Sidoti & Company, LLC
Member FINRA & SIPC

Yatra Online, Inc.(YTRA)

Initiate Coverage Of Yatra Online, Inc. With A $1.50 Price Target

	F2019	F2020	F2021E	F2022E
June	($0.23)	($0.13)	($0.13)A	($0.02)
Sep.	(0.13)	(0.08)	(0.09)	(0.03)
Dec.	(0.11)	(0.01)	(0.05)	$0.01
Mar.	(0.22)	(0.08)	(0.04)	0.03
EPS (FY)	**($0.68)**	**($0.29)**	**($0.30)**	**($0.01)**
EPS (Cal.)	($0.44)	($0.35)	($0.08)	N/A
P/E (FY)			**NM**	**NM**
P/E (Cal.)			NM	NM

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 at the time of publishing. Fiscal year ends March. C2022 estimates N/A until we provide F2023 estimates. We calculate EV using F2022E projected net cash given our expectation for cash burn. 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	F2013	F2014	F2015	F2016	F2017	F2018	F2019	F2020	F2021E	F2022E
Rev.(Mil.)	N/A	N/A	N/A	$125.8	$144.4	$113.8	$128.8	$79.4	$23.1	$55.5
GAAP EPS	N/A	N/A	N/A	($0.88)	($3.68)	($1.79)	($0.37)	($0.24)	($0.20)	($0.02)

* 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.

Yatra Online, Inc. (YTRA) is an online travel agency (OTA) company with a primary focus on the corporate travel market. Although the shares faced a "one-two punch" from the cancelled Ebix acquisition and the COVID-19 pandemic, the company remains a leading OTA in India. In March 2019, Ebix (NASDAQ: EBIX, NC) made an offer to acquire Yatra, and the companies agreed to the deal on July 17, 2019 for an EV of $337.8 million and a stock price of about $4.90 per share. On June 5, 2020, Yatra terminated the merger agreement and filed a lawsuit against Ebix, alleging breaches of the agreement. The end of the failed Ebix deal coincided with the global response to COVID-19, which dramatically reduced air travel and cut Yatra's revenue by nearly 90%. However, as travel in India is gradually recovering, recent share performance likely reflects an overly pessimistic scenario. Yatra is India's second or third largest leisure OTA and the largest corporate travel provider. Although we think travel could be diminished for a few quarters, India is a high growth market in both the leisure and business travel categories. With an enterprise value of about $34 million today, we think investors should consider the fundamentals of Yatra's business.

We think Yatra's position in the corporate travel market is differentiated and enables a more efficient acquisition of leisure travelers. Through Yatra's position as the leading corporate OTA with a bevy of blue-chip companies signed to multi-year contracts, it already serves some 15 million people including business travelers and their households. Those households are likely to represent a significant portion of the rising middle class, putting Yatra in an advantageous position to efficiently maintain its leisure brand and potentially spend less to acquire leisure customers. India's corporate travel market grew 12% annually in recent years, pre-COVID. Yatra is leveraging its position with corporations by extending additional services, such as deeply integrating expense reporting and offering its library of 100,000+ hotels, access to bulk discounts on products through Amazon. Yatra's goal is to reduce reliance on an unpredictable leisure market.

Yatra's revenue declined in the quarters pre-COVID when the acquisition by Ebix was pending, but marketing spending declined substantially and supported two quarters with positive EBIT, suggesting greater efficiencies. YTRA reported a 26% decline in revenue from 1Q:F20-3Q:F20 compared to 1Q:F19-3Q:F19, while operating expenses declined 28% and sales and promotion expenses declined 76% over the same period. In 1Q:F20-3Q:F20, EBIT loss was $7.6 million compared to $26.2 million in the prior year

NR

Price Target: $1.50
Price: $0.70
Risk Rating: H

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Key Statistics

Analysts Covering	1
Market Cap (Mil)	$40
Enterprise Value*	$25
52-Week Range (NASDAQ)	4-1
5-Year EPS CAGR	N/A
Avg. Daily Trading Volume	674,000
Shares Out (Mil)	47.726
Float Shares (Mil)	45.515
Insider Ownership	18%
Institutional Holdings	52%
Annualized Dividend	Nil
Dividend Yield	N/A
FCF Per Share (F2022E)	$0.08
FCF Yield (F2022E)	11.4%
Net Cash Per Share (F2022E)	$0.23
Price to Book Value	1.5x
Return on Equity (F2022E)	NM
Total Debt to Capital	25%
Interest Coverage Ratio	-12.88
Short Interest %	0.6%
Short Interest Days To Cover	0.7
Russell 2000	1,510
Russell 2000 - Last 12 Months	-4.9%
YTRA - Last 12 Months	-83.2%

Source: FactSet Prices

period. YTRA reported an operating profit just prior to the beginning of COVID's impact with very little promotional spending. YTRA has made additional cuts due to COVID, and management expects to bring nearly 70% of pre-COVID revenue back at the reduced spending levels.

The company stemmed its cash burn with cuts before and during the COVID interruption, and after a June secondary offering, we estimate YTRA has about two years of cash were it to operate at trough revenue levels. YTRA reported gross cash and term deposits of $48.6 million and net cash of $39.1 million ($0.64 per share) as of the end of 1Q:F21; the cash balance as of August 31st was $33.7 million, including $7.7 million of restricted cash. The company has access to an untapped credit facility of $8.3 million. YTRA raised approximately $10 million in a June secondary offering. YTRA reported a cash from operations outflow of $7.3 million in F2020 ($1.5 million excluding working capital), an improvement from $47.7 million ($15.6 million) year over year. Management disclosed a $1.2 million monthly burn rate after the COVID-restructuring.

We initiate coverage of YTRA shares with a highly risky rating and $1.50 price target. OTA peers trade around 3.3x EV/Sales, compared to Yatra's 0.5x. We use about a 1.2x EV/Sales multiple applied to our estimate for F2022 revenue, which is in line with YTRA's historical 1.2x on a TTM basis. We assume F2022 to be a more normalized period than F2020 and F2021; the discount to peers reflects the potential for dilution if the recovery is slower. However, if YTRA reaches profitability, drives revenue growth, and generates sufficient cash flow to support the business, we think the trading multiple should approach the peer group average. YTRA's history of losses and the uncertain air travel recovery from COVID informs our risk rating.

Company Overview

Yatra Online is an online travel company founded in 2006 serving the Indian market, with headquarters in Gurgaon, India. CEO Druv Shringi and CTO Manish Amin were co-founders of the company and previously worked in leadership positions at EBookers Group, a U.K. online travel site founded in 1998.

Yatra's website and mobile apps offer an integrated approach to booking travel. Initially focused on air travel, Yatra now offers hotels, cabs, buses, trains, cruises, and assembled packages, among others. Yatra reaches approximately 100,000 hotels in India, which we think is the largest inventory in the market. The company began to pursue the corporate travel market in 2013, which in F2020 accounted for approximately 50% of bookings.

"Yatra" means travel or trip in Hindi, the most commonly spoken language in India. Travel site visits and travel bookings by mobile phones overtook computers in 2015, and this trend is expected to continue. Today, Yatra's traffic mix is approximately 83% mobile versus 17% PC. Yatra's name may assist with a favorable ranking in the Google Play store. Pre-COVID, some 60% of India's travel market was booked offline.

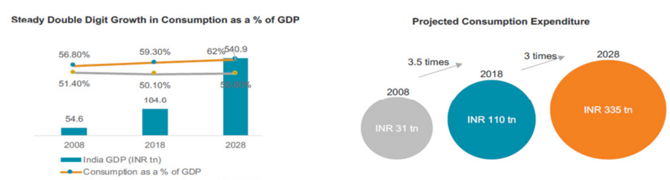
Ebix offered to acquire Yatra in March 2019, which resulted in a merger agreement in July 2019. Ebix apparently struggled to complete certain SEC filings and later attempted to change the merger agreement; Yatra left the merger agreement in June 2020 and filed a lawsuit against Ebix in Delaware after terms of the agreement were allegedly breached. We think it is difficult to assess the likelihood that the case results in awarded damages; we note that representation is on contingency.

Yatra exited the Ebix merger agreement into the COVID-19 pandemic that largely eliminated air travel in the worst of the lockdown and reduced corporate and leisure willingness to travel for the time being. The result was a steep decline in Yatra's June quarter results, with bookings of -$2.8 million indicating widespread cancellations and adjusted revenue of $3.1 million, although we think that is likely to be the trough. As of August/September, India is gradually opening air capacity between regions with low infection rates. As more regions reach acceptable infection rates, air capacity should continue to grow. Further, with the assumption that a vaccine will begin to be circulated in early 2021, we think travel will continue to rebound more rapidly in the following quarters and YTRA's revenue should follow a similar trajectory.

Yatra went public in 2016 through a reverse merger IPO in a transaction valued around $253 million. The company held about 2.9 billion Indian rupees ($43 million at a then 67.944:1 exchange rate) in cash and equivalents following the listing. YTRA raised $57 million in a June 2018 secondary and about $12 million in a June 2020 secondary. There are 35 million warrants outstanding, representing about 17.3 million shares expiring in December 2021 with an exercise price of about $26.

Market Opportunity In Emerging Middle Class

Exhibit 1: Indian consumers emerging



Source: Yatra June 2020 slide deck

Exhibit 1 shows one of the underpinning elements for an investment case in Yatra. India's economy is reaching a point of development where an emerging middle class has significant disposable income and spending power.

India and China share a similar population of around 1.4 billion. China's population is projected to peak in 2030 and India's in 2060; we think it stands to reason that India will likely overtake China's population in the next decade.

Both the economies of China and India have undergone expansion since giving up centralized control, China in 1978 and India in 1990, amid industrialization. India's GDP per capita in 2019 was approximately equivalent to China's in 2007 adjusting for purchasing power parity (PPP). China's GDP per capita adjusted for PPP grew about 11.6% annually on average from 2007 to 2019. India's GDP per capita adjusting for PPP grew 6.6% from 2010 to 2019. Data also shows a steady rise in consumer spending and disposable income over the last 20 years in both countries; data was sourced from tradingeconomics.com. FactSet estimates indicate a return to Real GDP growth of 7.4% in 2021 in India following the 2020 pandemic impact.

With rising political tension between India and China, and between the U.S. and China, we think there is likely to be greater political and economic cooperation between the U.S. and India over the coming years, which may work to the benefit of India's economic growth.

We are not macroeconomists and do not have a nuanced view or outlook of the Indian economy in the years ahead. However, we think using China's development over the last 20 years as a likely proxy for India's over the coming years is a reasonable benchmark. If accurate, we think India's middle class will grow dramatically along with disposable income and demand for luxury items and experiences.

According to data from Statista.com, air passengers in China grew by about 16% annually from 2010 through 2019. And according to the International Air Transport Association (IATA) predicted that India would reach 414 million total air passengers traveling annually by 2037, up from 158 million in 2017.

Corporate Travel Offers Numerous Growth And Stability Vectors

Yatra launched a corporate travel strategy in 2013, which we think was motivated by aggressive marketing by leisure market competitors and after India's air travel market was disrupted by the bankruptcy of a large air carrier.

By 2019, corporate accounted for approximately half of Yatra's bookings and the company claimed several high-profile customer wins. Contracts typically are for multiple years and include varying levels of integrations into the customer's ERP and other backend systems. Business rules may be applied to limit corporate travel options to different roles in the organization. We think the intensity of integrating YTRA's technology into customer backend systems creates stickiness, as work would need to be replicated if the corporate travel provider were replaced.

Corporate travel typically yields lower commission rates than leisure travel, but the customer acquisition cost, which is in the form of an enterprise service contract, is conceptually amortized over a multi-year contract. Notably, when the contract is renewed there is no meaningfully additional or recurring customer acquisition cost. Customer acquisition in the leisure market is transactional by contrast. Spending on search engine marketing is useful for attracting customers actively searching for travel sites, which usually happens when a customer plans to book travel. However, leisure travelers do not tend to be repeat customers, which makes driving profitable engagements challenging in a highly competitive market for customer acquisition.

We think that Yatra's role as a leading travel service provider to large corporates in India is a strong branding tool that resonates with the country's emerging middle class. Some of the corporate customers allow employees to accrue points in Yatra's loyalty program, which are usable for leisure travel. According to management, the cost of acquiring a customer through a loyalty program is half that of search engine marketing. With about 15 million employees, plus household members, represented in Yatra's corporate travel business, the potential for optimized customer acquisition is significant compared to peers that significantly lag in corporate travel.

Yatra recently announced partnerships that can generate non-travel booking revenue. In August 2020, YTRA announced a partnership with Amazon Business. Yatra will provide its network of hotels (approximately 100,000) with bulk pricing on Amazon. Amazon's breadth makes it a potential "one stop shop" for hospitality customers. We think Yatra will collect an affiliate fee, essentially a commission, from sales through the system, that can traditionally range from 1% to 10% depending on the product. We think YTRA's cost for operating this program is minimal and revenue largely incremental. In July 2020, Yatra announced a partnership and integration with Zaggle, an Indian FinTech start-up delivering an expense reporting solution. Zaggle has approximately 3,500 large customers. We think it is a lower cost expense reporting option that may better serve the local market with SaaS type arrangements, compared to competitors like Concur.

Competition

Yatra's competition is largely divided by leisure and corporate travel; we do not know of a competitor that participates in both markets to the extent of Yatra.

Leisure

MakeMyTrip (NASDAQ: MMYT, NC) is the largest player in the OTA space, having extended its lead after acquiring GoIbibo in early 2017. MMYT was founded in 2000 in the U.S., and targets Indians living in the U.S. seeking travel to India. MMYT went public on NASDAQ in 2010 and has since completed 11 acquisitions. MMYT began building a corporate strategy in 2017, and as we were not able to find an example of the company discussing corporate in the bookings or revenue mix, we think MMYT's corporate business is likely small. At $673 million of adjusted revenue for the year ended March 31, 2019, MMYT generated about 5.7x greater sales than YTRA prior to COVID. Sales and marketing accounted for approximately 67% of MMYT's revenue in F2018, suggesting aggressive spending on customer acquisition. We think YTRA's investment in the corporate market years in advance of MMYT likely provides a significant advantage in the corporate travel arena.

Bookings Holdings (NASDAQ: BKNG, NC) owns bookings.com, KAYAK, priceline, agoda, Rentalcars.com, and OpenTable. These brands are leisure travel focused and we do not think BKNG has a corporate travel strategy. BNKG lags MMYT in leisure travel in India.

Expedia Group (NASDAQ: EXPE, NC) operates Expedia.com, HomeAway, Hotels.com, Hotwire.com, Orbitz, Travelocity, trivago, Vbro, and CarRentals.com. The company was founded in 1996 as a division of Microsoft. The company launched a corporate travel brand in the U.S. and France, but remains largely focused on leisure travel.

ClearTrip is a privately held Indian travel company that has discussed a goal of about $100 million in revenue from India in F2020. While we think that the majority of Cleartrip's revenue is likely leisure, the company also has a corporate travel strategy; it likely leads Yatra in the leisure market, making it the second largest leisure OTA behind MMYT.

Search Engines are an emerging competitor to leisure OTA. Robust organic traffic is all that is needed, so large internet search engines can acquire customers and collect fees for travel bookings at minimal cost. Google entered the U.S. market in 2011, drawing antitrust complaints and taking share from market leaders.

Corporate

Carlson Wagonlit Travel, American Express GBT, and BCD are corporate travel competitors based in the U.S. and Europe. We think these companies have the ability to sell global travel services but may not have Yatra's reach in India. Thomas Cook India is a multi-service travel agency with headquarters in Mumbai, India, providing foreign exchange, leisure bundles, visa and passport services, among others; this is far from a pure play corporate travel business.

Terminated Merger Agreement with EBIX

Ebix is an acquisitive public company, attempting over 30 deals since 2010 and completing approximately 5 out of 6 purchases of travel services related companies from 2018-2019. It announced an offer to acquire Yatra in March 2019, and the companies reached a merger agreement in July 2019. Yatra shareholders would receive 0.005 shares of a new class of convertible preferred stock in Ebix; each preferred share was to be convertible into 20 shares of Ebix common. At Ebix's share price at the time of the deal, it approximated a $337.8 million enterprise value and $239 million equity value for Yatra shareholders. The offer represented a 32% premium to Yatra shares.

Yatra terminated the merger agreement with Ebix in June 2020 and filed litigation alleging breach of the agreement. In a partially redacted legal complaint available for shareholders on Yatra's investor relations website, the company alleges that Ebix was aware of and hid SEC inquiries into its accounting practices that would preclude the filing of an S-4 to complete the agreement, from Yatra. Yatra also alleged that Ebix demanded to renegotiate the deal after several months but refused to proceed with good faith toward closing long after the original merger agreement stipulated.

We do not put an expectation on the outcome of the lawsuit. However, we do note that the merger agreement put restrictive covenants on Yatra's business, during Ebix's entrée into the market as a competitor; this is, in the very least, poor optics.

The COVID Impact And Recovery

COVID-19 continues to challenge India. The government ordered a 21-day lockdown on March 24, 2020, which was subsequently extended. The country continues to progress through a gradual reopening. Air and rail services were suspended, cutting demand to virtually nothing in the depth of the lockdown; this was reflected in YTRA's 1Q:F21 adjusted revenue of $3.1 million, compared to $15.5 million sequentially, and $24.8 million year over year.

Domestic air travel began to resume in July, although it was limited to regions with lower infection loads. Management noted approximately 20% of domestic air travel capacity was back online as of early September.

It is difficult to predict when corporate and leisure travel will return to prior volumes as there are divergent trends. It took 22 months for air travel to return to where it was prior to the 9/11 attacks, but broadband internet was still in the early days of proliferation and remote work was not nearly as feasible or accepted. Corporate risk assessments may take longer to allow business travel to resume in this era. On the other hand, India's rapidly expanding consumer class may opt for leisure travel as has been the case in other emerging economies.

Recent Results

YTRA reports under the International Financial Reporting Standard (IFRS) and its primary reporting currency is the Indian Rupee. The company translates results to the US dollar quarterly at a spot rate on the last day of the quarter; similarly, full year reporting is translated to USD at the same spot rate as the fourth quarter. The sum of reported translated quarters may not be equivalent to the reported full year translation because they are not calculated at the same translation rate.

We use adjusted revenue in place of IFRS revenue, in line with YTRA's reporting, which creates a more apples to apples comparison to GAAP revenue reporting for travel companies. Adjusted revenue treats commission from travel packages as revenue instead of the gross booking, while also adding back customer acquisition expenses; there is no difference in earnings calculated using revenue and adjusted revenue.

YTRA's fiscal year end is March. The company reported a 1Q:F21 year-over-year revenue decline of 87% and a sequential revenue decline of 80%, as domestic and global travel was shut down due to the global pandemic. Total operating expenses declined to $9.1 million from $18.4 million sequentially and $38.5 million in the prior-year period. The company reported about $2.2 million in one-time charges related to the terminated merger agreement with Ebix. The 1Q:F21 adjusted EBITDA of ($4.1) million compared to ($3.8) million sequentially and ($3.0) million year over year. The severe demand impact resulting from the pandemic was unusual, but we think the cost control measures put in place are encouraging.

Earnings Outlook

We translate our estimates to USD uniformly at a spot rate, and our estimates may be adjusted in subsequent reports if the exchange rate changes. If we publish a report after the end of a quarter but before the quarter is reported, we will freeze the translation rate just for the to be reported quarter.

For F2021, we anticipate adjusted revenue of $23.1 million, a decline of 71% compared to F2020 owing to the impact of COVID-19. We expect sequential growth in adjusted revenue each quarter, with 1Q:F21 the low point of the year. Management discussed some 20% of capacity returning to domestic air travel as of early September and a slower rebound in international air travel. Business travel is expected to remain muted. We model operating expenses of $42.9 million, down 60%, nearly in line with revenue. We project an adjusted EBITDA of -$6.5 million, which compares to -$1.6 million in F2020.

For F2022, we estimate adjusted revenue of $55.5 million, up 140% year over year, but still down from $79.4 million in F2020. Note that F2020 results were diminished by the Ebix merger agreement before COVID-19 partially impacted 4Q:F20. We model expenses rebound 58% year over year to $67 million in F2022, but still down from $106.7 million in F2020 as we expect Yatra will maintain elements of its leaner operating structure. We think that as revenue rebounds, the company will reach positive adjusted EBITDA in 4Q:F21, maintained throughout F2022, and positive net income for the full year F2022. A slower recovery in revenue would likely result in a slower rebound in spending.

Balance Sheet And Cash Flow

YTRA ended 1Q:F21 with $39 million ($0.64 per share) in cash and equivalents net of debt (about $48.6 million gross), and the company disclosed $33 million in cash and equivalents at the end of August 2020 in an early-September investor presentation; the change was largely an earn out payment from a prior acquisition. YTRA's debt is comprised primarily of invoice discounting, essentially funding receivables. The company reduced fixed costs to about $14.4 million annualized ($1.2 million per month) to preserve liquidity during the pandemic and established a breakeven level of an estimated $45 million in annual revenue. We think Yatra will reach breakeven revenue in 1Q:F22, assuming our estimates and post-COVID recovery in travel volumes stand.

We model free cash outflow of $6.8 million ($0.12 per share) in F2021 and free cash flow of $4.8 million ($0.08 per share) in F2022. We model a cash outflow from financing activities in F2022 results in a $0.2 million decline in cash and equivalents, but that YTRA will end F2022 with about $14.7 million ($0.24 per share) in net cash.

Risks

The COVID-19 pandemic dramatically reduced air travel, and the recovery timeline is uncertain, particularly as infections in India continue to grow. Yatra significantly reduced costs and India has allowed about 20% of domestic air capacity to date. With vaccines tentatively expected in early 2021, we think travel will begin to reset to relatively normal levels by the end of 2021.

The OTA market in India is highly competitive and the leisure market is prone to disruption. The most notable recurring cost to an online travel business is customer acquisition spending. Companies that can direct traffic at lower costs, such as a search engine, can pose significant challenges to standalone companies like Yatra.

YTRA has reported years of cash burn and losses. However, we think the mix shift toward corporate affords the company a more sustainable customer acquisition model that yielded a profit just prior to COVID-19 impacting revenue. Still, if YTRA does not turn the cash flow corner by the end of F2022, we cannot rule out a dilutive capital raise.

YTRA received a delisting notice from NASDAQ. With shares trading below $1.00, the company has an initial period of until January 25, 2021 to regain compliance. Given the extraordinary circumstances around COVID-19 and the likely business recovery in the coming quarters, we speculate that leniency may be justified.

Valuation

YTRA stock currently trades around 0.7x F2022E adjusted revenue and about 0.5x EV/F2022E adjusted revenue, assuming net cash of $14 million at the end of F2022. The shares trade around 0.8x *the $50 million revenue level attainable at the current expense level.* In other words, we think as travel returns to new normal levels, post-pandemic, YTRA has the capacity to handle about $50 million of revenue at the current reduced spending level. Peers trade at a median of 2.2x trailing twelve-month revenue, which captures part of the COVID impact; historically, peers have traded at a median of about 4.2x EV/TTM revenue and YTRA stock has traded at 1.2x EV/TTT revenue. Yatra's business faced a difficult sequence between restrictions imposed by the terminated merger agreement with Ebix followed by the pandemic, which obscured the business' real potential for five quarters. With air travel in India beginning to return, we think YTRA's business potential and efficiency in corporate travel will become more apparent to investors. We apply a multiple of about 1.2x our F2022E revenue to arrive at a $1.50 price target. We think the multiple fairly reflects the selected valuation horizon.

Table 1: Yatra Online Income Statement
($ in millions, except per share data)

	F2018	June	Sept	Dec	Mar	F2019	June	Sept	Dec	Mar	F2020	JuneA	SeptE	DecE	MarE	F2021E	JuneE	SeptE	DecE	MarE	F2022E
Adjusted revenue	$113.8	$29.8	$28.9	$33.5	$35.3	$128.8	$24.8	$21.5	$22.2	$15.5	$79.4	$3.1	$3.2	$7.1	$9.6	$23.1	$11.0	$12.0	$14.4	$18.0	$55.5
Air ticket revenue	77.0	18.3	18.9	20.8	23.6	82.5	16.6	14.6	14.3	10.1	52.5	2.3	2.4	5.1	6.8	16.5	7.5	8.2	9.8	12.3	37.8
Hotel and package revenue	26.1	7.7	5.9	6.9	6.4	27.2	3.4	2.3	3.0	2.2	10.4	0.2	0.5	1.4	2.0	4.1	2.2	2.5	3.0	3.7	11.3
Total revenue	188.1	41.5	28.3	31.7	32.7	135.3	32.7	24.9	27.6	17.0	96.3	2.5	3.8	8.7	11.8	26.9	13.7	14.9	18.0	22.5	69.1
Rendering of services	180.4	39.4	25.1	27.8	28.4	121.7	28.8	21.4	23.4	14.5	83.1	2.2	3.6	8.1	11.0	25.0	12.4	13.5	16.3	20.3	62.5
Other revenue	7.7	2.0	3.3	3.9	4.2	13.6	3.8	3.5	4.2	2.5	13.2	0.3	0.2	0.6	0.7	1.9	1.3	1.3	1.8	2.2	6.5
Other income	1.4	1.2	0.4	1.5	0.7	3.8	0.4	0.7	0.4	0.7	2.1	0.4	0.1	0.1	0.1	0.8	0.1	0.1	0.1	0.1	0.5
Service cost	75.7	23.7	11.7	13.5	12.7	61.9	14.6	9.1	11.3	6.2	38.8	0.0	1.6	3.6	4.8	10.0	5.5	6.0	7.2	9.0	27.7
Personnel expenses	44.6	11.5	9.1	8.5	7.4	36.9	7.4	6.6	6.0	4.8	23.6	2.3	2.7	3.4	4.1	12.5	4.7	4.7	4.7	5.4	19.7
Marketing and sales promotion	63.8	4.2	2.7	2.4	2.3	11.7	1.2	0.7	0.4	0.5	2.6	0.1	0.3	0.3	0.3	1.0	0.4	0.5	0.5	0.5	1.9
Other operating expenses	50.5	11.7	16.2	11.5	17.3	57.5	12.9	10.1	7.3	1.8	30.0	4.7	2.0	2.0	2.0	10.9	2.0	2.7	2.7	3.4	10.8
Depreciation and amortization	6.5	1.9	1.9	2.0	2.5	8.4	2.4	2.4	2.5	2.1	8.8	2.1	2.2	2.2	2.2	8.6	2.0	2.0	2.0	2.0	7.8
Goodwill impairment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.9	2.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total expenses	241.1	53.0	41.6	37.8	42.2	176.4	38.5	28.9	27.5	18.4	106.7	9.1	8.8	11.4	13.4	42.9	14.7	15.9	17.1	20.3	68.0
Income from operations	(51.6)	(10.3)	(12.9)	(4.7)	(8.8)	(37.3)	(5.4)	(3.2)	0.4	(0.7)	(8.3)	(6.2)	(4.8)	(2.6)	(1.5)	(15.2)	(0.8)	(0.9)	1.1	2.3	1.6
Adjusted EBITDA	(29.3)	(5.9)	(3.2)	(2.2)	(6.3)	(17.8)	(3.0)	(0.8)	2.9	(3.8)	(1.6)	(4.1)	(2.6)	(0.4)	0.7	(6.5)	1.3	1.2	3.2	4.4	10.0
Share of loss of joint venture	(0.2)	(0.1)	(0.0)	(0.0)	(0.0)	(0.2)	(0.0)	(0.0)	(0.1)	(0.0)	(0.1)	(0.0)	(0.1)	(0.0)	(0.0)	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)
Finance income	1.4	0.1	0.2	0.2	0.2	0.6	0.4	0.2	0.2	0.1	0.8	0.4	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0
Finance cost	(2.4)	(0.7)	(0.6)	(0.9)	(1.6)	(3.8)	(0.7)	(0.7)	(0.7)	(0.6)	(2.6)	(0.5)	(0.5)	(0.5)	(0.5)	(2.1)	(0.5)	(0.5)	(0.5)	(0.5)	(2.2)
Change in fair value of warrants	(8.7)	6.4	11.6	7.6	(2.0)	24.1	0.7	(1.7)	1.9	(0.8)	0.0	5.3	0.0	0.0	0.0	5.4	0.0	0.0	0.0	0.0	0.0
Income before taxes	(61.4)	(4.5)	(1.8)	2.2	(12.4)	(16.6)	(5.1)	(5.5)	1.7	(2.0)	(10.2)	(1.1)	(5.4)	(3.1)	(2.0)	(11.6)	(1.4)	(1.5)	0.5	1.8	(0.6)
Tax expense	(0.9)	(0.0)	(0.4)	(0.2)	(0.0)	(0.7)	(0.2)	(0.1)	(0.1)	(0.5)	(0.9)	0.0	(0.1)	(0.1)	(0.1)	(0.4)	(0.1)	(0.1)	(0.1)	(0.1)	(0.5)
Net income	(62.2)	(4.6)	(2.2)	2.0	(12.4)	(17.3)	(5.3)	(5.7)	1.6	(2.5)	(11.1)	(1.1)	(5.5)	(3.3)	(2.2)	(12.1)	(1.5)	(1.6)	0.4	1.6	(1.2)
Adjusted net income	(37.9)	(8.5)	(6.0)	(5.1)	(10.3)	(30.3)	(6.0)	(3.9)	(0.3)	(3.9)	(13.3)	(6.3)	(5.5)	(3.3)	(2.2)	(17.4)	(1.4)	(1.5)	0.5	1.8	(0.6)
EPS Basic	($1.79)	($0.12)	($0.04)	$0.04	($0.26)	($0.38)	($0.11)	($0.12)	$0.03	($0.05)	($0.24)	($0.02)	($0.09)	($0.05)	($0.04)	($0.20)	($0.02)	($0.03)	$0.01	$0.03	($0.02)
EPS Diluted	($1.79)	($0.12)	($0.04)	$0.04	($0.26)	($0.37)	($0.11)	($0.12)	$0.03	($0.05)	($0.24)	($0.02)	($0.09)	($0.05)	($0.04)	($0.20)	($0.02)	($0.03)	$0.01	$0.03	($0.02)
Adjusted EPS	($1.10)	($0.23)	($0.13)	($0.11)	($0.22)	($0.68)	($0.13)	($0.08)	($0.01)	($0.08)	($0.29)	($0.13)	($0.09)	($0.05)	($0.04)	($0.30)	($0.02)	($0.02)	$0.01	$0.03	($0.01)
Basic shares outstanding	34.3	35.7	45.8	46.2	46.5	43.5	46.5	46.5	46.5	46.5	46.5	47.7	61.0	61.0	61.0	57.7	61.5	61.5	61.5	61.5	61.5
Diluted shares outstanding	34.3	36.4	46.6	47.3	46.5	44.3	46.5	46.5	47.2	46.5	46.5	48.5	61.0	61.0	61.0	57.9	61.5	61.5	61.5	61.5	61.5
% Change (Y-o-Y)																					
Adjusted revenue	64.8%	17.8%	11.4%	7.0%	10.6%	13.2%	-16.9%	-25.5%	-33.6%	-56.2%	-38.4%	-87.4%	-85.2%	-68.0%	-37.9%	-70.9%	253.1%	277.2%	102.6%	87.3%	140.0%
Air ticket	57.9%	11.4%	3.0%	-3.1%	11.4%	7.2%	-9.2%	-23.0%	-31.2%	-57.3%	-36.4%	-86.5%	-83.7%	-64.5%	-32.8%	-68.5%	230.8%	245.7%	93.6%	81.5%	128.5%
Hotel and package	70.5%	13.7%	20.4%	1.3%	-17.3%	4.3%	-55.7%	-60.2%	-56.8%	-64.8%	-61.7%	-95.4%	-76.9%	-54.8%	-9.5%	-60.7%	1318.5%	353.8%	117.8%	81.5%	177.1%
Total expenses	60.8%	-14.3%	-13.8%	-40.1%	-39.1%	-26.8%	-27.4%	-30.7%	-27.3%	-56.4%	-39.5%	-76.3%	-69.6%	-58.5%	-27.2%	-59.8%	60.4%	81.3%	49.8%	51.5%	58.3%
EBIT	107.7%	-31.4%	46.3%	-52.7%	-51.3%	-27.8%	-47.5%	-74.9%	-108.7%	-92.1%	-77.8%	14.9%	48.1%	-733.8%	113.3%	83.7%	NM	NM	NM	NM	NM
Adjusted EBITDA	119.8%	-37.0%	-27.1%	-63.5%	-34.5%	-39.5%	-49.8%	-74.5%	-229.6%	-39.7%	-90.9%	37.2%	218.9%	-114.3%	-117.9%	305.8%	NM	NM	NM	NM	NM
% of adjusted revenue																					
Air	67.7%	61.5%	65.5%	62.1%	66.8%	64.1%	67.2%	67.7%	64.4%	65.1%	66.2%	72.0%	74.5%	71.4%	70.4%	71.5%	67.5%	68.2%	68.2%	68.2%	68.1%
Hotel and package	22.9%	25.9%	20.4%	20.7%	18.0%	21.1%	13.8%	10.9%	13.5%	14.5%	13.1%	5.0%	17.0%	19.0%	21.1%	17.7%	20.2%	20.5%	20.5%	20.5%	20.4%
Service cost	66.6%	79.5%	40.3%	40.2%	36.0%	48.1%	59.0%	42.1%	50.9%	40.0%	48.9%	0.0%	50.0%	50.0%	50.0%	43.1%	50.0%	50.0%	50.0%	50.0%	50.0%
Personnel expenses	39.2%	38.5%	31.5%	25.5%	20.9%	28.6%	30.0%	30.9%	27.1%	31.3%	29.7%	72.6%	85.1%	47.6%	42.3%	54.0%	42.9%	39.5%	32.9%	30.1%	35.4%
Marketing and sales promotion	56.1%	14.0%	9.5%	7.1%	6.5%	9.1%	4.8%	3.0%	1.7%	3.4%	3.3%	2.5%	8.5%	3.8%	3.5%	4.2%	3.7%	3.9%	3.3%	3.0%	3.4%
Other operating expenses	44.4%	39.4%	56.2%	34.2%	48.9%	44.6%	51.9%	46.9%	32.9%	11.7%	37.8%	149.6%	63.8%	28.6%	21.1%	47.1%	18.4%	22.6%	18.8%	18.8%	19.5%
EBIT	5.7%	6.5%	6.6%	5.9%	7.1%	6.5%	9.6%	11.1%	11.1%	13.5%	11.1%	67.5%	67.8%	30.4%	22.4%	37.4%	17.7%	16.3%	13.6%	10.9%	14.1%
Adjusted EBITDA	-25.8%	-20.0%	-11.1%	-6.6%	-17.7%	-13.8%	-12.1%	-3.8%	12.9%	-24.4%	-2.0%	-131.0%	-82.2%	-5.8%	7.0%	-28.3%	11.4%	9.9%	21.9%	24.4%	18.0%
Net margin	-54.7%	-15.3%	-7.6%	5.9%	-35.2%	-13.4%	-21.5%	-26.2%	7.1%	-16.0%	-14.0%	-33.6%	-172.9%	-46.2%	-22.7%	-52.1%	-13.9%	-13.4%	2.5%	9.0%	-2.1%

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.
2. We will adjust estimate quarters for changes in the fx rate until the final day of an unreported quarter, when we will fix it to the snap rate that day.
3. Adjusted net income removes non-cash and one-time elements, such as stock-based compensation and change in fair value of warrants.

Table 2: Yatra Cash Flow Statement
($ in millions, except per share data)

	F2017	F2018	F2019	F2020	F2021E	F2022E
Loss before tax	(91.1)	(61.4)	(16.6)	(10.2)	(11.6)	(0.6)
Depreciation and amortization	4.3	6.5	8.4	8.8	8.6	7.8
Listing and related expenses	62.9	0.0	0.0	0.0	0.0	0.0
Contingent dividend	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
Change in fair value of contingent consideration	0.0	4.5	7.0	(5.2)	0.0	0.0
Finance income	(2.1)	(1.3)	(0.6)	(0.4)	(0.4)	(0.4)
Finance costs	1.8	1.9	2.1	2.2	2.3	2.3
Impairment of goodwill	0.0	0.0	0.0	2.9	0.0	0.0
Unrealized foreign exchange loss/(gain)	0.1	(0.1)	(0.2)	(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
Change in fair value of warrants	(3.6)	8.7	(24.1)	(0.0)	(5.4)	0.0
Excess provision written back	(0.7)	(0.7)	(0.5)	(0.8)	(0.4)	(0.4)
Advances/provision written off	0.2	0.2	0.1	0.2	0.1	0.1
Trade and other receivables provision / written-off	1.2	1.8	4.4	1.2	1.4	1.4
Share of loss of a joint venture	0.1	0.2	0.2	0.1	0.0	0.0
Share-based payment expense	9.1	11.2	4.1	0.1	0.1	0.1
Change in working capital	(6.8)	14.8	(32.1)	(5.8)	1.5	(2.6)
Increase in trade and other receivables	(13.7)	(12.7)	(19.0)	33.0	12.9	(22.2)
Decrease in inventories	(0.0)	(0.1)	0.3	0.0	0.0	0.0
Increase in trade and other payables	7.9	29.2	(13.3)	(38.3)	(11.4)	19.6
Direct taxes paid (net of refunds)	(0.9)	(1.6)	0.0	(0.5)	0.0	0.0
Net cash used in operating activities	**(24.6)**	**(13.5)**	**(47.7)**	**(7.3)**	**(4.0)**	**7.6**
Acquisition of business	0.0	(5.4)	(3.7)	0.0	(0.7)	0.0
Investment in joint venture	(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)	(0.1)	(0.1)
Proceeds from sales of property, plant and equipment	0.0	0.0	0.2	0.3	0.0	0.0
Purchase of in tangible assets	(6.3)	(5.4)	(5.7)	(2.7)	(2.7)	(2.7)
Investment in term deposits	(159.0)	(80.8)	(38.1)	(14.5)	0.0	0.0
Proceeds from term deposits	129.4	113.7	38.2	18.3	0.0	0.0
Interest received	0.2	0.1	0.2	0.1	0.1	0.1
Net cash used in investing activities	**(36.8)**	**18.8**	**(9.4)**	**1.3**	**(3.4)**	**(2.7)**
Payment of principal portion of lease liabilities	0.0	0.0	0.0	(0.6)	(0.5)	(0.5)
Payment of interest portion of lease liabilities	0.0	0.0	0.0	(0.7)	(0.7)	(0.7)
Issuance of shares pursuant to Business Combination	61.3	0.0	0.0	0.0	0.0	0.0
Purchase of own shares	(0.2)	0.0	0.0	0.0	0.0	0.0
Proceeds from issue of share capital	25.9	0.1	51.5	0.0	10.5	0.0
Acquisition by non controlling interest	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
Proceeds from borrowings	0.0	21.5	0.0	0.0	0.0	0.0
Repayment of borrowings	(6.7)	(9.2)	(7.3)	(4.5)	(2.7)	(2.7)
Repayment of vehicle loan	(0.2)	(0.3)	(0.4)	(0.3)	(0.3)	(0.3)
Repayment from invoice discounting	0.0	0.0	0.0	12.2	0.0	0.0
Repayment of invoice discounting	0.0	0.0	0.0	(8.8)	0.0	0.0
Interest paid on term loan	(0.5)	(1.0)	(1.0)	(0.2)	(0.2)	(0.2)
Interest paid on vehicle loan	(0.1)	(0.1)	(0.1)	(0.0)	0.0	0.0
Interest paid on bank overdraft	(0.2)	(0.6)	(0.8)	(1.2)	(0.7)	(0.7)
Net cash from financing activities	**79.3**	**8.9**	**42.0**	**(4.4)**	**5.5**	**(5.0)**
Net increase (decrease) in cash and equivalents	18.0	14.1	(15.1)	(10.4)	(1.9)	(0.2)
Effect of exchange differences on cash and equivalents	(0.3)	0.2	2.7	0.9	0.0	0.0
Cash and equivalents beginning of year	6.0	23.5	35.6	18.1	8.8	15.2
Cash and equivalents end of year	23.7	37.9	19.7	8.6	15.2	15.0
FCF (Outflow)	(31.9)	(22.4)	(53.8)	(10.2)	(6.8)	4.8
FCF (Outflow) per share	($1.52)	($0.65)	($1.22)	($0.22)	($0.12)	$0.08
INR to USD translation rate	65.1	65.1	69.2	75.4	73.8	73.8

Sources: Company reports and Sidoti & Company, LLC estimates

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

Table 3: Yatra Online Balance Sheet
($ in millions, except per share data)

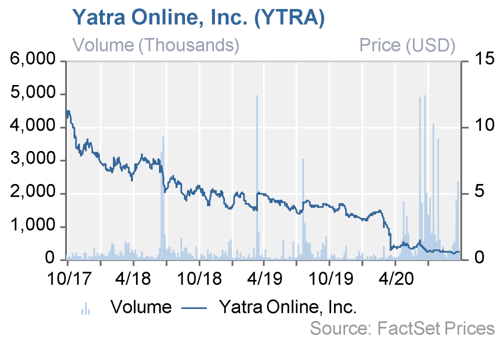
	June	Sept	Dec	F2019	June	Sept	Dec	F2020	JuneA	SeptE	DecE	F2021E	F2022E
Property, plant, and equipment	3.1	2.9	2.7	2.2	1.8	1.5	1.2	0.8	0.7	0.5	0.3	0.1	0.1
Right-of-use assets	0.0	0.0	0.0	0.0	2.4	2.2	8.1	7.1	6.8	6.8	6.8	6.8	6.8
Intangible assets and goodwill	30.9	32.2	32.3	32.3	31.0	29.5	26.6	22.6	21.7	20.4	19.1	17.9	16.1
Prepayments and other assets	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other financial assets	0.8	0.6	0.5	0.4	0.4	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4
Term deposits	0.0	0.0	0.0	0.3	0.3	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Other non financial assets	2.6	2.7	2.7	3.7	3.4	3.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Deferred tax asset	1.6	1.4	1.4	1.8	1.7	1.8	1.8	1.2	1.3	1.3	1.3	1.3	1.3
Total non-current assets	**39.1**	**40.1**	**39.8**	**40.9**	**41.2**	**39.0**	**41.2**	**35.2**	**33.9**	**32.4**	**31.0**	**29.5**	**27.7**
Inventories	0.1	0.2	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade and other receivables	60.9	69.1	61.7	71.2	69.3	57.2	49.3	31.4	15.8	9.6	14.2	19.2	41.4
Prepayments and other assets	13.5	14.7	11.1	13.0	11.0	11.5	10.4	11.3	9.0	9.0	9.0	9.0	9.0
Income tax receivable	5.2	6.0	6.7	7.2	5.8	6.3	6.1	6.4	5.1	5.1	5.1	5.1	5.1
Other current financial assets	0.6	1.0	4.6	3.4	3.6	4.2	4.2	3.6	1.8	1.8	1.8	1.8	1.8
Other non financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Term deposits	12.0	14.7	14.8	14.5	15.0	10.0	11.5	10.0	9.4	9.4	9.4	9.4	9.4
Cash and cash equivalents	69.2	56.5	40.0	31.2	15.0	17.8	12.7	18.1	40.3	27.0	20.6	15.2	15.0
Total current assets	**161.7**	**162.1**	**139.1**	**140.5**	**119.8**	**106.9**	**94.3**	**81.0**	**81.5**	**62.0**	**60.2**	**59.9**	**81.9**
Total assets	**200.8**	**202.2**	**178.8**	**181.5**	**161.0**	**145.9**	**135.5**	**116.2**	**115.4**	**94.4**	**91.2**	**89.4**	**109.6**
Total shareholders' equity	**42.8**	**43.7**	**45.7**	**34.4**	**28.1**	**22.2**	**22.6**	**20.0**	**29.8**	**23.2**	**19.6**	**17.0**	**17.7**
Borrowings	3.4	2.1	0.8	0.4	2.4	2.1	7.6	6.4	6.4	6.4	6.4	6.4	6.4
Trade and other payables	0.0	0.0	0.0	0.0	0.0	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4
Deferred tax liability	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Employee benefits	1.0	1.0	1.1	1.2	1.2	1.2	1.0	0.8	0.7	0.7	0.7	0.7	0.7
Deferred revenue	2.7	0.0	0.0	1.4	2.3	1.2	2.5	3.1	3.1	0.5	1.1	1.4	2.7
Other financial liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other non-financial liabilities	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total non-current liabilities	**7.8**	**3.8**	**2.6**	**3.6**	**6.6**	**5.3**	**11.9**	**11.1**	**11.0**	**8.4**	**9.0**	**9.4**	**10.6**
Borrowings	12.3	18.0	18.1	16.7	15.1	13.5	17.3	13.8	3.4	3.4	3.4	3.4	3.4
Trade and other payables	68.8	72.7	61.6	76.1	64.0	58.1	44.8	37.9	40.5	28.7	28.5	28.9	45.1
Employee benefits	1.2	1.3	1.5	1.4	1.4	1.4	1.2	1.1	1.0	1.0	1.0	1.0	1.0
Deferred revenue	14.4	14.6	11.5	8.4	5.9	5.4	2.5	1.7	1.9	1.9	1.9	1.9	4.1
Income taxes payable	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other financial liabilities	36.4	32.1	23.4	25.4	24.7	25.5	22.2	17.8	12.8	12.8	12.8	12.8	12.8
Other current liabilities	17.0	16.1	14.6	15.4	15.1	14.5	12.9	12.7	15.0	15.0	15.0	15.0	15.0
Total current liabilities	150.2	154.7	130.6	143.5	126.3	118.4	100.9	85.0	74.6	62.8	62.6	63.0	81.4
Total liabilities	**157.9**	**158.5**	**133.3**	**147.1**	**132.8**	**123.8**	**112.8**	**96.1**	**85.6**	**71.2**	**71.6**	**72.4**	**92.0**
Total equity and liabilities	**200.8**	**202.2**	**179.0**	**181.5**	**161.0**	**145.9**	**135.5**	**116.2**	**115.4**	**94.4**	**91.2**	**89.4**	**109.6**
Metrics													
Net cash	65.5	51.2	35.9	28.8	12.5	12.1	(0.6)	7.9	40.0	26.7	20.2	14.9	14.7
Net cash per share	$1.41	$1.08	$0.77	$0.65	$0.27	$0.26	($0.01)	$0.17	$0.66	$0.44	$0.33	$0.26	$0.24
LT Debt to Total Capital	7.4%	4.5%	1.8%	1.0%	7.9%	8.7%	25.0%	24.3%	17.6%	21.5%	24.5%	27.2%	26.5%
Return on equity (ttm)	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
INR to USD translation rate	72.5	69.6	69.2	69.2	70.6	71.4	75.4	75.4	73.8	73.8	73.8	73.8	73.8

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.

Required Disclosures

Yatra Online, Inc. (YTRA-$0.70) NR Price Target: $1.50 Risk Rating: H



Risks

The COVID-19 pandemic dramatically reduced air travel, and the recovery timeline is uncertain, particularly as infections in India continue to grow. Yatra significantly reduced costs and India has allowed about 20% of domestic air capacity to date. With vaccines tentatively expected in early 2021, we think travel will begin to reset to relatively normal levels by the end of 2021.

The OTA market in India is highly competitive and the leisure market is prone to disruption. The most notable recurring cost to an online travel business is customer acquisition spending. Companies that can direct traffic at lower costs, such as a search engine, can pose significant challenges to standalone companies like Yatra.

YTRA has reported years of cash burn and losses. However, we think the mix shift toward corporate affords the company a more sustainable customer acquisition model that yielded a profit just prior to COVID-19 impacting revenue. Still, if YTRA does not turn the cash flow corner by the end of F2022, we cannot rule out a dilutive capital raise.

YTRA received a delisting notice from NASDAQ. With shares trading below $1.00, the company has an initial period of until January 25, 2021 to regain compliance. Given the extraordinary circumstances around COVID-19 and the likely business recovery in the coming quarters, we speculate that leniency may be justified.

Valuation

YTRA stock currently trades around 0.7x F2022E adjusted revenue and about 0.5x EV/F2022E adjusted revenue, assuming net cash of $14 million at the end of F2022. The shares trade around 0.8x *the $50 million revenue level attainable at the current expense level.* In other words, we think as travel returns to new normal levels, post-pandemic, YTRA has the capacity to handle about $50 million of revenue at the current reduced spending level. Peers trade at a median of 2.2x trailing twelve-month revenue, which captures part of the COVID impact; historically, peers have traded at a median of about 4.2x EV/TTM revenue and YTRA stock has traded at 1.2x EV/TTT revenue. Yatra's business faced a difficult sequence between restrictions imposed by the terminated merger agreement with Ebix followed by the pandemic, which obscured the business' real potential for five quarters. With air travel in India beginning to return, we think YTRA's business potential and efficiency in corporate travel will become more apparent to investors. We apply a multiple of about 1.2x our F2022E revenue to arrive at a $1.50 price target. We think the multiple fairly reflects the selected valuation horizon.

Appendix

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Appendix

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