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Energy

Ecopetrol cut to Sell equivalent at Morgan Stanley after disappointing Q4

Mar. 04, 2024 2:27 PM ET | **Ecopetrol S.A. (EC) Stock** | By: Carl Surran, SA News Editor | 8 Comments



ABEMO/istock via Getty Images

Ecopetrol (NYSE:EC) -4.1% in Monday's trading as Morgan Stanley downgraded shares to Underweight from Equal Weight with an \$8.50 price target, cut from \$11, saying the stock's "total return perspective of minus 13% ranks poorly" within the bank's Latin America coverage.

Morgan Stanley analyst Bruno Montanari said important headwinds on production costs and oil production in Colombia should lead to downward earnings revisions ahead, and sees a low probability of outsized dividends playing out after previously thinking the dividend outlook might provide support to an otherwise uninspiring growth story.

Q4 earnings materially disappointed, and the outlook for 2024 appears challenging, with a more benign development potentially coming only in 2025, according to Montanari, adding that strong Q4 production was temporary, and the coming quarters will see lower volumes.

The Colombian company reported a 38% drop in Q4 net profit to ~\$1.07B while revenues slid 12% to ~\$8.8B, while also posting its highest production in eight years in 2023, rising 3.8% Y/Y to 737K boe/day, noting a strong contribution from its stake in the U.S. Permian Basin.

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About EC Stock

Symbol	Last Price	% Chg
EC	10.77	-5.19%
Post	10.76	-0.09%

1D 5D 1M 3M 6M 1Y 5Y 10Y

Market Cap	\$23.35B
PE (FWD)	5.50
Yield (TTM)	21.84%
Rev Growth (YoY)	-10.36%
Short Interest	-
Prev. Close	\$11.36

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Symbol	Last Price	% Chg
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Ecopetrol S.A.	Post: 10.76	-0.09%
REPYY	15.78	-0.82%
Repsol, S.A.	Post: 15.78	0.00%
OMVKY	11.03	0.27%
OMV Aktiengesellschaft		
CVE	17.44	-1.47%
Conovus Energy...	Post: 17.40	-0.23%
IMO	62.35	-1.97%
Imperial Oil Limi...	Post: 62.48	0.22%

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If EC gets under \$8 I will back up the truck *(edited)*

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Will hold and charge up if it fell under that target

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Long SEC a recent buy and added today on the MS downgrade, nice low basis now, \$1.59US divs coming in 2024. Thanx MSI Added to diversified energy portfolio. Bea

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@BeaBaggage Where do you find the '24 dividends? Thanks.

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 **monnemvonne** Investing Group [Comments \(134\)](#) | [+ Follow](#) Today, 5:20 PM

@jzwmb01

You find them in their FY 23 report. Profit of 19.1 T COP. Payout 67 percent. No of shares 41.12 B. ADRs 20:1. Needs a bit of calculation. I come up with 1.58 USD/ADR. Added some and will add more, if price tanks. *(edited)*

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@jzwmb01 it was in the news release/discussion, and has to be approved by the board; I did a rough calc on the CO Peso/US\$ and ADR and it comes to about 1.59 not including JPM's ADR fees. It should show up eventually here. Bea [adr.com/...](#)

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So they think that a dividend yield of 19% would be reasonable? Wait a few years, Petro will be gone, pro-business conservatives will be back running the show, oil will be over \$100/barrel, and EC will be back above 20 or heading there. In the meantime, the current yield is about 15%. These people, when EC is \$25 MS will move it to a buy.


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