

28 June 2022

Price as of 27/06/22: €46.26

Company / Sector	Fair Value	Recommendation
Verbio	€93.1	Strong Buy
Energy: Biofuels	(€92.4)	(unchanged)

Heading for EUR500m in EBITDA

Share price performance



Share data

Reuters	VBKG.DE
No. of shares (m)	63.0
Daily volume (3m)	202,981
Free float	28.4%
Market cap. (m)	2,914.4
EV (m)	2,693.7
Sales CAGR 18-22e	19.3%

Valuation	21/22e	22/23e
EV/Sales	1.6	1.7
EV/ EBITDA	5.4	10.3
EV/EBIT	5.7	11.9
PER	8.9	18.6
Div. yield	0.5%	0.5%
RoCE	72.7%	30.5%
RoE	39.7%	16.3%

Analysts

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Investment case

Verbio has increased its full year EBITDA guidance to **EUR500m**. This is more than the recent increase in spreads suggests but the company has already done better in the recent past and an additional margin on stocked biogas can still be realised. We thus raise our estimates accordingly which leaves us with a fair value of EUR93.1. In view of the high upside we reiterate our **Strong Buy** recommendation.

➤ MATERIAL INCREASE IN GUIDANCE

Just days before the end of the financial year, Verbio has raised its EBITDA guidance to around EUR500m (from EUR430m). Net cash is expected to rise to EUR300m. The company will report on the full year on September, 27th.

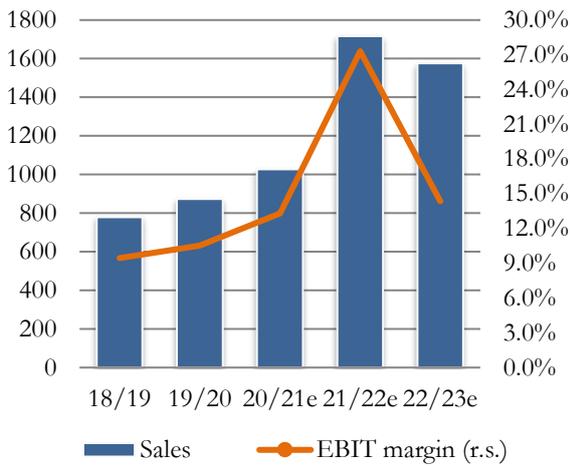
➤ HIGHER ESTIMATES – HIGHER VALUE

Based on forward rates in May we were already a bit more optimistic than management and had expected an EBITDA of EUR442m. Since then, spreads in Biodiesel and Bioethanol have increased slightly. In addition, Verbio has recently shown a better performance than the pure spreads suggest. Moreover, the company can realise an additional margin on stocked biogas. The new EBITDA guidance of EUR500m is thus realistic and we have adjusted our FY2021/22 estimates accordingly. Leaving our estimates for subsequent years unchanged, we arrive at a new fair value of EUR93.1.

For additional disclosures please refer to the appendix

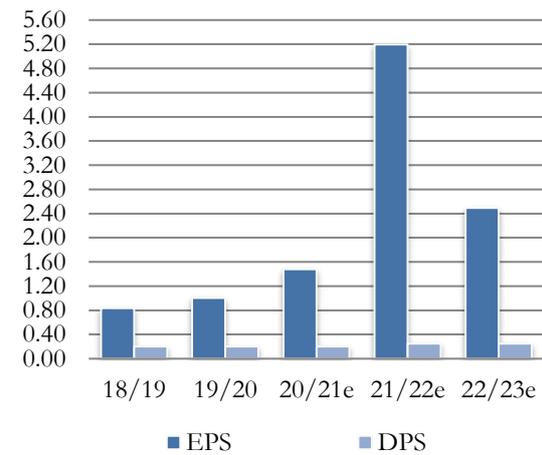
Forecasts	18/19	19/20	20/21	21/22e	22/23e
Sales (€m)	779.3	872.4	1026.4	1717.1	1576.1
EBITDA (€m)	95.1	122.1	166.3	500.8	260.3
EBIT (€m)	73.7	91.9	136.6	468.9	226.3
Adj. EPS (€)	0.84	1.01	1.48	5.20	2.49
Dividend (€)	0.20	0.20	0.20	0.25	0.25
Oper. CF (€m)	44.3	71.7	117.2	295.9	230.2
Free CF (€m)	-18.7	3.7	50.1	195.9	30.2

Sales and EBIT margin



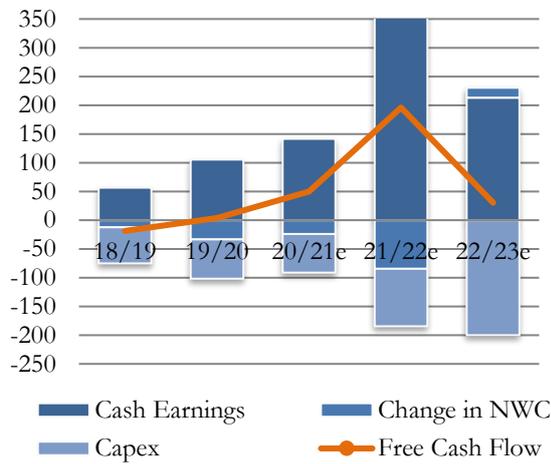
In EURm

Adj. EPS and DPS



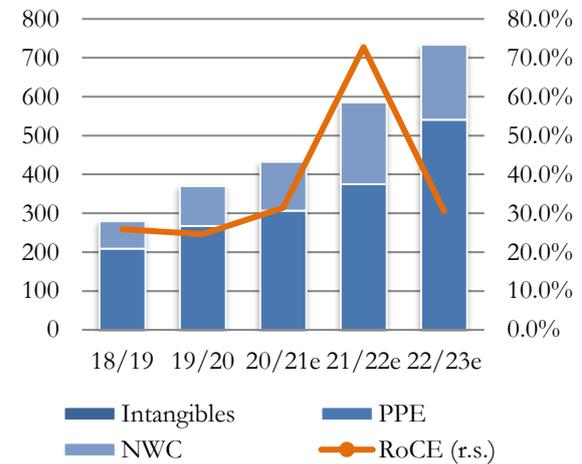
In EUR

Cash Flow



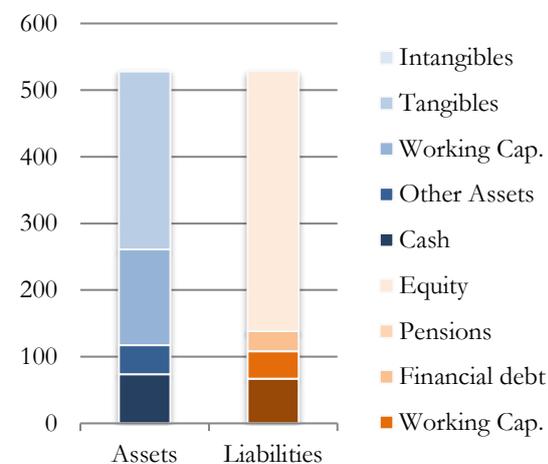
In EURm

RoCE



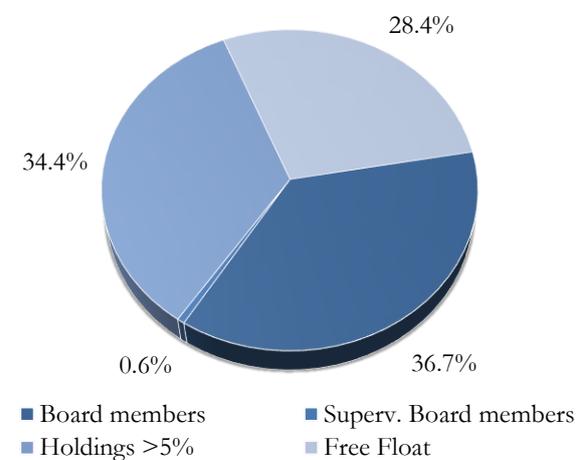
In EURm

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	1,717.1	1,576.1
<i>Growth</i>		11.9%	17.6%	67.3%	-8.2%
Material costs	-618.4	-673.5	-754.4	-1,090.5	-1,231.7
Gross profit	160.9	198.9	272.0	626.6	344.3
<i>Gross margin</i>	20.7%	22.8%	26.5%	36.5%	21.8%
Other operating costs	-28.6	-31.9	-51.2	-60.8	-16.0
EBITDA	95.1	122.1	166.3	500.8	260.3
<i>Margin</i>	12.2%	14.0%	16.2%	29.2%	16.5%
Depreciation	-21.4	-30.2	-29.7	-31.9	-34.0
EBIT	73.7	91.9	136.6	468.9	226.3
<i>Margin</i>	9.5%	10.5%	13.3%	27.3%	14.4%
Financial result	-0.6	-0.9	-1.3	-1.0	-1.7
EBT	73.1	91.0	135.4	467.9	224.6
Taxes	-21.4	-27.2	-41.8	-140.4	-67.4
Net profit	51.7	63.8	93.5	327.6	157.2
Minorities / Discon. Op.	1.1	-0.4	-0.3	-0.2	-0.2
Net profit a.m.	52.8	63.4	93.2	327.4	157.0
<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	0.84	1.01	1.48	5.20	2.49
Adj. EPS	0.84	1.01	1.48	5.20	2.49
<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	468.9	226.3
Depreciation	21.4	30.2	29.7	31.9	34.0
Other non-cash items	-13.4	-3.2	19.5	20.0	20.0
Cash taxes	-25.2	-13.5	-44.5	-140.4	-67.4
Cash earnings	56.5	105.3	141.4	380.5	212.9
Change in NWC	-12.2	-33.7	-24.2	-84.6	17.3
CF from operations	44.3	71.7	117.2	295.9	230.2
Capex	-63.0	-68.0	-67.1	-100.0	-200.0
Other investm./divestm.	2.0	0.3	0.1	0.0	0.0
CF from investing	-61.0	-67.7	-66.9	-100.0	-200.0
CF from fin. and other	-8.8	6.8	-19.1	-50.9	-25.2
Change in cash	-25.5	10.8	31.1	145.0	5.0

Valuation multiples

	2018/19	2019/20	2020/21	2021/22e	2022/23e
Share price	6.56	9.35	27.57	46.26	46.26
x No of shares	63.0	63.0	63.0	63.0	63.0
Market Capitalisation	413.3	589.1	1,736.9	2,914.4	2,914.4
+ Net financial debt	-53.0	-43.6	-75.0	-220.0	-225.0
+ 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	2,693.7	2,688.7
Sales	779.3	872.4	1,026.4	1,717.1	1,576.1
Adj. EBITDA	95.1	122.1	166.3	500.8	260.3
Adj. EBIT	73.7	91.9	136.6	468.9	226.3
Adj. Net profit a.m.	52.8	63.4	93.2	327.4	157.0
EV / Sales	0.5	0.6	1.6	1.6	1.7
EV / EBITDA	3.8	4.5	10.0	5.4	10.3
EV / EBIT	4.9	5.9	12.2	5.7	11.9
PE	7.8	9.3	18.6	8.9	18.6

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	0.8	0.8
Tangible assets	209.3	267.6	306.8	374.9	540.9
Participations	0.1	2.8	2.8	2.8	2.8
Other non-current assets	3.9	2.7	2.1	58.8	6.8
Non-current assets	214.2	273.8	312.3	437.3	551.3
Inventories	63.1	78.8	101.5	169.8	155.8
Receivables	48.5	64.7	69.6	116.4	106.8
Cash	63.1	73.9	105.0	250.0	255.0
Other current assets	36.1	38.1	90.3	42.0	42.0
Current Assets	210.8	255.4	366.3	578.1	559.6
Total assets	424.9	529.2	678.6	1,015.4	1,110.9
Equity	339.2	389.1	507.8	822.8	964.3
Minorities	-0.3	1.7	2.0	2.0	2.0
Total equity	338.9	390.8	509.9	824.8	966.3
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	33.8	30.0
Non-current liabilities	7.1	49.3	45.5	63.9	60.1
ST financial liabilities	10.0	0.1	0.0	0.0	0.0
Payables	41.3	41.1	45.4	75.9	69.7
Other ST liabilities	27.6	47.8	77.9	50.8	14.8
Current liabilities	78.9	89.1	123.3	126.7	84.5
Total liabilities	424.9	529.2	678.6	1,015.4	1,110.9

Segments and adjusted earnings

EURm	2018/19	2019/20	2020/21	2021/22e	2022/23e
Biodiesel	514.5	588.2	729.9	1,195.8	1,147.9
Bioethanol/-methan	254.7	275.2	286.6	508.1	424.4
Other	16.7	15.8	16.7	19.2	9.8
Consolidation	-6.6	-6.9	-6.8	-6.0	-6.0
Sales	779.3	872.4	1,026.4	1,717.1	1,576.1
<i>Growth</i>		11.9%	17.6%	67.3%	-8.2%
Biodiesel	70.7	46.1	93.2	294.9	156.8
Bioethanol/-methan	23.8	74.0	70.6	204.0	103.0
Other	0.6	2.0	2.5	1.9	0.6
Consolidation	0.0	0.0	0.0	0.0	0.0
EBITDA	95.1	122.1	166.3	500.8	260.3
<i>Margin</i>	12.2%	14.0%	16.2%	29.2%	16.5%

Key operational indicators

	2018/19	2019/20	2020/21	2021/22e	2022/23e
Equity ratio	79.8%	73.9%	75.1%	81.2%	87.0%
Gearing	0.0	0.1	0.1	0.0	0.0
Asset turnover	3.6	3.2	3.3	4.0	2.9
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	434.5	548.5
NWC	70.3	102.4	125.6	210.2	192.9
Capital employed	284.4	373.3	435.1	644.7	741.4
RoE	15.3%	16.3%	18.3%	39.7%	16.3%
RoA	17.3%	17.4%	20.1%	46.2%	20.4%
RoCE	25.9%	24.6%	31.4%	72.7%	30.5%
Gross margin	20.7%	22.8%	26.5%	36.5%	21.8%
EBITDA margin	12.2%	14.0%	16.2%	29.2%	16.5%
EBIT margin	9.5%	10.5%	13.3%	27.3%	14.4%
Net profit margin	6.8%	7.3%	9.1%	19.1%	10.0%

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Buy:	50.0%
Neutral:	25.0%
Reduce:	0.0%
Sell:	0.0%

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

Verbio	
Date	Rating
12/05/22	Strong Buy
12/12/18	Buy
09/11/18	Strong Buy
12/02/18	Buy
29/03/16	Neutral
05/02/15	Buy

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