



MyHotelMatch

Travel Services / France

A good performance from My Agency in H1 22

Earnings/sales releases - 15/11/2022

My Agency's revenue (acquired in 2022) was back on track in H1 22, having returned to its pre-crisis levels. MHM's hotel matching application development is underway.

Fact

- Revenue was nil in H1 22 (closing in June), My Agency being consolidated only in the H2 22. The latter's turnover (as distinct from the gross margin) of €5m was nevertheless 122% above its H1 21 level (+32% in September 2022 alone, yoy).
- The operating loss amounted to €641k vs. €013k in H1 21.
- Due to a €296k positive one-off (reversal of financial provisions) in the H1, the net loss amounted to €344k vs. €87k in H1 21.
- Net debt was €1.1m in June 2022. The reference shareholder is committed to supporting the balance sheet until November 2023 at least through an additional shareholder loan of €2.2m.
- The matching application will be made available in Q1 23 as a beta test. A full commercial launch can therefore be expected in 2023-25 aimed at establishing the Proof of Concept in 2024-25.

Analysis

My Agency benefitted from the return of tourists

The return to France of tourists this summer coupled with growing national demand saw My Agency's revenue back or close to its pre-crisis level according to AV (2019 figures not yet available). With revenues of c.€10m expected in FY 22 (guidance, half of this being consolidated in H2 22), we expect this business to near operational break-even this year. My Agency was roughly billing €10m in 2019 and further 2023 top-line growth should see this business turn a modest profit for the FY 23, in our view.

The number of clients was up 10% and the average ticket per client was up 20%, both of which are positive leading indicators. Since the comparison with a difficult base year in 2021 was favourable, only the H1 23 will enable meaningful analysis of the underlying growth pace aside from the the swings attributable to the basis of comparison. However, we don't rule out the H1 22 ending up as an unfavourable comparison basis due to firstly the catch-up in post-Covid consumer spending in 2022 and, secondly, a possible decline in the price of services (airline tickets/hotels) following the extraordinary use of pricing power detected in the leisure sector in 2022 (RevPAR in hotels, flight tickets, fossil fuel by transparency). Consequently, we don't expect the My Agency top-line to grow at an annual 20-30% in 2023-24.

My Agency signed a significant contract with a well-known jewellery trademark in 2022 and this should help improve the shopping experience for end customers. This is the first testimony to demand for the luxury Conciergerie business. We share the opinion that luxury brands can improve end client loyalty by recourse to a specialist external services provider and new contracts of this time seem



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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

Buy	Upside: 177%
Target Price (6 months)	€ 0.05
Share Price	€ 0.02
Market Cap. €M	3.76
Price Momentum	UNFAVORABLE
Extremes 12Months	0.01 ▶ 0.04
Sustainability score	2.2 /10
Credit Risk	DDD
Bloomberg	MHM FP Equity
Reuters	MHM.PA

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PERF	1w	1m	3m	12m
MyHotelMatch	-9.47%	32.3%	-42.3%	-59.0%
Hotel, Catering & Leisure	-0.45%	7.92%	-1.91%	-5.76%
STOXX 600	3.47%	10.6%	-1.82%	-11.1%

Last updated: 02/09/2022	12/21A	12/22E	12/23E	12/24E
Adjusted P/E (x)	ns	-33.2	-1.20	-1.43
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-41.6	-21.0	-1.47	-2.76
Adjusted EPS (€)	0.00	0.00	-0.01	-0.01
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€th)	0.00	5,000	10,219	11,828
EBIT margin (%)	ns	-6.02	-88.9	-65.7
Attributable net profit (€th)	-15.0	-301	-8,282	-6,973
ROE (after tax) (%)	0.29	10.8	337	101
Gearing (%)				

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

possible in future. Such contracts would enable My Agency to exit a pure “cost +” structure (variable charges) by materialising an incremental cash margin to access its platform.

Matching application: on the road

MyHotelMatch’s full development will depend on the commercial launch of its app in 2023-24. This is both the company’s core source of potential value creation and admittedly of risk. Operational costs in H1 22 recognised a first acceleration in development expenses. Looking purely at the shareholder’s commitment to contributing €2.2m until September 2023, the cash burn looks moderate. The latter however doesn’t take into account the significant costs incurred in referencing (Google) and the marketing spend to support the full commercial launch.

The beta test version of the Matching App should be made available in early 2023 although we don’t anticipate the first accurate figures to be made available before 2024. We will monitor the cash expenses initially before monitoring the ramp up of the client base later in 2024-25.

Balance sheet secured until end-2023

The reference shareholder is committed to supporting the balance sheet until end-2023. A capital increase looks likely to: i/ refinance this shareholder loan amounting to c.€3m and ii/ prepare for the acceleration in cash burn in 2024 (commercial launch). While there are as yet no details on the latter, we book an accrued amount of €20m in 2022-25. The company’s current market cap is €5m.

With MHM trading at c.€0.017, the current share price stands 32% below the warrants’ strike price of €0.025 per unit (maturing in 2023). The exercise of the warrants would provide the company with c.€9m of fresh cash. This is included in our estimates. Failing this conversion, MHM would have to increase the amount to be raised via a more classical capital increase. A maturity in December 2023 doesn’t require the integration of this “non-exercise” scenario at pixel time.

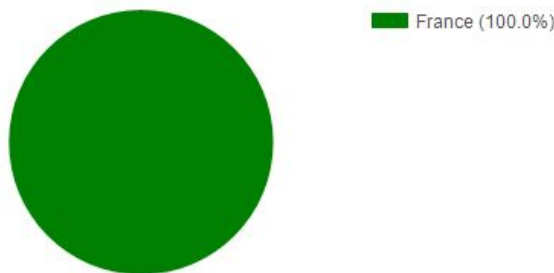
Due to the increase in operating expenses expected in 2023-24, MHM will have to provide the market with visibility on its balance sheet before November 2023.

■ Impact

In the absence of a matching app contribution in 2022 and with the My Agency recovery being in line with expectations, we see no need to adjust our forecasts. Although operating expenses look a bit higher than had been expected in FY 22 (€600k recorded in H1 22 vs. €400k expected in FY 22) this is insignificant vs. the mid-term issues in 2023-25. On the other hand, there may have been a couple of undisclosed one-offs in H1 22 attributable to MHM’s full strategic shift. All in all, analysis of the company should focus on the 2023-25 horizon rather than the H1 22.

Note that our target price will mainly depend on the price of the new shares to be issued in 2023-24 and this will, in turn, depend on the success of the Matching app.

Sales by Geography



Consolidated P&L Accounts

		12/21A	12/22E	12/23E
Sales	€th	0.00	5,000	10,219
Change in sales	%	-100.0	ns	104
Change in staff costs	%	-67.7	7,400	91.7
EBITDA	€th	-236	-300	-9,081
EBITDA(R) margin	%	ns	-6.00	-88.9
Depreciation	€th	0.00	0.00	0.00
Underlying operating profit	€th	-236	-300	-9,081
Operating profit (EBIT)	€th	11.0	-301	-9,082
Net financial expense	€th	-26.0	-0.01	-0.01
of which related to pensions	€th	0.00	0.00	0.00
Exceptional items & other	€th	0.00	0.00	800
Corporate tax	€th	0.00	0.00	0.00
Equity associates	€th	0.00	0.00	0.00
Minority interests	€th	0.00	0.00	0.00
Adjusted attributable net profit	€th	-262	-300	-8,282
NOPAT	€th	7.70	-211	-6,358

Cashflow Statement

EBITDA	€th	-236	-300	-9,081
Change in WCR	€th	208	-418	0.00
Actual div. received from equity holdi...	€th	0.00	0.00	0.00
Paid taxes	€th	0.00	0.00	0.00
Exceptional items	€th	0.00	0.00	0.00
Other operating cash flows	€th	0.00	0.00	0.00
Total operating cash flows	€th	-27.6	-718	-9,081
Capital expenditure	€th	0.00	0.00	-300
Total investment flows	€th	0.00	0.00	-300
Net interest expense	€th	-26.0	-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	3,209	1,805	8,513
Total financial flows	€th	782	758	7,928
Change in cash position	€th	755	39.9	-1,454
Free cash flow (pre div.)	€th	-53.6	-718	-9,381

Per Share Data

No. of shares net of treas. stock (year...	Th	182,305	218,395	578,876
Number of diluted shares (average)	Th	578,876	578,876	578,876
Benchmark EPS	€	0.00	0.00	-0.01
Restated NAV per share	€	0.04	0.04	0.04
Net dividend per share	€	0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
NAV/SOTP per share	€ 0.04	75%	● Amadeus IT Group
DCF	€ 0.06	25%	● AccorHotels
TARGET PRICE	€ 0.05	100%	● Intercontinental Hot...

NAV/SOTP Calculation

- Melia Hotels Intern...
- HomeToGo
- Seera Group Holding
- TUI Group

Balance Sheet

		12/21A	12/22E	12/23E
Goodwill	€th	0.00	0.00	0.00
Total intangible	€th	0.00	0.00	0.00
Tangible fixed assets	€th	54.0	53.0	52.0
Financial fixed assets	€th	2.00	2.00	2.00
WCR	€th	48.2	466	466
Other assets	€th	0.00	0.00	0.00
Total assets (net of short term liab.)	€th	104	521	520
Ordinary shareholders' equity	€th	-3,528	-2,025	-2,893
Quasi Equity & Preferred	€th	0.00	0.00	0.00
Minority interests	€th	0.00	0.00	0.00
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	0.00	0.00	0.00
Net debt (cash)	€th	3,632	2,546	3,413
Total liab. and shareholders' equity	€th	104	521	520

Capital Employed

Capital employed after depreciation	€th	104	521	520
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Profits & Risks Ratios

ROE (after tax)	%	0.29	10.8	337
ROCE	%	7.39	-40.4	-1,223
Gearing (at book value)	%			
Adj. Net debt/EBITDA(R)	x	-15.4	-8.49	-0.38
Interest cover (x)	x	-9.08	-	-
			30,000	908,125

Valuation Ratios

Reference P/E (benchmark)	x	ns	-33.2	-1.20
Free cash flow yield	%	-0.87	-19.1	-94.2
P/Book	x	-1.75	-1.86	-3.44
Dividend yield	%	0.00	0.00	0.00

EV Calculation

Market cap	€th	6,176	3,756	9,957
+ 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	3,632	2,546	3,413
+ Leases debt equivalent	€th	0.00	0.00	0.00
- Financial fixed assets (fair value)	€th			
+ Minority interests (fair value)	€th	0.00	0.00	0.00
= EV	€th	9,808	6,302	13,370
EV/EBITDA(R)	x	-41.6	-21.0	-1.47
EV/Sales	x	ns	1.26	1.31

Analyst : Christian Auzanneau, Changes to Forecasts : 02/09/2022.