

Camplify Holdings Limited

It looks like a win win

The CHL Interim Result (Normalised Net Loss of \$2.2m vs OMLe of a Net Loss of \$4.8m) reflected a Company well positioned to benefit from what appears an uncertain macro outlook. The business has been a clear winner from “over indexing” in demand for Domestic Leisure Travel and consumer desire to spend on experiences/nature post Covid. This has driven category growth within the RV rental segment that appears to be showing little signs of slowing. At the same time, history suggests that if economic conditions get tougher then the Company should benefit from a shift to Domestic Travel and the need for some RV owners to generate income by placing their vehicles on the CHL platform.

Early days with PaulCamper but so far so good

The Company noted that the PaulCamper acquisition completed in late 2022 is performing in line with expectations. Post this transaction, CHL is now positioned as the largest peer to peer RV rental platform in Australia, New Zealand, Germany, and Austria.

Insurance and automation the key to future re-rating

The key earnings deltas from our perspective are: 1) The ability to develop and sell what we would call “the holy grail”, best-in-class global Insurance products suitable for both hirers and owners using a single underwriter; and 2) Increase the level of automation across the group such that the Company can prove the business model is profitable at scale. The first of these opportunities has the potential to drive a material increase in ARPV across the combined group and the second improved EBITDA margins. We have assumed a modest level of success in both objectives, but full execution represents upside risk to our numbers. The Company has ample cash (~\$24m) and no debt and is expected to deliver positive free cashflow in FY24.

Inv View – Maintain Accumulate PT \$2.11 (prev \$1.87)

Our earnings assumptions have been updated to reflect the stronger than expected 1H23. This has driven a material upgrade in percentage terms to FY23 EPS, but outer years remain largely unchanged. Our DCF based price target (estimated WACC 11.5% and terminal growth rate 3% both unchanged) has increased 13% to \$2.11 due to our earnings revisions and higher than expected cash levels. We maintain our Accumulate rating.

Year-end June (\$)	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue (\$m)	8.5	16.4	31.7	43.8	56.1
EBITDA (\$m)	(1.4)	(6.0)	(1.8)	0.1	3.7
EBIT (\$m)	(1.6)	(6.2)	(2.1)	(0.3)	3.1
Reported NPAT (\$m)	(2.1)	(8.2)	(3.5)	(0.2)	2.2
Reported EPS (c)	(9.6)	(20.5)	(5.0)	(0.3)	3.2
Normalised NPAT (\$m)	(2.0)	(6.8)	(2.4)	(0.2)	2.2
Normalised EPS (c)	(9.2)	(17.0)	(3.4)	(0.3)	3.2
Dividend (c)	-	-	-	0.0	-
Net Yield (%)	-	-	-	0.0	-
Franking (%)	-	-	-	-	-
EV/EBITDA (X)	-	-	-	-	28.6
Normalised P/E (x)	-	-	-	-	62.2
Normalised ROE (%)	-	-	-	-	3.9

Source: OML, Iress, Camplify Holdings Limited

Last Price

A\$1.98

Target Price

A\$2.11 (Previously A\$1.87)

Recommendation

Accumulate

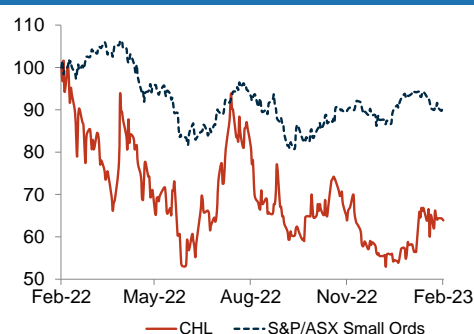
Risk

Higher

Consumer Discretionary

ASX Code	CHL
52 Week Range (\$)	1.64 - 3.15
Market Cap (\$m)	137.5
Shares Outstanding (m)	69.4
Av Daily Turnover (\$m)	0.0
3 Month Total Return (%)	0.0
12 Month Total Return (%)	-36.1
Benchmark 12 Month Return (%)	-10.6
NTA FY23E (¢ per share)	9.8
Net Cash FY23E (\$m)	23.1

Relative Price Performance



Source: FactSet

Consensus Earnings

	FY23E	FY24E
NPAT (C) (\$m)	-	-
NPAT (OM) (\$m)	(2.4)	(0.2)
EPS (C) (c)	-	-
EPS (OM) (c)	(3.4)	(0.3)

Source: OML, Iress, Camplify Holdings Limited

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The numbers

Figure 1: CHL 1H23 Interim Result

Half Year ended 31 Dec	1H21	1H22a	1H23a	% ▲ vs pcp	1H23 OMLe	% ▲ vs OMLe
Key P&L items \$m						
Sales	3.2	6.8	12.4	83%	10.4	20%
Operating Expenses	-3.4	-9.5	-13.5		-15.2	
EBITDA	-0.2	-2.7	-1.1	-60%	-4.8	77%
D&A	-0.1	-0.1	-0.2		-0.1	
EBIT	-0.3	-2.8	-1.3	-53%	-4.9	73%
Net Interest	0.0	0.0	-0.7		0.0	
Non-recurring items	0.0	0.0	-1.6		0.0	
Equity accounted	0.0	0.0	0.0		0.0	
Tax Expense	0.0	0.0	0.2		0.1	
NPAT (reported)	-0.3	-2.8	-3.3	19%	-4.8	-30%
Normalisation Adjustments	0.0	0.0	1.1		0.0	
NPAT (adjusted)	-0.3	-2.8	-2.2	-20%	-4.8	53%
Margins						
EBITDA margin %*	-6.3%	-39.7%	-8.7%	3101bps	-46.1%	3739bp
EBIT margin %*	-9.4%	-41.2%	-10.5%	3064bps	-47.2%	3662bp
Per Share Data						
Adj EPS (cps)**	-0.8	-7.2	-5.0	n/a	-10.6	-53%
DPS (cps)	0.0	0.0	0	n/a	0	n/a
Cashflow & Gearing						
Net Operating Cashflow \$m	-0.9	-6.1	0.5			
Net Debt (Cash) (\$m)	35.0	-113.0	-24.8			
*Change in basis points						

Source: Company Data, OML estimates

Earnings Revisions

EPS upgraded in FY23 but outer years largely unchanged

We have updated our estimates to account for the stronger than expected result in 1H23. This has driven material change in percentage terms to our FY23 EPS estimate, but our latter year numbers remain largely unchanged.

Figure 2: Earnings Revisions

	Old	FY23 New	% Change	Old	FY24 New	% Change	Old	FY25 New	% Change
Revenue \$m	31.7	31.7	0.1%	43.8	43.8	0.1%	56.1	56.1	-0.1%
EBITDA \$m	-3.5	-1.8	49.5%	0.1	0.1	42.8%	3.2	3.7	14.8%
EBITDA Margin*	-11.0%	-5.6%	547	0.2%	0.3%	10	5.7%	6.6%	85
NPAT (adj) \$m	-3.5	-2.4	n/a	-0.1	-0.2	n/a	2.1	2.2	5.3%
EPS (adj) cps	-5.0	-3.4	n/a	-0.1	-0.3	n/a	3.0	3.2	6%

*Change in basis points

Source: OML estimates

Valuation

DCF based price target of A\$2.11 (Prev. \$1.87)

We continue to value CHL on a pure DCF valuation methodology as it best captures the longer-term earnings the group is expected to generate post COVID. Our updated DCF is calculated using a WACC of 11.5% and terminal growth rate of 3.0% and equates to \$2.11 which we have used as the basis for our 12-month price target. This price target has increased 13% relative to our previous estimate due to our earnings revisions and the higher than expected cash balance.

Figure 3: DCF Valuation

VALUATION	
Cost of Equity (%)	13.6
Cost of debt (after tax) (%)	5.6
D / EV (%)	25.6
WACC (%)	11.5
Forecast cash flow (\$m)	64.1
Terminal value (\$m)	60.3
Enterprise Value (\$m)	121.7
Less net debt / add net cash & investments (\$m)	24.8
Equity NPV (\$m)	146.5
Equity NPV Per Share (\$)	2.11
Target Price Method	DCF
Target Price (\$)	2.11
Valuation disc. / (prem.) to share price (%)	6.6

Source: OML estimates

Camplify Holdings Limited

PROFIT & LOSS (A\$m)	2021A	2022A	2023E	2024E	2025E
Revenue	8.5	16.4	31.7	43.8	56.1
Operating costs	(9.9)	(22.3)	(33.5)	(43.7)	(52.4)
Operating EBITDA	(1.4)	(6.0)	(1.8)	0.1	3.7
D&A	(0.1)	(0.2)	(0.4)	(0.5)	(0.6)
EBIT	(1.6)	(6.2)	(2.1)	(0.3)	3.1
Net interest	(0.6)	(0.7)	0.0	0.1	0.1
Pre-tax profit	(2.2)	(6.9)	(2.1)	(0.3)	3.2
Net tax (expense) / benefit	0.2	0.1	(0.3)	0.1	(0.9)
Significant items/Adj.	-	-	-	-	-
Normalised NPAT	(2.0)	(6.8)	(2.4)	(0.2)	2.2
Reported NPAT	(2.1)	(8.2)	(3.5)	(0.2)	2.2
Normalised dil. EPS (cps)	(9.2)	(17.0)	(3.4)	(0.3)	3.2
Reported EPS (cps)	(9.6)	(20.5)	(5.0)	(0.3)	3.2
Effective tax rate (%)	11.2	1.6	5.5	30.0	30.0
DPS (cps)	-	-	-	0.0	-
DPS (cps)	-	-	-	-	-
Dividend yield (%)	-	-	-	0.0	-
Payout ratio (%)	-	-	-	(3.5)	-
Franking (%)	-	-	-	-	-
Diluted # of shares (m)	22.0	39.8	69.4	69.4	69.4

CASH FLOW (A\$m)	2021A	2022A	2023E	2024E	2025E
EBITDA incl. adjustments	(1.3)	(7.3)	(3.1)	0.2	2.7
Change in working capital	4.3	2.9	3.1	2.8	4.4
Net Interest (paid)/received	(0.6)	(0.7)	0.0	0.1	0.1
Income tax paid	-	-	-	-	-
Other operating items	-	-	-	-	-
Operating Cash Flow	2.4	(5.1)	0.0	3.1	7.2
Capex	(0.1)	(1.0)	(0.5)	(0.4)	(0.5)
Acquisitions	(0.0)	(0.0)	(1.8)	-	-
Other investing items	0.2	-	-	-	-
Investing Cash Flow	-	(1.0)	(2.3)	(0.4)	(0.5)
Inc/(Dec) in equity	14.2	-	10.5	-	-
Inc/(Dec) in borrowings	0.1	0.0	-	-	-
Dividends paid	-	-	-	-	-
Other financing items	(14.3)	(0.0)	-	-	-
Financing Cash Flow	-	(0.0)	10.5	-	-
FX adjustment	-	-	-	-	-
Net Inc/(Dec) in Cash	2.4	(6.1)	8.2	2.7	6.7

BALANCE SHEET (A\$m)	2021A	2022A	2023E	2024E	2025E
Cash	21.1	15.0	23.2	25.9	32.6
Receivables	7.9	10.9	15.9	24.1	30.8
Inventory	0.4	0.4	0.4	0.4	0.4
Other current assets	0.7	0.8	0.8	0.8	0.8
PP & E	0.5	1.3	1.5	1.4	1.3
Intangibles	0.1	7.8	49.5	49.5	49.5
Other non-current assets	0.3	0.4	0.4	0.4	0.4
Total Assets	30.6	36.3	91.3	102.1	115.4
Short term debt	0.0	0.0	0.0	0.0	0.0
Payables	12.4	20.4	28.9	39.9	51.0
Other current liabilities	3.6	5.7	5.2	5.2	5.2
Long term debt	0.1	0.1	0.1	0.1	0.1
Other non-current liabilities	0.3	0.7	0.7	0.7	0.7
Total Liabilities	16.5	26.9	35.0	46.0	57.1
Total Equity	14.1	9.4	56.3	56.1	58.3
Net debt (cash)	(21.5)	(14.9)	(23.1)	(25.8)	(32.4)

Accumulate

DIVISIONS	2021A	2022A	2023E	2024E	2025E
KEY METRICS (%)	2021A	2022A	2023E	2024E	2025E
Revenue growth	-	93.2	93.9	38.2	27.9
EBITDA growth	-	-	-	-	2,472.1
EBITDA margin	-	-	-	0.3	6.6
EBIT margin	-	-	-	-	5.5
Return on assets	-	-	-	-	2.0
Return on equity	-	-	-	-	3.9

VALUATION RATIOS (x)	2021A	2022A	2023E	2024E	2025E
Reported P/E	-	-	-	-	62.2
Normalised P/E	-	-	-	-	62.2
Price To Free Cash Flow	18.1	-	-	50.9	20.4
Price To NTA	3.1	50.4	20.2	20.8	15.6
EV / EBITDA	-	-	-	-	28.6
EV / EBIT	-	-	-	-	33.9

LEVERAGE	2021A	2022A	2023E	2024E	2025E
ND / (ND + Equity) (%)	289.9	271.6	(69.5)	(84.8)	(125.4)
Net Debt / EBITDA (%)	1,499.7	249.5	1,307.4	(18,035.1)	(883.5)
EBIT Interest Cover (x)	-	-	56.8	5.6	-
EBITDA Interest Cover (x)	-	-	46.7	-	-

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BUY	The stock's total return (nominal dividend yield plus capital appreciation) is expected to exceed 15% over the next 12 months.
ACCUMULATE	We expect a total return of between 5% and 15%. Investors should consider adding to holdings or taking a position in the stock on share price weakness.
HOLD	We expect the stock to return between 0% and 5%, and believe the stock is fairly priced.
LIGHTEN	We expect the stock's return to be between 0% and negative 15%. Investors should consider decreasing their holdings.
SELL	We expect the total return to lose 15% or more.
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