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S&P Global Market Intelligence Estimates

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Call Participants

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Kevin Campbell Kopelman
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Presentation

Operator

Good afternoon, and welcome to Despegar's Third Quarter 2023 Earnings Call. My name is Audra, and I will be your operator for today's call. [Operator Instructions] This conference call is being recorded. Now I would like to turn the call over to Mr. Luca Pfeifer, Investor Relations. Please go ahead.

Luca Pfeifer

Good morning, everyone, and thanks for joining us today. In addition to reporting an audited financial results in accordance with U.S. generally accepted accounting principles, we discuss certain non-GAAP financial measures and operating metrics, including foreign exchange neutral calculations. Investor should carefully read the definitions of these measures and metrics included in our press release to ensure that they understand them. Non-GAAP financial measures and operating metrics should not be considered in isolation as substitute for or superior to GAAP financial measures, and are provided as supplemental information only.

Before we begin our prepared remarks, please allow me to remind you that certain statements made during the course of the discussion may constitute forward-looking information, which are based on management's current expectations and beliefs, and are subject to a number of risks and uncertainties that could cause actual results to materially differ, including factors that may be beyond the company's control.

These include but are not limited to expectations, and assumptions related to the integration and performance of the businesses we acquire. For description of these risks, please refer to our filings with the U.S. Securities and Exchange Commission and our press release.

Speaking on today's call is our CEO, Damian Scokin, who will provide an overview of Despegar's third quarter performance, as well as an update on our strategic initiatives. Amit Singh, our newly appointed CFO will then discuss the quarters financial results in more detail, and our annual guidance, after which Damian will end our prepared remarks with a wrap up before opening the call for your questions.

Damian, Please go ahead.

Damian Scokin
CEO & Director

Thank you, Luca, and thank you everyone for joining this call. Before delving into our financial performance for the quarter, I would like to extend a warm welcome to Amit Singh, our newly appointed Chief Financial Officer, as we kick off this earning call. Amit, we're thrilled to have you on board.

Shifting our focus to the result. We're very excited to share yet another quarter of strong revenue growth and profitability. Revenues for the quarter were $178 million, a new record for the company and representing an industry leading growth rate of 22% year-over-year in dollars, and 43% year-over-year in constant currency. This growth was completely organic, driven by strong commercial execution and supported by robust demand trends, primarily in our core markets of Mexico and Brazil.

Additionally, gross bookings for the quarter were up solidly at 25% year-over-year in dollars, a 44% year-over-year in constant currency. The strong top line growth and improving revenue mix, combined with our ongoing initiatives to gain additional operational efficiencies, drove operating leverage and resulted in adjusted EBITDA of $24.7 million in the quarter and impressive 106% increase year-over-year.

As we set our sights on the final weeks of the year, our optimism remain high. Our strong financial performance, particularly with regards to revenue and EBITDA, reflect the combination of several factors, our consistently effective commercial execution leading to record organic growth. The markets robust demand trends, our improving product mix, and operating leverage.

What we have been achieving in these areas each quarter is a testament to our team's dedication and our commitment to delivering strong shareholder returns. Looking ahead, we remain very optimistic about our growth prospects in the coming quarters and years.

Our strategic focus on B2C, B2B and B2B2C channels, combined with our distinct competitive edge and technological prowess, remain central to our continued success. So let's review the various strategic initiatives that we've been successfully executing on. First, some context. Despegar is still in the early innings of capturing more of the past and underpenetrated Latin American travel market, providing us with a great deal of upside in the coming years.

Based on recent Euromonitor estimate, the regions total travel market stands at approximately $150 billion. We are now almost equal split between the online and the offline segments. Further, we believe our market will expand at double-digit rates in the years to come.

In the current year, Despegar is poised to generate more than $5 billion in gross bookings, with significant 85% of it originating largely from our B2C channel, where we believe we have a strong competitive advantage and significant long-term growth opportunities. Our B2B channel, while currently representing only 7% of our overall bookings, taps into the equally massive offline market. It's growing at more than twice the rate of our B2C channel.

We continue to efficiently penetrate this area of LATAM's travel market by further leveraging our industry leading technology platform. More specifically, our B2B offering enables the offline travel agencies directly access our market-leading inventory through our best-in-class technology solution. In addition, to our strong B2B growth, continue to expand our B2B2C channel, which represents 8% of our bookings.

This white label solution provides our business partners cost effective, easily deployable tool that allows them to leverage this biggest tech platform to provide complete and affordable trips to the client base. Some of our biggest B2B2C clients include major players in the banking, retail and travel industries in the region.

In the quarter, we on boarded 2 new white level clients and expanded the geographic scope of 3 existing clients. As a result, today we served a total of 77 white label clients within Latin America. In summary, we continue successfully executing against our ambitious B2C; B2B and B2B2C target to solidify our position as the leading travel technology company in the region. Given our success to date, we're also eyeing the opportunity to expand our B2B and B2B2C footprint beyond LATAM in the future.

Our business to business and business to business to consumer solutions operate in a global travel market, which we monitor currentlyu estimates to be around $2 trillion and growing strongly. As the leading travel technology company in Latin America, we believe and our bookings volumes suggest, we currently hold a commanding position in the region's highly fragmented travel market, and have ample opportunity to further extend and strengthen our leadership.

Moreover, our current and projected above market revenue growth rate, Despegar's position as the #1 travel brand in LATAM, and strong growth in downloads, and usage of our apps all indicate that we are gaining meaningful market share. This along with our strong competitive position, versus both regional and global travel companies, as well as our culture of living through technology, make us confident that we can continue taking market share and therefore grow our revenues above the overall market growth rate for the foreseeable future.

In addition to the strong organic growth that we expect to generate in the years ahead, we believe we can continue effectively consolidating the Latin American travel market through additional acquisitions. Our goal on this front remains the same, selectively acquired companies that expand our travel platform with additional value enhancing capabilities and products, or that improve access to grow in geographic markets.

All with the aim of further solidifying our organic growth profile, longer-term. It is important to note that you can expect us to remain discipline with regards to the implied valuation or the way we pay for an acquisition.

We have a long list of potential target, and also have a strong balance sheet that position as well to quickly capitalize on opportunities when a target company meets all our strict criteria. As a prominent technology company in Latin America, we are committed to continuous innovation, particularly in carriage domains that generative AI, a large language models.

As we highlighted in our most recent earnings call, we probably introduce a better version of our AI trip planner to a select group of customers in Argentina. This innovative tool empowers customers to engage directly with our generative AI chatbot to quickly create customized and attractive travel solutions. The initial results of the beta test have been promising as customers were able to very quickly and effectively address their travel-related needs.

Our technology strategy centers on a steadfast commitment to leveraging generative AI to further strengthen our technology prowess and have further solidify our position as a market leader in the region. We also use our technology expertise to continually enhance our customer experience and user interfaces, by regularly introducing new features that enable fast, frictionless and seamless travel searches and transactions.

In alignment with our commitment to an exceptional customer experience, we are rolling out the integration of WhatsApp enabling customers to efficiently make travel-related increase and similarly book additional service and experiences directly through this integrated chat feature. For those of you who don't know WhatsApp, it's the most widely used communication platforms in Latin America.

The popularity of our apps across our multi-brand portfolio continues to rise, in line with our app-first approach. This results in a record-breaking transaction level across all our brands, while our installed base reached almost 13 million devices. That makes our apps among the most downloaded travelers in Latin America. In fact, consolidated app-based transactions have reached an all-time high accounting for just over 40% of our total transactions and an impressive year-over increase of 558 basis points.

This surge in app transactions not only brings us closer to our customers through increased engagement but significantly reduces customer acquisition costs while enabling us to remain attuned to our customers' evolving travel needs. Our best-in-class technology platform is also a significant competitive advantage for our B2B2C business and its unmatched flexibility allows us to provide tailor-made platform solutions to our business partners, while also enabling them to easily scale the platform in line with demand levels.

Our B2B clients on the other hand, see our platform as a technologically advanced and cost-effective way to access our vast air and non-air inventory, providing their off-line customers with compelling complete and affordable travel options. Their business is also supported by a market-leading brand. Our strong brand stands as one of our most significant competitive advantages, underpinning our success throughout Latin America.

We're taking midstride in maintaining an undisputed leadership position in unaided brand awareness across the region, surprising both local and global competitors. But Despegar strong brand presence enabled us to achieve much more than just market visibility. It empowers us to execute tailored marketing campaigns for the local partners. Further, our massive customer data base gives us a deep understanding of local and emerging consumer preferences, which also makes us the preferred partner to secure exclusive deals with hotels and airlines across the region.

We believe these deals often can be matched by global competitors, and they underscore our unique ability to cater to the specific needs of Latin America's diverse consumers. The heart of our operations lies with our local know-how and on-the-ground sales teams, who understand the diverse preferences of our consumers and who maintain a solid foundation of long-standing relationships with suppliers across the region. This is a substantial competitive mode.

Thanks to these relationships, our comprehensive hotel inventory remains the largest in the region. Beyond our expanding hotel offerings, our vacation rentals vertical represents an exciting avenue for growth. In the last 9 months alone, this particular business line has surged by an impressive 45% in terms of inventory. We made significant strides recently expanding our travel platform to feature more than

750,000 properties by the end of this quarter versus just 400,000 at the same time last year, but we are not stopping there.

During the third quarter, we joined forces with VRBO, which will significantly expand our vacation rentals inventory. By year's end, we anticipate offering almost 1 million units in total, further solidifying our position in the market and enhancing the variety and choice of accommodations available to our customers.

Finally, it's worth noting that local airlines have been consistently expanding their capacity in Latin America. This is in response to robust demand patterns and high load factors that persist. What's particularly significant is that the majority of this additional capacity is being allocated to international routes. These routes cater to both travel within Latin America and journeys from the region to the United States and Europe. This trend is indeed favorable for us as international trips typically command higher average ticket prices.

Furthermore, it broadens our opportunities when it comes to selling higher-margin hotel accommodations and package transactions. Looking ahead, we expect sustained growth in international travel based on current trends and the growth we have been observing in domestic travel.

Before I hand the call over to Amit, who will go over the specifics of our currently financial results, I'd like to take a moment to discuss the key elements of our strategy that have been instrumental in driving sustained revenue growth, diversifying our revenue streams and improving our profitability.

As I highlighted at the beginning of the call, we continue to execute well in our primary markets, Brazil and Mexico. Gross bookings in these combined markets reached 61% of total gross bookings and grew 40% year-over-year, reaching a total of $845 million. Further, our strategy to drive higher-margin package sales continues yielding excellent results with total packages as a percentage of gross bookings increasing a strong 4 percentage points year-on-year to 30% of gross bookings.

We expect to maintain this positive growth trajectory for the remaining of the year and in the coming years. As I noted earlier, our B2B business is a cornerstone of our growth strategy, growing almost at twice the rate of our B2C business and reaching 15% of our total gross bookings. This clearly demonstrates the strength of our technology prowess, brand and distribution strategy that are enabling us to further penetrate Latin Americans travel market while keeping the opportunity to expand globally wide open.

Transactions via our B2C apps, reach a record high, accounting for more than 40% of all transactions in this quarter, as I noted before. We also continue making significant progress in strengthening customer relationships with our brands. At present, we post nearly 20 million loyalty program members and over the past year, points redemptions have doubled to 10%. Notably, our solid Net Promoter Score, NPS, continues rising in line with our ambition to be the most trusted and valued travel brand. Brand loyalty has continuously cultivated and strengthened through our customer-centric approach remains a vital component of our growth strategy.

With that, I will pass the call to Amit for a more comprehensive review of our third quarter performance.

Amit Singh
Chief Financial Officer

Thank you, Damian. I'm really glad to be here, and thank you, everyone, for joining our call today. I would like to start by thanking the Board and Damian for giving me the opportunity to join the company's executive team. It is my privilege to join Despegar at this time in its life cycle. When the company has established itself as a leading travel technology company in Latin America and has many opportunities to continue growing far above industry rates in the coming years.

In addition, I see tremendous opportunities to further improve the company's margins and cash conversion and to help investors better understand the massive investment opportunity in the company.

Now to discuss this quarter's results. The strengthening revenue trends that drove our business in the first half of the year continued in the third quarter. Our accelerating momentum can be attributed to the effectiveness of our growth strategy and to the strong demand trends we are witnessing across Latin America, particularly in Brazil and Mexico, our 2 largest markets. As a result, we reported $1.4 billion in gross bookings and achieved an all-time quarterly high for revenues, which totaled $178 million. This equates to a year-over-year revenue growth of 22%, which we believe is industry-leading globally.

Our revenue growth rate in constant currencies is even more robust, up 43% year-over-year. Our take rate also remained healthy at 12.9%, reflecting our unwavering focus on profitable growth. I'm particularly pleased with the outstanding 106% year-over-year increase in our adjusted EBITDA, which reached $24.7 million for the quarter. This substantial improvement in profitability can be attributed to our underlying operating leverage and 3 key factors.

First, the very strong growth trend in our bookings, revenues and product mix; second, enhanced efficiencies at our fulfillment center operations primarily driven by productivity improvements. And third, greater efficiencies with regard to general and administrative expenses, along with efficiency gains related to our technology and content costs.

Now let's delve deeper into the markets where we operate. To provide a better understanding of our improving performance. We continue driving better results in our Brazilian operations with year-over-year bookings growth reaching 44% on an as-reported basis and 34% in constant currency, resulting in total gross bookings of $561 million, a record since the company's initial public offering back in 2017.

These outstanding results are due to 3 primary factors: first, our strong commercial execution and continuously improving competitive dynamics in the market, also leading to higher average selling prices versus last year. Second, our success at offering attractive vacation packages to our customers continues to be approved. And third, continued growth in our higher-ticket international travel.

Moving to our second most important market, Mexico. It has also played a pivotal role in our exceptional results. Gross bookings experienced significant year-over-year growth of 32%, while growing 11% on a constant currency basis. This positive trend has been primarily driven by our strategic decision to invest in profitable growth in this key market, including focusing on margin-accretive package sales.

Turning to the rest of Latin America. We observed an 8% year-over-year improvement in gross bookings and a 66% increase in constant currency. This increase was helped by Argentina when demand was strong. Additionally, the demand for international trips in Chile remains strong. It's important to highlight the exceptional performance of our B2B offering. To provide some context, our approach involves leveraging our technology platform to facilitate the connection of small- and medium-sized offline travel agencies with our ecosystem.

Notably, this specific business vertical has demonstrated a remarkable growth rate, surpassing our B2C growth more than twofold. We are genuinely excited about the robust growth trends in this area. Our focus remains on empowering our partner agencies to access Despegar's extensive inventory of both air and non-air travel offerings in a cost-effective manner. This, in turn, allows these offline travel agencies to present their customers with an enticing array of affordable travel option.

Importantly, their customer relationships and personalized approach enables them to sell a greater proportion of higher-margin travel packaging. As we set our sights on the fourth quarter and the years ahead, we see strong travel trends across the region. Airlines are consistently deploying more international capacity, which also bodes well for our performance outlook. With this in mind, we are optimistic about the growth opportunities we are seeing currently in the fourth quarter and about what we expect in the coming years, given our ability to effectively capitalize on the secular growth in LAT AM's travel market.

Looking at our cash flow during the third quarter, we generated $34 million in operating cash flow, which compares to positive $10 million in the same quarter last year. CapEx totaled $11 million in the third quarter. During the quarter, we also paid $8 million in dividends to our preferred A and B shareholders.

Despite our CapEx investments, investments in the business and preferred dividend payments, our total cash position increased $11.7 million since the closing of second quarter 2023.

We, therefore, finished the quarter with a strong cash position of $255.7 million, giving us the financial flexibility to continue investing in growth initiatives such as technology, product development and additional build-out of our travel ecosystem, while also selectively pursuing potential mergers and acquisitions to further consolidate our leadership position in the region.

Now to discuss our updated financial guidance. Based on our consistently strong execution throughout the year and particularly in the third quarter, in combination with a healthy demand environment, we are raising the lower end of our revenue and EBITDA guidance range, which, as a reminder, stood at $640 million to $700 million for revenue and $80 million to $100 million for adjusted EBITDA. We now expect our full-year 2023 revenues to be in the range of $670 million to $700 million and our full-year adjusted EBITDA to be in the range of $90 million to $100 million.

Also, we remain quite confident in maintaining a very strong top line growth profile and an even stronger adjusted EBITDA growth profile in the coming years.

Now back over to Damian, who would like to summarize the quarter before we open the call for your questions. Thank you.

Damian Scokin
CEO & Director

Thanks, Amit. I'd like to share a few key takeaways from our third quarter review. Our most recent results have proven to be exceptional once again, thanks to the consistent and successful execution of our strategic initiatives and our unwavering commitment to achieving profitable growth. Notably, our revenue mix continued improving, while our results in Brazil and Mexico were outstanding, propelling Despegar to new record highs.

Our progress is most evident in adjusted EBITDA, our strongest third quarter EBITDA since the IPO. As we approach the end of the year, we are encouraged by a still robust search in travel demand. Longer term, we anticipate that the strong secular tailwinds that have helped drive our success will persist. However, we are not resting on our [indiscernible] continually finding new ways to better capitalize on these tailwinds as well as further strengthening Despegar competitive mode.

We are, therefore, committed to leading with innovation to continually enhance our technological capabilities and offer the best user experience to fully leveraging our technology platform and local market expertise and always reinforcing our strong relationships with our partners. These strategic measures will further propel our top line growth, while we continue increasing operational efficiencies to drive additional earnings power. What's equally important is our focus on carefully reinvesting these efficiencies back into the business, which we believe is the most effective way to sustainably drive shareholders' value.

This approach will enable us to foster sustained organic growth, diversify our offering and further solidify our position as an industry leader. In summary, we are poised to finish the fiscal year on a high note, thanks to the strong execution on our proven growth strategies and sustained demand growth. We remain focused on continuous improvement, aiming to maximize our potential while delivering superior value to our customers and stakeholders for the foreseeable future.
With that, let's open the call for questions.

Question and Answer

Operator

[Operator Instructions] We'll take our first question from Naved Khan at B. Riley Securities.

Naved Ahmad Khan
B. Riley Securities, Inc., Research Division

Congrats on a good quarter. A few questions from me. Just maybe one high level. So Damian, I think when we started out in 2023, you talked about recovery in international as kind of one of the drivers. So now that we are in November, where do you see international recovery, do you think they're still lags from here? And then on mobile app, it's great to see that 40% of your bookings are coming through -- 40% of the transactions are mobile app. Does it mean that the -- that you're getting higher mix of direct traffic today? And when should we expect that to kind of yield some leverage on marketing lines?

Damian Scokin
CEO & Director

David thanks for your question. In terms of international traffic, as we mentioned, it's been recovering, but it's still below 2018 levels. Our estimate for the quarter were in between minus 10% and minus 15% when compared to pre-pandemic levels. As per the mobile app, yes, we are focusing on increasing the share of organic nonpaid traffic but also the profitability levels that we are achieving also allow us to invest heavily in acquiring traffic with very good returns. So the increased penetration in app is a good news that will not necessarily reflect in a much larger penetration or not paid traffic.

Naved Ahmad Khan
B. Riley Securities, Inc., Research Division

And are you seeing good repeat there where people who download the app are coming back with higher frequency? Can you just comment on that?

Damian Scokin
CEO & Director

Yes. We track not only app transactions or app downloads, but we also track engagement. And the beauty of the app is that it's a very effective tool to keep customers coming back. So yes, we are seeing that effect.

Naved Ahmad Khan
B. Riley Securities, Inc., Research Division

And one question for Amit. I mean, welcome to Despegar [indiscernible]. You spoke about operational efficiencies. Can you give us some more color on the kinds of things that you've been able to do to kind of achieve these?

Amit Singh
Chief Financial Officer

Sure. Thank you, Naved. It's -- I'm glad to be here. To your point on operational efficiencies, I mean, it's true if you look at year-over-year, we have increased not just our top line, but our overall EBITDA margin significantly, increasing it by close to 6%, and we expect that trend to continue going forward. And if you're looking at operational efficiencies per se, literally in every line item through our P&L. Obviously, we have a focus on take rate and all that. But below that, when you look at the expenses that we have in sales and marketing, tech and content, G&A [Audio Gap]

Hey guys I think we lost the audio there. Sorry about that. I think we lost the audio over there. But just to -- I don't know where I got cut off, so to give you some ideas we're making for your question, Naved, we're making very strong progress on driving operating efficiencies, as you saw that our adjusted EBITDA margin has increased almost 600 basis points year-over-year and cost of revenue is even better. And you should expect us to keep driving these efficiencies going forward in multiple in all the line items in our P&L. If you look at our sales and marketing expense. If you look at our G&A expense, if you look at our tech and content expense.

We have internally obviously identified a ton of efficiency that we can generate in all of those areas, and we will keep driving going forward. The goal is to drive EBITDA margins to our long-term target that we have provided, and we expect to achieve those targets, hopefully much before what we have previously guided to.

Operator

We'll move to our next question from Andrew Ruben at Morgan Stanley.

Andrew R. Ruben
Morgan Stanley, Research Division

Echoing back, congratulations on the quarter. I'd be curious, first, if you could provide an update on the competitive backdrop in Brazil, specifically in light of one of your larger competitors filing for bankruptcy protection. I'm curious what kind of opportunities that affords for Despegar, any notable changes in the market structure on the back of that would be very curious to start.

Damian Scokin
CEO & Director

Andrew, thanks for your question. I just reiterate the fact that being last 2 to 3 weeks of Q3, a large company in Brazil, 1 to 3 might files for bankruptcy. Basically, that was a ponzi scheme that has been hurted the travel market significantly over the last couple of years. And we -- by selling tickets that they were not able to deliver, that has 2 impacts, I would say. One is something you start to see on a marginal basis in Q3 versus and it's only in Q4. So obviously, we are starting to gain share in the Brazilian market, but also the competitive dynamic of having such an international player in the market has sink dramatically. So we expect that situation to continue providing ample room for growth of our brands in Brazil.

Andrew R. Ruben
Morgan Stanley, Research Division

And then just honing in on another topic, you mentioned the opportunity to expand the B2B footprint beyond LATAM. I'm curious how you think about that opportunity and maybe within the framing of what part of your kind of tech stack, competitive advantages you think are specific to the region versus what have the opportunity to be exported to other parts of the world?

Damian Scokin
CEO & Director

Yes. And look, keep in mind, as a background that since the acquisition of Best Day, we've been heavily investing in developing our B2B technological platform. And we see our performance both in -- between general, and particular white labels in the B2B2C arena, and we compete with some of the largest OTAs and software companies, even in that arena.

Our technology in the platform is on par even better than most. That's why we've been gaining such a significant number of clients over the last few years. And even we've been a profit for -- by some companies outside the Latin American space, so far, we haven't put any focus on that. But certainly, we feel that based on our [indiscernible] platform and our capabilities in terms of strong inventory that [indiscernible] can be extremely efficient for the company.

Andrew R. Ruben
Morgan Stanley, Research Division

I appreciate the color.

Operator

Now we'll move to our next question from Jacob Seed at Cowen.

Kevin Campbell Kopelman
TD Cowen, Research Division

I'm in for Kevin. Can you provide an update on store openings that you mentioned in the last call in Brazil and Argentina? Are those plans still on track?

Damian Scokin
CEO & Director

Yes. Thank you for the question. Yes, the plans are on track, and we are making progress accordingly to reach our target of 5 stores in Argentina and 10 in Brazil.

Amit Singh
Chief Financial Officer

This is Amit. Just to add to what Damian is saying. While all the store openings and all remain on track, I just wanted to highlight again our broader strategy there. We're using -- we're tapping into a B2B and separately through the store strategy into the offline market. And the broader goal is to slowly, slowly further enable the transition or the faster transition of the off-line to online. And we're seeing very strong success, of course, to our stores and also through our B2B channel as well.

Kevin Campbell Kopelman
TD Cowen, Research Division

And I was wondering now that you're integrating with VRBO, are you guys considering taking part in vacation rental search on Google?

Damian Scokin
CEO & Director

Can you repeat the question? You got somehow cut off.

Kevin Campbell Kopelman
TD Cowen, Research Division

Yes. Are you considering taking part in the vacation rental search option for Google, the releases recently into free option?

Damian Scokin
CEO & Director

So we look at all the traffic channels, we explote them, we use them based on the return on investment, and we certainly are looking to that as additional source of traffic.

Operator

Next, we'll move to Joao Soares at Citi.

João Pedro Ribeiro Soares
Citigroup Inc., Research Division

Congratulations on the results. I've got a couple of questions. The first one, I just want to explore a little bit of the transaction growth in Brazil. If -- I mean, if that comes from -- in fact, you know that there is a capacity increase, of course [crosstalk]

Amit Singh
Chief Financial Officer

Hi Joao, this side this is Amit. I'm -- we're having a very hard time hearing you, if you don't mind, just picking up a little bit. I appreciate it. So I just had a couple of questions. The first one, I just wanted to understand a little bit the transaction increase in Brazil. Is there -- I mean, are you guys offering new products, new services, new destinations? Or is it simply -- I mean, of course, you're gaining market share, there's faster increase, but I just wanted to dig a little bit deeper in terms of the service and product level that you're offering in Brazil. That's the first question.

Second one, I just wanted to understand now if there's room to potentially revise the medium-term guidance? And then I'll follow up on another question.

Damian Scokin
CEO & Director

In terms of the growth in Brazil, that remains a pure organic growth. And we have not introduced any additional products or services. It is just our growth on top of the natural growth of the market. That means we're gaining there. It's -- as I said, there's a very limited effect of the demise of one of our competitors that is our organic growth trajectory in Brazil, nothing else than that.

Amit Singh
Chief Financial Officer

And I will answer your question on medium-term guidance. Obviously, as you are seeing our trends since the time the company provided a medium-term guidance a year or so ago, the trends have been extremely positive relative to that guidance. When we come on the fourth quarter earnings call early next year, we can provide a little bit more color. But broadly, what I can say right now is you should expect us to grow above market growth rate in the coming years, given not just in Brazil, but across Latin America, the strengthened position that we have established, a leading position we have established.

And then not just on bookings and revenue, like we were discussing earlier, there's still a ton of opportunities for operational efficiency. So you should continue expecting us on top line to grow above market, but then for our EBITDA growth to be faster than top line growth in the coming years. As we come on -- as I mentioned earlier, as we come on the fourth quarter earnings call, we will be able to provide a little bit more concrete guidance, but we feel very good about the coming years.

João Pedro Ribeiro Soares
Citigroup Inc., Research Division

I just want you to explain the income tax this quarter, can you just clarify what happened -- the last quarter had a big tax credit and this quarter was pretty robust, almost 100% of EBT. So I just wanted to understand what's happening there?

Amit Singh
Chief Financial Officer

It's largely related to the profit in a few entities, which were very solid, especially in Argentina that led to a little higher tax there. And also, we have exhausted the NOLs that we had in Argentina in the prior quarter. So higher tax largely related to very strong bookings trend that we are seeing in a few entities, particularly in Argentina.

Operator

We do have a couple of questions from our webcast. I would like to go first to Alexander Ma [phonetic] from Singular Go [phonetic].

His question is, how did coin perform in the quarter? Was it -- what was its EBITDA?

Amit Singh
Chief Financial Officer

Sure. It's a coin business, again, in line with the other guidances that we have provided previously, coin continues to do much better than the medium-term sort of guidance that we had provided in the past, where the margins for the overall business continue to accelerate very strongly. For this quarter, it was very close to flat line EBITDA, and we expect slightly negative this quarter. We expect flattish EBITDA next quarter and then in the coming years in 2024 and beyond, we should expect positive EBITDA contribution from coin.

Operator

And our next question comes from Andrew Carreon with Emeth Value Capital.

He says hello, congratulations on the very strong results. Could you give an update on coin and how the team is doing the opportunity to scale in the coming years, particularly as interest rates potentially fall? Is there still an opportunity to scale this product outside the Despegar platform?

Damian Scokin
CEO & Director

Yes. Thank you, Andrew, for your question. As we've been reiterating over the last few quarters. In coin, so far in the prevailing market context, I think, we follow a strategy of preserving the quality of our portfolio. As the situation in the Brazilian credit market improves and we're seeing some indications of turning around will certainly increase the growth rate by always being very cautious on the quality of our portfolio. So certainly, we see an opportunity in the future, but we're going to act on that very prudently, I would say.

Operator

[Operator Instructions] And there appear to be no further questions at this time. I would like to turn the floor back over to Mr. Scokin for any closing remarks.

Damian Scokin
CEO & Director

I just want to thank all of you for your interest in Despegar and your participation in this call, and we are looking forward to seeing you on our next call to discuss our fourth quarter results. Thank you very much.

Operator
This does conclude today's conference call. Thank you for your participation. You may now disconnect.