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"2014 Interim Financial Results Financial Results" Conference Call

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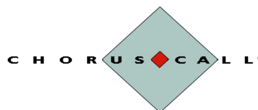
Conductors:

Mr. John Costopoulos, CEO
Mr. Andreas Shiamishis, CFO,
and
Mr. Vasilis Tsaitas, 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 2014 Interim Financial Results Conference Call.

At this time, I would like to turn the conference over to Mr. John Costopoulos, Chief Executive Officer, Mr. Andreas Shiamishis, Chief Financial Officer and Mr. Vasilis Tsaitas, Investor Relations Officer.

Mr. Costopoulos please go ahead.

COSTOPOULOS J: Good evening, ladies and gentlemen, and thank you for joining us again for our review of Hellenic Petroleum's Financial Results for the Second Quarter of 2014, as well as the half yearly results.

Let me start with the highlights as I usually do and then I'll pass on to our CFO, Mr. Shiamishis, who will take you through some more information regarding the operating environment, the Greek environment and the details of our performance across our business units. I guess if I can start with the top line that as you've seen in the report that we've sent to you this quarter.

Our Group has been able to deliver improved operating results across all our main activities and business units. And very importantly, I want to stress that during this quarter, we were able to implement successfully a big chunk of our financial… financing strategy if you will, which has led to a major improvement in our liquidity position and also in our

general financing terms, both in terms of maturity, as well as financing costs, which is something that we will provide you with some more details.

Clearly, we have continued to operate in a difficult environment. As you all well know, the Mediterranean Southern European, more or so I would say, but generally the European refining environment remains in a very tough situation because of on the one hand the, you know, continues with demand generally, although we've seen if you will, we believe and as we've said also in the last two quarters, the bottom of the trough as far as the domestic market is concerned, but generally demand is overall weak.

And on the other side, we've had a very kind of unstable and volatile situation in terms of crude supplies, particularly driven by, you know, geo political developments in a number of key supply markets like Libya and Iraq, and of course, the Ukraine situation has not helped.

So overall, you know, we've seen weaker benchmark refining margins in the med. We've seen increased volatility in crude markets. However, we've had a somewhat widening Brent-Urals differential in the second quarter which averaged about $1.5 per barrel which has been beneficial for us.

And, as I said the… you know, we have continued to see throughout this quarter a stabilization of the domestic auto fuels demand, within our domestic market which has been good for our results.

In terms of the actual financial…, another important point that I want to stress of course, is that our performance was also affected by the performance of our refining units.

As you recall, we've had a turnaround stoppage in March, middle of March until early April, in our Elefsina refinery. During that period of time, we were able to implement some debottlenecking projects, particularly in our flexicoker and also did some early maintenance work like replacement of certain catalyst in our hydrocracker.

As a result of this turnaround, obviously our results were hit by the cost of that turnaround which was kind of an earlier one than what was originally planned.

On the other hand, this debottlenecking and some minor improvement CAPEX that was spent on the units, particularly the hydrocracker and the flexicoker, as I said in our Elefsina refinery, has enabled us post that turnaround to substantially improve the utilization rates of the key units of that refinery. And all the key units, particularly the flexicoker and the hydrocracker are now operating far above if you will, the nameplate capacity specified for those units with positive results and Elefsina is beginning to contribute more substantially into our financial results.

If you turn to the numbers, in the second quarter, the adjusted EBITDA came in at €49 million versus the equivalent €21 million that we had in the second quarter of 2013. And as I said earlier on, we've seen all our businesses reporting increased contributions, and as I said also, our Elefsis refinery

improving substantially its performance post the maintenance that we did in March, early April.

We continue our unabated efforts on the cost reduction and competitive risk front. Many a times in the past, we've discussed this with you, but we continue the successful implementation of a number of those projects in our refining operations, our marketing operations, our head office, logistics et cetera.

And for the second quarter of this year, these projects have all together generated about €23 million, €24 million of additional contribution. And that is very much in line with the phasing of our budgeted competitiveness project, transformation projects.

As you recall, from our previous presentation last quarter, we have told you that we have earmarked a target of €80 million to be delivered through those projects in… during this fiscal year. And the fact that we are now at the €41 million mark for the six months gives us confidence that we will achieve and probably exceed a little bit that target during this fiscal year.

In terms of our associates' contribution, that came in at €8 million for the quarter on weaker results from DEPA. We will tell you more about that in a few minutes.

On our balance sheet, our net debt at the end of the quarter stood at €1.6 billion versus €1.8 billion at the end of the equivalent quarter last year. And our gearing now stands…

actually stood at the end of the six month at 43%. This has been primarily driven if you will by improvements in working capital. And again, we will provide you with some more details on that front and answer any question you might have.

Coming to the second point that I said in my introduction, this quarter was particularly important for us because we were able to complete successfully two Eurobond issues, which… you know about. The first one was a dollar denominated $400 million Eurobond for two years, with a maturity of two years. And the second one was €325 million with a five year maturity.

We will be using the proceeds to basically repay some of the existing more expensive debt that the Group has, as well as a sort of a lever to enable us, and we've already begun to do so successfully, to renegotiate with our banks some more expensive financing that we have.

Also, we've been able to renegotiate a €605 million syndicated facility which was expiring in 2016. And we've been able to push back some of those maturities and hence improving if you will, the maturity profile of our debt and also improving the cost of that debt.

On a more strategic basis, the DESFA transaction, approval is in progress. As you will know, it's been cleared through a draft certification provided by the local regulatory authority at RAE and it's now awaiting the approvals from the DG Energy and DG competition in Brussels. We expect to hear in the

very near future about those. We think that the overall transaction seems to be on track, and I guess when we have more, you know, definite news on its completion date, we will certainly share that with you.

Andreas, if you want to carry on from this point…

SHIAMISHIS A: Thank you very much, John. If we can turn to Page 5, we have a summary of the relevant market developments that have affected our results over the last quarter. In terms of crude oil, we've seen some volatility coming back into the market, mainly driven by the geopolitical risk in certain traditional suppliers in our part of the world. As a result, we've seen Brent spiking to a higher $115 during that period. It ended up a little bit lower at 111, and that gave us a small inventory gain at the end of the quarter.

Now, one of the good things that we've seen is a widening of the Brent-Urals differential which is at about $1.5 per barrel for the second quarter average. Clearly at just under 50% of our crude supply coming from Urals that is something which benefits our refineries, unfortunately, we were not able to capture all of that due to the startup of Elefsina in April, but still it is… it has been a positive driver.

Now, moving on to Page 6, we have the relevant margins which are shown next to the various product cracks that we have. With the exception of Hydrocracking margin which was partly due to the Naphtha product crack, and some benefit from the sweet-sour differential, the other two relevant margins for us the FCC, the cracking margin as well as the

hydro skimming margin they have been lower than last year. So as a result, we do have a negative margin impact for the quarter.

A continuation of the relatively good news that we've seen in the Greek market; as you appreciate, the Greek market demand is something which can have a material impact on our profitability.

In the last few quarters, we have seen a flattening of the demand, we had the big shocks which were driven from the recession, as well as, the spiking of… as well as, the increase of customs tax, excise taxes on fuel. In the first half of this year, we've seen just over 3 million tons of sales which is roughly at the same level as last year.

And if we go to Page 8, you can see that the performance for the second quarter is actually even better, given that there is no heating gas oil at all in this period or very little in the first few days of April. We see that diesel, auto diesel, continues to grow taking over or substituting some of the gasoline consumption which is dropping and that is a result of new car registrations which are switching towards diesel rather than gasoline.

Clearly, this is good news, as far as we are concerned, given that the new refinery we have is a top diesel producer. So we do hope that this trend will continue in the future as well.

Now, if we go through some of the key financial numbers, we have on Page 10 the bridge between last year's EBITDA,

clean EBITDA, and this year's. The drivers are quite simple to understand and to explain. The margin environment together with the foreign exchange has given us a shortfall versus last year of €18 million as you can see on the page. But the startup of the Elefsina refinery has given us a positive contribution of €19 million.

What we have noted here is that, the effect of the startup in April is estimated at around €12 million EBITDA. So that is, if you like a provise which we have given up because of the startup process. However, as we will see in a minute, the new refinery has started up very well and all units are performing well above their original design capacity.

Now, a big driver has been an overall operational improvement, that clearly includes demand growth in certain of our businesses, and it also includes a number of self help results which are the competitiveness improvement initiatives, which have given us a boost compared to last year.

And to give you a little bit more flavor on that, we have on Page 11 the impact, in the second quarter of 2014 which is €23 million. The target for 2014 is just over €80 million. It looks like we are set to achieve that, given that we have already achieved more than 50% in the first half of the year, and some of the benefits are actually generated in the second half of the year. So we feel comfortable that this big driver of cash contribution and profitability contribution will be materialized.

We do have some tangible examples. You can see that headcount costs have gone down by 21% in the second quarter versus last year. Retail side cost, rental costs have come down by 10% and the synergies between the two south refineries which is Elefsina and Aspropyrgos have increased to €6 million compared to €2 million last year.

Now, moving onto the balance sheet; we have a small reduction in net debt that is mostly a result of working capital management and phasing. The two big drivers there, have been the redeployment of cash to support LCs for the supply of crude, i.e. we've started renegotiating our terms of supply with the main traders, expecting to get the benefit, both in terms of DPOs, and, of course, in terms of pricing as well.

We are still not pricing our crude purchases at the levels where we used to, a couple of years ago, as a result of the crisis and the liquidity crunch that the Greek market faced. However, we are gradually clawing back that opportunity, of course if you will. And we expect that over the next two to three quarters, we will be able to report even more demonstrable results.

In terms of balance sheet, as John mentioned earlier, we do have basically three main transactions to report. It's the issuance of two Eurobonds in the first half of the year, and the renegotiation of a benchmark term facility which is a syndicated bank loan facility which took place… it was actually signed a few days after the end of the quarter. Now, the combined impact of those three transactions happened to significantly improve the funding profile of the Group.

As you can see on Page 13, this is demonstrated easily by looking at the, first of all the percentage of uncommitted facilities, at the beginning of the year which was about 36%. Now, it's down to 27%, so it's clearly an improvement, and by the way this is actually calculated on a bigger size of credit facility. So the underlying improvement is even better. We have less than 50% coming from the bank market that means our dependence on any sort of adversities on the banking system is even lower than what it was at the end of the year.

And, of course, you can see the maturity profile of the Group which is shown on the bottom part of the page. It's significantly more even, it spreads out to outer years, and there is a big decrease of immediate refinancing needs for the next two-and-a-half years. Now, these benefits are on top of a significant cost reduction which has been achieved through the new transactions, and those benefits will start becoming visible in the next couple of quarters.

Mind you that, the benefit that we will be having is almost entirely driven from the rates reduction and the restructuring of the loans rather than actual deleveraging, because as you have seen in the previous page, there is no material deleveraging yet, given that the DESFA transaction has not being concluded within the first half of the year which is something that we expected and communicated all along.

Now moving onto the specific business units; on the domestic refining, supply and trading the key drivers have been the

improved yields post, the startup of Elefsina and lower operating costs. It's clear that we cannot fully offset the impact of the weaker margins, and the fact that April, which was a relatively better month, in terms of margins, we were not able to capture that benefit given that Elefsina was in a startup process.

However, on Page 16, you can see the evolution of the utilization of the new refinery. We are pleased to confirm that since mid-April, the refinery is performing at above design rates capacity and we have been able to finally start realizing some serious returns from this investment.

In terms of sales and operations, you can see that our second quarter sales reported 7% lower, almost entirely coming from the exports market and a bit on the aviation and bunkering, whereas the domestic market has grown by 2%, which is a result of a small improvement, as well as a small share gain in certain product categories.

The exports reduction is entirely explained by the operation of the refineries. As you can see on the right hand side of the page, the Elefsina refinery operated at lower overall utilization because of the startup process and Thessaloniki refinery operated at a lower utilization because of actual economics.

So the fact that we sold less volume in the exports market is merely a reflection of the utilization of the refineries. Even though we've been through this process a number of times, it makes sense to repeat myself and effectively confirm that a

refinery will operate on the basis of its economics. So, if it doesn't make sense in terms of benchmark margins to operate, given that the excess product will be sold in the exports market, usually you will see this volatility in benchmark margins being reflected in sales volumes as well, which however are low margin sales in any case.

Petrochemicals on the other hand have improved the performance. Now, as can you can see, a significant part of that benefit is almost entirely due to the vertical integration. It's a value chain integration benefit, given that in many other companies, you may see this benefit reported under the refining section.

In our case, we've chosen to report petrochemicals and manage petrochemicals, separately, effectively, allocating the profit to the final sale of the product rather than the conversion. However, at the end of the day, we are still happy to be able to realize this increase of 26% in the second quarter.

One thing that I didn't mention is a fact that, on Page 17, you can see the second quarter yield of the refineries, and you can see that effectively only 13% of the total refineries yield is actually fuel oil, everything else is white products.

In terms of domestic marketing, again we are seeing an increase in our EBITDA. We've got a 40% increase which is driven from the performance of retail as well as C&I. The marketing businesses have also benefited from the cost reduction programs. If you recall at the end of last year we

implemented a voluntary retirement scheme, whereby a number of employees have opted to leave the Group. A lot of these people came from the refining business and the head offices of the group which meant that the cost structure is clearly more appropriate for the level of business that we have in Greece now.

You can see that our domestic marketing business is reporting profits from retail. This is at gross margin level, about 64% comes from retail, 15% comes from commercial and industrial customers and 19% comes from aviation. At an EBITDA level clearly there is changes because of the different cost structures of the businesses. However, it is something which is not entirely Greek market driven, given that aviation is moreover international, and the increase in tourism is helping us in this respect.

In international marketing, we have also an improvement. The performance of pretty much all of our businesses has been positive. We've reported increased profitability from all our subsidiaries. The reduction in sales volume is effectively relating to wholesale business which was sold through EKO Bulgaria, our subsidiary in Bulgaria. And they relate to effectively refinery export sales which were reported and handled by the subsidiary there.

So, the margin effectively loss is pretty much what we described earlier in the refining section due to the lower runs of the Thessaloniki refinery and Elefsina refinery. So lower exports we focused in making sure that we capture the higher

margin sales rather than lower margin pass through sales into Bulgaria.

Finally, we have our associates in power and in gas. We have a marginal improvement in our power generation business, we are reporting at a €10 million contribution. Clearly, it's a sector which is undergoing a lot of changes; a lot of changes have already been announced with respect to possible opening up of the specific market.

We have to appreciate that a lot of steps have been made in the last few years, maybe we have seen a slower pace of transformation of these industries and we anticipated that a few years ago when we started investing in this market, however, we do see these changes taking place. And effectively, both ourselves, as well as our joint venture partners Elpedison which is another subsidiary consider that we have the, the staying power in this market to see the transformation changes through.

Now, with respect to DEPA; DEPA report results which are almost directly influenced and affected by the utilization of gas-fired power plants, and the decrease in the profitability of the business is to a large extent driven by that factor. DEPA has been able to renegotiate a number of supply contracts over the last six to nine months, leading to beneficial terms. However, the off-takes from IPPs mainly have been lower than in 2013.

Now with respect to DESFA; as John mentioned earlier, we have made the first steps towards the regulatory approval.

Unfortunately, being part of a wider system, thus have some disadvantage in terms of speed of reaction, we expect that over the next quarter or so, we will be able to report something more concrete with respect to the DESFA closure, and the various approvals and clearances that we have to obtain from the various authorities.

Now, that brings me to the end of the business presentation. As we normally do, I will not go through the detailed numbers, and we are more than happy to take any questions on the business, or on any of the financials and help you clarify and understand our performance a bit better. Thank you.

Q&A

OPERATOR: The first question comes from the line of Mr. Lofting Matt of Nomura. Please go ahead.

LOFTING M: Yes, good evening, thanks for the presentation, gentlemen. A couple of questions, if I could please, firstly, on financing, you clearly made encouraging progress the last few months with the Eurobond issuances. I wonder if you could talk sort of more medium in terms of what you think sort of the next key steps are, having sort of improved the debt maturity profile and pushed the average maturity out in recent months.

And then secondly, just on sort of cost savings, continued progress there and sort of on track for 2014. I wonder if you

could give us a flavor in terms of what you think the… if you look at that on a two-year view, well, perhaps the sort of the further efficiency upside or savings potential could be beyond this year. Thanks.

SHIAMISHIS A: Yes, on the refinancing, as you say, it has been a good quarter for us and a good six months. I think our target is very clear. Without taking into account any de-leveraging impact, our target is to be able to reduce our average cost of fund by about 2.5% to 3%. Up until now, we have been able to achieve that, it hasn't been visible in our numbers given the timing and the phasing of the savings. But we have started renegotiating all of our facilities aiming to claw back some of the benefit that we had in the past.

Now if I remind you, not so long ago we were able to have financing at around 20 to 30 basis points over EURIBOR LIBOR. That was one extreme, the one side of the pendulum, and then it went to the other side of the pendulum when Greek companies simply because of their zip code had to borrow at double digit rates. I think we are pushing the pendulum towards the former condition… the former position. We are not going to go down to 25 or 30 basis points, at least not in the next few quarters. But clearly, we will see a material benefit coming through, that as part of the renegotiation.

One final thing on the financing, as you know, we already have three transactions in the market. I think that is a reasonable level in terms of the overall funds raised from

DCMs. I would not expect to see that number increasing substantially in the next couple of quarters.

However, one of the transactions is priced at 8. We've got a yield of, hovering around 5%. So that is something which we may decide to revisit at some point in time in the next couple of quarters, particularly with the DESFA proceeds coming up, it is something that we will be revisiting.

Now, in terms of cost savings, our estimate for 2014 was to be able to generate in excess of €80 million of savings. I think we are relatively confident that we will be able to do that. And we've indicated that in the next 18 months, we should be able to target something around €120 million, to €150 million of additional savings.

Now, a lot of that will come in 2015, things like energy and natural gas usage in some of the refineries will be generating a significant benefit for the Group, it's not necessarily operating costs but it's energy cost and yields of the refineries. So I think in terms of 18 months down the line to 24 months down the line, we should be able to get close to that €120 million to €150 million range of savings. Clearly, that includes the €80 million for 2014, yes, so an additional €50 million to €70 million.

LOFTING M: Okay, very clear. Thanks for the answers.

SHIAMISHIS A: And there we will continue to get some more benefits, but let's get there first and then we will see what we do when we reach that level.

OPERATOR: The next question comes from the line of Mr. Patricot Henri of UBS. Please go ahead.

PATRICOT H: Yes, good afternoon. Thank you for the presentation, a couple of questions from me; the first one on the renegotiation of your supply terms that you mentioned, and the very large reduction in the working capital. Also I was wondering if the whole update of reduction in this working capital was sustainable? I think you quickly mentioned that you could see some improvements in terms of supply terms. I was wondering if you could give some numbers around, if possible, for the reductions.

And the second question is on the refining business and the crude slate and the treading in 2Q. It was a large increase in terms of the light crude that you used compared to 2Q. I was wondering if that was all related to the maintenance fee or was there another change in the business. Thank you.

SHIAMISHIS A: Well, first of all on the working capital, I think we broadly have the impact of two factors. The first one comes from extending payment terms through the use of LCs. That adds about €200 million to €250 million of benefits to the working capital. Now, that benefit I think it's fair to say that it is sustainable given that first of all, we have the liquidity if required to support an LC trade and second we've got very reasonable… we've got reasons to expect that in the next couple of months, we will be seeing more of appetite by international banks to issue LCs for Greek companies, more

traders to accept open credit trading, so that I would expect to see as recurring.

The other benefit that we have seen is actually masked within suppliers. In the last few months, we have the combined impact of two things; first of all, the reduction of CSO's given that year-on-year, the drop in the domestic market kicks into play in April every year. So, if you have sales reduction in the previous year, you will see a small benefit coming in April the following year which we've seen.

Second, we have the start up of all three refineries, which allows us to optimize our stockholding in a much better way. If you have only one refinery operating, then by definition you will need to import less crudes and more products. That tends to create some suboptimal position for inventory. And the combination of those two factors, have actually led to lower operating inventory being required.

On the other hand, the increase of prices, prices went up to $115, have meant that the actual balance of suppliers and stocks was higher. We just saw the increase in creditors coming through our accounts, but the former two items that I mentioned, the stock reduction and the optimization, have led to lower inventories at the end of June.

Now, to what extent this is sustainable, I would say that the inventory reduction is sustainable unless there is a massive increase in sales which requires us to keep higher compulsory stock inventories in next year's calculation.

With respect to prices, I really don't know, I don't expect to see a dramatic drop in prices. So to a large extent, I would expect that the working capital change will oscillate around that number, plus or minus a €100 million over the next few quarters.

PATRICOT H: Okay, thank you.

COSTOPOULOS J: The crude slate…

SHIAMISHIS A: The crude slate, sorry you had the second part; crude slate, we have 40% which is Urals, we've had some light-crudes in the slates, some CPC is coming in, and that is mostly a result of the detailed LP of the refineries, the start up, rather than systematic change in our crude slate.

PATRICOT H: Alright. Thank you.

OPERATOR: The next question comes from the line of Senapati Saumya of Bank of America. Please go ahead.

SAUMYA S: Good evening, gentlemen. Thank you for taking my questions. I have a couple of questions, if I may, please. Firstly, could you please remind me if the run rate for clean EBITDA that you had said at the end of the first quarter call of between €300 million and €350 million, still looks sustainable to you?

And secondly, on the decision on the dividend, now, last year when your reported net income was negative the decision was to forgo a dividend. But when is this decision made, and

is that something you would consider again this year? That will be my two questions for now and I'll ask the rest later.

SHIAMISHIS A: Okay. Well, first of all in terms of the run rate, the numbers you mentioned look reasonable given the first half performance and what we've seen today. However, if you take into account what we have seen in July, July has been particularly strong month with benchmark margin. So I guess that if we don't see a collapse in refining margins, we should be closer to the range that you mentioned €300 million to 350 million. Now, if July margins prevail, then it's going to be even higher than that, but clearly is very difficult for us to predict that.

Now, on dividend, you're obviously right. In terms of last year we had losses, so we did not declare any dividend. In 2014, the performance to-date is not conducive for us to declare a dividend. However, we are evaluating as we announced at the Annual Shareholders Meeting that we are evaluating the… a new tax law with respect to reserves and their distribution. That is something that we will finalize in the next couple of months and we will come back with any decisions on that front.

Clearly the sale of DESFA is also a critical part of this decision. And I think that, we will need to wait until Q3 before we make any announcements.

SAUMYA S: Thank you for that. And my last question, please. On… to go ahead, when you say that the margins in July have been very strong, they've been largely driven by gasoline. Now, my

understanding of your weak refining results this quarter, the second quarter is that because of the Elefsina upgrade, the proportion of middle distillates and the product slate has increased significantly.

Now, what structural changes do you expect going forward that could reverse this? Because we… I mean from what we see in the market the product supply from the US, Russia, Middle East is only steadily increasing. I would love some clarity on that, please. Thank you.

SHIAMISHIS A: Well, as you may be aware, I mean, there are different benchmarks which people track. And we think that we are actually tracking the one which is more… most relevant to us. Certain analysts track a different type of margins a passive type of margins which may not be as relevant for a med refinery like us. So the margin situation is something which we saw going down in the second quarter which explains to some extent the weak results if you use the relevant benchmark and, of course, as you rightly point-out, the startup and the suboptimal yields of the Elefsina refinery during that process.

In terms of structural changes, I think you've mentioned all of the things that keep us awake at night. It is something which will not change in the foreseeable future. However, there are a couple of things which could lead to a structural change of what we are seeing today.

First of all, we are seeing noises from the US, in terms of export allowance; we have seen one first case on

condensates. I think there is a lot of pressure by shale, smaller companies who are active in the shale gas and shale oil exploration trying to lobby for a ban on exports, and rightly so, as far as they are concerned, so that they open up more avenues for their products.

Clearly, on its own, it is going to be a structural change, because it's going to bring equalization in the WTI-Brent differentials. The second driver is a rapid… is a modest growth in EU demand. I emphasize there were modest, however it is a positive sign, it is growing. And clearly, as you know, our business is a commodity business, which is priced at the margin. So we expect that the benefit will start kicking in.

As a sub-point to that, we should note that there will be refineries which are closing down. Some announcements by other companies have already hit the market. It's clearly the right thing to do. It doesn't make sense to burn cash because a lot of these refineries are actually burning cash on an EBITDA basis. It's not an accounting issue anymore it's a natural cash issue. So if we see capacity been taken out of the market in combination with the modest demand growth, we would expect to see some form of stability if not recovery in the relevant market which is the med.

Other than that, I don't think I can add anything to the very complete analysis and the issues that you've raised.

SAUMYA S: Okay. Thank you so much.

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

COSTOPOULOS J: Thank you. Well, first of all thank you very much for your most interesting questions. Well, all I can say is that, you know, clearly with regards to our second quarter results, the challenge that we have been facing for the last few quarters in European, and in particularly Southern European refinery were sustained in the second quarter '14 and hence, you know, the difficult benchmark refining margin environment that we have faced.

And in addition to the weak margins we have seen more volatility returning to crude oil markets because of the various geopolitical developments in regional oil producing countries, countries like, Iraq, but also Libya more recently again.

But I think we need to say that despite the difficult environment we at Hellenic Petroleum were able to achieve as we said initially better operational performance across all our business segments versus the equivalent quarter last year and that has, you know, clearly been reflected in our improved financial results for this quarter.

I want to note again, our Elefsina refinery which following the maintenance and the improvement works that were done in March and early April has reported… and is continuing to kind of report and show kind of historic, you know, historically high utilization rates. All new units, flexicoker or hydrocracker

are performing at record high, you know, at performance levels. And this, we believe will continue as we said to kind of provide positive contributions to our financial results.

We are happy that our competitiveness improvement programs that were started five, six years ago continue to be a key driver for improved operational profitability across all our business units. We've seen significant savings in the first half, to the tune of €40 million-€41 million.

Hence we believe that the target of €80 million, and as Andreas said, the additional kind of €50 million-€60 million next year which will primarily come now…not so much from kind of cost savings, headcount reduction, but mostly from operational improvements, efficiency improvements, energy cost savings, and they've all been kind of earmarked, planned and are under implementation will deliver additional kind of savings or margin improvements going forward over the next 18 months.

In terms of financial strategy, we have successfully completed the first phase of our debt portfolio, you know, management and restructuring, issuing the two Eurobonds, and renegotiating our largest syndicated facility with clear benefits on the maturity profile and the financing costs, and of course, improving also the overall financial risk and the maturity profile of our group.

Now, clearly all those benefits, you know, have begun to show results in the first half of '14 which we've kind of demonstrated and we expect that more of those will be

flowing into the second half of the year. And this is all I have to say. And again, you know, thank you for your time and your interest. And we are renewing, I guess our appointment for early November, mid-November we will be discussing with you the results of our third quarter. So thank you very much for your participation. Thank you.