

Company News

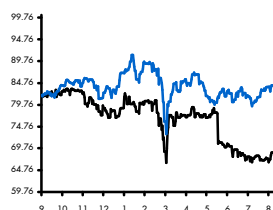
Conpet

August 16, 2022

Utilities/Romania

Hold

Price 15.08.22*	68.8000
Price target	78.3000
Volatility risk	medium
Year high/low	83.4000/66.4000
Currency	RON
RON/EUR	4.88
GDR rate	n.a.
Shares outstanding eoy in mn	8.66
Market capitalisation (total shares) in EUR mn	122.1
Free float	19.7%
Free float in EUR mn	24.1
Avg. daily turnover (12 m) in EUR mn	0.05
Index	BETI
ISIN code	ROCOTEACNOR7
Bloomberg	COTE.RO
Reuters	COTE.BX
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— Conpet
— BET Index

Source: RBI/Raiffeisen Research

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* The indicated price is the last price as available at 6.30 AM on 16.08.22, Source: Reuters/Bloomberg

Profitability weakening due to higher opex

- Q2 22 top line close to RBle, while net profit came in at RON 15.3 mn (-14% yoy) due to weaker margins
- Transport on the import subsystem increased in Q2, above our expectations, and mitigated the decline of the domestic subsystem
- Opex increased by 13% yoy mainly due to a huge increase in raw materials & energy-water expenses (66% yoy)
- We rate the Q2 results negatively as the margins are affected by inflation

Conpet reported Q2 22 results on August 12, which were slightly below our expectations in respect to net profit. The bottom line declined by 14% yoy (19% qoq) to RON 15.3 mn, being below our ex-ante figure (RON 16.2 mn). The lower profitability could be explained by a higher rate of increase in opex (13% yoy) than in the total operating revenues (8% yoy).

Revenues in line with RBle: Revenues from transport reached RON 116 mn (+11% yoy), being in line with our estimates. The main driver of the revenue growth was the import segment, which increased by 18.8% yoy (2.4% below our expectations), while the domestic segment increased by 8% yoy (1.3% above our expectations). Total transported volumes of 1.7 mn tons were 1% above RBle and almost 3% higher yoy. The import subsystem registered an impressive increase, +13% yoy, that helped to mitigate the 7% yoy decrease of the domestic subsystem. At the same time, other operating revenues decreased by RON 1.22 mn yoy (10% yoy).

Opex slightly higher than RBle: Opex surpassed our expectations (RON 110.5 mn) and was up by 13% yoy to RON 112 mn, on the back of 66% yoy increase in raw materials & energy-water expenses. Also, other operating expenses increased by 24% yoy due to higher modernisation quota expenses (+15% yoy), which were allocated mainly to investments in the public domain. Depreciation was in line with our estimates and reached RON 13.9 mn (+6% yoy).

Higher opex weighs on profitability: Q2 22 EBITDA decreased by 8% yoy to RON 29.4 mn, 6% below our estimate. Margins were worse than in Q1 22, with the EBIT margin reaching 13%, after 18% in the past quarter, while the net profit margin reached 13%, down from 17% of the previous quarter, slightly below our estimate of 14%.

Guidance: Given the decrease in the bottom line and the pressure on margins, we rate the results as negative but maintain our previous estimates for FY 2022e for the moment.

The conference call is scheduled for Thursday, August 18 at 10:00 a.m. local time.

Conpet – Q2 22 results

in RON mn	Q2 22	Q2 21	+/-	RBle	+/-	Q1 22	+/-
Turnover, o/w:	116.0	104.9	11%	115.9	0%	117.2	-1%
Domestic crude	81.7	76.0	8%	80.7	1%	82.0	0%
Imported crude	33.7	28.4	19%	34.5	-2%	34.5	-2%
EBITDA	29.4	31.9	-8%	31.3	-6%	34.5	-15%
EBIT	15.5	18.7	-17%	17.4	-11%	21.0	-26%
Net profit	15.3	17.8	-14%	16.2	-6%	18.8	-19%
EPS	1.8	2.1	-14%	1.9	-6%	2.2	-19%
EBITDA margin	25%	30%		27%		29%	
EBIT margin	13%	18%		15%		18%	
Net profit margin	13%	17%		14%		16%	

Source: Conpet, RBI/Raiffeisen Research estimates



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