



# MyHotelMatch

Travel Services / France

## Strong growth in H1 23, imminent launch of the App

Earnings/sales releases - 04/10/2023

**MyAgency's excellent financial performance has offset a large part of the investment required to prepare for the launch of the Matching application in a fortnight's time.**

### Fact

- MyAgency (luxury concierge services) reported a 37% increase in H1 23 sales.
- Operating profit was €-0.6m, stable year on year.
- The cash burn was limited to €1m, despite preparations for the launch of the Matching application. Cash flow before working capital was negative at €0.5m.
- Net debt stood at €4.3m, after adding back operating debt to the reference shareholder (OTT) of €0.7m. The OTT group will continue to support MHM via financial contributions repayable in MHM shares issued at €2.5 each.
- The launch of the matching application has been confirmed for 18 October.
- MHM has not given revenue, cost or profit guidance for 2023-24 but expects MyAgency to grow in H2 23.
- The half-year report suggests that the Group will report by segment from H2 23 onwards.

### Analysis

#### MyAgency: continued strong growth

Pending the results of the launch of the MHM App, this activity generated all of the consolidated sales in H1 23. By way of a reminder, sequential invoiced sales stood at €5.1m in H1 22, €7.8m in H2 22 and €7.0m in H1 23. The H1 19 (pre-COVID) figure was in the region of €5m, demonstrating a trend towards a doubling in commercial activity. Our expectation is that the seasonality of the business will favour the H2, in terms of both sales and EBIT. For this reason, the consolidated net loss for H2 23 should also remain limited.

Business was boosted both by the increase in the number of active customers (+15%) and by the growth in the average basket (including the inflation observed in tourism in H1 23) coupled with the increase in the activity of "initial" customers (by deduction a combined +22%). The average basket now stands at €40,000 per customer, reflecting the premium nature of MyAgency's business, which is based on travel, events and personalised passenger transport (MyDriver), making it a rare transversal concierge service.

At around 400, the number of active customers suggests significant penetration potential in the future, as shown by the contracts recently signed. These include: i/ the announcement on 2 May of Pearl Partner – OETKER Group – & Four Seasons Preferred Partner programmes; ii/ Pinto announced in December 2022 and; iii/ a player in the high jewellery sector in October 2022. These contracts will no doubt also contribute to growth and profitability from H1 23. We expect the signature of more contracts in future.

The growth in H1 23 was achieved without excessive cash consumption, since



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| Buy                     | Upside: 228%       |
|-------------------------|--------------------|
| Target Price (6 months) | € 5.90             |
| Share Price             | € 1.80             |
| Market Cap. €M          | 6.12               |
| Price Momentum          | <b>UNFAVORABLE</b> |
| Extremes 12Months       | 1.24 ▶ 3.54        |
| Sustainability score    | 2.5 /10            |
| Credit Risk             | DDD →              |
| Bloomberg               | MHM FP Equity      |
| Reuters                 | MHM.PA             |



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| PERF                      | 1w     | 1m     | 3m     | 12m    |
|---------------------------|--------|--------|--------|--------|
| MyHotelMatch              | 38.1%  | 25.0%  | 5.88%  | -3.23% |
| Hotel, Catering & Leisure | -1.96% | -4.94% | -9.50% | 22.3%  |
| STOXX 600                 | -1.56% | -3.80% | -4.40% | 12.8%  |

| Last updated: 09/08/2023      | 12/22A | 12/23E | 12/24E | 12/25E |
|-------------------------------|--------|--------|--------|--------|
| Adjusted P/E (x)              | -19.8  | -7.45  | -1.50  | -2.47  |
| Dividend yield (%)            | 0.00   | 0.00   | 0.00   | 0.00   |
| EV/EBITDA(R) (x)              | -16.5  | -7.66  | -2.83  | -5.49  |
| Adjusted EPS (€)              | -0.12  | -0.24  | -1.20  | -0.73  |
| Growth in EPS (%)             | n/a    | n/a    | n/a    | n/a    |
| Dividend (€)                  | 0.00   | 0.00   | 0.00   | 0.00   |
| Sales (€th)                   | 7,753  | 13,800 | 15,780 | 19,569 |
| EBIT margin (%)               | -15.4  | -14.8  | -48.2  | -24.8  |
| Attributable net profit (€th) | -705   | -1,399 | -6,949 | -4,211 |
| ROE (after tax) (%)           | 39.6   | 56.8   | 126    | 49.2   |
| Gearing (%)                   |        |        |        |        |

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consolidated working capital (MyAgency share not available) only increased by €0.6m sequentially over six months.

Although the EBIT breakdown by division has not been disclosed, we believe that the increase in the average shopping basket is significantly accretive to the operating margin (EBIT/Gross margin). While the gross margin remained stable at 20% on a sequential basis, the business momentum and on-board inflation in the price of services should have translated into operating leverage at the EBIT level for this division in H1 23 and for the year as a whole. Note that we had estimated MyAgency's EBIT at around €0.5m on a proportionate basis for FY22. On a 100% basis, the MyAgency sub-group's annual EBIT could well approach €1m in 2023-24, with a possible Olympic Games effect in 2024.

This EBIT estimate needs to be set against MHM's current market capitalisation of €5m (i.e. an EV of €9m, both undiluted). This implies that the market currently values the matching application at virtually zero.

### **Launch of the Matching application**

The commercial launch has been confirmed for 18 October 2023. It will be based on the agreement signed in April 2023 with AMADEUS, the world's leading booking agency: after four months' work, the integration of the MHM tool into the AMADEUS environment now appears to be complete.

Analysed sequentially, the consolidated operating result of €-0.6m for H1 23 compares with breakeven in H2 22. This reflects the acceleration of efforts (notably recruitment, structuring of the teams and organisation) to prepare for the imminent launch of the application, as well as the seasonal nature of MyAgency's profits (H2 23 being the biggest contributor).

Overall, we estimate that this application could generate fixed costs of around €1.5-2.0m annually, which may be fairly representative of the 2024-25 annual fixed cost base excluding marketing expenses. The first significant revenues should be generated in 2024, which coincides with the Olympic Games in Paris.

As with MyAgency, we will be analysing the gross margin (in €m) over and above the volume of business invoiced by MHM (hotel nights, etc.). To evaluate the economic performance, we will also need to remove from the 2024 operating loss the marketing costs (referencing, etc.), for which the forecast amount is not yet known (€7m in FY 24 in our estimates, i.e. economic breakeven reached in 2025 at the consolidated level, excluding marketing expenses).

Note that the launch of the application will have generated less than €5m in fixed costs up to the proof of concept (2024-25), before taking into account the marketing costs that have yet to be specified. This is a budget that, given the ambition of the project, remains well under control.

### **■ Impact**

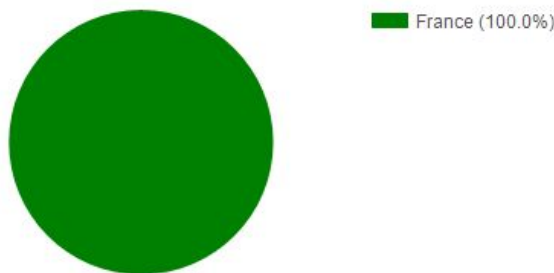
Given the very good momentum in H1 23, which follows on from the positive momentum in H2 22, consolidated revenue will be around 15% higher than our annual expectation for 2023. We nonetheless see no need for significant changes to our FY 23 net profit estimates.

The financial contribution from the reference shareholder will take the form of shares to be issued at €2.5 each. This level is accretive at the current share price and corresponds to the strike of the warrants expiring at the end of 2024. At first sight, the dilution to be expected compared with our price target is limited, since our numbers are on a fully diluted basis including the exercise of the warrants.

Our positive recommendation remains unchanged.

Note that MHM, via MyAgency, could benefit from the Paris Olympics in 2024, not only in terms of EBIT, but also on a more long-term basis: for all service providers in the luxury sector, the Paris Olympics showcase could be a real boost to brand awareness.

## Sales by Geography



## Consolidated P&L Accounts

|   |            | 12/22A       | 12/23E        | 12/24E        |
|---|------------|--------------|---------------|---------------|
| Sales                                   | €th        | 7,753        | 13,800        | 15,780        |
| Change in sales                         | %          | ns           | 78.0          | 14.3          |
| Change in staff costs                   | %          | 7,444        | 24.3          | 1.50          |
| EBITDA                                  | €th        | -567         | -2,048        | -7,598        |
| <b>EBITDA(R) margin</b>                 | %          | <b>-7.31</b> | <b>-14.8</b>  | <b>-48.1</b>  |
| Depreciation                            | €th        | 0.00         | 0.00          | 0.00          |
| Underlying operating profit             | €th        | -567         | -2,048        | -7,598        |
| <b>Operating profit (EBIT)</b>          | <b>€th</b> | <b>-657</b>  | <b>-2,049</b> | <b>-7,599</b> |
| Net financial expense                   | €th        | 285          | -0.01         | -0.01         |
| of which related to pensions            | €th        |              | 0.00          | 0.00          |
| Exceptional items & other               | €th        | -143         | 800           | 800           |
| Corporate tax                           | €th        | -55.0        | 0.00          | 0.00          |
| Equity associates                       | €th        | 0.00         | 0.00          | 0.00          |
| Minority interests                      | €th        | -135         | -150          | -150          |
| <b>Adjusted attributable net profit</b> | <b>€th</b> | <b>-705</b>  | <b>-1,399</b> | <b>-6,949</b> |
| NOPAT                                   | €th        | -493         | -1,537        | -5,699        |

## Cashflow Statement

|   |            | 12/22A        | 12/23E        | 12/24E        |
|---|------------|---------------|---------------|---------------|
| EBITDA                                    | €th        | -567          | -2,048        | -7,598        |
| Change in WCR                             | €th        | -1,250        | -2,637        | 0.00          |
| Actual div. received from equity holdi... | €th        | 0.00          | 0.00          | 0.00          |
| Paid taxes                                | €th        | -55.0         | 0.00          | 0.00          |
| Exceptional items                         | €th        | 588           | 0.00          | 0.00          |
| Other operating cash flows                | €th        | 0.00          | 0.00          | 0.00          |
| Total operating cash flows                | €th        | -1,284        | -4,685        | -7,598        |
| Capital expenditure                       | €th        | -588          | -300          | -300          |
| Total investment flows                    | €th        | -588          | -300          | -300          |
| Net interest expense                      | €th        | 285           | -0.01         | -0.01         |
| Dividends (parent company)                | €th        | 0.00          | 0.00          | 0.00          |
| Dividends to minorities interests         | €th        | 0.00          | 0.00          | 0.00          |
| New shareholders' equity                  | €th        | 4,496         | 778           | 5,569         |
| Total financial flows                     | €th        | 3,997         | 317           | 9,517         |
| Change in cash position                   | €th        | 2,125         | -4,668        | 1,619         |
| <b>Free cash flow (pre div.)</b>          | <b>€th</b> | <b>-1,587</b> | <b>-4,985</b> | <b>-7,898</b> |

## Per Share Data

|   |          | 12/22A       | 12/23E       | 12/24E       |
|---|----------|--------------|--------------|--------------|
| No. of shares net of treas. stock (year...) | Th       | 3,050        | 3,402        | 5,789        |
| Number of diluted shares (average)          | Th       | 5,789        | 5,789        | 5,789        |
| <b>Benchmark EPS</b>                        | <b>€</b> | <b>-0.12</b> | <b>-0.24</b> | <b>-1.20</b> |
| Restated NAV per share                      | €        | 0.04         | 0.04         | 0.04         |
| <b>Net dividend per share</b>               | <b>€</b> | <b>0.00</b>  | <b>0.00</b>  | <b>0.00</b>  |

## Valuation Summary

| Benchmarks         | Value  | Weight | Largest comparables |
|--------------------|--------|--------|---------------------|
| NAV/SOTP per share | € 5.70 | 75%    | ● HomeToGo SE       |
| DCF                | € 6.50 | 25%    | ● Amadeus IT Group  |
| TARGET PRICE       | € 5.90 | 100%   | ● AccorHotels       |

### NAV/SOTP Calculation

- TUI Group
- Intercontinental Hot...
- Melia Hotels Intern...
- Seera Group Holding

## Balance Sheet

|  |            | 12/22A       | 12/23E        | 12/24E        |
|--|------------|--------------|---------------|---------------|
| Goodwill                                   | €th        | 1,518        | 1,818         | 2,118         |
| Total intangible                           | €th        | 1,518        | 1,818         | 2,118         |
| Tangible fixed assets                      | €th        | 154          | 153           | 152           |
| Financial fixed assets                     | €th        | 124          | 124           | 124           |
| WCR  | €th        | -52.0        | 2,585         | 2,585         |
| Other assets                               | €th        | 0.00         | 0.00          | 0.00          |
| Total assets (net of short term liab.)     | €th        | 1,745        | 4,681         | 4,980         |
| <b>Ordinary shareholders' equity</b>       | <b>€th</b> | <b>-36.0</b> | <b>-4,892</b> | <b>-6,125</b> |
| Quasi Equity & Preferred                   | €th        | 0.00         | 0.00          | 0.00          |
| Minority interests                         | €th        | 227          | 377           | 527           |
| Provisions for pensions                    | €th        | 0.00         | 0.00          | 0.00          |
| Other provisions for risks and liabilities | €th        | 0.00         | 0.00          | 0.00          |
| Total provisions for risks and liabilities | €th        | 0.00         | 0.00          | 0.00          |
| Tax liabilities                            | €th        | 0.00         | 0.00          | 0.00          |
| Other liabilities                          | €th        | -229         | 0.00          | 0.00          |
| <b>Net debt (cash)</b>                     | <b>€th</b> | <b>1,783</b> | <b>9,196</b>  | <b>10,578</b> |
| Total liab. and shareholders' equity       | €th        | 1,745        | 4,681         | 4,980         |

## Capital Employed

|                                     |     | 12/22A | 12/23E | 12/24E |
|-------------------------------------|-----|--------|--------|--------|
| Capital employed after depreciation | €th | 1,744  | 4,680  | 4,979  |

## Profits & Risks Ratios

|                                |   | 12/22A      | 12/23E      | 12/24E     |
|--------------------------------|---|-------------|-------------|------------|
| <b>ROE (after tax)</b>         | % | <b>39.6</b> | <b>56.8</b> | <b>126</b> |
| ROCE                           | % | -28.3       | -32.8       | -114       |
| <b>Gearing (at book value)</b> | % |             |             |            |
| Adj. Net debt/EBITDA(R)        | x | -3.14       | -4.49       | -1.39      |
| Interest cover (x)             | x | 1.99        | -           | -          |

## Valuation Ratios

|                                  |          | 12/22A       | 12/23E       | 12/24E       |
|----------------------------------|----------|--------------|--------------|--------------|
| <b>Reference P/E (benchmark)</b> | <b>x</b> | <b>-19.8</b> | <b>-7.45</b> | <b>-1.50</b> |
| Free cash flow yield             | %        | -21.6        | -81.4        | -75.8        |
| P/Book                           | x        | -204         | -1.25        | -1.70        |
| <b>Dividend yield</b>            | %        | <b>0.00</b>  | <b>0.00</b>  | <b>0.00</b>  |

## EV Calculation

|   |          | 12/22A       | 12/23E       | 12/24E       |
|---|----------|--------------|--------------|--------------|
| Market cap                              | €th      | 7,346        | 6,123        | 10,420       |
| + Provisions                            | €th      | 0.00         | 0.00         | 0.00         |
| + Unrecognised actuarial losses/(gains) | €th      | 0.00         | 0.00         | 0.00         |
| + Net debt at year end                  | €th      | 1,782        | 9,195        | 10,577       |
| + Leases debt equivalent                | €th      | 0.00         | 0.00         | 0.00         |
| - Financial fixed assets (fair value)   | €th      |              |              |              |
| + Minority interests (fair value)       | €th      | 227          | 377          | 527          |
| = EV                                    | €th      | 9,355        | 15,695       | 21,523       |
| <b>EV/EBITDA(R)</b>                     | <b>x</b> | <b>-16.5</b> | <b>-7.66</b> | <b>-2.83</b> |
| EV/Sales                                | x        | 1.21         | 1.14         | 1.36         |

Analyst : Christian Auzanneau, Changes to Forecasts : 09/08/2023.