

Equity Watch Conpet: Lower transported volumes put pressure on Q4 results

- Revenue and net profit below our expectations, due to lower transported volumes
- Revenues from the transportation of imported products down 29% yoy due to lower volumes as a result of the maintenance shutdown at the Lukoil refinery
- We rate the Q4 results negatively due to lower profitability and weaker margins
- Approved tariffs for 2024 lend a helping hand for domestically transported revenues

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Conpet Q4 23 results

in RON mn	Q4 23	Q4 22	+/- %	RBle	+/- %	Q3 23	+/- %
Turnover*, o/w:	110.1	120.3	-8.4%	115.3	-4.5%	123.6	-10.9%
Domestic crude	82.7	81.4	1.6%	85.9	-3.7%	85.0	-2.7%
Imported crude	27.4	38.9	-29.4%	29.4	-6.6%	38.6	-28.9%
EBITDA	26.5	25.5	4.0%	28.3	-6.2%	40.6	-34.7%
EBIT	10.8	11.5	-6.1%	14.1	-23.6%	22.6	-52.2%
Net profit	10.4	12.0	-12.8%	12.4	-15.8%	21.6	-51.7%
EPS	1.2	1.4		1.4		2.5	
EBITDA margin	22.1%	21.1%		24.4%		32.7%	
EBIT margin	9.0%	9.5%		12.2%		18.2%	
Net profit margin	9.5%	10.0%		10.7%		17.4%	

*The revenue relates to the volumes transported, for which tariffs regulated by NAMR are applied.

Source: Conpet, RBI/Raiffeisen Research estimates

Conpet (HOLD, RON 85.6) reported Q4 23 results on February 28. Net profit of RON 10 mn (-13% yoy) was below RBle. Revenue from regulated activities was also below our expectations and reached RON 110 mn (-8% yoy), with both imported and domestic volumes down yoy (-55% and -5%, respectively).

The primary cause of the decrease in revenue was the drop in revenues from transportation of imported products, which decreased by 29% yoy, driven by the fall of transported volumes (-55% yoy) due to one-month maintenance shutdown of Petrotel Lukoil refinery. Total volumes transported reached 1.2 mn tons (-35% yoy) and were below our expectations, with both imported and domestic volumes (-29% and -2%, respectively).

On the costs side, the company reported opex of RON 125 mn (+3% yoy), 11% above our expectations. This resulted in EBITDA margin of 22%, compared to 21% in the same period of the previous year, and was therefore below our forecast of 24% due to lower than expected revenues and higher costs. The net profit margin reached 9% vs. 10% in Q4 22, falling short of our forecast of 11%. We rate the Q4 results negatively for the following reasons: (i) lower profitability and weaker margins, (ii) lower transported volumes, and (iii) below expectations results.

Outlook: In 2024, the company operates according to new tariffs approved by the regulatory authority. The tariff for transportation services in the domestic subsystem is 128 RON/t, which is almost 9% more than last year and 1% more than our estimates. In contrast, tariffs for the import subsystem have fallen by around 3% yoy and is in average 40 RON/t, which is almost 10% below our estimates. We are sticking to our HOLD recommendations and target price of RON 85.6 for now, as although our forecast import tariffs are not in line with regulated tariffs, the significant increase in domestic tariffs has the potential to partially offset this discrepancy.

Co-Sponsored Research: RBI has entered into an agreement with the Bucharest Stock Exchange for producing financial research on Conpet S.A. in exchange for a financial remuneration.

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Symbol	Date	Recommendation	Company
COTE.BX	28.11.2023	Hold	Conpet

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