

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]	33,0	P/E	6,8	-	-
MC [mln PLN]	578,9	EV/EBITDA MSSF 16	4,7	76,2	11,5
		EV/EBIT MSSF 16	9,5	-	-
		P/BV	1,6	2,8	6,0

Analyst:
Adrian Górniak
gorniak@bdm.pl
tel.: 668 516 977

Last recommendation BDM: Hold with target price 41,8 PLN/share (13.05.2021)

Q2'21 results [mln PLN]

	Q2'20	Q2'21	zmiana r/r	Q2'21F BDM	dev.
Sales	21	223	983,0%	223	-0,3%
Gross profit	-83	-6	-	34	-
SG&A	7	8	7,2%	7	14,6%
Other op.income/expenses	1	6	-	0	-
EBITDA MSSF 16	-45	45	-	76	-
EBIT MSSF 16	-90	-8	-	27	-
Financial income/expense, net	30	39	-	30	-
Profit before tax	-66	25	-	57	-
Net profit	-56	19	-	46	-
Gross margin	-	-	-	15,1%	-
EBITDA MSSF 16 margin	-	20,2%	-	34,2%	-
EBIT MSSF 16 margin	-	-	-	11,9%	-
Net margin	-	8,8%	-	20,5%	-

Source: BDM S.A., company, PAP

- In Q2'21 the group achieved 223 PLNm of sales (+983% y/y). Gross profit rose to -6 PLNm. Enter Air reported 45 PLNm of EBITDA. Net profit was close to 19 PLNm. The results were higher y/y because of enduring COVID-restrictions, and positive foreign exchange differences (53 mln PLN).
- Sales of "Air services" segment was around 212 PLNm, while "On-board sales" division generated 10 PLNm of sales.
- In may'19 the group acquired 49% of swiss company Germania Flug AG. Enter Air decided to change it's 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 67 PLNm (vs -103 PLNm 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 PLNm);
 - The group got financial help from PFR (287 PLNm);
 - 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.
- The company's conference call will take place on 1st October at 11:00.

Summary of Q2'21 results:

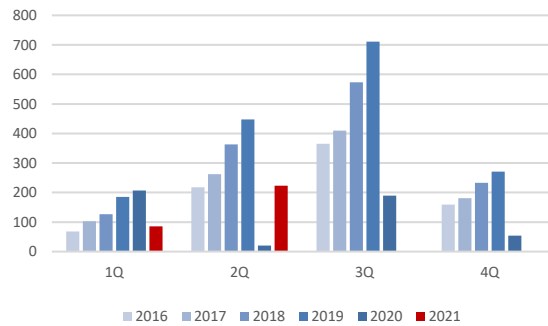
The results of Enter Air in Q2'21 were higher than in Q2'20 (positive EBITDA and net profit), but were below our expectations (higher consumption of materials and energy). Despite, we consider the results as neutral. The company has boosted it's sales (we estimate Enter Air realised c.a. 60% of flights in a reference to Q2'19), due to enduring COVID-restrictions (in our opinion, COVID-19 is still the biggest risk for future results). We point out the company received the loan from PFR (c.a 287 mln PLN), what secures in our opinion company's liquidity. We hope H2'21 will bring the recover in tourist traffic and financial results of Enter Air.

Results in previous quarters [mIn PLN]

Results Q [mIn 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	Q1'21	Q2'21	2018	2019	2020
Sales	126	363	573	233	185	448	711	271	207	21	189	54	85	223	1 296	1 615	471
Air services	121	352	556	224	177	434	689	260	200	20	183	50	81	212	1 252	1 560	453
On-board sales	6	12	18	9	9	14	21	12	7	0	6	4	4	10	44	55	17
Gross profit	4	56	86	20	28	73	157	-46	10	-83	27	-78	-60	-6	166	212	-124
SG&A	6	8	7	12	8	10	8	12	7	7	8	5	9	8	34	38	28
Other op.income/expenses	0	-2	0	2	0	0	0	-6	0	1	-7	9	1	6	0	-7	2
EBITDA MSSF 16	6	55	89	9	66	111	200	-35	45	-45	50	-27	-18	45	159	342	24
EBIT MSSF 16	-2	46	78	-4	20	62	149	-62	2	-90	12	-75	-67	-8	119	169	-151
Profit before tax	-5	23	82	-15	-11	67	70	-18	-95	-66	33	-60	-142	25	85	108	-188
Net profit	-4	19	63	-12	-9	54	60	-19	-77	-56	35	-56	-116	19	66	85	-154
Net debt (cash)	387	350	259	472	1210	1132	1085	1017	1142	1231	1227	1243	1380	1258	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%	-	-80,2%	-	983,0%	37,3%	26,4%	-69,0%
Net profit change y/y	-	142,6%	50,1%	-	-	177,0%	-5,7%	-	751,9%	-	-	187,5%	50,9%	-	16,7%	32,9%	-
Gross margin	3,4%	15,5%	14,9%	8,5%	-1190,4%	33,2%	90,1%	-	4,6%	-	14,4%	-	-	-	12,8%	13,1%	-
EBITDA margin*	5,1%	15,0%	15,5%	4,1%	15,0%	16,2%	22,1%	-	21,9%	-	26,5%	-	-	20,2%	12,3%	21,2%	5,1%
Net margin	-	5,4%	11,0%	-	35,9%	24,7%	28,1%	-	-	-	18,5%	-	-	8,8%	5,1%	5,3%	-

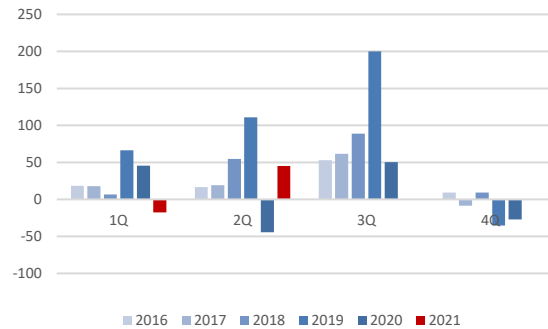
Źródło: BDM S.A., spółka, PAP; according to IFRS 16 from '19

Quarterly sales [mIn PLN]



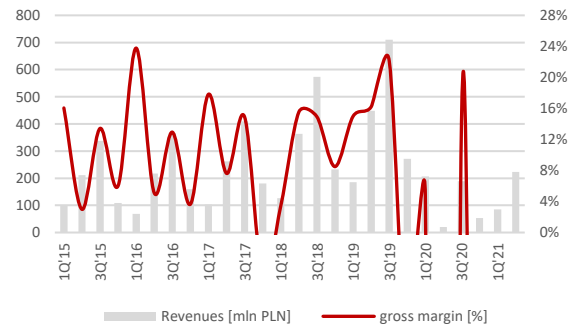
Source: Dom Maklerski BDM S.A., company

Quarterly EBITDA [mIn PLN]



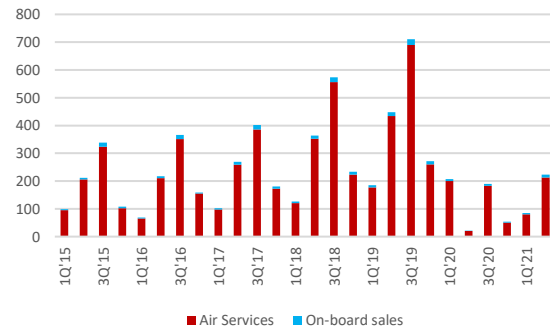
Source: Dom Maklerski BDM S.A., company; according to IFRS 16 from '19

Gross margin and sales



Source: Dom Maklerski BDM S.A., company

Sales by divisions [mIn PLN]



Source: Dom Maklerski BDM S.A., company

RESEARCH DEPARTMENT:

Krzysztof Tkocz

Director
tel. (+48) 501 238 443
e-mail: krystian.brymora@bdm.pl
strategy, chemicals, industry, energy

Michał Fidelus

Analitik rynku akcji
tel. (+48) 666 073 972
e-mail: michal.fidelus@bdm.pl
banking, financial services

Adrian Górniak

Analyst
tel. (+48) 668 516 977
e-mail: adrian.gorniak@bdm.pl
Real estate, retail, media

Krzysztof Tkocz

Junior analyst
e-mail: krzysztof.tkocz@bdm.pl
tel. (+48) 516 086 705
Gaming

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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INSTITUTIONAL SALES DEPARTMENT:

Leszek Mackiewicz

Director
tel. (022) 62-20-848
e-mail: leszek.mackiewicz@bdm.pl

Tomasz Ilczyszyn

tel. (022) 62-20-854
e-mail: tomasz.ilczyszyn@bdm.pl

Maciej Fink-Finowicki

tel. (022) 62-20-855
e-mail: maciej.fink-finowicki@bdm.pl

Piotr Komorowski

tel. (022) 62-20-851
e-mail: piotr.komorowski@bdm.pl

Ratings and price targets history:

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

Distribution of BDM's recommendations in Q4'21*:

	number	%	number	%
Buy	0	0%	3	100%
Accumulate	0	0%	0	0%
Hold	0	0%	0	0%
Reduce	0	0%	0	0%
Sell	0	0%	0	0%

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

* 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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