

10 January 2024

Price as of 09/01/24: €11.50

Company / Sector

CropEnergies

Energy: Biofuels

Fair Value

€18.0

(unchanged)

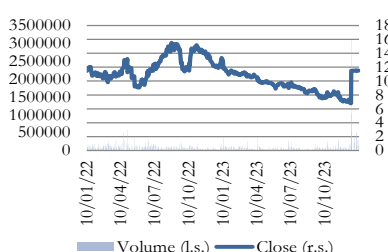
Recommendation

Neutral

(unchanged)

Fine-tuning FY estimates based on Q3 results

Share price performance



Share data

Reuters	CE2G.DE
No. of shares (m)	87.25
Daily volume (3m)	189.454
Free float	26.0%
Market cap. (m)	1,003.4
EV (m)	672.4
Sales 20-24e	9.4%

Valuation	23/24e	24/25e
EV/Sales	0.5	0.6
EV/EBITDA	6.4	6.6
EV/EBIT	10.9	11.4
PER	19.7	18.0
Div. yield	4.3%	4.8%
RoCE	10.7%	9.6%
RoE	6.5%	7.0%

Analysts

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Investment case

CropEnergies' share price development following Südzucker's tender-offer is flat and this must be expected to continue. We thus rate the stock Neutral. The tender offer came at a material premium to the share price before the offer but does not reflect the full future earnings potential of the company, according to our estimates. However, investors have to weigh this against a reduced liquidity and transparency when deciding to retain their shares.

➤ MATERIAL COSTS HIGHER THAN EXPECTED

With preliminaries already out, the release of full Q3 results reveals that higher than expected costs come from the material cost side. This fully explains the roughly EUR10m difference to our estimate before the release of preliminaries (see our Note from 15/12/2023).

➤ FINE TUNING OUR FULL YEAR EARNINGS

We had already adjusted our full year estimates on December, 15th. As a result, we only need to fine-tune our estimates at this stage. The company announced capacity adjustment so that we have lowered our production estimate for Q4. On the other hand, ethanol forwards have slightly improved since December so that we raise our sales estimate slightly but remain at the low end of the sales guidance. In contrast, we have raised our cost expectations for Q4 but are still at the high end of the FY EBIT' guidance.

➤ TENDER OFFER DETERMINES SHARE PRICE

As expected, CropEnergies share price trades very close to Südzucker's tender-offer price of EUR11.5 and should continue to do so until the end of the offer around mid/late February.

For additional disclosures please refer to the appendix

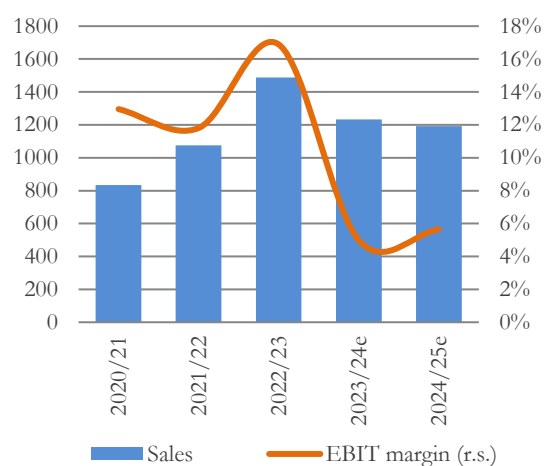
Forecasts	20/21	21/22	22/23	23/24e	24/25e
Sales (€m)	833.1	1075.3	1488.3	1232.5	1192.2
EBITDA (€m)	149.3	168.8	294.3	105.4	116.3
EBIT (€m)	107.9	127.0	251.3	61.5	67.3
Adj. EPS (€)	0.97	1.02	2.25	0.58	0.64
Dividend (€)	0.35	0.45	0.60	0.50	0.55
Oper. CF (€m)	105.9	147.0	187.7	104.3	83.7
Free CF (€m)	77.0	111.2	140.9	24.3	-81.8

Q3 review and change in estimates

EURm	Q3 23/24	Q3 23/24e	Q3 22/23	Change	FY 22/23	FY 23/24e old	FY 23/24e new	Outlook
Production	258000	280,000	228000	13.2%	1057000	1024000	982000	
Sales*	312.1	314.9	328.1	-4.9%	1488.3	1223.4	1232.5	1230-1250
Gross profit	64.9	76.0	84.6	-23.2%	391.0	223.3	219.1	
Margin	20.8%	24.1%	25.8%		26.3%	18.3%	17.8%	
EBITDA*	37.7	47.0	66.4	-43.2%	294.3	105.8	105.4	85-105
Margin	12.1%	14.9%	20.2%		19.8%	8.7%	8.5%	
EBIT*	26.7	36.0	55.7	-52.0%	251.3	61.8	61.5	40-60
Margin	8.6%	11.4%	17.0%		16.9%	5.1%	5.0%	
Net profit a.m.	22.1	28.5	44.7	-50.5%	196.6	51.1	50.8	

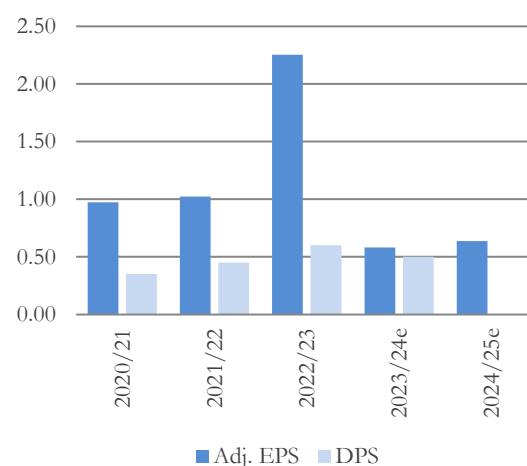
Source: CropEnergies, Matelan Research estimates, * preliminarily reported on 15/12/23, Q3 estimates before release of preliminaries, FY 23/24e old after release of preliminaries

Sales and EBIT' margin



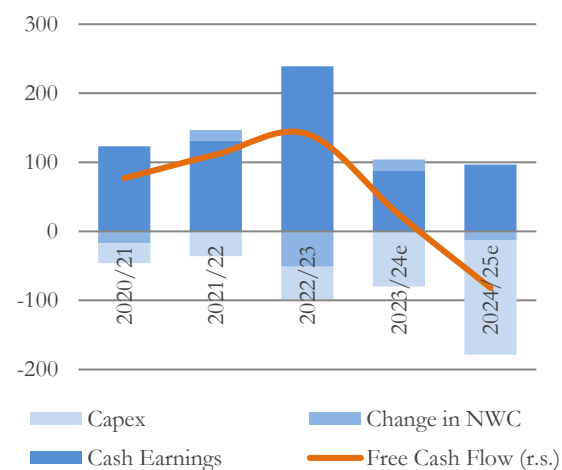
In EURm

Adj. EPS and DPS



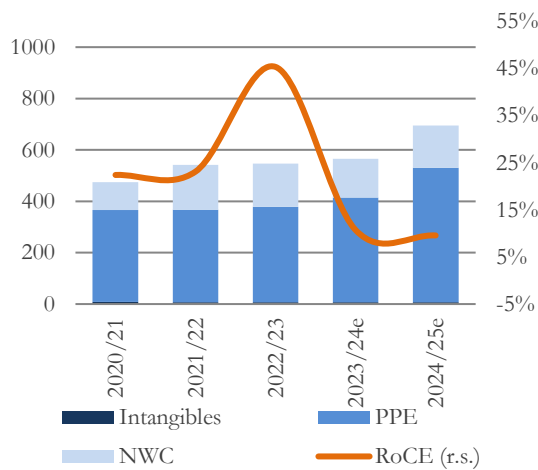
In EUR

Cash Flow



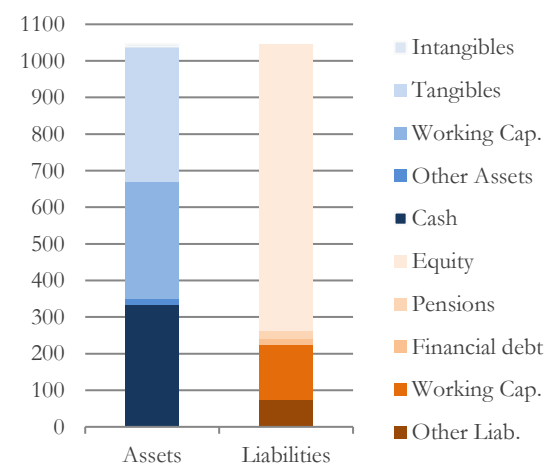
In EURm

RoCE



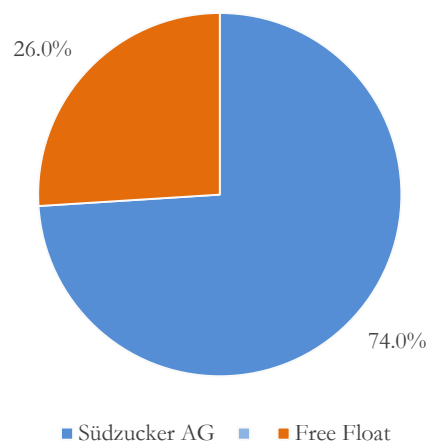
In EURm

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	6.81	6.81
x No of shares	87.3	87.3	87.3	87.3	87.3
Market Capitalisation	944.0	975.5	1,135.1	594.2	594.2
+ 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	263.2	359.0
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	0.2	0.3
EV / EBITDA	5.5	4.6	2.8	2.5	3.1
EV / EBIT	7.6	6.1	3.3	4.3	5.3
PE	11.1	10.9	5.8	11.6	10.7

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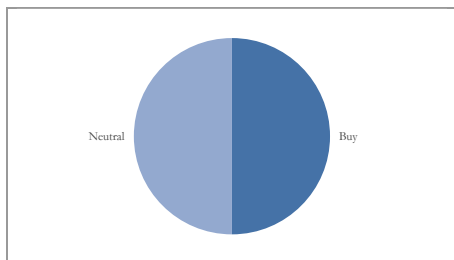
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Stock ratings for the company covered in this report have developed as follows:

CropEnergies	
Date	Rating
20/12/23	Neutral
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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