

Still expect 8.8% dividend yield

The Q4/23 earnings were below forecast but the full-year 2023 was still very good, and hence, our expected 2023 dividend is intact. The uncertainty going into 2024 is high and we forecast roughly flat Net profit. We lower our estimates and Base case Fair value to reflect the weaker than expected Q4/23 and uncertain short-term outlook.

Solid year, despite challenging Q4

Although the one-off adj. Q4/23 EBITDA of neg. EUR 1.4m was EUR 1.0m below our forecast loss of EUR 0.4m, the full-year 2023 adj. EBITDA EUR 6.5m was higher than the pre-covid 2019 EBITDA of 4.3m. We regard the 2023 EBITDA increase of 9x from EUR 0.7m to EUR 6.5m as encouraging.

2023 net dividend yield of 8.8%

We leave our 2023 dividend estimate of EUR 0.33/shr. intact (expected to be proposed in April) indicating a 10.3% yield (8.8% net yield). The estimated 2023 payout ratio is 70% which is the minimum stated in the dividend policy (70-80% payout). We forecast roughly flat net profit this year with a dividend of EUR 0.34/shr, which is in line with the company guidance.

High uncertainty

The visibility going into 2024 is low and management chose not to give explicit profit guidance. Consequently, we lower our Base case DCF Fair value to EUR 3.95/shr. (prev. 4.26) implying an upside of around 20%.

Key figures (MEUR)

	2022	2023	2024E	2025E	2026E
Net sales	197.0	208.6	208.6	212.7	217.0
Net sales growth	80.7%	5.9%	0.0%	2.0%	2.0%
EBITDA	0.7	5.5	5.6	6.1	6.7
EBITDA margin	0.4%	2.7%	2.7%	2.9%	3.1%
EBIT	0.4	5.0	5.2	5.7	6.3
EBIT margin	0.2%	2.4%	2.5%	2.7%	2.9%
EV/Sales	0.1	0.2	0.1	0.1	0.1
EV/EBITDA	41.9	6.1	5.4	4.7	4.0
EV/EBIT	66.9	6.7	5.8	5.1	4.3
P/E adj.	-39.7	7.2	6.4	5.7	5.0
P/BV	1.5	1.5	1.3	1.2	1.1
EPS adj.	-0.07	0.47	0.50	0.56	0.64
EPS growth adj.	nm	nm	5.37%	12.68%	14.20%
Div. per share	0.00	0.33	0.34	0.35	0.38
Dividend yield	0.00%	10.31%	10.63%	10.94%	12.00%

Source: Company data, Enlight Research estimates

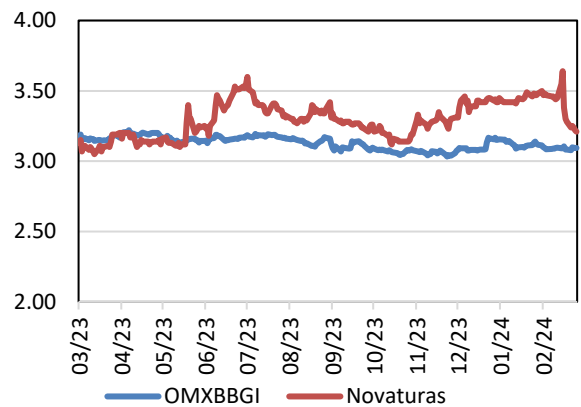
Fair value range (EUR)

Bull (term. EBIT marg. 4%)	4.51
Base (term. EBIT marg. 3%)	3.95
Bear (term. EBIT marg. 2%)	3.40

Key Data

Price (EUR)	3.20
Ticker	NTU1L
Country	Lithuania
Listed	Vilnius (Lithuania)
Market Cap (EURm)	25
Net debt (EURm)*	6.6
Shares (m)	7.8
Free float	53%

*end of 2023 less restricted cash



Price range

52-week high	3.64
52-week low	3.05

Analyst

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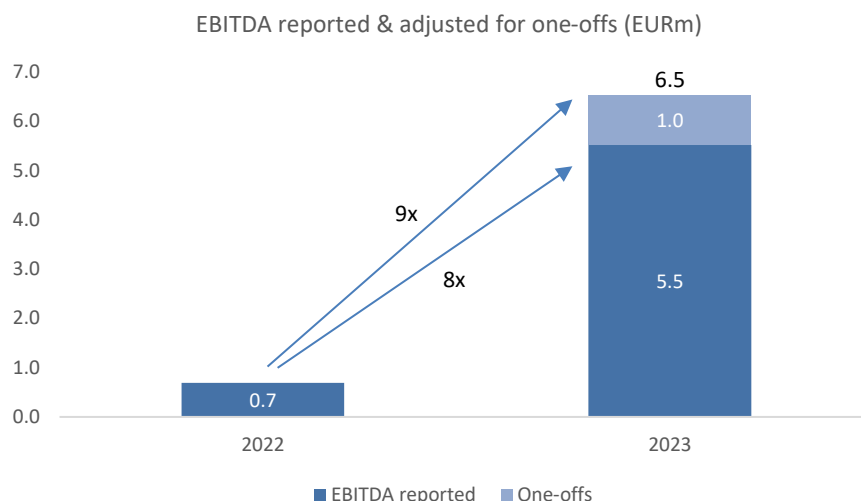
Coverage frequency

4x per year

Key takeaways

Solid year despite challenging Q4

The 2023 EBITDA increased 8x (9x adjusted for EUR 1m in one-offs) to EUR 5.5m (6.5 adjusted for one-offs) making it the fourth (third adjusted for one-offs) highest EBITDA in Novaturas’ history, and higher than pre-covid 2019 EBITDA of EUR 4.3m. The solid 2023 result came despite a “weakish” Q4/23 with a negative EBITDA of EUR 2.4m (negative 1.4m adjusted for one-offs) vs. our forecast loss of EUR 0.4m. The Q4/23 EUR 1m in one-offs consisted of a provision for a legal case with GetJet (EUR 0.430m), Derivative portfolio loss (EUR 0.213m), and IFRS 16 effect (EUR 0.371m). On 7 March 2024, the company announced that the court ruling of the GetJet case will have no significant effect on the financial result (the amount has been sufficiently provisioned). This year, we forecast the EBITDA to stay roughly flat with a forecast of EUR 5.6m vs. EUR 5.5m in 2023.



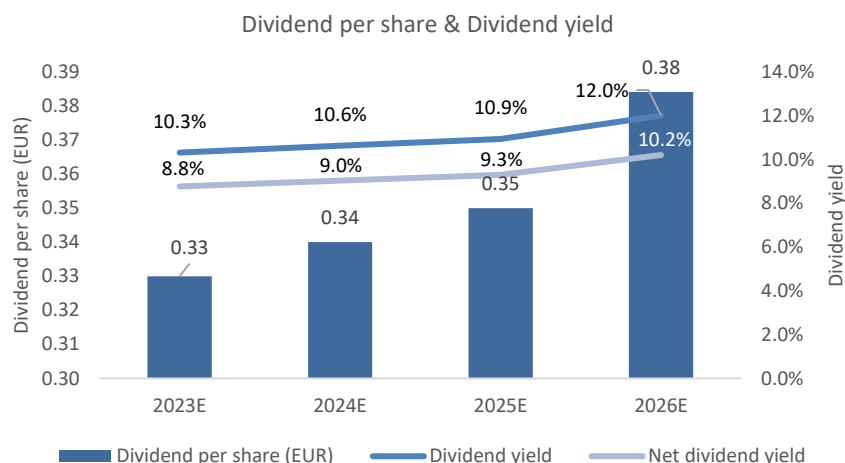
Source: Company reports (historical), Enlight Research (estimates)



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

Dividend still attractive

Novaturas’s dividend policy state that 70-80% of net profits is to be paid out as dividends. Given the reported 2023 EPS of EUR 0.47, the minimum dividend policy payout of 70% indicate a Dividend per share of EUR 0.33, which is in-line with our pre-Q4/23 estimate (we had a margin for error vs. the minimum 70% payout ratio). The 2023 estimated net yield (after Lithuanian withholding tax) is 8.8% based on the EUR 3.25 share price. The 2023 dividend proposal is expected in April in connection with the AGM announcement. For 2024, and 2025, we expect the dividend to increase by EUR 0.01 per year bringing the net yield to 9.0%, and 9.3%, respectively.



Source: Enlight Research, Based on share price EUR 3.20

2024 Visibility is low

The company gave 2024 guidance for pax and Revenues but refrained from giving profit guidance due to the low visibility. In the Q4 webinar presentation, the company wrote, “In a broad sense, the aim is to match the previous year’s results. However, due to current market dynamics, an exact forecast is not available.”. We believe the company needs better visibility on the following factors before giving more exact profit line guidance: (a) functioning of the new Novaturas website, (b) clarity on the increased competition on the second largest destination Egypt, (c) clarity on consumer spending strength. Our 2024 pax forecast of 258K and Revenue forecast of EUR 209m are in line with the mid-range guidance. Also, our 2024 roughly unchanged Net profit forecast (EUR 3.9m vs. EUR 3.7m in 2023) is in-line with stated aim to match previous year’s result. We believe it is good that the company does not give explicit profit guidance when the uncertainty is extremely high.

Guidance	2024
(thous.)	
PAX - high	280
PAX - mid	260
PAX - low	240
PAX forecast	258
Diff to mid	-2
(EURm)	
Revenue - high	220
Revenue - mid	210
Revenue - low	200
Revenue forecast	209
Diff to mid	-1
(EURm)	
Broadly match 2023 Net profit 3.7m	3.7
2024E Net profit	3.9
2024 diff. to 2023	0.2

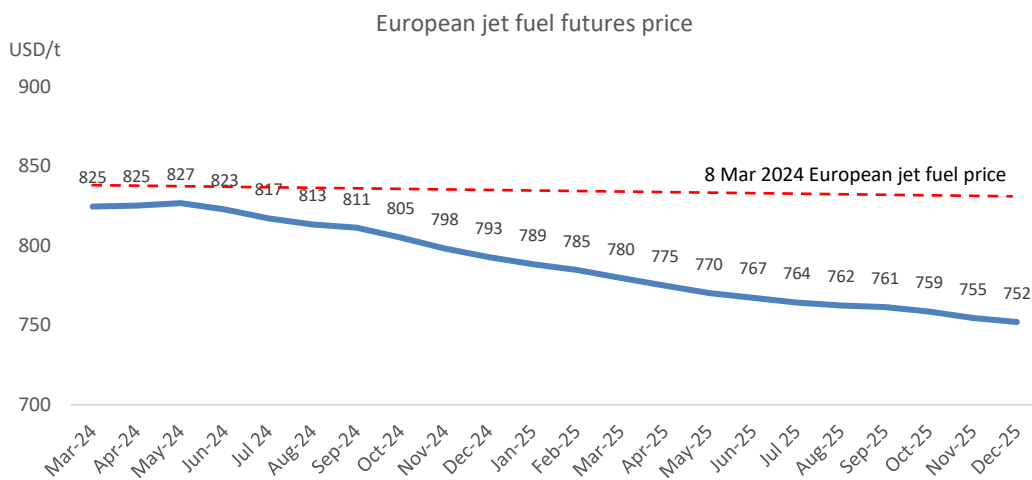
Source: Company reports (Guidance), Enlight Research (estimates)

European jet fuel price outlook

Based on S&P’s Global Commodity Insights, the weekly average European jet fuel price was 838 USD/t for the week ending 8 March 2024. This price level was 6.4% lower compared to the previous month’s average and 4.9% lower compared to the prior year’s average. The spread between jet fuel and Brent oil prices decreased 26% compared to February’s average and 30% compared to the 2023 average. Further tightening of the spread could be one of the forces driving jet fuel prices lower in 2024 (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). Based on the European jet fuel futures market on the CME, the jet fuel price is expected to decline 5% between March this year to December 2024 from 838 USD/t to 793 USD/t. A further decline of 5% to 752 USD/t is expected by the end of 2025. To summarize, the current jet fuel price outlook is positive for the remainder of 2024 and towards the end of 2025. In addition, the fuel price hedging techniques used by Novaturas can ensure limited exposure to jet fuel price volatility given that early bookings are back to pre-covid levels, which makes hedging easier.

Week ending 8 Mar 2024	Share in Global Index	Weekly Average Price			Index Value (Year 2000 = 100)	Weekly Average Price versus		
		cts/gal	\$/bbl	\$/t		prior week's average	prior month's average	prior year's average
Jet fuel price	100%	253.06	106.29	839.33	290.5	-1.7%	-5.2%	-5.4%
Asia & Oceania	22%	243.98	102.47	809.53	292.8	-0.6%	-1.9%	-2.6%
Europe & CIS	28%	252.97	106.24	838.28	286.3	-3.4%	-6.4%	-4.9%
Middle East & Africa	7%	242.07	101.67	802.75	303.6	-1.3%	-2.9%	-4.1%
North America	39%	258.44	108.54	857.48	288.6	-1.2%	-6.7%	-7.6%
Latin & Central America	4%	270.45	113.59	897.35	314.7	0.3%	-2.7%	-1.9%
Oil Price (Dated Brent)			85.31			0.8%	1.7%	3.2%
Crack Spread			20.98			-10.6%	-25.7%	-29.8%

Source: S&P Global Commodity Insights



Source: CME Group

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). We focus on the post-pandemic 2024 estimated multiples. As expected, the OTAs and the Digital only tour operators trade at higher multiples compared to Traditional tour operators with an average 2024E EV/EBITDA of 12.5x, and 3.8x (one company only), respectively, vs. 2.4x for Traditional tour operators. With a 2024E EV/EBITDA of 5.4x, Novaturas is trading at a 127% premium to “Traditional” tour operators and a 57% discount to “Online Travel Agencies”. Novaturas’ estimated dividend yield of 10-12% (net 8-10%) for 2023-26 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)			Price	Mcap (m)	EV (m)	EV/EBITDA	EV/EBITDA	EV/EBITDA	EV/EBITDA	Div. yield	Div. yield	Div. yield	Div. yield
Company	Ticker	Ccy	(last)	(last)	(last)	2023	2024E	2025E	2026E	2023E	2024E	2025E	2025E
Booking Holdings Inc	BKNG	USD	3498.00	119,530	123,449	17.4	15.6	13.9	415.7	0.0%	0.0%	0.0%	0.0%
Expedia Group Inc	EXPE	USD	136.60	18,617	18,011	6.7	6.0	5.3	neg	0.0%	0.0%	0.0%	0.0%
Trivago	TRVG	EUR	2.33	162	52	1.0	23.0	2.5	neg	0.0%	0.0%	0.0%	0.0%
eDreams Odigeo SA	EDR	EUR	6.58	817	1,122	34.0	14.4	7.6	neg	0.0%	0.0%	0.0%	7.6%
Lastminute.com NV	LMN	EUR	22.05	236	193	4.5	3.6	3.0	neg	0.0%	0.0%	0.0%	0.0%
Average						12.7	12.5	6.5	415.7	0.0%	0.0%	0.0%	1.5%
Median						6.7	14.4	5.3	415.7	0.0%	0.0%	0.0%	0.0%
Digital only tour operators			Price	Mcap (m)	EV (m)	EV/EBITDA	EV/EBITDA	EV/EBITDA	EV/EBITDA	Div. yield	Div. yield	Div. yield	Div. yield
Company	Ticker	Ccy	(last)	(last)	(last)	2023	2024E	2025E	2026E	2023E	2024E	2025E	2025E
OnTheBeach Group	OTB	GBP	1.49	247	153	4.9	3.8	3.3	0.3	0.0%	2.1%	2.4%	2.8%
Traditional tour operators			Price	Mcap (m)	EV (m)	EV/EBITDA	EV/EBITDA	EV/EBITDA	EV/EBITDA	Div. yield	Div. yield	Div. yield	Div. yield
Company	Ticker	Ccy	(last)	(last)	(last)	2023	2024E	2025E	2026E	2023E	2024E	2025E	2025E
TUI Group (TUI AG)	TUI1	EUR	6.72	3,410	5,362	3.0	2.6	2.4	1.2	0.0%	0.0%	0.0%	2.1%
Jet2 Group (Jet2 PLC)	JET2	GBP	14.04	3,014	1,486	2.6	2.2	2.1	0.8	0.8%	0.9%	0.9%	1.0%
Average						2.8	2.4	2.2	1.0	0.4%	0.4%	0.5%	1.5%
Median						2.8	2.4	2.2	1.0	0.4%	0.4%	0.5%	1.5%
Novaturas	NTU	EUR	3.25	25	30	6.1	5.4	4.7	4.0	9.6%	10.5%	10.8%	11.8%

Source: Company reports, MarketScreener (consensus estimates), Enlight Research (Novaturas estimates), Prices on 13 March 2024

DCF valuation

Our Base case DCF Fair value per share is lowered to EUR 3.95 (prev. 4.26), indicating an upside of around 20%. Lower estimates (see Estimate changes) are the main reason for the downward adjustment in the Fair value. Our Bear case Fair value per share is EUR 3.40 (prev. 3.33), while our Bull case Fair value per share is EUR 4.51 (prev. 5.18). The higher Bear case Fair value and lower Bull case Fair value are due to a tighter terminal EBIT margin span. We now assume a 2.0% (prev. 1.0%) Bear terminal EBIT margin and a 4.0% (prev. 5.0%) Bull terminal EBIT margin. See next page for our DCF value sensitivity to different parameters.

DCF Valuation Scenarios	Bear	Base	Bull
WACC	16.7%	16.7%	16.7%
Terminal sales growth	2.0%	2.0%	2.0%
Terminal EBIT margin	2.0%	3.0%	4.0%
Fair Value per share	3.40	3.95	4.51
Upside/Downside (last price)	6%	23%	41%

Source: Enlight Research, Based on share price of EUR 3.20

DCF Sensitivity	Current	Step	Test values & Results										
Equity beta	1.15	0.20	0.15	0.35	0.55	0.75	0.95	1.15	1.35	1.55	1.75	1.95	2.15
<i>Fair value (DCF)</i>	3.95		6.27	5.65	5.12	4.67	4.29	3.95	3.66	3.40	3.16	2.96	2.77
Target debt ratio*	0.0 %	5.0 %	-25%	-20%	-15%	-10%	-5%	0%	5%	10%	15%	20%	25%
<i>Fair value (DCF)</i>	3.95		3.41	3.51	3.61	3.72	3.83	3.95	4.08	4.21	4.35	4.49	4.65
Risk free interest rate	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>	3.95		5.62	5.20	4.83	4.50	4.21	3.95	3.72	3.50	3.31	3.13	2.97

*debt/(debt + equity)
Source: Enlight Research

Estimate deviations

Q4/23 Commission-based sales (Travel agencies, GDS) came in 2.5% or EUR 0.8m below forecast. Q4/23 Commission-free sales (Own retail, Web sales) was 3.7% or EUR 0.5m lower than estimated. The main reason for the lower sales was tough competition on Egypt which is the second largest destination (15% of pax) – the Israel – Hamas war also affected this destination. The Q4/23 Group sales of EUR 41.7m was 2.8% or EUR 1.2m below forecast, and the Gross profit was 19.0% or EUR 0.8m lower than estimated (EUR 3.6m vs. est. 4.4m). The Q4/23 Pre-tax loss of EUR 2.8m was EUR 1.9m worse than our estimated loss of EUR 0.9m, and the Net profit of EUR 1.8m below forecast. However, adjusted for EUR 1m in one-off costs, the Net profit was EUR 0.7m below forecast.

Deviation table by Segment

Group Sales	Estimate Q4/23	Outcome Q4/23	Diff EURm	Diff %
Total Sales	42.9	41.7	-1.2	-2.8%
Whereof commission based	30.3	29.5	-0.8	-2.5%
Travel agencies	29.5	28.8	-0.7	-2.4%
GDS	0.8	0.7	-0.1	-7.1%
Whereof commission-free	12.7	12.2	-0.5	-3.7%
Own retail	6.4	6.4	0.0	-0.5%
Web sales	6.2	5.9	-0.3	-5.5%

Deviation table Group

P&L (EURm)	Estimate Q4/23	Outcome Q4/23	Diff EURm	Diff %
Sales	42.9	41.7	-1.2	-2.8%
Costs of sales	-38.5	-38.2	0.4	-1.0%
Gross profit (loss)	4.4	3.6	-0.8	-19.0%
Sales commission expenses	-3.0	-2.7	0.3	-11.3%
Sales after commissions	1.4	0.9	-0.5	-35.7%
Other oper. Inc/exp.	-1.8	-3.0	-1.2	64.6%
Operating profit	-0.4	-2.1	-1.7	373.9%
Financial net	-0.5	-0.7	-0.2	41.0%
Pre-tax profit	-0.9	-2.8	-1.9	202.0%
Income tax	0.0	0.1	0.1	950.0%
Net profit	-0.9	-2.7	-1.8	192.2%
Adj. Net Profit	-0.9	-1.7	-0.7	81.7%

Sales growth	Estimate Q4/23	Outcome Q4/23	Diff EURm	Diff Bps
Group sales growth	3.1%	0.9%	na	-222
Commission based sales growth	9.4%	6.0%	na	-342
Travel agencies sales growth	5.8%	-0.5%	na	-631
GDS sales growth	-465.3%	-170.1%	na	29524
Commission-free sales growth	-8.4%	-8.7%	na	-22
Own retail sales growth	-16.3%	-9.0%	na	731
Web sales growth	1.4%	-8.3%	na	-969

Margins	Estimate Q4/23	Outcome Q4/23	Diff EURm	Diff Bps
Gross margin	10.2%	8.5%	na	-171
EBITDA margin	-1.0%	-5.7%	na	-473
EBIT margin	-1.0%	-5.1%	na	-406
PTP margin	-2.2%	-6.7%	na	-456
Net profit margin	-2.1%	-6.4%	na	-429

Source: Enlight Research

Estimate changes

Our 2024 and 2025 Sales estimates are lowered by 2.5% to EUR 209m which roughly in the middle of the guided range. Our EBITDA for this year is lowered by 26% for this year and 22% for 2025 to reflect the more uncertain market seen at the end of 2023. Our 2023 Net profit is lowered by 29% this year and 23% in 2025. Our 2024 Dividend per share is lowered by EUR 0.06 to EUR 0.34, equal to a pay-out ratio of 68% (vs. dividend policy payout ratio of 70-80%). Our 2025 Dividend per share is lowered by EUR 0.10 next year to EUR 0.35, equal to a pay-out ratio of 62%

Estimate changes			
Sales (EURm)	2024E	2025E	2026E
Old estimate	214	218	na
New estimate	209	213	217
Change	-5	-6	na
Change (pct)	-2.5%	-2.5%	na
Guidance - high	220	na	na
Guidance - mid	210	na	na
Guidance - low	200	na	na
EBITDA (EURm)	2024E	2025E	2026E
Old estimate	7.6	7.8	na
New estimate	5.6	6.1	6.7
Change	-2.0	-1.7	na
Change (pct)	-26.1%	-21.6%	na
EBIT (EURm)	2024E	2025E	2026E
Old estimate	7.3	7.6	na
New estimate	5.2	5.7	6.3
Change	-2.1	-1.9	na
Change (pct)	-28.8%	-24.8%	na
Pre-tax Profit (EURm)	2024E	2025E	2026E
Old estimate	6.2	6.6	na
New estimate	4.4	5.0	5.7
Change	-1.8	-1.5	na
Change (pct)	-28.8%	-23.2%	na
Net profit (EURm)	2024E	2025E	2026E
Old estimate	5.5	5.7	na
New estimate	3.9	4.4	5.0
Change	-1.6	-1.3	na
Change (pct)	-28.8%	-23.2%	na
EPS (EUR)	2024E	2025E	2026E
Old estimate	0.70	0.73	na
New estimate	0.50	0.56	0.64
Change	-0.20	-0.17	na
Change (pct)	-28.8%	-23.2%	na
Dividend (EUR)	2024E	2025E	2026E
Old estimate	0.40	0.45	na
New estimate	0.34	0.35	0.38
Change	-0.06	-0.10	na
Change (pct)	-15.0%	-22.2%	na

Source: Enlight Research

Detailed Forecast

Income Statement	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24E	Q2/24E	Q3/24E	Q4/24E	2023	2024E	2025E	2026E
Group sales	39.6	62.9	64.3	41.7	39.6	62.9	64.3	41.7	208.6	208.5	212.7	217.0
<i>Whereof commission based</i>	26.8	45.0	45.7	29.5	27.3	43.4	44.4	28.8	147.0	143.9	142.5	141.0
<i>Travel agencies</i>	26.1	44.2	44.2	28.8	26.6	42.3	43.2	28.1	143.3	140.1	138.7	137.1
<i>GDS</i>	0.7	0.8	1.5	0.7	0.7	1.1	1.2	0.8	3.8	3.8	3.8	3.9
<i>Whereof commission-free</i>	12.8	17.9	18.6	12.2	12.3	19.5	19.9	12.9	61.5	64.6	70.2	75.9
<i>Own retail</i>	7.0	9.0	9.6	6.4	6.3	10.1	10.3	6.7	31.9	33.4	36.2	38.0
<i>Web sales</i>	5.8	8.9	9.0	5.9	5.9	9.4	9.6	6.3	29.6	31.3	34.0	38.0
Cost of Sales	-33.4	-53.5	-56.7	-38.2	-33.3	-53.5	-56.6	-38.1	-181.7	-181.4	-184.8	-188.1
Cost of sales/Group sales	0.8	0.9	0.9	0.9	0.8	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Gross profit	6.2	9.4	7.6	3.6	6.3	9.4	7.7	3.7	26.9	27.1	27.9	28.9
Sales commission expenses	-1.6	-3.7	-3.7	-2.7	-1.7	-3.5	-3.5	-2.7	-11.6	-11.4	-11.3	-11.0
Sales commission rate	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Sales after commissions	4.6	5.8	4.0	0.9	4.6	6.0	4.2	1.0	15.2	15.7	16.6	17.9
Other Oper. Inc./exp.	-2.0	-2.6	-2.6	-3.0	-2.5	-3.1	-2.6	-2.4	-10.2	-10.5	-10.9	-11.6
Other Oper. Inc./exp. of Sales	0.1	0.0	0.0	0.1	0.1	0.0	0.0	0.1	0.0	0.1	0.1	0.1
EBIT	2.6	3.2	1.4	-2.1	2.2	2.9	1.6	-1.5	5.0	5.2	5.7	6.3
EBIT margin	0.1	0.1	0.0	-0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial net	-0.3	-0.5	0.5	-0.7	-0.2	-0.2	-0.2	-0.2	-0.9	-0.8	-0.7	-0.5
Pre-tax Profit	2.3	2.7	1.9	-2.8	2.0	2.7	1.4	-1.7	4.1	4.4	5.0	5.7
Tax	-0.1	-0.2	-0.3	0.1	-0.2	-0.3	-0.2	0.2	-0.4	-0.5	-0.7	-0.7
Net profit	2.3	2.5	1.6	-2.7	1.7	2.4	1.2	-1.5	3.7	3.9	4.4	5.0
Depreciation	0.0	0.2	-0.9	0.3	-0.1	-0.1	-0.1	-0.1	-0.5	-0.4	-0.4	-0.4
EBITDA	2.6	2.9	2.3	-2.4	2.3	3.0	1.7	-1.4	5.5	5.6	6.1	6.7
Sales growth y-on-y	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24E	Q2/24E	Q3/24E	Q4/24E	2023	2024E	2025E	2026E
Group sales growth	35.4%	0.9%	1.0%	0.9%	0.0%	0.0%	0.0%	0.0%	5.9%	0.0%	2.0%	2.0%
Commission based sales growth	32.4%	0.4%	1.3%	6.0%	1.9%	-3.5%	-3.0%	-2.5%	6.5%	-2.1%	-1.0%	-1.0%
Travel agencies sales growth	32.2%	-0.1%	2.8%	-0.5%	2.0%	-4.4%	-2.2%	-2.6%	5.4%	-2.2%	-1.0%	-1.1%
GDS sales growth	43.3%	34.2%	-28.7%	170.1%	0.0%	50.0%	-25.0%	1.1%	73.5%	0.0%	2.0%	2.0%
Commission-free sales growth	42.0%	1.4%	0.3%	-8.7%	-4.0%	8.8%	7.3%	5.8%	5.0%	5.1%	8.6%	8.2%
Own retail sales growth	75.2%	25.1%	9.0%	-9.0%	-9.1%	11.9%	7.4%	4.9%	18.4%	4.6%	8.4%	5.0%
Web sales growth	15.7%	-14.9%	-7.6%	-8.3%	2.0%	5.6%	7.1%	6.8%	-6.5%	5.6%	8.8%	11.6%
Margins	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24E	Q2/24E	Q3/24E	Q4/24E	2023	2024E	2025E	2026E
Gross profit margin	15.8%	15.0%	11.9%	8.5%	16.0%	15.0%	12.0%	8.7%	12.9%	13.0%	13.1%	13.3%
EBITDA margin	6.7%	4.7%	3.6%	-5.7%	5.8%	4.8%	2.7%	-3.3%	2.7%	2.7%	2.9%	3.1%
EBIT margin	6.6%	5.0%	2.1%	-5.1%	5.5%	4.6%	2.5%	-3.5%	2.4%	2.5%	2.7%	2.9%
Pre-tax Profit margin	5.9%	4.3%	3.0%	-6.7%	5.0%	4.3%	2.2%	-4.0%	2.0%	2.1%	2.4%	2.6%
Net profit margin	5.7%	3.9%	2.5%	-6.4%	4.4%	3.8%	1.9%	-3.5%	1.8%	1.9%	2.1%	2.3%

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.

Competition risk

There is a risk that new players enter Novaturas home market (Baltics), especially with regards to the largest destinations like e.g., Turkey and Egypt. This could lead to price pressure and/or lower sales.

Travel restrictions

Our base case assumption is that there will be no future travel restrictions due to e.g., pandemics. 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.

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	2022	2023	2024E	2025E	2026E
Net sales	197.0	208.6	208.6	212.7	217.0
Total operating costs	-196.3	-203.0	-203.0	-206.6	-210.3
EBITDA	0.7	5.5	5.6	6.1	6.7
Depreciation & Amort.	-0.3	-0.5	-0.4	-0.4	-0.4
One-off EBIT items	0.0	0.0	0.0	0.0	0.0
EBIT	0.4	5.0	5.2	5.7	6.3
Financial net	-1.0	-0.9	-0.8	-0.7	-0.5
Pre-tax profit	-0.6	4.1	4.4	5.0	5.7
Taxes	0.0	-0.4	-0.5	-0.7	-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	-0.6	3.7	3.9	4.4	5.0

Balance Sheet	2022	2023	2024E	2025E	2026E
Cash and cash equivalent	3	2	3	3	3
Receivables	1	1	1	1	1
Inventories	0	0	0	0	0
Other current assets	20	14	12	13	13
Current assets	23	16	16	17	17
Tangible assets	0	0	0	0	0
Goodwill & intangible assets	32	32	32	32	32
Lease & Investment properties	0	0	0	0	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	32	32	33
Total Assets	56	49	48	49	49
Non-interest bearing current liabilities	14	4	8	11	11
Short-term debt	2	3	3	2	1
Other current liabilities	18	18	12	10	10
Total current liabilities	34	24	23	23	22
Long-term debt	7	6	5	4	1
Convertibles & Lease liab.	0	0	0	0	3
Deferred tax liabilities	0	0	0	0	0
Provisions	0	0	0	0	0
Other long-term liabilities	0	0	0	0	0
Total long-term liab.	7	6	5	4	4
Total Liabilities	41	30	28	28	26
Minority interest (BS)	0	0	0	0	0
Shareholders' equity	15	18	20	21	24
Total liabilities and equity	56	49	48	49	49

DCF valuation	Cash flow, mEUR		
WACC (%)	16.74 %	NPV FCF (2023-2025)	12
Assumptions 2023-2029 (%)		NPV FCF (2026-2032)	16
Sales CAGR	2.00 %	NPV FCF (2033-)	10
Avg. EBIT margin	2.87 %	Non-operating assets	2
Fair value per share (EUR)	3.95	Interest-bearing debt	-9
Share price (EUR)	3.25	Fair value estimate	31

Free Cash Flow	2022	2023	2024E	2025E	2026E
Operating profit	0.4	5.0	5.2	5.7	6.3
Depreciation & Amort.	0.3	0.5	0.4	0.4	0.4
Working capital chg.	3.6	-4.1	0.5	-0.3	0.2
Other Operating CF items	0.0	-0.2	-0.6	-0.7	-0.8
Operating Cash Flow	4.2	1.2	5.5	5.1	6.1
Net investments	-0.9	-0.6	-0.4	-0.4	-0.5
Other items	0.0	0.0	0.0	0.0	0.0
Free Cash Flow	3.4	0.5	5.1	4.7	5.6

Capital structure	2022	2023	2024E	2025E	2026E
Equity ratio	26.5%	37.7%	41.2%	43.7%	47.9%
Debt / Equity ratio	61.1%	48.6%	39.5%	30.4%	18.9%
Gearing %	43.7%	37.2%	25.7%	17.4%	6.9%
Net debt/EBITDA	9.3	1.2	0.9	0.6	0.2

Profitability	2022	2023	2024E	2025E	2026E
ROE	-3.8%	22.3%	20.4%	21.3%	22.2%
FCF yield	15.0%	2.0%	20.1%	18.4%	22.1%
EBITDA margin	0.4%	2.7%	2.7%	2.9%	3.1%
EBIT margin	0.2%	2.4%	2.5%	2.7%	2.9%
PTP margin	-0.3%	2.0%	2.1%	2.4%	2.7%
Net margin	-0.3%	1.8%	1.9%	2.1%	2.3%

Valuation	2022	2023	2024E	2025E	2026E
P/E	-39.7	7.2	6.4	5.7	5.0
P/E, adjusted	-39.7	7.2	6.4	5.7	5.0
P/Sales	0.1	0.1	0.1	0.1	0.1
EV/Sales	0.1	0.2	0.1	0.1	0.1
EV/EBITDA	41.9	6.1	5.4	4.7	4.0
EV/EBIT	66.9	6.7	5.8	5.1	4.3
P/BV	1.5	1.5	1.3	1.2	1.1
P/BV tangible	nm	nm	nm	nm	nm

Per share ratios	2022	2023	2024E	2025E	2026E
EPS	-0.07	0.47	0.50	0.56	0.64
EPS, adjusted	-0.07	0.47	0.50	0.56	0.64
Operating CF/share	0.54	0.15	0.70	0.65	0.78
Free Cash Flow/share	0.43	0.07	0.65	0.60	0.72
BV/share	1.89	2.35	2.52	2.74	3.03
Tangible BV/share	-1.99	-1.53	-1.37	-1.15	-0.86
Div. per share	0.00	0.33	0.34	0.35	0.38
Div. payout ratio	0.0%	69.9%	68.4%	62.4%	60.0%
Dividend yield	0.0%	9.7%	10.6%	10.9%	12.0%

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 %
AS Rondam	1.160	4.57 %
Rendes Vous OU	0.878	3.46 %

Key people	
CEO	Kristijonas Kaikaris
CFO	Vygantas Reifonas
IR	Vygantas Reifonas
Chairman	Ugnius Radvila

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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