

ADL Bionatur Solutions

New contract to serve Asia-Pacific API market

Market expansion

Pharma & biotech

8 August 2019

ADL Bionatur Solutions (ADL-BS) announced on 7 August 2019 that it entered into a strategic alliance with an undisclosed new customer in Japan to produce sterile active pharmaceutical ingredients (APIs). The customer is a producer of pharmaceuticals, agricultural chemicals and veterinary drugs, and the revenues associated with the contract represent €13m over the next five years.

Year end	Revenue (€m)	PBT* (€m)	EPS* (€)	DPS (€)	P/E (x)	Yield (%)
12/17	12.8	(12.7)	(2.52)	0.0	N/A	N/A
12/18	25.3	(16.3)	(0.43)	0.0	N/A	N/A
12/19e	60.8	1.8	0.05	0.0	40.8	N/A
12/20e	73.5	6.2	0.16	0.0	12.8	N/A

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

This announced contract provides support to our current API sales growth forecasts. ADL-BS reported €5.6m in 2018 API revenue, and our current API revenue forecast for 2020 is €9.4m increasing to €13.7m in 2024. Hence, the average run-rate of this contract reflects about 19–28% of these current API sales estimates.

ADL-BS also reaffirmed its 2019 guidance of €50–55m of revenue and positive full-year EBITDA. We believe these forecasts may be conservative, and we expect to receive further guidance and review our estimates when the firm reports H119 results in October.

Price €2.04

Market cap €80m

US\$1.12/€

Net debt (€m) at 31 December 2018 40.6

Shares in issue 39.4m

Free float 25%

Code ADL

Primary exchange MAB (Spain)

Secondary exchange N/A

Share price performance



Business description

Based in Spain, ADL Bionatur Solutions provides contract manufacturing (CMO) of fermentation-based products and services focused on the health, beauty and wellness sectors. It has established CMO/API business lines and its own proprietary development line of novel or innovative products.

Analysts

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