

Quercus TFI

3Q22 Results Review

Analyst:
Lukasz Janczak
+48 22 257 5754
lukasz.janczak@erstegroup.com

Quercus reported 3Q22 net profit of PLN 2.9m (-9% q/q, -29% y/y), 15% above our estimates.

Revenues came in at PLN 22m (-7% q/q), 2% above our forecast. In other operating revenues, Quercus reversed PLN 0.74m provisions for future commitments (most likely for distribution costs). Company did not book a success fee in the quarter, while the conditional success fee as the end of 3Q22 amounted to PLN 2.8m (vs. PLN 2m in our forecast and vs. PLN 0.17m as of end of 2Q22).

OPEX of PLN 18.4m, was 3% below our forecasts, with slightly lower than assumed both distribution and SG&A costs. **Net financial income** reach only PLN 0.1m, vs. PLN 0.7m expected by us, due to PLN 0.67m loss on investments, of which PLN 0.3m loss is related to exposure to GetBack. We also note lower than usual **effective tax rate**.

Xelion delivered net profit of PLN 1.7m in 9M22, of which PLN 0.8m in 3Q22.

Teleconference today at 14:00 [\[link\]](#)

OPINION. Neutral. Results are slightly higher than our estimates. On the one hand, they were supported by the release of provisions, on the other hand were hit by loss on investments. We highlight visible increase in success fee, suggesting much better fourth quarter and full-year 2022 net income of around PLN 15m (P/E = 10.9x).

Summary of Financial Data

P&L	3Q21	2Q22	3Q22	q/q	y/y	ERSTE	vs. E	9M21	9M22	y/y
Revenues	15.3	23.5	22.0	-7%	43%	21.5	2%	43.4	73.3	69%
Management fee	15.0	12.3	11.3	-8%	-25%			28.3	37.4	32%
Others	0.3	11.3	10.7					3.0	35.9	#####
OPEX	10.1	20.2	18.4	-9%	83%	19.0	-3%	32.3	60.1	86%
Distribution	5.4	9.9	8.5	-14%	59%	8.7		17.4	29.9	72%
SG&A	4.7	10.3	9.9	-4%	111%	10.3		14.9	30.1	102%
EBIT	5.3	3.4	3.6	7%	-32%	2.6	40%	10.2	13.2	30%
Net financial income	-0.2	0.7	0.1			0.7		3.4	0.0	
Gross profit	5.1	4.1	3.7	-9%	-28%	3.3	13%	13.6	13.3	-2%
Tax	1.0	0.7	0.6			0.6		2.3	2.3	
Minorities	0.0	0.2	0.2			0.2		0.0	0.4	
Net profit	4.1	3.2	2.9	-9%	-29%	2.5	15%	11.3	10.6	-6%
Key figures	3Q21	2Q22	3Q22	q/q	y/y	ERSTE		9M21	9M22	y/y
Average AuM (PLN m)	3 888	3 585	3 155	-12%	-19%			3 530	3 674	4%
AuM (eop, PLN m)	3 943	3 280	2 957	-10%	-25%			3 943	2 957	-25%
AuM yield (gross)	1.65%	1.48%	1.47%					1.59%	1.47%	-7%
Distribution / revenues	35%	42%	39%					40%	41%	
SG&A/ revenues	31%	44%	45%					34%	41%	
Effective tax rate	19.9%	18.2%	16.5%					16.9%	17.2%	

Source: Erste Group Research

Sales Contact

Jacek Jakub Langer

+48 22 257 5711

jacek.langer@erstegroup.com

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