2023-04-12

Movinn

An Undervalued PropTech Company

Since the IPO in 2021, Movinn ("Movinn" or the "Company") has showed a strong revenue growth of 31% in the last year, while being profitable on an EBITDA level with an EBITDA of DKK 4.8m, corresponding to a profit margin of 7% (LTM). Despite great fundamental performance, the stock has dropped 36% since the IPO, corresponding to a current valuation of DKK ~92m, creating an investment opportunity according to Analyst Group. Movinn is expected to decrease the investments needed to add new units from 2023 and onwards, leading to improved cash flow and ROIC, as well as growing the Company's profitability as a result of the inhouse developed IT-infrastructure. With an estimated EBITDA of DKK 11.3m, and with an applied target multiple of EV/EBITDA 16x, a potential fair value per share of DKK 10.2 is derived in a Base scenario.

Capitalizing on Strong Market Trends

Many western countries are currently experiencing a shortage in skilled labor force, why foreign workforce is growing in demand. In Germany, a country with the second most expats in the world, the government are currently planning to reform its immigration legislation to make it easier for third country nationals to work in Germany. Movinn is expected to capitalize on this as the Company's main customers are companies who needs accommodations for employees.

A Leading PropTech Company

Movinn has developed an IT-infrastructure consisting of a management system, which secures automation and efficiency in sales, a booking platform and an access system inhouse, which helps the Company provide quality service and maintain a slim organization. Due to the IT systems, a lot of the processes, such as real time availability on the website, rental contracts and key handovers, are automated. This enables the total need of additional employees to grow at a slower pace than revenues, which proves the scalability in the business model, owing to Movinn's IT systems.

Less Investments is Expected to Drive Cash Flow

During the last years, the number of units have grown from 179 at the end of Q3-20 to 440 at the end of 2022. While this has driven the revenue growth, a lot of investments have been made in connection to unit growth, such as furniture and cash deposits. Going forward, Movinn is expected to decrease the investments needed when adding a unit, by renting apartments that are already furnished, as well as replacing security deposits with rental guarantees, which is expected to improve ROIC and cash flow.

Trading at an Unmotivated Discount

Since the IPO in November 2021, Movinn's stock has fallen ~36%, despite the Company delivering fundamentally. Today, Movinn is valued at EV/EBITDA 9.1x on our 2023 estimated EBITDA, which Analyst Group consider to bee too low, given Movinn's growth prospects, low net debt and expected positive cash flow around the corner.

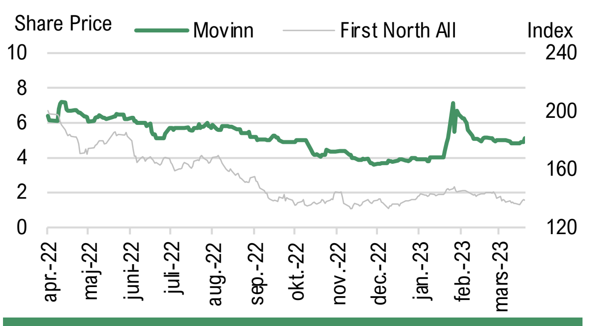
Valuation Range

Bear	Base	Bull
DKK 3.2	DKK 10.2	DKK 12.7

Movinn

Share Price (2023-04-11)	5.50
Shares Outstanding	16,735,542
Market Cap (DKKm)	92.0
Net cash(-)/debt(+) (DKKm)	9.6
Enterprise Value (DKKm)	101.6
List	Nasdaq First North Growth Market
Q1 interim report	2023-05-04

Stock Development



Top Shareholders (Source: Annual Report)

MAC Invest ApS	55.7%
Raymond Blok Holding ApS	16.7%
Dane Capital A/S	10.8%
HSCB Trinkhaus and Burkhardt AG	5.6%

Estimates (DKKm)	2022	2023E	2024E	2025E
Revenue	73.3	87.9	110.0	135.5
Variable costs	-54.2	-63.3	-78.6	-96.2
Other external expenses	-4.4	-3.5	-4.4	-4.7
Staff costs	-8.9	-9.0	-11.5	-13.0
Other operating expenses	-1.1	-1.0	-1.1	-1.1
EBITDA	**4.8**	**11.2**	**14.5**	**20.6**
EBITDA margin	6%	13%	13%	15%
P/S	1.3	1.0	0.8	0.7
EV/S	1.4	1.2	0.9	0.8
EV/EBITDA	21.4	9.1	7.0	4.9
EV/EBIT	neg.	17.1	12.1	7.3
P/E	neg.	24.5	17.0	9.6

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Other

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The parts that the Company has been able to influence are the parts that are purely factual and objective.

The analyst does not own shares in the Company.