eDreams ODIGEO

First 9Months Results

Fiscal Year 2018 9M Results, ending December 31st 2017

February 28th 2018

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First 9Months Results Highlights

- **9M Results Highlights**
- KPIs
- Financial Results
- Outlook
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Results Highlights

Solid performance

- In line with Q3 guidance, which reflects the investments made in our business through the implementation of our strategy and the change in our revenue model

9M performance was driven by:

- Solid growth in Revenue Margin* (+5%) and Adjusted EBITDA* (+17%)
- Solid Bookings* (+1%) (**)

Revenue diversification initiatives accelerating and delivering results, visible in KPIs

- Product diversification ratio* up to 51% from 44% in Q3 FY17
- Revenue diversification ratio* up to 33% from 29%
- Strong growth in mobile bookings (+13%) now representing 36% of total flight bookings

Net leverage down to 2.99x

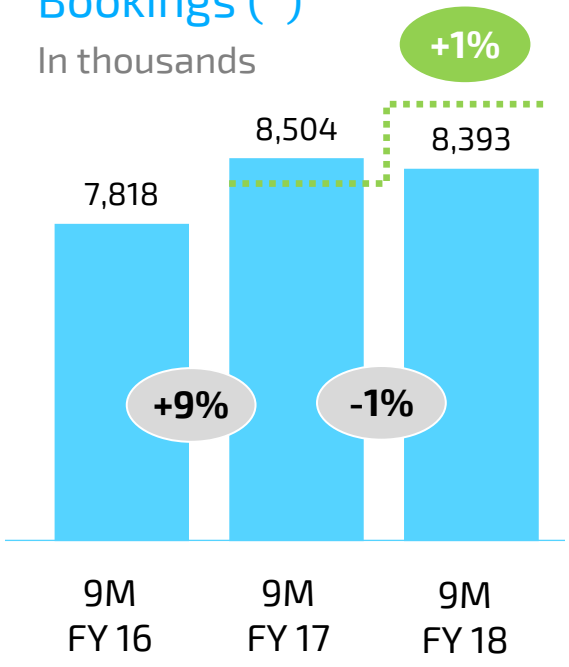
Reconfirm our full year guidance, as increased in November 2nd 2017

(*) Definitions of Non-GAAP measures on page 27-29 (**) Adjusting for the sale of corporate travel and packaged tours business.

Results on track to meet raised FY 2018 guidance

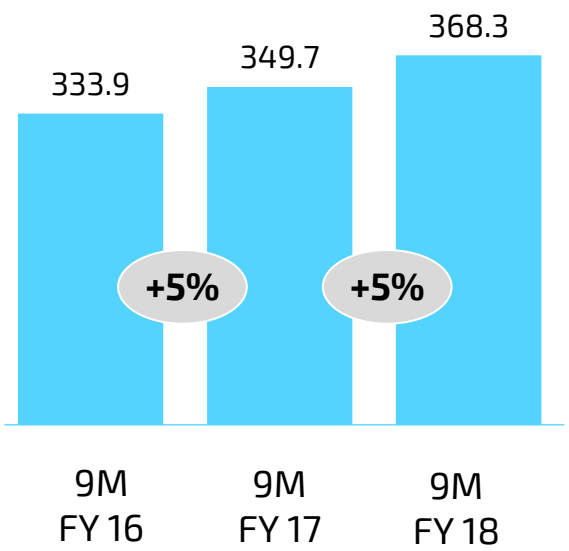
Bookings (*)

In thousands



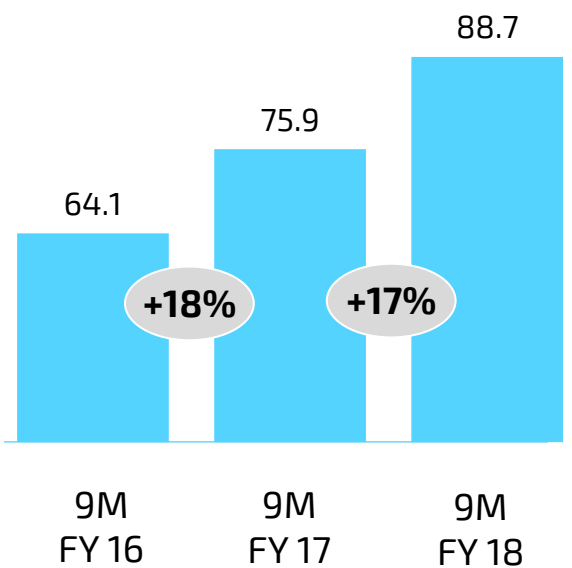
Revenue Margin (*)

In € million



Adjusted EBITDA (*)

In € million



% Adjusted for one-offs growth rate

(*) Definitions of Non-GAAP measures on page 27-29

KPIs

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

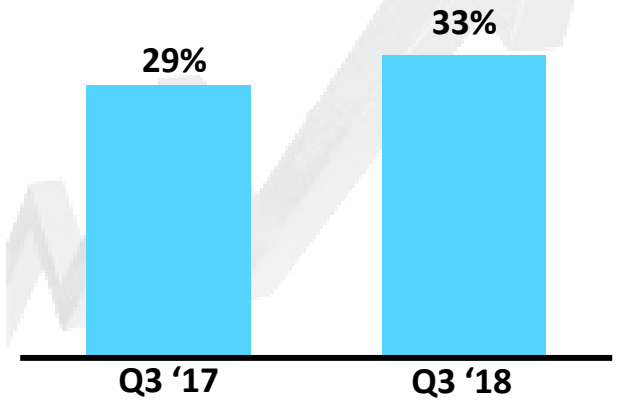
- Revenue diversification ratio
- Product diversification ratio
- Acquisition cost per booking index
- Repeat booking
- Share of mobile bookings



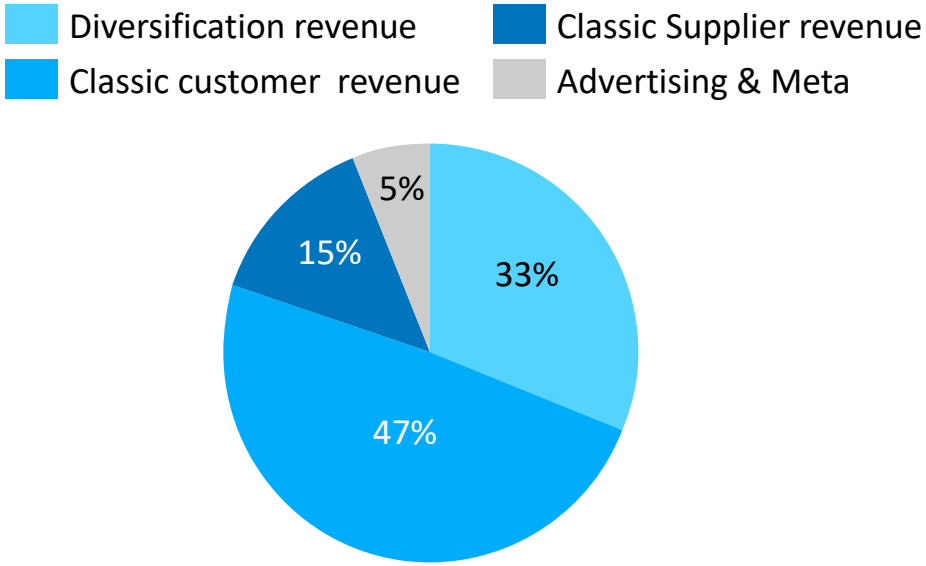
Growing share of revenues coming from our diversification strategy

Revenue diversification ratio (*)

Revenue diversification ratio



Revenue split

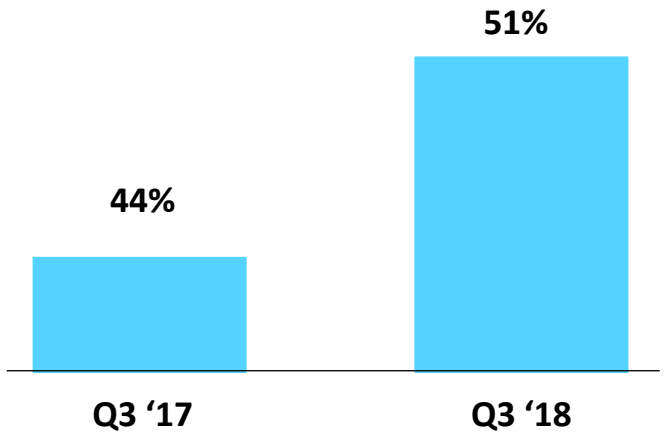


(*) Definitions of Non-GAAP measures on page 27-29

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

Product diversification ratio (*)

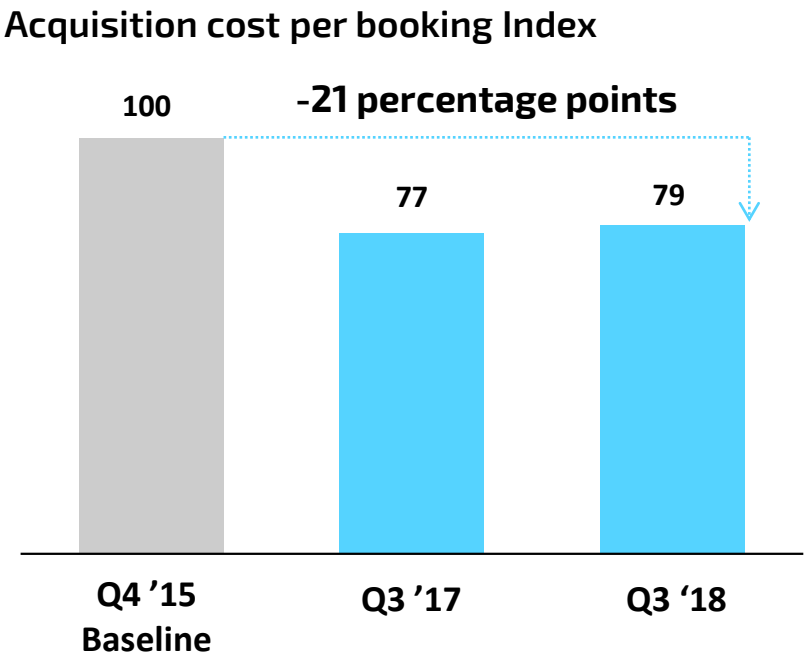
Product diversification ratio



(*) Definitions of Non-GAAP measures on page 27-29

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

Acquisition cost per booking index (*)

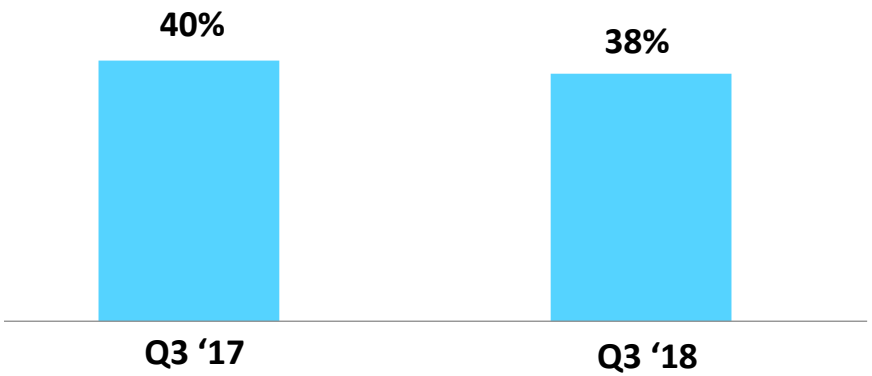


(*) Definitions of Non-GAAP measures on page 27-29

Repeat rates in line with guidance

Repeat booking (*)

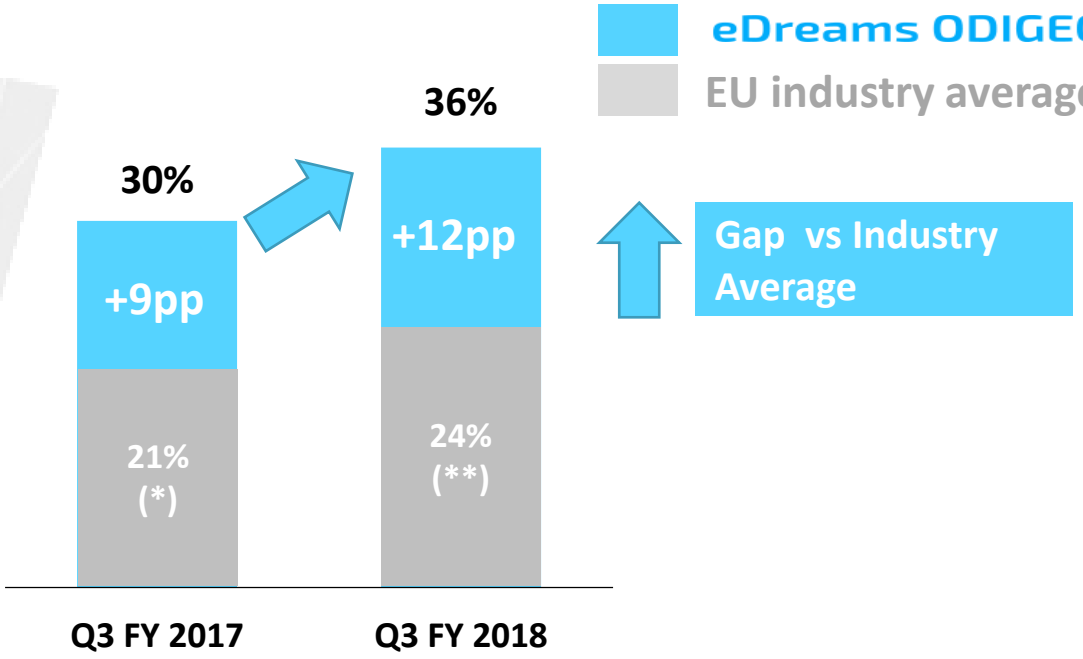
Customer repeat booking rate; Annualised view



(*) Definitions of Non-GAAP measures on page 27-29

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 27-29

Financial Results

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Income statement

(In € million)	3M Dec FY17	3M Dec FY18	Var.	9M Dec FY17	9M Dec FY18	Var.
Revenue margin	**108.7**	**113.9**	***5%***	**349.7**	**368.3**	***5%***
Variable costs	(64.9)	(64.8)	*(0)%*	(214.6)	(218.1)	*2%*
Fixed costs	(22.0)	(19.0)	*(14)%*	(59.3)	(61.5)	*4%*
Adjusted EBITDA	**21.7**	**30.1**	***38%***	**75.9**	**88.7**	***17%***
Non recurring items	(2.7)	(2.3)	*(17)%*	(6.9)	(18.0)	*161%*
EBITDA	**19.0**	**27.8**	***46%***	**69.0**	**70.7**	***3%***
D&A incl. impairment & results on assets disposals	(4.4)	(8.2)	*85%*	(14.5)	(18.3)	*26%*
EBIT	**14.6**	**19.62**	***35%***	**54.4**	**52.5**	***(4)%***
Financial loss	(30.6)	(11.6)	*(62)%*	(51.3)	(32.4)	*(37)%*
Income tax	1.0	8.8	*734%*	(6.2)	3.2	*(152)%*
Net income	**(14.9)**	**16.8**	***n.a.***	**(3.0)**	**23.3**	***n.a.***
Adjusted net income	**2.8**	**9.6**	***239%***	**19.4**	**26.7**	***37%***

Key highlights 9M FY 2018

- **Revenue margin** up 5%
- **Variable Costs** grew 2%, mostly due to discounts to customers, which were classified in 9M of FY17 as negative revenue margin (€15.1 million). (*)
- **Higher Fixed Costs** mainly due to higher personnel expenses, but stable since Q4 FY17, and 8% bellow on a per booking basis in Q3 FY 2018 vs the same period las year
- **Non recurring items** mainly due to the provision related to the social plan in France and Italy.
- **Financial loss** was lower than 9M FY17 due to the extraordinary interest expense linked to the refinancing which was booked last year.
- **Income Tax** is higher than 9M FY17 due to a reduction in Deferred tax liabilities as the US Tax rate has been updated from 35% to 21%, resulting in a tax credit of €9.7 million, with no impact on cash taxes

Source: Consolidated financial statements, unaudited

(*) If discounts to customers had been applied this fiscal year same as last year, Revenue Margin would have been €353.2 million (+1% YoY) and Variable Costs would have been €203 million (-5% YoY)

Cash flow statement

(In € million)	3M Dec FY17	3M Dec FY18	9M Dec FY17	9M Dec FY18
Adjusted EBITDA (*)	**21.7**	**30.1**	**75.9**	**88.7**
Non recurring items	(2.7)	(2.3)	(6.9)	(18.0)
Non cash items	0.3	(5.0)	(0.5)	13.2
Change in WC	(14.8)	(32.9)	(21.0)	(99.4)
Income tax paid	(3.0)	(3.8)	(6.0)	(5.4)
Cash flow from operating activities	**1.5**	**(13.9)**	**41.5**	**(20.8)**
Cash flow from investing activities	**(1.4)**	**(6.6)**	**(13.9)**	**(21.3)**
Cash flow before financing	**0.1**	**(20.5)**	**27.5**	**(42.1)**
Share issuance	(1.0)	-	(1.0)	-
Repurchase of 2018 Notes	-	-	(29.1)	-
Other debt issuance/ (repayment)	(1.5)	(5.1)	(1.8)	(5.6)
Bond call premium and other refinancing flows	(20.5)		(21.7)	
Financial expenses (net)	(10.6)	(1.2)	(28.8)	(21.0)
Cash flow from financing	**(33.6)**	**(6.3)**	**(82.3)**	**(26.6)**
Net increase/(decrease) in cash	**(33.5)**	**(26.8)**	**(54.8)**	**(68.7)**
Cash (net of overdrafts)	**76.9**	**76.2**	**76.9**	**76.2**

Source: Consolidated financial statements, unaudited (*) Definitions of Non-GAAP measures on page 27-29

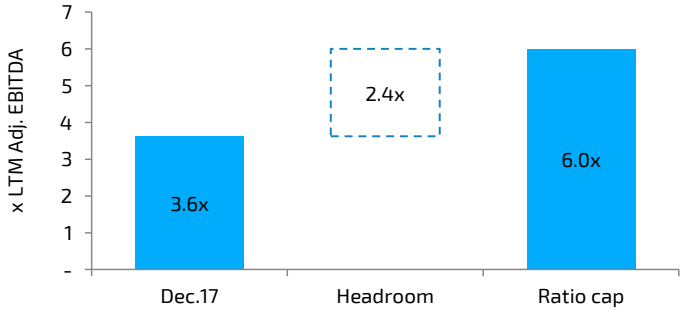
Key highlights Q3 FY 2018

- **Cash flow from operations decreased by €15.4 million:**
  - Increase adj. EBITDA by €8.3m
  - Lower non-recurring items
  - Higher non cash items due to payments related to the social plan in France and Italy
  - Higher outflow in working capital by €18.1m. The change in working capital was due to a reduction in volumes, mostly driven by investments in the change of our revenue model and focus on profitability
- **Cash outflow from investing activities increased by €5.2 million:**
  - Upgraded IT infrastructure
- **Cash flow used in financing decreased by €27.3 million:**
  - Lower cash flow used in financing :
    - Repurchase and cancellation of 2021 Notes (€10.3 million), which was partially offset by €5 million of borrowings drawdown.
    - Payments related to the bond call premium and debt issuance fees for 19.2 million
    - And a reduction of 10.6 million in interest paid due to the change in payment periods. Interests on the 2021 Notes is paid in January and July, while on the 2018 Notes it was paid in October

Debt

- **Gross Leverage ratio was down to 3.61x in December 2017 vs 4.00x in December 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 3.28x in December 2016 to 2.99x in December 2017**
- SS RCF €157 million
- **We Prepaid €10 million of the outstanding 2021 bonds,** reducing the principal amount from €435 to €425 million

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	425	Moodys:B3 S&P: B	01/08/21

NOTES: Covenant figures unaudited

(*) Definitions of Non-GAAP measures on page 27-29

Outlook

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Reiterate full year Outlook

Outlook Statement

We continue to benefit from the strategic shift in our business model and we reconfirm our increased guidance from November 2017 for Bookings, Revenue Margin and Adjusted EBITDA.

The business has continued to deliver strong Adjusted EBITDA growth while changing its revenue model. In Q4 FY 2018 we are seeing volumes increasing, and feel comfortable about exceeding our guidance for Revenue Margin.

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

- Evolve our pricing and communication of that pricing
- Offer an exciting range of innovative products and services as a one-stop shop
- Improve our Product Diversification Ratio and Revenue Diversification Ratio as a result
- Push the transition to mobile, which affects performance in the short term but improves our strategic position and long-term attractiveness
- Control the transformation pace to continue to grow absolute Adjusted EBITDA

Outlook for FY 2018 (Updated Nov 2nd)

Bookings

In excess of 11.7 million

Revenue Margin

In excess of €487 million

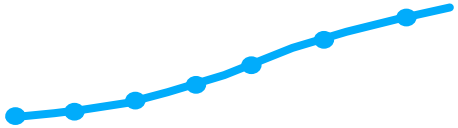
Increased Adjusted Ebitda

€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…

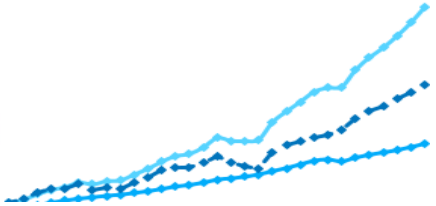
World-class product and technology



Customer value



Growing market



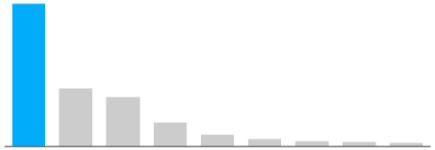
Industry structure



Mobile leader



Scale



Market leadership



Investment



Results

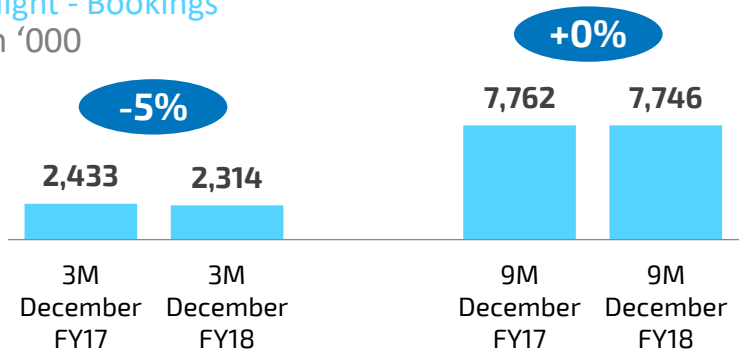
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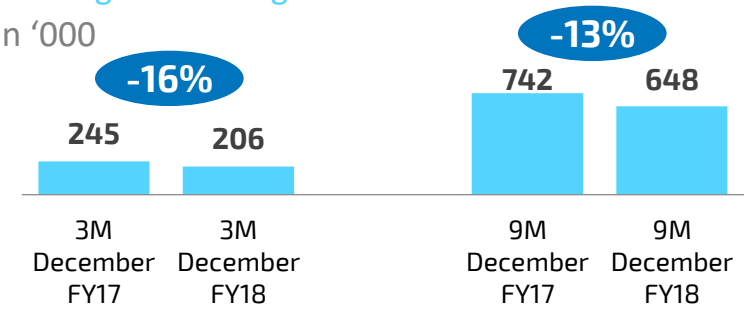
FLIGHT AND NON-FLIGHT BOOKINGS

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, 9M result was driven by:
  - Accelerated investment in the evolution in the change of our revenue model, and transition to mobile
  - Sale of the corporate travel and packaged tours businesses.
  - Comparison against solid performance in Q3 and 9M of FY17
- Adjusting for the sale of these businesses, bookings grew by 2% in 9M FY 2018
- We continue to make investments on our business to build scale, become more agile, improve business model, and create better customer experience

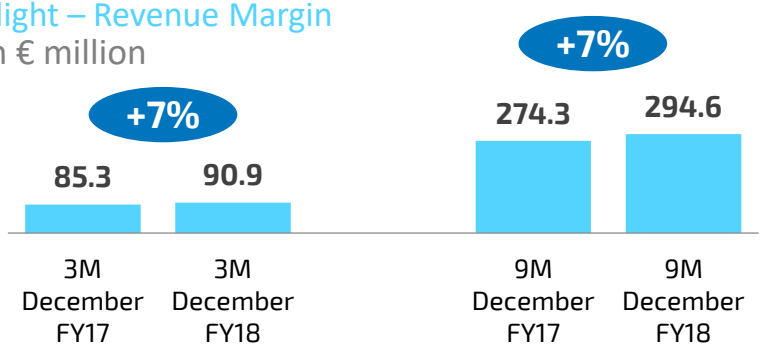
Non-Flight

- Non-flight performance in line with the implementation of strategic initiatives and FY 2018 guidance.
- As guided to the market, 9M result was driven by:
  - Sale of the corporate travel and packaged tours businesses.
  - Investment in the change of our revenue model, and the transition to mobile
- Adjusting for the sale of these businesses, bookings would have been down 4% in the 9M FY 2018.
- Decrease in bookings was also driven by non-strategic products such as the traditional packaged tours as well as the trains business. Strategic business like dynamic packages are performing positively (up 9% in Q3 FY18)

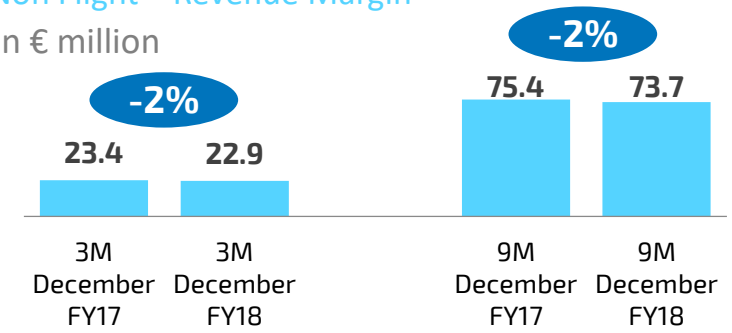
FLIGHT AND NON-FLIGHT REVENUE MARGIN

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 9M FY 2018, revenue margin performance driven by:
  - Bookings, already explained in previous slide.
  - Improvements of 8% in revenue margin per booking due to improved operating performance, revised terms with our suppliers 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.

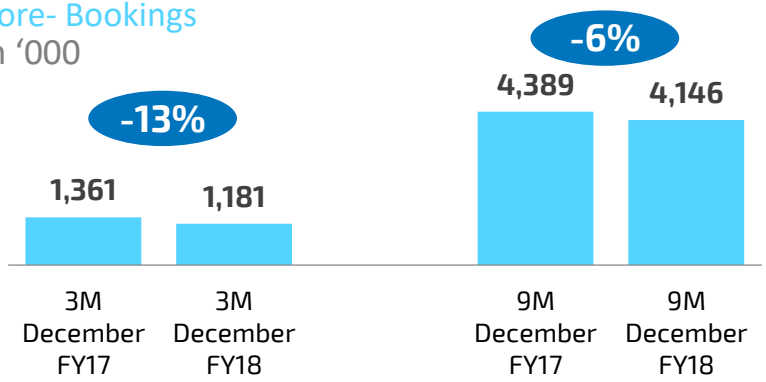
Non-Flight

- In 9M FY 2018, non-flight revenue margin growth driven by the revenue diversification strategy:
  - Bookings, already explained in previous slide.
  - An increase of 12% in revenue margin per booking, mostly driven by strong improvements on our dynamic packages revenue margin (up 14%), overall product and operational improvements and revised terms with our providers, already explained.

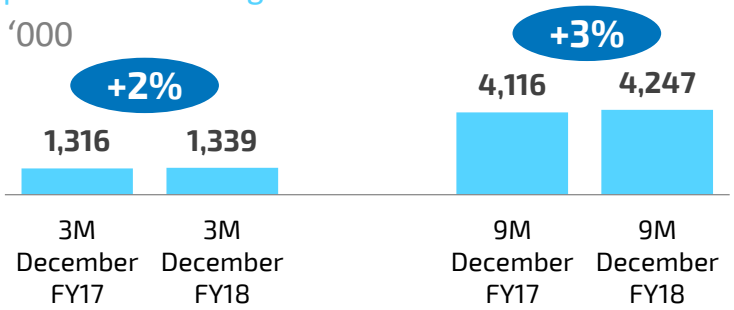
CORE AND EXPANSION BOOKINGS

Revenue diversification drives growth in the Expansion Markets

Core- Bookings
In '000



Expansion - Bookings
In '000



Source: Consolidated financial statements, unaudited

Core

- In 9M FY 2018, strategic initiatives on track and delivering the desired result, as guided to the market at our full year and H1 results presentation; bookings decrease as a result of accelerated investment in the evolution in the change of our revenue model, and transition to mobile
- We continue to make investments on our business to build scale, become more agile, improve business model, and create better customer experience

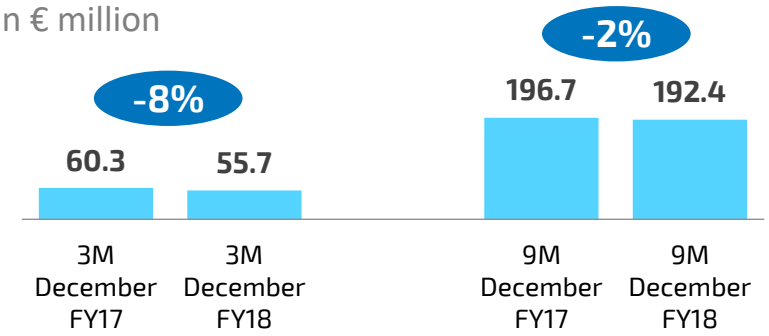
Expansion

- In 9M FY 2018, growth continues as strategic initiatives are paying off, growth in bookings performance driven by investments made on our business and revenue diversification
- Adjusting for the sale of the Corporate Travel business, bookings grew by 9% in 9M FY 2018

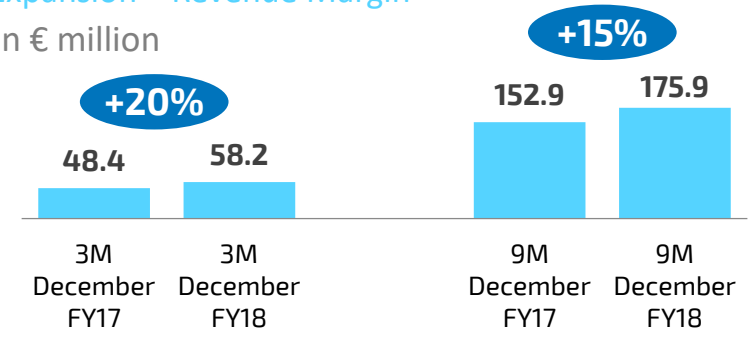
CORE AND EXPANSION REVENUE MARGIN

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 9M FY 2018, revenue margin performance driven by:
  - Bookings, already explained in previous slide.
  - Improvements of 6% in Q3 and 4% 9M FY 2018 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 9M 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 11% in 9M FY 2018. Revenue margin per booking performance in Q3 FY 2018 of 18% reflected continues improvement through the year to date.

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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.