



BRAVE CHANGING WORLD:
INBOUND KEEPING YOU POSTED



News & Views #54

“Plus ca change”...In this selection of our posts, we focus on Small Caps which keep rising and rising with valuation now often discounting a truly Brave Changed World, video streaming, cracks in the SPACs edifice, NFT and blockchain revolutionising the art world, new technologies with wind turbines, Cazoo listing in the US, the global baby bust, VC tweets, Europe’s emerging EV infrastructure - and more!

Have a good read!

The Inbound Capital team

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SMALL CAPS



IS THE SPAC BUBBLE GOING TO END AS QUICKLY AS IT STARTED?

It seems that the SPAC frenzy is fading. SPACs have raised more money in the 3 first months of 2021 than all of 2020. But their recent performance has been disappointed in the last month.

93% of SPACs that went public over the last week are trading below par value and the biggest first-day gain of a SPAC IPO this month was only +3.5%!

The reason for such a trend is clear: investors are more and more cautious about the risks of SPAC investing. Much of the criticism of SPACs stems from the fact that they don't face as much regulatory scrutiny as a traditional IPO before going public.

JPMorgan says that SPACs have been used for decades but appear to progress through boom and bust cycles. The boom is driven by momentum, then imitation from sponsors, investors, and target companies looking to take advantage of strong demand. Meanwhile, the bust occurs when too many poor quality players emerge, investor excitement fizzles and regulatory concerns arise. Some see the recent pullback in SPACs as a temporary dip and even a buying opportunity for investors who missed the beginning of the SPAC market's bull run.

What is sure is that sponsors seem to make more money than investors and target companies.

[#spac #bubble #investing](#)

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HARNESSING WIND POWER IN A NON INTRUSIVE WAY

Among the many illnesses on-land wind turbines have ritually been accused of, disfiguring the countryside has been a perennial one. Hence the attractiveness - and competitive edge - of innovation-focused, wind energy turnkey specialists like VERGNET (www.vergnet.com, ALVER FP) offering retractable technology or start-ups like Spain-based Vortex Bladeless (<https://lnkd.in/gEtmUH3>): its technology does not use blades and gets energy from wind through oscillation without gears, brakes nor oil. While its revolutionising design is definitely less visually intrusive, it is also 50% cheaper to make and helps reducing by 40% the cost of energy produced. It is also greener with a 40% reduction in carbon footprint vs. traditional wind turbines. More than ever, the capacity for innovation is the name of the game in the sector: as a winner of the World Wind Energy Award and elected by Norway as one of the 10 most

promising energy start-ups resp., Vergnet and Vortex Bladeless are well positioned. ALVER is controlled by WELL (MLKRI FP): <https://lnkd.in/d5UbeJw>

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STREAMING IS GAINING POWER...

...as we see more and more cord-cutting, especially in the US. Some niche services have appeared which target specific audiences and can attract millions of viewers. Nevertheless, the trend is for these streaming services to consolidate.

The main reasons for such consolidation are:

First, while niche services by definition have limited audiences, it's easier to pick up new viewers when bundled inside a larger product. It can also help attract audiences who are already fans of a particular niche, but not 'superfans'. Some people might be unwilling to pay for a standalone niche service but can do it if it is included in a larger streaming service.

Second, it is a question of economics as there are economies of scale which come from being a part of a larger streaming service like the ability to cross-promote different media brands from within one platform.

Third, it makes more sense for distributors to offer wide bundles of channels and content, rather than offering an a la carte model.

So even if niches can attract large audiences, the consolidation move is likely to continue. French player Alchimie (ALCHI FP, €80M MARKET CAP) wants to contribute to this consolidation move and has done well so far. Inbound gives advisory counsel to Alchimie.

[#streamingmedia](#)

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UK ONLINE USED CAR RETAILER CAZOO TO LIST IN THE US THROUGH SPAC FOR A \$8.1BN VALUATION

Cazoo is looking to raise ~\$1bn to finance its expansion plans in Europe. The group targets to reach ~€1bn in sales in 2021 vs. €162m last year and be EBITDA positive in 2024. The \$8.1bn

IPO valuation would be >3x the \$2.5bn price of the last private placement in October. Alex Chesterman launched Cazoo just 16 months ago, having previously founded property site Zoopla and LoveFilm.

Cazoo's planned merger with NYSE-listed SPAC Ajax I comes after the successful IPOs of rivals Vroom and Auto1 last year. US leader Carvana listed in 2017 and is now worth \$45bn.

Chesterman chose a US listing due to investors' appetite for high growth stories there and a flexible IPO process. Ajax was founded by billionaire investor Dan Och and other successful online start up founders.

Europe's £500bn used cars market is seen as one of the largest still untapped segments for ecommerce and is ripe for digital disruption as customers become more comfortable to buy their car online. European car leasing leader ALD (ALD, €5bn mkt cap) is well positioned to strongly benefit from this trends after years of significant digital investments.

Inbound has previously provided advisory services to ALD.

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Lpe | Research

The French small letter

April 1, 2021

Following the trend of the last few months and still supported by the economic recovery, the equity markets globally continued their progression in March. However, two events reminded us that there are risks to the current situation. Credit Suisse and Nomura announced multi-billion losses following a margin call by the Archegos fund. The Nasdaq and technology stocks corrected for the first time in a long time. There is a lot of debt in the system, inflation is looming and investors are worried about rising interest rates. The new colossal US stimulus package of 2,000 billion dollars will accentuate the economic recovery, but it also increases the inflationary risks.

Fortunately (but unfortunately) for Europe, inflation and interest rates do not represent real risks. If we exclude the impact of commodity and oil price increases, inflation is not a real threat. The economic recovery is here, but due to the mismanagement of the vaccination campaign on the continent, it is slower and less strong than expected. European stimulus packages are modest in relative terms and will take time to implement. The German 10-year yield has risen slightly but remains in negative territory.

This context obviously remains favorable to European and French equities. The companies that have significantly reduced their costs during the crisis have mostly (go to next page)

LPE Research – The French small letter
April 1, 2021

The outperformer of the month

Atari
(+124% in March)



The video game licensing company soared on the stock market after announcing the launch of a crypto casino. In early 2018, the company had experienced the same type of movement when it announced two projects in the field of blockchains and crypto-currencies (the Atari token). The company is now capitalizing nearly 200 million euros. In contrast, its crypto-currency activity has generated 500,000 euros of revenue over the past six months.

The underperformer of the month

Verimatrix
(-19% in March)



The software company specializing in analytics and security solutions reported disappointing annual results and a sharp decline in Q4 revenue. Despite the drop in its stock price, the company, which also expressed caution about its growth and profits for 2021, is still trading at a higher price than before the crisis. Indeed, despite its underperformance, Verimatrix remains a typical beneficiary of the accelerating trend toward digitalization.

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EUROPEAN EQUITIES & SMALL CAPS: WINNING UGLY

Comes rain, comes sun, the stockmarket keeps going up and small caps - including French ones - keep outperforming. In its latest "French small letter" newsletter, LPE Research points to risks that keep being brushed off and how Europe makes advantages of its shocking disadvantages (from shambolic vaccination programs to delays in stimulus packages) on the inflation and interest rate fronts: why should they go up if the recovery promises to be tepid vs. the US if not the whole world? Sounds like Antonio Salieri (played by F. Murray Abraham) at the poignant end of AMADEUS - another cinematic masterpiece from Milos Forman: "Mediocrities everywhere, I absolve you. I absolve you. Etc": <https://lnkd.in/eqZjQdJ>. Meanwhile, French small caps trade on a record 12-month PE of 22x. As MAD's Alfred E. Neuman kept saying: "What me worry". For those who don't know it, LPE Research is one of the very few high quality and truly independent research houses focusing on French Small Caps: <http://www.lperesearch.com>.

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START-UPS & TECH



CECI N'EST PAS UNE PIPE

Actually it is: thanks to NFT (Non Fungible Tokens), one can DEFINITELY certify whether the masterpiece from Rene Magritte is indeed the original or a copy. For all its sins, the pandemic has coincided with a colossal digital acceleration in the art ecosystem - a sector that is rightly so considered as one of the few last bastions of of the Old Word and has so far kept its own rites. Those are forced to change and online gallery and art viewings and online auctions are only the tip of the iceberg: the real revolution is the surge in use of cryptocurrency in tandem with the increased adoption of blockchain. All areas where digital art specialist Arteïa - which has developed its own blockchain technology - has already established its name. Some could say the art world is just catching up with Arteïa. Inbound Capital is sole advisor to Arteïa (www.Arteïa.com).

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FINANCE & ECONOMY



EUROPE'S EMERGING EV & BATTERY INFRASTRUCTURE - THE NEXT BIG INVESTMENT THEME? HELP, PLEASE

Did you notice ? Without much fanfare VW just put in a 60% outperformance of Tesla YTD rising nearly 50%. Maybe this is just the beginning? For clues to why this is happening, I attach a useful article about the emerging European ecosystem to support not only manufacture of EV's but also the batteries and other bits and bobs that will no longer be imported from Asia as production ramps.

I have been re-investing in listed suppliers exposed to this theme for most of 2020 and finally been rewarded of late for showing some patience. We don't (yet) have Reddit, Inc. chat rooms shouting at 13 million Robinhood accounts here in Europe (Freetrade and #Trading212 are rapidly emerging) to get retail investors informed about ways of playing EV Charging, European Battery and EV production. But move over Hydrogen, Semiconductors and Tesla itself - this is happening.

Familiar names to me that have strong (monopolist ?) positions within Europe include POLYTEC GROUP(PYT) and SGL Carbon(SGL) both more than doubled in past 6 months. Komax(KOMN) and VARTA AG(VAR1) are amongst others to consider. Please do comment with other names to look at. Thx.

Inbound Capital previously acted as outsourced Investor Relations for DBT (ALDBT FP).

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THE VC "TWEETS" TO FOLLOW IN THE UK

According to my [Beauhurst](#) data feed, there are currently 351 active VC and PE funds that have a head of office based in the UK. This likely does not feature a plethora of industrial/financial VC's that are regularly active here.

Whether accurate or not, it is certainly a sizeable number and hence it is useful to pass information that condenses this ever growing ecosystem down to a few handfuls of those we should take most seriously.

There are plenty of these chart topper lists produced each year, and this new list published in today's Sifted certainly features some usual suspects ([Passion Capital](#), [Hoxton Ventures](#), [LocalGlobe](#) etc) but what is useful about this list is it profiles those that regular post and feature on Twitter.

I didn't used to care to much for Twitter in general, but probably since the advent of the longer tweet, more and more investment related info traffic is shared by this medium. It is very useful for following retail appetites in listed Small & Micro cap UK, and now there is definitive list of the VC's to keep tabs on as well.

[Click here to find out more >>](#)

LIFESTYLE & OTHER



LOCKDOWN BABIES: BUM(MER)!

With the same success as pollsters predicting the outcome of national elections, those predicting a baby boom due to couples forced to spend more time together - and use it for the benefit of higher intimacy - have been proven badly wrong. Quite the opposite happened: divorces are up and instead of babies, the pandemic has delivered drops in birth rates pretty much everywhere - particularly in Europe, including France which has traditionally had the highest fertility rate of all 27-member EU (January births were down 13% on last year). A collapse in the number of newborns in industrial countries following a pandemic or an economic crisis (1930s depression,

1973 oil crisis etc) is not a surprise - not least because of the induced "fear factor" for the future - but the magnitude of this one is. An unprecedented drop in birth rate indeed mirroring an unprecedented crisis: let's hope the "Roaring 20s" effect will make it a blip rather than a trend.

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[NEWSLETTER ARCHIVES](#)



Inbound Capital provides targeted international introductions to Alchimie (ALCHI FP).

Inbound Capital provided advisory services to ALD Automotive (ALD FP).

Inbound Capital is sole advisor to kaiosID.

Inbound Capital is sole advisor to ARTEIA.

Inbound Capital provides advisor services to WELL.

Inbound Capital previously acted as outsourced Investor Relations for DBT (ALDBT FP).

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