



Dom Maklerski BDM S.A.

ENTER AIR

ANALYTICAL REPORT

BUY

(PREVIOUS: BUY)

TARGET PRICE 76,3 PLN

20th MAY 2025, 18:50 CEST

Despite the company's expanded fleet and lower fuel costs, we anticipate that sales revenues will remain relatively unchanged compared to the previous year. Conversely, a strong previous fiscal year is sufficient to support our upward revisions for the group's operating margins. **Updating the model to include the aforementioned factors results in a revised valuation of 1 Enter Air share at PLN 76.3 from PLN 69.5, which at the current price implies a Buy recommendation.**

The previous year was a record year in terms of revenue, with Enter Air recording nearly PLN 3 billion in sales vs. PLN 2.6 billion in 2023, and more than PLN 100 million in EBIT growth y/y. **We note the significant improvement in the annual gross margin on sales of 10.9% vs. 9.4%, which we forecast in our December report. This is, in our view, a key issue in the current report updating Enter Air's valuation.**

The letter to shareholders noted that the beginning of the year brings a continuation of positive trends for vacation flights, and the company's current good condition is the result of smart investment decisions during the pandemic. The issuer is also supported by the Polish consumer, with increasingly higher disposable income, and the decline in the attractiveness of local vacation destinations from atmospheric and financial perspectives.

That being said, our simulation assumes strong revenue growth in the Q1, followed by a slowdown in sales growth in subsequent periods at the expense of improving the group's operating margins. We also assume further distribution of profits to the company's shareholders in the form of dividends. **The current valuation takes into account the PLN 3/share dividend proposed by the management in its annual report.**

Target price [PLN]	76,3
DCF valuation [PLN]	88,9
Peer valuation [PLN]	46,8
Price upside/downside	25,4%
Cost of capital	8,3%
Price [PLN]	60,8
Market Cap [mln PLN]	1066,7
No. of shares [mln]	17,5
Max price 6M [PLN]	63,5
Min price 6M [PLN]	53,2
3M return	2,0%
6M return	3,2%
9M return	5,0%
Shareholders	
ENT Investments Ltd	51,5%
OFE Nationale-Nederlanden	10,7%
OFE Generali	9,7%
Others	28,1%

Andrzej Wodecki

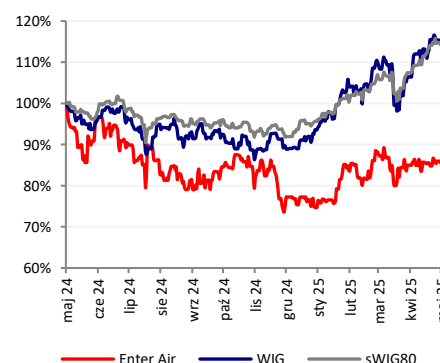
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Dom Maklerski BDM S.A.

	2023	2024	2025P	2026P	2027P	2028P
Sales [PLN m]	2 626	2 926	2 894	3 076	3 420	3 603
EBITDA [PLN m]	405	585	568	590	618	664
EBIT [PLN m]	166	261	251	248	271	283
Net profit [PLN m]	196	66	205	129	150	159
P/BV	3,0	3,1	2,1	1,9	1,6	1,5
P/E	15,3	8,3	11,6	8,3	7,1	6,7
EV/EBITDA	5,7	4,9	5,2	5,2	4,9	4,7
EV/EBIT	14,0	10,9	11,8	12,4	11,1	11,1
EPS	4,0	7,4	5,2	7,4	8,5	9,1
DPS	0,0	4,4	3,0	3,5	3,9	4,1
DY	0,00%	7,24%	4,93%	5,77%	6,41%	6,76%



Valuation summary

	Share	Valuation
DCF valuation	70%	88,9
Peer valuation	30%	46,8
Price target		76,3

Source: BDM S.A.

DCF Valuation

	2025P	2026P	2027P	2028P	2029P	2030P	2031P	2032P	2033P	2034P
Revenues [mln PLN]	2 894,0	3 075,8	3 420,2	3 602,7	3 819,2	4 085,6	4 352,0	4 618,5	4 884,9	5 151,4
EBIT [mln PLN]	251,4	248,0	270,7	282,8	297,3	315,4	324,4	332,0	338,2	343,0
Tax rate	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%
Tax on EBIT [mln PLN]	47,8	47,1	51,4	53,7	56,5	59,9	61,6	63,1	64,3	65,2
NOPLAT [mln PLN]	203,6	200,9	219,2	229,0	240,8	255,4	262,8	268,9	274,0	277,8
Amortization, including: [mln PLN]	316,7	341,5	347,5	381,3	415,0	448,4	481,2	513,2	544,2	573,9
CAPEX [mln PLN]	345,7	365,6	369,0	398,0	427,3	457,1	486,9	516,3	545,5	574,5
Working capital movement [mln PLN]	-2,5	0,3	-2,1	-0,2	-1,0	-1,4	-1,1	-0,8	-0,5	-0,2
Purchase of investments [mln PLN]	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
FCF [mln PLN]	172,2	177,1	195,6	212,2	227,5	245,3	255,9	265,1	272,1	277,0
DFCF [mln PLN]	164,3	156,4	159,7	160,0	158,5	157,9	152,1	145,5	137,9	129,7
Total DFCF [mln PLN]	1 522,0									
Terminal value [mln PLN]	3 845,0									
Discounted terminal value [mln PLN]	1 799,8									
Enterprise value [mln PLN]	3 321,8									
Net debt [mln PLN]	1 776,9									
Minorities [mln PLN]	0,0									
Shares of Chair Airlines [mln PLN]	66,9									
Dividend [mln PLN]	52,6									
Equity value [mln PLN]	1 559,1									
Number of shares [mln]	17,5									
Value per share [PLN]	88,9									

Terminal growth rate: +1,0%

WACC calculation

	2025P	2026P	2027P	2028P	2029P	2030P	2031P	2032P	2033P	2034P
Risk-free rate	5,5%	5,5%	5,5%	5,5%	5,5%	5,5%	5,5%	5,5%	5,5%	5,5%
Risk premium	8,0%	8,0%	8,0%	8,0%	8,0%	8,0%	8,0%	8,0%	8,0%	8,0%
Beta	1,1	1,1	1,1	1,1	1,1	1,1	1,1	1,1	1,1	1,1
Credit premium	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%
Cost of equity	14,3%	14,3%	14,3%	14,3%	14,3%	14,3%	14,3%	14,3%	14,3%	14,3%
Contribution of equity	26,5%	27,4%	29,6%	29,8%	30,1%	30,4%	30,6%	30,7%	30,7%	30,5%
Cost of debt after tax	5,6%	5,6%	5,6%	5,6%	5,6%	5,6%	5,6%	5,6%	5,6%	5,6%
Contribution of debt	73,5%	72,6%	70,4%	70,2%	69,9%	69,6%	69,4%	69,3%	69,3%	69,5%
WACC	7,9%	8,0%	8,2%	8,2%	8,2%	8,3%	8,3%	8,3%	8,3%	8,3%

Source: BDM S.A.

Sensitivity analysis

		Terminal growth rate			Terminal growth rate			Beta						
		0,5%	1,0%	1,5%										
beta	1	87,9	95,6	104,5	Risk premium	7,0%	90,3	98,3	107,5	Risk premium	7,0%	101,8	98,3	95,0
	1,1	81,8	88,9	97,0		8,0%	81,8	88,9	97,0		8,0%	92,4	88,9	85,5
	1,2	76,0	82,6	90,0		9,0%	74,0	80,3	87,5		9,0%	83,8	80,3	77,0

Source: BDM S.A.

Peer valuation

	P/E			EV/EBITDA		
	2025P	2026P	2027P	2025P	2026P	2027P
Ryanair	15,6	12,7	11,4	8,5	6,8	5,9
EasyJet	8,0	7,4	6,8	2,4	2,3	2,3
Wizz Air	9,9	5,0	3,9	5,5	4,2	3,7
TUI	5,6	4,8	4,4	2,2	1,9	1,6
Rainbow	10,6	10,9	11,4	7,2	7,2	7,4
Mediana	9,9	7,4	6,8	5,5	4,2	3,7
Enter Air	11,6	8,3	7,1	5,2	5,2	4,9
Premium/discount	17,0%	11,5%	4,8%	-4,8%	23,7%	31,4%
Valuation PLN/share	51,9	54,5	58,0	69,3	27,3	19,8
Year's contribution	33%	33%	33%	33%	33%	33%
Adjusted valuation	54,8			38,8		
contribution	50%			50%		
Value per share [PLN]	46,8					

Source: BDM S.A., Bloomberg, *adj exchange differences

Key risk factors include:

- 1) The impact of the novel Coronavirus
- 2) The macro environment;
- 3) Customer concentration;
- 4) Market competition;
- 5) Airline crashes;
- 6) military conflicts in destination/travel regions;
- 7) Natural disasters and epidemics;
- 8) Raw material crises; 9) Seasonality of business;
- 10) Interest rate risk; 11) Delays in aircraft deliveries;
- 12) The risk of an UOKiK penalty;
- 13) Decline in attractiveness of foreign leisure travel.

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Historia rekomendacji Enter Air

rating	price target	previous rating	previous target price	report date	report date (hour)	price	WIG
Buy	76,6	Buy	69,5	20.05.2025	18:50 CEST	60,8	102700
Buy	69,5	Buy	71,0	13.12.2024*	13:35 CET	55,8	81670
Buy	71	Buy	77,5	29.10.2024*	08:50 CET	60	80763
Buy	77,5	Buy	59,8	10.06.2024*	13:30 CEST	62,3	84406
Buy	59,8	Accumulate	52,3	29.08.2023*	08:30 CEST	43,5	68722
Accumulate	52,3	Accumulate	24,0	23.05.2023*	11:55 CEST	46,2	65734
Accumulate	24	Accumulate	25,3	26.10.2022*	11:10 CET	21,5	48263
Accumulate	25,3	Buy	41,6	11.07.2022*	08:00 CET	22,9	54611
Buy	41,6	Hold	41,8	07.10.2021*	07:00 CEST	32,5	71789
Hold	41,8	Buy	28,3	13.05.2021*	07:00 CEST	41,2	62214
Buy	28,3	Accumulate	37,1	22.10.2020*	07:00 CEST	20,2	47912
Accumulate	37,1	Buy	52,2	12.06.2020*	08:00 CEST	33,6	51487
Buy	52,2	Buy	48,4	11.12.2019*	10:40 CEST	44,4	55530
Buy	48,4	Accumulate	41,0	09.10.2019*	14:35 CEST	37,5	56233
Accumulate	41	---	---	26.07.2019*	13:57 CEST	36,2	60151

The report was developed by BDM on behalf of the WSE as part of the Exchange's Analytical Coverage Support Program.

Explanations of terminology:

EBIT - earnings before interest and tax
 EBITDA — earnings before interest, taxes, depreciation, and amortization
 Net debt – interest bearing debt minus cash and equivalents
 WACC - weighted average cost of capital
 CAGR - cumulative average annual growth
 EPS - earnings per share
 DPS - dividend per share
 CEPS - net profit plus depreciation per share
 EV – market capitalization plus interest bearing debt minus cash and equivalents
 EV/S – market capitalization / sales
 EV/EBITDA – EV / sales
 P/EBIT – market capitalization / EBIT
 MC/S — market capitalization / sales
 P/E — market capitalization / net profit
 P/BV — market capitalization / book value
 P/CE - market capitalization / net profit plus depreciation
 ROE – net profit / equity
 ROA - net income / assets
 Gross margin - gross profit on sales / sales
 EBITDA margin – EBITDA / sales
 EBIT margin – EBIT / sales
 Net margin – net profit / sales

Explanation of ratings:

Buy – we believe that the security will reach the target price in the recommended period, which significantly exceeds the current market price (at least + 15%);
 Accumulate – we believe that the security will reach the target price in the recommended period, which exceeds the current market price (in the range of +5 to + 14.99%);
 Hold – we believe that a security in the recommended period will fluctuate around the target price, which is close to the current market price (in the range from -4.99% to + 4.99%);
 Reduce – we believe that the security will reach the target price in the recommended period, which is lower than the market price (range of decline from 5% to 14.99%);
 Sell – we believe that a security in the recommended period will reach the target price, which is significantly lower than the market price (suggested erosion of the value exceeds 15%).
 Target price – the theoretical price which, in our opinion, should reach a security in the recommended period; This price is the result of the company's value (eg based on DCF, comparative and other valuations), market conditions and the industry as well as other factors subjectively considered by the analyst.
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DCF – the most popular and the most effective of the valuation methods - it is based on the discounting of future cash flows generated by the company. The disadvantage is the high sensitivity to changes in the basic financial parameters forecast in the model (interest rates, exchange rates, profits, residual value).

DDM – the method is based on discounting future cash flows from dividends. The advantage of the valuation is the inclusion of future financial results and cash flows from dividends. The main disadvantages are the high sensitivity to changes in the basic financial parameters forecasted in the model (capital cost, profits, residual value) and the risk of changing the dividend payment policy.

Comparative – the method is based on current and forecasted market multipliers of companies from the industry or related industries, which better than DCF shows the current market situation. The main disadvantages are the difficulty in choosing the right companies for comparison, the risk of ineffective valuation of companies compared at a given moment, as well as high volatility (along with price fluctuations).

Distribution of BDM's recommendations in Q2 2025*			, distribution of BDM's recommendations for the companies which BDM has supplied with investment banking services within the last 12 months	
	no.	%	no.	%
Buy	8	62%	0	0%
Accumulate	1	8%	0	0%
Hold	4	31%	0	0%
Reduce	0	0%	0	0%
Sell	0	0%	0	0%

* detailed list of all analytical reports (recommendations) published by BDM during the last 12 months is included at <https://www.bdm.pl/analizy-i-informacje/analizy/historia-rekomendacji>

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The report constitutes an investment research within the meaning of art. 36 §1 of Commission Delegated Regulation (EU) 2017/565.

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