

## Unlimited Travel Group

Sweden | Tailor-Made Travel | Mcap: 202 SEKm

01 June 2025

## Buy

Target price: SEK 28.9  
Current price: SEK 17.1  
Upside: 68.3%

### Capturing Tailwinds in Niche Travel – Projected 68% Upside

Unlimited Travel Group ("UTG" or "the Company") is a Swedish niche travel and event company. Historically, the Company has faced a turbulent trajectory, marked by inconsistent management turnover, a slow phase of acquisitions, and a significant operational setback during the pandemic. However, during subsequent recovery, operational momentum has been regained, driven by increased demand for personalized niche travel and a resurgence in advanced bookings, highlighted by the cash conversion cycle decreasing from 85 to 65 days. With an estimated customer retention rate of 70.0% and an embedded option for future revaluation through accelerated M&A activity, analysts identify a compelling investment opportunity. Based on a target price of SEK 28.9, this implies a potential upside of 68.3%, derived through a 70/30 weighted DCF and peer valuation.

#### Key Takeaways

- Targeting Premium Customers amid Market Tailwinds:** Demand for personalized travel is projected to grow with a CAGR of 7.5% 2025E-2030E, further supported by the reduction of Swedish aviation tax, which is expected to lower average flight ticket price on non-European travel by 4.1%. With an average order value of SEK 50t, compared to industry peer Tui of SEK 12t, UTG targets a less cyclical, economically resilient customer segment, further differentiating UTG as a less cyclical player in a cyclical market.
- Deriving a New NWC-Dynamic:** A new NWC framework is supported by two structural shifts. Firstly, Travel bookings are being made by customers further in advance, reaching pre-pandemic levels, where payments in advance as a % of sales are expected to reach 41%, rising from 38% in 2022A. Moreover, a shift of payment provider from Klarna to Neuropay is expected to cut days sales outstanding by 10 days, resulting in an overall cash conversion cycle decrease to 65 days, compared to a 7-year average of 85 days. This is expected to result in a 2025E NWC as % of sales improvement from (6.5%) to (8.8%). Thus, implying an FCF-yield of 16.6% and a potential dividend yield of 10.0% in 2025E.
- Acquiring Growth in a Fragmented Market:** The Nordic niche travel sector is defined by a fragmented landscape of smaller operators, with an estimated 300 to 400 local travel agencies representing potential acquisition targets. By capitalizing on synergies such as reductions in SG&A expenses, consolidation of travel guarantees commitments, and access to favorable airfare tickets through the International Air Transport Association (IATA) Portal, the market presents an attractive setting for accretive M&A-driven expansion. The acquisition of SydamerikaExperten at a 4.2x EBIT multiple in 2023A led to a significant enhancement in the company's gross margin from 18.5% to 22.6% 2023A-2024A, achieved by the utilization of synergies mentioned above. This contributed to a 17.3% overall EBIT growth, resulting in a post-acquisition multiple of 1.8x EBIT.

#### Analysts

Joel Persson	Equity Analyst
Oscar Persson	Equity Analyst

#### Market Data, SEK

Exchange	First North Stockholm
Shares (m)	11.7
MCAP (m)	202
EV (m)	132

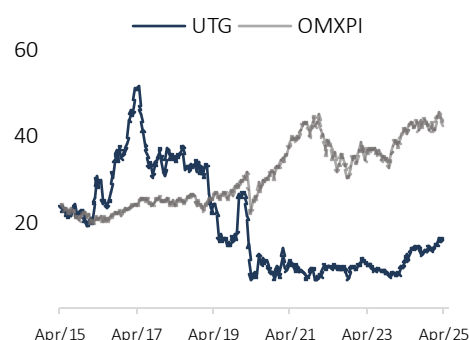
Metrics & Drivers	LTM	25E	26E
EV/EBIT	5.5x	4.1x	4.0x
EV/EBITDA	4.7x	4.1x	4.0x
EV/S	0.14x	0.16x	0.16x
P/E	8.7x	8.3x	8.0x

Forecast, SEKm	LTM	25E	26E
Total Revenue	867.6	952.1	975.3
Rev. growth y/y	15.2%	11.9%	2.4%
Gross Profit	185.2	200.9	205.8
Gross Margin	21.4%	21.8%	21.8%
EBITDA	33.0	38.1	39.0
EBITDA Margin	3.8%	4.0%	4.0%
EBIT	28.4	37.1	38.5
EBIT Margin	3.3%	4.0%	4.0%

#### Major Shareholders

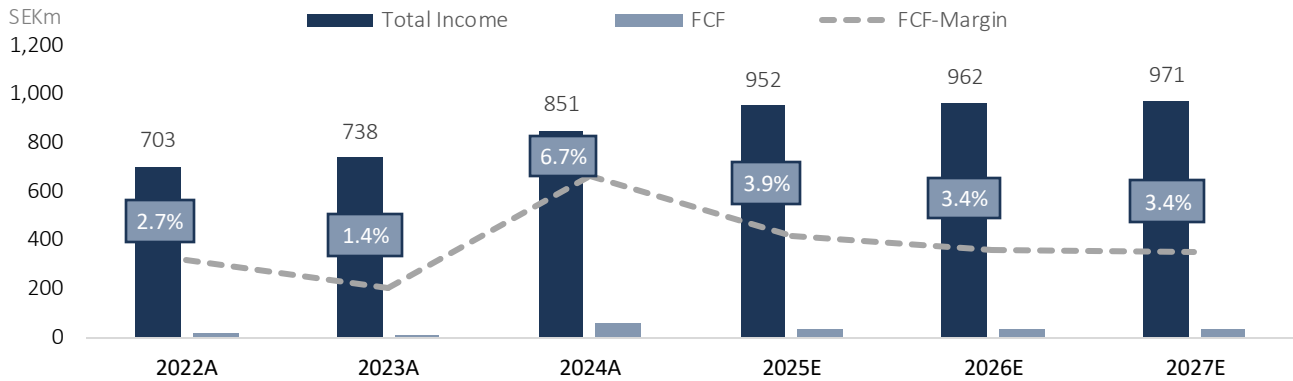
Estate AB	14.6%
John Andersson Löfström	12.1%
Västsvenska Systembyggen	10.0%

#### Price Development, SEK



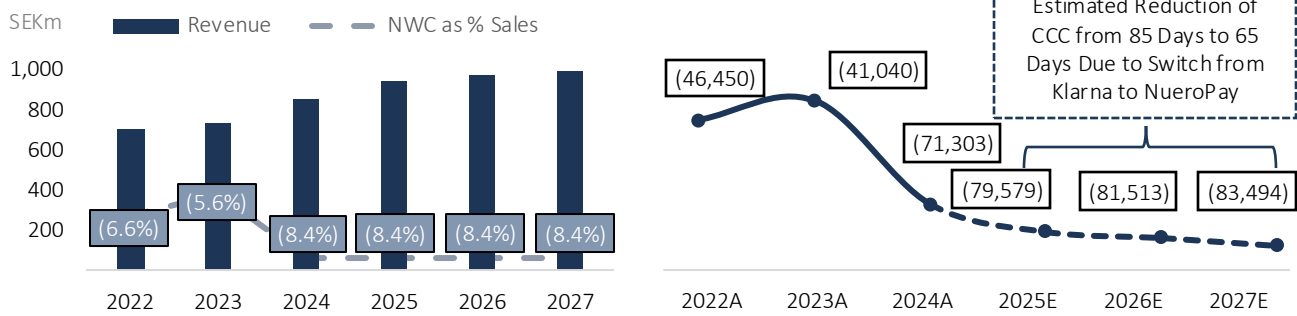
## Investment thesis in charts

### Revenue and FCF-Margin



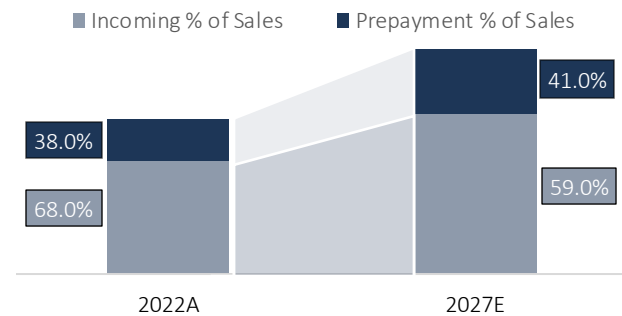
Source: The Company & Analysts Estimates

### New Standardized Level of NWC

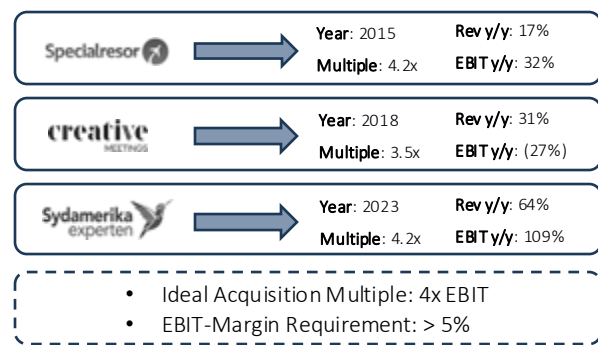


Source: The Company & Analysts Estimates

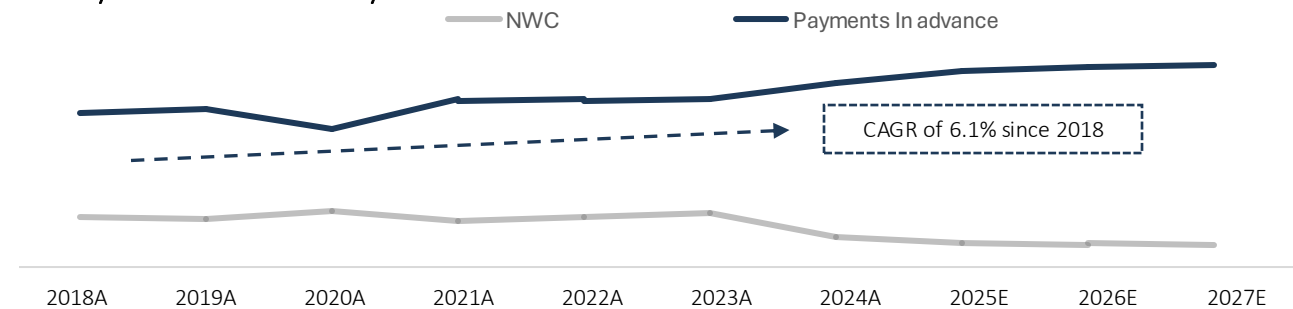
### Prebooking's Returning to Pre-pandemic Levels



Source: The Company & Analysts Estimates



### NWC Dynamic in relation to Payments in Advance

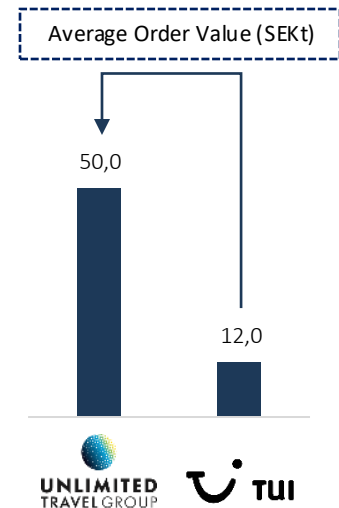


Source: The Company & Analysts Estimates

## Investment thesis

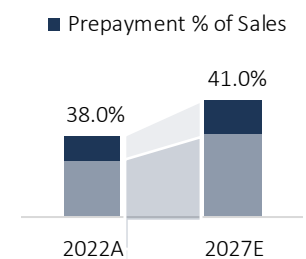
### Capitalizing on Market Tailwinds & Targeting Premium Customers

The underlying market for niche travel is projected to grow with a CAGR of 7.5% 2025E-2030E, due to rising demand for personalized and tailor-made travel. Additionally, complemented by regulatory developments, such as a reduction in Swedish aviation tax, international flight levels are estimated to grow with a CAGR of 1.2% until 2030E. Through a conducted customer survey made by the analysts, the retention rate is anticipated to be above 70%. Moreover, 86% of customers stated that similar trips could not be booked using Online Travel Agencies (OTA), indicating that the fear of OTA's penetration by companies such as Booking.com and Expedia within this niche is overstated. With a diversified portfolio of 10 well-known brands and an average order value of SEK 50t, over 4.0x the AOV of Traditional Travel Agency peers Tui of SEK 12t, this suggests that customers value UTG highly and have a higher disposable income. Further strengthening the narrative of UTG being positioned as less cyclical, which mitigates earnings volatility during future economic downturns. Overall, as the booking outlook for 2025E grew by 12.7%, this is expected to result in topline growth of 11.9%, adjusted for historical churn rates of approximately 0.5% to 0.8%. Regarding the rest of the forecasted period, the analysts anticipate a revenue CAGR in accordance with GDP of 2.4% between 2026E-2035E to be within grasp.



### Optimized NWC Dynamic & Strategic Dividend Policy

During Q3 FY24, UTG switched payment provider from Klarna to NeuroPay, reducing days sales outstanding by 10 days, decreasing the overall cash conversion cycle to 65 days compared with the 7-year average of 85 days. Additionally, as FCF margins have grown from 1.2% to 6.7% 2019A-FY24, analysts estimate margins to normalize at 3.4% going forward. This is due to the switch of payment provider, where net working capital as percentage of sales is expected to reach -8.4%, compared with the historical average of -6.3%. NWC is further enhanced by payments in advance as a percentage of sales to normalize from 38.0% to 41.0% 2022A-2025E. Consequently, as FCF margins mature, this allows for changes in the current dividend policy. Historically, the dividend policy has amounted to 80.0% of FCF. Whilst dividend yield reached 17.9% in 2017A, it exerted significant pressure on internal financial resources due to inefficient capital allocation and insufficient prioritization of net working capital requirements. Taking improved working capital requirements into account, estimating an operational FCF requirement of 25.0%, future dividend yields within the range from 6.0% to 11.0% are to be attained, as market cap is expected to increase with the cost of equity.



### M&A as an Option For Revaluation

The Nordic niche travel market is characterized by smaller agencies with an estimated 300-400 local agencies within the scope of potential acquisitions. By leveraging synergies such as SG&A costs, overhead negotiation of travel guarantee obligations, and preferential airfare rates through the IATA portal, this constitutes an ideal landscape for an accretive M&A strategy going forward. The acquisition of SydamerikaExperten at a multiple of 4.2x EBIT in 2023 resulted in a material improvement in its gross margin, from 18.5% to 22.6%. Due to realized synergies, mentioned above, contributing 17.3% of total EBIT growth. This resulted in a post-acquisition multiple of 1.8x EBIT 2024A. Since the current number of employees as of Q1 2025A is adequate to reach the current financial target, staff costs as percentage of sales is expected to be reduced from 11.9% to 11.5% FY24-2027E. Complemented by forward-looking M&A targets to be within management's 5.0% EBIT margin requirement, the analysts anticipate that mature margins in a conservative scenario of 4.0% are to be upheld. Furthermore, two new board members, Tobias Karte and Erkan Sen, joined in 2024. Their contribution of prior M&A & Private Equity expertise is expected to generate a more defined strategic direction and accelerate the pace of M&A going forward, serving as a catalyst for a revaluation of the Company.

## Company Overview

### Strategic Realignment of a Leading Nordic Travel Group

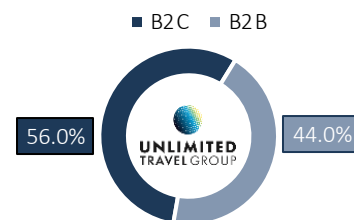
Unlimited Travel Group, founded in 2001, is a leading Nordic niche travel and event company. Currently, UTG obtains a well-diversified portfolio of 10 subsidiaries, with the largest one being Creative Meetings specialized in large corporate events, accounting for 22.0% of group revenue in 2024A. Operations are embedded within both B2C and B2B segments, corresponding to 56.0% and 46.0%, respectively. Travelers from Sweden remain the largest geographical target, accounting for 91.5% of total revenue, followed by Europe at approximately 2.5% and the rest of the world at 6.0%. Historically, the company has faced a volatile trajectory, with suboptimal capital allocation, inconsistent management turnover, and the outbreak of COVID-19, resulting in major dilution among shareholders. However, with the appointment of two new board members, Tobias Karte and Erkan Sen, contributing with significant M&A and Private Equity experience, a strategic shift towards a more disciplined and articulated capital allocation strategy is expected to enhance long-term shareholder value.



## Business Model

### Capex Light Bolt-On M&A Strategy

The group's core strategy is to, either through bolt-on acquisitions or the development of internal agencies, become the prominent player within the tailor-made travel industry in the Nordics. Due to a distinct specialization and the inherently complex nature of these trips, they are difficult for customers to book themselves, suggesting a higher degree of customer retention for UTG's offerings. As opposed to traditional travel agencies, capex as a % of sales only amounts to 0.5%, contrary to Tui of 5.8% during 2019A-2024A. This is due to the company largely operating as an intermediary, where guides, hotels, and flights are continuously contracted and procured. By further capturing market shares through bolt-on acquisitions, these are integrated through administrative synergies, such as reduction of SG&A costs and utilization of economies of scale when purchasing flight tickets. Operating with a diverse portfolio and targeting customers with a high disposable income, this allows for recurring revenue. According to a conducted customer survey, the retention rate is expected to be above 70.0%, which will mitigate earnings volatility when faced with future economic turbulence.



## Market Overview

### Highly Fragmented Market

The Nordic niche travel market is valued at SEK 150bn, growing at a CAGR of 7.5% between 2025E-2030E. This market is characterized as highly fragmented, with approximately 300-400 players, each having a minor share of the total market, whereas their key strengths lie in a high degree of specialization. The companies generally possess a strong regional presence but lack the capital and expertise required to establish a broader national footprint. By being among the largest players, UTG benefits from this fragmentation since it allows the Company to be a roll-up compounder or a consolidator.

### High Loyalty Market

The travel agency market is divided into three subcategories: Traditional Travel Agency (TTA), Online Travel Agencies (OTA), and niche travel agencies, where UTG operates within the latter. The niche travel market is characterized by having quality-conscious customers, valuing service quality, flexibility, and time convenience. According to a customer survey conducted by the Analysts, 86.0% underscore the importance of UTG in the booking process, highlighting a solid value proposition since these trips are difficult for customers to book themselves.

## Valuation

### Peer valuation implying an upside of 42%

The companies included in the peers table are consultancy firms. UTG is benchmarked against them due to a shared exposure to key personnel risk, specifically, the potential loss of clients if a key salesperson departs. Moreover, comparable peers also operate with capex-light requirements. However, as comparable peers neither operate within the travel segment nor match the company's scale, a 20.0% discount is justified. Applying the 2027E median multiple of 6.9x and incorporating the discount results in a target multiple of 5.5x, implying a potential upside of 42.0%.

Peer Table SEKm	MCAP	EV	EBIT-Margin 2025E	Net Debt/EBITDA 2024A	Revenue CAGR 2025E-2027E	EV/S LTM	LTM	EV/EBIT 2026E	2027E
EWORX	1,815	2,037	1.0%	0.4x	3.1%	0.1x	10.6x	9.0x	8.2x
CAG Group	810	748	12.6%	6.6x	5.3%	0.8x	9.0x	8.0x	7.3x
B3 Consulting	550	828	3.8%	3.9x	8.4%	0.7x	9.3x	6.2x	5.3x
Avensia	447	395	9.1%	0.6x	5.4%	1.1x	8.7x	7.2x	6.5x
<b>Median</b>	<b>680</b>	<b>788</b>	<b>6.4%</b>	<b>2.3x</b>	<b>5.4%</b>	<b>0.7x</b>	<b>9.2x</b>	<b>7.6x</b>	<b>6.9x</b>
<b>Average</b>	<b>905</b>	<b>1,002</b>	<b>6.6%</b>	<b>1.9x</b>	<b>5.6%</b>	<b>0.6x</b>	<b>9.5x</b>	<b>7.5x</b>	<b>6.7x</b>
UTG	202	132	4.0%	(0.3x)	5.4%	0.1x	5.5x	4.2x	4.0x

Source: The Company, Bloomberg & Analysts Estimates

### A 70/30 weighted DCF and Relative Valuation implies a target price of SEK 28.9

The 70/30 weighted valuation approach is because peers are not directly comparable. The DCF valuation is based on forecasted unlevered free cash flows over a 10-year period, with a terminal growth rate of 0.0% due to the threat of disruptive travel innovations. Applying a Weighted Average Cost of Capital of 12.7%, derived from a beta of 1.55, a market risk premium of 10.0%, and an after-tax cost of debt of 5.15%, the analysis yields an implied upside of 68.3%

DCF Valuation Breakdown (SEKm)		WACC					
Undiscounted TV & FCFF	720.0	30.9	10.7%	11.7%	12.7%	13.7%	14.7%
PV of TV & FCFF	292.7	(1.0%)	30.9	30.9	30.9	30.9	30.9
Enterprise Value	292.7	(0.5%)	30.9	30.9	30.9	30.9	30.9
Cash (+)	101.8	0.0%	30.9	30.9	30.9	30.9	30.9
Debt (-)	32.7	0.5%	30.9	30.9	30.9	30.9	30.9
Equity Value	361.8	1.0%	30.9	30.9	30.9	30.9	30.9
NOSH (m)	11.7						
Current Shareprice	17.1						
<b>Implied Share Price</b>	<b>30.9</b>						
Implied Upside	80.6%						

Source: The Company, Bloomberg & Analysts Estimates

## Appendix – Income Statement

Income Statement	2019A	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E
<b>Net Sales</b>	<b>697,143</b>	<b>172,110</b>	<b>232,051</b>	<b>702,911</b>	<b>737,516</b>	<b>850,674</b>	<b>952,134</b>	<b>975,271</b>	<b>998,970</b>
<i>Sales Growth y/y</i>	4.5%	(75.3%)	34.8%	202.9%	4.9%	15.3%	11.9%	2.4%	2.4%
COGS	(545,725)	(122,646)	(156,245)	(547,797)	(581,139)	(665,239)	(744,569)	(769,489)	(788,187)
<b>Gross Profit</b>	<b>151,418</b>	<b>49,464</b>	<b>75,806</b>	<b>155,114</b>	<b>156,377</b>	<b>185,435</b>	<b>207,565</b>	<b>205,782</b>	<b>210,783</b>
<i>Gross Margin</i>	21.7%	28.7%	32.7%	22.1%	21.2%	21.8%	21.8%	21.8%	21.8%
Personnel	(86,889)	(59,659)	(50,439)	(80,641)	(87,751)	(98,551)	(109,495)	(112,156)	(114,882)
Other Expenses	(39,750)	(21,130)	(21,542)	(33,272)	(35,572)	(37,456)	(42,846)	(43,887)	(44,954)
Operational Leasing	(12,336)	(12,336)	(14,581)	(12,656)	(13,759)	(14,559)	(15,000)	(15,000)	(15,000)
<b>EBITDA</b>	<b>12,443</b>	<b>(43,661)</b>	<b>(10,756)</b>	<b>28,545</b>	<b>19,295</b>	<b>34,869</b>	<b>38,085</b>	<b>39,011</b>	<b>39,959</b>
<i>EBITDA Margin</i>	1.8%	(25.4%)	(4.6%)	4.1%	2.6%	4.1%	4.0%	4.0%	4.0%
D&A	(175)	(6,471)	(118)	(27)	(145)	(767)	(952)	(488)	(499)
<b>EBIT</b>	<b>12,268</b>	<b>(50,132)</b>	<b>(10,874)</b>	<b>28,518</b>	<b>19,150</b>	<b>34,102</b>	<b>37,133</b>	<b>38,523</b>	<b>39,459</b>
<i>EBIT Margin</i>	1.8%	(29.1%)	(4.7%)	4.1%	2.6%	4.0%	3.9%	4.0%	4.0%

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