

EEVIA HEALTH (EEVIA)

FAST-GROWER IN THE NUTRACEUTICALS & HERBAL MEDICINE MARKETS



Eevia Health offer organic plant extracts for food nutraceuticals, drinks, and cosmetics under different brands. The Company is at a stage where it aims to increase production capacity, focus on higher margin extracts, and develop new proprietary ingredients targeting eye disorders, which could be strong value drivers ahead. Having a broad product portfolio and high demand from customers, Eevia Health is entering a fast-growth phase, where an EBIT of EUR 4.8m is estimated in 2026. Based on an applied EV/EBIT multiple of 5x on estimated EBIT, and a discount rate of 14%, this yields an equity value per share of SEK 8.8 in a Base scenario. In conclusion, we see several drivers as well as market trends in Eevia's favor, and where steps in the right direction should reduce the current valuation discount.

▪ Riding on the ESG-Trend by Offering Organic and Sustainable Health Ingredients

The raw material that Eevia uses is sourced from nearby areas in Northern and Central Europe which minimizes the carbon footprint, the traceability of the products and allows for a more resilient supply chain that is less affected by global disruptions. Moreover, the wild organic raw material is taken from abundant resources that are either not utilized at all or underutilized which respects the natural ecosystem. The harvesting is performed carefully through handpicking and the majority of the raw materials come from forests of the Finnish Lapland. Lastly, Eevia selects its suppliers carefully in accordance with its quality and sustainability criteria. Having implemented these actions, it displays that sustainability is a part of Eevia's DNA, considering it at each stage of the supply chain.

▪ Operating in Vast Markets with Strong Macro Trends

Eevia Health is operating within the global markets for nutraceutical ingredients and plant extracts. The global market for nutraceuticals was estimated to be worth USD 241bn in 2019 and is projected to reach USD 373bn in 2025 which represent a CAGR of 7.5% during the forecast period where the growth is attributed to changing consumer preferences and demographics along with increases in R&D activity. Regarding the plant extract market, it was estimated to be worth USD 24b in 2019 and is projected to reach USD 59b in 2025 which represents a CAGR of 16.5%. Growth drivers for the plant extract market include rising awareness of synthetic flavor side-effects and health benefits offered by plant-based medicine.

▪ Cash Position and Risks to Monitor

At the end of March 2022, cash amounted to EUR 0.4m, and the burn rate for the last six months was EUR -0.4m per month. Given the current cash position burn rate, and credit line of EUR 0.8m, Eevia has enough capital to operate the business until the end of the year, all else equal. Going forward, we assume that Eevia could obtain financing via a combination of loans, additional shareholder capital, sales from current operations, and/or investment grants.

SHARE PRICE | SEK 3.5

VALUATION RANGE, PRESENT VALUE 2026 FORECAST

BEAR
SEK 2.5

BASE
SEK 8.8

BULL
SEK 12.7

The valuation is derived as a present value of sales forecasted in the year 2026. The potential valuation increase is expected to be gradual, given that assumed events occur.

EEVIA HEALTH	
Share Price (2022-06-28) (SEK)	3.5
Number of Shares Outstanding	15,973,356
Market Cap (MSEK)	55.9
Net Cash (-)/Debt (+) (MSEK)	1.3
Enterprise Value (MSEK)	57.2
W:52 Price Interval (SEK)	n.a.
Stock Exchange	Spotlight Stock Market

SHARE PRICE DEVELOPMENT	
1 Month	-12.5%
3 Months	-28.6%
1 Year	n.a.
YTD	-61.3%

TOP SHAREHOLDERS (AS OF 2022-03-31)	
Betulum AS (Martin Björklund)	13.8%
Stein Ulve	13.7%
Futur Pension	6.8%
Daniel Johnson	4.7%
Polynom Investment AB	4.2%

CEO AND CHAIRMAN OF THE BOARD	
CEO	Stein Ulve
Chairman of the Board	Martin Björklund

FINANCIAL CALENDAR	
Interim Report Q2-22	2022-08-29

FORECAST (BASE), EURM	2021	2022E	2023E	2024E	2025E	2026E
Net sales	6.7	7.0	12.7	21.8	28.3	30.6
Total Revenue	6.7	7.2	12.9	22.0	28.5	30.8
COGS	-5.8	-4.8	-8.3	-14.0	-17.7	-19.0
Gross Profit	0.8	2.4	4.6	8.0	10.8	11.8
Gross margin	12.6%	34.3%	36.2%	36.7%	38.1%	38.5%
Total operating costs	-3.4	-3.9	-5.0	-6.0	-6.3	-7.0
EBIT	-2.6	-1.5	-0.4	2.0	4.5	4.8
EBIT margin	neg.	neg.	neg.	9.3%	15.9%	15.6%
P/S	0.8x	0.7x	0.4x	0.2x	0.2x	0.2x
EV/S	0.8x	0.7x	0.4x	0.2x	0.2x	0.2x
EV/EBIT	neg.	neg.	neg.	2.6x	1.2x	1.1x

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Other

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