

Update: Report Q4 2021

2022-04-05

Movinn: Moving abroad

- Soft launch in Malmö completed and launch in Germany being planned
- Revenues higher than expected
- We maintain our valuation interval of DKK 11.00 – 14.10 per share

Analysts

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Stock ticker: MOVINN
Industry: Hospitality
Listed on: First North Copenhagen
Latest stock price (DKK): 7,60
Market cap (MDKK): 127,2
Enterprise Value (MDKK): 126,4
Total number of shares (M): 16,74
- of which free float (M): 2,82

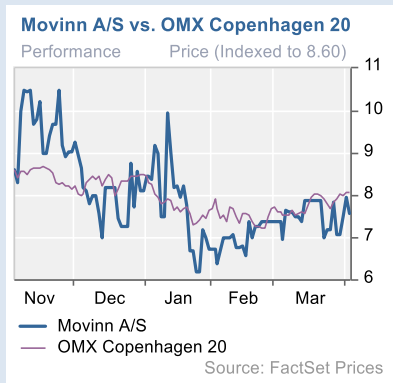
VHCF fair value per share
DCF model DKK 11.00 - 14.10

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

Main owners (31 Dec 2021)

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

Stock price history



	-1m	-3m	-12m
Change (%)	8,9	-10,2	na
52 w k range (Low /Hi) - DKK	6,20 - 10,60		

Source: FactSet

Movinn's annual report for 2021 showcased revenues above and EBIT in line with our expectations. Compared to the pandemic-ridden year of 2020, the company's revenue grew almost 56 percent as the effects of the Covid-19 pandemic subsided during H2 '21. In addition to completing a soft launch in Malmö, the company is planning a coming launch in Germany and potentially a launch in a new Danish city. 2022 has started off well with 60 percent of the pipeline for the year being secured and Collective Yoyo set to launch in Q2 '22. We make minor adjustments to our model and maintain our valuation interval of DKK 11.00 – 14.10 per share.

Net revenue for Q4 '21 came in at DKK 15.1 million while variable costs were DKK 11 million. OPEX totaled DKK 3 million and EBIT for the quarter was DKK 0.1 million. IPO costs for the quarter of about DKK 3.4 million along with other line items meant the net income for the period was DKK -3.8 million. For the full year, net revenue came in at DKK 56.1 million (DKK 36 million) and variable costs came in at DKK 11.9 million (DKK 4.7 million). EBIT was DKK -2.2 million (DKK -1.8 million) for 2021 and net income for the year was DKK -3.7 million (DKK -2.1 million). Adjusted for IPO costs of about DKK 4 million, net income would have been DKK 0.3 million. Movinn exited the year with cash holdings of DKK 23.6 million.

The biggest news in the report, according to us, was Movinn's soft launch in Malmö, Sweden. This is the company's first international launch and at the time of writing, six units have been added to the portfolio. Five of them pertain to Serviced Apartments and one to Co-living. Movinn aims to have secured at least 30 units, i.e. critical mass, by the end of 2022. Before then, Movinn's prop-tech and the close proximity between Copenhagen and Malmö means the Swedish launch can be controlled remotely. However, once critical mass is achieved, the company aims to have around two employees stationed in Sweden.

Table 1: Financial Overview

MDKK	2020	2021	2022e	2023e	2024e
Net turnover	36,0	56,1	67,1	91,3	117,7
Growth (%)	na	55,8%	19,7%	36,0%	28,9%
Gross margin (%)	18,5%	25,4%	30,0%	30,0%	30,0%
EBIT	-1,8	1,8	5,6	10,1	14,8
EBIT margin (%)	neg	3,1%	8,3%	11,0%	12,6%
Cash holdings	0,0	23,6	15,8	12,4	16,5
Total assets	29,3	60,2	61,3	67,5	79,2
Total equity	3,3	29,1	33,1	40,8	52,2
Solidity (%)	11,2%	48,2%	54,0%	60,4%	65,9%
P/E	neg	neg	31,3	16,7	11,1
ROE	neg	neg	12,3%	18,7%	21,9%
EV/EBIT (x)	neg	71,9	22,6	12,6	8,5
EV/Sales (x)	3,5	2,3	1,9	1,4	1,1

Source: Västra Hamnen Corporate Finance

Planned launch in Germany

Movinn is also, in line with its long-term strategy, planning its second international launch, which is set to be in northern Germany. As of now it is too early to ascertain whether the launch will occur this year or next year. However, the ambition is to conduct a more impactful launch in Germany with regards to units as opposed to the soft launch that was implemented in Malmö with just six units. This would allow Movinn to build the German organization imminently after launch.

Three factors make Germany an attractive market

During the [web conference](#) held in connection with the company's report, CEO Patrick Blok highlighted three main factors that make Germany an attractive market for Movinn. Firstly, Germany is a key market for many companies due to its central role in the European economy. Secondly, Germany has many cities that are, relative to Danish and Swedish cities, very big. Thirdly, the large number of commercial activities in the northern part of the country in cities like Hamburg and Frankfurt also make it an attractive market for Movinn.

New domestic market being considered

Other news for the quarter includes the fact that potential new markets domestically in Denmark are being considered by the company. Although this might not materialize in 2022, it is something they are focusing on for the long-term. Blok also mentioned that 65 percent of the units from the acquisition of Copenhagen Suites are now integrated into Movinn's portfolio, with the remaining units set to be integrated soon.

In summarizing 2021, it can be said that the lockdowns imposed in H1 due to Covid-19, which impacted Movinn substantially, subsided during H2 and that Q4 was characterized by normal market conditions in that regard. Unfortunately, even 2022 has entailed problems that could affect Movinn, such as high inflation and the possibility of a recession.

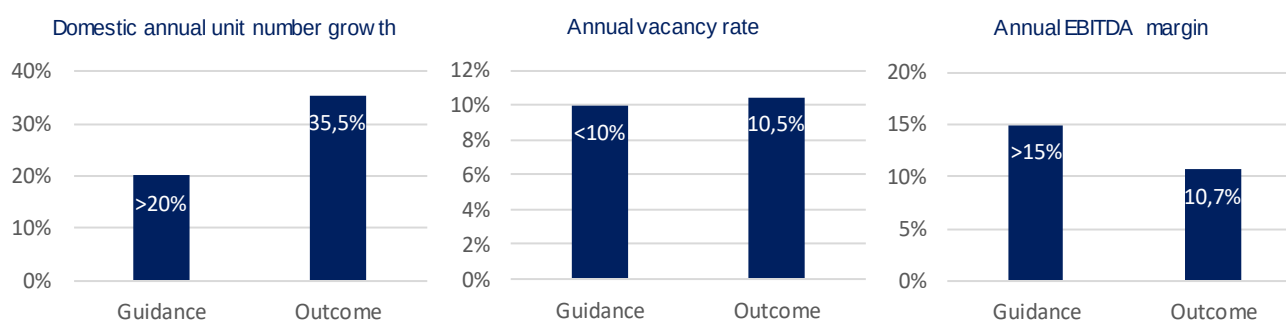
Inflation and potential recession manageable

After being asked about this during the web conference, Blok explained that the former, i.e. inflation, can be passed on to customers through the indexing of rents. The impact of the latter, i.e. a recession, could also be handled, albeit through a combination of remedies. These include (1) a well-diversified client base where some clients (cyclical) would be negatively affected and others (defensive) less affected by a recession, (2) a well-diversified client concentration where no customer accounts for more than 2.5 percent of total revenue and (3) the possibility of increasing sales within the non-cyclical insurance segment to offset changes in the corporate segment.

2021 guidance vs. outcome

Figure 1 below shows how Movinn performed in 2021 compared to its guidance for the full year. We have chosen to highlight what we consider to be the most relevant metrics. Domestic growth in number of units for 2021 was 35.5 percent compared to the guidance of 20 percent. Vacancy rate for the year was, however, 10.5 percent compared to the guidance of below 10 percent, while the EBITDA margin was 10.7 percent compared to guidance of over 15 percent. National lockdowns in Denmark during H1 '21 because of Covid-19 is the major reason for Movinn not reaching its guidance, and the metrics from H2 '21, which surpassed the objectives, proves that.

Figure 1: 2021 guidance vs. outcome



Source: Movinn

Table 2 below shows how Movinn's reported numbers compare to our forecast for 2021. There are two things to note. First, the lack of quarterly financials for Q1 '21, Q2 '21 and Q4 '21 means we choose to compare the outcome and forecast for FY 2021 instead of Q4 '21. Second, we have chosen to include IPO-costs within net financial items in order to get a better view of Movinn's operations. Hence, the EBIT and EBITDA stated below differs from Movinn's reported numbers as they treat IPO-costs as an operating expense.

Higher revenue than forecast

Net revenue for 2021 was DKK 2.8 million higher than forecast, which is primarily due to a higher revenue per unit during Q4 '21 than anticipated. This discrepancy explains why the outcome in COGS was DKK 2.3 million higher than our forecast. Apart from a slight disparity in tax, the numbers came in largely in line with our forecast. Cash holdings at year's end was DKK 2.2 million higher than forecast due to a more efficient working capital than anticipated, while a difference in net proceeds from the IPO explains the difference in equity.

Table 2: Estimates vs actual, FY '21

kDKK	FY '20	FY '21e	FY '21a	Diff
Net Revenues	36 003	53 285	56 088	2 803
Other operating income	142	0	172	172
Total Revenues	36 145	53 285	56 260	2 975
Cost of Goods Sold	-29 357	-39 557	-41 823	-2 266
Gross Profit	6 788	13 728	14 437	709
Other Operating Expenses	-2 067	-2 242	-2 578	-336
Personnel Expenses	-3 916	-5 476	-5 819	-343
Total OPEX	-5 983	-7 718	-8 396	-678
EBITDA	805	6 010	6 040	30
Amortisation and Depreciation	-2 600	-4 228	-4 282	-54
EBIT	-1 795	1 782	1 758	-24
Net Financial Items	-868	-5 533	-5 183	350
EBT	-2 663	-3 750	-3 425	325
Tax	580	825	-235	-1 060
Net Profit	-2 082	-2 925	-3 660	-735
Cash and Equivalents	8	25 806	23 638	-2 168
Total Equity	3 280	30 637	29 059	-1 579

Source: Västra Hamnen Corporate Finance

Exciting 2022 lies ahead

Looking ahead, it can be stated that Movinn has started 2022 strongly. 60 percent of the company's unit pipeline for the year has already been secured. Furthermore, the company aims to launch Collective Yoyo sometime during the first half of 2022. Further ambitions for 2022 include revenues between DKK 67 million and 72 million, EBIT between DKK 5.5 million and 7.5 million and increased investments in inventory to secure interior items from manufacturers. In addition to reaching critical mass in Sweden, a launch in Germany and/or in a new Danish city could occur in 2022. Irrespective of when that occurs, Movinn expects to exit the year with between 360 and 365 units in existing markets, compared to 2021's number of 298 units.

Increase revenue forecast for 2022

In summary, the report came in largely in line with our expectations and we therefore make only minor adjustments to our valuation model. On the back of a conservative revenue forecast for 2021 and an earlier international launch than anticipated, we have decided to increase our revenue forecast for 2022. We keep our forecast for 2023 and onwards unchanged, hence we anticipate a launch in Germany to occur in 2023.

Valuation range unchanged at DKK 11.00 - 14.10 per share

These changes entail that Movinn, according to our forecast, will reach its guidance for 2022 when it comes to revenue, EBITDA and EBIT. However, our forecasts are geared towards the lower end of Movinn's communicated guidance interval. Should the company therefore continue to surpass our expectations in the near future it is likely that our next valuation adjustment will be on the upside. **For now though we keep our long-term forecast intact, which means we maintain our valuation interval of DKK 11.00 – 14.10 per share.**

Income Statement - Annual Data

kDKK	2020	2021	2022	2023	2024	2025	2026	2027
Net sales	36 003	56 088	67 131	91 299	117 695	149 819	176 332	198 621
Other operating income	142	172	0	0	0	0	0	0
Total revenues	36 145	56 260	67 131	91 299	117 695	149 819	176 332	198 621
Variable costs	-29 357	-41 823	-46 991	-63 910	-82 386	-104 874	-123 432	-139 035
Gross profit	6 788	14 437	20 139	27 390	35 308	44 946	52 900	59 586
Fixed costs	-2 067	-2 578	-2 432	-2 632	-2 849	-3 084	-3 338	-3 613
Personnel costs	-3 916	-5 819	-8 080	-10 287	-12 447	-14 139	-15 420	-16 696
EBITDA	805	6 040	9 628	14 471	20 012	27 723	34 141	39 277
Amortisation & depreciation	-2 600	-4 282	-4 030	-4 417	-5 191	-5 407	-5 204	-5 032
EBIT	-1 795	1 758	5 597	10 054	14 821	22 316	28 937	34 245
Net financial items	-868	-5 183	-384	-272	-186	-106	-27	0
EBT	-2 663	-3 425	5 213	9 781	14 636	22 210	28 910	34 245
Taxes	580	-235	-1 147	-2 152	-3 220	-4 886	-6 360	-7 534
Net profit	-2 082	-3 660	4 066	7 629	11 416	17 324	22 550	26 711
		297						
Earnings per share (SEK)	neg	neg	0,24	0,46	0,68	1,04	1,35	1,60
Growth (%)								
Net turnover	na	55,8%	19,7%	36,0%	28,9%	27,3%	17,7%	12,6%
EBITDA	na	650,5%	59,4%	50,3%	38,3%	38,5%	23,2%	15,0%
EBIT	na	-197,9%	218,4%	79,6%	47,4%	50,6%	29,7%	18,3%
Net profit	na	na	na	87,6%	49,6%	51,8%	30,2%	18,5%
% of revenues (%)								
Gross margin	18,5%	25,4%	30,0%	30,0%	30,0%	30,0%	30,0%	30,0%
EBITDA margin	2,2%	10,7%	14,3%	15,8%	17,0%	18,5%	19,4%	19,8%
EBIT margin	neg	3,1%	8,3%	11,0%	12,6%	14,9%	16,4%	17,2%
EBT margin	neg	neg	7,8%	10,7%	12,4%	14,8%	16,4%	17,2%
Profit margin	neg	neg	6,1%	8,4%	9,7%	11,6%	12,8%	13,4%
Personnel costs	10,9%	10,4%	12,0%	11,3%	10,6%	9,4%	8,7%	8,4%
Total OPEX	16,6%	15,0%	15,7%	14,2%	13,0%	11,5%	10,6%	10,2%
Profitability (%)								
ROE	neg	neg	12,3%	18,7%	21,9%	24,9%	24,5%	22,5%
ROIC	neg	5,9%	13,6%	20,1%	27,2%	41,2%	54,9%	67,2%

Source: Västra Hamnen Corporate Finance

Balance Sheet - Annual Data

kDKK	2020	2021	2022	2023	2024	2025	2026	2027
Cash and cash eq	8	23 638	15 803	12 426	16 475	30 037	50 957	79 020
Inventory	510	538	714	949	1 242	1 514	1 726	1 936
Trade receivables	1 580	691	2 244	2 983	3 902	4 759	5 424	6 085
Tax credit	1 479	1 267	120	0	0	0	0	0
Other receivables	849	1 010	931	1 237	1 619	1 974	2 250	2 524
Prepayments and accrued income	150	769	571	540	536	536	536	536
Total current assets	4 575	27 914	20 382	18 135	23 773	38 820	60 893	90 100
Tangible assets	13 441	15 681	22 047	27 988	31 120	30 006	29 066	28 273
Intangible assets	2 276	4 115	3 719	3 361	3 037	2 745	2 480	2 241
Financial assets	8 995	12 528	15 201	17 990	21 230	24 893	26 883	28 486
Total fixed assets	24 712	32 324	40 967	49 339	55 387	57 643	58 429	59 000
Total assets	29 288	60 238	61 349	67 474	79 161	96 463	119 322	149 100
Short-term debt	2 111	2 934	934	0	0	0	0	0
Deposits and prepaid income	4 363	5 353	9 178	12 202	15 964	19 468	22 190	24 892
Trade payables	468	1 369	428	569	745	909	1 036	1 162
Other short-term liabilities	648	1 635	814	1 082	1 415	1 726	1 968	2 207
Debt to associated companies	2 004	2 106	2 088	2 086	2 085	2 085	2 085	2 085
Total current liabilities	9 594	13 398	13 443	15 938	20 210	24 188	27 278	30 346
Long-term liabilities	16 413	17 782	14 782	10 782	6 782	2 782	0	0
Total equity	3 280	29 059	33 125	40 754	52 170	69 494	92 044	118 755
Total equity and liabilities	29 288	60 238	61 349	67 474	79 161	96 463	119 322	149 101

Source: Västra Hamnen Corporate Finance

Cash flow statement

kDKK	2020	2021	2022	2023	2024	2025	2026	2027
Operating activities	117	4 791	9 243	12 167	16 607	22 731	27 754	31 743
Changes in working capital	4 395	2 957	595	2 180	2 681	2 494	1 937	1 923
Investing activities	-932	-2 960	-12 673	-12 789	-11 240	-7 663	-5 990	-5 603
Financing activities	-1 886	28 679	-5 000	-4 934	-4 000	-4 000	-2 782	0
Cash flow for the period	1 694	33 443	-7 835	-3 377	4 048	13 562	20 920	28 063
Beginning cash balance	51	8	23 638	15 803	12 426	16 475	30 037	50 957
Adjustments	0	0	0	0	0	0	0	0
Ending cash balance	8	23 638	15 803	12 426	16 475	30 037	50 957	79 020

Source: Västra Hamnen Corporate Finance

Income Statement - Quarterly Data

kDKK	Q3 2021	Q4 2021 *)	Q1 2022e	Q2 2022e	Q3 2022e	Q4 2022e	Q1 2023e	Q2 2023e
Net sales	15 093	15 140	14 517	16 480	17 522	18 612	20 586	21 827
Other operating income	0	172	0	0	0	0	0	0
Total revenues	15 093	15 312	14 517	16 480	17 522	18 612	20 586	21 827
Variable costs	-10 596	-11 026	-10 162	-11 536	-12 265	-13 028	-14 410	-15 279
Gross profit	4 497	4 287	4 355	4 944	5 257	5 584	6 176	6 548
Fixed costs	-567	-1 136	-590	-602	-614	-626	-639	-651
Personnel costs	-1 497	-1 897	-1 788	-1 941	-2 107	-2 244	-2 368	-2 499
EBITDA	2 432	1 254	1 977	2 401	2 536	2 713	3 169	3 398
Amortisation & depreciation	-1 026	-1 109	-887	-970	-1 049	-1 124	-1 012	-1 075
EBIT	1 406	145	1 090	1 431	1 487	1 589	2 157	2 323
Net financial items	-323	-3 766	-104	-101	-94	-86	-79	-71
EBT	1 083	-3 620	987	1 330	1 393	1 503	2 079	2 251
Taxes	-238	-192	-217	-293	-307	-331	-457	-495
Net profit	845	-3 813	769	1 037	1 087	1 172	1 621	1 756
Earnings per share (SEK)	0,05	neg	0,05	0,06	0,06	0,07	0,10	0,10
Y-o-Y Growth (%)								
Net turnover	55,5%	na	12,3%	27,5%	16,1%	22,9%	41,8%	32,4%
EBITDA	217,9%	na	68,0%	104,0%	4,3%	116,4%	60,3%	41,5%
EBIT	1122,0%	na	955,4%	1285,6%	5,7%	994,4%	97,9%	62,3%
Net profit	3601,1%	na	na	na	28,6%	na	110,7%	69,3%
% of revenues (%)								
Gross margin	29,8%	27,2%	30,0%	30,0%	30,0%	30,0%	30,0%	30,0%
EBITDA margin	16,1%	8,2%	13,6%	14,6%	14,5%	14,6%	15,4%	15,6%
EBIT margin	9,3%	0,9%	7,5%	8,7%	8,5%	8,5%	10,5%	10,6%
EBT margin	7,2%	neg	6,8%	8,1%	8,0%	8,1%	10,1%	10,3%
Profit margin	5,6%	neg	5,3%	6,3%	6,2%	6,3%	7,9%	8,0%
Personnel costs	9,9%	12,5%	12,3%	11,8%	12,0%	12,1%	11,5%	11,4%
Total OPEX	13,7%	20,0%	16,4%	15,4%	15,5%	15,4%	14,6%	14,4%
Profitability (%)								
ROE	25,8%	neg	2,6%	3,4%	3,4%	3,5%	4,7%	4,8%
ROIC	4,6%	0,5%	3,2%	3,9%	3,8%	3,9%	5,0%	5,0%

Source: Västra Hamnen Corporate Finance

*) All figures for Q4 2021 are estimated on the basis of Full Year 2021 and previous reports

Balance Sheet - Quarterly Data

kDKK	Q3 2021	Q4 2021 *)	Q1 2022e	Q2 2022e	Q3 2022e	Q4 2022e	Q1 2023e	Q2 2023e
Cash and cash eq	100	23 638	20 986	18 977	17 391	15 803	14 637	13 284
Inventory	565	538	557	632	672	714	790	837
Trade receivables	2 462	691	1 909	2 167	2 112	2 244	2 482	2 631
Tax credit	1 251	1 267	1 050	757	451	120	0	0
Other receivables	807	1 010	726	824	876	931	1 029	1 091
Prepayments and accrued income	380	769	491	491	533	571	522	529
Total current assets	5 565	27 914	25 719	23 849	22 035	20 382	19 459	18 373
Tangible assets	15 690	15 681	17 397	19 027	20 576	22 047	23 628	25 144
Intangible assets	4 183	4 115	4 012	3 912	3 814	3 719	3 626	3 535
Financial assets	12 224	12 528	13 124	14 100	14 640	15 201	15 858	16 537
Total fixed assets	32 097	32 324	34 533	37 039	39 030	40 967	43 112	45 216
Total assets	37 663	60 238	60 252	60 888	61 065	61 349	62 571	63 589
Short-term debt	2 232	2 934	2 434	1 934	1 434	934	434	0
Deposits and prepaid income	8 194	5 353	7 159	8 127	8 641	9 178	10 152	10 764
Trade payables	364	1 369	334	379	403	428	474	502
Other short-term liabilities	662	1 635	635	721	766	814	900	954
Debt to associated companies	2 080	2 106	2 080	2 080	2 087	2 088	2 084	2 085
Total current liabilities	13 531	13 398	12 642	13 241	13 331	13 443	14 044	14 305
Long-term liabilities	20 859	17 782	17 782	16 782	15 782	14 782	13 782	12 782
Total equity	3 272	29 059	29 828	30 865	31 952	33 125	34 746	36 502
Total equity and liabilities	37 662	60 238	60 252	60 888	61 065	61 349	62 571	63 589

Source: Västra Hamnen Corporate Finance

*) All figures for Q4 2021 are estimated on the basis of Full Year 2021 and previous reports

Cash flow statement

kDKK	Q3 2021	Q4 2021 *)	Q1 2022e	Q2 2022e	Q3 2022e	Q4 2022e	Q1 2023e	Q2 2023e
Operating activities	1 969	109	1 873	2 300	2 443	2 627	2 753	2 831
Changes in working capital	747	268	-929	667	511	346	738	429
Investing activities	-1 606	-1 354	-3 096	-3 476	-3 040	-3 061	-3 157	-3 180
Financing activities	-1 442	24 630	-500	-1 500	-1 500	-1 500	-1 500	-1 434
Cash flow for the period	-333	23 630	-2 652	-2 009	-1 586	-1 588	-1 166	-1 354
Beginning cash balance	249	100	23 638	20 986	18 977	17 391	15 803	14 637
Adjustments	0	0	0	0	0	0	0	0
Ending cash balance	100	23 638	20 986	18 977	17 391	15 803	14 637	13 284

Source: Västra Hamnen Corporate Finance

*) All figures for Q4 2021 are estimated on the basis of Full Year 2021 and previous reports

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