

20 November 2023

Price as of 19/11/23: €7.78

Company / Sector

CropEnergies

Energy: Biofuels

Fair Value

€19.1

(unchanged)

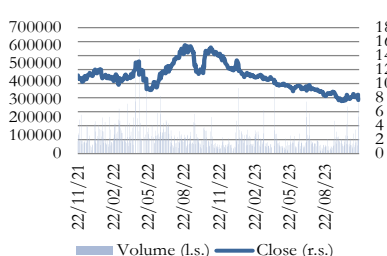
Recommendation

Strong Buy

(unchanged)

Next expansion step: waste-based ethanol

Share price performance



Share data

Reuters	CE2G.DE
No. of shares (m)	87.25
Daily volume (3m)	71,395
Free float	26.0%
Market cap. (m)	678.8
EV (m)	347.8
Sales 20-24e	11.0%

Valuation	23/24e	24/25e
EV/Sales	0.3	0.4
EV/EBITDA	2.5	2.6
EV/EBIT	3.7	3.7
PER	9.1	7.1
Div. yield	6.4%	7.1%
RoCE	16.3%	17.0%
RoE	9.2%	11.1%

Analysts

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Investment case

With the acquisition of Etha Tec, CropEnergies is further strengthening its activities in the strongly growing market for advanced biofuels. While the short-term financial implications are limited a scaling of this business could come as an add-on to our valuation. Until then, we stick to our model, which already yields a high upside. Moreover, a positive investment decision for the renewable ethylene project at the beginning of next year could give an additional impetus.

➤ EXPANDING ADVANCED BIOFUEL ACTIVITIES

The EU requests a material increase in the share of advanced biofuels. Germany has thus set a minimum quota of 2.6% by 2030 (from 0.1% in 2021), France even of 3.5%. CropEnergies is already participating from this growth trend. 10% of their fuel ethanol sales already come from waste-based feedstock. With their participation in LXP, they are also working on the use of straw or wood residues as an additional feedstock. Now, they have bought the assets of Etha Tec, a company that converts dough residues from the food industry into advanced ethanol and biogas.

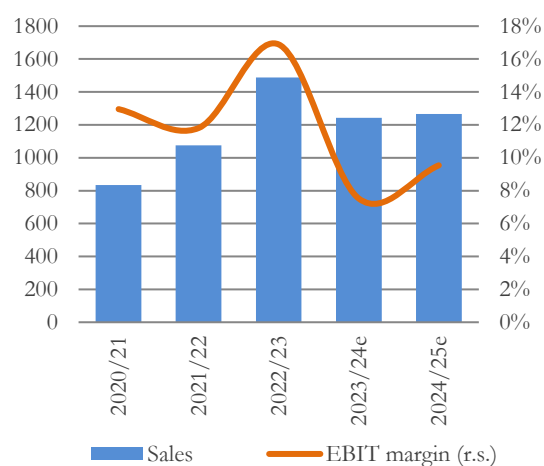
➤ SCALING COULD ADD VALUE

CropEnergies paid EUR8m for a capacity of up to 3m litres and plans to scale this business further. This should also help driving profitability, which could additionally benefit from addressing the advanced biofuels market with its high premiums (which so far Etha Tec has not). The financial impact in FY 23/24 will be marginal but over the coming two to three years, we could imagine sales growing to around EUR40m. This is smaller than the new projects that we had detailed in our latest report but it is further supporting growth, has a high strategic fit and could add value.

For additional disclosures please refer to the appendix

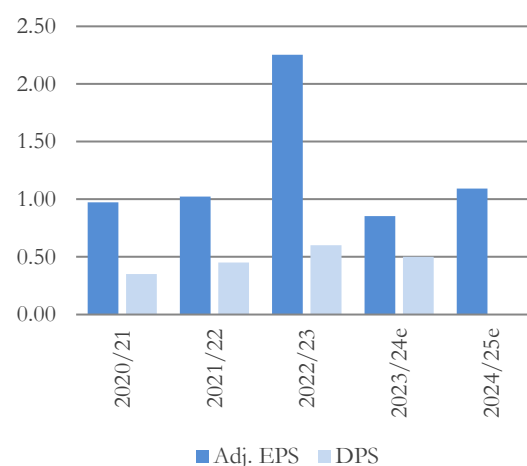
Forecasts	20/21	21/22	22/23	23/24e	24/25e
Sales (€m)	833.1	1075.3	1488.3	1242.7	1266.1
EBITDA (€m)	149.3	168.8	294.3	137.5	169.8
EBIT (€m)	107.9	127.0	251.3	93.5	120.8
Adj. EPS (€)	0.97	1.02	2.25	0.85	1.09
Dividend (€)	0.35	0.45	0.60	0.50	0.55
Oper. CF (€m)	105.9	147.0	187.7	127.2	115.4
Free CF (€m)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

Sales and EBIT margin



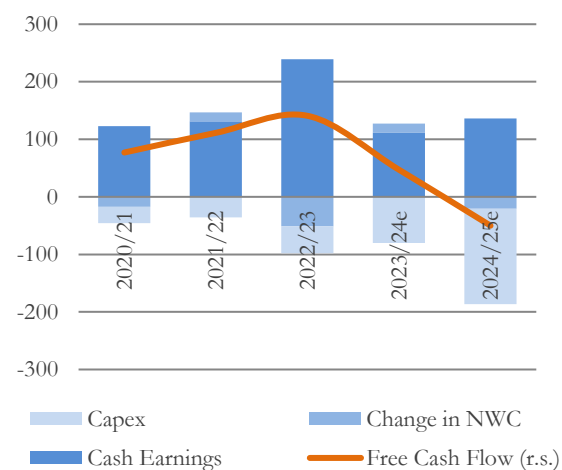
In EURm

Adj. EPS and DPS



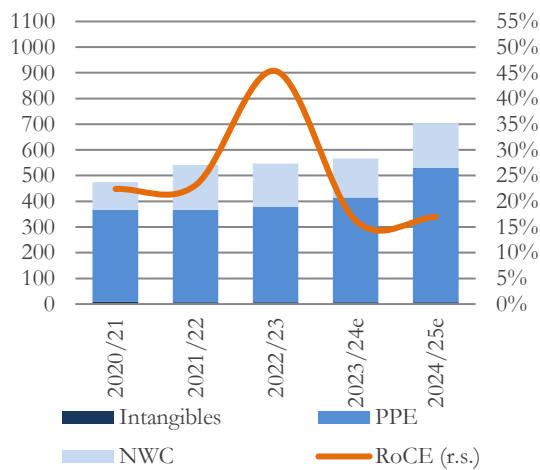
In EUR

Cash Flow



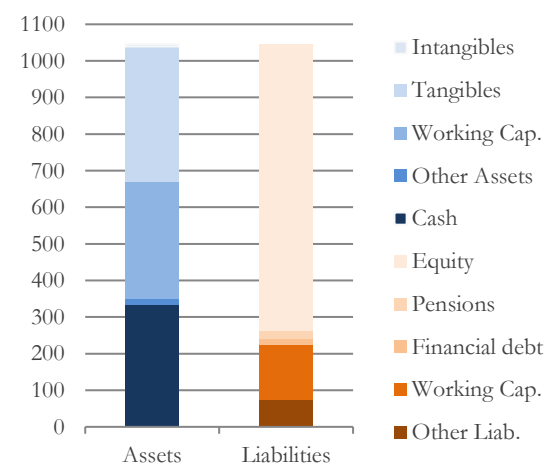
In EURm

RoCE



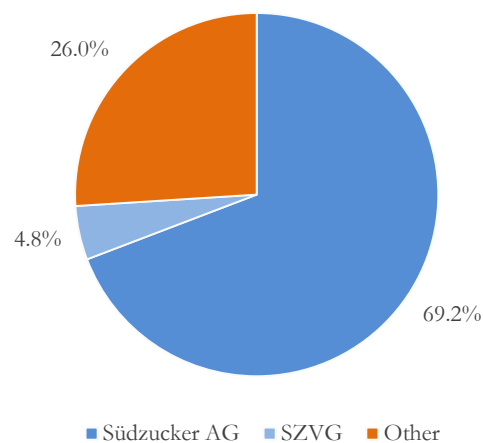
In EURm

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

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

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

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%

Valuation multiples

	2020/21	2021/22	2022/23	2023/24e	2024/25e
Share price	10.82	11.18	13.01	7.78	7.78
x No of shares	87.3	87.3	87.3	87.3	87.3
Market Capitalisation	944.0	975.5	1,135.1	678.8	678.8
+ 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	347.8	443.6
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	2.5	2.6
EV / EBIT	7.6	6.1	3.3	3.7	3.7
PE	11.1	10.9	5.8	9.1	7.1

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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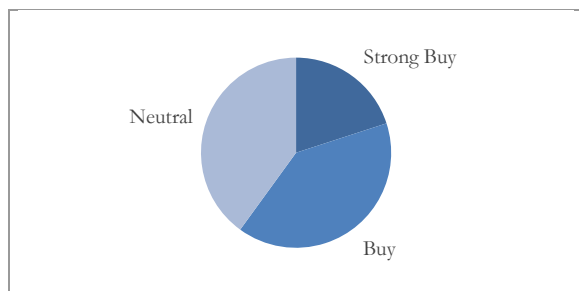
(5) Recommendation history

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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