



Share Price:		10,13
Closing Price as 05/05/16		
Price High 52week		11.50
Price Low 52week		6.86
Market Capitalisation		1.122.231.587
Current num. of shares		110.782.980
Long Term Debt		1.107.603.000

Key Financials	12/15	12/16E	12/17E
Sales	7.060.210.000	7.361.105.929	8.185.235.125
EBITDA	492.049.000	213.000.000	494.701.161
EBITDA margin	7%	3%	6%
Total Debt/Equity	2,24	2,24	2,24
P/E	4,86	5,72	4,39
EPS	1,85	1,57	2,05
Dividend/Share	0,65	N/A	N/A

Enterprise Value	2.026.592.420
Shareholders value	918.989.420

Risk Free	FV
6,50%	8,00
8,50%	6,85
10,50%	5,00

MOTOR OIL S.A

Sector: Oil/Petroleum

Activity: Oil refinery and distributor of petroleum products.

Outlook:

Motor Oil's FY15 results were characterized by the substantially higher refining margins that largely impacted the gross profit margin of the Group, leading it to a peak level in terms of long term average metrics (10% vs. 3% in FY14!) way higher than our normalised estimates. This factor was the main driver of Motor Oil's stellar performance in terms of operating and net income margin.

In our Oil Refinery P&L forecast model, we regard the level of COGS as the crucial part in determining operating performance and profitability. Thus, our previous assumptions for the 2015-2019 period were based on the normalised gross profit margin (5%) that corresponded to higher average Oil prices and the downtrend in the Euro/Dollar currency rate.

However, Motor Oil's FY15 performance largely disproved our modest assumptions as the reported gross profit margin reached the 10% mark (first time since 2005) thus boosting the corresponding operating and profitability margins.

In order to be more accurate in our analysis (and more consistent with our long term estimates) regarding Motor Oil, we attempted to re-examine the correlation between the adjusted Euro price of Oil and the level of Motor Oil's CGS. We evidenced that in the long run, average Euro Oil prices of 40 to 50 Euros/bbl correspond to a 7%-10% gross profit margin.

In the first four months of 2016, the adjusted Euro price of Brent Oil though showing an upward trend, still corresponds to that area.

As a result, we adjust our previous model for FY16 and FY17 to a level of 9% of Gross profit margin, while we retain our conservative estimates for the long term period (2018-2020) as we believe that the 9%-10% level of gross profit margin reflects a cyclical peak rather than the norm.

After these, we upgrade Motor Oil's fair estimated price to 5.00 Euros/Share which corresponds to our stressed case scenario with an estimated Risk free rate of 10.50%.

As evidenced, the increased Free cash flows from the upgraded gross profit margin for the 2016-2017 period, and the lower cost of debt (8% vs 10% previously), add c. 2.5 Euros/Share in all case scenarios (see table below).

In summary, the higher estimated gross profit margin paired with lower cost of debt for the company increased Motor Oil's DCF Fair Value by approximately 2.5 Euros/Share in all of our case scenarios, compelling us to upgrade the Group's fair value. Still, we believe that Motor Oil's current valuation remains demanding compared to our model, potentially reflecting a premium attributed to the Group's operating efficiency and long term management success in delivering results.

Motor Oil has always been one of the Top Picks in our universe and we will be closely monitoring the Group's performance in the forecoming quarters.

DATE

6/5/2016

FAIR ESTIMATED PRICE	5,00
Δ% from Current Price	-51%
Investment Thesis	0V

MOTOR OIL'S Summary tables

Income Statement	2015	2016E	2017E	2018E	2019E
Sales	7.060.210.000,00	7.361.105.928,61	8.185.235.125,36	9.521.341.707,11	10.131.816.416,39
CGS	6.346.495.000,00	6.698.606.395,04	7.448.563.964,08	9.045.274.621,75	9.625.225.595,57
Gross Profit	713.715.000,00	662.499.533,57	736.671.161,28	476.067.085,36	506.590.820,82
Other Income	21.938.000,00	1.000.000,00	1.000.000,00	1.000.000,00	1.000.000,00
Sales Costs	189.634.000,00	189.000.000,00	189.000.000,00	189.000.000,00	189.000.000,00
Admin. Costs	53.970.000,00	53.970.000,00	53.970.000,00	53.970.000,00	53.970.000,00
Rest Cost/Income	9.427.000,00	213.000.000,00	1.000.000,00	1.000.000,00	1.000.000,00
EBITDA	492.049.000,00	420.529.533,57	494.701.161,28	234.097.085,36	264.620.820,82
D&A	100.292.000,00	105.000.000,00	105.000.000,00	105.000.000,00	105.000.000,00
EBIT	391.757.000,00	315.529.533,57	389.701.161,28	129.097.085,36	159.620.820,82
Interest Expense	87.714.000,00	80.000.000,00	80.000.000,00	80.000.000,00	80.000.000,00
Acq. Gains/Losses	-1.200.000,00	10.000.000,00	10.000.000,00	10.000.000,00	10.000.000,00
EBT	302.843.000,00	245.529.533,57	319.701.161,28	59.097.085,36	89.620.820,82
Taxation	97.871.000,00	71.203.564,74	92.713.336,77	17.138.154,75	25.990.038,04
Net Income	204.972.000,00	174.325.968,84	226.987.824,51	41.958.930,60	63.630.782,78

Σημειώσεις/Notes

P: Τρέχουσα Τιμή
 MCAP: Κεφαλαιοποίηση
 EPS: Καθαρά Κέρδη Ανά Μετοχή

P/E: Λόγος Τιμής προς Κέρδη
 P/S: Λόγος Τιμής προς Πωλήσεις
 D/A: Συνολικός Δανεισμός προς Παθητικό

DY: Απόδοση Μερισμάτων
 ROE: Απόδοση Ιδίων Κεφαλαίων
 FV: Τιμή Σωστής Αποτίμησης

Market Price
 Capitalization
 Earnings per Share

Price/Earnings Ratio

Price/Sales Ratio

Total Debt/Assets Ratio

Dividend Yield
 Return on Equity
 Fair Value Price

Οδηγός Συστάσεων/Ratings

UV Χαμηλή Αποτίμηση/ Χαμηλός Κίνδυνος

UV1 Χαμηλή Αποτίμηση/ Κίνδυνος

FV Σωστή Αποτίμηση/ Χαμηλός Κίνδυνος

OV1 Σωστή Αποτίμηση/ Κίνδυνος

OV Υπερτιμημένη Μετοχή

Underpriced/ Small Risk
 Stock Price < 20% of Fair
 Underpriced/ Risk
 Stock Price < 10% of Fair
 Fairly Priced/ Small Risk
 10% < Stock Price < 10%
 Fairly Priced/ Risk
 Stock Price > 10% of Fair
 Overvalued
 Stock Price > 20% of Fair

Cash flow estimations (E)	2016E	2017E	2018E
EBIT	315.529.533,57	389.701.161,28	129.097.085,36
Taxation	71%	71%	71%
NOPAT	224.025.968,84	276.687.824,51	91.658.930,60
Depreciation	105.000.000,00	105.000.000,00	105.000.000,00
Capital Exp.	35.000.000,00	35.000.000,00	35.000.000,00
IWC	15.044.796,43	41.206.459,84	66.805.329,09
NCF	278.981.172,41	305.481.364,67	94.853.601,52

Growth/Margins/Metrics(E)	12/15	12/16E	12/17E
Sales Growth	-22%	4%	11%
EBITDA growth Y-Y	7%	6%	6%
Net Profit/Loss growth	290.00%	2%	3%
RATIOS	12/15	12/16E	12/17E
Debt/Equity	2,24	2,24	2,24
Capex/EBITDA	9%	8%	7%
ROE	34%	28%	37%
WACC	9,70%	9,70%	9,70%
VALUATION	12/15	12/16E	12/17E
Book Value	5,43	5,43	5,43
P/BV	1,83	1,47	1,47
P/E	4,86	5,72	4,39

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