

07 September 2020

Price as of 04/09/20: €14.24

Company / Sector

Verbio

Energy: Biofuels

Fair Value

€19.0

(unchanged)

Recommendation

Buy

(unchanged)

2019/20 EBITDA beats expectations clearly

Share price performance



Share data

Reuters	VBKG.DE
No. of shares (m)	63.0
Daily volume (3m)	82,048
Free float	28.4%
Market cap. (m)	897.1
EV (m)	827.6
Sales 16/17-20/21e	8.9%

Valuation	19/20e	20/21e
EV/Sales	0.6	0.9
EV/ EBITDA	4.4	7.5
EV/EBIT	5.7	10.0
PER	9.8	16.0
Div. yield	2.1%	1.5%
RoCE	27.5%	21.9%
RoE	15.5%	13.1%

Analysts

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Investment case

We had recently highlighted that the FY 2020/21 should come in better than so far expected and that growth prospects could lead to a doubling of EBITDA in the coming years. Now, already FY 2019/20 beats our expectations and might give a higher base for the coming years. The release of full year results, the translation of RED II into national law and progress of the company's growth projects should keep positive momentum in the share, despite its recent run. There is still strong upside to our fair value of EUR19, which might even be raised on September 23rd.

➤ 2019/20 COMING IN BETTER THAN EXPECTED ...

In an ad-hoc statement, Verbio announced that EBITDA for the financial year 2019/20 came to EUR122m. So far the company expected a level of EUR110m, which was in line with our forecast. Management highlights the improved margin situation at the end of the financial year and covid-19 measures such as the production of disinfectants as the main reasons for the better than expected development. Net cash at year end reached EUR56, which is slightly higher compared to our estimate.

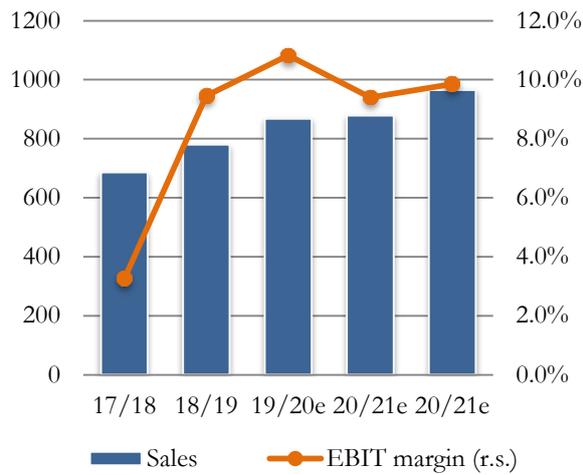
➤ ... WHICH MIGHT GIVE A HIGHER BASE

In our recent company report we had confirmed our 2019/20 estimate but materially raised our forecast for 2020/21 and beyond. With 2019/20 already coming in better than expected, we might even be able to raise our estimates for subsequent years depending on the composition of full results, which will be released on September 23rd. So far we only adjust for the better 2019/20 result.

For additional disclosures please refer to the appendix

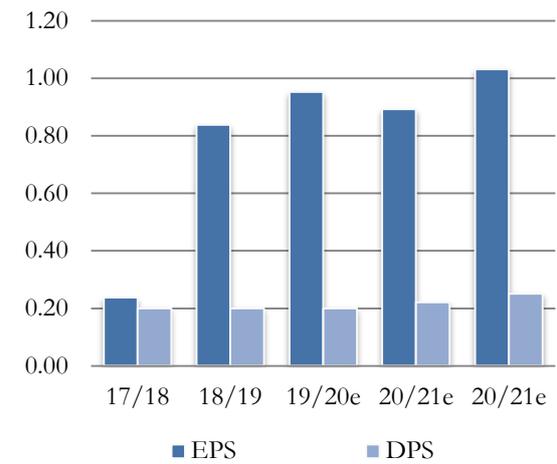
Forecasts	16/17	17/18	18/19	19/20e	20/21e
Sales (€m)	685.9	779.3	867.9	878.3	965.1
EBITDA (€m)	44.8	95.1	121.9	110.6	125.1
EBIT (€m)	22.4	73.7	93.9	82.6	95.1
Adj. EPS (€)	0.24	0.84	0.95	0.89	1.03
Dividend (€)	0.20	0.20	0.20	0.22	0.25
Oper. CF (€m)	11.1	44.3	73.2	85.4	88.5
Free CF (€m)	-14.1	-18.7	3.2	25.4	73.5

Sales and EBIT margin



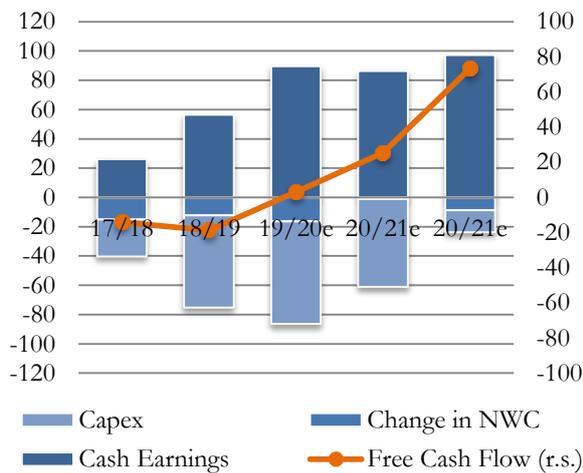
In EURm

Adj. EPS and DPS



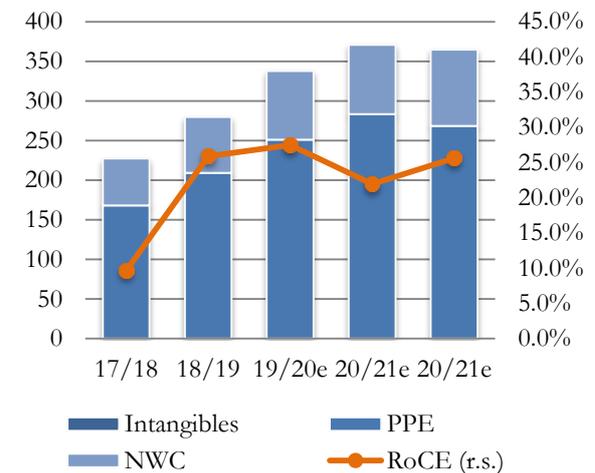
In EUR

Cash Flow



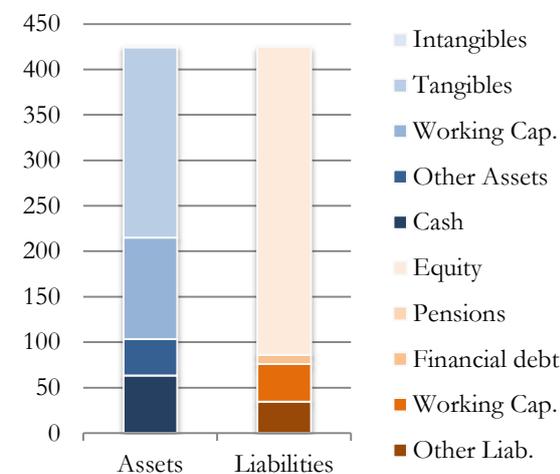
In EURm

RoCE



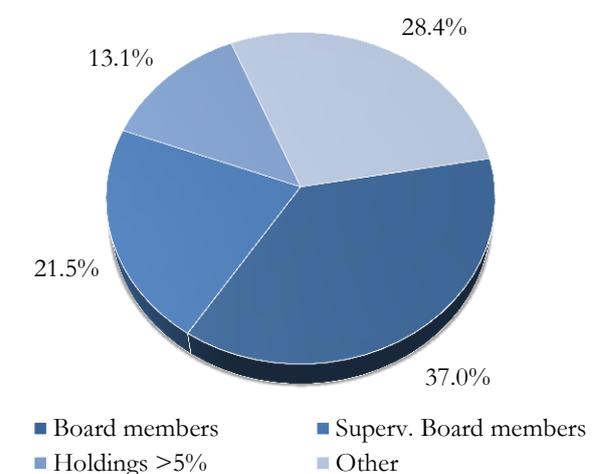
In EURm

Balance Sheet



In EURm

Shareholder structure



P & L

EURm	2017/18	2018/19	2019/20e	2020/21e	2021/22e
Sales	685.9	779.3	867.9	878.3	965.1
<i>Growth</i>		13.6%	11.4%	1.2%	9.9%
Material costs	-591.0	-618.4	-668.0	-673.7	-747.0
Gross profit	94.9	160.9	199.9	204.6	218.1
<i>Gross margin</i>	13.8%	20.7%	23.0%	23.3%	22.6%
Other operating costs	-23.4	-28.6	-35.0	-49.0	-49.0
EBITDA	44.8	95.1	121.9	110.6	125.1
<i>Margin</i>	6.5%	12.2%	14.0%	12.6%	13.0%
Depreciation	-22.4	-21.4	-28.0	-28.0	-30.0
EBIT	22.4	73.7	93.9	82.6	95.1
<i>Margin</i>	3.3%	9.5%	10.8%	9.4%	9.9%
Financial result	-0.2	-0.6	-1.4	-2.0	-2.0
EBT	22.2	73.1	92.5	80.6	93.1
Taxes	-7.1	-21.4	-32.4	-24.2	-27.9
Net profit	15.1	51.7	60.1	56.4	65.2
Minorities / Discon. Op.	-0.2	1.1	-0.2	-0.2	-0.2
Net profit a.m.	14.9	52.8	59.9	56.2	65.0
<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	0.95	0.89	1.03
Adj. EPS	0.24	0.84	0.95	0.89	1.03
<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	2019/20e	2020/21e	2021/22e
Intangible assets	0.3	0.9	0.7	0.7	0.7
Tangible assets	168.0	209.3	251.3	283.3	268.3
Participations	0.1	0.1	3.2	3.2	3.2
Other non-current assets	3.4	3.9	3.4	4.8	5.8
Non-current assets	171.7	214.2	258.6	292.0	278.0
Inventories	45.2	63.1	86.7	87.7	96.4
Receivables	45.2	48.5	46.0	46.6	51.1
Cash	88.6	63.1	86.0	98.0	158.0
Other current assets	15.3	36.1	42.7	15.0	15.0
Current Assets	194.2	210.8	261.4	247.3	320.6
Total assets	366.0	424.9	520.0	539.3	598.5
Equity	299.0	339.2	386.8	430.6	481.9
Minorities	1.2	-0.3	1.4	1.4	2.4
Total equity	300.2	338.9	388.2	432.0	484.3
LT financial liabilities	0.0	0.1	30.0	30.0	30.0
Pension provisions	0.2	0.2	0.2	0.2	0.2
Other LT liabilities	7.5	6.9	15.0	7.5	7.5
Non-current liabilities	7.7	7.1	45.2	37.7	37.7
ST financial liabilities	0.4	10.0	0.0	0.0	0.0
Payables	31.2	41.3	46.0	46.6	51.2
Other ST liabilities	26.5	27.6	40.6	23.0	25.4
Current liabilities	58.1	78.9	86.6	69.6	76.5
Total liabilities	366.0	424.9	520.0	539.3	598.5

Cash Flow

EURm	2017/18	2018/19	2019/20e	2020/21e	2021/22e
EBIT	22.4	73.7	93.9	82.6	95.1
Depreciation	22.4	21.4	28.0	28.0	30.0
Other non-cash items	-5.1	-13.4	0.0	0.0	0.0
Cash taxes	-13.6	-25.2	-32.4	-24.2	-27.9
Cash earnings	26.1	56.5	89.5	86.4	97.2
Change in NWC	-15.0	-12.2	-16.4	-1.0	-8.7
CF from operations	11.1	44.3	73.2	85.4	88.5
Capex	-25.2	-63.0	-70.0	-60.0	-15.0
Other investm./divestm.	2.1	2.0	0.0	0.0	0.0
CF from investing	-23.1	-61.0	-70.0	-60.0	-15.0
CF from fin. and other	-14.2	-8.8	19.8	-13.4	-13.5
Change in cash	-26.2	-25.5	22.9	12.0	60.0

Segments and adjusted earnings

EURm	2017/18	2018/19	2019/20e	2020/21e	2021/22e
Biodiesel	456.8	514.5	574.1	588.4	659.7
Bioethanol/-methan	219.1	254.7	283.6	279.7	293.2
Other	15.7	16.7	16.2	16.2	17.2
Consolidation	-5.7	-6.6	-6.0	-6.0	-6.0
Sales	685.9	779.3	867.9	878.3	965.1
<i>Growth</i>		13.6%	11.4%	1.2%	9.9%
Biodiesel	24.5	70.7	49.9	51.9	62.9
Bioethanol/-methan	19.9	23.8	71.5	58.3	61.8
Other	0.4	0.6	0.5	0.4	0.4
Consolidation	0.0	0.0	0.0	0.0	0.0
EBITDA	44.8	95.1	121.9	110.6	125.1
<i>Margin</i>	6.5%	12.2%	14.0%	12.6%	13.0%

Valuation multiples

	2017/18	2018/19	2019/20e	2020/21e	2021/22e
Share price	7.28	6.56	9.35	14.24	14.24
x No of shares	63.0	63.0	63.0	63.0	63.0
Market Capitalisation	458.6	413.3	589.1	897.1	897.1
+ Net financial debt	-88.2	-53.0	-56.0	-68.0	-128.0
+ Pension provision	0.2	0.2	0.2	0.2	0.2
+ Minorities	1.2	-0.3	1.4	1.4	2.4
- Participations	-0.1	-0.1	-3.2	-3.2	-3.2
Enterprise Value	371.8	360.0	531.5	827.6	768.6
Sales	685.9	779.3	867.9	878.3	965.1
Adj. EBITDA	44.8	95.1	121.9	110.6	125.1
Adj. EBIT	22.4	73.7	93.9	82.6	95.1
Adj. Net profit a.m.	14.9	52.8	59.9	56.2	65.0
EV / Sales	0.5	0.5	0.6	0.9	0.8
EV / EBITDA	8.3	3.8	4.4	7.5	6.1
EV / EBIT	16.6	4.9	5.7	10.0	8.1
PE	30.7	7.8	9.8	16.0	13.8

Key operational indicators

	2017/18	2018/19	2019/20e	2020/21e	2021/22e
Equity ratio	82.0%	79.8%	74.6%	80.1%	80.9%
Gearing	0.0	0.0	0.1	0.1	0.1
Asset turnover	4.0	3.6	3.4	3.0	3.5
NWC / sales	8.6%	9.0%	10.0%	10.0%	10.0%
Payable days outst.	16.6	19.4	19.4	19.4	19.4
Receivable days outst.	24.1	22.7	19.3	19.3	19.3
Fix operating assets	171.7	214.1	255.4	288.8	274.8
NWC	59.2	70.3	86.7	87.7	96.4
Capital employed	230.9	284.4	342.1	376.5	371.2
RoE	5.0%	15.3%	15.5%	13.1%	13.5%
RoA	6.1%	17.3%	18.1%	15.3%	15.9%
RoCE	9.7%	25.9%	27.5%	21.9%	25.6%
Gross margin	13.8%	20.7%	23.0%	23.3%	22.6%
EBITDA margin	6.5%	12.2%	14.0%	12.6%	13.0%
EBIT margin	3.3%	9.5%	10.8%	9.4%	9.9%
Net profit margin	2.2%	6.8%	6.9%	6.4%	6.7%

Source: Verbio, Matelan Research

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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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