

Quercus TFI

3Q21 Results Review

3Q21 consolidated net profit reached PLN 4.1m (+48% y/y) in line with PLN 4.1m expected by us, driven by:

- First time consolidated results (negative impact)
- **One-offs:** Company recorded negative PLN 0.15m write-off on GetBack's bonds not included in our forecast. Adjusted profit at PLN 4.3m (+74% y/y)
- **AuM yield:** Management fee yield reached 1.55% vs. 1.86% year ago (effect of reduced maximum fees in Poland and change in asset mix).
- **Revenues:** Management fee increased by 33% y/y to PLN 15.3m. PLN 0.3m revenues from success fee was booked in the quarter.
- **OPEX:** Distribution costs reached PLN 5.4m what constituted for 35% of revenues from 36% a year ago. SG&A costs reached PLN 4.7m (-14% y/y)
- Conditional receivables from **success fee** amounted to PLN 18.65m as of end of 3Q21 (versus PLN 16m-18m expected by us).

***OPINION.** Slightly positive. Reported results were in line with our expectations, but adjusted at PLN 4.3m came above. Conditional revenues from success fee are at the high end of our estimates and bode well for full year results, but they need to be maintained by the end of the year.*

Teleconference with CEO Sebastian Buczek today

Time: 15:00

Link: [\[click\]](#)

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Figure 1. Financial Data summary

Quercus TFI P&L (PLN m)	3Q20	3Q21	y/y	ipopema	vs. Ipo
Revenues	11.6	15.3	33%	18.0	-15%
Management fee	11.6	15.0	30%	18.0	-16%
Success fee	0.0	0.3		0.0	
Distribution fee	0.0	0.0		0.0	
OPEX	9.6	10.1	5%	13.3	-24%
Distribution	4.1	5.4	29%	8.7	-39%
SG&A	5.4	4.7	-14%	4.6	3%
EBIT	2.0	5.3	164%	4.7	12%
Gross profit	3.4	5.1		5.0	2%
Tax	0.6	1.0		1.0	7%
Net profit	2.8	4.1	48%	4.1	1%
Key figures	3Q20	3Q21	y/y	3Q21E	
Average AuM (PLN m)	2 490	3 888	56%	3 888	
AuM (eop, PLN m)	2 605	3 943	51%	3 943	
Management fee yield	1.86%	1.55%	-17%	1.85%	
Distribution / revenues	36%	35%		48%	
SG&A/ revenues	47%	31%		25%	
Effective tax rate	17.4%	19.9%		19.0%	

Source: Company, IPOPEMA Research

Financials

QUERCUS TFI

BUY

FV PLN 6.63

51% upside

Price as of 18 October 2021 PLN 4.38

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The definitions of terms used in the document include:

NII – Net interest income – interest income minus interest expense.

Net F&C – Net fee and commission income – fee and commission income minus fee and commission expense.

LLP – loan loss provisions – an expense set aside as an allowance for bad loans.

NPL – non-performing loan – loans that are in default or close to be in default.

Cost/Income – operating expenses divided by total banking revenue.

ROE – return on equity – net income (or adjusted net income) divided by the average shareholders' equity.

ROA – return on assets – net income (or adjusted net income) divided by the average assets.

EBIT – earnings before interests and tax.

EBITDA – earnings before interests, tax, depreciation and amortization.

EPS – earnings per share – the net income (or adjusted net income) divided by the number of shares outstanding.

P/E – price to earnings ratio – price divided by earnings per share.

PEG – P/E ratio divided by the annual EPS growth, usually over a certain period of time.

CAGR – compound annual growth rate.

BVPS – book value per share, the book value of the Company's equity divided by the number of shares outstanding.

P/BV – price to book value - price divided by the BVPS.

DPS – dividend per share – dividend of a given year divided by the number of shares outstanding.

DY – dividend yield – dividend of a given year divided by the current price.

DDM – dividend discount model – a fundamental method of valuation based on the assumption that the value of stock equals the sum of all discounted future dividends.

FV – Fair Value, calculated based on valuation methods outlined in the document.

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	Number	%
Buy	19	76%
Hold	6	24%
Sell	0	0%
Total	25	100%

Rating History – Quercus TFI

Date	Recommendation	Fair Value	Price at recommendation	Author
25.06.2021	BUY	PLN 5.98	PLN 5.02	Łukasz Jańczak
26.07.2021	BUY	PLN 6.63	PLN 4.51	Łukasz Jańczak