

MBWS

Price EUR15.69

A change in the equity story

Fair Value EUR17,1 (+9%)

NEUTRAL

Coverage initiated

The restructuring of MBWS is now complete with the exit from the business continuation plan in July 2016. The company is henceforth embarking on a new chapter – one of growth – which promises to be more difficult. We are initiating coverage with a Neutral recommendation and a Fair Value of EUR17.1.

ANALYSIS

- An end to restructuring. The history of MBWS is marked by disagreements between shareholders, issues surrounding the level of indebtedness notably linked to the acquisition of Marie Brizard in 2006 and, lastly, a legal proceeding launched in 2012 which was to culminate in a EUR532m debt for equity swap. However, the normalisation process is now complete and, having been rebaptised Marie Brizard Wine & Spirits, the company has a new Executive Committee and Board of Directors. Its shareholder structure has stabilised and the continuation plan has been completed.
- The growth story is less convincing. We are forecasting 2018 sales of EUR480m, in line with the guidance (EUR450-EUR500m) but only thanks to the retention of the wholesale operations in Poland which had initially been slated for divestment. In our view, the organic performance for 2016-18 will not be enough for MBWS to achieve its objectives. The group is behind schedule in France and its targets in the United States, Spain and Poland are very ambitious. We are forecasting EBITDA of just EUR58m in 2018 versus the guidance of EUR67-EUR75m. We are confident on the rationalization and optimization components and their ability to generate a respective EUR3.5m and EUR25m but the weaker-than-expected growth is likely to represent an EBITDA shortfall of EUR9m.

VALUATION

- After a re-rating in 2014 and 2015, the shares have fallen by 22% in absolute terms since the beginning of the year due to the stock warrant exchange offer and uncertainties regarding the growth outlook. Our DCF-based valuation derives a Fair Value of EUR17.1, which points to 9% upside potential. We are initiating coverage with a Neutral recommendation.

NEXT CATALYST

- The update on the strategic plan on 12 December should be an opportunity to provide more detail on the growth component of the BIG 2.0 plan and to announce that the plan to divest the Polish wholesale operations has been abandoned.

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Bloomberg	MBWS FP
Reuters	MBWS.PA
12-month High / Low (EUR)	20.3 / 14.9
Market Cap (EURm)	444
Ev (BG Estimates) (EURm)	-23,372
Avg. 6m daily volume (000)	56.20
3y EPS CAGR	94.3%

	1 M	3 M	6 M	31/12/15
Absolute perf.	1.2%	-2.4%	-2.8%	-22.3%
Food & Bev.	-8.1%	-10.0%	-6.4%	-10.0%
DJ Stoxx 600	-1.0%	0.2%	0.9%	-6.8%

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	451,050	441,262	458,404	479,628
% change		-2.2%	3.9%	4.6%
EBITDA	11,219	18,224	33,555	58,179
EBIT	5,093	11,649	27,229	51,512
% change		128.7%	133.7%	89.2%
Net income	5,484	-5,212	18,274	42,761
% change		NM	NS	134.0%

	2015	2016e	2017e	2018e
Operating margin	3.2	2.6	5.9	10.7
Net margin	1.2	-1.2	4.0	8.9
ROE	NM	NM	NM	NM
ROCE	6.9	-1.3	-1.5	-1.5
Gearing	-34.7	-10.3	-20.2	-30.9

(EUR)	2015	2016e	2017e	2018e
EPS	0.21	-0.19	0.65	1.52
% change		NM	NS	134.0%
P/E	75.8x	NS	24.2x	10.3x
FCF yield (%)	NM	2.3%	7.4%	13.0%
Dividends (EUR)	0.00	0.00	0.00	0.00
Div yield (%)	NM	NM	NM	NM
EV/Sales	NS	NS	NS	NS
EV/EBITDA	NS	NS	NS	NS
EV/EBIT	NS	NS	NS	NS



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Distribution of stock ratings

BUY ratings 72%

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