

FY 2019
Results presentation

"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"

25th June 2019

eDreams ODIGEO

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Overview

- Overview
- Industry Outlook
- Strategy Update
- Results FY19
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Over the past year we have achieved a lot

Solid results, strong 4Q as guided

Achieved our guidance to the market

Bookings 11.2 million in FY19, **Revenue Margin** up 5% to €533.0 million, **Adjusted EBITDA** €119.6 million, growth of 37% in 4Q FY19, **Cash Position** €148.8 million, above top end of €120-140 million

Built strong business for growth:

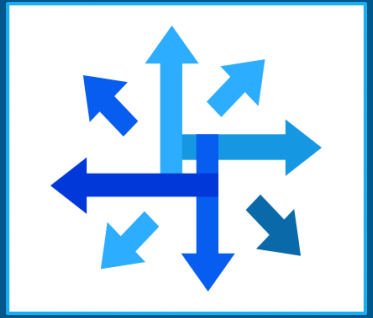
- Proved our unique subscription offering
- Continued move to an end to end journey
- Leader in mobile

Successfully refinanced our debt

- Debt coupon reduced by 300 bp to 5.5%
- Net Leverage Ratio, despite one-time refinancing costs, was only up from 2.1x in March 2018 to 2.3x in March 2019

eDO Achievements over Past 4 Years

Have set ourselves up for strong future growth



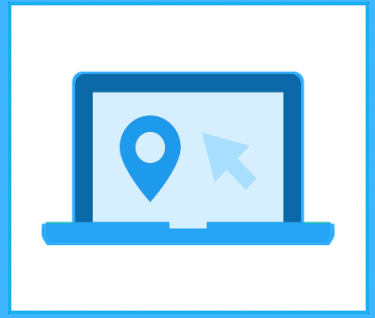
Business Model

- ✓ From transactional relationship to long-term end to end relationship including subscription
- ✓ From almost exclusively flights to diverse array of travel products. Now 44% diversification revenues from 27%



Customer/Product

- ✓ No.1 customer satisfaction
- ✓ No.1 travel app in Europe
- ✓ Highest share of mobile bookings in Europe



Operational

- ✓ Complete transformation of company
- ✓ One of the leading e-commerce players



Financial

- ✓ Adjusted EBITDA growth of 7% per year
- ✓ EBITDA margins above 20%
- ✓ 17 consecutive quarters meeting and/or exceeding our target



Debt

- ✓ 37% reduction in interest expense
- ✓ Net leverage ratio reduced by 38% to 2.3x (1.4x reduction)



Industry Outlook

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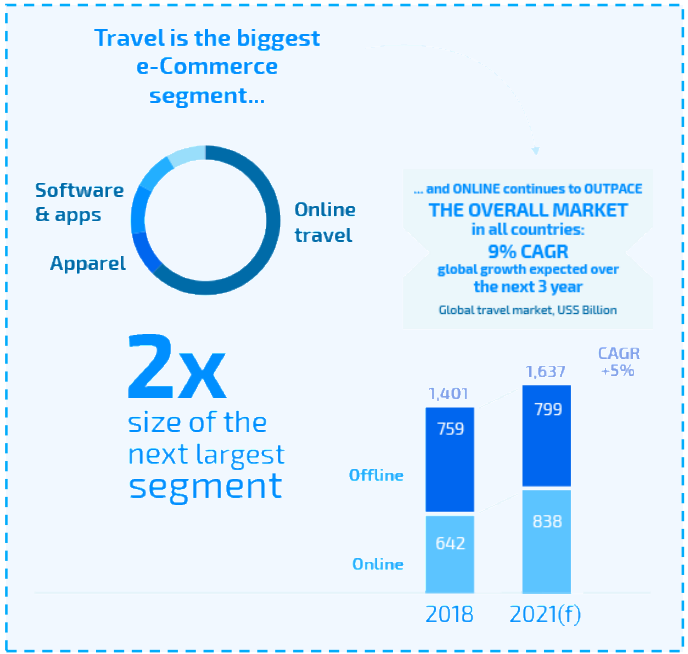
Travel is a highly attractive market in Europe & Globally

Large and growing $1.4T Global Travel Market

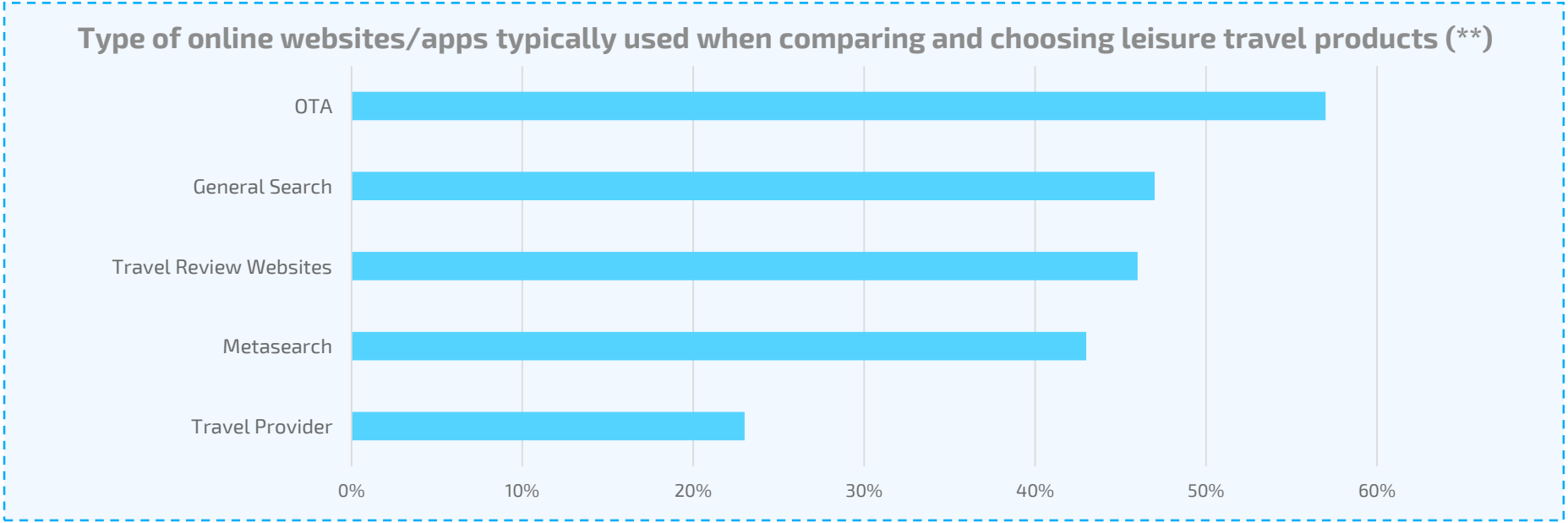




Source: Statista, Phocushwright, European Online Travel Overview 2018 & Phocal Point

Intermediaries dominate travel shopping

80% of EU travelers shop for travel online (*)



(*) Question Which of the following, if any, have you done online (via computer or mobile device) for your leisure travel in the past 12 months? Select all that apply. Base: European Travelers: (France N=989; Germany N=985; U.K. N=956)

(**) Question: What type(s) of online websites/apps do you typically use when comparing and choosing leisure travel products, such as airline tickets or hotel rooms? Select all that apply. Base: Online travel shoppers: French travelers (N=725); German travelers (N=762); U.K. travelers (N=730)

Source: Estimate from European Consumer Travel 2018 Phocuswright survey for France, Germany and UK markets



Strategy Update

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OUR VISION

Our top strategic priorities in FY20 and onwards

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

1 INNOVATIVE TRAVEL SUBSCRIPTION MODEL

eDreams Prime

GO Prime

opodo prime

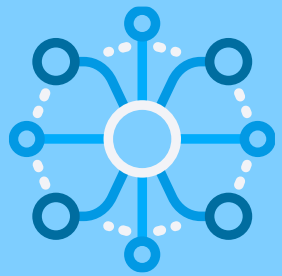
2 UNIQUE END TO END JOURNEY MANAGEMENT



3 LEADING MOBILE & AI

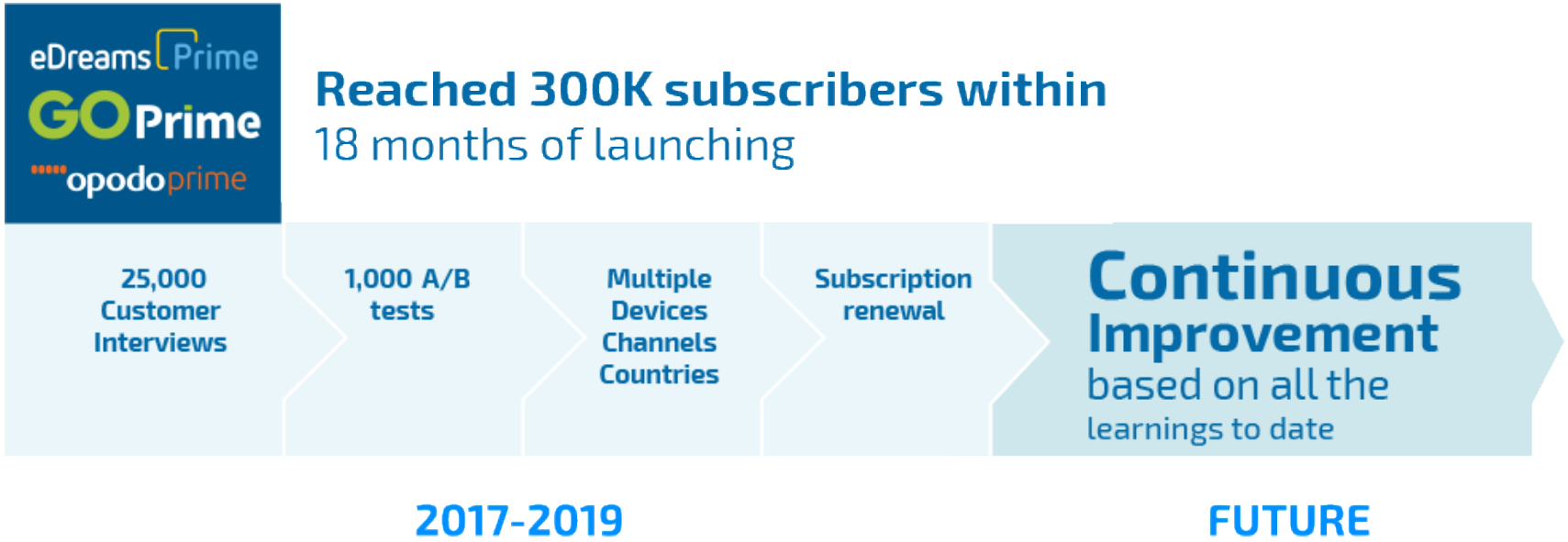


4 DIVERSIFY & GROW



1 Successfully developed and tested subscription offering

We have invested the past couple of years not just changing our price display but in fact testing and delivering a subscription based offering



1

Our innovative travel subscription model

Unique across the industry

Benefits of subscription

Customer

- Fly for the lowest prices
- Priority customer service (24/7)
- Exclusive offers
- Additional discounts on other products and services (coming)
- Closed user group

Company

- More stable revenue stream
- Preferential customer relationship, access, involvement
- Possibility to increase share of higher wallet
- Lower marketing costs
- More intelligence and knowledge about the customer due to higher repeat rates

1

Our subscription offering has had very favourable results

Case Study: Italy



25%

Share of bookings

- ✓ Prime in Italy reached 25% of the share of the total bookings in the market in 12 months

2%

Voluntary churn rate

- ✓ Only 2% of customers requested to unsubscribe from Prime

63%

Renewal Rate (*)

- ✓ 63% of subscriptions are renewed after 12 month

+25%

Net Promoter Score (NPS)

- ✓ NPS of Prime members is higher than for non-prime

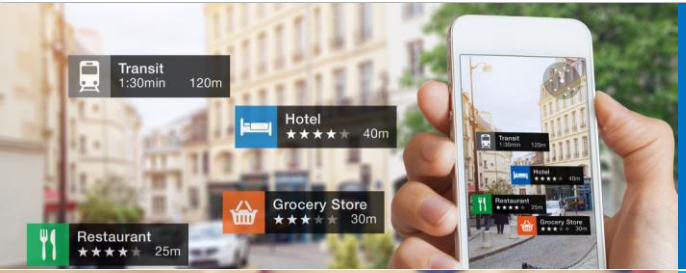
+50%

Share of App bookings (**)

- ✓ 50% higher share of app bookings for Prime vs. non-Prime members

Source: Management Accounts (not audited) (*) Refers to April-May of FY20 (first renewal) (**) Refers to bookings done by app in May 2019

1 Our subscription offering has lots of room for growth



Product
· Continue to test and refine core proposition
· Expand to other products and services



Geography
Continue to test and rollout product across geographies

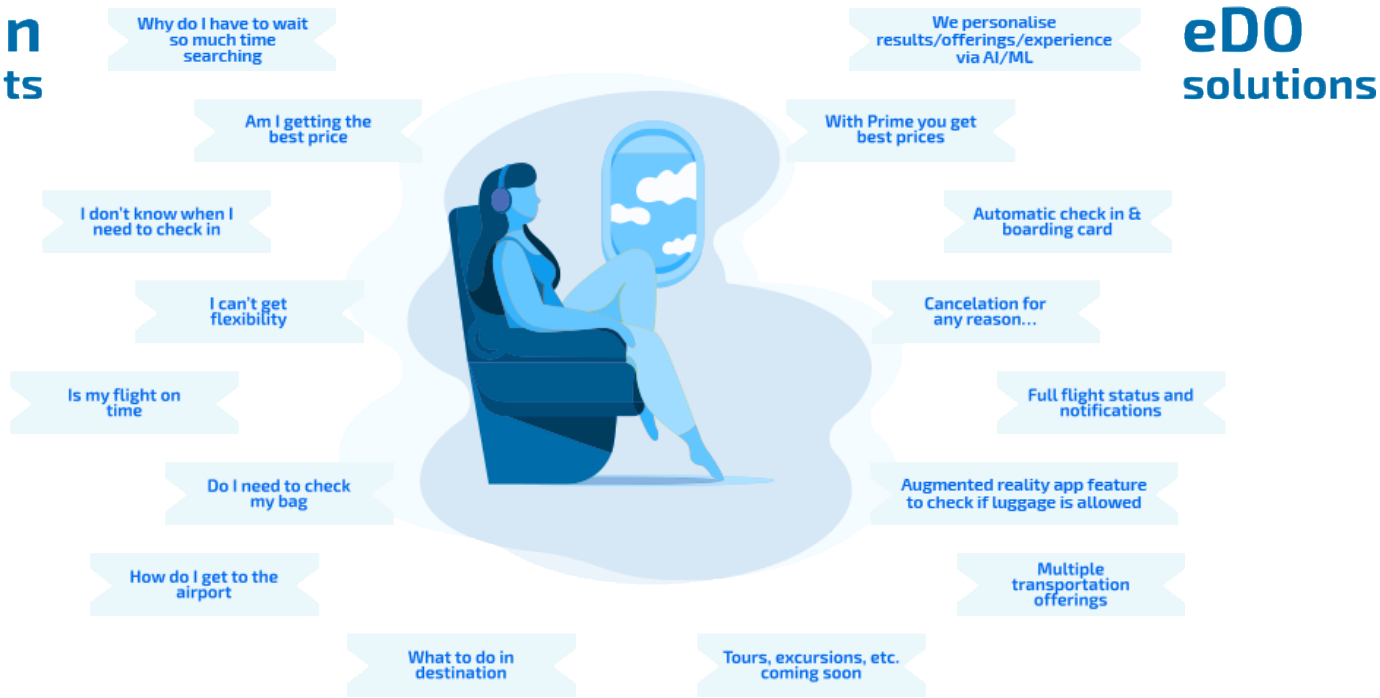


Customer segment
Starting to test and develop more segmented propositions across various customer segments

2

Enhancing relationship with customers throughout the full travel journey

Our goal is to **remove pain points** and **change the focus** of the dialog **away from the price**



2

By building travel relationships with customers

We can better engage with customers pre and post booking

We take care of all the customer stress points

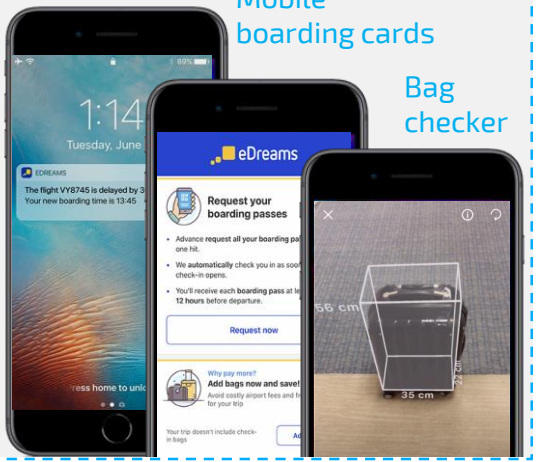
Increase and optimize touchpoints

Reduce customer time searching

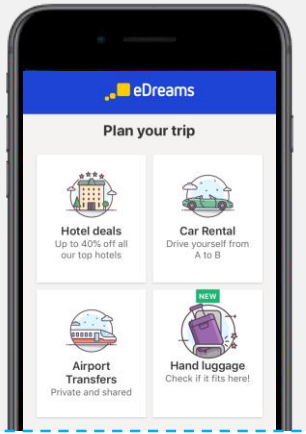
Notifications

Mobile boarding cards

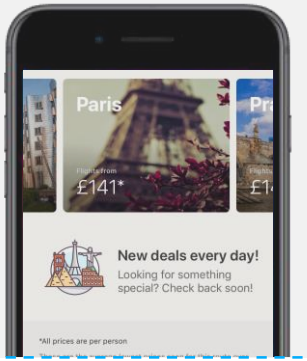
Bag checker



Going beyond flight only related features



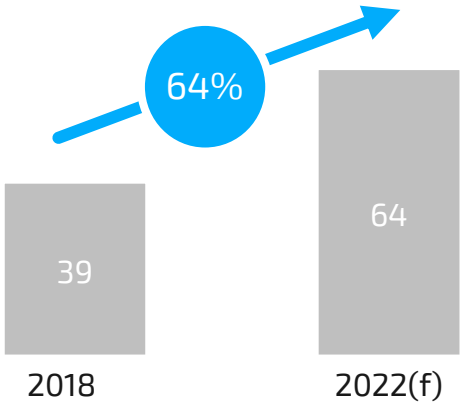
Customers have peace of mind on best prices and can reduce time comparing offers



3 eDO best positioned to fuel the mobile growth opportunity

Size of the mobile market expected to continue growing at double digit rates for the next 4 years

Total European Mobile travel market, €Bn



CAGR +13%

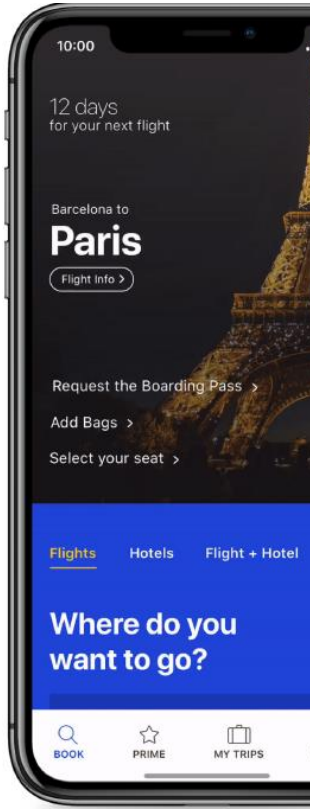
Source: Phocuswright, European Online Travel Overview 2018

… and mobile bookings well ahead of industry average and expanding

- ✓ +43% number of accumulated downloads of our app in FY19
- ✓ +40% Net Revenue Margin driven by the app in FY19
- ✓ 39% of our bookings already done via mobile devices, 11pp ahead of industry average at 28%

4.6

Source: Apple Store



3 Leveraging AI to drive superior customer experience:

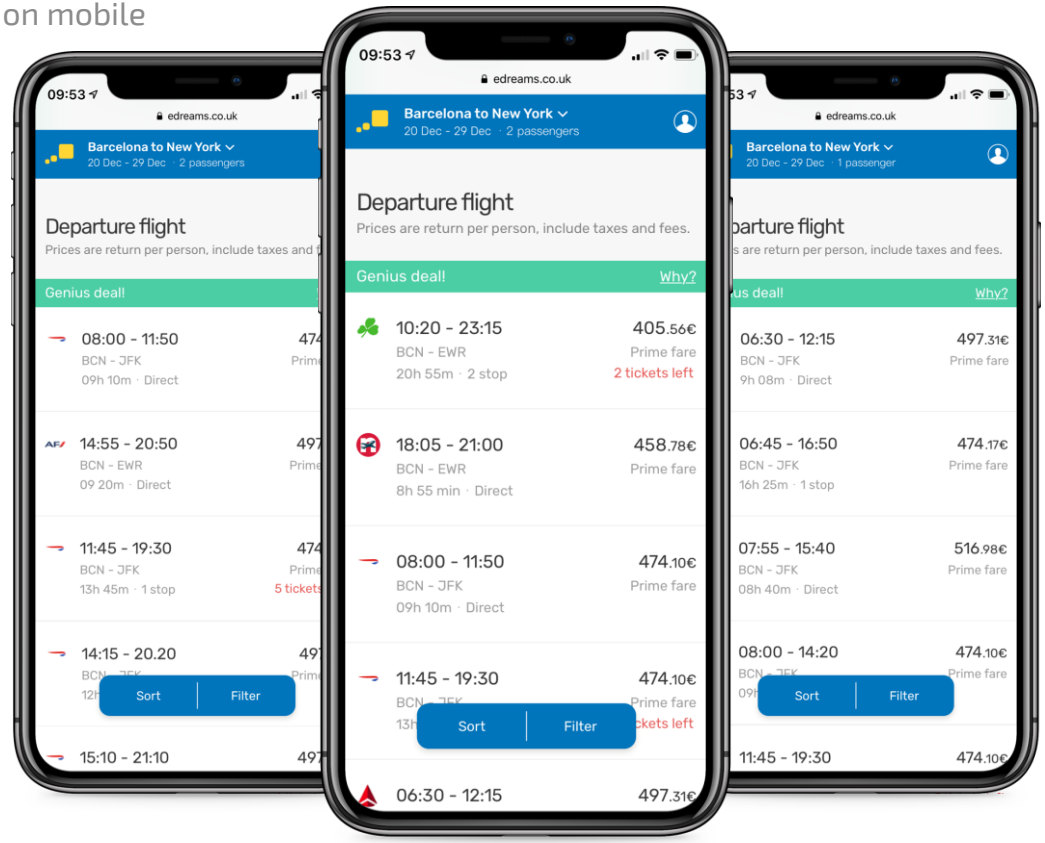
Example of personalized search results on mobile

Deep learning models powering our sort order & driving personalization of search results page

Increased convenience for customers to find their perfect trip and **higher engagement** despite the limited screen space

Delivering up to 10% conversion uplift

… Relevant for all steps in the funnel and throughout the travel journey



4 A lot of untapped revenue diversification potential

Market Size

Global Flight ancillaries market



$93Bn

Gross sales in 2018

eDO around 2% market share

Source: IdeaWorks Company.com

Market Size

Global Hotels market



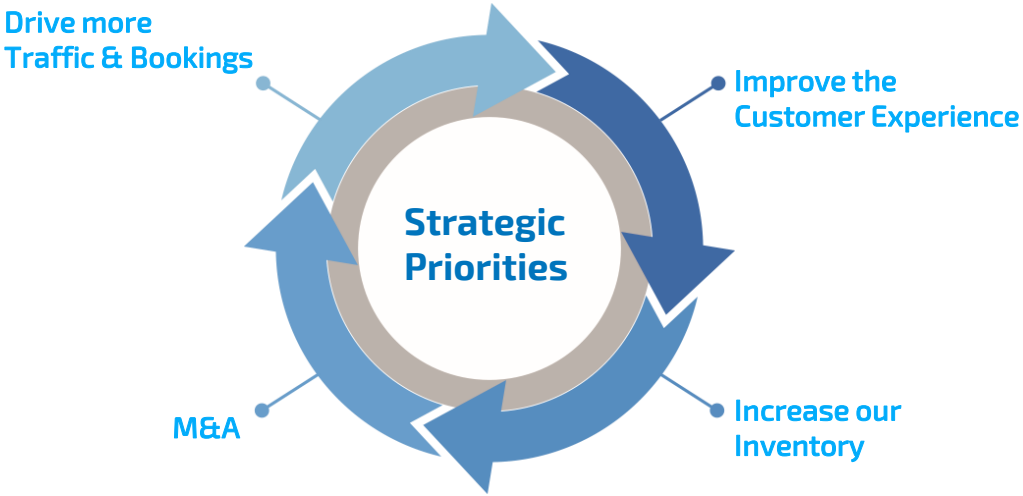
$521Bn

Gross sales in 2018

eDO below 1% market share

Source: Phocuswright, Phocal Point

… strategic priorities to accelerate our growth and capitalize on market opportunity



4

We have successfully diversified our revenues in a very short period of time

	FY 2015	FY 2019	CAGR
Additional products sold per 100 flight bookings (*)	25	72	+30%
Revenue margin	€118Mn	€237Mn	+19%
Share of company revenue from revenue diversification	27%	44%	5pp

(*) Product Diversification Ratio.

Results FY19

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Overview

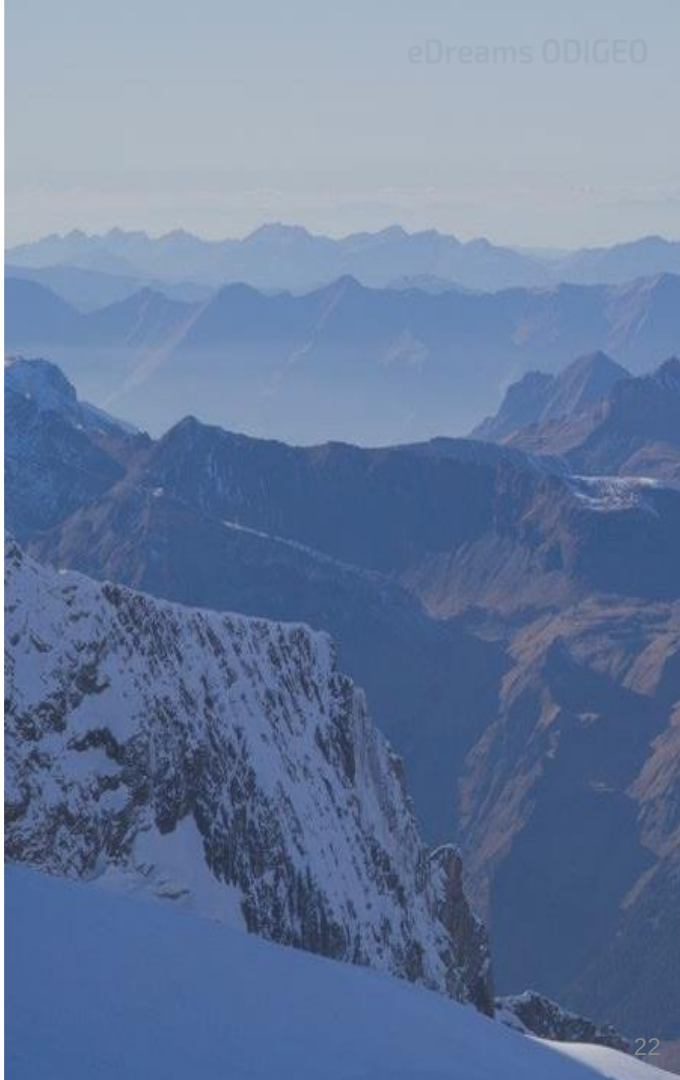
Solid results, strong Q4 as guided

Financials

- Booking performance in line with updated guidance
- Revenue up 5% to €533.0 million in FY19, outperforming initial revenue guidance of €509 million
- Adjusted EBITDA growth of 1% to €119.6 million in FY19, outperforming initial guidance of €118 million.
- Adjusted EBITDA growth of 37% in 4Q FY19, in line with our 4Q FY19 guidance
- Cash position (net of overdrafts) stood at €148.8 million, outperforming our top end of the guidance of €120-140 million

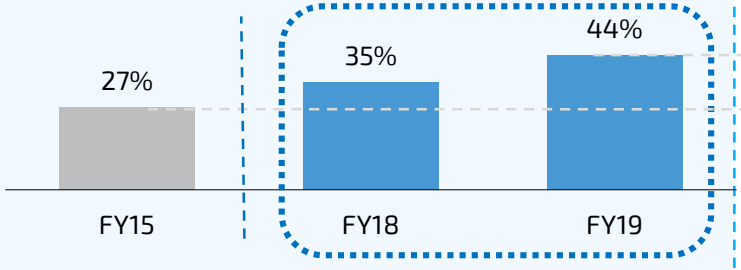
Developments by Product & Geography

- Diversification revenues up 32% year-on-year
- By geography, top 6 markets were partly affected by the investments we made in the shift in our revenue model, but still grew 2%, while the rest of the world experienced strong growth reaching €115 million, up 16%.



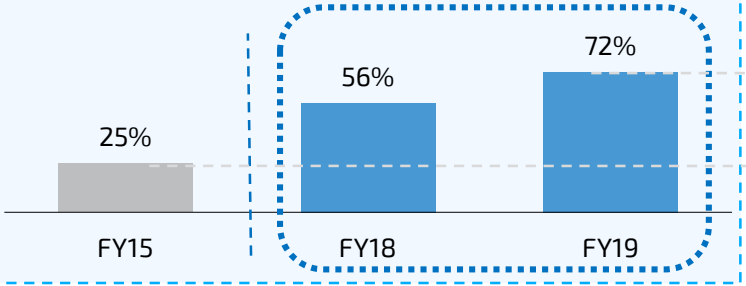
Revenue diversification on track and the largest contributor to Revenues

Revenue diversification ratio



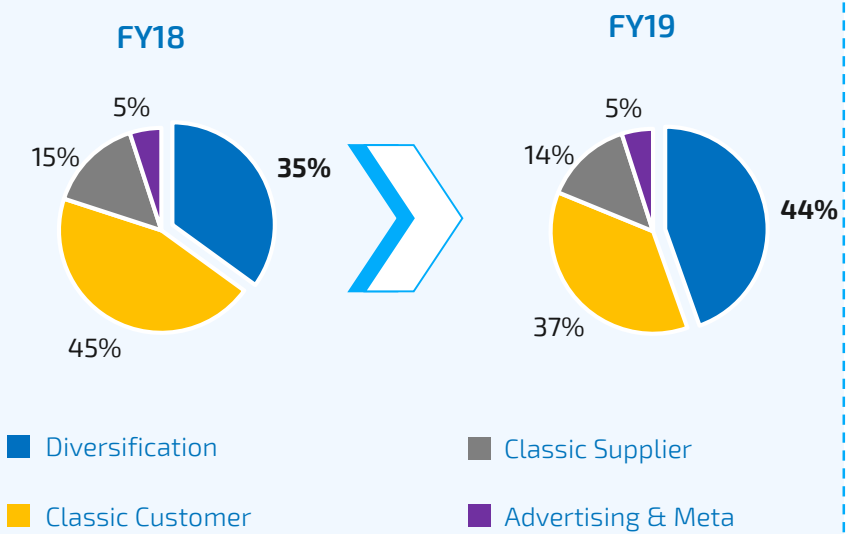
+17pp

Product diversification ratio



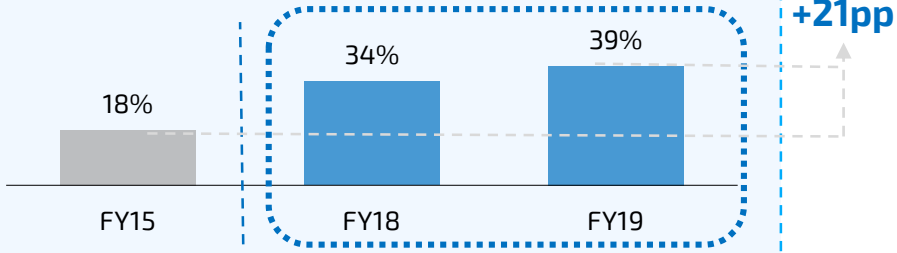
+47pp

Revenue evolution

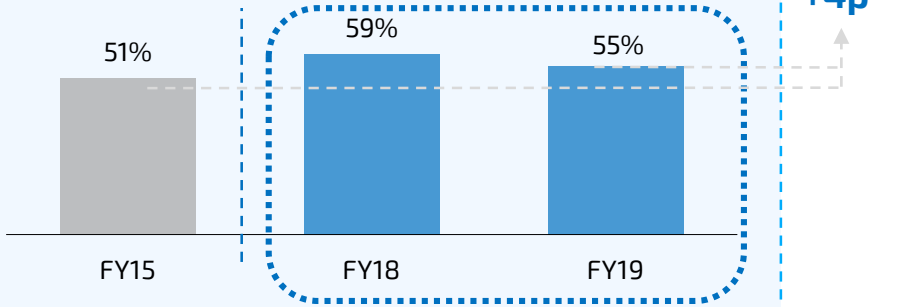


Continued strategic progress as evidenced by our KPIs

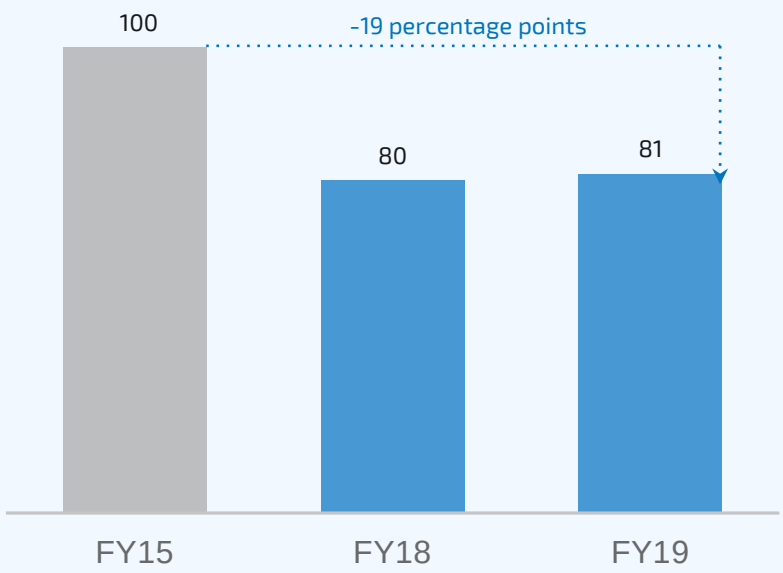
Mobile bookings as share of flight bookings



Customer repeat booking rate (Annualised)**



Acquisition cost per booking index



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

Income Statement

(In € million)	4Q FY19	4Q FY18	Var.	FY19	FY18	Var.
Revenue margin	**151.4**	**140.2**	***8%***	**533.0**	**508.6**	***5%***
Variable costs	(90.8)	(93.1)	*(2)%*	(335.8)	(311.2)	*8%*
Fixed costs	(20.2)	(17.6)	*15%*	(77.7)	(79.1)	*(2)%*
Adjusted EBITDA	**40.4**	**29.6**	***37%***	**119.6**	**118.3**	***1%***
Non recurring items	(0.1)	(3.0)	*(98)%*	(3.1)	(21.0)	*(85)%*
EBITDA	**40.4**	**26.6**	***52%***	**116.4**	**97.3**	***20%***
D&A incl. impairment & results on assets disposals	(8.5)	(7.3)	*17%*	(26.1)	(25.5)	*2%*
EBIT	**31.8**	**19.3**	***65%***	**90.4**	**71.8**	***26%***
Financial loss	(7.7)	(12.4)	*(38)%*	(66.6)	(44.7)	*49%*
Income tax	(5.2)	(10.5)	*(50)%*	(14.2)	(7.3)	*94%*
Net income	**18.9**	**(3.6)**	***n.a.***	**9.5**	**19.7**	***(52)%***
Adjusted net income	**18.7**	**5.6**	***232%***	**40.2**	**32.3**	***25%***

Source: Consolidated financial statements, audited

Highlights FY19

- **Revenue Margin** increased by 5%, principally due to an increase in Revenue Margin per booking of 10%.
- **Variable costs** grew 8%, as a result of higher acquisition costs as well as new variable costs related to the sale of ancillaries.
- **Fixed costs** decreased by 2%.
- **Non-recurring items** decreased by 85% mainly due to the absence of the provision related to the social plan in France and Italy.
- **D&A and impairment** increased by 2%.
- **Financial loss** excluding the one-time refinancing costs were down 21% in FY19 vs the same period of last year.
- The FY19 **income tax expense** is €6.9 million higher than in FY18.

Cash Flow Statement

(In € million)	4Q FY19	4Q FY18	FY19	FY18
Adjusted EBITDA	**40.4**	**29.6**	**119.6**	**118.3**
Non recurring items	(0.1)	(3.0)	(3.1)	(21.0)
Non cash items	1.7	(1.9)	(3.4)	11.3
Change in WC	114.0	107.0	(23.8)	7.6
Income tax paid	(0.6)	(2.7)	(13.8)	(8.1)
Cash flow from operating activities	**155.5**	**129.0**	**75.5**	**108.2**
Cash flow from investing activities	**(7.3)**	**(7.6)**	**(28.8)**	**(28.9)**
Cash flow before financing	**148.2**	**121.4**	**46.7**	**79.3**
Acquisition of treasury shares	(0.4)	-	(0.4)	-
Other debt issuance/ (repayment)	(35.9)	(5.3)	(6.7)	(10.9)
Financial expenses (net)	(11.0)	(19.4)	(61.4)	(40.4)
Cash flow from financing	**(47.3)**	**(24.8)**	**(68.5)**	**(51.3)**
Net increase/(decrease) in cash	**100.9**	**96.6**	**(21.8)**	**27.9**
Cash (net of overdrafts)	**148.8**	**171.5**	**148.8**	**171.5**

Source: Consolidated financial statements, audited

Highlights FY19

- **Net cash from operating activities decreased by €32.7 million, mainly reflecting:**
  - In 4Q, the better inflow in working capital is due to the impact of Easter holidays which fell in April 2019 this year vs. end of March 2018 last year, as well as higher proportion in mix of regular vs low-cost airlines and working capital optimization measures.
  - Income tax, in FY19 €5.7 million more than in FY18
  - Offset by
  - Increase in Adj. EBITDA by €1.3 million
  - Lower non recurring items by €17.8 million

- **We have used cash for investments** of €28.8 million in F19, broadly in line with the same period last year.

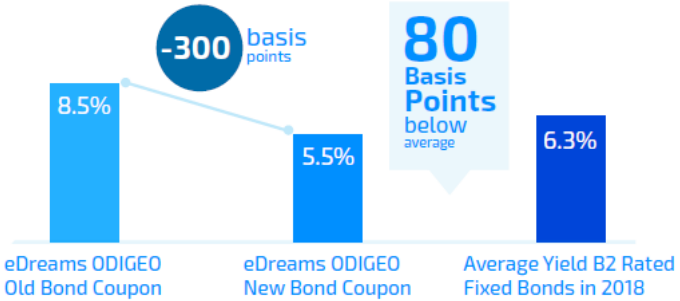
- **Cash used in financing** amounted to 68.5 million euros, the increase by €17.2 million in financing activities mainly relates to higher financial expenses in relation to refinancing of 2021 Senior Notes.

Debt

- **Successful refinancing** in September led to a reduction of our debt coupon by 300 basis points, a **€12.7 million** saving in annual interest, and a significant improvement in future Free Cash Flow generation for the company.
- **SSRCF** increased to **€175 million,** with new banks joining the syndicate
- **Gross Leverage ratio** remained relatively flat at 3.7x in March 2019 vs 3.6x in 2018, which gives us ample headroom vs our covenant ratio.
- Despite one-time refinancing costs related to the refinancing, **Net leverage ratio** was only up from 2.1x in March 2018 to 2.3x in 2019

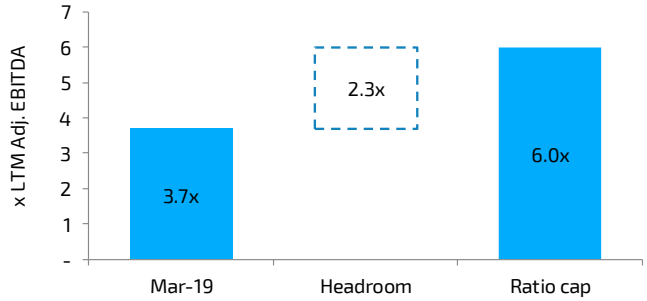
Successful Refinancing

80 basis points below average market yields for B2 rated bonds



Source: Bloomberg

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



NOTES: Covenant figures unaudited

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



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IN SUMMARY

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

Full year Outlook

Outlook Statement

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 expect low single digit revenue margin growth, reduction in bookings and solid adjusted EBITDA growth rates.

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

4% to 7% vs FY19

Revenue Margin

4% to 7% vs FY19

Adjusted Ebitda

€130 to €134 million

(9% to 12% vs F19)

Why eDreams ODIGEO?

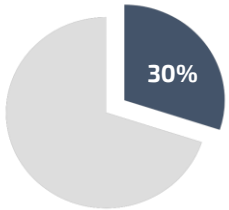


Winner in Europe

Significant revenue diversification

World leading capabilities

European OTA flight market share



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

Appendix

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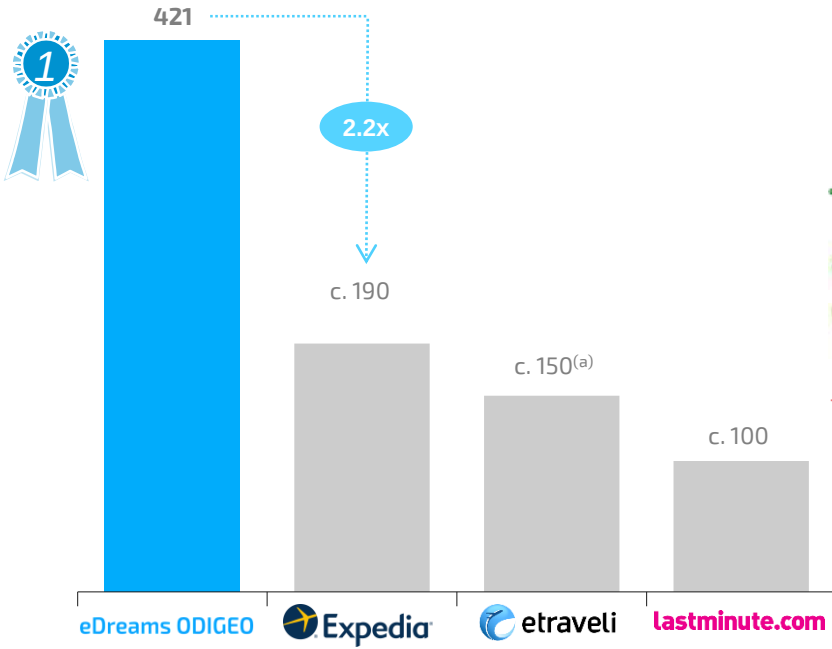
We are a leading player in Europe, unrivalled scale with 2.2x more European flight revenue than the #2 player

Scale advantage

European flight revenue
Estimated, latest FY (€m)



Long-tail of other OTAs (not-exhaustive)

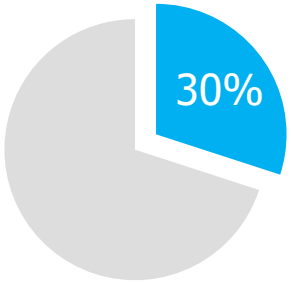
(a) Including acquisition of eTravel SA

SOURCE: Industry Research; Amadeus MIDT data

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

Scale advantage

European OTA flight market share



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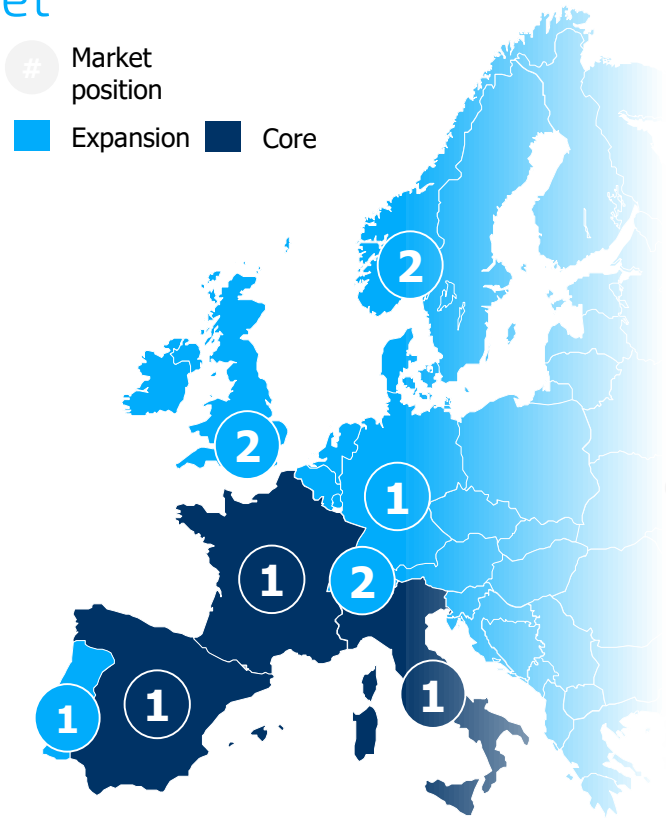


#1

eDreams ODIGEO: the leading flights retailer in Europe

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

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

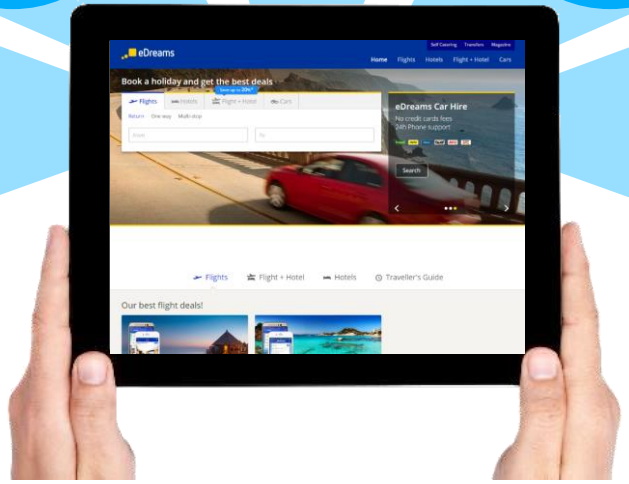
8 vs 3
direct flight options per day with airline

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

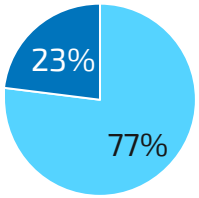
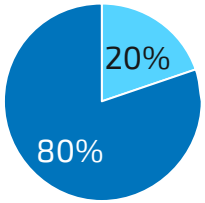
We have successfully deleveraged our business

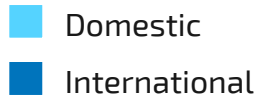
	FY 2015	FY 2019	Change
Gross Leverage Ratio	5.0x	3.7x	-26%
Net Leverage Ratio	3.7x	2.3x	-38%
Interest Expense (Pro-Forma)	€38.5Mn	€24.1Mn (*)	-37%

(*) March 2019 Pro-Forma interest expense post refinancing: 2H FY19 annualised.

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]		
	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

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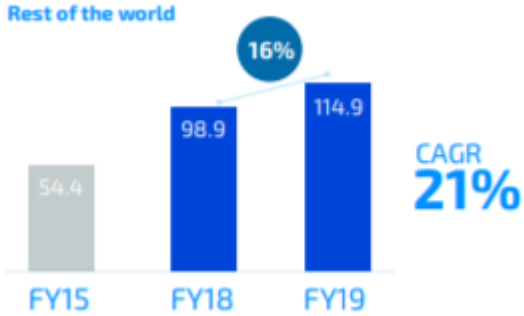
Revenue diversification drives growth in the Rest of the World markets, 21% CAGR over the past 4 years

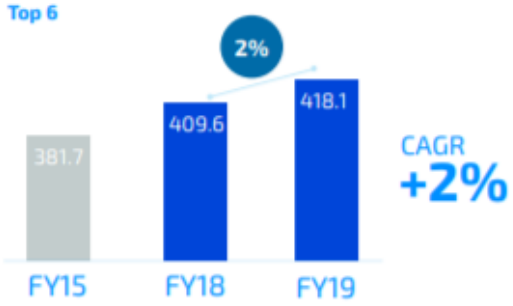
Revenue Margin (in € million)

	FY15	FY18	FY19	CAGR
Top 6	**381.7**	**409.6**	**418.1**	**2%**
France	167.7	142.3	138.2	-5%
Spain + Italy	88.2	120.9	111.4	6%
Germany, Nordics & UK	125.9	146.4	168.5	8%
Rest of the world	**54.2**	**98.9**	**114.9**	**21%**
Total	**436.0**	**508.6**	**533.0**	**5%**

CAGR presented based on FY15-FY19





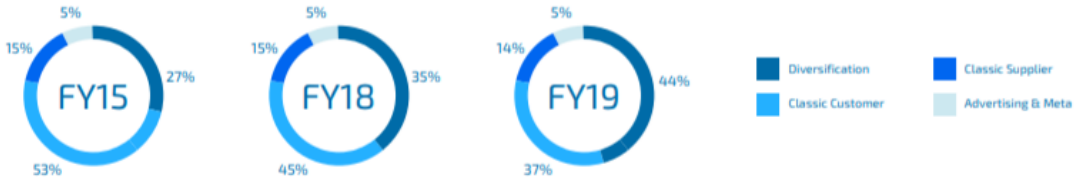


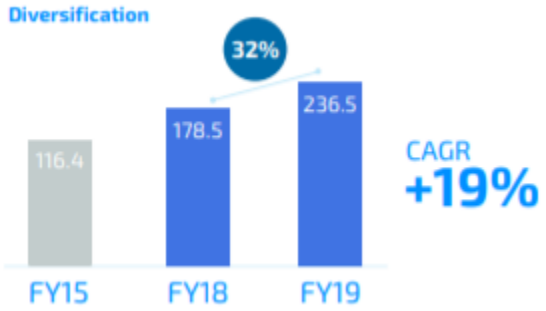
Diversification Revenue is already 20% larger than our Classic Customer Revenue

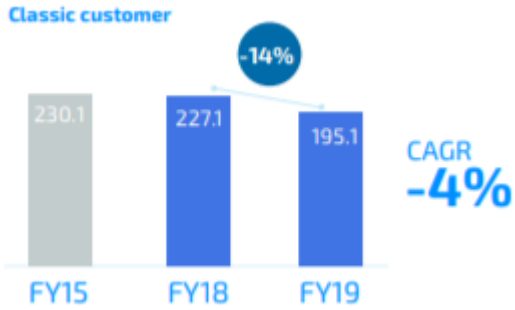
Revenue Margin (in € million)

	FY15	FY18	FY19	CAGR
Diversification	116.4	178.5	236.5	19%
Classic Customer	230.1	227.1	195.1	-4%
Classic Supplier	66.3	77.8	74.3	3%
Advertising & Meta	23.1	25.2	27.1	4%
Total	**436.0**	**508.6**	**533.0**	**5%**
Flilght	348,3	405,5	421,6	5%
Non-Flight	87,6	103,0	111,4	6%
Total	**436.0**	**508.6**	**533.0**	**5%**

CAGR presented based on FY15-FY19

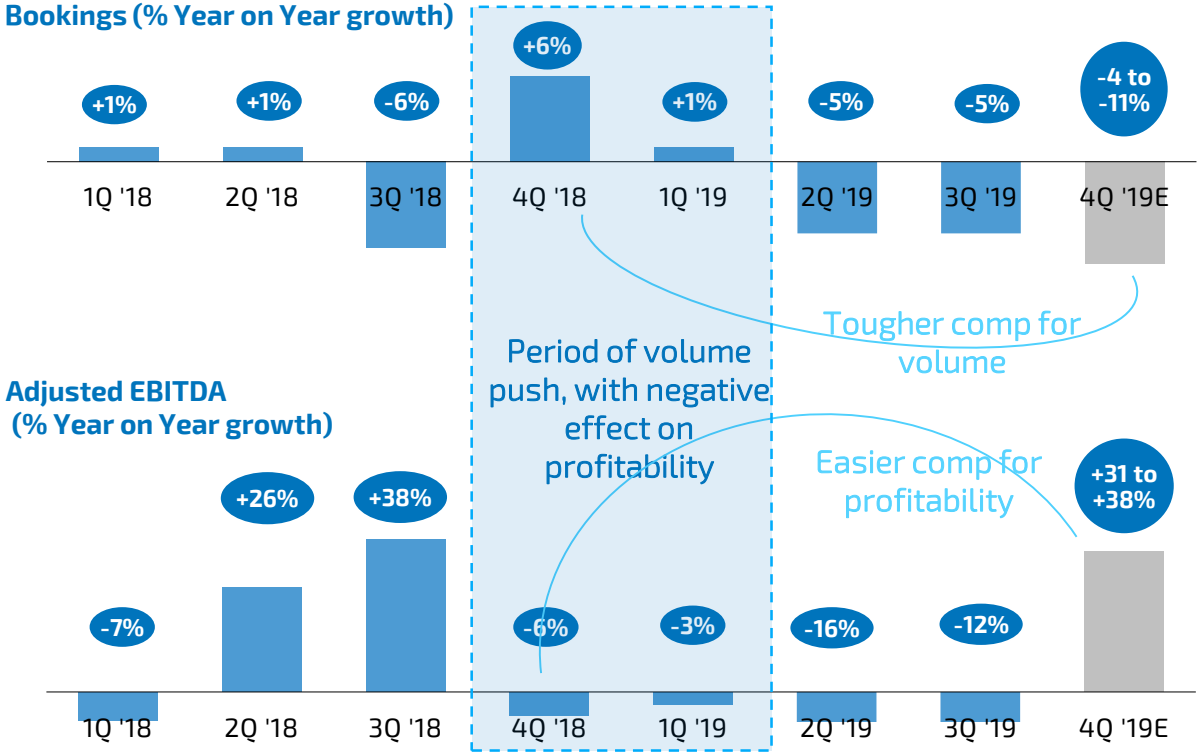






What will drive Q4 growth rates?

Volume affected by transition to new price display in majority of our business



DRIVERS

- Since FY18 the proportion of our business migrated to the new price display increased, with the expected negative impact on volume.
- During Q4 '18 and, to a lesser extent Q1 '19 we invested in volume growth, with a negative effect on profitability.
- Q4´19 compares YoY to a period with relatively high volume and less profitability

eDreams ODIGEO