

25 May 2023

Veganz Group AG

Rating Buy
Share price (EUR) 10.50
Target price (EUR) 20.00

Bloomberg VEZ GY
Sector Consumer Goods

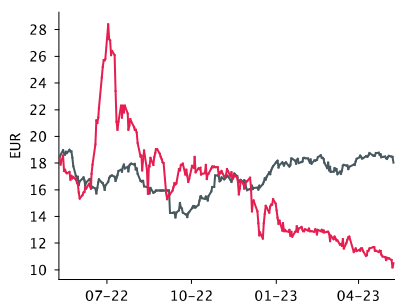
Share data

Shares out (m) 1.2
Daily volume shs (m) 0.0
Free float (%) 0.51
Market cap (EUR m) 14
EV (EUR m) 20
DPS (EUR) 0.00
Dividend yield (%) 0.0
Payout ratio (%) 0.0

Performance

ytd (%) -14.1
12 months (%) -74.2
12 months rel. (%) -80.9
Index SDAX

Share price performance



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

Source: Bloomberg

Next triggers

06 July 2023: AGM
14 September 2023: H2-Report

Analysts

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Still headwind from the macro side

In Q1-23 economic weakness and high inflation led to a buying restraint that resulted in a sales decline for Veganz. However, its cost reduction and efficiency program led to an improvement of earnings. We leave our estimates and the EUR 20.00 TP unchanged and confirm the Buy recommendation.

Q1-23 at a glance

In the first quarter sales dropped from EUR 6.3m (Q1-22) to EUR 5.1m, mainly a result of the macroeconomic situation but also discontinuation and delisting of individual products with low margins. Food retail remained the most important source of sales and accounted for the largest share with 61% (Q1-22: 70%). The drugstore business contributed with 30% (Q1-22: 25%). Compared to the same period last year without promotional business, the German discount business showed a recovery of sales with a share of 7% in Q1-23 (prior year: no sales). The food service sales channel accounted for a 2% share of sales compared to 5% last year which benefitted from promotional business.

Despite sales decline, major earnings figures improved: Gross margin climbed from 29.5% (Q1-22) to 33.3%, mainly a result of an improved product mix. Especially due to reduced marketing costs, EBITDA improved to EUR -1.1m in Q1-23, compared to EUR -1.9m one year ago. In the first three months net debt amounted to EUR -1.6m (Q4-22: net cash of EUR 0.5m). Hence the quarterly cash reduction decreased to EUR ~2m compared to EUR ~3m in the past business year. This figure includes long-term financial liabilities (EUR 10m bond maturing in February 2025 and EUR 2m crowdfunding redeemable in December 2023).

In its new production facility in Ludwigsfelde (Brandenburg), which was taken over on 1 February 2023, Veganz will produce the new, innovative plant-based milk alternatives ("Mililk") using the patented 2D printing process as well as plant-based meat alternatives on a pea basis ("Textured Vegetable Protein", TVP) in H2-23. The around 3,000-square-metre production facility was newly built in FY 2022. According to CEO Jan Bredack no capex is basically necessary as machinery is being leased. He also added that he receives many requests for the "Mililk" product. He mentioned cost cutting initiatives to become more visible over the next months.

FY 2023 outlook confirmed

Veganz confirmed its FY2023 guidance: sales roughly at the previous year's level and EBITDA improvement compared to last year (EUR -12.3m) as a result of efficiency improvements and rising in-house production.

Key figures		2021	2022	2023e	2024e	2025e
Sales	EUR m	30	24	24	27	36
EBITDA	EUR m	-10	-12	-6	-2	4
EBIT	EUR m	-11	-13	-8	-3	3
EPS	EUR	-10.88	-9.02	-5.58	-2.41	0.89
Sales growth	%	13.6	-22.4	3.1	11.1	33.7
EBITDA margin	%	-32.2	-51.6	-26.6	-7.3	9.7
EBIT margin	%	-35.5	-56.0	-30.8	-11.1	6.9
Net margin	%	-43.8	-46.7	-28.0	-10.9	3.0
EV/Sales	ratio	-0.10	0.56	0.83	0.85	0.57
EV/EBITDA	ratio	0.3	-1.1	-3.1	-11.6	5.9
EV/EBIT	ratio	0.3	-1.0	-2.7	-7.7	8.2
P/E	ratio	-8.5	-3.9	-2.0	-4.7	12.8
P/BV	ratio	4.2	2.7	1.5	2.2	1.9
Dividend yield	%	0.0	0.0	0.0	0.0	0.0

Source: Bloomberg, Company data, Quirin Privatbank estimates

Profit & loss statement

Profit & loss statement (EUR m)	2021	YOY	2022	YOY	2023e	YOY	2024e	YOY	2025e	YOY
Sales	30.4	13.6 %	23.6	-22.4 %	24.3	3.1 %	27.0	11.1 %	36.2	33.7 %
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	0.2		0.7		0.5		0.3		0.1	
Cost of goods	21.1		16.0		16.5		18.3		24.4	
Gross profit	9.6		8.4		8.9		9.6		12.3	
Personnel expenses	3.4		4.9		5.1		5.7		7.6	
Depreciation	1.0		1.0		1.0		1.0		1.0	
Other operating expenses	15.9		15.6		10.3		5.9		1.3	
EBITDA	-9.8	n.m.	-12.2	n.m.	-6.5	n.m.	-2.0	n.m.	3.5	n.m.
EBITDA margin (%)	-32.19		-51.62		-26.61		-7.34		9.70	
EBIT	-10.8	n.m.	-13.2	n.m.	-7.5	n.m.	-3.0	n.m.	2.5	n.m.
EBIT margin (%)	-35.53		-55.98		-30.81		-11.09		6.91	
Net interest	-2.8		-1.0		-1.0		-1.0		-1.0	
Income from Participations	0.0		0.0		0.0		0.0		0.0	
Net financial result	-2.8		-1.0		-1.0		-1.0		-1.0	
Exceptional items	0.0		0.0		0.0		0.0		0.0	
Pretax profit	-13.6	n.m.	-14.2	n.m.	-8.5	n.m.	-4.0	n.m.	1.5	n.m.
Pretax margin (%)	-44.63		-60.27		-35.00		-14.75		4.18	
Taxes	-0.3		-3.2		-1.7		-1.0		0.4	
Tax rate (%)	1.92		22.49		19.87		26.24		28.12	
Earnings after taxes	-13.3		-11.0		-6.8		-2.9		1.1	
Minorities	0.0		0.0		0.0		0.0		0.0	
Group attributable income	-13.3	n.m.	-11.0	n.m.	-6.8	n.m.	-2.9	n.m.	1.1	n.m.
No. of shares (m)	1.2		1.2		1.2		1.2		1.2	
Earnings per share (EUR)	-10.88	n.m.	-9.02	n.m.	-5.58	n.m.	-2.41	n.m.	0.89	n.m.

Source: Company data, Quirin Privatbank estimates

Balance sheet

Balance sheet (EUR m)	2021	YOY	2022	YOY	2023e	YOY	2024e	YOY	2025e	YOY
Assets										
Cash and cash equivalents	28.7		12.3		5.3		2.5		4.9	
Accounts receivables	3.5		2.5		2.6		2.9		3.8	
Inventories	2.8		2.3		2.4		2.7		3.6	
Other current assets	2.5		3.1		3.1		3.1		3.1	
Tax claims	0.0		0.0		0.0		0.0		0.0	
Total current assets	37.6	485.7 %	20.8	-44.7 %	13.8	-33.4 %	11.6	-16.0 %	15.9	36.7 %
Fixed assets	0.8		2.2		3.6		4.8		5.9	
Goodwill	0.0		0.0		0.0		0.0		0.0	
Other intangible assets	11.6		10.7		9.7		8.7		7.7	
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	0.0		0.0		0.0		0.0		0.0	
Total fixed assets	13.1	-28.9 %	13.7	3.9 %	14.0	2.7 %	14.3	1.8 %	14.4	0.9 %
Total assets	50.7	103.7 %	34.4	-32.1 %	27.9	-19.1 %	25.9	-7.0 %	30.3	17.0 %
Equity & Liabilities										
Subscribed capital	1.2		1.2		1.2		1.2		1.2	
Reserves & other	48.3		48.3		48.3		48.3		48.3	
Revenue reserves	-22.5		-33.5		-40.4		-43.3		-42.2	
Accumulated other comprehensive	0.0		0.0		0.0		0.0		0.0	
Shareholder's equity	27.0	-	16.0	-40.8 %	9.2	-42.7 %	6.2	-32.1 %	7.3	17.4 %
Minorities	0.0		0.0		0.0		0.0		0.0	
Shareholder's equity incl. minorities	27.0	-	16.0	-40.8 %	9.2	-42.7 %	6.2	-32.1 %	7.3	17.4 %
Long-term liabilities										
Pension provisions	0.0		0.0		0.0		0.0		0.0	
Financial liabilities	10.0		9.9		9.9		9.9		9.9	
Tax liabilities	3.3		0.0		0.0		0.0		0.0	
Other liabilities	2.7		2.4		2.5		2.7		3.7	
Total long-term debt	15.9	47.4 %	12.2	-23.2 %	12.3	0.6 %	12.6	2.2 %	13.5	7.3 %
Short-term debt										
Other provisions	2.8		2.7		2.8		3.1		4.1	
Trade payables	4.7		3.5		3.6		4.0		5.3	
Financial debt	0.0		0.0		0.0		0.0		0.0	
Other liabilities	0.1		0.0		0.0		0.0		0.0	
Total short-term debt	7.8	-45.0 %	6.2	-20.3 %	6.4	3.1 %	7.1	11.1 %	9.5	33.7 %
Total equity & liabilities	50.7	103.7 %	34.4	-32.1 %	27.9	-19.1 %	25.9	-7.0 %	30.3	17.0 %

Source: Company data, Quirin Privatbank estimates

Financial key ratios

Key ratios	2021	2022	2023e	2024e	2025e
Per share data (EUR)					
EPS	-10.88	-9.02	-5.58	-2.41	0.89
Book value per share	22.1	13.1	7.5	5.1	6.0
Free cash flow per share	-10.8	-10.8	-3.4	-0.8	0.9
Dividend per share	0.00	0.00	0.00	0.00	0.00
Valuation ratios					
EV/Sales	-0.10	0.56	0.83	0.85	0.57
EV/EBITDA	0.3	-1.1	-3.1	-11.6	5.9
EV/EBIT	0.3	-1.0	-2.7	-7.7	8.2
P/E	-8.5	-3.9	-2.0	-4.7	12.8
P/B	4.2	2.7	1.5	2.2	1.9
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Growth					
Sales growth (%)	13.6	-22.4	3.1	11.1	33.7
Profitability ratios					
EBITDA margin (%)	-32.2	-51.6	-26.6	-7.3	9.7
EBIT margin (%)	-35.5	-56.0	-30.8	-11.1	6.9
Net margin (%)	-43.8	-46.7	-28.0	-10.9	3.0
ROCE (%)	-25.2	-46.8	-34.9	-15.9	12.0
Financial ratios					
Total equity (EUR m)	27.0	16.0	9.2	6.2	7.3
Equity ratio (%)	53.3	46.5	32.9	24.0	24.1
Net financial debt (EUR m)	-18.6	-2.5	4.6	7.4	5.0
Net debt/Equity	0.5	0.5	0.3	0.2	0.2
Interest cover	-3.6	-12.8	-7.3	-3.0	2.5
Net debt/EBITDA	1.9	0.2	-0.7	-3.7	1.4
Payout ratio (%)	0.0	0.0	0.0	0.0	0.0
Working Capital (EUR m)	29.8	14.6	7.5	4.5	6.4
Working capital/Sales	0.98	0.62	0.31	0.17	0.18

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
25.05.2023	20.00	Buy	
22.03.2023	20.00	Buy	
17.11.2022	30.00	Buy	
30.09.2022	30.00	Buy	
09.06.2022	50.00	Buy	14.01.2022

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Competent supervisory authority

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