

Abu Dhabi National Energy Company P.J.S.C. (TAQA) - 2Q22 Result Review

Date: 10-Aug-22

Recommendation: Under Review

Previous Reco. & Date: 20-Apr-22

Fair Value (AED): 1.90

Upside / (Downside): 50.8%

Analyst: Ayisha Zia



Revenue increases by 9.7% YoY, above our estimates by 7.7%

TAQA's revenue stood at AED 13,013 mn in 2Q22, increasing 9.7% YoY (+4.8% QoQ). However, this is higher than our estimates of AED 12,086 mn. Revenue for 1H22 stood at AED 25,426 mn, increasing 14.6% YoY, 3.8% higher than our estimate of AED 24,499 mn. The growth is attributable to higher oil and gas prices.

Net profit in 2Q22 above our estimate by 29.1%

TAQA's 2Q22 net income rose 57.0% YoY to AED 2,351 mn (above estimates AED 1,821 mn) mainly led by higher contribution from the Oil and Gas segment. Net profit in 1H22 rose to AED 4,244 mn, up 44.9% YoY. The Oil and Gas segment's net income rose to of AED 2.3 bn in 1H22, up 3.6 times YoY. The growth was driven by higher commodity prices. In 2022, the average realised oil price reached USD 90.8/bbl., up 50.7% YoY, while the average realised gas prices rose to USD 8.26/MMBtu, up 145.8%. In 1H22, Generation business and Transmission and Distribution segments saw a decline in net income by 40.0% and 13.0% YoY. In both of the segment, the fall was underpinned by rise in operating costs that were partially offset by higher revenues.

Income Statement														
(AED mn)	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	2Q22e	YoY (%)	QoQ (%)	Var (%)	1H21	1H22	YoY (%)	
Sales	10,326	11,865	12,077	11,422	12,413	13,013	12,086	9.7%	4.8%	7.7%	22,191	25,426	14.6%	
COGs	(7,461)	(9,832)	(9,581)	(8,251)	(8,921)	(9,379)	(9,561)	-4.6%	5.1%	-1.9%	(17,293)	(18,300)	5.8%	
Gross profit	2,865	2,033	2,496	3,171	3,492	3,634	2,525	78.8%	4.1%	43.9%	4,898	7,126	45.5%	
Operating profit	2,372	1,591	2,003	2,342	3,084	3,142	1,887	97.5%	1.9%	66.5%	3,963	6,226	57.1%	
Net Profit	1,432	1,497	1,365	1,701	1,893	2,351	1,821	57.0%	24.2%	29.1%	2,929	4,244	44.9%	
Balance Sheet														
(AED mn)	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	2Q22e	YoY (%)	QoQ (%)					
Total equity	70,530	71,140	71,884	73,202	72,341	74,709		5.0%	3.3%					
Key Ratios														
	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	2Q22e							
Gross profit margin	27.7%	17.1%	20.7%	27.8%	28.1%	27.9%	20.9%							
Operating profit margin	23.0%	13.4%	16.6%	20.5%	24.8%	24.1%	15.6%							
Net profit margin	13.9%	12.6%	11.3%	14.9%	15.3%	18.1%	15.1%							
RoE (annualized)	8.5%	8.7%	7.9%	9.7%	10.8%	13.4%								

Source: Financials, Bloomberg, U Capital Research

For our earlier report on the company, please [click here](#)

Recommendation

BUY	Greater than 20%
ACCUMULATE	Between +10% and +20%
HOLD	Between +10% and -10%
REDUCE	Between -10% and -20%
SELL	Lower than -20%