

Hungary: MOLs cash flow projection triggers stable credit rating

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Rating company Standard & Poor's has upgraded the long-term corporate credit rating for Hungarian oil and gas company MOL from BB to BB+ with stable outlook.

The statement following the upgrade said that it primary reflects the expectations that MOL's credit metrics will be stronger than anticipated due to the better performance of downstream division. S&P sees MOL's funds from operation (FFO) to debt exceeding 45 % on average and expects that the refining business will create resilient cash flows, although the 30 % industry-wide decline in refining margins is expected in 2016.

S&P further state that MOL is progressing well with the efficiency improvement program and expects that its petrochemical business and investments in retail will bring about 150 million dollars of EBITDA per year.

However, MOL's rating could be lowered if its performance is weakened due to even sharper decline in downstream margins or if the company's debt increases substantially from the current level due to acquisitions or financial policy decisions, transmits Serbia-energy.eu