

Company News

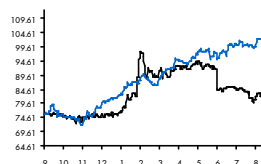
Conpet

August 19, 2021

Utilities/Romania

Hold

Price 18.08.21*	82.4000
Price target	93.0000
Volatility risk	medium
Year high/low	98.0000/72.8000
Currency	RON
RON/EUR	4.92
GDR rate	n.a.
Shares outstanding eoy in mn	8.66
Market capitalisation (total shares) in EUR mn	144.9
Free float	19.7%
Free float in EUR mn	28.6
Avg. daily turnover (12 mn) in EUR mn	0.04
Index	BETI
ISIN code	ROCOTEACNOR7
Bloomberg	COTE RO
Reuters	COTE.BX
www.conpet.ro	



— 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 19.08.21, Source: Reuters/Bloomberg

The recovery of the economy pushed import revenues

- Q2 21 bottom line above RBle and the reference period of last year
- Transport on the import subsystem increased sharply in Q2, above our expectations, and mitigated the decline of the domestic subsystem
- Conpet left the FY guidance unchanged
- We rate the Q2 results as positively, compensating for a weak Q1

Conpet reported on August 12 the results for Q2 21. The results showed small improvements compared to Q1, both operationally and financially. The only notable difference being for other operating revenues which increased by RON 4.4 mn due to one-offs. The net profit was up by 15% yoy (86% qoq), to RON 17.8 mn, while the transported quantities reached 1,680k tons (+15% yoy, subject to the low base effect) an increase of 3% qoq and 2% above RBI estimates.

Strong recovery for the import component: Total revenues including other operating revenues were up by 10% yoy (i.e. RON 10.9 mn), at RON 117.7 mn (+5% qoq). The main driver was the import subsystem, up 34% yoy (i.e. RON 7.2 mn) and 12% above RBle. At the same time other operating revenues showed an increase of 52% yoy (i.e. RON 4.4 mn) as a result of one-offs, according to the information provided by the management in Tuesday's conference call. The domestic segment recorded -1% yoy in revenues after a decrease of -4% yoy in transported quantities. The overall quantities transported this quarter were 2% higher than our estimates, thanks to the good performance of the import component (+10% vs. RBle) while the domestic quantities were 5% lower vs. our estimates but 3% higher compared to Q1 21 volumes. Revenues and volumes transported in H1 21 were slightly above the company's guidance (approx. 1%).

Opex slightly higher than RBle: Opex amounted to RON 99 mn, 3% above our expectations and 9% higher yoy. The main reason was a rise of personnel expenses by 10% yoy. Thus, Q2 21 EBITDA was up by 11% yoy at RON 31.9 mn and 26% qoq. Depreciation was approx. in line with our expectations at RON 13.1 mn. At the same time, a release of provisions was made (i.e. RON 6.6 mn) as a result of advance payments with employee benefits in Q1.

Profitability higher than expected: In Q2 21 EBIT margin reached 18% from 12% in Q1 21, while the net profit margin reached 17% vs. 9%. Both ratios were above our estimation of 17% and 14%, respectively.

Guidance and recommendation: As after Q1 results, Conpet maintains its FY 21 guidance unchanged as the company does not expect significant changes in the short run. We see Q2 as a good one, which managed to compensate for a weak Q1. Given the latest results, as well as the evolution of the economy, we are optimistic and consider that Conpet can reach our forecast for 2021 (i.e. slightly above the management guidance).

Company Q2 2021 results

in RON mn	Q2 21	Q2 20	+/-	RBle	+/-	Q1 21	+/-
Turnover, o/w:	104.9	98.3	7%	105.9	-1%	101.8	3%
Domestic crude	76.0	76.6	-1%	78.9	-4%	72.8	4%
Imported crude	28.4	21.2	34%	25.3	12%	28.4	0%
EBITDA	31.9	28.6	11%	30.9	3%	25.4	26%
EBIT	18.7	16.3	15%	18.2	3%	12.0	56%
Net profit	17.8	15.5	15%	14.7	21%	9.6	86%
EPS	2.1	1.8	15%	1.7	21%	1.1	86%
EBITDA margin	30%	29%		29%		25%	
EBIT margin	18%	17%		17%		12%	
Net profit margin	17%	16%		14%		9%	

Source: Company, RBI/Raiffeisen Research estimates

Date of completion of this report:
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