

A photograph of an event. In the foreground, a large yellow balloon is tied to a stand. The balloon has the NOVATURAS logo and "20 ATOSTOGU SEZONAS" printed on it. In the background, there are people, a laptop with a Dell logo, and a banner with the word "Katalija" visible. A semi-transparent dark grey box is overlaid on the image, containing the main text.

Presentation of 12M 2019:
year ended with a profitability growth

11 February 2020

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Management of the Company (hereinafter- the "Management") has provided the guidance 2020 based on the macroeconomic forecasts of the Baltic countries (Gross Domestic Product Growth 2.5 - 3%, salary growth 4-6%) and other assumptions (competitive environment of the Company will remain the same or similar to what it was in 2019, no unforeseen material circumstances (including force majeure) that could adversely affect financial performance forecast of the Company for the year 2020 will occur and/or be prolonged). In the event of material circumstances arising that affect or may materially affect the guidance contained in this report the Company will promptly submit a notice adjusting such guidance in accordance with the applicable listing policy on disclosure and adjustment of the forecasts or guidance. Financial results and guidance are not audited. The data and guidance provided are for information only. Management and/or the Company shall not be responsible for the investment decisions made on the basis of information provided herein.

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A modern tour operator



No. 1

in the Baltics
since 2004



20

years in business



30+

destinations worldwide
by plane



Number of travellers
constantly increases



Asset light business
model enables us to
master changes fast



By choosing tour operator,
modern traveller saves time
and money



Key financials of 12M 2019

 **294 ths**

PAX sold during 12M 2019
(-3.9% y/y)

 **EUR 4.4 m**

12M 2019 EBITDA
(-44.2% y/y)

 **EUR 179.9 m**

12M 2019 Revenue
(-1.2% y/y)

 **2.5%**

12M 2019 EBITDA margin
(-1.8 pp y/y)

 **EUR 22.1 m**

12M 2019 Gross profit
(-15.9% y/y)

 **2.3 m**

12M 2019 Net profit
(-57.0% y/y)

Solid last quarter of 2019

 **EUR 1.4 m**

Q4 2019 EBITDA
(EUR 0.5 m in Q4 2018)

 **3.5%**

Q4 2019 EBITDA margin
(+2.2 pp y/y)

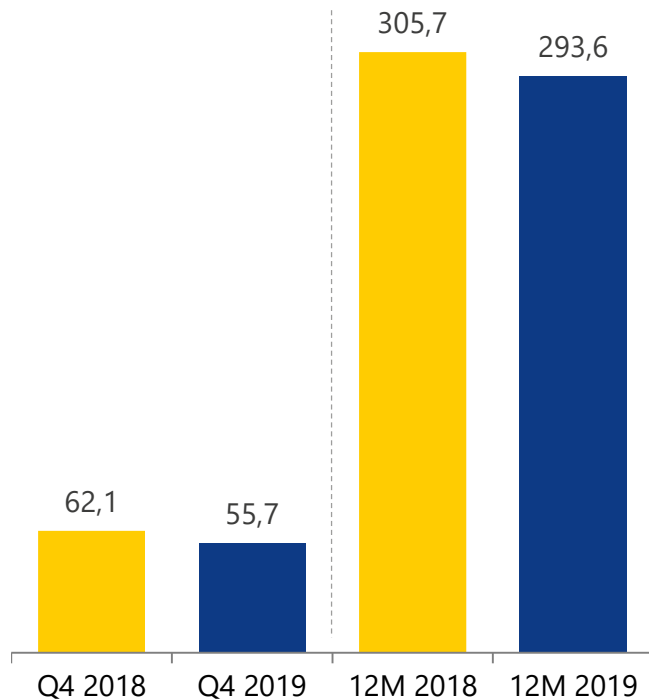
 **1.0 m**

Q4 2019 Net profit
(negative in Q4 2018)

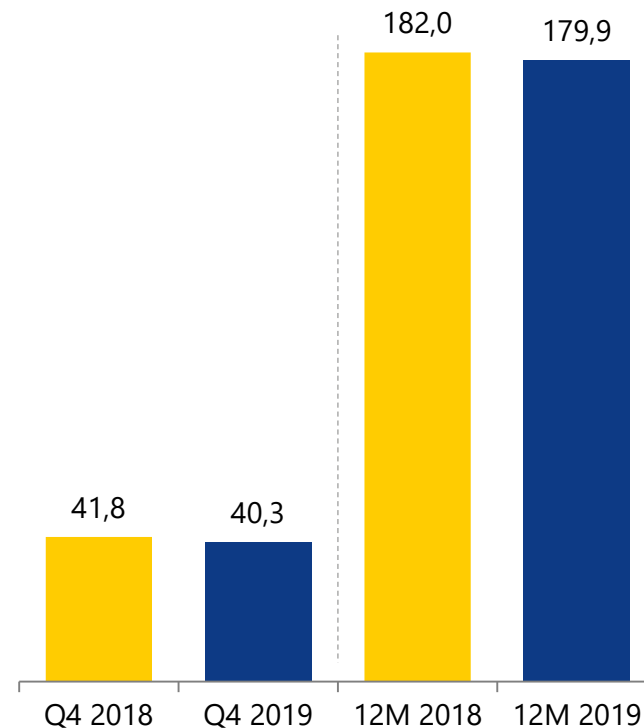
Keeping stable revenues & seat supply

We kept the seats supply for 2019 at similar level as in 2018.
It translates into roughly flat sales y/y during 12M 2019.

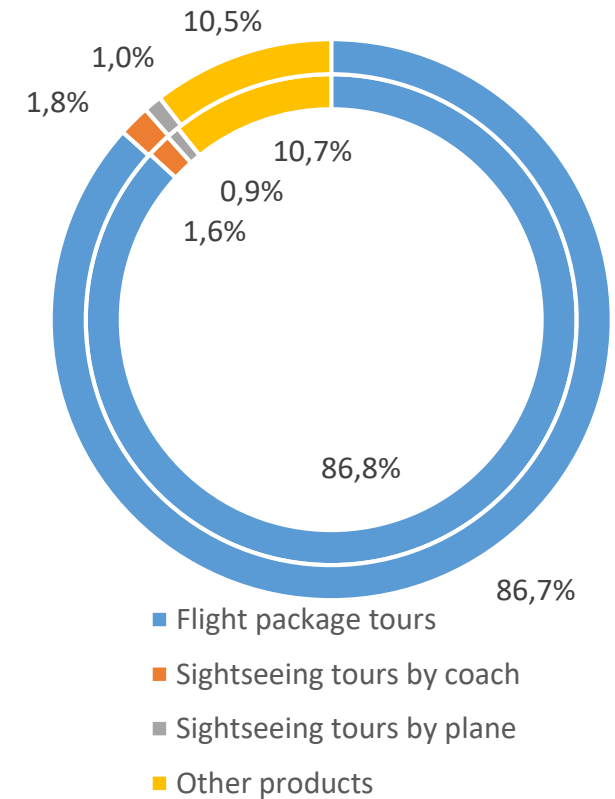
Number of PAX sold (ths)



Revenue (EURm)



Sales by product category
(% share in revenue)
12M 2019 (outer circle) vs 12M 2018 (inner circle)



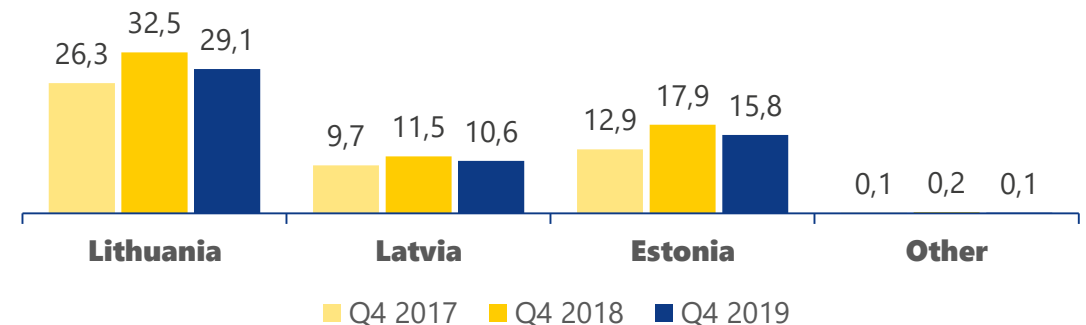
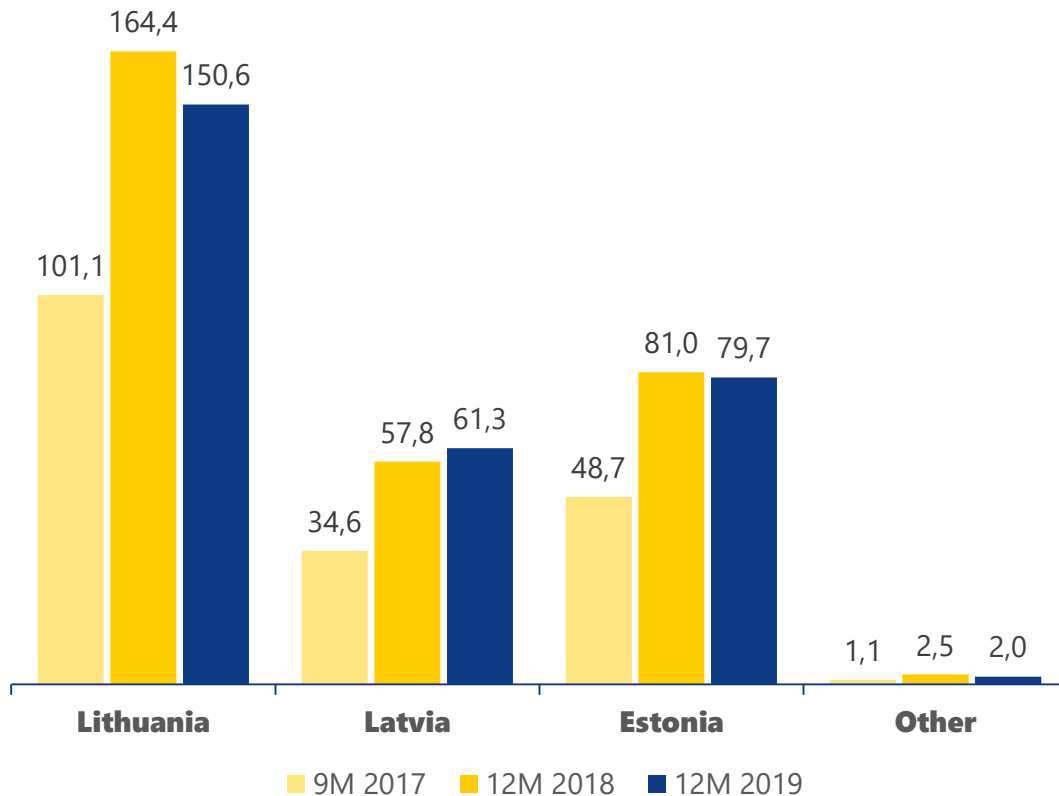
Growing number of travellers in Latvia

During 12M 2019, total number of customers served by Novaturas decreased by 3.9% y/y, mainly due to the decrease in Lithuania by 8.4% and Estonia by 1.5%, while in Latvia number of travellers increased by 6%.

Number of PAX sold by country (ths)

 **294 ths**

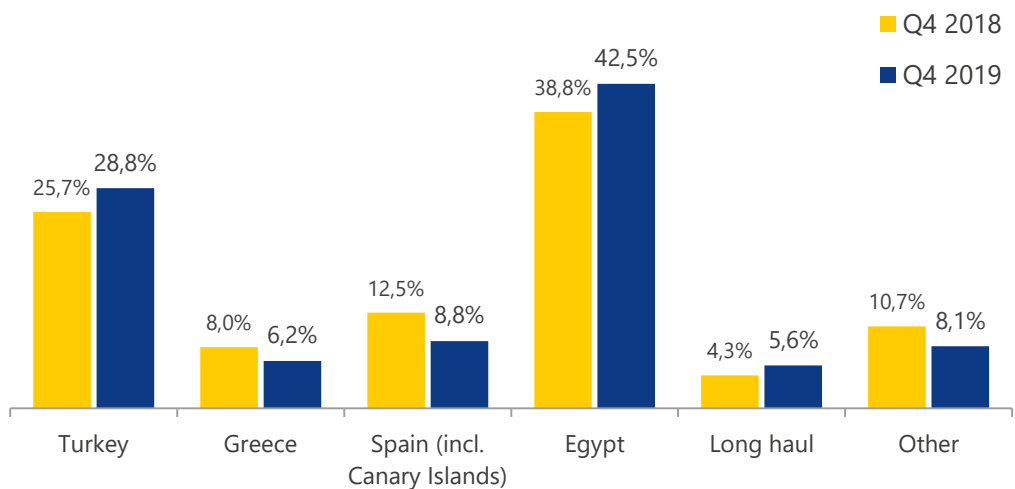
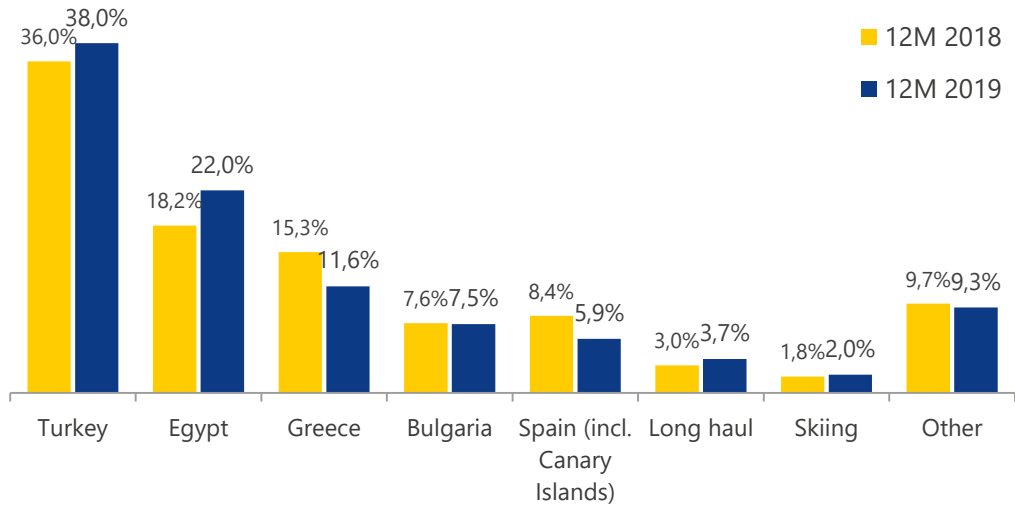
total PAX sold during 12M 2019 (-3,9% y/y)



Turkey remains the most popular summer holiday destination

Sales of flight package tours by destinations

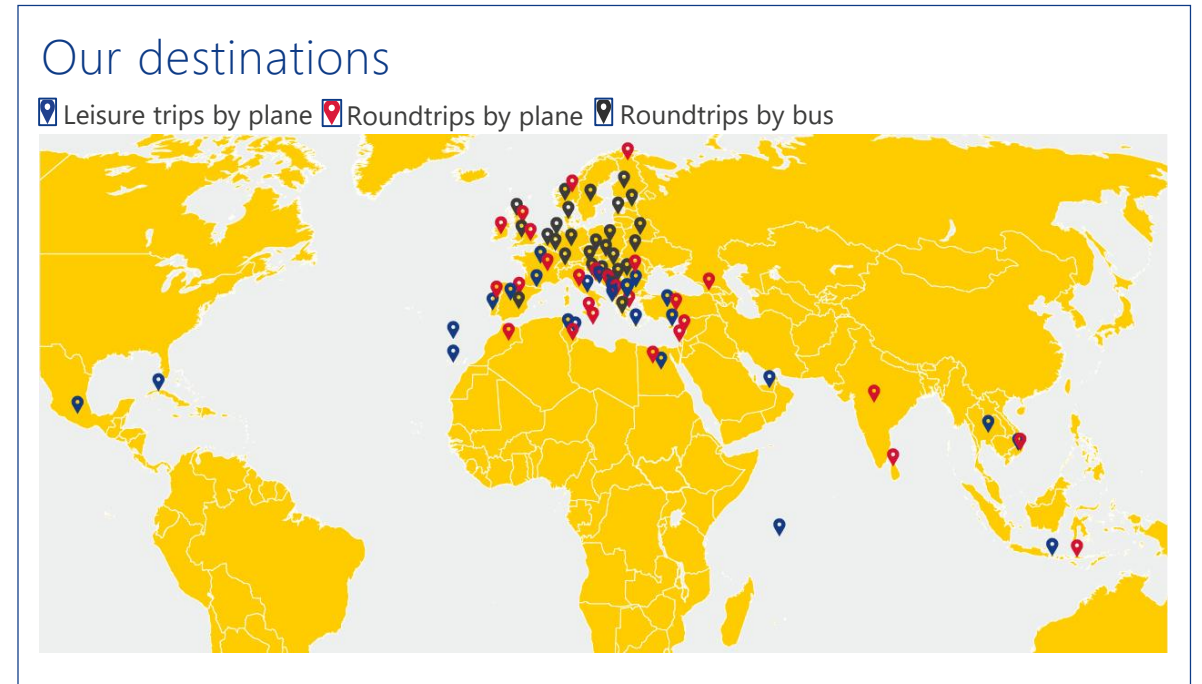
(% share in charter travel revenue)



The most popular destinations among the Baltic citizens are Turkey in the summer season and Egypt in the winter season.

The rising appeal of Turkey, owing to its good price for the quality ratio and wide selection of accommodation, translates into the ebbing demand for European destinations.

The popularity of long-haul destinations steadily increases.



We reach wide customer base thanks to well-balanced distribution

The majority of our products are sold through travel agencies, with whom we have long-term business relations, built on professionalism and mutual trust.

 **400+**

external travel agencies

 **16.2%**

share in 12M 2019 revenue from e-commerce

 **3.85 m**

unique visitors on our websites during 12M 2019

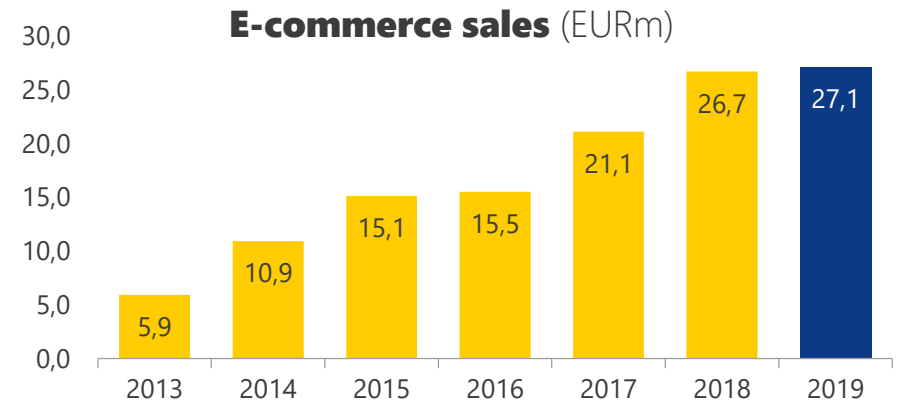
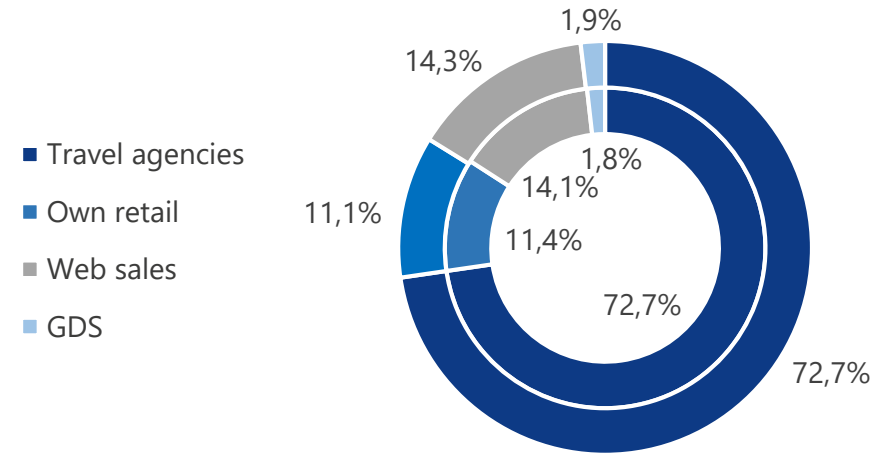
 **3**

toursim exhibitions in Baltics

Diversification of sales channels allows Novaturas to offer its products to broader customer base, not only searching for package tours, but also for tickets and to exploit the most of market opportunities.

Novaturas constantly develops its e-commerce channel and manages one of the biggest online shops in the Baltics. We attend 3 largest tourism exhibitions in Baltics every year as an extra sales channel.

Novaturas sales by distribution channels
12M 2019 (outer circle) vs. 12M 2018 (inner circle)



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

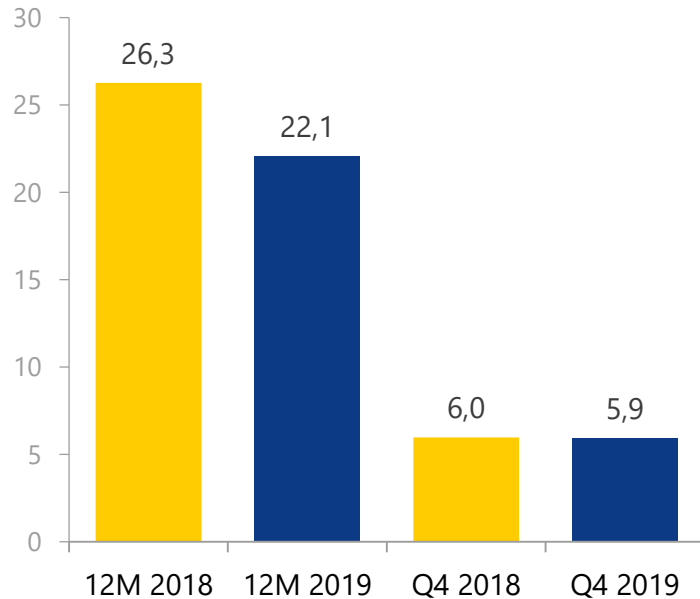
2019 profitability affected by competition, weather and aviation

Last year in tour organizing industry in the Baltics has been marked by an intensified competition and also slightly changing customer habits due to shifting weather seasons.

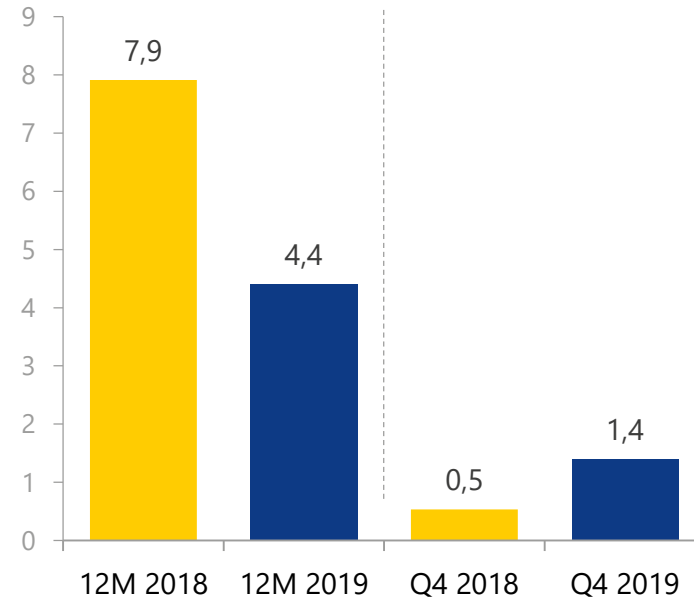
Novaturas profitability at the beginning of 2019 was still slightly affected by higher costs related to the change of its main aviation partner (in Q4 2018, troubled carrier Small Planet Airlines was replaced by GetJet Airlines).

However, the tour organising industry leader in Baltics managed to overcome the challenges and ended 2019 with a robust last quarter.

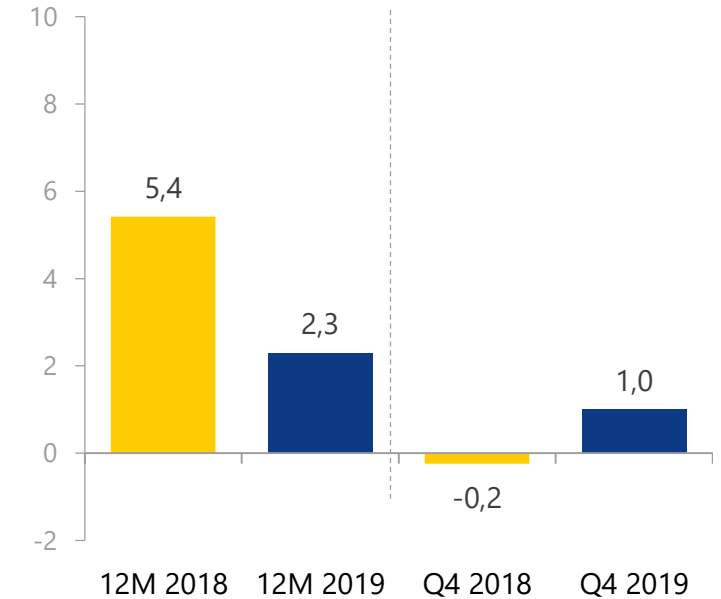
Gross profit (EURm)



EBITDA (EURm)



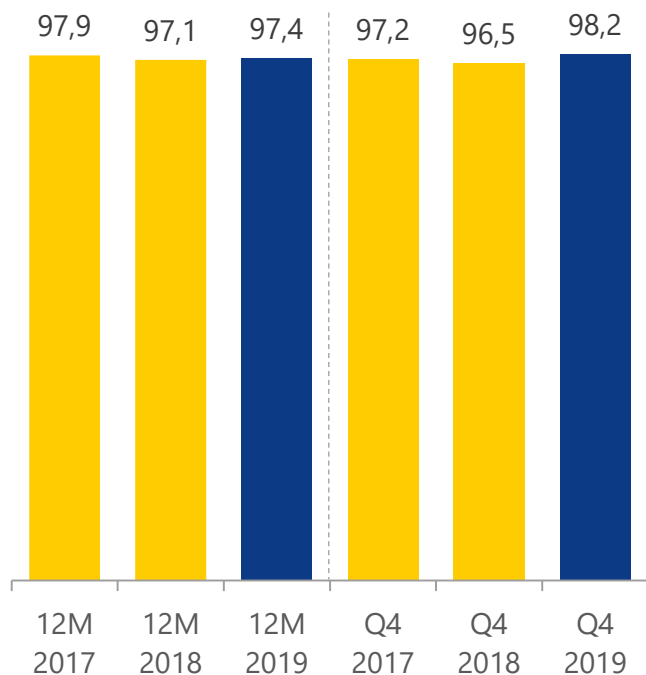
Net profit (EURm)



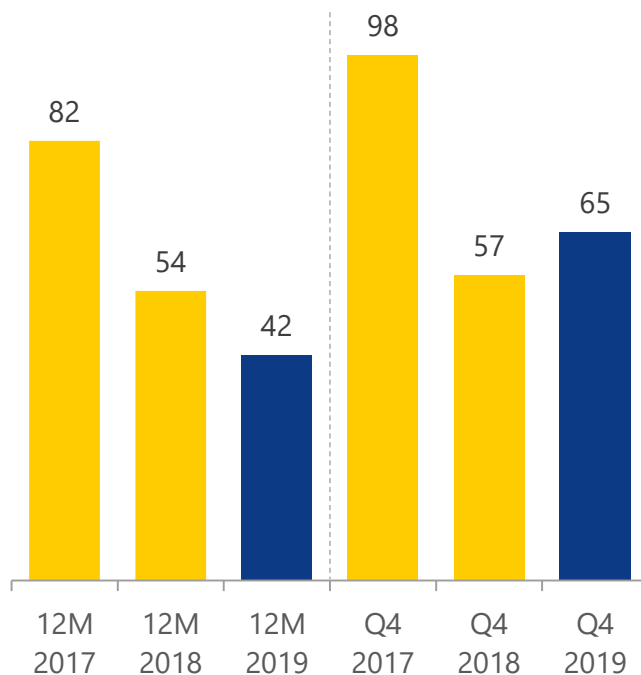
Efficiency and productivity ratios

Novaturas continues to keep very high load factor, which shows effectiveness of our sales and very good fit of the program size to real demand. During 12M 2019 we managed to increase average selling prices as compared to corresponding periods of the previous year.

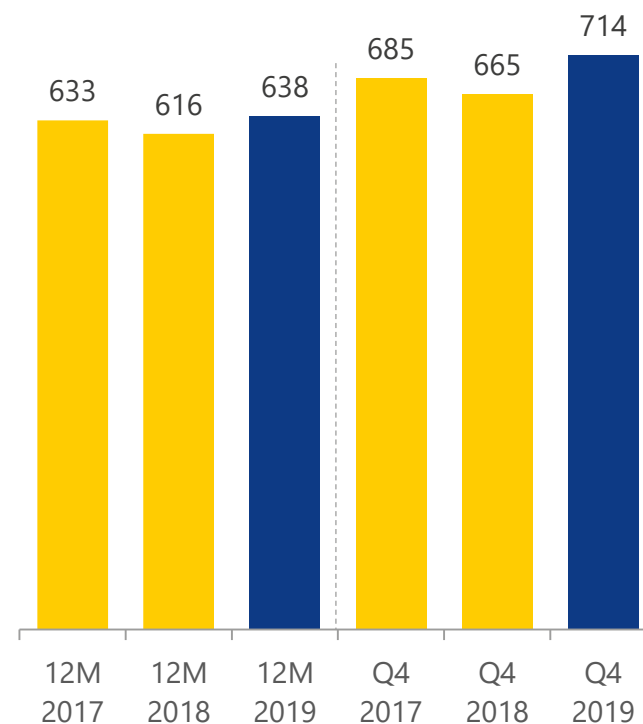
Load factor
(%)



Profit per PAX
(EUR)



Average package tour price
(EUR)



Operating expenses under control

We are determined to keep operating costs under control and steadily increase our office efficiency. During 12M 2019, the Group's total operating expenses decreased by 3.5% y/y.



EUR 18.0 m

12M 2019 Operating expenses
(-3.5% y/y)

Operating expenses (EUR 000s)	Q4 2019	Q4 2018	y/y change	12M 2019	12M 2018	y/y change	2018	2018 vs. 2017	2017	2017 vs. 2016	2016
Sales and marketing (excl. commissions)	1,053	1,236	-14.8%	4,046	4,140	-2.3%	4,140	13.3%	3,654	10.1%	3,320
General and administrative (excl. one-offs)	1,237	1,407	-12.1%	4,078	4,099	-0.5%	4,099	-7.2%	4,416	13.1%	3,905
Total operating expenses (excl. commissions and one-offs)	2,290	2,643	-13.4%	8,124	8,239	-1.4%	8,239	2.1%	8,070	11.7%	7,225
Commissions	2,318	2,412	-3.9%	9,682	9,652	0.3%	9,652	31.1%	7,363	48.1%	4,973
One-off expenses	20	458	-95.6%	191	757	-74.8%	757	-12.2%	862	9477.8%	9
Total operating expenses	4,628	5,585	-17.1%	17,997	18,648	-3.5%	18,648	15.2%	16,295	33.5%	12,207

2020 Guidance



Clients

Most popular destinations have been demonstrating a modest, but stable growth. Combined with new destinations we offer every year, **we foresee a 2-3% growth of clients for 2020.**



EBITDA

Increasing efficiency while maintaining high quality service level was always our top priority. Moreover, we are actively searching for possibilities to make further efficiency improvements by investing into technologies. Balancing cost efficiency with increase in sales, **we forecast EUR 5-6 million EBITDA for 2020.**



Sales

Early bookings for 2020 summer season started on 1 August 2019 and sales are going strong in all our core markets. Moreover, our strategy on focusing on profitability has been especially successful during the Q4 of 2019. **Therefore, we forecast a 3-5% increase in sales for 2020.**



Our forecast is based on current macroeconomics tendencies (economy in Baltics grows by 2.5-3%, annual salary growth in Baltics remains 4-6%), we do not face any *force majeure* situations and competition level remains similar to 2019. We will continue on announcing yearly forecast with financials of 12months and will adjust the forecast with 6months and 9months reports.

Appendices

Consolidated statements of comprehensive income

EUR 000s	Q4 2019	Q4 2018	y/y change	12M 2019	12M 2018	y/y change
Sales	40,287	41,792	-3.6%	179,858	182,032	-1.2%
Cost of sales	(34,353)	(35,817)	-4.1%	(157,766)	(155,753)	1.3%
Gross profit	5,934	5,975	-0.7%	22,092	26,279	-15.9%
Operating (expenses)	(4,628)	(5,513)	-16.1%	(17,997)	(18,648)	-3.5%
Other operating income	16	0	-	18	14	28.6%
Other operating (expenses)	(1)	0	-	(3)	(2)	50.0%
Profit from operations	1,321	462	185.9%	4,110	7,643	-46.2%
Finance income	111	814	-86.4%	481	820	-41.3%
Finance (expenses)	(239)	(1,415)	-83.1%	(1,087)	(1,873)	-42.0%
Profit before tax	1,193	(139)	NA	3,504	6,590	-46.8%
Income tax (expense)	(206)	(102)	102.0%	(1,176)	(1,175)	0.1%
Net profit	987	(241)	NA	2,328	5,415	-57.0%
Other comprehensive income to be reclassified to profit or loss in subsequent periods						
Result of changes in cash flow hedge reserve	556	(2,818)	NA	1,851	(2,160)	NA
Impact of income tax	(84)	423	NA	(278)	324	NA
Total comprehensive income for the year	1,459	(2,636)	NA	3,901	3,579	9.0%
Earnings per share ¹⁾	0.13	(0.03)		0.30	0.69	

Main ratios

Financial ratios (EUR 000s)	Q4 2019	Q4 2018	y/y change	12M 2019	12M 2018	y/y change	2018
Revenue	40,287	41,792	-3.6%	179,858	182,032	-1.2%	182,032
Gross profit	5,934	5,975	-0.7%	22,092	26,279	-15.9%	26,279
EBITDA	1,394	535	160.6%	4,409	7,908	-44.2%	7,908
Operating profit (EBIT)	1,321	462	185.9%	4,110	7,643	-46.2%	7,643
Profit before tax	1,193	(139)	NA	3,504	6,590	-46.8%	6,590
Net profit	987	(241)	NA	2,328	5,415	-57.0%	5,415
Relative indicators	Q4 2019	Q4 2018	y/y change	12M 2019	12M 2018	y/y change	2018
Number of shares	7,807,000	7,807,000	-	7,807,000	7,807,000	-	7,807,000
Earnings per share (EUR)	0.13	(0.03)	0.16	0.30	0.69	-0.39	0.69
Gross profit margin (%)	14.7%	14.3%	+0.4pp	12.3%	14.4%	-2.1pp	14.4%
EBITDA margin (%)	3.5%	1.3%	+2.2pp	2.5%	4.3%	-1.8pp	4.3%
Operating profit (EBIT) margin (%)	3.3%	1.1%	+2.2pp	2.3%	4.2%	-1.9pp	4.2%
Profit before taxes margin (%)	3.0%	-0.3%	+3.3pp	1.9%	3.6%	-1.7pp	3.6%
Net profit margin (%)	2.4%	-0.6%	+3.0pp	1.3%	3.0%	-1.7pp	3.0%
Return on assets (ROA) (%)	1.9%	-0.4%	+2.3pp	4.4%	9.5%	-5.1pp	9.5%
Debt to equity ratio (%)	32.9%	55.7%	-22.8pp	32.9%	55.7%	-22.8pp	55.7%
Equity ratio (%)	36.6%	30.0%	+6.6pp	36.6%	30.0%	+6.6pp	30.0%
Effective tax rate (%)	17.3%	-73.4%	NA	33.6%	17.8%	+15.7pp	17.8%
Current ratio	0.78	0.68	+0.10	0.78	0.68	+0.10	0.68

Consolidated balance sheet

(EUR 000s)	31 Dec 2019	31 Dec 2018	31 Dec 2017
ASSETS			
Non-current assets			
Goodwill	30,327	30,327	30,327
Other intangible assets	248	427	448
Property, plant and equipment	208	292	297
Long term receivables	220	65	56
Deferred income tax asset	7	6	6
Total non-current assets	31,010	31,117	31,134
Current assets			
Inventories	4	3	1
Prepayments and deferred expenses	9,848	8,861	5,940
Trade accounts receivable	672	697	522
Prepaid income tax	175	231	101
Other receivables	1,112	2,028	2,202
Other current financial assets	261	200	569
Restricted cash	2,300	1,500	
Cash and cash equivalents	4,537	3,203	9,984
Total current assets	18,909	16,723	19,319
Total assets	49,919	47,840	50,453

(EUR 000s)	31 Dec 2019	31 Dec 2018	31 Dec 2017
EQUITY AND LIABILITIES			
Equity			
Share capital	234	234	226
Cash flow hedge reserve	222	(1,351)	484
Legal reserve	29	29	29
Foreign currency translation reserve	145	145	145
Retained earnings	17,638	15,310	13,785
Equity attributable to equity holders of the parent	18,268	14,367	14,669
Liabilities			
Non-current borrowings	4,000	6,000	-
Deferred income tax liabilities	3,435	2,781	2,606
Total non-current liabilities	7,435	8,781	2,606
Current liabilities			
Current portion of non-current borrowings	2,000	2,000	14,000
Overdraft			
Trade payables	4,892	4,611	3,882
Advances received	14,978	14,259	12,102
Income tax payable	95	29	296
Other current liabilities and accrued expenses	2,251	3,793	2,898
Total current liabilities	24,216	24,692	33,178
Total equity and liabilities	49,919	47,840	50,453

Consolidated cash flow statement

(EUR 000s)	12M 2019	12M 2018
Net profit	2,328	5,415
Adjustments for non-cash items	3,641	(253)
Changes in working capital	(1,340)	344
Net cash flows from / (to) operating activities	4,629	5,506
Net cash flows from / (to) investing activities	(35)	(239)
Loans received	8,000	-
(Repayment) of loans	(10,000)	(6,000)
Interest (paid)	(460)	(488)
Dividends (paid)	-	(4,060)
Net cash flows from / (to) financing activities	(2,460)	(10,548)
Net increase (decrease) in cash flows	2,134	(5,281)
Cash and cash equivalents at the beginning of the year	4,703	9,984
Cash and cash equivalents at the end of the period	6,837	4,703

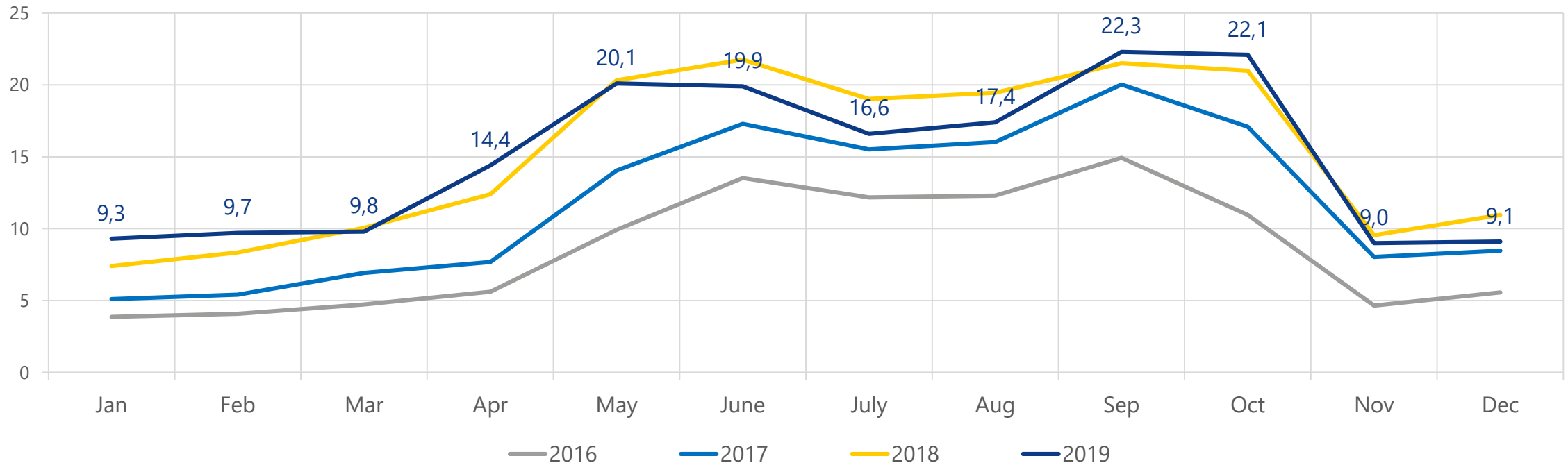
Seasonality of Novaturas business with strong shoulder season

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.

In case of Novaturas the high season is very long (May to October). We also have a strong shoulder season, therefore our monthly and quarterly revenues distribution is better balanced throughout the year.

During Q3 2019, the demand in July and August was weak as all Baltics experienced a very hot summer. However, we observed a strong recovery in September and also October.

Monthly revenue (EUR m)

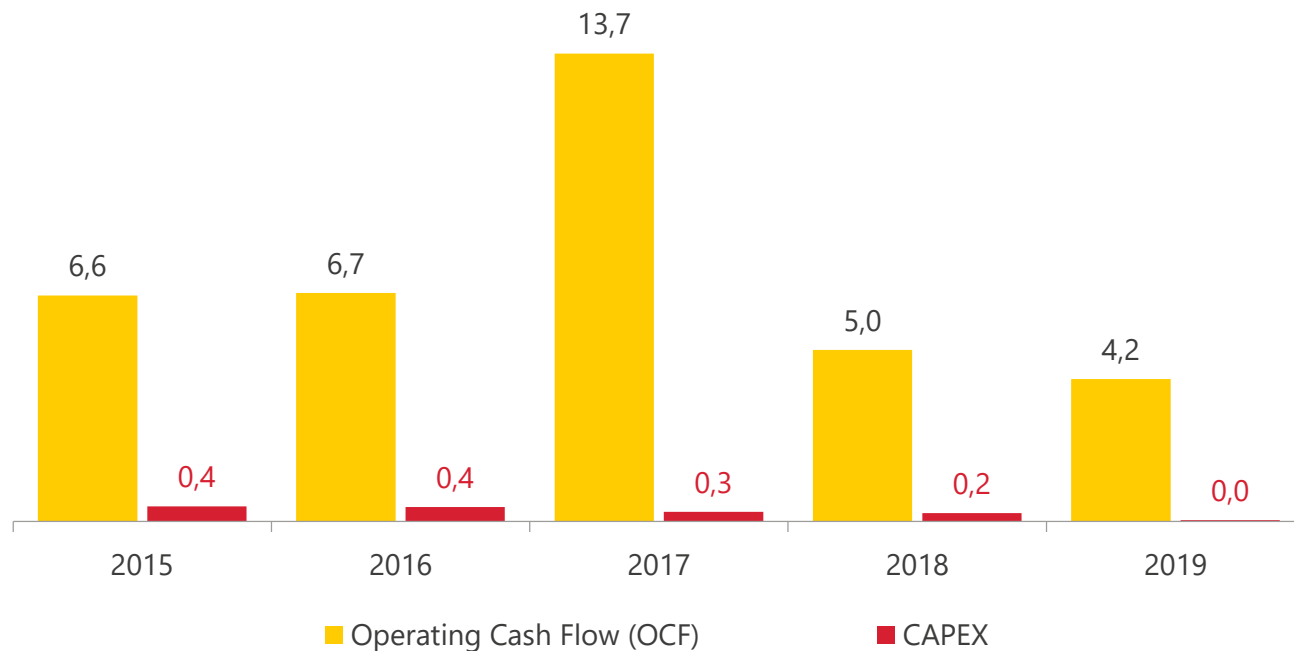


Dividend policy

The Company's asset-light business model is characterized by strong cash generation and low capex needs. Novaturas does not intend to invest in any hotels, planes or buses, which allows it to pay out a large part of its profits to shareholders.

In the long term, the Management Board expects to recommend annual dividend payments corresponding to 70-80% of net profit.

Operating cash flow vs. CAPEX (EUR m)



 **70% – 80%**

expected dividend payout ratio
in the long term

 **EUR 4.06m**
(EUR 0.52 per share)

dividend paid out in 2018
(~75% of 2018 net profit)

The Group's strategy



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



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



Provide regular dividend payments



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



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

Novaturas management 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 (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



Birutė Čepanskienė, CCO

- With the Company for 18 years (since 2001)
- Responsible for sales and marketing on the Group level with special focus on Lithuania operations

Novaturas Supervisory Council



Sebastian Król
Chairman of the
Supervisory Council

- With Enterprise Investors since 2001, currently as partner.
- Sits on the supervisory boards of the fund's portfolio companies.
- Also serves as director for funds managed by Enterprise Investors.



Ugnius Radvila
Member of the
Supervisory Council

- Participated in the creation of Novaturas UAB in 1999.
- In 1999-2011, he was in charge of sighthseeing product department of the Company.
- Since 2011, he has been acting as consultant to the Company.



Vidas Paliūnas
Member of the
Supervisory Council

- Participated in the creation of Novaturas UAB in 1999.
- In 1999-2009 he was General Manager of the Company.
- In 2009-2018, he was a member of Novaturas' management board (functioning like a supervisory body in the period).



Piotr Nowjalis
Member of the
Supervisory Council

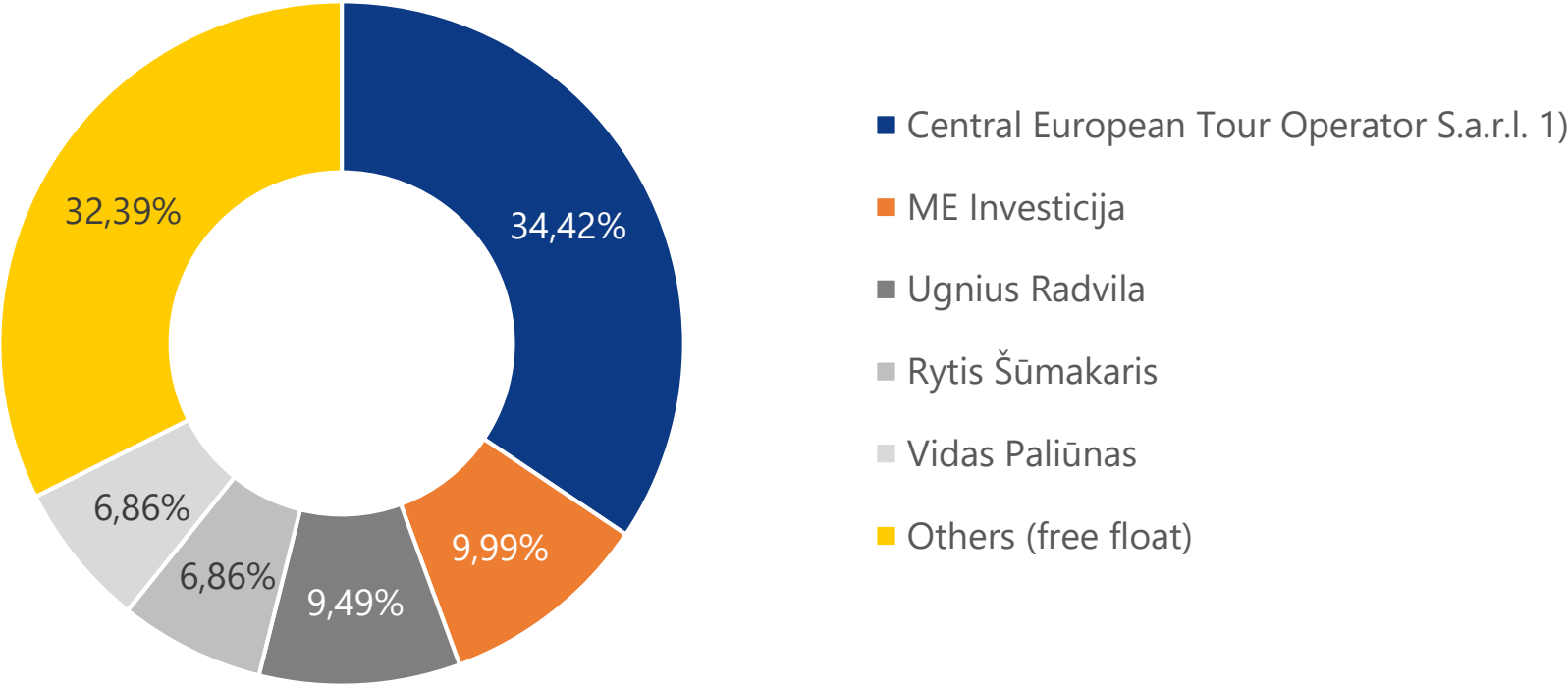
- Has been involved in financial management for 20 years.
- Held managerial and supervisory positions at many Warsaw Stock Exchange listed companies, including CCC (largest shoe retailer in CEE), AB (largest IT distributor in CEE) and Dino Polska (food retailer).



Franz Leitner
Member of the
Supervisory Council

- Has profound knowledge of the European travel markets, in particular DACH, CEE and Russia.
- In 1994-2007 he gained extensive experience in executive positions at Thomas Cook/Neckermann and TUI as CEO Austria/CEE/Russia.

Shareholder structure

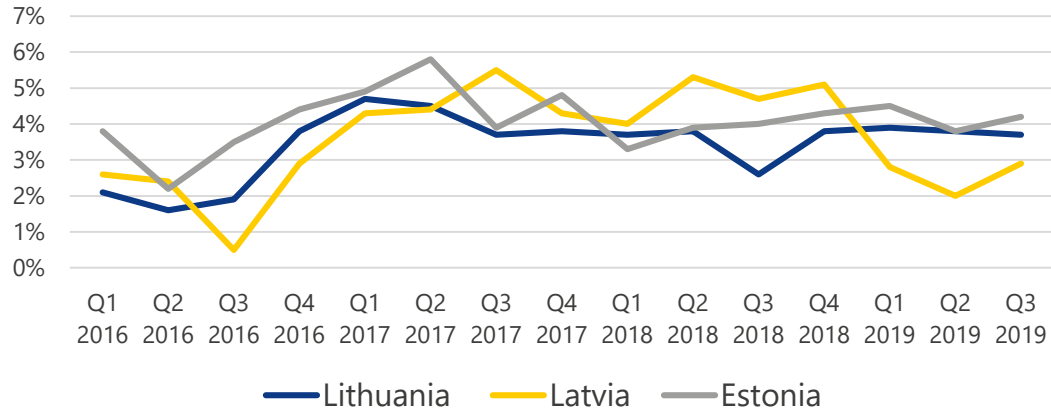


1) Central European Tour Operator S.a.r.l. is an entity owned by Polish Enterprise Fund VI, managed by Enterprise Investors

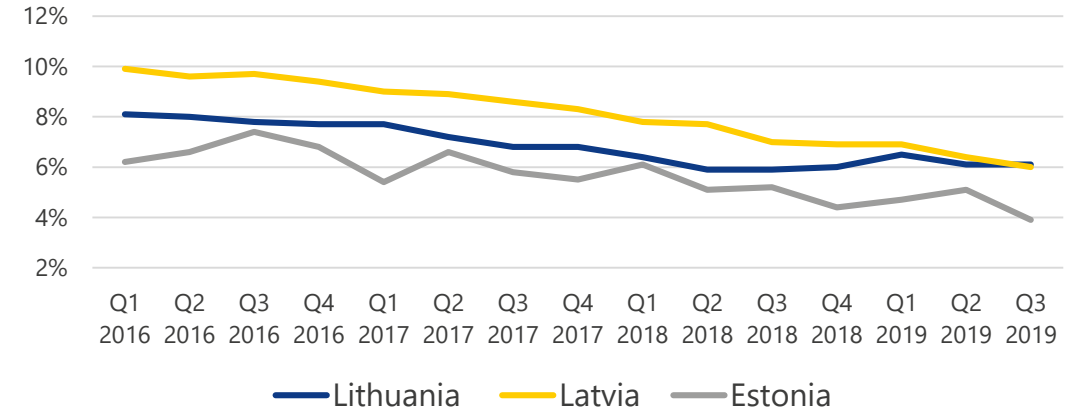
2) ME Investicija is an investment company that manages one of the largest European transport services group Girteka

Macroeconomic conditions in the Baltics

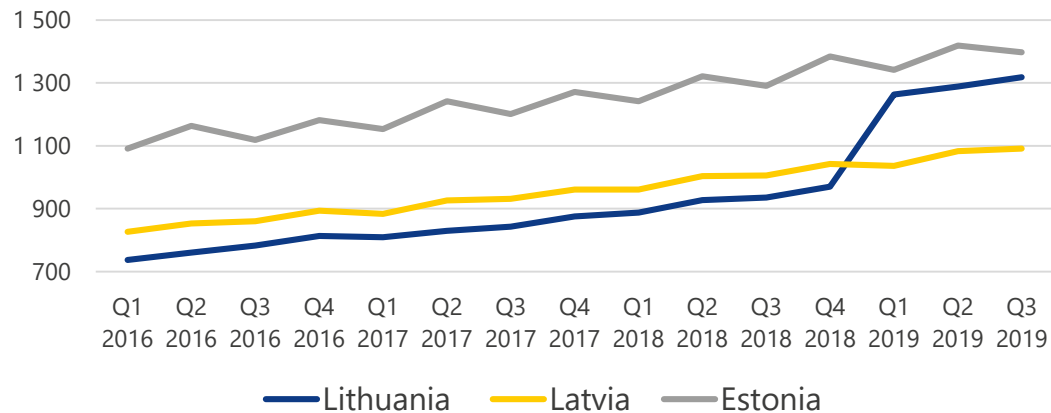
GDP growth rate (%)



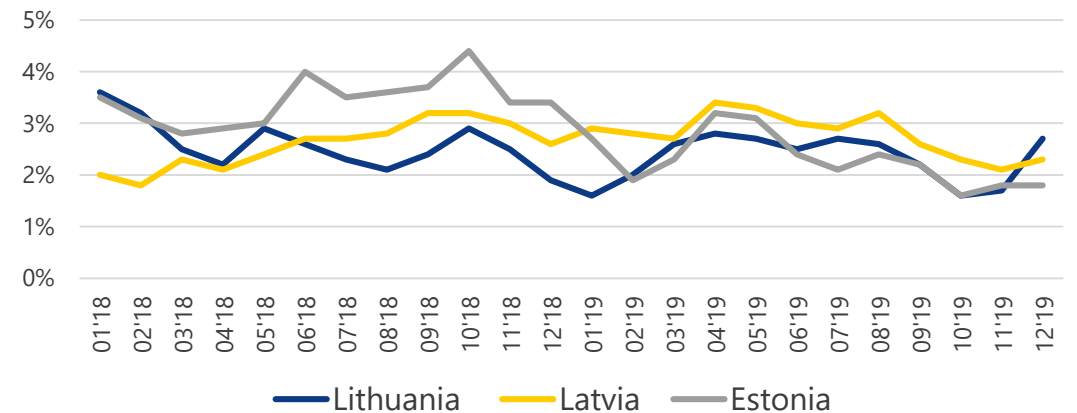
Unemployment rate (%)



Average monthly gross salary (EUR)



Inflation (%)



The hike in the average gross salary in Lithuania, visible between Q4 2018 and Q1 2019, is the result of new tax regulations that took effect with the beginning of 2019 and introduced a new accounting method that mainly affected gross salaries, while having negligible effect on net salaries. Under the new system, the due social security contributions are counted as part of the gross salary, increasing it significantly.

Company information

Novaturas group PLC

Registered address:

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www.novaturasgroup.com

Registered under number 135567698 in Lithuania

Company established: 1999 12 16

Stock Listing:

Warsaw Stock Exchange

Nasdaq Vilnius Stock Exchange

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