



# Vita 34 AG

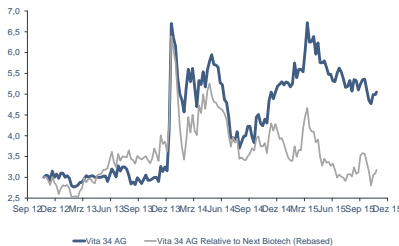
Buy → | Target price : 7.50 EUR

Price : 5.05 EUR | Upside : 49 %

	Est.chg	2015e	2016e
EPS		24,4%	-0,8%

## Three completed acquisitions in the September-quarter...

Wednesday 25 November 2015



Capital

V3V GY   V3VGn.DE	
Market Cap (EURm)	15
Enterprise value (EURm)	14
Extrema 12 months	4,16 – 7,26
Free Float (%)	68,7

Performance (%)	1m	3m	12m
Absolute	-1,0	3,7	18,0
Perf. rel. "sector"	-0,5	-5,6	8,6
Perf. rel. Next Biotech	-5,3	3,2	-13,3

P&L	12/15e	12/16e	12/17e
Sales (EURm)	15,0	18,2	18,5
EBITDA (EURm)	2,4	3,1	3,4
Current EBIT (EURm)	1,2	1,8	2,1
Attr. net profit (EURm)	1,0	1,1	1,3
Adjusted EPS (EUR)	0,34	0,37	0,44
Dividend (EUR)	0,15	0,15	0,17

P/E (x)	14,9	13,8	11,5
P/B (x)	0,7	0,7	0,6
Dividend Yield (%)	3,0	3,0	3,4
FCF yield (%)	3,9	5,4	8,4
EV/Sales (x)	0,90	0,71	0,65
EV/EBITDA (x)	5,7	4,2	3,5
EV/Current EBIT (x)	11,4	7,1	5,6
Gearing (%)	-2	-4	-8
Net Debt/EBITDA(x)	ns	ns	ns

Next Events

## ... with little impact on the revenues yoy so far

Vita 34's newsflow in the September- quarter was dominated by a total of 3 M&A deals. The full consolidation of the three companies under the Vita 34 Group resulted, inter alia, in an increase of stem cell deposits to 143,000 (incl. subsidiaries: approximately 127,000 deposits in H1 2015, +~13% qoq).

In Q3 2015, revenues of € 3.9m, although significantly higher than in Q2 2015 (€ 3.4m), were virtually unchanged yoy (€ 4.0m). The positive effects from the purchase price allocation (badwill) of Imunolita (+€ 1k) and StemCare (+€ 210k) were reflected in other operating income, thereby increasing total revenues both qoq and yoy to € 4.3m (Q2 2015: € 3.7m; Q3 2014: € 4.2m). With the consolidation of the new companies, the individual expense positions rose yoy equating to an EBITDA of € 614k (Q3 2014:€ 823k) and net earnings of € 199k (€ 307k). A higher negative minority result translates to a relatively unchanged EPS of € 0.10 (€ 0.11).

## Guidance and our 2015e estimates

Management confirmed the full-year 2015 outlook for total output (flat at ~€ 15.2m) and EBITDA (~€ 2.8m). Based on these figures, total output equates to ~€ 3.8m and ~€ 1.0m for EBITDA in Q4 2015, (in comparison to Q4 2014: € 4.4m; € 1.1m).

We have lowered our 2015e revenue estimate to ~€ 15.0m (previously: ~€ 15.6m) as we had a c.~€ 500k higher estimate for Q3 due to revenues expected from the new subsidiaries. Accordingly, we now expect total output of € 16.1m (prev.: € 16.6m). Based on our old and new full year estimate, Vita 34 needs to generate € 4.7m revenues/total output in Q4 2015 (Q4 2014: revenues of € 3.7m, total output of € 4.4m). If the new subsidiaries show a greater contribution in Q4 than in Q3, we believe 2015e full year earnings could exceed those of 2014. On the other hand, the visibility is currently still relatively low, so our estimates for 2015e are more likely to be progressive. Our overall estimates for 2016e and 2017e remain unchanged.

Our EBITDA estimate of ~€ 2.4m (Q4 2015e: ~€ 0.7m) is currently below the guidance as we expect a negative contribution from StemCare. Nevertheless, EBITDA could come in higher due to a possible one-off effect (the purchase price allocation), which would make it possible for the company to reach their guidance. However, we still remain on the conservative side. We have adjusted our EPS for 2015e to € 0.34 (old: € 0.27) due to the higher negative minority result.

## Buy rating confirmed; 2016e earnings increase expected

As mentioned above, the visibility of the new subsidiaries' impact is still low and is, therefore, still difficult to assess the potential. Currently the stock price is stagnating at ~€ 5. Due to Vita 34's i) improved market position in Europe, ii) stable business model and iii) sustained positive FCF growth with the prospect of dividends, our TP remains at € 7.50 and we confirm our Buy recommendation.

Overall, we see the company as well positioned, and due to the estimated full year contribution of the new subsidiaries we expect a significant improvement in earnings (revenues and EBITDA) from 2016e.

**Brigitte Julie Thomalla (Analyst)**

+49 (69) 92 05 48 24

brigitte.thomalla@oddoseydler.com

**Conflict of interests:**

Oddo Securities, a division of Oddo et Cie, limited sharepartnership - Bank authorised by ACPR. Oddo & Cie and/or one of its subsidiaries could be in a conflict of interest situation with one or several of the groups mentioned in this publication. Please refer to the conflict of interests section at the end of this document.

This is a non-contractual document, it is strictly for the private use of the recipient, and the information it contains is based on sources we believe to be reliable, but whose accuracy and completeness cannot be guaranteed. The opinions given in the document reflect our appraisal at the time of publication and may therefore be revised at a later date.

V3VGn.DE | V3V GY  
Healthcare | Germany

Buy

Upside 48,51%

Price

TP 5.05EUR  
7.50EUR

PER SHARE DATA (EUR)	12/10	12/11	12/12	12/13	12/14	12/15e	12/16e	12/17e
Adjusted EPS	0,18	0,48	-0,20	0,28	0,36	0,34	0,37	0,44
<b>Reported EPS</b>	<b>0,18</b>	<b>0,48</b>	<b>-0,20</b>	<b>0,28</b>	<b>0,36</b>	<b>0,34</b>	<b>0,37</b>	<b>0,44</b>
Growth in EPS(%)	-19,0%	ns	ns	ns	31,3%	-6,8%	8,3%	19,4%
Net dividend per share	0,00	0,00	0,00	0,00	0,15	0,15	0,15	0,17
FCF to equity per share	0,02	-0,68	0,37	0,36	0,23	0,20	0,27	0,42
Book value per share	6,98	7,46	7,14	6,97	7,29	7,49	7,71	8,00
Number of shares market cap	2,65	2,65	2,84	3,03	3,03	3,03	3,03	3,03
Number of diluted shares	2,65	2,65	2,84	3,03	3,03	3,03	3,03	3,03
VALUATION	12/10	12/11	12/12	12/13	12/14	12/15e	12/16e	12/17e
12m highest price	5,55	5,28	3,59	3,37	7,30	7,26		
12m lowest price	4,40	2,80	2,49	2,75	3,16	4,73		
(*) Reference price	4,93	4,04	2,97	3,01	4,87	5,05	5,05	5,05
Capitalization	13	11	8,4	9,1	15	15	15	15
Restated Net debt	0,1	0,2	-1,4	-2,6	-3,5	-0,5	-1,0	-1,9
Minorities (fair value)	0,3	0,3	0,2	0,2	0,1	-0,1	-0,1	0,0
Financial fixed assets (fair value)	2,3	2,8	2,5	1,4	1,9	5,0	5,0	5,0
Provisions	3,2	2,3	2,6	2,3	3,0	3,9	3,7	3,5
<b>Enterprise Value</b>	<b>14</b>	<b>11</b>	<b>7,4</b>	<b>7,6</b>	<b>12</b>	<b>14</b>	<b>13</b>	<b>12</b>
P/E (x)	27	8,5	ns	11	13	15	14	12
P/CF (x)	7,5	15	20	3,6	5,6	6,4	4,9	4,5
Net Yield (%)	0,0%	0,0%	0,0%	0,0%	3,1%	3,0%	3,0%	3,4%
FCF yield (%)	0,3%	ns	12,3%	11,9%	4,6%	3,9%	5,4%	8,4%
P/B incl. GW (x)	0,71	0,54	0,42	0,43	0,67	0,67	0,65	0,63
P/B excl. GW (x)	2,58	1,69	1,33	1,27	1,81	1,75	1,63	1,49
EV/Sales (x)	0,85	0,66	0,54	0,56	0,90	0,90	0,71	0,65
EV/EBITDA (x)	8,5	17	18	2,9	4,5	5,7	4,2	3,5
<b>EV/EBIT (x)</b>	<b>19</b>	<b>ns</b>	<b>ns</b>	<b>5,2</b>	<b>7,4</b>	<b>11</b>	<b>7,1</b>	<b>5,6</b>
(*) historical average price								
PROFIT AND LOSS (EURm)	12/10	12/11	12/12	12/13	12/14	12/15e	12/16e	12/17e
Sales	17	16	14	14	14	15	18	19
EBITDA	1,7	0,6	0,4	2,7	2,8	2,4	3,1	3,4
Depreciations	-0,9	-1,0	-1,2	-1,2	-1,1	-1,2	-1,3	-1,3
<b>Current EBIT</b>	<b>0,7</b>	<b>-0,3</b>	<b>-0,7</b>	<b>1,5</b>	<b>1,7</b>	<b>1,2</b>	<b>1,8</b>	<b>2,1</b>
Published EBIT	0,7	-0,3	-0,7	1,5	1,7	1,2	1,8	2,1
Net financial income	-0,1	-0,2	-0,1	-0,1	0,0	0,0	-0,1	-0,1
Corporate Tax	-0,3	1,7	0,2	-0,6	-0,7	-0,4	-0,6	-0,7
Net income of equity-accounted companies	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Profit/loss of discontinued activities (after tax)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Minority interests	0,1	0,1	0,0	0,1	0,1	0,2	-0,1	-0,1
Attributable net profit	0,5	1,3	-0,6	0,8	1,1	1,0	1,1	1,3
<b>Adjusted attributable net profit</b>	<b>0,5</b>	<b>1,3</b>	<b>-0,6</b>	<b>0,8</b>	<b>1,1</b>	<b>1,0</b>	<b>1,1</b>	<b>1,3</b>
BALANCE SHEET (EURm)	12/10	12/11	12/12	12/13	12/14	12/15e	12/16e	12/17e
Goodwill	13	13	14	14	14	14	14	14
Other intangible assets	7,0	6,7	7,5	7,2	6,7	6,6	6,5	6,3
Tangible fixed assets	3,8	4,2	4,5	4,8	4,6	5,4	5,6	5,7
WCR	-4,4	-4,6	-6,7	-6,3	-5,5	-5,0	-5,0	-5,1
Financial assets	2,3	2,8	2,5	1,4	1,9	5,0	5,0	5,0
Ordinary shareholders equity	18	20	20	21	22	23	23	24
Minority interests	0,3	0,3	0,2	0,2	0,1	-0,1	-0,1	0,0
Shareholders equity	19	20	20	21	22	23	23	24
Non-current provisions	3,2	2,3	2,6	2,3	3,0	3,9	3,7	3,5
<b>Net debt</b>	<b>0,1</b>	<b>0,2</b>	<b>-1,4</b>	<b>-2,6</b>	<b>-3,5</b>	<b>-0,5</b>	<b>-1,0</b>	<b>-1,9</b>
CASH FLOW STATEMENT (EURm)	12/10	12/11	12/12	12/13	12/14	12/15e	12/16e	12/17e
<b>EBITDA</b>	<b>1,7</b>	<b>0,6</b>	<b>0,4</b>	<b>2,7</b>	<b>2,8</b>	<b>2,4</b>	<b>3,1</b>	<b>3,4</b>
Change in WCR	-0,7	-1,4	1,6	-0,8	-1,6	0,1	-1,0	-0,8
Interests & taxes	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Others	0,0	0,1	0,0	-0,1	-0,1	0,0	0,0	0,0
Operating Cash flow	1,0	-0,7	2,0	1,8	1,1	2,5	2,1	2,6
CAPEX	-1,0	-1,0	-0,9	-0,8	-0,4	-2,0	-1,3	-1,3
<b>Free cash-flow</b>	<b>0,0</b>	<b>-1,7</b>	<b>1,1</b>	<b>1,0</b>	<b>0,6</b>	<b>0,5</b>	<b>0,9</b>	<b>1,4</b>
Acquisitions / disposals	0,5	1,5	0,0	0,0	0,0	-2,6	0,0	0,0
Dividends	0,0	0,0	0,0	0,0	0,0	-0,5	-0,5	-0,5
Net capital increase	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Others	1,0	-0,3	-0,6	-1,6	0,2	1,0	0,0	0,0
Change in net debt	-3,2	0,0	1,5	1,2	0,9	-3,0	0,4	0,9
GROWTH MARGINS PRODUCTIVITY	12/10	12/11	12/12	12/13	12/14	12/15e	12/16e	12/17e
Sales growth	12,4%	-5,7%	-15,0%	-0,4%	1,7%	9,0%	21,3%	1,6%
<b>Lfl sales growth</b>	<b>0,0%</b>	<b>0,0%</b>	<b>0,0%</b>	<b>0,0%</b>	<b>0,0%</b>	<b>0,0%</b>	<b>0,0%</b>	<b>0,0%</b>
Current EBIT growth	ns	ns	ns	ns	15,0%	-29,7%	55,0%	16,5%
Growth in EPS(%)	-19,0%	ns	ns	ns	31,3%	-6,8%	8,3%	19,4%
Net margin	2,8%	7,9%	-4,3%	6,2%	8,0%	6,8%	6,1%	7,2%
<b>EBITDA margin</b>	<b>9,9%</b>	<b>4,0%</b>	<b>3,0%</b>	<b>19,6%</b>	<b>20,1%</b>	<b>15,8%</b>	<b>17,0%</b>	<b>18,3%</b>
<b>Current EBIT margin</b>	<b>4,4%</b>	<b>-2,1%</b>	<b>-5,5%</b>	<b>10,8%</b>	<b>12,3%</b>	<b>7,9%</b>	<b>10,1%</b>	<b>11,6%</b>
CAPEX / Sales	-5,8%	-6,3%	-7,0%	-5,6%	-3,2%	-13,2%	-6,9%	-6,9%
WCR / Sales	-26,1%	-29,1%	-49,4%	-46,4%	-39,6%	-33,5%	-27,3%	-27,8%
Tax Rate	47,6%	ns	28,8%	41,3%	41,7%	32,0%	32,0%	32,0%
Normative tax rate	32,0%	32,0%	32,0%	32,0%	32,0%	32,0%	32,0%	32,0%
Asset Turnover	1,0	0,8	0,7	0,7	0,7	0,7	0,9	0,9
<b>ROCE post-tax (normative tax rate)</b>	<b>3,0%</b>	<b>-1,2%</b>	<b>-2,6%</b>	<b>5,1%</b>	<b>5,8%</b>	<b>4,0%</b>	<b>6,0%</b>	<b>7,0%</b>
ROCE post-tax hors GW (normative tax rate)	12,9%	-3,6%	-8,8%	18,3%	20,1%	12,6%	17,7%	20,8%
ROE	2,6%	6,6%	-2,9%	4,1%	5,1%	4,6%	4,8%	5,6%
DEBT RATIOS	12/10	12/11	12/12	12/13	12/14	12/15e	12/16e	12/17e
Gearing	1%	1%	-7%	-12%	-16%	-2%	-4%	-8%
Net Debt / Market Cap	0,01	0,01	-0,16	-0,28	-0,24	-0,03	-0,06	-0,12
<b>Net debt / EBITDA</b>	<b>0,08</b>	<b>0,25</b>	<b>ns</b>	<b>ns</b>	<b>ns</b>	<b>ns</b>	<b>ns</b>	<b>ns</b>
EBITDA / net financial charges	21,9	4,0	3,7	21,1	-396,4	-360,5	28,6	35,8


**Recommendation and target price changes history over the last 12 months for the company analysed in this report**

Date	Reco	Price Target (EUR)	Price (EUR)
28.04.15	Buy	7,50	6,36
06.03.15	Buy	6,10	5,40

**Disclosures**
**Investment banking and/or Distribution**

Has Oddo Group, or Oddo & Cie, or Oddo Seydler managed or co-managed in the past 12 months a public offering of securities for the subject company/ies? No

Has Oddo Group, or Oddo & Cie, or Oddo Seydler received compensation for investment banking services from the subject company/ies in the past 12 months or expects to receive or intends to seek compensation for investment banking services from the subject company/ies in the last 12 months? No

**Research contract between Oddo group & the issuer**

Oddo & Cie and the issuer have agreed that Oddo & Cie will produce and disseminate investment recommendations on the said issuer as a service to the issuer Yes

**Liquidity provider agreement and market-making**

At the date of the distribution of this report, does Oddo Group, or Oddo & Cie, or Oddo Seydler act as a market maker or has Oddo Group or Oddo & Cie, or Oddo Seydler signed a liquidity provider agreement with the subject company/ies? Yes

**Significant equity stake**

Does Oddo Group, or Oddo & Cie, or Oddo Seydler own 5% or more of any class of common equity securities of the subject company/ies? No

Does the subject company beneficially own 5% or more of any class of common equity of Oddo & Cie or its affiliates? No

**Disclosure to Company**

Has a copy of this report ; with the target price and/or rating removed, been presented to the subject company/ies prior to its distribution, for the sole purpose of verifying the accuracy of factual statements ? Yes

Have the conclusions of this report been amended following disclosure to the company/ies and prior its distribution? No

**Additional material conflicts**

Is Oddo Group, or Oddo & Cie, or Oddo Seydler aware of any additional material conflict of interest? No

**Statement of conflict of interests of all companies mentioned in this document may be consulted on Oddo & Cie's: [www.oddosecurities.com](http://www.oddosecurities.com)**

#### Disclaimer:

##### Disclaimer for Distribution by Oddo & Cie to Non-United States Investors:

This research publication is produced by Oddo Securities ("Oddo Securities"), a division of Oddo & Cie ("ODDO"), which is licensed by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the Autorité des Marchés Financiers ("AMF"), and/or by ODDO SEYDLER BANK AG ("Oddo Seydler"), a German subsidiary of ODDO, regulated by Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin").

The research, when distributed outside of the U.S., is intended exclusively for non-U.S. customers of ODDO and cannot be divulged to a third-party without prior written consent of ODDO. This document is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe for any investment.

This research has been prepared in accordance with regulatory provisions designed to promote the independence of investment research. "Chinese walls" (information barriers) have been implemented to avert the unauthorized dissemination of confidential information and to prevent and manage situations of conflict of interest. This research has been prepared in accordance with French and German regulatory provisions designed to promote the independence of investment research.

At the time of publication of this document, ODDO and/or Oddo Seydler, and/or one of its subsidiaries may have a conflict of interest with the issuer(s) mentioned. While all reasonable effort has been made to ensure that the information contained is not untrue or misleading at the time of publication, no representation is made as to its accuracy or completeness and it should not be relied upon as such. Past performances offer no guarantee as to future performances. All opinions expressed in the present document reflect the current context and which is subject to change without notice. The views expressed in this research report accurately reflect the analyst's personal views about the subject securities and/or issuers and no part of his compensation was, is, or will be directly or indirectly related to the specific views contained in the research report.

This research report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice.

##### Disclaimer for Distribution by Oddo New York to United States Investors:

This research publication is produced by Oddo Securities, a division of ODDO and/or by Oddo Seydler.

This research is distributed to U.S. investors exclusively by Oddo New York Corporation ("ONY"), MEMBER: FINRA/SIPC, and is intended exclusively for U.S. customers of ONY and cannot be divulged to a third-party without prior written consent of ONY. This document is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe for any investment.

This research has been prepared in accordance with regulatory provisions designed to promote the independence of investment research. "Chinese walls" (information barriers) have been implemented to avert the unauthorized dissemination of confidential information and to prevent and manage situations of conflict of interest. This research has been prepared in accordance with French and German regulatory provisions designed to promote the independence of investment research.

At the time of publication of this document, ODDO and/or Oddo Seydler, and/or one of its subsidiaries may have a conflict of interest with the issuer(s) mentioned. While all reasonable effort has been made to ensure that the information contained is not untrue or misleading at the time of publication, no representation is made as to its accuracy or completeness and it should not be relied upon as such. Past performances offer no guarantee as to future performances. All opinions expressed in the present document reflect the current context and which is subject to change without notice.

##### Rule 15a-6 Disclosure:

Under Rule 15a-6(a)(3), any transactions conducted by ODDO and/or Oddo Seydler, and/or one of its subsidiaries with U.S. persons in the securities described in this foreign research must be effected through ONY. ONY accepts responsibility for the contents of the research only to the extent it may be distributed to persons who are not major U.S. institutional investors as defined in Rule 15a-6, or where this research is distributed to major U.S. institutional investors who are located in states where there is no institutional exemption from registration in the state comparable to the definition of major U.S. institutional investor in Rule 15a-6.

##### FINRA Disclosures:

- Neither ONY, ODDO, nor Oddo Securities, nor Oddo Seydler beneficially owns 1% or more of any class of common equity securities of the subject company.
- The research analyst of Oddo Securities or Oddo Seydler, at the time of publication of this research report, is not aware, nor does he know or have reason to know of any actual, material conflict of interest of himself, ODDO, Oddo Securities, Oddo Seydler or ONY, except those mentioned in the paragraph entitled "Risk of Conflict of Interest."
- Oddo Securities or ODDO or Oddo Seydler may receive or seek compensation for investment banking services in the next 3 months from the subject company of this research report, but ONY would not participate in those arrangements.
- Neither ONY, ODDO, Oddo Securities, nor Oddo Seydler has received compensation from the subject company in the past 12 months for providing investment banking services except those mentioned in the paragraph of "Risk of Conflict of Interest".
- Neither ONY, ODDO, Oddo Securities nor Oddo Seydler has managed or co-managed a public offering of securities for the subject company in the past 12 months except those mentioned in the paragraph of "Risk of Conflict of Interest".
- ONY does not make (and never has made) markets and, accordingly, was not making a market in the subject company's securities at the time that this research report was published.

##### Regulation AC:

ONY is exempt from the certification requirements of Regulation AC for its distribution to a U.S. person in the United States of this research report that is prepared by an Oddo Securities research analyst because ODDO has no officers or persons performing similar functions or employees in common with ONY and ONY maintains and enforces written policies and procedures reasonably designed to prevent it, any controlling persons, officers or persons performing similar functions, and employees of ONY from influencing the activities of the third party research analyst and the content of research reports prepared by the third party research analyst.

Contact Information of firm distributing research to U.S. investors: Oddo New York Corporation, MEMBER: FINRA/SIPC, is a wholly owned subsidiary of Oddo & Cie; Philippe Bouclainville, President (pbouclainville@oddonyc.com) 150 East 52nd Street New York, NY 10022 212-481-4002.