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HELLENiQ ENERGY Holdings S.A.

Second Quarter & First Half 2025 Financial Results

Conference Call

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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 Second Quarter & First Half 2025 Financial Results.

At this time, I would like to turn the conference over to HELLENiQ ENERGY Holdings' Management team.

Gentlemen, you may now proceed.

SHIAMISHIS A: Good afternoon and thank you very much for attending our call for the Second Quarter Result. The second quarter has been positive in terms of results. We have an adjusted EBIDTA of just over 220 million which if one takes into account the Elefsina shutdown would be close to 250 million, which means that we're back on track with relatively strong quarterly performances.

The most important thing during the quarter, however, is the actual implementation of the Elefsina maintenance turnaround, which was the biggest one since the startup of the refinery in 2012. The maintenance works were done successfully. Safety performance was stellar and it allows us to go into the third quarter with a practically beginning of run refinery and be able to command better realized margins on our feedstock.

As far as the markets are concerned, margins are significantly up compared to last year and better than the previous quarter. The most important thing which we need to keep at the back of our minds is a continuous growth in demand. All types of transport fuel, whether it's ground fuels, aviation, or bunkering, are exhibiting strong demand.

That's not only in the Greek market, which is our core market, but also in other markets that we actually participate in, in the Balkans and Cyprus. In terms of operations, as I just mentioned, the Elefsina turnaround was successfully completed. We've had good performance on the refineries and very good performance on the retail business, with improvements in Greece, as well as our international subsidiaries.

On the renewables part, the addition of new capacity was able to offset part of the curtailment that we've had to suffer over and above our original expectations. On the financials, the adjusted EBITDA number, as I mentioned, is 221, including the impact from the shutdown that's closer to a quarter of a billion. But we did have to suffer inventory write-downs on the balance sheet, as a result of the drop in crude oil prices and currency fluctuations.

A weaker dollar means a weaker valuation on the inventory. This is expected to be reversed in the coming quarters, clearly dependent on the crude oil price evolution and the currency exchange. On the strategy and the outlook for the year, we have a positive outlook.

We have confirmed that the shutdown of Aspropyrgos will not take place in the second half of this year. It will be pushed back to the first half of next year. We've done all of the necessary work to ensure that the units are in a position to operate for the additional period, so no problems there.

We had the start-up of the Geneva Trading Office operations. Most of the team members are actually based there now, so we expect to be able to add to our trading portfolio over the next 12-18 months. Of course, just after the end of the second quarter, we had the completion of the ELPEDISON transaction, whereby we became sole shareholders in the company.

That is something which will allow us to consolidate the results from the third quarter onwards, and also to be able to control and define our destiny a bit better. On the renewables part, we have positive news as well. If you exclude the curtailment issue, which is something that all companies in the markets that we operate are facing, especially in Greece, our assets are performing as expected.

We have agreed on three new projects, which are at a ready-to-build phase in Romania -- two of them in and Romania and Bulgaria, which are effectively consistent with our announced strategy and allow us to have better visibility at the achievement of the interim target of 1.5 gigawatts in operation in the next few years.

Unfortunately, when it comes to the Greek renewables market, we are facing delays, primarily because of Greek connection terms clarity. This is something that will delay the deployment of assets in the Greek market.

However, overall, we have a pretty balanced portfolio going forward, both in terms of geography, as well as in terms of technology. So I think we will be able to counterbalance those impacts. That's the high-level summary for the quarter.

I would ask Dinos Panas to walk us through the environment, which for the first time, we're going to do it in two parts. We have the hydrocarbons and the energy environment as well.

PANAS D: Thank you, Andreas. Good afternoon, everybody. We had the five-year low prices of Brent during the second quarter of 2025. At the same time, we have the best benchmark margin over the last five quarters at $5.7 per barrel.

You can see that the cracks of the products were lower than they were in the same quarter in 2024 for the light products, but we had better cracks for fuel oil and Naphtha that more than compensated, let's say, the lower cracks of the light products. The third quarter of the year, July, started with improvements in cracks across the board, so we had a good start for the third quarter.

On the next page, page seven, you will see that electricity price was higher at 6% compared to the second quarter of 2024. Natural gas prices at plus 14% and CO_2 prices at rather the same levels, plus 1% compared to last year.

Finally, on the domestic market, I'm coming back to what Andreas was saying. We're experiencing a growth, a continuous growth in the domestic market. Quarter-over-quarter over the last year's quarter was gasoline at 2%. Diesel was 4%. Overall, the market in the domestic market sales were higher than 6%. 4% we had higher aviation sales, and 6% in the bunker sales.

In the bunker sales, you can see that there is an increased share of the marine gasoil at the expense of heavy fuel oil, because from May 1st onwards, Mediterranean became a sulphur-emission control area, and the fuel oil is being gradually replaced by the gasoil.

With this, I will pass you to Vasilis for the Group performance.

TSAITAS V: Thank you, Dinos. Good afternoon from Athens. So moving on, on page 10, to discuss our financials. In refining, given the downtime of Elefsina due to the turnaround that we mentioned before, sales were lower, and this is entirely driven by the turnaround at 3.5 million tons.

On the other side, in marketing, volumes were higher, as we'll see further on in detail. Our top line was affected, other than the decline in volumes that are reverting back to normal in the third quarter, by the lower Brent oil price and the weaker dollar, both at a four-year low.

In terms of EBITDA, as we discussed before, refining is close to last year's performance, despite the turnaround of Elefsina. Petrochemicals are running a cycle of very low, very weak PP margins, while marketing recorded a very strong performance, much better than last year, with adjusted EBITDA at just over 220 million, close to last year's levels.

Associates reflect the deconsolidation of DEPA Commercial following the transaction that took place at the end of last year, with ELPEDISON performance more or less flat versus last year.

Financial costs continue their declining trends, both on the back of lower spreads, as well as Euribor decline, with adjusted income at the same level as last year. Capex is higher, reflecting mostly the turnaround of Elefsina.

On page 11, bridging the results of last year versus current, the environment took us around 20 million off, as despite the slightly stronger benchmarks, electricity, Nat Gas, EUA prices were higher, and the Euro-dollar is reversing versus the trend that we had up until the previous quarter.

On the other side, the opportunity cost of having Elefsina down for the quarter was just over 20 million. We were lucky in the sense that the turnaround took place mostly during April and beginning of May, where margins were certainly lower, and the refining now is back on-line and able to take advantage of the very strong benchmark margins that we're witnessing in the third quarter.

Still, the downtime was offset by better operations in refining, and mostly supply and trading, with higher premium on our export markets, on our bunkering business with higher market shares, and the switch of fuel oil to gas oil. As we mentioned before, margin performance both in Greece and our international business was certainly much better than last year.

On page 12, looking at our facilities maturity profile, we have one facility that is maturing next November. We will roll over this over the coming months, so the maturity profile will be at around four, four and a half years, plus the project finance, which is certainly longer. Interest costs, despite the somewhat higher debt on the back of capex mainly, is still trending lower, and so we're looking into ways to reduce our funding costs even more.

Now, moving on, on discussing our business segments in a little bit more detail, starting with refining, supply and trading, our business on page 15. With adjusted EBITDA, as I mentioned before, at 163 million. The main event for the quarter was the safe and successful completion of the Elefsina refinery that is operating flat out from July onwards, with increased performance, even at the beginning of run versus end of run should be a few tens of cents versus the first or the second quarter of this year, at a period of very good margins.

Capex, for the semester, is at 223 million, with Elefsina turnaround being the major project for this year for refining. Aspropyrgos turnaround will take place in the first half of '26.

On page 16, the lost production from Elefsina downtime of around 700,000 tons was partially offset by the increased utilization of Thessaloniki and Aspropyrgos. Our domestic market sales were high, in line with the small market shares.

In bunkering, we recorded market share gains, mainly on the back of increased gas oil sales. Obviously, the difference was in exports, given the reduced production from Elefsina, which is also reflected on the product yields.

On page 17, overperformance, despite the turnaround, remains just over $8 per barrel, mainly on the back of better supply and trading performance, and the higher benchmark margins boost the total margin close to $14 per barrel for the quarter.

Moving on in our petrochemicals business, the polypropylene margins are the weakest we've seen for some time, and that is reflected on our EBITDA, despite the higher sales volume. We have excess supply in the market, both in Europe, as well as from exports in the Middle East, and the situation is not much better in the third quarter.

Moving on to our fuels marketing now, starting with our domestic marketing business, with adjusted EBITDA at $17 million for the quarter and $26 million for the semester, a significantly better performance versus last year, with a number of factors contributing to this outcome. The brand awareness of EKO has increased over the last few years.

Market shares have increased by around 2% points versus last year on the key products. The penetration of differentiated products continues to increase, both on our common network as well as the rest, and NFR contribution keeps increasing, so the underlying dynamic is very positive for our domestic marketing business, both on retail, as well as aviation and bunkers.

Similarly, if we move on to page 22, our international marketing is performing very strongly. Similar again factors, at least in terms of the contribution from NFR, as well as differentiated products penetration, and on top of that, in international business, you have the positive impact of the network expansion that has taken selectively over the last few years, and is now maturing and yielding very good benefits, with first half EBITDA at $40 million. This is the largest first half number that we've reported in our international marketing business.

On this note, I'll pass you over to George Alexopoulos to discuss our green utility business. George?

ALEXOPOULOS G: Thank you, Vasilis. Good afternoon, everybody. On Page 24, on the renewables business, as Andreas already mentioned, despite the higher capacity, the additional production and some income from renewables aggregation services was offset by weak wind conditions and also high curtailments, particularly on PV.

It is worth noting that the second quarter is always the worst in terms of curtailment because demand is relatively low, yet PV production tends to be high, but there was also a deterioration of curtailments this year versus last year. So, essentially, flat EBITDA for the quarter and slightly higher for the half year ending at the end of June.

If we turn to page 25, we are announcing important additions to our renewables portfolio in southeastern Europe in terms of ready-to-build projects, more than 400 megawatts worth of projects, which improve geographic diversification. Resilience in the sense that we're talking about wind and or hybrid projects that are much less susceptible to future curtailment.

And also notably much higher financial returns compared to what we observe in the Greek market. Specifically, three ready-to-build projects, our first project in Bulgaria, 123 megawatts hybrid PV project, which is ready to build, and two wind projects in Romania, also ready to build. One is starting construction, 96 megawatts, and the other 186 megawatts hybrid wind and battery, also expected to start implementation relatively soon.

On that note, if we go to page 27, the other pillar of our green utility, this quarter is the last quarter to be consolidated on an equity basis. It is a difficult quarter. The second quarter is always difficult, yet this one, the conditions were particularly adverse, lower demand, much higher renewable production, and at the same time, we had a maintenance in Thisvi. Also, we were hit by losses from last year regarding the system losses of the distribution system, which are retroactively charged to the power suppliers.

These did not affect the adjusted EBITDA, but it's worth noting because this underlines the regulatory instability and unpredictability of the market. So, from the next quarter on, we will report ELPEDISON on a consolidated basis, and we look forward to discussing with you our plans about the company.

I think this concludes the presentation, and we'll be happy to take your questions.

OPERATOR: The first question comes from the line of Chung, Jonathan with Morgan Stanley. Please go ahead.

CHUNG J: Hi, thanks for taking my question. Could you give us some sense on what's the expected capex and timeline on the start-up of the Romania and Bulgaria project, and what are the expected returns there compared to the Greek project? And secondly, could you comment on any sort of expectation for the refining margins in the second half? Thank you.

ALEXOPOULOS G: I'll take the question on Romania. Look, the timeline for implementation is for one of the projects we're starting construction now, and we expect to finish in 2027, and we expect all assets to be operational by 2028. This will bring us to 1.5 gigawatts, and in terms of returns, we expect returns of 10% to 12%, which is considerably higher than Greece, and capex of approximately EUR0.5 billion, which will be financed on a project finance basis, for the most part.

SHIAMISHIS A: Dinos, you want to take it for the refineries?

PANAS D: Well, Jonathan, as discussed, we had a strong start of the third quarter so far, but the market is volatile, and there are so many parameters that can affect it that at this point of time, I would refrain from expressing our expectations on the refining margins for the future.

It looks like it will all depend on the current supply and how this will affect, for example, the Indian refineries that are bringing diesel, for example, into the Mediterranean, now that they are not taking so many Russian crude, which is a positive thing for us, but let's see how it will work. I think it's very soon to forecast for a full second half of the year.

CHUNG J: Thank you. Thank you.

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

ATHANASOULIAS N: Hello. Thank you very much for the presentation. I have one question on my side regarding the EBITDA breach on page 11. I see you have a small negative electricity and CO_2 pricing negative effect, and I want to ask if you're doing any hedging on that then, or is it just because of the increase that you showed in the previous page? Yes, that's it.

TSAITAS V: Hi, thanks for the question. Effectively, for electricity price, we don't hedge, so the impact on opex effectively is entirely driven by the high electricity prices. For EUAs, we occasionally do some hedging, so some times we take some small positions, but again, I would say 80% of the impact is again driven by the higher prices versus last year, because as you may recall, 2024 we saw prices much lower than the previous couple of years.

ATHANASOULIAS N: Okay, thank you. And I have a follow-up regarding FX. Do you do any hedge on that end, and especially in July, should we expect a negative effect to offset the stronger margins?

TSAITAS V: I mean, we have two types of FX risks. So, one is on the P&L, what you guys see on our numbers. So, effectively, you have gross margin, which is entirely dollar denominated and driven, and our opex, which is, I would say, around 80% euro.

So, this is an impact which is difficult to hit, because effectively you would take a position, right? So, you have a physical exposure on the market, and by the fact that we report our numbers in euros, while we are a dollar margin company. So, we have always been refraining from taking a position on the FX, on the P&L exposure.

The other exposure that we are running is our balance sheet. So, we have assets and liabilities mostly on the working capital, which are, some of them are dollar, like our inventories, part of our receivables, and most of our payables.

Now, depending on the level of our working capital, we usually run a long dollar position, and that one we manage through partial hedging of dollar liabilities. This is one that we've deliberately held long, but we're now managing in order to reduce the impact, to mitigate the impact of a stronger euro.

ATHANASOULIAS N: Okay, thank you. That's very clear.

OPERATOR: The next question comes from the line of Grigoriou, George with Wooden & Co. Please go ahead.

GRIGORIOU G: Yes, hello. Thanks for the presentation. One quick question. If you could please walk us through, or give us a bit more color on, as to how your benchmark margin was actually higher year-on-year in the second quarter. I'm looking at page six of the presentation. You know, the cracks for diesel and gasoline were lower year-on-year. So, if you could please help us there to get a better understanding. Thank you.

PANAS D: George, a good question. As I said in my presentation, the lower cracks of the light distillates, gasoline and diesel were lower in the quarter, and that have been observed by two factors. One, by the much higher, the much better cracks for Naphtha and fuel oil. That's one thing, and the most important one, but also because some of our benchmark crudes were lower priced in the second quarter of 2025 than they were in the second quarter of 2024. So, these are the two reasons that led to higher benchmark margins.

GRIGORIOU G: Okay, so you effectively mean, Dinos, that crude differentials played a major role in the second quarter. Am I right to understand that?

PANAS D: No. Well, the major role was, let's say, the major role was also the Naphtha crack, because we produced quite a lot of Naphtha in Elefsina as you know and also the fuel oil crack, produced in Aspropyrgos. And then the crude differentials played their own role as well, an important one as well.

GRIGORIOU G: Okay. Thank you.

PANAS D: Thank you.

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

KATSENOS N: Thank you, Operator. We have a question from Guillaume Van Gemert from CA Indosuez Switzerland. He's asking, what is the mandate given to the new trading platform in Geneva?

SHIAMISHIS A: Okay, well, first of all, we need to repeat what we're actually doing here in Athens with the new team in Geneva. There -- it's not just the location which has changed, it's the way we go-to-market and the team. The majority of the traders are people who have joined us over the last six months to 12 months.

So, step one, effectively, do what we're doing here in Athens, but do it in Geneva and do it with a different process altogether. Start moving into markets where we already have a footprint. And three, increase volumes over and above what we actually trade on a physical basis.

So, if you will, you're looking to get a few dollars per ton over and above what you're getting now for your exports and maybe imports of the barrel. And have more volume, which will add to the profitability.

KATSENOS N: Thank you. And we have another question from Nicholas Paton from Edison, who asks, please, could you give us a little more color on how much ELPEDISON will boost the power and gas division in longer term? Do you have an estimate on the potential synergies?

ALEXOPOULOS G: Okay. Thank you. Thank you, Nicholas, for the question. I mean, the color is always green, of course, on the power and gas division. But to give you an idea on that, today, we have a run rate, which is over EUR100 million if you take ELPEDISON as is and our renewables business at the current size.

Going forward, we expect the ELPEDISON profitability to grow through performance improvements, investments. And of course, we have the renewables rollout plan, which we discussed earlier in the call. The aim is to reach a number of EUR300 million EBITDA order of magnitude by the end of the decade. It could be sooner. And in that number, I would say, at least 10% is the synergies between ELPEDISON and the rest of the HELLENiQ Group ex ELPEDISON.

KATSENOS N: Thank you. And we have another question from Nestor Katsios from Optima Bank. Any developments on your upstream activity? Do you plan to participate in the new tenders?

SHIAMISHIS A: That's a good question. You will excuse us if we don't comment. The tender is coming up in the next few weeks. We have a positive outlook for the tender. But given that it's, as I said, in a few weeks' time, I would prefer not to comment on us participating or not.

KATSENOS N: Thank you, operator. We don't have any other questions from the webcast. Back to you.

OPERATOR: Thank you. 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 spending this afternoon with us. We've tried to make it as easy as possible for you, either by providing most of the information you would be needing through the presentation and also try and be as concise as possible on our remarks.

The second quarter, as I mentioned, is a strong quarter with a performance on the adjusted base for our adjusted EBITDA that takes us close to a billion euros of clean EBITDA again. The reasons for not getting there is the shutdown of Elefsina and a weaker first quarter.

However, even if we don't see a continuation of the current environment, our performance is not going to be significantly lower than that. So, we are in good territory. And, if you will, with ELPEDISON beginning to participate in the consolidation on a full consolidation basis and the new renewables coming on stream over the next few quarters, then we only have positive headroom ahead of us.

On the reported results, we had a big hit on the inventory balance, but that's about maintaining our inventory as prescribed by law, the minimum stock obligation. And when prices go up, then that's revalued. When prices go down, then the mark-to-market hits us on the chain.

It is something which is a non-cash item and it will reverse as prices go up. On the strategy part, we have moved exactly as we promised a few years ago. In fact, I think the results today are effectively even better than what we expected when we launched Vision 2025.

We're in the process of updating our strategy and hopefully before the end of the year, we will be able to present our case and explain where we see the future of the Company going to. Other than that, we don't have anything major to report at this point in time.

The last question on upstream, we understand the interest from that. Hopefully, in the next quarter results, we will be able to announce and comment on developments in that front as well. Once again, thank you very much for following the Company and we look forward to seeing you after a restful break in the next few weeks.