

17 November 2022

Veganz Group AG

Rating Buy
Share price (EUR) 17.30
Target price (EUR) 30.00
 Bloomberg VEZ GY
 Sector Consumer Goods

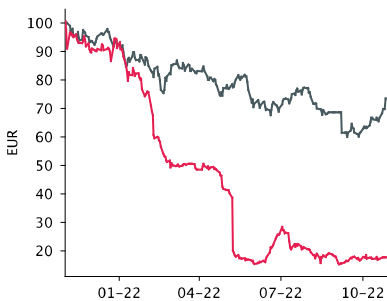
Share data

Shares out (m) 1.2
 Daily volume shs (m) 0.0
 Free float (%) 0.51
 Market cap (EUR m) 21
 EV (EUR m) 19
 DPS (EUR) 0.00
 Dividend yield (%) 0.0
 Payout ratio (%) 0.0

Performance

ytd (%) -81.0
 12 months (%) -82.9
 12 months rel. (%) -55.3
 Index SDAX

Share price performance



— Veganz Group AG
 — Price rel. to SDAX - Price Index

Source: Bloomberg

Next triggers

28 November: Equity Forum

Analysts

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Macro environment hits Veganz

As in H1-22, high inflation and a weak economic environment led to a reluctance to buy premium products. As a result Veganz' sales decreased to EUR 17.1m (9M-21: EUR 22.6m). However, this is no major surprise. We therefore leave estimates and TP unchanged and confirm our Buy recommendation.

9M-22 overview: Missing discount business, while food service is growing

Persistent economic weakness and high inflation led to reduced sales of vegan premium products. These developments made the new listing of Veganz products and the planning of promotional activities in the discount sector difficult during the 9M-22 period. As a result sales of Veganz Group AG decreased to EUR 17.1m (9M-21: EUR 22.6m). Food retail accounted again for the largest share of sales at 67% (9M-21: 62%), with drugstores at 25% (9M-21: 24%). With a sales share of 7% (9M-21: 0%), the food service distribution channel achieved strong growth. Veganz' discount business in Germany, in which it does not yet have any fixed listings, continued to suffer disproportionately with a share of sales of 1% (9M-21: 14%). However, the company started initial test promotions with ALDI France in Q3-22 which have been encouraging.

The sales decline led to a reduced EBITDA of EUR -8.7m (9M-21: EUR - 4.6m) while net loss came in at EUR 9.9m (9M-21: net loss of EUR 6.2m). The net liquidity (cash in hand and bank balances minus EUR 10m bond and minus EUR 2m crowd funding) stood at EUR 4.1m (EUR 16.2m as of 31 December 2021).

Besides its first production facility in Berlin (production of cashew based camembert "Cashewbert") Veganz has built up another two temporary production sites in Neubrandenburg (sustainable algae-based fish alternative "Räucherlaxs") and in Spielberg, Austria where the "Cashewbert" is produced too, as demand exceeded the capacities in Berlin.

FY 2022 guidance confirmed, securing liquidity has top priority

Veganz confirmed its FY 2022 guidance: significant decrease in sales and a slight yoy decrease in EBITDA. The company has extended the initiatives to stabilize liquidity (next page). We leave our estimates and TP unchanged and confirm our Buy recommendation.

Key figures		2020	2021	2022e	2023e	2024e
Sales	EUR m	27	30	24	27	33
EBITDA	EUR m	-3	-10	-12	-6	-2
EBIT	EUR m	-4	-11	-13	-8	-3
EPS	EUR	-4.04	-10.88	-10.52	-7.21	-3.80
Sales growth	%	12.1	13.6	-20.9	12.0	22.6
EBIT growth	%	n.m.	n.m.	n.m.	n.m.	n.m.
EPS growth	%	n.m.	n.m.	n.m.	n.m.	n.m.
EBITDA margin	%	-12.1	-32.2	-49.0	-24.1	-6.0
EBIT margin	%	-16.0	-35.5	-53.2	-27.8	-9.1
Net margin	%	-18.4	-43.8	-53.4	-32.7	-14.1
EV/Sales	ratio	0.99	0.08	0.78	1.36	1.22
EV/EBITDA	ratio	-8.2	-0.2	-1.6	-5.7	-20.2
EV/EBIT	ratio	-6.2	-0.2	-1.5	-4.9	-13.4
P/E	ratio	n.a.	-8.5	-1.6	-2.4	-4.5
P/BV	ratio	n.a.	4.2	1.5	3.9	30.3
Dividend yield	%	n.a.	0.0	0.0	0.0	0.0

Source: Bloomberg, Company data, Quirin Privatbank estimates

Veganz' extended initiatives

- ◆ **Adapted in-house production**
Investments for the construction of the planned Veganz Food Factory at Werder (Havel) were stopped. While steadily expanding its smaller, temporary facilities for the in-house production of meat, fish, cheese and egg alternatives, Veganz is in negotiations for a suitable location in the German state of Brandenburg in order to implement the completed production planning for the Veganz Food Factory there on new terms.
- ◆ **Downsizing of field sales force**
The number of field sales staff was 34 on 30 September 2022 (prior year: 47) and will gradually decrease to approximately 20 employees by April 2023.
- ◆ **Focusing of marketing activities and cost sensitivity**
Marketing activities were essentially reduced to targeted online marketing measures to reach the defined core target group. Extensive campaigns with high scattering effect were suspended.
- ◆ **Cost reduction and efficiency improvement program started**
To identify further optimization potential, Veganz has also set up a cost reduction and efficiency improvement program. Necessary improvements in company-wide structures and processes, as well as measures to increase profitability and competitiveness are to be implemented.
- ◆ **Closure of own stores (Veganz Retail Berlin GmbH & Co. KG)**
Veganz has therefore decided to reduce the store business of Veganz Retail Berlin GmbH & Co. KG: of the three existing Veganz stores in Berlin, two will be closed by the beginning of 2023. Only the branch at the headquarters in Warschauer Strasse, which continues to be well frequented, will remain.

Profit & loss statement

Profit & loss statement (EUR m)	2020	YOY	2021	YOY	2022e	YOY	2023e	YOY	2024e	YOY
Sales	26.8	n.m.	30.4	13.6 %	24.1	-20.9 %	27.0	12.0 %	33.0	22.6 %
Unfinished Goods	0.0		0.0		0.0		0.0		0.0	
Other own work capitalized	0.0		0.0		0.6		0.6		0.6	
Other operating earnings	0.5		0.2		0.3		0.2		0.2	
Cost of goods	18.8		21.1		16.3		17.8		20.9	
Gross profit	8.5		9.6		8.6		9.9		12.9	
Personnel expenses	2.9		3.4		2.7		3.0		3.7	
Depreciation	1.0		1.0		1.0		1.0		1.0	
Other operating expenses	8.8		15.9		17.7		13.3		11.2	
EBITDA	-3.2	n.m.	-9.8	n.m.	-11.8	n.m.	-6.5	n.m.	-2.0	n.m.
EBITDA margin (%)	-12.08		-32.19		-48.96		-24.08		-6.04	
EBIT	-4.3	n.m.	-10.8	n.m.	-12.8	n.m.	-7.5	n.m.	-3.0	n.m.
EBIT margin (%)	-15.96		-35.53		-53.17		-27.82		-9.08	
Net interest	-0.9		-2.8		-1.3		-3.0		-3.0	
Income from Participations	0.0		0.0		0.0		0.0		0.0	
Net financial result	-0.9		-2.8		-1.3		-3.0		-3.0	
Exceptional items	0.0		0.0		0.0		0.0		0.0	
Pretax profit	-5.1	n.m.	-13.6	n.m.	-14.1	n.m.	-10.5	n.m.	-6.0	n.m.
Pretax margin (%)	-19.19		-44.63		-58.69		-38.91		-18.28	
Taxes	-0.2		-0.3		-1.3		-1.7		-1.4	
Tax rate (%)	3.86		1.92		8.94		15.96		22.98	
Earnings after taxes	-4.9		-13.3		-12.9		-8.8		-4.7	
Minorities	0.0		0.0		0.0		0.0		0.0	
Group attributable income	-4.9	n.m.	-13.3	n.m.	-12.9	n.m.	-8.8	n.m.	-4.7	n.m.
No. of shares (m)	1.2		1.2		1.2		1.2		1.2	
Earnings per share (EUR)	-4.04	n.m.	-10.88	n.m.	-10.52	n.m.	-7.21	n.m.	-3.80	n.m.

Source: Company data, Quirin Privatbank estimates

Balance sheet

Balance sheet (EUR m)	2020	YOY	2021	YOY	2022e	YOY	2023e	YOY	2024e	YOY
Assets										
Cash and cash equivalents	0.1		28.7		12.2		0.3		0.3	
Accounts receivables	2.1		3.5		3.8		4.2		5.2	
Inventories	2.1		2.8		3.2		3.6		4.4	
Other current assets	2.0		2.5		2.5		2.5		2.5	
Tax claims	0.0		0.0		0.0		0.0		0.0	
Total current assets	6.4	n.m.	37.6	485.7 %	21.8	-41.9 %	10.7	-50.9 %	12.5	17.1 %
Fixed assets	0.4		0.8		0.8		11.4		12.1	
Goodwill	0.0		0.0		0.0		0.0		0.0	
Other intangible assets	12.6		11.6		11.6		10.6		9.6	
Financial assets	0.8		0.8		0.8		0.8		0.8	
Deferred taxes	0.0		0.0		0.0		0.0		0.0	
Other fixed assets	4.7		0.0		0.0		0.0		0.0	
Total fixed assets	18.5	n.m.	13.1	-28.9 %	13.1	-0.1 %	22.7	73.0 %	22.5	-0.9 %
Total assets	24.9	n.m.	50.7	103.7 %	35.0	-31.1 %	33.4	-4.3 %	35.1	4.9 %
Equity & Liabilities										
Subscribed capital	0.7		1.2		1.2		1.2		1.2	
Reserves & other	3.8		48.3		48.3		48.3		48.3	
Revenue reserves	-4.4		-22.5		-35.4		-44.2		-48.8	
Accumulated other comprehensive	0.0		0.0		0.0		0.0		0.0	
Shareholder's equity	0.0	n.m.	27.0	-	14.2	-47.6 %	5.3	-62.3 %	0.7	-87.1 %
Minorities	0.0		0.0		0.0		0.0		0.0	
Shareholder's equity incl. minorities	0.0	n.m.	27.0	-	14.2	-47.6 %	5.3	-62.3 %	0.7	-87.1 %
Long-term liabilities										
Pension provisions	0.0		0.0		0.0		0.0		0.0	
Financial liabilities	3.4		10.0		10.0		10.0		10.0	
Tax liabilities	3.5		3.3		2.6		2.9		3.5	
Other liabilities	3.9		2.7		2.1		2.4		2.9	
Total long-term debt	10.8	39.5 %	15.9	47.4 %	14.7	-7.8 %	15.3	3.8 %	16.5	7.8 %
Short-term debt										
Other provisions	1.3		2.8		2.3		2.5		3.1	
Trade payables	6.7		4.7		3.7		4.2		5.1	
Financial debt	2.1		0.0		0.0		6.0		9.6	
Other liabilities	4.0		0.1		0.1		0.1		0.1	
Total short-term debt	14.1	9.6 %	7.8	-45.0 %	6.1	-21.3 %	12.8	110.5 %	17.9	39.7 %
Total equity & liabilities	24.9	19.7 %	50.7	103.7 %	35.0	-31.1 %	33.4	-4.3 %	35.1	4.9 %

Source: Company data, Quirin Privatbank estimates

Financial key ratios

Key ratios	2020	2021	2022e	2023e	2024e
Per share data (EUR)					
EPS	-4.04	-10.88	-10.52	-7.21	-3.80
Book value per share	0.0	22.1	11.6	4.4	0.6
Free cash flow per share	-2.4	-10.8	-10.6	-5.1	-2.0
Dividend per share	0.00	0.00	0.00	0.00	0.00
Valuation ratios					
EV/Sales	0.99	0.08	0.78	1.36	1.22
EV/EBITDA	-8.2	-0.2	-1.6	-5.7	-20.2
EV/EBIT	-6.2	-0.2	-1.5	-4.9	-13.4
P/E	n.a.	-8.5	-1.6	-2.4	-4.5
P/B	n.a.	4.2	1.5	3.9	30.3
Dividend yield (%)	n.a.	0.0	0.0	0.0	0.0
Growth					
Sales growth (%)	12.1	13.6	-20.9	12.0	22.6
Profitability ratios					
EBITDA margin (%)	-12.1	-32.2	-49.0	-24.1	-6.0
EBIT margin (%)	-16.0	-35.5	-53.2	-27.8	-9.1
Net margin (%)	-18.4	-43.8	-53.4	-32.7	-14.1
ROCE (%)	-39.5	-25.2	-44.3	-36.4	-17.5
Financial ratios					
Total equity (EUR m)	0.0	27.0	14.2	5.3	0.7
Equity ratio (%)	0.0	53.3	40.5	16.0	2.0
Net financial debt (EUR m)	5.4	-18.6	-2.2	15.7	19.2
Net debt/Equity	0.0	0.5	0.4	0.2	0.0
Interest cover	-4.9	-3.6	-8.5	-2.5	-1.0
Net debt/EBITDA	-1.7	1.9	0.2	-2.4	-9.6
Payout ratio (%)	0.0	0.0	0.0	0.0	0.0
Working Capital (EUR m)	-7.7	29.8	15.7	-2.1	-5.4
Working capital/Sales	-0.29	0.98	0.65	-0.08	-0.16

Source: Company data, Quirin Privatbank estimates

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HOLD <=-10% and < = +10%

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Price and Rating History (last 12 months)

Date	Price target-EUR	Rating	Initiation
17.11.2022	30.00	Buy	
30.09.2022	30.00	Buy	
09.06.2022	50.00	Buy	
01.03.2022	117.00	Buy	
14.01.2022	130.00	Buy	14.01.2022

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