

ADL Bionatur Solutions

Contract update

Amyris contract extended to 2020

Pharma & biotech

24 July 2019

ADL Bionatur Solutions (ADL-BS) announced on 22 July 2019 that its existing contract manufacturing (CMO) production agreement with Amyris (AMRS, Nasdaq) has been extended to 2020, with the associated additional revenue expected to exceed €12m. Amyris develops and markets fermentation-derived ingredients for the health and clean beauty markets, and indicates that its current portfolio is growing over 100% in 2019. The contract expansion signals Amyris's confidence in ADL-BS's fermentation facilities and production capabilities, and underpins our growth forecasts for ADL-BS, as our model already anticipated that the Amyris contract would be extended into 2020 and beyond.

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	45.7	N/A
12/20e	73.5	6.2	0.16	0.0	13.1	N/A

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

This Amyris expansion follows previous contract expansions announced in June and December 2018. ADL-BS will produce up to five ingredients for Amyris during the contracted period and an extension option is in place for future years.

On 9 July 2019, ADL-BS also reported that it expanded its CMO production agreement with an unnamed longstanding client (active in the nutrition, health and sustainable living industries). ADL-BS produces a specific food supplement for several years for this client, and the production extension represents a 75% increase (reflecting over €2.5m of additional revenue) compared to the initial amount agreed for 2019.

ADL-BS continues to expect positive overall EBITDA for 2019, and we believe these announcements are supportive of the favourable demand trends underlying ADL-BS's fermentation and CMO operations. We expect to receive further guidance and review our estimates when the firm reports H119 results in the coming weeks.

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.

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