

UK – Food Processing

March 2, 2023

BUY

SPECULATIVE  
RISK

Objective: €0.10

❖ Our discounted cash flow (DCF) analysis derives a fair value of €0.10/share using a weighted average cost of capital (WACC) of 9.5% and a terminal EBITDA multiple of 5.0x

**Positives —**

- ❖ Good industry outlook
- ❖ Good management
- ❖ Strong brand presence
- ❖ Strong client relationship

**Negatives —**

- ❖ Low market penetration
- ❖ Inflation
- ❖ Competition risk
- ❖ Limited pricing power

# Rapid Nutrition PLC Recovery is underway...!

- **Investment Rating and Price Objective.** Our investment thesis on Rapid Nutrition PLC (ALRPD.PA – BUY SPECULATIVE), remains unchanged. **We continue to believe ALRPD.PA is among the best positioned within our coverage universe given the aggressive re-opening of global markets post-COVID and Generation Z's embrace of wellness and the vegan market, as well as via *livestreaming*.**
- **Inflection Point.** 2023 should represent an inflection point as we continue to see a gradual improvement in ongoing strength and demand, which suggests upside to current liquidity and valuation. **Inflation persists, however, and is not insurmountable as long as consumers continue to spend. The wellness and the vegan market recovery is still underway, but it is unlikely to worsen.**

ALRPD.PA: €0.004

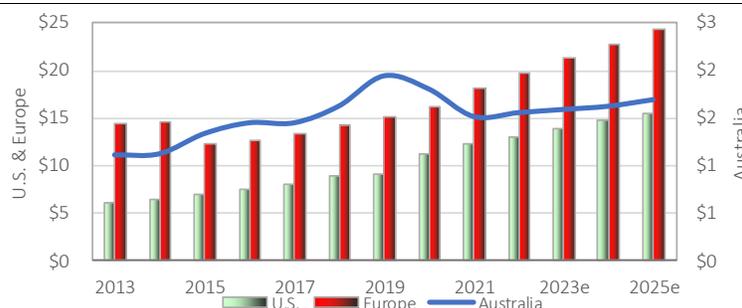
N100: 1,344.02

CAC40: 7,234.25

ALASI\*: 1,137.97

\*Alternext All Share Index

Exhibit 1. U.S., Europe & Australia Retail Sales of Herbal Supplemental 2013-2025e\*



Source: \*Currencies in millions. Nutrition Business Journal, WHO, EOCD and The Zephyrin Group, Inc. (ZGI) research estimates

Earnings/Share	Mar.	Jun.	Sep.	Dec.	Year	P/E Ratio
	2021	\$-	\$-	\$-	\$-	\$0.01
2022E	-	-	-	-	0.02	N/Ax
2023E	-	-	-	-	0.02	N/Ax

**Market Profile**

52-Week Range	€0.00-0.12	EPS Growth Rate (3-Yrs)	N/A%
Avg. Volume (3 Month)	11,875,326	EBITDA Growth Rate (3-Yrs)	N/A%
Shares Outstanding	340.5 MM	ROE (LTM)	N/A%
Market Capitalization	€1.4 MM	Debt to Total Cap.	N/A%
Floating Market Cap.	€1.3 MM	Book Value Per Share	€0.06
Institutional Owner.	N/A%	Indicated Dividend/Yield	€0.00/0.0%
Insider Holdings	N/A%	Revenue (LTM)	\$A3,002 MM
Shares Float	98.1%	Shares Short	---

Please refer to the global disclaimer of this research at the end of document.

Senior Equity Analyst

Lenny Zephyrin

info@zephyringroup.com



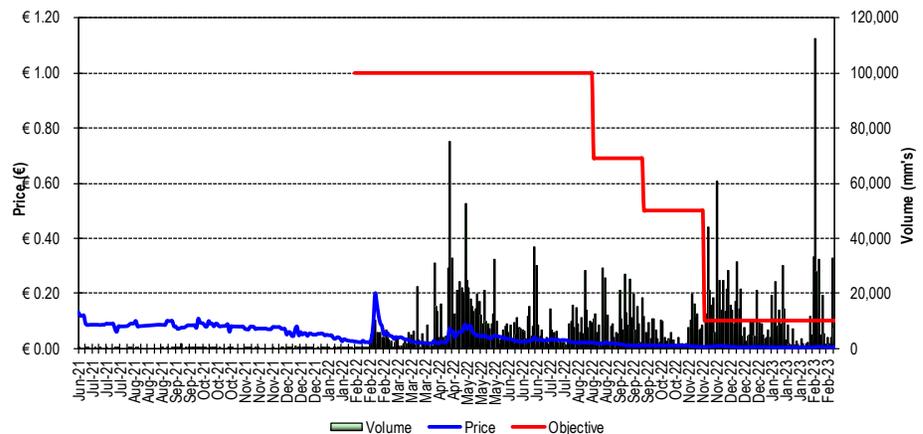
## Company Description

Rapid Nutrition PLC, a natural healthcare company, researches, develops, and produces a range of science-based health and wellness products in the United Kingdom, Australia, the United States, and the rest of Europe. The company offers scientific-based health food supplements under the *Leisa's Secret* and *SystemLS'* brands. The company also provides oral anti-viral therapy products to combat flu and common cold under the name *Azurene*. In addition, the company offers online fitness streaming services under the name *DiCED* which is currently available in approximately 54 countries. As of the end of 2021, direct sales accounted for approximately 43.4% of total revenues. The company distributes its products in the United Kingdom, Australia, the United States, Brazil, France, Italy, Switzerland, Saudi Arabia, Ghana, South Korea, Jamaica, and in the Caribbean. The company Australian subsidiaries (Rapid Nutrition Pty Ltd.) was incorporated in 2001. The U.K parent company was incorporated in 2012 and is based in London, the United Kingdom.

## Risk

Risk to our investment conclusion and price objectives include: 1- a sharp decline of the global economy, 2- adverse consumer behavior change, 3- lower than expected market expansion, 4- liquidity and 5- high dependence on one market.

**Exhibit 2. Rapid Nutrition PLC Rating Price Volume Chart**



Source: Industry data and The Zephyrin Group, Inc. (ZGI) research

Date	Price	Target	Rating	Notable Reports
09-Feb-22	€0.03	€1.00	Buy SR	Emerging Growth – €1.00...!
06-May-22	€0.07	--	--	The right path – €1.00...!
16-Jun-22	€0.03	--	--	Remain Optimistic – €1.00...!
30-Aug-22	€0.02	--	--	It's all about September...!



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**Rating System:** STRONG BUY – The stock, securities or shares are expected to achieve a total return of 20% or more over the next 12-18 months, or are expected to outperform its industry and the S&P 500. BUY – The stock, securities or shares are expected to achieve a total return of 15% or more over the next 12-18 months, or are expected to outperform its industry peers and the S&P 500. HOLD – The stock, securities or shares are expected to achieve a total return of 10% or less, or are expected to perform in-line with its industry peers and the S&P 500 over the next 12-18 months. SELL – The stock, securities or shares are expected to underperform its industry peers and the S&P 500 over the next 12-18 months. STRONG SELL – The stock, securities or shares are expected to underperform its industry peers and the S&P 500 over the next 6-12 months. SUSPENDED – The stock, securities or shares are temporarily suspended due to market events that made coverage impracticable.

**Risk Rating:** LOW RISK (LR) – Return of 0-10%; MEDIUM RISK (MR) – Return of 0-20%; HIGH RISK (HR) – Return of 0-30% and SPECULATIVE RISK (SR) – Return of 0-50%. **Distribution of Rating:** Strong Buy = 0 (0.0%); Buy = 13 (30.2%); Hold = 8 (18.6%); Sell = 10 (23.3%); Strong Sell = 0 (0.0%); Suspended = 12 (27.9%).

All of the recommendation and views about the securities and companies in this report accurately reflect the personal views of the research analyst named on the cover of this report. In particular the report intended to promote the integrity of research including those designed to ensure the identification and avoidance of conflict of interest.

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