



EQUITY RESEARCH/UPDATE/OIL-REFINERIES/HELLENIC PETROLEUM S.A

13/05/16

Hellenic Petroleum's Q1'16 results were characterized by an ever higher Gross Profit margin than the one faired in FY 15. This extraordinary mark of c. 18% following the stellar 10% of FY15 (and the 14% of Q1'15) is a peak level reminiscent only of comparable results back in early 2000. We are more than satisfied with these levels albeit consider them as pretty unsustainable: Current Euro denominated Brent prices could surely attribute a margin in the area of 13% -much better than the 9% mark we have factored in our conservative estimates for the full year period, however we will closely monitor the operating performance of the following quarters and be surely ready to adjust our metrics at a latter stage.

A further factor smoothening our estimates is the –still-pending sale of Desfa. As we have discussed previously, any potential advancement regarding the divestment could attribute 212 million Euros to our FY 16 Income projections. The sale is still considered to be realized sometime in 2016 with September 2016 acting as a next deadline. We still factor the premium and we believe that is an important safety net for the valuation of ELPE.

We note that despite the important improvement in gross profit operating margin the future Oil prices and Euro/Dollar currency rate in addition with the progress of DESFA sale require from us to remain to our base case estimates and stand by our previously published FV of 4.50 Euros/Share.

Symbol: *ELPE*

Market: *ATHENS STOCK EXCHANGE*

THESIS: *FV*

FAIR EST. VALUE: *4.50 Euros/Share*

Closing Price (12/05/16): *4.12 Euros/Share*

Market Cap.: *1.259 mn.*

P/E: *N/A*

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