



# Business Services

29th April 2019

## CARBIOS

- Technology
- Green tech & Smart energy

## CORPORATE

Fair Value	EUR15.5(+106%)
Share price	EUR7.34
EPS 3Y Cagr	NM

### Three key global players join Carbios and L'Oréal in the consortium

#### An excellent piece of news validating Carbios' technology

As reported in our last note, we were expecting that other well-known industrial groups would join the consortium created in 2017 with L'Oréal which aims to bring Carbios' biorecycling technology to an industrial scale. Today, Carbios and L'Oréal announce that Nestlé Waters, PepsiCo and Suntory Beverage & Food Europe have joined the consortium in order to increase the availability of recycled plastics essential to fulfil the sustainability commitments made by the brand-owners. As a reminder, L'Oréal aims to increase the part of recycled or bio-sourced plastic components in its products to 50% by 2025, while other partners have reiterated their commitment to drastically ramp up the amount of recycled plastic in their products in coming years.

#### Brand-owners set to influence the value chain's stakeholders

In order to meet the ambitious goals that they are targeting, we expect brand-owners to influence all the stakeholders involved in the value chain (such as PET producers) in order to bring out innovative technologies such as that of Carbios. Therefore, we believe that this consortium is a great opportunity for Carbios to establish its technology in the biorecycling space. Indeed, it will be in the best interest of the partners to leverage their influence to support Carbios' solution. While it validates the technology itself, we believe that this consortium should also contribute to its commercial success thanks to highly committed partners.

#### Carbios' technology fits into the circular economy of recycling

As a reminder, this technology consists of an enzyme-based procedure enabling the recycling of waste plastic by returning to the original monomers. The monomers obtained are identical to virgin monomers and are repolymerised to produce new plastics of the same quality. Carbios's technology therefore enables recycling of plastics, without the need for a sophisticated sorting procedure, with the possibility of recycling multi-layer, coloured or opaque plastics, that conventional procedures struggle to recycle. Contrary to the technologies used today, Carbios's technology enables 1/recycling of plastics to infinity by returning to the original monomers, that can be reused in all applications of the original material, 2/the production of recycled materials that have the same performances and properties as the original material.

#### Industrial and commercial deployment expected as of 2023

In November 2018, Carbios announced it had signed a letter of intent with KEM ONE under the framework of a demonstrator project for the Carbios PET biorecycling technology. We expect the demonstrator to come onstream in early 2021 (around 18 months of building work), and that the project will require an investment of around EUR10m shouldered by Carbios. Once the test phase is complete, we expect a wider industrial and commercial deployment as of 2023. As a reminder, we are expecting the construction of the demonstration plant to start mid-2019.

#### Market Data

Bloomberg / Reuters	ALCRB FP/ALCRB.PA
Market Cap.	EUR33m
E.V.	EUR-3,250m
Free Float	0.3%
Avg. Daily volume (6m)	9.80
12m high / low	EUR9.5 / EUR4.3
Ytd Perf.	54.2%

EURM	12/18	12/19e	12/20e	12/21e
Sales	1,083	1,100	1,124	1,153
% Change		1.6%	2.2%	2.6%
EBITDA	-3,836	-4,706	-4,799	-4,867
% Change		-22.7%	-2.0%	-1.4%
EBIT	-4,240	-5,224	-5,704	-6,005
% Change		-23.2%	-9.2%	-5.3%
Net Income	-3,111	-4,005	-4,623	-5,048
% Change		-28.7%	-15.4%	-9.2%
ROE	NM	NM	NM	NM

	12/18	12/19e	12/20e	12/21e
EV/Sales	NS	NS	NS	3.4x
EV/EBITDA	0.8x	2.4x	0.4x	NS
EV/EBIT	0.8x	2.1x	0.4x	NS
EPS	-0.68	-0.68	-0.65	-0.71
% change		-0.6%	4.6%	-9.2%
P/E	NM	NM	NM	NM
Div Yield	NM	NM	NM	NM

Next Catalyst: 27th September: H1 2019

#### Last Reports:

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BUY ratings 50%

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