

2 October 2023

Veganz Group AG

Rating Buy
Share price (EUR) 24.30
Target price (EUR) 70.00

Bloomberg VEZ GY
 Sector Consumer Goods

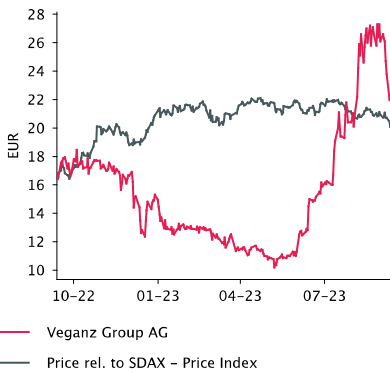
Share data

Shares out (m) 1.2
 Daily volume shs (m) 0.0
 Free float (%) 0.51
 Market cap (EUR m) 33
 EV (EUR m) 20
 DPS (EUR) 0.00
 Dividend yield (%) 0.0
 Payout ratio (%) 0.0

Performance

ytd (%) 69.5
 12 months (%) 31.5
 12 months rel. (%) 12.4
 Index SDAX

Share price performance



Source: Bloomberg

Next triggers

15 November 2023: 9M Report

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H1-23: Focus remains on profitability

Despite a sales decline, Veganz was able to improve its earnings figures in the first half of FY 2023. The company confirmed its full year guidance. We leave estimates and TP unchanged and confirm our Buy recommendation.

H1-23 at a glance

Sales of Veganz amounted to EUR 9.1m in H1-23 (prior year: EUR 11.5m). This decline reflects the company's decision to streamline its product range and optimize its customer base with the aim of improving profitability. This led to the delisting of selected products and the withdrawal of entire product categories (including vegetarian frozen pizza), as well as an optimization of the customer portfolio. However, on the basis of a comparable portfolio, sales increased 5% vs. H1-22. As a result of the initiatives, its gross profit margin increased to 33.8% in H1-23 (prior year: 28.1%). In addition, strongly reduced marketing and sales expenses of EUR 2.3m (H1-22: EUR 4.9m) were realized. Therefore significant improvements in EBITDA and EBIT to EUR -3.1m (prior year: EUR -5.8m) and EUR -3.8m (prior year: EUR -6.3m), respectively could be achieved. The net loss for the period was EUR 4.2m (prior year: net loss of EUR 6.8). Net liquidity and its equity ratio as of 30 June 2023 came in at EUR-2.7m (prior year: EUR 0.4m) and 40.6% (prior year:46.5%), respectively. The cash reduction in Q2-23 just amounted to EUR ~1.1m, much smaller than the EUR ~3m seen in FY 2022 on a quarterly basis. In the 6M-23 period, Veganz began operations at its new facility in Ludwigsfelde and launched production of its new and innovative plant-based milk alternatives, Mililk®, using the patented 2D printing process. In the second half of the year, production capacities for Mililk® will be expanded and at the end of the year the production line for plant-based meat alternatives using peas (Textured Vegetable Protein, TVP) will go into operation. According to Veganz there is high demand for both products produced at the new site in Ludwigsfelde and the production capacities created for Mililk® in particular have already been exhausted.

Outlook FY 2023 and 2024

Following Veganz' cost cutting program, improvement of its product portfolio, and the expansion of its in-house production with the start-up of manufacturing at its Ludwigsfelde facility, the company continues to expect a significant yoy improvement in EBITDA (FY 2022: EUR -12.3m) in FY 2023. Based on the reduced cost structures and the launch and ramp-up of in-house production of its own products Mililk®, Cashewbert®, Bluebert® and meat and fish alternatives, Veganz plans to raise sales compared to FY 2023 and achieve a further improvement in profitability in FY 2024. For the time being, we leave our cautious estimates for FY 2024 et seqq. unchanged.

Key figures		2021	2022	2023e	2024e	2025e
Sales	EUR m	30	24	24	27	36
EBITDA	EUR m	-10	-12	-6	-2	2
EBIT	EUR m	-11	-13	-8	-3	1
EPS	EUR	-10.88	-9.02	-5.58	-2.41	-0.29
Sales growth	%	13.6	-22.4	3.1	11.1	33.7
EBITDA margin	%	-32.2	-51.6	-26.6	-7.3	4.2
EBIT margin	%	-35.5	-56.0	-30.8	-11.1	1.4
Net margin	%	-43.8	-46.7	-28.0	-10.9	-1.0
EV/Sales	ratio	-0.10	0.56	0.83	0.85	0.61
EV/EBITDA	ratio	0.3	-1.1	-3.1	-11.6	14.6
EV/EBIT	ratio	0.3	-1.0	-2.7	-7.7	44.1
P/BV	ratio	4.2	2.7	3.5	5.2	5.5
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		0.2	
Cost of goods	21.1		16.0		16.5		18.3		24.4	
Gross profit	9.6		8.4		8.9		9.6		12.4	
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		3.4	
EBITDA	-9.8	n.m.	-12.2	n.m.	-6.5	n.m.	-2.0	n.m.	1.5	n.m.
EBITDA margin (%)	-32.19		-51.62		-26.61		-7.34		4.17	
EBIT	-10.8	n.m.	-13.2	n.m.	-7.5	n.m.	-3.0	n.m.	0.5	n.m.
EBIT margin (%)	-35.53		-55.98		-30.81		-11.09		1.38	
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.	-0.5	n.m.
Pretax margin (%)	-44.63		-60.27		-35.00		-14.75		-1.36	
Taxes	-0.3		-3.2		-1.7		-1.0		-0.1	
Tax rate (%)	1.92		22.49		19.87		26.24		28.12	
Earnings after taxes	-13.3		-11.0		-6.8		-2.9		-0.4	
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.	-0.4	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.	-0.29	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		3.5	
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 %	14.5	24.4 %
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 %	28.9	11.4 %
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		-43.6	
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 %	5.9	-5.7 %
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 %	5.9	-5.7 %
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 %	28.9	11.4 %

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	-0.29
Book value per share	22.1	13.1	7.5	5.1	4.8
Free cash flow per share	-10.8	-10.8	-3.4	-0.8	0.2
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	0.61
EV/EBITDA	0.3	-1.1	-3.1	-11.6	14.6
EV/EBIT	0.3	-1.0	-2.7	-7.7	44.1
P/B	4.2	2.7	3.5	5.2	5.5
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	4.2
EBIT margin (%)	-35.5	-56.0	-30.8	-11.1	1.4
Net margin (%)	-43.8	-46.7	-28.0	-10.9	-1.0
ROCE (%)	-25.2	-46.8	-34.9	-15.9	2.6
Financial ratios					
Total equity (EUR m)	27.0	16.0	9.2	6.2	5.9
Equity ratio (%)	53.3	46.5	32.9	24.0	20.4
Net financial debt (EUR m)	-18.6	-2.5	4.6	7.4	6.4
Net debt/Equity	0.5	0.5	0.3	0.2	0.2
Interest cover	-3.6	-12.8	-7.3	-3.0	0.5
Net debt/EBITDA	1.9	0.2	-0.7	-3.7	4.2
Payout ratio (%)	0.0	0.0	0.0	0.0	0.0
Working Capital (EUR m)	29.8	14.6	7.5	4.5	5.0
Working capital/Sales	0.98	0.62	0.31	0.17	0.14

Source: Company data, Quirin Privatbank estimates

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Price and Rating History (last 12 months)

Date	Price target-EUR	Rating	Initiation
02.10.2023	70.00	Buy	
12.09.2023	70.00	Buy	
25.05.2023	20.00	Buy	
22.03.2023	20.00	Buy	
17.11.2022	30.00	Buy	14.01.2022

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