

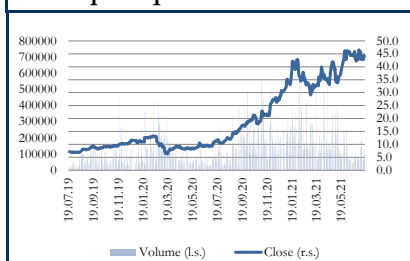
26 July 2021

Price as of 23/07/21: €48.34

Company / Sector	Fair Value	Recommendation
Verbio	€52.3	Buy
Energy: Biofuels	(€50.0)	(unchanged)

FY2020/21 beats expectations – next steps will be taken

Share price performance



Share data

Reuters	VBKG.DE
No. of shares (m)	63.0
Daily volume (3m)	128,258
Free float	28.1%
Market cap. (m)	3,045.4
EV (m)	2,963.9
Sales CAGR 18-22e	9.5%

Valuation	20/21e	21/22e
EV/Sales	2.9	3.0
EV/ EBITDA	17.7	20.9
EV/EBIT	21.3	26.6
PER	31.8	40.3
Div. yield	0.5%	0.5%
RoCE	30.4%	22.4%
RoE	20.2%	14.1%

Analysts

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Investment case

Full year preliminaries show Verbio reaching a new high in sales and earnings, beating guidance and our estimates. Margins are expected to remain strong which we reflect in our estimates. In addition, we might see a step-up in Verbio's expansion strategy. This is most likely to lead to a further increase in our valuation. Positive newsflow from the regulatory and the company side is set to continue. Against this background, we reiterate our Buy recommendation on the stock.

➤ NEXT RECORD HIGH REACHED IN FY2020/21

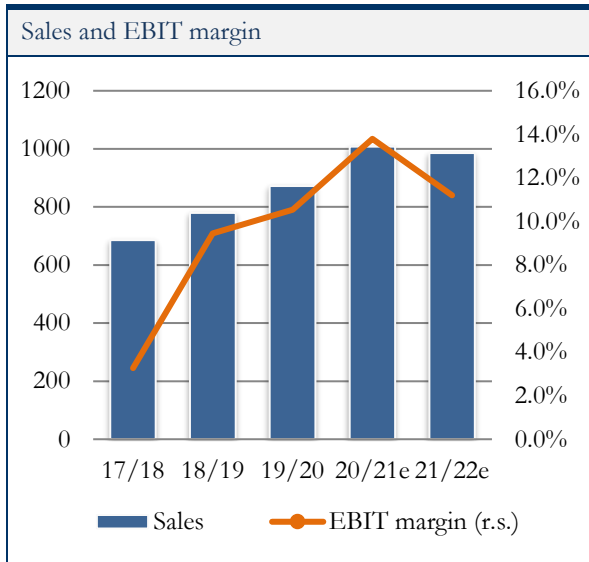
According to preliminary figures, Verbio reached EUR1bn in sales and EUR167m in EBITDA in FY2020/21. This is not only the next all-time high but also clearly beating the company's guidance and our estimates (both EUR150m). EBITDA in Q4 thus reached EUR54m against our estimate of EUR38m. We expect higher utilisation in particular in biodiesel and better than expected input prices in bioethanol to be main drivers of the strong performance. So far, we adjust our full year estimates and increase our medium-term margin expectation. This yields a new fair value of EUR52.3.

➤ EXPANSION COULD ENTER A NEW PHASE

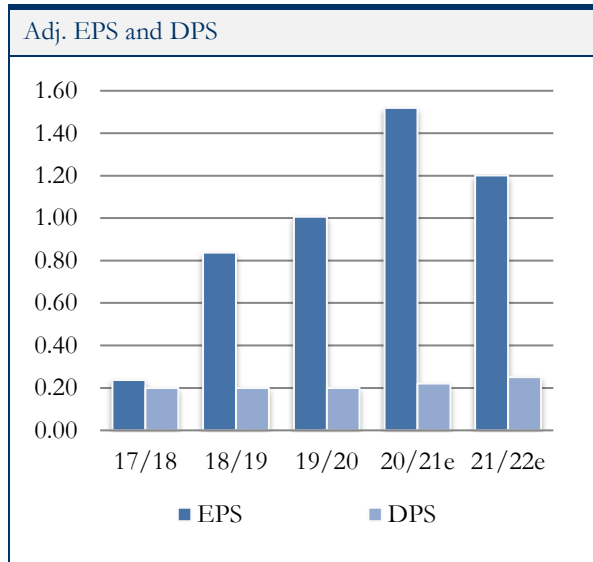
While forward pricing suggests a continuation of very favourable spreads in both divisions, the company is pursuing its expansion strategy. A first fuel station has been opened at the end of last month, the new biomethanol plants in India and the US are currently prepared for ramp-up, and the entry into the bioLNG market is still to come. Moreover, in view of the further improving regulatory framework, we would expect management to step up its investment plans. This could be presented with the release of full accounts on September, 22nd.

For additional disclosures please refer to the appendix

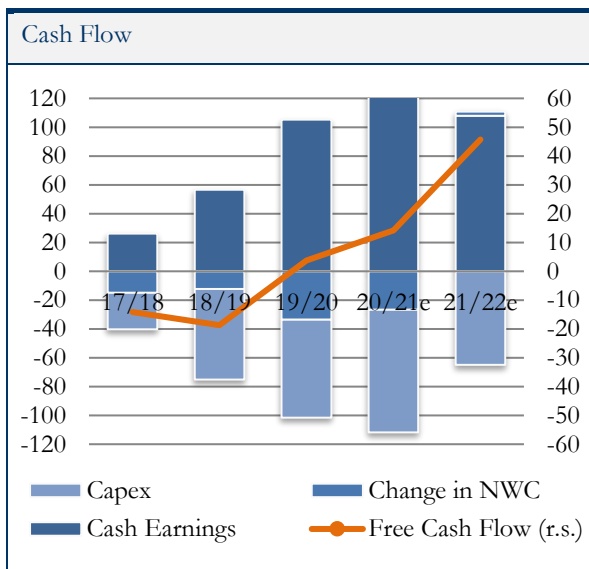
Forecasts	17/18	18/19	19/20	20/21e	21/22e
Sales (€m)	685.9	779.3	872.4	1007.9	985.2
EBITDA (€m)	44.8	95.1	122.1	167.0	140.3
EBIT (€m)	22.4	73.7	91.9	139.0	110.3
Adj. EPS (€)	0.24	0.84	1.01	1.52	1.20
Dividend (€)	0.20	0.20	0.20	0.22	0.25
Oper. CF (€m)	11.1	44.3	71.7	99.2	110.7
Free CF (€m)	-14.1	-18.7	3.7	14.2	45.7



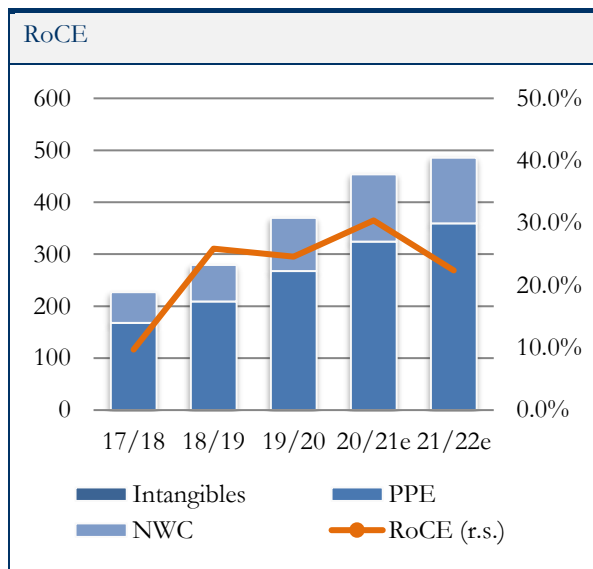
In EURm



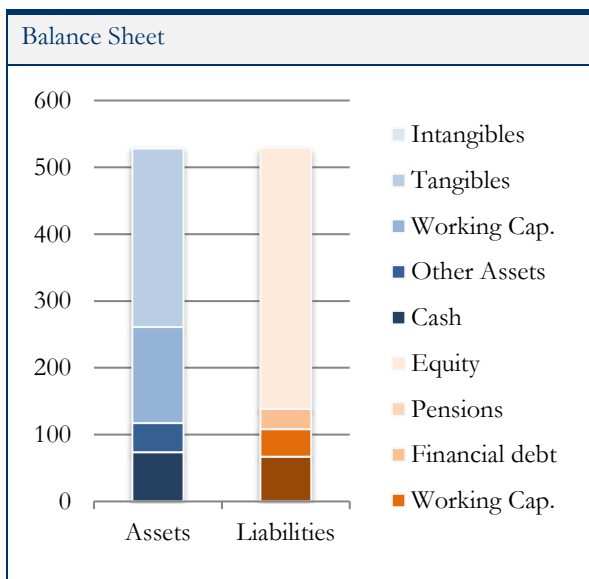
In EUR



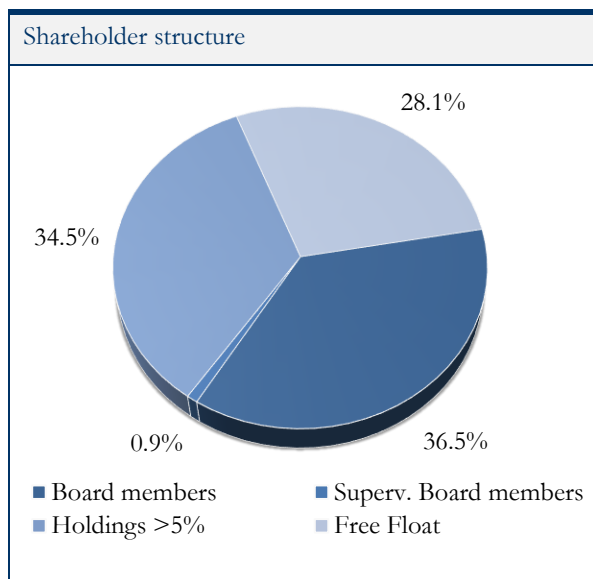
In EURm



In EURm



In EURm



P & L

EURm	2017/18	2018/19	2019/20	2020/21e	2021/22e
Sales	685.9	779.3	872.4	1,007.9	985.2
<i>Growth</i>		13.6%	11.9%	15.5%	-2.2%
Material costs	-591.0	-618.4	-673.5	-760.3	-765.1
Gross profit	94.9	160.9	198.9	247.5	220.1
<i>Gross margin</i>	13.8%	20.7%	22.8%	24.6%	22.3%
Other operating costs	-23.4	-28.6	-31.9	-35.5	-35.8
EBITDA	44.8	95.1	122.1	167.0	140.3
<i>Margin</i>	6.5%	12.2%	14.0%	16.6%	14.2%
Depreciation	-22.4	-21.4	-30.2	-28.0	-30.0
EBIT	22.4	73.7	91.9	139.0	110.3
<i>Margin</i>	3.3%	9.5%	10.5%	13.8%	11.2%
Financial result	-0.2	-0.6	-0.9	-2.0	-2.0
EBT	22.2	73.1	91.0	137.0	108.3
Taxes	-7.1	-21.4	-27.2	-41.1	-32.5
Net profit	15.1	51.7	63.8	95.9	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	95.7	75.6
<i>Growth</i>	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	1.52	1.20
Adj. EPS	0.24	0.84	1.01	1.52	1.20
<i>Growth</i>	n.m.	n.m.	n.m.	n.m.	n.m.
Dividend	0.20	0.20	0.20	0.22	0.25

Balance Sheet

EURm	2017/18	2018/19	2019/20	2020/21e	2021/22e
Intangible assets	0.3	0.9	0.7	0.6	0.6
Tangible assets	168.0	209.3	267.6	324.6	359.6
Participations	0.1	0.1	2.8	2.8	2.8
Other non-current assets	3.4	3.9	2.7	2.8	5.8
Non-current assets	171.7	214.2	273.8	330.8	368.8
Inventories	45.2	63.1	78.8	90.6	88.6
Receivables	45.2	48.5	64.7	69.4	67.8
Cash	88.6	63.1	73.9	110.9	142.9
Other current assets	15.3	36.1	38.1	40.0	42.0
Current Assets	194.2	210.8	255.4	310.9	341.3
Total assets	366.0	424.9	529.2	641.7	710.1
Equity	299.0	339.2	389.1	472.5	534.4
Minorities	1.2	-0.3	1.7	1.8	1.9
Total equity	300.2	338.9	390.8	474.3	536.3
LT financial liabilities	0.0	0.1	30.1	30.1	30.1
Pension provisions	0.2	0.2	0.1	0.1	0.1
Other LT liabilities	7.5	6.9	19.1	18.5	19.0
Non-current liabilities	7.7	7.1	49.3	48.7	49.2
ST financial liabilities	0.4	10.0	0.1	0.1	0.1
Payables	31.2	41.3	41.1	30.9	30.2
Other ST liabilities	26.5	27.6	47.8	87.7	94.2
Current liabilities	58.1	78.9	89.1	118.7	124.5
Total liabilities	366.0	424.9	529.2	641.7	710.1

Cash Flow

EURm	2017/18	2018/19	2019/20	2020/21e	2021/22e
EBIT	22.4	73.7	91.9	139.0	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	-41.1	-32.5
Cash earnings	26.1	56.5	105.3	125.9	107.8
Change in NWC	-15.0	-12.2	-33.7	-26.7	2.9
CF from operations	11.1	44.3	71.7	99.2	110.7
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	22.8	-13.7
Change in cash	-26.2	-25.5	10.8	37.0	32.0

Segments and adjusted earnings

EURm	2017/18	2018/19	2019/20	2020/21e	2021/22e
Biodiesel	456.8	514.5	588.2	714.3	665.9
Bioethanol/-methan	219.1	254.7	275.2	283.4	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	1,007.9	985.2
<i>Growth</i>		13.6%	11.9%	15.5%	-2.2%
Biodiesel	24.5	70.7	46.1	91.7	63.0
Bioethanol/-methan	19.9	23.8	74.0	73.0	77.2
Other	0.4	0.6	2.0	2.4	0.1
Consolidation	0.0	0.0	0.0	0.0	0.0
EBITDA	44.8	95.1	122.1	167.0	140.3
<i>Margin</i>	6.5%	12.2%	14.0%	16.6%	14.2%

Valuation multiples

	2017/18	2018/19	2019/20	2020/21e	2021/22e
Share price	7.28	6.56	9.35	48.34	48.34
x No of shares	63.0	63.0	63.0	63.0	63.0
Market Capitalisation	458.6	413.3	589.1	3,045.4	3,045.4
+ Net financial debt	-88.2	-53.0	-43.6	-80.6	-112.6
+ Pension provision	0.2	0.2	0.1	0.1	0.1
+ 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	2,963.9	2,932.0
Sales	685.9	779.3	872.4	1,007.9	985.2
Adj. EBITDA	44.8	95.1	122.1	167.0	140.3
Adj. EBIT	22.4	73.7	91.9	139.0	110.3
Adj. Net profit a.m.	14.9	52.8	63.4	95.7	75.6
EV / Sales	0.5	0.5	0.6	2.9	3.0
EV / EBITDA	8.3	3.8	4.5	17.7	20.9
EV / EBIT	16.6	4.9	5.9	21.3	26.6
PE	30.7	7.8	9.3	31.8	40.3

Key operational indicators

	2017/18	2018/19	2019/20	2020/21e	2021/22e
Equity ratio	82.0%	79.8%	73.9%	73.9%	75.5%
Gearing	0.0	0.0	0.1	0.1	0.1
Asset turnover	4.0	3.6	3.2	3.1	2.7
NWC / sales	8.6%	9.0%	11.7%	12.8%	12.8%
Payable days outst.	16.6	19.4	17.2	11.2	11.2
Receivable days outst.	24.1	22.7	27.1	25.1	25.1
Fix operating assets	171.7	214.1	270.9	328.0	366.0
NWC	59.2	70.3	102.4	129.1	126.2
Capital employed	230.9	284.4	373.3	457.1	492.2
RoE	5.0%	15.3%	16.3%	20.2%	14.1%
RoA	6.1%	17.3%	17.4%	21.7%	15.5%
RoCE	9.7%	25.9%	24.6%	30.4%	22.4%
Gross margin	13.8%	20.7%	22.8%	24.6%	22.3%
EBITDA margin	6.5%	12.2%	14.0%	16.6%	14.2%
EBIT margin	3.3%	9.5%	10.5%	13.8%	11.2%
Net profit margin	2.2%	6.8%	7.3%	9.5%	7.7%

Source: Verbio, Matelan Research

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Neutral:	37.5%
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Stock ratings for the company covered in this report have developed as follows:

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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