

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

			2019	2020	2021F	
Price [PLN]	42,5	P/E	8,8	-	44,7	Analyst: Adrian Górniak gorniak@bdm.pl tel.: 668 516 977
MC [mln PLN]	744,7	EV/EBITDA MSSF 16	5,2	83,1	8,3	
		EV/EBIT MSSF 16	10,5	-	23,3	
		P/BV	2,1	3,6	3,3	

Last recommendation BDM: Buy with target price 28,3 PLN/share (22.10.2020)

Q4'20 results [mln PLN]

	Q4'19	Q4'20	zmiana r/r	Q4'20F BDM	dev.
Sales	271	54	-80,2%	55	-1,8%
Gross profit	-46	-78	-	-44	-
SG&A	12	5	-60,2%	2	100,3%
Other op.income/expenses	-6	9	-	0	-
EBITDA MSSF 16	-35	-27	-	0	-
EBIT MSSF 16	-62	-75	-	-46	-
Financial income/expense, net	30	4	-86,3%	-20	-
Profit before tax	-18	-60	-	-67	-
Net profit	-19	-56	-	-54	-
Gross margin	-	-	-	-	-
EBITDA MSSF 16 margin	-	-	-	-	-
EBIT MSSF 16 margin	-	-	-	-	-
Net margin	-	-	-	-	-

Source: BDM S.A., company, PAP

- In Q4'20 the group achieved 54 mln PLN of sales (-80% y/y). Gross profit fell to -78 mln PLN. Enter Air reported -27 mln PLN of EBITDA. Net profit was close to -56 mln PLN. The results were lower y/y because of negative impact of COVID-19 and lock-downs, which were implemented in the majority of countries.
- Sales of "Air services" segment was around 50 mln PLN, while "On-board sales" division generated 4 mln PLN of sales.
- In May'19 the group acquired 49% of Swiss company Germania Flug AG. Enter Air decided to change its name to Chair Airlines and started transformation of business model to B2B. In previous reports, the company pointed out that Enter Air is not interested in other acquisitions and the future growth will be based on current assets. Chair Airlines has 3 airplanes (Airbus A319).
- Cash flow from operating activities was close to 14 mln PLN (vs 20 mln PLN last year).
- COVID-19:
 - The management board claims that impact of COVID-19 will not be a threat for continuation for running a business;
 - The company took some steps to reduce costs (payrolls) and CAPEX (the company postponed the deliveries of Boeing B737-8 MAX);
 - The company renegotiated terms of lease payments;
 - The banks, which cooperate with Enter Air, had offered additional credit lines (c.a. 250 mln PLN);
 - The group got financial help from PFR (287 mln PLN);
 - The management board claimed that tour-operators, which are main clients, have stable financial standings;
 - The company proceeded scenario analysis and each of the cases suggests that company will survive current crisis.

Summary of Q4'20 results:

The results of Enter Air in Q4'20 were lower than in Q4'19 (EBITDA and net loss), mainly due to negative impact of COVID-19 and in line with our expectations. The company maintained cash position vs Q3'20 (IFRS 16 net debt = 1,2 mld PLN). We hope H2'21 will bring the recover in tourist traffic and financial results of Enter Air. We point out the company received the loan from PFR (c.a 287 mln PLN), what secures in our opinion company's liquidity.

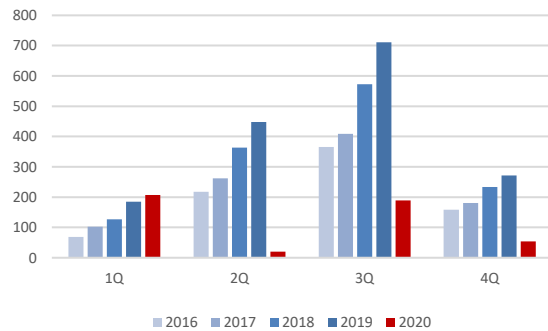


Results in previous quarters [mln PLN]

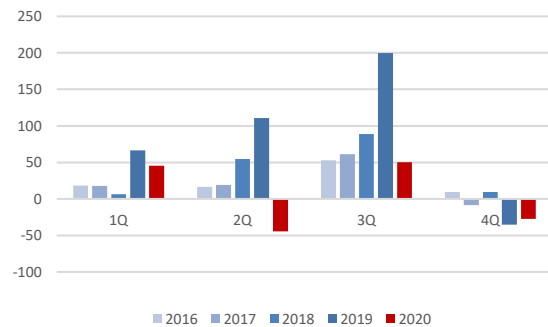
Results Q [mln PLN]	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	2017	2018	2019	2020
Sales	126	363	573	233	185	448	711	271	207	21	189	54	955	1 296	1 615	471
Air services	121	352	556	224	177	434	689	260	200	20	183	50	914	1 252	1 560	453
On-board sales	6	12	18	9	9	14	21	12	7	0	6	4	41	44	55	17
Gross profit	4	56	86	20	28	73	157	-46	10	-83	27	-78	89	166	212	-124
SG&A	6	8	7	12	8	10	8	12	7	7	8	5	25	34	38	28
Other op.income/expenses	0	-2	0	2	0	0	0	-6	0	1	-7	9	-1	0	-7	2
EBITDA MSSF 16	6	55	89	9	66	111	200	-35	45	-45	50	-27	90	159	342	24
EBIT MSSF 16	-2	46	78	-4	20	62	149	-62	2	-90	12	-75	64	119	169	-151
Profit before tax	-5	23	82	-15	-11	67	70	-18	-95	-66	33	-60	73	85	108	-188
Net profit	-4	19	63	-12	-9	54	60	-19	-77	-56	35	-56	58	66	85	-154
Net debt (cash)	387	350	259	472	1210	1132	1085	1017	1142	1231	1227	1243	303	472	1 017	1 243
Sales change y/y	23,2%	38,6%	40,0%	29,0%	46,4%	23,2%	24,0%	16,4%	11,8%	-95,4%	-73,4%	-80,2%	18,9%	37,3%	26,4%	-69,0%
Net profit change y/y	-	142,6%	50,1%	-	-	177,0%	-5,7%	-	751,9%	-203,8%	-41,3%	187,5%	52,0%	16,7%	32,9%	-193,9%
Gross margin	3,4%	15,5%	14,9%	8,5%	-1190,4%	33,2%	90,1%	-	4,6%	-	14,4%	-	9,3%	12,8%	13,1%	-
EBITDA margin*	5,1%	15,0%	15,5%	4,1%	15,0%	16,2%	22,1%	-	21,9%	-	26,5%	-	9,4%	12,3%	21,2%	5,1%
Net margin	-	5,4%	11,0%	-	35,9%	24,7%	28,1%	-	-	-	18,5%	-	6,1%	5,1%	5,3%	-

Źródło: BDM S.A., spółka, PAP; according to IFRS 16 from '19

Quarterly sales [mln PLN]

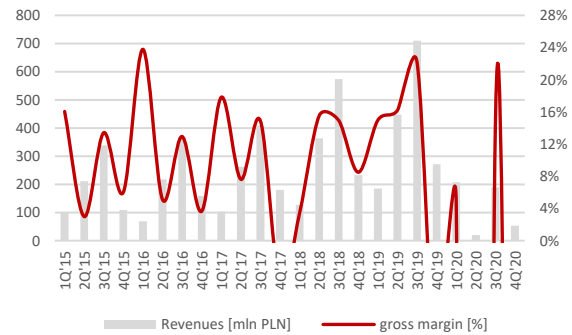


Source: Dom Maklerski BDM S.A., company
Quarterly EBITDA [mln PLN]

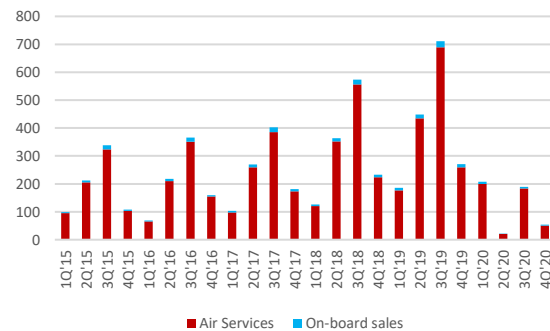


Source: Dom Maklerski BDM S.A., company; according to IFRS 16 from '19

Gross margin and sales



Source: Dom Maklerski BDM S.A., company
Sales by divisions [mln PLN]



Source: 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.

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Ratings and price targets history:

rating	price target	previous rating	previous target price	report date	report date (hour)	price	WIG
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

Distribution of BDM's recommendations in Q2'21*:

, 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	50%	0	0%
Accumulate	1	25%	0	0%
Hold	0	0%	0	0%
Reduce	1	25%	1	100%
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 I to Directive 2014/65/EU is included in a cyclical "Monthly Report" or at www.bdm.pl

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