



COURBET

Hotels & Motels / France

Building tomorrow's hotel offer

Initiation cov. - 05/12/2022

With the arrival of Jean-François OTT, a seasoned European real estate professional, COURBET has made a new start in 2022. A portfolio in excess of €100m is targeted in France, particularly in the hotel sector. It will be built up in a phase of the cycle favourable to buyers, thus offering a controlled risk profile to the shareholder.

New start under the leadership of Mr. OTT

Since February 26, 2022, Mr. Jean-François OTT is the CEO of COURBET. Mr. OTT is a renowned real estate professional who has created, developed and accompanied the deployment of projects and assets in Europe over the last thirty years for several billion euros, particularly in the hotel sector but also in residential and office space. He is also active in the capital of several listed companies. As an investor and entrepreneur, Mr. OTT has demonstrated a real know-how in the detection of assets in the making whose value has since been multiplied by sometimes 5x or 20x (Prague, Berlin, Hvar, Austin) due to particularly low acquisition prices (€150-300 per sqm in Berlin or Prague in the 1990s for example). With a focus on derelict assets located in France, to be acquired per unit, Courbet will benefit from low acquisition prices.

Buy & Hold strategy

With the hotels in La Bourboule and Cannes in 2022, representing more than 200 rooms in operation at maturity, Courbet has begun the aggregation of assets that should take its portfolio beyond €100m in market value in the medium term

By investing significantly in the assets acquired to bring them up to standard, Courbet will bring them up to the best standards both in terms of attractiveness (supply/demand match) and in terms of operation (cost optimisation, carbon emissions, environmental standards, optimisation of both absolute and relative pricing vs. competing establishments).

Acceleration in the favourable phase of the cycle and valorisation

Higher interest rates coupled with ageing hotel owners (non-chains) plus the underinvestment of the Covid years will provide a favourable entry point for Courbet. Unlike those who have invested heavily in expensive properties over the past decade, Courbet is in a position to accumulate assets at a favourable stage of the cycle.

With the business model of full ownership, Courbet will have to pay little rent. This is a resilience factor (reduced risk for the investor) which has a favourable impact on long-term valuation (property value). In addition to the classic levers linked to the repayment of loans (capitalisation of value) and to rapidly profitable operations (controlled cost base), the portfolio effect is an opportunity to create additional value for the shareholder in the long term.

Its speed of deployment will place Courbet in the "growth" segment, which will distinguish it from the large real estate companies, which is why we are not applying a discount to NAV. Our price target anticipates a share of the future value creation vs. the last published NAV of the Company (€1.20 per share, June 2022). The development of the portfolio will require significant equity contributions vs. current market capitalisation of €8m. However, we do not expect significant

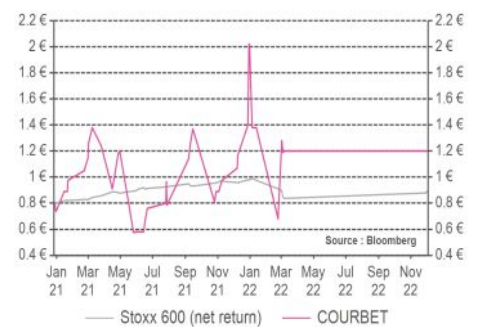


Christian AUZANNEAU
hotelscatering@alphavalue.eu
 +33 (0) 1 70 61 10 50
corporate.alphavalue.com

This research has been commissioned and paid for by the company and is deemed to constitute an acceptable minor non-monetary benefit as defined in MiFID II

Add	Upside: 25.0%
Target Price (6 months)	€ 1.50
Share Price	€ 1.20
Market Cap. €M	7.62
Price Momentum	STRONG
Extremes 12Months	0.68 ▶ 2.02
Sustainability score	0.4 / 10
Credit Risk	C ↗
Bloomberg	MLCOU FP Equity
Reuters	COUP.PA

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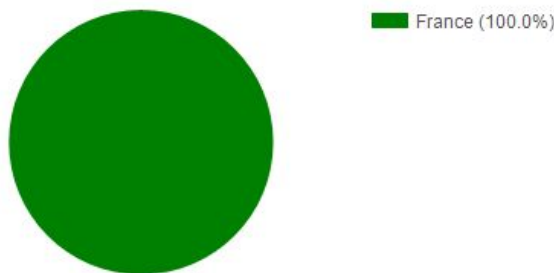
PERF	1w	1m	3m	12m
COURBET	n/a	n/a	n/a	n/a
Hotel, Catering & Leisure	1.31%	4.27%	7.94%	8.43%
STOXX 600	0.58%	7.23%	6.57%	-4.76%

Last updated: 05/12/2022	06/22A	06/23E	06/24E	06/25E
Adjusted P/E (x)	7.70	ns	ns	ns
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	ns	ns	88.8	29.4
Adjusted EPS (€)	0.15	-0.01	-0.01	0.00
Growth in EPS (%)	23.7	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€M)	0.00	0.82	1.29	3.30
EBITDA/R margin (%)	ns	7.41	20.0	23.8
Attributable net profit (€M)	0.96	-0.13	-0.15	0.03
ROE (after tax) (%)	-47.3	-8.70	-3.10	0.52
Gearing (%)		65.3	108	148

[Company Valuation](#) - [Company Financials](#)

dilution vs. NAV, which will protect minority shareholders. We initiate coverage of Courbet with a Hold recommendation.

Sales by Geography



Consolidated P&L Accounts

		06/22A	06/23E	06/24E
Sales	€M	0.00	0.82	1.29
Change in sales	%	-90.0	ns	57.2
Change in staff costs	%	-45.9	1,100	200
EBITDA	€M	-0.03	0.05	0.14
EBITDA(R) margin	%	ns	20.0	20.0
Depreciation	€M	0.00	-0.15	-0.23
Underlying operating profit	€M	-0.03	-0.10	-0.09
Operating profit (EBIT)	€M	-0.03	-0.10	-0.09
Net financial expense	€M	-0.01	-0.05	-0.11
of which related to pensions	€M	0.00	0.00	0.00
Exceptional items & other	€M	1.00	0.00	0.00
Corporate tax	€M	0.00	0.03	0.05
Equity associates	€M	0.00	0.00	0.00
Minority interests	€M	0.00	0.00	0.00
Adjusted attributable net profit	€M	0.96	-0.13	-0.15
NOPAT	€M	-0.02	-0.08	-0.07

Cashflow Statement

		06/22A	06/23E	06/24E
EBITDA	€M	-0.03	0.05	0.14
Change in WCR	€M	0.00	0.00	0.00
Actual div. received from equity holdi...	€M	0.00	0.00	0.00
Paid taxes	€M	0.00	0.03	0.05
Exceptional items	€M	0.00	0.00	0.00
Other operating cash flows	€M	0.00	0.00	0.00
Total operating cash flows	€M	-0.03	0.07	0.19
Capital expenditure	€M	-1.50	-6.60	-4.50
Total investment flows	€M	-1.50	-6.60	-4.50
Net interest expense	€M	-0.01	-0.05	-0.11
Dividends (parent company)	€M	0.00	0.00	0.00
Dividends to minorities interests	€M	0.00	0.00	0.00
New shareholders' equity	€M	0.00	7.10	0.00
Total financial flows	€M	0.00	6.04	-0.25
Change in cash position	€M	-1.53	-0.49	-4.56
Free cash flow (pre div.)	€M	-1.54	-6.58	-4.42

Per Share Data

		06/22A	06/23E	06/24E
No. of shares net of treas. stock (year...	Mio	6.35	12.3	12.3
Number of diluted shares (average)	Mio	6.35	9.31	12.3
Benchmark EPS	€	0.15	-0.01	-0.01
Restated NAV per share	€	1.20	1.20	1.40
Net dividend per share	€	0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
NAV/SOTP per share	€ 1.51	75%	
DCF	€ 1.48	25%	
TARGET PRICE	€ 1.50	100%	

NAV/SOTP Calculation

Balance Sheet

		06/22A	06/23E	06/24E
Goodwill	€M			
Total intangible	€M	0.00	0.00	0.00
Tangible fixed assets	€M	1.50	7.95	12.2
Financial fixed assets	€M	0.00		
WCR	€M	0.00	0.00	0.00
Other assets	€M			
Total assets (net of short term liab.)	€M	1.50	7.95	12.2
Ordinary shareholders' equity	€M	-2.04	4.97	4.82
Quasi Equity & Preferred	€M	0.00	0.00	0.00
Minority interests	€M	0.00	0.00	0.00
Provisions for pensions	€M	0.00	0.00	0.00
Other provisions for risks and liabilities	€M	0.00	0.00	0.00
Total provisions for risks and liabilities	€M	0.00	0.00	0.00
Tax liabilities	€M	0.00	0.00	0.00
Other liabilities	€M	0.03	0.00	0.00
Net debt (cash)	€M	3.50	2.98	7.40
Total liab. and shareholders' equity	€M	1.50	7.95	12.2

Capital Employed

		06/22A	06/23E	06/24E
Capital employed after depreciation	€M	1.50	8.76	13.0

Profits & Risks Ratios

		06/22A	06/23E	06/24E
ROE (after tax)	%	-47.3	-8.70	-3.10
ROCE	%	-1.50	0.11	0.14
Gearing (at book value)	%		65.3	108
Adj. Net debt/EBITDA(R)	x	-117	23.1	31.8
Interest cover (x)	x	-2.14	-0.81	-0.40

Valuation Ratios

		06/22A	06/23E	06/24E
Reference P/E (benchmark)	x	7.70	ns	ns
Free cash flow yield	%	-21.0	-44.7	-30.0
P/Book	x	-3.61	2.96	3.06
Dividend yield	%	0.00	0.00	0.00

EV Calculation

		06/22A	06/23E	06/24E
Market cap	€M	7.36	14.7	14.7
+ Provisions	€M	0.00	0.00	0.00
+ Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00
+ Net debt at year end	€M	3.50	2.98	7.40
+ Leases debt equivalent	€M	0.00	0.81	0.81
- Financial fixed assets (fair value)	€M	0.00	0.00	0.00
+ Minority interests (fair value)	€M	0.00	0.00	0.00
= EV	€M	10.9	18.5	22.9
EV/EBITDA(R)	x	ns	ns	88.8
EV/Sales	x	ns	22.5	17.8

Analyst : Christian Auzanneau, Changes to Forecasts : 05/12/2022.