

# Aquila

## 2Q '23 Earnings Preview

The Company will publish its 2Q '23 results on Mon, 28 Aug. A live presentation of the food distributor's results will be available the next day starting 11:00 a.m. (local time) via conference call; [registration](#) is required.

### Strong revenue growth in 2Q '23 compared to last year's figures

In the second quarter of 2023, sales are projected to move up 21% y/y to RON 595.7m (+6% q/q). We estimate sales on the Distribution segment to rise by 22% y/y reaching RON 559.5m (+6.6% q/q), mainly because of higher prices, while volumes might have slightly declined due to inflation's impact on purchasing power.

As regards other segments, we envisage Logistics revenue to go up by 31% y/y to RON 18.4m, yet to drop 11% q/q, and we project revenues from Transport services to inch up 3.3% compared to 2Q '22 figures, reaching RON 17.8m.

### COGS to rise, resulting in lower distribution margins

Costs of goods sold is expected to move up by a somewhat faster pace than revenues, by 22.3% y/y to RON 433.6m (+6.3% q/q), as we believe the Company has also faced increased supplier prices 2Q '22. This should lead to a gross margin from Distribution of 20.5%, 2.3pp lower y/y and 2pp below the 1Q '23 level.

Operating expenses other than COGS are forecast to increase by 10.7% y/y to reach RON 132.6m (+3% q/q), mainly due to hikes in salaries and other employee benefits by 17% y/y, taking up 51% from Opex excluding COGS. As fuel prices saw continued decreases in 2Q and became more stable, we estimate the cost of fuel and transport services to go down by 18% y/y to RON 16.4m (-9.5% y/y).

Therefore, we expect total Opex to surge by 19.4% y/y to RON 566.2m (+5.5% q/q), mainly because of inflationary pressure.

### EBITDA to go up 38% y/y, net profit margin to improve y/y in 2Q '23

Concerning EBITDA, we expect it to jump 38% y/y to RON 44.4m, posting a 7.5% margin (+1pp y/y, +0.3pp q/q).

We anticipate Aquila's net financial income to increase by 11.3% y/y to RON 3.6m as interest rates are slightly higher on a yearly basis and deposits are 27% higher in 2023 y/y, yet lower q/q by 20% q/q, as interest rates are slightly lower compared to 1Q '23.

As such, we estimate net income attributable to the Company's shareholders of RON 27.8m, up 36% y/y and by 4.6% q/q, implying a net profit margin of 4.7% (+0.65pp y/y, +0.1 q/q). The 1H '23 net profit a.m. should thus reach RON 54.3m, 68% higher compared to the 6M '22 net income.

21 Aug '23

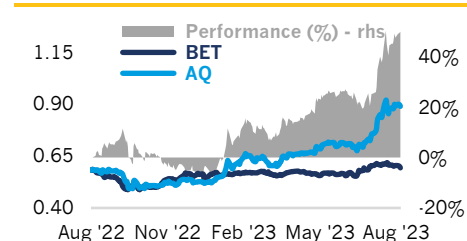
### Summary data

Share price (RON)	0.894
Shares in issue (m)	1,200.0
Market cap (RON'm)	1,073
Market cap (USD'm)	236
Free float	33.3%
3-month average daily traded volume (EUR'k)	58
Absolute change 3 month	+26.3%
Absolute change 12 month	+52.7%
Change% 3m (vs BET)	+22.8%
Change% 12m (vs BET)	+52.2%

<b>Target price (RON)</b>	<b>U/R</b>
<b>Rating</b>	<b>U/R</b>
<b>Upside</b>	<b>n.m.</b>
Benchmark	BET
BET weighting (%)	0.7%
BET one-year return (%)	+0.5%
Bloomberg	AQ RO
Refinitiv RIC	ROAQ.BX

Source: BT Capital Partners, EquityRT

### AQ vs. BET (rebased @ 18 Aug '22)



Source: EquityRT

### Key ratios / multiples

	9M '22	FY '22	3M '23	6M '23f
EPS (RON) LTM	0.076	0.071	0.083	0.089
EPS (RON) QTLY	0.027	0.017	0.022	0.023
P/E (x) LTM	7.7	7.3	7.3	10.0
P/S (x) LTM	0.33	0.28	0.32	0.45
EV/EBITDA (x) LTM	3.89	4.07	4.74	5.82

Source: BT Capital Partners

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## Financial data (RON'm)

	2Q '23f	2Q '22	y/y	1Q '23	q/q	6M '23f	6M '22	y/y
Revenue	595.7	491.6	+21.2%	562	+6.0%	1,158	961	+20.5%
Cost of sales	(433.6)	(354.5)	+22.3%	(407.9)	+6.3%	(841)	(699)	+20.4%
Distribution gross margin	22.5%	22.8%	-2.3pp	22.3%	+0.2pp	22.4%	21.8%	+0.6pp
Opex except COGS	(132.6)	(119.7)	+10.7%	(128.7)	+3%	(261)	(231)	+12.9%
Operating profit	31.7	19.6	+61.8%	28	+13.2%	60	34.3	+74.1%
Operating profit margin	5.3%	4.0%	+1.3pp	5%	+0.3pp	5.2%	3.6%	+1.6pp
Net profit a.m.	27.8	20.4	+35.9%	26.6	+4.6%	54.3	32.4	+67.6%
Net profit margin	4.7%	4.2%	+0.5pp	4.6%	+0.04pp	4.7%	3.4%	+1.3pp

Source: BT Capital Partners, Company data

## Analyst coverage universe

Analyst	Ticker	Company	Recommendation	Current price (RON)	Target price (RON)
Andrei Ciobotaru	SNP	OMV Petrom	OUTPERFORM	0.5135	0.6520
Andrei Ciobotaru	SNG	Romgaz	OUTPERFORM	38.45	50.4
Andrei Ciobotaru	TGN	Transgaz	NEUTRAL	16.2	15.43
Vlad Podea	BRD	BRD Societe Generale	UNDER REVIEW	13.60	UNDER REVIEW
Vlad Podea	H2O	Hidroelectrica	NOT RATED	110.0	NOT RATED
Vlad Podea	DIGI	Digi Communications	UNDER REVIEW	34.7	UNDER REVIEW
Andrei Ciobotaru	EL	Electrica	UNDERPERFORM	8.55	7.38
Andrei Ciobotaru	SNN	Nuclearelectrica	UNDERPERFORM	44.15	35.23
Vlad Podea	SIFs	Lion Capital; Evergent Investments; Transilvania Investments Alliance; SIF Muntenia; Infinity Capital	RESTRICTED	-	RESTRICTED
Adrian Hornea	WINE	Purcari Wineries	OUTPERFORM	11.40	12.26
Adrian Hornea	SFG	Sphera Franchise Group	OUTPERFORM	20.00	18.44
Adrian Hornea	M	MedLife	UNDER REVIEW	19.18	UNDER REVIEW
Vlad Podea	ONE	One United Properties	NEUTRAL	0.933	0.998
Adrian Hornea	AQ	Aquila Part Prod Com	UNDER REVIEW	0.894	UNDER REVIEW

Source: EquityRT, BT Capital Partners

## Rating history | Aquila

Type	Date	Price	TP	Rating	Type	Date	Price	TP	Rating
Coverage Initiation	31 Oct '22	0.676	0.607	Neutral					
Company Report	19 Jun '22	0.710	U/R	U/R					

Source: BT Capital Partners

Updated: 21 Aug '23

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Rating	General Equities
<b>OUTPERFORM</b>	The stock is expected to yield absolute returns in excess of 15% over a 12-month investment horizon in terms of price and we recommend increased exposure relative to its blue-chip benchmark peers (BET index).
<b>NEUTRAL</b>	The stock is expected to yield absolute returns ranging from -15% to 15% over a 12-month investment horizon in terms of price and we recommend maintaining current exposure relative to its blue-chip benchmark peers (BET index).
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<b>UNDER REVIEW</b>	The rating of the stock is currently under review for update by BTCP Equity Research.
<b>RESTRICTED</b>	The rating of the stock is restricted from disclosure owing to compliance or other regulatory/legal reasons.
<b>NOT RATED</b>	The stock is not currently rated by BTCP Equity Research.
<b>COVERAGE IN TRANSITION</b>	The rating of the stock is temporarily suspended due to changes in the research team.

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As at 21 Aug '23 Recommendation	Total BT Capital Partners	
	Count	% of Total
Outperform	4	16%
Neutral	2	8%
Underperform	2	8%
Under Review	4	16%
Restricted	6	24%
Not rated	7	28%
Coverage in transition	0	0%
<b>Total</b>	<b>25</b>	<b>100%</b>

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