224/2022/AR

Company	LT fundamental recommendation	12M EFV (PLN)	ST market-relative bias	Analyst
Unimot	**Hold**	**47.0**	**Neutral**	Łukasz Prokopiuk, CFA

Event: 1Q22 results preview

Unimot will present its 1Q22 financial results on May 23th.

Expected quarterly EBITDA. We expect the quarterly sales to amount to PLN 2.94 billion. Please be aware that the relatively high sales estimate is the result of not only relatively good volumes but above all increasing commodity prices. Our expected quarterly consolidated adjusted EBITDA estimate is as much as PLN 80.0 million – this is in line with the previous management signals. We expect the Company's EBIT and net profit at PLN 55.7 million and PLN 41.9 million, respectively. Based on the information provided by the Company in our estimates we include the mentioned PLN 21 million gains from electric energy trading transactions of Tradea in the adjusted EBITDA of the Company.

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 47 million, while the LPG segment could have delivered as much as PLN 15 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). In our view, the current margin levels are unsustainable in the coming quarters 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 3 million and PLN 22 million (impact of Tradea transactions). We continue to expect small losses in the photovoltaics segment (EBITDA of PLN -0.75 million). The rebound in retail fuel margins along with stronger sale volumes should allow the retail segment to improve its EBITDA to the level of PLN 1.5 million.

Unimot; 1Q22 results forecast

IFRS consolidated PLN m	1Q22E	4Q21A	1Q21A	qoq chg	yoy chg
Sales	2 936.2	2 822.5	1 572.3	4%	87%
EBITDA	59.0	36.1	42.6	63%	39%
EBIT	55.7	33.1	39.4	68%	41%
Net income	41.9	25.3	30.1	66%	39%
Adj EBITDA	**80.0**	**10.6**	**28.2**	**657%**	**183%**
Adj EBIT	**76.7**	**7.5**	**25.0**	**918%**	**206%**
Adj net income	**58.9**	**3.7**	**19.2**	**1481%**	**207%**

Source: Company, DM BOŚ SA estimates

Unimot; 1Q22 detailed forecast

IFRS consolidated PLN m	1Q22E	4Q21A	1Q21A	qoq chng,	yoy chng,
Sales	**2 936.2**	**2 822.5**	**1 572.3**	**4%**	**87%**
ON + biofuels	2 489.5	2 078.6	1 263.0	20%	97%
LPG	227.0	211.4	139.7	7%	62%
Natural gas	109.2	350.6	92.4	-69%	18%
Electric energy	30.0	81.4	29.8	-63%	1%
Photovoltaics	5.5	2.7	3.2	102%	70%
Retail stations	49.0	57.4	34.6	-15%	42%
Other	26.0	40.3	9.6	-35%	172%
COGS (ex, gross margin one-offs)	-2 801.4	-2 726.1	-1 495.9	3%	87%
Adj gross profit	**134.9**	**96.3**	**76.5**	**40%**	**76%**
Distribution and G&A costs	-58.2	-88.8	-51.4	-34%	13%
D&A elimination	3.4	3.0	3.2	-	-
Adjusted EBITDA	**80.0**	**10.6**	**28.2**	**657%**	**183%**
Adj EBITDA (ON + biofuels)	47.0	25.0	22.0	88%	114%
Adj EBITDA (LPG)	15.0	4.2	3.4	253%	337%
Adj EBITDA (Natural gas)	3.0	-5.8	5.3	n.m.	-44%
Adj EBITDA (Electric energy)	22.0	-2.9	1.8	n.m.	1133%
Adj EBITDA (Photovoltaics)	-0.8	-0.8	-1.7	-	-
Adj EBITDA (Retail stations)	1.5	-2.0	-0.3	-	-
Adj EBITDA (Other)	-7.7	-7.2	-2.2	-	-
Other operating items	0.0	-1.7	0.1	-	-
Inventory valuation effects	0.0	9.3	4.1	-	-
NCW/NCR timing transfers	0.0	-5.0	10.2	-	-
Gas timing transfers	0.0	2.0	0.0	-	-
Other transfers	-21.0	21.0	0.0	-	-
EBITDA	**59.0**	**36.1**	**42.6**	**63%**	**39%**
D&A	-3.4	-3.0	-3.2	10%	4%
EBIT	**55.7**	**33.1**	**39.4**	**68%**	**41%**
Net financial costs	-4.0	-2.9	-1.3	-	-
Other	0.0	0.0	0.0	-	-
Pre-tax	**51.7**	**30.1**	**38.0**	**71%**	**36%**
Tax expense	-9.8	-5.0	-8.0	-	-
Minority interest	0.0	-0.1	-0.1	-	-
Net income	**41.9**	**25.3**	**30.1**	**66%**	**39%**

Source: Company, DM BOŚ SA estimates

Expected impact: *Depending on the divergence between the actual 1Q22 results and the market consensus of estimates. The current very high margins on LPG and the high inland premium margins on diesel confirm that the results this year are likely to be record topping. Such high estimates for the Company 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). In our view, the current margin levels are unsustainable in the coming quarters 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. Unfortunately, the very high EBITDA has been probably generated at a very high cost related to a radical increase in NWC requirements, which to a large extent halts our optimism.*

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.