

27 January 2022

Price as of 26/01/22: €49.12

Company / Sector	Fair Value	Recommendation
Verbio	€81.3	Buy
Energy: Biofuels	(€80.5)	(unchanged)

EBITDA guidance raised to EUR300m

Share price performance



Share data

Reuters	VBKG.DE
No. of shares (m)	63.0
Daily volume (3m)	129,475
Free float	28.4%
Market cap. (m)	3,094.6
EV (m)	2,993.8
Sales CAGR 18-22e	13.5%

Valuation	21/22e	22/23e
EV/Sales	2.1	2.3
EV/ EBITDA	9.9	15.9
EV/EBIT	11.2	19.7
PER	16.6	29.6
Div. yield	0.5%	0.5%
RoCE	44.2%	21.5%
RoE	27.3%	13.6%

Analysts

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Investment case

With an additional massive increase in guidance, Verbio shows that it is not just benefitting from the tailwind of the market but doing better than expected. Moreover, there is ample room for upping our estimates for subsequent years. A rising oil price rather plays in the company's hands and regulation provides solid protection against economic downswings. All this makes Verbio an attractive investment even in times when interests may rise. We thus clearly reiterate our Buy recommendation.

➤ FY GUIDANCE RAISED FURTHER

Ahead of the release of Q2 results, Verbio has raised its FY 21/22 EBITDA guidance to EUR300m. Only in November, the company had already upped this metric from EUR150m to EUR230m. Net cash at the end of the year should rise to EUR130m despite massive expansion investments.

➤ CLEARLY BEATING EXPECTATIONS

Looking at the current forward curves explains part but not the full magnitude of this guidance increase. There are a number of Verbio specific factors that allow for earning even more: an early purchase of raw materials, a lowered hedging position and held back CO₂ certificates which can now be sold at higher prices in an improved regulatory environment since the start of the new calendar year.

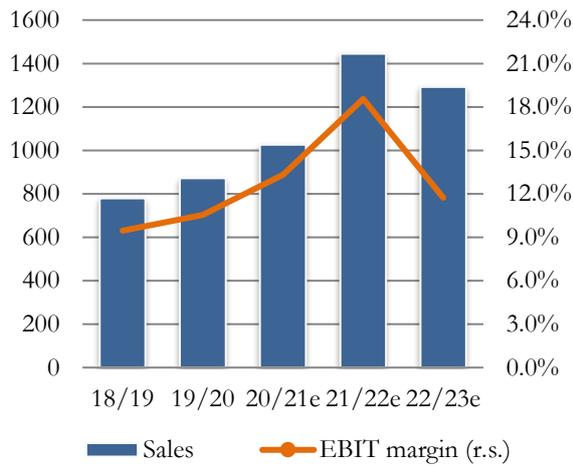
➤ FURTHER EARNINGS UPGRADES LIKELY

Pricing this into our model, we now anticipate more than EUR140m in EBITDA for Q2 and we have also upped our estimates for Q3 and Q4. We still leave our 22/23 figures untouched but we had already indicated that they are likely to increase as soon as we have looked into the upcoming results.

For additional disclosures please refer to the appendix

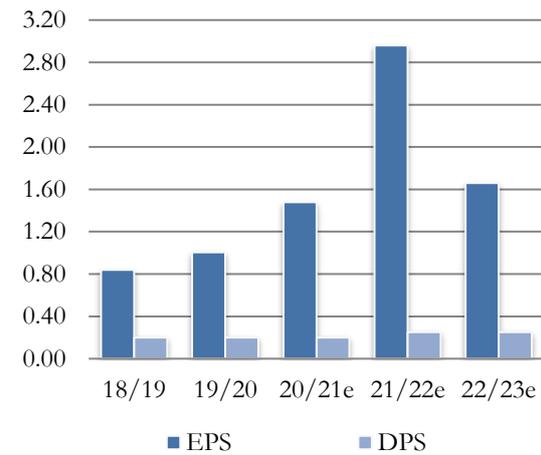
Forecasts	18/19	19/20	20/21	21/22e	22/23e
Sales (€m)	779.3	872.4	1026.4	1445.4	1291.6
EBITDA (€m)	95.1	122.1	166.3	301.2	187.4
EBIT (€m)	73.7	91.9	136.6	268.2	151.4
Adj. EPS (€)	0.84	1.01	1.48	2.96	1.66
Dividend (€)	0.20	0.20	0.20	0.25	0.25
Oper. CF (€m)	44.3	71.7	117.2	189.9	181.4
Free CF (€m)	-18.7	3.7	50.1	39.9	31.4

Sales and EBIT margin



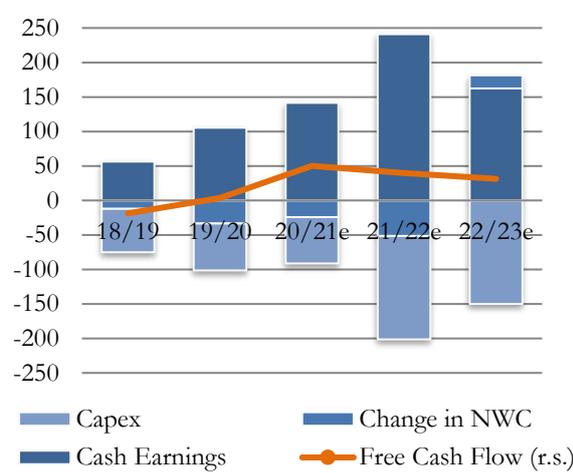
In EURm

Adj. EPS and DPS



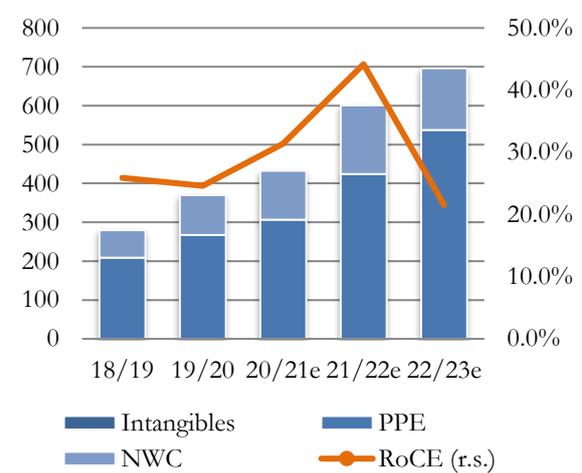
In EUR

Cash Flow



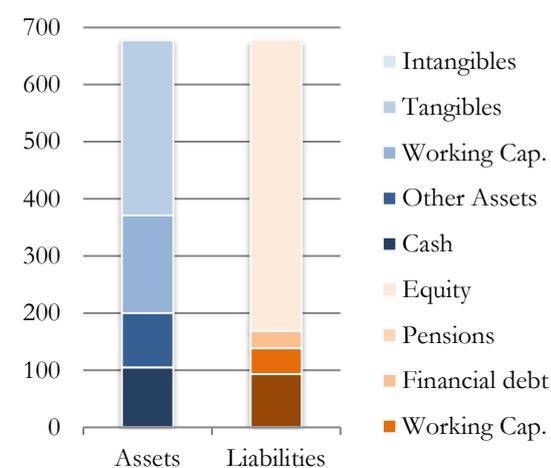
In EURm

RoCE



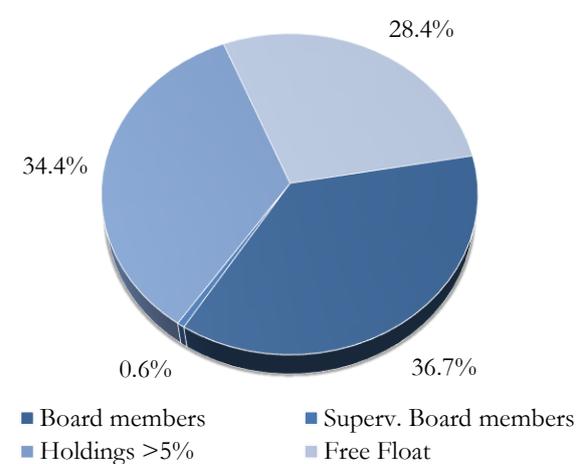
In EURm

Balance Sheet



In EURm

Shareholder structure



P & L

EURm	2018/19	2019/20	2020/21	2021/22e	2022/23e
Sales	779.3	872.4	1,026.4	1,445.4	1,291.6
<i>Growth</i>		11.9%	17.6%	40.8%	-10.6%
Material costs	-618.4	-673.5	-754.4	-1,046.2	-989.2
Gross profit	160.9	198.9	272.0	399.2	302.4
<i>Gross margin</i>	20.7%	22.8%	26.5%	27.6%	23.4%
Other operating costs	-28.6	-31.9	-51.2	-41.0	-56.0
EBITDA	95.1	122.1	166.3	301.2	187.4
<i>Margin</i>	12.2%	14.0%	16.2%	20.8%	14.5%
Depreciation	-21.4	-30.2	-29.7	-33.0	-36.0
EBIT	73.7	91.9	136.6	268.2	151.4
<i>Margin</i>	9.5%	10.5%	13.3%	18.6%	11.7%
Financial result	-0.6	-0.9	-1.3	-1.5	-1.7
EBT	73.1	91.0	135.4	266.7	149.7
Taxes	-21.4	-27.2	-41.8	-80.0	-44.9
Net profit	51.7	63.8	93.5	186.7	104.8
Minorities / Discon. Op.	1.1	-0.4	-0.3	-0.2	-0.2
Net profit a.m.	52.8	63.4	93.2	186.5	104.6
<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	0.84	1.01	1.48	2.96	1.66
Adj. EPS	0.84	1.01	1.48	2.96	1.66
<i>Growth</i>	n.m.	n.m.	n.m.	n.m.	n.m.
Dividend	0.20	0.20	0.20	0.25	0.25

Cash Flow

EURm	2018/19	2019/20	2020/21	2021/22e	2022/23e
EBIT	73.7	91.9	136.6	268.2	151.4
Depreciation	21.4	30.2	29.7	33.0	36.0
Other non-cash items	-13.4	-3.2	19.5	20.0	20.0
Cash taxes	-25.2	-13.5	-44.5	-80.0	-44.9
Cash earnings	56.5	105.3	141.4	241.2	162.5
Change in NWC	-12.2	-33.7	-24.2	-51.3	18.8
CF from operations	44.3	71.7	117.2	189.9	181.4
Capex	-63.0	-68.0	-67.1	-150.0	-150.0
Other investm./divestm.	2.0	0.3	0.1	0.0	0.0
CF from investing	-61.0	-67.7	-66.9	-150.0	-150.0
CF from fin. and other	-8.8	6.8	-19.1	-14.9	-16.4
Change in cash	-25.5	10.8	31.1	25.0	15.0

Valuation multiples

	2018/19	2019/20	2020/21	2021/22e	2022/23e
Share price	6.56	9.35	27.57	49.12	49.12
x No of shares	63.0	63.0	63.0	63.0	63.0
Market Capitalisation	413.3	589.1	1,736.9	3,094.6	3,094.6
+ Net financial debt	-53.0	-43.6	-75.0	-100.0	-115.0
+ Pension provision	0.2	0.1	0.1	0.1	0.1
+ Minorities	-0.3	1.7	2.0	2.0	2.0
- Participations	-0.1	-2.8	-2.8	-2.8	-2.8
Enterprise Value	360.0	544.4	1,661.2	2,993.8	2,978.8
Sales	779.3	872.4	1,026.4	1,445.4	1,291.6
Adj. EBITDA	95.1	122.1	166.3	301.2	187.4
Adj. EBIT	73.7	91.9	136.6	268.2	151.4
Adj. Net profit a.m.	52.8	63.4	93.2	186.5	104.6
EV / Sales	0.5	0.6	1.6	2.1	2.3
EV / EBITDA	3.8	4.5	10.0	9.9	15.9
EV / EBIT	4.9	5.9	12.2	11.2	19.7
PE	7.8	9.3	18.6	16.6	29.6

Source: Verbio, Matelan Research

Balance Sheet

EURm	2018/19	2019/20	2020/21	2021/22e	2022/23e
Intangible assets	0.9	0.7	0.6	0.6	0.6
Tangible assets	209.3	267.6	306.8	423.8	537.8
Participations	0.1	2.8	2.8	2.8	2.8
Other non-current assets	3.9	2.7	2.1	5.8	6.8
Non-current assets	214.2	273.8	312.3	433.0	548.0
Inventories	63.1	78.8	101.5	142.9	127.7
Receivables	48.5	64.7	69.6	98.0	87.5
Cash	63.1	73.9	105.0	130.0	145.0
Other current assets	36.1	38.1	90.3	42.0	42.0
Current Assets	210.8	255.4	366.3	412.9	402.2
Total assets	424.9	529.2	678.6	845.9	950.2
Equity	339.2	389.1	507.8	681.9	771.0
Minorities	-0.3	1.7	2.0	2.0	2.0
Total equity	338.9	390.8	509.9	683.9	773.0
LT financial liabilities	0.1	30.1	30.0	30.0	30.0
Pension provisions	0.2	0.1	0.1	0.1	0.1
Other LT liabilities	6.9	19.1	15.3	19.0	19.0
Non-current liabilities	7.1	49.3	45.5	49.1	49.1
ST financial liabilities	10.0	0.1	0.0	0.0	0.0
Payables	41.3	41.1	45.4	63.9	57.1
Other ST liabilities	27.6	47.8	77.9	48.9	71.0
Current liabilities	78.9	89.1	123.3	112.8	128.1
Total liabilities	424.9	529.2	678.6	845.9	950.2

Segments and adjusted earnings

EURm	2018/19	2019/20	2020/21	2021/22e	2022/23e
Biodiesel	514.5	588.2	729.9	1,071.5	932.0
Bioethanol/-methan	254.7	275.2	286.6	362.8	347.5
Other	16.7	15.8	16.7	17.2	18.2
Consolidation	-6.6	-6.9	-6.8	-6.0	-6.0
Sales	779.3	872.4	1,026.4	1,445.4	1,291.6
<i>Growth</i>		11.9%	17.6%	40.8%	-10.6%
Biodiesel	70.7	46.1	93.2	199.7	104.7
Bioethanol/-methan	23.8	74.0	70.6	97.6	79.1
Other	0.6	2.0	2.5	3.9	3.7
Consolidation	0.0	0.0	0.0	0.0	0.0
EBITDA	95.1	122.1	166.3	301.2	187.4
<i>Margin</i>	12.2%	14.0%	16.2%	20.8%	14.5%

Key operational indicators

	2018/19	2019/20	2020/21	2021/22e	2022/23e
Equity ratio	79.8%	73.9%	75.1%	80.9%	81.3%
Gearing	0.0	0.1	0.1	0.0	0.0
Asset turnover	3.6	3.2	3.3	3.4	2.4
NWC / sales	9.0%	11.7%	12.2%	12.2%	12.2%
Payable days outst.	19.4	17.2	16.1	16.1	16.1
Receivable days outst.	22.7	27.1	24.7	24.7	24.7
Fix operating assets	214.1	270.9	309.5	430.2	545.2
NWC	70.3	102.4	125.6	177.0	158.1
Capital employed	284.4	373.3	435.1	607.1	703.3
RoE	15.3%	16.3%	18.3%	27.3%	13.6%
RoA	17.3%	17.4%	20.1%	31.7%	15.9%
RoCE	25.9%	24.6%	31.4%	44.2%	21.5%
Gross margin	20.7%	22.8%	26.5%	27.6%	23.4%
EBITDA margin	12.2%	14.0%	16.2%	20.8%	14.5%
EBIT margin	9.5%	10.5%	13.3%	18.6%	11.7%
Net profit margin	6.8%	7.3%	9.1%	12.9%	8.1%

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Buy:	62.5%
Neutral:	37.5%
Reduce:	0.0%
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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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