

05 July 2023

Price as of 04/07/23: €10.20

Company / Sector

**CropEnergies**

Energy: Biofuels

Fair Value

**€23.7**

(unchanged)

Recommendation

**Strong Buy**

(unchanged)

## Start of the new year is better than expected

### Share price performance



### Share data

Reuters	CE2G.DE
No. of shares (m)	87.25
Daily volume (3m)	60,582
Free float	26.0%
Market cap. (m)	890.0
EV (m)	721.9
Sales 19-23e	11.3%

Valuation	23/24e	24/25e
EV/Sales	0.5	0.8
EV/EBITDA	4.6	5.3
EV/EBIT	6.3	7.1
PER	10.7	8.3
Div. yield	4.9%	5.4%
RoCE	15.7%	13.0%
RoE	10.2%	12.2%

### Analysts

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### Investment case

A first look at Q1 results shows that CropEnergies comes in better than we thought. The company had already highlighted that Q1 would be clearly below the extraordinarily strong period last year. Now, a better than anticipated production leaves the company with an EBIT of almost EUR14m in Q1. Results should clearly increase throughout the year and we are likely to shift our full year estimate towards the higher end of the company's guidance based on the solid start of the year.

#### ➤ Q1 COMES IN HIGHER THAN ESTIMATED

In view of the normalised ethanol prices and a scheduled maintenance period Q1 23/24 results were anticipated to come in clearly below last year's extraordinarily high level. In fact, Q1 results were now somewhat better than expected. The main reason is that production still reached 221.000 m<sup>3</sup> despite the maintenance. This leaves sales and profits higher than we thought with margins perfectly in line with expectations.

#### ➤ FY MIGHT REACH HIGHER END OF GUIDANCE

Management has reiterated its guidance for the full year. With better than anticipated Q1 results and a slightly improved spread between ethanol and wheat futures for the remainder of the year results appear to be heading more towards the higher end of management guidance rather than the mid-point. We are thus likely to raise our estimates following a detailed analysis of results. In any case, results levels should improve from the Q1 level throughout the year.

For additional disclosures please refer to the appendix

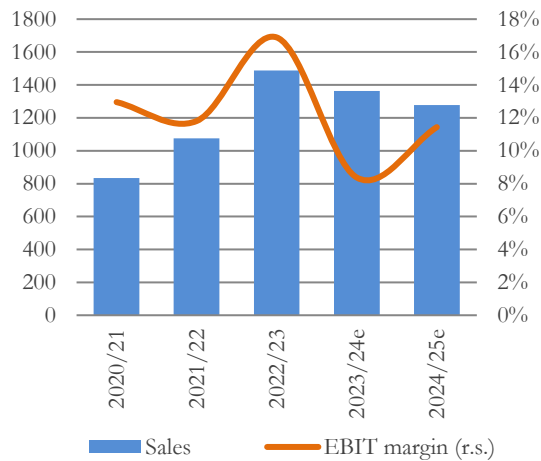
Forecasts	20/21	21/22	22/23	23/24e	24/25e
Sales (€m)	833.1	1075.3	1488.3	1363.1	1278.4
EBITDA (€m)	149.3	168.8	294.3	155.9	195.2
EBIT (€m)	107.9	127.0	251.3	114.1	146.2
Adj. EPS (€)	0.97	1.02	2.25	0.95	1.22
Dividend (€)	0.35	0.45	0.60	0.50	0.55
Oper. CF (€m)	105.9	147.0	187.7	140.9	167.2
Free CF (€m)	77.0	111.2	140.9	-88.1	-286.8

**Q1 23/24 results**

<b>EURm</b>	<b>Q1 23/24</b>	<b>Q1 23/24e</b>	<b>Q1 22/23</b>	<b>Change</b>	<b>FY 22/23</b>	<b>FY 23/24e</b>	<b>Outlook</b>
Production	221000	200,000	281000	-21.4%	1057000	1155660	
Sales	321.4	296.3	398.9	-19.4%	1488.3	1363.1	1270-1370
Gross profit	55.9	52.0	119.2	-53.1%	391.0	265.9	
<i>Margin</i>	<i>17.4%</i>	<i>17.6%</i>	<i>29.9%</i>		<i>26.3%</i>	<i>19.5%</i>	
EBITDA	25.1	23.0	97.8	-74.3%	294.3	155.9	140-190
<i>Margin</i>	<i>7.8%</i>	<i>7.8%</i>	<i>24.5%</i>		<i>19.8%</i>	<i>11.4%</i>	
EBIT	13.9	12.0	87.2	-84.0%	251.3	114.1	95-145
<i>Margin</i>	<i>4.3%</i>	<i>4.1%</i>	<i>21.8%</i>		<i>16.9%</i>	<i>8.4%</i>	
Net profit a.m.	11.2	9.4	64.9	-82.7%	196.6	83.0	

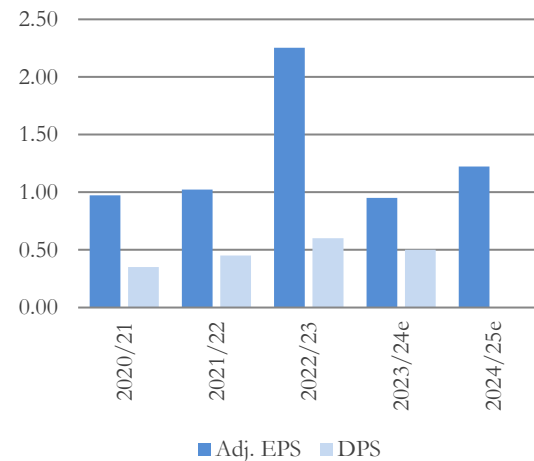
Source: Matelan Research estimates, CropEnergies data

**Sales and EBIT margin**



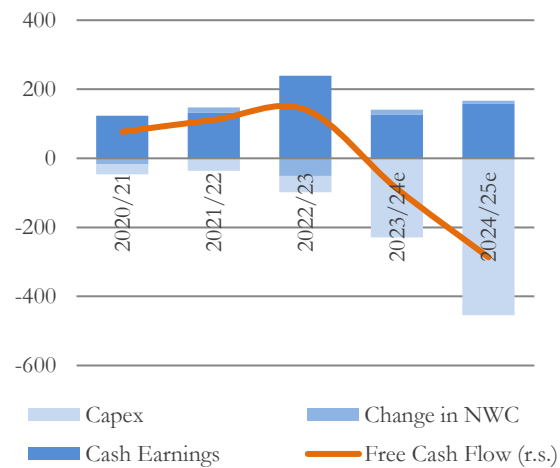
In EURm

**Adj. EPS and DPS**



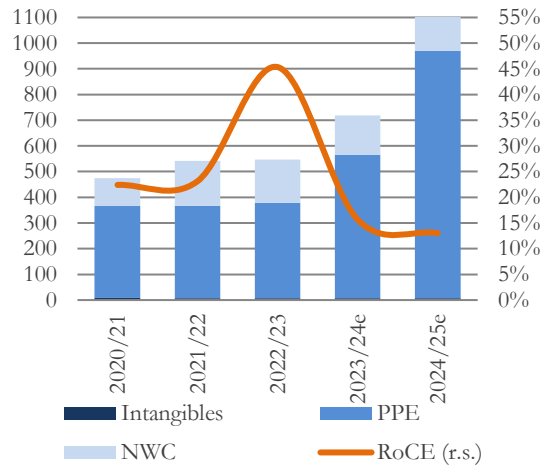
In EUR

**Cash Flow**



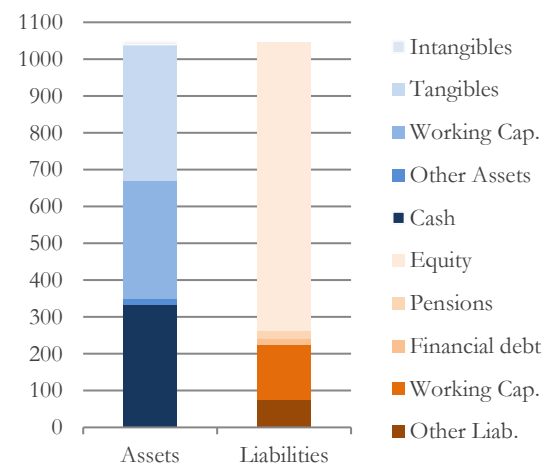
In EURm

**RoCE**



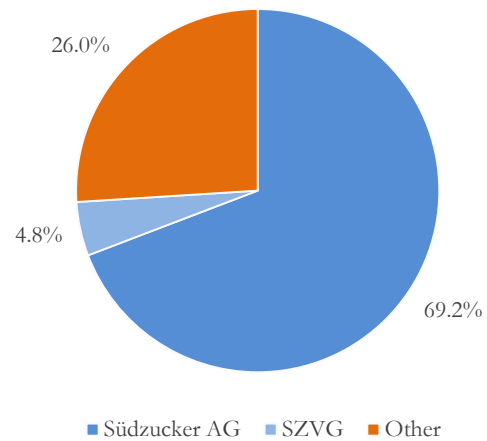
In EURm

**Balance Sheet**



EURm

**Shareholder structure**



**P & L**

EURm	2020/21	2021/22	2022/23	2023/24e	2024/25e
<b>Sales</b>	<b>833.1</b>	<b>1,075.3</b>	<b>1,488.3</b>	<b>1,363.1</b>	<b>1,278.4</b>
<i>Growth</i>		29.1%	38.4%	-8.4%	-6.2%
Material costs	-594.2	-816.2	-1,097.2	-1,097.2	-971.0
<b>Gross profit</b>	<b>238.9</b>	<b>259.2</b>	<b>391.0</b>	<b>265.9</b>	<b>307.5</b>
<i>Gross margin</i>	28.7%	24.1%	26.3%	19.5%	24.0%
Other operating costs	-89.6	-90.4	-96.7	-110.0	-112.3
<b>EBITDA</b>	<b>149.3</b>	<b>168.8</b>	<b>294.3</b>	<b>155.9</b>	<b>195.2</b>
<i>Margin</i>	17.9%	15.7%	19.8%	11.4%	15.3%
Depreciation	-41.4	-41.8	-43.0	-41.8	-49.0
<b>EBIT</b>	<b>107.9</b>	<b>127.0</b>	<b>251.3</b>	<b>114.1</b>	<b>146.2</b>
<i>Margin</i>	13.0%	11.8%	16.9%	8.4%	11.4%
Financial result	-0.5	-2.7	4.1	-2.0	-2.0
<b>EBT</b>	<b>107.4</b>	<b>124.2</b>	<b>255.4</b>	<b>112.1</b>	<b>144.2</b>
Taxes	-22.5	-34.8	-58.9	-29.1	-37.5
Net profit	84.9	89.4	196.6	83.0	106.7
Minorities	0.0	0.0	0.0	0.0	0.0
<b>Net profit a.m.</b>	<b>84.9</b>	<b>89.4</b>	<b>196.6</b>	<b>83.0</b>	<b>106.7</b>
<i>Growth</i>		5.3%	119.9%	-57.8%	28.6%
No of shares	87.3	87.3	87.3	87.3	87.3
EPS	0.97	1.02	2.25	0.95	1.22
<b>Adj. EPS</b>	<b>0.97</b>	<b>1.02</b>	<b>2.25</b>	<b>0.95</b>	<b>1.22</b>
<i>Growth</i>		5.3%	119.9%	-57.8%	28.6%
Dividend	0.35	0.45	0.60	0.50	0.55

**Cash Flow**

EURm	2020/21	2021/22	2022/23	2023/24e	2024/25e
<b>EBIT</b>	<b>107.9</b>	<b>127.0</b>	<b>251.3</b>	<b>114.1</b>	<b>146.2</b>
Depreciation	41.4	41.8	43.0	41.8	49.0
Other non-cash items	-3.8	-2.8	3.4	0.0	0.0
Cash taxes	-22.5	-34.8	-58.9	-29.1	-37.5
<b>Cash earnings</b>	<b>123.0</b>	<b>131.2</b>	<b>238.8</b>	<b>126.8</b>	<b>157.7</b>
Change in NWC	-17.1	15.8	-51.2	14.1	9.6
<b>CF from operations</b>	<b>105.9</b>	<b>147.0</b>	<b>187.7</b>	<b>140.9</b>	<b>167.2</b>
Capex	-28.8	-35.8	-46.8	-229.0	-454.0
Other investm./divestm.	1.3	0.8	-3.5	0.0	0.0
<b>CF from investing</b>	<b>-27.5</b>	<b>-34.9</b>	<b>-50.3</b>	<b>-229.0</b>	<b>-454.0</b>
<b>CF from fin. and other</b>	<b>-30.5</b>	<b>-35.3</b>	<b>-45.7</b>	<b>95.0</b>	<b>273.8</b>
<b>Change in cash</b>	<b>47.9</b>	<b>76.8</b>	<b>91.7</b>	<b>6.9</b>	<b>-13.0</b>

**Valuation multiples**

	2020/21	2021/22	2022/23	2023/24e	2024/25e
Share price	10.82	11.18	13.01	10.20	10.20
x No of shares	87.3	87.3	87.3	87.3	87.3
<b>Market Capitalisation</b>	<b>944.0</b>	<b>975.5</b>	<b>1,135.1</b>	<b>890.0</b>	<b>890.0</b>
+ Net financial debt	-154.6	-229.9	-317.5	-182.6	130.4
+ Pension provision	30.7	32.4	22.7	22.0	19.0
+ Minorities	0.0	0.0	0.0	0.0	0.0
- Participations	-2.5	-2.8	-7.5	-7.5	-7.5
<b>Enterprise Value</b>	<b>817.6</b>	<b>775.1</b>	<b>832.8</b>	<b>721.9</b>	<b>1,031.9</b>
Sales	833.1	1,075.3	1,488.3	1,363.1	1,278.4
Adj. EBITDA	149.3	168.8	294.3	155.9	195.2
Adj. EBIT	107.9	127.0	251.3	114.1	146.2
Adj. Net profit a.m.	84.9	89.4	196.6	83.0	106.7
EV / Sales	1.0	0.7	0.6	0.5	0.8
EV / EBITDA	5.5	4.6	2.8	4.6	5.3
EV / EBIT	7.6	6.1	3.3	6.3	7.1
PE	11.1	10.9	5.8	10.7	8.3

**Balance Sheet**

EURm	2020/21	2021/22	2022/23	2023/24e	2024/25e
Intangible assets	7.9	7.5	7.0	7.0	7.0
Tangible assets	358.7	359.7	371.1	558.3	963.3
Participations	2.5	2.8	7.5	7.5	7.5
Other non-current assets	7.3	7.9	8.2	8.5	8.7
<b>Non-current assets</b>	<b>376.4</b>	<b>377.9</b>	<b>393.8</b>	<b>581.3</b>	<b>986.5</b>
Inventories	73.2	108.0	133.6	122.4	114.8
Receivables	126.5	251.5	184.3	168.8	158.3
Cash	164.7	241.5	333.1	340.0	327.0
Other current assets	1.7	3.9	2.0	3.0	3.5
<b>Current Assets</b>	<b>366.1</b>	<b>604.9</b>	<b>653.1</b>	<b>634.2</b>	<b>603.6</b>
<b>Total assets</b>	<b>742.4</b>	<b>982.7</b>	<b>1,046.9</b>	<b>1,215.5</b>	<b>1,589.6</b>
Equity	566.1	696.4	783.8	814.4	877.4
Minorities	0.0	0.0	0.0	0.0	0.0
<b>Total equity</b>	<b>566.1</b>	<b>696.4</b>	<b>783.8</b>	<b>814.4</b>	<b>877.4</b>
LT financial liabilities	5.9	7.0	9.8	149.8	449.8
Pension provisions	30.7	32.4	22.7	22.0	19.0
Other LT liabilities	24.7	30.8	23.7	38.0	38.0
<b>Non-current liabilities</b>	<b>61.4</b>	<b>70.1</b>	<b>56.1</b>	<b>209.8</b>	<b>506.8</b>
ST financial liabilities	4.2	4.6	5.9	7.6	7.6
Payables	91.8	185.5	150.0	137.3	128.8
Other ST liabilities	18.9	26.2	51.1	46.4	68.9
<b>Current liabilities</b>	<b>114.9</b>	<b>216.2</b>	<b>207.0</b>	<b>191.3</b>	<b>205.4</b>
<b>Total liabilities</b>	<b>742.4</b>	<b>982.7</b>	<b>1,046.9</b>	<b>1,215.5</b>	<b>1,589.6</b>

**Segments**

EURm	2020/21	2021/22	2022/23	2023/24e	2024/25e
Bioethanol	647.6	836.9	1,159.4	1,044.0	934.5
<i>Growth</i>		29.2%	38.5%	-10.0%	-10.5%
Food & Feed	175.5	223.8	273.1	291.1	218.0
<i>Growth</i>		27.5%	22.0%	6.6%	-25.1%
Other	10.0	14.6	18.1	28.0	49.0
<i>Growth</i>		46.0%	23.8%	54.7%	75.0%
<b>Sales</b>	<b>833.1</b>	<b>1,075.3</b>	<b>1,450.6</b>	<b>1,363.1</b>	<b>1,201.4</b>
<i>Growth</i>		29.1%	34.9%	-6.0%	-11.9%

**Key operational indicators**

	2020/21	2021/22	2022/23	2023/24e	2024/25e
Equity ratio	76.3%	70.9%	74.9%	67.0%	55.2%
Gearing	0.0	0.0	0.0	0.2	0.5
Asset turnover	2.2	2.9	3.9	2.4	1.3
NWC / sales	12.9%	16.2%	11.3%	11.3%	11.3%
Payable days outst.	40.2	63.0	36.8	36.8	36.8
Receivable days outst.	55.4	85.4	45.2	45.2	45.2
Fix operating assets	373.8	375.1	386.3	573.8	979.0
NWC	107.8	174.0	168.0	153.8	144.3
Capital employed	481.6	549.1	554.3	727.6	1,123.3
RoE	15.0%	12.8%	25.1%	10.2%	12.2%
RoA	14.5%	12.9%	24.0%	9.4%	9.2%
RoCE	22.4%	23.1%	45.3%	15.7%	13.0%
Gross margin	28.7%	24.1%	26.3%	19.5%	24.0%
EBITDA margin	17.9%	15.7%	19.8%	11.4%	15.3%
EBIT margin	13.0%	11.8%	16.9%	8.4%	11.4%
Net profit margin	10.2%	8.3%	13.2%	6.1%	8.3%

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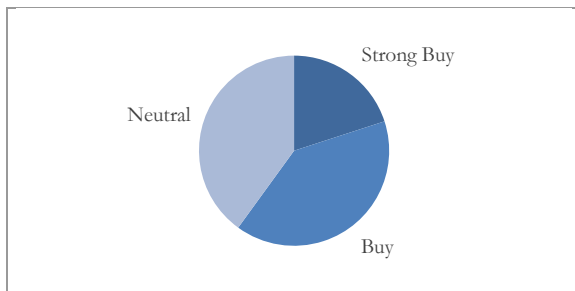
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Stock ratings for the company covered in this report have developed as follows:

CropEnergies	
Date	Rating
14/10/22	Strong Buy
18/05/22	Neutral
18/06/20	Buy
17/12/19	Neutral
27/04/16	Buy

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