

Buy (old: Buy)

05.09.2024

EUR 10.00 (old: EUR 10.00)

FY24 guidance issued, growth to remain stellar

Topic: Cantourage issued a bullish FY24 sales growth guidance, carried by strongly increased demand for medical cannabis following the partial legalization at the beginning of April.

Cantourage expects FY24 sales of € 37-43m (eNuW: € 43m). Above all, the strong growth is driven by the partial legalization of medical cannabis in Germany at the end of April. With this receiving a prescription for medical cannabis became as easy as for ibuprofen 600. Cantourage is also recording strongly accelerating demand in the UK. Since April the group recorded continued sequential improvements, putting the upper end of the FY guidance well in reach, in our view. **In August alone, Cantourage recorded sales of € 4.9m, a 189% yoy increase.** During the first eight months of FY24, sales stood at € 24.9m (+62% yoy).

While management has only stated to be expecting a positive FY24 EBITDA, **we remain confident that the company will be able to meet our € 1.8m estimate.** This should be driven by the positive operating leverage and despite needed investments to facilitate the strong growth, including increasing production capacities at its processing site, broadening of its supplier network and start up costs for the partnership with Portocanna, a Portuguese medical cannabis processor.

Cantourage looks **well prepared for strong growth beyond 2024.** During the past two years, the company completed several initiatives which should **enable sales of € 100m.** It's **global supplier network includes >60 growers,** through which Cantourage can offer a broad set of flowers with little cluster risk. Thanks to the recently signed partnership with Portocanna, roughly **14t of flowers can be processed annually.** Its **own telemedicine platform, telecan°,** puts the company in direct contact with patients, which can receive advice on cannabis therapies and obtain prescriptions in an uncomplicated manner.

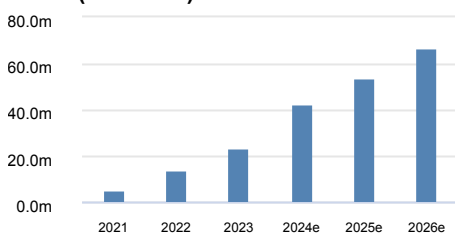
Growth potentials supported by market developments. Several years after the legalization of medical cannabis in US states, the percentage of patients (vs. total population) reached roughly 4%. Applying similar assumptions to Germany, 3.3m patients seem possible (vs. 0.25m before April). Assuming consumption twice a week and an ASP of € 7.5/g, this would create a € 1.2-1.4bn market opportunity.

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	13.2	14.4	2.9	1.5	1.2	0.9
EV/EBITDA	-11.4	-81.6	-269.9	36.0	14.0	6.6
PER	-10.7	-11.2	-15.7	-38.6	856.7	21.7
Adjusted FCF yield	-9.2%	-2.9%	-6.1%	-2.6%	0.1%	5.1%

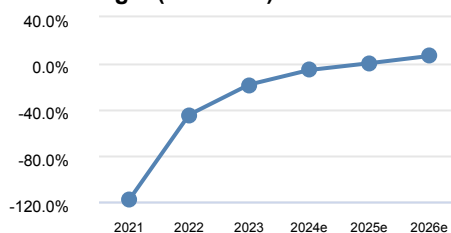
Source: Company data, NuWays, Close price as of 03.09.2024

Sales (2021-26e)



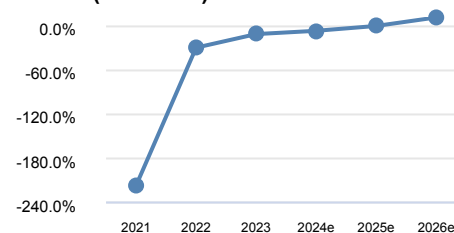
Source: NuWays Research

EBIT margin (2021-26e)



Source: NuWays Research

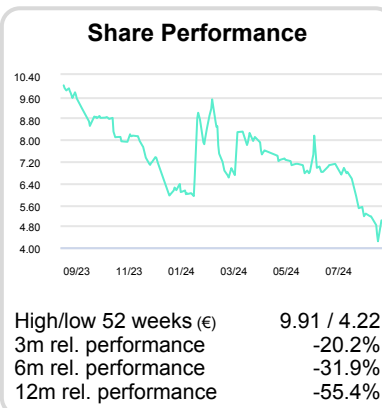
ROCE (2021-26e)



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 €)	5.00
Market cap (in € m)	66.1
Number of shares (in m pcs)	12.5
Enterprise value (in € m)	64.6
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: 60-80% yoy growth
- 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	-9.2%	-2.9%	-6.1%	-2.6%	0.1%	5.1%
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	17.8	1.7	1.7	1.9	1.9	1.8
EV/sales	13.2	14.4	2.9	1.5	1.2	0.9
EV/EBITDA	-11.4	-81.6	-269.9	36.0	14.0	6.6
EV/EBIT	-11.1	-32.4	-15.9	-26.4	575.4	13.6

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
	06.09.2023	Sandherr, Christian	Buy	EUR 12.50	EUR 10.02

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The adj. FCF method is based on the assumption that investors purchase assets only at a price (enterprise value) at which the operating cash flow return after taxes on this investment exceeds their opportunity costs in the form of a hurdle rate of 7.5%. The operating cash flow is calculated as EBITDA less maintenance capex and taxes.

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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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