

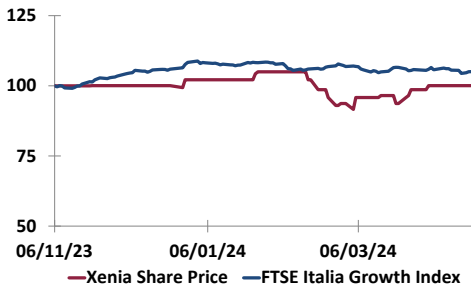


OUTPERFORM

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 | 22/04/2024 |
| Shares Outstanding (m) | 3.2 |
| Market Cap (€m) | 9.1 |
| Market Float (%) | 25.4% |
| Daily Volume | 0 |
| Avg Daily Volume since IPO | 198 |
| Target Price (€) | 5.55 |
| Upside (%) | 95% |
| Recommendation | OUTPERFORM |

Share price performance

| | 1M | 3M | IPO |
|------------------------------|------|------|-----|
| Xenia - Absolute (%) | 7% | -2% | 1% |
| FTSE Italia Growth Index (%) | -1% | -3% | 5% |
| IPO Range H/L (€) | 2.98 | 2.60 | |
| IPO Change (€) / % | 0.02 | 1% | |

Source: S&P Capital IQ

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On track, hotels acquisitions support planned path

Stock trading update: in line with the market

Since IPO, Xenia share price has been fairly stable in the range €2.60-€3.00, in line with the IPO price of €2.82 (+1%) and overall with the Italia Growth index which in the same period recorded +5%.

FY23 performance: all indicators suggesting growth

Xenia FY23 gross revenues were €50.1m, +11% YoY, mainly driven by accommodation (€38.1m, +7% YoY) and hotel management (€11.1m, +24% YoY); hotel distribution reached €0.8m, +60% YoY. Revenues net of partner services (mainly accommodation reserved room rates) were €16.4m, +15% YoY. EBITDA increased by 31% YoY to €4.5m, 27% on net revenues (24% in FY22) and 9% on gross revenues (vs 7.6% in FY22). Net income was €1.4m, +69% YoY. Net financial debt decreased from €10.1m in FY22 to €6.2m as of year-end 2023, also thanks to €2.3m IPO proceeds; excluding IFRS 16 net financial debt would be €0.7m, from €2.3m in FY22.

New 4-star hotel under management in Northern Italy, others to come

Xenia recently acquired the 4-star Hotel Principe di Piemonte in Cuneo, with 50 rooms, starting operations under the proprietary brand PHI Hotels in April 2024. In addition, Xenia entered into long-term rental agreements for three buildings, respectively located in Rome, Turin and Savona, to be reconverted into hotels. Currently, the PHI Hotels chain consists of a portfolio of seven 4-star hotels in Italy, mainly located in Emilia Romagna and other regions in Northern Italy.

Outlook: tourism above 2019, business travel positive momentum

International tourism is likely to grow over pre-pandemic levels, with gross bookings for hôtellerie expected to have double-digit growth in 2024. Business travel industry anticipates strong but challenging coming years.

Target Price €5.55 per share and OUTPERFORM rating confirmed

FY23 financial performance, that we factor in our model, was in line with our estimates, as such we keep unchanged our 2024-25 assumptions and estimates. Our updated valuation leads to confirm the target price at €5.55 per share, 95% upside on current share price, and OUTPERFORM rating on the stock.

| KEY FINANCIALS AND ESTIMATES (€m) | 2020 | 2021 | 2022 | 2023 | 2024E | 2025E |
|-----------------------------------|--------|--------|--------|-------|-------|-------|
| Gross revenues | 24.9 | 32.6 | 45.1 | 50.1 | 60.0 | 72.5 |
| Revenues | 5.0 | 9.1 | 14.6 | 16.6 | 24.4 | 33.4 |
| EBITDA | (0.0) | 0.8 | 3.4 | 4.5 | 6.7 | 8.4 |
| Margin on Gross revenues | -0.1% | 2.6% | 7.6% | 8.9% | 11.2% | 11.5% |
| EBIT | (0.9) | (0.3) | 1.2 | 2.1 | 2.8 | 3.3 |
| Margin on Gross revenues | -1.8% | 0.0% | 3.8% | 5.1% | 5.8% | 5.7% |
| Net Income (Loss) | (0.6) | (0.3) | 0.9 | 1.4 | 2.0 | 2.4 |
| Net (Debt) Cash | (12.6) | (14.1) | (10.1) | (6.2) | (9.2) | (9.2) |
| Equity | 1.3 | 1.6 | 2.8 | 5.6 | 7.6 | 10.0 |
| KEY RATIOS AND MULTIPLES | 2020 | 2021 | 2022 | 2023 | 2024E | 2025E |
| Net Debt/EBITDA | nm | 16.9x | 3.0x | 1.4x | 1.4x | 1.1x |
| ROE | neg | neg | 30% | 26% | 26% | 24% |
| EV/Revenues | na | na | 1.1x | 0.9x | 0.6x | 0.5x |
| EV/EBIT | na | na | 12.3x | 7.2x | 5.5x | 4.6x |

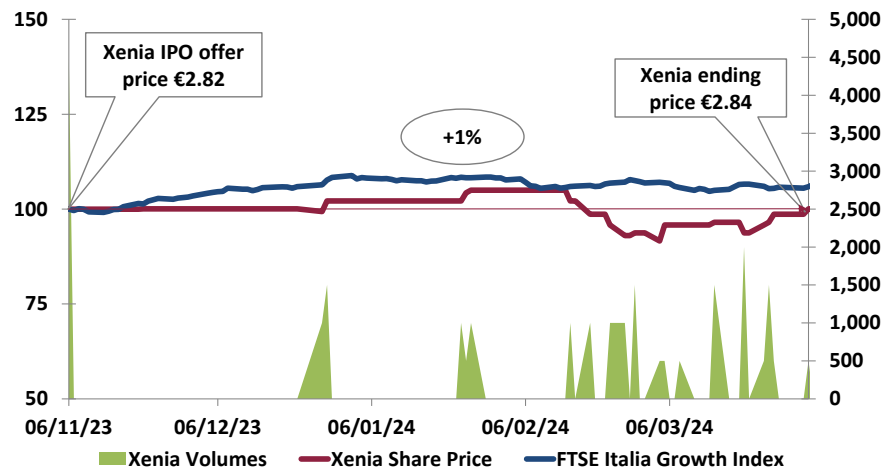
Source: Company data 2020-23A, EnVent Research 2024-25E

Market update

Xenia - Share price performance and trading volumes since IPO

Trading price range €2.60-2.98 per share

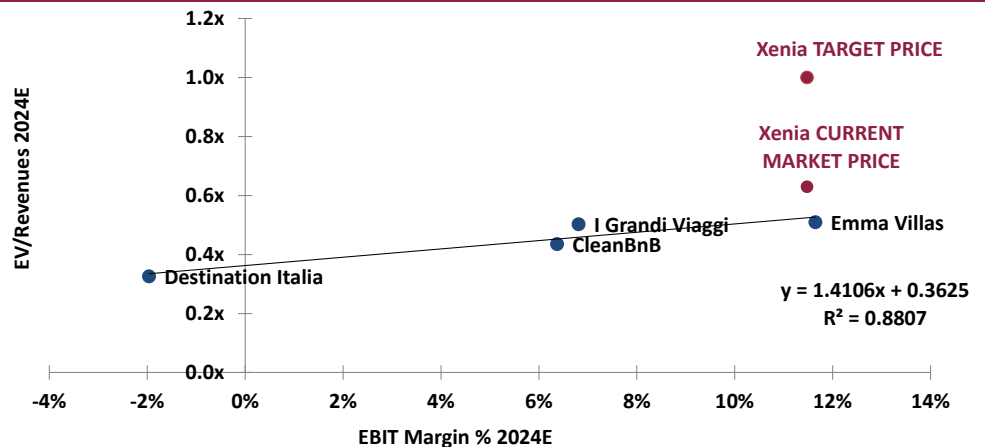
Stable performance for Xenia, +1% since IPO, vs +5% of the Italia Growth Index



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

Hospitality Italian peer group - Regression analysis and EPR target positioning

Fair correlation within the group, but limited number of peers and diverse business models

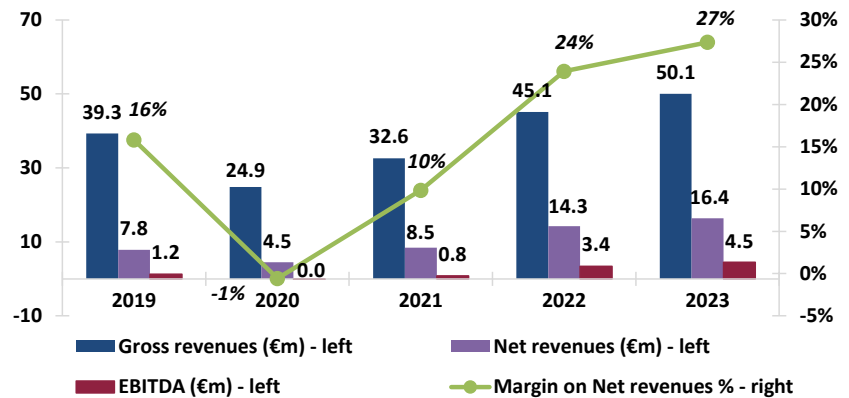


Source: EnVent Research on S&P Capital IQ, April 2024

Investment case

Xenia Hôtellerie Solution SpA *Benefit Corporation* is an Italian hospitality company operating for over 30 years in the travel and tourism industry. The core business is B2B accommodation services to crews (railway companies, airlines, cruise and shipping lines, construction teams engaged in medium/long-term projects), complemented by hotel management under the proprietary brand PHI Hotels, with a portfolio of hotels located in Italy, mainly in Emilia Romagna and Northern regions, and a distribution platform enabling transactions between hotels and travel agencies.

Historical revenues and EBITDA



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

Drivers

Industry drivers

Tourism rebound in Italy. After recovery in 2022, with Europe at nearly 80% of pre-pandemic levels, 2023 has seen international tourist arrivals reaching close of pre-pandemic levels in Europe. 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, 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 is likely to recover pre-pandemic levels at a slower pace compared to leisure tourism. 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 last 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, 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 seven 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 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

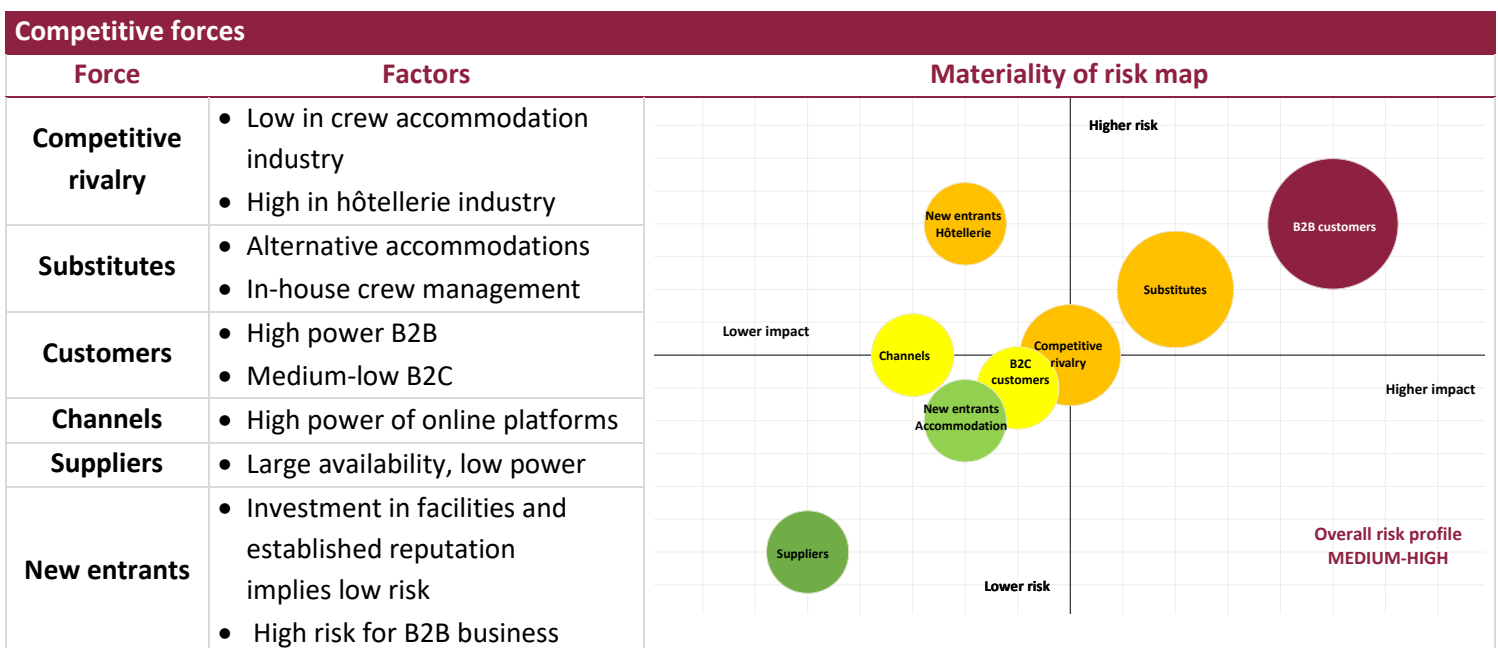
accommodation segment, Xenia competes with both national and international players specialized in crew accommodation and travel disruption. In the hotel distribution business competition mainly comes from other GDSs, local distribution systems and marketplace providers.

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.

Risk profile: medium-high



Source: EnVent Research

Business update

- Acquisition of 4-star Hotel Principe di Piemonte in Cuneo, starting operation in April 2024 under PHI Hotels brand, bringing own portfolio to seven hotels. The hotel has 50 rooms, both leisure and business guest traffic, and a historical turnover of around €1.2m.
- Long-term rental agreements for three buildings, respectively located in Rome, Turin and Savona, to be reconverted in accessible hotels
- Tech partnership with Netstorming, an Italian software house, which develops online booking platforms for Destination Management Companies, Tour Operators and Online Travel Agencies to introduce new functionalities in accommodation and hotel distribution
- Partnership with RateHawk, a B2B Travel Provider, to offer own hotels through RateHawk channels
- FY23 ESG annual report issued

Industry outlook

Tourism: well on track to reach pre-pandemic levels in 2024

According to UNWTO World Tourism, international tourism is expected to fully recover in 2024, with estimates pointing to 2% above 2019 levels (Source: United Nations World Tourism Organization, *International Tourism to Reach Pre-Pandemic Levels in 2024*, 2024). According to travel market research firm Phocuswright, global hotel gross bookings reached \$510bn in 2023 (+13% YoY) and are expected to grow by 10% in 2024 (Source: Phocuswright, *Five trends in global hospitality, 2024*).

Business travel: positive momentum

The global business travel industry has put the pandemic behind it and is riding a wave of momentum in 2024. Most of the travel buyers reported increases in bookings and spending in 2023 and expect this growth trend to maintain in 2024 (Source: GBTA, *Business travel industry anticipates a strong but challenging 2024*, 2024).

Financial projections

Profit and Loss

| €m | 2020 | 2021 | 2022 | 2023 | 2024E | 2025E |
|---------------------------|--------------|--------------|-------------|-------------|-------------|-------------|
| Gross revenues | 24.9 | 32.6 | 45.1 | 50.1 | 60.0 | 72.5 |
| Cost of partners services | (20.4) | (24.1) | (30.9) | (33.7) | (35.7) | (39.2) |
| Net revenues | 4.5 | 8.5 | 14.3 | 16.4 | 24.3 | 33.2 |
| Other income | 0.5 | 0.6 | 0.3 | 0.2 | 0.1 | 0.1 |
| Revenues | 5.0 | 9.1 | 14.6 | 16.6 | 24.4 | 33.4 |
| YoY % | -39.8% | 82.2% | 60.5% | 13.8% | 47.0% | 36.9% |
| Services | (2.0) | (3.3) | (4.8) | (4.6) | (9.1) | (13.0) |
| Personnel | (2.2) | (3.6) | (4.2) | (5.4) | (6.2) | (8.7) |
| Other operating costs | (0.8) | (1.3) | (2.2) | (2.0) | (2.4) | (3.3) |
| Operating charges | (5.0) | (8.2) | (11.2) | (12.1) | (17.7) | (25.0) |
| EBITDA | (0.0) | 0.8 | 3.4 | 4.5 | 6.7 | 8.4 |
| Margin on Net revenues | -0.6% | 9.8% | 23.9% | 27.4% | 27.5% | 25.2% |
| Margin on Gross revenues | -0.1% | 2.6% | 7.6% | 8.9% | 11.2% | 11.5% |
| D&A | (0.4) | (0.8) | (1.7) | (1.9) | (3.2) | (4.2) |
| EBIT | (0.5) | 0.0 | 1.7 | 2.5 | 3.5 | 4.1 |
| Margin on Net revenues | -10.1% | 0.2% | 12.0% | 15.6% | 14.3% | 12.5% |
| Margin on Gross revenues | -1.8% | 0.0% | 3.8% | 5.1% | 5.8% | 5.7% |
| Interest | (0.3) | (0.4) | (0.4) | (0.4) | (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 | 2.1 | 2.8 | 3.3 |
| Margin on Net revenues | -19.1% | -4.0% | 8.7% | 13.0% | 11.5% | 10.0% |
| Income taxes | 0.2 | 0.0 | (0.4) | (0.7) | (0.8) | (1.0) |
| Net Income (Loss) | (0.6) | (0.3) | 0.9 | 1.4 | 2.0 | 2.4 |
| Margin on Gross revenues | -14.5% | -3.8% | 6.0% | 8.8% | 8.2% | 7.1% |

Source: Company data 2020-23, EnVent Research 2024-25E - Notes: Write-down of trade receivables and provisions are included in other operating costs, before EBITDA, as per international practice standards

Balance Sheet

| €m | 2020 | 2021 | 2022 | 2023 | 2024E | 2025E |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| Inventory | 0.0 | 0.1 | 0.1 | 0.1 | 0.2 | 0.3 |
| Trade receivables | 7.3 | 8.7 | 9.3 | 10.9 | 13.0 | 14.5 |
| Trade payables | (10.7) | (13.9) | (16.8) | (16.3) | (18.9) | (22.3) |
| Trade Working Capital | (3.3) | (5.1) | (7.4) | (5.4) | (5.7) | (7.5) |
| Other assets (liabilities) | 1.1 | (0.1) | (0.4) | (0.4) | (0.7) | (1.0) |
| Net Working Capital | (2.2) | (5.2) | (7.8) | (5.8) | (6.4) | (8.5) |
| Goodwill and other intangible assets | 0.8 | 1.4 | 1.5 | 1.4 | 3.8 | 6.2 |
| Property, plant and equipment | 9.9 | 11.3 | 11.1 | 10.7 | 12.5 | 13.9 |
| Property rights of use | 6.1 | 8.9 | 8.9 | 6.3 | 7.9 | 8.9 |
| Equity investments and financial assets | 0.0 | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 |
| Non-current assets | 16.8 | 21.7 | 21.5 | 18.4 | 24.2 | 29.0 |
| Provisions | (0.7) | (0.8) | (0.7) | (0.8) | (1.0) | (1.4) |
| Net Invested Capital | 13.9 | 15.7 | 12.9 | 11.8 | 16.8 | 19.2 |
| Net Debt (Cash) | 12.6 | 14.1 | 10.1 | 6.2 | 9.2 | 9.2 |
| Equity | 1.3 | 1.6 | 2.8 | 5.6 | 7.6 | 10.0 |
| Sources | 13.9 | 15.7 | 12.9 | 11.8 | 16.8 | 19.2 |

Source: Company data 2020-23, EnVent Research 2024-25E

Cash Flow

| €m | 2021 | 2022 | 2023 | 2024E | 2025E |
|---|--------------|------------|------------|--------------|--------------|
| EBIT | 0.0 | 1.7 | 2.5 | 3.5 | 4.1 |
| Current taxes | 0.0 | (0.4) | (0.7) | (0.8) | (1.0) |
| D&A | 0.8 | 1.7 | 1.9 | 3.2 | 4.2 |
| Provisions | 0.1 | (0.1) | 0.1 | 0.1 | 0.4 |
| Cash flow from P&L operations | 1.0 | 2.9 | 3.9 | 6.0 | 7.8 |
| Trade Working Capital | 1.8 | 2.3 | (2.0) | 0.3 | 1.8 |
| Other assets and liabilities | 1.2 | 0.3 | (0.0) | 0.3 | 0.3 |
| Capex or disposals | (5.7) | (1.5) | 1.9 | (9.0) | (9.0) |
| Operating cash flow after WC and capex | (1.7) | 4.1 | 3.8 | (2.3) | 0.8 |
| Interest | (0.4) | (0.4) | (0.4) | (0.7) | (0.8) |
| Equity investments and financial assets | (0.1) | 0.0 | 0.1 | 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 | 3.9 | (3.0) | (0.0) |
| Net Debt (Beginning) | (12.6) | (14.1) | (10.1) | (6.2) | (9.2) |
| Net Debt (End) | (14.1) | (10.1) | (6.2) | (9.2) | (9.2) |
| Change in Net Debt (Cash) | (1.5) | 4.0 | 3.9 | (3.0) | (0.0) |

Source: Company data 2020-23, EnVent Research 2024-25E

Ratio analysis

| KPIs | 2020 | 2021 | 2022 | 2023 | 2024E | 2025E |
|--------------------------------------|------|-------|------|------|-------|-------|
| ROE | -51% | -20% | 30% | 26% | 26% | 24% |
| ROS | -10% | 0% | 12% | 16% | 14% | 12% |
| ROIC | -3% | 0% | 13% | 22% | 21% | 22% |
| DSO | 88 | 80 | 62 | 65 | 65 | 60 |
| DPO | 139 | 146 | 135 | 121 | 120 | 120 |
| DOI | 10 | 5 | 4 | 2 | 4 | 4 |
| TWC/Gross revenues | -13% | -16% | -16% | -11% | -10% | -10% |
| NWC/Gross revenues | -9% | -16% | -17% | -12% | -11% | -12% |
| Net Debt/EBITDA | nm | 16.9x | 3.0x | 1.4x | 1.4x | 1.1x |
| Net Debt/Equity | 9.9x | 8.6x | 3.5x | 1.1x | 1.2x | 0.9x |
| Cash flow from P&L operations/EBITDA | na | 114% | 86% | 88% | 90% | 93% |
| FCF/EBITDA | na | neg | 120% | 84% | neg | 10% |

Source: Company data 2020-23, EnVent Research 2024-25E

Valuation

Our projections, where we factor in FY23 results while keeping unchanged the following periods main assumptions, consider:

- Retention of existing B2B accommodation customers and addition of new ones
- 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 daily rates dynamics
- Addition of partner hotels to the scalable hotel distribution platform

In the framework of the *medium-high* risk profile coming from our competitive assessment, Xenia is positioned in a niche market with room to gain market shares in

B2B accommodation and in an industry segment, hôtellerie, where rivalry is high and growth is subject to market fluctuations.

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

Xenia is catching the market demand coming from the rebound of hospitality and business travel in Italy and beyond borders; however, being still in its investment phase, the value expectation depends on the ability to successfully carry out its strategy.

Xenia valuation has been performed through the Discounted Cash Flows method applied to our 2024-25E financial projections and market multiples approach, combined and by BU under the Sum of the Parts approach.

We point out as key valuation factors:

- High sensitivity to investment in capacity and occupancy and pricing trends
- Revenue concentration on few B2B customers

Discounted Cash Flows

Updated assumptions:

- Risk free rate: 3.3% (Italian 10-year government bonds interest rate – last 30 days average. Source: Bloomberg, April 2024)
- Market return: 11.9% (last 30 days average. Source: Bloomberg, April 2024)
- Market risk premium: 8.6%
- Beta: 1.3 (judgmental)
- Cost of equity: 14.5%
- Cost of debt: 5.0%
- Tax rate: 24% (IRES)
- 40% debt/(debt + equity) as target capital structure
- WACC calculated at 10.2%, 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 | 2023 | 2024E | 2025E | Perpetuity |
|---|--------------|-------------|--------------|--------------|--------------|--------------|--------------|
| Gross revenues | 24.9 | 32.6 | 45.1 | 50.1 | 60.0 | 72.5 | 74.3 |
| Revenues | 5.0 | 9.1 | 14.6 | 16.6 | 24.4 | 33.4 | 34.2 |
| EBITDA | (0.0) | 0.8 | 3.4 | 4.5 | 6.7 | 8.4 | 5.9 |
| <i>Margin on Gross revenues</i> | <i>neg</i> | <i>2.6%</i> | <i>7.6%</i> | <i>8.9%</i> | <i>11.2%</i> | <i>11.5%</i> | <i>8.0%</i> |
| <i>Margin on Revenues</i> | <i>neg</i> | <i>9.2%</i> | <i>23.4%</i> | <i>27.0%</i> | <i>27.5%</i> | <i>25.1%</i> | <i>17.4%</i> |
| EBIT | (0.5) | 0.0 | 1.7 | 2.5 | 3.5 | 4.1 | 3.9 |
| <i>Margin on Gross revenues</i> | <i>neg</i> | <i>0.0%</i> | <i>3.8%</i> | <i>5.1%</i> | <i>5.8%</i> | <i>5.7%</i> | <i>5.3%</i> |
| <i>Margin on Revenues</i> | <i>neg</i> | <i>0.2%</i> | <i>11.7%</i> | <i>15.4%</i> | <i>14.2%</i> | <i>12.4%</i> | <i>11.5%</i> |
| Taxes | 0.1 | (0.0) | (0.5) | (0.7) | (1.0) | (1.2) | (1.1) |
| NOPAT | (0.3) | 0.0 | 1.2 | 1.8 | 2.5 | 3.0 | 2.8 |
| D&A | | | | 1.9 | 3.2 | 4.2 | 2.0 |
| Provisions | | | | 0.1 | 0.1 | 0.4 | 0.0 |
| Cash flow from operations | | | | 3.9 | 5.8 | 7.6 | 4.8 |
| Trade Working Capital | | | | (2.0) | 0.3 | 1.8 | (0.4) |
| Other assets and liabilities | | | | (0.0) | 0.3 | 0.3 | 0.0 |
| Capex | | | | 1.0 | (9.0) | (9.0) | (2.0) |
| Unlevered free cash flow | | | | | (2.5) | 0.6 | 2.5 |
| - H1 unlevered free cash flow | | | | | | | |
| Free cash flow to be discounted | | | | | (2.5) | 0.6 | 2.5 |
| WACC | 10.2% | | | | | | |
| Long-term growth (G) | 2.5% | | | | | | |
| Discounted Cash Flows | | | | | (2.3) | 0.5 | |
| Sum of Discounted Cash Flows | (1.8) | | | | | | |
| Terminal Value | | | | | | | 32.2 |
| Discounted TV | 26.5 | | | | | | |
| Enterprise Value | 24.7 | | | | | | |
| Net debt as of 31/12/23 | (6.2) | | | | | | |
| Equity Value | 18.5 | | | | | | |
| DCF - Implied multiples | | | 2022 | 2023 | 2024E | 2025E | |
| EV/Revenues | | | 1.7x | 1.5x | 1.0x | 0.7x | |
| EV/EBITDA | | | 7.2x | 5.5x | 3.7x | 3.0x | |
| EV/EBIT | | | 14.5x | 9.7x | 7.1x | 6.0x | |
| P/E | | | 21.8x | 12.9x | 9.3x | 7.8x | |
| Current market price - Implied multiples | | | 2022 | 2023 | 2024E | 2025E | |
| EV/Revenues | | | 1.1x | 0.9x | 0.6x | 0.5x | |
| EV/EBITDA | | | 4.5x | 3.4x | 2.3x | 1.8x | |
| EV/EBIT | | | 12.3x | 7.2x | 5.5x | 4.6x | |
| P/E | | | 10.7x | 6.4x | 4.6x | 3.9x | |

Source: EnVent Research

Market multiples

| Company | EV/REVENUES | | | | EV/EBITDA | | | | EV/EBIT | | | | P/E | | | |
|---|-------------|-------------|-------------|-------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2023 | 2024E | 2025E | 2026E | 2023 | 2024E | 2025E | 2026E | 2023 | 2024E | 2025E | 2026E | 2023 | 2024E | 2025E | 2026E |
| OTA and tour operators | | | | | | | | | | | | | | | | |
| AirBnB | 8.0x | 8.3x | 7.4x | 6.6x | 51.3x | 22.8x | 19.8x | 17.1x | 52.4x | 33.9x | 28.7x | 23.6x | 18.2x | 34.4x | 29.8x | 26.2x |
| Booking | 5.9x | 5.2x | 4.8x | 4.4x | 19.6x | 15.2x | 13.6x | 12.1x | 21.2x | 16.4x | 14.6x | 13.0x | 28.9x | 19.7x | 17.5x | 15.6x |
| Expedia | 1.9x | 1.5x | 1.4x | 1.3x | 14.8x | 6.9x | 6.2x | 5.8x | 16.4x | 12.3x | 10.3x | 9.5x | 26.4x | 10.7x | 9.2x | 8.6x |
| TripAdvisor | 1.6x | 1.7x | 1.6x | 1.5x | 15.7x | 8.5x | 7.4x | 6.5x | 19.1x | 17.0x | 14.2x | 11.7x | nm | 15.6x | 12.2x | 9.7x |
| MakeMyTrip | 7.9x | 8.2x | 6.6x | 5.5x | nm | nm | nm | 28.1x | nm | nm | nm | 33.5x | neg | nm | 43.6x | 33.9x |
| eDreams | 2.2x | 1.7x | 1.4x | 1.3x | neg | 14.2x | 7.5x | 5.8x | neg | 27.2x | 11.1x | 7.7x | neg | nm | 12.2x | 8.1x |
| Trip.com | 3.3x | 4.1x | 3.5x | 3.1x | 12.2x | 13.9x | 11.8x | 10.3x | 13.1x | 16.8x | 14.3x | 12.3x | 16.5x | 17.3x | 14.9x | 12.6x |
| Trivago | 0.1x | 0.2x | 0.2x | 0.1x | 1.6x | 35.9x | 4.0x | 2.4x | 1.7x | neg | 6.4x | 3.8x | neg | neg | 15.5x | 5.4x |
| Voyageurs du Monde | n.a. | 0.4x | 0.4x | n.a. | n.a. | 4.4x | 4.2x | n.a. | n.a. | 5.0x | 4.8x | n.a. | n.a. | 13.8x | 13.1x | n.a. |
| lastminute.com | 0.8x | 0.6x | 0.5x | 0.5x | 15.0x | 3.7x | 3.1x | 2.7x | 16.4x | 9.9x | 6.3x | 5.1x | 38.4x | 18.7x | 11.4x | 9.2x |
| TUI | 0.3x | 0.4x | 0.4x | 0.3x | 7.3x | 4.0x | 3.7x | 3.5x | 10.6x | 6.6x | 6.0x | 5.6x | 11.7x | 6.7x | 5.6x | 4.9x |
| I Grandi Viaggi | 0.5x | 0.5x | n.a. | n.a. | 5.5x | 4.8x | n.a. | n.a. | 9.8x | 7.4x | n.a. | n.a. | 14.1x | 12.3x | n.a. | n.a. |
| Destination Italia | 0.5x | 0.3x | 0.2x | 0.2x | neg | 10.7x | 4.7x | 2.3x | neg | neg | 16.6x | 3.7x | neg | neg | 27.9x | 3.4x |
| Mean | 2.8x | 2.5x | 2.4x | 2.2x | 15.9x | 12.1x | 7.8x | 8.8x | 17.9x | 15.3x | 12.1x | 11.8x | 22.0x | 16.6x | 17.7x | 12.5x |
| Mean w/out extremes | 2.5x | 2.2x | 2.1x | 2.0x | 12.9x | 10.5x | 7.0x | 7.3x | 15.2x | 14.2x | 11.1x | 10.3x | 20.8x | 15.5x | 16.4x | 11.1x |
| Median | 1.7x | 1.5x | 1.4x | 1.3x | 14.8x | 9.6x | 6.2x | 5.8x | 16.4x | 14.3x | 11.1x | 9.5x | 18.2x | 15.6x | 14.0x | 9.2x |
| Hotels | | | | | | | | | | | | | | | | |
| Marriott | 12.5x | 3.2x | 3.0x | 2.8x | 18.4x | 16.2x | 15.1x | 14.1x | 20.1x | 19.1x | 17.6x | 16.3x | 21.5x | 25.4x | 23.4x | 21.4x |
| Hilton | 12.7x | 5.2x | 4.8x | 4.4x | 23.2x | 17.3x | 15.9x | 14.6x | 24.7x | 19.9x | 17.9x | 16.4x | 40.9x | 27.7x | 24.9x | 22.9x |
| Hyatt | 2.4x | 2.5x | 2.4x | 2.3x | 22.7x | 14.3x | 13.3x | 12.3x | 52.2x | 27.6x | 22.9x | 19.6x | 61.1x | 37.8x | 32.4x | 26.2x |
| InterContinental | 7.9x | 7.8x | 7.4x | 7.0x | 16.2x | 15.2x | 14.1x | 13.1x | 16.7x | 16.3x | 15.2x | 14.0x | 19.7x | 22.6x | 21.0x | 19.3x |
| Wyndham | 6.3x | 5.3x | 5.0x | 4.8x | 14.7x | 11.3x | 10.7x | 10.3x | 16.9x | 13.7x | 12.8x | 12.1x | 22.6x | 16.6x | 15.5x | 14.7x |
| Accor | 2.3x | 2.3x | 2.2x | 2.1x | 12.7x | 11.2x | 10.3x | 9.5x | 15.8x | 15.1x | 13.6x | 12.3x | 14.2x | 17.2x | 15.6x | 14.3x |
| NH | 1.9x | 1.9x | 1.9x | 1.7x | 9.6x | 7.0x | 6.7x | 6.4x | 12.4x | 13.8x | 13.3x | 12.2x | 14.2x | 16.0x | 14.2x | 11.8x |
| Meliá | 2.1x | 2.2x | 2.1x | 2.0x | 12.4x | 8.6x | 8.0x | 7.8x | 16.8x | 17.8x | 16.0x | 15.5x | 11.1x | 14.4x | 12.2x | 11.1x |
| Scandic Hotels | 2.4x | 2.6x | 2.4x | 2.3x | 14.7x | 8.4x | 8.0x | 7.8x | 15.8x | 15.1x | 13.6x | 12.3x | 16.7x | 11.1x | 10.2x | 9.7x |
| MHP Hotel | n.a. | 0.3x | 0.3x | 0.2x | n.a. | 9.6x | 5.4x | 3.6x | 12.4x | 13.8x | 13.3x | 12.2x | n.a. | neg | 35.0x | 8.8x |
| Whitbread | 4.1x | 3.1x | 3.0x | 2.8x | 15.3x | 8.9x | 8.6x | 8.3x | 19.9x | 13.6x | 13.3x | 12.6x | 25.0x | 13.3x | 13.3x | 12.6x |
| Mean | 5.5x | 3.3x | 3.1x | 2.9x | 16.0x | 11.6x | 10.6x | 9.8x | 20.3x | 16.9x | 15.4x | 14.1x | 24.7x | 20.2x | 19.8x | 15.7x |
| Mean w/out extremes | 5.0x | 3.1x | 3.0x | 2.8x | 15.9x | 11.5x | 10.6x | 9.9x | 17.7x | 16.0x | 14.9x | 13.8x | 21.9x | 19.1x | 19.2x | 15.3x |
| Median | 3.3x | 2.6x | 2.4x | 2.3x | 15.0x | 11.2x | 10.3x | 9.5x | 16.8x | 15.1x | 13.6x | 12.6x | 20.6x | 16.9x | 15.6x | 14.3x |
| Travel tech | | | | | | | | | | | | | | | | |
| Sabre | 2.0x | 1.7x | 1.6x | 1.5x | 49.2x | 9.8x | 7.2x | 6.7x | 97.8x | 12.0x | 8.3x | 7.9x | neg | neg | 9.5x | 6.6x |
| Amadeus | 5.7x | 4.5x | 4.2x | 3.9x | 15.4x | 11.8x | 10.5x | 9.7x | 21.8x | 16.3x | 14.5x | 13.1x | 25.8x | 19.7x | 17.6x | 15.8x |
| Mean | 3.9x | 3.1x | 2.9x | 2.7x | 32.3x | 10.8x | 8.9x | 8.2x | 59.8x | 14.2x | 11.4x | 10.5x | 25.8x | 19.7x | 13.5x | 11.2x |
| Short/mid-term accommodation rentals | | | | | | | | | | | | | | | | |
| Vacasa | 0.1x | 0.1x | 0.1x | 0.1x | 14.6x | 8.1x | 3.2x | 1.5x | neg | neg | neg | neg | neg | neg | neg | neg |
| Sonder | n.a. | 2.2x | 1.9x | n.a. | n.a. | neg | neg | n.a. | n.a. | neg | neg | neg | n.a. | neg | neg | neg |
| HomeToGo | 1.2x | 0.5x | 0.5x | 0.4x | neg | 9.8x | 5.7x | 3.7x | neg | neg | neg | neg | neg | neg | neg | neg |
| CleanBnB | 0.5x | 0.4x | 0.4x | n.a. | nm | 4.6x | 3.3x | n.a. | 33.6x | neg | neg | neg | 37.1x | neg | neg | neg |
| G Rent | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | neg | neg | neg | n.a. | neg | neg | neg |
| Dotstay | n.a. | 6.3x | 4.5x | 3.3x | n.a. | nm | 22.3x | 22.9x | n.a. | neg | neg | neg | n.a. | neg | neg | neg |
| Emma Villas | n.a. | 0.5x | 0.4x | 0.4x | n.a. | 3.7x | 3.0x | 2.6x | n.a. | neg | neg | neg | n.a. | neg | neg | neg |
| Mean | 0.6x | 1.7x | 1.3x | 1.1x | na | 6.6x | 7.5x | 7.7x | na | na | na | na | na | na | na | na |
| Mean w/out extremes | 0.5x | 1.2x | 1.0x | 0.8x | na | 11.8x | 6.0x | 6.3x | na | na | na | na | na | na | na | na |
| Median | 0.5x | 0.5x | 0.5x | 0.4x | na | 6.3x | 3.3x | 3.1x | na | na | na | na | na | na | na | na |

Source: EnVent Research on S&P Capital IQ, 22/04/2024

Hints from market multiples analysis:

- Industry market multiples, mostly from large corporations, might be misleading as a source of valuable indications and 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, as such, EBITDA is excluded from our valuation model and EBIT is preferred as a substitute

We applied to our 2024-25E 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.

Discount to multiples

Market multiples application

€m

| Xenia (€m) | | | Market Multiples | EV | Net debt 31/12/23 | Equity value |
|---------------|-----------------|------|------------------|------|-------------------|--------------|
| 2023 | Revenues | 16.6 | 1.5x | 25.6 | (6.2) | 19.4 |
| 2024E | Revenues | 24.4 | 1.4x | 35.0 | (6.2) | 28.8 |
| 2025E | Revenues | 33.4 | 1.4x | 45.3 | (6.2) | 39.1 |
| Mean 2024-25E | | | | 40.2 | | 34.0 |
| 2023 | EBITDA | 4.5 | 10.4x | 46.6 | (6.2) | 40.4 |
| 2024E | EBITDA | 6.7 | 6.8x | 45.7 | (6.2) | 39.5 |
| 2025E | EBITDA | 8.4 | 5.2x | 43.8 | (6.2) | 37.6 |
| Mean 2024-25E | | | | 44.7 | | 38.5 |
| 2023 | EBIT | 2.5 | 11.8x | 30.0 | (6.2) | 23.8 |
| 2024E | EBIT | 3.5 | 10.6x | 36.6 | (6.2) | 30.4 |
| 2025E | EBIT | 4.1 | 9.5x | 39.6 | (6.2) | 33.4 |
| Mean 2024-25E | | | | 38.1 | | 31.9 |
| 2023 | Earnings | 1.4 | 15.0x | | | 21.6 |
| 2024E | Earnings | 2.0 | 11.8x | | | 23.6 |
| 2025E | Earnings | 2.4 | 10.8x | | | 25.6 |
| Mean 2024-25E | | | | | | 24.6 |

EBIT as preferred and more reliable measure

Source: EnVent Research

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

We applied market multiples of single peer groups, again discounted by 30%, to our 2024E revenue estimates by business for Xenia.

SOP application - Revenues multiples

| €m | | | |
|---------------------------------------|------------------------|------|------|
| Xenia | 2024E Market multiples | | |
| EV Accommodation | | | |
| 2024E Net revenues | 6.3 | 1.0x | 6.6 |
| EV Hotel management | | | |
| 2024E Revenues | 17.0 | 1.8x | 30.3 |
| EV Hotel distribution platform | | | |
| 2024E Revenues | 1.0 | 2.2x | 2.2 |
| SOP EV Xenia | 39.1 | | |
| Net debt 31/12/23 | (6.2) | | |
| Equity value Xenia | 32.9 | | |

Source: EnVent Research

Target Price

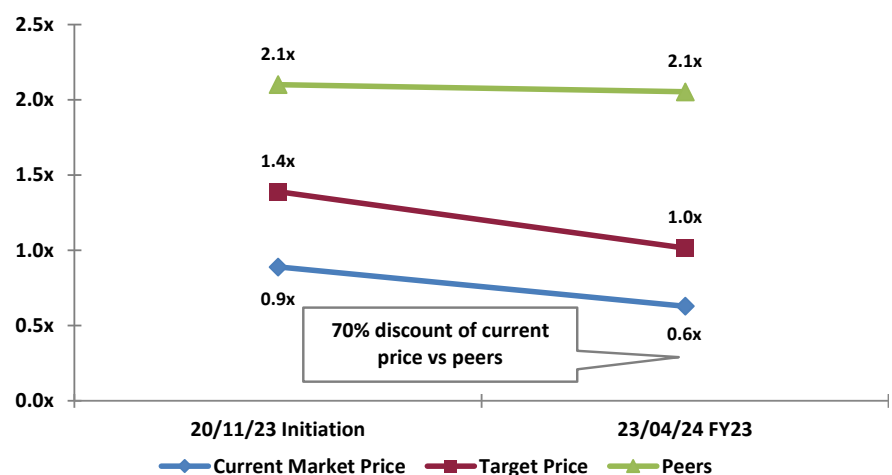
We continue to attribute higher significance and weight to fundamentals, and thus to DCF methodology, recalling the limited comparability with listed industry peers. Our updated valuation of Xenia Hôtellerie Solution confirms the previous €5.55 target price, implying a 95% upside on current stock price, and OUTPERFORM rating on the stock.

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

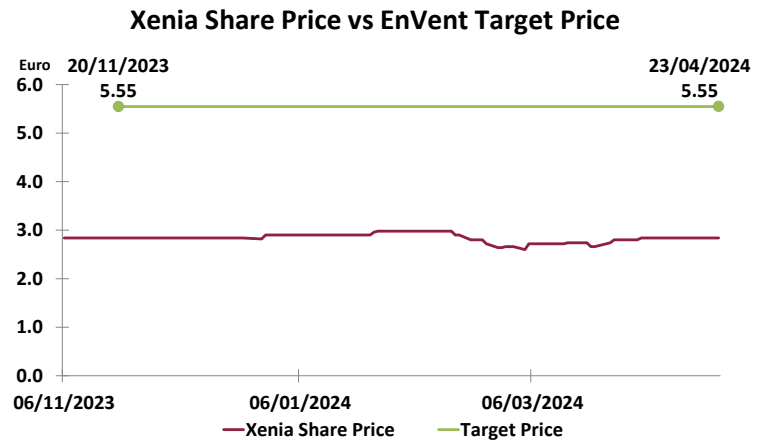
| Xenia Price per Share | € |
|----------------------------------|-------------|
| Target Price | 5.55 |
| Current Share Price (22/04/2024) | 2.84 |
| Premium (Discount) | 95% |

Source: EnVent Research

Implied EV/Revenues vs current market price



Source: EnVent Research on S&P Capital IQ, 23/04/2024



Source: EnVent Research on S&P Capital IQ, 23/04/2024

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The “OUTPERFORM”, “NEUTRAL”, AND “UNDERPERFORM” recommendations are based on the expectations within a 12-month period from the date of rating indicated in the front page of this publication.

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UNDER REVIEW: target price under review, waiting for updated financial data, or other key information such as material transactions involving share capital or financing;

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The stock price indicated in the report is the last closing price on the day of Production.

Date and time of Production: 22/04/2024 h. 7.10pm

Date and time of Distribution: 23/04/2024 h. 6.45pm

DETAILS ON STOCK RECOMMENDATION AND TARGET PRICE

| Date | Recommendation | Target Price (€) | Share Price (€) |
|------------|----------------|------------------|-----------------|
| 20/11/2023 | OUTPERFORM | 5.55 | 2.84 |
| 23/04/2024 | OUTPERFORM | 5.55 | 2.84 |

ENVENT RECOMMENDATION DISTRIBUTION (April 23rd, 2024)

| Number of companies covered: | 25 | OUTPERFORM | NEUTRAL | UNDERPERFORM | SUSPENDED | UNDER REVIEW | NOT RATED |
|----------------------------------|----|------------|---------|--------------|-----------|--------------|-----------|
| Total Equity Research Coverage % | | 92% | 8% | 0% | 0% | 0% | 0% |
| of which EnVent clients % * | | 77% | 50% | na | na | na | na |

* Note: Companies to which corporate and capital markets services were supplied in the last 12 months.

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Additional information available upon request.

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