



BRAVE CHANGING WORLD: INBOUND KEEPING YOU POSTED



News & Views #60

“Plus ca change”...In this selection of our posts, we focus on CBD and outstanding UK start-up GRASS & CO (Holland & Barrett finds them outstanding too), VOLKSWAGEN’s interest in EUROPCAR (EUCAR FP), Russian champagne vs. French fizz, LPE RESEARCH on Magical Money, Patreon-style ALCHIMIE (ALCHI FP) set to ride the SVOD boom and TV’s viewers’ increasing diversity of interests, aliens and Unidentified Aerial Phenomena, QUADPACK (ALQP FP)’s innovation drive in cosmetic packaging, DEINOVE (ALDEI FP) at the forefront of the fight against the Next Pandemic, UNE ROBE UN SOIR set to benefit from Luxury adopting circular economy practices, Art-tech and ARTEIA, getting insured as a space tourist (have a safe flight, Richard!) - and more! All hail the maiden edition of THE EDUCATIONIST: a big success already!

Have a good read!

The Inbound Capital team

www.inbound.capital

SMALL CAPS



WHY VOLKSWAGEN (VOLK FP, €126,9 BN) WANTS TO TAKE OVER EUROPCAR (EUCAR FP, €2,3BN)...

...Look at car-sharing trends and electric vehicles (EV) growth....

Europcar indicated that they had been contacted with an offer to acquire the group. The discussions, initiated by Volkswagen, have gone far enough that a price of €0.4 per share has been mentioned, a number that seems however still too low for the 5 funds which took over the rental company after converting their debt into equity in January.

The reasons why Volkswagen is interested in Europcar go clearly beyond the simple fact that, after a 45% drop in sales in 2020, a strong upturn is expected for this summer.

Volkswagen clearly sees itself going forward more as a mobility solution provider than just a car manufacturer. As an early player in car-sharing solutions with its subsidiary Ubeeqo, whose service runs in 9 cities in Europe, Europcar would fit neatly with Volkswagen's own brand, WeShare, which is only active in Berlin with 1,500 EVs.

Acquiring Europcar would also help Volkswagen deliver on its ambition to overtake Tesla as the first seller of EVs in Europe by 2025 by helping it promote its models to the large pool of Europcar customers.

The megatrend towards carsharing is clearly accelerating among other OEMs such as Renault with Zity and BMW-Daimler with Share Now, but it is also a key strategic driver for large lease operators such as European leader ALD (ALD FP, €5bn mkt cap) which has been actively embracing new mobility solutions, and where EV is at the core of their growth strategy and current success.

Inbound has previously provided advisory services to ALD.

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EVIV DIVOC!

Like an evil plan devised by arch-villain Zornglub in the Spirou & Fantasio adventures (<https://lnkd.in/eA7QymR>), COVID has had the paradoxical effect to unleash so-called Magical Money flows to individuals, funds, corporates or states - converging to create a surge in equity markets. As a liquidity-driven Equity Tide lifts all boats, everyone has

suddenly become a great (vs. smart) investor - especially in small caps, which have made most gains. Yet Julien Onillon is too modest about the 75%+ 1-year performance of his conviction list (+50% for the CAC Small): indeed selectivity is increasingly the name of the game as cyclicals are nearing their top-cycle valuation levels and the economic upswing is getting priced in. Yes the economic multiplier should kick in but stockmarket expectations have increased too while the favorable base effect of last year's results should fade out. The Equity Party is still in full swing but it's time to distinguish companies offering strong management and business models from those hyped-up stocks blatantly overvalued on all metrics (often losing money hand over fist). Did anyone just mention "hydrogen"? It's bad enough for a princess' carriage to turn into a pumpkin, it's worse when it morphs into a rotten tomato. Bravo Julien and...EVIV BULGROZ! Inbound provides introduction services to LPE Research.

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PLUNGE IN THE VALUE OF FRENCH FOOTBALL

BROADCASTING RIGHTS...

...a sign of the increasing diversity of interests by TV viewers and of the rise of SVODs. After a long era of continuous inflation in football rights across Europe, prices seem to have fizzled out in France, but also in other countries...

Amazon put its hands on the majority of the French Ligue 1 this week for a meagre €250m. This is to be compared to the 2018 auction of €1.2bn won by Mediapro and it is also below the €750m paid by Canal+ and BeIN for the 2016-2020 period. While some economists are expressing fears that inflation is back, it is clearly not the case in football rights, and this is despite the arrival of new players like Amazon and Dazn in sport.

Football is no longer the "Must Have" for pay-TV groups to win subscribers as the explosion of new content and channels provided by SVODs is distracting viewers' attention and shifting them to new themes and channels. The fragmentation of audience is accelerating. This trend explains the success of Alchimie (ALCHI) which successfully launched last year its SVOD platform, TVPlayer and packages original thematic channels from creative talents and content of various European media groups. Alchimie is already co-editing 70 channels and is planning to grow this number to 210 by the end of 2022.

Inbound provides advisory services for Alchimie.

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QUADPACK (ALQP) leads the way in innovation for cosmetics packaging!

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START-UPS

The Educationist

Inbound's The Educationist for Investors

- LAUNCH EDITION -
June 2021

Say "Cheers!": Mobile Photo Printing

WHY INVESTORS SHOULD CARE:

The Mobile Photo printing market is the latest evolutionary phase of the 180-year-old Photography market, which continues to grow rapidly. Despite consolidation over the last 5 years leading to a relative polarisation towards bigger names (i.e. Cewe (CWC GY) Claranova (CLA FP), Shutterfly (Apollo) – SEE LIST IN THE FULL REPORT), acquisition opportunities abound while leaving plenty of room for digital upstarts.

The global Mobile Photo printing market is worth almost \$20 billion growing at more than 10% annually. While there are significant economies of scale, the market remains segmented by countries due to logistical constraints and demand for short lead times. It is however rapidly changing with the regular emergence of new photo products like photobooks, cards, personalised objects and gifts, etc.

On top of strategic buyers (often publicly listed), private equity firms and other financial investors have been attracted more recently by a sector offering visible revenues, a loyal customer base, healthy market growth and attractive returns. The pace of technology change has kept the sector busy with acquisitions and new start-ups, helping it to rejuvenate and evolve with consumer trends. The pandemic has only accelerated this trend and increased its attractiveness from an investment point of view.

COMPANIES mentioned in this report include:

- CEWE (CWC GY, ~€920m market cap)
- CLARANOVA (CLA FP, €280m market cap)
- myPhotoBook
- MySocialBook
- Photobox
- SMARTPHOTO GROUP (SMAR EN, €115m market cap)

Please refer to our main EDUCATIONIST FOR INVESTORS report for the FULL LIST of companies identified ([CLICK HERE](#) or go to page 6)

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INBOUND'S "THE EDUCATIONIST" IS OUT!

For those of you who missed it, welcome to the launch edition of Inbound's THE EDUCATIONIST (FOR INVESTORS)!

The Educationist provides sector education rather than investment advice. It focuses on a specific niche of potential thematic interest for investors, in public or private equity.

The Educationist leverages Inbound's advisory role to corporates from start-up to Small/Mid-Caps, and its strong track record across that spectrum. It also leverages the fundamental expertise of its team, made up of previously rated equity research analysts and buy-side investors in global firms.

The Educationist is written by investor specialists for investors.

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LUXURY GOES CIRCULAR

Among the reasons for the compelling stock price performance of the Luxury sector, the ability for established group to adapt to (if not anticipate) evolving consumer behaviours and changing industry practices by dipping into the start-up pool is one. This is particularly true in the so-called New Normal: for instance, LVMH (MC FP, €340bn market cap) partnerships with French start-up weturn (<https://www.weturn.eco>) and NonaSource (www.nona-source.com) focusing on offering a closed loop of recycling unsold or scraps of fabric with the former and on allowing brands to swap unused fabrics and leather with the latter are bigger than meets the eyes. Beyond helping LVMH reach its goal of 100% eco-designed products by 2030 (part of its project LIFE 360), they show the way for the Luxury ecosystem to become more carbon footprint friendly. Reducing waste, re-using materials, but also renting out rather than buying like Une Robe Un Soir offers (<https://lnkd.in/eTvYsPT>) or buying second-hand etc: they all seem to have accelerated in the Luxury sector. A collateral ESG benefit of the pandemic perhaps?

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NOW IS YOUR CHANCE TO INVEST IN GRASS & CO

Inbound Capital is managing an upcoming £2m EIS eligible funding round for [Grass & Co](#) below . (Min £25k) Please be in contact with expressions of interest.

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Art: it's all going digital. ArtTech specialist Arteia is already there.

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FINANCE & ECONOMY



SANOFI TO INVEST €400M PER YEAR IN mRNA VACCINES

DEVELOPMENT

Sanofi to invest €400m per year over the next 5 years to develop a R&D and production platform for messenger RNA (mRNA)

The French pharmaceutical group, a world specialist in vaccines, will create a centre of excellence dedicated to mRNA, whose potential has been clearly validated by the Covid vaccines from Pfizer and Moderna BioNtech. Sanofi intends to gather 400 staff in his existing R&D sites in Cambridge (Massachusetts, US) and Marcy-L'Etoile near Lyon (France), where all the capacities necessary for both the development and production of mRNA vaccines will be integrated.

This centre will address 2 objectives: 1) respond effectively to a new potential pandemic by rapidly developing and producing a vaccine and 2) add a new technology along its existing ones to target certain infectious diseases

Sanofi has a target of 6 clinical candidates by 2025 and is already working on mRNA through its partnership with US biotech Translatebio. After launching a Phase I clinical trial for their Covid-19 vaccine candidate last March, they started recently to test their mRNA-based influenza vaccine candidate on humans. Vaccines generated ~€6bn in sales for Sanofi, or 17% of its turnover.

Across the industry, many agile biotechs are developing similar R&D integrated approaches. At a smaller scale, this is the path that Deinove (ALDEI FP) has chosen with an integrated R&D and production platform dedicated to efficient bacterial screening, and aiming at the prevention on new potential bacteriological risks - going beyond the current viral infection risks caused by Covid 19.

[#biotech](#) [#Deinove](#) [#Moderna](#)

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LIFESTYLE & OTHER



WHAT NEXT AFTER THE PANDEMIC: ALIENS

The key thing in the new US intelligence report containing unclassified information on UAP (Unidentified Aerial Phenomenon, UFO is so passe) sightings was its candid official admission for the first time that it had NO CLUE what some of those mysterious flying objects were, i.e. of extraterrestrial origin. While Pascal's wager argues that a human being should live as though God exists for a positive outcome either way, it's more tricky with aliens: because if they do exist, they may not come in peace. Those who got our Seasons' Greetings card back in December will remember we dared to ask what other calamity was in store for the years ahead (that was dark humour from Inbound): giant volcanos erupting? A dinosaur-wiping style meteor? A superbug dwarfing Covid-19's sanitary disaster (everyone should read Matt McCarthys "Superbug": www.drmattmccarthy.com)? A space-time wormhole sending Earth in another dimension? Plan for the worst, hope for the best. "Encounters of the Third Kind", not "Independence Day"!

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COUNTDOWN TO SPACE TOURISM - AT YOUR OWN RISK

The so-called billionaires' commercial space race is reaching a new stage with Jeff Bezos' first space flight together with brother Mark on BLUE ORIGIN set for July 20 and Richard Branson's VIRGIN GALACTIC (SPCE US, \$13.5bn market cap) winning approval from US regulators to put paying passengers into the lower reaches of space - it sent SPCE shares rocketing up: literally. If everyone seems to agree there's a lot of pent-up demand for space tourism, the punters who can afford it will need to be brave. US Congress agreed in 2004 to let the space-tourism industry self-regulate to speed its preparations for passenger flights. Faced with years of delay including the Virgin Galactic accident (2014), the policy has been extended several times to now run until October 2023. Before you ask, the Federal Aviation

Administration's jurisdiction is limited to protecting public safety and the environment during launches and re-entries. Uh oh. Next stop for space race billionaires: buying an insurance group?

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RUSSIA GETS THE FRENCH IN A FIZZ OVER CHAMPAGNE LAW

In Russia, everyone loves vodka. What is less known is that they also love shampanskoye. But if you think that shampanskoye is "our" nice French Champagne (like Ruinart Blanc de Blanc for example), you will be very disappointed as it is from now, only Russian bubbly. Unfortunately, you have to drink more than a few glasses of vodka to think that Russian shampanskoye is real French Champagne.

The worst thing is that French Champagne can't be called shampanskoye anymore (according to a new law). It can be called Champagne but the problem is that Russians don't understand French (do they?). So a new Cold War has begun. Moët Hennessy, France's most well-known champagne-maker, suspended deliveries before adding the "sparkling wine" label on bottles it shipped there to comply with the law. French Agriculture Minister Julien Denormandie weighed in on the debate, insisting that only Champagne's vineyards can truly use the name.

Russia imports almost 50m liters of sparkling wine every year. French champagne represents 13% of this market and Moët Hennessy 2% of this. This move could be part of an effort to revive the shampanskoye sparkling wine industry in its Soviet-era home of Crimea, which Russia annexed from Ukraine in 2014. If it can explain this annexation :), what Russians don't understand is that only French Champagne will taste like French champagne (ask the bubbly producers in the Nappa valley).

[#internationalrelations #champagne](#)

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SVOD INDUSTRY STILL BOOMING IN THE US

Even if this is an American phenomenon, it is worth noticing.

As consumers abandon the pay-TV bundle (ie cable TV), Ampere's new research finds that many people are signing up to many SVOD services, a trend that bodes well for the

streaming business but raises long-term questions about costs and subscriber churn. More than half (52%) of households in the U.S. now have access to 3 SVOD subscriptions or more up from 45% in Q3 2020. Even more surprising, almost 3 in 10 (29%) have access to 5 services or more in the U.S. Original content is driving the trend for SVOD stacking.

Higher levels of competition among streamers in the U.S. mean that consumers are now spending less time watching content on each of the services they have access to.

As it has been seen in Europe, there are some big differences in the way people consume TV depending on where they live. In the U.S., TV is a much more important part of daily life and plays a greater role in social interaction than in Canada. Competition among streaming services is also more significant in the U.S. than in Canada. In the last six months, it has not only impacted stacking rates but also the growing demand for quality original content as streamers battle to engage subscribers and reach new audiences.

In its own way, with content from the "creator economy", Alchimie (ALCHI FP) is bringing original content to its subscribers. This original model with low risk will be part of structural changes in streaming in the future.

Inbound is an advisor to Alchimie.

[#streaming #content #creatoreconomy](#)

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SHOT FOR A "SHOT"?

Perhaps the Australians understand the youth of today better?

When Rishi Sunak offered us the 'eat out to help out' meal deal last August to encourage a return to the COVID stricken world of hospitality, whilst the incentive was not offered on alcoholic drink, he did bring the great middle class back to the gastropubs. Alcohol was consumed.

In normal times one could empathize with a natural government reticence to support alcohol consumption to entice the young to be jabbed, but is it not in the national interest to do anything to get everyone vaccinated ?

This seems to be an approach now supported by Australian PM Morrison, and his approach has my vote. Lets stop pussy footing around, cut out the middleman, and offer a free alcoholic drink at the events/bars we all need the young to attend on proof of being double vaxed. This will kill remaining birds with one shot, literally and support government coffers with the duty received. A zero sum win ..surely ?

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

Inbound Capital acts as Outsourced Investor Relations for Quadpack (ALQP FP).

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

Inbound Capital is advisor to Arteia.

Inbound Capital provides targeted introductions to LPE Research.

Inbound Capital is advisor to Grass & Co.

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