining us in the presentation of the Third Quarter Results.

As I said in my introduction, I guess you know, the 2011 environment remains a challenging environment for us. The international environment is quite volatile, and we have continuing recession in the domestic market. We expect towards the end of 2012 to see kind of an improvement in domestic conditions.

Within this difficult environment, we believe that our underlying performance remains positive in the third quarter. And in terms of addressing the challenges that we are facing, we continue all our efforts to enhance the competence of our group throughout all the business segments.

We as you know, are upgrading our asset base, and we are very proactively managing costs on all fronts as well as business and financial risks. And we are accelerating the implementation of all our transformational initiatives. We are you know, focusing on resource optimization, continuously reviewing our portfolio and our resource allocation across the various businesses and channels within which we operate.

The Elefsis refinery upgrade which is our main project right now remains on track for successful and timely delivery, which we expect will add significant value for our group in 2012. So at this point, I thank you and I renew our appointment for reviewing and presenting our results for the fourth quarter and we will be talking to you soon, I expect. Thank you very much and good evening to all of you.