

# Quercus TFI

## 2Q22E Results Preview

Quercus TFI is due to publish its 2Q22 results on 12th August

We expect 2Q22 net profit of PLN 3.1m (-30% q/q, +5% y/y), driven by:

- **AuM and yield:** Average AuM reached PLN 3,585m in the quarter (-15% q/q and +1% y/y). We estimate management fee yield will reach 1.50% in 2Q22. A positive change in management fee yield should be supported by change in asset mix towards higher yield funds, as outflows were mostly noticed in lower-yield funds.
- **Revenues:** As a result of aforementioned we estimate revenues from management fee amounted to PLN 13.4m (-3% q/q, -25% y/y). We also estimate distribution fee will reach PLN 8.8m (-25% q/q). Net other revenues expected at PLN 1m supported by rising interest on deposits.
- **OPEX:** We assume distribution costs to reach 8.7m (-24% q/q, -11% y/y), which amounts to 39% of revenues i.e. lower than last quarter. Other OPEX is expected to reach PLN 8.7m (+10% q/q) i.e. 39% of revenues. We expect the increase to be driven by completion of share buyback (some 4% of shares).

We assume no success fee to be booked this quarter.

We expect higher level of minorities in Xelion (25%) due to the MBO process completion.

Figure 1. Financial Data summary

Quercus TFI P&L (PLN m)	2Q21	1Q22	2Q22E	q/q	y/y
	uncons.	cons.	cons.		
<b>Revenues</b>	<b>18.1</b>	<b>25.6</b>	<b>22.3</b>	<b>-13%</b>	<b>23%</b>
Management fee	17.9	13.8	13.4	-3%	-25%
Success fee	0.2	0.0	0.0	n.m.	-100%
Distribution fee	0.0	11.7	8.8	-25%	n.m.
<b>OPEX</b>	<b>16.7</b>	<b>19.4</b>	<b>17.4</b>	<b>-10%</b>	<b>4%</b>
Distribution	9.8	11.5	8.7	-24%	-11%
SG&A	6.9	7.9	8.7	10%	25%
Net Other Income	0.8	0.1	1.0		
<b>EBIT</b>	<b>2.2</b>	<b>6.3</b>	<b>4.9</b>	<b>-23%</b>	<b>119%</b>
<b>Gross profit</b>	<b>3.7</b>	<b>5.4</b>	<b>3.9</b>	<b>-29%</b>	<b>4%</b>
Tax	0.7	0.9	0.7		
Minorities	0.0	0.1	0.2		
<b>Net profit</b>	<b>3.0</b>	<b>4.5</b>	<b>3.1</b>	<b>-30%</b>	<b>5%</b>
<b>Key figures</b>	<b>2Q21</b>	<b>1Q22</b>	<b>2Q22E</b>	<b>q/q</b>	<b>y/y</b>
Average AuM (PLN m)	3 561	4 234	3 585	-15%	1%
AuM (eop, PLN m)	3 806	3 874	3 280	-15%	-14%
Management fee yield	2.01%	1.31%	1.50%	15%	-25%
Distribution / revenues	54%	45%	39%		
SG&A/ revenues	38%	31%	39%		
Effective tax rate	19.6%	17.0%	19.0%		

Source: Company, IPOPEMA Research

Financials

## QUERCUS TFI

U/R

Price as of 6 July 2022 PLN 3.37

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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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#### IPOPEMA Research - Distribution by rating category (April 1 – June 30, 2022)

	Number	%
Buy	17	71%
Hold	5	21%
Sell	2	8%
Total	24	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
14.12.2021	U/R	-		