RESULTS PRESENTATION 1Q **FY2020**

29th August 2019

"Revolutionize the online travel booking sector moving from transaction to subscription model through our unique subscription program Prime, which offers the ability to engage with the customer throughout the full travel journey"

eDreams ODIGEO

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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 condensed consolidated interim financial statements for the Group based on IFRS. Further, these measures may not be comparable to similarly titled measures disclosed by other companies.



Overview

- Overview
- 1Q Results FY20
- Outlook
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Overview

Solid results, 1Q as guided

Performance in line with guidance

- Bookings 2.9 million in Q1 FY20, (-1% year-on-year), in line with strategic revenue model shift and guidance
- Revenue up 5% to €141.5 million in 1Q FY20
- Adjusted EBITDA growth of 8% to €28.1 million in 1Q FY20
- Cash position (net of overdrafts) stood at €137.1 million, up 10% versus €124.9 million in 1Q FY19

Revenue diversification initiatives delivering results

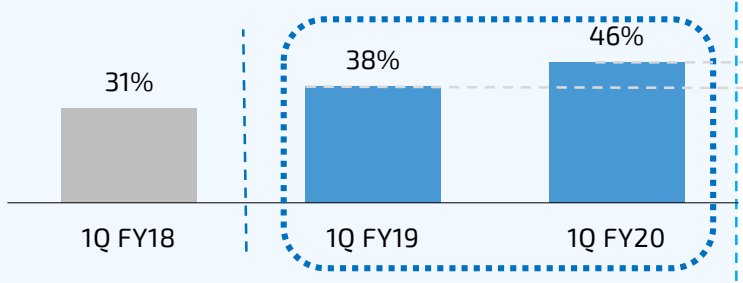
- Diversification revenues up 25% year-on-year, continue with strong growth and 57% larger than our Classic Customer Revenue
- Revenue diversification ratio up to 46% (from 38%)
- Product diversification ratio up to 76% (from 60%)
- Mobile bookings up to 40% of total flight bookings versus 36% in Q1 fiscal year 2019

Industry-leading subscription programme (Prime) is proving very successful

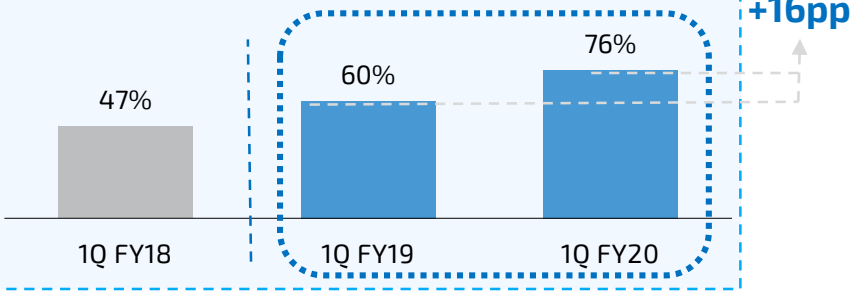
- Number of subscribers continue to increase and reached 325,000
- 4 of our largest markets already in Prime

Revenue diversification on track and the largest contributor to Revenues

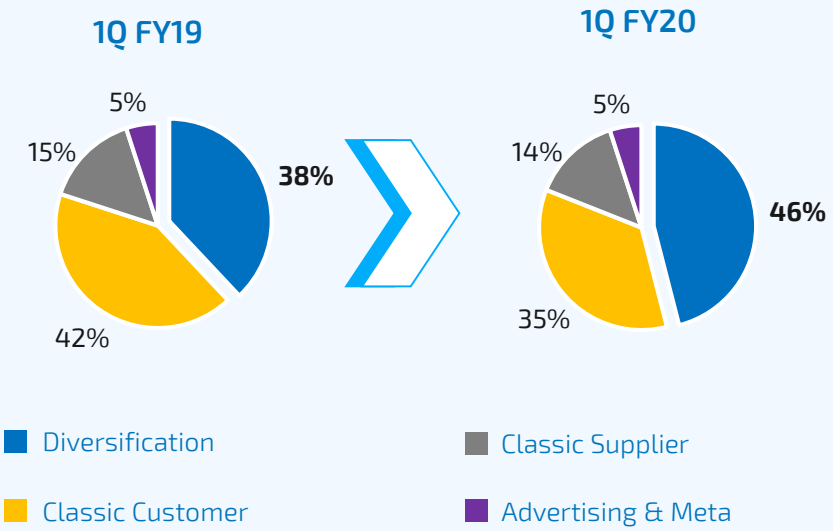
Revenue diversification ratio (**)



Product diversification ratio



Revenue evolution (**)

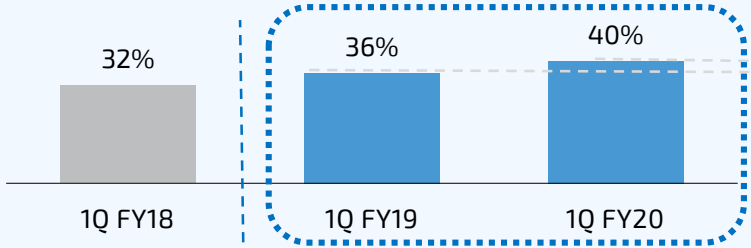


(*) Definitions of Non-GAAP measures on page 19-21

(**) Note: Ratios are calculated on last twelve month basis ending on the displayed quarter

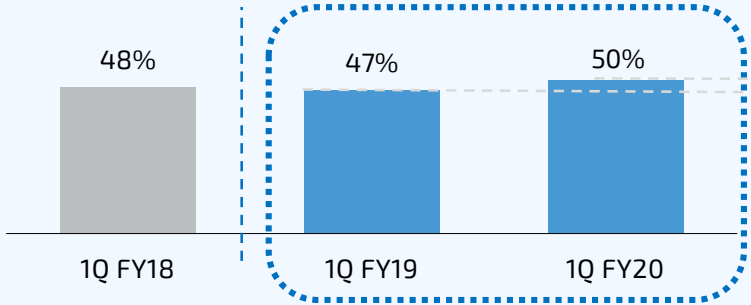
Continued strategic progress as evidenced by our KPIs

Mobile bookings as share of flight bookings (**)



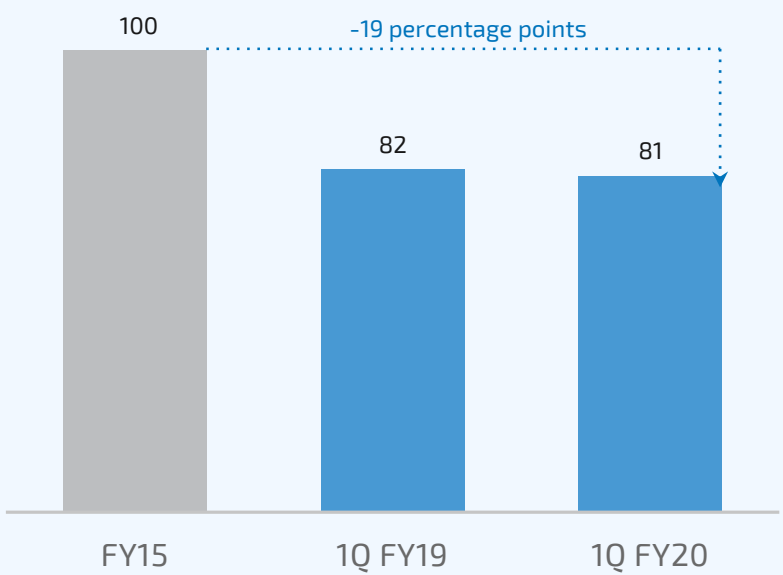
+4pp

Customer repeat booking rate (Annualised)(***)



+3pp

Acquisition cost per booking index



(*) Definitions of Non-GAAP measures on page 19-21

(**) Repeat booking rate in line with guidance of short term negative impact post implementation of shift in revenue model

Results 1Q FY20

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Income Statement

(In € million)	1Q FY20	1Q FY19	Var.
Revenue margin	**141.5**	**134.6**	***5%***
Variable costs	(94.5)	(90.6)	*4%*
Fixed costs	(18.9)	(17.9)	*6%*
Adjusted EBITDA (*)	**28.1**	**26.1**	***8%***
Non recurring items	(8.7)	(0.4)	*n.a.*
EBITDA	**19.4**	**25.7**	***(24)%***
D&A incl. impairment & results on assets disposals	(7.8)	(6.0)	*29%*
EBIT	**11.6**	**19.7**	***(41)%***
Financial loss	(7.3)	(10.7)	*(31)%*
Income tax	(2.7)	(3.7)	*(26)%*
Net income	**1.6**	**5.3**	***(70)%***
Adjusted net income	**9.0**	**5.7**	***58%***

Source: Condensed consolidated interim financial statements, unaudited

(*) Definitions of Non-GAAP measures on page 19-21

Highlights 1Q FY20

- **Revenue Margin** increased by 5%, principally due to an increase in Revenue Margin per booking of 7%.
- **Variable costs** grew 4%, as a result of higher merchant costs due to strong growth in RoW markets as well as new variable costs related to the sale of ancillaries.
- **Fixed costs** increased by 6% due to higher investment in platform capacity.
- **Non-recurring items** reflect the provision related to the social plans regarding the closing of Milan and Berlin call centers for a total amount of €7.8 million, cost savings expected from 4Q FY20 onwards.
- **D&A and impairment** increased by 29%, relating to the increase of the software capitalized finalized in March 2019.
- **Financial loss** decreased mainly due to the variation between the interest expense of 2023 Senior Notes (5.50%) and 2021 Senior Notes (8.50%), with an impact of €3.3 million.
- The FY20 **income tax expense** decrease by €1.0 million vs 1Q FY19.

Cash Flow Statement

(In € million)	1Q FY20	1Q FY19
Adjusted EBITDA (*)	**28.1**	**26.1**
Non recurring items	(8.7)	(0.4)
Non cash items	7.7	(1.6)
Change in WC	(24.6)	(53.6)
Income tax paid	(4.7)	(7.8)
Cash flow from operating activities	**(2.1)**	**(37.2)**
Cash flow from investing activities	**(7.2)**	**(7.7)**
Cash flow before financing	**(9.3)**	**(45.0)**
Acquisition of treasury shares	(0.2)	-
Other debt issuance/ (repayment)	(0.9)	(0.9)
Financial expenses (net)	(0.7)	(0.5)
Cash flow from financing	**(1.7)**	**(1.4)**
Net increase/(decrease) in cash	**(11.1)**	**(46.4)**
Cash (net of overdrafts)	**137.2**	**124.9**

Source: Condensed consolidated interim financial statements, unaudited

(*) Definitions of Non-GAAP measures on page 19-21

Highlights 1Q FY20

- **Net cash from operating activities increased by €35.1 million, mainly reflecting:**
  - In 1Q, the lower outflow in working capital is due to higher merchant share (+2 p.p. vs 1Q FY19), increase in the average gross sale per booking (+6% YoY), and working capital optimization measures mainly focused on improvement of commissions collection and conditions with credit cards suppliers.
  - Income tax, in 1Q FY20 €3.1 million less than in FY19
  - Increase in Adj. EBITDA by €2.0 million
  - Higher non cash items: non-recurring items accrued but not yet paid

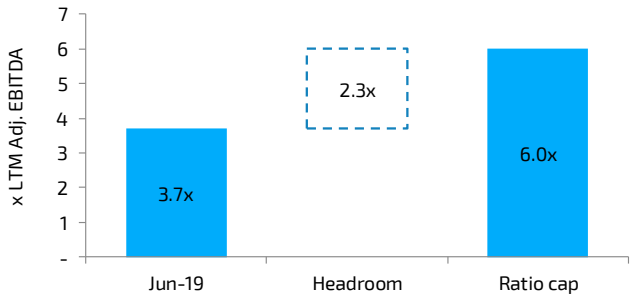
- **We have used cash for investments** of €7.2 million in FY20, broadly in line with the same period last year.

- **Cash used in financing** amounted to €1.7 million, compared to €1.5 million in the same period of last year. The increase by €0.2 million in financing activities mainly relates to the net acquisition of treasury shares.

Debt

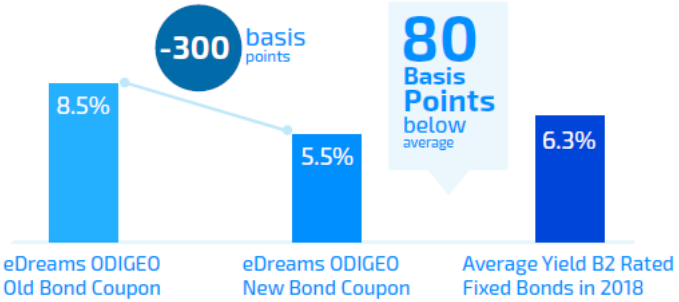
- **Benefits from the refinancing coming through.** Financial loss decreased by 31% compared to the same period last year, a reduction of €3.3 million in financial expenses, as a result of our reduction on the debt coupon by 300 bps from the 2021 Senior Notes at 8.50% to the 2023 Senior Notes at 5.50%.
- **Gross Leverage ratio (*)** remained relatively flat at 3.7x in June 2019 vs 3.8x in 2018, which gives us ample headroom vs our covenant ratio.
- **Net leverage ratio (*)** was also down and went from 2.7x in June 2018 to 2.5x in 2019

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



NOTES: Covenant figures unaudited

Successful Refinancing
80 basis points below average market yields for B2 rated bonds



(*) Definitions of Non-GAAP measures on page 19-21

Source: Bloomberg

Debt Details

	Principal (€ Million)	Rating	Maturity
Corporate Family Rating		Moodys:B1 S&P: B Outlook: Stable	
2023 Notes	425	Moodys:B2 S&P: B	01/09/23



Outlook

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OUTLOOK

eDO to revolutionize the Online Travel Booking sector

Moving from transaction to subscription model and engaging with the customer throughout the full travel journey

FROM

Flight centric

- ❑ Decision making based on price
  - With customer wasting too much time on searching
  - Having lots of stress/pain points
- ❑ Industry built for individual transactions

TO

Subscription model - Engaging with the customer throughout the full travel journey

- ❑ **Moving from transaction to subscription** model
  - Fly for the lowest prices
- ❑ **Remove pain points** and **change the focus** of the dialog **away from the price**
  - Activated trough our unique subscription model "Prime" and higher app usage

OUR GOAL

Leverage our leading market position in flight business to attach other products

- ❑ **More stable revenues** through "Prime" and app usage
- ❑ **Offering lower flight prices** by:
  - Higher attachment of **hotels and ancillaries**
  - Growing **scale** organically and through M&A
  - Higher **repeat rates** driven by NEW subscription model "Prime"
- ❑ Building **differentiating content and products** like ground transportation, tours and in-destination activities

FY 2020 Outlook
"Outlook Unchanged"

We expect FY20 to be a much better year than FY19, but it will still not reflect all our underlying potential as we have major markets with less than 12 months with the new revenue model.

In 1Q, reflecting the seasonality and investments we made to complete successfully the shift in the revenue model in F19, we guided for low single digit revenue margin growth, reduction in bookings and solid adjusted EBITDA growth rates. Results have been in line with the guidance, except for revenue margin, which has been better than expected.

From 2Q onwards we expect growth in Bookings, Revenue Margin and Adjusted EBITDA, in line with our full year guidance. There will be quarterly variations, due to the timing of changes we made in the last fiscal year.

Outlook FY 2020

Bookings

UP 4% to 7% vs FY19

Revenue Margin

UP 4% to 7% vs FY19

Adjusted Ebitda

€130 to €134 million

UP 9% to 12% vs F19

Why eDreams ODIGEO?

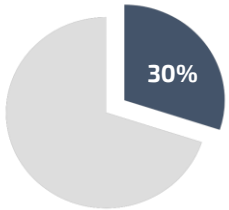


Winner in Europe

Significant revenue diversification

World leading capabilities

European OTA flight market share



SOURCE: Internal analysis; Amadeus bookings data; Phocuswright European Travel Overview 2018

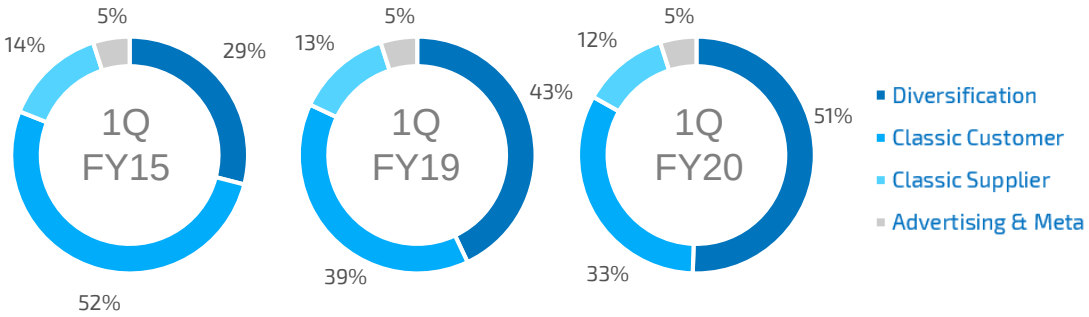
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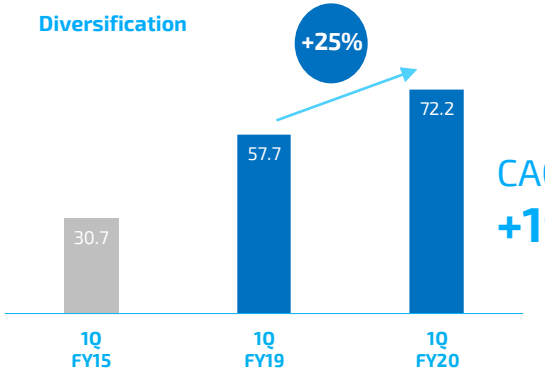
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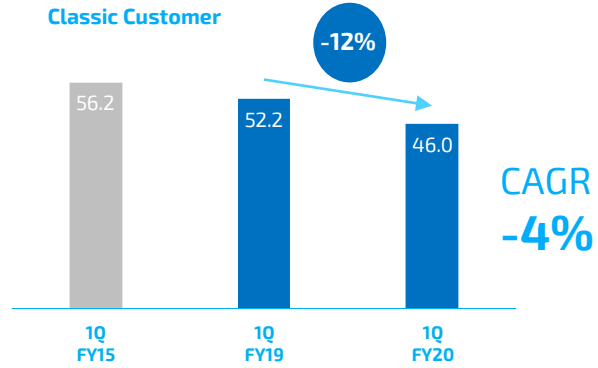
Diversification Revenue continue with strong growth and 57% larger than our Classic Customer Revenue

Revenue Margin (in € million)

	1Q FY15	1Q FY19	1Q FY20	CAGR
Diversification	30.7	57.7	72.2	19%
Classic Customer	56.2	52.2	46.0	-4%
Classic Supplier	15.2	18.0	16.8	2%
Advertising & Meta	5.2	6.7	6.5	4%
Total	**107.3**	**134.6**	**141.5**	**6%**
Flilght	85.8	107.2	115.3	6%
Non-Flight	21.5	27.4	26.2	4%
Total	**107.3**	**134.6**	**141.5**	**6%**





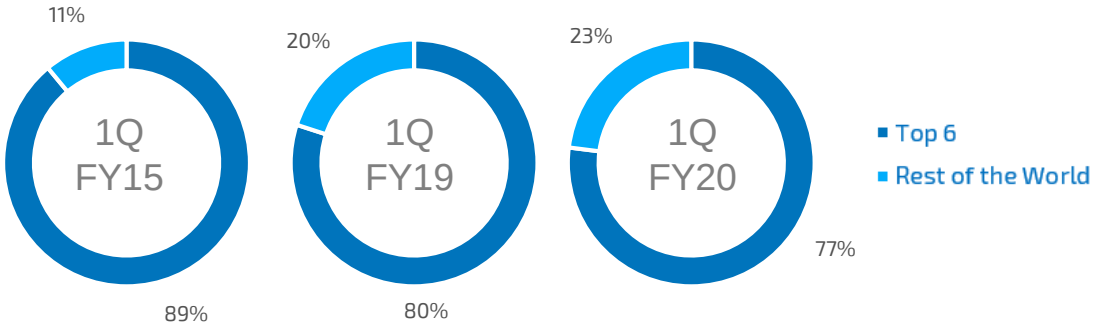


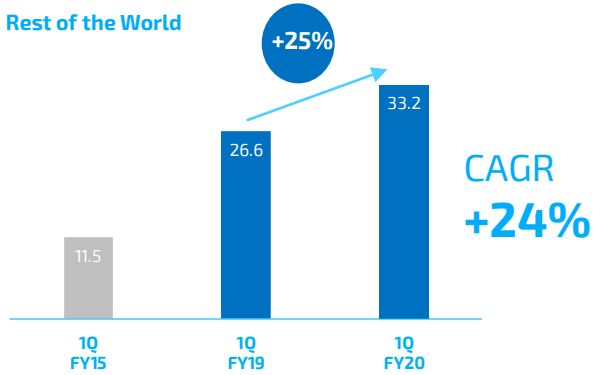
(*) Definitions of Non-GAAP measures on page 19-21

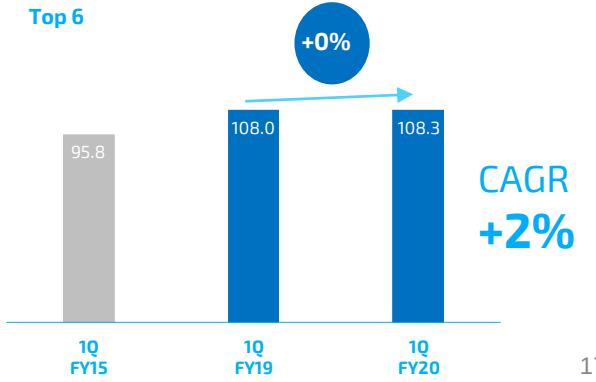
Revenue diversification drives growth in the Rest of the World markets, 24% CAGR over the past 5 years

Revenue Margin (in € million)

	1Q FY15	1Q FY19	1Q FY20	CAGR
Top 6	95.8	108.0	108.3	2%
Rest of the world	11.5	26.6	33.2	24%
Total	107.3	134.6	141.5	6%







(*) Definitions of Non-GAAP measures on page 19-21

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Glossary of Definitions

Non-reconcilable to GAAP measures

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

Reconcilable to GAAP measure

- Adjusted EBITDA means operating profit/loss before depreciation and amortization, impairment and profit/(loss) on disposals of non-current assets, certain share-based compensation, restructuring expenses and other income and expense items which are considered by management to not be reflective of our ongoing operations. Adjusted EBITDA 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.
- 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 Income means Consolidated profit/loss for the year.
- 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.
- 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.
- 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

- **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.
- **Booking** 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.
- **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.
- **Top 6 Markets and Top 6 Segments** refers to our operations in France, Spain, Italy Germany, UK and Nordics.
- **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
- **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.
- **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.
- **Rest of the World Markets and RoW segment** refers to other countries in which we operate.
- **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".
- **Flight Business** refers to our operations relating to the supply of flight mediation services.
- **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.

Glossary of Definitions

Other defined terms

- **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.
- **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.
- **Variable Costs per Booking** means variable costs divided by the number of bookings. See definitions of "Variable costs" and "Bookings".