

Soges Group

Sector: Hospitality



Analysts

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Wrapping up a year of solid business development

Soges Group is a rapidly expanding company specialized in the high-end hotel facilities management. Its portfolio currently includes 12 properties, mainly located in Tuscany and operated under the "Place of Charme" brand.

FY24: VoP on track, higher G&A costs, Net Debt in line

Soges closed FY24 with notable strategic progress, adding 4 properties to its portfolio: Park Hotel Chianti, Hotel Malaspina, Borgo di Cortefreda, and Hotel Bretagna. The latter had a transformative impact, reflected in FY24PF results: 1) VoP at €24.0mn (from €15.9mn in FY23); 2) EBITDA at €3.0mn, (from €1.5mn in FY23); 3) Net Debt at €10.7mn, (from €3.4mn in FY23). On a reported basis, Soges FY24 results were broadly in line with FY24E VoP estimates, though margins lagged expectations due to ~€220k exceptional M&A-related costs, higher structural expenses (headquarter costs at €2.4mn vs. €2.0mn projected), increased labour costs tied to the CCNL renewal and pre/post-IPO adjustments. Year-end Net Debt at €10.7mn beat our €11.8mn estimate, mainly due to a €1.5mn advance from Gala Holding in December.

Right issue subscribed at 74%, offer expires 31st March

During the subscription period (Jan 27 – Feb 13), Soges issue 937k shares, raising €2.1mn, with the majority shareholder Gala Holding fulfilling its commitment to cover half the increase. Soges retains the right to issue some more 338k shares until March 31, 2025. As of now, Soges total number of shares stand at 6,073,368, with Gala H. at 76.84% (vs. 77.88% pre-increase).

Estimates factor Villa Olmo, Meliá Venezia, new funding

Two acquisitions were announced, impacting results from 2025: Meliá Venezia Lido, Soges' first white-label project, and Villa Olmo in Chianti. These should add ~€3mn revenues and ~€400k EBITDA in FY25E, and over €6mn and €700k at full capacity by FY27-28E. As a result, our current estimates point at: 1) VoP growing at 15.4% CAGR_{24PFE-28E} to ~€43mn; 2) EBITDA margin converging to 14.0% in FY28E; 3) FCF progressively increasing and leading to ~€3mn Net Debt by FY28E, when we expect FCF Yield to surpass the 20% threshold.

Fair Value +10% in absolute terms, n° of shares up by 18%

Soges boasts a solid investment case, with strong growth attitude and deleveraging capacity improving with each new acquisition.

While we revise upward the company's Fair Equity Value by over €2mn (ca. +10%) in absolute terms, the implied Fair Value p.s. goes down to €4.10 (from €4.40) due to the recent 18% share count increase. Upside from current stock market price is 100%.

Fair Value (€) **4.10**
Market Price (€) **2.05**
Market Cap. (€m) **12.5**

KEY FINANCIALS (€m)	2024PF	2025E	2026E
VALUE OF PRODUCTION	24.0	30.4	34.4
EBITDAR ADJ.	6.2	8.2	9.7
EBITDA	3.0	3.8	4.3
EBIT	0.8	1.3	1.6
NET PROFIT ADJ.	0.0	0.3	0.9
NET FIN. POS.	-10.7	-9.4	-7.6
EPS ADJ. (€)	0.00	0.05	0.14
DPS (€)	0.00	0.00	0.00

Source: Soges Group (historical figures),
Value Track (2025-26E estimates)

KEY RATIOS	2024PF	2025E	2026E
EBITDA MARGIN (%)	12.7	12.4	12.4
EBIT MARGIN (%)	3.2	4.2	4.6
NET DEBT / EBITDA (x)	3.5	2.5	1.8
NET DEBT / EQUITY (x)	1.4	1.5	1.1
EV/SALES (x)	0.9	0.7	0.6
EV/EBITDA (x)	7.0	5.8	4.7
EV/EBIT (x)	27.7	17.0	12.7
P/E ADJ. (x)	nm	nm	14.3

Source: Soges Group (historical figures),
Value Track (2025-26E estimates)

STOCK DATA	
FAIR VALUE (€)	4.10
MARKET PRICE (€) (*)	2.05
SHS. OUT. (m)	6.1
MARKET CAP. (€m)	12.5
FREE FLOAT (%)	22.1
AVG. -20D VOL. ('000)	7,920
RIC	SOGES.MI
52 WK RANGE	1.72-2.35

Source: Stock Market Data, (*) Price as of 24 March 2025



Business Description

Soges Group is a rapidly expanding hotel management company operating in the medium-to-high-end segment. Initially established in 2000 as a student housing company, Soges has pivoted its business model back in 2019 divesting its student housing division and focusing entirely in the Ho.Re.Ca. sector. Since then, the company has grown significantly, achieving a 30.5% CAGR₂₀₁₉₋₂₀₂₄, driven by a robust management contracts' acquisition strategy. As a result, the company manages a portfolio of 12 hotels (for a total of 510 rooms), mainly located in Tuscany, and mostly operated under the commercial brand "Place of Charme".

Key Financials

€mn	2024PF	2025E	2026E	2027E
Value of Production	24.0	30.4	34.4	38.7
Chg. % y/y	50.7%	26.3%	13.4%	12.3%
EBITDA	3.0	3.8	4.3	5.1
EBITDA Margin (%)	12.7%	12.4%	12.4%	13.3%
EBIT	0.8	1.3	1.6	2.5
EBIT Margin (%)	3.2%	4.2%	4.6%	6.5%
Net Profit	1.1	0.2	0.6	1.3
Chg. % y/y	nm	-79.9%	nm	nm
Adjusted Net Profit	0.0	0.3	0.9	1.5
Chg. % y/y	nm	nm	nm	75.4%
Net Fin. Position	-10.7	-9.4	-7.6	-5.5
Net Fin. Pos. / EBITDA (x)	3.5	2.5	1.8	1.1
Capex	-5.4	-2.1	-2.1	-2.4
OpFCF b.t.	-0.6	2.1	2.8	3.3
OpFCF b.t. as % of EBITDA	nm	54.6%	65.1%	63.9%

Source: Soges Group (historical figures), Value Track (estimates)

Investment case

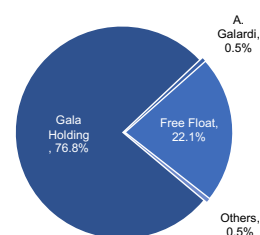
Strengths / Opportunities

- ◆ Scalability of the business model, relying on a systematic process for properties selection & management, leading to rapid economies of scale;
- ◆ Fast growth, positive operating leverage, asset-light business model and negative working capital;
- ◆ Attractive market potential in Tuscany (and Italian) market, with ample acquisition opportunities.

Weaknesses / Risks

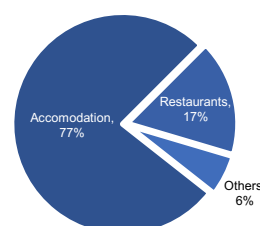
- ◆ Exposure to inherent volatility of the tourism sector;
- ◆ Small size in a market crowded by large international operators;
- ◆ Contracts acquisition remain a key lever for stock upside potential.

Shareholders Structure (current)



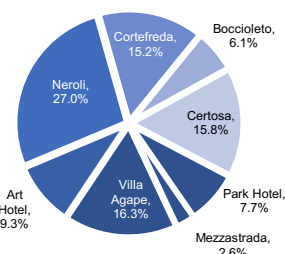
Source: Soges Group

FY24 Revenues by Segment



Source: Soges Group

FY24 Revenues by Structure



Source: Soges Group

Stock multiples @ €4.10 Fair Value

	2025E	2026E
EV / SALES (x)	1.1	0.9
EV / EBITDA (x)	9.1	7.6
EV / EBIT (x)	26.7	20.6
EV / CAP.EMP. (x)	2.2	2.3
OpFCF Yield (%)	8.6	11.5
P / E Adj. (x)	nm	nm
P / BV (x)	4.0	3.6
Div. Yield. (%)	0.0	0.0

Source: Value Track

FY24 Financial Performance

Introduction

Soges' FY24 Pro-Forma figures reflect the **transformative impact of the Hotel Bretagna acquisition**, which significantly expanded the company's scale, driving VoP from €15.9mn in 2023 to €24.0mn in 2024PF. While **Organic VoP growth was in line with expectations**, the **increase in costs** reflects both: i) the natural consequence of this accelerated growth phase — including extraordinary expenses such as due diligence costs — and; ii) higher-than-anticipated structural expenses, including labor costs tied to the CCNL renewal and pre/post-IPO adjustments.

Net Debt was impacted by significant investments made in 2024, including the **acquisition of four properties** — Park Hotel Chianti, Hotel Malaspina, Borgo di Cortefreda, and above all Hotel Bretagna, while it also factor €1.5mn advance capital contribution from Gala Holding back in December.

Key messages

Key highlights from Soges's **FY24** financial results are as follows:

- ◆ **Value of Production at €16.8mn** (+5.6% y/y) and **€24.0mn on a Pro-Forma Basis**, very much in line with expectations. In Other terms, Hotel Bretagna contributed for €7.2mn (~30%) of the total amount;
- ◆ **EBITDA at €1.0mn** (-27.5% y/y), and **€3.0mn on a Pro-Forma Basis**. margins fell short due to exceptional M&A-related costs and higher-than-anticipated structural expenses, including increased labor costs under the CCNL and pre/post-IPO structuring adjustments. Excluding ~€220k in extraordinary M&A-related costs, **Adj. EBITDA stood at €3.2mn**;
- ◆ **Net Debt at €10.7mn**, down from €3.4mn in Dec 2023, mostly due to €15mn net investments that are mainly related to Hotel Bretagna's M&A (~€10mn EV), other 2024 acquisition and to the operational setup of the properties added in 2023.

Soges Group: Key Financials FY23-FY24

(€, mn)	FY23	Reported FY24	y/y	Pro-Forma FY24
Value of Production	15.9	16.8	5.6%	24.0
Gross Profit	14.1	15.0	6.3%	21.8
Gross Margin (%)	88.5%	89.2%	65bps	90.6%
EBITDAR	3.0	3.0	2.5%	6.1
EBITDAR Margin (%)	18.6%	18.1%	-54bps	25.5%
EBITDA	1.5	1.1	-27.5%	3.2
EBITDA Margin (%)	9.1%	6.2%	-286bps	12.7%
Net Profit	0.4	-0.3	nm	1.2
Net Margin (%)	1.9%	nm	nm	nm
EBITDAR Adj.	2.9	3.2(*)	-5.4%	6.2
EBITDAR Adj. Margin (%)	18.0%	18.8%	80bps	25.9%
EBITDA Adj.	1.3	1.2	-33.4%	3.2
EBITDA Adj. Margin (%)	8.4%	6.9%	-155bps	13.1%
Net Debt (-) Cash (+)	-3.4	-10.7	-7.3mn	-10.7

Source: Soges Group, Value Track analysis, (*) Gross of €220k M&A-related extraordinary costs

VoP growth at 5.6% on a like for like basis, Florence cluster leads the way

FY24 Reported Revenues stood at €16.7mn (+5.8% y/y), showing a continuation of the trends observed in 1H24. More in specific:

- ◆ In the **Florence Cluster**, hotels performed well across the board, with notable y/y growth. Art Atelier led the way with a +43.4% y/y increase, driven by the expansion of 14 rooms starting from July 1, 2024. Other Florence properties also performed well, with Villa Agape reporting a +9.9% y/y increase and Villa Neroli +2.9% y/y, with the latter remaining the top revenue contributor (30% of FY24 sales);
- ◆ In the **Chianti Cluster**, lower domestic tourist spending impacted revenue growth, with some hotels even experiencing small declines, such as Park Hotel Chianti and Boccioleto (both -0.7% y/y). Nevertheless, overall revenues generated from this cluster remained substantially stable.

Soges Group: Revenues Breakdown by Property FY23-FY24 (Reported)

(€, mn)	FY23	FY24 Reported	y/y
Art Hotel Villa Agape	2.5	2.7	9.9%
Art Hotel Atelier	1.1	1.6	43.4%
Villa Neroli	4.4	4.5	2.9%
Borgo di Cortefreda	2.6	2.5	-0.7%
Boccioleto Resort & Spa	1.0	1.0	-0.7%
Certosa di Pontignano	2.6	2.6	2.4%
Park Hotel Chianti	1.3	1.3	0.2%
Podere Mezzastrada	0.4	0.4	8.5%
Total Revenues	15.8	16.7	5.8%
Other Revenues	0.2	0.1	-16.1%
Value of Production	15.9	16.8	5.6%

Source: Soges Group, Value Track analysis

In terms of revenue split, the accommodation/restaurants/other services segments contributed 77%/17%/6%, respectively.

Soges Group: Revenues Breakdown by Segment FY23-FY24 (Reported)

(€, mn)	FY23	FY24 Reported	y/y
Accommodation	11.9	12.9	7.5%
As a % of Total Revenues	75.7%	77.0%	
Restaurants	2.9	2.9	-0.6%
As a % of Total Revenues	18.4%	17.3%	
Other Services	0.9	1.0	2.9%
As a % of Total Revenues	6.0%	5.8%	
Total Revenues	15.8	16.7	5.8%

Source: Soges Group, Value Track analysis

Margins affected by higher SG&A and some M&A-related extraordinaries

In 2024PF, EBITDA doubled y/y but fell a bit short of expectations due to ~€220k in extraordinary M&A-related costs and higher-than-anticipated operating expenses, particularly from increased labor costs (linked to CCNL revision), and pre/post-IPO structuring adjustments. As such, even by adjusting for aforementioned extraordinaries, increased structural expenses weighed on profitability.

On a **Reported basis**, we highlight that:

- ◆ **EBITDA stood at €1.1mn** (6.3% EBITDA Margin), with the main increase in costs attributable to: 1) the step stepped-up rental costs (+€474k y/y), though this was expected due to contractual agreements stipulating progressively higher rental amounts; 2) Higher Labour Cost (+417 y/y) linked to new hires (~40 additional units y/y) but also to higher cost per employee tied to a revision of the CCNL that took effect throughout 2024; 3) Higher Cost of Services (+0.376 y/y), including ~€220k extraordinary costs related to M&A Due Diligence, such as mediation fees, consultancies (legal/technical/administrative), and tax advisory services;
- ◆ **Net Loss stood at €0.3mn**, as a results of the above, together with higher D&A (+€250k y/y), Net Financial Charges (+€51k y/y) and nil taxes.

While on a **Pro-Forma basis**:

- ◆ **EBITDA reached €3.0mn** (12.7% EBITDA Margin) with Hotel Bretagna contributing for €2.0mn 7.7% EBITDA Margin);
- ◆ **Net Profit amounted to €1.1mn**, after accounting for €2.3mn in extraordinary income related to Bretagna property disposal, partially offset by €0.9mn in Goodwill Amortization, €1.0mn in Net Financial Charges, and €0.9mn in Taxes.

Soges Group: P&L FY23-FY24 Reported-FY24PF

(€, mn)	FY23	FY24 Reported	y/y	FY24PF
Value of Production	15.9	16.8	5.6%	24.0
Raw Materials, Δ Inventory	-1.8	-1.8	-1.0%	-2.3
Gross Profit	14.1	15.0	6.4%	21.8
Gross Margin (%)	88.5%	89.2%	71bps	90.6%
Costs of Services	-4.5	-4.8	8.4%	-7.
Costs of Rent	-1.5	-2.0	31.2%	-3.1
G&A	-0.3	-0.3	12.7%	-0.5
Labour Costs	-6.4	-6.9	6.5%	-7.9
EBITDA	1.5	1.1	-27.5%	3.0
EBITDA Margin (%)	9.1%	6.3%	-286bps	12.7%
D&A	-0.8	-1.0	32.3%	-2.3
Provision	-0.1	0.0	nm	0.0
EBIT	0.5	0.0	-0.9	0.8
Interest Expenses	-0.3	-0.4	16.5%	-1.0
Other Non-Op. Inc./Exp.	0.0	0.0	nm	0.0
Pre-Tax Profit	0.2	-0.3	-2.5	-0.2
Taxes	0.2	0.0	nm	-0.9
Extraordinaries	0.0	0.0	nm	2.3
Net Profit	0.4	-0.3	nm	1.1

Source: Soges Group, Value Track analysis

Balance Sheet & Cash Flow Statement

At Balance Sheet and Cash Flow level we note, at the end of FY24:

- ◆ **Net Fixed Assets increased to €22.0mn** (vs. €6.6mn in FY23), primarily driven by: 1) €11.9mn in Goodwill from Bretagna acquisition; 2) €888k in IPO-related setup costs; and 3) ~€3mn from the consolidation of Bretagna's tangible and intangible assets;
- ◆ **Net Working Capital stood at -€1.3mn** (vs. -€0.7mn in FY23), releasing approximately €650k. This remains well under control, primarily due to a favourable receivables/payable dynamic, supported by customer advances received well in advance of the holiday season.
- ◆ **Net Debt at €10.7mn**, down from €3.4mn in Dec 2023, reflecting €16.5mn in net investments (Capex + Financial Investments), partially offset by a €4.1mn capital injection (including €2.6mn from the IPO and a €1.5mn advance capital contribution from Gala Holding in December).

Soges Group: Balance Sheet FY23-FY24PF

(€, mn)	FY23	FY24PF	y/y
Net Fixed Assets	6.6	22.0	15.4mn
Net Working Capital	-0.7	-1.3	-0.9mn
Provisions	1.0	2.1	1.1mn
Total Capital Employed	4.9	18.6	13.7mn
Group Net Equity	1.5	7.9	6.4mn
Net Financial Position	-3.4	-10.7	-7.3mn

Source: Soges Group, Value Track analysis

Change in 2025E-28E estimates

We are changing our 2025E-28E estimates to take into account of:

- 1) **New property additions:** We estimate these properties could contribute ~€3mn in Revenues and ~€400k in EBITDA in FY25E, with potential to exceed €6mn in Revenues and €700k in EBITDA at full capacity (by FY27-28E);
- 2) **Higher headquarter costs:** increased from initial estimates, reaching €2.4mn in FY24 and expected to approach €3.0mn in FY25E, reducing but not eliminating operating leverage benefits;
- 3) **Tax credit and grant:** Inclusion of a €440k IPO tax credit (50% of €880k costs) recognized over four years in the P&L (and to be fully collected in 2025), along with a €250k non-repayable grant from Meliá to support the hotel's start-up in 2025;
- 4) **Right Issue:** We account for the additional €0.6mn capital increase subscribed in 2025, which adds to the €1.5mn already contributed by Gala Holding in December 2024.

As a result, **we broadly confirm our short-term EBITDA estimates**, with weaker organic performance offset by additional property revenues and aforementioned extraordinary income. We also **slightly raise our long-term EBITDA forecast**, supported by contributions from newly acquired properties at full capacity. Net Debt is set to improve, reflecting the remaining portion of the capital increase (€0.6mn, gross of potential subscription of residual shares), the recognition of the IPO-related tax credit, and grants. Meaningful cash generation is anticipated from 2026 onward, supported by scale efficiencies and the full contribution of newly integrated assets.

That said, our FY25-28E financial forecasts for Soges Group can be summarized as follows:

- ◆ **Value of Production** at €30.4mn in FY25E, and then growing at ca. **15.4% CAGR2024PFE-2028E** to ca. €42.6mn in FY28E, with growth driven (by 2027), by additional €2.5mn-€3.0mn Revenues/year coming from the acquisition of further management contracts;
- ◆ **EBITDAR Adj.** (for non-recurring revenues) at **€12.6mn** in 2028E (**+19.3% CAGR2024PFE-2028E**), with EBITDAR margin Adj. surpassing the 29.6% threshold;
- ◆ **EBITDA margin converging to 14.0%** (EBITDA FY28E at €5.9mn) benefitting from operating leverage and further economies of scale;
- ◆ **Net Profit Adj.** expected at **€2.1mn by FY28E**, with Financial Charges peaking in 2025 before declining according to current amortization plans. Tax Rate should become significant only in 2027-28, when the company should have utilized its current tax capacity (previous losses).
- ◆ Free Cash Flow generation, progressively increasing due to margins improvement, structurally negative NWC, and disciplined Capex and leading **Net Debt to €3.0mn in FY28E**.

Soges Group: Old vs. New Estimates FY25-FY27E

€mn	2025E			2026E			2027E		
	Old	New	Δ (%)	Old	New	Δ (%)	Old	New	Δ (%)
Total Revenues	27.0	30.4	12.4%	30.4	34.4	13.2%	33.7	38.7	14.6%
EBITDA	3.8	3.8	-0.2%	4.4	4.3	-3.6%	4.9	5.1	4.7%
<i>EBITDA Margin (%)</i>	<i>14.0%</i>	<i>12.4%</i>	<i>-157 bps</i>	<i>14.5%</i>	<i>12.4%</i>	<i>-215 bps</i>	<i>14.5%</i>	<i>13.3%</i>	<i>-126 bps</i>
Net Profit Adj.	1.0	0.3	nm	1.3	0.9	-35.0%	1.7	1.5	-12.4%
Net Fin. Position	-11.0	-9.4	1.6mn	-9.3	-7.6	1.7mn	-7.0	-5.5	1.4mn

Source: Value Track Analysis

Soges Group: P&L FY23-FY24 (Reported + Pro-Forma)-FY28E

(€, mn)	2023	2024	2024PF	2025E	2026E	2027E	2028E
Value of Production	15.9	16.8	24.0	30.4	34.4	38.7	42.6
Raw Materials, Δ Inventory	-1.8	-1.8	-2.3	-3.2	-3.6	-4.1	-4.5
Gross Profit	14.1	15.0	21.8	27.2	30.8	34.6	38.1
Gross Margin (%)	88.5%	89.2%	90.6%	89.5%	89.5%	89.5%	89.5%
Costs of Services	-4.5	-4.8	-7.2	-8.3	-9.4	-10.5	-11.5
Costs of Rent	-1.5	-2.0	-3.1	-4.8	-5.6	-6.4	-6.9
G&A	-0.3	-0.3	-0.6	-0.5	-0.6	-0.6	-0.7
Labour Costs	-6.4	-6.9	-7.9	-9.9	-11.0	-11.9	-13.1
EBITDA	1.5	1.1	3.0	3.8	4.3	5.1	5.9
EBITDA Margin (%)	9.1%	6.3%	12.7%	12.4%	12.4%	13.3%	14.0%
D&A (including Goodwill)	-0.8	-1.0	-2.3	-2.5	-2.7	-2.6	-2.7
Provision	-0.1	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	0.5	0.0	0.8	1.3	1.6	2.5	3.3
Interest Expenses	-0.3	-0.4	-1.0	-1.0	-0.8	-0.6	-0.5
Other Non-Op. Income/Expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pre-Tax Profit	0.2	-0.3	-0.2	0.3	0.8	1.9	2.8
Taxes	0.2	0.0	-0.9	-0.1	-0.2	-0.6	-0.9
Extraordinaries	0.0	0.0	2.3	0.0	0.0	0.0	0.0
Net Profit	0.4	-0.3	1.1	0.2	0.6	1.3	1.9
Net Profit Adj.	0.3	0.0	0.0	0.3	0.9	1.5	2.1
Net Profit Adj. Margin (%)	1.9%	nm	nm	1.1%	2.5%	3.9%	5.0%

Source: Soges Group, Value Track analysis,

Soges Group: Cash Flow FY23-FY24PF-FY28E

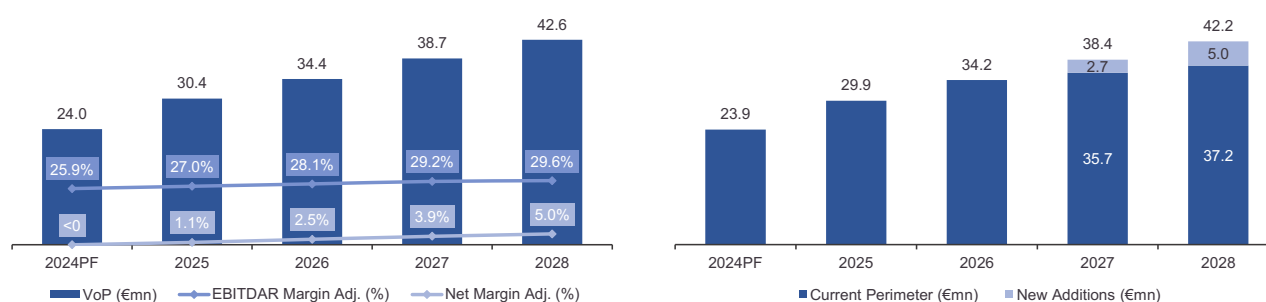
(€, mn)	2023	2024PF	2025E	2026E	2027E	2028E
EBITDA	1.5	3.0	3.8	4.3	5.1	5.9
Δ NWC	-0.4	0.6	0.3	0.6	0.4	0.2
Capex	-1.6	-5.4	-2.1	-2.1	-2.4	-2.4
Δ Provisions	0.3	1.1	0.1	0.0	0.1	0.1
OpFCF b.t.	-0.1	-0.6	2.1	2.8	3.3	3.9
As a % of EBITDA	nm	nm	54.6%	65.1%	63.9%	65.1%
Cash Taxes	0.2	-0.9	-0.1	-0.2	-0.6	-0.9
OpFCF a.t.	0.0	-1.5	2.0	2.6	2.7	3.0
Capital Injections	0.0	4.1	0.6	0.0	0.0	0.0
Others (incl. Financial Inv.)	-0.4	-8.8	-0.3	0.0	0.0	0.0
Net Financial Charges	-0.3	-1.0	-1.0	-0.8	-0.6	-0.5
Dividends Paid	0.0	0.0	0.0	0.0	0.0	0.0
Δ Net Financial Position	-0.7	-7.3	1.3	1.8	2.0	2.5

Source: Soges Group, Value Track analysis

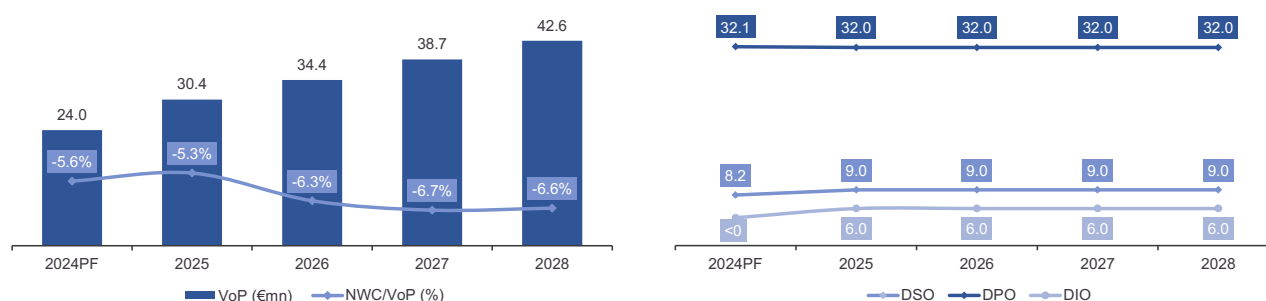
Soges Group: Balance Sheet FY23-FY24PF-FY28E

(€, mn)	2023	2024PF	2025E	2026E	2027E	2028E
Net Fixed Assets	6.6	22.0	19.4	18.8	18.6	18.3
Net Working Capital	-0.7	-1.3	-1.6	-2.2	-2.6	-2.8
Provisions	1.0	2.1	2.2	2.2	2.3	2.4
Total Capital Employed	4.9	18.6	15.6	14.4	13.7	13.1
Group Net Equity	1.5	7.9	6.2	6.8	8.1	10.0
Net Financial Position	-3.4	-10.7	-9.4	-7.6	-5.5	-3.0

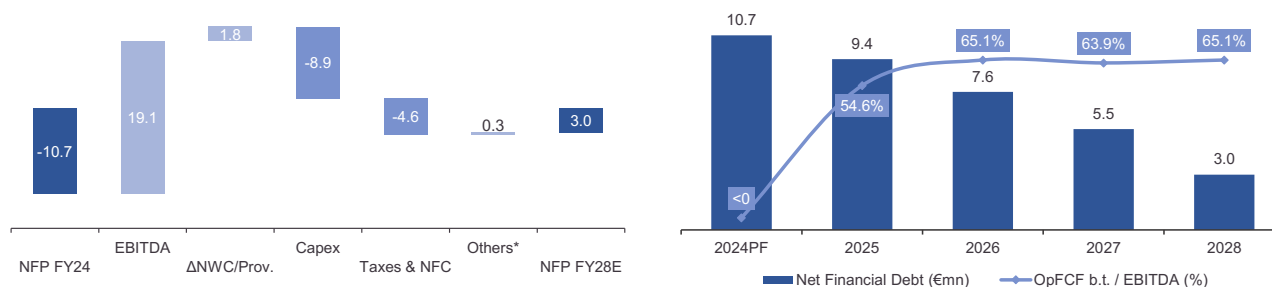
Source: Soges Group, Value Track analysis

VoP, EBITDAR Adj. & Net Margin Adj. FY24PF-28E (left) & New Hotel Contribution to Net Sales (right)


Source: Soges Group, Value Track analysis

FY24PF-28E NWC on VoP (%), left) and Cash Conversion Cycle (days, right)


Source: Soges Group, Value Track analysis

Net Debt bridge (left) and Net Debt & OpFCF/EBITDA Evolution (right)


Source: Soges Group, Value Track analysis, (*) Including Capital Injection and Financial Investments

Fair Value at €4.10 p.s. due to share expansion

Valuation Summary

Soges boasts a solid investment case, with strong growth attitude and deleveraging capacity improving with each new acquisition.

Compared to our last update in December we revise upward the company's Fair Equity Value by over €2mn (ca. +10%) in absolute terms, supported by the capital increase and the additional value brought by recently secured contracts.

However, the implied **Fair Value p.s.** goes down to **€4.10** (from €4.40) due to the recent 18% share count increase, and is obtained as average of:

- ◆ **DCF model**, leading at ca. €4.64 per share, of which €2.9 per share related to the current business perimeter (headquarter + currently managed hotel facilities) and €1.8 per share related to the new management contracts that we are including in our forecasts;
- ◆ **Peers Analysis**, aimed at assessing Soges valuation based on its 2025E-2026E expected performance compared to peers and leading to €3.57 per share.

Soges Group: Valuation Summary

Methodologies	Equity Value (€, mn)	Equity Value p.s. (€)
DCF Model	28.2	4.64
Peers' Multiples	21.7	3.57
Fair Equity Value	24.9	4.10

Source: Value Track analysis

At fair value, the stock would trade at **1.1x-0.9x EV/Sales**, and **9.1x-7.6x EV/EBITDA** for 2025E-2026E respectively. Given the company's small size, multiples below the EBITDA level will become more meaningful in 1-2 years.

Upside from current stock market price is 100%.

Soges Group: Sensitivity of implicit stock trading multiples at different price levels

Equity Value per share	EV / Sales (x)		EV / EBITDA (x)		EV / EBIT (x)		P/E Adj. (x)	
	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
€ 2.05	0.7	0.6	5.8	4.7	17.0	12.7	nm	14.3
€ 4.10	1.1	0.9	9.1	7.6	26.7	20.6	nm	28.7

Source: Value Track analysis

Discounted Cash Flow Model

DCF model leads to **€4.64 Fair Equity Value per share**. Further analyses allow us to split Soges' DCF equity value p.s. in €2.9 per share attributable to the current business perimeter and €1.8 per share attributable to the new management contracts that we are assuming will be acquired in the next years. It is worth highlighting that in our IoC these values stood at €2.1 and €2.5 respectively, demonstrating that the **projected growth is materializing into actual growth**, as the company effectively executes its contract acquisition plan.

Our revised DCF model incorporates the following key updates:

- ◆ It is now rolled to 2025, with explicit forecasts covering the period 2026E-2030E;
- ◆ The model factors an updated Italian ERP (5.37%) as per Damodaran's January update.

All other assumptions remain unchanged:

- ◆ 2.0% Risk Free Rate in line with medium term inflation target;
- ◆ Unlevered Beta at 1.02, based on *Hotel Europe* category (Damodaran);
- ◆ 3.0% Soges specific small-size risk premium;
- ◆ 5.0% pre-tax and 3.8% after-tax cost of debt.
- ◆ 1% Perpetuity Growth Rate ("g").

The result is a WACC that starts from 8.9% in 2026E (53% Net Debt/Total Capital Employed) and lands at 10.0% in 2030E (Net Cash).

Terminal Value is calculated with perpetual growth model, and implies 5.9x EV/EBITDA exit multiple, still below current FY25E sector multiples even factoring a 25% small-size discount.

Soges Group: DCF Model with Rolling Capital Structure

€mn	Base Case
PV of Future Cash-Flows 2026E-2030E	11.4
PV of Terminal Value 2030E	26.2
Fair Enterprise Value (€mn)	37.6
Net Cash Position 2025E	-9.4
Fair Equity Value (€mn)	28.2
NoSh (mn)	6.1
Fair Equity Value p.s.	4.64
o/w attributable to facilities already under contract	10.80
contracts to be acquired for new facilities	1.75
headquarter	-7.91

Source: Value Track analysis

Peers Analysis

We now base our relative valuation on the FY25E-FY26E EV/EBITDA multiple, and set at the average of the peer cluster with a 25% discount to account for differences in size and market exposure. Applying the resulting **7.9x EV/EBITDA** multiple to Soges' FY25E-FY26E EBITDA, we derive a **€3.57 Fair Equity Value per share**. Notably, we excluded Emma Villas from the cluster, as we deem its current trading multiples do not accurately reflect the sector's fundamentals. Conversely, we included Xenia Hotellerie Solutions, which, despite only partial business comparability, operates in a related segment and shares similar growth drivers, making it a more suitable benchmark.

Soges Group: Peers Trading Multiples

Peers	EV/Sales (x)		EV/EBITDA (x)		EV/EBIT (x)		P/E Adj. (x)	
	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Hilton Worldwide	5.6	5.3	18.3	17.1	21.4	19.5	31.2	28.0
InterContinental Hotels Group	1.1	1.0	7.3	6.8	9.3	8.6	8.8	7.6
Hyatt Hotels Corporation	8.6	8.1	15.8	14.7	16.8	15.7	23.2	21.3
Accor	2.2	2.0	10.5	9.6	14.6	13.0	18.5	16.5
Wyndam Hotels & Resorts	2.2	2.1	13.6	12.4	29.9	22.5	47.9	33.2
Marriott Vacations Worldwide	6.4	5.9	12.8	11.7	15.4	14.0	19.3	17.2
Minor Hotels Europe & Americas	1.8	1.7	6.8	6.4	12.5	11.6	10.3	9.4
Meliá Hotels International	1.9	1.8	6.8	6.6	12.6	12.8	16.6	19.8
Xenia Hotellerie Solutions	0.6	0.5	7.3	5.4	20.9	17.1	34.5	>50
Total Average	3.4	3.2	11.0	10.1	17.1	15.0	23.4	19.1
Total Median	2.2	2.0	10.5	9.6	15.4	14.0	19.3	18.5
Soges Group @ Mkt Price	0.7	0.6	5.8	4.7	17.0	12.7	37.8	14.3
<i>Discount vs. Total Average (%)</i>	-79%	-82%	-47%	-53%	0%	-15%	62%	-25%
Fair Multiples @25% discount	1.6	1.5	7.9	7.2	11.5	10.5	14.5	13.9

Source: Factset, Value Track analysis

Soges Group: Valuation based on Relative Peer Multiples

	2025E	2026E
Average EV/EBITDA (x)	7.9	7.2
Equity Value (€mn)	20.3	23.0
NoSh (#)	6.1	6.1
Equity Value p.s. (€)	3.35	3.79
Average (€)	3.57	

Source: Value Track analysis

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