

# Marley Spoon Group SE

Consumer Goods - Germany



**Buy** (Initiation)

15.11.2023

**EUR 8.20** (Initiation)

## Treasure in a BOX - Initiate Marley Spoon with Buy

Marley Spoon is a **leading meal kit delivery company** in a still nascent, but rapidly growing \$ 12bn global meal kit market that solves the "What's for dinner?" problem.

The company has gained impressive traction during the past 5 years, **growing its revenue by 29% p.a. to c. € 328m in FY23e and created a sticky customer base of c. 307k** (Q3 2023) with 95% of revenues stemming from recurring orders. Its subscribers cherish the **industry-leading selection of 100+ recipes per week** along with **high-quality ingredients** conveniently delivered to their homes and the hassle-free and time-saving cooking experience. Addressing a narrowly defined **customer group willing to pay a price premium** for unconventional and exotic recipes allows Marley Spoon to generate higher contribution margins than its biggest competitor, despite lower economies of scale.

The meal-kit industry provides an exciting growth opportunity and is expected to reach \$ 51bn sales by 2030 (16% CAGR), mainly driven by consumers' desire for more convenience, sustainability, and learning opportunities in their meal preparation. While we expect **Marley Spoon to grow sales at a 10% CAGR** (FY2023-26e) due to its strategic shift from growth to profitability, the company is nonetheless well-situated to benefit from increasing e-commerce penetration rates in the global food market.

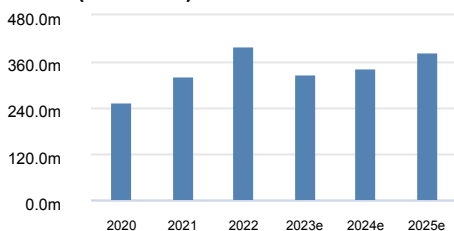
The recent macroeconomic headwinds and muted consumer sentiment have not left Marley Spoon unscathed. The company has tempered its marketing investments due to prospectively unprofitable and inefficient customer acquisition and has further streamlined its operations with G&A expenses seen to drop by 18% yoy to c. € 64m in 2024e. However, we see the company to **return to sales and subscriber growth in 2024e**, although at a slower pace as Marley Spoon continues to balance its ambitions for long-term growth with healthy bottom line development. As a result, the company is **on track to achieve a positive operating EBITDA margin of c. 3% (eNuW) and positive operating cash flow on a group level by 2024e**.

In our view, Marley Spoon presents a compelling micro-cap opportunity, which allows investors to participate in an entrenched D2C brand that looks set to return to top line growth while substantially improving the bottom line in FY24e. Trading at 0.37x EV/Sales 2023e, the stock is attractively valued and we hence **initiate the coverage with a BUY and a € 8.20 PT** based on DCF.

Y/E 31.12 (EUR m)	2020	2021	2022	2023e	2024e	2025e
Sales	254.0	322.4	401.2	328.1	345.6	384.2
Sales growth	96.1%	26.9%	24.5%	-18.2%	5.3%	11.2%
EBITDA	-0.9	-34.3	-11.5	-13.4	10.5	14.6
Net debt (if net cash=0)	-13.3	17.9	59.6	61.9	80.0	91.8
FCF	-4.2	-36.5	-29.4	-19.8	-0.6	5.8
Net Debt/EBITDA	0.0	-0.5	-5.2	-4.6	7.6	6.3
EPS pro forma	-460.78	-173.62	-1.33	-2.35	-0.91	-0.70
EBITDA margin	-0.4%	-10.6%	-2.9%	-4.1%	3.0%	3.8%
ROCE	-33.1%	-119.4%	-71.2%	-91.1%	-21.3%	-2.0%
EV/sales	-0.0	0.1	0.5	0.4	0.4	0.4
EV/EBITDA	11.6	-0.8	-16.0	-9.0	13.2	10.4
PER	-0.0	-0.2	-3.2	-1.8	-4.6	-6.0
Adjusted FCF yield	-45.7%	-59.0%	-1.5%	1.7%	17.1%	17.3%

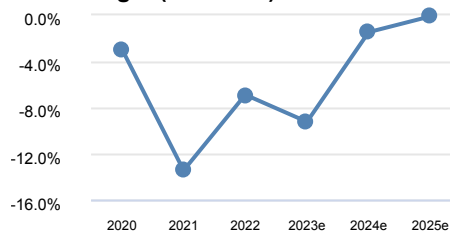
Source: Company data, NuWays, Close price as of 13.11.2023

### Sales (2020-25e)



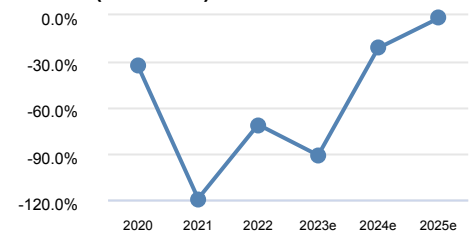
Source: NuWays Research

### EBIT margin (2020-25e)



Source: NuWays Research

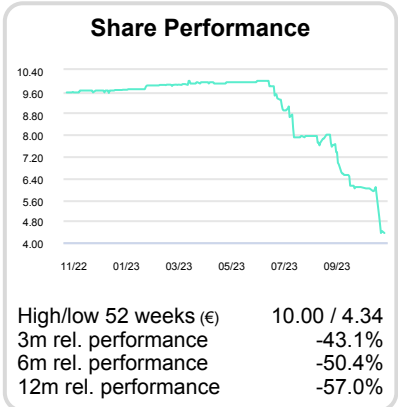
### ROCE (2020-25e)



Source: NuWays Research

### Company description

Marley Spoon is a global direct-to-consumer meal kit delivery company. The company offers customers meal kits through its two brands Marley Spoon and Dinnerly and ready-to-heat meals through its brand Chefgood. Marley Spoon serves customers in the US, Australia, and Europe.



### Market data

Share price (in €)	4.34
Market cap (in € m)	59.1
Number of shares (in m pcs)	14.1
Enterprise value (in € m)	121.0
Ø trading volume (6 months)	253

### Identifier

Bloomberg	MS1 GR
Reuters	MS1.DE
WKN	A2N6N5
ISIN	AU0000013070

### Key shareholders

468 Capital	19.3%
Union Square Ventures	12.7%
Sudeep Ramesh Ramnani	12.4%
Conifer Management	5.7%
TEIXL Investments	6.4%
Free Float	9.9%

### Estimates changes

	2023e	2024e	2025e
Sales	0.0	0.0	0.0
EBIT	0.0	0.0	0.0
EPS	0.0	0.0	0.0

### Comment on changes

### Guidance

- CC revenue decline ~9-13%
- Contribution margin ~30-32%
- FY23e op. EBITDA ≥ FY22

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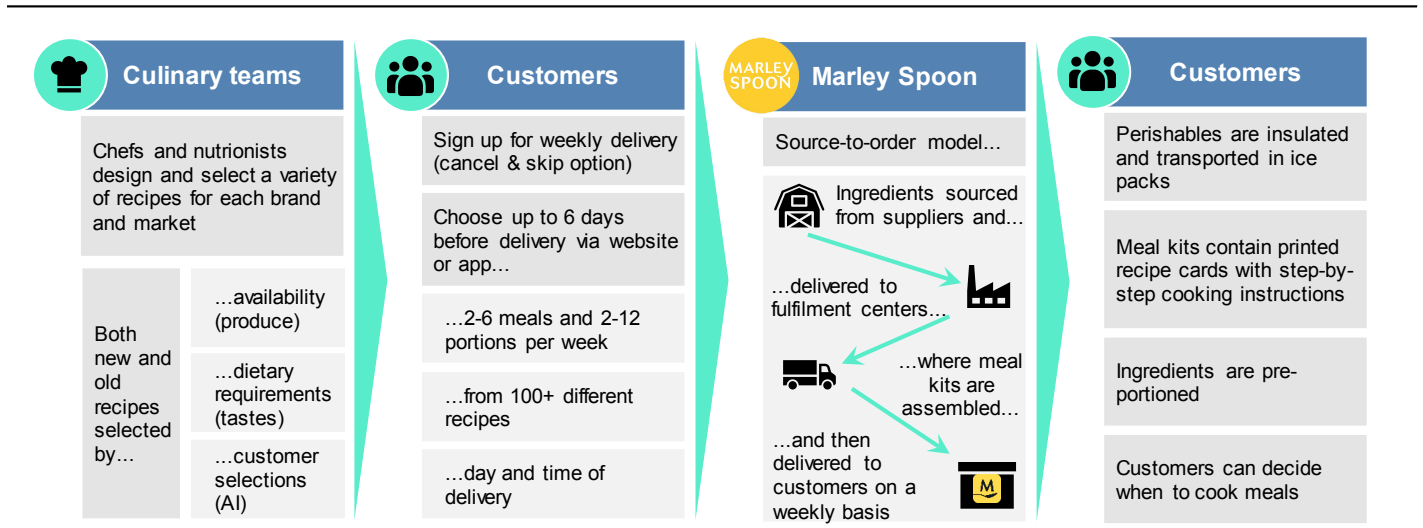
## Introducing Marley Spoon

Founded in 2014, Marley Spoon has become a **leading direct-to-consumer (D2C) brand for meal kits in the world**. It operates a subscription-based, **multi-brand business** and is split into three segments (Australia, USA, and Europe), reflecting the different geographies in which it offers meal-kit services. In Europe, the company serves customers in Germany, Belgium, Netherlands, and Austria. Its two main brands address customers **seeking high-quality and exotic flavors** ("Marley Spoon") and **cost-conscious customers** ("Dinnerly"). Its third brand, "Chefgood," was acquired in January 2022, offers **ready-to-heat solutions** and targets consumers aiming for a more convenient food preparation while focusing on health & wellness.

Marley Spoon is the **leader in meal kit recipe choice** and was the **first meal kit company to come up with the idea of letting customers choose** from a largely expanded menu of meal-kit recipes. Its chefs and nutritionists design a **variety of 100+ recipes per week** based on actual customer data and insights the company generates through its **data-driven platform**. The customers can choose among many **dietary options** (e.g. vegan, vegetarian, and non-pork) and pick their recipes up to 6 days before delivery. Information for each meal is provided, including levels of cooking skill, calories, preparation time, ingredients, nutritional information, and staples or accessories needed to cook the delivered meals. This **highly personalized recipe choice** – and the ability to choose among recipes instead of being offered one-size-fits-all solutions which was the industry standard a few years ago - appeals to more customers which drives increasing portions per order, which in turn boosts basket size, customer loyalty, and ultimately customer lifetime value. **Premium and saver recipes with different price points** further aid an increasing basket size and the number of meals per order. The company sources its ingredients or fresh produce on a just-in-time basis from both producers and wholesalers. As customers trust Marley Spoon for high quality food solutions, the company has begun to offer the option of **adding additional products to one's weekly delivery** including fruit boxes or expanded breakfast offerings, special meals for holidays or dinner parties, and cookie boxes. The company's **"Market" offering** allows customers to **select additional grocery items and add them to their weekly meal-kit boxes**. Marley Spoon's ingredients are packed into meal kits at one of their **7 fulfillment centers** located in **Australia (3), USA (3), or Europe (1)**. The company out-sources its logistics and cooperates with various logistics providers both in long-haul and last-mile delivery.

Subscriptions can be adjusted and cancelled any time, lowering the entry barriers for customers, and there is the possibility to skip deliveries and meal selection.

### Marley Spoon's product offering







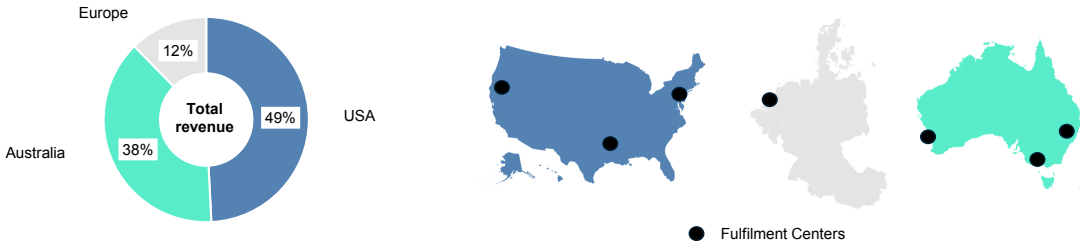
Source: Company data, NuWays

The company's brand **Marley Spoon** offers a subscription-based weekly meal kit service with a choice of **2-6 meals per week** and **2-12 portions per recipe** at a price of **€ 7.40 per portion** (assuming 3 meals for 2 people). Customers **cherish the variety of Marley Spoon's recipes and meal kits** during their cooking sessions, along with the **benefits of added convenience and time saving**. More than **80% of Marley Spoon's customers are female, 35+ years old, and in a relationship**, while 30% also have children. Its **customers are generally less price sensitive and more affluent**. Marley Spoon's services appeal to all kinds of customers, including trialists, intermittent cooks, regular chefs, and loyal chefs. In the US, the company **partners with Martha Stewart**, an American lifestyle icon, active in fields as diverse as publishing, broadcasting, merchandising, and e-commerce, to offer its meal kits under the branding "Martha Stewart & Marley Spoon." Through this **promotion agreement**, customers can obtain Martha Stewart's most sought-after recipes conveniently delivered to their homes via Marley Spoon's services.

**Dinnerly** offers **3-6 meals per week** at **6-12 portions per meal** at a price of **€5.45 per portion** (assuming 3 meals for 2 people). It achieves its lower price point mainly through fewer ingredients, digital recipe cards, and simple packaging. Dinnerly's more affordable meal kits especially appeal to customers who are more price sensitive or budget-conscious. The **different target group virtually eliminates the risk of cannibalization** among or between brands.

**Chefgood** is Marley Spoon's newest brand addition and offers **high-quality and healthy ready-to-heat (RTH)** meals with an average price of c. € 7 per meal (**\$ 11.5 per meal** in Australia). It targets customers aiming for health and wellness, but who nonetheless would like to have a quick and convenient way of food preparation.

## Company Overview

Marley Spoon SE	MARLEY SPOON®	DINNERLY	CHEF GOOD BE GOOD TO YOURSELF	
<b>Product &amp; Offering</b>	<p>Marley Spoon is the original meal kit brand of the group and offers 100+ different exotic recipes per week, focusing on unique flavors and high-quality at a higher price point.</p> <hr/> <p>Marley Spoon's "Market" add-on allows customers to add groceries to their weekly meal kit deliveries</p>	<p>Dinnerly complements Marley Spoon's meal kits with simple and tasty recipes at affordable prices. It offers 100+ different recipes per week and uses the same supply and distribution chain as Marley Spoon.</p>	<p>Marley Spoon's newest brand, Chefgood, was acquired in 2022 and offers 40+ ready-to-heat meal plans per week with a focus on health &amp; convenience and can be ordered as a standalone product or as an add-on to meal kits. In 2022, it generated c. €15m in revenue with positive EBITDA and net cash flow.</p>	
<b>Year Founded</b>	2014	2017	2013	
<b>Geographic Presence</b>				
<b>Target Group / Customers</b>	<ul style="list-style-type: none"> <li>Mid- to high-income professionals</li> <li>80% female and working</li> <li>85% age ≥ 35</li> <li>30% with children</li> <li>c. 80% households with &gt;2 adults</li> <li>c. 67% with college degree</li> </ul>	<ul style="list-style-type: none"> <li>Budget-conscious</li> <li>80% female and working</li> <li>70% age ≤ 44</li> <li>40% with children</li> <li>c. 70% households with &gt;2 adults</li> <li>Highly variable</li> </ul>	<ul style="list-style-type: none"> <li>Focused on health &amp; convenience</li> <li>n.a.</li> </ul>	
<b>Price Point</b>	€ 7.40 / meal	€ 5.45 / meal	\$ 11.50 / meal	
	2019	2020	2021	2022
<b>Total Revenue (in €m)</b>	130	254	322	401
<b>Average Customers (k)</b>	182	327	376	313
<b>Number of Orders (m)</b>	3	6	7	7
<b>Average Basket Size (in €)</b>	43	45	47	56
<b>Competitors</b>				
<b>Revenue by segment (FY 2022)</b>	 <p>● Fulfilment Centers</p>			
<b>Number of Employees</b>	892	1273	1862	2079
<b>Operating EBITDA (in €m)</b>	-30	0	-33	-9
<b>Operating EBITDA Margin</b>	n.a.	0%	n.a.	n.a.

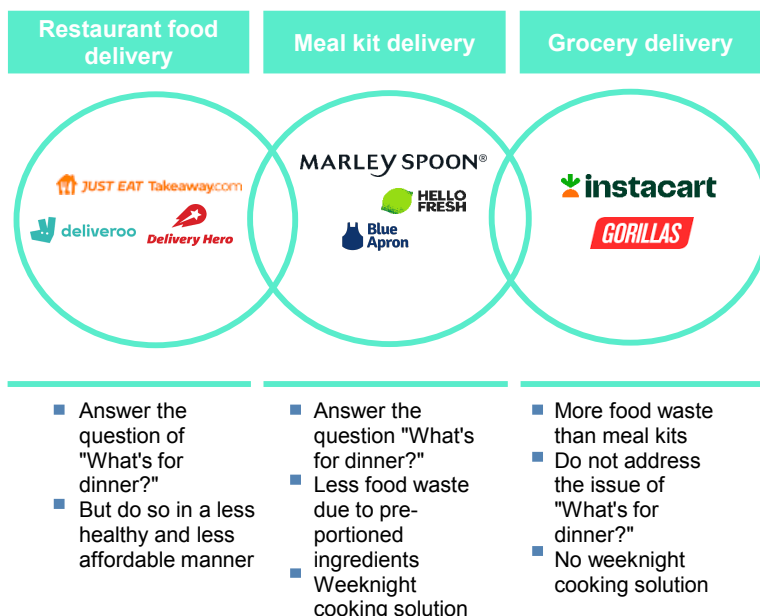
## Competitive Quality

- Marley Spoon's meal kits **satisfy pressing consumer needs** and answer the question "What's for dinner?" for **both high quality-seeking and budget-conscious** customers
- **Well-defined market positioning** allows Marley Spoon to **occupy a niche** serving customers willing to pay a premium for quality
- **Strong unit economics** and sticky customer base show **entrenched market position**
- Marley Spoon's **data-driven business platform** strengthens **customer attraction**, ensures **defensibility**, and helps set its **flywheel** in motion

## Meal kits satisfy pressing consumer needs and address the issue of food waste

The **meal-kit market** is situated between the **market for grocery delivery** and the **restaurant food delivery market**, having some features in common like serving basic culinary needs and doing so with a fair amount of convenience. While **restaurant food delivery companies** may answer the question of "What's for dinner?" and provide a variety of meals, they typically do so in a less affordable and less healthy manner than meal kits. **Traditional grocery delivery** services conveniently deliver the necessary ingredients, but leave the consumer without a clear cooking solution. **Meal kits** not only offer a **sustainable weeknight cooking solution that is rich in variety**, but also provide consumers with the opportunity of **socializing** with family and friends and **learning about new recipes** and acquiring new cooking skills.

## Meal kit segment within the greater online grocery market



Source: Company data, NuWays

An **ever-busier day-to-day life** allows little time for families to plan for and **prepare dinner** that's healthy, tasty, and hassle-free. Marley Spoon's subscription-based and multi-brand business helps solve this omnipresent and highly relevant

everyday problem across Australia, the US, and Europe through its meal kit service.

**40% of US consumers find planning and preparing different meals every day challenging.** Every week, Marley Spoon's meal kits reliably and sustainably deliver fresh and pre-portioned ingredients together with customer-selected recipes, thus **answering the question of "What's for dinner?"** and the accompanying, time-consuming trip to the supermarket. Marley Spoon's meal kits offer customers freedom in terms of what to eat and when to eat and virtually eliminate the need for grocery shopping. Its **step-by-step recipes** and **pre-portioned ingredients** help consumers improve their weeknight cooking experience for both couples and entire families. The company capitalizes on certain D2C food trends and the shift in customer **preferences for more convenience in cooking** without compromising quality or affordability. A survey among US consumers regarding the reasons for using meal kits found that it's about more than just convenience, i.e., **avoiding supermarket trips (26%)** or **saving time (48%)**. Respondents indicated that meal kits provided them with the opportunity to **improve their cooking skills (29%)**, try out new recipes (48%) or **explore new cuisines (40%)**, and to have a **shared activity with family and friends (19%)** - all of which Marley Spoon provides via its meal kits.

## Meal kits satisfy most relevant consumer needs in the food market

Consumer needs	Meal kits MARLEY SPOON® Blue Apron HELLO FRESH	Restaurant food delivery JUST EAT Takeaway.com Delivery Hero deliveroo	Grocery delivery instacart GORILLAS	Traditional grocery Carrefour Walmart Kroger COSTCO TESCO	
"What's for dinner?"	X	X			40% of consumers consider planning different meals every day a challenge
Convenience / shift to online	X	X	X		
Variety / choice	X	X	X	X	
Health & wellness	X		(X)	(X)	50% believe healthy food is too expensive to buy regularly
Food waste reduction	X				30-40% of entire US food supply is wasted every year
Affordability	X		(X)	X	
Cooking education / new skills	X				

Source: Company data, NuWays

Meal kits allow the customer to have a **hassle-free experience** by **choosing from a personalized and updated list of recipes**, which are then **conveniently delivered to one's home**. This is done without compromising the freedom, art, and meditative effects that many consumers appreciate about cooking. Additionally, Marley Spoon demonstrates flexibility through many **options on diet** (e.g. vegan, vegetarian etc.), **order size, delivery time, menu selection** and **customization** (including nutritional features like swapping carbs for proteins etc.). Its **digital platform** as well as its recipes are **very easy to use** and offer **peace of mind for professionals**. The **chilled transportation** of ingredients ensures high quality upon delivery.

Apart from providing consumers with a premium and convenient cooking experience through its meal kits, Marley Spoon's business also **reduces food waste caused by unsustainable supermarket supply chains**. A 2021 study by Recycle Track Systems found that **30-40% of the entire US food supply is wasted every year**. Moreover, a 2019 University of Michigan study found that **cooking with a meal kit reduces GHG emissions by 33%** on average when compared to traditional supermarkets' emissions, partially explained by the firm's **source-to-order supply chain** model which **avoids most food waste**. Marley Spoon procures only what the customer will cook and eat, and potential leftovers are donated or composted. Furthermore, the company is a **certified climate neutral company**,

cutting emissions by reducing food waste, reducing energy usage, and offsetting the balance (35,000 tons in 2020).

## Marley Spoon capitalizes on various D2C trends



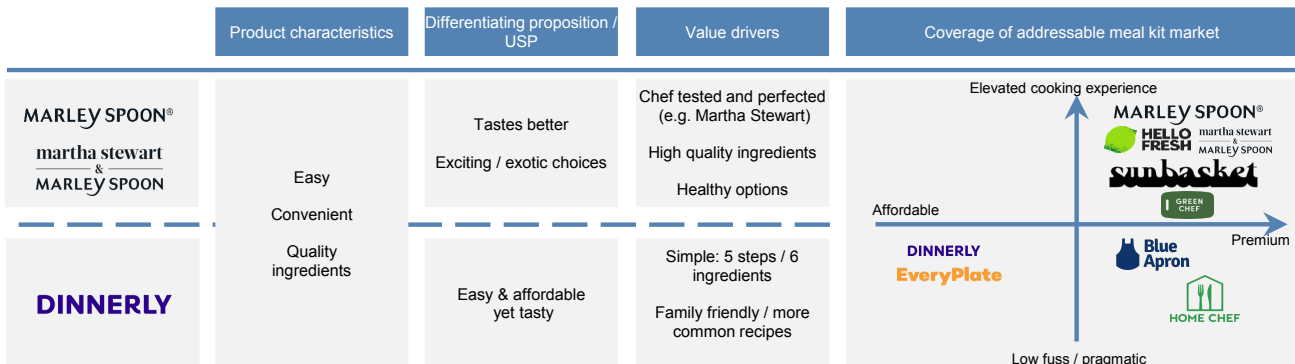
Source: Company data, NuWays

## Targeting different customer groups with two-brand strategy

Within the meal kit industry, Marley Spoon is **strongly positioned through its two main brands Marley Spoon and Dinnerly, covering both more affordable and pragmatic** meal kit solutions (Dinnerly) as well as more **premium and advanced** cooking experiences (Marley Spoon). The company launched Dinnerly as a low-cost option for budget-conscious customers, **being the first in the market to offer an affordable meal-kit service**. Dinnerly's price point is about 50% lower than Marley Spoon's in the US in order to serve the average American consumer paying \$ 5 for a meal. The brand's **customers are overwhelmingly millennials** (70%) with the remainder belonging to either Gen X or Baby Boomers, indicating that many who have joined the job market a few years ago are still more budget-conscious than those who are more established in their professional lives. On the other hand, the company **can charge a price premium for its high-end, exotic, and elevated recipe offerings** it serves through its Martha & Marley Spoon brand in the US, which is also demonstrated by the demographic split: About 47% of Marley Spoon's customers are millennials, while 25% belong to Gen X and 28% are Boomers and hence **economically in a better position to pay up for food and groceries**. Marley Spoon profits from its promotion agreement and partnership with Martha Stewart Omnimedia, a company associated with **Martha Stewart, an American lifestyle icon**, one of America's most successful entrepreneurs and the first self-made female billionaire. Martha Stewart has been active in fields as diverse as publishing, broadcasting, merchandising and e-commerce. Through Martha & Marley Spoon, **customers can obtain Martha Stewart's most sought-after recipes, conveniently delivered to their home via Marley Spoon's services**.



## Marley Spoon provides premium and affordable meal kits through two brands



Source: Company data, NuWays

## Market niche and customer group allow for higher margins

Marley Spoon differentiates itself from the competition mainly through offering customers more choice through the **largest selection of menus and recipes per week (100+)** for both of its brands Marley Spoon and Dinnerly, **more appealing and exotic dishes**, and an **elevated and advanced cooking experience**. The idea of letting customers choose from a broad base of recipes instead of making the decision for the customer originated with Marley Spoon and was later copied by competitors.

## Marley Spoon vs. competition

	MARLEY SPOON® DINNERLY	HELLO FRESH GREEN CHEF Chefs Plate	EveryPlate youfoodz	sunbasket	HOME CHEF	Blue Apron	gousto	LINAS MATKASSE	goodfood	MY FOOD BAG
Max. # meal kit recipes per week	100+	70+	70+	20+	30+	30+	75+	80+	40+	30+
Price per meal (2 persons x 3 meals)	€ 7.40 \$ 10.99	€ 6.67 \$ 9.99	€ 6.67 \$ 9.99	\$ 11.99	\$ 9.95	\$ 8.99	£ 5.00 € 5.74	SEK 109.83 € 9.30	CAD 14.49 € 9.91	NZD 19.17 € 10.63
Geographic presence	North America, Europe, Oceania	North America, Europe, Oceania	North America, Europe, Oceania	North America (USA)	North America (USA)	North America (USA)	Europe (UK)	Europe (Nordics)	North America (Canada)	Oceania (New Zealand)
Revenues (2022)	€ 401m	€ 7600m	€ 7600m	€ 285m	> € 1000m	€ 435m	€ 360m	€ 130m	€ 196m	€ 106m
Target customer	Elevated & premium cooking experience Pragmatic & affordable	Elevated & premium cooking experience Pragmatic & affordable	Elevated & premium cooking experience Pragmatic & affordable	Elevated & premium cooking experience	Premium but pragmatic recipes	Premium but pragmatic recipes	Uncomplicated recipes suited for families	More elevated cooking experience	More premium & diet-conscious cooking	Elevated & premium cooking experience
Dietary options & add-ons	Multiple dietary options and customizations, "Market" allows adding groceries to weekly box	Multiple dietary options and customizations	Multiple dietary options and customizations	Multiple dietary options and customizations	Family friendly recipes	Multiple dietary options and customizations	No add-ons, but multiple dietary options	Limited dietary options	Multiple dietary options	Wide range of dietary options, grocery add-ons

Source: Company data, NuWays

Considering that the **market in which Marley Spoon operates is still nascent**, competition serves the company well in so far as more players on the ground share the costs of educating the market, leading more people to try out meal kits. When Marley Spoon enters certain markets, the awareness of the meal-kit concept is already in place. In addition, the **market is big enough for more than one player to exist** and for Marley Spoon to generate sufficient growth from present levels. More-

# Marley Spoon Group SE

Full note / Initiation - 15.11.2023

over, when it comes to food, **there is no one-size-fits-all taste profile**, essentially ensuring the avoidance of a winner-takes-all dynamic and **allowing many niches and diverse offerings** to take shape.

Having said that, **Marley Spoon has occupied a niche within the meal kit market** in so far as it **primarily serves consumers who are willing to pay a price premium for the vast selection of meals and the unique and exotic recipes the company offers them**. The company's customer segment consists overwhelmingly of **females who are in a relationship (80%), have graduated college (67%) and are professionals earning medium to high salaries**. While, for example, HelloFresh's main brand addresses consumers seeking more conventional or familiar recipes but at a somewhat lower price (\$ 9.99 vs. \$ 10.99 for Marley Spoon in the US), **Marley Spoon's customers enjoy trying out more exotic, sophisticated, and unconventional recipes**. This **well-defined customer group allows** the firm to **thrive and grow despite the presence of bigger competitors**. In all markets in which Marley Spoon operates (i.e. US, Australia, Europe), the company serves premium middle class customers by typically **offering the highest-priced meal kits while at the same providing the largest recipe choice on a weekly basis**. The only exception is the US market, where both **Sunbasket and Green Chef** (owned by Hello Fresh) have higher price points per serving (\$ 11.99 and \$ 13.49, respectively), but are smaller in volume, mostly present in the US, and offer considerably fewer recipes per week (<20 and ~25, respectively). Other **competitors outside of Marley Spoon's present markets** (My Food Bag in New Zealand, Goodfood in Canada, or Linas Matkasse in the Nordics) show higher prices per serving, but are also smaller in terms of revenue, offer fewer recipes per week, and are mainly present in their home markets. On the other hand, **Marley Spoon's Dinerly brand offers the most affordable meal kits** in the low-budget market segment at € 5.45 per serving compared to HelloFresh's EveryPlate, which offers its meal kits at € 7.05 per serving.

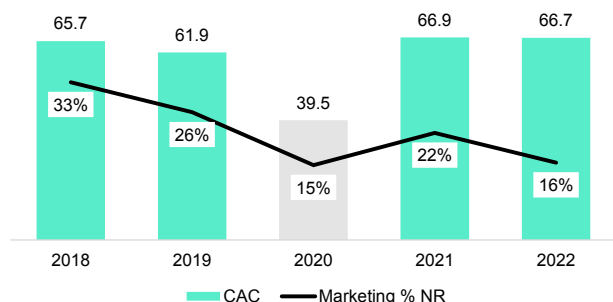
Moreover, Marley Spoon's **revenues do not depend on one geographical area**, but instead are **diversified across three continents**. The company, along with HelloFresh, generates sales in the United States (49%), Australia (38%), and Europe (12%), which is **virtually unmatched by other competitors** who operate mostly in one country only.

## **Strong unit economics and sticky customer base show entrenched market position**

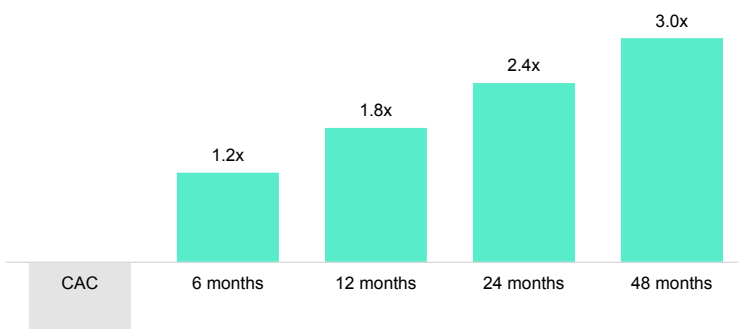
Marley Spoon acquires customers through **online marketing** (E-mail, website banner ads, social media, online search) and **offline marketing** (print media, TV advertising, outdoor advertising). About **one-third of Marley Spoon's new customers stem from referrals** or word-of-mouth. The firm boasts attractive unit economics with **stable customer acquisition costs** of about € 66 per customer and a **payback period of 6 months**.

## Stable customer acquisition costs and a 6-months payback period show strong unit economics

Relatively stable customer acquisition costs (€) over time



Acquisition Payback Q1 2022 - Q4 2022

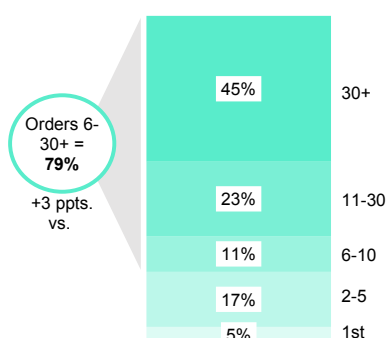


Source: Company data, NuWays

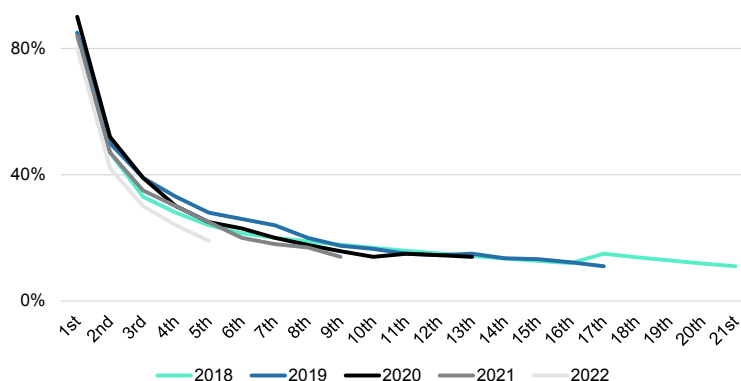
Marley Spoon indicates that **more than c. 80% of revenues come from customers who have at least ordered 6 times before**. Furthermore, its revenue share from recurring customers is at **95%**, indicating strong customer stickiness. While revenue retention does drop steeply within the first 1-2 years, about 15% of newly acquired customers stay with the firm and keep on ordering Marley Spoon's meal kits. Once customers get used to Marley Spoon, they like to stay on for long periods and thus **provide the firm with recurring revenue**. On average, Marley Spoon's customers use its meal kits 3 nights a week to prepare their own meals, reflecting how deeply entrenched the brand has already become in their everyday lives.

## Recurring orders make up 95% of Marley Spoon's total revenue

Revenue breakdown by order frequency



Global net revenue retention by quarter number since start of cohort

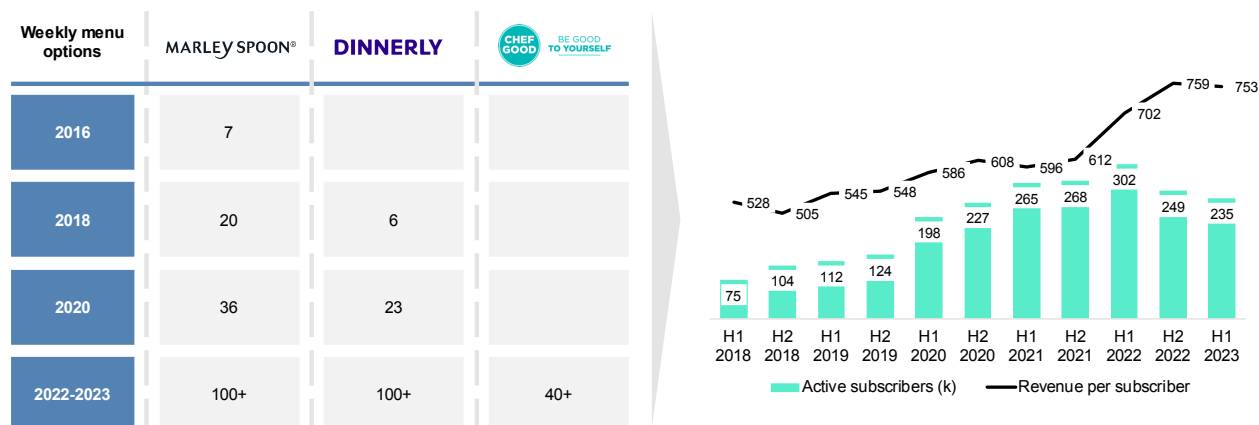


Source: Company data, NuWays

Beyond retention, the **company drives average revenue per subscriber (ARPU) through cross and upselling opportunities** (e.g., through its "Market" initiative in all three regions). Marley Spoon provides customers with more recipe choice and

new offerings like **grocery additions to their weekly delivery** through its “Market” initiative, which increased **meals per order to 9.1** (4% in Q2 2023 vs PCP). Moreover, by raising prices, expanding its core and premium recipe offerings, and allowing customers to customize recipes by substituting or trading ingredients, it increased **average order value to € 61.6** (+12% in Q2 2023 vs. Q2 2022), reflecting the firm's pricing power and the **willingness of its customers to pay up for Marley Spoon's products and services**.

## Increased subscriber base and revenue per subscriber through menu expansion



Source: Company data, NuWays

## Data-driven business platform strengthens customer attraction and defensibility

Furthermore, the company's good defensibility derives itself from the fact that the **customer data and taste profiles which Marley Spoon has accumulated over the years are not easily replicable for competitors** (or new entrants into the market) and are a significant asset to the firm in terms of customer loyalty and product stickiness. Marley Spoon's machine learning infrastructure operates its **taste profile algorithm and demand forecasting** model. Its taste profile algorithm **ranks recipes individually based on each customer's taste profile**: insights into customer preferences and habits are collected via recipes customers choose (or do not choose) as well as through recipe ratings. The created **customer and taste profiles allow more accurate demand prediction**, entailing more efficient supply chains. Another benefit of this data-driven business model is that Marley Spoon can offer different recipes and prices for different regions or brands.

Apart from the fact that Marley Spoon is **one of the largest players in the global meal kit market** and has thus raised barriers for new entrants through its scale and the **required capital outlays**, the company possesses a formidable moat through its scalable and defensible D2C platform. Its patented manufacturing processes, rolled-out pick-to-light systems and technology have allowed it to increase labor productivity across all its segments. Meal kits are prepared and packaged according to standardized processes at the manufacturing centers and the company already **automates a significant share of its manufacturing processes** and is likely to continue to do so going forward. By now, most of the pick and pack processes are automated to aid efficiency (packing of liquids and dry goods into individual portions).

## Source-to-order model drives lower inventory levels

Marley Spoon employs a **source-to-order model** in contrast to a source-to-stock model utilized by most supermarkets. While this does increase Marley Spoon's exposure to supply chain disruptions and the firm's dependency on its suppliers,

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this peculiarity allows Marley Spoon to **incur lower levels of food waste, better match expected and actual demand, have lower levels of inventory, and store fewer stock keeping units (SKUs) than supermarkets.**

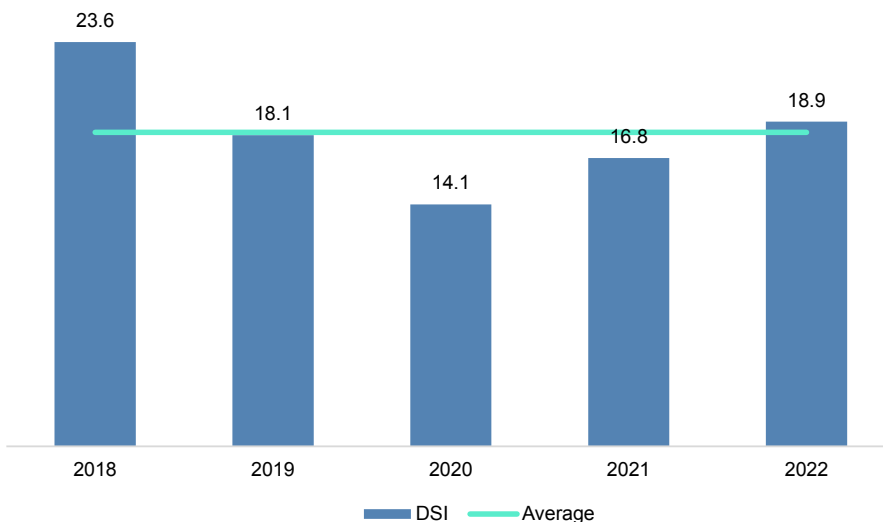
The quality of Marley Spoon's ingredients is further strengthened and ensured by the way its fulfilment centers are designed. **Each FC has rooms which are kept at different temperatures for storing different ingredients.** Meat and fish are generally pre-packaged when they arrive at the respective FC. Dry goods are delivered weekly to FCs, whereas **perishables are delivered on a daily basis.**

The company sources its ingredients **directly from producers or from wholesalers.** As of 2023, the company sources about 20% of its ingredients directly from producers and the remainder from wholesalers. As the company increases the share of ingredients it sources from producers resulting from scale, its lean and vertically integrated supply chain ensures the reduction of margin leakage, typically occurring in grocery retail profit pools due to brand, wholesale, and retail margins.

All in all, Marley Spoon has a very **diversified base of suppliers** (~320). This broad network **reduces the risk of not being able to fulfill current orders** due to ingredient shortages. Above and beyond, the **supplier contract terms are favorable** to Marley Spoon, can be terminated on short notice (3 months), and are **not subject to certain minimum purchase order requirements.**

Its business model allows Marley Spoon **excellent inventory management by dealing with surplus inventory in a smart way:** Should inventory levels rise unexpectedly, the company can **design or write new recipes and thus reduce inventory and turn it into cash.** The company boasts significantly lower inventory days (on average c. 18) than its biggest competitor (on average c. 27) or traditional supermarkets (on average between 30-60 days).

## The firm's source-to-order model allows it to have low and stable inventory levels



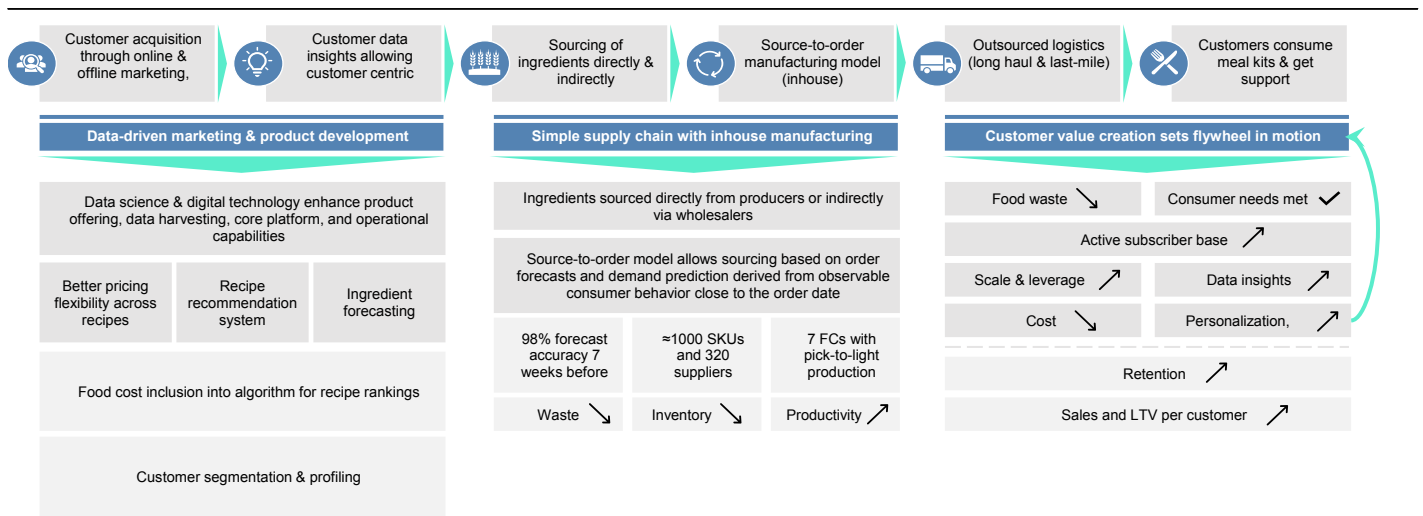
Source: Company data, NuWays

The company outsources its logistics and employs the assistance of third-party logistics providers in long-haul and last-mile delivery. Some providers have **chilled vehicles to deliver the meal kits**, whereas others **make use of ice packs and insulation to ensure a high level of food quality** once it arrives on the doorstep. The contracts are favorable for Marley Spoon, comprising a one-month termination notice and no fixed price contracts.

## Data platform and sourcing model help set flywheel in motion

The preceding key features of the business model demonstrate that the company has an **intact flywheel** in its operations: As **more users** visit its platform and use its services, the embedded algorithms are fed with **more data** and consequently become **more adept at making more personalized and accurate recommendations and forecasts**. The company indicated that it can **predict a customer's next recipe with 94% accuracy** if that customer has ordered 6 times or more. Better recommendations **increase the likelihood that customers will return** and even **recommend** Marley Spoon to others, boosting the number of active customers. This should lead to greater **scale**, driving higher **leverage**, lower costs and leading to better **retention**, sales growth, and profitability.

### Marley Spoon's flywheel in motion



Source: Company data, NuWays

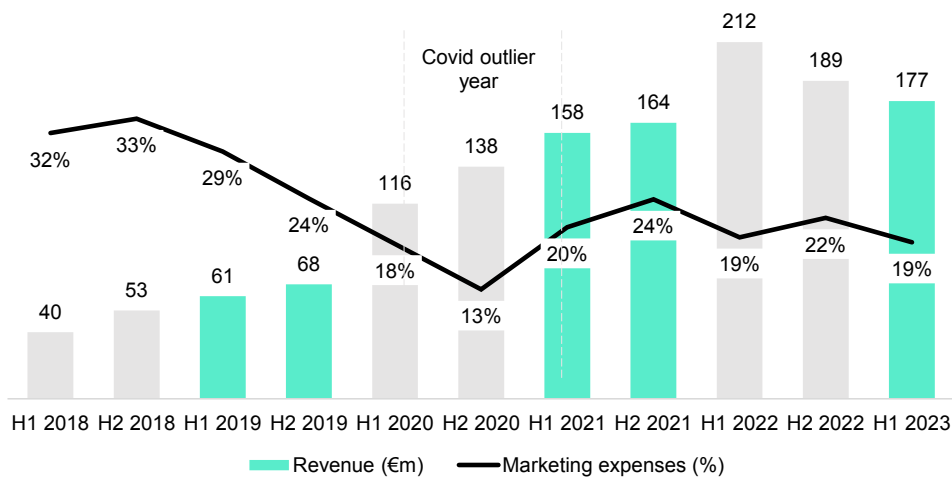
## Business Quality

- **Disciplined cost treatment** and **operating leverage** have led to **strong contribution margins**
- Going forward, **lower capital expenditures** and **favorable cash conversion cycle** free up cash

### Cost discipline and operating leverage result in margin expansion

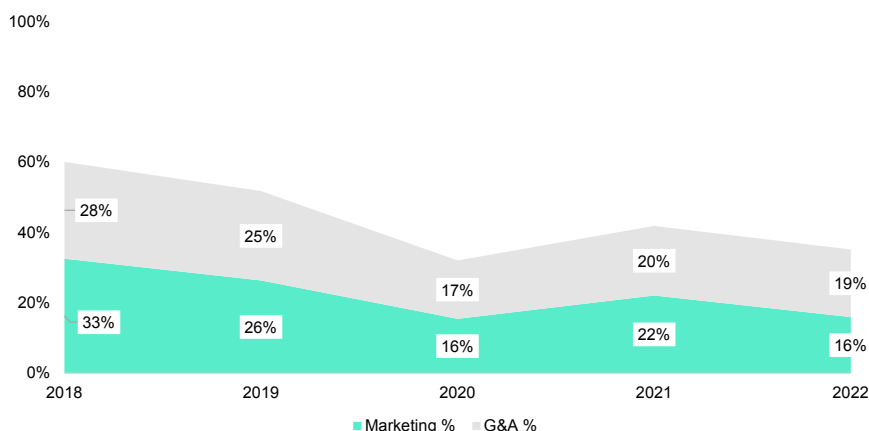
The company does an excellent job in **balancing top line growth with ongoing cost optimization and operational efficiencies**. Despite lowering its marketing expenses by c. 13 ppt. over the last 5 years, Marley Spoon was nonetheless able to increase revenues by a factor of 4+, pointing towards increased marketing efficiencies. Besides, **disciplined cost treatment** allowed for **significantly lower G&A expenses** (-9 ppt.), owing to the operational improvements through automation, scale efficiencies, and effective use of data technology.

### Revenues increased significantly despite lower marketing expenses



Source: Company data, NuWays

## Operational efficiencies have led to lower G&A and marketing expenses

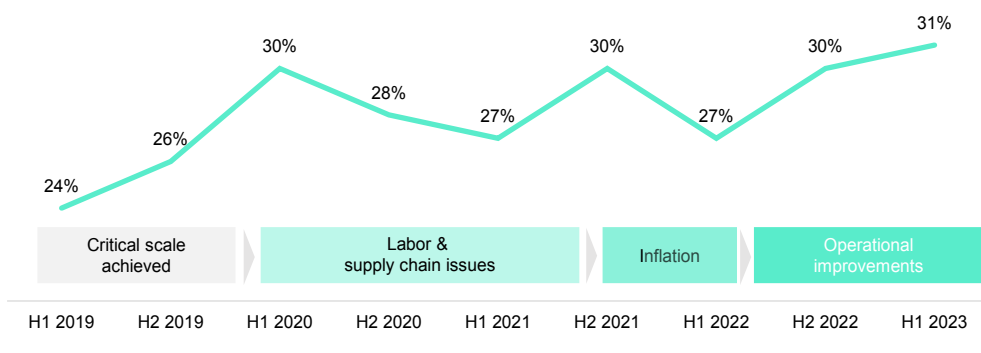


Source: Company data, NuWays

Moreover, Marley Spoon has already grown to **benefit from scale and operating leverage to increase its bargaining power with suppliers** and is on track to continue to do so. As Marley Spoon **pays its suppliers later**, its payables account increases, decreasing working capital and thus **tying up less cash in working capital** (see below). As a result of its increased scale, the company is able to **lower its input costs, directly expanding margins**.

The company's differentiated products and **intact operating leverage** have allowed it to **grow its contribution margin from 17% in FY17 to 29% in FY22**, now about 4 ppts. higher than that of its biggest competitor – despite demanding headwinds from inflation and supply chain issues. It is **on track to further increase its contribution margin by 2 ppts. to c. 31% in FY2023** driven by higher gross margins (e.g. better cost management, pricing actions, and the introduction of premium and saver recipes). The company has **demonstrated its ability to operate profitably in the US and Australia** with even higher contribution margins there than on a group basis and at positive **operating EBITDA margins of 6%** in FY22, respectively.

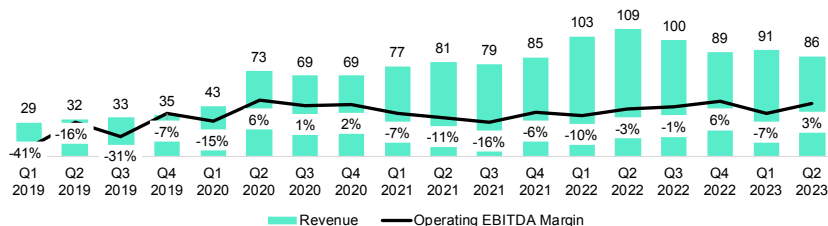
## Contribution margin growth despite macroeconomic and industry challenges



Source: Company data, NuWays



## Marley Spoon's scale has favorably impacted operating EBITDA margins

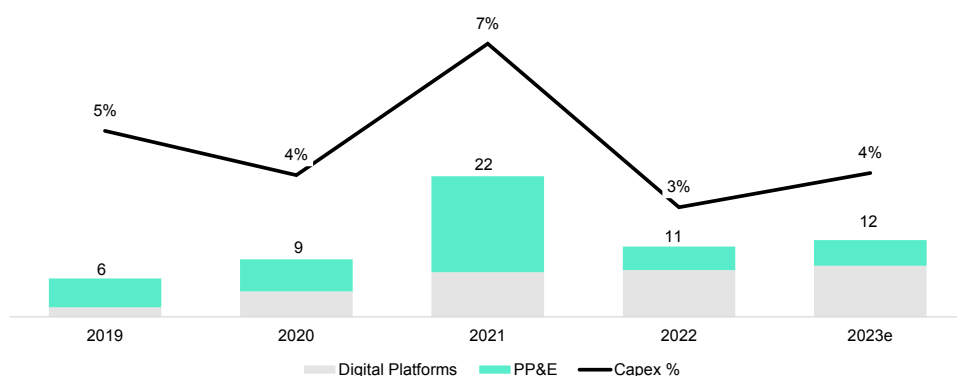


Source: Company data, NuWays

## Lower capital expenditures and favorable cash conversion cycle free up cash

Marley Spoon has heavily invested in the quality of its service and in its relationship with customers. It has enough capacity installed to scale its business through a strong base of strategically located fulfilment centers supporting more than € 1bn of sales and allowing the firm to serve all customers in all markets where it is present. Hence, the company has no need of making major additional capital expenditures in the foreseeable future. Currently, it's well able to reach 190m households worldwide through its 7 fulfilment centers in the US, Australia, and Europe, all of which are leased and hence do not tie up significant capital. It continues to invest in a disciplined manner in marketing to further strengthen its brand awareness and customer loyalty.

## Past investments imply lower capital outlays going forward

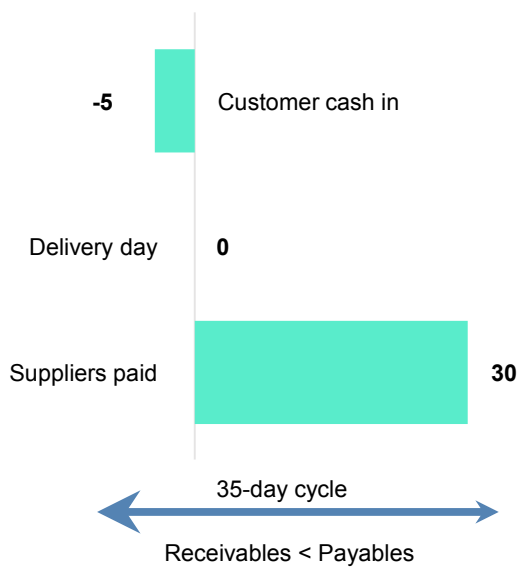


Source: Company data, NuWays

What further aids cash generation is the company's excellent cash conversion cycle. Marley Spoon is well-positioned to generate considerable free cash flow due to its attractive cash dynamics: Its 35-day cash conversion cycle ensures that receivables are lower than payables, because customers usually pay 5 days ahead of delivery (mostly via credit card), while Marley Spoon pays its suppliers only after c. 30 days, meanwhile freeing up cash that can be deployed in the business.

## Payables outweighing receivables frees up cash for the business

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Source: Company data, NuWays

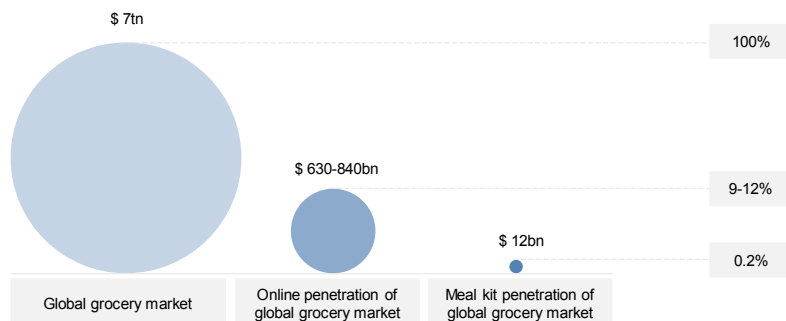
## Growth

- **Rising demand for meal kits** should allow global meal kit market to **grow by 16% p.a.** to € 51bn by **FY2030**
- Marley Spoon is **well-positioned to reach c. € 432m in revenues by FY2026** thanks to **growth initiatives** such as premium and saver recipes, menu expansion, grocery add-ons, and pricing
- Given **strong operating leverage** and **excellent cost management**, Marley Spoon is **on track to reach positive operating EBITDA by FY2024**

### Rising demand for meal kits should allow global meal kit market to grow by 16% p.a.

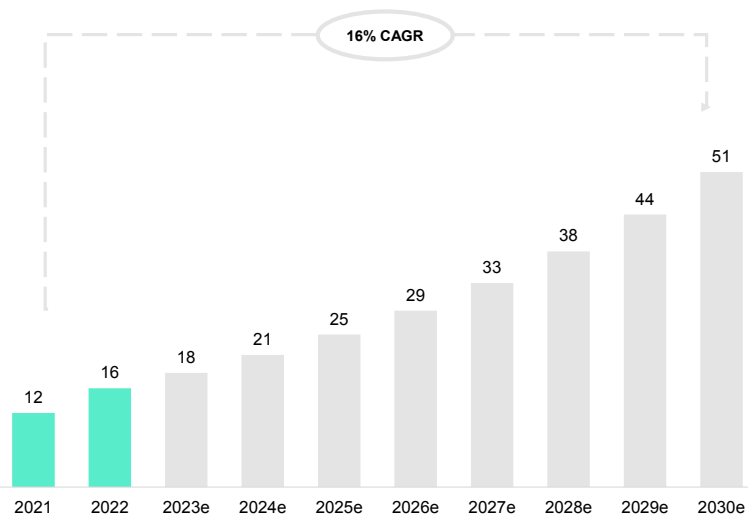
The meal kit industry is a very **nascent, but rapidly growing sub-segment of the \$7tn global food and grocery market**. While industries such as fashion and consumer electronics show e-commerce penetration rates of 14% and 24%, respectively, McKinsey estimates that **online penetration of the \$ 7tn global grocery market currently amounts to only 11%**, but expects it to be **23% within 5 years**. This is because customers have habituated to the benefits that come with ordering things like electronics online - **convenience, product comparisons, personalized offerings, and greater selection** - and now expect the same service in areas like food, groceries, and cooking.

### Global food and grocery market size



Source: Company data, NuWays

## Global meal kit market size development in \$ bn



Source: Vantage Market Research, NuWays

Therefore, Marley Spoon's sales and earnings growth potential to a large degree stems from the **underlying market growth and trend of an increasing shift from offline to online grocery**. The company is **well-positioned to participate in the structural growth trend of e-commerce and online penetration of the food & grocery market**. According to Vantage Market Research, **global meal kit sales are projected to reach \$ 51bn in 2030 from \$ 12bn in 2021 and thus grow at a 16% CAGR**. The biggest meal kit companies were founded only within the last decade and **Covid** only demonstrated the long-term upside potential of the meal-kit market and **merely accelerated the online penetration** which was **well underway before the pandemic**. Customers have now **become used to ordering food and groceries online** and have taken a liking to the concept of **meal kits to simplify their lives**.

## Marley Spoon is on track to boost its top line thanks to growth initiatives

Marley Spoon's revenues are mainly driven by the **number of active subscribers, order frequency** (e.g., fewer orders during hotter summers), and **basket size** or average order value (AOV). The company focuses more on active subscribers (customers having an active subscription on a weekly basis during the quarter) than on active customers (customers having purchased a meal kit at least once during the quarter), because the former reduces the impact of one-time trial customers.

Marley Spoon's future sales and earnings growth will come through **growing the customer base, reducing churn and / or increasing retention through enhanced product offering and data driven personalization, growing basket size, and efficiency improvements** in procurement (COGS), logistics (fulfilment expenses), and manufacturing & automation (COGS, G&A expenses). As the business is integrating its newly acquired Chefgood RTH brand, it can deploy Marley Spoon analytics and marketing playbooks as well as cross-selling across customer segments to drive growth.

Specifically, Marley Spoon's **initiatives to increase revenue per subscriber** include (1) product development such as **premium and saver recipes** (more exclusive options at surcharge), (2) developing a **vast selection of high quality and unique recipes** (2018: 20; 2022: +100), (3) **grocery add-ons through the company's "Market" offering**, and (4) **pricing actions** to drive up AOV. It increases customer choice and personalization and leverages its multi-brand offering to

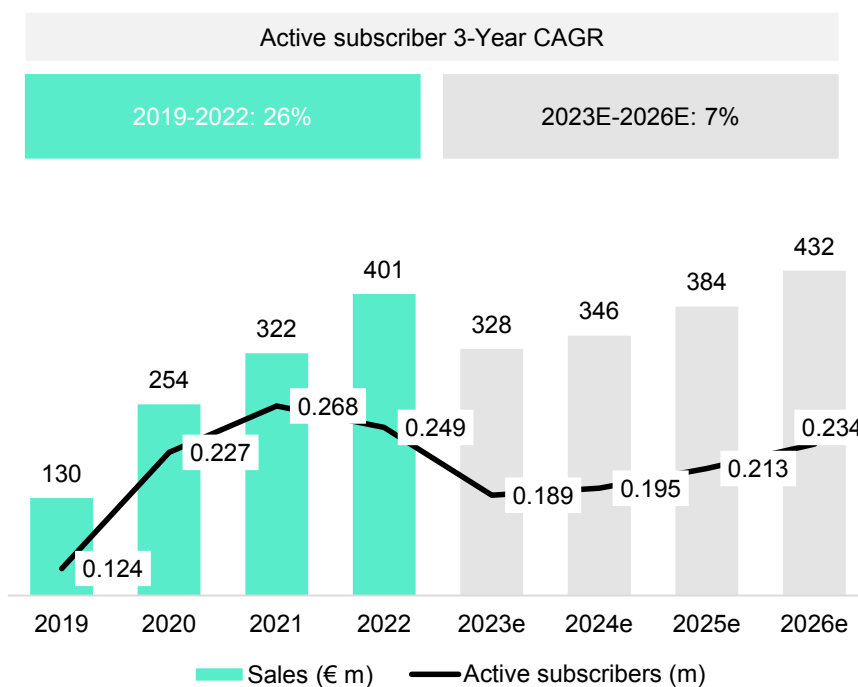
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**satisfy diverse customer needs and increase engagement across all brands.** We expect these developments to broaden the company's subscriber base to **c. 234k subscribers generating sales of about € 432m by 2026E** as more choice appeals to more consumers, which should lead to a higher number in active subscribers.

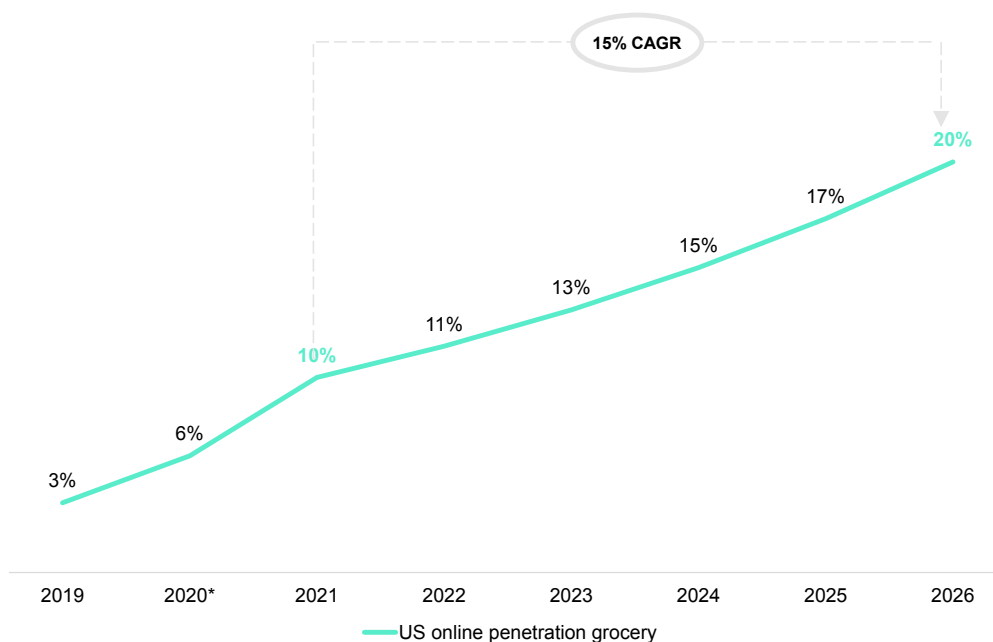
## Growth initiatives should favorably impact subscriber and sales growth



Source: Company data, NuWays

The **US** represents Marley Spoon's **biggest growth market** (50% of revenues as of FY2022). The **US meal kit market alone will grow at about 12% annually**, and is expected to reach **\$9bn by 2027**. **Online penetration of the grocery segment is currently at 11%** (McKinsey) and is **set to reach 20% by 2026**, implying both a 15% CAGR and a severe e-commerce under-penetration in the US food and grocery market.

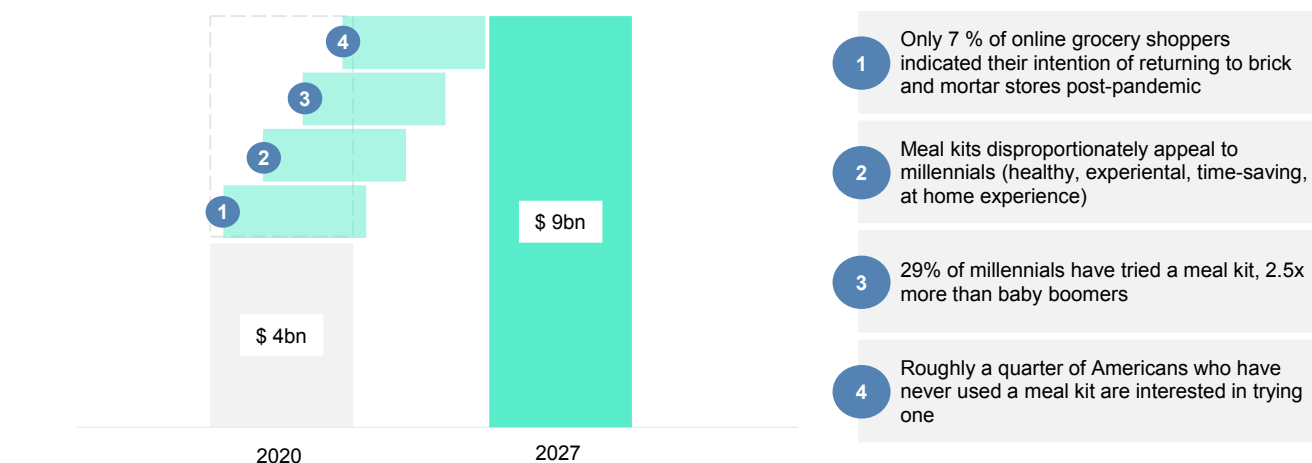
## Online penetration of US grocery market set to reach 20% by 2026



Source: Supermarket News, October 22, 2021, "E-commerce to account for 20% of U.S. grocery market by 2026"; NuWays

The company, through its **differentiated brand portfolio** and **strategically designed fulfilment network**, is ready to scale and capitalize on the proclivity of US consumers for convenience, innovation, health & wellness, and the willingness to try out new things. **Of those Americans who have never used a meal kit before, roughly 25% are interested in trying one.** Overwhelmingly, meal kits appeal to millennials, of which 29% have already tried a meal kit (vs. 12% of baby boomers) and who generally are more prone to health, experimenting, and time-saving.

## US meal kit market to grow by 12% p.a. within the next 4 years



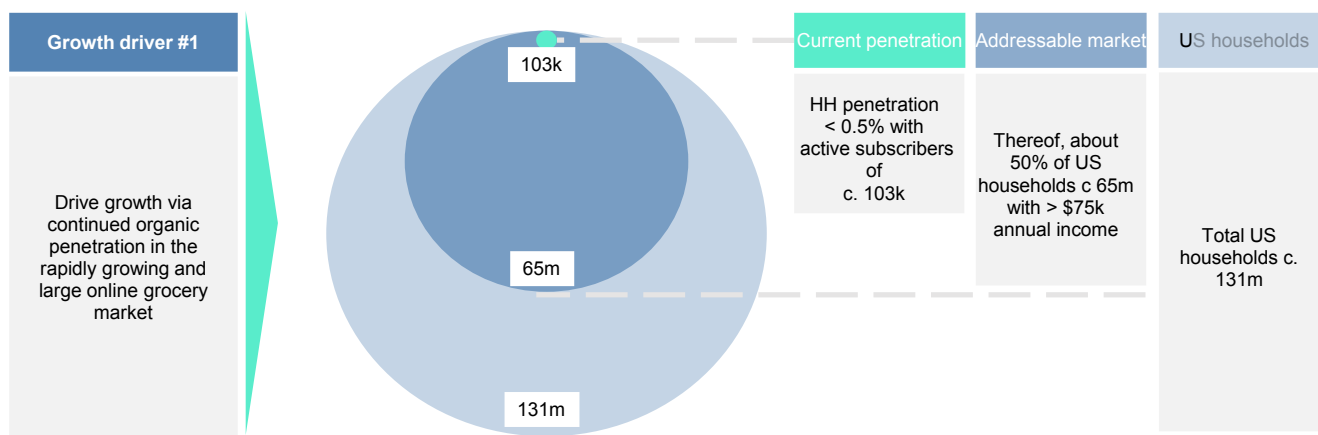
Source: Company data, NuWays

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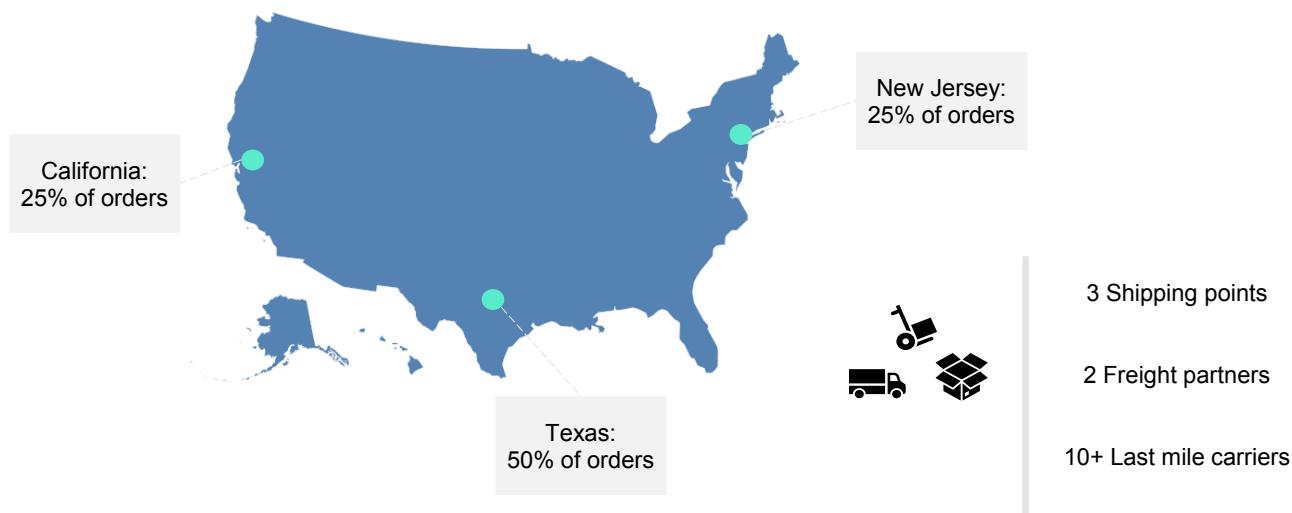
The business pursues its growth via two separate avenues. First, it seeks to drive growth through **organic penetration of the gigantic market for online grocery**. Current market penetration of the 131m US households runs to less < 0.5%, allowing for ample room to grow. This pursuit should be aided by the firm's nationwide fulfilment network, reaching up to 96% of all US households.

## Growth driver #1



Source: Company data, NuWays

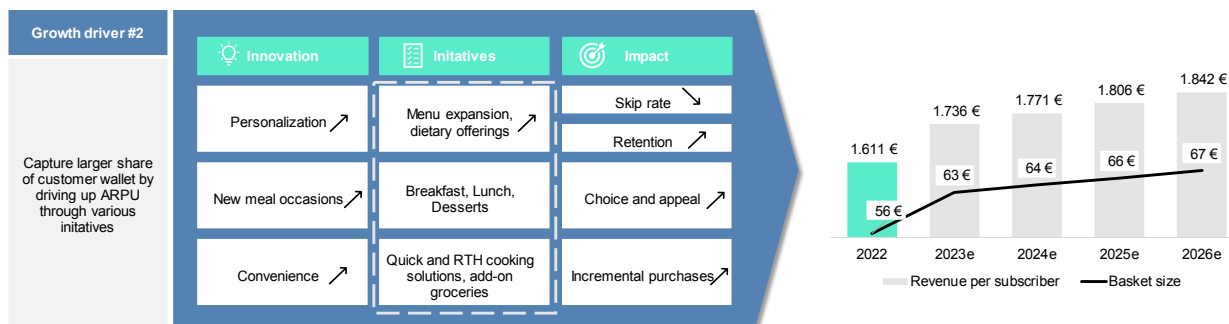
## US automated FCs can service up to 96% of all US households



Source: Company data, NuWays

**Secondly**, the company drives its growth by **capturing a larger share of consumer wallets and boosting basket size** through (1) **personalization**, (2) **menu expansion**, and (3) **additional dietary offerings** (such as RTH and breakfast or dessert options). Through these initiatives, Marley Spoon is set to accomplish both a **reduction in skip rates** and an **increase in customer retention rates**. Going forward, we therefore expect Marley Spoon to gradually increase its **revenue per subscriber to about € 1842 by 2026e** and **basket size to € 67 in 2026e from now € 56**.

## Growth driver #2



Source: Company data, NuWays

## Marley Spoon is on track to reach positive operating EBITDA by FY2024e thanks to scale effects and disciplined spending

Considering its current size, Marley Spoon should be able to **grow its mid-term sales by 10% CAGR 2023e-2036e**. The future sales growth rate is below the historic growth rate (50% 5-Year CAGR and 46% 3-Year CAGR for 2022, respectively), reflecting a temporary challenging macroeconomic environment and consumer sentiment, which should not be harmful, however, due to **disciplined cost management and improving margins** all leading to an **uptick in operating profitability**.

## Sales development 2020-2026e

	2020	2021	2022	2023e	2024e	2025e	2026e	3-Year CAGR 2026e
<b>Active subscribers (m)</b>	0.227	0.268	0.249	0.189	0.195	0.213	0.234	<b>7%</b>
Additions	0.10	0.04	-0.02	-0.06	0.01	0.02	0.02	n.a.
% growth	83%	18%	-7%	-24%	3%	9%	10%	n.a.
Australia	0.069	0.096	0.083	0.071	0.073	0.078	0.086	<b>7%</b>
% growth	n.a.	39%	-14%	-15%	3%	8%	9%	n.a.
US	0.112	0.115	0.112	0.084	0.087	0.097	0.109	<b>9%</b>
% growth	n.a.	3%	-3%	-25%	4%	11%	12%	n.a.
Europe	0.050	0.057	0.053	0.034	0.035	0.037	0.040	<b>5%</b>
% growth	n.a.	14%	-7%	-35%	2%	6%	8%	n.a.
<b>Orders per active subscriber</b>	24.8	25.8	28.9	27.5	27.5	27.5	27.5	<b>0%</b>
% growth	3%	4%	12%	-5%	0.0%	0.0%	0.0%	n.a.
<b>Basket size (€)</b>	45	47	56	63	64	66	67	<b>2%</b>
% growth	4%	3%	20%	9%	2.0%	2.0%	2.0%	n.a.
<b>Sales</b>	254	322	401	328	346	384	432	<b>10%</b>
% growth	96%	27%	24%	-18%	5%	11%	12%	n.a.

Source: Company data, NuWays

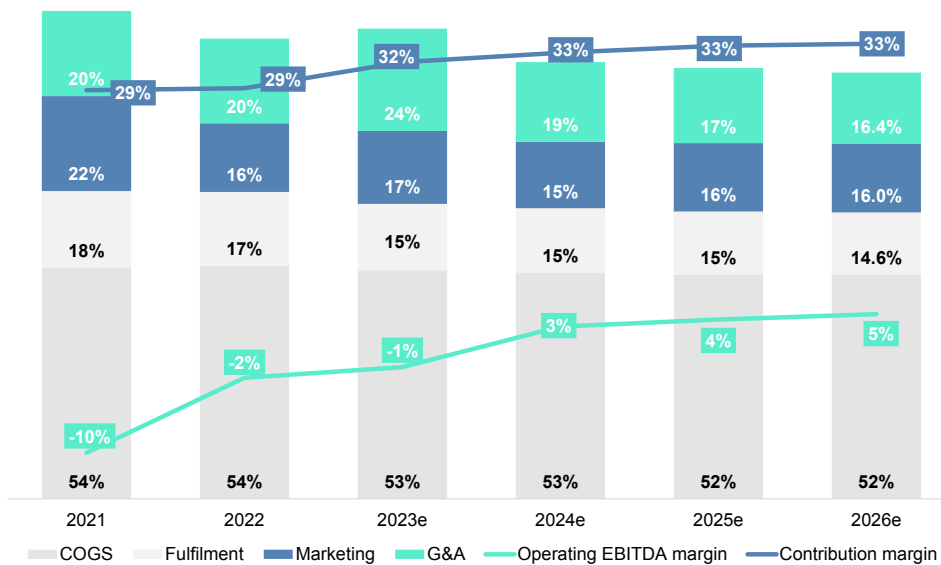
Furthermore, Marley Spoon is expected to achieve **positive operating EBITDA and operating cash flow within the next 2 years** on a group level, mainly driven by scale, mix effects, cost optimizations, marketing efficiencies and the resulting **improvement in contribution margins** (see below). The company plans to grow margins through **continued operational improvements** initiatives including packaging (optimizing box sizes and ice allocation), logistics (new and more efficient carriers), picking (improving scheduling), food (margin-based menu planning), and customer



goodwill (fewer substitutions, on-time delivery).

While the company expects to reach operating EBITDA margins of 10% long-term, **we assume 5-6% in operating EBITDA margin** or a 40-50% margin of safety to reflect a more conservative stance. Our 5-6% operating EBITDA margin assumption does **provide a substantial share price upside**, however, considering that in Marley Spoon's FY22 operating EBITDA stood at -2.1% of revenue.

## Margin and expense development 2021-2026e



Source: Company data, NuWays

Our margin assumption is based on the **following key drivers**:

- **Gross margins:** We expect gross margin levels increase by 2ppts. from 46% (2022) to c. 48% of sales by 2026e from due to a significant reduction in COGS (food costs, packing expenses, picking costs) driven by:
  - **Adjusted recipes according to ingredients costs:** food costs are included in algorithms to rank recipes accordingly
  - **More efficient food procurement** due to better understanding of customer preferences because of **Marley Spoon's deployment of AI** and machine learning in its supply chain and digital infrastructure
  - **Scale advantages:** Increase in scale which drives lower prices obtained from food suppliers as order volumes increase (as of now only 20% of ingredients procured directly from producers, implying room for further improvement)
  - **Automation:** higher productivity in FCs due to standardization and improvement of processes, picking productivity, and automation equipment (e.g., productivity gains in production)
  - **Cost improvements in packaging** (modifications to packaging to reflect seasonal temperatures)
  - Dynamic pricing due to enhanced digital platform and data analytics and introduction of premium and saver recipes

- **Fulfilment expenses:** We expect fulfilment expenses to decrease by 2.5ppts.

from c. 17% (2022) to c. 14.5% of sales by 2026e. In our view, the following should support this assumption:

- As the company scales and uses **more regional carriers** for last-mile delivery, favorable contract terms should help curb fulfilment expenses
- More efficient packing due to **reduction of waste and box sizes**
  
- **Contribution margins:** We expect contribution margin levels to stand at c. 33.5% of sales by 2026e, and hence increase by 4.5ppts. from c. 29% (2022). In our view, the following key factors should support this assumption:
  - A general increase in **gross margins** (see above)
  - A decrease in **fulfilment expenses** (see above)
  
- **Marketing:** We expect marketing expense levels to remain flat at c. 16% of sales by 2026e. The company has been able to keep CAC relatively stable at € 67. It has demonstrated its ability to gradually **decrease marketing expenses relative to sales over the years without negatively affecting its top line growth** and has thus demonstrated its commitment to continued cost control. In our view, the following key factors should support this assumption:
  - Customer **acquisition efficiency through new channels** and using **big data and AI for effective media buying**
  - **A boost in customer referrals** and a **focus on reactivations** through product enhancements, considering that about one third of Marley Spoon's customer acquisitions are referrals
  - Use of **customer data to personalize CRM activities**
  
- **G&A:** We expect G&A expense levels to decrease by 3ppts. to c. 16% of sales by 2026e (19.6% in 2022). The company has demonstrated its ability to gradually decrease G&A expenses over the years. In our view, the following key factors should support this assumption:
  - **Cost reduction through automation and centralization:** More manufacturing processes automated and AI used for data analytics and processing. Further centralization of activity and cost efficiency.
  - Infrastructure already in place (past investments) and cost leverage effect (scale): **Marley Spoon has invested in infrastructure to facilitate its business growth and now focuses on organizational efficiency.**
  
- **Capex and cash flow development:** Improving profitability along with tight control of capital expenditures and working capital should lead to higher cash generation and positive free cash flow going forward. Specifically, we **expect operating EBITDA and OCF to be around c. 5% of sales by 2026e**. Importantly, the company is on track to deliver positive operating cash flow by 2024e.
  - Capex consists of investments in PP&E and digital platforms and is driven by ongoing investments in the basic fit-outs of offices and FCs, opening of new FCs, and automation equipment in all regions.
  - We expect **capital expenditures to be quite moderate within the next years** as management invested heavily in FCs in the past years and reiterated its conviction that **sufficient capacity is installed to realize its sales growth targets**.
  - Improved FC utilization and automation along with Marley Spoon's cash conversion cycle, **improvements in working capital due to extension of supplier payment deadlines** as the company scales and decent inventory turnover should favorably impact cash flow.

## Valuation

- DCF model yields a **PT of € 8.20**, assuming a **3.5% TY EBIT margin** and **2% LT growth**
- **Peer valuation** implies that **Marley Spoon** trades at a **discount to its most established competitor**

Having valued Marley Spoon based on a DCF and peer group analysis, we come to the conclusion that the per share **value derived from our DCF analysis seems to be the most appropriate** for the following reason: **Industry multiples** in the meal kit market specifically and the greater online food and grocery market generally **have contracted sharply over the past two years**. To a certain degree this reaction of the market is justified because macroeconomic conditions have changed for the worse relative to the environment prevalent just a few years ago. In our view, however, **present industry multiples reflect more pessimism than is justified** when taking a longer view. A valuation based on a peer group analysis would reveal much about present market expectations and investor psychology, but very little about the specific economics of the business.

We therefore conduct our **DCF analysis** combining both the **facts arising from a new challenging business environment** and the **growth indicators** laid out in the preceding chapter, namely:

- **Rising demand for meal kits** should allow global meal kit market to grow by 16% p.a. to € 52bn by FY2030
- Marley Spoon is well-positioned to reach c. € 432m in revenues by FY2026 thanks to **growth initiatives**
- Given strong **operating leverage and excellent cost management**, Marley Spoon is on track to reach positive a EBIT margin by FY2026

Marley Spoon's **present market cap stands at c. € 59m** and has a net debt of € 62m, leading to an enterprise value of c. € 121m. Considering that Marley Spoon Group SE owns about 85% of Marley Spoon SE (the operating business), our DCF valuation derives an **implied fair equity value of € 115m** for Marley Spoon Group SE. The key assumptions of our model are:

- **Terminal EBIT margin**: TY EBIT margin of 3.5%
- **Terminal growth rate**: TY growth rate of 2%
- **WACC**: A WACC of 13% consisting of a 2.75% risk free rate, a 10% risk premium, and a 1.6x beta

Considering the sensitivity analysis below, a 1pp higher or lower TY EBIT margin would imply a fair equity value of € 5.60 per share at 2.5% EBIT margin and € 10.7 at 4.5% EBIT margin.

DCF (EUR m) (except per share data and beta)	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	Terminal value
NOPAT	-24	-3	1	5	9	9	11	12	15
Depreciation	17	16	15	15	14	14	15	15	15
Increase/decrease in working capital	-5	1	2	3	0	0	0	0	0
Increase/decrease in long-term provisions and accruals	0	0	0	0	0	0	0	0	0
Capex	-12	-14	-12	-15	-15	-16	-16	-17	-15
Acquisitions	0	0	0	0	0	0	0	0	0
Capital increase	35	0	0	0	0	0	0	0	0
<b>Cash flow</b>	<b>11</b>	<b>1</b>	<b>6</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>9</b>	<b>11</b>	<b>15</b>
Present value	11	1	5	5	7	8	5	5	150
WACC	13.7%	13.1%	12.8%	12.8%	12.9%	13.0%	13.0%	13.0%	13.0%

DCF per share derived from	
Total present value	197
thereof terminal value	76%
Net debt (net cash) at start of year	62
Financial assets	3
Provisions and off balance sheet debt	2
Equity value	136
Equity value (85% of Marley Spoon SE)	115
No. of shares outstanding	14.1

<b>Discounted cash flow per share upside/(downside)</b>	<b>8.2</b> <b>95%</b>
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<b>Share price</b>	<b>4.18</b>
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Sensitivity analysis DCF		Long term growth					
		1.0%	1.5%	2.0%	2.5%	3.0%	
WACC	15.0%	6.2	6.4	6.8	7.1	7.5	
	14.0%	6.7	7.0	7.4	7.8	8.2	
	13.0%	7.3	7.7	8.2	8.6	9.1	
	12.0%	8.1	8.5	9.1	9.6	10.3	
	11.0%	9.0	9.5	10.2	10.9	11.7	

DCF avg. growth and earnings assumptions	
Short term growth (2023-2025)	-1.4%
Medium term growth (2025 - 2030)	9.2%
Long term growth (2030 - infinity)	2.0%
Terminal year EBIT margin	3.5%

WACC derived from	
Cost of borrowings before taxes	12.1%
Tax rate	26.3%
Cost of borrowings after taxes	8.9%
Required return on invested capital	18.8%
Risk premium	10.0%
Risk-free rate	2.8%
Beta	1.6

Sensitivity analysis DCF		EBIT margin terminal year					
		1.5%	2.5%	3.5%	4.5%	5.5%	
WACC	15.0%	2.4	4.6	6.8	8.9	11.1	
	14.0%	2.7	5.0	7.4	9.8	12.1	
	13.0%	3.0	5.6	8.2	10.7	13.3	
	12.0%	3.4	6.2	9.1	11.9	14.7	
	11.0%	3.9	7.0	10.2	13.3	16.4	

Source: NuWays

## Peer group valuation indicates a discount of Marley Spoon to its biggest competitor

**Industry multiples** in the meal kit market (and in the greater online food and grocery market generally) **have contracted sharply** in the last 2 years. Industry **EV/Sales multiples** amount to **0.37x** for 2023e and **0.36x** for 2024e, demonstrating how strongly the meal kit industry has been **hit by recent macroeconomic developments**. While **Marley Spoon's valuation is in line with** those of its most **relevant industry peers** (+0% and -3% in 2023e and 2024e, respectively), the company trades at a **discount to its most established and formidable competitor HelloFresh** (-24% and -21% in 2023e and 2024e, respectively). While Marley Spoon is smaller than HelloFresh in terms of volume, it already possesses higher contribution margins, which should translate into greater operating margins as the business scales within its large enough niche. Hence, a ~20% discount to HelloFresh seems too extreme, in our view, and implies further valuation catch-up potential.

The results of our peer group analysis are shown below. The companies included in our peer analysis are the following:

**HelloFresh** (Sales FY22: EUR 7.6bn, Market cap: EUR 3.4bn) - leading meal kit delivery company, headquartered in Germany. Founded in 2011, HelloFresh has >19,500 employees and with its brands Green Chef, EveryPlate, and Chefs Plate, the company serves >7m active customers across North America, Europe, Aus-

# Marley Spoon Group SE

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tralia, New Zealand, and Japan.

**Blue Apron** (Sales FY22: USD 459m, Market cap: USD 100m) - leading meal kit delivery company, headquartered in the US. Founded in 2012, Blue Apron has >200 employees and with its brand Blue Apron serves ~300m active customers across the US.

**Linas Matkasse** (Sales FY22: SEK 1.1bn, Market cap: SEK 175.6m) - leading meal kit delivery company in the Nordics, headquartered in Sweden. Founded in 2008, Linas Matkasse has ~370 employees and with its brands Linas Matkasse, Godtlev-ert, Adams Matkasse, and RetNemt serves 70.6k active customers in Sweden, Norway, and Denmark.

**Goodfood** (Sales FY22: CAD 268.6m, Market cap: CAD 29.6m) - leading meal kit delivery company in Canada, headquartered in Canada. Founded in 2014, good-food has >1000 employees and with its brand Goodfood serves 160k subscribers across Canada.

**My Food Bag** (Sales FY22: NZD 194m, Market cap: NZD 36.4m) - leading meal kit delivery company in New Zealand, headquartered in New Zealand. Founded in 2012, My Food Bag has >220 employees and with its brand My Food Bag serves 60k active customers across New Zealand.

Key metrics	Currency	Share price	Market cap (m)	EV (m)	Sales 23e (m)	Sales 24e (m)
HelloFresh	EUR	20.24	3494.0	3736.0	7718.0	8412.0
Blue Apron	USD	13.00	100.0	89.4	411.0	437.0
Linas Matkasse	SEK	13.55	171.8	209.9	992.5	1046.5
Goodfood	CAD	0.40	30.4	61.5	166.0	170.0
My Food Bag	NZD	0.15	36.4	63.5	165.3	166.0
Marley Spoon	EUR	4.18	59.1	121.0	328.1	345.6

Source: Company data, NuWays

Valuation (x)	EV/Sales 23e	EV/Sales 24e
HelloFresh	0.48	0.44
Blue Apron	0.22	0.20
Linas Matkasse	0.21	0.20
Goodfood	0.37	0.36
My Food Bag	0.38	0.38
Mean	0.33	0.32
Median	0.37	0.36
Marley Spoon	0.37	0.35
Discount (-) / Premium (+) to Peers	0%	-3%
Discount (-) / Premium (+) to HelloFresh	-24%	-21%

Source: Company data, NuWays

## Theme

- Meal kit companies are **attractive M&A targets** for players within the food and grocery industry
- Emphasis on **sustainability** likely to **work in favor of share price** development long-term
- **Business combination** provides Marley Spoon with **significant liquidity** and balance sheet strength

### Meal kit companies are attractive M&A targets

The **recent acquisition of Blue Apron** by Wonder Group points towards the **high interest that players within the food and grocery industry have in the meal kit market**, validating Marley Spoon's business model, offering, and value proposition. While, for example, competitor HelloFresh at this point might be too big and expensive to be acquired by other large players in the global food market, **Marley Spoon seems to have the ideal size and thus could be a reasonable target with enough scale and promising customer data insights**, which can be ideally leveraged off a bigger platform offered by food and grocery industry leaders.

### Emphasis on sustainability plays on key industry trends

Marley Spoon **capitalizes the worldwide trend towards a more health-focused diet, an emphasis on sustainability and the accompanying reduction of food waste**. The firm's source-to-order supply chain model avoids most food waste. Marley Spoon is set to **profit from its focus on reducing food waste** and its status as a carbon neutral company as **investors globally make more and more of their investment decisions based on various ESG and sustainability criteria**.

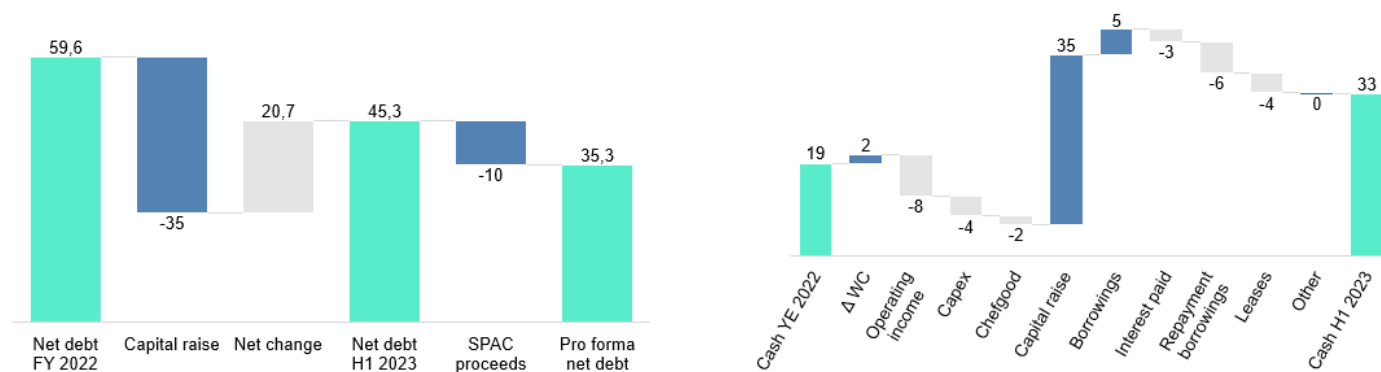
### Business combination provides liquidity and balance sheet strength

Apart from a depressed market and consumer sentiment due to macroeconomic headwinds, the **market was likely concerned about Marley Spoon's debt level and liquidity** as well. However, the completed business combination of Marley Spoon SE with 468 SPAC II SE (now known as Marley Spoon Group SE) on July 6, 2023, **provided a significant cash infusion** of c. € 35m. Through the acquisition the firm is **now listed on the Frankfurt Stock Exchange and can deploy the raised proceeds for working capital, debt repayment, and can implement its growth initiatives**. Thus, Marley Spoon was able to **strengthen its balance sheet and significantly reduce its net debt position** from € 59.6m as of December 31, 2022, to € 45.1m as of June 30, 2023. The company has **at its disposal an additional € 10m in funds** resulting from the SPAC transaction, potentially reducing overall net debt to € 35.3m.

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## Net debt development and H1 2023 liquidity in €m



Source: Company data, NuWays

## Company Background

- Marley Spoon has a **proven track record** of successfully scaling its business
- Business model **satisfies major consumer needs** and **plays on recent D2C trends**
- **Experienced Management & Supervisory Board** instill confidence of future business success

## History

**2014:** Marley Spoon is founded and launched in Germany and in the Netherlands.

**2015:** Launch in the US (Northeast) and Australia. Company introduces its subscription model.

**2016:** Launch of partnership with Martha Stewart and nationwide expansion in the US.

**2017:** Launch of Dinnerly brand in the US as well as expansion of European operations into Belgium.

**2018:** Marley Spoon completes its IPO on the Australian Stock Exchange (ASX). Launches Dinnerly in Australia.

**2019:** Launch of Danish operations. Australian business shows positive operating EBITDA for the first time in Q2.

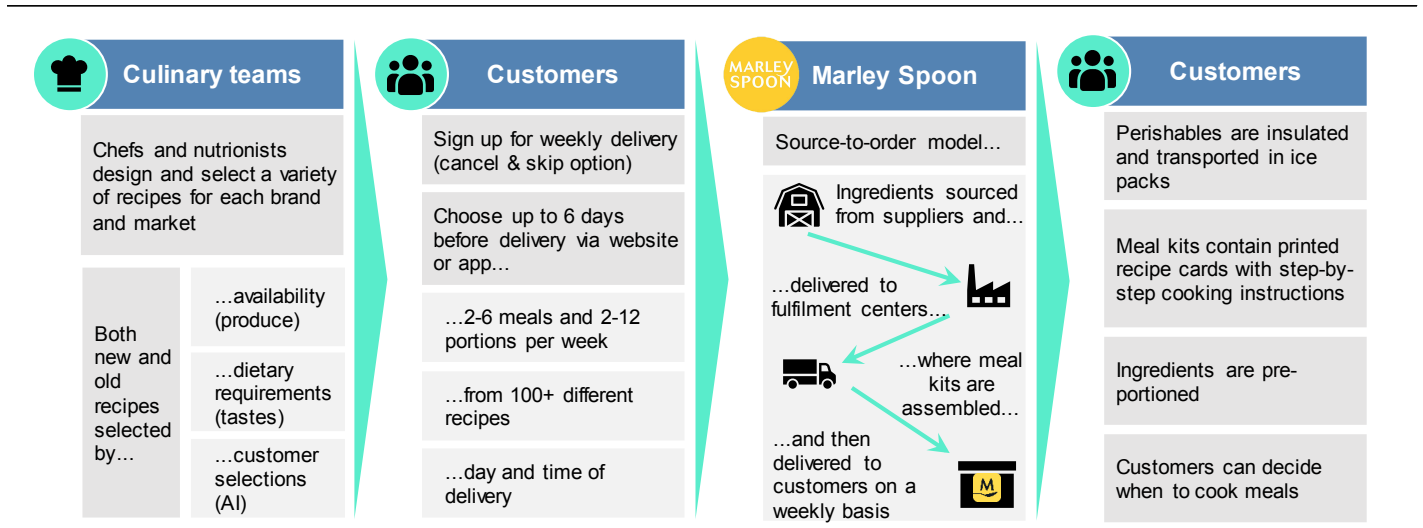
**2020:** Dinnerly is launched in Germany and both Marley Spoon's US and global business operations turn profitable by showing positive operating EBITDA margins.

**2021:** Launch of Dinnerly in the Netherlands.

**2022:** The company complements its core meal kit business by acquiring the direct-to-consumer ready-to-heat (RTH) business Chefgood in Australia. Company reaches € 400m in revenues.

**2023:** Marley Spoon completes business combination with 468 Capital II and re-names itself to "Marley Spoon Group SE."

## Business Model



Source: NuWays Research



## Management

### **Fabian Siegel, Co-Founder & Chief Executive Officer (CEO)**

Fabian Siegel holds a master's degree in economics from the University of Bonn. He has an entrepreneurial background and over 20 years of experience in the internet industry, having co-founded Delivery Hero in 2010, financial services startup Strateer Inc. in 2008, and Germany's first online auction business (Auktionet) in 1996. Mr. Siegel served as CTO of ClickandBuy and as President & COO of Kikin, a browser technology company. Before co-founding Marley Spoon with Till Neatby in 2014, Fabian was a partner at Global Founders Capital, investing in startups. As CEO of Marley Spoon, he is responsible for building company culture, hiring talent, and investor relations.

### **Jennifer Bernstein, Chief Financial Officer (CFO)**

Jennifer Bernstein holds an MBA from The Wharton School of the University of Pennsylvania. She began her professional career in New York working in public relations and founding a marketing finance consultancy. Before joining Marley Spoon as CFO in 2020, Ms. Bernstein gained deep international consumer packaged goods experience and spent more than 12 years at PepsiCo, serving in various strategic leadership and financial roles both in the US and Europe. As CFO of Marley Spoon, Ms. Bernstein is responsible for accounting, controllership, FP&A, reporting, treasury, and legal.

### **Daniel Raab, Chief Operating Officer (COO)**

Daniel Raab recently joined the management board of Marley Spoon and oversees global operations and food safety and quality as the company's COO. Besides, Mr. Raab is CEO of Marley Spoon Australia and as such is responsible for the firm's Australian operations, business development and team oversight. He has 24 years of experience in e-commerce, retail and distribution including B2C and D2C business models across different industries, both in Europe as well as in the United States. Amongst other companies, he worked at Amazon for 7 years and led two private equity backed e-commerce companies to success – including a successful IPO facilitated by Hauck Aufhäuser Investment Banking (fashionette).

## Supervisory Board

### **Christian Gisy, Deputy Chairman of the Supervisory Board**

Mr. Gisy holds a master's degree in economics (Diplom Volkswirt) from the University of Bonn. He served as CEO, COO, and CFO in various digital and media companies such as AUTODOC, Scout 24, CinemaxX, and currently serves as Non Executive Director and Chairman for the AtHome Group in Luxemburg and as deputy Chairman for ADVYCE. Mr. Gisy joined Marley Spoon in 2022 as Non Executive Director and Chairman of the nomination and remuneration committee.

### **Alexander Kudlich, Non-Executive Director**

Mr. Kudlich holds an MBA from ESMT and a M.A. in Philosophy from University College London. He has close to 20 years of experience in tech investing and business building, focusing mostly on digital consumer and prosumer topics. Mr. Kudlich joined Axel Springer AG as the assistant of the chairman and CEO in 2005 and worked in several managerial positions during his time there. He co-founded and is a general partner at the venture capital firm 468 Capital, which invests in early-stage companies. He served in the management team of Rocket Internet SE and presided over the incubation of large-scale tech businesses, eventually resulting in

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about 10 IPOs (including Delivery Hero, HelloFresh, and home24).

## Erika Söderberg-Johnsson, Non-Executive Director, Independent

Ms. Söderberg Johnsson holds a M.Sc. in Business Administration from the Stockholm School of Economics. She has over 30 years of experience in management, strategy, and business development, and served as CFO at Kinnevik AB, Biotage AB, Affibody AB, Global Genomics AB, and Karo Bio AB. Currently, she is a member of the board of directors and chairman of the audit committee at Camurus AB and Mabtech Holding AB, member of the board of directors and member of the audit committee at Saab AB and a senior adviser at Kinnevik AB.

## Judith Jungmann, Non-Executive Board Member

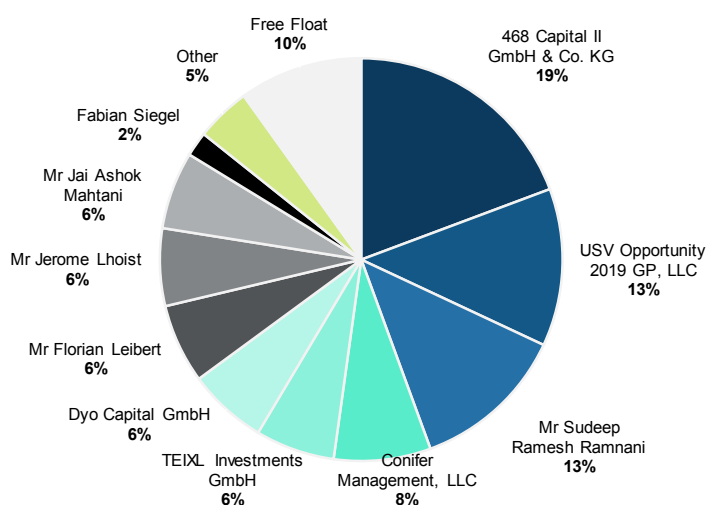
Ms. Jungmann holds a first and second state examination law degree from the Ludwig Maximilian University of Munich. She has more than 25 years of experience in human resources management, serving in various strategic HR leadership positions at Siemens, Danone, and Scout24 Group. She was a member of the supervisory board of directors at AUTODOC and currently acts as CHRO at Beckers Group. She is as a non-executive board member at Marley Spoon since September 2023.

## Shareholder Structure

Marley Spoon underwent significant changes in ownership in Q3 2023. The company completed its business combination with Marley Spoon Group SE (formerly known as 468 SPAC II SE) on July 6, 2023. As a result of this transaction, Marley Spoon Group SE now holds about 85% of the share capital of Marley Spoon and has the intention to acquire the remaining 15% through a direct tender offer expected to launch in H2 2023. Marley Spoon Group SE plans to delist Marley Spoon SE from the Australian Securities Exchange (trading symbol "MMM") and has enabled the company via SPAC transaction to trade on the Frankfurt Stock Exchange under the trading symbol "MS1" on July 13, 2023.

The current ownership structure of Marley Spoon Group SE is as follows:

### Ownership split



Source: Company data, NuWays

## Investment Risks

The key investment risks, in our view, are:

- **Competitive risks:** Increasing competition in the global meal-kit market with competitors that are larger, have better economies of scale and more funds to put pressure on prices and aggressively invest in marketing to heighten their brand awareness at the expense of Marley Spoon's, might limit Marley Spoon's margin progression and hurt its sales growth.
- **Market, business, and demand risk:** The remote work trend might continue and hence people might have more time to go shopping themselves. This could render Marley Spoon's meal kits less attractive to consumers and hurt overall sales growth. Furthermore, online penetration within the grocery market might be lower than expected, causing the market for meal kits to grow less than expected. The price sensitivity of consumers due to price increases might lead to lower order frequencies and higher skip rates. The company depends on its partnership with Martha Stewart Living Omnimedia (MSLO), the termination of which might adversely impact sales and profits in the US.
- **Macroeconomic risks:** A worsening of the economic situation might depress household incomes longer than expected and hence lead consumers to tighten their budgets and be more cost-conscious. Lower demand for meal kits would only intensify the company's struggle to reach positive operating EBITDA profitability on a group level.
- **Operational and input cost risks:** Continued and prolonged raw material, energy and wage rate inflation might well hurt the company's margins as suppliers raise prices and employees demand higher wages. The company is exposed to weather-related risks like floods or winter storms. These operational challenges cause order cancellations because delivery of supplies and outbound logistics come to a halt. Global warming does manifest itself through record floods in Australia and heat waves and droughts in the US.
- **Liquidity risks:** As of H1 2023, the company has a cash balance of €33.3m and a net debt position of €45.1m. Operating cash flow is negative at €-6.8m for H1 2023 and €-9.4m for H1 2022. Considering the firm's loss-making track record, there is no guarantee that the firm will be able to raise sufficient capital, satisfy its outstanding debt obligations, or be able to ensure its going concern status through continued liquidity generation.
- **Financing risks:** To ensure future growth, the need for external financing could arise. The inability to raise funds could render future growth initiatives impossible as well as limit the company's ability to satisfy its debt obligations.
- **Personnel risks:** The inability to find qualified personnel or the possible loss of key employees could hinder future growth or lead to customer churn and revenue loss.
- **Reputational risks:** Marley Spoon must ensure high food quality and excellent condition of food once it's delivered to the customer. Incidents of food poisoning due to inadequate storage, preparation, or delivery of perishable and fresh foods might damage the company's brand and the trust it has so far built with customers.

## Financials

Profit and loss (EUR m)	2020	2021	2022	2023e	2024e	2025e
<b>Sales</b>	<b>254.0</b>	<b>322.4</b>	<b>401.2</b>	<b>328.1</b>	<b>345.6</b>	<b>384.2</b>
Sales growth	96.1%	26.9%	24.5%	-18.2%	5.3%	11.2%
Cost of sales	133.3	173.3	216.8	174.2	181.8	200.2
<b>Gross profit</b>	<b>120.7</b>	<b>149.1</b>	<b>184.4</b>	<b>153.9</b>	<b>163.8</b>	<b>184.0</b>
Sales and marketing	39.3	71.2	64.0	55.7	53.3	61.0
General and administration	42.3	64.0	79.0	78.0	64.0	67.0
Research and development	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
Other operating expenses	46.6	57.3	69.1	50.5	51.5	56.3
<b>Total operating expenses</b>	<b>128.2</b>	<b>192.5</b>	<b>212.1</b>	<b>184.2</b>	<b>168.8</b>	<b>184.3</b>
Unusual or infrequent items	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>-0.9</b>	<b>-34.3</b>	<b>-11.5</b>	<b>-13.4</b>	<b>10.5</b>	<b>14.6</b>
Depreciation	4.7	7.2	10.6	11.8	9.9	8.7
<b>EBITA</b>	<b>-5.7</b>	<b>-41.4</b>	<b>-22.1</b>	<b>-25.3</b>	<b>0.7</b>	<b>5.9</b>
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	1.8	2.0	5.5	5.1	5.7	6.2
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT (inc revaluation net)</b>	<b>-7.4</b>	<b>-43.4</b>	<b>-27.6</b>	<b>-30.3</b>	<b>-5.0</b>	<b>-0.3</b>
Interest income	0.1	2.8	0.1	0.0	0.0	0.0
Interest expenses	7.4	6.0	12.3	8.8	10.1	11.3
Investment income	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-7.4	-3.2	-12.2	-8.8	-10.1	-11.3
<b>Recurring pretax income from continuing operations</b>	<b>-14.8</b>	<b>-46.6</b>	<b>-39.9</b>	<b>-39.1</b>	<b>-15.1</b>	<b>-11.6</b>
Extraordinary income/loss	-71.4	0.1	-0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>-86.2</b>	<b>-46.4</b>	<b>-39.9</b>	<b>-39.1</b>	<b>-15.1</b>	<b>-11.6</b>
Income tax expense	0.1	0.1	0.1	0.0	0.0	0.0
<b>Net income from continuing operations</b>	<b>-86.4</b>	<b>-46.6</b>	<b>-40.0</b>	<b>-39.1</b>	<b>-15.1</b>	<b>-11.6</b>
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>-86.4</b>	<b>-46.6</b>	<b>-40.0</b>	<b>-39.1</b>	<b>-15.1</b>	<b>-11.6</b>
Minority interest	-0.1	-0.4	-0.3	-5.9	-2.3	-1.7
<b>Net profit (reported)</b>	<b>-86.2</b>	<b>-46.2</b>	<b>-39.7</b>	<b>-33.2</b>	<b>-12.8</b>	<b>-9.9</b>
Average number of shares	0.2	0.3	30.0	14.1	14.1	14.1
<b>EPS reported</b>	<b>-460.78</b>	<b>-173.62</b>	<b>-1.33</b>	<b>-2.35</b>	<b>-0.91</b>	<b>-0.70</b>

Profit and loss (common size)	2020	2021	2022	2023e	2024e	2025e
<b>Sales</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Cost of sales	52.5%	53.8%	54.0%	53.1%	52.6%	52.1%
<b>Gross profit</b>	<b>47.5%</b>	<b>46.2%</b>	<b>46.0%</b>	<b>46.9%</b>	<b>47.4%</b>	<b>47.9%</b>
Sales and marketing	15.5%	22.1%	16.0%	17.0%	15.4%	15.9%
General and administration	16.6%	19.8%	19.7%	23.8%	18.5%	17.4%
Research and development	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%
Other operating expenses	18.3%	17.8%	17.2%	15.4%	14.9%	14.6%
<b>Total operating expenses</b>	<b>50.5%</b>	<b>59.7%</b>	<b>52.8%</b>	<b>56.1%</b>	<b>48.8%</b>	<b>48.0%</b>
<b>EBITDA</b>	<b>-0.4%</b>	<b>-10.6%</b>	<b>-2.9%</b>	<b>-4.1%</b>	<b>3.0%</b>	<b>3.8%</b>
Depreciation	1.9%	2.2%	2.6%	3.6%	2.9%	2.3%
<b>EBITA</b>	<b>-2.2%</b>	<b>-12.9%</b>	<b>-5.5%</b>	<b>-7.7%</b>	<b>0.2%</b>	<b>1.5%</b>
Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	0.7%	0.6%	1.4%	1.5%	1.6%	1.6%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>EBIT (inc revaluation net)</b>	<b>-2.9%</b>	<b>-13.5%</b>	<b>-6.9%</b>	<b>-9.2%</b>	<b>-1.4%</b>	<b>-0.1%</b>
Interest income	0.0%	0.9%	0.0%	0.0%	0.0%	0.0%
Interest expenses	2.9%	1.9%	3.1%	2.7%	2.9%	2.9%
Investment income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Financial result	neg.	neg.	neg.	neg.	neg.	neg.
<b>Recurring pretax income from continuing operations</b>	<b>-5.8%</b>	<b>-14.5%</b>	<b>-9.9%</b>	<b>-11.9%</b>	<b>-4.4%</b>	<b>-3.0%</b>
Extraordinary income/loss	-28.1%	0.0%	-0.0%	0.0%	0.0%	0.0%
<b>Earnings before taxes</b>	<b>-33.9%</b>	<b>-14.4%</b>	<b>-9.9%</b>	<b>-11.9%</b>	<b>-4.4%</b>	<b>-3.0%</b>
Tax rate	-0.2%	-0.3%	-0.4%	0.0%	0.0%	0.0%
<b>Net income from continuing operations</b>	<b>-34.0%</b>	<b>-14.4%</b>	<b>-10.0%</b>	<b>-11.9%</b>	<b>-4.4%</b>	<b>-3.0%</b>
<b>Net income</b>	<b>-34.0%</b>	<b>-14.4%</b>	<b>-10.0%</b>	<b>-11.9%</b>	<b>-4.4%</b>	<b>-3.0%</b>
Minority interest	-0.1%	-0.1%	-0.1%	-1.8%	-0.7%	-0.5%
<b>Net profit (reported)</b>	<b>-33.9%</b>	<b>-14.3%</b>	<b>-9.9%</b>	<b>-10.1%</b>	<b>-3.7%</b>	<b>-2.6%</b>

Source: Company data, NuWays

Balance sheet (EUR m)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	4.9	8.8	25.4	28.3	31.2	33.9
Property, plant and equipment	21.0	48.7	47.4	39.5	34.6	31.0
Financial assets	3.0	2.9	2.9	2.9	2.9	2.9
<b>FIXED ASSETS</b>	<b>29.0</b>	<b>60.4</b>	<b>75.7</b>	<b>70.8</b>	<b>68.7</b>	<b>67.8</b>
Inventories	6.6	9.4	13.1	12.4	13.0	14.3
Accounts receivable	0.7	0.4	0.8	0.7	0.7	0.8
Other assets and short-term financial assets	2.4	3.7	3.2	3.2	3.2	3.2
Liquid assets	34.4	38.7	19.0	10.4	3.3	1.5
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
<b>CURRENT ASSETS</b>	<b>44.1</b>	<b>52.2</b>	<b>36.2</b>	<b>26.7</b>	<b>20.2</b>	<b>19.8</b>
<b>TOTAL ASSETS</b>	<b>73.1</b>	<b>112.6</b>	<b>111.9</b>	<b>97.5</b>	<b>88.9</b>	<b>87.6</b>
<b>SHAREHOLDERS EQUITY</b>	<b>9.1</b>	<b>-16.3</b>	<b>-41.5</b>	<b>-38.9</b>	<b>-57.2</b>	<b>-69.6</b>
MINORITY INTEREST	-0.9	-1.3	-1.6	-6.9	-10.1	-12.3
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions and accrued liabilities	3.5	1.0	2.3	2.3	2.3	2.3
Short-term liabilities to banks	3.4	7.3	7.8	9.4	9.4	9.4
Accounts payable	17.5	27.6	26.4	21.0	22.9	26.3
Advance payments received on orders	0.9	3.6	1.9	1.9	1.9	1.9
Other liabilities (incl. from lease and rental contracts)	21.9	41.5	44.0	44.0	44.0	44.0
Deferred taxes	0.0	0.0	1.8	1.8	1.8	1.8
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT LIABILITIES</b>	<b>40.3</b>	<b>72.6</b>	<b>72.3</b>	<b>66.9</b>	<b>68.8</b>	<b>72.2</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>73.1</b>	<b>112.6</b>	<b>111.9</b>	<b>97.5</b>	<b>88.9</b>	<b>87.6</b>
<b>Balance sheet (common size)</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023e</b>	<b>2024e</b>	<b>2025e</b>
Intangible assets	6.8%	7.8%	22.7%	29.0%	35.0%	38.7%
Property, plant and equipment	28.8%	43.2%	42.3%	40.5%	39.0%	35.4%
Financial assets	4.2%	2.6%	2.6%	3.0%	3.3%	3.3%
<b>FIXED ASSETS</b>	<b>39.7%</b>	<b>53.6%</b>	<b>67.7%</b>	<b>72.6%</b>	<b>77.3%</b>	<b>77.4%</b>
Inventories	9.0%	8.3%	11.7%	12.8%	14.6%	16.3%
Accounts receivable	1.0%	0.4%	0.7%	0.7%	0.8%	0.9%
Other assets and short-term financial assets	3.2%	3.3%	2.9%	3.3%	3.6%	3.7%
Liquid assets	47.1%	34.3%	17.0%	10.7%	3.7%	1.7%
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%
<b>CURRENT ASSETS</b>	<b>60.3%</b>	<b>46.4%</b>	<b>32.3%</b>	<b>27.4%</b>	<b>22.7%</b>	<b>22.6%</b>
<b>TOTAL ASSETS</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>SHAREHOLDERS EQUITY</b>	<b>12.4%</b>	<b>-14.5%</b>	<b>-37.1%</b>	<b>-39.9%</b>	<b>-64.3%</b>	<b>-79.5%</b>
MINORITY INTEREST	-1.3%	-1.1%	-1.4%	-7.0%	-11.3%	-14.0%
Provisions for pensions and similar obligations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other provisions and accrued liabilities	4.8%	0.9%	2.0%	2.3%	2.5%	2.6%
Short-term liabilities to banks	4.7%	6.5%	7.0%	9.7%	10.6%	10.8%
Accounts payable	23.9%	24.5%	23.6%	21.5%	25.8%	30.0%
Advance payments received on orders	1.3%	3.2%	1.7%	1.9%	2.1%	2.1%
Other liabilities (incl. from lease and rental contracts)	30.0%	36.8%	39.4%	45.2%	49.5%	50.3%
Deferred taxes	0.0%	0.0%	1.6%	1.8%	2.0%	2.0%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>CURRENT LIABILITIES</b>	<b>55.2%</b>	<b>64.5%</b>	<b>64.7%</b>	<b>68.6%</b>	<b>77.4%</b>	<b>82.4%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Company data, NuWays

Cash flow statement (EUR m)	2020	2021	2022	2023e	2024e	2025e
Net profit/loss	-86.4	-46.6	-40.0	-39.1	-15.1	-11.6
Depreciation of fixed assets (incl. leases)	4.7	7.2	10.6	11.8	9.9	8.7
Amortisation of goodwill & intangible assets	1.8	2.0	5.5	5.1	5.7	6.2
Others	-6.0	-9.3	-17.0	-17.0	-17.0	-17.0
Cash flow from operating activities	4.4	-14.9	-18.7	-7.8	12.9	17.8
Increase/decrease in inventory	-2.8	-2.8	-3.7	0.7	-0.5	-1.3
Increase/decrease in accounts receivable	-0.2	-0.9	-1.0	0.1	-0.0	-0.1
Increase/decrease in accounts payable	7.5	13.5	-1.4	-5.4	1.9	3.4
Increase/decrease in other working capital positions	0.4	6.5	-0.6	0.0	0.0	0.0
Increase/decrease in working capital	4.9	16.3	-6.6	-4.6	1.3	2.0
<b>Cash flow from operating activities</b>	<b>4.4</b>	<b>-14.9</b>	<b>-18.7</b>	<b>-7.8</b>	<b>12.9</b>	<b>17.8</b>
CAPEX	-8.6	-21.5	-10.7	-12.0	-13.5	-12.0
Payments for acquisitions	0.0	0.0	-7.8	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
<b>Cash flow from investing activities</b>	<b>-8.6</b>	<b>-21.5</b>	<b>-18.5</b>	<b>-12.0</b>	<b>-13.5</b>	<b>-12.0</b>
Cash flow before financing	-4.2	-36.5	-29.4	-19.8	-0.6	5.8
Increase/decrease in debt position	-4.1	50.9	18.8	-6.3	11.0	10.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	43.8	0.0	15.9	35.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	-6.0	-9.3	-17.0	-17.0	-17.0	-17.0
Effects of exchange rate changes on cash	-0.5	-0.9	0.0	-0.5	-0.5	-0.5
<b>Cash flow from financing activities</b>	<b>33.7</b>	<b>41.6</b>	<b>17.6</b>	<b>11.6</b>	<b>-6.1</b>	<b>-7.1</b>
Increase/decrease in liquid assets	29.0	4.2	-11.8	-8.7	-7.1	-1.8
<b>Liquid assets at end of period</b>	<b>34.5</b>	<b>38.7</b>	<b>19.0</b>	<b>10.4</b>	<b>3.3</b>	<b>1.5</b>

Key ratios (EUR m)	2020	2021	2022	2023e	2024e	2025e
<b>P&amp;L growth analysis</b>						
Sales growth	96.1%	26.9%	24.5%	-18.2%	5.3%	11.2%
EBITDA growth	-96.9%	3559.8%	-66.3%	16.2%	-178.5%	38.4%
EBIT growth	-78.6%	484.5%	-36.3%	9.7%	-83.5%	-93.8%
EPS growth	94.8%	-62.3%	-99.2%	77.2%	-61.4%	-23.1%
<b>Efficiency</b>						
Sales per employee	274.2	234.1	239.4	166.5	163.8	242.2
EBITDA per employee	-1.0	-24.9	-6.9	-6.8	5.0	9.2
No. employees (average)	926	1,377	1,676	1,970	2,110	1,586
<b>Balance sheet analysis</b>						
Avg. working capital / sales	-3.9%	-5.0%	-4.5%	-3.7%	-3.0%	-3.2%
Inventory turnover (sales/inventory)	20.3	18.5	16.5	14.0	14.0	14.0
Accounts receivable turnover	1.0	0.5	0.7	0.7	0.7	0.7
Accounts payable turnover	47.8	58.1	44.4	44.0	46.0	48.0
<b>Cash flow analysis</b>						
Free cash flow	-4.2	-36.5	-29.4	-19.8	-0.6	5.8
Free cash flow/sales	-1.6%	-11.3%	-7.3%	-6.0%	-0.2%	1.5%
FCF / net profit	4.8%	78.3%	73.6%	50.7%	4.0%	neg.
Capex / sales	-3.4%	-6.7%	-2.7%	-3.7%	-3.9%	-3.1%
<b>Solvency</b>						
Net debt	-13.3	17.9	59.6	61.9	80.0	91.8
Net Debt/EBITDA	0.0	-0.5	-5.2	-4.6	7.6	6.3
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest paid / avg. debt	22.4%	15.4%	18.2%	11.6%	13.0%	12.8%
<b>Returns</b>						
ROCE	-33.1%	-119.4%	-71.2%	-91.1%	-21.3%	-2.0%
ROE	-952.1%	284.0%	95.7%	85.5%	22.5%	14.2%
Adjusted FCF yield	-45.7%	-59.0%	-1.5%	1.7%	17.1%	17.3%
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	-460.78	-173.62	-1.33	-2.35	-0.91	-0.70
Average number of shares	0.2	0.3	30.0	14.1	14.1	14.1
<b>Valuation ratios</b>						
P/BV	0.3	-0.6	-3.0	-1.5	-1.0	-0.8
EV/sales	-0.0	0.1	0.5	0.4	0.4	0.4
EV/EBITDA	11.6	-0.8	-16.0	-9.0	13.2	10.4
EV/EBIT	1.5	-0.6	-6.7	-4.0	-27.8	-484.9

Source: Company data, NuWays

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Company	Disclosures
Marley Spoon Group SE	2,8

### Historical target price and rating changes for Marley Spoon Group SE

Company	Date	Analyst	Rating	Target Price	Close
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## Contacts

### NuWays AG

Mittelweg 16-17  
20148 Hamburg  
Germany

+49 170 119 8648  
info@nuways-ag.com  
www.nuways-ag.com



**Christian Sandherr**

Co-CEO/Analyst

christian.sandherr@nuways-ag.com



**Frederik Jarchow**

Co-CEO/Analyst

frederik.jarchow@nuways-ag.com



**Philipp Sennewald**

Analyst

philipp.sennewald@nuways-ag.com



**Henry Wendisch**

Analyst

henry.wendisch@nuways-ag.com



**Mark Schüssler**

Analyst

mark-hendrik.schuessler@nuways-ag.com



**Konstantin Völk**

Analyst

konstantin.voelk@nuways-ag.com

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