

Petrol (PETG SV)

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NEW
INVESTMENT
CULTURE**12M Target price: 399 EUR****Recommendation: HOLD**

Previous target price: 386 EUR, BUY (21.2.2017)

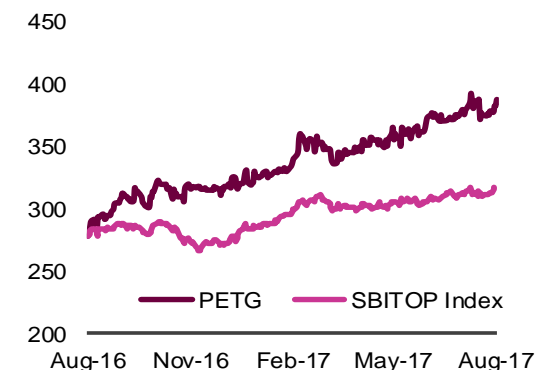
KEY MARKET DATA:

Stock data as of 25.08.2017 :		Price performance:		3M	12M
Market price (EUR)	385.0	Price change in %		5.5%	34.5%
52 week range (EUR)	278.6 - 392.0	SBI 20 index change in %		4.5%	13.5%
Market Cap (EUR)	803.2	Relative to SBI 20 index in %		0.9%	18.5%
		Valuation multiples:		TTM	Forward
Avg. daily trade vol., EUR(k)	194	EV/Sales		0.2	0.3
Average daily % of stock traded	0.029%	EV/EBITDA		6.7	6.5
No. of Shares in millions	2.1	EV/EBIT		9.8	9.3
		P/E		10.8	10.5
Dividend yield	3.6%	P/B		1.3	1.2

KEY COMPANY DATA & ESTIMATES:

million €	FY2015	FY2016	TTM	2017F	2018F
Sales	3,816.9	3,856.7	4,302.2	3,923.3	4,144.3
EBITDA	136.8	145.1	151.8	156.6	164.1
Margin	3.6%	3.8%	3.5%	4.0%	4.0%
EBIT	90.5	99.6	104.3	109.6	115.9
Net income	65.5	72.7	74.5	76.9	80.8
EPS	31.4	34.8	35.7	36.9	38.7
DPS	12.6	14.0		15.5	17.4
Financial debt	485.4	407.4	410.5	407.4	407.4
Cash	34.4	27.0	41.6	27.5	29.0
Net debt	262.4	226.4	216.8	351.1	320.6
Equity	549.3	596.6	605.4	647.3	698.8
Assets	1,474.4	1,502.8	1,468.2	1,561.8	1,639.3
ND/EBITDA	1.9	1.6	1.4	2.2	2.0
P/E	8.1	9.3	10.8	10.4	9.9
EV/EBITDA	5.8	6.2	6.7	6.5	6.2

SHARE PRICE DYNAMIC:



KEY CURRENT DEVELOPMENT:

- **Still no new news regarding oil price liberalization on highway stations.**

Currently market participants are not differencing much between themselves and toward still regulated off-highway stations. We did however expected more action in summer driving season due to increased transit through Slovenia...



Therefore, for now our prudent stance not to change expectations due to partial liberalization proved correct.

- All in all investment thesis remains unchanged while **1H17 results are only slightly ahead expectations. Target price was consequently slightly raised, however due to market price increase, our recommendation is downgraded from buy to hold.** Albeit not some upside exist, plus a solid dividend yield.
- Geoplin story should develop during the year (Petrol acquiring its gas distribution / operational part while state retaining infrastructure). Nevertheless detailed info is slim therefore its still hard to elaborate on valuation effects.

1H17 Results

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Product	unit	1H15	1H16	1H17	YoY
Petroleum products volume	thousand tons	1,318.4	1,438.5	1,543.3	7.3% ↑
Liquified petroleum gas volume	thousand tons	37.1	69.2	72.5	4.8% ↑
Natural gas volume	thousand MWh	703.2	713.5	704.8	-1.2% ↓
Electricity	TWh	6.4	7.6	11.1	46.1% ↑
Heat	thousand MWh	73.1	75.9	82.8	9.1% ↑
Merchandise	in EURm	238.7	245.4	259.6	5.8% ↑

▪ Solid growth of volume with 752 thousand sold in Slovenia (+3% YoY; motor fuels +5% YoY), 349 thousand tons in SEE (+2% YoY) and 442 thousand tons in EU (+22% YoY; mostly diesel and only wholesale).

▪ Petroleum product sales retail : wholesale mix was at 41% : 59% in 1H17.

million EUR	1H15	1H16	1H17	YoY
Net sales revenues	1,818.8	1,707.4	2,152.9	26.1% ↑
Gross profit	165.9	174.1	190.4	9.4% ↑
Cost of materials	15.1	14.5	15.4	5.8% ↑
Cost of services	55.7	59.8	64.1	7.3% ↑
Labour costs	31.8	33.6	35.9	6.8% ↑
EBITDA	63.0	66.4	73.0	10.0% ↑
Margin	3.5%	3.9%	3.4%	
Equity method investment	5.2	2.8	0.5	-82.1% ↓
Net financial result	-15.5	-7.3	-8.9	22.5% ↑
EBIT	40.8	44.2	48.9	10.7% ↑
Net income	25.3	31.9	33.9	6.2% ↑
million EUR	1H15	1H16	1H17	YoY
Financial debt	485.4	420.9	410.5	-2.5% ↓
Cash	34.4	30.1	41.6	38.0% ↑
Net debt	451.1	390.8	369.0	-5.6% ↓
Investments	188.7	192.9	152.2	-21.1% ↓
Net debt 2	262.4	197.9	216.8	9.5% ↑
Equity	549.3	556.7	596.6	7.2% ↑
Assets	1,474.4	1,469.7	1,468.2	-0.1% ↓
Inventories	91.5	123.9	118.5	-4.4% ↓
Operating receivables	324.2	289.1	322.5	11.6% ↑
Operating liabilities	402.9	452.1	407.0	-10.0% ↓
CAPEX	37.8	23.2	24.4	5.2% ↑
Neto dolg / kapital	0.8	0.7	0.6	
Neto dolg / EBITDA	3.1	2.8	2.4	

▪ Merchandise sales up 5% YoY to EUR 231.1m in Slovenia and 15% to EUR 28.6m in SEE.

▪ The growth was „same store“ as stations increased by only 3 to 490.

▪ Other energy product volume was up with exception of natural gas (possibly whether condition in 1Q is the culprit).

▪ Volume growth translated into 9.4% YoY gross profit growth.

▪ Opex dynamic is mostly in-line with top-line development and environment (higher oil price), as well as higher headcount. Headcount totaled at 4,360, up from 4,166 from the beginning of the year (+194).

▪ Its true that disposals/impairment of asset shrugged off EUR 2.1m (half in 2Q), which is above ordinary negligible levels. However despite this, EBITDA was roughly EUR 4.5m above our expectations (EUR 3m from 1Q17 and EUR 1.5m from 2Q17 perspective).

▪ Net financial result deteriorated due to lower other finance income, while FX related items were worse by mild EUR 0.7m.

▪ In addition EUR 1.4m was „saved“ through lower effective tax rate in 1H17 versus 1H16. Namely effective tax rate amounted to 15.9%.

▪ Net profit in 1H17, EUR 33.9m, is EUR 2.9m above our expectations, half due to tax rate, half due to slightly better top line dynamic.

▪ There are no meaningful changes in the balance sheet.

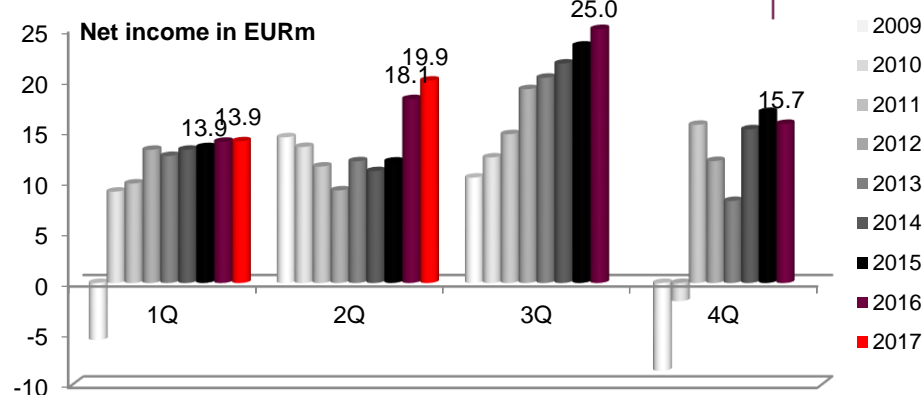
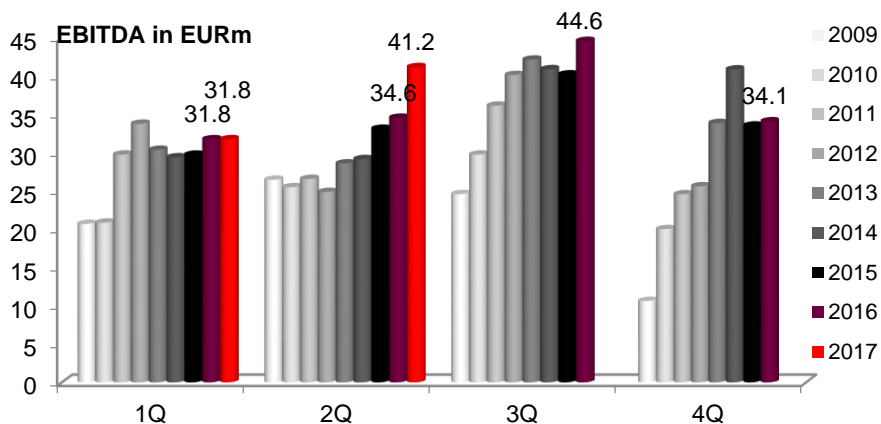
▪ Cash Flow from operations at EUR 35.3m versus EUR 78.5m in 1H16, due to adverse NWC change. This was due to 1Q17 adjustments to normal levels and from 2Q perspective operating cash flow was higher YoY and at EUR 57.9m.

▪ CAPEX EUR 13.1m was allocated: 27% Slovenian market; 16% SEE and 35% Energy and environmental solution. This is in-line with previous dynamic and guided dynamic.

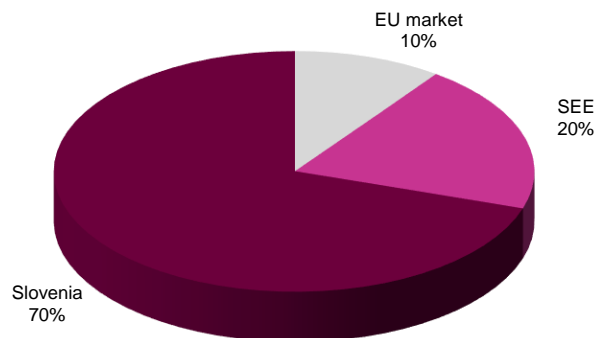
1H17 Results - supplemental

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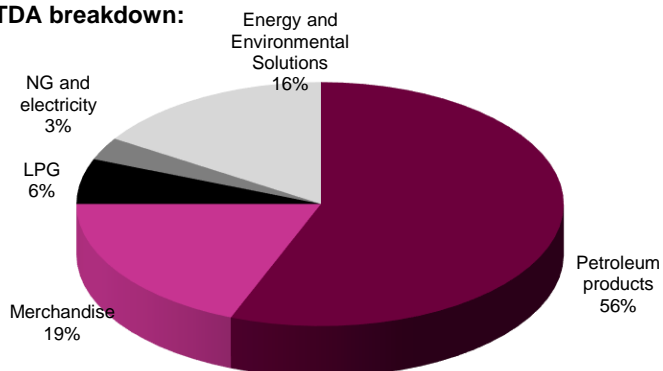
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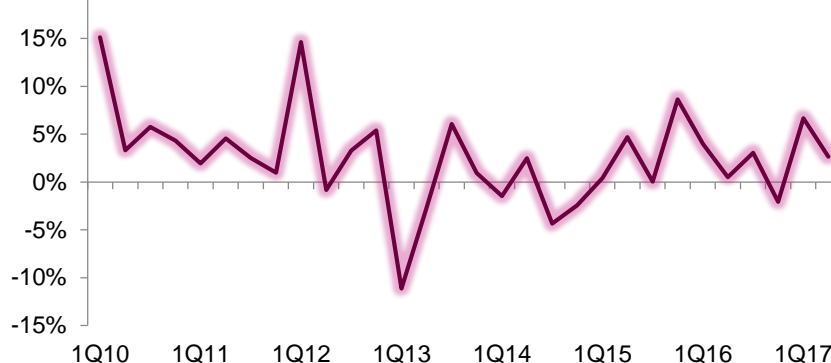
EBITDA breakdown:



EBITDA breakdown:



Merchandise Same Store Sales YoY



Investment Thesis

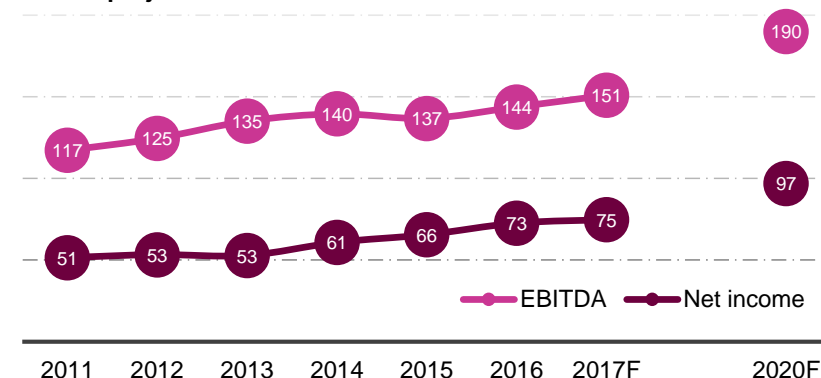
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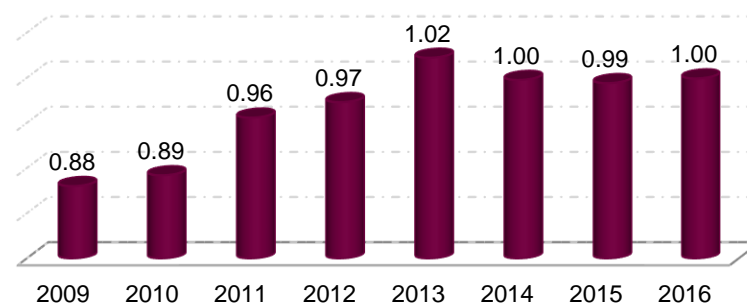
POSITIVE:

- **Dominant domestic market position** with 316 domestic service stations (mostly owned), vast coverage of location across the country and 58% market share. Second is OMV with 111 stations, third MOL with 47 stations. **Hard to see any big market entrances or changes.**
- In addition Petrol has 174 service station in SEE with roughly 12% market share in Croatia (2nd place, with focus on coastal area where respective market share is higher), 9% market share in Montenegro etc.
- **Long term strategic goals (2020)** seem realistic with solid growth pace:
 - 3.14m tones of petroleum products;
 - EUR 719m of merchandise sales;
 - 113m m3 of natural gas (trading at 300m m3);
 - 15 TWh of electricity sales and trading;
 - 139t MWH of heat;
 - **EBITDA of EUR 190m and net profit of EUR 97m (7.5% CAGR);**
 - Net debt to EBITDA goal of 2.2x;
 - EUR 350m of fixes asset investment (2016-2020 period).
- **Past track record solid regarding EBITDA and profit** while the balance sheet condition and above mentioned guidance **promises a continuation of predictable dividend dynamic.**
- **With economic recovery hitting consumers, sales growth should be picking up.** This is already seen in 2016 and 1H17 results.
- **Successful at pushing merchandise sales through retail network** (EUR 1m of sales per station). This creates ~20% of Group EBITDA.
- Management is striving to find growth through testing new concepts. Over the long haul Petrol is already thinking about major energy shifts and is acting upon electricity solutions (CAPEX focused on other energy).
- EU wholesale segment volume is volatile and delivers only a narrow margin, however, it is incrementally adding to EBITDA (and value).
- **There is a long term potential in oil retail market liberalization** (partial liberalization implemented in 2016 / only on highways; first effects planned for summer season). Margins fixed per litre and 43% / 30% below EU average for diesel and gasoline.

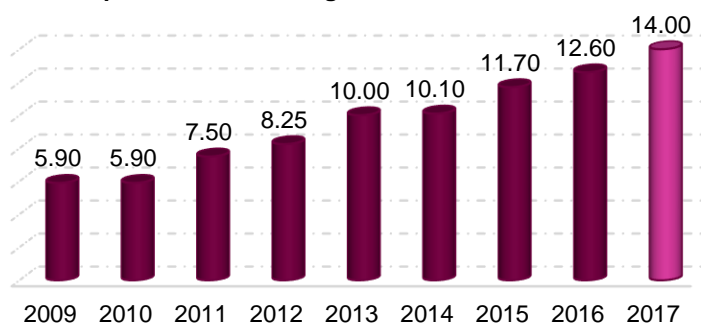
Petrol's projections in mio EUR



Merchandise sales per station in EURm is strong



Dividend per share increasing in time



Investment Thesis

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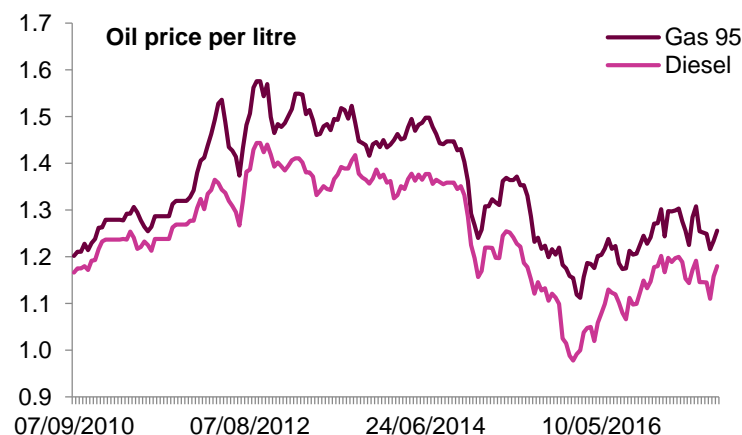
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NEGATIVE:

- **Mature domestic market limits growth potential.** Also with Petrol being so productive in implementing merchandise sales in the last decade, there is a lack of new product / services categories to add.
- **Constant industry threat is a shift toward cheap automatic pumps,** which works directly opposite of what Petrol strategy is trying to do. Namely Petrol is ever more leveraging on „convenience store model“, albeit it is also utilizing „pay at the pump“ model. Its true that so far Petrol's strategy worked well, however risk is always present and will be higher in harsher economic times. If eventually market would shift, Petrol pumps would be overextended.
- Long term question is a transition to electric vehicles – what does this imply for oil retailers, especially given the fact Petrol mostly owns the land.
- ~17% of Group's EBITDA derives from its Other Energy segment (gas, LPG, electricity etc.) however the segment also engulfs ever more investments. **In 2016-2020 period 53% of guided CAPEX is tied to the Energy segment or EUR 186m.** While its rationalization of strategy is logical (and tied to shifts in auto industry), this high CAPEX still stirs some investor discomfort whether the segment will be cash flow (and value) accretive.
 - This sentiment headwind is emphasized by part state ownership.
 - Discomfort should derive also due to lower segment transparency, as Annual report moved most of its segmental „Other Energy“ business into „core“ category, thereby reducing the possibility to calculate EBITDA ex CAPEX for the segment.
- Pricing environment regarding transit sales is still unfavorable (high taxation; roughly 65% of the retail price). This is negatively affecting petroleum products and merchandise sales. We do not see the policy changing in the mid term, albeit results signal Petrol is coping well.



Energy operations (in EURm)	2011	2012	2013	2014	2015
EBITDA (with associates)	26.1	33.6	25.2	28.5	26.3
CAPEX	37.8	29.3	27.6	24.1	30.6
EBITDA - CAPEX	-11.6	4.3	-2.4	4.4	-4.3
ROA	5.0%	5.4%	2.6%	2.5%	1.6%
Net margin	7.5%	6.1%	2.3%	1.8%	1.0%



Relative valuation

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Company name	P/E			EV/EBITDA			EV/EBIT		
	TTM	2017F	2018F	TTM	2017F	2018F	TTM	2017F	2018F
Hellenic Petroleum	5.3	8.8	9.6	4.3	6.1	6.2	5.6	8.1	9.3
Sunoco	neg.	15.1	14.7	n.m.	15.8	14.5	neg.	19.8	17.9
Alimentation Couche-Tard	22.3	15.4	16.2	12.7	8.9	9.3	17.6	12.1	12.1
Casey's General Stores	23.5	21.1	18.9	9.7	8.4	7.7	15.8	14.9	14.5
OMV Petrom	13.3	7.9	6.9	3.2	2.8	2.7	9.0	5.5	5.2
OMV AG	neg.	13.1	12.5	8.0	3.8	3.7	neg.	7.4	7.4
Unipetrol	8.2	10.0	9.4	3.6	4.7	4.4	4.5	6.5	6.1
PKN Orlen	6.7	10.2	10.9	4.3	5.5	5.5	5.4	7.5	7.6
DCC PLC	30.1	19.1	18.4	16.3	12.0	11.7	23.5	15.4	15.1
Petrol	10.8	10.4	9.9	6.7	6.5	6.2	9.8	9.3	8.8
Median	13.3	13.1	12.5	6.2	6.1	6.2	9.0	8.1	9.3

Company name	EBITDA margin TTM	EBIT margin (%)	Profit margin (%)	ROE TTM	ROA TTM	Assets turnover	Div. yield (%)	Assets/ Equity	Net debt to EBITDA
Hellenic Petroleum	12.4%	9.7%	5.6%	19.6%	5.9%	1.04	2.67	3.34	1.91
Sunoco	0.2%	-1.7%	-2.8%	-22.6%	-5.5%	2.00	7.85	3.97	116.99
Alimentation Couche-Tard	6.2%	4.5%	3.2%	20.2%	8.5%	2.67	0.51	2.36	1.15
Casey's General Stores	6.8%	4.1%	2.4%	14.7%	5.9%	2.49	0.69	2.54	1.66
OMV Petrom	30.8%	11.1%	7.9%	5.0%	3.3%	0.42	4.78	1.52	-0.16
OMV AG	9.3%	-0.4%	-3.0%	-7.5%	-2.2%	0.73	2.54	3.42	0.31
Unipetrol	10.6%	8.4%	10.2%	13.5%	15.2%	1.49	2.83	1.56	-0.92
PKN Orlen	12.2%	9.7%	7.5%	23.3%	12.0%	1.59	2.53	1.94	0.12
DCC PLC	3.5%	2.4%	1.7%	12.3%	5.1%	2.93	3.64	2.43	1.43
Petrol	9.3%	4.5%	3.2%	14.7%	5.9%	1.59	2.54	2.54	1.04
Median	12.4%	9.7%	5.6%	19.6%	5.9%	1.04	2.67	3.34	1.91

- Peer comparison is very limited as North American peers are exposed to different pricing mechanisms and regulatory environment albeit being comparable in terms of business operations, while European oil companies are mostly integrated players with distribution networks in liberalized markets. This needs to be taken into consideration.
- Nevertheless peer valuation (EV/EBITDA and P/E), historic relative valuation of Petrol and dividend yield all indicate Petrol is just slightly undervalued. All in all relative valuation derives to EUR 405 per share.
- Adjusting for the Other Energy business, we can make an approximation of the average value of Petrol's filling station. EV per filling station (490 gas stations) amounts to ~EUR 1.70m.

FCF valuation - forecasts

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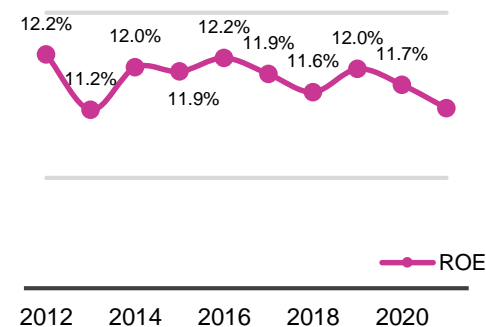
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ESTIMATES:

EURm	2017F	2018F	2019F	2020F	2021F	2022F	2023F	2024F	2025F	2026F
Sales	3,923.3	4,144.3	4,193.4	4,374.9	4,471.4	4,493.8	4,516.3	4,538.9	4,561.6	4,584.4
Petroleum Volume	3.0	3.1	3.2	3.2	3.3					
Merchandise sales	524.9	561.1	599.8	641.2	660.5					
Gross profit	372.4	387.7	397.1	410.4	418.9	421.0	423.1	425.2	427.3	429.4
Labour costs	68.5	71.7	74.5	77.4	80.4	85.4	85.8	86.2	86.7	87.1
EBITDA	156.6	164.1	177.2	185.4	191.9	188.7	189.7	190.6	191.6	192.5
EBITDA margin	4.0%	4.0%	4.2%	4.2%	4.3%	4.2%	4.2%	4.2%	4.2%	4.2%
EBIT	109.6	115.9	126.7	132.5	136.7	132.2	131.9	131.9	132.0	132.2
EBT	95.0	99.7	112.0	117.8	121.9	117.5	117.3	117.2	117.4	117.6
Net income	76.9	80.8	90.7	95.4	98.8	95.1	95.0	95.0	95.1	95.3
EURm	2017F	2018F	2019F	2020F	2021F	2022F	2023F	2024F	2025F	2026F
Total Assets	1,561.8	1,639.3	1,704.8	1,786.1	1,858.4	1,918.0	1,978.1	2,038.7	2,099.0	2,160.3
Intangible assets	182.4	184.0	185.6	187.3	188.8	190.2	191.7	193.2	194.7	196.2
Inventories	118.2	124.9	126.4	131.8	134.7	135.4	136.1	136.8	137.5	138.1
Trade receivables	393.7	420.0	429.2	452.2	466.6	469.0	471.3	473.7	476.0	478.4
Cash	27.5	29.0	29.3	30.6	31.3	31.4	31.6	31.8	31.9	32.1
ST-investments	28.8	57.8	87.8	110.8	140.8	175.8	213.8	254.8	297.8	343.8
Debt	407.4	407.4	407.4	407.4	407.4	407.4	407.4	407.4	407.4	407.4
Trade payables	465.5	491.7	497.5	519.0	530.5	533.1	535.8	538.5	541.2	543.9
Equity	647.3	698.8	757.2	816.4	877.0	932.6	989.6	1,046.5	1,103.6	1,160.9

MAIN ASSUMPTIONS:

- Our estimates are mostly following management guidance, albeit with some (conservative) lag in delivery. Namely we see EBITDA of 190m, guided for 2020, in 2021 etc.
- Oil price and EURUSD FX assumptions are based on Bloomberg consensus data, past indicate that sales (oil product) model estimates are difficult, but fairly negligible (volume, on which we focus, matters, as well as merchandise sales).
- We believe higher macro forecasts for Slovenia should bring positive effects to Petrol sales level and consequently profitability. Same goes regarding good regional tourism numbers (through higher transit sales).
- Our model does not account for full petroleum product market liberalization, which would, in our belief, lift profit margins and consequently valuation. Regarding the effects of partial liberalization, we are still waiting market participants to test the market. Therefore we have not yet included any change in our models.



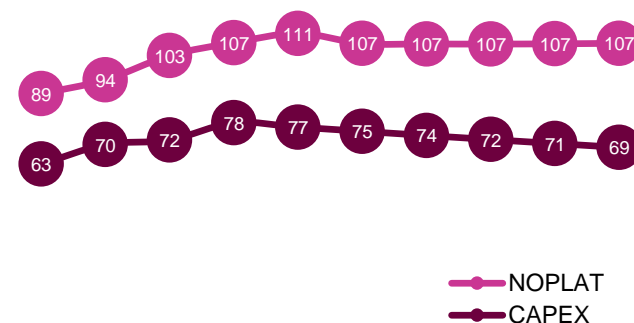
FCF valuation - commentary

VALUATION TABLE:

EURm	2017F	2018F	2019F	2020F	2021F	2022F	2023F	2024F	2025F	2026F
NOPLAT	88.8	93.9	102.6	107.4	110.7	107.0	106.9	106.8	106.9	107.1
NOPLAT growth	10.0%	5.7%	9.3%	4.6%	3.1%	-3.3%	-0.2%	0.0%	0.1%	0.2%
Depreciation	47.0	48.2	50.5	52.9	55.3	56.6	57.7	58.7	59.6	60.3
Depretiation/Sales	1.2%	1.2%	1.2%	1.2%	1.2%	1.3%	1.3%	1.3%	1.3%	1.3%
CAPEX	63.2	70.3	72.0	78.2	76.7	75.1	73.6	72.1	70.7	69.3
CAPEX/Sales	1.6%	1.7%	1.7%	1.8%	1.7%	1.7%	1.6%	1.6%	1.5%	1.5%
Change in net working capital	4.6	6.8	4.8	6.9	5.9	0.4	0.4	0.4	0.4	0.4
NWC/Sales	1.2%	1.3%	1.4%	1.5%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
FCF to firm	67.9	65.0	76.3	75.1	83.4	88.2	90.6	93.1	95.4	97.8

FCF valuation	
Value in forecasting period	528
Continuing value	515
Total enterprise value	1,043
Net debt	234
Equity value	809
No. of shares (in mio)	2.1
Equity value per share	392

WACC	2017	TV
Tax rate	19.0%	19.0%
Cost of debt	4.2%	4.2%
Beta	1.4	1.4
Cost of equity	11.7%	11.7%
Debt/Equity	59.9%	59.9%
WACC	8.6%	8.6%
Perpetuity growth rate		0.5%

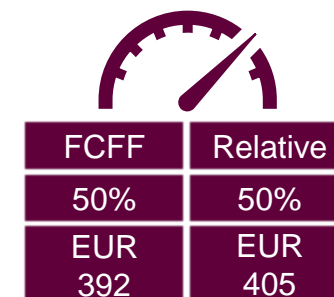


- No significant estimates change versus 2016 valuation report, we have only adjusted for slight 1H17 profit beat. This lifted target price from EUR 386 to EUR 392.

2017 2018 2019 2020 2021 2022 2023 2024 2025 2026

WEIGHTING SCHEME & END COMMENTARY:

- Target price is set at EUR 399 per share** with DCF model signaling that NOPLAT ex CAPEX is strong to sustain current dividend dynamic. While this is slightly up from previous report, this target price **warrants only a Hold recommendation**.
- Target price implies EV/EBITDA 6.9x, P/E 11.2x and EUR 1.78m per filling station. Test valuation method: OMV sold its retain operation in Croatia for EUR 1.59m per filling station. Alimentation Couche-Tard acquisition of Statoil Fuel & Retail transaction multiples were: EV/EBITDA 6.9 and P/E 14.7 with EUR 0.94m per station. Pantry acquisition by Alimentation Couche-Tard implies EV/EBITDA 7.7 and EV of 1.06m per station while its recent acquisition of CST Brands give EV/station EUR 1.47m, EV/EBITDA 8.6 and P/E 23.5. Topaz deal gives a value of the station of EUR 1.01m.



Historic Financial Data

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in EURm	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Assets	843.4	1,114.7	1,202.3	1,135.5	1,265.5	1,537.0	1,571.5	1,617.4	1,554.0	1,474.4	1,502.8
Non-current assets	534.4	761.5	798.1	790.4	805.3	984.1	991.1	991.0	987.8	997.8	953.0
Current assets	309.0	353.1	404.2	345.1	460.2	552.8	580.5	626.4	566.3	476.6	549.8
Short term investment	1.5	14.7	2.5	1.4	3.8	7.9	1.6	1.6	5.3	2.3	1.8
Cash	28.7	10.2	14.0	7.8	17.5	60.7	37.6	69.7	58.6	34.4	27.0
Equity	396.4	440.2	388.6	381.5	404.6	441.6	433.7	467.7	503.3	547.4	595.7
Equity of non-controlling interests	0.1	0.7	33.8	31.3	34.5	30.8	-1.9	-1.9	-3.6	-1.9	-1.0
Provisions	27.8	22.5	5.9	6.5	6.6	7.0	7.2	8.4	9.2	9.4	10.8
Non-current liabilities	99.8	264.0	314.9	244.8	326.7	407.0	451.4	374.9	495.7	421.2	310.4
Non-current financial liabilities	97.3	260.8	306.7	236.6	318.8	373.3	429.7	357.2	480.1	415.6	304.9
Current liabilities	305.2	375.2	464.1	478.7	501.7	644.7	654.2	738.3	523.8	474.5	558.7
Current financial liabilities	87.0	157.9	227.5	262.1	173.2	238.3	203.9	243.2	87.0	69.9	102.5

in EURm	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Sales revenues	1,941.8	2,109.5	2,949.6	2,333.9	2,802.8	3,270.4	3,754.0	3,947.3	4,014.3	3,816.9	3,856.7
Total Revenues	1,962.3	2,120.1	2,949.6	2,333.9	2,802.8	3,270.4	3,754.0	3,947.3	4,014.3	3,816.9	3,856.7
Cost of goods, materials and services	1,823.1	1,990.9	2,800.2	2,189.8	2,650.3	3,096.4	3,572.1	3,753.3	3,815.4	3,614.7	3,625.8
Labour costs	44.9	44.5	49.9	52.5	53.9	56.1	60.7	59.3	63.0	65.1	67.2
D&A plus impairments	34.8	30.6	32.7	34.1	34.4	36.2	39.7	41.4	43.7	46.3	45.6
Other operating expenses	4.0	3.6	5.5	18.4	8.1	7.3	5.4	5.6	5.0	5.2	23.5
EBITDA	90.3	81.1	103.6	84.9	97.4	117.3	124.6	135.2	139.6	136.8	145.1
Operating income	55.4	50.5	70.9	50.8	63.0	81.0	84.9	93.8	95.9	90.5	99.6
Financial Income	45.0	50.2	131.3	61.9	79.1	130.7	75.8	55.7	48.4	63.3	48.5
Financial expenses	31.7	34.3	280.7	98.3	97.2	156.9	92.8	86.2	73.7	78.7	58.5
Interest cost	9.2	12.7	29.3	18.8	16.8	21.0	31.6	28.0	28.9	21.1	18.8
EBT	68.8	66.3	-78.6	14.4	44.9	54.7	68.0	63.4	70.5	75.1	89.6
Total taxes	10.7	13.1	-16.9	6.5	9.4	2.4	14.0	10.6	9.8	9.8	17.0
Net profit / loss	58.1	53.3	-61.7	7.9	35.5	52.3	53.9	52.8	60.7	65.3	72.7
Attributable to equity holders of the parent	58.1	53.3	-61.5	10.4	32.9	51.5	53.3	52.8	60.9	65.5	72.7

CAPEX	-38.8	-253.1	-140.8	-44.5	-65.9	-82.1	-117.4	-86.1	-58.5	-69.5	-61.3
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in EURm	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Gross margin	6.1%	5.6%	5.1%	6.2%	5.4%	5.3%	4.8%	4.9%	5.0%	5.3%	6.0%
EBITDA margin	4.6%	3.8%	3.5%	3.6%	3.5%	3.6%	3.3%	3.4%	3.5%	3.6%	3.8%
EBIT margin	2.9%	2.4%	2.4%	2.2%	2.2%	2.5%	2.3%	2.4%	2.4%	2.4%	2.6%
Net margin	3.0%	2.5%	-2.1%	0.4%	1.2%	1.6%	1.4%	1.3%	1.5%	1.7%	1.9%
Assets Turnover	2.30	1.89	2.45	2.06	2.21	2.13	2.39	2.44	2.58	2.59	2.57
ROA	6.9%	4.8%	-5.1%	0.9%	2.6%	3.3%	3.4%	3.3%	3.9%	4.4%	4.8%
Assets to Equity	2.13	2.53	3.09	2.98	3.13	3.48	3.62	3.46	3.09	2.69	2.52
ROE	14.7%	12.1%	-15.8%	2.7%	8.1%	11.7%	12.3%	11.3%	12.1%	12.0%	12.2%
Net debt / EBITDA	1.7	5.0	5.0	5.8	4.9	4.7	4.8	3.9	3.6	3.3	2.6
Debt to Assets	21.8%	37.6%	44.4%	43.9%	38.9%	39.8%	40.3%	37.1%	36.5%	32.9%	27.1%
Debt to Equity	0.46	0.95	1.37	1.31	1.22	1.38	1.46	1.28	1.13	0.89	0.68
TIE ratio	6.0	4.0	2.4	2.7	3.7	3.9	2.7	3.3	3.3	4.3	5.3
NWC / Assets	6.9%	9.6%	11.9%	9.9%	8.4%	4.0%	5.0%	3.1%	3.3%	1.3%	3.3%
Days inventory outstanding	15.9	15.6	11.5	13.7	14.9	11.9	16.3	14.8	10.5	9.2	11.7
Days receivable outstanding	37.1	41.4	36.1	38.7	42.4	41.0	35.9	36.3	34.4	31.8	36.9
Days payable outstanding	43.7	39.8	30.8	36.1	45.2	47.9	46.0	48.2	41.8	40.9	45.9
EBITDA - CAPEX	51.5	-172.0	-37.2	40.4	31.5	35.2	7.2	49.1	81.1	67.3	83.8

Company & ALTA Description

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COMPANY DESCRIPTION:

- Petrol, the leading Slovenian energy company, is the principal supplier of oil and other energy products for the Slovenian market.
- Petrol Group has 490 service stations (316 located in Slovenia) with complementing 135 car washes, 158 bars, more than 40 charging points for electric vehicles and 7 Tip Stop quick service facilities.
- In 2016 63% of EBITDA is generated through petroleum products sales, 20% through merchandise and the rest in other energy.

OWNERSHIP STRUCTURE:

SDH	19.8%
Češkoslo.Obchodni Bank (Fid)	12.8%
KAD d.d.	8.3%
Splitska Banka (Fid)	4.7%
Vizija Holding k.d.d.	3.4%

Source: KDD

RESEARCH REPORT:

Prepared by:

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Head of Research

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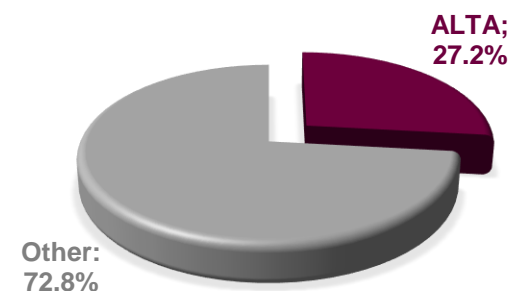
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Sašo Stanovnik, Head of research. On the day of the public release, the author of the recommendation held securities of the relevant issuer.

First release of the recommendation was performed on 13.4.2010.

Quarterly updates are planned for data, valuation, target price and recommendation.

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