



Novaturas Group - Initial public offering

Media presentation

26 February 2018



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The prospectus prepared in connection with the offering and admission of the Company's shares to trading on the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.) and AB Nasdaq Vilnius and approved on 23 February 2018 is the sole legally binding document containing information about the Company and such offering. The prospectus is available on the Company's website (www.novaturasgroup.com).

Novaturas Group at glance

 **No. 1**

in the Baltics since 2004

 **18**

years in business

 **30+**

destinations worldwide by plane

 **233,500**

PAX sold in 2017 (+30% y/y)

 **EUR 141.1m**

2017 Sales (+39% y/y)

 **EUR 10.6m**

2017 EBITDA (+88% y/y)

 **7,5%**

2017 EBITDA margin

 **129%**

2017 OCF to EBITDA
conversion ratio

 **+84%**

y/y growth in early bookings for 2018
summer season (as of 31 Dec 2017)

 **ca. EUR 6m**

interim dividend to be paid out
based on 6M 2018 audited results

 **70% - 80%**

expected dividend payout ratio
in the long term

Experienced management team

Novaturas managers have been with the Company for many years. They have extensive know-how, years of experience in the tourism market and an in-depth knowledge of the Group's offering, which ensures effective implementation of the Group's strategy.



Linas Aldonis
CEO

- With the Company for 17 years (CEO since 2010)
- Gained skills and experience ascending through Novaturas structures



Tomas Staškūnas
CFO

- With the Company for 8 years
- Has experience as CFO and CEO in companies specialized in consumer goods



Birutė Čepanskienė
Production Director

- With the Company for 17 years
- Responsible for sales and bookings, coordination and centralization of these functions on the group level

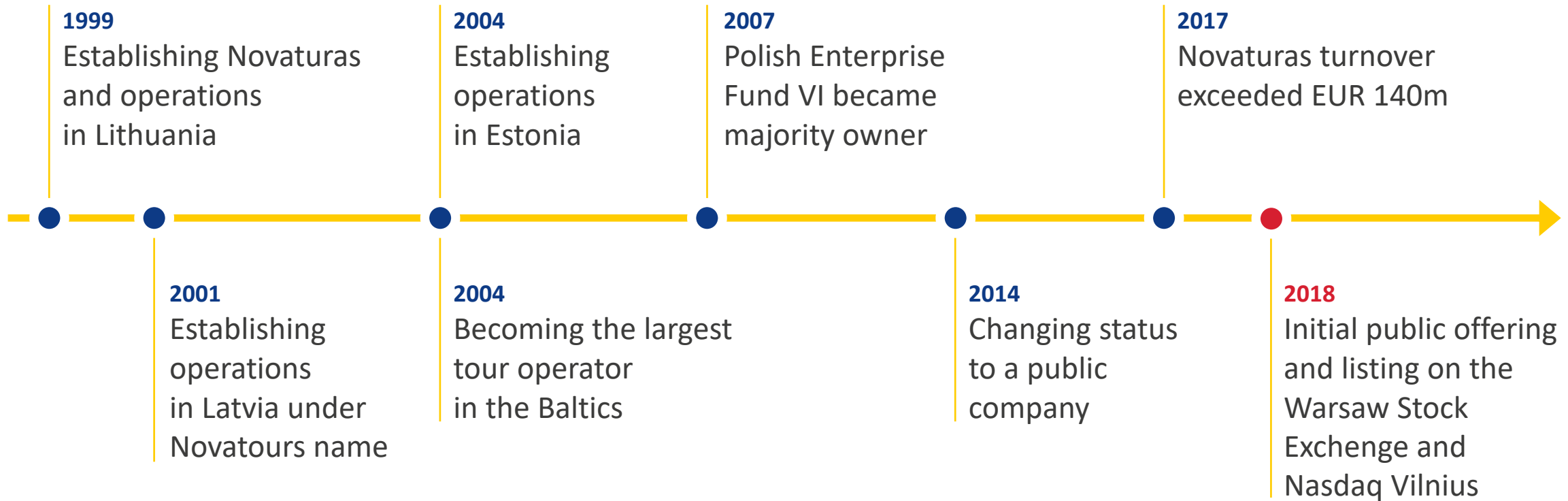


Audronė Keinytė
Purchasing Director

- With the Company for 12 years
- In charge of development and purchasing of the products

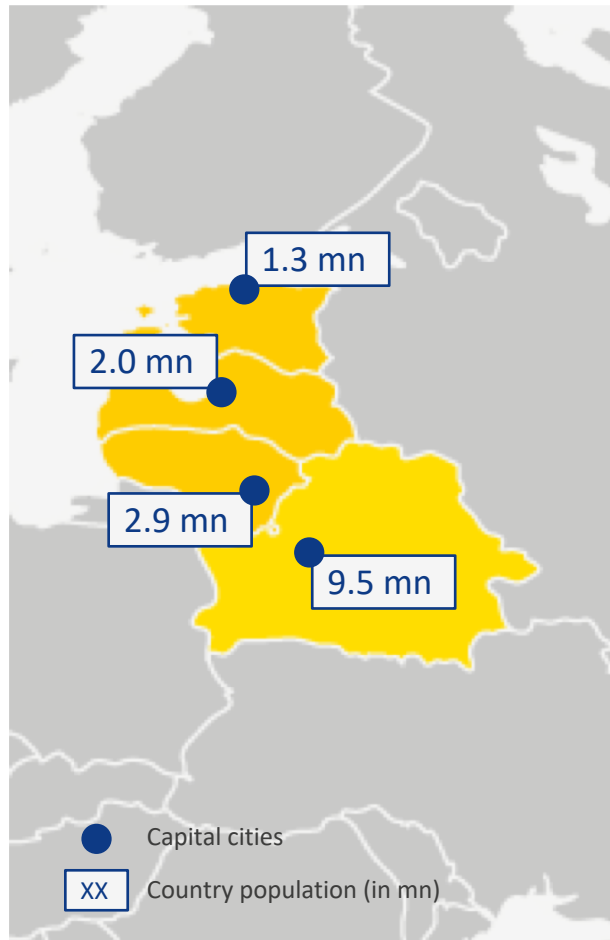
18 years of continued growth

Novaturas Group history



Leading position in promising markets

Where we operate



Headquartered in **Lithuania**



Lithuania, Latvia and Estonia are core markets

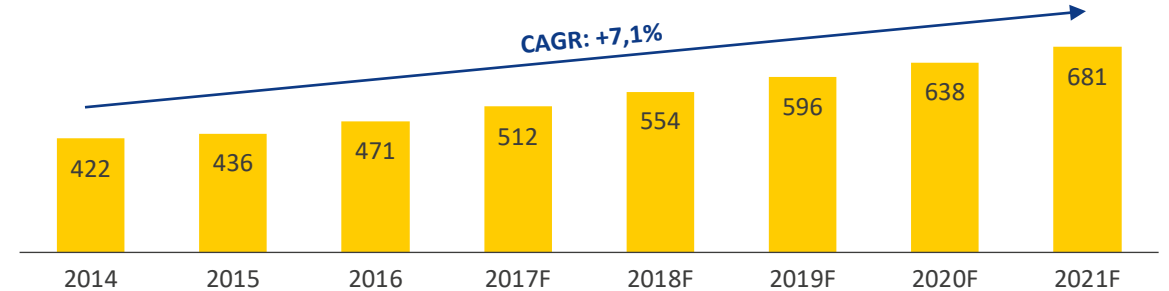


Belarus is new, prospective market

Outbound trips have been more and more popular among people in the Baltic states and the expenditure on package holidays are growing faster than private consumption growth...

Consumer expenditure on package holidays in the Baltics

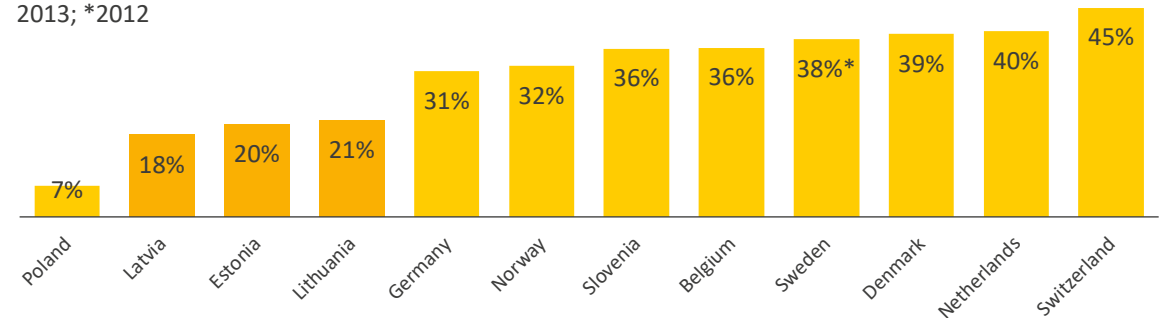
Source: Passport GMID (Euromonitor); EUR m]



...with high potential for further expansion

Participation in tourism for personal purposes

Source: Eurostat; 4 nights or over; outbound trips; percentage of total population, 2013; *2012

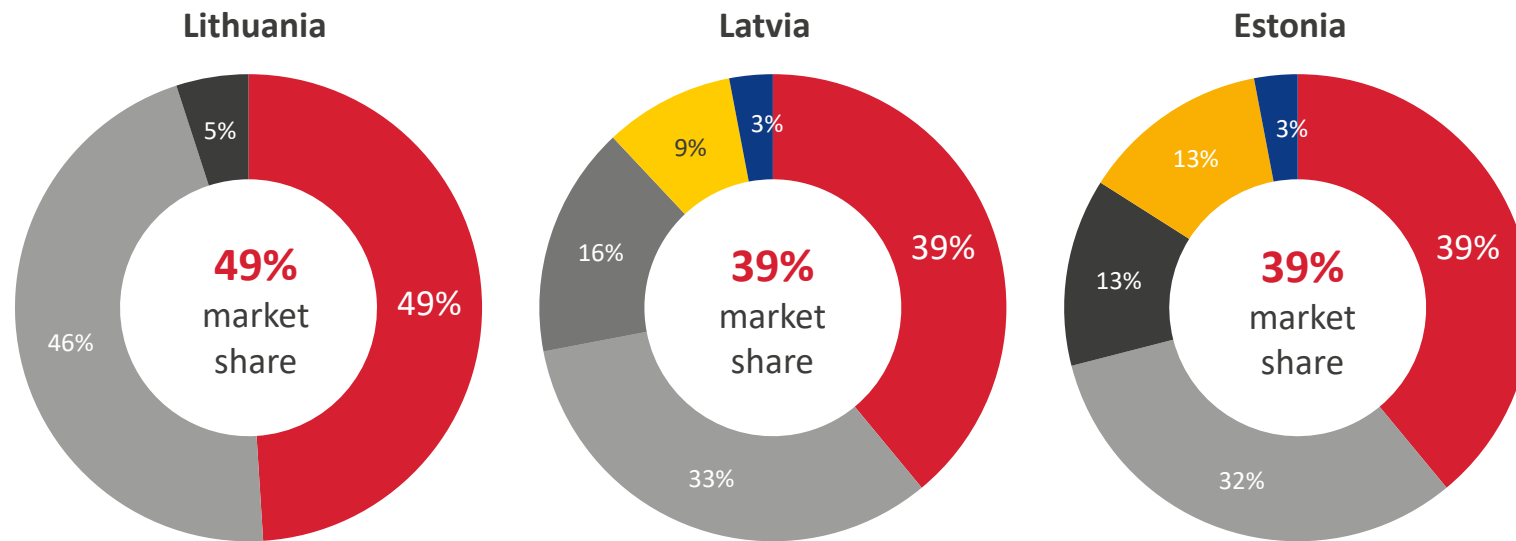


No. 1 tour operator in the Baltics

Novaturas is a market leader in the Baltic countries with strong market position and many competitive advantages confirmed by track record in successfully maintaining its position

Market share in organized chartered flights market in the Baltics (2017)

Source: Company's estimations; seats supply in %



■ Novaturas ■ Tez ■ Kidy Tour ■ Alida ■ Mouzenidis ■ Aurinko ■ Others (under 5%)

- The Company is a market leader in the Baltics since 2004 and build a reputable and well-recognized brand
- Strong brand results in customers loyalty and high customers retention rate
- Organized chartered flight market in the Baltics is characterised by high entry barriers
- The Group has been maintaining its market share, protecting it from existing competitors and from newcomers

Diversified destinations and product portfolio

Novaturas implemented product strategy covering different market segments and portfolio diversified by destinations, seasonally and by product type

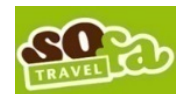
Novaturas diversified product & destinations portfolio allows it to be **well-positioned to withstand any changes in demand for various destinations and other consumer preferences**

Tour destinations

📍 Leisure trips by plane 📍 Roundtrips by plane 📍 Roundtrips by bus



Our brands



Well-balanced distribution channels

Novaturas uses various channels to sell its products on different markets, making its distribution more efficient while reaching wider customer base and using market opportunities, following consumer preferences

 **400+**

external travel agencies

 **16%**

share in revenues in 2017
from e-commerce

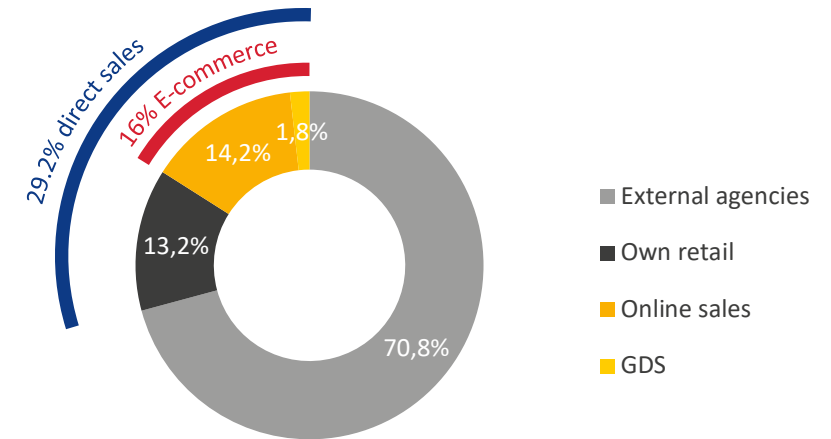
 **3.2 million**

unique visits on Novaturas websites in 2017

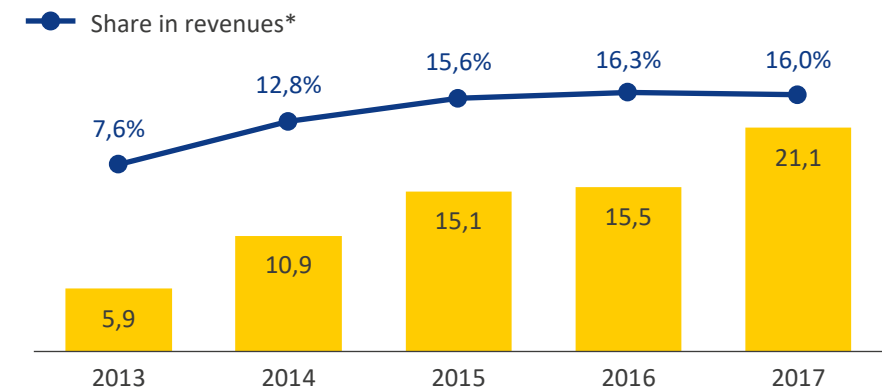
Diversification of sales channels allows Novaturas to offer its products to broader customer base, not only searching for package tours, but also for tickets and to exploit the most of market opportunities

Novaturas is constantly developing its e-commerce channel and manages **one of the biggest online shops** in the Baltics

Novaturas share of sales by channel (2017)



E-commerce sales (EUR m)



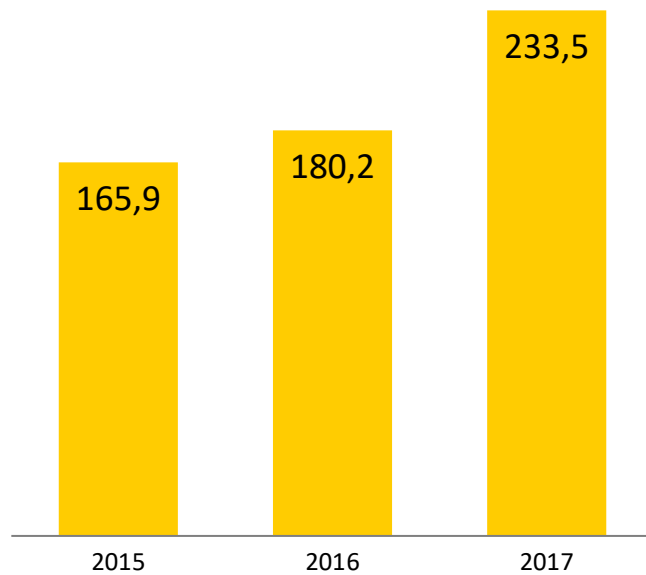
* Revenues only including revenues from flight packages, roundtrips by plane and coach, sell of flight tickets and accommodation (without other products)

Novaturas constantly improves its results at all levels...

 **+30%**

y/y growth in PAX sold in 2017

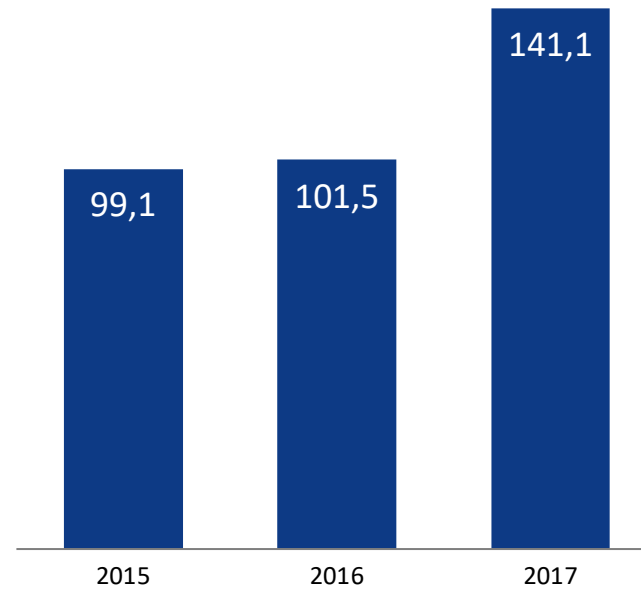
Number of PAX sold (ths.)



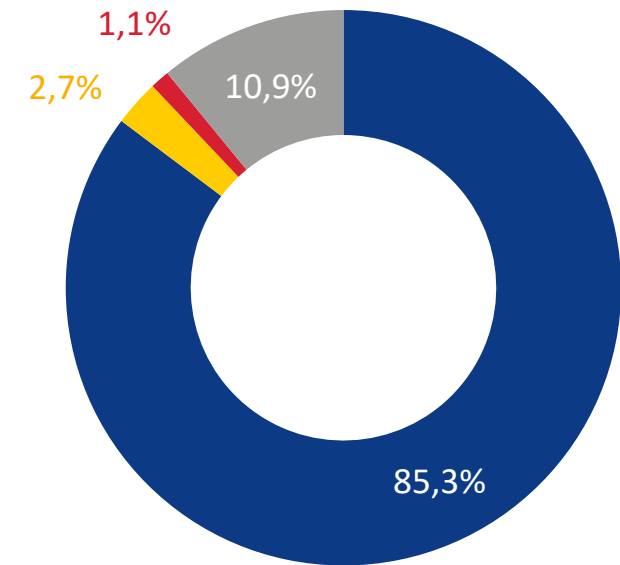
 **+39%**

y/y growth in revenue in 2017

Revenue (EURm)



Novaturas sales by product category in 2017



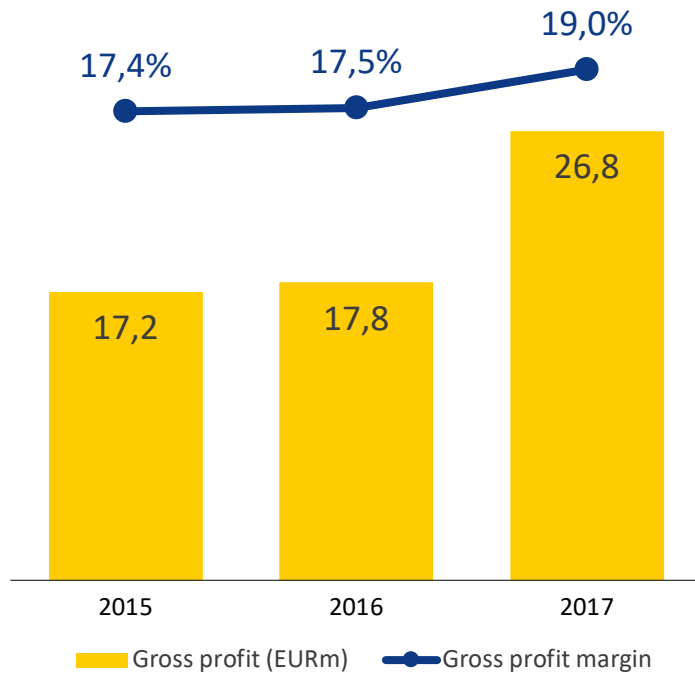
- Flight package tours
- Sightseeing tours by coach
- Sightseeing tours by plane
- Other products

...maintaining strong profitability ratios



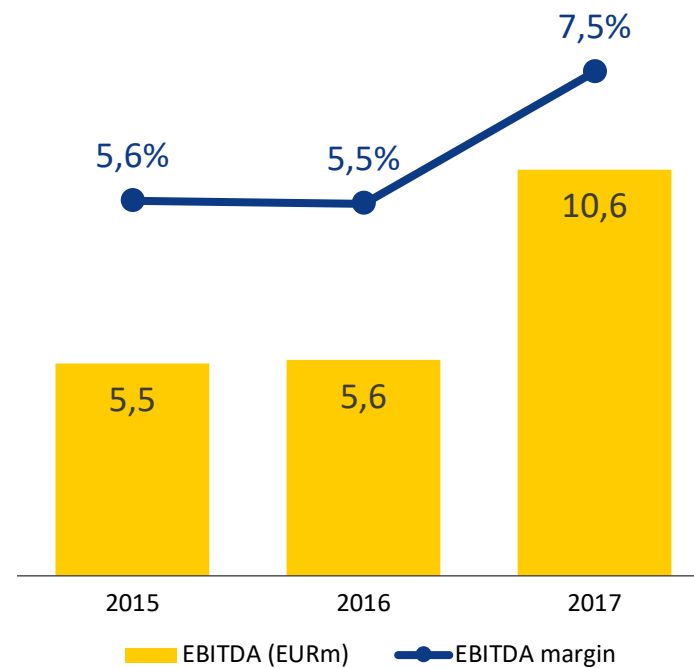
y/y growth in gross profit in 2017

Gross profit



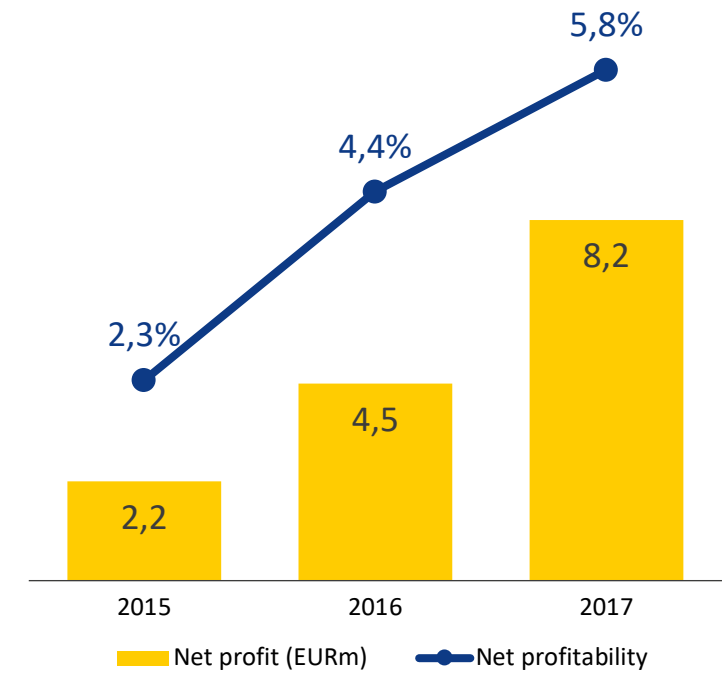
y/y growth in EBITDA in 2017

EBITDA



y/y growth in net profit in 2017

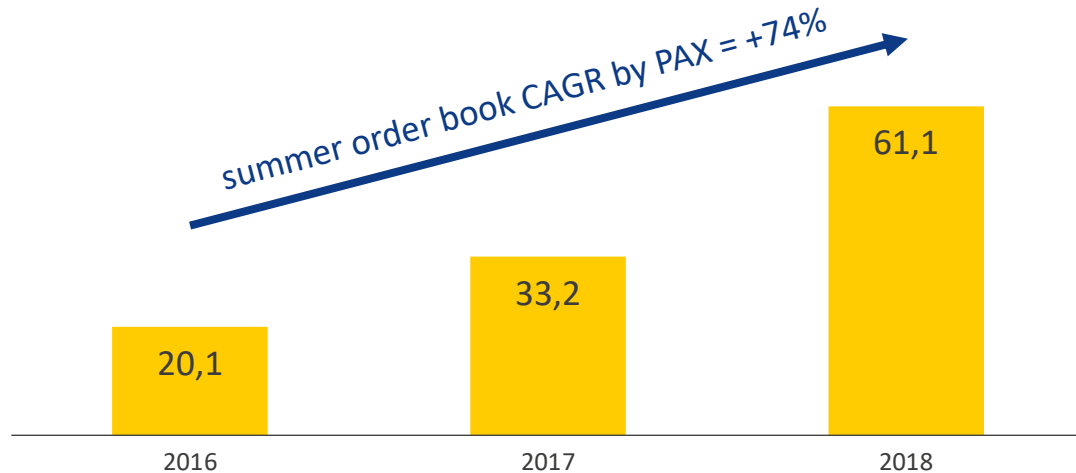
Net profit



Prospects for 2018 proves effectiveness of Novaturas business model

Novaturas strong potential and 2018 prospects are reflected in dynamically growing order book

Novaturas early bookings for summer season (as of 31 Dec, by PAX, in thousand)



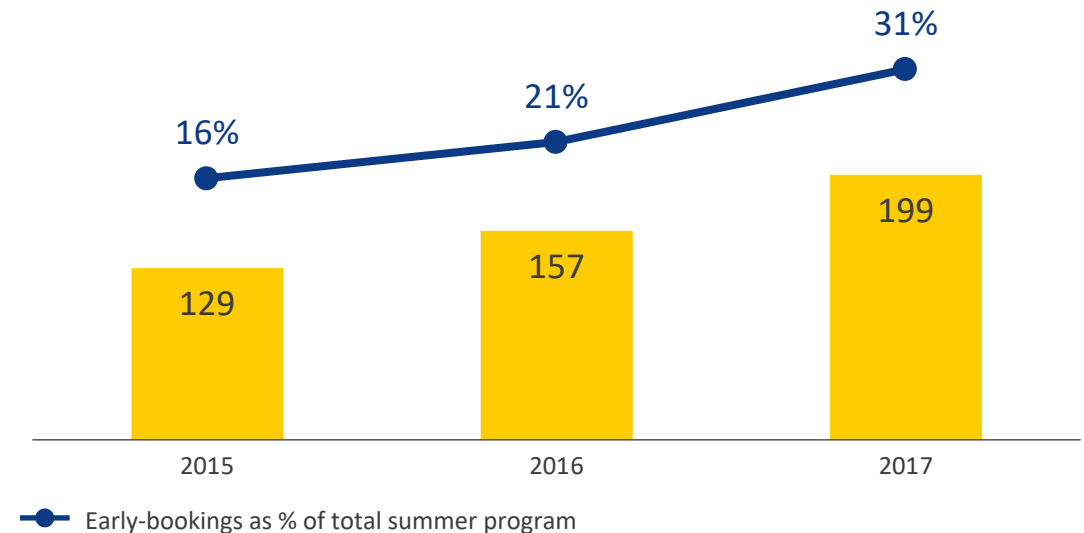
Source: Company

Novaturas decided to **significantly increase summer programme for 2018**

- Novaturas has high share of early bookings in total programme, which makes future revenues more predictable ensuring stability of Company's business
- Novaturas order book for 2018 summer season is dynamically growing thus confirming increasing demand for travel products in source markets

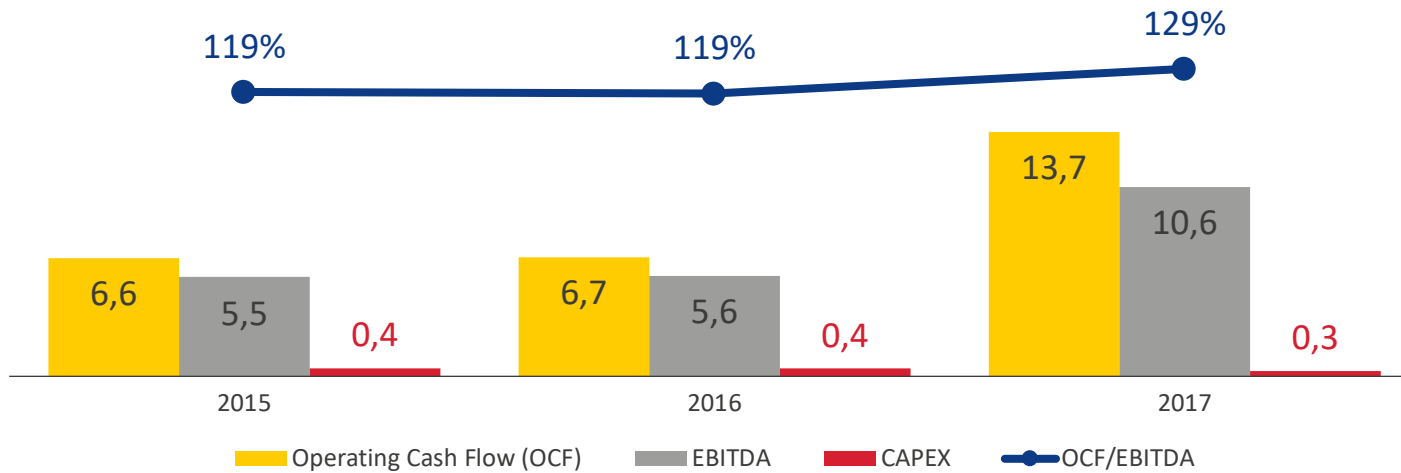
Constantly growing programme with increasing share of early bookings

Size of summer programme (by PAX, in thousand)



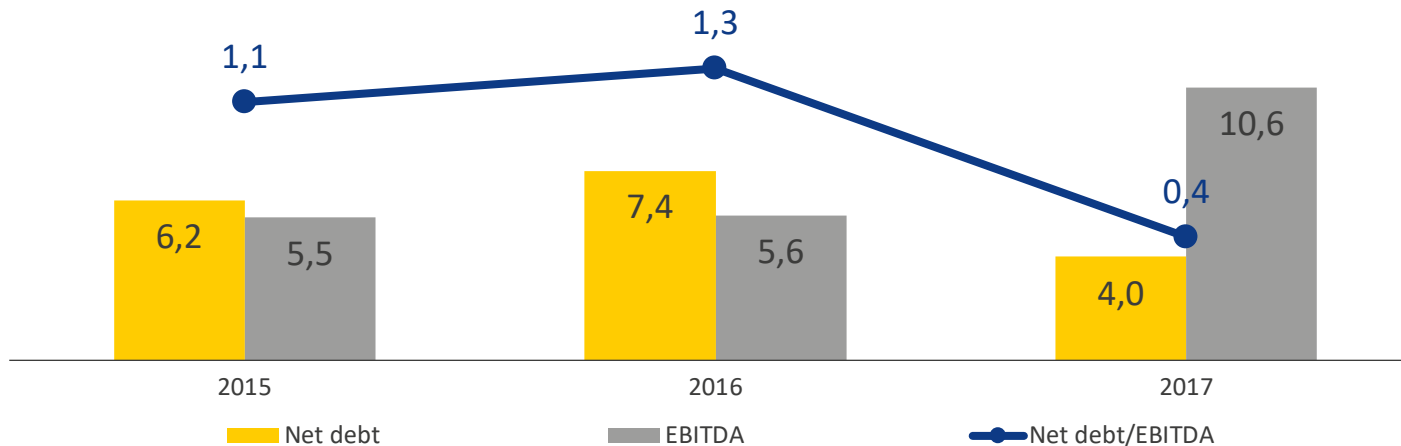
Novaturas is able to generate significant level of cash

EBITDA / operating cash flow conversion, CAPEX (EUR m)



- Novaturas shows very strong EBITDA into operating cash flow conversion
- The Group does not intend to invest in any hotels, planes or buses, and prefers to share the profits with shareholders
- Due to asset light business model the Company has no major capex needs
- Moreover, Novaturas keeps very low net debt

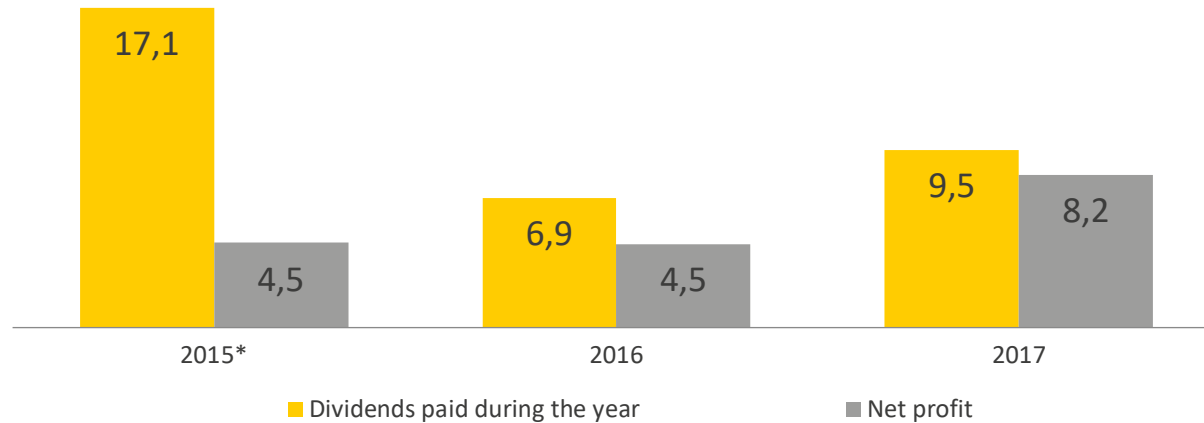
Net debt, EBITDA (EUR m)



Source: Company

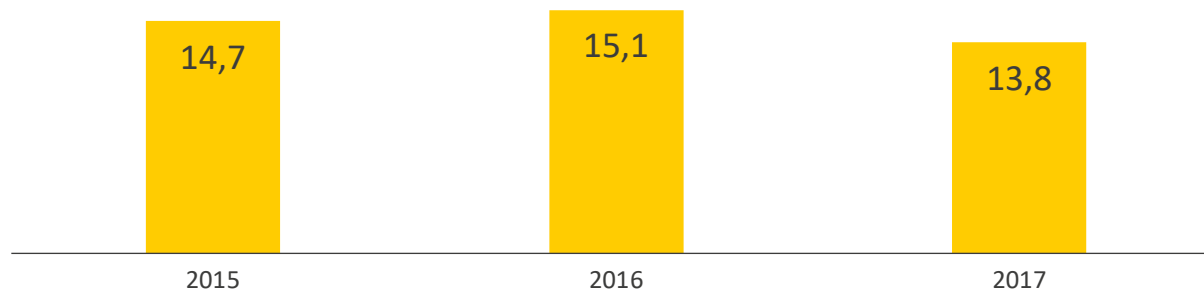
Novaturas can and want to share profits with its shareholders

Dividends paid (EUR m)



* For 2015 net income adjusted for one-off finance expense from hedging – 2015 reported net income = EUR 2.245 mn

Retained earnings (EUR m)



Source: Company

 **70% - 80%**

expected dividend payout ratio in the long term

- Novaturas business model results in strong cash generation and no significant capex needs enabling the Company to payout a large portion of its operating cash flow
- The Group maintained high level of dividends paid in 2015-2017
- Novaturas is constantly delivering substantial net profit, additionally the Company has high level of retained earnings, which together may be the base for dividend payouts

Dividend policy

- Interim dividend in the amount of ca. EUR 6m to be paid after 6M 2018 audited results
- In the future the Group intends to keep 70-80% dividend payout ratio

The Group's strategy



Retain leading position in the Baltics and benefit from the travel market growth



Deliver further geographic expansion – Belarus



Secure further growth in operational scale combined with high profitability ratios and cash generation



Continue expansion of offering in order to retain existing clients and attract new ones, translating this into sales growth



Maintain well-balanced distribution channels, with growing importance of e-commerce



Provide regular dividend payments

Offering summary (1/2)

- Offer size**
- 3,903,500 shares, i.e. 50% of the Company's existing shares sold by some of its existing shareholders
 - Option to increase the offer by up to 1,249,120 shares, i.e. up to 16% of the existing shares

-
- Offer structure**
- Institutional offering in Poland, Baltics and international (outside of the territory of the United States based on applicable regulations)
 - Retail offering in Poland, Lithuania and Estonia (approx. 10% of the offered shares)

-
- Share price**
- Maximum price for retail investors set at EUR 13.50 and its equivalent in Polish zlotys (for investors in Poland) at PLN 56.11
 - The final number and the final prices of the offered shares will be set on 8 March
 - For institutional investors, the final price might be higher than the maximum price for retail investors

-
- Lock up**
- 540 days for all the Minority Shareholders
 - 180 days for the Central European Tour Operator S.a.r.l.¹⁾
 - 360 days for the Company

-
- Syndicate**
- Global coordinator: PKO BP Securities
 - Joint bookrunners: PKO BP Securities, Swedbank, Trigon
 - Retail consortium in Poland: **xxx**

1) Central European Tour Operator S.a.r.l. is an entity owned by Polish Enterprise Fund VI, managed by Enterprise Investors

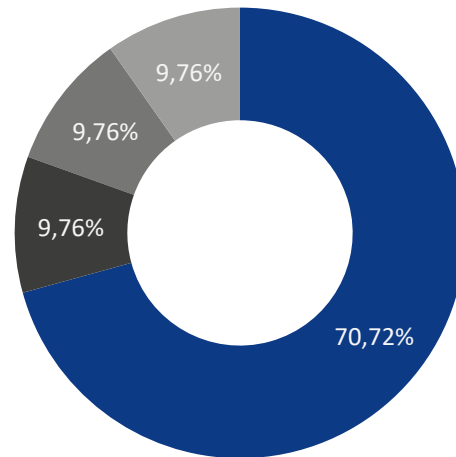
Offering summary (2/2)

Expected schedule for Novaturas' initial public offering

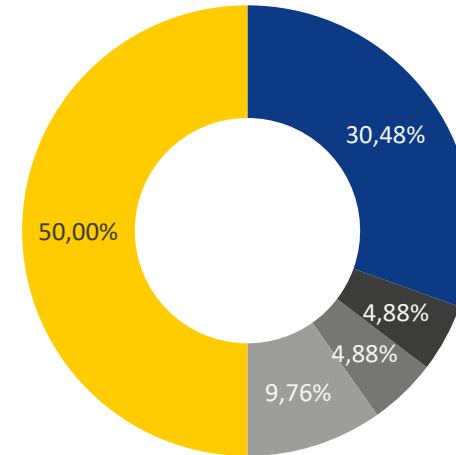
- 26.02–8.03** Roadshow and bookbuilding for institutional investors
- 27.02–7.03** Subscription acceptance at maximum price for retail investors
- 8.03** Publication of information on final number and prices of offered shares
- around 21.03** First day of listing on the Warsaw Stock Exchange and on Nasdaq Vilnius

Shareholding structure

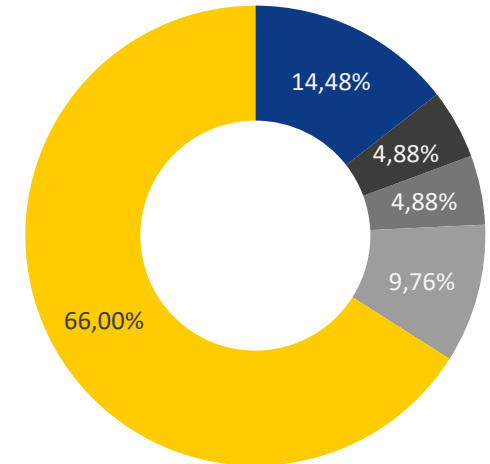
Current shareholding structure



Expected shareholding structure post-IPO – if 50% of existing shares are sold



Expected shareholding structure post-IPO – if 66% of existing shares are sold



- Central European Tour Operator S.a.r.l.
- New investors
- Rytis Šūmakaris
- Vidas Paliūnas
- Ugnius Radvila

Central European Tour Operator S.a.r.l. is an entity owned by Polish Enterprise Fund VI, managed by Enterprise Investors

Key investment highlights summary



Strong macroeconomic conditions supporting consumption growth



Tourism sector growth potential, thanks to favorable consumer trends in the Baltic countries



No. 1 tour operator in the Baltics with very strong brand



Diversified destinations and product portfolio targeting different market segments



Well-balanced distribution channels with growing e-commerce



Long term financial & operational growth



Effective business model



High OCF/EBITDA conversion and dividend payout potential

Appendix

Consolidated P&L

EUR ths	2015	2016	2017
Sales	99 091	101 525	141 147
Cost of sales	(81 895)	(83 762)	(114 345)
Gross profit	17 196	17 763	26 802
<i>Gross profit margin</i>	<i>17.4%</i>	<i>17.5%</i>	<i>19.0%</i>
Operating (expenses)	(11 821)	(12 207)	(16 473)
Profit from operations	5 319	5 356	10 301
Amortization and depreciation	222	276	310
EBITDA	5 541	5 632	10 611
<i>EBITDA margin</i>	<i>5.6%</i>	<i>5.5%</i>	<i>7.5%</i>
Finance income	193	494	564
Finance (expenses)	(2 636)	(750)	(1 730)
Profit before tax	2 876	5 100	9 135
Income tax (expense)	(631)	(638)	(993)
Net profit	2 245	4 462	8 151
<i>Net profitability</i>	<i>2.3%</i>	<i>4.4%</i>	<i>5.8%</i>

Consolidated balance sheet

EUR ths	2015	2016	2017
Assets	41 735	44 266	50 453
Non-current assets	31 013	31 445	31 134
Goodwill	30 327	30 327	30 327
Other intangible assets	291	442	448
Current assets	10 722	12 821	19 319
Prepayments and deferred expenses	3 825	2 748	5 940
Cash and cash equivalents	5 861	6 646	7 984

EUR ths	2015	2016	2017
Total equity and liabilities	41 735	44 266	50 453
Equity	15 051	15 833	14 669
Retained earnings	14 672	15 134	13 785
Non-current liabilities	10 450	12 875	2 606
Non-current borrowings	8 914	10 842	-
Deferred income tax liabilities	1 533	2 033	2 606
Current liabilities	16 234	15 558	33 178
Current portion of non-current borrowings	3 158	3 158	14 000
Trade payables	2 620	3 130	3 882
Advances received	6 405	7 988	12 102

Consolidated cash flow statement

EUR ths	2015	2016	2017
Net profit	2 245	4 462	8 151
Net cash flows from operating activities	6 609	6 683	13 689
Net cash flows (to) investing activities	(435)	(409)	(285)
Dividends (paid)	(17 072)	(6 928)	(9 500)
Net cash flows (to) financing activities	(5 028)	(5 489)	(10 066)
Net increase (decrease) in cash flows	1 146	785	3 338
Cash and cash equivalents at the beginning of the year	4 715	5 861	6 646
Cash and cash equivalents at the end of the year	5 861	6 646	9 984