MHP Hotel AG

(Scale All Share (Ref.), Travel & Leisure, CDZ0 GR)

WARBURG RESEARCH

Buy	
EUR 2.80	
Price	EUR 1.22
Upside	**129.5 %**

Value Indicators:	EUR
DCF:	2.78

Warburg ESG Risk Score:	**2.5**
ESG Score (MSCI based):	n.a.
Balance Sheet Score:	5.0
Market Liquidity Score:	0.0

Description:

MHP is an independent hotel management and investment platform

Market Snapshot:	EUR m
Market cap:	52.8
No. of shares (m):	43.2
EV:	49.5
Freefloat MC:	8.4
Ø Trad. Vol. (30d):	3.59 th

Shareholders:	
Freefloat	16.00 %
Michael Wagner	21.00 %
Ralf Selke	21.00 %
Daniel Beringer	21.00 %
Joerg Frehse	21.00 %

Key Figures (WRe):	2023e
Beta:	1.3
Price / Book:	1.1 x
Equity Ratio:	45 %

Leading hotel operator with a broad spectrum of opportunities; Initiation with Buy

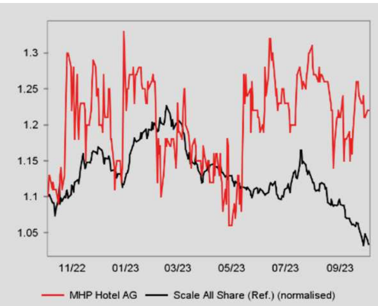
MHP Hotel AG (Munich Hotel Partners) positions itself very successfully as a hotel operator between the hotel owners on the one hand and the franchisors on the other. As the only publicly traded white-label hotel operator, MHP Hotel AG, was created at the end of 2021 in a reverse takeover. The core requirement of this positioning is primarily the ability to retain and acquire good personnel, to manage properties intelligently and to realise fresh concepts convincingly. MHP has been operating for 11 years, has built up a successful track record in managing premium and luxury hotels and has gained the trust of institutional hotel investors. This reputation as well as the acquisition of very big names as franchise partners and investors speaks for itself. The positioning is rounded off by its own boutique hotel brand MOOONS, which makes it possible to manage individual properties without a (third-party) franchise. In individual cases, the company acts as a co-investor (the first co-investment was realized with the Marriott Hotel Basel). In addition to classic hotel operations, this offers the chance to benefit opportunistically from the investor side.

The hotels of the Munich Hotel Partners Group are located in top inner-city locations in Germany, Austria and Switzerland - for business and city trips. Each of the hotels has a unique and extraordinary style. The company currently operates eight hotels under the Marriott Group (+1 in 2024 / the "Koenigshof Munich" in the luxury segment). One hotel under the company's own MOOONS Brand (opened in 2022). In FY25, another luxury hotel will open under the Hilton brand, expanding MHP's strategy that formerly focused on a single franchise brand.

The company is targeting a very interesting overall market: the travel market has been growing strongly again since the end of the Covid crisis. The company serves tourism and business trips equally. This balance offers a certain level of surety and the company also benefits in the long term from the continued significant increase in travel activity in the medium and long term, particularly from emerging countries.

Even considering that the Covid crisis delayed further project developments, the company has shown an impressive growth path since 2017 (top-line CAGR of around 5% until 2023e). Based on the impressive success of the last few years – securing good properties, investors and big franchise brands - the company plans to continue to grow. High potential is implicitly represented in the adjusted EPS (purely imputed non-operating amortization of intangible assets), showing a low single digit PE.

The share is initially rated Buy with a price target of EUR 2.80.



Rel. Performance vs Scale All Share	
1 month:	3.3 %
6 months:	15.8 %
Year to date:	-0.8 %
Trailing 12 months:	13.0 %

Company events:	
20.10.23	Prel. Q3

FY End: 31.12. in EUR m	CAGR (22-25e)	2019	2020	2021	2022	2023e	2024e	2025e
Sales	21.3 %	111.1	34.4	33.3	104.8	136.0	167.3	187.4
Change Sales yoy		1.8 %	-69.0 %	-3.2 %	214.7 %	29.7 %	23.0 %	12.0 %
Gross profit margin		*50.3 %*	*18.9 %*	*21.3 %*	*47.1 %*	*50.5 %*	*52.0 %*	*52.0 %*
EBITDA	145.4 %	5.4	-2.7	4.4	0.7	1.4	5.0	9.7
Margin		*4.9 %*	*-7.8 %*	*13.3 %*	*0.6 %*	*1.0 %*	*3.0 %*	*5.2 %*
EBIT	-	4.7	-3.2	3.3	-6.0	-6.0	-2.5	1.9
Margin		*4.2 %*	*-9.3 %*	*10.0 %*	*-5.8 %*	*-4.4 %*	*-1.5 %*	*1.0 %*
Net income	-	3.5	-3.3	2.1	-7.3	-4.7	-2.7	0.7
EPS	-	3.52	-0.08	0.05	-0.17	-0.11	-0.06	0.02
EPS adj.	-	3.52	-0.07	0.07	-0.07	-0.01	0.04	0.12
DPS	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend Yield		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
FCFPS		1.01	-0.20	-0.11	-0.05	-0.01	0.05	0.14
FCF / Market cap		n.a.	n.a.	-7.2 %	-3.4 %	-0.4 %	4.2 %	11.4 %
EV / Sales		n.a.	n.a.	1.9 x	0.5 x	0.4 x	0.3 x	0.2 x
EV / EBITDA		n.a.	n.a.	14.7 x	87.2 x	36.4 x	9.4 x	4.2 x
EV / EBIT		n.a.	n.a.	19.5 x	n.a.	n.a.	n.a.	21.8 x
P / E		n.a.	n.a.	31.5 x	n.a.	n.a.	n.a.	60.5 x
P / E adj.		n.a.	n.a.	22.5 x	n.a.	n.a.	30.5 x	10.1 x
FCF Potential Yield		n.a.	n.a.	5.3 %	-0.8 %	4.2 %	10.6 %	20.9 %
Net Debt		-16.3	-0.4	-0.4	-5.7	-5.1	-7.3	-13.3
ROCE (NOPAT)		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3.9 %
Guidance:	Strong increase in revenues and EBITDA							

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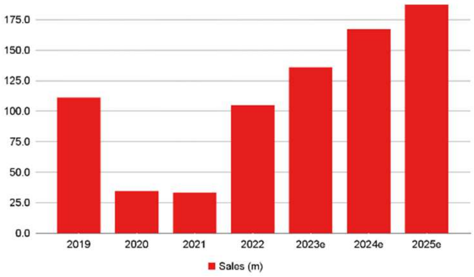
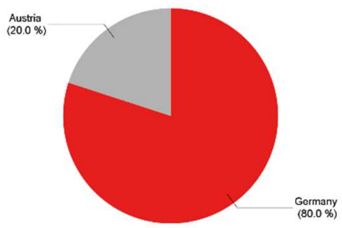
Sales development
in EUR m



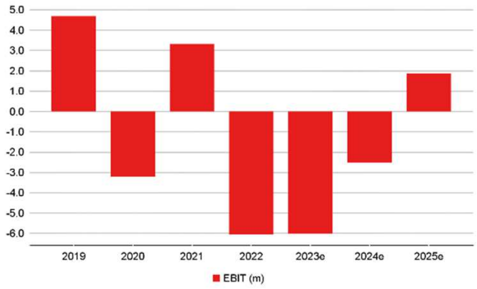
Source: Warburg Research

Sales by regions
2022; in %



Source: Warburg Research

EBIT development
in EUR m



Source: Warburg Research

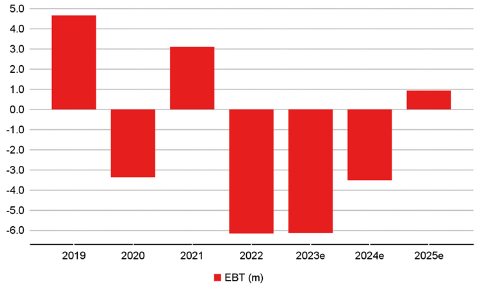
Company Background

- MHP Hotels is a white label operator currently comprising nine hotels in the DACH region.
- 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.
- MHP's business modell also includes the operation of its own hotel brand MOOONS as well as co-investments in hotel properties, alongside real-estate investors.
- The company was founded in 2012 and is headquartered in Munich, Germany.

Competitive Quality

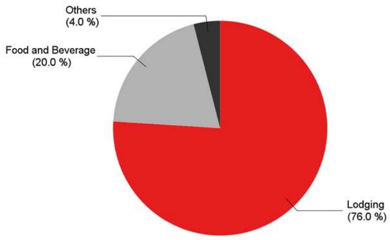
- As a successful white-label operator MHP built a strong track record and reputation in the hospitality industry and formed high entry barriers
- As the go-to plattform, MHP is not only seen as an attractive hotel operator by institutional investors, but is also actively pursued by brands like Marriott and Hilton to operate their franchise businesses.
- With its expertise in implementing F&B concepts. MHP is able to enhance up the attractiveness of hotels in the perception of tourists and local visitors
- Its focus on upscale and luxury hotels allows MHP to generate sustainable earnings and profits profile serving tourists business travellers.

EBT development
in EUR m



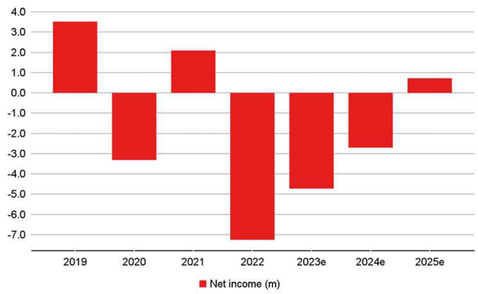
Source: Warburg Research

Sales by segments
2022; in %



Source: Warburg Research

Net income development
in EUR m



Source: Warburg Research

Summary of Investment Case

Investment triggers

- The stock price has been under pressure following subdued operating development due to Covid-19 and macroeconomic challenges in core markets, especially Germany. The share price so far did not anticipate the strong operative performance at all.
- Travel recovery looks set to fuel share-price appreciation, making the current share price an attractive entry level.
- Sales and earnings improvement expected on the back of automation and centralization.
- Share price should react positively to announcements of new hotel operating deals.

Valuation

- Valuation metrics point to undemanding valuation.
- DCF model yields a fair value of EUR 2.80, based on 5.5% TV EBIT margin, 3.0% long-term growth and 9.6% WACC.

Growth

- Pent-up travel demand to support structural growth prospects. Return to long-term growth trends in the tourism industry.
- Profitability looks set to recover as synergies are generated by centralization and the implementation of a lean cost structure with subsidiaries.
- Due to a new interest rate regime, regulatory and environmentally requirements (e.g. ESG), there are new investment opportunities in financially shaken and abandoned hotel projects.
- Opportunistic choice between all potential business models in its segment (third-party franchise, own franchise, co-invest) should support profitability.

Competitive quality

- MHP has prime access to the premium hotel niche market and a proven track record as a white-label operator, which represent entry barriers for competitors.
- Management has proven its ability to design complex contractual agreements with franchisors and lessors.
- The mix of revenue is divided almost 50:50 between tourists and business travellers, which forms a solid footprint with regards to the risk profile.
- Expertise in developing and implementing successful F&B concepts for existing restaurants enhances attractiveness for travellers as well as local visitors.

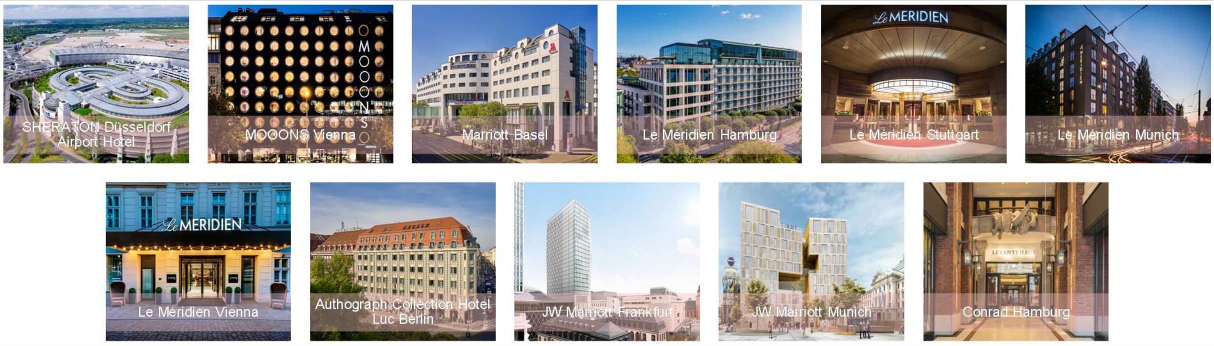
Company Overview

munich hotel partners

MHP Hotel AG

Sales Split in EURm	2019*	2022
Lodging	81.00	80.09
Gastronomy	25.40	20.52
Other Revenue	4.21	4.23
Total	**110.60**	**104.85**

Hotel Portfolio



Operating Brands

Marriott International:

JW MARRIOTT · SHERATON · MARRIOTT · THE LUXURY COLLECTION · Le MERIDIEN · AUTOGRAPH COLLECTION HOTELS

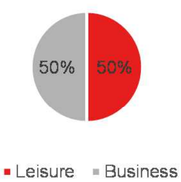
Hilton Worldwide:

CONRAD HOTELS & RESORTS

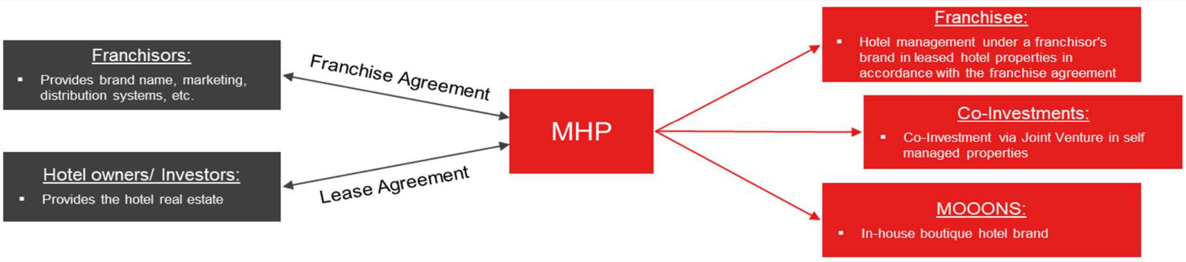
In-house brands:

MOOONS

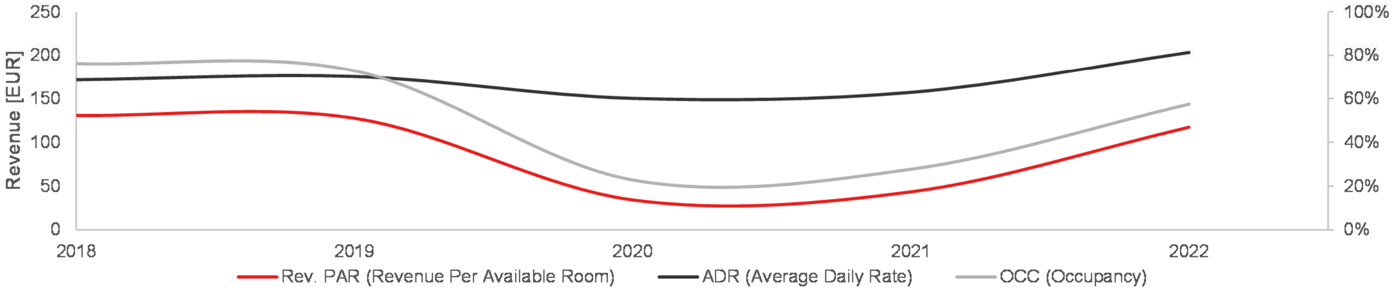
Customers Split



Business Model - White Label Operator



KPI Development



*relevant Data Point Pre Covid

Source: Warburg Research

Competitive Quality

- Proven track record as white-label operator represents entry barrier for competitors
- Expertise in developing successful F&B concepts
- Knowledge in designing contractual agreements with franchisors and lessors
- Business model (third-party franchise or own franchise and optional co-invest) offers the opportunity for the best choice in any given project

Marriott franchises form the backbone of MHP

White-label operator and hotel-investment enabler

The company was founded in 2012 and is headquartered in Munich. MHP Hotels is a white-label operator with nine hotels currently in operation in the DACH region. The company operates mainly under Marriott franchise contracts (Hilton is to come). MHP Hotels generates average (per hotel) 200 rooms, revenue of EUR 20m with an average of 80 people. The company is seen as a hotel management and an investment platform. The group designs and implements hotel and gastronomy concepts for hotels in the premium and luxury segments and operates 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 together with real-estate investors, are part of MHP's business model.

MHP operates nine hotels in the DACH region. In 2021, MHP opened the first lifestyle-boutique hotel under its brand MOOONS in Vienna. In Q1 2022, MHP reopened the former Sofitel in Berlin as Hotel Luc under Marriott's Autograph Collection. Since Q2 2022 MHP has been operating Germany's first JW Marriott Hotel in Frankfurt (formerly Jumeirah Frankfurt) and the former Swissotel Basel as the Basel Marriott Hotel. The reopening of the former Königshof München as Koenigshof Munich (part of The Luxury Collection) is scheduled for H1 2024 and the Conrad Hamburg is planned in 2025. With the latest projects in Berlin, Frankfurt and Munich, MHP looks set to penetrate the luxury market segment, which should yield higher revenue and profitability profiles.

Business model

There are three main parties involved in the hotel business. The owner of the brand (e.g. Marriott, Hilton), the owner of the property (e.g. Union Invest, Deka) and the operator of the hotel, which is MHP Hotels.

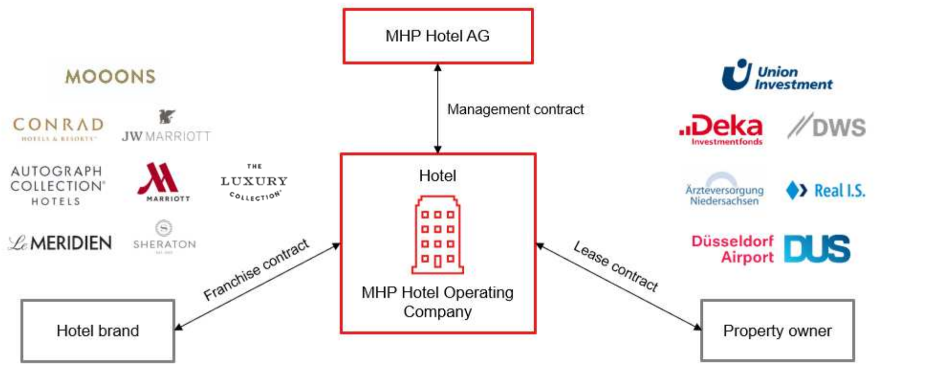
Hotel brands are pursuing an asset-light strategy to expand their footprint and mainly focus on developing their brands. The goal is to scale their franchise model and generate cash-flow from selling the brand. Hotel groups such as Marriott and Hilton tend not to burden their balance sheets with investment in property. Therefore, hotel groups usually don't invest in properties.

The owners of the property are usually financial investors, who take the investment in properties onto their balance sheets but lack expertise in the hotel business. Most financial investors are required to generate rental income in closed-end real-estate funds rather than generating income from business operations. Therefore, the owner of the property needs a lease contract, but the hotel brand is not willing to book lease contracts on its balance sheet for accounting reasons, since lease agreements inflate the balance sheet which runs contrary to maintaining a lean balance sheet.

This is where MHP enters the field as a white-label operator. Firstly, MHP designs contractual agreements with the owner of the hotel and the hotel brand. MHP operates under the brand of a hotel group as a franchisee. The hotel brand, which is the franchisor, provides MHP with its reservation and distribution system as well as its loyalty programme. MHP commits to the standards set by the hotel brand, e.g. Marriott, and pays the hotel brand fixed and variable fees. Secondly, MHP designs a lease contract with the owner of the hotel property (the lessor), which will be synchronized to the franchise contract, typically for 20-25 years. In a nutshell, MHP is the crucial link between the hotel brand and the owner of the hotels.

Link between brand and owner

MHP is a white-label operator



Source: Company data, Warburg Research

Prime niche market

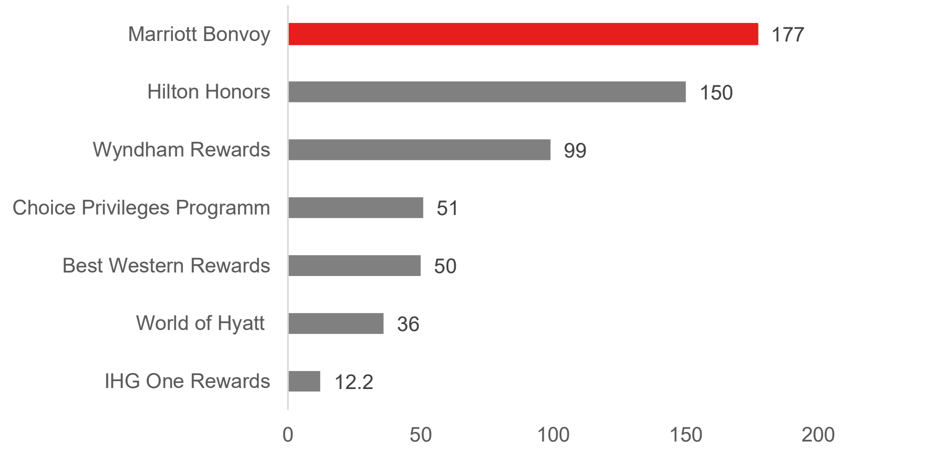
As a hotel and management platform, MHP operates mainly under the Marriott brand (largest hotel brand in the world) with a franchise contract. Of any global hotel company, Marriott International has the greatest number of brands under its umbrella with 30 unique flags. Marriott's brand portfolio includes luxury brands (Ritz-Carlton, Edition), premium (Marriott, Sheraton), select (Moxy, Courtyard), and longer stay (Element, Residence Inn). In 2022, MHP also singed a franchise contract with Hilton (second largest hotle brand in the world) to operate under the Hilton Brand. Hilton has 18 brands, including Conrad Hotels & Resorts, Canopy by Hilton, Curio Collection by Hilton, Hilton Hotels & Resorts, DoubleTree by Hilton, Embassy Suites Hotels, Hilton Garden Inn.

Brand portfolio

Source: Company data

MHP pays fixed and variable fees to Marriott, while the hotel brand provides MHP with its branding and IT systems such as its reservations programme. As a franchisee, MHP-operated hotels gain access to the attractive loyalty programme 'Bonvoy'. Guests can collect rewards for their stay in exchange for relevant data, which can be used to maximize customer satisfaction and ultimately results in customer loyalty. Marriott's loyalty programme 'Bonvoy' is perceived as one of the most popular loyalty programmes and this gives MHP a competitive edge, when it comes to hotel-bookings from the existing customer base, since loyalty programmes provide repeat business. Marriott Bonvoy is the largest loyalty programme in the hotel industry. Over 160 million travellers were members of the programme in 2022.

Loyalty programme ranking 2022 (number of members in m)



Source: Statista

MHP's focus is on premium hotels in prime city-centre locations. These locations are limited but represent a substantial criterion of MHP's hotel portfolio.

The properties must meet the following criteria in the premium segment: located in key areas with availability of local attractions, wide space, spa amenities, meeting rooms, sufficient space in rooms for furniture and equipment necessary to perform the business at hand, decoration to enhance facility appearance and many more.

The luxury segment of the Marriott franchise system includes properties such as hotels, resorts, and residences with upscale design, amenities, and services. Luxury properties are typically located in upscale areas and provide guests with a higher level of comfort and convenience. Examples of amenities offered at luxury Marriott properties include: gourmet restaurants, spas, fitness centres, concierge services, private swimming pools, lounges and bars.

MHP premium hotel brands

Source: Company data

Healthy customer structure

50:50 = healthy robust revenues

The overnight stays at the hotels operated by MHP are divided more or less equally between business travellers and tourists. In general, tourists spend 20% more than business travellers and the average room rate for tourists is higher than for business travellers. Tourists in Europe spend an average of EUR 143 per night compared to EUR 94 for business travellers. This difference is mainly because tourists typically stay for a longer period of time and tend to book more luxurious accommodation. Additionally, they tend to take advantage of the amenities offered at the hotel, such as all-day access to the pool or in-room spa services. However, the 50:50 structure of stays in hotels located in city centres show that such hotel-stays are equally attractive for tourists and business travellers, which offers another advantage: fluctuations in demand from individual customer groups for overarching reasons can be balanced out, which enables consistently high utilization.

Proven track record as franchisee

MHP has a proven track record in managing and repositioning existing hotel properties and in earning impressively high room rates. Prior to the Covid-19 crisis, the average room rate (ADR) of MHP's hotel portfolio increased from EUR 158 in 2015 to EUR 215 in 2022 as a result of MHP's renovation and repositioning expertise. The company therefore ranked top of the current top-50 highest revenue hotel companies in 2022.

Proven track record in repositioning hotel properties

In Q4 2022, the recovery in demand that had set in at MHP's hotels after the end of the pandemic restrictions in the second quarter continued. The key performance indicators "average room rate" and "revenue per available room" (RevPar) have been consistently above pre-Covid levels since May 2022, based on the hotel portfolio that was in place before the pandemic.

Guests paid an average of EUR 202 for a room compared to EUR 166 in the corresponding prior-year quarter. Revenue per available room amounted to EUR 139 compared to EUR 69 in the same period the year before. The occupancy rate of MHP's hotels rose to 69% in Q4 2022 compared to 42% in Q4 2021. Therefore, in FY22, ADR increased by 16% vs FY 2019 and RevPar showed an incline of -6% vs. 2019.

In Q1 FY23, the recovery continued. As published by MHP in its latest Hotel Performance Update, the occupancy rate increased from 27.4% in Q1 2022 to 60.5% in Q1 2023, almost reaching the pre-Covid level of 63.4% in the first quarter of 2019. The average room price in Q1 FY23 was EUR 189, significantly higher than the previous year's value of EUR 160 and the level of the first quarter of 2019 at EUR 166. Accordingly, the key metric Revenue per Available Room (RevPAR) also improved from EUR 105 before the pandemic (first quarter of 2019) to EUR 114 in Q1 FY23.

In Q2 FY23 MHP's occupancy rate increased to 76%. The average room price reached EUR 207, exceeding the Q2 FY22 average room price of EUR 198. RevPAR improved to EUR 157 and beat the previous year's and pre-pandemic level of EUR 135.

Ranking of average room rate in Germany 2022

Rank 2022	Hotel Company	Net sales in EUR m	Hotel operations / rooms	Average price per room sold (net) in EUR
1	MHP Hotel AG	83	6 / 1,464	215
2	Hyatt Hotel Corporations	152,1	34 / 6,453	185
3	DSR Hotel Holding GmbH	160	13 / n.a.	181
4	Arabella Hospitality SE	106,2	8 / 2,305	177
5	Center Parcs Deutschland	219,3	6 / n.a.	176
6	Althoff Hotels	95,4	12 / 1,387	174
7	Fraatz Bartels Unternehmensgruppe	49,6	2 / 707	171
8	Travel Charme Hotel GmbH & Co. KG	53,3	7 / 787	170
9	Ennismore Germany GmbH	83,5	9 / 1,265	164
10	Marriott International	793,4	104 / 22,880	145

Source: AHGZ, Ranking of Top 50 hotel companies

MHP successfully operates nine premium hotels in the DACH region. The strong track record puts MHP in a comfortable position when it comes to negotiating new leases and franchise contracts. The company is highly experienced in customizing contracts in takeovers of franchise and lease agreements. In addition to signing a franchise contract, MHP typically enters a lease agreement with the hotel owner for a duration of 20-25 years. This timeframe is designed to provide stability and consistency to both parties involved – and could create an interesting "hidden reserve" for MHP as long-term contracts ("pre-inflation, pre-interest-hike") provide attractive conditions as time goes on.

Contracts form "hidden reserve"

Operators like MHP are allowing the franchisor to expand the franchise business without investing heavily in properties and provides the property owner with a reliable source of rental income for a significant period of time. From an accounting perspective, franchisors typically prioritize the expansion of their franchise business over heavy investment in properties. This allows them to allocate resources to developing their brand and business model, as well as helping their franchisees to succeed. On the other hand, hotel property owners, who are often financial investors, seek to generate rental income rather than operating income from hospitality operations. MHP bridges this gap by creating contractual agreements with both the franchisor and the property owner, allowing MHP to function as an intermediary.

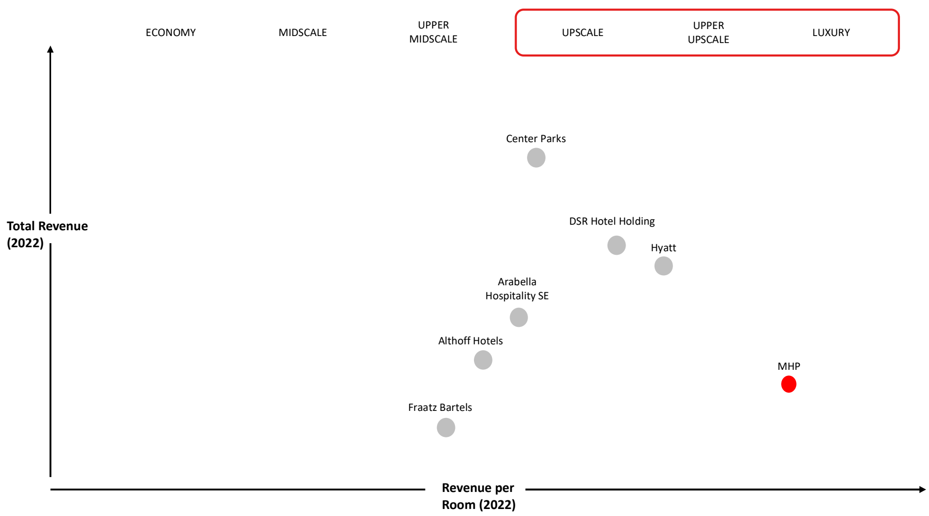
Besides successful hotel management, MHP has several unique advantages over other hospitality companies:

1) **Stock listing:** MHP is the only stock-listed hospitality company, which means it is held to higher standards of transparency. This lends the company an advantage when it comes to negotiating franchises with brands and lease contracts with hotel property owners.
2) **Intermediary expertise:** MHP has significant experience in creating contractual agreements with large asset managers and hotel property owners. This allows MHP to bridge the gap between the needs of the franchisor and the property owner, resulting in more favourable lease terms for both parties.
3) **Financial investors:** MHP is currently operating hotel properties with esteemed institutional financial investors such as Deka, Union Investment, and DWS. This experience and expertise further strengthens MHP's position within the hospitality market.

Overall, MHP has established itself as a unique player with a competitive edge, which sets it apart from other hospitality companies.

MHP stands out from the competition in Germany

With its focus on the premium segment, MHP clearly stands out from the competition.



Source: Company data, Warburg Research

High rates are proof of management quality

The ability to generate highest prices for its properties is key proof of MHP's hotel-management qualities and a key signal for potential partners (investors, owners, franchises and even employees) to choose MHP over the competition.

Top quality of investors

Apart from this, as the only stock-listed hospitality company, MHP holds a competitive advantage over other companies. While it is required to adhere to stringent transparency and visibility requirements, its listed status strengthens MHP's ability to negotiate favourable terms in franchise agreements and lease contracts with hotel property owners. Furthermore, MHP has extensive experience in drafting contractual agreements with large asset managers in the hotel real-estate market, as it currently operates hotel properties together with institutional financial investors such as Deka, Union Investment and DWS.

MHP partners with institutional financial investors

Group	Brand	City	Owner	Segment
Marriott	Le Méridien	Hamburg	Ärzteversorgung Niedersachsen	Upper Upscale
Marriott	Le Méridien	Munich	Deka (Immobilien)	Upper Upscale
Marriott	Le Méridien	Stuttgart	Union Invest	Upper Upscale
Marriott	Le Méridien	Vienna	Deka	Upper Upscale
Marriott	Sheraton	Düsseldorf	DUS Airport	Upscale
Marriott	Autograph Collection	Berlin	Union Invest	Luxury
Marriott	Marriott	Basel	H.I.G. Capital (95%)	Upscale
Hilton	Conrad	Hamburg	GBR Levantehaus	Luxury
Marriott	JW Marriott	Munich	INKA Karlsplatz GmbH & Co. KG	Luxury
Marriott	JW Marriott	Frankfurt	DWS Group	Luxury
MHP / MOOONS Operations Alpha	Mooons	Vienna	Real I.S.	Upscale

Source: Company data Warburg Research

All in all, MHP's strong competitive quality is underpinned by its successful track record and its excellent reputation built on established partnerships with well-known brands and investors, which ultimately gives MHP strong bargaining power to secure better deals.

Successful food & beverage (F&B) concept

The F&B concept implemented by MHP forms unique selling points with a positive impact on the average room rate structure. F&B contributes more than 19.5% to group revenue. The attractiveness of a hotel increases with a restaurant or/and bar according to various studies. At the Le Meridien Hotel located in Hamburg, room revenues increased by c. 19% from EUR 11m to EUR 13m from 2014-2019. F&B revenues increased by as much as 71% from EUR 3.5m to EUR 6m in the time period 2014-2019 thanks to the revamp of its Restaurant and Rooftop Bar 'Heritage'.

Key success factor: F&B

Especially during low seasons, hotel restaurants and bars contribute to hotel revenue, as they are also open to guests who are not staying at the hotel. By creating a venue, the hotel appeals to more customers in the local area, which results not only in higher revenues but also higher brand awareness.

MHP has shown its high competence by implementing well-designed food and beverage concepts into existing hotel concepts.

Proven F&B concept

Source: Company data

Co-investments broaden the business model

In 2021, MHP expanded its business model by making co-investments in hotel properties, resulting in additional earnings opportunities for MHP Hotel AG. In line with this strategy, MHP entered a joint venture as a co-investor in the Marriott Basel property. As a co-investor, MHP stands to benefit from a potential increase in the real-estate value over time.

The option of co-investment represents a value in itself

This contrasts with its other agreements in which MHP acts as the operator and leaseholder of properties which are owned by large institutional investors such as DEKA, Union Investment, and DWS. Under the joint-venture agreement, MHP holds a 5% ownership interest in Marriott Basel. The remaining ownership and operation is under the control of Tempus Holdings 93 S. à. r. l. Under the agreement, MHP is paid a fixed amount for repositioning and operating the business. Moreover, as a co-owner, MHP is entitled to lease and management income, and will potentially benefit from an associated increase in property value in the event of a sale. Expanding this business may require additional funding to ensure MHP's access to sufficient liquidity.

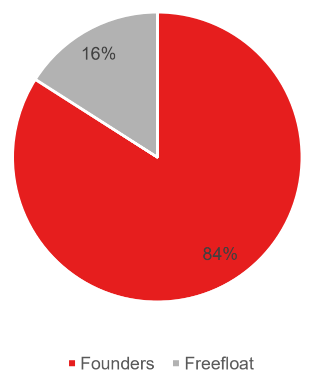
Our valuation does not take this equity participation into account, but there should be potential upside in the event of a sale, provided that the property has increased in value. But, especially with regards to the future, MHP is in a comfortable position here. Given a potential expansion of the hotel portfolio, there will be future options to co-invest. The potential of selecting only the best options to join an investment represents a value itself.

Management participation aligns the interests

Management participation

MHP has a participation scheme which serves the alignment of management and shareholder interests. Following the reverse IPO, the majority of the shares (84%) are in the hands of the four founders, who have been successfully leading the company since 2012. One of the four founders is also currently represented on the supervisory board so that even with the change in the group structure, the personnel continuity is ensured and the company can continue to benefit directly from the experience and contacts of the founders.

Ownership structure



Source: Company data

Conclusion

- As a successful white-label operator, MHP has built a strong track record and reputation in the hospitality industry and formed high entry barriers
- As the go-to hospitality platform, MHP is not only seen as an accretive hotel operator by institutional investors but is also actively pursued by brands like Marriott and Hilton to operate their franchise businesses

- With its expertise in implementing F&B concepts, MHP is able to enhance the attractiveness of hotels in the perception of tourists and local visitors
- Its focus on premium and luxury hotels allows MHP to show a sustainable earnings profile and profit profile. MHP has a solid customer cluster (around 50:50 tourists and business), which leads to a comfortable revenue risk profile.

Analysis of Return on Capital

- Low level of goodwill shows the successful acquirement history
- Solid balance sheet quality backed by decent equity ratio
- Capital returns look set to recover on the back of improving profitability

Amortizations (HGB accounting) hide the real earnings potential

Capital employed

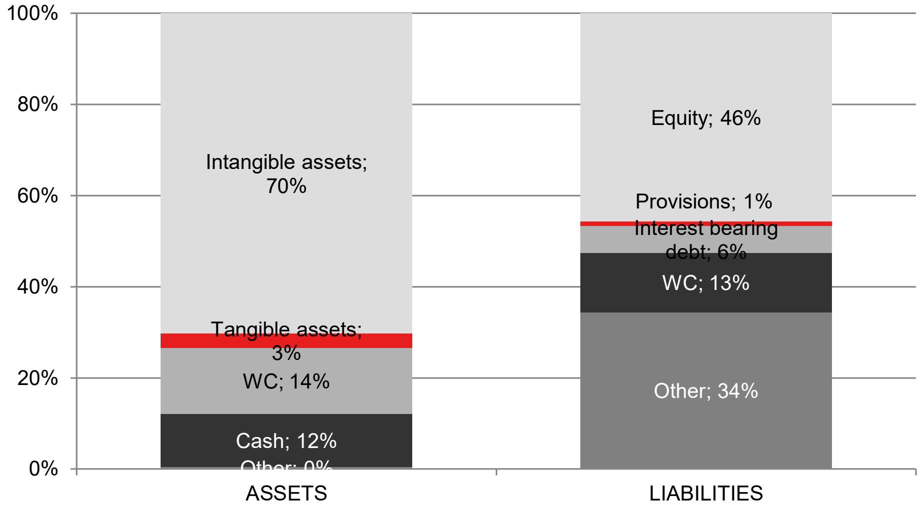
Low capital intensity

Since MHP acts as a leaseholder, the company's business is not capital intensive. tangible assets account for only 3% of the balance sheet, which amounted to EUR 119.4m in FY 22. Intangible assets represent around 70% of total assets, reflecting MHP's focus on lease contracts. MHP has invested around EUR 3.0m in furniture, fixtures and equipment to remodel the portfolio assets in the past five years (2% of sales on average).

Intangible assets of EUR 84m in FY 22 include goodwill of EUR 23.8m, which resulted mainly from the reverse IPO. Historically, MHP's goodwill accounted for only EUR 200,000. The asset quality looks solid, in our view, considering that MHP had write-downs of only EUR 20,000, in the past three years demonstrating the high quality of its hotel operations. Capitalized leasing contracts and concessions were at EUR 60.0m.

The (23.8m) will be amortized over the remaining term of the contract, the latter over nine (of originally 10) years according to German GAAP (HGB). In total, amortization amounted to EUR 6.5m in FY22.

Capital-light business



Source: Warburg Research

Considering MHP's moderate capex requirements, depreciation until 2020 was mostly on intangible assets such as the activated valuation of the lease contract of Le Meridien in Stuttgart and goodwill. In 2021, approximately EUR 600,000 in depreciation on tangible assets was added as a result of renovations at the Hotel Luc in Berlin and represent a one-time effect.

Due to the first-time consolidation of Munich Hotel Partners with MHP Hotel AG in FY22, all hidden reserves of Munich Hotel Partners GmbH were assessed and activated on the balance sheet. The hidden reserves consisted of the lease contracts of the hotel portfolio as of January 1, 2022. All lease contracts were valued at around EUR 62m, which will be written off over the respective term of the lease contract. In 2022, this depreciation amounted to EUR 3.4m. Corresponding to the depreciation, EUR 1.1m in deferred taxes were released, increasing the net result. The depreciation and deferred taxes will repeat to the same extent until the end of 2026.

Working capital

MHP's working capital is relatively low, accounting for between 2% and 3% of sales. Low working capital is typical for companies with a high leasing share.

As a franchisor, MHP does not usually own the real estate or hotels that it operates, but instead works with property owners who lease their properties to MHP. This allows MHP to operate with a low overhead cost structure and minimal working-capital requirements.

Low working-capital requirements

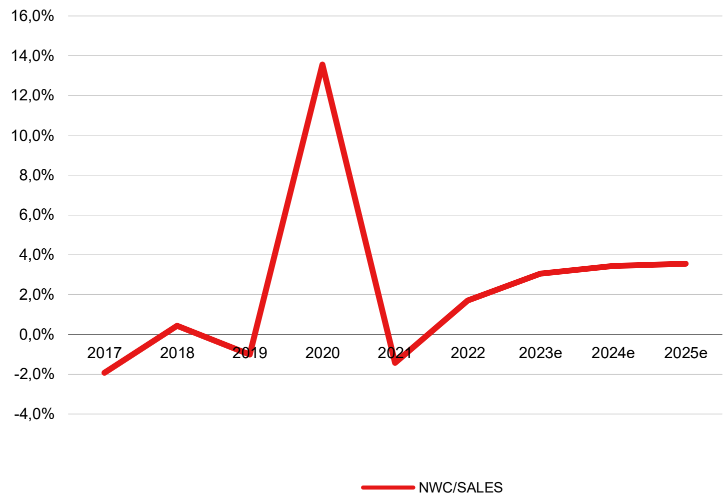
MHP also controls the costs associated with managing its hotel properties by outsourcing key services such as cleaning and maintenance to third-party service providers, which further reduces the need for a large working capital requirement.

Combined, these factors result in a lower working capital requirement for MHP, making it possible for the company to grow and expand its franchise business with limited financial exposure.

The low working capital requirement enables MHP to produce strong and consistent financial results, which should allow the company to continue its growth, invest in development and maintain its position in the market.

Since the company is only a leaseholder of the buildings, including all the hotel inventories, the total assets of the company can be seen significantly below EUR 0.5m. The inventory and receivables amounted to only 4.0% and 4.5% of the respective revenues in the two pre-Covid years FY2018 and FY2019. On the other hand, since MHP receives a high proportion of upfront payments and abides by normal payment terms with suppliers, in normal years the company is able to achieve slightly negative working capital.

Capital-light business



Source: Warburg Research

Cost reduction during Covid

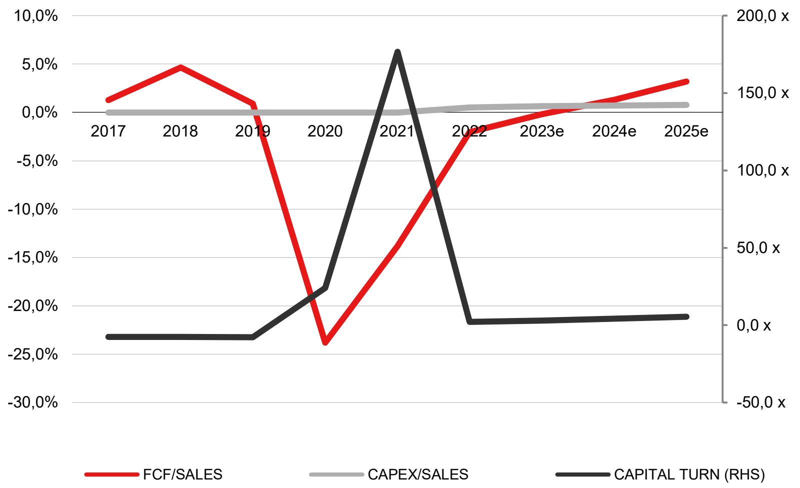
Covid-crisis underlined the management quality of MHP

MHP implemented significant cost-cutting measures to capitalize on state-supported opportunities. In 2019, material expenses such as rent, wages, franchise fees, consumables, cleaning, and reservation fees totalled EUR 55.2m, representing a nearly 50% year-over-year material expenditure rate. By 2020, this figure had dropped by 49% yoy to EUR 27.9m, with two-thirds of the reduction attributed to rental fees, which accounted for 46% of material costs in 2019. Personnel costs saw an even more substantial reduction, decreasing by 52% yoy to EUR 15.1m. This was accomplished in part by reducing the workforce by 17% but primarily by extensive use of short-time work arrangements. Furthermore, operating costs were slashed by more than a third to EUR 14.7m due to savings in various output-dependent areas such as travel agency commission, replacement procurement, and credit-card fees. Contrary to the overall trend, MHP slightly increased its maintenance expenditure to take advantage of hotel closures for pending tasks. In 2020, pandemic-related state subsidies generated an additional EUR 12.7m in revenue for MHP mainly causing other operating income to quintuple from EUR 4.7m to EUR 20.7m in 2020. Despite these numerous measures and assistance efforts, MHP could not avoid posting a loss in 2020 but managed to limit it to EUR 3.3m, given the scale of the economic downturn. As a result, MHP bounced back to profitability in FY 2021, achieving a net income of EUR 2.1m. Net income in FY 2022 amounted to EUR -7.3m due to proportionally higher depreciation totalling EUR 6.6m (following the reverse IPO).

MHP's capital efficiency is considered solid, with free cash flow (FCF) constituting approximately 5% of sales. From 2017 to 2019, capital expenditure (capex) ranged between 0.5% and 1% of sales, which contributed to the growth of FCF. While capex is anticipated to remain at the lower 2022 level to bolster cash generation, investments of around 3-4% may be necessary to sustain the business and enable selective expansion in the medium term. An increase in FCF is projected for 2023 due to decreased capex and reduced working capital. MHP appears poised to ramp up investments again starting from 2023 onwards. Note that investments and renovations, according to USALI (accounting standard in the hotel industry), are often classified under the term "Direct Replacement FF&E" (furniture, fixtures & equipment). These represent operating expenses (opex) and not capital expenditure (capex).

Capital turn declined from around 2x to 1.2x between 2017 and 2022 burdened by the lacklustre operating development in 2020 and 2021. In sum, MHP's capital efficiency looks solid and the company should be able to maintain solid cash generation.

Capital efficiency



Source: Warburg Research

Debt

With a high equity ratio of 45.6% in FY 22, MHP's financial strength is considered sound, Total financial liabilities of EUR 7.0m mostly comprise liabilities to financial institutions.

Strong liquidity position

Given MHP's liquidity position of EUR 13.9m, the company had a net cash position of EUR 6.9m in FY 22, which should increase to EUR 12.6m in FY 23e on the back of improving profitability and cash generation. Hence, MHP should have considerable financial firepower.

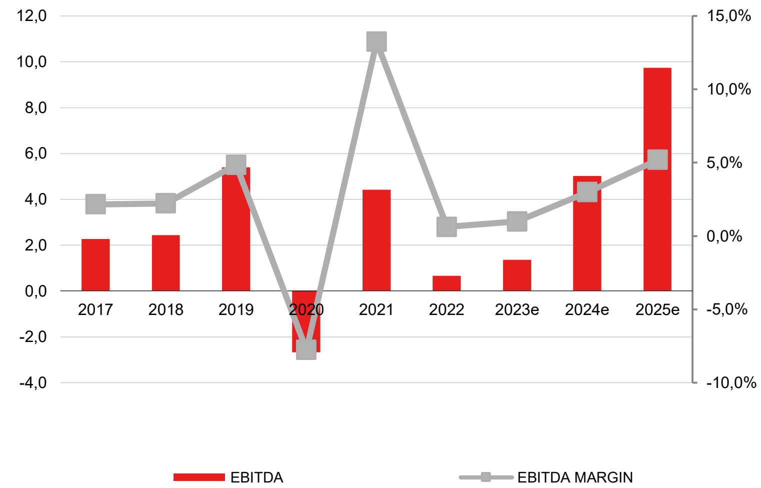
Its financial strength ensures that MHP, as an operator, can also navigate a difficult market environment. Even during the recent pandemic, MHP was able to expand its portfolio.

EBITDA and ROCE development

Covid years 2020-22 were extraordinary - return to 2019 margin levels in 2025

The beginning of 2022 was characterized by the expiring pandemic-related restrictions. As the year progressed, occupancy numbers began to normalize further. The overall EBITDA (EUR 0.7m) was burdened by one-off special effects. The background to the deviation was essentially provisions of EUR 2.8m and expenses of EUR 0.5m which primarily result from the ongoing controversial legal interpretation with regard to a possible repayment of Corona aid in Austria. Excluding the years 2020-2022, a healthy EBITDA and margin trend can be seen (also graphically).

EBITDA

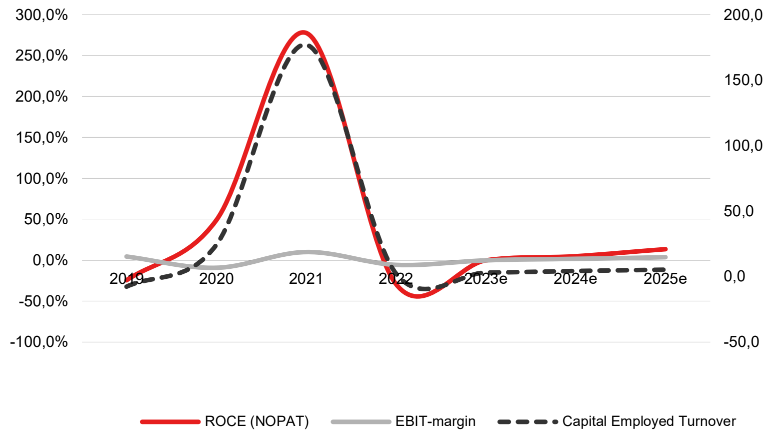


Source: Warburg Research

2020-22 ROCE not representative

Analogous to the development of EBITDA, ROCE should also follow the normal growth path again, while the years 2020-22 show strong distortions due to the pandemic and the (technical definition of the) capital employed (within the reverse IPO).

ROCE



Source: Warburg Research

Growth / Financials

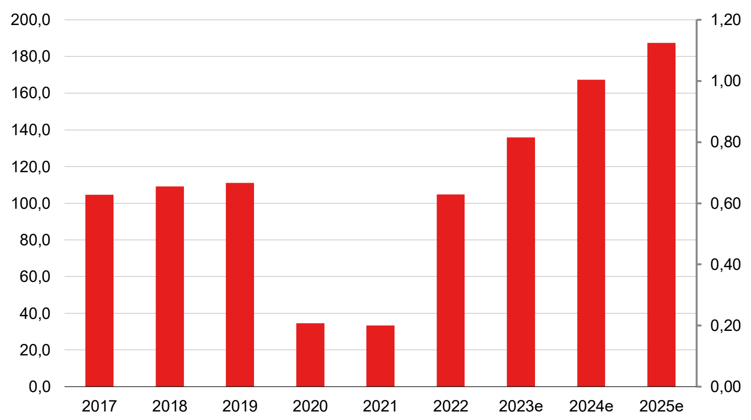
- Pent-up travel demand to support structural growth prospects.
- Profitability looks set to recover driven by the generation of synergies by YMCS GmbH, which is implementing a lean cost structure with subsidiaries.
- Post pandemic, there are new investment opportunities in financially shaken and abandoned hotel projects.

Pre-Covid levels to be exceeded

Pent-up demand

The Covid pandemic led to a decline in total MHP revenue of c. 70% to EUR 34.4m in 2020. In FY 22, when the recovery started, MHP lifted its guidance and achieved total revenue of EUR 105m, slightly below pre-Covid levels (with a significantly more efficient cost structure). Going forward, MHP's top-line growth should benefit from the pent-up demand in the short to medium term. We expect organic growth of 25% in FY23 and 25% in FY24 underlined by the figures of 2023 (Q1+Q2) as well as the EURO 2024.

Sales development of MHP



Source: Company data, Warburg Research

Recovery to pre-Covid levels to continue in FY23

Impressive Q2 figures show recovery

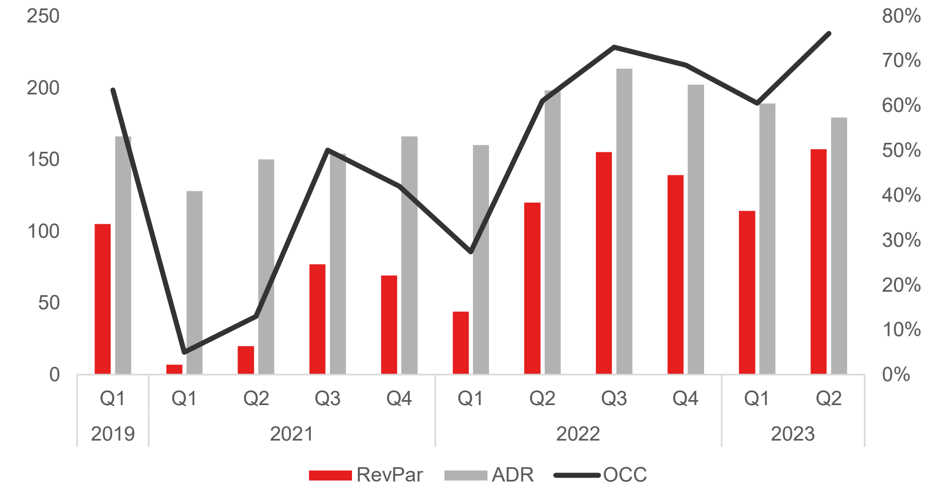
There were already signs of recovery in H1 2022, when the government eased restrictions. In Q4 22, the strongest quarter in FY22, recovery in demand for hotels, which started in Q2 22 after all Covid-19 related restrictions were lifted, continued strongly. The performance indicators, average room rate and revenue per available room, which are the most important key numbers in the hotel industry, have been consistently above the pre-Covid values since May 2022, based on the hotel portfolio before the pandemic. Q2 and Q4 are the strongest quarters in terms of average room rate.

In Q4 22, hotel guests already paid an average of EUR 202 for a room compared to EUR 166 in the same quarter of the previous year. Revenue per available room stood at EUR 139 compared to EUR 69 in Q4 FY21. The occupancy rate of the MHP hotels rose to 69% in Q4 22 up by 27pp yoy.

In Q1 FY23, the recovery continued. The occupancy rate increased from 27.4% in Q1 2022 to 60.5% in Q1 2023, almost reaching the pre-Covid level of 63.4% in the first quarter of 2019. The average room price in Q1 FY23 was EUR 189, significantly higher than the previous year's value of EUR 160 and above the level of the first quarter of 2019 with EUR 166. The key metric Revenue per Available Room (RevPAR) also improved from EUR 105 before the pandemic (first quarter of 2019) to EUR 114 in Q1 FY23. In Q2 23, the RevPar of the portfolio of EUR 157 exceeded the pre-Covid level of EUR 135.

In the last AHGZ ranking of the top 50 hotels in Germany with the highest turnover, MHP was ranked number-one in terms of average room prices. MHP expects to consolidate the position of price leader in the future.

Quarterly RevPar, ADR and OCC development



Source: Company data

EURO 2024 – a benefit for hotels in cities

UEFA Euro 2024

With the upcoming UEFA Euro 2024 football tournament in Germany, MHP should benefit from its prime city-centre locations such as Munich, Berlin, Stuttgart, Hamburg and Düsseldorf, where the football matches will be played.

When Germany hosted the FIFA World Cup in June 2006, hotels bookings increased by 1.6m yoy and in July 2006, when the final took place, bookings increased by 0.6m yoy (Statista). In 2016, the UEFA Euro Cup took place in France. The average hotel price on each match day compared to the price during the same period the year before, demonstrated in increase of up to 471% in Lille, France. On average hotel prices increased by 184% in 2016. We expect similar trends for the upcoming tournament, which should provide further upside to MHP revenue.

Average hotel price increases UEFA European Cup in 2016 in France

Date	Match	Host City	Average Price	Average Price 2015	Percentage Increase
10 June	France vs Romania	Saint-Denis	240.0	102.0	135%
11 June	Albania vs. Switzerland	Lens	176.0	49.0	258%
11 June	Wales vs. Slovakia	Bordeaux	236.0	105.0	125%
11 June	England vs. Russia	Marseille	248.0	82.0	202%
12 June	Poland vs. Northern Ireland	Nice	236.0	110.0	115%
12 June	Germany vs. Ukraine	Lille	369.0	77.0	378%
13 June	Spain vs. Czech Republik	Toulouse	173.0	69.0	152%
13 June	Ireland vs. Sweden	Saint-Denis	224.0	102.0	120%
13 June	Belgium vs. Italy	Lyon	336.0	81.0	314%
14 June	Austria vs. Hungary	Bordeaux	245.0	105.0	134%
14 June	Portugal vs. Iceland	Saint-Étienne	159.0	48.0	233%
15 June	France vs. Albania	Marseille	215.0	82.0	162%
15 June	Russia vs.Slovakia	Lille	401.0	77.0	420%
16 June	England vs. Wales	Lens	159.0	49.0	224%
16 June	Ukraine vs. Northern Ireland	Lyon	254.0	81.0	212%
16 June	Germany vs. Poland	Saint Denis	220.0	102.0	115%
17 June	Czech Republic vs. Croatia	Saint-Étienne	159.0	48.0	233%
17 June	Spain vs. Turkey	Nice	232.0	110.0	112%
17 June	Italy vs. Sweden	Toulouse	187.0	69.0	172%
18 June	Belgium vs. Ireland	Bordeaux	246.0	105.0	135%
18 June	Iceland vs. Hungary	Marseille	221.0	82.0	169%
19 June	Switzerland vs. France	Lille	313.0	77.0	307%
19 June	Romania vs. Albania	Lyon	232.0	81.0	185%
20 June	Slovakia vs. England	Saint-Étienne	173.0	48.0	261%
20 June	Russia vs. Wales	Toulouse	193.0	69.0	181%
21 June	Ukraine vs. Poland	Marseille	213.0	82.0	159%
21 June	Croatia vs. Spain	Bordeaux	235.0	105.0	125%
21 June	Czech Republic vs. Turkey	Lens	182.0	49.0	271%
21 June	Sweden vs. Belgium	Nice	230.0	110.0	110%
21 June	Italy vs. Ireland	Lille	440.0	77.0	471%
21 June	Iceland vs. Austria	Saint-Denis	219.0	102.0	114%
21 June	Hungary vs. Portugal	Lyon	232.0	81.0	186%
		Average:	237.4	81.8	203%

Source: Hospitalitynet

Notably, prices and hotel accommodation rates during the UEFA Euro Cup in 2020 were skewed by travel restrictions and the Covid pandemic. Therefore, we expect trends similar to 2016 for the upcoming tournament in Germany, where of 85% of MHP's hotel revenues are earned.

Inorganic growth drivers

More franchise contracts

Inorganic growth should support MHP's top line. The franchise proportion in the luxury and upper-upscale segment is low, especially compared to the midscale and economy segments.

Franchise is still underrepresented in Europe

In Europe the proportion of franchise hotels stands at 40%. In the US, it is double that. The German market offers catch-up potential in terms of franchise contracts. The German market for hospitality is estimated at USD 18.04bn. In the past five years, the market grew at a CAGR of 1.96% and is expected to continue its growth trajectory to USD 17.77bn in 2026 (source: Statista Market Insights).

The hospitality industry in Germany is projected to grow at a CAGR of 2.3% by 2027 and revenue from German accommodation services is expected to reach EUR 27bn by 2026. Hotels in Germany are projected to grow by 1.22% from 2023-2027, resulting in a market volume of EUR 15.54bn in 2027.

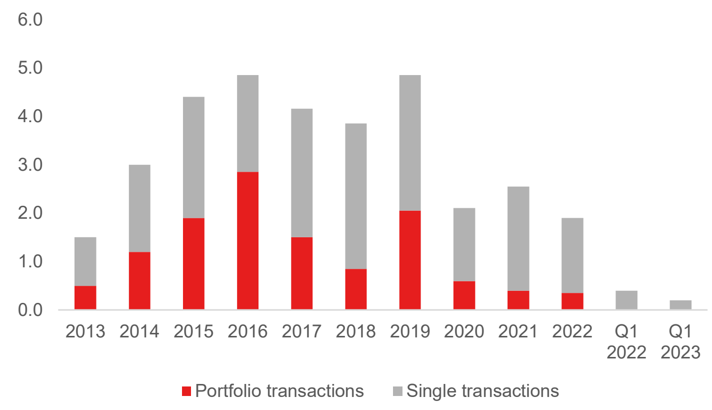
Consolidation of the market

Since the pandemic, hotels have suffered losses of around EUR 125bn, a decrease of more than 50%.

Opportunistic transactions possible?

The German hotel transaction volume stood at around EUR 2bn in FY22, after a slump of 58% from EUR 4.8bn in 2019 to EUR 2bn in 2020. Since the pandemic, the volume of hotel transactions in Germany have been recovering slowly. However, transaction volumes are being held back by price expectations and interest-rate developments. Among the main reasons for the incompletion of transactions are 1) the increase in interest costs 2) increase in construction costs and 3) differing price expectations.

Hotel transaction volume in Germany in EURbn



Source: JLL

Many operational hotel markets have recovered significantly from the effects of the Covid pandemic in recent months. Nevertheless, higher interest rates, inflation and fears of recession have severely weakened momentum in the investment market. Pricing is currently another challenge, which is leading to uncertainty among market participants. Some market participants expect yields to continue to rise and prefer to observe rather than engage in investment activity for the time being. All in all, the first half of 2023 is expected therefore to be characterized by uncertainty and restraint.

List of recent takeovers and properties for sale in Germany

- Premier Inn has acquired six hotels in Germany with around 900 rooms, which it is refurbishing and rebranding as its budget chain.
- B&B Hotels has acquired a new hotel in Germany, adding to its portfolio of 164 hotels in the country.
- NH Hotels Group has secured a long-term lease agreement for a 204-room hotel in the heart of Hamburg, Germany, which is set to open under the nhow Hotels brand in 2025.
- PATRIZIA Immobilien AG has acquired six hotel developments across major German cities, which have been branded under a well-known hotel chain.
- Pandox AB has acquired seven hotel properties with a total of 1,532 rooms in Germany
- Meliá Hotels International has acquired the Innside Hotel Leipzig, which will operate under the Meliá brand from 2022.

As MHP is one of the leading hotel operators and a partner for real-estate investors, we expect the company to participate actively in the investment market going forward, especially as there are new investment opportunities in financially shaken and abandoned hotel projects (post-pandemic, high interest rates and high general costs).

Bottom-line growth

The main drivers of bottom-line growth besides the classical economies of scale are synergies, automation, expansion into the luxury segment and the use of its own brand (MOOONS).

Synergies generated with YMCS GmbH and lean cost structure with subsidiaries

Synergies in centralising services

Over the past two years, as a response to the Covid-19 pandemic, MHP has consolidated central activities such as accounting, controlling, and sales into YMCS GmbH. TS GmbH integrates central activities such as IT systems and employs civil engineers for construction or renovation projects. By centralizing services within its subsidiaries, the company successfully lowered operating expenses, resulting in a positive EBITDA margin contribution of 1.5pp. Significant savings were realized, and MHP's EBITDA margin increased to 13.2% post-Covid in FY21. In FY 22, the EBITDA margin was significantly lower due to provisions for the potential repayment of Austrian state aid during the pandemic, although it is not clear if the company needs to pay it back. Going forward, MHP anticipates additional synergies in areas such as purchasing and expanding key account management systems.

During the pandemic, MHP centralized all services in the commercial areas (sales, marketing, revenue management, events), in the finance areas (accounting, controlling, procurement) and technical fields (IT, construction and technical services). These services are provided by two central group companies (YMCS GmbH & MHP Technical Services GmbH) for all hotels in the portfolio. Before the pandemic, each of these services would have been located separately in each hotel. This measure has already enabled MHP to make significant savings on OPEX. MHP expects further centralization to show further economies of scale, particularly as its portfolio grows.

Unlocking potential with automation

MHP aims to enhance profitability by automating central tasks. To achieve further cost savings, MHP implemented several projects in the areas of digitization and process optimization. These include the following:

Automation in the hotel business offers huge potential

- In a large number of the hotels, MHP has already switched to a new cash register system that enables a higher degree of digitization. The remaining hotels will follow in the coming months.
- In shift and personnel planning, MHP is currently developing AI to automate the shift planning process. The focus here is on demand orientation (personnel should be used when effort arises). With an AI Solution, MHP will be able to forecast sales and staffing needs automatically per position and hour as well as intelligently suggesting shifts that match the required staffing profile of each hotel. In the long term, MHP will also optimize the purchasing process supported by AI.
- For the MOOONS brand, MHP is currently implementing a significantly more digitized standard of its system landscape (MHP has more freedom here than, for example, under a Marriott franchise agreement). MHP will benefit from this as the brand continues to expand.
- In various operational areas, MHP is introducing digital solutions or connecting systems (e.g., Optii Solutions for housekeeping optimizes labour and cleaning sequences through predictive technology and automation).

Expanding into the luxury segment for improved margin profile

MHP has recently entered the luxury segment with its latest projects, which is expected to boost its operating margin. During Covid, the portfolio expanded since mid-2021 to include four hotels and a co-investment, three of which are situated in the high-margin luxury segment, including the Luc in Berlin, JW Marriott in Frankfurt, and Koenigshof Munich.

MOOONS

MHP plans to open additional smaller upscale hotels under its own brand, MOOONS. This will enable MHP to generate higher gross margins without incurring franchise fees. As a result, MOOONS already operates at a high margin-level, further enhancing the group's profitability. MHP is expected to open one to two MOOONS hotels per year across Europe.

In particular, MHP plans to establish MOOONS as a "Brown to Green" brand to sustainably renovate and operate hotel properties. With MOOONS, MHP is able to form its system landscape. For MHP's franchise hotels from Marriott and Hilton, the company often has to use the software provided by the respective hotel chain. As the MOOONS brand belongs to MHP, the company can build the operational system landscape according to its needs. This allows MHP, for example, to digitize more processes. The collected data belongs to MHP, and the company can better coordinate interfaces and programs. As a result, processes in the back office, customer inquiries, and customer contact should especially benefit from streamlining.

Another synergy comes from the possibility of sharing staff in different cities. If MHP already operates a hotel in a large city, it can be very sensible and cost-effective to use technicians and service personnel for several brands within a city and thus to optimally utilize them. This can also have positive effects on margins.

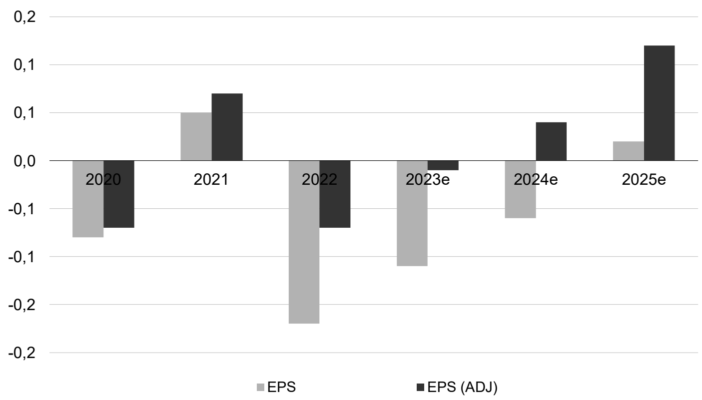
Valuation

- Adjusted EPS suggests attractive valuation
- DCF model leads to a fair value of EUR 2.80 based on a 4.5% TV EBIT margin, 3% long-term growth and 9.5% WACC

Adjusted EPS

The earnings situation at MHP does not paint a representative picture as depreciation is exceptionally high. Specifically, this concerns the lease agreements that were recorded for the first time as part of the reverse IPO. As a result of the initial accounting (EUR 62.7m), these are on the balance sheet at EUR 60.0m. The depreciation on intangible assets and tangible fixed assets amounts to EUR 6.5m. EUR 3.4m is attributable to the depreciation of the revalued rights of use (depreciation period of the respective lease agreements, typically 20-25 years) and EUR 2.6m to the resulting goodwill (depreciation period 10 years HGB) from the initial consolidation as part of the reverse IPO.

Adjusted EPS



Source: Warburg Research

DCF forms the central valuation approach

A general approach was chosen to determine the adjusted EPS. Here, 65% (discount compared to 100% for notional tax burden) of the reported depreciation on intangible assets was taken into account. The bar-chart above shows the development of the adjusted EPS determined in this way and, at first glance, the share is clearly very attractively valued based on this key figure. The following DCF model should be used to determine the value more precisely.

DCF model

The central approach to evaluating the MHP is the DCF model. The following operational parameters are included in the evaluation:

Sales:

- Sales growth of 20% in the next three years, driven by the strong targets in 2023 and the UEFA European football tournament in 2024.
- From 2030, growth will gradually level off to 3%.

Earnings:

- An increase in the EBITDA margin from 0.6% (2022) to 7.5% (gradually) in 2030, driven by economies of scale and synergies.
- Further increases in margins are not assumed in the model for reasons of caution.
- Likewise, apart from the classic reinvestment hypothesis, further projects are not explicitly factored in, outside the short-term planning period. This aspect in particular offers considerable further potential compared to the model.

The specific assumptions of the model are detailed below.

DCF model

	Detailed forecast period			Transitional period										Term. Value
Figures in EUR m	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	
Sales	131.1	161.2	180.5	193.2	204.8	215.0	223.6	230.3	237.2	244.3	251.7	259.2	267.0	
Sales change	*25.0 %*	*23.0 %*	*12.0 %*	*7.0 %*	*6.0 %*	*5.0 %*	*4.0 %*	*3.0 %*	*3.0 %*	*3.0 %*	*3.0 %*	*3.0 %*	*3.0 %*	*3.0 %*
EBIT	-6.0	-2.5	1.9	4.8	7.2	9.7	11.2	12.7	13.0	13.4	13.8	14.3	14.7	
EBIT-margin	*-4.6 %*	*-1.6 %*	*1.0 %*	*2.5 %*	*3.5 %*	*4.5 %*	*5.0 %*	*5.5 %*	*5.5 %*	*5.5 %*	*5.5 %*	*5.5 %*	*5.5 %*	
Tax rate (EBT)	*23.0 %*	*23.0 %*	*23.0 %*	*23.0 %*	*23.0 %*	*23.0 %*	*23.0 %*	*23.0 %*	*23.0 %*	*23.0 %*	*23.0 %*	*23.0 %*	*23.0 %*	
NOPAT	-4.6	-1.9	1.4	3.7	5.5	7.5	8.6	9.8	10.0	10.3	10.7	11.0	11.3	
Depreciation	7.4	7.5	7.9	7.7	7.2	6.5	4.5	4.6	4.7	4.9	5.0	5.2	5.3	
in % of Sales	*5.6 %*	*4.7 %*	*4.4 %*	*4.0 %*	*3.5 %*	*3.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	
Changes in provisions	0.4	0.0	0.0	-0.3	0.1	0.1	0.1	0.0	0.0	0.0	0.1	0.1	0.1	
Change in Liquidity from														
- Working Capital	2.4	1.4	1.1	0.1	0.4	0.4	0.3	0.2	0.2	0.2	0.3	0.3	0.3	
- Capex	0.9	1.2	1.5	2.3	2.9	3.4	3.8	4.1	4.7	4.9	5.0	5.2	5.3	
Capex in % of Sales	*0.7 %*	*0.7 %*	*0.8 %*	*1.2 %*	*1.4 %*	*1.6 %*	*1.7 %*	*1.8 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	
- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow (WACC Model)	-0.1	3.0	6.7	8.8	9.5	10.2	9.0	10.0	9.9	10.1	10.5	10.8	11.1	11
PV of FCF	-0.1	2.7	5.5	6.5	6.4	6.3	5.1	5.2	4.6	4.4	4.1	3.8	3.6	57
share of PVs	6.97 %			43.67 %										49.36 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	5.00 %	Financial Strength	1.30
Cost of debt (after tax)	3.5 %	Liquidity (share)	1.30
Market return	8.25 %	Cyclicality	1.30
Risk free rate	2.75 %	Transparency	1.30
		Others	1.30
WACC	**9.58 %**	**Beta**	**1.30**

Valuation (m)

Present values 2035e	58
Terminal Value	57
Financial liabilities	7
Pension liabilities	1
Hybrid capital	0
Minority interest	0
Market val. of investments	0
Liquidity	14
Equity Value	**120**

No. of shares (m)	43.2
Value per share (EUR)	**2.78**

Sensitivity Value per Share (EUR)

		Terminal Growth						
Beta	WACC	2.25 %	2.50 %	2.75 %	**3.00 %**	3.25 %	3.50 %	3.75 %
1.49	10.6 %	2.32	2.35	2.38	2.42	2.45	2.49	2.53
1.40	10.1 %	2.48	2.51	2.55	2.59	2.63	2.67	2.72
1.35	9.8 %	2.56	2.60	2.64	2.68	2.73	2.78	2.83
1.30	9.6 %	2.65	2.69	2.74	**2.78**	2.84	2.89	2.95
1.25	9.3 %	2.75	2.79	2.84	2.89	2.95	3.01	3.08
1.20	9.1 %	2.85	2.90	2.95	3.01	3.08	3.15	3.22
1.11	8.6 %	3.08	3.14	3.21	3.28	3.37	3.45	3.55

		Delta EBIT-margin						
Beta	WACC	-1.5 pp	-1.0 pp	-0.5 pp	**+0.0 pp**	+0.5 pp	+1.0 pp	+1.5 pp
1.49	10.6 %	1.73	1.96	2.19	2.42	2.64	2.87	3.10
1.40	10.1 %	1.86	2.10	2.34	2.59	2.83	3.07	3.32
1.35	9.8 %	1.93	2.18	2.43	2.68	2.93	3.19	3.44
1.30	9.6 %	2.00	2.26	2.52	**2.78**	3.05	3.31	3.57
1.25	9.3 %	2.08	2.35	2.62	2.89	3.17	3.44	3.71
1.20	9.1 %	2.17	2.45	2.73	3.01	3.30	3.58	3.86
1.11	8.6 %	2.36	2.67	2.98	3.28	3.59	3.90	4.21

- Long-term sales growth in line with market growth
- Long-term EBIT margin of 6%

Company & Products

Business model

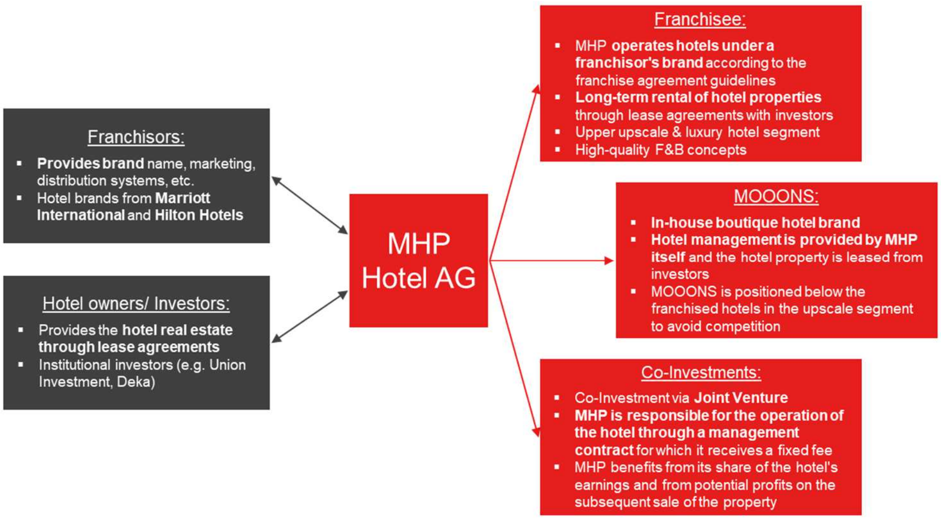
The Munich Hotel Partners (MHP) AG is the holding company of a group of hotel management companies and has been active since 2012 as an independent and founder-managed hotel investment and management platform with over 800 employees and a history of success as a franchisee of the world's largest hotel group, Marriott.

By leasing prime hotel properties in major European capitals and acting as a franchisee of luxury and premium hotel brands, MHP functions as a link between these market players and fills an attractive gap in the market, as hotel brand owners aim for an asset-light structure and usually, property owners either do not have the ambition to operate hotels or are required to generate their income from rental activities.

MHP specialises in the acquisition of existing hotels with franchise or lease agreements and in the restructuring of these agreements with large institutional investors such as Union Investment & Deka.

As hotel manager, MHP is responsible for the daily management of the hotel, which is divided into two task areas, the front-of-house activities that directly affect the guests (guest-facing), such as room service, food & beverages and reception. The back-of-house activities include everything that happens behind the scenes, such as personnel management, facility management and finance. The management of the franchised hotels must be carried out in accordance with the standards and requirements of the franchise agreement.

Business model



Source: Company data

In the course of establishing and repositioning new hotel locations, MHP focuses on high-quality F&B concepts with high-class ambience and dining, which is a core revenue driver in the hotel management business. This is supported by the company's own restaurant brand, Heritage.

Currently, MHP operates a total of nine hotels in the DACH region, eight of which are managed as franchisees of different Marriott International brands.

In order to diversify the business model and leverage margin potential, MHP opened the first location of its in-house upscale boutique hotel brand MOOONS in Vienna in 2021. In addition, MHP made its first co-investment in self-managed hotels in 2022. As a result, MHP receives fixed fees for the implementation and operation of the hotel as well as a share in the ongoing lease and hospitality contracts.

Product portfolio

The products that MHP offers are the services provided by its full-service hotels. All hotels managed by MHP are in the premium segment, which can be divided into three sub-segments. Most of the hotels that are part of the Marriott franchise are operating in the upper upscale market and are equipped with an extensive range of on-site facilities such as meeting rooms, fitness centres, spas, etc. The nine hotels currently managed by MHP offer a total of 2167 rooms and suites as well as 77 conference rooms. With the Hotel Luc in Berlin, the JW Marriott in Frankfurt and, in the future, the JW Marriott in Munich and the Conrad Hotel in Hamburg, MHP has four hotels in the luxury segment in its portfolio. While the company's own boutique hotel brand, MOOONS, can be classified as upscale, it addresses a lower price segment to avoid competition with other partners and hotels.

A central component of the hotel's offering, as well as its USP, is the repositioning of the gastronomy and bar in the course of the conversion of newly acquired hotels. The focus here is on high-quality cuisine, but especially on the quality of the atmosphere and service.

A prime example of successful F&B concept is Le Ciel at Le Méridien in Hamburg, which was transformed into the Heritage Restaurant & Bar during the renovation. This resulted in a 71% increase in revenue from 2014–2019. Thus, two other MHP hotels have Heritage-branded restaurants.

Hotel portfolio

- **Le Meridien Hamburg** was the first hotel acquired by MHP Hotel AG in 2013. The hotel is located by the Alster Lake in the trendy district of St. Georg and thus in the city centre of Hamburg. The stylish maritime design elements and the hanseatic flair reflect the hotel's affinity to Hamburg and the water. It offers 285 light-flooded rooms and suites with floor-to-ceiling windows, 15 conference rooms with individual solutions for six to 300 people within the new conference centre, a wellness and fitness area and a spectacular view over the lake from the two-story **Heritage Hamburg Rooftop Bar** on the ninth floor, which offers international cuisine and drinks.

Le Méridien Hamburg and Heritage Hamburg

Source: Marriott, Warburg Research

- **Le Meridien Stuttgart** was opened by MHP Hotel AG in 2015. The hotel is located near the city centre, between the Old Palace and the New Palace. It features 13 conference rooms in various sizes. For example, the magnificent and accessible Elysee ballroom for up to 300 people is ideal for celebrating milestones. The hotel offers 293 family-friendly and elegant guest rooms and suites as well as an 850sqm wellness area that is permanently open with steam baths, pools, sauna area and a fully equipped gym. The restaurant **"Kleinschmeckerei Stuttgart",** has a newly designed bar and summer terrace and is located in the hotel. It offers the finest premium cuts and claims to serve the best steaks in Stuttgart.

Le Meridien Stuttgart and Kleinschmeckerei Stuttgart

Source: Marriott, Warburg Research

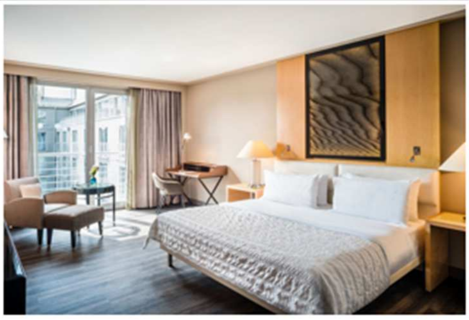
- **Le Meridien Vienna** is a design hotel between Schillerplatz and Ringstraße, close to the State Opera, the Hofburg and the Museumsquartier, and a work of art in itself. The cultural inspiration of the historic city of Vienna is reflected in unusual and modern design concepts combined with a wide range of art and entertainment. This art theme runs through the entire hotel and its rooms. It was acquired by MHP Hotel AG in 2016 and offers 294 stylish rooms and suites as well as 10 conference rooms with over 800sqm of event space for up to 350 people. In addition, the hotel offers a wellness and fitness area. The **YOU Restaurant & Bar** is located in Le Méridien Vienna and offers international dishes and drinks, as well as a terrace in the summer.

Le Méridien Vienna and YOU Vienna

Source: Marriott, Warburg Research

- **Le Meridien Munich** is located directly at Munich's main train station and aims to reflect Munich's artistic and cultural flair. For small top meetings as well as for large events, Le Méridien offers a total of nine unique light-flooded meeting rooms. Even 24-hour workstations are offered in the business centre. The 381 elegant, light-filled guest rooms and suites offer views of the hotel's beautifully landscaped courtyard or of the heart of the city centre. In addition, a 750sqm wellness, spa and fitness area is offered. In the summertime guests can gather in the Au Soleil Lounge or in **Irmi's** beer garden, which offers modern Bavarian cuisine. MHP Hotel AG took over Le Méridien Munich in 2016.

Le Méridien Munich and Irmi Munich



Source: Marriott, Warburg Research

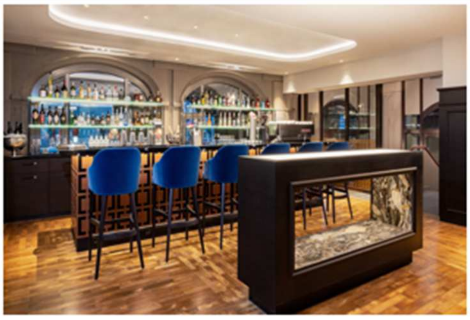
- The **Sheraton Düsseldorf Airport Hotel** is directly connected to the terminal of the international airport DUS and is uniquely located on the roof of the parking garage P3, surrounded by 10,000sqm of green space. The hotel rooms can be reached directly from the gate in just a few steps. It has 195 soundproofed rooms and suites, a fitness room and 17 conference rooms for up to 100 guests, including the hotel's green terrace as an event space with over 500m^2. All rooms are classically but, at the same time, very simply and stylishly furnished. The hotel's unique location gives guests direct access to the facilities of DUS Airport such as numerous restaurants and shopping seven days a week. In addition, guests can dine at the **Restaurant Otto**, which offers an international breakfast buffet, (business) lunch and à-la-carte dinner with a view of the airport.

Sheraton Dusseldorf Airport and Restaurant Otto

Source: Marriott, Warburg Research

- The Hotel Luc, Autograph Collection Berlin, was opened in February 2022. Located directly at the Gendarmenmarkt in Berlin, it reflects the history of Friedrichstadt and Prussia's heritage with charm through its clear design and concept. The hotel offers 92 rooms, some with balconies and views of the Friedrichstadt Church, including the Luc King Suite with 160sqm. The fitness area is located on the top floor of the hotel and offers a spectacular view over Berlin. The fitness area extends over two floors and is divided into a 24/7 training / fitness area and a spa area one floor below. At HERITAGE Berlin, guests will find a restaurant with modern cuisine and a bar with a terrace and a view of the French cathedral.

Hotel Luc, Autograph Collection Berlin and HERITAGE Berlin



Source: Marriott, Warburg Research

- The **JW Marriott Hotel Frankfurt** opened in April 2022 as the first hotel of the luxury Marriott brand in Germany. It is located in the heart of Frankfurt, close to the business districts, museums and the Zeil shopping district. Inspired by the principles of mindfulness, it offers six conference rooms and 218 of Frankfurt's most spacious guest rooms and suites with floor-to-ceiling windows and views of the skyline, which generates a peaceful atmosphere in the fast-paced and international city of Frankfurt. Guests will enjoy the many amenities of the Marriott International luxury hotel brand, including a luxurious spa and fitness area. These include the **Max on One Restaurant**, which offers high-quality international cuisine and is a popular meeting spot for hotel guests and Frankfurt residents, and the adjoining **Bar** for relaxed after-work drinks.

JW Marriott Hotel Frankfurt, Max on One Restaurant and Bar

Source: Marriott, Warburg Research

- The **MOOONS Vienna** is located between the 4th and 10th districts near Vienna Central Station and is the first location of the in-house boutique hotel brand MOOONS, which opened at the end of 2021.The MOOONS hotel is characterised by 164 MOOONS rooms with high-quality furnishings and round windows from which you can look over the roofs of Vienna and towards St. Stephen's Cathedral or Quartier Belvedere. These rooms create the striking hotel façade. In addition, six MOOONS Upper Space rooms with roof windows are offered, allowing for a unique sleep under the starry sky. The MOOONS Hotel Restaurant links to urban life and offers the perfect retreat with its adjoining garden area. Another highlight of the hotel is the modern MOOONS Rooftop Bar, with its stylish ambience for all kinds of events.

MOOONS Vienna

Source: MOOONS, Warburg Research

- The **Basel Marriott Hotel** opened in Q2 2022 and was formerly Swissotel Le Plaza. MHP acquired the hotel property with the US private equity company H.I.G Capital in 2021. The hotel was renovated with a comprehensive capex programme of c. EUR 12m. MHP will reposition the hotel under long-term management. The Basel Marriott Hotel compromises 239 rooms and is located in the old town and near the Baden train station with direct access to the exhibition and congress centre. The Basel Marriott Hotel is the first Anglo-American Hotel in Basel in the upscale segment. The Hotel is MHP’s first co-investment, for which MHP will only book a management fee. Moreover, MHP will proportionally participate in lease and lodging earnings.

Basel Marriott Hotel

Source: Marriott, Warburg Research

Planned Projects

Project 24 The Luxury Collection Munich

The Koenigshof Munich “The Luxury Collection” will be located in the city centre at Karlsplatz Stachus and will compromise 107 hotel rooms. While the concept of the hotel building is designed by the well-known Spanish architect Nieto Sobejano Arquitectos, the interior will be designed by New York star designer Yabu Pushelberg, positioning the hotel with a unique look.

The Hotel will be complemented by a rooftop bar with a view over Munich, making the rooftop bar a unique selling point for hotel guests and local customers. Under a long-term management contract with the Inselkammer family, MHP agreed to position the hotel in the local and international hotel market. The opening is scheduled for H1 FY 2024.

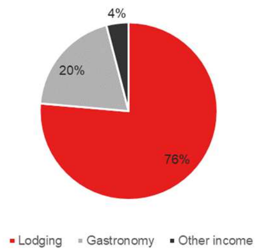
Project 25 Conrad Hotel & Resort Hamburg

MHP announced the successful completion of rental and franchise agreements for a new luxury hotel in December 2022. The Park Hyatt Hamburg is to be rebranded as Conrad Hotels & Resorts, an esteemed Hilton Group brand yet to make its debut in Germany. This agreement allows MHP to diversify its partner structure, previously largely dominated by the Marriott Group. The new Conrad Hotel comprises 283 rooms and suites and is set to open during the first half of 2025. The owner of the property is the Bach family.

Divisional revenue split

The sales of the MHP Group are divided into three sub-segments, lodging sales, gastronomy sales and other income. The Lodging segment includes all revenues generated by the pure hotel business, which is the core revenue driver of MHP and represents the main share of revenues (76%). The Gastronomy segment covers all revenues generated by the F&B concepts, i.e. primarily restaurants and bars. Due to the focus on outstanding F&B concepts, these represent almost a quarter of the top line (20%). The final 4% is made up of other revenues from services such as non-inclusive spa amenities, parking, hotel WLAN, etc.

Sales by segments in 2022



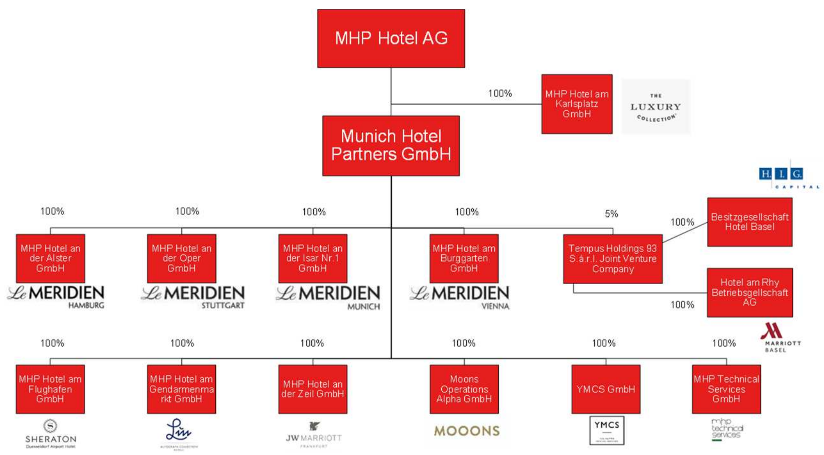
Source: Company data

Corporate and shareholder structure

Corporate structure

The operative core of the MHP Group is Munich Hotel Partners GmbH, which was founded in 2012. For the management of the individual hotel locations, MHP GmbH owns 100% of the independent hotel operating companies. The exception is the Marriott Hotel in Basel, in which MHP GmbH has a 5% co-investment via Tempus Holdings 93 S.á.r.l. Joint Venture Company. This joint venture, in turn, holds 100% of the hotel's operating and ownership companies. The MHP Hotel AG is solely a holding shell which was bought in the course of a reverse takeover in 2021 as Lifespot Capital AG and later renamed to MHP Hotel AG. However, the core of the holding company remains MHP GmbH, which continues to hold the central functions of the group, such as accounting, strategy, human resources, controlling and financing.

Corporate structure



Source: Company data

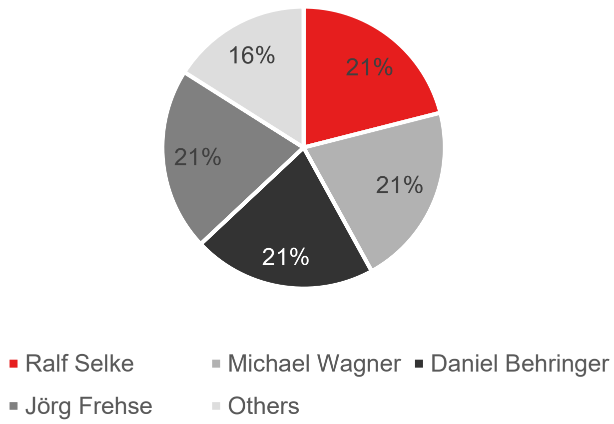
In order to centralize cross-divisional tasks and save costs, MHP has founded two specialized service companies. MHP Technical Services GmbH provides structuring, consulting, planning, controlling and management services for the restructuring and development of real estate projects, existing properties and real-estate portfolios. YMCS GmbH was founded to provide overarching hotel management activities in the areas of purchasing, finance, marketing, sales and revenue management for the operating hotel companies. IT and technical services are part of the MHP Technical Services GmbH.

Shareholder structure

In the course of the reverse takeover in 2021, Lifespot Capital AG incorporated Munich Hotel Partners GmbH into the group. This took the form of a capital increase through contributions in kind, by which 33.1m new shares were issued to the four founders and previous owners of MHP GmbH, Jörg Frehse, Ralf Selke, Michael Wagner and Daniel Behring. The total number of shares today amounts to 43.25m.

The majority of the shares are still held by the founders, which leads to a relatively low free-float position. However, this is to be significantly expanded within the framework of future capital increases in order to strengthen the attractiveness of the share as well as its awareness and the confidence of the capital market.

Shareholder split

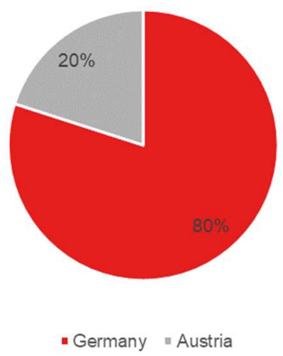


Global presence

MHP Hotel AG is currently only active in the DACH region. Until autumn 2021, the group had four locations in Germany and one in Vienna. In the course of 2021 and 2022, four more hotels were added to the portfolio. Two more locations in Germany, the first co-investment in Basel, Switzerland and the first hotel of the in-house brand MOOONS in Vienna. The lease and franchise agreement for the 10th and 11th hotels of MHP Hotel AG, the Koenigshof Munich (The Luxury Collection) and the Conrad in Hamburg, have already been signed, with the hotel opening planned for 2024 and 2025.

However, a further expansion offensive is planned. More locations are to be added to the portfolio, again including hotels under the franchise model, hotels under the company's own brand and hotels as co-investments. In order to expand beyond the DACH region, further growth is planned in European cities that are established in terms of tourism and business, such as Amsterdam, London, Paris, Prague or Barcelona. Considering the portfolio expansion already conducted and plans for future expansion, MHP Hotel AG expects consolidated revenues of between EUR 135-150m in 2023 and EUR 180-200m in 2024. Despite optimistic forecasts, MHP does not commit to concrete portfolio growth per year, as MHP's aim is not to grow at all costs but to expand its portfolio if the deal structure is suitable.

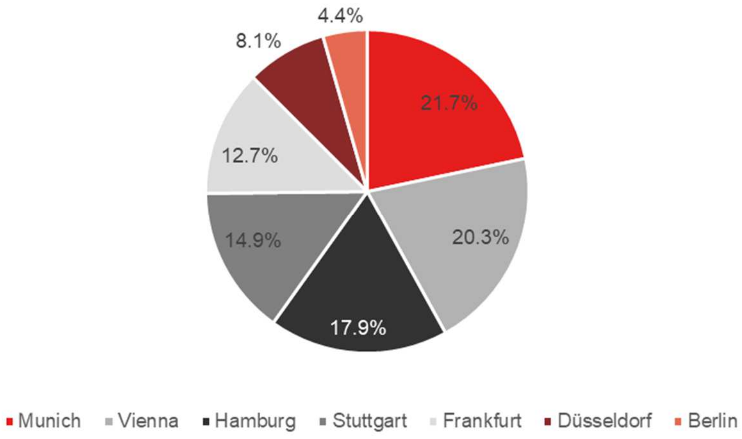
Revenue split by country in 2022



(The graphic only includes the Marriott Hotel Basel at 5% / consolidation)

Source: Company data,

Revenue split by city in 2022



Source: Company data

Management

Three of the four founders are currently members of the management board and one is a member of the supervisory board. This ensures that, despite the change in the group structure, continuity is guaranteed in terms of personnel and the company can continue to benefit directly from the experience and contacts of the people who shaped the company.

Dr. Jörg Frehse (Chief Executive Officer)

Dr. Jörg Frehse is a founder and managing director of MHP. He previously served as the head of hotel development at Arabella Sheraton Hotel management GmbH, which was later known as Arabella Starwood Hotels & Resorts. Arabella Starwood was a joint venture between Starwood Hotels & Resorts and the Munich-based Schoerghuber Corporate Group, managing the activities of 43 hotels in Germany, Austria, Switzerland, Mallorca, and South Africa until 2011.

Ralf Selke (Chief Financial Officer)

Ralf Selke, a founder, managing director and member of the directors' board of MHP, brings with him over 15 years of experience in the real-estate private equity industry. He has closed transactions worth over EUR 4bn in total. Mr. Selke's professional career started with the responsibility for the German market, working closely with the Deutsche Bank and Bankers Trust, in the Frankfurt, London, and Munich offices. He went on to work at Grove International Partners, where he managed the sale and leaseback activities and was instrumental in setting up the European hotel platform. Mr. Selke's expertise in the refinancing of hotel properties led him to successfully refinance around EUR 200m of debt before joining MHP.

Michael Wagner (Chief Operating Officer)

Michael Wagner is a founder and member of the directors' board of MHP Hotel AG and is responsible for company operations. He comes from a Swiss hotelier family that still owns and operates property and hotels in Switzerland. He received his education from the Ecole Hotelière de Lausanne and honed his operational business knowledge at Four Seasons Hotels & Resorts. Prior to joining MHP, Michael was the director of cost control and development for the hospitality division at Hudson Advisors Germany GmbH, where he set up a hotel platform to centralise operational control of the hotels with the goal of reducing costs and repositioning. Conclusively, Michael brings a wealth of experience and expertise to the MHP.

Supervisory board members

Daniel Beringer

Daniel Beringer is the fourth co-founder of MHP Hotel AG, operating in the areas of strategy, finance and financing activities. He has assisted in the financing and development of companies with aggregated revenues of EUR 1 bln. With over 20 years of experience as an entrepreneur and private equity professional with investments in the sectors of business services, tech, real estate and infrastructure, he has been able to significantly support the development of MHP. Since October 1, Daniel Beringer has been a substitute member of the supervisory board.

Christoph Härle

After completing his training as a hotel clerk at the Inter-Continental Hotel Hamburg, Mr. Christoph Härle studied economics at the University of Surrey, England. He worked for 25 years at JLL Hotels and Hospitality and most recently as managing director of JLL Hotels & Hospitality EMEA. His focus was on large, complex hotel real estate and operator contract constructions. Under his supervision and management, well over 150 hotels have been transacted with a capital value exceeding EUR 5 billion. With his expertise, he founded Härle Hotel Solutions, which specialises in transaction advice, contract negotiation and strategy consulting for the industry. With the resignation of Dr. Kai-Udo Hübner, Mr. Härle was appointed to the supervisory board of MHP Hotel AG on December 10, 2021.

Karsten Müller-Uthoff

With a degree in business administration, Karsten Müller-Uthoff embarked on a lengthy career in the insurance industry, working for ERGO Insurance. After joining the Hannover Re Insurance Group, he worked five years as a director in asset management and also qualified as a tax advisor. Following this, he spent three years as a director in asset management at the VGH insurance group before joining Ärzteversorgung Niedersachsen, where he served as the managing director of asset management for 24 years. He has since retired from this role and now works as an independent consultant in the industry.

Company history

In 2012, the MHP Hotel AG originally MHP GmbH, was founded by Dr. Jörg Frese, Ralf Selke, Michael Wagner and Daniel Behringer. Since then, MHP has built up a significant hotel portfolio and established its name in the industry. Milestones in the strategy and acquisition of new hotels are:

- **2013 Le Meridien Hamburg** – By restructuring the contractual obligations with the new landlord, Aerzteversorgung Niedersachsen and the franchisor, Starwood/Marriott, as well as making investments of over EUR 25m, MHP's first hotel in the upper-upscale segment was added to the portfolio. The first branch of the in-house restaurant chain Heritage was also opened there. This hotel is operated by MHP Hotel an der Alster GmbH.
- **2015 Le Meridien Stuttgart** –With the takeover of an over-indebted operating company in the context of a share deal, MHP restructured the management contract into a franchise contract and provided new lease guarantees to the landlord, Union Investment. Thus, the second Marriott Méridien location was opened. This hotel is operated by MHP Hotel an der Oper GmbH.
- **2015 Le Meridien Frankfurt (discontinued in 2021)** – The then third location of the Le Meridien hotel brand was opened in Frankfurt. In 2021, due to the ongoing difficulties due to the Covid crisis, operations were discontinued or transferred to another distribution company. Until its discontinuation, the hotel was operated by MHP Hotel an der Zeil GmbH.
- **2016 Le Meridien Munich** – Le Méridien Munich was opened as part of a takeover via a share deal in the context of the insolvency of PropCo. The contractual obligations with Deka and Starwood/ Marriott were also restructured. Around EUR 12m was invested in the complete modernization of the hotel. In 2018, its new restaurant Irmi was opened. This hotel is operated by MHP Hotel an der Isar Nr. 1 GmbH.
- **2016 Le Meridien Vienna** – Following the insolvency of the OpCo side, another takeover was carried out and Le Méridien Vienna was opened. In the course of the takeover, new lease and franchise agreements were signed with Deka and Starwood Marriott. In 2018, the new restaurant YOU was subsequently opened. MHP Hotel am Burggarten GmbH operates this hotel.
- **2017 Sheraton Düsseldorf** – With the Sheraton Düsseldorf Airport Hotel, MHP opened its first hotel with another Marriott brand in the premium segment in 2017 through the takeover of Arabella Hospitality. New contracts were negotiated with the Düsseldorf Airport Company as the landlord and with Starwood/ Marriott. During the first two years of operation, the hotel was renovated at a total cost of EUR 2m. This hotel is operated by MHP am Flughafen Düsseldorf GmbH.
- **2021 Reverse takeover** – In mid-2021, MHP GmbH was integrated into MHP Hotel AG (formerly Lifespot Capital AG) by a reverse takeover with a capital increase in kind of 33.1 million new shares. This new group structure offers MHP significantly better financial flexibility. The operational core remained MHP GmbH.
- **2021 MOOONS** – The former owner of the MOOONS Hotel in Vienna was unable to open in 2020 as planned due to the Covid crisis. Therefore, MHP in partnership with Real I.S. bought the shares of the hotel operating company and the MOOONS Hotel brand in a share deal. At the same time, Real I.S. bought the hotel property. With the purchase and opening of MOOONS Vienna under restructured contracts, MHP started a growth offensive and plans to expand the in-house boutique hotel brand with further locations. The MOOONS brand and the MOOONS hotels are operated by Mooons Operations Alpha GmbH.

- **2022 Autograph Collection Hotel Luc Berlin** - After the previous lease expired, MHP took over the hotel (formerly Sofitel Gendarmenmarkt) and carried out extensive renovation work worth over EUR 20m. In addition, the second branch of Heritage Restaurants was opened in this hotel. This is the first hotel in the luxury segment to be opened and operated by MHP, which enables MHP to further extend its partnership with Union Investment in the Berlin hotel market. The hotel is operated by MHP Hotel am Gendarmenmarkt GmbH.
- **2022 Marriott Hotel Basel** – MHP has extended its business model by making its first co-investment in a hotel. By taking over the insolvent Swissôtel Le Plaza Basel as co-investor with the private equity company H.I.G. Capital, MHP indirectly participates in, but additionally operates the hotel with a management contract as standard. Together with H.I.G. Capital, MHP renovated the hotel with the help of a capex programme amounting to approximately EUR 12m. In this context, the third location of the Heritage Restaurants was opened at the Marriott Basel.
- **2022 JW Marriott Frankfurt** – The JW Marriott in Frankfurt in the "Palais Quarter", which was opened in April 2022, was the first hotel of the luxury hotel brand JW Marriott in Germany. The hotel property, formerly the Jumeirah Hotel Tower, is owned by DWS Group. This project represents the first partnership between MHP and DWS, which offers potential for the future. It is operated by MHP Hotel an der Zeil GmbH.
- **2024e Koenigshof Munich** – The MHP Group plans to open the group's second hotel in the luxury segment in 2024. The former Königshof will become the JW Marriott Munich. Following a long-term management agreement with the Inselkammer family, MHP will position the hotel in the local and international hotel market. MHP Hotel am Karlsplatz GmbH will operate the hotel in the future.
- **2025e Conrad Hamburg** – MHP Hotel AG is taking over the operation of the former Park Hyatt luxury hotel in Hamburg's city centre following the recent signing of a long-term lease with the owner of GBR Levantehaus, continuing its expansion trajectory in the luxury segment. The hotel is expected to reopen in 2025 under Hilton's luxury Conrad Hotels & Resorts brand after undergoing millions of dollars of extensive modernization and renovation. With this, MHP will open the first Conrad hotel in Germany and has a long-term lease agreement with the Hilton brand for the first time, thus diversifying its positioning.

Market & Competitors

Franchisors

Marriott International Inc.

- Marriott International Inc., headquartered in Bethesa, Maryland, is an operator, franchisor and licensor of hotel, residential, timeshare and other lodging properties operating in 138 countries worldwide. Marriott International manages 30 different brand names, including The Ritz-Carlton, Le Méridien and JW Marriott, which operate primarily in the **luxury, premium and select segments**. Marriott itself has leased less than 1% of the lodging properties, as it primarily focuses on management and franchising. At the end of 2022, **8,288 (hotel-) properties** and thus **1,525,407 rooms** were operated, franchised and licensed. The loyalty programme Marriott Bonvoy had 177m members in 2022. Thus, Marriott generated gross fee **revenue of USD 4.1bn** in 2022.

Hilton Worldwide Holding Inc.

- Headquartered in McLean, Virginia, Hilton Worldwide Holdings Inc. is one of the largest hospitality companies in the world with **7,165 properties** comprising **1,127,430 rooms** in 123 countries. The Hilton Group is active in the management and franchising of properties as well as the ownership of properties, although with 52 hotels the share is relatively small. The hotel brands are primarily positioned in the **upscale** and **upper-upscale** segments as well as in the **luxury segment**. Some of these are Waldorf Astoria, Conrad Hotels & Resorts and Hilton Garden Inn. In the award-winning guest loyalty programme of Hilton, Hilton Honors, there were 152m members in 2022. In the same year, Hilton generated total **revenue of USD 8.8bn**.

Hyatt Hotels Corp.

- Hyatt Hotel Corporation is based in Chicago, Illinois. It operates worldwide as a hospitality company with prestigious and leading brands such as Park Hyatt, Hyatt Residence Club and many more. Most of the brands are predominantly in the **luxury and all-inclusive segments**, but also partly in the **upscale and upper-upscale segments**. In total, Hyatt Hotel Corporation has **1,263 hotels** and all-inclusive resorts with **304,108 rooms** in its portfolio. With this, Hyatt was able to generate **USD 5.9bn revenue** in 2022 with multiple streams of revenue including hotel management services, franchising, owned and leased hotel operations, among others. Hyatt's loyalty programme had 36m members in 2022.

Accor S.A.

- Accor SA is a leading hospitality company headquartered in Issy-les-Moulineaux, France. Accor's global network consists of over **5,400 hotels** with **802,000 rooms** spread over 110 countries. The hotel portfolio is evenly split between hotels in the **economy, midscale and luxury segments** and is therefore widely diversified in the market. For these segments, Accor manages more than 40 brands, including Fairmont, Sofitel and ibis. The majority are managed and franchised hotels, only about 3% are owned by Accor. In 2022, Accor generated around **EUR 4.2bn in revenue** with its portfolio.

Radisson Hotel Group Inc.

- The Radisson Hotel Group, is an international hotel group active in over 95 countries. It manages nine hotel brands, including the Park Inn, Radisson Blu and the Radisson Collection Hotels. There are currently **more than 1,100 hotels** under these brands, with a total of **over 194,000 rooms**. With its portfolio, RHG was able to generate **USD 1.04bn**

in revenue in 2022. Since 2019, the Radisson Hotel Group has been part of the Chinese travel and hospitality conglomerate Jin Jiang International Co. Ltd, which is one of the largest hotel groups in China and worldwide.

Meliá Hotels International S.A.

- The established hotel company Meliá Hotels International S.A., based in Palma de Mallorca, Spain, was founded in 1965 by Gabriel Escarrer Juliá. Meliá is primarily focused on hotels under management or franchise agreements as well as operating hotels that are leased or owned by the group. In addition, Meliá has other business units such as the Vacation Club and a real estate business, but these form only a marginal part of the top line. In total, Meliá has **347 hotels** with **90,916 rooms** in over 30 countries in its portfolio. In 2022, Melia was able to generate revenue of around **EUR 1.8bn** with its hospitality business, which operates under 10 different Meliá brands, including Paradisus by Meliá, Sol by Meliá and Gran Meliá Hotels & Resorts, which are primarily positioned in the **upscale and luxury segments**.

Wyndham Hotels & Resorts Inc.

- With approximately **9,100 affiliated hotels** with close to **843,000 rooms** in 95 countries, Wynham Hotels & Resorts Inc. is the world's largest hotel franchise company in terms of the number of hotels. The Parsippany, New Jersey-based company operates 24 hotel brands, for example: the DaysInn, Wyndham Garden or Registry Collection Hotels. Wyndham hotels operate primarily in the **economy and midscale** as well as the **upscale segments**, particularly in the U.S. market. In terms of hotels, Wyndham acts almost exclusively as a franchisor; only 2% of the hotels are self-managed. In 2022, the company generated **USD 1.5b revenue** from its hotel business and the loyalty programme Wyndham Rewards has approximately 99m members.

Franchisee

Althoff Hotels (Tela Beteiligungs GmbH)

- The Cologne-based Althoff Hotel Group was founded in 1984 by Thomas H. Althoff together with his wife Elke Diefenbach-Althoff and has since been active in the hotel market with three established hotel brands. The Althoff Collection is the luxury brand of the Althoff Group and currently manages six individual five-star luxury hotels in the **luxury segment**. With the Ameron Collection, Althoff offers younger and more modern hotels with 11 locations in the **upper-upscale segment**, and with the Urban Loft brand, with a stylish, fresh concept for business people, young people and families with two locations in the **upper-midscale segment**. In total, **19 managed hotels with over 2,000 rooms** in four countries, which generated a **turnover of EUR 100.1m** in 2021. Althoff primarily acts as the operator of the hotels, which are financed by investors.

HR Group

- The HR Group is based in Berlin and is a multi-brand hotel-operating company, active in Central Europe. The acquisition of Success Hotel Group with a similar business model in mid-2022 allowed the HR Group to significantly expand its hotel and brand portfolio to 10 different countries. Now, it has more than **145 hotels with over 25,000 rooms** in its portfolio, including properties under construction. As a white-label operator, the HR Group thus works closely with hotel brand franchisors such as Accor, Wyndham or Hyatt. Large institutional investors such as Deka, Pandox AB or Union Investment act as a second important partner. With its hotels, the HR Group offers a wide range of accommodation, from business hotels close to exhibitions to resorts in premium locations, but is primarily active in the **upscale and upper-upscale segments**.

Foremost Hospitality

- Foremost Hospitality, based in Berlin, specialises in the operation of currently **eight branded hotels** in Germany. It has entered into long-term cooperation and franchise agreements with Hilton Worldwide and the InterContinental Group and currently operates six hotels of the Hilton brand "Hampton by Hilton" and two hotels of the "Hilton Garden Inn" brand. In addition, it operates one hotel of the InterContinental brand "Holiday Inn Express". The investors/ landlords of the hotel properties serve as the second important partner, as Foremost Hospitality only acts as a tenant and not as the owner of the properties. With these brands, Foremost Hospitality is mainly active in the **midscale segment** and achieved a **turnover of EUR 15.6m** with the hotel business in 2021.

Novum Hospitality

- The Novum Hospitality Group is a Europe-wide hotel group with a focus on Germany. It currently operates **150 hotels** with over **20,000 rooms**. Most of the hotels are operated under their own hotel brands in the four to five-star segment, including "the niu" and "Select", as well as brands from the franchisors InterContinental and Accor, such as "Mercure", "ibis" and "Holiday Inn". Novum Hospitality is thus positioned in the **mid- and upscale segments**. It mainly concludes rental and lease agreements and only acquires hotel properties on a very selective basis. In 2020, it achieved a **turnover of EUR 8.8m** with 121 hotels.

Lindner Hotels AG

Lindner Hotel AG, headquartered in Düsseldorf, is part of the Lindner Group for activities in the hotel industry and real-estate services. Lindner Hotel AG primarily operates hotels under the two in-house hotel brands "L!NDNER Hotels & Resorts" and the boutique hotel brand "me and all hotels" **in the upscale segment**. In 2022, Lindner Hotel AG achieved a **turnover of EUR 174m** with its hotel business. 31 hotels & resorts are currently operated in Europe under these brands. By 2025, this is to be increased to **33 hotels with a total of 5,068 rooms**. The hotel owns the hotel properties, but also leases many properties, especially for the “me and all hotels”. Since 2022, Lindner Hotels & Resorts AG has been operating as a franchise partner in cooperation with Hyatt Hotels Corp., all their hotels can now also be found on the Hyatt website in their portfolio.

DCF model

	Detailed forecast period			Transitional period										Term. Value
Figures in EUR m	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	
Sales	131.1	161.2	180.5	193.2	204.8	215.0	223.6	230.3	237.2	244.3	251.7	259.2	267.0	
Sales change	*25.0 %*	*23.0 %*	*12.0 %*	*7.0 %*	*6.0 %*	*5.0 %*	*4.0 %*	*3.0 %*	*3.0 %*	*3.0 %*	*3.0 %*	*3.0 %*	*3.0 %*	*3.0 %*
EBIT	-6.0	-2.5	1.9	4.8	7.2	9.7	11.2	12.7	13.0	13.4	13.8	14.3	14.7	
EBIT-margin	*-4.6 %*	*-1.6 %*	*1.0 %*	*2.5 %*	*3.5 %*	*4.5 %*	*5.0 %*	*5.5 %*	*5.5 %*	*5.5 %*	*5.5 %*	*5.5 %*	*5.5 %*	
Tax rate (EBT)	*23.0 %*	*23.0 %*	*23.0 %*	*23.0 %*	*23.0 %*	*23.0 %*	*23.0 %*	*23.0 %*	*23.0 %*	*23.0 %*	*23.0 %*	*23.0 %*	*23.0 %*	
NOPAT	-4.6	-1.9	1.4	3.7	5.5	7.5	8.6	9.8	10.0	10.3	10.7	11.0	11.3	
Depreciation	7.4	7.5	7.9	7.7	7.2	6.5	4.5	4.6	4.7	4.9	5.0	5.2	5.3	
in % of Sales	*5.6 %*	*4.7 %*	*4.4 %*	*4.0 %*	*3.5 %*	*3.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	
Changes in provisions	0.4	0.0	0.0	-0.3	0.1	0.1	0.1	0.0	0.0	0.0	0.1	0.1	0.1	
Change in Liquidity from														
- Working Capital	2.4	1.4	1.1	0.1	0.4	0.4	0.3	0.2	0.2	0.2	0.3	0.3	0.3	
- Capex	0.9	1.2	1.5	2.3	2.9	3.4	3.8	4.1	4.7	4.9	5.0	5.2	5.3	
Capex in % of Sales	*0.7 %*	*0.7 %*	*0.8 %*	*1.2 %*	*1.4 %*	*1.6 %*	*1.7 %*	*1.8 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	*2.0 %*	
- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow (WACC Model)	-0.1	3.0	6.7	8.8	9.5	10.2	9.0	10.0	9.9	10.1	10.5	10.8	11.1	11
PV of FCF	-0.1	2.7	5.5	6.5	6.4	6.3	5.1	5.2	4.6	4.4	4.1	3.8	3.6	57
share of PVs	6.97 %			43.67 %										49.36 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	5.00 %	Financial Strength	1.30
Cost of debt (after tax)	3.5 %	Liquidity (share)	1.30
Market return	8.25 %	Cyclicality	1.30
Risk free rate	2.75 %	Transparency	1.30
		Others	1.30
WACC	**9.58 %**	**Beta**	**1.30**

Valuation (m)

Present values 2035e	58		
Terminal Value	57		
Financial liabilities	7		
Pension liabilities	1		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	14	No. of shares (m)	43.2
Equity Value	**120**	**Value per share (EUR)**	**2.78**

Sensitivity Value per Share (EUR)

		Terminal Growth						
Beta	WACC	2.25 %	2.50 %	2.75 %	**3.00 %**	3.25 %	3.50 %	3.75 %
1.49	10.6 %	2.32	2.35	2.38	2.42	2.45	2.49	2.53
1.40	10.1 %	2.48	2.51	2.55	2.59	2.63	2.67	2.72
1.35	9.8 %	2.56	2.60	2.64	2.68	2.73	2.78	2.83
1.30	9.6 %	2.65	2.69	2.74	**2.78**	2.84	2.89	2.95
1.25	9.3 %	2.75	2.79	2.84	2.89	2.95	3.01	3.08
1.20	9.1 %	2.85	2.90	2.95	3.01	3.08	3.15	3.22
1.11	8.6 %	3.08	3.14	3.21	3.28	3.37	3.45	3.55

		Delta EBIT-margin						
Beta	WACC	-1.5 pp	-1.0 pp	-0.5 pp	**+0.0 pp**	+0.5 pp	+1.0 pp	+1.5 pp
1.49	10.6 %	1.73	1.96	2.19	2.42	2.64	2.87	3.10
1.40	10.1 %	1.86	2.10	2.34	2.59	2.83	3.07	3.32
1.35	9.8 %	1.93	2.18	2.43	2.68	2.93	3.19	3.44
1.30	9.6 %	2.00	2.26	2.52	**2.78**	3.05	3.31	3.57
1.25	9.3 %	2.08	2.35	2.62	2.89	3.17	3.44	3.71
1.20	9.1 %	2.17	2.45	2.73	3.01	3.30	3.58	3.86
1.11	8.6 %	2.36	2.67	2.98	3.28	3.59	3.90	4.21

- Long-term sales growth in line with market growth
- Long-term EBIT margin of 6%

Valuation

	2019	2020	2021	2022	2023e	2024e	2025e
Price / Book	n.a.	n.a.	109.5 x	1.1 x	1.1 x	1.1 x	1.1 x
Book value per share ex intangibles	-0.15	0.00	-0.04	-0.68	-0.65	-0.55	-0.37
EV / Sales	n.a.	n.a.	1.9 x	0.5 x	0.4 x	0.3 x	0.2 x
EV / EBITDA	n.a.	n.a.	14.7 x	87.2 x	36.4 x	9.4 x	4.2 x
EV / EBIT	n.a.	n.a.	19.5 x	n.a.	n.a.	n.a.	21.8 x
EV / EBIT adj.*	n.a.	n.a.	19.5 x	n.a.	n.a.	n.a.	21.8 x
P / FCF	n.a.	n.a.	n.a.	n.a.	n.a.	23.7 x	8.7 x
P / E	n.a.	n.a.	31.5 x	n.a.	n.a.	n.a.	60.5 x
P / E adj.*	n.a.	n.a.	22.5 x	n.a.	n.a.	30.5 x	10.1 x
Dividend Yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
FCF Potential Yield (on market EV)	n.a.	n.a.	5.3 %	-0.8 %	4.2 %	10.6 %	20.9 %

*Adjustments made for: -

Consolidated profit & loss

In EUR m	2019	2020	2021	2022	2023e	2024e	2025e
Sales	**111.1**	**34.4**	**33.3**	**104.8**	**136.0**	**167.3**	**187.4**
Change Sales yoy	1.8 %	-69.0 %	-3.2 %	214.7 %	29.7 %	23.0 %	12.0 %
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Sales	**111.1**	**34.4**	**33.3**	**104.8**	**136.0**	**167.3**	**187.4**
Material expenses	55.2	27.9	26.2	55.4	67.3	80.3	89.9
Gross profit	**55.9**	**6.5**	**7.1**	**49.4**	**68.7**	**87.0**	**97.4**
Gross profit margin	*50.3 %*	*18.9 %*	*21.3 %*	*47.1 %*	*50.5 %*	*52.0 %*	*52.0 %*
Personnel expenses	31.8	15.1	13.3	32.4	43.5	51.9	56.2
Other operating income	4.0	20.7	25.5	8.1	6.8	6.7	7.9
Other operating expenses	22.7	14.7	14.9	24.5	30.6	36.8	39.3
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	**5.4**	**-2.7**	**4.4**	**0.7**	**1.4**	**5.0**	**9.7**
Margin	*4.9 %*	*-7.8 %*	*13.3 %*	*0.6 %*	*1.0 %*	*3.0 %*	*5.2 %*
Depreciation of fixed assets	0.7	0.0	0.0	0.0	0.7	0.7	0.7
EBITA	**4.7**	**-2.7**	**4.4**	**0.7**	**0.7**	**4.3**	**9.0**
Amortisation of intangible assets	0.0	0.5	1.1	6.7	6.7	6.9	7.1
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	**4.7**	**-3.2**	**3.3**	**-6.0**	**-6.0**	**-2.5**	**1.9**
Margin	*4.2 %*	*-9.3 %*	*10.0 %*	*-5.8 %*	*-4.4 %*	*-1.5 %*	*1.0 %*
EBIT adj.	**4.7**	**-3.2**	**3.3**	**-6.0**	**-6.0**	**-2.5**	**1.9**
Interest income	0.1	0.0	0.0	0.1	0.1	0.3	0.6
Interest expenses	0.1	0.2	0.3	0.2	0.2	1.3	1.5
Other financial income (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	**4.7**	**-3.4**	**3.1**	**-6.2**	**-6.1**	**-3.5**	**0.9**
Margin	*4.2 %*	*-9.8 %*	*9.3 %*	*-5.9 %*	*-4.5 %*	*-2.1 %*	*0.5 %*
Total taxes	1.1	-0.1	1.0	1.1	-1.4	-0.8	0.2
Net income from continuing operations	**3.5**	**-3.3**	**2.1**	**-7.3**	**-4.7**	**-2.7**	**0.7**
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income before minorities	**3.5**	**-3.3**	**2.1**	**-7.3**	**-4.7**	**-2.7**	**0.7**
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	**3.5**	**-3.3**	**2.1**	**-7.3**	**-4.7**	**-2.7**	**0.7**
Margin	*3.2 %*	*-9.6 %*	*6.3 %*	*-6.9 %*	*-3.5 %*	*-1.6 %*	*0.4 %*
Number of shares, average	1.0	40.2	40.2	43.2	43.2	43.2	43.2
EPS	**3.52**	**-0.08**	**0.05**	**-0.17**	**-0.11**	**-0.06**	**0.02**
EPS adj.	3.52	-0.07	0.07	-0.07	-0.01	0.04	0.12

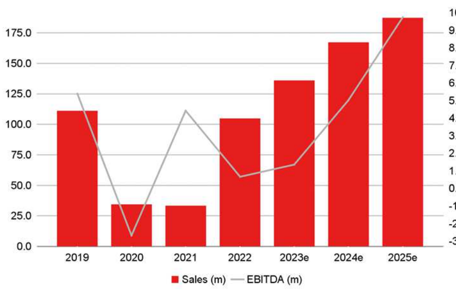
*Adjustments made for:

Guidance: Strong increase in revenues and EBITDA

Financial Ratios

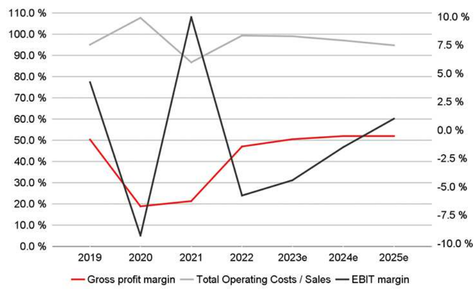
	2019	2020	2021	2022	2023e	2024e	2025e
Total Operating Costs / Sales	95.1 %	107.8 %	86.7 %	99.4 %	99.0 %	97.0 %	94.8 %
Operating Leverage	81.9 x	n.a.	n.a.	n.a.	0.0 x	-2.5 x	n.a.
EBITDA / Interest expenses	51.0 x	n.m.	16.8 x	3.2 x	6.5 x	3.8 x	6.5 x
Tax rate (EBT)	24.6 %	1.5 %	32.6 %	-17.8 %	23.0 %	23.0 %	23.0 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Sales per Employee	200,258	51,309	81,254	163,565	n.a.	n.a.	n.a.

Sales, EBITDA
in EUR m



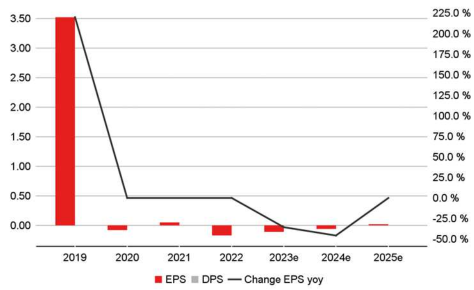
Source: Warburg Research

Operating Performance
in %



Source: Warburg Research

Performance per Share



Source: Warburg Research

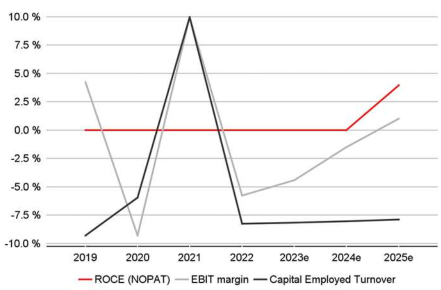
Consolidated balance sheet

In EUR m	2019	2020	2021	2022	2023e	2024e	2025e
Assets							
Goodwill and other intangible assets	2.2	1.7	2.3	83.8	77.1	70.3	63.2
thereof other intangible assets	2.1	1.6	2.1	60.0	53.3	46.5	39.3
thereof Goodwill	0.1	0.1	0.2	23.8	23.8	23.8	23.8
Property, plant and equipment	0.3	0.4	1.8	2.0	2.2	2.7	3.5
Financial assets	0.0	0.0	1.6	1.8	1.8	1.8	1.8
Other long-term assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	**2.5**	**2.1**	**5.7**	**87.6**	**81.1**	**74.8**	**68.4**
Inventories	0.9	0.6	0.6	1.0	1.1	1.3	1.5
Accounts receivable	8.5	19.2	17.4	16.4	14.9	18.3	20.5
Liquid assets	17.4	10.5	10.6	13.9	12.7	11.9	14.9
Other short-term assets	2.4	6.2	4.2	0.5	0.5	0.5	0.5
Current assets	**29.2**	**36.5**	**32.7**	**31.7**	**29.2**	**32.0**	**37.4**
Total Assets	**31.7**	**38.6**	**38.4**	**119.4**	**110.3**	**106.8**	**105.9**
Liabilities and shareholders' equity							
Subscribed capital	0.0	0.0	0.0	43.2	43.2	43.2	43.2
Capital reserve	-1.9	-2.6	-5.9	22.5	22.5	22.5	22.5
Retained earnings	0.0	-3.3	2.1	-4.0	-8.7	-11.4	-10.7
Other equity components	3.9	7.7	4.4	-7.3	-7.9	-7.9	-7.8
Shareholders' equity	2.0	1.8	0.6	54.5	49.2	46.5	47.3
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	**2.0**	**1.8**	**0.6**	**54.5**	**49.2**	**46.5**	**47.3**
Provisions	8.6	4.3	3.9	10.4	11.4	11.4	11.4
thereof provisions for pensions and similar obligations	1.1	1.1	1.2	1.2	1.6	1.6	1.6
Financial liabilities (total)	0.0	9.0	9.0	7.0	6.0	3.0	0.0
Short-term financial liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	8.0	13.5	16.9	13.7	9.3	11.5	12.8
Other liabilities	13.1	9.9	8.0	33.8	34.4	34.4	34.4
Liabilities	**29.7**	**36.8**	**37.8**	**64.9**	**61.1**	**60.3**	**58.6**
Total liabilities and shareholders' equity	**31.7**	**38.6**	**38.4**	**119.4**	**110.3**	**106.8**	**105.9**

Financial Ratios

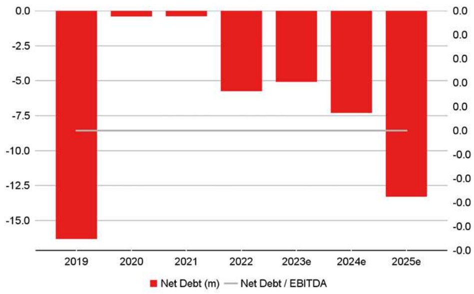
	2019	2020	2021	2022	2023e	2024e	2025e
Efficiency of Capital Employment							
Operating Assets Turnover	-133.1 x	6.9 x	24.8 x	27.8 x	21.2 x	20.1 x	18.4 x
Capital Employed Turnover	-7.8 x	24.2 x	176.9 x	2.2 x	3.1 x	4.3 x	5.5 x
ROA	142.2 %	-157.9 %	36.6 %	-8.3 %	-5.8 %	-3.6 %	1.1 %
Return on Capital							
ROCE (NOPAT)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3.9 %
ROE	165.5 %	-172.1 %	173.9 %	-26.3 %	-9.1 %	-5.7 %	1.5 %
Adj. ROE	165.5 %	-154.4 %	233.3 %	-10.5 %	-0.7 %	3.7 %	11.4 %
Balance sheet quality							
Net Debt	-16.3	-0.4	-0.4	-5.7	-5.1	-7.3	-13.3
Net Financial Debt	-17.4	-1.5	-1.6	-6.9	-6.7	-8.9	-14.9
Net Gearing	-805.6 %	-22.1 %	-67.5 %	-10.5 %	-10.3 %	-15.7 %	-28.1 %
Net Fin. Debt / EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Book Value / Share	2.0	0.0	0.0	1.3	1.1	1.1	1.1
Book value per share ex intangibles	-0.2	0.0	0.0	-0.7	-0.6	-0.6	-0.4

ROCE Development



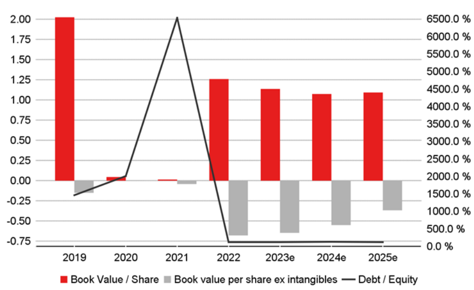
Source: Warburg Research

Net debt
in EUR m



Source: Warburg Research

Book Value per Share
in EUR



Source: Warburg Research

Consolidated cash flow statement

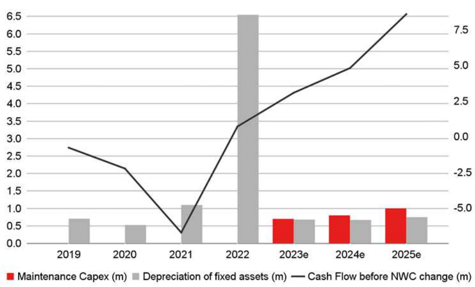
In EUR m	2019	2020	2021	2022	2023e	2024e	2025e
Net income	3.5	-3.3	2.1	-7.3	-4.7	-2.7	0.7
Depreciation of fixed assets	0.7	0.5	1.1	6.5	0.7	0.7	0.7
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.5	1.1	6.7	6.7	6.9	7.1
Increase/decrease in long-term provisions	0.1	0.1	-1.0	0.0	0.4	0.0	0.0
Other non-cash income and expenses	-5.1	0.0	-10.0	-5.3	0.0	0.0	0.0
Cash Flow before NWC change	**-0.8**	**-2.2**	**-6.7**	**0.7**	**3.1**	**4.8**	**8.6**
Increase / decrease in inventory	0.0	0.3	0.0	-0.3	-0.1	-0.2	-0.2
Increase / decrease in accounts receivable	0.9	-10.7	1.9	1.0	1.5	-3.4	-2.2
Increase / decrease in accounts payable	0.7	4.6	3.3	-2.9	-3.7	2.2	1.3
Increase / decrease in other working capital positions	0.4	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in working capital (total)	2.0	-5.8	5.1	-2.3	-2.4	-1.4	-1.1
Net cash provided by operating activities [1]	**1.3**	**-8.0**	**-1.6**	**-1.5**	**0.7**	**3.4**	**7.5**
Investments in intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investments in property, plant and equipment	0.0	0.0	0.0	-0.6	-0.9	-1.2	-1.5
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	-0.2	0.4	-2.5	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.5	0.0	0.0	0.0	0.0
Net cash provided by investing activities [2]	**-0.4**	**0.3**	**-5.1**	**-0.6**	**-0.9**	**-1.2**	**-1.5**
Change in financial liabilities	0.0	0.0	0.7	-2.0	-1.0	-3.0	-3.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	9.0	-0.4	5.7	0.0	0.0	0.0
Other	-1.4	-0.9	-0.2	-0.2	0.0	0.0	0.0
Net cash provided by financing activities [3]	**-1.4**	**8.1**	**0.1**	**3.6**	**-1.0**	**-3.0**	**-3.0**
Change in liquid funds [1]+[2]+[3]	**-0.6**	**0.4**	**-6.5**	**1.4**	**-1.2**	**-0.8**	**3.0**
Effects of exchange-rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalent at end of period	17.4	15.4	4.0	13.9	12.7	11.9	14.9

Financial Ratios

	2019	2020	2021	2022	2023e	2024e	2025e
Cash Flow							
FCF	1.0	-8.2	-4.6	-2.1	-0.2	2.2	6.0
Free Cash Flow / Sales	0.9 %	-23.8 %	-13.8 %	-2.0 %	-0.2 %	1.3 %	3.2 %
Free Cash Flow Potential	4.3	-2.6	3.4	-0.4	2.1	5.0	8.5
Free Cash Flow / Net Profit	28.8 %	247.2 %	-219.6 %	29.1 %	5.0 %	-82.2 %	830.5 %
Interest Received / Avg. Cash	0.4 %	0.1 %	0.5 %	0.8 %	0.7 %	2.7 %	4.2 %
Interest Paid / Avg. Debt	n.a.	4.1 %	2.9 %	2.6 %	3.2 %	29.7 %	99.9 %
Management of Funds							
Investment ratio	0.0 %	0.0 %	0.0 %	0.5 %	0.7 %	0.7 %	0.8 %
Maint. Capex / Sales	0.0 %	0.0 %	0.0 %	0.0 %	0.5 %	0.5 %	0.5 %
Capex / Dep	0.0 %	0.0 %	0.0 %	8.5 %	12.2 %	15.9 %	19.1 %
Avg. Working Capital / Sales	-0.3 %	5.1 %	6.3 %	0.6 %	2.2 %	2.9 %	3.3 %
Trade Debtors / Trade Creditors	106.7 %	142.2 %	102.8 %	119.6 %	160.2 %	159.1 %	160.2 %
Inventory Turnover	59.6 x	46.9 x	43.4 x	58.2 x	61.2 x	61.8 x	60.0 x
Receivables collection period (days)	28	204	190	57	40	40	40
Payables payment period (days)	53	177	235	90	50	52	52
Cash conversion cycle (Days)	-36	13	-58	-39	-18	-18	-16

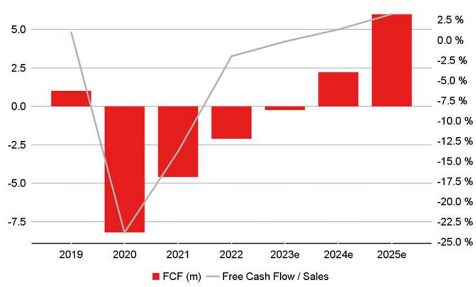
CAPEX and Cash Flow

in EUR m



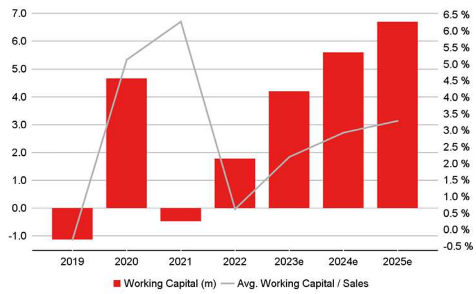
Source: Warburg Research

Free Cash Flow Generation



Source: Warburg Research

Working Capital



Source: Warburg Research

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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
MHP Hotel AG	5	https://www.mmwarburg.com/disclaimer/disclaimer_en/DE000A3E5C24.htm

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-B-	**Buy:**	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	**Hold:**	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-S-	**Sell:**	The price of the analysed financial instrument is expected to fall over the next 12 months.
"-"	**Rating suspended:**	The available information currently does not permit an evaluation of the company.

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING

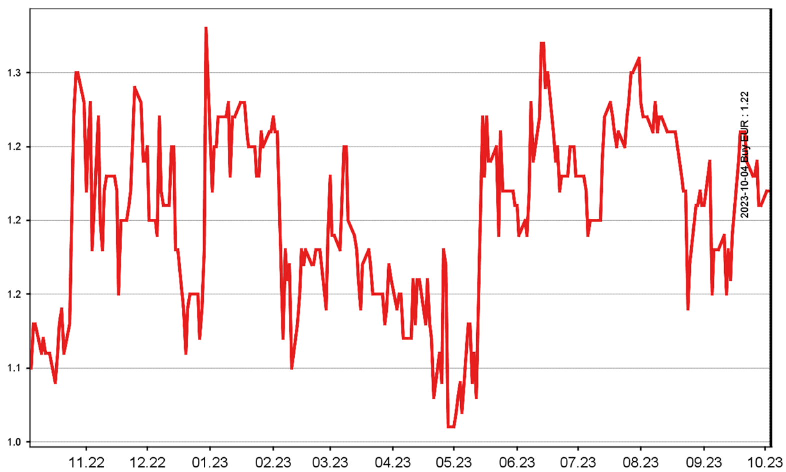
Rating	Number of stocks	% of Universe
Buy	158	75
Hold	44	21
Sell	6	3
Rating suspended	3	1
Total	**211**	**100**

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING …

… taking into account only those companies which were provided with major investment services in the last twelve months.

Rating	Number of stocks	% of Universe
Buy	45	87
Hold	5	10
Sell	0	0
Rating suspended	2	4
Total	**52**	**100**

PRICE AND RATING HISTORY MHP HOTEL AG AS OF 04.10.2023



Markings in the chart show rating changes by Warburg Research GmbH in the last 12 months. Every marking details the date and closing price on the day of the rating change.

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