



Novaturas Group

Presentation on financial results for Q3 and 9M 2018

7 November 2018



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.



Linas Aldonis

CEO

- With the Company for 17 years (CEO since 2001)
- Gained skills and experience ascending through Novaturas structures



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 9M 2018 highlights

 **243,573**

PAX sold in 9M 2018
(+32% y/y)

 **EUR 140.2m**

9M 2018 Revenue
(+29.9% y/y)

 **EUR 20.3m**

9M 2018 Gross profit
(+0.9% y/y)

 **EUR 7.4m**

9M 2018 EBITDA
(-19.7% y/y)

 **5.3%**

9M 2018 EBITDA margin
(-3.2 pp y/y)

 **5.7m**

9M 2018 Net profit
(-25.1% y/y)

 **EUR 4.06m**

interim dividend for 6M 2018
paid out in October 2018

 **16.5%**

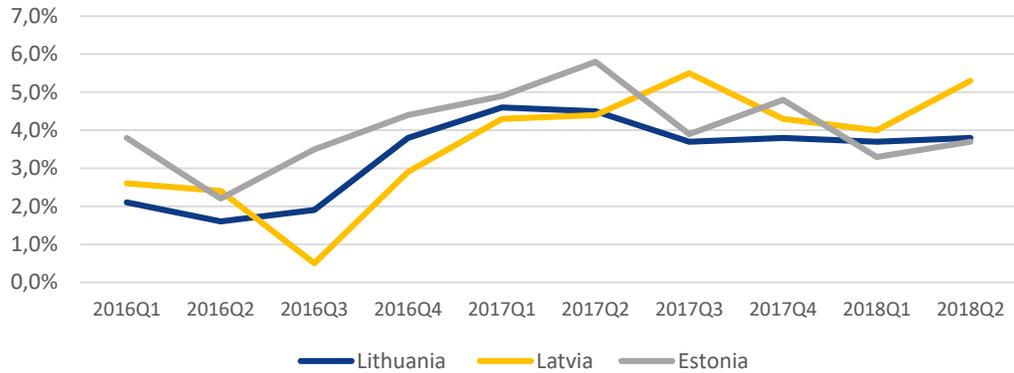
E-commerce share in sales

 **+63%**

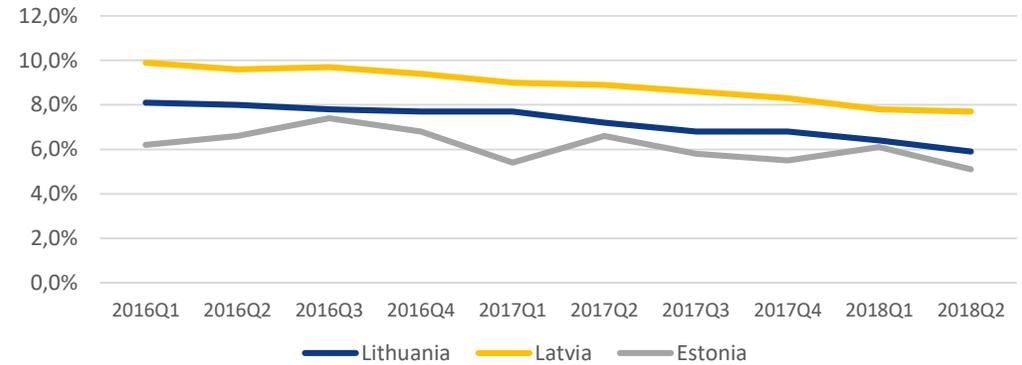
y/y growth in early bookings
for 2018/2019 winter season
(as of 30 Sept 2017)

Favourable macroeconomic conditions in the Baltics

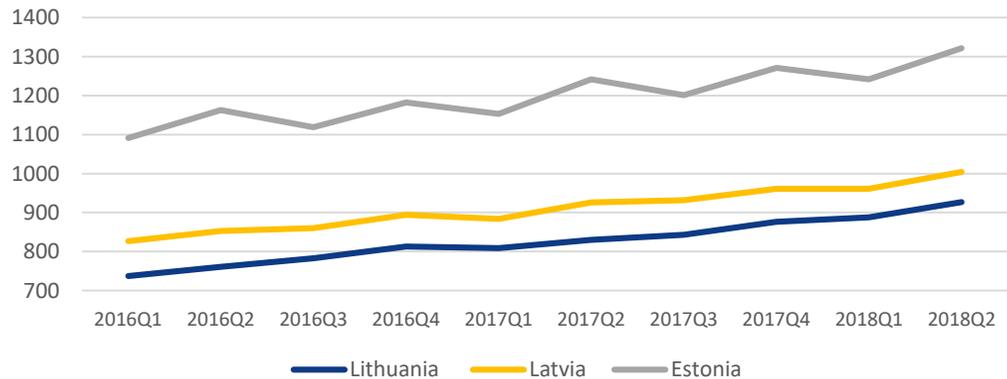
GDP growth rate (%)



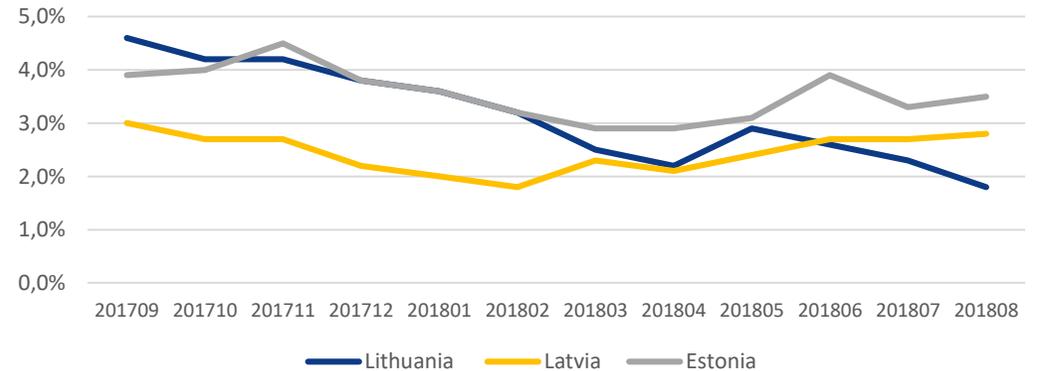
Unemployment rate (%)



Average monthly gross salary (EUR)



Inflation (%)



The demand for Novaturas products constantly grows...

 **+32%**

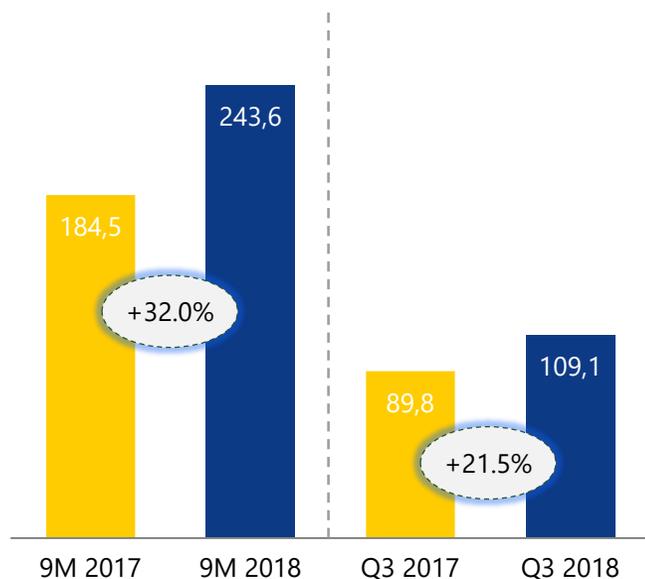
y/y growth in PAX sold
in 9M 2018

 **+29.9%**

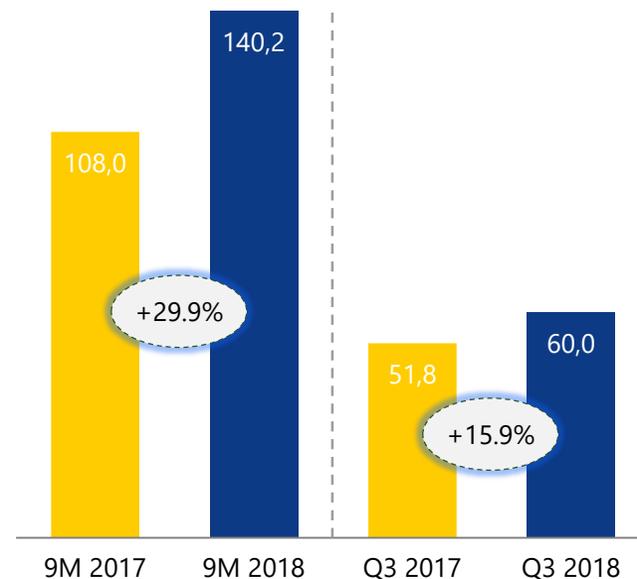
y/y growth in revenue
in 9M 2018

During 9M 2018 Novaturas Group served 243.6 thousand clients, which is more than in the entire year 2017 (233.5 thousand).

Number of PAX sold (ths)



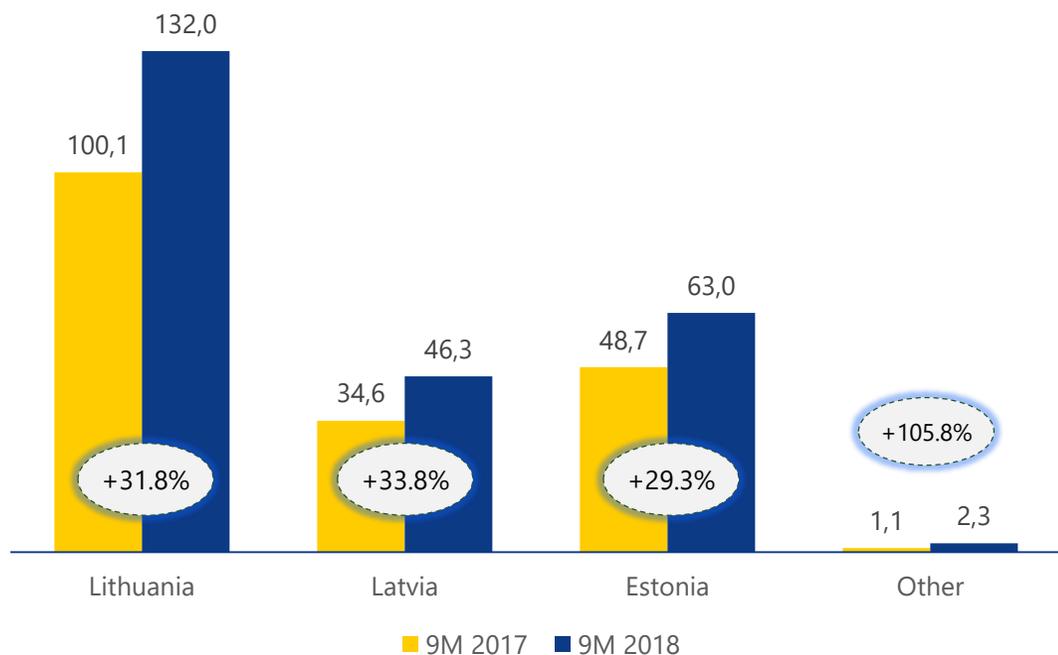
Revenue (EURm)



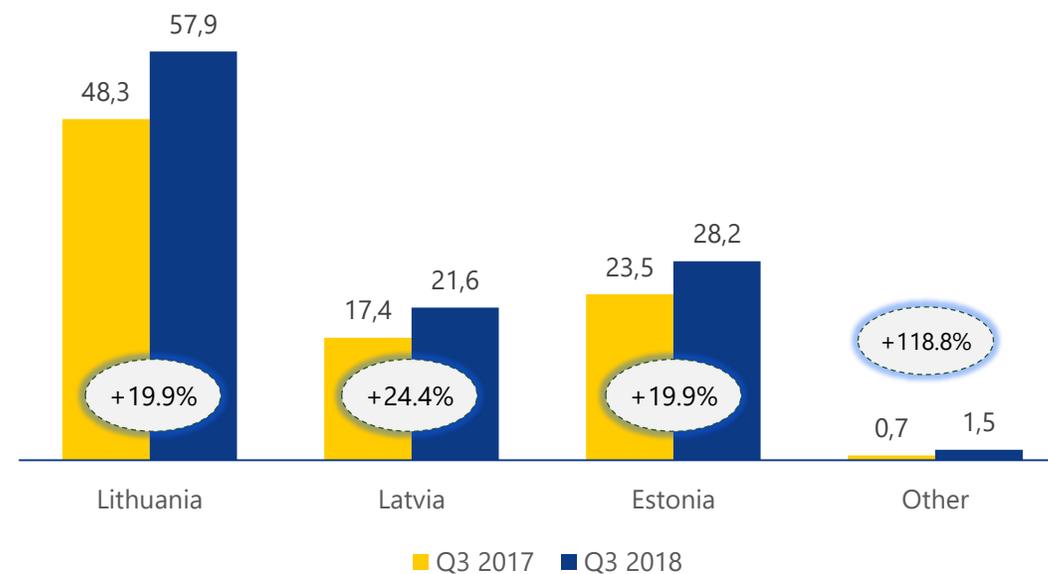
... in all markets where we operate

In 9M 2018, the number of clients served by Novaturas significantly grew in all three core markets: Lithuania (+31.8% y/y), Latvia (+33.8%) and Estonia (+29.3%).

Number of PAX sold by country in 9M 2018
(ths)



Number of PAX sold by country in Q3 2018
(ths)

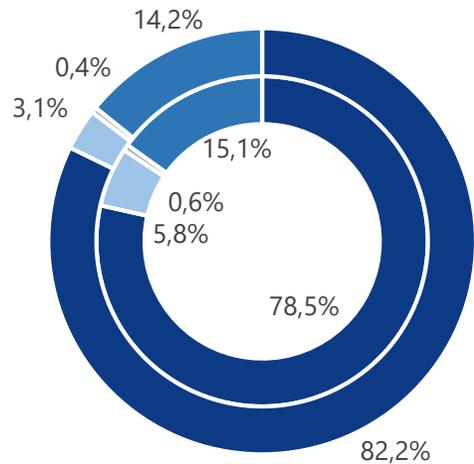


Flight package tours make the largest part of sales and profits

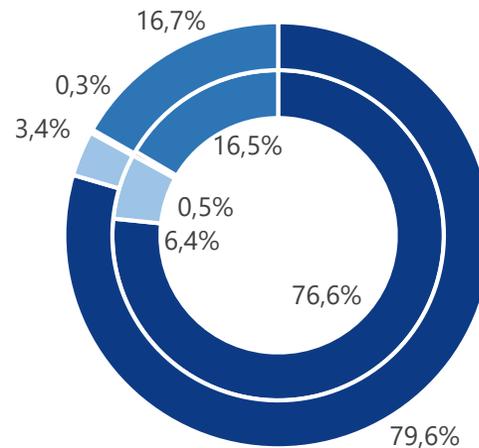
Novaturas sales by product category

(% share in PAX sold)

9M 2018 (outer circle)
vs 9M 2017 (inner circle)



Q3 2018 (outer circle)
vs Q3 2017 (inner circle)



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



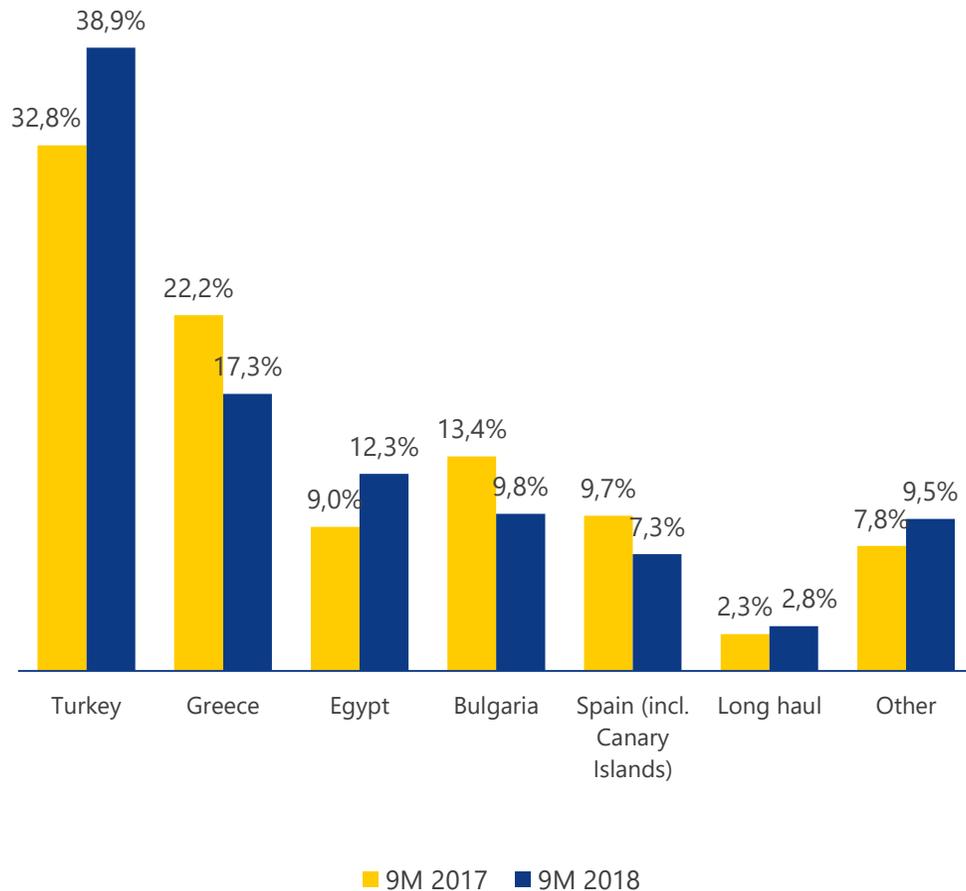
30+ destinations worldwide by plane

Main product category for Novaturas Group is flight package tours, which accounts for ca. 80% of total sales.

It is also one of the fastest growing segments (+38% y/y growth in PAX sold in 9M 2018).

Turkey remains the most popular summer holiday destination

Sales of 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

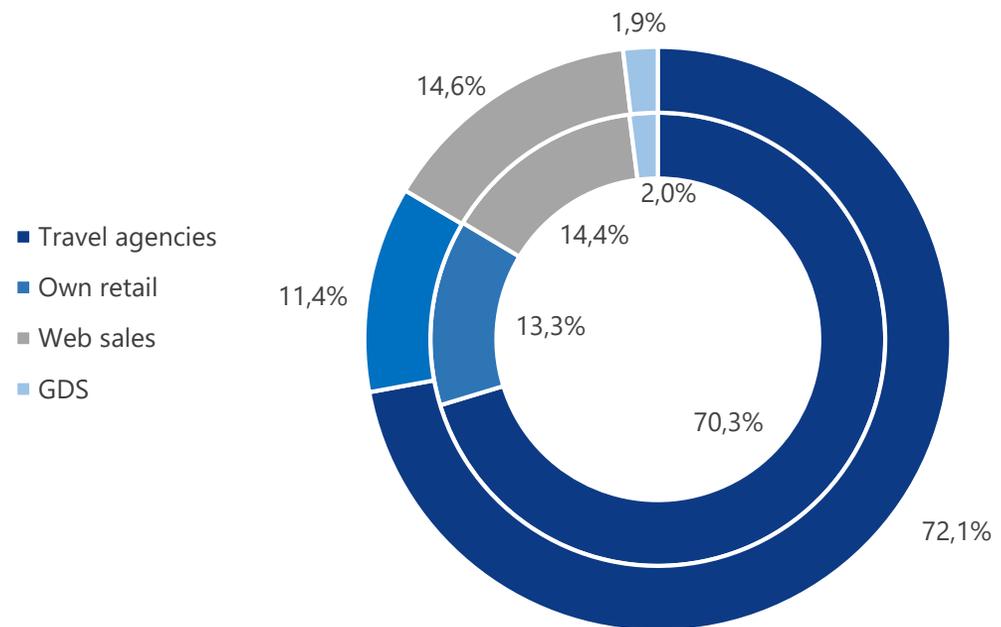
 **16.5%**

share in revenues in 9M 2018
from e-commerce (vs. 16.4% in 9M 2017)

 **3.3 million**

unique visits on Novaturas websites
in 9M 2018 **(+23.8% y/y)**

Novaturas sales by distribution channels
9M 2018 (outer circle) vs. 9M 2017 (inner circle)



Novaturas remains profitable despite challenging market conditions

Due to unexpectedly hot weather in the Baltics during the summer season, which has translated into lower interest in last minutes sales, the Group had to observe pressure on its profitability, especially in Q3 2018.

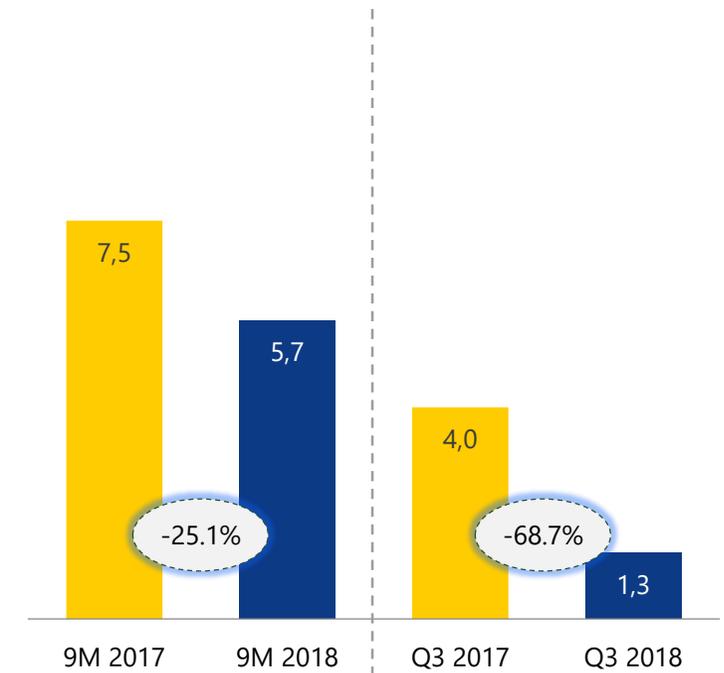
Gross profit



EBITDA



Net profit

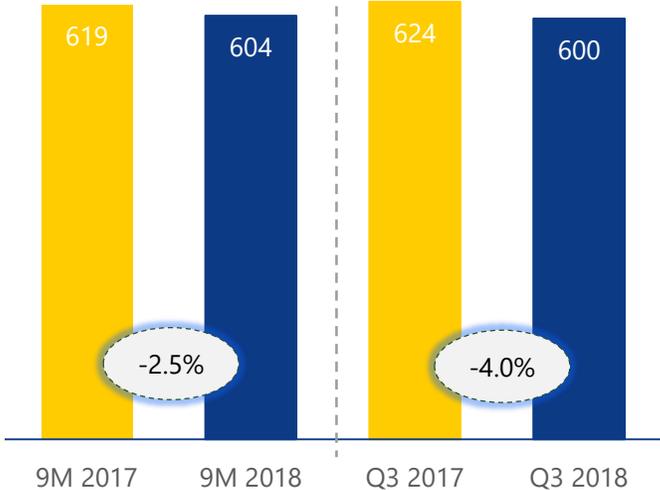


Efficiency and productivity ratios

Profit per PAX
(EUR)



Average package tour price
(EUR)



Novaturas can and want to share profits with its shareholders



EUR 4.06m

(EUR 0.52 per share)

interim dividend for 6M 2018
(paid out on 26 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, allows it to pay out a large part of its earnings to shareholders.

The Management Board initially expected that an interim dividend of about EUR 6 million would be offered for payment based on the audited interim results for 6M 2018.

However, taking into account potential difficulties of one of the Group's suppliers, the Management Board proposed to split dividend payment into two tranches and to pay out the first tranche of EUR 0.52 per share (EUR 4.06 million in total) in October, and the second tranche once the situation with the supplier clarifies.

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

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

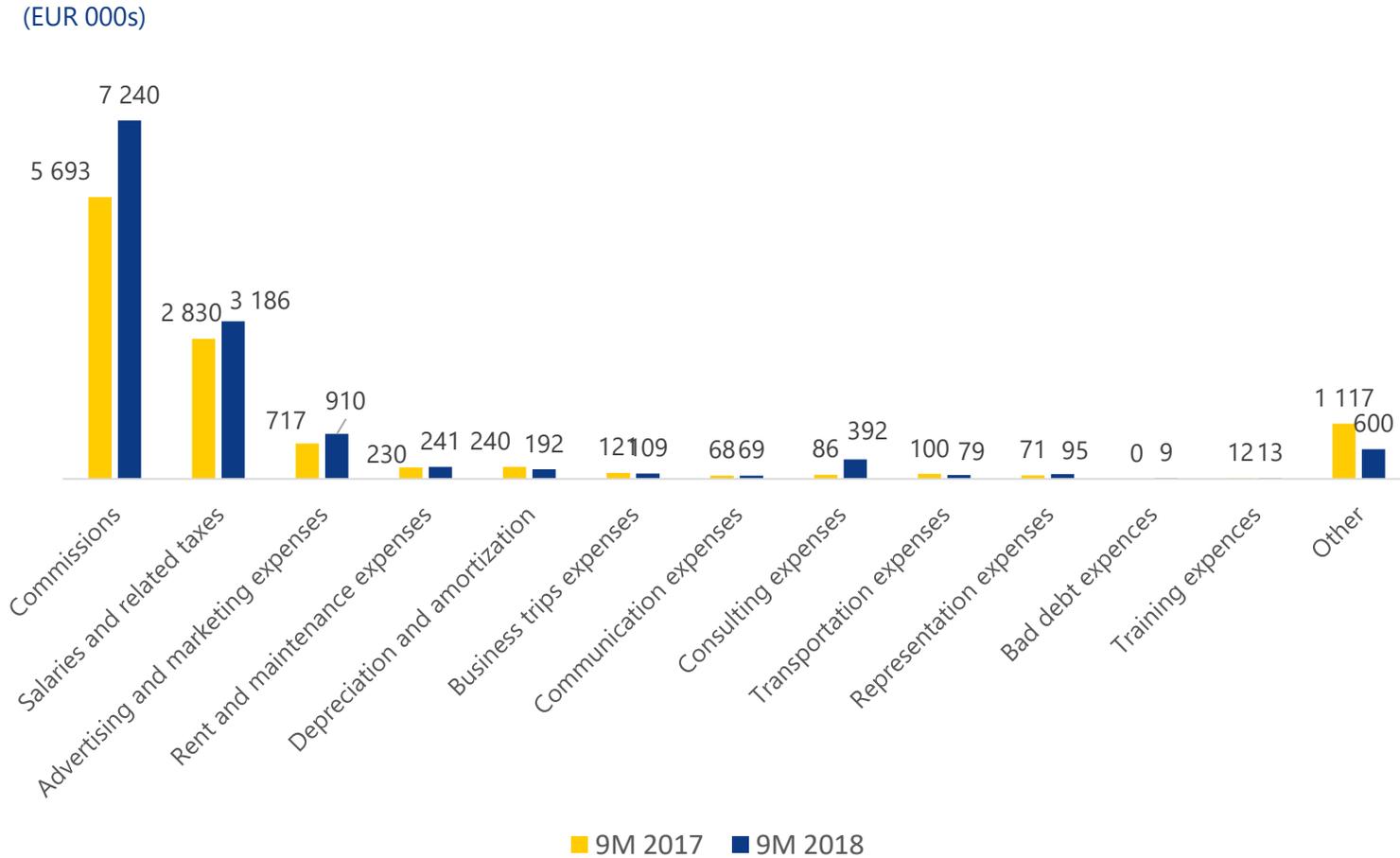
Consolidated statements of comprehensive income

EUR 000s	Q3 2018	Q3 2017	Change	9M 2018	9M 2017	Change
Sales	60,001	51,784	+15.9%	140,240	107,978	+29.9%
Cost of sales	(53,810)	(42,048)	+28.0%	(119,936)	(87,850)	+36.5%
Gross profit	6,191	9,736	-36.4%	20,304	20,128	+0.9%
Operating (expenses)	(4,751)	(5,066)	-6.2%	(13,135)	(11,285)	+16.4%
Other operating income	-	-	-	14	-	-
Other operating (expenses)	-	(2)	-100.0%	(2)	(7)	-71.4%
Profit from operations	1,440	4,668	-69.2%	7,181	8,836	-18.7%
Finance income	(310)	9	-	6	361	-98.3%
Finance (expenses)	182	(197)	-	(458)	(831)	-44.9%
Profit before tax	1,312	4,480	-70.7%	6,729	8,366	-19.6%
Income tax (expense)	(58)	(470)	-87.7%	(1,073)	(818)	+31.2%
Net profit	1,254	4,010	-68.7%	5,656	7,548	-25.1%
Other comprehensive income, to be reclassified to profit or loss in subsequent periods						
Result of changes in cash flow hedge reserve	(16)	898	-	658	(37)	-
Impact of income tax	2	(134)	-	(99)	6	-
Total comprehensive income for the year	1,240	4,774	-74.0%	6,215	7,517	-17.32%
Earnings per share	0.16	0.51	-0.35	0.72	0.97	-0.25

Main ratios

Financial ratios (EUR 000s)	Q3 2018	Q3 2017	Change	9M 2018	9M 2017	Change
Revenue	60,001	51,784	+15.9%	140,240	107,978	+29.9%
Gross profit	6,191	9,736	-36.4%	20,304	20,128	+0.9%
EBITDA	1,498	4,849	-69.1%	7,373	9,183	-19.7%
Operating profit (EBIT)	1,440	4,668	-69.2%	7,181	8,836	-18.7%
Profit before taxes	1,312	4,480	-70.7%	6,729	8,366	-19.6%
Net profit	1,254	4,010	-68.7%	5,656	7,548	-25.1%
Relative indicators	Q3 2018	Q3 2017	Change	9M 2018	9M 2017	Change
Number of shares	7,807,000	7,807,000	-	7,807,000	7,807,000	-
Profit per share (EUR)	0.16	0.51	-0.35	0.72	0.97	-0.25
Gross profit margin (%)	10.3%	18.8%	-8.5 pp	14.5%	18.6%	-4.1 pp
EBITDA margin (%)	2.5%	9.4%	-6.9 pp	5.3%	8.5%	-3.2 pp
Operating profit (EBIT) margin (%)	2.4%	9.0%	-6.6 pp	5.1%	8.2%	-3.1 pp
Profit before taxes margin (%)	2.2%	8.7%	-6.5 pp	4.8%	7.7%	-2.9 pp
Net profit margin (%)	2.1%	7.7%	-5.6 pp	4.0%	7.0%	-3.0 pp
Return on assets (ROA) (%)	2.0%	6.6%	-4.6 pp	9.6%	13.6%	-4.0 pp
Debt to equity ratio (%)	41.9%	76.4%	-34.5 pp	41.9%	76.4%	-34.5 pp
Equity ratio (%)	32.7%	30.2%	+2.5 pp	32.7%	30.2%	+2.5 pp
Effective tax rate (%)	4.4%	10.5%	-6.1 pp	15.9%	9.8%	+6.1 pp
Current ratio	1.03	0.97	+0.06	1.03	0.97	+0.06

Operating expenses



Total y/y growth in operating expenses: +16.4%

One-off expenses: EUR 429th, including:

- IPO related costs: EUR 295th
- Legal expenses: EUR 134th

27.2% – y/y growth in commissions that depend on sales revenue

Consolidated balance sheet

(EUR 000s)	30 Sep 2018	31 Dec 2017	30 Sep 2017
ASSETS			
Non-current assets			
Goodwill	30,327	30,327	30,327
Other intangible assets	449	448	410
Property, plant and equipment	301	297	310
Long term receivables	37	56	59
Deferred income tax asset	6	6	5
Total non-current assets	31,120	31,134	31,111
Current assets			
Inventories	2	1	2
Prepayments and deferred expenses	6,413	5,940	5,416
Trade accounts receivable	883	522	1,089
Prepaid income tax	75	101	196
Other receivables	3,518	2,202	3,116
Other current financial assets	3,828	569	442
Cash and cash equivalents	18,031	9,984	19,413
Total current assets	32,750	19,319	29,674
Total assets	63,870	50,453	60,785

(EUR 000s)	30 Sep 2018	31 Dec 2017	30 Sep 2017
EQUITY AND LIABILITIES			
Equity			
Share capital	234	226	226
Cash flow hedge reserve	1,044	484	(31)
Legal reserve	29	29	29
Foreign currency translation reserve	145	145	145
Retained earnings	19,433	13,785	17,967
Equity attributable to equity holders of the parent	20,885	14,669	18,336
Liabilities			
Non-current borrowings	8,000	-	9,263
Deferred income tax liabilities	3,115	2,606	2,665
Total non-current liabilities	11,115	2,606	11,928
Current liabilities			
Current portion of non-current borrowings	750	14,000	4,737
Trade payables	9,033	3,882	8,581
Advances received	19,690	12,102	15,619
Income tax payable	120	296	183
Other current liabilities and accrued expenses	2,277	2,898	1,401
Total current liabilities	31,870	33,178	30,521
Total equity and liabilities	63,870	50,453	60,785

Consolidated cash flow statement

(EUR 000s)	9M 2018	9M 2017
Net profit	5,656	7,548
Net cash flows from operating activities	13,879	18,393
Net cash flows (to) investing activities	(198)	(194)
Dividends (paid)	-	(5,000)
Net cash flows (to) financing activities	(5,634)	(5,432)
Net increase (decrease) in cash flows	8,047	12,767
Cash and cash equivalents at the beginning of the year	9,984	6,646
Cash and cash equivalents at the end of September	18,031	19,413

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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