

MeaTech

Consumer
29 March 2022

Moving forward

MeaTech's FY21 results provide a useful summary of the key milestones achieved during the year as the company continues its quest to position itself as the leader in the cultivated meat space. During 2021, MeaTech made significant progress with its technology, 3D-printing the largest-ever (104g) cultured steak and manufacturing 700g of cultured chicken fat biomass in a single production run. The company is successfully moving from proof-of-concept towards scaling up and commercialisation: we expect more tasting events and collaboration announcements in FY22 and beyond. MeaTech's offering is broad based, having established MeaTech Europe and with the recent announcement that it will be opening a US office. As a reminder, MeaTech has avian, bovine and porcine cell lines, thus the broad base is both geographical and spans multiple species.

Cash burn increased

As we had detailed in our [initiation note](#), cash burn was likely to accelerate during FY21 and beyond as there was an expansion of investment in MeaTech's R&D capabilities (including Belgian acquisition Peace of Meat being consolidated from 1 March 2021) and the intent to start to design and set up a pilot-scale cultured chicken fat facility in Belgium during FY22. R&D expenses were \$7.6m during FY21, with \$5.5m of this falling in H2, and management indicated that the run rate is likely to annualise the two quarters, ie c \$11m pa. Investment in the Belgian pilot plant will add to the cash burn. The reported net cash at end FY21 was \$19.2m, thus suggesting the company has enough cash for just over 12 months.

A broad offering

MeaTech recently announced that it will be opening a US office to accelerate its go-to-market strategy. It will therefore have a presence in Israel, Europe and the US. It expects regulatory approval of cultivated meat to take circa two years in the US, and possibly slightly longer in the EU. As a reminder, cultured meat is currently only approved for sale in Singapore. In terms of product offering, MeaTech has multiple cell lines and believes its cultured chicken fat can be used in hybrid products to provide a meatier taste, texture and mouthfeel. As a reminder, hybrid products contain plant-based protein mixed with cultured fat. Management believes hybrid products may come to the market sooner than pure cultivated meat products, given the latter present a significantly greater technical challenge to achieve. Hybrid products contain cultured fat and hence would still require regulatory approval, meaning commercialisation is likely to be at least two years away.

Valuation: No listed peers at present

Due to MeaTech's start-up nature, financial forecasts cannot be made with any certainty and management does not expect to report positive revenues or profits in the short to medium term. Uncertainty is compounded by regulatory risk, as cultured meat is not yet approved in most jurisdictions. As MeaTech is the first listed cultured meat company, it has no direct peers.

Price **\$5.09**
Market cap **\$64m**

Share price graph



Share details

Code	MITC
Listing	Nasdaq
ADRs in issue (ord/ADR 10/1)	12.6m
Last reported net cash (US\$m) at 31 December 2021	19.2

Business description

MeaTech 3D is a cellular agriculture animal protein technology company. It is developing a proprietary cultured meat production process, which is complemented by a proprietary 3D printing technology process to manufacture proteins without the need for animal slaughter.

Bull

- Cultured meat does not involve animal slaughter.
- MeaTech's process is much less energy-, water- and CO₂-intensive than traditional farming and slaughter.
- MeaTech's 3D printing process requires minimal scaffold material and non-cell-based contents.

Bear

- Cellular meat is subject to regulatory approval, which can be complex and varies by jurisdiction.
- MeaTech is still in the start-up phase and hence has no revenues or profits.
- Work still needs to be done to scale up the process to pilot and then commercial scale, and to reduce costs to make the end products affordable to consumers.

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