

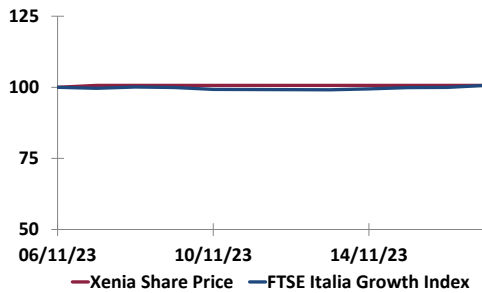


OUTPERFORM

Current Share Price (€): 2.84

Target Price (€): 5.55

Xenia - Performance since IPO



Source: S&P Capital IQ - Note: 06/11/2023 (IPO offer price)=100

Company data

ISIN number	IT0005568487
Bloomberg code	XHS IM
Reuters code	XHS.MI
Industry	Hospitality
Stock market	Euronext Growth Milan
Share Price (€)	2.84
Date of Price	17/11/2023
Shares Outstanding (m)	3.2
Market Cap (€m)	9.1
Market Float (%)	25.4%
Daily Volume	0
Avg Daily Volume since IPO	500
Target Price (€)	5.55
Upside (%)	95%
Recommendation	OUTPERFORM

Share price performance

	IPO	
Xenia - Absolute (%)	1%	
FTSE Italia Growth Index (%)	1%	
IPO Range H/L (€)	2.84	2.82
IPO Change (€) / %	0.02	1%

Source: S&P Capital IQ

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Physical and online hospitality specialist

We initiate coverage of Xenia: **OUTPERFORM** rating, Target Price €5.55 per share. Xenia Hôtellerie Solution *Benefit Corporation*, listed on Euronext Growth Milan since November 2023, has been operating for over 30 years in the hospitality industry, currently with a joint business model: the core business is crew accommodation services, complemented by hotel management through the proprietary brand PHI Hotels and room brokerage through XENIAtoBOOK platform.

A unique multi-service combination for B2B and B2C customers. The integrated business model and the B2B-B2C selling proposition are designed to exploit cross-selling opportunities. Xenia handles the full crew accommodation process, identifying suitable hospitality facilities and negotiating rates within customer travel policies. Main customers are railway companies, airlines, shipping lines and construction teams. Besides scheduled travels, layovers, rerouting and urgent issues are handled by customer support. Under the PHI Hotels brand, Xenia takes over hotels' direct management, with an asset-light operating model. Current portfolio includes six 4-stars hotels in Italy. XENIAtoBOOK, the proprietary hotel distribution platform, integrated with major channel managers and Global Distribution Systems, connects hotels with +600k travel agencies and partners worldwide and its target is to increase online sales of independent and small hotels.

Tourism rebound and new shapes of business travel. The hospitality industry is rapidly evolving, following guest preferences shift towards travel experiences, adventures involving an emotional level and an immersion in local culture experiences. Italy has always been one of the most popular destinations: after a remarkable performance in 2022, 2023, based on preliminary data, is expected to be a record year. In contrast to leisure, business travel is struggling to come back, since pandemic has changed the shape of the industry. However, new trends such as *blended travel*, *work from anywhere*, business travel socialization and live events resumption are opening new industry opportunities.

Target Price €5.55 per share, OUTPERFORM recommendation

Xenia profile, business model and selling proposition make it equipped to catch the market demand linked to the rebound of hospitality and business travel in Italy and also beyond borders. Being in its investment phase, the IPO rationale is to expand the hotel portfolio in Italy and the accommodation business with tour operator operations. We initiate Xenia coverage with an OUTPERFORM rating and Target Price per share of €5.55, +97% on €2.82 IPO offer price and +95% on current share price.

KEY FINANCIALS AND ESTIMATES (€m)	2020	2021	2022	2023E	2024E	2025E
Gross revenues	24.9	32.6	45.1	49.8	60.0	72.5
Revenues	5.0	9.1	14.6	17.4	24.4	33.4
EBITDA	(0.0)	0.8	3.4	4.2	6.7	8.4
Margin on Gross revenues	-0.1%	2.6%	7.6%	8.3%	11.1%	11.6%
EBIT	(0.9)	(0.3)	1.2	1.6	3.0	3.5
Margin on Gross revenues	-1.8%	0.0%	3.8%	4.1%	6.0%	6.0%
Net Income (Loss)	(0.6)	(0.3)	0.9	1.1	2.1	2.5
Net (Debt) Cash	(12.6)	(14.1)	(10.1)	(9.8)	(12.8)	(13.9)
Equity	1.3	1.6	2.8	6.3	8.4	10.9
KEY RATIOS AND MULTIPLES	2020	2021	2022	2023E	2024E	2025E
Net Debt/EBITDA	nm	16.9x	3.0x	2.4x	1.9x	1.7x
ROE	neg	neg	30%	18%	25%	23%
EV/Revenues	na	na	1.1x	0.9x	0.6x	0.5x
EV/EBIT	na	na	12.4x	9.8x	5.2x	4.5x

Source: Company data 2020-22A, EnVent Research 2023-25E

1. INVESTMENT CASE

Company

Xenia Hôtellerie Solution SpA *Benefit Corporation* (Xenia) has been operating for over 30 years in the hospitality industry. The core business is B2B accommodation services to crews (railway companies, airlines, cruise and shipping lines, construction teams), complemented by hotel management under the proprietary brand PHI Hotels and a hotel distribution platform enabling transactions between hotels and travel agencies.

Key figures:

- FY22 Turnover €45m - H1 2023 €24m
- Six 4-star hotels under management in Italy
- 327 rooms and 8 apartments in operation
- Workforce around 165 people

Drivers

Industry drivers

Tourism rebound in Italy. After recovery in 2022, with Europe at nearly 80% of pre-pandemic levels, 2023 could see international tourist arrivals reaching up to 95% of pre-pandemic levels in Europe based on UNWTO's forecasts. Demand from the US will continue to push flows towards Europe. In addition, the lifting of travel restrictions in China as of early 2023 marks the return of tourists abroad. In this scenario, Italy is among the most desirable destinations (second in Europe after Spain in 2021), ready to have another booming year, hosting a record high over last 10 years of over 442m overnight stays in tourist accommodations in 2023 (+12% YoY). Tourist arrivals are estimated in 127m in 2023 (+11% YoY), almost recovering the 2019 level (source: Demoskopika, *Tourism forecast 2023*, March 2023).

Ongoing recovery in global business travel. Amid new working patterns, ongoing flexible arrangements and increased use of technology, business travel could recover to pre-pandemic levels by late 2024, according to Deloitte, despite with travel spending 10-20% lower than pre-pandemic levels due to higher airfares and room rates (source: Deloitte, *Navigating toward a new normal: 2023 Deloitte corporate travel study*, 2023). While business travel has struggled to come back as strongly as leisure travel, the *Work from Anywhere* trend, the socialization of business travel and the resumption of live events, conferences, fairs and exhibitions are supporting corporate travel comeback.

Demand drives supply of accommodation solutions. Over the past five years, the stock of accommodation, traditionally represented by hotels, has been enlarged by private players, homeowners of apartments/houses/villas available for rentals, perceived as flexible solutions and supported by guest experience, rapid growth in the global middle-class and low-cost flights. New industry trends such as *Work from Anywhere*, *Bleisure* and *Staycation* have driven

blending of different segments of accommodation: hotels offering short/mid-term rental accommodations, traditional rental operators providing hotel-style services.

Blended travel: a new trend emerged with pandemic, here to stay. Combining a work trip with an extended vacation before, during or after a work event, blended travel is poised to take over traditional business travel. After some challenging years, *Bleisure* travel opens up new opportunities in the hospitality industry, with companies aiming to adjust and tailor their services to a new type of traveler. According to Skift Research, a travel industry researcher, 2 out of 5 employees have requested blended travel according to travel managers and the number of business trips containing a weekend has increased from 31% in 2019 to 38% in 2022 (source: Skift Research, *State of travel 2022*, 2022).

Growing demand for experiential travel and food and wine tourism in Italy. Market growth is being fueled by demand for travel experiences involving a deeper emotional level through customized adventurous and more attuned to local culture experiences. In addition, food and wine-making, an integral part of the history and identity of most destinations in Italy, represent an opportunity to revitalize and diversify tourism and experiences.

Continued technology improvements in hospitality. Hotels, from global and regional chains to independent hotels and small to medium-sized chains, use a number of different technology systems to manage pricing, reservations and distribute their available rooms, and continue to seek increased connectivity and integrated solutions to ensure access to global travelers.

Company drivers

Experience and know-how in accommodation. Born as a business travel company, with over 30 years of experience in accommodation, Xenia is today among the main B2B players in the accommodation industry in Italy, leveraging on the industry background, expertise and relationships of its management team.

Business mix integrated around hospitality. The selling proposition of accommodation services to B2B and B2C customers and the integrated business model built around hospitality, with three different businesses, is designed to facilitate cross-selling opportunities.

Hotel portfolio under management. The hotel chain under the PHI Hotels brand consists of a portfolio of six 4-star hotels in Italy, mainly located in Emilia Romagna and other regions in the North of Italy, diversified as to price, service points, target guests.

Tech hotel distribution platform to serve the uncovered segment of independent hotels and small to medium-sized chains. The proprietary hotel distribution platform XENIAtoBOOK connects hoteliers with travel agencies and other travel partners to retail and distribute accommodation, namely rooms in hotels, B&B and apartments. Being integrated with major channel managers and Global Distribution Systems, Xenia platform is designed to fill the technology gap of independent hotels and small to medium-sized hotel chains.

Asset-light business, growth does not require huge capex. Xenia, as common in the industry, takes advantage of opportunities to acquire hotels or hotels right of use. As such, it has an asset-light business model and operates with lower capital requirements compared to other players.

Self-commitment for social responsibility and sustainability. Xenia has been a *Benefit Corporation* since 2021, a qualification for profit-corporates based on the positive impact on community, workers and environment, as legally defined goals in addition to profit (law 208/2015). Since 2023, Xenia is also a *B Corp*, a company verified by B Lab, a nonprofit international network, to meet standards of social and environmental performance, transparency and accountability.

Challenges

Revenue concentration. The revenue concentration in the accommodation business on few B2B customers representing over 90% of accommodation revenues and around 70% of total gross revenues in FY22 is a risk factor for volume reductions and pricing pressures. In addition, contracts in the industry last in most cases 12-24 months and thus are subject to tenders or negotiations and renewal.

Picking the right locations for hotel portfolio expansion aiming to become a national chain. PHI Hotels portfolio is presently limited in number of hotels and geographical concentration. With portfolio enlargement as one of the pillars of corporate strategy, it is crucial to target complementary locations. Significant marketing and communication resources should be devoted to build awareness around PHI Hotels, presently popular at a regional level. A more widespread presence in Italy would help to perceive PHI Hotels as a national player. However, the buildout of a national presence may require time and significant investment.

Occupancy risk. Occupancy rate is one of the most important hotel KPIs since it provides an overview of performance and also provides context to other KPIs for evaluating a hotel's profitability. As such, management and optimization of occupancy is a key task for hotel managers.

B2B travel recovering with delay. B2B travel is struggling to come back to pre-pandemic levels, compared to leisure travel, and it is happening with some delays and at a cost. Some industry experts concur in saying that business travel will never go back to pre-Covid normal. Travel buyers are renegotiating contracts with suppliers and balancing lower expected trip volumes with higher rates for hotel rooms and airfare, according to Deloitte.

Mature and highly competitive markets. The wide hospitality market, despite continuing evolution based on industry trends, is mature, highly populated and competitive. When competing for B2C guests, Xenia encounters competition from national and international chains or independent hotels and private homeowners through online platforms, depending on the coverage of the local market. In the B2B accommodation segment, Xenia competes

with both national and international players specialized in crew accommodation and travel disruption. In the hotel distribution business competition mainly comes from other GDSs, local distribution systems and marketplace providers.

International hotel chains moving to second-tier locations. International hotels chains, with higher marketing budgets, have historically targeted historic and artistic locations in Italy, where touristic traffic is higher. However, they are reportedly showing interest for second-tier locations, also present Xenia target market, thus leading to expectations of increasing competition both in the acquisition and also in the management phase.

Shortage of qualified hotel staff. During Covid-19 closures, hotel staff were forced to stay home, part of them was temporarily or permanently laid off. As a consequence, many hospitality workers reevaluated their career paths and work-life balance, switching to jobs with more flexibility or higher pay. Now that guest traffic has resumed, most hotels are struggling to restore their staff to pre-pandemic levels.

Attract flagship hotels to own distribution platform. The increasing awareness of XENIAtoBOOK platform and the ability to expand its hotels base, especially by adding some flagship hotels, are key factors to increase traffic and grow revenue. As such, effective sales and marketing efforts to drive hotels addition are fundamental for the growth strategy. The expansion of the hotels base could be slower than planned.

2. PROFILE

A specialist in the hospitality industry

Xenia is an Italian hospitality company, through hotel accommodation and transfer services dedicated to crews (railway companies, airlines, cruise and shipping lines, in general construction teams engaged in medium/long-term projects), hotel management and a hotel distribution platform.

Xenia is headquartered in Italy and has a branch in Albania. Hotels under management are located in Italy, mainly in Emilia Romagna and Northern regions. The workforce consists of around 165 people.

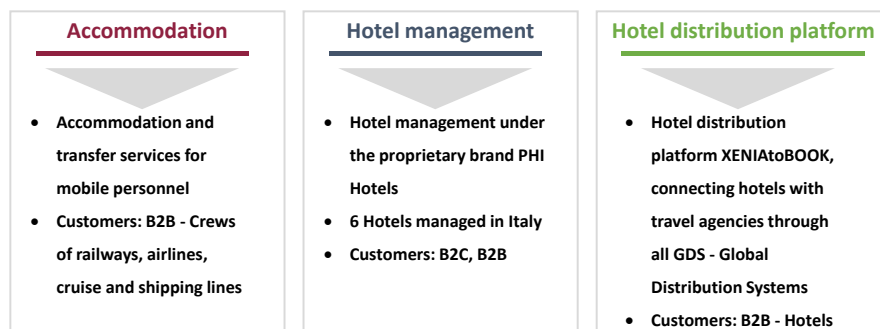
History and key developments

Key milestones	
1994	<ul style="list-style-type: none"> Establishment as Seneca Consulting, Marketing & Promotion Sas, for consulting and travel management services
1996	<ul style="list-style-type: none"> Development of the business travel division
2011	<ul style="list-style-type: none"> XENIAtoBOOK hotel distribution platform launch
2013-14	<ul style="list-style-type: none"> Establishment of Thot Srl, offering predictive and actual analyses for travel industry operators Set up of Xenia Balkan Shpk, for operations in Albania
2015	<ul style="list-style-type: none"> Sale of the business travel division Company renamed Xenia Hotellerie Solution SpA (in short Xenia SpA) Launch of PHI Hotels brand
2019-20	<ul style="list-style-type: none"> PHI Hotels reaches 7 hotels under management in North and Center of Italy
2021	<ul style="list-style-type: none"> Qualification as <i>Benefit Corporation</i> Set up of PHI Hotelier Suisse SA for Switzerland and Germany markets Set up of Panfilia Impresa Sociale Srl
2023	<ul style="list-style-type: none"> <i>B Corp</i> certification Listing on Euronext Growth Milan (November), IPO proceeds €2.3m

Source: Company data

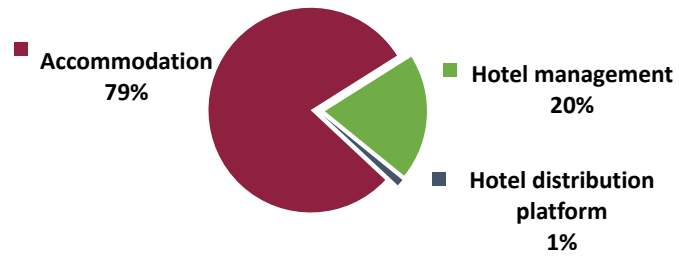
Services

Portfolio of services



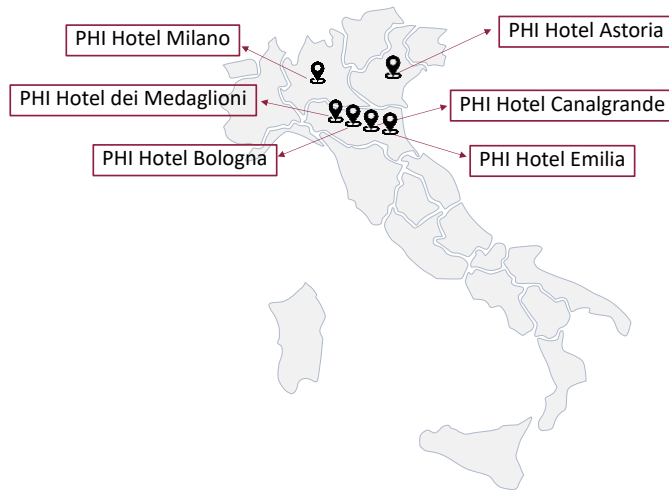
Source: Company data

Revenue breakdown by business, 2022



Source: Company data

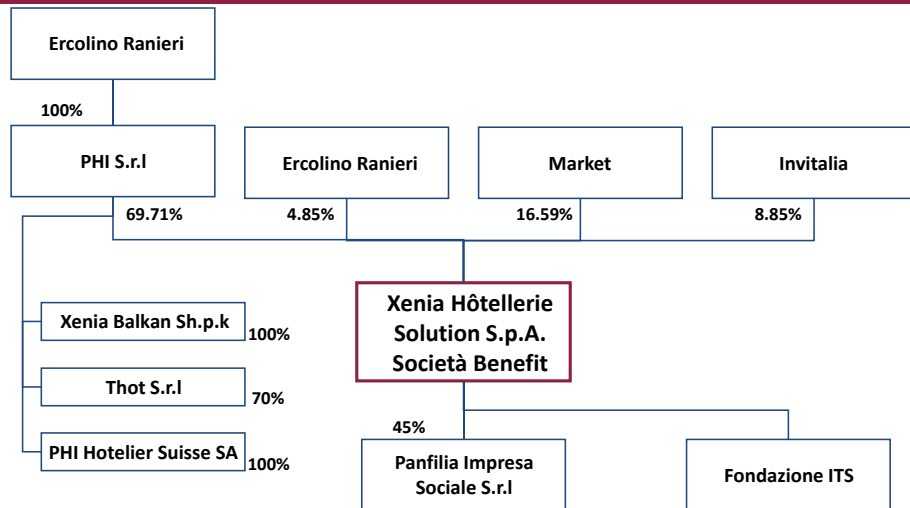
PHI Hotels chain



Six 4-star hotels

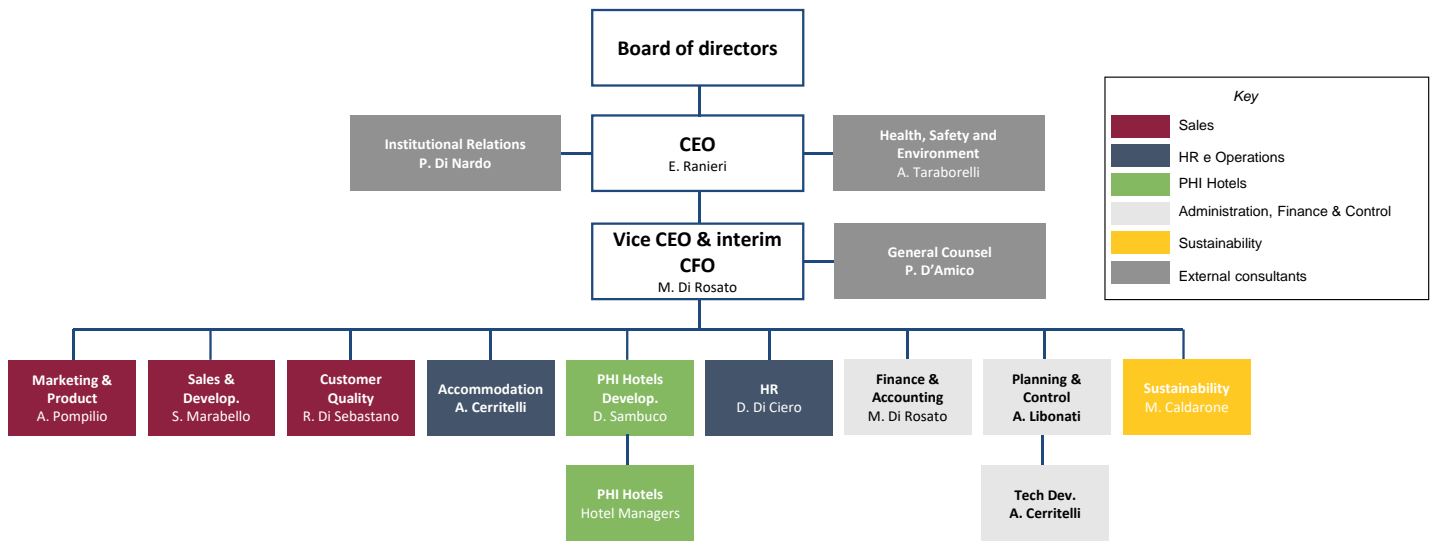
Source: Company data

Shareholders and group companies



Source: Company data

Organization



Source: Company data

Key people

Name and role

Chairman and CEO



Ercolino Ranieri

CFO



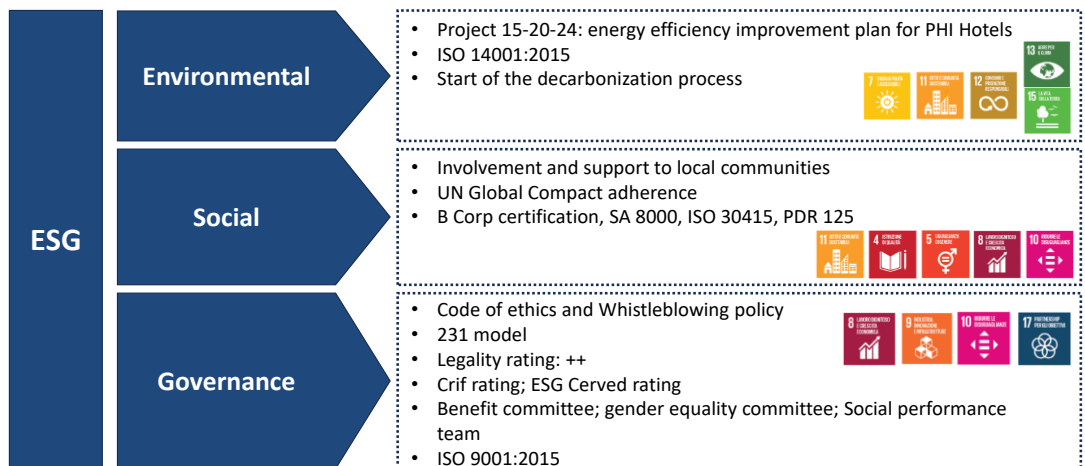
Maria Di Rosato

Source: Company data

Background

- In 1994 he founded Seneca Consulting Marketing & Promotion, leading to the current Xenia and PHI Hotels Group
- Marketing activities for independent hotels and hotel chains, both Italian and foreign
- Currently ad interim CFO and vice CEO in Xenia
- In 1994 joined as head of finance and administration

ESG



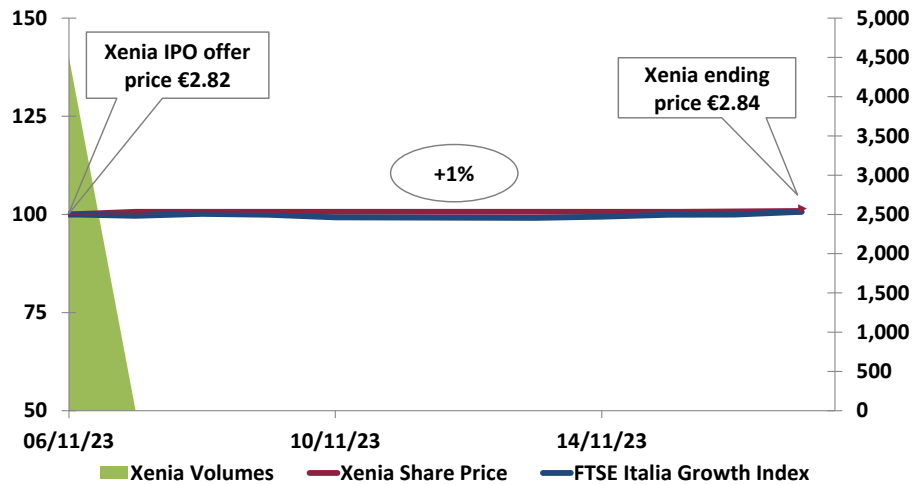
Source: Company data

IPO and stock market performance on Euronext Growth Milan

Xenia on Euronext Growth Milan	
Stock market	Euronext Growth Milan
Bloomberg code	XHS IM
Reuters code	XHS.MI
IPO date	06/11/2023
Offer Price (€)	2.82
Money raised (€m)	2.3
Market Cap at IPO (€m)	9.1
Free float at IPO	16.6%
Ordinary shares - ISIN number	IT0005568487
Shares outstanding	3,219,000
Current Share Price (€)	2.84
Current Market Cap (€m)	9.1

Source: Company data and S&P Capital IQ, update: 17/11/2023

Share price performance and volumes since IPO



Source: S&P Capital IQ - Note: 06/11/2023 (IPO offer price)=100

3. MARKET TRENDS AND OUTLOOK

Travel and tourism in Italy

Italy is one of the most popular tourist destinations in the world, due to the historical and cultural legacy evident of cities such as Rome, Venice, Milan and Florence.

The outbreak of Covid-19 pandemic in the early months of 2020 caused an unprecedented disruption to tourism flows. In 2020, international arrivals worldwide dropped by 74% (Source: Banca d'Italia, *The impact of Covid-19 on international tourism flows to Italy: evidence from mobile phone data*, 2021). Among other southern European countries, Italy benefited the most from the recovery of cross-border tourism, with 109.4m arrivals in 2022, with recovery of 83% compared to 2019 (Source: ISTAT, *Viaggi e vacanze in Italia e all'estero - anno 2022, 2023*).

Italian hôtellerie market

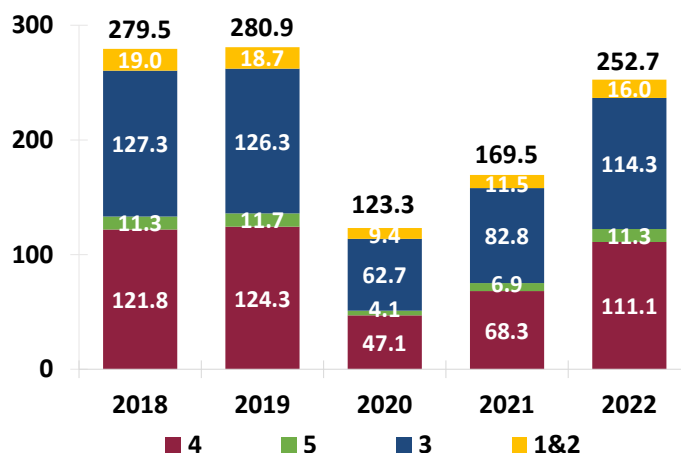
The Covid-19 outbreak has resulted in a global crisis in which the Italian hospitality industry suffered booking cancellations, unemployment and lower travel confidence. After two years of restrictions, in 2022 Italian hotels experienced recovery with average revenue per room at +19% compared to 2019, driven by rates growth due to increases in energy & utility as well as staff costs. Demand was driven primarily by domestic and European travelers, while long-haul inbound visitors came back in H2.

Total nights spent in hotels in 2022 increased by 49% YoY, leading to average occupancy levels of 63%, less than 10% below 2019 (Source: Hospitality Net, *Hotel Market Beat 2022 - Italy, 2023*), while average daily rates and revenue per available room for 4-star Italian hotels grew above the 2019 level, +18% and +8% respectively (Source: Global Asset Solutions, *Italian hotel market outlook 2023, 2023*).

In 2022 nights spent in hotels in Italy went up by 49% YoY to 252.7m, with 4 and 5-star hotels recording the highest growth rates (+63%).

2022 as the year for market recovery from pandemic

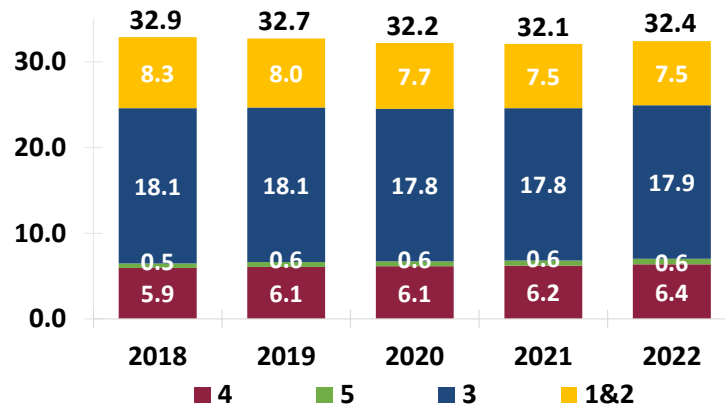
Nights spent by hotel rating stars (2018-22, millions)



Source: ISTAT database - Services, Tourism section - Note: 3-star hotels include Residenze turistico-alberghiere

Between 2018 and 2022 the number of 4-star hotels increased from 5.9k to 6.4k, while there was a reduction in the stock of lower-end hotels (Source: ISTAT).

Number of Italian hotels by rating stars (2018-22, thousands)



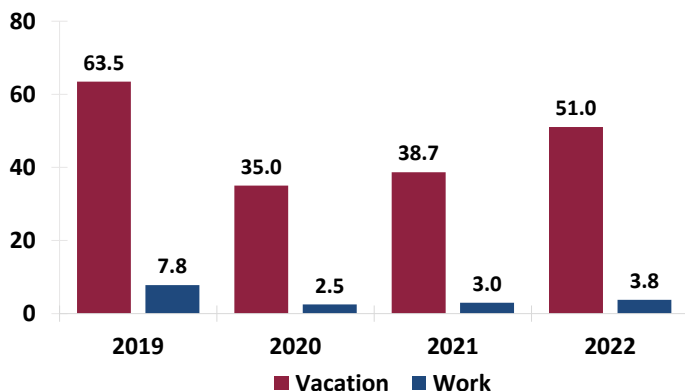
Source: ISTAT database - Services, Tourism section - Note: 3-stars hotels include Residenze turistico-alberghiere

Business travel in Italy

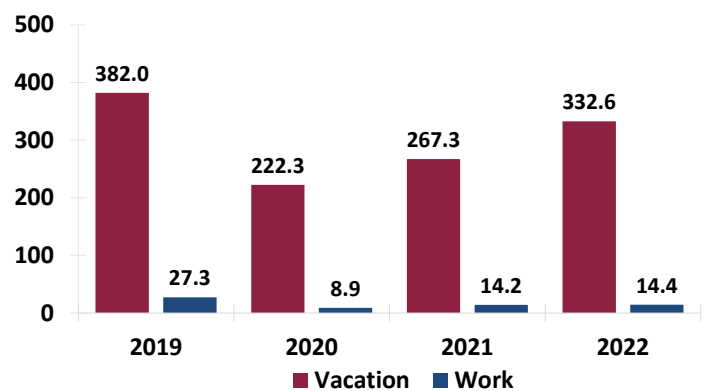
Following the stop caused by Covid, according to the Italian national tourism board Agenzia Nazionale del Turismo, the number of international travelers in Italy for work reasons showed an upturn in 2021 compared to 2020 (+17.4%), persisting in 2022 (+23.6% YoY), reaching 13.4 million foreign business travelers, although still 14% lower than in 2019 (Source: Agenzia Nazionale del Turismo, *Mice tourism, Italy climbs the ICCA ranking: third in the world and second in Europe*, 2023).

Overall, travels by Italian residents were 54.8m, +31.6% YoY, still below 2019 (-23%), with overnight stays at 346.9m, +31.6% YoY (-23% on 2019). Despite recovery in business travel, only 3.8m of travels in 2022 were for work purposes in Italy, -51.6% compared to 2019 (Source: ISTAT, *Viaggi e vacanze in Italia e all'estero - anno 2022*, 2023).

Number of trips by purpose (thousands)



Number of overnight stays by purpose (thousands)



Source: ISTAT, *Viaggi e vacanze in Italia e all'estero - anno 2022*, 2023

According to Italian university Politecnico di Milano, the digitalization of business travel management procedures is increasing, with the use of travel management companies in bookings activities rising from 60% to 65% in 2022 (Source: Politecnico di Milano, *Osservatorio Business Travel*, 2023).

Industry outlook

Tourism: Italy set to smash record in 2023

In 2023 Italy could record the highest number of both arrivals and overnight stays, putting the sector's recovery ahead of pace in Europe as a whole. According to market-research institute Demoskopika, Italy is expected to host 442m overnight stays in tourist accommodations in 2023 (+12% YoY) and 127m tourist arrivals (+11% YoY), almost recovering the 2019 level (source: Demoskopika, *Tourism forecast 2023*, March 2023).

Summer holidays in Italy awaited over 68m tourists (+4.3% YoY and +3.7% on 2019) and 267m overnight stays (+3.2% YoY and +2.6% on 2019), being the holiday destination for 35.3m foreign travelers (Source: Demoskopika, *Tourist forecast summer 2023*, May 2023). Preliminary data about last summer season report a record of over 100m foreign tourist arrivals, with domestic tourists still below pre-Covid levels. This trend has been going on for at least two decades: since 2003, summer arrivals of foreigners have grown by +54% compared to a -7% decline for Italians (source: Cassa Depositi e Prestiti, *La ripresa turistica in Italia: quale futuro dopo l'estate?*, 2023).

Hôtellerie: Ongoing recovery and digital transformation

The recovery of tourism demand after pandemic and the promising forecasts for 2023 summer season suggest optimism for the industry. With the pervasive digital transformation and shifting guest preferences, the hotel industry is changing rapidly and this is expected to continue in the future. After years of standardization, the shift towards personalization and specialization may translate into increased value creation for hospitality companies. Technology is gaining importance to engage guests and improve their experience. The use of data to better understand and anticipate guests' needs, emerging segments and their preferences will lead to innovation and to new service concepts.

Business travel: nearly fully recovered to levels before the pandemic

Global working trends have changed since the onset of the pandemic, causing disruptions in business travel, the spread of remote working and digital nomadism. According to market intelligence firm CAPA, airlines, corporate travel management organizations, travel agencies and business travel associations are pointing to recovery for business travel in 2023. Global forward-ticketing data indicate that, after a slowing in business ticket sales over H2 2022, corporate air travel is due to accelerate through the early part of 2023 (Source: CAPA, *After slow end to 2022, the business travel outlook is turning more positive for 2023*, 2023). According to market research Custom Market Insights, the global corporate travel market was worth \$251.1bn in 2022 and is expected at \$259.3bn in 2023 (Source: Custom Market Insights, *Corporate travel market size, trends and insights by service, by traveler and by region - 2023-2032*, 2023).

4. BUSINESS MODEL AND STRATEGY

A full-service offer for hospitality

Xenia operates with a joint business model:

- accommodation services - search and reservation of hotel rooms, rates and services
- hotel management
- brokerage of hotel rooms and rooms in B&B/apartments through XENIAtoBOOK platform

Services portfolio

Business	Accommodation	Hotel management	Hotel distribution
Brand		 PHI HOTELS	
Service	Hotel accommodation and transfers in Italy and abroad	Management of hotels under rights of use	Tech platform, connecting hotels to over 600k travel agencies
Customers	B2B (crews of railway companies, airlines, shipping lines, passengers and cargo, construction teams)	B2C-B2B	B2B
Source of revenue	Fees on bookings within framework agreements	Hotel operations, including sold rooms, conferences, food and beverage and other services	Booking fees

Source: Company data

Accommodation

Xenia handles the entire crew transfer and hotel accommodation process for airlines, railways, shipping lines and cargo, by identifying the most appropriate hospitality facilities as well as negotiating the rates for crews and passengers, both for scheduled travel and for travel disruptions, layovers and rerouting. The network of partners facilitates quick responses, standards of quality and support worldwide. Xenia negotiates within the rules and travel policies of each customer company, as well as their expectations as to budget, quality standards, services, and payment methods. Agreements with hotels include room type, quota of rooms in an allotment, pricing tiers, time limits and release of rooms, penalties, invoicing and reporting methods. Urgent issues from any airport, port, or railway station are handled by 24/7 customer support.

Tailor made accommodation solutions

Top 5 Accommodation customers

Customer	Nationality	Industry	Partnership duration	Contract duration	Weight on FY22 Accommodation revenues
Customer #1		Railway transport	Long-term	1Y renewal - October 2024	} 83% } 93% top 2 customers } 100% top 5 customers
Customer #2		Catering	Long-term	1Y	
Customer #3		Railway transport	Mid-term	1Y	
Customer #4		Real Estate	Long-term	6M	
Customer #5		Transport & Logistics	Mid-term	1Y	

Source: Company data

Hotel management

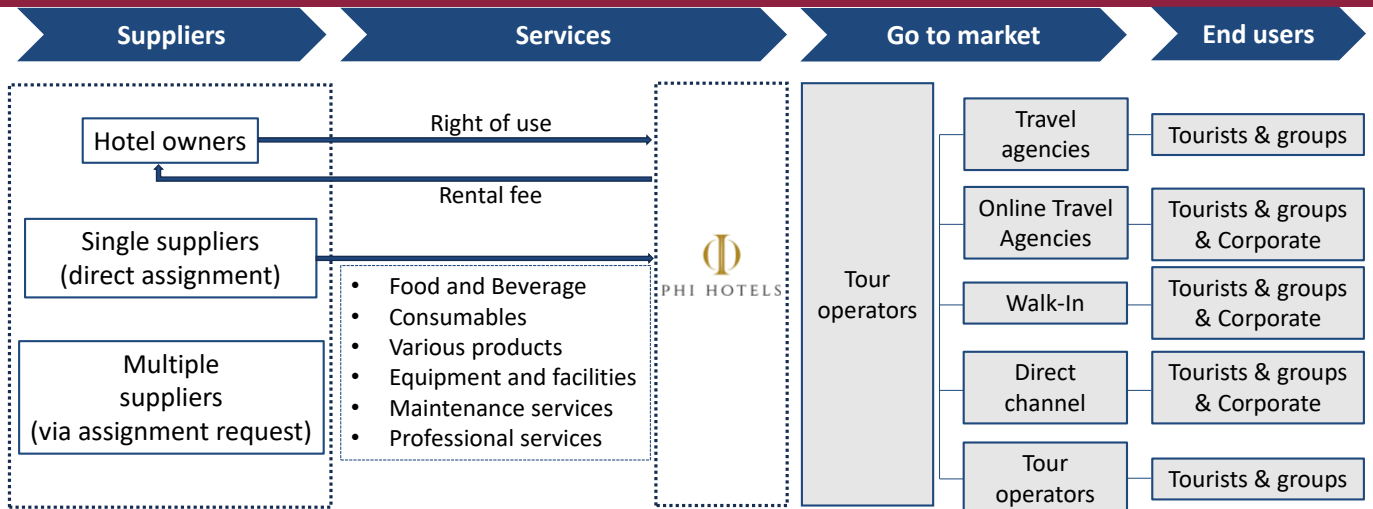
Asset-light model requires low investment

PHI Hotels is Xenia brand dedicated to hôtellerie. Xenia acquires independent hotels and takes over their direct management, according to the asset-light operating model.

Xenia operates according to a model with long-term lease agreements with property owners, through its own brand and the responsibility for hotel operations (as opposed to other industry models such as franchise, where the hotel group controls only the brand while operations are run by a specialized management company or directly by the property owner, and a fully integrated model where the property owner is responsible for both operations and brand).








PHI Hotels supports its staff in applying revenue management techniques, controls on operations, training, web marketing strategies. Through analysis of performance indicators, Xenia addresses business goals and monitoring of operating performance.

PHI Hotels - Supply chain



Source: Company data

Upper mid-market offering for leisure and business travellers

PHI Hotels network				
Hotel	Location	Number of Rooms	Year of acquisition	Revenue FY22
 PHI HOTEL CANALGRANDE	Modena Emilia Romagna	67	2018	€1.9m
 PHI HOTEL ALCIONE	Francavilla al Mare Abruzzo	44	2016	€1.1m
 PHI HOTEL BOLOGNA AL CAPPELLO ROSSO	Bologna Emilia Romagna	33 + 8 apartments	2021	€2.1m
 PHI HOTEL MILANO	Baranzate Lombardia	65	2019	€1.3m
 PHI HOTEL ASTORIA	Susegana Veneto	37	2019	€0.6m
 PHI HOTEL EMILIA	Ozzano dell'Emilia Emilia Romagna	72	2021	€1.2m
 PHI HOTEL DEI MEDAGLIONI	Correggio Emilia Romagna	53	2020	€0.8m
	Total	371 rooms and 8 apartments		€9.0m

Source: Company data - Note: PHI Hotel Alcione went out of Hotel portfolio in October 2023, as such the current number of rooms is 327

Hotel distribution

XENIAtoBOOK is the proprietary tech platform enabling hotels to be connected to over 600k terminals in travel agencies worldwide. It connects partner hotels within a global distribution system. The business model is focused on GDS technology which allows partner hotels to sell their rooms through GDS systems including Amadeus, Travelport, Sabre e Worldspan. The main target are small and medium-sized hotels for business customers and travelers interested in trade fairs and congresses.

Tech platform features

- Fast and simple affiliation
- No setup fees
- Visibility and distribution through GDS
- Set up of an unlimited number of rates
- Freedom in the choice of rates, cancellation policies and penalties for no show
- Support in participation to consortia programs
- Direct payment at check-out or via prepaid cards, ad hoc payments with consortia companies
- Centralized management of fee payments
- Connection via channel manager
- Help desk assistance for loading
- Support team

Source: Company data

Operating metrics

Division	KPI	FY21	FY22	H1 2023
Accommodation	Number of customers	7	7	5
Hotel management	Number of PHI Hotels	9	8	7
	Average Daily Rate (€)	67.7	89.2	95.9
Hotel distribution	Number of rooms brokered	>19,000	>30,000	-
	Average revenue per room (€)	-	15.2	-

Source: Company data

Strategy: consolidate in tour operating and hotel management market

Strategic guidelines:

- Marketing to increase room occupancy rates
- Extend the B2B customer portfolio of the accommodation business, targeting major airlines and ground transportation companies
- Acquisition of management of 4-star hotels in Italy
- New services in accommodation
- Acquisition of tour operators with focus on B2C

5. COMPETITION

Populated and competitive arena

Industry players competing within the accommodation and hôtellerie industry

Xenia operates across three businesses within the hospitality industry, where it faces competition nationwide from global and national players.

Accommodation

Main competitors:

- Crew accommodation and travel disruption specialists - providing lodging, transfer and catering services
- Tour operators - offering a combination of travel and tour products, often into packages
- Global business travel companies

Hôtellerie

Main competitors:

- Hotels - both independent and networks
- Vacation rental companies - offering alternative accommodations such as properties listed on online platforms. They allow travelers to plan a visit for a short amount of time and can often be booked at cheaper prices than hotels.
- Bed and breakfasts - smaller establishments with service limited to breakfast

Competition drivers

The main competitive factors are:

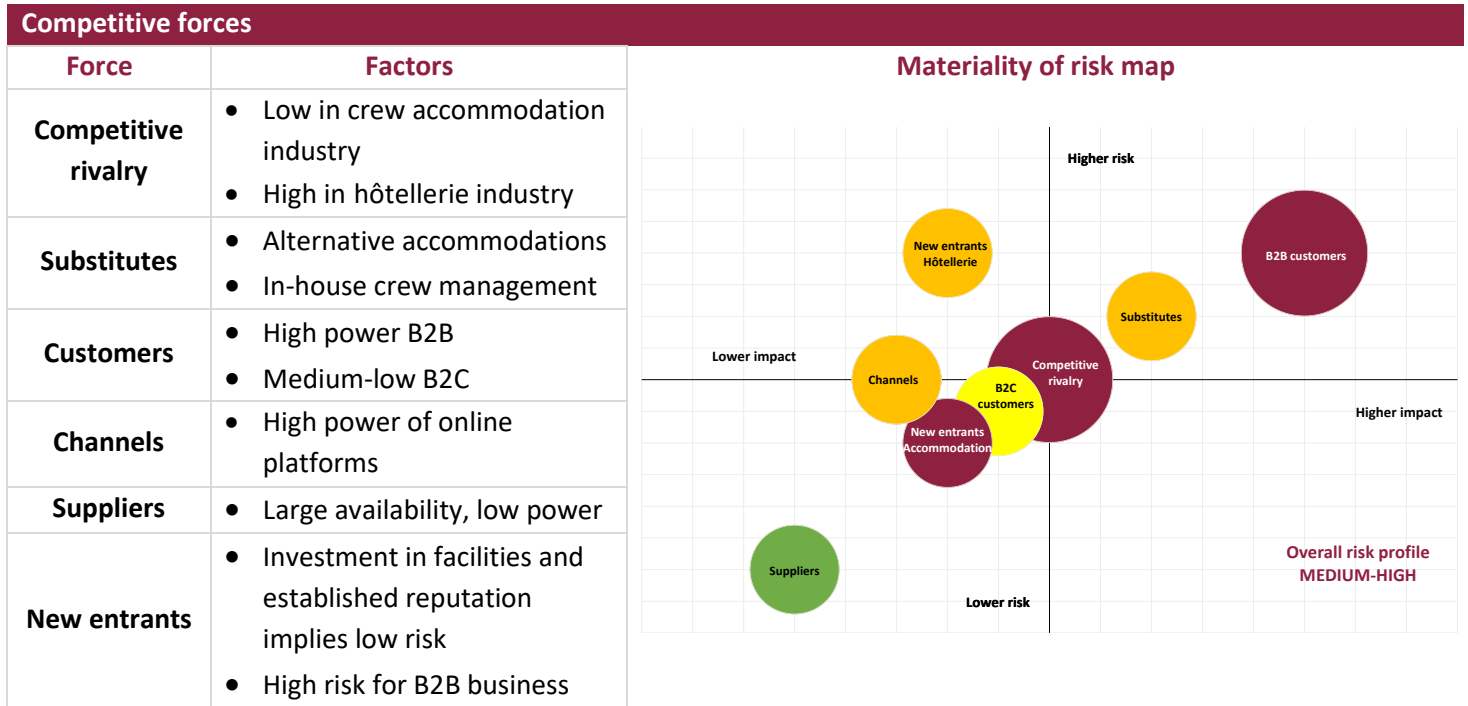
- pricing strategies - B2B+B2C
- network connections and reach - B2B+B2C
- breadth of services offered - B2B+B2C
- quality of service and amenities, reputation and brand recognition - B2C
- location - B2C
- personal feeling and trust - B2C
- booking fees and rebates - B2C and B2B
- customer relationship management - B2B
- technology and innovation facilitating bookings - B2B+B2C

We consider key factors the ability to offer services which maximize customers' satisfaction.

Determinants of risk profile

- Entry barriers are medium-high: developing a hospitality company is expensive and requires significant investments into facilities and established reputation. This makes it difficult for newcomers to enter the market and compete with established players.
- B2B customers have high power, B2C customers have medium-low power
- Abundance of suppliers in the market, low

- The threat of substitute services is medium-high
- The mix of such factors leads to consider the overall risk profile as *medium-high*.



Source: EnVent Research

Competitors profiles

Accommodation

Value Group (Italy) - FY22 Gross revenues €27.6m

Crew accommodation and passenger travel disruption services.

FAS Airport Services (Italy) - FY22 Gross revenues €9.4m

Travel disruption and crew accommodation services.

Accommodations Plus (USA) - undisclosed revenues

Travel management services.

Hôtellerie

Overview of hotel networks with nationwide presence in Italy, restricted to companies disclosing Italian figures.

Starhotels - FY22 Revenues €241m

Italian chain of 30 4-star and 5-star hotels, of which 25 in Italy and five abroad.

Starwood - FY21 Revenues €64.7m

Part of Marriott International, network of luxury and upscale full-service hotels under the brands Sheraton, St Regis, Westin.

Gruppo UNA - FY22 Revenues €146.2m

Italian chain of 4-star hotels and resorts.

Accor - FY22 Revenues €97.5m

Part of French network of hotels and resorts under the Ibis, Mercure and Novotel brands.

Baglioni Hotels - FY22 Revenues €75.8m

Italian chain of luxury hotels in Milan, Venice, Rome and Florence.

Sol Meliá Italia - FY22 Revenues €62.5m

Part of the international network Melià Hotels International, with eight 4-star and 5-star hotels in Italy (Milan, Rome, Florence, Genoa and Carmignano).

Sina Hotels - FY22 Revenues €52.2m

Italian chain of luxury hotels in Turin, Venice, Milan, Parma, Florence, Perugia, Rome and Capri.

Iti Hotels - FY22 Revenues €26.7m

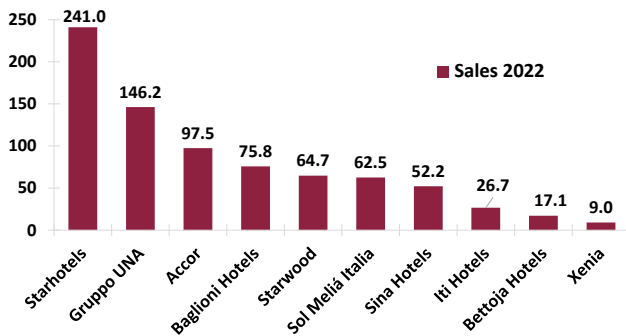
Chain of hotels and resorts located in tourist areas in Sardinia.

Bettoja Hotels - FY22 Revenues €17.1m

Three family-owned luxury hotels located in downtown Rome.

Source: EnVent Research on AIDA and publicly available information

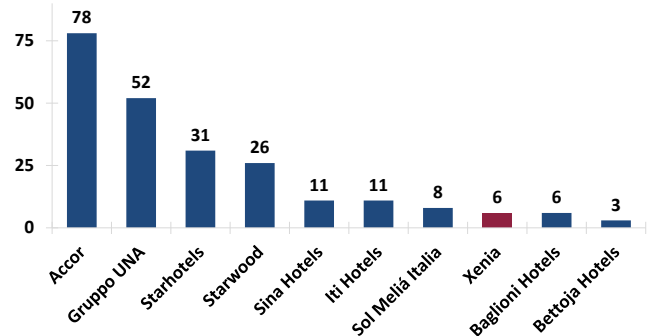
Domestic sales comparison (€m) - selected chains



Source: EnVent Research on AIDA and Company data

Note: chains selected per availability of domestic data. Starwood sales FY21

Number of hotels in Italy - selected chains



Source: EnVent Research on publicly available information

Hotel distribution platforms

Pegasus - undisclosed revenues

Processor for electronic hotel transactions and offers distribution services to about 100,000 hotels worldwide. It offers a distribution service to connect hotels CRS and the GDS, allowing travel agents to search for the right hotel room on a real-time basis.

Rec Online - undisclosed revenues

Online distribution platform for small to mid-market independent hotels and hotel chains, to

increase their visibility and materialize their potential in major online hotel booking channels. With reonline|CRS hotels receive a One-Stop-Distribution Solution that connects their inventory with over 450,000 travel agents (GDS) and the major online travel portals worldwide. In addition, reonline|CRS provides hotels with a booking-engine solution to allow real-time reservations on a hotel website. Currently, over 4,000 hotels use reonline to manage their online distribution.

Competitive playground and summary positioning

- The picture is that of a limited number of players in crew accommodation, while hôtellerie is highly populated, with many independent hotels and networks. Main competitive factors are pricing, quality of service and customer relationship management.
- Competition in the hôtellerie industry is fragmented and it is primarily local
- Competitive rivalry at a national level is low in crew accommodation, with a few companies competing for the same customers

6. MARKET METRICS

Market value of listed hospitality companies

Selection criteria of peers

Key factors:

- Business mix including B2B accommodation services, hotel management, and online B2B booking platform
- Revenue model mainly transaction-based
- Target customers B2B and B2C
- Proprietary technology tools

Comparability assessment: no listed comparable integrated player

Based on the above factors, there is no listed industry player matching the business mix and model, but rather Xenia could be compared at a certain extent to segments of operations.

In view of the lack of comparable listed players, we have analyzed, as a wider scope, several segments of the hospitality industry, each sharing with Xenia some characteristics:

- business model
- underlying industry logics
- reference market trends
- in some cases, tech-driven businesses

However, there are some main differences among the analyzed players: size, global presence, stage of maturity, financial performance and brand awareness.

Industry players segmentation

We have segmented the selected public companies into clusters to detect performance consistencies and to understand the key market metrics for the industry:

- **OTA and tour operators** - Online Travel Agencies and other vacation rental listing websites, tour operators
- **Hotels - Large international hotel groups** - multinational groups with own brand portfolio, typically operating a mix of franchised hotels, self-managed hotels and property-owned - and **mid-sized hotel chains** - with smaller size and footprint, not focused purely on the upper scale segment
- **Travel tech** - Technology companies specialized in travel and tourism with dedicated suite of software
- **Short/mid-term accommodation rentals** - Property managers of short/mid-term alternative accommodations available for rental through online platforms

Hospitality as a suitable benchmark for similar industry dynamics

Heterogeneous companies subject to the same industry logics and trends

Key data comparison

Company	Revenues				EBITDA	Net income	Net (debt)	Market cap
	2022 (€m)	YoY % 2022 on '21	4Y CAGR 2019-22	3Y CAGR 2022-25E	Margin % 2022	(loss) 2022 (€m)	cash 2022 (€m)	
OTA and tour operators								
TUI	16,545	250%	-4%	9%	3%	-277	-3,436	2,885
Booking	15,991	66%	6%	14%	31%	2,861	1,201	100,484
Expedia	10,917	44%	1%	9%	12%	329	-1,797	17,395
AirBnB	7,859	49%	22%	13%	23%	1,771	6,813	74,860
Trip.com	2,719	-2%	-16%	41%	5%	190	-558	21,041
TripAdvisor	1,396	76%	0.1%	12%	9%	19	86	2,429
Trivago	535	48%	-14%	2%	12%	-127	248	179
Voyageurs du Monde	497	228%	1%	14%	10%	30	143	507
eDreams	398	272%	-10%	25%	-10%	-66	-379	808
lastminute.com	294	106%	-6%	17%	-3%	-15	32	277
MakeMyTrip	274	96%	-14%	49%	-4%	-41	235	4,195
I Grandi Viaggi	49	68%	-8%	18%	6%	0	8	38
Destination Italia	27	266%	-7%	66%	-4%	-1	-1	13
Mean		121%	-4%	22%	7%			
Median		76%	-6%	14%	6%			
Hotels								
International								
Marriott	5,012	67%	2%	71%	70%	2,206	-10,009	55,514
Accor	4,224	92%	1%	9%	14%	402	-1,695	8,160
Hilton	3,496	63%	1%	45%	61%	1,174	-7,937	39,643
Hyatt	3,061	141%	10%	30%	26%	426	-2,153	10,927
InterContinental	2,863	40%	-2%	-8%	23%	351	-1,739	11,406
Mid-sized								
Whitbread	2,066	199%	-5%	20%	14%	51	-4,299	7,229
NH	1,722	131%	0.3%	6%	18%	100	-2,205	1,686
Scandic Hotels	1,726	76%	-2%	5%	17%	35	-3,824	681
Meliá	1,680	103%	-2%	5%	14%	111	-2,653	1,242
Wyndham	1,267	16%	-0.2%	4%	44%	332	-1,803	5,951
MHP Hotel	105	215%	na	23%	1%	-7	-3	49
Mean		104%	0%	19%	27%			
Median		92%	0%	9%	18%			
Travel tech								
Amadeus	4,486	68%	-7%	14%	34%	665	-2,416	27,795
Sabre	2,374	60%	-12%	10%	-6%	-407	-3,721	1,353
Mean		64%	-10%	12%	14%			
Short/mid-term accommodation rentals								
Vacasa	1,112	42%	61%	-1%	-5%	-311	118	88
Sonder	431	111%	50%	25%	-56%	-155	-1,171	51
HomeToGo	147	55%	49%	17%	-36%	-53	137	297
CleanBnB	9	123%	40%	26%	4%	0	4	9
G Rent	2	-4%	nm	na	-60%	-1	1	5
Dotstay	0.4	48%	39%	99%	-35%	0	2	18
Emma Villas	28.0	55%	na	19%	5%	0	-2	19
Mean		62%	48%	33%	-31%			
Median		51%	49%	25%	-36%			

Source: EnVent Research on S&P Capital IQ, 17/11/2023

Market multiples

Company	EV/REVENUES				EV/EBITDA				EV/EBIT				P/E			
	2022	2023E	2024E	2025E	2022	2023E	2024E	2025E	2022	2023E	2024E	2025E	2022	2023E	2024E	2025E
OTA and tour operators																
AirBnB	5.6x	7.4x	6.6x	5.9x	24.1x	20.5x	18.2x	15.8x	24.7x	30.8x	26.9x	22.5x	28.6x	14.6x	27.5x	24.2x
Booking	4.5x	5.1x	4.6x	4.2x	14.4x	15.5x	13.5x	12.0x	15.7x	16.7x	14.5x	12.9x	25.6x	19.9x	18.0x	15.8x
Expedia	1.5x	1.7x	1.5x	1.4x	12.3x	7.9x	7.0x	6.3x	14.3x	18.6x	12.3x	10.4x	38.8x	13.4x	11.3x	9.6x
TripAdvisor	1.6x	1.4x	1.3x	1.1x	17.8x	7.8x	6.4x	5.5x	24.1x	23.6x	12.9x	10.1x	nm	17.4x	12.0x	9.8x
MakeMyTrip	9.1x	6.7x	5.3x	4.3x	neg	nm	nm	25.6x	neg	nm	59.4x	34.7x	nm	nm	41.6x	29.1x
eDreams	2.2x	2.1x	1.6x	1.4x	neg	nm	13.8x	7.8x	neg	nm	29.5x	11.2x	neg	neg	45.8x	13.2x
Trip.com	7.8x	3.7x	3.1x	2.8x	nm	12.7x	11.6x	10.0x	nm	15.8x	14.0x	12.0x	nm	16.6x	14.4x	12.5x
Trivago	0.4x	-0.2x	-0.2x	-0.1x	3.1x	neg	neg	neg	3.2x	0.5x	neg	neg	neg	3.7x	5.0x	3.2x
Voyageurs du Monde	0.4x	0.4x	0.3x	0.3x	3.6x	3.8x	3.8x	3.5x	4.0x	4.2x	4.2x	4.0x	10.9x	12.6x	12.6x	11.9x
lastminute.com	0.7x	0.5x	0.4x	0.4x	neg	4.1x	3.4x	2.8x	neg	18.3x	9.4x	5.9x	neg	50.3x	24.1x	14.1x
TUI	0.4x	0.3x	0.3x	0.3x	15.2x	3.2x	3.0x	2.8x	34.4x	6.0x	5.2x	4.6x	neg	7.2x	5.3x	4.4x
I Grandi Viaggi	0.6x	0.4x	0.4x	n.a.	10.3x	5.1x	4.5x	n.a.	nm	9.6x	7.8x	n.a.	neg	21.6x	17.0x	n.a.
Destination Italia	0.5x	0.4x	0.2x	0.2x	neg	27.1x	9.0x	4.8x	neg	neg	nm	8.3x	neg	neg	n.a.	8.1x
Mean	2.7x	2.3x	2.0x	1.8x	12.6x	10.8x	8.6x	8.8x	17.2x	14.4x	17.8x	12.4x	26.0x	17.7x	19.6x	13.0x
Mean w/out extremes	2.3x	2.0x	1.7x	1.6x	12.3x	9.7x	8.1x	7.6x	16.6x	14.1x	14.7x	10.9x	27.1x	15.4x	18.4x	12.4x
Median	1.5x	1.4x	1.3x	1.3x	13.3x	7.9x	7.0x	6.3x	15.7x	16.3x	12.9x	10.4x	27.1x	15.6x	15.7x	12.2x
Hotels																
Marriott	10.8x	3.1x	2.8x	2.7x	15.4x	15.8x	14.8x	13.9x	16.6x	18.2x	17.2x	15.7x	20.0x	23.2x	21.8x	20.5x
Hilton	11.4x	5.1x	4.8x	4.5x	18.8x	17.2x	16.0x	14.9x	20.2x	20.6x	18.4x	16.9x	27.2x	26.9x	24.4x	22.2x
Hyatt	3.7x	2.2x	2.1x	2.0x	14.2x	14.4x	13.1x	11.9x	28.8x	34.6x	25.4x	21.1x	21.3x	47.7x	31.8x	26.9x
InterContinental	3.9x	6.9x	6.5x	6.1x	16.6x	13.6x	12.8x	12.0x	17.1x	14.7x	13.8x	12.9x	26.6x	19.6x	18.2x	17.1x
Wyndham	6.1x	6.2x	5.9x	5.6x	13.7x	13.1x	12.6x	12.1x	15.7x	16.1x	15.2x	14.5x	17.7x	18.9x	18.3x	17.7x
Accor	1.9x	2.1x	2.0x	1.9x	13.6x	10.6x	9.8x	9.0x	18.1x	14.4x	13.1x	11.9x	14.9x	17.4x	15.7x	14.2x
NH	2.1x	2.1x	1.9x	1.9x	11.4x	7.3x	6.3x	6.4x	16.2x	16.0x	11.9x	12.6x	12.9x	21.1x	16.7x	14.2x
Meliá	2.2x	2.1x	2.1x	2.0x	16.3x	8.4x	8.2x	7.8x	27.6x	17.9x	18.2x	16.3x	9.1x	12.6x	11.7x	9.8x
Scandic Hotels	2.5x	2.5x	2.4x	2.3x	14.8x	8.2x	8.4x	8.1x	19.8x	nm	nm	27.2x	15.6x	7.9x	7.4x	6.8x
MHP Hotel	0.5x	0.4x	0.3x	0.3x	nm	75.2x	9.4x	5.3x	neg	nm	neg	14.4x	neg	neg	neg	31.9x
Whitbread	4.9x	4.0x	3.4x	3.2x	nm	11.7x	9.7x	9.4x	nm	19.2x	15.0x	14.4x	nm	21.7x	15.0x	14.8x
Mean	4.5x	3.3x	3.1x	3.0x	15.0x	17.8x	11.0x	10.1x	20.0x	19.1x	16.5x	16.2x	18.4x	21.7x	18.1x	17.8x
Mean w/out extremes	4.2x	3.3x	3.0x	2.9x	14.9x	12.6x	11.0x	10.1x	19.4x	17.6x	15.8x	15.4x	18.4x	20.2x	17.7x	17.5x
Median	3.7x	2.5x	2.4x	2.3x	14.8x	13.1x	9.8x	9.4x	18.1x	17.9x	15.2x	14.5x	17.7x	20.3x	17.4x	17.1x
Travel tech																
Sabre	2.4x	2.0x	1.8x	1.7x	neg	17.2x	9.2x	7.0x	neg	25.5x	10.9x	7.7x	neg	neg	21.8x	5.6x
Amadeus	5.4x	5.5x	4.9x	4.5x	15.7x	14.5x	12.4x	11.2x	25.6x	20.8x	17.2x	15.2x	32.9x	24.9x	21.1x	18.7x
Mean	3.9x	3.7x	3.3x	3.1x	15.7x	15.8x	10.8x	9.1x	25.6x	23.2x	14.1x	11.5x	32.9x	24.9x	21.5x	12.2x
Short/mid-term accommodation rentals																
Vacasa	0.4x	0.1x	0.1x	0.1x	neg	nm	2.8x	1.4x	neg	neg	neg	neg	neg	0.6x	neg	neg
Sonder	3.3x	2.8x	2.2x	1.9x	neg	neg	nm	nm	neg	neg	neg	neg	neg	neg	neg	0.8x
HomeToGo	1.0x	1.1x	0.9x	0.8x	neg	nm	24.5x	8.6x	neg	neg	neg	neg	neg	neg	neg	nm
CleanBnB	0.5x	0.4x	0.3x	0.3x	13.6x	5.4x	3.4x	2.4x	neg	10.3x	5.1x	3.2x	neg	36.3x	14.6x	8.8x
G Rent	7.1x	n.a.	n.a.	n.a.	neg	n.a.	n.a.	n.a.	neg	n.a.	n.a.	n.a.	neg	n.a.	n.a.	n.a.
Dotstay	nm	nm	8.7x	4.8x	neg	neg	nm	24.7x	neg	neg	nm	30.3x	neg	neg	nm	48.5x
Emma Villas	na	0.6x	0.5x	0.4x	na	4.2x	3.7x	3.0x	na	4.9x	4.4x	3.4x	na	6.4x	6.1x	4.5x
Mean	2.5x	1.0x	2.1x	1.4x	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Mean w/out extremes	1.6x	1.0x	1.3x	1.1x	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Median	1.0x	0.6x	0.7x	0.6x	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm

Source: S&P Capital IQ, 17/11/2023

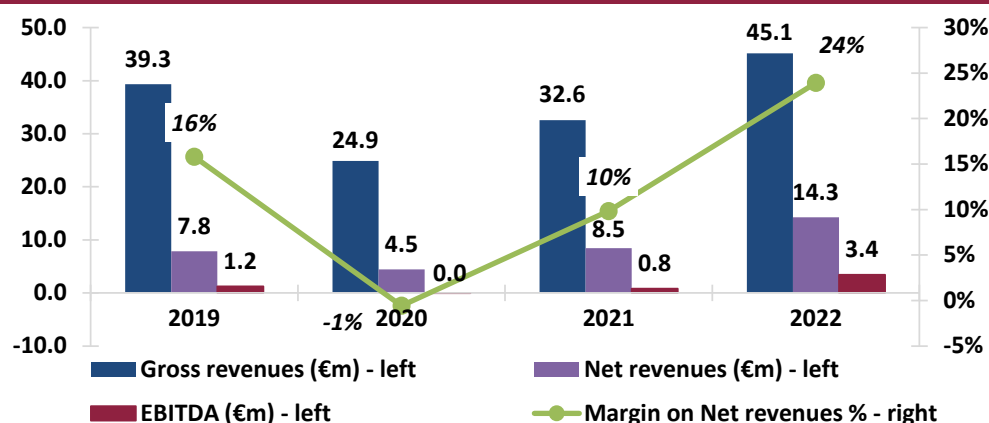
7. FINANCIAL ANALYSIS AND PROJECTIONS

Healthy financials, room for growth

Gross revenues for Xenia have been around €40-45m in 2019 and 2022, excluding 2020-21 when they were lower (€25-33m) being impacted by Covid-19 disruptions to global travel and tourism. Revenues net of cost of partner services (mainly reserved rooms rates) grew from €8m in 2019 to €14m in 2022, a 22% CAGR. Operating profitability has fluctuated over the last years, with EBITDA between 10-24% of net revenues.

4Y Historical financial performance

Revenue recovery after Covid starting already in 2021



Source: EnVent Research on Company data - Write-down of trade receivables and provisions are included in other operating costs, before EBITDA, as per international practice standards

Revenue and profitability analysis

Xenia reported €45m gross revenues in 2022, ca. 40% higher than in 2021, almost wholly generated in Italy. Net revenues were €14.3m, +70% YoY, with cost of partner services at 87% of accommodation gross revenues.

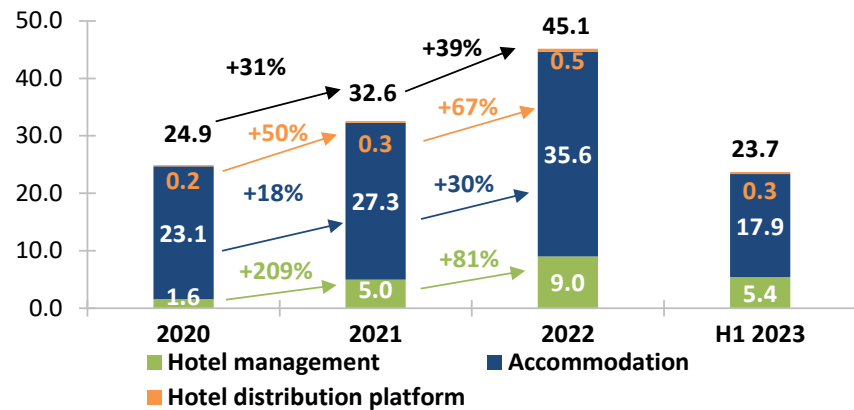
Services were 34% of revenues, with hotels accounting for the most part, personnel was around 30% of net revenues, other operating costs in the region of 15%.

EBITDA was €3.4m, 8% on gross revenues and 24% on net revenues, better than pre-pandemic figures. EBIT was €1.7m and net income €0.9m.

Segment performance

Over last three years accommodation revenues accounted for 92% to 79% of gross revenues (€35.6m in 2022); hotel management grew from 7% to 20%; hotel distribution was stable around 1%. Revenues from hotel management were €9m in 2022, from €5m in 2021, with average daily rate up by 20% YoY.

Gross revenue mix (€m)



Source: Company data

Balance sheet and cash flow analysis

On the balance sheet side, trade receivables were €9.3m (21% of gross revenues) and trade payables €16.8m. Non-current assets are mainly made of: properties and equipment €11.1m, property rights of use €8.9m, goodwill and other intangibles €1.5m.

As of year-end 2022, net financial debt was €10.1m, with breakdown: €5.1m bank debt, €5.5m financial debt for rent to buy, €7.7m leasing, €0.6m other financial debt, €1.9m guarantee deposit to a key customer, €6.9m cash. Net debt to EBITDA ratio was 3x. Equity was €2.8m. Net financial debt excluding IFRS 16 would be €2.3m, with 1x net debt/EBITDA ratio.

Cash flow from P&L operations was 86% of EBITDA in 2022 and FCF was 120% of EBITDA, after a working capital release.

Industry accounting practices and matters

- **Accounting standards** - Xenia accounts are prepared in accordance with IFRS
- **Weight of partner services** - Accommodation services, as typical in the industry, imply billing from partner hotels of rooms/stays, which is accounted for in both revenues and costs
- **EBITDA less relevant than EBIT** - Properties rights of use are depreciated according to the term of the leasing contract; as such, EBITDA has lower relevance compared to EBIT since the cost of leases is not included in operating costs before EBITDA. EBIT, after depreciations of rights of use, is a more advisable measure of operating profit margin.
- **Leases under IFRS 16** - Lease contracts for hotel management with property owners are capitalized in the balance sheet among fixed assets as rights of use and as lease liabilities. This results in a substantial increase in financial liabilities, because the lease liability includes the present value of future lease payments.

Current trading in H1 2023

Xenia H1 2023 figures show gross revenues up to €23.7m, +13% on H1 2022, mostly driven by accommodation and hotel management, respectively +7% and +38%. EBITDA was €2.0m, 8.5% on gross revenues vs nearly 7% in H1 2022. EBIT and net income almost doubled, respectively at €1.1m and €0.6m. Net financial debt as of June 2023 was €8.7m, from €10.1m as of year-end 2022.

Profit and Loss

€m	H1 2022	H1 2023
Gross revenues	20.9	23.7
Cost of partners services	(14.6)	(15.8)
Net revenues	6.3	7.9
Other income	0.0	0.2
Revenues	6.3	8.0
YoY %	-	26.6%
Services	(2.2)	(2.4)
Personnel	(2.0)	(2.7)
Other operating costs	(0.7)	(1.0)
Operating charges	(5.0)	(6.0)
EBITDA	1.4	2.0
Margin on Net revenues	21.9%	25.5%
Margin on Gross revenues	6.6%	8.5%
D&A	(0.8)	(1.0)
EBIT	0.596	1.1
Margin on Net revenues	9.4%	13.1%
Interest	(0.2)	(0.2)
EBT	0.4	0.9
Margin on Net revenues	6.9%	11.0%
Income taxes	(0.1)	(0.3)
Net Income (Loss)	0.3	0.6
Margin on Gross revenues	1.6%	2.5%

Source: Company data

Balance Sheet

€m	2022	H1 2023
Inventory	0.1	0.1
Trade receivables	9.3	9.0
Trade payables	(16.8)	(16.2)
Trade Working Capital	(7.4)	(7.1)
Other assets (liabilities)	(0.4)	(0.9)
Net Working Capital	(7.8)	(8.0)
Goodwill and other intangible assets	1.5	1.4
Property, plant and equipment	11.1	10.8
Property rights of use	8.9	8.2
Equity investments and financial assets	0.1	0.2
Non-current assets	21.5	20.7
Provisions	(0.7)	(0.8)
Net Invested Capital	12.9	11.9
Bank debt	5.1	3.9
Financial debt - Rent to buy	5.5	5.4
Financial debt - Leasing	7.7	7.2
Other financial debt	0.6	1.1
Guarantee deposit	(1.9)	(2.0)
Cash and equivalents	(6.9)	(6.9)
Net Debt (Cash)	10.1	8.7
Equity	2.8	3.2
Sources	12.9	11.9

Cash Flow

€m	H1 2023
EBIT	1.1
Current taxes	(0.3)
D&A	1.0
Provisions	0.1
Cash flow from P&L operations	1.8
Trade Working Capital	(0.3)
Other assets and liabilities	0.5
Capex	(0.1)
Operating cash flow after WC and capex	1.9
Interest	(0.2)
Equity investments and financial assets	(0.1)
Net cash flow	1.4
Net (Debt) Cash - Beginning	(10.1)
Net (Debt) Cash - End	(8.7)
Change in Net (Debt) Cash	1.4

Source: Company data

Ratio analysis

KPIs	H1 2023
ROE	37%
ROS	4%
ROIC	18%
DOI	2
DSO	56
DPO	125
TWC/Gross revenues	-15%
NWC/Gross revenues	-17%
Net Debt/EBITDA	2.2x
Net Debt/Equity	2.7x
Cash flow from P&L operations/EBITDA	90%
FCF/EBITDA	97%

Our estimates

Use of market data

- The outlook for the Italian accommodation market envisages a strong rebound in 2023
- For our estimates construction, we have taken into consideration the trends of tourism in Italy, occupancy and average rates
- Industry peers market metrics tell that consensus on growth expectation indicators mostly falls within the 10-20% range (see Chapter Market metrics)

Key growth drivers and risk profile

- Retention of existing B2B accommodation customers and addition of new ones to the customer base
- Expansion of the hotel portfolio and penetration into new locations
- Flexible cost structure with high share of variable costs on accommodation
- Ability to manage hotel occupancy and optimize average daily rates
- Loyalty based on guest experience and satisfaction
- Addition of partner hotels to the scalable hotel distribution platform

In the framework of our *medium-high risk profile* as competitive assessment, Xenia looks positioned in a niche market with room to gain market shares - B2B accommodation - and in an industry segment - hôtellerie - where rivalry is high and growth is subject to market fluctuations.

Estimates construction

Our analysis of market trends, competition, and Xenia business model and performance lead to growth assumptions for 2023-25E.

Assumptions

Gross revenues	Build-up per revenue stream: <ul style="list-style-type: none"> - Accommodation 8% 2022-25E CAGR - Hotel management 44% 2022-25E CAGR, based on: revenues from existing hotels with increasing Average Daily Rates (7% CAGR) and target average occupancy at 75%; revenues from new hotels based on additions in 2023-25E - Hotel distribution platform 8% 2022-25E CAGR - Other income below €0.1m per year, once cleared off non-recurring items
Operating charges	<ul style="list-style-type: none"> - Cost of partner services (cost of rooms/stays) 87% of gross accommodation revenues, historical - Services include central G&A, 12-13% of net revenues, and hotel services, 33% of hotel management revenues - Personnel 28% 2022-25E CAGR, with higher growth in 2024-25E to cope with increasing hotel staff needs

	- Other operating costs (including consumables, provisions, write-down of trade receivables, other) 15-10% of revenues
Income taxes	- Corporate tax (IRES): 24% - Regional tax (IRAP): 3.90%
Working Capital	- Trade Working Capital: - DSO 60, recent level - DPO 120, from 135 in 2022 - DOI 4, recent level - Other assets (liabilities) historical
Capex	- €3.5m in 2023 and €9m in 2024-25E as fixed assets, including rights of use for the acquisition of new hotels management, related investments (furniture, fixtures and equipment), renovation/maintenance to increase the value of fixed assets, key money. Capex related to right of use assets under IFRS 16 consists of leases for new hotels. - €20k per year in intangible assets, software development - €0.9m IPO costs in 2023 - Tax relief not factored in
Equity	- IPO proceeds €2.3m - No dividend distribution

Source: EnVent Research

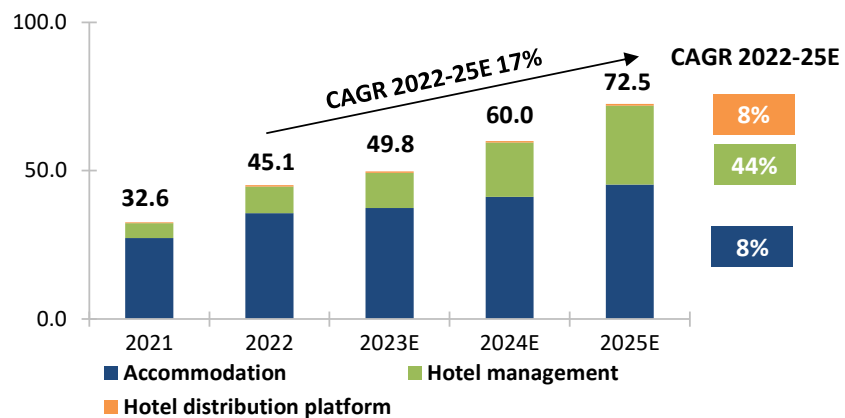
Financial projections

Profit and Loss

€m	2020	2021	2022	2023E	2024E	2025E
Gross revenues	24.9	32.6	45.1	49.8	60.0	72.5
Cost of partners services	(20.4)	(24.1)	(30.9)	(32.4)	(35.7)	(39.2)
Net revenues	4.5	8.5	14.3	17.3	24.4	33.3
Other income	0.5	0.6	0.3	0.1	0.1	0.1
Revenues	5.0	9.1	14.6	17.4	24.4	33.4
YoY %	-39.8%	82.2%	60.5%	19.7%	39.9%	36.7%
Services	(2.0)	(3.3)	(4.8)	(6.1)	(9.1)	(13.0)
Personnel	(2.2)	(3.6)	(4.2)	(4.8)	(6.2)	(8.7)
Other operating costs	(0.8)	(1.3)	(2.2)	(2.4)	(2.4)	(3.3)
Operating charges	(5.0)	(8.2)	(11.2)	(13.3)	(17.7)	(25.0)
EBITDA	(0.0)	0.8	3.4	4.2	6.7	8.4
Margin on Net revenues	-0.6%	9.8%	23.9%	24.0%	27.4%	25.2%
Margin on Gross revenues	-0.1%	2.6%	7.6%	8.3%	11.1%	11.6%
D&A	(0.4)	(0.8)	(1.7)	(2.1)	(3.1)	(4.0)
EBIT	(0.5)	0.0	1.7	2.1	3.6	4.3
Margin on Net revenues	-10.1%	0.2%	12.0%	11.9%	14.9%	13.0%
Margin on Gross revenues	-1.8%	0.0%	3.8%	4.1%	6.0%	6.0%
Interest	(0.3)	(0.4)	(0.4)	(0.5)	(0.7)	(0.8)
Other financial items	(0.1)	0.0	0.0	0.0	0.0	0.0
EBT	(0.9)	(0.3)	1.2	1.6	3.0	3.5
Margin on Net revenues	-19.1%	-4.0%	8.7%	9.1%	12.2%	10.5%
Income taxes	0.2	0.0	(0.4)	(0.5)	(0.9)	(1.0)
Net Income (Loss)	(0.6)	(0.3)	0.9	1.1	2.1	2.5
Margin on Gross revenues	-14.5%	-3.8%	6.0%	6.5%	8.7%	7.4%

Source: Company data 2020-22, EnVent Research 2023-25E - Notes: Write-down of trade receivables and provisions are included in other operating costs, before EBITDA, as per international practice standards

Gross revenue mix evolution (€m)



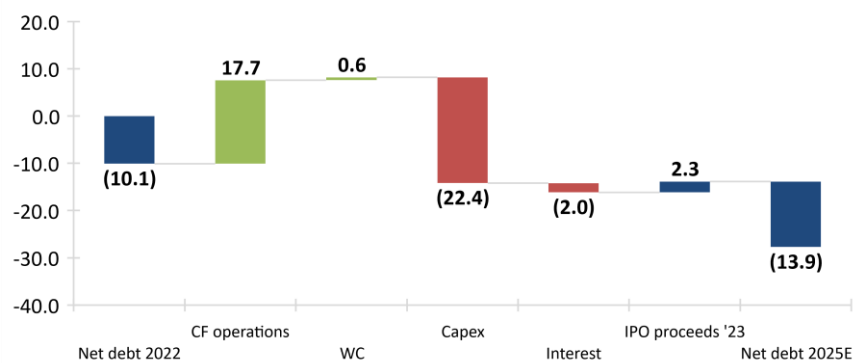
Source: Company data 2021-22, EnVent Research 2023-25E

Balance Sheet

€m	2020	2021	2022	2023E	2024E	2025E
Inventory	0.0	0.1	0.1	0.1	0.2	0.3
Trade receivables	7.3	8.7	9.3	10.0	12.0	14.5
Trade payables	(10.7)	(13.9)	(16.8)	(16.4)	(18.9)	(22.3)
Trade Working Capital	(3.3)	(5.1)	(7.4)	(6.3)	(6.7)	(7.4)
Other assets (liabilities)	1.1	(0.1)	(0.4)	(0.5)	(0.7)	(1.0)
Net Working Capital	(2.2)	(5.2)	(7.8)	(6.8)	(7.4)	(8.4)
Goodwill and other intangible assets	0.8	1.4	1.5	3.2	5.4	7.6
Property, plant and equipment	9.9	11.3	11.1	11.6	13.5	15.0
Property rights of use	6.1	8.9	8.9	8.8	10.7	11.9
Equity investments and financial assets	0.0	0.1	0.1	0.1	0.1	0.1
Non-current assets	16.8	21.7	21.5	23.7	29.7	34.6
Provisions	(0.7)	(0.8)	(0.7)	(0.8)	(1.1)	(1.5)
Net Invested Capital	13.9	15.7	12.9	16.1	21.2	24.7
Net Debt (Cash)	12.6	14.1	10.1	9.8	12.8	13.9
Equity	1.3	1.6	2.8	6.3	8.4	10.9
Sources	13.9	15.7	12.9	16.1	21.2	24.7

Source: Company data 2020-22, EnVent Research 2023-25E

Net financial debt bridge cumulative 2022-25E (€m)



Source: Company data 2022A, EnVent Research 2023-25E

Cash Flow

€m	2021	2022	2023E	2024E	2025E
EBIT	0.0	1.7	2.1	3.6	4.3
Current taxes	0.0	(0.4)	(0.5)	(0.9)	(1.0)
D&A	0.8	1.7	2.1	3.1	4.0
Provisions	0.1	(0.1)	0.1	0.2	0.4
Cash flow from P&L operations	1.0	2.9	3.8	6.1	7.8
Trade Working Capital	1.8	2.3	(1.1)	0.4	0.7
Other assets and liabilities	1.2	0.3	0.1	0.2	0.3
Capex	(5.7)	(1.5)	(3.5)	(9.0)	(9.0)
Operating cash flow after WC and capex	(1.7)	4.1	(0.7)	(2.4)	(0.2)
Interest	(0.4)	(0.4)	(0.5)	(0.7)	(0.8)
Equity investments and financial assets	(0.1)	0.0	0.0	0.0	0.0
IPO proceeds	0.0	0.0	2.3	0.0	0.0
Capex - IPO cost	0.0	0.0	(0.9)	0.0	0.0
Changes in equity and adjustments	0.7	0.4	0.0	0.0	0.0
Net cash flow	(1.5)	4.0	0.3	(3.0)	(1.1)
Net Debt (Beginning)	(12.6)	(14.1)	(10.1)	(9.8)	(12.8)
Net Debt (End)	(14.1)	(10.1)	(9.8)	(12.8)	(13.9)
Change in Net Debt (Cash)	(1.5)	4.0	0.3	(3.0)	(1.1)

Source: Company data 2021-22, EnVent Research 2023-25E

Ratio analysis

KPIs	2020	2021	2022	2023E	2024E	2025E
ROE	-51%	-20%	30%	18%	25%	23%
ROS	-10%	0%	12%	12%	15%	13%
ROIC	-3%	0%	13%	13%	17%	18%
DSO	88	80	62	60	60	60
DPO	139	146	135	120	120	120
DOI	10	5	4	4	4	4
TWC/Gross revenues	-13%	-16%	-16%	-13%	-11%	-10%
NWC/Gross revenues	-9%	-16%	-17%	-14%	-12%	-12%
Net Debt/EBITDA	nm	16.9x	3.0x	2.4x	1.9x	1.7x
Net Debt/Equity	9.9x	8.6x	3.5x	1.6x	1.5x	1.3x
Cash flow from P&L operations/EBITDA	na	114%	86%	91%	91%	93%
FCF/EBITDA	na	neg	120%	neg	neg	neg

Source: Company data 2020-22, EnVent Research 2023-25E

8. VALUATION

Building a domestic hospitality player

Valuation topics

Blended selling proposition

Xenia profile is that of a multi-service hospitality specialist combining dedicated services to crews with a physical offer of own hotels and an online distribution platform. The integrated joint business model and blended selling proposition for B2B and B2C customers supports business diversification and cross-selling opportunities. These tools make Xenia equipped to catch the increasing market demand linked to the rebound of hospitality and business travel in Italy and beyond borders. However, Xenia is still in its investment phase, to support the long-term objective of becoming a renowned national hospitality operator. As such, the value expectation depends on the ability to successfully carry out its strategy.

Investment cycle

Value drivers

- Multi-service offer and synergic business model in hospitality
- Continuity of relationship with B2B customers
- Business mix towards balance between different end-markets
- Flexible operating model

Relevant market metrics and valuation issues

- Market and industry analyses suggest growth expectations based on the trends of tourism and business travel, together with a higher penetration of technology in hospitality
- High sensitivity to investment in capacity and occupancy and pricing trends
- Revenue concentration on few B2B customers
- *Medium-high* risk profile as per competition analysis
- Industry market multiples, mostly from large corporations, might be misleading as a source of valuable indications and could require normalization discounts
- Different accounting methods among industry players may harm comparability
- High relevance of cash use for investments in capacity recognized by cash flow-based values might be under-emphasized by multiples method
- We deal with the mentioned accounting issues by excluding EBITDA from our valuation models and preferring EBIT as a substitute
- The valuation is run in a framework of volatility, including domestic and international turbulence and a rising inflation perspective: certain value determinants may be subject to judgmental adjustments

Valuation metrics

The valuation of Xenia has been performed through:

- Discounted Cash Flows applied to 2023-25E financial projections

- Market multiples, combined and by BU under the Sum of the Parts approach
- Regression analysis

Discounted Cash Flows

Metrics and assumptions:

- Risk free rate: 4.3% (Italian 10-year government bonds interest rate - last 30 days average. Source: Bloomberg, November 2023)
- Market return: 13.0% (last 30 days average. Source: Bloomberg, November 2023)
- Market risk premium: 8.7%
- Beta: 1.3 (judgmental)
- Cost of equity: 15.6%
- Cost of debt: 5%
- Tax rate: 24% IRES
- 40% debt/(debt + equity) as target capital structure
- WACC calculated at 10.9%, according to above data
- Perpetual growth rate after explicit projections (G): 2.5%
- Terminal Value assumes a 5% EBIT margin on gross revenues

DCF valuation

€m	2020	2021	2022	2023E	2024E	2025E	Perpetuity
Gross revenues	24.9	32.6	45.1	49.8	60.0	72.5	74.4
Revenues	5.0	9.1	14.6	17.4	24.4	33.4	34.2
EBITDA	(0.0)	0.8	3.4	4.2	6.7	8.4	5.9
<i>Margin on Gross revenues</i>	<i>neg</i>	<i>2.6%</i>	<i>7.6%</i>	<i>8.3%</i>	<i>11.1%</i>	<i>11.6%</i>	<i>8.0%</i>
<i>Margin on Revenues</i>	<i>neg</i>	<i>9.2%</i>	<i>23.4%</i>	<i>23.8%</i>	<i>27.4%</i>	<i>25.1%</i>	<i>17.4%</i>
EBIT	(0.5)	0.0	1.7	2.1	3.6	4.3	3.9
<i>Margin on Gross revenues</i>	<i>neg</i>	<i>0.0%</i>	<i>3.8%</i>	<i>4.1%</i>	<i>6.0%</i>	<i>6.0%</i>	<i>5.3%</i>
<i>Margin on Revenues</i>	<i>neg</i>	<i>0.2%</i>	<i>11.7%</i>	<i>11.8%</i>	<i>14.8%</i>	<i>13.0%</i>	<i>11.5%</i>
Taxes	0.1	(0.0)	(0.5)	(0.6)	(1.0)	(1.2)	(1.1)
NOPAT	(0.3)	0.0	1.2	1.5	2.6	3.1	2.8
D&A				2.1	3.1	4.0	2.0
Provisions				0.1	0.2	0.4	0.0
Cash flow from operations				3.7	5.9	7.6	4.8
Trade Working Capital				(1.1)	0.4	0.7	0.2
Other assets and liabilities				0.1	0.2	0.3	0.0
Capex				(4.3)	(9.0)	(9.0)	(2.0)
Unlevered free cash flow				(1.6)	(2.5)	(0.4)	3.0
- H1 unlevered free cash flow				(1.9)			
Free cash flow to be discounted				(3.6)	(2.5)	(0.4)	3.0
WACC	10.4%						
Long-term growth (G)	2.5%						
Discounted Cash Flows				(3.4)	(2.2)	(0.3)	
Sum of Discounted Cash Flows	(5.9)						
Terminal Value							38.6
Discounted TV	30.2						
Enterprise Value	24.3						
Net debt as of 30/06/23	(8.7)						
IPO proceeds	2.3						
Equity Value	17.9						

Source: EnVent Research

DCF - Implied multiples	2022	2023E	2024E	2025E
EV/Revenues	1.7x	1.4x	1.0x	0.7x
EV/EBITDA	7.1x	5.8x	3.6x	2.9x
EV/EBIT	14.2x	11.8x	6.7x	5.6x
P/E	21.0x	15.9x	8.5x	7.2x

Current market price - Implied multiples	2022	2023E	2024E	2025E
EV/Revenues	1.1x	0.9x	0.6x	0.5x
EV/EBITDA	4.5x	3.7x	2.3x	1.9x
EV/EBIT	12.4x	9.8x	5.2x	4.5x
P/E	10.7x	8.1x	4.3x	3.7x

Source: EnVent Research

Market multiples

Discount to multiples

We applied to our 2023-24E projections the median multiples of the full panel of industry peers deriving from 2Y analyst consensus, with a judgmental 30% discount factor to reflect the limited comparability of most peers to Xenia, mainly for size, scope of operations and business model.

Among measures and multiples, EV/Revenues has the advantage of not being influenced by investment or accounting policies and cycles, sector profitability standards or temporarily abnormal profitability levels. On the operating profit side, we recall that, based on the considerations in the industry accounting practices section, it would be more meaningful to rely on EV/EBIT, rather than on EV/EBITDA, given the weight of capex that makes EBIT a better operating profitability measure for the industry.

Market multiples application

€m							
Xenia (€m)			Market Multiples	EV	Net debt 30/06/23	IPO proceeds	Equity value
2023E Revenues	17.4		1.5x	25.7	(8.7)	2.3	19.3
2024E Revenues	24.4		1.4x	33.8	(8.7)	2.3	27.4
Mean				29.7			23.3
2023E EBITDA	4.2		8.5x	35.5	(8.7)	2.3	29.1
2024E EBITDA	6.7		6.6x	44.0	(8.7)	2.3	37.6
Mean				39.7			33.3
2023E EBIT	2.1		12.1x	25.0	(8.7)	2.3	18.6
2024E EBIT	3.6		9.8x	35.6	(8.7)	2.3	29.2
Mean				30.3			23.9
2023E Earnings	1.1		13.3x				14.9
2024E Earnings	2.1		11.9x				25.2
Mean							20.0

Source: EnVent Research

EBIT as preferred and more reliable measure

Valuation based on market multiples by BU under Sum of the Parts

We also applied market multiples of single peer groups, again discounted by 30%, to our 2023-24E revenue estimates by business for Xenia.

Note: Travel tech multiples come from two dominant global platforms; as such they do not embed an expected high growth factor which is usually encountered in a nascent business.

SOP application - Revenues multiples

€m			
Xenia	2023 Market multiples		
EV Accommodation			
2023 Net revenues	5.0	1.0x	4.8
EV Hotel management			
2023 Revenues	11.8	1.7x	20.3
EV Hotel distribution platform			
2023 Revenues	0.5	2.6x	1.4
SOP EV Xenia	26.5		
Net debt 30/06/23	(8.7)		
IPO proceeds	2.3		
Equity value Xenia	17.8		

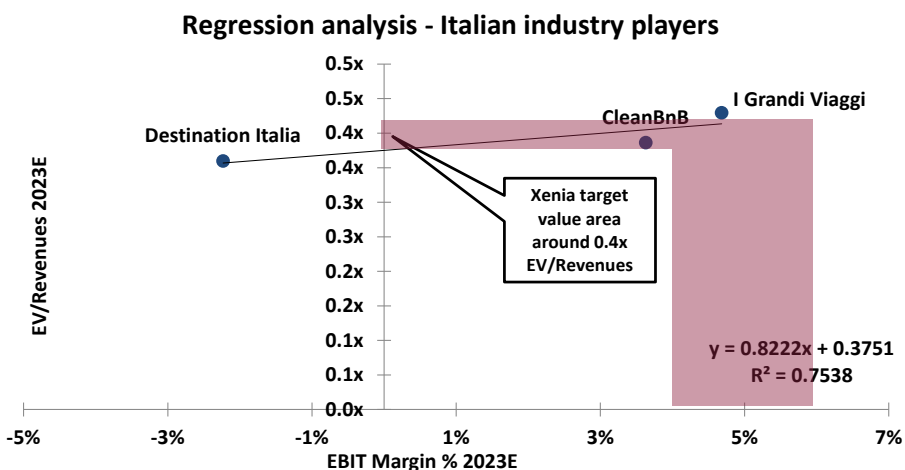
€m			
Xenia	2024 Market multiples		
EV Accommodation			
2024 Net revenues	5.5	0.9x	4.8
EV Hotel management			
2024 Revenues	18.3	1.7x	30.5
EV Hotel distribution platform			
2024 Revenues	0.6	2.3x	1.3
SOP EV Xenia	36.6		
Net debt 30/06/23	(8.7)		
IPO proceeds	2.3		
Equity value Xenia	30.3		

Source: EnVent Research

Valuation derived from regression analysis

We investigated the correlation between EBIT Margin and EV/Revenues of a restricted sample of listed Italian peers, exposed to the same market logics, to visualize a suitable value area for Xenia. Data show that with EBIT Margin in the 4-6% range, the resulting EV/Revenues would be around 0.4x. For these companies we applied the analysis to gross revenues, given their operating model.

Given the restricted number of peers and the diversity of business models, the regression analysis is not intended to be a reliable indication of value.



Source: EnVent Research, November 2023

Valuation summary and Target Price

Recalling the limited comparability with listed industry peers and the issues in relying on some methodologies, we attribute higher significance and weight to fundamentals, and thus to DCF methodology-based values. The €18m equity value is set as a suitable reference to evaluate Xenia investment case. We initiate the coverage of Xenia Hôtellerie Solution with an OUTPERFORM rating, based on a Target Price per share of €5.55, +97% on €2.82 IPO offer price and +95% on current share price.

Please refer to important disclosures at the end of this report.

Xenia Price per Share	€
Target Price	5.55
Current Share Price (17/11/2023)	2.84
Premium (Discount)	95%

Source: EnVent Research

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Date and time of Distribution: 20/11/2023 h. 6.30pm

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Date	Recommendation	Target Price (€)	Share Price (€)
20/11/2023	OUTPERFORM	5.55	2.84

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