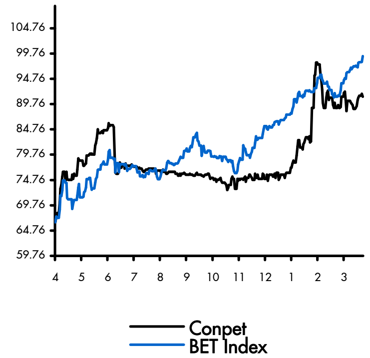
Company Report
Conpet

March 31, 2021 Utilities/Romania

Hold

Price 30.03.21*	91.2000
Price target	93.0000
Volatility risk	n.a.
Year high/low	98.0000/66.4000
Currency	RON
RON/EUR	4.91
GDR rate	n.a.
Shares outstanding eoy in mn	8.66
Market capitalisation (total shares) in EUR mn	160.7
Free float	19.7%
Free float in EUR mn	31.7
Avg. daily turnover (12 m) in EUR mn	0.03
Index	BETI
ISIN code	ROCOTEACNOR7
Bloomberg	COTE RO
Reuters	COTE.BX
www.conpet.ro	



Source: RBI/Raiffeisen Research

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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* The indicated price is the last price as available at 6.30 AM on 31.03.21, Source: Reuters/Bloomberg

A pipe of restricted cash...

Conpet (COTE) operates the national crude oil, rich gas and condensate transportation grid in Romania. It has a 30-year concession agreement to operate the grid until 2032, providing services for refineries. Conpet transports crude for two significant clients: OMV Petrom (80% of 2020 turnover) and Lukoil (18% of 2020 turnover). We reinitiate our coverage with a HOLD recommendation and set our 12m cum-dividend TP of RON 93.0 obtained using a DCF model and an economic profit approach. We see in general limited growth potential for the company, which is however reflected in the current share price, in our view.

Stable top line: We noticed that regulated tariffs were relatively stable during 2018-2020 (i.e. between RON 55 – 59/ton), while the EBIT margin ranged from 17%-15% over the same period. We expect an increase in both domestic and import tariffs (up by 5% yoy) starting from 2021 that could mitigate the surge in personnel costs and the decline in domestic volumes for the coming years. Also, we expect a rebound to the pre-pandemic level in 2021, followed by a decline of 1.5-2.0% p.a. in domestic crude transported volumes, in line with OMV Petrom's crude oil output. Thus, we expect total transported volumes to remain almost flat until 2023e, with a shift in structure.

Mix shifting towards imports but with rather stable profitability: The current trend of shifting volumes from crude produced domestically to imported crude, on the back of declining production in Romania, should not significantly affect the company's profitability in the near future. However, we noticed that operating costs are mostly fixed and we believe that operating margins could contract from 16% last year to 14% in 2023e. We see Conpet's bottom line declining slightly from RON 61 mn last year to around RON 57 mn in 2023e.

Restricted cash: According to the management, the equity structure does not allow the distribution of special dividends, as the reserves are based either on the modernisation quota or on the revaluation of some assets. Therefore, only 2020 earnings could be distributed to shareholders. We expect that Conpet will have a pay-out ratio close to 95% in the long run and to continue to pay dividends at attractive yields (up to 7% over 2021e-23e) above other regulated utilities peers, despite increasing capex.

Thus, we chose to value the company based on a DCF method which we cross check with an economic profit approach. Therefore, we reinitiate our coverage with a HOLD recommendation and set our 12m TP at RON 93 (including the RON 6.9 dividend that will be paid in 2021), which points to a potential upside of 2% for the share price.

Key figures and ratios

RON	*12/2019*	*12/2020*	*12/2021e*	*12/2022e*	*12/2023e*
Sales (mn)	408	407	428	438	446
EBITDA (mn)	110	114	120	124	128
EBIT (mn)	62	65	67	63	64
Net profit a.m. (mn)	59	61	58	56	57
Earnings per share (adj.)	6.801	7.028	6.755	6.439	6.568
EPS adjusted growth	-3.0%	3.3%	-3.9%	-4.7%	2.0%
Adjusted PE ratio	11.7	10.8	13.5	14.2	13.9
DPS	7.18	6.90	6.42	6.12	6.24
Dividend yield	9.0%	9.1%	7.0%	6.7%	6.8%
EV/EBITDA	4.1	4.0	5.2	5.2	5.1
Price book value	1.1	1.0	1.2	1.2	1.2

Source: Conpet, RBI/Raiffeisen Research estimates

Raiffeisen RESEARCH

Investment case

Monopoly on crude transportation

Conpet is the sole domestic transporter of crude, rich gas and condensate, operating under a concession agreement with the National Agency for Mineral Resources (ANRM). The company provides services for the local refining sector, which is now made up of three refineries still in operation: Petrobrazi (OMV Petrom), Petrotel (Lukoil) and Petromidia (Rompetrol). This sector has constantly shrunk in size since its peak during the communist regime and the active refineries processed only 12 mn tons of crude oil in 2019, reflecting a utilisation rate of around 30% due to a lower capacity utilisation.

In 2021e, we expect a rebound in imported volumes close to the pre-pandemic level driven by higher domestic consumption of motor fuels. However, the decline in domestic transported volumes for Conpet will likely continue for the longer term due to OMV Petrom's falling domestic output of crude oil.

Cost plus methodology

The tariffs are set on an annual basis by ANRM, according to a cost plus methodology. They are based on a formula that adds to estimated operating costs the modernisation quota, inflation and an operating profit which is considered reasonable by the regulator, all divided by expected transported volumes for the next year. According to the company, the regulator usually sees annual inflation for services as a cap to yoy increases in tariffs. In 2020, ANRM inched up tariffs for domestic crude transportation to RON 87.53/ton, while the average tariff for imported crude transportation was lifted by 4.8% to RON 23.67/ton compared to 2019. The regulator decided to increase both types of tariffs for 2021e: (i) a 4% increase for domestic crude transportation to RON 91.03/ton and (ii) an average increase of 5% for imported crude transportation to RON 24.88/ton. We believe that increases in transportation tariffs will continue to be capped to inflation at best, which could not mitigate the negative effect of falling domestic crude volumes on total revenues.

The main risk is regulatory

Besides the guaranteed operating profit, which according to the management, was set by the regulator between 5%-10% of revenues in the past, we also reckon that most of Conpet's extra EBIT comes from: (i) better optimisation costs vs. those included in tariffs and (ii) higher transported volumes than those used to set the tariffs. These advantages might be short-lived, as the regulator might decide to adopt a tougher stance, which we consider as one of the main risks to Conpet's profitability. In addition, we also see a negative point for the company due to the limited visibility from the regulator as the tariffs are based on a perceived guarantee profit rate above its cost base, which could be unpredictable, despite showing stability in the past.

High dependency on two large clients

The transport revenues coming from OMV Petrom represented 80% of 2020 turnover, while Lukoil accounted for 18%. We see this dependency as a further risk for the company's future as Petrom's oil fields are maturing and production is on a downward trend; while Lukoil might use the refinery from Burgas, Bulgaria, as an alternative to process crude.

We see declining domestic transported volumes

In terms of transported volumes, we expect domestic crude volumes to increase by 1% yoy to 3.44 mn tons this year close to pre-pandemic level, followed by a decline of 1.5-2% p.a. starting 2022e in line with OMV Petrom's crude oil output. We see an increase in imported crude volumes in the forecasted period, in line with refining margins.

Mix shifting towards imports but with rather stable profitability

The current trend of shifting volumes from crude produced domestically to imported crude, on the back of declining production in Romania, should not significantly affect the company's profitability in the near future. However, we noticed that operating costs are mostly fixed and we believe that operating margins could contract from 16% last year to 14% in 2023e. We see Conpet's bottom line declining slightly from RON 61 mn last year to around RON 57 mn in 2023e. We expect pay-out ratios close to 95% in the long run, given the hefty cash position, while dividend yields are expected around 7% over 2021e-23e, despite increasing capex. However, large part of capex is financed by cash generated from the modernisation quota. Therefore, it should not affect dividend distributions, in our view.

SWOT analysis

Strengths and opportunities

- Natural monopoly for crude transportation services;
- Regulated business, with a guaranteed operating profit;
- High pay-out ratio;
- Strong net cash position representing around 27% of market cap at end of 2020;
- Management selected based on the Government ordinance aimed to improve corporate governance;

Weaknesses and threats

- High dependency on just two clients operating in a mature sector;
- Regulatory risk on tariff setting;
- Low capacity usage (37.5%) and mostly fixed operating expenses
- Low investment needs and the unused modernisation quota cause a build-up in cash;

Recent developments and outlook

The only significant business segment for Conpet is crude transportation, where the key drivers of profitability are regulated tariffs and transported volumes.

Supportive regulatory environment

The upward revision in tariffs confirmed that Conpet's revenues allowed by the regulator are the most stable among utilities. We believe the National Agency of Mineral Resources (ANRM) is much more focused now on maintaining Conpet's profitability, rather than aiming to pass on cost efficiencies towards the company's customers. In 2020, the new regulations maintained domestic revenues flat (1% yoy increase), even though domestic transported volumes dropped (9% yoy) due to the pandemic restrictions together with some variable costs (such as materials and other costs). Excepting last year, the imported crude segment volumes increased from 3.3 mn tons to 3.6 mn tons in 2017-19, while average imported tariffs per ton inched up 6.4% leading to superior profitability. The regulator has not disclosed the gross profitability approved for the new tariffs, but the company pointed to a regulated EBIT margin between 5%-10%.

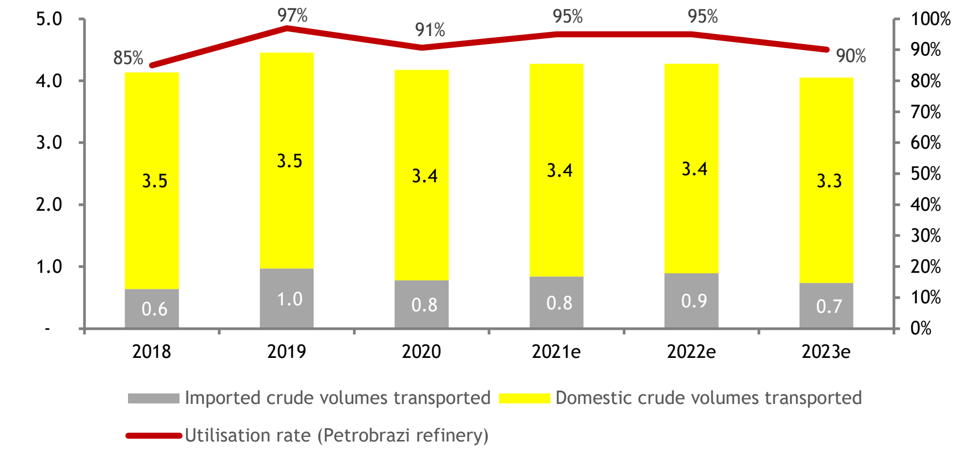
Lack of visibility on the regulatory side

The most significant risk for Conpet's profitability is the lack of visibility on the regulatory side that allows for a perceived guaranteed profit rate above its cost base, which could be unpredictable, in our view. Also, there is a large difference between the actual EBIT margin (ca. 16% last year) and what the regulator considers as being normal (around 7% last year). The difference comes from lower realised costs and higher than expected volumes versus the estimates used in setting the tariffs. We believe that increases in transportation tariffs will continue to be capped to inflation at best, which would not mitigate the negative effect of falling domestic crude volumes on total revenues. However, our base-case scenario is that the regulator's actions might trigger only a slight cut in Conpet's EBIT margin from 16% in 2020 to 14% in 2023e, which would still be close to what ANRM considers as a regulated profit.

OMV Petrom should increase imports

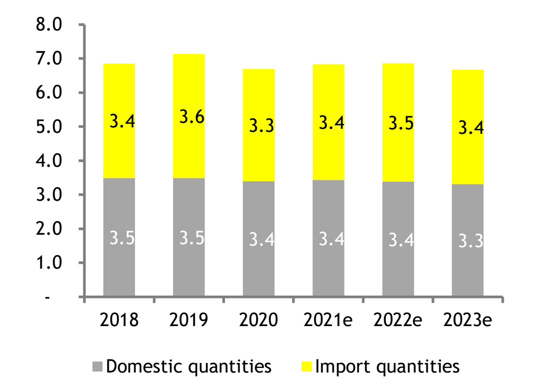
We noticed that the mix is shifting away from domestic crude oil production towards imports, which is in line with the country's oil consumption trend. As a result, in 2019, Conpet's imported volumes exceeded domestic volumes (3.64 mn tons vs. 3.49 mn tons) we expect this trend to continue and also a higher contribution coming from the imported segment in the forecasted period. However, we anticipate a higher tariff increase for the domestic segment in order to support a similar profitability for the company.

Volumes transported for OMV Petrom in 2018-2023e (mn tons)



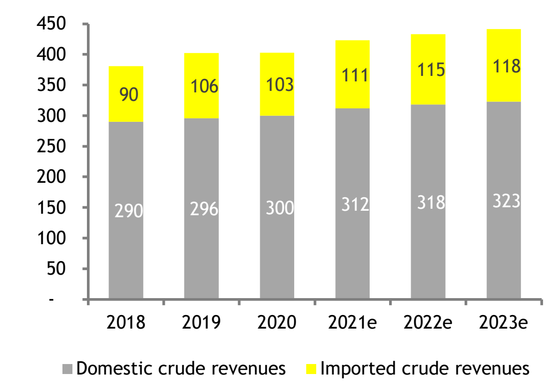
Source: Companies, RBI/Raiffeisen Research estimates

Volumes transported in 2018-2023e (mn tons)



Source: Conpet, RBI/Raiffeisen Research estimates

Revenues in 2018-2023e (RON mn)

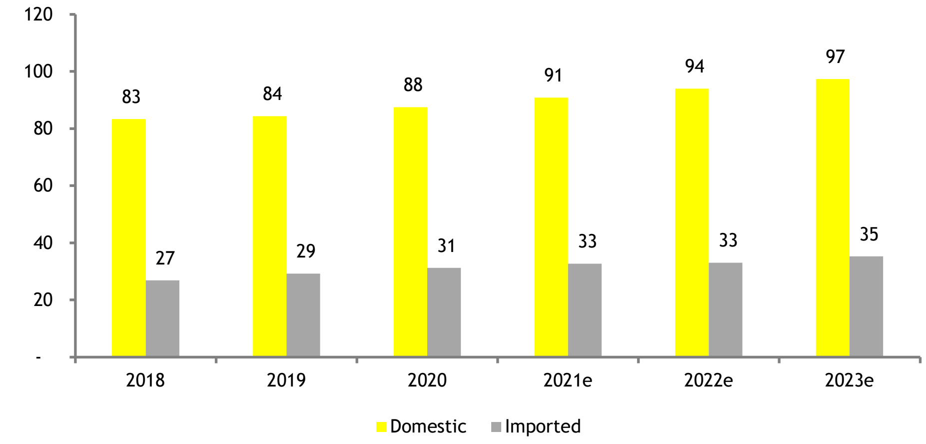


Source: Conpet, RBI/Raiffeisen Research estimates

Domestic tariffs driven up by lower volumes

For 2021e, the regulator has just increased both types of tariffs (a 4% increase in domestic crude transportation tariff and an average increase of 5% in tariff on the imported crude segment). In the longer term, we see falling domestic crude volumes in line with OMV Petrom's crude oil output, while domestic tariffs should be trending up close to inflation (up to 3% p.a. until 2023e). We expect tariffs for imported crude for the main client Petrotel Lukoil to grow marginally, as costs for this segment are mostly fixed and since we see lower volatility in transported volumes for this segment. Overall, our model include a higher increase in total revenues (4% on average) compared to the company's last earnings guidance mainly due to higher tariffs. Our estimates are based on the historical trend that the tariffs had and we consider it rather prudent, as can be seen in the chart below.

Average tariffs 2018-2023e (RON/ton)

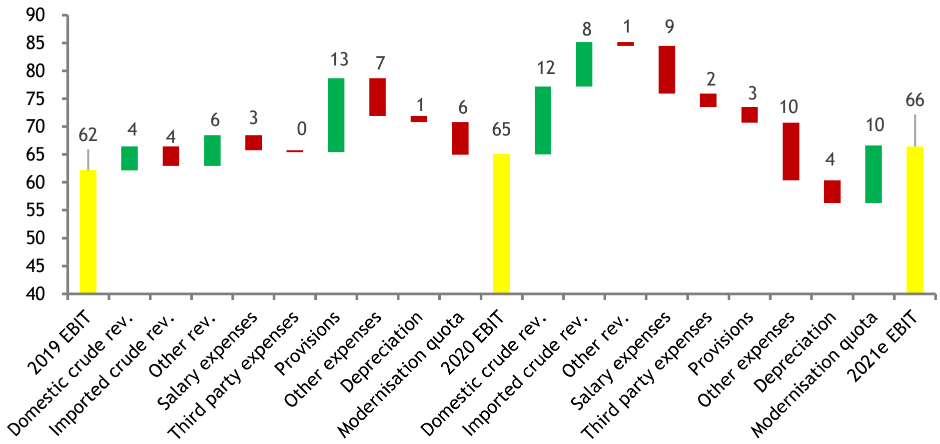


Source: Conpet, RBI/Raiffeisen Research estimates

Personnel costs erode margins

On the expenses side, we expect personnel costs to have the most significant impact on Conpet's profitability. Even with the domestic and import tariffs revised upwards, we see the EBIT margin slightly declining towards 14% until 2023e.

EBIT evolution between 2019-2021e (RON mn)

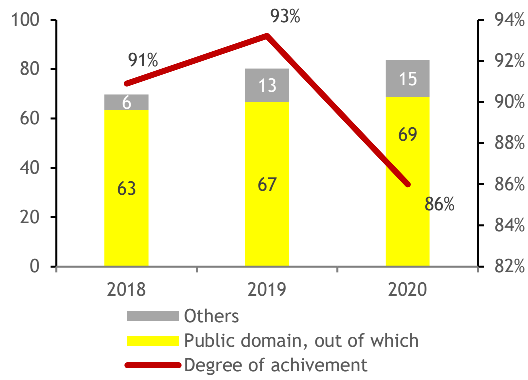


Source: Conpet, RBI/Raiffeisen Research estimates

Modernisation quota just partially invested

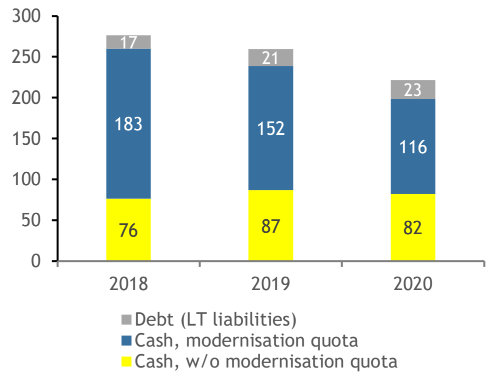
The modernisation quota is a fiscal facility used for the modernisation of assets in the public domain. In the past four years, the quota represented an average of 10% of transport revenues and it gives Conpet the advantage of having tax-deductible funds for investments with no impact on profitability as an equivalent non-cash expense is booked. However, the current level of capex needs, constantly below the modernisation quota, is the source of the increasing cash position. There is a risk that the regulator reduces the quota if large projects do not materialise, but we believe that it is too early to anticipate such a decision and that this might not affect Conpet's profitability.

Capex (RON mn)



Source: Conpet

Net cash breakdown (RON mn)



Source: Conpet

Dilutive share capital increase might be once again on the agenda

On a separate topic, we believe the issue regarding dilution for minority shareholders resulting from the value of land plots held by the state (valued at RON 63.8 mn), which represent 8% of the market cap, could be discussed once again during the upcoming GSMs. This initiative has come from the Court of Account, which has asked Conpet to increase the value of its share capital in view of some state-owned land plots that the company is using. However, we see low chances for a share capital increase to be implemented, as it can only be performed with the agreement voted on in the presence of shareholders holding more than 75% of the shares. We have not taken this risk into account in our model, as in the past and this year the required quorum was far from been reached.

Strategy and investments

We expect cash build-up to continue

We see capex around RON 91 mn per year between 2021e-23e, focused mainly on rehabilitating the current infrastructure. Given that the modernisation quota (RON 116 mn in 2020) would stand above our capex estimates, we expect the cash build-up to continue.

Some ramp-up in capex ahead, with the impact mitigated by its modernisation quota

Our capex estimate amount to around RON 91 mn p.a. The company's investments stood at RON 84 mn in 2020, higher yoy, despite the pandemic restrictions, but still below the investment plan of RON 98 mn. At the end of 2020, the company had a net cash balance of RON 198 mn, out of which a large part (59%) represents cash accrued from the modernisation quota, which can only be used for developments in the public domain, being non-distributable as dividend. The company planned capex of RON 385.7 mn over 2014-19, out of which RON 309.6 mn was eligible for modernisation quota use. The company replaced 535 km of pipelines over 2013-19, representing 14% of its overall system of 3,800 km. Overall, in the past three years, Conpet executed most of the budgeted capex, with an average execution rate of 90%.

Going forward, we expect some ramp-up in capex.

In order to restart the economy affected by the 2020 lockdown measures, the Government asked the state-owned companies for a five-year investment plan targeting infrastructure investments and economic growth. Thus, in June 2020 Conpet proposed and adopted a cumulative capex over the period 2020-25e of RON 450 mn, which was proposed for revision in March 2021. The new capex guidance over 2021-23e is estimated to RON 330 mn, out of which RON 261 mn will be financed through the modernization quota. Most of the investments planned are earmarked to improve the existing public system, rather than developing projects. Most investments are pipeline rehabilitations, replacing river crossings on the Danube and improvements in its own consumption losses.

Given the company's recent history of overestimating their execution capacity, we see the total average capex around RON 91 mn p.a. between 2021e-23e, which implies an 83% realisation rate for the management's investment plan. Over the forecasted period, we estimate that 78% of the capex plan will be financed through the modernisation quota.

Profitability & dividends

The cost structure of Conpet is dominated by wages (49% of total opex in 2020) and transportation costs (19% of costs), which include the railway transportation contract. The modernisation quota expense has a moderate weight (11%), while royalties and other third-party expenses account for just 13% of total costs.

Only transportation costs might come down

Headcount was down by 3% yoy in 2020 at an average of around 1,540 employees. We believe that personnel will trend down by 1% annually between 2021-23e, as many of Conpet's employees are close to retirement age (ca. 50% above the age of 51). On the other hand, wage increases with inflation would drive up personnel costs. We expect variable cost items, such as material expenses and operating expenses for transportation systems (mainly by railway) to go down in line with transported domestic volumes until 2023e. However, our assumptions on the costs forecasted over 2021-23e are similar with the company's last guidance, released in March.

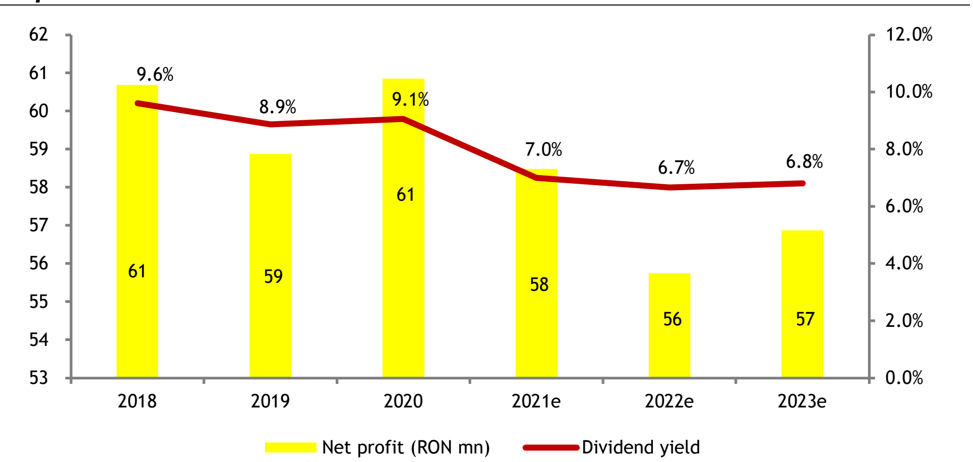
The current trend of shifting volumes from crude produced domestically to imported crude, on the back of declining production in Romania, should not significantly affect the company's profitability in the near future.

EBIT to decline starting next year, but still above regulated margin

We expect EBIT to decline starting year, but will likely still be above the regulated margin. However, we see EBIT margin slightly declining from 16% in 2020 to around 14% in 2023e as we could not exclude a possible negative impact coming from lower transported volumes of domestic crude, in the case of increases in tariffs capped to inflation might not be sufficient to mitigate the effect of volumes. Despite that, the EBIT margin would still be close to what the regulator considers as a regulated operating profit margin of 5%.

Overall, we see Conpet's bottom line declining slightly from RON 61 mn last year to around RON 57 mn in 2023e. We expect pay-out ratios close to 95% in the long run, given the hefty cash position, while dividend yields are expected around 7% over 2021-23e.

Net profit evolution 2018-2023e



*Source: Conpet, RBI/Raiffeisen Research estimates, *historical DYs based on end-of-year share prices*

Looking back to 2020 results

Sales were almost flat yoy in 2020, despite the pandemic context which led to significantly lower demand in the retail market. However, the decline of 6% yoy to 6.7 mn tons in transported volumes driven mostly by the shrinkage in imported volumes (10% yoy to 3.3 mn tons) was mitigated by higher tariffs (5% average increase approved starting January 2020). Other operating revenues were up by 16% yoy to RON 40.7 mn on the back of higher revenues from the modernisation quota and other revenues.

Conpet 2020 financial results

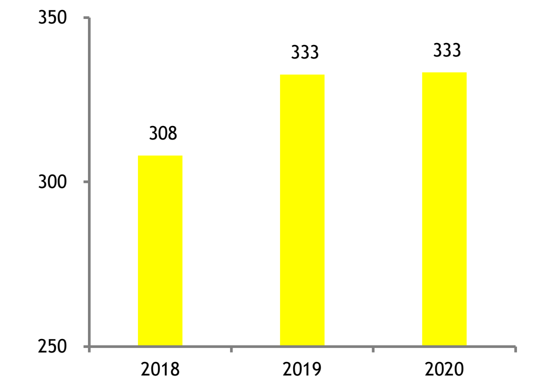
in RON mn	FY 20	FY 19	+/-	Q4 20	Q4 19	+/-
Turnover, o/w:	406.9	407.8	0%	101.8	102.8	-1%
Domestic crude	299.9	295.6	1%	73.5	74.6	-1%
Imported crude	102.9	106.4	-3%	28.3	28.2	0%
Opex	333.3	332.6	0%	104.0	104.7	-1%
EBITDA	114.3	110.4	4%	21.1	20.1	5%
EBIT	65.0	62.1	5%	9.2	7.9	17%
Net profit	60.8	58.9	3%	10.0	7.5	33%
EBITDA margin	28%	27%		21%	20%	
EBIT margin	16%	15%	`	9%	8%	

Sources: Conpet

Last year the cost structure of Conpet consisted mainly of personnel expenses, third-party expenses (mostly 59% railway transportation, 29% royalties) and operating expenses (mostly 77% representing modernisation quota costs, a non-cash expense meaning 10% of regulated revenues).

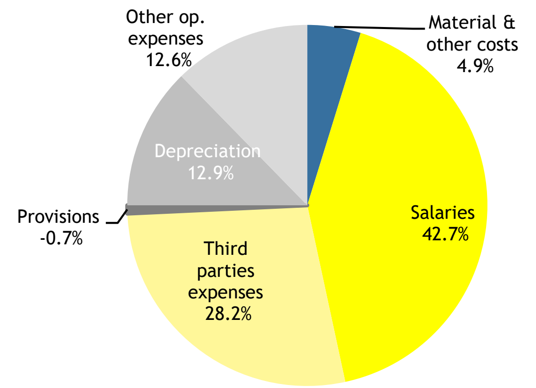
Opex was almost flat yoy to RON 333.3 mn on the back of higher personnel costs (1.7% yoy) and modernisation quota costs (19% yoy), which were mitigated by some savings regarding provisions costs (RON 13.3 mn yoy), railway costs (RON 2.7 mn yoy) and materials and other costs (RON 2.1 mn yoy).

Opex trend 2018-2020 (RON mn)



Sources: Conpet

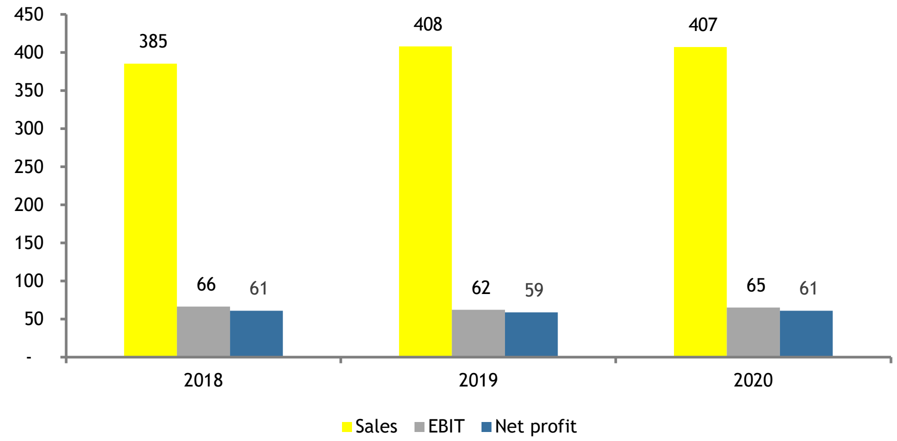
Opex structure in 2020



Sources: Conpet

In the past three years the EBIT margin ranged from 17%-15% mainly due to a higher growth rate of opex compared to the evolution of sales revenues. In 2020, EBIT reached RON 65 mn, 5% higher yoy, while the bottom line was increased by 3% yoy to RON 60.8 mn despite the decline of 22% yoy in interest revenues offered by the banks for deposits.

Net profit evolution 2018-2020 (RON mn)



Sources: Conpet

Valuation

DCF checked by economic profit approach and relative valuation

We value Conpet using a Discounted Cash Flows model and as a cross check an economic profit approach and relative valuation.

Negative terminal growth rate

We assume a negative TV growth rate of -1% because Conpet is exposed to the domestic refining industry, which has seen a significant reduction in the last 30 years; at the same time, the main line of activity, domestic crude oil transport, depends on Petrom domestic production which is in a natural depletion phase. In addition, we believe that the demand for motor fuels should decline in the long run, as interest in electric cars has taken off and public policies are increasingly focusing on ESG factors.

Main assumptions of the model

We believe that the experience and know-how gained so far will help the company to extend its concession period of the national system after 2032. However, we believe that the net profit rate will remain relatively constant in the short run, helped by the regulatory framework and underpinned by cost plus methodology. However, in the long run, we believe that the activity will decrease, making it difficult for players dependent on the fossil fuel industry. Our TV EBITDA margin assumption of 28.8% is about in line with the level we assume for the coming years. The DCF model derives a cum-dividend fair value of RON 93.0 applying a TV WACC of 9.6% (target capital structure off 100% equity, levered beta of 0.8, market risk premium of 6.5%, TV risk free rate of 4.5%).

The economic profit approach confirms our DCF findings

The economic profit renders a fair value per share of RON 88.6 (computed as the average of 2021e and 2022e post-tax ROCE), slightly above the DCF approach's fair value, and confirms our HOLD recommendation. Adjusting for the dividend that will be distributed in 2021 the fair value per share would be RON 95.5.

Economic profit approach

in RON mn	*2021e*	*2022e*
EBIT	66.6	63.3
EBIT margin	15.6%	14.4%
Tax rate	-16.0%	-16.0%
NOPAT	55.9	53.2
Capital employed	662.8	672.4
ROCE	8.4%	7.9%
WACC	8.6%	8.8%
EV/CE multiple	0.98	0.90
Enterprise value	652.5	602.7
Net debt	-168.9	-146.8
Pension and severance provisions	18.2	19.2
Financial investments	0	0
Minorities	0	0
Equity value	803.3	730.3
Number of shares (mn)	8.7	8.7
Value per share (RON)	92.8	84.4

Source: RBI/Raiffeisen Research estimates

Dividend yields above peers

Most comparable companies are not regulated and located in the US, so we consider it more suitable for the relative valuation to use utilities companies in the European Union. As we can see, Conpet trades at a premium to the CEE peer group in terms of P/E and EV/EBITDA; at the same time, the company offers a generous dividend vs. the group of comparable companies that can be appealing.

We highlight the fact that the utilities companies used in the second peer group are from Western European countries and most (except Enagas and Snam) are distributors or operators of power grids.

Peer comparison

	P/E		*EV/EBITDA*		*DY*	
	21e	*22e*	*21e*	*22e*	*21e*	*22e*
Energa	6.9	7.1	4.6	4.5	0.0 %	0.6 %
ENEA	3.1	3.4	3.1	3.2	0.0 %	1.4 %
Tauron	4.1	4.1	4.9	4.5	0.0 %	0.0 %
Transgaz	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Transelectrica	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Electrica	22.5	18.5	n.a.	n.a.	5.5 %	5.5 %
PGE SA	11.4	9.9	3.9	4.0	0.0 %	0.4 %
Median CEE Peers	**6.9**	**7.1**	**4.2**	**4.2**	**0.0 %**	**0.6 %**
Snam	13.6	14.0	13.1	13.2	5.5 %	5.9 %
Terna	16.6	17.1	12.3	12.8	4.4 %	4.7 %
Red Electrica	12.0	11.8	9.2	9.2	6.8 %	6.8 %
Enagas	12.7	12.7	10.1	9.9	9.1 %	9.0 %
Elia	23.2	21.2	14.1	13.6	1.9 %	2.0 %
National Grid	16.6	14.8	12.4	11.5	5.7 %	7.8 %
Median European Peers	**15.1**	**14.4**	**12.4**	**12.1**	**5.6 %**	**6.3 %**
Conpet	**13.5**	**14.2**	**5.2**	**5.2**	**7.0%**	**6.7%**

Source: Bloomberg, RBI/Raiffeisen Research estimates

12m target price of RON 93 and HOLD recommendation

We reinitiate our coverage with a HOLD recommendation, after obtaining a fair value of RON 86 per share as our 12m target price, following the application of the DCF model while the cum dividend value per share is RON 93. This value implies a potential upside of 2% for the share price.

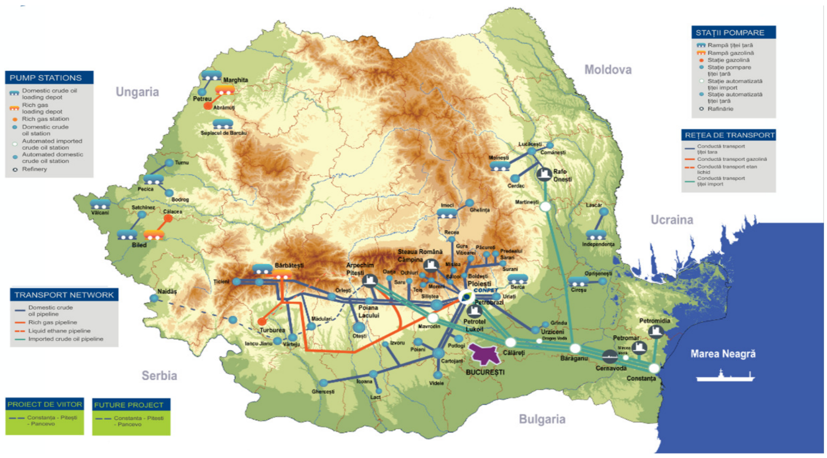
Company profile

Monopoly on crude transportation

Conpet's core businesses include: i) domestic transportation of crude oil, rich gas and condensate through pipelines and railway transportation (ca. 74% of 2020 revenues) and (ii) transportation of imported crude oil from Oil Terminal in Constanta to two Romanian refineries (ca. 25% of 2020 revenues). The transportation grid covers 3,800 km of pipelines with a total transport capacity of

18.1 mn tons/year and consists of four main subsystems: i. subsystem for domestic crude transportation, with a length of 1,540 km, capacity of 6.1 mn tons/year, ii. subsystem for imported crude transportation (1,350 km in length, 12 mn tons/year capacity), connecting Oil Terminal in Constanta with two refineries, iii. subsystem for rich gas and ethane transportation (920 km length, transportation capacity of 0.23 mn tons/year for gasoline and 0.1 mn tons/year for ethanol), connecting various fields to two refineries of OMV Petrom, out of which just one is in operation, iv. subsystem of railway transportation (12 km of railway, loading/offloading platforms, 13 locomotives, 40 cars for crude, 29 for gasoline, supporting facilities), supplying OMV Petrom's and Lukoil refineries.

National crude oil transport system



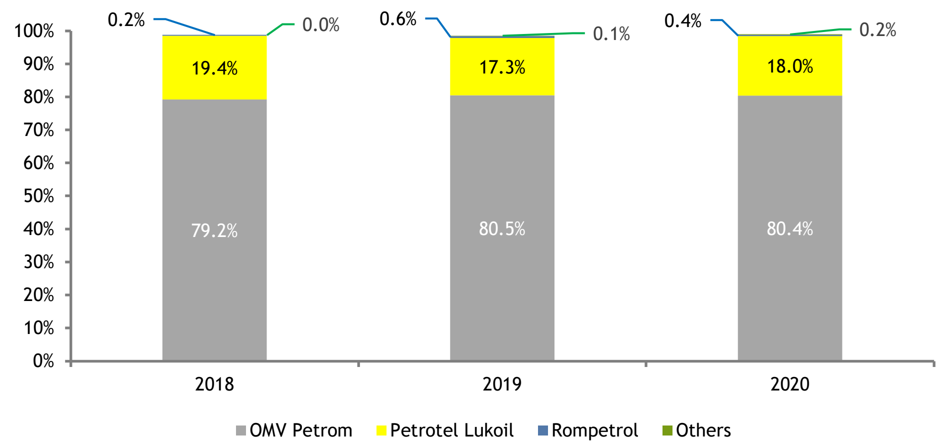
Source: Conpet

Business overview

Focused on just one business segment

99% of Conpet's sales come from the transportation of crude oil, while only small amounts of up to RON 4.1 mn are coming from land rental, telecommunications equipment, shunting cars and the sale of tubular materials. The capacity usage of the transportation system was at 37.5% in 2020. Conpet's main clients now are OMV Petrom (80.4%) and Lukoil Petrotel (18.0%).

Share of key clients in sales revenues



Sources: Conpet

High dependency on two large clients

Conpet is highly dependent on two large counterparties for its business. OMV Petrom had a majority share of 80% in 2020 revenues. It uses both business segments of Conpet and counts more on domestically transported crude, which comes at a higher cost and an implicitly higher tariff. Petrotel Lukoil accounts for a majority share of the imported crude transports, generating 18% of Conpet's revenues. However, we should bear in mind that Lukoil has also developed a Burgas refinery (located in Bulgaria) that might offer an alternative route in case of pricing hikes that distort the economics. It seems that Lukoil prefers the Romanian refinery instead of the Bulgarian due to higher efficiency and conversion factor.

The third client of the company is Rompetrol (a KazMunayGas entity), which operates the Petromidia refinery and has its own lifting terminal and operates its own volumes. However, Rompetrol is contracting Conpet's services during bad weather conditions and scheduled maintenance.

Shareholders

State owns 58.7162% of the company's shares

The Romanian state is the majority shareholder holding 58.7162%, while the free float accounts for 41.2838%. At this moment, there are three funds with significant stakes in Conpet: Paval Holding (6.69%), Utilico Emerging Markets Trusts (8.35%) and SIF Banat Crisana (6.5%). Therefore, the remaining free float now stands at 19.7438%.

Management

One-tier management structure

Conpet is managed under a one-tier management structure. The Board has seven members, who were selected based on the Government ordinance aimed to improve corporate governance. We assessed the Board having at least three members with no ties with the company or the state. The chairman is Mr. Gheorghe Cristian-Florin and the CEO of the company is Mr. Dorin Tudora.

The management team has three executive members (CEO, Deputy CEO, CFO) with a proven experience in Conpet. The management is appointed for a period of four years (CEO started in 2021, Deputy CEO started in 2019, CFO started in 2018) and reports to the Board.

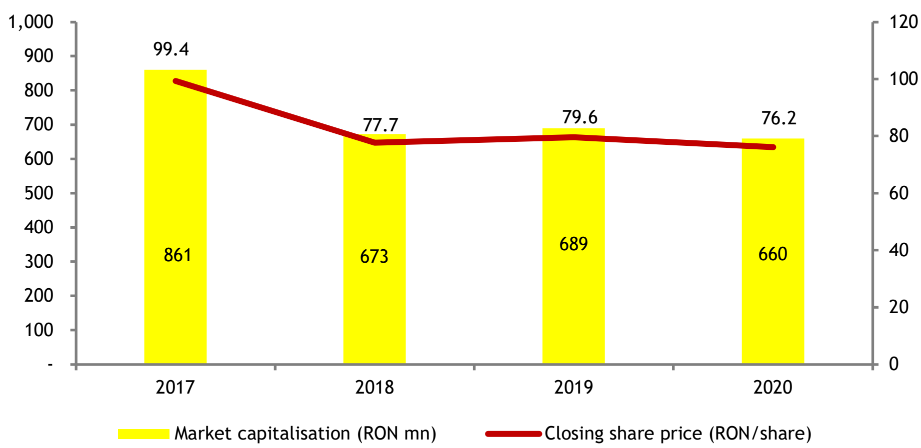
Share price

Evolution and upcoming triggers

Conpet was listed on the RASDAQ market in the middle of 2004. Starting September 2013, Conpet's shares were listed on the regulated market administered by the Bucharest Stock Exchange, in the Premium category.

The company's share price decreased by 30% if we compare the closing price of the last trading day of 2020 with the same period of 2017. However, 2020's closing share price was RON 76.2, down by 4.2% yoy despite the pandemic outbreak.

Market Capitalisation and share price evolution 2017-2020



*Source: Bucharest Stock Exchange, *values as end of year closing*

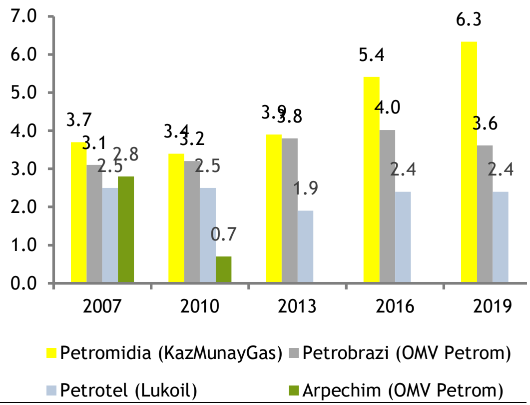
Important: Please read the references at the end of this report to possible conflicts of interest and disclaimers/disclosures.

Market overview

Refining sector in decline in the past years

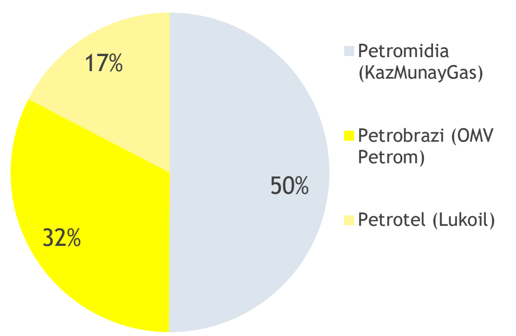
The Romanian oil-refining sector has gone through significant changes during the past years, as seven refineries from the communist era were shut down, due to a lack of efficiency and dependency on oil imports. After Petrom shut down Arpechim refinery in 2011, there are only three active refineries in Romania: Petromidia (Rompetrol), Petrobrazi (OMV Petrom) and Petrotel (Lukoil), which had a refining capacity of around 13.9 mn tons of crude in 2019.

Romanian refining sector production (mn tons)



Source: Companies

Breakdown of refining capacity in Romania as of 2019 (mn tons)



Source: Companies

Regional refinery investments coming back

In the coming years the decline in refining capacities is expected to slow due to investments which should boost and streamline existing capacities and implement superior technologies targeting higher refining margins. This trend was confirmed in Central and Eastern Europe in countries like Croatia, Hungary and Romania between 2018-2019. Furthermore, at the level of the Black Sea there is a significant increase in Turkey's refining capacity (25-30%). In 2018 SOCAR opened a new STAR refinery located in Izmir with a capacity of 10k tons/year, which will supply the main premium materials to the Petchim petrochemical plan. It is not excluded that these products may also address the Romanian market, through SOCAR Petroleum.

DCF Valuation

FCF projection (RON mn)	2021e	2022e	2023e	2024e	2025e	2026e	TV CF
Consolidated sales	**428.1**	**438.3**	**446.3**	**454.2**	**462.5**	**471.4**	**480.8**
EBITDA	120.0	124.0	127.9	127.5	130.9	134.5	138.2
EBITA	66.6	63.3	64.2	62.0	66.1	74.3	82.7
Taxes paid on EBITDA	-11.1	-10.6	-10.3	-9.9	-10.6	-11.9	-13.2
NOPLAT	**55.9**	**53.2**	**53.9**	**52.1**	**55.6**	**62.4**	**69.5**
Adj. NOPLAT	55.9	53.2	53.9	52.1	55.6	62.4	69.5
Depreciation of PPE & intangibles	53.4	60.7	63.7	65.6	64.8	60.2	55.6
Gross investment in PPE & intangibles	-86.4	-93.7	-93.8	-74.6	-70.7	-62.4	-54.4
Change in working capital	0.6	0.9	0.3	0.5	0.5	0.6	-0.4
NWC/Sales	-7.6%	-7.7%	-7.6%	-7.6%	-7.5%	-7.5%	-7.5%
Change in LT provisions other than tax	-1.6	1.1	1.0	0.0	0.0	0.0	0.0
Net acquisitions & disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Free cash flow to firm	22.0	22.1	25.0	43.6	50.2	60.8	70.2
Adj. free cash flow to firm	**22.0**	**22.1**	**25.0**	**43.6**	**50.2**	**60.8**	**70.2**
EV DCF, mid-year assumption	**577.4**	**606.0**					
+ MV of non-operating assets eop	0.0	0.0					
- MV of net debt eop	-168.9	-146.8					
- MV of minorities eop	0.0	0.0					
Adjustments to EV eop	0.0	0.0					
Fair value of equity	**746.4**	**752.8**					
Shares outstanding (mn)	8.7	8.7					
Fair value per share (in RON)	**86.2090**	**86.9518**					

Value drivers	2021e	2022e	2023e	2024e	2025e	2026e	TV CF
Consolidated sales yoy	5.2%	2.4%	1.8%	1.8%	1.8%	1.9%	-1.0%
EBITDA margin	28.0%	28.3%	28.7%	28.1%	28.3%	28.5%	28.8%
Rate of taxes paid	-16.0%	-16.0%	-16.0%	-16.0%	-16.0%	-16.0%	-16.0%
Working capital/sales	-7.6%	-7.7%	-7.6%	-7.6%	-7.5%	-7.5%	-7.5%
Capex/depreciation	161.8%	154.4%	147.4%	113.7%	109.1%	103.7%	98.0%
Free cash flow margin	5.1%	5.0%	5.6%	9.6%	10.9%	12.9%	14.6%

WACC	2021e	2022e	2023e	2024e	2025e	2026e	TV CF
Target capital structure (at MV)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Debt/equity ratio (at MV)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Risk free rate (local)	3.5%	3.8%	4.0%	4.3%	4.5%	4.5%	4.5%
Equity market premium	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%
Levered beta	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Cost of equity	8.6%	8.8%	9.1%	9.3%	9.6%	9.6%	9.6%
Cost of debt	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Tax rate	-16.0%	-16.0%	-16.0%	-16.0%	-16.0%	-16.0%	-16.0%
WACC	**8.6%**	**8.8%**	**9.1%**	**9.3%**	**9.6%**	**9.6%**	**9.6%**

Sensitivity analysis

Growth sensitivity (RON)			Terminal growth rate				
WACC	**-2.5%**	**-2.0%**	**-1.5%**	**-1.0%**	**-0.5%**	**0.0%**	**0.5%**
8.1%	89.764	92.625	95.786	99.295	103.213	107.617	112.603
8.6%	85.997	88.552	91.361	94.464	97.908	101.755	106.078
9.1%	82.567	84.859	87.367	90.125	93.171	96.552	100.329
9.6%	79.432	81.496	83.746	**86.209**	88.916	91.907	95.227
10.1%	76.557	78.422	80.449	82.658	85.076	87.735	90.671
10.6%	73.912	75.603	77.434	79.424	81.593	83.968	86.579
11.1%	71.470	73.008	74.669	76.468	78.422	80.552	82.884

Margin sensitivity (RON)			FCF margin TV				
WACC	**13.1%**	**13.6%**	**14.1%**	**14.6%**	**15.1%**	**15.6%**	**16.1%**
8.1%	92.975	95.082	97.188	99.295	101.401	103.508	105.614
8.6%	88.611	90.562	92.513	94.464	96.414	98.365	100.316
9.1%	84.690	86.502	88.313	90.125	91.937	93.749	95.560
9.6%	81.148	82.835	84.522	**86.209**	87.896	89.583	91.270
10.1%	77.935	79.509	81.083	82.658	84.232	85.807	87.381
10.6%	75.007	76.479	77.952	79.424	80.896	82.369	83.841
11.1%	72.328	73.708	75.088	76.468	77.848	79.228	80.608

Source: RBI/Raiffeisen Research estimates

Income statement (RON mn)	*12/2018*	*12/2019*	*12/2020*	*12/2021e*	*12/2022e*	*12/2023e*
Consolidated sales	**385.1**	**407.8**	**406.9**	**428.1**	**438.3**	**446.3**
Changes in inventories & own work capitalised	0.0	0.0	0.0	0.0	0.0	0.0
Other operating income	33.6	35.2	40.7	40.0	41.2	42.3
Total revenues	**418.7**	**443.0**	**447.6**	**468.1**	**479.5**	**488.6**
Material costs	-18.2	-20.7	-18.6	-19.3	-19.8	-19.7
Personnel expenses	-140.3	-159.9	-162.6	-171.1	-177.4	-181.6
Other operating expenses	-149.5	-152.0	-152.2	-157.7	-158.3	-159.4
EBITDA	**110.7**	**110.4**	**114.3**	**120.0**	**124.0**	**127.9**
Adjusted EBITDA	110.7	110.4	114.3	120.0	124.0	127.9
Depreciation of PPE and intangibles	-44.5	-48.3	-49.3	-53.4	-60.7	-63.7
EBITA	**66.2**	**62.1**	**65.0**	**66.6**	**63.3**	**64.2**
Amortisation, impairment of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	**66.2**	**62.1**	**65.0**	**66.6**	**63.3**	**64.2**
Adjusted EBIT	66.2	62.1	65.0	66.6	63.3	64.2
Investment income	0.0	0.0	0.0	0.0	0.0	0.0
Net interest income	5.5	7.9	6.1	3.4	3.6	4.1
Other financial result	-0.0	-0.3	-0.7	-0.4	-0.5	-0.6
Financial result	**5.5**	**7.6**	**5.4**	**3.1**	**3.1**	**3.5**
Earnings before taxes	**71.7**	**69.7**	**70.5**	**69.6**	**66.4**	**67.7**
Taxes on income	-11.0	-10.8	-9.6	-11.1	-10.6	-10.8
Extraordinary result	0.0	0.0	0.0	0.0	0.0	0.0
Net profit before minorities	**60.7**	**58.9**	**60.8**	**58.5**	**55.7**	**56.9**
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0
Net profit after minorities	**60.7**	**58.9**	**60.8**	**58.5**	**55.7**	**56.9**
Adjusted Net profit	60.7	58.9	60.8	58.5	55.7	56.9

Changes yoy	*12/2018*	*12/2019*	*12/2020*	*12/2021e*	*12/2022e*	*12/2023e*
Consolidated sales yoy	2.2%	5.9%	-0.2%	5.2%	2.4%	1.8%
EBITDA yoy	-13.2%	-0.3%	3.5%	4.9%	3.3%	3.2%
EBITA yoy	-20.3%	-6.2%	4.6%	2.4%	-4.9%	1.5%
EBIT yoy	-20.3%	-6.2%	4.6%	2.4%	-4.9%	1.5%
EBT yoy	-17.3%	-2.8%	1.1%	-1.2%	-4.7%	2.0%
Net profit after minorities yoy	-18.4%	-3.0%	3.3%	-3.9%	-4.7%	2.0%

Margins	*12/2018*	*12/2019*	*12/2020*	*12/2021e*	*12/2022e*	*12/2023e*
Material costs margin	-4.7%	-5.1%	-4.6%	-4.5%	-4.5%	-4.4%
EBITDA margin	28.8%	27.1%	28.1%	28.0%	28.3%	28.7%
EBITA margin	17.2%	15.2%	16.0%	15.6%	14.4%	14.4%
EBIT margin	17.2%	15.2%	16.0%	15.6%	14.4%	14.4%
EBT margin	18.6%	17.1%	17.3%	16.3%	15.1%	15.2%
Net margin	15.8%	14.4%	15.0%	13.7%	12.7%	12.7%

Profitability	*12/2018*	*12/2019*	*12/2020*	*12/2021e*	*12/2022e*	*12/2023e*
Return on assets	8.1%	7.8%	8.0%	7.7%	7.2%	7.2%
Return on equity	9.2%	9.0%	9.3%	8.9%	8.4%	8.4%
Return on capital employed	9.2%	9.0%	9.3%	8.9%	8.4%	8.4%

Cash flow statement (RON mn)	*12/2018*	*12/2019*	*12/2020*	*12/2021e*	*12/2022e*	*12/2023e*
Earnings before taxes	**71.7**	**69.7**	**70.5**	**69.6**	**66.4**	**67.7**
Taxes paid	-11.0	-10.8	-9.6	-11.1	-10.6	-10.8
Amortisation and depreciation	44.5	48.3	49.3	53.4	60.7	63.7
Other non-cash items	-20.0	-34.5	-15.5	-38.7	-36.1	-36.6
Cash flow from result	**85.2**	**72.6**	**94.7**	**73.2**	**80.3**	**83.9**
Change in working capital	-1.2	21.4	-7.3	-0.2	0.9	0.3
Operating cash flow	**84.0**	**94.0**	**87.3**	**73.0**	**81.2**	**84.2**
Capex PPE and intangible assets	-87.5	-84.1	-102.0	-86.4	-93.7	-93.8
Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Disposal of fixed assets (total)	0.5	0.0	0.1	0.0	0.0	0.0
Other items (investments)	113.1	31.1	36.4	43.7	45.9	47.4
Investing cash flow	**26.0**	**-53.0**	**-65.6**	**-42.7**	**-47.8**	**-46.5**
Dividend payments	-60.2	-60.1	-59.1	-59.7	-55.6	-53.0
Other changes in equity	0.0	0.0	0.0	0.0	0.0	0.0
Change in financial liabilities	0.0	-2.0	-3.0	0.0	0.0	0.0
Other items	0.0	0.0	0.0	0.0	0.0	0.0
Financing cash flow	**-60.2**	**-62.1**	**-62.1**	**-59.7**	**-55.6**	**-53.0**

Source: Conpet, RBI/Raiffeisen Research estimates

Balance sheet (RON mn)	12/2018	12/2019	12/2020	12/2021e	12/2022e	12/2023e
Current assets	**313.8**	**290.9**	**245.0**	**219.2**	**198.2**	**183.9**
Liquid funds	259.7	238.6	198.3	168.9	146.8	131.6
Receivables	43.2	42.2	40.3	42.2	43.2	44.0
Inventories	9.2	8.2	5.9	6.2	6.4	6.5
Other assets	1.8	1.9	0.6	1.8	1.8	1.8
Fixed assets	**437.4**	**476.2**	**514.9**	**547.9**	**580.9**	**611.1**
Property, plant & equipment	430.6	467.0	504.5	536.8	568.4	600.7
Intangible assets	2.8	3.0	4.3	5.1	6.5	4.3
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets	3.9	6.2	6.1	6.1	6.1	6.1
Deferred tax assets	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Total assets	**751.1**	**767.1**	**759.9**	**767.1**	**779.1**	**794.9**
Current liabilities	**72.8**	**92.4**	**79.6**	**82.9**	**84.9**	**86.1**
Short-term borrowings	0.0	0.0	0.0	0.0	0.0	0.0
Notes & trade payables, payments received	19.2	27.2	23.6	24.8	25.4	25.9
Other current liabilities	53.7	65.3	56.0	58.1	59.5	60.2
Long-term liabilities	**16.7**	**20.8**	**23.3**	**21.8**	**22.9**	**23.8**
Long-term borrowings	0.0	0.0	0.0	0.0	0.0	0.0
Long-term provisions	14.8	20.8	23.3	21.8	22.9	23.8
Other long-term liabilities	2.0	0.0	0.0	0.0	0.0	0.0
Hybrid & other mezzanine capital	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Shareholders' equity	**661.6**	**653.8**	**657.0**	**662.4**	**671.3**	**685.0**
Minority interests	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Deferred tax liabilities	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Total liabilities	**751.1**	**767.1**	**759.9**	**767.1**	**779.1**	**794.9**
Balance sheet (RON mn)	***12/2018***	***12/2019***	***12/2020***	***12/2021e***	***12/2022e***	***12/2023e***
Net working capital	-18.8	-40.2	-32.8	-32.7	-33.5	-33.8
Net interest-bearing debt	-259.7	-238.6	-198.3	-168.9	-146.8	-131.6
Capital employed	661.6	653.8	657.0	662.4	671.3	685.0
Market capitalisation	672.7	689.1	659.7	789.6	789.6	789.6
Enterprise value	413.0	450.6	461.4	620.6	642.8	658.0
Financing (x)	***12/2018***	***12/2019***	***12/2020***	***12/2021e***	***12/2022e***	***12/2023e***
Interest cover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Internal financing ratio	1.0	1.1	0.9	0.8	0.9	0.9
Net gearing	-39.3%	-36.5%	-30.2%	-25.5%	-21.9%	-19.2%
Quick ratio	4.2	3.1	3.0	2.6	2.3	2.1
Fixed assets cover	1.6	1.4	1.3	1.2	1.2	1.2
Capex / depreciation	2.0	1.7	2.1	1.6	1.5	1.5
Equity ratio	88.1%	85.2%	86.5%	86.4%	86.2%	86.2%
Per share data (RON)	***12/2018***	***12/2019***	***12/2020***	***12/2021e***	***12/2022e***	***12/2023e***
Weighted avg. no. of shares (mn)	8.7	8.7	8.7	8.7	8.7	8.7
EPS reported	7.0086	6.8007	7.0281	6.7552	6.4389	6.5685
Earnings per share (adj.)	7.0086	6.8007	7.0281	6.7552	6.4389	6.5685
Operating cash flow per share	9.7075	10.8587	10.0855	8.4375	9.3773	9.7258
Book value per share	76.4135	75.5193	75.8889	76.5088	77.5354	79.1201
DPS	7.4678	7.1795	6.8966	6.4173	6.1168	6.2399
Payout ratio	106.6%	105.6%	98.1%	95.0%	95.0%	95.0%
Valuation (x)	***12/2018***	***12/2019***	***12/2020***	***12/2021e***	***12/2022e***	***12/2023e***
PE reported	11.1	11.7	10.8	13.5	14.2	13.9
Adjusted PE ratio	11.1	11.7	10.8	13.5	14.2	13.9
Price cash flow	8.0	7.3	7.6	10.8	9.7	9.4
Price book value	1.0	1.1	1.0	1.2	1.2	1.2
Dividend yield	9.6%	9.0%	9.1%	7.0%	6.7%	6.8%
Free cash flow yield	-0.4%	1.4%	-2.2%	-1.7%	-1.6%	-1.2%
EV/sales	1.1	1.1	1.1	1.4	1.5	1.5
EV/EBITDA	3.7	4.1	4.0	5.2	5.2	5.1
EV/EBIT	6.2	7.2	7.1	9.3	10.2	10.2
EV/operating cash flow	4.9	4.8	5.3	8.5	7.9	7.8
Adjusted EV/CE	1.0	1.1	1.0	1.2	1.2	1.2
Adjusted EV/CE vs. ROCE/WACC				1.2	1.2	1.2

Source: Conpet, RBI/Raiffeisen Research estimates

Conpet

SWOT Analysis

Strengths/Opportunities	***Weaknesses/Threats***
▪ Natural monopoly for crude transportation services	▪ High dependency on just two clients operating in a mature sector
▪ Regulated business, with a guaranteed operating profit	▪ Regulatory risk on tariff setting
▪ High pay-out ratio	▪ Low capacity usage (37.5%) and mostly fixed operating expenses
▪ Strong net cash position representing 27% of market cap at end 2020	▪ Low investment needs and the unused modernisation quota cause a build-up in cash

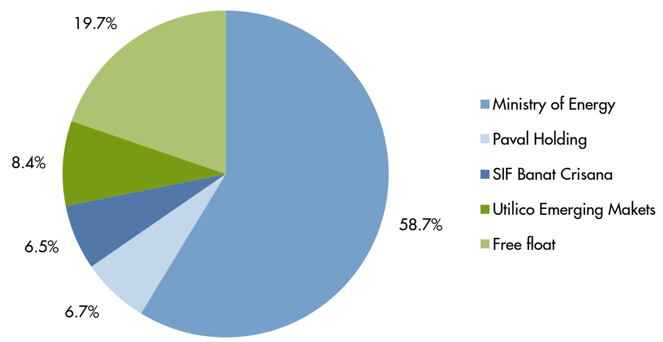
Fact Sheet

Company description

Conpet (COTE) operates the national crude oil, natural gasoline and condensate transportation grid. The company has a 30 years concession agreement to operate the grid granted in July 2002 by the National Agency for Mineral Resources (ANRM).

Core businesses include: (i) domestic transportation of crude oil, gasoline and condensate through pipelines and railway transportation (ca. 67% of 2020 revenues), and (ii) transportation of imported crude oil from Oil Terminal in Constanta to three Romanian refineries (ca. 23% of 2020 revenues).

Shareholder structure



Income statement	***12/2020***	***12/2021e***	***12/2022e***	***12/2023e***
(RON mn)				
Consolidated sales	406.9	428.1	438.3	446.3
EBITDA	114.3	120.0	124.0	127.9
EBIT	65.0	66.6	63.3	64.2
EBT	70.5	69.6	66.4	67.7
Net profit bef. min.	60.8	58.5	55.7	56.9
Net profit after min.	60.8	58.5	55.7	56.9
Balance sheet				
Total assets	759.9	767.1	779.1	794.9
Shareholders' equity	657.0	662.4	671.3	685.0
Goodwill	0.0	0.0	0.0	0.0
NIBD	-198.3	-168.9	-146.8	-131.6
Cash flow statement				
Operating cash flow	87.3	73.0	81.2	84.2
Investing cash flow	-65.6	-42.7	-47.8	-46.5
Change NIBD	-40.3	-29.3	-22.1	-15.2

Per share data	***12/2020***	***12/2021e***	***12/2022e***	***12/2023e***
(RON)				
EPS pre-goodwill	7.028	6.755	6.439	6.568
Adj. EPS diluted	7.028	6.755	6.439	6.568
Operating cash flow	10.086	8.438	9.377	9.726
Book value	75.889	76.509	77.535	79.120
Dividend	6.897	6.417	6.117	6.240
Payout ratio	98.1%	95.0%	95.0%	95.0%
Valuation (x)				
PE pre-goodwill	10.8	13.5	14.2	13.9
Adj. PE diluted	10.8	13.5	14.2	13.9
Price cash flow	7.6	10.8	9.7	9.4
Price book value	1.0	1.2	1.2	1.2
Dividend yield	9.1%	7.0%	6.7%	6.8%
FCF yield	-2.2%	-1.7%	-1.6%	-1.2%
EV/EBITDA	4.0	5.2	5.2	5.1
EV/EBIT	7.1	9.3	10.2	10.2
EV/operating CF	5.3	8.5	7.9	7.8

Source: Conpet, RBI/Raiffeisen Research estimates

Publication schedule

Date	Publication
28.04.2021-29.04.2021	Annual General Meeting
13.05.2021	Q1 Earnings release
12.08.2021	Q2 Earnings release
15.11.2021	Q3 Earnings release

Recommendation history

Coverage universe recommendation overview

	buy	hold	reduce	sell	suspended
Universe	191	147	11	10	0
Universe %	53%	41%	3%	3%	0%
Investment services and activities and ancillary services	137	123	6	5	0
Investment services and activities and ancillary services %	51%	45%	2%	2%	0%

Source: RBI/Raiffeisen Research, rounding differences may occur

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