

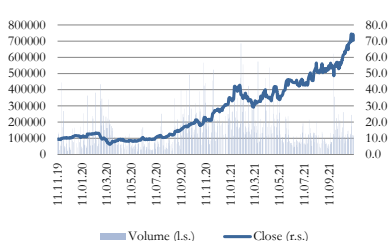
30 November 2021

Price as of 29/11/21: €65.45

Company / Sector	Fair Value	Recommendation
Verbio	€80.5	Buy
Energy: Biofuels	(€80.0)	(unchanged)

Heading for EUR230m in EBITDA

Share price performance



Share data

Reuters	VBKG.DE
No. of shares (m)	63.0
Daily volume (3m)	135,183
Free float	28.4%
Market cap. (m)	4,123.4
EV (m)	4,107.6
Sales CAGR 18-22e	13.5%

Valuation	21/22e	22/23e
EV/Sales	2.9	3.2
EV/ EBITDA	17.7	22.0
EV/EBIT	20.7	27.3
PER	29.9	39.4
Div. yield	0.4%	0.4%
RoCE	32.8%	21.5%
RoE	21.7%	14.5%

Analysts

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Investment case

Verbio has raised its FY guidance clearly above our estimate and we have adjusted our FY 21/22 forecast accordingly. So far, we only price in the addition for this one year so that our fair value rises only to EUR80.5. If this effect turns out to be sustainable, we will add another EUR6 to our valuation. Newsflow should remain positive, from the upcoming results and projects that are not yet included in our estimates. Against this background, we clearly reiterate our BUY rating on the stock.

➤ FY GUIDANCE RAISED

In view of current pricing for Biodiesel and Bioethanol, Verbio has raised its full year EBITDA guidance to EUR230m (from EUR150m). Net cash should come to EUR80m by year end (from EUR50m). This assumes no hard Covid-19 restrictions.

➤ BEATING EXPECTATION

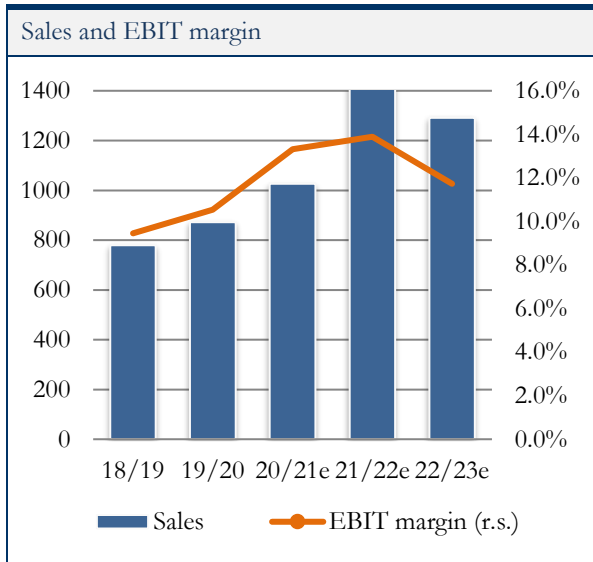
At the Q1 stage, we had said that based on the forward curve at the time we would expect the company to beat its guidance and reach EUR200m in EBITDA. Now prices have come down slightly from the level at the beginning of November and management plans even EUR30m more than we had anticipated. This might well be a structural effect that could translate into future periods.

➤ INCREASE IN EARNINGS AND FAIR VALUE

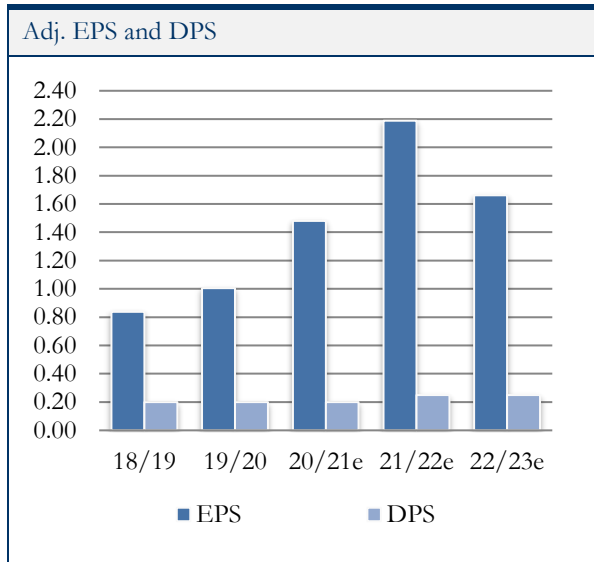
We raise our full year EBITDA estimate to around EUR230m, which assumes Q3 and Q4 to match the result of the first quarter while the upcoming Q2 should remain extraordinarily strong. We do not yet change our estimates for the following years, so that our fair value comes up to just EUR80.5. However, if the earnings increase results from an improved earnings structure we will add another EUR6 to our valuation.

For additional disclosures please refer to the appendix

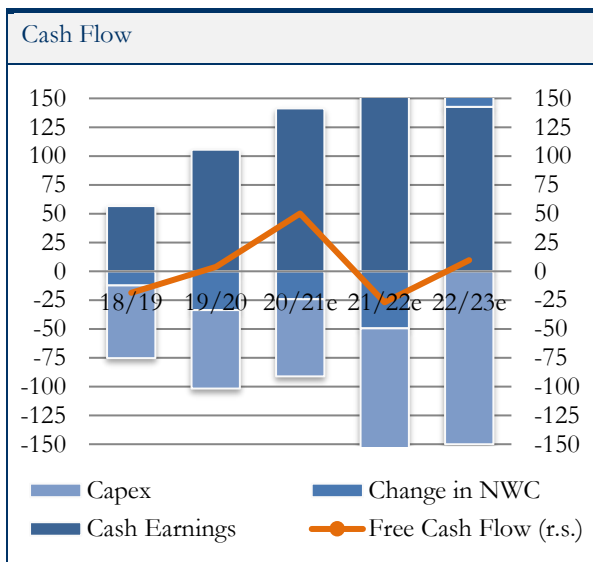
Forecasts	18/19	19/20	20/21	21/22e	22/23e
Sales (€m)	779.3	872.4	1026.4	1430.4	1291.6
EBITDA (€m)	95.1	122.1	166.3	231.7	187.4
EBIT (€m)	73.7	91.9	136.6	198.7	151.4
Adj. EPS (€)	0.84	1.01	1.48	2.19	1.66
Dividend (€)	0.20	0.20	0.20	0.25	0.25
Oper. CF (€m)	44.3	71.7	117.2	123.1	159.5
Free CF (€m)	-18.7	3.7	50.1	-26.9	9.5



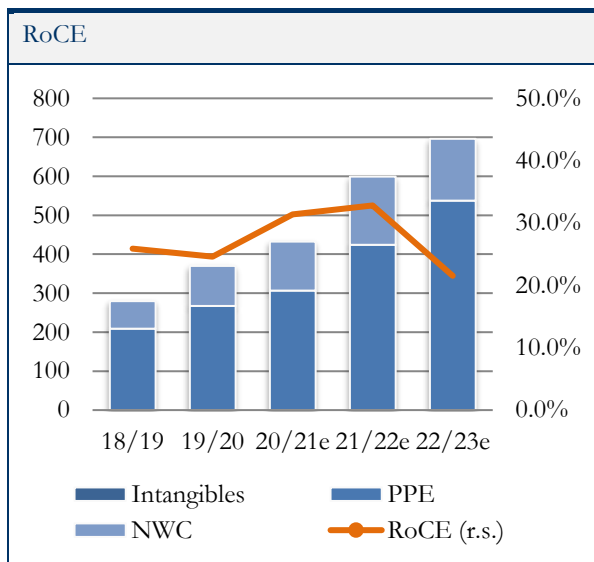
In EURm



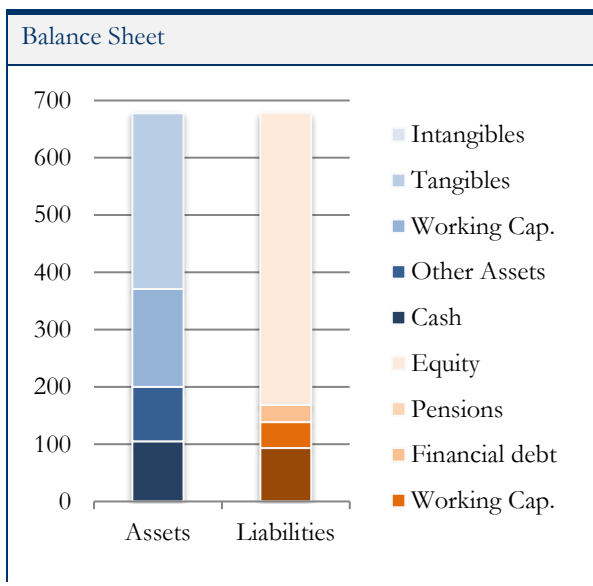
In EUR



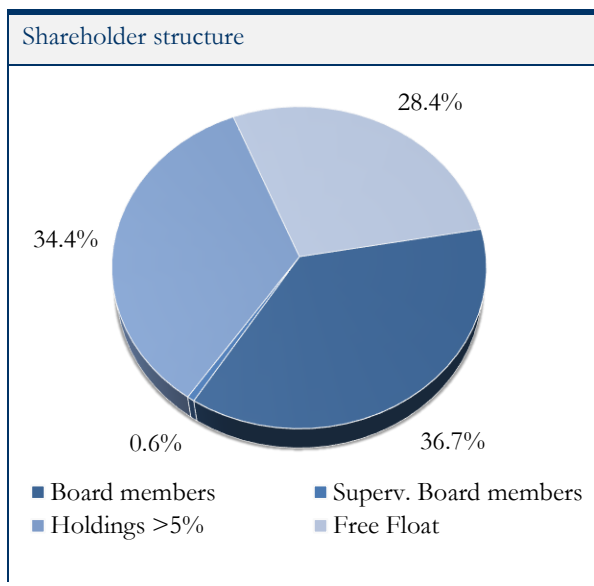
In EURm



In EURm



In EURm



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EURm	2018/19	2019/20	2020/21	2021/22e	2022/23e
Sales	779.3	872.4	1,026.4	1,430.4	1,291.6
<i>Growth</i>		11.9%	17.6%	39.4%	-9.7%
Material costs	-618.4	-673.5	-754.4	-1,100.7	-989.2
Gross profit	160.9	198.9	272.0	329.7	302.4
<i>Gross margin</i>	20.7%	22.8%	26.5%	23.0%	23.4%
Other operating costs	-28.6	-31.9	-51.2	-41.0	-56.0
EBITDA	95.1	122.1	166.3	231.7	187.4
<i>Margin</i>	12.2%	14.0%	16.2%	16.2%	14.5%
Depreciation	-21.4	-30.2	-29.7	-33.0	-36.0
EBIT	73.7	91.9	136.6	198.7	151.4
<i>Margin</i>	9.5%	10.5%	13.3%	13.9%	11.7%
Financial result	-0.6	-0.9	-1.3	-1.5	-1.7
EBT	73.1	91.0	135.4	197.2	149.7
Taxes	-21.4	-27.2	-41.8	-59.2	-44.9
Net profit	51.7	63.8	93.5	138.0	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	137.8	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	2.19	1.66
Adj. EPS	0.84	1.01	1.48	2.19	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	198.7	151.4
Depreciation	21.4	30.2	29.7	33.0	36.0
Other non-cash items	-13.4	-3.2	19.5	0.0	0.0
Cash taxes	-25.2	-13.5	-44.5	-59.2	-44.9
Cash earnings	56.5	105.3	141.4	172.5	142.5
Change in NWC	-12.2	-33.7	-24.2	-49.5	17.0
CF from operations	44.3	71.7	117.2	123.1	159.5
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	-33.1	-34.5
Change in cash	-25.5	10.8	31.1	-60.0	-25.0

Valuation multiples

	2018/19	2019/20	2020/21	2021/22e	2022/23e
Share price	6.56	9.35	27.57	65.45	65.45
x No of shares	63.0	63.0	63.0	63.0	63.0
Market Capitalisation	413.3	589.1	1,736.9	4,123.4	4,123.4
+ Net financial debt	-53.0	-43.6	-75.0	-15.0	10.0
+ 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	4,107.6	4,132.6
Sales	779.3	872.4	1,026.4	1,430.4	1,291.6
Adj. EBITDA	95.1	122.1	166.3	231.7	187.4
Adj. EBIT	73.7	91.9	136.6	198.7	151.4
Adj. Net profit a.m.	52.8	63.4	93.2	137.8	104.6
EV / Sales	0.5	0.6	1.6	2.9	3.2
EV / EBITDA	3.8	4.5	10.0	17.7	22.0
EV / EBIT	4.9	5.9	12.2	20.7	27.3
PE	7.8	9.3	18.6	29.9	39.4

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	141.4	127.7
Receivables	48.5	64.7	69.6	96.9	87.5
Cash	63.1	73.9	105.0	45.0	20.0
Other current assets	36.1	38.1	90.3	42.0	42.0
Current Assets	210.8	255.4	366.3	325.4	277.3
Total assets	424.9	529.2	678.6	758.4	825.3
Equity	339.2	389.1	507.8	633.3	722.3
Minorities	-0.3	1.7	2.0	2.0	2.0
Total equity	338.9	390.8	509.9	635.3	724.3
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	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	63.2	57.1
Other ST liabilities	27.6	47.8	77.9	10.8	-5.3
Current liabilities	78.9	89.1	123.3	74.0	51.8
Total liabilities	424.9	529.2	678.6	758.4	825.3

Segments and adjusted earnings

EURm	2018/19	2019/20	2020/21	2021/22e	2022/23e
Biodiesel	514.5	588.2	729.9	1,066.5	932.0
Bioethanol/-methan	254.7	275.2	286.6	352.6	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	1,430.4	1,291.6
<i>Growth</i>		11.9%	17.6%	39.4%	-9.7%
Biodiesel	70.7	46.1	93.2	142.4	104.7
Bioethanol/-methan	23.8	74.0	70.6	85.4	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	231.7	187.4
<i>Margin</i>	12.2%	14.0%	16.2%	16.2%	14.5%

Key operational indicators

	2018/19	2019/20	2020/21	2021/22e	2022/23e
Equity ratio	79.8%	73.9%	75.1%	83.8%	87.8%
Gearing	0.0	0.1	0.1	0.0	0.0
Asset turnover	3.6	3.2	3.3	3.3	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	175.1	158.1
Capital employed	284.4	373.3	435.1	605.3	703.3
RoE	15.3%	16.3%	18.3%	21.7%	14.5%
RoA	17.3%	17.4%	20.1%	26.2%	18.4%
RoCE	25.9%	24.6%	31.4%	32.8%	21.5%
Gross margin	20.7%	22.8%	26.5%	23.0%	23.4%
EBITDA margin	12.2%	14.0%	16.2%	16.2%	14.5%
EBIT margin	9.5%	10.5%	13.3%	13.9%	11.7%
Net profit margin	6.8%	7.3%	9.1%	9.6%	8.1%

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Buy:	62.5%
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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