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Opinion **1. Strong Buy**
Closing price on 6 Feb. 2024 € 17.2
Price objective € 29.8 (+73.4 %)

Market data

Bloomberg Ticker	HOP:FP
Market capitalisation (€m)	51.7
Enterprise value (€m)	54.3
Free Float (€m)	9.37 (18.14 %)
Number of shares	3 003 722
Daily volume	€ 9 041
Capital turnover rate (1 year)	2.3%
High (52 weeks)	€ 21
Low (52 weeks)	€ 13.3

Performances

Absolute perf.	1 month	6 months	12 months
	-10%	-7%	-10%



Ownership

Founders : 29,96% ; Reworld Media : 28.66 % ;
Flottant : 18.14 %

Agenda

28 March 2024 : FY2023 results (after market)

Key figures

	2021	2022	2023E	2024E	2025E
Sales (€m)	153,7	246,8	271,9	306,9	319,4
Change (%)	26,0%	60,6%	10,2%	12,9%	4,1%
EBITDA (€m)	12,1	13,8	13,9	16,2	17,4
EBIT (€m)	6,8	9,0	9,2	11,4	12,7
Ebit margin (%)	4,4%	3,7%	3,4%	3,7%	4,0%
Net profit (€m)	4,7	6,1	6,5	8,0	8,9
Net margin (%)	3,1%	2,5%	2,4%	2,6%	2,8%
EPS	1,53	2,12	2,27	2,44	2,73

Ratios

	2021	2022	2023E	2024E	2025E
EV / Sales	0,3	0,2	0,2	0,1	0,1
EV / EBITDA	3,8	4,0	3,4	2,7	2,1
EV / EBIT	na	na	5,2	3,9	2,9
P / E	na	na	7,8	6,3	5,7
Gearing (%)	-13%	-25%	-36%	-34%	-44%
Net debt/EBITDA	-25%	-50%	-88%	-97%	-136%
ROCE (%)	21%	22%	19%	17%	16%

Hopscotch

New record highs for Q4 2023 sales and gross margin

FY2023 gross margin was up +7.6% YoY to a record level of €93 M (vs. €93.2 M expected). We consolidate in our estimates the acquisition of Interface Tourism since January 1, 2024 and increase our 2023-26E EPS by c.+2% on average. The accretive effect on the margin is partly offset by the dilutive impact of the issuance of capital. This acquisition is part of the Group's strategic plan to maintain its leadership in Europe and capture external growth opportunities internationally, which is enabled by its very good financial health (cash net). Hopscotch should particularly benefit from major events in 2024 in sport. **We raise our target price from €29.1 to €29.8 and reiterate our Strong Buy opinion.** The valuation is attractive at 3.2x EV/EBITDA and 7.2x PE.

Q4 sales and gross margin hit new record highs

FY 2023 turnover increased by +10.1% YoY to a record level of €271.9 M. The gross margin was up +7.6% YoY to €93 M (in line with our expectations at €93.2 M). In Q4, turnover was up +7.1% YoY to €91.6 M and gross margin was up +4.6% YoY to €29.6 M. The business lines continued their organic growth. The group consolidated its sport-companies for an entire year (vs. 6 months last year). Thus, the contribution to 2023 gross margin was €4.5 M compared to €2.4 M in 2022.

Hopscotch Interface Tourism: +2% on our EPS 2023-26E

The group announced on January 31, 2024 the completion of the acquisition of the Interface Tourism entities, which became Hopscotch Interface Tourism. The price of €8 M was financed half in cash and half via a dilutive capital increase of around €4 M. The group's financial health remains excellent. Interface Tourism is a pan-European marketing player specializing in the promotion of tourist destinations and the art of living. We estimate that it would have contributed approximately €8.0 M in 2023 gross margin, and about €1.5 M in EBIT (accretive impact). We have consolidated Hopscotch Interface Tourism since January 1, 2024 in our estimates. We increased our 2023-26E EPS by c.+2% on average, the accretive effect on the margin being partly offset by the dilutive effect of the capital issuance.

Acquisitions: lever for growth & margins

With Hopscotch Interface Tourism, the group aims to become the world leader in destination marketing and will work to implement numerous commercial, business, and geographic synergies. This acquisition is part of the Group's strategic plan, which is to maintain its leadership in Europe and capture external growth opportunities internationally. The group's very good financial health allows it to remain on the path of acquisitions, a lever for growth and profitability.

2024 will benefit from sport events & the Paris Motor Show

The biggest impact of mid-2024 sport events program should be on FY2024. Activity should also be supported by the Paris Motor Show, among other major events.

Attractive valuation, on historical lows

After updating our model, we raise our TP from €29.1 to €29.8 and reiterate our Strong Buy opinion. The valuation is attractive, at c.3.2x EV/EBITDA and 7.2x PE, below its historical averages excluding the Covid period, even though the level of turnover is significantly higher (CA 2023 at c.€272 M vs. average turnover 2015-2019 at €159 M) and that the ROC/Gross Margin rate has doubled to 10.5% in 2022.

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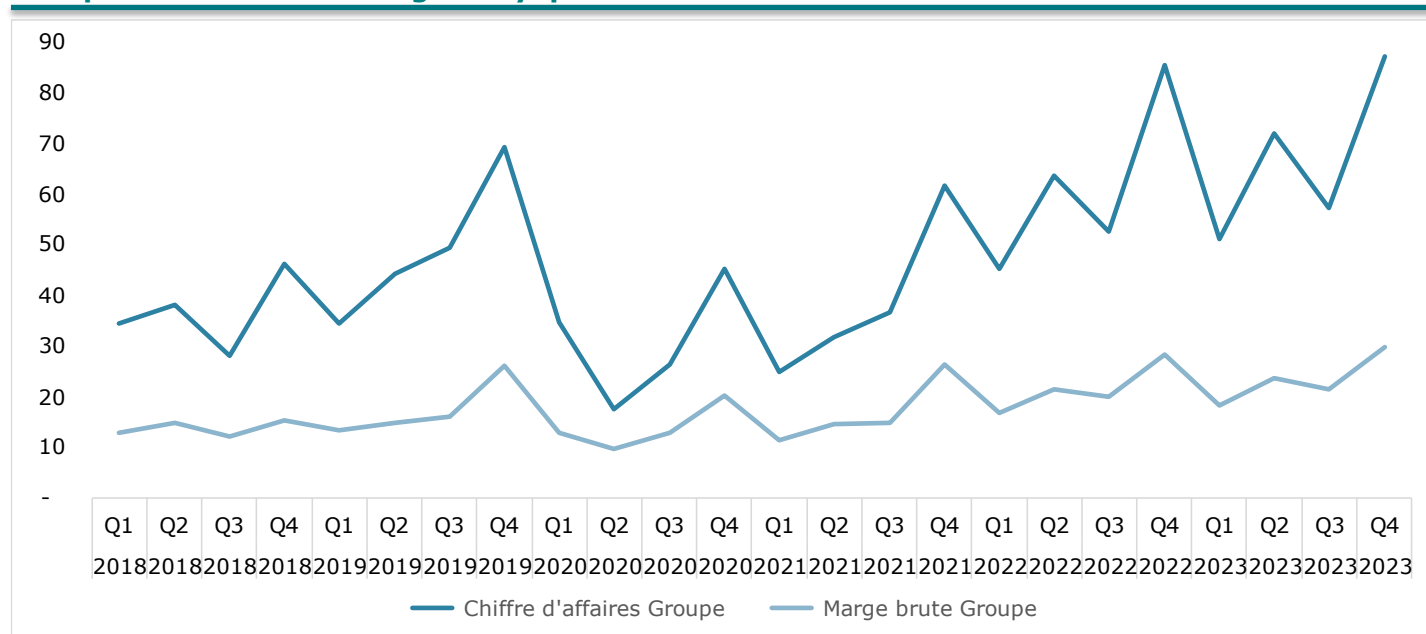
Q4 2023 sales and gross margin hit new record highs

The group published FY 2023 turnover up +10.1% YoY to a record level of €271.9 M (we expected €267.4 M). The gross margin was up +7.6% YoY also at a record level of €93 M, in line with our expectations (€93.2 M).

In Q4, turnover was up +7.1% YoY to €91.6 M and gross margin was up +4.6% YoY to €29.6 M. The group's businesses continued their organic growth.

The group has consolidated sport-companies for an entire year, acquired on July 1, 2022 (vs. 6 months last year). The contribution to the 2023 gross margin was €4.5 M vs. €2.4 M in 2022.

Group sales and Gross Margin – by quarter



Source : Historique Société et IE Finance

Completion of the acquisition of Hopscotch Interface Tourism

The group announced on January 31, 2024 the final completion of the acquisition of the Interface Tourism entities, which becomes Hopscotch Interface Tourism. The price of €8 M was financed half in cash and the remainder via a dilutive capital increase of around €4 M. The group's financial health remains excellent post-acquisition (surplus cash).

Interface Tourism is a pan-European marketing player specializing in the promotion of tourist destinations and the art of living. In 2023, we estimate that the entity will have recorded a gross margin of more than €8 M and a ROC of around €1.5 M.

Hopscotch aims to become a world leader in destination marketing.

The group will work to implement numerous commercial, business, and geographic synergies with its agencies and expertise, relying on sector complementarities: influence, PR, digital, events, etc. In particular, Hopscotch is establishing a foothold in Spain and the Netherlands, and strengthening its position in Italy.

This acquisition is part of the Group's strategic plan, which is to maintain its leadership in Europe and capture external growth opportunities internationally, to capture other markets with higher growth profiles, to expand and diversify the customer portfolio and to strengthen the positioning with key account customers with multi-country communication strategies.

2024 outlook: the group should benefit from major sporting events

The group has not updated its guidance.

However, we recall past messages from management :

- The group aims to maintain the same level of operating margin in 2023 as last year, despite investments for growth and to anticipate activity in 2024.
- The year 2024 will be rich in major activities, in sport, and with the Paris Motor Show, among others.

Guidance : no update

	Event	Change	Details
2023			
04/05/2023	Q1 sales		The approach of the 2024 Olympics will lead to a progressive dynamic in the group's activities.
03/08/2023	H1 sales		X
27/09/2023	H1 results	H2 2023 prospects 2024 prospects	Momentum will continue in H2 The group aims to maintain the same level of operating margin as last year 2024 will be rich in major activities, in sports and with the Paris Motor Show among others.
02/11/2023	Q3 sales	2023 prospects	Hopscotch expects to benefit from the same momentum over the full year The group's participation in the sporting events during the summer of 2024 will begin contributing to this momentum in H2 2023, but the main focus will remain on the FY2024.
06/02/2024	Q4 sales		X

Source : Company history & IE Finance

New estimates: we raise our EPS by c. 2% and our OC to €29.8 (from €29.1)

We have consolidated Hopscotch Interface Tourism into our estimates from January 1, 2024.

- We estimate that these entities would have contributed in 2023 c.€8.0 M to the gross margin and approximately €1.5 M to the EBIT (accretive impact).
- We also took into account the financing of the acquisition, €8 M in total, half in cash and half by dilutive capital increase with the issue of new shares.
- As a result, we are increasing our 2023-26E EPS forecasts by around 2% on average, the accretive effect on the margin being partly offset by the dilutive effect of the capital issue.
- After updating our model, **we increase our OC from €29.1 to €29.8.**

P&L estimates

(€ M)	2021	2022	2023E	2024E	2025E
Sales	153.7	246.8	271.9	306.9	319.4
% YoY chg	26%	60.6%	10.2%	12.9%	4.1%
Gross Margin	67.1	86.4	93	106.5	111.4
Hopscotch	42.4	60.3	66.9	79	82.7
Sopexa	24.6	25.8	26.1	27.5	28.7
Consumed purchases	-87.8	-163.5	-178.9	-200.5	-208
% sales	57.1%	66.2%	65.8%	65.3%	65.1%
External charges	-10.3	-13.5	-16.3	-18.7	-19.5
% sales	6.7%	5.5%	6%	6.1%	6.1%
Personnal charges	-43	-55.4	-62.1	-70.3	-73.1
% sales	28%	22.4%	22.9%	22.9%	22.9%
Current operating income	6.8	9	9.2	11.4	12.7
% YoY chg	na	33.9%	1.3%	24.1%	11.4%
% of gross margin	10.1%	10.5%	9.9%	10.7%	11.4%
Operating income	8.8	9.4	9.5	11.7	13
% YoY chg	na	6.6%	1.3%	23.3%	11.1%
% of gross margin	13.1%	10.8%	10.2%	11%	11.7%
Other operating income & charges	2	0.3	0.3	0.3	0.3
Financial result	-1.6	-0.6	-0.6	-0.8	-0.8
Earnings before tax	7.2	8.7	8.9	10.9	12.2
Income tax	-2.2	-2.8	-2.4	-2.9	-3.3
Net income	4.7	6.1	6.5	8	8.9
% YoY chg	na	28.5%	7.4%	22.3%	11.9%
% of sales	3.1%	2.5%	2.4%	2.6%	2.8%
EPS (basic)	1.5	2.1	2.3	2.4	2.7
% YoY chg	na	38.7%	6.9%	7.6%	11.9%
Diluted EPS	1.5	2	2.2	2.3	2.6
% YoY chg	na	36.5%	6.2%	8.2%	11.9%

Source : Company history & IE Finance estimates

BS estimates

Balance Sheet (in €M)	2021	2022	2023E	2024E	2025E
ASSET					
Goodwill	15,8	19,0	20,0	29,0	30,0
Other Intangible Assets	0,1	0,1	0,1	0,1	0,1
Usage rights	9,4	6,7	5,2	5,2	5,2
Tangible Assets	1,6	1,5	1,7	1,7	1,7
Financial Assets			0,2		
Deferred tax assets	2,9	2,0	1,6	1,6	1,6
Other financial assets	2,7	3,1	3,3	3,3	3,3
Total non-current assets	32,5	32,5	32,1	40,9	41,9
Customer receivables	52,1	74,7	82,3	92,9	96,7
Other assets	14,5	23,7	26,2	29,5	30,7
Derivatives - assets	0,1	0,0	0,0	0,0	0,0
Cash assets	45,2	45,4	42,9	40,4	43,4
Total current assets	112,0	143,8	151,3	162,8	170,8
Assets classified as held for sale	1,1				
	144,5	176,3	183,5	203,8	212,7
EQUITY AND LIABILITIES					
Equity	2,0	2,0	2,1	2,1	2,1
Issuance premiums	6,5	6,5	6,5	10,5	10,5
Reserves	1,9	5,8	11,4	17,9	25,8
Treasury securities					
Results	4,0	5,6	6,5	8,0	8,9
Amounts recognized directly in equity in respect of	14,4	19,9			
Non-controlling interests	7,8	8,1	7,1	7,1	7,1
Total equity	22,3	28,0	33,6	45,5	54,4
Loans and financial debt	21,9	21,1	16,1	11,1	6,1
Rental debts	7,3	3,9	0,9	0,0	0,0
Provisions	7,7	8,1	8,2	8,2	8,2
Deferred tax liabilities	0,0				
Other liabilities					
Total non-current liabilities	36,9	33,1	25,2	19,3	14,3
Payables	32,4	43,5	47,9	54,1	56,3
Derivative instruments – Liabilities	0,0	0,1	0,2	0,2	0,2
Loans and financial debts	9,3	9,5	9,9	9,9	9,9
Rental debts	3,8	3,9	3,7	3,7	3,7
Current tax liabilities	0,6	0,5	0,1	0,1	0,1
Provisions	1,3	0,7	0,2	0,2	0,2
Other liabilities	37,9	56,9	62,7	70,8	73,6
Total current liabilities	85,3	115,2	124,7	139,0	144,0
Liabilities directly related to assets classified as held for sale					
Total equity and liabilities	144,5	176,3	183,5	203,8	212,7

Source : Company history & IE Finance estimates

CF statement estimates

<i>Cash-Flow Statement (in €M)</i>	2021	2022	2023E	2024E	2025E
Net result for the year	4,7	6,1	6,5	8,0	8,9
Result of discontinued activities	0,2	(0,1)	(0,0)	0,0	0,0
Total tax expense (product)	2,2	2,8	2,4	2,9	3,3
Amortization and provisions	(0,8)	4,3	0,9	0,9	0,9
FCF	7,8	13,6	9,7	11,8	13,1
Variations in working capital requirements	2,3	(2,6)	0,2	0,3	0,1
Cash generated from operations	10,1	11,1	9,9	12,0	13,2
Interest paid	0,5	0,6			
Income taxes paid	(0,7)	(2,8)	(2,4)	(2,9)	(3,3)
Net cash generated by operating activities	9,9	8,9	7,5	9,1	9,9
Acquisition of financial assets	(0,5)		(0,5)	(8,5)	(0,5)
Variation in loans and advances granted	(0,1)	(0,5)			
Payments under tangible and intangible assets	(0,4)	(0,6)	(0,5)	(0,5)	(0,5)
Net cash from investing activities	(1,0)	0,1	(1,0)	(9,0)	(1,0)
Capital increase				4,0	
Repurchases and resales of own shares	(0,1)	(1,2)			
Collection from borrowings	5,0				
Repayment of loans and financial debts	(3,2)	(3,7)	(5,0)	(5,0)	(5,0)
Repayment of rental debts	(3,7)	(3,8)	(3,0)	(0,9)	
Net financial interest paid	(0,5)	(0,6)			
Dividends paid	(0,1)	(0,2)	(1,3)		
Net cash from financing activities	(2,7)	(9,6)	(8,0)	(2,6)	(5,9)
Net increase in cash and cash equivalents	6,2	(0,6)	(1,5)	(2,5)	3,0

Source : Company history & IE Finance estimates

Price performance

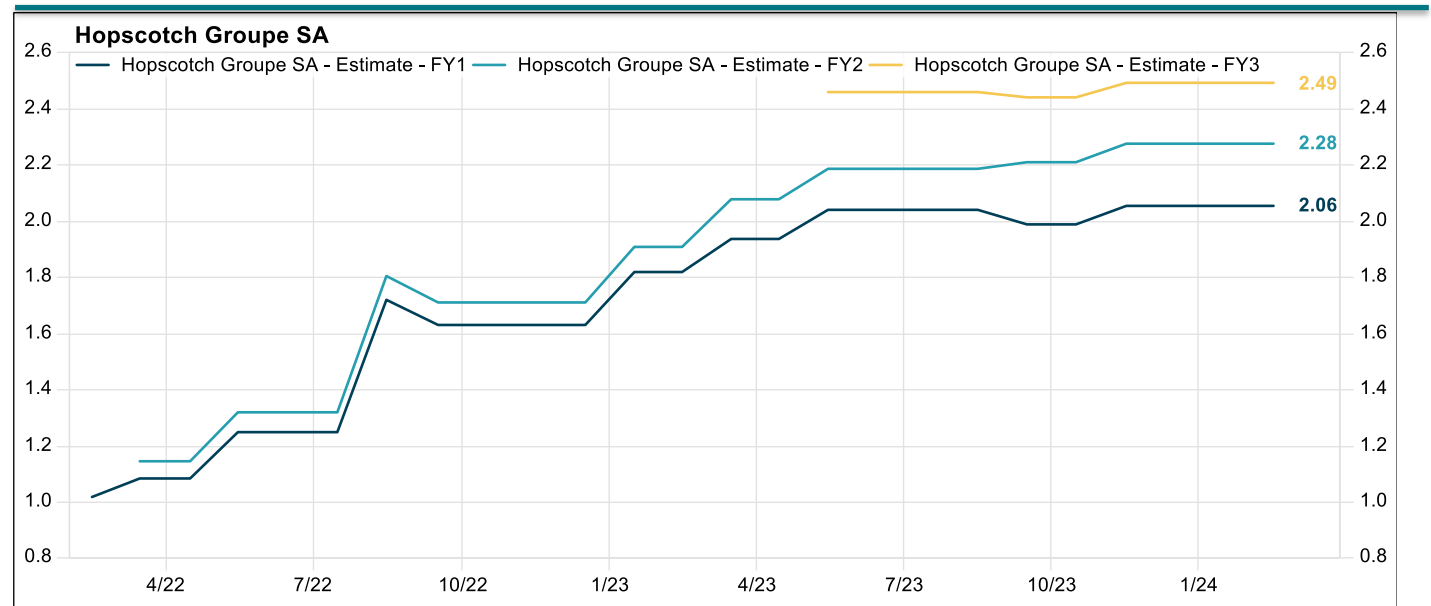
Share price performance – 12 month-rolling



Source : Factset & IE Finance

EPS expectations illustrate Hopscotch’s significant growth prospects

EPS revisions (€)



Source : Factset & IE Finance

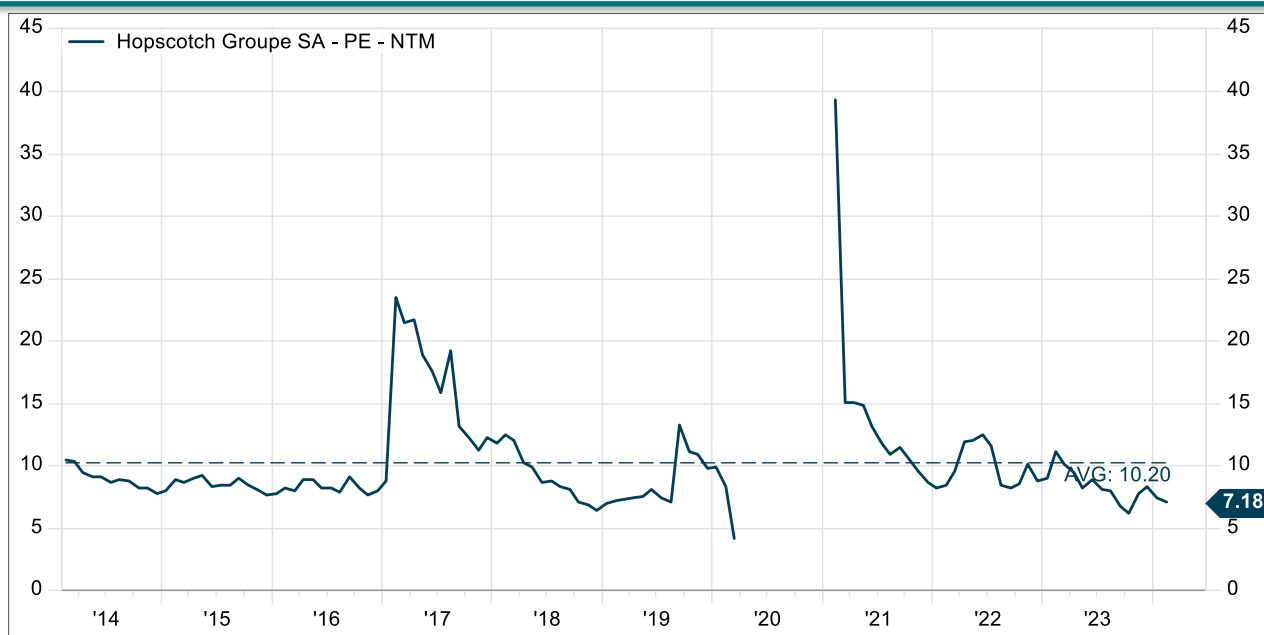
Attractive valuation levels

Shares trade on attractive levels: at about 3.2x EV/EBITDA NTM (12-month rolling) and 7.2x PE, below historical averages (excluding the Covid-period), while group sales level is significantly higher (2023 sales of c.€ 267M vs average sales 2015-2019 of € 159M) and profitability rate (EBIT to Gross Margin) has been multiplied by two, to a sustainable level.

EV/EBITDA NTM (x)



PE NTM (x)



Source : Factset & IE Finance

Important disclosures

In Extenso Finance ratings and target prices definition

In Extenso Finance stock market recommendations reflect the absolute change expected in the share price from a six to twelve-months perspective (in local currencies).

1. Strong Buy	The absolute share price performance is expected to be at least +25 %
2. Buy	The absolute share price performance is expected to be comprised between +10 % and +25 %
3. Neutral	The absolute share price performance is expected to be comprised between +10 % and -10 %
4. Sell	The absolute share price performance is expected to be comprised between -10 % and -25 %
5. Strong Sell	The absolute share price performance is expected to be at least -25 %

Details of valuation methods used by In Extenso Finance in target price calculations are available at https://finance.inextenso.fr/wp-content/uploads/2022/11/Methodo_Valo_Analyse_Fin_IEFM.pdf

Detection of potential conflicts of interest

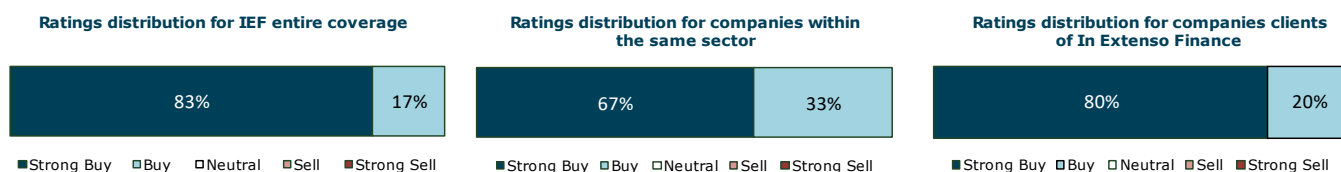
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No	No	No	No	Yes	No	No

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Rating and target price evolution throughout the last 12 months

Date	Rating	Target price
February 7 th 2024	Equity Flash Strong Buy	€ 29.80
November 7 th 2023	Coverage Initiation Strong Buy	€ 29.10

Ratings distribution



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