

# BEYOND MEAT, INC

*PLANT-BASED MEAT ALTERNATIVES*

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# COMPANY REPORT

4 JANUARY 2021

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## A New Era for Meat

*A challenging new industry*

- Beyond Meat became public in 2019 and operates in the plant-based meat market. The IPO tripled the price on its first trading day, going from \$235 to \$335.
- Revenues of the company have been increasing at an incredible rate: revenues increased by 238% from 2018 to 2019 and by 36,5% in 2020. The company is expected to reach the billion-dollar mark in 2021.
- The plant-based market is a new, trendy market that is growing at a fast pace. The estimate is to keep growing at a CAGR of 14,8% for the upcoming years.
- Beyond Meat is inserted into a very attractive and competitive market and will have to face the competition of large food industry players to become the market leader.
- Overall, COVID-19 had a negative overall impact on the economy, but not on the plant-based meat market. Beyond Meat maintained their international expansion strategies and heavily invested in their manufacturing facilities for product development.
- Based on the market and Beyond Meat's revenue forecasts, we used the DCF method to compute the share price of \$62.59. We considered the stock price overvalued and recommended selling.

### Company description

Beyond Meat is a producer of plant-based meat alternatives. The current product portfolio includes beef pork and chicken substitutes, with the protein being entirely extracted from peas. Considered number one for this sector, is present worldwide.

**Recommendation:** **SELL**

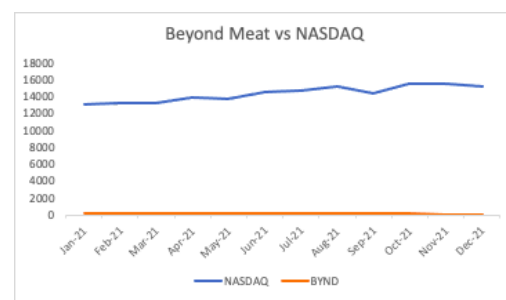
**Price Target FY21:** **62.59 €**

**Price (as of 17-Dec-21)** **66.15 €**

*Bloomberg, 17/12/2021*

52-week range (€)	62.05-221.00
Market Cap (€b)	4.189
Outstanding Shares (m)	63.33

Source: Bloomberg, 17/12/2021



Source: Bloomberg

(Values in € millions)	2019	2020E	2021F
Total Revenues	29897	406785	491045
Gross Margin (%)	33%	30%	27%
R&D as % of Sales	7%	8%	14%
Total Assets	451923	468006	1356122

Source: Company Data

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## Company Description

### Company Overview

**Exhibit 1:** Chicken strips launched in 201



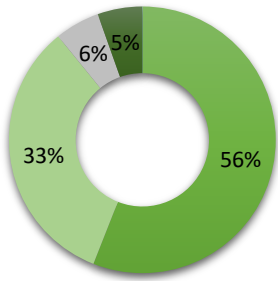
Source: Company Data

Beyond Meat was first founded in 2009 by Ethan Brown in Los Angeles, USA. After receiving funding from big-name investors such as Bill Gates and Tyson Foods, Beyond Meat began developing its first line of plant-based meat substitutes. The company is headquartered in El Segundo, California and has **facilities spread across the US, China, and the Netherlands**. Beyond Meat, first entrance into the retail market was in 2013 when the company launched its plant-based chicken substitute through Whole Foods markets. To produce plant-based meat alternatives, Beyond Meat uses proteins primarily extracted from yellow peas, as well as mung beans, faba beans, brown rice, and other plant stock. The company's current portfolio includes *The Beyond Burger*, *Beyond Sausage*, *Beyond Beef*, *Beyond Meatballs*, *Beyond Breakfast Sausage Patties*, *Beyond Breakfast Sausage Links*, *Beyond Beef Crumbles*, and *Beyond Italian Sausage Crumbles*. Moreover, the successes of Beyond Meat products confirm their belief that there is significant demand to keep launching additional products, such as the new Beyond Burger that was launched in April 2021. Beyond Meat product distribution is made through **retailers and foodservice** across the world. Their distribution network has significantly increased in the past two years when they started to sell abroad in the US and Canada. Today, Beyond Meat remains the **#1 plant-meat brand** in the US, and their drive is to replicate that achievement in international markets.

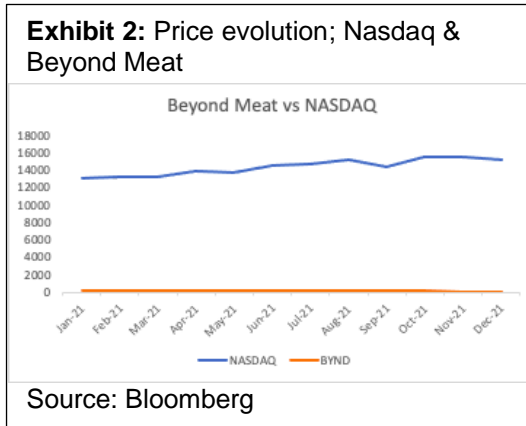
### Shareholder Structure and Dividend Policy

Beyond Meat became public and started trading shares on the NASDAQ Global Market after its first IPO in May 2019. The company sold approximately 11 million of shares at \$25 that tripled the price on the same day, being the best performing IPO for a company since 2008. BYND share reach a max price of 260\$ on the 26<sup>th</sup> of July 2019, days before their second IPO, realized on the 6<sup>th</sup> August. Beyond Meat sold 250,000 shares at \$160 each, accounting to a total of \$ 37,4 million dollars net.

- Institutional investors
- General Public
- Individual Insiders



Source: Company Data



The company's ownership is broadly distributed (see **Exhibit 3**), with 56% of the shares outstanding belonging to institutional investors, with the remaining percentage being spread out across public and private companies, individual insiders, and state or government. Beyond Meat stated that it **will not issue dividends in the future since the company is generating negative cash flow from operations for the next years**. The company is not self-sufficient yet and is developing its core operating business both in the U.S. and international channels. The company **keeps investing in infrastructure, R&D, supply chain capabilities, and marketing** to support the strategic expansion to become a sustainable market leader for a long time.

## Dynamic Overview

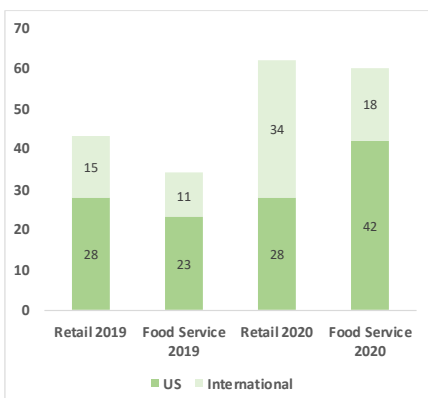
### Business Model

Beyond Meat separates its business units into retail and food services in the USA as well as international sales. As of December 2020, the **products were available at 122,000 points of distribution**, more than 45,000 when compared with 2019 (see **Exhibit 4**).

Beyond Meat has continuously expanded its distribution points through new partnerships with key players in the retail and foodservice industries. In 2020, the most important retailers offering Beyond Meat products were Walmart, Publix Super Market, Carls Jr., Kroger Store, and Whole Foods Market (scaled based on availability in supercenters). Internationally, major retail outlets include Costco and Tim Hortons in Canada, Coles in Australia, Albert in the Netherlands, and Ahold Delhaize in Belgium.

Beyond Meat created partnerships **with McDonald's and Yum Brands**, seeking a higher exposure to the QSR industry and international markets. They also

**Exhibit 4: Points of Distribution (in thousands)**



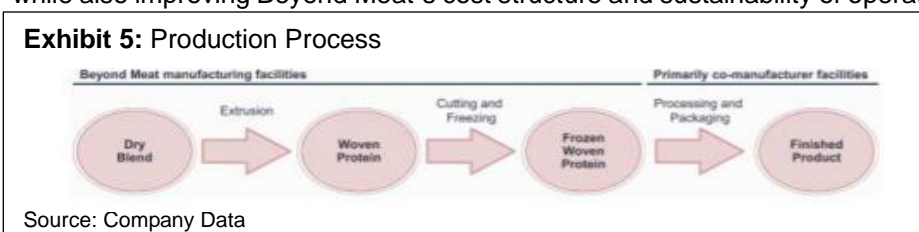
Source: Company Data

reached an agreement to kick off a joint venture with PepsiCo (one of the largest food and beverage companies in the world) with the objective of accelerating Beyond Meat's expansion into adjacent categories and global penetration.

### Production and Distribution

What distinguishes Beyond Meat from competitors is its unique approach to the product. The production process has one clear objective, which is to create a plant-based alternative that cooks, looks, and tastes like real meat. Beyond Meat employs a team of more than **170 scientists, engineers, and researchers in their Manhattan Beach Project Innovation Center** to create a product that **replicates the taste, aroma, and texture** of animal-based meats. The process itself is conducted internally and partly outsourced to co-manufacturers. They start by analyzing the composition and design of relevant animal-based meats at the molecular structural level, which are water, amino acids, lipids, carbohydrates, and trace minerals, all of which are present in abundance in plants. Beyond Meat uses **proteins primarily extracted from peas** (delivered as a dry blend) through a physical process to separate protein and fiber. Then, they apply their heating, cooling, and pressure transformations to create woven protein. Once they have the woven protein, they add the remaining ingredients.

In 2020, Beyond Meat operated two facilities in Columbia, Missouri, where they produced the woven protein, which was then converted into a packaged product at their facilities or by their network of co-manufacturers in the US and Canada. Recently, they completed the acquisition of its Pennsylvania co-packer, which will reduce costs and provide the company opportunities to test new processes and scale up new products. To keep fulfilling Beyond Meat's commitment to serving global markets, the company announced acquisitions and strategic partnerships in EMEA. Firstly, in **the Netherlands, where they developed a partnership with Zandbergen** to debut a new sustainable package and acquired their first manufacturing facility in Europe, which will bring production closer to the consumer and allow the company to leverage local supply chains. Secondly, one year after debuting in **China** on Starbucks's offering menu, Beyond Meat opened a production facility in Jiaxing, which will significantly increase the speed and scale at which the company can produce and distribute its products within the region while also improving Beyond Meat's cost structure and sustainability of operations



## Sourcing and Supply

Beyond Meat procures the raw materials for their woven protein from multiple suppliers, but for pea protein, which is their principal ingredient, they only rely on two suppliers: **Puris Proteins, LLC and Roquette Frères.**

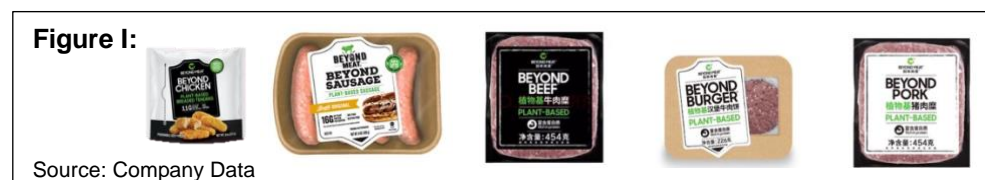
Puris, which recently expanded its production capacity, is the biggest producer in the US and is sourcing domestic pea protein under a supply agreement that will expire on December 31, 2021.

Also, in January 2020, Beyond Meat announced a multi-year protein supply agreement with industry giant Roquette, a global leader in plant-based ingredients and a pioneer of plant proteins. This agreement is going to significantly **increase the amount of pea protein** to be supplied by Roquette to Beyond Meat, offsetting the end of Puris's sourcing in 2022.

Regardless of this announced synergy between Beyond Meat and Roquette, we believe that Beyond Meat might **struggle with the supply** of pea protein. Two possibilities that might affect pea protein sourcing Firstly, Roquette has recently warned about the increase in pea protein prices, which will directly affect their customers, and Beyond Meat has mandatory minimum quotas to purchase. Secondly, Beyond Meat had already faced supply problems in 2017 and 2018 and had only one supplier from 2022 onward, which might leave them exposed to supply complications. The company believes that within a reasonable period they can develop satisfactory alternative arrangements in the event of an interruption of supply from their vendors. However, the number of plant-based alternative manufacturers using pea protein as a raw material is rising, and the risk of there not being enough supply to meet their demand is getting higher.

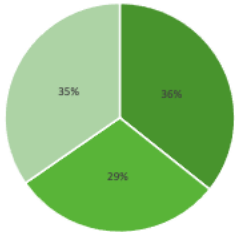
## Product Portfolio

Beyond meat offers a diverse portfolio of plant-based meat alternatives in two categories: fresh and frozen. Their offer is in constant rotation. The company is constantly seeking for new entrance possibilities and subsequent discontinuation. Currently, company **reproduces meat imitations of beef, pork and poultry.**



**Exhibit 6: Revenue breakdown by product in 2021**

Beyond Sausage – 35%  
Beyond Burger – 36%  
Other Products – 27%



Source: Statista

**Fresh Platform**

This segment contains Beyond Meat's most successful products in the past two years: Beyond Burger and Beyond Sausage. In the first two quarters of 2021, the products accounted for **36%** and **35%** of total revenue, respectively (**Exhibit 6**). Besides these two units, the company's fresh platform includes Beyond Beef and Beyond Meatballs.

▪ **Beyond Burger**

Beyond Burger is the crown jewel of the company, the one that put the company in the public eye. This product has been under constant improvement since it was found to **have less than 35% saturated fat and 75% more iron** than an ordinary beef burger. The Impossible Burger is its direct competitor, and both are inserted into the same category of plant-based meat alternatives. In 2020 and 2021, these burgers were second in popularity among US consumers in product types of plant-based meat alternatives (**see Exhibit 7**).

**Exhibit 8: Nutritional Value for 80/20 Meat burger Vs Beyond Burger**

**80/20 Meat Burger**

Nutrition Facts	
Serving Size 1 patty (113.5g)	
Amount Per Serving	
Calories 310	
	% Daily Value*
<b>Total Fat</b> 26g	<b>40%</b>
Saturated Fat 13g	<b>65%</b>
Trans Fat 0g	
<b>Cholesterol</b> 55mg	<b>18%</b>
<b>Sodium</b> 65mg	<b>3%</b>
<b>Total Carbohydrate</b> 0g	<b>0%</b>
Dietary Fiber 0g	<b>0%</b>
Sugars 0g	
<b>Protein</b> 21g	<b>42%</b>
Calcium 8%	Iron 8%

\*Percent Daily Values are based on a 2,000 calorie diet. Your Daily Values may be higher or lower depending on your calorie needs.

	Calories 2,000	2,500
Total Fat	Less than 65g	80g
Sat Fat	Less than 20g	25g
Cholesterol	Less than 300mg	300mg
Sodium	Less than 2400mg	2400mg
Total Carbohydrate	300g	375g
Dietary Fiber	25g	30g

**Beyond Burger**

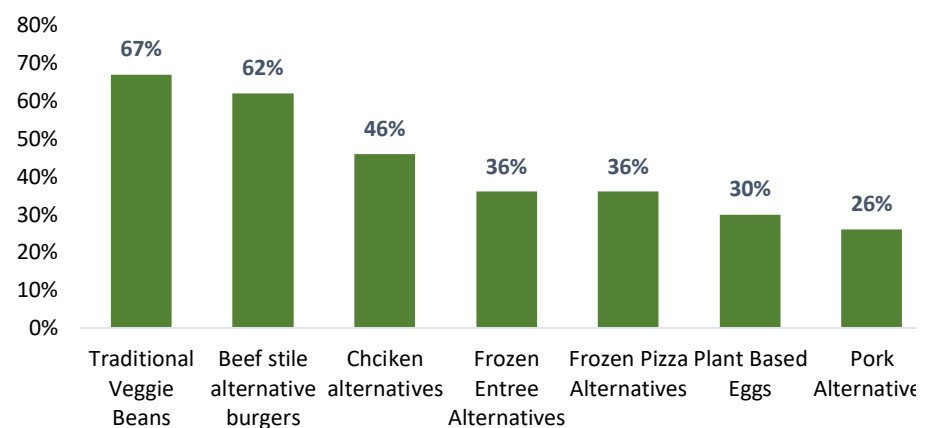
Nutrition Facts	
Serving Size 1 patty (113g)	
Amount Per Serving	
Calories 250	
	% Daily Value*
<b>Total Fat</b> 18g	<b>28%</b>
Saturated Fat 6g	<b>30%</b>
Trans Fat 0g	
<b>Cholesterol</b> 0mg	<b>0%</b>
<b>Sodium</b> 390mg	<b>16%</b>
<b>Total Carbohydrate</b> 3g	<b>1%</b>
Dietary Fiber 2g	<b>8%</b>
Sugars 0g	
<b>Protein</b> 20g	<b>40%</b>
Calcium 8%	Iron 25%

\*Percent Daily Values are based on a 2,000 calorie diet. Your Daily Values may be higher or lower depending on your calorie needs.

	Calories 2,000	2,500
Total Fat	Less than 65g	80g
Sat Fat	Less than 20g	25g
Cholesterol	Less than 300mg	300mg
Sodium	Less than 2400mg	2400mg
Total Carbohydrate	300g	375g
Dietary Fiber	25g	30g

Source: Bloomberg

**Exhibit 7: Plant-Based meats purchased by consumers in the US in 2021 and 2021, by product type**



Source: Statista

We carried out a detailed comparison between the Beyond Burger, the Impossible Burger, and the 80/20 ground beef burger. Beyond Burger was especially designed with the objective of surpassing its peers in taste, texture, and health. This burger

contains more protein than an 80/20 ground beef burger, less cholesterol, less total and saturated fat, and fewer calories (see Exhibit 8).

**Exhibit 9:** Nutritional comparison between Generic pork sausage, Beyond Meat and Impossible Sausage

Nutrition information	(Generic) Pork Sausage serving size (1 link 82 grams)	Beyond Sausage serving size (1 link 76 g)	Impossible Savory Sausage serving size (56 g)
Calories	260	190	130
Saturated Fat	8 g	5 g	4 g
Protein	14 g	16 g	7 g
Sodium	570 mg	500 mg	380 mg

Source: Beyond Meat & Impossible Foods

▪ **Beyond Sausage**

The Beyond Sausage was launched in 2017, and it is **number two in company product type** sales. This Sausage came in the flavours of Brat Original, Sweet Italian and Hot Italian and is distributed worldwide. Like the Beyond Burger, this product has its competitive advantages stem from taste, texture, and health factors. Comparing with a meat Sausage, this plant-based alternative offers less calories, total and saturated fat, sodium, and cholesterol (See Exhibit 9).

▪ **Beyond Meatballs & Beyond Ground Beef**

Beyond Meatballs and Beyond Ground Beef are the two most recent products on the fresh platform. Beyond Ground Beef was launched in 2021, with the benefit of **not containing any GMO, soy, or gluten**. This meat alternative costs roughly \$5.7 per pound in the US, and its price is close to the average ground beef price, which is between \$4 and \$6, according to the US Bureau of Labor Statistics.

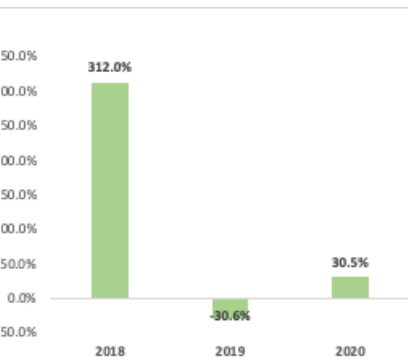
Additionally, Beyond Meatballs were launched in 2020. **Plant-based meatballs are a market in expansion with a predicted CAGR of 23%** from the period of 2020 to 2031 (*Future Market Insights*). Beyond Meat is going to compete directly with food industry giants, such as Kellogg’s and Sysco. However, it has already partnered with Subway, which will allow an easier penetration in the market.

**Fresh Platform**

This segment has been repeatedly launching new products. Different from fresh, this unit exploits meal additional elements such as Beyond Beef Crumbles, Beyond Chicken Nuggets, Beyond Breakfast Sausages, and Beyond Italian Sausage Crumbles. As we already stated, the company’s frozen platform accounts for lower revenue when compared with fresh (see Exhibit 6). Regardless, we estimate a bright future due to the materialization of the quick service restaurant shift to plant-based meat.

Beyond Meat reported an estimated increase of 30.5% in foodservice revenue in 2021 (see Exhibit 10), despite Covid-19 restrictions. Moreover, Beyond Meat partnered with major players from QSR and launched a new plant-based menu. QSR Magazine reported that in 2018, the top 3 franchisee companies in the US were McDonald’s, Starbucks, and Subway, respectively.

**Exhibit 10:** Food Service yearly growth



Source: Company Data

As of today, Beyond Meat has closed deals with these three giants. Reuters states that McDonald's is planning a major expansion in 2022 for McPlan (a Beyond Meat product), expecting the product to be present in 700 different stores in 2022 with a national rollout in 2023, selling at an **average price of \$6.29 and 70 sandwiches per day**. Starbucks is selling Beyond Meat breakfast sandwiches worldwide, with a special emphasis on exploring all Chinese and British franchisees. For Subway, they are currently testing the Canadian market, with a potential introduction to the US market. After analysing this data, despite the loss in percentual revenue when compared with the fresh platform, we can conclude that prospects for Beyond Meat frozen products are good.

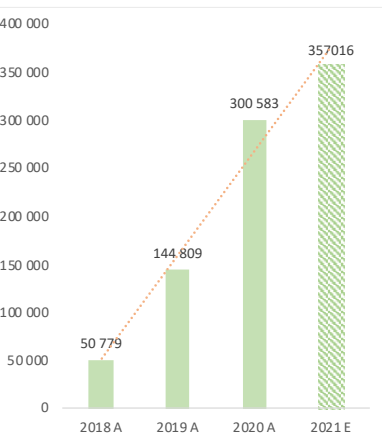
## Covid-19 impact

The Covid-19 pandemic had a strong and negative impact in all industries, leading innumerable companies to cease or to adapt themselves to keep on business. The food industry was not an exception however several **plant-based companies presented high growth retail sales during the crisis (Exhibit 11 and 12)**, mainly due to the shift from restaurant to supermarket consumption and consumer behavior (stockpiling phenomenon), where Beyond Meat stands with a large product offering, leading to an increase of 108% on the retail channel from 2019 to 2020.

The animal plant-based meat industry suffered a **disruption** on the supply chain since animals had to be slaughtered and the lockdown led to many failures on the supply chain. Consequently, production of animal meat **slowed down** and, retailers and restaurants started to question sales of meat leading to an **outperformance** of the plant-based meat dollars sales growth when compared with opposite market. **Plant-based products were not impacted** the same way and Beyond Meat increased their points of sales to 122,000.

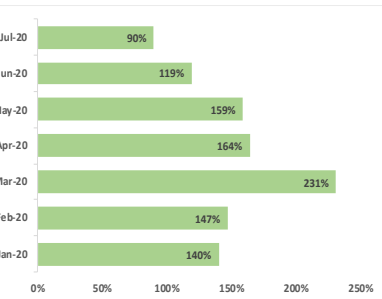
Also, Covid-19 impacted meat consumer **perception and lifestyle**. Lockdowns forced people to adopt more sedentary behaviors, to contest this life pattern, consumers converged their diet to healthier alternatives, which naturally include plant-based meat. Moreover, this pandemic, **raised awareness** of future supply and mass production, on the impact on the environment, on the quality of food and on the plant-based meat surges as response to these problems.

**Exhibit 11: Retail Revenue (in thousands)**



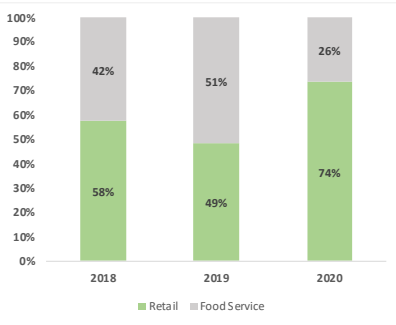
Source: Company Data and own estimative

**Exhibit 12: YoY plant-based meat sales in the US**



Source: Nielsen

**Exhibit 13:** Channel Revenue Distribution



Source: Company Data

Reflecting the COVID-19 impact on Beyond Meat's sales performance, as you can observe in **Exhibit 13**, from 2018 to 2019, the foodservice sales were close to having an equal proportion in total sales compared to the retail channel. However, in 2020, the retail sales **skyrocketed**, as referred above, converting the segment distribution into **74%** for retail and **26%** for foodservice. Despite the financial gain in retail sales, the food service revenue **decreased by 30.5%**, justified by lockdowns and restrictions, as we already stated, and the rampant expansion of Beyond Meat Quick Service Restaurant products.

## Sector Analysis

### Plant-based meat industry

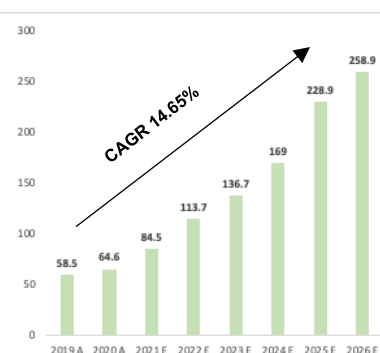
Beyond Meat operates in a niche market that is still at an **early stage** but is fast-growing and expected to keep going at a fast pace as it responds to many **consumers' needs**. The plant-based industry started to arise at the beginning of the decade of 2010, with a few players entering the market believing that meat consumption would **shift** towards plant-based meat in the long term due to **environmental health issues and vegan trends**. To do so, we are questioning ourselves if big players in the animal-meat industry will take a **dominant position** in their substitute industry or if new companies such as Beyond Meat will have enough capacity to become the main trend dominating the plant-based industry.

### The high growth potential market

Since the beginning of this trendy new market, plant-based alternative consumption has been rising at a high pace (**Exhibit 14**). The growth is explained by the concerns regarding **health and wellness, animal welfare**, and the **environment**, which can reduce **human diseases** and **carbon emissions**, but there is still very little, accounting for only 1% of the retail meat market. The industry has seen its competition increase over the years: by 2015 there were only four companies operating in the meat substitute sector, while by 2020 there will be 55 companies. Big players in the food industry, such as Nestle and Unilever, have decided to invest in vegan start-ups and food innovation centers, respectively, strongly believing this market has plenty of growth opportunities and will become large in the food industry.

In 2020, the plant-based market worldwide reached \$4.2 billion, growing from \$3.4 billion in 2019 and \$3.0 billion in 2018. According to **Exhibit 15**, a CAGR of 14.8% is expected in the plant-based meat market worldwide between 2018 and 2026. In

**Exhibit 14:** Consumption of plant-based meat substitutes in the US (2019-2026)



Source: Statista

a more detailed analysis, the European market accounts for 40% of the total plant-based market value in 2020 and has a CAGR of 14.4% until 2026, mainly due to the vegan trend that is expected to keep growing, being the main reason for the increase in demand for alternative animal meat products.

The USA was the region where the first companies established their plant-based businesses. Both Beyond Meat and **Impossible Foods** started operating in the decade of **2010**, focusing on developing products to meet **consumers' desires** but also **expanding** their business to the rest of the world, with a compound growth rate of **14.6%**. Plant-based foods are gaining more and more popularity on the Asian continent, **increasing the potential** of the market in that region. The Asian population has started to shift their current lifestyle into a **more biologic and healthier one**, which should translate into an expected **boost** in industry sales for the upcoming years. That translates into a CAGR of **15.9%** until **2026**. From an overall perspective, health, the environment, animal welfare, and sustainability, topics that will be developed in detail further in the report, are core marks for the growth of that industry.

**Exhibit 15:** Compound annual growth rate (CAGR) of the plant-based meat market worldwide between 2018 and 2026, by region:



Source: Statista

### Consumer Profile

More frequently, consumers are looking for a shift in their consuming preferences. This change is motivated by animal welfare and environmental concerns but also by a healthier diet based on vegan protein. According to Nielsen, 21% of meat buyers also consume plant-based meat, and the plant-based food association states that 40% of households in the US consume both plant-based milk and milk. Since these two markets have high similarity in development and growth, we believe that there exists a tendency to increase the number of consumers making

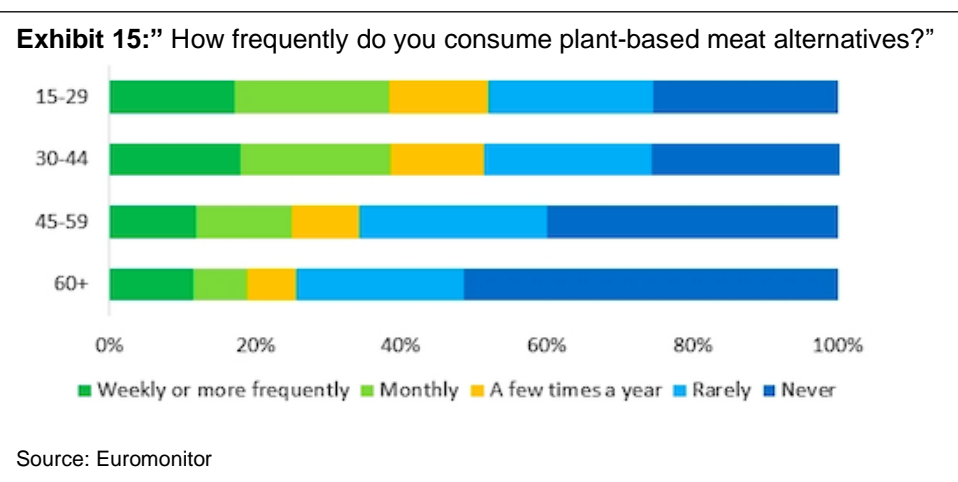
***Flexitarian Diet highlights an increase intake of plant-based meats without completing eliminating meat***

the shift from meat to plant-based meat in the future, which leads us to consider the meat market as a potential market for Beyond Meat in our revenue forecast.

The age dimension is **key** for the plant-based industry. The younger generations are the core consumers of plant-based products, but people over **50 years old** also account for an **important** share of buyers. A study conducted by Euromonitor regarding the voice of consumers stated that less than 25% of young adults never consumed plant-based meat alternatives and that the gap that consumed them more frequently was between **30 and 44** years old, nearly 20%.

Additionally, we identified three different profiles of plant-based meat consumers that we consider to be the most common: 1) **a millennial** (15–29 years old) that adopts a flexitarian diet and is conscious of meat production's environmental threat; 2) a **middle-aged person** (30–44 years old) with an average income, also conscious of meat production and a desire to adopt a healthier diet; 3) someone **over 44 years old** with an average/high income, pro-environment that wants to **reduce his/her CO2 footprint**.

Finally, we analyzed the main reasons why people do not consume plant-based meat alternatives. Our objective is to understand what Beyond Meat could improve in its business and which behaviors the company might adopt to combat these factors in the future. A study conducted by Mintel stated that participants voted **27%** for "Don't like the taste." Since Beyond Meat spends **most of its earnings on R&D**, we believe that this high percentage and all chunks relative to meat perception might be diminished in the future. Furthermore, product prices were considered a relevant element. Beyond Meat already stated that it wants to reduce product prices and eventually reach price parity, which contributed to our assumption in forecasting future revenue.

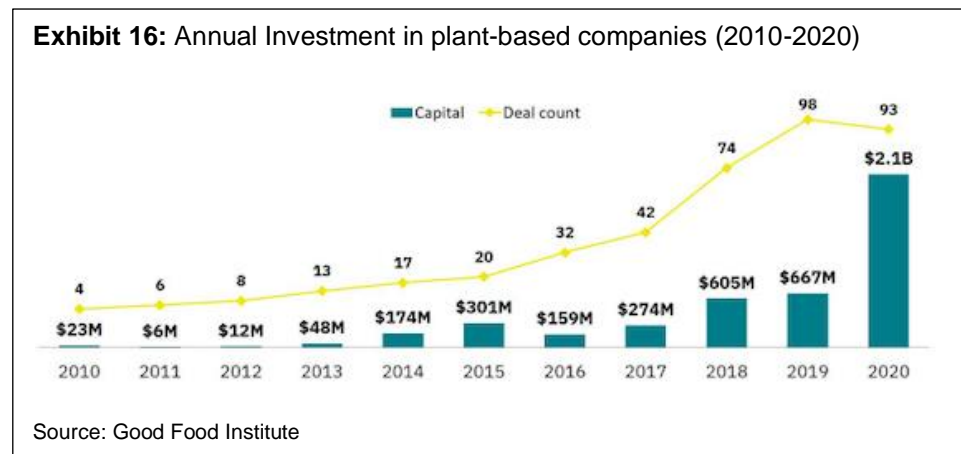


## Recent Investment

The plant-based market has received considerable funding in recent periods. At first sight, market entry seems limited to major food players. However, doing a deep analysis of the capital invested in the sector gave us a different perspective on what to expect from future Beyond Meat competitors.

The plant-based market is a stable indicator to evaluate the plant-based meat sector and company fragmentation. Most plant-based meat producers assemble different types of products, such as dairy or egg alternatives.

In 2020, **capital raised** by plant-based companies reached **\$2.1 billion**, nearly half of the combined investment between 1980 and 2019 (\$4.43 billion). Investment in this sector has been continuously rising since 2011, as we can observe in **Exhibit 16**.



Most investors are institutional funds, large asset management groups focused on plant-based start-ups seeking a dominant and early position within the industry. **Unovis Asset Management** is currently the venture capital with the larger portfolio, with 19 companies, including two investment rounds for Beyond Meat.

The Very Good Food Company was the second plant-based meat company going public. The Eat Beyond holding jumped 800% on the first day of trading. However, its performance has been incredibly negative, with a historical decrease of 86.3% in earnings. Nevertheless, in the space of two years, the plant-based meat sector has had two companies publicly traded. Rumour has it that Impossible Foods is also pursuing the objective of going public in 2022. These recent movements are an excellent indicator of expected market growth. With capital entering the market,

and start-ups beginning to have access to it, we expect to observe an increase in potential competitors for Beyond Meat.

## Competition

To better understand Beyond Meat's situation on the market, it is fundamental to have a deeper look at its main competitors. Beyond Meat's success is highly dependent on their ability to implement their growth strategy and international expansion, but also to compete directly with big players in the meat industry and new companies 100% focused on the plant-based meat market.

Besides the **low barriers to entry in this industry**, Beyond Meat competes directly with animal meat companies that have substantially higher financing and resources that allow them to operate on a larger scale at lower production costs. Companies such as **Cargill, Hormel Foods, Tyson Foods, or WH Group** are companies that have historically focused on animal protein products and have recently started to operate in this niche market, the plant-based sector. With their experience and awareness of the food industry, those companies are considered a threat to Beyond Meat's success.

Due to vegan trends and environmental concerns, several start-ups were raised to meet the demand for plant-based proteins. Beyond Meat fits perfectly into these types of companies, but also Impossible Foods, and many other affiliated brands that derived from key players in the food industry such as Nestlé, Kraft Heinz, Kellogg's, or Conagra that are concerned about their positioning regarding this new trendy industry that has immense potential.

Major competitors in that industry will be deeply analyzed to understand their main strategies and investments to become leaders in the market.

- Kellogg's

Kellogg's is an American multinational company in the food industry with \$21.6 billion in market capitalization and \$13 billion in revenues. The company was one of the first to enter the plant-based market through their food division, the Morningstar Farm brand. They focus their business on vegetarian and vegan products, and in February 2020, they launched plant-based burgers and sausages. Their main product is the **Incogmeato burger**, and it was launched in 2020.

By the same year, Kellogg's invested around **\$43 billion** to expand manufacturing production in the USA, fully dedicated to the production and development of plant-based foods, and transform **Morningstar Farm** into a 100% plant-based company

by the end of 2021. By September 2021, Kellogg's kept their focus on investing in plant-based meat and invested \$21.5 million in the Duckweed Protein start-up.

- Nestlé

Nestlé is a Swiss multinational company with \$351 billions of market capitalization and estimated revenues of \$94 billion in 2021. The company has already launched plant-based products through its brand **Garden Gourmet** in Europe and the USA. Garden Gourmet offers a range of meat-alternative products, using soy or pea protein, rich in fiber and low in saturated fat, contributing to a high Nutri-score that represents a healthier level in their products. They offer a wide range of plant-based products such as fillets, mince, chorizo, sausages, and their main product, **Sensational Burgers**.

By 2020, Nestle invested in **China circa \$100 million in production facilities** for plant-based products and extended their Technology Center in Switzerland to Shenzhen, while in September 2021, Garden Gourmet started to sell their products in UK supermarkets. They clearly express the intention of expanding their range of plant-based foods worldwide.

- Tyson Foods

Tyson Foods is a multinational company with \$31.3 billion in market capitalization and \$43.2 billion in revenues in 2020. The food company has already made its move to the plant-based meat sector, introducing its Raised & Rooted plant-based meat brand in 2019. This alternative meat division of **Tyson Foods sells its products in more than 10,000 retail stores** across the US and Europe and offers more than 10 products. Between 2016 and 2017, Tyson Foods invested **over \$34 million for 5% of the Beyond Meat stake, having exited before Beyond Meat's IPO**. A few months after the sale of its stake in BYND, Tyson Foods invested in New Wave Foods, a plant-based shellfish producer. We believe that exists a clear path to where the huge meat companies want to drive their business in the future: plant-based protein.

- Impossible Foods

Impossible Foods is a private company founded in 2011, and along with Beyond Meat, was one of the first companies in the plant-based industry. Impossible Foods is a **direct competitor** of Beyond Meat and operates around the world, except in Europe. Although the company is not allowed to sell its products in Europe since the usage of **GMO soy protein as the main ingredient in their products is not accepted by the European Food Safety Authority (EFSA)**.

Since its creation in 2011, Impossible Foods has **raised a total of \$2 billion** from a variety of investors. In its most recent funding round, the venture raised \$500 million to keep growing in its retail channel and to invest in the supply chain, product development, technology, R&D, and international expansion, according to a company statement. Over the last year, the company has entered international markets such as the United Arab Emirates, Australia, Canada, and New Zealand. The company operates in foodservice, retail stores, and has an online platform where they sell a variety of plant-based meat products such as sausages, burgers, meatballs, and pork.

## Competitive Advantages

- Early Entry

Beyond Beyond Meat was the initial leader of the plant-based revolution. As mentioned before, the company was established in 2009, while its current closest competitor, Impossible Foods, was only in 2011. Beyond benefited by being the first player to place in the market the first "meatless meat" products, which gave them an advantage compared with new rising competitors. Although Beyond Meat can most likely find a current ultimate state of duopoly market structure with Impossible Foods, due to its growth over the pandemic period, Beyond Meat possesses the **right positioning within the competition as the innovative and pioneering brand.**

- Innovation and R&D

Maintaining its innovation efforts in a larger offer and selection of plant-based products will be critical to ensuring their future as market leaders, as well as continuing to improve the authenticity of the experience in their existing plant-based meat products. Beyond Meat's R&D expenditure as a percentage of sales is significantly higher than most of its competitors, **13.8% estimated in 2021, while industry median was 1.2%.**

- Free GMO'S product

Beyond Meat is the **only player** in the plant-based protein industry that has non-GMO product project verification, ensuring end-to-end transparency of their products. For many customers, this verification is valuable since negative human body consequences may arise. This also represents something crucial that

distinguishes its products from all competitors and also guarantees an easy access to global expansion.

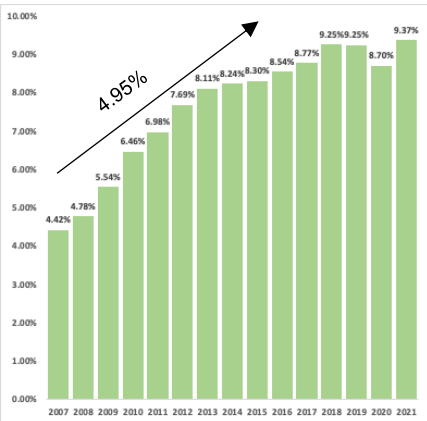
### Meat and Milk Analogy

The plant-based meat market is relatively new, lacks data and historical results, and has numerous market estimates, which makes it unpredictable to forecast. After conducting extensive research on what should be the best method to predict possible future margins, supported by the report above, we concluded that the best approach possible was to use a parallel industry or sector and find the closest comparable market. The popularity of plant-based milk started to grow circa 2002. Driven by environmental concerns and health factors, a small number of milk corporations started to shift their research and development to lactose-free and non-dairy products. We assume this stage to be comparable to the plant-based meat market in 2016 when Beyond Meat's first products started to earn popularity amongst meat consumers, Impossible Foods launched their first product, and major food and meat players started to expend capital on their plant-based brands.

Furthermore, by conducting an analysis over a 15-year period, we are able to observe plant-based milk alternatives' growth. Accordingly, Euromonitor, for 2021, the **US market share** for plant-based milk relative to milk is **14.56%** (see Exhibit 18), a **shift of 9.14% in consumer preferences**, which displays how the market grew in 15 years. Moreover, the result for the **world is non-identical**, despite the **growth of 4.95%** (see Exhibit 17). The expansion had a different dimension; nevertheless, we consider it quite expressive, taking into account the world milk market. According to A.T. Kearney, the main factors that drove this shift from milk to plant-based alternatives were enumerated by consumers as concerns about animal welfare, health, and sustainability. These factors are consistent with our assessment of consumer profile (page 9) and transitional behavior as a result of COVID-19 (page 12), which are the primary reasons for consumers shifting from meat to plant-based meat products.

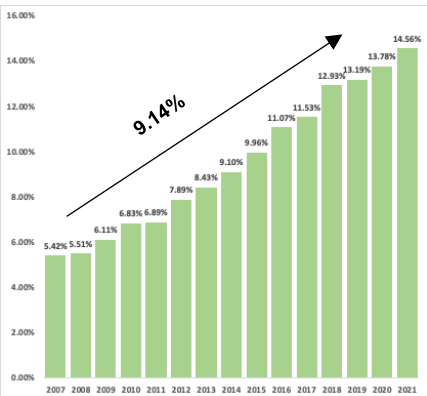
The association between these two markets is inevitable, and we consider the plant-based milk market to be an analogous market to plant-based meat. Therefore, for our forecast, we apply plant-based milk historical results and penetration into the plant-based meat market. However, we believe that the current market share for plant-based meat is smaller, **0.77% in the US**. Consequently, we apply market share growth instead.

**Exhibit 17:** World plant-based milk market share relative to milk



Source: Statista

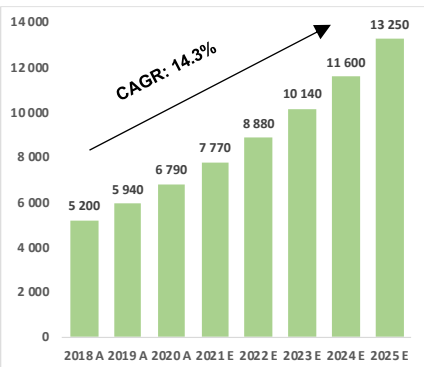
**Exhibit 18:** US plant-based milk market share relative to milk



Source: Statista

▪ Almond Breeze

**Exhibit 19: Almond Milk revenue forecast**



Source: Statista

Following the analysis of a parallel market for plant-based meat, we decided to take a deep look at potential comparable company to Beyond Meat. Within the plant-based milk market, there are several alternative milk options, such as oat milk, almond milk, or coconut milk. The almond milk segment caught our attention. In line with a study conducted by Statista in 2021, this sector's revenue prospect in 2025 is **\$13.35 billion in the US**, with a **CAGR** from 2018 to 2015 of **14.30%** (**Exhibit 19**). This Compound Annual Growth Rate settles between plant-based meat rates for the US and the rest of the world (**Exhibit 19**). Inside this sector, the major producer of almond milk and an early entrant is Almond Breeze.

Introduced to the market in 2008, Almond Breeze has been the leading brand for almond milk production. One of the first movers into the market, Almond Breeze, sold **\$554.24 million in 2020** and had **4% penetration** in the milk market (**Exhibit 20**) in the US. We believe that the year 2012 for Almond Breeze is the perfect analogy to Beyond Meat in 2021. Both companies had been operating in the market for some time when, suddenly, another brand launched a competitor product. Silk, owned by Danone, launched Pure Almond in 2010, which directly competed with Almond Breeze's main product. Impossible Foods released the Impossible Whooper and Impossible Burger 2.0 in 2019, threatening Beyond Burger market leadership for the first time. Because both brands are part of parallel markets with similar growth and expectations, we assumed **Almond Breeze's market share growth was the perfect measure for Beyond Meat**. Although Almond breeze's pie slice for the US milk market in 2012 was 1%, almost 3x higher than the current Beyond Meat market share, and 0.14% for the world, also almost 3x higher. We believe that market penetration will be similar, so we will use the Almond Breeze market growth from 2012 until 2020 to forecast future penetration in the US and world for Beyond Meat.

**Exhibit 20:**

Almond Breeze	2010 A	2011 A	2012 A	2013 A	2014 A	2015 A	2016 A	2017 A	2018 A	2019 A	2020 A
US Market Share	0.60%	0.80%	<b>1.00%</b>	1.60%	2.10%	2.30%	2.50%	2.90%	3.40%	3.70%	4.00%
World Market Share	0.11%	0.11%	<b>0.14%</b>	0.21%	0.28%	0.31%	0.34%	0.38%	0.38%	0.39%	0.42%

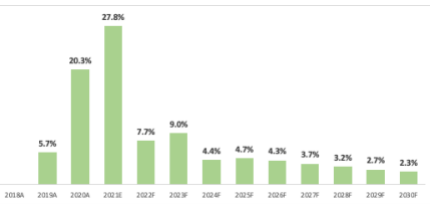
Source: Statista

# Value Drivers

## Capital Expenditures

Beyond meat, capital expenditures are divided into two main drivers: **PPE and Operating Leases**. For the fiscal year of 2021, we estimated a PPE of \$236 million, resulting in a **yearly growth of 105%**, which is expected due to recent facility acquisitions in Pennsylvania, China, and the Netherlands. Operating Lease Assets followed the same path and had a yearly growth of 110%, mainly due to Chinese acquisition agreement terms. This resulted in a capex/sales ratio of 27.8%, which will naturally decrease in the next few years.

**Figure 1:** Beyond Meat Capex/Sales forecast (2018/2030)



Source: Own estimates

We estimate Beyond Meat to increase PPE until 2030, but not at the same pace that it has been doing. Beyond Meat's strategy is focused on fast expansion, even so, mostly through partnerships with co-manufacturers. We assume fixed assets will decrease relative to revenue during the horizon period. We forecast **PPE relative to sales to stabilize at 22.1%**, and **operating lease assets relative to sales to stabilize at 5.36%**.

In 2021 Capex/Ratio is estimated to 27.8%, which is above median or average, we did a benchmark for 2020 where we can observe those mature companies, like Tyson Foods, or Kraft & Heinz maintain a ratio below 3%, Based on the assumptions that Beyond Meat will increase their sales, as stated in Revenue analysis, and keep expanding mainly through contracting co-manufacturers, will eventually stabilize at 2.3%. For depreciation and amortization, we assumed an average, based on the last three fiscal results.

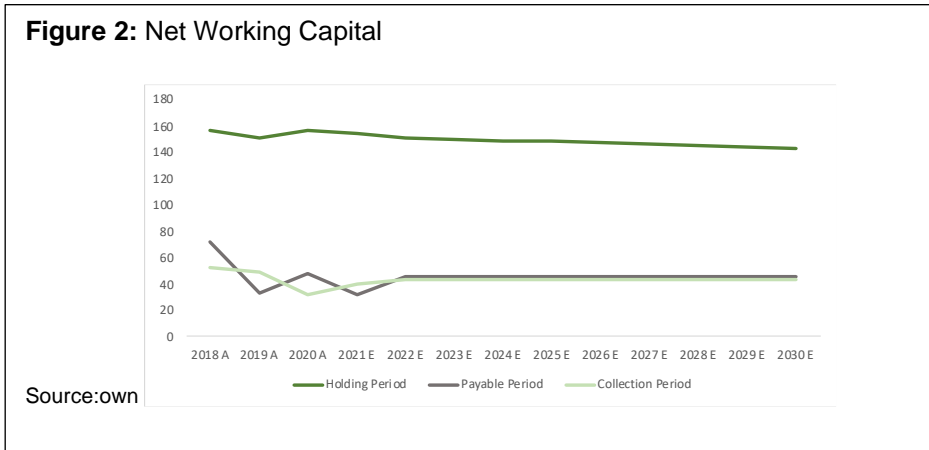
## Net Working Capital

Regarding the NWC of Beyond Meat, only inventory, trade receivable, and payables will be analyzed to understand the company's efficiency ratios.

The reason for the low fluctuation on the cash conversion cycle (**Figure 2**) is mostly explained by the industry in which Beyond Meat is inserted. The plant-based meat industry is at an early stage and does not account for many suppliers of proteins and plant-based ingredients to develop their products. Therefore, it is hard for Beyond Meat to negotiate prices and improve contracts since protein suppliers are few and will be strict on payment negotiations. Besides that, the supply chain structure for plant-based meat production is complex and reflects high inventory holdings when compared with other industries. Beyond Meat sells its products in retail and food service and does not have enough market share and influence to anticipate payment from clients, which does not allow Beyond Meat to offset the

high value of the inventory holding period. Another reason that supports the previous rationale is that Beyond Meat is competing with large food companies that are mature, very well known in the market, and have a more efficient supply chain process. These companies already sell their products in retail stores; increasing the number of products to allocate to supermarket shelves would only benefit them in terms of anticipated payment.

**Figure 2: Net Working Capital**



### Revenue

Forecast Beyond Meat revenues was definitively the most challenging part of the valuation. The company is inserted in a relatively new and high growth market that generates uncertain predictions between market researchers and specialists. Employing the historical information from milk plant-based alternatives market (most similar comparable to plant-based meat market) and Almond Breeze market growth evolution, we were able to design a model and forecast Beyond Meat revenue in a 10-year horizon. To forecast Beyond Meat revenues, we choose **meat industry as their penetration market**, to include possible customers that will shift from traditional meat consumption to plant-based alternatives. Nonetheless it is fundamental to calculate plant-based meat market share on meat consumption, to ensure that the CAGR is similar for almond milk and meat alternatives market (**Exhibit 21**) and that they are inserted in parallel industries in terms of maturation.

Since, the company disclosed their first three quarters financials, the forecast for 2021 revenue was different. Our approach was based on natural growth between each quarter, and its comparison with 2020 historical results. Finally, we applied proportional growth into 2021 3<sup>rd</sup> quarter revenue to predict the 4<sup>th</sup> quarter.

We already stated that Beyond Meat fragments their sales into two different areas: US and rest of the world. In the rest of this exercise, we followed this structure since company revenues have a different market share for both and company

**Exhibit 21: Plant-based meat and Almond Milk CAGR**

US	CAGR
Almond Milk	<b>14.65%</b>
Plant-based Meat	<b>14.30%</b>

Source: Statista

assume to have only one segment for revenue, they changed their report structure in 2019, and stop to evaluate revenues by frozen and fresh platform. Our approach was divided into three fundamental steps: 1) Forecast world meat consumption and possible shift to plant-based alternatives, 2) Compute Beyond Meat market share and future volume sold, 3) Forecast future sales prices.

First, we retrieved world meat consumption per capita (in KG) for the US and World from OECD databases, and multiplied for the population forecasted, respectively. Then, to assess plant-based meat alternatives market share, we applied plant-based milk alternatives historical data. Based on market researchers' information, we believe that in 2020 it was consumed **64.6 million kilograms of plant-based meat** in the US, that corresponds to a **0.77% share of Meat market**. Subsequently, we used this value as starting point and added milk alternatives market historical growth (starting in 2007), to each correspondent year in our forecast until 2030. The logic is that, in 2007, the plant-based milk market was in a similar stage of development as plant-based meat market today, as referred before (page 17), however, it's **market share was 4.42%**, significantly higher when comparing with plant-based meat (0.30%). Therefore, instead of assuming that specific market share for plant-based meat market, making it unrealistic, we decided to add the 8-year horizon total growth of Almond Breeze market share and distribute equally through the comparable years, so that we could have a continuous and stable growth. This is aligned with our vision of a strong ascendant in the next few years. To quantify world plant-based meat consumption, we used the same method, however, we predicted that US consumption is 37.5%, which corresponds to 62.5% for the rest of the world.

Second, to calculate Beyond Meat market share, we transformed past revenues into volume sold in kilograms. This method allowed us to define Beyond market share (**Exhibit 22**), dividing the amount sold by market consumption.

In 2010, Silk, another company that had been producing soy milk for a while, entered the market and assumed as main competitor to Almond Breeze revenues. Likewise, in 2019, Impossible Foods launched Impossible Whoppers and drove their name to industry top.

## Exhibit 22:

US	2018A	2019A	2020A	2021E	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Meat Consumption (per capita KG)	26.057	26.324	26.195	26.081	25.342	25.318	25.309	25.394	25.58	25.712	25.945	25.969	25.971
Population	326838000	328329000	319484000	322614943	325776570	328969180	332193078	335448570	338366973	341310765	344280169	347275407	350296703
Total Meat Consumption	8516417766	8642932596	8368883380	8414120334	8255829828	8328841700	8407474611	8518380991	8655427162	8775782399	8932348986	9018395032	9097555662
Plant-Based Meat MK	0.53%	0.69%	0.77%	0.86%	1.46%	2.19%	2.24%	3.24%	3.78%	4.45%	5.31%	6.42%	6.88%
Plant-based Meat MK Growth		0.16%	0.08%	0.09%	0.61%	0.72%	0.05%	1.00%	0.54%	0.67%	0.86%	1.11%	0.46%
Plant- Based Meat Consumption	45000000	59500000	64600000	72196940	120947697	182053832	188157151	275814000	327253935	390959382	474652847	578961851	625993689
Beyond Meat Volume Sold Pounds	12225000	33192000	56566000	56968996									
Beyond Meat Units Sold Kgs	5501250	14936400	25454700	25636048	56113132	87842535	120199890	153729423	188660519	224193060	261689142	298028997	334760835
Beyond Meat Market Share Meat	0.06%	0.17%	0.30%	0.30%	0.68%	1.05%	1.43%	1.80%	2.18%	2.55%	2.93%	3.30%	3.68%
Beyond Meat Market Share Growth		0.11%	0.13%	0.00%	0.38%	0.38%	0.38%	0.38%	0.38%	0.38%	0.38%	0.38%	0.38%

Then, based in our analogy between Beyond Meat and Almond Breeze, we assume the year of **2012 for Almond Breeze proportional to Beyond Meat 2021** and our starting point to forecast company's market share growth. We calculated Almond Breeze total market share growth between 2012 and 2020, subsequently, we equally divided for the historical periods, and computed a yearly steady growth of 0.38% for US market share. After, computing Beyond Meat market share, we multiplied by total meat consumption in the US and discovered the volume of product sold for 2022 until 2030. International segment was computed using the same method.

Finally, to convert sales volume into gross revenue, we used quantities sold and multiplied by forecasted prices. Accordingly Good Food Institute, 25% of US population states that price is a barrier to start consuming plant-based meat. Moreover, as already stated, Beyond Meat competition will fiercely increase in the next years, not only with start-ups and high-growth companies, but also food industry key players. The establishment in plant-based meat market of these food conglomerate will lead to more competitive prices and to carry on being competitive, Beyond Meat is going to have to adapt to this reality. Presently, company average selling price per product is **\$12.08**, almost **four times average meat prices**, accordingly Statista. However, company CEO already stated that their prices will decrease in the next few years, declaring the objective of reach **price parity at least with one type of animal meat in 2024**. To support his information, we believe that the recent investment in two facilities in China and Netherland will reduce production and distribution costs, accelerating company intention to reducing product prices.

Based on these factors, we expect **average price per kilogram to decrease at a rate of 5% until 2024**, and from that point to assume a steady decrease of 2.5%. After assessing average prices, we adjusted to future inflation forecasted by International Monetary Fund and computed company's revenue until 2030.

**Exhibit 23:**

By Country: in Million USD (ESTIMATES)	2018A	2019A	2020A	2021E	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
<b>United States</b>													
Sales Volume in Kilograms	5 501 250	14 936 400	25 454 700		56 113 132	87 842 535	120 199 890	153 729 423	188 660 519	224 193 060	261 689 142	298 028 997	334 760 835
Product Price	12.81	13.37	12.76	12.76	12.13	11.53	10.96	10.68	10.42	10.16	9.90	9.65	9.41
Beyond meat Nominal Revenue	€70 489 000	€199 755 000	€324 874 000	€327 188 518	€680 649 870	€1 012 689 701	€1 317 006 387	€1 642 273 278	€1 955 052 093	€2 276 773 484	€2 591 122 702	€2 877 169 261	€3 150 983 647
Inflation					2%	2%	2%	2%	2%	2%	2%	2%	2%
<b>Total Beyond Meat US Revenue</b>	<b>\$ 70 489 000</b>	<b>\$ 199 755 000</b>	<b>\$ 324 874 000</b>	<b>\$ 327 188 518</b>	<b>\$ 693 936 155</b>	<b>\$ 1 033 510 601</b>	<b>\$ 1 343 609 916</b>	<b>\$ 1 674 987 362</b>	<b>\$ 2 004 195 930</b>	<b>\$ 2 322 126 812</b>	<b>\$ 2 642 737 867</b>	<b>\$ 2 934 482 473</b>	<b>\$ 3 213 751 241</b>
<b>International</b>													
Sales Volume in Kilograms	1 403 100	8 181 000	7 184 250		39 308 235	57 359 358	75 669 584	94 361 381	113 510 283	132 774 904	152 482 203	172 308 770	192 702 908
Product Price	12.43	12.00	11.40	11.40	10.83	10.29	9.78	9.53	9.29	9.06	8.83	8.61	8.40
Beyond meat Nominal Revenue	€17 445 000	€98 142 000	€81 911 000	€163 856 256	€425 763 023	€590 217 771	€739 695 458	€899 353 673	€1 054 814 387	€1 202 988 432	€1 347 005 065	€1 484 096 254	€1 618 257 284
Inflation					3%	3%	3%	3%	3%	3%	3%	3%	3%
<b>Total Beyond Meat International</b>	<b>\$ 17 445 000</b>	<b>\$ 98 142 000</b>	<b>\$ 81 911 000</b>	<b>\$ 163 856 256</b>	<b>\$ 440 400 755</b>	<b>\$ 609 370 337</b>	<b>\$ 763 151 201</b>	<b>\$ 927 602 372</b>	<b>\$ 1 087 946 107</b>	<b>\$ 1 240 774 299</b>	<b>\$ 1 389 314 494</b>	<b>\$ 1 530 711 718</b>	<b>\$ 1 669 086 745</b>
<b>Total Beyond Meat Revenue</b>	<b>\$ 87 934 000</b>	<b>\$ 297 897 000</b>	<b>\$ 406 785 000</b>	<b>\$ 491 044 774</b>	<b>\$ 1 134 336 911</b>	<b>\$ 1 642 880 939</b>	<b>\$ 2 106 761 118</b>	<b>\$ 2 602 589 734</b>	<b>\$ 3 092 142 038</b>	<b>\$ 3 562 901 110</b>	<b>\$ 4 032 052 361</b>	<b>\$ 4 465 194 191</b>	<b>\$ 4 882 837 987</b>
Growth				21%	131%	45%	28%	24%	19%	15%	13%	11%	9%

**Costs of Goods Sold**

Beyond Meat does not disclose their cost of goods sold categories, nor quantify them. Therefore, to forecast this driver, we analyzed industry and manufacturing trends and possible impacts. In 2021, we estimate Beyond Meat to be above the industry median. Compared with competitors, the company is relatively new and is expected to have a higher cost structure relative to sales. Also, as stated in this report, Beyond Meat is dependent on Roquette and Puris supply. In 2021, Roquette announced a spike of 120% in pea protein prices due to weather damage to the company's crops. This is the main factor for the yearly increase of 2.77% in 2021. Despite this, we believe that the company's COGS will decrease and be approximately comparable to its peers. According to BCG, China has a **productivity-adjusted manufacturing cost of 5% to 7%** when compared with the US, mainly due to factory wages. Also, according to historical results, producing raw materials has a **learning curve between 5% and 7%**. Moreover, opening a full production and distribution facility in China is a factor that will definitely have an impact on the cost structure. Based on these trends, we believe that Beyond Meat will converge towards its peers in COGS relative to sales. Therefore, in the period forecasted until 2025, Beyond Meat will reduce COGS relative to sales by 8% and assume an industry average of 62%.

Company	COGS/Sales %
Maple Leaf	83.72%
<b>Beyond Meat</b>	<b>72.71%</b>
conagra	65.77%
Kellogs	65.69%
Kraft Heinz	65.38%
Unilever	56.67%
Nestle	50.87%
Cargill	46.15%
<b>Average</b>	<b>62.04%</b>
<b>Median</b>	<b>65.38%</b>

**Research and Development**

Research and development expenses Research and development are crucial drivers for Beyond Meat since they are a key differentiator within the current competition. As stated on page 16, Beyond Meat is above its peers when comparing research and development expenses to sales. Despite major competitors announcing an increase in R & A investment for plant-based products, we believe that Beyond Meat will continue to be an outlier in this parameter. The company has a strict policy of all earnings to be invested in R&D. The objective is to stay ahead of the competition and several small companies that are entering the

<b>Exhibit 25:</b>	
Average Salaries with Bonuses, Benefits and Other Compensations	
Average Yearly Salary (in thousands)	
Scientist	98
Innovation Scientist	102
Research Associate	77
Scientist	110
<b>Average</b>	<b>96.75</b>

market. Nevertheless, since sales are expected to escalate quickly, we assumed the ratio would decrease and converge towards 2.78% in 2030.

This cost driver is split into two categories: staff expenses and scale-up and D&A expenses. Considering that the company does not disclose or allocate values to each category, we defined a ratio to approach this forecast. Because the company, once again, does not disclose R&D employee salaries, we conducted a market analysis and calculated an average salary of 94K per year for innovation scientists and research associates using Glassdoor. Then we multiplied the respective average by the number of employees and deliberated on a final fee. Next, we divided this fee by annual expenses in R&D and reached a ratio of **52.16%** in 2020. To calculate scale-up and D&A costs, we divided this ratio by one and multiplied it by the annual R&D costs (**1 - 52.16 x 31.6 million dollars**). To assess our horizon forecast, we estimated R&D for 2021 in the same way we did for revenue (**page 20-21**), enumerating an average for the period of 2018–2021, and applying it to 2022-2030 forecast period.

### Selling, General and Administrative

<b>Exhibit 26:</b>	
Company	SG&A/Sales
Maple Leaf	11.63%
conagra	11.71%
Kellogs	21.90%
Kraft Heinz	35.38%
Unilever	24.89%
Nestle	30.83%
Median	23.39%
Average	22.82%

Selling, general, and administrative expenses account for spending related to advertising, shipping and handling, and other, which include several captions, such as share-based compensation for brand promoters, consumer promotions, and IT. In 2020, these expenses were distributed as: 91.9% for others, 0.22% for advertising, and 8.9% for shipping and handling costs. We suspect that this distribution will slightly change, and the advertising cost proportion will account for at least 1%, which is way below the amount Deloitte reports as the average for consumer packaged goods, 10.9%. The ratio relative to sales was 32.86%, higher than the previous year's 25.08%. We believe that this increase was a deviation of future trends, and the tendency is to approach the industry average in 2020, 22.82% (**Exhibit 26**).

## Valuation

### WACC

In order to compute the weighted average cost of capital, we looked at Beyond Meat comparable companies and estimated, for each, the equity beta for each by running a regression analysis with comparable's price and market's returns for the same timeframe. Based on the capital structure of each company, we unlevered the betas and concluded that it was not the most accurate way to compute Beyond

WACC Calculation	
$r_f$	1.51%
$E r_M$	15.24%
MRP	6.00%
$E r$ (Beyond)	-36.50%
Unlevered Beta	1.27
$r_d$	6.18%
Unlevered Cost of Capital	9.16%
Relevered Beta	1.61
Cost of Debt	6.18%
Cost of Equity	11.19%
D/EV	21.05%
E/EV	78.95%
1-Statutory Tax Rate	79.00%
<b>WACC</b>	<b>9.87%</b>

Cost of Debt	
Bonds Yield	5.14%
Recovery Rate	53.90%
Loss Given Default	46.10%
Yield spread	3.63%
PD (Annualized)	2.25%
<b>Cost of Debt</b>	<b>6.18%</b>

Meat's equity beta, since analysts estimated a much higher equity beta. So, we decided to assume Beyond Meat's equity beta solely based on the regression analysis of the company with the market since they became public (May 2019) and came up with a beta of 1,61.

Regarding the cost of debt, we wanted to look at Beyond Meat's current bond yield spread. However, the company has not issued any bonds up to now. By computing an average of current yields of the bonds of the peers of the industry that we found most appropriate, we calculated a yield spread of 3,63%. We added the risk-free rate and computed the bond spread, or YTM, for our cost of debt. To support our calculations, we estimated a risk-free rate based on the US Treasury bond for 10 years as of December 2021. In regard of the probability of default, we expected that Beyond Meat would have default rate similar to its peers, so we looked at each probability of default, averaged them, and came up with a probability of default of 2,25%. To finally find our cost of debt, we applied the arguments described below to the formula:  $\text{Cost of debt} = \text{YTM} - \text{Probability of default} * \text{Loss given default}$  and estimated a cost of debt of 6,18%.

For the weighted average cost of capital, we used the CAPM Model to estimate it. For the market risk premium, we averaged the market return for the last 5 years, but we did not use it since it was far from the commonly used MRP for investors (15,24%) and had a strong impact on the final valuation. We decided to use the commonly accepted MRP based on our research (6%). When we compared our own estimate of the market risk premium to the commonly used value (13,73% vs. 6%), we got very different WACC values. To do so, we applied the CAPM, first for the cost of equity and secondly for the final WACC, using the above estimates, and found a weighted average cost of capital of 9,87%.

### Discounted Cash Flow Analysis

We estimated our price per share based on the discounted cash flow method. We compute it in 3 important steps: Forecast the Free Cash Flow for each period until 2030; Used a perpetuity formula to find the terminal value of the company for 2030 onwards and estimated the growth rate for the long run.

Firstly, we determined the Free Cash Flow of the company using for both operations and investment cash flows. The company's reflects a negative FCF for the upcoming years mainly due to large investments in their core activities, such as infrastructure for their international expansion, that later will translate into positive cash flow for the long run.

Secondly, we computed the terminal value using the perpetuity formula in 2030. We used the last forecasted free cash flow, applied the long-term growth, and

divided by the difference between the WACC and the steady growth rate that we found appropriate for the long term.

Regarding the long-term growth of the company, we estimated it using the rate of return and the return on invested capital. Since the company is on a high growth stage, we did not assume that growth because it did not make sense. Besides that, it would be totally rational to converge our forecasted growth rate (9%) with the macroeconomic growth, in order to be better aligned with the economy.

Exhibit 28:										
ROIC and Growth rate										
	2021 (Today)	2022	2023	2024	2025	2026	2027	2028	2029	2030
RR	-468%	-1161%	-5526%	5767%	1470%	847%	731%	643%	576%	523%
ROIC	-37%	-14%	-3%	2%	8%	14%	16%	18%	19%	21%
g	74%	58%	41%	22%	19%	17%	15%	13%	10%	9.14%

To compute it in an accurate way, we used the relationship between the forecasted GDP growth for both the US and the rest of the world. In other words, we used a relative percentage for both markets, assuming the US would remain the main market for Beyond Meat, accounting for 63% of the future revenues.

To relate the macroeconomic factors, we used the relative percentage of forecasted GDP growth and multiplied it by the inflation rate, ending up with a steady growth rate of 7%.

Using the inputs described in the previous steps, we discounted as of today all the core operating cash flows of the forecasted period, summed the non-core invested capital, and deducted the net debt. We ended up with the Enterprise Value that would be divided by the shares outstanding in the market to compute a final share price of 57,54\$.

## Relative Valuation

Beyond Meat still has negative EBITDA and EPS, so trading comparable companies' valuations is irrelevant, calculating a yield spread of 3.63%. We added the risk-free rate and computed the bond spread, or YTM, for our cost of debt. To support our calculations, we estimated a risk-free rate based on the US Treasury bond for 10 years as of December 2021. In regard to the probability of default, we expect that Beyond Meat will have a default rate similar to its peers in the future, so we looked at each probability of default, averaged them, and came up with a probability of default of 2,26%. To finally find our cost of debt, we applied the arguments described below to the formula: given loss default and an estimated cost of debt of 6,18%.

Aside from Meat, there is no real competitor in the plant-based industry. Beyond Meat operates in a niche market. The competitors that we found appropriate are

Exhibit 29:		
Region	Market Share	GDP growth forecast
US	63%	4%
World	37%	6%
<b>Total</b>	<b>1</b>	<b>4.6%</b>
<b>Inflation</b>		<b>2.31%</b>
<b>Steady Growth Rate</b>		<b>7.00%</b>

Exhibit 30:	
+ Core Enterprise Value	3 629 606
+ Total Non-Core Invested Capital	7 493
= Enterprise Value	3 637 099
- Net Debt	-325 164
= Common Equity Value	3 962 263
Shares Outstanding (m)	63 300
Share Price	\$ 62.59

Exhibit 31:				
Ticker	Name	EV/EBITDA	PRICE/S ALES	PRICE EARNINGS
TSN	Tyson	6.3x	0.6x	10.4x
CAG	Conagra	12.4x	1.4x	13.2x
NESN	Nestle	22.6x	4.1x	28.5x
K	Kellogs	13.2x	1.5x	15.9x
HRL	Hornel Foods	21.0x	2.3x	27.6x
KHC	Kraft Heinz	10.9x	1.6x	11.8x
MFI	Maple Leaf	11.5x	0.8x	24.5x
Median		12.4x	1.5x	15.9x
Average		14.0x	1.8x	18.8x
Lower Bound		11.2x	1.1x	12.5x
Upper Bound		22.6x	4.1x	28.5x

dominant players in the food industry, such as Tyson Foods, Kellogg's, or Nestle, whose plant-based meat revenues represent a small portion of their total revenues. Besides that, they also have plant-based products that represent a small stake of their total product offering. Additionally, early-stage start-ups are trying to penetrate the market but are not considered true competitors for Beyond due to their size. In sum, multiple valuation adds little value to Beyond Meat.

### Scenario Analysis

Beyond Meat is still at an early and high growth stage, and its valuation is very volatile when different estimates of the steady growth rate for the long run is computed. To do so, we decided to base our scenario analysis on how that growth rate could affect the share price of the company. We wanted to assess different scenarios based on the risk that Beyond Meat could face in regard to the competition. As we mention in the report, many competitors are meat industry players that are slightly shifting their business into the plant-based meat sector. Three different scenarios were considered. Firstly, **the base case scenario**, where we considered the future growth for the company as we used to estimate our final share price; secondly, **the best case scenario**, where we assumed Beyond Meat's growth would be close to their last year forecasted growth; and lastly, **the worst case scenario** that assumes that Beyond Meat's growth will be close to the weighted GDP (USA and World). For each scenario, we assumed a probability of 65%, 5%, and 30%, respectively.

**Exhibit 33:**

	Probability	Terminal Value	Equity	Share Price	Recom
Base Scenario	65%	10 369 122.58	3 962 262.80	62.59	Hold
Best Scenario	5%	35 001 462.05	14 524 873.59	229.46	Buy
Worst Scenario	30%	5 499 590.75	1 874 155.44	29.61	Sell

- **Best Case Scenario**

As a comparable case, for the base case scenario, we assumed a steady growth rate of 7%. In the best case scenario, we decided to use the growth percentage used last year, forecasted using a relationship between the return rate of the company and the ROIC, estimating 9,14%. Besides the unlikely situation, in our opinion, the industry where Beyond Meat is inserted is still at an early stage of development and, as we described in the market analysis, has tremendous potential growth. Consequently, Beyond Meat can follow the same path as the industry and become a leader in the plant-based industry. As you can see on **Exhibit 34**, under the assumption of a share price of \$229,49, which translates into a BUY recommendation.

<b>Exhibit 34:</b>		
<b>Best Case Scenario - 20% probability</b>		
<b>Driver</b>	<b>Change</b>	<b>Share Price</b>
Steady Growth rate	Assuming 9% of steady growth rate	229.46
<b>Terminal Value</b>	<b>35 001 462.05</b>	
<b>Equity value with best scenario</b>	<b>14 524 873.59</b>	

- **Worst Case Scenario**

In our worst case scenario, we assumed the growth steady rate to be the same as the weighted average GDP growth calculated on the discounted cash flow. The main reason that supports that decision is the competition that Beyond Meat will face for the next few years. Most of its competitors are mature companies that have a stable growth in the animal meat industry and are looking at plant-based meat as a potential market to be even more profitable. Companies such as Nestle, Kellogg's, or Tyson Foods have been investing in their plant-based divisions in order to take advantage of the high growth expected market. In sum, in this scenario, we assume that Beyond Meat will grow at a 4.6% rate from 2030 onwards. As we can see on **Exhibit 35**, under this assumption, the share price is estimated at 29,61%, which is a SELL recommendation.

<b>Exhibit 35</b>		
<b>Worst Case Scenario</b>		
<b>Driver</b>	<b>Change</b>	<b>Share Price</b>
Steady Growth rate	Beyond meat steady growth rate as the GDP growth -4,58%	29.61
<b>Terminal Value</b>	<b>5 499 590.75</b>	
<b>Equity value with best scenario</b>	<b>1 874 155.44</b>	

As described in the table below, we computed a probability of each scenario based on research conducted over the course of the report. We calculated a weighted average share price based on the assessed probability for each scenario and accounted for an expected price share of \$61,042 and a SELL recommendation for investors.

### Sensitivity Analysis

Applying the same intuition done for the Scenario Analysis, we computed a sensitivity analysis to understand how sensitive the Share Price, Wacc and Terminal Value are if inputs used to calculate them are slightly different.

- **Share Price**

We computed the share price sensitivity analysis based on WACC and a growth rate variety of 0,05% for each input. The share price is very sensitive to both inputs, ranging from \$30 to \$247 in extreme cases. The reason for this high volatility in the share price is Beyond Meat’s early stage as a company, where growth rate and WACC have a strong impact on Beyond Meat's valuation and final price.

**Exhibit 36:**

		WACC				
Share Price	62.59	8.87%	9.37%	9.87%	10.37%	10.87%
Growth Rate	6.00%	67.980785	54.119986	43.940029	36.173365	30.073511
	6.50%	84.377697	65.231055	51.882070	42.078011	34.598159
	7.00%	109.560617	81.037763	62.594989	49.736728	40.293098
	7.50%	153.175643	105.314228	77.835285	60.067477	47.679812
	8.00%	247.139730	147.359337	101.241836	74.764093	57.643659

▪ WACC

In order to analyse the impact on the cost of capital, we used inputs that most affect the WACC computation. Based on the weights of the capital structure of the company, we can understand that a variation in the cost of debt (in extreme varieties) is less sensible to the WACC than if the cost of equity remains constant. On the other hand, the WACC has a higher fluctuation when the cost of equity changes. The WACC is higher when the cost of equity and debt is higher, indicating a higher operational risk for the company. By varying the inputs on the sensitivity shown in table xx, the WACC ranges from 8% to 11%, and, therefore, the company valuation.

**Exhibit 37:**

		Cost of Debt				
WACC	9.9%	4.18%	5.18%	6.18%	7.18%	8.18%
Cost of Equity	9.19%	8.0%	8.1%	8.3%	8.5%	8.6%
	10.19%	8.7%	8.9%	9.1%	9.2%	9.4%
	11.19%	9.5%	9.7%	9.9%	10.0%	10.2%
	12.19%	10.3%	10.5%	10.7%	10.8%	11.0%
	13.19%	11.1%	11.3%	11.4%	11.6%	11.8%

▪ Terminal Value

The last sensitivity performed was on the terminal value of the company, by varying 0.5% on both the WACC and the Growth Rate. As we showed in the first sensitivity analysis, the terminal value ranges from \$6 to \$34.6 billion and strongly impacts the share price and valuation of the company. In other words, the share price is

higher when its terminal value is also higher due to the lower WACC value and a higher growth rate.

**Exhibit 38:**

Terminal Value 10 369 123		WACC				
		8.87%	9.37%	9.87%	10.37%	10.87%
Growth Rate	6.00%	10 272 214	8 746 450	7 615 323	6 743 256	6 050 397
	6.50%	12 501 472	10 320 668	8 787 707	7 651 244	6 775 065
	7.00%	15 925 241	12 560 165	<b>10 369 123</b>	8 828 965	7 687 166
	7.50%	21 854 965	15 999 659	12 618 858	10 417 577	8 870 222
	8.00%	34 629 946	21 956 617	16 074 077	12 677 551	10 466 031

### Final Recommendation

After extensive research on Beyond Meat and the plant-based meat market, we were able to forecast the financials of the company and the main trends of the industry in order to compute a final valuation on Beyond Meat.

We do believe the company will increase its revenues along with the market. As people become more concerned about their health, the environment, and animal welfare, they will shift their diet away from animal protein and toward plant-based protein. The competition in the market has been increasing over time and is expected to continue. It will be a true challenge for Beyond Meat to compete with big food industry players.

Based on our Discounted Cash Flow Analysis, we computed a final price for Beyond Meat’s share of \$62,59. Our recommendation is to SELL the stock of the company since we predict the price will decrease when compared to the current market share price.

# Appendix

## Appendix 1: Income Statement

(in thousands)	2018 A	2019 A	2020 A	2021 F	2022 F	2023 F	2024 F	2025 F	2026 F	2027 F	2028 F	2029 F	2030 F
<b>Core Business</b>													
Revenue													
US Revenues	\$ 70 489	\$ 199 755	\$ 324 874	\$ 327 189	\$ 693 936	\$ 1 033 511	\$ 1 343 610	\$ 1 674 987	\$ 2 004 196	\$ 2 322 127	\$ 2 642 738	\$ 2 934 482	\$ 3 213 751
International Revenues	\$ 17 445	\$ 98 142	\$ 81 911	\$ 163 856	\$ 440 401	\$ 609 370	\$ 763 151	\$ 927 602	\$ 1 087 946	\$ 1 240 774	\$ 1 389 314	\$ 1 530 712	\$ 1 669 087
<b>Total Revenues</b>	<b>\$ 87 934</b>	<b>\$ 297 897</b>	<b>\$ 406 785</b>	<b>\$ 491 045</b>	<b>\$ 1 134 337</b>	<b>\$ 1 642 881</b>	<b>\$ 2 106 761</b>	<b>\$ 2 602 590</b>	<b>\$ 3 092 142</b>	<b>\$ 3 562 901</b>	<b>\$ 4 032 052</b>	<b>\$ 4 465 194</b>	<b>\$ 4 882 838</b>
% Growth		238.77%	36.55%	20.71%	131.00%	44.83%	28.24%	23.54%	18.81%	15.22%	13.17%	10.74%	9.35%
Cost of Goods Sold	\$ -70 360	\$ -198 141	\$ -284 510	\$ -357 024	\$ -790 865	\$ -1 096 359	\$ -1 384 857	\$ -1 658 732	\$ -1 908 900	\$ -2 199 518	\$ -2 489 144	\$ -2 756 539	\$ -3 014 367
Revenue (%)	80.0%	66.5%	69.9%	72.7%	69.7%	66.7%	65.7%	63.7%	61.7%	61.7%	61.7%	61.7%	61.7%
<b>Operating and Administrative Expenses</b>													
Research and Development Expenses	\$ -9 587	\$ -20 650	\$ -31 535	\$ -67 971	\$ -69 225	\$ -78 667	\$ -88 109	\$ -97 551	\$ -105 493	\$ -112 553	\$ -118 730	\$ -124 024	\$ -128 436
Revenue (%)	10.9%	6.9%	7.8%	13.8%	6.1%	4.8%	4.2%	3.7%	3.4%	3.2%	2.9%	2.8%	2.6%
Selling, general and administrative expenses	\$ -34 461	\$ -74 726	\$ -133 655	\$ -184 954	\$ -349 931	\$ -490 320	\$ -607 619	\$ -724 499	\$ -829 741	\$ -920 301	\$ -1 001 012	\$ -1 063 725	\$ -1 114 207
Revenue (%)	39.2%	25.1%	32.9%	37.7%	30.8%	29.8%	28.8%	27.8%	26.8%	25.8%	24.8%	23.8%	22.8%
<b>Core Result Before Taxes</b>	<b>\$ -26 474</b>	<b>\$ 4 380</b>	<b>\$ -42 915</b>	<b>\$ -118 904</b>	<b>\$ -75 684</b>	<b>\$ -22 466</b>	<b>\$ 26 176</b>	<b>\$ 121 807</b>	<b>\$ 248 007</b>	<b>\$ 330 529</b>	<b>\$ 423 167</b>	<b>\$ 520 905</b>	<b>\$ 625 827</b>
Statutory taxes	\$ 5 560	\$ -920	\$ 9 012	\$ 24 970	\$ 15 894	\$ 4 718	\$ -5 497	\$ -25 580	\$ -52 082	\$ -69 412	\$ -88 867	\$ -109 392	\$ -131 426
Statutory rate (%)	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
Tax adjustments	\$ 410	\$ 2 485	\$ (1 017)										
<b>Core Result After Taxes</b>	<b>\$ -20 504</b>	<b>\$ 5 945</b>	<b>\$ -34 920</b>	<b>\$ -93 934</b>	<b>\$ -59 790</b>	<b>\$ -17 748</b>	<b>\$ 20 679</b>	<b>\$ 96 227</b>	<b>\$ 195 925</b>	<b>\$ 261 116</b>	<b>\$ 334 300</b>	<b>\$ 411 513</b>	<b>\$ 494 401</b>
<b>Non Core Business</b>													
Restructuring expenses	\$ -1515	\$ -4869	\$ -6430	\$ -8 082.64	\$ -18 380.62	\$ -26 543.93	\$ -34 284.65	\$ -42 191.81	\$ -50 136.03	\$ -57 836.71	\$ -65 397.90	\$ -72 435.21	\$ -79 223.61
Revenue (%)	1.7%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
Remeasurement of warrant liability	\$ -1120	\$ -12503	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Revenue (%)	1.3%	4.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other, net	\$ 352	\$ 3629	\$ -759	\$ 2 343.8	\$ 5 705.4	\$ 4 346.5	\$ 8 742.0	\$ 10 258.5	\$ 11 066.6	\$ 13 859.8	\$ 15 336.0	\$ 16 778.0	\$ 18 637.9
Revenue (%)	0.4%	1.2%	-0.2%	0.5%	0.5%	0.3%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
<b>Non core result before taxes</b>	<b>-2283</b>	<b>-13743</b>	<b>-7189</b>	<b>-5739</b>	<b>-12675</b>	<b>-22197</b>	<b>-25543</b>	<b>-31933</b>	<b>-39069</b>	<b>-49377</b>	<b>-50062</b>	<b>-55657</b>	<b>-60586</b>
Statutory taxes	\$ 479	\$ 2886	\$ 1510	\$ 1205	\$ 2662	\$ 4662	\$ 5364	\$ 6706	\$ 8205	\$ 9235	\$ 10513	\$ 11688	\$ 12723
Statutory rate (%)	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
Tax adjustments	\$ -6687	\$ -5105	\$ -10172										
<b>Non Core Result After Taxes</b>	<b>-8491</b>	<b>-15962</b>	<b>-15851</b>	<b>-4534</b>	<b>-10013</b>	<b>-17536</b>	<b>-20179</b>	<b>-25227</b>	<b>-30865</b>	<b>-34742</b>	<b>-39549</b>	<b>-43969</b>	<b>-47862</b>
<b>Total Result After Taxes</b>	<b>\$ -28 995</b>	<b>\$ -10 017</b>	<b>\$ -50 771</b>	<b>\$ -98 468</b>	<b>\$ -69 803</b>	<b>\$ -35 284</b>	<b>\$ 500</b>	<b>\$ 71 000</b>	<b>\$ 165 060</b>	<b>\$ 226 375</b>	<b>\$ 294 752</b>	<b>\$ 367 544</b>	<b>\$ 446 539</b>
<b>Financing</b>													
Interest expense	\$ -1128	\$ -3071	\$ -2576	\$ -65985	\$ -38065	\$ -65515	\$ -85221	\$ -104895	\$ -124837	\$ -142263	\$ -154661	\$ -163151	\$ -168005
Interests (% debt)	0%	10%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
<b>Financial result before taxes</b>	<b>-1128</b>	<b>-3071</b>	<b>-2576</b>	<b>-65985</b>	<b>-38065</b>	<b>-65515</b>	<b>-85221</b>	<b>-104895</b>	<b>-124837</b>	<b>-142263</b>	<b>-154661</b>	<b>-163151</b>	<b>-168005</b>
Statutory taxes	\$ 237	\$ 645	\$ 541	\$ 21%	\$ 21%	\$ 21%	\$ 21%	\$ 21%	\$ 21%	\$ 21%	\$ 21%	\$ 21%	\$ 21%
Statutory rate (%)	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%
Tax Adjustments	\$ 0	\$ 0	\$ 54										
<b>Financial Result</b>	<b>-891</b>	<b>-2426</b>	<b>-1981</b>	<b>-65985</b>	<b>-38065</b>	<b>-65515</b>	<b>-85221</b>	<b>-104895</b>	<b>-124837</b>	<b>-142263</b>	<b>-154661</b>	<b>-163151</b>	<b>-168005</b>
<b>Net loss</b>	<b>-29886</b>	<b>-12443</b>	<b>-52752</b>	<b>-164452</b>	<b>-107869</b>	<b>-100798</b>	<b>-84721</b>	<b>-33895</b>	<b>40223</b>	<b>84111</b>	<b>140091</b>	<b>204394</b>	<b>278534</b>
Foreign currency translation gain, net of tax	\$ 0	\$ 0	\$ 1748										
<b>Total Comprehensive Income</b>	<b>\$ -29 886</b>	<b>\$ -12 443</b>	<b>\$ -51 004</b>	<b>\$ -164 452</b>	<b>\$ -107 869</b>	<b>\$ -100 798</b>	<b>\$ -84 721</b>	<b>\$ -33 895</b>	<b>\$ 40 223</b>	<b>\$ 84 111</b>	<b>\$ 140 091</b>	<b>\$ 204 394</b>	<b>\$ 278 534</b>

## Appendix 2: Balance Sheet

(in thousands)	2018 A	2019 A	2020 A	2021 F	2022 F	2023 F	2024 F	2025 F	2026 F	2027 F	2028 F	2029 F	2030 F
<b>Core Business</b>													
<b>Operating cash</b>	2 198	7 447	10 170	12 276	28 358	41 072	52 669	65 065	77 304	89 073	100 801	111 630	122 071
Operating cash (% Revenues)	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
<b>Accounts receivable</b>	12 626	40 080	35 975	54 093	135 192	195 800	251 086	310 179	368 525	424 630	480 544	532 167	581 942
Collection Period	52	49	32	40	44	44	44	44	44	44	44	44	44
<b>Inventory</b>	30 257	81 596	121 717	151 099	327 180	450 558	565 325	672 582	768 790	879 807	988 838	1 087 511	1 180 971
Holding Period	157	150	156	154	151	150	149	148	147	146	145	144	143
<b>Prepaid expenses and other current assets</b>	5 672	5 930	15 407	28 349	43 677	63 259	81 120	100 212	119 062	137 189	155 253	171 931	188 012
Prepaid expenses and other current assets (% Revenues)	6%	2%	4%	6%	4%	4%	4%	4%	4%	4%	4%	4%	4%
<b>Accounts payable</b>	-17 247	-26 923	-53 071	-43 081	-143 128	-207 295	-265 826	-328 389	-390 160	-449 559	-508 756	-563 408	-616 106
Payable Period	72	33	48	32	46	46	46	46	46	46	46	46	46
<b>Employees compensation (Wages payable + Accrued bonus)</b>	-3 567	-5 897	-2 900	-5 923	-22 559	-24 181	-28 334	-39 115	-48 767	-52 524	-59 464	-67 302	-73 650
Employees compensation (% Revenues)	4.06%	1.98%	0.71%	1.21%	1.99%	1.47%	1.34%	1.50%	1.58%	1.47%	1.51%	1.51%	1.51%
<b>Operating lease right-of-use assets</b>	0	0	14 570	30 640	55 705	91 596	110 459	140 779	164 691	191 244	215 589	239 212	261 333
Employees compensation (% Revenues)			3.58%	6.24%	4.91%	5.58%	5.24%	5.41%	5.33%	5.37%	5.35%	5.36%	5.35%
<b>Accrued expenses and other current liabilities</b>	-2 391	-3 805	-4 830	-24 178	-28 663	-40 724	-58 551	-82 688	-84 740	-99 544	-115 828	-129 315	-137 979
Accrued expenses and other current liabilities (% Revenues)	2.72%	1.28%	1.19%	4.92%	2.53%	2.48%	2.78%	3.18%	2.74%	2.79%	2.87%	2.90%	2.83%
<b>Property, plant and equipment, net</b>	30 527	47 474	115 299	235 974	298 694	410 720	484 555	576 218	684 606	788 832	892 703	988 602	1 081 669
PPE (% Revenues)	34.7%	15.9%	28.3%	48.1%	26.3%	25.0%	23.0%	22.1%	22.1%	22.1%	22.1%	22.1%	22.1%
<b>Core Invested Capital</b>	58 075	145 902	252 337	439 250	694 456	980 806	1 192 502	1 414 843	1 659 311	1 909 148	2 149 681	2 371 028	2 587 664
<b>Non Core Business</b>													
Other non-current assets, net	396	855	5 911	7 493	10 539	17 231	26 108	30 862	34 037	40 747	47 069	51 323	55 679
Other non-current assets, net (% Revenues)	0	0	0	0	0	0	0	0	0	0	0	0	0
Stock warrant liability	-1 918	0	0	0	0	0	0	0	0	0	0	0	0
<b>Non Core Invested Capital</b>	-1 522	855	5 911	7 493	10 539	17 231	26 108	30 862	34 037	40 747	47 069	51 323	55 679
<b>Total Invested Capital</b>	56 553	146 757	258 248	446 744	704 995	998 037	1 218 611	1 445 704	1 693 348	1 949 895	2 196 750	2 422 351	2 643 343
<b>FINANCING</b>													
Excess Cash	52 073	268 541	148 957	774 581	0	0	0	0	0	0	0	0	0
<b>Total Financial Assets</b>	52 073	268 541	148 957	774 581	0	0	0	0	0	0	0	0	0
Total Debt	-230 376	-31 208	-40 108	-1 099 745	-634 419	-1 091 913	-1 420 356	-1 748 248	-2 080 612	-2 371 055	-2 577 687	-2 719 176	-2 800 078
<b>Total Financial Liabilities</b>	<b>-230 376</b>	<b>-31 208</b>	<b>-40 108</b>	<b>-1 099 745</b>	<b>-634 419</b>	<b>-1 091 913</b>	<b>-1 420 356</b>	<b>-1 748 248</b>	<b>-2 080 612</b>	<b>-2 371 055</b>	<b>-2 577 687</b>	<b>-2 719 176</b>	<b>-2 800 078</b>
<b>Net Financial Assets</b>	<b>-178 303</b>												

**Appendix 3: Free Cash Flow**

Forecasted Statements of Cash Flow in Million USD	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>CORE BUSINESS</b>													
Gross Free Cash Flow	-€ 20 504	€ 5 945	-€ 34 920	-€ 93 934	-€ 59 790	-€ 17 748	€ 20 679	€ 96 227	€ 195 925	€ 261 116	€ 334 300	€ 411 513	€ 494 401
Invested Capital in FIXED ASSETS	€ 30 527	€ 47 474	€ 129 869	€ 266 615	€ 354 399	€ 502 316	€ 595 014	€ 716 997	€ 849 297	€ 980 076	€ 1 108 292	€ 1 227 814	€ 1 342 402
Net Capex	-€ 98 428	-€ 16 947	-€ 82 395	-€ 136 746	-€ 87 784	-€ 147 917	-€ 92 698	-€ 121 983	-€ 132 300	-€ 130 780	-€ 128 216	-€ 119 522	-€ 114 588
Invested Capital in NWC	€ 27 548	€ 98 428	€ 122 468	€ 172 635	€ 340 056	€ 478 490	€ 597 489	€ 697 846	€ 810 014	€ 929 071	€ 1 041 389	€ 1 143 214	€ 1 245 262
Net Working Capital	-€ 70 880	-€ 24 039	-€ 50 168	-€ 167 421	-€ 138 433	-€ 118 999	-€ 100 357	-€ 112 168	-€ 112 168	-€ 119 057	-€ 112 317	-€ 101 825	-€ 102 048
Investment FCF	-€ 87 827	-€ 106 434	-€ 186 914	-€ 255 205	-€ 286 350	-€ 211 697	-€ 222 340	-€ 244 468	-€ 244 468	-€ 249 837	-€ 240 533	-€ 221 347	-€ 216 636
Core FCF	-€ 81 882	-€ 141 354	-€ 280 848	-€ 314 995	-€ 304 098	-€ 191 018	-€ 126 114	-€ 48 543	€ 11 279	€ 93 767	€ 190 166	€ 277 765	
<b>NON-CORE BUSINESS</b>													
Operational CF	-€ 8 491	-€ 15 962	-€ 15 851	-€ 4 534	-€ 10 013	-€ 17 536	-€ 20 179	-€ 25 227	-€ 30 865	-€ 34 742	-€ 39 549	-€ 43 969	-€ 47 862
Investment FCF	-€ 1 522	€ 855	€ 5 911	€ 7 493	€ 10 539	€ 17 231	€ 26 108	€ 30 862	€ 34 037	€ 40 747	€ 47 069	€ 51 323	€ 55 679
Non-Core FCF	-€ 18 339	-€ 2 377	-€ 5 056	-€ 1 582	-€ 3 046	-€ 6 691	-€ 8 878	-€ 4 753	-€ 3 175	-€ 6 711	-€ 6 322	-€ 4 254	-€ 4 356
OPERATIONAL FCF	-€ 100 221	-€ 162 261	-€ 286 964	-€ 328 055	-€ 328 325	-€ 220 074	-€ 156 094	-€ 82 583	€ 30 173	€ 47 897	€ 141 944	€ 225 547	
<b>FINANCING</b>													
Financial Result	-€ 891	-€ 2 426	-€ 233	-€ 65 985	-€ 38 065	-€ 65 515	-€ 85 221	-€ 104 895	-€ 124 837	-€ 142 263	-€ 154 661	-€ 163 151	-€ 168 005
NET FINANCIAL ASSETS	-€ 178 303	€ 237 333	€ 108 849	€ 325 164	€ 634 419	€ 1 091 913	€ 1 420 356	€ 1 748 248	€ 2 080 612	€ 2 371 055	€ 2 577 687	€ 2 719 176	€ 2 800 078
Investment in Net Financial Assets	-€ 415 636	€ 518 283	€ 128 483	€ 434 013	€ 309 255	€ 457 494	€ 328 443	€ 327 892	€ 332 364	€ 290 443	€ 206 632	€ 141 489	€ 80 902
Transactions with shareholders	€ 518 283	€ 34 011	€ 81 065	€ 56 865	-€ 63 654	€ 23 147	-€ 66 903	-€ 124 944	-€ 118 007	-€ 99 867	-€ 120 282	-€ 138 444	
FINANCING FCF	€ 100 221	€ 162 261	€ 286 964	€ 328 055	€ 328 325	€ 220 074	€ 156 094	€ 82 583	€ 30 173	€ 47 897	€ 141 944	€ 225 547	

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<b>Buy</b>	Expected total return (including expected capital gains and expected dividend yield) of more than 10% over a 12-month period.
<b>Hold</b>	Expected total return (including expected capital gains and expected dividend yield) between 0% and 10% over a 12-month period.
<b>Sell</b>	Expected negative total return (including expected capital gains and expected dividend yield) over a 12-month period.

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