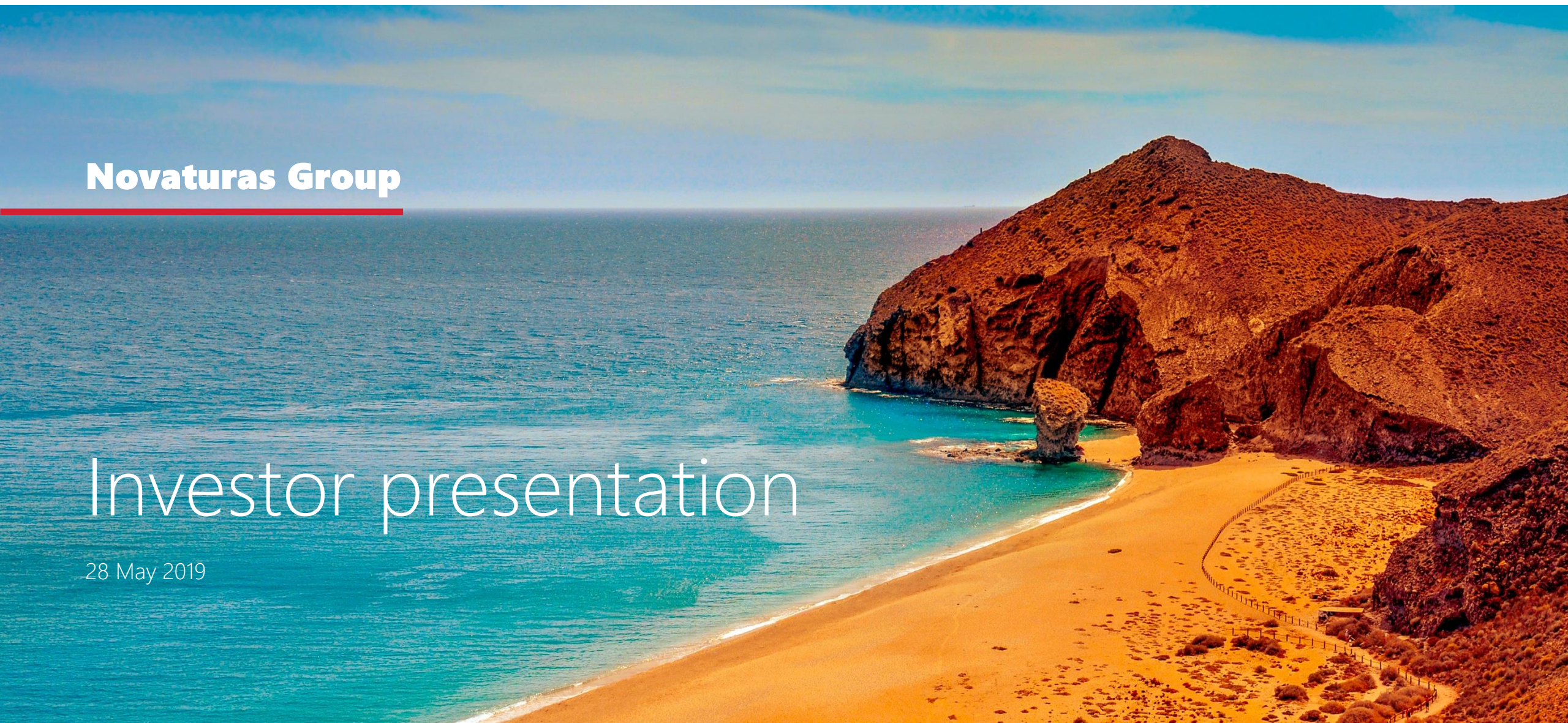




Novaturas Group

Investor presentation

28 May 2019



Novaturas Group at glance



No. 1

in the Baltics since 2004



20

years in business



30+

destinations worldwide by plane



305,660

PAX sold in 2018



EUR 182.0m

2018 Revenues



EUR 26.3m

2018 Gross profit



EUR 7.9m

2018 EBITDA



4.3%

2018 EBITDA margin



5.4m

2018 Net profit



70% - 80%

expected dividend payout ratio
in the long term



+2.6%

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

Experienced 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

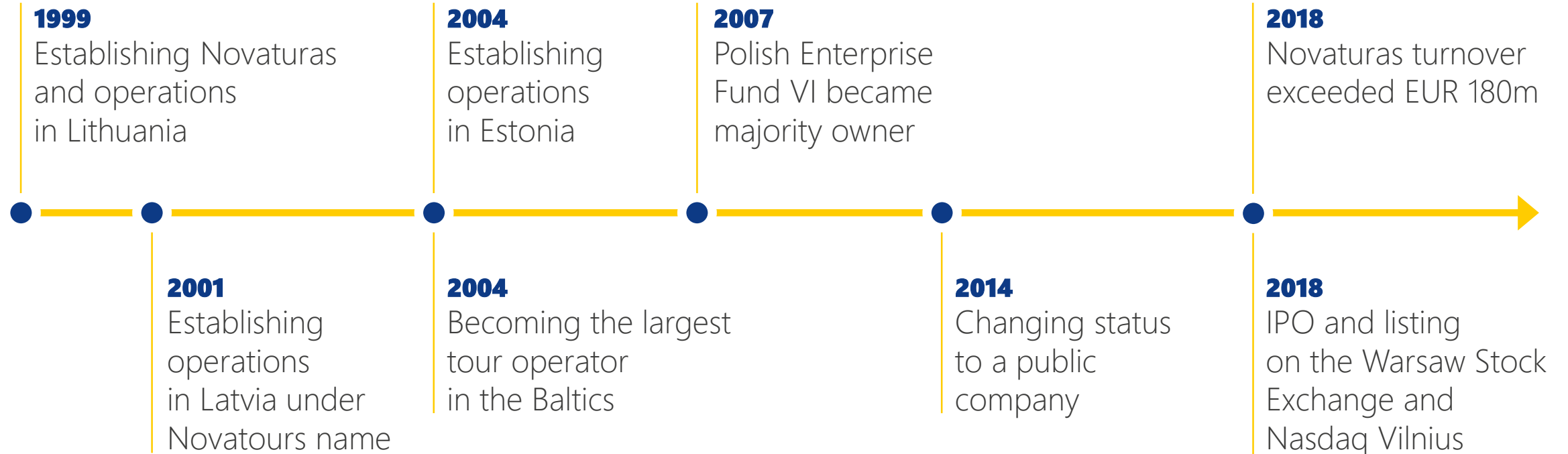


Birutė Čepanskienė, CCO

- With the Company for 18 years (since 2001)
- Responsible for sales and marketing, coordination and centralization of these functions on the group level

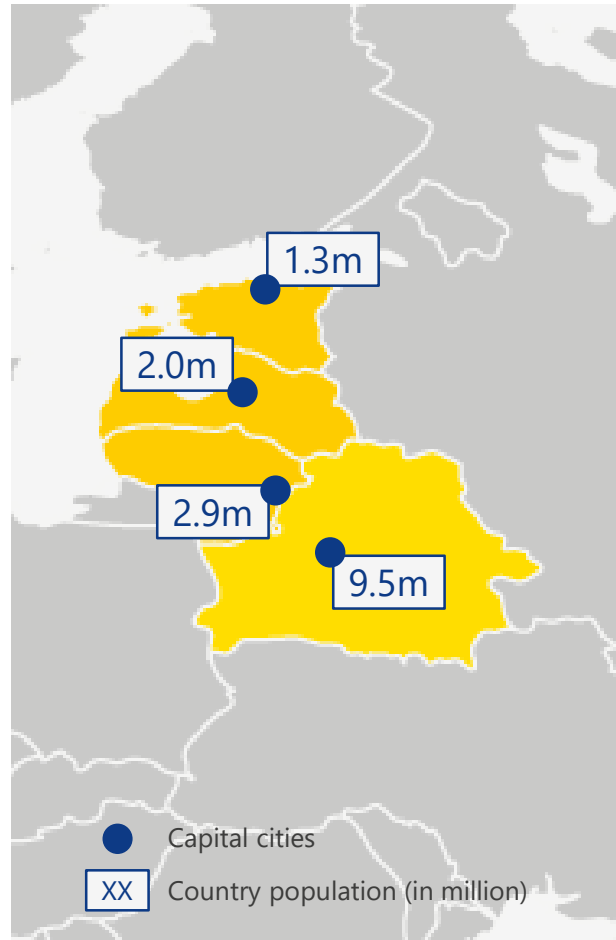
20 years of continued growth

Novaturas Group history



Leading position in promising markets

We are No. 1 tour operator in the Baltics



Headquartered in **Lithuania**



Lithuania, Latvia and Estonia are core markets

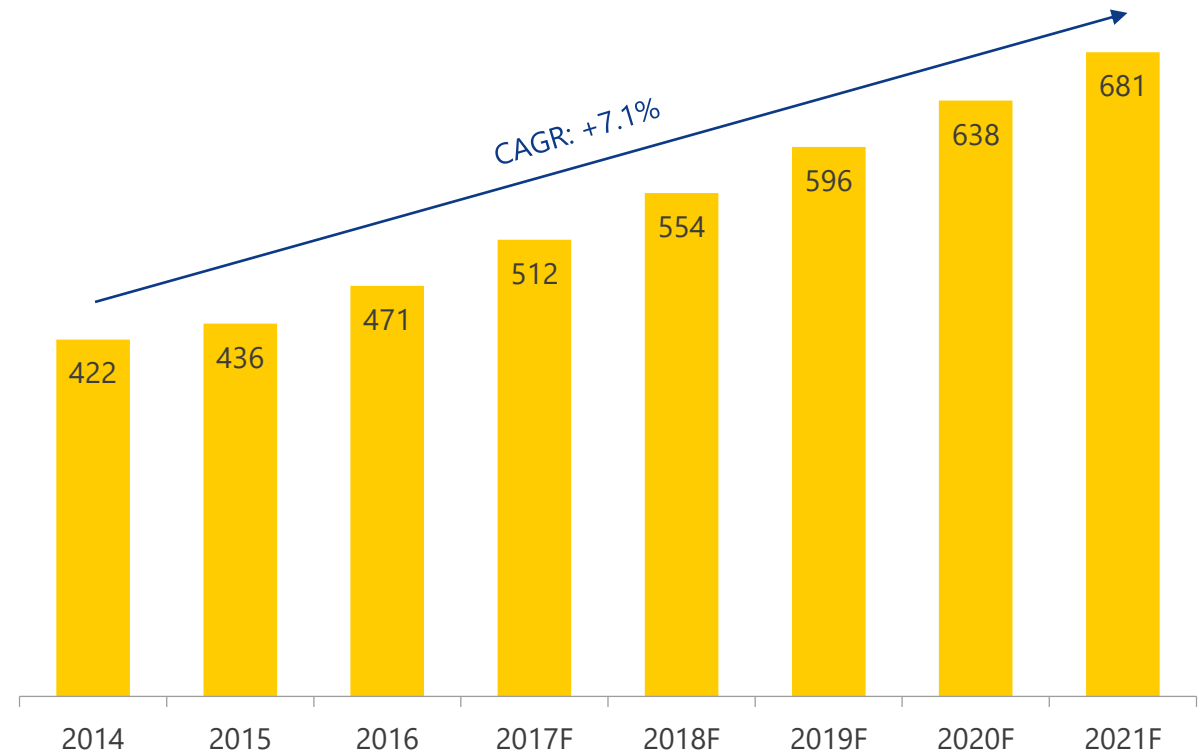


Belarus is new, prospective market

Outbound trips have been more and more popular among people in the Baltic states and the expenditures on package holidays grow faster than private consumption growth.

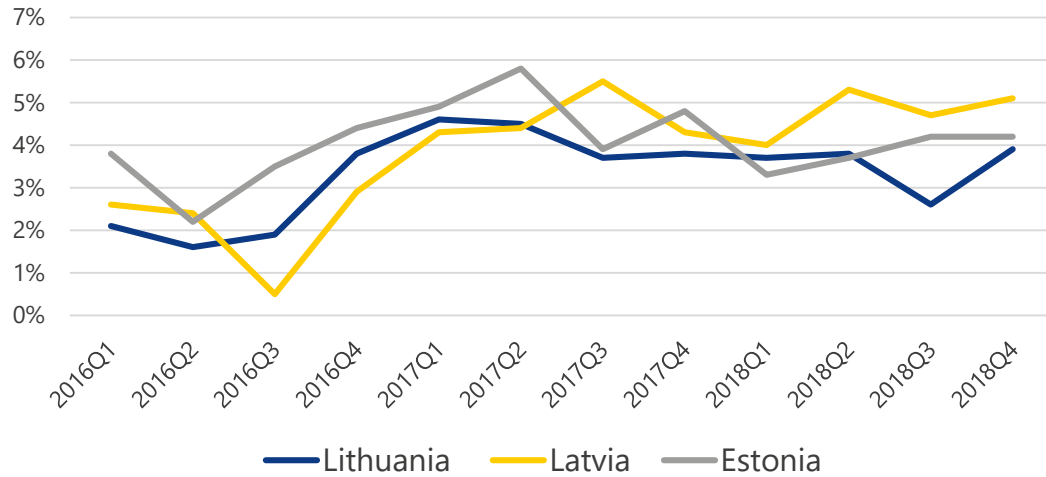
Consumer expenditure on package holidays in the Baltics

Source: Passport GMID (Euromonitor); (EUR m)

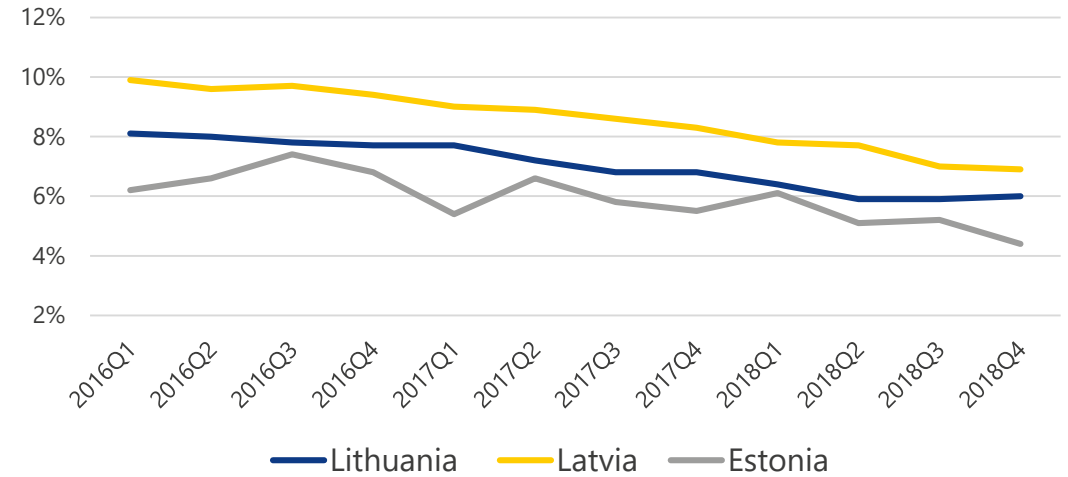


Favourable macroeconomic conditions in the Baltics...

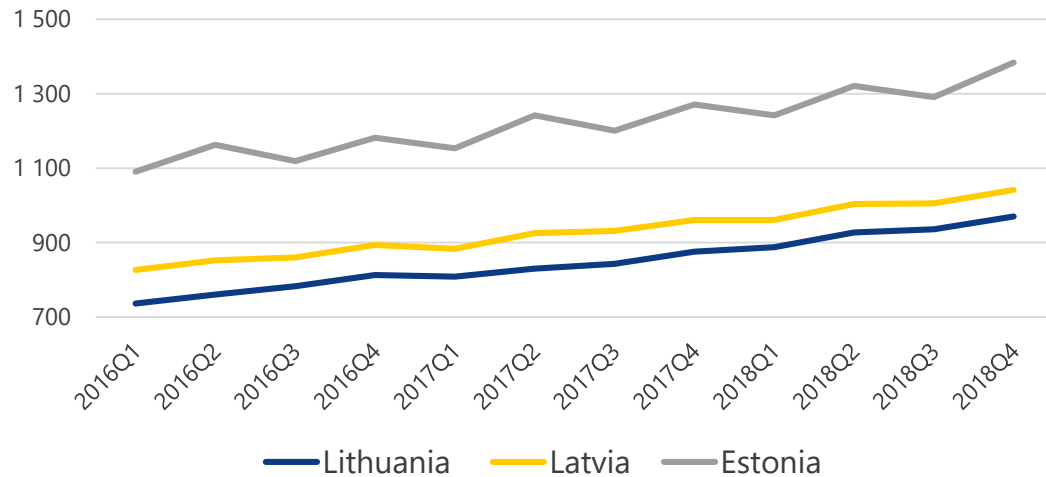
GDP growth rate (%)



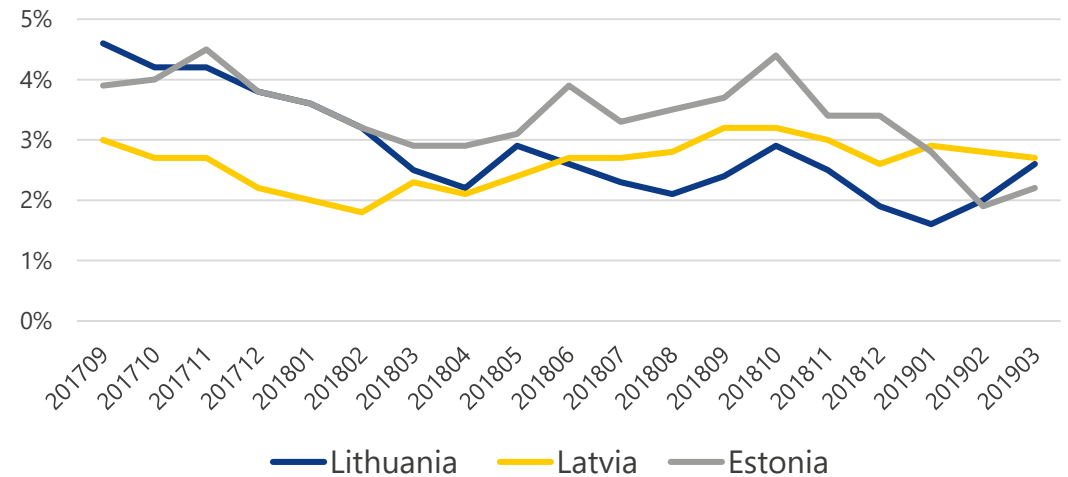
Unemployment rate (%)



Average monthly gross salary (EUR)



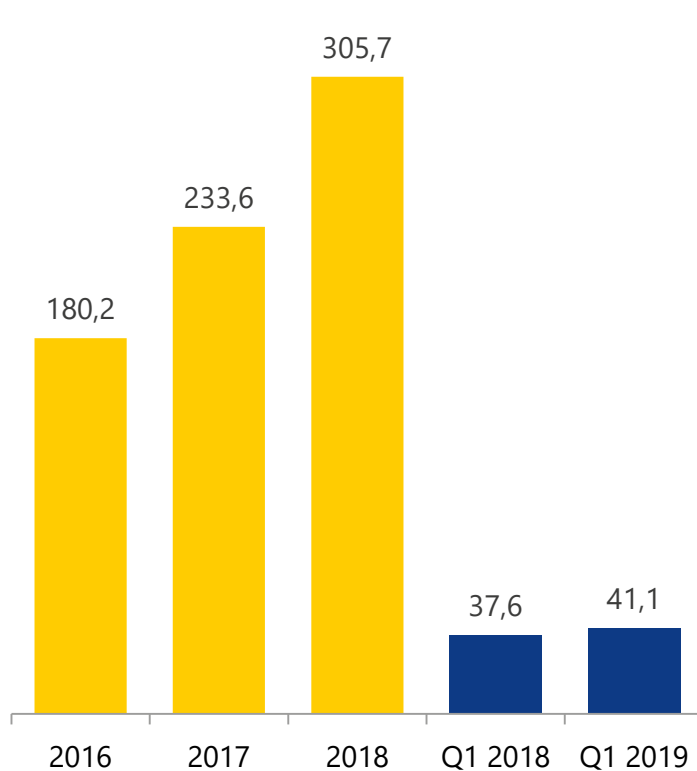
Inflation (%)



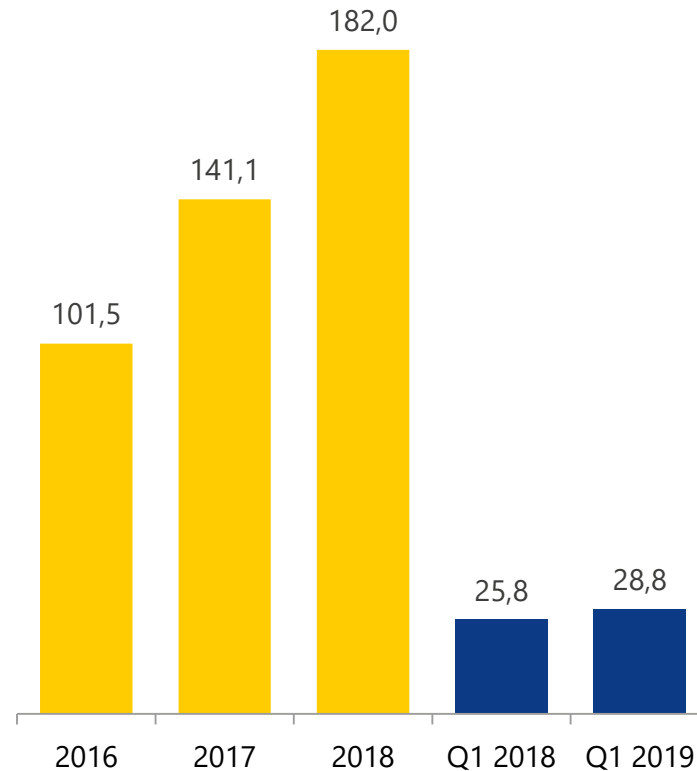
...translate into the growing demand for Novaturas products, but also attract competitors

During 2018 Novaturas Group served a record number of 305.7 thousand clients, almost 31% more than in 2017. Due to increased competition, we expect significantly lower growth rates or even flat sales y/y in 2019.

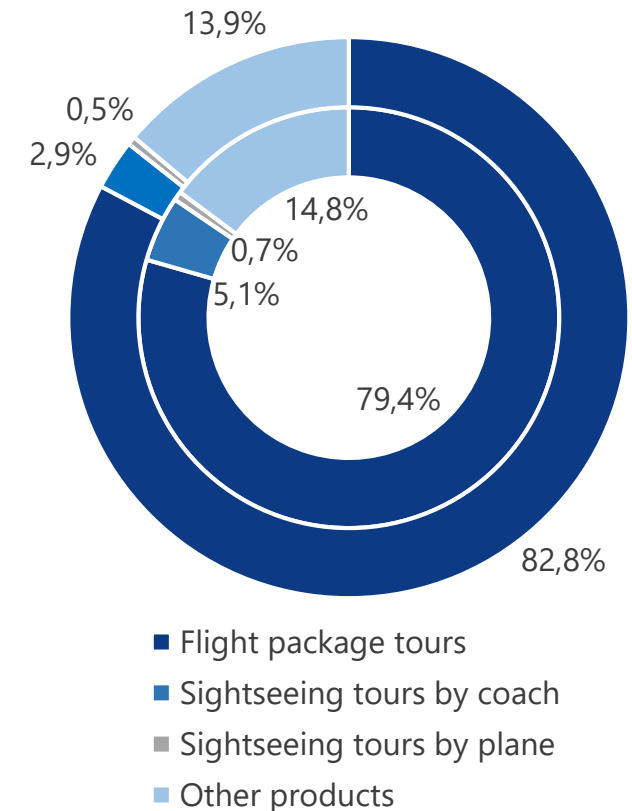
Number of PAX sold (ths)



Revenue (EURm)



Sales by product category
(% share in revenue)
2018 (outer circle) vs 2017 (inner circle)

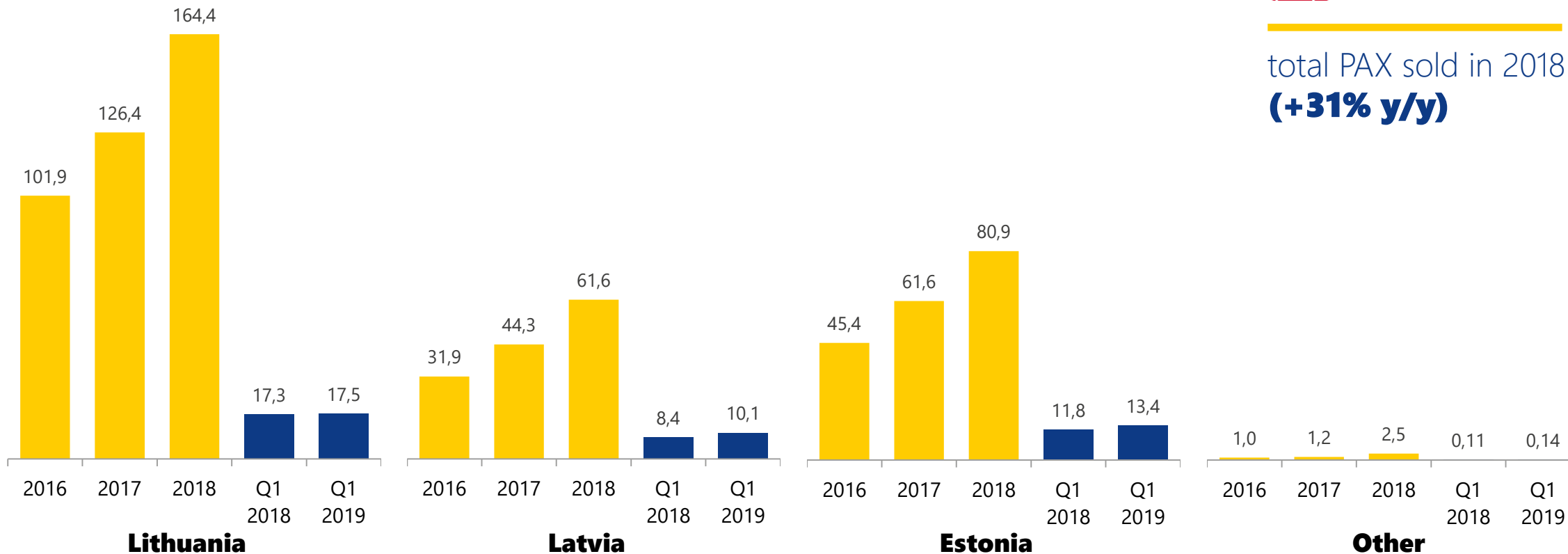


We grow in all our markets, though the growth started to decelerate

In 2018, the number of clients served by Novaturas grew by over 30% in all our core markets: Lithuania, Latvia and Estonia, while in Belarus, which is a new, prospective market for Novaturas, the number of PAX sold more than doubled.

Due to increased competition, the y/y growth rate decelerated in Q1 2019 and amounted to 1% in Lithuania, 20% in Latvia, 13% in Estonia and 26% in Belarus.

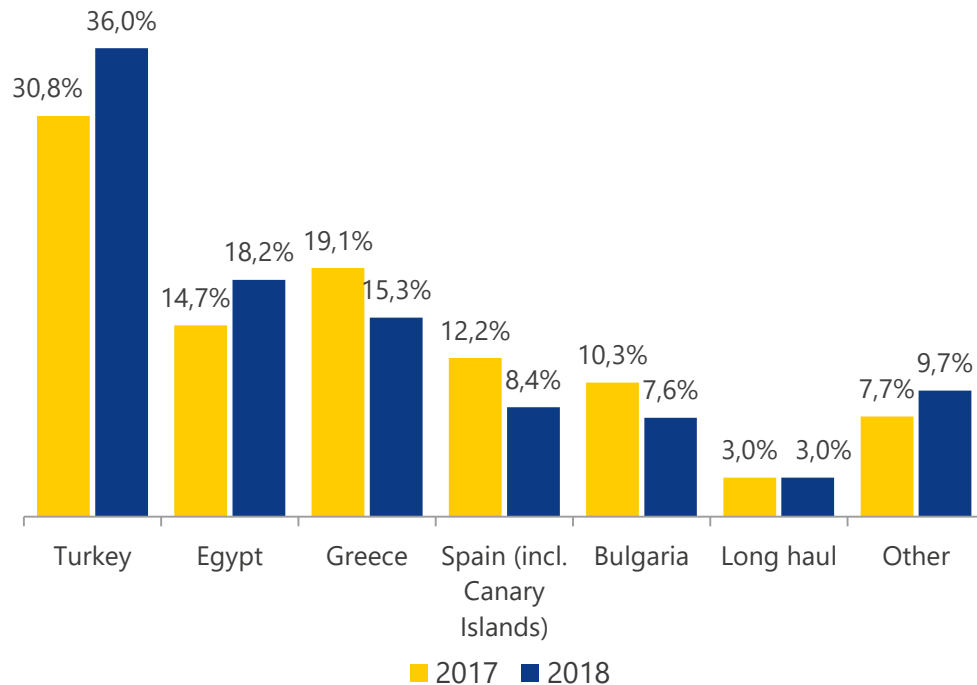
Number of PAX sold by country (ths)



Diversified destinations and product portfolio

The most popular destinations among the Baltic citizens 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**

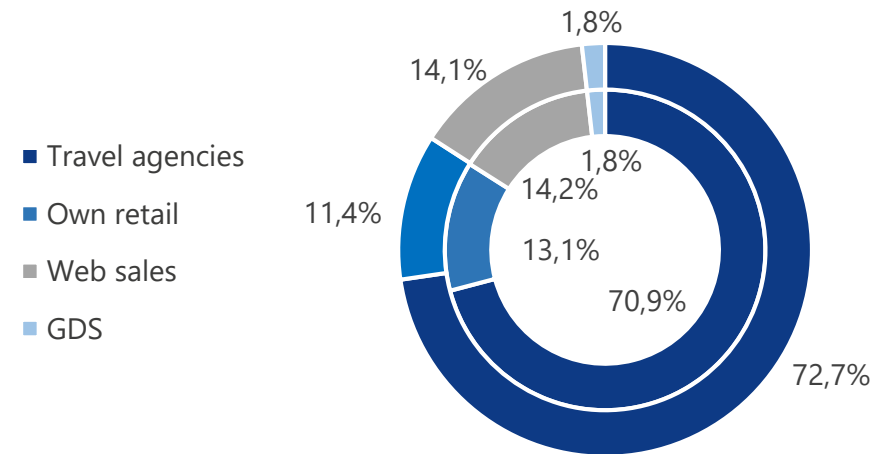
unique visitors on Novaturas websites in 2018
(+24% y/y)

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

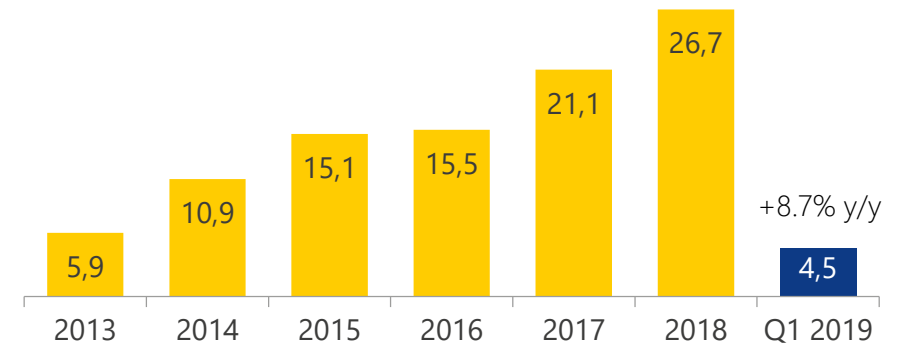
Novaturas constantly develops its e-commerce channel and manages one of the biggest online shops in the Baltics

Novaturas sales by distribution channels

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



E-commerce sales (EURm)



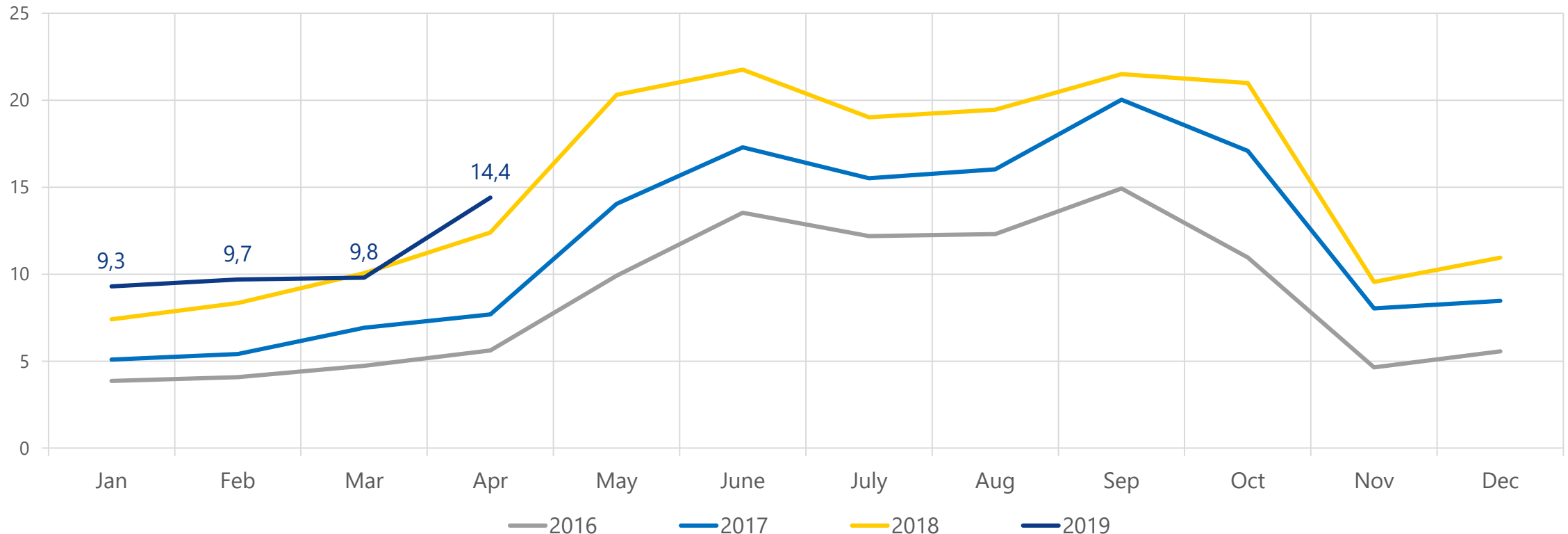
* Revenues only including revenues from flight packages, roundtrips by plane and coach, sales of flight tickets and accommodation (without other products)

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 – starts already in May and lasts until October. Due to the fact that Novaturas has very strong shoulder season, its monthly and quarterly revenues distribution is better balanced throughout the year.

Monthly revenues (EUR m)

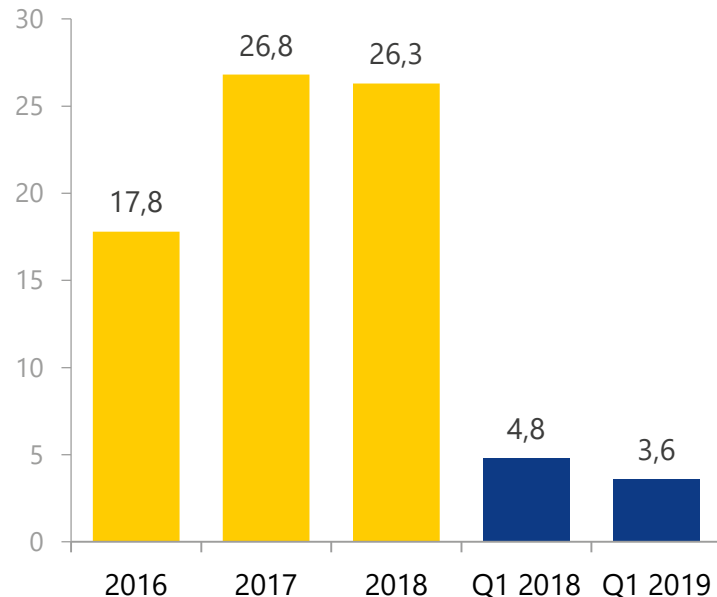


Novaturas controls costs and keeps sound margins, profitability in recent quarters affected by weather and aviation costs

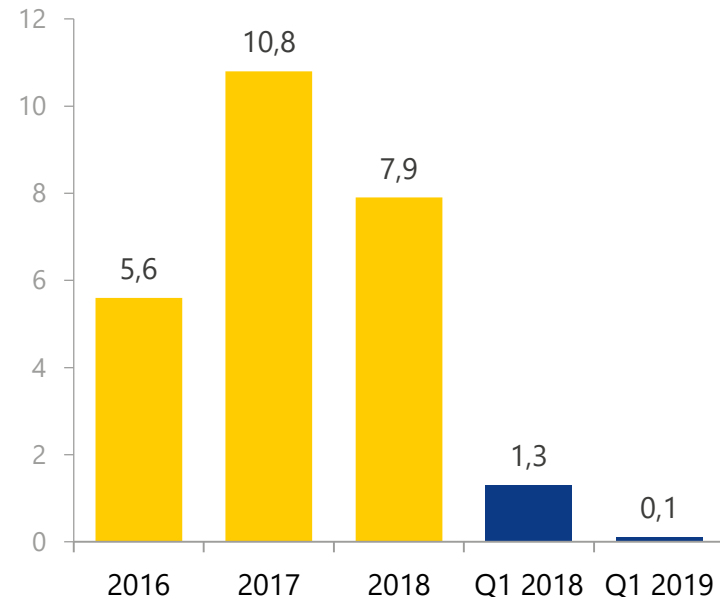
In 2018, we experienced abnormally hot weather in all Baltic countries during the summer season which translated into lower interest in outbound trips affecting last minute prices – we had to reduce our profitability in order to stimulate the demand, especially in Q3 2018 and to a lesser extent in Q4 2018. Moreover, in Q4 2018, the Group incurred one-off costs related to the problems of Small Planet Airlines (replaced by GetJet Airlines) which additionally affected our EBITDA and net profit.

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.

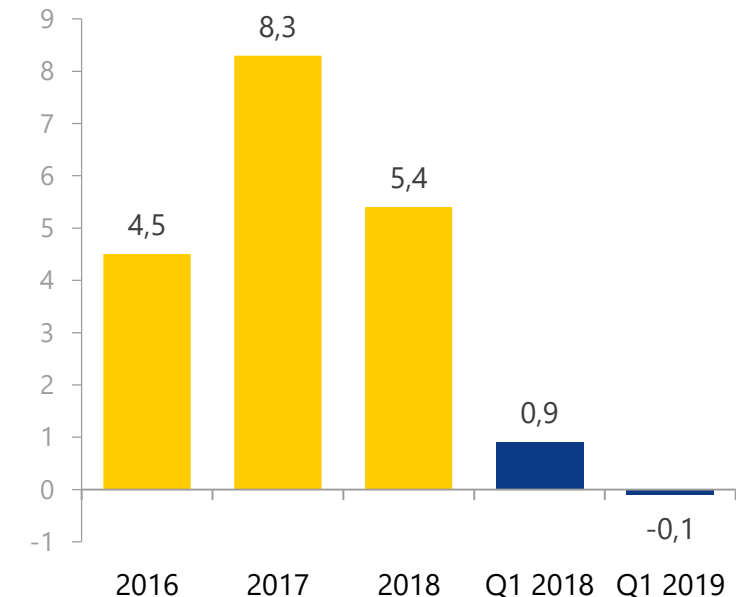
Gross profit (EURm)



EBITDA (EURm)

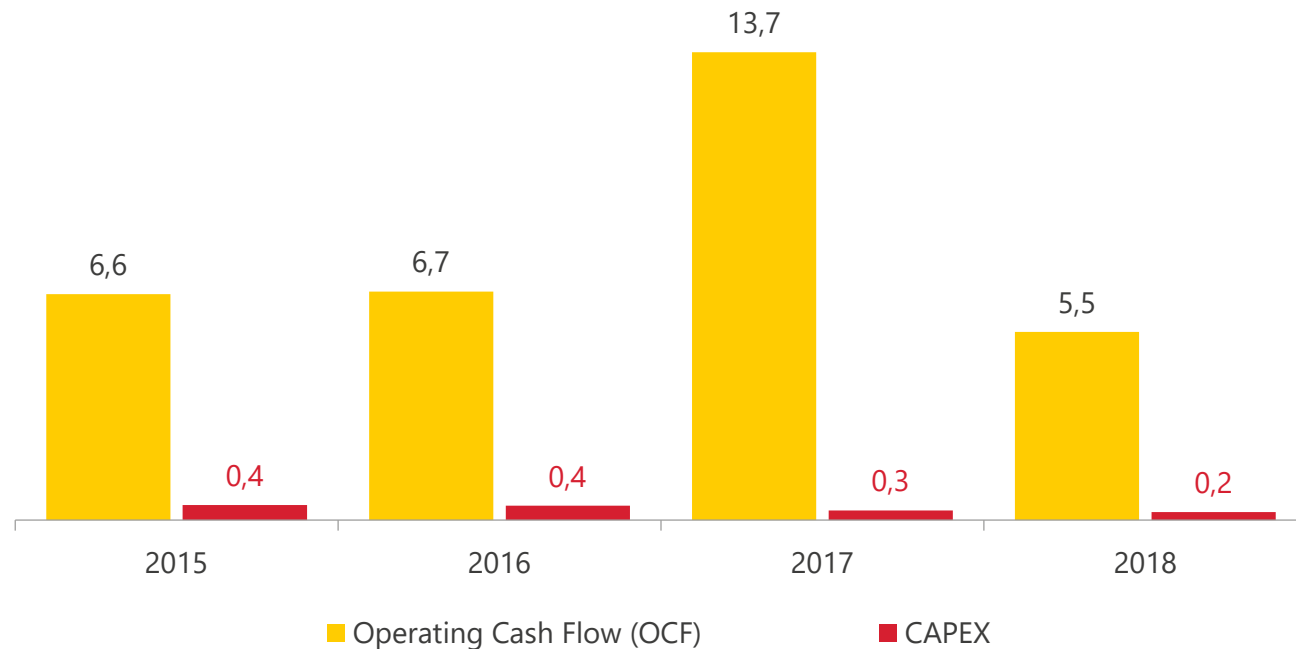


Net profit (EURm)



Novaturas can and wants to share profits with its shareholders

Operating cash flow vs. CAPEX (EUR m)



EUR 4.06m

(EUR 0.52 per share)

interim dividend for 6M 2018
paid out in October 2018



70% – 80%

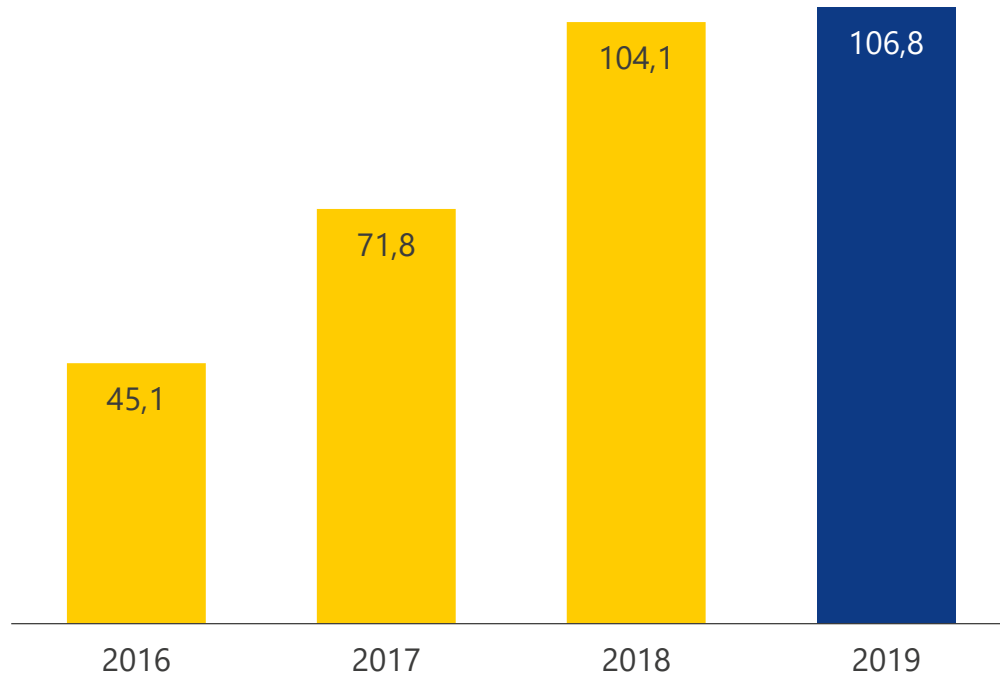
expected dividend payout ratio
in the long term

The Company's asset-light business model 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.

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



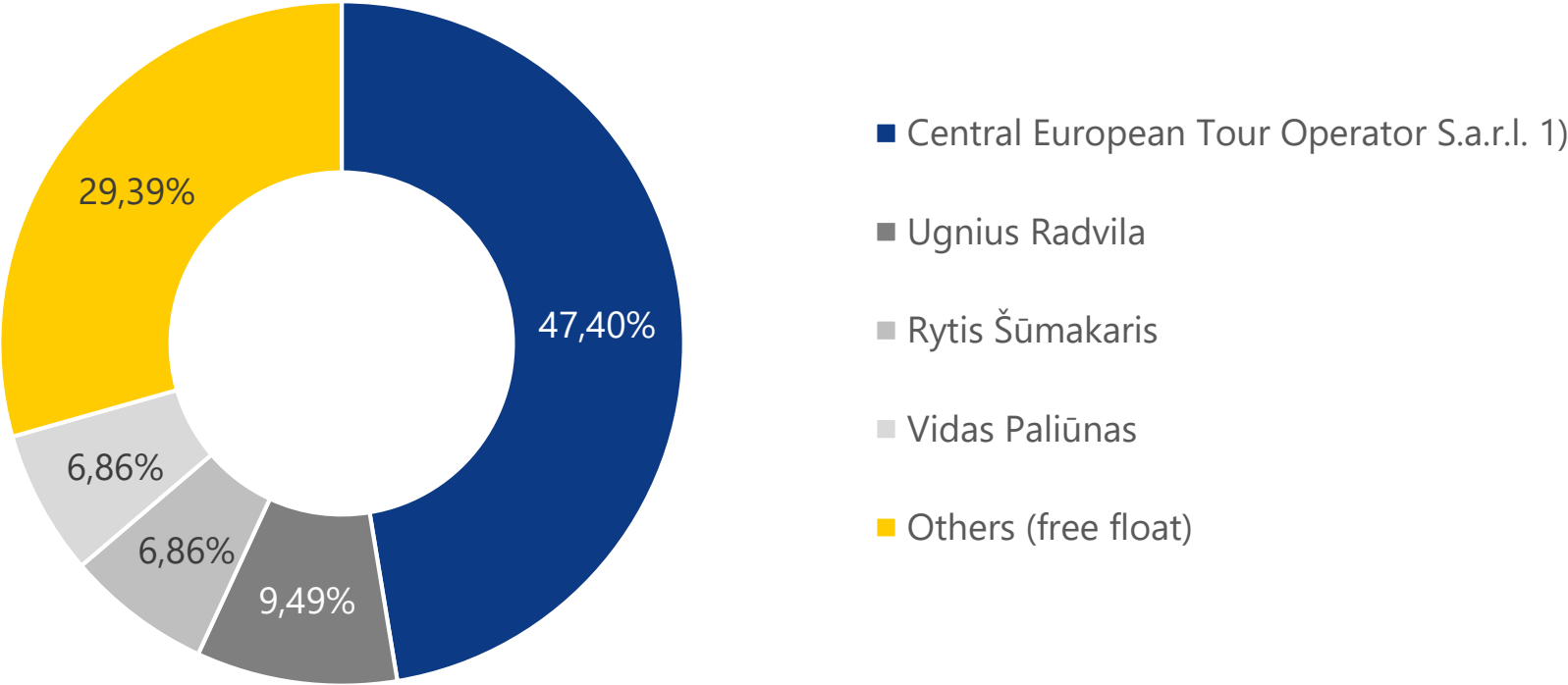
Maintain well-balanced distribution channels, with growing importance of e-commerce



Provide regular dividend payments

Appendices

Novaturas shareholder structure



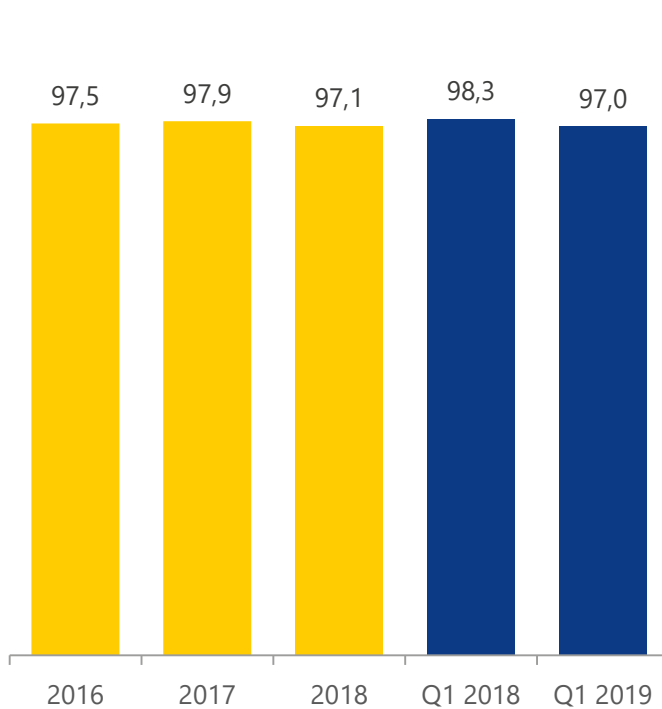
1) Central European Tour Operator S.a.r.l. is an entity owned by Polish Enterprise Fund VI, managed by Enterprise Investors

Novaturas is well-positioned and has flexibility with suppliers

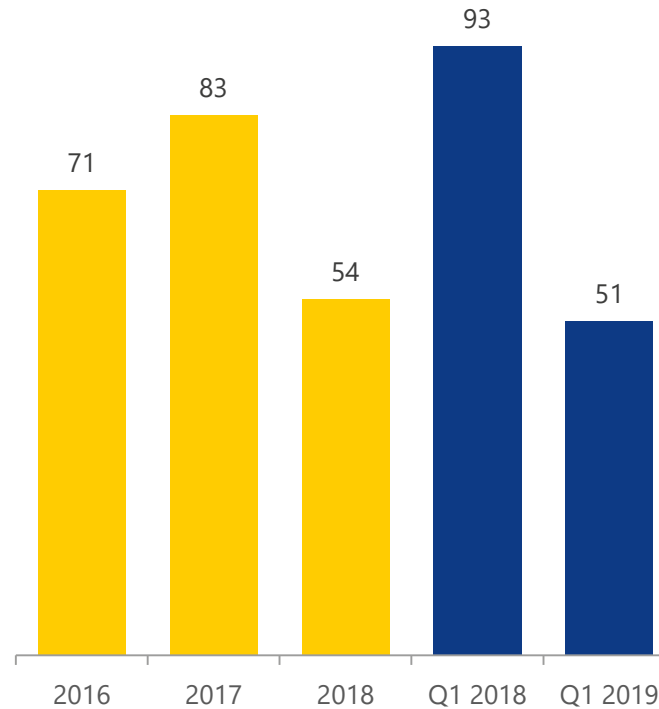
Transportation	Flights	<ul style="list-style-type: none"> Novaturas uses mainly the services of the two main Baltic aviation companies: <ul style="list-style-type: none"> GetJet Airlines (replaced Small Planet Airlines in Q4'18) SmartLynx Airlines For long haul destinations Novaturas uses services of other airlines 	Standard contract terms with airlines <ul style="list-style-type: none"> Pre-defined number of flight hours, with the possibility to change the number of block hours Final choice of flight destinations is flexible Long-term contract with GetJet Airlines and for one season with SmartLynx Novaturas reimburses cost of fuel and airport taxes The Group hedges against changes in fuel prices for early bookings 	
	Buses	<ul style="list-style-type: none"> Novaturas is working with several companies but has one main partner who is buying new buses, brands those buses with Novaturas logos Company rents coaches on a seasonal basis 		
Accommodation	Arrangements	<ul style="list-style-type: none"> Managed by the respective destination management companies – so called DMCs An exception are skiing destinations 		Flexibility of arranging accommodation <ul style="list-style-type: none"> Allotment basis – the Group has flexibility to adjust the number of rooms it actually uses Prices are agreed and fixed before the season – there is no risk of prices fluctuation during the season Hedging policy – part of hotel expenses charging in USD
	Control	<ul style="list-style-type: none"> The Group closely monitors the selection and contracting process, based on which usually one or two accommodation suppliers per destination are chosen 		
Contracts with DMCs		<ul style="list-style-type: none"> DMCs are partners providing ordinary destination services Novaturas does not have long-term contracts with DMCs, only annual or seasonal agreements Usually one DMC partner covers one destination The Group retrospectively pays to the DMCs after the arrival of the client to the destination 		

Efficiency and productivity ratios

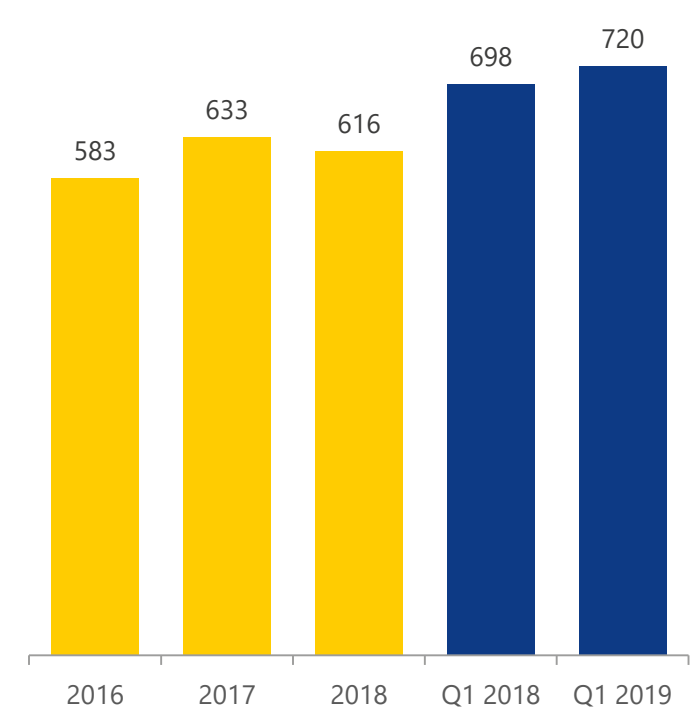
Load factor
(%)



Profit per PAX
(EUR)



Average package tour price
(EUR)



In Q1 2019, 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.

Consolidated statements of comprehensive income

EUR 000s	Q1 2019	Q1 2018	y/y change	2018	2017	2016
Sales	28,806	25,845	11.5%	182,032	141,147	101,525
Cost of sales	(25,247)	(21 044)	20.0%	(155,753)	(114,345)	(83,762)
Gross profit	3,559	4 801	-25.9%	26,279	26,802	17,763
Operating (expenses)	(3,553)	(3,584)	-0.9%	(18,648)	(16,295)	(12,207)
Other operating income	1			14	1	21
Other operating (expenses)	(2)	(2)	0.0%	(2)	(29)	(221)
Profit from operations	5	1,215	-99.6%	7,643	10,479	5,356
Finance income	110	244	-54.9%	820	564	494
Finance (expenses)	(277)	(389)	-28.8%	(1,873)	(1,730)	(750)
Profit before tax	(162)	1 070	-	6,590	9,313	5,100
Income tax (expense)	14	(125)	-	(1,175)	(984)	(638)
Net profit	(148)	945	-	5,415	8,329	4,462
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)	218	376
Impact of income tax	(169)	(19)	789.5%	324	(33)	(56)
Total comprehensive income for the year	809	1 052	-23.1%	3,579	8,514	4,782
Earnings per share ¹⁾	(0.02)	0.12		0.69	1.07	0.57

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	2017	2016
Revenue	28,806	25,845	+11.5%	182,032	141,147	101,525
Gross profit	3,559	4,801	-25.9%	26,279	26,802	17,763
EBITDA	83	1,287	-93.6%	7,908	10,789	5,632
Operating profit (EBIT)	5	1,217	-99.6%	7,643	10,479	5,356
Profit before tax	(162)	1,070	-	6,590	9,313	5,100
Net profit	(148)	945	-	5,415	8,329	4,462
Relative indicators	Q1 2019	Q1 2018	y/y change	2018	2017	2016
Number of shares ¹⁾	7,807,000	7,807,000		7,807,000	7,807,000	7,807,000
Profit per share (EUR) ¹⁾	(0.02)	0.12		0.69	1.07	0.57
Gross profit margin (%)	12.4%	18.6%	-6.2 pp	14.4%	19.0%	17.5%
EBITDA margin (%)	0.3%	5.0%	-4.7 pp	4.3%	7.6%	5.5%
Operating profit (EBIT) margin (%)	0.0%	4.7%	-4.7 pp	4.2%	7.4%	5.3%
Profit before taxes margin (%)	-0.6%	4.1%	-4.7 pp	3.6%	6.6%	5.0%
Net profit margin (%)	-0.5%	3.7%	-4.2 pp	3.0%	5.9%	4.4%
Return on assets (ROA) (%)	-0.2%	1.7%	-2.0 pp	9.5%	14.9%	10.4%
Debt to equity ratio (%)	90.8%	80.2%	+10.6 pp	55.7%	94.3%	88.4%
Equity ratio (%)	25.1%	28.4%	-3.3 pp	30.0%	29.3%	35.8%
Effective tax rate (%)	8.6%	11.7%	-3.0 pp	17.8%	10.6%	12.5%
Current ratio	0.81	0.84	-0,03	0.68	0.59	0.82

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	2017	2016
Commissions	1,478	1,304	+13.3%	9,474	7,363	4,973
Salaries and related taxes	1,119	1,055	+6.1%	4,709	4,528	4,184
Advertising and marketing expenses	264	343	-23.0%	1,230	982	835
Rent and maintenance expenses	92	86	+7.0%	328	304	280
Depreciation and amortization	76	71	+7.0%	266	310	278
Business trips expenses	26	36	-27.8%	152	178	153
Communication expenses	22	22	-	91	93	93
Consulting expenses	73	241	-69.7%	558	364	116
Transportation expenses	18	24	-25.0%	102	126	125
Representation expenses	51	30	+70.0%	166	124	127
Bad debt expenses	0	0	-	416		
Training expenses	4	5	-20.0%	21	14	13
Other	330	367	-10.1%	1,029	1,909	1,030
Total operating expenses	3,553	3,584	-0.9%	18,542	16,295	12,207

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

- In 2018, total operating expenses increased by 14% y/y (while sales increased by 29%)
- Overheads without commissions and one-off items increased by only 1% y/y

One-off expenses in 2018 (EUR 000s): 887

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

Consolidated balance sheet

(EUR 000s)	31 Mar 2019	31 Dec 2018	31 Dec 2017	31 Dec 2016
ASSETS				
Non-current assets				
Goodwill	30,327	30,327	30,327	30,327
Other intangible assets	380	427	448	442
Property, plant and equipment	252	292	297	324
Long term receivables	62	65	56	342
Deferred income tax asset	6	6	6	10
Total non-current assets	31,027	31,117	31,134	31,445
Current assets				
Inventories	4	3	1	1
Prepayments and deferred expenses	20,231	8,861	5,940	2,748
Trade accounts receivable	482	697	700	433
Prepaid income tax	231	231	101	86
Other receivables	2,579	2,028	2,202	2,429
Other current financial assets	-	200	569	478
Restricted cash	2,150	1,500	2,000	-
Cash and cash equivalents	3,686	3,203	7,984	6,646
Total current assets	29,363	16,723	19,497	12,821
Total assets	60,390	47,840	50,631	44,266

(EUR 000s)	31 Mar 2019	31 Dec 2018	31 Dec 2017	31 Dec 2016
EQUITY AND LIABILITIES				
Equity				
Share capital	234	234	226	226
Cash flow hedge reserve	(394)	(1,351)	484	299
Legal reserve	29	29	29	29
Foreign currency translation reserve	145	145	145	145
Retained earnings	15,161	15,310	13,963	15,134
Equity attributable to equity holders of the parent	15,175	14,367	14,847	15,833
Liabilities				
Non-current borrowings	6,000	6,000	-	10,842
Deferred income tax liabilities	2,937	2,781	2,606	2,033
Total non-current liabilities	8,937	8,781	2,606	12,875
Current liabilities				
Current portion of non-current borrowings	2,000	2,000	14,000	3,158
Overdraft	5,784	-	-	-
Trade payables	4,077	4,611	3,882	3,130
Advances received	21,156	14,259	12,102	7,988
Income tax payable	29	29	296	-
Other current liabilities and accrued expenses	3,232	3,793	2,898	1,282
Total current liabilities	36,278	24,692	33,178	15,558
Total equity and liabilities	60,390	47,840	50,631	44,266

Consolidated cash flow statement

(EUR 000s)	Q1 2019	Q1 2018	2018	2017	2016
Net profit	(148)	945	5,415	8,329	4,462
Adjustments for non-cash items	1,349	204	(253)	2,056	1,740
Changes in working capital	(5,702)	(3,456)	344	3,304	481
Net cash flows from / (to) operating activities	(4,501)	(2,307)	5,506	13,689	6,683
Net cash flows from / (to) investing activities	(24)	(107)	(239)	(285)	(409)
Loans received	5,784	2,616	-	-	2,928
(Repayment) of loans	-	(4,000)	(6,000)	-	(1,000)
Interest (paid)	(126)	(132)	(488)	(566)	(489)
Dividends (paid)	-	-	(4,060)	(9,500)	(6,928)
Net cash flows from / (to) financing activities	5,658	(1,516)	(10,548)	(10,066)	(5,489)
Net increase (decrease) in cash flows	1,113	(3,930)	(5,281)	3,338	785
Cash and cash equivalents at the beginning of the year	4,703	9,984	9,984	6,646	5,861
Cash and cash equivalents at the end of the year	5,836	6,055	4,703	9,984	6,646

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 Vilnius Stock Exchange

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