

Company News

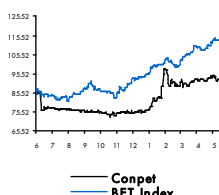
Conpet

May 20, 2021

Utilities/Romania

Hold

Price 19.05.21*	92.6000
Price target	93.0000
Volatility risk	medium
Year high/low	98.0000/72.8000
Currency	RON
RON/EUR	4.93
GDR rate	n.a.
Shares outstanding eoy in mn	8.66
Market capitalisation (total shares) in EUR mn	162.8
Free float	19.7%
Free float in EUR mn	32.1
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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* The indicated price is the last price as available at 6.30 AM on 20.05.21, Source: Reuters/Bloomberg

Lower transported volumes weigh on Q1 results

- Q1 21 top line and net profit below RBle and the reference period of last year
- Domestic transported quantities came in below our estimates as we expected already some smaller positive impact of lifted pandemic restrictions
- Lower top line also impacted profitability negatively
- Conpet left the FY guidance unchanged as it expects a recovery of the transported volumes during the year

Conpet reported a weaker starting quarter with Q1 21 results coming in below RBle. The net profit fell by 41% yoy (20% qoq) to RON 9.6 mn and was also 35% below our estimates. The main reason for the weaker trends were lower than expected transported volumes.

Revenues below expectations: Total revenues including other operating income was down by 4% at RON 111.9 mn on the back of the domestic segment which recorded 7% lower revenues vs. our estimates. The volume was about in line with the company's guidance (1% below). It seems that the increase in tariffs approved by the regulator in February was not able to cover the drop in volumes of this quarter. Total transported volumes of 1.6 mn tons were 4% below RBle and 11% lower yoy. Volumes in both segments fell short of our model assumptions (i.e. 6% for domestic and 2% for imported), as we in particular expected a qoq recovery in domestic volumes due to somewhat eased pandemic restrictions.

Opex in line with RBle: Opex matched our expectations and were up by 3% yoy at RON 99.9 mn on the back of 8% yoy higher personnel expenses. Thus, Q1 21 EBITDA dropped by 13% yoy at RON 25.4 mn but was up 3% qoq. EBITDA missed our forecast by 15%. The main reason therefore was the above mentioned lower revenue generation (4% lower vs. our forecast). Depreciation charges were in line with our expectations at RON 13.4 mn.

Lower volumes negatively impact profitability: In Q1 21 EBIT margin dropped to 12% from 16% in Q1 21, while net profit margin reached 9% vs. 15%, but was about in line with our estimate of 14%

Guidance and recommendation: Despite the weaker than expected performance in Q1 21, Conpet maintains FY 21 guidance unchanged (i.e. turnover of RON 407 mn and a net profit of RON 49 mn) as the company expects a recovery of the transported volumes close to the budgeted levels or slightly higher.

Company Q1 2021 results

in RON mn	Q1 21	Q1 20	+/-	RBle	+/-	Q4 20	+/-
Turnover, o/w:	101.8	105.7	-4%	107.0	-5%	102	0%
Domestic crude	72.8	76.9	-5%	78.0	-7%	73	-1%
Imported crude	28.4	28.1	1%	27.7	2%	28	0%
EBITDA	25.4	29.3	-13%	30.0	-15%	25	3%
EBIT	12.0	17.1	-30%	16.6	-28%	13	-4%
Net profit	9.6	16.3	-41%	14.6	-35%	12	-20%
EPS	1.1	1.9	-41%	1.7	-35%	1	-20%
EBITDA margin	25%	28%		28%		24%	
EBIT margin	12%	16%		16%		12%	
Net profit margin	9%	15%		14%		12%	

Source: Company, RBI/Raiffeisen Research estimates

Date of completion of this report:
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