

17 May 2024

Veganz Group AG

Rating	Hold (Buy)
Share price (EUR)	14.30
Target price (EUR)	15.00 (70.00)
Bloomberg Sector	VEZ GY Consumer Goods

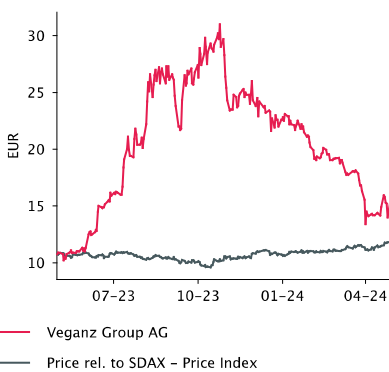
Share data

Shares out (m)	1.2
Daily volume shs (m)	0.0
Free float (%)	0.51
Market cap (EUR m)	19
EV (EUR m)	26
DPS (EUR)	0.00
Dividend yield (%)	0.0
Payout ratio (%)	0.0

Performance

ytd (%)	-33.2
12 months (%)	41.6
12 months rel. (%)	30.7
Index	SDAX

Share price performance



Source: Bloomberg

Next triggers

17 June 2024: AGM

Analysts

Ralf Marinoni – Financial Analyst
T +49 (0)69 2475049 24
ralf.marinoni@quirinprivatbank.de

Progress in gross margin, but liquidity remains the critical factor

Veganz published Q1-24 results that were characterized by a reduced sales volume and higher losses due to increased ramp-up expenditures. Its cash position amounted to EUR 4.3m at the end of the first quarter. In order to reflect Veganz' need to raise fresh capital, we increased our risk parameters in the DCF-model. As a result, we reduce our TP from EUR 70.00 to EUR 15.00 and change our recommendation from Buy to Hold.

Q1-24 overview

Sales of Veganz in the Q1-24 amounted to EUR 3.7m (Q1-23: EUR 5.1m). According to the company, the decline in sales in the first quarter was still influenced by its decision to reduce its product offering by eliminating entire product categories with insufficient profitability. The portfolio review began at the end of FY 2022. Another reason for the sales decline was the reduction of field staff to prevent losses from increasing any further. Its gross profit margin rose further to 39.5% in the first three months of 2024 (Q1-23: 33.0%). This development is basically a result of an improved product mix. However, the EBITDA at the end of Q1-24 was minus EUR 1.6m (previous year: minus EUR -1.1m). The decline reflects the reduced sales volume and also ramp-up costs for the production set-up of Mililk® and TVP as well as one-off marketing expenses for the introduction of Mililk®.

FY 2024 guidance looks reasonable, but ...

Depending on the macroeconomic conditions – in particular the development of inflationary pressure on customers' consumption behaviour – Veganz expects a slight increase in sales in FY 2024 compared to the previous year (EUR 16.4m). In addition, due to the expansion of in-house production (TVP, Mililk®, cheese alternatives) the company is assuming a slightly improved EBITDA compared to the previous year (EUR -6m).

... Veganz urgently needs new financing

In our view, its outlook regarding sales and EBITDA looks realistic. However, its cash position as of 31 March 2024 amounts to just EUR 4.3m: The company urgently needs new capital to finance its operating business and investments. In addition, the refinancing of the EUR 9.6m bond, which matures in February 2025, is unresolved. The company has stated that it is in talks with investors regarding the procurement of fresh liquidity.

Key figures		2022	2023	2024e	2025e	2026e
Sales	EUR m	24	16	18	23	30
EBITDA	EUR m	-12	-6	-5	-2	2
EBIT	EUR m	-13	-8	-7	-4	0
EPS	EUR	-9.02	-7.78	-5.23	-2.81	0.00
Sales growth	%	-22.4	-30.5	9.6	30.0	29.9
EBITDA margin	%	-51.6	-38.1	-29.4	-8.0	5.8
EBIT margin	%	-56.0	-48.4	-38.9	-17.1	0.0
Net margin	%	-46.7	-57.9	-35.6	-14.7	0.0
EV/Sales	ratio	0.56	1.22	1.44	1.15	0.80
EV/EBITDA	ratio	-1.1	-3.2	-4.9	-14.5	13.7
EV/EBIT	ratio	-1.0	-2.5	-3.7	-6.7	n.a.
P/E	ratio	-3.9	-2.3	-3.0	-5.5	3314.8
P/BV	ratio	2.7	3.4	168.3	-5.7	-5.7
Dividend yield	%	0.0	0.0	0.0	0.0	0.0

Source: Bloomberg, Company data, Quirin Privatbank estimates

Valuation

DCF valuation

Our DCF model indicates a fair value of EUR 15.19 per share for Veganz and reflects the long-term perspectives of the company. Our assumptions are as follows:

Phase 1 (2024e-26e):

We estimated the free cash flows (FCF) of phase 1 according to our detailed financial forecasts for this period stated in the financials section.

Phase 2 (2027e-33e):

For Phase 2, we assumed an initial sales growth of 25% which reflects the increased inhouse production. The growth fades out to 1.6% in 2033e. We assumed EBIT margin to rise to 6.0% in FY 2032e.

Phase 3:

For the calculation of the terminal value, we applied a long-term FCF growth rate of 2.0% to reflect Veganz' growth perspectives.

Based on these assumptions, we calculated a fair value of the Veganz' operating business of EUR 23m. We deducted Veganz's net debt position (cash as of 31 December 2023 minus financial debt). The resulting fair value per share amounts to EUR 15.19.

Veganz Group AG: Discounted Cash Flow Model

EURm	PHASE 1			2027e	2028e	2029e	PHASE 2			2033e	PHASE 3 ∞
	2024e	2025e	2026e				2030e	2031e	2032e		
Sales	18.0	23.4	30.4	38.0	44.0	48.3	51.4	53.4	54.7	55.6	
YoY growth	9.6%	30.0%	29.9%	25.0%	15.8%	9.9%	6.3%	3.9%	2.5%	1.6%	
EBIT	-7.0	-4.0	0.0	0.8	1.1	1.4	1.8	2.2	2.7	3.3	
EBIT margin	-38.9%	-17.1%	0.0%	2.0%	2.4%	2.9%	3.5%	4.1%	5.0%	6.0%	
Income tax on EBIT (cash tax rate)	0.0	0.0	0.0	-0.2	-0.3	-0.4	-0.5	-0.7	-0.8	-1.0	
Depreciation and amortisation	2.5	2.1	1.8	0.7	0.8	0.9	0.9	1.0	1.0	1.0	
Change in net working capital	0.1	0.4	0.6	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	
Net capital expenditure	-1.7	-1.5	-1.2	-0.7	-0.8	-0.9	-1.0	-1.0	-1.0	-1.0	
Free cash flow	-6.1	-2.9	1.1	0.4	0.6	0.9	1.2	1.5	1.8	2.3	
Present values	-5.9	-2.6	0.9	0.3	0.5	0.6	0.7	0.9	1.0	1.2	25.2
Present value Phase 1	-7.5										
Present value Phase 2	5.2										
Present value Phase 3	25.2										
Total present value	22.9										
- net debt	-4.3										
- Pension provisions	0.0										
Fair value of equity	18.6										
Number of shares (m)	1.2										
Fair value per share (EUR)	15.19										

Risk free rate	3.00%	Target equity ratio	40.0%
Equity risk premium	6.00%	Beta (fundamental)	1.3
Debt risk premium	2.75%	WACC	6.84%
Tax shield	30.0%	Terminal growth	2.0%

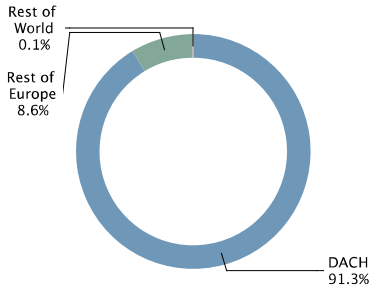
Sensitivity analysis						
Terminal growth (Phase 3)						
WACC	5.8%	1.0%	1.5%	2.0%	2.5%	3.0%
	17.33	20.04	23.46	27.90	33.89	
	6.3%	14.13	16.24	18.83	22.10	26.35
	6.8%	11.49	13.17	15.19	17.67	20.80
	7.3%	9.30	10.65	12.25	14.18	16.56
	7.8%	7.44	8.54	9.83	11.37	13.22

Source: Quirin Privatbank

Company description

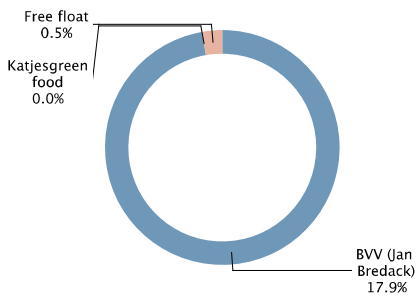
Veganz (veganz.de) is a brand and producer of plant-based food. The current product portfolio includes products from breakfast to dinner, which are widely available in the DACH region.

Revenues by region 2023



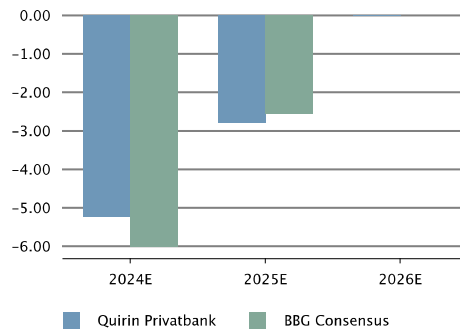
Source: Company data

Shareholder structure



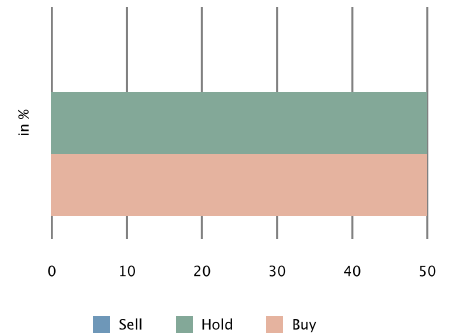
Source: Company data

EPS: Quirin Privatbank vs. consensus



Source: Quirin Privatbank Research, Bloomberg

Recommendation Overview



Source: Bloomberg

Company guidance 2024

Veganz expects a slight increase in sales in FY 2024 compared to the previous year (EUR 16.4m). In addition, the company is assuming a slightly improved EBITDA compared to the previous year (Previous year (EUR – 6m).

Profit & loss statement

Profit & loss statement (EUR m)	2022	YOY	2023	YOY	2024e	YOY	2025e	YOY	2026e	YOY
Sales	23.6	-22.4 %	16.4	-30.5 %	18.0	9.6 %	23.4	30.0 %	30.4	29.9 %
Unfinished Goods	0.0		0.1		0.1		0.1		0.1	
Other own work capitalized	0.0		0.0		0.6		0.6		0.6	
Other operating earnings	0.7		1.9		1.8		1.3		0.7	
Cost of goods	16.0		10.2		11.2		14.5		18.8	
Gross profit	8.4		8.2		9.3		10.8		12.9	
Personnel expenses	4.9		3.9		4.3		5.6		7.3	
Depreciation	1.0		1.7		1.7		2.1		1.8	
Other operating expenses	15.6		10.5		10.3		7.1		3.9	
EBITDA	-12.2	n.a.	-6.3	n.a.	-5.3	n.a.	-1.9	n.a.	1.8	n.a.
EBITDA margin (%)	-51.62		-38.09		-29.35		-7.97		5.82	
EBIT	-13.2	n.a.	-7.9	n.a.	-7.0	n.a.	-4.0	n.a.	0.0	n.a.
EBIT margin (%)	-55.98		-48.42		-38.89		-17.09		0.00	
Net interest	-1.0		-0.7		0.1		0.0		0.0	
Income from Participations	0.0		0.0		0.0		0.0		0.0	
Net financial result	-1.0		-1.5		0.1		0.0		0.0	
Exceptional items	0.0		0.0		0.0		0.0		0.0	
Pretax profit	-14.2	n.a.	-9.5	n.a.	-6.9	n.a.	-4.0	n.a.	0.0	n.a.
Pretax margin (%)	-60.27		-57.58		-38.24		-17.21		0.02	
Taxes	-3.2		0.1		-0.5		-0.6		0.0	
Tax rate (%)	22.49		-0.61		7.04		14.69		22.35	
Earnings after taxes	-11.0		-9.5		-6.4		-3.4		0.0	
Minorities	0.0		0.0		0.0		0.0		0.0	
Group attributable income	-11.0	n.a.	-9.5	n.a.	-6.4	n.a.	-3.4	n.a.	0.0	n.a.
No. of shares (m)	1.2		1.2		1.2		1.2		1.2	
Earnings per share (EUR)	-9.02	n.a.	-7.78	n.a.	-5.23	n.a.	-2.81	n.a.	0.00	n.a.

Source: Company data, Quirin Privatbank estimates

Balance sheet

Balance sheet (EUR m)	2022	YOY	2023	YOY	2024e	YOY	2025e	YOY	2026e	YOY
Assets										
Cash and cash equivalents	12.3		5.3		0.2		0.2		3.0	
Accounts receivables	2.5		1.4		1.6		2.0		2.7	
Inventories	2.3		2.3		2.5		3.2		4.2	
Other current assets	3.1		1.8		1.8		1.8		1.8	
Tax claims	0.0		0.0		0.0		0.0		0.0	
Total current assets	20.8	-44.7 %	11.1	-46.7 %	6.3	-42.9 %	7.6	20.1 %	11.9	56.8 %
Fixed assets	2.2		3.2		4.2		4.6		5.0	
Goodwill	0.0		0.0		0.0		0.0		0.0	
Other intangible assets	10.7		10.2		9.2		8.2		7.2	
Financial assets	0.8		0.5		0.5		0.5		0.5	
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	13.7	3.9 %	13.9	1.8 %	13.9	0.2 %	13.3	-4.6 %	12.8	-3.9 %
Total assets	34.4	-32.1 %	25.0	-27.5 %	20.2	-18.9 %	20.9	3.1 %	24.7	18.1 %
Equity & Liabilities										
Subscribed capital	1.2		1.3		1.3		1.3		1.3	
Reserves & other	48.3		48.3		48.3		48.3		48.3	
Revenue reserves	-33.5		-43.0		-49.4		-52.9		-52.9	
Accumulated other comprehensive	0.0		0.0		0.0		0.0		0.0	
Shareholder's equity	16.0	-40.8 %	6.5	-59.3 %	0.1	-98.3 %	-3.3	-3049.2 %	-3.3	-0.2 %
Minorities	0.0		0.0		0.0		0.0		0.0	
Shareholder's equity incl. minorities	16.0	-40.8 %	6.5	-59.3 %	0.1	-98.3 %	-3.3	-3049.2 %	-3.3	-0.2 %
Long-term liabilities										
Pension provisions	0.0		0.0		0.0		0.0		0.0	
Financial liabilities	9.6		9.6		9.6		9.6		0.0	
Tax liabilities	0.0		0.0		0.0		0.0		0.0	
Other liabilities	2.4		2.0		2.2		2.9		3.7	
Total long-term debt	12.2	-23.2 %	11.6	-5.3 %	11.8	1.7 %	12.5	5.6 %	13.3	6.9 %
Short-term debt										
Other provisions	2.7		1.8		2.0		2.6		3.4	
Trade payables	3.5		5.0		5.5		7.2		9.3	
Financial debt	0.0		0.0		0.8		2.0		2.0	
Other liabilities	0.0		0.0		0.0		0.0		0.0	
Total short-term debt	6.2	-20.3 %	6.9	11.0 %	8.3	21.7 %	11.7	40.8 %	14.7	24.9 %
Total equity & liabilities	34.4	-32.1 %	25.0	-27.5 %	20.3	-18.9 %	20.9	3.1 %	24.7	18.1 %

Source: Company data, Quirin Privatbank estimates

Financial key ratios

Key ratios	2022	2023	2024e	2025e	2026e
Per share data (EUR)					
EPS	-9.02	-7.78	-5.23	-2.81	0.00
Book value per share	13.1	5.3	0.1	-2.7	-2.7
Free cash flow per share	-10.8	-3.1	-3.3	-0.2	1.9
Dividend per share	0.00	0.00	0.00	0.00	0.00
Valuation ratios					
EV/Sales	0.56	1.22	1.44	1.15	0.80
EV/EBITDA	-1.1	-3.2	-4.9	-14.5	13.7
EV/EBIT	-1.0	-2.5	-3.7	-6.7	n.a.
P/E	-3.9	-2.3	-3.0	-5.5	n.a.
P/B	2.7	3.4	168.3	-5.7	-5.7
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Growth					
Sales growth (%)	-22.4	-30.5	9.6	30.0	29.9
Profitability ratios					
EBITDA margin (%)	-51.6	-38.1	-29.4	-8.0	5.8
EBIT margin (%)	-56.0	-48.4	-38.9	-17.1	n.a.
Net margin (%)	-46.7	-57.9	-35.6	-14.7	0.0
ROCE (%)	-46.8	-43.9	-58.8	-43.8	n.a.
Financial ratios					
Total equity (EUR m)	16.0	6.5	0.1	-3.3	-3.3
Equity ratio (%)	46.5	26.1	0.6	-15.9	-13.4
Net financial debt (EUR m)	-2.5	4.3	10.2	11.3	8.6
Net debt/Equity	0.5	0.3	0.0	-0.2	-0.1
Interest cover	-12.8	-8.2	-423.5	-71.4	n.a.
Net debt/EBITDA	0.2	-0.7	-1.9	-6.1	4.9
Payout ratio (%)	0.0	0.0	0.0	0.0	0.0
Working Capital (EUR m)	14.6	4.2	-2.0	-4.2	-2.8
Working capital/Sales	0.62	0.26	-0.11	-0.18	-0.09

Source: Company data, Quirin Privatbank estimates

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The levels of change expressed in each rating categories are:

BUY > +10%

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

SELL > -10%.

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Price and Rating History (last 12 months)

Date	Price target-EUR	Rating	Initiation
17.05.2024	15.00	Hold	
02.10.2023	70.00	Buy	
12.09.2023	70.00	Buy	
25.05.2023	20.00	Buy	14.01.2022

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Competent supervisory authority

Bundesanstalt für Finanzdienstleistungsaufsicht - BaFin – (Federal Financial Supervisory Authority), Graurheindorfer Str. 108 , 53117 Bonn

Contact Quirin Privatbank AG Frankfurt am Main

Schillerhaus / Schillerstraße 20 / 60313 Frankfurt am Main

Management Board: Karl Matthäus Schmidt • Johannes Eismann •

Contact Details

Quirin Privatbank AG

Schillerhaus | Schillerstrasse 20 | 60313 Frankfurt am Main

Tel.: +49 69 2 47 50 49-0 | Fax: +49 69 2 47 50 49-44 | Institutional-Sales-FFM@quirinprivatbank.de

Equity Research	Tel.	Email
Klaus Soer	+49 (0) 69 2475049-27	klaus.soer@quirinprivatbank.de
Ralf Marinoni	+49 (0) 69 2475049-24	ralf.marinoni@quirinprivatbank.de
Sebastian Droste	+49 (0) 69 2475049-26	sebastian.droste@quirinprivatbank.de
Daniel Kukalj	+49 (0) 69 2475049-28	daniel.kukalj@quirinprivatbank.de
Michael Hannig	+49 (0) 69 2475049-43	michael.hannig@quirinprivatbank.de
Marcel Ghazi	+49 (0) 69 2475049-18	marcel.ghazi@quirinprivatbank.de
Vincent Steindl	+49 (0) 69 2475049-29	vincent.steindl@quirinprivatbank.de

Equity Sales	Tel.	Email
Klaus Korzilius	+49 (0) 69 2475049-25	klaus.korzilius@quirinprivatbank.de
Klaus Messenzehl	+49 (0) 69 2475049-46	klaus.messenzehl@quirinprivatbank.de
Bruno de Lencquesaing	+49 (0) 69 2475049-81	bruno.delencquesaing@quirinprivatbank.de

Fixed Income Sales	Tel.	Email
Jürgen Raabe	+49 (0) 69 2475049-41	juergen.raabe@quirinprivatbank.de
Janine Kaiser	+49 (0) 69 24750 49-83	janine.kaiser@quirinprivatbank.de
Michael Laufenberg	+49 (0) 69 2475049-48	michael.laufenberg@quirinprivatbank.de
Roman Piroutek	+49 (0) 69 2475049-47	roman.piroutek@quirinprivatbank.de

Equity Trading / Sales Trading	Tel.	Email
Jean-Marie Frémion	+49 (0) 69 2475049-90	jean-marie.fremion@quirinprivatbank.de
Peter Rumstich	+49 (0) 69 2475049-65	peter.rumstich@quirinprivatbank.de

Business Support	Tel.	Email
Suganya Sutharsan	+49 (0) 69 2475049-88	suganya.sutharsan@quirinprivatbank.de