

VITA 34 INTERNATIONAL AG

GERMANY / HEALTH CARE

Primary exchange: Frankfurt
 Bloomberg symbol: V3V GR
 ISIN: DE000A0BL849

HI RESULTS

RATING:	Buy
PRICE TARGET:	€7.00
RETURN POTENTIAL:	79.5%
RISK RATING:	Medium

STRATEGIC PARTNERSHIP FOR WEST GERMANY

VITA 34 has released preliminary HI results, with the full report due out July 18th. The company also announced an important marketing partnership for West Germany. Pending detailed HI figures, we maintain our estimates as well as our BUY rating and €7.00 price target.

HI weak, but full-year guidance intact VITA 34 pre-announced HI revenues of €7.8m, compared to our own estimate of €8.1m. The 2.5% Y/Y growth in the actual result was mostly the result of the first-time consolidation Spanish subsidiary Secuvita for the month of May. New cord blood units were down 13% Y/Y to 4,477 on economic headwinds in Southern Europe and the temporary lack of funding for public banking in Germany. The HI EBIT was -€0.6m, weaker than expected. Management has confirmed its guidance for positive full-year EBIT. We are maintaining our estimates pending the release of the detailed HI report.

Marketing agreement for West Germany VITA 34 also announced an important strategic partnership with MVZ synlab Leverkusen, a leading provider of laboratory services to clinics and hospitals. Under this agreement, MVZ will serve as a marketing channel for VITA 34's UCB storage services. MVZ has presence at numerous clinics, particularly in West Germany.

West Germany is a critically important geographic market for VITA 34 Based in Leipzig, the company historically has not been able to penetrate well the West German market for cord blood banking. With its size and high per-capita income, this market in theory represents an attractive growth area for the company. In our own forecast model, stronger presence in West Germany is a key requirement for the realization of VITA 34's long-term revenue growth potential.

FINANCIAL HISTORY & PROJECTIONS

	2009	2010	2011E	2012E	2013E	2014E
Revenue (€m)	15.10	16.96	18.15	19.42	20.78	22.17
Y-o-y growth	n.a.	12.4%	7.0%	7.0%	7.0%	6.7%
EBIT (€m)	0.16	0.74	0.91	1.55	2.18	2.55
EBIT margin	1.1%	4.4%	5.0%	8.0%	10.5%	11.5%
Net income (€m)	0.60	0.48	0.53	0.76	1.15	1.37
EPS (diluted) (€)	0.23	0.18	0.20	0.29	0.43	0.52
EV / Sales (x)	1.1	0.9	0.9	0.8	0.8	0.7
EV / EBIT (x)	98.2	21.4	17.5	10.2	7.3	6.2
P/E (x)	17.3	21.4	19.4	13.6	9.0	7.5
DPS (€)	0.00	0.00	0.00	0.00	0.00	0.00
Yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF (€m)	0.42	0.03	0.17	0.42	0.66	0.77
Net gearing	0.7%	1.0%	0.9%	0.8%	0.8%	0.7%
Liquid assets (€m)	6.06	3.69	3.54	2.96	3.62	4.39

RISKS

Risks to our price target include but are not limited to: marketing risk, competition risk, financial risk, and a lack of progress in scientific research.

COMPANY PROFILE

VITA 34 International AG is a private umbilical-cord blood bank headquartered in Leipzig, Germany. The company offers expectant parents the one-time opportunity to preserve and store their baby's umbilical-cord blood for potential medical use. As of 31 March, VITA 34 had 138 full-time employees.

TRADING DATA

Closing price (12.07.11)	€3.90
Shares outstanding	2.65m
Market capitalisation	€10.32m
52-week range	€3.48 / 5.50
Average volume (12 months)	4,574

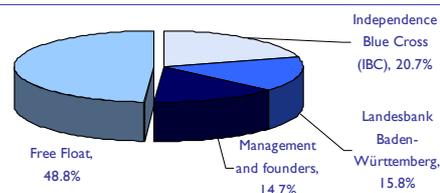
STOCK OVERVIEW



COMPANY DATA (as of 31 March 2011)

Liquid assets (incl. securities)	€2.18m
Current assets	€6.90m
Intangible assets	€6.95m
Total assets	€26.58m
Current liabilities	€4.00m
Shareholders' equity (incl. minorities)	€18.52m

SHAREHOLDERS



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**FIRST BERLIN RECOMMENDATION & PRICE TARGET HISTORY**

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	12 July 2007	€12.43	Buy	€20.00
2...17	↓	↓	↓	↓
18	25 March 2011	€5.35	Buy	€7.00
19	3 May 2011	€4.93	Buy	€7.00
20	15 June 2011	€4.43	Buy	€7.00
21	Today	€3.90	Buy	€7.00

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STRONG BUY: Expected return greater than 50% and a high level of confidence in management's financial guidance
BUY: Expected return greater than 25%
ADD: Expected return between 0% and 25%
REDUCE: Expected negative return between 0% and -15%
SELL: Expected negative return greater than -15%

Our risk ratings are Low, Medium, High and Speculative and are determined by ten factors: corporate governance, quality of earnings, management strength, balance sheet and financing risk, competitive position, standard of financial disclosure, regulatory and political uncertainty, company size, free float and other company specific risks. These risk factors are incorporated into our valuation models and are therefore reflected in our price targets. Our models are available upon request to First Berlin clients.

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