

14 March 2023

Alro

HOLD

Alro: weaker-than-expected 4Q22 results

BBG Ticker	ALR RO
Market Cap (USD mil)	269
Price	1.74
Price target	1.62
Upside	-6.6%

Alro reported its 4Q22 results on 27 February. The reported gross result was negative and much weaker than our expectations, and net result stood at RON 522m, 25% below our numbers, due to the negative gross result and the lower compensation for indirect emissions booked for 2022. The company did not disclose the breakdown of segments, so we cannot work out what drove the underperformance on the gross result. As expected, the company booked RON 803m of compensation for indirect emissions, of which RON 367m for 2021 and RON 436m for 2022. The latter is 12% lower than our estimate. We are looking forward to more details in the call, following the release of final results, scheduled for 27 March. The FY22 net profit reached RON 412m, vs. the RON 26m reported for 2021.

Excluding the compensation for 2021, the FY22 group EBIT stands at RON 319m and the EBT at RON 157m, with the net profit likely around RON 123m, on our estimates. If we treat this as a normalised result, the company is trading at a 2022 P/E of close to 10.5x, somewhat above its peers.

Iuliana Ciopraga, CFA

E-mail: iuliana.ciopraga@wood.com

Phone: +40 316 30 1185



Alro 4Q22 results review

RON mn	4Q21	1Q22	2Q22	3Q22	4Q22	yoy	qoq	WOOD	Diff
Sales	1,034	1,102	1,034	798	620	-40%	-22%	643	-4%
Gross profit	146.0	97.0	211.4	35.8	-65.0	nm	nm	33.5	-294%
EBITDA	98.5	60.3	159.3	-6.1	611.1	nm	nm	853.5	-28%
EBIT	64.2	23.0	124.0	-47.2	586.5	nm	nm	814.5	-28%
Net profit	50.9	-18.0	33.3	-124.8	521.6	nm	nm	699.7	-25%

Source: Company data, WOOD Research

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Date	Rating	Date	PT
15/04/2021	BUY - initiation of coverage	15/04/2021	RON 4.40
31/05/2022	HOLD	31/05/2022	RON 1.62

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14 March 2023

Czech Republic

namesti Republiky 1079/1a
Palladium
110 00 Praha 1
Tel +420 222 096 111
Fax +420 222 096 222

Poland

Centrum Marszalkowska
Marszalkowska 126/134, 7th Floor
00 008 Warszawa
Tel +48 22 222 1530
Fax +48 22 222 1531

UK

16 Berkeley Street
London W1J 8DZ
Tel: +44 20 3530 0691

Italy

Via Luigi Settembrini, 35
20124 Milan
Italy
Tel +39 02 36692 500
Fax +39 02 67910 761

Kristen Andrasko

Head of Equities
+420 222 096 253
kristen.andrasko@wood.com
http://www.wood.com
Bloomberg page WUCO

Research

Co-Head of Research/Head of Research Poland

Marta Jezewska-Wasilewska
+48 22 222 1548
marta.jezewska-wasilewska@wood.com

Head of Turkey Research

Atinc Ozkan
+90 542 202 3632
atinc.ozkan@wood.com

Head of Financials

Can Demir
+44 203 530 0623
can.demir@wood.com

Consumer/Real Estate

Jakub Caithaml
+420 222 096 481
jakub.caithaml@wood.com

Greece

Fani Tzioukalia
+30 216 200 5260
fani.tzioukalia@wood.com

Co-Head of Research/Head of Greek Research

Alex Boulougouris
+30 216 200 5621
alex.boulougouris@wood.com

Head of Russia Research

Ildar Davletshin
+44 203 530 0631
ildar.davletshin@wood.com

Head of TMT

Piotr Raciborski
+48 22 222 1551
piotr.raciborski@wood.com

Energy/Utilities

Ondrej Slama
+420 222 096 484
ondrej.slama@wood.com

Russia

Dmitry Vlasov
+44 750 714 6702
dmitry.vlasov@wood.com

Consumer/Industrials

Lukasz Wachelko
+48 22 222 1560
lukasz.wachelko@wood.com

Head of Romania Research

Iuliana Ciopraga
+40 727 383 933
iuliana.ciopraga@wood.com

Energy

Jonathan Lamb
+44 203 530 0621
jonathan.lamb@wood.com

Gaming/Mid-caps

Maria Mickiewicz
+48 602 450 718
maria.mickiewicz@wood.com

Financials

Miguel Dias
+420 735 729 418
miguel.dias@wood.com

Macroeconomics

Raffaella Tenconi
+44 203 530 0685
raffaella.tenconi@wood.com

Macroeconomics

Alessio Chiesa
+44 75177 06102
alessio.chiesa@wood.com

Utilities/Mining/Pharma

Bram Buring
+420 222 096 250
bram.buring@wood.com

Turkey

Can Yurtcan
+420 222 096 780
can.yurtcan@wood.com

Real Estate

Peter Palovic
+420 222 096 486
peter.palovic@wood.cz

Sales

Kristen Andrasko
+420 222 096 253
kristen.andrasko@wood.com

Ioana Pop
++44 20 3530 0693
ioana.pop@wood.com

Tatiana Sarandinaki

Brasil Plural in association with WOOD & Co.
+1 212 388 5613
tsarandinaki@wood-brasilplural.com

Ilgin Erdogan
++420 222 096 708
ilgin.erdogan@wood.com

Michal Sergejev
+420 732 297 143
michal.sergejev@wood.com

Jan Koch
+48 22 222 1616
jan.koch@wood.com

Grzegorz Skowronski
+48 22 222 1559
grzegorz.skowronski@wood.com

Piotr Kopec
+48 22 222 1615
piotr.kopec@wood.com

Jarek Tomczynski
+48 22 222 1611
jarek.tomczynski@wood.com

Sales Trading and Execution Services

Zuzana Mora
+420 222 096 283
zuzana.hronska@wood.com

Ermir Shkurti
+420 222 096 847
ermir.shkurti@wood.com

Vladimir Vavra
+420 222 096 397
vladimir.vavra@wood.com