eDreams ODIGEO

First Half Results Presentation

Fiscal Year 2018 H1 Results, ending September 30th 2017

November 29th 2017

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- The financial information included in this presentation includes certain non-GAAP measures, including "Bookings", "Gross Bookings", "EBITDA", "Adjusted EBITDA", "Revenue Margin" and "Variable Costs", which are not accounting measures as defined by IFRS. We have presented these measures because we believe that they are useful indicators of our financial performance and our ability to incur and service our indebtedness and can assist analysts, investors and other parties to evaluate our business. However, these measures should not be used instead of, or considered as alternatives to, the audited consolidated financial statements for the Group based on IFRS. Further, these measures may not be comparable to similarly titled measures disclosed by other companies.

First Half Results Highlights

- **H1 Results Highlights**
- KPIs
- Strategy Update
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Results Highlights

Solid performance

- Driven by accelerated investments in mobile, change of our revenue model and revenue diversification as well as leveraging our scale

H1 performance was driven by:

- Solid growth in Revenue Margin* (+6%) and Adjusted EBITDA* (+8%)
- Solid Bookings* (+3%) (**)
- H1 results are a better reflection of our performance than Q2 results

Revenue diversification initiatives on track and delivering results, visible in KPIs

- Product diversification ratio* up to 48% from 44% in Q2 FY17
- Revenue diversification ratio* up to 32% from 28%
- Strong growth in mobile bookings (+27%) now representing 37% of total flight bookings

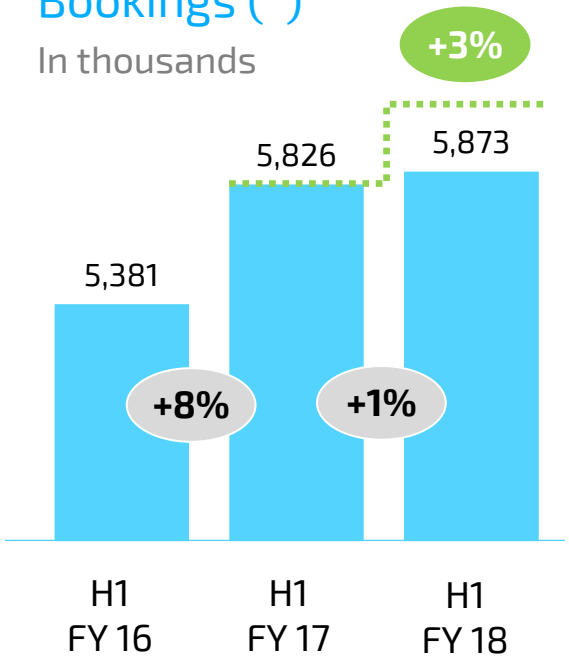
On track to meet full year guidance, as increased in November 2nd

(*) Definitions of Non-GAAP measures on page 33-35 (**) Adjusting for the sale of corporate travel and packaged tours business.

Results on track to meet raised FY 2018 guidance

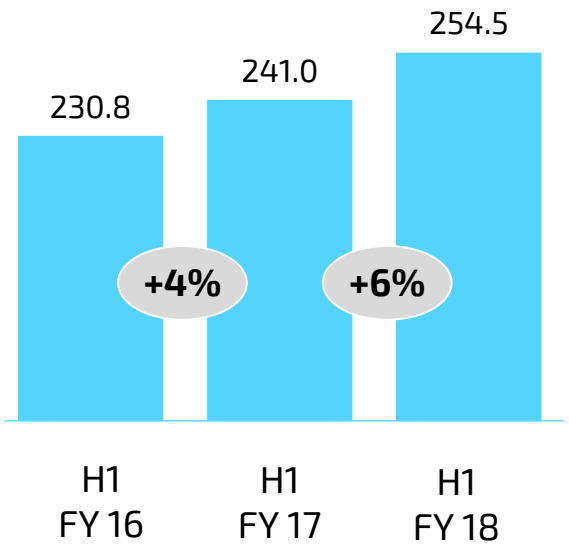
Bookings (*)

In thousands



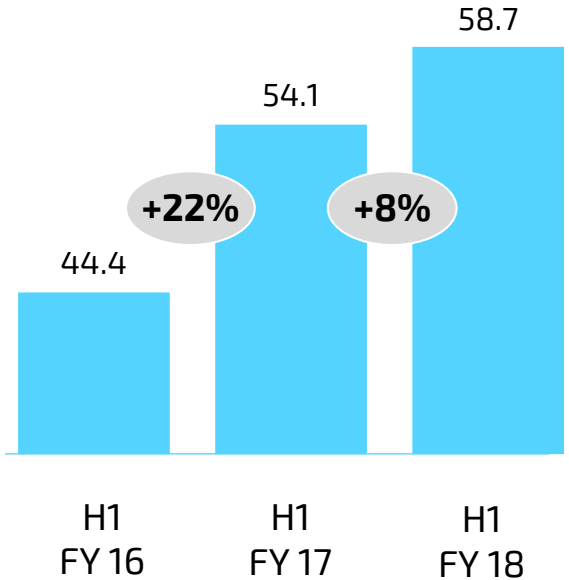
Revenue Margin (*)

In € million



Adjusted EBITDA (*)

In € million



% Adjusted for one-offs growth rate

(*) Definitions of Non-GAAP measures on page 33-35

KPIs

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Success in our revenue diversification strategy is tracked through a series of performance indicators

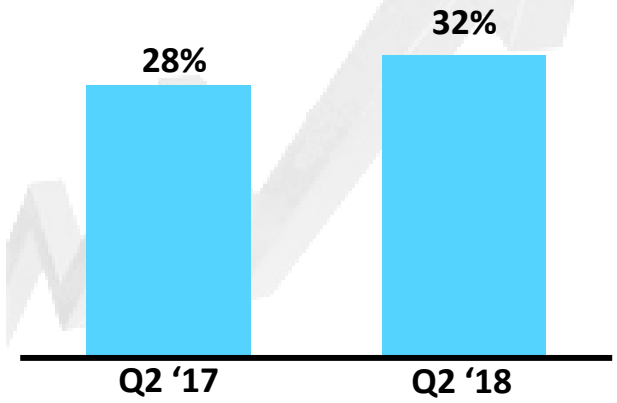
- Revenue diversification ratio
- Product diversification ratio
- Acquisition cost per booking index
- Repeat booking
- Share of mobile bookings



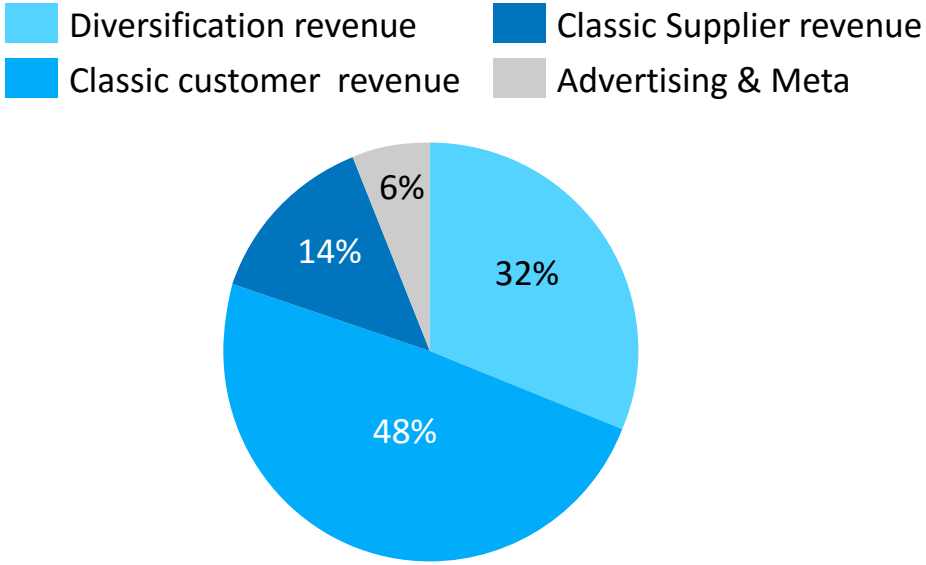
Growing share of revenues coming from our diversification strategy

Revenue diversification ratio (*)

Revenue diversification ratio



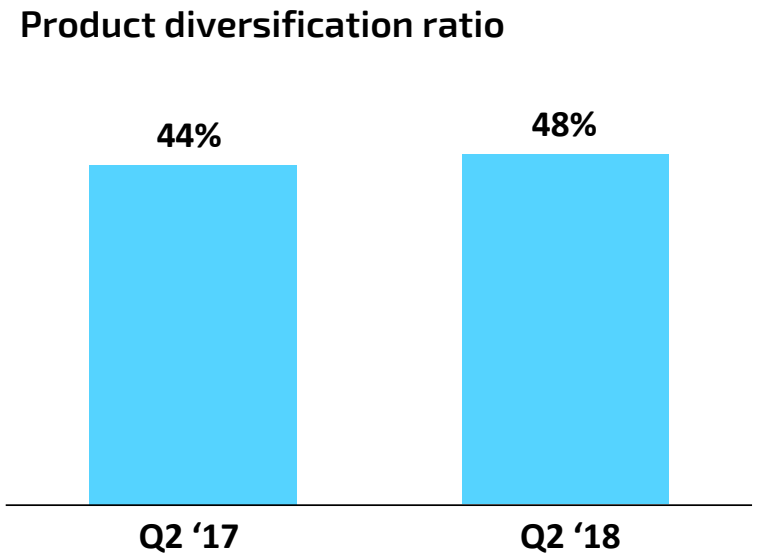
Revenue split



(*) Definitions of Non-GAAP measures on page 33-35

Increasing ability to add value to customers, booking with more attachments

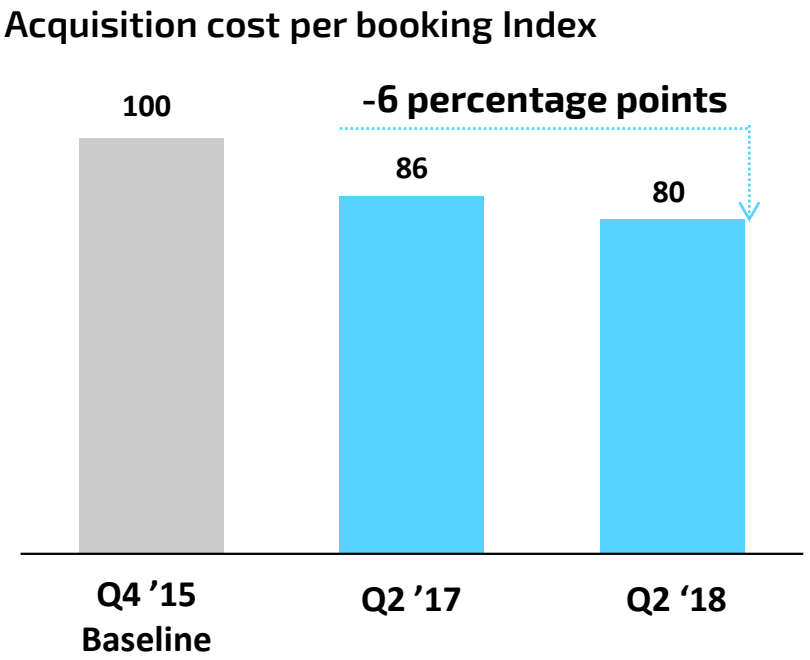
Product diversification ratio (*)



(*) Definitions of Non-GAAP measures on page 33-35

Decreasing acquisition cost v. index of Q4 FY 15 before start of transformation

Acquisition cost per booking index (*)

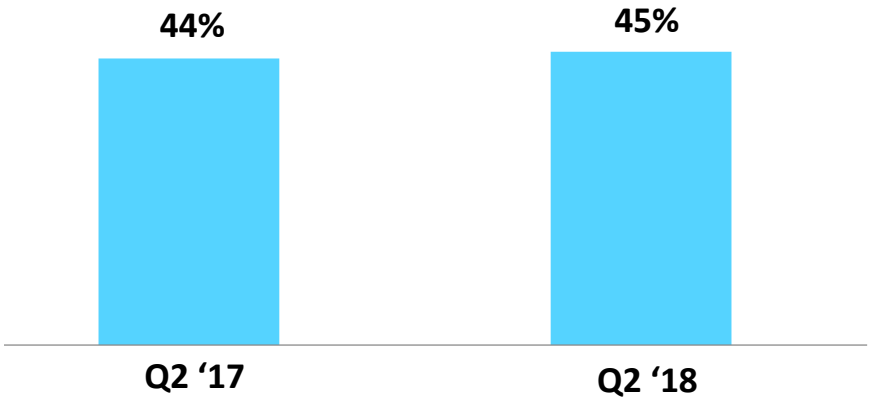


(*) Definitions of Non-GAAP measures on page 33-35

Stable repeat rates with positive YoY

Repeat booking (*)

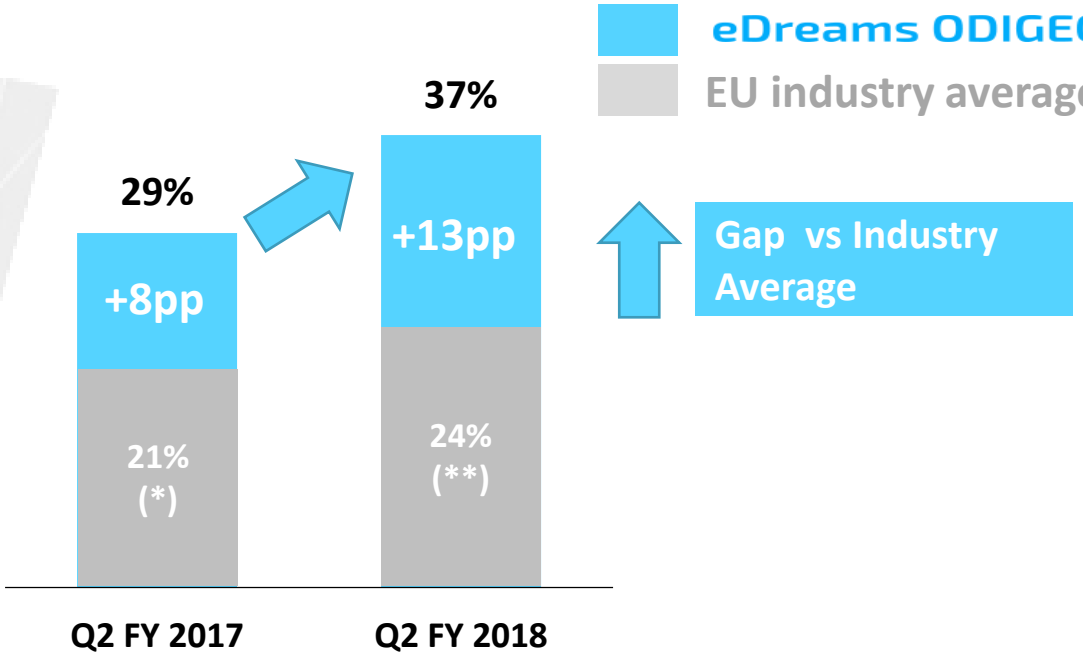
Customer repeat booking rate; Annualised view



(*) Definitions of Non-GAAP measures on page 33-35

Strong growth in Mobile Bookings, beating industry average

Mobile as share of flight bookings



Share of mobile bookings (*)

Source: Phocuswright European Online Travel Overview Twelfth Edition
(*) 2016 Estimate
(**) 2017 Estimate

(*) Definitions of Non-GAAP measures on page 33-35

Strategy Update

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As expected a short-term softening of topline performance was driven by price transparency changes



Traffic

Decrease in traffic as some customers are less attracted by higher first displayed flight price

Conversion

Increase in conversion as increasingly savvy customers appreciate transparency

Repeat rate

Uplift in repeat rate as transparency and access to wide range of products increase loyalty – we are already seeing evidence of this in our pilot tests

Marketing spend per booking

Reduction in marketing spend per booking as more customers come direct to us thanks to increasing loyalty

Attach rate

Increase in attach rate as customers increasingly use us as a "one-stop shop", taking advantage of our breadth and depth of inventory and innovative features

These effects are playing out as we expected

Change in revenue model proved to be successful, through initial results from price transparency initiatives introduced from September 2016 – Case study

Price transparency initiative has increased loyalty through greater trust, increased conversion and increased repeat purchase rate

Traffic ↘	▪ **Initial reduction** in traffic, but **returned after 5 months**
Conversion ↑	▪ Conversion rate showing **double digit improvements**
Repeat ↑	▪ Repeat purchase rate **improved 7pp**
Marketing cost ↓	▪ Marketing cost per booking reduced **in double digits** rates
Non flight ↑	▪ Non-flight share of revenue increased by **4pp**
Trust ↑	▪ Trustpilot score **up 24%**[1]

Based on this positive response, we are rolling out **more transparent pricing** across **most of our key markets**

1 Average of calendar year 2017 vs 2015

Mobile investments on track and delivering the desired results, committed to long term vision

WHERE ARE WE TODAY

PRE-BOOKING

Mobile platform NOW offers all the products available in desktop



Except in the app for dynamic packages (DP)



POST-BOOKING

We do not offer ancillary products post booking



NEXT SETPS

PRE-BOOKING

Expand DP scope to mobile app and improve conversion to similar levels than desktop



POST-BOOKING

Launch ancillary products post booking



Dynamic packages (DP) - Improvements in **traffic, conversion and revenue margin per booking** have led to strong results, significantly ahead flight business performance

ACHIEVED IN H1 FY 18



New DP mobile web front and more accessible to customers coming from Meta



DP related A/B tests increased by 80% YoY with 65% success rate



Improvement in telesales and touch points

x2
vs flight booking growth in Q2

+17%
RMPB in H1

+101%
Telesales revenue margin in H1

+93%
Revenue margin coming from intermediate page (new touch points) in H1

WHAT's NEXT



Hotels

Launch our hotel inventory for DP



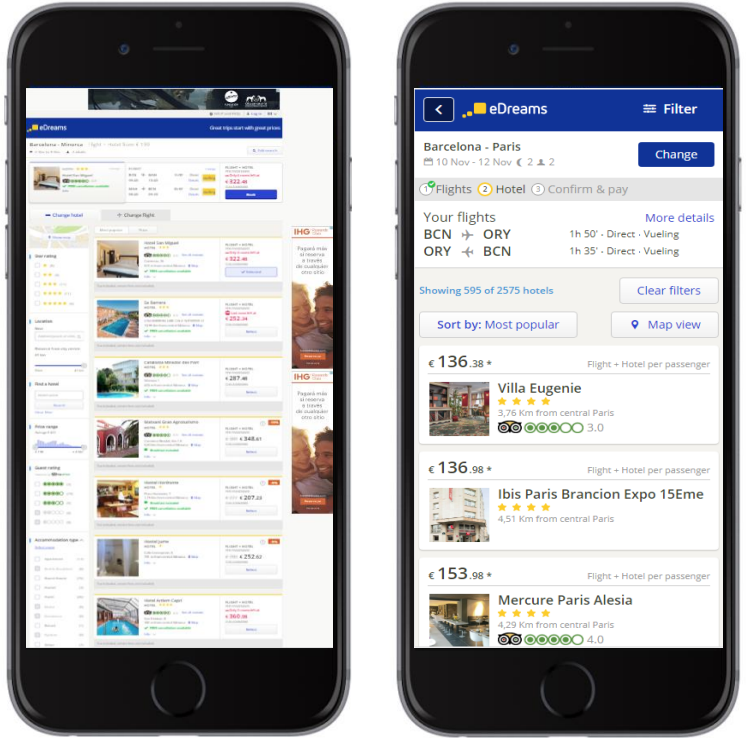
Expand DP scope to mobile app



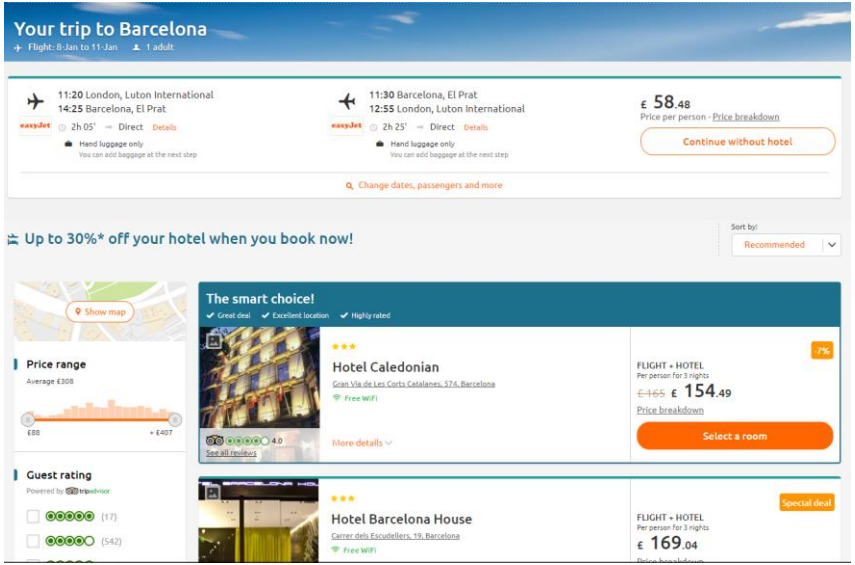
DP marketing push

New dynamic packages (DP) mobile web front and meta result page making hotel content accessible when booking a flight

Old DP front → **New DP front**



New Dynamic Package content for customers coming from Meta, who had searched for a flight only



Financial Results

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Income statement

(In € million)	3M Sept FY17	3M Sept FY18	Var.	6M Sept FY17	6M Sept FY18	Var.
Revenue margin	**116.8**	**129.2**	***11%***	**241.0**	**254.5**	***6%***
Variable costs	(73.7)	(76.1)	*3%*	(149.6)	(153.3)	*2%*
Fixed costs	(17.9)	(21.5)	*20%*	(37.2)	(42.5)	*14%*
Adjusted EBITDA	**25.1**	**31.6**	***26%***	**54.1**	**58.7**	***8%***
Non recurring items	(2.2)	(2.0)	*(11)%*	(4.2)	(15.7)	*275%*
EBITDA	**22.9**	**29.7**	***29%***	**49.9**	**42.9**	***(14)%***
D&A incl. impairment & results on assets disposals	(6.2)	(5.1)	*(18)%*	(10.1)	(10.1)	*(0)%*
EBIT	**16.7**	**24.5**	***47%***	**39.9**	**32.9**	***(18)%***
Financial loss	(10.6)	(10.6)	*0%*	(20.7)	(20.8)	*0%*
Income tax	(1.9)	(0.6)	*(68)%*	(7.2)	(5.6)	*(22)%*
Net income	**4.3**	**13.4**	***212%***	**11.9**	**6.5**	***(46)%***
Adjusted net income	**7.4**	**11.1**	***49%***	**16.6**	**17.1**	***3%***

Key highlights H1 FY 2018

- **Revenue margin** up 6%
- **Variable Costs** grew in line with bookings. Reductions in acquisition cost were compensated by an increase in other variable cost, for discounts to customers classified in H1 of FY17 as negative revenue margin (€9.3 million) (*)
- **Higher Fixed Costs** mainly due to higher personnel expenses, but stable since Q4 FY17
- **Non recurring items** mainly due to the provision related to the social plan in France and Italy.
- **Financial loss** was in line with H1 FY 2017.

Source: Consolidated financial statements, unaudited

(*) If discounts to customers had been applied this fiscal year same as last year, Revenue Margin would have been €245.2 million (+2% YoY) and Variable Costs would have been €144 million (-4% YoY)

Cash flow statement

(In € million)	3M Sept FY17	3M Sept FY18	6M Sept FY17	6M Sept FY18
Adjusted EBITDA (*)	**25.1**	**31.6**	**54.1**	**58.7**
Non recurring items	(2.2)	(2.0)	(4.2)	(15.7)
Non cash items	0.6	5.8	(0.7)	18.3
Change in WC	(5.6)	(3.9)	(6.3)	(66.6)
Income tax paid	(0.6)	0.2	(3.0)	(1.6)
Cash flow from operating activities	**17.4**	**31.7**	**40.0**	**(6.9)**
Cash flow from investing activities	**(6.6)**	**(7.7)**	**(12.5)**	**(14.7)**
Cash flow before financing	**10.8**	**24.0**	**27.4**	**(21.6)**
Repurchase of 2018 Notes	-	-	(29.1)	-
Other debt issuance/ (repayment)	(0.1)	(0.2)	(0.2)	(0.5)
Financial expenses (net)	(11.7)	(19.1)	(19.4)	(19.8)
Cash flow from financing	**(11.9)**	**(19.3)**	**(48.8)**	**(20.3)**
Net increase/(decrease) in cash	**(1.1)**	**4.7**	**(21.4)**	**(41.9)**
Cash (net of overdrafts)	**110.4**	**101.7**	**110.4**	**101.7**

Source: Consolidated financial statements, unaudited (*) Definitions of Non-GAAP measures on page 33-35

Key highlights Q2 FY 2018

- **Cash flow from operations increased by €14.3 million:**
  - Increase adj. EBITDA by €6.5m
  - Lower non-recurring items
  - Higher non cash items due to an increase in provisions, mostly related to bad debt from B2B customers.
  - Lower outflow in working capital by €1.7m
  - Working capital in H1 FY 2018 is mostly driven by Q1 FY 2018, and additionally revenue accrued from revised terms with our providers had not been collected by end of H1

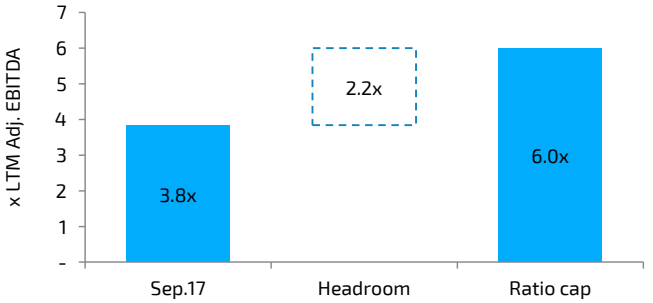
- **Cash outflow from investing activities increased by €1.1 million:**
  - Upgraded IT infrastructure

- **Cash flow used in financing increased by €7.4 million:**
  - Higher cash flow used in financing due to an increase of 7.3 million in interest paid due to change in the phasing of the interest paid under the new 2021 bond.

Debt

- **Gross Leverage ratio was down to 3.84x in September 2017 vs 4.09x in September 2016**, which gives us ample headroom vs our covenant ratio.
- Despite cash outflow from working capital, as already explained in the presentation and the FY results, **Net leverage ratio was down from 3.05x in September 2016 to 2.94x in September 2017**
- SS RCF €157 million
- **Prepaid €10 million of the outstanding 2021 bonds** post closing, resulting in Gross Leverage ratio of 3.76x

Gross Leverage Ratio (*)
(Total Gross Financial Debt / LTM Adjusted EBITDA)



Debt Details

	Principal (€ Million)	Rating	Maturity
Corporate Family Rating		Moodys:B2 S&P: B Outlook: Stable	
2021 Notes	435	Moodys:B3 S&P: B	01/08/21

NOTES: Covenant figures unaudited

(*) Definitions of Non-GAAP measures on page 33-35

Outlook

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Reiterate full year Outlook

Outlook Statement

We will continue to invest to build a long-term highly attractive business:

- Evolving our pricing and communication of that pricing
- Offering an exciting range of innovative products and services as a one-stop shop
- Improving our Product Diversification Ratio and Revenue Diversification Ratio as a result
- Pushing the transition to mobile, which affects performance in the short term but improves our strategic position and long-term attractiveness

We will control the transformation pace to continue to grow absolute Adjusted EBITDA

Reflecting these investments, through the implementation of our strategy and the change in our revenue model, we expect Q3 bookings to decrease year-on-year and Q4 to increase year-on-year, with H2 FY 2018 on aggregate showing positive results and in line with the phasing of the full year guidance given back in June 2017.

Outlook for FY 2018

Bookings

In excess of 11.7 million

Revenue Margin

In excess of €487 million

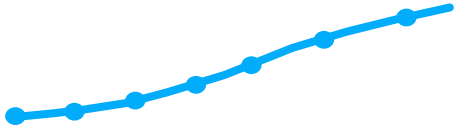
Increased Adjusted Ebitda

€118 million (10% growth y-on-y)

+/- €2 million

Financial policy in line with strategy

We will control the transformation pace to continue to grow absolute EBITDA



✓ **Increased** long-term target of EUR 130-145m EBITDA by 2020

We expect a period of softer top-line performance to reflect longer-term investment in customer value



✓ More robust revenue profile
✓ Increased satisfaction
✓ Increased competitiveness as leader in Europe

This is part of a broader investment to ensure our business is well-positioned and attractive in the long term…



✓ Prioritizing long-term profitability

…and fits into our wider strategy of derisking our financial profile and increasing value to both debt and equity investors



✓ Select restructuring including divestments of Package and Corporate businesses
✓ Debt buy-back/successful refinancing
✓ Continue to reduce leverage

In summary…

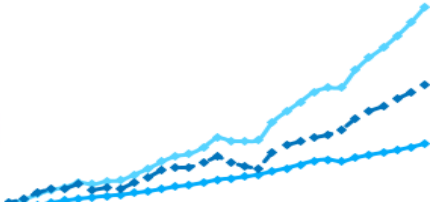
World-class product and technology



Customer value



Growing market



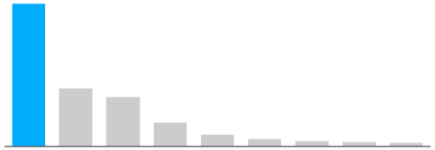
Industry structure



Mobile leader



Scale



Market leadership



Investment



Results

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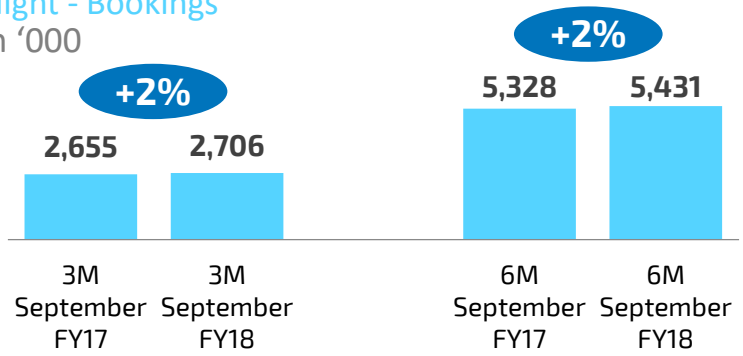
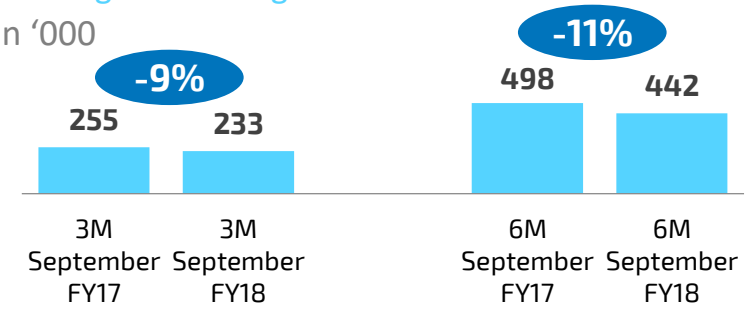
FLIGHT AND NON-FLIGHT BOOKINGS

Revenue diversification drives growth in Flight Business

Flight - Bookings
In '000



Non Flight - Bookings
In '000



Source: Consolidated financial statements, unaudited

Flight

- As guided to the market, H1 result was driven by:
  - Accelerated investment in the transition to mobile and evolution in change of our revenue model
  - Sale of the corporate travel and packaged tours businesses.
  - Comparison against solid performance in Q2 and H1 of FY17
- Excluding the effect of the sale of these businesses, bookings would have grown by 4% in H1 FY 2018
- We continue to make investments on our business to build scale, become more agile, improve business model, and create better customer experience

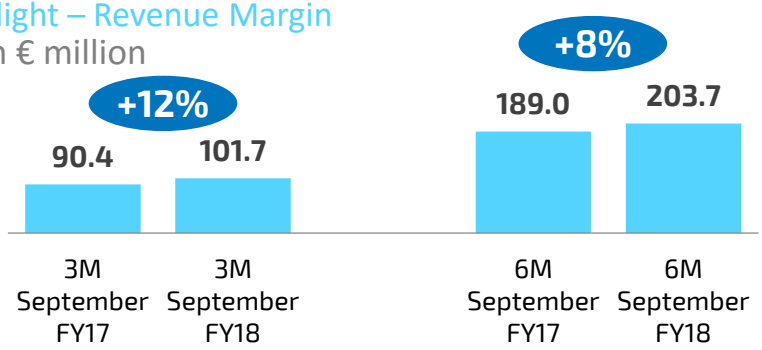
Non-Flight

- Non-flight performance in line with the implementation of strategic initiatives and FY 2018 guidance.
- As guided to the market, H1 result was driven by:
  - Sale of the corporate travel and packaged tours businesses.
  - Investment in the transition to mobile and change of our revenue model
- Excluding the effect of the sale of these businesses, bookings would have been down only by 2% in the first half and 1% in Q2 FY 2018.

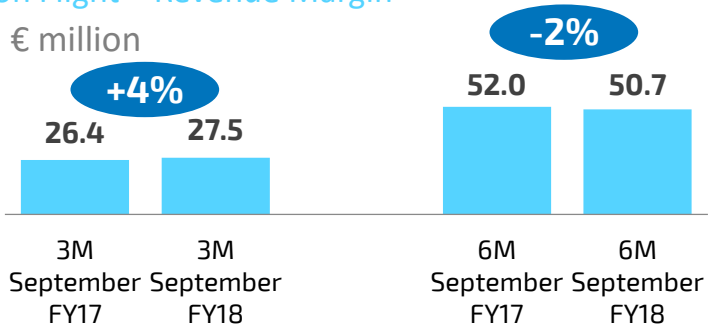
FLIGHT AND NON-FLIGHT REVENUE MARGIN

Revenue diversification drives growth in Flight Business

Flight – Revenue Margin
In € million



Non Flight – Revenue Margin
In € million



Source: Consolidated financial statements, unaudited

Flight

- In H1 FY 2018, revenue margin performance driven by:
  - Bookings, already explained in previous slide.
  - Improvements in revenue margin per booking due to improved operating performance, revised terms with our providers leveraging our scale, and starting to deliver on revenue diversification strategy
  - Partly offset by:
    - Longer-term investment in customer value, the shift in our revenue model, which includes increased price transparency display in some countries.
    - Foreign exchange impact, in particular the depreciation of the pound vs the euro

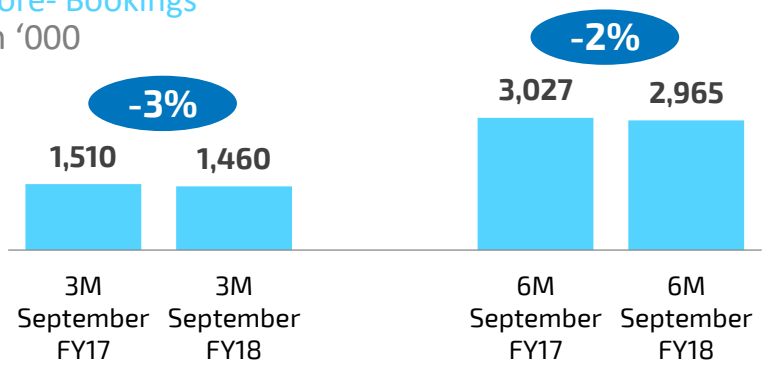
Non-Flight

- In H1 FY 2018, non-flight revenue margin growth driven by the revenue diversification strategy:
  - Bookings, already explained in previous slide.
  - An increase of 10% in revenue margin per booking, mostly driven by strong improvements on our dynamic packages business, overall product and operational improvements and revised terms with our providers, already explained.

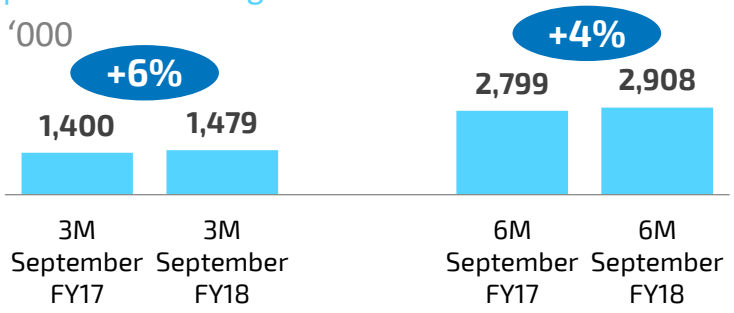
CORE AND EXPANSION BOOKINGS

Revenue diversification drives growth in the Expansion Markets

Core- Bookings
In '000



Expansion - Bookings
In '000



Source: Consolidated financial statements, unaudited

Core

- In FY 2018, strategic initiatives on track and delivering the desired result, as guided to the market at our full year results presentation; bookings decrease as a result of accelerated investment in the transition to mobile and evolution in change of our revenue model
- We continue to make investments on our business to build scale, become more agile, improve business model, and create better customer experience

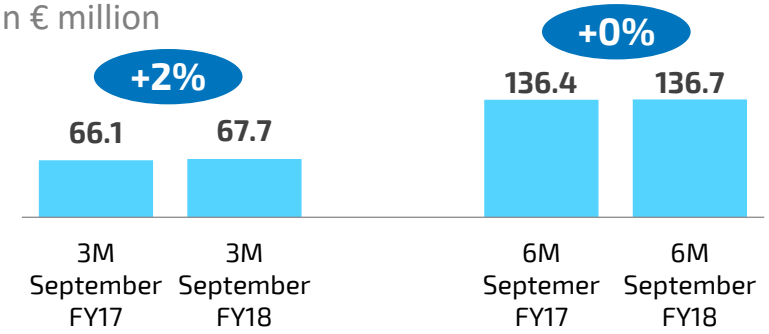
Expansion

- In FY 2018, growth continues as strategic initiatives are paying off, growth in bookings performance driven by investments made on our business and revenue diversification
- Excluding the effect of the sale of the Corporate Travel business, bookings would have grown by 10% in H1 FY 2018

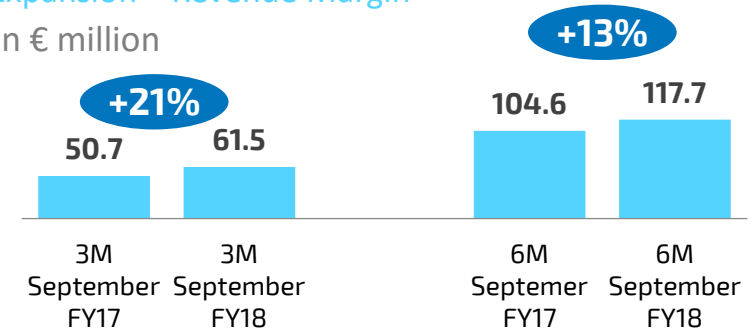
CORE AND EXPANSION REVENUE MARGIN

Revenue diversification drives growth in the Expansion Markets

Core – Revenue Margin
In € million



Expansion – Revenue Margin
In € million



Source: Consolidated financial statements, unaudited

Core

- In H1 FY 2018, revenue margin performance driven by:
  - Bookings, already explained in previous slide.
  - Improvements of 2% in revenue margin per booking was due to results from operational execution and leveraging scale, and more favourable terms in a number of contracts with the Company's suppliers.

Expansion

- In H1 FY 2018, growth continues due to investments made on our business, which are delivering the expected results, and revenue diversification, revenue margin performance driven by:
  - Bookings
  - Improvements in revenue margin per booking of 15% and 8% in Q2 and H1 FY 2018, respectively
  - Offset by Foreign exchange impact headwinds

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Glossary of Definitions

Non-reconcilable to GAAP measures

- **"Acquisition Cost per Booking Index"** refers to the most relevant marketing expenses incurred to acquire new customers (encompassing Paid search, Metasearch and Affiliates), divided by the total number of Bookings. For any given period, the ratio is expressed as an index 100, in which 100 is the value of Acquisition Cost per Booking for the 3 months ended on December 2015. The acquisition cost per booking index provides to the reader a view of the trend of one of the main variable cost (marketing cost) of the business.
- **''Gross Bookings''** refers to the total amount paid by our customers for travel products and services booked through or with us (including the part that is passed on to, or transacted by, the travel supplier), including taxes, service fees and other charges and excluding VAT. Gross Bookings include the gross value of transactions booked under both agency and principal models as well as transactions made under white label arrangements and transactions where we act as a ''pure'' intermediary whereby we serve as a click-through and pass the reservations made by the customer to the relevant travel supplier. Gross Bookings provide to the reader a view about the economic value of the services that the Group mediates.

Reconcilable to GAAP measure

- **''Adjusted EBITDA''** means operating profit/loss before depreciation and amortization, impairment and profit/(loss) on disposals of non-current assets, certain share-based compensation, restructuring expenses and other income and expense items which are considered by management to not be reflective of our ongoing operations. Adjusted EBITDA provide to the reader a better view about the ongoing EBITDA generated by the Group.
- **"Adjusted Net Income"** means our IFRS net income less certain share-based compensation, restructuring expenses and other income and expense items which are considered by management to not be reflective of our ongoing operations. Adjusted Net Income provides to the reader a better view about the ongoing results generated by the Group.
- **"Revenue Diversification Ratio"** is a ratio representing the amount of Diversification Revenue earned in a twelve-month period as a percentage of our total revenue. Our management believes that the presentation of the Revenue Diversification Ratio measure may be useful to readers to help understand the results of our revenue diversification strategy.
- **''EBIT''** means operating profit/loss. This measure, although it is not specifically defined in IFRS, is generally used in the financial markets and is intended to facilitate analysis and comparability.
- **''EBITDA''** means operating profit/loss before depreciation and amortization, impairment and profit/loss on disposals of non-current assets. This measure, although it is not specifically defined in IFRS, is generally used in the financial markets and is intended to facilitate analysis and comparability.
- **"(Free) Cash Flow before financing"** means cash flow from operating activities plus cash flow from investing activities.
- **"Gross Financial Debt"** means total financial liabilities considering financing cost capitalized plus accrued interests and overdraft. It includes both non-current and current financial liabilities. This measure offers to the reader a global view of the Financial Debt without considering the payment terms.
- **''Gross Leverage Ratio''** means the total amount of outstanding Gross Financial Debt on a consolidated basis divided by "Adjusted EBITDA". This measure offers to the reader a view about the capacity of the Group to generate enough resources to repay the Gross Financial Debt.
- **''Net Financial Debt''** means "Gross Financial Debt" less "cash and cash equivalents". This measure offers to the reader a global view of the Financial Debt without considering the payment terms and reduced by the effects of the available cash and cash equivalents to face these future payments.
- **''Net Leverage Ratio''** means the total amount of outstanding Net Financial Debt on a consolidated basis divided by "Adjusted EBITDA". This measure offers to the reader a view about the capacity of the Group to generate enough resources to repay the Gross Financial Debt, also considering the available cash in the Group.
- **"Net Income"** means Consolidated profit/loss for the year.
- **''Revenue Margin''** means our IFRS revenue less cost of supplies. Our management uses Revenue Margin to provide a measure of our revenue after reflecting the deduction of amounts we pay to our suppliers in connection with the revenue recognition criteria used for products sold under the principal model (gross value basis). Accordingly, Revenue Margin provides a comparable revenue measure for products, whether sold under the agency or principal model.

Glossary of Definitions

Other Defined Terms

- **"Bookings"** refers to the number of transactions under the agency model and the principal model as well as transactions made under white label arrangements. One Booking can encompass one or more products and one or more passengers.
- **"Adjusted EBITDA"** means operating profit/loss before depreciation and amortization, impairment and profit/(loss) on disposals of non-current assets, certain share-based compensation, restructuring expenses and other income and expense items which are considered by management to not be reflective of our ongoing operations. Adjusted EBITDA provide to the reader a better view about the ongoing EBITDA generated by the Group.
- **Revenue Diversification Ratio** is a ratio representing the amount of Diversification Revenue earned in a twelve-month period as a percentage of our total revenue. Our management believes that the presentation of the Revenue Diversification Ratio measure may be useful to readers to help understand the results of our revenue diversification strategy.
- **Product Diversification Ratio (%)** is a ratio expressed on a percentage basis and calculated by dividing the number of flight ancillary products and non-flight products linked to a Booking (such as insurance, additional check-in luggage, reserved seats, certain additional service options, Dynamic Packages and car rental) by the total number of Bookings for a given period.
- **Acquisition Cost per Booking Index** refers to the most relevant marketing expenses incurred to acquire new customers (encompassing Paid search, Metasearch and Affiliates), divided by the total number of Bookings. For any given period, the ratio is expressed as an index 100, in which 100 is the value of Acquisition Cost per Booking for the 3 months ended on December 2015. The acquisition cost per booking index provides to the reader a view of the trend of one of the main variable cost (marketing cost) of the business.
- **Customer Repeat Booking Rate (%)** refers to the ratio, expressed on a percentage basis, of Bookings made in a quarter by customers who made a prior Booking in the 12 months prior to that quarter divided by the total number of Bookings. The ratio is annualized, multiplying by four and by the ratio of the quarter over the average of last 4 quarters, to eliminate seasonality effects
- **"Core Markets" and "Core Segment"** refers to our operations in France, Spain and Italy.
- **"Expansion Markets"** and "Expansion segment" refers to our operations in Germany, the United Kingdom and the other countries in which we operate, including, among others, the Nordics and countries outside Europe.
- **"Flight Business"** refers to our operations relating to the supply of flight mediation services.
- **"Fixed Costs"** includes IT expenses net of capitalization write-off, personnel expenses which are not Variable Costs, external fees, building rentals and other expenses of fixed nature. Our management believes the presentation of Fixed Costs may be useful to readers to help understand our cost structure and the magnitude of certain costs we have the ability to reduce in response to changes affecting the number of transactions processed.
- **"Non-flight Business"** refers to our operations relating to the supply of non-flight mediation services, as well as other non-travel activities such as advertising on our websites, incentives we receive from payment processors, charges on toll calls and Liligo's metasearch activity.
- **"Non-recurring Items"** refers to share-based compensation, restructuring expenses and other income and expense items which are considered by management to not be reflective of our ongoing operations.
- **"Variable Costs"** includes all expenses which depend on the number of transactions processed. These include acquisition costs, merchant costs and other costs of a variable nature, as well as personnel costs related to call centers as well as corporate sales personnel. Our management believes the presentation of Variable Costs may be useful to readers to help understand our cost structure and the magnitude of certain costs. We have the ability to reduce certain costs in response to changes affecting the number of transactions processed.

Glossary of Definitions

Other defined terms

- **Classic Customer Revenue** represents customer revenue other than Diversification Revenues earned through flight service fees, cancellation and modification fees, tax refunds and mobile application revenue. Our management believes that the presentation of the Classic Customer Revenues measure may be useful to readers to help understand the results of our revenue diversification strategy.
- **Classic Supplier Revenue** represents supplier revenue earned through GDS incentives for Bookings mediated by us through GDSs and incentives received from payment service providers. Our management believes that the presentation of the Classic Supplier Revenues measure may be useful to readers to help understand the results of our revenue diversification strategy.
- **Diversification Revenue** represents revenue other than Classic Customer Revenue, Classic Supplier Revenues or Advertising and Metasearch Revenue, earned through vacation products (including car rentals, hotels and Dynamic Packages), flight ancillaries (including reserved seats, additional check-in luggage, travel insurance and additional service options), travel insurance, as well as certain commissions, over-commissions and incentives directly received from airlines. Our management believes that the presentation of the Diversification Revenues measure may be useful to readers to help understand the results of our revenue diversification strategy.
- **Advertising and Metasearch Revenue** represents revenue from other ancillary sources, such as advertising on our websites and revenue from our metasearch activities. Our management believes that the presentation of the Advertising and Metasearch Revenue measure may be useful to readers to help understand the results of our revenue diversification strategy.