

VITA 34 AG

Germany / Health care
 Primary exchange: Frankfurt
 Bloomberg: V3V GR
 ISIN: DE000A0BL849

Preliminary FY 2012 Financial Indicators

RATING
BUY

PRICE TARGET
€5.20

Return Potential 85.1%
 Risk Rating Medium

2013E GUIDANCE IN LINE WITH OUR EXPECTATIONS

VITA 34 has published preliminary FY 2012 financial indicators on 14 March. Sales and income development was in line with our expectations. For the current fiscal year, VITA 34 predicts sales will grow y/y and a significant improvement in operating income (EBITDA). Since the firm's guidance is also in line with our expectations, we stick to our estimates for FY 2013E and subsequent years. We reiterate our Buy recommendation and our EUR5.20 price target.

FY 2012 income development In FY 2012 umbilical cord blood storages declined 15.8% y/y to 7,417 (FY11: 8,806) due mainly to the continuing tight market environment in Germany and Spain. Thus, sales decreased to EUR13.6m (FBe: EUR13.59m; FY11: EUR16.0m). EBITDA came in at EUR0.4m (FBe: EUR0.27m; FY11: EUR0.6m). Net income for the past fiscal year was EUR-0.6m (FBe: EUR-0.61m; FY11: EUR1.2m – including positive one-off item of roughly EUR1.7m associated with the capitalization of deferred taxes).

Guidance 2103E VITA 34 forecasts sales to grow again y/y during the current fiscal year. Due to FY 2012's cost containment measures (expected cost savings of roughly €1.37m) and successful regional expansion (encouraging development of the firm's Serbian cooperation partner Bio Save doo including the regional expansion to Montenegro, among others), EBITDA is forecast to increase significantly y/y in 2013E. We currently project an increase in EBITDA to EUR1.48m in the current fiscal year.

Unchanged rating and price target Operating development in the past fiscal year as well as the firm's guidance for the current fiscal year are in line with our expectations. We thus stick to our estimates for 2013E and subsequent years pending publication of the final results at the end of March. Our rating remains Buy with an unchanged price target of EUR5.20.

FINANCIAL HISTORY & PROJECTIONS

	2010	2011	2012E	2013E	2014E	2015E
Revenue (€m)	16.96	16.00	13.59	14.35	15.04	15.67
Y-o-y growth	n.a.	-5.7%	-15.1%	5.6%	4.8%	4.2%
EBIT (€m)	0.74	-0.34	-0.77	0.44	0.72	0.81
EBIT margin	4.4%	-2.1%	-5.7%	3.0%	4.8%	5.2%
Net income (€m)	0.35	1.19	-0.61	0.52	0.74	0.83
EPS (diluted) (€)	0.13	0.45	-0.20	0.17	0.25	0.27
DPS (€)	0.00	0.00	0.00	0.00	0.00	0.00
FCF (€m)	0.03	-1.69	0.82	0.73	0.57	0.60
Net gearing	93.0%	74.6%	80.5%	73.5%	71.0%	68.5%
Liquid assets (€m)	3.69	3.03	2.96	2.69	3.26	3.85

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.

MARKET DATA

As of 15 Mar 2013

Closing Price	€ 2.81
Shares outstanding	3.03m
Market Capitalisation	€ 8.50m
52-week Range	€ 2.51 / 3.37
Avg. Volume (12 Months)	1,598

Multiples	2011	2012E	2013E
P/E	9.8	n.a.	22.6
EV/Sales	0.9	1.0	1.0
EV/EBIT	n.a.	n.a.	31.6
Div. Yield	0.0%	0.0%	0.0%

STOCK OVERVIEW



COMPANY DATA

As of 30 Sep 2012

Liquid Assets	€ 3.09m
Current Assets	€ 8.03m
Intangible Assets	€ 21.19m
Total Assets	€ 36.27m
Current Liabilities	€ 5.11m
Shareholders' Equity	€ 20.40m

SHAREHOLDERS

Founder/Management	20.4%
Landesbank Baden-Württemberg	13.8%
HSCI OJSC	10.5%
Elvaston Partners GmbH	7.8%
Free Float	47.5%

**Table 1: Preliminary results vs. estimates**

All figures in €m	FY-12A	FY-12E	Delta	FY-11A	Delta
Sales	13.60	13.59	0.1%	16.00	-15.0%
EBITDA	0.40	0.27	48.1%	0.64	-37.3%
<i>margin</i>	2.9%	2.0%	-	4.0%	-
Net income	-0.60	-0.61	-	1.191*	-
<i>margin</i>	-4.4%	-4.5%	-	4.7%	-
EPS (diluted, in €)	-0.23	-0.20	-	0.45*	-

* including positive one-off effect (capitalization of deferred taxes)

Source: First Berlin Equity Research, VITA 34 AG

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...26	↓	↓	↓	↓
27	18 June 2012	€2.91	Buy	€5.70
28	23 July 2012	€2.74	Buy	€5.40
29	2 November 2012	€3.33	Buy	€5.20
30	Today	€2.81	Buy	€5.20

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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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