

The report was prepared by Dom Maklerski BDM at the request of the WSE as part of the Exchange's Analytical Coverage Support Programme

			2020	2021	
Price [PLN]	27,2	P/E	-	-	Analyst: Krzysztof Tkocz krzysztof.tkocz@bdm.pl tel.: (+48) 516 086 705
MC [mln PLN]	477,2	EV/EBITDA MSSF16	72,0	8,9	
		EV/EBIT MSSF16	-	-	
		P/BV	2,3	5,4	

BDM Comment: In Q4'21, the company generated PLN 275.7 million in revenues (+ 414.9% y/y). In the area of air services, Enter generated PLN 216.6 million in air-services (+ 423.7% y/y), and in the part of on-board sales, PLN 14.2 million (+ 292.5% y/y). The company's results for the last quarter of 2021 at the level of gross sales result (-PLN 37.2m vs -PLN 77.9m in Q4'20) are close to our expectations. In the discussed period, the group recorded PLN 38.1 million of other operating costs (of which PLN 36.6 million related to 1 aircraft, which was valued at the end of 2021, taking into account the transaction price, lower than the balance-sheet price, which resulted in an impairment loss on the carrying amount). Adjusting the EBITDA result for the above-mentioned one-off, it is close to our forecasts. Foreign exchange differences in Q4'21 affected the result by PLN 16.5 million, and the net result amounted to PLN -96.0 million. Operating cash flow amounted to PLN -17.3m (vs. PLN 14.4m in the previous year). At the end of 2021, the group had PLN 268.7 million in cash. At the beginning of 2022, after 11 years, the Boeing 737 SP-ENZ aircraft was sold in the fleet, which means that in the coming year it intends to use 25 of its own planes and, in the event of increased demand, additional machines on a wet-lease basis. The forecasts for the rest of 2022 appear to be positive, according to the company. The effects of the outbreak of the war in Ukraine do not directly affect the group, but may affect the decline in demand.

Q4'21 results [mln PLN]

	4Q'20	4Q'21	change y/y	4Q'21F BDM	dev.	2020	2021	change y/y
Sales	53,6	275,7	414,9%	245,8	12,2%	470,5	1 120,3	138,1%
Air services	49,9	261,6	423,7%	235,9	10,9%	453,3	1 070,0	136,0%
On-board sales	3,6	14,2	292,5%	9,9	43,1%	17,2	50,3	192,6%
Gross profit	-77,9	-37,2	-	-35,7	4,1%	-124,4	52,1	-
Air services	-79,1	-40,3	-	-37,4	7,8%	-127,8	41,0	-
On-board sales	1,1	3,0	157,9%	1,7	78,1%	3,4	11,0	228,3%
EBITDA MSSF 16	-27,2	-24,5	-	16,6	-	23,9	208,8	773,3%
EBIT MSSF 16	-74,5	-84,7	-	-46,6	-	-150,5	-14,1	-
Profit before tax	-60,2	-116,9	-	-115,9	-	-188,0	-141,1	-
Net profit	-56,0	-96,0	-	-93,9	-	-154,1	-117,1	-
Gross margin	-145,5%	-13,5%		-14,5%		-26,4%	4,7%	
EBITDA MSSF 16 margin	-50,7%	-8,9%		6,8%		5,1%	18,6%	
EBIT MSSF 16 margin	-139,1%	-30,7%		-19,0%		-876,2%	-1,3%	
Net margin	-104,6%	-34,8%		-38,2%		-32,8%	-10,5%	

Source: BDM S.A., company

- In 4Q'21, the group generated PLN 275.7 million in revenues, which means an increase by approx. 414.9% y/y. The gross result of the company was -PLN 37.2 million. In the period under review, the company recorded PLN 38.1 million of other operating expenses (of which PLN 36.6 million related to 1 aircraft, which was valued at the end of 2021, taking into account the transaction price, lower than the balance sheet price, which resulted in a write-off of the balance sheet value).
- On the EBITDA level of IFRS16 Enter Air reported a loss of PLN 24.5m. Foreign exchange differences in 4Q'21 affected the result by PLN 16.5 million, and the net result amounted to PLN -96.0 million.
- In the area of air services, the company generated PLN 216.6 million in turnover (+ 423.7% y/y), and in the part of on-board sales, PLN 14.2 million (+ 292.5% y/y).
- Cash flow from operating activities amounted to PLN -17.3 million (compared to PLN 14.4 million in the previous year). At the end of 2021, the group had PLN 268.7 million in cash.
- The number of performed air operations in 2021 compared to the previous period doubled. This increase was due to the reconstruction of the tourist market and a return to flying after the hardest year in the history of aviation.
- At the beginning of 2022, after 11 years, the Boeing 737 SP-ENZ was sold in the fleet, which means that in the coming year it intends to use 25 of its own planes and, in the event of increased demand, additional machines on a wet-lease basis.
- The management board hopes that after the restructuring they underwent in 2021, the group will strengthen even more compared to its competitors.

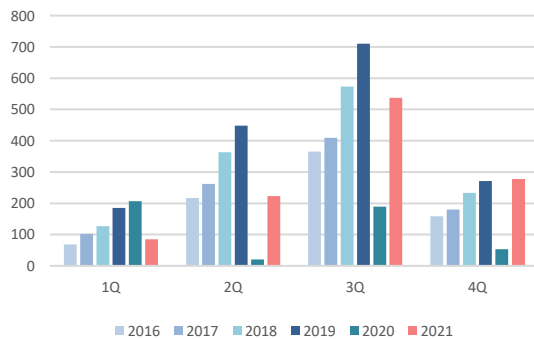
- The beginning of 2022 was still influenced by the restrictions related to the COVID-19 pandemic, but thanks to the massive vaccination campaign and the already visible declining wave of disease around the world, the outlook for the rest of 2022 seems positive according to the company
- In February 2022, war broke out in Ukraine, sparking another global crisis. The aviation market was hit by a number of factors caused by Russia's aggression. Fuel prices almost doubled and currencies became more expensive. These factors do not directly affect the group, but may affect the decline in demand. However, the Group also sees an opportunity related to the potential search for a cheaper service by foreign customers, which may allow it to enter rich markets that have been hermetic to it so far.
- Enter is already recording a strong demand from customers in new foreign markets. It also cares about ensuring that it has adequate own resources to service the resurgent tourist traffic in Poland.
- The company has ambitions to become the best aviation business in Europe.
- The company's conference call will take place on 5th May at 10:00.

Results in previous quarters [mln PLN]

	1Q'18	2Q'18	3Q'18	4Q'18	1Q'19	2Q'19	3Q'19	4Q'19	1Q'20	2Q'20	3Q'20	4Q'20	1Q'21	2Q'21	3Q'21	4Q'21
Sales	126,5	363,5	573,2	233,0	185,2	447,8	710,5	271,1	207,1	20,6	189,3	53,6	85,0	222,7	536,9	275,7
Air services	120,8	351,8	555,6	223,7	176,7	434,2	689,4	259,6	199,9	20,4	183,1	49,9	80,7	212,5	515,2	261,6
On-board sales	5,7	11,7	17,6	9,3	8,5	13,6	21,1	11,5	7,3	0,1	6,2	3,6	4,3	10,2	21,6	14,2
Gross profit	4,3	56,4	85,6	19,8	27,7	72,5	157,4	-45,5	9,5	-83,2	27,2	-77,9	-60,2	-6,0	155,5	-37,2
Air services	3,2	54,1	81,7	18,8	25,5	69,4	153,6	-45,4	7,7	-82,9	26,5	-79,1	-61,0	-8,5	150,8	-40,3
On-board sales	1,1	2,3	3,9	1,0	2,2	3,2	3,7	-0,1	1,8	-0,3	0,8	1,1	0,9	2,5	4,7	3,0
EBITDA MSSF 16	-	-	-	-	66,5	110,8	199,9	-35,4	45,4	-44,6	50,2	-27,2	-17,7	44,9	206,1	-24,5
EBIT MSSF 16	-	-	-	-	20,2	61,7	149,0	-62,4	2,1	-90,0	11,9	-74,5	-67,5	-8,4	146,5	-84,7
Profit before tax	-5,1	22,9	81,6	-14,8	-11,0	66,8	70,4	-18,4	-94,7	-66,0	32,9	-60,2	-142,1	25,4	92,5	-116,9
Net profit	-4,0	19,5	63,2	-12,3	-9,0	54,0	59,5	-19,5	-77,0	-56,0	34,9	-56,0	-116,3	19,5	75,6	-96,0
Gross margin	3,4%	15,5%	14,9%	8,5%	15,0%	16,2%	22,1%	-16,8%	4,6%	-404,8%	14,4%	-145,5%	-70,8%	-2,7%	29,0%	-13,5%
EBITDA MSSF 16 margin	-	-	-	-	35,9%	24,7%	28,1%	-13,1%	21,9%	-216,8%	26,5%	-50,7%	-20,8%	20,2%	38,4%	-8,9%
EBIT MSSF 16 margin	-	-	-	-	10,9%	13,8%	21,0%	-23,0%	1,0%	-437,6%	6,3%	-139,1%	-79,4%	-3,8%	27,3%	-30,7%
Net margin	-3,2%	5,4%	11,0%	-5,3%	-4,9%	12,1%	8,4%	-7,2%	-37,2%	-272,4%	18,5%	-104,6%	-136,8%	8,8%	14,1%	-34,8%

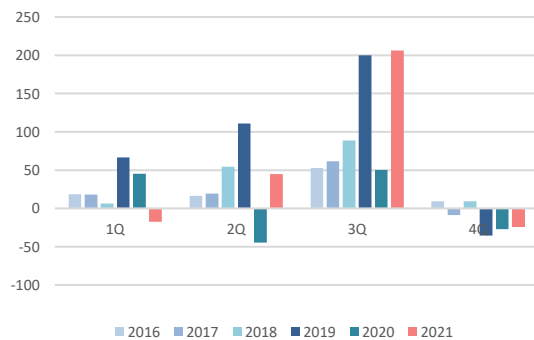
Źródło: BDM S.A., company

Quarterly sales [mln PLN]



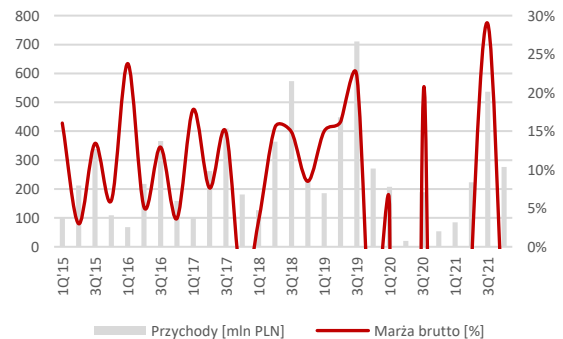
Źródło: Dom Maklerski BDM S.A., company

Quarterly EBITDA [mln PLN]*



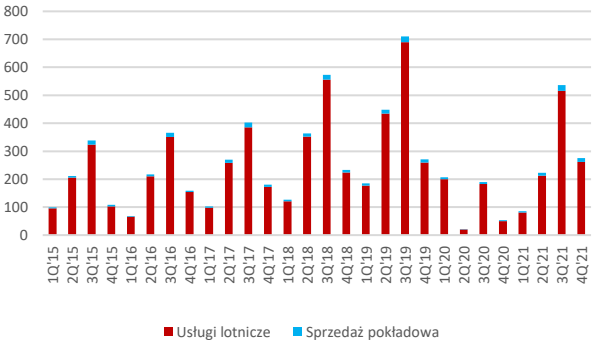
Źródło: Dom Maklerski BDM S.A., company; *according to IFRS 16 from '19

Gross margin and sales [%]



Źródło: Dom Maklerski BDM S.A., company

Sales by divisions [mln PLN]



Źródło: Dom Maklerski BDM S.A., company

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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.

Recommendations made by BDM are binding for 12 months from the issue date or until the target level is reached, unless they are updated during this period of time.

Ratings and price targets history:

rating	price target	previous rating	previous target price	report date	report date (hour)	price	WIG
Buy**	41,6	Hold	41,8	07.10.2021*	07:00 CEST	32,5	71 789
Hold**	41,8	Buy	28,3	13.05.2021*	07:00 CEST	41,2	62 214
Buy**	28,3	Accumulate	37,1	22.10.2020*	07:00 CEST	20,2	47 912
Accumulate**	37,1	Buy	52,2	12.06.2020*	08:00 CEST	33,6	51 487
Buy**	52,2	Buy	48,4	11.12.2019*	10:40 CEST	44,4	55 530
Buy**	48,4	Accumulate	41,0	09.10.2019*	14:35 CEST	37,5	56 233
Accumulate**	41,0	---	---	26.07.2019*	13:57 CEST	36,2	60 151

* The report was prepared by Dom Maklerski BDM at the request of the WSE as part of the Exchange's Analytical Support Programme. ** - the author of reports on Enter Air in the years 2019-2021 was Adrian Górniak

Distribution of BDM's recommendations in Q2'22*:

, distribution of BDM's recommendations for the companies which BDM has supplied with investment banking services within the last 12 months

	number	%	number	%
Buy	2	100%	2	100%
Accumulate	0	0%	0	0%
Hold	0	0%	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 and information on the numbers of issuers to which BDM has supplied services of investment firms set out in Sections A and B of Annex 1 to Directive 2014/65/EU is included in a cyclical "Monthly Report" or at www.bdm.pl

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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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