

Update: Report Q2 2023

2023-09-01

Movinn: Progressing in Sweden

- Lower demand in Aarhus and Odense
- Swedish operations close to breaking even
- We lower our fair share estimate to DKK 9.58 per share

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Ticker: MOVINN
Industry: Hospitality
Listed on: First North Copenhagen

Latest share price (DKK): 3,28
Market cap (MDKK): 54,9
Enterprise Value (MDKK): 68,4
Total number of shares (M): 16,74
- of which free float (M): 2,82

VHCF fair value per share
DCF model DKK 9.58

Movinn A/S

Address: Dronningens Tværgade 9b
DK-1302 Copenhagen K
movinn.com

Webpage:
CEO: Patrick Blok

Main owners (28 Mars 2023)

	Capital (%)
Mac-Invest ApS	55,7%
Raymond Blok Holding ApS	16,6%
Dane Capital ApS	10,8%
HSBC Trinkhaus and Burkhardt AG	5,3%

Stock price history (DKK)



Source: Västra Hamnen Corporate Finance

Movinn's Q2 report was in line with previous quarters, where the company showcases revenue growth but struggles with the bottom-line metrics. The operations in Sweden almost broke even in June 2023 and after the end of Q2 the company signed a lease agreement of 94 units in Copenhagen. The operational underperformance in recent quarters, which led to a downward revision of the company's financial guidance, has prompted us to adjust our model resulting in a lower valuation for the company of DKK 9.58 per share.

In Q2 2023 Movinn reported net revenue of DKK 20.7 million (DKK 17.8 million), realizing a growth of 16 percent, and variable costs of DKK 16.2 million (DKK 12.6 million). Total operating expenses amounted to DKK 4.5 million. With depreciations of DKK 1.4 million the company reported an EBIT of DKK -1.4 million (DKK 0.7 million). Lastly, the company exited the quarter with cash holdings of DKK 11.5 million.

Like the Q1 2023 report, the company is struggling with margins and profitability. The weaker-than-expected results during this quarter can be explained by the company experiencing lower demand in the two Danish markets of Aarhus and Odense. The company discloses that the declining demand in Aarhus is explained by a current oversupply of apartments in this market. In Odense some of Movinn's project-related clients have ceased their operations at the location and thus the demand has decreased. To offset the declining demand, the company has hired sales representatives in these areas to increase local presence. On a more positive note, the Swedish operations are progressing according to plan. The vacancy rates of this quarter decreased from 27.9 percent to 23.5 percent and although the Swedish operations did not break even for the quarter, they almost reached a break-even point in June 2023.

Table 1: Financial Overview

MDKK	2021	2022	2023e	2024e	2025e
Net turnover	56,1	73,3	82,9	101,0	123,9
Growth (%)	55,8%	30,7%	13,1%	21,8%	22,7%
Gross margin (%)	25,4%	26,1%	21,9%	29,6%	30,0%
EBIT	1,8	-0,5	-4,9	4,7	10,2
EBIT margin (%)	3,4%	neg	neg	4,6%	8,2%
Cash holdings	23,6	13,2	6,2	1,3	5,7
Total assets	60,2	58,1	51,9	51,3	56,4
Total equity	29,1	26,5	21,4	24,3	31,7
Solidity (%)	48,2%	45,6%	41,3%	47,4%	56,3%
P/E	neg	neg	neg	19,0	7,4
ROE	neg	neg	neg	11,9%	23,3%
EV/EBIT (x)	38,9	neg	neg	14,6	6,7
EV/Sales (x)	1,2	0,9	0,8	0,7	0,6

Source: Västra Hamnen Corporate Finance

Long-term master lease of 94 units in Copenhagen

After quarter's end, the company announced signing of a long-term master lease on a 94-unit commercial development in Copenhagen. The project, in a good location close to Amager beach and the international airport, will include a vast array of facilities, such as, workspaces, a wellness section and both serviced- and hotel apartments. The project is signed in collaboration with AG Gruppen A/S and is expected to materialize in late 2025 or early 2026 and is conditional upon AG Gruppen being able to divest the project. The project will not have any immediate financial impact on Movinn and is projected to generate annual revenues of DKK 20-22 million and realise an EBITDA of DKK 3-5 million once operational. This lease agreement is in line with Movinn's previously communicated strategy of adding units in larger bulks instead of continuous smaller additions to increase efficiency and decrease invested capital.

Lower revenue and profit than expected

Turning to the financials of the quarter, Table 2 below depicts a comparison of the outcome vs our estimate. Most notably, net revenue came in DKK 0.9 million lower than we anticipated and at the same time variable costs came in higher than expected. This can mainly be explained by lower demand in Aarhus and Odense resulting in higher vacancy rates. Other than that, most items on the income statement were in line with our expectations. Movinn exited the quarter with a cash balance of some DKK 2.8 million higher than we expected, due to the company adding roughly DKK 3 million in credit facilities.

Table 2: Estimates vs actual, Q2 '23

TDKK	Q2 '22	Q2 '23e	Q2 '23a	Diff
Net Revenues	17 758	21 620	20 679	-941
Other operating income	0	0	0	0
Total Revenues	17 758	21 620	20 679	-941
Cost of Goods Sold	-12 649	-15 999	-16 185	-186
Gross Profit	5 108	5 621	4 494	-1 127
Other Operating Expenses	-1 090	-1 050	-1 413	-363
Personnel Expenses	-2 091	-2 923	-3 084	-161
Total OPEX	-3 181	-3 972	-4 497	-525
EBITDA	1 927	1 649	-3	-1 652
Amortisation and Depreciation	-1 214	-1 335	-1 416	-81
EBIT	713	314	-1 419	-1 733
Net Financial Items	-358	-275	-241	34
EBT	355	40	-1 660	-1 700
Tax	-164	-9	237	246
Net Profit	191	31	-1 423	-1 454
Cash and Equivalents	20 161	8 654	11 467	2 813
Total Equity	29 421	25 583	24 086	-1 497

Source: Västra Hamnen Corporate Finance

Downward revisions of financial guidelines

Due to a weaker than expected quarter, the company revised parts of its guidance for 2023. Movinn is expecting a general decline in demand for the rest of the year due to the current macroeconomic climate. Therefore, the company revised their revenue estimates downwards, from DKK 83.5-88 million to DKK 82.5-86 million. Moreover, the company revised their EBITDA and EBIT estimates downwards from DKK 10-12 million to DKK 4-6 million and DKK 4-6.5 million to DKK (2)-1 million respectively, due to a higher-than-expected cost base. Guidance for the pipeline and new investments remain unchanged.

Focus on existing markets

Movinn will adjust their growth initiatives through the company's new sourcing strategy, from stepwise unit growth towards larger projects in both existing and new markets. Looking ahead, the next target for a new market launch is still Germany and the company is making progress in their preparations. However, a commercial lunch will not happen in 2023. Instead, Movinn will prioritize the domestic markets and secure long-term profitability before expanding to new markets. We find it encouraging that

Sweden is progressing according to plan and is expected to generate positive EBITDA by the end of 2023.

We make short-term adjustments

Regarding our model, we keep our long-term scenario intact and mainly make short-term adjustments. Due to recent underperformance in domestic markets, we lower the organic growth of units for 2023 and no longer expect additional units to be added in Denmark during the remainder of the year. Furthermore, we lower the gross margin for 2023 as it has been lower than expected in recent quarters. We also adjust the vacancy rates for 2023 as we expect them to be more in line with previous quarters. Lastly, we postpone the commercial launch in Germany to the second quarter 2024.

We estimate a value for Movinn of DKK 9.58 per share

In summary, our revisions result in a fair value per share of DKK 9.58 per share (DKK 11.60 per share).

Income Statement - Annual Data

TDKK	2020	2021	2022	2023e	2024e	2025e	2026e	2027e
Net sales	36 003	56 088	73 325	82 897	100 979	123 927	161 792	181 541
Other operating income	142	172	0	0	0	0	0	0
Total revenues	36 145	56 260	73 325	82 897	100 979	123 927	161 792	181 541
Variable costs	-29 357	-41 823	-54 178	-64 743	-71 112	-86 749	-113 255	-127 079
Gross profit	6 788	14 437	19 147	18 154	29 868	37 178	48 538	54 462
Fixed costs	-2 067	-2 578	-5 529	-5 410	-6 813	-6 816	-7 378	-7 986
Personnel costs	-3 916	-5 819	-8 861	-12 320	-13 730	-15 161	-16 534	-17 681
EBITDA (after listing and other costs)	805	6 041	4 757	424	9 325	15 202	24 626	28 796
Amortisation & depreciation	-2 600	-4 283	-5 251	-5 371	-4 630	-5 001	-4 848	-4 720
EBIT	-1 795	1 758	-494	-4 947	4 695	10 201	19 778	24 075
Net financial items	-868	-5 183	-1 103	-1 074	-984	-722	-522	-322
EBT	-2 663	-3 425	-1 597	-6 022	3 711	9 478	19 255	23 753
Taxes	580	-235	-944	1 167	-816	-2 085	-4 236	-5 226
Net profit	-2 082	-3 660	-2 541	-4 855	2 894	7 393	15 019	18 527
Earnings per share (SEK)	neg	neg	-0,15	-0,29	0,17	0,44	0,90	1,11
Growth (%)								
Net turnover	na	55,8%	30,7%	13,1%	21,8%	22,7%	30,6%	12,2%
EBITDA	na	650,5%	-21,2%	-91,1%	2100,6%	63,0%	62,0%	16,9%
EBIT	na	-197,9%	na	na	na	117,3%	93,9%	21,7%
Net profit	na	na	na	na	na	155,4%	103,2%	23,4%
% of revenues (%)								
Gross margin	18,5%	25,4%	26,1%	21,9%	29,6%	30,0%	30,0%	30,0%
EBITDA margin	2,2%	10,7%	6,5%	0,5%	9,2%	12,3%	15,2%	15,9%
EBIT margin	neg	3,4%	neg	neg	4,6%	8,2%	12,2%	13,3%
EBT margin	neg	neg	neg	neg	3,7%	7,6%	11,9%	13,1%
Profit margin	neg	neg	neg	neg	2,9%	6,0%	9,3%	10,2%
Personnel costs	10,9%	10,4%	12,1%	14,9%	13,6%	12,2%	10,2%	9,7%
Total OPEX	16,6%	15,0%	19,6%	21,4%	20,3%	17,7%	14,8%	14,1%
Profitability (%)								
ROE	neg	neg	neg	neg	11,9%	23,3%	32,1%	28,4%
ROIC	neg	5,9%	neg	neg	9,4%	21,0%	38,4%	46,7%

Source: Västra Hamnen Corporate Finance

Balance Sheet - Annual Data

TDKK	2020	2021	2022	2023e	2024e	2025e	2026e	2027e
Cash and cash eq	8	23 638	13 165	6 236	1 313	5 747	14 507	28 984
Inventory	510	538	1 244	1 642	1 974	2 255	2 900	3 239
Trade receivables	1 580	691	284	457	613	1 050	1 351	2 012
Tax credit	1 479	1 267	322	1 490	673	0	0	0
Other receivables	849	1 010	808	1 044	1 398	1 597	2 055	2 295
Prepayments and accrued income	150	769	429	577	590	590	590	590
Total current assets	4 575	27 914	16 252	11 446	6 561	11 241	21 403	37 120
Tangible assets	13 441	15 681	21 509	19 654	23 428	22 792	22 274	21 852
Intangible assets	2 276	4 115	4 145	4 198	3 794	3 428	3 098	2 800
Financial assets	8 995	12 528	16 156	16 641	17 530	18 909	24 245	25 684
Total fixed assets	24 712	32 324	41 810	40 493	44 752	45 130	49 618	50 336
Total assets	29 288	60 238	58 062	51 938	51 313	56 370	71 021	87 455
Short-term debt	2 111	2 934	3 034	1 982	0	0	0	0
Deposits and prepaid income	4 363	5 353	6 757	6 749	8 844	10 198	13 116	14 649
Trade payables	468	1 369	1 372	797	958	1 094	1 408	1 572
Other short-term liabilities	648	1 635	600	1 017	1 223	1 397	1 797	2 007
Debt to associated companies	2 004	2 106	0	0	0	0	0	0
Total current liabilities	9 594	13 398	11 763	10 545	11 025	12 689	16 320	18 228
Long-term liabilities	16 413	17 782	19 846	19 945	15 945	11 945	7 945	3 945
Total equity	3 280	29 059	26 453	21 450	24 344	31 737	46 757	65 284
Total equity and liabilities	29 288	60 238	58 062	51 939	51 314	56 371	71 022	87 456

Source: Västra Hamnen Corporate Finance

Cash flow statement

TDKK	2020	2021	2022	2023e	2024e	2025e	2026e	2027e
Operating activities	117	4 791	3 654	-651	8 341	13 068	19 867	23 248
Changes in working capital	4 395	2 957	615	-1 121	1 608	746	2 229	667
Investing activities	-932	-11 955	-14 735	-4 118	-8 889	-5 379	-9 336	-5 439
Financing activities	-1 886	28 729	-7	-1 058	-5 982	-4 000	-4 000	-4 000
Cash flow for the period	1 694	23 679	-10 473	-6 929	-4 923	4 434	8 760	14 476
Beginning cash balance	51	8	23 638	13 165	6 236	1 313	5 747	14 507
Adjustments	51	-42	0	0	0	0	0	0
Ending cash balance	8	23 638	13 165	6 236	1 313	5 747	14 507	28 984

Source: Västra Hamnen Corporate Finance

Income Statement - Quarterly Data

TDKK	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023e	Q4 2023e	Q1 2024e
Net sales	17 758	19 436	19 883	20 632	20 679	20 713	20 873	21 306
Other operating income	0	0	0	0	0	0	0	0
Total revenues	17 758	19 436	19 883	20 632	20 679	20 713	20 873	21 306
Variable costs	-12 649	-14 050	-15 602	-16 121	-16 185	-16 156	-16 281	-15 340
Gross profit	5 108	5 386	4 281	4 511	4 494	4 557	4 592	5 966
Fixed costs	-1 090	-1 104	-2 526	-1 029	-1 413	-1 470	-1 499	-1 528
Personnel costs	-2 091	-2 165	-2 782	-2 865	-3 084	-3 146	-3 225	-3 306
EBITDA (after listing and other costs)	1 927	2 117	-1 027	617	-3	-59	-132	1 131
Amortisation & depreciation	-1 214	-1 294	-1 541	-1 370	-1 416	-1 311	-1 274	-1 088
EBIT	713	823	-2 568	-753	-1 419	-1 370	-1 405	44
Net financial items	-358	-221	-252	-229	-241	-312	-293	-274
EBT	355	602	-2 820	-982	-1 660	-1 682	-1 698	-230
Taxes	-164	-156	-565	186	237	370	374	51
Net profit	191	446	-3 385	-796	-1 423	-1 312	-1 325	-180
Earnings per share (SEK)	0,01	0,03	-0,20	-0,05	-0,09	-0,08	-0,08	-0,01
Y-o-Y Growth (%)								
Net turnover	17,7%	28,8%	29,6%	27,0%	16,5%	6,6%	5,0%	3,3%
EBITDA	30,2%	-13,0%	na	-64,5%	na	na	na	83,4%
EBIT	531,6%	-41,5%	na	na	na	na	na	na
Net profit	na	-47,2%	na	na	na	na	na	na
% of revenues (%)								
Gross margin	28,8%	27,7%	21,5%	21,9%	21,7%	22,0%	22,0%	28,0%
EBITDA margin	10,9%	10,9%	neg	3,0%	neg	neg	neg	5,3%
EBIT margin	4,0%	4,2%	neg	neg	neg	neg	neg	0,2%
EBT margin	2,0%	3,1%	neg	neg	neg	neg	neg	neg
Profit margin	1,1%	2,3%	neg	neg	neg	neg	neg	neg
Personnel costs	11,8%	11,1%	14,0%	13,9%	14,9%	15,2%	15,4%	15,5%
Total OPEX	17,9%	16,8%	26,7%	18,9%	21,7%	22,3%	22,6%	22,7%
Profitability (%)								
ROE	0,6%	1,5%	neg	neg	neg	neg	neg	neg
ROIC	1,9%	2,0%	neg	neg	neg	neg	neg	neg

Source: Västra Hamnen Corporate Finance

Balance Sheet - Quarterly Data

TDKK	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023e	Q4 2023e	Q1 2024e
Cash and cash eq	20 161	17 249	13 165	9 403	11 467	8 616	6 236	3 383
Inventory	838	894	1 244	1 470	1 632	1 629	1 642	1 547
Trade receivables	569	1 132	284	291	313	454	457	467
Tax credit	1 044	888	322	508	746	1 116	1 490	1 540
Other receivables	1 112	2 159	808	869	878	1 036	1 044	1 065
Prepayments and accrued income	773	660	429	759	527	594	577	614
Total current assets	24 497	22 982	16 252	13 300	15 563	13 444	11 446	8 616
Tangible assets	18 156	19 290	21 509	21 547	21 021	20 320	19 654	20 671
Intangible assets	4 062	4 125	4 145	4 293	4 416	4 306	4 198	4 093
Financial assets	14 374	15 321	16 156	16 566	16 641	16 641	16 641	16 879
Total fixed assets	36 592	38 736	41 810	42 406	42 078	41 267	40 493	41 643
Total assets	61 089	61 718	58 062	55 706	57 641	54 711	51 938	50 259
Short-term debt	1 841	2 908	3 034	2 982	2 982	2 482	1 982	1 482
Deposits and prepaid income	7 124	6 941	6 757	6 934	7 162	6 710	6 749	6 854
Trade payables	966	1 093	1 372	714	792	791	797	751
Other short-term liabilities	1 045	925	600	545	675	1 009	1 017	958
Debt to associated companies	0	0	0	0	0	0	0	0
Total current liabilities	10 976	11 867	11 763	11 175	11 611	10 992	10 545	10 045
Long-term liabilities	20 692	19 988	19 846	18 979	21 945	20 945	19 945	18 945
Total equity	29 421	29 864	26 453	25 552	24 086	22 774	21 450	21 270
Total equity and liabilities	61 089	61 719	58 062	55 706	57 642	54 712	51 939	50 260

Source: Västra Hamnen Corporate Finance

Cash flow statement

TDKK	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023e	Q4 2023e	Q1 2024e
Operating activities	1 570	1 896	-1 279	388	-244	-370	-425	857
Changes in working capital	1 565	-1 729	3 955	-1 160	475	-481	45	27
Investing activities	-4 284	-3 438	-4 613	-1 967	-1 151	-500	-500	-2 238
Financing activities	-915	359	-2 147	-1 024	2 966	-1 500	-1 500	-1 500
Cash flow for the period	-2 065	-2 912	-4 084	-3 763	2 065	-2 851	-2 380	-2 853
Beginning cash balance	22 225	20 161	17 249	13 165	9 403	11 467	8 616	6 236
Adjustments	0	0	0	0	0	0	0	0
Ending cash balance	20 161	17 249	13 165	9 403	11 467	8 616	6 236	3 383

Source: Västra Hamnen Corporate Finance

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