

Buy (old: Buy)

10.10.2024

EUR 10.00 (old: EUR 10.00)

9M prelims: Growth further accelerating, FY guidance specified

Topic: Cantourage released preliminary Q3 figures, which were marked by >100% yoy sales growth and further sequential improvements thanks to the partial legalization that took place in April. With this, the company is well on track to reach EBITDA profitability this year. In detail:

Q3 sales jumped by 124% yoy to € 13.2m (9M sales +75% yoy to € 30.1m). The significant growth was primarily fuelled by the partial legalization of medical cannabis in Germany, which took effect at the end of April. This change has made obtaining a prescription for medical cannabis as straightforward as getting one for ibuprofen 600. On top, Cantourage is also experiencing a sharp increase in demand at its treatment facility in UK.

Further, Cantourage is well on track to turn profitable despite significant growth investments. **In Q3, EBITDA is seen to come in at around € 1m** (mid-point of guidance). For the FY, management expects to reach EBITDA break-even (eNuW: € 1.8m).

FY24 guidance specified towards the upper end. The company's initial FY24 sales guidance stood at € 37-43m (eNuW: € 43m). With € 30m sales after the first nine months and the past two months alone having contributed some € 10m, management specified the guidance towards the upper end, now targeting at least € 40m sales. Taking into account sequentially increasing sales volumes and the strong operational performance during recent months, we regard our estimate as well in reach. With the current run-rate, our **sales estimate of € 54m for FY25e** (26% yoy growth) already look achievable

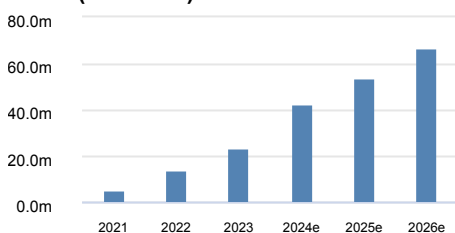
Mid-term to be marked by further strong growth. Assuming a somewhat similar development of the German medical cannabis market as in US states, the market offers a € 1.2-1.4bn opportunity. Over the past two years, Cantourage has laid the foundation to achieve €100 million in sales. With a global network of over 60 growers, Cantourage offers a diverse range of cannabis flowers, minimizing cluster risks. Through its recent partnership with Portocanna, the company can now process approximately 14 tons of flowers annually. Additionally, Cantourage's own telemedicine platform, telecan°, connects the company directly with patients, offering easy access to cannabis therapy consultations and prescriptions.

We confirm our BUY rating with an unchanged € 10 PT based on DCF.

Y/E 31.12 (EUR m)	2021	2022	2023	2024e	2025e	2026e
Sales	5.2	14.2	23.6	42.8	54.0	67.0
Sales growth	n.a.	171.6%	66.3%	81.6%	26.2%	24.0%
EBITDA	-6.0	-2.5	-0.3	1.8	4.5	8.9
Net debt (if net cash=0)	2.6	2.6	2.6	-1.5	-2.7	-6.8
FCF	-5.1	-2.2	-3.1	0.4	1.2	4.1
Net Debt/EBITDA	-0.4	-1.0	-10.2	0.0	0.0	0.0
EPS pro forma	-0.50	-0.48	-0.34	-0.14	0.01	0.24
EBITDA margin	-115.8%	-17.7%	-1.1%	4.2%	8.4%	13.3%
ROCE	-218.0%	-29.4%	-10.8%	-6.3%	0.3%	12.0%
EV/sales	13.8	14.4	3.0	1.6	1.2	0.9
EV/EBITDA	-11.9	-81.6	-282.2	37.8	14.7	7.0
PER	-11.2	-11.7	-16.5	-40.4	897.2	22.7
Adjusted FCF yield	-8.8%	-2.9%	-5.8%	-2.5%	0.1%	4.9%

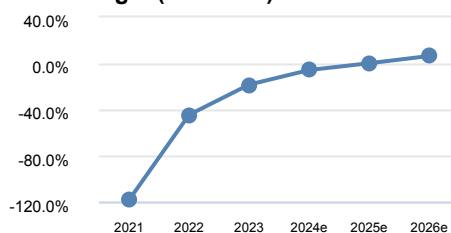
Source: Company data, NuWays, Close price as of 08.10.2024

Sales (2021-26e)



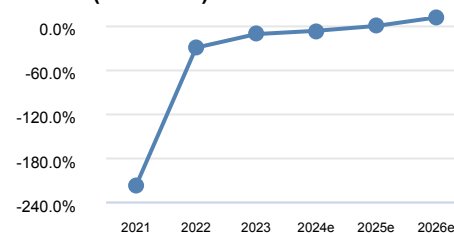
Source: NuWays Research

EBIT margin (2021-26e)



Source: NuWays Research

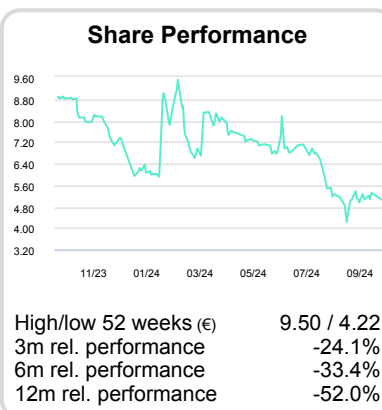
ROCE (2021-26e)



Source: NuWays Research

Company description

Cantourage wants to revolutionize the German medical cannabis market for the benefit of patients. It enables cultivators from around the world to offer their products in Europe, one of the fastest growing cannabis markets in the world.



Market data

Share price (in €)	5.05
Market cap (in € m)	69.2
Number of shares (in m pcs)	12.5
Enterprise value (in € m)	67.7
Ø trading volume (6 months)	5,080

Identifier

Bloomberg	HIGH GR
Reuters	HIGH.DE
WKN	A3DSV0
ISIN	DE000A3DSV01

Key shareholders

Florian Holzapfel	22.7%
Patrick Hoffmann	22.7%
PiFriba Verwaltungs - und Beteiligungs GmbH	17.9%
Think.Health	12.7%
Constanze Pelze	4.6%
Free Float	19.4%

Estimates changes

	2024e	2025e	2026e
Sales	0%	0%	0%
EBIT	0%	0%	0%
EPS	0%	0%	0%

Comment on changes

Guidance

- 2024 sales: At least € 40m
- 2024 EBITDA: At least break-even

Financials

Profit and loss (EUR m)	2021	2022	2023	2024e	2025e	2026e
Net sales	5.2	14.2	23.6	42.8	54.0	67.0
<i>Sales growth</i>	<i>n.a.</i>	<i>171.6%</i>	<i>66.3%</i>	<i>81.6%</i>	<i>26.2%</i>	<i>24.0%</i>
Increase/decrease in finished goods and work-in-process	0.0	0.0	0.5	0.9	1.1	1.3
Total sales	5.2	14.2	24.1	43.6	55.1	68.3
Other operating income	0.0	0.1	0.5	0.7	0.9	1.1
Material expenses	3.4	11.2	16.7	28.4	34.6	41.3
Personnel expenses	0.9	2.2	4.4	8.1	9.7	11.4
Other operating expenses	1.7	3.4	3.7	6.1	7.1	7.8
Total operating expenses	2.7	0.0	n.a.	n.a.	n.a.	n.a.
EBITDA	-6.0	-2.5	-0.3	1.8	4.5	8.9
Depreciation	0.0	0.8	0.8	0.8	0.9	0.9
EBITA	-6.1	-3.3	-1.1	0.9	3.6	8.0
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.1	3.0	3.3	3.4	3.5	3.7
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (inc revaluation net)	-6.2	-6.3	-4.3	-2.4	0.1	4.3
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	0.0
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	0.0
Recurring pretax income from continuing operations	-6.2	-6.3	-4.3	-2.4	0.1	4.3
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	-6.2	-6.3	-4.3	-2.4	0.1	4.3
Income tax expense	0.0	-0.4	-0.1	-0.7	0.0	1.3
Net income from continuing operations	-6.2	-5.9	-4.2	-1.7	0.1	3.0
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	-6.2	-5.9	-4.2	-1.7	0.1	3.0
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	-6.2	-5.9	-4.2	-1.7	0.1	3.0
Average number of shares	0.0	12.5	12.5	12.5	12.5	12.5
EPS reported	n.a.	-0.48	-0.34	-0.14	0.01	0.24

Profit and loss (common size)	2021	2022	2023	2024e	2025e	2026e
Net sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Sales growth</i>	<i>n.a.</i>	<i>171.6%</i>	<i>66.3%</i>	<i>81.6%</i>	<i>26.2%</i>	<i>24.0%</i>
Increase/decrease in finished goods and work-in-process	0.0%	0.0%	2.3%	2.0%	2.0%	2.0%
Total sales	100.0%	100.0%	102.3%	102.0%	102.0%	102.0%
Other operating income	0.0%	0.5%	1.9%	1.7%	1.7%	1.7%
Material expenses	64.9%	78.8%	70.9%	66.3%	64.1%	61.7%
Personnel expenses	18.2%	15.3%	18.8%	19.0%	18.0%	17.0%
Other operating expenses	32.8%	24.2%	15.7%	14.2%	13.2%	11.7%
Total operating expenses	50.9%	0.0%	n.a.	n.a.	n.a.	n.a.
EBITDA	-115.8%	-17.7%	-1.1%	4.2%	8.4%	13.3%
Depreciation	0.6%	5.4%	3.5%	2.0%	1.6%	1.4%
EBITA	-116.4%	-23.1%	-4.5%	2.2%	6.7%	12.0%
Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	2.2%	21.5%	13.8%	7.9%	6.5%	5.5%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT (inc revaluation net)	-118.6%	-44.6%	-18.4%	-5.7%	0.2%	6.5%
Interest income	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
Interest expenses	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%
Investment income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Financial result	0.0%	0.1%	neg.	0.0%	0.0%	0.0%
Recurring pretax income from continuing operations	-118.6%	-44.5%	-18.4%	-5.7%	0.2%	6.5%
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings before taxes	-118.6%	-44.5%	-18.4%	-5.7%	0.2%	6.5%
Tax rate	0.0%	6.0%	3.1%	30.0%	30.0%	30.0%
Net income from continuing operations	-118.6%	-41.8%	-17.8%	-4.0%	0.1%	4.5%
Income from discontinued operations (net of tax)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net income	-118.6%	-41.8%	-17.8%	-4.0%	0.1%	4.5%
Minority interest	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net profit (reported)	-118.6%	-41.8%	-17.8%	-4.0%	0.1%	4.5%

Source: Company data, NuWays

Balance sheet (EUR m)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	0.2	33.5	35.7	32.3	28.7	25.1
Property, plant and equipment	0.4	0.5	1.2	2.2	3.4	4.8
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0
FIXED ASSETS	0.5	34.0	36.9	34.5	32.1	29.9
Inventories	1.1	0.4	1.1	1.9	2.5	3.0
Accounts receivable	1.3	4.3	5.1	7.0	8.9	11.0
Other assets and short-term financial assets	0.0	0.0	0.0	0.0	0.0	0.0
Liquid assets	2.0	4.1	1.0	1.5	2.7	6.8
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.0	0.0	0.1	0.1	0.1	0.1
CURRENT ASSETS	4.3	8.8	7.3	10.5	14.1	20.9
TOTAL ASSETS	4.9	42.8	44.2	45.0	46.2	50.7

SHAREHOLDERS EQUITY	3.7	38.3	40.0	35.3	34.3	36.4
MINORITY INTEREST	-0.1	0.1	0.1	0.1	0.1	0.1
Long-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.0
Bonds (long-term)	0.0	0.0	0.0	0.0	0.0	0.0
other interest-bearing liabilities	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	0.1	0.6	0.8	0.8	0.8	0.8
NON-CURRENT LIABILITIES	0.1	0.6	0.8	0.8	0.8	0.8
Short-term liabilities to banks	0.2	0.0	0.0	0.0	0.0	0.0
Accounts payable	0.7	2.7	2.7	8.2	10.4	12.8
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Accrued taxes	0.1	0.0	0.1	0.1	0.1	0.1
Other liabilities (incl. from lease and rental contracts)	0.2	1.1	0.6	0.6	0.6	0.6
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	1.2	3.8	3.3	8.8	11.0	13.5
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	4.9	42.8	44.2	45.0	46.2	50.7

Balance sheet (common size)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	3.4%	78.3%	80.7%	71.7%	62.2%	49.4%
Property, plant and equipment	7.7%	1.1%	2.8%	4.9%	7.3%	9.4%
Financial assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FIXED ASSETS	11.0%	79.5%	83.5%	76.6%	69.5%	58.8%
Inventories	22.2%	0.9%	2.4%	4.3%	5.3%	6.0%
Accounts receivable	26.4%	9.9%	11.6%	15.6%	19.2%	21.7%
Other assets and short-term financial assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquid assets	40.2%	9.7%	2.3%	3.2%	5.8%	13.3%
Deferred taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Deferred charges and prepaid expenses	0.2%	0.0%	0.2%	0.2%	0.2%	0.2%
CURRENT ASSETS	89.0%	20.5%	16.5%	23.4%	30.5%	41.2%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

SHAREHOLDERS EQUITY	76.1%	89.4%	90.5%	78.4%	74.3%	71.7%
MINORITY INTEREST	-2.6%	0.2%	0.2%	0.1%	0.1%	0.1%
Long-term liabilities to banks	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Bonds (long-term)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
other interest-bearing liabilities	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	2.2%	1.5%	1.9%	1.9%	1.8%	1.7%
NON-CURRENT LIABILITIES	2.2%	1.5%	1.9%	1.9%	1.8%	1.7%
Short-term liabilities to banks	3.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts payable	14.7%	6.4%	6.1%	18.2%	22.4%	25.3%
Advance payments received on orders	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accrued taxes	3.1%	0.0%	0.1%	0.1%	0.1%	0.1%
Other liabilities (incl. from lease and rental contracts)	3.2%	2.5%	1.3%	1.2%	1.2%	1.1%
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	24.2%	8.9%	7.5%	19.6%	23.7%	26.5%
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)	2021	2022	2023	2024e	2025e	2026e
Net profit/loss	-6.2	-5.9	-4.2	-1.7	0.1	3.0
Depreciation of fixed assets (incl. leases)	0.1	0.8	0.8	0.8	0.9	0.9
Amortisation of goodwill & intangible assets	0.1	3.0	3.3	3.4	3.5	3.7
Other costs affecting income / expenses	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from operating activities	-4.9	-5.2	-5.7	-2.0	-1.1	1.8
Increase/decrease in inventory	-0.6	0.7	-0.7	-0.9	-0.5	-0.6
Increase/decrease in accounts receivable	-1.1	-3.0	-0.9	-1.9	-1.8	-2.1
Increase/decrease in accounts payable	1.1	2.0	-0.1	5.5	2.2	2.5
Increase/decrease in other working capital positions	2.0	1.0	0.2	-3.0	-1.0	-1.0
Increase/decrease in working capital	1.3	0.8	-1.5	-0.3	-1.2	-1.2
Cash flow from operating activities	-4.6	-1.3	-1.6	2.3	3.3	6.4
CAPEX	0.5	0.9	1.6	1.8	2.1	2.3
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	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	-0.5	-0.9	-1.6	-1.8	-2.1	-2.3
Cash flow before financing	-5.1	-2.2	-3.1	0.4	1.2	4.1
Increase/decrease in debt position	0.2	-0.2	0.0	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	3.0	3.5	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	3.5	1.0	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	6.7	4.4	0.0	0.0	0.0	0.0
Increase/decrease in liquid assets	1.6	2.1	-3.1	0.4	1.2	4.1
Liquid assets at end of period	2.0	4.1	1.0	1.5	2.7	6.8

Key ratios (EUR m)	2021	2022	2023	2024e	2025e	2026e
P&L growth analysis						
Sales growth	n.a.	171.6%	66.3%	81.6%	26.2%	24.0%
EBITDA growth	456.7%	-58.5%	-95.8%	-804.5%	152.0%	97.7%
EBIT growth	453.7%	2.1%	-30.0%	-43.5%	-104.5%	3847.4%
EPS growth	n.a.	n.a.	n.a.	-59.3%	-104.5%	3847.4%
Efficiency						
Sales per employee	289.8	566.6	604.0	900.7	2,160.0	3,825.9
EBITDA per employee	n.a.	n.a.	-6.5	37.7	180.7	510.4
No. employees (average)	18	25	39	48	25	18
Balance sheet analysis						
Avg. working capital / sales	15.9%	8.3%	10.9%	3.1%	4.1%	2.3%
Inventory turnover (sales/inventory)	4.8	38.2	22.2	22.0	22.0	22.0
Accounts receivable turnover	89.9	109.7	79.2	60.0	60.0	60.0
Accounts payable turnover	77.5	75.0	70.0	70.0	70.0	70.0
Cash flow analysis						
Free cash flow	-5.1	-2.2	-3.1	0.4	1.2	4.1
Free cash flow/sales	-97.8%	-15.7%	-13.3%	1.0%	2.3%	6.1%
FCF / net profit	82.5%	37.6%	74.7%	neg.	1580.5%	134.1%
Capex / sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Solvency						
Net debt	2.6	2.6	2.6	-1.5	-2.7	-6.8
Net Debt/EBITDA	-0.4	-1.0	-10.2	0.0	0.0	0.0
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest paid / avg. debt	0.0%	n.a.	22.7%	n.a.	n.a.	n.a.
Returns						
ROCE	-218.0%	-29.4%	-10.8%	-6.3%	0.3%	12.0%
ROE	-166.8%	-15.5%	-10.5%	-4.9%	0.2%	8.4%
Adjusted FCF yield	-8.8%	-2.9%	-5.8%	-2.5%	0.1%	4.9%
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	n.a.	-0.48	-0.34	-0.14	0.01	0.24
Average number of shares	0.0	12.5	12.5	12.5	12.5	12.5
Valuation ratios						
P/BV	18.7	1.8	1.7	2.0	2.0	1.9
EV/sales	13.8	14.4	3.0	1.6	1.2	0.9
EV/EBITDA	-11.9	-81.6	-282.2	37.8	14.7	7.0
EV/EBIT	-11.6	-32.4	-16.6	-27.7	603.7	14.4

Source: Company data, NuWays

Disclosures

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Company	Disclosures
Cantourage Group SE	2

Historical target price and rating changes for Cantourage Group SE

Company	Date	Analyst	Rating	Target Price	Close
Cantourage Group SE	17.05.2024	Sandherr, Christian	Buy	EUR 10.00	EUR 7.25
	20.11.2023	Sandherr, Christian	Buy	EUR 11.00	EUR 7.92

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Within the framework of the DCF approach, the future free cash flows are calculated initially on the basis of a fictitious capital structure of 100% equity, i.e. interest and repayments on debt capital are not factored in initially. The adjust-

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Date of publication creation: 10/10/2024 07:47 AM

Date of publication dissemination: 10/10/2024 07:47 AM

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