

Mabion – capital gap

Mabion updated its strategy for the next five years in April. The company wants to further build its position in the CDMO market by better aligning its offerings with market expectations, entering into more strategic collaboration agreements and maximizing its production capacity. The company's ambition is to increase sales in the current year above last year's level, which we believe is an optimistic assumption given the current state of the backlog. However, on the other hand, the company has a lot of business talks going on, and there is a chance that some of them will convert to orders. Management also openly hints at the need to close the capital gap in the coming months. Signals from the CDMO biologics market at the beginning of the year are slightly positive, and M&A deals indicate that there is further appetite in the market for CDMO assets. Mabion needs more time and capital to build its position and fill its backlog. We are updating our valuation of the company at a 9-month horizon from PLN 17.3 to PLN 15.

EBITDA for the full year 2024 on the slight upside

In the last quarter of 2024, Mabion had already consumed the surplus from the first half of the year, generating an EBITDA loss of PLN -13.9 million (PLN -9.1 million after adjusting for a one-time event in the form of an inventory write-down) on sales of PLN 4.8 million. In the context of the full year, revenues were PLN 69 million (-54% y/y), EBITDA was PLN 1.5 million (-98% y/y), and net income was PLN -6.3 million (vs. +PLN 41.2 million a year ago). The cash level at the end of 2024 was PLN 38.4 million.

Strategy 2025-2030 and a capital gap of PLN 50-70 million

In its refreshed strategy for 2025-2030, the company's management points to an offering more in line with market expectations, maximum capacity utilization, which the company believes means annual revenue potential of 150-350 million (vs. 150-200 million previously), and the formation of more strategic collaborations. Mabion II is still in the plans, but implemented in stages and potentially cheaper than originally expected. In the strategy presented, Mabion's management estimated an equity gap of PLN 50-70 million in 2025-2026.

Revenue improvement target this year ambitious, but market attractive

Management's ambition is to increase sales in 2025 on a y/y basis, which, despite the company having a number of contracts in negotiation, including with an expected signing time in 2Q25, seems unrealistic to us. On the other hand, Switzerland's Lonza improved sales organically in 1Q25 by several percent, indicating solid market demand, among other things. On the other hand, February saw the acquisition of U.S.-based Avid Bioservices, whose management expects sales in excess of \$160 million in 2025, by two funds for \$1.1 billion. In our view, this suggests that the market for biological CDMOs is doing well and there is an appetite for CDMO assets.

Risks to valuation and recommendation

The main risk factor we see for our forecasts and valuation is the risk of failing to win orders that would allow the company to reduce its operating losses and the risk of failing to raise additional financing.

Our valuation is based on DCF (PLN 14.6, 75% weight) and adjusted BV (PLN 11.6, 25% weight) which implies a valuation over a 9-month horizon of PLN 15.0/share.

PLN m	2022	2023	2024	2025F	2026F
Revenues	164	152	69	40	60
EBITDA	37	62	1	-14	1
Net profit.	23	41	-6	-23	-6
P/E (x)	7,2	4,0	na	na	-28,4
EV/EBITDA (x)	3,0	2,4	86,7	na	123,2

Source: Mabion (results 2022-2024), Noble Securities (forecasts 2025-2026)

**NOBLE
SECURITIES**
DOM MAKLESKI

Current price	PLN 10.3
Valuation (9m)	PLN 15.0
Upside/downside	46%
Market cap.	PLN 166 m
Free float	59.8%
Avg. Vol. 6M	49 102



Source: Bloomberg, Noble Securities

COMPANY PROFILE

Mabion is a biotechnology company with its own manufacturing facility in Konstantynów Łódzki. The company is working to develop its offerings and build its position in the biologics CDMO market. In 2024, the average employment at Mabion was 204 people.

SHAREHOLDERS

Twiti Investments Ltd.	16.0%
Polfarmex S.A.	9.1%
Glatton sp. z o.o.	6.8%
Celon Pharma	3.8%
Pozostali	64.2%

Source: infostrefa.com, Noble Securities

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VALUATION

We valued Mabion shares using 2 methods: DCF and adjusted net assets, assigning weights of 75% and 25%, respectively (unchanged), setting the valuation at a 9-month horizon equal to PLN 15.0 (previously PLN 17.3). We replaced the comparative method with the adjusted net assets method, as with a significant projected deterioration in financial results, comparative valuation is difficult or even impossible to apply.

In table below we present valuation summary:

Valuation summary	Weight (x)	Valuation (PLN m)	Per share (PLN)	Previously (PLN)	Change %
DCF	75%	237	14.6	16.8	-13%
Adjusted net assets	25%	187	11.6	13.7	-15%
Average valuation		224	13.9	16.0	-13%
Target price (9M)			15.0	17.3	-13%
Current price			10.3	16.9	-39%
Upside/downside			46%	17%	

Source: Noble Securities

DCF VALUATION

Assumptions:

- Value of cash flows discounted at the day of report (previously: Oct 2024),
- Net debt as of December 31, 2024: -38 million PLN (net cash),
- Effective tax rate: after 2026, we assume a gradual climb to 19% due to the use of the tax loss,
- CAPEX: we assume capital expenditures of PLN 15 million per year; we do not assume new plant construction (Mabion II),
- Growth rate (g) 1%,
- risk free rate 5.6% (previously: 5.34%) avg 10Y Polish Treasuries yield); beta 1; market risk premium 5.46% (previously: 5.34%; Damodoran for Poland).

DCF (PLN k)	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F
Revenues	40 000	60 000	100 000	120 000	132 000	145 200	159 720	175 692	193 261	212 587
NOPAT	-22 962	-5 875	8 915	16 006	18 702	21 552	24 550	34 189	38 237	42 437
Depreciation and amortization	8 660	8 660	8 660	8 660	8 660	8 660	8 660	8 660	8 660	8 660
Change in WC	-3 042	-1 115	-2 230	-1 115	-669	-736	-810	-891	-980	-1 078
CAPEX	15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000	8 660	8 660
FCFF	-32 344	-13 330	345	8 551	11 693	14 476	17 401	26 959	37 257	41 360
WACC	10,7%	10,7%	10,6%	10,6%	10,6%	10,6%	10,6%	10,6%	10,6%	10,6%
Discount factor	0,94	0,85	0,77	0,69	0,63	0,57	0,51	0,46	0,42	0,38
DFCFF	-30 311	-11 284	264	5 922	7 324	8 201	8 916	12 494	15 618	15 682
Sum of DFCFF to 2034	32 827									
Growth rate (g)	1%									
Residual value 2034	436 892									
Discounted Residual value	165 648									
Enterprise Value (EV)	198 475									
Net debt 31/12/2024	-38 223									
Minorities	0									
Equity Value	236 698									
Shares (m.)	16 162									
Equity Value per share (PLN)	14.6									

Source: Noble Securities

Sensitivity analysis					
Growth rate (g)					
	-1%	0%	1%	2%	3%
WACC - 1,0%	14.6	15.8	17.2	19.0	21.3
WACC - 0,5%	13.6	14.6	15.8	17.4	19.3
WACC	12.7	13.6	14.6	16.0	17.6
WACC + 0,5%	11.9	12.7	13.6	14.7	16.1
WACC + 1,0%	11.1	11.8	12.6	13.6	14.8

Below we present Cost of Equity and WACC calculation:

WACC	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F
Risk free rate	5,60%	5,60%	5,60%	5,60%	5,60%	5,60%	5,60%	5,60%	5,60%	5,60%
Market risk premium	5,46%	5,46%	5,46%	5,46%	5,46%	5,46%	5,46%	5,46%	5,46%	5,46%
Beta	1,0	1,0	1,0	1,0	1,0	1,0	1,0	1,0	1,0	1,0
Cost of equity	11,1%	11,1%	11,1%	11,1%	11,1%	11,1%	11,1%	11,1%	11,1%	11,1%
Effective tax rate	0,0%	0,0%	19,0%	19,0%	19,0%	19,0%	19,0%	19,0%	19,0%	19,0%
Cost of debt	7,50%	7,50%	7,50%	7,50%	7,50%	7,50%	7,50%	7,50%	7,50%	7,50%
Cost of debt after tax bracket	7,50%	7,50%	6,08%	6,08%	6,08%	6,08%	6,08%	6,08%	6,08%	6,08%
Net debt/EV	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%
WACC	10,7%	10,7%	10,6%	10,6%	10,6%	10,6%	10,6%	10,6%	10,6%	10,6%

Source: Noble Securities

PEERS VALUATION

We present a comparative analysis based on selected foreign contract manufacturers (CDMOs), foreign CROs, and Poland's Selvita, which also operates in the CRO area, for illustrative purposes only, as our projected deterioration in financial performance has a materially negative impact on the ratio valuation. Therefore, we decided to exclude it from our analysis. In our previous September 2024 report, we also omitted comparative valuation.

Summary of peers valuation:

Spółka	Market cap. (PLN mln)	P/E (x)			EV/EBITDA (x)		
		2024F	2025F	2026F	2024F	2025F	2026F
LONZA GROUP AG-REG	186 934	35.2	29.5	24.5	20.3	17.6	15.2
THERMO FISHER SCIENTIFIC INC	611 676	19.2	17.4	15.6	17.6	16.0	14.9
MEDPACE HOLDINGS INC	33 673	24.4	23.6	21.4	17.8	17.1	15.7
CHARLES RIVER LABORATORIES	26 721	15.1	14.1	13.0	9.8	9.4	8.9
EUROFINS SCIENTIFIC	42 297	16.0	13.9	12.0	8.6	7.8	7.2
IQVIA HOLDINGS INC	98 471	12.7	11.5	10.3	10.2	9.5	8.9
LABORATORY CRP OF AMER HLDGS	79 047	15.5	14.2	12.9	11.1	10.4	10.0
WUXI APPTTEC CO LTD-A	92 100	15.1	13.5	11.9	9.6	8.5	7.5
EUROFINS SCIENTIFIC	42 297	16.0	13.9	12.0	8.6	7.8	7.2
SELVITA CRO SA	763	33.6	16.8	12.6	11.0	8.9	7.8
Median		16.0	14.1	12.8	10.6	9.5	8.9
Implied fair value of Mabion share		na	nd	nd	nd	nd	nd
weight		na	nd	nd	nd	nd	nd
Implied fair value of Mabion share		na					

Source: Bloomberg, Noble Securities, data on 14/05/2025 at 10:18 a.m.

Indicator	2020	2021	2022	2023	2024F	2025F	2026F
EPS, Adj+	-4,06	0,13	1,44	2,55	-0,39	-1,41	-0,36
Revenue	0	57	164	152	69	40	60
Gross Margin %	n.d.	63%	82%	81%	63%	50%	62%
Operating Profit	-55	-10	28	55	-7	-23	-7
EBIT	-55	-10	28	55	-7	-23	-7
EBITDA	-45	-1	37	62	1	-14	1
Pre-Tax Profit	-56	-10	22	50	-2	-23	-7
Net Income Adj+	-56	2	23	41	-6	-23	-6
Net Debt	4	-33	-53	-16	-38	-6	7
BPS	-5,6	3,6	4,7	7,3	6,9	5,5	5,1
CPS	-2,8	-2,2	2,4	-0,1	2,6	-1,1	0,1
DPS	0	0	0	0	0	0	0
Return on Equity %	n.d.	n.d.	36%	42%	-6%	-23%	-7%
Return on Assets %	n.d.	n.d.	13%	21%	-3%	-15%	-4%
Depreciation	10	9	9	7	9	9	9
Amortization	0	0	0	0	0	0	1
Free Cash Flow	-42	-65	22	-40	29	-32	-13
CAPEX	3	32	17	38	12	15	15

Source: Noble Securities calculations

Profit and loss account	2020	2021	2022	2023	2024F	2025F	2026F
Net revenues	0	57	164	152	69	40	60
Gross profit from sales	0	21	30	28	26	20	23
Cost of sales	0	15	68	9	2	0	0
SG&A costs	36	14	15	6	1	1	1
R&D costs	20	30	29	40	42	42	43
Other operating revenues and expenses	2	-2	6	-13	-6	0	0
EBIT	-55	-10	28	55	-7	-23	-7
Financial income and costs	-1	0	-6	-5	6	0	0
Profit before tax	-56	-10	22	50	-2	-23	-7
Income tax	0	12	1	-9	-5	0	1
Net profit	-56	2	23	41	-6	-23	-6
Depreciation and amortization	10	9	9	7	9	9	9
EBITDA	-45	-1	37	62	1	-14	1

Source: Mabion (2020-24), Noble Securities (2025F-2026F)

Assets	2020	2021	2022	2023	2024F	2025F	2026F
Non-current Assets	78	184	186	208	159	135	141
Tangible assets	67	102	104	118	114	120	126
Intangible assets	65	89	90	112	111	118	124
Other non-current assets	1	13	14	5	2	2	2
Current Assets	12	82	82	90	46	15	15
Inventories	6	8	8	7	2	2	3
Trade receivables	3	12	8	26	1	3	5
Cash and cash equivalents	2	49	54	48	38	6	3
Other current assets	1	13	12	10	4	4	4
	0	0	0	0	0	0	0
Liabilities	78	184	186	208	159	135	141
Equity	-77	53	77	118	111	89	83
Non-current liabilities	51	35	35	35	9	9	9
Current liabilities	105	96	74	55	39	38	49
Loans, borrowings and other financial liabilities	31	15	0	31	0	0	10
Accounts payable	18	23	13	8	4	3	5
Other	55	58	61	16	35	35	35

Source: Mabion (2020-24), Noble Securities (2025F-2026F)

Cash flow statement	2020	2021	2022	2023	2024F	2025F	2026F
Profit before tax	-56	2	23	41	-6	-23	-6
Depreciation and amortization	10	9	9	7	9	9	9
Other	0	-58	-2	18	14	0	0
Change in working capital	8	15	8	-68	25	-3	-1
CF from operating activities	-38	-33	39	-2	42	-17	2
CAPEX	3	32	17	38	12	15	15
Divestments and other	0	0	1	0	0	0	0
CF from investment activities	-3	-31	-16	-38	-12	-15	-15
Increase of share capital	0	117	0	0	0	0	0
Change of financial liabilities	15	0	-15	38	-34	0	10
Other	-2	-7	-2	-3	-3	0	0
Dividends and other proceeds to shareholders	0	0	0	0	0	0	0
CF from financial activities	13	111	-18	34	-37	0	10
CF	-29	46	5	-6	-8	-32	-3
Cash at the beginning of the period	21	22	69	74	68	60	28
Cash at the end of the period	-7	69	74	68	60	28	25

Source: Mabion (2020-24), Noble Securities (2025F-2026F)

All recommendations distributed by NS in last 12 months:

Company	Direction	Target price (4)	Price at publication	Current price	Difference to price target	Date of publication (1)	Validity date (2)	Prepared by (3)
Sonel	na	16,5	15,1	17,6	-6%	08.05.2025	9M	Michał Sztabler
Unibep	na	14,3	10,6	11,9	20%	06.05.2025	9M	Dariusz Nawrot
Budimex	Sell	515,0	640,0	635,0	-19%	29.04.2025	9M	Dariusz Nawrot
Answer.com	Accumulate	31,3	27,9	31,5	-1%	22.04.2025	9M	Dariusz Dadej
TOYA	na	12,4	6,4	8,3	50%	17.04.2025	9M	Dariusz Nawrot
Budimex	Hold	510,0	529,0	635,0	-20%	07.04.2025	9M	Dariusz Nawrot
MCI Capital	na	42,2	23,9	25,6	65%	02.04.2025	9M	Krzysztof Radojewski
Aplisens	na	24,3	19,6	19,8	23%	02.04.2025	9M	Michał Sztabler
Ryvu Therapeutics	Buy	59,8	19,3	33,9	77%	24.03.2025	9M	Krzysztof Radojewski
Dino Polska	Sell	358,4	488,2	546,8	-34%	19.03.2025	9M	Dariusz Dadej
Eurocash	Accumulate	9,9	9,3	11,6	-14%	19.03.2025	9M	Dariusz Dadej
Budimex	Sell	510,0	632,0	635,0	-20%	13.03.2025	9M	Dariusz Nawrot
Bioton	na	4,5	3,5	4,0	13%	05.03.2025	9M	Krzysztof Radojewski
LPP	Buy	23300,0	18140,0	16240,0	43%	03.03.2025	9M	Dariusz Dadej
Huuuge	Buy	25,4	17,3	18,7	36%	03.03.2025	9M	Mateusz Chrzanowski
Celon Pharma	Buy	37,5	23,2	24,8	52%	21.02.2025	9M	Krzysztof Radojewski
Budimex	Reduce	510,0	557,0			14.02.2025	9M	Dariusz Nawrot
Torpol	Hold	39,4	39,7	39,3	0%	12.02.2025	9M	Dariusz Nawrot
XTB	Buy	81,3	64,9	89,3	-9%	11.02.2025	9M	Mateusz Chrzanowski
Forte	Accumulate	33,8	31,4	26,8	26%	06.02.2025	9M	Dariusz Dadej
Photon Energy	na	5,4	4,4	3,4	57%	03.02.2025	9M	Michał Sztabler
Answer.com	Hold	26,8	28,2	31,5	-15%	13.01.2025	9M	Dariusz Dadej
Unibep	na	11,7	7,0			20.12.2024	9M	Dariusz Nawrot
11bit studios	Buy	242,9	162,0	223,6	9%	19.12.2024	9M	Mateusz Chrzanowski
Ailleron	Accumulate	24,0	20,1	22,3	8%	16.12.2024	9M	Dariusz Dadej
Budimex	Buy	550,0	460,0			12.12.2024	9M	Dariusz Nawrot
Sonel	na	16,6	15,4			12.12.2024	9M	Michał Sztabler
CD Projekt	Buy	222,9	169,2	234,0	-5%	02.12.2024	9M	Mateusz Chrzanowski
Bogdanka	Hold	22,3	23,0	21,5	4%	02.12.2024	9M	Michał Sztabler
Wielton	Hold	5,3	5,5	6,9	-23%	02.12.2024	9M	Michał Sztabler
XTB	Buy	88,6	70,7			29.11.2024	9M	Mateusz Chrzanowski
Toya	na	12,4	7,5	8,3	50%	29.11.2024	9M	Dariusz Nawrot
Molecure	Buy	17,6	10,3	8,4	110%	29.11.2024	9M	Krzysztof Radojewski
Selvita	Buy	70,6	53,5	40,0	77%	27.11.2024	9M	Krzysztof Radojewski
Tauron PE	Accumulate	3,9	3,6	7,1	-45%	26.11.2024	9M	Michał Sztabler
MO-BRUK	Accumulate	394,7	332,0	295,0	34%	22.11.2024	9M	Dariusz Dadej
Pepco Group	Buy	20,7	15,8	18,6	11%	20.11.2024	9M	Dariusz Dadej
Torpol	Buy	36,0	29,9			15.11.2024	9M	Dariusz Nawrot
11 bit studios	Buy	423,0	269,0			14.11.2024	9M	Mateusz Chrzanowski
Ryvu Therapeutics	Buy	74,4	48,6			14.11.2024	9M	Krzysztof Radojewski
Budimex	Accumulate	540,0	503,0			06.11.2024	9M	Dariusz Nawrot
Amica	Buy	82,3	58,0	65,4	26%	04.11.2024	9M	Mateusz Chrzanowski
PGE	Reduce	6,2	6,8			18.10.2024	9M	Michał Sztabler
Torpol	Accumulate	36,5	32,4			14.10.2024	9M	Dariusz Nawrot
Captor Therapeutics	Buy	127,9	73,0			08.10.2024	9M	Krzysztof Radojewski
MCI Capital	na	43,7	27,1			30.09.2024	9M	Krzysztof Radojewski
Creepy Jar	Buy	575,4	359,0			26.09.2024	9M	Mateusz Chrzanowski
11bit studios	Buy	622,2	353,0			23.09.2024	9M	Mateusz Chrzanowski
Mabion	na	17,3	16,9			18.09.2024	9M	Krzysztof Radojewski
Apator	Accumulate	21,4	18,3			12.09.2024	9M	Michał Sztabler
Dino Polska	Reduce	264,6	311,0			09.09.2024	9M	Dariusz Dadej
Eurocash	Reduce	8,1	9,6			09.09.2024	9M	Dariusz Dadej
Bioton	na	4,3	3,5			09.09.2024	9M	Krzysztof Radojewski
Aplisens	na	24,9	21,2			30.08.2024	9M	Michał Sztabler
Budimex	Reduce	552,0	587,0			28.08.2024	9M	Dariusz Nawrot
LPP	Buy	22500,0	14820,0			19.08.2024	9M	Dariusz Dadej
Auto Partner	Buy	36,3	22,2			31.07.2024	9M	Mateusz Chrzanowski
InterCars	Buy	825,7	485,0			31.07.2024	9M	Mateusz Chrzanowski
Celon Pharma	Buy	39,7	24,0			17.07.2024	9M	Krzysztof Radojewski
Forte	Hold	23,0	22,5			09.07.2024	9M	Dariusz Dadej
Toya	na	12,0	8,4			28.06.2024	9M	Dariusz Nawrot
Photon Energy	na	7,3	7,5			28.06.2024	9M	Michał Sztabler
Unibep	na	12,8	9,4			27.06.2024	9M	Dariusz Nawrot
Molecure	Buy	19,7	14,0			25.06.2024	9M	Krzysztof Radojewski
Answer.com	Hold	23,7	22,6			24.06.2024	9M	Dariusz Dadej
XTB	Hold	69,5	68,1			18.06.2024	9M	Mateusz Chrzanowski
Selvita	Accumulate	75,6	65,0			12.06.2024	9M	Krzysztof Radojewski
Apator	Accumulate	17,9	16,0			11.06.2024	9M	Michał Sztabler
Ailleron	Buy	23,1	17,2			10.06.2024	9M	Dariusz Dadej
Photon Energy	na	6,8	7,7			31.05.2024	9M	Michał Sztabler
MO-BRUK	Accumulate	375,8	320,0			23.05.2024	9M	Dariusz Dadej
11bit studios	Buy	952,6	573,0			22.05.2024	9M	Mateusz Chrzanowski
Ryvu Therapeutics	Buy	75,5	54,5			21.05.2024	9M	Krzysztof Radojewski
Torpol	Hold	35,0	34,0			16.05.2024	9M	Dariusz Nawrot

(1) Date of publication is simultaneously date of first publication, (2) recommendation is valid for a period of 9 months, unless it is previously updated,

(3) Job position: Krzysztof Radojewski – Deputy Head of Research and Advisory Department, Michał Sztabler – Equity Analyst, Dariusz Dadej – Equity Analyst, Mateusz Chrzanowski – Equity Analyst, Dariusz Nawrot – Senior Equity Analyst

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FINAL REMARKS

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Direction	na	na	na	na
Date	08/09/2023 8:20 a.m.	02/10/2023 9:30 a.m.	29/04/2024 godz. 17:10	18/09/2024 godz. 8:45
Stock price at the date of report	18.0	17.0	16.2	16.9
Valuation per share	22.9	23.6	19.0	17.3
WIG Index at the date of report	65 932.92	65 397.43	85 375.3	82 923.92

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