

RESULTS PRESENTATION 1H **FY2020**

19th November 2019

eDreams ODIGEO

Disclaimer

1 This presentation is to be read as an introduction to the unaudited condensed consolidated interim financial statements of the Group and contains key information presented in a concise manner on the Group and its financial condition. The information contained in this presentations is extracted from the unaudited condensed consolidated interim financial statements of the Group and is qualified in its entirety by the additional information contained in the unaudited condensed consolidated interim financial statements of the Group. This presentation should only be read in conjunction with the condensed consolidated interim financial statements of the Group. Copies of the condensed consolidated interim financial statements of the Group are available under http://www.edreamsodigeo.com/category/investors/quarterly-edreams-odigeo/.

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1 Overview

1H Results FY20

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1 OVERVIEW – ON TRACK TO MEET FULL YEAR GUIDANCE TARGETS

Solid results, 1H as guided

PERFORMANCE IN LINE WITH GUIDANCE

Bookings returned to growth, following the completion of our strategic revenue model shift. In 2Q FY20 Bookings grew by 2% year-on-year, and reached 5.8 million in 1H FY20, up 0.4% versus 1H FY19

Revenue Margin up 5% year-on-year to €281.2 million in 1H FY20

Adjusted EBITDA rose 9% to €57.2 million in 1H FY20

Cash position (net of overdrafts) improved by 34% to €91.4 million in 1H FY20

REVENUE DIVERSIFICATION INITIATIVES DELIVERING STRONG RESULTS

Diversification revenues up 20% year-on-year

Revenue diversification ratio up to 48% (from 41%)

Product diversification ratio up to 80% (from 64%)

Mobile bookings up to 45% of total flight bookings versus 42% in 1H FY19

Prime subscriber number grew by 125,000 to 450,000 (+38% vs 1Q FY20)

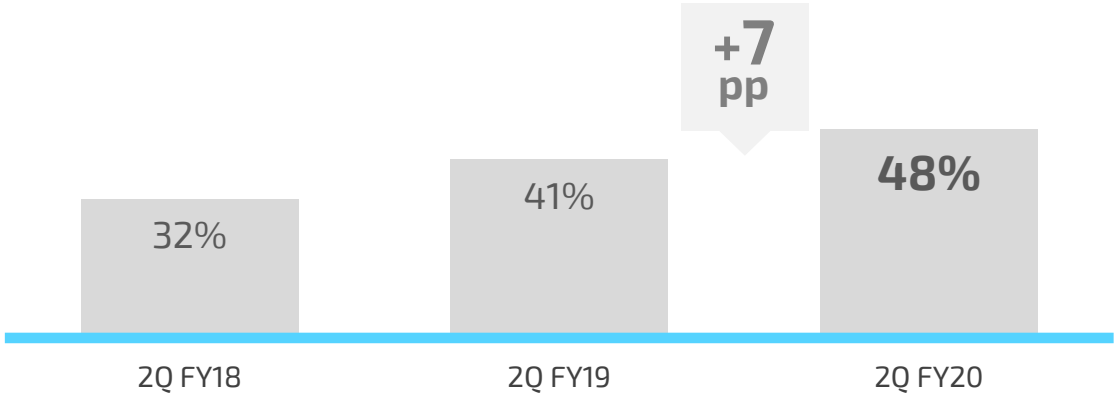
A SHARE BUY-BACK PROGRAMME WILL BE IMPLEMENTED FOR AN AGGREGATE VALUE OF €10 MILLION

The shares repurchased will be used to fund the Long Term Incentive Plan for employees of the Company

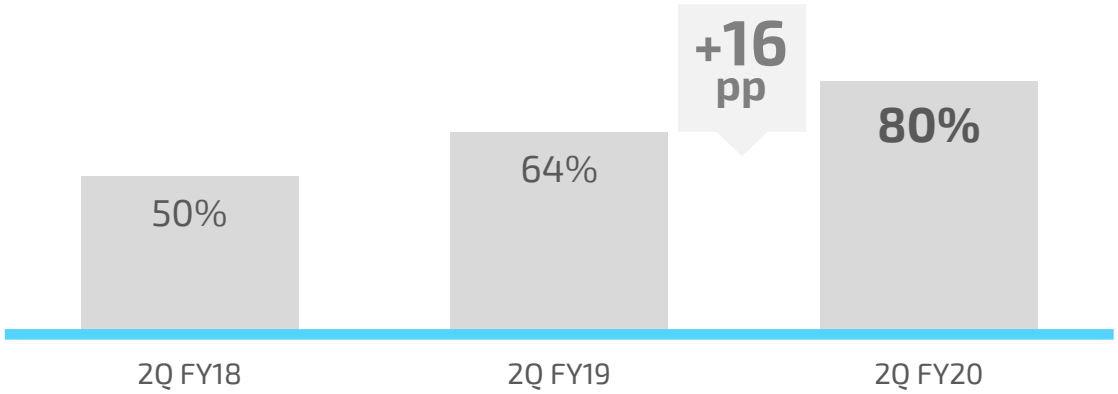
The Group's current financial condition allows us to pursue growth opportunities that enhance shareholder value and also to fund the share buy-back

1 REVENUE DIVERSIFICATION ON TRACK AND THE LARGEST CONTRIBUTOR TO REVENUES

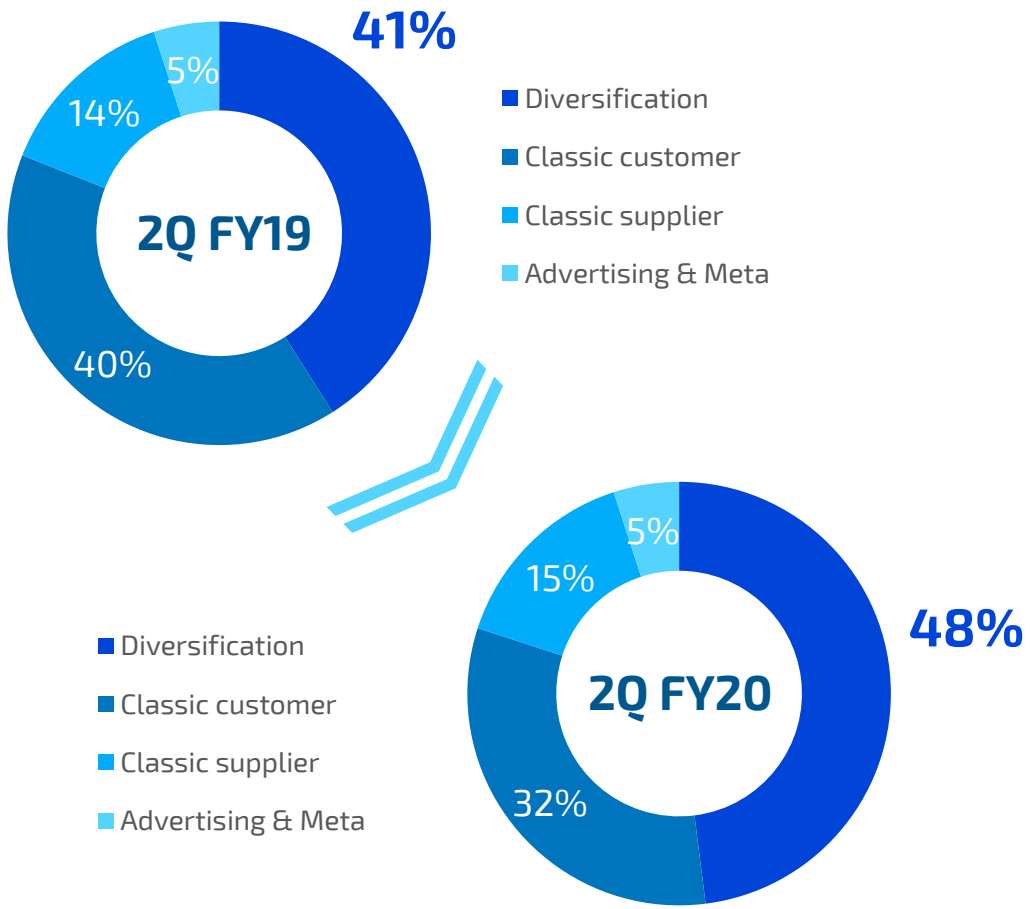
REVENUE DIVERSIFICATION RATIO (**)



PRODUCT DIVERSIFICATION RATIO



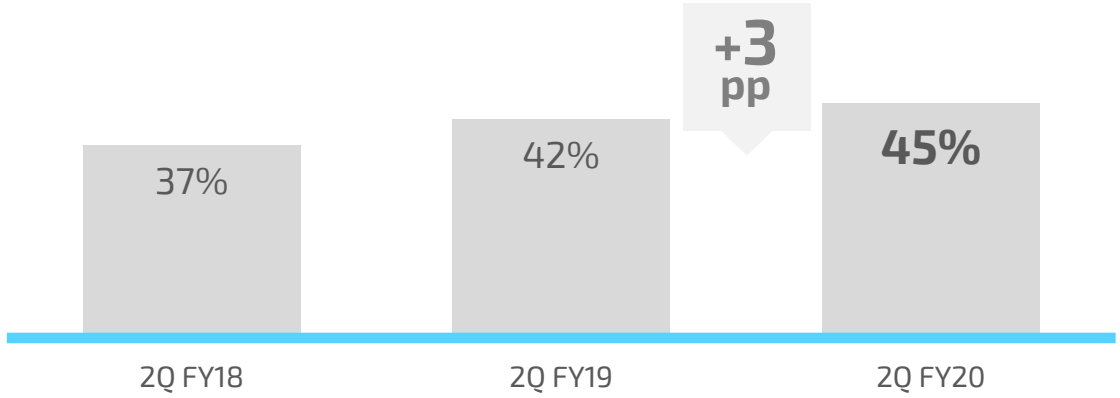
REVENUE EVOLUTION (**)



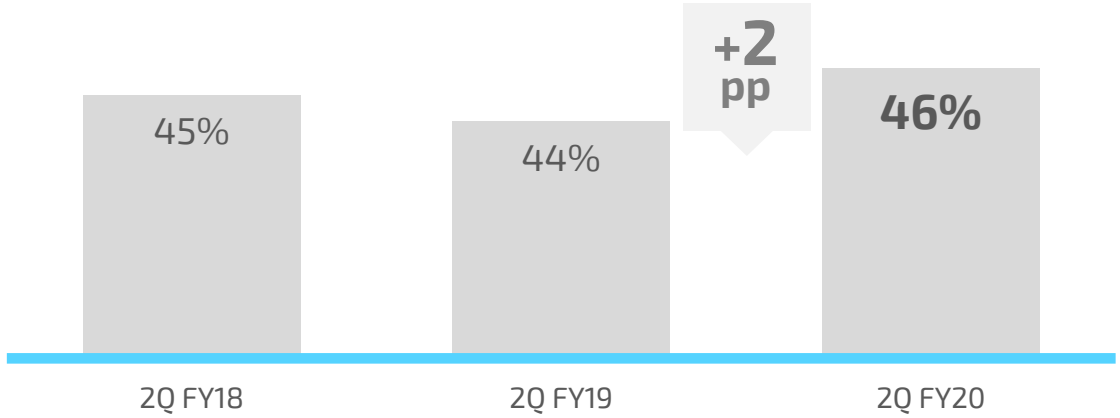
(*) Definitions of Non-GAAP measures on page 18-20 (**) Note: Ratios are calculated on last twelve month basis ending on the displayed quarter

1 CONTINUED STRATEGIC PROGRESS AS EVIDENCED BY OUR KPIS

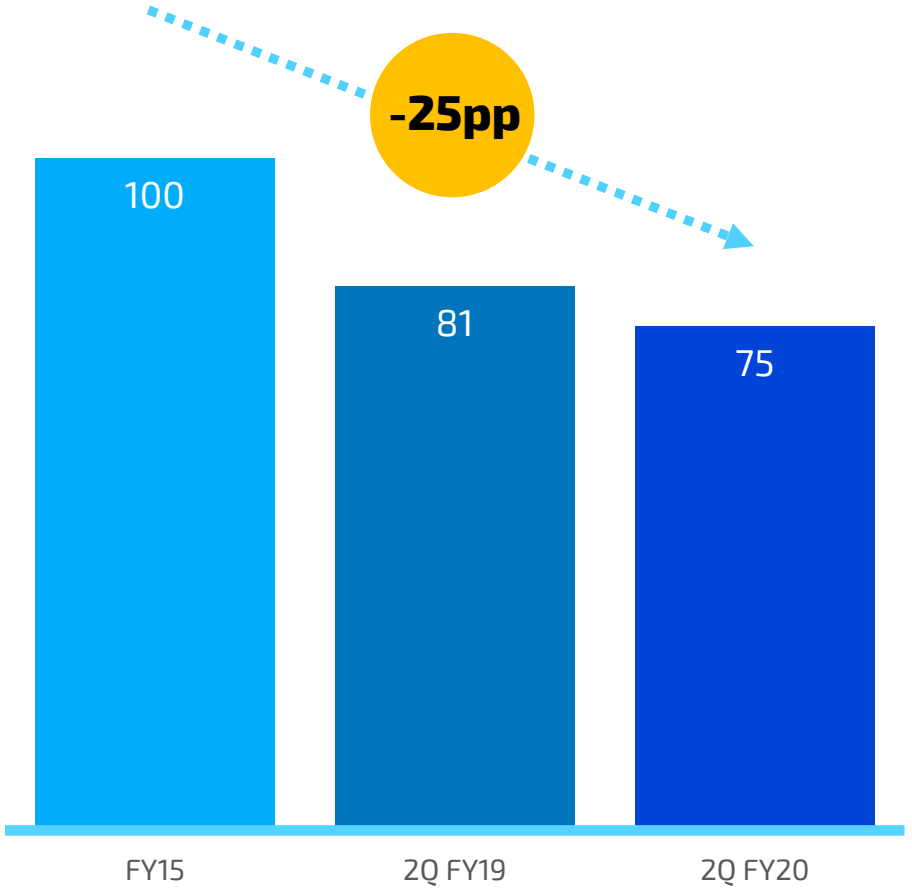
MOBILE BOOKINGS AS SHARE OF FLIGHT BOOKINGS (*)



CUSTOMER REPEAT BOOKING RATE (ANNUALISED)(**)



ACQUISITION COST PER BOOKING INDEX (*)



(*) Definitions of Non-GAAP measures on page 18-20 (**) Repeat booking rate in line with guidance of short term negative impact post implementation of shift in revenue model



2 1H Results FY20

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2 INCOME STATEMENT

(IN EUROS MILLION)	2Q FY20	VAR FY20 VS FY19	2Q FY19	6M FY20	VAR FY19 VS FY18	6M FY19
REVENUE MARGIN	**139.7**	**5%**	**132.9**	**281.2**	**5%**	**267.6**
VARIABLE COSTS	-89.3	5%	-85.1	-183.8	5%	-175.7
FIXED COSTS	-21.2	-1%	-21.4	-40.1	2%	-39.2
ADJUSTED EBITDA (*)	**29.1**	**10%**	**26.5**	**57.2**	**9%**	**52.6**
NON RECURRING ITEMS	-1.5	111%	-0.7	-10.2	784%	-1.2
EBITDA	**27.6**	**7%**	**25.8**	**47.0**	**-9%**	**51.5**
D&A INCL. IMPAIRMENT & RESULTS ON ASSET DISPOSALS	-7.4	27%	-5.8	-15.1	28%	-11.8
EBIT	**20.2**	**1%**	**20.0**	**31.9**	**-20%**	**39.7**
FINANCIAL LOSS	-7.0	-83%	-40.9	-14.3	-72%	-51.6
INCOME TAX	-3.3	156%	-1.3	-6.1	21%	-5.0
NET INCOME	**9.9**	**n.a**	**-22.2**	**11.5**	**n.a**	**-16.9**
ADJUSTED NET INCOME	**11.1**	**67%**	**6.7**	**20.1**	**63%**	**12.4**

(*) Definitions of Non-GAAP measures on page 18-20

(*) Source: Condensed consolidated interim financial statements, unaudited

Highlights **1H FY20**

1. **Revenue Margin** increased by 5%, principally due to an increase in Revenue Margin per booking of 5%.
2. **Variable costs** grew 5% driven by higher merchant costs due to strong growth in RoW markets as well as new variable costs related to the sale of ancillaries.
3. **Fixed costs** increased by 2% due to higher investment in platform capacity.
4. **Non-recurring items** reflect the expense and provision related to the social plans regarding the closing of Milan and Berlin call centers for a total amount of €6.3 million, 3 million below our initial expectations. Cost savings expected from 4Q FY20 onwards.
5. **D&A and impairment** increased by 28%, relating to the increase of the capitalized software finalized in March 2019.
6. **Financial loss** decreased mainly due to the cost in FY19 related to the refinancing of 2021 notes for €31.4 million and the variation between the interest expense of 2023 Senior Notes (5.50%) and 2021 Senior Notes (8.50%), with an impact of €5.9 million.
7. **The FY20 income tax expense** increased by €1.1 million vs 1H FY19.

2 CASH FLOW STATEMENT

(IN EUROS MILLION)	2Q FY20	2Q FY19	6M FY20	6M FY19
ADJUSTED EBITDA (*)	**29.1**	**26.5**	**57.2**	**52.6**
NON RECURRING ITEMS	-1.5	-0.7	-10.2	-1.2
NON CASH ITEMS	-2.7	-0.7	5.0	-2.3
CHANGE IN WORKING CAPITAL	-49.9	-40.5	-74.4	-94.1
INCOME TAX PAID	-0.9	-1.7	-5.6	-9.4
CASH FLOW FROM OPERATING ACTIVITIES	**-25.9**	**-17.0**	**-28.0**	**-54.3**
CASH FLOW FROM INVESTING ACTIVITIES	**-6.9**	**-6.2**	**-14.1**	**-13.9**
CASH FLOW BEFORE FINANCING	**-32.8**	**-23.2**	**-42.1**	**-68.2**
ACQUISITION OF TREASURY SHARES	0.1	0.0	-0.1	0.0
OTHER DEBT ISSUANCE/ (REPAYMENT)	-0.8	9.9	-1.7	9.0
FINANCIAL EXPENSES (NET)	-12.2	-43.9	-12.9	-44.4
CASH FLOW FROM FINANCING	**-12.9**	**-34.0**	**-14.6**	**-35.4**
NET INCREASE / (DECREASE) IN CASH	**-45.7**	**-57.2**	**-56.8**	**-103.6**
CASH (NET OF BANK OVERDRAFTS)	**91.4**	**68.2**	**91.4**	**68.2**

(*) Definitions of Non-GAAP measures on page 18-20 (*) Source: Condensed consolidated interim financial statements, unaudited

Highlights **1H FY20**

1. **Net cash from operating activities improved by €26.3 million, mainly reflecting:**
   In 1H, the lower outflow in working capital is due to higher merchant share (+2 p.p. vs 1H 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, which was offset by unfavorable geographical and regular vs LCC mix, which affected 2Q FY20

   Income tax, in 1H FY20 €3.8 million less than in FY19

   Increase in Adj. EBITDA by €4.6 million

   Better non cash items: non-recurring items accrued but not yet paid

2. **We have used cash for investments** of €14.1 million in FY20, broadly in line with the same period last year.

3. **Cash used in financing** amounted to €14.6 million, compared to €35.4 million in the same period of last year. The decrease by €20.8 million in financing activities mainly relates to higher financial expenses in FY19 in relation to refinancing of 2021 notes, as well as the variation between the interests of the two bonds.

2 DEBT

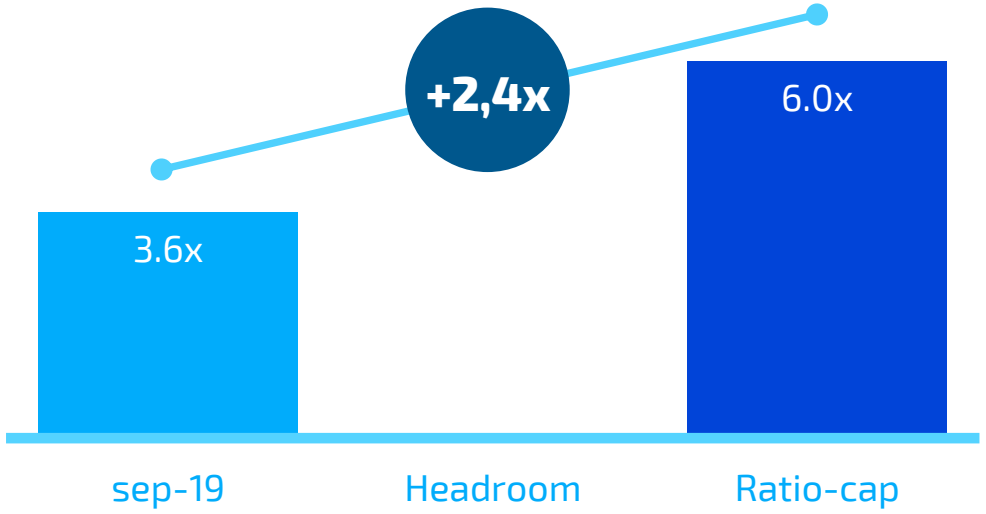
1. **Benefits from the refinancing coming through.** Financial loss decreased by 29% compared to the same period of last year, a reduction of €5.9 million in financial expenses, as a result of our reduction on the debt coupon by 300 bps from the 2021 Senior Notes at 8.50% to the 2023 Senior Notes at 5.50%.

2. **Gross Leverage ratio (*)** reduced from 4.0x in September 2018 to 3.6x in 2019, which gives us ample headroom vs our covenant ratio.

3. **Net leverage ratio (*)** was also down and went from 3.4x in September 2018 to 2.7x in 2019

GROSS LEVERAGE RATIO (*)

(Total Gross Financial debt / LTM Adjusted EBITDA)



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

(*) Definitions of Non-GAAP measures on page 18-20.



3 OUTLOOK

Overview

1H Results FY20

Appendix

3 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.

Our results in 2Q have been in line with the guidance.

From 3Q 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.

BOOKINGS

UP **4% to 7%** vs FY19

REVENUE MARGIN

UP **4% to 7%** vs FY19

ADJUSTED EBITDA

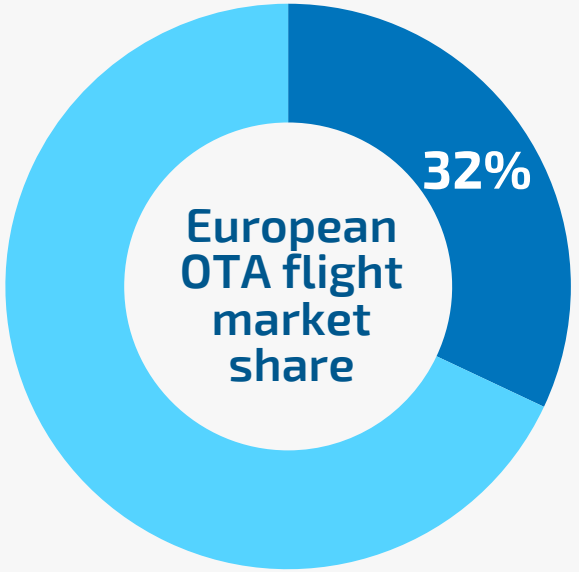
UP **9% to 12%** vs FY19
€130 to €134Mn

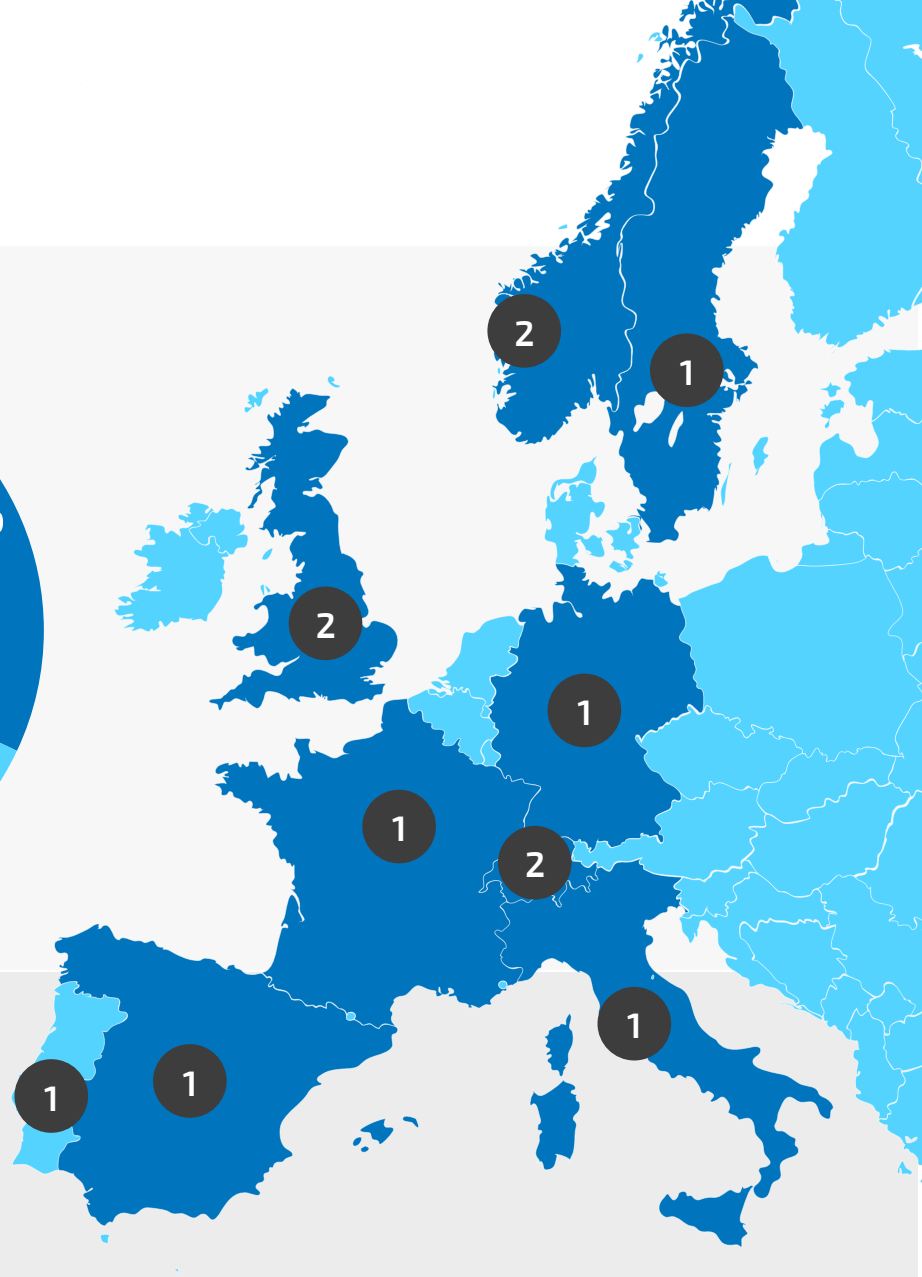
3

#1 Winner in **Europe**

Significant revenue diversification

World leading **capabilities**





WHY EDREAMS ODIGEO?

RoW Top 6 # Market position

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



4 APPENDIX

Overview

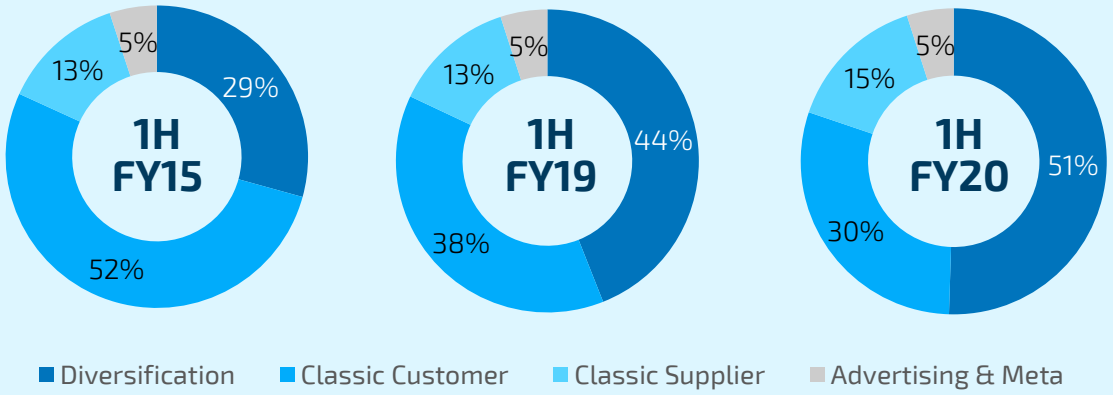
1H Results FY20

Outlook

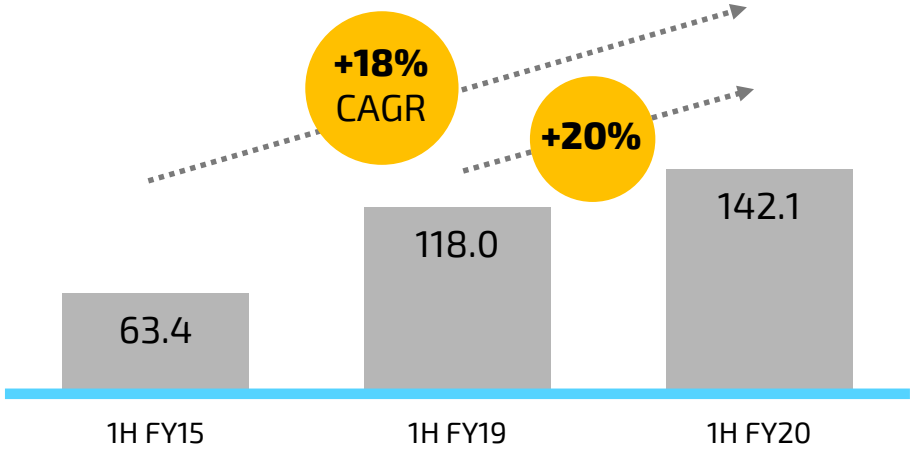
4 DIVERSIFICATION REVENUE CONTINUE WITH STRONG GROWTH AND 69% LARGER THAN OUR CLASSIC CUSTOMER REVENUE

REVENUE MARGIN (IN € MILLION)

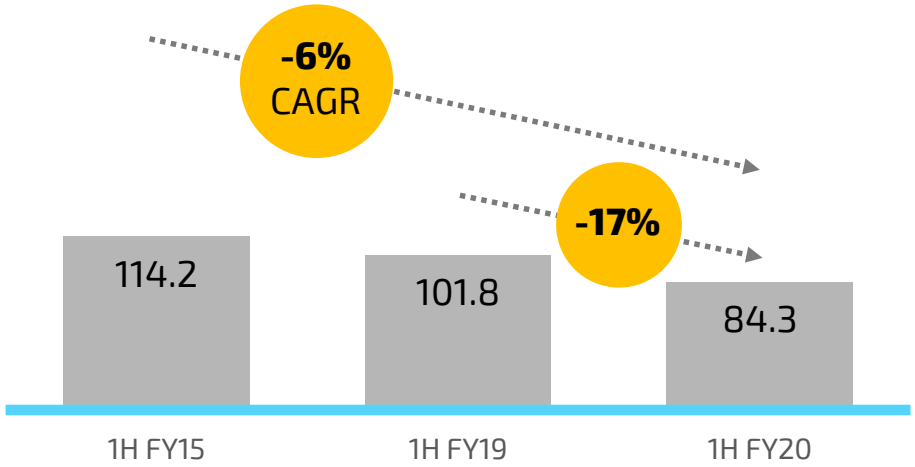
(IN EUROS MILLION)	1H FY15	1H FY19	1H FY20	CAGR
DIVERSIFICATION	63,4	118,0	142,1	18%
CLASSIC CUSTOMER	114,2	101,8	84,3	-6%
CLASSIC SUPPLIER	28,8	33,7	41,7	8%
ADVERTISING & META	11,1	14,1	13,1	3%
TOTAL	217,6	267,6	281,2	5%



DIVERSIFICATION



CLASSIC CUSTOMER

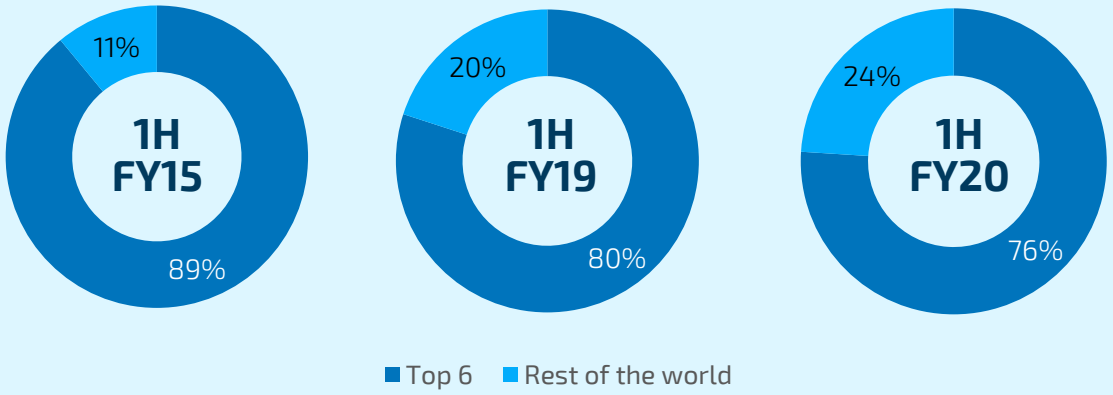


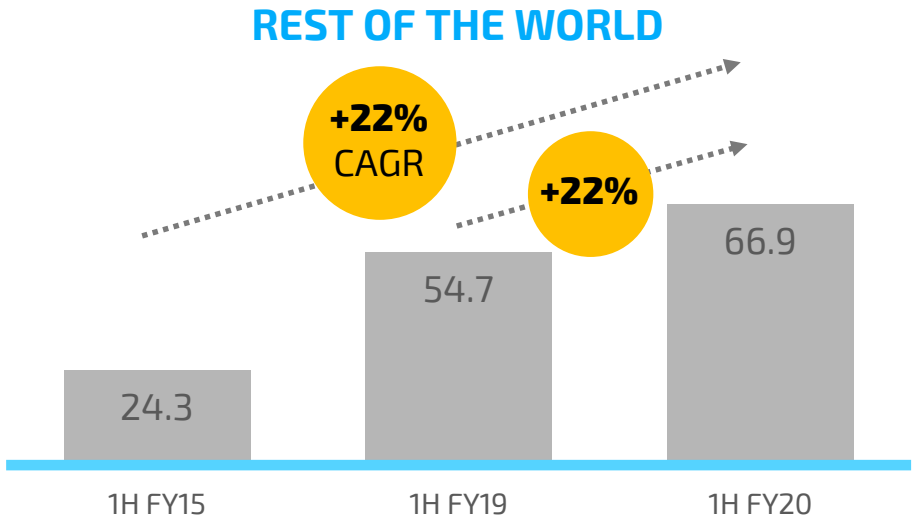
(*) Definitions of Non-GAAP measures on page 18-20

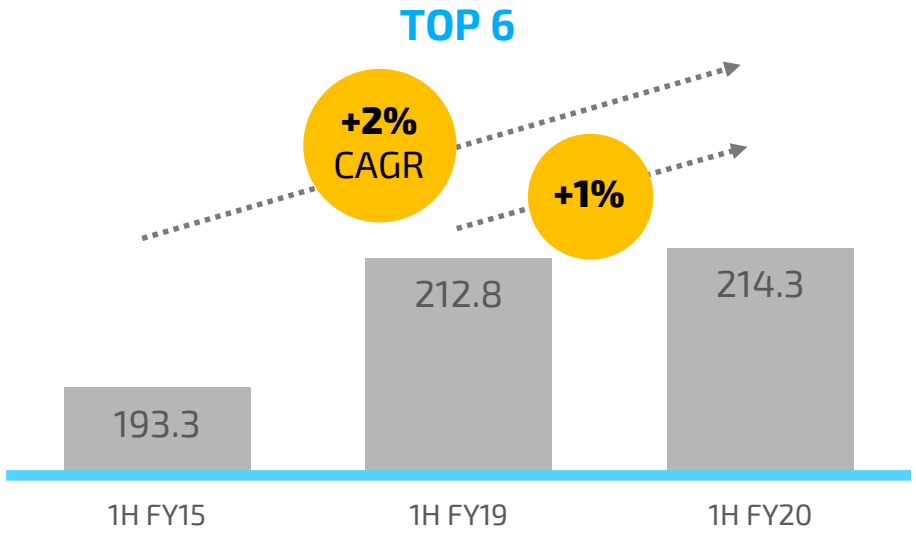
4 REVENUE DIVERSIFICATION DRIVES GROWTH IN THE REST OF THE WORLD MARKETS, 22% CAGR OVER THE PAST 5 YEARS

REVENUE MARGIN (IN € MILLION)

(IN EUROS MILLION)	1H FY15	1H FY19	1H FY20	CAGR
FRANCE	84.9	69.2	74.8	-2%
SPAIN + ITALY	48.0	60.6	56.6	3%
GERMANY, NORDICS & UK	60.4	83.0	82.9	7%
TOP 6	193.3	212.8	214.3	2%
REST OF THE WORLD	24.3	54.7	66.9	22%
TOTAL	217.6	267.6	281.2	5%







(*) Definitions of Non-GAAP measures on page 18-20


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Glossary of Definitions

Non-reconcilable to GAAP measures

1. 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.
2. 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

3. 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.
4. 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.
5. 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.
6. 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.
7. (Free) Cash Flow before financing means cash flow from operating activities plus cash flow from investing activities.
8. 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.
9. 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.
10. 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.
11. Net Income means Consolidated profit/loss for the year.
12. 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.
13. 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.
14. 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

15. 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.
16. 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.
17. 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.
18. 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.
19. Top 6 Markets and Top 6 Segments refers to our operations in France, Spain, Italy Germany, UK and Nordics.
20. 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
21. 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.
22. 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.
23. Rest of the World Markets and RoW segment refers to other countries in which we operate.
24. 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.

Glossary of Definitions

Other Defined Terms

25. Fixed Costs per Booking means fixed costs divided by the number of bookings. See definitions of "Fixed costs" and "Bookings".
26. 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.
27. 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.
28. 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.
29. Variable Costs per Booking means variable costs divided by the number of bookings. See definitions of "Variable costs" and "Bookings".

