

## VITA 34 INTERNATIONAL AG

GERMANY / HEALTH CARE

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

### Q1 RESULTS

RATING:	<b>Buy</b>
PRICE TARGET:	<b>€7.80</b>
RETURN POTENTIAL:	<b>47.2%</b>
RISK RATING:	<b>Medium</b>

### VITA 34 PUBLISHES GOOD Q1 RESULTS

Yesterday's results were in line with our expectations. The company reported slight growth in sales to €3.5m and EBIT of €0.2m (-€0.2m in Q1 2009). We anticipate this positive trend will continue throughout 2010, aided by increasing revenues from new markets and more effective marketing. Vita 34 is on track to meet our full year forecasts and we reiterate our Buy rating and price target of €7.80.

#### Revenues stable with increasing contribution from new markets

Revenues of €3.5m (€3.4m in Q1 2009) were stable on the established markets in the German speaking countries and through the partnership with Secuvita, in Spain. The company increased storages slightly in Q1 2010 to 2,477 (2,448 in Q1 2009). The recent international expansion to Italy and Slovenia through partnerships is also progressing as planned. While these partnerships made a small contribution to revenues during Q1, we anticipate that they will gain momentum over the next few quarters. We expect Italy to grow particularly strongly.

#### Focused marketing strategy is driving improved financial results

Reduction in marketing expenditure is raising margins. We believe Vita 34 has acquired the experience necessary to direct marketing expenditure more effectively. One example of this is the partnership with CompuGROUP to provide information about Vita 34 to healthcare professionals through existing IT systems. The benefits of this strategy should become more fully apparent in H2 2010 and in the coming years.

#### Q1 shows Vita 34 on track to meet our FY 2010 forecasts

Q1's margin expansion shows Vita 34 to be well placed to achieve our 2010 numbers. The company reported solid liquid assets (cash + short-term investments) of €7.2m, which we anticipate will increase during the remainder of the year. Management reiterated its commitment to lowering costs and improving cashflow and profitability. We expect both an improved domestic marketing strategy and increasing international presence to impact 2010 results positively. We reiterate our Buy rating and our price target of €7.80.

### FINANCIAL HISTORY & PROJECTIONS

	2006	2007	2008	2009	2010E	2011E
Revenue (€m)	11.56	15.43	14.96	15.10	15.50	16.70
Y-o-y growth	12.9%	33.5%	-3.0%	0.9%	2.7%	7.7%
EBIT (€m)	0.50	-0.83	-2.27	0.16	1.00	1.80
EBIT margin	4.3%	-5.4%	-15.2%	1.1%	6.5%	10.8%
Net income (€m)	-2.87	-1.19	-1.71	0.60	1.10	1.90
EPS (diluted) (€)	-1.40	-0.47	-0.65	0.23	0.42	0.72
P/E (x)	na	na	na	23.5	12.8	7.4
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%

### 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.

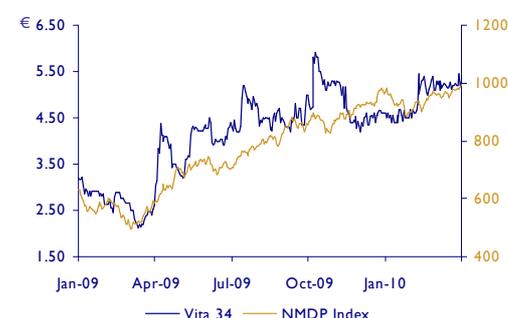
### COMPANY PROFILE

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 96 full-time employees.

### TRADING DATA

Closing price (15.04.10)	€5.30
Shares outstanding	2.65m
Market capitalisation	€14.03m
52-week range	€3.20 / 5.90
Average volume (12 months)	3,020

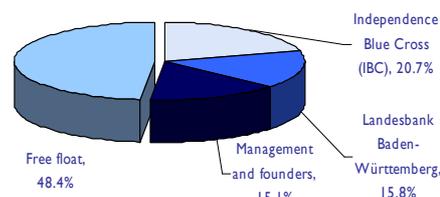
### STOCK OVERVIEW



### COMPANY DATA (as of 31 March 2010)

Liquid assets (incl. short-term and other investments)	€7.17m
Current assets	€10.71m
Intangible assets (incl. goodwill)	€12.83m
Total assets	€29.88m
Current liabilities	€2.06m
Shareholders' equity	€19.01m

### SHAREHOLDERS



**FIRST BERLIN RATING & PRICE TARGET HISTORY**

Report No.	Date of publication	Previous day closing price	Rating	Price target	Interim high	% change to high
Initial Report	12 July 2007	€12.43	Buy	€20.00	-	-
2...11	↓	↓	↓	↓	↓	↓
12	16 October 2009	€5.67	Buy	€7.80	€5.90	4.1%
13	23 February 2010	€5.44	Buy	€7.80	€5.40	-0.7%
14	9 March 2010	€5.20	Buy	€7.80	€5.44	4.6%
15	Today	€5.30	Buy	€7.80	-	-

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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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