

## Calendar of the Kerry Group takeover bid

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## Acceptance period for the takeover bid open

**Biosearch (BIOS)** is a small Spanish biotech company based in Granada, specialising in the research, development and sale of functional ingredients (natural extracts, omega-3 and probiotics) for the nutrition and healthcare markets. It has an international presence (80% of revenues). A former subsidiary of the former EBRO-Puleva, its core shareholder remains the Lactalis group (30% of capital).

**THE PERIOD FOR ACCEPTING THE OFFER MADE BY KERRY EXPIRES IN JUNE.** Having begun on 31 May, this lasts until 29 June of the present year, both inclusive. The result of the offer will be known within a maximum period of 7 business days following the conclusion of the acceptance period.

### Market Data

Market Cap (Mn EUR and USD)	126.4	154.3
EV (Mn EUR and USD) <sup>(2)</sup>	125.1	152.8
Shares Outstanding (Mn)	57.7	
-12m (Max/Med/Mín EUR)	2.19 / 1.56 / 0.99	
Daily Avg volume (-12m Mn EUR)	0.65	
Rotation <sup>(3)</sup>	131.3	
Refinitiv / Bloomberg	BIOS.MC / BIO SM	
Close fiscal year	31-Dec	

**CONDITIONS OF THE CURRENT TAKEOVER BID.** The offer made by the Irish food giant the Kerry Group in February is directed at 100% of Biosearch's capital (57,699,522 shares) for which it will pay up to a total of EUR 126.9Mn in cash (EUR 2.2/share). The success of the offer is dependent on its acceptance by 50% of capital (plus one share).

**WITH THE GOAL OF DE-LISTING BIOS,** as Kerry has said from the outset. It will attempt to reach the regulatory thresholds via a squeeze-out (compulsory sale; 90% of capital) or by using the procedure of exception to de-listing takeover bids envisaged in the Royal Decree on Takeovers (1066/2007, art. 11d). The latter procedure means that once 75% of capital has been reached, a purchase order for the shares can be maintained at the same price as the offer price (EUR 2.2/share). The price would be adjusted downwards, if required, by the gross amount (per share) of any dividend paid to BIOS shareholders. Our current estimates rule out the payment of dividends.

### Shareholders Structure (%)

Lactalis Group	29.5
Pescaderías Coruñesas, S.A.	10.0
Free Float	60.5

**AND FOR WHICH IT HAS THE BACKING OF BIOS'S CORE SHAREHOLDER.** Lactalis (29.5% of the capital) has pledged to irrevocably accept the offer from the start. However, the second largest shareholder (Pescaderías Coruñesas; 10%) has yet to announce a decision. Since the offer was announced, 39.4Mn shares have been traded (68.2% of capital), with opportunistic funds such as ODDO BHF, now the third largest shareholder with 4.9% of capital, having taken positions. The bulk of the free float still belongs to retail investors.

**WITHOUT RULING OUT A SECOND DE-LISTING BID.** If the current bid is successful, with at least 50% of capital but without reaching the 75% threshold, Kerry has said it would launch a second bid for the de-listing of the shares, in accordance with the Royal Decree on takeovers.

**ON 2021e ESTIMATES THE MULTIPLES OFFERED LOOK ATTRACTIVE, APPROACHING THOSE OF THE SECTOR IN 2022e...** The acquisition of Biosearch would strengthen Kerry's change of strategic direction towards products with higher added value (functional foods), that would justify the multiples offered. These imply 26.5x 2021e EV/EBITDA, vs. 27.1x on average for peers in probiotics and 15.4x in lipids (c. 20% and 40% of 2021e revenue respectively; these being the business lines with the highest margins). The 2021e EV/EBIT multiple would be 41.6x (vs. 35.0x in probiotics and 21.4x in lipids). This ratio would decline to c. 28.3x in 2022e (vs. 30.4x in probiotics and 19.1x in lipids)

**...AND HAVE TRANSLATED TO THE SHARE PRICE,** which has aligned with the bid price, reflecting the theoretical success of the deal.

### Relative performance (Base 100)



### Stock performance (%)

	-1m	-3m	-12m	-5Y
Absolute	2.1	2.6	114.3	381.3
vs Ibex 35	-2.1	-6.5	68.4	367.0
vs Ibex Small Cap Index	-2.2	-1.7	42.1	147.6
vs Eurostoxx 50	-0.3	-6.6	62.0	259.2
vs Sector benchmark <sup>(4)</sup>	0.6	-3.2	115.3	290.1

(1) The opinion regarding the results is on reported EBITDA with respect to our estimate for the year (12m). The impact reflects whether, due to the results, we envisage a significant revision (>5% - 10%, depending on the sector) of our EBITDA estimate (for any of the estimated years).

(2) Please refer to Appendix 2.

(3) Rotation is the % of the capitalisation traded - 12m.

(4) vs Eurostoxx 600 Health Care.

(\*) Unless otherwise indicated, all the information contained in this report is based on: The Company, Refinitiv and Lighthouse

## Appendix 1. Ongoing takeover bid calendar

### Kerry takeover bid calendar

Start of the acceptance period	31/05/2021
Deadline for the publication of the Board of Directors' report	09/06/2021
Improvements to the bid	24/06/2021
End of the period for the presentation of competing bids	24/06/2021
Request for extension of the acceptance period	26/06/2021
End of the acceptance period	29/06/2021 (D)
Deadline for announcing the result of the takeover bid (CNMV) <sup>(1)</sup>	D+7
Compulsory sale <sup>(2)</sup>	D+25

<sup>(1)</sup> The trading date shall be that of the session mentioned in the Daily Bulletin in which the result of the takeover bid is published

<sup>(2)</sup> Indicative. The bidder has a period of up to 3 months after the result of the takeover bid is known to announce

## Appendix 2. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	126.4	
+ Minority Interests	-	3m Results 2021
+ Provisions & Other L/T Liabilities	1.9	3m Results 2021
+ Net financial debt	(2.2)	3m Results 2021
- Financial Investments	0.9	3m Results 2021
+/- Others		3m Results 2021
<b>Enterprise Value (EV)</b>	<b>125.1</b>	

## Appendix 3. Estimates (BIOS)

EUR Mn	2020	2021e	2022e
Total Revenues	26.5	30.8	34.7
Recurrent EBITDA	3.9	4.7	6.3
<i>Recurrent EBITDA growth</i>	<i>50.9%</i>	<i>21.5%</i>	<i>33.1%</i>
<i>Rec. EBITDA/Revenues</i>	<i>14.7%</i>	<i>15.4%</i>	<i>18.2%</i>
EBIT <sup>(1)</sup>	1.9	3.0	4.4
Net Profit	1.5	2.4	3.6

<sup>(1)</sup> Exclude the final impact of takeover bid related costs (EUR -0,2/-0,3Mn 2021e)

## Appendix 4. Main competitors 2021e

		Probiotics Industry				Omega-3				
EUR Mn		Probi AB	Biogaia AB	Christian Hansen	Average	DSM	Croda Intl.	Amarin	Ausstevol Seafood	Average
Market data	Ticker (Reuters)	PROB.ST	BIOGb.ST	CHRH.CO		DSMN.AS	CRDA.L	AMRN.O	AUSS.OL	
	Country	Sweden	Sweden	Denmark		Netherlands	UK	Ireland	Norway	
	Market cap	552.8	860.4	9,725.4		26,427.6	11,370.8	1,485.4	2,222.7	
	Enterprise value (EV)	533.1	713.8	1,531.9		29,187.6	12,313.3	1,064.4	3,882.1	
Basic financial information	Total Revenues	73.0	78.2	144.9		8,786.3	1,964.4	524.0	2,635.6	
	Total Revenues growth	3.2%	6.1%	11.0%	6.8%	8.4%	21.6%	4.3%	19.6%	13.5%
	2y CAGR (2021e - 2023e)	8.2%	10.7%	7.6%	8.8%	5.1%	4.8%	4.4%	2.7%	4.2%
	EBITDA	21.8	25.0	52.8		1,738.0	563.8	(38.9)	502.9	
	EBITDA growth	12.5%	2.2%	-8.3%	2.1%	8.6%	25.1%	-170.3%	37.9%	-24.7%
	2y CAGR (2021e - 2023e)	8.7%	13.1%	10.3%	10.7%	7.5%	7.1%	-56.0%	9.8%	-7.9%
	EBITDA/Revenues	29.9%	32.0%	36.5%	32.8%	19.8%	28.7%	n.a.	19.1%	22.5%
	EBIT	15.1	24.1	39.4		1,098.9	462.0	(38.2)	349.8	
	EBIT growth	23.7%	6.9%	-11.3%	6.4%	8.5%	29.9%	-137.3%	66.0%	-8.2%
	2y CAGR (2021e - 2023e)	11.7%	13.1%	11.9%	12.2%	10.1%	7.6%	48.4%	12.7%	19.7%
	EBIT/Revenues	20.7%	30.8%	27.2%	26.2%	12.5%	23.5%	n.a.	13.3%	16.4%
	Net Profit	11.8	18.6	28.9		837.1	327.6	(38.1)	162.7	
	Net Profit growth	29.5%	5.2%	-7.1%	9.2%	70.2%	39.8%	-158.7%	101.5%	13.2%
	2y CAGR (2021e - 2023e)	11.8%	12.7%	13.9%	12.8%	12.0%	8.4%	77.0%	17.2%	28.7%
CAPEX/Sales %	2.3%	2.5%	15.2%	6.7%	7.1%	8.3%	1.1%	4.9%	5.3%	
Free Cash Flow	15.4	n.a.	18.6		773.7	249.0	(29.0)	224.3		
Net financial debt	(31.1)	(152.1)	112.6		1,409.4	809.3	(307.4)	389.2		
ND/EBITDA (x)	(1.4)	(6.1)	2.1	(1.8)	0.8	1.4	n.a.	0.8	1.0	
Pay-out	11.4%	44.1%	83.9%	46.5%	53.5%	45.3%	n.a.	45.7%	48.2%	
Multiples and Ratios	P/E (x)	46.8	48.0	45.7	46.8	31.0	34.7	n.a.	13.7	26.5
	P/BV (x)	4.3	4.9	7.2	5.5	3.3	5.7	2.8	1.4	3.3
	EV/Revenues (x)	7.3	9.1	10.6	9.0	3.3	6.3	2.0	1.5	3.3
	EV/EBITDA (x)	24.5	28.5	29.0	27.3	16.8	21.8	n.a.	7.7	15.5
	EV/EBIT (x)	35.3	29.7	38.9	34.6	26.6	26.7	n.a.	11.1	21.4
	ROE	10.0	10.5	20.7	13.7	11.8	16.8	n.a.	12.2	13.6
	FCF Yield (%)	2.8	n.a.	1.4	2.1	2.9	2.2	n.a.	10.1	5.1
	DPS	0.12	0.46	0.18		2.61	1.14	n.a.	0.37	
	Dvd Yield	0.2%	1.0%	0.2%	0.5%	1.7%	0.0%	n.a.	3.4%	1.7%

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
02-Jun-2021	n.a.	2.19	n.a.	n.a.	Important news	Ana Isabel González García, CIIA
30-Apr-2021	n.a.	2.13	n.a.	n.a.	3m Results 2020	Ana Isabel González García, CIIA
26-Feb-2021	n.a.	2.13	n.a.	n.a.	12m Results 2020	Ana Isabel González García, CIIA
16-Feb-2021	n.a.	2.11	n.a.	n.a.	Important news	Ana Isabel González García, CIIA
05-Nov-2020	n.a.	1.30	n.a.	n.a.	9m Results 2020	Ana Isabel González García, CIIA
28-Jul-2020	n.a.	1.22	n.a.	n.a.	6m Results 2020	Ana Isabel González García, CIIA
30-Apr-2020	n.a.	1.15	n.a.	n.a.	Estimates downgrade	Ana Isabel González García, CIIA
02-Mar-2020	n.a.	1.10	n.a.	n.a.	12m Results 2019	Ana Isabel González García, CIIA
29-Oct-2019	n.a.	0.95	n.a.	n.a.	9m Results 2019 - Estimates downgrade	Ana Isabel González García, CIIA
30-Jul-2019	n.a.	1.02	n.a.	n.a.	6m Results 2019 - Estimates downgrade	Ana Isabel González García, CIIA
14-May-2019	n.a.	1.24	n.a.	n.a.	3m Results 2019	Ana Isabel González García, CIIA
28-Feb-2019	n.a.	1.62	n.a.	n.a.	12m Results 2018	Ana Isabel González García, CIIA
31-Jan-2019	n.a.	1.56	n.a.	n.a.	Initiation of Coverage	Ana Isabel González García, CIIA

