



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

News & Views #45

“Plus ça change...” In this selection of our posts this past week, we focus on mobile photography, suburban life in the wake of the WFA (Working From Anywhere) trend, the rise and rise of Boohoo, innovative answers to tobacco smuggling and why Day Traders, hedge fund bloodhounds and other adepts of the current Equity Populism cult would be better advised to look up at the skies rather than down at their personal trading screens: some celestial objects are worth gazillions more than they will ever make - just ask NASA.

Have a good read!

The Inbound Capital team

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SMALL CAPS



MASSIVE 2020 EBIT BEAT AT CEWE'S PHOTOBOOK BUSINESS!

CEWE reported a significant Q4 sales and EBIT beat last week, respectively around 10% and 50% above consensus, driven by strong photofinishing revenue largely offsetting the relative weakness in the commercial online printing and retailing. This is all the more significant as Q4 concentrates 100% of the annual profit generated by this business, due to its highly seasonal nature.

While lockdowns and curfews in Europe have allowed consumers to spend more time on the often tedious task of creating a photobook, it also seems that the artificial intelligence functionalities introduced in the autumn are materially facilitating and speeding up its completion with substantial positive implications for current and future revenues. Indeed brokers have been substantially raising their forecast for 2021 and the year to come – i.e. Kepler increased its 2021e/2022e/2023e estimates by 20%.

Overall this is also a positive signal for the other listed players in photo/photobook printing and personalised cards/gifts such as Claranova (CLA FP). [#Claranova](#)

Inbound provided advisory services for Claranova.

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THE ASCENT OF BOOHOO (BOO LN, £4.3bn MARKET CAP) CONTINUES

Another impact of Covid and the fast digitalization of our economies: Boohoo is buying Debenhams (yes the one everyone who has been shopping in the UK knows!). It is the end of an era.

What is even more amazing is that Boohoo is only buying the brand name and its website. It has no interest in the 124 Debenhams stores or its employees. The \$55m purchase price represents about half of Boohoo's last year's profits which seems a lot. That's a big investment! But the deal really makes sense as it puts Boohoo on the map as a major retail player in the UK.

Debenhams has a multigenerational appeal. Until recently it was still one of the 10 most visited fashion retailers. And this broad appeal will open up many new target segments that Boohoo could not have reached. Boohoo will be able to diversify its products to shoes or homeware thanks to the Debenhams name. It will become insensitive to prices as consumers are ready to pay more under the Debenhams brand. Debenhams does not just bring older and richer consumers, it also presents a significant opportunity to charge them more.

Every way you look at the Debenhams acquisition, it looks good: great price, great opportunity to diversify, and a perfect synergy between the old and new world of retailing.

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START-UPS & TECH



GOING UP IN SMOKE: TECH VS. COUNTERFEITING & SMUGGLING

The recent dismantling of a European-wide network of illegal cigarette and cigar factories for tobacco smugglers is a coup for Dutch and Belgian polices as well as for Europol (the Interpol of Europe: <https://lnkd.in/dbU6PWm>). It also shows the critical importance of ground-breaking software start-ups like kaiosID, at the forefront of the digital battle against counterfeiting and smuggling, a particularly acute problem in the cosmetics, luxury, FMCG but also the tobacco industry. Thanks to its proprietary pattern generation technology, kaiosID's algorithms can generate millions of unique patterns based on brand designs thereby ensuring traceability as well as brand protection but also customer engagement: www.kaiosID.com. Inbound is sole advisor to kaiosID.

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THEMATICS



HEAD OVER (W)HEELS: DIGITAL IMPACT ON COMMERCIAL TRANSPORT

Smashing article on digitisation and investment opportunities in the commercial transport sector from Inbound's Mobility expert partner [PHC \(www.pannellhayes.com\)](http://www.pannellhayes.com):

"In a fractured commercial transport market - operators are demanding agile, integrated digital services. This is enlivening the investment environment, and the race is on..."

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FINANCE & ECONOMY



HALLELUJAH! ROBINHOOD AND REDDIT INC. RE-WRITING THE INVESTING GAME

#Regulators will be licking their lips.

It's widely being reported as #MainStreet v #WallStreet, but the #RedditWallstreetbets induced short squeeze that saw GameStop rise 350% since monday's close, crystalizing significant hedge fund losses at #MelvinCapital and others, has deeper roots than just a bunch of day traders 'ganging-up' on institutional short positions.

This weeks 'de-grossing' is merely a condensed version of what has impacted Tesla and other tech stocks since the beginning of the pandemic. It's what happens when you offer zero interest rates, free trading (Robinhood etc), social media dialogue and institutional short position transparency.

If the 'Main street' protagonists are licking their lips as institutional shorts cave in to the pressure, then their triumphalism will be red-rag to regulators who must not allow this impact to continue in markets. We should watch #TheBigShort and be reminded that it was conviction and patience that brought success. But for now, equity risk has materially increased for us all. Buy 'certain' yield.

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IS ROBINHOOD STILL THE KING OF THIEVES?

In fact, it looks more like the Sorcerer's Apprentice.

Robinhood was happy during the pandemic to attract more and more new individual investors by promising free trades. It went very well as young people bored at home and saving money found that it was a lot of fun to buy stocks (and to make money!). The more a stock was down, the more attractive it seemed. And that game was going on and on, totally disconnected from real valuations.... until these investors started to focus on Gamestop. And as the share was up 1500% in one month with poor fundamentals (who still go to a physical store to buy videogames?), some hedge funds started to feel the pain, and with them the whole stockmarket. And the White House and the Federal Reserve started to feel concerned!

And Robinhood blocked the trades (before they resumed on Friday) on some stocks including Gamestop. The whole story becomes political as it is now the individual shareholders against the hedge funds.

This is an interesting issue as shareholders should be allowed to buy the stock they like even if they are largely overvalued. One day it will collapse for sure... but that's their choice. And hedge funds have to adapt. Their job has never been easy!

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STOP THE GAME ON GAMESTOP?

After an unbelievable year with the strangest things becoming reality, the stock markets are down today because individual shareholders want to rule the show at the expense of asset managers, especially hedge funds. And the most surprising thing is that it works!

This is now the new game in town for young people who are locked down and don't know what to do with their money: buying stocks (with Robinhood, it is easy and cheap).... and it is much more fun than videogames as they can make easy money (so far). They don't care about valuation and they get their advice through Reddit (and its page WallStreetBets). The advice on Gamestop

was that it was undervalued (don't ask how the valuation is done, I prefer not to know).

Gamestop went up 1500% in 2 weeks and from \$4 one year ago to \$200 (normal, no?). Hedge funds that thought that the stock was overvalued were in front of severe problems and lost a lot of money.

Is it right or wrong? I don't know. One thing is sure is that you can't always win and in the long term these people who have bet on a market which is up since last March will learn the hard way that trees never go up to the sky and that all the bubbles burst at some point. And at that time they will start to look at valuation.

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ASTEROID MINING: GOING MENTAL OVER PSYCHE 16

Look up, Day Traders: the real riches are not down on your stock screens but right above your heads...in space. Floating between Mars' and Jupiter's orbits, Psyche 16 is exclusively made of metals (nickel, gold, rhenium, etc) which at current prices values it at c.\$630tr (7x world GDP). This is quite extraordinary because asteroids are usually made up of dust, rock and ice. Stupidly NASA is not sending an orbiter to mine its wealth but for the more noble mission of better understanding how Earth's own core functions and why magnetic poles move the way they do: like Psyche 16, it's also made of metals and was formed in a similar fashion. What a bummer! When will those scientists with sincere purposes to help humanity ever learn? Still, floating objects in space are definitely of interest for mining groups, rocket launchers and leading SpaceTech funds like the one from Promus Venture (www.promusventures.com) in Luxembourg - which as a country has taken a lead role in regard to asteroid mining.

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LIFESTYLE & OTHER



LE BONHEUR EST DANS LE PRE

France's message to all [#townies](#) looking for more space to [#WFH](#) - don't complain about [#rurallife](#) when you get here!

[#covid19](#) has created an exodus from the [#urbansprawl](#) as more people seek rural outside space and a better WFH environment. But the [#French](#) have made it clear that arriving urbanites cannot bring their habits and lack of rural tolerances with them !

So, rather charmingly, France has now passed a law protecting the "sensory heritage" of its rural areas, in the face of complaints about noises and smells typical of the countryside.

From the crowing of roosters to the distinctive barnyard whiff, France's countryside sounds and smells are now officially protected by law. The move came following an increasing number of social conflicts between long-term residents of rural communities and newcomers looking for peace and quiet in the countryside.

We should anticipate the same issues (and laws hopefully) in the UK, where already, the daily rural visit of 'townie walker' sees them picking up their dogs morning movement from fields covered in cow pats ! Really ?

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