

Maud Servagnat

Equity Analyst

Maud.servagnat@inextenso-finance.fr**Opinion****1. Strong Buy**

Closing price on 2 May 2024

€ 22

Price objective

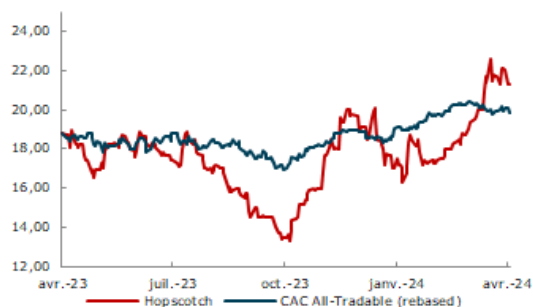
€ 30.8 (+40.2 %)

Market data

| | |
|--------------------------------|-----------------|
| Bloomberg Ticker | HOP:FP |
| Market capitalisation (€m) | 66.1 |
| Enterprise value (€m) | 67.6 |
| Free Float (€m) | 20.68 (31.30 %) |
| Number of shares | 3 003 722 |
| Daily volume | € 9 864 |
| Capital turnover rate (1 year) | 1.9% |
| High (52 weeks) | € 22.6 |
| Low (52 weeks) | € 13.3 |

Performances

| | | | |
|----------------|---------|----------|-----------|
| Absolute perf. | 1 month | 6 months | 12 months |
| | +10% | +58% | +13% |

**Ownership**

Founders : 27,60% ; Reworld Media : 26.41 % ;
Flottant : 31.30 %

Agenda

August 1st, 2024 : Q2 2024 sales & GM (after market)

Hopscotch

Healthy progression of Q1 2024 gross margin

Group published Q1 sales up +8.3% YoY to € 55.2 M. Gross margin, group's key indicator, increased by +19.1% YoY to € 21.8 M. Interface Tourism contributed € 4.4 M to Q1 turnover and € 2.7 M to GM. On an organic basis, turnover remained stable while GM increased by a healthy +4.1%, confirming the relevance of the group's business and sector positioning. We keep our estimates unchanged, and project +22% CAGR of net profit over 2023-2026E. Hopscotch will particularly benefit from major events in 2024 (Olympics, Paris Motor Show, etc.). In addition, the group remains on the path of acquisitions, with a solid balance sheet. **We reiterate our Strong Buy opinion and our OC of € 30.80.** The valuation is still attractive at 5.2x NTM EV/EBITDA and 8.6x NTM PE.

Q1 gross margin up +19,1% YoY of which +4,1% organic

Group published Q1 2024 revenue up +8.3% YoY to € 55.2 M. Gross margin was up stronger by +19.1% YoY to € 21.8 M. The group consolidated the Interface Tourism companies since January 1, 2024. Interface Tourism thus contributed € 4.4 M to Q1 turnover and € 2.7 M to the group's gross margin. Excluding the impact of this external growth, sales remained stable (at € 50.7 M) while gross margin increased by +4.1%, illustrating the group's continued organic growth. Gross margin is the key activity indicator for the group. Indeed, turnover remains dependent on the evolution of the business mix. Management underlined that events and consulting continue to progress in a comparable way at the GM level, in a market that remains dynamic.

2024 will benefit from Paris Olympic Games and Motor Show

The biggest impact of Paris Olympic Games should be on FY2024. Activity should also be supported by the Paris Motor Show, among other major events.

Our estimates are unchanged: +22% net profit CAGR

We keep our estimates unchanged and project +22% CAGR of net income over 2023-2026E. We have not yet factored in the future accretive impact of Sopexa's minority interests buyout, pending closing.

Valuation still attractive – Strong Buy & € 30.80 PO reiterated

The stock trades at 5.2x 12M-forward EV/EBITDA and 8.6x 12M-forward PE, levels that we still consider as attractive given the group's dynamics, particularly this year with the Olympics, and the achieved level of turnover significantly higher than in the past (2023 sales at € 272 M vs. average turnover 2015-2019 at € 159 M) while the rate of EBIT/GM doubled (10.5% in 2022 vs. 4.8% on average over 2015-2019). In addition, the group remains on the path of acquisitions, with a solid balance sheet. **We reiterate our Strong Buy opinion and our OC of € 30.80.**

Next newsflow will be the publication of Q2 sales and gross margin on August 2, after market close and in the middle of the Paris Olympic Games.

Key figures

| | 2022 | 2023 | 2024E | 2025E | 2026E |
|-------------------|-------|-------|-------|-------|-------|
| Gross Margin (€m) | 86,4 | 93,0 | 106,5 | 111,4 | 113,7 |
| Change (%) | 28,8% | 7,6% | 14,5% | 4,7% | 2,0% |
| EBITDA (€m) | 13,8 | 14,4 | 16,8 | 17,8 | 18,1 |
| EBIT (€m) | 9,0 | 9,6 | 12,0 | 13,0 | 13,3 |
| Ebit margin (%) | 10,5% | 10,3% | 11,3% | 11,7% | 11,7% |
| Net profit (€m) | 6,1 | 5,2 | 8,4 | 9,1 | 9,4 |
| Net margin (%) | 7,0% | 5,6% | 7,9% | 8,2% | 8,3% |
| EPS | 2,12 | 1,81 | 2,58 | 2,80 | 2,88 |

Ratios

| | 2022 | 2023 | 2024E | 2025E | 2026E |
|-----------------|------|------|-------|-------|-------|
| EV / GM | 0,7 | 0,7 | 0,6 | 0,5 | 0,4 |
| EV / EBITDA | 4,1 | 4,6 | 3,8 | 3,1 | 2,6 |
| EV / EBIT | na | 6,8 | 5,3 | 4,2 | 3,5 |
| P / E | na | 12,3 | 7,6 | 7,0 | 6,8 |
| Gearing (%) | -25% | -30% | -28% | -39% | -46% |
| Net debt/EBITDA | -50% | -67% | -71% | -113% | -157% |
| ROCE (%) | 22% | 16% | 20% | 18% | 15% |

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Q1 gross margin up +19,1% YoY of which +4,1% organic

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The gross margin was up stronger by +19.1% YoY to € 21.8 M.

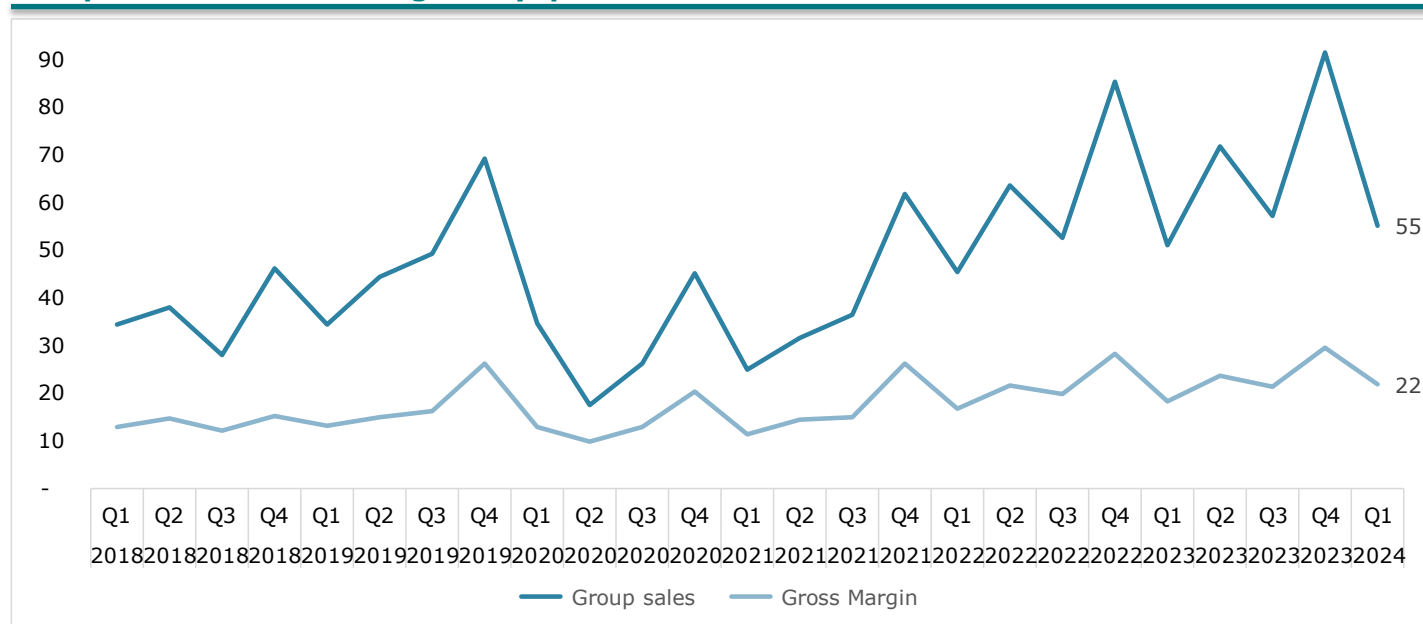
The group consolidated the Interface Tourism companies since January 1, 2024.
Interface Tourism contributed by € 4.4 M to Q1 turnover and by € 2.7 M to group's gross margin.

Excluding the impact of this external growth, turnover remained roughly stable (at € 50.7 M) while gross margin increased by +4.1%, illustrating group's continued organic growth.

Gross margin is the key activity indicator for the group. Indeed, turnover remains dependent on the evolution of the business mix. Management emphasized that events and consulting continue to progress in a comparable way at the GM level, in a market that remains dynamic.

We keep our **estimates unchanged** and project **+22% CAGR of net income over 2023-2026E**.

Group sales and Gross Margin – by quarter



Source : Historique Société et IE Finance

2024 outlook: the group should benefit from major events, of which the Olympics

The group has not updated its guidance. However, we recall that 2024 will be rich in major activities, of which the Paris Olympic Games and the Paris Motor Show.

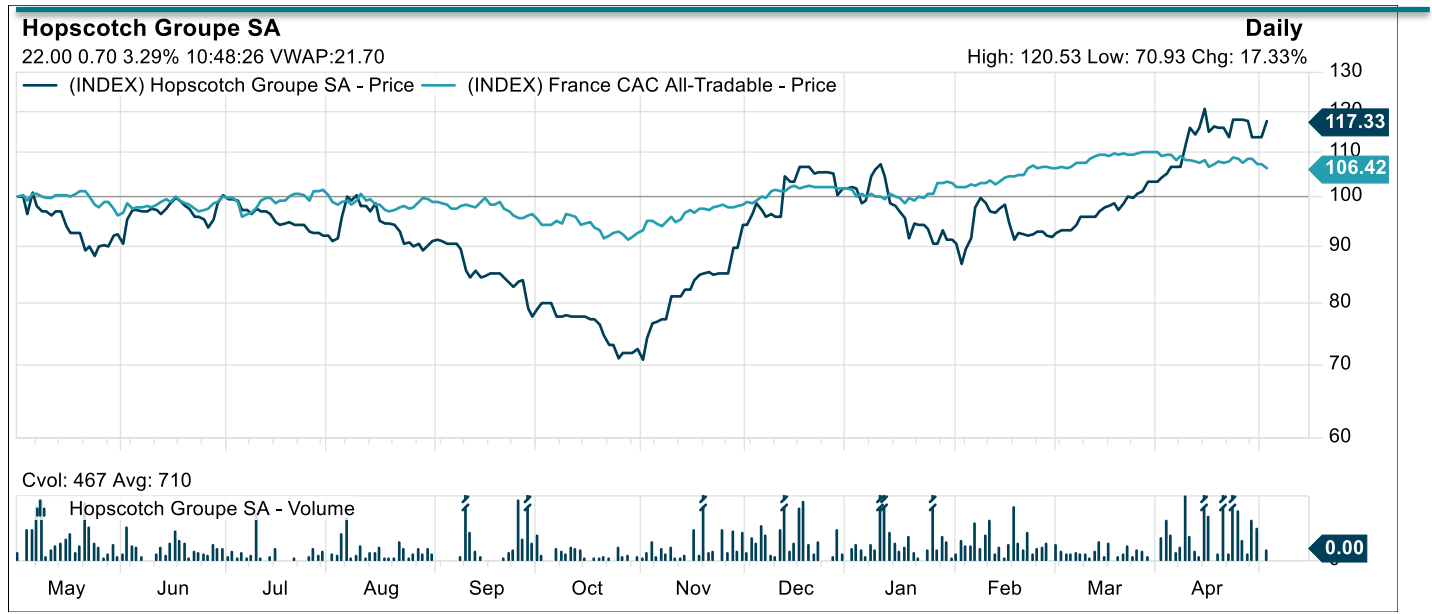
Guidance : no update

| 2023 | | Event | Change | Details |
|------------|----------------|---------------------------------------------------------------------|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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 | |
| 02/04/2024 | FY2023 results | 2024 prospects | | By consolidating the Tourism division in 2024, group's GM will exceed € 100 M and operating result should improve |
| 02/05/2024 | Q1 sales | | X | |

Source : Company history & IE Finance

Share price performance

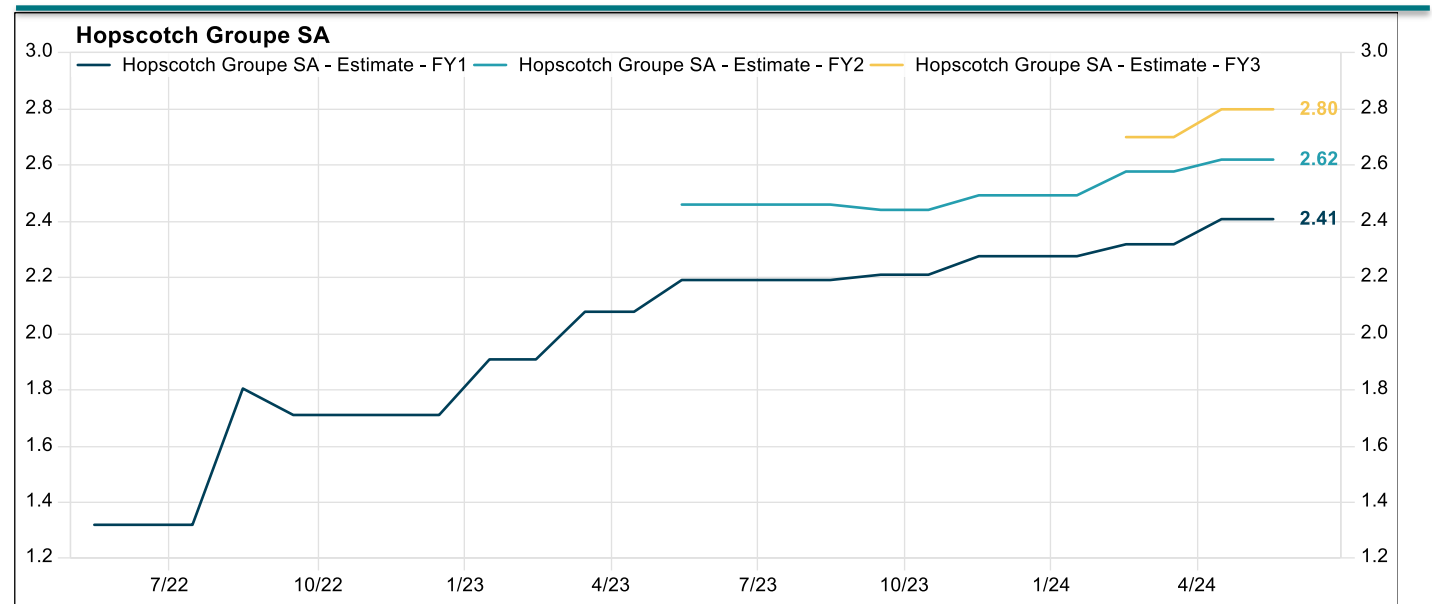
Share price performance – 12 month-rolling



Source : Factset & IE Finance

EPS expectations illustrate Hopscotch’s significant growth prospects

EPS revisions (€)



Source : Factset & IE Finance

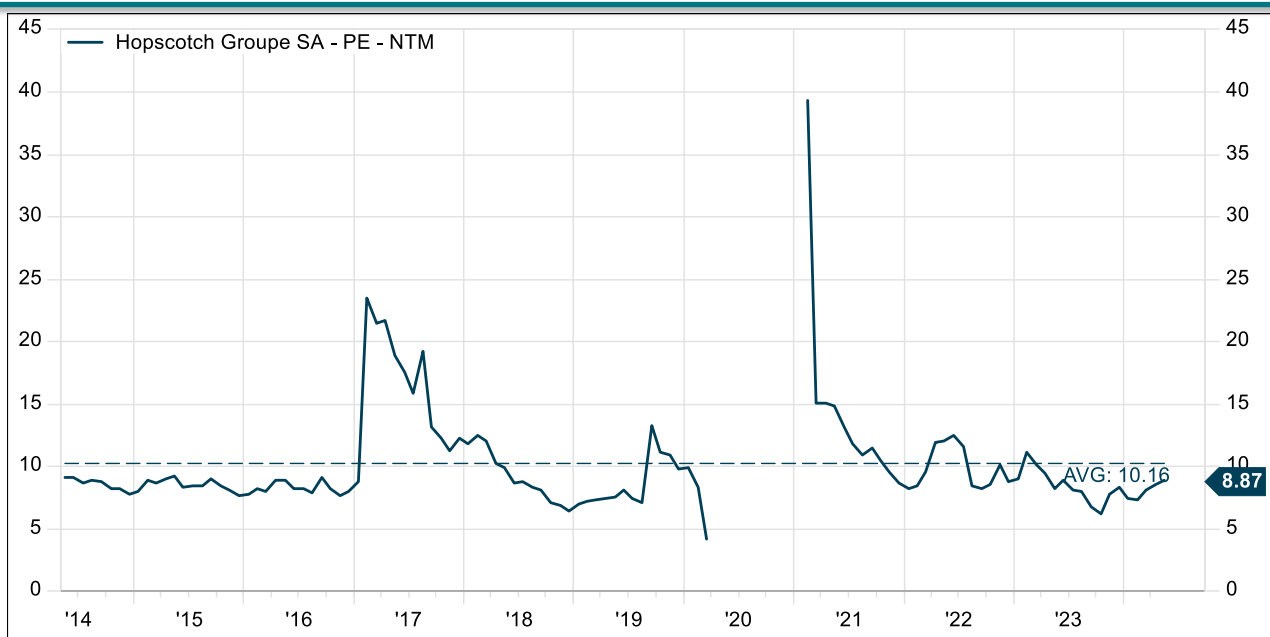
Still attractive valuation levels

Shares trade on still attractive levels: at about 5.2x EV/EBITDA NTM (12-month rolling) and 8.6x PE.

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/Methodologie_Valo_Analyse_Fin_IEFM.pdf

Detection of potential conflicts of interest

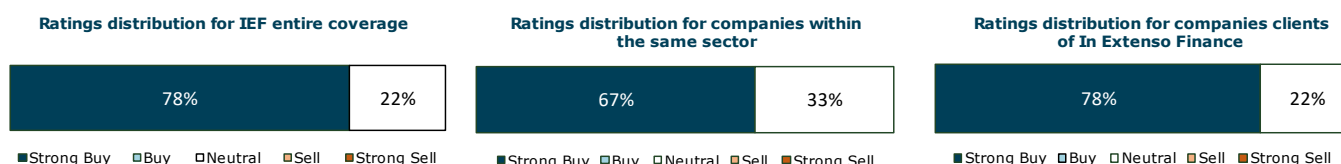
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|--------------------------------------------------------------------------------|------------------------------------------------------------------|------------------------------------------------------------|--------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|
| 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 |
|-------------------------------|------------------------------------------|----------------|
| May 3 rd 2024 | Equity Flash Strong Buy | € 30.80 |
| April 3 rd 2024 | Annual Study Strong Buy | € 30.80 |
| 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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