

Rainbow Tours

Buy || TP PLN 155/sh

EBITDA in 2Q24 amounted to PLN 77mn (+55% y/y vs +20% to our and +14% to consensus). Results in line with preliminary.

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Rainbow Tours published its 2Q24 figures with following highlights (PLN mn):

- Revenue: 886mn (+26% y/y) / (-5% vs preliminary / -47mn).
- Gross profit: 167mn (+37% y/y).
- Gross margin: 18.8% (+1.6 pp. y/y).
- SG&A costs: -92mn (+20% y/y). SG&A costs ratio: -10.4% (-0.4 pp. y/y).
- Net profit on sales: 74mn (+66% y/y).
- EBITDA: 77mn (+55% y/y).
- Financial costs: +1mn vs 0mn in last year.
- OCF: 147mn vs 264mn in last year.
- CAPEX: -21mn vs -6mn in last year.
- Deferred revenue: 660mn (+89% y/y).
- Net cash (PLN mn): 256mn.
- FCF (PLN mn): +123mn and +255mn in 2Q. FCF LTM: 54mn (FCF yield (%): 3.5%).
- Pre-sales of travel tours from the "Winter 2024/25" season offer (tours conducted in the months of November-March 2025) from the start of pre-sales to September 15, 2024 amounted to 60 519 people (+13.6% y/y).

Our view: POSITIVE

*At current valuation levels, our view of the results is positive. Financial results in line with preliminary results. We note that the difference in revenue compared to the preliminary figures is around PLN 50mn (-5%). **To a certain extent, this may be related to the information on the monthly sales for the month of June. Finally, the gross margin in 2Q24 improved by around +1.6 pp. y/y to 18.8%.** Most of the key drivers of operating profit remain on the positive side and our forecasts for this year therefore seem to be conservative. We see room for upward revisions (net profit in 24e >200mn). The difference in working capital (prepayments vs. deferred income) affected the worse cash flow, but this should balance out over the full year. **All in all, the level of gross margin in 2Q24 is a good proxy ahead of a key period for the company.** Exchange rates and jet fuel remain favourable for the realisation of gross margin levels (vs tour price changes) in 3Q/4Q24. In addition, we note an increase in deferred revenue (+89% y/y). Sales of the 'Winter 2024/25' offer remain strong. (+14% y/y).*

Rainbow Tours reported 2Q24 results:

PLN mn	2Q23	3Q23	4Q23	1Q24	2Q24p	Y/Y	Q/Q	Pekao fcst	vs. Pekao fcst	consensus	vs. consensus	YTD'23	YTD'24	Y/Y
Revenues	709.1	1434.0	594.3	721.6	885.8	25%	23%	886.2	0%	910	-3%	1265	1607	27%
Gross profit	121.8	266.6	71.1	120.7	166.7	37%	38%	143.0	17%			210	287	37%
SG&A expenses	-77.1	-123.9	-68.2	-74.2	-92.4	20%	25%	-87.0	6%			-140	-167	19%
Net profit on sales	44.6	142.7	2.9	46.5	74.2	66%	60%	56.0	33%			69	121	74%
EBITDA	49.6	146.4	10.3	51.1	77.1	55%	51%	64.3	20%	67.4	14%	80	128	60%
EBIT	43.2	142.6	4.9	46.0	71.6	66%	56%	54.8	31%	60.8		68	118	74%
Net profit	34.7	111.9	8.1	39.0	58.0	67%	49%	45.2	28%	49.0	18%	56	97	75%
Profitability ratios														
Gross margin (%)	17.2%	18.6%	12.0%	16.7%	18.8%			16.1%	-1.0%			16.6%	17.9%	1.3%
change yoy	7.9%	6.0%	3.7%	0.9%	1.6%									
SG&A %	-10.9%	-8.6%	-11.5%	-10.3%	-10.4%			-9.8%	1.1%			-11.1%	-10.4%	0.7%
change yoy	-0.8%	-1.5%	0.0%	1.1%	0.4%									
EBIT margin	6.1%	9.9%	0.8%	6.4%	8.1%			6.2%	0.1%			5.3%	7.3%	2.0%
change yoy	7.1%	4.4%	4.6%	2.0%	2.0%									
BS and Cash Flow														
Net debt IAS 17	-240	-337	-236	-131	-256									
ND / EBITDA IAS 17	-	-	-	-	-									
OCF IFRS 16	264	118	-95	-55	147							234	92	
OCF IAS 17	261	115	-98	-58	144							228	86	
CAPEX	-6	-2	-7	-18	-21							-24	-39	
FCF	255	113	-105	-77	123							204	47	
FCF LTM	166	233	211	185	54									
FCF LTM (% yield)	10.7%	15.0%	13.6%	11.9%	3.5%									
Valuation ratios														
EV/EBITDA (TTM)	2.0	1.1	1.6	3.1	4.6									
PE (TTM)	5.9	3.8	3.5	4.8	7.2									

Source: Company, Pekao Equity Research

Key financial data (PLN million):

PLN mn	2022	2023	2024e	2025e	2026e	2027e
Revenues	2393	3293	3908	4504	4970	5374
EBITDA IFRS 16	54	237	241	216	226	236
EBITDA IAS 17 ad	42	227	231	207	217	226
EBIT	33	215	219	192	200	207
Net income	21	173	181	158	162	168
EPS	1.5	11.9	12.4	10.9	11.1	11.5
FCF (%)	15%	39%	8.7%	6.5%	9.7%	10.1%
DY (%)*	1.5%	1.3%	7.8%	9.1%	7.9%	8.1%
P/E	14.1	3.1	8.2	9.4	9.2	8.8
EV/EBITDA	6.2	1.4	5.5	6.3	5.9	5.5

* ex-payment of advance in January 2024

NB: Historical multiples based on avg. prices. Source: Company, Pekao Brokerage Office

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