

15 November 2023

Price as of 14/11/23: €8.43

Company / Sector

CropEnergies

Energy: Biofuels

Fair Value

€19.1

(€19.5)

Recommendation

Strong Buy

(unchanged)

Ethanol price weighs on full year results

Share price performance



Share data

Reuters	CE2G.DE
No. of shares (m)	87.25
Daily volume (3m)	63,774
Free float	26.0%
Market cap. (m)	735.5
EV (m)	404.5
Sales 20-24e	11.0%

Valuation	23/24e	24/25e
EV/Sales	0.3	0.4
EV/EBITDA	2.9	2.9
EV/EBIT	4.3	4.1
PER	9.9	7.7
Div. yield	5.9%	6.5%
RoCE	16.3%	17.0%
RoE	9.2%	11.1%

Analysts

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Investment case

Due to a fall in ethanol prices CropEnergies has reduced its full year guidance. Based on the current forward curve, we still arrive at the high end of the new guidance and see a good chance that prices could come in higher than the forward curve currently suggests. Moreover, the company's investment decision on its renewable ethylene project is immanent and the company's growth prospects are unbroken. We thus reiterate our **Strong Buy** rating on the stock.

➤ GUIDANCE ADJUSTED

Against the backdrop of lower than expected ethanol prices, CropEnergies has adjusted its full year guidance to EUR1.24-1.30bn in sales (EUR1.27-1.37bn) and EUR70-100m in operating profit (EUR95-145m).

➤ EFFECT SHOULD MAINLY OCCUR IN Q4

Recalculating our model based on the current forward curve we see only a slight impact on Q3 results. The main effect should be felt in Q4, which might fall back to the Q2 level. This still leaves full year EBIT at the high end of the new guidance. A typical parallel shift in the forward curve and no arbitrage opportunities in a short European market yield a realistic upside to this scenario.

➤ VAUTION IS ONLY SLIGHTLY IMPACTED

As market dynamics suggest that prices should recover, we adjust our FY 24/25 estimates only slightly. It is also clear that the strong growth prospects of the company resulting from the new projects are not affected by a temporary dip in ethanol prices. As a result, our fair value comes down marginally to EUR19.1 and still leaves a tremendous upside.

For additional disclosures please refer to the appendix

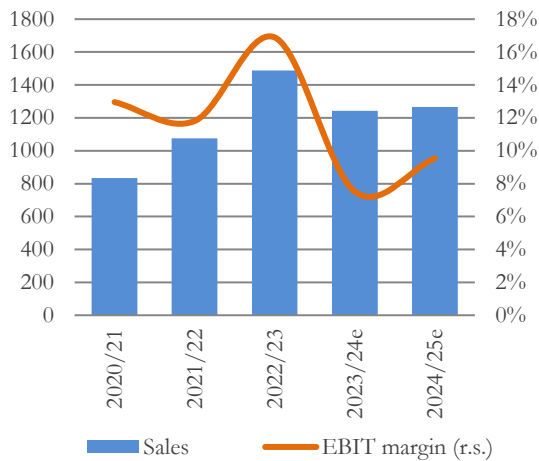
Forecasts	20/21	21/22	22/23	23/24e	24/25e
Sales (€m)	833.1	1075.3	1488.3	1242.7	1266.1
EBITDA (€m)	149.3	168.8	294.3	137.5	169.8
EBIT (€m)	107.9	127.0	251.3	93.5	120.8
Adj. EPS (€)	0.97	1.02	2.25	0.85	1.09
Dividend (€)	0.35	0.45	0.60	0.50	0.55
Oper. CF (€m)	105.9	147.0	187.7	127.2	115.4
Free CF (€m)	77.0	111.2	140.9	47.2	-50.1

Change in estimates

EURm	FY 22/23	FY 23/24e old	FY 23/24e new	FY 24/25e old	FY 24/25e new
Production	1057000	1,024,000	1,024,000	1178773.2	1,178,773
Sales	1488.3	1270.5	1242.7	1278.5	1266.1
Gross profit	391.0	283.7	255.0	293.3	282.0
<i>Margin</i>	<i>26.3%</i>	<i>22.3%</i>	<i>20.5%</i>	<i>22.9%</i>	<i>22.3%</i>
EBITDA	294.3	166.2	137.5	181.0	169.8
<i>Margin</i>	<i>19.8%</i>	<i>13.1%</i>	<i>11.1%</i>	<i>14.2%</i>	<i>13.4%</i>
EBIT	251.3	122.2	93.5	132.0	120.8
<i>Margin</i>	<i>16.9%</i>	<i>9.6%</i>	<i>7.5%</i>	<i>10.3%</i>	<i>9.5%</i>
Net profit a.m.	196.6	95.7	74.5	103.6	95.3

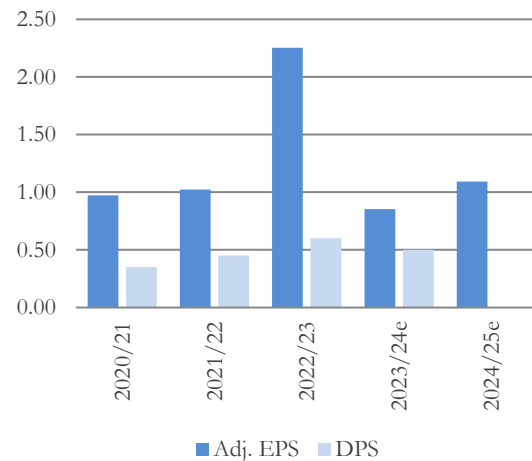
Source: CropEnergies, Matelan Research estimates

Sales and EBIT margin



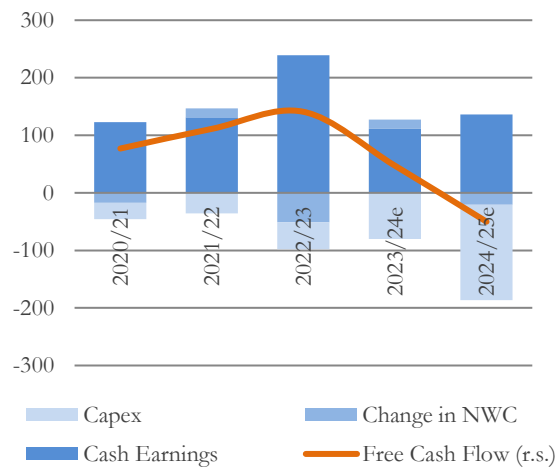
In EURm

Adj. EPS and DPS



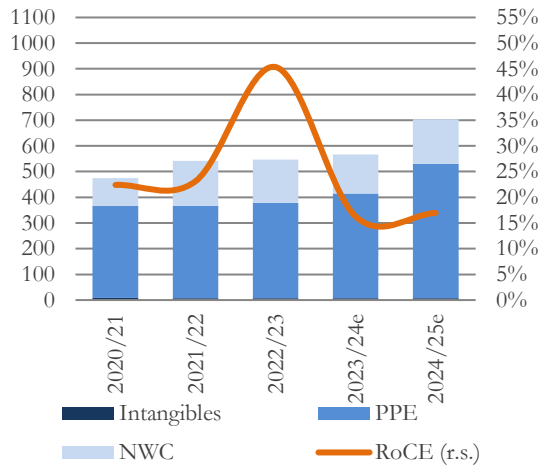
In EUR

Cash Flow



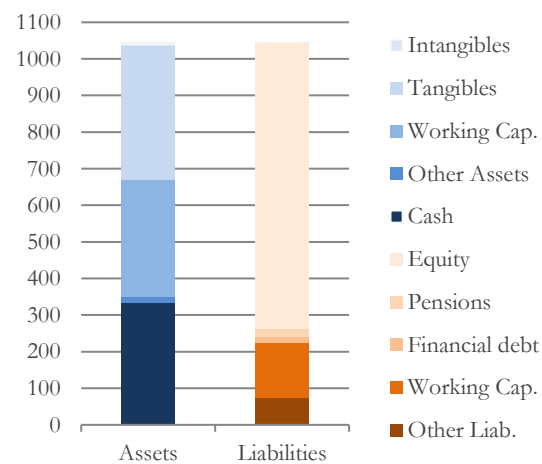
In EURm

RoCE



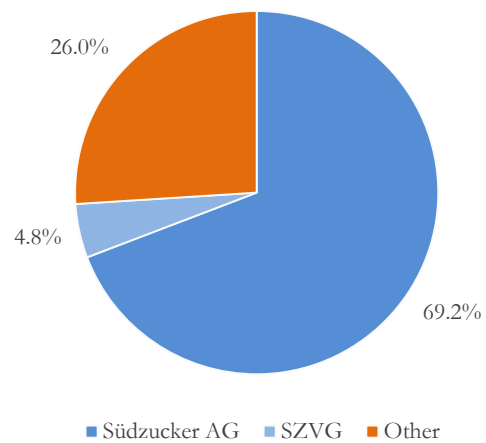
In EURm

Balance Sheet



EURm

Shareholder structure



P & L

EURm	2020/21	2021/22	2022/23	2023/24e	2024/25e
Sales	833.1	1,075.3	1,488.3	1,242.7	1,266.1
<i>Growth</i>		29.1%	38.4%	-16.5%	1.9%
Material costs	-594.2	-816.2	-1,097.2	-987.8	-984.0
Gross profit	238.9	259.2	391.0	255.0	282.0
<i>Gross margin</i>	28.7%	24.1%	26.3%	20.5%	22.3%
Other operating costs	-89.6	-90.4	-96.7	-117.5	-112.3
EBITDA	149.3	168.8	294.3	137.5	169.8
<i>Margin</i>	17.9%	15.7%	19.8%	11.1%	13.4%
Depreciation	-41.4	-41.8	-43.0	-44.0	-49.0
EBIT	107.9	127.0	251.3	93.5	120.8
<i>Margin</i>	13.0%	11.8%	16.9%	7.5%	9.5%
Financial result	-0.5	-2.7	4.1	7.2	8.0
EBT	107.4	124.2	255.4	100.7	128.8
Taxes	-22.5	-34.8	-58.9	-26.2	-33.5
Net profit	84.9	89.4	196.6	74.5	95.3
Minorities	0.0	0.0	0.0	0.0	0.0
Net profit a.m.	84.9	89.4	196.6	74.5	95.3
<i>Growth</i>		5.3%	119.9%	-62.1%	27.9%
No of shares	87.3	87.3	87.3	87.3	87.3
EPS	0.97	1.02	2.25	0.85	1.09
Adj. EPS	0.97	1.02	2.25	0.85	1.09
<i>Growth</i>		5.3%	119.9%	-62.1%	27.9%
Dividend	0.35	0.45	0.60	0.50	0.55

Cash Flow

EURm	2020/21	2021/22	2022/23	2023/24e	2024/25e
EBIT	107.9	127.0	251.3	93.5	120.8
Depreciation	41.4	41.8	43.0	44.0	49.0
Other non-cash items	-3.8	-2.8	3.4	0.0	0.0
Cash taxes	-22.5	-34.8	-58.9	-26.2	-33.5
Cash earnings	123.0	131.2	238.8	111.3	136.3
Change in NWC	-17.1	15.8	-51.2	15.9	-20.9
CF from operations	105.9	147.0	187.7	127.2	115.4
Capex	-28.8	-35.8	-46.8	-80.0	-165.5
Other investm./divestm.	1.3	0.8	-3.5	0.0	0.0
CF from investing	-27.5	-34.9	-50.3	-80.0	-165.5
CF from fin. and other	-30.5	-35.3	-45.7	-15.3	-44.9
Change in cash	47.9	76.8	91.7	31.9	-95.0

Valuation multiples

	2020/21	2021/22	2022/23	2023/24e	2024/25e
Share price	10.82	11.18	13.01	8.43	8.43
x No of shares	87.3	87.3	87.3	87.3	87.3
Market Capitalisation	944.0	975.5	1,135.1	735.5	735.5
+ Net financial debt	-154.6	-229.9	-317.5	-347.0	-251.7
+ Pension provision	30.7	32.4	22.7	23.5	24.0
+ Minorities	0.0	0.0	0.0	0.0	0.0
- Participations	-2.5	-2.8	-7.5	-7.5	-7.5
Enterprise Value	817.6	775.1	832.8	404.5	500.3
Sales	833.1	1,075.3	1,488.3	1,242.7	1,266.1
Adj. EBITDA	149.3	168.8	294.3	137.5	169.8
Adj. EBIT	107.9	127.0	251.3	93.5	120.8
Adj. Net profit a.m.	84.9	89.4	196.6	74.5	95.3
EV / Sales	1.0	0.7	0.6	0.3	0.4
EV / EBITDA	5.5	4.6	2.8	2.9	2.9
EV / EBIT	7.6	6.1	3.3	4.3	4.1
PE	11.1	10.9	5.8	9.9	7.7

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	407.1	523.6
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
Non-current assets	376.4	377.9	393.8	430.1	546.8
Inventories	73.2	108.0	133.6	111.6	131.7
Receivables	126.5	251.5	184.3	195.0	198.7
Cash	164.7	241.5	333.1	365.0	270.0
Other current assets	1.7	3.9	2.0	3.0	3.5
Current Assets	366.1	604.9	653.1	674.6	603.9
Total assets	742.4	982.7	1,046.9	1,104.7	1,150.2
Equity	566.1	696.4	783.8	805.9	857.6
Minorities	0.0	0.0	0.0	0.0	0.0
Total equity	566.1	696.4	783.8	805.9	857.6
LT financial liabilities	5.9	7.0	9.8	9.8	9.8
Pension provisions	30.7	32.4	22.7	23.5	24.0
Other LT liabilities	24.7	30.8	23.7	13.0	14.0
Non-current liabilities	61.4	70.1	56.1	46.3	47.8
ST financial liabilities	4.2	4.6	5.9	8.2	8.5
Payables	91.8	185.5	150.0	154.5	157.4
Other ST liabilities	18.9	26.2	51.1	89.8	78.9
Current liabilities	114.9	216.2	207.0	252.5	244.8
Total liabilities	742.4	982.7	1,046.9	1,104.7	1,150.2

Segments

EURm	2020/21	2021/22	2022/23	2023/24e	2024/25e
Bioethanol	647.6	836.9	1,159.4	876.8	922.1
<i>Growth</i>		29.2%	38.5%	-24.4%	5.2%
Food & Feed	175.5	223.8	304.9	329.0	295.0
<i>Growth</i>		27.5%	36.3%	7.9%	-10.3%
Other	10.0	14.6	24.0	37.0	49.0
<i>Growth</i>		46.0%	63.9%	54.3%	32.4%
Sales	833.1	1,075.3	1,488.3	1,242.7	1,266.1
<i>Growth</i>		29.1%	38.4%	-16.5%	1.9%

Key operational indicators

	2020/21	2021/22	2022/23	2023/24e	2024/25e
Equity ratio	76.3%	70.9%	74.9%	73.0%	74.6%
Gearing	0.0	0.0	0.0	0.0	0.0
Asset turnover	2.2	2.9	3.9	2.9	2.3
NWC / sales	12.9%	16.2%	11.3%	12.2%	13.7%
Payable days outst.	40.2	63.0	36.8	45.4	45.4
Receivable days outst.	55.4	85.4	45.2	57.3	57.3
Fix operating assets	373.8	375.1	386.3	422.6	539.3
NWC	107.8	174.0	168.0	152.1	173.0
Capital employed	481.6	549.1	554.3	574.7	712.3
RoE	15.0%	12.8%	25.1%	9.2%	11.1%
RoA	14.5%	12.9%	24.0%	8.5%	10.5%
RoCE	22.4%	23.1%	45.3%	16.3%	17.0%
Gross margin	28.7%	24.1%	26.3%	20.5%	22.3%
EBITDA margin	17.9%	15.7%	19.8%	11.1%	13.4%
EBIT margin	13.0%	11.8%	16.9%	7.5%	9.5%
Net profit margin	10.2%	8.3%	13.2%	6.0%	7.5%

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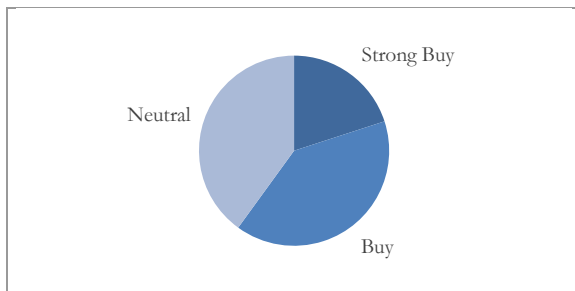
(5) Recommendation history

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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