

Aquila

2Q '24 Earnings Preview

The Company will publish its 2Q '24 results on Thursday, 13 Aug '24. A live presentation of the food distributor's results will be available the next day via conference call (no registration details available yet).

Revenues estimated to grow 25% y/y in 2Q '24

In 2Q '24, the FMCG distributor's revenues are estimated to come in just above the RON 700m level, marking a 25% yearly growth and standing 12.4% above the 1Q '24 top line.

We project Distribution segment sales to jump 27% y/y to RON 662.4m (+13.3% q/q), mainly on the back of some upward price adjustments and higher volumes meeting an expected higher demand. Some contribution to Distribution revenues can be expected from the consolidation of Parmafood Group, following a deal that closed in April '24.

Concerning the other two segments, we anticipate Logistics segment revenues to decline by 4% y/y to RON 19.6m (-7.9% q/q), while Transport services sales should rise by 7% y/y and by 4% q/q to RON 17.5m.

Distribution COGS to rise by 26% y/y

We expect the Distribution segment cost of goods sold (COGS) to grow by 26% y/y to RON 523.3m (+12.5% q/q), representing 79% of the segment's sales. As such, the gross margin should improve by 0.4pp y/y to 21% (+0.5pp q/q).

Operating expenses other than COGS are estimated to increase by 14.5% y/y to RON 148.2m (+10% q/q), mainly on the back of higher personnel expenses, which we forecast to have increased by 18% y/y to RON 75.7m (+10.7% q/q), while cost of fuel and transport services may rise by 14.6% y/y to RON 18.7m, on the back of higher average fuel prices in 2Q '24. EBIT should come 48% higher y/y at RON 30.6m (+13.5% q/q).

Expecting net income a.m. to surge by 69% y/y to RON 25.7m

We estimate EBITDA to increase by 49% y/y to RON 43.7m (+10.1% q/q), implying a 6.2% EBITDA margin (+1pp y/y). We project a net finance loss of RON 582k (vs. a net finance income of RON 2.9m in 2Q '23), on the back of lower interest rates for deposits and the likely decrease in short term deposits balance in the context of payments for the Parmafood acquisition.

We thus project Aquila's 2Q '24 net profit a.m. to reach RON 25.7m, up 69% y/y and 31% on a quarterly basis, implying a 3.66% net profit margin (+1pp y/y, +0.5pp q/q).

06 Aug '24

Summary data

Share price (RON)	1.275
Shares in issue (m)	1,200.0
Market cap (RONm)	1,530
Market cap (USDm)	337
Free float	33.3%
3m average daily traded volume (EURk)	173
Absolute change 3 month	+9.2%
Absolute change 12 month	+54.6%
Change 3m (vs BET)	+6.1%
Change 12m (vs BET)	+19.2%

Target price (RON) **U/R****Rating** **U/R****Upside** **n.m.**

Benchmark BET

BET weighting 1%

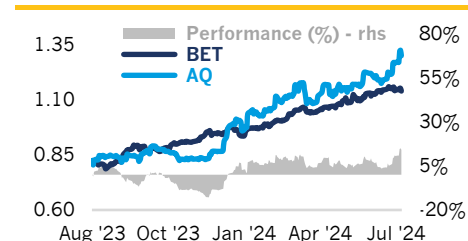
BET one-year return +35.4%

Bloomberg AQ RO

Refinitiv RIC ROAQ.BX

Source: BT Capital Partners, EquityRT

AQ vs. BET (rebased 04 Aug '23)



Source: EquityRT

Key ratios / multiples

	9M '23	FY '23	3M '24	6M '24f
EPS (RON) LTM	0.076	0.081	0.075	0.085
EPS (RON) QTLY	0.024	0.022	0.016	0.022
P/E (x) LTM	10.6	10.6	17.6	15.6
P/S (x) LTM	0.40	0.41	0.62	0.58
EV/EBITDA (x) LTM	7.17	7.05	9.79	8.77

Source: BT Capital Partners

Adrian Hornea

Junior Equity Analyst

E-mail: adrian.hornea@btcapitalpartners.ro

Tel: +40 374 778 843

Trading:

Paul Ardelean

Equity Sales Trader

E-mail: paul.ardelean@btcapitalpartners.ro

Tel: +40 374 778 031

Financial data (RONm)

	2Q '24f	2Q '23	y/y	1Q '24	q/q	6M '24f	6M '23	y/y
Revenue	701.0	559.6	+25.3%	623.8	+12.4%	1,324.8	1,121.6	+18.1%
Cost of sales	(523.3)	(414.0)	+26.4%	(465.1)	+12.5%	(988.4)	(821.9)	+20.3%
Distribution gross margin	21.0%	20.6%	+0.4pp	20.5%	+0.5pp	20.7%	21.4%	-0.7pp
Opex except COGS	(148.2)	(129.5)	+14.5%	(135.1)	+9.8%	(283.3)	(258.2)	+9.7%
Operating profit	31.1	17.7	+76.3%	26.6	+17.2%	57.7	45.7	+26.4%
Operating profit margin	4.4%	3.2%	+1.2pp	4.3%	+0.1pp	4.4%	4.1%	+0.3pp
Net profit a.m.	25.7	15.22	+68.9%	19.6	+30.8%	45.3	41.8	+8.5%
Net profit margin	3.7%	2.7%	+1.0pp	3.2%	+0.5pp	3.4%	3.7%	-0.3pp

Source: BT Capital Partners, Company data

Analyst coverage universe

Analyst	Ticker	Company	Recommendation	Current price (RON)	Target price (RON)
Andrei Ciobotaru	SNP	OMV Petrom	UNDER REVIEW	0.7550	UNDER REVIEW
Andrei Ciobotaru	SNG	Romgaz	UNDER REVIEW	5.69	UNDER REVIEW
Octavian Duma	TGN	Transgaz	UNDER REVIEW	23.2	UNDER REVIEW
Vlad Podea	BRD	BRD Societe Generale	UNDER REVIEW	21.10	UNDER REVIEW
Vlad Podea	DIGI	Digi Communications	UNDER REVIEW	59.6	UNDER REVIEW
Vlad Podea	H2O	Hidroelectrica	NEUTRAL	120.0	125
Octavian Duma	EL	Electrica	UNDERPERFORM	15.36	7.38
Andrei Ciobotaru	SNN	Nuclearelectrica	UNDER REVIEW	45.05	UNDER REVIEW
Vlad Podea	SIFs	Lion Capital; Evergent Investments; Transilvania Investments Alliance; Longshield Investment Group; Infinity Capital Investments	RESTRICTED	-	RESTRICTED
Adrian Hornea	WINE	Purcari Wineries	UNDER REVIEW	14.80	UNDER REVIEW
Adrian Hornea	SFG	Sphera Franchise Group	UNDER REVIEW	39.40	UNDER REVIEW
Adrian Hornea	M	MedLife	UNDER REVIEW	5.32	UNDER REVIEW
Vlad Podea	ONE	One United Properties	NEUTRAL	0.622	0.998
Adrian Hornea	AQ	Aquila Part Prod Com	UNDER REVIEW	1.275	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 '23	0.710	U/R	U/R					

Source: BT Capital Partners

Updated: 06 Aug '24

BT Capital Partners Team

Title	Full name	Number	Email
Deputy CEO, Head of Sales & Trading	Vlad Pintilie	T: (+4) 0 374 778 057	vlad.pintilie@btcapitalpartners.ro

Research Team

Head of Research	Irina Railean	CFA	(+4) 0 374 778 842	irina.railean@btcapitalpartners.ro
Senior Equity Analyst	Vlad Podea	CFA	(+4) 0 374 778 025	vlad.podea@btcapitalpartners.ro
Equity Analyst	Andrei Ciobotaru		(+4) 0 374 778 841	andrei.ciobotaru@btcapitalpartners.ro
Junior Equity Analyst	Adrian Hornea		(+4) 0 374 778 843	adrian.hornea@btcapitalpartners.ro
Junior Equity Analyst	Octavian Duma		(+4) 0 374 778 015	octavian.duma@btcapitalpartners.ro
Head of Macroeconomics	Ioan Nistor	PhD		ioan.nistor@btrl.ro

Sales and Trading

Equity Sales Trader	Paul Ardelean		(+4) 0 374 778 031	paul.ardelean@btcapitalpartners.ro
Equity Sales Trader	Constantin Stirbu		(+4) 0 374 778 051	constantin.stirbu@btcapitalpartners.ro

Support

Head of Operations	Ciprian George Pop		(+4) 0 374 778 024	ciprian.pop@btcapitalpartners.ro
Head of Custody Services	Ileana – Virginia Abrudan		(+4) 0 374 778 014	ileana.abrudan@btcapitalpartners.ro
Custody Officer	Marina Cojoaca		(+4) 0 723 274 780	marina.cojoaca@btcapitalpartners.ro

Disclaimers and disclosures

BT Capital Partners, its directors, and employees may engage in corporate finance activities and provide advisory and sponsoring broker services to some of the issuers mentioned in this Report and any other issuer.

	Ownership (1% or more of issuers securities)	
	Yes	No
BT Capital Partners Analyst		X
BT Capital Partners or its subsidiaries		X

Certification by each of the authors of this Report:

The analyst certifies that the views expressed in this document are an accurate representation of the analyst's personal opinions on the stock or sector as covered and reported on by the analyst herein. The analyst furthermore certifies that no part of the analyst's compensation was, is or will be related, directly or indirectly, to the specific recommendations or views as expressed in this document.

The information and any opinions expressed in this Report do not constitute an offer, or an invitation to make an offer, to buy or sell any securities or any options, futures or other derivatives related to such securities.

General Romanian listed equities rating system

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

Rating distribution for Romanian listed equities rating

As at 06 Aug '24 Recommendation	Total BT Capital Partners	
	Count	% of Total
Outperform	0	0%
Neutral	2	8%
Underperform	1	4%
Under Review	10	40%
Restricted	6	24%
Not rated	6	24%
Coverage in transition	0	0%
Total	25	100%

Disclaimers

This research report has been produced by BT Capital Partners ("BTCP"), a financial investment services company, whose activity is regulated and supervised by the Romanian Financial Supervisory Authority ("FSA") and is solely provided for informational purposes to customers or potential customers of BT Financial Group. This report is not directed to any person in any country in which the distribution of such report is unlawful. BTCP will not treat recipients of this report as its customers by virtue of their receiving this report. This report may not be reproduced, redistributed or published, in whole or in part, without the prior express written permission of BTCP, and BTCP does not accept any liability whatsoever for the actions of third parties in this respect.

This report provides general information only. The information and opinions contained herein constitute a judgment as at the date indicated, are subject to change without notice, and BTCP is under no obligation to update or to keep current such information and opinions. Analysis reports may be updated or modified at a time when BTCP deems necessary. The date at which a report is published or modified are identified in its content and/or in the distribution channels used. Information, opinions and statistical data contained in this report have been obtained or derived from current public information and sources believed to be reliable in good faith, without having been independently verified, and no representation or warranty, express or implied, is made by BTCP as to their accuracy, completeness or correctness and BTCP does not warrant that the information is up to date.

BTCP may, to the extent permitted by law, participate or invest in financing transactions with the issuer(s) of the securities referred to in this report, perform services for or solicit business from such issuers, and/or have a position or holding, or other material interest, or effect transactions, in such securities or options thereon, or other investments related thereto. BTCP may be providing or have provided significant advice or investment services in relation to the investment concerned or a related investment. BTCP has management policies in effect in order to identify and confront conflicts of interest that may arise from such activities. BTCP applies administrative and organisational measures to prevent and avoid conflicts of interest with regards to recommendations, including ways to protect information by separating analysis and research activities from other company activities, presenting all relevant information about potential conflicts of interest in the reports and maintaining permanent objectivity in the reports and recommendations presented.

This report and the information contained does not constitute and should not be construed as an offer to sell, the solicitation of an offer to buy, to subscribe to, investment advice or personal recommendation for investment in any securities discussed herein, and does not take into account the particular investment objectives, financial situations, or needs of individual customers. Users should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice. Nothing in this report constitutes investment, legal, accounting or tax advice and this report is not to be relied upon in substitution for obtaining independent investment advice or for the exercise of independent judgment of the merits and risks of investments.

The analysis contained in this report is based on numerous assumptions. Different assumptions could result in materially different results. This report may include forward-looking statements which, by their nature, involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. No assurances can be given that the forward-looking statements in this report will be realised. Moreover, investments in undertakings, securities or other financial instruments involve risks. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not necessarily indicative of future results, future returns are not guaranteed, and a loss of original capital may occur. BTCP, its affiliates, employees, agents, representatives and associates do not represent or imply any performance level, results or guarantee in relation to any content hereof, nor do they make any claim that the use of this report will result in a particular profit or prevent any loss for a user.

This report may include references to financial instruments in connection to which BTCP could act as a market maker or liquidity provider, or coordinator of any public offering of the issuer's financial instruments in Romania in the last 12 months, or as part of a contract with the issuer regarding the provision of financial investment services provided by BTCP or in connection with the production of this document. Also, BTCP could have a long or short position at any time. BTCP may have made a personal transaction in any of the investments mentioned herein or in associated investments and/or may have a position or a holding in such an instrument.

This report may provide the addresses of, or contain hyperlinks to, websites. Except to the extent to which the report refers to website material of BTCP, BTCP has not reviewed any such site and takes no responsibility for the content therein. Such address or hyperlink is provided solely for convenience reasons and information and the content of any such website does not, in any way, form part of this report. Accessing such website shall be at the user's own risk.

In no event shall BTCP be liable to any party for any damages including without limitation, any direct, indirect, special, punitive, incidental or consequential losses or damages (including, but not limited to, damages for loss of business profits, business interruption, or loss of savings), or any other damages arising – in any way, shape or form – out of the availability, use of or reliance on this report.

Disclosures

BTCP or the authors of this report, may be subject to one of the situations below, with regards to the securities referred to in this report.

1. BTCP has acted as manager/co-manager/adviser in the underwriting or placement of securities of the subject(s) of this report in the past 12 months.
2. BTCP has offered investment banking /financial investment services for the issuer and/or have received compensation or the promise to receive compensation for Investment Banking /financial investment services from the subject(s) of this report during the past 12 months excluding the cases covered under 1 and 13.
3. BTCP holds a long or short net position above 0.5% of the issuer's total share capital, calculated in accordance with Article 3 of Regulation exceeds (EU) 236/2012 and with Chapter III and IV of Commission Regulation (EU) No. 918/2012;
4. BTCP is a market maker or liquidity provider in relation to the securities of the subject(s) of this report.
5. BTCP owns five percent (5%) or more of the total share capital of the subject(s) of this report.
6. The subject(s) of this report and/or its affiliate(s) own five percent (5%) or more of the total share capital of BTCP.
7. BTCP has sent the research report to the subject(s) of this report prior to publication for factual verification.
8. BTCP has received compensation from the subject(s) of this report for the preparation of this research report.
9. Other significant interests of BTCP related to the issuer.
10. The equity research analyst(s) who prepared this report own(s) stocks of this company.
11. The equity research analyst(s) who prepared this report has received and/or purchased stocks in this company prior to the public offering of those stocks; the price and purchase date of the stocks: n/a.
12. The equity research analyst who prepared this report is a member of the Board of Directors /Supervisory Board or Executive Manager of this company.
13. BTCP has acted as an arranger and/or credit facilitator and/or advisor in the issuance of bonds and/or in the provision of credit facility within the past 12 months.

The situations which apply in relation to the securities mentioned in this report are: n.a.

This report was issued by BTCP as part of BVB Research Hub project. BTCP has received compensation from Bucharest Stock Exchange for the preparation of this research report.

For U.S. persons only

This research report is a product of BTCP, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by BTCP only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, BTCP has entered into an agreement with a U.S. registered broker-dealer.

First publication date: 06 Aug '24; 16:30
First dissemination date: 06 Aug '24; 16:35