

ADL Bionatur Solutions

Solid Q119 growth

Q119 trading update

Pharma & biotech

ADL Bionatur Solutions (ADL-BS) reported robust Q119 growth, with revenue of €9.97m (up 134% year-on-year), driven largely by increased capacity utilisation at its contract manufacturing (CMO) business. CMO revenues were €8.02m (up 180% vs Q118), whereas the active pharmaceutical ingredient (API) segment was down 14% yearly to €0.90m, due in part to seasonality for β -lactam antibiotics. Other revenue, which includes proprietary products and other contracted services and income, was up 205% to €1.05m. The strong CMO growth drove a swing to positive €0.11m EBITDA, marking the second consecutive quarter of positive EBITDA. ADL-BS continues to expect positive overall EBITDA for 2019.

Year end	Revenue (€m)	PBT* (€m)	EPS* (€)	DPS (€)	P/E (x)	Yield (%)
12/17	14.6	(13.7)	(0.64)	0.0	N/A	N/A
12/18	23.3	(13.3)	(0.35)	0.0	N/A	N/A
12/19e	64.8	1.2	0.03	0.0	78.3	N/A
12/20e	75.5	5.0	0.13	0.0	18.1	N/A

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

ADL-BS also provided 2019 revenue guidance of between €50m and €55m, which, while below our current 2019 estimate (€64.8m), still represents a more than doubling of 2018 sales. As in Q119, the bulk of ADL-BS revenue growth for the year is expected to be driven by increased utilisation at the firm's CMO business. The company expects contractually committed capacity at its eight 225m³ fermenters to rise from c 85% currently to 100% by YE19. The bulk of the firm's committed CMO contracts, such as its six-year €146m flucosil-lactose deal and the multi-year arrangement with Amyris, are long-term, multi-year (or renewable) commitments, which should enhance long-term revenue visibility and form a base for potential future expansion in CMO capacity. The company also aims to target higher-margin, more differentiated or complex fermentation products within its CMO operations, as well as further develop its line of proprietary and potentially innovative products.

9 May 2019

Price **€2.35**

Market cap **€93m**

US\$1.12/€

Net debt (€m) at 31 December 2018 40.6

Shares in issue 39.4m

Free float 22%

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.

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