Equity
Greece

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Greek equities: 2021 outlook & top-picks

Six reasons to be cheerful

- **A powerful mix: EU funds-fuelled recovery, Covid headwinds reversing, positive credit impulse and stable market-friendly politics**
- **Attractive valuations, an under-owned equity market and a value/cyclical bias add to appeal**
- **Top-picks: high-quality Covid-affected names, banks (adding beta) and idiosyncratic stories**

Top-picks: key valuation metrics

Bank stocks	Ticker	Price (EUR)	PT (EUR)	Pot'l return	P/TBV 2022e	RoTE 2022e	P/PPI 2022e
NBG	NBGr.AT	1.915	3.20	67%	0.31x	7.6%	2.2x
Alpha	ACBr.AT	0.86	1.45	69%	0.21x	5.6%	1.2x

Non-bank stocks	Ticker	Price (EUR)	PT (EUR)	Pot'l Return	P/E 2022e	EV/EBITDA 2022e	DY 2022e	FCFY 2022e
OPAP	OPAr.AT	11.16	14.00	25%	9.7x	5.7x	12.5%	13.6%
Jumbo	BABr.AT	13.08	19.70	51%	9.6x	4.6x	4.7%	8.6%
PPC	DEHr.AT	7.25	11.50	59%	12.8x	6.2x	0.0%	-3.6%
Motor Oil	MORr.AT	12.71	17.00	34%	6.2x	4.5x	8.7%	11.5%
Kri Kri	KRIr.AT	6.50	9.00	38%	10.3x	7.0x	3.8%	6.8%

Source: Pantelakis Securities

Greek story delayed, not derailed. A year ago, Greece was exiting a decade-long crisis with, for the first time in years, a new stable, pro-reform government in place. And then the pandemic hit. True, high reliance on tourism, SMEs/self-employment prevalence and legacy NPEs-saddled banks ensured the country was particularly hit. Still, a swift fiscal response and ECB liquidity support minimised permanent economic scarring.

Positive macro backdrop. Greece is among the top recipients of the NGEU Recovery Fund: EUR32bn (19% of 2020 GDP), the bulk as grants, will flow to the country over 2021-26, oiling the recovery, adding c2ppts to annual growth and plugging a chronic investment deficit. On top, old curses turn into blessings: tourism and employment-economic structure acting as headwinds during Covid are becoming tailwinds in the rebound phase. Positive conditions in public debt markets (not least due to a firm bid by the ECB's PEPP) and banks' wholesale funding (TLTROs) feed through the entire economy via lower rates/spreads and credit availability, with private-sector de-leveraging abating after many years. Finally, domestic politics remain as stable and market-friendly as ever, while the government continues to enjoy a very wide lead in opinion polls.

Under-owned stock market now coming back in vogue. Having suffered heavy outflows from foreign institutionals in 2020 (EUR700m, a delta unseen since 2010) not least due to its very sectoral composition, the Greek equities market is now back in fashion as 'value' beats 'growth' since early November, when positive Covid vaccines newsflow first came out. Light foreign ownership, positive technicals (likely MSCI additions) and attractive relative valuations ensure the rally has further to run.

Three-pronged top-picks. In this context, we employ a 3-pillar strategy. First, we like stocks (OPAP, Jumbo, Motor Oil), which, although affected by Covid (to a lesser or larger extent), possess defensive qualities (strong balance sheet, FCF generation ability) and are likely to see earnings rebounding as soon as the economy normalises. Secondly, we add more beta through our best ideas in the banks space (lower-risk NBG, higher-risk Alpha), perennially geared options to the macro outlook and asset (NPEs, property, GGBs) pricing. Finally, we like idiosyncratic stories, such as PPC (reduced earnings volatility, driving re-rating) and Kri Kri (secular growth story), which have yet to be fully appreciated by the market amid the Covid 'sound and fury'.

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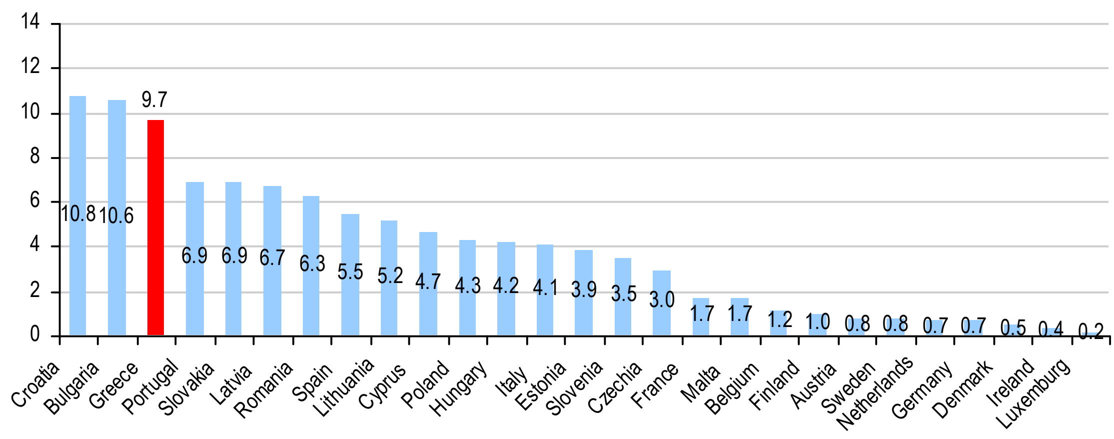
We argue that Greece represents a unique proposition in the EM (Emerging Markets) space, sporting a number of key attractions plus a series of positive catalysts likely to unfold during 2021, as the pandemic scares eventually subside. We elaborate on each of them in turn.

Key Recovery Fund recipient

As shown below, Greece is among the countries set to benefit the most (as a % of GDP) from the so-called EUR750bn Recovery Fund (codenamed NextGenerationEU-NGEU), as part of the block's joint fiscal response to Covid-19. In fact, it is set to receive EUR32bn (19% of 2020e GDP) in total over 2021-26, crucially, with the bulk (EUR19.4bn or 12% of GDP) in the form of grants (not counting as public debt) and EUR12.6bn low-interest long-maturity loans. Note that such funding comes on top of cEUR40bn "normal" inflows from the EU's EUR1.074tn 2021-27 budget, split between structural funds and agricultural subsidies.

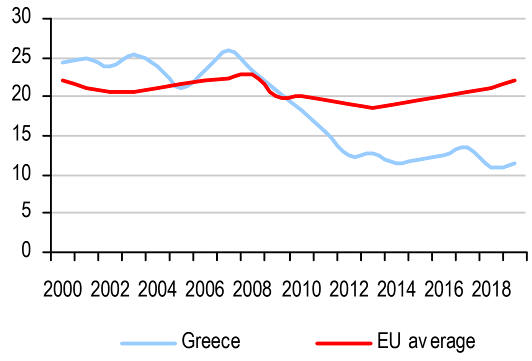
The importance of such a wall of money for the savings-strapped domestic economy cannot be overemphasised. It will not only drive the rebound off the pandemic slump (the central bank estimates that NGEU inflows could boost the

Greece among the top recipients of grants (% of 2020 GDP) from the EU's Recovery and Resilience Facility (RRF)



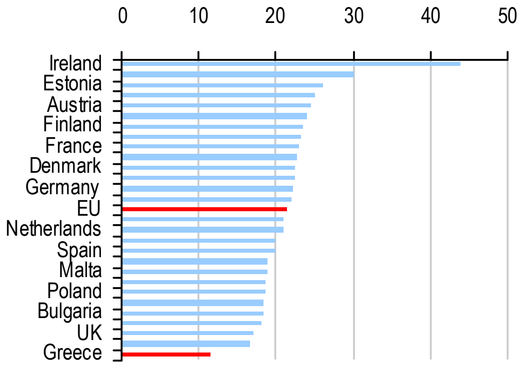
Source: Eurostat, EC Autumn 2020 economic forecasts

A chronic investment gap: lagging EU peers for...



Source: Eurostat

...fixed investment as a % of GDP (2019)



Source: Eurostat

annual growth rate by c2ppts) but also (if used wisely) help transform the very structure of the entire economy. Tellingly, it could plug a chronic investment deficit evident over the past decade (depleting the economy's productive capital), which has left Greece at the bottom of the table across EU (see charts above): in this sense, it can help drive higher (via capital deepening) productivity, the single most important variable for future living standards.

Breakdown of NGEU receipts in 2021-26

EURbn	Grants	Loans	Total
Green transition	6.2		
Digital transition	2.1		
Employment, skills, social cohesion	4.1		
Economic transformation	4.0		
RRF subtotal	**16.4**	**12.6**	**29.0**
REACT-EU	2.3		2.3
Just Transition Fund	0.4		0.4
Agricultural Fund - Rural Development	0.4		0.4
Grand Total (NGEU)	**19.4**	**12.6**	**32.0**

Source: Finance Ministry

Greece has already presented its draft national allocation plan for RRF grants, with green transition and digitalisation initiatives accounting for 37% and 20% of total, respectively. On top, the entire EUR12.6bn loans component could be used to seed private-sector investments in priority areas (boosting economic competitiveness). By funding (through direct state-lending) up to 50% of the total budget per project (with the prerequisite of equity and bank debt alongside), Greece hopes to leverage-up resources, mobilising more than EUR25bn private-sector investments, while at the same time minimising the impact on public debt (on a net basis).

The allocation plan will be finalised with the European Commission by March, with funds starting to flow around mid-2021. Thankfully, countries are set to receive a 2021 prepayment equalling 13% of their RRF total, ie no less than EUR3.8bn for Greece. Coupled with EUR1.6bn inflows from the REACT-EU sub-fund for Covid-relief purposes, the country is set to receive at least EUR5.4bn this year (over 3% of GDP).

2020 macro curses turn into blessings

Despite faring better-than-average in health terms (infections, deaths per million), Greece was among the Covid-epicentre countries economy-wise during 2020, due to its heavy reliance on tourism and its overall economic, employment structure. Thankfully, the flipside is that it stands to benefit the most from the eventual rebound.

Starting from **tourism**, although foreign receipts account for 10% of GDP, its total direct and indirect (including spill-over effects) economic footprint aggregates to c20% of GDP (and above that for employment), as per the World Travel and Tourism Organisation. After a dramatic (c80%)

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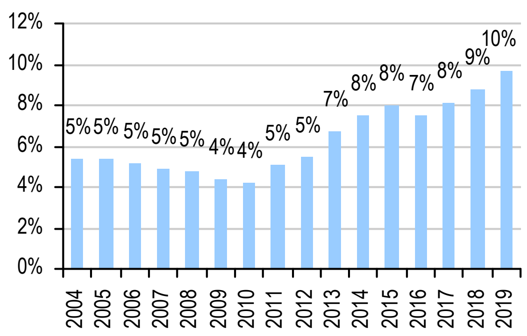
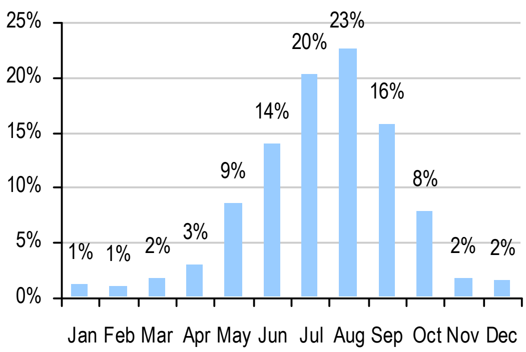
Large foreign tourism receipts (as a % of GDP)...



Source: Bank of Greece

... and heavily seasonal on a monthly basis (% of 2019 total)



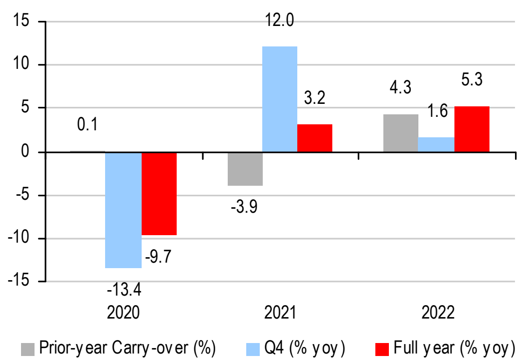
Source: Bank of Greece

plunge in arrivals/receipts during 2020, the sector is now about to exit hibernation mode: with vaccines gradually building mass immunisation, tourism could well rebound by summer, which, fittingly, accounts for the bulk of activity (see chart above).

Secondly, the very **economic/employment structure** acted as a headwind during 2020, as Greece disproportionately relies on services (more affected by the pandemic vs manufacturing) and self-employment/SMEs (see charts below), which, in principle, possess smaller buffers to cushion adverse shocks.

Thankfully, swift and targeted Covid-relief/support measures from the State and banks should have minimised permanent economic scarring, paving the way for a rapid recovery, as the pandemic subsides.

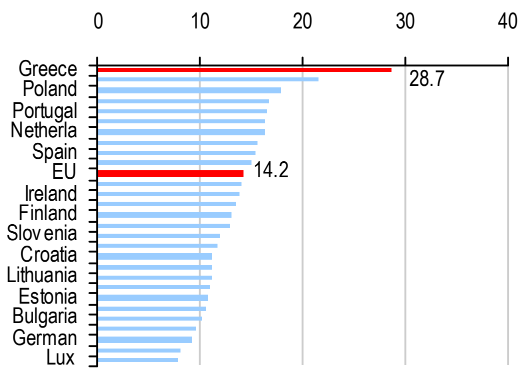
GDP: sharp H2 2021 rebound fully reflected in 2022 figures



Note: The carry-over reflects prior year's Q4 annualised vs average year-level
Source: Pantelakis Securities estimates

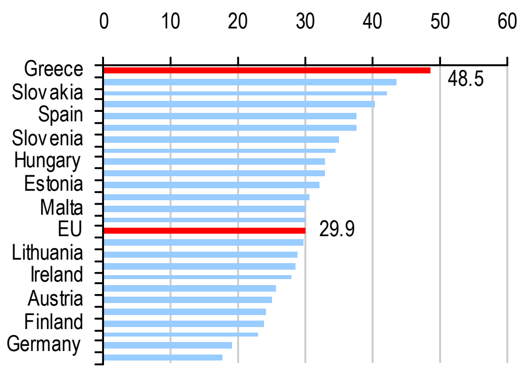
Overall, we expect the economy to rebound strongly in H2 (to +12% yoy in Q4), but the 2020

Self-employed as % of workforce, 2019



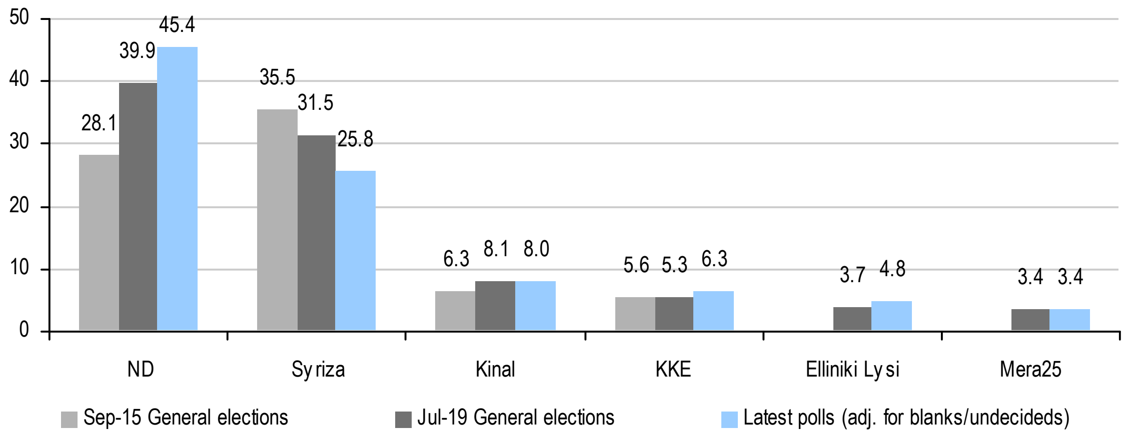
Source: Eurostat

SMEs (up to 9 headcount) as % in total employment, 2019



Source: Eurostat

A sharp political shift: New Democracy comfortably won 2019 elections, with its lead expanding further thereafter



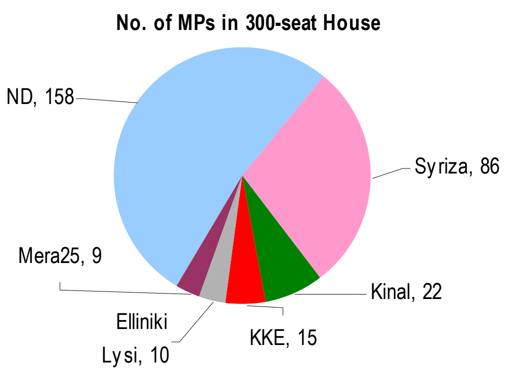
Source: Interior Ministry (for elections), average of 8 latest opinion polls (adjusted pro-rata for undecided voters)

negative carry-over should somehow constrain 2021 GDP growth to +3.2%, before jumping to +5.3% next year. The aforementioned EU fund inflows as well as a pro-reform/pro-growth government should be instrumental in the process.

Stable market-friendly politics

With the Covid-19 sound and fury subsiding, we expect investors to focus again (as they did up until last February) to the marked political shift from the July 2019 general elections: centre-right, pro-reform, business-friendly New Democracy (ND) won a comfortable parliamentary majority (158/300 seats), de-throning Syriza and its partners (in power since early 2015).

New Democracy enjoys a solid parliamentary majority



Source: Hellenic Parliament

Even more crucially, political stability has markedly improved. ND was able to form the first single-party government since the crisis erupted (in 2009), a fact that bodes well for cabinet unity and policy coherence. On top, the government faces a clear political horizon, with no elections of any type (EP, local, general) scheduled over the next 2.5 years. If anything, based on recent polls, the ruling party's lead has by now further expanded (see chart above) to unprecedented levels: almost 20 percentage points.

On top, the new administration has already burnished its reformist credentials. After marking a return to normality by fully lifting all residual capital controls (first instituted in mid-2015), it has drastically eased the economy's tax burden though lower rates for a) corporates (to 24% at present and 20% eventually, from 28% originally), b) dividends (5% vs 10%), c) individuals (bottom-bracket rate reduced, solidarity tax to be scrapped at least for 2021), d) properties (by 22% on average, with preferential regime for REITs), and e) payrolls (with social security contributions slashed by 1ppt in mid-2020 and another 3ppts from 2021 onwards). Finally, it is about to introduce a second capitalisation/defined-contribution pillar to the

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Largest party's parliamentary seats: a variable bonus under the new electoral law

		1st party voting share									
		36.0%	**37.0%**	**38.0%**	**39.0%**	**40.0%**	**41.0%**	**42.0%**	**43.0%**	**44.0%**	**45.0%**
Aggregate polling for parties below 3% threshold	**7.0%**	142	146	150	154	157	160	163	166	168	171
	7.5%	142	146	150	154	157	161	164	166	169	172
	8.0%	143	147	151	155	**158**	161	164	167	170	**172**
	8.5%	144	148	151	155	158	162	165	167	170	173
	9.0%	144	148	152	156	159	163	165	168	171	174
	9.5%	145	149	153	157	160	163	166	169	172	174
	10.0%	145	149	153	157	160	164	167	169	172	175
	10.5%	146	150	154	158	161	165	167	170	173	176
	11.0%	146	150	154	158	162	165	168	171	174	176
	11.5%	147	151	155	159	162	166	169	171	174	177
	12.0%	148	152	156	160	163	166	169	172	175	178

Source: Pantelakis Securities estimates

hitherto pay-as-you-go and largely-unfunded pension system.

Finally, the government was quick to remove political outlook wildcards. First, by completing a series of constitutional amendments, it abolished an earlier provision dissolving the Parliament in case lawmakers cannot elect a President of the Republic (largely a ceremonial post) with the required enhanced (180/300) majority. Under the new terms, a simple (or even relative) majority is needed, hence eliminating any upsets to the electoral calendar. In fact, the current President was elected that way in March 2020.

Last but not least, ND legislated a new electoral law, replacing (in the general election after the next) a full proportionate representation system. The latter, although, in principle, an opportunity for more consensual solutions, was always likely to prove a curse (recipe for paralysis) in case the current partisanship-polarisation persists.

True, lacking a 2/3rds majority, ND failed to introduce the new law with immediate effect. But twin elections in quick succession in mid-2023 (as the first will, in all certainty, result in a hung parliament) is a small price to pay to avoid a prolonged political vacuum.

The new "reinforced proportional" electoral law refined the previous system, whereby the largest party automatically received a flat bonus of 50 extra seats (as a way to enhance the likelihood of a majority government), while the remaining 250 seats were allocated pro-rata to the voting tally.

Instead, the new scheme calls for a scalable bonus, starting at 20 extra seats for parties exceeding 25%, plus an additional seat for every 0.5% picked-up thereafter. We present a sensitivity analysis of the parliamentary seats of the largest party, by flexing its own voting tally and the aggregate polling of those minor parties failing to clear the 3% vote threshold to qualify into parliament. Interestingly, a repeat of the July 2019 elections for these two variables (39.9% and 8.1% respectively) would have resulted in the very same majority (158 seats) for the first party. In turn, were new elections to match current polls, ND would secure an even larger (172 seats) majority.

In any case, with Syriza moving firmly to the mainstream after the 2015 summer, all major parties are now committed to a pro-eurozone stance, with fringe parties (both left and right) enjoying only minimal appeal and unlikely to join forces: in this sense, true political (and currency) risks are firmly a thing of the past.

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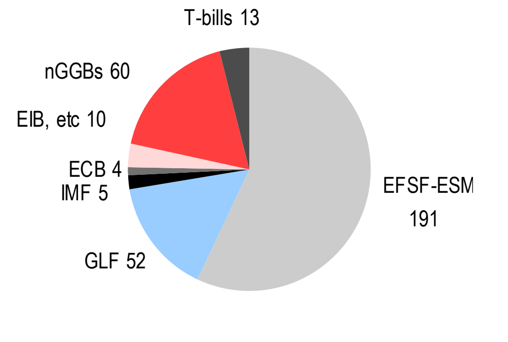
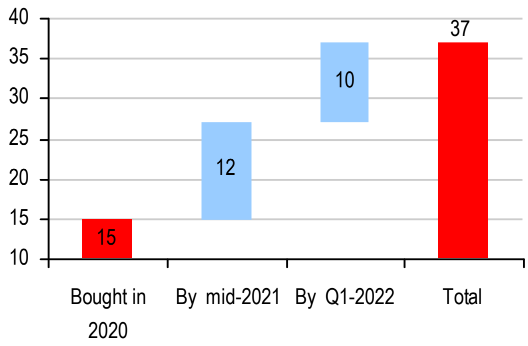
78% of public debt in official sector hands (EURbn)



Source: PDMA (September 2020)

A firm PEPP bid: nGGBs bought (EURbn)

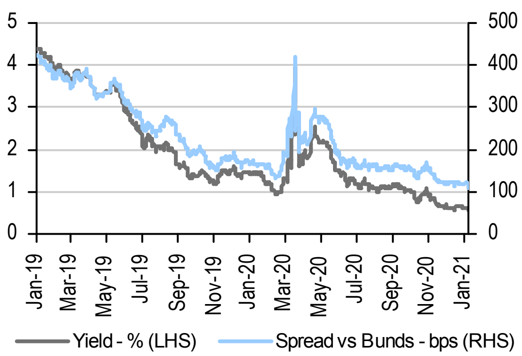


Source: ECB, Pantelakis Securities estimates

Favourable funding markets & positive credit impulse

True, the downward trend in Greek public debt yields (and spread over Bunds) was abruptly interrupted in early-2020, as the pandemic outbreak wreaked havoc across bond markets at the time. Still, it was swiftly re-established shortly afterwards, helped by the global hunt-for-yield and, more crucially, a firm bid from the ECB's Pandemic Emergency Purchase Program (PEPP): as the Eurosystem relaxed its credit requirements, Greek paper (GGBs) became eligible for the first time in a quantitative easing scheme.

Greek 10Y sovereign yields and spreads plunge



Source: Bloomberg

Since 18 March 2020 when PEPP was activated, the Eurosystem bought EUR15bn GGBs in 2020, more than covering the EUR12bn new issuance for the year. Under the original EUR1.35tn PEPP, it is set to buy another EUR12bn, while the recent 9-month EUR500bn extension adds another EUR10bn (see above). Tellingly, such figures refer to market values, while face/nominal values stand a tad higher. No wonder then that GGB yields have dropped to all-time lows (eg to 0.6% for 10-year notes) and related spreads vs Bunds (less than 120bps for 10-year notes) at levels not seen since the outbreak of the Greek debt crisis in 2009.

On top, the Public Debt Management Agency (PDMA) raised EUR12bn in five market forays in 2020, with heavy-oversubscriptions and gradually easing spreads vs Bunds. Despite sporting a cEUR35bn cash buffer as we speak (enough to cover funding needs at least for 3 years forward), the PDMA plans similar EUR10-12bn issues for this year too, aiming to enhance liquidity at various maturities, introduce new benchmarks (20-year) and continuously prove the country's fully restored market access.

EUR12bn 2020 bond issuance: yields & spreads over mid-swaps (bps) drop sharply

Issue	Tenor	EURbn	Yield	Spread
January	15Y	2.5	1.91%	213
April	7Y	2.0	2.01%	263
June	10Y	3.0	1.57%	188
September	10Y	2.5	1.19%	180
October	15Y	2.0	1.15%	155

Source: PDMA

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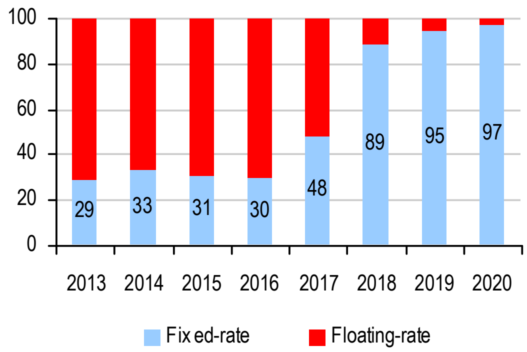
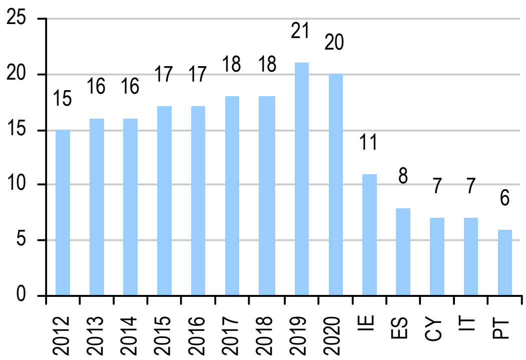
Public debt is mostly fixed-coupon (post-swaps)...



Source: PDMA

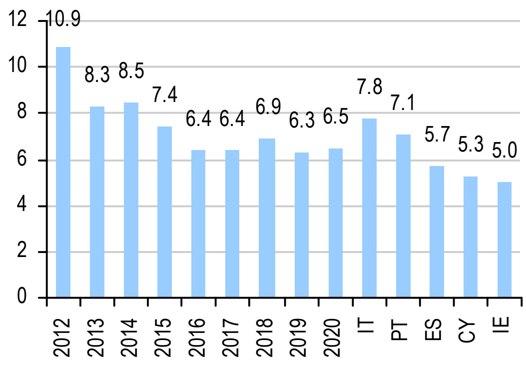
...with far above-average weighted maturity (years)



Source: PDMA

In any case, despite a pandemic-related spike (to 208% of GDP in 2020 vs 181% in 2019), the Greek public debt remains much more sustainable than meets the eye, given its ownership (78% in official-sector hands), low and fixed (97% of total) coupons as well as extremely high (20 years) weighted maturity. In turn, this translates into an overall interest cost (as a % of public revenue) similar to that of other countries with much lower debt burden.

Similar to peers' debt interest cost (% of public revenue)



Source: PDMA

Finally, the State retains ample cash buffers, consistently above EUR35bn in total, with new issuance replenishing Covid-relief fiscal measures. Such cash reserves suffice to cover scheduled debt redemptions over the next 3-4 years, hence significantly reducing refinancing and interest rate risks.

In turn, such qualities are widely acknowledged by rating agencies. Despite the Covid upheaval, Greece did not see any rating downgrades during 2020. In fact, Moody's upgraded the country by a notch in November, catching-up with peers. Overall, the sovereign is now ranked 'only' 2-3 notches below investment grade (IG). Although that's probably too much to hope for at present, Greece appears on track to regain IG status sometime in 2022, in our view.

Greece's sovereign credit ratings & planned updates

	Rating	Outlook	Notches from IG	Next Reviews
Fitch	BB	Stable	2	22 January, 16 July
S&P	BB-	Stable	3	23 April, 22 October
DBRS	BB-low	Stable	3	19 March, 17 September
Moody's	Ba3	Stable	3	21 May, 19 November

Source: Credit rating agencies

The good news is that such positive trends in the sovereign debt market have also fed into banks and, hence, the broader economy, not only avoiding a credit crunch but actually easing overall financing conditions.

First, banks have taken advantage of the ECB's decision back in April to grant a special waiver, including (for the first time since the August 2018 bailout-exit) GGBs to eligible collateral in refinancing operations. Greek lenders have now raised ECB borrowings (entirely through long-term refinancing operations) to EUR39bn,

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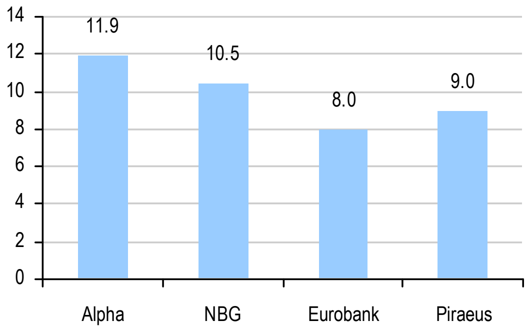
compared to just EUR7.6bn back in February, apparently seeking to max-out on Eurosystem funding (ie the TLTRO facility), thus taking advantage of favourable terms (with negative rates up to -1.0%).

TLTRO funding (EURbn) per bank (Q3 2020)



Source: Banks

This sum could now increase by another cEUR4bn in total because the ECB recently upsized allowed borrowings (to 55% of eligible loans stock from 50%), while at the same time extending the facility for 12 months to June 2022 and adding 3 new offers this year.

A wide range of support tools

Facility	EURbn	Description
Households		
Gefyra ('Bridge')	7.0	9-month instalment subsidies for 140k affected mortgage borrowers
SB & corporate		
Advanced payment	5.4	Direct state support (part grant, part concessionary loan)
State-guaranteed lending	7.2	For 'new lending', up to 80% guaranteed per loan (35% on portfolio basis)
Interest-subsidised lending (TEPIX II)	2.6	100% in the first 2 years, 40% in the remaining 3

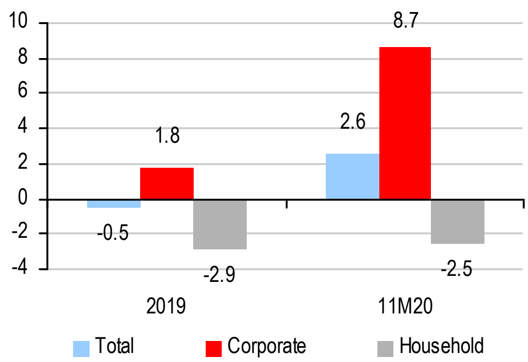
Source: Finance Ministry, Pantelakis Securities estimates

On top, we draw much comfort from a spate of State support schemes to manage the "cliff" effect upon loan moratoria expiration in early-2021. First, over half of mortgages in payment holidays have now enrolled into Gefyra ("bridge" in Greek), a tool providing 60-90% instalment subsidies to affected borrowers for 9 months, while fostering a strong payment culture: beneficiaries will remain on 'probation' for up to 18 months afterwards, being liable to repay received subsidies if they fail to remain current.

Secondly, EUR15bn new liquidity has been provided to affected businesses by either the State (entirely bypassing the banking system) or banks, with the State providing part of the funding, guaranteeing principals or subsidizing interest.

All in, 2020 marked the first year since 2010 of positive overall credit expansion. Although, de-leveraging continued unabated for household lending, credit growth gathered pace for corporates, not least due to the aforementioned state-support schemes. Tellingly, the four systemic lenders may have closed the year with cEUR20bn new gross lending (before redemptions), not a small feat compared to a cEUR100bn performing domestic book.

Credit expansion (% yoy) turns positive in 2020



Source: Bank of Greece

An under-owned stock market

During 2020, Greece suffered from **heavy outflows from foreign institutional investors**. Despite easing towards year-end, they still aggregated to cEUR700m, a level unseen since 2010, when the Greek debt crisis erupted in full force. We understand that, at least partially, such a trend mirrored a massive exodus from Emerging Markets (EM) amid the pandemic outbreak, which started to reverse (but only for Asia) in H2.

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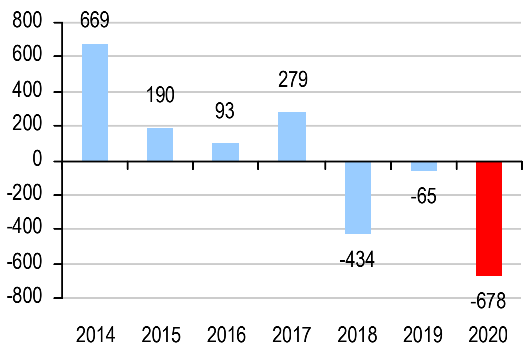
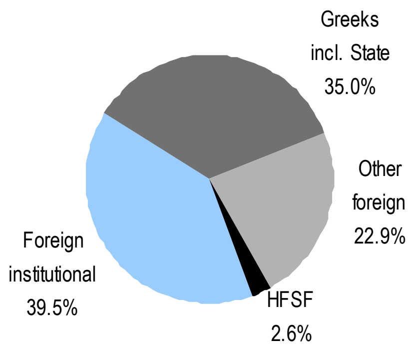
Record outflows (EURm) from foreign institutional investors



Source: Athens Stock Exchange

Who owns the market (December 2020)



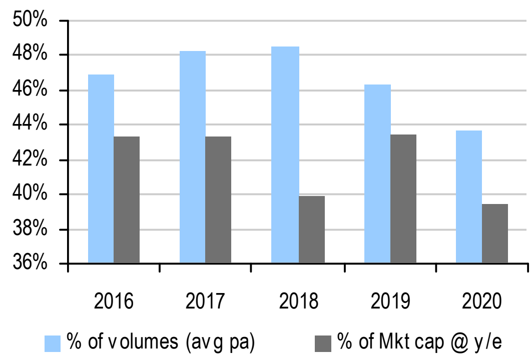
Source: Athens Stock Exchange

But, to add insult to injury, Greece also suffered from negative feedback loops, further reinforcing adverse technicals. With stock prices battered, a number of key Greek names (Alpha Bank, NBG, Eurobank and Titan Cement in the May review and Motor Oil in that of November) were eventually deleted from the MSCI Standard (Large Cap) index (which now sports just three constituents, OTE, OPAP and Jumbo) due to a small size.

This, in turn, brought further outflows from passive funds, creating an avalanche of selling pressure for the always-shallow Greek equities market, in which low liquidity exacerbates moves. All in, foreign institutional investors now appear to hold 39.5% of the overall market vs 43.4% at end-2019.

This builds on a similar downtrend evident in the past 3 years for their reduced participation not only in market cap but also in trading volumes.

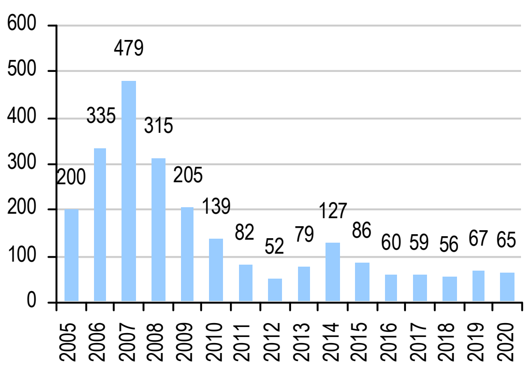
Foreign institutionals' participation in a downtrend



Source: Athens Stock Exchange

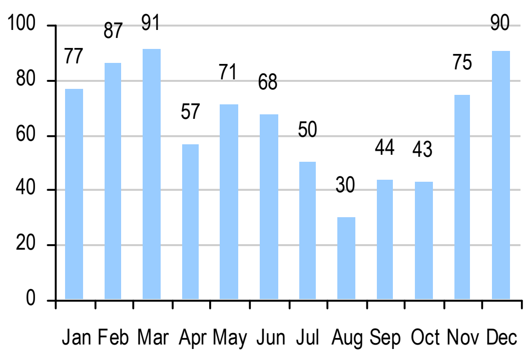
Finally, we argue that an **overall value-bias was a headwind for the market** for most of the year.

Average daily trading volume (EURm) remains depressed...



Source: Athens Stock Exchange

...but recovered sharply since November



Source: Athens Stock Exchange

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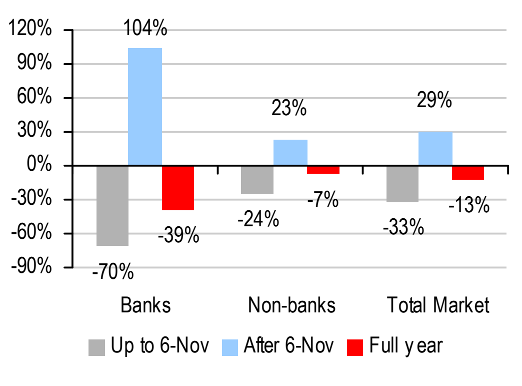
In principle, Greece is supposed to have a 'value' orientation, being inexpensive but cyclical and high-risk. Looking into the structure of the equity market, it seems to be dominated by value/cyclical sectors (with banks, in particular, punching above their weight in terms of trading and overall sentiment), with little (if any) structural-growth constituents (such as IT). No wonder then, Greece fared similarly to the global 'value' complex (ie banks, oil, cyclicals), underperforming for most of the year.

2020: a year of two parts for the Greek market



Source: Athens Stock Exchange

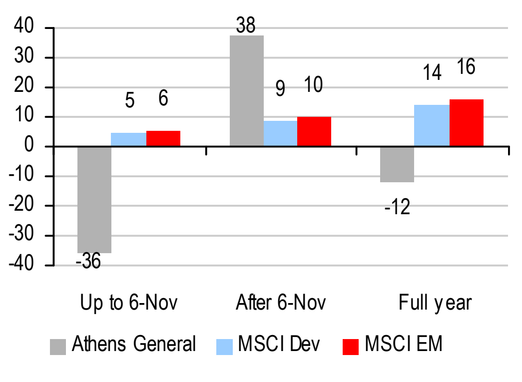
Thankfully, the tables have turned recently. After 6 November when positive news for effective Covid-19 vaccines were first aired, **Greece has started to outperform, precisely when value started beating growth**. During the same period, trading activity picked-up markedly, averaging close to EUR90m, way above the EUR65m daily average for the year and just EUR30m in the summer doldrums.

We believe that such a rotation in market leadership is still in its early stages and has further to run. In addition, the previous MSCI vicious circle could well turn into a virtuous one in 2021, as a number of Greek stocks now seemingly qualify in terms of market cap to be added back to the Large Cap index, triggering inflows from passive funds/index trackers.

Cheap valuations

Despite an over-30% rally since 6 November, the Greek market closed the year in deep negative territory, significantly lagging peers. Hence, we believe there is more room for the market to price-in the recovery from the Covid-19 slump.

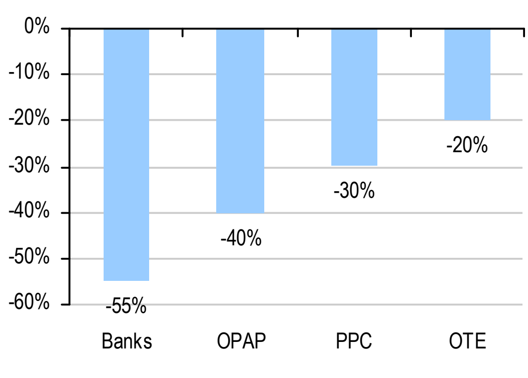
Despite recent rally, Greece has lagged other markets



Source: Bloomberg

Note here we are reluctant to make abstract/crude cross-border valuation comparisons, given wide differences in market composition. On top, Covid and the related lockdowns have wreaked havoc to near-term earnings, while adding another layer of fundamental uncertainty.

Deep discount of selective Greek stocks to foreign peers



Source: Pantelakis Securities estimates, Bloomberg

Instead, we have attempted to gauge the relative valuation for key sectors (banks) and other major stocks vs international peers in terms of Price/Book and EV/EBITDA multiples,

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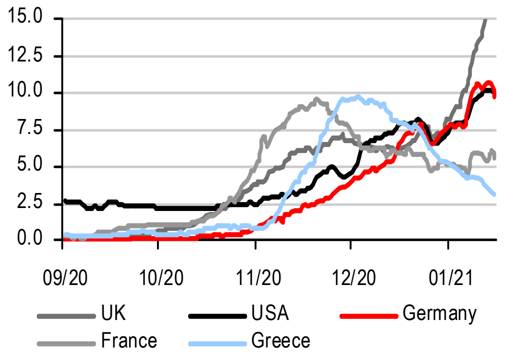
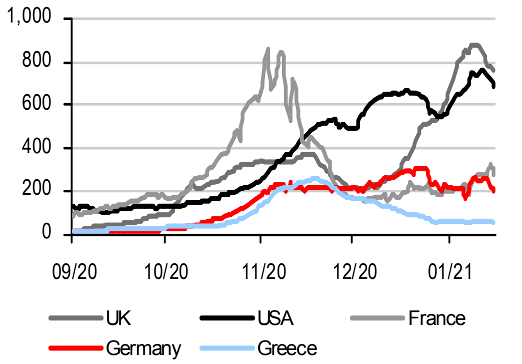
Greece fares better than others for Covid-19 deaths...



Source: Our World in Data (rolling 7-day average new no. of deaths per 1m population)

...and has tamed the recent 2nd wave of infections



Source: Our World in Data (rolling 7-day average new no. of cases per 1m population)

respectively. Such an analysis confirms that Greek stocks still trade at deep discounts, wider than in the past, with room to contract, even after accounting for country-specific issues (such as high, but falling fast, NPEs for financials).

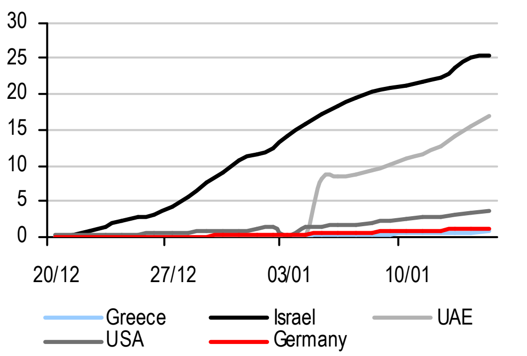
What could go wrong?

As always, Greece remains a leveraged play on global growth and risk-on investor sentiment. Hence, anything that disrupts the current consensus view for a synchronized recovery in 2021 along with continuous outperformance of 'value'/cyclicals could hit the Greek market too.

We identify two major candidates for such a path: vaccines disappointment and policymakers' errors. On the former front, there are formidable, though not insurmountable logistical challenges in rolling out a mass vaccination programme. Even if all goes well, it will take time to conclude, not least due to production limits and difficulty in transferring doses. In the meantime, the world will likely face new flare-ups of infections (see charts above), triggering renewed lockdowns.

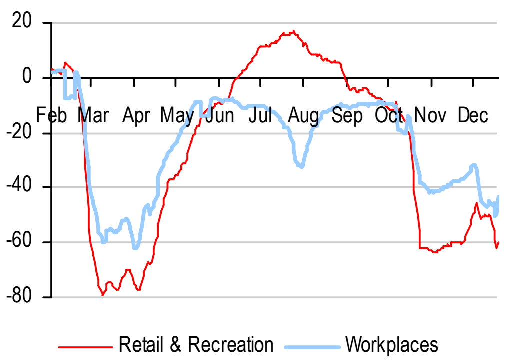
Finally, the scale of economic scarring (ie permanent damage to production factors) from the pandemic has yet to be fully identified. Hence, it is imperative for policymakers to maintain fiscal/monetary accommodation so as to make sure 'nobody is left behind': otherwise, hysteresis (a Greek-origin world to describe an ugly economic outcome) could mar the economy for longer than hoped: any abrupt attempt to remove policy accommodation could well trigger a broader economic relapse.

Greece lags leaders in vaccination campaign



Source: Our World in Data (vaccination doses per 100 persons)

Mobility data show differences in spring & winter lockdowns



Note: Figures show deviation in pct points from pre-Covid baseline (3 Jan-6 Feb 2020)
Source: Google Covid-19 Community Mobility Report (Greece)

Top-picks: key valuation data

Bank stocks	Ticker	Mkt Cap (EURm)	Price (EUR)	Target (EUR)	Pot'l return (%)	P/TBV 2022e (x)	RoTE 2022e (%)	P/PPI 2022e (x)	
National Bank	NBGr.AT	1,752	1.915	3.20	67	0.31	7.6	2.2	
Alpha	ACBr.AT	1,328	0.86	1.45	69	0.21	5.6	1.2	
Non-bank stocks	**Ticker**	**Mkt Cap (EURm)**	**Price (EUR)**	**Target (EUR)**	**Pot'l return (%)**	**P/E 2022e (x)**	**EV/EBITDA 2022e (x)**	**Div. Yield 2022e (%)**	**FCF Yield 2022e (%)**
OPAP	OPAr.AT	3,810	11.16	14.00	25	9.7	5.7	12.5	13.6
Jumbo	BABr.AT	1,780	13.08	19.70	51	9.6	4.6	4.7	8.6
PPC	DEHr.AT	1,682	7.25	11.50	59	12.8	6.2	0.0	-3.6
Motor Oil Hellas	MORr.AT	1,408	12.71	17.00	34	6.2	4.5	8.7	11.5
Kri Kri	KRIr.AT	215	6.50	9.00	38	10.3	7.0	3.8	6.8

Source: Pantelakis Securities estimates

Top-picks

In such an environment, we are positioned through **a 3-pronged approach**. Firstly, we like stocks (OPAP, Jumbo, Motor Oil), which, although currently affected by Covid (to a lesser or larger extent), possess defensive qualities (strong balance sheet, FCF generation ability) and their earnings are likely to rebound as soon as the economy normalises. Secondly, we add beta through financials (NBG and Alpha), perennially geared options to the macro outlook and asset (NPEs, property, GGBs) pricing. Finally, we like idiosyncratic stories (PPC and Kri Kri) that have yet to be fully appreciated by the market amid the Covid 'sound and fury'.

Starting with banks, de-risking (NPE clean-up) is the major driver for the sector: although starting from elevated levels, Greek lenders have proved they can fast-track major transactions within given loss budgets. True, Eurobank leads peers, but has already re-rated a lot, trading at 0.4x 2021 P/TBV vs 0.34x for NBG and 0.23x for Alpha.

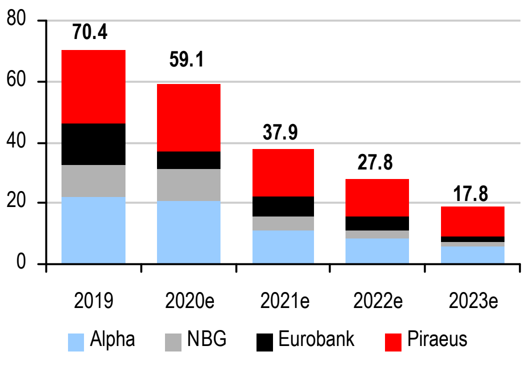
Texas ratios (Net NPEs divided by FL CET1): evolution per bank

	2019	2020e	2021e	2022e	2023e
Alpha	172%	169%	132%	87%	51%
NBG	107%	98%	36%	22%	10%
Eurobank	101%	49%	59%	30%	14%
Piraeus	246%	234%	229%	167%	115%
Big-4	**158%**	**144%**	**108%**	**71%**	**43%**

Source: Pantelakis Securities estimates

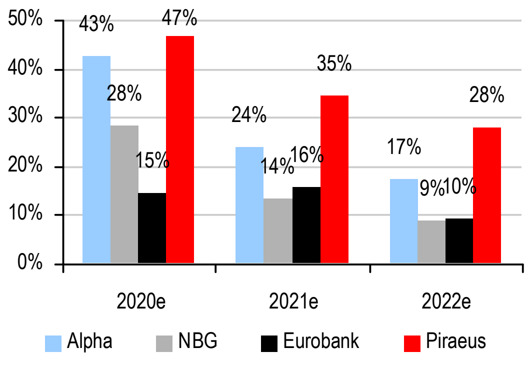
Through the Frontier transaction, **NBG** is set to fully catch-up by mid-2021, hence sporting a similar (if not lower) NPE ratio and better capital (both encapsulated by Texas ratios, see table above). In addition, **Alpha's** soon-to-be

Group NPE stock evolution (EURbn), aggregate & per-bank



Source: Pantelakis Securities estimates

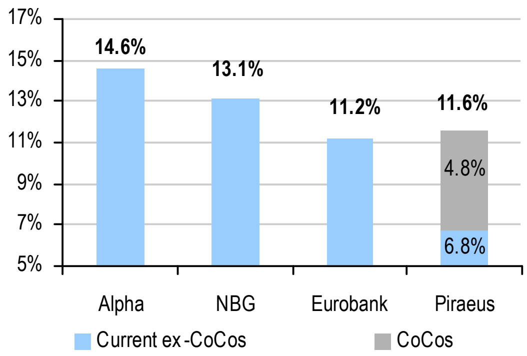
Group NPE ratios evolution



Source: Pantelakis Securities estimates

completed Galaxy securitisation will not only slash its NPE ratio to 24% (from 43%) but also dramatically improve the 'quality'/re-performance prospects of the remaining NPE stock (just 54% will be 90dpd, provisions and granted debt relief at 60% of original exposures), hence dramatically improving the stock's risk-reward balance. Finally, Alpha currently sports the sector-best FL CET1 ratio, while also leading peers for capital quality (least reliance on Deferred Tax Credits).

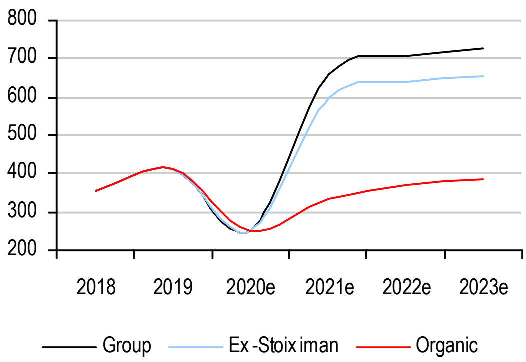
Alpha Bank leads peers in terms of FL CET1 ratio



Source: Banks (Q3 2020)

Turning to **OPAP**, the market has yet to price-in a step change in profitability, cash flow and, hence, dividends from the New Deal (ie the GGR tax regime for the 2020-30 legacy games concession). This *ceteris paribus* boosts 2021 EBITDA by 67% or EUR265m, net income by 107% or EUR185m (EUR0.54/sh) and free cash flow (and hence shareholder payout capacity) by 98% or EUR224m (EUR0.65/sh).

OPAP's EBITDA to rebound sharply due to New Deal and Stoiximan acquisition

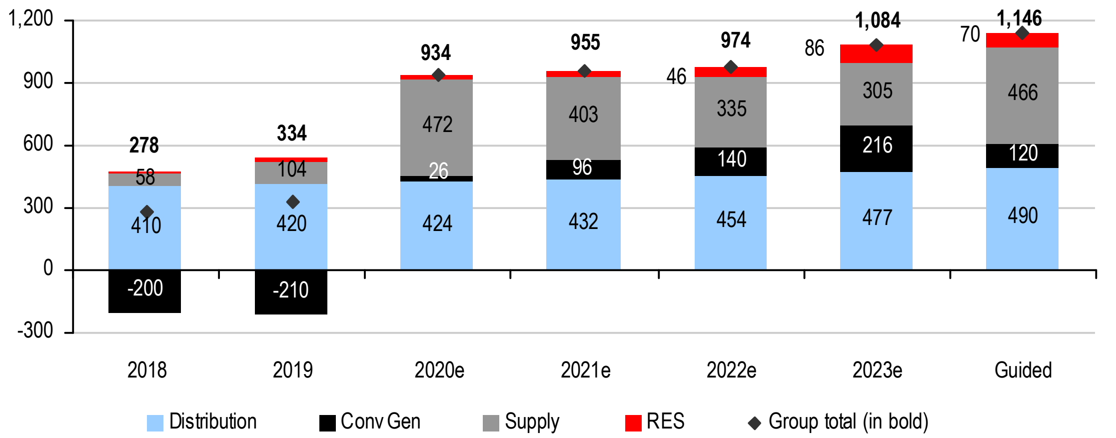


Source: OPAP, Pantelakis Securities estimates

We also like the soon-to-be completed Stoiximan acquisition (even more valuable now as lockdowns build on secular uptrends for online gaming). Finally, we draw comfort from OPAP's ability to swiftly rebound back to normal when lockdowns are lifted (Q3 GGR was flattish yoy, precisely when Greek GDP languished 11.7% below last year).

In turn, we believe the market has yet to give **PPC** the benefit of the doubt, beyond a dramatic 2020

PPC: Clean EBITDA forecasts breakdown and 2023 guidance

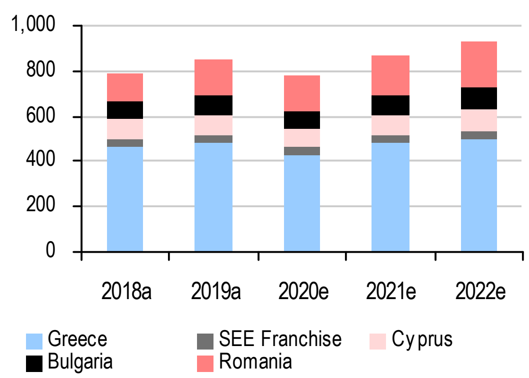


Source: PPC, Pantelakis Securities estimates

EBITDA turnaround. However, after healing, the company is ready to embark on a wholesale transformation plan, shedding its entire old lignite fleet and refocusing capex on renewables and regulated networks: this is the track followed by RWE, resulting in major re-rating (EV/EBITDA of 9x vs 6.2x for PPC).

By 2023, we see EBITDA climbing to EUR1.1bn, crucially with 75% of total coming from stable/regulated activities. It will be a smaller, cleaner, modern, more profitable and less volatile PPC. In the meantime, the stock faces a series of positive catalysts, such as the partial disposal of the grid (by mid-2021) and other value drivers, which, combined, could add up to EUR4/sh to our EUR11.5 fair value.

Jumbo's 2018-22e sales breakdown (EURm)



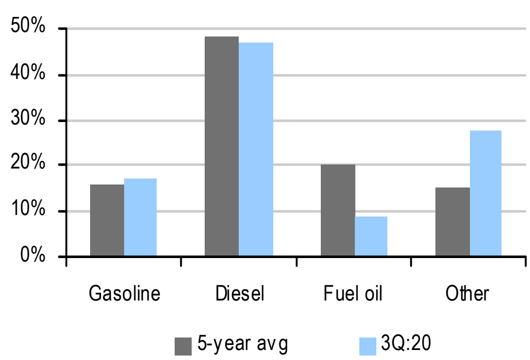
Source: Company data, Pantelakis Securities

In addition, a consistent financial performer, **Jumbo** appears well positioned for post pandemic recovery, thanks to its wide product assortment, state-of-the art retail network and continued diversification into higher-margin non-toy product lines. Showing remarkable retail skills, Jumbo boasts an exceptional 8-year streak of successive net income all-time highs, with its value-for-money proposition and successful product procurement working miracles also during the downturn, as consumers trade-down.

Booming Romania has been instrumental in this admittedly impressive performance, facilitated by solid macro backdrop and enhanced brand awareness, narrowing the gap to 79% of Greece's sales per sq/m level vs below 50% in FY15. Thereby, growing SEE footprint, on higher sales densities and space expansion (eg 2021-22e cumulative growth of 26% in Romania), along with market share gains in Greece, further bolsters the outlook.

And sitting on a pile of cash (EUR437.9m or EUR3.22/sh at end-2021e), Jumbo should emerge stronger from the crisis, with a large chunk of smaller firms being squeezed out of the market at home and, perhaps more crucially, abroad.

MOH proved its mettle in the face of a once-in-a-lifetime adversity, achieving far better-than-expected margins in 2020 thanks mainly to an improving product mix (% of total)

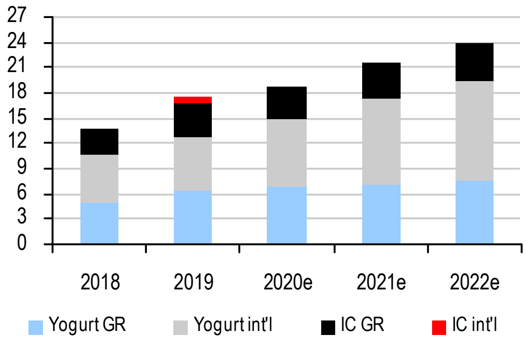


Source: Company data, Pantelakis Securities

Moving on to **MOH**, our key OW rating is premised on 3 'Rs': macro **r**ecovery, positive earnings **r**evisions and increasing **r**eturns to shareholders. First, refining margins are set for a rebound, as demand recovers and supply remains in check. And being a single refinery with a very lean cost structure and a high complexity, MOH stands out as a key beneficiary of the market's expected rebound.

What is more, we have already started to see positive earnings revisions, after MOH smashed through our and the consensus expectations in 3Q20. And courtesy of its low gearing levels and a long term, mid-cycle annual free cash flow yield of c15%, MOH can easily afford to accelerate its "energy transition" and offer shareholders greater dividend yields. The stock currently trades at just 3.8x FY23e EBITDA, while our TP of EUR17/sh implies a 34% upside from current levels. At our price objective, take note, MOH would trade just 4.7x FY23e EBITDA.

Kri Kri's 2018-22e EBIT breakdown (EURm)



Source: Company data/Pantelakis Securities

Finally, bucking the trend, **Kri Kri** is well on track to hit an all-time net income high in FY20e, up 13% y-o-y to EUR15.9m (ex-tax benefits), spurred by a booming (immune to Covid-19) appetite for Greek yogurt both in Europe and domestically (combined driving the business 18% higher y-o-y to EUR99.6m or 79% of total sales), growing brand recognition and tighter cost controls (ie overheads). This is no mean achievement, given the stay-at-home mandate, which along with shrinking inbound tourist volumes, dented severely ice cream impulse buying at kiosks in the key spring period (ie April to early May), let alone, a painful indeed gross margin slide largely linked to a steep rise in milk-related input costs. For next year, we see net income rising 16% to EUR18.5m, boosted by strong ice cream revenue recovery and gross margin normalisation.

And while the removal of import tariffs risk associated with a no-deal Brexit, which would have hit beyond doubt exports in the UK (which represent 50% of total yogurt exports), further strengthens its defensive profile, the new Aldi Austria contract to produce "Greek-style" yogurt signals a rather unexpected private-label diversification into a much bigger (ninefold) pool, compared to the "authentic" version in Europe. Addressing the upper-medium segment (decisively less price conscious), we expect Kri Kri to capture a large share in a relatively short time, given high-quality credentials, value-added product proposition (ie 50% to 60% lower prices vs "authentic") and long-standing relationships with food retailers.

As such, strong Western Europe footprint (ie exports account for 44% of FY20e total sales) provides a cushion against potentially weaker economic conditions in Greece (ie swings in disposable income). What is more, well-placed to weather the pandemic crisis, Kri Kri valuation appears undemanding even at our PT.

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National Bank

- Trades at a discount to Eurobank, while sporting lower NPE ratio and better capital post-Frontier transaction (due by mid-2021)
- Best-in-class 2021e Texas ratio, sector-low Cost-of-Risk and scope for higher RoTE from both revenue and cost initiatives
- Our higher-quality sector-pick: OW with EUR3.20 target

Sector-leading qualities

Catching-up fast with Eurobank for de-risking. The Frontier transaction (EUR6.1bn NPEs, 77% residential mortgages, 5% consumer, 18% corporate-SBLs) due to be completed by mid-2021 is set to slash troubled assets (EUR10bn now) by 60%, bringing the NPE ratio to 14% by end-2021e (from 29% now), even below Eurobank's c16% at the time. Sector-leading cash coverage per loan type (41% for mortgages, 91% for consumer, 74% for corporate) implies a limited upfront equity hit: in fact, our forecasts assume a EUR0.5bn loss booked in 2020e, with the capital impact almost fully unwinding in 2021e amid significant RWAs relief (NBG has already shifted the mortgage book to the Standardised method, implying c100% current weighting for net NPEs). Overall, solid coverage, sizeable capital buffers and bumper 2020 profits (on GGBs trading gains) allow NBG to fast-track Greek de-risking through Frontier without having to resort (like peers) to a hive-down/servicer carve-out. Finally, through two now-completed capital-neutral deals (for Cypriot and Romanian exposures), it has fully eliminated NPE balances abroad.

Sector-best 2021e Texas ratio, encapsulating in a single figure both its leading asset quality and capital buffers (net/uncovered NPEs divided by FL CET1): this is set to drop to 36% by year-end compared to 59% for Eurobank, 132% for Alpha and 229% for Piraeus. NBG's capital could be further enhanced upon conclusion of the planned disposal of an 80% stake in the domestic insurance arm ("getting closer" according tom management): within a reasonable price range, this could add c100bps, due to significant RWA relief and the lifting of regulatory filtering, which currently precludes the bank from recognising a big chunk of the insurer's capital.

Sector-low Cost of Risk. Given EUR3.6bn active moratoria (of which EUR1.5bn retail) and adding normal flows, NBG expects EUR1bn gross NPE inflows this year, or "EUR0.5bn or less" on a net basis, ie after curings/liquidations. Hence, EUR430m Covid provisions front-loaded into 2020 appear more than adequate, hence keeping 2021e CoR below 1%.

Scope for higher RoTE. Apart from squeezing-out more savings on the cost front, NBG needs to sweat its assets, put its excess liquidity (65% LDR) to work and utilise its funding-cost advantage (core depos at 76% of total) so as to generate more income.

Still cheaper vs Eurobank trading at 0.34x 2021e P/TBV vs 0.40x for the latter. Although the discount has shrunk vs the past, we believe it is unjustified given a similar NPE ratio post-Frontier and better capital. We value NBG at 0.6x required (implied by 12% FL CET1) TBV plus excess capital (EUR0.76/sh), before applying a 15% execution (in relation to de-risking) discount. Completion of pending transactions, updated NPE plans (March) and visibility on Covid NPE vintage are the key catalysts ahead.

Key data

RIC	NBGr.AT
Bloomberg	ETE GA
Rating	Overweight
Share (EUR)	1.915
Target (EUR)	3.20
Market cap (EURm)	1,752
Free float (%)	59.6

PANTELAKIS SECURITIES S.A.

Financials & valuation

Financial statements

Year to	12/2019a	12/2020e	12/2021e	12/2022e
P&L summary (EURm)				
Net interest income	1,186	1,161	1,129	1,120
Net fees/commissions	255	247	261	277
Trading profits	281	800	112	106
Other income	-41	50	60	60
Total income	1,681	2,258	1,563	1,563
Operating expense	951	804	779	754
Bad debt charge	342	719	302	234
Other	0	-455	0	0
Clean PBT	388	279	482	575
Exceptionals	-118	-142	0	0
PBT	270	137	482	575
Taxation	-13	-15	-120	-144
Minorities	-18	-18	-18	-18
Attributable profit	239	104	343	413
Clean attributable profit	357	246	343	413
Balance sheet summary (EURm)				
Total equity	5,259	5,083	5,427	5,840
Tangible equity	5,058	4,882	5,226	5,639
Customer loans (gross)	34,938	35,892	34,167	35,342
NPEs stock	10,936	10,216	4,616	3,116
Loan-Loss Reserves (LLR)	5,808	5,922	2,916	1,968
Debt securities holdings	9,352	8,862	8,399	7,961
Customer deposits	43,648	45,306	46,216	47,126
Interest earning assets	45,009	46,877	47,845	49,719
Total assets	64,248	65,194	66,225	68,219
Capital (%)				
RWA (EURm)	37,354	36,000	33,525	34,535
B3 Phased-in CET-1	16.0	15.0	16.3	16.1
Total Capital Adequacy	16.9	16.0	17.3	17.1
B3 fully-loaded CET-1	12.8	12.1	14.1	14.8

Ratio, growth & per share analysis

Year to	12/2019a	12/2020e	12/2021e	12/2022e
Year-on-year % change				
Total income	27.3	34.3	-30.8	0.0
Operating expense	3.3	-15.4	-3.2	-3.2
Pre-provision profit	83.0	99.1	-46.1	3.2
EPS		-56.4	229.7	20.3
Clean EPS		-31.0	39.5	20.3
DPS				
NAV (including goodwill)	6.0	-3.3	6.8	7.6
Ratios (%)				
Cost/income ratio	56.6	35.6	49.8	48.2
Bad debt charge	0.9	2.0	0.9	0.7
Net loans/deposits	67	66	68	71
NPE ratio	31	28	14	9
NPE coverage	53	58	63	63
RoTE	4.8	2.1	6.8	7.6
Per share data (EUR)				
EPS reported (fully diluted)	0.26	0.11	0.38	0.45
Clean EPS (fully diluted)	0.39	0.27	0.38	0.45
DPS	0.00	0.00	0.00	0.45
Tangible NAV	5.53	5.34	5.71	6.16
Reported NAV	5.75	5.56	5.93	6.38

Core profitability (% RWAs) and leverage

Year to	12/2019a	12/2020e	12/2021e	12/2022e
Net interest income	3.2	3.2	3.4	3.2
Trading profits	0.8	2.2	0.3	0.3
Other income	0.7	0.7	0.8	0.8
Operating expense	2.5	2.2	2.3	2.2
Pre-provision profit	2.0	4.0	2.3	2.3
Bad debt charge	0.9	2.0	0.9	0.7
Clean attributable profit	1.0	0.7	1.0	1.2
Leverage (x)	7.4	7.4	6.4	6.1
Return on average tier 1	4.0	1.9	6.3	7.4

Valuation data

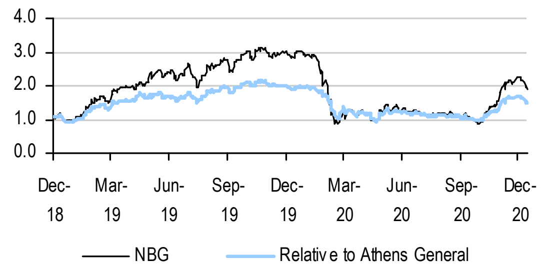
Year to	12/2019a	12/2020e	12/2021e	12/2022e
PE*	4.9	7.1	5.1	4.2
Pre-provision multiple (x)	2.4	1.2	2.2	2.2
P/NAV (x)	0.33	0.34	0.32	0.30
P/Tangible NAV (x)	0.35	0.36	0.34	0.31
Dividend yield (%)	0.0	0.0	0.0	0.0

Note: * = Based on HSBC EPS (fully diluted)

Issuer information

Share price(EUR)	1.915	Target price (EUR)	3.20	Potent'l tot rtn (%)	67
Reuters (Equity)	NBGr.AT	Bloomberg (Equity)	ETE GA		
Market cap (EURm)	1,752	Free float (%)	59.6		
Analyst	Paris Mantzavras	Contact	+30 210 6965 210		

Price relative



Source: Bloomberg

Note: price at close of 14 January 2021

PANTELAKIS SECURITIES S.A.

Alpha Bank

- Trades at sharp P/TBV discounts to Eurobank and NBG, as the market overlooks strong & high-quality capital, as well as…
- … a dramatic improvement in risk profile post Galaxy, on track to be completed in Q1, paving the way for much lower future Cost of Risk
- Mispriced after 2020 underperformance: OW with EUR1.45 target

Attractive risk-reward balance

Galaxy a game-changer. The EUR10.8bn transaction (currently in the works) will not only slash the NPE ratio to 24% (from 43%), but also dramatically improve the 'quality'/re-performance prospects of the remaining EUR8.9bn NPE stock. Just 54% of the latter will be 90dpd (vs 70% pre-Galaxy and c75% for peers) implying better curing potential, while on-balance sheet provisions and debt relief/write-off already implemented will cover 60% of original exposures. In turn, Galaxy dramatically improves the risk profile, since it reduces NPLs by 60%, denounced exposures by 64% and retail loans under foreclosure protection by 75%. Such a de-risking will be reflected in a significant drop to future Cost of Risk: the latter ex-Galaxy and ex-Covid is already trending at c1%/net loans vs a 2.5% headline provisioning rate in 9M 2020.

Deal on track, loss budget affirmed. Having secured H-APS inclusion for Galaxy's EUR3.7bn (34% of GBV) senior notes (typically over 90% of total portfolio value), Alpha has high visibility for the upfront capital hit of the transaction, guided at 280bps net of gains from the servicer Cepal disposal. After picking Davidson Kempner as the preferred bidder for the dual transaction (mezzanine tranche and majority stake in Cepal), Alpha expects the deal to signed in the coming weeks, with NPEs de-consolidation in Q1 2021. Given also a benign Covid NPE vintage (EUR1.2-1.3bn gross inflows in 2021), it is on track for a c10% NPE ratio by 2023, with high-single digit (c8%) RoTE thereafter.

Strong & quality capital, with CET1 (14.6% FL, 17.2% phase-in) and CAD (18.3%) at the sector top-end as of 3Q20 and way above 2021-22 SREP ratios even after the Galaxy hit. On top, Alpha retains ample capacity for AT1/T2 issuance (1.6% and 2.0% of RWAs respectively), as well as unrealised profits on its GGB portfolio (half of which under amortised-cost). Finally, it sports the best-quality capital in the sector, given its lower (55% of CET1 post-Galaxy vs 70-90% for peers) DTC reliance.

De-risking yet to be priced-in. The stock trades at 0.21x 2022e P/TBV vs Eurobank's 0.37x and NBG's 0.31x. True, Alpha lags peers in terms of de-risking pace, achieving c10% NPE ratios a year later (2023). But we feel that the valuation discount is too wide and expect it to shrink after Galaxy's step-change in the risk profile. We value Alpha at 0.47x required (implied by 12% FL CET1) TBV plus minor excess capital (EUR0.01/sh), before applying a 25% execution (in relation to de-risking) discount. Completion of pending transactions, updated NPE plans (March) and visibility on Covid NPE vintage are the key catalysts ahead. Finally, Alpha is second only to Eurobank among peers in retaining a meaningful footprint abroad (EUR4.3bn RWAs, 10% of group total, mostly related to Cyprus and Romania): we believe the market will at some point start to attach value to these franchises, after de-risking is further advanced.

Key data

RIC	ACBr.AT
Bloomberg	ALPHA GA
Rating	Overweight
Share (EUR)	0.86
Target (EUR)	1.45
Market cap (EURm)	1,328
Free float (%)	89

PANTELAKIS SECURITIES S.A.

Financials & valuation

Financial statements

Year to	12/2019a	12/2020e	12/2021e	12/2022e
P&L summary (EURm)				
Net interest income	1,547	1,550	1,469	1,479
Net fees/commissions	340	333	355	377
Trading profits	399	296	160	152
Other income	37	30	31	32
Total income	2,323	2,209	2,015	2,041
Operating expense	1,125	1,030	996	961
Bad debt charge	990	969	768	633
Other	-13	-5	-5	-4
PBT	145	175	-1,914	443
Exceptionals	-50	-30	-2,160	0
Clean PBT	195	205	246	443
Taxation	48	51	61	111
Minorities	0	0	0	0
Attributable profit	97	123	-1,976	332
Clean attributable profit	147	153	184	332
Balance sheet summary (EURm)				
Total equity	8,432	8,355	6,379	6,711
Tangible equity	7,939	7,863	5,887	6,219
Customer loans (gross)	47,949	48,989	46,640	47,391
NPEs stock	21,800	21,000	11,200	8,200
Loan-Loss Reserves (LLR)	9,632	9,567	4,879	3,772
Debt securities holdings	8,703	8,218	7,810	7,421
Customer deposits	40,364	41,815	42,862	43,909
Interest earning assets	53,330	53,002	54,932	56,401
Total assets	63,458	62,834	65,402	67,451
Capital (%)				
RWA (EURm)	47,483	46,200	40,700	42,494
B3 Phased-in CET-1	17.9	17.3	13.9	13.2
Total Capital Adequacy	17.9	18.3	15.2	14.4
B3 fully-loaded CET-1	14.9	14.6	11.7	12.0

Ratio, growth & per share analysis

Year to	12/2019a	12/2020e	12/2021e	12/2022e
Year-on-year % change				
Total income	-10.8	-4.9	-8.8	1.3
Operating expense	-3.2	-8.4	-3.3	-3.5
Pre-provision profit	-17.0	-1.6	-13.6	6.0
EPS	83.2	27.2		
Clean EPS	177.3	4.5	20.1	80.4
DPS				
NAV (including goodwill)	4.1	-0.9	-23.6	5.2
Ratios (%)				
Cost/income ratio	48.4	46.6	49.4	47.1
Bad debt charge	2.00	2.00	1.61	1.35
Net loans/deposits	97	94	97	99
NPE ratio	45	43	24	17
Coverage	44	46	44	46
RoTE	1.3	1.6	-25.1	5.6
Per share data (EUR)				
EPS reported (fully diluted)	0.06	0.08	-1.28	0.22
Clean EPS (fully diluted)	0.10	0.10	0.12	0.22
DPS	0.00	0.00	0.00	0.00
Tangible NAV	5.14	5.09	3.81	4.03
Reported NAV	5.46	5.41	4.13	4.35

Core profitability (% RWAs) and leverage

Year to	12/2019a	12/2020e	12/2021e	12/2022e
Net interest income	3.3	3.4	3.6	3.5
Trading profits	0.8	0.6	0.4	0.4
Other income	0.1	0.1	0.1	0.1
Operating expense	2.4	2.2	2.4	2.3
Pre-provision profit	2.5	2.6	2.5	2.5
Bad debt charge	2.1	2.1	1.9	1.5
Clean attributable profit	0.3	0.3	0.5	0.8
Leverage (x)	5.6	5.5	6.4	6.3
Return on average tier 1	1.7	1.9	2.3	5.8

Valuation data

Year to	12/2019a	12/2020e	12/2021e	12/2022e
PE*	9.0	8.7	7.2	4.0
Pre-provision multiple (x)	1.1	1.1	1.3	1.2
P/NAV (x)	0.16	0.16	0.21	0.20
P/Tangible NAV (x)	0.17	0.17	0.23	0.21
Dividend yield (%)	0.0	0.0	0.0	0.0

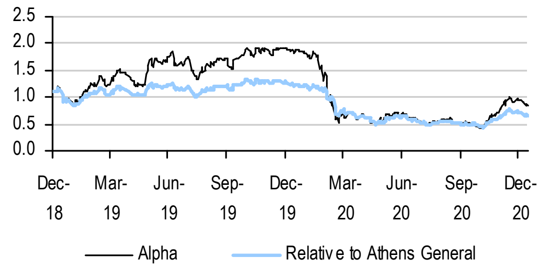
Note: * = Based on HSBC EPS (fully diluted)

Issuer information

Share price(EUR)	0.86	Target price (EUR)	1.45	Potent'l tot rtn (%)	69

Reuters (Equity)	ACBr.AT	Bloomberg (Equity)	ALPHA GA
Market cap (EURm)	1,328	Free float (%)	89
Analyst	Paris Mantzavras	Contact	+30 210 6965 210

Price relative



Source: Bloomberg

Note: price at close of 14 January 2021

PANTELAKIS
SECURITIES S.A.

OPAP

- Reality beats hope: 2020-30 offline concession comes with lower GGR tax rate and corporate-tax-neutrality, on top of prepayment
- New GGR tax regime and Stoiximan turbo charge 2021-22e EPS-FCF rebound, despite low-balled post-Covid organic recovery
- Good news yet to be fully priced in: 5.7x 2022e EV/EBITDA and 14% FCFY; Overweight with EUR14.0 target price

Better to arrive than travel

New GGR tax regime much better than hoped. We had long flagged a more favourable regime for the new October 2020-30 land-based legacy-games concession, with just 5% (from 35%) cash outflows and EUR1.83bn prepayment. But we had not accounted for a) a lower headline liability rate (30%), and b) the "New Deal's" corporate tax-neutrality (reducing the deferred 2030 bullet liability). Overall, we now estimate the total benefit over the next decade at EUR4/sh, double vs before. The New Deal *ceteris paribus* boosts 2021 EBITDA by 67% or EUR265m, net income by 107% or EUR185m (EUR0.54/sh) and free cash flow by 98% or EUR224m (EUR0.65/sh). Crucially, the government raised no objections to the first monthly payment under the new regime in mid-November, acknowledging the shift and budgeting much lower future GGR intake.

Stoiximan deal even more valuable amid lockdowns, as its GGR spikes in the 20s or even 30s (as a % of OPAP's own) from mid-teens before. OPAP will be fully consolidating Greek/Cypriot ops from early 2021 onwards, adding EUR63m to group EBITDA (9.5% of total, 16% ex-New Deal), without diluting margins. We have low-balled our underlying estimates, leaving 2022e (the first post-Covid year) organic GGR and EBITDA 4% and 10% below pre-pandemic (2019a) levels. Still, we forecast a significant rebound in EBITDA (+72%), net income (almost 2x) and FCF (more than 2x), helped by the "New Deal" and Stoiximan consolidation. This ensures strong FCF yields and hefty shareholder payouts (12-14% and 1-13% respectively) in the coming years.

Attractive valuation, as the market has yet to price-in the more valuable new core concession GGR tax regime. Our EUR14.0 price target uses 8% WACC, explicitly accounts for the present value of 2030 bullet liability and Stoiximan likely earnouts (EUR0.4/sh each) and prudently pencils-in just 50% value-retention post-2030 (after normalising FCF for New Deal expiry) to account for license renewal costs and/or competition. The stock trades at low 2022e multiples (5.7x EV/EBITDA, 9.7x PE, 14% FCFY), remaining undemanding even at our PT. These valuation metrics are particularly attractive even after adjusting for lumpy license renewals.

Catalysts and risks. Prolonged nationwide Covid-induced lockdowns (the latest kicked-off on 7 November and is still ongoing) blur the near-term outlook, but pent-up demand and faster GDP rebound could drive gaming activity. We draw comfort from OPAP's swift return to normality in Q3, when GDP languished 12% below a year ago. Finally, we see few/manageable areas of regulatory activism (New Deal now confirmed, VLTs rolled-out, GGR tax rates at high-end of EU range, new "betting duties" on player winnings unlikely to have much of an impact) and limited competition risks from new Athens-area casinos.

Key data

RIC	OPAr.AT
Bloomberg	OPAP GA
Rating	Overweight
Share (EUR)	11.16
Target (EUR)	14.00
Market cap (EURm)	3,810
Free float (%)	57

PANTELAKIS
SECURITIES S.A.

Financials & valuation

Financial statements

Year to	12/2019a	12/2020e	12/2021e	12/2022e
Profit & loss summary (EURm)				
Revenue	1,620	1,086	1,710	1,851
EBITDA	413	253	661	709
Depreciation & amortisation	(116)	(121)	(141)	(142)
Operating profit/EBIT	296	133	520	567
Net interest	(27)	(30)	(29)	(28)
PBT	269	102	492	538
Taxation	(67)	(25)	(118)	(129)
Net profit	202	80	357	391
Clean net profit	206	80	357	391
Cash flow summary (EURm)				
Cash flow from operations	282	228	477	544
Capex	3	(20)	(25)	(25)
Cash flow from investment	(71)	(184)	(25)	(25)
Dividends	168	222	290	410
Change in net debt	20	178	(161)	(109)
FCF equity	211	43	452	519
Balance sheet summary (EURm)				
Intangible fixed assets	1,066	988	888	788
Tangible fixed assets	98	76	60	43
Current assets	233	186	243	258
Cash & cash equivalents	843	829	991	1,100
Total assets	2,240	2,078	2,181	2,188
Operating liabilities	339	321	357	383
Gross debt	1,117	1,117	1,117	1,117
Net Debt/(Cash)	480	658	497	388
Shareholders equity	754	610	677	659
Invested capital	1,057	928	834	706

Ratio, growth and per share analysis

Year to	12/2019a	12/2020e	12/2021e	12/2022e
y-o-y % change				
Revenue	4.7	-33.0	57.5	8.2
EBITDA	16.6	-38.6	160.9	7.3
Operating profit	23.8	-55.2	291.8	8.9
PBT	24.7	-61.9	379.6	9.5
Clean EPS	27.5	-62.9	338.2	9.5
Ratios (%)				
Revenue/IC (x)	1.5	1.2	2.1	2.6
ROIC	20.6	10.1	44.9	56.0
ROE	27.9	11.8	55.5	58.5
ROA	10.0	3.4	17.4	18.6
EBITDA margin	25.5	23.3	38.7	38.3
Operating margin	18.3	12.3	30.4	30.6
EBITDA/net interest (x)	15.2	8.4	23.0	25.1
Net debt/Equity (%)	62.2	104.7	71.5	57.3
Net debt/EBITDA (x)	1.2	2.6	0.8	0.5
CF from operations/net debt (%)	58.8	34.6	95.9	140.4
Per share data (EUR)				
EPS reported (fully diluted)	1.5	1.2	2.1	2.6
Clean EPS (fully diluted)	20.6	10.1	44.9	56.0
Total DPS	27.9	11.8	55.5	58.5
Book value	10.0	3.4	17.4	18.6

Valuation (EUR/sh) sensitivity by flexing WACC and value-retention post-2030

	7.0%	7.5%	8.0%	8.5%	9.0%
30%	13.4	12.7	12.1	11.5	11.0
40%	14.7	13.8	13.1	12.4	11.8
50%	15.9	14.9	**14.0**	13.2	12.5
60%	17.1	16.0	15.0	14.1	13.3
70%	18.3	17.0	15.9	14.9	14.1

Valuation data

Year to	12/2019a	12/2020e	12/2021e	12/2022e
EV/Sales (x)	2.6	3.8	2.4	2.2
EV/EBITDA (x) *	10.1	17.1	6.3	5.7
EV/IC (x)	3.9	4.7	5.0	5.8
P/E (x) *	17.4	46.8	10.7	9.7
P/BV (x)	4.8	6.2	5.6	5.8
FCF yield (%)	5.5	1.1	11.9	13.6
Div yield (%)	2.7	14.8	10.8	12.5

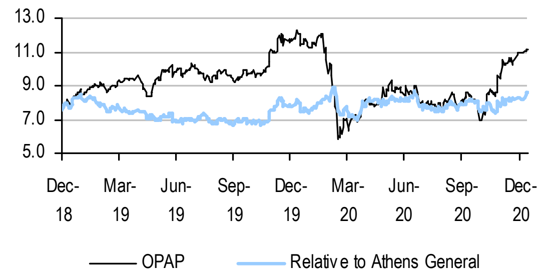
* Adjusted for non-recurring items

Issuer information

Share price (EUR)	11.16	Target price (EUR)	14.00	Potent'l tot rtn (%)	25

Reuters (Equity)	OPAr.AT	Bloomberg (Equity)	OPAP GA
Market cap (USDm)	4,618	Market cap (EURm)	3,810
Free float (%)	57	Enterprise value (EURm)	4,168
Country	Greece	Sector	Hotels & Leisure
Analyst	Paris Mantzavras	Contact	+30 210 6965 210

Share price relative performance (EUR/share)



Source: Bloomberg

Note: price at close of 14 January 2021

PANTELAKIS SECURITIES S.A.

Jumbo

- FY20e clean net profit seen down 23% y-o-y to a still respectable EUR137m amid the pandemic storm, before recovering 16%…
- …to EUR159m next year, on a strong sales rebound owing to the absence of a 4-month lockdown and higher densities in Romania
- Overweight; PT unchanged at EUR19.7/sh as mild, store closure-driven EPS cuts of 3-5% are offset by 0.4pp lower WACC to 7.8%

A lot to brag about amid the pandemic disruptions

In spite stores shutdown misfortunes in Greece, post-virus recovery remains solid. With the worst-case scenario unfolding in Greece as the surge in Covid-19 cases led to a new nationwide quarantine (7 November to 18 January), peak Christmas season sales sank 54% y-o-y in December, on EUR70m lockdown-induced revenue loss. And lacking the infrastructure to engage in click-and-collect services, Jumbo e-shop also struggled to cope with a surge in online orders, adding fuel to the fire. On the positive side, all stores in Romania and Bulgaria (expect one) remained fully operational this time round.

That said, forecast-beating Q3 EBITDA 17% y-o-y growth, with the respective margin jumping 4.1pp (implying an enormous 6.1pp improvement vs H1), let alone October's buoyant performance (sales soared 13%), give a strong sense of how things could have turned out for Jumbo in the all-important Q4, were it not for the lockdown.

Having recovered c40% of the revenue lost (at a group level) in the first, 8-week store closure period in spring, driven by a robust 10% y-o-y increase between 11 May and 31 October (despite the worsening macro backdrop), we feel confident that Jumbo will score high double-digit growth rates in the post-second lockdown phase, yet again on pent-up demand.

2021e net income seen up 16% y-o-y to EUR158.8m, but 11% below pre-Covid levels. Importantly, this rests exclusively on a strong revenue bounce-back of 21% y-o-y to EUR837.4m, driven by not only the absence of a 4-month lockdown in Greece (2 month-plus for the international markets), but also higher penetration rates in Romania (on enhanced brand equity), three new store rollouts and better macro trends. We have low-balled our L-F-L sales, seen 2% lower y-o-y in 2021e (excluding the lockdown impact), owing to a 4% drop in Greece (vs -2.8% in FY12, the worst year of the domestic crisis) and reaching pre-pandemic levels only in 2022. Hence, we see upside risks to our to-line forecasts, feeding all the way to the bottom-line.

Overweight, PT, unchanged at EUR19.7/sh, offers a hefty 51% upside, as mild, Christmas store closure-driven EPS cuts of 3-5% are offset by 0.4pp lower WACC to 7.8%. Well-placed to weather the downside, Jumbo looks undervalued at 2021e 11.2x P/E and 5.6x EV/EBITDA, while solid FCF yield of 7% further adds to valuation appeal. What is more, on our calculations current levels price-in a dramatic EBITDA margin drop to 11.7% vs 28.7% in FY20e and 30.5% a year ago.

Sitting on a pile of cash (EUR437.9m at-end 2021e or EUR3.2/sh), Jumbo should emerge stronger from the crisis, with a large chunk of smaller firms being squeezed out of the market.

Key data

RIC	BABr.AT
Bloomberg	BELA GA
Rating	Overweight
Share (EUR)	13.08
Target (EUR)	19.70
Market cap (EURm)	1,780
Free float (%)	77

PANTELAKIS SECURITIES S.A.

Financials & valuation

Financial statements

Year to	12/2019a	12/2020e	12/2021e	12/2022e
Profit & loss summary (EURm)				
Revenue	847.9	693.4	837.4	926.5
EBITDA	259.0	199.4	238.2	274.2
Depreciation & amortisation	(31.1)	(36.9)	(38.6)	(40.2)
Operating profit/EBIT	227.8	162.4	199.6	234.0
Net financials	(2.5)	(3.0)	(2.6)	(2.3)
EBT	225.3	159.4	197.1	231.7
Clean EBT	225.3	170.4	197.1	231.7
Taxation	47.7	24.8	38.2	45.4
Net profit	177.6	134.6	158.8	186.3
Clean Net profit	177.6	136.9	158.8	186.3
Cash flow summary (EURm)				
Cash flow from operations	198.4	147.6	180.1	203.7
Capex	(23.7)	(32.6)	(50.5)	(45.6)
Dividends	(38.1)	(92.1)	(32.7)	(78.9)
Change in net debt	(61.9)	(6.3)	(91.8)	(74.0)
FCF equity	168.6	109.3	123.9	152.5
Balance sheet summary (EURm)				
Tangible fixed assets	848.9	881.3	931.5	976.8
Right-of-use Assets	114.1	114.1	114.1	114.1
Current & Other L/T assets	980.8	1,020.4	1,136.1	1,237.5
Cash & cash equivalents	637.0	651.7	743.5	817.5
Total assets	1,690.5	1,725.7	1,853.4	1,960.1
Operating liabilities	160.9	153.5	154.4	153.1
Gross debt	320.7	318.2	318.8	319.4
Net Debt/(Cash)	(339.8)	(346.1)	(437.9)	(511.9)
Shareholders equity	1,208.3	1,250.8	1,377.0	1,484.3
Invested capital	863.0	922.2	956.3	988.9

Ratio, growth and per share analysis

Year to	12/2019a	12/2020e	12/2021e	12/2022e
y-o-y % change				
Revenue	7.7	-18.2	20.8	10.6
EBITDA	12.2	-23.0	19.5	15.1
Operating profit/EBIT	10.7	-28.7	22.9	17.2
Clean EBT	9.0	-24.3	15.6	17.6
Clean EPS	11.4	-22.9	16.1	17.3
Ratios (%)				
Revenue/IC (x)	1.0	0.8	0.9	0.9
ROIC	20.9	14.9	16.9	19.1
ROE	15.7	11.5	12.3	14.4
EBITDA margin	30.5	28.7	28.4	29.6
Operating margin	26.9	23.4	23.8	25.3
EBITDA/Net interest (x)	101.9	66.7	93.1	119.2
Net debt/Equity	-28.1	-27.7	-31.8	-34.5
Net debt/EBITDA (x)	-1.3	-1.7	-1.8	-1.9
CF from operations/net debt	-58.4	-42.6	-41.1	-39.8
Per share data (EUR)				
EPS reported (fully diluted)	1.31	0.99	1.17	1.37
Clean EPS (fully diluted)	1.31	1.01	1.17	1.37
Ordinary DPS	0.51	0.62	0.56	0.61
Book value	8.88	9.19	10.12	10.91

Key forecast drivers

Year to	12/2019a	12/2020e	12/2021e	12/2022e
Jumbo stores in Greece	52	52	53	53
o/w based in greater Athens area	21	21	21	21
o/w based in rural Greece	31	31	32	32
Jumbo stores in Cyprus	5	5	6	6
Jumbo stores in Bulgaria	9	9	9	9
Jumbo stores in Romania	14	14	15	18
Total Jumbo stores network	**80**	**80**	**83**	**86**

DCF (EUR/sh) sensitivity by flexing WACC & LT EBITDA margin

		6.8%	7.3%	7.8%	8.3%	8.8%
	18.5%	20.6	19.3	18.2	17.3	16.5
L-T	**19.5%**	21.5	20.1	19.0	18.0	17.1
EBITDA	**20.5%**	22.4	21.0	**19.7**	18.7	17.7
margin	**21.5%**	23.3	21.8	20.5	19.3	18.3
	22.5%	24.3	22.7	21.2	20.0	19.0

Valuation data

Year to	12/2019a	12/2020e	12/2021e	12/2022e
EV/Sales (x)	1.7	2.1	1.6	1.4
EV/EBITDA (x) *	5.6	7.2	5.6	4.6
EV/IC (x)	1.7	1.6	1.4	1.3
P/E (x) *	10.0	13.0	11.2	9.6
P/BV (x)	1.5	1.4	1.3	1.2
FCF yield (%)	9.5	6.1	7.0	8.6
Dividend yield (%)	3.9	4.7	4.3	4.7

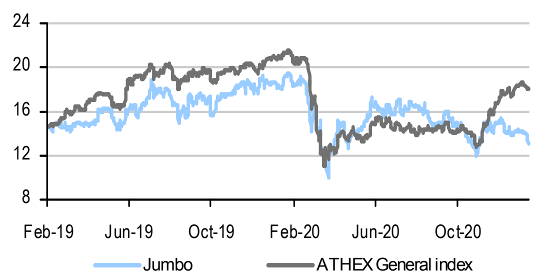
* Adjusted for non-recurring items

Issuer information

Share price (EUR)	13.08	Target price (EUR)	19.70	Potent'l tot rtn (%)	51

Reuters (Equity)	BABr.AT	Bloomberg (Equity)	BELA GA
Market cap (USDm)	2,158	Market cap (EURm)	1,780
Free float (%)	77	Enterprise value (EURm)	1,434
Country	Greece	Sector	General Retail
Analyst	Spiros Tsangalakis	Contact	+30 210 6965 212

Share price relative performance (EUR/share)



Source: Bloomberg

Note: price at close of 14 January 2021

PANTELAKIS SECURITIES S.A.

Public Power Corp (PPC)

- Goal #1 achieved: EBITDA rebound and balance sheet healing; Now for Goal #2: reduce earnings volatility, driving re-rating
- Lignite phase-out, grid RAB growth and renewables drive earnings (75% low-beta by 2023), even with easing supply margins
- Overweight and EUR11.50 TP; additional pockets of value could combined add another EUR4/sh

Utility in motion

1st mission accomplished. We expect EBITDA to almost triple to EUR934m in 2020e as a result of late-2019 tariff hikes, lower input costs (a Covid-19 bonanza) and self-help actions (shifting generation away of loss-making lignite, reducing headcount/payroll and overheads). On top, after almost falling into tailspin before, PPC has now stabilised its gearing and much improved liquidity, not least due to lower capex outlays and (yet to fully unfold) receivables securitisations, monetising on a non-recourse basis a hitherto dormant asset.

And now for a well-trodden transformation path. After healing, PPC is ready to embark on a transformation plan, shedding its entire old lignite fleet and refocusing capex on renewables and regulated networks: this is the track followed by RWE, resulting in major re-rating (9x EV/EBITDA). It will be a smaller, cleaner, modern, more profitable and less volatile PPC. Grids' RAB will grow at a c5% CAGR to EUR3.5bn amid upgrade/smart-metering investments under a stable transparent 4+4-year regulatory regime, with high (c7%) allowed returns. On top, PPC will upscale its renewables footprint to 1.5GW (76% solar) by 2023 (vs 0.2GW now): there is ample room for further upside due to its vertically integrated nature, long-supply position and old lignite fields. All in, we see EBITDA climbing to EUR1.1bn by 2023, crucially 75% of total coming from stable/regulated activities. Compared to guidance, we stand higher for conventional generation post-lignite, but err on the cautious side in terms of future supply margin.

OW with EUR11.50 TP. We believe the market has yet to give PPC the benefit of the doubt, beyond a dramatic 2020 EBITDA turnaround. Our TP (sum-of-parts, with separate DCFs per division) effectively values the grid at a 20% premium to RAB (below peers') and the rest of the business at a still undemanding 5.6x 2023e EBITDA. It also assumes a conservative 6% long-term supply margin, at the mid-point of 5-7% EU industry norm but way below guidance (11% for 2023e): as a rule of thumb, each 100bps uplift adds EUR1/sh to value.

Catalysts and risks. The planned (not in our model, pending successful conclusion by mid-2021) sale of a 49% stake in the grid would not only crystallise a major portion of group value but also has the potential to reduce gearing to c2.5x, while creating scope for both a) an acceleration of RES forays or even FTTH investments (similar to Enel's Open Fiber), and b) reinstating dividends. Multiple potential pockets of value combined could add EUR4/sh to fair value. A well-documented full government backing soothes concerns over future supply margins, the single most important risk factor.

Key data

RIC	DEHr.AT
Bloomberg	PPC GA
Rating	Overweight
Share (EUR)	7,25
Target (EUR)	11.50
Market cap (EURm)	1,682
Free float (%)	49

Financials & valuation

Financial statements

Year to	12/2019a	12/2020e	12/2021e	12/2022e
Profit & loss summary (EURm)				
Revenue	4,932	4,711	4,529	4,313
Clean EBITDA	334	934	955	974
Depreciation & amortisation	674	723	690	687
Operating profit/EBIT	(340)	211	265	288
Net interest	(96)	(125)	(116)	(127)
PBT	(2,058)	87	98	173
Taxation	(372)	44	23	41
Net profit	(1,686)	44	74	131
Clean net profit	(338)	53	126	131
Cash flow summary (EURm)				
Cash flow from operations	623	631	907	836
Capex	542	430	823	828
Dividends	-	-	-	-
Change in net debt	41	(134)	(26)	61
FCF equity	43	134	26	(61)
Balance sheet summary (EURm)				
Tangible fixed assets	10,573	10,280	10,412	10,553
Intangible fixed assets	81	81	81	81
Current & Other L/T assets	2,564	2,447	2,110	1,968
Cash & cash equivalents	355	489	515	455
Total assets	13,573	13,297	13,118	13,057
Operating liabilities	6,517	6,197	5,945	5,752
Gross debt	4,015	4,015	4,015	4,015
Net Debt/(Cash)	3,660	3,526	3,499	3,560
Shareholders equity	3,041	3,084	3,159	3,290
Invested capital	10,379	10,437	10,513	10,731

Ratio, growth and per share analysis

Year to	12/2019a	12/2020e	12/2021e	12/2022e
y-o-y % change				
Revenue	4.0	-4.5	-3.9	-4.8
EBITDA	19.9	179.9	2.2	2.1
Operating profit			1.0	39.9
PBT			11.8	76.7
Clean EPS	-86.5		137.6	76.7
Ratios (%)				
Revenue/IC (x)	0.5	0.5	0.4	0.4
ROIC	-2.5	1.5	1.9	2.0
ROE	(9.7)	1.7	4.0	4.1
Clean EBITDA margin	6.8	19.8	21.1	22.6
Operating margin	-6.9	4.5	5.8	6.7
EBITDA/net interest (x)	3.5	7.5	8.2	7.7
Net debt/Equity (%)	120	114	111	108
Net debt/EBITDA (x)	11.0	3.8	3.7	3.7
CF from operations/net debt (%)	17	18	26	23
Per share data (EUR)				
EPS reported (fully diluted)	(7.27)	0.19	0.32	0.57
Clean EPS (fully diluted)	(1.46)	0.23	0.54	0.57
Total DPS	-	-	-	-
Book value	13.11	13.29	13.62	14.18

Valuation (EUR/sh) sensitivity to blended WACC and supply/retail margin

	6.00%	6.25%	6.50%	6.75%	7.00%
5.0%	13.3	11.8	10.4	9.1	8.0
5.5%	13.8	12.3	10.9	9.6	8.4
6.0%	14.4	12.9	**11.5**	10.1	8.9
6.5%	15.0	13.4	12.0	10.7	9.4
7.0%	15.5	14.0	12.5	11.2	9.9

Valuation data

Year to	12/2019a	12/2020e	12/2021e	12/2022e
EV/Sales (x)	1.2	1.3	1.3	1.4
EV/EBITDA (x) *	18.2	6.4	6.2	6.2
EV/IC (x)	0.6	0.6	0.6	0.6
P/E (x) *	(5.0)	31.8	13.4	12.8
P/BV (x)	0.6	0.5	0.5	0.5
FCF yield (%)	2.6	8.0	1.6	(3.6)
Div yield (%)	-	-	-	-

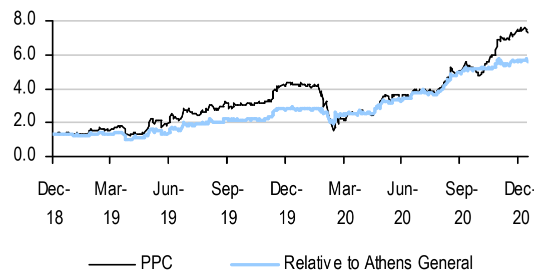
* Adjusted for non-recurring items

Issuer information

Share price (EUR)	7.25	Target price (EUR)	11.50	Potent'l tot rtn (%)	59

Reuters (Equity)	DEHr.AT	Bloomberg (Equity)	PPC GA
Market cap (USDm)	2,040	Market cap (EURm)	1,682
Free float (%)	49	Enterprise value (EURm)	5,963
Country	Greece	Sector	Electric Utilities
Analyst	Paris Mantzavras	Contact	+30 210 6965 210

Share price relative performance (EUR/share)



Source: Bloomberg

Note: price at close of 14 January 2021

PANTELAKIS
SECURITIES S.A.

Motor Oil Hellas

- 2020 a ‘perfect storm’ of macro headwinds for the industry, yet…
- …MOH proved its mettle in the face of a once-in-a-lifetime adversity
- Remains an OW, as we see a further c30% upside, supported by 3 ‘Rs’: macro **r**ecovery, positive earnings **r**evisions and increasing **r**eturns to shareholders

Normalisation on the anvil

Refining margins set for a rebound, as demand recovers... Global demand is going through a period of unprecedented decline in consumption, yet the post-Covid pace of recovery is also likely to be unprecedented. Green shoots of demand recovery are already coming through: i) driving mobility indices seem to be bottoming out or even starting to turn higher in some regions, including Europe; ii) global commercial flights are still not showing much uptick but the y-o-y comparison is improving; iii) India has already returned to positive y-o-y growth.

We acknowledge, however, that demand is unlikely to return to pre-pandemic levels any time soon, ie we expect the recovery to be gradual initially and then take on a V shape, as vaccines are rolled-out in earnest.

…and supply remains in check. At the same time, the pandemic has expedited capacity rationalisation, ie the number of plant closures in 2020 reached historical highs, while news keep emerging of further shutdowns, even in Europe (where closures and layoffs are inherently tougher to politically stomach).

Remains an Overweight, as we see a c30% upside. MOH proved its mettle in 2020 in the face of once-in-a-lifetime adversity, which the Covid-19 outbreak presented, relative to most other western refiners that is. And as a single refinery with a very lean cost structure and a high complexity, MOH stands out as a key beneficiary of the market’s expected rebound.

But even after the stock’s 65% bounce off the multi-year lows reached in 2020, we think the share price rally has further to run. On top of the macro recovery, we have already started to see positive earnings revisions, after MOH smashed through our and the consensus expectations in 3Q20. In fact, we have revised our estimates for the FY20-23e period by 10% at the EBITDA level, which drove our EPS forecasts higher by close to 20%.

In turn, our 3-stage DCF valuation exercise now returns a higher target price of EUR17.0/sh from EUR16.0, which implies a 34% upside from current levels. At our new TP, the stock trades just 4.7x FY23e EBITDA, while current levels imply a very low 3.8x FY23e EV/EBITDA multiple.

What is more, thanks to low gearing levels and a long term, mid-cycle annual free cash flow yield of c15%, MOH can easily afford to accelerate its “energy transition” and offer shareholders greater dividend yields. Put simply, we continue to believe that MOH has clear intrinsic value and reiterate our Overweight rating.

Key data

RIC	MORr.AT
Bloomberg	MOH GA
Rating	Overweight
Share (EUR)	12.71
Target (EUR)	17.00
Market cap (EURm)	1,408
Free float (%)	50

PANTELAKIS SECURITIES S.A.

Financials & valuation

Financial statements

Year to	12/2019a	12/2020e	12/2021e	12/2022e
Profit & loss summary (EURm)				
Revenue	9,373	5,997	6,355	7,425
EBITDA - Adjusted	453	374	403	478
EBITDA - Reported	474	124	403	478
Depreciation & amortisation	135	143	145	147
Operating profit/EBIT - Adj.	318	231	259	331
Net financials	(39)	(66)	(60)	(40)
EBT	303	(85)	201	295
Taxation	79	(20)	48	71
Net profit	224	(64)	153	224
Net profit - Adjusted	213	129	156	228
Cash flow summary (EURm)				
Cash flow from operations	469	72	248	282
Capex	268	288	293	120
Dividends	144	127	44	78
Change in net debt	104	343	90	(84)
FCF equity	201	(216)	(45)	162
Balance sheet summary (EURm)				
Tangible fixed assets	1,102	1,320	1,468	1,441
Intangible fixed assets	59	75	75	75
Current & Other L/T assets	1,130	959	974	1,158
Cash & cash equivalents	697	829	666	537
Total assets	3,468	3,399	3,400	3,429
Operating liabilities	1,236	784	822	935
Gross debt	1,052	1,526	1,453	1,240
Net Debt/(Cash)	354	698	787	703
Shareholders equity	1,181	1,089	1,125	1,254
Invested capital	1,635	1,887	2,012	2,057

Ratio, growth and per share analysis

Year to	12/2019a	12/2020e	12/2021e	12/2022e
y-o-y % change				
Revenue	-1.5	-36.0	6.0	16.8
EBITDA - Adjusted	-24.8	-17.4	7.9	18.6
Operating profit/EBIT - Adj.	-36.2	-27.4	11.8	28.1
EBT	-14.6	>100%	>100%	46.7
EPS - Adjusted	-36.1	-39.3	20.8	45.6
Ratios (%)				
Revenue/IC (x)	5.7	3.2	3.2	3.6
ROIC	14.8	9.3	9.8	12.2
ROE	18.6	11.4	14.1	19.1
EBITDA margin - Adjusted	4.8	6.2	6.3	6.4
Operating margin - Adjusted	3.4	3.9	4.1	4.5
EBITDA/net interest (x)	11.7	5.7	6.8	11.8
Net debt/equity	30	64	70	56
Net debt/EBITDA (x)	0.8	1.9	2.0	1.5
CF from operations/net debt	132	10	32	40
Per share data (EUR)				
EPS reported (fully diluted)	2.06	(0.55)	1.41	2.06
Adjusted EPS (fully diluted)	1.92	1.17	1.41	2.06
Ordinary DPS	1.15	0.40	0.70	1.10
Book value	10.66	9.83	10.16	11.32

DCF-valuation sensitivity by flexing WACC and long-term growth rate

(EUR/share)	7.0%	7.5%	8.0%	8.5%	9.0%
-2.0%	18.80	17.20	15.60	14.40	13.20
-1.5%	19.60	17.80	16.20	14.80	13.60
-1.0%	20.60	18.60	**17.00**	15.40	14.20
-0.5%	21.60	19.60	17.80	16.20	14.80
0.0%	22.80	20.60	18.60	17.00	15.40

Valuation data

Year to	12/2019a	12/2020e	12/2021e	12/2022e
EV/Sales (x)	0.2	0.4	0.4	0.3
EV/EBITDA (x) *	4.0	5.8	5.6	4.5
EV/IC (x)	1.1	1.1	1.1	1.1
P/E (x) *	6.6	10.9	9.0	6.2
P/BV (x)	1.2	1.3	1.3	1.1
FCF yield (%)	14.3	(15.3)	(3.2)	11.5
Div yield (%)	9.0	3.1	5.5	8.7

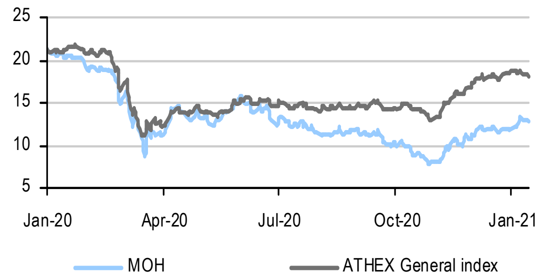
* Adjusted for non-recurring items

Issuer information

Share price (EUR) 12.71 | Target price (EUR) 17.00 | Potent'l tot rtn (%) 34

Reuters (Equity)	MORr.AT	Bloomberg (Equity)	MOH GA
Market cap (USDm)	1,707	Market cap (EURm)	1,408
Free float (%)	50	Enterprise value (EURm)	2,156
Country	Greece	Sector	Oil & Gas – Refining
Analyst	George Grigoriou	Contact	+30 210 6965 209

Share price relative performance (EUR/share)



Source: Bloomberg

Note: price at close of 14 January 2021

PANTELAKIS
SECURITIES S.A.

Kri Kri

- Clean net profit to hit a new record-high in FY20e, +13% y-o-y to EUR15.9m, courtesy of solid yogurt ops and efficiency gains,…
- …rising 16% to EUR18.5m next year, thanks also to strong ice cream business recovery and gross margin normalisation
- Removal of import tariffs risk in no-deal Brexit further burnishes defensive credentials; Overweight rating with PT of EUR9.0/sh

One man's loss is another man's gain

No place for Schadenfreude: Thriving, not just surviving Covid-19 pandemic. Despite a gross margin slump, we expect net income to hit a new record-high in FY20e, up 13% y-o-y to EUR15.9m. This largely relates to the seemingly bulletproof (to the pandemic disruptions) yogurt business, as nearly all sales are channelled via supermarkets, growing in the double-digits in Greece (largely driven by stay-at-home mandates), but also due to a tight grip on overheads. Still, ice cream (20% of total revenue) appeared vulnerable in the first lockdown, since it relies heavily on impulse (more profitable) buying, not to mention battered inbound tourist flows that took a strong bite out of peak summer sales (leading FY20e domestic trading -4% y-o-y).

From Angst to Euphoria as key risk gives way to new step change yogurt deal. The Christmas UK-EU tariff-free agreement is music to the ears of Kri Kri since it removes the threat of trade barriers in the event of a "hard" Brexit, which would have undoubtedly hit exports in the key UK market. What is more, waving goodbye to its comfort zone, Kri Kri snatched a deal to produce "Greek-style" yogurt for Aldi Austria. Crucially, this private-label diversification heralds a strategic shift towards a much bigger (ninefold) pool vs "authentic" yogurt in Europe. Assuming a successful entry in Austria, this could pave the way for the extension of Aldi trade contract in the lucrative German market. Focusing on the upper-medium segment, which is decisively less price conscious, Kri Kri appears well-placed to gain a large share in a relatively short time, given high-quality credentials, value-added product proposition (competitive edge, ie 50% to 60% lower prices vs "authentic") and long-standing relationships with key food retailers. A possible expansion in Germany would add EUR0.5/sh to PT.

OW rating, EUR9.0/sh PT offers a strong 38% upside. Well-placed to weather the virus fallout, Kri Kri appears lowly-rated at 11.6x 2021e clean P/E and 8.0x EV/EBITDA, remaining undemanding even at our PT. On top, end-2021e EUR4.3m net cash, FCF yield of 4.6% and 22% ROE add to valuation appeal. Our sensitivity suggests that at current levels the market prices-in a sharp longer-term EBITDA margin decline to 11.5% vs18.3% in FY20e and 15.6% past 6-year average.

A unique way to play a worldwide trend for Greek yogurt. Further inroads in Europe and market share gains in Greece should bolster the outlook. On the downside, disposable income pressures would harm top-line, while a stay-at-home mandate extension beyond early 2021, along with depressed inbound tourist flows, could hit ice cream in the key spring-summer period.

Key data

RIC	KRIrAT
Bloomberg	KRI GA
Rating	Overweight
Share (EUR)	6.50
Target (EUR)	9.00
Market cap (EURm)	215
Free float (%)	26

PANTELAKIS
SECURITIES S.A.

Financials & valuation

Financial statements

Year to	12/2019a	12/2020e	12/2021e	12/2022e
Profit & loss summary (EURm)				
Revenue	112.9	126.1	142.8	158.3
EBITDA	21.1	23.1	26.2	29.0
Depreciation & amortisation	(3.3)	(3.6)	(3.7)	(3.8)
Operating profit/EBIT	(0.3)	(0.2)	(0.3)	(0.2)
Net financials	17.6	19.3	22.3	25.0
EBT	17.6	19.3	22.3	25.0
Clean EBT	2.6	2.4	2.8	3.3
Taxation	15.0	16.9	19.5	21.7
Net profit	(0.3)	(0.2)	(0.3)	(0.2)
Clean Net profit	14.1	15.9	18.5	20.8
Cash flow summary (EURm)				
Cash flow from operations	13.7	17.5	19.1	21.3
Capex	(15.1)	(8.9)	(9.0)	(6.3)
Dividends	(5.0)	(6.0)	(6.6)	(7.6)
Change in net debt	6.4	(2.3)	(3.9)	(7.2)
FCF equity	(1.4)	8.3	9.8	14.6
Balance sheet summary (EURm)				
Tangible fixed assets	91.4	100.2	109.2	115.5
Right-of-use Assets	0.6	0.6	0.6	0.6
Current & Other L/T assets	48.8	55.6	66.3	77.9
Cash & cash equivalents	10.9	11.9	16.0	20.9
Total assets	107.3	119.4	135.0	149.1
Operating liabilities	25.1	27.8	30.5	32.7
Gross debt	22.9	21.2	21.1	18.8
Net Debt/(Cash)	1.3	(1.0)	(4.9)	(12.1)
Shareholders equity	66.1	77.0	89.8	103.9
Invested capital	79.2	88.1	97.4	104.3

Ratio, growth and per share analysis

Year to	12/2019a	12/2020e	12/2021e	12/2022e
y-o-y % change				
Revenue	19.8	11.7	13.2	10.8
EBITDA	22.1	9.3	13.5	10.9
Operating profit/EBIT	23.2	9.3	15.5	11.9
EBT	23.4	9.7	15.5	12.3
Clean EPS	39.4	13.0	16.3	12.1
Ratios (%)				
Revenue/IC (x)	1.4	1.4	1.5	1.5
ROIC	18.7	19.4	20.2	21.0
ROE	23.1	22.3	22.2	21.4
EBITDA margin	18.7	18.3	18.3	18.3
Operating margin	15.8	15.5	15.8	15.9
EBITDA/net interest (x)	79.6	101.7	101.1	136.9
Net debt/Equity	2.0	-1.3	-5.4	-11.6
Net debt/EBITDA (x)	0.1	0.0	-0.2	-0.4
CF from operations/net debt	1,052.8	-1,738.7	-393.4	-175.9
Per share data (EUR)				
EPS reported (fully diluted)	0.45	0.51	0.59	0.66
Clean EPS (fully diluted)	0.43	0.48	0.56	0.63
Ordinary DPS	0.18	0.20	0.23	0.25
Book value	2.00	2.33	2.72	3.14

DCF-valuation (EUR/sh) sensitivity by flexing WACC and L-T EBITDA margin

	6.8%	7.3%	7.8%	8.3%	8.8%
11.5%	7.7	7.1	6.5	6.1	5.7
13.5%	9.2	8.4	7.8	7.2	6.7
15.5%	10.8	9.8	**9.0**	8.3	7.7
17.5%	12.3	11.2	10.2	9.4	8.7
19.5%	13.8	12.5	11.4	10.5	9.7

Valuation data

Year to	12/2019a	12/2020e	12/2021e	12/2022e
EV/Sales (x)	1.9	1.7	1.5	1.3
EV/EBITDA (x) *	10.3	9.3	8.0	7.0
EV/IC (x)	2.7	2.4	2.2	1.9
Clean P/E (x) *	15.2	13.5	11.6	10.3
P/BV (x)	3.3	2.8	2.4	2.1
FCF yield (%)	-0.7	3.9	4.6	6.8
Dividend yield (%)	2.8	3.1	3.5	3.8

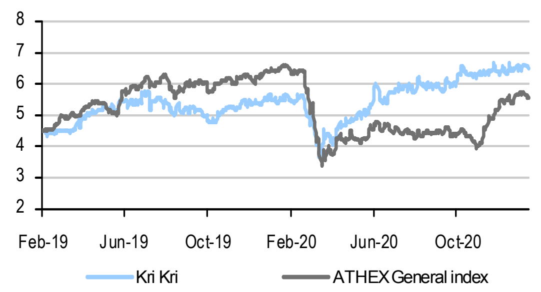
* Clean PE adjusts for non-recurring items (ie tax credit owing to government subsidies)

Issuer information

Share price (EUR)	6.50	Target price (EUR)	9.00	Potent'l tot rtn (%)	38

Reuters (Equity)	KRIr.AT	Bloomberg (Equity)	KRI GA
Market cap (USDm)	261	Market cap (EURm)	215
Free float (%)	26	Enterprise value (EURm)	214
Country	Greece	Sector	Dairy Products
Analyst	Spiros Tsangalakis	Contact	+30 210 6965 212

Share price relative performance (EUR/share)



Source: Bloomberg

Note: price at close of 14 January 2021

PANTELAKIS
SECURITIES S.A.

Disclosure appendix

Analyst Certification

The following analyst(s), economist(s), and/or strategist(s) who is(are) primarily responsible for this report, certifies(y) that the opinion(s) on the subject security(ies) or issuer(s) and/or any other views or forecasts expressed herein accurately reflect their personal view(s) and that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation(s) or views contained in this research report: Paris Mantzavras, George Grigoriou, and Spiros Tsangalakis.

Important disclosures

Stock ratings and basis for financial analysis

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Rating definitions

Stock ratings

Pantelakis Securities SA assigns ratings to its stocks on the following basis:

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Rating distribution

As of 18 January 2021, the distribution of all ratings published is as follows:

Overweight (Buy)	68%	(0% of these provided with Investment Banking Services)
Neutral (Hold)	16%	(0% of these provided with Investment Banking Services)
Underweight (Sell)	5%	(0% of these provided with Investment Banking Services)
Under review	11%	(0% of these provided with Investment Banking Services)

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Ratings history: OPAP (OPAr.AT – OPAP GA)

04/03/2013	Rating: Overweight	Price: EUR6.55	Target Price: EUR8.30
14/05/2014	Rating: Overweight	Price: EUR10.60	Target Price: EUR13.00
18/06/2015	Rating: Overweight	Price: EUR7.00	Target Price: EUR10.50
31/06/2016	Rating: Under Review	Price: EUR7.06	Target Price: Under Review
16/03/2018	Rating: Overweight	Price: EUR9.895	Target Price: EUR12.00
08/12/2020	Rating: Overweight	Price: EUR10.31	Target Price: EUR14.00

Ratings history: Alpha Bank (ACBr.AT – ALPHA GA)

23/01/2018	Rating: Overweight	Price: EUR1.984	Target Price: EUR2.90
24/01/2019	Rating: Overweight	Price: EUR0.99	Target Price: EUR1.32
16/09/2019	Rating: Overweight	Price: EUR1.65	Target Price: EUR1.91
04/03/2020	Rating: Overweight	Price: EUR1.45	Target Price: EUR1.90
11/01/2021	Rating: Overweight	Price: EUR0.885	Target Price: EUR1.45

Ratings history: National Bank (NBGr.AT – ETE GA)

23/01/2018	Rating: Overweight	Price: EUR0.3416	Target Price: EUR0.45
24/01/2019	Rating: Overweight	Price: EUR0.965	Target Price: EUR1.61
16/09/2019	Rating: Overweight	Price: EUR2.58	Target Price: EUR3.55
04/03/2020	Rating: Overweight	Price: EUR2.174	Target Price: EUR3.30
11/01/2021	Rating: Overweight	Price: EUR2.09	Target Price: EUR3.20

Ratings history: Public Power Corporation (DEHr.AT – PPC GA)

21/12/2020	Rating: Overweight	Price: EUR7.245	Target Price: EUR11.50

Ratings history: Motor Oil Hellas (MOR.AT – MOH GA)

29/05/2019	Rating: Under review	Price: EUR20.14	Target Price: Under review
27/11/2019	Rating: Under review	Price: EUR21.72	Target Price: Under review
19/03/2020	Rating: Under review	Price: EUR8.60	Target Price: Under review
16/11/2020	Rating: Overweight	Price: EUR9.585	Target Price: EUR16.00

Ratings history: Jumbo (BABr.AT – BELA GA)

17/07/2019	Rating: Overweight	Price: EUR17.92	Target Price: EUR20.00
16/10/2019	Rating: Overweight	Price: EUR17.35	Target Price: EUR20.00
04/05/2020	Rating: Overweight	Price: EUR14.29	Target Price: EUR20.00
19/10/2020	Rating: Overweight	Price: EUR13.21	Target Price: EUR19.70

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Ratings history: Kri Kri (KRIr.AT – KRI GA)

14/05/2020	Rating: Overweight	Price: EUR5.02	Target Price: Under review
29/05/2020	Rating: Overweight	Price: EUR5.32	Target Price: Under review
14/01/2021	Rating: Overweight	Price: EUR6.58	Target Price: EUR9.00

Pantelakis Securities & Analyst disclosures

Disclosure checklist

Company	Ticker	Recent price	Price Date	Disclosure
ALPHA BANK	ACBr.AT	EUR0.86	14-January-2021	1, 3, 5
NATIONAL BANK	NBGr.AT	EUR1.915	14-January-2021	1, 3, 5
OPAP	OPAr.AT	EUR11.16	14-January-2021	3
PUBLIC POWER CORPORATION	DEHr.AT	EUR7.25	14-January-2021	3
MOTOR OIL HELLAS	MORr.AT	EUR12.71	14-January-2021	3
JUMBO	BABr.AT	EUR13.08	14-January-2021	3

Source: Pantelakis Securities

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10 A covering analyst/s or a member of his/her household is an officer, director or supervisory board member of this company, as detailed below.
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12 As of 18 January 2021, Pantelakis Securities SA beneficially held a net long position of more than 0.5% of this company's total issued share capital, calculated according to the SSR methodology.
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Additional disclosures

1 This report was produced, signed off by the author and was first disseminated on 18 January 2021 at 10:43:08 local exchange time.
2 All market data included in this report are dated as at close 14 January 2021, unless otherwise indicated in the report.
3 In order to find more about the valuation models used to produce this report, please contact the authoring analyst.
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