

This report is prepared for the Warsaw Stock Exchange SA within the framework of the Analytical Coverage Support Program 3.0.

58/2023/AR

January 31, 2023

Company	LT fundamental recommendation	12M EFV (PLN)	ST market-relative bias	Analyst
Unimot	Buy	115.0	Overweight	Lukasz Prokopiuk, CFA

Event: 4Q22 results preview.

Unimot will present its 4Q22 financial results on April 20th.

Expected quarterly EBITDA. We expect the quarterly sales to amount to PLN 4.2 billion. Our expected quarterly consolidated adjusted EBITDA estimate is as much as PLN 180.0 million (vs. PLN 11 million generated in 4Q21). We expect the Company's EBIT and net profit at PLN 175 million and PLN 136 million, respectively.

Expected results of segment. It seems that the Company managed to fully utilize the very favourable macro conditions in the ON+bio and LPG segments. The ON+bio segment could have generated extraordinary adjusted EBITDA of PLN 185 million, while the LPG segment could have delivered as much as PLN 9 million of EBITDA. Such high estimates for both segments are triggered by extraordinary market situation caused by the war in Ukraine (and the process of sanction implementation for Russian energy products and the gradual import adjustments). Logistical constraints in Poland (maximum transport capacity is being utilised currently) are an additional factor supporting strong margins. Moreover, it seems that the Polish fuel market, in anticipation of higher fuel taxes to be implemented in January (higher VAT, fuel fees and higher excise tax), was adjusted to new taxes already from December. In our view, the current fuel margin levels are unsustainable in the long run and they are likely to gradually normalize. However, due to very dynamic environment it is hard to be sure on the possible margin levels even in the short run. We expect the natural gas and electric energy segments to reveal adjusted EBITDA of PLN 10 million and PLN 10 million, respectively.

Unimot; 4Q22 results forecast

IFRS consolidated PLN m				qoq	yoy
	4Q22E	3Q22A	4Q21A	chg	chg
Sales	4 118.5	3 814.4	2 822.5	8%	46%
EBITDA	180.0	62.0	36.1	190%	398%
EBIT	175.4	58.4	33.1	201%	430%
Net income	136.3	41.1	25.3	232%	439%
Adj EBITDA	180.0	124.2	10.6	45%	1 602%
Adj EBIT	175.4	120.6	7.5	45%	2 228%
Adj net income	136.3	92.0	3.7	48%	3 561%

Source: Company, DM BOŚ SA estimates

Unimot; 4Q22 detailed forecast

IFRS consolidated PLN m	4Q22E	3Q22A	4Q21A	qoq	yoy
				chg	chg
Sales	4 118.5	3 814.4	2 822.5	8%	46%
ON + biofuels	3 609.3	3 035.3	2 078.6	19%	74%
LPG	193.6	304.5	211.4	-36%	-8%
Natural gas	185.2	128.1	350.6	45%	-47%
Electric energy	30.0	174.8	81.4	-83%	-63%
Photovoltaics	5.5	1.2	2.7	377%	102%
Retail stations	70.0	116.7	57.4	-40%	22%
Other	25.0	53.8	40.3	-54%	-38%
COGS (ex, gross margin one-offs)	-3 835.2	-3 575.4	-2 726.1	7%	41%
Adj gross profit	283.4	239.1	96.3	19%	194%
Distribution and G&A costs	-108.0	-118.5	-88.8	-9%	22%
D&A elimination	4.6	3.7	3.0	-	-
Adjusted EBITDA	180.0	124.2	10.6	45%	1602%
Adj EBITDA (ON + biofuels)	185.0	122.3	25.0	51%	639%
Adj EBITDA (LPG)	9.0	16.4	4.2	-45%	112%
Adj EBITDA (Natural gas)	10.0	1.5	-5.8	578%	n.m.
Adj EBITDA (Electric energy)	10.0	5.4	-2.9	83%	n.m.
Adj EBITDA (Photovoltaics)	-0.8	-1.7	-0.8	-	-
Adj EBITDA (Retail stations)	2.0	0.8	-2.0	-	-
Adj EBITDA (Other)	-35.2	-20.5	-7.2	-	-
Other operating items	0.0	-1.3	-1.7	-	-
Inventory valuation effects	0.0	-64.4	9.3	-	-
NCW/NCR timing transfers	0.0	0.0	-5.0	-	-
Gas timing transfers	0.0	3.5	2.0	-	-
Other transfers	0.0	0.0	21.0	-	-
EBITDA	180.0	62.0	36.1	190%	398%
D&A	-4.6	-3.7	-3.0	26%	52%
EBIT	175.4	58.4	33.1	201%	430%
Net financial costs	-7.1	-7.0	-2.9	-	-
Other	0.0	0.0	0.0	-	-
Pre-tax	168.2	51.3	30.1	228%	458%
Tax expense	-32.0	-10.3	-5.0	-	-
Minority interest	0.0	0.0	-0.1	-	-
Net income	136.3	41.1	25.3	232%	439%

Source: Company, DM BOŚ SA estimates

Expected impact: Depending on the divergence between the actual 4Q22 results and the market consensus of estimates. We think the equities still have a chance to perform well on the market. The results in 4Q22 most probably will be much higher than we estimated earlier in November (and our FY estimates for future years will most probably be revised upwards). Moreover, there is a big chance for a dividend paid from the expected record-topping results in 2022: a 30% pay-out ratio from the consolidated net profits would imply a DSP of c. PLN 12 per share (which would give a 11% dividend yield, based on the current equity price). The equities usually went ex-dividend in June, while the management dividend recommendation was usually published earlier along with the FY consolidated results. We still advise to overweight the equities.

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.