

Gevo Inc

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Noble Capital doubles target price for Gevo after "low carbon" fuel company wins largest contract in its history

Noble Capital Markets has doubled its target price and maintained an Outperform rating on Gevo Inc (NASDAQ:GEVO) a day after the "low carbon" fuel company won the largest contract in its history.

The research-driven investment bank increased its 12-month target to \$2.40 share from \$1.20.

Gevo announced the supply agreement with a subsidiary of Trafigura Group Pte Ltd, one of the world's leading independent commodity trading companies. Gevo will deliver 25 million gallons/year (MPGY) of renewable hydrocarbons, the majority of which is expected to be low-carbon premium gasoline with a smaller portion of the volume for sustainable aviation fuel (SAF), starting in 2023.

As a result of the Trafigura news, Gevo stock closed up by a whopping 233% to \$1.82 in New York on Thursday, on trading volume of more than 991 million shares.

READ: Gevo exceeds \$1.5B in long-term revenue contracts after striking deal with Trafigura Trading

"Not only does the supply portfolio more than double to 42 MPGY, it moves the revenue potential above \$1.5 billion. Trafigura's leading position as a global commodity trader validates the technology and business strategy," Noble analysts wrote in a note.

Noble also pointed out that Gevo's licensing strategy is moving forward. For example, Gevo recently signed a technology licensing agreement with Praj Industries Ltd to develop renewable and low-particulate transportation fuels in India, where air pollution places hundreds of millions of people at risk.

In addition, Noble said Gevo's larger supply portfolio should enhance financing discussions with investment banks.

"Citigroup is advising GEVO on financing plans, and discussions with investors are ongoing about project financing strategy with financial close expected by mid-2021. The Trafigura agreement should be supportive and could lead to other avenues of collaboration," its analysts said.

In fact, the Trafigura deal has been a game-changer for the Englewood, Colorado-based company, especially for its outlook and stock price.

"While we would not be surprised if the stock pulled back over the near term, we believe the risk profile has improved. Not only does the refinancing risk appear lower, but the prospects for a successful financial closing in 1H2021 also improve, in our view. As a result, we are moving our 12-month price target to \$2.40/share and believe that the high

Price: 2.135

Market Cap: \$255.41 m

1 Year Share Price Graph



November 2019 June 2020 November 20

Share Information

Code: GEVO

Listing: NASDAQ

52 week	High	Low
	2.88	0.46

Sector: Chemicals

Website: www.gevo.com

Company Synopsis:

Gevo is a next generation "low-carbon" fuel company focused on the development and commercialization of renewable alternatives to petroleum-based products. Low-carbon fuels reduce the carbon intensity, or the level of greenhouse gas emissions, compared to standard fossil-based fuels across their lifecycle. The most common low-carbon fuels are renewable fuels.

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risk/high reward profile is attractive." they concluded.

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