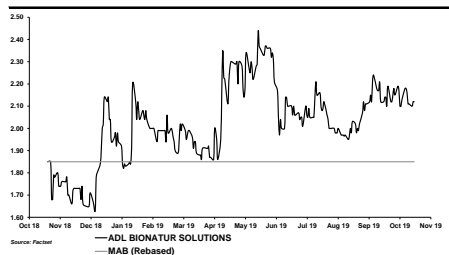


Company Flash Note

Buy			
<i>Recommendation unchanged</i>			
Share price: EUR	2.12		
<i>closing price as of 13/11/2019</i>			
Target price: EUR	3.10		
<i>Target Price unchanged</i>			
Upside/Downside Potential	46.2%		
<i>Reuters/Bloomberg ADL.B.MC/ADL.SM</i>			
Market capitalisation (EURm)	84		
Current N° of shares (m)	39		
Free float	24%		
Daily avg. no. trad. sh. 12 mth	14		
Daily avg. trad. vol. 12 mth (m)	12.82		
Price high/low 12 months	2.44 / 1.63		
Abs Perfs 1/3/12 mths (%)	0.00/0.95/25.44		
Key financials (EUR)	12/18	12/19e	12/20e
Sales (m)	23	51	70
EBITDA (m)	(12)	4	14
EBITDA margin	nm	7.4%	20.2%
EBIT (m)	(15)	1	11
EBIT margin	nm	1.2%	15.1%
Net Profit (adj.)(m)	(17)	(1)	8
ROCE	-15.3%	2.3%	10.6%
Net debt/(cash) (m)	43	57	55
Net Debt Equity	2.0	2.8	2.0
Net Debt/EBITDA	-3.5	15.2	3.9
Int. cover(EBITDA/Fin.int)	(12.0)	2.6	6.5
EV/Sales	4.6	2.7	1.9
EV/EBITDA	nm	37.1	9.7
EV/EBITDA (adj.)	nm	26.5	9.7
EV/EBIT	nm	nm	12.9
P/E (adj.)	nm	nm	11.0
P/BV	3.1	4.1	3.0
Op/FCF yield	-38.1%	-16.9%	2.8%
Dividend yield	0.0%	0.0%	0.0%
EPS (adj.)	(0.42)	(0.02)	0.19
BVPS	0.54	0.52	0.72
DPS	0.00	0.00	0.00

Shareholders
Black Toro Capital 71%; Víctor Infantes 5%;



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Reason: Company results (post view)

14 November 2019

Avance de resultados del 3T19

ADL Bionatur ha publicado un avance de los resultados del 3T19 en el que se aprecia un crecimiento de ventas y de EBITDA, en línea con las guías de la compañía. La fermentación para terceros sigue siendo el motor de la compañía. Resultados que siguen mejorando y que se acercan a la guía de ventas de ADL de 50 m EUR en 2019. La guía que ha sido reiterada, y supone que el 4T19 debería alcanzar unas ventas mínimas de 17 m EUR (+23% q/q) lo cual vemos probable porque la utilización de la capacidad de fermentación será superior al 90% al finalizar el año, vs. el 65% en el 1S19. Mantenemos las estimaciones.

- ✓ Las cifras del 3T19 avanzadas son:

ADL BIONATUR: 9M19 results

EUR m	9M18	% sles	9M19	% sles	% y/y	3Q18	3Q19
Sales	14.6	100%	33.2	100%	127%	7.0	12.5
EBITDA ajustado	-8.2	-56%	2.2	7%	-126%	-2.2	1.6

Source: Company data.GVC Gaesco Valores estimates

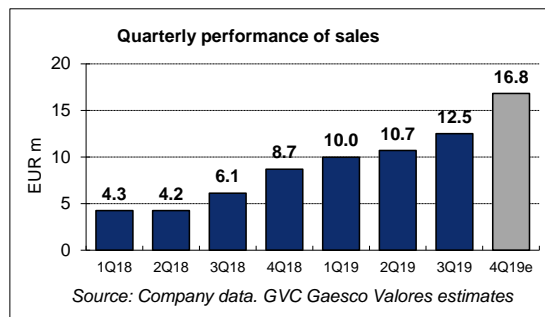
- ✓ Desglose de ventas por divisiones: buena evolución de la fermentación (CMO).

ADL BIONATUR. ACCUMULATED SALES

	9M18	% sles	9M19	% sles	% y/y
Fermentation (CMO)	8.79	60%	25.96	78%	195%
APIs (Pharma)	3.23	22%	3.54	11%	9%
R&D and Licensing	1.11	8%	1.36	4%	22%
Other divisions	1.48	10%	2.33	7%	57%
Total sales	14.62	100%	33.19	100%	127%

Source: Company data.GVC Gaesco Valores estimates

- ✓ La mejora de las ventas trimestrales es continua. El 4T19e debería ser mejor.



- ✓ Las dos principales áreas de negocio, que suponen el 89% de las ventas crecen un 145% vs. 9M18. **Fermentación para terceros (CMO)**, el 78% de las ventas acumuladas, crece un 195% en los 9M19 vs. los 9M18. Este crecimiento se debe a la ejecución de los contratos firmados, principalmente con clientes internacionales, a la entrada de nuevos clientes y a la mejora de las instalaciones por las inversiones realizadas. En **APIs Farmacéuticos**, las ventas de los 9M19 crecen un 9%.

- ✓ La deuda neta de agosto era de 56,4 m EUR (sin datos a septiembre). Estimamos que la deuda neta podría terminar el año actual en unos 57 m EUR (15,2x DN/EBITDA19), aunque es un multiplicador que no es representativo porque coincide con el primer año de EBITDA positivo, que será bajo, y porque van a continuar las inversiones en la fábrica. Esperamos que en 2020e se sitúe ya en 3,86x y 2x en 2021e.



ADL Bionatur Solutions : Summary tables

PROFIT & LOSS (EURm)	12/2017p	12/2018	12/2019e	12/2020e	12/2021e
Sales	14.6	23.3	50.8	70.3	85.8
Cost of Sales & Operating Costs	-27.9	-39.9	-51.1	-59.7	-67.4
Non Recurrent Expenses/Income	0.0	-3.5	-1.5	0.0	0.0
EBITDA	-9.9	-12.2	3.8	14.2	21.9
EBITDA (adj.)*	-9.9	-8.7	5.3	14.2	21.9
Depreciation	-2.2	-2.7	-3.1	-3.6	-3.7
EBITA	-12.1	-14.9	0.6	10.6	18.2
EBITA (adj.)*	-12.1	-11.4	2.1	10.6	18.2
Amortisations and Write Downs	0.0	0.0	0.0	0.0	0.0
EBIT	-12.1	-14.9	0.6	10.6	18.2
EBIT (adj.)*	-12.1	-11.4	2.1	10.6	18.2
Net Financial Interest	-1.2	-1.0	-1.5	-2.2	-2.0
Other Financials	0.0	-0.8	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0	0.0
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	-13.2	-16.8	-0.9	8.4	16.2
Tax	0.4	0.1	0.1	-0.8	-1.6
<i>Tax rate</i>	<i>2.8%</i>	<i>0.5%</i>	<i>10.0%</i>	<i>10.0%</i>	<i>10.0%</i>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0
Net Profit (reported)	-12.8	-16.7	-0.8	7.6	14.6
Net Profit (adj.)	-12.8	-16.7	-0.8	7.6	14.6
CASH FLOW (EURm)	12/2017p	12/2018	12/2019e	12/2020e	12/2021e
Cash Flow from Operations before change in NWC	-13.0	-15.1	2.4	11.1	18.3
Change in Net Working Capital	1.4	1.2	-2.0	-2.8	-2.1
Cash Flow from Operations	-11.6	-13.9	0.4	8.3	16.2
Capex	-9.9	-11.2	-14.5	-6.0	-6.0
Net Financial Investments	0.0	1.5	0.0	0.0	0.0
Free Cash Flow	-21.4	-23.6	-14.1	2.3	10.2
Dividends	0.0	0.0	0.0	0.0	0.0
Other (incl. Capital Increase & share buy backs)	14.0	13.0	0.0	0.0	0.0
Change in Net Debt	-7.4	-10.6	-14.1	2.3	10.2
NOPLAT	-9	-9	2	8	14
BALANCE SHEET & OTHER ITEMS (EURm)	12/2017p	12/2018	12/2019e	12/2020e	12/2021e
Net Tangible Assets	29.1	37.4	48.7	51.2	53.5
Net Intangible Assets (incl. Goodwill)	13.0	14.1	14.1	14.1	14.1
Net Financial Assets & Other	10.5	8.3	8.3	8.3	8.3
Total Fixed Assets	52.7	59.8	71.1	73.6	75.9
Inventories	7.2	6.6	6.8	7.3	8.7
Trade receivables	5.8	8.9	10.7	9.6	11.3
Other current assets	0.0	0.0	0.0	0.0	0.0
Cash (-)	-3.0	-4.0	-4.0	-4.0	-4.0
Total Current Assets	16.1	19.5	21.5	20.9	24.0
Total Assets	68.7	79.2	92.6	94.5	99.8
Shareholders Equity	26.1	21.3	20.6	28.2	42.7
Minority	-0.1	-0.1	-0.1	-0.1	-0.1
Total Equity	26.0	21.2	20.4	28.0	42.6
Long term interest bearing debt	28.7	37.7	49.1	47.2	39.0
Provisions	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.4	0.5	0.5	0.5	0.5
Total Long Term Liabilities	29.1	38.2	49.5	47.7	39.5
Short term interest bearing debt	6.6	9.1	11.9	11.5	9.5
Trade payables	7.1	10.7	10.8	7.3	8.3
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Total Current Liabilities	13.7	19.9	22.7	18.8	17.8
Total Liabilities and Shareholders' Equity	68.7	79.2	92.6	94.5	99.8
Net Capital Employed	58.6	64.5	77.9	83.2	87.6
Net Working Capital	5.9	4.8	6.8	9.6	11.7
GROWTH & MARGINS	12/2017p	12/2018	12/2019e	12/2020e	12/2021e
<i>Sales growth</i>		<i>59.5%</i>	<i>118.0%</i>	<i>38.4%</i>	<i>22.0%</i>
EBITDA (adj.)* growth		<i>n.m.</i>	<i>n.m.</i>	169.8%	54.2%
EBITA (adj.)* growth		<i>n.m.</i>	<i>n.m.</i>	404.4%	70.9%
EBIT (adj.)* growth		<i>n.m.</i>	<i>n.m.</i>	404.4%	70.9%

ADL Bionatur Solutions : Summary tables

GROWTH & MARGINS	12/2017p	12/2018	12/2019e	12/2020e	12/2021e
Net Profit growth		n.m.	n.m.	n.m.	92.1%
EPS adj. growth		n.m.	n.m.	n.m.	92.1%
DPS adj. growth					
EBITDA (adj)* margin	n.m.	n.m.	10.3%	20.2%	25.5%
EBITA (adj)* margin	-82.6%	-49.1%	4.1%	15.1%	21.2%
EBIT (adj)* margin	n.m.	n.m.	4.1%	15.1%	21.2%
RATIOS	12/2017p	12/2018	12/2019e	12/2020e	12/2021e
Net Debt/Equity	1.2	2.0	2.8	2.0	1.0
Net Debt/EBITDA	-3.3	-3.5	15.2	3.9	2.0
Interest cover (EBITDA/Fin.interest)	n.m.	n.m.	2.6	6.5	11.1
Capex/D&A	446.7%	409.7%	460.4%	168.9%	162.2%
Capex/Sales	67.6%	48.0%	28.5%	8.5%	7.0%
NWC/Sales	40.6%	20.4%	13.4%	13.7%	13.6%
ROE (average)		-70.5%	-3.7%	31.1%	41.1%
ROCE (adj.)	-18.8%	-15.3%	2.3%	10.6%	17.2%
WACC	10.0%	10.0%	10.0%	10.0%	10.0%
ROCE (adj.)/WACC	-1.9	-1.5	0.2	1.1	1.7
PER SHARE DATA (EUR)***	12/2017p	12/2018	12/2019e	12/2020e	12/2021e
Average diluted number of shares	39.4	39.4	39.4	39.4	39.4
EPS (reported)	-0.33	-0.42	-0.02	0.19	0.37
EPS (adj.)	-0.33	-0.42	-0.02	0.19	0.37
BVPS	0.66	0.54	0.52	0.72	1.09
DPS	0.00	0.00	0.00	0.00	0.00
VALUATION	12/2017p	12/2018	12/2019e	12/2020e	12/2021e
EV/Sales	10.2	4.6	2.7	1.9	1.5
EV/EBITDA	n.m.	n.m.	37.1	9.7	5.8
EV/EBITDA (adj.)*	n.m.	n.m.	26.5	9.7	5.8
EV/EBITA	-12.3	-7.2	229.5	12.9	7.0
EV/EBITA (adj.)*	-12.3	-9.4	66.1	12.9	7.0
EV/EBIT	n.m.	n.m.	n.m.	12.9	7.0
EV/EBIT (adj.)*	n.m.	n.m.	66.1	12.9	7.0
P/E (adj.)	n.m.	n.m.	n.m.	11.0	5.7
P/BV	4.5	3.1	4.1	3.0	2.0
Total Yield Ratio	0.0%	0.0%	0.0%	0.0%	
EV/CE	3.1	1.9	2.0	1.8	1.6
OpFCF yield	-18.3%	-38.1%	-16.9%	2.8%	12.2%
OpFCF/EV	-14.4%	-23.3%	-10.2%	1.7%	8.1%
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%
Dividend yield (gross)	0.0%	0.0%	0.0%	0.0%	0.0%
EV AND MKT CAP (EURm)	12/2017p	12/2018	12/2019e	12/2020e	12/2021e
Price** (EUR)	2.98	1.67	2.12	2.12	2.12
Outstanding number of shares for main stock	39.4	39.4	39.4	39.4	39.4
Total Market Cap	117	66	84	84	84
Net Debt	32	43	57	55	44
<i>o/w Cash & Marketable Securities (-)</i>	<i>-3</i>	<i>-4</i>	<i>-4</i>	<i>-4</i>	<i>-4</i>
<i>o/w Gross Debt (+)</i>	<i>35</i>	<i>47</i>	<i>61</i>	<i>59</i>	<i>48</i>
Other EV components	-1	-1	-1	-1	-1
Enterprise Value (EV adj.)	149	107	139	137	127

Source: Company, GVC Gaesco Valores estimates.

Notes

* Where EBITDA (adj.) or EBITA (adj.) = EBITDA (or EBITA) +/- Non Recurrent Expenses/Income and where EBIT (adj.) = EBIT +/- Non Recurrent Expenses/Income - PPA amortisation

**Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

Sector: General Industrials/General Industrials

Company Description: ADL Bionatur Solutions is an industrial company born in 2018 from the reverse merger of ADL Biopharma and Bionaturis, aiming to become the new European leader in the development, research and creation of high added value biotechnological solutions.

Information regarding Market Abuse and Conflicts of Interests and recommendation history available in our web page: www.valores.gvcgaesco.es and our offices

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Recommendation history for ADL BIONATUR SOLUTIONS

Date	Recommendation	Target price	Price at change date
05-Nov-19	Buy	3.10	2.18

Source: Factset & ESN, price data adjusted for stock splits.

This chart shows GVC Gaesco Valores continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. Current analyst: Iñigo Recio Pascual (since 29/10/2019)



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The ESN Recommendation System is **Absolute**. It means that each stock is rated on the basis of a **total return**, measured by the upside potential (including dividends and capital reimbursement) over a **12 month time horizon**.



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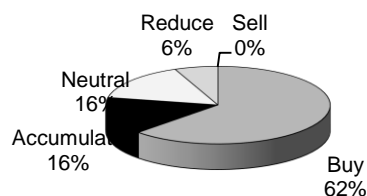
Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 15%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12 months time horizon
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12 months time horizon
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12 months time horizon
- **Sell:** the stock is expected to generate total return **under -15%** during the next 12 months time horizon
- **Rating Suspended:** the rating is suspended due to a change of analyst covering the stock or a capital operation (take-over bid, SPO, ...) where the issuer of the document (a partner of ESN) or a related party of the issuer is or could be involved
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Certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

GVC Gaesco Valores, S.V., S.A. Ratings Breakdown



For full ESN Recommendation and Target price history (in the last 12 months) please see ESN Website [Link](#)

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