

Purcari Wineries

4Q '24 Earnings Preview

The Company will publish its 4Q '24 results on Wed, 26 Feb. The results will be presented through a live web conference on 27 Feb, no conference call details yet

Sales to grow 11% y/y in 4Q '24, sustained by growth in the core business

In the fourth quarter of 2024, we expect the winemaker to post revenues of RON 130m (+35% q/q), 11% higher on a yearly basis, sustained by the core business (sale of wine and other beverages), driven by a higher demand and price increases, especially during the holidays. On the other hand, the Company's waste recycling subsidiary, EcoSmart, was deconsolidated in 3Q '24, having accounted for c. 8% of total revenues in FY '23.

We envisage sales of finished goods to showcase an 18% y/y increase to RON 126m (+36% q/q), within the management guidance range (15%-20%), mainly on the back of positive dynamics across the core market, Romania (accounting for c. 61% of wine sales), marking a 22% y/y increase to RON 76.7m (+36% q/q), as we expect increases in both volumes and prices, given a higher number of SKUs (Stock keeping units), with Purcari wines being the main contributor.

We anticipate the Moldovan market to post a 6% y/y growth to RON 19.8m (+18% q/q), displaying increases in IKA (International Key Accounts) that should offset taxation challenges in the Duty-Free channel. Sales in Poland should climb 29% y/y and 49% on a quarterly basis, to RON 7.4m, given a higher number of SKUs opened in 2024. Revenues of Bulgarian subsidiary Angel's Estate are envisaged to increase by 31% y/y to RON 6m, given the continued investments in the business.

COGS are estimated to slightly decline y/y

The cost of goods sold (COGS) are projected to slightly decline versus 4Q '23 (-0.4%) to RON 72m (+40% q/q), driven by lower packaging and materials cost, which should offset higher grape cost. According to the Company's estimates, own grape harvest almost halved in 2024, compared to 2023, reaching 9.4m kg. On our estimates, the gross margin should increase by 2.8pp y/y to 44.6% in 4Q '24.

We project Opex other than COGS to climb 19% y/y to RON 31m (+40% q/q), of which marketing and selling expenses may increase by 10% y/y, while G&A expenses are seen to rise 8.3% y/y mainly due to higher employee benefits.

Net profit a.m. to jump 24% y/y in 4Q

Our forecast leads to an EBITDA of RON 37.7m, 43% higher y/y and 23% above 3Q '24 figures, implying a 29% EBITDA margin. The net finance expense is projected to reach RON 4.2m (compared to a net finance income of RON 362k in 4Q '23) mainly due to higher interest expense (+34% y/y), due to an increase of borrowings and finan from net foreign exchange loss.

21 Feb '25

Summary data

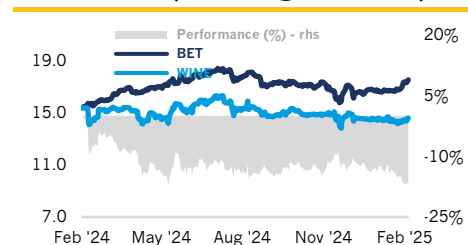
Share price (RON)	14.40
Shares in issue (m)	40.4
Market cap (RONm)	581
Market cap (USDm)	122
Free float	66.5%
3m average daily traded volume (EURk)	52
Absolute change 3 month	-4.1%
Absolute change 12 month	-2.3%
Change 3m (vs BET)	-6.6%
Change 12m (vs BET)	-13.8%

Target price (RON)	U/R
Rating	U/R
Upside	n.m.

Benchmark	BET
BET weighting	0.6%
BET one-year return	+11.6%
Bloomberg	WINE RO
Refinitiv RIC	ROWINE.BX

Source: BT Capital Partners, EquityRT

WINE vs. BET (rebased @ 20 Feb '24)



Source: EquityRT

Key ratios / multiples

	1Q '24	2Q '24	3Q '24	4Q '24f
EPS (RON) LTM	1.35	1.48	1.39	1.48
EPS (RON) QTR	0.27	0.41	0.34	0.46
P/E (x) LTM	10.7	9.8	11.0	9.9
P/S (x) LTM	1.5	1.5	1.6	1.5
EV/EBITDA (x) LTM	7.1	6.6	7.1	6.3

Source: BT Capital Partners

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Considering the above, we forecast net income a.m. of RON 18.5m, up 24% yearly and 8% on a quarterly basis. The FY '24 attributable net profit would amount to RON 59.5m, up 6% y/y, implying a net profit margin of 15.9%, which would fall within the net margin guidance for 2024 (14%-16%).

Dividend estimates

We expect 45% of the FY '24 net income a.m. to be distributed as dividends, leading to a DPS of RON 0.663 (+2.0% y/y) and a 4.5% dividend yield.

Financial data (RONm)	4Q '24f	4Q '23	y/y	3Q '24	q/q	FY '24f	FY '23	y/y
Revenue	129.9	116.9	+11.0%	91.1	+42.5%	391.9	369.4	+6.1%
Romania	76.7	63.0	+21.7%	47.7	+60.8%	228.1	193.6	+17.8%
Republic of Moldova	19.8	18.8	+5.7%	14.9	+33.5%	62.8	59.1	+6.2%
Poland	7.4	5.8	+28.8%	3.2	2.3x	23.1	19.7	+16.9%
Asia	0.5	0.5	-4.7%	1.6	-71.3%	4.7	4.5	+4.3%
Rest of World	6.0	4.6	+31.3%	2.6	2.4x	15.8	11.6	+35.5%
Other revenue	3.4	8.6	-60.3%	11.1	-69.0%	13.2	35.6	-62.8%
Cost of sales	(71.9)	(72.2)	-0.3%	(54.2)	+32.7%	(210.8)	(220.8)	-4.6%
Gross profit	57.9	44.8	+29.4%	36.9	+57.0%	181.1	148.6	+21.9%
Opex (except COGS)	(31.0)	(26.0)	+19.0%	(15.4)	2.0x	(92.6)	(77.3)	+19.8%
EBITDA	37.7	26.3	+43.2%	27.7	+36.3%	123.6	98.5	+25.5%
EBIT	27.6	19.2	+44.0%	21.5	+28.4%	89.2	71.8	+24.3%
Net Profit	18.9	15.8	+19.2%	18.2	+3.5%	62.2	59.6	+4.5%
Net Profit a.m.	18.5	14.9	+23.7%	17.2	+7.7%	59.5	56.0	+6.0%

Source: BT Capital Partners, Company data



Analyst coverage universe

Company	Ticker	Rating	Target price (RON)	Current price (RON)	Analyst
Aquila Part Prod Com	AQ	UNDER REVIEW	UNDER REVIEW	1.325	Adrian Hornea
AROBS Transilvania Software	AROBS	OUTPERFORM	0.975	0.664	Vlad Podea
BRD Societe Generale	BRD	UNDER REVIEW	UNDER REVIEW	18.380	Vlad Podea
Digi Communications	DIGI	UNDER REVIEW	UNDER REVIEW	67.40	Vlad Podea
Electrica	EL	UNDER REVIEW	UNDER REVIEW	15.340	Octavian Duma
Hidroelectrica	H2O	NEUTRAL	125	122.40	Vlad Podea
MedLife	M	UNDER REVIEW	UNDER REVIEW	5.830	Adrian Hornea
One United Properties	ONE	UNDER REVIEW	UNDER REVIEW	20.80	Vlad Podea
Premier Energy	PE	OUTPERFORM	26.4	19.200	Octavian Duma
Sphera Franchise Group	SFG	UNDER REVIEW	UNDER REVIEW	41.00	Adrian Hornea
Romgaz	SNG	UNDER REVIEW	UNDER REVIEW	5.900	Nicolae Vasile
Nuclearelectrica	SNN	UNDER REVIEW	UNDER REVIEW	43.05	Eduard Florea
OMV Petrom	SNP	UNDER REVIEW	UNDER REVIEW	0.766	Nicolae Vasile
Transgaz	TGN	UNDER REVIEW	UNDER REVIEW	27.85	Eduard Florea
Purcari Wineries	WINE	UNDER REVIEW	UNDER REVIEW	14.400	Adrian Hornea
Lion Capital; Evergent Investments; Transilvania Investments Alliance; Longshield Investment Group; Infinity Capital Investments	SIFs	RESTRICTED	RESTRICTED	-	Vlad Podea

Source: EquityRT, BT Capital Partners

Rating history | Purcari Wineries

Type	Date	Price	TP	Rating
Coverage Initiation	19 Apr '21	12.75	17.27	Outperform
Earnings Review	03 Mar '22	10.55	U/R	U/R
Company Update	01 Jul '22	9.03	12.26	Outperform
Earnings Call Wrap-Up	01 Sep '23	11.54	U/R	U/R

Source: BT Capital Partners

Note: Prices adjusted for the current number of shares.

Type	Date	Price	TP	Rating

Updated: 21 Feb '25

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Rating	General Equities
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UNDERPERFORM	The stock is expected to yield negative absolute returns of more than -15% over a 12-month investment horizon in terms of price and we recommend reduced exposure relative to its blue-chip benchmark peers (BET index).
UNDER REVIEW	The rating of the stock is currently under review for update by BTCP Equity Research.
RESTRICTED	The rating of the stock is restricted from disclosure owing to compliance or other regulatory/legal reasons.
NOT-RATED	The stock is not currently rated by BTCP Equity Research.
COVERAGE IN TRANSITION	The rating of the stock is temporarily suspended due to changes in the research team.

Rating distribution for Romanian listed equities rating

As at 21 Feb '25 Recommendation	Total BT Capital Partners	
	Count	% of Total
Outperform	2	8%
Neutral	1	4%
Underperform	0	0%
Under Review	12	46%
Restricted	6	23%
Not rated	5	19%
Coverage in transition	0	0%
Total	26	100%

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