



BEYOND MEAT®

Beyond Meat (BYND)

Investment Proposal

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<div>LISTING</div> <div>NasdaqQS</div>	<div>SECTOR</div> <div>Consumer Defensive</div>	<div>INDUSTRY</div> <div>Plant-based Packaged Foods</div>	<div>CURRENT PRICE</div> <div>95.09</div>
<div>REVENUE</div> <div>297.9M</div>	<div>MARKET CAP</div> <div>5.886B</div>	<div>BETA</div> <div>N/A</div>	<div>PE RATIO</div> <div>N/1</div>

Previous Close	91.53	Market Cap	5.886B
Open	89.00	Beta (5Y Monthly)	N/A
Bid	95.00 x 900	PE Ratio (TTM)	N/A
Ask	95.40 x 900	EPS (TTM)	-0.29
Day's Range	88.51 - 95.45	Earnings Date	May 04, 2020
52 Week Range	48.18 - 239.71	Forward Dividend & Yield	N/A (N/A)
Volume	4,063,805	Ex-Dividend Date	N/A
Avg. Volume	6,487,585	1y Target Est	79.16



Company Analysis:

- Strong opportunity for expansion due to lack of established market players and untapped potential. Starting to move into the profit making area after rapid expansion stages

Industry Analysis:

- Plant-based meat category is almost worth \$1 billion with a growth of 18% and 38% in the past two years respectively

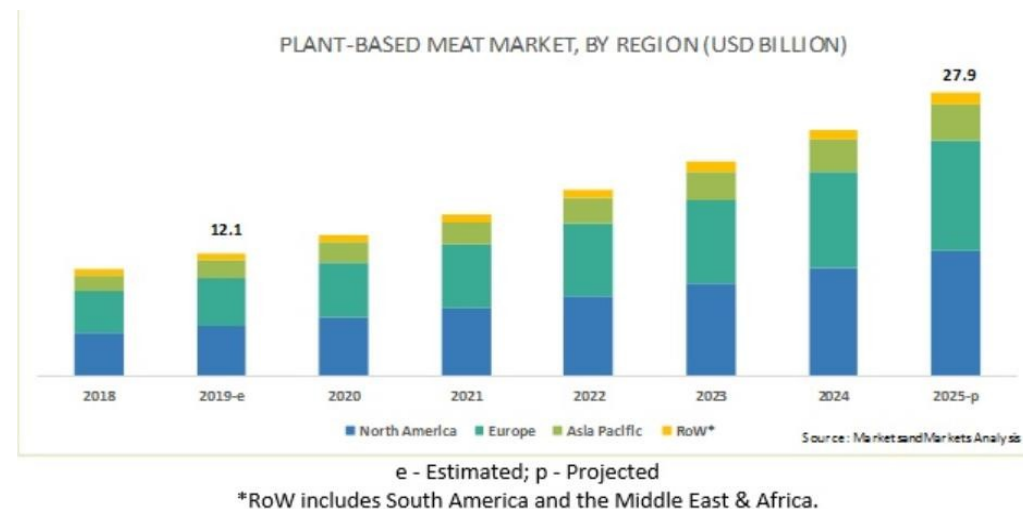
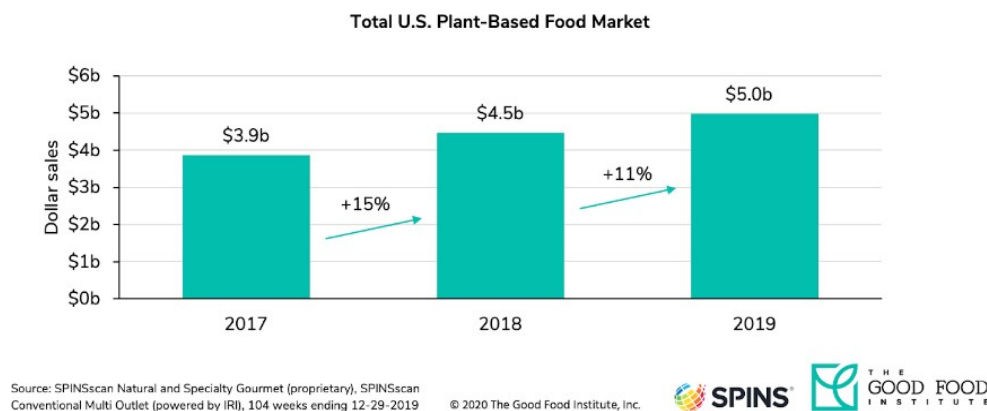
Competitor Analysis:

- Outperforms competitors with over 140% growth. Strong market cap at 7.5B and over 350 million USD in profit

Technical Analysis:

- After a strong dip in Q3 of 2018, the company recovered and has almost doubled in share price since May 2019.

- The market value in the US alone of the plant-based industry is around 4.5B USD in 2019 and now 5 billion in 2020 with an 11% growth rate between 2018 and 2019, compared to a 2% growth rate for the all food industry over the same period, which is clearly highlighting the opportunity and trend of the plant-based market. The Global market is expected to grow at a 15% CAGR until 2025, bringing the market value at 25.7 Billion, until eventually reaching 85 Billion in 2030.



- More specifically, the plant-based meat category is worth \$939 million and dollar sales of plant-based meat grew 18% in the past year and 38% over the past two years. Plant-based meat accounts for 2% of all dollar sales for retail packaged meat and approximately 1% of all dollar sales for total retail meat (including random-weight meat).
- The global meat and dairy sector is currently going through an unprecedented level of competition and disruption, driven by the growth of viable plant-based alternatives across many categories, that is taking up market share due to the exponential rise of vegetarian, vegan and eco-friendlier consumers worldwide.
- In the US, the biggest players such as Beyond Meat and Impossible Foods have convinced some of the biggest retail and food brands to sell their product, either through fast-food or retail channels. Meanwhile, these two top brands are growing, numerous other players are entering the market and increasing competition, as plant-based business is a trend that is unlikely going away anytime soon, and therefore represents a tremendous business opportunity, especially for Meat focused company, that must re-invent themselves in order to stay afloat.
- Overall, the causes of such exponential rise in demand for plant-based products are several and mainly climate related, with climate change, health & ethics, Taste, Flexitarian diets and business opportunity for profits being responsible for such rise in Supply & Demand.
- Finally, the plant-based food business still does not have a clear international market leader, and the firm with the best ability to move products fast, that is logistically efficient, and that will expand the fastest, will likely end-up being the Apple of the meatless industry.

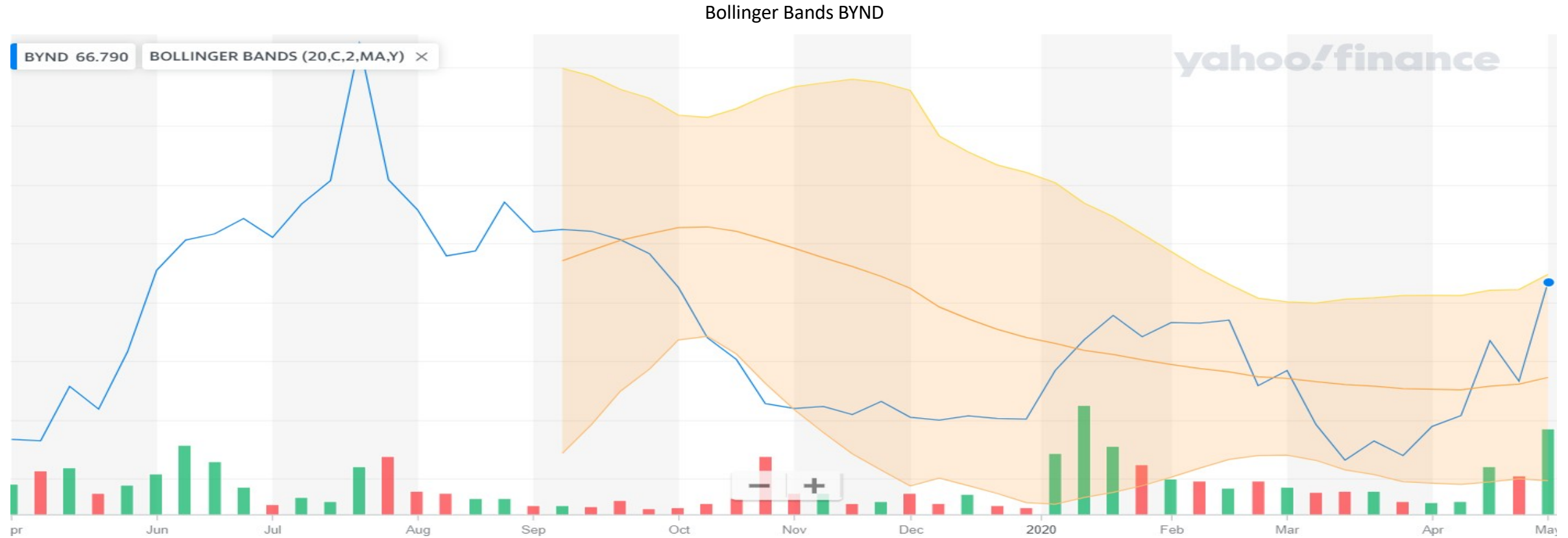
- Beyond Meat founded in 2009 by Ethan Brown is an American producer of plant-based meat substitutes. The company offers delicious plant-based burgers, beef, fried chicken, sausage, breakfast sausage, meatballs, crumbles, and more. By shifting from animal to plant-based meat, Beyond Meat can address four growing global issues: human health, climate change, constraints on natural resources, and animal welfare.
- A year before its May 2019 IPO, Beyond meat has created several partnerships since 2018 with restaurants such as KFC, McDonalds, or Disney World. At the end of 2019, products were available in 77,000 retail stores (such as Tesco in the United Kingdom or Casino in France), restaurants and food service outlets in more than 50 countries all around the world.
- The company is extremely fast-growing. Indeed, the vegetarian trend is growing exponentially in the entire globe and there is an increasing demand for this kind of products. The company has received venture funding from several people including Bill Gates. Between 2017 and 2019, the compound annual growth rate was 202% from 32.6m\$ revenues to 297.9m\$.
- In this growing market where there is a lot of competition, Beyond Meat has today 10% of market share, ranking number 3 behind MorningStar Farms and Conagra's. According to IRI, Beyond Meat's retail sales to consumers more than doubled in one year (growing 135% to be more specific), which has been the fastest rate among the top ten plant-based meat-substitute labels for 1 year.
- Beyond Meat's international net revenues (which exclude revenues from Canada) were approximately 16%, 8% and 1%, respectively, of their net revenues in 2019, 2018 and 2017, which suggests an ongoing potential growth in the future. In other words, the company is expanding internationally, and a global plant base leader is yet to be determined globally. Beyond Meat just recently partnered with Starbucks to offer Beyond Meat patty beef burgers in China, there are the first American plant-based company to sell their products in China.
- **Balance sheet analysis:**
- Although heavily loss-making since its creation due to the significant growth and expansion phase, the company had its first profit during the 3rd quarter of 2019, with \$4.1 million profits.
- The company has \$296 million in cash and cash equivalents, versus total liabilities of \$67 million, including \$30 million in total debt (11 Short-term Debt and 19 Long-term debt). It is therefore easy to see that the company is very healthy and has a very low debt load. This is a significant characteristic as it implies the corporation could take on debt to be able to fund its expansion activities outside the USA. The corporation also invests heavily in Research & Development of new products in order to innovate, with around \$20 million spent yearly to develop new industry leading products.
- The company is obviously yet to pay dividend on its \$62 million shares outstanding, but again, it has incredible revenue growth. Going from \$80 million in 2018 to \$300 million in 2019.
- In addition, the profitability of Beyond Meat will be soon positive. In 2019 the loss decreased by 58.4%, from \$-29.886 million to \$-12.443 million. Meanwhile, CAPEX increased from \$9 587 000 to \$20 650 000 (+115%) compared to 2018. Overall, 2020 is a unique opportunity to take ownership in Beyond Meat as the company is undervalued, with an important debt

capacity and an outstanding growth opportunity in an exponentially-growing market.

Source: <https://finance.yahoo.com/quote/BYND/financials?p=BYND>

Name	Revenue (USD million)	Sales growth (YoY)	Gross margin	Net margin	ROE	P/E	Forward P/E	PEG	Price to Sales	Market Cap (USD million)
BYND	354.76	141.40%	3.80%	-1.12%	-1.71%	N/A	N/A	6.73	21.39	7,590
HRL	9,520	1%	11.75%	10.29%	16.62%	25.74	27.25	4.99	2.67	25,050
FRPT	261.17	27.90%	-0.59%	0.08%	-0.62%	N/A	N/A	N/A	10.73	3,110
SAFM	3,520	10.70%	1.18%	0.93%	2.38%	97.50	126.58	N/A	0.89	3,119

- Beyond Meat is competing with more established brands, who usually have operating arms or large subsidiaries offering similar services to BYND (as with HRL).
- Beyond Meat is clearly the company outgrowing its competitors, by offering over 141.40% quarterly growth (QoQ).
- The more established model of operation of the competitors of BYND offers a more stable performance and ratios, compared to the aggressive expansion and investment necessary from BYND. Nevertheless, growing market cap of 7.5B and over 350 million of revenue can be observed.



- The share price of BYND has been within the Bollinger Bands (based on 20,2 configuration). The share price raised from the bottom in February earlier this year, to hit the upper band currently.

BYND versus competitors



- BYND has seen a major price decrease after the summer of 2019. However, afterwards the company has outgrown its peers and managed to achieve a higher current market price.
- BYND saw almost doubling (99.90%) share price increase since 1-year ago