

029 Group SE

Investment Companies - Germany



Hold (old: Hold)

17.08.2023

EUR 15.00 (old: EUR 14.70)

Portfolio addition // strong developments at key holdings; chg.

029 announced the investment in London-based **fjör**, a **D2C skincare brand**. 029 invested roughly **GBP 0.225m** (GBP 0.4m pre-seed round), for which the company **received a 11.25% stake**, implying a pre-money valuation of GBP 2m. With this, fjör plans to accelerate new product development, team expansion, and targeted marketing campaigns.

fjör's flagship product is the world's first hydrolytic serum, offering anti-aging and deep hydration benefits. Developed in collaboration with the Swedish life science company ZymiQ Technology, fjör's hydrolytic enzyme helps rebalance the skin's microbiome, enhances the performance of other skincare ingredients, and acts as a hydration booster. In sum, the key benefits of the hydrolytic serum include pollution protection, redness reduction, microbiome balance, hydration, and anti-aging effects. This portfolio addition fits 029's investment thesis (next-generation consumer brands) well, in our view.

Strong developments at key holdings. 029's key portfolio company, **Limestone Capital** (eNuW: 72% of NAV) is seen to be well on track to expand its current hotel portfolio to more than 10 locations. What's more, an unbroken demand for high-end hotel rooms should allow for better than usual occupancy rates but also significantly nightly rates. The CBD-infused drink company **TRIP** (eNuW: 9% of NAV) is quickly gaining traction in the US. In fact, the company looks set to launch a large marketing campaign to expand into additional states.

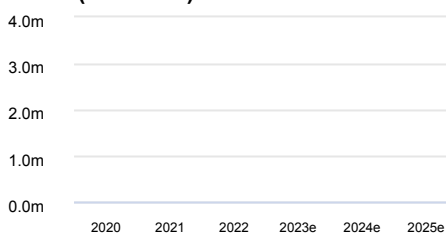
Additional portfolio addition looming. In line with its investment strategy, 029 is seen to acquire one additional strongly growing consumer brand with a focus on emerging megatrends until the end of the year. While cash on the balance sheet looks rather limited, we expect the company to either access undrawn loan facilities, issue debt instruments or raise money through a capital increase. Going forward, exits (partial or full) should be filling up the company's "war chest".

On the back of improved peer multiples, we **slightly increase our PT to € 15** (old: € 14.7), which is based on a sum-of-the-parts valuation (see page 2) with a 5% holding discount, but **keep our rating unchanged at HOLD**.

Y/E 31.12 (EUR m)	2020	2021	2022	2023e	2024e	2025e
Sales	0.0	0.0	0.0	0.0	0.0	0.0
Sales growth	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA	-0.0	-0.0	-0.7	-0.4	-0.5	-0.6
Net debt (if net cash=0)	-0.2	-0.2	0.3	1.0	1.5	2.2
FCF	0.0	0.0	-0.4	-0.4	-0.6	-0.6
Net Debt/EBITDA	0.0	0.0	-0.5	-2.4	-2.9	-3.7
EPS pro forma	-0.03	-0.09	-0.13	-0.08	-0.12	-0.13
EBITDA margin	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
ROCE	-15.5%	-14.7%	-6.0%	-1.8%	-2.4%	-2.6%
EV/sales	0.0	0.0	0.0	0.0	0.0	n.a.
EV/EBITDA	0.0	0.0	0.0	0.0	0.0	-145.1
PER	0.0	0.0	0.0	0.0	0.0	-129.9
Adjusted FCF yield	-0.6%	-0.5%	-1.1%	-0.7%	-0.9%	-0.9%

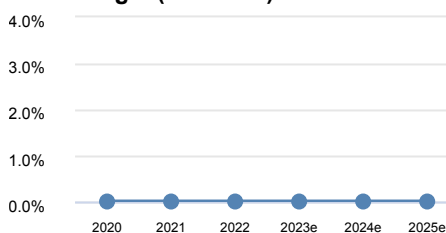
Source: Company data, NuWays, Close price as of 15.08.2023

Sales (2020-25e)



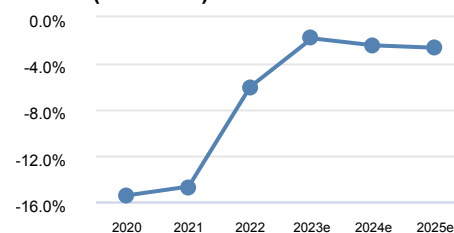
Source: NuWays Research

EBIT margin (2020-25e)



Source: NuWays Research

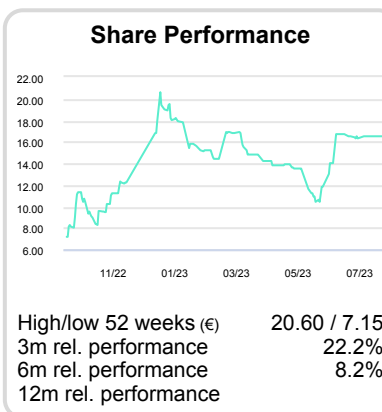
ROCE (2020-25e)



Source: NuWays Research

Company description

As a listed German investment company, 029 Group purchases minority stakes in strongly growing companies during early funding rounds (typically Seed or Series A) or incubates its own ideas and brands which are adopting already proven business models and go-to-market strategies.



Market data

Share price (in €)	16.50
Market cap (in € m)	82.5
Number of shares (in m pcs)	5.0
Enterprise value (in € m)	83.5
Ø trading volume (6 months)	1,140

Identifier

Bloomberg	Z29 GR
Reuters	Z29.DE
WKN	A2LQ2D
ISIN	DE000A2LQ2D0

Key shareholders

Apeiron	37.2%
Global Equities Impact Fund Management	18.0%
Black Mars Capital	15.0%
Free Float	9.0%
	20.0%

Estimates changes

	2023e	2024e	2025e
Sales	0.0	0.0	0.0
EBIT	0%	0%	0%
EPS	0%	-1%	-1%

Comment on changes

Guidance

029 Group SE

Update - 17.08.2023

NAV calculation

	Implied FV (in € m)	029 share	Implied fair NAV (in €m)	of total NAV	Implied fair NAV/share	change
Limestone Capital	157.4	35.5%	55.9	71.9%	11.18	n.a.
Emerald	121.6	5.2%	6.3	8.1%	1.26	+34%
hotelbird	57.5	4.8%	2.8	3.6%	0.55	n.a.
TRIP	104.7	6.4%	6.7	8.6%	1.34	n.a.
Brother's Bond	57.9	1.9%	1.1	1.4%	0.22	n.a.
Conscious Good	9.8	50.0%	4.9	6.3%	0.98	n.a.
fjör	2.2	11.3%	0.2	0.3%	0.05	new
Sum			77.7		15.53	+2%
Other assets and liabilities			1.2		0.24	
Cash & equivalents			0.0		0.00	
Total fair NAV			78.9		15.78	+2%
Holding discount (5%)			3.9		0.79	
Fair value			74.9		15.0	+2%
Upside potential					-9%	

Source: NuWays, company data

Financials

Profit and loss (EUR m)	2020	2021	2022	2023e	2024e	2025e
Net sales	0.0	0.0	0.0	0.0	0.0	0.0
<i>Sales growth</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>
Increase/decrease in finished goods and work-in-process	0.0	0.0	0.0	0.0	0.0	0.0
Total sales	0.0	0.0	0.0	0.0	0.0	0.0
Other operating income	0.0	0.0	0.0	0.0	0.0	0.0
Material expenses	0.0	0.0	0.0	0.0	0.0	0.0
Personnel expenses	0.0	0.0	0.0	0.1	0.2	0.2
Other operating expenses	0.0	0.0	0.6	0.3	0.3	0.4
Total operating expenses	0.0	0.0	0.7	0.4	0.5	0.6
EBITDA	-0.0	-0.0	-0.7	-0.4	-0.5	-0.6
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0
EBITA	-0.0	-0.0	-0.7	-0.4	-0.5	-0.6
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (inc revaluation net)	-0.0	-0.0	-0.7	-0.4	-0.5	-0.6
Interest income	0.0	0.0	0.0	0.0	0.0	0.0
Interest expenses	0.0	0.0	0.0	0.0	0.0	0.1
Investment income	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	0.0	0.0	-0.0	-0.0	-0.0	-0.1
Recurring pretax income from continuing operations	-0.0	-0.0	-0.7	-0.4	-0.6	-0.6
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	-0.0	-0.0	-0.7	-0.4	-0.6	-0.6
Income tax expense	0.0	0.0	0.0	0.0	0.0	0.0
Net income from continuing operations	-0.0	-0.0	-0.7	-0.4	-0.6	-0.6
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	-0.0	-0.0	-0.7	-0.4	-0.6	-0.6
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	-0.0	-0.0	-0.7	-0.4	-0.6	-0.6
Average number of shares	0.2	0.2	5.0	5.0	5.0	5.0
EPS reported	-0.03	-0.09	-0.13	-0.08	-0.12	-0.13

Profit and loss (common size)	2020	2021	2022	2023e	2024e	2025e
Net sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<i>Sales growth</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>
Increase/decrease in finished goods and work-in-process	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other operating income	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Material expenses	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Personnel expenses	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other operating expenses	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total operating expenses	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Depreciation	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Amortisation of goodwill	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Amortisation of intangible assets	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Impairment charges	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBIT (inc revaluation net)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Interest income	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Interest expenses	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Investment income	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Financial result	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Recurring pretax income from continuing operations	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Extraordinary income/loss	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Earnings before taxes	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Tax rate	0.0%	0.0%	30.0%	0.0%	0.0%	0.0%
Net income from continuing operations	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Income from discontinued operations (net of tax)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net income	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Minority interest	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net profit (reported)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Source: Company data, NuWays

Balance sheet (EUR m)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets	0.0	0.0	21.8	22.1	22.1	22.1
FIXED ASSETS	0.0	0.0	21.9	22.1	22.1	22.1
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	0.0	0.0	0.0	0.0	0.0	0.0
Other assets and short-term financial assets	0.0	0.0	0.0	0.0	0.0	0.0
Liquid assets	0.2	0.2	0.0	0.2	0.2	0.0
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	0.2	0.2	0.0	0.3	0.2	0.0
TOTAL ASSETS	0.2	0.2	21.9	22.4	22.3	22.1
SHAREHOLDERS EQUITY	0.2	0.1	21.5	20.9	20.3	19.6
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions and accrued liabilities	0.0	0.0	0.2	0.2	0.2	0.2
Short-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	0.0	0.0	0.1	0.1	0.1	0.1
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	0.0	0.0	0.0	0.0	0.0	0.0
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT LIABILITIES	0.0	0.0	0.1	0.1	0.1	0.1
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	0.2	0.2	21.9	22.4	22.3	22.1
Balance sheet (common size)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%
Property, plant and equipment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Financial assets	0.0%	0.0%	99.8%	98.7%	99.1%	99.7%
FIXED ASSETS	0.0%	0.0%	99.8%	98.8%	99.2%	99.8%
Inventories	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts receivable	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other assets and short-term financial assets	0.3%	0.7%	0.0%	0.0%	0.0%	0.0%
Liquid assets	97.9%	98.1%	0.0%	1.1%	0.8%	0.2%
Deferred taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Deferred charges and prepaid expenses	1.7%	1.2%	0.1%	0.1%	0.0%	0.0%
CURRENT ASSETS	100.0%	100.0%	0.2%	1.2%	0.8%	0.2%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
SHAREHOLDERS EQUITY	86.7%	93.6%	98.2%	93.3%	91.0%	88.7%
MINORITY INTEREST	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Provisions for pensions and similar obligations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other provisions and accrued liabilities	3.9%	6.1%	1.0%	1.0%	1.0%	1.0%
Short-term liabilities to banks	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts payable	0.0%	0.0%	0.3%	0.3%	0.3%	0.3%
Advance payments received on orders	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other liabilities (incl. from lease and rental contracts)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Deferred taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT LIABILITIES	0.0%	0.0%	0.3%	0.3%	0.3%	0.3%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Company data, NuWays

Cash flow statement (EUR m)	2020	2021	2022	2023e	2024e	2025e
Net profit/loss	-0.0	-0.0	-0.7	-0.4	-0.6	-0.6
Depreciation of fixed assets (incl. leases)	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of goodwill & intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from operating activities	0.0	0.0	-0.4	-0.4	-0.6	-0.6
Increase/decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in accounts receivable	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in accounts payable	-0.0	-0.0	0.1	0.0	0.0	0.0
Increase/decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	0.0	0.0	0.1	0.0	0.0	0.0
Cash flow from operating activities	0.0	-0.0	-0.4	-0.4	-0.6	-0.6
CAPEX	0.0	0.0	0.0	0.0	0.0	0.0
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	0.1	0.2	0.0	0.0
Income from asset disposals	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	0.0	0.0	-0.1	-0.2	0.0	0.0
Cash flow before financing	0.2	0.0	-0.5	-0.7	-0.6	-0.6
Increase/decrease in debt position	0.0	0.0	0.3	0.9	0.5	0.5
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	0.0	0.0	0.3	0.9	0.5	0.5
Increase/decrease in liquid assets	0.2	0.0	-0.1	0.2	-0.1	-0.1
Liquid assets at end of period	0.2	0.2	0.0	0.2	0.2	0.0

Key ratios (EUR m)	2020	2021	2022	2023e	2024e	2025e
P&L growth analysis						
Sales growth	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA growth	n.a.	n.a.	n.a.	n.a.	n.a.	45.9%
EBIT growth	n.a.	n.a.	n.a.	n.a.	n.a.	-100.0%
EPS growth	n.a.	n.a.	n.a.	n.a.	n.a.	55.1%
Efficiency						
Sales per employee	0.0	0.0	0.0	0.0	0.0	n.a.
EBITDA per employee	0.0	0.0	0.0	0.0	0.0	n.a.
No. employees (average)	1	1	1	2	2	n.a.
Balance sheet analysis						
Avg. working capital / sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Inventory turnover (sales/inventory)	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable turnover	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable turnover	0.0	0.0	0.0	0.0	0.0	30.0
Cash flow analysis						
Free cash flow	0.0	0.0	-0.4	-0.4	-0.6	-0.6
Free cash flow/sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
FCF / net profit	0.0%	0.0%	61.3%	100.0%	100.0%	100.0%
Capex / sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Solvency						
Net debt	-0.2	-0.2	0.3	1.0	1.5	2.2
Net Debt/EBITDA	0.0	0.0	-0.5	-2.4	-2.9	-3.7
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest paid / avg. debt	n.a.	n.a.	0.9%	0.8%	3.6%	3.0%
Returns						
ROCE	-15.5%	-14.7%	-6.0%	-1.8%	-2.4%	-2.6%
ROE	-14.5%	-15.0%	-3.1%	-2.0%	-2.8%	-3.2%
Adjusted FCF yield	-0.6%	-0.5%	-1.1%	-0.7%	-0.9%	-0.9%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
DPS	0.0	0.0	0.0	0.0	0.0	0.0
EPS reported	-0.03	-0.09	-0.13	-0.08	-0.12	-0.13
Average number of shares	0.2	0.2	5.0	5.0	5.0	5.0
Valuation ratios						
P/BV	27.4	28.6	3.8	4.0	4.1	4.2
EV/sales	0.0	0.0	0.0	0.0	0.0	n.a.
EV/EBITDA	0.0	0.0	0.0	0.0	0.0	-145.1
EV/EBIT	0.0	0.0	0.0	0.0	0.0	n.a.

Source: Company data, NuWays

Disclosures

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Company	Disclosures
029 Group SE	2

Historical target price and rating changes for 029 Group SE

Company	Date	Analyst	Rating	Target Price	Close
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