

Quercus TFI

Company:	Quercus TFI
Recommendation:	Not rated
Target Price PLN:	Not rated
Date of results:	11.08.2023

PLN mn	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	2023e	2024e
Revenues	37.2	27.8	23.5	22.0	19.8	20.9	22.1		
Gross margin	27.6	27.8	23.5	22.0	19.8	-19.8	-20.4		
EBITDA	14.7	6.4	3.4	4.7	2.6	2.0	2.7		
EBIT	14.6	6.3	3.4	3.6	1.7	1.1	1.7		
Net profit	11.6	4.5	3.3	2.9	3.5	3.3	3.8		
Y/Y change									
Revenues	47%	103%	47%	20%	-47%	-25%	-6%		
Costs	42%	153%	78%	41%	-28%	-171%	-187%		
EBITDA	32%	266%	14%	-16%	-82%	-69%	-21%		
EBIT	32%	295%	21%	-32%	-88%	-83%	-50%		
Net income	21%	43%	-8%	-29%	-70%	-26%	17%		
Margins									
Costs	74.2%	100.0%	100.0%	100.0%	100.0%	-94.9%	-92.5%		
EBITDA	39.6%	23.0%	14.3%	21.2%	13.3%	9.5%	12.1%		
EBIT	39.3%	22.7%	14.3%	16.3%	8.6%	5.1%	7.5%		
Net income	31.1%	16.0%	13.8%	13.2%	17.7%	15.7%	17.2%		
Multiples (12M trailing)									
P/E	10.8	9.6	8.6	7.5	13.4	16.7	15.7		
EV/EBITDA	9.3	3.3	3.7	3.1	7.6	12.7	12.8		

Source: Company, Pekao Equity Research

Supportive results of funds, slight growth of AUM

- At the end of 2Q23 **AUM** of Quercus TFI came in at PLN 3,441m (5% y/y, 8% q/q). On a y/y basis, declining assets of QRS Ochrony Kapitału (-23% y/y) and QRS Global Balanced (-23% y/y) were more than offset by rising AUM of QRS Agresywny (42% y/y), QRS Obligacji Skarbowych (35% y/y) and QRS Stabilny (49% y/y). Quarterly growth of total assets was driven by rising AUM of QRS Agresywny (22% q/q), QRS Ochrony Kapitału (11% q/q), QRS Dłużny Krótkoterminowy (21% q/q) and QRS Obligacji Skarbowych (6% q/q).
- In 2Q23 **net flows** to Quercus TFI amounted to PLN +105m (vs. PLN -4m in 1Q23 and vs. PLN -304m in 2Q22). In FY 2022 net flows came in at PLN -1,167m.
- In 2Q23 we expect **fixed fee** to improve to PLN 11.8m (6% q/q) supported by slightly higher average AUM (-8% y/y, 5% q/q). We assume average margin on AUM to remain broadly flat at 1.39% (vs. 1.38% in 1Q23).
- Given slightly higher **costs** (3% q/q) and positive contribution from net financial income, we arrive at **net profit** of PLN 3.8m (20% y/y, 16% q/q).

Our VIEW: SLIGHTLY POSITIVE

2Q23 saw further growth of AUM (8% q/q) supported by positive rates of return of QRS's funds and – for the first time since 4Q21 - positive flows (PLN +105m). While environment remains challenging (strong competition from banking deposits and retail treasury bonds), equity and bond markets have recently improved and Quercus, with solid rates of returns, is able to attract customers and raise AUM. Expected net profit at PLN 3.8m we find as slightly positive. We note also, that after 1Q23 QRS had c. PLN 6.8m of provision for success fee. Solid 2Q23 results of QRS's funds make this number likely to improve, we believe.