

Update: Q1 2024

2024-05-14

Movinn: Embracing technology

- Break even on EBITDA level for the Swedish operations
- Launch of Movinn.io, an online booking feature
- We maintain our fair value of DKK 7.85 per share

Analysts

Tobias Karlsson
076-833 7098
tobias.karlsson@vhcorp.se

Johan Larsson
072-542 4433
johan.larsson@vhcorp.se

Ticker: MOVINN
Industry: Hospitality
Listed on: First North Copenhagen
Latest share price (DKK): 2.40
Market cap (MDKK): 40.2
Enterprise Value (MDKK): 57.4
Total number of shares (M): 16.74
- of which free float (M): 2.82

VHCF fair value per share

DCF model DKK 7.85

Movinn A/S

Address: Dronningens Tværgade 9b
DK-1302 Copenhagen K
Webpage: movinn.com
CEO: Patrick Blok

Main owners (31 Dec 2023)

	Capital (%)
Mac-Invest ApS	55.7%
Raymond Blok Holding ApS	16.6%
Dane Capital ApS	10.8%

Stock price history (DKK)



	-1m	-3m	-12m
Change (%)	30.43	15.38	-8.4
52 w k range (Low /Hi) - DKK	1.66 / 5.30		

Source: Västra Hamnen Corporate Finance

Overall, Movinn reported a positive Q1 slightly above our expectations. The biggest news for the quarter is that the Swedish operations are breaking even on EBITDA level, followed by general financial improvements on the group level. Moreover, Movinn launched an online booking feature, Movinn.io, with an additional platform called Velocity Pro soon to be launched.

Although Q1 is usually rather weak, the company reported its highest revenue for a single quarter. Movinn also reported significantly lower operating and personnel expenses, leading to improved bottom-line metrics.

The focus for 2023 was on portfolio optimisation, a strategy that did not fully materialise as the company was adversely affected by the general decline in demand and internal operational difficulties. Last quarter the company explained how it had undergone several cost-cutting procedures. With the outcome of Q1, we see signs that this strategy is finally starting to pay off.

Before making any drastic changes in our model, we want to see this improved performance maintained. With continued growth and cost control we believe sustainable profitability to be near.

Regarding our model, we only make minor revisions which include a slight revenue increase and cost reduction in 2024. Overall, we believe the company is well positioned for the year and keep our fair value at DKK 7.85 per share.

Table 1: Financial Overview

MDKK	2022	2023	2024e	2025e	2026e
Net turnover	73.3	83.5	88.9	103.8	130.6
Growth (%)	30.7%	13.9%	6.5%	16.7%	25.9%
Gross margin (%)	26.1%	21.1%	24.0%	28.5%	30.0%
EBIT	-0.5	-6.0	1.5	7.6	15.0
EBIT margin (%)	neg	neg	1.7%	7.3%	11.5%
Cash holdings	13.2	7.0	3.4	3.9	6.1
Total assets	58.1	53.2	50.0	55.0	67.5
Total equity	26.5	20.4	20.6	25.7	36.8
Solidity (%)	45.6%	38.3%	41.2%	46.8%	54.5%
P/E	neg	neg	137.4	7.8	3.6
ROE	neg	neg	1.4%	20.1%	30.1%
EV/EBIT (x)	neg	neg	38.9	7.6	3.8
EV/Sales (x)	0.8	0.7	0.6	0.6	0.4

Source: Västra Hamnen Corporate Finance

Positive EBITDA in Sweden

As has been the theme of the last quarters, the Swedish operations are progressing according to plan. For the first time, the company reported a positive quarterly EBITDA in Sweden. As explained by CEO **Patrick Blok**, this result is further strengthened by the fact that they have an ongoing soft launch in Västerås negatively impacting the financials. During the quarter Movinn reported a vacancy rate in Sweden of 12 per cent, as this is close to their goal of keeping a vacancy rate of around 10 per cent, we believe the company will need some additional units in the country if they want to significantly improve the results. Movinn is now active in the four markets of Malmö, Lund, Ludvika, and Västerås, and does not expect any significant unit growth for the year.

Launch of a digital booking platform

In our latest update, we touched upon Movinn's investments in technology and automating the sales process. With the investments, Movinn has created Movinn.io, a digital platform for online bookings. The platform was launched in late January and has since generated 21 per cent of the company's total bookings. With the new integrated platform, Movinn is no longer limited to normal office hours, as bookings can now be done seamlessly online. Most of the bookings on the platform are in fact made after working hours, during weekends, and on holidays. Blok describes the technology development in three steps. Step one was the launch of the dynamic pricing and direct booking system in January 2023. Step two was the integration, and the third step will be the launch of the new platform Velocity Pro which is expected to launch soon. With the new platform, the booking process will be integrated with third parties involved in the booking.

Multi-year accommodation contract signed

After the release of the Q1 report, Movinn announced that it had signed a multi-year contract with an undisclosed large Danish firm. The contract regards corporate housing accommodations in both Sweden and Denmark. Although details of the agreement remain confidential, the volume of anticipated bookings classified it as insider information. In the web conference held in connection with the report, Blok explained that this contract will help even out the vacancy rates on existing markets as it will lead to a steady demand flow.

Reported result slightly better than expected

Turning to the financials of the quarter, Table 2 below compares our estimates with the actual outcome. The overall theme of the P&L is that Movinn slightly outperformed our estimates. The company reported sales of DKK 0.8 million more than we expected. Moreover, the gross margin reported was better than our projections leading to a gross profit of DKK 0.3 million higher than our forecast.

Moreover, operational cost-savings have started to materialise as both other OPEX and personnel expenses came in lower than we projected. Overall, this resulted in a net profit of DKK -0.5 million, compared to our estimation of DKK -0.9 million. On a slightly negative note, Movinn burned more cash than expected. This is mainly explained by a significant increase in accounts receivables. Blok explained that this was due to a large portion of online bookings being paid using a credit card, this means that payments take slightly longer to convert into actual cash for Movinn.

Table 2: Estimates vs actual, Q1 '24

TDKK	Q1 '23	Q1 '24e	Q1 '24a	Diff
Net Revenues	20 632	20 696	21 480	784
Other operating income	0	0	0	0
Total Revenues	20 632	20 696	21 480	784
Variable costs	-16 121	-16 143	-16 611	-468
Gross Profit	4 511	4 553	4 869	316
Other Operating Expenses	-1 029	-1 273	-1 029	244
Personnel Expenses	-2 865	-3 105	-2 741	364
Total OPEX	-3 894	-4 378	-3 770	608
EBITDA	617	175	1 099	924
Amortisation and Depreciation	-1 370	-1 045	-1 390	-345
EBIT	-753	-869	-291	578
Net Financial Items	-229	-277	-260	17
EBT	-982	-1 146	-551	595
Tax	186	252	90	-162
Net Profit	-796	-894	-461	433
Cash and Equivalents	9 403	6 468	4 883	-1 584
Total Equity	25 552	19 478	19 809	331

Source: Västra Hamnen Corporate Finance

Full-year guidance intact

As for the company's guidance, the outcome of the quarter does not mandate any changes. The company keeps its initial guidance for 2024 with a revenue estimate of DKK 87-92 million and an EBIT of DKK 2.5-6.0 million. The outlook is driven by the fact that Movinn expects to see an increasing demand from Q2 and onwards, especially regarding the secondary Danish markets, which have struggled in the last couple of quarters, and the new online booking system generating additional sales.

Strategy remains the same

Going forward, the strategy of optimising the existing portfolio remains. In the report, Movinn states that they do not expect to see any drastic unit growth. Moreover, no new markets are expected to be launched. Movinn is still looking at markets in Sweden such as Stockholm and Gothenburg, and German markets such as Berlin and Hamburg. However, they do not expect a new launch to materialise in 2024.

We make marginal short-term revisions

Regarding our model, only marginal changes are made. Although the outcome does not change our long-term view of the company, we make some changes regarding 2024. Due to the slight over-performance this quarter, and the expectations of increasing demand in Q2 and forward, we find support for slight revenue increases. We had previously positioned ourselves in the lower bound of the company's revenue guidance for 2024 of about DKK 87 million. After the changes, which refer to a slightly lower vacancy rate and higher revenue per unit, our new forecast indicates revenue of DKK 89 million for 2024.

Moreover, we slightly decrease personnel expenses and other external expenses. The changes result in an increased EBIT from the previous DKK -1.1 million to DKK 1.5 million for the full year 2024. Although this increase is significant, it is still below the company's guidance.

In our latest update, we further noticed a financial risk of a declining cash balance. Although the burn rate of this quarter was significantly higher than expected, we believe the increased performance counteracts this. If the company can keep up this trend, we see no need for external financing. We therefore remove the capital injection previously anticipated in Q4 2024.

We maintain our fair value of DKK 7.85 per share

In summary, the model changes have no significant impact on the valuation of Movinn. We therefore maintain our estimated share price of DKK 7.85.

As for potential triggers to look out for, we believe it is important for Movinn to continue its improved performance and show that it was not just a good single quarter. Moreover, we are pleased with the progress in Sweden. A trigger on the Swedish market could be if it becomes profitable on the bottom line. The company has emphasised that it expects improved demand from Q2 and onwards, although this raises our expectations, which is priced in our model, proof that demand is returning to "normal" levels could be seen as a trigger for the company.

Income Statement - Annual Data

TDKK	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Net sales	36 003	56 088	73 325	83 542	88 950	103 777	130 629	159 821
Other operating income	142	172	0	0	0	0	0	0
Total revenues	36 145	56 260	73 325	83 542	88 950	103 777	130 629	159 821
Variable costs	-29 357	-41 823	-54 178	-65 913	-67 640	-74 159	-91 440	-111 875
Gross profit	6 788	14 437	19 147	17 629	21 310	29 619	39 189	47 946
Fixed costs	-2 067	-2 578	-5 529	-5 203	-4 304	-4 589	-4 967	-5 377
Personnel costs	-3 916	-5 819	-8 861	-14 103	-11 138	-13 443	-14 662	-15 678
EBITDA (after listing and other costs)	805	6 041	4 757	-330	5 868	11 586	19 560	26 891
Amortisation & depreciation	-2 600	-4 283	-5 251	-5 716	-4 393	-4 015	-4 532	-5 206
EBIT	-1 795	1 758	-494	-6 046	1 475	7 571	15 028	21 685
Net financial items	-868	-5 183	-1 103	-994	-1 060	-928	-815	-715
EBT	-2 663	-3 425	-1 597	-7 040	415	6 643	14 213	20 971
Taxes	580	-235	-944	1 071	-122	-1 461	-3 127	-4 614
Net profit	-2 082	-3 660	-2 541	-5 969	292	5 181	11 086	16 357
Earnings per share (SEK)	neg	neg	-0.15	-0.36	0.02	0.31	0.66	0.98
Growth (%)								
Net turnover	na	55.8%	30.7%	13.9%	6.5%	16.7%	25.9%	22.3%
EBITDA	na	650.5%	-21.2%	na	na	97.5%	68.8%	37.5%
EBIT	na	-197.9%	na	na	na	413.4%	98.5%	44.3%
Net profit	na	na	na	na	na	1672.3%	114.0%	47.5%
% of revenues (%)								
Gross margin	18.5%	25.4%	26.1%	21.1%	24.0%	28.5%	30.0%	30.0%
EBITDA margin	2.2%	10.7%	6.5%	neg	6.6%	11.2%	15.0%	16.8%
EBIT margin	neg	3.4%	neg	neg	1.7%	7.3%	11.5%	13.6%
EBT margin	neg	neg	neg	neg	0.5%	6.4%	10.9%	13.1%
Profit margin	neg	neg	neg	neg	0.3%	5.0%	8.5%	10.2%
Personnel costs	10.9%	10.4%	12.1%	16.9%	12.5%	13.0%	11.2%	9.8%
Total OPEX	16.6%	15.0%	19.6%	23.1%	17.4%	17.4%	15.0%	13.2%
Profitability (%)								
ROE	neg	neg	neg	neg	1.4%	20.1%	30.1%	30.8%
ROIC	neg	5.9%	neg	neg	3.2%	15.2%	25.6%	35.6%

Source: Västra Hamnen Corporate Finance

Balance Sheet - Annual Data

TDKK	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Cash and cash eq	8	23 638	13 165	6 990	3 407	3 925	6 129	18 750
Inventory	510	538	1 244	2 074	1 736	2 044	2 624	2 943
Trade receivables	1 580	691	284	763	1 530	1 845	2 367	2 656
Tax credit	1 479	1 267	322	1 393	1 272	0	0	0
Other receivables	849	1 010	808	1 838	1 163	1 403	1 800	2 019
Prepayments and accrued income	150	769	429	385	400	406	407	407
Total current assets	4 575	27 914	16 252	13 443	9 509	9 622	13 327	26 775
Tangible assets	13 441	15 681	21 509	18 634	17 248	19 351	22 231	22 368
Intangible assets	2 276	4 115	4 145	4 516	4 963	5 448	5 886	6 282
Financial assets	8 995	12 528	16 156	16 645	18 236	20 558	26 075	28 357
Total fixed assets	24 712	32 324	41 810	39 795	40 446	45 356	54 193	57 008
Total assets	29 288	60 238	58 062	53 238	49 955	54 978	67 520	83 783
Short-term debt	2 111	2 934	3 034	2 286	786	0	0	0
Deposits and prepaid income	4 363	5 353	6 757	8 743	8 155	10 005	12 840	14 404
Trade payables	468	1 369	1 372	964	843	961	1 233	1 383
Other short-term liabilities	648	1 635	600	1 000	566	1 227	1 574	1 766
Debt to associated companies	2 004	2 106	0	0	0	0	0	0
Total current liabilities	9 594	13 398	11 763	12 993	10 350	12 192	15 647	17 553
Long-term liabilities	16 413	17 782	19 846	19 873	19 042	17 042	15 042	13 042
Total equity	3 280	29 059	26 453	20 372	20 562	25 744	36 830	53 187
Total equity and liabilities	29 288	60 238	58 062	53 238	49 954	54 978	67 520	83 782

Source: Västra Hamnen Corporate Finance

Cash flow statement

TDKK	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Operating activities	117	4 791	3 654	-1 324	4 808	10 468	15 618	21 563
Changes in working capital	4 395	2 957	615	183	-913	1 761	1 955	1 078
Investing activities	-932	-11 955	-14 735	-3 604	-4 967	-8 926	-13 368	-8 021
Financing activities	-1 886	28 729	-7	-799	-2 511	-2 786	-2 000	-2 000
Cash flow for the period	1 694	23 679	-10 473	-5 525	-3 583	518	2 205	12 620
Beginning cash balance	51	8	23 638	13 165	6 990	3 407	3 925	6 129
Adjustments	51	-42	0	-649	0	0	0	0
Ending cash balance	8	23 638	13 165	6 990	3 407	3 925	6 129	18 750

Source: Västra Hamnen Corporate Finance

Income Statement - Quarterly Data

TDKK	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024e	Q3 2024e	Q4 2024e
Net sales	20 632	20 679	21 169	21 062	21 480	21 719	22 481	23 270
Other operating income	0	0	0	0	0	0	0	0
Total revenues	20 632	20 679	21 169	21 062	21 480	21 719	22 481	23 270
Variable costs	-16 121	-16 185	-16 590	-17 017	-16 611	-16 724	-17 085	-17 220
Gross profit	4 511	4 494	4 579	4 045	4 869	4 995	5 395	6 050
Fixed costs	-1 029	-1 413	-1 224	-1 537	-1 029	-1 070	-1 092	-1 113
Personnel costs	-2 865	-3 084	-3 364	-4 790	-2 741	-2 730	-2 799	-2 869
EBITDA (after listing and other costs)	617	-3	-9	-935	1 099	1 195	1 505	2 068
Amortisation & depreciation	-1 370	-1 416	-1 477	-1 453	-1 390	-1 009	-1 013	-981
EBIT	-753	-1 419	-1 486	-2 388	-291	186	493	1 087
Net financial items	-229	-241	-300	-224	-260	-276	-267	-257
EBT	-982	-1 660	-1 786	-2 612	-551	-90	226	830
Taxes	186	237	293	355	90	20	-50	-183
Net profit	-796	-1 423	-1 493	-2 257	-461	-70	176	647
Earnings per share (SEK)	-0.05	-0.09	-0.09	-0.13	-0.03	-0.00	0.01	0.04
Y-o-Y Growth (%)								
Net turnover	27.0%	16.5%	8.9%	5.9%	4.1%	5.0%	6.2%	10.5%
EBITDA	-64.5%	na	na	na	78.1%	na	na	na
EBIT	na	na	na	na	na	na	na	na
Net profit	na	na	na	na	na	na	na	na
% of revenues (%)								
Gross margin	21.9%	21.7%	21.6%	19.2%	22.7%	23.0%	24.0%	26.0%
EBITDA margin	3.0%	neg	neg	neg	5.1%	5.5%	6.7%	8.9%
EBIT margin	neg	neg	neg	neg	neg	0.9%	2.2%	4.7%
EBT margin	neg	neg	neg	neg	neg	neg	1.0%	3.6%
Profit margin	neg	neg	neg	neg	neg	neg	0.8%	2.8%
Personnel costs	13.9%	14.9%	15.9%	22.7%	12.8%	12.6%	12.4%	12.3%
Total OPEX	18.9%	21.7%	21.7%	30.0%	17.6%	17.5%	17.3%	17.1%
Profitability (%)								
ROE	neg	neg	neg	neg	neg	neg	0.9%	3.1%
ROIC	neg	neg	neg	neg	neg	neg	1.1%	2.3%

Source: Västra Hamnen Corporate Finance

Balance Sheet - Quarterly Data

TDKK	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024e	Q3 2024e	Q4 2024e
Cash and cash eq	9 403	11 467	9 123	6 990	4 883	4 075	3 768	3 407
Inventory	1 470	1 632	1 680	2 074	1 726	1 686	1 723	1 736
Trade receivables	291	313	347	763	1 939	1 428	1 478	1 530
Tax credit	508	746	1 039	1 393	1 484	1 504	1 454	1 272
Other receivables	869	878	897	1 838	2 110	1 086	1 124	1 163
Prepayments and accrued income	759	527	445	385	374	433	409	400
Total current assets	13 300	15 563	13 531	13 443	12 516	10 212	9 957	9 509
Tangible assets	21 547	21 021	19 908	18 634	17 898	17 903	17 208	17 248
Intangible assets	4 293	4 416	4 474	4 516	4 565	4 701	4 833	4 963
Financial assets	16 566	16 641	16 680	16 645	16 595	17 170	17 694	18 236
Total fixed assets	42 406	42 078	41 062	39 795	39 058	39 774	39 736	40 446
Total assets	55 706	57 641	54 593	53 238	51 574	49 986	49 692	49 955
Short-term debt	2 982	2 982	2 286	2 286	2 286	1 786	1 286	786
Deposits and prepaid income	6 934	7 162	7 629	8 743	8 710	7 642	7 894	8 155
Trade payables	714	792	879	964	543	818	836	843
Other short-term liabilities	545	675	1 326	1 000	434	458	468	566
Debt to associated companies	0	0	0	0	0	0	0	0
Total current liabilities	11 175	11 611	12 120	12 993	11 973	10 705	10 484	10 350
Long-term liabilities	18 979	21 945	19 828	19 873	19 792	19 542	19 292	19 042
Total equity	25 552	24 086	22 646	20 372	19 809	19 739	19 915	20 562
Total equity and liabilities	55 706	57 642	54 594	53 238	51 574	49 986	49 692	49 954

Source: Västra Hamnen Corporate Finance

Cash flow statement

TDKK	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024e	Q3 2024e	Q4 2024e
Operating activities	388	-244	-309	-1 159	839	919	1 239	1 811
Changes in working capital	-1 160	475	1 186	-318	-2 109	748	179	270
Investing activities	-1 967	-1 151	-434	-52	-576	-1 725	-975	-1 691
Financing activities	-1 024	2 966	-2 786	45	-261	-750	-750	-750
Cash flow for the period	-3 763	2 065	-2 343	-1 484	-2 107	-808	-307	-361
Beginning cash balance	13 165	9 403	11 467	9 123	6 990	4 883	4 075	3 768
Adjustments	0	0	0	-649	0	0	0	0
Ending cash balance	9 403	11 467	9 123	6 990	4 883	4 075	3 768	3 407

Source: Västra Hamnen Corporate Finance

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Västra Hamnen Corporate Finance AB

Stortorget 13 A

211 22 Malmö

Telefon: +46 40 200 250

E-post: info@vhcorp.se

