

15 December 2023

Price as of 14/12/23: €7.36

Company / Sector

CropEnergies

Energy: Biofuels

Fair Value

€18.0

(€19.1)

Recommendation

Strong Buy

(unchanged)

Q3 prelims below expectations – FY outlook reduced

Share price performance



Share data

Reuters	CE2G.DE
No. of shares (m)	87.25
Daily volume (3m)	78,140
Free float	26.0%
Market cap. (m)	642.2
EV (m)	311.2
Sales 20-24e	9.4%

Valuation	23/24e	24/25e
EV/Sales	0.3	0.3
EV/EBITDA	2.9	3.5
EV/EBIT	5.0	6.0
PER	12.6	11.5
Div. yield	6.8%	7.5%
RoCE	10.8%	9.6%
RoE	6.5%	7.0%

Analysts

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Investment case

With Q3 preliminaries only slightly above Q2 and ethanol forwards for Q4 coming down, management has reduced its FY outlook. Based on current forwards, we arrive at the low end of the sales and the high end of the earnings guidance. We also reduce our estimates for 24/25 based on current forwards while maintaining our medium-term outlook. This brings our fair value to EUR18 which still leaves a high upside. The decision on renewable ethylene is now upcoming.

➤ Q3 SHOWS HIGHER COSTS THAN EXPECTED

For the third quarter, CropEnergies reported preliminary sales of EUR312m and an operating profit of EUR27m. While sales are in line with our expectations (EUR314m), operating profit fell short (EUR36m). The release of full accounts should give further inside into the cost position.

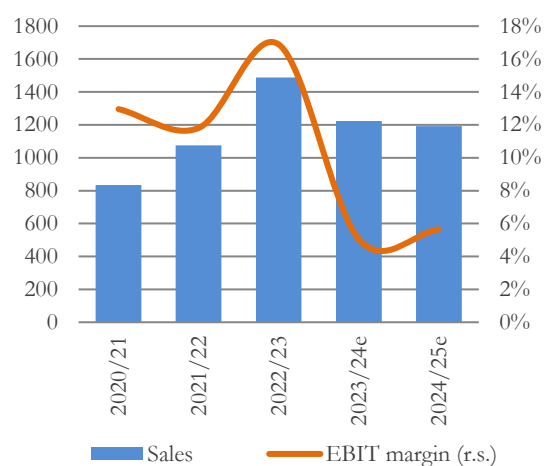
➤ ADJUSTING FULL YEAR ESTIMATES

In addition to the lower than expected Q3 earnings level, ethanol prices have declined further. Thus, management has reduced its full year outlook to EUR1.23-1.25bn (EUR1.24-1.3bn) in sales and EUR40-60m (EUR70-100m) in operating profit. This suggests EUR287-307m in sales and EUR-20-0m in operating profit for the fourth quarter. Based on current forward prices we arrive at the low end of the sales guidance and – considering that our costs estimate might also in Q4 be around EUR10m higher than so far expected – the high end of the earnings guidance. We also reduce our estimate for 2024/25. Pricing in only a marginal improvement in the forward curve, we arrive at EUR67m in operating profit. We still anticipate prices in excess of EUR700/m³ in the medium term. As a result, the impact on our valuation is limited.

For additional disclosures please refer to the appendix

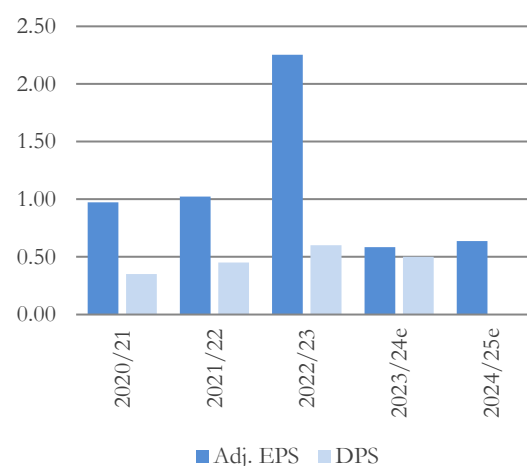
Forecasts	20/21	21/22	22/23	23/24e	24/25e
Sales (€m)	833.1	1075.3	1488.3	1223.4	1192.2
EBITDA (€m)	149.3	168.8	294.3	105.8	116.3
EBIT (€m)	107.9	127.0	251.3	61.8	67.3
Adj. EPS (€)	0.97	1.02	2.25	0.59	0.64
Dividend (€)	0.35	0.45	0.60	0.50	0.55
Oper. CF (€m)	105.9	147.0	187.7	105.5	82.6
Free CF (€m)	77.0	111.2	140.9	25.5	-83.0

Sales and EBIT' margin



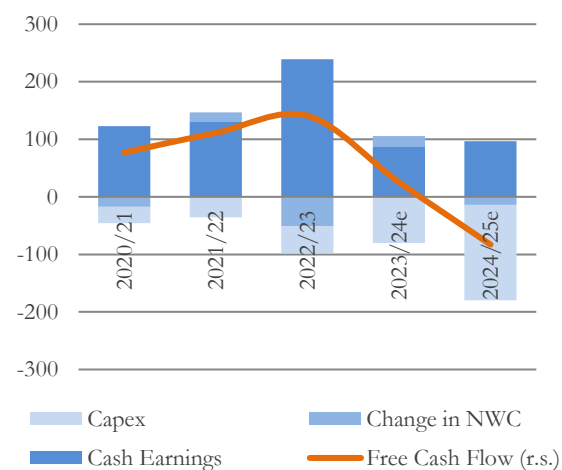
In EURm

Adj. EPS and DPS



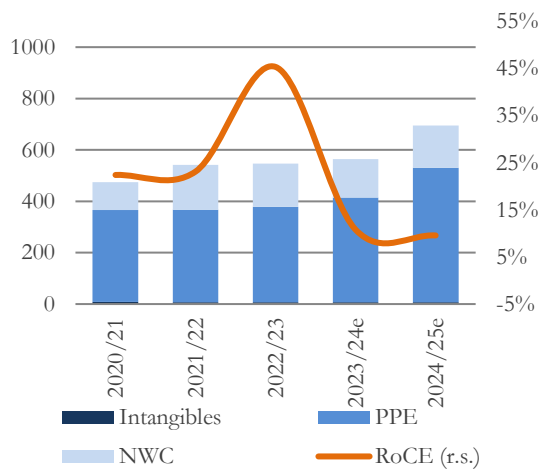
In EUR

Cash Flow



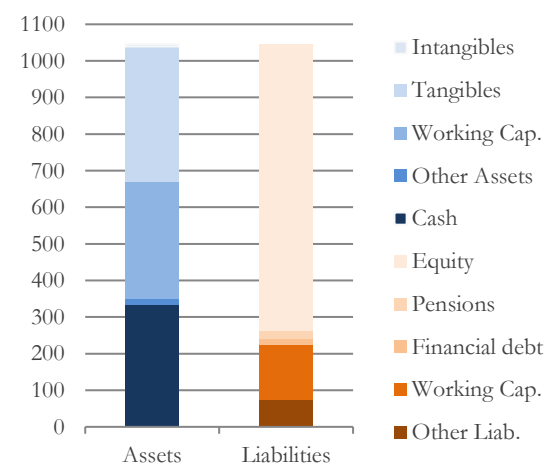
In EURm

RoCE



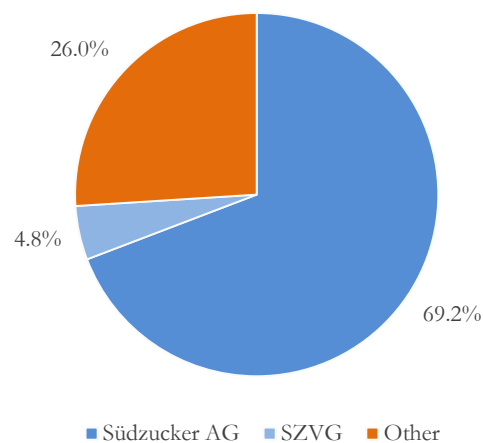
In EURm

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	1,223.4	1,192.2
<i>Growth</i>		29.1%	38.4%	-17.8%	-2.6%
Material costs	-594.2	-816.2	-1,097.2	-1,000.1	-963.6
Gross profit	238.9	259.2	391.0	223.3	228.6
<i>Gross margin</i>	28.7%	24.1%	26.3%	18.3%	19.2%
Other operating costs	-89.6	-90.4	-96.7	-117.5	-112.3
EBITDA	149.3	168.8	294.3	105.8	116.3
<i>Margin</i>	17.9%	15.7%	19.8%	8.7%	9.8%
Depreciation	-41.4	-41.8	-43.0	-44.0	-49.0
EBIT	107.9	127.0	251.3	61.8	67.3
<i>Margin</i>	13.0%	11.8%	16.9%	5.1%	5.6%
Financial result	-0.5	-2.7	4.1	7.2	8.0
EBT	107.4	124.2	255.4	69.0	75.3
Taxes	-22.5	-34.8	-58.9	-18.0	-19.6
Net profit	84.9	89.4	196.6	51.1	55.7
Minorities	0.0	0.0	0.0	0.0	0.0
Net profit a.m.	84.9	89.4	196.6	51.1	55.7
<i>Growth</i>		5.3%	119.9%	-74.0%	9.1%
No of shares	87.3	87.3	87.3	87.3	87.3
EPS	0.97	1.02	2.25	0.59	0.64
Adj. EPS	0.97	1.02	2.25	0.59	0.64
<i>Growth</i>		5.3%	119.9%	-74.0%	9.1%
Dividend	0.35	0.45	0.60	0.50	0.55

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	109.9	125.1
Receivables	126.5	251.5	184.3	195.0	190.0
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	672.9	588.6
Total assets	742.4	982.7	1,046.9	1,103.0	1,134.9
Equity	566.1	696.4	783.8	782.5	794.6
Minorities	0.0	0.0	0.0	0.0	0.0
Total equity	566.1	696.4	783.8	782.5	794.6
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	150.5
Other ST liabilities	18.9	26.2	51.1	111.5	133.4
Current liabilities	114.9	216.2	207.0	274.2	292.5
Total liabilities	742.4	982.7	1,046.9	1,103.0	1,134.9

Cash Flow

EURm	2020/21	2021/22	2022/23	2023/24e	2024/25e
EBIT	107.9	127.0	251.3	61.8	67.3
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	-18.0	-19.6
Cash earnings	123.0	131.2	238.8	87.9	96.7
Change in NWC	-17.1	15.8	-51.2	17.6	-14.2
CF from operations	105.9	147.0	187.7	105.5	82.6
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	6.4	-12.0
Change in cash	47.9	76.8	91.7	31.9	-95.0

Segments

EURm	2020/21	2021/22	2022/23	2023/24e	2024/25e
Bioethanol	647.6	836.9	1,159.4	857.5	848.2
<i>Growth</i>		29.2%	38.5%	-26.0%	-1.1%
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	1,223.4	1,192.2
<i>Growth</i>		29.1%	38.4%	-17.8%	-2.6%

Valuation multiples

	2020/21	2021/22	2022/23	2023/24e	2024/25e
Share price	10.82	11.18	13.01	7.36	7.36
x No of shares	87.3	87.3	87.3	87.3	87.3
Market Capitalisation	944.0	975.5	1,135.1	642.2	642.2
+ 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	311.2	407.0
Sales	833.1	1,075.3	1,488.3	1,223.4	1,192.2
Adj. EBITDA	149.3	168.8	294.3	105.8	116.3
Adj. EBIT	107.9	127.0	251.3	61.8	67.3
Adj. Net profit a.m.	84.9	89.4	196.6	51.1	55.7
EV / Sales	1.0	0.7	0.6	0.3	0.3
EV / EBITDA	5.5	4.6	2.8	2.9	3.5
EV / EBIT	7.6	6.1	3.3	5.0	6.0
PE	11.1	10.9	5.8	12.6	11.5

Key operational indicators

	2020/21	2021/22	2022/23	2023/24e	2024/25e
Equity ratio	76.3%	70.9%	74.9%	70.9%	70.0%
Gearing	0.0	0.0	0.0	0.0	0.0
Asset turnover	2.2	2.9	3.9	2.9	2.2
NWC / sales	12.9%	16.2%	11.3%	12.3%	13.8%
Payable days outst.	40.2	63.0	36.8	46.1	46.1
Receivable days outst.	55.4	85.4	45.2	58.2	58.2
Fix operating assets	373.8	375.1	386.3	422.6	539.3
NWC	107.8	174.0	168.0	150.4	164.5
Capital employed	481.6	549.1	554.3	573.0	703.8
RoE	15.0%	12.8%	25.1%	6.5%	7.0%
RoA	14.5%	12.9%	24.0%	5.6%	5.9%
RoCE	22.4%	23.1%	45.3%	10.8%	9.6%
Gross margin	28.7%	24.1%	26.3%	18.3%	19.2%
EBITDA margin	17.9%	15.7%	19.8%	8.7%	9.8%
EBIT margin	13.0%	11.8%	16.9%	5.1%	5.6%
Net profit margin	10.2%	8.3%	13.2%	4.2%	4.7%

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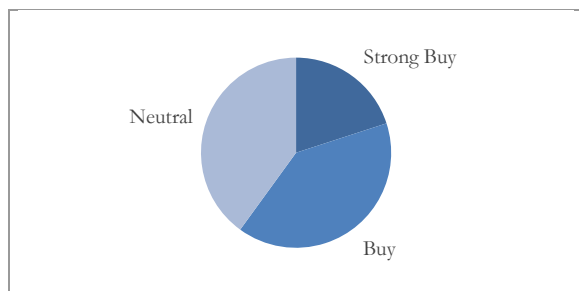
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Stock ratings for the company covered in this report have developed as follows:

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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