



Yatra Online, Inc. (YTRA)

Raise Price Target To \$4.00 (From \$3.50); We Think 1Q:F22 Was A Trough Quarter; Project Sequential Revenue Improvement; Solid Financials, In Our View; Maintain Moderate Risk Rating

	F2020		F2021		F2022E		F2023E	
		OLD		NEW	OLD	NEW	OLD	NEW
June	(\$0.13)	(\$0.13)			(\$0.01)A		(\$0.06)	\$0.02
Sep.	(0.08)	(0.06)			(0.10)	(0.01)	(0.01)	0.01
Dec.	(0.01)	(0.04)			(0.08)	(0.00)	0.08	0.02
Mar.	(0.08)	(0.07)			(0.07)	0.01	0.04	0.04
EPS (FY)	(\$0.29)	(\$0.29)			(\$0.32)	(\$0.02)	\$0.04	\$0.10
EPS (Cal.)	(\$0.32)	(\$0.10)			(\$0.06)	\$0.10		
P/E (FY)					NM			19.9x
P/E (Cal.)					19.9x			

Note: NR = Not Rated. Risk Ratings: H = Highly risky; M = Moderately risky. Reported results use the exchange rate provided by company; estimates use a spot rate of 73.1). Fiscal year ends March. C2023 estimates N/A until we provide F2024 estimates. Sum of quarterly EPS may not equal full-year total due to rounding and/or changes in share count. NC=Not covered by Sidoti & Company, LLC.

Year	F2014	F2015	F2016	F2017	F2018	F2019	F2020	F2021	F2022E	F2023E
Rev.(Mil.)	N/A	N/A	\$125.8	\$144.4	\$113.8	\$128.8	\$79.4	\$30.0	\$44.9	\$86.6
GAAP EPS*	N/A	N/A	(\$0.88)	(\$3.68)	(\$1.79)	(\$0.37)	(\$0.24)	(\$0.28)	(\$0.06)	\$0.05

* We use adjusted revenue that normalizes for revenue recognition changes that began in F2018. IFRS financial reporting.

Description: Yatra Online, Inc. (www.yatra.com) is an online travel agency (OTA) focused on India. Yatra serves the leisure and corporate travel markets, aggregating airline, hotel, and other travel options, allowing travelers to book through a single site. Headquarters are in Gurgaon, India.

Release Date	Conference Call	Time (Eastern)	Contact	Co. Guidance	Consensus
TBA	TBA	TBA	TBA	Not provided	-\$0.03

- **With this note, we transition coverage of Yatra Online, Inc. (YTRA) to Anja Soderstrom.**
- **We think 1Q:F22 was a trough quarter and based on increased vaccinations and bookings for the period July-September, we increase our 2Q:F22 revenue estimate to \$10.5 million from \$8.2 million previously.**
- **After troughing in May 2021 due to the second wave of the COVID-19 outbreak, we have seen sequential improvement in passenger traffic in India and given the rapid vaccination rate, we expect the sequential improvement to continue.**
- **While business travel may not come back fully to the extent it was pre-pandemic, we believe there is a market share opportunity for YTRA as the Indian economy grows; in addition, Covid has accelerated the digital transformation and we expect more corporations to turn to online booking for travel.**
- **We think the balance sheet, with \$30 million in net cash and investments exiting 1Q:F22, can support a path to profitability without additional capital.**
- **We increase our price target to \$4 (from \$3.50), which is based on about 3.0x F2023 sales of \$86.6 million, a discount to the 3.2x peer group multiple. We maintain a Moderately Risky rating.**

We think YTRA should benefit from an increased vaccination rate and recovery of travel. Yatra's results has been heavily impacted by COVID-19 as a severe second wave of the pandemic led to air travel shutdown imposed by regulators in India. However, YTRA was already the leading online provider of corporate air travel services in India prior to the COVID-19 outbreak, and the company gained new business wins throughout F2021 as more of that market turned to online bookings and integrated YTRA with their ERP systems to manage their business travel more efficiently. Capacity has gradually returned and is now back at an allowed 85%, after being at 65% since early July. However, management has noted air traffic is running with 70% capacity but expects to be at 100% by end of the year. Domestic air

NR
 Price Target: \$4.00
 Price: \$1.99
 Risk Rating: M

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Key Statistics

Analysts Covering	4
Market Cap (Mil)	\$120
Enterprise Value	\$98
52-Week Range (NASDAQ)	3-1
5-Year EPS CAGR	NM
Avg. Daily Trading Volume	156,000
Shares Out (Mil)	62.200
Float Shares (Mil)	48.605
Insider Ownership	18%
Institutional Holdings	52%
Annualized Dividend	Nil
Dividend Yield	N/A
FCF Per Share (F2023E)	\$0.31
FCF Yield (F2023E)	15.6%
Net Cash Per Share (F2023E)	\$0.59
Price to Book Value	8.2x
Return on Equity (F2023E)	NM
Total Debt to Capital	0.2%
Interest Coverage Ratio	-6.4x
Short Interest %	0.4%
Short Interest Days To Cover	0.7
Russell 2000	2,242
Russell 2000 – Last 12 Months	35.5%
YTRA – Last 12 Months	150.9%



Source: FactSet Prices

traffic in India has trended up since May 2021. Monthly passenger traffic in January 2020 amounted to 12.8 million, it dropped to essentially zero in April 2020 and gradually increased until the second wave put a halt on travel, leading traffic to decline to 2.1 million in May 2021. August 2021 passenger traffic increased to 7.0 million and we project September to be flat from that with a potential upside surprise. We project 2Q:F22 gross bookings were up 236% year over year (180% sequentially) and adjusted revenue up 104% year over year. We expect cost savings and efficiencies, along with the higher revenue base, to drive a narrowing in loss per share to (\$0.01), compared to (\$0.06) in 2Q:F21. We project an adjusted 2Q:F22 EBITDA of \$0.9 million, an improvement from \$0.5 million in 1Q:F22 and a negative \$1.7 million in 2Q:F21. Yatra employs about 1,000 people, down from 2,400 pre-Covid, and does not anticipate adding more than around 10% per year. While we expect marketing expenses to creep up over time, in the near term, YATRA is benefitting from strong organic growth as people are resuming travel and hence does not need to ramp up its marketing budget.

Exhibit 1: Yatra Online Preview Table

(\$ in millions, except per share data)	2Q:F21A	2Q:F22E	YoY
Bookings	22.9	80.2	250.7%
Adjusted revenue	5.1	10.5	104.3%
Total expenses	7.9	13.9	76.6%
Adjusted EBITDA	(1.7)	0.9	NM
Adjusted Net Income	(3.7)	(0.6)	NM
Adjusted EPS	(\$0.06)	(\$0.01)	NM

Sources: Company reports and Sidoti & Company, LLC estimates

Freight business has potential to become a meaningful contributor, in our view. We also anticipate YTRA's freight booking strategy, which leverages its technology platform and corporate relationships, should be impactful in coming years. Management has noted an addressable opportunity of approximately \$50 million and expect about \$2 million in freight business revenue in F2022 and \$5 million in F2023. The service is already profitable and should become even more accretive to bottom line as it scales up. During the past quarter, YTRA doubled the team working on the freight business to 200 members.

India listing opens up for Indian investors to participate in YTRA's growth. On September 16, 2021, YTRA announced it is evaluating a potential listing of its Indian subsidiary on stock exchanges in India. Currently, Indian citizens are not allowed to invest in stocks that are not listed in India. A potential listing would open up the shares to a larger pool of investors that are more familiar with the Yatra brand. Further, it would provide a more liquid stock that could be used for local M&A opportunities in India and add capital further strengthening the balance sheet.

YTRA is adequately capitalized to fund continued growth, in our view. In F2021, YTRA generated \$10.5 million in cash flow from operations and used about \$3.1 million in investing. While F2021 benefited from reduced spending and pay cuts, we do not expect these to be sustainable as demand improves in F2022. We expect a small free cash outflow of \$1.9 million (\$0.03 per share) in F2022 and \$20.3 million (\$0.31 per share) of inflow in F2023. The company concluded 1Q:F22 with \$30 million in net cash and remains debt free.

Valuation	We increase our price target to \$4 (from \$3.50) and maintain a Moderately Risky rating on YTRA shares. YTRA shares trade at 0.6x F2023E EV/Sales, which is a discount to the peer median of 3.2x. Given YTRA's progress toward profitability, market share gains, strong position in corporate travel and that the company has leveraged the business into freight services, we think the valuation gap is not justified. We apply a 2.5x multiple to our new F2023 sales projection of \$86.6 million to derive a \$4.00 price target. (We previously applied a 2.0x multiple to our prior F2023 sales projection of \$86.4 million to derive a \$3.50 price target.) Given the extra leverage created in the business model by the staff reduction and the potential of the freight business, we think it is adequate to increase our valuation multiple.		
Key Risks	Competition	Air travel recovery	COVID-19 cases

YATRA ONLINE, INC.

Table 2: Yatra Cash Flow Statement

(\$ in millions, except per share data)

	F2017	F2018	F2019	F2020	F2021	F2022E	F2023E
Loss before tax	(91.1)	(61.4)	(16.6)	(10.2)	(15.5)	(3.4)	4.4
Depreciation and amortization	4.3	6.5	8.4	8.8	10.2	4.2	3.9
Listing and related expenses	62.9	0.0	0.0	0.0	0.0	0.0	0.0
Contingent dividend	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0
Gain on termination of leases	0.0	0.0	0.0	(0.4)	0.0	0.0	0.0
Change in fair value of contingent consideration	0.0	4.5	7.0	(5.2)	0.0	0.0	0.0
Finance income	(2.1)	(1.3)	(0.6)	(0.4)	(0.7)	(0.4)	(0.4)
Finance costs	1.8	1.9	2.1	2.2	1.3	2.3	2.3
Impairment of goodwill	0.0	0.0	0.0	2.9	3.6	0.0	0.0
Unrealized foreign exchange loss/(gain)	0.1	(0.1)	(0.2)	(0.1)	0.1	0.0	0.0
Loss/(gain) on disposal of property, plant and equipment	(0.0)	(0.0)	(0.1)	(0.1)	(0.0)	0.0	0.0
Change in fair value of warrants	(3.6)	8.7	(24.1)	(0.0)	(5.2)	0.0	0.0
Excess provision written back	(0.7)	(0.7)	(0.5)	(0.8)	(0.5)	0.0	0.0
Advances/provision written off	0.2	0.2	0.1	0.2	0.5	0.1	0.1
Trade and other receivables provision / written-off	1.2	1.8	4.4	1.2	0.0	1.4	1.4
Share of loss of a joint venture	0.1	0.2	0.2	0.1	0.1	0.0	0.0
Share-based payment expense	9.1	11.2	4.1	0.1	1.1	0.1	0.1
Change in working capital	(6.8)	14.8	(32.1)	(5.8)	15.4	(1.0)	13.7
Increase in trade and other receivables	(13.7)	(12.7)	(19.0)	33.0	23.0	(6.1)	(16.2)
Decrease in inventories	(0.0)	(0.1)	0.3	0.0	0.0	(0.0)	0.0
Increase in trade and other payables	7.9	29.2	(13.3)	(38.3)	(10.8)	5.1	29.9
Direct taxes paid (net of refunds)	(0.9)	(1.6)	0.0	(0.5)	3.1	0.0	0.0
Net cash used in operating activities	(24.6)	(13.5)	(47.7)	(7.3)	10.5	3.1	25.3
Acquisition of business	0.0	(5.4)	(3.7)	0.0	(5.6)	0.0	0.0
Investment in joint venture	(0.0)	0.0	0.0	(0.0)	0.0	0.0	0.0
Purchase of property, plant and equipment	(1.0)	(3.4)	(0.4)	(0.2)	(0.0)	(0.4)	(0.4)
Proceeds from sales of property, plant and equipment	0.0	0.0	0.2	0.3	0.1	0.0	0.0
Purchase of intangible assets	(6.3)	(5.4)	(5.7)	(2.7)	(1.1)	(4.6)	(4.6)
Investment in term deposits	(159.0)	(80.8)	(38.1)	(14.5)	(1.0)	0.0	0.0
Proceeds from term deposits	129.4	113.7	38.2	18.3	3.9	0.0	0.0
Interest received	0.2	0.1	0.2	0.1	0.5	0.1	0.1
Net cash used in investing activities	(36.8)	18.8	(9.4)	1.3	(3.1)	(5.0)	(5.0)
Payment of principal portion of lease liabilities	0.0	0.0	0.0	(0.6)	(0.1)	(0.5)	(0.5)
Payment of interest portion of lease liabilities	0.0	0.0	0.0	(0.7)	(1.0)	(0.7)	(0.7)
Issuance of shares pursuant to Business Combination	61.3	0.0	0.0	0.0	10.6	0.0	0.0
Purchase of own shares	(0.2)	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from issue of share capital	25.9	0.1	51.5	0.0	0.0	0.0	0.0
Acquisition by non controlling interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transaction with equity shareholders	0.0	(1.7)	0.0	0.0	0.0	0.0	0.0
Proceeds from borrowings	0.0	21.5	0.0	0.0	0.0	0.0	0.0
Repayment of borrowings	(6.7)	(9.2)	(7.3)	(4.5)	(0.1)	(2.7)	(2.7)
Repayment of vehicle loan	(0.2)	(0.3)	(0.4)	(0.3)	(1.7)	(0.3)	(0.3)
Repayment from invoice discounting	0.0	0.0	0.0	12.2	0.0	0.0	0.0
Repayment of invoice discounting	0.0	0.0	0.0	(8.8)	0.0	0.0	0.0
Interest paid on term loan	(0.5)	(1.0)	(1.0)	(0.2)	(0.3)	(0.2)	(0.2)
Interest paid on vehicle loan	(0.1)	(0.1)	(0.1)	(0.0)	0.0	0.0	0.0
Interest paid on bank overdraft	(0.2)	(0.6)	(0.8)	(1.2)	0.0	(0.7)	(0.7)
Net cash from financing activities	79.3	8.9	42.0	(4.4)	7.3	(5.1)	(5.1)
Net increase (decrease) in cash and equivalents	18.0	14.1	(15.1)	(10.4)	14.6	(6.9)	15.3
Effect of exchange differences on cash and equivalents	(0.3)	0.2	2.7	0.9	(0.1)	0.0	0.0
Cash and equivalents beginning of year	6.0	23.5	35.6	18.1	8.8	23.4	16.5
Cash and equivalents end of year	23.7	37.9	19.7	8.6	23.4	16.5	31.8
FCF (Outflow)	(31.9)	(22.4)	(53.8)	(10.2)	9.4	(1.9)	20.3
FCF (Outflow) per share	(\$1.52)	(\$0.65)	(\$1.22)	(\$0.22)	\$0.16	(\$0.03)	\$0.31
INR to USD translation rate	65.1	65.1	69.2	75.4	73.1	73.1	73.1

Sources: Company reports and Sidoti & Company, LLC estimates

Notes: Results are translated from Indian Rupee to USD at the rate corresponding to the year.

YATRA ONLINE, INC.

Table 3: Yatra Online Balance Sheet

(\$ in millions, except per share data)

	F2019	F2020	F2021	June	SeptE	DecE	F2022E	F2023E
Property, plant, and equipment	2.2	0.8	0.3	0.3	0.3	0.3	0.3	0.3
Right-of-use assets	0.0	7.1	6.2	3.8	3.8	3.8	3.8	3.8
Intangible assets and goodwill	32.3	22.6	12.2	11.7	11.7	11.7	11.7	10.8
Prepayments and other assets	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Other financial assets	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3
Term deposits	0.3	0.0	0.3	0.3	0.3	0.3	0.3	0.3
Other non financial assets	3.7	3.0	3.1	3.0	3.0	3.0	3.0	3.0
Deferred tax asset	1.8	1.2	0.2	0.2	0.2	0.2	0.2	0.2
Total non-current assets	40.9	35.2	22.6	19.5	19.5	19.5	19.5	18.6
Inventories	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade and other receivables	71.2	31.4	11.9	7.4	12.6	15.3	18.0	34.2
Prepayments and other assets	13.0	11.3	8.4	7.9	7.9	7.9	7.9	7.9
Income tax receivable	7.2	6.4	3.4	2.2	2.2	2.2	2.2	2.2
Other current financial assets	3.4	3.6	1.6	1.5	1.5	1.5	1.5	1.5
Other non financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Term deposits	14.5	10.0	7.3	6.5	6.5	6.5	6.5	6.5
Cash and cash equivalents	31.2	18.1	23.4	23.9	11.9	13.4	16.5	31.8
Total current assets	140.5	81.0	56.0	49.5	42.7	46.9	52.8	84.3
Total assets	181.5	116.2	78.6	69.0	62.2	66.4	72.3	102.9
Total shareholders' equity	34.4	20.0	15.9	15.5	15.7	13.0	12.4	13.1
Borrowings	0.4	6.4	0.0	0.0	0.0	0.0	0.0	0.0
Trade and other payables	0.0	0.4	0.5	0.5	0.5	0.5	0.5	0.5
Deferred tax liability	0.6	0.5	0.2	0.2	0.2	0.2	0.2	0.2
Employee benefits	1.2	0.8	0.7	0.7	0.7	0.7	0.7	0.7
Deferred revenue	1.4	3.1	3.6	2.9	2.1	2.5	3.0	5.3
Other financial liabilities	0.0	0.0	3.7	3.8	3.8	3.8	3.8	3.8
Other non-financial liabilities	0.0	0.0	0.6	0.4	0.4	0.4	0.4	0.4
Total non-current liabilities	3.6	11.1	15.2	12.2	7.8	8.2	8.7	10.9
Borrowings	16.7	13.8	1.7	0.1	0.1	0.1	0.1	0.1
Trade and other payables	76.1	37.9	30.3	26.2	23.5	28.6	33.8	59.3
Employee benefits	1.4	1.1	0.7	0.8	0.8	0.8	0.8	0.8
Deferred revenue	8.4	1.7	1.6	2.5	2.5	2.5	3.8	6.0
Income taxes payable	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other financial liabilities	25.4	17.8	1.3	1.5	1.5	1.3	1.3	1.3
Other current liabilities	15.4	12.7	10.7	9.8	9.8	11.4	11.4	11.4
Total current liabilities	143.5	85.0	47.4	41.4	38.7	45.2	51.2	78.8
Total liabilities	147.1	96.1	62.7	53.6	46.4	53.4	59.9	89.8
Total equity and liabilities	181.5	116.2	78.6	69.0	62.2	66.4	72.3	102.9
<i>Metrics</i>								
Net cash	28.8	7.9	28.9	30.4	18.3	19.9	23.0	38.3
Net cash per share	\$0.65	\$0.17	\$0.49	\$0.49	\$0.29	\$0.31	\$0.37	\$0.59
LT Debt to Total Capital	1.0%	24.3%	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%
Return on equity (ttm)	NM	NM	NM	NM	NM	NM	NM	NM
INR to USD translation rate	69.2	75.4	73.1	73.1	73.1	73.1	73.1	73.1

Sources: Company reports and Sidoti & Company, LLC estimates

Notes:

1. Yatra provides a courtesy fx translation from INR to USD as of the end of the reported quarter and year. The sum of translated quarters may not equal the translated year, which is how we derive full year results.

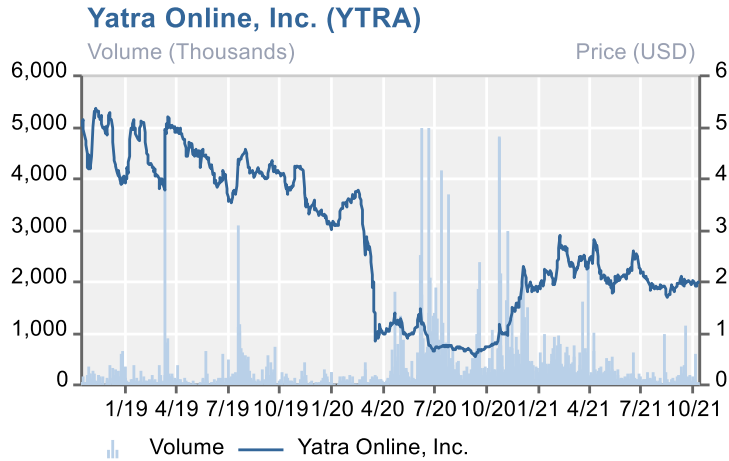
Appendix
Required Disclosures

Required Disclosures

Yatra Online, Inc. (YTRA-\$1.99) NR Price Target: \$4.00 Risk Rating: M

Rating and Price Target History Table

Action	Date	Px	Rating	PT	Risk Rating
Initiation	9/29/20	0.7	NR	2	H
PT	11/5/20	1.5		1	
PT	11/5/20	1		2	
PT	11/5/20	1		2	
Initiation	11/5/20	1	NR	2	H
Initiation	11/23/20	1	NR	2	H
PT	11/23/20	1.5		2	
PT	1/12/21	2.1		3	
Risk Rating	2/4/21	2.3			M
PT	2/4/21	2.3		4	



Source: FactSet Prices

Valuation	We increase our price target to \$4 (from \$3.50) and maintain a Moderately Risky rating on YTRA shares. YTRA shares trade at 0.6x F2023E EV/Sales, which is a discount to the peer median of 3.2x. Given YTRA's progress toward profitability, market share gains, strong position in corporate travel and that the company has leveraged the business into freight services, we think the valuation gap is not justified. We apply a 2.5x multiple to our new F2023 sales projection of \$86.6 million to derive a \$4.00 price target. (We previously applied a 2.0x multiple to our prior F2023 sales projection of \$86.4 million to derive a \$3.50 price target.) Given the extra leverage created in the business model by the staff reduction and the potential of the freight business, we think it is adequate to increase our valuation multiple.		
Key Risks	Competition	Air travel recovery	COVID-19 cases

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