

Quercus TFI

(Hold, TP PLN 12.5)

As of May 8th, 2025

2Q25 net profit 10% above our estimates. PLN 10.6m provision for success fee.

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Quercus TFI released 2Q25 figures with the following highlights:

- **2Q25 net profit** of Quercus TFI came in at PLN 12.8m (35% y/y, 40% q/q) and was 10% above our estimates (PLN 11.6m). Earnings beat was driven by better revenues (mainly due to much better than assumed reported success fee), that were only partly offset by higher costs. Net financial income was broadly in line with our expectations.
- Total **revenues** in 2Q25 amounted to PLN 50.7m (38% y/y, 41% q/q) and were 24% above our expectations. Management fee (incl. PLN 7m reported success fee) increased 51% y/y (54% q/q) and revenues from purchase/redemption orders went up 14% y/y (17% q/q). Share of low margin debt funds in total AUM increased to 69% on average (vs. 67% in 1Q25 and 57% in 2Q24).
- In 1H25 **provision for success fee** came in at PLN 10.6m (vs. PLN 2.0m in 1Q25, PLN 11.8m at the end of 1H24 and vs. FY 2024 reported **success fee** at PLN 31m).
- **Total costs** in 2Q25 came in at PLN 36m (29% y/y, 38% q/q) and were 29% above our estimates. Distribution costs went up 26% y/y, staff costs increased 25% y/y, external services costs grew 13% y/y and other costs went up 41% y/y.
- At the end of 2Q25 **AUM** of Quercus TFI came in at PLN 7,592m (36% y/y, 7% q/q). Y/y growth was largely driven by rising assets of QRS Akumulacji Kapitału (54% y/y), QRS Dłużny Krótkoterminowy (72% y/y) and QRS Obligacji Skarbowych (131% y/y), while assets of Agresywny and Absolutny declined respectively -21% y/y and -63% y/y. Also quarterly growth of total assets was largely driven by rising AUM of QRS Obligacji Skarbowych (105% q/q), QRS Dłużny Krótkoterminowy (10% q/q) and QRS Akumulacji Kapitału (2% q/q) while AUM of Agresywny dropped -6% q/q.
- In 2Q25 **net flows** to Quercus TFI amounted to PLN +394m (vs. PLN +453m in 1Q25, PLN 1,504m in FY 2024 and PLN 693m in FY 2023).

Our view: POSITIVE

2Q25 was another solid quarter for Quercus TFI and again – better than expected. Net profit came in at PLN 12.8m (35% y/y) and was 10% above our expectations driven by very strong revenues. Management fee went up 51% y/y and included by PLN 7m reported success fee. Revenues from purchase/redemption orders increased 14% y/y. 2Q25 saw further growth of AUM (36% y/y, 7% q/q) driven by solid rates of return of QRS's funds and positive flows. We point also at solid PLN 10.6m provision for success fee at the end of 1H25 (vs. PLN 2.0m after 1Q25). We note, that revenues were inflated by PLN 1.7m other income (this line used to be close to zero). Total costs were much higher than expected as well, but – apart from higher than expected staff costs – were inflated by visibly higher other costs (related to settlements), that we find as rather non-recurrent.

All in all, we find 2Q25 results of Quercus TFI as strong and supportive. Given PLN 21.9m of net profit reported in 1H25 coupled with continuously rising AUM and PLN 10.6m provision for success fee, we find our FY 2025 net profit estimates (PLN 41m) as conservative.

Quercus TFI – P&L, PLN mn

	2Q24	3Q24	4Q24	1Q25	2Q25	y/y	q/q	Pekao	vs. Pekao
Revenues	36.7	34.5	76.1	36.0	50.7	38%	41%	40.8	24%
Total costs	-27.9	-28.6	-26.0	-26.0	-35.9	29%	38%	-27.7	29%
EBIT	8.8	5.8	50.1	10.0	14.9	69%	49%	13.1	14%
EBITDA	9.4	6.7	51.2	11.0	15.9	69%	45%	14.1	13%
Net financial income	3.5	4.5	-25.4	1.8	1.6	-55%	-13%	1.8	-9%
Pre-tax profit	12.3	10.3	24.7	11.8	16.4	34%	39%	14.8	11%
Net profit	9.4	7.9	19.4	9.1	12.8	35%	40%	11.6	10%
AUM eop	5 570	6 002	6 343	7 085	7 592	36%	7%		
AUM average	5 308	5 813	6 202	6 764	7 315	38%	8%		

Source: Company, Pekao Equity Research

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Michał Fidelus	Expert, Analyst	Quercus TFI	0			

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Multiples-based models are based on the analysis of the valuation multipliers of a given company in relation to other similar companies in the industry. Among strengths of multiplier models we can highlight their simplicity, as they are easy to compute as well as to understand. Moreover, only the key statistics for investors are chosen for valuation. On the other hand, multiples are based on historic data or near-term forecasts. Valuations based on multiples will therefore fail to capture differences in projected performance over the longer term. Finally, it may be problematic to select a suitable peer group.

Asset-based models can be used even if a company has a brief record of earnings or its future existence is uncertain. However, it may be challenging to determine market value of some assets, particularly intangibles. Additionally, asset-based models do not take into account future changes in financial results, nor do they include non-balance sheet items, such as know-how.

Valuation models are dependent on macroeconomic factors, such as interest rates, exchange rates, raw materials, and on assumptions about the economy. Furthermore, market sentiment affects the valuation of companies. The valuation is also based on expectations that might change rapidly and without notice, depending on developments specific to individual industries. Our recommendations and target prices derived from the models might therefore change accordingly.

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P/B – „Price/Book Value” is the ratio of the price of the financial instrument to the issuer’s equity capital.

EPS – „Earnings per Share”, i.e. net profit per share.

BVPS – „Book Value per Share”.

FWD – „Forward” - stands for the ratio (eg. P/E) calculated on the basis of the expected results.

DPS – „Dividend per Share”.

DY – “Dividend Yield”, a ratio calculated as dividends per share divided by the current share price.

EBIT – „Earnings Before Interest and Taxes”.

EBITDA - „Enterprise Value / Earnings Before Interest, Taxes, Depreciation and Amortization”.

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AGM – Annual General Meeting