



# 4Q23 Earnings Conference Call

March 14, 2024





## DISCLAIMER

This presentation includes forward-looking statements. We have based these forward-looking statements largely on our current beliefs, expectations and projections about future events and financial trends affecting our business and our market. Some of the factors, risks and uncertainties that might materially affect the forward-looking statements contained herein and may make an investment in our securities speculative or risky include, but are not limited to, the following: the ongoing COVID-19 pandemic is disrupting the global economy and the travel industry, and consequently adversely affecting our business, results of operations and cash flows, and it is difficult to predict the full extent of the impact that the pandemic will have on our Company; we are subject to the risks generally associated with doing business in Latin America and risks associated with our business concentration within this region; general declines or disruptions in the travel industry may adversely affect our business and results of operations; our business and results of operations may be adversely affected by macroeconomic conditions; we are exposed to fluctuations in currency exchange rates; if we are unable to maintain or increase consumer traffic to our sites and our conversion rates, our business and results of operations may be harmed; our business could be negatively affected by changes in search engine algorithms and dynamics or other traffic-generating arrangements; we operate in a highly competitive and evolving market, and pressure from existing and new companies, as well as consolidation within the industry, may adversely affect our business and results of operations; if we are unable to maintain existing, and establish new, arrangements with travel suppliers, our business may be adversely affected; we rely on the value of our brands, and any failure to maintain or enhance consumer awareness of our brands could adversely affect our business and results of operations; we rely on information technology, including third-party technology, to operate our business and maintain our competitiveness, and any failure to adapt to technological developments or industry trends, including third-party technology, could adversely affect our business; we are subject to payments-related fraud risk; any system interruption, security breaches or lack of sufficient redundancy in our information systems may harm our business; our ability to attract, train and retain executives and other qualified employees, particularly highly-skilled IT professionals, is critical to our business and future growth; our business depends on the availability of credit cards and financing options for consumers; internet regulation in the countries where we operate is scarce, and several legal issues related to the internet are uncertain; acquisitions could present risks and disrupt our ongoing business; we may not be able to consummate acquisitions or other strategic opportunities in the future; we are a foreign private issuer under U.S. securities regulations and, as a result, we will not be subject to U.S. proxy rules and will be subject to Exchange Act reporting obligations that, to some extent, are more lenient and less frequent than those of a U.S. issuer; and the strategic interests of our significant shareholders may, from time to time, differ from and conflict with our interests and the interests of our other shareholders.

We operate in a competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this presentation. In particular, the COVID-19 pandemic, and governments' extraordinary measures to limit the spread of the virus, are disrupting the global economy and the travel industry, and consequently adversely affecting our business, results of operation and cash flows and, as conditions are uncertain and changing rapidly, it is difficult to predict the full extent of the impact that the pandemic will have or when travel will resume to pre-pandemic levels.. The words "believe," "may," "should," "aim," "estimate," "continue," "anticipate," "intend," "will," "expect" and similar words are intended to identify forward-looking statements. Forward-looking statements include information concerning our possible or assumed future results of operations, business strategies, capital expenditures, financing plans, competitive position, industry environment, potential growth opportunities, the effects of future regulation and the effects of competition. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly or to revise any forward-looking statements after the date of this presentation because of new information, future events or other factors, except as required by law. In light of the risks and uncertainties described above, the future events and circumstances discussed in this presentation might not occur or come into existence and forward-looking statements are thus not guarantees of future performance. Considering these limitations, you should not make any investment decision in reliance on forward-looking statements contained in this presentation. This presentation includes industry, market and competitive position data and forecasts that we have derived from independent consultant reports, publicly available information, industry publications, official government information, other third-party sources and our internal data and estimates. Independent consultant reports, industry publications and other published sources generally indicate that the information contained therein was obtained from sources believed to be reliable. The inclusion of market estimations in this presentation is based upon information obtained from third-party sources and our understanding of industry conditions. Although we believe that this information is reliable, the information has not been independently verified by us. Trademarks and service marks appearing in this presentation are the property of their respective holders. This presentation includes preliminary financial information which is subject to year-end audit and adjustment.



# Record Quarter on Commercial Execution, Organic Growth and Operating Leverage

## 4Q Executive Summary

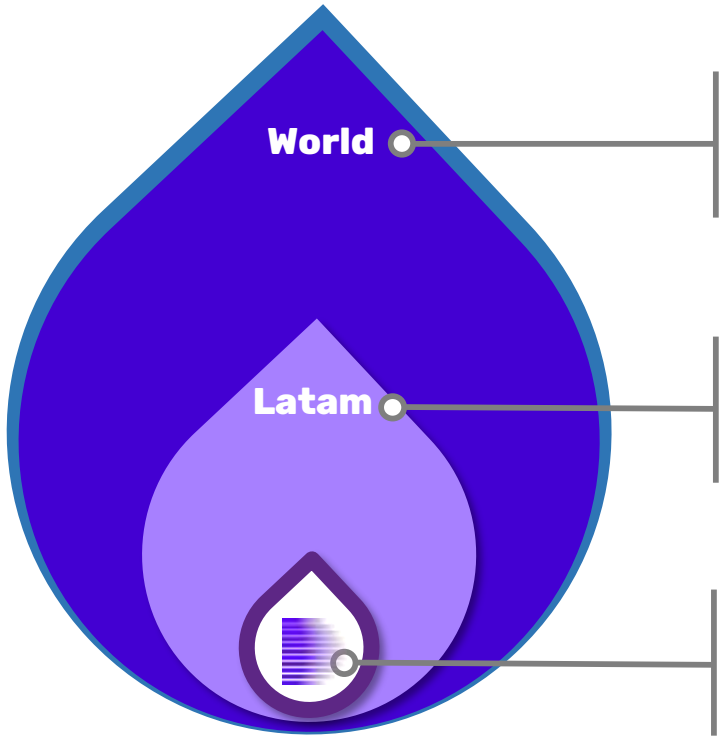
1. Consistent commercial execution, improving revenue mix and strong demand environment drove revenues +40% YoY to a quarterly record of \$203.7 M
2. Adjusted EBITDA +248% YoY to \$43.6 M, as revenue growth coupled with operating leverage drive margin expansion
3. Robust growth trends and opportunities in B2C, while B2B/B2B2C growing faster as we leverage our highly scalable technology platform
4. SOFIA, Despegar's AI Trip Planner, is expected to revolutionize the global travel market
5. Operating Cash Flow +\$44 M YoY, with total cash reaching \$251 M<sup>(1)</sup>

(1) Cash & Cash Equivalents including restricted cash as of end of period Q4 2023 is \$ 250,790 out of which \$ 9.3 million is classified as held for sale

# Substantial Near and Long-term Market Opportunities Can Sustain Despegar's Strong Growth Trajectory



## Significant Market Opportunities



**\$2.2T<sup>(1)</sup>** 

**Global Market**  
Greenfield opportunity to grow B2B/B2B2C product in market expanding 9% CAGR<sup>1</sup> until 2028

**\$150B<sup>(1)</sup>** 

**Current Potential Market**  
Highly fragmented;  
Expected to grow low double digits

**>\$5.3B FY'23** 

**Strong Growth**  
4Q B2C growth of 41% YoY,  
B2B grew GB 63% YoY during 4Q  
with White Label expanding 69% YoY

**B2B**  
**6%** Connected ~14K offline Agencies

**B2B2C**  
**7%** 80 White Label partners across Banking/ Retail/ Travel space

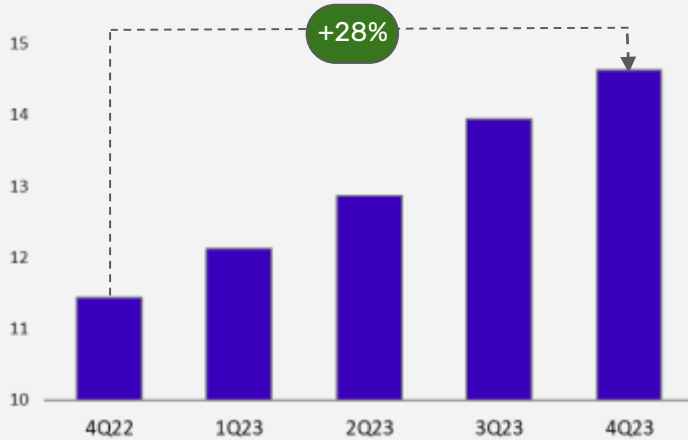
**B2C**  
**87%** Generated across LATAM, with majority in Brazil and Mexico

(1) Source: Euromonitor

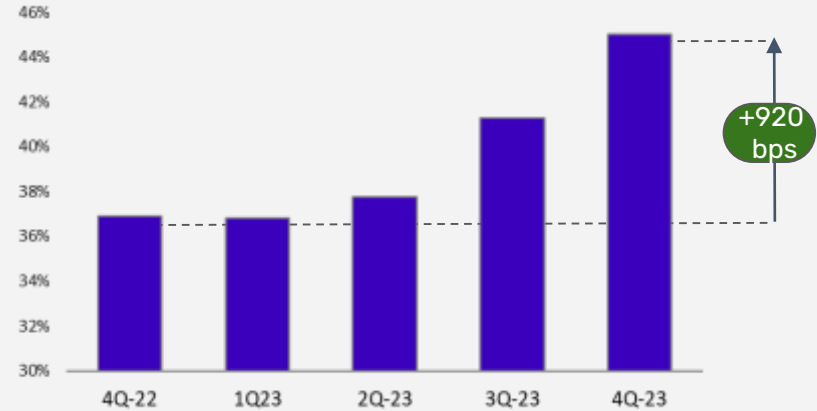


# Driving More Organic Traffic Expands our Competitive Moat as the Region's Market Leader

## 1 Installed base (# of mobile devices)



## 2 App-based transactions (% of total)



- **DESP apps** maintains top position among **most popular** travel apps in **LatAm**
- **Installed base** +28% YoY of **~15 million** mobile devices
- **App-based transactions** reached all-time high of **45.3% (+920 bps YoY)**

# Key Focus Areas Continue to Drive Improving Revenue Mix while Diversifying Revenue Streams



	Focus Areas	Objectives	4Q19	4Q22	4Q23
	<b>Revenue Diversification</b>	Packages (% of GB)	22%	31%	32%
		GB weight MEX + BRA	51%	56%	57%
	<b>Multichannel</b>	B2B <sup>1</sup> as % of total GB	5%	12%	14%
		App share of online B2C <sup>2</sup> (% transactions)	28.5%	36.1%	45.3%
	<b>Customer Focus</b>	# of Loyalty Members (M)	0.0	12.1	23.0
		% of point redemptions <sup>2</sup>	0.4%	5.9%	10.4%
		NPS post Trip	67.2%	65.2%	69.3%

(1)Includes B2B and B2B2C services.

(2)2019: DI; 2022 & 2023: D + BD + VF + VN (excl. VN Passagens).

# Strong Execution Led to Record Revenue and Adj. EBITDA



**Revenues**

**Adj. EBITDA**

**Original  
Guidance**

**Updated  
Guidance**

**Actual**

\$640 - \$700

\$680 - \$700

\$706

\$80 - \$100

\$105 - \$110

\$116

Commercial Execution + Operational Efficiencies,  
combined with a more Profitable Product Mix

 **Record Q4 and FY '23 Results**

# Despegar introduces SOFIA, the region's first generative AI Travel Assistant



## SOFIA

Powered by artificial intelligence, SOFIA significantly enhances the customer experience, setting a new standard for travel planning.



Talk to Sofia at [Despegar.com](https://Despegar.com)  
or D! App



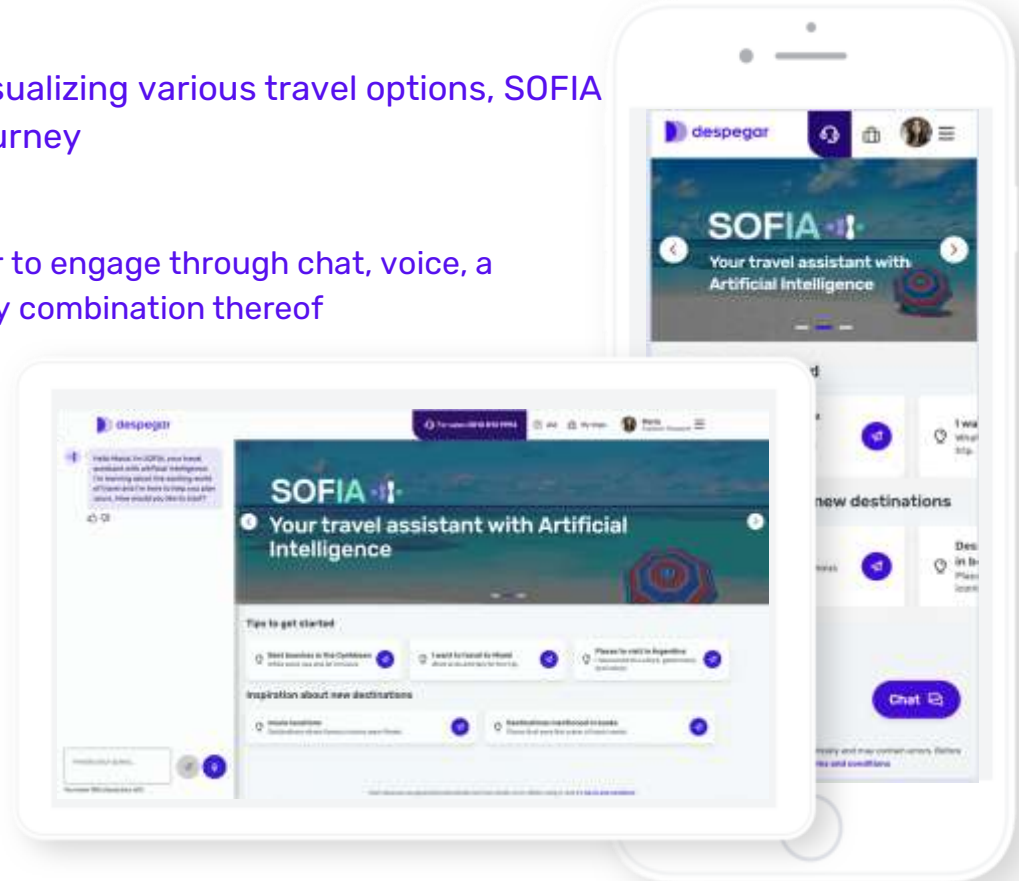
Hello, I'm Sofia.  
Plan your next trip with me!



# SOFIA, Despegar's Pioneering Technology, Expected to Revolutionize the Global Travel Market



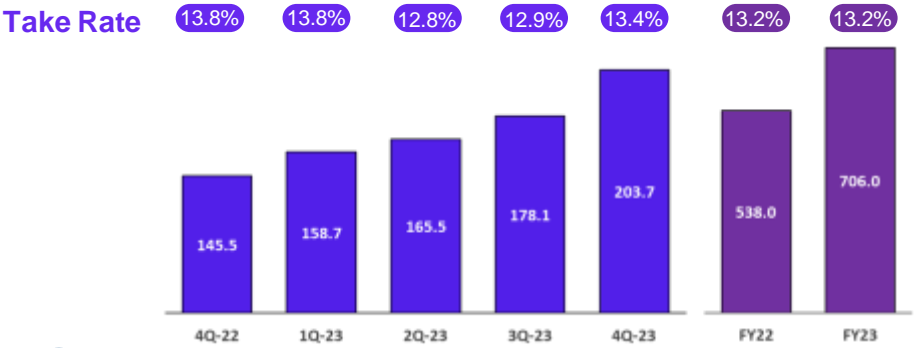
- 1 From inspiring destination ideas to visualizing various travel options, SOFIA accompanies you throughout your journey
- 2 SOFIA is MULTIMODAL, allowing the user to engage through chat, voice, a selection from a displayed catalog, or any combination thereof
- 3 Completely FLEXIBLE, without the need for a predetermined flow
- 4 Adapts to the customer's reactions and refines its proposals.
- 5 Increasingly personalized customer experiences, thanks to novel use of AI





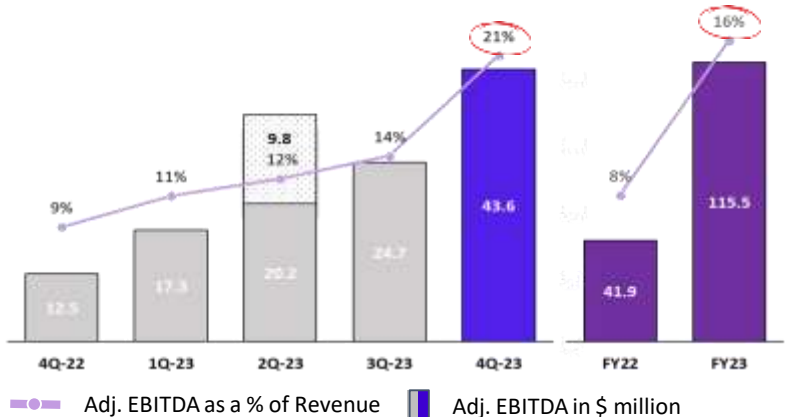
# Effective Commercial Strategy Drives Highest Quarterly and FY Revenues and Adjusted EBITDA Since IPO

## 1 Revenue (\$ M) vs Take Rate (%)



- Revenues **+40% YoY** to \$203.7 M, a quarterly high
- **Strong Take Rate** at **13.4%**, reflecting **focus on profitable growth**, with FY Take Rate stable YoY

## 2 Adj. EBITDA Evolution (% vs \$M)

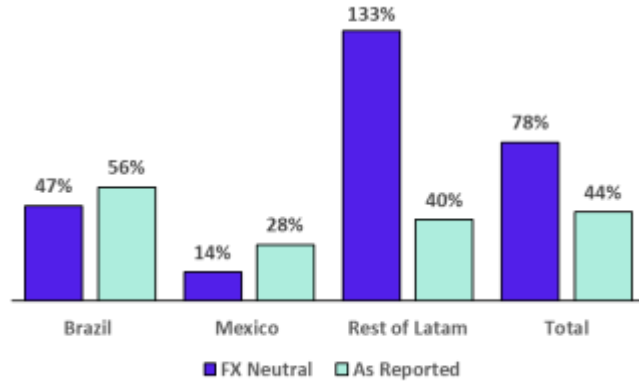


- **Adj. EBITDA +248% YoY to \$43.6 M**, on strong revenue growth and operating leverage
- **Adj. EBITDA Margin +12.8 pp** YoY to 21%, with FY margin expanding 8.6 pp to 16.4%
- **Strongest Quarterly and FY Adj. EBITDA** since IPO
- **Operating leverage** achieved through **YoY efficiencies gains** in **G&A** and **T&C, -80 bps & -37 bps** as % of GB, respectively

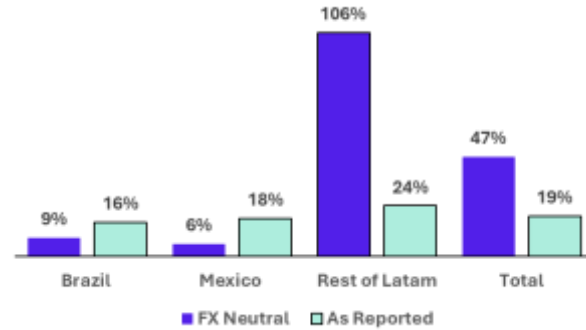


# Commercial Execution and Strong Demand Trends Across the Region Drive Growth in Gross Bookings

## 1 Gross Bookings (YoY %Growth)



## 2 Average Selling Price (YoY %Growth)



### Brazil

- Consumer spending shift from material goods to services and experiences, **strong commercial execution** and **improving competitive tailwinds** drove **growth in higher-ticket international travel** and **vacation package** sales

### Mexico

- Positive trend driven by international transaction growth, particularly with regard to **margin-accretive package** and **hotel sales**

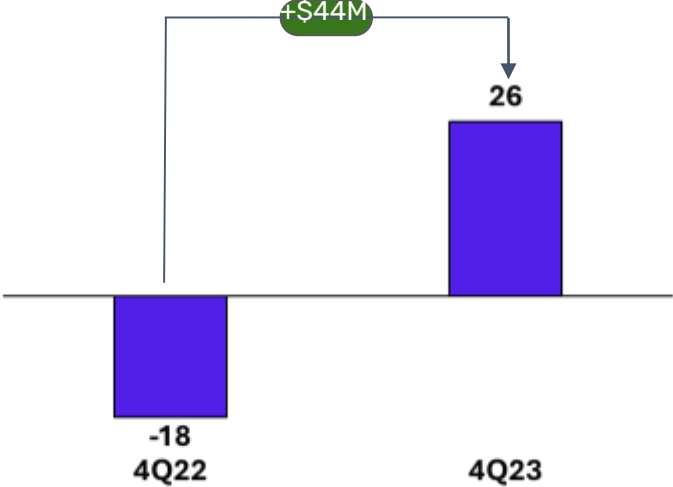
### Rest of Latam

- Gross Bookings increase largely attributed to **strong demand trends in Argentina** along with positive contributions from **Chile** and **Colombia**

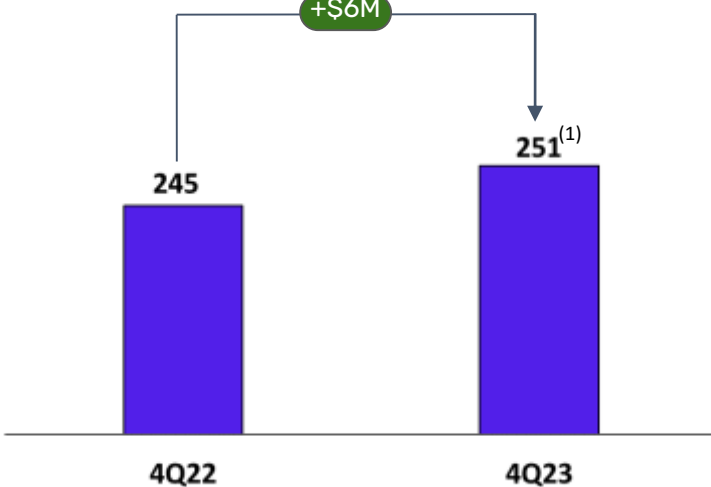


# Already Solid Cash Position Increased \$6 M YoY to \$251 M, Maintaining Financial Flexibility

## 1 Operating Cash Flow



## 2 Cash & Cash Equivalents



- **Operating cash flow increased +\$44M YoY**, driven by **higher Gross Bookings and operating leverage** during **4Q23**
- Despite CAPEX, the BestDay promissory note, and one-time severance costs, **Cash and Cash Equivalents increased +\$6M YoY**

(1) Cash & Cash Equivalents including restricted cash as of end of period Q4 2023 is \$ 250,790 out of which \$ 9.3 million is classified as held for sale



## Full Year 2024 Financial Guidance

### Revenues

At least **\$820 million**  
implying at least **+16%**  
YoY growth

### Adj. EBITDA

At least **\$150 million**  
implying at least **+28%**  
YoY growth



# 4Q23 Summary: Exceptional Results Lead to Record Quarter and Year for Despegar



## Strong Commercial Execution

- our growing success follows a well planned and executed growth strategy



## Exceeded FY23 Guidance

- Revenue \$ 706 M
- Adj. EBITDA \$ 116 M



## \$43.6 million Adjusted EBITDA

- Highest EBITDA since IPO
- Driven by strong revenue growth trend and operating leverage



## Cash \$251 M + \$6M YoY

- Solid cash position maintains financial flexibility



## A leader through innovation

- SOFIA, our digital travel assistant, represents the future of travel booking



## FY24 Guidance

- Revenue at least \$820 M (+16%)
- EBITDA at least \$ 150 M (+28%)

# Q&A

## 4Q23 Earnings Conference Call



# THANK YOU!

## CONTACT

—

### INVESTOR RELATIONS

Luca Pfeifer

+57 315 3824802

[luca.pfeifer@despegar.com](mailto:luca.pfeifer@despegar.com)