

Strong start of the year

Q1 sales and profits were above expectations. We are encouraged by the increasing share of commission free sales. We raise our estimates to be in line with mid-level guidance. We see good yield prospects and raise our Fair value.

Q1 above at all levels

Q1/23 Sales increased 35% y-on-y to EUR 39.6m, which was 21% above forecast of EUR 32.8m. Both commission based and commission free sales were above estimates. The Q1/23 EBITDA of EUR 2.6m was 5x better than estimated EUR 0.5m, and the Net profit of EUR 2.3m was significantly better than estimated EUR 0.1m.

Commission free sales increasing

In Q1/23, commission free sales (own retail & web) increased its share of sales to 32% from 27% in Q1/22. We believe the positive trend will continue and forecast the commission free sales to make up 31.0% of total sales in 2023, up from 29.8% in 2022. This is expected to boost the EBIT margin to 2.2% in 2023 from 0.4% in 2022.

Estimates and Fair value raised

We raise our 2023 EBITDA and Net profit estimates by EUR 1m each to be in the middle of the guided range. We assume the dividend policy 70% payout will be followed and raise our 2023 dividend to EUR 0.27/shr (prev. 0.18), implying a yield of 8.2% (net 6.9%). Our Base case DCF Fair value is raised to EUR 4.10/shr (prev. EUR 4.03).

Key figures (MEUR)

	2021	2022	2023E	2024E	2025E
Net sales	109.0	197.0	218.0	224.6	231.3
Net sales growth	231.4%	80.7%	10.7%	3.0%	3.0%
EBITDA	2.6	1.0	5.0	5.5	6.3
EBITDA margin	2.3%	0.5%	2.3%	2.5%	2.7%
EBIT	2.4	0.8	4.9	5.4	6.1
EBIT margin	2.2%	0.4%	2.2%	2.4%	2.7%
EV/Sales	0.3	0.1	0.1	0.1	0.1
EV/EBITDA	12.4	26.4	5.9	5.1	4.4
EV/EBIT	13.2	35.3	6.1	5.2	4.5
P/E adj.	32.8	-102.4	8.6	7.9	6.1
P/BV	2.0	1.5	1.4	1.4	1.2
EPS adj.	0.12	-0.03	0.38	0.42	0.54
EPS growth adj.	na	Na	na	8.31%	29.09%
Div. per share	0.00	0.00	0.27	0.29	0.38
Dividend yield	0.00%	0.00%	8.17%	8.85%	11.43%

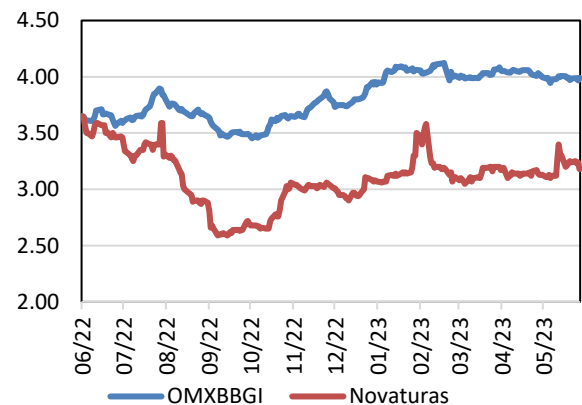
Source: Company data, Enlight Research estimates

Fair value range (EUR)

Bull (term. EBIT marg. 4%)	4.72
Base (term. EBIT marg. 3%)	4.10
Bear (term. EBIT marg. 2%)	3.48

Key Data

Price (EUR)	3.29
Ticker	NTU1L
Country	Lithuania
Listed	Vilnius (Lithuania)
Market Cap (EURm)	26
Net debt (EURm)	4
Shares (m)	7.8
Free float	53%



Price range

52-week high	3.65
52-week low	2.59

Analyst

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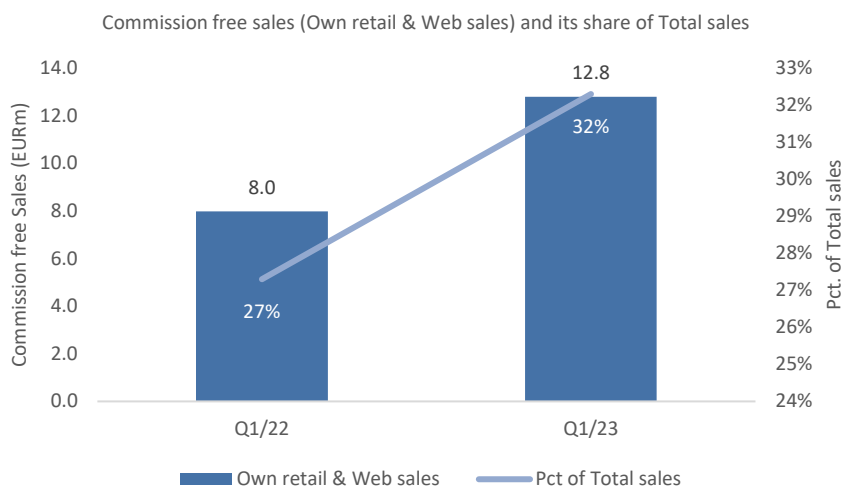
Coverage frequency

4x per year

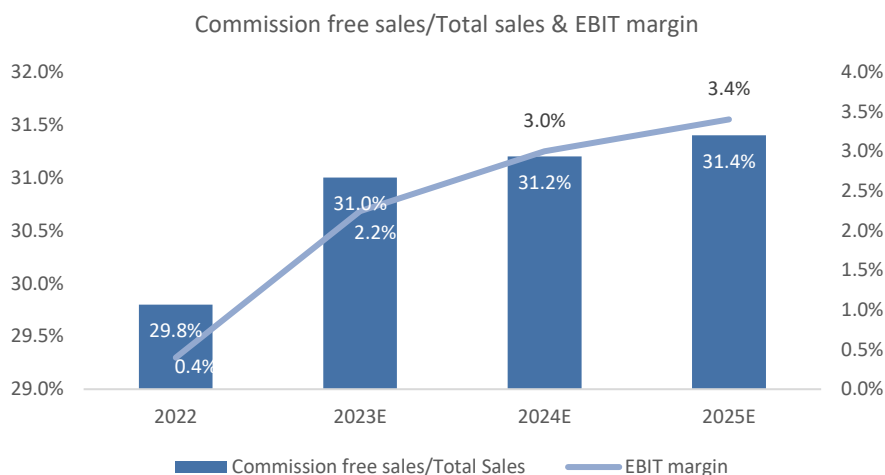
Key takeaways

Commission free sales increase and boost margins

The Commission free sales, which consists of Own retail and Web sales, increased by 60% y-on-y in Q1/23 to EUR 12.8m from EUR 8.0m. The Commission free sales as a percentage of Total sales increased by 5 percentage points to 32% in Q1/23 from 27% in Q1/22. We believe the positive trend of higher share of commission free sales (as opposed to commission based travel agency sales) will continue. In 2023, we forecast commission free sales to increase to 31.0% of total sales from 29.8% in 2022. It might not seem like a big increase but for every percentage point increase in commission free sales, the EBIT increases by around 15%, according to our calculation. In the forecast period 2023-25, we forecast the EBIT margin to improve from 2.2% to 3.4%.



Source: Company



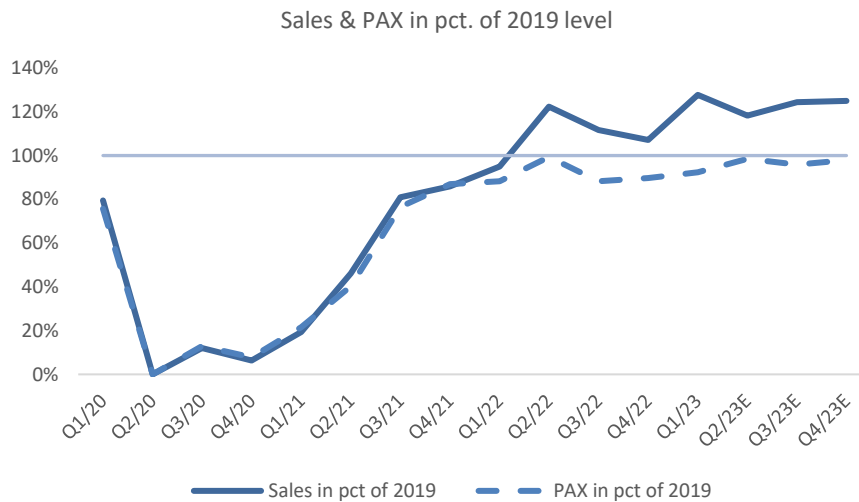
Source: Company

Sales type & EBIT margin	2019	2020	2021	2022	2023E	2024E	2025E
Commission free sales/Total Sales	25.4%	26.3%	28.5%	29.8%	31.0%	31.2%	31.4%
EBIT margin	2.1%	-10.8%	2.2%	0.4%	2.2%	3.0%	3.4%

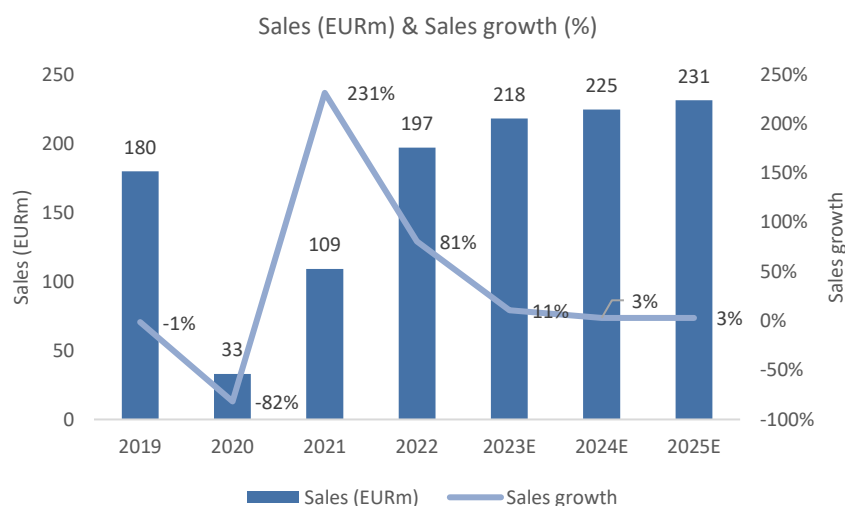
Source: Company (historic), Enlight Research (estimates)

People refuse to cut back on Holiday travel

Despite the high inflation (Lithuanian inflation was 19% in 2022), there are no signs of consumers cutting back on holiday travel. In our view, consumers have elected to cut back on other expenses such as e.g., cars, and entertainment (streaming services etc.). In terms of sales, the pre-pandemic 2019 level was surpassed already in Q2/22 and has stayed above the 2019 level ever since. In terms of pax, the 2019 level has not been surpassed yet but we are almost there. The Q1/23 pax was 92% of the 2019 level and we forecast it to be 96-99% for the remaining quarters of the year. For the full-year 2023, we expect the number of pax to grow 4% to 280K (same as mid-guidance), corresponding to 97% of the 2019 level. Furthermore, we estimate the 2023 Sales to increase 10.7% to EUR 218m (same as mid-guidance), corresponding to 123% of the 2019 sales. We believe the higher sales growth vs. pax growth is a sign that the company has been successful in passing on higher costs to clients. There is no guarantee that the consumer will continue to prioritize holiday travel, but in our view, the economy must get a lot worse before people skip the trip to Spain.



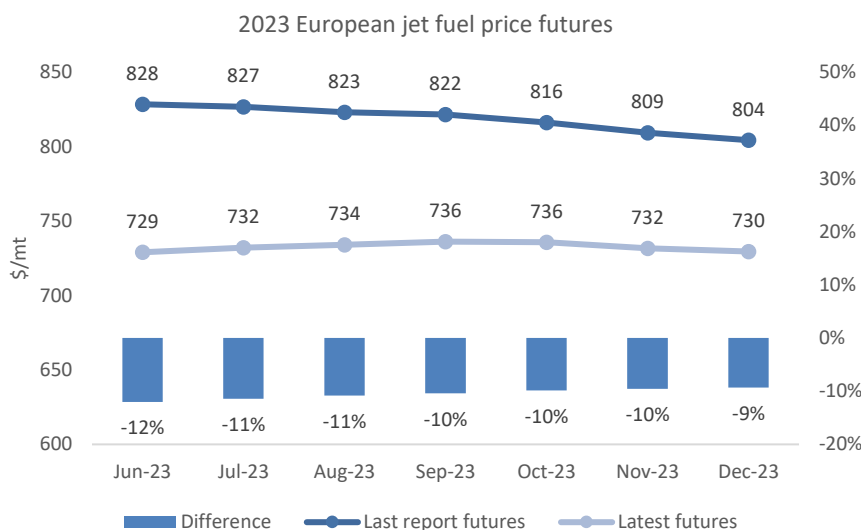
Source: Company (historic), Enlight Research (estimates)



Source: Company (historic), Enlight Research (estimates)

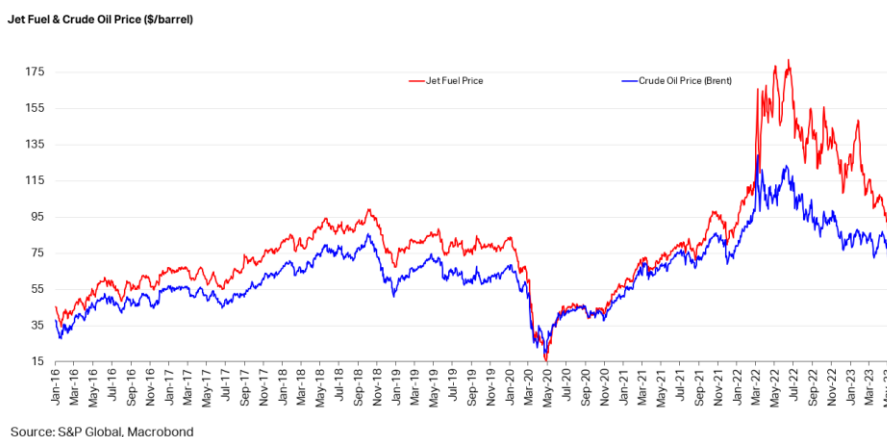
Benign fuel price outlook

Based on the expected European jet fuel price development and the correlation between the Brent oil price and the jet fuel price (see below charts), only minor changes in the Jet fuel price could be expected for the remainder of 2023. The latest CME group’s European jet fuel price futures indicate 729 \$/mt in June to 730 \$/mt in December (jet fuel prices in 2023 already decreased more than 46% y-on-y). As predicted in our previous report, the unusually widespread between the Brent crude oil price and jet fuel price has decreased resulting in a lower jet fuel price (refineries usually produce more Jet fuel if the spread to the Crude oil price is large resulting in a lower spread i.e., lower jet fuel price, all else equal). Narrowed spread and decreasing Brent oil price led to a 12% decrease in the June jet fuel price compared to the value that was expected for June back in April. Current European jet fuel prices of 729 \$/mt are only slightly higher compared to the 2019 level which is benign given the inflation. To summarize, we do not factor in any negative fuel price effect in our Novaturas 2023 forecast and expect the jet fuel prices to stay around current levels for the remainder of the year.



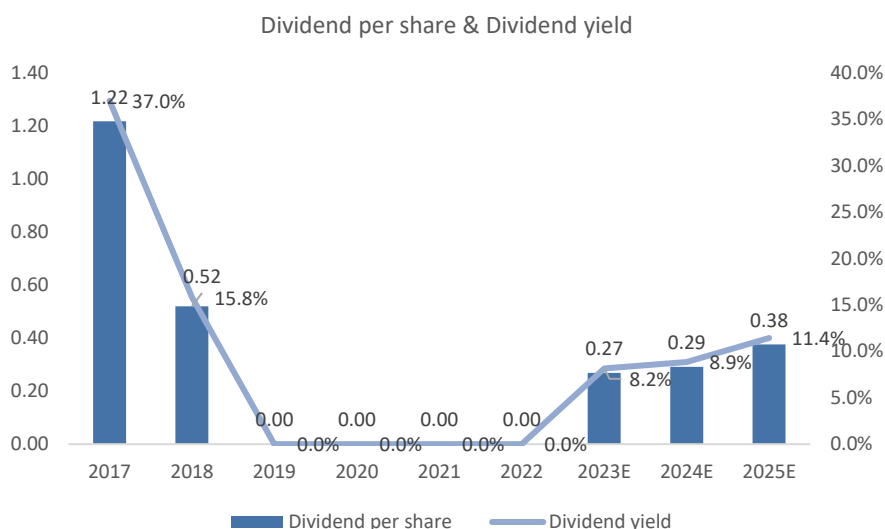
Source: CME Group “European Jet Kerosene Cargoes CIF NWE (Platts)” futures and options

2015-2022 Jet Fuel Price vs Crude Oil Price (Brent)

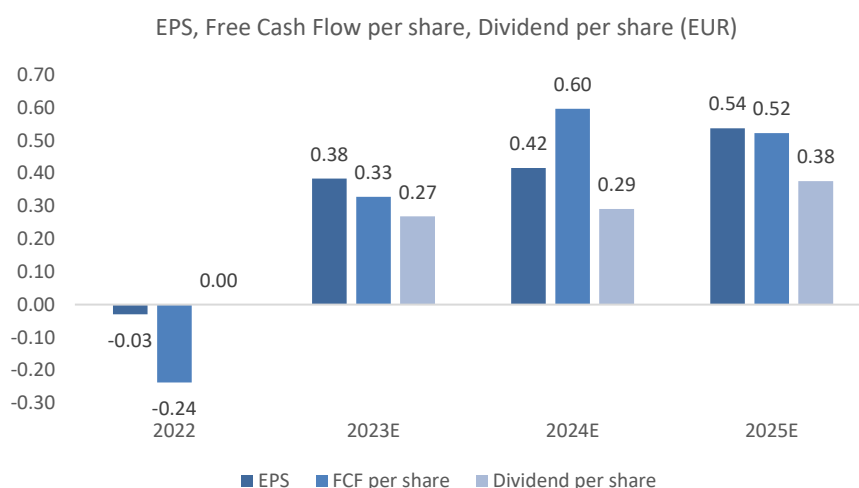


2023 Dividends might surprise positively

After the Q1/23 report, management raised the 2023 Net profit guidance to EUR 2-4m (prev. 1-3m). Consequently, we raise our 2023 Net profit estimate from EUR 2m to EUR 3m (mid-guidance). Given the dividend policy to payout 70% of the Net profits, we raise our 2023 dividend per share estimate to EUR 0.27 (prev. 0.18) equal to a 70% payout ratio, which implies a dividend yield of 8.2% (net 6.9%). In 2024, our forecast Dividend per share is EUR 0.29 equal to a yield of 8.9% (net yield 7.5%). Worth noting is that our estimated 2023-25 dividends are well covered by the estimated EPS and the Free Cash Flow per share (see chart below). Given that the company has not paid any dividends since 2018, our estimates must be considered “on the positive side” (without guarantees).



Source: Company (historic), Enlight Research (estimates)
Dividend yield based on share price EUR 3.29



Source: Company (historic), Enlight Research (estimates)

Valuation

Peer valuation

We divide our peer group into the following three subgroups: (1) Traditional tour operators, (2) Digital only tour operators, and (3) Online travel agencies (OTAs). As the 2020-2022 multiples are misleading due to the pandemic, we focus on the 2023 estimated multiples. As expected, the OTAs and the Digital only tour operators trade at higher multiples compared to Traditional tour operators with an average 2023E EV/EBITDA of 8.0x, and 3.8x (one company only), respectively, vs. 3.2x for Traditional tour operators. With a 2023E EV/EBITDA of 7.1x, Novaturas is trading at a premium to “Traditional” and “Digital only” tour operators and a discount to Online Travel Agencies. Novaturas dividend yield of 8-11% (net 7-10%) for 2023-25 is significantly better than all the peers (most of them do not pay any dividends), which could motivate a premium.

Travel & leisure peers

Online Travel Agencies (OTAs)													
Company	Ticker	Ccy	Price (last)	Mcap (m) (last)	EV (m) (last)	EV/EBITDA 2022	EV/EBITDA 2023E	EV/EBITDA 2024E	EV/EBITDA 2025E	Div. yield 2022	Div. yield 2023E	Div. yield 2024E	Div. yield 2025E
Booking Holdings Inc	BKNG	USD	2614.05	101,397	101,605	19.2	14.9	13.0	11.7	0.0%	0.0%	0.0%	0.0%
Expedia Group Inc	EXPE	USD	110.96	16,707	15,780	6.7	5.8	5.1	4.7	0.0%	0.0%	0.4%	2.6%
Trivago	TRVG	EUR	1.15	392	82	0.8	1.0	0.9	0.8	0.0%	0.0%	0.0%	0.0%
eDreams Odigeo SA	EDR	EUR	6.23	795	1,131	34.3	13.7	7.7	6.6	0.0%	0.0%	0.0%	8.0%
Lastminute.com NV	LMN	EUR	30.41	335	189	4.5	4.4	3.6	2.9	0.0%	0.0%	0.0%	0.0%
Average						13.1	8.0	6.1	5.4	0.0%	0.0%	0.1%	2.1%
Median						6.7	5.8	5.1	4.7	0.0%	0.0%	0.0%	0.0%
Digital only tour operators													
Company	Ticker	Ccy	Price (last)	Mcap (m) (last)	EV (m) (last)	EV/EBITDA 2022	EV/EBITDA 2023E	EV/EBITDA 2024E	EV/EBITDA 2025E	Div. yield 2022	Div. yield 2023E	Div. yield 2024E	Div. yield 2025E
OnTheBeach Group	OTB	GBP	1.13	188	124	5.6	3.8	3.0	2.6	0.0%	0.9%	1.8%	2.7%
Traditional tour operator													
Company	Ticker	Ccy	Price (last)	Mcap (m) (last)	EV (m) (last)	EV/EBITDA 2022	EV/EBITDA 2023E	EV/EBITDA 2024E	EV/EBITDA 2025E	Div. yield 2022	Div. yield 2023E	Div. yield 2024E	Div. yield 2025E
TUI Group (TUI AG)	TUI1	EUR	6.63	1,183	4,571	3.7	2.5	2.3	2.2	0.0%	0.0%	0.8%	1.7%
Jet2 Group (Jet2 PLC)	JET2	GBP	12.29	2,638	2,370	neg	3.9	3.6	3.3	0.0%	0.9%	1.1%	1.1%
Average						3.7	3.2	2.9	2.8	0.0%	0.4%	0.9%	1.4%
Median						3.7	3.2	2.9	2.8	0.0%	0.4%	0.9%	1.4%
Novaturas	NTU	EUR	3.29	26	35	33.9	7.1	6.4	5.7	0.0%	8.2%	8.9%	11.4%

Source: Company reports, MarketScreener (consensus estimates), Enlight Research (Novaturas estimates), Prices on 19 June 2023

DCF valuation

Our Base case DCF Fair value per share is raised slightly to EUR 4.10 (prev. 4.03), indicating an upside of around 25%. Higher estimates (see Estimate changes) are the main reason for the upward adjustment in the Fair value. Our Bear case Fair value per share is EUR 3.48 (prev. 3.25), while our Bull case Fair value per share is EUR 4.72 (prev. 4.81). The only difference in our Bear and Bull case vs. the Base is one percentage point higher/lower assumed terminal EBIT margin vs. the Base case EBIT margin of 3.0%. See next page for our DCF value sensitivity to different parameters.

DCF Valuation Scenarios	Bear	Base	Bull
WACC	16.6%	16.6%	16.6%
Terminal sales growth	2.0%	2.0%	2.0%
Terminal EBIT margin	2.0%	3.0%	4.0%
Fair Value per share	3.48	4.10	4.72
Upside/Downside (last price)	6%	25%	43%

Source: Enlight Research, Based on share price of EUR 3.29

DCF Sensitivity	Current	Step	Test values & Results										
Equity beta	1.15	0.05	0.90	0.95	1.00	1.05	1.10	1.15	1.20	1.25	1.30	1.35	1.40
<i>Fair value (DCF)</i>	4.10		4.55	4.45	4.36	4.27	4.19	4.10	4.02	3.94	3.87	3.79	3.72
Target debt ratio*	1.0 %	1.0 %	-4%	-3%	-2%	-1%	0%	1%	2%	3%	4%	5%	6%
<i>Fair value (DCF)</i>	4.10		3.93	3.96	4.00	4.03	4.07	4.10	4.14	4.18	4.21	4.25	4.29
Risk free IR	3.5 %	0.8 %	-0.3 %	0.5 %	1.3 %	2.0 %	2.8 %	3.5 %	4.3 %	5.0 %	5.8 %	6.5 %	7.3 %
<i>Fair value (DCF)</i>	4.10		5.86	5.41	5.02	4.68	4.38	4.10	3.86	3.63	3.43	3.25	3.08

*debt/(debt + equity)

Source: Enlight Research

Estimate deviations

Q1/23 Commission-based sales (Travel agencies, GDS) came in 12.6% or EUR 3.0m above forecast. Q1/23 Commission-free sales (Own retail, Web sales) was 43.0% or EUR 3.8m higher than estimated mainly due to higher Own retail sales. The Q1/23 Group sales of EUR 39.6m was 20.9% or EUR 6.8m above forecast with a Gross profit that was close to double our forecast (EUR 6.2m vs. est. 3.2m). The Q1/23 Pre-tax and Net profit were both EUR 2.3m, which was much higher than our EUR 0.1m estimates.

Deviation table by Segment

Group Sales	Estimate Q1/23	Outcome Q1/23	Diff EURm	Diff %
Total Sales	32.8	39.6	6.8	20.9%
Whereof commission based	23.8	26.8	3.0	12.6%
Travel agencies	23.0	26.1	3.1	13.5%
GDS	0.8	0.7	-0.1	-13.0%
Whereof commission-free	8.9	12.8	3.8	43.0%
Own retail	3.6	7.0	3.3	91.6%
Web sales	5.3	5.8	0.5	9.7%

Deviation table Group

P&L (EURm)	Estimate Q1/23	Outcome Q1/23	Diff EURm	Diff %
Sales	32.8	39.6	6.8	20.9%
Costs of sales	-29.6	-33.4	-3.8	12.9%
Gross profit (loss)	3.2	6.2	3.0	94.5%
Sales commission expenses	-1.9	-1.6	0.3	-13.9%
Sales after commissions	1.3	4.6	3.3	247.8%
Other oper. Inc/exp.	-0.8	-2.0	-1.2	139.8%
Operating profit	0.5	2.6	2.1	431.9%
<i>Financial net</i>	-0.4	-0.3	0.1	-27.5%
Pre-tax profit	0.1	2.3	2.2	2440.8%
Income tax	0.0	-0.1	-0.1	366.5%
Net profit	0.1	2.3	2.2	2806.9%
EBITDA	0.5	2.6	2.1	416.4%

Sales growth	Estimate Q1/23	Outcome Q1/23	Diff %-pts
Group Sales	19.5%	35.4%	15.9

Margins	Estimate Q1/23	Outcome Q1/23	Diff %-pts
Gross margin	9.8%	15.8%	6.0
EBITDA margin	1.6%	6.7%	5.1
EBIT margin	1.5%	6.6%	5.1
PTP margin	0.3%	5.9%	5.6
Net profit margin	0.2%	5.7%	5.5

Source: Company (Outcome), Enlight Research (Estimate)

Estimate changes

Our 2023-25 sales estimates are roughly unchanged (2023 is at the mid-guidance level). Our 2023, EBITDA estimate is raised by EUR 1m to EUR 5m which is in the middle of the guided range. Our 2023 Net profit is also raised EUR 1m to EUR 3m (mid-guidance). Our 2023 Dividend per share is raised to EUR 0.27 (prev. 0.18) equal to a pay-out ratio of 70%. For 2024, our dividend per share is raised by EUR 0.01 to EUR 0.29, while it is roughly unchanged for 2025 (we assume 70% payout ratio throughout 2023-25).

Estimate changes

Sales (EURm)	2023E	2024E	2025E
Old estimate	218	224	231
New estimate	218	225	231
Change	0	0	0
Change (pct)	0.2%	0.2%	0.2%
Guidance - high	225		
Guidance - mid	218		
Guidance - low	210		

EBITDA (EURm)	2023E	2024E	2025E
Old estimate	4.0	5.0	5.9
New estimate	5.0	5.5	6.3
Change	1.0	0.5	0.4
Change (pct)	25.1%	10.5%	6.1%
Guidance - high	6.0		
Guidance - mid	5.0		
Guidance - low	4.0		

Net profit (EURm)	2023E	2024E	2025E
Old estimate	2.0	3.2	4.2
New estimate	3.0	3.2	4.2
Change	1.0	0.1	0.0
Change (pct)	50.0%	2.3%	1.0%
Guidance - high	4.0		
Guidance - mid	3.0		
Guidance - low	2.0		

EPS (EUR)	2023E	2024E	2025E
Old estimate	0.26	0.41	0.53
New estimate	0.38	0.42	0.54
Change	0.13	0.01	0.01
Change (pct)	50.0%	2.3%	1.0%

Dividend (EUR)	2023E	2024E	2025E
Old estimate	0.18	0.28	0.37
New estimate	0.27	0.29	0.38
Change	0.09	0.01	0.00
Change (pct)	50.0%	2.3%	1.0%

Source: Enlight Research

Forecast

Income Statement	Q1/23	Q2/23E	Q3/23E	Q4/23E	2022	2023E	2024E	2025E
Group sales	39.6	70.0	70.0	38.4	197.0	218.0	224.6	231.3
<i>Whereof commission based</i>	26.8	48.5	48.5	26.6	138.3	150.4	154.5	158.7
<i>Travel agencies</i>	26.1	47.3	47.3	25.9	136.1	146.5	150.5	154.5
<i>GDS</i>	0.7	1.3	1.3	0.7	2.2	3.9	4.0	4.2
<i>Whereof commission-free</i>	12.8	21.5	21.5	11.8	58.7	67.6	70.1	72.6
<i>Own retail</i>	7.0	11.2	11.2	6.2	27.0	35.5	37.5	39.3
<i>Web sales</i>	5.8	10.3	10.3	5.6	31.7	32.1	32.6	33.3
Cost of Sales	-33.4	-64.4	-63.7	-32.6	-177.6	-194.1	-198.5	-204.5
Cost of sales/Group sales	0.8	0.9	0.9	0.8	0.9	0.9	0.9	0.9
Gross profit	6.2	5.6	6.3	5.8	19.3	24.0	26.1	26.8
Sales commission expenses	-1.6	-4.2	-3.9	-2.3	-11.4	-12.0	-12.1	-12.1
Sales commission rate	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Sales after commissions	4.6	1.4	2.4	3.5	7.9	11.9	14.0	14.8
Other Oper. Inc./exp.	-2.0	0.0	-1.0	-4.0	0.5	-7.1	-8.6	-8.6
Other Oper. Inc./exp. of Sales	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0
EBIT	2.6	1.4	1.4	-0.5	0.8	4.9	5.4	6.1
EBIT margin	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial net	-0.3	-0.4	-0.4	-0.4	-1.0	-1.5	-1.6	-1.2
Pre-tax Profit	2.3	1.0	1.0	-0.9	-0.2	3.4	3.8	4.9
Tax	-0.1	-0.2	-0.2	0.0	0.0	-0.4	-0.6	-0.7
Net profit	2.3	0.9	0.9	-1.0	-0.2	3.0	3.2	4.2
Depreciation	0.0	0.0	0.0	0.0	-0.3	-0.1	-0.1	-0.1
EBITDA	2.6	1.4	1.4	-0.5	1.0	5.0	5.5	6.3

Sales growth y-on-y	Q1/23	Q2/23E	Q3/23E	Q4/23E	2022.0	2023E	2024E	2025E
Group sales growth	35.4%	12.2%	10.0%	-7.8%	80.7%	10.7%	3.0%	3.0%
Commission based sales growth	26.1%	8.3%	9.1%	-3.9%	77.4%	8.8%	2.7%	2.7%
Travel agencies sales growth	27.1%	6.8%	8.9%	-7.1%	80.7%	7.7%	2.7%	2.7%
GDS sales growth	-2.5%	124.0%	16.5%	-430.1%	-17.2%	81.1%	3.0%	3.0%
Commission-free sales growth	60.2%	21.5%	12.2%	-14.8%	89.0%	15.2%	3.7%	3.7%
Own retail sales growth	114.6%	55.8%	26.6%	-19.9%	123.0%	31.7%	5.5%	4.9%
Web sales growth	22.8%	-2.0%	-0.2%	-8.3%	67.2%	1.1%	1.6%	2.3%

Margins	Q1/23	Q2/23E	Q3/23E	Q4/23E	2022	2023E	2024E	2025E
Gross profit margin	15.8%	8.0%	9.0%	15.2%	9.8%	11.0%	11.6%	11.6%
EBITDA margin	6.7%	2.0%	2.0%	-1.3%	0.5%	2.3%	2.5%	2.7%
EBIT margin	6.6%	2.0%	2.0%	-1.4%	0.4%	2.2%	2.4%	2.7%
Pre-tax Profit margin	5.9%	1.4%	1.4%	-2.4%	-0.1%	1.6%	1.7%	2.1%
Net profit margin	5.7%	1.2%	1.2%	-2.5%	-0.1%	2.0%	1.4%	1.8%

Source: Company reports (historic), Enlight Research (estimates)

Risk factors

Below should not be regarded as a complete list of risk factors for Novaturas. It is a list of risk factors that we deem to be most relevant given the current environment. For more risk factors, we recommend reading the Company prospectus.

Covid-19 development

Our base case assumption is that there will be no future lockdowns due to the pandemic. If a complete lock-down occurs, our forecast is most likely too optimistic under all scenarios.

Severe recession

Our forecast factors in a mild recession in 2023. If the recession turns out to be severe, our estimates are most likely too optimistic.

High inflation

Continued high inflation could affect people's ability to spend money on leisure such as travel.

Dividend forecast

The ability to pay dividends is dependent on that certain conditions from the lenders (banks) are met. Furthermore, in 2024, a EUR 2m loan repayment is scheduled which could affect the ability to pay dividends.

Digitalization

Digitalization is a key driver for our investment case. Failure to increase the online share of group sales will most likely mean that our EBIT margin is too optimistic, especially for our Base and Bull cases.

Changes in customer preferences

The package travel market is subject to changing customer trends, demands and preferences. Customer preferences may vary depending on economic, social, and technological factors. There can be no assurance that the company will be able to recognize such changes and adapt its existing services in a timely fashion to suit such changes in customer preferences.

Income Statement	2021	2022	2023E	2024E	2025E
Net sales	109.0	197.0	218.0	224.6	231.3
Total operating costs	-106.4	-195.9	-213.0	-219.1	-225.1
EBITDA	2.6	1.0	5.0	5.5	6.3
Depreciation & Amort.	-0.2	-0.3	-0.1	-0.1	-0.1
One-off EBIT items	0.0	0.0	0.0	0.0	0.0
EBIT	2.4	0.8	4.9	5.4	6.1
Financial net	-1.5	-1.0	-1.5	-1.6	-1.2
Pre-tax profit	0.9	-0.2	3.4	3.8	4.9
Taxes	0.0	0.0	-0.4	-0.6	-0.7
Minority interest	0.0	0.0	0.0	0.0	0.0
Other items	0.0	0.0	0.0	0.0	0.0
Net profit	0.9	-0.2	3.0	3.2	4.2

Balance Sheet	2021	2022	2023E	2024E	2025E
Cash and cash equivalent	6	3	13	13	14
Receivables	0	0	1	1	1
Inventories	0	0	0	0	0
Other current assets	7	19	8	8	8
Current assets	13	23	22	23	23
Tangible assets	0	0	0	0	1
Goodwill & intangible assets	31	32	32	32	32
Lease & Investment properties	0	0	1	1	1
Investments	0	0	0	0	0
Associated companies	0	0	0	0	0
Other non-current assets	0	0	0	0	0
Total fixed assets	32	32	33	33	33
Total Assets	45	55	54	55	56
Non-interest bearing current liabilities	5	14	13	13	12
Short-term debt	2	0	0	0	0
Other current liabilities	10	17	6	6	7
Total current liabilities	17	31	19	20	19
Long-term debt	5	8	13	12	11
Convertibles & Lease liab.	0	0	4	4	4
Deferred tax liabilities	0	0	0	0	0
Provisions	0	0	0	0	0
Other long-term liabilities	7	1	1	1	1
Total long-term liab.	13	9	18	17	16
Total Liabilities	30	41	37	37	35
Minority interest (BS)	0	0	0	0	0
Shareholders' equity	15	15	18	19	21
Total liabilities and equity	45	55	54	55	56

DCF valuation	Cash flow, mEUR		
WACC (%)	16.54 %	NPV FCF (2023-2025)	9
Assumptions 2023-2029 (%)		NPV FCF (2026-2032)	17
Sales CAGR	2.50 %	NPV FCF (2033-)	11
Avg. EBIT margin	2.64 %	Non-operating assets	3
Fair value per share (EUR)	4.10	Interest-bearing debt	-8
Share price (EUR)	3.25	Fair value estimate	32

Free Cash Flow	2021	2022	2023E	2024E	2025E
Operating profit	2.4	0.8	4.9	5.4	6.1
Depreciation & Amort.	0.2	0.3	0.1	0.1	0.1
Working capital chg.	4.2	4.0	-1.6	0.3	-0.9
Other Operating CF items	0.0	0.0	-0.6	-0.8	-0.9
Operating Cash Flow	6.8	5.1	2.8	5.0	4.4
Net investments	-0.1	-0.9	-0.2	-0.3	-0.3
Other items	5.2	-6.1	0.0	0.0	0.0
Free Cash Flow	11.9	-1.9	2.6	4.7	4.1

Capital structure	2021	2022	2023E	2024E	2025E
Equity ratio	33.8%	26.6%	32.6%	34.0%	37.0%
Debt / Equity ratio	50.3%	56.4%	95.3%	85.4%	75.9%
Gearing %	12.4%	34.0%	21.5%	14.0%	9.1%
Net debt/EBITDA	0.7	4.8	0.8	0.5	0.3

Profitability	2021	2022	2023E	2024E	2025E
ROE	6.3%	-1.5%	18.5%	17.8%	21.2%
FCF yield	39.7%	-8.2%	10.1%	18.4%	16.1%
EBITDA margin	2.3%	0.5%	2.3%	2.5%	2.7%
EBIT margin	2.2%	0.4%	2.2%	2.4%	2.7%
PTP margin	0.9%	-0.1%	1.6%	1.7%	2.1%
Net margin	0.8%	-0.1%	1.4%	1.5%	1.8%

Valuation	2021	2022	2023E	2024E	2025E
P/E	32.8	-102.4	8.6	7.9	6.1
P/E, adjusted	32.8	-102.4	8.6	7.9	6.1
P/Sales	0.3	0.1	0.1	0.1	0.1
EV/Sales	0.3	0.1	0.1	0.1	0.1
EV/EBITDA	12.4	26.4	5.9	5.1	4.4
EV/EBIT	13.2	35.3	6.1	5.2	4.5
P/BV	2.0	1.5	1.4	1.4	1.2
P/BV tangible	nm	nm	nm	nm	nm

Per share ratios	2021	2022	2023E	2024E	2025E
EPS	0.12	-0.03	0.38	0.42	0.54
EPS, adjusted	0.12	-0.03	0.38	0.42	0.54
Operating CF/share	0.87	0.66	0.36	0.64	0.56
Free Cash Flow/share	1.52	-0.24	0.33	0.60	0.52
BV/share	1.93	1.89	2.27	2.42	2.66
Tangible BV/share	-1.95	-2.00	-1.61	-1.47	-1.22
Div. per share	0.00	0.00	0.27	0.29	0.38
Div. payout ratio	0.0%	0.0%	70.0%	70.0%	70.0%
Dividend yield	0.0%	0.0%	8.2%	8.9%	11.4%

Shareholders	Capital	Votes
Willgrow	2.535	9.99 %
Ugnius Radvila	2.408	9.49 %
Moonrider OU	1.766	6.96 %
Rytis Sumakaris	1.741	6.86 %
Vidas Paliunas	1.741	6.86 %
Rendes Vous OU	1.697	6.69 %
AS Rondam	1.160	4.57 %
LHV pensionfond	0.850	3.35 %

Key people	
CEO	Vitalij Rakovski
CFO	Vygantas Reifonas
IR	
Chairman	

P/E $\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS $\frac{\text{Profit before extraordinary items and taxes – income taxes + minority interest}}{\text{Number of shares}}$
P/Sales $\frac{\text{Market cap}}{\text{Sales}}$	DPS Dividend for financial period per share
P/BV $\frac{\text{Price per share}}{\text{Shareholders' equity + taxed provisions per share}}$	CEPS $\frac{\text{Gross cash flow from operations}}{\text{Number of shares}}$
P/CF $\frac{\text{Price per share}}{\text{Operating cash flow per share}}$	EV/Share $\frac{\text{Enterprise value}}{\text{Number of shares}}$
EV (Enterprise value) Market cap + Net debt + Minority interest at market value – share of associated companies at market value	Sales/Share $\frac{\text{Sales}}{\text{Number of shares}}$
Net debt Interest-bearing debt – financial assets	EBITDA/Share $\frac{\text{Earnings before interest, tax, depreciation and amortization}}{\text{Number of shares}}$
EV/Sales $\frac{\text{Enterprise value}}{\text{Sales}}$	EBIT/Share $\frac{\text{Operating profit}}{\text{Number of shares}}$
EV/EBITDA $\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	EAFI/Share $\frac{\text{Pre-tax profit}}{\text{Number of shares}}$
EV/EBIT $\frac{\text{Enterprise value}}{\text{Operating profit}}$	Capital employed/Share $\frac{\text{Total assets – non-interest-bearing debt}}{\text{Number of shares}}$
Div yield, % $\frac{\text{Dividend per share}}{\text{Price per share}}$	Total assets Balance sheet total
Payout ratio, % $\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes – income taxes + minority interest}}$	Interest coverage (x) $\frac{\text{Operating profit}}{\text{Financial items}}$
Net cash/Share $\frac{\text{Financial assets – interest-bearing debt}}{\text{Number of shares}}$	Asset turnover (x) $\frac{\text{Turnover}}{\text{Balance sheet total (average)}}$
ROA, % $\frac{\text{Operating profit + financial income + extraordinary items}}{\text{Balance sheet total – interest-free short-term debt – long-term advances received and accounts payable (average)}}$	Debt/Equity, % $\frac{\text{Interest-bearing debt}}{\text{Shareholders' equity + minority interest + taxed provisions}}$
ROCE, % $\frac{\text{Profit before extraordinary items + interest expenses + other financial costs}}{\text{Balance sheet total – non-interest-bearing debt (average)}}$	Equity ratio, % $\frac{\text{Shareholders' equity + minority interest + taxed provisions}}{\text{Total assets – interest-free loans}}$
ROE, % $\frac{\text{Profit before extraordinary items – income taxes}}{\text{Shareholders' equity + minority interest + taxed provisions (average)}}$	CAGR, % Cumulative annual growth rate = Average growth rate per year

Disclaimer

Enlight Research OÜ's main valuation methods are discounted cash flow valuation and peer valuation with common multiples such as Price to Earnings, Enterprise Value to EBITDA, dividend yield etc. Aforementioned methods are used to estimate a company's fair value according to the following three scenarios: Bull (positive), Base (main scenario), and Bear (negative).

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