Zacks Small-Cap Research

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Yatra Online, Inc. (NASDAQ: YTRA)

Taking Revenues Down in Advance of Next Week's Earnings Report

Based on a 10% discount to the industry average of 3.0x EV/Sales 2023 on our calendar year sales estimate, we believe the stock could be worth $2.83 per share.

Current Price (2/23/2023)	$2.32
Valuation	**$2.83**

OUTLOOK

The September quarter was the second full quarter of reopened travel in India. International flights resumed on March 27 increasing inventory and further aiding growth. We expect the December quarter to continue up sequentially as leisure and corporate demand remains high and is reaching new records.

The IPO in progress in India could act as a catalyst to attract more investors and provides a better avenue for the acquisition of Indian companies.

SUMMARY DATA

52-Week High	**$2.94**
52-Week Low	**$1.42**
One-Year Return (%)	**38.9**
Beta	**1.4**
Average Daily Volume (sh)	**45,407**
Shares Outstanding (mil)	**62.9**
Market Capitalization ($mil)	**$145**
Short Interest Ratio (days)	**0.6**
Institutional Ownership (%)	**51**
Insider Ownership (%)	**4**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**-41.3**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/M**
P/E using FY2023 Estimate	**N/M**
P/E using FY2024 Estimate	**11.6**

Risk Level	**Above Average**
Type of Stock	**Small Growth**
Industry	**Internet Services**

ZACKS ESTIMATES

Revenue
(Adjusted in millions of US$)

	Q1 (Jun)	Q2 (Sep)	Q3 (Dec)	Q4 (Mar)	Year (Mar)
2021	$3.1 A	$5.1 A	$8.3 A	$13.3 A	$29.9 A
2022	$6.6 A	$10.6 A	$14.0 A	$12.9 A	$43.5 A
2023	$15.9 A	$18.6 A	$18.5 E	$13.3 E	$66.3 E
2024					$92.6 E

EPS (Non-IFRS)
(adjusted in US$)

	Q1 (Jun)	Q2 (Sep)	Q3 (Dec)	Q4 (Mar)	Year (Mar)
2021	-$0.12 A	-$0.06 A	-$0.04 A	-$0.07 A	-$0.29 A
2022	-$0.01 A	-$0.01 A	-$0.01 A	-$0.01 A	-$1.05 A
2023	$0.01 A	-$0.01 A	$0.01 E	$0.00 E	$0.01 E
2024					$0.20 E

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WHAT'S NEW

Reducing Estimates Due to Demand Weakness, IPO Costs and Delays, and Currency Headwinds

Despite demand nearing almost pre covid levels, we are reducing FYQ3 estimates and raising estimated costs from the IPO process that is still not completed. We now expect adjusted revenues to be closer to $18.5 million for the quarter. We are also taking down FY 23 estimates to revenue of $66 million, up 52% over last year.

We expect the company to report next week and provide more information as well as an update on the IPO in process.

VALUATION

We value YTRA using a peer comparables valuation methodology based on EV/Sales for 2022 calendar estimates. The average multiple for this group is down to 3.0 times. Using that number and an estimate of calendar year sales for Yatra in 2022 of US$65.9 million we calculate an enterprise value and market value of $198 million, and a stock price of $2.83 per share using 62.9 million shares outstanding and putting a 10% discount for microcap size, single country risk, and corporate governance.

Company	Ticker	EV	Sales 2023E	Sales 2024E	EV/Sales 2022E	EV/Sales 2023E
MakeMyTrip (Golbibo)**	MMYT	2,560	773	NA	3.3x	NA
Booking Holdings (Priceline/Kayak/Agoda	BKNG	97,200	19,290	NA	5.0x	NA
Expedia (Orbitz, Travelocity, Hotwire)	EXPE	18,850	12,930	14,149	1.5x	1.3x
Trip.com (formerly Ctrip)	9961 HK	183,350	33,580	NA	5.5x	NA
Trivago N.V.	TRVG	317	677	729	0.5x	0.4x
TripAdvisor	TRIP	3,060	1,720	1,910	1.8x	1.6x
Tongcheng-Elong Travel Holdings	0780 HK	31,850	9,330	NA	3.4x	NA
Easy Trip Planners**	EASEMYTF	80,740	4,595	6,937	17.6x	11.6x
Peer Average					**3.0x**	**1.1x**

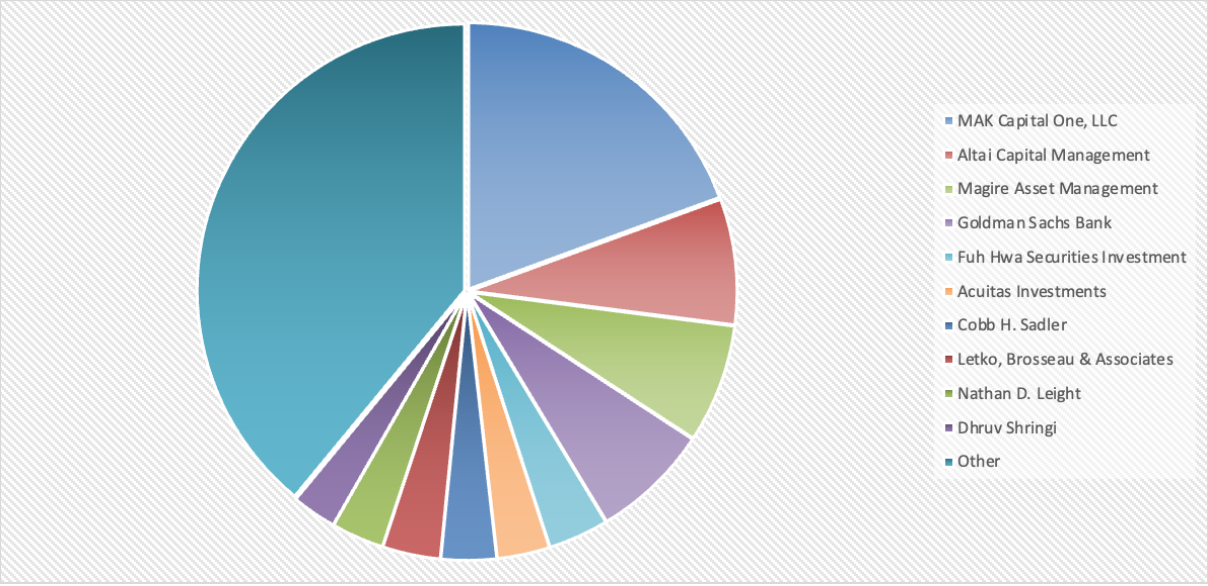
(Excluding Easy Trip Planner)

RISKS

- COVID-19 pandemic or other severe illness outbreaks causing a prolonged downturn and decline in revenues due to government restrictions.
- The newly announced capital raise could dilute current shareholders if the proceeds are not deployed in an accretive way.
- Competition landscape risks include increased competition, search engines' popularity for travel planning, or lost market share in either air ticketing or hotels and packages

- The semi-permanent decline in corporate travel from work-from-home trend or remote workers.
- Channel partners such as airline suppliers, may reduce or eliminate commissions. Financial challenges or insolvency of major airlines like Jet Airways were experienced in 2018 and 2019.
- History of operating losses making sustained profitability uncertain.
- Cybersecurity attacks on airline providers, hotels, or Yatra Online or acts of terrorism in India or the company's travel market countries.
- Foreign private issuer status on Nasdaq allows home country corporate governance practices (India)
- Liquidity of stock shares and float. Shares as micro-cap stock can cause large fluctuations in stock prices and bid/ask. Approximately 34% of shares are owned by insiders, directors, and affiliated companies.
- Affiliates, large shareholders, officers & directors could exert significant control over stockholder matters. Including the Investor Rights Agreement from the 2016 listing with MIHI LLC, Terrapin Sponsors, and certain Terrapin 3 Acquisition Corp holders.
- Dual classes of stock shares: Class A shares and Class F shares. Voting and holding a separate Class A shareholders meeting could be different from the rights of Class F shareholders.
- Currency Volatility: fluctuations in the value of the Indian rupee against USD, Euro, and/or British Pound.

OWNERSHIP



INCOME STATEMENT

(Thousands US Dollars)	June 1Q22	Sept 2Q22	Dec 3Q22	March 4Q22	2022	June 1Q23	Sept 2Q23	Dec 3Q23E	March 4Q23E	2023E	2024E
Revenues:					22,353					34,323	101,079
Adjusted Revenues **											
Air Ticketing	4,151	6,858	9,766	8,798	**29,143**	10,059	13,147	13,200	9,000	**45,406**	**65,839**
% change (yoy)	84%	99%	66%	1%	**43%**	140%	92%	60%	2%	**56%**	**45%**
Hotels & Packages	607	2,205	2,833	2,369	**7,897**	3,830	2,958	3,200	2,500	**12,488**	**16,234**
% change (yoy)	284%	256%	89%	-6%	**65%**	180%	34%	100%	6%	**58%**	**30%**
Other Services & Income (Rail, Bus, Freight, Insuranc	1,816	1,572	1,448	1,750	**6,487**	1,977	2,525	2,100	1,800	**8,402**	**10,503**
% change (yoy)	153%	46%	55%	-15%	**35%**	35%	61%	80%	3%	**30%**	**25%**
Adjusted Revenues **	**6,574**	**10,635**	**14,047**	**12,917**	**43,527**	**15,866**	**18,630**	**18,500**	**13,300**	**66,296**	**92,576**
% change (yoy)	**110%**	**107%**	**69%**	**-3%**	**45%**	**141%**	**75%**	**32%**	**3%**	**52%**	**40%**
Non-Adjusted Revenues:											
Total Rendering of Services Revenues	**3,643**	**5,654**	**7,724**	**7,284**	**23,954**	**10,300**	**8,977**	**12,025**	**8,645**	**39,947**	**60,174**
% change (yoy)	43%	89%	105%	27%	**60%**	183%	59%	56%	19%	**67%**	**51%**
Other Revenues (Advertising, Facilitation Fees Websi	486	420	705	689	2,267	1,077	1,240	1,295	931	4,543	6,480
% change (yoy)	53%	-33%	9%	-12%	-4%	110%	195%	95%	80%	100%	32%
Reported Revenues	4,129	6,074	8,429	7,973	**26,221**	11,377	10,217	13,320	9,576	**44,490**	**66,654**
% change (yoy)	44%	70%	99%	19%	**51%**	176%	68%	58%	20%	**70%**	**50%**
Other Income	1,062	627	105	335	2,091	249	780	500	600	2,129	2,342
% change (yoy)	177%	52%	-52%	-58%	16%	-77%	24%	15%	15%	2%	10%
Operating Expenses:											
Service Cost	127	316	1,073	615	2,091	1,857	1,157	3,000	1,000	7,014	12,000
Personnel Expense	2,939	3,988	3,407	3,351	13,469	3,416	3,534	4,100	3,500	14,550	16,000
Marketing & Sales Promotion Expense	204	392	620	446	1,636	391	999	999	999	3,388	5,000
Other Operating Expenses	2,060	2,761	3,511	3,615	11,774	4,836	4,801	4,800	4,000	18,437	20,000
Depreciation & Amortization	1,030	1,134	993	970	4,062	698	577	680	670	2,625	3,000
Goodwill Impairment	0	0	0	0	0	0	0	0	0	0	0
Impairment of loan to joint venture	0	0	964	13	958	13	0	0	0	13	0
Total Operating Expenses	6,360	8,591	10,568	9,010	**33,990**	11,211	11,068	13,579	10,169	**46,027**	**56,000**
% change (yoy)	-30%	9%	48%	-40%	**-13%**	76%	29%	28%	13%	**35%**	22%
Operating Income (Loss)	(1,169)	(1,890)	(2,034)	(702)	**(5,678)**	415	(71)	241	7	**592**	**12,996**
Joint Venture Share of Loss	(13)	(16)	588	0	559	-	-	-	-	-	-
Interest Income	307	178	93	65	643	131	117	200	200	648	648
Interest Expense	(350)	(303)	(303)	(388)	(1,344)	(389)	(737)	(300)	(300)	(1,726)	-
Listing and related expenses	0	0	(294)	(447)	(741)	(135)	(77)	0	0	(212)	0
Change in Fair Value of Warrants (Loss)	164	174	104	0	442	0	0	0	0	-	0
Income before Taxes (Loss)	(1,061)	(1,857)	(1,846)	(1,472)	**(5,378)**	22	(768)	141	(93)	**(698)**	**13,644**
Income Taxes	(21)	(35)	(99)	(71)	(223)	(112)	(107)	(193)	(254)	(667)	(1,348)
Net Income (reported)	**(1,082)**	**(1,892)**	**(1,945)**	**(1,543)**	**(5,601)**	**(90)**	**(875)**	**(52)**	**(347)**	**(1,365)**	**12,296**
Net Income Adjusted (Non-IFRS)	**(594)**	**(834)**	**(782)**	**(1,115)**	**(3,326)**	**392**	**(349)**	**320**	**65**	**387**	**13,836**
EPS (reported, diluted)	($0.02)	($0.03)	($0.03)	($0.02)	($0.10)	($0.00)	($0.01)	($0.00)	($0.01)	($0.02)	$0.18
EPS Adjusted (Non-IFRS, diluted)	**($0.01)**	**($0.01)**	**($0.01)**	**($0.02)**	**($0.05)**	**$0.01**	**($0.01)**	**$0.01**	**$0.00**	**$0.01**	**$0.20**
Calendar EPS (reported, diluted)					**($0.22)**					**($0.04)**	**$0.13**
Calendar EPS Adjusted (diluted)					**($0.11)**					**($0.01)**	**$0.15**
Adjusted EBITDA (Non-IFRS)	**521**	**313**	**591**	**697**	**2,095**	**1,563**	**955**	**2,100**	**2,500**	**7,118**	**17,536**

SEGMENTS & METRICS

(March Year-end)	Year	Year	Year	Year	Quarter	Quarter	Quarter	Quarter	Year	Quarter	Quarter
Key Metrics (in thousands)	**March Yr 2018**	**March Yr 2019**	**March Yr 2020**	**March Yr 2021**	**June Q 2022A**	**Sept Q 2022A**	**Dec Q 2022A**	**Mar Q 2022A**	**March Yr 2022**	**June Q 2023A**	**Sept Q 2023A**
Air Passengers	8,875	10,163	8,179	2,623	415	896	1267	986	3,564	1290	1266
Hotel Room Nights	2,098	2,341	1,200	547	70	289	342	317	1,018	585	412
Holiday Packages (travelled)	168	134	111	4	1	1	4	4	10	5	5
Growth	**March Yr 2018**	**March Yr 2019**	**March Yr 2020**	**March Yr 2021**	**June Q 2022A**	**Sept Q 2022A**	**Dec Q 2022A**	**Mar Q 2022A**	**March Yr 2022**	**June Q 2023A**	**Sept Q 2023A**
Air Passengers	29%	15%	-20%	-68%	171%	93%	39%	-10%	36%	211%	41%
Hotel Room Nights	52%	12%	-49%	-54%	367%	641%	72%	8%	86%	736%	43%
Holiday Packages (travelled)	17%	-20%	-17%	-96%	NM	0%	300%	100%	150%	400%	400%
Gross Bookings (in INR)*	**March Yr 2018**	**March Yr 2019**	**March Yr 2020**	**March Yr 2021**	**June Q 2022A**	**Sept Q 2022A**	**Dec Q 2022A**	**Mar Q 2022A**	**March Yr 2022A**	**June Q 2023A**	**Sept Q 2023A**
Air Ticketing	79,156,190	97,638,313	77,411,328	13,001,783	1,892,984	6,624,473	9,691,893	9,439,494	27,648,844	14,837,538	13,200,796
Hotels & Packages	13,386,288	13,511,914	7,895,916	1,705,600	226,911	988,658	1,221,492	1,050,215	3,487,276	2,204,311	1,947,481
Total	**92,542,478**	**111,150,227**	**85,307,244**	**14,707,383**	**2,119,895**	**7,613,131**	**10,913,385**	**10,489,709**	**31,136,120**	**17,041,849**	**15,148,277**
Bookings Growth	**March Yr 2018**	**March Yr 2019**	**March Yr 2020**	**March Yr 2021**	**June Q 2022A**	**Sept Q 2022A**	**Dec Q 2022A**	**Mar Q 2022A**	**March Yr 2022A**	**June Q 2023A**	**Sept Q 2023A**
Air Ticketing	38%	23%	-21%	-83%	NM	320%	89%	45%	113%	684%	99%
Hotels & Packages	28%	1%	-42%	-78%	5263%	798%	98%	8%	104%	871%	97%
Total	**37%**	**20%**	**-23%**	**-83%**	**NM**	**351%**	**90%**	**40%**	**112%**	**704%**	**99%**
Net Revenue Margin %	**March Yr 2018**	**March Yr 2019**	**March Yr 2020**	**March Yr 2021**	**June Q 2022A**	**Sept Q 2022A**	**Dec Q 2022A**	**Mar Q 2022A**	**March Yr 2022A**	**June Q 2023A**	**Sept Q 2023A**
Air Ticketing	**6.3%**	**5.8%**	**5.1%**	**11.4%**	16.3%	7.7%	7.5%	7.1%	**8.0%**	5.4%	8.1%
Hotels & Packages	**12.7%**	**13.9%**	**9.9%**	**20.6%**	19.9%	16.5%	17.3%	17.1%	**17.2%**	13.7%	12.4%

* Gross Bookings are net of of cancellations & refunds and include fees and other charges

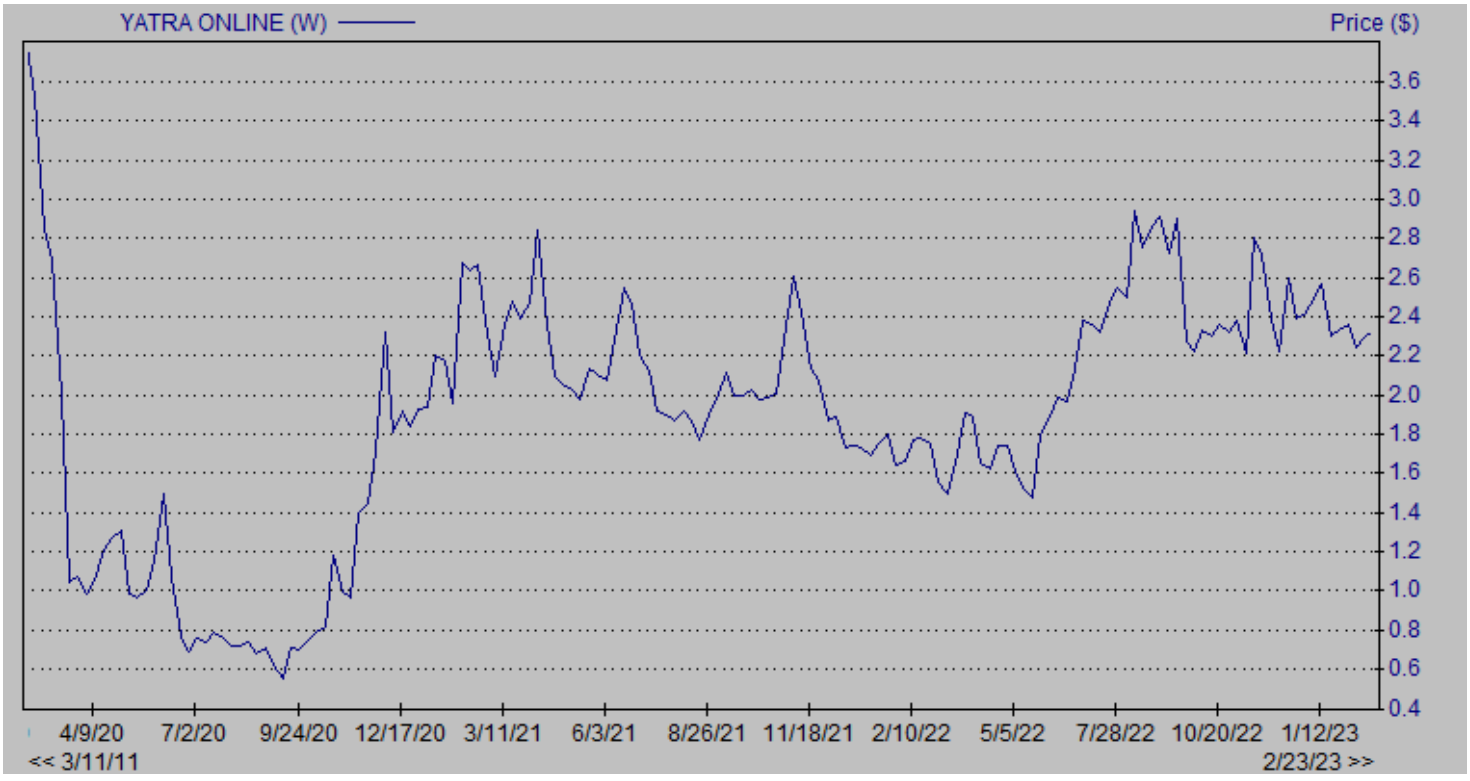
BALANCE SHEET

in Thousands of US Dollars	Sept 30, 2022	June 30, 2022	Qtr-to-Qtr % Change	Sept 30, 2021	Yr-to-Yr % Change
CURRENT ASSETS					
Cash and cash equivalents	**$3,556**	**$5,355**	-33.59%	**$19,032**	-81.32%
Term Deposits	**5,080**	**7,019**	-27.63%	**5,690**	-10.72%
Other financial assets	837	869	-3.68%	1,437	-41.75%
Income tax recoverable	3,120	2,958	5.48%	2,288	36.36%
Trade and other receivables	32,709	35,832	-8.72%	15,062	117.16%
Inventories	2	3	-33.33%	15	-86.67%
Prepayments and other assets	6,754	6,447	4.76%	6,662	1.38%
Total current assets	52,058	58,483	-10.99%	50,186	3.73%
Property, plant and equipment	466	295	57.97%	294	58.50%
Right of use assets	2,575	2,817	-8.59%	3,573	-27.93%
Intangible assets and goodwill	9,057	9,356	-3.20%	10,977	-17.49%
Prepayments and other	8	8	0.00%	5	60.00%
Other financial assets	607	645	-5.89%	261	132.57%
Term deposits	5	12	-58.33%	289	-98.27%
Other non financial assets	2,337	2,723	-14.18%	2,916	-19.86%
Deferred tax assets	121	120	0.83%	185	-34.59%
Total other assets	15,176	15,976	-5.01%	18,500	-17.97%
TOTAL ASSETS	67,234	74,459	-9.70%	68,686	-2.11%
CURRENT LIABILITIES					
Borrowings	**7,699**	**3,151**	144.34%	**47**	########
Trade and other payables	28,470	35,716	-20.29%	28,673	-0.71%
Employee benefits	686	779	-11.94%	808	-15.10%
Deferred revenue	1,446	1,740	-16.90%	3,260	-55.64%
Income taxes payable	136	107	27.10%	5	2620.00%
Lease liability	536	537	-0.19%	570	-5.96%
Other financial liabilities	4,865	5,730	-15.10%	1,038	368.69%
Other current liabilities	7,688	10,493	-26.73%	9,188	-16.33%
Total current liabilities	51,526	58,253	-11.55%	43,589	18.21%
OTHER LONG-TERM LIABILITIES					
Borrowings	**995**	**66**	1407.58%	**29**	3331.03%
Trade and other payables	624	576	8.33%	504	23.81%
Deferred tax liabilities	103	137	-24.82%	172	-40.12%
Employee benefits	502	406	23.65%	669	-24.96%
Deferred revenue	418	691	-39.51%	1,533	-72.73%
Lease liability	2,595	2,809	-7.62%	3,472	-25.26%
Other financial liabilities	-	-	0.00%	3,893	-100.00%
Other non-financial liabilities	-	-	0.00%	280	-100.00%
TOTAL LIABILITIES	56,763	62,938	-9.81%	54,141	4.84%
SHAREHOLDERS EQUITY					
Share capital	10	11	-9.09%	11	-9.09%
Share premium	249,706	256,869	-2.79%	273,245	-8.61%
Treasury shares	(138)	(142)	-2.82%	(151)	-8.61%
Other capital reserves	3,653	3,574	2.21%	3,056	19.54%
Accumulated deficit	(242,112)	(248,288)	-2.49%	(261,400)	-7.38%
Foreign currency translation reserve	(682)	(538)	26.77%	(362)	88.40%
Total shareholders equity	10,437	11,486	-9.13%	14,399	-27.52%
Total non-controlling interest	34	35	-2.86%	146	-76.71%
Total equity	10,471	11,521	-9.11%	14,545	-28.01%
TOTAL LIABILITIES & SHAREHOLDERS EQUITY	67,234	74,459	-9.70%	68,686	-2.11%
Cash and equivalents	$8,636	$12,374	-30.21%	$24,722	-65.07%
Current Ratio	1.0	1.0	0.64%	1.2	-12.25%
Quick Ratio	1.0	1.0	0.64%	1.2	-12.23%
Working capital	532	230	131.30%	6,597	-91.94%
Debt	$8,694	$3,217	170.25%	$76	NM
Debt/Total assets	12.9%	4.3%	199.29%	0.1%	NM

CASH FLOWS

in Thousands of US Dollars	3 Mo Jun-21	3 Mo Sep-21	3 Mo Dec-21	3 Mo Mar-22	Year FY 2022	3 Mo Jun-22	3 Mo Sep-22
Pretax income	(1,060)	(1,858)	(1,839)	(1,378)	(6,135)	22	(767)
Adjustments for non-cash and non-operating items	458	1,196	2,054	1,791	5,499	1,021	1,114
CASH FLOW	(602)	(662)	215	413	(636)	1,043	347
Changes in working capital	1,411	(4,116)	(6,463)	(3,383)	(12,551)	(3,547)	(7,493)
Taxes paid, net	1,140	(121)	(212)	(432)	375	(416)	(346)
Net cash flow from operating activities	1,949	(4,899)	(6,457)	(3,405)	(12,812)	(2,920)	(7,492)
Net cash flow from investing	544	515	376	(2,576)	(1,141)	(162)	1,393
Net cash flow from financing	(1,972)	(273)	2,428	1,600	1,783	(1,657)	4,924
Net increase in cash	521	(4,657)	(3,653)	(4,380)	(12,170)	(4,739)	(1,175)
Cash at beginning	23,026	23,563	19,032	15,352	22,558	10,128	5,355
Effect of exchange differences	16	72	45	27	160	(34)	(331)
Cash at end of period	23,563	19,032	15,352	10,548	10,548	5,355	3,556

HISTORICAL STOCK PRICE



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