

Vita 34 AG

BUY (BUY) | Target EUR 6.30 (EUR 6.30)

Price (last closing price) : EUR 5.10 | Upside : 23.5 %

E.st. change	2015e	2016e
EPS	-3%	-3%

International expansion on track

Tuesday, 13 January 2015



New partner in east Europe

Vita 34 has published the second announcement, shortly after their revealing acquisition plans in Austria, pointing out the further international expansion of their market presence. In early January, Vita 34 finalized a cooperation agreement with the Lithuanian stem cell bank KLB Imunolita (founded in 2006), which is active in the Baltic states of Estonia, Latvia and Lithuania. According to the contract, Imunolita will use the collection package of Vita 34 and will additionally offer umbilical cord blood storage in Germany. Furthermore, a cooperation agreement with another sales partner is planned for Hungary in 1H15. Thus, Vita 34 will operate in more than 20 countries.

Complete takeover of Secuvita S.L., Spain

For quite some time now, Vita 34 has planned to acquire the remaining minority interest of 12% in Secuvita S.L.. This should now happen in 1Q 2015. No further details on this deal have been disclosed so far.

Key takeaways

- (1) With roughly 6m inhabitants, the revenue potential from the Baltic markets is rather limited, in our view. In addition, sales from Imunolita are not expected to have a full impact before 2H15E.
- (2) Strong criticism still envelopes the Spanish subsidiary and its complete takeover, although Spain, due to the population size and culture, has significant market potential. However, we do not expect an improvement of the current market situation and performance in short term. Since Vita 34 will own 100% of the subsidiary, this will consequently affect the net income after minorities. The total loss of Secuvita will now be fully internalized by Vita 34.

Changes in estimates

For the time being, we leave our top-line estimates unchanged until we have further information on the revenue impact from Imunolita. Given the planned full consolidation of Secuvita, we have adjusted the net income and EPS estimates accordingly (EPS -3% in 2015E and 2016E). Nevertheless, the realization of the strategic goal of geographical expansion is encouraging and we reiterate our BUY recommendation with a target price of EUR 6.30.

Capital

V3V GY | V3VGn.f

Market Cap (EURm)	15.4
Enterprise value (EURm)	12.3
Extrema 12 months	7.8 3.6
Free Float (%)	60.2%

Performance (%)	1m	3m	12m
Absolute	1.0	28.4	22.7
Perf. rel. "sector"	-3.1	19.9	2.0
Perf. rel. CDAX	-1.1	14.8	18.7

P & L	12/14e	12/15e	12/16e
Sales (EURm)	13.6	14.8	15.2
EBITDA (EURm)	2.8	3.1	3.3
EBIT (EURm)	1.6	1.9	2.1
Attr. net profit (EURm)	1.1	1.3	1.4
EPS (EUR)	0.37	0.43	0.46
Dividend (EUR)	0.00	0.00	0.00
P/E (x)	13.6	11.9	11.0
P/B (x)	0.7	0.7	0.6
Dividend yield (%)	0%	0%	0%
FCF yield (%)	6%	8%	11%
EV/Sales (x)	0.9	0.8	0.8
EV/EBITDA (x)	4.4	3.9	3.7
EV/EBIT (x)	7.8	6.5	6.0
Gearing (%)	-16%	-20%	-26%
Net Debt/EBITDA(x)	ns	ns	ns

Next Events

FY14 results 26 March 2015

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IFRS EUR m	2008	2009	2010	2011	2012	2013	2014E	2015E	2016E	2017E
Revenues	15.0	15.1	17.0	16.0	13.6	13.6	13.6	14.8	15.2	15.5
YoY growth	-3.0%	0.9%	12.4%	-5.7%	-15.0%	-0.4%	0.1%	9.0%	2.6%	2.3%
Cost of sales	-5.1	-5.0	-6.1	-6.5	-5.6	-5.5	-5.5	-5.9	-6.0	-6.2
as % of sales	34.4%	32.8%	36.2%	40.9%	40.9%	40.5%	40.7%	39.6%	39.6%	39.6%
Gross profit	9.8	10.1	10.8	9.5	8.0	8.1	8.0	8.9	9.2	9.4
as % of sales	65.6%	67.2%	63.8%	59.1%	59.1%	59.5%	59.3%	60.4%	60.4%	60.4%
Other operating income	0.7	0.6	1.1	0.6	0.7	1.4	1.4	1.4	1.5	1.5
as % of sales	4.9%	3.7%	6.6%	3.8%	5.5%	10.2%	10.4%	9.7%	9.8%	9.8%
Selling expenses	-9.6	-7.6	-7.2	-7.0	-5.8	-4.7	-4.8	-5.1	-5.2	-5.3
as % of sales	64.4%	50.5%	42.7%	43.6%	42.4%	34.7%	35.4%	34.3%	34.3%	34.3%
Administrative expenses	-2.9	-2.8	-3.0	-2.9	-3.1	-2.9	-3.0	-3.2	-3.3	-3.3
as % of sales	19.6%	18.3%	18.0%	18.3%	22.7%	21.4%	22.0%	21.5%	21.5%	21.5%
Other operating expenses	-0.2	-0.1	-0.9	-0.5	-0.7	-0.4	-0.1	-0.2	-0.1	-0.1
as % of sales	1.6%	0.9%	5.4%	3.1%	5.0%	2.9%	0.7%	1.3%	0.7%	0.7%
EBITDA	-1.8	0.7	1.7	0.6	0.4	2.7	2.8	3.1	3.3	3.4
as % of sales	-12.2%	4.9%	9.9%	4.0%	3.0%	19.6%	20.5%	21.1%	21.8%	21.9%
Depreciation and amortisation	-0.4	-0.6	-0.9	-1.0	-1.2	-1.2	-1.2	-1.2	-1.3	-1.3
as % of sales	3.0%	3.8%	5.6%	6.1%	8.5%	8.8%	8.9%	8.2%	8.3%	8.3%
EBIT	-2.3	0.2	0.7	-0.3	-0.7	1.5	1.6	1.9	2.1	2.1
as % of sales	-15.2%	1.1%	4.4%	-2.1%	-5.5%	10.8%	11.6%	12.9%	13.6%	13.6%
EBT (Earnings before income taxes)	-2.4	0.7	0.7	-0.5	-0.9	1.3	1.6	1.9	2.1	2.1
as % of sales	-15.9%	4.4%	3.9%	-3.1%	-6.3%	9.9%	11.8%	12.9%	13.6%	13.6%
Income taxes	0.4	-0.1	-0.3	1.7	0.2	-0.6	-0.5	-0.6	-0.7	-0.7
as % of EBT	17.5%	9.4%	47.6%	340.1%	-28.8%	-41.3%	-32.0%	-32.0%	-32.0%	-32.0%
Net income	-2.0	0.6	0.3	1.2	-0.6	0.8	1.1	1.3	1.4	1.4
as % of sales	-13.1%	3.9%	2.1%	7.4%	-4.5%	5.8%	8.0%	8.8%	9.3%	9.2%
Thereof:										
Non controlling interests	0.0	0.0	-0.1	-0.1	0.0	-0.1	0.0	0.0	0.0	0.0
Earnings attributable to shareholders	-2.0	0.6	0.5	1.3	-0.6	0.8	1.1	1.3	1.4	1.4
as % of sales	-13.1%	3.9%	2.8%	7.9%	-4.3%	6.2%	8.4%	8.8%	9.3%	9.2%
EPS										
Basic EPS in EUR	-0.64	0.23	0.18	0.48	-0.20	0.28	0.37	0.43	0.46	0.47
Diluted EPS in EUR	-0.74	0.23	0.18	0.48	-0.20	0.28	0.37	0.43	0.46	0.47

Source: Company Data, Oddo Seydler Bank AG

IFRS EUR m	2008	2009	2010	2011	2012	2013	2014E	2015E	2016E
Assets									
Non-current assets	19.8	19.4	26.5	27.1	28.4	27.3	27.2	27.2	27.2
% of total assets	65.2%	62.2%	72.4%	77.9%	77.7%	76.6%	74.6%	71.5%	68.5%
Intangible assets	12.8	12.7	20.4	20.1	21.4	21.1	20.8	20.7	20.5
PPE	3.1	3.3	3.8	4.2	4.5	4.8	4.9	5.1	5.2
Investments	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other financial assets	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Deferred tax assets	0.7	0.7	0.0	0.7	0.7	0.0	0.0	0.0	0.0
Non-current trade receivables	2.0	1.8	1.7	1.7	1.4	1.2	1.2	1.2	1.2
Restricted cash	1.1	0.7	0.5	0.4	0.3	0.2	0.2	0.2	0.2
Other long term assets	3.9	3.4	2.3	2.8	2.5	1.4	1.4	1.4	1.4
Current assets	10.6	11.8	10.1	7.7	8.2	8.3	9.3	10.8	12.5
% of total assets	0.3	37.8%	27.6%	22.1%	22.3%	23.4%	25.4%	28.5%	31.5%
Inventories	0.6	0.6	0.6	0.5	0.6	0.6	0.6	0.6	0.6
Trade receivables	1.6	2.3	2.9	2.7	2.7	2.8	2.7	3.0	3.0
Other receivables and assets	1.1	0.8	1.4	1.4	1.4	2.1	2.1	2.1	2.1
Short-term investments	0.9	2.0	1.5	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents	6.4	6.1	3.7	3.0	3.5	2.9	3.8	5.1	6.8
Total assets	30.3	31.2	36.7	34.7	36.6	35.6	36.5	38.0	39.6
Shareholders' equity and liabilities									
Shareholders' equity	18.1	18.9	18.8	20.0	20.5	21.3	22.4	23.7	25.1
as % of total equity and liabilities	59.7%	60.6%	51.3%	57.6%	56.0%	59.8%	61.4%	62.3%	63.3%
Equity of shareholder's of Vita 34	18.1	18.9	18.5	19.7	20.3	21.1	22.2	23.5	24.9
Non-controlling interest	0.0	0.0	0.3	0.3	0.2	0.2	0.1	0.1	0.1
Non-current liabilities and provisions	8.6	8.8	10.4	10.5	10.5	10.4	10.4	10.5	10.6
as % of total equity and liabilities	28.3%	28.2%	28.4%	30.4%	28.7%	29.1%	28.6%	27.7%	26.8%
Interest bearing loans	1.5	1.4	1.8	1.8	0.3	0.2	0.2	0.2	0.2
Deferred income	5.4	5.6	5.8	6.8	8.0	8.2	8.2	8.4	8.5
Other non-current liabilities	1.7	1.8	2.8	1.9	2.2	2.0	2.0	2.0	2.0
Current liabilities and provisions	3.6	3.5	7.5	4.2	5.6	4.0	3.7	3.8	3.9
as % of total equity and liabilities	11.9%	11.2%	20.3%	12.1%	15.3%	11.1%	10.0%	10.0%	9.9%
Deferred income	0.5	0.6	1.1	1.2	1.4	1.4	1.6	1.7	1.8
Trade payables	1.1	0.8	0.9	0.6	1.2	1.1	0.8	0.8	0.8
Interest bearing loans	0.1	0.1	2.1	1.4	1.8	0.1	0.1	0.1	0.1
Other current liabilities	1.9	1.9	3.4	1.0	1.3	1.3	1.1	1.1	1.1
Total equity and liabilities	30.3	31.2	36.7	34.7	36.6	35.6	36.5	38.0	39.6

Source: Company Data, Oddo Seydler Bank AG

IFRS EUR m	2008	2009	2010	2011	2012	2013	2014E	2015E	2016E
EBT	-2.4	0.7	0.7	-0.5	-0.9	1.3	1.6	1.9	2.1
Depreciation and amortization	0.4	0.6	0.9	1.0	1.2	1.2	1.2	1.2	1.3
Gains/losses on the disposal of non-current assets	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Other non-cash expenses /income	-0.1	-0.1	-0.1	0.1	0.0	-0.1	0.0	0.0	0.0
Share-based payments expense	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Finance revenue	-0.5	-0.7	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Finance costs	0.6	0.2	0.3	0.3	0.2	0.2	0.1	0.1	0.1
Increase/decrease in receivables and other assets	-0.8	-0.2	-0.2	0.3	0.5	-0.5	0.1	-0.3	0.0
Increase/ decrease in inventories	0.0	0.0	-0.1	0.1	0.0	0.1	-0.1	0.0	0.0
Increase/decrease in liabilities	-0.2	0.1	-0.2	-2.7	0.1	-0.1	-0.3	0.0	0.0
Increase/decrease in provisions	-0.2	0.3	-0.3	0.0	0.2	-0.4	-0.1	0.0	0.0
Increase/decrease in deferred income	0.3	0.3	0.3	1.1	1.3	0.2	0.2	0.2	0.2
Interest paid	-0.2	-0.2	-0.3	-0.2	-0.2	-0.1	-0.1	-0.1	-0.1
Income taxes paid	0.0	0.0	0.0	0.0	-0.2	0.0	-0.5	-0.6	-0.7
Cash flow from/ used in operating activities	-2.9	1.1	1.0	-0.7	2.0	1.8	2.0	2.4	2.8
Cash flow from investing activities	0.3	-1.4	-4.5	0.5	-0.9	-0.8	-1.0	-1.1	-1.2
Cash flow from financing activities	0.0	-0.1	1.0	-0.3	-0.8	-1.6	0.0	0.0	0.0
Changes in consolidation scope	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0
Net cash for the period	-2.6	-0.3	-2.6	-0.5	0.5	-0.6	0.9	1.3	1.6
Cash and cash equivalents, beginning of year	9.0	6.4	6.0	3.5	3.0	3.5	2.9	3.8	5.1
Cash and cash equivalents at year's end	6.4	6.0	3.5	3.0	3.5	2.9	3.8	5.1	6.8

Source: Company Data, Oddo Seydler Bank AG

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Recommendation history over the last 12 months for the company analysed in this report:

Date	Recommendation	Price at change date	Price target
13 January 2015	BUY (Update)	EUR 5.10	EUR 6.30
03 December 2014	BUY (Update)	EUR 4.50	EUR 6.30
24 October 2014	BUY (Update)	EUR 4.32	EUR 6.00
25 July 2014	BUY (Update)	EUR 4.55	EUR 6.00
13 May 2014	BUY (Initial Coverage)	EUR 5.16	EUR 7.10

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Vita 34 AG

Tuesday, 13 January 2015



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