



Novaturas Group

Presentation addressing Q4/FY 2018 financial results

19 February 2019



Today's presenting team

Novaturas managers have been with the Company for many years. They have extensive know-how, years of experience in the tourism market and an in-depth knowledge of the Group's offering, which ensures effective implementation of the Group's strategy.



Audronė Keinytė

CEO

- With the Company for 13 years
- 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 9 years (since 2009)
- Has experience as CFO and CEO in companies specialized in consumer goods

Novaturas Group 2018 highlights

 **305,660**

PAX sold in 2018
(+30.9% y/y)

 **EUR 181.8m**

2018 Revenue
(+28.8% y/y)

 **EUR 26.2m**

2018 Gross profit
(-2.1% y/y)

 **EUR 8.0m**

2018 EBITDA
(-24.9% y/y)

 **4.4%**

2018 EBITDA margin
(-3.1 pp y/y)

 **5.4m**

2018 Net profit
(-33.5% y/y)

 **EUR 4.06m**

interim dividend for 6M 2018
paid out in October 2018

 **70% – 80%**

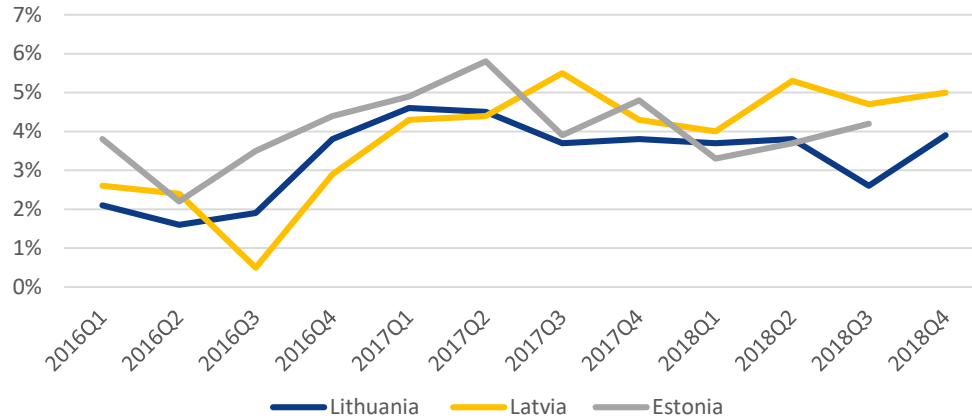
expected dividend payout ratio
in the long term

 **+5%**

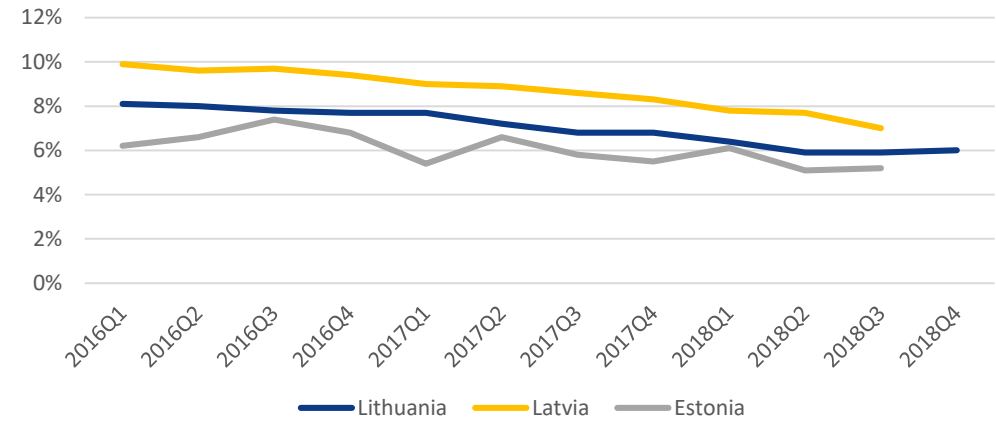
y/y growth (by PAX) in early
bookings for 2019 summer season

Macroeconomic conditions in the Baltics remain favourable

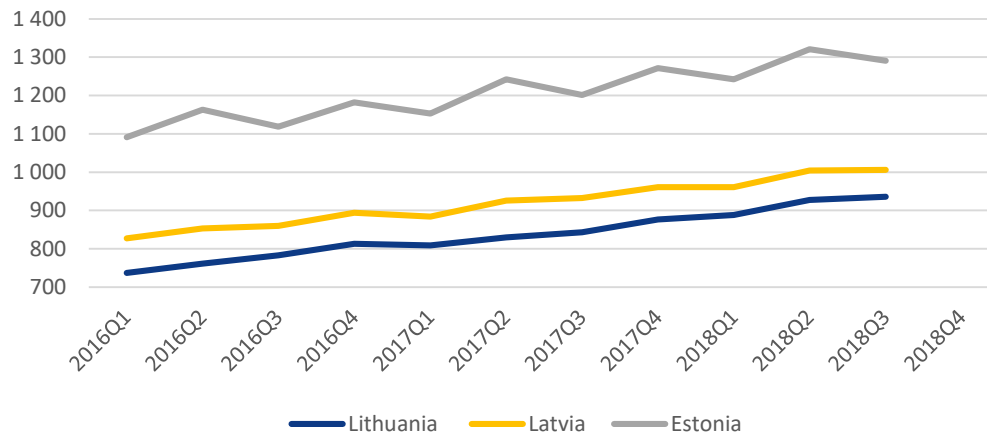
GDP growth rate (%)



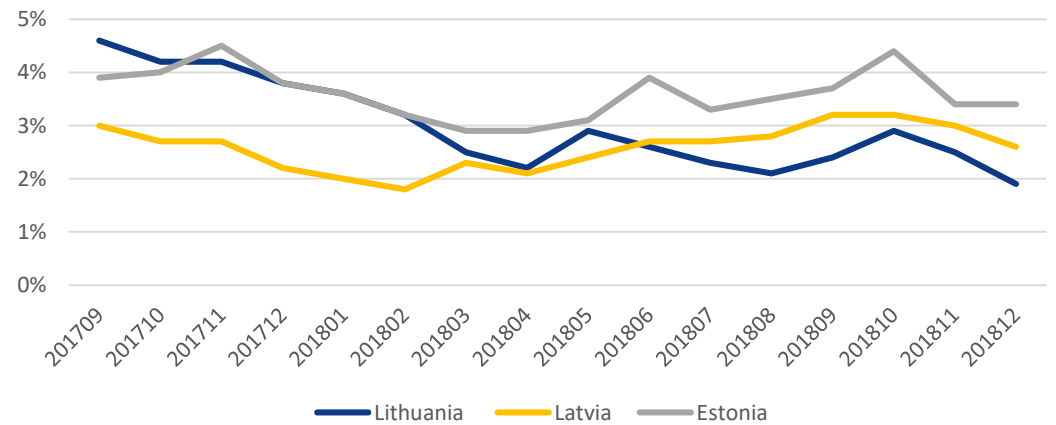
Unemployment rate (%)



Average monthly gross salary (EUR)



Inflation (%)



The demand for Novaturas products constantly grows...

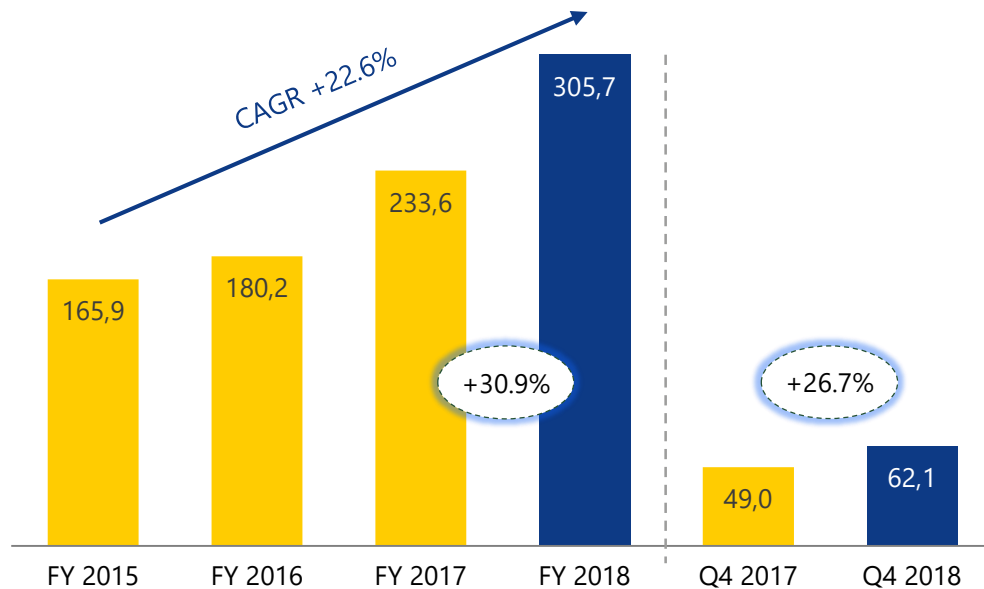
During 2018 Novaturas Group served 305.7 thousand clients, nearly 31% more than in 2017.



+30.9%

y/y growth in PAX sold in 2018

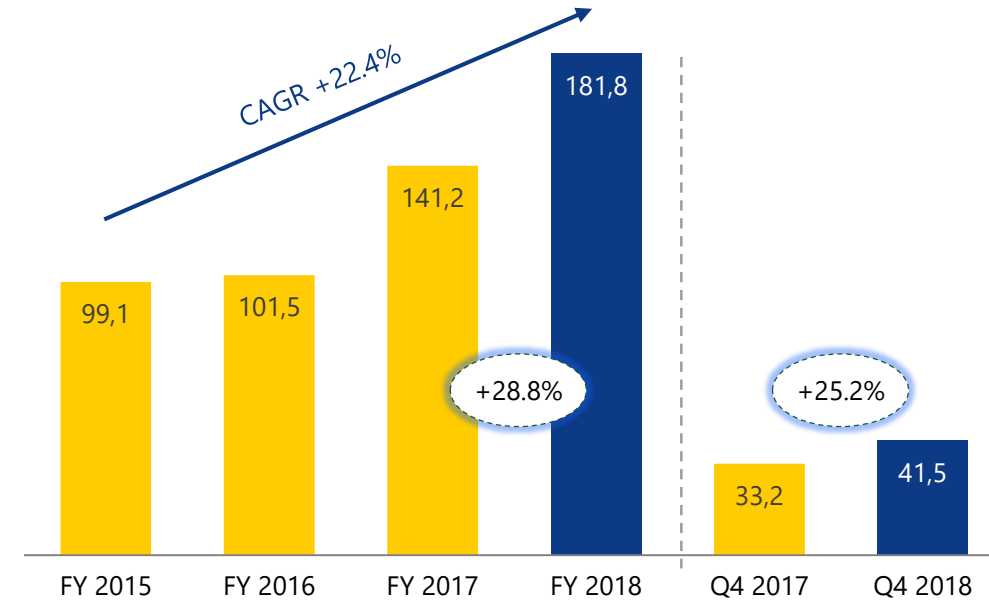
Number of PAX sold (ths)



+28.8%

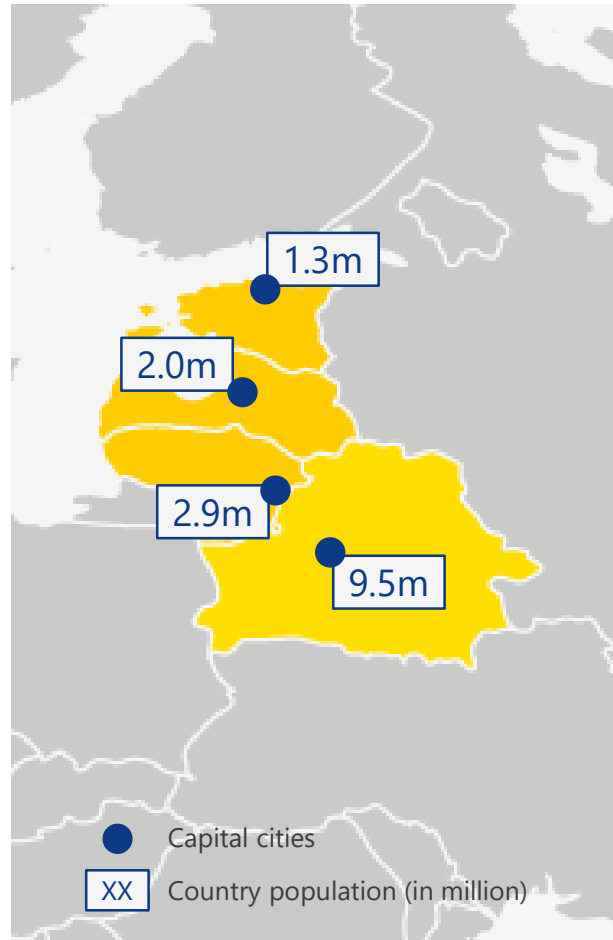
y/y growth in revenue in 2018

Revenue (EURm)



... in all markets where we operate

We are No. 1 tour operator in the Baltics



Headquartered in **Lithuania**



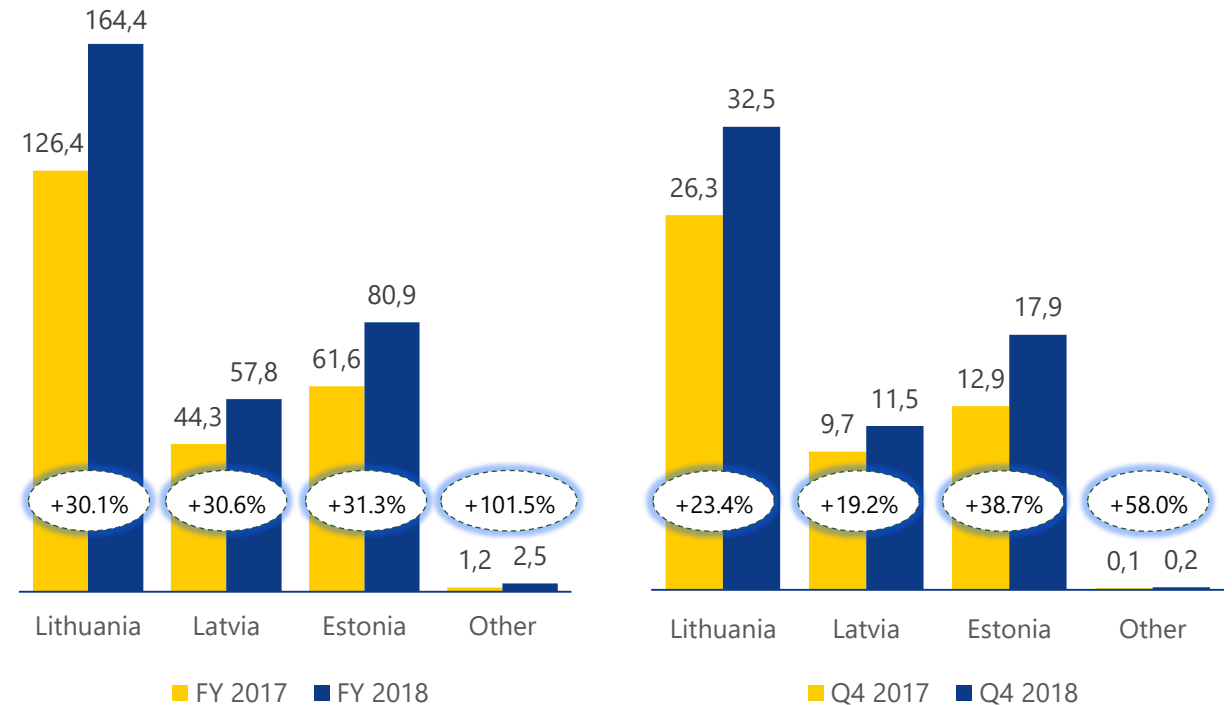
Lithuania, Latvia and Estonia are core markets



Belarus is new, prospective market

In 2018, the number of clients served by Novaturas significantly grew in all three core markets – Lithuania, Latvia and Estonia, as well as in Belarus.

Number of PAX sold by country (ths)

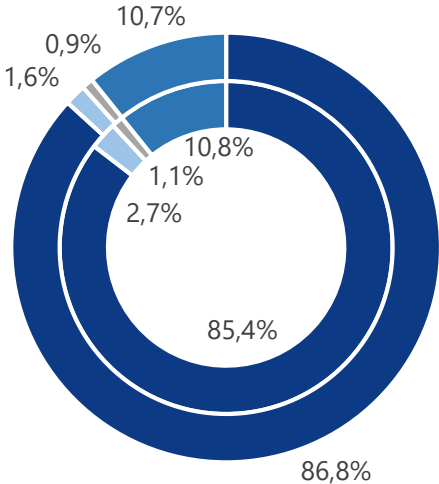


Flight package tours make the largest part of sales and profits

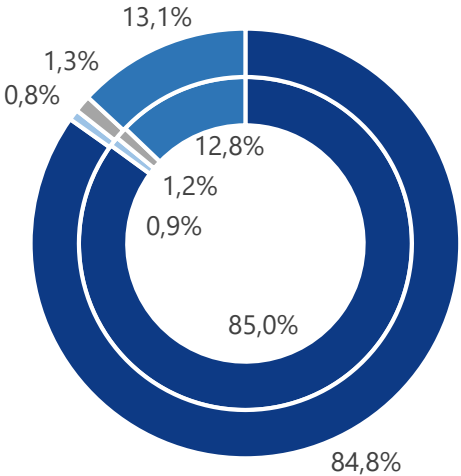
Novaturas sales by product category

(% share in revenue)

FY 2018 (outer circle)
vs FY 2017 (inner circle)



Q4 2018 (outer circle)
vs Q4 2017 (inner circle)



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



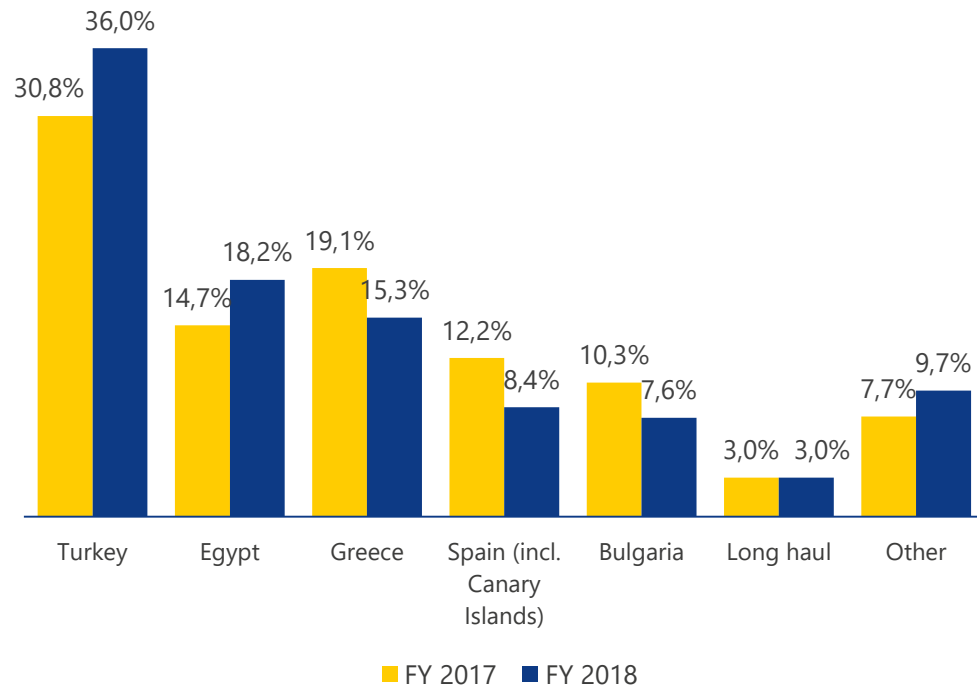
30+ destinations worldwide by plane

Flight package tours account for over 85% of Novaturas Group total sales.

Turkey remains the most popular destination among the Baltic citizens

The most popular destinations are Turkey, Greece, Spain and Bulgaria in the summer season and Egypt in the winter season.

Sales of flight package tours by destinations (% share in charter travel 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

 **15.9%**

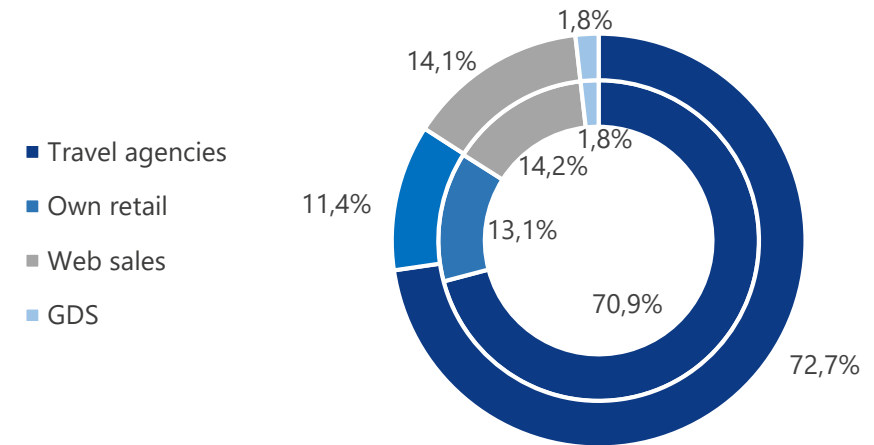
share in revenues in 2018 from e-commerce

 **3.87 million**

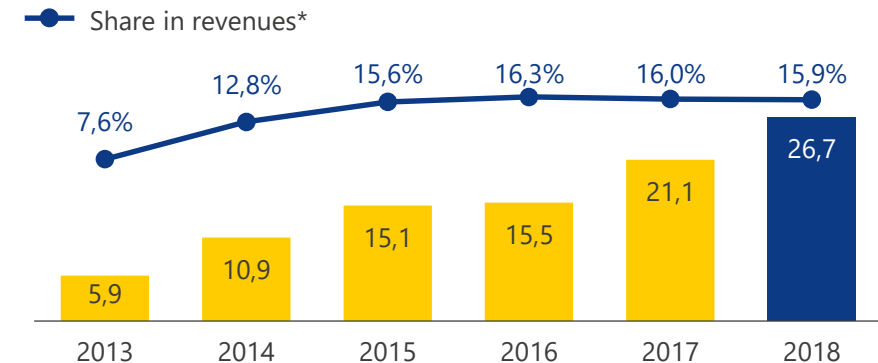
unique visitors on Novaturas websites in 2018
(+24.2% y/y)

Novaturas sales by distribution channels

2018 (outer circle) vs 2017 (inner circle)



E-commerce sales (EURm)



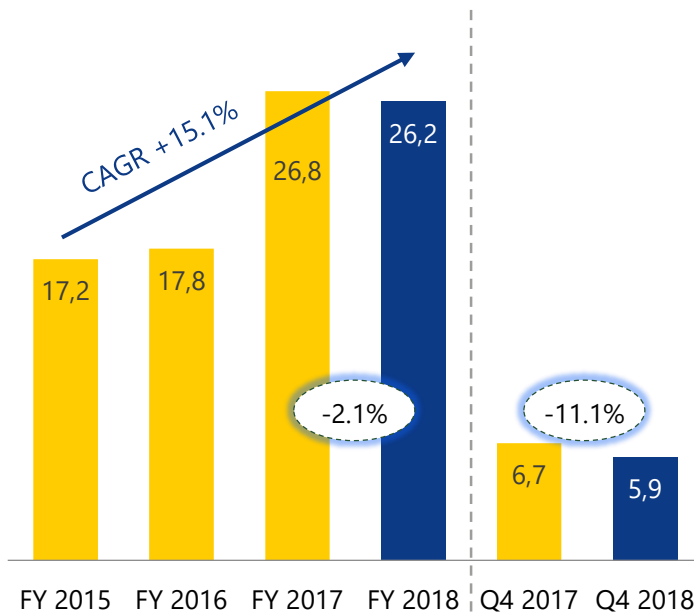
* Revenues only including revenues from flight packages, roundtrips by plane and coach, sales of flight tickets and accommodation (without other products)

Novaturas profitability affected by weather and one-off costs

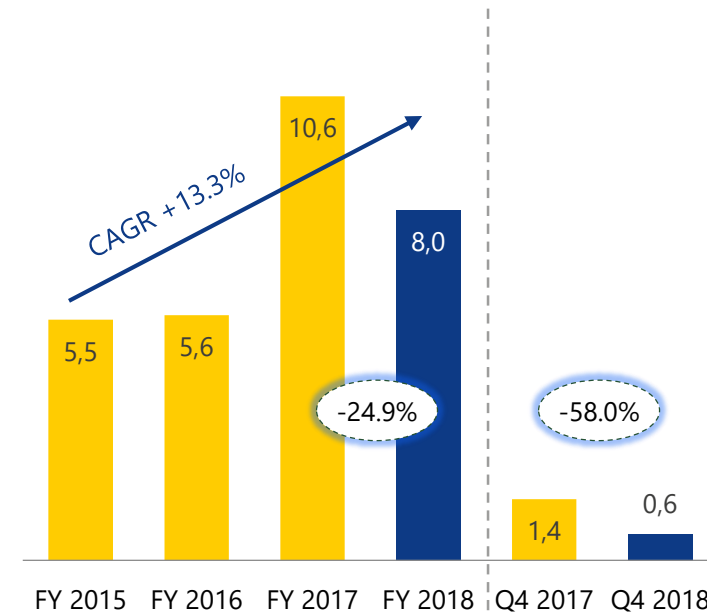
After very strong profitability in the first half of 2018, we experienced abnormally hot weather in all Baltic countries during the summer season which has translated into lower interest in outbound trips affecting last minute prices – we had to reduce our profitability in order to stimulate the demand (especially in Q3 2018 and to a lesser extent in Q4 2018).

Moreover, in Q4 2018, the Group incurred one-off costs related to the problems of Small Planet Airlines (replaced by new aviation partner) which additionally affected our EBITDA and net profit.

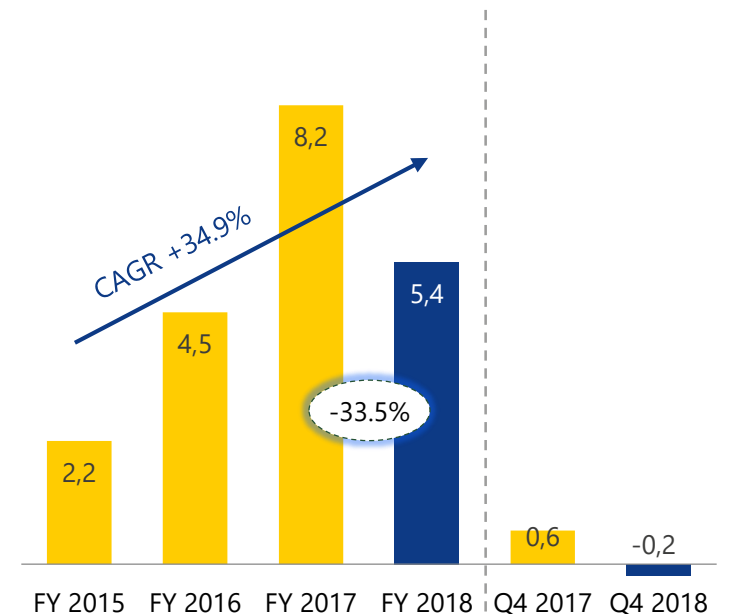
Gross profit (EURm)



EBITDA (EURm)

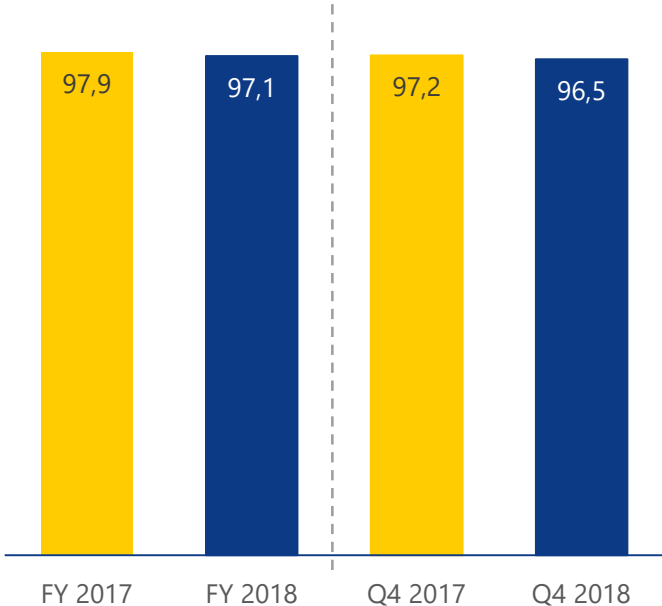


Net profit (EURm)

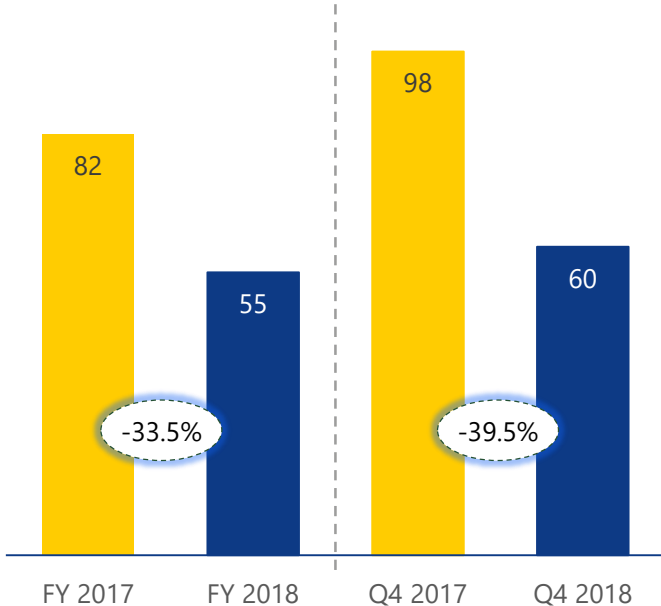


Efficiency and productivity ratios

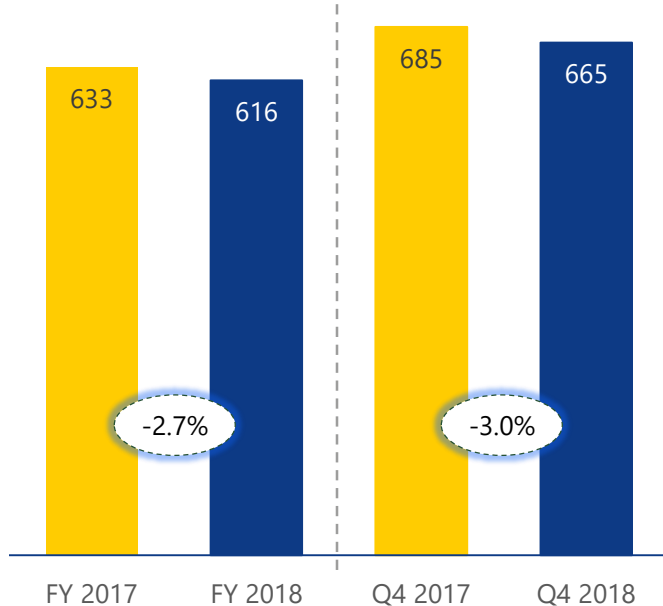
Load factor
(%)



Profit per PAX
(EUR)



Average package tour price
(EUR)



Novaturas can and wants to share profits with its shareholders



EUR 4.06m

(EUR 0.52 per share)

interim dividend for 6M 2018
(paid out in October 2018)



70% – 80%

expected dividend payout ratio
in the long term

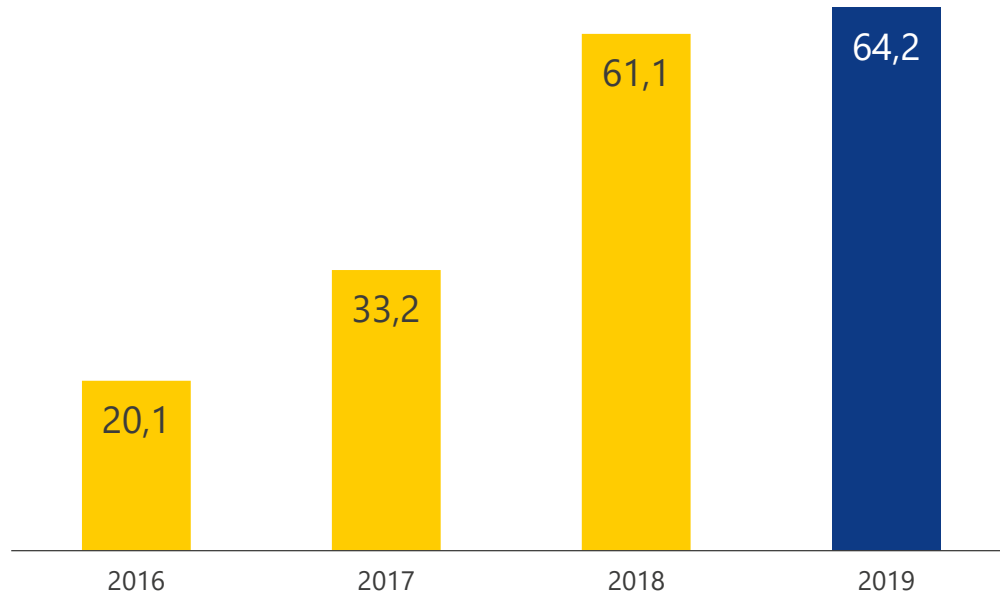
The Company's asset-light business model, which is characterized by strong cash generation and low capex needs (EUR 0.2m in 2018), allows it to pay out a large part of its earnings to shareholders.

Based on the audited results for 6M 2018, the Management Board proposed to pay out an interim dividend of EUR 0.52 per share (EUR 4.06 million in total). It was approved by the General Meeting on 28 September 2018 and paid out on 26 October 2018.

In the long term, the Management Board expects to propose for distribution 70%–80% of the Company's net profit.

Outlook for 2019

Novaturas early bookings for summer season (as of 31 Dec of the previous year, by PAX, in ths)



 **+5%**

y/y growth in early bookings
for 2019 summer season

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

As of 31 December 2018, we recorded 5% 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

Consolidated statements of comprehensive income

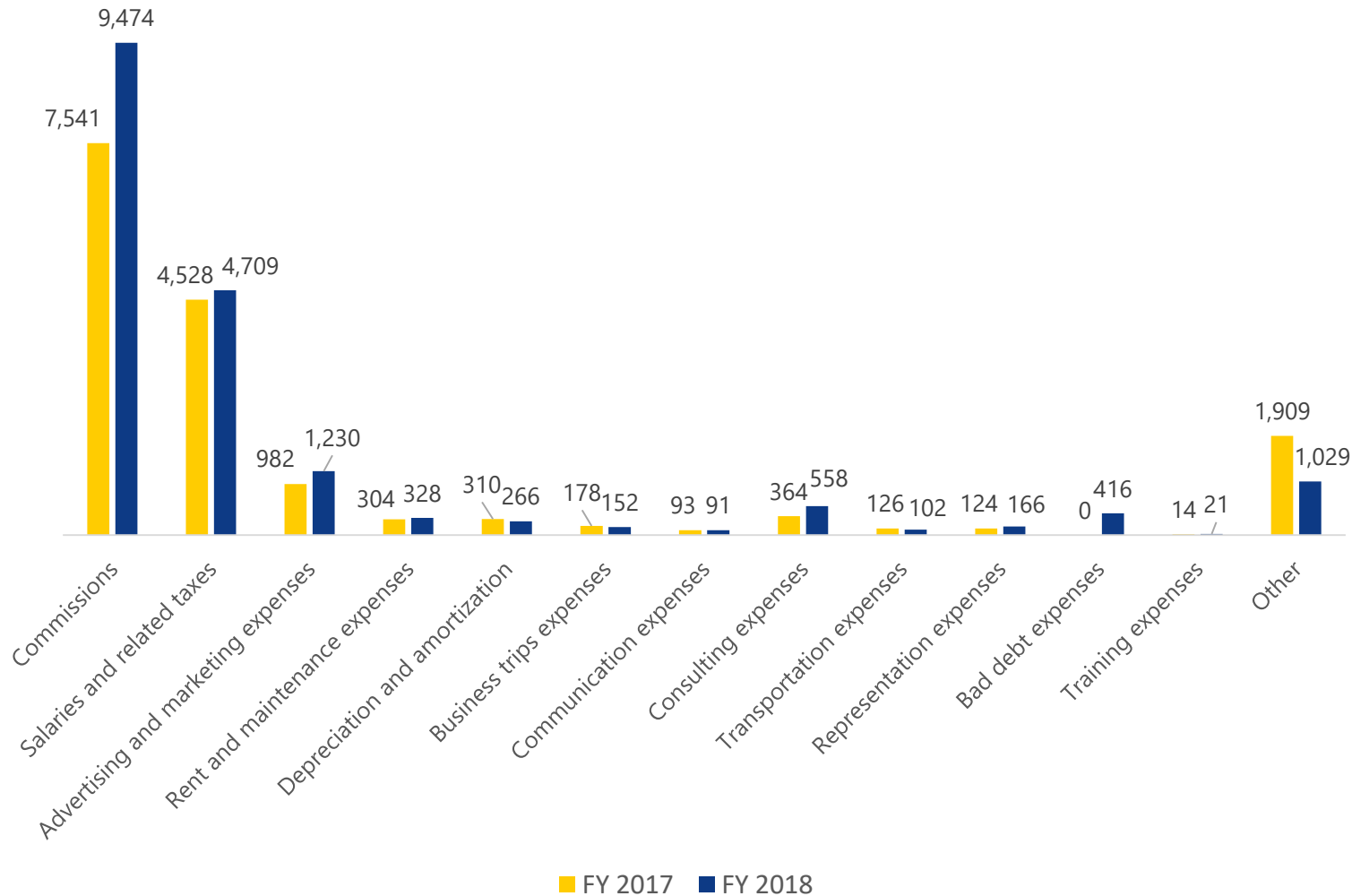
EUR 000s	Q4 2018	Q4 2017	Change	FY 2018	FY 2017	Change
Sales	41,542	33,169	+25.2%	181,782	141,147	+28.8%
Cost of sales	(35,607)	(26,495)	+34.4%	(155,543)	(114,345)	+36.0%
Gross profit	5,935	6,674	-11.1%	26,239	26,802	-2.1%
Operating (expenses)	(5,407)	(5,188)	+4.2%	(18,542)	(16,473)	+12.6%
Other operating income	-	1	-100.0%	14	1	1300.0%
Other operating (expenses)	-	(22)	-100.0%	(2)	(29)	-93.1%
Profit from operations	528	1,465	-64.0%	7,709	10,301	-25.2%
Finance income	769	203	+278.8%	775	564	+37.4%
Finance (expenses)	(1,419)	(899)	+57.8%	(1,877)	(1,730)	+8.5%
Profit before tax	(122)	769	-	6,607	9,135	-27.7%
Income tax (expense)	(113)	(166)	-31.9%	(1,186)	(984)	+20.5%
Net profit	(235)	603	-	5,421	8,151	-33.5%
Other comprehensive income to be reclassified to profit or loss in subsequent periods						
Result of changes in cash flow hedge reserve	(2,818)	255	-	(2,160)	218	-
Impact of income tax	423	(39)	-	324	(33)	-
Total comprehensive income for the year	(2,630)	819	-	3,585	8,336	-57.0%
Earnings per share	(0.03)	0.08	-0.11	0.69	1.04	-0.35

Main ratios

Financial ratios (EUR 000s)	Q4 2018	Q4 2017	Change	FY 2018	FY 2017	Change
Revenue	41,542	33,169	+25.2%	181,782	141,147	+28.8%
Gross profit	5,935	6,674	-11.1%	26,239	26,802	-2.1%
EBITDA	600	1,428	-58.0%	7,973	10,611	-24.9%
Operating profit (EBIT)	528	1,465	-64.0%	7,709	10,301	-25.2%
Profit before taxes	(122)	769	-	6,607	9,135	-27.7%
Net profit	(235)	603	-	5,421	8,151	-33.5%
Relative indicators	Q4 2018	Q4 2017	Change	FY 2018	FY 2017	Change
Number of shares	7,807,000	7,807,000	-	7,807 000	7,807 000	-
Profit per share (EUR)	-0.03	0.08	-0.11	0.69	1.04	-0.35
Gross profit margin (%)	14.3%	20.1%	-5.8 pp	14.4%	19.0%	-4.6 pp
EBITDA margin (%)	1.4%	4.3%	-2.9 pp	4.4%	7.5%	-3.1 pp
Operating profit (EBIT) margin (%)	1.3%	4.4%	-3.1 pp	4.2%	7.3%	-3.1 pp
Profit before taxes margin (%)	-0.3%	2.3%	-2.6 pp	3.6%	6.5%	-2.9 pp
Net profit margin (%)	-0.6%	1.8%	-2.4 pp	3.0%	5.8%	-2.8 pp
Return on assets (ROA) (%)	-0.4%	1.0%	-1.4 pp	9.6%	14.6%	-4.9 pp
Debt to equity ratio (%)	56.3%	95.4%	-39.1 pp	56.3%	95.4%	-39.1 pp
Equity ratio (%)	30.3%	29.1%	+1.3 pp	30.3%	29.1%	+1.3 pp
Effective tax rate (%)	-92.6%	21.6%	-	18.0%	10.8%	+7.2 pp
Current ratio	0.66	0.58	+0.08	0.66	0.58	+0.08

Operating expenses

(EUR 000s)



Total y/y growth in operating expenses: +12.6%
(while sales increased by 28.8%)

One-off expenses: EUR 887th

- IPO related: EUR 295th
- Legal expenses: EUR 165th
- Small Planet related: EUR 406th

25.6% – y/y growth in commissions that depend on sales revenue

Overheads without commissions and one-off items increased by only 1.4% y/y

Consolidated balance sheet

(EUR 000s)	31 Dec 2018	31 Dec 2017
ASSETS		
Non-current assets		
Goodwill	30,327	30,327
Other intangible assets	427	448
Property, plant and equipment	292	297
Long term receivables	65	56
Deferred income tax asset	6	6
Total non-current assets	31,117	31,134
Current assets		
Inventories	3	1
Prepayments and deferred expenses	8,166	5,940
Trade accounts receivable	786	522
Prepaid income tax	231	101
Other receivables	1,587	2,202
Other current financial assets	200	569
Cash and cash equivalents	4,702	9,984
Total current assets	15,675	19,319
Total assets	46,792	50,453

(EUR 000s)	31 Dec 2018	31 Dec 2017
EQUITY AND LIABILITIES		
Equity		
Share capital	234	226
Cash flow hedge reserve	(1,351)	484
Legal reserve	29	29
Foreign currency translation reserve	145	145
Retained earnings	15,140	13,785
Equity attributable to equity holders of the parent	14,197	14,669
Liabilities		
Non-current borrowings	6,000	-
Deferred income tax liabilities	2,767	2,606
Total non-current liabilities	8,767	2,606
Current liabilities		
Current portion of non-current borrowings	2,000	14,000
Trade payables	3,917	3,882
Advances received	14,236	12,102
Income tax payable	68	296
Other current liabilities and accrued expenses	3,607	2,898
Total current liabilities	23,828	33,178
Total equity and liabilities	46,792	50,453

Consolidated cash flow statement

(EUR 000s)	FY 2018	FY 2017
Net profit	5,421	8,152
Adjustments for non-cash items	61	2,065
Changes in working capital	20	3,467
Net cash flows from operating activities	5,502	13,684
Net cash flows (to) investing activities	(239)	(285)
(Repayment) of loans	(6,000)	-
Interest (paid)	(488)	(561)
Dividends (paid)	(4,058)	(9,500)
Net cash flows (to) financing activities	(10,546)	(10,061)
Net increase (decrease) in cash flows	(5,282)	3,338
Cash and cash equivalents at the beginning of the year	9,984	6,646
Cash and cash equivalents at the end of the year	4,702	9,984

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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