



## BRAVE CHANGING WORLD: INBOUND KEEPING YOU POSTED

### News & Views #42

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*Happy new year! Given the way 2021 started, it doesn't hurt to wish it again. In this selection of our posts, we focus on technology as a crucial way to combat counterfeiting by boosting tracability in art or in packaging, the fate of listed leading marketing groups vs. the lure of private equity ownership, the growing importance of the used car market, Roblox and alternative listing methods (vs. Traditional IPOs), ESG and the FAANG, the pangolin displacing the bull on Wall Street and fine wine vs. the so-called (and ill-fated?)*

*Dry January. Bottoms up!*

*Wishing you all a happy, prosperous and above all healthy year 2021!*

*The Inbound Capital team*

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# HAPPY NEW YEAR!

What are your hopes for 2021?

- Share Price going up (and up and up)
- Great new investors
- Increased liquidity
- M&A with a high share price
- Get ESG right
- Bring World Peace
- Find a cure against global panic
- Save the pangolins
- Make 2021 Great Again!

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Here to help you achieve your  
(realistic) goals

## SMALL CAPS



### THE USED CAR MARKET IS ATTRACTING GROWING ATTENTION FROM INDUSTRY PLAYERS IN FRANCE

As sales of new vehicles collapsed 25% in France in 2020 due to the pandemic, the 2nd hand market has shown strong resilience, only down 4.5%. The number of transactions (5.5 million) was more than 3x higher than the number of new car registrations.

Despite its size, this market had long been neglected by manufacturers, banks and online platforms due to the added complexity of selling used vehicles with specific characteristics and history. As an illustration of the change, PSA has made used cars a focus of development for the group with a dedicated business unit created and the acquisition of the start-up AramisAuto and the launch of Spoticar.

This is also putting a light on agile players like ALD (ALD FP, €4bn market cap), the European leader in fleet leasing services. As more and more new car sales are carried out on long-term rentals where the vehicle has to be resold after 2-3 years, ALD has successfully implemented a dedicated strategy in the used car market including digital platforms and the launch of new channels of distribution through partnerships. This was presented at their recent CMD in December: <https://lnkd.in/dRjpg7w>

Inbound provided advisory services for ALD.

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## ROBLOX (VALUATION) NO BOLLOCKS

Roblox's valuation increased from \$4bn in February 2020 to \$30bn now. What happened? Just a nasty virus that forced people to stay at home, so they had time to play videogames. Just before its IPO, Roblox raised \$520m at a \$29.5bn, so it can go public through direct listing (as Palantir and Spotify).

Roblox hosts millions of user-generated games, which get a share of any related revenue. Two-thirds of all U.S. children 9 to 12 years old use the platform. The company had 31m daily active users during the first 9 months of 2020, up 82% from the same period in 2019. The amount of time users spent engaged on the platform more than doubled from last year to 22bn hours. Usage of most video games has exploded with the pandemic keeping millions of people at home with time on their hands. Roblox is also becoming a social platform, where users come not just for gameplay but also to attend virtual birthday parties and concerts with friends. Amid school lockdowns, Roblox also has been increasingly used to teach everything from coding to physics. And of course, as for all IPOs which succeed, Roblox increased its losses at \$203m in the first 9 months of 2020 (sales: \$589m), compared with a loss of \$46m (sales: \$350m) for the same period of 2019. [#videogames](#) [#IPOs](#)

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## MY INDECISION IS FINAL: PHOTONIS/FLIR/TELEDYNE/FRENCH

### GOVERNMENT

Teledyne offers \$8bn for FLIR, the global leader in thermal vision, after the French state blocked its €500m takeover of smaller competitor Photonis.

Teledyne, the imaging & defense electronics specialist, increased the stake by making the offer for FLIR this week. Although both groups sell similar systems, they have a complementary product portfolio but with sensors based on different technologies and wavelengths.

The potential of the market for advanced threat detection, security and thermography for manufacturers, consumers, scientists, law enforcement and the military is significant and evolving rapidly. The extra scale is likely to strengthen the global position of the enlarged group. It raises questions on how Photonis whose profitability is still limited will be able to weight

against such leader.

The French Defense Ministry has been unsuccessfully trying to find shareholders for a year. Safran and Thales, 2 French-based leaders in infrared imagery and optronics, are not willing to match Teledyne offer, blocking the sell from private equity fund Ardian.

This has implications for the supply chain and SMEs like Egide (GID), which makes protective packages for some of the critical electronic applications used by Photonis and FLIR.

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### A CAC 40 COMPANY GOING PRIVATE? IS IT POSSIBLE?

It seems that Publicis has held talks about a possible sale or transaction with a private equity investor according to Campaign. And the buyer could be CVC, one of Europe's largest private equity firms based in Luxembourg and has various investments, including sports media rights and the corporate public relations and advisory firm Teneo.

It could make sense as the business model of advertising agencies has been more resilient than expected during the pandemic. And this is good news for them as they still have high margins and generate significant cash flows. That's precisely what PE funds are looking for. On the opposite, asset managers on listed companies are more focused on growth stocks and advertising agencies are no more growth stocks.

But if this happened, it will show that not only small caps are looking to go public to private but also much bigger companies. And this is not a very good signal for the future of equity markets.

[#publictoprivate](#) [#advertisingagencies](#)

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## START-UPS & TECH



### THE FIGHT AGAINST COUNTERFEITING GOES DIGITAL: PACKAGING

While e-commerce has been a saviour for businesses plagued by the pandemic, it however had

the pernicious effect to boost counterfeiting channels in key economic segments like medical drugs, tobacco, toys as well as luxury goods and cosmetics products etc. Overall the counterfeiting market is more lucrative than the (hard) drugs market - and far less risky. It also has a major negative impact not only on corporates but on economies as well: for France alone, it was the cause for 40,000 jobs lost over 2013-2017. For Europe as a whole, it's more than €16bn of tax revenues lost annually. New threats call for new solutions: new digital specialists have come the rescue in the anti-counterfeiting fight. Thanks to its superior traceability solutions and cutting-edge/ blockchain-based technology, award-winning Swiss start-up kaiosID ([www.kaiosID.com](http://www.kaiosID.com)) is doing just that in Packaging and Cosmetics segments - with offering brand protection and customer engagement at the same time. Inbound is sole advisor of kaiosID. [Click here to find out more >>](#)



### THE FIGHT TRACEABILITY GOES DIGITAL: ART

The Telegraph's art editor Colin Gleadell takes a long range perspective on the previous decade in the art world and mentions among other topics the high profile court case opposing Russian billionaire Dimitri Rybolovlev to Swiss art agent Yves Bouvier (now Singapore-based): the former accuses Bouvier of having ripped him off in relation to the sale of paintings including Leonardo da Vinci's "Salvator Mundi". Separately, the Swiss tax authorities are reportedly accusing Bouvier of having swindled SFr330m of tax payments over a decade (2005-15) through two offshore companies corresponding to the sale of c.40 artworks. As the art ecosystem is becoming more global and the buying/selling schemes more complex, reliably tracing artworks and their proceeds becomes more critical and requires advanced techniques like blockchain technology. Such is the expertise of digital specialist Arteia ([www.arteia.com](http://www.arteia.com)), at the cutting edge of blockchain applications in art thanks to its own technology developed by its developers' team in Krakow. Inbound is sole advisor of Arteia.

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## FINANCE & ECONOMY



### US STOCKMARKET: DID ANYTHING REALLY HAPPEN + WHAT ME WORRY

Given the performance of NASDAQ and S&P since their pandemic-low (20th of March 2020), Inbound kindly suggests a change of the artwork displayed to symbolise Wall Street.

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## AT APPLE, GOVERNANCE MEETS ENVIRONMENTAL AND SOCIAL ISSUES

These values will be integrated into its executive bonuses.

It did not specify how it would evaluate progress toward the company's targets such as removing carbon from its supply chain but it listed 6 values that include environmental practices such as using recycled materials in products, diversity and inclusion among its workforce and the privacy and security of its devices.

Apple said its minimum performance requirements, its targets, and its maximum payouts of cash bonuses to executives will not change. But the compensation committee of its board of directors will use the new modifier to increase or decrease bonus payouts by up to 10%. It comes after Apple's announcement in July to remove carbon emissions from its entire business, including its products and supply chain, by 2030. Apple aimed to achieve 75% of the goal by reducing emissions, with the remaining 25% coming from carbon removal or offset projects such as planting trees and restoring habitats.

It is true that Apple has repeatedly been accused of benefiting from forced labor in China. This is not acceptable. We hope that this move is not greenwashing. When you are the first market cap in the world you have to be exemplary.

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## LIFESTYLE & OTHER



### OWNER OF LOUVRE OF WINE WANTS TO CREATE NEW [#StTropez!](#)

Firstly apologies to those of you attempting the impossible combination of nationwide lockdown and 'Dry January' that we should profile a story about [#wine](#). As it happens though and giving the nod to those remaining [#alcoholfree](#), this story involves your ability to look at, but not taste the liquid.

Michael-Jack Chasseuil, now 79 and thought to be the worlds greatest wine collector, has built his [#louvreofwine](#) not in Paris, where the authorities lacked interest, but under the family home in [#lachapellebaton](#).

Mr Chasseuil's museum will be open to the public so that the 50,000 bottles he has collected, which include all the finest vintages from the top chateaux, can have a look at his life's work.

But that's where the good news ends ! Not only will Mr Chasseuil not allow visitors a taste, but he wants to charge €500 for a visit. He likens turning [#lachapellebaton](#) into a new St Tropez, so

perhaps we should all buy property in the town and hope Musee entry is made cheaper !

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## SO WHAT TO DRINK IN YOUR [#DryJanuary?](#)

And btw you are not alone.

We have been busy analysing Investment opportunities in and around the Alcohol Free sector over the past quarter and this commentary from [The IWSR](#), the leading drinks market data gatherer, suggests this is quite a smart move. The [#AF](#) sector seems to be showing strong growth, that is expected to continue.

As the article suggests there is plenty of innovation coming out of the large drinks groups such as [#Ceder's](#) from [Pernod Ricard](#) and [#Atopia](#) from [William Grant & Sons](#) to name two, but its in the independent sector, both in beer and spirit substitutes that a significant amount of new product is being launched.

Britain has always shown an uncanny knack for drink innovation in the alcoholic sector (discuss?!) and that is spilling over into AF as well. In the beer category [Big Drop Brewing Co.](#), [Adnams](#), [Lucky Saint](#) have all been winning plaudits and now [Drop Bear Beer Co.](#) is raising on [Crowdcube](#). Away from beer, we have noted [Nuisance Drinks Percival & Co.](#) & [#faragaia](#) amongst many others.

France is also showing promise. We want to explore [#labrasserieparallel](#)'s new Kefir drink and if you want AF cocktails don't miss [La Maison Wellness](#)

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