

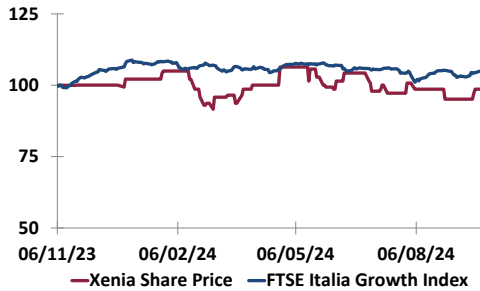


OUTPERFORM

Current Share Price (€): 2.80

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 (€)	2.80
Date of Price	27/09/2024
Shares Outstanding (m)	3.2
Market Cap (€m)	9.0
Market Float (%)	25.4%
Daily Volume	0
Avg Daily Volume since IPO	316
Target Price (€)	5.55
Upside (%)	98%
Recommendation	OUTPERFORM

Share price performance

	1M	3M	6M	IPO
Xenia - Absolute (%)	4%	-5%	0%	-1%
FTSE Italia Growth Index (%)	0%	-1%	0%	5%
IPO Range H/L (€)			3.02	2.60
IPO Change (€) / %			-0.02	-1%

Source: S&P Capital IQ

Analysts

Luigi Tardella - Head of Research
ltardella@envent.it
Viviana Sepe vsepe@envent.it
Ivan Tromba itromba@envent.it

EnVent Italia SIM S.p.A.

Via degli Omenoni, 2 - 20121 Milano (Italy)
Phone +39 02 22175979

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Progress across all business units, four hotels acquired, entering investment phase after IPO

Stock performance: in line with IPO price

Since the IPO in November 2023, Xenia stock price mostly traded in the range €2.60-€3.00, stabilizing since mid-April 2024 in the region of the initial offer price at €2.80.

H1 2024 performance: hotel acquisition plan progress, whose revenue and EBITDA contribution is expected in H2

Xenia H1 2024 gross revenues were €27.5m, +15.5% on H1 2023: accommodation €21.2m (+17.7% on H1 2023), hotel management €5.8m (+7.4% on H1 2023) and hotel distribution €0.4m (+50% on H1 2023). Revenues net of partner services (mainly accommodation reserved room rates) were €8.4m, +7% on H1 2023. EBITDA at €1.2m (€2m in H1 2023), 4.3% on gross revenues (vs 8.5% in H1 2023), due to higher costs for post-listing organizational setup and consultancy for acquisitions. Net financial debt increased from €6.2m in FY23 to €11.9m as of June 2024, for investing in three new hotels; excluding IFRS 16 accounting, net financial debt would be €4.9m, from €0.7m as of December 2023.

Four new hotels added to portfolio

Acquisition of 4-star Hotel Principe di Piemonte in Cuneo (FY23 turnover €1.2m, 50 rooms), 3-star Hotel Ambra in Pescara (FY23 turnover €0.7m, 60 rooms), 4-star Hotel Cavaliere di Bra (FY23 turnover €1.8m, 88 rooms) and 4-star Hotel Homy Druento (opening in September 2024), bringing own portfolio to ten hotels.

Outlook: European rates remain high, Italy ready for new records in bookings

According to industry data provider Hotels, in 2023 the European Average Daily Rate grew by 7% YoY and 28% compared to 2019 (Source: Hotels, *How European hotel performance is stacking up*, 2024). In Italy, overnight stays in tourist accommodations (June-September) were expected at 266 million, +1.1% compared to 2023 summer, with remarkable foreign tourist flow (Source: Demoskopika, *Turismo: Flussi in crescita per la stagione estiva*, 2024).

Target Price €5.55 per share and OUTPERFORM rating confirmed

Xenia results in H1 2024 look suitable with our full year estimates, except for the effect of the delay in the hotels acquisitions program which was paused during the IPO process. As such, we have adjusted our FY24-25E sales forecast for hotel management BU to factor in the delayed start of operations of new hotels and the time needed to become fully operational. Anyway, we expect that in H2 the hotel management business will be supported by a favorable seasonality and that the new hotels will contribute fully to turnover. We also acknowledge the recurring financing need, recalling that Xenia is in its investment cycle for the build-out of a national hotel chain. Our updated estimates and valuation lead to confirm our Target Price per share of €5.55, implying a 98% potential upside on current share price, and OUTPERFORM rating.

KEY FINANCIALS AND ESTIMATES (€m)	2020	2021	2022	2023	2024E	2025E
Gross revenues	24.9	32.6	45.1	50.1	56.9	68.3
Revenues	5.0	9.1	14.6	16.6	21.3	29.2
EBITDA	(0.0)	0.8	3.4	4.5	5.3	6.5
Margin on Gross revenues	-0.1%	2.6%	7.6%	8.9%	9.3%	9.6%
EBIT	(0.9)	(0.3)	1.2	2.1	1.4	1.5
Margin on Gross revenues	-1.8%	0.0%	3.8%	5.1%	3.6%	3.4%
Net Income (Loss)	(0.6)	(0.3)	0.9	1.4	1.0	1.0
Net (Debt) Cash	(12.6)	(14.1)	(10.1)	(6.2)	(10.3)	(11.7)
Equity	1.3	1.6	2.8	5.6	6.6	7.6
KEY RATIOS AND MULTIPLES	2020	2021	2022	2023	2024E	2025E
Net Debt/EBITDA	nm	16.9x	3.0x	1.4x	1.9x	1.8x
ROE	neg	neg	30%	26%	15%	14%
EV/Revenues	na	na	0.0x	1.3x	1.0x	0.7x
EV/EBIT	na	na	0.0x	9.8x	14.9x	13.9x

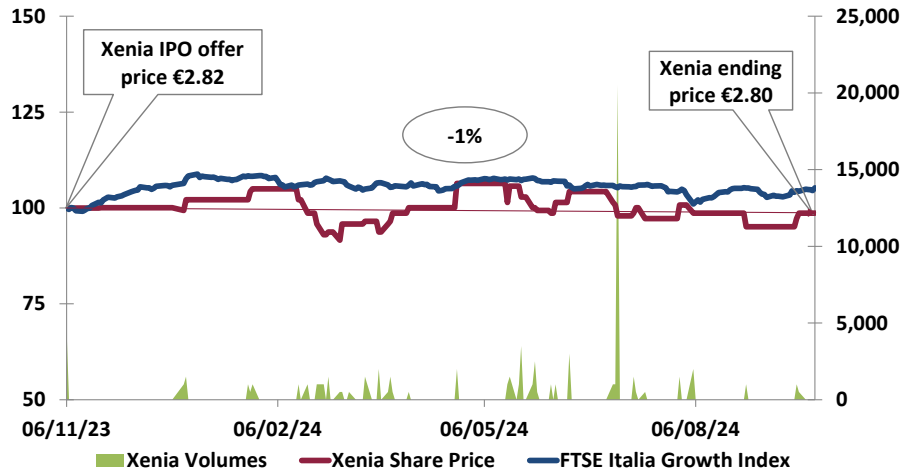
Source: Company data 2020-23A, EnVent Research 2024-25E

Market update

Xenia - Share price performance and trading volumes since IPO

Trading price range €2.60-3.02 per share

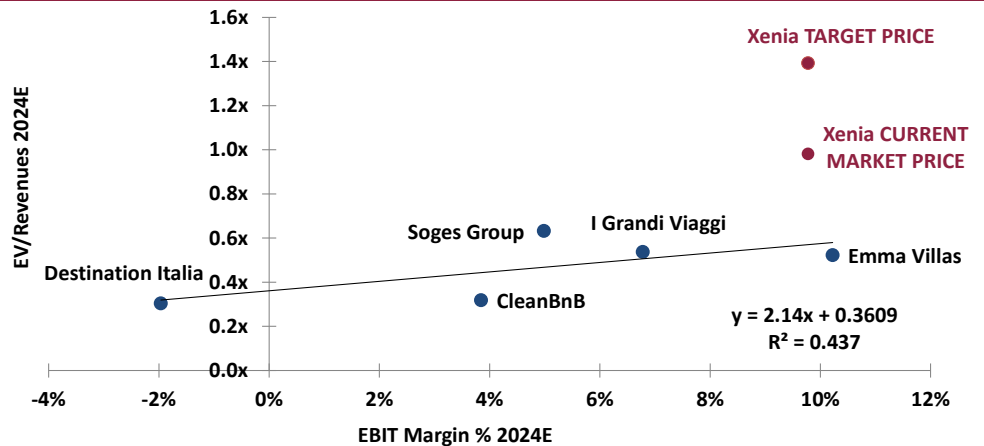
-1% for Xenia since IPO, vs +5% of the Italia Growth Index



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

Hospitality Italian peer group - Regression analysis and Xenia target positioning

Low correlation within the group, diverse business models

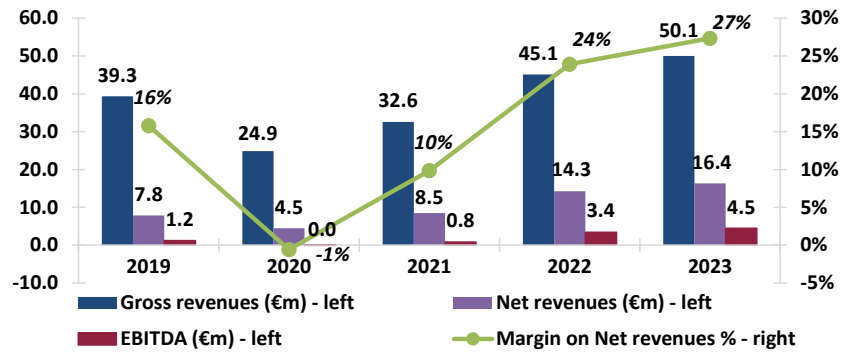


Source: EnVent Research on S&P Capital IQ, September 2024

Investment case

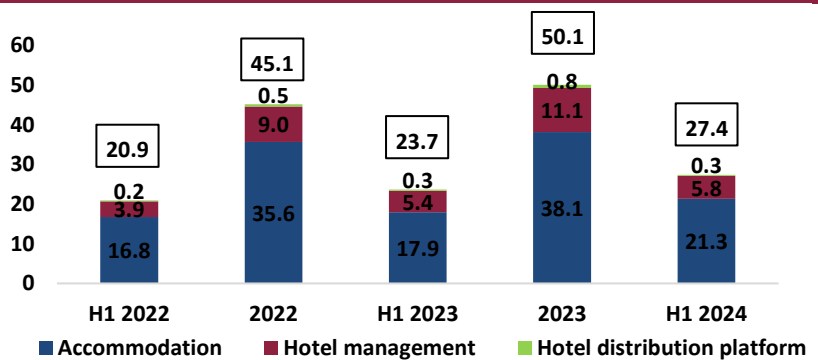
Xenia Hôtellerie Solution SpA *Benefit Corporation* is an Italian hospitality company operating for over 30 years in the travel and tourism industry. The core business is B2B accommodation services to crews (railway companies, airlines, cruise and shipping lines, construction teams engaged in medium/long-term 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

Gross revenue mix (€m)



Source: EnVent Research on Company data

Drivers

Industry drivers

Italy remains an appealing destination. Italy is among the most desirable destinations, ready to have another booming year, overnight stays in tourist accommodations (June-August) were expected at 216 million, almost 3 million more compared to 2023 summer, with remarkable foreign tourist flow (Source: Assoturismo, Giugno 2024).

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.

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 ten hotels in Italy, mostly 4-star, 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.

Flexible asset portfolio. Xenia, as common in the industry, takes advantage of opportunities to acquire hotels or hotels right of use. As such, it has a flexible 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.

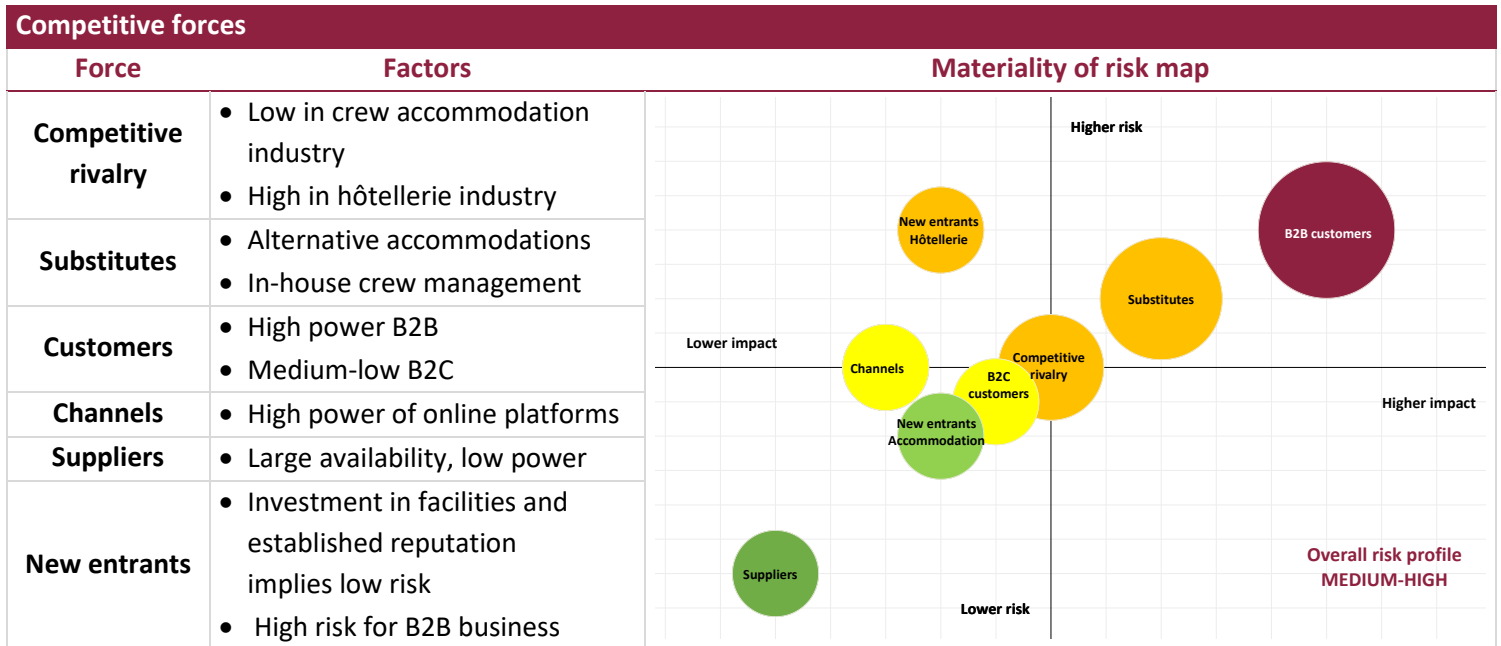
Mature and highly competitive markets. The wide hospitality market, despite continuing evolution based on industry trends, is mature, highly populated and competitive. When competing for B2C guests, Xenia encounters competition from national and international chains or independent hotels and private 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

H1 2024 results

- Gross revenues were €27.5m, +15.5% on H1 2023: accommodation €21.2m (+17.7% on H1 2023); hotel management €5.8m (+7.4% on H1 2023); hotel distribution €0.4m (+50% on H1 2023)
- EBITDA at €1.2m (€2m in H1 2023), 4.3% on gross revenues (vs 8.5%)
- Delay in the acquisition of new hotels and more time needed to become fully operational
- Operating cash flow after WC and capex at €(6)m reflects the absorption for the investments in new hotels
- Net financial debt increased from €6.2m in FY23 to €11.9m as of June 2024, due to medium-long term financial debt and IFRS 16 financial debt following the acquisition of three new hotels; excluding IFRS 16 net financial debt would be €4.9m, from €0.7m as of December 2023

Profit and Loss

€m	H1 2023	H1 2024
Gross revenues	23.7	27.4
Cost of partners services	(15.8)	(19.0)
Net revenues	7.9	8.4
Other income	0.2	0.0
Revenues	8.0	8.5
YoY %	26.6%	5.3%
Services	(2.4)	(3.0)
Personnel	(2.7)	(3.3)
Other operating costs	(1.0)	(1.0)
Operating charges	(6.0)	(7.3)
EBITDA	2.0	1.2
Margin on Net revenues	25.5%	14.0%
Margin on Gross revenues	8.5%	4.3%
D&A	(1.0)	(1.0)
EBIT	1.1	0.2
Margin on Net revenues	13.1%	2.2%
Interest	(0.2)	(0.2)
EBT	0.9	0.4
Margin on Net revenues	11.0%	4.3%
Income taxes	(0.3)	(0.2)
Net Income (Loss)	0.6	0.2
Margin on Gross revenues	2.5%	0.6%

Source: Company data

Balance Sheet

€m	H1 2023	2023	H1 2024
Inventory	0.1	0.1	0.2
Trade receivables	9.0	10.9	11.8
Trade payables	(16.2)	(16.3)	(17.7)
Trade Working Capital	(7.1)	(5.4)	(5.7)
Other assets (liabilities)	(0.9)	(0.4)	(0.8)
Net Working Capital	(8.0)	(5.8)	(6.5)
Goodwill and other intangible assets	1.4	1.4	2.1
Property, plant and equipment	10.8	10.7	14.8
Property rights of use	8.2	6.3	8.1
Equity investments and financial assets	0.2	0.0	0.0
Non-current assets	20.7	18.4	25.0
Provisions	(0.8)	(0.8)	(0.9)
Net Invested Capital	11.9	11.8	17.6
Bank debt	3.9	3.8	9.0
Financial debt - Rent to buy	5.4	5.4	8.4
Financial debt - Leasing	7.2	5.5	7.0
Other financial debt	1.1	0.3	0.4
Guarantee deposit	(2.0)	(1.9)	0.0
Cash and equivalents	(6.9)	(6.9)	(12.9)
Net Debt (Cash)	8.7	6.2	11.9
Equity	3.2	5.6	5.7
Sources	11.9	11.8	17.6

Cash Flow

€m	H1 2023	H1 2024
EBIT	1.1	0.2
Current taxes	(0.3)	(0.2)
D&A	1.0	1.0
Provisions	0.1	0.1
Cash flow from P&L operations	1.8	1.0
Trade Working Capital	(0.3)	0.4
Other assets and liabilities	0.5	0.3
Capex	(0.1)	(7.6)
Operating cash flow after WC and capex	1.9	(5.8)
Interest	(0.2)	(0.2)
Equity investments and financial assets	(0.1)	0.0
Net cash flow	1.4	(5.7)
Net (Debt) Cash - Beginning	(10.1)	(6.2)
Net (Debt) Cash - End	(8.7)	(11.9)
Change in Net (Debt) Cash	1.4	(5.7)

Source: Company data

Ratio analysis

KPIs	H1 2023	H1 2024
ROE	37%	6%
ROS	4%	1%
ROIC	18%	2%
DOI	2	0
DSO	56	63
DPO	125	113
TWC/Gross revenues	-15%	-10%
NWC/Gross revenues	-17%	-12%
Net Debt/EBITDA	2.2x	5.0x
Net Debt/Equity	2.7x	2.1x
Cash flow from P&L operations/EBITDA	90%	89%
FCF/EBITDA	97%	neg.
Revenue per employee (€k)	89	95
Cost per employee (€k)	30	37

Note: H1 KPIs calculated on LTM economics

Business update

- Acquisition of 4-star Hotel Principe di Piemonte in Cuneo in April 2024 (FY23 turnover €1.2m, 50 rooms)
- Acquisition of 3-star Hotel Ambra in Pescara in April 2024 (FY23 turnover €0.7m, 60 rooms)
- Acquisition of 4-star Hotel Cavalieri di Bra in June 2024 (FY23 turnover €1.8m, 88 rooms)
- Acquisition of 4-star Hotel Homy Druento in September 2024, bringing own

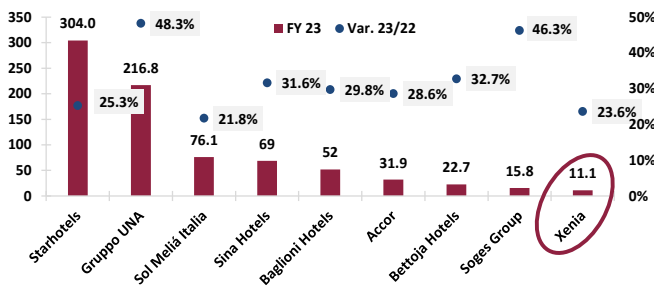
portfolio to 10 hotels.

- 2024 ESG Rating improved from "BB" to "BBB" by Cerved Rating Agency
- Tax credit of €0.4m for IPO costs
- 2024-26 sustainability plan approved
- Travel Risk Management (ISO 31030:2021) and Corporate Social Responsibility (ISO 26000:2010) obtained

Competition update: hôtellerie

We have updated the competitive playground of hotels networks with nationwide presence in Italy.

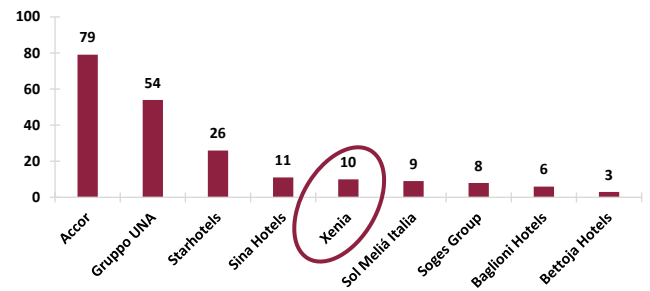
Domestic sales comparison (€m) - selected chains



Source: EnVent Research on Creditsafe

Note: For Xenia we only considered the Hotel management BU turnover

Number of hotels in Italy - selected chains



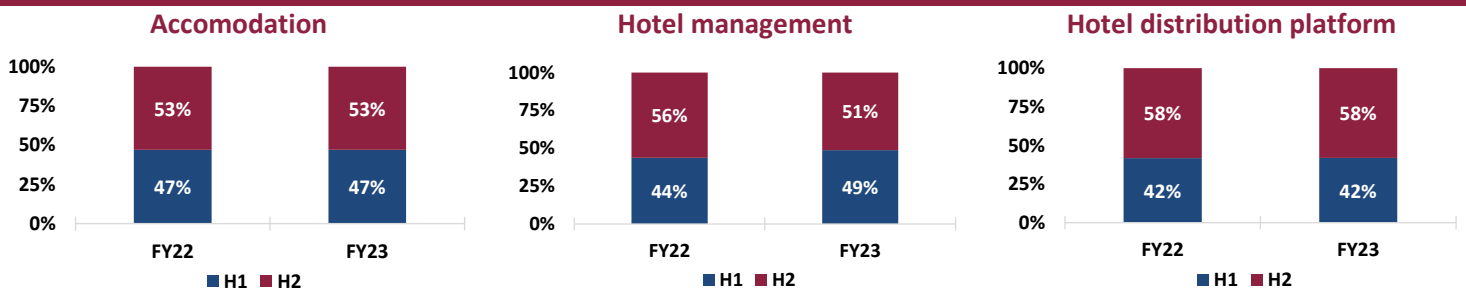
Source: EnVent Research on publicly available information

2023 sales, double-digit growth for the entire selected panel, mean of 32% and median of 30%.

Estimates revision

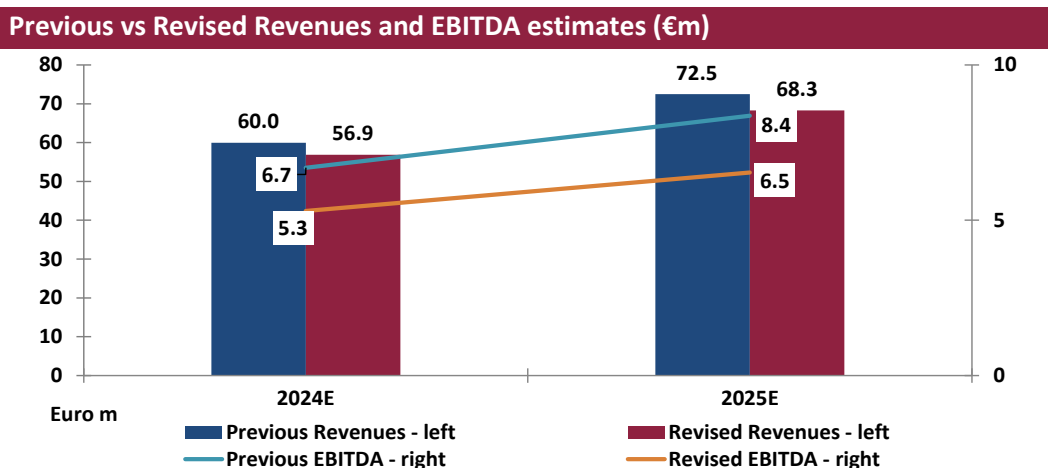
Xenia results in H1 2024 are consistent with our estimates for the full year. Based on Company's past performance, sales are concentrated in the second half of the year for all BUs. Hotel management BU's performance in the first half of the year reflected the delayed acquisition of new hotels and the time needed to become fully operational. As such, we have adjusted our sales forecast for hotel management BU for FY24-25E.

Seasonality for Xenia by BUs



Source: Company data

Change in estimates



Source: EnVent Research

€m	Revised		Previous		Change %	
	2024E	2025E	2024E	2025E	2024E	2025E
Gross revenues	56.9	68.3	60.0	72.5	-5%	-6%
EBITDA	5.3	6.5	6.7	8.4	-21%	-22%
<i>Margin</i>	9%	10%	11%	12%		
EBIT	2.1	2.3	3.5	4.1	-40%	-44%
<i>Margin</i>	4%	3%	6%	6%		
Net Income (Loss)	1.0	1.0	2.0	2.4	-51%	-56%
Net Debt (Cash)	10.3	11.7	9.2	9.2	12%	27%
<i>Net Debt/EBITDA</i>	1.9x	1.8x	1.4x	1.1x	41%	63%

Source: EnVent Research

Financial projections

Profit and Loss

€m	2020	2021	2022	2023	2024E	2025E
Gross revenues	24.9	32.6	45.1	50.1	56.9	68.3
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	21.2	29.1
Other income	0.5	0.6	0.3	0.2	0.1	0.1
Revenues	5.0	9.1	14.6	16.6	21.3	29.2
YoY %	-39.8%	82.2%	60.5%	13.8%	28.3%	37.3%
Services	(2.0)	(3.3)	(4.8)	(4.6)	(7.7)	(11.1)
Personnel	(2.2)	(3.6)	(4.2)	(5.4)	(6.2)	(8.7)
Other operating costs	(0.8)	(1.3)	(2.2)	(2.0)	(2.1)	(2.9)
Operating charges	(5.0)	(8.2)	(11.2)	(12.1)	(16.0)	(22.7)
EBITDA	(0.0)	0.8	3.4	4.5	5.3	6.5
Margin on Net revenues	-0.6%	9.8%	23.9%	27.4%	25.0%	22.5%
Margin on Gross revenues	-0.1%	2.6%	7.6%	8.9%	9.3%	9.6%
D&A	(0.4)	(0.8)	(1.7)	(1.9)	(3.2)	(4.2)
EBIT	(0.5)	0.0	1.7	2.5	2.1	2.3
Margin on Net revenues	-10.1%	0.2%	12.0%	15.6%	9.8%	8.0%
Margin on Gross revenues	-1.8%	0.0%	3.8%	5.1%	3.6%	3.4%
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	1.4	1.5
Margin on Net revenues	-19.1%	-4.0%	8.7%	13.0%	6.6%	5.2%
Income taxes	0.2	0.0	(0.4)	(0.7)	(0.4)	(0.5)
Net Income (Loss)	(0.6)	(0.3)	0.9	1.4	1.0	1.0
Margin on Gross revenues	-14.5%	-3.8%	6.0%	8.8%	4.6%	3.6%

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	0.2
Trade receivables	7.3	8.7	9.3	10.9	12.4	13.7
Trade payables	(10.7)	(13.9)	(16.8)	(16.3)	(18.2)	(21.3)
Trade Working Capital	(3.3)	(5.1)	(7.4)	(5.4)	(5.7)	(7.4)
Other assets (liabilities)	1.1	(0.1)	(0.4)	(0.4)	(0.6)	(0.9)
Net Working Capital	(2.2)	(5.2)	(7.8)	(5.8)	(6.4)	(8.3)
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	16.9	19.4
Net Debt (Cash)	12.6	14.1	10.1	6.2	10.3	11.7
Equity	1.3	1.6	2.8	5.6	6.6	7.6
Sources	13.9	15.7	12.9	11.8	16.9	19.4

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

Cash Flow

€m	2021	2022	2023	2024E	2025E
EBIT	0.0	1.7	2.5	2.1	2.3
Current taxes	0.0	(0.4)	(0.7)	(0.4)	(0.5)
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	5.0	6.5
Trade Working Capital	1.8	2.3	(2.0)	0.4	1.7
Other assets and liabilities	1.2	0.3	(0.0)	0.2	0.2
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	(3.4)	(0.6)
Interest	(0.4)	(0.4)	(0.4)	(0.7)	(0.8)
Other financial items	0.0	0.0	0.0	0.0	0.0
Write-down of equity investments and receivables	0.0	(0.0)	(0.0)	0.0	0.0
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	(4.1)	(1.4)
Net Debt (Beginning)	(12.6)	(14.1)	(10.1)	(6.2)	(10.3)
Net Debt (End)	(14.1)	(10.1)	(6.2)	(10.3)	(11.7)
Change in Net Debt (Cash)	(1.5)	4.0	3.9	(4.1)	(1.4)

Source: Company data 2021-23, EnVent Research 2024-25E

Ratio analysis

KPIs	2020	2021	2022	2023	2024E	2025E
ROE	-51%	-20%	30%	26%	15%	14%
ROS	-10%	0%	12%	16%	10%	8%
ROIC	-3%	0%	13%	22%	12%	12%
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%	-11%
NWC/Gross revenues	-9%	-16%	-17%	-12%	-11%	-12%
Net Debt/EBITDA	nm	16.9x	3.0x	1.4x	1.9x	1.8x
Net Debt/Equity	9.9x	8.6x	3.5x	1.1x	1.6x	1.5x
Cash flow from P&L operations/EBITDA	na	114%	86%	88%	94%	99%
FCF/EBITDA	na	neg	120%	84%	neg	neg

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

Valuation

We recall that Xenia is catching the market demand coming from the rebound of hospitality and business travel in Italy and beyond borders; however, being in its investment phase, the value expectation depends on the ability to pursue 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 in crew accommodation
- Financial leverage linked to the accomplishment of the hotel investment program

Discounted Cash Flows

Updated assumptions:

- Risk free rate: 3.1% (last 30 days average. Source: Bloomberg, September 2024)
- Market return: 11.3% (last 30 days average. Source: Bloomberg, September 2024)
- Market risk premium: 8.1%
- Beta: 1.3 (judgmental)
- Cost of equity: 13.7%
- Cost of debt: 5.0%
- Tax rate: 24% (IRES)
- 40% debt/(debt + equity) as target capital structure
- WACC calculated at 9.7%, according to above data, from 10.2%
- Perpetual growth rate after explicit projections (G): 2.5%
- Terminal Value assumes a 5.1% 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	56.9	68.3	70.0
Revenues	5.0	9.1	14.6	16.6	21.3	29.2	29.9
EBITDA	(0.0)	0.8	3.4	4.5	5.3	6.5	5.6
<i>Margin on Gross revenues</i>	<i>neg</i>	<i>2.6%</i>	<i>7.6%</i>	<i>8.9%</i>	<i>9.3%</i>	<i>9.6%</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>24.9%</i>	<i>22.4%</i>	<i>18.7%</i>
EBIT	(0.5)	0.0	1.7	2.5	2.1	2.3	3.6
<i>Margin on Gross revenues</i>	<i>neg</i>	<i>0.0%</i>	<i>3.8%</i>	<i>5.1%</i>	<i>3.6%</i>	<i>3.4%</i>	<i>5.1%</i>
<i>Margin on Revenues</i>	<i>neg</i>	<i>0.2%</i>	<i>11.7%</i>	<i>15.4%</i>	<i>9.8%</i>	<i>7.9%</i>	<i>12.0%</i>
Taxes	0.1	(0.0)	(0.5)	(0.7)	(0.6)	(0.6)	(1.0)
NOPAT	(0.3)	0.0	1.2	1.8	1.5	1.7	2.6
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	4.8	6.3	4.6
Trade Working Capital				(2.0)	0.4	1.7	(0.2)
Other assets and liabilities				(0.0)	0.2	0.2	0.0
Capex				1.0	(9.0)	(9.0)	(2.0)
Unlevered free cash flow					(3.6)	(0.8)	2.4
- H1 unlevered free cash flow					5.7		
Free cash flow to be discounted					2.1	(0.8)	2.4
WACC	9.7%						
Long-term growth (G)	2.5%						
Discounted Cash Flows					2.0	(0.7)	
Sum of Discounted Cash Flows	1.3						
Terminal Value							32.6
Discounted TV	28.3						
Enterprise Value	29.6						
Net debt as of 30/06/24	(11.9)						
Equity Value	17.8						

DCF - Implied multiples	2023	2024E	2025E
EV/Revenues	1.8x	1.4x	1.0x
EV/EBITDA	6.6x	5.6x	4.5x
EV/EBIT	11.6x	14.3x	12.8x
P/E	12.4x	18.0x	16.9x

Current market price - Implied multiples	2023	2024E	2025E
EV/Revenues	1.3x	1.0x	0.7x
EV/EBITDA	4.7x	3.9x	3.2x
EV/EBIT	9.8x	14.9x	13.9x
P/E	6.3x	9.2x	8.6x

Source: EnVent Research

Market multiples

We have updated our peer group adding Dalata Hotel and Soges:

Dalata Hotel (UK) - FY23 Revenues €608m - Comparability: Medium

Hotel operator of mainly 4-star hotels in Ireland, UK and Europe under the Maldron Hotel and Clayton Hotel brands. Its current portfolio consists of over 50 hotels.

Soges (Italy) - FY23 Revenues €15.9m - Comparability: High

Hotel management company with a portfolio of 8 hotels in Florence and the countryside region of Chianti under its commercial brand "Place of Charme".

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	6.5x	5.9x	5.4x	51.3x	18.4x	16.5x	14.5x	52.4x	29.6x	25.8x	21.8x	18.2x	30.2x	27.5x	23.4x
Booking	5.9x	6.2x	5.8x	5.3x	19.6x	18.4x	16.5x	14.8x	21.2x	19.7x	17.9x	15.9x	28.9x	23.8x	21.8x	19.4x
Expedia	1.9x	1.5x	1.4x	1.3x	14.8x	7.2x	6.5x	6.1x	16.4x	13.5x	11.1x	10.0x	26.4x	12.4x	11.0x	9.7x
TripAdvisor	1.6x	1.0x	0.9x	0.9x	15.7x	5.6x	5.1x	4.6x	19.1x	19.2x	13.8x	12.6x	n.a.	12.1x	10.0x	8.6x
MakeMyTrip	7.9x	12.1x	10.1x	8.4x	n.a.	83.6x	62.4x	44.3x	n.a.	n.a.	76.1x	51.8x	neg	87.8x	62.7x	46.0x
eDreams	2.2x	1.7x	1.5x	1.4x	neg	14.2x	7.9x	5.7x	neg	28.9x	12.2x	8.7x	neg	n.a.	13.9x	9.0x
Trip.com	3.4x	4.8x	4.2x	3.7x	12.5x	14.8x	12.6x	11.0x	13.3x	17.9x	14.8x	13.0x	16.5x	16.6x	15.3x	13.7x
Trivago	0.1x	0.1x	0.1x	0.1x	1.6x	neg	3.5x	1.4x	1.7x	neg	neg	7.8x	neg	n.a.	14.1x	5.2x
Voyageurs du Monde	0.5x	0.4x	0.4x	0.4x	5.4x	4.6x	4.4x	4.1x	5.9x	5.3x	5.0x	4.7x	12.6x	12.2x	11.7x	10.9x
lastminute.com	0.8x	0.3x	0.2x	0.2x	15.0x	2.0x	1.6x	1.4x	16.4x	7.3x	4.2x	3.3x	38.4x	32.1x	16.8x	13.0x
TUI	0.3x	0.3x	0.3x	0.3x	7.3x	3.0x	2.9x	2.7x	10.6x	5.0x	4.6x	4.3x	11.7x	6.7x	5.4x	4.8x
I Grandi Viaggi	0.5x	0.5x	n.a.	n.a.	5.5x	5.1x	n.a.	n.a.	9.8x	7.9x	n.a.	n.a.	14.1x	17.5x	n.a.	n.a.
Destination Italia	0.5x	0.3x	0.2x	0.2x	neg	10.0x	4.4x	2.2x	neg	neg	15.5x	3.5x	neg	neg	24.1x	2.9x
Mean	2.6x	2.7x	2.6x	2.3x	14.9x	15.6x	12.0x	9.4x	16.7x	15.4x	18.3x	13.1x	20.9x	25.1x	19.5x	13.9x
Mean w/out extremes	2.3x	2.1x	2.1x	1.9x	12.0x	10.1x	8.0x	6.7x	14.1x	15.0x	13.4x	10.2x	19.5x	19.6x	16.6x	11.8x
Median	1.6x	1.0x	1.2x	1.1x	13.6x	8.6x	5.8x	5.1x	14.9x	15.7x	13.8x	9.4x	17.4x	17.0x	14.7x	10.3x
Hotels																
Marriott	12.5x	3.4x	3.2x	3.0x	18.4x	17.1x	16.0x	15.1x	20.1x	20.3x	18.7x	17.6x	21.5x	26.7x	24.8x	23.0x
Hilton	12.7x	6.1x	5.6x	5.2x	23.2x	20.1x	18.6x	17.1x	24.7x	24.8x	21.3x	19.3x	40.9x	32.7x	30.0x	27.2x
Hyatt	2.4x	2.7x	2.6x	2.4x	22.7x	16.0x	15.1x	14.0x	52.2x	36.8x	27.2x	23.8x	61.1x	39.6x	39.1x	32.9x
InterContinental	4.6x	8.9x	8.4x	7.9x	16.2x	17.4x	16.0x	14.9x	16.7x	18.5x	17.0x	15.8x	19.7x	25.5x	23.5x	21.8x
Wyndham	6.3x	6.2x	5.9x	5.5x	14.7x	12.7x	12.1x	11.3x	16.9x	16.4x	14.7x	13.6x	22.6x	18.6x	17.6x	16.3x
Accor	2.3x	2.4x	2.3x	2.1x	12.7x	11.7x	10.8x	9.9x	15.8x	16.0x	14.4x	13.0x	14.2x	17.7x	16.1x	14.4x
NH	1.9x	1.8x	1.7x	1.7x	9.6x	6.5x	6.3x	6.1x	12.4x	12.2x	12.0x	11.7x	14.2x	12.2x	11.6x	11.2x
Meliá	2.1x	2.0x	2.0x	1.9x	12.4x	7.8x	7.6x	7.3x	16.8x	15.0x	14.4x	13.6x	11.1x	11.7x	10.6x	9.6x
Scandic Hotels	2.4x	2.8x	2.6x	2.5x	14.7x	9.2x	8.7x	8.4x	15.8x	16.0x	14.4x	13.0x	16.7x	16.2x	14.5x	13.8x
MHP Hotel	0.3x	0.3x	0.3x	0.2x	n.a.	8.9x	5.3x	4.4x	12.4x	12.2x	12.0x	11.7x	neg	neg	56.7x	16.8x
Whitbread	4.1x	3.2x	3.1x	3.1x	15.3x	9.1x	8.8x	8.2x	19.9x	14.0x	14.0x	12.6x	25.0x	13.9x	14.7x	13.2x
Dalata Hotel Group	3.2x	2.6x	2.4x	2.3x	10.1x	7.3x	6.8x	6.6x	12.3x	10.8x	10.0x	9.5x	11.4x	11.7x	11.3x	10.6x
Soges Group	n.a.	0.6x	0.5x	0.4x	n.a.	5.8x	4.5x	3.5x	n.a.	12.7x	9.8x	7.0x	n.a.	27.0x	16.6x	10.3x
Mean	4.6x	3.3x	3.1x	3.0x	15.5x	11.5x	10.5x	9.8x	19.7x	17.4x	15.4x	14.0x	23.5x	21.1x	22.1x	17.0x
Mean w/out extremes	4.2x	3.1x	2.9x	2.7x	15.2x	11.3x	10.3x	9.6x	17.2x	16.2x	14.8x	13.8x	20.7x	20.2x	20.0x	16.2x
Median	2.8x	2.7x	2.6x	2.4x	14.7x	9.2x	8.8x	8.4x	16.8x	16.0x	14.4x	13.0x	19.7x	18.1x	16.6x	14.4x
Travel tech																
Sabre	2.0x	2.0x	1.9x	1.8x	30.7x	11.4x	8.9x	8.4x	44.6x	13.8x	10.5x	10.1x	neg	neg	17.4x	13.5x
Amadeus	5.7x	5.2x	4.8x	4.4x	15.4x	13.6x	12.4x	11.3x	21.8x	18.9x	16.9x	15.1x	25.8x	22.8x	20.4x	18.2x
Mean	3.9x	3.6x	3.3x	3.1x	23.1x	12.5x	10.6x	9.8x	33.2x	16.3x	13.7x	12.6x	25.8x	22.8x	18.9x	15.9x
Short/mid-term accommodation rentals																
Vacasa	0.1x	0.0x	0.0x	0.0x	14.6x	0.2x	neg	neg	neg	0.0x	0.1x	0.4x	neg	64.5x	neg	neg
Sonder	2.8x	2.3x	2.0x	n.a.	neg	neg	neg	n.a.	neg	neg	neg	n.a.	neg	n.a.	n.a.	n.a.
HomeToGo	1.1x	0.8x	0.7x	0.6x	neg	16.7x	9.0x	5.6x	neg	neg	neg	22.5x	neg	neg	neg	195.9x
CleanBnB	0.5x	0.3x	0.3x	n.a.	31.6x	4.8x	2.9x	n.a.	33.6x	8.3x	3.9x	n.a.	37.1x	19.1x	8.6x	n.a.
G Rent	2.2x	2.3x	1.2x	0.7x	neg	neg	29.7x	5.9x	neg	neg	neg	9.9x	neg	neg	neg	16.4x
Dotstay	n.a.	n.a.	n.a.	n.a.	n.a.	28.0x	6.1x	n.a.	n.a.	n.a.	7.5x	n.a.	n.a.	n.a.	15.8x	n.a.
Emma Villas	n.a.	0.5x	0.5x	0.4x	n.a.	4.3x	3.6x	3.2x	n.a.	5.1x	4.3x	3.6x	n.a.	6.9x	5.6x	4.7x
Mean	1.3x	1.0x	0.8x	0.4x	na	10.8x	10.3x	4.9x	na	4.5x	3.9x	9.1x	na	30.2x	10.0x	72.3x
Mean w/out extremes	1.2x	1.0x	0.7x	0.5x	na	8.6x	6.2x	5.6x	na	5.1x	4.1x	6.7x	na	19.1x	8.6x	16.4x
Median	1.1x	0.7x	0.6x	0.5x	na	4.8x	6.1x	5.6x	na	5.1x	4.1x	6.7x	na	19.1x	8.6x	16.4x
ALL																
Mean	3.2x	2.7x	2.5x	2.4x	16.4x	13.0x	11.0x	9.1x	20.1x	15.2x	14.8x	12.9x	23.3x	23.8x	19.6x	21.2x
Median	2.2x	2.0x	1.9x	1.8x	14.8x	9.6x	8.3x	6.9x	16.7x	14.5x	13.9x	12.6x	19.7x	18.1x	16.0x	13.6x

Source: EnVent Research on S&P Capital IQ, 27/09/2024

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.

Market multiples application

€m					
Xenia (€m)		Market Multiples	EV	Net debt 30/06/24	Equity value
2024E Revenues	21.3	1.4x	29.8	(11.9)	17.9
2025E Revenues	29.2	1.3x	38.5	(11.9)	26.6
Mean 2024-25E			34.1		22.3
2024E EBITDA	5.3	6.7x	35.6	(11.9)	23.7
2025E EBITDA	6.5	5.8x	38.1	(11.9)	26.3
Mean 2024-25E			36.8		25.0
2024E EBIT	2.1	10.1x	21.0	(11.9)	9.2
2025E EBIT	2.3	9.7x	22.5	(11.9)	10.7
Mean 2024-25E			21.8		9.9
2024E Earnings	1.0	12.7x			12.5
2025E Earnings	1.0	11.2x			11.7
Mean 2024-25E					12.1

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.

Sum of Parts application - Revenues multiples

€m			
Xenia	2024E Market multiples		
EV Accommodation			
2024E Net revenues	6.3	0.7x	4.3
EV Hotel management			
2024E Revenues	13.9	1.9x	26.4
EV Hotel distribution platform			
2024E Revenues	1.0	2.5x	2.6
Sum of Parts EV Xenia			33.2
Net debt 30/06/24			(11.9)
Equity value Xenia			21.4

Source: EnVent Research

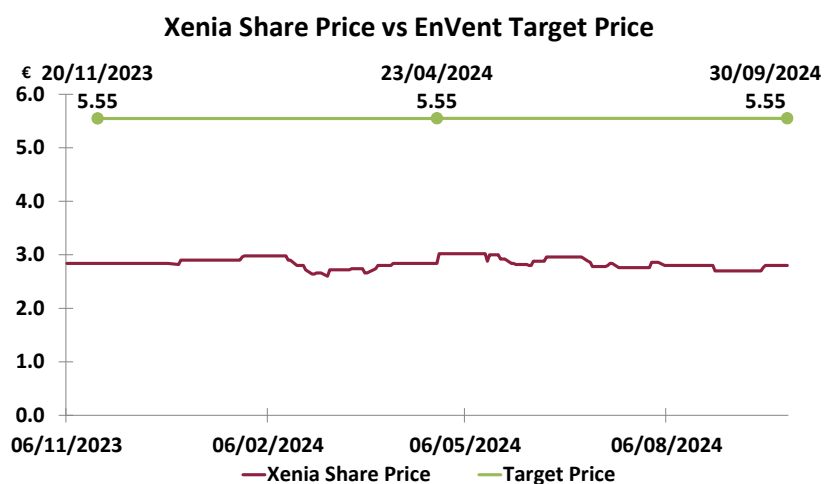
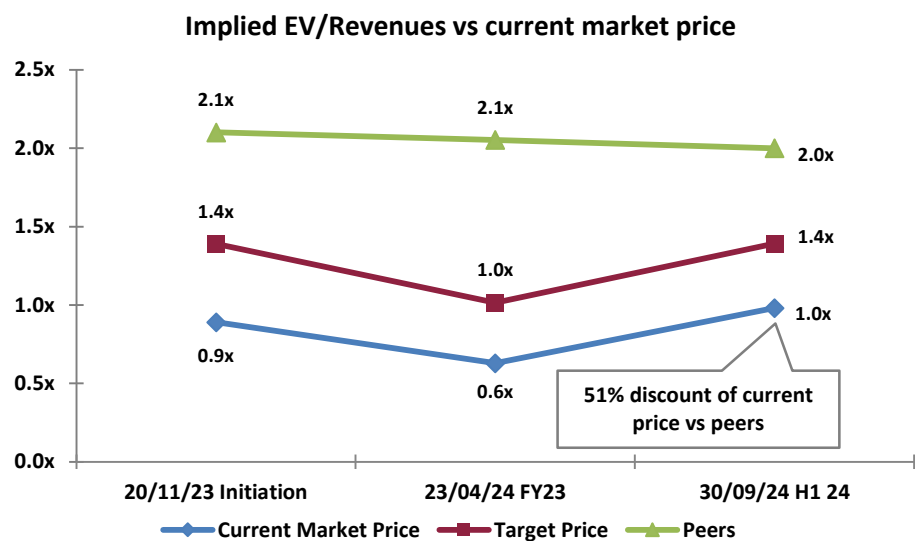
Target Price

We continue to attribute higher significance and weight to fundamentals, and thus to DCF methodology, recalling the limited comparability with listed industry peers. We confirm a Target Price of €5.55, implying 98% upside potential on current share price, and an OUTPERFORM rating.

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

Xenia Price per Share	€
Target Price	5.55
Current Share Price (27/09/2024)	2.80
Premium (Discount)	98%

Source: EnVent Research



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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: 27/09/2024 h. 7.00pm

Date and time of Distribution: 30/09/2024 h. 6.30pm

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Date	Recommendation	Target Price (€)	Share Price (€)
20/11/2023	OUTPERFORM	5.55	2.84
23/04/2024	OUTPERFORM	5.55	2.84
30/09/2024	OUTPERFORM	5.55	2.80

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