

315/2022/AR

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

**Event: 1Q22 results revealed; Adjusted EBITDA close to the preliminary figures published earlier.**

The Company revealed its quarterly consolidated 1Q22 results.

**Consolidated figures.** The Company's reported EBITDA amounted to PLN 147.3 million. This figure is impacted by one-time effects at a sum of PLN +61.7 million in addition to other operating costs at a value of PLN -1.8 million. The mentioned one-offs of PLN +61.7 million include (i) PLN +79.7 million of inventory valuation effects, (ii) PLN +3.457 million of cost transfers in the corporate segment and (iii) PLN -21.5 million of realized gains on electric energy contracts of Tradea.

Ultimately, the Company's adjusted EBITDA (as calculated by us) after excluding these items amounted to PLN 87.5 million vs. PLN 80.0 million expected by us initially (and vs. PLN 85.1 million indicated in the preliminary figures previously and counted officially by management as the official adjusted EBITDA for the quarter). The Company's reported net income amounted to PLN 114.7 million, while the adjusted net income, as calculated by us amounted to PLN 65.1 million.

**Results of segment.** The Company's ON/bio segment delivered adjusted EBITDA of PLN 49 million vs. PLN 47.0 million expected by us. The Company's LPG segment recorded adjusted EBITDA of PLN 17.5 million vs. PLN 15.0 million expected by us. The natural gas segment's adjusted EBITDA amounted to PLN 4.3 million vs. PLN 3.0 million expected by us. The electric energy segment delivered an adjusted EBITDA of PLN 24.4 million vs. PLN 22.0 million expected by us. The results of the photovoltaic segment with adjusted EBITDA at PLN -0.4 million (vs. PLN -0.8 million expected by us).

The Company mentioned that the quarterly results had been particularly impacted by strong price volatility of fuel prices along with strong demand and increasing fuel volumes which translated into robust margins generated on diesel, bio and LPG products.

**Cash flow.** The Company's 1Q22 operating cash flow amounted to PLN 51.5 million vs PLN -32.9 million recognised a year ago.

**Net debt.** The Company's net debt at the end of the quarter amounted to PLN 302 million vs. PLN 175 million recognised a year ago.

**Unimot; 1Q22 results compared to expectations**

IFRS, consolidated (PLN m)				1Q22A vs. expectations	
	1Q22A	1Q22E (DM BOS)	Preliminary 1Q22A	(BOS's/Preliminary figures)	
Sales	2 371.2	2 936.2	2 379.0		↓/→
EBITDA	147.3	59.0	146.8		↑/→
EBIT	144.2	55.7	n.a.		↑/-
Net income	114.7	41.9	n.a.		↑/-
<b>Adj EBITDA</b>	<b>87.5</b>	<b>80.0</b>	<b>85.1</b>		↑/→
<b>Adj EBIT</b>	<b>84.3</b>	<b>76.7</b>	<b>n.a.</b>		↑/-
<b>Adj net income</b>	<b>65.1</b>	<b>58.9</b>	<b>n.a.</b>		↑/-

Source: Company, PAP, DM BOS SA estimates

**Unimot; 1Q22 operating performance review**

IFRS consolidated PLN m	1Q22A	4Q21A	1Q21A	qoq	
				chnq.	chnq.
<b>Sales</b>	<b>2 371.2</b>	<b>2 822.5</b>	<b>1 572.3</b>	<b>-16%</b>	<b>51%</b>
ON + biofuels	1 804.6	2 078.6	1 263.0	-13%	43%
LPG	188.2	211.4	139.7	-11%	35%
Natural gas	196.9	350.6	92.4	-44%	113%
Electric energy	74.0	81.4	29.8	-9%	148%
Photovoltaics	2.5	2.7	3.2	-10%	-24%
Retail stations	84.9	57.4	34.6	48%	146%
Other	20.1	40.3	9.6	-50%	110%
COGS (ex. gross margin one-offs)	-2 222.3	-2 726.1	-1 495.9	-18%	49%
<b>Adj gross profit</b>	<b>148.9</b>	<b>96.3</b>	<b>76.5</b>	<b>55%</b>	<b>95%</b>
Distribution and G&A costs	-64.6	-88.8	-51.4	-27%	26%
D&A elimination	3.1	3.0	3.2	-	-
<b>Adjusted EBITDA</b>	<b>87.5</b>	<b>10.6</b>	<b>28.2</b>	<b>727%</b>	<b>210%</b>
Adj EBITDA (ON + biofuels)	49.0	25.0	22.0	96%	123%
Adj EBITDA (LPG)	17.6	4.2	3.4	315%	413%
Adj EBITDA (Natural gas)	4.3	-5.8	5.3	n.m.	-18%
Adj EBITDA (Electric energy)	24.4	-2.9	1.8	n.m.	1268%
Adj EBITDA (Photovoltaics)	-0.4	-0.8	-1.7	n.m.	n.m.
Adj EBITDA (Retail stations)	1.4	-2.0	-0.3	n.m.	n.m.
Adj EBITDA (Other)	-8.9	-7.2	-2.2	n.m.	n.m.
Other operating items	-1.8	-1.7	0.1	-	-
Inventory valuation effects	79.7	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	-18.0	21.0	0.0	-	-
<b>EBITDA</b>	<b>147.3</b>	<b>36.1</b>	<b>42.6</b>	<b>308%</b>	<b>246%</b>
D&A	-3.1	-3.0	-3.2	3%	-2%
<b>EBIT</b>	<b>144.2</b>	<b>33.1</b>	<b>39.4</b>	<b>336%</b>	<b>266%</b>
Net financial costs	-3.9	-2.9	-1.3	-	-
Other	0.0	0.0	0.0	-	-
<b>Pre-tax</b>	<b>140.3</b>	<b>30.1</b>	<b>38.0</b>	<b>365%</b>	<b>269%</b>
Tax expense	-25.5	-5.0	-8.0	-	-
Minority interest	0.0	-0.1	-0.1	-	-
<b>Net income</b>	<b>114.7</b>	<b>25.3</b>	<b>30.1</b>	<b>354%</b>	<b>281%</b>

Source: Company

**Expected impact:** Positive. Even though 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) it should be clearly stated that the results are very good, while the positive operating cash flow is also a positive feature. We expect the Company's results in 2022 are likely to be extraordinary backed by very good margin on diesel and LPG products (this was supported by the Company's robust EBITDA in 1Q22). At the same time, however, we are increasingly troubled by the expected increase in the Company's NWC requirements and the probable deterioration of the Company's balance sheet. It should be remembered that the planned reorganization of the group and the planned transfer of the import business (which will lower will lower required obligatory reserves for 1 year starting from July 2022 till the end of June 2023) is only a temporary measure.

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.