



*Takeover bid  
announcement*  
Biotechnology

# AB-BIOTICS

## *Kaneka launches a Takeover bid for AB-Biotics*

	<b>9 July 2019</b>
Price/sh.	€ 4.98
Market Cap.	€ 62.81m
EV	€ 64.41m
Number of shares	13m
Free-Float	32%
Code	ABB
Stock Exchange	MAB (BME)
YTD evolution	+60.64%

### Shareholders (last update 02/07/2019)

Kaneka Europe Holding Company NV  
39.76%  
D. Miquel Àngel Bonachera Sierra 8.92%,  
D. Sergi Audivert Brugué 8.92%, D. Luis  
Sánchez Lafuente-Mario 10.15%

### Share evolution



### Company Description

AB-Biotics is a biotechnology Company specialised in the development of probiotics and psychiatric precision medicine solutions

### Analyst

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**Yesterday after the closing bell, AB-Biotics issued a material event note including a Takeover bid communication from Kaneka Holding Company NV for AB-Biotics shares at € 5/sh.** (in line with yesterday's closing price on 09/07/19, + 7% vs. last 3 months average price, + 16% vs. last 6 months average price and + 32.7% vs last 12 months average price) **starting the period for acceptance the 10th of July and ending the 16th of August 2019.** Before this release, Kaneka had a 39.76% stake in AB-Biotics, having recently (13/06/2019) increased its participation by 2% from 37.7% as it was announced in two communications (14/06/19 and 02/07/19), and acquiring this stake from founders, Miquel À. Bonachera and Sergi Audivert, at € 3.85/sh. Note that the significant shareholders, and current Executive Directors of AB-Biotics, Miquel A. Bonachera and Sergi Audivert, has expressed their support to the bid, as well as his intention to transmit shares under its conditions, but without clarifying if they will go to the bid with part or all of their stake. In case they accept with all their shares, Kaneka would control at least 57.6% of AB-Biotics.

In the Takeover bid brochure (accessible in Spanish at this [link](#)), Kaneka considers the Takeover bid price as "equitativo" (fair) (€ 5/sh.), and highlights that according to company articles, and current legislation under articles 9 and 10 of the RD 1006/2007 ("Royal Decree of takeover bids") the independent firm Crowe Advisory SP, SL has evaluated the "reasonable price" for listing exclusion at € 4.305/sh. (detail accessible at the annex 1 of the takeover bid brochure). This "reasonable price" is the highest one of the methods listed in the commented legislation and corresponds to the average price of the shares (for more detail see page 60 of the material event note for the Takeover bid issued the 9th of July 2019 by AB-Biotics).

Note that the last 3rd of July, AB-Biotics published [1Q'19 results](#) (+46% in sales, +728% in EBITDA; see our note on this [link](#)). Additionally, on the 28th of May 2019, we published an initiation of coverage report on AB-Biotics that can be found at the following [link](#) or at [www.researchfy.com](http://www.researchfy.com).

According to our estimates and at the Takeover bid price (€ 5/sh., in line with the last closing price – 09/7/19), AB-Biotics would be trading at 57x P/E'19 (32x PER'18) and 23.9x EV/EBITDA'19 (20.7 x EV/EBITDA'18). Note that taking the tentative sales guide of AB-Biotics (no an official target, posted in May 2018 and that was reflecting an ambitious Compound Annual Growth Rate in Revenue for the period 2018-22 of +23%), and applying an EBITDA margin of 34% (vs. 17% registered in 2018) we estimate in 2022 an EBITDA of € 9.3 M and a net profit of € 7 M, figures that at the takeover bid price translate into 2022 multiples of 8.9 x P/E and 18.5x EV/EBITDA.



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