

ETALON CAPITAL

IPO MONITOR

9 November, 2020

Table of Contents

MINISO Group Holdings Limited

Pactiv Evergreen Inc

StepStone Group Inc

Leslie's Inc

Academy Sports and Outdoors Inc

McAfee Corp

Mr D.I.Y. Group (Malaysia)

SCG Packaging (Thailand)

MINISO Group Holdings Limited

Interesting, almost exceptional story in the retail space but valuation stretched

Company Profile: MINISO is a fast-growing global value retailer offering a variety of design-led lifestyle products. Within seven years since company opened its first store in China in 2013, it had built its flagship brand “MINISO” as a globally recognized retail brand and established a massive store network worldwide. As of June 30, 2020, company served consumers primarily through its network of over 4,200 MINISO stores, of which company directly operated 129, including over 2,500 MINISO stores in China and over 1,680 MINISO stores across over 80 countries and regions in the rest of the world. Company revenue reached RMB9.0 billion (US\$1.3 billion) in the fiscal year ended June 30, 2020. The aggregate GMV of products sold through company's network reached RMB19.0 billion (US\$2.7 billion) in 2019, making it the largest global branded variety retailer of lifestyle products, according to the Frost & Sullivan Report.

Company Data		Key Financials		
		FY 6/19A	FY 6/20A	
IPO Price	20.00	Revenue	1,342	1,271
Market Price	20.45	EBITDA	175	139
Performance	2.3%	CFO	155	117
Shares Out	304	CapEx	(17)	(9)
Market Cap	6,217	FCF	173	126
Net Debt	680	P/S	4.6	4.9
EV	5,537	EV/EBITDA	31.6	39.9

Investment Overview:

Contact us for subscription in order to receive timely trade ideas on event-driven/value equities

Catalysts and Risks:

Valuation:

Pactiv Evergreen Inc

Leveraged equity, large exposure to food service, limited free cash flow in sight

Company Profile: Pactiv Evergreen is the largest manufacturer and distributor of fresh foodservice and food merchandising products and fresh beverage cartons in North America (as measured by revenue). Company produces a broad range of on-trend and feature rich products that protect, package and display fresh food and beverages for consumers who want to eat or drink fresh, prepared or ready-to-eat food and beverages conveniently and with confidence. Consumers use its products every day in restaurants, coffee shops, supermarkets, grocery stores and their homes and company estimates that its products are used by people in the United States approximately 5 billion times per week. Products range from food containers, plates and bowls, hot and cold cups, lids, wraps and cutlery to meat and poultry trays, egg cartons and reclosable fresh beverage cartons.

Company Data		Key Financials		
		FY 19A	FY 20E	
IPO Price	14.00	Revenue	5,191	4,638
Market Price	13.90	Adj EBITDA	691	544
Performance	-0.7%	Interest expenses	(245)	(269)
Shares Out	175	CapEx	(307)	(258)
Market Cap	2,439	P/S	0.5	0.5
Net Debt	(3,527)	EV/EBITDA	8.6	11.0
EV	5,966			

Investment Overview:

Contact us for subscription in order to receive timely trade ideas on event-driven/value equities

Catalysts and Risks:

Valuation:

StepStone Group Inc

As recent wave of SPACs had shown, decline in investable opportunities in the public markets makes private markets platform such as StepStone an interesting area

Company Profile: StepStone is a global private markets investment firm focused on providing customized investment solutions and advisory and data services. Company partners with its clients to develop and build private markets portfolios designed to meet their specific objectives across the private equity, infrastructure, private debt and real estate asset classes. These portfolios utilize several types of synergistic investment strategies with third-party fund managers, including commitments to funds (“primaries”), acquiring stakes in existing funds on the secondary market (“secondaries”) and investing directly into companies (“co-investments”). As of June 30, 2020, StepStone oversaw \$292 bil of private markets allocations, including \$66 bil of assets under management (“AUM”) and \$226 bil of assets under advisement (“AUA”).

Company Data		Key Financials			
		FY 3/18A	FY 3/19A	FY 3/20A	
IPO Price	18.00	Revenue	264	256	447
Market Price	27.68	Oper Income	82	66	151
Performance	53.8%	Net Income	81	54	132
Shares Out	95	P/E	32.2	48.4	19.9
Market Cap	2,625	FEAUM (bil)	22	32	41
Net Debt (adjusted)	299	AUM (bil)	40	53	67
EV	2,326	AUA (bil)	130	155	226

Investment Overview:

Contact us for subscription in order to receive timely trade ideas on event-driven/value equities

Catalysts and Risks:

Valuation:

Leslie's Inc

Timely IPO given Pool Corp valuation, but seems overheated

Company Profile: Leslie's is the largest and most trusted direct-to-consumer brand in the nearly \$11 billion United States pool and spa care industry, serving residential, professional, and commercial consumers. Founded in 1963, company is the only direct-to-consumer pool and spa care brand with national scale, operating an integrated marketing and distribution ecosystem powered by a physical network of 934 branded locations and a digital platform. Company commands a market-leading share of nearly 15% of residential aftermarket product spend. Company offers an assortment of professional-grade products, the majority of which are exclusive to Leslie's, as well as certified installation and repair services, all of which are essential to the ongoing maintenance of pools and spas.

Company Data	
IPO Price	17.00
Market Price	24.86
Performance	46.2%
Shares Out	187
Market Cap	4,639
Net Debt	(591)
EV	5,230

Key Financials	FY 9/18A	FY 9/19A	FY 9/20E
Revenue	893	928	1,110
Adj. EBITDA	152	160	184
CFO	43	58	115
CapEx	(40)	(37)	(29)
FCF	3	21	105
P/S	5.2	5.0	4.2
EV/EBITDA	34.5	32.7	28.4

Investment Overview:

Contact us for subscription in order to receive timely trade ideas on event-driven/value equities

Catalysts and Risks:

Valuation:

Academy Sports and Outdoors

Less attractive than at IPO price, but upside still exists

Company Profile: ASO is a leading full-line sporting goods and outdoor recreation retailer. Company serves its customers through omnichannel platform and highly productive stores, with net sales of \$4.8 bil in 2019 and making it the largest value-oriented sporting goods and outdoor recreation retailer in the country. Company aims to continually increase market share by expanding leadership in fast-growing merchandise categories and offering a broad, value-oriented assortment with deep and localized customer connections. Company has 259 stores across 16 contiguous states, primarily in the southern United States. Product assortment focuses on key categories of outdoor, apparel, footwear and sports & recreation (representing 32%, 29%, 21% and 18% of 2019 net sales, respectively) through both leading national brands and a portfolio of 17 owned brands.

Company Data		Key Financials			
		FY 2/18A	FY 2/19A	FY 2/20A	
IPO Price	13.00	Revenue	4,836	4,784	4,830
Market Price	17.50	Adj. EBITDA	315	300	323
Performance	34.6%	CFO	83	198	264
Shares Out	90	CapEx	(132)	(108)	(63)
Market Cap	1,583	FCF	(49)	91	201
Net Debt	(-588)	P/S	0.3	0.3	0.3
EV	2,171	EV/EBITDA	6.9	7.2	6.7

Investment Overview:

Contact us for subscription in order to receive timely trade ideas on event-driven/value equities

Catalysts and Risks:

Valuation:

McAfee Corp

Weak post IPO performance, does not look good

Company Profile: McAfee is the device-to-cloud cybersecurity company. Inspired by the power of working together, McAfee creates consumer and business solutions that make the world a safer place. McAfee has been a pioneer and leader in protecting consumers, enterprises, and governments from cyberattacks for more than 30 years with integrated security, privacy, and trust solutions. Whether securing the digital experience of a consumer who is increasingly living life online, or defending many of the world's largest enterprises and governments from sophisticated attacks and nation-state threats, McAfee is singularly committed to one mission: to protect all things that matter through leading-edge cybersecurity.

Company Data		Key Financials			
		FY 12/17A	FY 12/18A	FY 12/19A	
IPO Price	20.00	Revenue	1,987	2,409	2,635
Market Price	16.80	Adj. EBITDA	227	540	799
Performance	-16.0%	CFO	421	319	496
Shares Out	432	CapEx	(52)	(62)	(61)
Market Cap	7,255	FCF	369	257	435
Net Debt	(6,103)	P/S	3.7	3.0	2.8
EV	13,358	EV/EBITDA	58.9	24.7	16.7

Investment Overview:

Contact us for subscription in order to receive timely trade ideas on event-driven/value equities

Catalysts and Risks:

Valuation:

Mr D.I.Y. Group

Strong market position, aggressive growth plans

Company Profile: Mr D.I.Y Group is an investment holdings company whose subsidiaries are principally involved in the retail of home improvement products and mass merchandise in Malaysia and Brunei. Company operates 670 stores in Malaysia and 4 stores in Brunei. Company is the largest home improvement retailer in Malaysia with an estimated market share of 29.1% in 2019.

Company Data		Key Financials			
		FY 12/17A	FY 12/18A	FY 12/19A	
IPO Price (MYR)	1.60	Revenue	295	443	559
Market Price (MYR)	2.04	Adj. EBITDA	74	110	127
Performance	27.5%	CFO	49	67	99
Shares Out	6,277	CapEx	(20)	(34)	(32)
Market Cap (USD)	3,100	FCF	29	33	67
Net Debt (USD)	(9)	P/S	10.5	7.0	5.5
EV (USD)	3,109	EV/EBITDA	41.8	28.2	24.5

Investment Overview:

Contact us for subscription in order to receive timely trade ideas on event-driven/value equities

Catalysts and Risks:

Valuation:

SCG Packaging

Attractive valuation and resilient performance in H1 2020

Company Profile: SCGP is the leader in the fully-integrated packaging chain in Southeast Asia. The company provides products that include fiber-based packaging, performance and polymer packaging (PPP), and food service products as well as designing and printing services and other diverse solutions to meet customers' demands. SCGP has more than 120,000 SKUs of diverse products in its Integrated Packaging Chain. SCGP produces corrugated containers, retail display packaging, and flexible packaging and rigid packaging for display and protection of products. Company also produces packaging paper, paper grocery bags and industrial bags to serve consumers' diverse demands and high-growth businesses, such as fast-moving consumer goods and e-commerce

Company Data		Key Financials		
		FY 12/17A	FY 12/18A	FY 12/19A
IPO Price (THB)	35.00	Revenue	2,447	2,701
Market Price (THB)	35.00	Adj. EBITDA	363	451
Performance	0%	CFO	203	441
Shares Out	4,254	CapEx	(183)	(213)
Market Cap (USD)	4,905	FCF	19	229
Net Debt (USD)	(499)	P/S	2.0	1.8
EV (USD)	5,405	EV/EBITDA	14.9	12.0

Investment Overview:

Contact us for subscription in order to receive timely trade ideas on event-driven/value equities

Catalysts and Risks:

Valuation: