

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

488/2022/AR

Company	LT fundamental recommendation	12M EFV (PLN)	ST market-relative bias	Analyst
Unimot	Buy	87.0	Overweight	Łukasz Prokopiuk, CFA

Event: 2Q22 results revealed; Adjusted EBITDA close to the preliminary figures published earlier.

The Company revealed its quarterly consolidated 2Q22 results on Wednesday late after the session.

Consolidated figures. The Company's reported EBITDA amounted to PLN 68.1 million. This figure is impacted by one-time effects at a sum of PLN -6.6 million in addition to other operating income at a value of PLN +4.5 million. The mentioned one-offs of PLN -6.6 million include (i) PLN -2.2 million of timing effects in the ON+Bio segment, (ii) PLN -3.5 million of cost transfers in the natural gas segment and (iii) PLN -0.9 million of other one-offs. Other operating income include PLN 5.39 million of accounting gains on the sale of subsidiaries. **Ultimately, the Company's adjusted EBITDA (as calculated by us) after excluding these items amounted to PLN 70.2 million vs. PLN 65.0 million expected by us initially (and vs. PLN 64.1 million indicated in the preliminary figures previously and PLN 74.3 million of final adjusted EBITDA calculated by management for the quarter).** The difference in our adjusted EBITDA and the management adjusted EBITDA lies in other operating income (which in this case include the one-time gains on asset sales). The Company's reported net income amounted to PLN 45.0 million, while the adjusted net income, as calculated by us amounted to PLN 49.7 million.

Results of segment. The Company's ON/bio segment delivered adjusted EBITDA of PLN 59.1 million vs. PLN 49.6 million expected by us. The Company's LPG segment recorded adjusted EBITDA of PLN 24.2 million vs. PLN 17.0 million expected by us. The natural gas segment's adjusted EBITDA amounted to PLN 6.1 million vs. PLN 5.0 million expected by us. The electric energy segment delivered an adjusted EBITDA of PLN 1.8 million vs. PLN 0.0 million expected by us. The results of the photovoltaic segment with adjusted EBITDA at PLN -1.2 million (vs. PLN +1.5 million expected by us).

The Company mentioned that the quarterly results had been particularly impacted by the war in Ukraine, and by the resultant instability of energy markets caused by introduction of sanctions on Belarus and Russia. The Company also mentions very high sale volumes generated on diesel, bio and LPG products.

Cash flow. The Company's 2Q22 operating cash flow amounted to PLN 29.3 million vs PLN -32.3 million recognised a year ago. The cumulative operating cash flow for 1-2Q22 amounts to as much as PLN 80.7 million (vs. PLN 65 million delivered a year ago).

Net debt. The Company's net debt at the end of the quarter amounted to PLN 245 million vs. PLN 224 million recognised a year ago.

Unimot; 2Q22 results compared to expectations

IFRS, consolidated (PLN m)	2Q22A			2Q22A vs. expectations (BOS's/Preliminary figures)	
	2Q22A	2Q22E (DM BOS)	Preliminary 1Q22A		
Sales	3 517.7	3 479.4	4 086.0		→/↓
EBITDA	68.1	65.0	58.7		↑/→
EBIT	64.6	61.6	n.a.		→/→
Net income	45.0	47.5	n.a.		→/→
Adj EBITDA	70.2	65.0	64.1		→/→
Adj EBIT	66.6	61.6	n.a.		→/→
Adj net income	49.7	47.5	n.a.		→/→

Source: Company, PAP, DM BOS SA estimates



Unimot; 2Q22 operating performance review

IFRS consolidated PLN m	2Q22A	1Q22A	2Q21A	qoq	
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Sales	3 517.7	2 371.2	1 731.2	48%	103%
ON + biofuels	2 804.6	1 804.6	1 449.9	55%	93%
LPG	273.2	188.2	125.8	45%	117%
Natural gas	152.5	196.9	19.2	-23%	696%
Electric energy	103.8	74.0	55.6	40%	86%
Photovoltaics	1.3	2.5	4.1	-48%	-69%
Retail stations	139.3	84.9	53.5	64%	161%
Other	43.1	20.1	23.1	115%	87%
COGS (ex. gross margin one-offs)	-3 330.6	-2 222.3	-1 658.5	50%	101%
Adj gross profit	187.1	148.9	72.7	26%	157%
Distribution and G&A costs	-120.5	-64.6	-59.7	86%	102%
D&A elimination	3.6	3.1	3.5	-	-
Adjusted EBITDA	70.2	87.5	16.5	-20%	326%
Adj EBITDA (ON + biofuels)	59.1	49.0	24.2	21%	145%
Adj EBITDA (LPG)	24.2	17.6	1.4	37%	1640%
Adj EBITDA (Natural gas)	6.1	4.3	-0.9	42%	n.m.
Adj EBITDA (Electric energy)	1.8	24.4	0.6	-93%	181%
Adj EBITDA (Photovoltaics)	-1.2	-0.4	-3.9	n.m.	n.m.
Adj EBITDA (Retail stations)	0.5	1.4	0.3	-64%	85%
Adj EBITDA (Other)	-20.4	-8.9	-5.2	n.m.	n.m.
Other operating items	4.5	-1.8	0.3	-	-
Inventory valuation effects	0.0	79.7	7.3	-	-
NCW/NCR timing transfers	-2.2	0.0	4.3	-	-
Gas timing transfers	-3.5	0.0	-1.3	-	-
Other transfers	-0.9	-18.0	0.0	-	-
EBITDA	68.1	147.3	27.1	-54%	151%
D&A	-3.6	-3.1	-3.5	14%	3%
EBIT	64.6	144.2	23.6	-55%	173%
Net financial costs	-5.2	-3.9	-1.5	-	-
Other	0.0	0.0	0.0	-	-
Pre-tax	59.3	140.3	22.1	-58%	168%
Tax expense	-14.3	-25.5	-5.3	-	-
Minority interest	0.0	0.0	-0.1	-	-
Net income	45.0	114.7	16.9	-61%	167%

Source: Company

Expected impact: Positive. Not only because the results are slightly stronger than our expectations (and the preliminary figures) but also because of the good operating cash flow and the drop in net debt. The earnings outlook for 2H22 remains very good and we expect the finalization of the purchase of Lotos and Orlen bitumen and logistics assets, which may be a big chance for further growth for the Company. In our view, the risk of SPO is lower than previously given the relatively good balance sheet.

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.