

# Company News

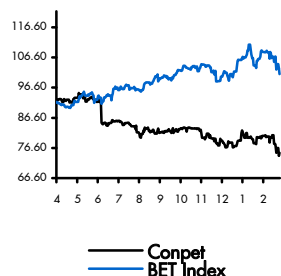
## Conpet

March 2, 2022

Utilities/Romania

### Hold

Price 01.03.22*	75.0000
Price target	86.0000
Volatility risk	medium
Year high/low	94.8000/74.0000
Currency	RON
RON/EUR	4.95
GDR rate	n.a.
Shares outstanding eoy in mn	8.66
Market capitalisation (total shares) in EUR mn	131.3
Free float	19.7%
Free float in EUR mn	25.9
Avg. daily turnover (12 m) in EUR mn	0.04
Index	BETI
ISIN code	ROCOTEACNOR7
Bloomberg	COTE RO
Reuters	COTE.BX
www.conpet.ro	



Source: RBI/Raiffeisen Research

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### Resilient margins thanks to a one-off

- Q4 21 net profit slightly above RBle but below Q4 20
- The increase in opex was kept at only 4% mainly due to a decrease in other expenses of 28% yoy
- Conpet's FY 22 guidance: higher revenues and a flat net profit vs. 2021
- We rate the Q4 results as neutral

Conpet reported Q4 21 results on February 24, and they were slightly above our expectations. The bottom line declined by 3.4% yoy (-22% qoq) to RON 11.5 mn, being slightly above our ex-ante figure (RON 11.2 mn). The lower profitability could be explained by a higher rate of increase in opex (+4% yoy) than in total operating revenues (+3% yoy).

**Decrease in turnover:** Turnover decreased by 3% yoy (-7% qoq), reaching RON 99.5 mn, below our estimate (by 710 bps). The total quantities transported decreased by 8% yoy (-4% for domestic volumes and -12% for imports) but the increase in prices (+4% yoy for domestic and 1% yoy for imports) managed to compensate for this. However, in Q4 2021 total revenues from operations increased by 3% yoy after an increase of 69% yoy (i.e. RON 7 mn) in other revenues from operations as a result of the sale of petroleum products. Thus, for the entire FY 2021, Conpet managed to exceed its budget by 1.4% in terms of total operating revenues.

**Opex beyond our estimates:** Q4 opex came in above our estimates with an increase of 4% yoy, reaching RON 105 mn. Among the factors that led to this increase were: provisions (from RON +2.9 mn in Q4 20 to -2.9 mn in Q4 21), a 41% yoy increase in raw materials (i.e. RON 2.2 mn), an increase in the modernisation quota by 23% yoy (i.e. RON 2.2 mn) and also a 12% yoy increase in depreciation (i.e. RON 1.4 mn). However, other operating expenses decreased by 28% yoy (i.e. RON 5 mn), as a result of the normalisation after a one-off in 2020, thus limiting opex growth. Full-year opex increased by 0.8% vs. the budgeted figure.

**Margins saved by a one-off:** The Q4 EBITDA margin reached 26%, up by 200 bps yoy, while the net profit margin was flat yoy, at 12%. We expected a margin reduction, accounting for our ex-ante Q4 EBITDA margin at 23% and net profit margin at 10%, but the margins were saved by rising other revenues. Thus, in 2021 the EBITDA margin decreased by 75 bps yoy to 27.3%, while the net profit margin shrank by 200 bps to 13%.

**Guidance:** For the time being, the company believes that sanctions on Russia will not affect it (Lukoil accounting for 17% of transport revenues in 2021) and estimates for 2022: total revenues of RON 499 mn, +6.8% yoy (+2.6% vs. RBle) and a net profit of RON 49.7 mn, +0.9% yoy (-11% vs. RBle).

### Conpet – Q4 21 results

in RON mn	Q4 21	Q4 20	+/-	RBle	+/-	Q3 21	+/-
Turnover, o/w:	99.5	102.9	-3.3%	107.0	-7.1%	106.6	-7%
Domestic crude	73.6	73.5	0.2%	73.4	0.3%	73.9	0%
Imported crude	25.3	28.3	-10.7%	30.3	-16.6%	32.2	-21%
EBITDA	25.9	24.7	4.8%	25.1	3.2%	29.7	-13%
EBIT	12.2	12.5	-2.0%	13.2	-7.5%	16.3	-25%
Net profit	11.5	11.9	-3.4%	11.2	2.4%	14.7	-22%
EPS	1.3	1.4	-3.4%	1.3	2.4%	1.7	-22%
EBITDA margin	26%	24%		23%		28%	
EBIT margin	12%	12%		12%		15%	
Net profit margin	12%	12%		10%		14%	

Source: Conpet, RBI/Raiffeisen Research estimates

Date of completion of this report:  
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