

175/2022/AR

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

Event: 4Q21 results revealed; Adjusted EBITDA close to the preliminary figures published earlier.

The Company revealed its quarterly consolidated 4Q21 results.

Consolidated figures. The Company's reported EBITDA amounted to PLN 36.1 million. This figure is impacted by one-offs at a sum of PLN +25.5 million. The one-offs include (i) PLN +9.3 million of inventory valuation effects, (ii) PLN -5 million of NCW/NCR timing transfers, (iii) PLN +2 million of gas cost transfers, (iv) PLN +21.5 million of electric energy timing transfers, (v) PLN +0.5 million of LPG timing transfers and (vi) it includes net other operating costs of PLN -1.7 million (which includes asset impairments at a value of PLN -4.7 million).

Ultimately, the Company's adjusted EBITDA (as calculated by us) after excluding these items amounted to PLN 10.6 million vs. PLN 15.0 million expected by us initially (and vs. PLN 13.0 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 25.3 million, while the adjusted net income, as calculated by us amounted to PLN 3.7 million.

Results of segment. The Company's ON/bio segment delivered adjusted EBITDA of PLN 25 million vs. PLN 24.0 million expected by us. The Company's LPG segment recorded adjusted EBITDA of PLN 4.2 million vs. PLN 5.0 million expected by us. The natural gas segment's adjusted EBITDA amounted to PLN -5.8 million vs. PLN -5.0 million expected by us. The electric energy segment delivered an adjusted EBITDA of PLN -2.9 million vs. PLN -1.0 million expected by us. The results of the photovoltaic segment with adjusted EBITDA at PLN -2.0 million (vs. PLN 0.0 million expected by us).

The Company mentioned that the results had been particularly impacted by:

- Lower margins on diesel products (in comparison to both expectations and in yoy terms).
- Higher yoy margins and volumes on LPG products.
- Negative margins generated on natural gas (due to pumping out of natural gas storages ahead of schedule, negative impact of transactions).
- Negative impact of valuation of LT electric energy contracts of Tradea.
- Lower yoy margins and volumes of the AVIA retail network.

Cash flow. The Company's 4Q21 operating cash flow amounted to PLN 6.2 million vs PLN 50.8 million recognised a year ago. The cumulative 1-4Q21 operating cash flow amounted to PLN -140 million vs. PLN 150.6 million recorded in 2022.

Net debt. The Company's net debt at the end of the quarter amounted to PLN 331.4 million vs. PLN 115 million recognised a year ago. The net debt level is lower than we expected by PLN 140 million (we suspect the Company sold a part of its of mandatory reserves).

Unimot; 4Q21 results compared to expectations

IFRS, consolidated (PLN m)				4Q21A vs. expectations
	4Q21A	4Q21E (DM BOS)	Preliminary 4Q21A	(BOS's/Preliminary figures)
Sales	2 822.5	2 749.7	2 854.0	→/→
EBITDA	36.1	36.0	35.7	→/→
EBIT	33.1	32.6	n.a.	→/→
Net income	25.3	23.4	n.a.	→/→
Adj EBITDA	10.6	15.0	13.0	↓/↓
Adj EBIT	7.5	11.6	n.a.	↓/↓
Adj net income	3.7	6.4	n.a.	↓/↓

Source: Company, PAP, DM BOS SA estimates

Unimot; 4Q21 operating performance review

IFRS consolidated				qoq	yoy
PLN m	4Q21A	3Q21A	4Q20A	chnq.	chnq.
Sales	2 822.5	2 081.2	1 245.4	36%	127%
ON + biofuels	2 078.6	1 659.3	1 021.8	25%	103%
LPG	211.4	168.4	105.5	26%	100%
Natural gas	350.6	90.5	34.7	287%	909%
Electric energy	81.4	56.1	26.0	45%	213%
Photovoltaics	2.7	4.7	3.8	-42%	-29%
Retail stations	57.4	68.8	28.9	-16%	99%
Other	40.3	33.5	24.6	20%	64%
COGS (ex. gross margin one-offs)	-2 726.1	-2 011.4	-1 164.1	36%	134%
Adj gross profit	96.3	69.8	81.2	38%	19%
Distribution and G&A costs	-88.8	-60.7	-57.0	46%	56%
D&A elimination	3.0	3.0	2.8	-	-
Adjusted EBITDA	10.6	12.0	27.1	-12%	-61%
Adj EBITDA (ON + biofuels)	25.0	13.1	22.6	91%	11%
Adj EBITDA (LPG)	4.2	7.7	0.9	-45%	371%
Adj EBITDA (Natural gas)	-5.8	0.6	8.0	n.m.	n.m.
Adj EBITDA (Electric energy)	-2.9	-3.7	2.0	n.m.	n.m.
Adj EBITDA (Photovoltaics)	-0.8	-0.7	-1.3	n.m.	n.m.
Adj EBITDA (Retail stations)	-2.0	1.9	-1.1	n.m.	n.m.
Adj EBITDA (Other)	-7.2	-6.9	-4.1	n.m.	n.m.
Other operating items	-1.7	0.1	-3.6	-	-
Inventory valuation effects	9.3	2.1	13.1	-	-
NCW/NCR timing transfers	-5.0	-2.8	-0.5	-	-
Gas timing transfers	2.0	-0.7	1.0	-	-
Other transfers	21.0	0.5	0.0	-	-
EBITDA	36.1	11.3	37.0	220%	-2%
D&A	-3.0	-3.0	-2.8	2%	9%
EBIT	33.1	8.3	34.3	298%	-3%
Net financial costs	-2.9	-2.3	-1.8	-	-
Other	0.0	0.0	0.0	-	-
Pre-tax	30.1	6.1	32.5	398%	-7%
Tax expense	-5.0	-2.0	-6.6	-	-
Minority interest	-0.1	0.0	-0.4	-	-
Net income	25.3	4.0	26.3	529%	-4%

Source: Company

Expected impact: Neutral, since 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). Currently the outlook for 2022 is probably more important than the historical results for 2021. We expect the Company's results in 2022 are likely to be pretty good backed by very good margin on diesel and LPG products (this was supported by the Company's robust EBITDA signalling for 1Q22). At the same time, however, we are increasingly troubled by the expected increase in the Company's NWC requirements and the substantial deterioration of the Company's balance sheet. Perhaps the sale of mandatory reserves will help the balance sheet but the off balance sheet reserves actually need to be treated effectively as debt.

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.