



**BRAVE CHANGING WORLD:  
INBOUND KEEPING YOU POSTED**

**News & Views #47**

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*"Plus ça change"....In this selection of our posts, we focus on positive read-across from L'OREAL (OR FP) for QUADPACK (ALQP FP), the rise of digital in the diamond trade, Doordash, the limits of SPACs, Tintin's Blue Lotus, Hydrogen the new magic word, blockchain in art, Bumble and the lost art of dating, the Mother of All Cyber Breaches - and more!*

*Have a great read!*

*The Inbound Capital team*

*[www.inbound.capital](http://www.inbound.capital)*

**SMALL CAPS**



## WANT A TASTE OF THE FUTURE? A SPAC MERGING WITH ARCHER ELECTRIC AIRCRAFT

When you get two 'in vogue' themes combining it might bring an extra layer of certainty about the road ahead. Or in case of Archer the sky ahead!

There have been a long list of SPAC's investing in electric and autonomous vehicles and the technologies that will build them (<https://lnkd.in/dT8FBuz>). I have not yet seen a SPAC backing an eVTOL project (Please inform if there are others). UK companies such as [www.vertical-aerospace.com](http://www.vertical-aerospace.com) have been bank rolled by UHNW investors (in this case OVO energy's Stephen Fitzpatrick) and one must question why a company like Archer will benefit from being publicly listed when it only has a \$1bn contract from United for delivery at an unknown future date but already carries a \$3.8bn valuation. Feels like trouble ahead ?

Surely the VC industry exists, alongside the ueber wealthy to back such futuristic longer term projects. At INBOUND CAPITAL we already have experience in working with SPACs and believe they are here to stay. But surely what investors want from SPACs is to marry high quality management teams with existing revenue streams. Listed VC makes little sense.

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## MOVING FROM ANNUS HORRIBILIS 2020 TO THE ROARING 1920s?

The Covid-19 pandemic is far from over yet but L'Oréal, the world's biggest cosmetics maker, envisions a post-pandemic boom for beauty similar to the roaring 1920s which followed the global flu pandemic of 1918: "Putting on lipstick again will be a symbol of returning to life". CEO Jean-Paul Agon sent an upbeat message this week as the company reported stronger-than-expected Q4 sale driven by Asian and online sales.

L'Oreal's centre of gravity has steadily shifted to Asia with China now the second-biggest market in term of sales after the US. Organic growth there was +27% boosted by solid brands recognised by consumers. At group's level, organic growth was +4.8%, taking into account the much more moderate performance in Europe and the US. Online sales (own website + partner retailers) were up +62% and account now for more than a quarter of group's revenue.

This is a reassuring performance for a \$500bn global beauty industry which thrives on marketing and product innovations, and for its supply chain which help brands produce differentiated products for consumers, such as the cosmetic packaging group Quadpack (ALQP).

Inbound is providing advisory services to Quadpack.

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## HYDROGEN IS THE NEW MAGIC WORD

Stocks such as Plug Power and Fuelcell up by 162% and 400%, respectively, between October and December 2020. In France, HRS's stock is already up +69% since its IPO this week! Its market cap is €650m with 2020 sales of €2.5m! McPhy another French hydrogen play is up +481% on one year. And this is France, not the US and Elon Musk is busier with bitcoin than with hydrogen. It would be easy to believe that there is a bubble on those stocks. The main reason for this performance is that there are very few pure-plays in the green-friendly hydrogen space.

The biggest obstacle for hydrogen huge adoption is its high price. The cost of green hydrogen production can be 3-5x greater than grey alternatives. It is produced from renewables.

Renewable energy prices have to become cheaper for hydrogen costs to go down. Hydrogen production costs could fall by 60% over the next decade but, that's still far out.

Hydrogen is the solution towards carbon neutrality. Once you get the production costs down, and you have the right infrastructure like charging stations, it will be a very climate-friendly option.

[#hydrogen](#) [#sustainability](#) [#renewables](#)

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## YOUR NEXT \$13BN BUMBLE DATE IS WAITING FOR YOU... PROBABLY AT ROBINHOOD!

With Match Group trading at a \$45bn market cap should we be applauding that Bumble made a

triumphant entrance at the \$13bn level ?

The real surprise is not that Whitney Wolfe Herd has smartly executed the digitisation of our animal instinct, nor that everyone wants to join the bandwagon and get involved - I am sure the Robinhood free traders were heavily bolstering the momentum. No - the surprise is that on a planet that has been turning and successfully procurating for 1000's of years, we collectively feel the need (and now attach staggering value) to meeting people we cannot physically see or touch. Tinder and Bumble perform a service, but in so doing they disrespect the 'chemistry' that has forever been a fundamental part of choosing your partner.

A few more twists on this can of worms and someone will end up being offended. But it is worth asking what such a valuation of these businesses tells us about the state of the human being.

They hold a mirror up to a world that has lost the courage to small talk the way to another's affections. I fear its message is you can only meet someone by screen appointment.

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## START-UPS & TECH



### DOORDASH CHEWS ON CHOWBOTICS

Everyone knows Doordash which has the greatest share of the US food delivery market, around 48%, ahead of rivals like UberEats and Grubhub. It is one of the business models that benefited from the pandemic as restaurants were closed.

Now Doordash is buying Chowbotics and its fresh food robot Sally (a rectangular machine that's essentially a salad vending machine) that can create customizable salads, grain and poke bowls, etc within a small space. The robot is used by universities, hospitals, and grocery stores. I am not sure I would like to buy my salad (a supposed healthy meal) from a vending machine, but I am French, not American!

This acquisition is probably part of a post-pandemic plan as Chowbotics will allow DoorDash to help the restaurants that use its delivery platform expand their offerings. It will also fit into a ghost kitchen model (delivery-only restaurants) as Doordash already has a ghost kitchen in California. In that case, Doordash could compete with its clients.

At the end of the day when you will order, you will not know whether your salad was made by a Chowbotics robot or a human. Bon appétit!

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## UNCHAIN MY HEART? BLOCKCHAIN MY ART!

For street artist PBoy, 2020 was one of his best years EVER not least because he was able to sell parts of his giant mural fresco on the wall of a derelict gold foundry in Ivry-sur-Seines for NFTs (Non Fungible Tokens). Blockchain-based NFTs are increasingly popular with artists, galleries and auction houses like Christie's - a reflection of the art ecosystem's secular digital shift synonymous with greater transparency and traceability but also generating a broader, more democratic appeal. All factors putting cutting-edge blockchain & art specialist Arteïa ([www.arteia.com](http://www.arteia.com)) in a unique position as argued in our Art & Digital White Paper (June '20): <https://lnkd.in/g7TJKDb>. As its market expands, art is also becoming an asset class on its own, with the benefits of crypto-art so far outweighing concerns about volatility and speculation (both start with a "B" but blockchain is not bitcoin). Inbound is sole advisor to Arteïa.

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## FINANCE & ECONOMY



## DIAMONDS ARE FOREVER... ONLINE

The global diamond market was down 15% in 2020 due to the pandemic, but performed better than the whole luxury sector down 22% according to Bain & Co. While consumers travelled less, they continued to make long term commitments or indulge in some acquisitions that would stand out of the ordinary. Diamond sales actually rebounded 5% to 10% in the US and 15% to 20% China up in Q4...

... But a key highlight for 2020 was the sharp rise in online sales, which accounted for c. 20% of

sales vs. 13% in 2019, as covid has accelerated a fundamental trend in the digitization of the act of purchase. Even though consumers overwhelmingly prefer to go to the store, this trend is likely to keep trending up along the development of ecommerce. Europe and the rest of the world is following the US where pre-covid online sales in particular are due to the fact that the purchase of an engagement ring is fairly standardized in terms of the types of mounting or categorization of diamonds - weight, clarity...

This trend is similar to current developments in the art sector, where many were strongly surprised by how fast digitisation accelerated post-Covid...

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## LIFESTYLE & OTHER



### MILLE MILLIARDS DE TONNERRE DE BREST! BILLIONS OF BILIOUS BLUE BLISTERING BARNACLES IN A THUNDERING TYPHOON!

Who said comics and bandes dessinées were a minor art? Not since an original painting of TINTIN'S THE BLUE LOTUS by famous Belgian illustrator Hergé - showing Tintin and his faithful dog Snowy hiding in a porcelain jar - was sold for a jaw-dropping price of €3.2m (\$3.9m, £2.8m) at one of Paris-based Artcurial auctions. Initially intended to serve as the cover for Hergé's fifth book, it was rejected due to reproduction costs. While setting a new record, there is a still big gap between Hergé and the next best-selling illustrators' sales prices but the latter are steadily rising (Uderzo, Enki Bilal etc): the 9th art is really coming of age. On top taking place online, the sale of The Blue Lotus was marred in controversy about its origins: there again blockchain would have helped and a cutting-edge specialist like Arteïa ([www.Arteïa.com](http://www.Arteïa.com)) been able to come to Tintin's rescue. Inbound is sole advisor to Arteïa.

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## BRUSH OR RATHER COMB WITH CYBER DISASTER

COMB stands for Compilation of Many Breaches and is otherwise nicely dubbed the "Mother of All Breaches" or the "Biggest Breach of All Time". As if 2020 and the start of 2021 were not bad enough this one seems credible - although it's weirdly not advertised anywhere apart from specialised websites and REDDIT seems to have removed it from its site (not sure whether this is good or bad!). Anyway, according to CyberNews (<https://lnkd.in/gwpaFWk>), 3.27 billion unique pairs of emails and passwords were leaked on a popular hacking forum, aggregating past leaks from Netflix, LinkedIn, etc all into COMB. While many data breaches and leaks have plagued the internet in the past, this one would be exceptional in regard to its sheer size since it potentially concerns c.40% of the planet population (7.8bn people) and the data of nearly 70% of global internet users (4.7bn people are online). "COMBe again?" Regularly changing your passwords and refraining from using the same one for too many purposes is always recommended: now you know why.

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