

Schloss Wachenheim AG

Germany / Food & beverages
 Primary exchange: Frankfurt
 Bloomberg: SWA GR
 ISIN: DE0007229007

Q3 2024/25 results

RATING
BUY

PRICE TARGET
€ 21.00

Return Potential 40.0%
 Risk Rating Medium

TOUGH Q3, BUT MANAGEMENT CONFIDENT ABOUT Q4

SWA's post-Christmas quarter is usually the weakest period of its financial year, in which EBIT is typically close to the breakeven level. Q3 24/25 sales fell 0.7% to €86.5m (FBe: €91.8m; Q3 23/24: €87.1m), while EBIT came in at €-2.4m (FBe: €1.2m; Q3 23/24: €2.2m). Sales in Germany and France climbed by 4.9% and 3.2% respectively, but sales in East Central Europe fell 9.6%. We surmise that the sales dip in East Central Europe was caused by weaker consumer sentiment, influenced by economic and geopolitical uncertainties. Management was previously guiding towards 2024/25 sales growth of ca. 5% and EBIT of €31m-€33m but is now boking for sales to increase by ca. 4% and EBIT to come at the lower end of the €31-€33m range. 2024/25 sales growth of ca. 4% implies growth of ca. 12% for Q4 24/25, so management is clearly expecting a strong rebound in the current quarter. The recent development of the East Central Europe segment notwithstanding, we continue to expect falling inflation and interest rates to positively influence SWA's business in the longer term. We maintain our Buy recommendation, but have reduced the price target from €22 to €21 to reflect reductions in our earnings forecasts in the light of the weak Q3 24/25 results.

Volume up 6.5% in Germany, but EBIT loss widened slightly Germany segment volume rose 6.5% to 16.5m bottles (Q3 23/24: 15.5m bottles) while sales increased 4.9% to €30.4m (Q3 23/24: €29.0m). The positive development was helped by a weak comparator quarter (volume fell 6.1% in Q3 23/24), as well as continued significant growth in de-alcoholised products. Changes in the product mix meant that sales did not quite keep pace with volume, despite price rises implemented by SWA to compensate for higher raw wine and other raw materials costs. Gross profit climbed 2.7% to €13.7m (Q3 23/24: €13.3m), but higher personnel, freight and maintenance costs meant that the EBIT loss widened slightly to €-1.3m (Q3 23/24: €-0.9m). (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2020/21	2021/22	2022/23	2023/24	2024/25E	2025/26E
Revenue (€m)	354.6	384.0	425.8	441.5	459.2	484.9
Y-o-y growth	4.8%	8.3%	10.9%	3.7%	4.0%	5.6%
EBIT (€m)	24.4	29.2	27.4	28.2	31.1	34.6
EBIT margin	6.9%	7.6%	6.4%	6.4%	6.8%	7.1%
Net income (€m)	10.4	13.7	10.9	9.5	11.0	12.3
EPS (diluted) (€)	1.32	1.73	1.38	1.20	1.39	1.55
DPS (€)	0.50	0.60	0.60	0.60	0.60	0.60
FCF (€m)	27.4	4.0	12.6	-2.6	10.5	8.7
Net gearing	26.8%	29.2%	29.4%	36.5%	34.0%	32.9%
Liquid assets (€m)	7.7	7.1	7.5	7.7	9.2	9.7

RISKS

Risks to our price target include, but are not limited to: intensification of price pressure in Germany; currency volatility on the group's East Central Europe markets.

COMPANY PROFILE

Schloss Wachenheim AG is one of the world's largest producers of sparkling wine. The company is the number three producer in its home market of Germany (32% of 2023/24 group sales) and number one in France with a 40% market share. Some 47% of group sales are generated in East Central Europe through the 61%-owned subsidiary, Ambra.

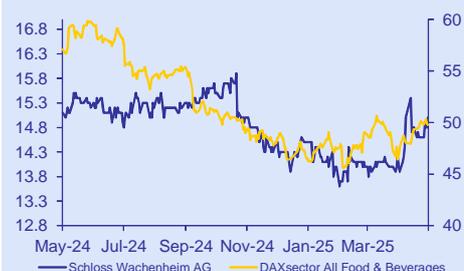
MARKET DATA

As of 09 May 2025

Closing Price	€ 15.00
Shares outstanding	7.92m
Market Capitalisation	€ 118.80m
52-week Range	€ 13.60 / 15.90
Avg. Volume (12 Months)	1,234

Multiples	2023/24	2024/25E	2025/26E
P/E	12.5	10.8	9.7
EV/Sales	0.5	0.5	0.4
EV/EBIT	7.4	6.7	6.0
Div. Yield	4.0%	4.0%	4.0%

STOCK OVERVIEW



COMPANY DATA

As of 31 Mar 2025

Liquid Assets	€ 8.73m
Current Assets	€ 234.63m
Intangible Assets	€ 101.25m
Total Assets	€ 472.17m
Current Liabilities	€ 144.46m
Shareholders' Equity	€ 260.44m

SHAREHOLDERS

Günther Reh AG	69.9%
Free float	30.1%



Figure 1: Q3 24/25 results versus our forecasts

€m	Q3 24/25A	Q3 24/25E	Δ	Q3 23/24A	Δ
Sales	86.48	91.77	-5.8%	87.13	-0.7%
by region:					
Germany	30.44	30.77	-1.1%	29.03	4.9%
France	20.50	20.86	-1.7%	19.87	3.2%
East Central Europe	35.92	41.73	-13.9%	39.74	-9.6%
Eliminations	-0.38	-1.58	n.a.	-1.50	n.a.
EBIT	-2.43	1.20	-302.2%	-2.18	11.6%
<i>margin (%)</i>	-2.8%	1.3%	-	-2.5%	-
by region					
Germany	-1.30	-0.31	322.7%	-0.94	38.7%
<i>margin (%)</i>	-4.3%	-1.0%	-	-3.2%	-
France	-0.90	-0.83	7.8%	-3.33	-73.0%
<i>margin (%)</i>	-4.4%	-4.0%	-	-16.7%	-
East Central Europe	-0.38	2.30	-116.6%	2.01	-119.0%
<i>margin (%)</i>	-1.1%	5.5%	-	5.1%	-
Other/eliminations	0.15	0.05	n.a.	0.08	n.a.
Net profit before non-controlling interests	-2.73	-0.10	n.a.	-2.34	16.6%
Net profit after non-controlling interests	-2.62	-0.70	273.9%	-3.07	-14.8%
EPS (€)	-0.33	-0.09	273.4%	-0.38	-13.2%

Source: SWA; First Berlin Equity Research estimates

France gross margin widened from 32.0% to 36.9% Volume in France edged ahead by 1.2% to 11.4m bottles (Q3 23/24: 11.3m bottles). An increase in domestic volume outweighed a decline in the export business. Due to product mix changes, sales outpaced volume, rising 3.2% to €20.5m (Q3 23/24: €19.9m), and the gross margin widened from 32.0% to 36.9%. Reported segment EBIT was €-0.9m (Q3 23/24: €-3.3m). SWA booked €0.8m of restructuring costs in connection with the transfer of production from Wissembourg to Tournan-en-Brie in Q3 23/24. No restructuring costs were booked in the Q3 24/25. Adjusted for this item, the EBIT comparison is €-0.9m vs €-2.5m.

Business in East Central Europe impacted by Ukraine uncertainty Volume in East Central Europe retreated 4.7% to 16.2m bottles (Q3 23/24: 17.0m bottles) as consumer sentiment was undermined by economic and geopolitical uncertainties. Product mix effects meant that sales fell by 9.6% to €35.9m (Q3 23/24: €39.7m). Segment gross profit fell 7.4% to €16.2m (Q3 23/24: €17.5m) while higher personnel freight, IT and rental costs, as well as non-income-related taxes pushed EBIT into the red at €-0.4m (Q3 23/24: €2.0m).

End March 2025 net gearing at 34.7% (March 2024: 33.9%) Q3 24/25 cash flow before changes in working capital rose 3.2% to €3.9m (Q3 23/24: €3.8m). The third quarter of SWA's financial year is characterised by the collection of receivables following the Christmas quarter. In Q3 24/25 an 80.2% rise in cash inflow from working capital to €16.6m (Q3 23/24: €9.2m) meant that operating cashflow rose 57.6% to €20.5m (Q3 23/24: €13.0m). Cash outflow from investing fell to €2.6m (Q3 23/24: €66m) following the completion of the transfer of production capacity within France from Wissembourg to Tournan-en-Brie. Free cashflow came in at €17.2m (Q3 23/24: €6.5m). Net debt including pension liabilities fell during the quarter by €14.6m to €90.2m, equivalent to net gearing of 34.7% (Q3 23/24: net debt including pension liabilities of €84.2m and net gearing of 33.9%).



Figure 2: Changes to our forecasts

All figures in €m	2024/25E			2025/26E		
	old	new	Δ	old	new	Δ
Sales	463.40	459.22	-0.9%	493.61	484.86	-1.8%
by region:						
Germany	154.80	153.89	-0.6%	164.09	163.12	-0.6%
France	96.90	97.51	0.6%	100.77	101.41	0.6%
East Central Europe	219.08	215.68	-1.6%	236.60	228.62	-3.4%
Eliminations	-7.38	-7.86	-	-7.86	-8.30	-
EBIT	32.96	31.07	-5.7%	37.72	34.63	-8.2%
Margin	7.1%	6.8%	-	7.6%	7.1%	-
by region:						
Germany	5.35	5.54	3.5%	5.74	5.71	-0.6%
margin (%)	3.5%	3.6%	-	3.5%	3.5%	-
France	2.90	3.16	8.8%	5.04	5.07	0.6%
margin (%)	3.0%	3.2%	-	5.0%	5.0%	-
East Central Europe	24.95	22.51	-9.8%	27.21	24.01	-11.8%
margin (%)	11.4%	10.4%	-	11.5%	10.5%	-
Eliminations	-0.24	-0.14	n.a.	-0.27	-0.15	n.a.
Net profit before non-controlling interests	21.15	20.08	-5.1%	24.63	21.96	-10.8%
Net profit after non-controlling interests	11.65	11.03	-5.3%	14.26	12.31	-13.7%
EPS €	1.47	1.39	-5.3%	1.80	1.55	-13.7%

Source: First Berlin Equity Research estimates

Buy recommendation maintained but price target reduced from €22 to €21 We have adjusted our forecasts to reflect the weak Q3 24/25 results in East Central Europe and the ensuing downward revision in management's FY 24/25 guidance. We have lowered our price target for the SWA share to €21 (previously: €22), but maintain our Buy recommendation.



VALUATION MODEL

All figures in EUR 000s	2024/25E	2025/26E	2026/27E	2027/28E	2028/29E	2029/30E	2030/31E	2031/32E	2032/33E	2033/34E	2034/35E
Net sales	459,221	484,856	506,145	526,826	553,573	582,100	612,539	645,035	676,306	705,764	736,731
NOPLAT	24,432	26,723	28,075	31,423	32,386	33,330	34,245	35,122	37,141	39,019	40,840
+ depreciation & amortisation	-16,810	-17,627	-18,275	-18,890	-19,710	-20,580	-21,503	-22,483	-23,404	-24,247	-25,126
Net operating cash flow	41,242	44,350	46,349	50,312	52,096	53,910	55,748	57,605	60,545	63,266	65,966
- total investments (CAPEX and WC)	-26,079	-30,694	-25,354	-30,557	-30,526	-32,373	-32,534	-29,987	-31,333	-30,558	-33,507
Capital expenditures	-20,326	-22,817	-23,874	-24,409	-25,342	-26,946	-25,015	-25,878	-26,044	-26,066	-27,440
Working capital	-5,753	-7,877	-1,480	-6,148	-5,184	-5,427	-7,519	-4,110	-5,289	-4,492	-6,066
Free cash flows (FCF)	15,163	13,656	20,995	19,756	21,571	21,537	23,214	27,617	29,211	32,707	32,459
PV of FCFs	14,956	12,188	16,953	14,433	14,259	12,881	12,562	13,522	12,940	13,110	11,771

All figures in EUR 000s	
PV of FCFs in explicit period (2023/24-2034/35)	149,576
PV of FCFs in terminal period	157,762
Enterprise value (EV)	307,338
Average net debt (most recent four quarters)	-95,482
Investments / minority interests	-45,522
Shareholder value	166,334
Fair value per share in EUR	21.00

WACC	10.5%
Cost of equity	12.7%
Pre-tax cost of debt	5.0%
Tax rate	23.0%
After-tax cost of debt	3.9%
Share of equity capital	75.0%
Share of debt capital	25.0%
Price target in EUR	21.00

		Terminal growth rate						
		0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%
WACC	9.0%	27.83	28.52	29.30	30.19	31.21	32.41	33.83
	9.5%	24.87	25.41	26.02	26.70	27.49	28.39	29.45
	10.0%	22.24	22.67	23.14	23.67	24.27	24.96	25.75
	10.5%	19.89	20.22	20.59	21.00	21.46	21.99	22.58
	11.0%	17.78	18.04	18.32	18.64	18.99	19.39	19.84
	11.5%	15.88	16.08	16.30	16.54	16.81	17.11	17.45
	12.0%	14.15	14.30	14.47	14.65	14.86	15.08	15.33



INCOME STATEMENT

All figures in €000s	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25E	FY 25/26E
Revenues	354,584	383,975	425,753	441,505	459,221	484,856
Change in inventories	-1,959	3,307	12,856	-1,241	0	0
Cost of materials	-198,789	-220,798	-259,676	-256,692	-264,052	-278,792
Gross Profit	153,836	166,484	178,933	183,572	195,169	206,064
Other operating income	4,323	4,027	5,065	6,747	5,051	5,333
Personnel expenses	-60,225	-61,505	-64,801	-72,623	-73,475	-77,577
Depreciation	-15,151	-15,841	-17,087	-18,116	-16,810	-17,627
Restructuring France	0	0	-4,446	-837	0	0
Other operating expenses	-58,359	-63,980	-70,288	-70,553	-78,870	-81,561
Operating Income (EBIT)	24,424	29,185	27,376	28,190	31,065	34,632
Associates	77	317	236	329	345	200
Net interest income	-1,509	-1,807	-3,156	-5,371	-5,881	-6,369
Pretax profit (EBT)	22,992	27,695	24,456	23,148	25,529	28,464
Taxes	-5,339	-6,480	-5,432	-4,683	-5,451	-6,501
Net profit before non-controlling interests	17,653	21,215	19,024	18,465	20,078	21,963
Non-controlling interests	-7,227	-7,484	-8,119	-8,992	-9,051	-9,652
Net profit after non-controlling interests	10,426	13,731	10,905	9,473	11,027	12,311
EPS (€)	1.32	1.73	1.38	1.20	1.39	1.55
EBITDA	39,575	45,026	44,463	46,306	47,875	52,260
Ratios						
Gross margin	43.4%	43.4%	42.0%	41.6%	42.5%	42.5%
EBITDA margin on revenues	11.2%	11.7%	10.4%	10.5%	10.4%	10.8%
EBIT margin on revenues	6.9%	7.6%	6.4%	6.4%	6.8%	7.1%
Net margin on revenues	5.0%	5.5%	4.5%	4.2%	4.4%	4.5%
Tax rate	23.2%	23.4%	22.2%	20.2%	21.4%	22.8%
Expenses as % of revenues						
Personnel costs	-17.0%	-16.0%	-15.2%	-16.4%	-16.0%	-16.0%
Depreciation	-4.3%	-4.1%	-4.0%	-4.1%	-3.7%	-3.6%
Other operating expenses	-16.5%	-16.7%	-16.5%	-16.0%	-17.2%	-16.8%
Y-Y Growth						
Revenues	4.8%	8.3%	10.9%	3.7%	4.0%	5.6%
Operating income	28.8%	19.5%	-6.2%	3.0%	10.2%	11.5%
Net profit before non-controlling interests	35.9%	20.2%	-10.3%	-2.9%	8.7%	9.4%



BALANCE SHEET

All figures in €000s	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25E	FY 25/26E
Assets						
Current assets, total	179,147	203,784	232,287	238,622	246,637	260,405
Cash and cash equivalents	7,680	7,133	7,457	7,673	9,184	9,697
Other receivables and short-term assets	9,093	8,610	6,214	9,747	10,138	10,704
Trade accounts and notes receivables	53,753	59,335	64,370	71,036	71,179	75,153
Inventories	108,621	128,706	154,246	150,166	156,135	164,851
Non-Current Assets, total	198,884	204,833	212,434	231,659	234,820	240,286
Property, plant and equipment	97,513	103,845	110,405	124,673	128,679	132,469
Goodwill + intangible assets	96,082	95,225	95,701	99,780	99,290	100,690
Other financial assets	3,709	3,889	4,230	5,128	5,473	5,673
Deferred taxes + prepaid expenses	1,580	1,874	2,098	2,078	1,378	1,455
Long term assets for sale	0	0	0	0	0	0
Total Assets	378,031	408,617	444,721	470,281	481,457	500,692
Shareholders' equity & debt						
Current Liabilities, total	115,034	132,501	152,177	156,604	157,435	163,232
Current provisions	7,422	6,562	8,333	8,690	9,233	9,651
Short-term financial debt	28,849	36,238	44,543	57,536	57,283	57,586
Trade payables	44,734	55,158	61,953	56,550	58,819	62,103
Prepayments, deferred charges & other liabilities	34,029	34,543	37,348	33,828	32,100	33,892
Long term liabilities, total	48,003	49,715	51,360	60,958	56,399	58,045
Long-term financial debt	34,121	34,849	31,832	40,349	40,782	41,719
Pension accruals and similar liabilities	2,405	2,150	1,936	1,982	2,101	2,227
Other long-term debt	1,095	1,138	5,291	5,217	5,426	5,729
Deferred taxes	10,382	11,578	12,301	13,410	8,090	8,370
Shareholders' equity	174,547	183,479	191,718	197,448	203,301	205,440
Minority interests	40,447	42,922	49,466	55,271	64,322	73,974
Total shareholders' equity & debt	378,031	408,617	444,721	470,281	481,457	500,692
Ratios						
Current ratio (x)	1.56	1.54	1.53	1.52	1.57	1.60
Quick ratio (x)	0.61	0.57	0.51	0.56	0.57	0.59
Financial leverage (including pension liabilities)	26.8%	29.2%	29.4%	36.5%	34.0%	32.9%
Book value per share (€)	22.04	23.16	24.20	24.92	25.66	25.92
Net debt (including pension liabilities)	57,695	66,104	70,854	92,194	90,981	91,835
Return on equity (ROE)	5.0%	6.2%	4.7%	3.8%	4.2%	4.5%



CASH FLOW STATEMENT

All figures in €000s	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25E	FY 25/26E
Net profit before minorities	17,653	21,215	19,024	18,465	20,078	21,963
Depreciation and amortisation	15,151	15,841	17,087	18,116	16,810	17,627
Change in working capital	10,867	-14,422	-16,962	-18,485	-5,753	-7,877
Other	-1,015	-716	7,276	2,016	-345	-200
Operating cash flow	42,656	21,918	26,425	20,112	30,790	31,513
CAPEX	-18,165	-18,389	-14,314	-23,262	-20,326	-22,817
Fixed asset sales	2,862	500	930	545	0	0
Investing cash flow	-15,303	-17,889	-13,834	-22,717	-20,326	-22,817
Free cash flow	27,353	4,029	12,591	-2,605	10,464	8,696
Change in financial liabilities	-19,377	3,603	-4,414	11,636	298	1,366
Dividends to shareholders	-3,168	-3,960	-4,752	-4,752	-4,752	-4,752
Dividends to subsidiaries of minorities	-3,048	-4,382	-3,152	-4,019	-4,499	-4,798
Other	0	0	0	0	0	0
Financing cash flow	-25,593	-4,739	-12,318	2,865	-8,953	-8,184
Change in cash	1,760	-710	723	260	1,511	513
Consolidation; exchange rate effects	-95	163	-399	-44	0	0
Liquid funds, start of the year	6,015	7,680	7,133	7,457	7,673	9,184
Liquid funds, end of the year	7,680	7,133	7,457	7,673	9,184	9,697
Free cash flow per share (€)	3.45	0.51	1.59	-0.33	1.32	1.10
Y-Y growth						
Operating cash flow	229.2%	-48.6%	20.6%	-23.9%	53.1%	2.3%
Free cash flow	11589.3%	-85.3%	212.5%	n.a.	n.a.	-16.9%
Financial cash flow	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

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PRICE TARGET DATES

Unless otherwise indicated, current prices refer to the closing prices of the previous trading day.

AGREEMENT WITH THE ANALYSED COMPANY AND MAINTENANCE OF OBJECTIVITY

The present financial analysis is based on the author's own knowledge and research. The author prepared this study without any direct or indirect influence exerted on the part of the analysed company. Parts of the financial analysis were possibly provided to the analysed company prior to publication in order to avoid inaccuracies in the representation of facts. However, no substantial changes were made at the request of the analysed company following any such provision.

ASSET VALUATION SYSTEM

First Berlin's system for asset valuation is divided into an asset recommendation and a risk assessment.

ASSET RECOMMENDATION

The recommendations determined in accordance with the share price trend anticipated by First Berlin in the respectively indicated investment period are as follows:

Category		1	2
Current market capitalisation (in €)		0 - 2 billion	> 2 billion
Strong Buy ¹	An expected favourable price trend of:	> 50%	> 30%
Buy	An expected favourable price trend of:	> 25%	> 15%
Add	An expected favourable price trend of:	0% to 25%	0% to 15%
Reduce	An expected negative price trend of:	0% to -15%	0% to -10%
Sell	An expected negative price trend of:	< -15%	< -10%

¹ The expected price trend is in combination with sizable confidence in the quality and forecast security of management.

Our recommendation system places each company into one of two market capitalisation categories. Category 1 companies have a market capitalisation of €0 – €2 billion, and Category 2 companies have a market capitalisation of > €2 billion. The expected return thresholds underlying our recommendation system are lower for Category 2 companies than for Category 1 companies. This reflects the generally lower level of risk associated with higher market capitalisation companies.

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The First Berlin categories for risk assessment are low, average, high and speculative. They are determined by ten factors: Corporate governance, quality of earnings, management strength, balance sheet and financial risk, competitive position, standard of financial disclosure, regulatory and political uncertainty, strength of brandname, market capitalisation and free float. These risk factors are incorporated into the First Berlin valuation models and are thus included in the target prices. First Berlin customers may request the models.

RECOMMENDATION & PRICE TARGET HISTORY

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	19 July 2007	€10.00	Hold	€10.75
2...59	↓	↓	↓	↓
60	11 May 2023	€15.80	Buy	€22.00
61	26 September 2023	€16.40	Buy	€22.00
62	13 November 2023	€16.80	Buy	€22.00
63	26 February 2024	€15.50	Buy	€22.00
64	13 May 2024	€15.10	Buy	€22.00
65	30 September 2024	€15.60	Buy	€22.00
66	11 November 2024	€15.00	Buy	€22.00
67	24 February 2025	€14.20	Buy	€22.00
68	Today	€15.00	Buy	€21.00

INVESTMENT HORIZON

Unless otherwise stated in the financial analysis, the ratings refer to an investment period of twelve months.

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At the time of publication of this financial analysis it is not certain whether, when and on what occasion an update will be provided. In general First Berlin strives to review the financial analysis for its topicality and, if required, to update it in a very timely manner in connection with the reporting obligations of the analysed company or on the occasion of ad hoc notifications.

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Legally required information regarding

- key sources of information in the preparation of this research report
- valuation methods and principles
- sensitivity of valuation parameters

can be accessed through the following internet link: <https://firstberlin.com/disclaimer-english-link/>

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