

The text "Novaturas Group" in a white, sans-serif font, positioned over a red horizontal line. The background of the slide is a scenic view of a coastal town built on a cliffside, with a harbor containing several boats and a large stone pier.

Novaturas Group

Presentation addressing Q1 2019 financial results

30 April 2019

Novaturas Group Q1 2019 highlights

 **41,097**

PAX sold in Q1 2019
(+9.2% y/y)

 **EUR 28.8m**

Q1 2019 revenue
(+11.5% y/y)

 **15.7%**

share in Q1 2019 sales
from e-commerce

 **EUR 3.6m**

Q1 2019 gross profit
(-25.9% y/y)

 **EUR 0.1m**

Q1 2019 EBITDA
(vs. EUR 1.3m in Q1 2018)

 **EUR (0.1m)**

Q1 2019 net loss
(vs. EUR 0.9 net profit in Q1 2018)

 **+2.6%**

y/y growth (by PAX) in early bookings for
2019 summer season (as of 31 March 2019)

Today's presenting team



Audronė Keinytė

CEO

- With the Company for 13 years (since 2006)
- CEO since January 2019, earlier in charge of product development and purchasing
- Has strong commercial background as well as deep knowledge of tourism products and the industry itself



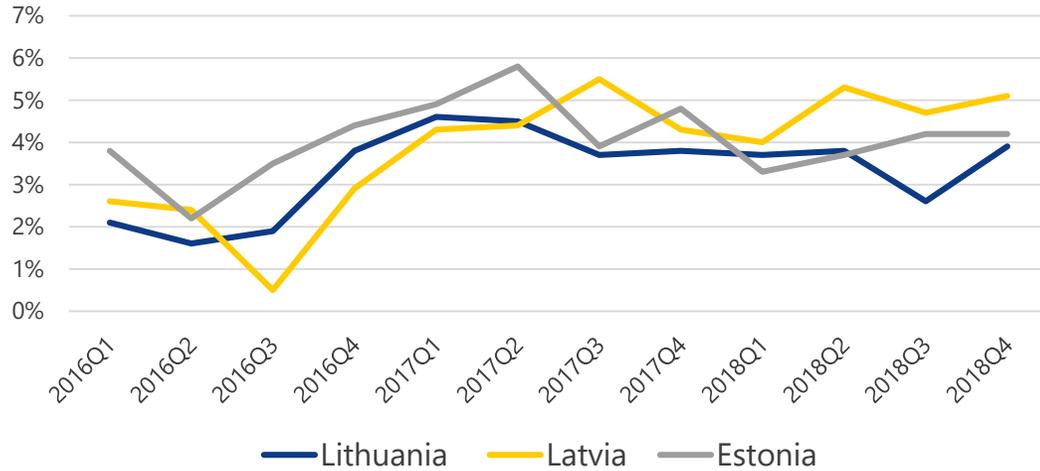
Tomas Staškūnas

CFO

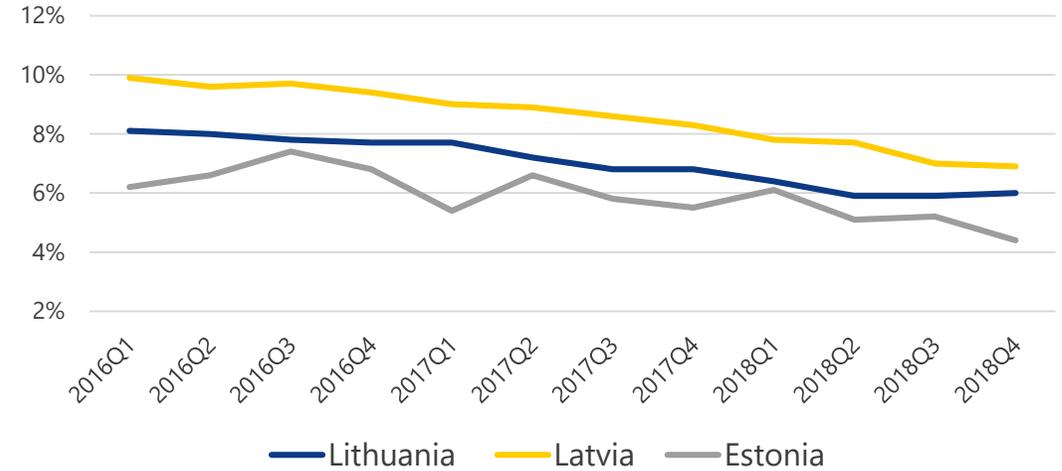
- With the Company for 10 years (since 2009)
- Has experience as CFO and CEO in companies specialized in consumer goods

Favourable macroeconomic conditions in the Baltics...

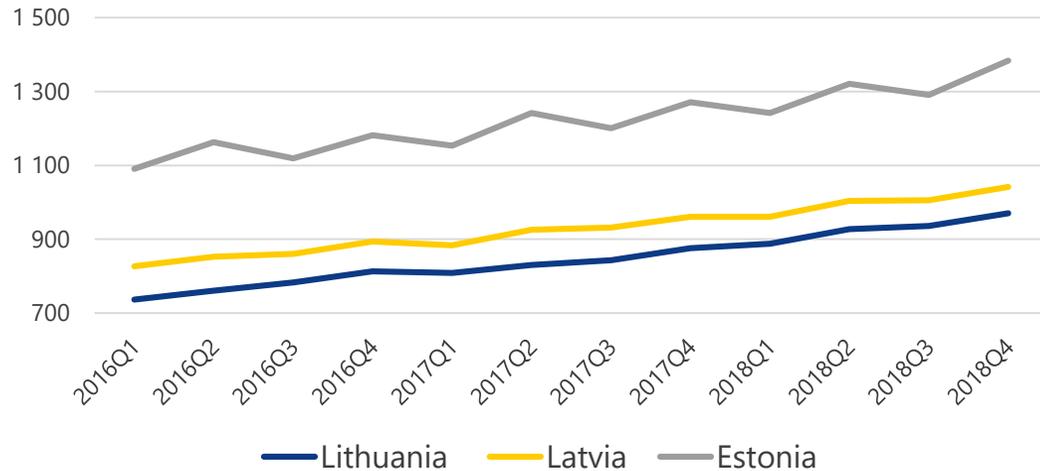
GDP growth rate (%)



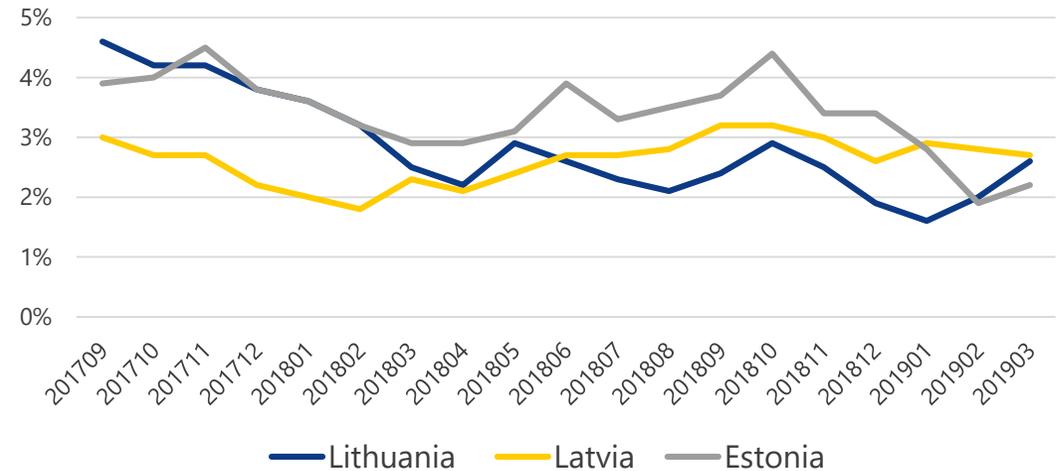
Unemployment rate (%)



Average monthly gross salary (EUR)



Inflation (%)



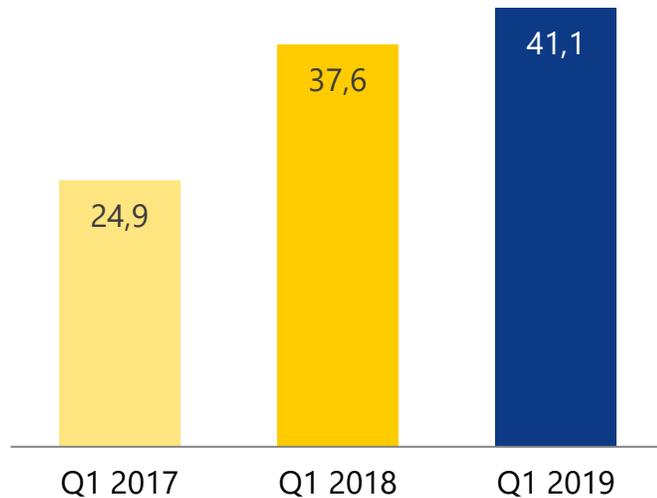
...translate into growing demand for Novaturas products, but also attract competitors



+9.2%

y/y growth in PAX sold in Q1 2019

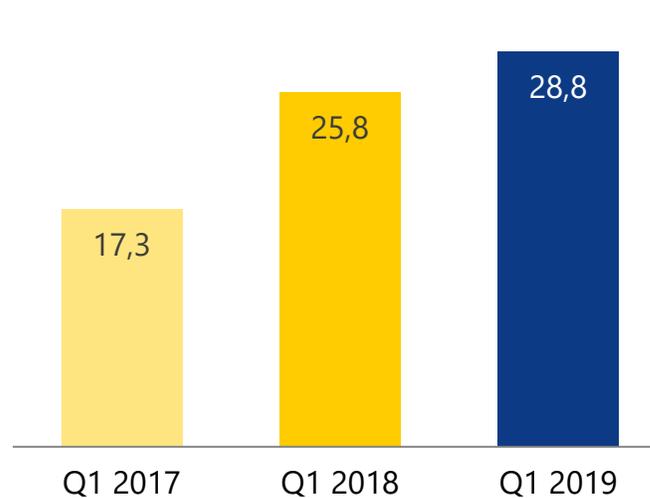
Number of PAX sold (ths)



+11.5%

y/y growth in revenue in Q1 2019

Revenue (EURm)

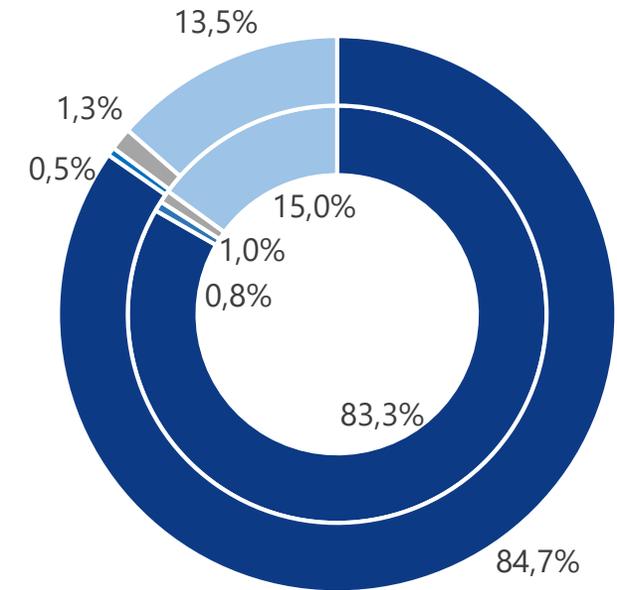


Due to increased competition, we expect lower growth rates or even flat sales y/y in the entire year 2019.

Sales by product category

(% share in revenue)

Q1'19 (outer circle) vs Q1'18 (inner circle)

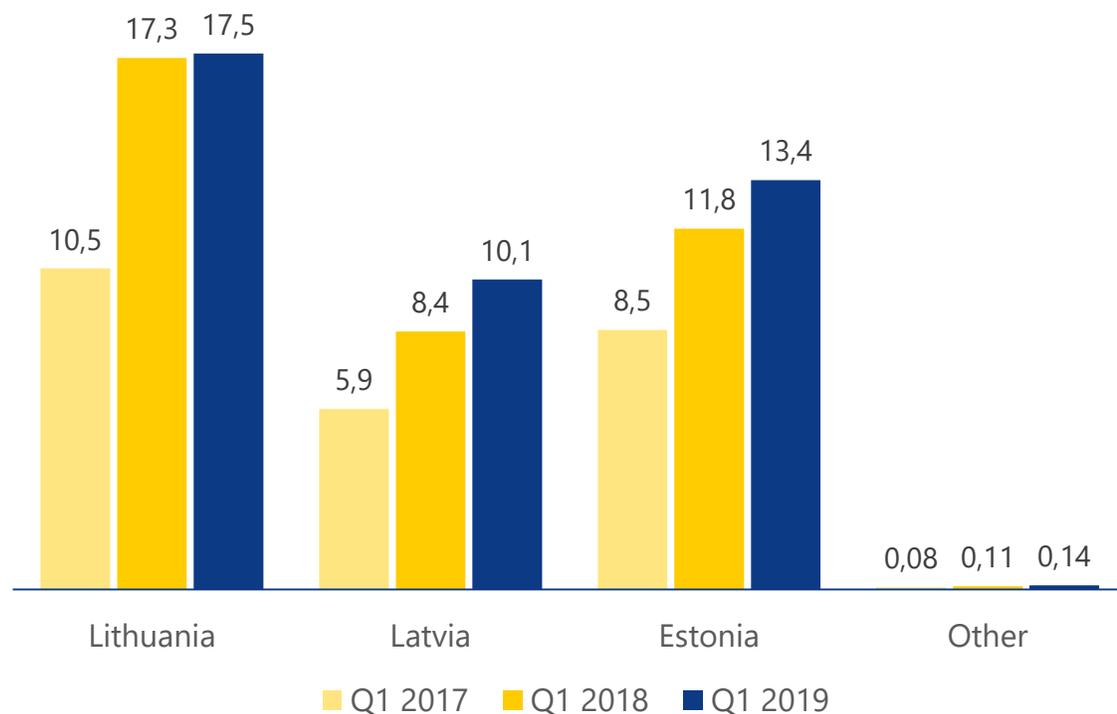


- Flight package tours
- Sightseeing tours by coach
- Sightseeing tours by plane
- Other products

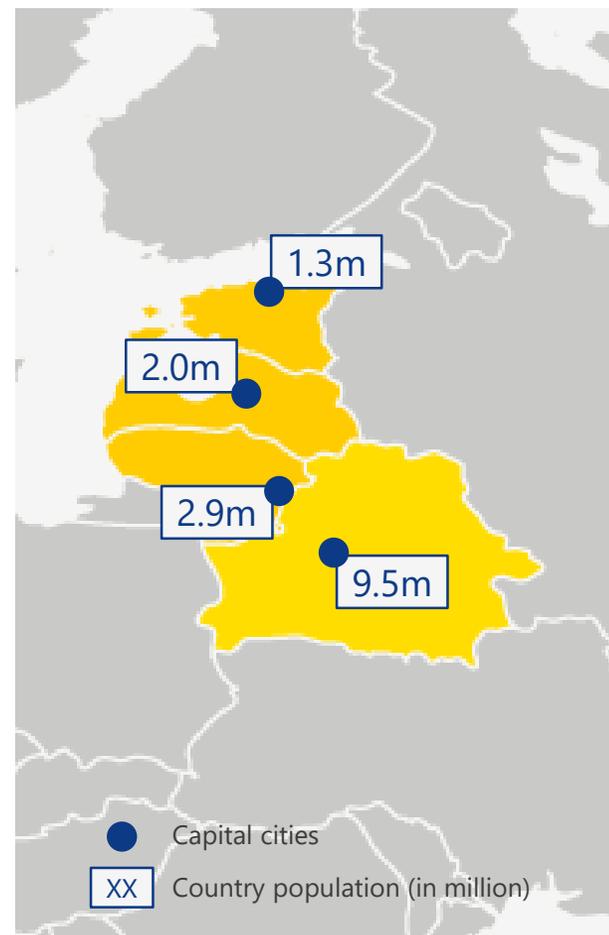
We grow in all our markets, but the growth is decelerating

In Q1 2019, the number of clients served by Novaturas grew y/y in all our core markets: Lithuania (+1%), Latvia (+20%) and Estonia (+13%), as well as in Belarus (+26%).

Number of PAX sold by country (ths)



We are #1 tour operator in the Baltics



Headquartered in **Lithuania**



Lithuania, Latvia and Estonia are core markets

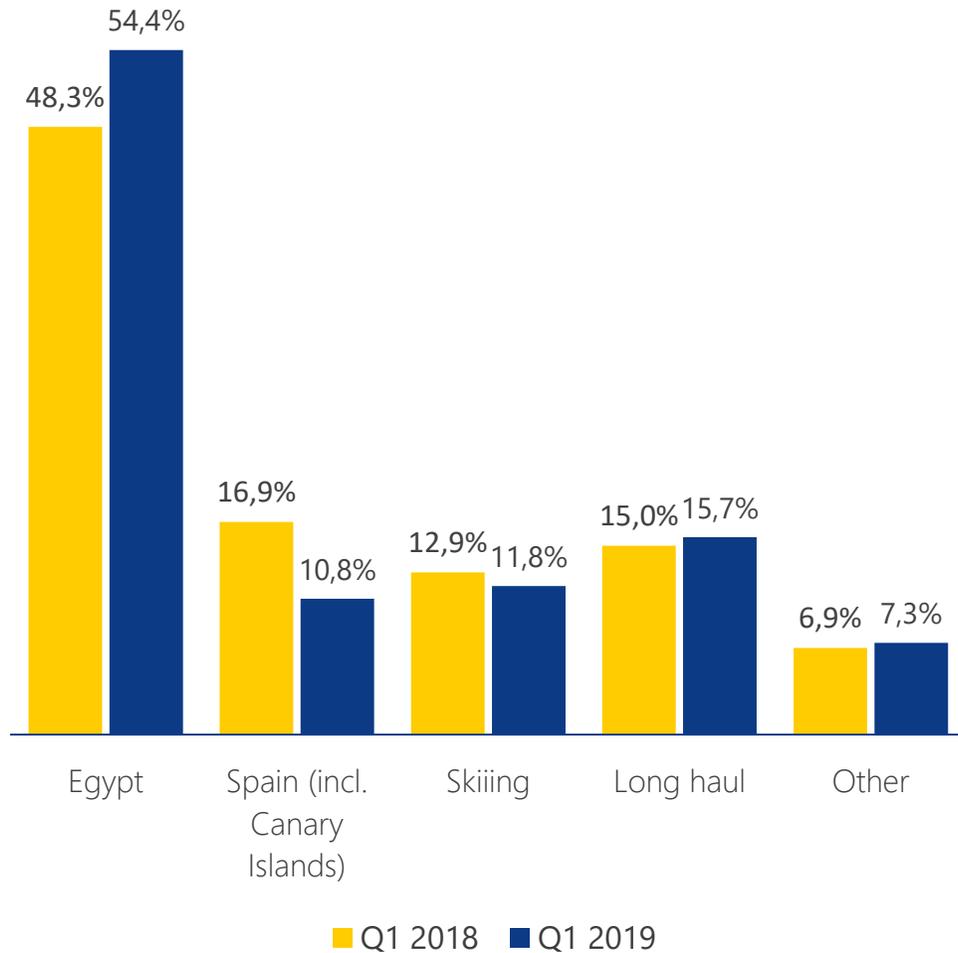


Belarus is new, prospective market

Egypt remains the most popular destination in the winter season

Flight package tours by destinations

(% share in revenue)



Novaturas tour destinations

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



Our brands



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

We reach wide customer base thanks to well-balanced distribution

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

 **400+**

external travel agencies

 **15.7%**

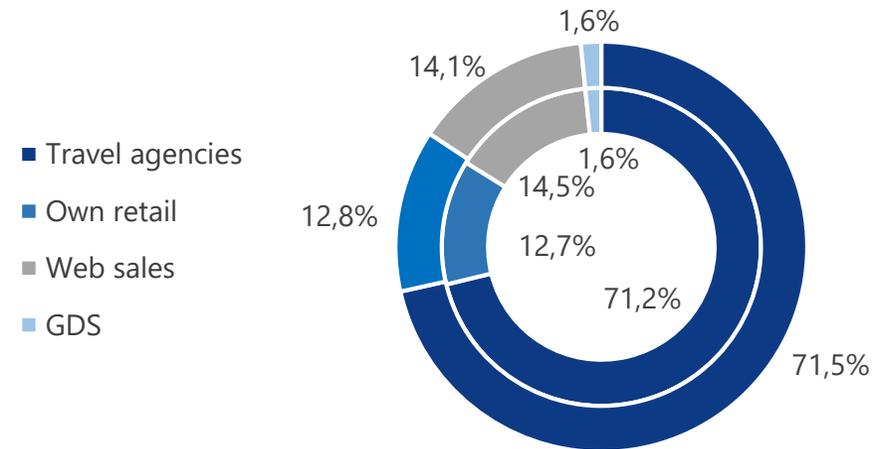
share in revenue in Q1 2019 from e-commerce

 **1.09 million**

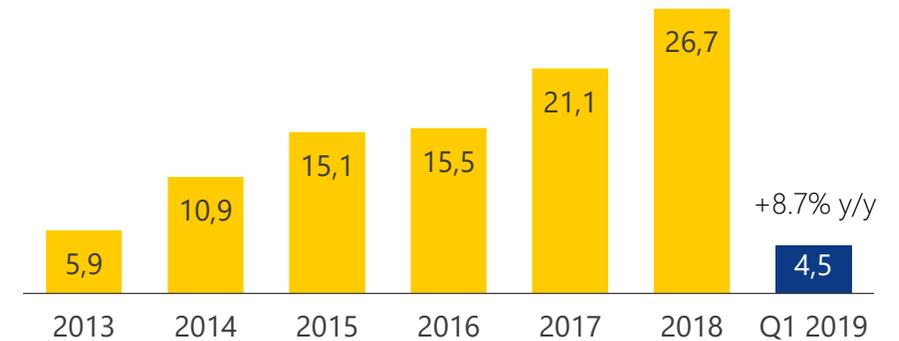
unique visitors on Novaturas websites in Q1 2019

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

Novaturas sales by distribution channels
Q1 2019 (outer circle) vs. Q1 2018 (inner circle)



E-commerce sales (EURm)



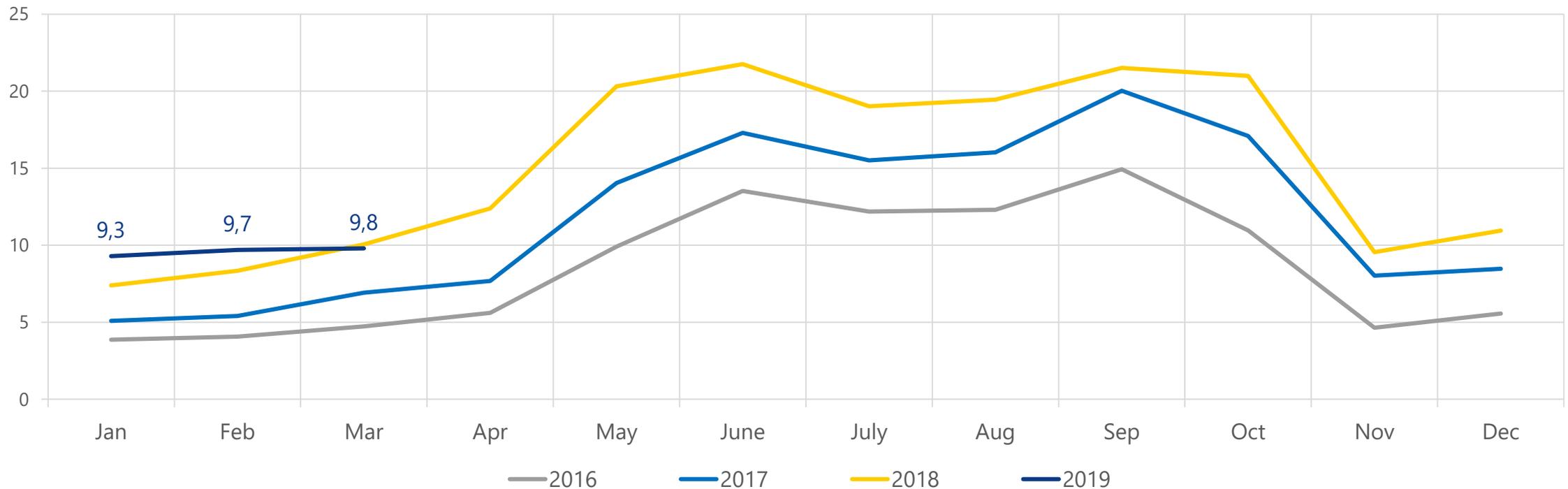
* Revenues only including revenues from flight packages, roundtrips by plane and coach, sales of flight tickets and accommodation (without other products)

Novaturas Q1 2019 sales in line with charter flight business seasonality

Novaturas operates in a sector which is subject to seasonality. It is characterized by higher demand for the Group's products and services during the summer season, i.e. in the second and third quarters of the year, and lower demand in the remaining periods.

Historically, the Group's sales in Q1 corresponded to ca. 12%–15% of the full-year revenue.

Monthly revenue (EUR m)

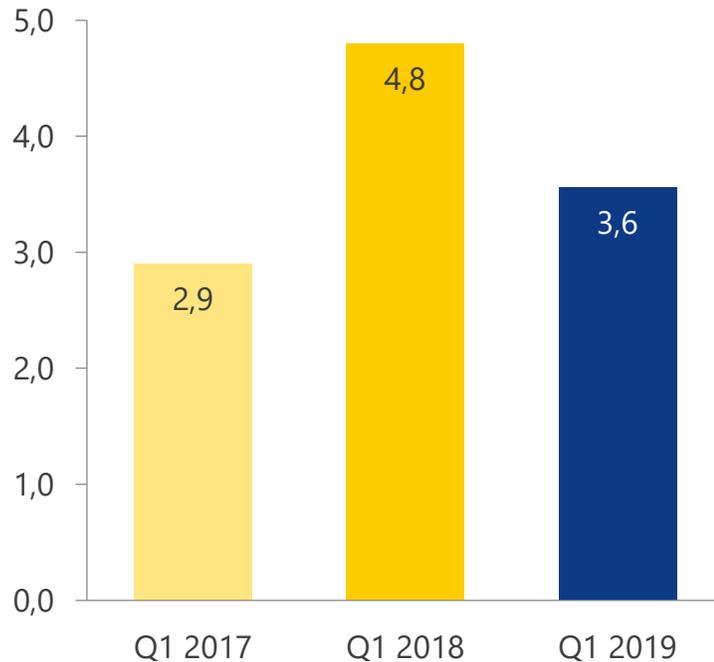


Q1 2019 profitability affected by higher aviation costs

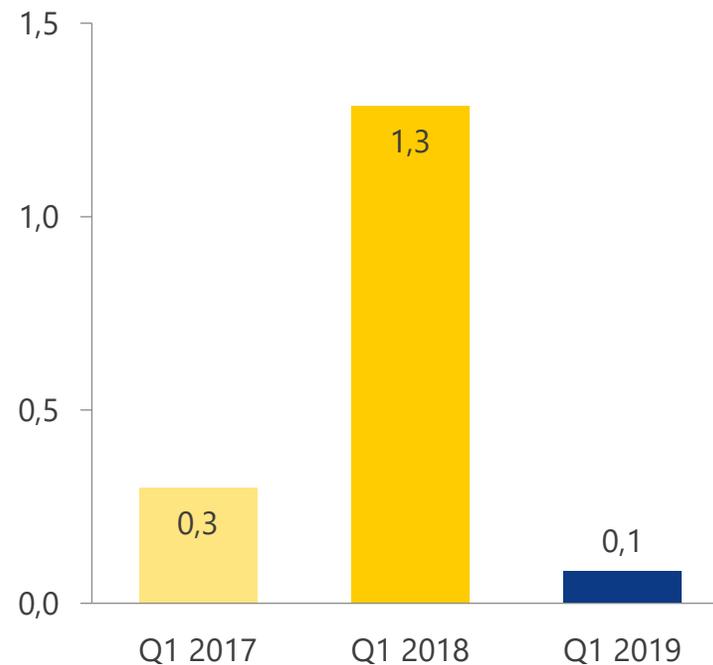
In Q1 2019, the Group's total operating expenses decreased by 0.9% y/y (while sales increased by 11.5%). Overheads without commissions (which depend on sales revenue) decreased by 9% y/y.

Nevertheless, the Group's profitability was still affected by higher costs related to the change of its main aviation partner (in Q4 2018, troubled carrier Small Planet Airlines was replaced by GetJet Airlines).

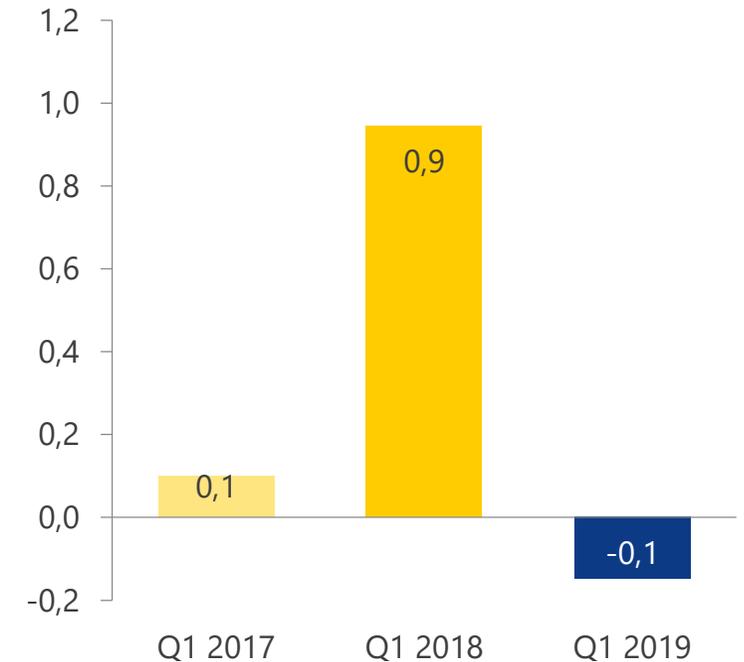
Gross profit (EURm)



EBITDA (EURm)



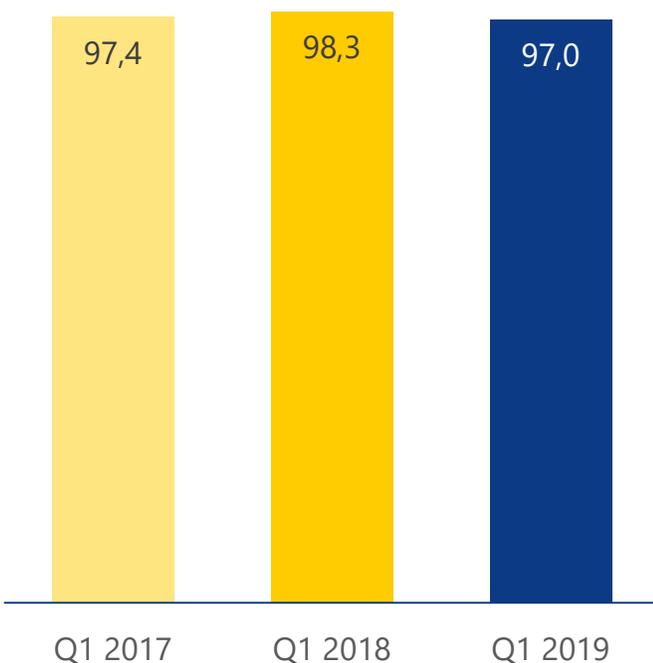
Net profit (EURm)



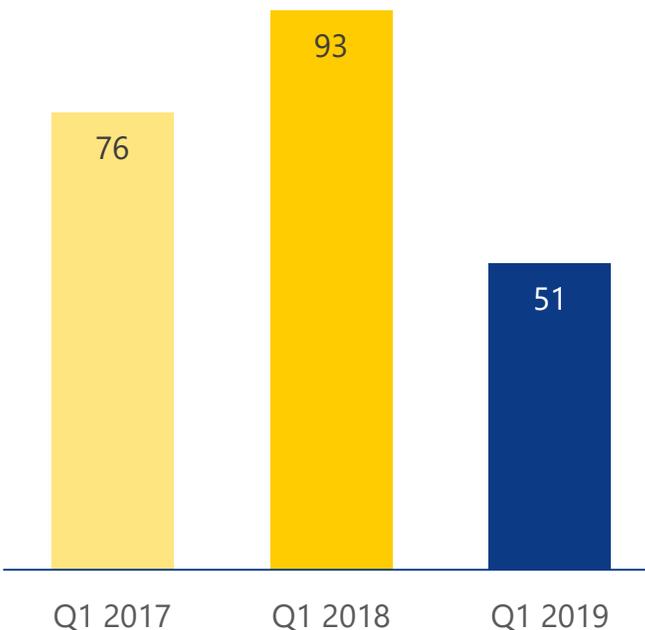
Efficiency and productivity ratios

Higher aviation costs paid to GetJet Airlines for seats that were already sold before the change of the aviation partner decreased our sales profit by about EUR 4 EUR per PAX on average.

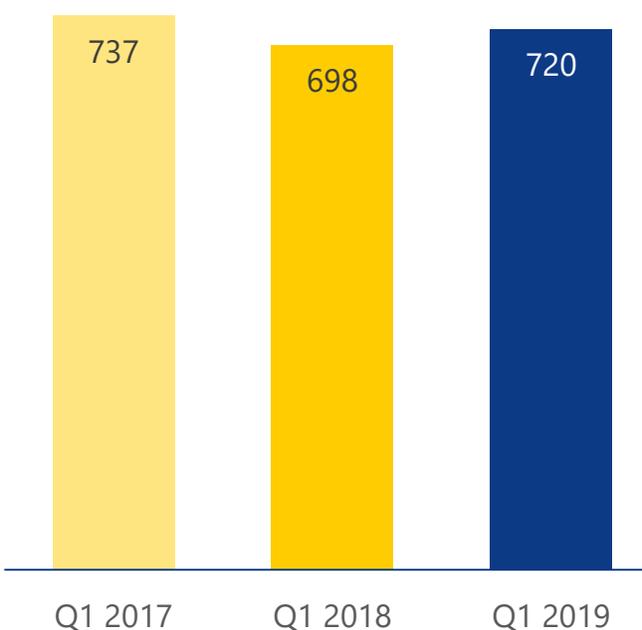
Load factor
(%)



Profit per PAX
(EUR)

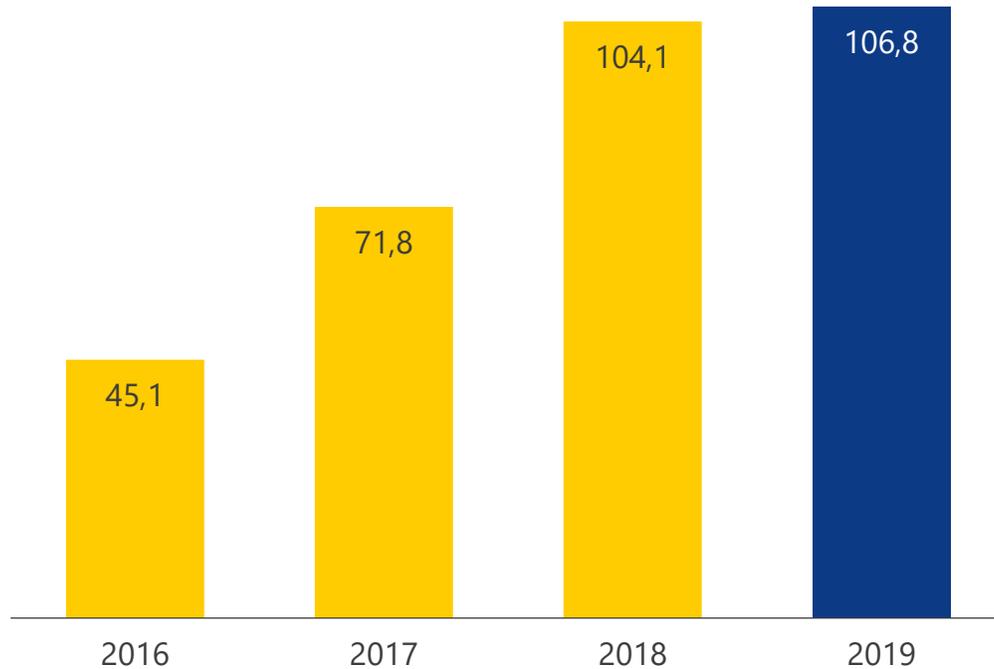


Average package tour price
(EUR)



Outlook for 2019

Novaturas early bookings for summer season (as of 31 March, by PAX, in ths)



 **+2.6%**

y/y growth in early bookings
for 2019 summer season

Novaturas business is characterised by high share of early bookings in total programme, which makes future revenues more predictable.

As of 31 March 2019, the Group recorded a 2.6% increase (by PAX) in early bookings for the summer season compared to the same period of the previous year.

The Group's strategy



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



Deliver further geographic expansion – Belarus



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



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



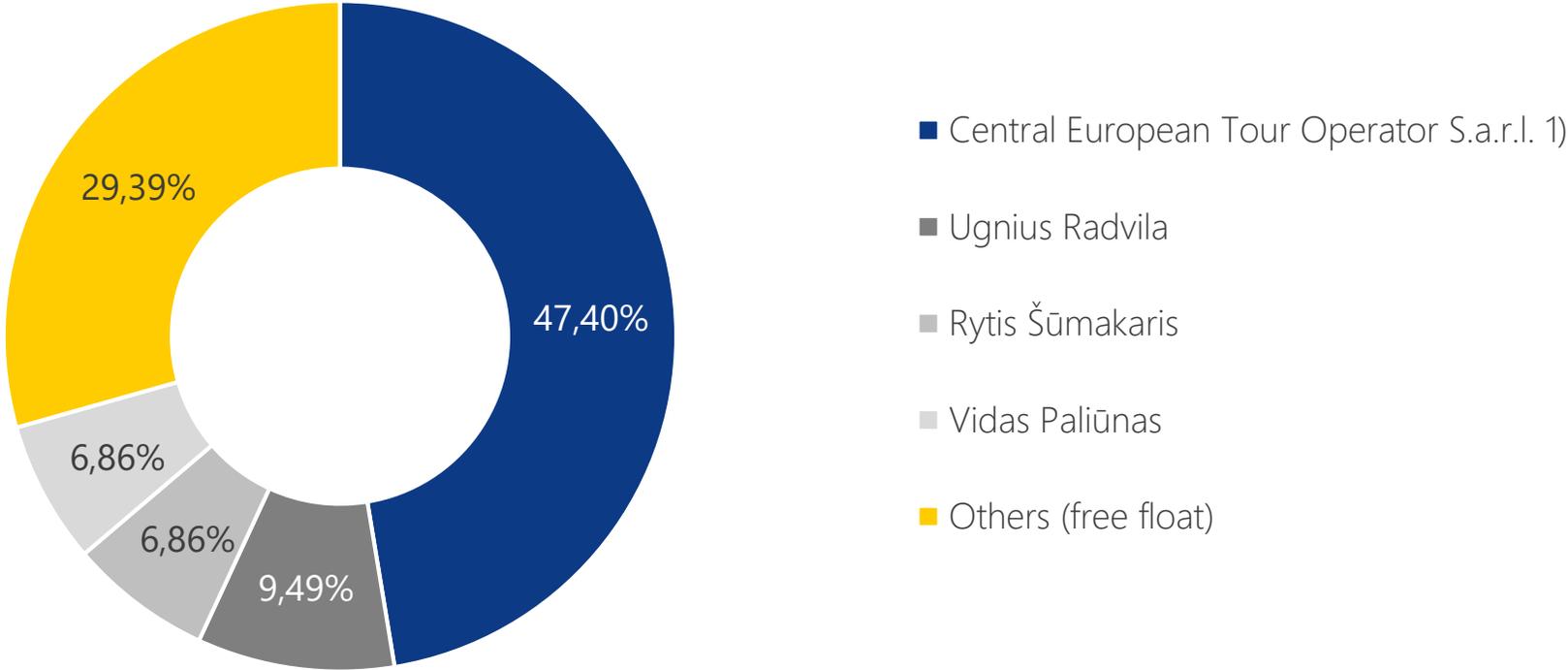
Maintain well-balanced distribution channels, with growing importance of e-commerce



Provide regular dividend payments

Appendices

Novaturas shareholder structure



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

Consolidated statements of comprehensive income

EUR 000s	Q1 2019	Q1 2018	y/y change	2018
Sales	28,806	25,845	11.5%	182,032
Cost of sales	(25,247)	(21,044)	20.0%	(155,753)
Gross profit	3,559	4,801	-25.9%	26,279
Operating (expenses)	(3,553)	(3,584)	-0.9%	(18,648)
Other operating income	1			14
Other operating (expenses)	(2)	(2)	0.0%	(2)
Profit from operations	5	1,215	-99.6%	7,643
Finance income	110	244	-54.9%	820
Finance (expenses)	(277)	(389)	-28.8%	(1,873)
Profit before tax	(162)	1,070	-	6,590
Income tax (expense)	14	(125)	-	(1,175)
Net profit	(148)	945	-	5,415
Other comprehensive income to be reclassified to profit or loss in subsequent periods				
Result of changes in cash flow hedge reserve	1,126	126	793.7%	(2,160)
Impact of income tax	(169)	(19)	789.5%	324
Total comprehensive income for the year	809	1,052	-23.1%	3,579
Earnings per share ¹⁾	(0.02)	0.12		0.69

1) The value of earnings per share (EPS) was re-calculated using the number of shares after the split conducted based on the general meeting resolution of 16 January 2018

Main ratios

Financial ratios (EUR 000s)	Q1 2019	Q1 2018	y/y change	2018
Revenue	28,806	25,845	+11.5%	182,032
Gross profit	3,559	4,801	-25.9%	26,279
EBITDA	83	1,287	-93.6%	7,908
Operating profit (EBIT)	5	1,217	-99.6%	7,643
Profit before tax	(162)	1,070	-	6,590
Net profit	(148)	945	-	5,415
Relative indicators	Q1 2019	Q1 2018	y/y change	2018
Number of shares ¹⁾	7,807,000	7,807,000		7,807,000
Profit per share (EUR) ¹⁾	(0.02)	0.12		0.69
Gross profit margin (%)	12.4%	18.6%	-6.2 pp	14.4%
EBITDA margin (%)	0.3%	5.0%	-4.7 pp	4.3%
Operating profit (EBIT) margin (%)	0.0%	4.7%	-4.7 pp	4.2%
Profit before taxes margin (%)	-0.6%	4.1%	-4.7 pp	3.6%
Net profit margin (%)	-0.5%	3.7%	-4.2 pp	3.0%
Return on assets (ROA) (%)	-0.2%	1.7%	-2.0 pp	9.5%
Debt to equity ratio (%)	90.8%	80.2%	+10.6 pp	55.7%
Equity ratio (%)	25.1%	28.4%	-3.3 pp	30.0%
Effective tax rate (%)	8.6%	11.7%	-3.0 pp	17.8%
Current ratio	0.81	0.84	-0,03	0.68

1) The data presented in the table were re-calculated using the number of shares after the split conducted based on the general meeting resolution of 16 January 2018

Operating expenses

EUR 000s	Q1 2019	Q1 2018	y/y change	2018
Commissions	1,478	1,304	+13.3%	9,474
Salaries and related taxes	1,119	1,055	+6.1%	4,709
Advertising and marketing expenses	264	343	-23.0%	1,230
Rent and maintenance expenses	92	86	+7.0%	328
Depreciation and amortization	76	71	+7.0%	266
Business trips expenses	26	36	-27.8%	152
Communication expenses	22	22	-	91
Consulting expenses	73	241	-69.7%	558
Transportation expenses	18	24	-25.0%	102
Representation expenses	51	30	+70.0%	166
Bad debt expenses	0	0	-	416
Training expenses	4	5	-20.0%	21
Other	330	367	-10.1%	1,029
Total operating expenses	3,553	3,584	-0.9%	18,542

- Total operating expenses in Q1 2019 decreased by 0.9% y/y (while sales increased by 11.5%)
- Overheads without commissions (which depend on sales) decreased by 9% y/y

Consolidated balance sheet

(EUR 000s)	31 Mar 2019	31 Dec 2018	31 Mar 2018
ASSETS			
Non-current assets			
Goodwill	30,327	30,327	30,327
Other intangible assets	380	427	484
Property, plant and equipment	252	292	297
Long term receivables	62	65	60
Deferred income tax asset	6	6	5
Total non-current assets	31,027	31,117	31,173
Current assets			
Inventories	4	3	1
Prepayments and deferred expenses	20,231	8,861	14,018
Trade accounts receivable	482	697	1,226
Prepaid income tax	231	231	101
Other receivables	2,579	2,028	2,076
Other current financial assets	0	200	696
Restricted cash	2,150	1,500	2,400
Cash and cash equivalents	3,686	3,203	3,655
Total current assets	29,363	16,723	24,173
Total assets	60,390	47,840	55,346

(EUR 000s)	31 Mar 2019	31 Dec 2018	31 Mar 2018
EQUITY AND LIABILITIES			
Equity			
Share capital	234	234	234
Cash flow hedge reserve	(394)	(1,351)	592
Legal reserve	29	29	29
Foreign currency translation reserve	145	145	145
Retained earnings	15,161	15,310	14,722
Equity attributable to equity holders of the parent	15,175	14,367	15,722
Liabilities			
Non-current borrowings	6,000	6,000	8,000
Deferred income tax liabilities	2,937	2,781	2,715
Total non-current liabilities	8,937	8,781	10,715
Current liabilities			
Current portion of non-current borrowings	2,000	2,000	2,000
Overdraft	5,784		2,616
Trade payables	4,077	4,611	2,408
Advances received	21,156	14,259	19,564
Income tax payable	29	29	303
Other current liabilities and accrued expenses	3,232	3,793	2,018
Total current liabilities	36,278	24,692	28,909
Total equity and liabilities	60,390	47,840	55,346

Consolidated cash flow statement

(EUR 000s)	Q1 2019	Q1 2018	2018
Net profit	(148)	945	5,415
Adjustments for non-cash items	1,349	204	(253)
Changes in working capital	(5,702)	(3,456)	344
Net cash flows (to) operating activities	(4,501)	(2,307)	5,506
Net cash flows (to) investing activities	(24)	(107)	(239)
Loans received	5,784	2,616	-
(Repayment) of loans	-	(4,000)	(6,000)
Interest (paid)	(126)	(132)	(488)
Dividends (paid)	-	-	(4,060)
Net cash flows (to) financing activities	5,658	(1,516)	(10,548)
Net increase (decrease) in cash flows	1,113	(3,930)	(5,281)
Cash and cash equivalents at the beginning of the year	4,703	9,984	9,984
Cash and cash equivalents at the end of the year	5,836	6,055	4,703

Company information

Novaturas group PLC

Registered address:

Mickevičiaus str. 27, LT-44245 Kaunas, Lithuania

www.novaturasgroup.com

Registered under number 135567698 in Lithuania

Company established: 1999 12 16

Stock Listing:

Warsaw Stock Exchange

NASDAQ OMX Vilnius Stock Exchange

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