AlsterResearch

HelloFresh SE

Germany | Retail | MCap EUR 3,903m

7 March 2023

UPDATE

A decent set of results in Q4; cautious stance for 2023; PT down, BUY

What's it all about?

HelloFresh's (HF) Q4 2022 results were satisfactory. While revenue growth was slightly softer than expected, contribution margins came in 3% ahead of consensus. Notably, adj. EBITDA margins expanded in Q4, despite inflationary pressures. Overall, both its active customer base and order volumes were milder than market expectations. On the bright side, average order value has been improving. Given the challenging backdrop — a comparatively stronger base (H1 2022) and subdued consumer sentiment, management initiated a cautious guidance for 2023, with a wide revenue growth range and a weaker-than-expected adj. EBITDA guidance range. HF expects 2023 revenue growth to be mainly driven by growth in average order value as order volumes are expected to be relatively muted. We lower our DCF-backed PT to EUR 30.00; BUY.

BUY (BUY)

Target price	**EUR 30.00 (36.00)**
Current price	EUR 22.73
Up/downside	32.0%

ResearchHub

MAIN AUTHOR
Alexander Zienkowicz
a.zienkowicz@alsterresearch.com
+49 40 309 293-56

AlsterResearch

HelloFresh SE

Germany | Retail | MCap EUR 3,903m | EV EUR 4,066m

BUY (BUY)

Target price	**EUR 30.00 (36.00)**
Current price	EUR 22.73
Up/downside	32.0%

MAIN AUTHOR
Alexander Zienkowicz
a.zienkowicz@alsterresearch.com
+49 40 309 293-56

A decent set of results in Q4; cautious stance for 2023; BUY

Cautious guidance for 2023. HelloFresh's (HF) revenues missed consensus by 1%, but contribution margins beat estimates by 3%, aided by higher productivity. Its active customer base declined, which was expected after return to full normalcy post pandemic. On the positive side, customer engagement has improved with increasing order numbers, while rising order value suggests that HF has been successful in passing on the ingredient cost inflation. Yet, given multiple headwinds and a pandemic-impacted comparative base (H1 2022), management released a cautious guidance for 2023. HF expects revenue growth of 2%-10% yoy in constant currency [c.c.] basis and adj. EBITDA of EUR 460m-EUR 540m (+5% yoy at mid-point, but 5% below consensus).

Q4 top-line growth led by the US. Revenues grew 19% yoy to EUR 1.9bn (1% below consensus), registering an 11% yoy increase in c.c. This was mainly led by an increase in the average order value (+12% yoy to EUR 59.6 in c.c.), as both its active customer base (-2% yoy to 7.1m, -5% qoq) and order volumes (-1% yoy to 29.3m) shrank in Q4. By segment, the top line (yoy) in the US rose 30% to EUR 1.1bn (+15% in c.c.) benefitting from an increase in order rate as well as order value and contribution from Factor, while the International segment saw 6% growth to EUR 767.1m (+6% in c.c.). Full-year revenues were up 27% yoy to reach an all-time high of EUR 7.6bn.

Efficiency gains led to an upbeat contribution margin. The adj. contribution margin grew 29% yoy to EUR 504.6m (3% above consensus), with the margin improving 2.2ppt yoy to 26.9%. This was aided by a stable procurement cost ratio and an improvement in the fulfilment cost ratio (-3.0ppt yoy) on higher productivity. Adj. EBITDA grew 22% yoy to EUR 160.1m, resulting in a margin of 8.5% (+20bps yoy).

Maintain BUY, PT down: So far, HF's business progress has been healthy, supported by judicious price hikes and productivity improvement measures. Going ahead, we believe consumer sentiment amid growing macro uncertainty is a key monitorable, as inflationary pressure and a slowdown in customer spending could pose a challenge for HF, as with other food retail players. The uninspiring management guidance for 2023 clearly reflects the challenging business environment. After cutting our estimates for FY23 and following, we lower our DCF-backed PT to EUR 30.00. Our rating remains BUY.

HelloFresh SE	2020	2021	2022	2023E	2024E	2025E
Sales	3,750	5,993	7,607	8,140	8,872	9,316
Growth yoy	107.3%	59.8%	26.9%	7.0%	9.0%	5.0%
EBITDA	473	489	412	644	794	817
EBIT	426	392	217	296	488	536
Net profit	369	256	127	179	309	340
Net debt (net cash)	-432	-377	163	-203	-655	-1,077
Net debt/EBITDA	-0.9x	-0.8x	0.4x	-0.3x	-0.8x	-1.3x
EPS recurring	2.19	1.48	0.74	1.04	1.80	1.98
DPS	0.00	0.00	0.00	0.00	0.00	0.00
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross profit margin	66.0%	65.9%	65.6%	58.0%	60.0%	60.3%
EBITDA margin	12.6%	8.2%	5.4%	7.9%	8.9%	8.8%
EBIT margin	11.4%	6.5%	2.9%	3.6%	5.5%	5.8%
ROCE	41.2%	27.3%	13.1%	16.0%	22.4%	21.1%
EV/EBITDA	7.3x	7.2x	9.9x	5.7x	4.1x	3.5x
EV/EBIT	8.1x	9.0x	18.7x	12.5x	6.7x	5.3x
PER	10.4x	15.4x	30.7x	21.9x	12.7x	11.5x
FCF yield	14.6%	9.7%	5.4%	6.6%	10.0%	10.0%

Source: Company data, AlsterResearch

Source: Company data, AlsterResearch

High/low 52 weeks	46.92 / 19.21
Price/Book Ratio	4.1x

Ticker / Symbols

ISIN	DE000A161408
WKN	A16140
Bloomberg	HFG:GR

Changes in estimates

		Sales	EBIT	EPS
2023E	old	8,398	306	1.14
	Δ	-3.1%	-3.1%	-8.9%
2024E	old	9,154	503	1.94
	Δ	-3.1%	-3.1%	-7.2%
2025E	old	9,316	536	1.98
	Δ	0.0%	0.0%	0.0%

Key share data

Number of shares: (in m pcs)	171.70
Book value per share: (in €)	5.60
Ø trading volume: (12 months)	800,000

Major shareholders

Baillie Gifford	11.1%
BlackRock	8.9%
Vanguard World Fund	5.1%
Free Float	62.6%

Company description

HelloFresh SE provides online food services, as well as. The company offers pre-portioned ingredients that give subscribers the opportunity to prepare home-cooked meals. The users have choice between different the meals and recipes. The business activities of HelloFresh are divided into two operating segments: the USA, and International segment, which includes operations in Australia, Austria, Belgium, Canada, Germany, the Netherlands, Switzerland and the UK.

AlsterResearch

Quarterly table

P&L data	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Sales	1,108.5	1,442.9	1,555.0	1,415.5	1,580.1	1,915.4	1,957.1	1,860.2
yoy growth in %	116.6%	106.4%	60.4%	45.9%	42.5%	32.7%	25.9%	31.4%
Gross profit	747.1	955.6	1,022.3	925.7	1,043.4	1,254.1	1,464.3	1,215.7
Gross margin in %	67.4%	66.2%	65.7%	65.4%	66.0%	65.5%	74.8%	65.4%
EBITDA	164.8	147.1	154.4	62.9	110.8	71.8	122.1	45.8
EBITDA margin in %	14.9%	10.2%	9.9%	4.4%	7.0%	3.7%	6.2%	2.5%
EBIT	151.6	131.4	129.8	37.4	79.8	39.7	85.7	1.2
EBIT margin in %	13.7%	9.1%	8.3%	2.6%	5.1%	2.1%	4.4%	0.1%
EBT	143.0	138.7	123.0	36.0	86.2	49.3	97.2	15.0
taxes paid	4.3	37.1	39.2	12.9	38.5	22.3	34.7	12.9
tax rate in %	3.0%	26.7%	31.9%	35.8%	44.7%	45.2%	35.7%	86.0%
net profit	138.8	101.6	83.7	23.1	47.6	27.3	62.5	2.1
yoy growth in %	675.4%	155.9%	-27.7%	-68.8%	-65.7%	-73.1%	-25.3%	-90.9%
EPS	**0.91**	**0.59**	**0.48**	**0.13**	**0.27**	**0.16**	**0.36**	**0.02**

Source: Company data, AlsterResearch

AlsterResearch

Investment case in five charts

Key facts

~1bn
meals shipped

~€5.9bn
revenue

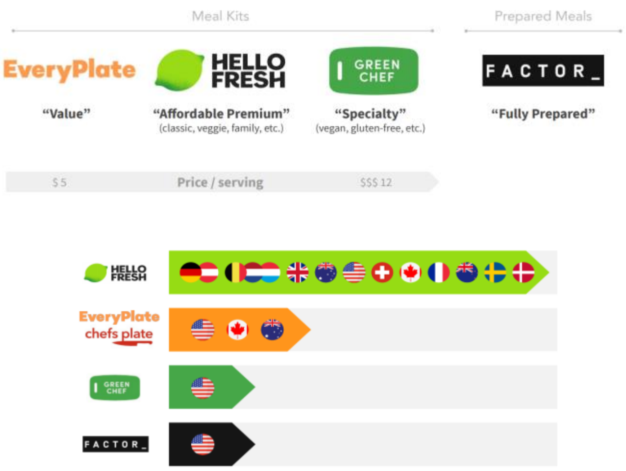
7m
active customers

17k
employees internationally

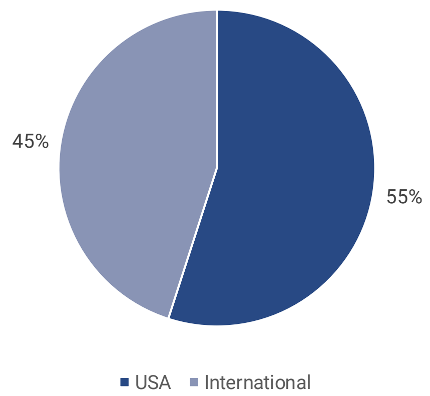
DAX 40
index constituent

Product samples

Hellofresh - brand family and regional activities



Sales by Business segment (in%)



Menu expansion helps to serve a broader range of taste, lifestyle, and dietary preferences

Source: Company data; AlsterResearch

Valuation

DCF Model

The DCF model results in a fair value of EUR 30.19 per share:

Top-line growth: We expect HelloFresh SE to continue benefitting from structural growth. Hence our growth estimates for 2023E-2030E is in the range of 3.9% p.a. The long-term growth rate is set at 2.0%.

EBIT margins: The scalable business model should allow for double-digit EBIT margins, which look defendable given highly competitive quality. Accordingly, we model approx. 9% EBIT margins in the long-term.

WACC: The averaged 1-, 3- and 5-year historical equity beta is calculated as 2.18. Unlevering and correcting for mean reversion yields an asset beta of 1.63. Combined with a risk-free rate of 3.0% and an equity risk premium of 6.0% this yields cost of equity of 13.1%. With pre-tax cost of borrowing at 5.0%, a tax rate of 30% and target debt/equity of 0.1 this results in a long-term WACC of 12.6%.

DCF (EUR m) (except per share data and beta)	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Terminal value
NOPAT	201	332	364	382	392	400	511	521	
Depreciation & amortization	348	306	281	267	260	244	233	226	
Change in working capital	45	61	37	39	20	17	17	17	
Chg. in long-term provisions	2	3	2	2	1	1	1	1	
Capex	-203	-222	-233	-245	-201	-205	-209	-213	
Cash flow	392	480	451	446	473	457	553	553	5,300
Present value	400	436	366	321	304	261	282	251	2,354
WACC	12.3%	12.3%	12.3%	12.3%	12.3%	12.3%	12.3%	12.2%	12.6%

DCF per share derived from	
Total present value	4,977
Mid-year adj. total present value	5,275
Net debt / cash at start of year	163
Financial assets	72
Provisions and off b/s debt	na
Equity value	5,184
No. of shares outstanding	171.7
Discounted cash flow / share	**30.19**
upside/(downside)	**32.8%**
Share price	**22.73**

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2023E-2030E)	3.9%
Terminal value growth (2030E - infinity)	2.0%
Terminal year ROCE	17.5%
Terminal year WACC	12.6%

Terminal WACC derived from	
Cost of borrowing (before taxes)	5.0%
Long-term tax rate	30%
Equity beta	2.18
Unlevered beta (industry or company)	1.63
Target debt / equity	0.1
Relevered beta	1.68
Risk-free rate	3.0%
Equity risk premium	6.0%
Cost of equity	13.1%

Sensitivity analysis DCF

Change in WACC (%-points)	Long term growth 1.0%	1.5%	2.0%	2.5%	3.0%
2.0%	25.0	25.5	25.9	26.4	27.0
1.0%	26.8	27.3	27.9	28.5	29.2
0.0%	28.8	29.5	30.2	31.0	31.9
-1.0%	31.2	32.1	33.0	34.0	35.1
-2.0%	34.2	35.2	36.4	37.8	39.3

Share of present value	
2023E-2026E	30.6%
2027E-2030E	22.1%
terminal value	47.3%

Source: AlsterResearch

FCF Yield Model

Due to the fact that companies rarely bear sufficient resemblance to peers in terms of geographical exposure, size or competitive strength and in order to adjust for the pitfalls of weak long-term visibility, an Adjusted Free Cash Flow analysis (Adjusted FCF) has been conducted.

The adjusted Free Cash Flow Yield results in a fair value between EUR 23.32 per share based on 2023E and 47.58 EUR per share on 2027E estimates.

The main driver of this model is the level of return available to a controlling investor, influenced by the cost of that investors' capital (opportunity costs) and the purchase price – in this case the enterprise value of the company. Here, the adjusted FCF yield is used as a proxy for the required return and is defined as EBITDA less minority interest, taxes and investments required to maintain existing assets (maintenance capex).

FCF yield in EURm	2023E	2024E	2025E	2026E	2027E
EBITDA	**644**	**794**	**817**	**830**	**837**
- Maintenance capex	312	283	267	258	254
- Minorities	-3	-5	-5	-6	-6
- tax expenses	87	150	165	174	178
= Adjusted FCF	**248**	**366**	**391**	**404**	**410**
Actual Market Cap	**3,903**	**3,903**	**3,903**	**3,903**	**3,903**
+ Net debt (cash)	-203	-655	-1,077	-1,493	-1,936
+ Pension provisions	0	0	0	0	0
+ Off b/s financing	0	0	0	0	0
- Financial assets	72	72	72	72	72
- Acc. dividend payments	0	0	0	0	0
EV Reconciliations	-275	-727	-1,150	-1,565	-2,008
= Actual EV'	**3,627**	**3,175**	**2,753**	**2,337**	**1,895**
Adjusted FCF yield	**6.8%**	**11.5%**	**14.2%**	**17.3%**	**21.7%**
base hurdle rate	7.0%	7.0%	7.0%	7.0%	7.0%
ESG adjustment	0.3%	0.3%	0.3%	0.3%	0.3%
adjusted hurdle rate	6.7%	6.7%	6.7%	6.7%	6.7%
Fair EV	**3,729**	**5,500**	**5,867**	**6,065**	**6,161**
- EV Reconciliations	-275	-727	-1,150	-1,565	-2,008
Fair Market Cap	**4,004**	**6,227**	**7,016**	**7,630**	**8,169**
No. of shares (million)	172	172	172	172	172
Fair value per share in EUR	**23.32**	**36.27**	**40.87**	**44.44**	**47.58**
Premium (-) / discount (+)	**2.6%**	**59.6%**	**79.8%**	**95.5%**	**109.3%**

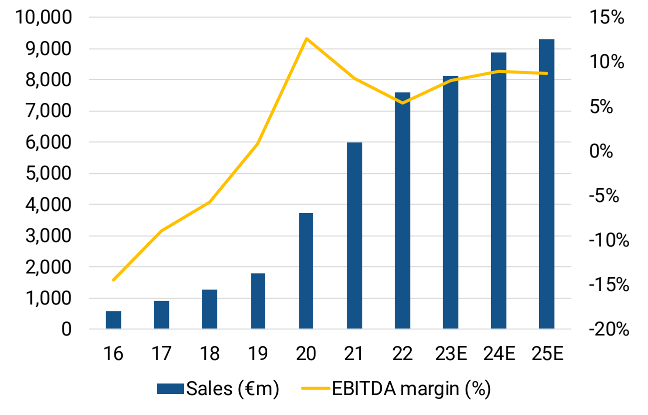
Sensitivity analysis fair value						
	4.7%	33	50	56	60	63
	5.7%	27	42	47	51	54
Adjusted hurdle rate	**6.7%**	**23**	**36**	**41**	**44**	**48**
	7.7%	20	32	36	40	43
	8.7%	18	29	33	36	39

Source: Company data; AlsterResearch

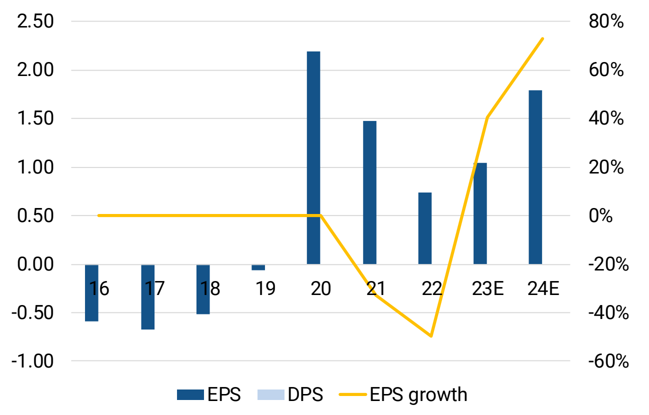
Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 7.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments might be applicable, based on the overall Leeway ESG Score. A high score indicates high awareness for environmental, social or governance issues and thus might lower the overall risk an investment in the company might carry. A low score on the contrary might increase the risk of an investment and might therefore trigger a higher required hurdle rate.**

Financials in six charts

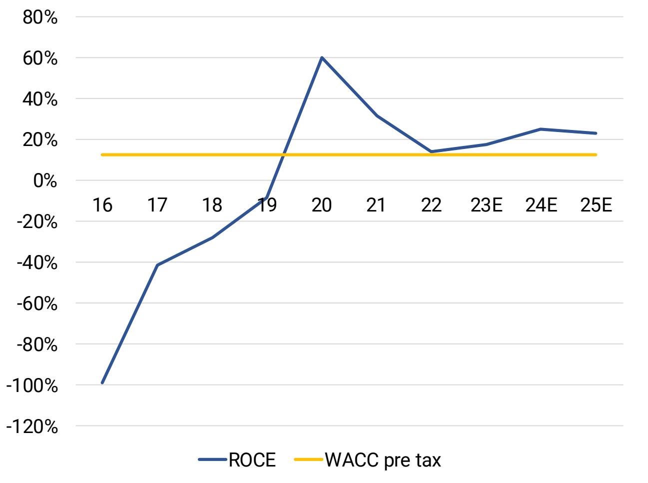
Sales vs. EBITDA margin development



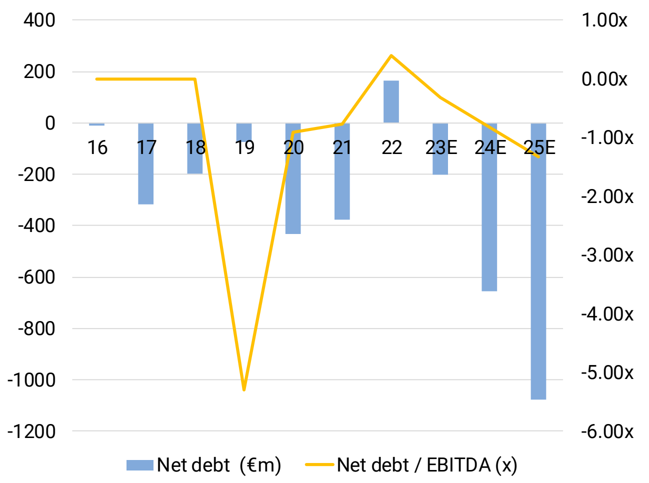
EPS, DPS in EUR & yoy EPS growth



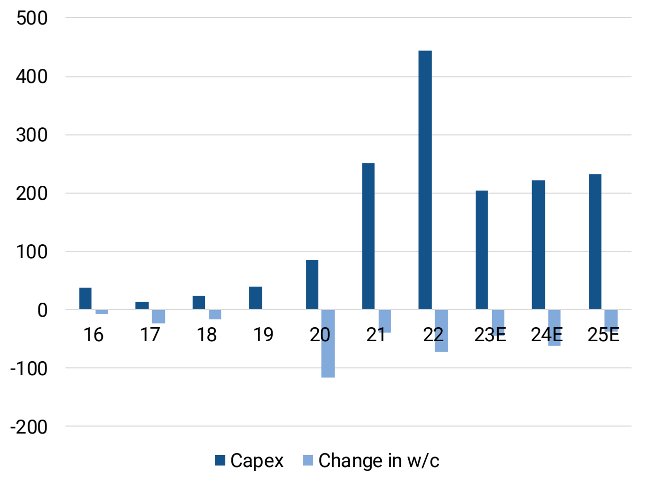
ROCE vs. WACC (pre tax)



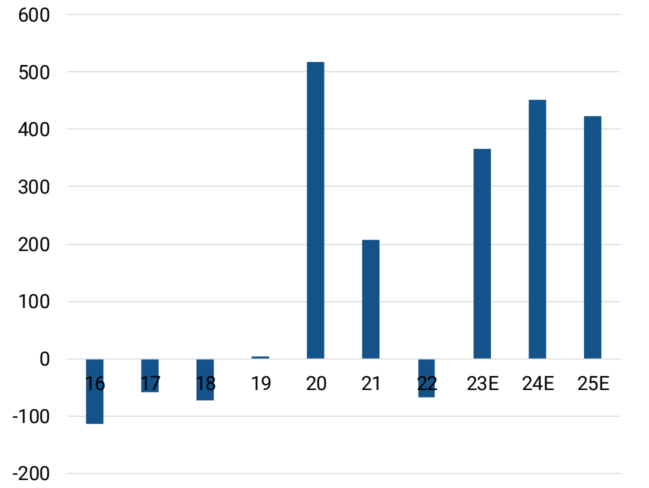
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; AlsterResearch

AlsterResearch

Financials

Profit and loss (EURm)	2020	2021	2022	2023E	2024E	2025E
Sales	**3,750**	**5,993**	**7,607**	**8,140**	**8,872**	**9,316**
Sales growth	107.3%	59.8%	26.9%	7.0%	9.0%	5.0%
Cost of sales	1,277	2,046	2,620	3,419	3,549	3,703
Gross profit	**2,473**	**3,947**	**4,987**	**4,721**	**5,323**	**5,613**
SG&A expenses	2,002	3,462	4,722	4,441	4,853	5,096
Research and development	0	0	0	0	0	0
Other operating expenses (income)	-2	-3	48	-16	-18	-19
EBITDA	**473**	**489**	**412**	**644**	**794**	**817**
Depreciation	43	76	166	312	283	267
EBITA	430	412	247	332	511	550
Amortisation of goodwill and intangible assets	4	20	30	36	23	15
EBIT	**426**	**392**	**217**	**296**	**488**	**536**
Financial result	-30	-8	-17	-34	-35	-35
Recurring pretax income from continuing operations	396	384	200	262	453	500
Extraordinary income/loss	0	0	0	0	0	0
Earnings before taxes	396	384	200	262	453	500
Taxes	27	128	75	87	150	165
Net income from continuing operations	369	256	125	176	304	335
Result from discontinued operations (net of tax)	0	0	0	0	0	0
Net income	**369**	**256**	**125**	**176**	**304**	**335**
Minority interest	-0	-0	2	3	5	5
Net profit (reported)	369	256	127	179	309	340
Average number of shares	168.40	173.50	171.70	171.70	171.70	171.70
EPS reported	**2.19**	**1.48**	**0.74**	**1.04**	**1.80**	**1.98**

Profit and loss (common size)	2020	2021	2022	2023E	2024E	2025E
Sales	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Cost of sales	34%	34%	34%	42%	40%	40%
Gross profit	**66%**	**66%**	**66%**	**58%**	**60%**	**60%**
SG&A expenses	53%	58%	62%	55%	55%	55%
Research and development	0%	0%	0%	0%	0%	0%
Other operating expenses (income)	-0%	-0%	1%	-0%	-0%	-0%
EBITDA	**13%**	**8%**	**5%**	**8%**	**9%**	**9%**
Depreciation	1%	1%	2%	4%	3%	3%
EBITA	11%	7%	3%	4%	6%	6%
Amortisation of goodwill and intangible assets	0%	0%	0%	0%	0%	0%
EBIT	**11%**	**7%**	**3%**	**4%**	**5%**	**6%**
Financial result	-1%	-0%	-0%	-0%	-0%	-0%
Recurring pretax income from continuing operations	11%	6%	3%	3%	5%	5%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	11%	6%	3%	3%	5%	5%
Taxes	1%	2%	1%	1%	2%	2%
Net income from continuing operations	10%	4%	2%	2%	3%	4%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	**10%**	**4%**	**2%**	**2%**	**3%**	**4%**
Minority interest	-0%	-0%	0%	0%	0%	0%
Net profit (reported)	**10%**	**4%**	**2%**	**2%**	**3%**	**4%**

Source: Company data; AlsterResearch

Balance sheet (EURm)	2020	2021	2022	2023E	2024E	2025E
Intangible assets (exl. Goodwill)	**58**	**83**	**100**	**64**	**41**	**27**
Goodwill	207	274	285	285	285	285
Property, plant and equipment	263	619	1,166	1,057	996	963
Financial assets	76	80	72	72	72	72
FIXED ASSETS	**604**	**1,056**	**1,623**	**1,479**	**1,395**	**1,346**
Inventories	114	220	267	285	311	327
Accounts receivable	29	21	21	22	24	26
Other current assets	20	29	108	108	108	108
Liquid assets	736	838	504	890	1,362	1,805
Deferred taxes	0	0	0	0	0	0
Deferred charges and prepaid expenses	24	44	12	13	14	15
CURRENT ASSETS	**922**	**1,153**	**912**	**1,319**	**1,820**	**2,280**
TOTAL ASSETS	**1,526**	**2,209**	**2,535**	**2,798**	**3,215**	**3,626**
SHAREHOLDERS EQUITY	**656**	**896**	**962**	**1,137**	**1,441**	**1,776**
MINORITY INTEREST	-0	1	-2	-2	-2	-2
Long-term debt	275	412	578	593	608	623
Provisions for pensions and similar obligations	0	0	0	0	0	0
Other provisions	75	75	28	29	32	34
Non-current liabilities	**350**	**487**	**605**	**622**	**640**	**656**
short-term liabilities to banks	28	50	90	95	100	105
Accounts payable	292	441	558	597	650	683
Advance payments received on orders	76	211	211	226	246	258
Other liabilities (incl. from lease and rental contracts)	72	109	169	181	197	207
Deferred taxes	6	16	4	4	4	4
Deferred income	46	-1	0	0	0	0
Current liabilities	**520**	**825**	**1,031**	**1,102**	**1,197**	**1,257**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**1,526**	**2,209**	**2,596**	**2,859**	**3,276**	**3,687**

Balance sheet (common size)	2020	2021	2022	2023E	2024E	2025E
Intangible assets (excl. Goodwill)	**4%**	**4%**	**4%**	**2%**	**1%**	**1%**
Goodwill	14%	12%	11%	10%	9%	8%
Property, plant and equipment	17%	28%	46%	38%	31%	27%
Financial assets	5%	4%	3%	3%	2%	2%
FIXED ASSETS	**40%**	**48%**	**64%**	**53%**	**43%**	**37%**
Inventories	7%	10%	11%	10%	10%	9%
Accounts receivable	2%	1%	1%	1%	1%	1%
Other current assets	1%	1%	4%	4%	3%	3%
Liquid assets	48%	38%	20%	32%	42%	50%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	2%	2%	0%	0%	0%	0%
CURRENT ASSETS	**60%**	**52%**	**36%**	**47%**	**57%**	**63%**
TOTAL ASSETS	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
SHAREHOLDERS EQUITY	**43%**	**41%**	**38%**	**41%**	**45%**	**49%**
MINORITY INTEREST	-0%	0%	-0%	-0%	-0%	-0%
Long-term debt	18%	19%	23%	21%	19%	17%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	5%	3%	1%	1%	1%	1%
Non-current liabilities	**23%**	**22%**	**24%**	**22%**	**20%**	**18%**
short-term liabilities to banks	2%	2%	4%	3%	3%	3%
Accounts payable	19%	20%	22%	21%	20%	19%
Advance payments received on orders	5%	10%	8%	8%	8%	7%
Other liabilities (incl. from lease and rental contracts)	5%	5%	7%	6%	6%	6%
Deferred taxes	0%	1%	0%	0%	0%	0%
Deferred income	3%	-0%	0%	0%	0%	0%
Current liabilities	**34%**	**37%**	**41%**	**39%**	**37%**	**35%**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**100%**	**100%**	**102%**	**102%**	**102%**	**102%**

Source: Company data; AlsterResearch

Cash flow statement (EURm)	2020	2021	2022	2023E	2024E	2025E
Net profit/loss	369	256	125	176	304	335
Depreciation of fixed assets (incl. leases)	43	76	166	312	283	267
Amortisation of goodwill	0	0	0	0	0	0
Amortisation of intangible assets	4	20	30	36	23	15
Others	70	67	-17	2	3	2
Cash flow from operations before changes in w/c	486	420	303	525	612	618
Increase/decrease in inventory	-74	-91	-46	-19	-26	-16
Increase/decrease in accounts receivable	-21	13	0	-1	-2	-1
Increase/decrease in accounts payable	155	115	117	39	54	33
Increase/decrease in other w/c positions	55	1	1	26	35	21
Increase/decrease in working capital	115	38	72	45	61	37
Cash flow from operating activities	**602**	**459**	**376**	**570**	**674**	**655**
CAPEX	-85	-252	-443	-203	-222	-233
Payments for acquisitions	-128	-74	0	0	0	0
Financial investments	2	4	-1	0	0	0
Income from asset disposals	0	0	0	0	0	0
Cash flow from investing activities	**-211**	**-322**	**-444**	**-203**	**-222**	**-233**
Cash flow before financing	391	137	-68	366	452	422
Increase/decrease in debt position	154	-27	-61	20	20	20
Purchase of own shares	-4	-41	-141	0	0	0
Capital measures	14	5	0	0	0	0
Dividends paid	0	0	0	0	0	0
Others	0	1	-2	0	0	0
Effects of exchange rate changes on cash	-19	24	12	0	0	0
Cash flow from financing activities	**144**	**-39**	**-193**	**20**	**20**	**20**
Increase/decrease in liquid assets	535	98	-261	386	472	442
Liquid assets at end of period	**729**	**827**	**566**	**952**	**1,424**	**1,867**

Source: Company data; AlsterResearch

Regional sales split (EURm)	2020	2021	2022	2023E	2024E	2025E
Domestic	0	0	0	0	0	0
Europe (ex domestic)	0	0	0	0	0	0
The Americas	2,080	3,294	4,520	4,884	5,323	5,590
Asia	0	0	0	0	0	0
Rest of World	1,669	2,699	3,087	3,256	3,549	3,726
Total sales	**3,750**	**5,993**	**7,607**	**8,140**	**8,872**	**9,316**

Regional sales split (common size)	2020	2021	2022	2023E	2024E	2025E
Domestic	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Europe (ex domestic)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
The Americas	55.5%	55.0%	59.4%	60.0%	60.0%	60.0%
Asia	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rest of World	44.5%	45.0%	40.6%	40.0%	40.0%	40.0%
Total sales	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Company data; AlsterResearch

Ratios	2020	2021	2022	2023E	2024E	2025E
Per share data						
Earnings per share reported	2.19	1.48	0.74	1.04	1.80	1.98
Cash flow per share	3.32	2.20	1.22	1.50	2.28	2.26
Book value per share	3.90	5.16	5.60	6.62	8.39	10.34
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
Valuation						
P/E	10.4x	15.4x	30.7x	21.9x	12.7x	11.5x
P/CF	6.9x	10.3x	18.6x	15.1x	10.0x	10.0x
P/BV	5.8x	4.4x	4.1x	3.4x	2.7x	2.2x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	14.6%	9.7%	5.4%	6.6%	10.0%	10.0%
EV/Sales	0.9x	0.6x	0.5x	0.5x	0.4x	0.3x
EV/EBITDA	7.3x	7.2x	9.9x	5.7x	4.1x	3.5x
EV/EBIT	8.1x	9.0x	18.7x	12.5x	6.7x	5.3x
Income statement (EURm)						
Sales	3,750	5,993	7,607	8,140	8,872	9,316
yoy chg in %	107.3%	59.8%	26.9%	7.0%	9.0%	5.0%
Gross profit	2,473	3,947	4,987	4,721	5,323	5,613
Gross margin in %	66.0%	65.9%	65.6%	58.0%	60.0%	60.3%
EBITDA	473	489	412	644	794	817
EBITDA margin in %	12.6%	8.2%	5.4%	7.9%	8.9%	8.8%
EBIT	426	392	217	296	488	536
EBIT margin in %	11.4%	6.5%	2.9%	3.6%	5.5%	5.8%
Net profit	369	256	127	179	309	340
Cash flow statement (EURm)						
CF from operations	602	459	376	570	674	655
Capex	-85	-252	-443	-203	-222	-233
Maintenance Capex	43	76	166	312	283	267
Free cash flow	517	207	-68	366	452	422
Balance sheet (EURm)						
Intangible assets	265	357	385	349	326	311
Tangible assets	263	619	1,166	1,057	996	963
Shareholders' equity	656	896	962	1,137	1,441	1,776
Pension provisions	0	0	0	0	0	0
Liabilities and provisions	378	536	695	717	739	761
Net financial debt	-432	-377	163	-203	-655	-1,077
w/c requirements	-225	-410	-481	-515	-561	-589
Ratios						
ROE	56.2%	28.6%	13.0%	15.4%	21.1%	18.9%
ROCE	41.2%	27.3%	13.1%	16.0%	22.4%	21.1%
Net gearing	-65.9%	-42.1%	17.0%	-17.9%	-45.4%	-60.6%
Net debt / EBITDA	-0.9x	-0.8x	0.4x	-0.3x	-0.8x	-1.3x

Source: Company data; AlsterResearch

AlsterResearch

Conflict of interests

Disclosures regarding research publications of SRH AlsterResearch AG pursuant to section 85 of the German Securities Trading Act (WpHG) and distributed in the UK under an EEA branch passport, subject to the FCA requirements on research recommendation disclosures It is essential that any research recommendation is fairly presented and discloses interests of indicates relevant conflicts of interest. Pursuant to section 85 of the German Securities Trading Act (WpHG) a research report has to point out possible conflicts of interest in connection with the analyzed company. Further to this, under the FCA's rules on research recommendations, any conflicts of interest in connection with the recommendation must be disclosed. A conflict of interest is presumed to exist in particular if SRH AlsterResearch AG

(1) or its affiliate(s) (either in its own right or as part of a consortium) within the past twelve months, acquired the financial instruments of the analyzed company,

(2) has entered into an agreement on the production of the research report with the analyzed company,

(3) or its affiliate(s) has, within the past twelve months, been party to an agreement on the provision of investment banking services with the analyzed company or have received services or a promise of services under the term of such an agreement,

(4) or its affiliate(s) holds a) 5% or more of the share capital of the analyzed company, or b) the analyzed company holds 5% or more of the share capital of SRH AlsterResearch AG or its affiliate(s),

(5) or its affiliate(s) holds a net long (a) or a net short (b) position of 0.5% of the outstanding share capital of the analyzed company or derivatives thereof,

(6) or its affiliate(s) is a market maker or liquidity provider in the financial instruments of the issuer,

(7) or the analyst has any other significant financial interests relating to the analyzed company such as, for example, exercising mandates in the interest of the analyzed company or a significant conflict of interest with respect to the issuer,

(8) The research report has been made available to the company prior to its publication. Thereafter, only factual changes have been made to the report.

Conflicts of interest that existed at the time when this research report was published:

Company	Disclosure
HelloFresh SE	

Important disclosures

1. General Information/Liabilities This research report has been produced for the information purposes of institutional investors only, and is not in any way a personal recommendation, offer or solicitation to buy or sell the financial instruments mentioned herein. The document is confidential and is made available by SRH AlsterResearch AG, exclusively to selected recipients [in DE, GB, FR, CH, US, UK, Scandinavia, and Benelux or, in individual cases, also in other countries]. A distribution to private investors in the sense of the German Securities Trading Act (WpHG) is excluded. It is not allowed to pass the research report on to persons other than the intended recipient without the permission of SRH AlsterResearch AG. Reproduction of this document, in whole or in part, is not permitted without prior permission SRH AlsterResearch AG. All rights reserved. Under no circumstances shall SRH AlsterResearch AG, any of its employees involved in the preparation, have any liability for possible errors or incompleteness of the information included in this research report – neither in relation to indirect or direct nor consequential damages. Liability for damages arising either directly or as a consequence of the use of information, opinions and estimates is also excluded. Past performance of a financial instrument is not necessarily indicative of future performance.

2. Responsibilities This research report was prepared by the research analyst named on the front page (the "Producer"). The Producer is solely responsible for the views and estimates expressed in this report. The report has been prepared independently. The content of the research report was not influenced by the issuer of the analyzed financial instrument at any time. It may be possible that parts of the research report were handed out to the issuer for information purposes prior to the publication without any major amendments being made thereafter.

3. Organizational Requirements SRH AlsterResearch AG took internal organizational and regulative precautions to avoid or accordingly disclose possible conflicts of interest in connection with the preparation and distribution of the research report. All members of AlsterResearch AG involved in the preparation of the research report are subject to internal compliance regulations. No part of the Producer's compensation is directly or indirectly related to the preparation of this financial analysis. In case a research analyst or a closely related person is confronted with a conflict of interest, the research analyst is restricted from covering this company.

4. Information Concerning the Methods of Valuation/Update The determination of the fair value per share, i.e. the price target, and the resultant rating is done on the basis of the adjusted free cash flow (adj. FCF) method and on the basis of the discounted cash flow – DCF model. Furthermore, a peer group comparison is made. The adj. FCF method is based on the assumption that investors purchase assets only at a price (enterprise value) at which the operating cash flow return after taxes on this investment exceeds their opportunity costs in the form of a hurdle rate. The operating cash flow is calculated as EBITDA less maintenance capex and taxes. Within the framework of the DCF approach, the future free cash flows are calculated initially on the basis of a fictitious capital structure of 100% equity, i.e. interest and repayments on debt capital are not factored in initially. The adjustment towards the actual capital structure is done by discounting the calculated free cash flows with the weighted average cost of capital (WACC), which takes into account both the cost of equity capital and the cost of debt. After discounting, the calculated total enterprise value is reduced by the interest-bearing debt capital in order to arrive at the equity value. Detailed information on the valuation principles and methods used and the underlying assumptions can be found at https://www.alsterresearch.com.

SRH AlsterResearch AG uses the following three-step rating system for the analyzed companies:

- **Speculative (Spec.) BUY:** Sustainable upside potential of more than 25% within 12 months, above average risk
- **BUY**: Sustainable upside potential of more than 10% within 12 months
- **SELL**: Sustainable downside potential of more than 10% within 12 months.
- **HOLD**: Upside/downside potential is limited. No immediate catalyst visible.

NB: The ratings of SRH AlsterResearch AG are not based on a performance that is expected to be "relative" to the market.

The decision on the choice of the financial instruments analyzed in this document was solely made by SRH AlsterResearch AG. The opinions and estimates in this research report are subject to change without notice. It is within the discretion of SRH AlsterResearch AG whether and when it publishes an update to this research report, but in general updates are created on a regular basis, after 6 months at the latest. A sensitivity analysis is included and published in company's initial studies.

5. Date and time of first publication of this financial analysis
7-Mar-23 14:44:38

6. Risk information
- Stock exchange investments and investments in companies (shares) are always speculative and involve the risk of total loss.
- This is particularly true in respect of investments in companies which are not established and/or small and have no established business or corporate assets.
- Share prices may fluctuate significantly. This is particularly true for shares with low liquidity (market breadth). Even small orders can have a significant impact on the share price.
- In the case of shares in narrow markets, it may also happen that there is no or very little actual trading there and that published prices are not based on actual trading but have only been provided by a stockbroker.
- In such markets a shareholder cannot expect to find a buyer for his shares at all and/or at reasonable prices. In such narrow markets there is a very high possibility of manipulating prices and in such markets there are often considerable price fluctuations.
- An investment in shares with low liquidity and low market capitalization is therefore highly speculative and represents a very high risk.
- There is no regulated market for unlisted shares and securities and a sale is not possible or only possible on an individual basis.

7. Major Sources of Information Part of the information required for this research report was made available by the issuer of the financial instrument. Furthermore, this report is based on publicly available sources (such as, for example, Bloomberg, Reuters, VWD-Trader and the relevant daily press) believed to be reliable. SRH AlsterResearch AG has checked the information for plausibility but not for accuracy or completeness.

8. Competent Supervisory Authority SRH AlsterResearch AG are under supervision of the BaFin – German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), Graurheindorfer Straße 108, 53117 Bonn and Marie-Curie-Straße 24 – 28, 60439 Frankfurt a.M. This document is distributed in the UK under a MiFID EEA branch passport and in compliance with the applicable FCA requirements.

9. Specific Comments for Recipients Outside of Germany This research report is subject to the law of the Federal Republic of Germany. The distribution of this information to other states in particular to the USA, Canada, Australia and Japan may be restricted or prohibited by the laws applicable within this state.

10. Miscellaneous According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published free of charge under https://www.alsterresearch.com.

AlsterResearch

Contacts

SRH AlsterResearch AG
Himmelstr. 9
22299 Hamburg

Tel: +49 40 309 293-52
E-Mail: info@alsterresearch.com

Sales

MARKUS KÖNIG-WEISS
Head of Sales
Tel: +49 40 309 293-52
E-Mail: mkw@alsterresearch.com

Team Assistant

HANNAH GABERT
Team Assistant
Tel: +49 40 309 293-52
E-Mail: h.gabert@alsterresearch.com

Research

HARALD HOF
Senior Analyst
Tel: +49 40 309 293-53
E-Mail: h.hof@alsterresearch.com

LEVENT YILMAZ
Senior Analyst
Tel: +49 40 309 293-52
E-Mail: l.yilmaz@alsterresearch.com

KATHARINA SCHLÖTER
Analyst
Tel: +49 40 309 293-52
E-Mail: k.schloeter@alsterresearch.com

THOMAS WISSLER
Senior Analyst
Tel: +49 40 309 293-58
E-Mail: t.wissler@alsterresearch.com

DR. OLIVER WOJAHN, CFA
Senior Analyst
Tel: +49 40 309 293-55
E-Mail: o.wojahn@alsterresearch.com

ALEXANDER ZIENKOWICZ
Senior Analyst
Tel: +49 40 309 293-56
E-Mail: a.zienkowicz@alsterresearch.com

mwb fairtrade Wertpapierhandelsbank AG
Rottenbucher Straße 28
82166 Gräfelfing

Tel: +49 89 85852-0
Fax: +49 89 85852-505
E-Mail: info@mwbfairtrade.com

Equity Capital Markets / Trading

KAI JORDAN
Member of the Board
Tel: +49 40 36 0995-22
E-Mail: kjordan@mwbfairtrade.com

ALEXANDER DEUSS
Head of Institutional Sales
Tel: +49 40 36 0995- 22
E-Mail: adeuss@mwbfairtrade.com

SASCHA GUENON
Head of Designated Sponsoring
Tel: +49 40 360 995 - 23
E-Mail: sguenon@mwbfairtrade.com

Our research can be found under

ResearchHub

RESEARCH HUB	www.research-hub.de
BLOOMBERG	www.bloomberg.com
FACTSET	www.factset.com
THOMSON REUTERS / REFINITIV	www.refinitiv.com
CAPITALIQ	www.capitaliq.com