

## Bionersis

### EDF+ EON + CER are the key drivers

#### Operating in an attractive renewable energy niche

Bionersis specializes in the design, financing, development and the operation of landfill gas flaring installations. Through its know-how on CDM registration, monitoring and Carbon-Credits (CER) trading, Bionersis offers a totally integrated solution. As per end Oct'09, the company had 7 operating landfill gas (LFG) projects, and 7 are UNFCCC registered. The company is active in Latin America and Asia.

#### Recent deals with E.ON and EDF Trading end Bionersis' financial constraints

Whereas the, the group struggled over the last 12 months to raise the required debt financing, two recent strategic deals with E.ON and EDF Trading finance most of Bionersis' roadmap, without creating much dilution. Through the partnerships, Bionersis maintains a strong equity stake in the projects and hence can cash-in on the CER cash flows of the projects developed within these partnerships.

#### Main risk : CER post 2013 and CER verification

Main risk are the i) political risk regarding a Phase III or a potential Second Commitment Period under the UNFCCC framework and ii) CER verification and issuance risks. For the political risk, investors should be aware that under the ETS proposal (approved in Parliament in Q4'08), projects can still generate CERs beyond 2012, providing a much needed visibility. We believe too many investors ignore this EU ETS backing. With no significant number of CERs issued and only three projects in verification, investors should be aware of the verification and issuance risk. We however see that based on the monitoring output Bionersis should be able to obtain very good output results, significantly outweighing the LFG average.

#### No downside under worst case scenario, under 'blue sky' it could double

We believe 2010 will be a truly pivotal year for the company, as the company should reach operational profitability. In terms of cash flows, the company will heavily rely on the partnership deals to finance its growth and negative free cash flow of €-10m. Looking into total group valuation obviously the company is highly geared towards CER assumptions. Our scenario analysis yields a base case fair value of €10.6/share. Investors should realise that even a worst case scenario (assuming future prices for CER at €11.4 stable up to 2020) suggests the company is fairly valued, with no downside. At the other end of the scenario assumptions, with a fast CER price increase up to €17/ton by 2012, fair value increases to €16.2.

€ m	2009pf	2010E	2011E	2012E
Sales	1.2	4.4	14.0	15.4
EBITDA	0.9	2.0	9.0	10.4
Net profit	-1.4	0.1	4.3	5.0
Net debt	2.4	12.6	13.8	5.8
EV/Sales	35.2	11.6	3.8	2.9
EV/EBITDA	43.5	25.1	5.9	4.3
P/E	-28.0	NS	9.0	7.8
Net debt/EBIT	-3.7	6.1	1.5	0.6

#### Investment recommendation

Fair value base-case	€ 10.6
Last price	€ 8.0
Opinion	Positive

#### Bionersis

Bloomberg	MLBRS FP
Market cap	€23m
52-week high	€9.74
52-week low	€2.66
Free float	43%

#### 2-years performance

