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Newsletter Smartvel's Investors Q2 2022

1 mensaje

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Borrador

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Good morning/afternoon to everybody,

I do have the pleasure to send you our newsletter for Q2 2022. I remember you that within the [Investor's webpage](#) you have access to Sales Dashboards and other important information.

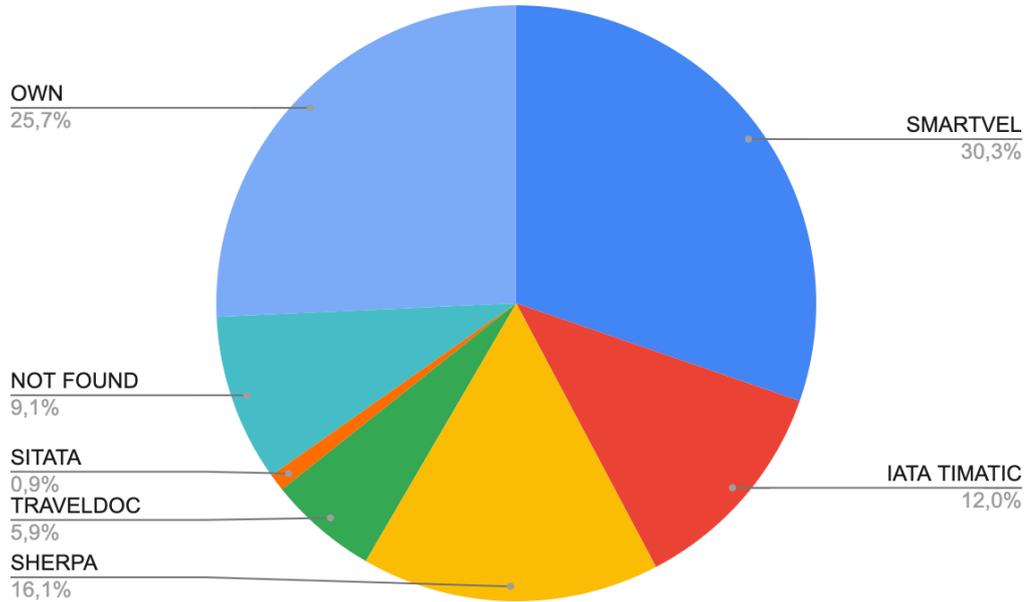
Summary Q2

1. It has been a difficult quarter in terms of commercial goals, a good one in product development, and the general status of the company. As expected we are starting to have some Churn in the TR product, and new sales speed is being reduced.
2. The expected EntryDocs release [upgrade of the product to anything related to documentation needed for traveling] is almost done, and it is on QA status. It is being shown to our customers and at the moment it has a good impact, although we will have to wait until is live.
3. The main wins in this quarter have been the final signature of **Four Seasons and Scoop** (a Low-Cost airline within SIA Group).
4. The worse part is **Saudia's status**, there has been a major change of management and we cannot move forward with the contract signature. At this moment we do not have clear visibility about the contract signature dates, and even with the implementation done and a lot of effort and costs involved we have decided to adjust our accounts discounting the fees for March, April, and May (-45K), already invoiced. We invoiced without the contract signed as it was agreed with them to do it, and we've had an Award Letter and presented our Bank Guarantee note. Although it was agreed with them, it is clear that they are not going to fulfill it.
5. The Churn in the quarter has been relevant, although within budget limits: Malaysia Airlines and 40% of Easyjet account, together with some smaller accounts. The total MRR impact has been -8,8 K. Upselling and new account (without Saudia) account for exactly the same amount +8,8 K. Total MRR (including Four Seasons signed in June but first invoice in July) is kept at 205,7 K.

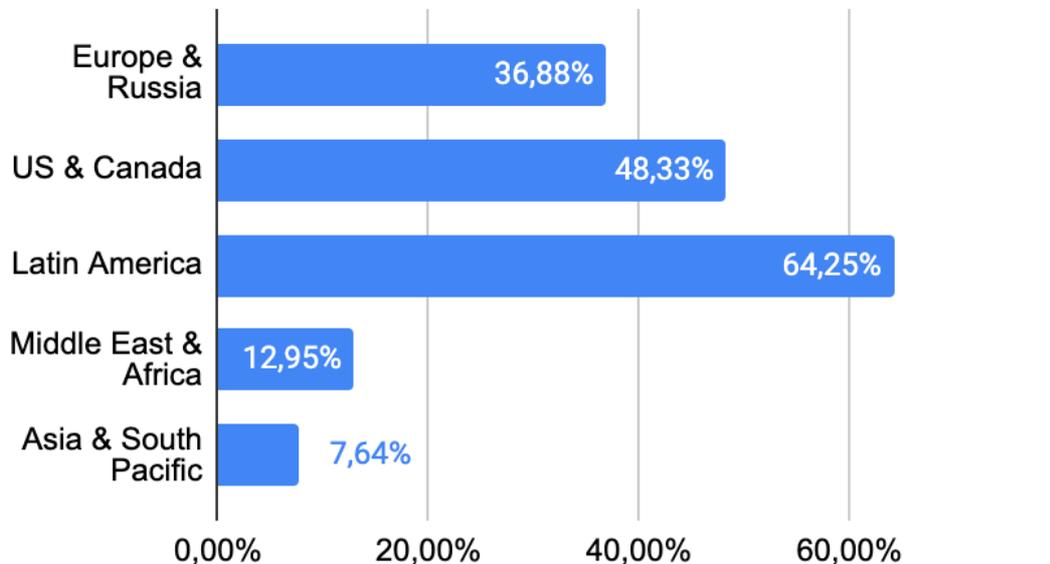
6. We change the criteria to calculate de MkShare of our Travel Requirements solution considering the International Travelers of each airline, as the total number of passengers do not give a real picture of the impact of our solution as considers customers that really are not qualified.

With this change of criteria, our MkShare reaches the 30% figure.

[GLOBAL MK SHARE OF INTERNATIONAL PASSENGERS MEASURED AS
OF PASSENGERS CARRIED BY VENDOR'S AIRLINES CUSTOMERS]



Smartvel's Mk Share per Region



[INTERNATIONAL TRAVELERS]

7. In Q2 we've burnt less than expected as Cash In and Cash Out was better than budgeted. Still accrued we are in negative (-100,5) although 58 K better than budgeted. We've included in the Cash Out all the impact (Opex/Capex/Taxes but the Leverage). Total Capex is aprox 25K (accrued June).

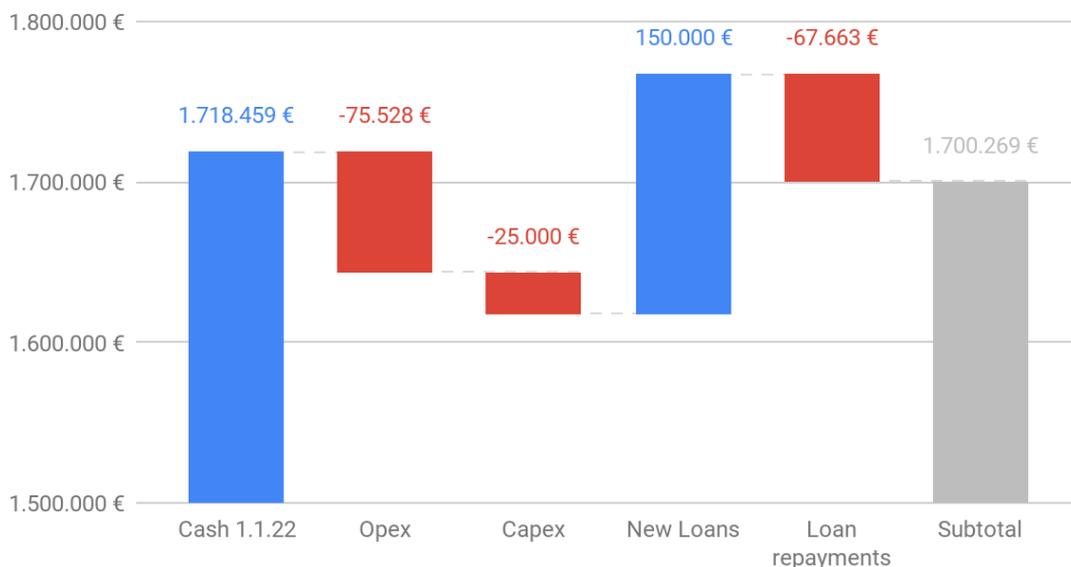
It is relevant that we signed a new loan with BS for 150 K

Q1 2022 (K €)	BUDGET	REAL	DIFFERENCE
CASH IN (Customers)	568,5	472,9	-95,6
CASH OUT (Opex & Capex & Tax)	-668,9	-536,4	+132,5
Cash Flow	-100,4	-63,5	+36,9

Q2 2022 (K €)	BUDGET	REAL	DIFFERENCE
CASH IN (Customers)	638,4	644,2	+5,8
CASH OUT (Opex & Capex & Tax)	-696,9	-682,0	+14,9
Cash Flow	-58,5	-37,8	+20,7

S1 2022 (K €)	BUDGET	REAL	DIFFERENCE
CASH IN (Customers)	1.206,9	1.117,9	-90
CASH OUT (Opex & Capex & Tax)	-1.365,8	-1.218,4	+147
Cash Flow	-158,9	-100,5	+58

CASH EVOL S1 2022



[CASH

CONSIDERED DO NOT INCLUDES FINANCIAL GUARANTEES, AND INCLUDES UNCOVERED LOAN LINES]

8. We are in the final stage of testing with the new upgrade of the product to Visas and Documentation. We have rebranded the Solution to “EntryDocs” as it includes anything needed for the traveler (Health, IDs, Visas, Forms, Insurance), we enclose a [teaser](#) of the solution.
9. We are in negotiations to acquire a niche product within the Destination Content offering ([Arrivedo](#)).
10. We have finished the M&A Boutique contest and Kroll (www.kroll.com) has been selected as our partner in this project that will officially be launched in Sept 1st.
11. Accrued P&L (EBITDA) is expected within budget limits, although we have discounted 45K from Saudia. This action has reduced the advantage we've had.
12. Strategic Guidelines approved in JGA and last Board for 2022 (June), and comments (cursive)
 - a. M&A Boutique [*selected Kroll.com project starts Sept1st*]
 - b. Contract Extension Plan (BuzzLightYear project) [*Ongoing some are waiting to see the upgrade to EntryDoc to decide*]
 - c. Release of EntryDocs (upgrade of TR) [*On Stage*]
 - d. MkShare APAC - Focus in MEWA (Arabic) [*One new win Scoop*]
 - e. Cross Selling DCs and Product Update [*Ongoing, new release Q3*]
 - f. Gain new DC customers (Cities) [*Ongoing, no news*]
 - g. Sales SaaS Model Testing [*Ongoing, starting to have a steady funnel*]
 - h. New Opps (doc validation)? [*No-go decision*]
13. The Executive Board with senior management in the industry is ongoing. Our first member [Eric Leopold](#) has added relevant strategic thinking. We are in talks with [Glenn Morgan](#) (current IAG Head of Digital and he will leave the company soon to have some kind of similar relationship).

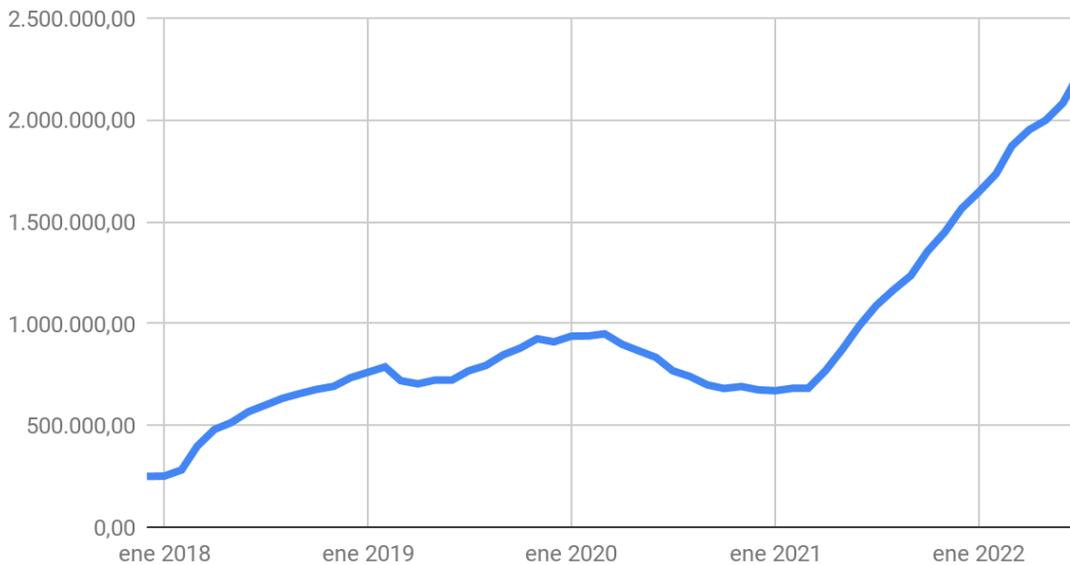
Key Metrics Q2:

As we did in Q1 we will share preliminary figures in every newsletter. In this case, we share the estimated P&L with real income and estimated costs in June. Please be aware that it is a budget adjusted with real income and real labor costs and our definitive figures will be adjusted every quarter. As we've done a relevant adjustment with Saudia income (-45K), we include the accrued figures of the first semester.

- Net Sales & MRR

S1 2022 (K €)	Real	Budget	AA	% vs Budget	% vs AA
Net Sales	1.154,6	1.301,2	637,5	88,7%	+181,1%
MRR	205,7	245,2	120,0	83,9%	+171,4%
EBITDA I	+19,7	+19,2	-18	+0 K	+37 K
EBITDA II	+190,4	+196,0	+105	-5,6 K	+85,4 K

LAST 12 MONTHS SALES



Our estimation is that this curve is going to be flattened in the next months.

MAIN ACTION PLANS

Our top priority is to keep our Tier1 customer portfolio with the upgrade of the solution to EntryDocs. At the same time keep the flow of new customers with our new products and features.

With this in mind, we've updated our Strategic Plan (you can find it on our [Investor's Website](#)). We also followed up on what we said one year ago and how the main goals and milestones were accomplished or not.

Team

We've reduced the team considering that the load of work in operations has been reduced, and taking advantage of some exits that we will wait to recover. The total FTEs have been reduced from 50 to 45 (August). Even considering that we include 3 additional FTEs in Colombia for 3 months to cover the EntryDocs content setup. That means a reduction of the monthly cost of 10K aprox. Part of this reduction is going to be recovered in Q3/Q4. It is planned that in August there will be 30 FTEs in Spain and 15 FTEs in Colombia.

Sales team is more robust with one new senior sales manager, although we've lost one junior sales in July.

Thanks, take care, I wish you a great summer break, as always I will be in Galicia from the 8th till the 27th, although I will be fully connected.

[\[TO SCHEDULE A MEETING CLICK HERE, THANKS\]](#)

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