

Buy (old: Buy)

06.12.2024

EUR 11.50 (old: EUR 10.00)

Full steam ahead, FY24 guidance raised; PT up

Topic: Cantourage raised its FY24e guidance following continued sequential growth throughout Q4 with November sales reaching € 7.2m, exceeding the previously strongest quarter by 31%.

Cantourage announced a particularly strong November sales figure of € 7.2m, a 31% increase compared to October (previous annual high). With this, Jan. to Nov. sales stand at € 42.9m, a roughly 80% increase compared to the full year 2023 figure. The driver behind this strong growth is the reclassification of medical cannabis (no longer qualified as a narcotic) in Germany, which took effect at the end of April and hence made obtaining a prescription notably easier. This is also visible in the estimated number of cannabis patients, which is seen to have doubled to 0.5-0.6m. Further, Cantourage is also experiencing a sharp increase in demand at its treatment facility in UK.

Taking into account continued strong demand throughout the remainder of the year as stated in yesterday's press release, the company should be on track to reach Q4 sales of some € 19m (eNuW), a significant acceleration compared to before the legislative changes (Q1 sales of € 6.2m). The strong sales development is seen to **increasingly feed down to the bottom line with a Q4 EBITDA margin expectation of 8.1%** (eNuW) compared to a slightly negative figure last year.

More importantly, we also expect **Cantourage to begin generating positive free cash flows**. For FY24e, the company is seen to report € 1.5m, a notable improvement compared to FY23's € -3.1m.

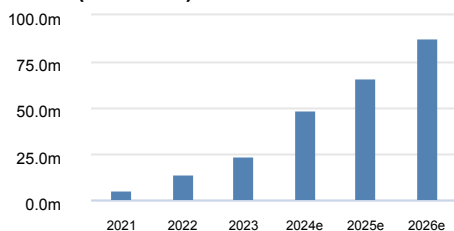
As a result of the strong operational ytd. performance management **increased its FY24e guidance**, now **expecting € 46-50m sales** (eNuW € 49.2m) and **€ 3-4m EBITDA** (eNuW € 3.6m); old guidance: at least € 40m sales and € 2m EBITDA. While EBIT should still be slightly negative, it is important to note that is only due to the planned amortization of the operating GmbH value that was transferred into the SE as part of the listing in 2022.

Business to further scale during FY25e and beyond. Thanks to unbroken demand on the back of growing patient numbers and further de-bottlenecking at its processing sites, Cantourage should be well positioned to remain at the forefront of the dynamic market, reflected by our sales growth estimates. **BUY with a new € 11.50 PT** (old: € 10.00) based on DCF.

Y/E 31.12 (EUR m)	2021	2022	2023	2024e	2025e	2026e
Sales	5.2	14.2	23.6	49.2	66.4	87.8
Sales growth	n.a.	171.6%	66.3%	109.0%	34.9%	32.2%
EBITDA	-6.0	-2.5	-0.3	3.6	6.1	11.0
Net debt (if net cash=0)	2.6	2.6	2.6	-2.5	-4.7	-10.0
FCF	-5.1	-2.2	-3.1	1.5	2.2	5.3
Net Debt/EBITDA	-0.4	-1.0	-10.2	0.0	0.0	0.0
EPS pro forma	-0.50	-0.48	-0.34	-0.03	0.11	0.38
EBITDA margin	-115.8%	-17.7%	-1.1%	7.4%	9.2%	12.6%
ROCE	-218.0%	-29.4%	-10.8%	-1.5%	5.1%	17.2%
EV/sales	10.9	14.4	2.4	1.1	0.7	0.5
EV/EBITDA	-9.4	-81.6	-223.9	14.3	8.1	4.0
PER	-8.8	-9.2	-12.9	-135.1	40.6	11.4
Adjusted FCF yield	-11.1%	-2.9%	-7.4%	-0.8%	2.7%	10.8%

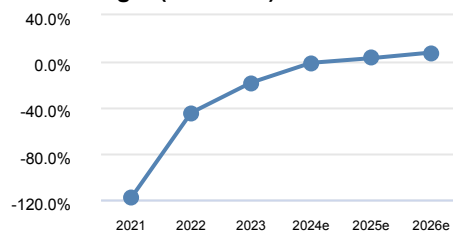
Source: Company data, NuWays, Close price as of 04.12.2024

Sales (2021-26e)



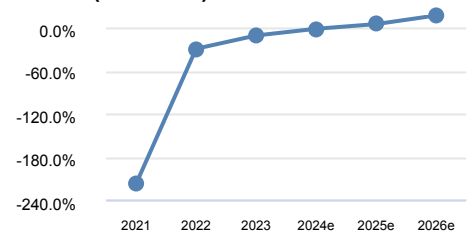
Source: NuWays Research

EBIT margin (2021-26e)



Source: NuWays Research

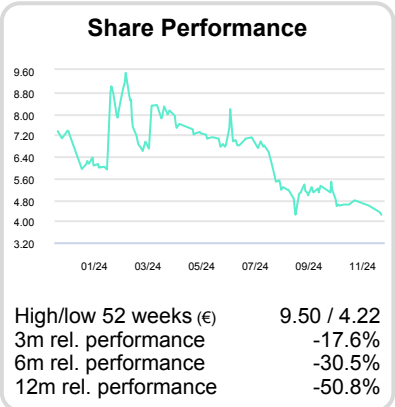
ROCE (2021-26e)



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 €)	4.22
Market cap (in € m)	54.4
Number of shares (in m pcs)	12.5
Enterprise value (in € m)	51.8
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	15%	23%	31%
EBIT	76%	1637%	57%
EPS	76%	1637%	57%

Comment on changes

- Increased growth estimates on the back of the strong ytd. developments

Guidance

- 2024 sales: € 46-50m
- 2024 EBITDA: € 3-4m

Financials

Profit and loss (EUR m)	2021	2022	2023	2024e	2025e	2026e
Net sales	5.2	14.2	23.6	49.2	66.4	87.8
<i>Sales growth</i>	<i>n.a.</i>	<i>171.6%</i>	<i>66.3%</i>	<i>109.0%</i>	<i>34.9%</i>	<i>32.2%</i>
Increase/decrease in finished goods and work-in-process	0.0	0.0	0.5	1.0	1.3	1.8
Total sales	5.2	14.2	24.1	50.2	67.7	89.5
Other operating income	0.0	0.1	0.5	0.8	1.1	1.5
Material expenses	3.4	11.2	16.7	31.5	41.6	52.7
Personnel expenses	0.9	2.2	4.4	9.4	12.4	16.0
Other operating expenses	1.7	3.4	3.7	6.5	8.7	11.3
Total operating expenses	2.7	0.0	n.a.	n.a.	n.a.	n.a.
EBITDA	-6.0	-2.5	-0.3	3.6	6.1	11.0
Depreciation	0.0	0.8	0.8	0.5	0.5	0.5
EBITA	-6.1	-3.3	-1.1	3.1	5.6	10.5
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	3.7	3.7	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	-0.6	1.9	6.8
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	-0.6	1.9	6.8
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	-6.2	-6.3	-4.3	-0.6	1.9	6.8
Income tax expense	0.0	-0.4	-0.1	-0.2	0.6	2.0
Net income from continuing operations	-6.2	-5.9	-4.2	-0.4	1.3	4.8
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	-0.4	1.3	4.8
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	-6.2	-5.9	-4.2	-0.4	1.3	4.8
Average number of shares	0.0	12.5	12.5	12.5	12.5	12.5
EPS reported	n.a.	-0.48	-0.34	-0.03	0.11	0.38

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>109.0%</i>	<i>34.9%</i>	<i>32.2%</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%	64.0%	62.6%	60.0%
Personnel expenses	18.2%	15.3%	18.8%	19.0%	18.7%	18.2%
Other operating expenses	32.8%	24.2%	15.7%	13.3%	13.2%	12.9%
Total operating expenses	50.9%	0.0%	n.a.	n.a.	n.a.	n.a.
EBITDA	-115.8%	-17.7%	-1.1%	7.4%	9.2%	12.6%
Depreciation	0.6%	5.4%	3.5%	1.0%	0.8%	0.6%
EBITA	-116.4%	-23.1%	-4.5%	6.3%	8.5%	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%	7.5%	5.6%	4.2%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT (inc revaluation net)	-118.6%	-44.6%	-18.4%	-1.2%	2.9%	7.8%
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%	-1.2%	2.9%	7.8%
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings before taxes	-118.6%	-44.5%	-18.4%	-1.2%	2.9%	7.8%
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%	-0.8%	2.0%	5.4%
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%	-0.8%	2.0%	5.4%
Minority interest	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net profit (reported)	-118.6%	-41.8%	-17.8%	-0.8%	2.0%	5.4%

Source: Company data, NuWays

Balance sheet (EUR m)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	0.2	33.5	35.7	32.0	28.3	24.6
Property, plant and equipment	0.4	0.5	1.2	2.6	4.1	5.9
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0
FIXED ASSETS	0.5	34.0	36.9	34.5	32.4	30.5
Inventories	1.1	0.4	1.1	2.2	3.0	4.0
Accounts receivable	1.3	4.3	5.1	8.1	10.9	14.4
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	2.5	4.7	10.0
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.0	0.0	0.1	0.1	0.1	0.1
CURRENT ASSETS	4.3	8.8	7.3	12.9	18.7	28.5
TOTAL ASSETS	4.9	42.8	44.2	47.4	51.1	58.9

SHAREHOLDERS EQUITY	3.7	38.3	40.0	36.6	36.9	40.7
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	9.4	12.7	16.8
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	10.1	13.4	17.5
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	4.9	42.8	44.2	47.5	51.2	59.0

Balance sheet (common size)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	3.4%	78.3%	80.7%	67.4%	55.3%	41.7%
Property, plant and equipment	7.7%	1.1%	2.8%	5.4%	8.1%	10.1%
Financial assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FIXED ASSETS	11.0%	79.5%	83.5%	72.8%	63.4%	51.7%
Inventories	22.2%	0.9%	2.4%	4.7%	5.9%	6.8%
Accounts receivable	26.4%	9.9%	11.6%	17.1%	21.4%	24.5%
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%	5.3%	9.2%	16.9%
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%	0.1%
CURRENT ASSETS	89.0%	20.5%	16.5%	27.2%	36.6%	48.3%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

SHAREHOLDERS EQUITY	76.1%	89.4%	90.5%	76.9%	72.1%	68.9%
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%	1.8%	1.6%	1.4%
NON-CURRENT LIABILITIES	2.2%	1.5%	1.9%	1.8%	1.6%	1.4%
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%	19.9%	24.9%	28.5%
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%	1.1%	0.9%
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%	21.2%	26.1%	29.6%
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	-0.4	1.3	4.8
Depreciation of fixed assets (incl. leases)	0.1	0.8	0.8	0.5	0.5	0.5
Amortisation of goodwill & intangible assets	0.1	3.0	3.3	3.7	3.7	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	-0.9	0.0	3.4
Increase/decrease in inventory	-0.6	0.7	-0.7	-1.2	-0.8	-1.0
Increase/decrease in accounts receivable	-1.1	-3.0	-0.9	-3.0	-2.8	-3.5
Increase/decrease in accounts payable	1.1	2.0	-0.1	6.8	3.3	4.1
Increase/decrease in other working capital positions	2.0	1.0	0.2	-3.1	-1.0	-1.0
Increase/decrease in working capital	1.3	0.8	-1.5	-0.5	-1.3	-1.4
Cash flow from operating activities	-4.6	-1.3	-1.6	3.3	4.2	7.6
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	1.5	2.2	5.3
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	1.5	2.2	5.3
Liquid assets at end of period	2.0	4.1	1.0	2.5	4.7	10.0

Key ratios (EUR m)	2021	2022	2023	2024e	2025e	2026e
P&L growth analysis						
Sales growth	n.a.	171.6%	66.3%	109.0%	34.9%	32.2%
EBITDA growth	456.7%	-58.5%	-95.8%	-1524.7%	68.7%	80.2%
EBIT growth	453.7%	2.1%	-30.0%	-86.7%	-432.9%	256.4%
EPS growth	n.a.	n.a.	n.a.	-90.4%	-432.9%	256.4%
Efficiency						
Sales per employee	289.8	566.6	604.0	1,036.3	2,656.0	5,016.2
EBITDA per employee	n.a.	n.a.	-6.5	76.3	244.6	629.7
No. employees (average)	18	25	39	48	25	18
Balance sheet analysis						
Avg. working capital / sales	15.9%	8.3%	10.9%	2.8%	3.5%	2.0%
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	1.5	2.2	5.3
Free cash flow/sales	-97.8%	-15.7%	-13.3%	3.0%	3.3%	6.0%
FCF / net profit	82.5%	37.6%	74.7%	neg.	161.8%	110.5%
Capex / sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Solvency						
Net debt	2.6	2.6	2.6	-2.5	-4.7	-10.0
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%	-1.5%	5.1%	17.2%
ROE	-166.8%	-15.5%	-10.5%	-1.1%	3.6%	11.7%
Adjusted FCF yield	-11.1%	-2.9%	-7.4%	-0.8%	2.7%	10.8%
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	-0.03	0.11	0.38
Average number of shares	0.0	12.5	12.5	12.5	12.5	12.5
Valuation ratios						
P/BV	14.7	1.4	1.4	1.5	1.5	1.3
EV/sales	10.9	14.4	2.4	1.1	0.7	0.5
EV/EBITDA	-9.4	-81.6	-223.9	14.3	8.1	4.0
EV/EBIT	-9.2	-32.4	-13.2	-90.2	26.0	6.5

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

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