

Approaching cruising altitude

Although it was below our estimate, the Q3/22 Sales exceeded the pre-pandemic Q3/19 Sales. The profits were significantly above forecast. We believe the company is on the right track focusing on profitability rather than sales growth (capacity expansion). The fuel price outlook looks stable to favourable.

All-time high sales

Q3/22 Sales grew 38% y-on-y to EUR 64m exceeding the Q3/19 Sales by 13% (7% below our forecast). Q3/22 Pre-tax profit was 21% above estimate (EUR 2.0m vs. est. 1.6m). Despite lowering our 2022 Sales forecast by 3%, we expect Sales to reach an all-time high of EUR 197m.

Focus on profitability

With a record sales year in sight and no signs of a slowdown due to a weaker consumer (Oct. sales +29% y-on-y or 13% above 2019 Oct. sales), it might be tempting for management to take on significantly more capacity. However, the focus is rather on profitability and hence, we forecast a rather modest pax increase of 5% in 2023 and 3% in 2024, while the Net profit is expected to increase from an estimated EUR 0.7m this year to EUR 2.5m in 2023, and EUR 4.0m in 2024. A key factor behind the profit improvement is a stable or even lower jet fuel costs which is made possible by hedging and assumed stable oil prices.

Base case Fair value EUR 4.03/shr

Our Base case DCF Fair value is EUR 4.03/shr (prev. 4.33), implying an upside of +30%. The downward adjustment is mainly due to a higher assumed risk-free interest rate.

Key figures (MEUR)

	2020	2021	2022E	2023E	2024E
Net sales	32.9	109.0	196.6	206.5	212.7
Net sales growth	-81.7%	231.4%	80.4%	5.0%	3.0%
EBITDA	-3.1	2.6	2.2	4.8	5.7
EBITDA margin	-9.5%	2.3%	1.1%	2.3%	2.7%
EBIT	-3.6	2.4	2.2	4.5	5.3
EBIT margin	-10.8%	2.2%	1.1%	2.2%	2.5%
EV/Sales	1.1	0.4	0.1	0.1	0.1
EV/EBITDA	-12.0	15.2	13.2	5.6	4.5
EV/EBIT	-10.5	16.2	13.6	6.0	4.8
P/E adj.	-4.0	32.8	35.0	9.6	5.9
P/BV	1.7	2.0	1.5	1.3	1.1
EPS adj.	-0.74	0.12	0.09	0.32	0.52
EPS growth adj.	-236.45%	-115.81%	-25.49%	263.50%	64.04%
Div. per share	0.00	0.00	0.00	0.15	0.20
Dividend yield	0.00%	0.00%	0.00%	4.93%	6.58%

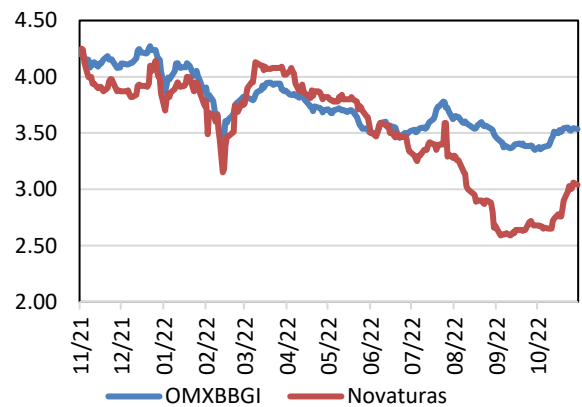
Source: Company data, Enlight Research estimates

Fair value range (EUR)

Bull (term. EBIT marg. 5.5%)	4.81
Base (term. EBIT marg. 4.5%)	4.03
Bear (term. EBIT marg. 3.5%)	3.25

Key Data

Price (EUR)	3.03
Ticker	NTU1L
Country	Lithuania
Listed	Vilnius (Lithuania)
Market Cap (EURm)	24
Net debt (EURm)	0
Shares (m)	8.2
Free float	53%



Price range

52-week high	4.25
52-week low	2.59

Analyst

ResearchTeam@enlightresearch.net

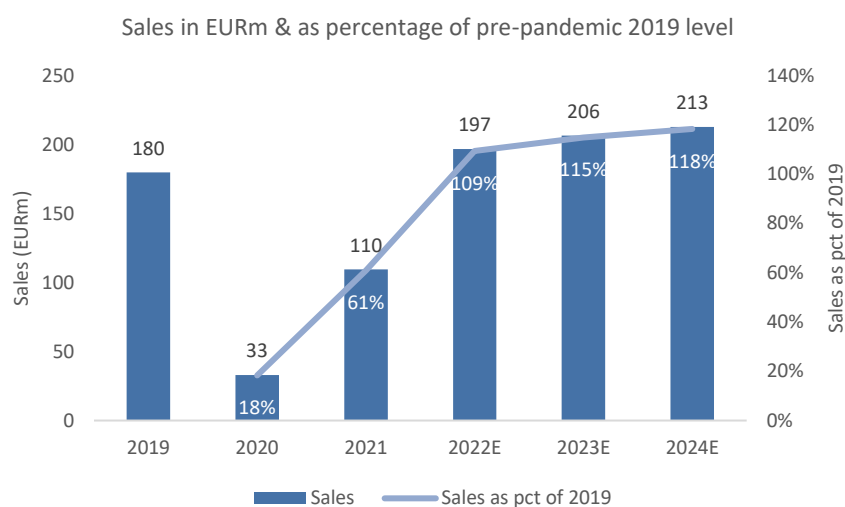
Coverage frequency

4x per year

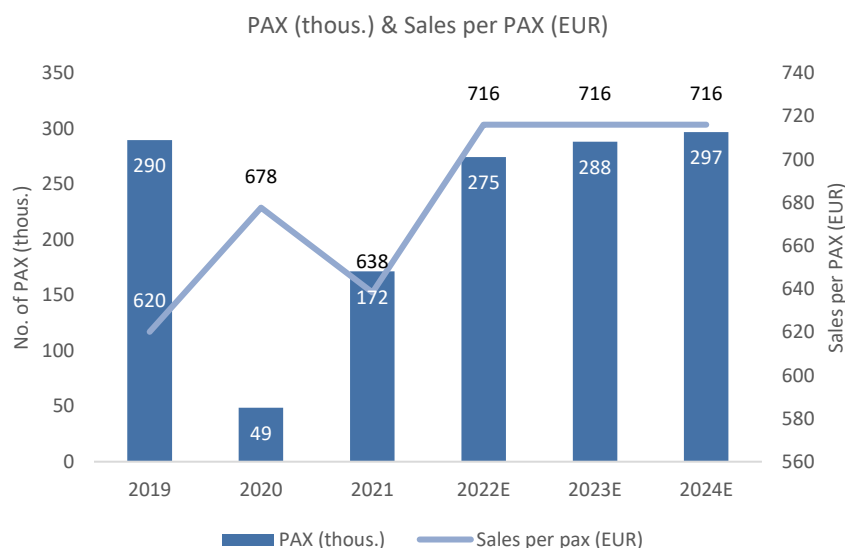
Key takeaways

All-time high sales

Q3/22 Sales grew 38% y-on-y to EUR 64m, exceeding the pre-pandemic Q3/19 Sales by 13%, or EUR 7m. We believe the positive trend will continue and forecast Q4/22 sales to increase 21% y-on-y to EUR 41m, exceeding the pre-pandemic Q4/19 sales by 3% or EUR 1m. Consequently, our full-year 2022 Sales is estimated to increase to an all-time high of EUR 197m, which is 80% higher than in 2021 and 9% higher than in 2019. Worth noting is that we do not expect the number of passengers to reach 2019 year's level until next year (estimated it to reach 95% this year and 99% next year). In the forecast period 2022-24E, we expect the Sales per pax to be stable at EUR 716, which is 15% higher than the 2019 pre-pandemic Sales per pax of EUR 620.



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



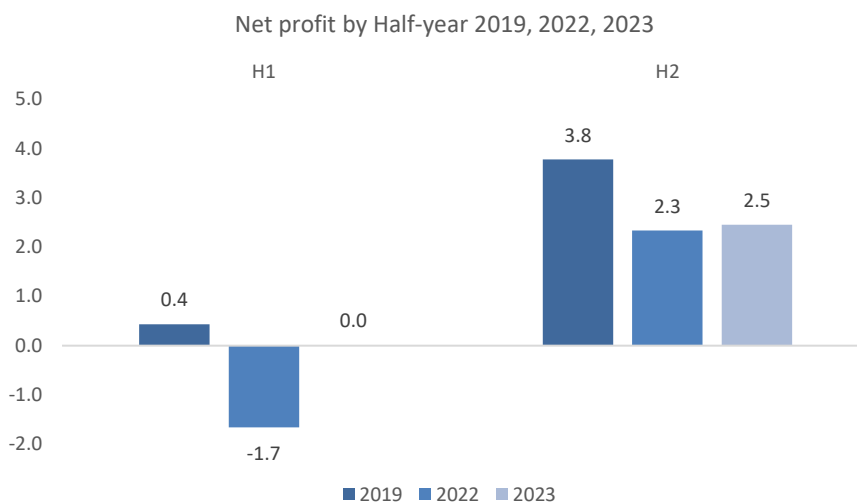
Source: Company (historic), Enlight Research (estimates)

Sales & PAX as pct of 2019	2020	2021	2022E	2023E	2024E
Sales as pct of 2019	18%	61%	109%	115%	118%
PAX as pct of 2019	17%	59%	95%	99%	102%

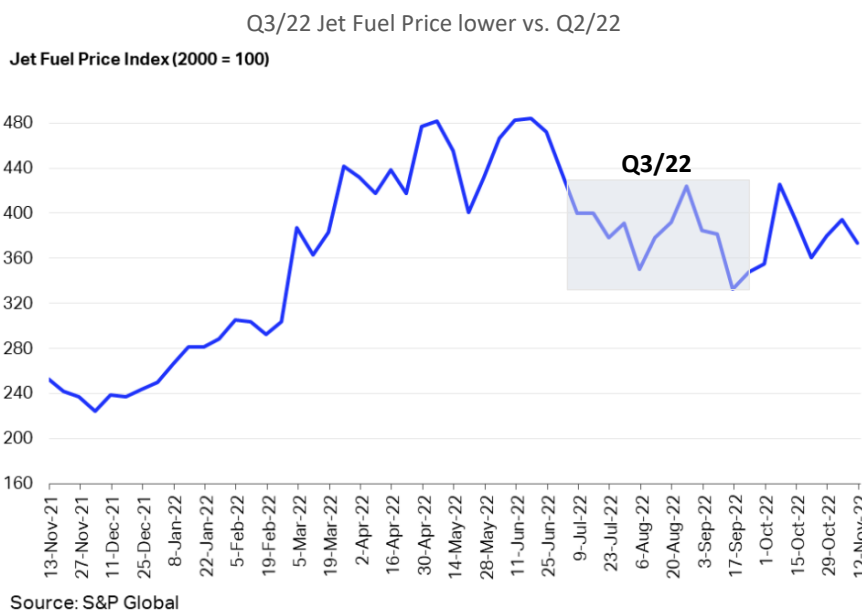
Enlight Research (estimates)

Profits recovered in H2/22

After a weak H1/22 with a Net loss of EUR 1.7m, the outlook for H2/22 looks a lot stronger given the Q3/22 reported Net profit of EUR 1.9m (even higher than the pre-pandemic Q3/19 Net profit of EUR 0.9m). At the Q3 webinar, management stated that Q4/22 EBIT should be positive and higher than Q4/21 EBIT of EUR 0.5m. Hence, we forecast a Q4/22 EBIT of EUR 0.8m, and Net profit EUR 0.4m. This means our estimated H2/22 Net profit is EUR 2.3m, which is a significant improvement vs. H1/22 Net loss of EUR 1.7m. The main reasons for the H2/22 over H1/22 improvement are lower jet fuel price (see chart below) and a higher degree fuel hedging (we believe 60-70% of the fuel consumption will be hedged in H2/22 vs. 20-30% in H1/22). In H1/22, the negative fuel price effect was EUR 2.2m, i.e., the fuel price adjusted H1/22 Net profit was EUR 0.5m (rather than negative 1.7m). We foresee no negative effect from fuel prices in Q4/22 nor in 2023, which means the profit recovery could continue.



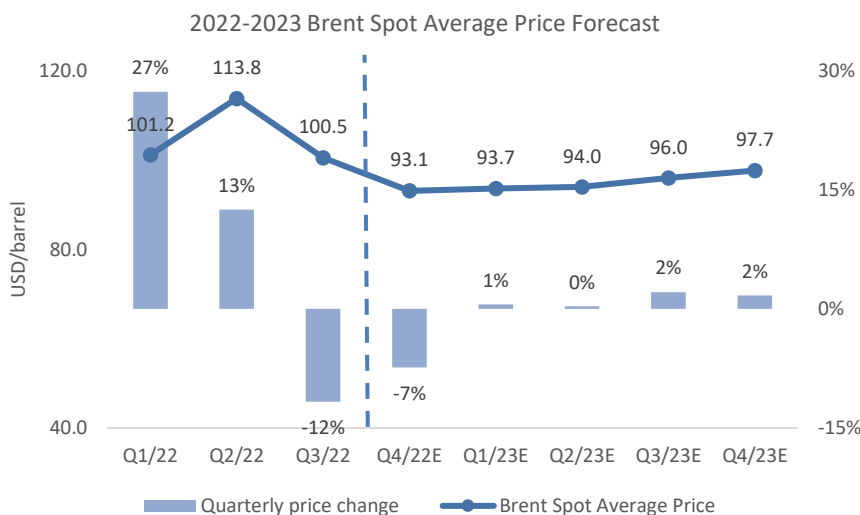
Source: Company (historic), Enlight Research (estimates)



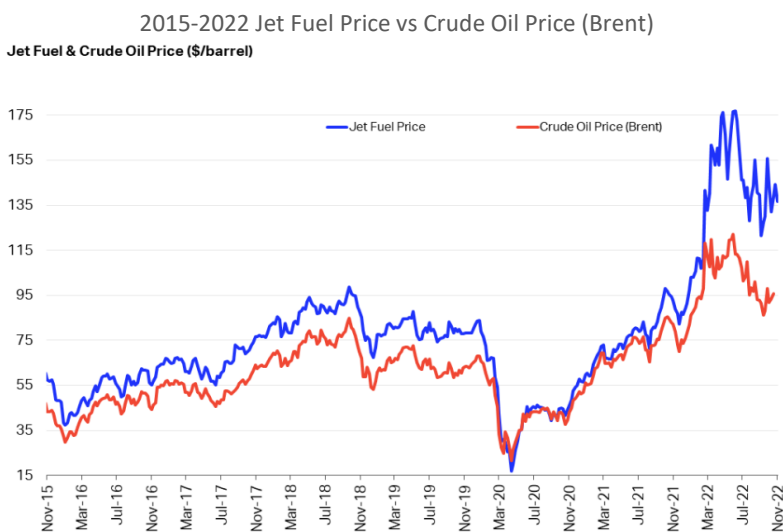
Source: S&P Global

Fuel costs under control in 2023

We do not believe that the jet fuel price will hurt Novaturas’ profits in Q4/22 and next year as we expect the company to hedge most of the fuel price exposure i.e., lock in the fuel price at the time of the ticket sale (this method successfully kept costs under control in Q3/22). Furthermore, based on the expected Brent oil 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 in 2023. In its November Short-term Energy Outlook report, the US Energy Information Administration (EIA) forecast a Brent spot average price drop from 100.5 USD/barrel in Q3/22 to 93.1 USD/barrel in Q4/22 (7% decrease). In 2023, the Brent oil price estimates vary from 93.7 to 97.7 USD/barrel which does not indicate a significant price shock. To summarize, based on our expected fuel price hedging and EIA’s stable jet fuel price forecast, we believe do not foresee any major negative effects from the fuel price for the remainder of the year nor in 2023. The unusually large spread between the jet fuel price and the Brent oil price (see below chart) implies the jet fuel price could decrease even if the Brent oil price goes up a bit and thereby close the unusually high spread (a result of refineries producing more jet fuel due to the favourable spread).



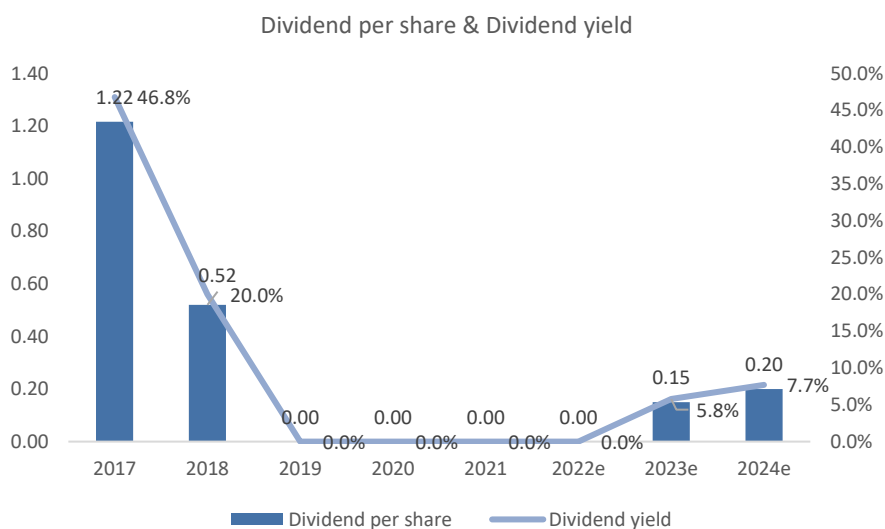
Source: EIA Short-Term Energy Outlook - November 2022



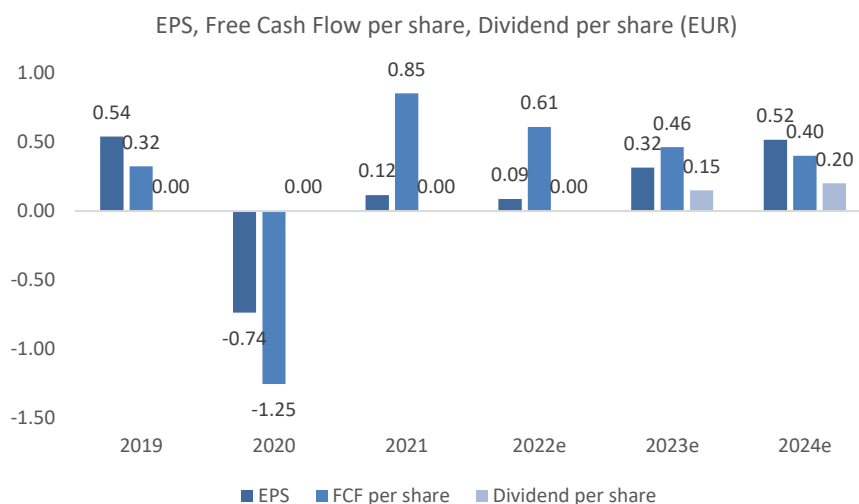
Source: S&P Global, Refinitiv Eikon

Dividends could arrive next year

We reiterate our view that Novaturas can start paying dividends next year, which would mark the first year of dividends since 2018. For 2023, we expect a dividend of EUR 0.15 per share, equal to a yield of 4.9% (based on a share price of EUR 3.04). Our 2023 estimated pay-out ratio is 48%, which is below the long-term dividend policy target to pay out 70-80% of net profits. For 2024, we forecast a dividend of EUR 0.20 per share (pay-out ratio 39%), indicating a yield of 6.6%. Worth noting is that our estimated 2023 and 2024 dividends are well covered by the estimated EPS and the Free Cash Flow per share (see chart below). Given the forecast 2022 EPS of EUR 0.09 and FCF per share of EUR 0.61, there might be room for a small dividend in 2022, but we believe the company would want to see another year of stability before paying dividends.



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



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 6.2x, and 4.2x (one company only), respectively, vs. 2.9x for Traditional tour operators. Novaturas is trading at a significant discount (55%) to Traditional tour operators based on 2023E P/Sales, while it is trading at a significant premium based on EV/EBITDA (112%). If Novaturas were to improve its margins, we believe the market would reward it with a higher P/Sales multiple, while the EV/EBITDA premium would likely decrease. With regards dividends, Novaturas' estimated 5-6% yield in 2023-24E is far superior to all peers. Worth noting is that the peers are substantially bigger and often have a different business model so a straight comparison might not be relevant.

Travel & leisure peers

					Net									
Online Travel Agencies (OTAs)			Price	Mcap (m)	debt (m)	EV (m)	P/Sales	P/Sales	P/Sales	P/Sales	EV/EBITDA	EV/EBITDA	EV/EBITDA	EV/EBITDA
Company	Ticker	Ccy	(last)	(last)	(last)	(last)	2021	2022E	2023E	2024E	2021	2022E	2023E	2024E
Booking Holdings Inc	BKNG	USD	1946.00	77,268	-2,045	75,223	7.1	4.6	4.0	3.7	25.9	14.5	12.1	10.6
Expedia Group Inc	EXPE	USD	100.28	15,800	699	16,499	1.8	1.3	1.2	1.1	11.2	6.7	5.8	5.2
Trivago	TRVG	EUR	1.17	420	-149	271	1.2	0.8	0.7	0.6	7.8	2.6	2.4	2.3
eDreams Odigeo SA	EDR	EUR	4.20	510	292	802	1.3	0.9	0.8	0.7	267.3	15.7	8.7	5.4
Lastminute.com NV	LMN	EUR	23.91	263	-146	117	1.8	0.7	0.6	0.6	6.2	1.9	1.8	1.7
Average							2.6	1.7	1.5	1.3	63.7	8.3	6.2	5.0
Median							1.8	0.9	0.8	0.7	11.2	6.7	5.8	5.2

Digital only tour operators			Price	Mcap (m)	debt (m)	EV (m)	P/Sales	P/Sales	P/Sales	P/Sales	EV/EBITDA	EV/EBITDA	EV/EBITDA	EV/EBITDA
Company	Ticker	Ccy	(last)	(last)	(last)	(last)	2021	2022E	2023E	2024E	2021	2022E	2023E	2024E
OnTheBeach Group	OTB	GBP	1.00	166	-17	149	5.5	1.2	1.0	0.9	neg	6.9	4.2	3.4

Traditional tour operator			Price	Mcap (m)	debt (m)	EV (m)	P/Sales	P/Sales	P/Sales	P/Sales	EV/EBITDA	EV/EBITDA	EV/EBITDA	EV/EBITDA
Company	Ticker	Ccy	(last)	(last)	(last)	(last)	2021	2022E	2023E	2024E	2021	2022E	2023E	2024E
TUI Group (TUI AG)	TUI1	EUR	1.60	2,856	3,927	6,783	0.6	0.2	0.2	0.1	neg	5.0	3.6	3.3
Jet2 Group (Jet2 PLC)	JET2	GBP	8.67	1,861	-658	1,202	1.5	0.4	0.4	0.3	neg	2.3	2.2	1.9
Average							1.1	0.3	0.3	0.2	neg	3.6	2.9	2.6
Median							1.1	0.3	0.3	0.2	neg	3.6	2.9	2.6

Novaturas	NTU	EUR	3.04	24	0	29	0.2	0.1	0.1	0.1	11.5	13.2	6.1	5.2
Discount to Traditional tour operators based on average							-79%	-57%	-55%	-53%	na	262%	112%	97%

Online Travel Agencies (OTAs)			Price	Mcap (m)	debt (m)	EV (m)	Div. yield	Div. yield	Div. yield	Div. yield
Company	Ticker	Ccy	(last)	(last)	(last)	(last)	2021	2022E	2023E	2024E
Booking Holdings Inc	BKNG	USD	1946.00	77,268	-2,045	75,223	0.0%	0.0%	0.0%	0.0%
Expedia Group Inc	EXPE	USD	100.28	15,800	699	16,499	0.0%	0.0%	0.0%	0.0%
Trivago	TRVG	EUR	1.17	420	-149	271	0.0%	0.0%	0.0%	0.0%
eDreams Odigeo SA	EDR	EUR	4.20	510	292	802	0.0%	0.0%	0.0%	0.0%
Lastminute.com NV	LMN	EUR	23.91	263	-146	117	0.0%	0.0%	0.0%	0.0%
Average							0.0%	0.0%	0.0%	0.0%
Median							0.0%	0.0%	0.0%	0.0%

Digital only tour operators			Price	Mcap (m)	debt (m)	EV (m)	Div. yield	Div. yield	Div. yield	Div. yield
Company	Ticker	Ccy	(last)	(last)	(last)	(last)	2021	2022E	2023E	2024E
OnTheBeach Group	OTB	GBP	1.00	166	-17	149	0.0%	1.0%	2.0%	3.0%

Traditional tour operator			Price	Mcap (m)	debt (m)	EV (m)	Div. yield	Div. yield	Div. yield	Div. yield
Company	Ticker	Ccy	(last)	(last)	(last)	(last)	2021	2022E	2023E	2024E
TUI Group (TUI AG)	TUI1	EUR	1.60	2,856	3,927	6,783	0.0%	0.0%	0.0%	1.9%
Jet2 Group (Jet2 PLC)	JET2	GBP	8.67	1,861	-658	1,202	0.0%	1.2%	1.3%	1.3%
Average			0.0	0.0	0.00	0	0.0%	0.6%	0.6%	1.6%
Median			0.0	0.0	0.00	0	0.0%	0.6%	0.6%	1.6%

Novaturas	NTU	EUR	3.04	24	0	29	0.0%	0.0%	4.9%	6.6%
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Source: Company reports, MarketScreener (consensus estimates), Enlight Research (Novaturas estimates), Prices on 29 November 2022

DCF valuation

Our Base case DCF Fair value per share is EUR 4.03 (prev. 4.33), indicating an upside of around 33%. Lower estimates (see Estimate changes) to reflect an expected slowdown of the economy is the main reason the downward adjustment in the Fair value. Our Bear case Fair value per share is EUR 3.25 (prev. 3.33), while our Bull case Fair value per share is EUR 4.81 (prev. 5.34). 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 4.5%.

DCF Valuation Scenarios	Bear	Base	Bull
WACC	15.0%	15.0%	15.0%
Terminal sales growth	2.0%	2.0%	2.0%
Terminal EBIT margin	3.5%	4.5%	5.5%
Fair Value per share	3.25	4.03	4.81
Upside/Downside (last price)	7%	33%	58%

Source: Enlight Research, Based on share price of EUR 3.04

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>	4.03		4.67	4.53	4.40	4.27	4.15	4.03	3.92	3.81	3.70	3.60	3.51
Target debt ratio*	2.0 %	0.5 %	-1%	0%	1%	1%	2%	2%	3%	3%	4%	4%	5%
<i>Fair value (DCF)</i>	4.03		3.92	3.94	3.96	3.98	4.01	4.03	4.05	4.08	4.10	4.12	4.15
Risk free interest rate	3.0 %	0.5 %	0.5 %	1.0 %	1.5 %	2.0 %	2.5 %	3.0 %	3.5 %	4.0 %	4.5 %	5.0 %	5.5 %
<i>Fair value (DCF)</i>	4.03		5.58	5.20	4.87	4.56	4.28	4.03	3.80	3.58	3.39	3.20	3.03

Source: Enlight Research

Estimate deviations

Q3/22 Commission-based sales (Travel agencies, GDS) came in 8.2% below forecast as both Travel agency and GDS sales missed our forecast. Q3/22 Commission-free sales (Own retail, Web sales) were 5.5% lower than the estimate due to lower Web sales. The Q3/22 Group sales were 7.4% or EUR 5.1m below forecast, however, the Gross profit was 7.9% or EUR 0.5m above forecast, mainly due to the successful fuel cost control. The Q3/22 Net profit was EUR 0.5m above forecast (profit of EUR 1.9m vs. an estimated profit of EUR 1.5m). Lower than forecast financial net and tax expenses were the main reason for the outperformance below the EBIT level.

Deviation table by Segment

Sales by channel	Estimate	Outcome	Diff	Diff
	Q3/22	Q3/22	EURm	%
Travel agencies	47.1	43.4	-3.7	-7.8%
Own retail	7.9	8.8	0.9	11.9%
Web sales	12.4	10.3	-2.1	-16.7%
GDS	1.4	1.1	-0.3	-21.3%
Total Sales	68.8	63.7	-5.1	-7.4%

Sales growth	Estimate	Outcome	Diff
	Q3/22	Q3/22	%-pts
Travel agencies	51.2%	37.3%	-13.9
Own retail	60.5%	77.0%	16.5
Web sales	43.6%	17.9%	-25.7
GDS	50.7%	16.9%	-33.9
Total sales	50.7%	37.5%	-13.2

Type of sales	Estimate	Outcome	Diff	Diff
	Q3/22	Q3/22	EURm	%
Commission based sales	48.5	44.5	-4.0	-8.2%
Commission free sales	20.3	19.2	-1.1	-5.5%
Total Sales	68.8	63.7	-5.1	-7.4%

Deviation table Group

P&L (EURm)	Estimate	Outcome	Diff	Diff
	Q3/22	Q3/22	EURm	%
Sales	68.8	63.7	-5.1	-7.4%
Costs of sales	-61.9	-56.2	5.6	-9.1%
Gross profit (loss)	6.9	7.4	0.5	7.9%
Sales commission expenses	-3.6	-3.5	0.0	-1.2%
Sales after commissions	3.3	3.9	0.6	17.9%
Other oper. Inc/exp.	-1.2	-1.8	-0.6	45.5%
Operating profit	2.1	2.1	0.0	1.4%
<i>Financial net</i>	-0.5	-0.1	0.3	-68.4%
Profit (loss) before taxes	1.6	2.0	0.3	20.9%
Income tax	-0.2	0.0	0.1	-91.3%
Net profit	1.5	1.9	0.5	33.4%
EBITDA	2.1	2.1	0.0	0.9%

Sales growth	Estimate	Outcome	Diff
	Q3/22	Q3/22	%-pts
Group Sales	50.7%	37.5%	-13.2

Margins	Estimate	Outcome	Diff
	Q3/22	Q3/22	%-pts
Gross margin	10.0%	11.7%	1.7
EBITDA margin	3.0%	3.3%	0.3
EBIT margin	3.0%	3.3%	0.3
PTP margin	2.3%	3.1%	0.7
Net profit margin	2.1%	3.0%	0.9

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

Estimate changes

We lower our Sales estimate by 3% this year (following 7% lower than forecast sales in Q3/22) and 8% in 2023 and 2024. Our EBIT is lowered by 29% this year even though the Q3/22 EBIT was 1% above forecast. The reason for the significantly lowered EBIT this year is that we misjudged the seasonality. For 2023, and 2024, we raise our EBIT slightly by 2%, and 1%, respectively, despite lowering our sales for these years. This shows the company focus on profitability rather than sales. Our Pre-tax profit is lowered by 8% for this and next year, while it is raised by 17% for 2024 (these changes are mainly due to adjustments in the financial net). Our Net profit and EPS raised by 12% this year, lowered by 14% next year, and raised by 17% in 2024 (the difference vs. the Pre-tax profit changes for the year 2022, and 2023 are adjustments in the tax rate). Our dividend forecast is unchanged.

Estimate changes			
Sales (EURm)	2022E	2023E	2024E
Old estimate	203	223	230
New estimate	197	206	213
Change	-6	-17	-17
Change (pct)	-3.2%	-7.6%	-7.6%
EBIT (EURm)	2022E	2023E	2024E
Old estimate	3.0	4.5	5.3
New estimate	2.2	4.5	5.3
Change	-0.9	0.1	0.0
Change (pct)	-29.0%	1.7%	0.5%
Pre-tax Profit (EURm)	2022E	2023E	2024E
Old estimate	0.8	3.2	4.1
New estimate	0.7	2.9	4.8
Change	-0.1	-0.2	0.7
Change (pct)	-7.7%	-7.6%	17.2%
Net profit (EURm)	2022E	2023E	2024E
Old estimate	0.6	2.9	3.4
New estimate	0.7	2.5	4.0
Change	0.1	-0.4	0.6
Change (pct)	12.0%	-14.1%	17.2%
EPS (EUR)	2022E	2023E	2024E
Old estimate	0.08	0.37	0.44
New estimate	0.09	0.32	0.52
Change	0.01	-0.05	0.08
Change (pct)	12.0%	-14.1%	17.2%
Dividend (EUR)	2022E	2023E	2024E
Old estimate	0.00	0.15	0.20
New estimate	0.00	0.15	0.20
Change	0.00	0.00	0.00
Change (pct)	0.0%	0.0%	0.0%

Source: Enlight Research

Forecast

Income Statement	Q1/22	Q2/22	Q3/22	Q4/22E	2020	2021	2022E	2023E	2024E
Group sales	29.3	62.4	63.7	41.3	32.9	109.5	196.6	206.5	212.7
<i>Whereof commission based</i>	21.3	44.8	44.5	28.7	24.2	78.5	139.3	145.6	149.5
<i>Travel agencies</i>	20.5	44.3	43.4	28.0	23.7	75.3	136.2	142.3	146.1
<i>GDS</i>	0.7	0.6	1.1	0.8	0.6	3.2	3.1	3.3	3.4
<i>Whereof commission-free</i>	8.0	17.7	19.2	12.5	8.7	31.1	57.3	60.9	63.2
<i>Own retail</i>	3.2	7.2	8.8	5.8	3.8	12.1	25.1	26.6	27.6
<i>Web sales</i>	4.7	10.5	10.3	6.7	4.8	19.0	32.2	34.3	35.5
Cost of Sales	-26.5	-57.3	-56.2	-36.0	-29.3	-95.5	-176.0	-183.8	-188.2
Cost of sales/Group sales	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Gross profit	2.7	5.1	7.4	5.4	3.6	14.0	20.6	22.7	24.5
Sales commission expenses	-1.2	-3.8	-3.5	-2.6	-1.8	-6.3	-11.1	-11.5	-11.7
Sales commission rate	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Sales after commissions	1.5	1.3	3.9	2.8	1.8	7.7	9.5	11.2	12.8
Other Oper. Inc./exp.	-1.6	-2.0	-1.8	-2.0	-2.5	-5.3	-7.3	-6.7	-7.5
Other Oper. Inc./exp. of Sales	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0
EBIT	-0.1	-0.7	2.1	0.8	-3.6	2.4	2.2	4.5	5.3
EBIT margin	0.0	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.0
Financial net	-0.5	-0.4	-0.1	-0.4	-3.0	-1.5	-1.4	-1.6	-0.6
Pre-tax Profit	-0.6	-1.1	2.0	0.4	-6.6	0.9	0.7	2.9	4.8
Tax	0.1	-0.1	0.0	0.0	0.8	0.0	-0.1	-0.5	-0.7
Net profit	-0.5	-1.2	1.9	0.4	-5.8	0.9	0.7	2.5	4.0
Depreciation	0.0	0.0	0.0	0.0	-0.4	-0.2	-0.1	-0.3	-0.3
EBITDA	-0.1	-0.7	2.1	0.9	-3.1	2.6	2.2	4.8	5.7
Sales growth y-on-y	Q1/22	Q2/22	Q3/22	Q4/22E	2020	2021	2022E	2023E	2024E
Group sales growth	425.1%	165.0%	37.5%	21.1%	-81.7%	233.0%	79.5%	5.0%	3.0%
Commission based sales growth	371.3%	162.2%	36.7%	18.1%	-81.9%	223.7%	77.5%	4.5%	2.7%
Travel agencies sales growth	442.9%	167.7%	37.3%	19.6%	-81.9%	218.4%	80.8%	4.5%	2.7%
GDS sales growth	0.2%	-0.4%	16.9%	-18.1%	-82.7%	433.8%	-0.5%	5.0%	3.0%
Commission-free sales growth	654.5%	174.2%	39.3%	27.3%	-81.0%	259.1%	84.5%	6.3%	3.7%
Own retail sales growth	477.1%	165.5%	77.0%	51.2%	-80.7%	214.4%	107.2%	6.2%	3.8%
Web sales growth	855.8%	180.5%	17.9%	12.0%	-81.3%	294.9%	70.0%	6.3%	3.6%
Margins	Q1/22	Q2/22	Q3/22	Q4/22E	2020	2021	2022E	2023E	2024E
Gross profit margin	9.4%	8.2%	11.7%	13.0%	10.9%	12.8%	10.5%	11.0%	11.5%
EBITDA margin	-0.3%	-1.1%	3.3%	2.1%	-9.5%	2.3%	1.1%	2.3%	2.7%
EBIT margin	-0.3%	-1.1%	3.3%	2.0%	-10.8%	2.2%	1.1%	2.2%	2.5%
Pre-tax Profit margin	-2.1%	-1.7%	3.1%	1.1%	-19.9%	0.9%	0.4%	1.4%	2.2%
Net profit margin	-1.7%	-1.9%	3.0%	1.0%	-17.5%	0.8%	0.3%	1.2%	1.9%

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	2020	2021	2022E	2023E	2024E
Net sales	32.9	109.0	196.6	206.5	212.7
Total operating costs	-36.0	-106.4	-194.4	-201.7	-207.0
EBITDA	-3.1	2.6	2.2	4.8	5.7
Depreciation & Amort.	-0.4	-0.2	-0.1	-0.3	-0.3
One-off EBIT items	0.0	0.0	0.0	0.0	0.0
EBIT	-3.6	2.4	2.2	4.5	5.3
Financial net	-3.0	-1.5	-1.4	-1.6	-0.6
Pre-tax profit	-6.6	0.9	0.7	2.9	4.8
Taxes	0.8	0.0	-0.1	-0.5	-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	-5.8	0.9	0.7	2.5	4.0

Balance Sheet	2020	2021	2022E	2023E	2024E
Cash and cash equivalent	3	6	10	10	11
Receivables	0	0	1	1	1
Inventories	0	0	0	0	0
Other current assets	10	7	7	8	8
Total current assets	14	13	18	19	20
Tangible assets	0	0	0	0	0
Goodwill & intangible assets	31	31	31	31	31
Lease & Investment properties	0	0	0	0	1
Long-term Investments	0	0	0	0	0
Associated companies	0	0	0	0	0
Other long-term assets	0	0	0	0	0
Total fixed assets	32	32	32	32	32
Total Assets	45	45	50	51	52
Accounts payable	2	5	9	9	9
Short-term IB debt	6	2	3	3	2
Other current liabilities	12	10	10	10	10
Total current liabilities	20	17	22	22	21
Long-term IB debt	9	5	7	7	6
Convertibles & Lease liab.	3	7	5	4	4
Deferred tax liab.	0	0	0	0	0
Provisions	0	0	0	0	0
Other long-term liab.	0	0	0	0	0
Total long-term liab.	12	13	12	11	10
Total Liabilities	32	30	34	33	31
Minority interest	0	0	0	0	0
Shareholders' equity	14	15	16	18	21
Total liabilities and equity	45	45	50	51	52

DCF valuation	Cash flow, mEUR		
WACC (%)	14.98 %	NPV FCF (2022-2024)	10
Assumptions 2022-2028 (%)		NPV FCF (2025-2031)	10
Sales CAGR	3.18 %	NPV FCF (2032-)	21
Avg. EBIT margin	2.83 %	Non-operating assets	6
Fair value per share (EUR)	4.03	Interest-bearing debt	-15
Share price (EUR)	3.04	Fair value estimate	31

Free Cash Flow	2020	2021	2022E	2023E	2024E
Operating profit	-3.6	2.4	2.2	4.5	5.3
Depreciation & Amort.	0.4	0.2	0.1	0.3	0.3
Working capital chg.	-6.2	4.2	3.1	-0.1	-1.3
Other Operating CF items	-0.5	0.0	-0.2	-0.7	-0.8
Operating Cash Flow	-9.8	6.8	5.2	4.0	3.5
Net investments	0.0	-0.1	-0.4	-0.4	-0.4
Other items	0.0	0.0	0.0	0.0	0.0
Free Cash Flow	-9.8	6.7	4.8	3.6	3.1

Capital structure	2020	2021	2022E	2023E	2024E
Equity ratio	30.3%	33.8%	31.6%	35.6%	40.5%
Debt / Equity ratio	127.8%	97.5%	97.8%	75.1%	59.6%
Gearing %	105.5%	59.6%	35.5%	18.5%	9.2%
Net debt/EBITDA	-4.6	3.5	2.5	0.7	0.3

Profitability	2020	2021	2022E	2023E	2024E
ROE	-33.9%	6.3%	4.4%	14.5%	20.5%
FCF yield	-42.6%	22.3%	20.1%	15.2%	13.2%
EBITDA margin	-9.5%	2.3%	1.1%	2.3%	2.7%
EBIT margin	-10.8%	2.2%	1.1%	2.2%	2.5%
PTP margin	-19.9%	0.9%	0.4%	1.4%	2.2%
Net margin	-17.5%	0.8%	0.3%	1.2%	1.9%

Valuation	2020	2021	2022E	2023E	2024E
P/E	-4.0	32.8	35.0	9.6	5.9
P/E adjusted	-4.0	32.8	35.0	9.6	5.9
P/Sales	0.7	0.3	0.1	0.1	0.1
EV/Sales	1.1	0.4	0.1	0.1	0.1
EV/EBITDA	-12.0	15.2	13.2	5.6	4.5
EV/EBIT	-10.5	16.2	13.6	6.0	4.8
P/BV	1.7	2.0	1.5	1.3	1.1
P/BV tangible	-1.3	-1.8	-1.5	-1.8	-2.3

Per share ratios	2020	2021	2022E	2023E	2024E
EPS	-0.74	0.12	0.09	0.32	0.52
EPS, adjusted	-0.74	0.12	0.09	0.32	0.52
Operating CF/share	-1.25	0.87	0.66	0.51	0.45
Free Cash Flow/share	-1.25	0.85	0.61	0.46	0.40
BV/share	1.76	1.93	2.02	2.33	2.70
Tangible BV/share	-2.12	-1.95	-1.87	-1.55	-1.18
Div. per share	0.00	0.00	0.00	0.15	0.20
Div. payout ratio	0.0%	0.0%	0.0%	47.6%	38.7%
Dividend yield	0.0%	0.0%	0.0%	4.9%	6.6%

Shareholders	Capital	Votes
ME Investicija	2.371	9.99 %
Ugnius Radvila	2.252	9.49 %
Rendez Vous OU	1.704	7.18 %
Moonrider OU	1.652	6.96 %
Rytis Sumakaris	1.628	6.86 %
Vidas Paliunas	1.628	6.86 %

Key people	
CEO	Vitalij Rakovski
CFO	Arunas Zilyis
IR	
Chairman	

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

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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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ResearchTeam@EnlightResearch.net