

Beluga Group PJSC Investment Teaser

Prepared by Team Target WACC

Brief

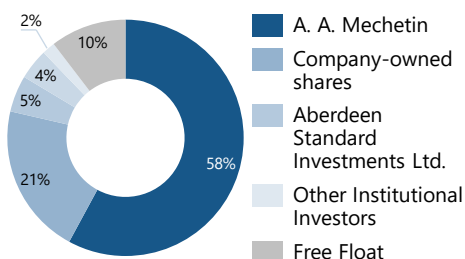
Share details, RUB

Date	28.04.2021
Close Price	3 626,0
52 Wk high	6 822,0
52 Wk low	804,0
Beta 5Y Weekly, x	0,14
Shares Outstanding	12,5M

Historical Performance



Shareholder Structure



Investment View

Recommendation



BUY

Consensus: **N/A**

Rationale

Stable improvement of Beluga's operating and financial performance coupled with strong **adaptability** to changeable market conditions expressed by enhancing brand diversification and expansion into e-com. Beluga is also **severely undervalued** compared to its international peers

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SOURCES: Bloomberg BI, Thomson Reuters, FT, company reports

Business Summary

Company Profile

BELUGA GROUP is the largest company on the Russian alcohol beverages market, a leading producer of vodka and flavored liqueurs, and one of the country's key importers of spirits. The Group counts over 10,000 employees and boasts a presence in more than 120 countries across five continents. Beluga's secondary areas of activity include food production, carried out at the subsidiary PentAgro JSC, and a retail business in the form of WineLab chain

Financial Summary, mIn RUB

	2016	2017	2018	2019	2020
Revenue	35 903,0	37 303,0	43 411,0	51 270,0	63 292,0
EBITDA	3 212,0	3 616,0	4 251,0	6 560,0	9 207,0
TTM EBITDA Margin, %	8,95	9,69	9,79	12,80	14,55
Net Income	237,0	588,0	919,0	1 353,0	2 462,0
TTM EPS	13,79	34,60	68,34	111,53	224,90
D/E, %	46,54	56,62	66,76	92,72	100,56
ROE, %	1,27	3,14	4,99	7,31	12,66
ROA, %	0,64	1,49	2,06	2,56	4,07

Key Risks



Financial Risks

Debt burden doubling over the past 5 years may cause liquidity problems in case of further liabilities growth or overall decline of economic activity



Legislative Risks

The company's performance is heavily susceptible to changes in excises provoked by possible budget deficits and government social programs



Demand Risks

Consumer preferences possibly shifting to cheaper drinks from premium beverages as well as emerging healthy lifestyle trends could hinder Beluga's position on the market if it fails to adapt

Position In The Industry

Operating Performance in Q1 2021

Sustainable sales growth: group's total sales continued the upward trajectory of lockdown-enhanced 2020, reaching 3 380K 9L cases, a 5.6% increase YoY. Sales of the company's own products are 1.9% up, while sales of imported brands, which the company represents exclusively in Russia, increased by 31%

Strengthening global positions: export operations rose by 41% YoY with sales to European countries increasing by 39%, to the USA – by record-breaking 59%

Growing retail business: WineLab sales are up by 29% with the number of outlets reaching 665. The growth is driven by e-commerce, its share in the chain's sales rising to 3.5% against 1.2% last year

Peer Overview, mIn USD

Company	Market Cap	EV	P/E, x	P/S, x	TTM EV/ EBITDA, x
Beluga Group PJSC	748,0	962,9	15,7	0,7	3,6
Remy Cointreau SA	10 374,8	10 893,8	96,8	9,0	37,9
Pernod Ricard SA	54 856,7	65 102,9	166,2	5,6	20,6
Diageo PLC	106 862,6	126 114,6	68,6	6,6	21,3
Brown-Forman Corp	35 781,0	37 334,0	44,7	10,8	29,4
Abrau-Durso PAO	267,2	271,9	15,5	2,2	13,7
Median	23 077,9	24 113,9	56,6	6,1	21,0