



BRAVE CHANGING WORLD: INBOUND KEEPING YOU POSTED

News & Views #44

“Plus ça change...” In this selection of our posts this past week, we focus on Euronext Growth saving the IPO day last year, Pure Grass Films and the exciting release of “Twist”, positive newsflow in the corporate world (shipping, cash flow), sports and Decathlon, the increasingly neglected valuation angle in equities, NETFLIX (NFLX US), Lady Gaga vs. Whitney Houston, sports and Peloton (PTON US) and more. Last but not least, we include a smashing contribution from Pannell Hayes Consulting (www.pannellhayes.com), the leading expert on Mobility and Inbound’s new partner on this all-important theme!

Have a great read!

*The Inbound Capital team
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SMALL CAPS



Londres sous la neige

- L'Europe adopte un plan de relance de 750 milliards
- Un accord sur le Brexit est trouvé
- Les premières vaccinations commencent
- L'immunité de groupe devrait être atteinte au printemps aux Etats-Unis



VALUATIONS MATTER (1)

Summers can be deadly (those old enough to remember Isabelle Adjani and Alain Souchon in the French movie "L'Ete Meurtrier" will agree: <https://lnkd.in/eZP962D>) but for the stock market, October has often proven treacherous and mid-January a time for a pause or hesitation. Although the start of 2021 has already delivered its (un)fair lot of shocking events - Washington DC dwellers can confirm - it has followed a similar pattern. This is despite major uncertainties getting lifted all through 2020, from US elections to a vaccine (several actually) and households' purchasing power being relatively preserved - representing pent up consumer demand - to the detriment of public finances, themselves funded by central banks injecting liquidities in the system and leaving Equities as one of the few "yield havens" left. Valuation may be the culprit (some would argue it's about time it mattered): with S&P standing on around 22x P/E for this year and the CAC40 at c.18x, this can hardly be deemed a compelling entry point. Quite an

unusual situation at the start of a so-called new expansion cycle, as innovation-led financial advisor CGP-CONSEILS mentions in its latest newsletter: https://lnkd.in/g954_vr
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2020 IPOs: FRENCH SMALL CAPS SAVE THE DAY

"Air pocket", "Small vintage in France": congratulations to French finance magazine Investir for mastering the art of understatement! For the second year in a row, 2020 saw a dearth of French IPOs: excluding market transfers/direct listings, only 7 companies raised money through an IPO. The amount raised came to less than €500m and even <€200m excluding the 2MX Organic SPAC - at least there was FDJ FP in 2019. Compare with the US where there were 183 IPOs and 242 SPACs listed (!) raising \$150bn in total last year. The aggregated market cap of those 7 IPOs is currently less than €1bn with a median market cap of c.€60m (Nacon is c.€645m). Against this sobering context, Euronext Growth also deserves praises for saving the day, accounting for 6 IPOs out of 7. An IPO being the start vs. the end of a value creation journey, a sustained share price performance over time - not just on opening day - is critical: it can be achieved especially by expanding investor access towards a targeted international audience, something Inbound has unrivalled expertise to deliver: www.inbound.capital

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POSITIVE SHIPPING NEWSFLOW FOR TOUAX (TOUP FP)

Cost of shipping goods from China to Europe quadrupling in the last 8 weeks as Western demand for products made in Asia rebounds

The cost of shipping a 40-foot container from Asia to Europe has reached >\$9,000 vs. c. \$2,000 in November. The sudden recovery in demand has led to containers supply bottleneck while congestion at ports also contributed to higher prices.

Unlike the 1st lockdown when 1000s of empty containers were left stranded in Europe/US, the current measures taken to fight the pandemic do not appear to have materially impacted global trade.

Distributors and manufacturers do not expect to be able to absorb these huge increases in freight costs and are considering whether to delay orders or risk stocks shortage, with signs of strains on global supply chains building up. Delays in transportation and goods shortages at suppliers are increasingly reported with potential implication for temporarily inflation pressures over the the year.

Container shortages are likely to continue into 2021 despite new orders from carriers for containers. This is also positive for container operator like Touax (TOUP FP).

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THEMATIC



Mobility is too important and complex a theme to leave it to non-specialists, hence the importance of cutting-edge mobility expert PHC's views!

Pannell Hayes Consulting (www.pannellhayes.com), the leading expert on Mobility, is Inbound's new partner on the theme.

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FINANCE & ECONOMY



POSITIVE CASH FLOW SURPRISES IN STORE?

Is there a material 4Q20 positive cashflow surprise in store from #EU / #Swiss exposed #corporates ?

At first glance there was nothing particularly unusual about the Computacenter Trading Statement delivered yesterday. However, more important than the positive headline pushing expected PBT for 2020 even higher than the upgraded expectation only a month ago, were

indications regarding cashflow.

Lurking mid text was the following : "Our usual strong year-end net funds position was strengthened still further as a number of our customers paid ahead of normal payment cyclesto avoid sometimes negative interest rates."

Computacenter generates equal sales from #Germany and the #UK and has strong exposure to #France and also relatively recently purchased #Pathworks in #Switzerland. The group has high exposure to negative rate countries therefore. Implicit in the statement, as it was not mentioned in early December, is possibly a material positive surprise to year end cash collection.

This is not a topic I have heard being discussed at all, but could generate a EU wide positive cashflow surprise if the same behaviour has been ubiquitous.

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WHY A TRIP TO DECATHLON WON'T BE BORING ANYMORE

It is a very interesting marketing move for Decathlon as it has teamed up globally with the NBA for league branded merchandise.

Everyone knows Decathlon for its affordable and good quality sports equipment. The only thing missing is a nice design and going to Decathlon can be efficient but boring (and it is not only due to the fact that the colours of their outfit are not always the colours of your dreams).

And now they have this agreement with the NBA which is one of the most famous sports brands in the world. A trip to Decathlon won't be boring anymore as NBA league-branded base layers, accessories and footwear designed by Decathlon (sold under its basketball brand Tarmak) will be available!

With more than 1660 stores in the world and sales above \$12bn, Decathlon can afford to sign more amazing partnerships and to make us dream even more.

#partnerships #marketing

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NETFLIX REACHES 200M SUBSCRIBERS IN LOCKDOWN BOOST

For people who thought that Netflix will never reach break-even and never generate positive cash-flows, that will be very disappointing news.

All figures are impressive: paid streaming subscribers rose to 203.7 million at the end of Q4, up 23% from a year ago, revenues rose 21% to \$6.64bn, for the full year, negative cash flow was \$1.9bn, down from \$3.3bn in 2019 and Netflix is contemplating break-even FCF in 2021. All this good news is reflected in the share price which is up by +15% in one day.

Obviously, a part of this good performance can be attributed to the impact of Covid-19 as what is best than to watch your favorite series when you are locked down. But it is also explained by the \$17.3bn investment in content made by the group to produce always more attractive content. And despite all its new competitors (Disney +, Amazon Prime, HBO Now, etc), Netflix is still able to attract new subscribers. Who wants to miss Bridgerton or Lupin? And this move to streaming is done at the expense of movie theaters and traditional TV.

[#netflix #content](#)

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LIFESTYLE & OTHER



WILL JOE BIDEN'S PELOTON MAKE IT TO THE WHITE HOUSE?

Among all the interesting questions around Joe Biden (and this is not a political post!), there is a very important one which is to know if the 46th president of the US will be able to bring its Peloton to the White House?

Joe Biden's fitness regime may be a threat to his security as his Peloton exercise bike is a potential cybersecurity risk.

As it is now well known (everyone has in mind the sexist ad where a man wants his pretty skinny wife to lose weight!), Peloton combines a stationary exercise bike with an interactive tablet that allows the rider to take part in group training sessions remotely. To do that, the tablet is equipped with a webcam and a microphone, which, of course, will be a problem at the White House.

To make it secure you just have to remove the camera, the microphone, and the networking equipment ... and you just get.... a boring bike (but a Peloton one). It is not the 1st time the issue

has been raised. Former 1st lady Michelle Obama had been supplied with a modified Peloton without a camera or microphone.

It is fascinating to see that now security issues are everywhere and you will probably not think about that when you are planning to have a healthy training with your Peloton bike.

[#cybersecurity #peloton](#)

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WHAT A TWIST!

Countdown to the 29/1/21 release on Sky Cinema and around the world of TWIST:

<https://lnkd.in/eUtGbCh>. A Sky Original, this modern adaptation of the Dicken's classic already earned a 4 star review in Total Film and features British all-star cast including: Sir Michael Cain, Lena "Game of Thrones" Headey, singer Rita Ora and David Walliams. TWIST was produced by Ben Grass, founder of ground-breaking film & TV company Pure Grass Films (www.puregrassfilms.com), along with other leading UK production companies - and it's just, well, AWESOME (I'm biased since I'm an advisor of PGF, which also counts Damian "Homeland" Lewis among its advisors: <https://lnkd.in/etcPSf>). Perfect vaccine vs. boredom in lockdown!

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LADY GAGA VS. WHITNEY HOUSTON - THE THROAT TIGHTENING POWER OF THE BEST DELIVERED NATIONAL ANTHEMS

Many who follow [#rugbyunion](#) in the northern hemisphere will site 80,000 welsh fans in full voice at [#Cardiff's #MillenniumStadium](#) (<https://lnkd.in/dkgVAJv>) as an annual highlight. Whilst no one else has a clue what is being sung, it is musically powerful and uplifting, and injects the welsh with an enviable home advantage.

The US inauguration ceremony is always particularly welcome for the rendition of [#StarSpangledBanner](#). Whatever one's views of the [#USA](#), their national anthem is a belter for both lyrical content and tune. And didn't [#ladygaga](#) choke us all up this week with a spine tingling rendition (and extraordinary dress to boot !)

However, for those who really want to push the throat lump to the edge of tears, I commend the

performance by #WhitneyHouston (RIP) at the 1991 Super Bowl. Such an exceptional delivery I have not seen equalled, a woman in total command of her vocal delivery, and the crowds emotional state (https://lnkd.in/dMBG_wg)

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Inbound Capital provides targeted introductions to CGP-Conseils.

Inbound Capital is partner with Pannell Hayes Consulting.

David Chermont is an advisor to Pure Grass Films.

Inbound Capital previously played an advisory role for Touax (TOUP FP).

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