

# MOL

## Oil & Gas

18 Dec 2013



Hungary

### COMPANY DESCRIPTION

MOL (Magyar Olaj- és Gázipari Nyrt) is an integrated oil and gas group in Hungary. The company is present in the Europe, the Middle East and Africa region, as also in the CIS countries, with interests in exploration, production, refining, marketing and petrochemicals. The Company employed nearly 30,000 people and operated 1,748 filling stations internationally at the end of 2012 and is the market leader in Hungary and Slovakia. The Company's core activities include exploration and production of crude oil, natural gas and gas products; refining, transportation, storage and distribution of crude oil products at both retail and wholesale; transmission of natural gas; production and sales of olefins and polyolefins; production of electricity and thermal energy from gas and renewable resources. Hungarian State remains the single biggest shareholder holding a 27.3% stake in the Company.

**Main Shareholders:** Hungarian State (27.3%)  
 ČEZ (7.3%), OmanOil (7.0%)

### INCOME STATEMENT

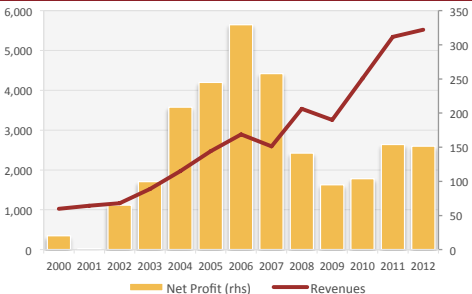
HUF bil	2008	2009	2010	2011	2012
<b>Sales</b>	<b>3,535</b>	<b>3,255</b>	<b>4,299</b>	<b>5,343</b>	<b>5,522</b>
Cost of Goods & Services	2,746	2,556	3,255	4,247	4,424
<b>Gross Profit</b>	<b>790</b>	<b>699</b>	<b>1,044</b>	<b>1,096</b>	<b>1,099</b>
Staff Cost	140	201	272	256	265
Other Cost	314	160	267	237	294
<b>EBITDA</b>	<b>336</b>	<b>338</b>	<b>505</b>	<b>603</b>	<b>540</b>
Depreciation	152	207	279	350	320
<b>EBIT</b>	<b>184</b>	<b>131</b>	<b>226</b>	<b>253</b>	<b>220</b>
Financing Cost	38	23	30	41	46
Extraordinary Cost	-12	-62	24	-6	-32
<b>Pre-Tax Profit</b>	<b>158</b>	<b>170</b>	<b>172</b>	<b>218</b>	<b>206</b>
Tax	17	80	63	33	50
Minorities	0	-5	5	31	5
<b>Net Profit</b>	<b>141</b>	<b>95</b>	<b>104</b>	<b>154</b>	<b>152</b>
Dividends	0	0	0	38	48

<b>EBITDA Margin</b>	<b>9.5%</b>	<b>10.4%</b>	<b>11.8%</b>	<b>11.3%</b>	<b>9.8%</b>
<b>EBIT Margin</b>	<b>5.2%</b>	<b>4.0%</b>	<b>5.3%</b>	<b>4.7%</b>	<b>4.0%</b>
<b>Net Margin</b>	<b>4.0%</b>	<b>2.9%</b>	<b>2.4%</b>	<b>2.9%</b>	<b>2.7%</b>

### CASH FLOW

HUF bil	2008	2009	2010	2011	2012
Net Profit	141	95	104	154	152
Depreciation	152	207	279	350	320
Non-Cash Items	133	120	76	-452	-63
Change in Working Capital	-126	-52	-121	293	-10
<b>Total Cash From Operations</b>	<b>300</b>	<b>370</b>	<b>338</b>	<b>345</b>	<b>398</b>
Capital Expenditures	-324	-298	-303	-225	-268
Other	-151	19	14	-7	-46
<b>Total Cash From Investing</b>	<b>-475</b>	<b>-279</b>	<b>-290</b>	<b>-231</b>	<b>-314</b>
Dividends Paid	-64	0	0	0	-38
Issuance Of Shares	112	1	0	0	-5
Issuance Of Debt	219	-136	86	-116	-33
<b>Total Cash From Financing</b>	<b>267</b>	<b>-135</b>	<b>86</b>	<b>-116</b>	<b>-76</b>
<b>NET CHANGE IN CASH</b>	<b>92</b>	<b>-43</b>	<b>134</b>	<b>-2</b>	<b>7</b>

### REVENUES & PROFITS (HUF bil)



### BALANCE SHEET

HUF bil	2008	2009	2010	2011	2012
<b>Non-Current Assets</b>	<b>2,028</b>	<b>3,074</b>	<b>3,144</b>	<b>3,367</b>	<b>3,169</b>
Property, Plant & Equipment	1,417	2,555	2,676	2,825	2,611
<b>Current Assets</b>	<b>889</b>	<b>1,094</b>	<b>1,342</b>	<b>1,627</b>	<b>1,597</b>
Inventories	223	328	418	545	508
Receivables	327	412	464	621	571
Cash & Cash Equivalents	222	177	313	311	319
<b>Total Assets</b>	<b>2,916</b>	<b>4,168</b>	<b>4,486</b>	<b>4,994</b>	<b>4,766</b>
<b>Shareholders' Equity</b>	<b>1,231</b>	<b>1,830</b>	<b>1,974</b>	<b>2,244</b>	<b>2,247</b>
<b>Liabilities</b>	<b>1,685</b>	<b>2,338</b>	<b>2,511</b>	<b>2,750</b>	<b>2,519</b>
<b>Non-Current Liabilities</b>	<b>943</b>	<b>1,273</b>	<b>1,393</b>	<b>1,345</b>	<b>1,154</b>
Long-Term Debt	729	829	948	862	683
<b>Current Liabilities</b>	<b>742</b>	<b>1,065</b>	<b>1,118</b>	<b>1,405</b>	<b>1,365</b>
Short-Term Debt	183	282	263	320	408
Trade Payables	275	412	433	1,011	912

<b>ROE</b>	<b>14.8%</b>	<b>7.9%</b>	<b>7.6%</b>	<b>10.0%</b>	<b>9.0%</b>
<b>ROCE</b>	<b>7.1%</b>	<b>3.3%</b>	<b>3.0%</b>	<b>4.3%</b>	<b>4.4%</b>
<b>Net Debt/Equity</b>	<b>56.0%</b>	<b>51.1%</b>	<b>45.5%</b>	<b>38.8%</b>	<b>34.4%</b>

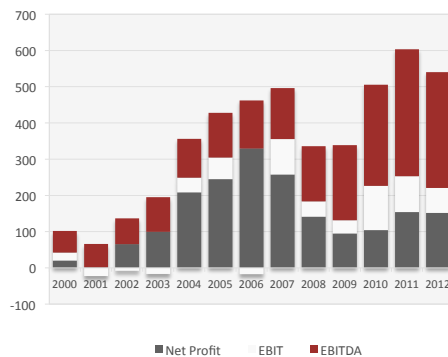
### RATIOS & OTHER

	2008	2009	2010	2011	2012
Gross Margin	22.3%	21.5%	24.3%	20.5%	19.9%
Net Debt/EBITDA	2.1	2.8	1.8	1.4	1.4
Cost of Financing	4.9%	2.3%	2.6%	3.4%	4.1%
Payout Ratio	0%	0%	0%	24.9%	31.9%
FX TO EUR (Average)	252	280	275	279	289
FX TO EUR (Year-End)	265	270	278	315	291
Shares Outstanding (Average)	88.2	85.3	84.4	87.0	87.9
Share Price, Year-End	9,870	17,000	20,790	17,350	17,755
Market Capitalisation (USD mil)	4,900	7,704	9,038	6,650	7,551
Enterprise Value (USD mil)	8,523	12,665	13,353	10,238	11,047
EV/EBITDA	4.4	7.6	5.5	3.4	4.6
P/E	6.6	15.3	18.1	10.5	11.0
P/BV	0.85	1.28	1.41	1.04	1.04

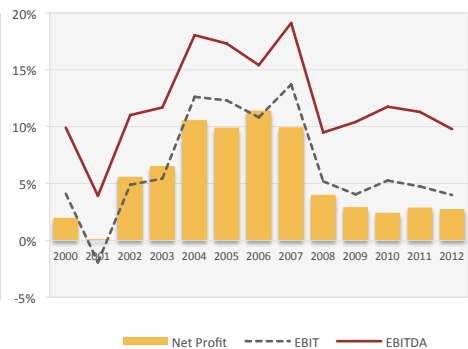
Source: Company data, Helgi Analytics calculation, Valuation multiples are based on share price as of the year-end

## Financials

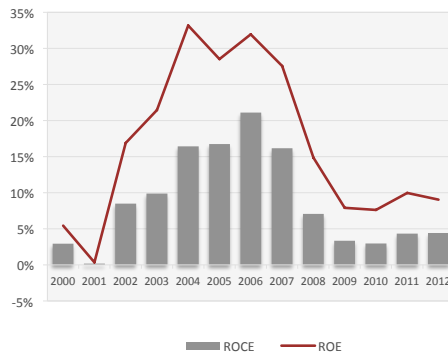
### FROM EBITDA TO NET PROFIT (HUF bil)



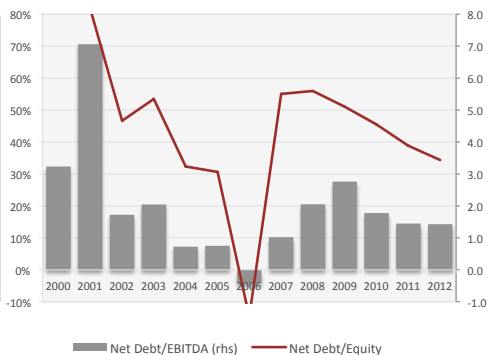
### PROFIT MARGIN



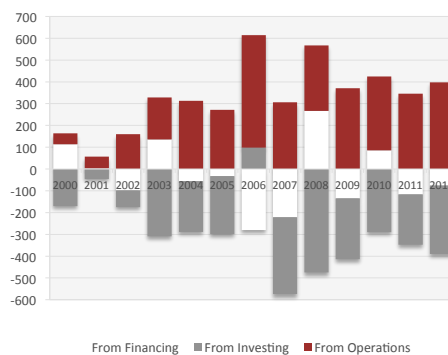
### ROE & ROCE



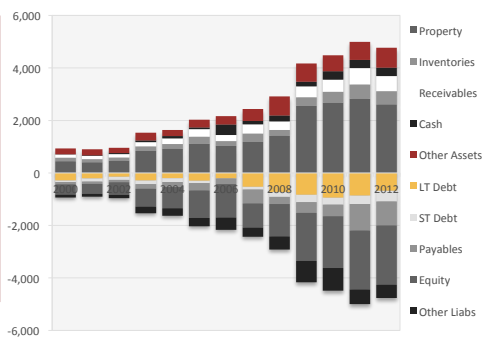
### INDEBTEDNESS



### CASH FLOW SUMMARY (HUF bil)



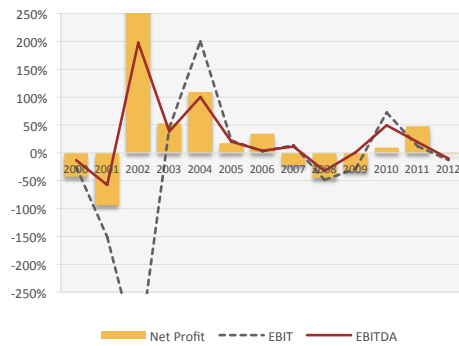
### BALANCE SHEET STRUCTURE (HUF bil)



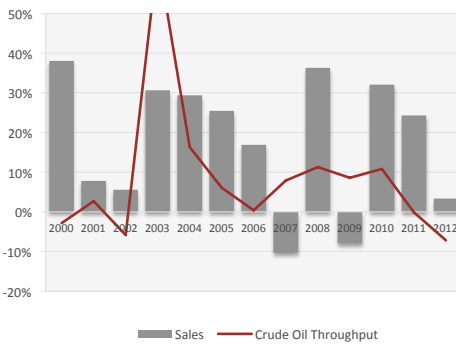
Source: Company data, Helgi Analytics calculation, Valuation multiples are based on share price as of the year-end

## Momentum

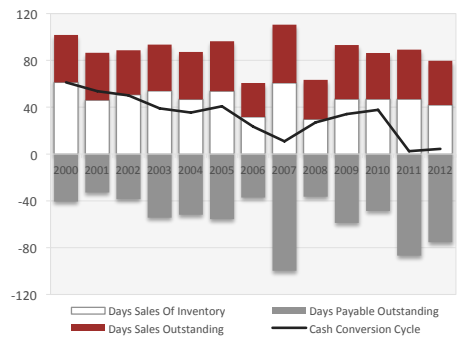
### PROFIT GROWTH



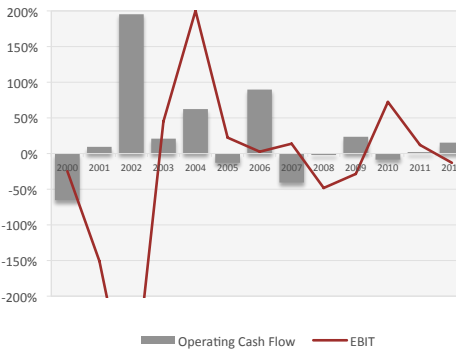
### SALES & PRODUCTION GROWTH



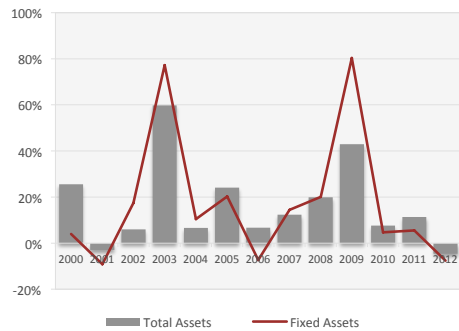
### CASH CONVERSION CYCLE (days)



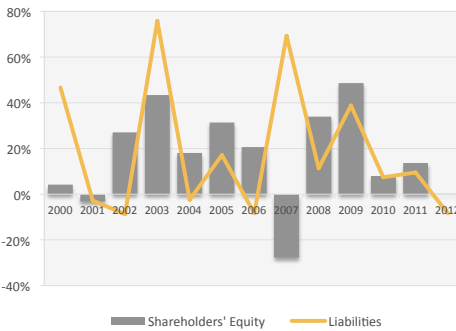
### OPERATING CASH FLOW



### ASSET GROWTH

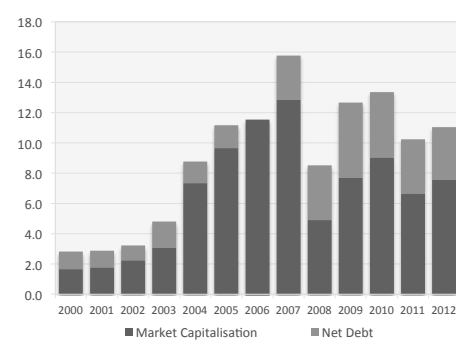


### EQUITY AND LIABILITIES GROWTH

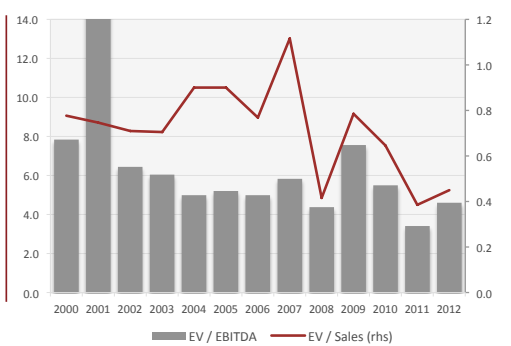


## Valuation

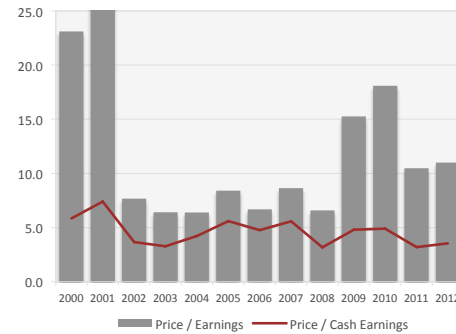
### MARKET CAPITALISATION & NET DEBT (USD bil)



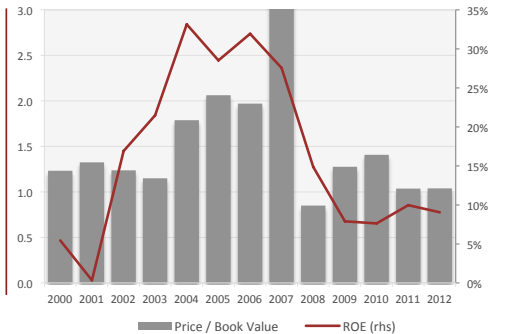
### ENTERPRICE VALUE (EV)



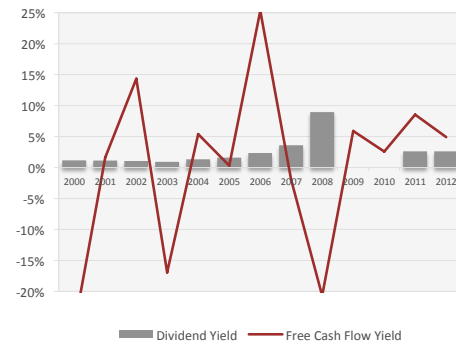
### PRICE TO EARNINGS & CASH EARNINGS



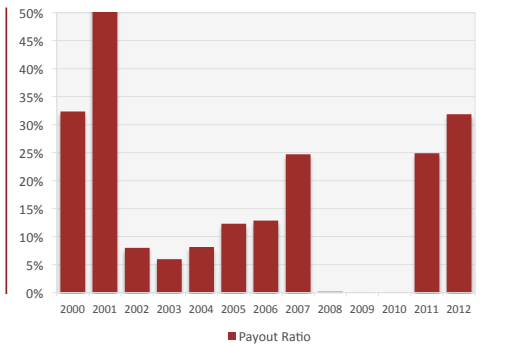
### PRICE TO BOOK VALUE



### DIVIDEND YIELD



### DIVIDEND PAYOUT

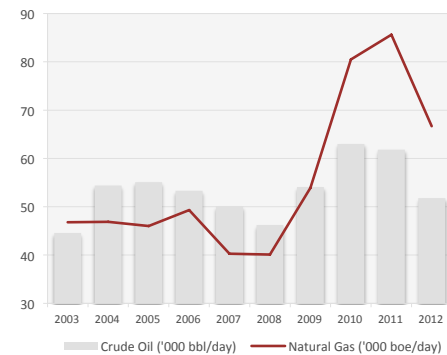


Source: Company data, Helgi Analytics calculation, Valuation multiples are based on share price as of the year-end

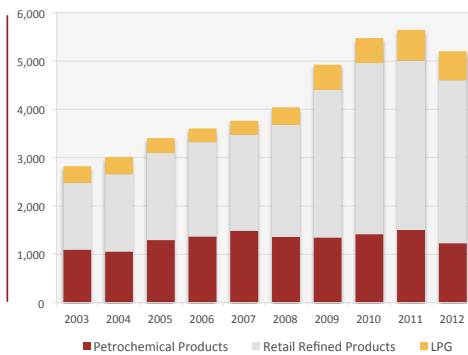
Source: Company data, Helgi Analytics calculation, Valuation multiples are based on share price as of the year-end

## Business Specifics

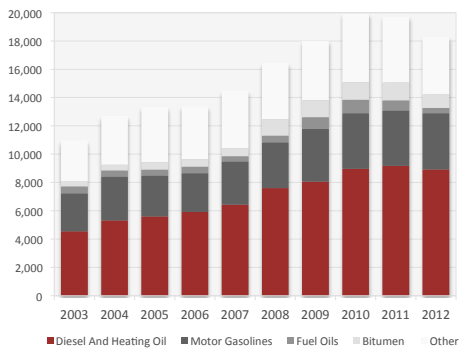
DAILY AVERAGE PRODUCTION



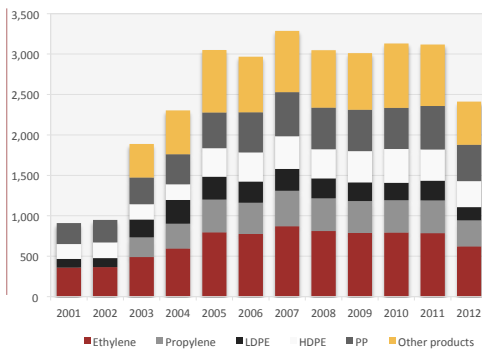
SALES OF REFINING PRODUCTS (kt)



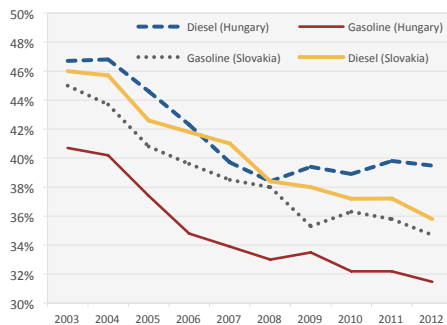
REFINERY PRODUCTION (kt)



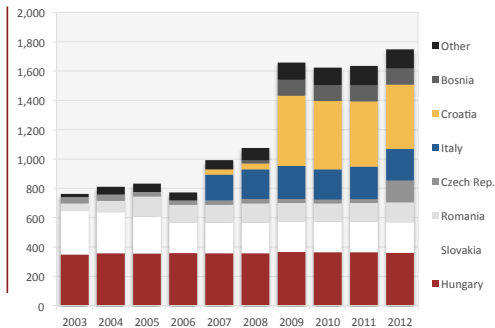
PETROCHEMICAL PRODUCTION (kt)



MARKET SHARE



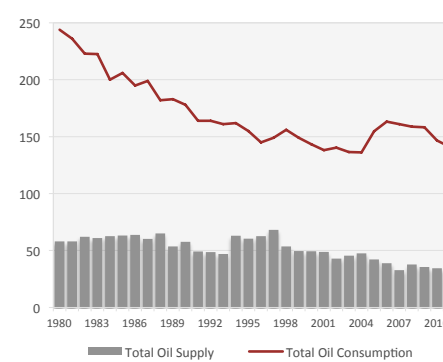
FILLING STATIONS



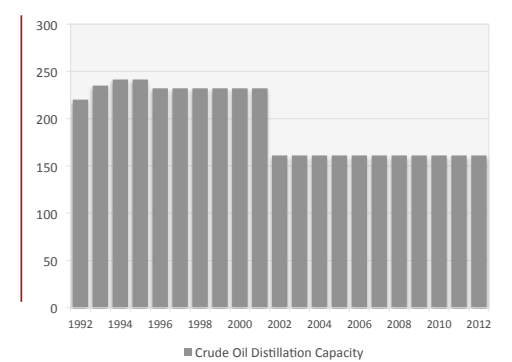
Source: Company data, Helgi Analytics calculation, Valuation multiples are based on share price as of the year-end

## Market Specifics

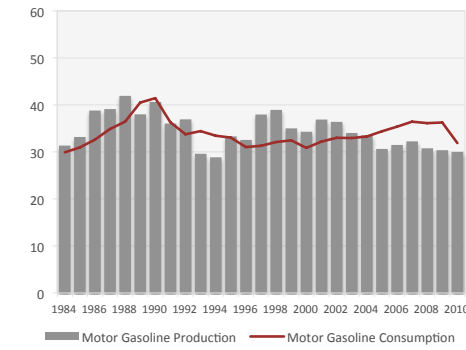
HUNGARY'S TOTAL OIL BALANCE ('000 bpd)



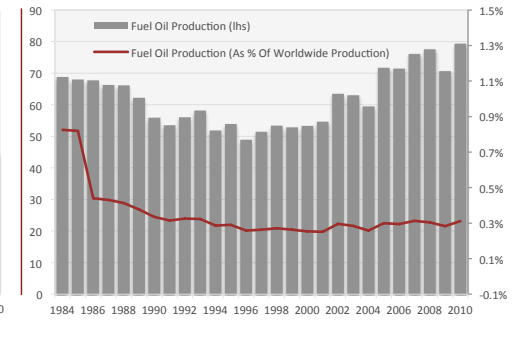
HUNGARY'S CRUDE OIL DISTILLATION CAPACITY ('000 bpd)



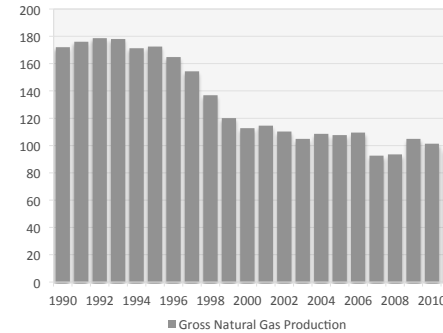
HUNGARY'S MOTOR GASOLINE BALANCE ('000 bpd)



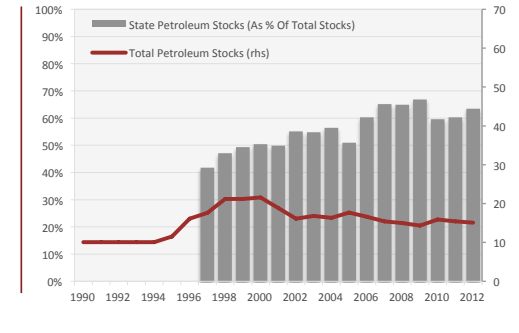
HUNGARY'S DISTILLATE FUEL OIL PRODUCTION ('000 bpd)



HUNGARY'S GROSS NATURAL GAS PRODUCTION (bil cb ft)



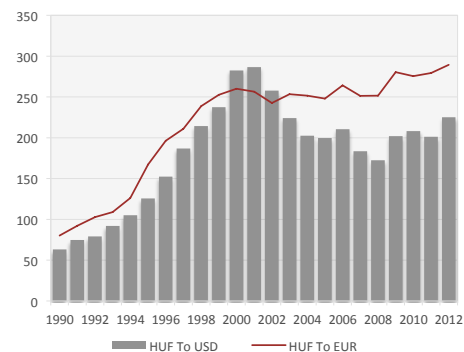
HUNGARY'S PETROLEUM STOCKS (mil barrels)



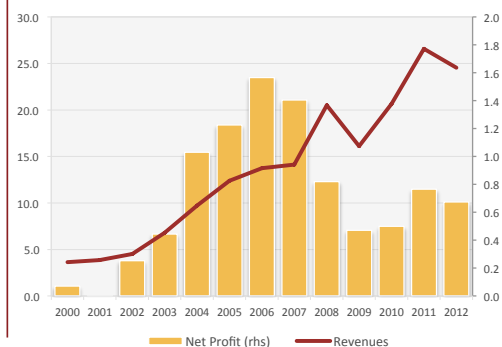
Source: Company data, Helgi Analytics calculation, Valuation multiples are based on share price as of the year-end

## Financials (USD)

### FX TO USD & EUR



### REVENUES & PROFIT (USD bil)



### INCOME STATEMENT

USD mil	2008	2009	2010	2011	2012
<b>Sales</b>	<b>20,515</b>	<b>16,117</b>	<b>20,656</b>	<b>26,571</b>	<b>24,540</b>
Cost of Goods & Services	15,933	12,655	15,641	21,121	19,658
<b>Gross Profit</b>	<b>4,582</b>	<b>3,462</b>	<b>5,016</b>	<b>5,450</b>	<b>4,882</b>
Staff Cost	n.a.	n.a.	n.a.	n.a.	n.a.
Other Cost	1,823	791	1,281	1,179	1,306
<b>EBITDA</b>	<b>1,948</b>	<b>1,676</b>	<b>2,428</b>	<b>2,999</b>	<b>2,400</b>
Depreciation	882	1,026	1,341	1,740	1,420
<b>EBIT</b>	<b>1,066</b>	<b>650</b>	<b>1,087</b>	<b>1,259</b>	<b>979</b>
Financing Cost	220	115	143	205	205
Extraordinary Cost	-70	-309	118	-32	-141
<b>Pre-Tax Profit</b>	<b>917</b>	<b>844</b>	<b>827</b>	<b>1,086</b>	<b>915</b>
Tax	97	397	304	165	222
Minorities	-1	-24	23	156	20
<b>Net Profit</b>	<b>821</b>	<b>471</b>	<b>500</b>	<b>765</b>	<b>674</b>
Dividends	1	0	0	191	215

<b>EBITDA Margin</b>	<b>9.5%</b>	<b>10.4%</b>	<b>11.8%</b>	<b>11.3%</b>	<b>9.8%</b>
<b>EBIT Margin</b>	<b>5.2%</b>	<b>4.0%</b>	<b>5.3%</b>	<b>4.7%</b>	<b>4.0%</b>
<b>Net Margin</b>	<b>4.0%</b>	<b>2.9%</b>	<b>2.4%</b>	<b>2.9%</b>	<b>2.7%</b>

### BALANCE SHEET

USD mil	2008	2009	2010	2011	2012
<b>Non-Current Assets</b>	<b>10,659</b>	<b>16,326</b>	<b>15,113</b>	<b>13,870</b>	<b>14,351</b>
Property, Plant & Equipment	7,449	13,571	12,865	11,637	11,825
<b>Current Assets</b>	<b>4,670</b>	<b>5,809</b>	<b>6,451</b>	<b>6,701</b>	<b>7,232</b>
Inventories	1,171	1,742	2,010	2,246	2,299
Receivables	1,721	2,190	2,229	2,557	2,584
Cash & Cash Equivalents	1,167	941	1,505	1,282	1,443
<b>Total Assets</b>	<b>15,329</b>	<b>22,135</b>	<b>21,564</b>	<b>20,571</b>	<b>21,584</b>
<b>Shareholders' Equity</b>	<b>6,472</b>	<b>9,718</b>	<b>9,492</b>	<b>9,242</b>	<b>10,176</b>
<b>Liabilities</b>	<b>8,856</b>	<b>12,417</b>	<b>12,072</b>	<b>11,329</b>	<b>11,408</b>
<b>Non-Current Liabilities</b>	<b>4,956</b>	<b>6,761</b>	<b>6,696</b>	<b>5,540</b>	<b>5,227</b>
Long-Term Debt	3,830	4,404	4,557	3,551	3,092
<b>Current Liabilities</b>	<b>3,900</b>	<b>5,657</b>	<b>5,376</b>	<b>5,788</b>	<b>6,181</b>
Short-Term Debt	960	1,498	1,264	1,319	1,847
Trade Payables	1,443	2,190	2,081	4,163	4,132

<b>ROE</b>	<b>14.8%</b>	<b>7.9%</b>	<b>7.6%</b>	<b>10.0%</b>	<b>9.0%</b>
<b>ROCE</b>	<b>7.1%</b>	<b>3.3%</b>	<b>3.0%</b>	<b>4.3%</b>	<b>4.4%</b>
<b>Net Debt/Equity</b>	<b>56.0%</b>	<b>51.1%</b>	<b>45.5%</b>	<b>38.8%</b>	<b>34.4%</b>

### CASH FLOW

USD mil	2008	2009	2010	2011	2012
Net Profit	821	471	500	765	674
Depreciation	882	1,026	1,341	1,740	1,420
Non-Cash Items	771	596	366	-2,246	-281
Change in Working Capital	-733	-259	-580	1,458	-46
<b>Total Cash From Operations</b>	<b>1,741</b>	<b>1,834</b>	<b>1,626</b>	<b>1,717</b>	<b>1,767</b>
Capital Expenditures	-1,881	-1,475	-1,458	-1,118	-1,192
Other	-875	95	65	-33	-205
<b>Total Cash From Investing</b>	<b>-2,755</b>	<b>-1,380</b>	<b>-1,393</b>	<b>-1,150</b>	<b>-1,396</b>
Dividends Paid	-370	-1	0	0	-170
Issuance Of Shares	651	5	0	0	-22
Issuance Of Debt	1,269	-672	413	-577	-144
<b>Total Cash From Financing</b>	<b>1,550</b>	<b>-668</b>	<b>413</b>	<b>-577</b>	<b>-337</b>
<b>NET CHANGE IN CASH</b>	<b>536</b>	<b>-215</b>	<b>646</b>	<b>-10</b>	<b>33</b>

### RATIOS & OTHER

	2008	2009	2010	2011	2012
Gross Margin	22.3%	21.5%	24.3%	20.5%	19.9%
Net Debt/EBITDA	2.1	2.8	1.8	1.4	1.4
Cost of Financing	4.9%	2.3%	2.6%	3.4%	4.1%
Payout Ratio	0%	0%	0%	25%	32%
FX TO EUR (Average)	252	280	275	279	289
FX TO EUR (Year-End)	265	270	278	315	291
Shares Outstanding (Average)	88	85	84	87	88
Share Price, Year-End PLN	9,870	17,000	20,790	17,350	17,755
Market Capitalisation (USD mil)	4,900	7,704	9,038	6,650	7,551
Enterprise Value (USD mil)	8,523	12,665	13,353	10,238	11,047
EV/EBITDA	4.4	7.6	5.5	3.4	4.6
P/E	6.6	15.3	18.1	10.5	11.0
P/BV	0.85	1.28	1.41	1.04	1.04

Source: Company data, Helgi Analytics calculation, Valuation multiples are based on share price as of the year-end



www.HelgiAnalytics.com

## ABOUT HELGI ANALYTICS

Helgi Analytics is a consulting company based in the Czech Republic. The company mainly provides consultancy in the area of financial services and real estate and focuses primarily on the region of Central and Eastern Europe.

Helgi Analytics also runs a web application called Helgi Library, which is a database/library offering data and analyses on more than 95% of the world's economy and population. The Library aims to bring interesting statistical data and analyses to a wide audience under affordable conditions. If you wish to get more details, please visit [www.helgilibrary.com](http://www.helgilibrary.com) or contact us at [info@helgianalytics.com](mailto:info@helgianalytics.com).

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