

VITA 34 AG

GERMANY / HEALTH CARE

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

ACQUISITION

RATING:	Buy
PRICE TARGET:	€5.70
RETURN POTENTIAL:	95.7%
RISK RATING:	Medium

ACQUISITION & CHANGE IN MANAGEMENT BOARD

Vita 34 has announced the takeover of biotechnology company BioPlanta and a change in the management board. In the future, CEO Dr Lampeter will serve the firm as medical advisor. Dr. Gerth, BioPlanta's founder, was appointed as a member of Vita 34's management board and is responsible for the operating business. Based on adjusted forecasts (consolidation of BioPlanta from H2 2012 onwards, amongst others), we reiterate our Buy rating with a new price target of €5.70 (previously: €5.60).

BioPlanta acquisition Vita 34 will take over biotech company BioPlanta through a capital increase by way of contribution in kind (issuance of 380,000 new shares). BioPlanta is specialised in producing active herbal ingredients for the pharmaceuticals industry. In 2011, the firm generated sales of €1.5m. Following the acquisition and the combination of the complementary business models (umbilical-cord blood stem cells and plant stem cells), we expect synergies in administration and R&D as well as an enlargement of the value chain. Moreover, BioPlanta is present in numerous markets abroad - not only in Europe, but also in Latin America, Asia and South Africa - thus creating additional new growth markets for the company. Vita 34 recently announced a co-operation in Serbia.

Change in management board In 2012, Dr Lampeter will resign as Vita 34's CEO. In the future, Dr Lampeter will serve the firm as medical advisor. As of 1 June, the company's operating activities are headed by BioPlanta's former owner Dr Gerth (p.t.o.).

FINANCIAL HISTORY & PROJECTIONS

	2010	2011	2012E	2013E	2014E	2015E
Revenue (€m)	16.96	16.00	16.55	17.67	18.41	19.09
Y-o-y growth	n.a.	-5.7%	3.4%	6.8%	4.2%	3.7%
EBIT (€m)	0.74	-0.34	0.26	0.69	1.23	1.79
EBIT margin	4.4%	-2.1%	1.6%	3.9%	6.7%	9.4%
Net income (€m)	0.35	1.19	0.20	0.66	1.19	1.67
EPS (diluted) (€)	0.13	0.45	0.07	0.22	0.39	0.55
EV / Sales (x)	0.8	0.9	0.9	0.8	0.8	0.8
EV / EBIT (x)	19.3	n.a.	55.5	20.8	11.6	8.0
P/E (x)	22.1	6.5	43.2	13.4	7.4	5.3
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)	0.03	-1.69	0.44	0.78	1.04	1.41
Net gearing	93.0%	74.6%	69.6%	63.6%	60.2%	56.0%
Liquid assets (€m)	3.69	3.03	2.09	1.88	2.92	4.33

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 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.

TRADING DATA

Closing price (15.06.12)	€2.91
Shares outstanding	2.65m
Market capitalisation	€7.71m
52-week range	€2.46 / 4.05
Average volume (12 months)	1,861

STOCK OVERVIEW



COMPANY DATA (as of 31 March 2012)

Liquid assets	€2.55m
Current assets	€6.87m
Intangible assets	€19.96m
Total assets	€33.91m
Current liabilities	€3.78m
Shareholders' equity	€19.54m

SHAREHOLDERS

Elvaston Partners GmbH	20.7%
Landesbank Baden-Württemberg	15.8%
Founder/Management	14.7%
Free float	48.8%

Analyst: Jens Hasselmeier, Tel. +49 (0)30 - 80 93 96 83



Upward revision to our estimates We have adjusted our forecasts to the BioPlanta acquisition and the associated capital increase. We assume full consolidation of the firm beginning in H2 2012. Changes to our estimates are shown in the table below. Our updated DCF model yields a new price target of €5.70 (previously: €5.60). We reiterate our Buy recommendation.

CHANGES TO FORECASTS

All figures in €m	2012E			2013E			2014E		
	old	new	delta	old	new	delta	old	new	delta
Sales	15,83	16,55	4,5%	16,32	17,67	8,3%	16,89	18,41	9,0%
EBIT	0,25	0,26	2,0%	0,50	0,69	38,4%	0,74	1,23	67,8%
<i>margin</i>	1,6%	1,6%	-	3,1%	3,9%	-	4,4%	6,7%	-
Net profit	0,19	0,20	5,7%	0,48	0,66	37,0%	0,74	1,19	60,1%
<i>margin</i>	1,2%	1,2%	-	3,0%	3,7%	-	4,4%	6,5%	-
EPS (diluted, in €)	0,07	0,07	-7,7%	0,18	0,22	19,9%	0,28	0,39	40,1%

Table 1

Source: First Berlin

**FIRST BERLIN RECOMMENDATION & PRICE TARGET HISTORY**

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	18 June 2012	€2.91	Buy	€5.70
2...23	↓	↓	↓	↓
24	18 October 2011	€3.55	Buy	€5.80
25	22 March 2012	€3.34	Buy	€5.60
26	26 April 2012	€2.96	Buy	€5.60
27	Today	€2.91	Buy	€5.70

Jens Hasselmeier

First Berlin
Equity Research GmbH

Mohrenstraße 34
10117 Berlin

Tel. +49 (0)30 - 80 93 96 83

Fax +49 (0)30 - 80 93 96 87

info@firstberlin.com

www.firstberlin.com

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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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