



# Beyond Meat Stock Report

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Company: Daizika LLC

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## Beyond Meat Stock Report

### Executive Summary

Our valuation model for Beyond Meat (Nasdaq: BYND) estimates a 1 year target price of \$134 (Dec 2020).

Last stock price (Jan 10 <sup>th</sup> 2020)	1 year target (Dec 31 <sup>st</sup> 2020)	Consider Sell
\$96.07	\$134.00	\$140.00

Due to limited history of the stock financials, we need to closely watch the Q4 2019 results, and lookout if the company lessens or widens its loss in the Year 2019.

### Valuation

We think the stock will perform as expected and hence “Hold” rating on the stock. Our models forecasts the following prices for the stock

Method	1 year expected price (Dec 2020)		
	Low	Average	High
% Sales Method	\$ 131	\$ 134	\$ 137
RIM Model		\$ 57	
P/E Model		\$ 169	

Table: Beyond Meat stock price forecast

The stock beta is 0.77 meaning it is less volatile than the S&P 500 Index, and a compound return of 0.42% as of Jan 10<sup>th</sup> 2020. The company reported a net loss of ~12Million in the period ending Sept 2019.

## Beyond Meat Stock Report



Fig: Beyond Meat stock forecast for next four quarters

## Business Summary

Beyond Meat, Inc., a Delaware corporation (the "Company"), is one of the fastest growing food companies in the United States, offering a portfolio of revolutionary plant-based meats. The Company builds meat directly from plants, an innovation that enables consumers to experience the taste, texture and other sensory attributes of popular animal-based meat products while enjoying the nutritional and environmental benefits of eating the Company's plant-based meat products. The Company's brand commitment, "Eat What You Love," represents a strong belief that by eating the Company's plant-based meats, consumers can enjoy more, not less, of their favorite meals, and by doing so, help address concerns related to human health, climate change, resource conservation and animal welfare.

The Company's primary production facilities are located in Columbia, Missouri, and research and development and administrative offices are located in El Segundo, California. In addition to its own production facilities, the Company uses co-manufacturers in various locations in the United States to manufacture its products. In May 2019, the Company partnered with one of its distributors to co-manufacture the Company's products at a new manufacturing facility being constructed by this distributor in the Netherlands for estimated completion in 2020.

The Company sells to a variety of customers in the retail and foodservice channels throughout the United States and internationally through brokers and distributors. All of the Company's long-lived assets are located in the United States.

## Initial Public Offering

On May 6, 2019, the Company completed its initial public offering (“IPO”) of common stock, in which it sold 11,068,750 shares, including 1,443,750 shares pursuant to the underwriters’ over-allotment option. The shares began trading on the Nasdaq Global Select Market on May 2, 2019. The shares were sold at an IPO price of \$25.00 per share for net proceeds of approximately \$252.4 million, after deducting underwriting discounts and commissions of \$19.4 million and offering expenses of approximately \$4.9 million payable by the Company. Upon the closing of the IPO, all outstanding shares of the Company’s convertible preferred stock automatically converted into 41,562,111 shares of common stock on a one-for-one basis, and warrants exercisable for convertible preferred stock were automatically converted into warrants exercisable for a total of 160,767 shares of common stock.

## Secondary Public Offering

On August 5, 2019, the Company completed a secondary public offering (“Secondary Offering”) of common stock, in which it sold 250,000 shares and the selling stockholders sold 3,487,500 shares, including 487,500 shares pursuant to the underwriters’ over-allotment option. The shares were sold at a price of \$160.00 per share for net proceeds to the Company of approximately \$37.5 million, after deducting underwriting discounts and commissions of \$1.5 million and offering expenses of approximately \$1.0 million payable by the Company. The Company did not receive any proceeds from the sale of common stock by the selling stockholders..

Ticker	BYND
Exchange	NASDAQ
Sector/Industry	Consumer Defensive/Packaged Foods
Revenue	\$ 199.42 Million <sup>1</sup>
Net Income Loss	\$ (11.99) Million <sup>1</sup>
Earnings per share	\$ (0.33) <sup>1</sup>
Cash flow per share	\$ (0.195) <sup>2</sup>
Shares outstanding	61.52 Million
Return on Equity	-3.18% <sup>2</sup>
Last price	\$96.07 <sup>3</sup>
Market Capitalization	\$5.78 Billion <sup>3</sup>

1 as reported for 9 month period Jan 2019 - Sept 2019

2 for period Jan 2019 - Sept 2019

3 as of Jan 10 2020 close price

## Beyond Meat Stock Report

# Fundamental Analysis

Beyond Meat Inc. Revenue grew by 46% in Q3 of 2019 to \$91.96Million, the expenses grew at almost the same rate, the net income loss of \$4 Million. The company was able to reduce the long-term liabilities by 12% to \$21.82 Million in the same time period.

Item	Starting Jan 2019		
	Period ending Mar 2019	Period ending Jun 2019	Period ending Sept 2019
Revenue	\$ 40,206,000	\$ 107,457,000	\$ 199,418,000
Cost of goods and services sold	\$ 29,435,000	\$ 73,945,000	\$ 133,123,000
Gross Profit	\$ 10,771,000	\$ 33,512,000	\$ 66,295,000
Operating Income Loss	\$ 5,298,000	\$ (3,131,000)	\$ 438,000
Net Income Loss	\$ 6,649,000	\$ (16,090,000)	\$ (11,991,000)
Earnings Per Share		\$ (0.69)	\$ (0.33)
Cash and Cash Equivalent	\$ 35,409,000	\$ 276,987,000	\$ 312,451,000
Total Current Assets	\$ 92,409,000	\$ 361,796,000	\$ 418,945,000
Total Assets	\$ 125,157,000	\$ 397,061,000	\$ 454,841,000
Total Current Liabilities	\$ 21,942,000	\$ 40,403,000	\$ 56,192,000
Total Liabilities	\$ 30,853,000	\$ 24,873,000	\$ 21,821,000
Operating cash flow	\$ (13,280,000)	\$ (22,366,000)	\$ (18,339,000)

## Beyond Meat Stock Report

Shares Outstanding	N/A	\$ 60,178,252	\$ 61,521,912
Shareholder Equity	N/A	\$ 331,785,000	\$ 376,828,000
Gross Margin		31.19%	33.24%
Operating Margin		-2.91%	0.22%
Return on Asset (ROA)		-4.05%	-2.64%
Return on Equity (ROE)		-4.85%	-3.18%
Book value per share (BVPS)		\$ 5.51	\$ 6.13
Earnings per share (EPS)		\$ (0.27)	\$ (0.19)
Cash flow per share (CFPS)		\$ (0.37)	\$ (0.30)
P/E Ratio	N/A	-1452.929918	-555.854059
P/B Ratio	N/A	-75.960709	26.956287
P/CFPS Ratio	N/A	-727.449625	-399.878915

## Comparative Analysis

Our natural language processing model provided the below list of companies as comparables for Beyond Meat Inc stock.

Ticker	Name	Exchange	Sector	Industry
CAG	Conagra Brands Inc	NYSE	Consumer Defensive	Packaged Foods
TSN	Tyson Foods Inc	NYSE	Consumer Defensive	Farm Products
GRUB	GrubHub Inc	NYSE	Technology	Internet Content & Information

## Beyond Meat Stock Report

MKC	Mccormick & Co Inc	NYSE	Consumer Defensive	Packaged Foods
KHC	Kraft Heinz Co	NASDAQ	Consumer Defensive	Packaged Foods
GIS	General Mills Inc	NYSE	Consumer Defensive	Packaged Foods

The comparables companies average QoQ growth is shown below:

- 1) The average 2019 Q4 growth is ~14% amongst the comparables
- 2) Beyond Meat provided a full year 2019 revenue guidance in the range of 265Million - 275 Million in their [2019 Q3 earnings call](#)

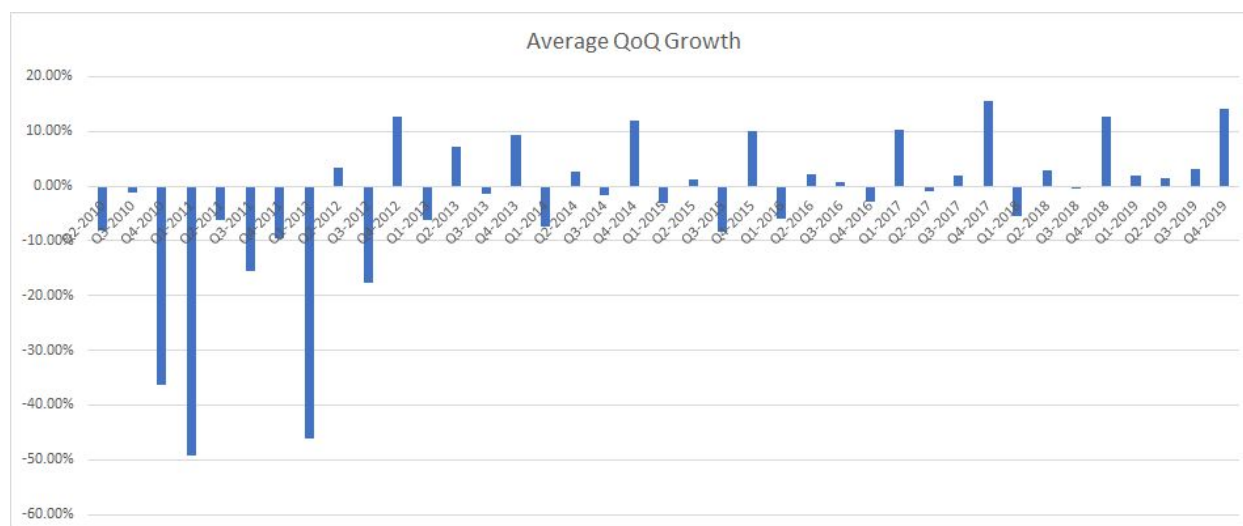


Fig: Beyond Meat comparables average QoQ growth

Based on the comparables, the projected growth forecasts for Beyond Meat is summarized below

Item	Actuals		Forecasts (Dec 2019 Stock Price is actual)				
	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20
Book value per share (BVPS)	\$ 5.51	\$ 6.13	\$ 6.58	\$ 6.56	\$ 6.55	\$ 6.59	\$ 7.32
Earnings per share (EPS)	\$ (0.27)	\$ (0.19)	\$ (0.22)	\$ (0.22)	\$ (0.22)	\$ (0.22)	\$ (0.24)
Cash flow per share (CFPS)	\$ (0.37)	\$ (0.30)	\$ (0.33)	\$ (0.27)	\$ (0.21)	\$ (0.17)	\$ (0.14)
Stock Price	\$ 160.68	\$ 148.62	\$ 75.60	\$ 120.10	\$ 119.82	\$ 120.72	\$ 136.59

Table: Beyond Meat stock forecast based on Percentage of Sales approach

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