

626/2021/AR

| Company       | LT fundamental recommendation | 12M EFV (PLN) | ST market-relative bias | Analyst                                |
|---------------|-------------------------------|---------------|-------------------------|--|
| <b>Unimot</b> | <b>Buy</b>                    | <b>67.0</b>   | <b>Overweight</b>       | Łukasz Prokopiuk, CFA +48 22 504 32 59 |

**Event: 3Q21 results revealed; Adjusted EBITDA close to the preliminary figures published earlier.**

The Company revealed its quarterly consolidated 3Q21 results.

**Consolidated figures.** The Company's reported EBITDA amounted to PLN 11.3 million. This figure is impacted by (i) PLN 2.1 million of inventory valuation effects, (ii) by PLN -2.8 million of NCW/NCR timing transfers, by (iii) PLN -0.2 million of gas cost transfers and (iv) PLN 0.1 million of other operating income. Ultimately, the Company's adjusted EBITDA (as calculated by us) after excluding these items amounted to PLN 12.1 million vs. PLN 17.3 million expected by us initially (and vs. PLN 12.5 million indicated in the preliminary figures previously). The Company's reported net income amounted to PLN 4.0 million, while the adjusted net income, as calculated by us amounted to PLN 3.1 million.

**Results of segment.** The Company's ON/bio segment delivered adjusted EBITDA of PLN 13.1 million vs. PLN 13.9 million expected by us. The Company's LPG segment recorded adjusted EBITDA of PLN 7.7 million vs. PLN 7.0 million expected by us. The natural gas segment's adjusted EBITDA amounted to PLN 0.6 million vs. PLN 3.0 million expected by us. The electric energy segment delivered an adjusted EBITDA of PLN -3.7 million vs. PLN -2.0 million expected by us. The results of the photovoltaic segment with adjusted EBITDA at PLN -0.7 million (vs. PLN -1.0 million expected by us).

The Company mentioned that the results had been particularly impacted by:

- Higher yoy sale volumes and margins of diesel products.
- Poor sale volumes of bio products die to limited demand triggered by very high market prices.
- Higher yoy margins and volumes on LPG products, even despite relatively limited supply of LPG (after the introduction of sanctions on Belarus).
- Higher yoy margins and volumes of the AVIA retail network.
- Negative impact of valuation of LT electric energy contracts of Tradea.

**Cash flow.** The Company's 3Q21 operating cash flow amounted to PLN -16 million vs PLN -5 million recognised a year ago. The cumulative 1-3Q21 operating cash flow amounted to PLN -81 million vs. PLN 100 million.

**Net debt.** The Company's net debt at the end of the quarter amounted to PLN 337 million vs. PLN 162 million recognised a year ago.

**EBITDA management guidance for 2021.** The Company's management has supported its FY21 EBITDA management guidance (of reaching PLN 75 million EBITDA), however, management claims that it may be an ambitious task to reach it.

**Unimot; 3Q21 results compared to expectations**

| IFRS, consolidated<br>(PLN m) | 3Q21A       |                |                   | 3Q21A vs. expectations<br>(BOŚ's/Preliminary figures) |
|-------------------------------|-------------|----------------|-------------------|---|
|                               | 3Q21A       | 3Q21E (DM BOŚ) | Preliminary 3Q21A |   |
| Sales                         | 2 081.2     | 2 022.4        | 2 012.8           | →/→   |
| EBITDA                        | 11.3        | 17.3           | 11.7              | ↓/→   |
| EBIT                          | 8.3         | 14.3           | n.a.              | ↓/↓   |
| Net income                    | 4.0         | 9.2            | n.a.              | ↓/↓   |
| <b>Adj EBITDA</b>             | <b>12.1</b> | <b>17.3</b>    | <b>12.5</b>       | ↓/→   |
| <b>Adj EBIT</b>               | <b>9.1</b>  | <b>14.3</b>    | <b>n.a.</b>       | ↓/↓   |
| <b>Adj net income</b>         | <b>3.1</b>  | <b>9.2</b>     | <b>n.a.</b>       | ↓/↓   |

Source: Company, PAP, DM BOŚ SA estimates

Unimot; 3Q21 operating performance review

| IFRS consolidated<br>PLN m       | 3Q21A          | 2Q21A          | 3Q20A          | qoq         | yoy         |
|----------------------------------|----------------|----------------|----------------|-------------|-------------|
|                                  |                |                |                | chnq.       | chnq.       |
| <b>Sales</b>                     | <b>2 081.2</b> | <b>1 731.2</b> | <b>1 338.3</b> | <b>20%</b>  | <b>56%</b>  |
| ON + biofuels                    | 1 659.3        | 1 449.9        | 968.0          | 14%         | 71%         |
| LPG                              | 168.4          | 125.8          | 83.7           | 34%         | 101%        |
| Natural gas                      | 90.5           | 19.2           | 6.6            | 373%        | 1282%       |
| Electric energy                  | 56.1           | 55.6           | 32.4           | 1%          | 73%         |
| Photovoltaics                    | 4.7            | 4.1            | 1.2            | 13%         | 289%        |
| Retail stations                  | 68.8           | 53.5           | 21.9           | 29%         | 214%        |
| Other                            | 33.5           | 23.1           | 224.5          | 45%         | -85%        |
| COGS (ex. gross margin one-offs) | -2 011.4       | -1 658.5       | -1 286.4       | 21%         | 56%         |
| <b>Adj gross profit</b>          | <b>69.8</b>    | <b>72.7</b>    | <b>51.9</b>    | <b>-4%</b>  | <b>34%</b>  |
| Distribution and G&A costs       | -60.7          | -59.7          | -44.9          | 2%          | 35%         |
| D&A elimination                  | 3.0            | 3.0            | 2.7            | -           | -           |
| <b>Adjusted EBITDA</b>           | <b>12.1</b>    | <b>16.0</b>    | <b>9.8</b>     | <b>-25%</b> | <b>24%</b>  |
| Adj EBITDA (ON + biofuels)       | 13.1           | 24.2           | 13.6           | -46%        | -3%         |
| Adj EBITDA (LPG)                 | 7.7            | 1.4            | 1.1            | 454%        | 575%        |
| Adj EBITDA (Natural gas)         | 0.6            | -0.9           | 0.4            | n.m.        | n.m.        |
| Adj EBITDA (Electric energy)     | -3.7           | 0.6            | -1.2           | n.m.        | n.m.        |
| Adj EBITDA (Photovoltaics)       | -0.7           | -3.9           | -0.6           | n.m.        | n.m.        |
| Adj EBITDA (Retail stations)     | 1.9            | 0.3            | -0.8           | 582%        | n.m.        |
| Adj EBITDA (Other)               | -6.9           | -5.7           | -2.6           | n.m.        | n.m.        |
| Other operating items            | 0.1            | 0.3            | 1.4            | -           | -           |
| Inventory valuation effects      | 2.1            | 7.3            | -1.4           | -           | -           |
| NCW/NCR timing transfers         | -2.8           | 4.3            | -4.5           | -           | -           |
| Gas timing transfers             | -0.2           | -1.3           | -1.0           | -           | -           |
| Other transfers                  | 0.0            | 0.0            | 0.4            | -           | -           |
| <b>EBITDA</b>                    | <b>11.3</b>    | <b>26.6</b>    | <b>4.7</b>     | <b>-58%</b> | <b>141%</b> |
| D&A                              | -3.0           | -3.0           | -2.7           | 0%          | 10%         |
| <b>EBIT</b>                      | <b>8.3</b>     | <b>23.6</b>    | <b>2.0</b>     | <b>-65%</b> | <b>323%</b> |
| Net financial costs              | -2.3           | -1.5           | -1.0           | -           | -           |
| Other                            | 0.0            | 0.0            | 0.0            | -           | -           |
| <b>Pre-tax</b>                   | <b>6.1</b>     | <b>22.1</b>    | <b>1.0</b>     | <b>-73%</b> | <b>517%</b> |
| Tax expense                      | -2.0           | -5.3           | -0.1           | -           | -           |
| Minority interest                | 0.0            | -0.1           | 0.0            | -           | -           |
| <b>Net income</b>                | <b>4.0</b>     | <b>16.9</b>    | <b>0.9</b>     | <b>-76%</b> | <b>341%</b> |

Source: Company

**Expected impact:** Neutral, since the results are relatively close to what was revealed earlier in the preliminary statement and should have been expected by the market (and already discounted). Moreover, the equity share price has been under significant negative pressure recently given the risks of potentially damaging anti-inflation regulations. Even though management claims that the reaching of the EBITDA guidance may be an ambitious task it is perhaps reasonable to expect a rebound of the equity share price of Unimot.

The report is not a recommendation within the meaning of Commission Delegated Regulation (EU) 2016/958 of 9 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest.