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ASIA EDITION

Kaneka launches takeover bid for 100% of AB-Biotics

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Ab-Biotics is a leading biotechnology company, divides its activities into these two main business areas (probiotics & precision medicine) based on research, development, intellectual protection and the distribution of their own exclusive biotechnological solutions through a Business to Business (B2B) model



AB-Biotics announced that Kaneka Europe Holding Company has launched a voluntary takeover bid for 100% of the share capital of the company excluding the shares it already possesses, consequently valuing the company at €63 million.

The Japanese company is currently the biggest shareholder in AB-Biotics, owning 39.76% of its capital. The takeover bid covers the remaining 60.24% of the share capital. The bid covers 7,583,025 AB-Biotics shares at €5 per share, representing a premium of 19% on the average share price over the last six months. The takeover bid is valued at €37.91 million, the value of the capital Kaneka does not yet possess.

Bearing in mind that based on the audited results for the end of the financial year 2018, the reference price of €5 per share (the best target price of the analysts) results in a EV/EBITDA multiple of 31.47 and a PER of 52.4 (compared to the average EV/EBITDA and PER ratios for comparable companies of 22.9 and 36.25 respectively), the valuation of AB-Biotics involves a very high premium compared to its leading competitors in the sector.

The average EV/EBITDA multiple of the most recent comparable transactions at an international level is 16.3.

Kaneka's aim is delisting AB-Biotics shares from trading on the Alternative Investment Market in Spain (MAB), where it has been listed since 2010. The company's share price has jumped from €1,6 at the beginning of February 2018 to the current €4.98, representing 300% share price revaluation in the last 15 months.

Kaneka's aim is to gain control of AB-Biotics, to help develop and consolidate it within the Kaneka group through deep-rooted links between the two companies, to foster synergies through more efficient internal policies, and delisting its shares from the MAB is first necessary step to avoid any conflict of interest.

The founders, executive directors and key shareholders of AB-Biotics, Miquel Angel Bonachera and Sergi Audivert (each holding 8.92% of the company behind Kaneka), both support this bid. However, the company plans to hold an extraordinary board of directors meeting tomorrow (11 July) to evaluate a transaction which in principle, is expected to be amicable.

In March 2018 Kaneka Holding became the main shareholder in AB-Biotics after acquiring 26.86% of the capital, the aim being to boost its presence in the USA, Canada and Japan. By June this year, the Japanese company held 39.8% of the capital.