



# MyHotelMatch

Travel Services / France

## Preliminary results for 2023. The App is moving forward.

Earnings/sales releases - 27/02/2024

**MHM has given an update on the development of its Matching application. It has also published preliminary results for 2023 in line with our estimates.**

### Fact

- MyAgency, the Concierge segment of MHM (MyAgency), will have generated €12m in revenue over 2023 and c€0.7m in EBIT.
- Work on the Matching application continues with successive upgrades.
- MHM expects to be ready by the end of 2024 to welcome an acceleration in revenues from the App in 2025.

### Analysis

#### MyAgency

MyAgency's revenues were down at €12m compared with €13m in 2022 (of which €7.8m consolidated in 2022 given the date of integration). After very strong growth of 37% in H1 23 driven by buoyant tourism in Europe and France, business declined by around 35% in H2 23, mainly due to events in the Middle East, which prompted customers to cancel their end-of-year holidays. Prior to these events, MyAgency was expecting strong growth in H2 23. The second half of the year is traditionally important for MyAgency's business.

This resulted in revenue of €12m for the full year 2023, compared with the €13.8m forecast, which transparently reflected a decline in revenue of just 11% in H2 23.

However, the impact on the profitability of this business remained limited, with 2023 EBIT at around €0.7m (c.€0.3m in H1 23), compared with the €0.6m EBIT we had been expecting thanks to highly effective cost control and a positive pricing effect. Note that the EBIT in this segment was c.€0.6m in 2022 and H1 23 recorded a performance of c.€0.4m better than in the H1 22. A portion of the lead taken in H1 23 was therefore given back, but this division remains profitable.

MHM does not provide more detailed profitability metrics or guidance for 2024. The audited accounts will be published in April.

The above figures should be understood as the profitability of the MyAgency division. To arrive at the consolidated result, it will be necessary to deduct the costs of developing the application (c.€1m in 2023) and miscellaneous items, which weighed in at €1m in 2022, for example.

#### Matching application

The commercial launch took place at the end of 2023 after 18 months of development. The application can be downloaded and is operational. MHM is continuing to make improvements to make the application more effective and provide it with the optimum conditions for wider deployment. This roll-out will remain dependent on a significant viral effect, in our opinion.

The investment made in 2023 was in the region of €1m, i.e. lower than our estimates already revised last year. At consolidated level, the cash burn is



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Buy	Upside: 750%
Target Price (6 months)	€ 6.30
Share Price	€ 0.74
Market Cap. €M	4.29
Price Momentum	<b>NEGATIVE</b>
Extremes 12Months	0.66 ▶ 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	-2.42%	-15.6%	-14.8%	-62.5%
Hotel, Catering & Leisure	1.00%	2.57%	17.1%	17.6%
STOXX 600	0.62%	2.40%	7.71%	8.24%

Last updated: 09/08/2023	12/22A	12/23E	12/24E	12/25E
Adjusted P/E (x)	-19.8	-7.98	-0.62	-1.02
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-16.5	-7.88	-2.03	-4.23
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 (%)				

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

therefore under control and remains largely financed by the profitability of the MyAgency business. MHM has also indicated that 40% of this investment can be recouped via the French Research Tax Credit (tax refund).

The roadmap is for a significant acceleration for this product by 2024, with a number of upgrades that should raise the product's quality standard to a level in line with customer expectations. This is a prerequisite for more sustained commercial development. For the moment, the number of downloads recorded since the launch only represents the results of a "test+" phase. The number of hotels referenced in the application, i.e. 800 units, will be increased to almost 2,000 in the next few days. The products will therefore soon be fully off the shelf, and MHM indicates that the application as a whole will reach full maturity by the end of 2024.

Our current estimates reflect: i/ a business volume of €1.4m in 2024, before accelerating in 2025 and ii/ a breakeven point that is unlikely to be reached before 2027 for this business line. These estimates are dependent on the critical milestone of 2025 being reached, with a download rate for the application that is sufficient to generate much higher revenues.

### **Financing**

To tackle a \$128bn market (luxury travel), MHM can count in the short term on its own resources (EBIT MyAgency) and the benefit of the Research Tax Credit. The press release does not provide any balance sheet information at this stage. There are still €8m in warrants that can be exercised between now and the end of 2024. These warrants are currently very much out of the money. Their exercise would have a highly accretive impact on MHM's current share price.

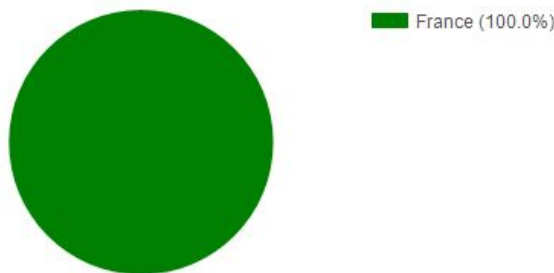
### **■ Impact**

The 2023 financial year was in line with our expectations for MyAgency's profitability, and does not require any changes to our estimates. The consolidated financial statements will be published in April.

Our estimates continue to reflect a substantial marketing budget for 2023-25. It appears that the related expenditure was virtually nil in 2023 and should remain low in 2024, which should enable the Group to report a net loss well below our expectation for 2023-24 (current expectation of an accrued €10m before tax and minority interests). The marketing budget that will accompany the acceleration of the commercialisation of the application in 2025 has not been specified at this stage.

MHM continues to move forward and is rolling out its roadmap. We can now assume that 2025 will be the decisive year for its application. In 2024, the Group's balance sheet should remain under control, thanks in particular to the support of its reference shareholder, Mr Ott.

## 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 -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 -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 -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>€ -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>€ 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	€ 8.10	25%	● Amadeus IT Group
TARGET PRICE	€ 6.30	100%	● AccorHotels

### NAV/SOTP Calculation

- HomeToGo SE
- Amadeus IT Group
- AccorHotels
- 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 -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 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>	<b>%</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 -19.8</b>	<b>-7.98</b>	<b>-0.62</b>
Free cash flow yield	% -21.6	-76.0	-184
P/Book	x -204	-1.34	-0.70
<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	6,560	4,293
+ 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	16,132	15,397
<b>EV/EBITDA(R)</b>	<b>x -16.5</b>	<b>-7.88</b>	<b>-2.03</b>
EV/Sales	x 1.21	1.17	0.98

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