

# Rainbow Tours S.A.



Price target: PLN 142.70

Update

Rating: BUY

Based on bookings for the summer season 2024 (+22.8% y-o-y to 472,355) and the fact that Q2 is usually the 2<sup>nd</sup> strongest quarter of the year after Q3, we expect that Rainbow Tours's Apr-Jun 2024 figures were significantly higher q-o-q and y-o-y. While prel. Q2 revenues were already published on July 27<sup>th</sup> (PLN 927.5m or +30.8% y-o-y), we believe that the company's EBIT and net income reached PLN 60.3m (+39.5% y-o-y) and PLN 53.1m (+53%) respectively in the same period. Given a positive environment for consumption – most recent real wage growth in PL equalled 8.7% and unemployment rate was the 2<sup>nd</sup> lowest in the EU – we continue to believe that in Q3 and the whole year 2024E RBW will reach new records. In addition, we see room for an even better net income forecast this year than we had previously expected. Despite a lower peer-group-based FV of PLN 117.16/share (prev. PLN 145.61), our model derives a new 12-months PT (80% DCF, 20% peer group) of PLN 142.70 (prev. PLN 136.60, upside of 48.5%). On our updated estimates, Rainbow Tours is currently trading at an attractive P/E 2024E of 6.6x and PEG of 0.3. An Accelerated Book Building (ABB) of 760k shares at PLN 112/share (current price: PLN 96.10) that was conducted on July 12<sup>th</sup> by RBW's largest shareholders confirmed our view that the company's current valuation is considered very attractive by investors.

For Jan-Mar 2024, RBW's results came in 29.8%-96.9% above Q1/23, Free Cash Flow reached PLN -70.7m (Q1/23: PLN -46.7m) and net debt PLN -102.2m (PLN +53.5m). While revenues increased by 29.8% y-o-y to PLN 721.6m, EBIT improved by 89.5% to PLN 46m and net income by 96.9% to PLN 39m following especially a lower share of CoGS (83.3% vs. 84.2% in Q1/23) and distribution expenses (7.6% vs. 8.9%). Operating cash flow declined from PLN -30.3m in Q1/23 to PLN -55.3m due to lower short-term liabilities.

While maintaining our sales estimates for 2024E-2026E, we have increased our exp. EBIT and net income margin by 0.1%-0.6%. Based on the recent newsflow, data on real wage growth & unemployment and our discussions with management, we now see room for an even higher EBIT margin in 2024E than our previous forecast (6.4% vs. 5.8%), which also positively affects our net income forecast (PLN 211.2m vs. PLN 190.5m before).

in PLNm	2021	2022	2023	2024E	2025E	2026E
Net sales	1,279.42	2,393.31	3,293.39	4,066.33	4,680.89	5,395.08
EBITDA	39.33	54.42	236.89	281.44	283.54	291.38
EBIT	19.89	32.83	215.01	260.24	262.13	269.75
Net income	17.27	21.50	172.84	211.23	212.50	218.38
EPS	1.19	1.53	11.94	14.52	14.60	15.01
DPS	1.50	0.50	6.29	7.26	7.30	7.50
Dividend yield	1.56%	0.52%	6.55%	7.55%	7.60%	7.81%
RoE	17.18%	19.53%	108.41%	79.18%	55.91%	44.61%
Net gearing	25.80%	3.43%	-89.39%	-75.93%	-74.92%	-74.92%
EV/Sales	1.01x	0.54x	0.39x	0.32x	0.28x	0.24x
EV/EBITDA	32.96x	23.82x	5.47x	4.61x	4.57x	4.45x
P/E	80.97x	62.81x	8.05x	6.62x	6.58x	6.40x

## Company profile

Rainbow Tours is the third-largest travel operator in Poland.

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Website	www.r.pl
Sector	Travel
Country	Poland
ISIN	PLRNBWT00031
Reuters	RBW.WA
Bloomberg	RBW.PW

## Share information

Last price	96.10
No of shares (m)	14.55
Market cap. (PLNm)	1398.45
Market cap. (EURm)	325.22
52-week range	PLN 123 / PLN 32.90
Average volume	47,141

## Performance

4-weeks	-17.63%
13-weeks	-6.94%
26-weeks	53.66%
52-weeks	140.47%
YTD	68.72%

## Shareholder structure

Slawomir Wysmyk*	12.84%
NN Pension Fund	11.81%
Flyoo Sp. z o.o.*	5.88%
Elephant Rock Family Foundation*	7.90%
Aironi Quattro Family Foundation*	4.81%
Generali Pension Fund	6.93%
Free float	49.83%

\* Mr Wysmyk and persons behind the investment vehicles are founders of Rainbow Tours or Members of its Management/Supervisory Board

## Financial calendar

H1/24 report	September 27, 2024
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## Analyst

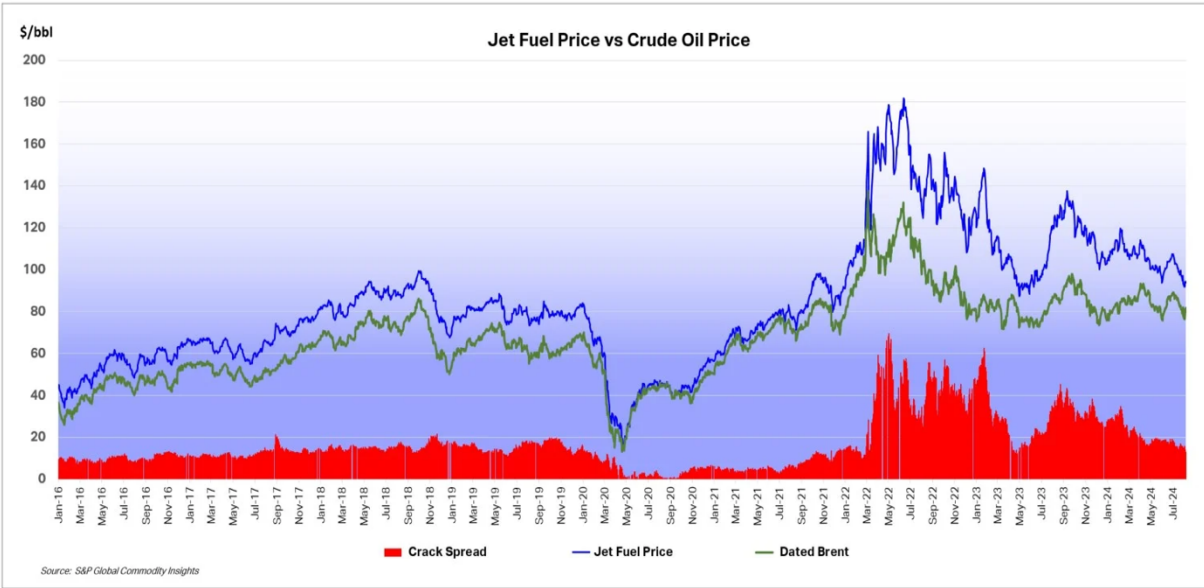
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# Our forecasts

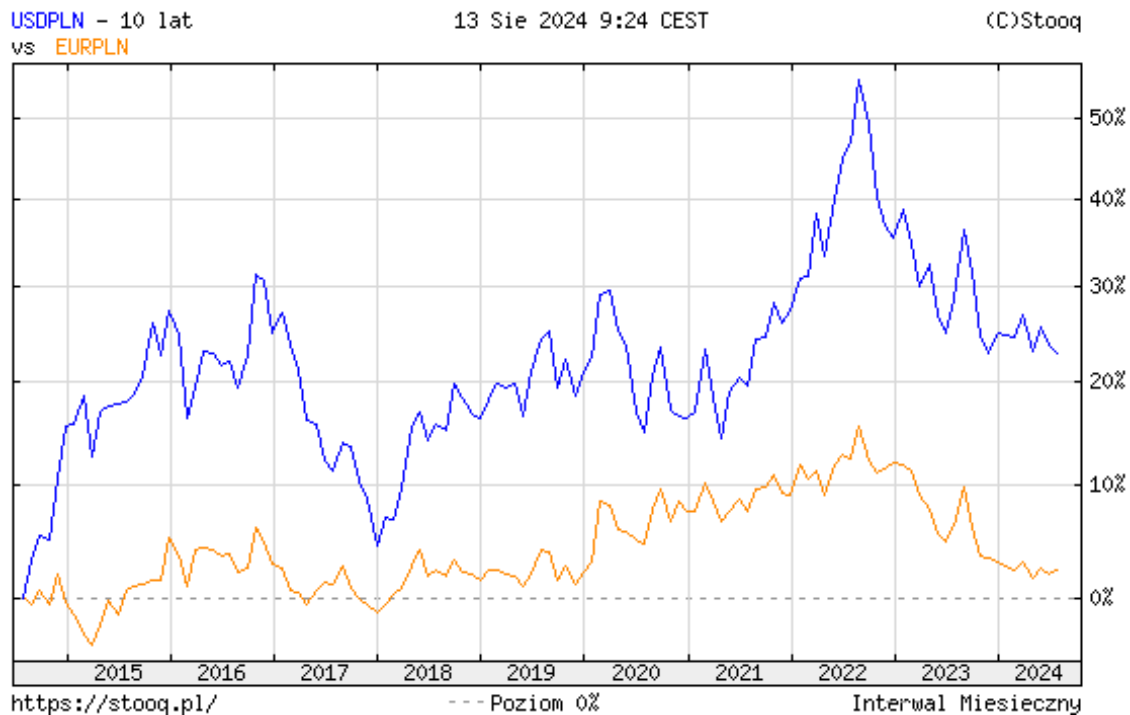
## Revenues and Profitability

While keeping our revenue estimates unchanged, we have decided to increase the EBIT and net income forecasts for 2024E and beyond due to 1. higher expected net financial result 2. lower assumptions for the depreciation & amortisation than before and 3. latest data on real wage growth and unemployment in Poland. In addition, the strong cost discipline of RBW, declining USD/PLN & EUR/PLN FX rates and jet fuel prices are all factors that continue to positively affect Rainbow Tours’ results. In the recent weeks, there have been multiple press articles stating that prices on the Polish Baltic Sea were higher than in Turkey or Greece, which are the company’s most popular tourist destinations.

### Jet Fuel Prices (blue line) vs. Crude Oil Price (green line) – 01/2016 until 08/2024



Source: IATA, East Value Research GmbH

**USD-PLN vs. EUR-PLN rate – 08/2014 until 08/2024**

Source: Stooq, East Value Research GmbH

in PLNm	2024E	2025E	2026E
<b>Touristic events</b>	<b>4,030.29</b>	<b>4,649.34</b>	<b>5,363.48</b>
Share in total sales	99.1%	99.3%	99.4%
Gross margin	16.8%	15.8%	15.1%
Number of bookings	763,852	855,514	958,175
Average price per booking	5,276	5,435	5,598
<b>Hotel business</b>	<b>31.19</b>	<b>26.66</b>	<b>26.66</b>
Share in total sales	0.8%	0.6%	0.5%
Gross margin	-15.0%	1.0%	2.0%
Number of rooms	621	621	621
Avg. capacity utilisation	80.0%	70.0%	70.0%
Avg. Room rate	40	40	40
Avg. FX rate	4.30	4.20	4.20
<b>Others (incl. brokerage of flights, bus trips, travel)</b>	<b>4.85</b>	<b>4.90</b>	<b>4.95</b>
Share in total sales	0.1%	0.1%	0.1%
Gross margin	4.4%	4.6%	4.8%
<b>Total net sales</b>	<b>4,066.33</b>	<b>4,680.89</b>	<b>5,395.08</b>
(change y-o-y)	23.5%	15.1%	15.3%

Source: East Value Research GmbH

	2024E		2025E		2026E	
in PLNm	new	old	new	old	new	old
<b>Net sales</b>	<b>4066.33</b>	<b>4066.33</b>	<b>4680.89</b>	<b>4680.89</b>	<b>5395.08</b>	<b>5395.08</b>
<b>EBITDA</b>	<b>281.44</b>	<b>257.94</b>	<b>283.54</b>	<b>270.40</b>	<b>291.38</b>	<b>286.90</b>
<i>EBITDA margin</i>	<i>6.9%</i>	<i>6.3%</i>	<i>6.1%</i>	<i>5.8%</i>	<i>5.4%</i>	<i>5.3%</i>
<b>EBIT</b>	<b>260.24</b>	<b>235.85</b>	<b>262.13</b>	<b>248.09</b>	<b>269.75</b>	<b>264.36</b>
<i>EBIT margin</i>	<i>6.4%</i>	<i>5.8%</i>	<i>5.6%</i>	<i>5.3%</i>	<i>5.0%</i>	<i>4.9%</i>
<b>Net income</b>	<b>211.23</b>	<b>190.46</b>	<b>212.50</b>	<b>200.35</b>	<b>218.38</b>	<b>213.50</b>
<i>Net margin</i>	<i>5.2%</i>	<i>4.7%</i>	<i>4.5%</i>	<i>4.3%</i>	<i>4.0%</i>	<i>4.0%</i>

Source: East Value Research GmbH

in PLNm	Q1/21	Q2/21	Q3/21	Q4/21	2021	Q1/22	Q2/22	Q3/22	Q4/22	2022
<b>Net sales</b>	<b>75.41</b>	<b>244.21</b>	<b>687.52</b>	<b>272.28</b>	<b>1279.42</b>	<b>315.76</b>	<b>504.72</b>	<b>1133.06</b>	<b>439.77</b>	<b>2393.31</b>
<i>y-o-y change</i>	<i>-72.5%</i>	<i>3197.9%</i>	<i>401.3%</i>	<i>1591.9%</i>	<i>194.5%</i>	<i>318.7%</i>	<i>106.7%</i>	<i>64.8%</i>	<i>61.5%</i>	<i>87.1%</i>
<b>EBITDA</b>	<b>-4.73</b>	<b>-1.44</b>	<b>62.23</b>	<b>-16.73</b>	<b>39.33</b>	<b>-1.29</b>	<b>1.44</b>	<b>68.79</b>	<b>-14.52</b>	<b>54.42</b>
<i>EBITDA margin</i>	<i>-6.3%</i>	<i>-0.6%</i>	<i>9.1%</i>	<i>-6.1%</i>	<i>3.1%</i>	<i>-0.4%</i>	<i>0.3%</i>	<i>6.1%</i>	<i>-3.3%</i>	<i>2.3%</i>
<b>EBIT</b>	<b>-9.65</b>	<b>-6.09</b>	<b>57.88</b>	<b>-22.25</b>	<b>19.89</b>	<b>-7.85</b>	<b>-5.23</b>	<b>62.02</b>	<b>-16.12</b>	<b>32.83</b>
<i>EBIT margin</i>	<i>-12.8%</i>	<i>-2.5%</i>	<i>8.4%</i>	<i>-8.2%</i>	<i>1.6%</i>	<i>-2.5%</i>	<i>-1.0%</i>	<i>5.5%</i>	<i>-3.7%</i>	<i>1.4%</i>
<b>Net income</b>	<b>-9.22</b>	<b>-5.34</b>	<b>49.22</b>	<b>-17.39</b>	<b>17.27</b>	<b>-6.37</b>	<b>-5.31</b>	<b>49.50</b>	<b>-16.32</b>	<b>21.50</b>
<i>Net margin</i>	<i>-12.2%</i>	<i>-2.2%</i>	<i>7.2%</i>	<i>-6.4%</i>	<i>1.3%</i>	<i>-2.0%</i>	<i>-1.1%</i>	<i>4.4%</i>	<i>-3.7%</i>	<i>0.9%</i>

in PLNm	Q1/23	Q2/23	Q3/23	Q4/23	2023	Q1/24	Q2/24E
<b>Net sales</b>	<b>556.03</b>	<b>709.05</b>	<b>1434.04</b>	<b>594.26</b>	<b>3293.39</b>	<b>721.60</b>	<b>927.50</b>
<i>y-o-y change</i>	<i>76.1%</i>	<i>40.5%</i>	<i>26.6%</i>	<i>35.1%</i>	<i>37.6%</i>	<i>29.8%</i>	<i>30.8%</i>
<b>EBITDA</b>	<b>30.58</b>	<b>49.62</b>	<b>146.40</b>	<b>10.28</b>	<b>236.89</b>	<b>51.15</b>	<b>71.10</b>
<i>EBITDA margin</i>	<i>5.5%</i>	<i>7.0%</i>	<i>10.2%</i>	<i>1.7%</i>	<i>7.2%</i>	<i>7.1%</i>	<i>7.7%</i>
<b>EBIT</b>	<b>24.27</b>	<b>43.24</b>	<b>142.62</b>	<b>4.89</b>	<b>215.01</b>	<b>46.00</b>	<b>60.30</b>
<i>EBIT margin</i>	<i>4.4%</i>	<i>6.1%</i>	<i>9.9%</i>	<i>0.8%</i>	<i>6.5%</i>	<i>6.4%</i>	<i>6.5%</i>
<b>Net income</b>	<b>19.82</b>	<b>34.71</b>	<b>110.83</b>	<b>7.48</b>	<b>172.84</b>	<b>39.03</b>	<b>53.10</b>
<i>Net margin</i>	<i>3.6%</i>	<i>4.9%</i>	<i>7.7%</i>	<i>1.3%</i>	<i>5.2%</i>	<i>5.4%</i>	<i>5.7%</i>

Source: Company information, East Value Research GmbH

## CAPEX and Working capital

For 2024E, we have assumed gross CAPEX of PLN 54.5m (previously: PLN 34.5m), which we expect to be spent on hotel equipment and own booking software. From 2025E, we expect gross CAPEX to reach 0.2%-0.7% (0.2%-0.7%) of yearly sales.

When it comes to working capital, we have forecast that its share in total sales will increase from -6.2% in 2023 to >3% in the long run.

## Valuation

With a lower peer-group-based fair value (PLN 117.16 vs. PLN 145.61 before) and lower WACC (10.6% vs. 11%), our 12-months PT (80% DCF, 20% peer group) for RBW's stock increases from PLN 136.60 to PLN 142.70. This implies an upside of 48.5% at present. We reiterate our BUY rating for the stock.

Below are the key assumptions of our WACC calculation:

- (1) *Risk-free rate*: Current yield of Polish long-term government bonds with maturity in 2047E is 5.44% (Source: www.boerse-stuttgart.de)
- (2) *Beta*: 4y average unlevered beta of companies from the Recreation sector of 0.89x (Source: www.damodaran.com)
- (3) *Equity risk premium (Poland)*: 5.8% (Source: www.damodaran.com)
- (4) *Effective tax rate*: 19%
- (5) *Target equity ratio*: 100%
- (6) *After-tax debt costs*: 8.1%
- (7) *WACC = Equity costs*: 10.6%
- (8) Free cash flows and residual values are discounted to August 13, 2024

## DCF model

in PLNm	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
<b>Net sales</b>	<b>4,066.33</b>	<b>4,680.89</b>	<b>5,395.08</b>	<b>6,108.47</b>	<b>6,916.74</b>	<b>7,832.50</b>	<b>8,669.18</b>	<b>9,595.59</b>	<b>10,621.35</b>
(y-o-y change)	23.5%	15.1%	15.3%	13.2%	13.2%	13.2%	10.7%	10.7%	10.7%
<b>Operating profit</b>	<b>260.24</b>	<b>262.13</b>	<b>269.75</b>	<b>274.88</b>	<b>276.67</b>	<b>274.14</b>	<b>260.08</b>	<b>249.49</b>	<b>254.67</b>
(operating margin)	6.4%	5.6%	5.0%	4.5%	4.0%	3.5%	3.0%	2.6%	2.4%
<b>NOPLAT</b>	<b>210.80</b>	<b>212.33</b>	<b>218.50</b>	<b>222.65</b>	<b>224.10</b>	<b>222.05</b>	<b>210.66</b>	<b>202.08</b>	<b>206.28</b>
+ Depreciation & amortisation	21.20	21.41	21.63	21.84	22.06	22.28	22.50	22.73	22.96
= Net operating cash flow	232.00	233.74	240.13	244.50	246.16	244.33	233.17	224.81	229.24
- Total investments (Capex and WC)	-118.54	-67.22	-67.99	-74.74	-82.13	-95.51	-96.28	-104.49	-81.42
Capital expenditures	-54.50	-32.06	-27.37	-22.59	-22.91	-23.24	-23.38	-23.70	-24.03
Working capital	-64.04	-35.17	-40.62	-52.15	-59.22	-72.27	-72.90	-80.79	-57.38
= Free cash flow (FCF)	113.45	166.51	172.13	169.76	164.03	148.82	136.88	120.32	147.82
<b>PV of FCF's</b>	<b>109.14</b>	<b>144.79</b>	<b>135.29</b>	<b>120.60</b>	<b>105.33</b>	<b>86.38</b>	<b>71.82</b>	<b>57.06</b>	<b>63.36</b>
PV of FCFs in explicit period	893.78								
PV of FCFs in terminal period	966.14								
<b>Enterprise value (EV)</b>	<b>1,859.92</b>								
+ Net cash / - net debt (31 March 2024)	102.20								
+ Investment / - minorities	-42.00								
<b>Shareholder value</b>	<b>1,920.11</b>								
<b>Number of shares outstanding (m)</b>	<b>14.55</b>								
<b>WACC</b>	<b>10.6%</b>								
Cost of equity	10.6%								
Pre-tax cost of debt	10.0%								
Normal tax rate	19.0%								
After-tax cost of debt	8.1%								
Share of equity	100.0%								
Share of debt	0.0%								
<b>Fair value per share in PLN</b>	<b>131.95</b>								
<b>Fair value per share in PLN (in 12 months)</b>	<b>145.98</b>								

		-0.6%	0.4%	1.4%	2.4%	3.4%	4.4%	5.4%
WACC	6.6%	16.97	101.03	185.09	269.15	185.09	101.03	16.97
	7.6%	29.93	93.87	157.80	221.73	157.80	93.87	29.93
	8.6%	38.02	88.26	138.50	188.75	138.50	88.26	38.02
	9.6%	43.22	83.65	124.08	164.51	124.08	83.65	43.22
	10.6%	46.60	79.72	112.85	<b>145.98</b>	112.85	79.72	46.60
	11.6%	48.76	76.30	103.83	131.36	103.83	76.30	48.76
	12.6%	50.11	73.25	96.40	119.54	96.40	73.25	50.11
	13.6%	50.87	70.51	90.15	109.80	90.15	70.51	50.87

Source: East Value Research GmbH

## Peer Group Analysis

Our peer group analysis includes tour operators e.g. TUI, Voyageurs du Monde and companies that provide online travel services such as Booking Holdings and Expedia.

In Poland, Rainbow's main competitors are Itaka Holdings and TUI Poland. Itaka, the leading Polish tour operator based in Opole, is privately owned by four Polish investors, including its founders. In contrast to Rainbow Tours, it generates c. 12% of its revenues abroad, through its subsidiaries in the Czech Republic, Lithuania, Latvia, Slovakia, and Hungary. TUI Poland is a subsidiary of the listed TUI Group designated to operate in the Polish market. With c. 900,000 clients served, it has the largest customer base in Poland.

- (1) *TUI AG*: TUI, which is headquartered in Hanover/Germany, is the world's largest tour operator company. TUI offers a broad suite of travel products, including boat cruises, airline tickets, hotel rentals, travel packages. The TUI Group operates and owns 126 aircraft, 360 hotels and 16 cruise ships. The German company serves >21m clients annually and has over 65k employees. The TUI AG comprises 266 direct and indirect subsidiaries as well as 20 affiliated companies and 27 joint ventures. In its latest financial year ending in 09/2023, TUI generated revenues of EUR 20.7bn and an EBITDA margin of 4.3%. Its ROCE equalled 5.9%. Currently, TUI has a market cap of EUR 2.7bn.
- (2) *Booking Holdings Inc.*: Booking Holdings, which is based in Norwalk/USA, is the world's leading online travel company, offering comprehensive platforms that facilitate travel purchases between travel service suppliers and travellers. With over 21k employees, it provides services to customers from >220 countries through six recognisable brands. Booking was ranked 340<sup>th</sup> on the 2022 Fortune 500 list. In 2023, Booking generated revenues of USD 21.4bn, an EBITDA margin of 30.1% and ROCE of 42.5%. The company currently has a market cap of USD 115.4bn.
- (3) *Voyageurs du Monde SA*: Voyageurs du Monde, which is based in Paris/France, is a leading French tour operator that specializes in tailor-made individual and adventure travel and cycling holidays. The French company has 43 sales outlets in various countries (mostly Europe) and has >1,700 employees. In 2023, Voyageurs generated revenues of EUR 693.6m, an EBITDA margin of 9.2% and ROCE of 13.6%. Its current market cap equals EUR 499.1m.
- (4) *Despegar.com Corp.*: Despegar, which is based in Buenos Aires/Argentina, is a leading online travel company in Latin America. In its offer it has airline tickets, travel packages, hotels/rental houses, car rentals and destination services rentals offered in both a pre-pay (merchant) and pay at destination (agency) model. With over 4.5k employees, it serves almost 4m customers annually across 20 countries. In 2023, Despegar generated revenues of USD 706m, an EBITDA margin of 15.4% and a ROCE of 23.8%. Currently, the company has a market cap of USD 806.3m.

- (5) *Lastminute.com NV*: Lastminute, which is headquartered in Amsterdam/the Netherlands, is an European online travel and leisure retailer. Lastminute sells a variety of travel related products and services, including holiday packages, transportation tickets, hotel and vacation rentals, adventure experiences, and ancillaries. With over 1,700 employees, the company focuses on holiday packages in five core market, located in Western Europe. In 2023, Lastminute Group reported revenues of CHF 300.5m, an EBITDA margin of 5.1% and ROCE of 11%. Currently, the company is worth CHF 205.4m.
- (6) *Expedia Group Inc.*: Expedia, which is based in Seattle/USA, is a global online travel provider. It operates and owns various online travel websites and travel metasearch engines, including Trivago, Hotels.com and Orbitz. It creates travel products and services, including airplane tickets, boat cruises, travel packages, cars rentals, accommodations, and adventure experiences. With >200 travel sites in >70 countries, it offers over 3m bookable properties and >220 unique activities. In 2023, Expedia generated revenues of USD 12.8bn, an EBITDA margin of 12.7% and a ROCE of 11.8%. Currently, the company is worth USD 16.8bn.
- (7) *Jet2 PLC*: Jet2, which is based in Leeds/UK, engages in the leisure travel business primarily in the United Kingdom. The company operates scheduled holiday flights to leisure destinations in the Mediterranean, the Canary Islands, and European Leisure Cities. It is also involved in the package holiday and non-ticket retail activities, as well as passenger and charter aircraft operations. In addition, it engages in the aircraft leasing and financing services. In 2023/24, Jet2 generated revenues of GBP 6.3bn, an EBITDA margin of 9% and a ROCE of 11.2%. Currently, it is valued at GBP 2.8bn.

Company	EV/Sales			EV/EBITDA			P/E		P/BVPS	EBITDA margin	Net gearing	
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E	Latest	Last FY	Latest
TUI AG (EUR)	0.33x	0.32x	0.31x	3.53x	3.32x	3.17x	5.05x	4.28x	3.79x	6.69x	4.32%	1181.19%
Booking Holdings Inc. (USD)	5.05x	4.68x	4.28x	14.92x	13.34x	11.85x	19.61x	17.08x	14.52x	neg	30.09%	neg
Voyageurs du Monde SA (EUR)	0.36x	0.35x	0.33x	4.23x	4.03x	3.77x	17.15x	16.44x	15.31x	2.42x	9.21%	-112.65%
Despegar.com Corp. (USD)	0.84x	0.75x	0.67x	4.36x	3.60x	3.10x	13.67x	9.99x	7.75x	neg	15.38%	neg
Lastminute.com NV (CHF)	0.23x	0.21x	0.19x	1.78x	1.46x	1.30x	31.48x	16.41x	12.63x	4.21x	5.09%	-279.52%
Expedia Group Inc. (USD)	1.21x	1.13x	1.05x	5.78x	5.24x	4.86x	10.80x	8.87x	7.29x	18.87x	12.71%	-39.66%
Jet2 PLC (GBP)	0.16x	0.14x	0.13x	1.53x	1.41x	1.23x	7.76x	7.25x	6.50x	2.02x	9.02%	-122.74%
<b>Median</b>	<b>0.36x</b>	<b>0.35x</b>	<b>0.33x</b>	<b>4.23x</b>	<b>3.60x</b>	<b>3.17x</b>	<b>13.67x</b>	<b>9.99x</b>	<b>7.75x</b>	<b>4.21x</b>	<b>9.21%</b>	<b>-112.65%</b>
Rainbow Tours S.A. (PLN)	0.32x	0.28x	0.24x	4.61x	4.57x	4.45x	6.62x	6.58x	6.40x	5.37x	7.19%	-39.27%
<b>Premium/Discount</b>	<b>-12.5%</b>	<b>-20.7%</b>	<b>-27.0%</b>	<b>9.0%</b>	<b>26.9%</b>	<b>40.2%</b>	<b>-51.6%</b>	<b>-34.1%</b>	<b>-17.4%</b>			
<b>Fair value per share Rainbow Tours (PLN)</b>	<b>117.16</b>											

Source: CapitalIQ, marketscreener.com, bankier.pl, East Value Research GmbH

As the table below shows, Rainbow Tours performs well in comparison to its direct local peers when it comes to web site traffic and app ratings.

	Jul-24		App ratings	
	Total visits	Country rank	iOS	Android
r.pl	4.69m	226	4.8/5	4.8/5
itaka.pl	5.96m	203	4.3/5	4.8/5
tui.pl	5.3m	217	4.9/5	3.9/5
coraltravel.pl	2.03m	531	4.8/5	4.5/5

Source: Similarweb.com, Google search, East Value Research GmbH

### Price target calculation

Valuation method	Fair value	Weight
DCF model	131.95	80%
Peer-group-based fair value	117.16	20%
<b>Weighted average (present value)</b>	<b>128.99</b>	
<b>In 12-months (PV * (1+WACC))</b>	<b>142.70</b>	

Source: East Value Research GmbH



## Profit and loss statement

in PLNm	2021	2022	2023	2024E	2025E	2026E
<b>Revenues</b>	<b>1,279.42</b>	<b>2,393.31</b>	<b>3,293.39</b>	<b>4,066.33</b>	<b>4,680.89</b>	<b>5,395.08</b>
Cost of goods sold	-1,114.75	-2,116.88	-2,724.09	-3,393.70	-3,945.81	-4,584.43
<b>Gross profit</b>	<b>164.68</b>	<b>276.43</b>	<b>569.31</b>	<b>672.62</b>	<b>735.09</b>	<b>810.66</b>
Other operating income	31.15	6.01	10.90	1.70	1.62	1.53
Distribution costs	-120.15	-172.39	-255.62	-284.64	-327.66	-377.66
Administration costs	-34.70	-48.52	-76.82	-100.03	-115.15	-132.72
Other operating expenses	-1.65	-7.10	-10.88	-8.20	-10.35	-10.43
<b>EBITDA</b>	<b>39.33</b>	<b>54.42</b>	<b>236.89</b>	<b>281.44</b>	<b>283.54</b>	<b>291.38</b>
Depreciation	-19.45	-21.59	-21.88	-21.20	-21.41	-21.63
<b>Operating income</b>	<b>19.89</b>	<b>32.83</b>	<b>215.01</b>	<b>260.24</b>	<b>262.13</b>	<b>269.75</b>
Net financial result	-2.93	-4.08	0.44	4.73	4.83	4.93
Gain/Loss from at-equity investments	0.00	0.00	0.00	0.00	0.00	0.00
<b>EBT</b>	<b>16.96</b>	<b>28.75</b>	<b>215.45</b>	<b>264.97</b>	<b>266.96</b>	<b>274.68</b>
Income taxes	-0.48	-6.42	-41.69	-50.35	-50.72	-52.19
Minorities	0.79	-0.83	-0.92	-3.40	-3.74	-4.11
<b>Net income / loss</b>	<b>17.27</b>	<b>21.50</b>	<b>172.84</b>	<b>211.23</b>	<b>212.50</b>	<b>218.38</b>
EPS	1.19	1.53	11.94	14.52	14.60	15.01
DPS	1.50	0.50	6.29	7.26	7.30	7.50
<b>Share in total sales</b>						
Revenues	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Cost of goods sold	-87.13 %	-88.45 %	-82.71 %	-83.46 %	-84.30 %	-84.97 %
Gross profit	12.87 %	11.55 %	17.29 %	16.54 %	15.70 %	15.03 %
Other operating income	2.43 %	0.25 %	0.33 %	0.04 %	0.03 %	0.03 %
Distribution costs	-9.39 %	-7.20 %	-7.76 %	-7.00 %	-7.00 %	-7.00 %
Administration costs	-2.71 %	-2.03 %	-2.33 %	-2.46 %	-2.46 %	-2.46 %
Other operating expenses	-0.13 %	-0.30 %	-0.33 %	-0.20 %	-0.22 %	-0.19 %
EBITDA	3.07 %	2.27 %	7.19 %	6.92 %	6.06 %	5.40 %
Depreciation	-1.52 %	-0.90 %	-0.66 %	-0.52 %	-0.46 %	-0.40 %
Operating income	1.55 %	1.37 %	6.53 %	6.40 %	5.60 %	5.00 %
Net financial result	-0.23 %	-0.17 %	0.01 %	0.12 %	0.10 %	0.09 %
Gain/Loss from at-equity investments	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
EBT	1.33 %	1.20 %	6.54 %	6.52 %	5.70 %	5.09 %
Income taxes	-0.04 %	-0.27 %	-1.27 %	-1.24 %	-1.08 %	-0.97 %
Minorities	0.06 %	-0.03 %	-0.03 %	-0.08 %	-0.08 %	-0.08 %
Net income / loss	1.35 %	0.90 %	5.25 %	5.19 %	4.54 %	4.05 %

## Balance sheet

in PLNm	2021	2022	2023	2024E	2025E	2025E
Cash and equivalents	83.93	142.42	275.63	315.47	377.26	446.28
Short-term financial assets	0.05	0.16	2.02	2.06	2.10	2.15
Inventories	0.10	0.18	0.19	0.24	0.27	0.32
Trade accounts and notes receivables	22.12	27.91	39.27	76.34	119.93	175.18
Other current assets	173.85	267.86	325.27	349.67	375.89	404.08
<b>Current assets, total</b>	<b>280.04</b>	<b>438.52</b>	<b>642.38</b>	<b>743.77</b>	<b>875.46</b>	<b>1028.01</b>
Property, plant and equipment	237.06	243.79	236.62	270.00	280.00	285.00
Other intangible assets	4.30	4.69	4.34	4.26	4.90	5.65
Goodwill	4.54	4.54	4.54	4.54	4.54	4.54
Other long-term assets	21.65	22.24	72.58	74.03	75.51	77.02
Deferred tax assets	7.44	12.21	22.97	0.00	0.00	0.00
<b>Non-current assets, total</b>	<b>275.00</b>	<b>287.47</b>	<b>341.05</b>	<b>352.83</b>	<b>364.96</b>	<b>372.21</b>
<b>Total assets</b>	<b>555.05</b>	<b>725.99</b>	<b>983.43</b>	<b>1096.60</b>	<b>1240.42</b>	<b>1400.22</b>
Trade payables	82.05	73.22	74.81	66.83	97.20	135.04
Other short-term liabilities	167.56	274.86	471.47	471.47	471.47	471.47
Short-term financial debt	30.99	44.23	40.20	19.00	14.00	9.00
Provisions	7.01	46.26	72.35	89.33	102.83	118.51
<b>Current liabilities, total</b>	<b>287.61</b>	<b>438.57</b>	<b>658.82</b>	<b>646.63</b>	<b>685.49</b>	<b>734.02</b>
Long-term financial debt	80.87	102.02	50.49	48.49	38.49	28.49
Other long-term liabilities	37.23	30.98	23.18	28.62	32.95	37.97
Other provisions	0.00	0.52	1.17	0.00	0.00	0.00
<b>Long-term liabilities, total</b>	<b>118.10</b>	<b>133.52</b>	<b>74.84</b>	<b>77.11</b>	<b>71.43</b>	<b>66.46</b>
<b>Total liabilities</b>	<b>405.71</b>	<b>572.09</b>	<b>733.65</b>	<b>723.73</b>	<b>756.92</b>	<b>800.48</b>
<b>Shareholders equity, total</b>	<b>108.22</b>	<b>111.96</b>	<b>206.91</b>	<b>326.61</b>	<b>433.49</b>	<b>545.62</b>
Minority interests	41.11	41.94	42.87	46.27	50.01	54.12
<b>Total equity and debt</b>	<b>555.05</b>	<b>725.99</b>	<b>983.43</b>	<b>1096.60</b>	<b>1240.42</b>	<b>1400.22</b>

## Cash Flow Statement

in PLNm	2021	2022	2023	2024E	2025E	2026E
Net income / loss	17.27	21.50	172.84	211.23	212.50	218.38
Depreciation	19.45	21.59	21.88	21.20	21.41	21.63
Change of working capital	121.75	3.80	-5.09	-64.04	-35.17	-40.62
Others	-13.45	35.64	66.48	-38.78	-13.50	-15.69
<b>Net operating cash flow</b>	<b>145.02</b>	<b>82.52</b>	<b>256.10</b>	<b>129.60</b>	<b>185.24</b>	<b>183.70</b>
<b>Cash flow from investing</b>	<b>-44.36</b>	<b>-20.17</b>	<b>-18.74</b>	<b>-54.50</b>	<b>-32.06</b>	<b>-27.37</b>
Free cash flow	100.66	62.35	237.36	75.10	153.18	156.32
<b>Cash flow from financing</b>	<b>-45.53</b>	<b>-3.87</b>	<b>-104.15</b>	<b>-35.26</b>	<b>-91.40</b>	<b>-87.31</b>
Change of cash	55.13	58.48	133.21	39.85	61.79	69.01
Cash at the beginning of the period	28.81	83.93	142.42	275.63	315.47	377.26
Cash at the end of the period	83.93	142.42	275.63	315.47	377.26	446.28

## Financial ratios

	2021	2022	2023	2024E	2025E	2026E
<b>Profitability and balance sheet quality</b>						
Gross margin	12.87%	11.55%	17.29%	16.54%	15.70%	15.03%
EBITDA margin	3.07%	2.27%	7.19%	6.92%	6.06%	5.40%
EBIT margin	1.55%	1.37%	6.53%	6.40%	5.60%	5.00%
Net margin	1.35%	0.90%	5.25%	5.19%	4.54%	4.05%
Return on equity (ROE)	17.18%	19.53%	108.41%	79.18%	55.91%	44.61%
Return on assets (ROA)	3.64%	3.52%	17.53%	18.83%	16.74%	15.24%
Return on capital employed (ROCE)	7.23%	8.87%	53.42%	46.85%	38.26%	32.80%
Economic Value Added (in PLNm)	-9.11	-5.06	138.89	162.95	153.32	147.67
Net debt (in PLNm)	27.92	3.84	-184.95	-247.99	-324.78	-408.79
Net gearing	25.80%	3.43%	-89.39%	-75.93%	-74.92%	-74.92%
Equity ratio	19.50%	15.42%	21.04%	29.78%	34.95%	38.97%
Current ratio	0.97	1.00	0.98	1.15	1.28	1.40
Quick ratio	0.37	0.39	0.48	0.61	0.73	0.85
Net interest cover	-6.79	-8.05	488.67	55.02	54.27	54.72
Net debt/EBITDA	0.71	0.07	-0.78	-0.88	-1.15	-1.40
Tangible BVPS	7.12	7.65	13.98	22.13	29.48	37.18
Capex/Sales	3.64%	1.20%	0.44%	1.34%	0.68%	0.51%
Working capital/Sales	-7.10%	-3.47%	-6.22%	-3.46%	-2.25%	-1.20%
Cash Conversion Cycle (in days)	-21	-8	-6	-5	-4	-3
<b>Trading multiples</b>						
EV/Sales	1.01	0.54	0.39	0.32	0.28	0.24
EV/EBITDA	32.96	23.82	5.47	4.61	4.57	4.45
EV/EBIT	65.18	39.49	6.03	4.98	4.95	4.81
P/Tangible BVPS	13.49	12.57	6.87	4.34	3.26	2.58
P/E	80.97	62.81	8.05	6.62	6.58	6.40
P/FCF	13.89	22.43	5.89	18.62	9.13	8.95

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