

FLASH NOTE

Quercus TFI -

Target Price: PLN | Close as of 03/01/2024: PLN 5.74

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4Q23 Results Preview

Quercus TFI is due to publish its 4Q23 results in March likely. We expect strong quarter with net profit of PLN 18.4m (+415% y/y).

AuM and yield: Average AuM amounted to PLN 4.07bn in the quarter, which is 11% higher on a quarterly basis and +37% y/y. We estimate gross management fee yield reached 1.43% in 4Q23 (vs. 1.45% in 3Q23 and 1.5% a year ago). Average assets in Xelion were approx. 2% higher q/q.

Revenues: As a result of abovementioned factors, we estimate revenues from management fee improved by 10% q/q to PLN 13.8m. We assume PLN 23m of success fee in the quarter, which is a further improvement from conditional success fee of PLN 17.1m estimated as of end of 3Q23.

OPEX: We expect proportional increase in distribution costs and an increase in SG&A costs due to annual and performance bonuses.

Summary of Financial Data

P&L	4Q22	3Q23	4Q23E	q/q	y/y	2022	2023E	y/y
Revenues	19.8	25.2	48.3	92%	144%	93.1	118.2	27%
Management fee	10.8	12.6	13.8	10%	28%	48.2	49.3	2%
Success fee	1.2	1.3	23.0			1.2	25.0	
Others	7.8	11.3	11.4	1%	46%	43.7	43.9	0%
OPEX	18.1	21.5	26.9	25%	49%	78.1	89.5	15%
Distribution	7.4	10.1	10.8	6%	46%	37.3	39.7	6%
SG&A	10.7	11.4	16.2	42%	51%	40.8	49.8	22%
EBIT	1.7	3.7	21.3	483%	1159%	14.9	28.6	92%
Net financial income	2.8	2.5	1.6			2.8	9.7	
Gross profit	4.5	6.1	22.9	274%	414%	17.7	38.4	117%
Tax	0.7	1.3	4.4			3.0	7.4	
Minorities	0.2	0.2	0.2			0.6	0.7	
Net profit	3.6	4.7	18.4	295%	415%	14.1	30.3	115%
Key figures	4Q22	3Q23	4Q23E	q/q	y/y	2022	2023E	y/y
Average AuM (PLN m)	2 969	3 653	4 073	11%	37%	3 512	3 551	1%
AuM (eop, PLN m)	3 054	3 821	4 409	15%	44%	3 054	4 409	44%
AuM yield (gross)	1.50%	1.45%	1.43%			1.48%	1.47%	-1%
Distribution / revenues*	40%	42%	43%			41%	43%	
SG&A/ revenues	54%	45%	33%			44%	42%	
Effective tax rate	16.5%	20.8%	19.0%			17.1%	19.3%	

Source: Erste Group Research. *excl. success fee

Opinion. Positive. *The strong fourth quarter is a mix of high net inflows and excellent performance of managed funds. This should continue to support earnings in 2024. Given stock's last month's performance of over 20%, we believe this is at least partly recognised by the market.*

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