eDreams ODIGEO

Investor Presentation

October 2018

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Why eDreams

- Why eDreams
- Full Year Results Highlights
- Q1 Results Highlights
- Outlook
- Strategy Update (Part 1)
- Strategy Update (Part 2)
- Appendix

WHY eDreams ODIGEO?



1. Winner in Europe

- Number 1 in flights in Europe
- Number 1 or 2 in all main European markets
- We provide great value to customers vs their alternatives



2. Significant revenue diversification



3. Growing attractive markets

- Travel growing
- Online penetration growing and Europe is attractive
- Industry dynamics attractive
  - Flights in Europe are fragmented
  - Other travel products are attractive

(*) Definitions of Non-GAAP measures on page 58-60

WHY eDreams ODIGEO?



4. Strong performance management and delivery while changing the business model

- 14 Consecutive quarters meeting or exceeding guidance
- Exploring alternatives of shifting the revenue model with potential to improve even more the long-term sustainability of the business



5. Strong cash flows, and successful refinancing



6. Current valuation multiples not justified



7. FY 2020 guidance reconfirmed

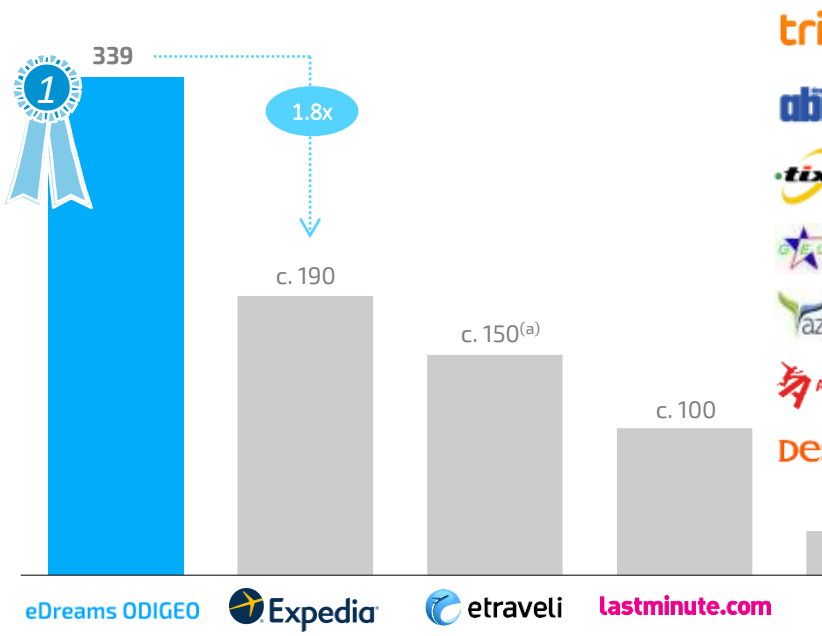
(*) Definitions of Non-GAAP measures on page 58-60

1 We are a leading player in Europe, unrivalled scale with 1.8x mo European flight revenue than the #2 player

Scale advantage

European flight revenue

Estimated, latest FY (€m)



Long-tail of other OTAs (not-exhaustive)



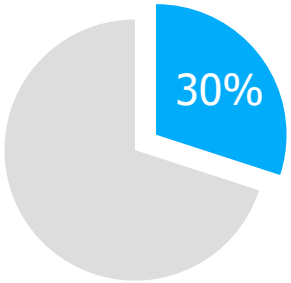
(a) Including acquisition of eTravel SA

SOURCE: Industry Research; Amadeus MIDT data

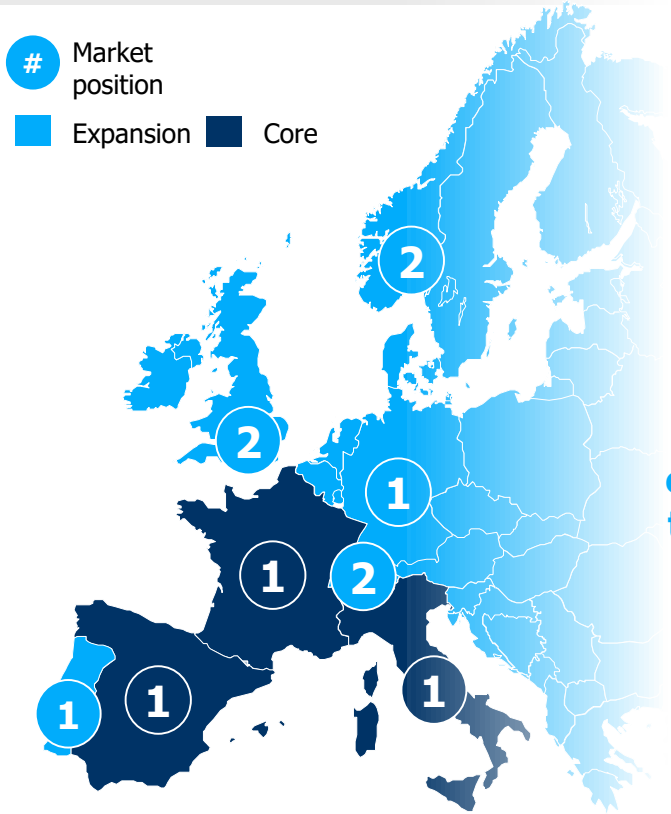
1 eDreams ODIGEO is the leader in the European online leisure travel market

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

1 Customers book with us because we provide strong value and choice, in the most convenient way

We make it easiest to book

<100 seconds
for users to book a direct flight

We give customers the best choice

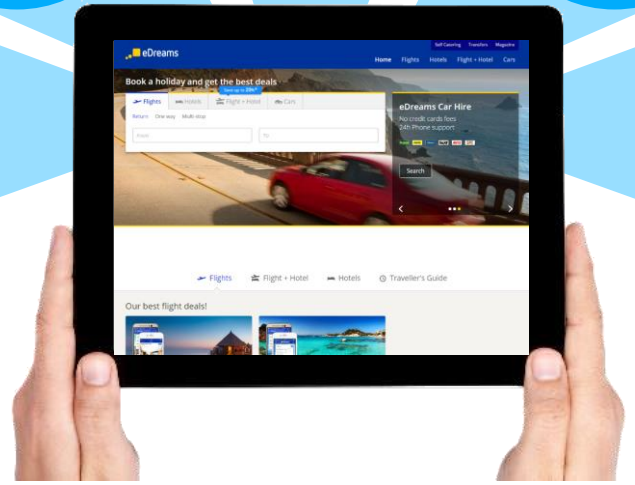
8 vs 3
direct flight options per day with airline

They can customize every element of their trip

>6,000
product features changes launched allow our customers to find exactly what they want

We save customers money

€134
cheaper than airlines on average across all common routes

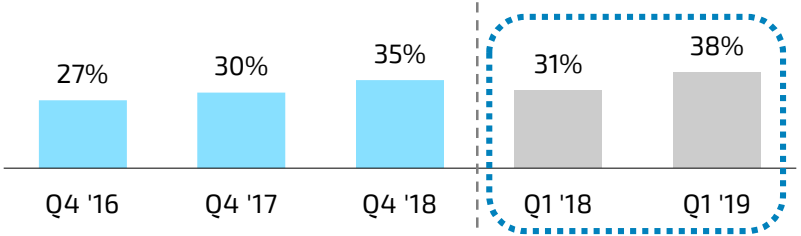


We offer better service

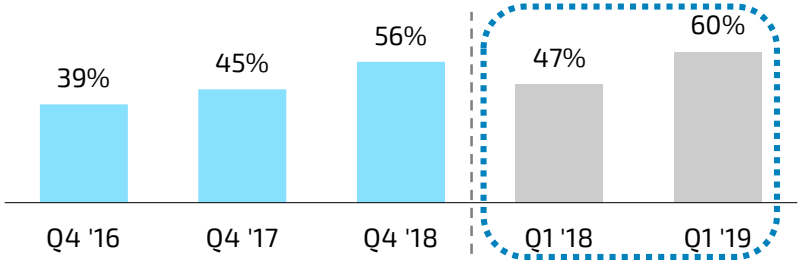
24/7
Customer service across all major markets

2 Revenue diversification on track, positive results visible on the KPIs

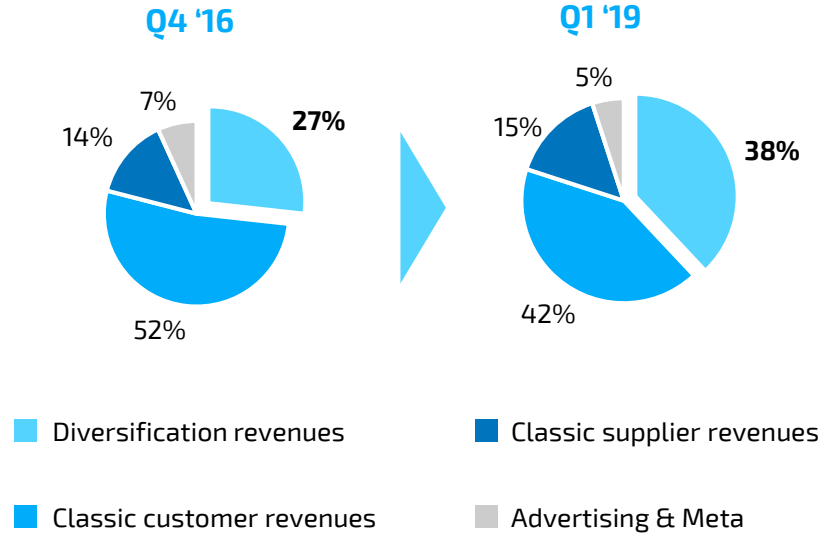
Revenue diversification ratio



Product diversification ratio



Revenue split evolution



(*) Definitions of Non-GAAP measures on page 58-60

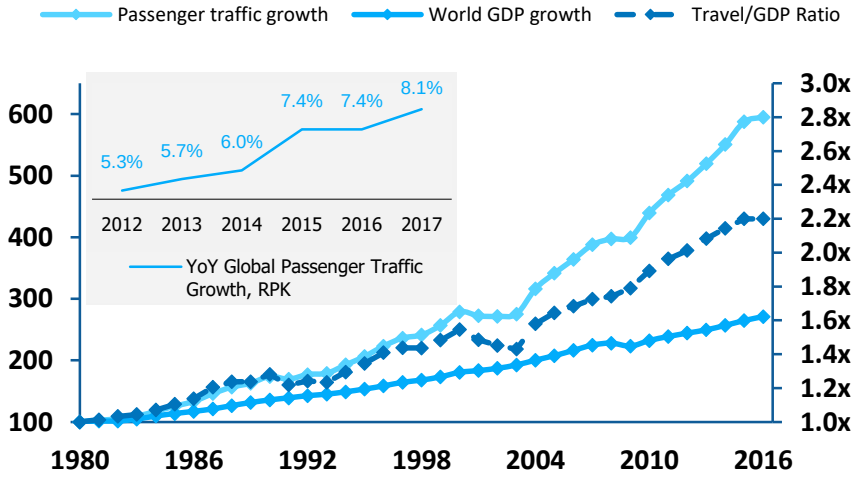
3 Our market continues to be a good market from a macro perspective

Macro Perspective

Improved macro environment creates an attractive environment for OTAs…

Passenger traffic growth vs GDP growth

Percent

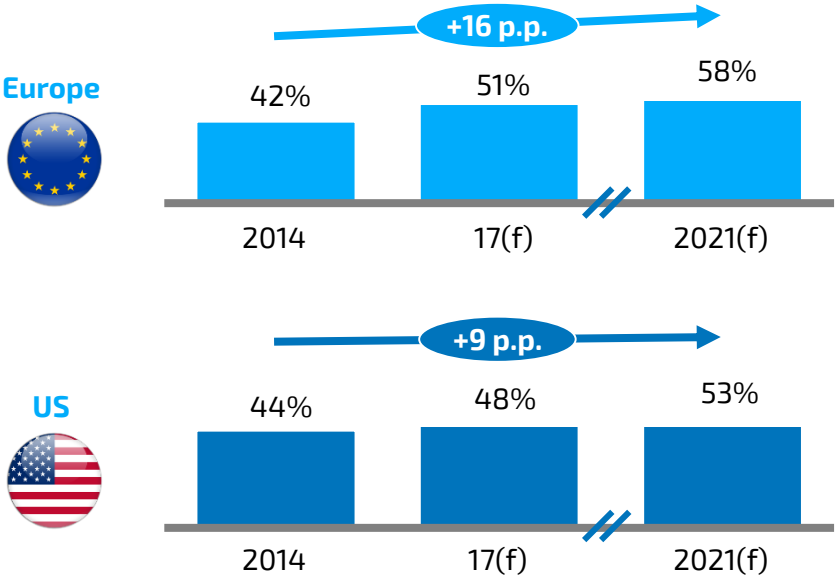


Flight sector has outgrown GDP growth by **2.0x over the past decade** and this multiplier continues to increase

…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

3 Flight market dynamics in Europe make it especially suited to OTAs

Market

		US	Europe
Supply	Number of airlines[1]	60	120
	Market share of top 4 airlines[2]	75%	29%
	Airline brand recognition	High	Low
Customer habits	Proportion of domestic vs. International travel[1]	23% Domestic / 77% International	20% Domestic / 80% International
	Fragmentation of flight routes[1,3]	24%	6%
	Multi-legged segments	Fewer	Many

1 Industry research 2 OAG Analyser, based on number of seats for 2015; 3 Top 10 from-to city pairs - % of total passengers

3 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

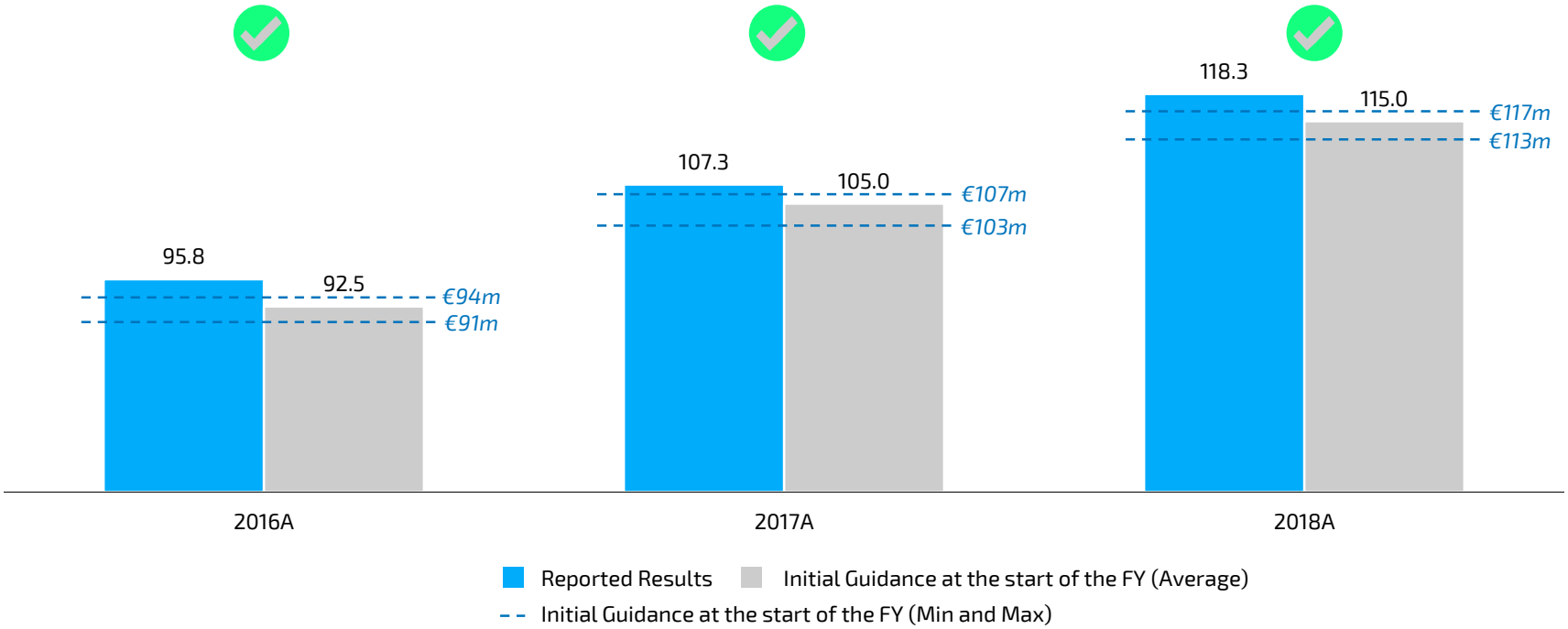
SOURCE: Company Information

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

- Dynamic packages
- Bags ancillaries
- Seats ancillaries
- Car rentals

4 Financial track record, achieving financial objectives while shifting the business model

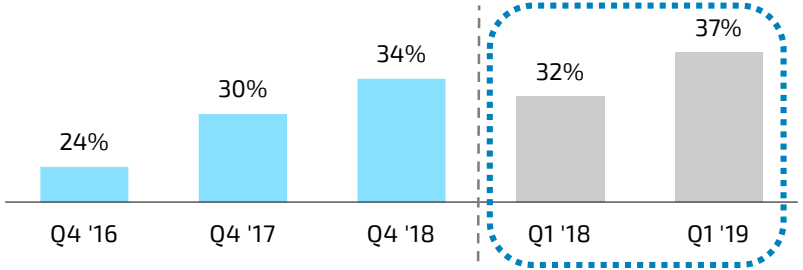
Adjusted EBITDA (€Mn)



(*) Definitions of Non-GAAP measures on page 58-60

4 Revenue model on track, we are successful on executing on our strategy as evidenced on our KPIs

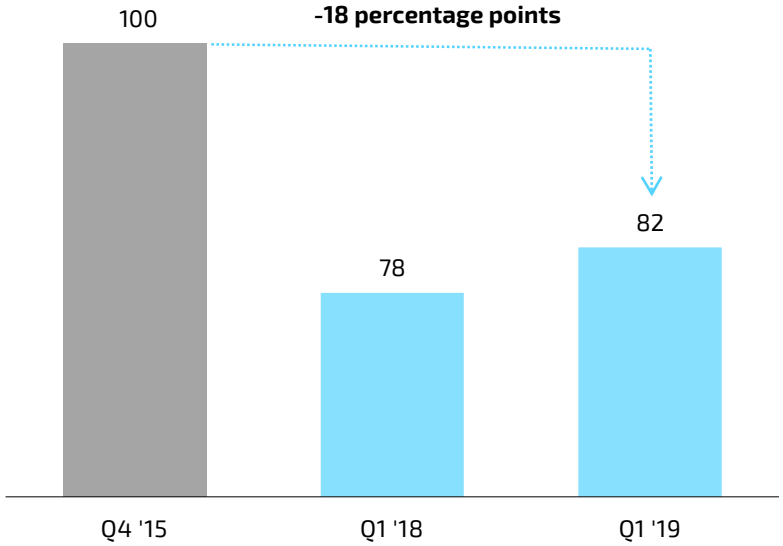
Mobile as share of flight bookings



iOS App Review



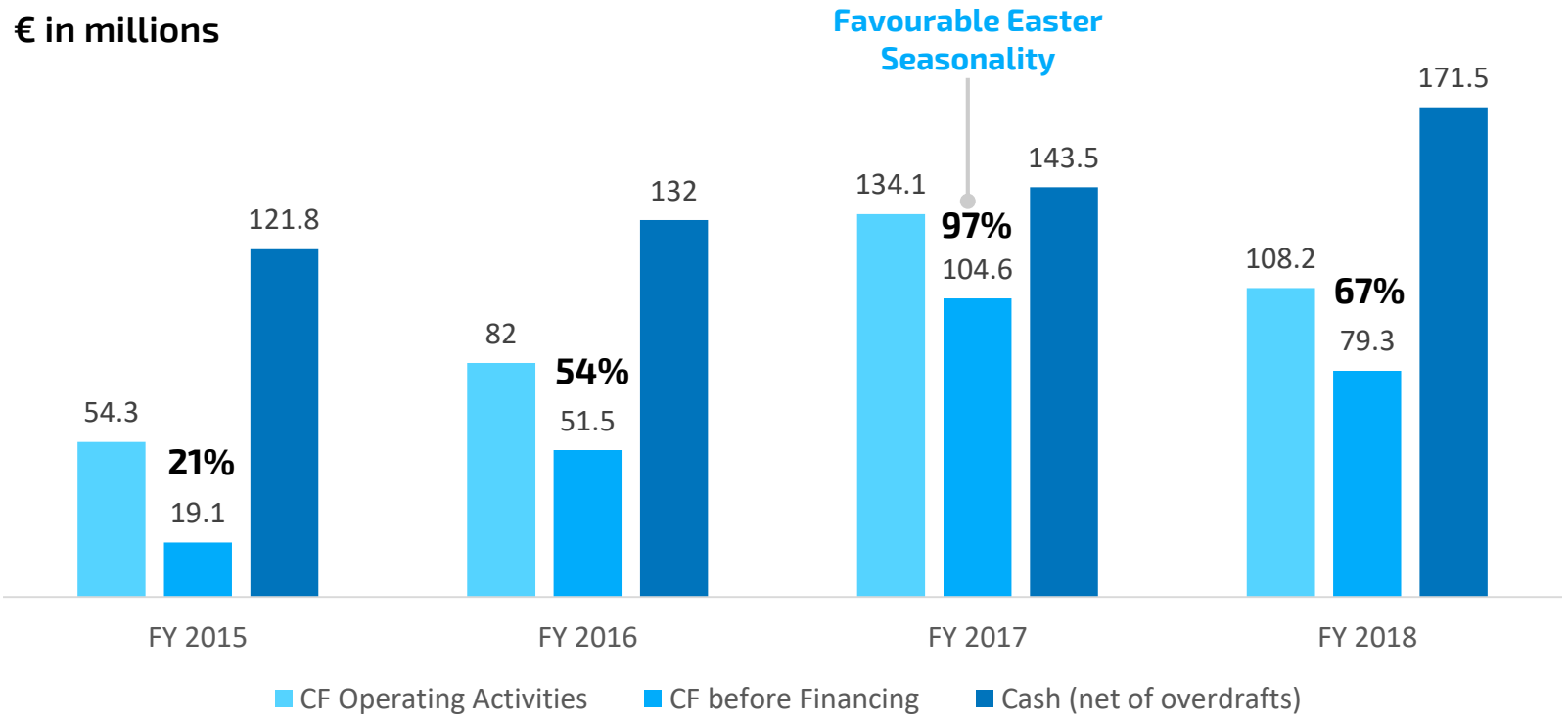
Acquisition cost per booking index



Source: Company information, AppAnnie

(*) Definitions of Non-GAAP measures on page 58-60

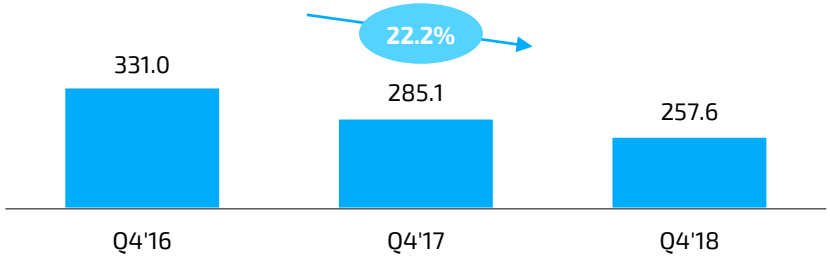
5 Strong cash flow generation



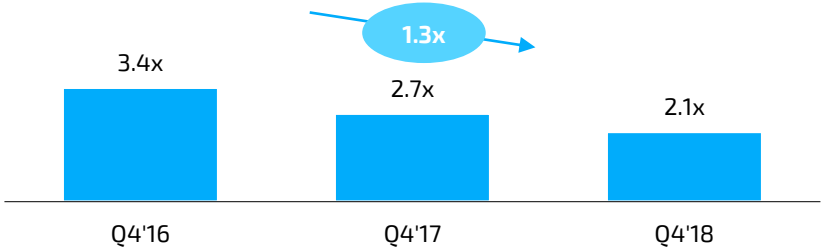
(*) Definitions of Non-GAAP measures on page 58-60 (**) Cash Flow Conversion: CF before financing/Adjusted EBITDA

5 Deleveraging created an opportunity to reduce cost of debt

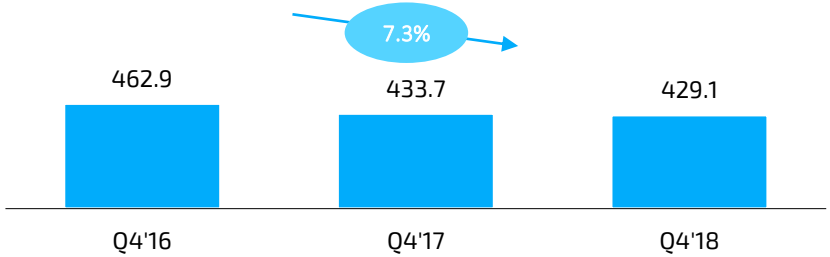
Net debt (€m)



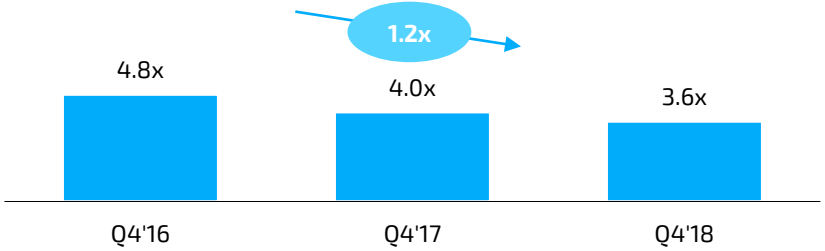
Net leverage ratio (a) (x)



Gross debt (€m)



Gross leverage ratio (b) (x)



(a) Calculated as Net Debt / LTM Adjusted EBITDA
(b) Calculated as Gross Debt / LTM Adjusted EBITDA
SOURCE: Company information

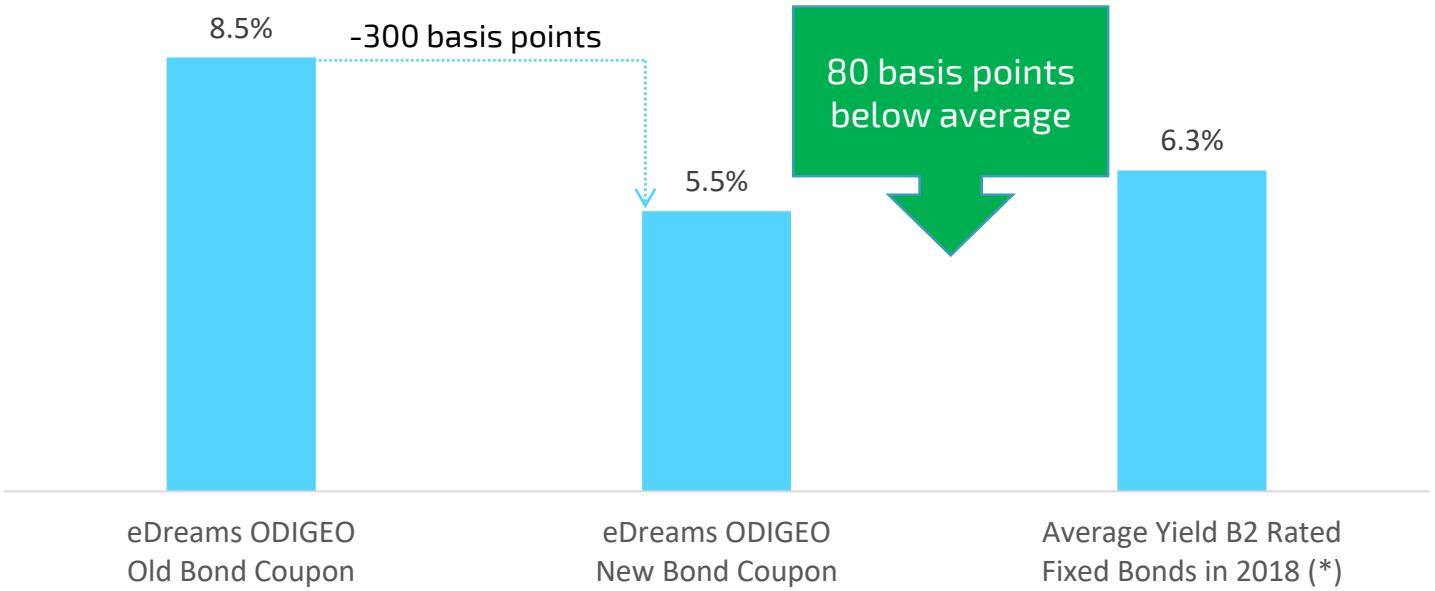
Reported Results

(*) Definitions of Non-GAAP measures on page 58-60

5 Significant reduction of debt coupon and 80 basis points below average market yields for B2 rated bonds

Debt markets

As a %

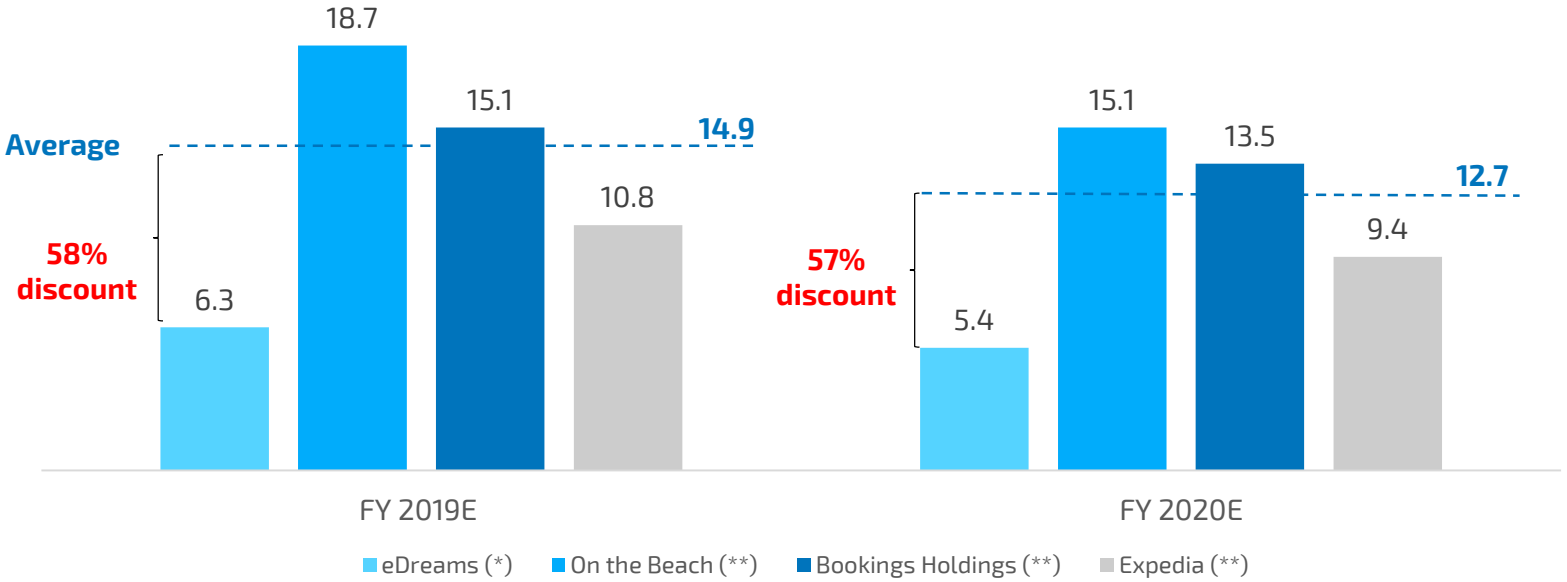


(*) Source: Deutsche Bank

6 Current valuation multiples not justified

Equity markets

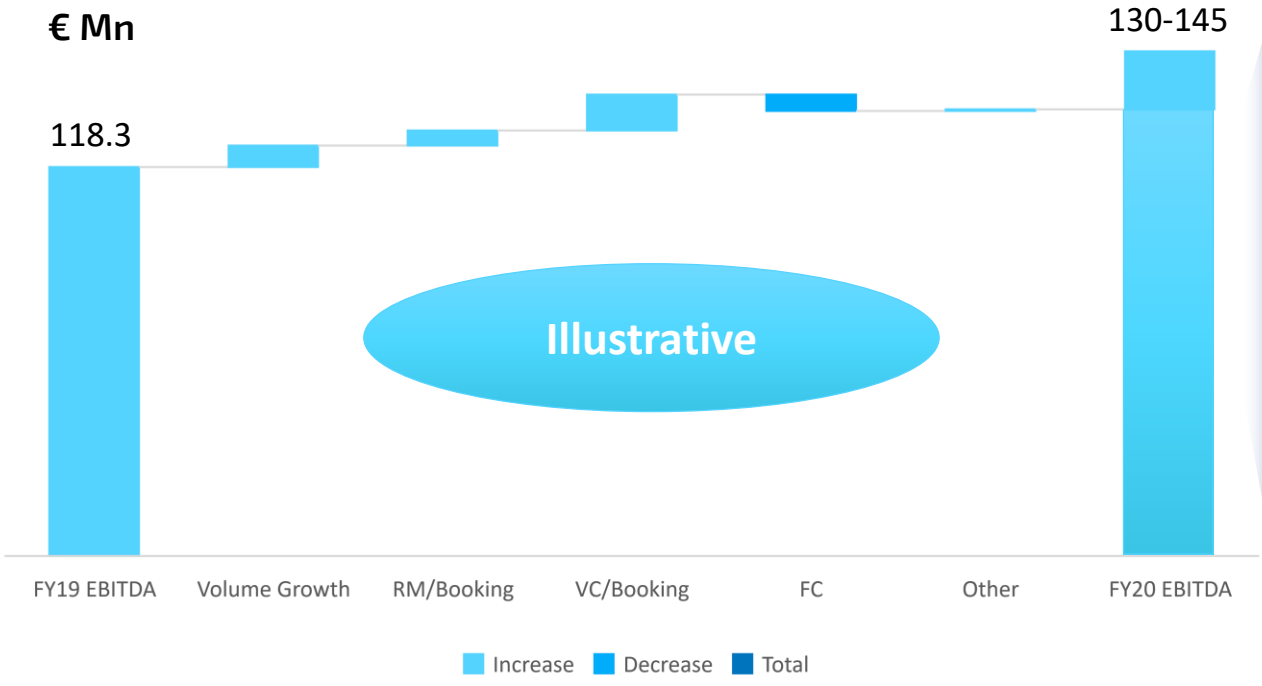
EV/EBITDA multiple



(*) Company data. Share price as of 3rd of October. EV based on Offer of Memorandum pro-forma Gross Debt of €431.1 million and Cash position of €81.3 million. FY20 based on mid range of the guidance
(**) Source: Bloomberg

7 FY 2020 guidance reconfirmed, with a clear path to achieve

14 consecutive quarters meeting or exceeding guidance



DRIVERS

Volume effect
- 3 main markets in P2 in H2 FY20
- Partly offset by 1 main market still in P1 for 3 quarters

Revenue margin impact
- Revenue diversification
  - Higher attachment rate of ancillaries and dynamic packages
- Offset by lower service fees

Savings in variable costs
- Better conversion
- Higher repeat booking rates

Higher Fixed costs
- Driven by more personnel in IT and Product

(*) Definitions of Non-GAAP measures on page 58-60

Full Year Results Highlights

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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

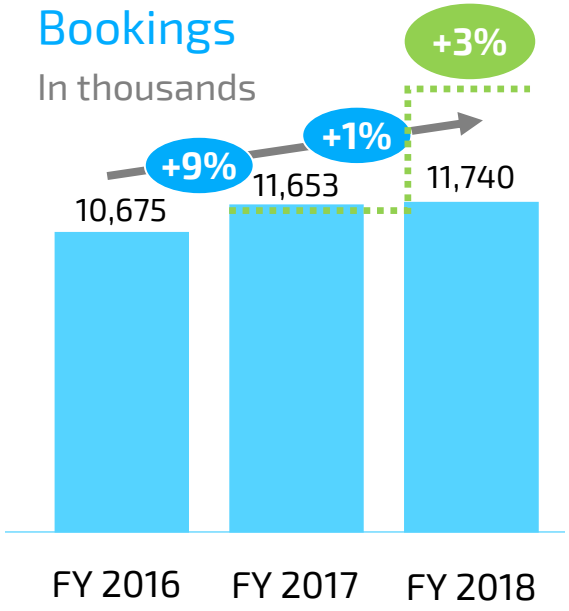
Net leverage Ratio reduced from 2.7x to 2.1x in the past 12 months

(*) Definitions of Non-GAAP measures on page 58-60

SOLID RESULTS, results above initial and raised guidance

Bookings

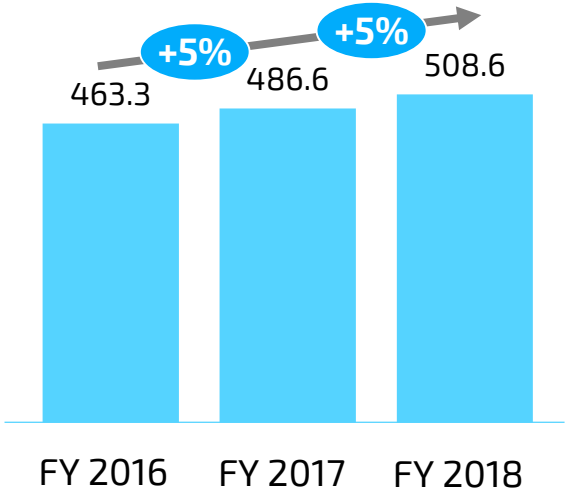
In thousands



Guidance > 11.7Mn

Revenue Margin

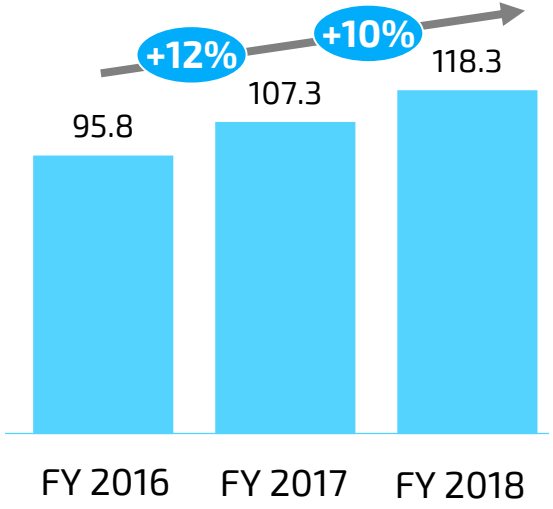
In € million



Guidance > €487Mn

Adjusted EBITDA

In € million



Initial guidance €113-117Mn

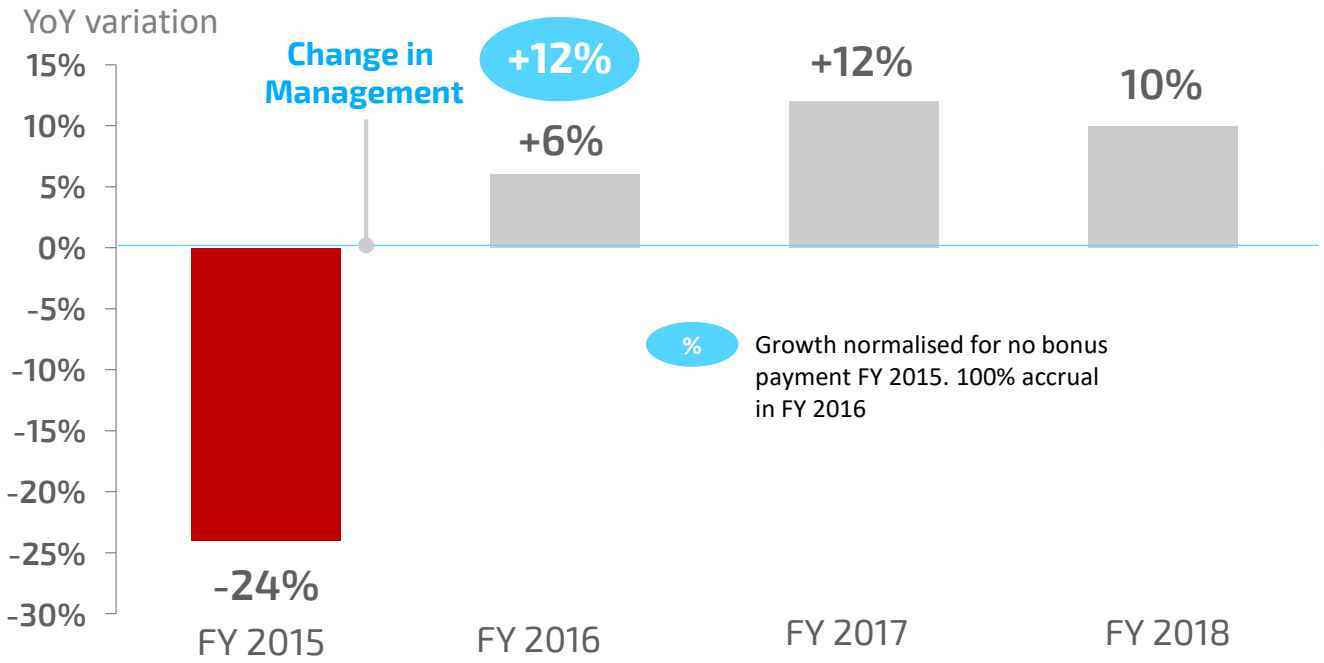
Raised guidance €116-120Mn

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

(*) Definitions of Non-GAAP measures on page 58-60

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 58-60

Q1 Results Highlights

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Results Highlights

Solid performance and in line with our guidance

- Bookings (+1%), Revenue Margin (+7%) and Adjusted EBITDA (-3%)

Q1 performance was driven by:

- Solid bookings and revenue margin
  - Positive revenue margin per booking: Flight (+4%) & Non Flight (+11%)
    - Driven by very strong performance of Flight Ancillaries and Dynamic Packages
- Accelerated investment in mobile and the positive results from the change of our revenue model
  - Mobile flight bookings up from 32% in Q1 FY 18 to 37% Q1 FY19

Strong cash position

- Cash at the end of the period amounted to €124.9 Mn (+28% y-on-y)

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

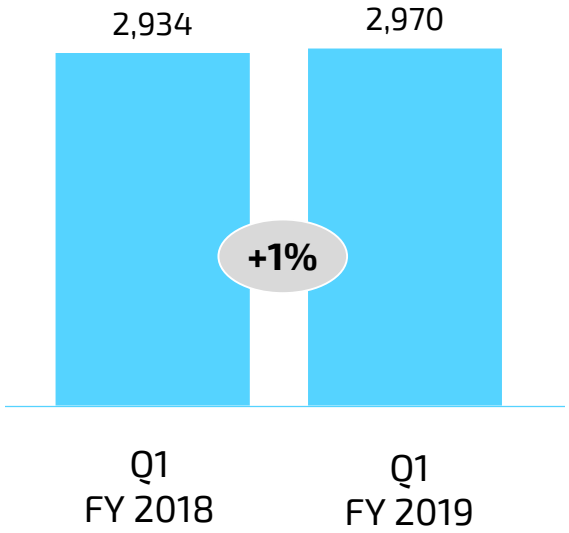
- Product diversification ratio up from 47% in Q1 FY 18 to 60% Q1 FY 19
- Revenue diversification ratio up from 31% in Q1 FY 18 to 38% Q1 FY 19

Reiterate Full year

Results in line with H1 outlook and on track to meet FY 2019 guidance

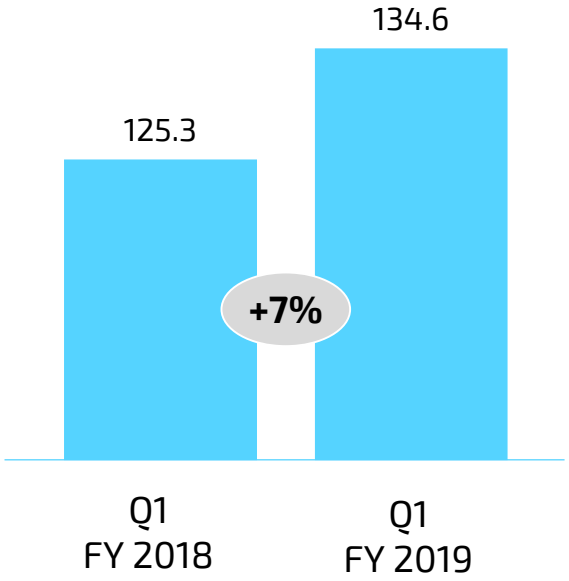
Bookings

In thousands



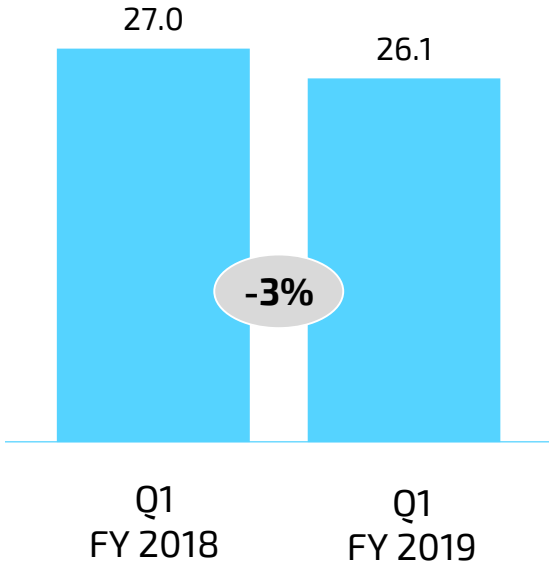
Revenue Margin

In € million



Adjusted EBITDA (*)

In € million



Source: Consolidated financial statements, unaudited

(*) Definitions of Non-GAAP measures on page 58-60

Outlook

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Reiterate full year Outlook

Outlook Statement

In FY 19, we will continue to invest and accelerate the strategic shift in our revenue model, including increased price transparency display in some countries. We expect this strategy to adversely affect our performance in the short term, but to improve our strategic position and long-term value, both for customers and shareholders.

Reflecting this strategy, we expect markedly soft revenue margin growth and a reduction in bookings and adjusted EBITDA in the first half of FY 19, with improvement in the second half of the fiscal year.

Also as previously noted in the first half FY 18 results presentation, comparisons between Q2 FY 19 and Q2 FY 18 will be distorted by an adjustment relating to supplier agreements renegotiations completed in Q2 FY 18. The contracts were retroactively applied to the start of FY 18, but the Q1 P&L benefit amounting to €2.0 million of Adjusted EBITDA was booked in Q2 FY 18. Comparisons between the first half of FY 19 and first half of FY 18 will therefore provide a more accurate view of the underlying trends in the business.

Our guidance for the full year includes this factors and remain unchanged

Outlook for FY 2019

Bookings

-4% to flat vs FY 2018

Revenue Margin

In excess of €509 million

Adjusted Ebitda

€118 million

Strategy Update (Part 1)

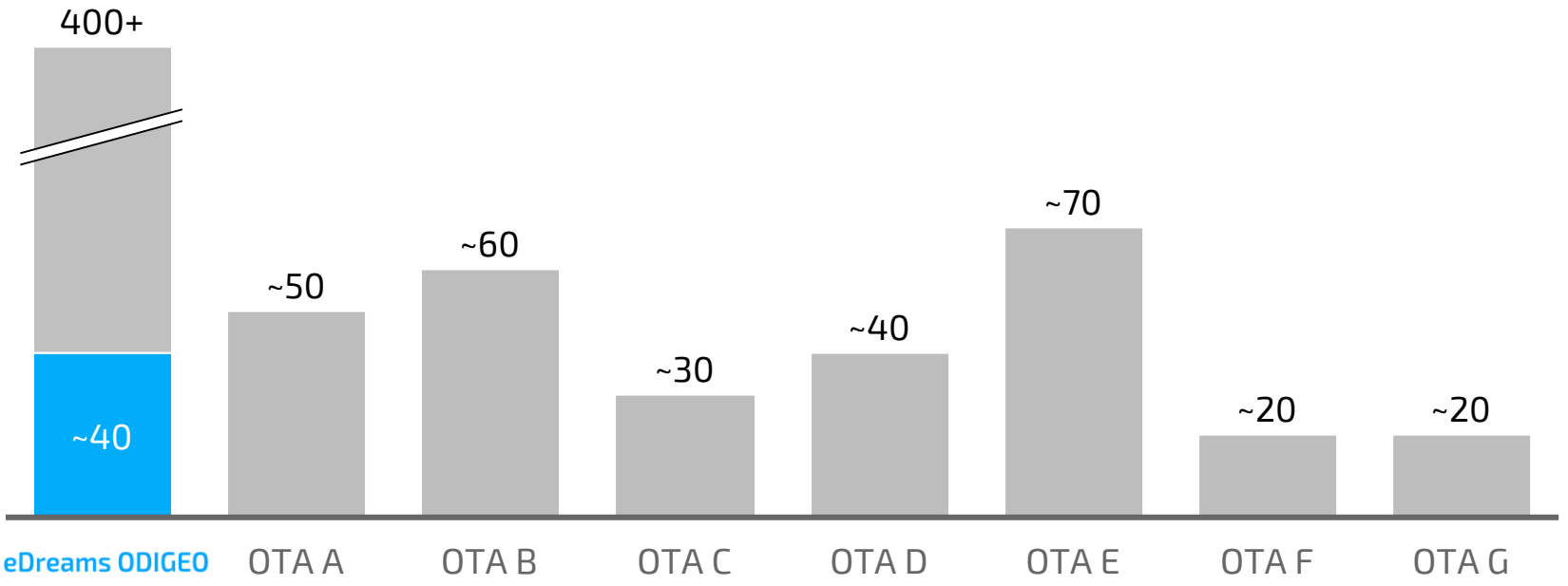
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This scale means we are best placed to serve the mobile travel customer

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 quarterly

15 minutes

Best case delivery time from development to code live

A/B tests

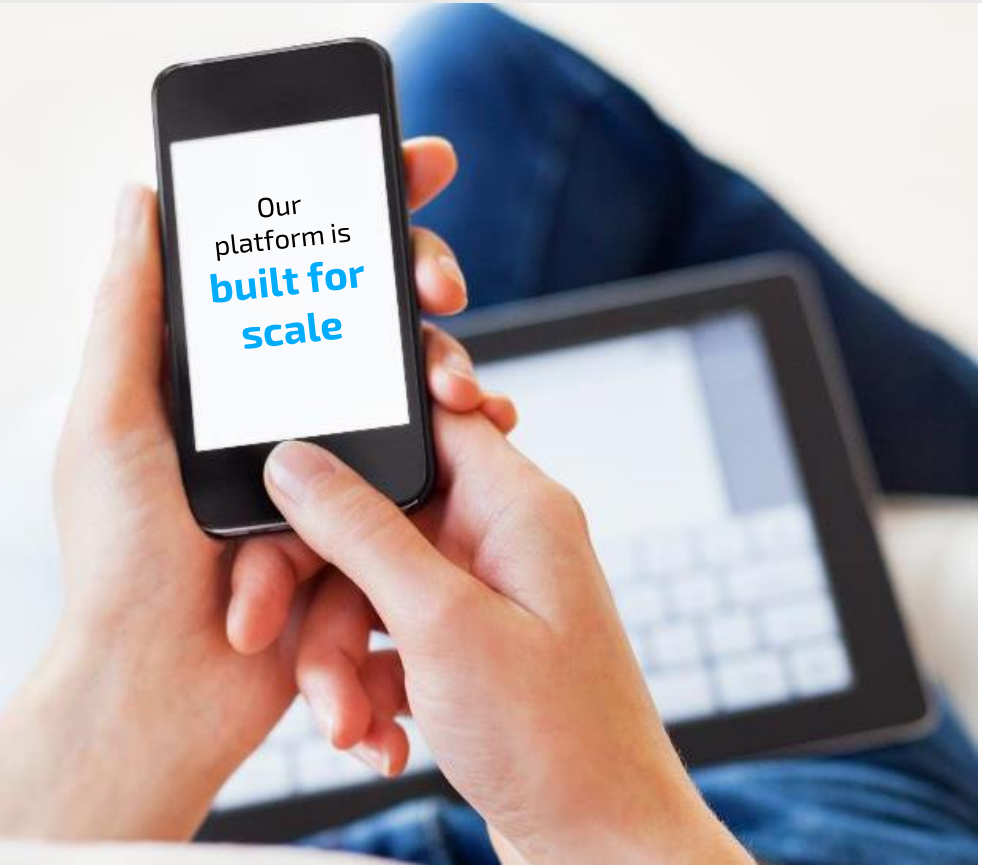
+330% A/B tests y.o.y. and therefore better insights

(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

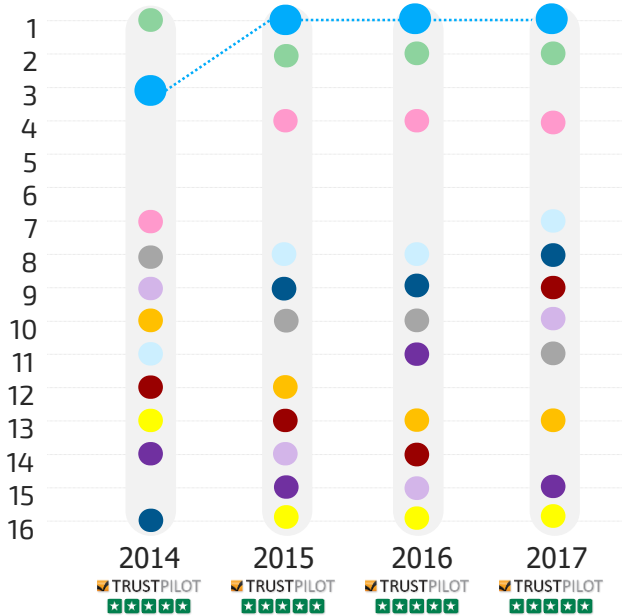
Best service

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]

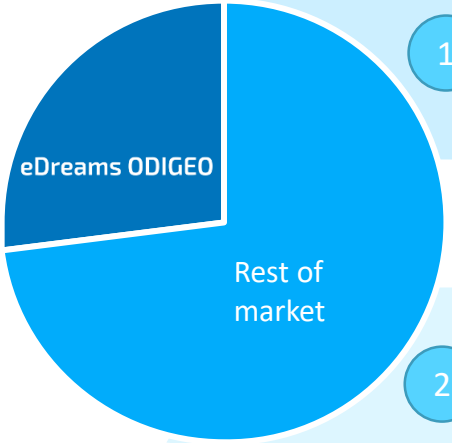
1 Reduced or no weekend service

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

Strategy Update and Outlook (Part 2)

- Why eDreams
- Full Year Results Highlights
- Q1 Results Highlights
- Outlook
- Strategy Update (Part 1)
- Strategy Update (Part 2)
- Appendix

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'

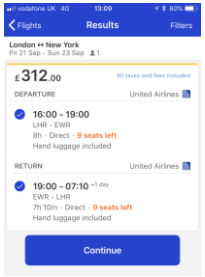
SOURCE: Future Foundation, *Future of Retail*, 2013; Mercedes-Benz, *UK Online Grocery Retailing*, 2015; RBC Capital Markets; SaleCycle

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?

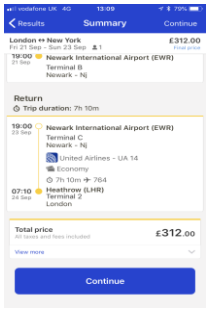
What it means?

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

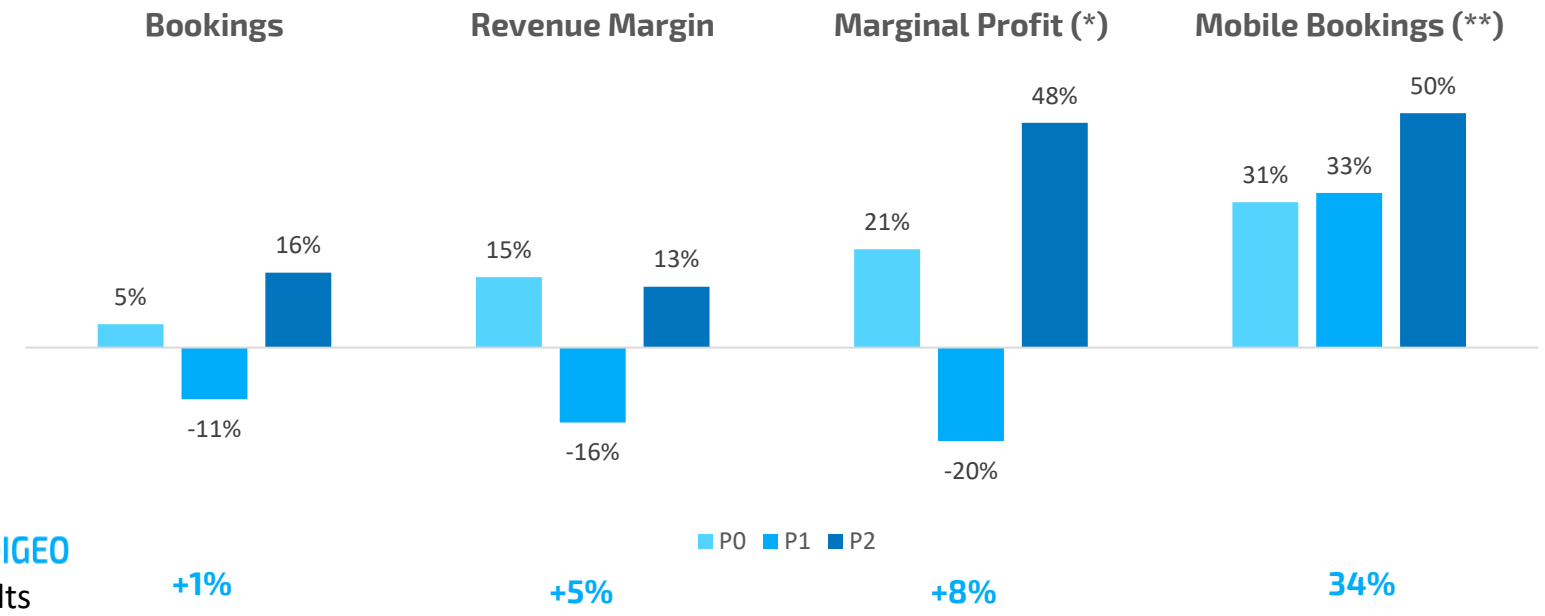
Our results are a mixture of our countries/markets, each of which are in 1 of 3 phases in our change of the revenue model.

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%

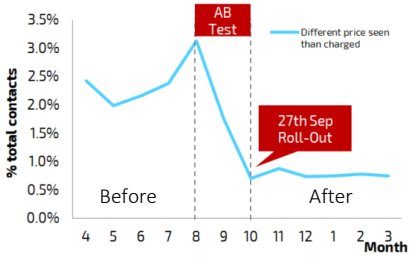
(*) Marginal profit = revenue margin – variable costs
(**) Mobile share over total bookings
Note: Figures extracted from management records, not from accounting data

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"

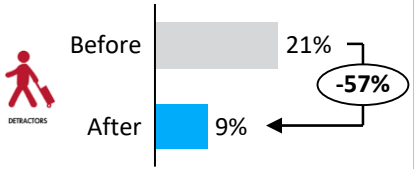


Source: Internal data from Customer Services

- 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'



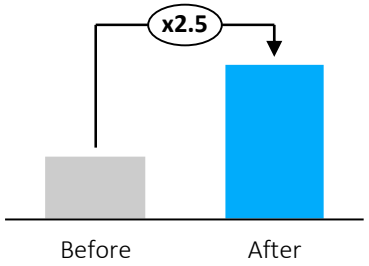
Source: IPSOS study Q4FY18

- 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)



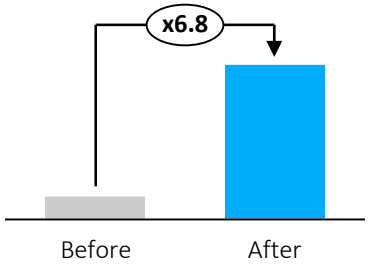
Source: IPSOS study Q4FY18

- 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

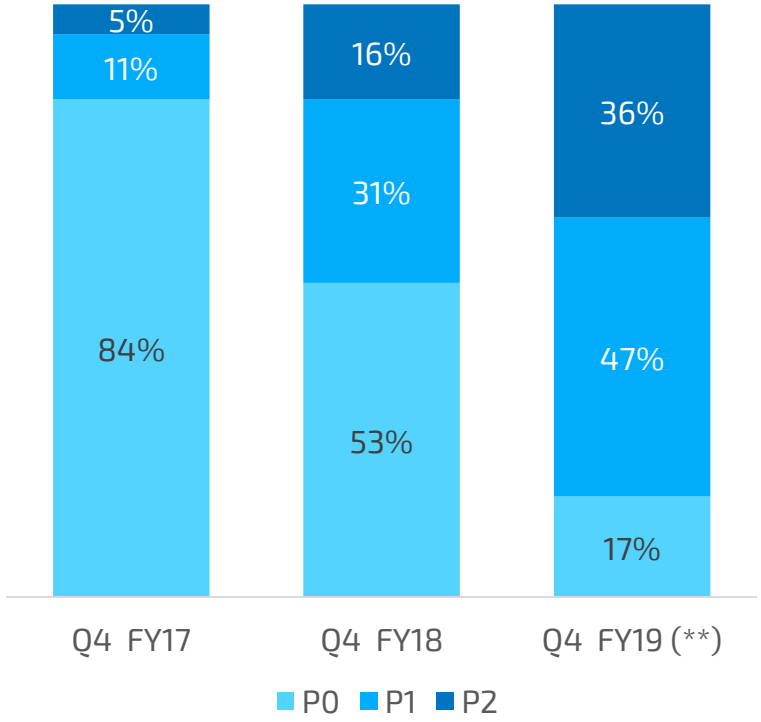
- Customers showed a satisfaction level almost **7 times higher** when moved to transparent Price Display

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%

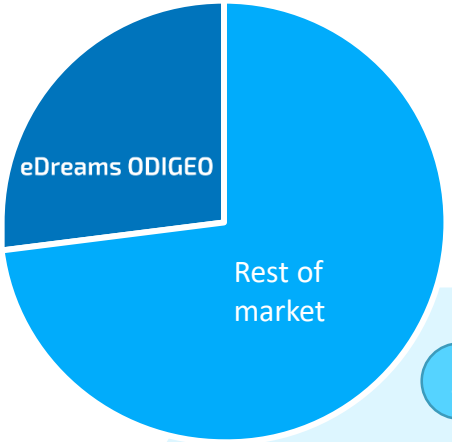
On average pushed into P1+P2 in FY19

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

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

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

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

YoY growth in Revenue Margin

	FY16	FY17	FY18
1 Flight Ancillaries	+18%	+31%	+46%
2 Dynamic Packages (DP)	+17%	+13%	+24%

...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 (DP)

- Grow DP conversion in mobile and in apps
- Increase number of destinations and average trip duration

SOURCE: Company Information

In summary…

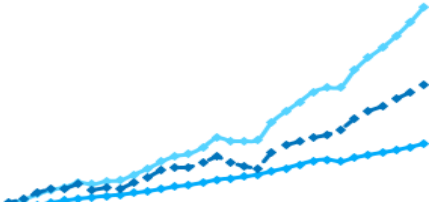
World-class product and technology



Customer value



Growing market



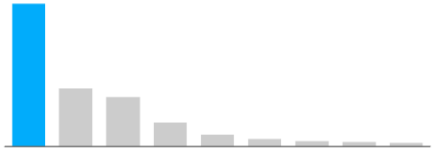
Industry structure



Mobile leader



Scale



Market leadership



Investment



Results

eDreams ODIGEO

Appendix

- Why eDreams
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eDreams' technology platform is superior to that of metas and directs in providing a more efficient and flexible offering for the customer

	Traffic acquisition	Search technology and display of flight results	Build itineraries and pricing	Booking funnel	Payment / Fraud	Complete bookings within GDS/LCC integration	Customer service
Require-ments	▪ Acquire traffic through both performance and branded channels, leveraging customer data to ensure repeat business	▪ Search for flights across suppliers and display to customer clearly	▪ Ability to create flight offers beyond standard content (e.g. cross faring) and granular pricing	▪ Converting a single site into a complete booking flow (e.g. collecting personal and payment info, attaching ancillaries)	▪ Collect customer payments in a cost efficient manner offering a variety of payment methods ▪ Protect fraudulent transactions without interrupting valid transactions	▪ IATA licences (requiring financial guarantees) per market/region ▪ Mid/Back office solutions allowing reconciliation of payments ▪ Airline contracts / ADM management	▪ Post booking service ▪ Schedule change management ▪ Ticketing
Our platform	✓	✓	✓	✓	✓	✓	✓
Metas	✓	✓	✗	✗	✗	✗	✗
Direct	✓	✗	✗	✓	✓	✗	~

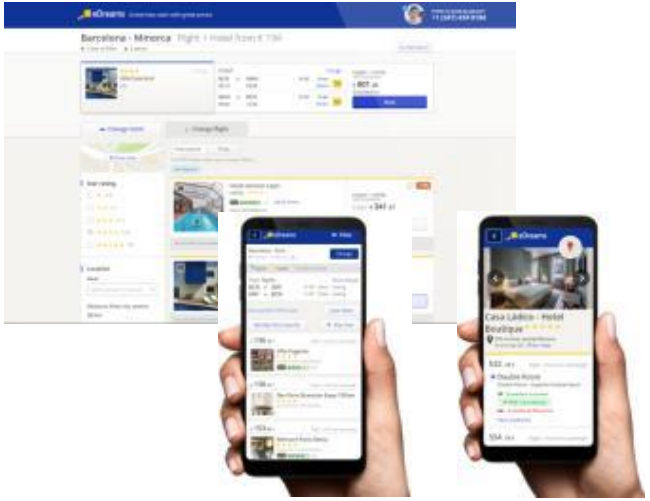
SOURCE: Company information

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

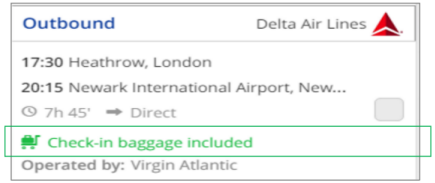
(1) YTD March FY18
SOURCE: Company Information

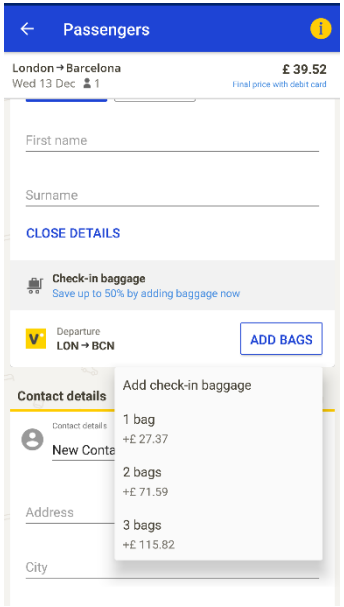
Flight Ancillaries: Bags case study

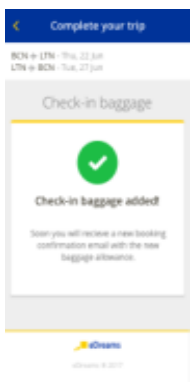
Bags: Evolution to date and our competitive advantage

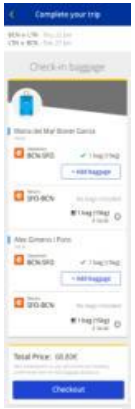
What we have achieved to date

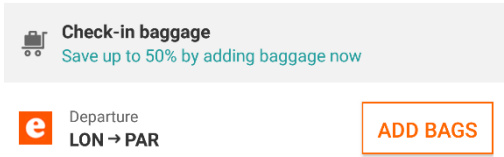
- Now have added +70% more bags development capacity since September
- With our new resources, we tripled the number of A/B tests in the second half of the year
- Advanced machine learning model built and deployed to optimise personalisation











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

Customers can save on each booking by using eDreams ODIGEO

Save money

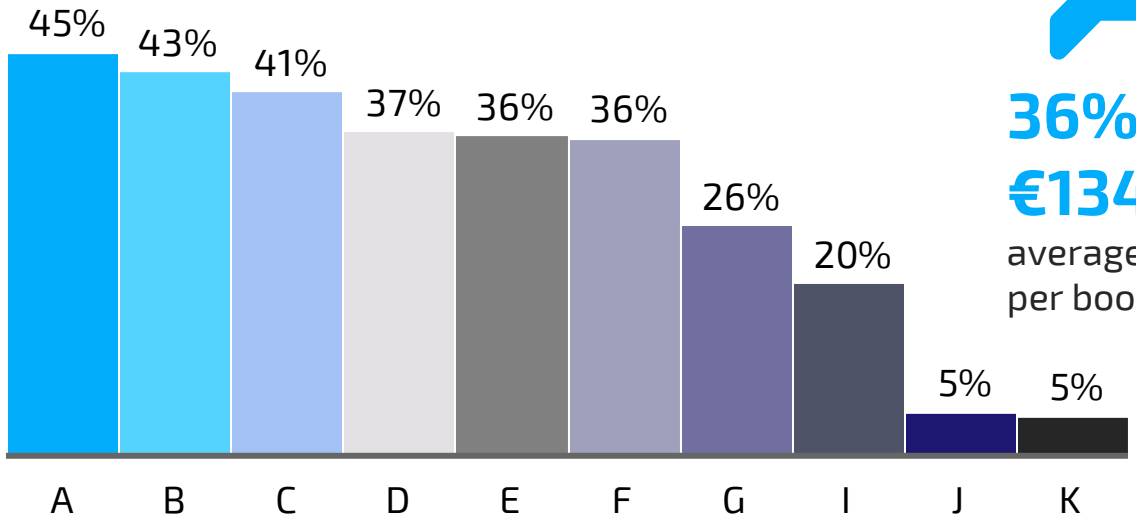
9
major pan-European carriers and LCCs

> 5,000
common routes on **same date, same payment including all fees**

400,000+
comparisons across **80m flights**

Average final price saving per booking, eDreams v airline

% AOV



36% or **€134**
average saving per booking

Data accessed October 2016. Daily comparison of final prices for all routes on 6 random dates in the future for each airline, compared to equivalent local market eDreams Odigeo final price

Broad inventory selection means that eDreams can be cheapest: one example

Save money

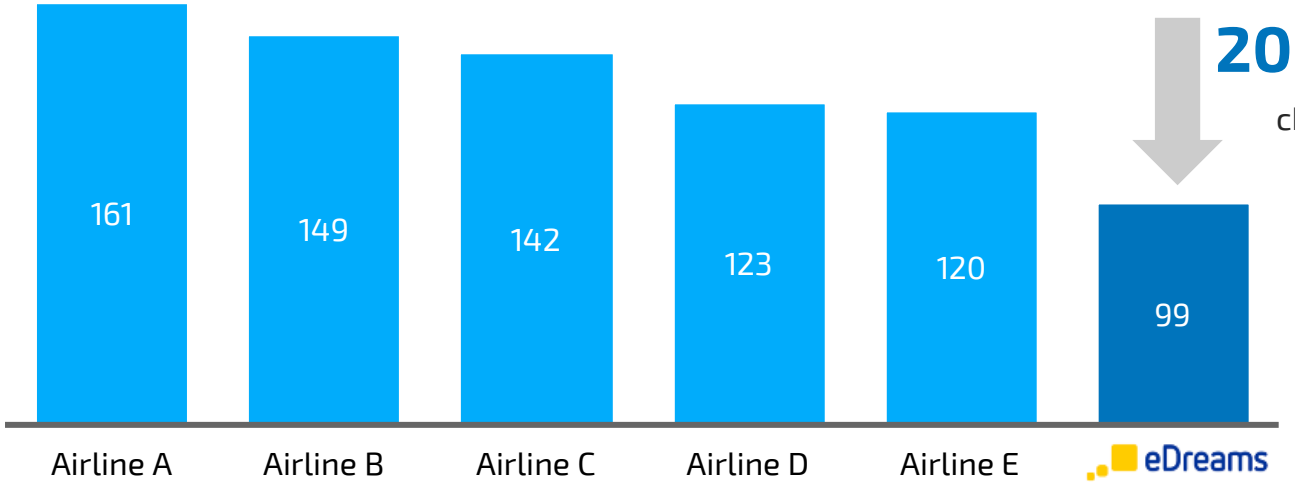


Example trip:

Barcelona > Brussels (return)

18th-21st November

Price of return flight, 1 pax, EUR



20-40%

cheaper

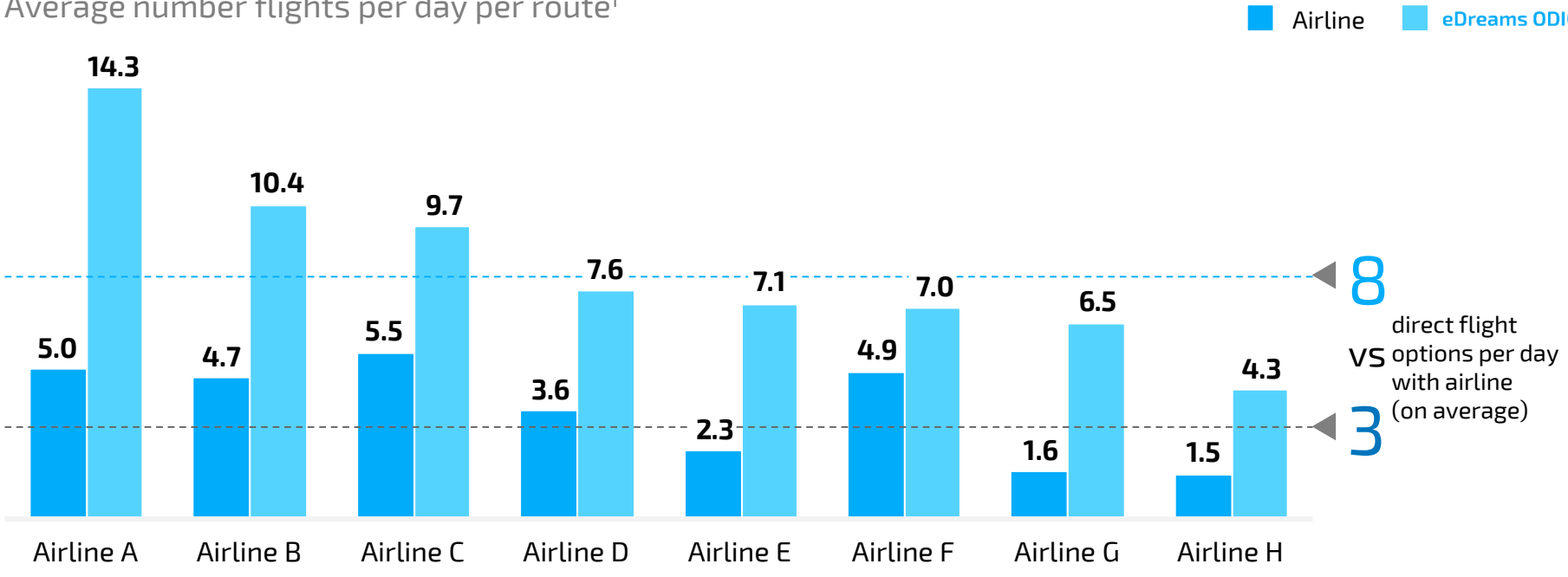


SOURCE: Airline websites, accessed 15th November 2016. Cheapest price for 1 pax, inc cheapest form of payment

For each route, we offer many more direct flight options per day

Best choice

Average number flights per day per route[1]



1 Based on assessment of > 3,200 routes operated by airlines. Comparison of eDreams ODIGEO flight options on same routes (by city) as operated by airline

For the same route as before, eDreams offers twice as many flight options than the next nearest airline

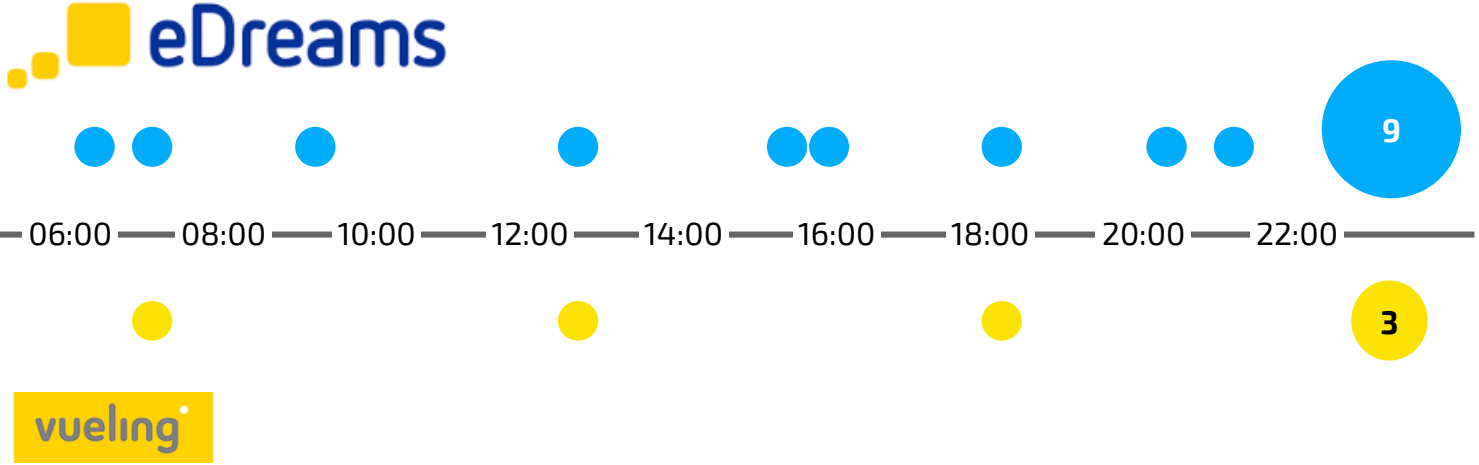
Best choice



Example direct one-way trip:

Barcelona > Brussels

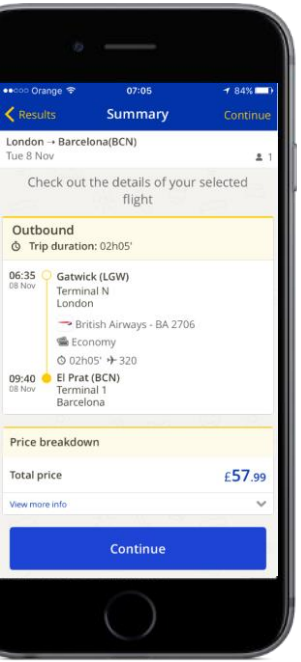
18th November



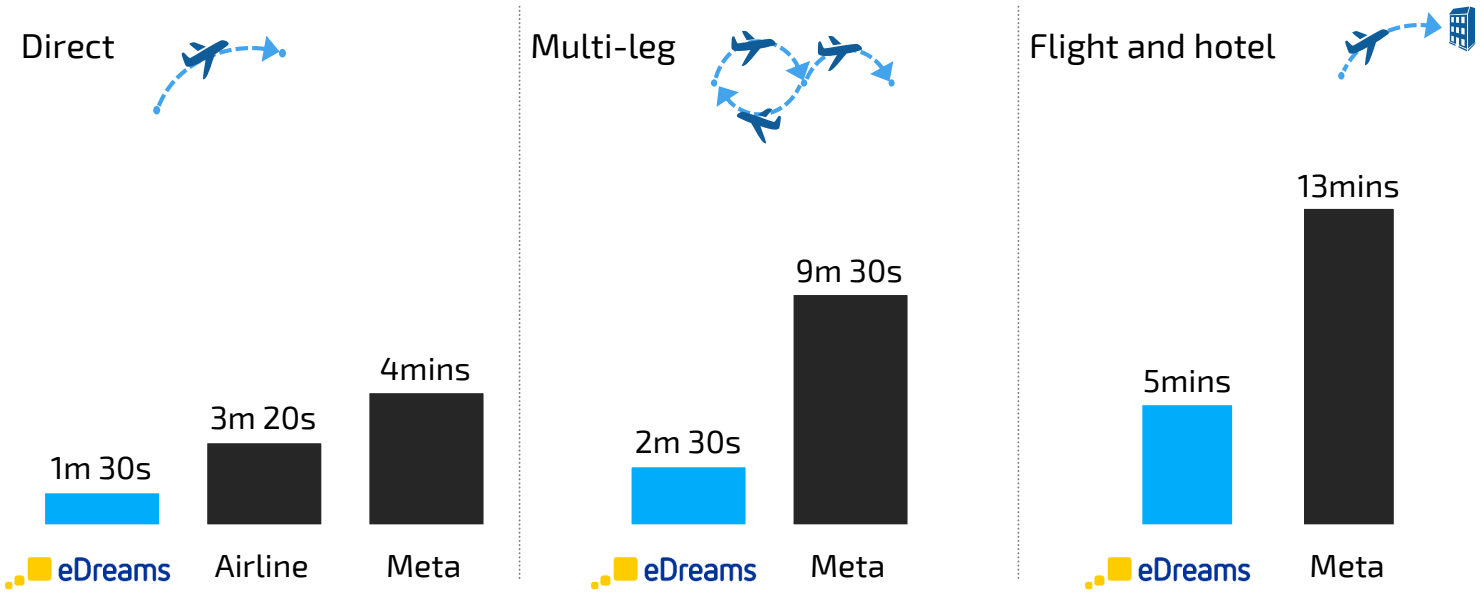


Customers can book their trip much more quickly by using eDreams

Convenience



Time to complete booking, minutes



Additional 20-25s can be saved if card payment details are stored

SOURCE: eDreams, metasearch, and airline mobile apps accessed October 2016. Times taken are from initial opening of app through to booking completion for the same flights and hotels.

You can book a return trip on eDreams 4x faster (vs meta and airlines)

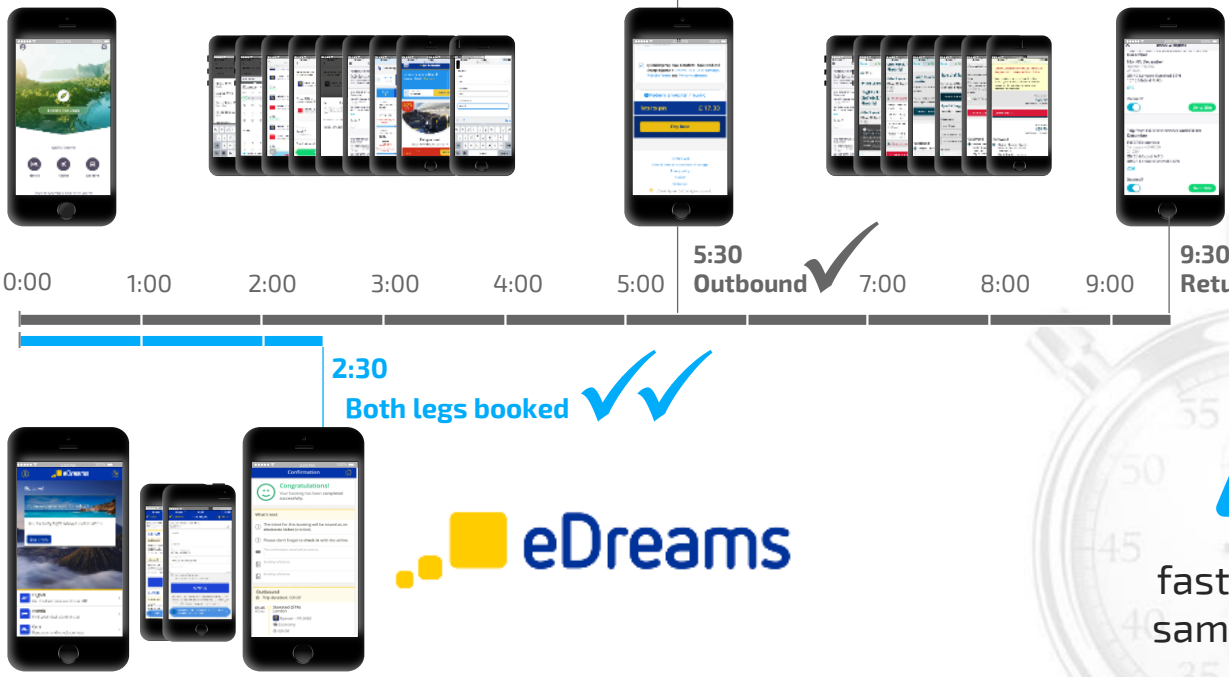
Convenience



Example trip:
Barcelona > Brussels (return)
18th – 21st November

Metasearch and airlines

*Risk of return leg being **repriced** or **made unavailable** in the time taken to book first leg*



4x
faster for the same booking

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.