

Recommendation:
BUY (Initiation of coverage)

Risk:
HIGH (-)

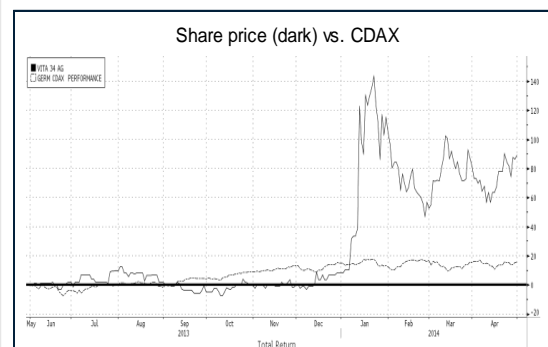
Price Target:
EUR 7.10 (-)

13 May 2014

The largest private cord blood bank in Germany

Storing for the future

- Being the largest private bank for the storage of umbilical cord blood (UCB) in Germany, Vita 34 currently has above 100,000 UCB storages, and existing space for up to 350,000 stem cell preparations. The growth strategy of Vita 34 comprises the following components: 1) gaining share in existing markets as autologous and allogenic UCB bank; 2) concluding cooperation agreements in further international markets; 3) expansion of product portfolio: new product "VitaPlusCord" (storage of umbilical cord tissue).
- According to estimates of Vita 34, in Germany, the market share of Vita 34 is 74% and 67% in terms of cumulated storages and annual sales, respectively. In Europe, Vita 34 is one of the three largest private cord blood banks with a market share of 16%.
- In FY 2013, revenues have stabilized on prior year level of EUR 13.6m and EBITDA significantly improved to EUR 2.7m (PY: EUR 0.4m). Total operating income grew to EUR 14.9m (PY: EUR 14.4m).
- For FY 2014E, we do not anticipate a considerable organic growth, as the development in the core markets Germany and Spain will remain challenging. Vita 34 intends to take advantage of the consolidation trend in Germany and Spain, to strengthen its dominant position in the German-speaking market and gain market share. EBITDA is expected to increase to ~EUR 3.3m in FY 2014.
- In the medium term, the company plans to increase the number of new storages on average by 10% per annum, driven by acquisitions and international expansion. The EBITDA margin in the medium term should be stabilized >20% per annum.
- Assuming a low organic growth in the medium to long term, with the projected EBITDA margin of ~24%, our DCF-based valuation derives EUR 7.88/share. We set our price target at EUR 7.10/share (~38% upside to the last closing share price of Vita 34) and initiate the coverage with a BUY recommendation.



Source: CBS Research AG, Bloomberg

Change	2014E		2015E		2016E	
	new	old	new	old	new	old
Revenue	13.9	-	14.2	-	14.6	-
EBITDA	3.3	-	3.4	-	3.5	-
EPS	0.50	-	0.52	-	0.53	-

www.vita34.de
WKN: AOBLL84
Reuters: V3VGn.DE

Sector: Healthcare
ISIN: DE000AOBL849
Bloomberg: VSV GR Equity

Short company profile

Vita 34 AG is a private umbilical cord blood bank in Europe, which specializes in collection, preparation and long-term storage of umbilical cord blood and tissue

Share data:

Share price (last closing price, EUR):	5.16
Shares outstanding (m):	3.03
Market capitalisation (EURm):	14.07
Enterprise value (EURm):	13.73
Ø daily trading volume (3 m., no. of shares):	11,854

Performance data:

High 52 weeks (EUR):	7.75
Low 52 weeks (EUR):	2.64
Absolute performance (12 months):	52.96
Relative performance: (vs. CDAX)	
1 month	-18.96%
3 months	-20.0%
6 months	47.7%
12 months	26.8%

Shareholders:

HSCI OJSC	17.20%
Landesbank Baden-Württemberg	8.60%
Founder/Management	18.70%
Free float	55.50%

Financial calendar:

2Q/14 figures 24 July 2014

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Y/E 31.12., EUR m	2010	2011	2012	2013	2014E	2015E	2016E
Sales revenues	17.0	16.0	13.6	13.6	13.9	14.2	14.6
Total operating income	18.1	16.6	14.4	14.9	15.3	15.7	16.1
Gross profit	10.8	9.5	8.0	8.1	8.3	8.5	8.7
EBITDA	1.7	0.6	0.4	2.7	3.3	3.4	3.5
EBIT	0.7	-0.3	-0.7	1.5	2.1	2.2	2.3
Net income/loss	0.3	1.2	-0.6	0.8	1.5	1.5	1.6
EPS	0.18	0.48	-0.20	0.28	0.50	0.52	0.53
Gross margin	63.8%	59.1%	59.1%	59.5%	59.7%	59.7%	59.7%
EBITDA margin	9.9%	4.0%	3.0%	19.6%	24.1%	24.2%	24.2%
EBIT margin	4.4%	-2.1%	-5.5%	10.8%	15.4%	15.6%	15.7%
EV/EBITDA	8.1	21.5	33.1	5.2	4.1	4.0	3.9
EV/EBIT	18.5	n.m.	n.m.	9.3	6.4	6.2	6.0
P/E	28.6	10.7	n.m.	18.4	10.3	9.9	9.6

Source: Vita 34 AG; CBS Research AG

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Investment Thesis

Vita 34 is the largest private bank for the storage of umbilical cord blood (UCB) in the German-speaking countries, with currently >100,000 UCB storages and existing space for up to 350,000 stem cell preparations. In its core business, cryopreservation of UCB and tissue, Vita 34 covers the entire value chain from collection, logistics, to preparation and the long-term storage of UCB and tissue.

The targeted groups are expecting parents who wish to have vital stem cells, preserved for their children, as a provision, immediately after birth. Vita 34 serves a network of some 10,000 OB/GYNs (obstetrics and gynaecology), and has entered into agreements for the collection of UCB with some 95% of the ~800 birthing clinics in Germany.

Vita 34 primarily offers the storage of autologous stem cells (patients' own stem cells). The use of autologous stem cells in many cases is still experimentally explored, however has a large potential in autoimmune diseases, metabolic disorders, brain damage, but especially for regenerative methods to restore the individual tissue and organ replacement.

The growth strategy of Vita 34 comprises the following components:

- 1) gaining share in existing markets as autologous and allogenic UCB bank,
- 2) concluding cooperation agreements in further international markets and
- 3) expansion of the product portfolio: new product "VitaPlusCord" (storage of umbilical cord tissue). Vita 34 is the only private stem cell bank in Germany that can store not only umbilical cord blood but also tissue.

In Germany, the market share of Vita 34 is 74% and 67% in terms of cumulated storages and annual sales, respectively. In Europe, Vita 34 is one of the three largest private cord blood banks with a market share of 16%. Larger market shares recorded are Cryo-Save 31% and Eurocord Slovakia with 19%.

With a high storage ratio of 3.4%, Spain is a very important market for the company (~25% of stem cell storage revenues). However, the business in this country has been considerably affected by the high unemployment and intensified competition. The market environment in Spain remains challenging and the company still is struggling with the profitability improvement in Spanish subsidiary (EBIT remained negative over the last years).

The number of UCB storages in 2013 totalled 7,167 (PY: 7,417; YoY -3.4%). However, compensated by the Biotechnology business segment, revenues have stabilized on prior year level of EUR 13.6m. EBITDA significantly improved to EUR 2.7m (PY: EUR 0.4m), beating its own guidance.

For FY 2014E, we do not anticipate a considerable organic growth, as the development in the core markets Germany and Spain will remain challenging. Vita 34 intends to take advantage of the consolidation trend in Germany and Spain, to continuously reinforce the already dominant position in the German-speaking market, and to acquire additional market share in FY 2014. EBITDA is expected to increase to ~EUR 3.3m in the ongoing FY 2014.

Vita 34 expects an increasing demand for the cryopreservation and reliable storage of cells and tissues in the medium term, thanks to the progressing development of personalized medicine. In the medium term, the company plans to increase the

Largest German cord blood bank

Distinctive network

Fields of application for UCB stem cells

Growth strategies

Market leader in the German speaking area

Spanish market with the highest storage ratio

2013: EBITDA significantly improved to EUR ~2.7m

Short-term: No significant organic growth is expected

Medium-term: Revenues growth 10%; EBITDA-margin >20%

number of new storages on average by 10% per annum. The EBITDA margin in the medium term should be stabilized >20% per annum.

For the long-term, we see two main growth drivers:

- 1) Advances of R&D with UCB stem cell therapies and
- 2) Increasing therapeutic applications with autologous stem cells (particularly in the area of regenerative medicine).

Both of these factors should contribute to the awareness regarding the benefits of UCB stem cells and facilitate the increase of storage ratios. These long-term perspectives of UCB banking would also justify the potential acquisitions.

Our DCF model yields a fair value of EUR 7.88/share. We set our price target at EUR 7.10/share, which corresponds to an upside of ~38% to the last closing share price of Vita 34. We initiate coverage of Vita 34 with a BUY recommendation.

Long-term growth drivers:

1) R&D advances in stem cells

2) Potentially growing uses of UCB

PT EUR 7.10; BUY recommendation

SWOT analysis

Strengths

- With ~100.000 storages and an existing capacity for up to 350,000 stem cell preparations, Vita 43 is the market leader in Germany and one of the largest player in Europe
- The only private bank with approvals for the dispensing for autologous and allogeneic use
- Stable recurring cash flows backed by fees structure
- Vita 34 covers the complete value chain: From the sampling logistics regarding the processing and long-term storage of UCB and tissue, to the proper delivery of stem cell transplantations
- High use rate of storages: According to Cord Blood Europe, a European association for private cord blood banks, 26 from 61 reported therapeutic stem cell applications were carried out with Vita 34's stored preparations (as of March 2014)
- Broad international footprint
- FY 2013 figures indicated that the cost structure has been effectively optimized, which is reflected in considerably improved EBITDA

Weaknesses

- Stagnated revenues
- Business in Spain is considerably affected by the high unemployment, and competition. The market environment remains challenging and Vita 34 still is struggling with the profitability improvement in the Spanish subsidiary
- Lack of organic growth drivers in the near- term perspective
- The cord blood/tissue can only be collected immediately after birth
- The available capacities in Germany can only be used for storages within Europe
- Significant marketing efforts and costs are required to increase the awareness of expectant parents about UCB stem cells benefits

Opportunities

- While the therapies with UCB stem cells is a relatively new development, they have numerous advantages compared to stem cells from other sources
- A high number of clinical trials conducted with UCB stem cells, provides a significant perspectives in the mid- to long-term
- The advantageous properties of mesenchymal stem cells from umbilical cord tissue offers further potential in stem cell therapies
- Further international expansion should contribute to the revenue growth
- The use of autologous stem cells represent a particularly large potential in regenerative medicine
- Strong market position in Germany and Europe allows Vita 34 to participate in the market consolidation

Threats

- The risk that most of the long-term potential associated with the R&D progress in various stem cells application may not be realized
- Potentially more effective new treatment approaches might be developed in those indications, where UCB stem cells therapies are currently well established
- The birth rates (market potential for UCB storages) significantly depend on overall macroeconomic situation, particularly an unemployment rate
- The therapeutic use of autologous stem cells is still of experimental character in most cases
- Pricing pressure among private UCB banks

Valuation

Valuation summary

Our DCF model yields a fair value of EUR 7.88/share. Even assuming a low organic growth in the medium to long term, with the projected EBITDA margin of ~24%, the fair value of the company at EUR 7.88/share offers a high upside, in our view. Furthermore, a small portion of the storage fees paid in advance (majority of all storages) is accounted as deferred income. This is not reflected in the company's margins but positively contributes to company's FCF and hence its fair value. We set our price target at EUR 7.10/share and initiate the coverage with a BUY recommendation.

**Fair value EUR
7.88/share**

**PT EUR 7.10/share
BUY Recommendation**

Discounted cash flow model

EUR m	PHASE 1			PHASE 2							PHASE 3																																																
	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	∞																																																
Sales	13.9	14.2	14.6	15.1	15.6	16.0	16.4	16.9	17.2	17.5																																																	
Sales growth	2.5%	2.4%	2.7%	3.3%	3.4%	2.6%	2.6%	2.6%	2.0%	2.0%																																																	
EBIT	2.1	2.2	2.3	2.4	2.4	2.5	2.6	2.6	2.7	2.7																																																	
EBIT margin	15.4%	15.6%	15.7%	15.6%	15.6%	15.6%	15.6%	15.6%	15.6%	15.6%																																																	
Income tax on EBIT	-0.7	-0.7	-0.7	-0.8	-0.8	-0.8	-0.8	-0.8	-0.9	-0.9																																																	
Depreciation and amortisation	1.2	1.2	1.2	1.2	1.3	1.3	1.3	1.4	1.4	1.4																																																	
Change in net working capital	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1																																																	
Net capital expenditure	-1.1	-1.2	-1.2	-1.2	-1.3	-1.3	-1.3	-1.4	-1.4	-1.4																																																	
Free cash flow	1.7	1.7	1.7	1.7	1.8	1.8	1.9	1.9	2.0	2.0																																																	
Present values	1.6	1.5	1.3	1.2	1.1	1.1	1.0	0.9	0.9	0.8	10.6																																																
Present value Phase 1	4.4						Risk free rate	3.5%	Target equity ratio	70.0%																																																	
Present value Phase 2	7.0						Equity risk premium	6.0%	Beta (fundamental)	1.40																																																	
Present value Phase 3	10.6						Debt risk premium	2.5%	WACC	9.55%																																																	
Total present value	22.0						Tax shield	32%	Terminal growth	2.0%																																																	
+Excess cash	3.4						<table border="1"> <thead> <tr> <th colspan="6">Sensitivity analysis</th> </tr> <tr> <th colspan="6">Terminal growth (Phase 3)</th> </tr> <tr> <th></th> <th>1.0%</th> <th>1.5%</th> <th>2.0%</th> <th>2.5%</th> <th>3.0%</th> </tr> </thead> <tbody> <tr> <td>8.6%</td> <td>8.37</td> <td>8.66</td> <td>8.99</td> <td>9.38</td> <td>9.84</td> </tr> <tr> <td>9.1%</td> <td>7.88</td> <td>8.12</td> <td>8.40</td> <td>8.72</td> <td>9.09</td> </tr> <tr> <td>9.6%</td> <td>7.44</td> <td>7.65</td> <td>7.88</td> <td>8.14</td> <td>8.45</td> </tr> <tr> <td>10.1%</td> <td>7.05</td> <td>7.23</td> <td>7.43</td> <td>7.65</td> <td>7.90</td> </tr> <tr> <td>10.6%</td> <td>6.71</td> <td>6.86</td> <td>7.02</td> <td>7.21</td> <td>7.43</td> </tr> </tbody> </table>					Sensitivity analysis						Terminal growth (Phase 3)							1.0%	1.5%	2.0%	2.5%	3.0%	8.6%	8.37	8.66	8.99	9.38	9.84	9.1%	7.88	8.12	8.40	8.72	9.09	9.6%	7.44	7.65	7.88	8.14	8.45	10.1%	7.05	7.23	7.43	7.65	7.90	10.6%	6.71	6.86	7.02	7.21	7.43
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- Financial debt, pension liabilities and silent investors	-1.3																																																										
- Minority interest	-0.2																																																										
Fair value of equity	23.8																																																										
Number of shares (m)	3.0																																																										
Fair value per share (EUR)	7.88																																																										

Source: CBS Research AG

Discounted Cash Flow (DCF)

Our Discounted Cash Flow (DCF) model is based on the following assumptions:

Weighted average cost of capital (WACC): We set the risk-free rate at 3.5% and assumed an equity risk premium of 6.0% and a debt risk premium of 2.5%. We set the beta factor at 1.40, and assumed a long-term target equity ratio at market values of 70%. These premises lead to a WACC of 9.55%.

WACC of 9.55%

Phase 1 (2014E-16E): We estimated the free cash flows (FCF) of phase 1 according to our detailed financial forecasts for this period described in the financials section of this document.

Phase 1: Detailed financial forecasts

Phase 2 (2017E-23E): For Phase 2, which comprises 2017-23E period we assumed that the top line will be growing, however with gradually declining rate of

Phase 2: Mid to long term assumptions

growth, while EBIT margin will increase up to ~15.6% in the long term..

Terminal value: For the calculation of the terminal value, we applied a long-term FCF growth rate of 2.0%, which should be a rather conservative assumption. Based on these assumptions, we calculated a fair value of the operating business of EUR 22.0m.

We added the cash position and deducted the financial debt from the derived "Fair Enterprise Value". Thus, our fair value based on DCF is EUR 23.8m or EUR 7.88/share.

Phase 3: 2% growth for terminal value

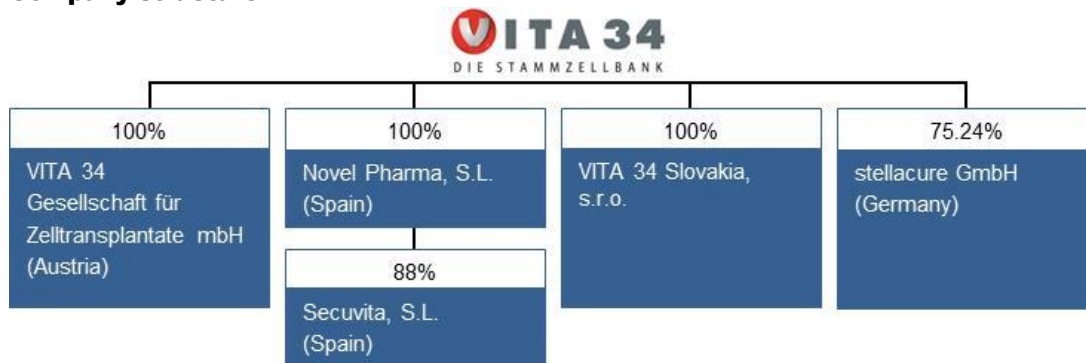
Company profile

Short profile

Founded in 1997 as the first private UCB bank in Europe, Vita 34 has developed into the largest UCB bank in the German-speaking countries, with currently >100,000 UCB storages, and existing space for up to 350,000 stem cell preparations. With 102 employees, the company operates in two business segments: The Storage of Stem Cells and Biotechnology. The core business of Vita 34 is the cryo-preservation of UCB and tissue. In Biotechnology, Vita 34 is active in consulting on environmental projects, as well as in pharmaceutical and biotechnological development.

Largest private UCB bank in German-speaking countries

Company structure

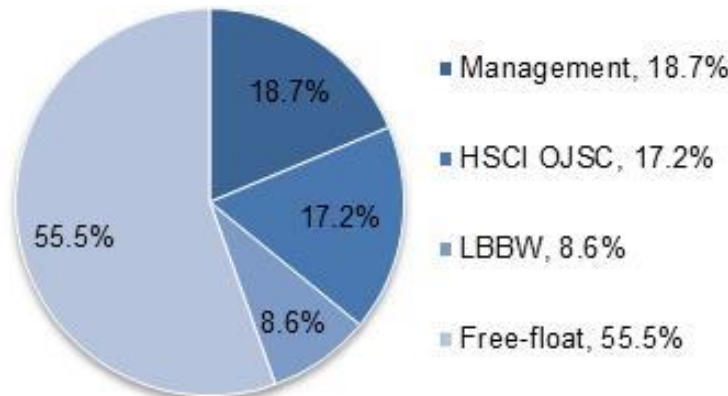


Source: Vita 34 AG; CBS Research AG

Outside Germany, Vita 34 operates through its wholly-owned subsidiaries, Vita 34 Gesellschaft für Zelltransplantate mbH (Austria), VITA 34 Slovakia s.r.o., and its Spanish majority owned subsidiary Secuvita S.L.

Foreign subsidiaries

Shareholder structure



55.5% of shares are free float

Source: Vita 34 AG; CBS Research AG

Company history

Important milestones

1997	<ul style="list-style-type: none"> ▪ Foundation of Vita 34 GmbH
2006	<ul style="list-style-type: none"> ▪ Approval for allogeneic umbilical cord blood compounds. ▪ Partnership with Secuvita S.L.
2007	<ul style="list-style-type: none"> ▪ IPO of Vita 34 AG
2009	<ul style="list-style-type: none"> ▪ Partnerships with Izvorna Celica and Sorgente
2010	<ul style="list-style-type: none"> ▪ Acquisition of Secuvita S.L.
2012	<ul style="list-style-type: none"> ▪ Acquisition of BioPlanta GmbH
2013	<ul style="list-style-type: none"> ▪ Approval for storage and dispensing of umbilical cord tissue ▪ Acquisition of 75.2% stellacure GmbH

Source: Vita 34 AG; CBS Research AG

Management board

Dr André Gerth (CEO)

Dr André Gerth has been CEO for Vita 34 since June 2012. Furthermore, he founded BioPlanta GmbH and acted as the company's manager since 1992. He wrote his dissertation on biotechnological plant breeding at the Institute for Tropical Agriculture at the University of Leipzig.

Dr André Gerth

Jörg Ulbrich (CFO)

Jörg Ulbrich achieved a diploma in industrial engineering and began his career at Vita34 in 1997. In particular, he worked a long time as a commercial manager in procurement. Since November 2009, he is holding the position of the CFO.

Jörg Ulbrich

Business model

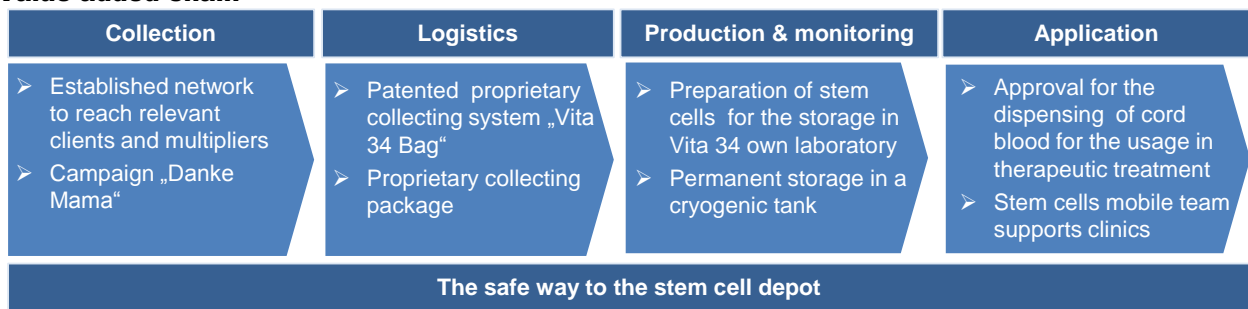
Vita 34 operates in two business segments 1) UCB storage and 2) Biotechnology. In its core business, Stem Cell Storage, Vita 34 covers the entire value chain from collection, logistics, to preparation and the long-term storage of UCB and tissue, to the proper dispensing of stem cell transplants. A professional mobile team prepares the UCB stem cells for the transplantation, and with this enables the treatment in any hospital.

Vita 34 covers the entire value chain

As a stem cell bank, Vita 34 has the high-security cryo-tank storage facility and the associated storage and monitoring technology. The preparations are frozen at -196°C in the gaseous phase of liquid nitrogen and can then be stored in these tanks for decades, and used if needed in the context of medical treatment.

**Stem cell bank:
Storage capacity
350,000 preparations**

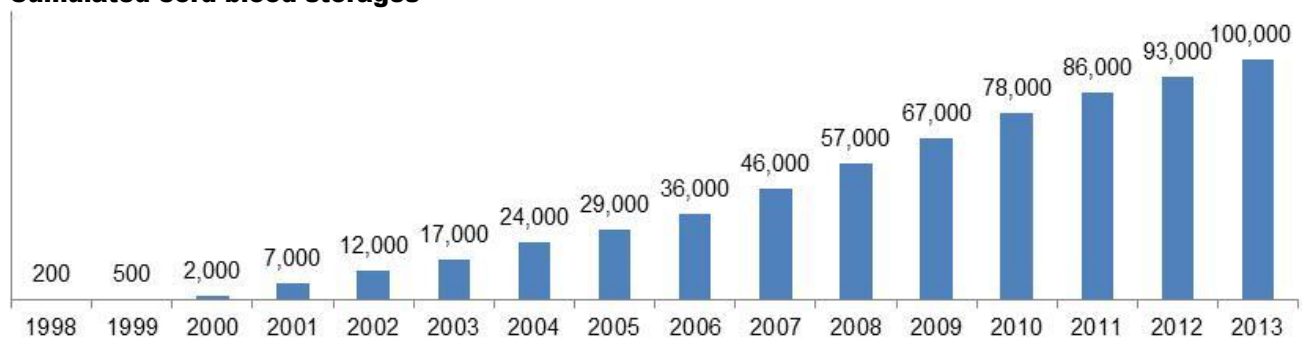
Value added chain



Source: Vita 34 AG; CBS Research AG

The available 350,000 preparations provide storage capacity for the next 7-10 years. The preparations from European countries are stored in Germany. Currently, with >100,000 stem cell preparations, Vita 34 is the undisputed market leader in the German speaking countries. With the acquisition of existing storages of stellacure, the total number of stem cell preparations stored at Vita 34 increased to > 102,000 as of 31 December 2013.

Cumulated cord blood storages



Source: Vita 34 AG; CBS Research AG

The targeted groups are expecting parents who wish to have vital stem cells, preserved for their children, as a provision, immediately after birth. Vita 34 serves a network of some 10,000 OB/GYNs (obstetrics and gynecology), and has entered into agreements for the collection of UCB with some 95% of the roughly 800 birthing clinics in Germany.

Large clinic network

Upon the contract expiration (after 25 years), the contract is likely to be further extended for the next 25 years. Among the three payment plan alternatives the 25 years contract is the most popular among future parents. The reason is that upon

reaching the age of 25 a new contract can be signed between Vita 34 and an adult customer (not the parents) for further storage.

Biotechnology segment

With the takeover and merger of BioPlanta GmbH in mid-2012, Vita 34 AG has expanded in Biotechnology area. In the Biotechnology business segment, on the one hand, work is to be continued in developing biological processes for cell and tissue cultures, as well as their use for optimizing and multiplying cells and plants. On the other hand, the company provides analysis, consulting and project services for environmental clean-up and environmental design projects. The synergetic effects between the business segments help increase the profitability of the company. The diversification of the business model has a stabilizing effect on the revenue trend.

UCB stem cells

There are three possible sources of stem cells to use for transplants: 1) Bone marrow (BM); 2) Peripheral blood stem cell (PB) and 3) Umbilical cord blood (UCB). Today BM and PB stem cell transplants are commonly used much more, while the application of UCB stem cells is a relatively recent development.

Three possible sources used for stem cells transplantation

Brief overview of stem cells sources

	Umbilical cord blood (UCB)	Bone Marrow (BM)	Peripheral blood (PB)
Description	A large number of stem cells are normally found in the blood of new born babies, which is left behind in the placenta and umbilical cord	BM has a rich supply of stem cells. Enough marrow must be removed to collect a large number of healthy stem cells	The same blood-forming cells that are found in bone marrow are also found in the circulating (peripheral) blood
Collection method	After the umbilical cord is cut the cord is cleaned. UCB is put into a sterile container, mixed with a preservative, and frozen. This process does not pose any health risk to the donor (infant). CB transplants use blood that would otherwise be thrown away	BM is harvested under general anesthesia. A large needle is put through the skin and into the back of the hip bone to pull out liquid marrow. This is repeated several times until enough marrow is harvested	Apheresis. For a few days before donation, a donor is given injections of growth factors, which causes stem cells to grow faster and move from the BM into the bloodstream. On the donation day the blood is removed through a catheter and passed through a machine that separates stem cells from the rest of the blood
Donor recovery	Not relevant issue for UCB donation	Longer than in PB donation	Collection takes several hours. May be repeated for a few days to get enough stem cells. Most donors report a full recovery within 7-10 days

Source: American Cancer Society; CBS Research AG

UCB is rich in haematopoietic stem cells (HPCs), multi-potent stem cells with the capacity to differentiate between the three classes of blood cells (erythroid, myeloid and lymphoid). However, HPCs from UCB have advantages over the ones from BM or PB (see table below). The most notable disadvantages of UCB stem cells are that they can be collected only once and in certain cases the amount of stored UCB might be not sufficient for adult recipient.

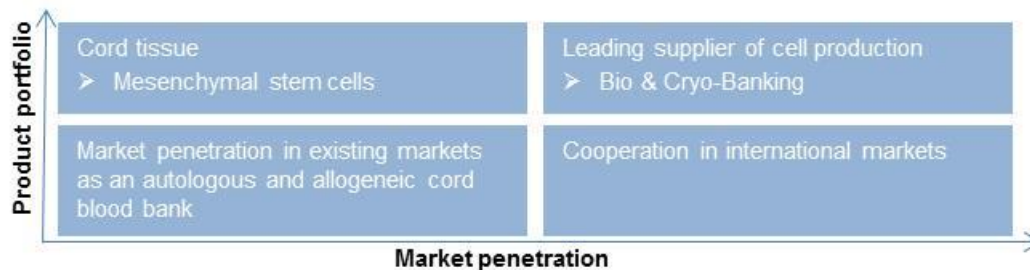
Advantages and disadvantages of UCB stem cells

Strategy

The company growth strategy comprises the following components 1) gaining share in existing markets as autologous and allogenic UCB bank; 2) concluding cooperation agreements in further international markets; 3) expansion of product portfolio: new product VitaPlusCord (storage of umbilical cord tissue).

Three focal points of the strategy

Strategy



Source: Vita 34 AG; CBS Research AG

Vita 34 will leverage the more intensified use of its strengths in quality and safety, coupled with the experience and innovation to drive the expansion of strategic market positions. Vita 34 restructured its marketing and sales activities, having improved the strategic orientation towards target groups.

Product portfolio expansion (“VitaPlusCord”)

In 2012, Vita 34 developed the first GMP (Good Manufacturing Practice) to store the entire umbilical cord. The company has the permit for the processing, cryo-preservation storage and collection of umbilical cord tissue. With the granted permits, Vita 34 is the only private stem cell bank in Germany that can store not only UCB, but also umbilical cord tissue, thus expanding the company’s product range with “VitaPlusCord” (“VitaPlusNabelschnur”).

“VitaPlusCord” allows the storage of UCB and cord tissue

The stem cells from the umbilical cord tissue are intended for both autologous and allogenic use. The sales of “VitaPlusCord” started in October 2013. Worth mentioning that “VitaPlusCord” is a complementary product to “VitaPlus”.

Autologous and allogenic use of cord tissue

The distinctive property of cord tissue is the large amount of mesenchymal stem cells (MSC), which are primarily responsible for the development of bone, cartilage, muscles and tendons. MSC is an important medical base material for creating the corresponding tissue in the laboratory following a disease or an accident. MSCs also have immune-modulatory characteristics, which can be used when treating a disruptive immune reaction, (e.g. graft-versus-host disease (GvHD)). These features of MSCs offer great potential for regenerative medicine, and justify the storage of umbilical cord tissue.

Distinctive property of cord tissue is the large amount of mesenchymal stem cells

We believe that the introduction of the cord tissue should boost revenue and facilitate economies of scale through more efficient utilisation of established capacities, extensive hospital network and sales force. Vita 34 is currently in the process of entering the agreements with all of its >800 partner clinics for the cord tissue collection. We expect this process to be accomplished by the end of 2014.

Partners prepare the introduction of umbilical cord tissue storage

In Switzerland and Austria all necessary permission are already granted. Vita 34 partners in Slovenia, Romania, Bulgaria, Macedonia and Croatia are preparing for introduction of umbilical cord tissue storage.

Regional presence

Outside of Germany, Vita 34 is also active via its subsidiaries and cooperative partners in 13 European countries, including Spain, Italy, Austria, Switzerland, Serbia, Slovenia and Slovakia.

International presence

Regional presence of Vita 34 through subsidiaries and cooperation

Subsidiary	Region	Partner	Region
Secuvita	Spain	Bio Save	Montenegro
Vita 34 Slovakia	Slovakia		Serbia
Vita 34 Austria	Austria		Bosnia-Herzegowina
Stellacure	Germany		Macedonia
	Italy		Romania
	Spain		Croatia
		CORDONVIDA	Chile
		Sorgente	Italy
		Izvorna celica	Slovenia
		biogenini	Bulgaria

**based on Index Mundi statistics; Source: Vita 34 AG; Indexmundi CBS Research AG;*

German speaking countries (DACH)

Vita 34 is the leading stem cell bank in the DACH countries. The assurance of the highest safety and quality standards is the prerequisite for company's dominant market share amongst private UCB stem cell banks in Germany.

Strong German market position with ...

At the moment Vita 34's market share in Germany is 74% and 67% in terms of cumulated storages and annual sales, respectively. The storage ratio in Germany at 1.2% is rather low (8,000 private storages at 662,700 births/per year). The business in other DACH regions Austria and Switzerland is currently insignificant. However, in the short-term, the company plans to double its revenues in these countries.

... potential increase in the storage ratio

Expanding footprint in Germany: Acquisition of stellacure

In December 2013, Vita 34 took over the majority stake (75.24%) in the UCB bank stellacure GmbH. The sales price was not disclosed. We expect this acquisition to increase Vita 34 market share in Germany by 1-2%.

Takeover of stellacure GmbH

stellacure was founded in Hamburg and Frankfurt in 2006 in cooperation with the Blood Transfusion Service Baden-Württemberg-Hessen of the German Red Cross (DRK). The operating activities of the Stellacure include the extraction and processing of UCB, which is stored at stellacure's facility located in the building of the DRK in Frankfurt on the Main. In addition to storages from Germany (89 storages), Stellacure furthermore works on the Italian (28) and Spanish (223) markets. Being the fourth eldest provider of umbilical cord blood storage services in Germany, Stellacure produced a turnover of about EUR 0.4m in FY 2012.

Spain

In Spain, Vita 34 operates through its subsidiary Secuvita, S. L. However, the business in this country has been considerably affected by the high unemployment, which reduced the births in the last years. Furthermore, the intensified competition in Spain put an extra pressure on Vita 34's profitability. Currently the market environment remains challenging and the company still is struggling with the profitability improvement in the Spanish subsidiary (EBIT remained negative over the last years). Secuvita has a broad clinics network in Spain with 177 contracts, and generates ~25% of stem cell storage revenues.

Spanish subsidiary Secuvita

Partnerships

Within the context of the cooperation, the partner companies are independently responsible for the marketing and sales activities for the storage of UCB; they offer UCB preparations and act as an umbilical cord blood bank, which store the preparations at Vita34.

Sorgente S.r.l.: Vita 34 has an agreement with the Italian partner Sorgente S.r.l., which is headquartered in Milan. The partner is responsible for the entire marketing and sales of individual UCB storages in Italy on behalf of VITA 34.

Bio Save d.o.o.: Vita 34 entered the cooperation agreement with Serbian Bio Save in 2012, to store UCB for customers from Serbia, Montenegro, Macedonia and Bosnia-Herzegovina. In 2013, Bio Save announced its expanding activities to Romania and Croatia. Serbia is an interesting market, due to the simple competitive situation and higher the storage rate (3-4% of the 66,000 births annually) compared to other European countries. First UCB storages from Serbia have already taken place since June 2012.

Outside Europe

Vita 34 plans to expand the foreign activities incrementally in the next few years. Activities outside Europe have also been expanded with cooperative agreements for establishing UCB banks in:

- CryoLifeCells in Mexico,
- CordónVida in Chile and
- the National Hospital of Obstetrics and Gynaecology in Vietnam.

Vita 34 is supporting the local partners with expertise, support and training. In addition, a joint office has been opened in China with other companies in the field of Biotechnology.

Partners adopt marketing and sales activities of Vita34

Sorgente S.r.l.: Partner in Italy

Bio Save: Partnership in the attractive Eastern European market

Expansion to Mexico Chile, as well as Vietnam planned

Additional opening of Chinese joint office

Autologous stem cells

Significant potential in regenerative medicine

Stem cells have the capacity for self-renewal and capability to differentiate into various cell types or tissues. These features open a great potential for stem cell application in the area of regenerative medicine and tissue engineering. By means of tissue engineering, one of the major components of regenerative medicine, tissue can be grown in the laboratory and re-implanted in the patient.

Numerous researches demonstrated that the autologous stem cells are the most preferred ones to use in tissue engineering. The use of autologous cells avoids rejection, and, thus, could replace the need for immunosuppressive drugs in future transplant therapies. Furthermore, regenerative medicine provides a better alternative in terms of transplant availability, as the lack of matching donors remains a difficult issue.

At the moment, several clinical studies are under way for the application of autologous stem cells in autoimmune diseases, metabolic disorders, brain damage, but especially for regenerative methods to restore the individual tissue and organ replacement.

Features of autologous stem cells

Preference of autologous stem cells at tissue engineering

Clinical studies for the fields of application

Selected applications of autologous stem cell therapies in clinical trials

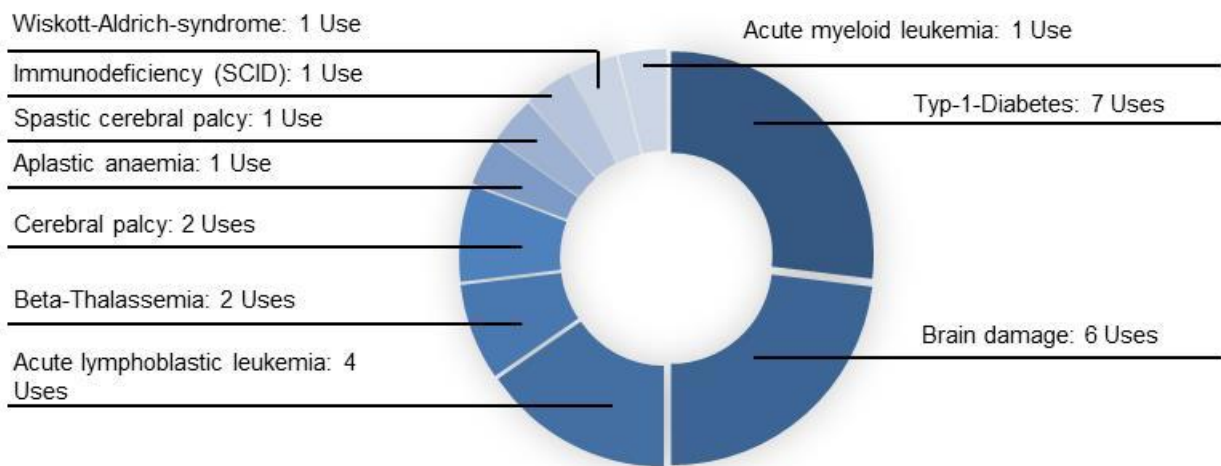
Indication	Stem cells used	Indication	Stem cells used
Autoimmune		Neurologic	
Amyotrophic Lateral Sclerosis (ALS)	MSC	Cerebral Palsy	UCB
Crohn's Disease	UCB	Hypoxic Ischemic Encephalopathy (HIE)	UCB
Diabetes Type 1	UCB	Traumatic Brain Injury	UCB
Lupus	UCB	Autism	UCB
Multiple Sclerosis	MSC	Hearing Loss	UCB
Scleroderma	UCB		
Cardiovascular		Gene Therapy for Inherited Disorders	
Support of Misc. Open Cardiac Surgery	UCB	Adrenoleukodystrophy	UCB
Hypoplastic Left Heart Syndrome (HLHS)	UCB	Chronic Granulomatous Disease (X-linked)	UCB
Grow Vascular Graft	MSC	Fanconi Anemia	UCB
Critical Limb Ischemia	MSC	HIV	UCB
Compartment Syndrome (Battlefield Trauma)	MSC	Severe Combined Immunodeficiency	UCB
Ischemic Stroke	MSC	Wiskott-Aldrich Syndrome	UCB

Source: Parent's Guide to Cord Blood Foundation; clinicaltrials.gov; CBS Research AG

Overview of UCB therapeutic uses by Vita 34

Of the 61 therapeutic stem cell applications reported to Cord Blood Europe (CBE), a European association of private UCB banks, 26 (43%) have been performed with preparations stored at Vita 34 (Status: March 2014).

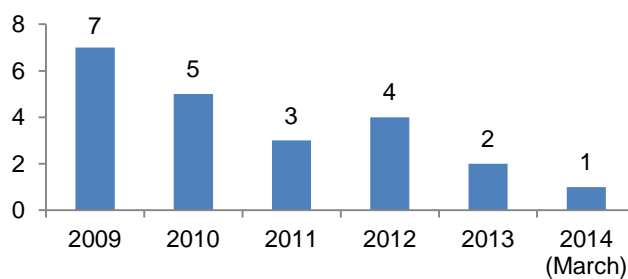
Overview of 26 UCB uses by Vita 34



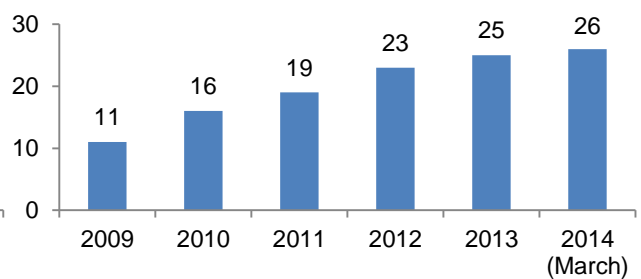
Source: Vita 34 AG; CBS Research AG

Advances in the development of UCB stem cell-based therapies coupled with a growing number of stem cell transplantation should spread the awareness about the potential of stem cells.

Therapeutic use per year



Therapeutic use (cumulative)



Source: Vita 34 AG; CBS Research AG

Market environment and competition

Private and public cord blood banks

The market for cord blood banks is differentiated into private and public cord blood banks. In many countries, parents have generally the opportunity to donate the cord blood of their child to a public bank or store it in a private bank. The donation is free of charge for the parents, but in return they lose the ownership of the donated blood, therefore it is no longer exclusively available for their child. The donation (if suitable for storage) is pseudonymized and published in a public register. Public banks normally refinance themselves by dispensing fees, public funding and donations. In Germany, there are currently seven facilities, of which five have an approval of the Paul-Ehrlich-Institute.

Private or public cord blood banks are selectable

Differences between private and public cord blood banks in Germany

	Storage at a private bank	Storage at a public bank
Who owns the cord blood?	Child	Bank
Who benefits from the stored stem cells?	The child or a close relative	Unrelated individuals
Where is the collection of cord blood possible?	In 95 % of all maternity clinics	In ~30 % of all maternity clinics
Who pays for the costs?	Parents	Financing through the dispensing of preparations and donations
How many samples are stored?	All suitable samples	~10-15% of all donations

Source: Nabelschnurblut.de, CBS Research AG

In a private bank, the parents or the child will retain ownership of the cord blood. This basically ensures the access to their own stem cells if the child should need the preparation. Private banks are financed solely by parents through fees (processing and storage). The average contract fee for processing and storage amounts between 1,500 USD and 2,000 USD at a private bank. The contract fees and ongoing storage fees mean that the market share of private banks is measured by revenues greater than in public sector banks.

Fees for storage

Vita 34 is the only company that offers a combination of donation and private storage in Germany. In this context, parents have the option to store the cord blood of their child as self-provision and at the same time make it available to a public donation registry.

Combination of donation and private storage is possible

Cord blood banks and deposits worldwide

According to Transparency Market Research, the global UCB banking market was valued at USD 12.4bn in 2012 and is forecasted to grow to USD 15.23bn in 2019 (2013-2019 CAGR: 5.6%). The growth drivers include the increasing awareness of the usage of cord blood and tissue, an increasing number of diseases that can be treated using by means of stem cells and affordable fees.

UCB banking market: USD 12.4bn in 2012

According to survey conducted by American Association of Blood Banks, 79% of pregnant women had little awareness of cord blood banking (n=1620). 58% of women had heard of the therapeutic benefits of UCB, of which 21% received information from midwives and obstetricians. 89% of respondents would opt to store UCBs. Among them, 76% would choose a public bank, 12% a mixed bank, and 12% a private bank. The survey revealed three important aspects: 1) a strong preference for public banking; 2) Choices between private and public banking seem not to be correlated with household income; 3) The extent of commercial marketing of cord blood banks in mass media highlights the importance for obstetric providers to play a central role in raising women's awareness early during their pregnancy with evidence-based medical information about banking options. (Source: American Association of Blood Banks: Banking cord blood stem cells: attitude and knowledge of pregnant women in five European countries; Katz et al. 2010)

Survey revealed three important aspects regarding cord blood banks

There are 174 private banks, which are located in 51 countries and offer their services in further 35 countries. The private banks have an inventory of >3.1m blood stem cell preparations from cord blood (Parent's Guide to Cord Blood - own database, as of January 2014).

The European market

The number of UCB storages in private banks significantly varies from country to country in Europe (see below).

Different markets – Varying mentalities

Private storages in Europe: estimated number of storages p.a.

Region	Birth number in k/Year*	Private storages in k	Storage ratio	Region	Birth number in k/Year*	Private storages in k	Storage ratio
Spain	469.2	16	3.4%	Switzerland	75.4	3	4.0%
Greece	97.8	14	14.3%	Serbia	66.2	3	4.5%
Italy	546.6	14	2.6%	Bosnia	33.7	2.5	7.4%
Romania	196.2	12	6.1%	Czech Republic	87.7	2	2.3%
Hungary	94.5	9	9.5%	Macedonia	190.9	1.5	0.8%
Germany	662.7	8	1.2%	Denmark (+Sweden)	56.7	1	1.8%
Portugal	105.2	8	7.6%	Baltic countries	68.1	0.6	0.9%
Russia	1559.1	6.5	0.4%	Bulgaria	70.8	0.5	0.7%
Slovakia	60.8	6	9.9%	Montenegro	6.5	0.5	7.7%
Poland	382.6	6	1.6%	Slovenia	21.9	0.5	2.3%
Great Britain	773.6	4	0.5%	Turkey	1402.0	0.5	0.04%
Ukraine	430.2	4	0.9%	Austria	78.1	0.5	0.6%
				Norway	50.8	0.3	0.6%

*based on Index Mundi Statistik; Source: CBE-members; Indexmundi; Vita 34 AG; CBS Research AG;

Competition

The market of private UCB banks in Europe and Germany is concentrated with several large providers. Since the services provided (primarily the storage of UCB) and the business models of each company are almost identical, the companies are subject to a tough price war.

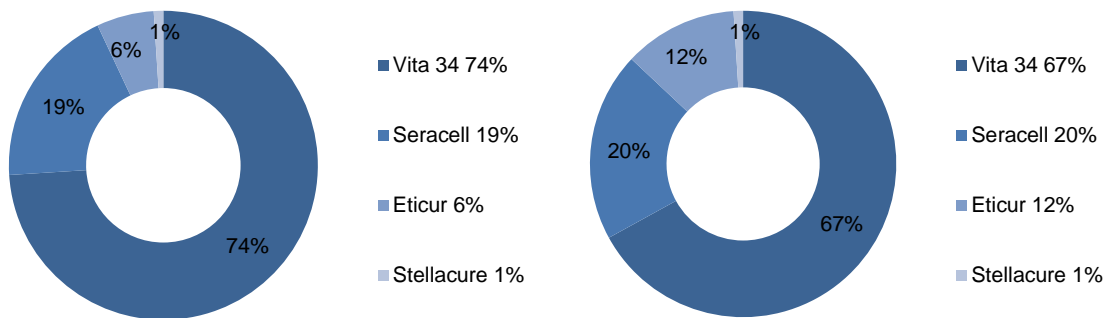
At a European level, Vita 34 is one of the three largest private cord blood banks with a market share of 16%. Larger market shares recorded are Cryo-Save 31% and Eurocord Slovakia with 19%.

Vita 34 is clearly in the first place, in Germany, regarding the distribution of sales (67%) and in storage (74%). In the graph below, it should be taken into account that Vita 34 has acquired stellacure.

Price war within a few competitors

Regarding sales and storage, Vita 34 is market leader in Germany

Distribution of sales and storages in Germany



Source: Vita 34 AG; CBS Research AG

Financials

After FY 2010, which was the record year in terms of storages, the revenues have significantly declined from EUR 16.9m in 2010 to EUR 13.6m in 2012.

In 2011, two factors decelerated the revenues growth:

- High unemployment rate Spain that significantly affected storage figures from this region and
- The elimination of storages for the Norddeutsche Knochenmark- und Stammzellregister (North German Bone Marrow and Stem Cell Registry – NKR).

Thus, revenues declined to EUR 16m in 2011 (2010: EUR 17m), and EBIT was EUR -0.3m (2010: EUR 0.7m). However, net result for FY 2011 almost tripled to EUR 1.2m (PY: EUR 0.3m), due to the recognition of deferred taxes on losses carried forward of Vita 34 International AG in the wake of the merger.

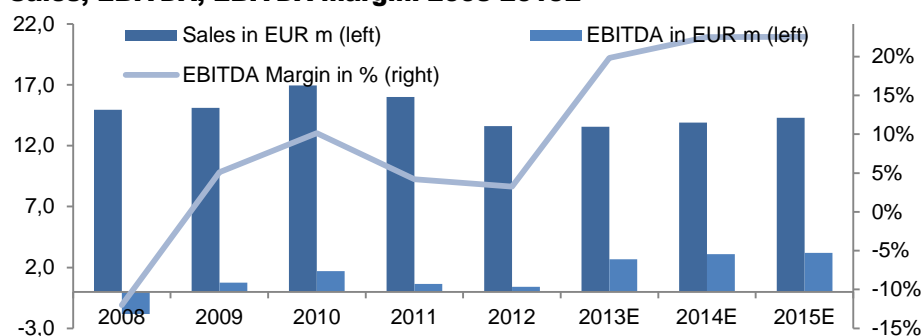
In 2012, the challenging situation continued in both core regions DACH and in Spain. The revenue declined further to EUR 13.6m (YoY -15%) and EBIT loss amounted to EUR -0.7m. The business in Spain remains difficult due to a high level of unemployment and a large number of competitors.

Stagnating revenues since 2012

Through takeover carry forward of deferred tax losses

Continuing of the negative trend in 2012 and stabilization in 2013

Sales, EBITDA, EBITDA margin: 2008-2015E



Source: Vita 34 AG; CBS Research AG

FY 2013 results

In FY 2013, the revenues have stabilized reaching prior year level of EUR 13.6m. Total operating income grew to EUR 14.9m (PY: EUR 14.4m), mainly due to significantly increased government grants, which almost doubled compared to prior year. However, the company has significantly improved its profitability situation having achieved EBITDA of EUR 2.7m (PY: EUR 0.4m). The consistent implementation of cost reducing measures has contributed to the increasing profitability.

The decline in revenues in stem cell storage was mainly compensated by the Biotechnology business segment, which was acquired in 2012. Biotechnology segment has expanded in 2013 through environmental projects in Brazil, Mexico and Vietnam, as well as research activities. The focal point in this business segment will remain the development of biological processes for cell and tissue culture, as well as their use in optimizing and increasing cells and plants. In addition, analysis, consulting and project services for environmental clean-up and environmental design projects is provided. Due to a significant debt reduction

2013: EBITDA significantly improved to EUR ~2.7m

Expansion of the biotechnology division

coupled with strong net results increased, equity ratio improved to ~60% at the end of 2013 (end 2012: 56%).

Short-term view

The storage figures are the main driver of revenue trends. Vita 34 has set a goal of stabilizing the current number of annual new storages. In the medium term, Vita 34 plans on increasing the number of new storages on average by 10% per annum.

For FY 2014E, we do not anticipate a considerable organic growth. The development in the core markets Germany and Spain will remain challenging in FY 2014. In particular, the information deficits with regard to private umbilical cord blood banking, and the resulting uncertainty amongst the target group, has led to stagnating demand in Germany. The numbers have declined significantly in Spain, primarily due to the economically tense situation.

Based on the current competitive situation both in Spain as in Germany, Vita 34 expects an increase in consolidation in these markets in FY 2014E. Vita 34 also intends to take advantage of this trend, to continuously reinforce the already dominant position in the German-speaking market, and to acquire additional market share in FY 2014.

For FY 2014E, Vita 34 expects a moderate increase in revenues and an increase in EBITDA to ~EUR 3.3m. The successfully implemented cost reduction measures will make a continuous contribution towards increasing the efficiency and profitability growth of Vita 34. The company will increase the reach of its marketing and sales activities, in order to best approach target group and generate positive effects for further corporate growth.

Adhering to conservative approach, for FY 2014E, we estimate EBITDA to amount to EUR 3.3m. Considering a substantial reduction of its debt, we expect that lower interest burden should add to the net results and EPS.

Mid-long term growth drivers

Vita 34 expects an increasing demand for the cryopreservation and reliable storage of cells and tissues in the medium term, thanks to the progressing development of personalized medicine. As mentioned above, in the medium term, Vita 34 plans to increase the number of new storages on average by 10% per annum. The EBITDA margin in the medium term should be stabilized >20% per annum.

Given that UCB banking is a relatively recent development, we believe that this market should significantly benefit in the mid to long-term. Two main growth drivers should be: 1) the advances of R&D with UCB stem cell therapies and 2) the increasing therapeutic applications with stem cells (particularly autologous). Both of these factors should contribute to the awareness regarding the benefits of UCB stem cells and facilitate the increase of storage ratios. These long-term perspectives of UCB banking, would also justify the potential acquisitions.

We also anticipate seeing further partnerships, which should contribute to Vita 34's top line growth.

The new product "VitaPlusCord" ["VitaPlusNabelschnur"] will have a significant effect on the Group's revenues and profits in the future.

Short-term: no significant organic growth is expected

Vita 34 intends to take advantage of the market consolidation in Spain and Germany

**Medium term:
Revenue CAGR 10%;
EBITDA margin >20%**

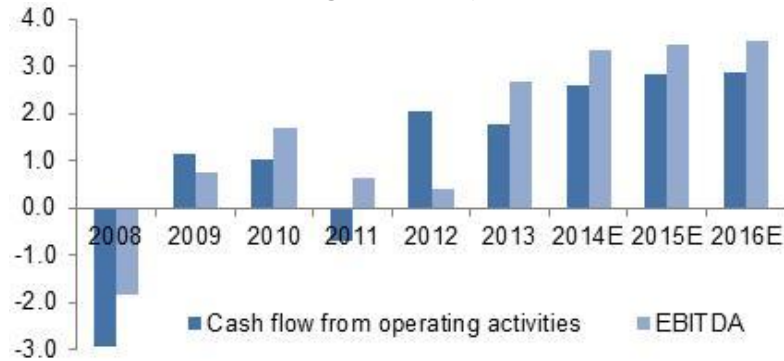
**Long-term growth drivers:
1) R&D advances in stem cells
2) Potentially growing uses of UCB**

Cash flow and balance sheet

Annual fees for UCB storage provide a long-term (25-years contract) stable recurring cash flow from the established customers. The majority of clients decide to pay storage fees in advance. In this case, storage fees are collected from customers in advance are not fully reflected in earnings, but posted in deferred income, which are recognized as income on a straight-line basis over the term of storage.

Majority of customers pay storage fees in advance

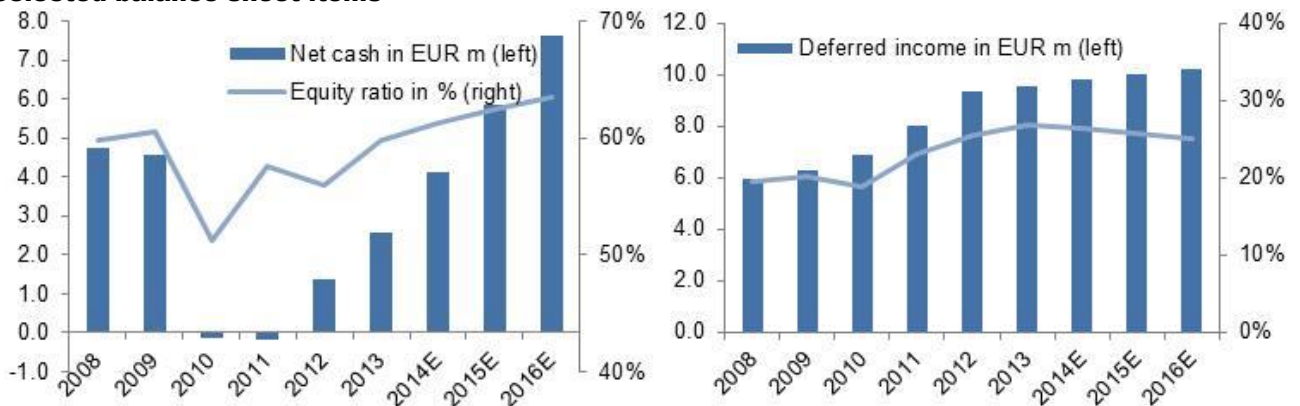
Cash flow from operating activities; EBITDA



Source: Vita 34 AG; CBS Research AG

Deferred income accounts for ~27% of Vita 34’s total assets. Given that the bulk of clients decide for payment in advance, we expect deferred income (both current and non-current) to grow further.

Selected balance sheet items



Source: Vita 34; CBS Research AG

Appendix

Key figures and ratios								
	2009	2010	2011	2012	2013	2014E	2015E	2016E
Valuation multiples and dividend yield								
EV/ Sales (x)	0.9	0.8	0.9	1.0	1.0	1.0	1.0	0.9
EV/ EBITDA (x)	n.m.	8.1	21.5	33.1	5.2	4.1	4.0	3.9
EV/ EBIT (x)	n.m.	18.5	n.m.	n.m.	9.3	6.4	6.2	6.0
P/E (x)	n.m.	28.6	10.7	n.m.	18.4	10.3	9.9	9.6
P/B (Price to book ratio) (x)	0.8	0.8	0.8	0.8	0.7	0.7	0.6	0.6
Per share data (in EUR)								
EPS (Basic earnings per share)	0.23	0.18	0.48	-0.20	0.28	0.50	0.52	0.53
CPS (Operating cash flow per share)	0.43	0.38	-0.26	0.72	0.59	0.85	0.93	0.95
Free cash flow per share	-0.08	-1.33	-0.06	0.40	0.34	0.50	0.57	0.58
Book value/share (ex. non-controlling interest)	7.13	6.98	7.46	7.14	6.97	7.47	7.99	8.53
Growth rates								
Sales (%)	0.9%	12.4%	-5.7%	-15.0%	-0.4%	2.5%	2.4%	2.7%
Gross profit (%)	3.4%	6.7%	-12.6%	-15.0%	0.2%	2.9%	2.4%	2.7%
EBITDA (%)	-140.5%	128.3%	-62.2%	-35.1%	542.0%	25.8%	3.1%	2.7%
EBIT (%)	-107.1%	358.6%	-145.1%	121.5%	-298.0%	45.8%	3.9%	2.9%
Net income (%)	-134.8%	-19.0%	161.3%	-145.9%	-244.7%	81.0%	3.6%	3.0%
Profitability								
Gross margin (%)	67.2%	63.8%	59.1%	59.1%	59.5%	59.7%	59.7%	59.7%
EBITDA margin (%)	4.9%	9.9%	4.0%	3.0%	19.6%	24.1%	24.2%	24.2%
EBIT margin (%)	1.1%	4.4%	-2.1%	-5.5%	10.8%	15.4%	15.6%	15.7%
EBT margin (%)	4.4%	3.9%	-3.1%	-6.3%	9.9%	15.5%	15.7%	15.7%
Net margin (%)	3.9%	2.8%	7.9%	-4.3%	6.2%	10.9%	11.0%	11.1%
ROCE	0.8%	3.5%	-1.5%	-3.3%	6.5%	9.0%	8.7%	8.5%
ROE	3.2%	2.6%	6.5%	-2.9%	4.0%	6.9%	6.7%	6.5%
ROTA	1.9%	1.4%	3.5%	-1.6%	2.3%	4.2%	4.1%	4.1%
Solvency								
Net debt (EUR m)	-4.6	0.1	0.2	-1.4	-2.6	-4.1	-5.8	-7.6
Equity ratio (%)	60.6%	51.3%	57.6%	56.0%	59.8%	61.2%	62.4%	63.5%
Interest coverage ratio (x)	1.0	2.6	-1.3	-3.6	7.2	35.8	37.1	38.2
Fixed Assets/ CAPEX								
Fixed assets turnover ratio (x)	0.9	0.8	0.7	0.5	0.5	0.5	0.6	0.6
CAPEX (EUR m)	-0.7	-5.2	-1.0	-1.0	-0.8	-1.1	-1.2	-1.2
CAPEX/ Depreciation (%)	93.8%	108.2%	66.5%	62.5%	43.4%	44.1%	44.4%	44.6%
CAPEX/ Sales (%)	3.6%	6.0%	4.0%	5.3%	3.8%	3.8%	3.8%	3.8%
Depreciation/ Sales (%)	3.8%	5.6%	6.1%	8.5%	8.8%	8.7%	8.6%	8.5%

Source: Bloomberg; CBS Research AG

Income statement

IFRS EUR m	2008	2009	2010	2011	2012	2013	2014E	2015E	2016E
Revenues	15.0	15.1	17.0	16.0	13.6	13.6	13.9	14.2	14.6
YoY growth	-3.0%	0.9%	12.4%	-5.7%	-15.0%	-0.4%	2.5%	2.4%	2.7%
Cost of sales	-5.1	-5.0	-6.1	-6.5	-5.6	-5.5	-5.6	-5.7	-5.9
as % of sales	34.4%	32.8%	36.2%	40.9%	40.9%	40.5%	40.3%	40.3%	40.3%
Gross profit	9.8	10.1	10.8	9.5	8.0	8.1	8.3	8.5	8.7
as % of sales	65.6%	67.2%	63.8%	59.1%	59.1%	59.5%	59.7%	59.7%	59.7%
Other operating income	0.7	0.6	1.1	0.6	0.7	1.4	1.4	1.4	1.5
as % of sales	4.9%	3.7%	6.6%	3.8%	5.5%	10.2%	10.2%	10.2%	10.2%
Selling expenses	-9.6	-7.6	-7.2	-7.0	-5.8	-4.7	-4.6	-4.7	-4.8
as % of sales	64.4%	50.5%	42.7%	43.6%	42.4%	34.7%	33.3%	33.1%	33.1%
Administrative expenses	-2.9	-2.8	-3.0	-2.9	-3.1	-2.9	-2.8	-2.9	-3.0
as % of sales	19.6%	18.3%	18.0%	18.3%	22.7%	21.4%	20.5%	20.4%	20.4%
Other operating expenses	-0.2	-0.1	-0.9	-0.5	-0.7	-0.4	-0.1	-0.1	-0.1
as % of sales	1.6%	0.9%	5.4%	3.1%	5.0%	2.9%	0.7%	0.7%	0.7%
EBITDA	-1.8	0.7	1.7	0.6	0.4	2.7	3.3	3.4	3.5
as % of sales	-12.2%	4.9%	9.9%	4.0%	3.0%	19.6%	24.1%	24.2%	24.2%
Depreciation and amortisation	-0.4	-0.6	-0.9	-1.0	-1.2	-1.2	-1.2	-1.2	-1.2
as % of sales	3.0%	3.8%	5.6%	6.1%	8.5%	8.8%	8.7%	8.6%	8.5%
EBIT	-2.3	0.2	0.7	-0.3	-0.7	1.5	2.1	2.2	2.3
as % of sales	-15.2%	1.1%	4.4%	-2.1%	-5.5%	10.8%	15.4%	15.6%	15.7%
EBT (Earnings before income taxes)	-2.4	0.7	0.7	-0.5	-0.9	1.3	2.2	2.2	2.3
as % of sales	-15.9%	4.4%	3.9%	-3.1%	-6.3%	9.9%	15.5%	15.7%	15.7%
Income taxes	0.4	-0.1	-0.3	1.7	0.2	-0.6	-0.7	-0.7	-0.7
as % of EBT	17.5%	9.4%	47.6%	340.1%	-28.8%	-41.3%	-32.0%	-32.0%	-32.0%
Net income	-2.0	0.6	0.3	1.2	-0.6	0.8	1.5	1.5	1.6
as % of sales	-13.1%	3.9%	2.1%	7.4%	-4.5%	5.8%	10.6%	10.7%	10.7%
Thereof:									
Non controlling interests	0.0	0.0	-0.1	-0.1	0.0	-0.1	-0.1	-0.1	-0.1
Earnings attributable to shareholders	-2.0	0.6	0.5	1.3	-0.6	0.8	1.5	1.6	1.6
as % of sales	-13.1%	3.9%	2.8%	7.9%	-4.3%	6.2%	10.9%	11.0%	11.1%
EPS									
Basic EPS in EUR	-0.64	0.23	0.18	0.48	-0.20	0.28	0.50	0.52	0.53
Diluted EPS in EUR	-0.74	0.23	0.18	0.48	-0.20	0.28	0.50	0.52	0.53

Source: Vita 34 AG, CBS Research AG

Balance sheet

IFRS EUR m	2008	2009	2010	2011	2012	2013	2014E	2015E	2016E
Assets									
Non-current assets	19.8	19.4	26.5	27.1	28.4	27.3	27.2	27.2	27.1
% of total assets	65.2%	62.2%	72.4%	77.9%	77.7%	76.6%	73.3%	69.8%	66.6%
Intangible assets	12.8	12.7	20.4	20.1	21.4	21.1	20.9	20.6	20.5
PPE	3.1	3.3	3.8	4.2	4.5	4.8	4.9	5.1	5.2
Investments	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other financial assets	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Deferred tax assets	0.7	0.7	0.0	0.7	0.7	0.0	0.0	0.0	0.0
Non-current trade receivables	2.0	1.8	1.7	1.7	1.4	1.2	1.2	1.2	1.2
Restricted cash	1.1	0.7	0.5	0.4	0.3	0.2	0.2	0.2	0.2
Other long term assets	3.9	3.4	2.3	2.8	2.5	1.4	1.4	1.4	1.4
Current assets	10.6	11.8	10.1	7.7	8.2	8.3	9.9	11.7	13.6
% of total assets	0.3	37.8%	27.6%	22.1%	22.3%	23.4%	26.7%	30.2%	33.4%
Inventories	0.6	0.6	0.6	0.5	0.6	0.6	0.6	0.6	0.6
Trade receivables	1.6	2.3	2.9	2.7	2.7	2.8	2.8	2.8	2.9
Other receivables and assets	1.1	0.8	1.4	1.4	1.4	2.1	2.1	2.1	2.1
Short-term investments	0.9	2.0	1.5	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents	6.4	6.1	3.7	3.0	3.5	2.9	4.5	6.2	8.0
Total assets	30.3	31.2	36.7	34.7	36.6	35.6	37.2	38.9	40.7
Shareholders' equity and liabilities									
Shareholders' equity	18.1	18.9	18.8	20.0	20.5	21.3	22.8	24.3	25.8
as % of total equity and liabilities	59.7%	60.6%	51.3%	57.6%	56.0%	59.8%	61.2%	62.4%	63.5%
Equity of shareholder's of Vita 34	18.1	18.9	18.5	19.7	20.3	21.1	22.6	24.2	25.8
Non-controlling interest	0.0	0.0	0.3	0.3	0.2	0.2	0.1	0.1	0.0
Non-current liabilities and provisions	8.6	8.8	10.4	10.5	10.5	10.4	10.4	10.5	10.6
as % of total equity and liabilities	28.3%	28.2%	28.4%	30.4%	28.7%	29.1%	28.1%	27.0%	26.0%
Interest bearing loans	1.5	1.4	1.8	1.8	0.3	0.2	0.2	0.2	0.2
Deferred income	5.4	5.6	5.8	6.8	8.0	8.2	8.3	8.3	8.4
Other non-current liabilities	1.7	1.8	2.8	1.9	2.2	2.0	2.0	2.0	2.0
Current liabilities and provisions	3.6	3.5	7.5	4.2	5.6	4.0	4.0	4.1	4.2
as % of total equity and liabilities	11.9%	11.2%	20.3%	12.1%	15.3%	11.1%	10.7%	10.6%	10.4%
Deferred income	0.5	0.6	1.1	1.2	1.4	1.4	1.6	1.7	1.8
Trade payables	1.1	0.8	0.9	0.6	1.2	1.1	1.1	1.1	1.1
Interest bearing loans	0.1	0.1	2.1	1.4	1.8	0.1	0.1	0.1	0.1
Other current liabilities	1.9	1.9	3.4	1.0	1.3	1.3	1.2	1.2	1.2
Total equity and liabilities	30.3	31.2	36.7	34.7	36.6	35.6	37.2	38.9	40.7

Source: Vita 34 AG; CBS Research AG;

Cash flow statement

IFRS EUR m	2008	2009	2010	2011	2012	2013	2014E	2015E	2016E
EBT	-2.4	0.7	0.7	-0.5	-0.9	1.3	2.2	2.2	2.3
Depreciation and amortization	0.4	0.6	0.9	1.0	1.2	1.2	1.2	1.2	1.2
Gains/losses on the disposal of non-current assets	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Other non-cash expenses /income	-0.1	-0.1	-0.1	0.1	0.0	-0.1	0.0	0.0	0.0
Share-based payments expense	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Finance revenue	-0.5	-0.7	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Finance costs	0.6	0.2	0.3	0.3	0.2	0.2	0.1	0.1	0.1
Increase/decrease in receivables and other assets	-0.8	-0.2	-0.2	0.3	0.5	-0.5	0.0	-0.1	-0.1
Increase/ decrease in inventories	0.0	0.0	-0.1	0.1	0.0	0.1	-0.1	0.0	0.0
Increase/decrease in liabilities	-0.2	0.1	-0.2	-2.7	0.1	-0.1	0.0	0.0	0.0
Increase/decrease in provisions	-0.2	0.3	-0.3	0.0	0.2	-0.4	-0.1	0.0	0.0
Increase/decrease in deferred income	0.3	0.3	0.3	1.1	1.3	0.2	0.2	0.2	0.2
Interest paid	-0.2	-0.2	-0.3	-0.2	-0.2	-0.1	-0.1	-0.1	-0.1
Income taxes paid	0.0	0.0	0.0	0.0	-0.2	0.0	-0.7	-0.7	-0.7
Cash flow from/ used in operating activities	-2.9	1.1	1.0	-0.7	2.0	1.8	2.6	2.8	2.9
Cash flow from investing activities	0.3	-1.4	-4.5	0.5	-0.9	-0.8	-1.1	-1.1	-1.1
Cash flow from financing activities	0.0	-0.1	1.0	-0.3	-0.8	-1.6	0.0	0.0	0.0
Changes in consolidation scope	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0
Net cash for the period	-2.6	-0.3	-2.6	-0.5	0.5	-0.6	1.5	1.7	1.8
Cash and cash equivalents, beginning of year	9.0	6.4	6.0	3.5	3.0	3.5	2.9	4.4	6.2
Cash and cash equivalents at year's end	6.4	6.0	3.5	3.0	3.5	2.9	4.4	6.2	8.0

Source: Vita 34 AG; CBS Research AG;

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