

Tailwind in 2023

Q4 Sales was in-line with forecast while profitability was lower than expected. The guidance and dividend policy implies a healthy dividend yield, supported by stable to lower fuel costs. We raise our sales and dividend estimates despite lower profit estimates.

Accounting effect pressure profits

Strong December 2022 sales of January 2023 trips is positive, but it had a negative profitability effect in 2022 as sales commission expenses are reported when the trip is paid for (2022), while sales is reported when the trip happens (2023). Excluding this IFRS 15 accounting effect the 2022 Net profit would have been EUR 0.149m rather than negative EUR 0.221m.

Positive fuel price outlook

Based on the EIA's Brent price forecast, we expect the Jet fuel price to decline around 3% during 2023 from USD 83.5 in Q1/23 to USD 81.4/barrel in Q4/23. The decrease could be even larger as the Jet fuel to Crude oil price spread is unusually large, which implies that refineries should produce more jet fuel resulting in a lower price.

Dividends expected this year

The 2023 Net profit guidance of EUR 2m (in-line with forecast) and the dividend policy pay-out ratio of 70% implies a DPS of EUR 0.18/shr. equal to a yield of 5.6% (net yield 4.8%). This would mark the first dividend since 2018. Our Base case FV is EUR 4.00 (prev. 4.03).

Key figures (MEUR)

	2021	2022	2023E	2024E	2025E
Net sales	109.0	197.0	217.6	224.2	230.9
Net sales growth	231.4%	80.7%	10.5%	3.0%	3.0%
EBITDA	2.6	1.0	4.0	5.0	5.9
EBITDA margin	2.3%	0.5%	1.9%	2.2%	2.5%
EBIT	2.4	0.8	4.0	4.9	5.8
EBIT margin	2.2%	0.4%	1.8%	2.2%	2.5%
EV/Sales	0.3	0.1	0.1	0.1	0.1
EV/EBITDA	12.4	26.4	7.3	4.9	4.1
EV/EBIT	13.2	35.3	7.5	5.0	4.2
P/E adj.	32.8	neg.	12.5	7.8	6.0
P/BV	2.0	1.5	1.5	1.3	1.2
EPS adj.	0.12	-0.03	0.26	0.41	0.53
EPS growth adj.	na	na	na	58.71%	30.84%
Div. per share	0.00	0.00	0.18	0.28	0.37
Dividend yield	0.00%	0.00%	5.62%	8.92%	11.67%

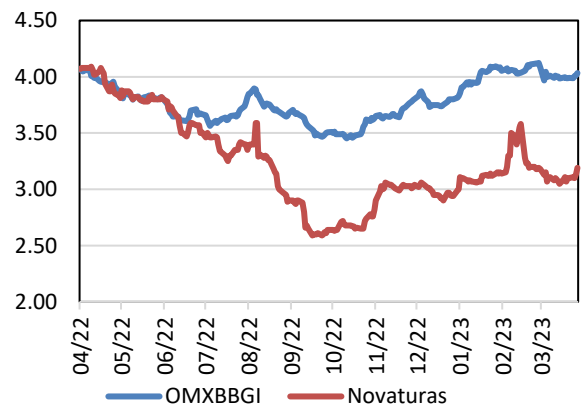
Source: Company data, Enlight Research estimates

Fair value range (EUR)

Bull (term. EBIT marg. 17%)	4.61
Base (term. EBIT marg. 15%)	4.00
Bear (term. EBIT marg. 13%)	3.38

Key Data

Price (EUR)	3.19
Ticker	NTU1L
Country	Lithuania
Listed	Vilnius (Lithuania)
Market Cap (EURm)	25
Net debt (EURm)	5
Shares (m)	7.8
Free float	53%



Price range

52-week high	4.09
52-week low	2.59

Analyst

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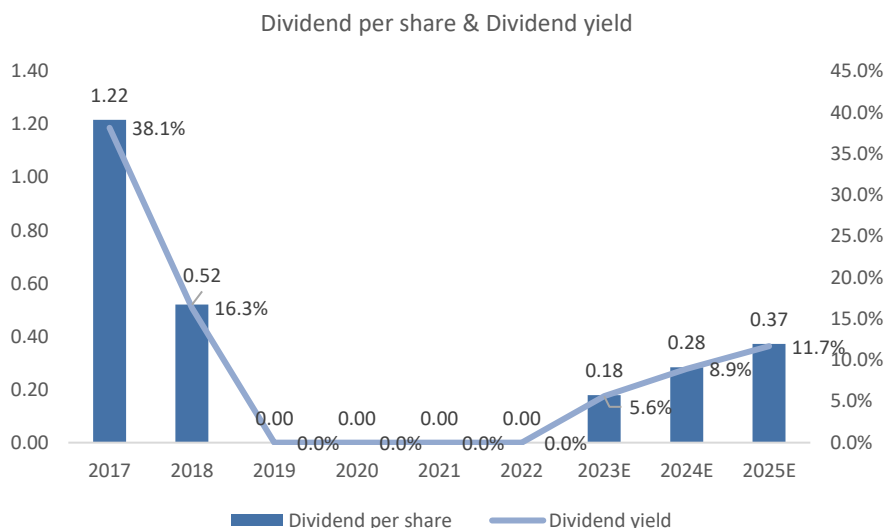
Coverage frequency

4x per year

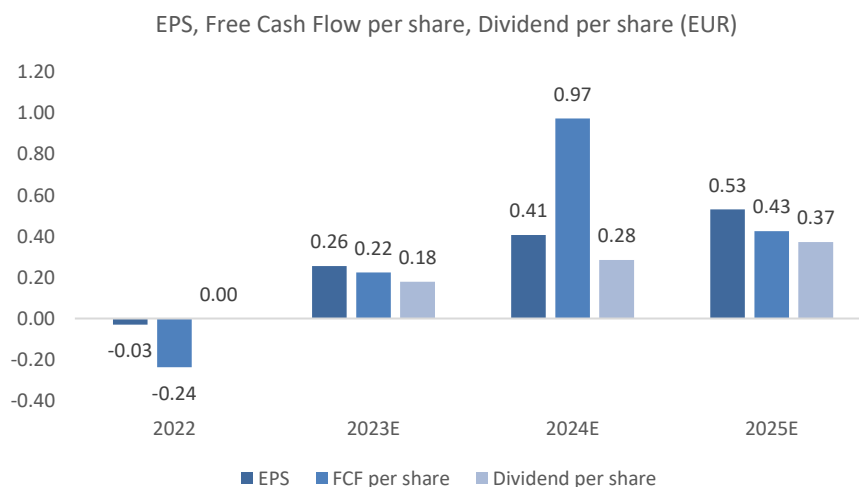
Key takeaways

2023 Dividends might surprise positively

If the 2023 mid-range Net profit guidance of EUR 2.0m is fulfilled, and if the dividend policy to pay-out 70-80% of the net profit is followed, the dividend yield for 2023 could reach 5.6% at 70% pay-out ratio. Worth noting is that the dividend policy is always subject to circumstances such as e.g., pandemics and war, which were the reasons for zero dividends in 2019 to 2022 (we expect zero dividends for 2022). In 2023, we forecast the company to reach its EUR 2.0m mid-guidance Net profit and pay 70% as dividends for a Dividend per share of EUR 0.18 equal to a yield of 5.6% (net yield 4.8%). In 2024, our forecast Dividend per share is EUR 0.28 per share equal to a yield of 8.9% (net yield 7.6%). 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 3.19



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

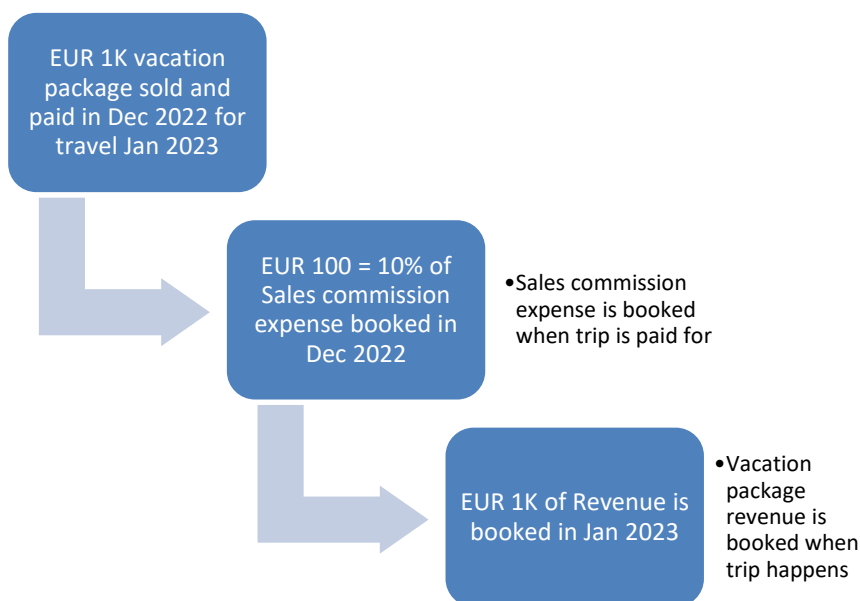
Increased sales pressured 2022 profitability

According to IFRS 15, sales commissions expenses must be booked when the trip is paid for (1 month before trip commencement) while the revenue is booked when the trip happens. This means sales commission expenses for trips paid for in December 2022 must be reported in December 2022, even if the revenue is reported in January 2023 (when trip happens). This is not a one-off event per se but if December sales for the summer season increase significantly compared to the previous year, there will be a negative short-term effect as the sales commission expenses will be significantly larger. The significant increase in trips sold in December 2022 for travel in January 2023 resulted in a net negative IFRS 15 effect of around EUR 0.370 in 2022 (EUR 0.670m less EUR 0.300m). Excluding the negative IFRS 15 effect, the full-year 2022 Net profit would be EUR 0.149m rather than a Net loss of EUR 0.221m. In 2023, we expect a much smaller negative IFRS 15 effect as our expected commissioned-based sales increase is 10% compared to the reported 77% increase in 2022.

IFRS 15 effect	2021	2022
Net profit	0.909	-0.221
IFRS 15 effect	-0.300	-0.670
IFRS 15 net effect	n.a.	-0.370
Net profit excl. IFRS 15 effect	n.a.	0.149

Source: Company reports, Company presentations

IFRS 15 Sales commission expense & Revenue accounting of a vacation package



Source: Enlight Research

Novaturas commissioned based sales

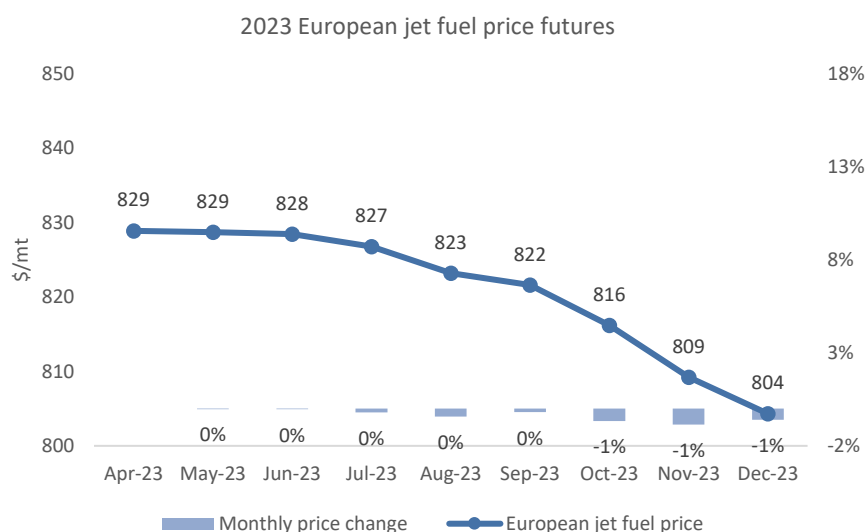
(EURm)	2019	2020	2021	2022	2023E	2024E
Commissioned based sales*	134	24	78	138	153	157
Growth	-1%	-82%	221%	77%	10%	3%

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

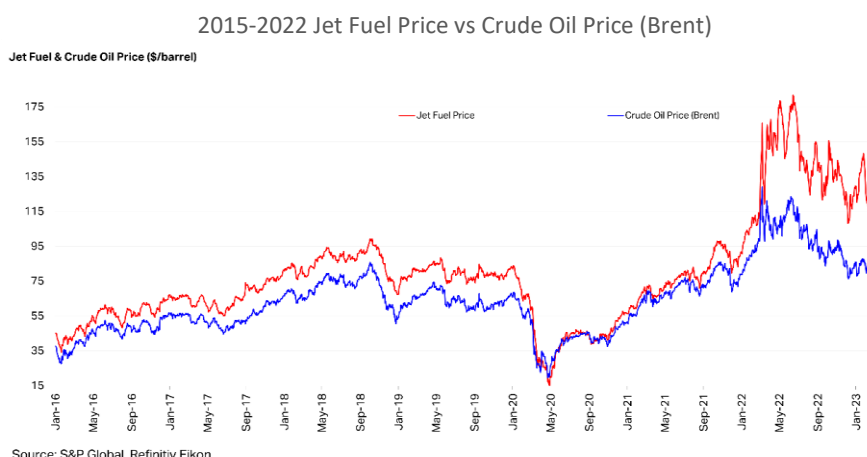
*Sales through travel agencies and GDS

Jet 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 in 2023. CME group’s European jet fuel price futures indicate a price drop from 829 \$/mt in April to 804 \$/mt in December equal to a 3% decrease (jet fuel prices in 2023 already decreased more than 30% on a year-over-year basis). The current Brent spot price of around USD 85/barrel and the unusually large spread between the Jet fuel price and the Brent crude oil price implies that the Jet fuel price could decrease some 5-10% in 2023 (refineries will usually produce more Jet fuel if the spread to the Crude oil price is large which should result in a lower spread i.e., lower jet fuel price, all else equal). To summarize, we do not factor in any negative fuel price effect in our Novaturas 2023 forecast.



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



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 7.7x, and 5.1x (one company only), respectively, vs. 3.4x for Traditional tour operators. Novaturas is trading at a significant discount (~60%) to Traditional tour operators based on 2023E P/Sales, while it is trading at a significant premium based on EV/EBITDA (>100%). 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 to dividends, Novaturas' estimated 5.6% yield in 2023 is 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

Online Travel Agencies (OTAs)

Company	Ticker	Ccy	Price (last)	Mcap (m) (last)	EV (m) (last)	P/Sales 2022	P/Sales 2023E	P/Sales 2024E	EV/EBITDA 2022	EV/EBITDA 2023E	EV/EBITDA 2024E
Booking Holdings Inc	BKNG	USD	2583.85	102,594	103,043	6.1	5.3	4.8	19.8	16.5	14.4
Expedia Group Inc	EXPE	USD	91.70	14,840	16,804	1.3	1.2	1.1	6.8	6.0	5.4
Trivago	TRVG	EUR	1.32	474	298	0.9	0.7	0.7	2.8	2.7	2.6
eDreams Odigeo SA	EDR	EUR	5.41	658	988	1.2	1.0	0.9	24.7	11.2	6.6
Lastminute.com NV	LMN	EUR	24.05	265	119	0.9	0.7	0.7	2.8	2.1	2.0
Average						2.1	1.8	1.6	11.4	7.7	6.2
Median						1.2	1.0	0.9	6.8	6.0	5.4

Digital only tour operators

Company	Ticker	Ccy	Price (last)	Mcap (m) (last)	EV (m) (last)	P/Sales 2022	P/Sales 2023E	P/Sales 2024E	EV/EBITDA 2022	EV/EBITDA 2023E	EV/EBITDA 2024E
OnTheBeach Group	OTB	GBP	1.44	239	175	1.7	1.4	1.3	8.0	5.1	4.1

Traditional tour operator

Company	Ticker	Ccy	Price (last)	Mcap (m) (last)	EV (m) (last)	P/Sales 2022	P/Sales 2023E	P/Sales 2024E	EV/EBITDA 2022	EV/EBITDA 2023E	EV/EBITDA 2024E
TUI Group (TUI AG)	TUI1	EUR	6.95	1,241	4,629	0.1	0.1	0.1	3.8	2.6	2.3
Jet2 Group (Jet2 PLC)	JET2	GBP	12.66	2,717	2,448	0.6	0.5	0.5	4.3	4.3	3.8
Average						0.3	0.3	0.3	4.0	3.4	3.0
Median						0.3	0.3	0.3	4.0	3.4	3.0
Novaturas	NTU	EUR	3.19	25	30	0.1	0.1	0.1	28.9	7.5	6.0

Online Travel Agencies (OTAs)

Company	Ticker	Ccy	Price (last)	Mcap (m) (last)	EV (m) (last)	Div. yield 2022	Div. yield 2023E	Div. yield 2024E
Booking Holdings Inc	BKNG	USD	2583.85	102,594	103,043	0.0%	0.0%	0.0%
Expedia Group Inc	EXPE	USD	91.70	14,840	16,804	0.0%	0.0%	0.5%
Trivago	TRVG	EUR	1.32	474	298	0.0%	0.0%	0.0%
eDreams Odigeo SA	EDR	EUR	5.41	658	988	0.0%	0.0%	0.0%
Lastminute.com NV	LMN	EUR	24.05	265	119	0.0%	0.0%	0.0%
Average						0.0%	0.0%	0.1%
Median						0.0%	0.0%	0.0%

Digital only tour operators

Company	Ticker	Ccy	Price (last)	Mcap (m) (last)	EV (m) (last)	Div. yield 2022	Div. yield 2023E	Div. yield 2024E
OnTheBeach Group	OTB	GBP	1.44	239	175	0.0%	1.4%	2.1%

Traditional tour operator

Company	Ticker	Ccy	Price (last)	Mcap (m) (last)	EV (m) (last)	Div. yield 2022	Div. yield 2023E	Div. yield 2024E
TUI Group (TUI AG)	TUI1	EUR	6.95	1,241	4,629	0.0%	0.0%	3.3%
Jet2 Group (Jet2 PLC)	JET2	GBP	12.66	2,717	2,448	0.0%	0.9%	1.0%
Average						0.0%	0.5%	2.2%
Median						0.0%	0.5%	2.2%

Novaturas	NTU	EUR	3.19	25	30	0.0%	5.6%	8.9%
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Source: Company reports, MarketScreener (consensus estimates), Enlight Research (Novaturas estimates), Prices on 10 May 2023

DCF valuation

Our Base case DCF Fair value per share is EUR 4.00 (prev. 4.03), indicating an upside of around 33%. Lower estimates (see Estimate changes) and a lower assumed terminal EBIT margin (3.0% vs. 4.5%) are the main reasons for the downward adjustment in the Fair value. Our Bear case Fair value per share is EUR 3.38 (prev. 3.25), while our Bull case Fair value per share is EUR 4.61 (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%.

DCF Valuation Scenarios	Bear	Base	Bull
WACC	16.4%	16.4%	16.4%
Terminal sales growth	2.0%	2.0%	2.0%
Terminal EBIT margin	2.0%	3.0%	4.0%
Fair Value per share	3.38	4.00	4.61
Upside/Downside (last price)	9%	29%	48%

Source: Enlight Research, Based on share price of EUR 3.11

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>	4.00		4.37	4.29	4.21	4.14	4.06	4.00	3.93	3.86	3.80	3.74	3.69
Target debt ratio*	1.0 %	1.0 %	-4%	-3%	-2%	-1%	0%	1%	2%	3%	4%	5%	6%
<i>Fair value (DCF)</i>	4.00		3.86	3.88	3.91	3.94	3.97	4.00	4.02	4.05	4.08	4.12	4.15
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>	4.00		5.48	5.10	4.77	4.48	4.22	4.00	3.79	3.61	3.45	3.30	3.17

Source: Enlight Research

*debt/(debt + equity)

Estimate deviations

Q4/22 Commission-based sales (Travel agencies, GDS) came in 2.6% below forecast. Q4/22 Commission-free sales (Own retail, Web sales) was 12.2% higher than the estimate due to higher Own retail sales. The Q4/22 Group sales was 1% above forecast, however, the Gross profit was 24% or EUR 1.3m below forecast. The negative deviation at the EBIT line was EUR 1.4m while it was EUR 0.9m at the Net profit line due to better than expected Financial net.

Deviation table by Segment

Group Sales	Estimate	Outcome	Diff	Diff
	Q4/22	Q4/22	EURm	%
Total Sales	40.9	41.7	0.8	1.9%
Whereof commission based	28.4	27.7	-0.7	-2.6%
Travel agencies	27.7	27.9	0.2	0.9%
GDS	0.8	-0.2	-1.0	-127.5%
Whereof commission-free	12.4	13.9	1.5	12.2%
Own retail	5.7	7.7	2.0	34.4%
Web sales	6.6	6.2	-0.5	-7.0%

Deviation table Group

P&L (EURm)	Estimate	Outcome	Diff	Diff
	Q4/22	Q4/22	EURm	%
Sales	41.3	41.7	0.4	0.9%
Costs of sales	-35.5	-37.6	-2.0	5.7%
Gross profit (loss)	5.3	4.1	-1.3	-23.7%
Sales commission expenses	-2.5	-2.8	-0.3	12.7%
Sales after commissions	2.8	1.2	-1.6	-56.5%
Other oper. Inc/exp.	-2.0	5.9	7.9	nm
Operating profit	0.8	-0.5	-1.4	nm
<i>Financial net</i>	-0.4	0.0	0.4	nm
Profit (loss) before taxes	0.4	-0.5	-0.9	nm
Income tax	0.0	0.0	0.1	nm
Net profit	0.4	-0.5	-0.9	nm
EBITDA	0.9	-0.3	-1.2	nm

Sales growth	Estimate	Outcome	Diff
	Q4/22	Q4/22	%-pts
Group Sales	19.5%	23.7%	4.3

Margins	Estimate	Outcome	Diff
	Q4/22	Q4/22	%-pts
Gross margin	13.0%	9.8%	-3.3
EBITDA margin	2.1%	-0.7%	-2.9
EBIT margin	2.1%	-1.3%	-3.3
PTP margin	1.1%	-1.2%	-2.3
Net profit margin	1.0%	-1.2%	-2.2

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

Estimate changes

We lower our Sales estimate by 5.7% for 2023 and 2024. Our EBIT is lowered by 12.8% this year and 7.0% next year. Our Pre-tax profit and Net profit is lowered by around 19% this year and around 30% next year. Our 2023 Sales and profit estimates are in the mid-range of the guidance. Despite the lower estimates, we raise our Dividend per share estimate by EUR 0.03 this year to EUR 0.18, and EUR 0.08 next year to EUR 0.28 as we align our dividend pay-out ratio with the dividend policy to pay 70-80% of the Net profit (we assume 70% pay-out ratio).

Estimate changes			
Sales (EURm)	2023E	2024E	2025E
Old estimate	206	212	na
New estimate	218	224	231
Change	12	12	na
Change (pct)	5.7%	5.7%	na
EBIT (EURm)	2023E	2024E	2025E
Old estimate	4.5	5.3	na
New estimate	4.0	4.9	5.8
Change	-0.6	-0.4	na
Change (pct)	-12.8%	-7.0%	na
Pre-tax Profit (EURm)	2023E	2024E	2025E
Old estimate	2.9	5.3	na
New estimate	2.4	3.7	4.9
Change	-0.6	-1.6	na
Change (pct)	-19.7%	-29.6%	na
Net profit (EURm)	2023E	2024E	2025E
Old estimate	2.5	4.5	na
New estimate	2.0	3.2	4.2
Change	-0.5	-1.3	na
Change (pct)	-18.4%	-29.6%	na
EPS (EUR)	2023E	2024E	2025E
Old estimate	0.31	0.58	na
New estimate	0.26	0.41	0.53
Change	-0.06	-0.17	na
Change (pct)	-18.4%	-29.6%	na
Dividend (EUR)	2023E	2024E	2025E
Old estimate	0.15	0.20	na
New estimate	0.18	0.28	0.37
Change	0.03	0.08	na
Change (pct)	19.6%	42.2%	na

Source: Enlight Research

Forecast

Income Statement	Q1/23E	Q2/23E	Q3/23E	Q4/23E	2022	2023E	2024E	2025E
Group sales	32.8	69.4	70.0	45.5	197.0	217.6	224.2	230.9
<i>Whereof commission based</i>	23.8	49.7	48.9	30.1	138.3	152.6	156.9	161.4
<i>Travel agencies</i>	23.0	49.1	47.8	30.5	136.1	150.4	154.7	159.1
<i>GDS</i>	0.8	0.6	1.2	-0.5	2.2	2.2	2.2	2.3
<i>Whereof commission-free</i>	8.9	19.6	21.1	15.4	58.7	65.1	67.3	69.5
<i>Own retail</i>	3.6	8.0	9.7	9.1	27.0	30.5	31.8	33.5
<i>Web sales</i>	5.3	11.7	11.3	6.3	31.7	34.6	35.4	36.0
Cost of Sales	-29.6	-62.4	-61.6	-42.3	-177.6	-195.9	-201.8	-207.8
Cost of sales/Group sales	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Gross profit	3.2	6.9	8.4	3.2	19.3	21.8	22.4	23.1
Sales commission expenses	-1.9	-4.0	-3.8	-4.1	-11.4	-13.7	-13.3	-12.9
Sales commission rate	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Sales after commissions	1.3	3.0	4.6	-0.9	7.9	8.0	9.1	10.2
Other Oper. Inc./exp.	-0.8	-1.6	-2.5	0.9	0.5	-4.1	-4.1	-4.4
Other Oper. Inc./exp. of Sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	0.5	1.4	2.1	0.0	0.8	4.0	4.9	5.8
EBIT margin	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial net	-0.4	-0.4	-0.4	-0.4	-1.0	-1.6	-1.2	-0.9
Pre-tax Profit	0.1	1.0	1.7	-0.4	-0.2	2.4	3.7	4.9
Tax	0.0	-0.1	-0.3	0.1	0.0	-0.4	-0.6	-0.7
Net profit	0.1	0.8	1.4	-0.4	-0.2	2.0	3.2	4.2
Depreciation	0.0	0.0	0.0	0.0	-0.3	-0.1	-0.1	-0.1
EBITDA	0.5	1.4	2.1	0.0	1.0	4.0	5.0	5.9

Sales growth y-on-y	Q1/23E	Q2/23E	Q3/23E	Q4/23E	2022.0	2023E	2024E	2025E
Group sales growth	12.0%	11.2%	10.0%	9.2%	80.7%	10.5%	3.0%	3.0%
Commission based sales growth	12.0%	11.0%	10.0%	8.6%	77.4%	10.3%	2.9%	2.9%
Travel agencies sales growth	12.0%	11.0%	10.0%	9.4%	80.7%	10.5%	2.9%	2.9%
GDS sales growth	12.0%	11.0%	10.0%	118.4%	-17.2%	0.5%	3.0%	3.0%
Commission-free sales growth	12.0%	11.0%	10.0%	11.3%	89.0%	10.9%	3.3%	3.3%
Own retail sales growth	12.0%	11.0%	10.0%	18.5%	123.0%	12.9%	4.5%	5.2%
Web sales growth	12.0%	11.0%	10.0%	2.3%	67.2%	9.1%	2.4%	1.7%

Margins	Q1/23E	Q2/23E	Q3/23E	Q4/23E	2022.0	2023E	2024E	2025E
Gross profit margin	9.8%	10.0%	12.0%	7.1%	9.8%	10.0%	10.0%	10.0%
EBITDA margin	1.6%	2.0%	3.0%	0.0%	0.5%	1.9%	2.2%	2.5%
EBIT margin	1.5%	2.0%	3.0%	-0.1%	0.4%	1.8%	2.2%	2.5%
Pre-tax Profit margin	0.3%	1.4%	2.4%	-0.9%	-0.1%	1.1%	1.7%	2.1%
Net profit margin	0.2%	1.2%	2.1%	-0.8%	-0.1%	0.9%	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	217.6	224.2	230.9
Total operating costs	-106.4	-195.9	-213.6	-219.2	-225.0
EBITDA	2.6	1.0	4.0	5.0	5.9
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	4.0	4.9	5.8
Financial net	-1.5	-1.0	-1.6	-1.2	-0.9
Pre-tax profit	0.9	-0.2	2.4	3.7	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	2.0	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	0
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	32	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	9	10
Total current liabilities	17	31	19	23	21
Long-term debt	5	8	13	9	9
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	14	14
Total Liabilities	30	41	37	37	35
Minority interest (BS)	0	0	0	0	0
Shareholders' equity	15	15	17	19	20
Total liabilities and equity	45	55	54	55	56
DCF valuation	Cash flow, mEUR				
WACC (%)	16.44 %	NPV FCF (2022-2024)		10	
Assumptions 2022-2028 (%)		NPV FCF (2025-2031)		15	
Sales CAGR	2.50 %	NPV FCF (2032-)		11	
Avg. EBIT margin	2.33 %	Non-operating assets		3	
Fair value per share (EUR)	4.00	Interest-bearing debt		-8	
Share price (EUR)	3.19	Fair value estimate		31	

Free Cash Flow	2021	2022	2023E	2024E	2025E
Operating profit	2.4	0.8	4.0	4.9	5.8
Depreciation & Amort.	0.2	0.3	0.1	0.1	0.1
Working capital chg.	4.2	4.0	-1.7	3.5	-1.5
Other Operating CF items	0.0	0.0	-0.6	-0.7	-0.9
Operating Cash Flow	6.8	5.1	1.8	7.7	3.5
Net investments	-0.1	-0.9	0.0	-0.1	-0.1
Other items	5.2	-6.1	0.0	0.0	0.0
Free Cash Flow	11.9	-1.9	1.8	7.6	3.3
Capital structure	2021	2022	2023E	2024E	2025E
Equity ratio	33.8%	26.6%	30.9%	33.6%	36.7%
Debt / Equity ratio	50.3%	56.4%	106.0%	70.2%	64.1%
Gearing %	12.4%	34.0%	27.9%	-2.6%	-3.8%
Net debt/EBITDA	0.7	4.8	1.2	-0.1	-0.1

Profitability	2021	2022	2023E	2024E	2025E
ROE	6.3%	-1.5%	12.7%	18.0%	21.3%
FCF yield	39.7%	-8.2%	7.0%	30.5%	13.4%
EBITDA margin	2.3%	0.5%	1.9%	2.2%	2.5%
EBIT margin	2.2%	0.4%	1.8%	2.2%	2.5%
PTP margin	0.9%	-0.1%	1.1%	1.7%	2.1%
Net margin	0.8%	-0.1%	0.9%	1.4%	1.8%

Valuation	2021	2022	2023E	2024E	2025E
P/E	32.8	-102.4	12.5	7.8	6.0
P/E, adjusted	32.8	-102.4	12.5	7.8	6.0
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	7.3	4.9	4.1
EV/EBIT	13.2	35.3	7.5	5.0	4.2
P/BV	2.0	1.5	1.5	1.3	1.2
P/BV tangible	-1.8	-1.3	-1.6	-1.9	-2.2

Per share ratios	2021	2022	2023E	2024E	2025E
EPS	0.12	-0.03	0.26	0.41	0.53
EPS, adjusted	0.12	-0.03	0.26	0.41	0.53
Operating CF/share	0.87	0.66	0.23	0.99	0.44
Free Cash Flow/share	1.52	-0.24	0.22	0.97	0.43
BV/share	1.93	1.89	2.14	2.37	2.62
Tangible BV/share	-1.95	-2.00	-1.74	-1.52	-1.27
Div. per share	0.00	0.00	0.18	0.28	0.37
Div. payout ratio	0.0%	0.0%	70.0%	70.0%	70.0%
Dividend yield	0.0%	0.0%	5.6%	8.9%	11.7%

Shareholders	Capital	Votes
ME Investicija	2.488	9.99 %
Ugnius Radvila	2.363	9.49 %
Rendez Vous OU	1.788	7.18 %
Moonrider OU	1.733	6.96 %
Rytis Sumakaris	1.708	6.86 %
Vidas Paliunas	1.708	6.86 %

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

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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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