

A glimpse of the Arno: major purchase for Soges

ADD | Fair Value: €4.4 (€4.1) | Current Price: €2.3 | Upside: +95.8%

Research Update

January 15, 2024 – 7.00 h

€ Million	FY20A	FY21A	FY22A	FY23A	FY24E	FY25E	FY26E	FY27E
Total Revenues	2.4	5.9	11.5	15.9	17.1	27.9	33.2	37.8
EBITDA	(1.0)	(0.1)	0.9	1.5	1.5	3.8	4.9	5.8
margin	-41.6%	-1.8%	7.9%	9.1%	8.8%	13.6%	14.6%	15.3%
Net Profit	(0.4)	(0.5)	0.3	0.4	0.1	0.3	1.0	1.6
margin	-14.7%	-8.6%	2.5%	2.6%	0.4%	1.2%	3.0%	4.2%
EPS	n.a.	n.a.	n.a.	n.a.	0.01	0.06	0.17	0.28
NFP	1.4	1.9	2.7	3.4	11.8	8.2	5.5	1.9

Source: Company Data (FY20A-FY23A), KT&Partners' Elaboration (FY24E-FY27E)

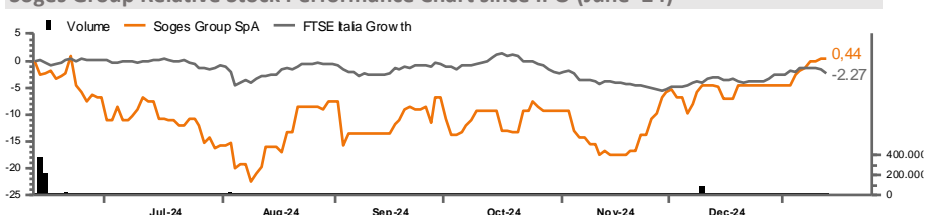
Acquisition of Hotel Bretagna Srl. Soges Group has taken a major step in its expansion plan after acquiring Hotel Bretagna Srl, a lodging company owner of the Alfieri Collection Hotel located in the city center of Florence, along the Arno River. The acquisition, announced on November 28, 2024, and closed on December 16, was priced at €12.7mn; at the same time, Soges sold the building complex in which the Alfieri Collection Hotel is located, collecting €4.7mn to help finance its acquisition. The hotel will continue to carry out its activities in the building under a rental contract signed with the acquirers of the building at its sale: the rental contract will cost Soges €466k in FY25, and €400k from FY26E onwards, with adjustment tied to the national inflation rate. The hotel is equipped with 67 rooms, which in FY23 sold at an ADR (Average Daily Rate) of €270, with an occupancy rate of 97%, faring better than the average 4-star hotel in Florence that year (average ADR of €194 with a 76.5% average occupancy rate) and better than any of the venues in the Soges Group's portfolio (in FY23, average ADR of €132.5 and an occupancy rate of 82% on average). This stems from the exceptional position within Florence, with the hotel being located a few steps from any major touristic spots of the city, and from the high quality of its services. With this acquisition, Soges Group upgraded the quality of its hotel portfolio and scaled up its operations, enabling the group to increase its FY24E pro-forma total revenues to around €24.0mn. Soges Group borrowed €7.0mn through the issuance of a senior unsecured bond (€4.0mn) and a bank loan (€3.0mn) to finance the transaction; furthermore, the Company announced a capital increase of maximum €3.0mn, of which €1.5mn has already been committed by the majority shareowner Gala Holding Srl.

Addition of Villa Olmo. Right after the acquisition of Hotel Bretagna, on December 27, 2024, Soges Group announced the addition of Villa Olmo, an 18-rooms relais and resort complex located in Impruneta (FI), 10km south of Florence.

Change in Estimates. We revised our 2024E–27E estimates for Soges Group after the major acquisition of Hotel Bretagna and the takeover of Villa Olmo, leaving our FY24E income statement estimates broadly unchanged. We anticipate FY25E total revenues at €27.9mn, and project revenues to grow a CAGR FY23A–FY27E of 24.1% reaching €37.8mn in FY27E, up from €29.8mn previously estimated. We keep assuming the addition of two new venues each year in 2026 and 2027, each contributing an average of €1.5mn in annual sales, and accounted for the addition of Villa Olmo in our forecast, for which we project €1.4mn–€1.5mn in revenues between FY25E and FY27E. We therefore estimate a total of 15 hotels managed by FY27E. We forecast FY25E EBITDA of €3.8mn, with an EBITDA margin of 13.6% (vs. €2.0mn on a 9.5% EBITDA margin in our previous forecast) and project a +41.3% CAGR23A–27E to reach €5.8mn in FY27E. FY25E Net income is expected to come at 0.3mn, with a 1.2% net margin; we then anticipate it to grow by a +39.3% CAGR23A–2027E, reaching €1.6mn by FY27E (from €1.4mn previously projected). Finally, we estimate FY24E NFP to be €11.8mn after the cash-out for the acquisition: we forecast the Group to improve its NFP until reaching a NFP of €1.4mn in FY27E.

Valuation. Our valuation - based on DCF and market multiples method (EV/Sales and EV/EBITDA) - returns an equity fair value of €22.8mn, or €4.4ps, implying an upside of +95.8% on the current market price.

Soges Group Relative Stock Performance Chart since IPO (June '24)



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Market Data

Main Shareholders	
Gala Holding Srl	77.88%
Andrea Galardi	0.31%
Treasury Shares	0.62%
Mkt Cap (€ mn)	11.7
EV (€ mn)	22.2
Shares out. (mn)	5.1
Free Float	21.2%

Market multiples	2023	2024	2025
EV/EBITDA			
Soges Group	14.1x	13.6x	5.4x
Comps Median	10.7x	9.0x	8.5x
Soges Group vs Median	32%	50%	-36%
P/E			
Soges Group	27.8x	190.7x	33.6x
Comps Median	18.6x	19.1x	16.1x
Soges Group vs Median	50%	n.m.	109%

Stock Data

52 Wk High (€)	2.30
52 Wk Low (€)	1.70
Avg. Daily Trading 90d	4,021
Price Change 1w (%)	2.71
Price Change 1m (%)	6.07
Price Change YTD (%)	5.58

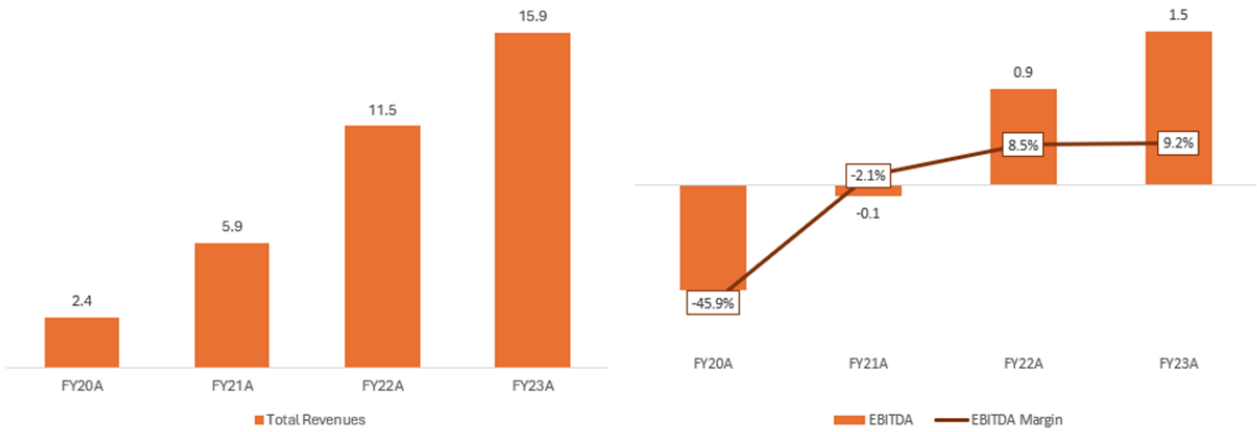
Key Figures - Soges Group SpA

Current price (€)	Fair Value (€)		Sector					Free Float (%)
2.3	4.4		Hotels, Restaurant & Leisure					21.18%
Per Share Data								
	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E
Total shares outstanding (mn)	n.m.	n.m.	n.m.	n.m.	5.14	5.80	5.80	5.80
EPS	n.m.	n.m.	n.m.	n.m.	0.01	0.06	0.17	0.28
Dividend per share (ord)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Dividend pay out ratio (%)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Profit and Loss (EUR million)								
	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E
Total Revenues	2.4	5.9	11.5	15.9	17.1	27.9	33.2	37.8
EBITDA	(1.0)	(0.1)	0.9	1.5	1.5	3.8	4.9	5.8
EBIT	(1.3)	(0.5)	0.3	0.6	0.5	1.2	2.0	2.7
EBT	(0.4)	(0.5)	0.2	0.2	0.2	0.5	1.4	2.2
Taxes	-	0.0	0.1	0.2	(0.1)	(0.1)	(0.4)	(0.6)
Tax rate	0%	2%	-34%	-86%	69%	25%	28%	28%
Net Income	(0.4)	(0.5)	0.3	0.4	0.1	0.3	1.0	1.6
Balance Sheet (EUR million)								
	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E
Total fixed assets	3.0	4.2	5.7	6.6	18.9	17.4	15.9	14.3
Net Working Capital (NWC)	(0.4)	(0.9)	(1.1)	(0.7)	(1.6)	(1.6)	(1.4)	(1.3)
Provisions	(0.3)	(0.4)	(0.6)	(1.0)	(1.5)	(1.8)	(2.2)	(2.6)
Total Net capital employed	2.3	2.8	4.0	4.9	15.8	14.0	12.3	10.3
Net financial position/(Cash)	1.4	1.9	2.7	3.4	11.8	8.2	5.5	1.9
Group Shareholder's Equity	1.0	0.9	1.2	1.5	4.0	5.8	6.8	8.4
Minorities	-	-	-	-	-	-	-	-
Total Shareholder's Equity	1.0	0.9	1.2	1.5	4.0	5.8	6.8	8.4
Cash Flow (EUR million)								
	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E
Net operating cash flow	(1.0)	(0.1)	1.0	1.9	1.4	3.7	4.5	5.2
Change in NWC	(0.1)	0.5	0.1	(0.4)	0.9	(0.0)	(0.1)	(0.1)
Capital expenditure	(0.9)	(1.5)	(1.9)	(1.6)	(12.5)	(1.2)	(1.4)	(1.4)
Other cash items/Uses of funds	0.1	0.1	(0.0)	0.2	(0.3)	0.3	0.4	0.4
Free cash flow	(1.9)	(0.9)	(0.8)	0.1	(10.5)	2.8	3.3	4.1
Enterprise Value (EUR million)								
	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E
Market Cap	n.m.	n.m.	n.m.	n.m.	11.7	11.7	11.7	11.7
Minorities	-	-	-	-	-	-	-	-
Net financial position/(Cash)	1.4	1.9	2.7	3.4	11.8	8.2	5.5	1.9
Enterprise value	n.m.	n.m.	n.m.	n.m.	23.5	19.9	17.1	13.6
Ratios (%)								
	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E
EBITDA margin	-41.6%	-1.8%	7.9%	9.1%	8.8%	13.6%	14.6%	15.3%
EBIT margin	-54.9%	-8.5%	3.0%	3.6%	2.9%	4.2%	5.9%	7.2%
Gearing - Debt/equity	139.6%	202.9%	226.2%	233.2%	298.4%	141.3%	80.3%	22.7%
Interest cover on EBIT	73.3%	-3.9%	36.7%	60.5%	60.3%	60.4%	29.5%	18.8%
NFP/EBITDA	-1.37x	-17.50x	3.01x	2.37x	7.83x	2.16x	1.13x	0.33x
ROCE	-56.1%	-18.0%	8.7%	11.6%	3.1%	8.3%	16.1%	26.5%
ROE	-35.9%	-55.4%	24.1%	28.4%	1.5%	6.0%	14.8%	19.0%
EV/Sales	8.59x	3.47x	1.79x	1.29x	1.20x	0.74x	0.62x	0.54x
EV/EBITDA	-20.64x	-192.47x	22.49x	14.11x	13.58x	5.41x	4.23x	3.54x
P/E	-33.29x	-22.87x	39.80x	27.81x	190.73x	33.64x	11.56x	7.28x
Free cash flow yield	-9.3%	-4.6%	-3.7%	0.5%	-51.3%	13.8%	16.2%	19.9%
Growth Rates (%)								
	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E
Sales	-74.1%	148.0%	94.0%	38.7%	7.3%	62.9%	19.2%	13.8%
EBITDA	n.m.	-89.3%	n.m.	59.4%	4.0%	150.9%	27.9%	19.4%
EBIT	293.5%	-61.8%	-168.7%	66.1%	-13.6%	135.8%	69.5%	38.7%
Net Income	-105.4%	45.6%	-157.5%	43.1%	-85.4%	n.m.	191.0%	58.7%

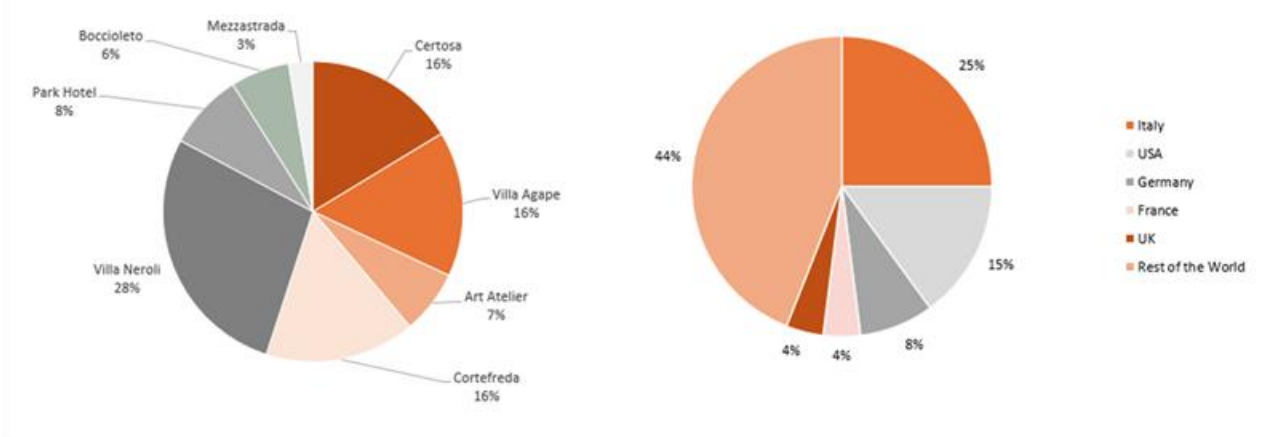
Source: Company Data (2020-2023), KT&Partners' Forecasts (2024-2027)

Key Charts

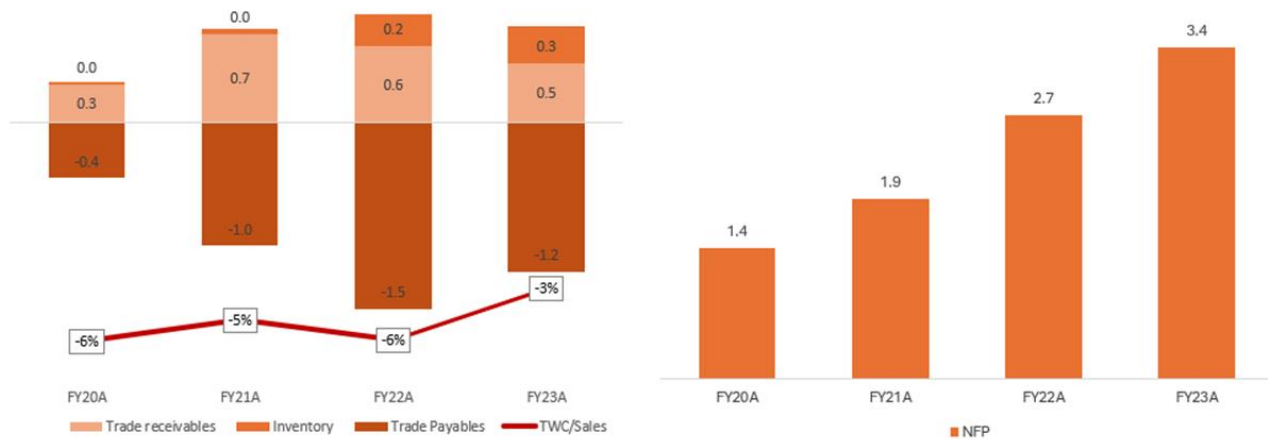
Total Revenues (€mn) **EBITDA ed EBITDA Margin (€mn, %)**



Sales Revenues Breakdown by Managed Hotel in 2023 (€mn) **Soges 2022-23 Clients' Breakdown by Nationality (%)**



Trade Working Capital and TWC/Total Revenues (€mn, %) **Net Financial Position (€mn)**



Overview

Company Description

Soges Group SpA (“Soges”, or “Company”, or “Group”) is an Italian company today operating in the medium-to-high-end hospitality and lodging market. The Group’s purpose is to blend high-quality lodging services with a set of experiences and activities that allow its customers to live the Tuscanian historical-cultural context artistic and natural vibes to the fullest. To help with its goal, the group chooses to carry its hotel activities in buildings with historical and cultural relevance, such as historical villas, former monasteries, farmsteads, etc. As of today, the Company operates through its commercial brand “Place of Charme”, which encompasses all but one of the managed hotels.

The Company was born in 2000 as a student housing management company and entered the hospitality business in 2014 after acquiring the management of its first hotel, the Certosa di Pontignano. The Company completed its business reconversion in 2019 by selling its student housing business unit and proceeded to expand its activities, reaching 8 managed hotels at the end of 2023, for a total of 324 rooms (40.5 rooms per facility on average). Soges Group proceeded to add Art Atelier Dependance (operations starting from July 2024) and Hotel Malaspina (opening scheduled in 2025) after the IPO in the summer of 2024. With the addition of Villa Olmo and the purchase of Hotel Bretagna, the Group will bring its managed facilities to 11 in 2025, with a portfolio of around 455 rooms under its management (41.4 rooms per facility on average).

As of today, the company offers its accommodation services in hotels located exclusively in the Tuscany region, clustered in the city of Florence and in the countryside region of Chianti, leveraging the proximity of hotels within each cluster to create operational efficiencies and synergies by sharing resources, supplies, and personnel as needed. The Company business model is based on the centralized management of the facilities and on the growth and strengthening of its brand through further acquisitions. The Group takes charge of all the administrative functions that can directly perform by itself, cutting overhead costs, making governance more efficient and creating synergies between its venues. The Group aims to further expand its model to other hotels by taking over the management of new hotel facilities (either in Tuscany or other Italian regions) that align with Soges’ quality standards and with its brand proposition. The expansion of the Group’s operations (and therefore, of its revenues) would allow it to enhance profitability and widen margins, since its costs would grow less than its revenues thanks to economies of scale.

Investment Case

- **High-quality brand proposition.** Soges offers accommodation services in hotels situated in the captivating Tuscany region, specifically in the city of Florence and the picturesque Chianti countryside. Soges approach is defined by the cultural and historical context of these locations, emphasizing authenticity and immersion in the rich heritage of Tuscany. The hotels are typically located in buildings of historical and cultural significance and integrated with their surroundings. The Group arranges a diverse array of activities and experiences that showcase the art, literature, history, and natural beauty of Florence and its surrounding countryside, with the aim of offering a permanent positive memory of the accommodation experience for its guests.
- **High customer satisfaction and positive experience reviews.** Soges’ services have garnered high praise and appreciation from its customers, as evidenced by excellent reviews and ratings on various online travel portals. In particular, the Company has been able to consistently improve its average Booking.com ratings across all facilities: from 2019 to 2023, Soges elevated its average Booking.com ratings by 0.4/10, and by 0.6/10 when considering only the hotels acquired after

2019. The quality of Soges' services is further underscored by its high average occupancy rates: in 2023, the Company achieved an average occupancy rate of 82% across its hotels.

- **Successful track record of hotel takeovers.** The Company can boast a track record of successful portfolio additions, managing not only to correctly detect its targets, but also to integrate the acquired hotels in its portfolio and to improve their operational and financial performance. The group aims of expanding their operations in Tuscany and possibly in the rest of Italy, thanks to the plethora of cultural touristic destinations and historical buildings that align with the standards of Soges' brand proposition.
- **Centralized management bringing efficiency and economies of scale.** Soges' business model is founded on the centralization of business and administrative functions of its hotels and facilities, taking charge of all the duties that can directly perform by itself; this approach helps to make governance more efficient and to create synergies between its venues. It also creates economies of scales, as costs rise less than revenues for each hotel it is acquired, empowering further business expansion with wider margins and higher profitability.
- **Industry-level shift toward medium-to-high and higher rated services driven by a change in customer preferences.** The Italian lodging market is undergoing a "luxurization" trend, with 4 and 5-star rated hotels gaining prominence at the expense of lower-rated establishments. Hotels across Italy are evolving into medium-to-high-end and luxury service providers, trying to cater to customers with higher spending capacity as tourists are increasingly seeking higher quality accommodation and better travel experiences, and are simultaneously distancing themselves from the fiercely competitive lower market segments. This evolving landscape offers significant opportunities to companies like Soges, which are already experienced in the medium-to-high-end segment and better positioned to capitalize on these trends.
- **Asset-light business model.** Soges operates as a hotel management company, typically running its operations without direct ownership of the properties it oversees. Rather than acquiring real estate assets, the company secures management contracts, empowering it to meticulously manage and enhance hotels without the financial burden stemming from property ownership. Purchases of the hotel buildings are made occasionally, when the acquisition of the hotel management is deemed strategically important for the Company and the building purchase is necessary to acquire the management of the hotel. This prudent approach enables Soges to focus on maximizing operational efficiency and profitability while mitigating the risks associated with property ownership.

Acquisition of Hotel Bretagna Srl

On November 28, 2024, Soges Group announced the acquisition of Hotel Bretagna Srl, an Italian company owner of the Alfieri Collection hotel, a 4-stars hotel located in the city center of Florence, alongside the Arno River and nearby the historical 'Ponte Vecchio'. Along with Hotel Bretagna, Soges will also acquire its directly owned company Incorsi Srl, which holds the property of a restaurant located right beneath the hotel. After the closing of the transaction, the acquired target, along with the fully controlled Incorsi Srl, is set to be merged into Soges Group.

The acquisition

Soges Group agreed to acquire Hotel Bretagna at a price of €12.6mn. The agreed amount will be paid on several tranches, as here defined:

- €1.075mn has already been paid as a deposit at the signing of the transaction contract;
- the first tranche of €6.6mn has been paid at the closing of the transaction, on December 19;
- other two tranches, of €3.0mn (€333k already paid) and of €2.0mn, will be paid after the merger of Hotel Bretagna with Soges, and will be kept on escrow accounts as collateral for the new owners of the building property and for Soges Group, respectively, in case of any breach of contract.

The merger of Hotel Bretagna with Soges will be performed at a later stage in 2025. In accordance with its modus operandi of asset-light operations and light balance sheets, the hotel premises, the complex named "Palazzo Campodonico Gianfigliuzzi Bonaparte", has been parallelly sold to partly finance the operation to two real estate players (SB Investimenti S.r.l. e LB Gestioni S.r.l.), at a price of €4.7mn. Hotel operations will be carried out in the complex under a rental contract signed with the new owners of the building complex: the rental contract will expire in 10 years with an option for renewal of 9 more years. The rental fee has been set at €466k (+ VAT) for the first year, and at €400k starting from the second year; from the year after, the rental fee will be adjusted according to the official annual inflation gauge (increase by 75% of the inflation rate).

Financing of the transaction

To finance the acquisition, Soges Group will borrow €7.0mn of new debt, divided into €4.0mn coming from the issuance of a senior unsecured bond, and €3.0mn from a bank loan. The remainder of the transaction price, €5.7mn, will be financed through the proceeds of the building sale (€4.7mn) and by Soges Group's own cash resources (€1.0mn).

The €4.0mn bond loan has been raised through the issuance of 40 bonds, each with a face value of €100k, having the maturity date on May 2031. The bond provides for the payment of variable interest (set at the 3-month Euribor rate plus a 5.8% spread) over the outstanding amount, paid on a quarterly basis.

The €3.0mn bank loan will be issued with a variable interest equal to the 3-month Euribor rate plus a 2.4% spread, paid on a quarterly basis, until its expiration date (December 16, 2031, 7 years after its issue date). The loan enjoys a government guarantee covering 80% of its face value.

Capital Increase

With the signing of the acquisition deal, Soges Group ruled to increase its shareholder capital by a maximum of €3.0mn. The newly issued shares will be offered to the current shareholders at a minimum price of €2.25ps (the IPO price in June 2024). The current majority shareholder, Gala Holding Srl (representing the interests of the Group's management), which currently detains 77.88% of the capital, has offered to subscribe €1.5mn (at most) of the new issuance.

By offering to minority shareholders the chance to subscribe a share of the capital increase greater than their current share of the Group's capital (and therefore to increase their share of the Group's equity capital), the majority shareowners intend to reward them for their confidence in the Group's entrepreneurial project; at the same time, the majority shareowners intend to show their commitment to Soges Group and its business strategy, by investing additional own resources into the Company.

The Hotel

Hotel Bretagna manages its hospitality activities under the 'Alfieri Collection' brand. Activities are carried out in a historic building complex called "Palazzo Campodonico Gianfigliuzzi Bonaparte". The complex includes historical residential units, a vacation house and an office space, for a total of 67 rooms on around 887 sqm of commercial surface. The hotel's rooms have gone through renovation works up until the pandemic period, which allowed Hotel Bretagna to boost its turnover once activities have resumed in full after the end of the public health emergency.

Together with the hotel and other hospitality activities, Hotel Bretagna owns Incorsi Srl, a fully owned company which holds a restaurant located next to the hotel building; under its management, restaurant operations were outsourced to a third-party. After the acquisition, Soges Group will centralize its restaurant operations by taking over its activities.

Hotel Bretagna – Alfieri Collection



Source: Hotel website.

The hotel is located in a primary touristic spot in the center of Firenze, alongside the Arno River and with an excellent view of Ponte Vecchio; at its side stretches Via Tornabuoni, a renowned shopping street. Besides the excellent position inside Florence city center, the Hotel offers a wide range of high-quality services to complete its offer: the venue features a private inner courtyard, and a rooftop terrace with a view of the underlying Arno River on one side and on the Florence Cathedral on the other. Furthermore, the Hotel offers bar services, a 24-hour gym and wellness services.

Given all these factors, the hotel's services are meant for customers with high spending capacity, leading to an ADR (Average Daily Rate) of €270 and an occupancy rate of around 97% in 2023, meaning that for the entire year the hotel was always full; thus, the hotel ranks higher than the average 4-stars hotel in Florence, which achieved a €194 ADR in 2023 with a 76.5% occupancy rate. The Alfieri Collection has also achieved a higher ADR than Soges Group, which in 2023 had an ADR of €132.5, and higher than any of Soges Group venues, with Villa Agape having the highest ADR among its portfolio (€203) beaten by a substantial margin.

Soges Group Hotels key characteristics vs. Hotel Bretagna

	Hotel Bretagna	Certosa	Villa Agape	Boccioleto	Art Atelier	Cortefreda	Villa Neroli	Park Hotel	Mezzastrada	Malaspina*
Year of acquisition	2024	2014	2015	2018	2021	2021	2022	2023	2023	2024
n° of rooms/apartments	67	52	31	28	33	55	76	43	20	~30
n° of stars	★★★★	-	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	-	★★★
Services										
Restaurant	✓	✓	✓	✓		✓	✓			
Bar	✓	✓	✓	✓	✓	✓	✓	✓		✓
Meetings & Events	✓	✓	✓			✓	✓			
Performance										
Average Daily Rate (2023)	270 €	98 €	203 €	118 €	170 €	106 €	153 €	101 €	115 €	-
Occupancy rate (2023)	97%	79%	93%	86%	91%	82%	85%	79%	59%	-
Hotel Rating										
Booking.com rating (2023)	8.6 (2024)	8.9	9.2	9	8.8	8.9	9.1	8.9	8.7	-

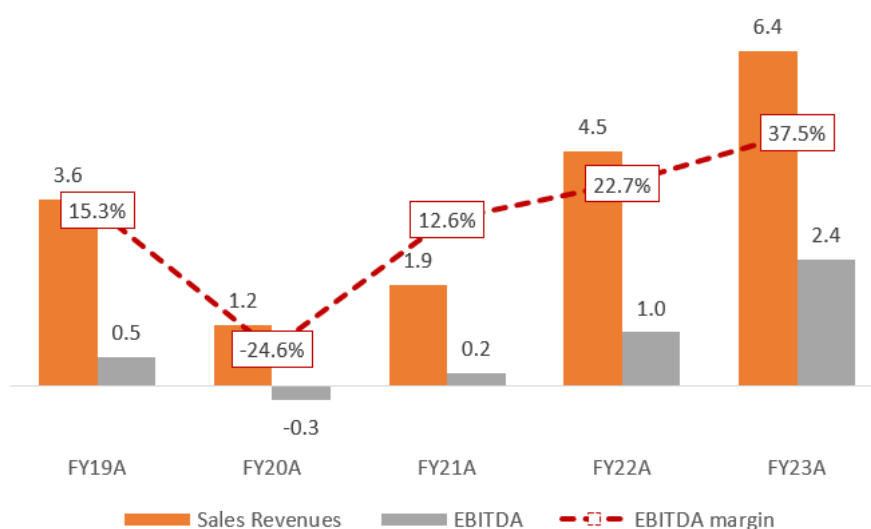
Source: KT&Partners' Elaboration on Company Data; *Hotel Malaspina is set to become a 4-stars venue after the renovations are completed

Hotel Bretagna Srl historical financials

At FY23, Hotel Bretagna achieved €6.4mn, a record high for the company, growing its turnover by 43% YoY from FY22. During the last five years, Hotel Bretagna has endured a severe decline in revenues after the Covid-19 breakout, with the ensuing mobility and travel restrictions that sliced its revenues down from €3.6mn in FY19 to €1.2mn in FY20. After that, the turnover fully recovered already in FY22, and in FY23 revenues showed a 4-year CAGR19-23 of 15.8% from pre-pandemic figures.

As the company's revenue rose, margins grew along from €1.2mn in FY19 to €3.3mn in FY23 (€1.8mn in FY22, +80% YoY), which entails a CAGR19-23 of 29.1%. The marginality has been improved, with the EBITDAR margin increasing from 33.1% in FY19 to 51.3% in FY23: Hotel Bretagna achieved economies of scale thanks to personnel expenses remaining somewhat the same as FY19 (€0.7mn in FY19 vs. €0.8mn in FY23), while Cost of services increased but less than revenues, resulting in a reduced marginality on sales revenues (40% in FY19 vs. 31.5% in FY23). After accounting for rental costs, Hotel Bretagna showed an EBITDA of €2.4mn in FY23, which more than doubled from €1.0mn achieved in FY22, and represents a significant growth from €0.5mn realized in FY19.

Hotel Bretagna Srl Sales, EBITDA and EBITDA Margin FY19-FY23 (€mn, %)



Source: KT&Partners' Elaboration on Company Data

At the bottom-line level, the company achieved significant profitability in FY23 with a Net income of €1.4mn (vs. €0.1mn in FY22), with a net margin of 21.5%. Finally, the NFP improved to €1.9mn in FY23, down from €3.2mn in FY22, thanks to the positive operative results achieved.

Hotel Bretagna Srl FY19A-FY23A Consolidated Income Statement

€ Millions	FY19A	FY20A	FY21A	FY22A	FY23A
Sales Revenues	3.6	1.2	1.9	4.5	6.4
<i>Growth %</i>	-3.4%	-67.3%	65.6%	131.6%	43.4%
Other Revenues	0.0	0.5	0.5	0.0	0.1
Total Revenues	3.6	1.7	2.5	4.5	6.5
<i>Growth %</i>	-4.4%	-53.5%	48.2%	82.8%	43.6%
Products and Raw materials	(0.1)	(0.0)	(0.1)	(0.1)	(0.2)
Gross Profit	3.5	1.6	2.4	4.4	6.3
<i>Gross Margin</i>	98.5%	141.5%	123.4%	99.5%	98.4%
Cost of Services	(1.4)	(0.6)	(0.9)	(1.6)	(2.0)
Personnel Expenses	(0.7)	(0.4)	(0.4)	(0.6)	(0.8)
Other Operating Expenses	(0.2)	(0.1)	(0.1)	(0.4)	(0.2)
EBITDAR	1.2	0.5	1.0	1.8	3.3
<i>EBITDAR margin</i>	33.1%	39.7%	50.1%	40.9%	51.3%
Rental Costs	(0.6)	(0.7)	(0.7)	(0.8)	(0.9)
EBITDA	0.5	(0.3)	0.2	1.0	2.4
<i>EBITDA margin</i>	15.3%	-24.6%	12.6%	22.7%	37.5%
D&A and Provisions	(0.5)	-	(0.3)	(0.7)	(0.7)
EBIT	0.0	(0.3)	(0.0)	0.3	1.7
<i>EBIT margin</i>	1.3%	-24.6%	-0.7%	7.7%	26.9%
Financial Income and Expenses	(0.1)	(0.4)	(0.1)	(0.1)	(0.1)
Extraordinary items	-	-	-	-	-
EBT	(0.0)	(0.7)	(0.1)	0.2	1.6
Taxes	(0.0)	(0.0)	-	(0.1)	(0.3)
<i>Tax Rate</i>	-53.6%	-1.4%	0.0%	36.4%	15.7%
Net Income	(0.1)	(0.7)	(0.1)	0.1	1.4
<i>Net margin</i>	-1.7%	-58.3%	-5.1%	3.3%	21.5%

Source: KT&Partners' Elaboration on Company Data

Addition of Villa Olmo

On December 27, 2024, Soges Group announced the addition of one more accommodation venue to its portfolio, Villa Olmo. The hotel takeover took the form of business branch sublease, with Soges renting the activities of the 'Relais Villa L'Olmo', of the bed and breakfast 'Villa Sole', and of the restaurant 'Diadema Wine & EVO'. All together these activities are carried out in the Villa Olmo complex. These business branches have been rented out from Food & Wine Academy, a subsidiary of Towns of Italy Group (TOI), which operates in the experience-based tourism sector. Located in Impruneta (FI), around 10km south of Florence, the venue is equipped with 18 rooms (comprising 12 bedrooms, 4 suites and 2 whole villas with a yard and a pool each). The venue classifies as a 4-stars relais and resort, featuring a restaurant, a bar and a pool. The sublease contract has a 6-year duration, with an automatic renewal for 4 additional years at its end. Soges Group has taken over the management of the hotel starting from January 1, 2025.

In addition to the takeover of Villa Olmo, Soges Group signed a partnership agreement with Towns of Italy, which will offer its experiential tourism services to the guests of Soges Group's hotels, aiming to further enhancing the value of its Place of Charme brand.

Villa Olmo



Source: Hotel website, Booking.com.

Change in Estimates

After the major acquisition of Hotel Bretagna Srl and the addition of Villa Olmo to its portfolio of hotels, we have updated our estimates for the 2024E–27E period of Soges Group. The large acquisition of Hotel Bretagna in particular marks a significant step forward in the Group's expansion strategy, which will enable it to quickly scale up its revenues and expand its margins. The new crown jewel of the Group is expected to have produced €7.1mn in revenues in FY24E (+9.4% YoY from €6.4mn in FY23A), which added to the estimated FY24E Soges Group's revenues of €17.2mn would lead to €24.3mn FY24E pro-forma sales revenues for the Group. Our forecasts for operations relating to Hotel Bretagna foresee revenues from hotel operations growing at a CAGR24E-27E of 2.5%, under the general assumption that Soges Group will carry on the hotel activities in line with the previous management, leading revenues from hotel operations to reach €7.5mn in FY27E. In addition to that, we have estimated additional revenues coming from restaurant activities, now that the operations of Incorsi Srl will be centralized under the hotel management, after having been outsourced to third-party operators during the previous owners' management; we expect such activities to bring up to €1.0mn in FY27E. All things considered, we expect revenues from Hotel Bretagna to grow at a CAGR24E-27E of 7.6%, reaching €8.7mn in FY27E.

The cost structure of Hotel Bretagna for the forecast period considers the higher rental costs coming from the lease of the hotel building complex, and for the additional expenses coming from managing restaurant operations: in particular, we account for a larger workforce with the headcount going from 23 in FY23A to 40 in FY27E. We expect Hotel Bretagna operations to generate an EBITDAR of €3.8mn in FY25E (+3.6% from €3.7mn in FY24E), and foresee it to grow up to €4.1mn in FY27E; the EBITDAR margin is expected to slightly decrease in this period, from 51.3% in FY23A to 47.7% in FY27E, due to the lower marginality of the restaurant's operations. After accounting for rental costs, we estimate a FY25E EBITDA of €2.4mn, with an EBITDA margin declining to 32.2% from 37.5% in FY23A due to the impact of the new hotel rental contract. We forecast Hotel Bretagna's EBITDA to grow up to €2.8mn in FY27E, achieving a 32.7% EBITDA margin, and implying a CAGR24E-27E of 3.9%.

FY23A-FY27E Operative Income Statement Estimates for Hotel Bretagna

€ Millions	FY23A	FY24E	FY25E	FY26E	FY27E	CAGR 23A-27E
Hotel operations	6.4	7.0	7.2	7.4	7.5	
Restaurant operations	-	-	0.4	0.8	1.0	
Sales Revenues	6.4	7.0	7.6	8.2	8.6	7.6%
Growth %	43.4%	9.4%	8.2%	7.6%	5.2%	
Other Revenues	0.1	0.1	0.1	0.1	0.1	
Total Revenues	6.5	7.1	7.7	8.2	8.7	7.6%
Growth %	43.6%	9.4%	8.1%	7.6%	5.2%	
Products and Raw materials	(0.2)	(0.2)	(0.4)	(0.5)	(0.6)	
Gross Profit	6.3	6.9	7.3	7.7	8.1	6.4%
Gross Margin	98.4%	98.2%	96.0%	94.7%	94.1%	
Cost of Services	(2.0)	(2.1)	(2.3)	(2.4)	(2.4)	
Personnel Expenses	(0.8)	(0.8)	(0.9)	(1.1)	(1.2)	
Other Operating Expenses	(0.2)	(0.3)	(0.3)	(0.3)	(0.3)	
EBITDAR	3.3	3.7	3.8	3.9	4.1	5.7%
EBITDAR margin	51.3%	52.2%	50.0%	48.1%	47.7%	
Rental Costs	(0.9)	(0.9)	(1.3)	(1.3)	(1.3)	
EBITDA	2.4	2.8	2.4	2.6	2.8	3.9%
EBITDA margin	37.5%	39.6%	32.2%	32.4%	32.7%	

Source: KT&Partners' Elaboration

For Villa Olmo instead, we project revenues going from €1.4mn in FY25E to €1.5mn in FY27E. After the addition of Hotel Malaspina and Villa Olmo, and the purchase of Hotel Bretagna, we do not expect Soges Group to add further hotels to their collection in 2025. We keep our assumption of the takeover of two new venues each year in 2026 and 2027, expecting from each an annual average contribution of €1.5mn in revenues in their first year. With this

assumption, we therefore estimate a total of 15 establishments managed by the end of FY27E. This translates into €37.8mn in sales revenues expected to be reached in FY27E, after growing at a CAGR23A-27E of 24.1% (the CAGR24A-27E on the FY24E pro-forma revenues would be 16.4%). We maintain our FY24E revenues estimate almost unchanged at €17.1mn, while for FY25E we expect revenues to reach €27.9mn.

At the EBITDAR level, we now project Soges to achieve a €3.1mn FY24E EBITDAR, and a €7.5mn FY25E EBITDAR (up from €4.4mn previously estimated); the estimated EBITDAR margin on total revenues in FY25E is now projected to be 26.8%, up from 20.9% previously estimated. We then project the EBITDAR to reach €10.7mn, with a margin of 28.3%, vs. €7.6mn on a 25.4% margin previously estimated.

After the deduction of rental costs, we project an EBITDA of €3.8mn in FY25E, with an EBITDA margin of 13.6%, updating our previous forecast of €2.0mn on a 9.5% EBITDA margin; we forecast EBITDA to rise at a CAGR23A-27E of +41.3% (11.3% CAGR24E-27E on the estimated FY24E pro-forma EBITDA) to reach €5.8mn in FY27E, up from our pre-acquisition estimate of €3.9mn.

At the bottom line level, the increased impact of financing costs deriving from the additional borrowing to finance the acquisition will limit the growth of Group's net income at the beginning: indeed, in FY25E we forecast the Net income to come at €0.3mn, substantially equal to our previous estimate (despite an increase in the revenues estimate of +31.4%) and a net margin of 1.2%, slightly lower than 1.6% in our former estimates. In the following years, however, we anticipate the net income growing faster than previously forecasted, by a CAGR23A-27E of +39.8% (compared to 36.4% in our latest forecasts), reaching €1.6mn by the end of FY27E (higher than €1.4mn in our previous estimates).

Soges Group FY23A-FY27E Income Statement Estimates

€ Millions	FY23A	FY24E	FY24E PF	FY25E	FY26E	FY27E
Sales Revenues	15.8	16.9	23.7	27.5	32.8	37.4
Other Revenues	0.2	0.2	0.3	0.4	0.4	0.5
Total Revenues	15.9	17.1	24.0	27.9	33.2	37.8
Growth %	38.7%	7.3%	50.5%	16.2%	19.2%	13.8%
Products and Raw materials	(1.8)	(2.0)	(2.2)	(2.7)	(3.4)	(3.9)
Gross Profit	14.1	15.1	21.8	25.2	29.9	33.9
Gross Margin	88.5%	88.4%	90.9%	90.3%	89.8%	89.6%
Cost of Services	(4.5)	(4.8)	(6.9)	(7.9)	(9.0)	(10.1)
Personnel Expenses	(6.4)	(6.8)	(7.6)	(9.1)	(10.8)	(12.2)
Other Operating Expenses	(0.3)	(0.4)	(0.7)	(0.7)	(0.8)	(0.9)
EBITDAR	3.0	3.1	6.6	7.5	9.2	10.7
EBITDAR margin	18.7%	18.1%	27.7%	26.8%	27.7%	28.3%
Rental Costs	(1.5)	(1.6)	(2.4)	(3.7)	(4.4)	(4.9)
EBITDA	1.5	1.5	4.2	3.8	4.9	5.8
EBITDA margin	9.1%	8.8%	17.5%	13.6%	14.6%	15.3%
D&A and Provisions	(0.9)	(1.0)	(1.8)	(2.6)	(2.9)	(3.1)
EBIT	0.6	0.5	2.5	1.2	2.0	2.7
EBIT margin	3.6%	2.9%	10.4%	4.2%	6.0%	7.3%
Financial Income and Expenses	(0.3)	(0.3)	(0.3)	(0.7)	(0.6)	(0.5)
Extraordinary items	-	-	2.8	-	-	-
EBT	0.2	0.2	4.9	0.5	1.4	2.2
Taxes	0.2	(0.1)	(1.4)	(0.1)	(0.4)	(0.6)
Tax Rate	-85.5%	68.9%	29.2%	24.9%	27.6%	28.0%
Net Income	0.4	0.1	3.5	0.3	1.0	1.6
Net margin	2.7%	0.4%	14.7%	1.3%	3.1%	4.3%

Source: KT&Partners' Elaboration

In our balance sheet estimates, we accounted for €8.0mn of goodwill to be registered after the Hotel Bretagna acquisition, which will inflate fixed assets to €18.9mn in FY24E. The goodwill value is the result of the acquisition price of €12.7mn minus the estimated value of the shareholder equity (the difference between assets and liabilities) at the closing of the transaction (€4.7mn), under the assumption that every asset and liability have a fair value

equal to its book value. Finally, we updated our FY24E NFP estimate to account for the cash-out of the acquisition, expecting the Group to show a NFP of €11.8mn (vs. €2.4mn in our previous estimate). The increased marginality and cash generation capabilities resulting from the acquisition of Hotel Bretagna should help the group to reduce their indebtedness faster than before: indeed, without accounting for any dividend or cash distribution, we forecast the Group to reduce its NFP reaching a debt position of €1.9mn in FY27E, implying a €9.9mn debt reduction (against the €6.2mn debt reduction estimated in our previous forecast).

Soges Group FY23A-FY27E Balance Sheet Estimates

€ Millions	FY23A	FY24E	FY24E PF	FY25E	FY26E	FY27E
Goodwill	-	8.0	8.0	7.2	6.4	5.6
Intangible	3.6	7.2	7.2	6.4	5.6	4.8
Tangible	2.5	2.4	2.4	2.5	2.7	2.6
Other LT Assets	0.5	1.3	1.3	1.3	1.3	1.3
Fixed Assets	6.6	18.9	18.9	17.4	15.9	14.3
Trade receivables	0.5	0.6	0.6	0.7	1.0	1.1
Inventory	0.3	0.3	0.3	0.4	0.5	0.5
Trade Payables	(1.2)	(1.7)	(1.7)	(2.1)	(2.5)	(2.8)
Trade Working Capital	(0.4)	(0.8)	(0.8)	(1.0)	(1.0)	(1.1)
Other assets and liabilities	(0.3)	(0.8)	(0.8)	(0.6)	(0.4)	(0.2)
Net Working Capital	(0.7)	(1.6)	(1.6)	(1.6)	(1.4)	(1.3)
Other Provisions	(1.0)	(1.5)	(1.5)	(1.8)	(2.2)	(2.6)
Net Capital Employed	4.9	15.8	15.8	14.0	12.3	10.3
Total shareholders' equity	1.5	4.0	4.0	5.8	6.8	8.4
Short-term debt / Cash (-)	(1.6)	(0.6)	(0.6)	(2.4)	(3.6)	(6.2)
Long-term liabilities	5.1	12.4	12.4	10.7	9.1	8.1
Net Financial Position	3.4	11.8	11.8	8.2	5.5	1.9
Sources	4.9	15.8	15.8	14.0	12.3	10.3

Source: KT&Partners' Elaboration

Change in Estimates

€ Millions	2022A	2023A	2024E	2024E	Change	2025E	2025E	Change	2026E	2026E	Change	2027E	2027E	Change	CAGR OLD	CAGR NEW
	Actual	Actual	Old	New		Old	New		Old	New		Old	New		2023-27	2023-27
Revenues	11.5	15.9	17.2	17.1	-0.4%	21.2	27.9	31.4%	25.5	33.2	30.5%	29.8	37.8	27.0%	16.9%	24.1%
YoY Change (%)	94.0%	38.7%	7.7%	7.3%		23.6%	62.9%		20.0%	19.2%		17.0%	13.8%			
EBITDAR	1.9	3.0	3.2	3.1	-2.0%	4.4	7.5	68.2%	5.9	9.2	55.6%	7.6	10.7	41.5%	26.3%	37.8%
YoY Change (%)	n.m.	55.3%	6.2%	4.1%		40.6%	n.m.		33.3%	23.3%		27.9%	16.3%			
EBITDAR Margin	16.7%	18.7%	18.4%	18.1%		20.9%	26.8%		23.2%	27.7%		25.4%	28.3%			
EBITDA	0.9	1.5	1.6	1.5	-5.4%	2.0	3.8	88.2%	2.8	4.9	75.8%	3.9	5.8	50.0%	27.7%	41.3%
YoY Change (%)	n.m.	59.4%	9.9%	4.0%		26.1%	n.m.		37.0%	27.9%		39.9%	19.4%			
EBITDA Margin	7.9%	9.1%	9.3%	8.8%		9.5%	13.6%		10.8%	14.6%		13.0%	15.3%			
EBIT	0.3	0.6	0.6	0.5	-17.9%	0.7	1.2	70.5%	1.2	2.0	61.9%	2.1	2.7	28.4%	38.9%	47.9%
YoY Change (%)	n.m.	66.1%	5.2%	-13.6%		13.6%	n.m.		78.4%	69.5%		74.9%	38.7%			
EBIT Margin	3.0%	3.6%	3.5%	2.9%		3.2%	4.2%		4.8%	5.9%		7.2%	7.2%			
Net Income	0.3	0.4	0.2	0.1	-71.7%	0.3	0.3	2.5%	0.8	1.0	30.3%	1.4	1.6	10.4%	36.4%	39.8%
YoY Change (%)	n.m.	43.1%	-48.4%	-85.4%		56.3%	n.m.		n.m.	n.m.		87.3%	58.7%			
Net Margin	2.5%	2.6%	1.3%	0.4%		1.6%	1.2%		3.0%	3.0%		4.9%	4.2%			
NFP	2.7	1.9	2.4	11.8	9.4	1.3	8.2	6.9	(0.8)	5.5	6.3	(3.8)	1.9	5.7		
YoY Change (%)	47.0%	-32.0%	28.7%	534.1%		-47.4%	-30.6%		n.m.	-33.3%		n.m.	-65.1%			

Source: KT&Partners' elaboration on company data

Valuation

Following our projections of Soges' pre-money future financials, we carried out the valuation by applying market multiples methods. Our fair value is the result of:

1. EV/Sales and EV/EBITDA multiples, which return an average value of €4.6 per share;
2. DCF analysis based on WACC of 10.4% and a 1% perpetual growth, which returns an equity value of €4.3 per share.

The average of the two methods yields a fair value of €4.4ps or an equity value of €22.8mn.

Multiple valuation

	Equity Value €mn	Value per share €
EV/Sales	33.8	6.6
EV/EBITDA	13.7	2.7
Multiple Average	23.8	4.6
DCF	21.9	4.3
Average	22.8	4.4

Source: FactSet, KT&Partners' Elaboration

Peer Comparison

To define Soges' peer sample, we carried out an in-depth analysis of Italian and internationally listed companies active in the Hotel Management Industry. In selecting potential peers, we consider Soges Group's offering and revenue mix, business model, growth, and profitability profile.

For peer analysis, we built a sample of 8 companies, which includes:

- **Accor SA:** listed on the Euronext Paris Stock Exchange with a market capitalization of €11.6bn, Accor SA engages in the operation and investment in hotel properties. It operates through the following business segments: Hotel Services, Hotel Assets, and New Businesses. The Hotel Services segment corresponds to AccorHotels business as a hotel manager and franchisor. The Hotel Assets segment comprises the group's owned and leased hotels. The New Businesses segment corresponds digital services for independent hotels, private luxury home rentals, digital sales, and concierge services. In FY23, Accor reached €5.1bn in sales revenues.
- **MHP Hotel AG:** listed on the XETRA with a market capitalization of €56mn, MHP Hotel AG is a German hotel investment and management platform. The group designs and implements hotel and gastronomy concepts for hotels in the premium and luxury segments and operates them as a connecting partner between real estate investors and franchisors. In addition, the operation of its own hotel brand MOOONS as well as co investments in hotel properties, alongside real estate investors, are part of MHP's business model. In FY23, MHP reached €136mn in sales revenues.
- **Hilton Worldwide Holdings Inc:** listed on the NY Stock Exchange with a market capitalization of €58.0bn, Hilton Worldwide Holdings, Inc. engages in the provision of hospitality businesses. It operates through the Management and Franchise, and Ownership segments. The Management and Franchise segment operates hotels of third-party owners. The Ownership segment includes owned, leased, and joint venture hotels. In FY23, Hilton Worldwide Holdings reached €9.5mn in sales revenues.
- **Hyatt Hotels Corporation:** listed on the NY Stock Exchange with a market capitalization of €14.4bn, Hyatt Hotels Corp. engages in the development and management of resort and hotel chains. It operates through the following segments: Owned and Leased Hotels, Americas Management and Franchising, ASPAC Management and Franchising, EAME/SW Asia Management and Franchising, and Apple Leisure Group. The Owned and Leased Hotels segment offers hospitality services and hotels. The Americas

Management and Franchising segment consists of properties located in the United States, Latin America, Canada, and the Caribbean. The ASPAC Management and Franchising segment consists of the management and franchising of properties located in Southeast Asia, Greater China, Australia, South Korea, Japan, and Micronesia. The EAME/SW Asia Management segment consists of its management and franchising of properties located primarily in Europe, Africa, the Middle East, India, Central Asia, and Nepal. The Apple Leisure Group segment consists of management and marketing of primarily all-inclusive resorts within the AMR Collection in Latin America. In FY23, Hyatt Hotels Corporation reached €6.2bn in sales revenues.

- **Melia Hotels International, S.A.:** listed on the Spain Stock Exchange with a market capitalization of €1.5bn, Meliá Hotels International SA engages in the operation and management of hotels. It operates through the following segments: Hotel Management, Hotel Business, Real Estate, Vacation Club, Corporate, and Others. The Hotel Management segment operates hotels under management and franchise agreements. The Hotel Business segment operates hotel units owned or leased by the group. The Real Estate segment includes capital gains on asset rotation, and real estate development and operation. The Vacation Club segment includes the results deriving from the sale of shared rights of use of specific vacation complex units. The Corporate segment includes structural costs, results linked to the intermediation and marketing of room and tourist service reservations. The Other segment includes additional income from the hotel business, such as casinos or tour-operator activities. In FY23, Melia Hotels International reached €1.9bn in sales revenues.
- **NH Hotel Group SA:** listed on the Spain Stock Exchange with a market capitalization of €2.7bn, NH Hotel Group SA engages in the management of hotels. It operates hotel chains across Europe, America, Africa and Asia, which includes in Amsterdam, Barcelona, Berlin, Bogota, Brussels, Buenos Aires, Düsseldorf, Frankfurt, London, Madrid, Mexico City, Milan, Munich, New York, Rome and Vienna. Its brands include NH Collections, NH Hotels, NHOW, and Hesperia Resorts. The firm operates through the following segments: Real Estate and Hotel. In FY23, NH Hotel Group SA reached €2.2bn in sales revenues.
- **Emma Villas S.p.A.:** listed on the Euronext Growth Milan with a market capitalization of €15mn, Emma Villas S.p.A. Emma Villas is an Italian Incoming Tour Operator. You operate in the sector of weekly tourist rentals of luxury villas and farmhouses with private swimming pools. It currently manages, exclusively, over 600 properties throughout Italy, welcoming more than 55,000 international guests every year. Property management, Smart Hospitality, dedicated Concierge 7/7, Guest & Property Protection are among the elements characterizing the Emma Villas model. In FY23, Emma Villas reached €33mn in sales revenues.
- **Marriott Vacations Worldwide Corporation:** listed on the Euronext Growth Milan with a market capitalization of €2.9bn, Marriot Vacations Worldwide Corporation encompasses a portfolio of nearly 8,800 properties across more than 30 leading brands in 139 countries and territories. Marriott operates and franchises hotels and licenses v acation ownership resorts all around the world. In FY23, Marriott reached €4.4bn in sales revenues.

We conducted an analysis of peer companies, considering their average revenue and EBITDA growth, and compared them to Soges' historical revenues and EBITDA. It should be noted that Soges adheres to OIC principles in drawing its financial statements, and not to IFRS standards, contrary to the peer companies included in our panel (apart from Emma Villas), which all adhere to IFRS accounting principles. Leasing costs are therefore categorized as rental costs and weight on the EBITDA and its margin, whereas peer companies categorize leasing costs as financial expenses, bringing the EBITDA up and giving the illusion of a higher profitability compared to Soges.

By looking at 2022-23 revenue growth, peer companies grew on average by 16.3% YoY while Soges showed revenues increase at 46.3% YoY. Over the 2023-26E period, Soges' sales are expected to grow at a 27.6% CAGR23-26E vs 8.1% of the average growth of the peers.

Looking at FY23A EBITDA, Soges increased by 59.4% YoY, well above its peers which showed an EBITDA growth of +25.3% YoY. According to our financial pre-money projections, Soges' EBITDA is expected to grow at a CAGR2023-2026E well above the one shown by its peers (49.4% vs. +17.4%).

Peer comparison – Sales growth 2020-2026

Company Name	Sales				YoY 22-23	Sales			CAGR 2023-'26
	2020	2021	2022	2023		2024	2025	2026	
Accor SA	1,621	2,204	4,224	5,056	19.7%	5,533	5,830	6,174	6.9%
MHP Hotel AG	0	n.a.	105	136	30.0%	161	180	197	13.0%
Hilton Worldwide Holdings Inc.	3,778	4,897	8,347	9,467	13.4%	10,833	11,699	12,733	10.4%
Hyatt Hotels Corporation Class A	1,846	2,598	5,534	6,218	12.4%	6,509	6,856	7,269	5.3%
Melia Hotels International, S.A.	528	827	1,680	1,929	14.8%	2,025	2,087	2,155	3.8%
Minor Hotels Europe & Americas, S.A	536	746	1,722	2,159	25.4%	2,348	2,424	2,516	5.2%
Emma Villas S.P.A.	5	9	14	33	n.m.	36	44	50	15.0%
Marriott Vacations Worldwide Corporation	2,532	3,291	4,430	4,372	-1.3%	4,745	4,983	5,140	5.5%
Peers Average	1,356	2,082	3,257	3,671	16.3%	4,024	4,263	4,529	8.1%
Soges Group	2	5	11	16	46.3%	17	28	33	27.6%

Source: FactSet, KT&P's Elaboration

Peer comparison – EBITDA growth 2020-2026

Company Name	EBITDA				YoY 22-23	EBITDA			CAGR 2023-'26
	2020	2021	2022	2023		2024	2025	2026	
Accor SA	-391	22	675	1,003	48.6%	1,118	1,217	1,329	9.8%
MHP Hotel AG	0	0	-6	-3	43.1%	7	10	11	n.a.
Hilton Worldwide Holdings Inc.	186	1,019	2,147	2,229	3.8%	3,303	3,566	3,875	20.2%
Hyatt Hotels Corporation Class A	-260	103	677	739	9.1%	1,133	1,222	1,365	22.7%
Melia Hotels International, S.A.	-159	62	439	496	12.9%	530	545	565	4.4%
Minor Hotels Europe & Americas, S.A	-53	82	491	621	26.5%	645	681	701	4.1%
Emma Villas S.P.A.	n.a.	n.a.	1	2	83.1%	3	4	6	54.2%
Marriott Vacations Worldwide Corporation	137	515	884	668	-24.4%	692	762	810	6.6%
Peers Average	-77	258	664	719	25.3%	929	1,001	1,083	17.4%
Soges Group	-1	0	1	1	59.4%	2	4	5	49.4%

Source: FactSet, KT&P's Elaboration

We then compared peers' profitability with Soges' historical and expected margins. Soges showed a FY23 EBITDA margin at 9.2%, below its peers' average EBITDA margin of 18.1% due to the different accounting of leasing costs, because of the adherence to the OIC accounting standards by Soges, as opposed to its peers who adhere to the IFRS standards. By 2024, our projections result in an EBITDA margin of 8.2%, to settle at 13.8% at the end of FY25E vs an expected average peers' profitability almost of 18.7% in FY24E to 19.3% in FY25E.

Peer comparison – EBITDA margin, EBIT margin, and Net margin 2021-25

Company Name	EBITDA Margin					EBIT Margin					Net Margin				
	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025
Accor SA	1.0%	16.0%	19.8%	20.2%	20.9%	neg	10.6%	14.3%	14.8%	15.6%	neg	7.7%	11.4%	10.4%	10.7%
MHP Hotel AG	n.m.	neg	neg	4.3%	5.4%	n.m.	neg	neg	neg	1.6%	n.m.	neg	neg	neg	0.7%
Hilton Worldwide Holdings Inc.	20.8%	25.7%	23.5%	30.5%	30.5%	17.6%	23.9%	22.1%	23.4%	26.2%	7.1%	14.3%	11.1%	12.7%	14.9%
Hyatt Hotels Corporation Class A	4.0%	12.2%	11.9%	17.4%	17.8%	neg	4.9%	6.0%	5.5%	9.0%	neg	7.8%	3.3%	21.3%	5.2%
Melia Hotels International, S.A.	7.5%	26.1%	25.7%	26.2%	26.1%	neg	9.2%	12.7%	13.9%	13.8%	neg	6.6%	6.1%	6.5%	6.8%
Minor Hotels Europe & Americas, S.A	11.0%	28.5%	28.8%	27.5%	28.1%	neg	12.4%	15.2%	14.9%	15.5%	neg	5.8%	5.9%	6.9%	7.1%
Emma Villas S.P.A.	n.m.	6.3%	5.1%	8.9%	10.1%	n.m.	1.9%	3.2%	6.3%	8.3%	n.m.	1.2%	2.9%	4.4%	5.7%
Marriott Vacations Worldwide Corporation	15.7%	20.0%	15.3%	14.6%	15.3%	11.9%	17.1%	12.4%	11.2%	12.2%	1.3%	8.4%	5.4%	4.9%	5.9%
Peers Average	10.0%	19.3%	18.6%	18.7%	19.3%	14.7%	11.4%	12.3%	12.8%	12.8%	4.2%	7.4%	6.6%	9.6%	7.1%
Soges Group	neg	8.5%	9.2%	8.9%	13.8%	neg	3.2%	3.6%	2.9%	4.2%	neg	2.7%	2.7%	0.4%	1.3%

Source: FactSet, KT&P's Elaboration

Market Multiples Valuation

Following our comparable' analysis, we evaluated the company by using the 2024–26 EV/Sales and EV/EBITDA multiples of the peer sample. Our valuation takes our estimates of Soges' Sales and EBITDA in 2024, 2025, and 2026 into account. We also considered the value of the FY23A NFP adjusted by the cash-in of IPO proceeds in 2024 (€2.4mn minus €880k of IPO costs, for a net cash in of €1.6mn) and by the borrowing of €7.0mn of debt to finance the acquisition of Hotel Bretagna Srl, totaling €8.9mn. Moreover, we included a 20% liquidity/size discount in our valuation with the EV/Sales multiple and EV/EBITDA valuation.

Peer Comparison – Market Multiples 2023-2026

Company Name	Exchange	Market Cap	EV/SALES 2023	EV/SALES 2024	EV/SALES 2025	EV/SALES 2026	EV/EBITDA 2023	EV/EBITDA 2024	EV/EBITDA 2025	EV/EBITDA 2026	P/E 2023	P/E 2024	P/E 2025	P/E 2026
Accor SA	Euronext Paris	11,577	3.1x	2.8x	2.6x	2.5x	15.4x	13.8x	12.7x	11.6x	21.3x	21.5x	19.2x	16.8x
MHP Hotel AG	XETRA	56	0.4x	0.3x	0.3x	0.2x	n.m	6.9x	5.0x	4.4x	n.m	n.m	16.1x	13.6x
Hilton Worldwide Holdings Inc.	NYSE	58,010	7.1x	6.2x	5.8x	5.3x	30.2x	20.4x	18.9x	17.4x	n.m	34.8x	30.8x	26.6x
Hyatt Hotels Corporation Class A	NYSE	14,361	2.6x	2.5x	2.4x	2.3x	22.2x	14.5x	13.4x	12.0x	n.m	38.4x	40.0x	32.4x
Melia Hotels International, S.A.	Spain	1,501	2.1x	2.0x	2.0x	1.9x	8.3x	7.8x	7.6x	7.3x	12.7x	11.3x	10.5x	9.7x
Minor Hotels Europe & Americas, S.A	Spain	2,736	2.3x	2.1x	2.1x	2.0x	8.0x	7.7x	7.3x	7.1x	21.4x	16.7x	16.0x	16.1x
Emma Villas S.P.A.	Milan	15	0.4x	0.3x	0.3x	0.2x	7.1x	3.7x	2.6x	1.9x	15.8x	9.5x	5.9x	4.0x
Marriott Vacations Worldwide Corporation	NYSE	2,884	1.6x	1.5x	1.4x	1.4x	10.7x	10.3x	9.3x	8.8x	n.a.	n.a.	n.a.	n.a.
Average peer group		11,393	2.4x	2.2x	2.1x	2.0x	14.5x	10.6x	9.6x	8.8x	17.8x	22.1x	19.8x	17.0x
Median peer group		2,810	2.2x	2.1x	2.0x	1.9x	10.7x	9.0x	8.5x	8.0x	18.6x	19.1x	16.1x	16.1x
Soges Group	Milan	12	1.3x	1.2x	0.7x	0.6x	14.1x	13.6x	5.4x	4.2x	n.a.	n.m	38.0x	13.0x

Source: FactSet, KT&P's Elaboration

We end up with our Soges' equity value of €33.8mn or €6.6 per share obtained with the EV/Sales method, and of €13.7mn or €2.7 per share though the EV/EBITDA method.

EV/Sales Multiple Valuation

Multiple Valuation (€mn)	2024E	2025E	2026E
EV/Sales Comps	2.2x	2.1x	2.0x
Soges Group Sales	16.9	27.5	32.8
Enterprise value	37.7	57.7	64.8
Average Enterprise value		53.4	
Liquidity/Size Discount		20%	
Enterprise Value Post-Discount		42.7	
Soges Group NFP FY2023 Adj.		8.9	
Soges Group Minorities FY2023A		-	
Equity Value		33.8	
Number of shares (mn)		5.1	
Value per Share €		6.6	

Source: FactSet, KT&P's Elaboration

EV/EBITDA Multiple Valuation

Multiple Valuation (€mn)	2024E	2025E	2026E
EV/EBITDA Comps	9.0x	8.5x	8.0x
Soges Group EBITDA	1.5	3.8	4.9
Enterprise value	13.7	32.1	39.1
Average Enterprise value		28.3	
Liquidity/Size Discount		20%	
Enterprise Value Post-Discount		22.6	
Soges Group NFP FY2023 Adj.		8.9	
Soges Group Minorities FY2023A		-	
Equity Value		13.7	
Number of shares (mn)		5.1	
Value per Share €		2.7	

DCF Valuation

We have also conducted our valuation using a four-year DCF model, based on 15.3% cost of equity, 6% cost of debt, and a D/E ratio of 85.5%. The cost of equity is a function of the risk-free rate of 3.5 % (Italian 10y BTP yield, last 3 months average) and the equity risk premium of 5.37% (Damodaran equity risk premium for Italy, January 2025). We, therefore, obtained 10.3% WACC.

We discounted 2024E-27E annual cash flow and considered a terminal growth rate of 1%; then we carried out a sensitivity analysis on the terminal growth rate (+/- 0.25%) and on WACC (+/- 0.25%).

DCF Valuation				
€ Millions	2024E	2025E	2026E	2027E
EBIT	0.5	1.2	2.0	2.7
Taxes	(0.1)	(0.1)	(0.4)	(0.6)
D&A	1.0	2.6	2.9	3.1
Change in Net Working Capital	0.9	(0.0)	(0.1)	(0.1)
Net Operating Cash Flow	2.8	4.0	4.7	5.5
Capex	(13.3)	(1.2)	(1.4)	(1.4)
FCFO	(10.5)	2.8	3.3	4.1
g	1.0%			
Wacc	10.3%			
FCFO (discounted)	(10.6)	2.6	2.7	3.0
Discounted Cumulated FCFO	(2.2)			
TV	44.1			
TV (discounted)	32.9			
Enterprise Value	30.7			
NFP FY2023 Adj.	8.9			
Equity Value	21.9			
Current number of shares (mn)	5.1			
Value per share (€)	4.3			

Source: FactSet, KT&P's Elaboration

Sensitivity Analysis		WACC				
€ Millions		10.8%	10.6%	10.3%	10.1%	9.8%
Terminal growth Rate	0.5%	18.0	19.0	20.0	21.1	22.2
	0.8%	18.8	19.8	20.9	22.0	23.2
	1.0%	19.7	20.7	21.8	23.0	24.3
	1.3%	20.6	21.7	22.8	24.1	25.4
	1.5%	21.5	22.6	23.9	25.2	26.6

Source: KT&P's Elaboration

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- ADD – FOR A FAIR VALUE > 15% ON CURRENT PRICE
- HOLD – FOR A FAIR VALUE < 15% AND > – 15% ON CURRENT PRICE
- REDUCE – FOR A FAIR VALUE < – 15% ON CURRENT PRICE



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