MATELAN Research

Impact Note

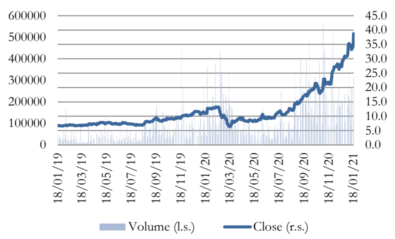
20 January 2021

Price as of 19/01/21: €38.80

Company / Sector	Fair Value	Recommendation
Verbio	**€50.0**	**Buy**
Energy: Biofuels	(€21.4)	(unchanged)

Traffic lights are turning green

Share price performance



Share data

Reuters	VBKG.DE
No. of shares (m)	63.0
Daily volume (3m)	198,615
Free float	28.1%
Market cap. (m)	2,444.4
EV (m)	2,394.7
Sales 17/18-21/22e	9.5%

Valuation	20/21e	21/22e
EV/Sales	2.5	2.4
EV/ EBITDA	18.1	16.9
EV/EBIT	22.9	21.5
PER	34.2	32.3
Div. yield	0.6%	0.6%
RoCE	25.3%	24.3%
RoE	15.9%	14.8%

Analysts

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Investment case

Since the publication of our Company Report on Verbio in August, we have seen quite a number of positive developments from the regulatory as well as the market side. We thus price higher growth prospects into our model. In addition, reduced risk lowers the discount rate. These factors drive our valuation to EUR50. Still, regulation is set to improve further, giving the company even more room for scaling operations. Current year estimates might already be beaten. We thus see further upside in our valuation and reiterate our Buy rating on the stock.

PROSPECTS FURTHER IMPROVING

Since August, the EU has raised its 2030 CO_2 reduction target from 40% to 55%, Germany maintains its support for 1G biofuels and raises the GHG reduction target for fuels from 6% in 2020 to 22% in 2030, and LNG sales at German petrol stations show that this market is gaining traction. Moreover, the election of Joe Biden is likely to improve climate regulation in the US further.

FY ESTIMATES STILL HAVE SOME UPSIDE

The second lockdown and carry-overs from 2019 currently weigh on pricing in particular for ethanol and the GHG quota. However, forwards already show an improvement and catch-up effects could add to that. Based on current forward pricing, we anticipate an EBITDA of EUR80m at the half year stage and confirm our forecast of EUR132m for the full year.

VALUATION REACHES NEXT LEVEL

Pricing in higher growth and a lower risk premium leaves us with a new fair value of EUR50, which yields an upside of almost 30%. Still, regulation is set to improve further, giving even more opportunities for scaling. We thus reiterate to our Buy rating.

For additional disclosures please refer to the appendix

Forecasts	17/18	18/19	19/20	20/21e	21/22e
Sales (€m)	685.9	779.3	872.4	939.5	985.2
EBITDA (€m)	44.8	95.1	122.1	132.4	140.3
EBIT (€m)	22.4	73.7	91.9	104.4	110.3
Adj. EPS (€)	0.24	0.84	1.01	1.13	1.20
Dividend (€)	0.20	0.20	0.20	0.22	0.25
Oper. CF (€m)	11.1	44.3	71.7	104.1	102.9
Free CF (€m)	-14.1	-18.7	3.7	19.1	37.9

Verbio is taking advantage of growth opportunities

In our latest Company Report on Verbio in August 2020, we had elaborated on the growth opportunities that are currently opening up for the company and how management intends to take advantage of these opportunities. In particular, we have described that regulation with regard to CO_2 reduction in the European Union is tightening, which should lead to further growth in Verbio's traditional markets. Moreover, we have described that sales of LNG Trucks are gaining traction in Germany, which represents an additional growth opportunity for Verbio's biogas operations. This is a market which Verbio intends to address even on a European scale. Finally, the company plans to scale its global footprint further. Most importantly, the company intends to expand its Canadian biodiesel operation to build and integrated biorefinery similar to its plant in Schwedt.

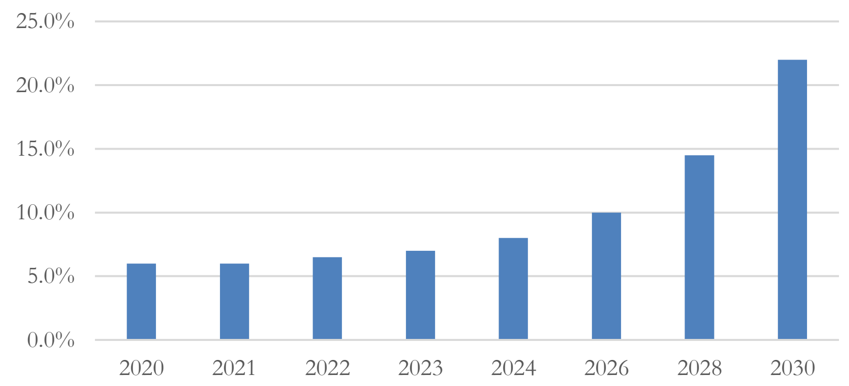
CO_2 reduction target for 2030 has been raised

Since the publication of our report, we have seen a number of positive events that lead to an even more optimistic view than we had at the time. On the regulatory side, the EU has become more ambitious on cutting CO_2 emissions. Within the framework of the European Green Deal the member states have agreed on the target to make Europe the first climate neutral continent by 2050. So far, the interim target for 2030 was to cut CO_2 emissions by 40% compared to the 1990 level. In December, the EU leaders have agreed to raise this target to 55%. This is an important step as the current framework for renewable energies (RED II), which requires an increase in the share of renewable energies in the transport sector to 14%, must be amended in order to remain consistent with the new CO_2 target. Currently, an increase to 24% is under discussion and a revision can be expected during the upcoming summer.

Germany demands GHG reduction from fuels of 22% by 2030

Moreover, we had pointed out that newsflow from regulation on national level must be expected as the member states are currently in the process of translating RED II into national law. In the case of Germany, it has taken quite some time before the involved ministries were able to agree on a proposal for amending of the GHG reduction quota law. However, the current version, finalised on the 8th of January, shows a number of positive factors for the German biofuel industry. In particular, the German Greenhouse Gas Reduction Quota shall now rise from 6% in 2020 to 22% in 2030, which is an enormous step.

Required GHG Reduction from fuels in Germany

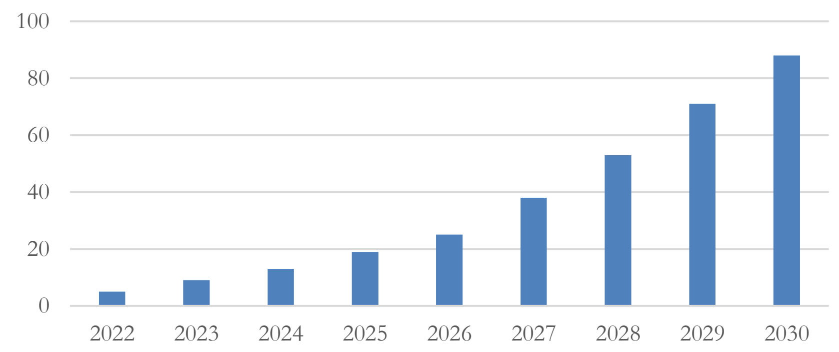


Source: BMU, reduction compared to reference value of fossil fuels of 94.1 kg CO_{2eq}/GJ

1G biofuels should not be driven out – cap even leaves slight upside

This increase is somewhat back-end loaded but a slight gradual increase is already foreseen for the coming years. The share of crop-based biofuels is capped at 4.4% in terms of calorific value. This is in line with the RED II regulation that has set a maximum level at the 2020 share plus 1pp. The share of advanced biofuels shall rise from 0.5% in 2020 to 2.6% in 2030. The development of synthetic fuels and renewable electricity is promoted by multiple counting. However, in particular with regard to the electrification of cars, it is important that a target trajectory has been defined and any excess values above these levels will add to the overall quota. This ensures that a quicker adoption of electric cars will not come at the expense of traditional biofuels.

Targeted trajectory for electric vehicles in Germany



Source: BMU, in PJ

High profitability of Verbio's German biofuel operations should be sustained

With alternatives to first generation biofuels so far still being rare, this framework should lead to slight volume increases in first generation biofuels and a continued high GHG quota pricing. For Verbio, this even leaves a bit of room for volume growth in its traditional biodiesel and bioethanol activities. In addition, high GHG quota prices allow the company to continue generating an additional margin on its fuels due to their superior GHG reduction properties. Verbio's biogas activities count among advanced biofuels according to Annex IX A of RED II, which is the growth part of the regulatory framework. This growth can now be delivered on the base of continued high GHG quota prices. Moreover, biogas is further supported as the CO_2 reduction that is currently granted to fossil gas shall be eliminated in 2022. This will make Verbio's biogas 25% more valuable. With the necessary amendment of RED II in summer, the German government has to act on tightening the current proposal further.

Price increases expected for ethanol …

On the pricing side, we have seen some volatility in all of the products. Ethanol has peaked last September at an extraordinary EUR840m^3 and fallen to around EUR455m^3 by the start of the new year. Here, the current lockdown has left its traces. In addition, unused GHG certificates from 2019 can now be carried over, which was not allowed in the reference year 2020. However, by now we are already back to a reasonable EUR500/m3 and forward pricing points at an increase to EUR560/m3 by June. We would expect that there will be some catch-up effects following the end of the lockdown, similar to what we saw last year. This could drive prices even well beyond the EUR600/m3 mark.

… and GHG quotas

The same reasoning should be applied to GHG quota prices, which are essential for Verbio's biogas sales. Based on the lockdown and the carry-overs, we are currently back to some EUR260/t CO2eq. This is still at the very high end of the longer-term average and we would expect prices to rise back to the high 2020 range of EUR300-400/t CO2eq over the coming summer.

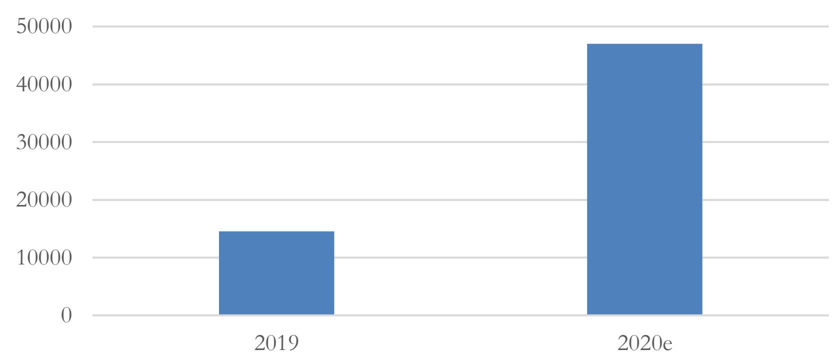
Biodiesel shows stable spreads

Biodiesel (FAME seasonal) has risen from a low in April last year at around EUR535/ton to now EUR1000/ton. On the other hand, feedstock prices have also increased substantially. The spread thus still trades at a healthy EUR80/ton. Forwards for both, biodiesel as well as rapeseed oil show a slight decline so that margin can be expect to stay rather stable.

LNG sales at German petrol stations should have tripled in 2020

With regard to Verbio's planned entry into the bioLNG market, German association Zukunft Gas, has tracked LNG sales at German petrol stations. Based on actual figures for September, they estimate that around 47.036 tonnes of LNG were sold over the full year 2020. This is more than 3 times the level of 2019. Management has confirmed that it will serve this booming market from this summer onwards. Moreover, Verbio is currently in the process of exploring additional sites for biogas plants in Poland, Hungary and the Czech Republic. Investment decisions will be taken here depending on the translation of RED II into the national laws of these countries.

Sales of LNG at German petrol stations



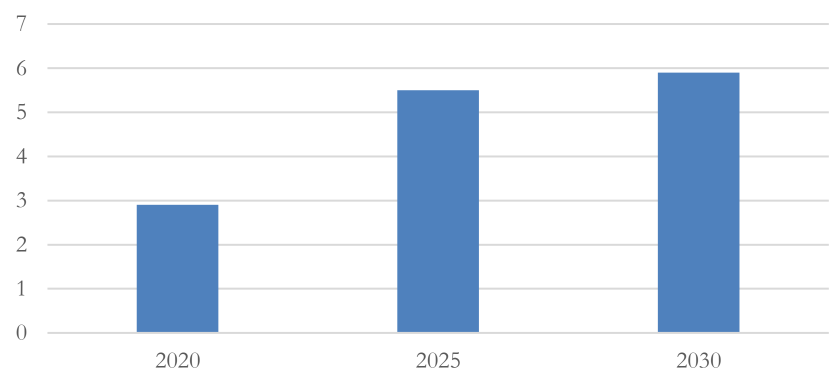
Source: Zukunft Gas, in tonnes, 2020 estimate extrapolated from September figures

Biden administration should give further support to the development of renewable fuels in the US

A further important development from Verbio was the US election. While Donald Trump has not been very supportive to the expansion of renewable energies this is likely to change with his successor, Joe Biden, moving into the White House. There are already major incentive schemes on state level in place, such as e.g. the Low Carbon Fuel Standard in California, which aims at a reduction in the carbon intensity of fuels of 20% until 2030, quite similar to the German system though the path is set in a more linear fashion. Other states such as Oregon have already followed up on this route and more are likely to follow. In the US, in particular the use of bio-based diesel is progressing quite well as credits generated here are needed to overcompensate for deficits on the ethanol side. Against this background, market expectations for bio-based diesel on the North American continent are quite optimistic, showing roughly a doubling over the current decade to reach a level that is not too far off the size of the European market. The

Biden administration can now be expected to give further support to this development. We would in particular hope for some relief with regard to the heavily competitive ethanol market, which Verbio intends to serve from 2023 onwards.

Growth expectations for bio-based diesel in North America

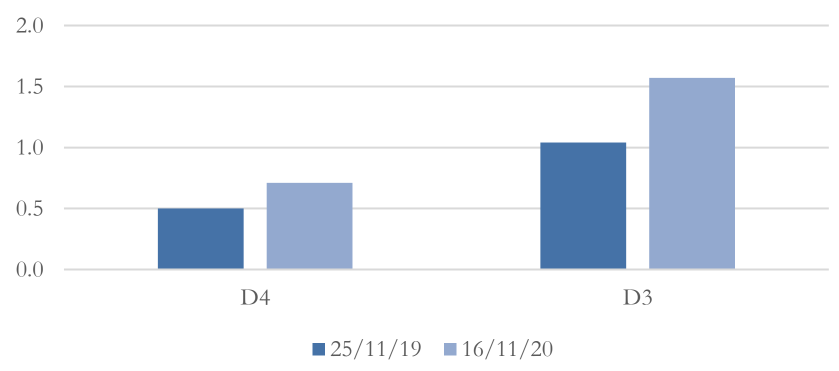


Source: REG, in billion gallons

Positive RIN price trends

Pricing is composed of the underlying fuel plus the tax credit, state incentives, and the RIN pricing. In particular with regard to the latter, we have seen a quite favourable development over the past year. D4 RINs, which relate to biomass-based diesel, have increased from USD0.50 per to 0.71, and D5 RINs, which relate to advanced biofuels such as biogas, have moved from USD1.04 to USD1.57 until mid-November. These positive trends are likely to continue in 2021. We would, however, not expect Verbio's North American biodiesel activities to improve profitability in the very short term as diesel prices have come down over the period while canola oil prices have gone up. Here again, getting the pandemic in check should ease the current pressure on underlying biodiesel spreads also in the US.

RIN pricing in 2020



Source: EPA, in USD

Expansion projects under way

With regard to the scaling of its North American operations in biodiesel and bioethanol, Verbio has not made too much progress since the publication of our report due to the Corona pandemic. However, we are still looking at a finalisation by the end of 2022. In contrast, construction is running smoothly on the biogas side so that the projects in India and the US are still expected to be finalised this summer.

EBITDA of EUR80m could already be reached at the half-year stage

Further news should now come on February, 4th, when Verbio will announce Q2 result. Following an extremely strong performance in the first quarter, which produced an extraordinary EBITDA of EUR53.3m, prices have come down in the second quarter, as described above. However, we still expect the company to generate EUR27.3m in EBITDA, which is not falling too short of last year's already very strong result. Moreover, this would yield an EBITDA of more than EUR80m already at the half-year stage so that EUR50m are left for the second half of the year to reach the current guidance of EUR130m. Looking at current forward prices for product as well as feedstock prices, we arrive at around EUR25m in EBITDA for the third as well as the fourth quarter. However, we have argued that running into a temporary shortage again after the end of the lockdown is not an unlikely scenario. We would not price this into our full year estimates yet but we see a fair chance that we need to increase our estimates in the course of the year.

Q2 20/21 preview

EURm	Q2 20/21e	Q2 19/20	Change	FY 19/20	FY 20/21e	Guidance 20/21
Biodiesel	158.1	147.8	7.0%	588.2	612.2	
Bioethanol	68.3	76.7	-10.9%	275.2	317.2	
Other	4.5	2.0	121.7%	9.0	10.2	
Sales	230.9	226.5	1.9%	872.4	939.5	
Gross profit	47.9	51.9	-7.7%	198.9	215.0	
Margin	*20.7%*	*22.9%*		*22.8%*	*22.9%*	
Biodiesel	11.3	11.5	-1.4%	46.1	50.2	
Bioethanol	15.2	18.0	-15.3%	74.0	81.3	
Other	0.7	0.5	36.5%	2.0	0.9	
EBITDA	27.3	30.0	-9.1%	122.1	132.4	130.0
Margin	*11.8%*	*13.2%*		*14.0%*	*14.1%*	
EBIT	19.5	22.3	-12.5%	91.9	104.4	
Margin	*8.4%*	*9.8%*		*10.5%*	*11.1%*	
Net Profit a.m.	13.4	12.2	9.8%	63.4	71.5	

Source: Verbio, Matelan Research estimates

Improving prospects and …

We refrain from upping our 2020/21 estimates at this point in time and we also leave our estimates for the current expansion phase unchanged, although we were not too aggressive on the expansion in the first place. The two overseas biogas plants currently under construction, the expansion of the Canadian plant and a successful entry into the bioLNG market supported by one further biogas plant form already part of our estimates until 2025. However, given that market prospects are further increasing we now believe that the company is not only willing but also in a position to maintain its speed of expansion for subsequent years. In addition, reaching our estimates for the current expansion phase has become more likely, which we reflect with a lower beta in our DCF model.

… reduced risks drive valuation

Improving prospects have also made it more likely that our estimates for the current expansion phase will be realised, which we reflect with a lower beta in our DCF model. Moreover, it should be realised that since the arrival of vaccines to fight the corona pandemic, the risk perception of stocks in general has declined materially and we are currently looking at all-time highs in the stock market. The equity risk premium has come down to around 4%, which we now reflect in our valuation. This leads to a material increase in our valuation, which now reaches EUR50, as laid out in the following table.

DCF model

EURm	2018/19	2019/20e	2020/21e	2021/22e	2022/23e	2023/24e	2024/25e	2025/26e	2026/27e	2027/28e	2028/29e	2029/30e	TV
Sales	779.3	872.4	939.5	985.2	1,054.2	1,186.0	1,378.1	1,601.3	1,860.7	2,162.2	2,512.5	2,919.5	2,977.9
Growth	*13.6%*	*11.9%*	*7.7%*	*4.9%*	*7.0%*	*12.5%*	*16.2%*	*16.2%*	*16.2%*	*16.2%*	*16.2%*	*16.2%*	*2.0%*
EBIT	73.7	91.9	104.4	110.3	109.6	132.8	158.5	184.2	214.0	248.7	288.9	335.7	342.5
Margin	*9.5%*	*10.5%*	*11.1%*	*11.2%*	*10.4%*	*11.2%*	*11.5%*	*11.5%*	*11.5%*	*11.5%*	*11.5%*	*11.5%*	*11.5%*
Depreciation	21.4	30.2	28.0	30.0	32.0	36.0	41.8	48.4	56.2	65.2	75.6	87.7	89.3
Other non cash items	-13.4	-3.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash taxes	-25.2	-13.5	-30.7	-32.5	-31.8	-37.8	-45.1	-51.4	-58.4	-66.5	-75.6	-85.9	-85.6
Change in NWC	-12.2	-33.7	2.4	-4.9	-3.1	-8.0	-12.4	-13.4	-14.4	-15.3	-16.1	-16.9	-4.1
Capex	-61.0	-67.7	-85.0	-65.0	-73.8	-74.7	-75.8	-88.1	-102.3	-118.9	-138.2	-87.6	-89.3
Free Cash Flow	**-16.7**	**4.0**	**19.1**	**37.9**	**33.1**	**48.3**	**66.9**	**79.8**	**95.0**	**113.2**	**134.7**	**233.1**	**252.8**
PV of Free Cash Flows (EV)		**3,107.6**	18.2	34.5	28.6	39.9	52.7	59.9	68.0	77.2	87.5	144.4	2,496.8

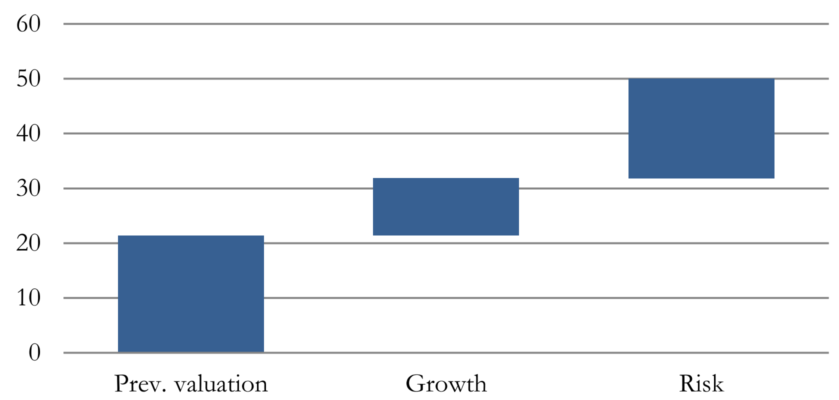
- Net financial debt	43.6						
- Pension provisions	-0.1	Risk free rate	0.5%	TV:	5.0%	TV growth rate	2.0%
- Minorities	-1.7	Share of debt	0.0%	TV:	25.0%	TV EBIT margin	11.5%
+ Participations	2.8	Credit spread	1.5%	Risk premium	4.0%	TV depr. ratio	3.0%
Equity Value	**3,152.3**	Cash tax rate	25.0%	Beta	1.1	TV NWC ratio	7.0%
No of shares	63.0	**WACC**	**4.9%**	TV:	**8.3%**	TV capex ratio	3.0%
Fair Value per share	**50.0**						

Source: Matelan Research

Increase in fair value to EUR50

The next chart summarises the valuation impact of the changes we have made to our growth scenario and the impact coming from the reduced risk. The former includes higher growth rates for the period 2025 to 2030, also reflecting the necessary investments. It should be highlighted that we retain a growth rate around the rate of inflation for our terminal value calculation. With regard to risk, the impact of our reduced beta is quite small. In contrast, the reduction of the market risk has a major impact. Whereas the company has currently a net cash position, our terminal value calculation now allows for a slight leverage.

Valuation components

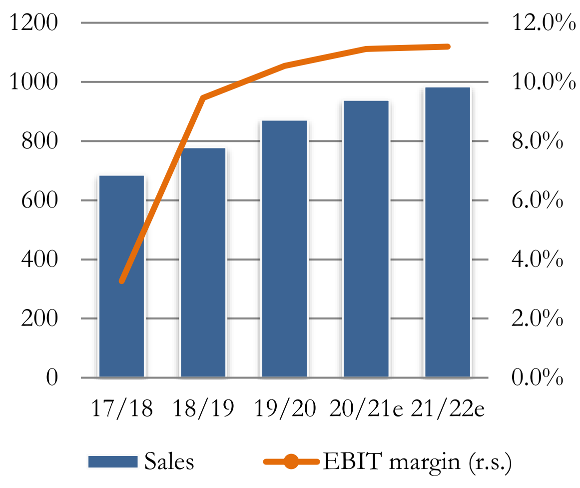


Source: Matelan Research, in EUR

Still further upside

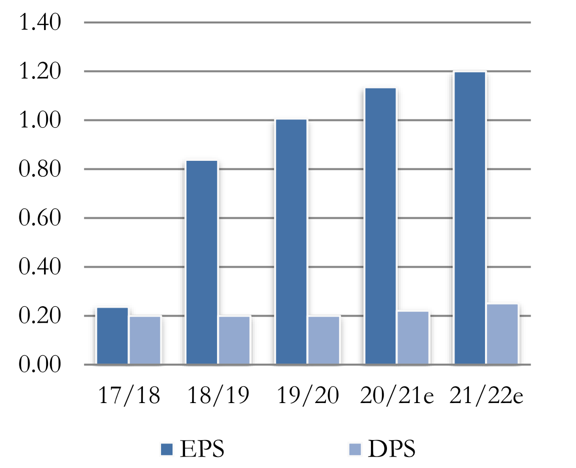
Since the publication of our report in August, Verbio's share price has more than tripled. Our new fair value still leaves an upside of another 30% and we have made it clear that this might not yet be the end. Current year earnings estimates might be already be beaten and given the increasing market size, scaling might be stronger than so far expected. Finally, positive newsflow is likely to continue with the amendment of RED II over the summer and steps taken by the Biden administration in the US, which both should improve the prospects of the company further. Against this background, we stick to our Buy rating on the stock.

Sales and EBIT margin



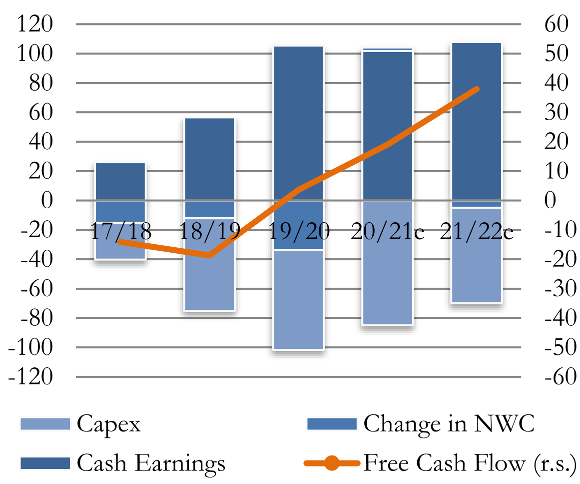
In EURm

Adj. EPS and DPS



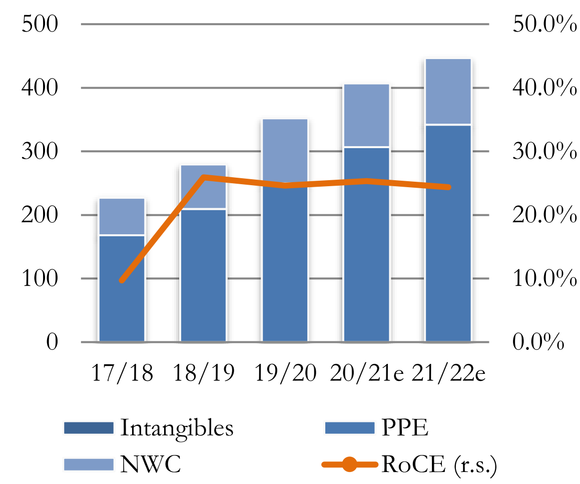
In EUR

Cash Flow



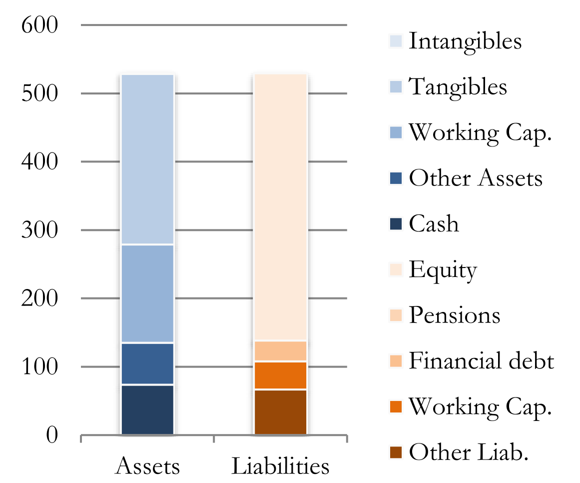
In EURm

RoCE



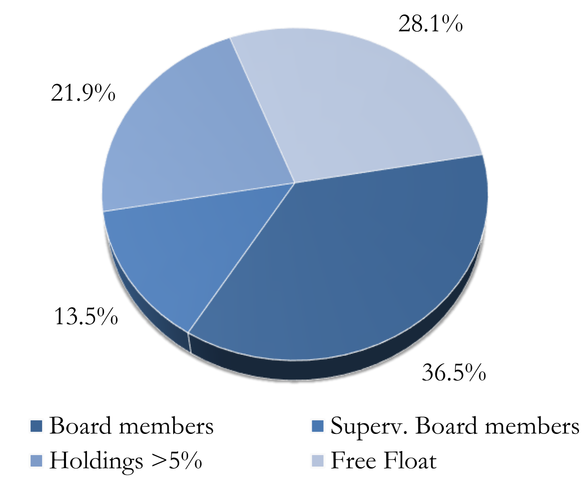
In EURm

Balance Sheet



In EURm

Shareholder structure



P & L

EURm	2017/18	2018/19	2019/20	2020/21e	2021/22e
Sales	**685.9**	**779.3**	**872.4**	**939.5**	**985.2**
Growth		*13.6%*	*11.9%*	*7.7%*	*4.9%*
Material costs	-591.0	-618.4	-673.5	-725.1	-765.1
Gross profit	**94.9**	**160.9**	**198.9**	**214.4**	**220.1**
Gross margin	*13.8%*	*20.7%*	*22.8%*	*22.8%*	*22.3%*
Other operating costs	-23.4	-28.6	-31.9	-37.0	-35.8
EBITDA	**44.8**	**95.1**	**122.1**	**132.4**	**140.3**
Margin	*6.5%*	*12.2%*	*14.0%*	*14.1%*	*14.2%*
Depreciation	-22.4	-21.4	-30.2	-28.0	-30.0
EBIT	**22.4**	**73.7**	**91.9**	**104.4**	**110.3**
Margin	*3.3%*	*9.5%*	*10.5%*	*11.1%*	*11.2%*
Financial result	-0.2	-0.6	-0.9	-2.0	-2.0
EBT	**22.2**	**73.1**	**91.0**	**102.4**	**108.3**
Taxes	-7.1	-21.4	-27.2	-30.7	-32.5
Net profit	15.1	51.7	63.8	71.7	75.8
Minorities / Discon. Op.	-0.2	1.1	-0.4	-0.2	-0.2
Net profit a.m.	**14.9**	**52.8**	**63.4**	**71.5**	**75.6**
Growth	*n.m.*	*n.m.*	*n.m.*	*n.m.*	*n.m.*
No of shares	63.0	63.0	63.0	63.0	63.0
EPS	0.24	0.84	1.01	1.13	1.20
Adj. EPS	**0.24**	**0.84**	**1.01**	**1.13**	**1.20**
Growth	*n.m.*	*n.m.*	*n.m.*	*n.m.*	*n.m.*
Dividend	0.20	0.20	0.20	0.22	0.25

Balance Sheet

EURm	2017	2018	2019	2020e	2021e
Intangible assets	8.6	11.1	11.5	11.6	11.7
Tangible assets	29.4	29.6	30.2	29.5	28.0
Participations	0.0	0.0	3.0	3.0	3.0
Other non-current assets	9.6	6.6	7.3	7.4	7.6
Non-current assets	**47.6**	**47.3**	**52.0**	**51.5**	**50.3**
Inventories	16.3	41.0	65.2	62.9	65.7
Receivables	22.0	33.1	27.4	26.4	27.6
Cash	33.0	40.0	25.6	36.1	47.7
Other current assets	0.1	0.7	10.8	0.0	0.0
Current Assets	**71.5**	**114.9**	**129.0**	**125.3**	**141.0**
Total assets	**119.1**	**162.2**	**180.9**	**176.9**	**191.3**
Equity	45.2	50.9	57.3	66.6	76.4
Minorities	-0.1	-0.1	0.0	0.0	0.0
Total equity	**45.1**	**50.8**	**57.3**	**66.6**	**76.4**
LT financial liabilities	3.0	2.3	3.2	3.2	3.2
Pension provisions	14.9	15.2	17.2	17.6	17.9
Other LT liabilities	1.8	3.4	3.0	3.0	3.0
Non-current liabilities	**19.7**	**20.9**	**23.4**	**23.8**	**24.2**
ST financial liabilities	0.9	0.7	1.3	1.3	1.3
Payables	41.8	78.1	89.4	86.2	90.1
Other ST liabilities	11.6	11.7	9.5	-1.0	-0.6
Current liabilities	**54.3**	**90.5**	**100.2**	**86.5**	**90.8**
Total liabilities	**119.1**	**162.2**	**180.9**	**176.9**	**191.3**

Cash Flow

EURm	2017/18	2018/19	2019/20	2020/21e	2021/22e
EBIT	**22.4**	**73.7**	**91.9**	**104.4**	**110.3**
Depreciation	22.4	21.4	30.2	28.0	30.0
Other non-cash items	-5.1	-13.4	-3.2	0.0	0.0
Cash taxes	-13.6	-25.2	-13.5	-30.7	-32.5
Cash earnings	26.1	56.5	105.3	101.7	107.8
Change in NWC	-15.0	-12.2	-33.7	2.4	-4.9
CF from operations	**11.1**	**44.3**	**71.7**	**104.1**	**102.9**
Capex	-25.2	-63.0	-68.0	-85.0	-65.0
Other investm./divestm.	2.1	2.0	0.3	0.0	0.0
CF from investing	**-23.1**	**-61.0**	**-67.7**	**-85.0**	**-65.0**
CF from fin. and other	**-14.2**	**-8.8**	**6.8**	**-13.9**	**-15.9**
Change in cash	**-26.2**	**-25.5**	**10.8**	**5.2**	**22.0**

Segments and adjusted earnings

EURm	2017/18	2018/19	2019/20	2020/21e	2021/22e
Biodiesel	456.8	514.5	588.2	612.2	665.9
Bioethanol/-methan	219.1	254.7	275.2	317.2	308.1
Other	15.7	16.7	16.2	16.2	17.2
Consolidation	-5.7	-6.6	-7.2	-6.0	-6.0
Sales	**685.9**	**779.3**	**872.4**	**939.5**	**985.2**
Growth		*13.6%*	*11.9%*	*7.7%*	*4.9%*
Biodiesel	24.5	70.7	46.1	50.2	63.0
Bioethanol/-methan	19.9	23.8	74.0	81.3	77.2
Other	0.4	0.6	2.0	0.9	0.1
Consolidation	0.0	0.0	0.0	0.0	0.0
EBITDA	**44.8**	**95.1**	**122.1**	**132.4**	**140.3**
Margin	*6.5%*	*12.2%*	*14.0%*	*14.1%*	*14.2%*

Valuation multiples

	2017/18	2018/19	2019/20	2020/21e	2021/22e
Share price	7.28	6.56	9.35	38.80	38.80
x No of shares	63.0	63.0	63.0	63.0	63.0
Market Capitalisation	**458.6**	**413.3**	**589.1**	**2,444.4**	**2,444.4**
+ Net financial debt	-88.2	-53.0	-43.6	-48.8	-70.8
+ Pension provision	0.2	0.2	0.1	0.2	0.2
+ Minorities	1.2	-0.3	1.7	1.8	1.9
- Participations	-0.1	-0.1	-2.8	-2.8	-2.8
Enterprise Value	**371.8**	**360.0**	**544.4**	**2,394.7**	**2,372.8**
Sales	685.9	779.3	872.4	939.5	985.2
Adj. EBITDA	44.8	95.1	122.1	132.4	140.3
Adj. EBIT	22.4	73.7	91.9	104.4	110.3
Adj. Net profit a.m.	14.9	52.8	63.4	71.5	75.6
EV / Sales	0.5	0.5	0.6	2.5	2.4
EV / EBITDA	8.3	3.8	4.5	18.1	16.9
EV / EBIT	16.6	4.9	5.9	22.9	21.5
PE	30.7	7.8	9.3	34.2	32.3

Key operational indicators

	2017/18	2018/19	2019/20	2020/21e	2021/22e
Equity ratio	82.0%	79.8%	73.9%	78.1%	79.8%
Gearing	0.0	0.0	0.1	0.1	0.1
Asset turnover	4.0	3.6	3.2	3.0	2.8
NWC / sales	8.6%	9.0%	11.7%	10.6%	10.6%
Payable days outst.	16.6	19.4	17.2	17.2	17.2
Receivable days outst.	24.1	22.7	27.1	23.1	23.1
Fix operating assets	171.7	214.1	270.9	312.2	348.2
NWC	59.2	70.3	102.4	100.0	104.8
Capital employed	230.9	284.4	373.3	412.2	453.1
RoE	5.0%	15.3%	16.3%	15.9%	14.8%
RoA	6.1%	17.3%	17.4%	18.1%	17.2%
RoCE	9.7%	25.9%	24.6%	25.3%	24.3%
Gross margin	13.8%	20.7%	22.8%	22.8%	22.3%
EBITDA margin	6.5%	12.2%	14.0%	14.1%	14.2%
EBIT margin	3.3%	9.5%	10.5%	11.1%	11.2%
Net profit margin	2.2%	6.8%	7.3%	7.6%	7.7%

Source: Verbio, Matelan Research

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Verbio	
Date	Rating
12/12/18	Buy
09/11/18	Strong Buy
12/02/18	Buy
29/03/16	Neutral
05/02/15	Buy
10/02/12	Neutral

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