

# Hellenic Petroleum

Q2 results

## Record Q2 results

Oil and gas

Hellenic Petroleum reported Q222 adjusted EBITDA of €535m, almost seven times higher than a year earlier (€79m) and c 50% ahead of consensus (c €350m; six analysts). This was driven by a strong performance across all divisions. Refining saw record-high EBITDA with strong refining margins and export performance, due to market disruption and energy security concerns, following Russia's invasion of Ukraine, along with strong demand from improved economic activity. This was despite a scheduled maintenance and higher energy costs. Marketing saw improved performance in most markets, with Greece's exposure to tourism and GDP growth reflected in the results. RES (Renewable Energy Sources) delivered results of €6m due a full quarter performance from Kozani solar plant (204MW), which started up in April. Annualised run rate for RES is c €50m assisted by a 55MW wind farm acquired on 28 July 2022. Given the strong performance, our forecasts and valuation are under review.

Year end	Revenue (€m)	Adjusted EBITDA* (€m)	Net debt** (€m)	P/E (x)	Dividend yield (%)
12/20	5,782	333	1,673	N/A	1.4
12/21	9,222	401	1,938	15.7	5.4

Note: \*Adjusted numbers account for inventory movements and other one-off items. \*\*Net debt excludes lease liabilities.

Reported EBITDA was €736m due to inventory gains of €246m on higher oil prices partially offset by one-offs (€17m) and accrual of a CO<sub>2</sub> emissions deficit (€27m). Net income was €524m, c 10 times higher than Q121 (€52m). Net debt stood at c €2bn at the end of Q222 (down from c €2.3bn at the end of Q122), with strong profitability outweighing price-led working capital gains. This includes cash of c €1.4bn, which, combined with credit facilities and ongoing cash flow generation, is enough to finance its investment programme. Hellenic is on track with its Vision 2025 renewable strategy (1GW by the end of 2026 and over 2GW by 2030), with 340MW (wind and solar) currently in operation.

The sale of DEPA Infrastructure to Italgas for €733m, corresponding to €256m for Hellenic Petroleum's 35% stake, is expected to be completed in Q322, following the relevant regulatory approvals, which are taking longer than expected. As highlighted in [our April update](#), management has indicated it plans to return 50% of the proceeds to shareholders in FY22, equating to c €130m or €0.42 per share. Combined with our forecast dividend for FY22 of €0.31 per share, this would give a total estimated dividend for FY22 of €0.73 per share, equating to a yield of c 10%.

26 August 2022

**Price** €6.98

**Market cap** €2,133m

Net debt (€m) end-Q222 1,967

Shares in issue 305.6m

Free float 20%

Code ELPE

Primary exchange Athens

Secondary exchange LSE

### Share price performance



### Business description

Hellenic Petroleum operates three refineries in Greece with a total capacity of 344kbopd. It has sizeable marketing (domestic and international) and petrochemicals divisions.

### Analyst

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