eDreams ODIGEO

Full Year Results

Fiscal Year 2018 FY Results, ending March 31st 2018

June 27th 2018

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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.

Full Year Results Highlights

- Full Year Results Highlights
- Financial Analysis
- Strategy Update (Part 1)
- KPIs
- Strategy Update & Outlook (Part 2)
- Appendix

RESULTS HIGHLIGHTS

Increased guidance achieved for FY18: Bookings, Revenue Margin and Adjusted EBITDA

14 Consecutive quarters meeting or exceeding guidance

Change in revenue model and diversification on track

Positive results visible on KPIs

Strong cash flow and working capital performance

In Q4 we had €107mn of working capital inflow, and finished the year in +€7Mn vs an outflow of €96Mn in 9M FY2018. Cash at the end of the period stood at €171.5 Mn (+20% y-on-y)

Significant improvement in deleveraging the business

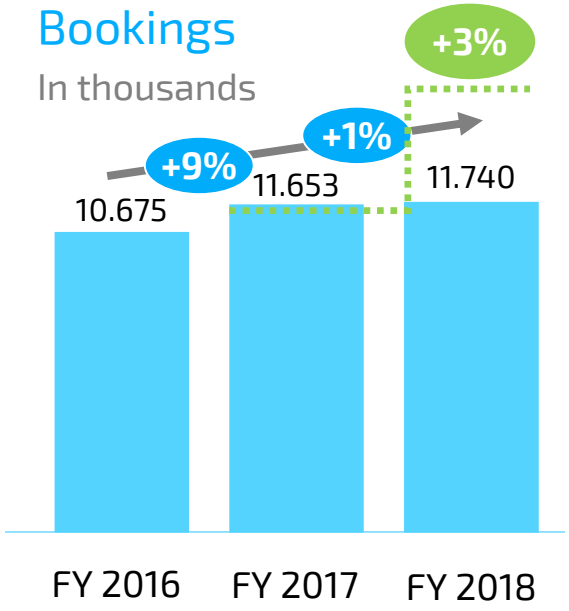
Net leverage Ratio reduced from 2.7x to 2.1x in the past 12 months

(*) Definitions of Non-GAAP measures on page 50-52

SOLID RESULTS, results above initial and raised guidance

Bookings

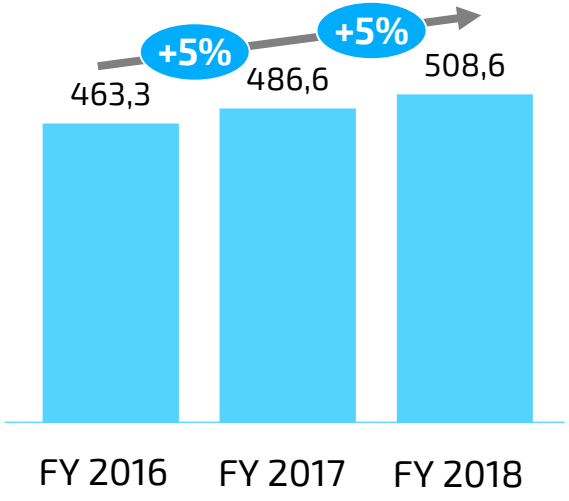
In thousands



Guidance > 11.7Mn

Revenue Margin

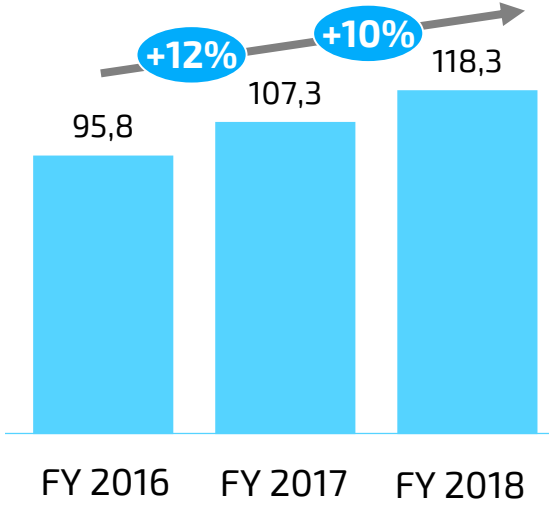
In € million



Guidance > €487Mn

Adjusted EBITDA

In € million



Initial guidance €113-117Mn

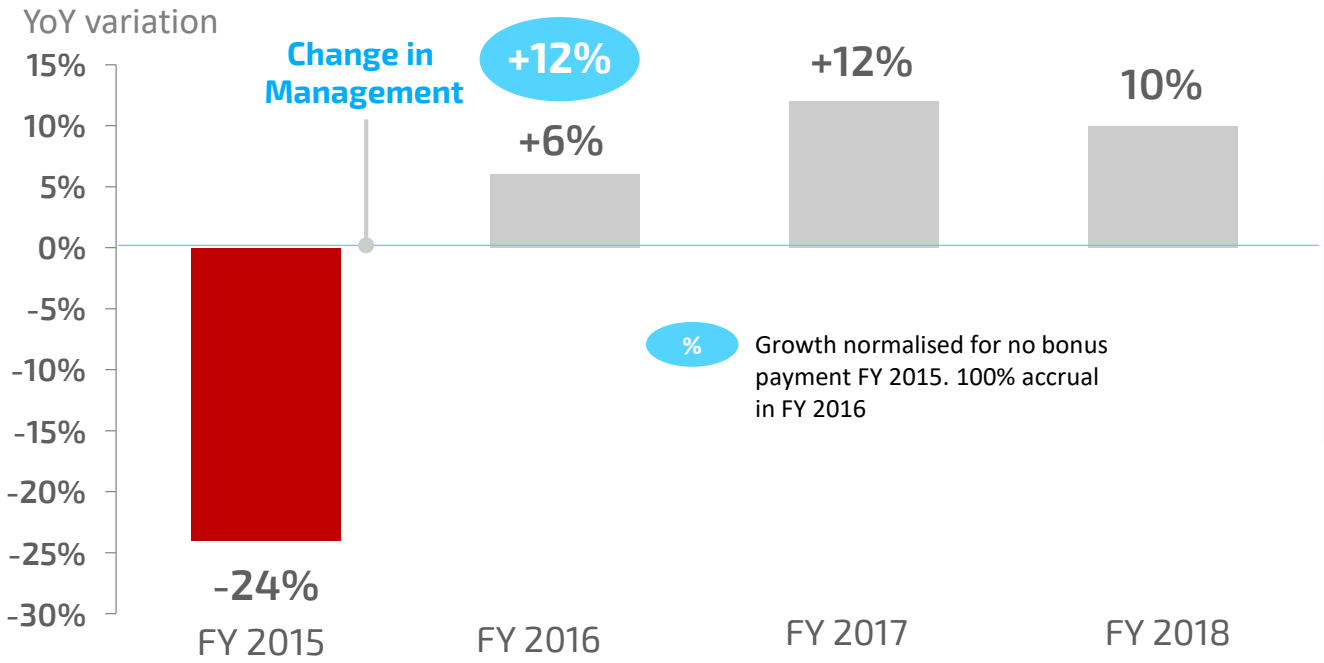
Raised guidance €116-120Mn

% Adjusted for the sale of Corporate Travel and Packaged Tours businesses

(*) Definitions of Non-GAAP measures on page 50-52

STRATEGY DELIVERING GOOD GROWTH IN ADJUSTED EBITDA

Adjusted EBITDA evolution



CAGR 15-18

+7%
Bookings

+5%
Revenue Margin

+9%
Adjusted EBITDA

Note normalised for no bonus payment: In the year ended March 2015 we paid zero bonus to staff while in the year ended March 2016 we accrued at 100% (€5.2 million). If we normalise for the different level of bonus payment, which has been provisioned and accrued each quarter, our implied adjusted EBITDA growth is higher.

Source: Consolidated financial statements, audited (*) Definitions of Non-GAAP measures on page 50-52

Financial Analysis

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INCOME STATEMENT

(In € million)	FY 2018	Var. 18 vs 17	FY 2017	Var. 17 vs 16	FY 2016
Revenue margin	**508.6**	***5%***	**486.6**	***5%***	**463.3**
Variable costs	(311.2)	*4%*	(298.9)	*0%*	(297.5)
Fixed costs	(79.1)	*(2)%*	(80.3)	*15%*	(69.9)
Adjusted EBITDA	**118.3**	***10%***	**107.3**	***12%***	**95.8**
Non recurring items	(21.0)	*126%*	(9.3)	*(11)%*	(10.5)
EBITDA	**97.3**	***(1)%***	**98.0**	***15%***	**85.3**
D&A incl. impairment & results on assets disposals	(25.5)	*21%*	(21.1)	*15%*	(18.4)
EBIT	**71.8**	***(7)%***	**76.9**	***15%***	**67.0**
Financial loss	(44.7)	*(26)%*	(60.6)	*31%*	(46.1)
Income tax	(7.3)	*25%*	(5.9)	*(31)%*	(8.4)
Net income	**19.7**	***88%***	**10.5**	***(16)%***	**12.4**
Adjusted net income	**32.3**	***2%***	**31.6**	***57%***	**20.1**

Source: Consolidated financial statements, audited

(*) Definitions of Non-GAAP measures on page 50-52

Key highlights FY 2018

- **Revenue margin** up 5%
- **Variable Costs** grew 4%, driven by increase in bookings and combined with the variable cost per booking increase of 3% because of higher call center and fraud costs in FY 18 vs the same period last year.
- **Fixed Costs** decreased due to lower net IT costs and lower external fees, and they remained stable since Q4 of FY17, and 21% below on a per booking basis in Q4 FY18 vs the same period of last year.
- **Non recurring** items increased by €11.7 million, mainly due to the cost related to the social plan in France and Italy.
- **Financial loss** was lower than FY17 due to the extraordinary interest expense linked to the refinancing which was booked last year.
- **Income Tax** expense increased mainly due to an increase in Current Income Tax due to higher profits than last fiscal year. This was mitigated by a Deferred Income Tax income in connection with the GoVoyages brand that has crystallized because of the internal reorganization of the Group. Deferred tax was also impacted by the change in the US tax legislation approved in December 2017.

CASH FLOW STATEMENT

(In € million)	FY 2018	FY 2017	FY 2016
Adjusted EBITDA	**118.3**	**107.3**	**95.8**
Non recurring items	(21.0)	(9.3)	(10.5)
Non cash items	11.3	1.3	4.1
Change in WC	7.6	42.2	(2.6)
Income tax paid	(8.1)	(7.4)	(4.8)
Cash flow from operating activities	**108.2**	**134.1**	**82.0**
Cash flow from investing activities	**(28.9)**	**(29.5)**	**(30.5)**
Cash flow before financing	**79.3**	**104.6**	**51.5**
Repurchase of 2018 Notes	-	(29.1)	-
Other debt issuance/ (repayment)	(10.9)	(1.9)	(0.4)
Bond call premium, consent fees and other refinancing flows	-	(21.7)	(0.3)
Financial expenses (net)	(40.4)	(40.9)	(40.3)
Cash flow from financing	**(51.3)**	**(93.6)**	**(41.1)**
Net increase/(decrease) in cash	**27.9**	**11.0**	**10.4**
Cash (net of overdrafts)	**171.5**	**143.5**	**132.0**

Key highlights FY 2018

In FY 2018, main YoY evolutions reflect:

- **Cash flow from operations decreased by €25.9 million:**
  - The inflow of €7.6 million in the current year is mainly due to a better performance in the last quarter of FY18, partially offset by the impact of Easter holidays which fell this year in March compared to April in 2017. In FY17, the higher changes in working capital were due to the impact of the Easter holidays, which fell in March in 2016, as well as working capital optimization.
  - Increase in non-recurring items

  Offset by:
  - Better performance of the business, which generated an increase in Adjusted EBITDA by €11.0 million.
- **Cash outflow from investing activities decreased by €0.6 million:**
  - Cash inflows in FY18, relating to proceeds from the disposal of financial deposits that were no longer required.
- **Cash flow used in financing decreased by €42.3 million:**
  - Lower cash flow used in financing mainly due to the absence in FY18 of one-off expenses incurred in FY17, relating to :
    - The repurchase and cancellation of €30.0 million of the 2018 Notes for an aggregate amount of €29.1 million in April 2016
    - The expenses in an amount of €10.3 million relating to the issuance of the 2021 Notes in October 2016, and
    - €8.9 million call cost premium paid in relation to the redemption in full of the 2018 Notes and 2019 Notes in October 2016

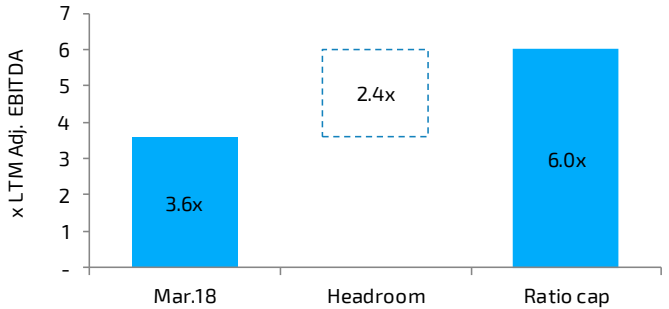
Source: Consolidated financial statements, audited

(*) Definitions of Non-GAAP measures on page 50-52

Debt

- **Gross Leverage ratio was down to 3.6 in March 2018 vs 4.0 in March 2017**, which gives us ample headroom vs our covenant ratio.
- Due to higher adjusted Ebitda and strong cash flow generation in FY 2018, **Net leverage ratio was down from 2.7x in March 2017 to 2.1x in March 2018**
- 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 50-52

Strategy Update (Part 1)

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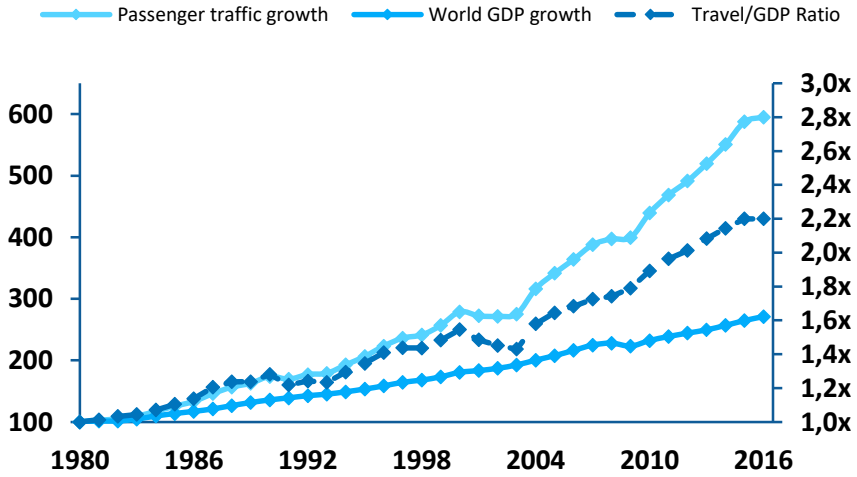
Our market continues to be a good market from a macro perspective

Macro Perspective

Improved macro environment creates an attractive environment for OTAs…

Passenger traffic growth vs GDP growth

Percent

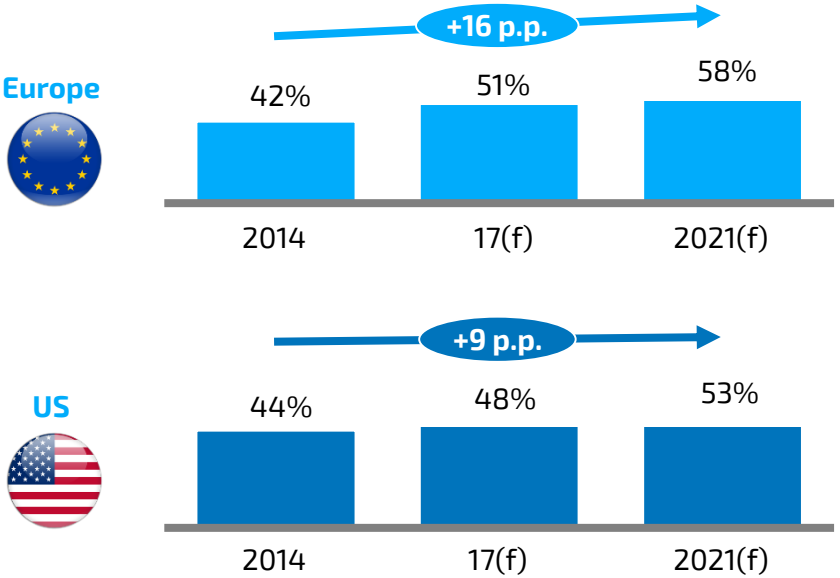


Flight sector has outgrown GDP growth by **2.0x over the past decade** and this multiplier continues to increase

…as well as greater continuous shift from offline to online travel

Online travel penetration

Percent



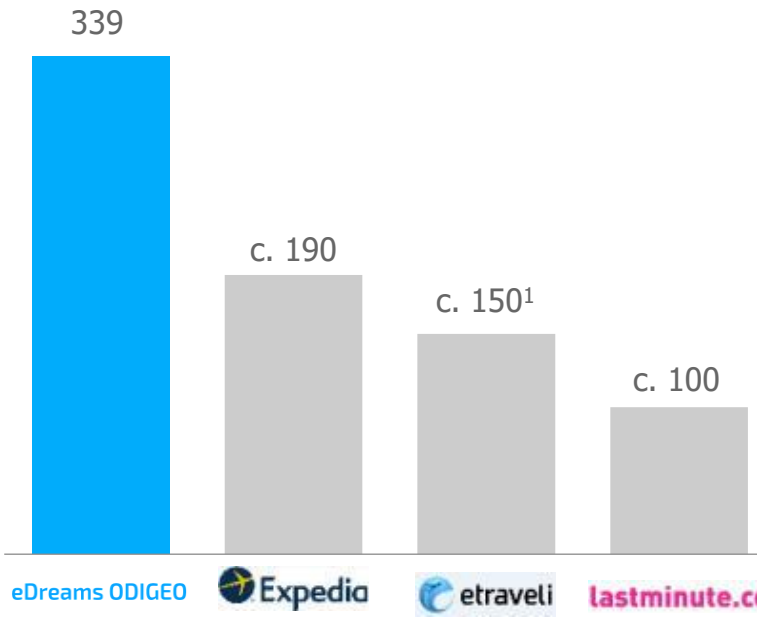
SOURCE: IATA Economic Performance December 2017; Economist Intelligence Unit (EIU); The World Bank, Phocuswright European Travel Overview Thirteenth Edition

We are a leading player in Europe, unrivalled scale

Scale advantage

European flight revenue

Estimated, latest FY (€m)



Long-tail of other OTAs (not-exhaustive)



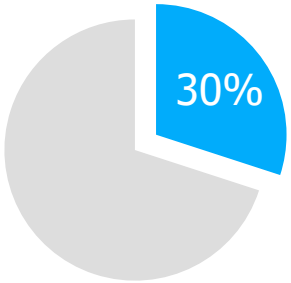
1 Including acquisition of eTravel SA

SOURCE: Industry Research; Amadeus MIDT data

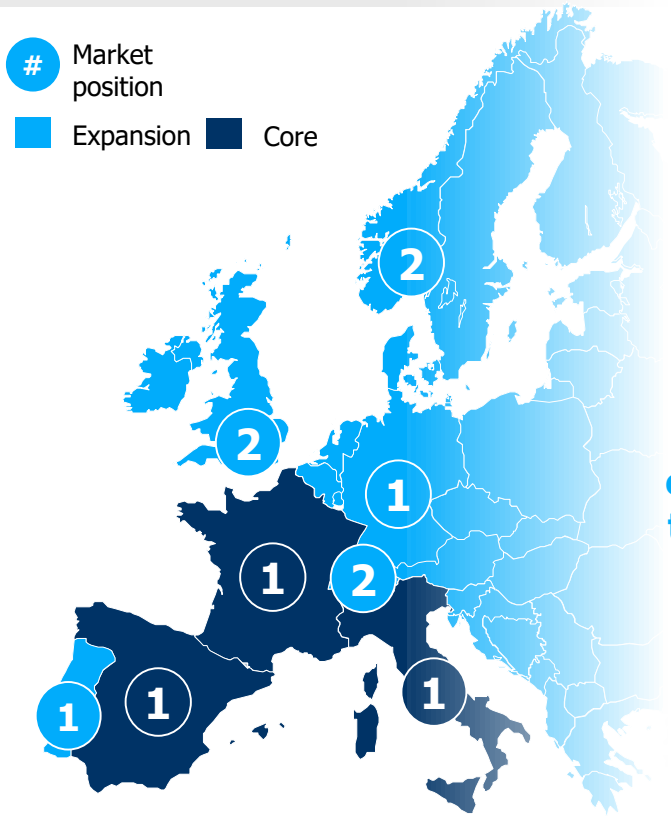
eDreams ODIGEO is the leader in the European online leisure travel market

Scale advantage

European OTA flight market share



2017



#1

eDreams ODIGEO: the leading flights retailer in Europe

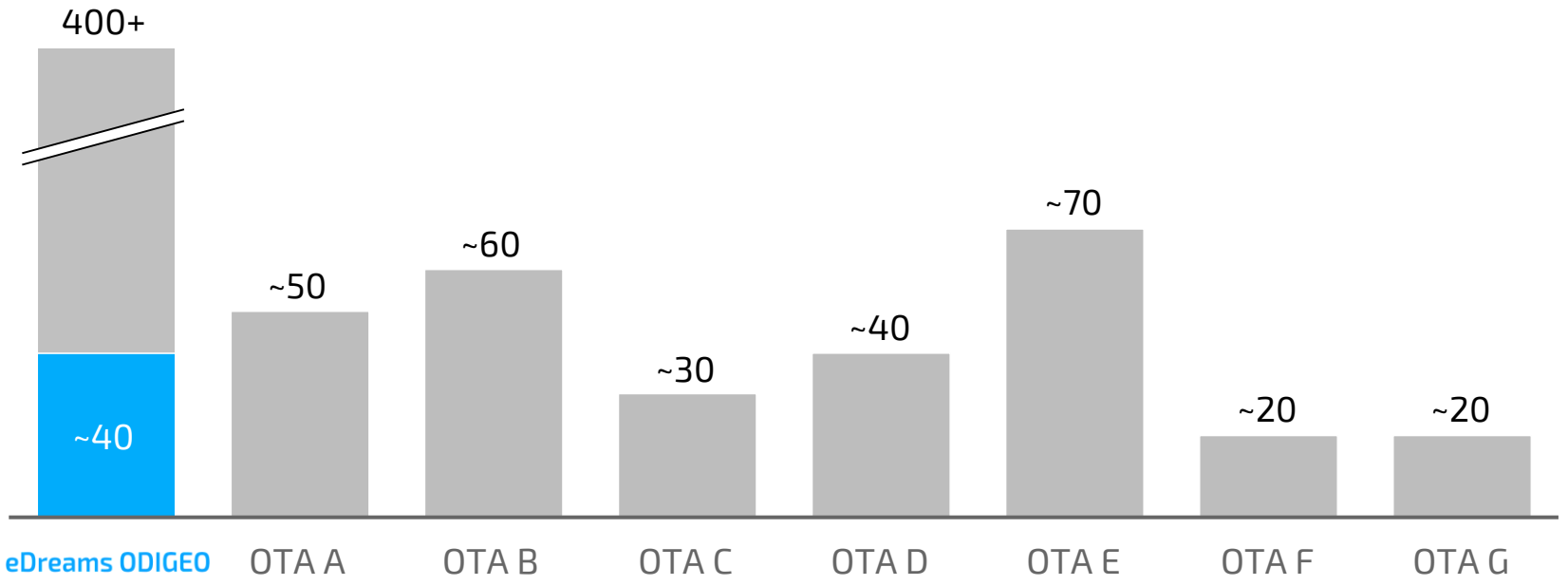
SOURCE: Internal analysis; Amadeus bookings data; Phocuswright European Travel Overview Thirteen Edition

This scale means we are best placed to serve the mobile travel customer

Scale advantage

Mobile developer capability comparison, European OTAs

FTE



SOURCE: Company Information

Our scale is balanced by a high level of agility to execute on ideas rapidly and cost efficient

Scale advantage

50 agile teams

of top development talent

6,177

Features released in last year[1]

1,100

Users participating in testing monthly

15 minutes

Best case delivery time from development to code live

A/B tests

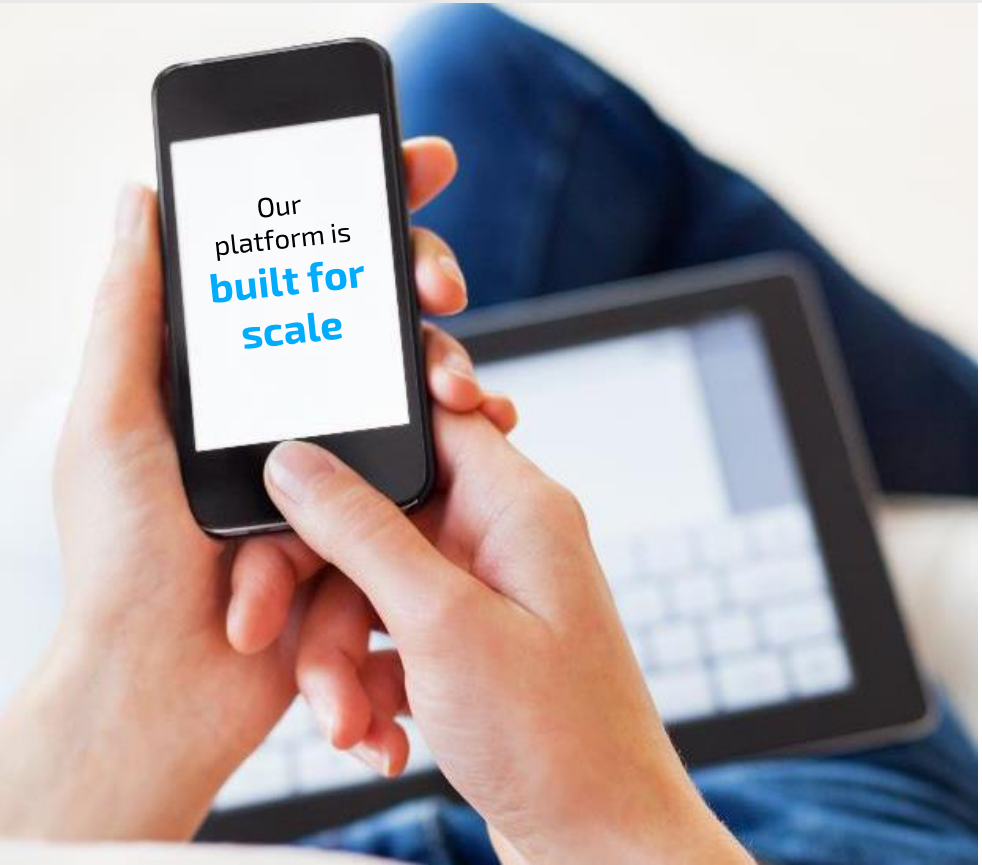
+330% A/B tests y.o.y. and therefore better insights

(1) FY 2018
SOURCE: Company Information



Overall our technology has significant scale and allows us to offer customers the best experience

Scale advantage



1 billion
monthly searches

120,000
peak searches per second

80 million supplier searches per day

> 530 airlines

7 billion
pricing calculations per hour

35
SEM bids per second

SOURCE: Company Information

We have market-leading customer service

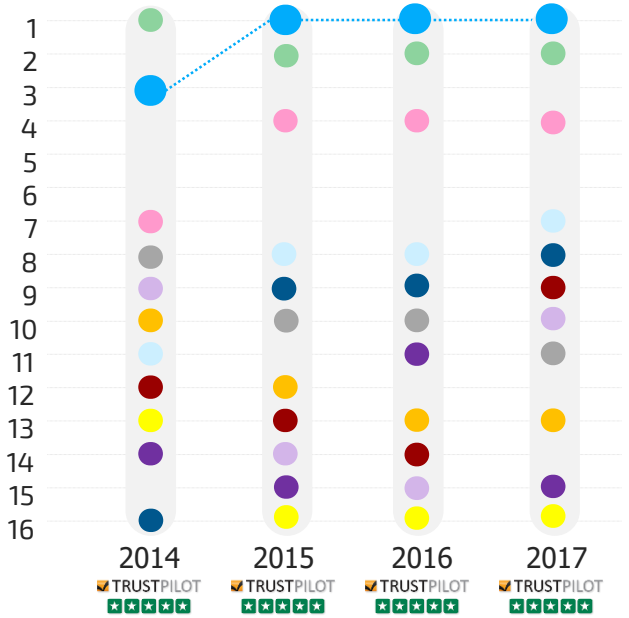
Best service

Award-winning customer service

Customer service recognized as better than competition

Trustpilot score ranking

- eDreams ODIGEO
- Ebookers
- Lastminute
- AirFrance
- easyJet
- Expedia
- Ryanair
- Lufthansa
- Alitalia
- BA
- Vueling



24/7 round the clock customer service

Airline 1	06:00 - 20:00[1]
Airline 2	06:00 - 19:00[1]
Airline 3	08:00 - 20:00
Airline 4	09:00 - 18:00[1]
Airline 5	08:00 - 20:00[1]

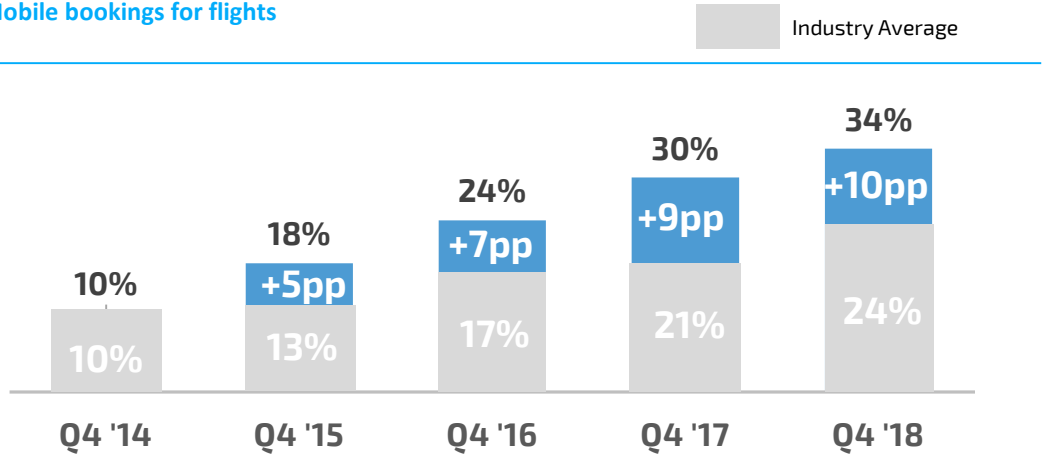
1 Reduced or no weekend service

SOURCE: Trustpilot, average scores France, Italy, Spain, Germany & UK

Mobile is gaining share progressively in the market and we are better positioned than anybody else in that market

Mobile bookings continue to grow

Mobile bookings for flights
%



- **87% of total industry growth from 2017-2020 will come from mobile**
- **Continue to accelerate, making mobile our largest source of traffic in FY19**
- **34% of flight bookings via mobile in Q4 FY18 (vs. 24% for rest of industry)**

Mobile First approach with the leading mobile app

iOS App Review with Rating
Number of Stars

Company Name	iOS App Rating
eDreams	4.4
Booking.com	4.4
GoEuro	3.5
Lufthansa	3.3
easyJet	3.2
Ryanair	3.0
Expedia	2.8
Vueling	2.4
Air France/KLM	2.3
BA	1.4
Iberia	1.2

- **"Mobile First" approach with the leading mobile app (1st of OTAs) as per score from users who write a review on the app store**

SOURCE: Company information, Phocuswright's European Online Travel Overview Thirteenth Edition, AppAnnie

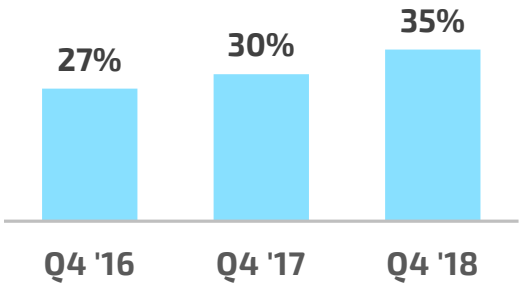
(*) Definitions of Non-GAAP measures on page 50-52

KPIs

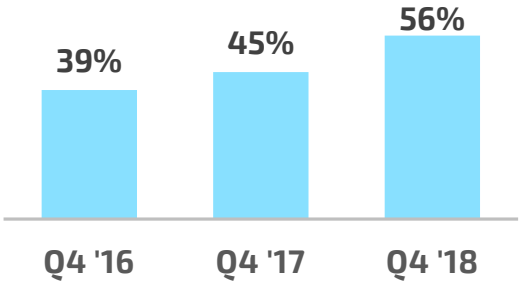
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We are successfully executing on our strategy, as evidenced by progress on our 5 KPIs

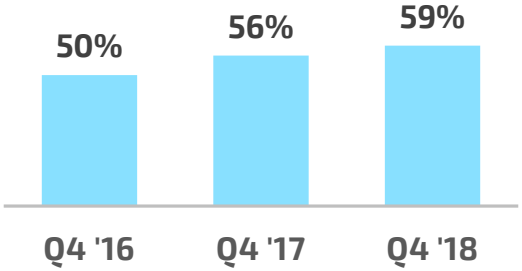
Revenue diversification ratio



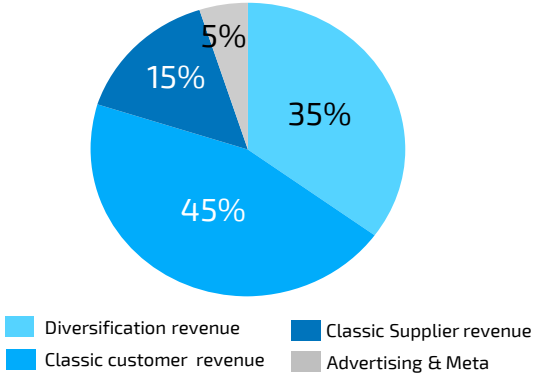
Product diversification ratio



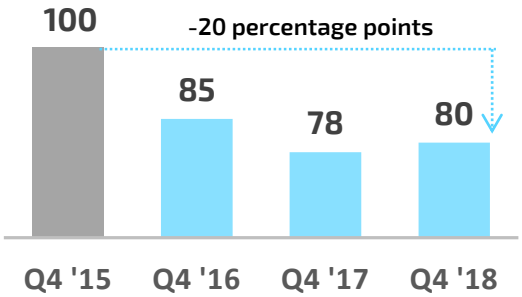
Customer repeat booking rate;
Annualised view



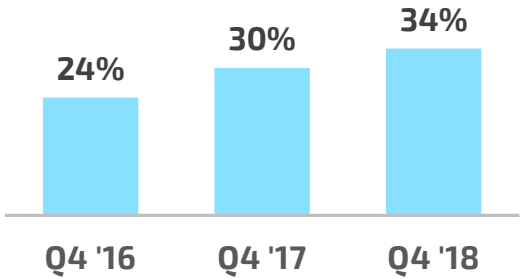
Revenue split



Acquisition cost per booking Index



Mobile as share of flight bookings

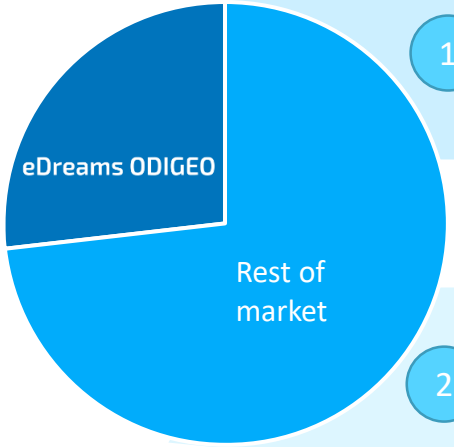


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Strategy Update and Outlook (Part 2)

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Why we see value in the change in the revenue model and diversification? Because we are responding to evolving customer needs and preferences



1 **Clear and transparent pricing**

36% see transparency as a key decision factor

53% abandon booking upon seeing final price

2 **Access to a wide range of products and services with ease**

65% want to buy on a single online platform

2.4x increased spend at 'one-stop shop'

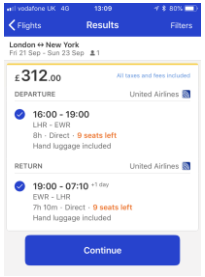
SOURCE: Future Foundation, *Future of Retail*, 2013; Mercedes-Benz, *UK Online Grocery Retailing*, 2015; RBC Capital Markets; SaleCycle

Step 1 of the transformation, the shift in the revenue via change in the way we price? How this impacts P&L initially and overtime?

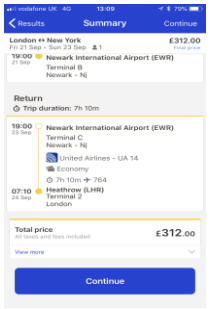
What it means?

1 **Change in pricing model**

Step 1 - Search First Price



Step 2 – Purchase Final Price



P&L Impacts



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

SOURCE: Future Foundation, *Future of Retail*, 2013; Mercedes-Benz, *UK Online Grocery Retailing*, 2015; RBC Capital Markets; SaleCycle

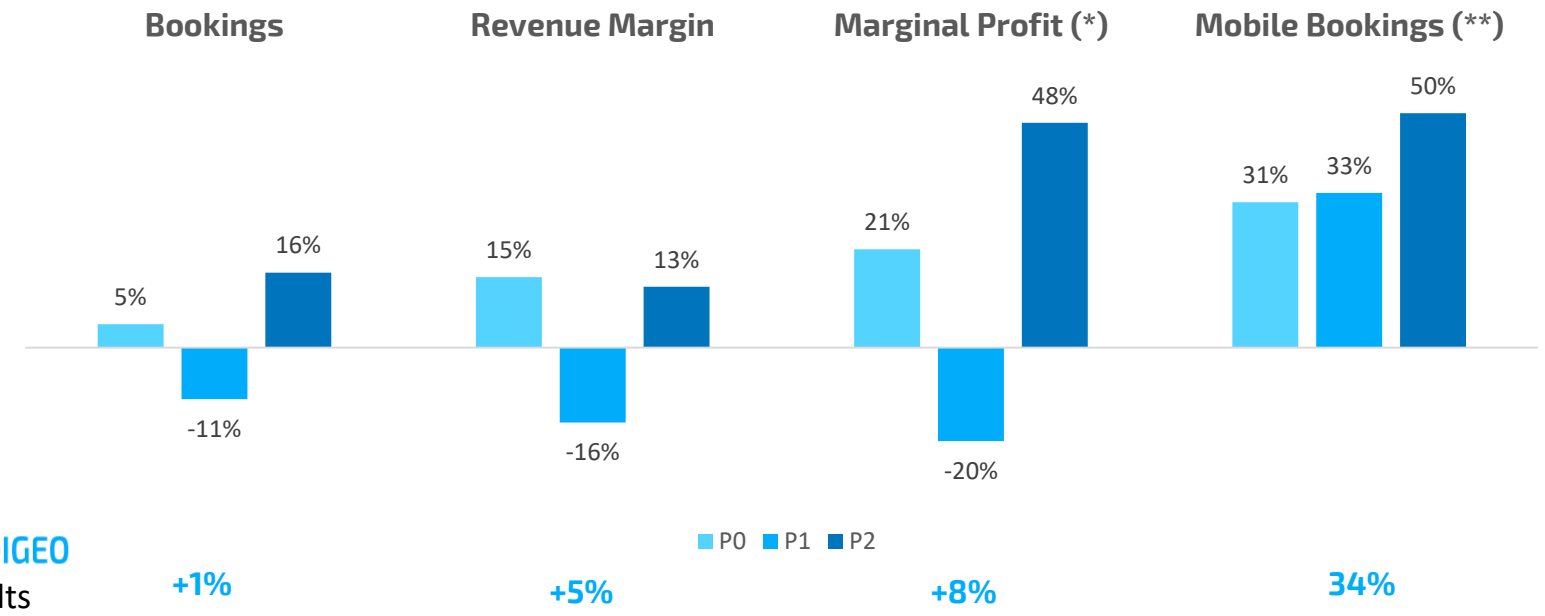
Our results are a mixture of our countries/markets, each of which are in 1 of 3 phases in our change of the revenue model.

What it means for countries to be in Phase 0, 1 or 2 of the shift in the revenue model

Effects	Phase 0 Old price display	Phase 1 New price display First 12 Months	Phase 2 New price display 1 year after
Bookings	Natural Growth	Negative	Positive
Revenue Margin	Natural Growth	Negative	Positive
Adjusted EBITDA	Natural Growth	Negative	Positive

Our results are a blend of phase 0, 1, and 2 with Phase 2 showing very good results

FY 2018
Year on Year Change



eDreams ODIGEO
Group results

+1%
+5%
+8%
34%

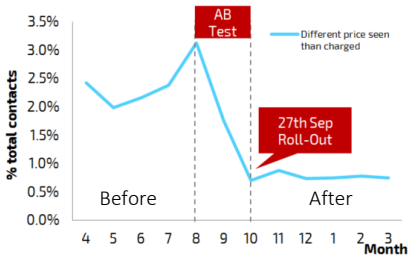
(*) Marginal profit = revenue margin – variable costs
(**) Mobile share over total bookings
Note: Figures extracted from management records, not from accounting data

Changes in Price Display towards more price transparency improved customer experience leading to higher customer satisfaction

When moved towards more transparent Pricing Display…

… contacts per bookings related to price consistency declined…

% contacts mentioning "Different price seen than charged"

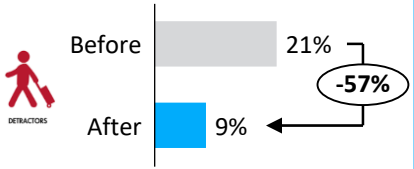


Source: Internal data from Customer Services

- Contacts categorized under "Different price displayed than charged" by customer support **dropped 69%** after moving to Transparent Price Display

…detractors complained less about pricing issues…

% Detractors complaining about 'Consistent prices'



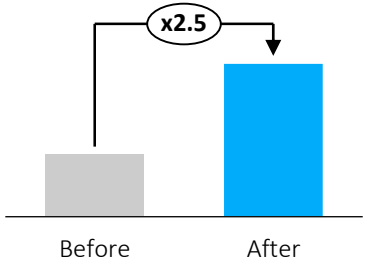
Source: IPSOS study Q4FY18

- Price consistency was the Top reason why customers complained about eDO. Now it is no longer within the Top 3 reasons after moving to transparency (**dropping 57%** in relative importance)

…and NPS significantly increased…

Net Promoter Score (NPS)

(Indexed)



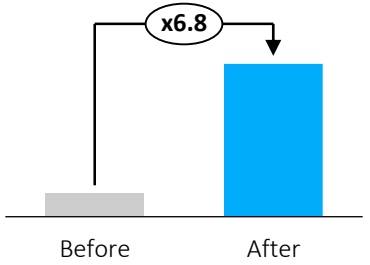
Source: IPSOS study Q4FY18

- NPS **increased x2.5 times** when changing our Price Display towards Price Transparency

…consequently improving Customer Satisfaction

C-SAT scores

(Indexed)



Source: Internal data from Customer Services

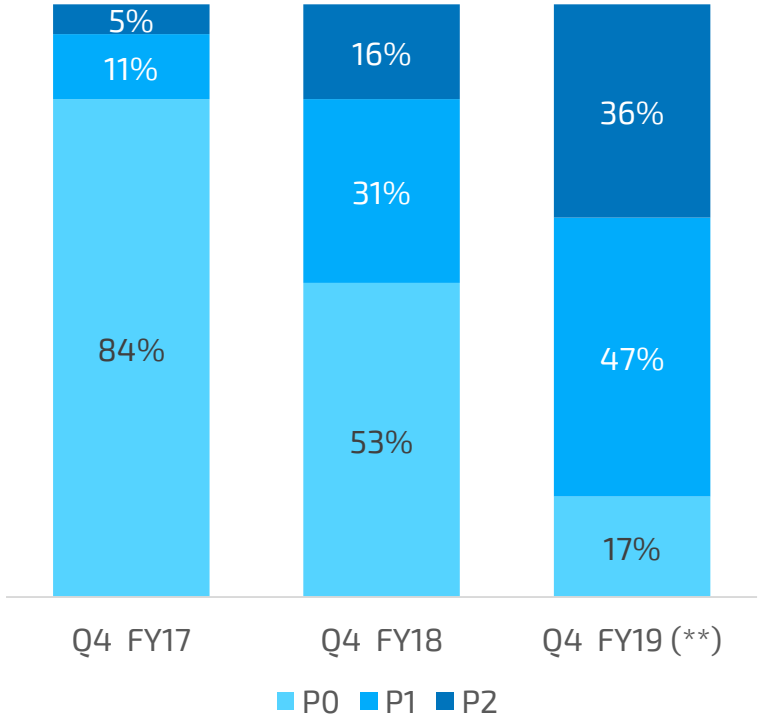
- Customers showed a satisfaction level almost **7 times higher** when moved to transparent Price Display

Note: NPS=Promoters less Detractors ; Promoters=9,10; Detractors=0 to 6; Passive=7,8
Question: Considering your complete experience with our company, how likely would you be to recommend our products to a friend or colleague?

In FY 2019 we plan to invest in the acceleration of the shift in the revenue model

Evolution of Q1 FY17 Bookings breakdown (*)

% over total



Acceleration of the shift in the revenue model (**)

62%

On average pushed into P1+P2 in FY19

1.5x

More on average vs FY18

(*) % of bookings change vs Q1 FY17, which is when we implemented the change to the new price display in our first market
(**) Based on actual bookings of FY18 and estimates of FY19 bookings

As a result of the acceleration in the shift in the revenue model, we expect flat EBITDA

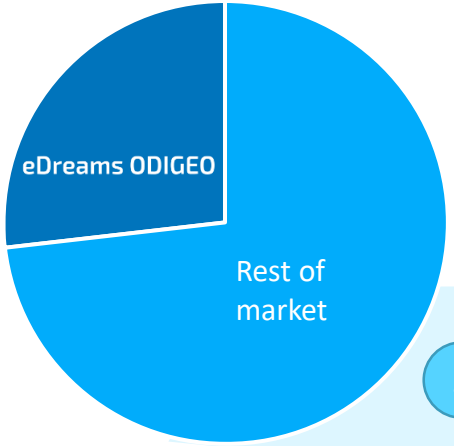
% Change	% Push to P1+P2 (Bookings)	Bookings	Revenue Margin	Adjusted EBITDA
FY 2017	16%	+9 %	+5 %	+12 %
FY 2018	31%	+1 %	+5 %	+10 %

	Bookings	Revenue Margin	Adjusted EBITDA
OUTLOOK FY 2019	**-4% to Flat YoY**	**Above FY18**	**€118mn**

Reflecting the investments in the shift in the revenue model, we expect markedly soft revenue margin growth and a reduction in bookings and adjusted EBITDA in the first half of the fiscal year, and improvement in the second half of the fiscal year.

In addition we reiterate FY 2020 outlook of €130-145Mn in adjusted EBITDA

Step 2 of the transformation, revenue diversification and why we see value on doing it?



2 **Access to a wide range of products and services with ease**

65% want to buy on a single online platform

2.4x increased spend at 'one-stop shop'

SOURCE: Future Foundation, *Future of Retail*, 2013; Mercedes-Benz, *UK Online Grocery Retailing*, 2015; RBC Capital Markets; SaleCycle

We have an ambitious plan to expand the business through additional revenue sources

Our ambition is to be a **one stop shop** and provide our customers with a **great and global travel booking experience**

eDreams is well placed to achieve our ambition



eDreams is the European leader in flights, generating significant flight traffic and booking volumes as the base for additional products



As people tend to book flight before other travel products, we are **well placed to sell additional products and services**



Flight tickets increasingly fragmented and eDreams is **leveraging leading capabilities to offer additional products to customers**



We have **strong travel brands** and strong advocacy: and customers are willing to extend this trust into additional purchases



We have the **customer insight and capabilities to develop products that are right for our customers**



eDreams has the **scale to invest in developing the relationships, products and systems to support this**, unlike most of our competitors

SOURCE: Company Information

REVENUE DIVERSIFICATION – Capture growth on some fast growing markets

Flight ancillaries market



80b€

Gross sales in 2017

+22%
Versus 2016

SOURCE: IdeaWorks Company

Dynamic packages market



110b€

Gross sales in 2017

Double Digit Growth
Versus 2016

SOURCE: Company Information

We focus on growing Dynamic Packages as well as some key Flight ancillary products



Dynamic packages



Bags ancillaries



Seats ancillaries



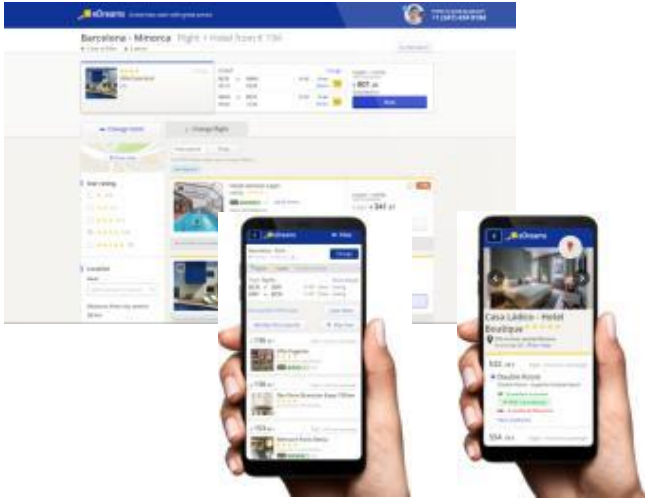
Car rentals

Dynamic packages: Case study

Dynamic Packages: Evolution to date and our competitive advantage

What we have achieved to date

- DP grew 10x faster than flight bookings in FY2018
- Over 100% growth in bookings from DP intermediate page during FY2018
- Launched DP on Mobile (launched Q2FY18)
- Attachment rate increased by more than 50% from March 2017 to March 2018
- Revenue margin up 24% in FY 2018
  - +12% increase RM per/bkg[1]
  - +109% in DP Telesales[1]



Initiatives in place to achieve growth

Access
- DP available in the app
- Important increase in telesales as a percentage of total DP sales
- Improve DP conversion on mobile and desktop

Supply
- Increase sourcing DP hotel bookings from own portfolio (leading to increased supplier commissions)

Targeting
- Improve our sort engine capabilities to increase DP conversion and average hotels commissions

Pricing
- Initiate use of machine learning results to optimize pricing

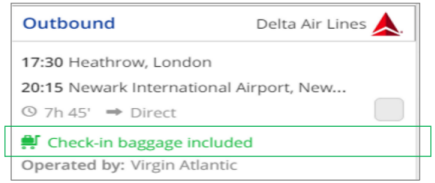
(1) YTD March FY18
SOURCE: Company Information

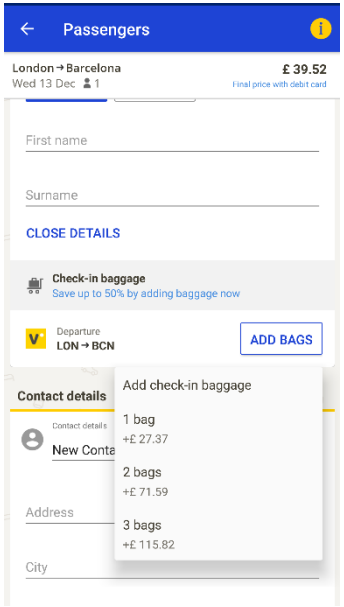
Flight Ancillaries: Bags case study

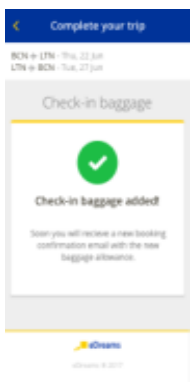
Bags: Evolution to date and our competitive advantage

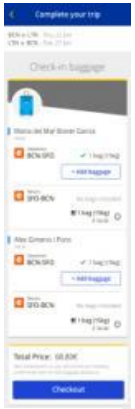
What we have achieved to date

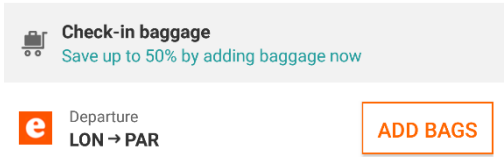
- Now have added +70% more bags development capacity since September
- With our new resources, we tripled the number of A/B tests in the second half of the year
- Advanced machine learning model built and deployed to optimise personalisation











SOURCE: Company Information

Flight Ancillaries: Seats case study

Seats: Evolution to date and our competitive advantage

What we have achieved to date

- Over 80% Growth in attachment rate in H2
- Created a full team of developers dedicated to seats
- Over 50 usability A/B tests launched, increasingly focused on customer experience
- Seat selection coverage now optimised through ongoing discussions with GDS and airlines.



SOURCE: Company Information

Cars case study

Cars: Evolution to date and our competitive advantage

What we have achieved to date

- Delivering **double-digit growth** 3 years in succession
- **Tripling of performance** in our Cars contact strategy through CRM, in less than 9 months



Initiatives in place to achieve growth in plan

Access

- Testing in-flight funnel
- Landing page focus to increase acquisition
- Confirmation page cross-sell – continuous iteration

Targeting

- CRM segmentation push
- Pricing

Capability improvements

- Continued meta price testing

SOURCE: Company Information

In summary, positive revenue diversification reflected on KPIs and revenue growth rates on both ancillaries products and dynamic packages

Results are visible on our KIPs and results over the past 3 years

% Change year-on-year except for ratios	FY 16	FY 17	FY 18	Q4 FY18
1 Flight Ancillaries	+18%	+31%	+49%	+73%
2 Dynamic Packages	+18%	+13%	+24%	+47%
3 Other Vacation Products (*)	+11%	+13%	+20%	+20%
4 Revenue diversification *ratio*	27%	30%	35%	35%
5 Product diversification *ratio*	39%	45%	56%	56%

...with future growth coming from Flight Ancillaries and DP

	Next steps
1 Flight Ancillaries	▪ Increase coverage, portfolio of airlines and number of ancillary products available ▪ Launch post-booking
2 Dynamic Packages	▪ Grow DP conversion in mobile and in apps ▪ Increase number of destinations and average trip duration
3 Other Vacation Products	▪ Launch cars in flight funnel ▪ Develop cross-sell opportunities from the homepage and flights page

SOURCE: Company Information

(*) Hotels standalone & Car Rentals; FY18 Hotels adjusted for non-linearities in FY16 and FY17

In summary…

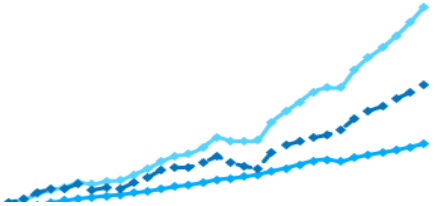
World-class product and technology



Customer value



Growing market



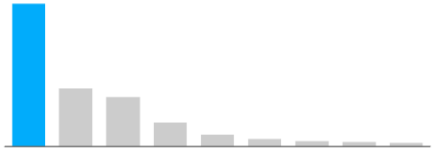
Industry structure



Mobile leader



Scale



Market leadership



Investment



Results

eDreams ODIGEO

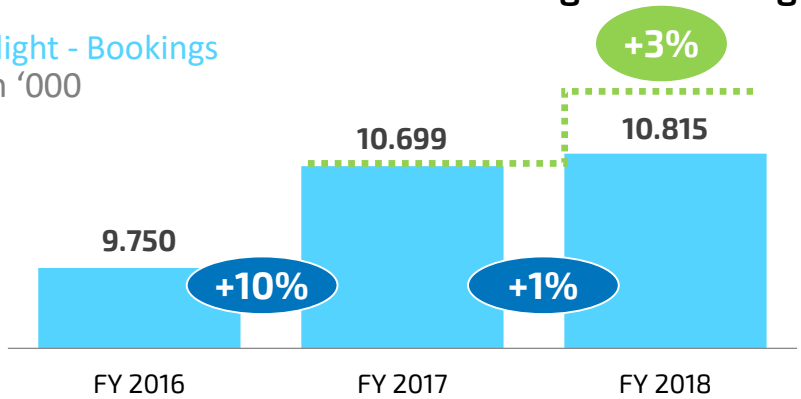
Appendix

- Full Year Results Highlights
- Financial Analysis
- Strategy Update (Part 1)
- KPIs
- Strategy Update & Outlook (Part 2)
- Appendix

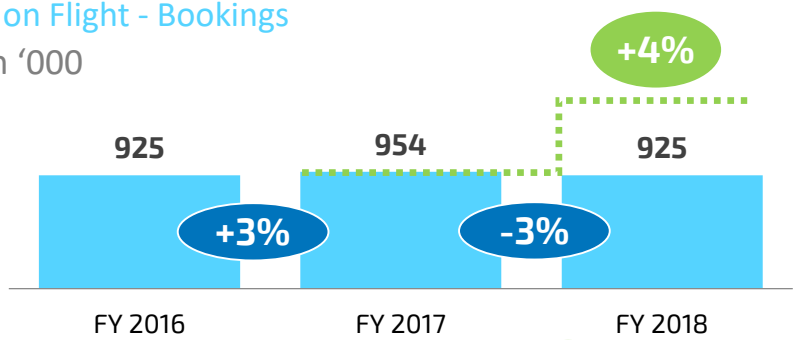
FLIGHT AND NON-FLIGHT BOOKINGS

Revenue diversification drives growth in Flight Business

Flight - Bookings
In '000



Non Flight - Bookings
In '000



Flight

- As guided to the market, 12M 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 12M of FY17
- Adjusting for the sale of these businesses, bookings grew by 3% in 12M 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, 12M 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 grown by 4% in the 12M 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

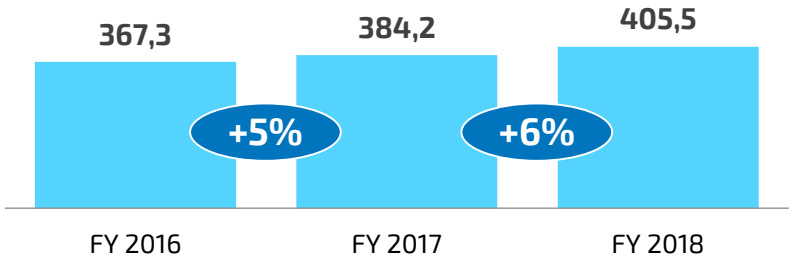
Source: Consolidated financial statements, audited

% Adjusted for one-offs growth rate, corporate travel and packaged tours businesses

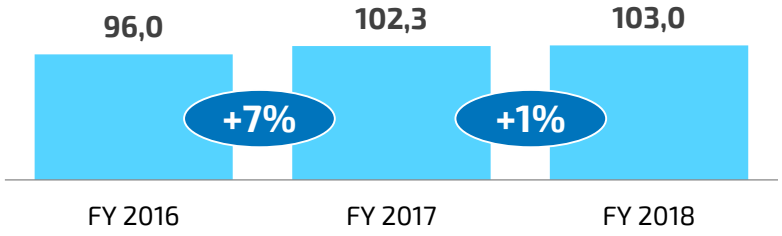
FLIGHT AND NON-FLIGHT REVENUE MARGIN

Revenue diversification drives growth in Flight and Non-Flight Business

Flight – Revenue Margin
In € million



Non Flight – Revenue Margin
In € million



Source: Consolidated financial statements, audited

Flight

- In 12M FY 2018, revenue margin performance driven by:
  - Bookings, already explained in previous slide.
  - Improvements of 4% 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.

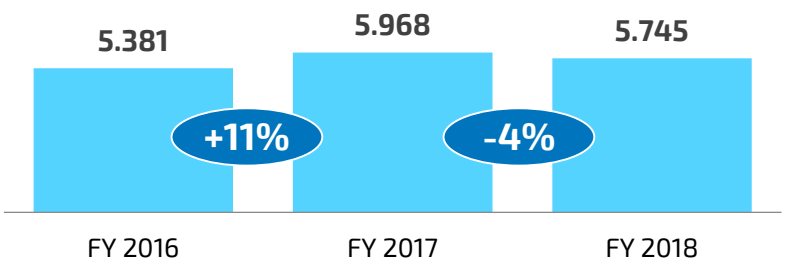
Non-Flight

- In 12M FY 2018, non-flight revenue margin growth driven by the revenue diversification strategy:
  - Bookings, already explained in previous slide.
  - An increase of 4% in revenue margin per booking, mostly driven by strong improvements on our dynamic packages revenue margin (up 24%), overall product and operational improvements and revised terms with our providers, already explained.

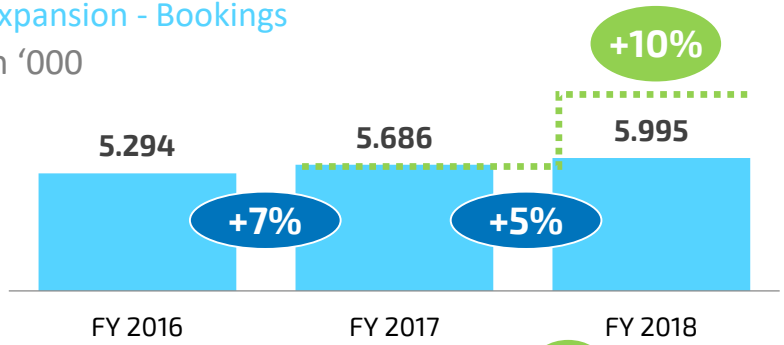
CORE AND EXPANSION BOOKINGS

Revenue diversification drives growth in the Expansion Markets

Core- Bookings
In '000



Expansion - Bookings
In '000



Core

- In 12M FY 2018, strategic initiatives on track and delivering the desired result, as guided to the market at our full year and 9M 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 in our business to build scale, become more agile, improve business model, and create better customer experience

Expansion

- In 12M 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 10% in 12M FY 2018

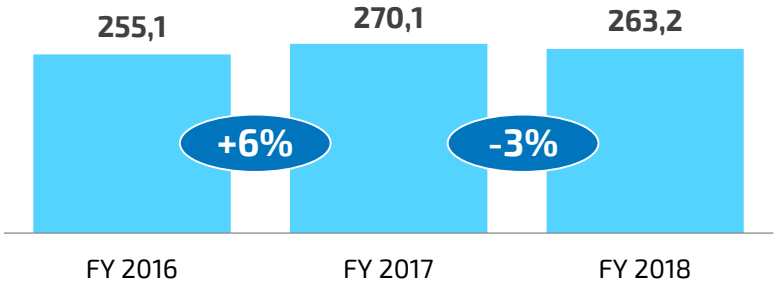
Source: Consolidated financial statements, audited

% Adjusted for one-offs growth rate, corporate travel and packaged tours businesses

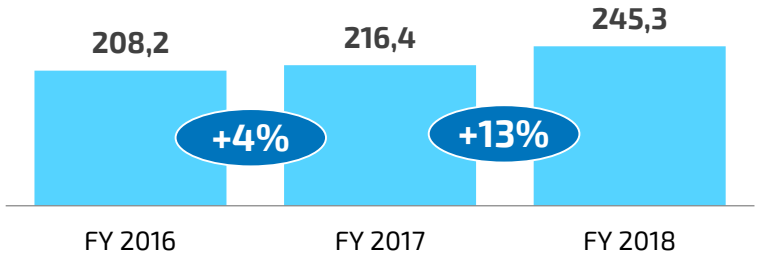
CORE AND EXPANSION REVENUE MARGIN

Positive growth in our Core and Expansion markets

Core – Revenue Margin
In € million



Expansion – Revenue Margin
In € million



Core

- In 12M FY 2018, revenue margin performance driven by:
  - Bookings, already explained in previous slide.
  - Improvements of 1% 12M 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 12M FY 2018, growth continues due to investments made in our business, which are delivering the expected results, and revenue diversification. Revenue margin performance driven by:
  - Bookings
  - Improvements in revenue margin per booking of 8% in 12M FY 2018.

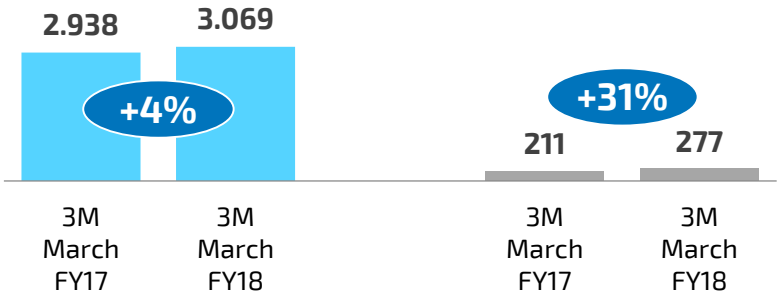
Source: Consolidated financial statements, audited

Q4 FY 2018 - FLIGHT AND NON-FLIGHT

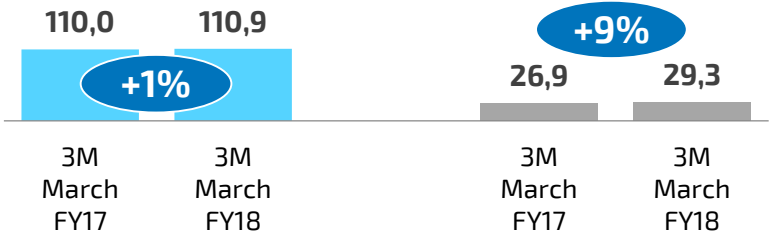
Flight
Non-Flight

Strategic initiatives on track and delivering results

Bookings
In '000



Revenue Margin
In € million



Flight

- Progress in strategic initiatives has boosted our performance and positioned us well for longer term growth
- Revenue margin driven by bookings and a reduction of 3% on revenue Margin per Booking for flight products, as a result of longer-term investment in customer value, the shift in our revenue model, which includes increased price transparency display in some countries.
- This negative impact was partially offset by the positive impact from our revenue diversification strategy, which included flight related ancillaries, which delivered very strong results (up 73%).

Non-Flight

- Non-flights bookings and revenue margin results in Q4 FY 2018 driven by the strong performance on our dynamic packages and hotel business, as well as solid growth rates in car rentals, as growth rates no longer affected as a result of the sale of the packaged tours and corporate travel businesses in Q3 FY 2017.

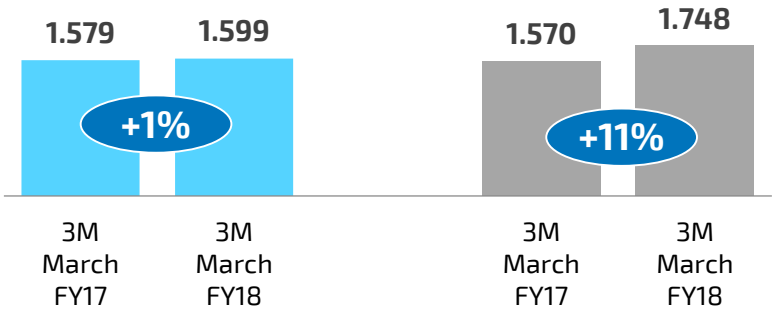
Source: Consolidated financial statements, audited

Q4 FY 2018 – CORE AND EXPANSION

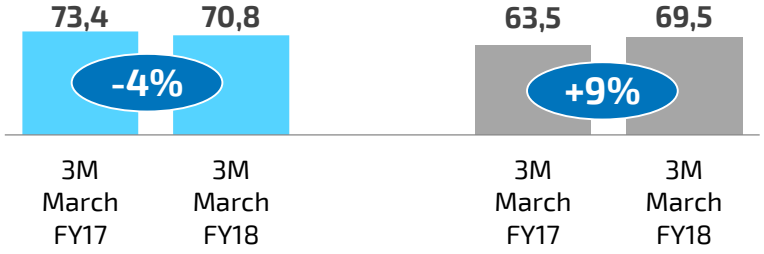
Core
Expansion

Solid Performance in Core and Expansion Markets

Bookings
In '000



Revenue Margin
In € million



Source: Consolidated financial statements, audited

Core

- Strategic initiatives on track and delivering results, bookings performance driven by:
  - Our diversification strategy
  - Investments made on our business to build scale, become more agile, improve business model, and create better customer experience
- We continue to make investments in our business to build scale, become more agile, improve business model, and create better customer experience, which lead to a reduction of 5% in revenue margin per booking.

Expansion

- Expansion markets experienced strong growth rates in bookings, driven by investments made in our business and revenue diversification.
- Revenue margin performance was driven by bookings and a 2% reduction in revenue margin per booking due to the investments made on our business.

QUARTERLY INCOME & CASH FLOW STATEMENT

Income Statement

(In € million)	3M Mar FY17	3M Mar FY18	Var.
Revenue margin	**136.9**	**140.2**	**2%**
Variable costs	(84.4)	(93.1)	*10%*
Fixed costs	(21.1)	(17.6)	*(16)%*
Adjusted EBITDA	**31.5**	**29.6**	***(6)%***
Non recurring items	(2.4)	(3.0)	*25%*
EBITDA	**29.1**	**26.6**	***(9)%***
D&A incl. impairment & results on assets disposals	(6.6)	(7.3)	*10%*
EBIT	**22.4**	**19.3**	***(14)%***
Financial loss	(9.3)	(12.4)	*33%*
Income tax	0.3	(10.5)	*n.a.*
Net income	**13.5**	**(3.6)**	***n.a.***
Adjusted net income	**12.2**	**5.0**	***(59)%***

Cash Flow Statement

(In € million)	3M Mar FY17	3M Mar FY18
Adjusted EBITDA	**31.5**	**29.6**
Non recurring items	(2.4)	(3.0)
Non cash items	1.8	(1.9)
Change in WC	63.2	107.0
Income tax paid	(1.4)	(2.7)
Cash flow from operating activities	**92.6**	**129.0**
Cash flow from investing activities	**(15.6)**	**(7.6)**
Cash flow before financing	**77.1**	**121.4**
Shares issuance	1.0	0.0
Consent fee on change in covenant	-	-
Repurchase of 2018 Notes	-	-
Other debt issuance/ (repayment)	(0.2)	(5.3)
Financial expenses (net)	(12.1)	(19.4)
Cash flow from financing	**(11.3)**	**(24.8)**
Net increase/(decrease) in cash	**65.8**	**96.6**
Cash (net of overdrafts)	**143.5**	**171.5**

Source: Consolidated financial statements, audited

Product diversification – New Formula - Increasing ability to add value to customers, booking with more attachments

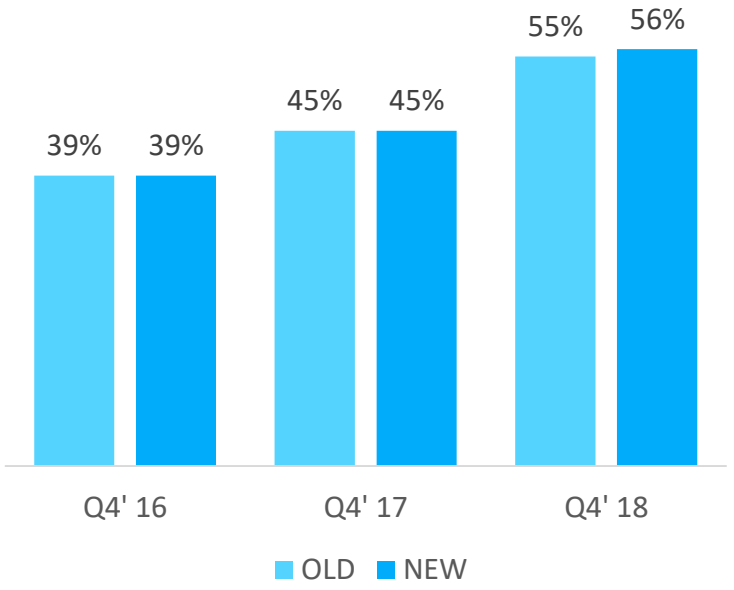
NEW

Product Diversification Ratio (PDR)

$$PDR = \frac{\begin{array}{c}\text{NEW - Bookings with a Ground Transportation} + \\ \text{NEW - Bookings with a Guarantee Product} + \\ \text{NEW – Bookings with Flight Fare Families}^{(1)} + \\ \text{Bookings with a Insurance} + \\ \text{Bookings with Seat} + \\ \text{Bookings with Bag} + \\ \text{Bookings with Service Options} + \\ \text{Bookings with DP} + \\ \text{Bookings with Car} + \\ \text{Bookings with Hotel} +\end{array}}{\text{\# Total Bookings}}$$

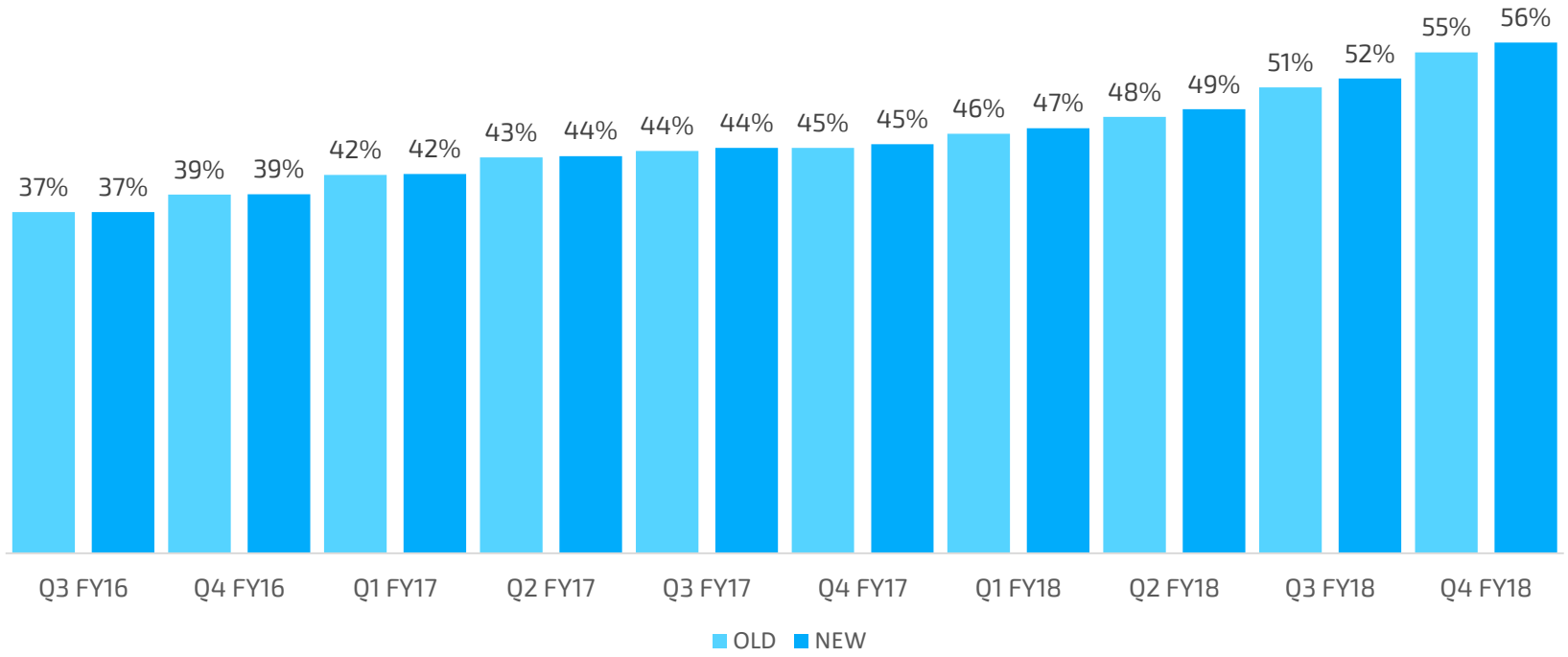
(1) Fare upgrade to include multiple services (Seat choice, premium seat, priority security, lounge access, etc.)

Product diversification ratio



New Product Diversification Ratio (back up)

Differences only visible in FY18 when new products were launched, in FY18 the delta between old and new formula is only 1 percentage point or less



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 provides 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.
- **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.
- **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.
- **"Fixed Costs per Booking"** means fixed costs divided by the number of bookings. See definitions of "Fixed costs" and "Bookings".
- **"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.
- **"Customer Relationship Management (CRM)"** represents the set of activities that will encourage our customers to repeat business with us: visit our site again and make another booking. To be successful we need to understand our customers' behaviours and needs: we collect, analyse and use data to make each of those interactions with customers as personalised and relevant as possible.

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.