

326/2022/AR

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

Event: Management outlook following the publication of 1Q22

Unimot presented its 1Q22 financial results on May 23th. On May 24th a meeting with management was held explain the results.

- **The Company admitted that the planned equity issue for the purchase of Lotos assets may not be required given the relatively good financial results, good cash flows and given the expected temporary drop in obligatory reserves.**
- **According to management, the fuel margins in April (on ON+Bio and LPG) remained at relatively high levels, however, the repeating of the margins generated in March is probably impossible. Management suggested that the results in 2Q22 will most likely be strong but at surely a lower level than the one recorded in 1Q22.**
- According to the Company the decision of the European Commission on the remedies negotiated by PKN Orlen regarding the Lotos merger may take place within a few weeks.
- The Company confirms that the visibility for the next quarters remains limited and as a result the Company refrains from publishing an EBITDA guidance.
- The Company revealed that there are three current alternative import sources for diesel: Saudi Arabia, India and the US (which in the past few weeks remained a relatively expensive source).
- The Company admitted that it is trying to acquire additional supplies of LPG products from Sweden, Norway, UK or the ARA region.
- The Company did not reveal how the possible effects of lowering of obligatory reserves on NWC requirements or net debt.
- Management did not disclose the share that Ukrainian sales have in its business but it admitted that the current margins on diesel sales in Ukraine is much higher than in Poland and that the terms of trade are very attractive.
- The Company suggested that it is targeting a positive EBITDA in the photovoltaic segment at the end of the year.

Expected impact: *Positive, although probably already discounted. The confirmation of our presumption that the equity issue may not be needed and the good results outlook for 2Q22 is an interesting perspective.*

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