

# RESULTS PRESENTATION 2Q FY 2021

19th November 2020

eDreams ODIGEO

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# 1. Results highlights

**Current trading & strategy update**

**2Q FY21 results update**

**Closing remarks**

**Appendix**



# 1 RESULTS HIGHLIGHTS

Improved performance as market picked up significantly in 2Q, yet renewed softening towards the end of the quarter

**SHORT TERM TRADING AFFECTED BY TRAVEL RESTRICTIONS**

- €34.4 million of Revenue Margin (decrease of 75% vs. 2Q FY20), but 2.1x the amount of 1Q FY21
- Marginal Profit (Revenue Margin minus Variable Cost), stood at €11.5 million positive, 10x the amount of 1Q
- Adjusted EBITDA loss of €2.1 million, 86% better than in 1Q FY21

**STRONG LIQUIDITY DESPITE SHORT TERM TRADING & ACCELERATION OF REIMBURSEMENT TO CUSTOMERS**

- Cash performance better than 2Q FY20
- Liquidity position of €115-117 million at the end of September and October, respectively, higher than March and June excluding acceleration of reimbursements
- Strong liquidity reserve: No Action Stress Test suggest we can run business at minus 70% through the end of calendar 2021

**IMPROVED STRATEGIC POSITIONING**

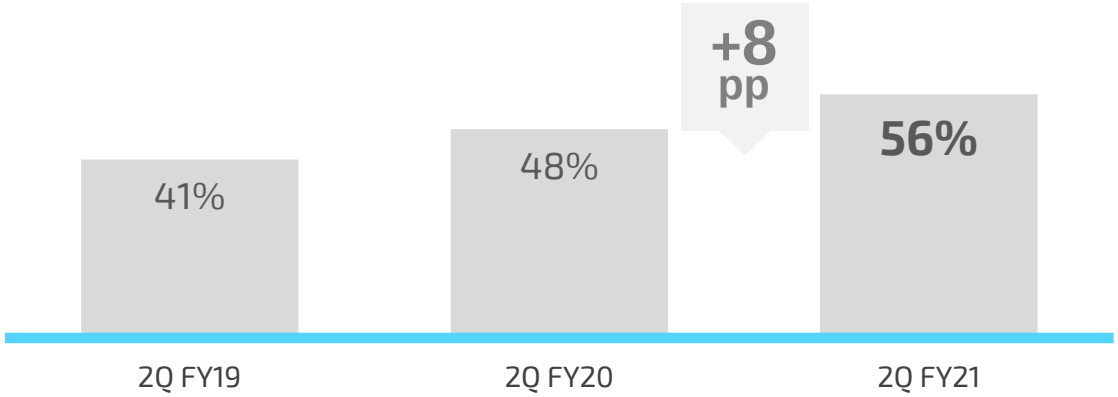
- Prime subscriptions and share of total Bookings continue to grow.
  - Prime members 2Q FY21 reached 664k (+71% vs 2Q FY20)
  - Share of total Bookings reached 26% in 2Q FY21 vs 7% in 2Q FY20
  - Prime is proving to be a successful proposition to customers even in current market with 100k new subscribers in 2Q FY21 vs 1Q FY21
  - On track to reach 2 million subscribers by 2023

**SHORT TERM OUTLOOK LARGELY DRIVEN BY TRAVEL RESTRICTIONS**

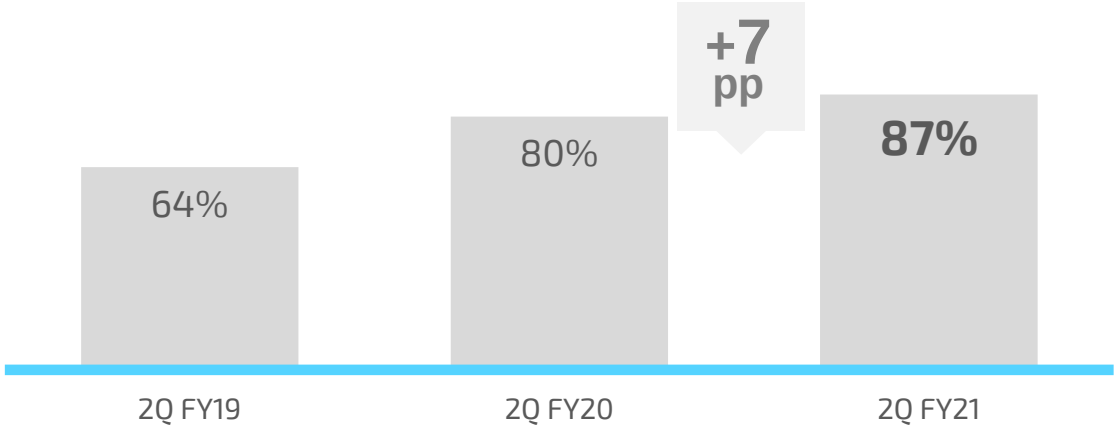
- October/November at around -67 to 73% year-on-year

# 1 REVENUE DIVERSIFICATION CONTINUES TO IMPROVE AND THE LARGEST CONTRIBUTOR TO REVENUES

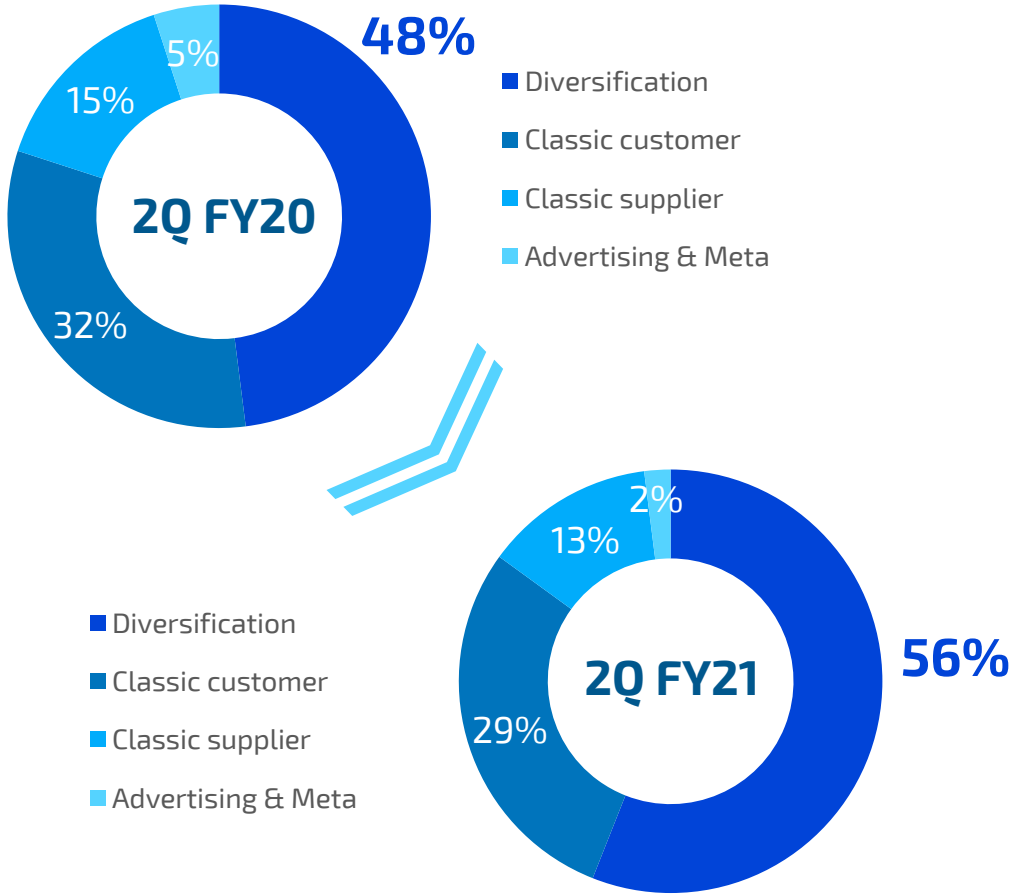
## REVENUE DIVERSIFICATION RATIO (**)




## PRODUCT DIVERSIFICATION RATIO



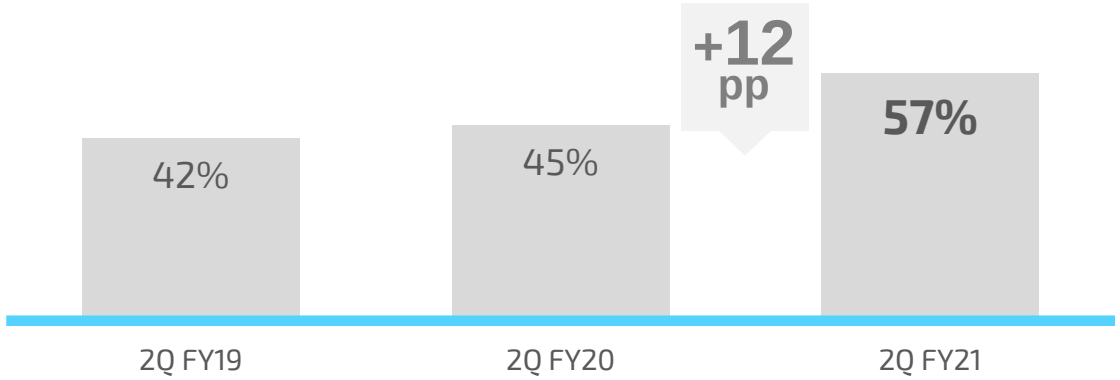

## REVENUE EVOLUTION (**)



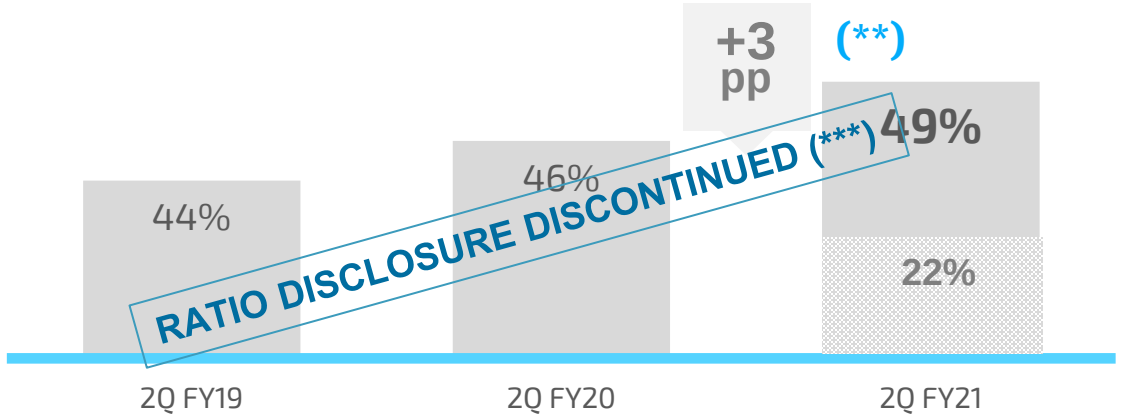

(*) Definitions of Non-GAAP measures on page 23-25 (**) Note: Ratios are calculated on last twelve month basis ending on the displayed quarter

# 1 CONTINUED STRATEGIC PROGRESS AS EVIDENCED BY OUR KPIS

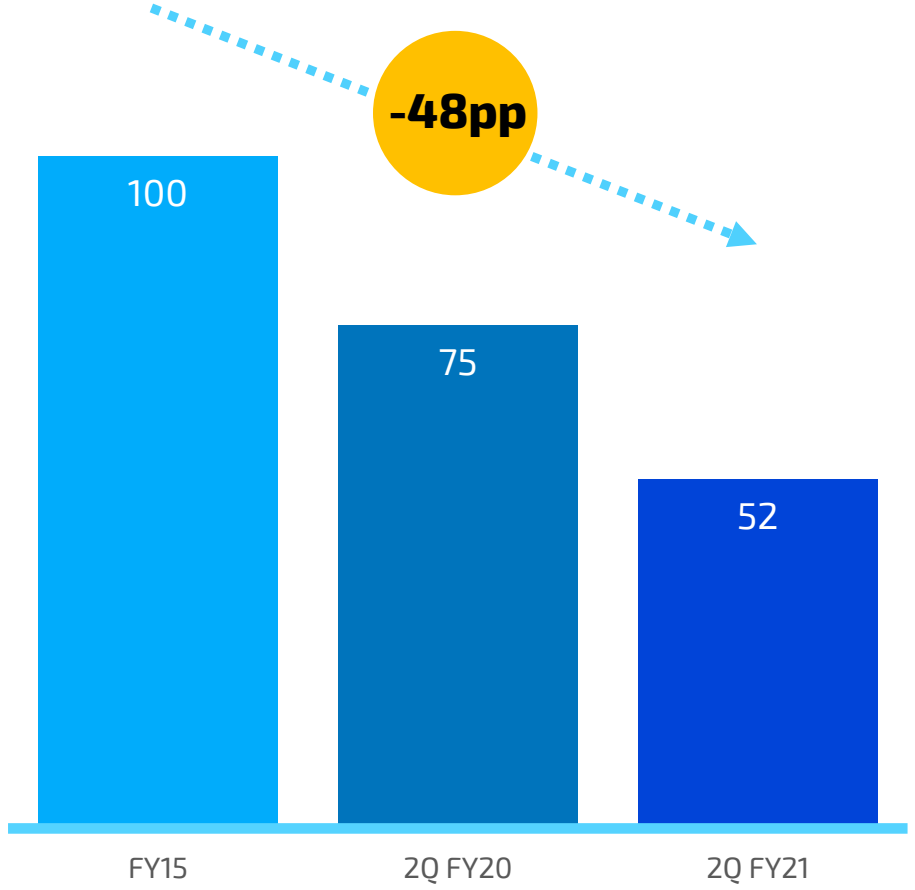
## MOBILE BOOKINGS AS SHARE OF FLIGHT BOOKINGS (*)




## CUSTOMER REPEAT BOOKING RATE (ANNUALISED)




## ACQUISITION COST PER BOOKING INDEX (*)




(*) Definitions of Non-GAAP measures on page 23-25 (**) If we exclude COVID-19 data, staring since last week of February, and we follow the trend from that point until the end of the quarter, 2Q FY21 results in a 49% customer repeat rate. (***) Ratio disclosure discontinued from now on given COVID-19 situation distorting its relevance

Results highlights

# 2. Current trading & strategy update

2Q FY21 results update

Closing remarks

Appendix



# 2 TRADING SHOWS STRONG AND RAPID REBOUND AS TRAVEL RESTRICTIONS LIFTED

## KEY HIGHLIGHTS ON TRADING POST COVID-19

- **Rapid rebound in Bookings during the summer,** from **April** trough at **minus 96% to minus 59% in August.**
- **Increasing COVID-19 cases with further travel restrictions** imposed by some governments has **reduced Bookings to minus 73%,** which has stabilized.
- Our trading suggests outperformance against airline industry, **gaining market share vs supplier direct due to better quality, more comprehensive content and flexibility**

## GRADUAL IMPROVEMENTS IN YEAR-ON-YEAR TRADING & AHEAD OF AIRLINE INDUSTRY

| REGION | April | May | June | July | August | Sept (*) | Oct | Nov (**) |
|---|---|---|---|---|---|---|---|---|
| eDO Total | -96% | -92% | -76% | -63% | -59% | -63% | -67% | -73% |
| IATA Europe | -98% | -98% | -94% | -81% | -73% | -76% | N.A | N.A |
| **eDO vs IATA** | **+2pp** | **+5pp** | **+19pp** | **+22pp** | **+22pp** | **+13pp** | N.A | N.A |

(*) IATA Europe passenger data in August and September positively impacted by Russia (a market in which we are not present). Russia grew in annual terms.

(**) Average Bookings growth until the 15th of November

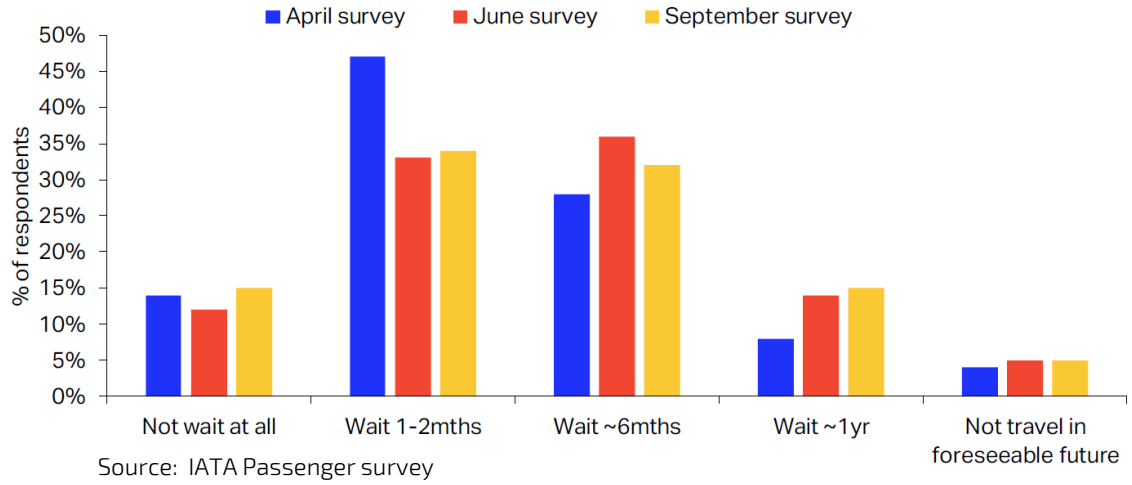
# 2 LEISURE CUSTOMER IS WILLING TO TRAVEL IF ALLOWED

## INTRODUCTION OF A VACCINE LIKELY TO RESULT IN A SHARP REBOUND AGAIN

- Analysis from IATA Economics on the 29th of September suggest:
  - ✓ Over 80% passengers will return to air travel between now and 6 months
  - ✓ Russia recovered pre-crisis levels, and
  - ✓ China is only 20% below pre-COVID-19 due to strong domestic demand
- Experiences of leisure travel like sandy beach, mountains, can't be replaced (unlike with corporate travel)

## THERE IS WILLINGNESS TO FLY BETWEEN 0 & 6 MONTHS

Survey question: When will you return to air travel?




Source: IATA Passenger survey

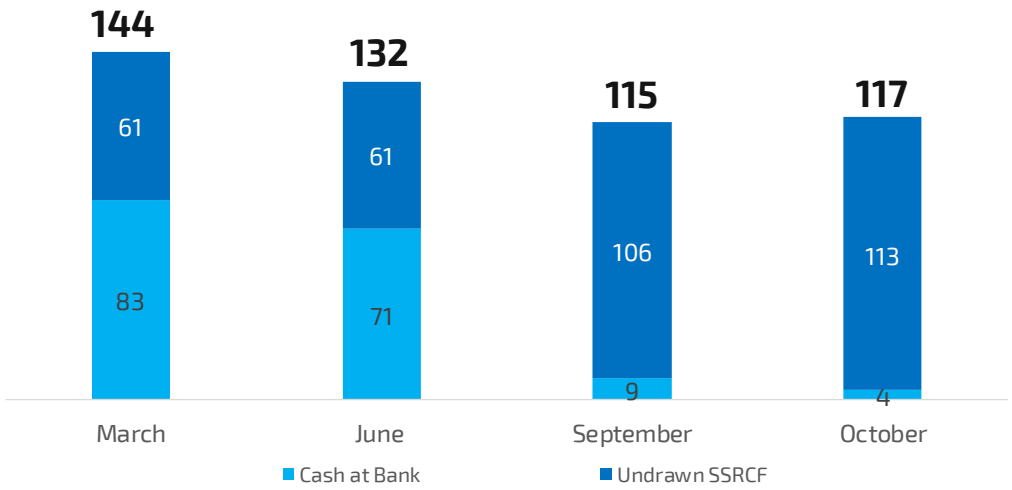
**Pfizer announcement brings forward scenarios of travel returning sooner in 2021**

# 2 STRONG LIQUIDITY IS A CONSEQUENCE OF STRONG BUSINESS MODEL AND ACTIVE MANAGEMENT OF THE SITUATION

## KEY HIGHLIGHTS ON LIQUIDITY PERFORMANCE

- **Strong liquidity despite increasing travel restrictions and acceleration of reimbursements to customers vs inflows received from airlines (€40 million)**
- **Active management of the situation resulted in:**
  - High variability of the majority of our costs
  - Fixed Costs and Capex reduced
  - Additional financial resources of €15 million from Government-sponsored loan due 2023
  - Reduction of average monthly cash burn (excl. WC and tax) from €13 million to €6 million
  - No Action Stress test shows we can run business through the end of calendar 2021 at –70% (*) Bookings YoY (average performance from March to October). This calculation assumes no further action on fixed or variable costs, no improvement made to WC, nor any improvement in our business

## IMPROVED LIQUIDITY EVOLUTION



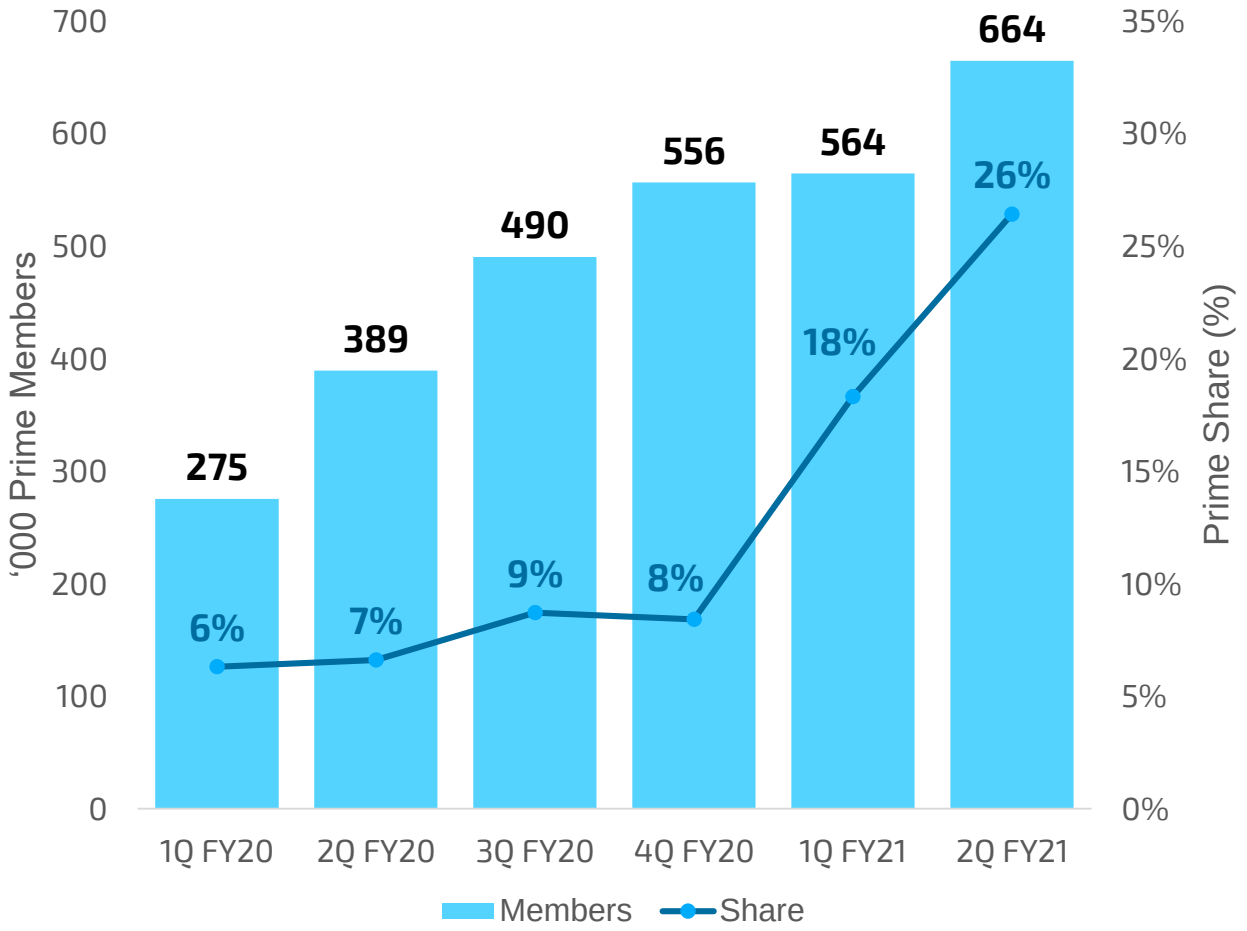

(*) Bookings growth measured vs Pre-COVID 19 Booking levels

# 2 PRIME IS PERFORMING STRONGLY IN A WEAK MARKET

## KEY HIGHLIGHTS OF PRIME PERFORMANCE

- **Prime subscription and share of Prime continue to grow**
  - Prime members 2Q FY21: 664k vs 389k in 2Q FY20 (+71%)
  - Prime share of total Bookings 2Q FY21: 26% vs 7% in 2Q FY20
  - Added 100k subscribers in just 3 months
- **New markets and products**
  - UK launched in November 2020
  - Prime Hotels launched in France, Italy, Spain and Germany
- **Prime customers showing good levels of customer satisfaction equal or higher than Pre-COVID 19**

## EVOLUTION OF PRIME MEMBERS AND SHARE OF TOTAL BOOKINGS



# 2 DURING THESE TIMES OF HIGH AIRLINE CANCELLATIONS WE HAVE FOCUSED ON THE CUSTOMER

## KEY HIGHLIGHTS ON CANCELLED FLIGHTS MANAGEMENT

- **92% of cancelled flights have been resolved and/or processed**
- We have invested in **significantly increasing our contact centre capacity**
- We have **developed automated flight cancellation identifier**, which automatically identifies cancelled flights and informs customers through all possible touch points proactively, and proposes options to the customer
- We **contact all customers who apparently have a solution** (e.g. they have gone directly to the airline) to ensure the customer really has a solution
- We **inform customers of long lead times by airlines and where possible propose** a voucher as **an alternative** but always allow customers to choose between cash refund and voucher. We want to be on the side of the customer, as their advocate and agent
- Implemented **automated processes** that provide our customers near real time updates on the status of their refund requests
- We have accelerated the reimbursements to customers vs inflows we receive from airlines, for those cases where we know future cash reception from airline is guaranteed

# 2 OUR TOP 3 PRIORITIES



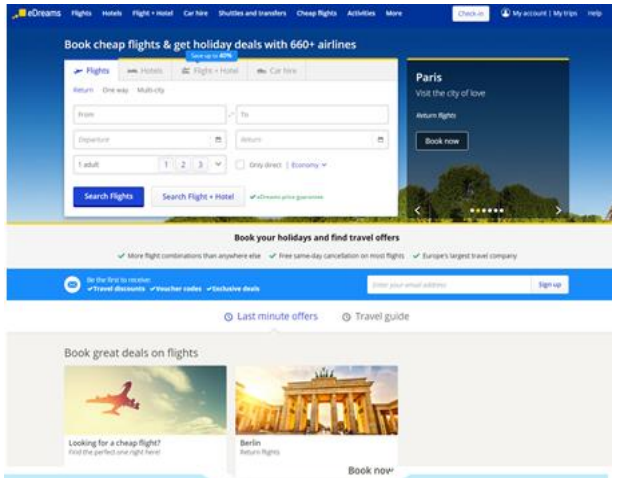
## PRIME

Introduce Prime in more of our markets, expand to other travel services and improve its effectiveness



## CONNECTIVITY

Improve the quality of the content by building a content agnostic platform which will facilitate taking content from many providers, and taking even different content (e.g. trains, new air content, etc).




## CS AUTOMATION

Implement an automated customer service system, which is volume agnostic so if there were much higher level of customer demand, the system can automatically handle

Overview

Current trading & strategy update

# 3. 2Q FY21 results update

Closing remarks

Appendix



# 3 INCOME STATEMENT

| (IN EUROS MILLION) | 2Q FY21 | VAR FY21 VS FY20 | 2Q FY20 | 6M FY21 | VAR FY21 VS FY20 | 6M FY20 |
|---|---|---|---|---|---|---|
| **REVENUE MARGIN** | **34.4** | **-75%** | **139.7** | **51.0** | **-82%** | **281.2** |
| VARIABLE COSTS (**) | -22.9 | -75% | -91.0 | -38.4 | -79% | -186.7 |
| FIXED COSTS (**) | -13.6 | -31% | -19.6 | -29.5 | -21% | -37.3 |
| **ADJUSTED EBITDA (*)** | **-2.1** | **N.A** | **29.1** | **-16.8** | **N.A** | **57.2** |
| ADJUSTED ITEMS | -1.5 | 1% | -1.5 | -2.4 | -76% | -10.2 |
| **EBITDA** | **-3.6** | **N.A** | **27.6** | **-19.3** | **N.A** | **47.0** |
| D&A INCL. IMPAIRMENT & RESULTS ON ASSET DISPOSALS | -9.5 | 29% | -7.4 | -18.3 | 21% | -15.1 |
| **EBIT** | **-13.1** | **N.A** | **20.2** | **-37.6** | **N.A** | **31.9** |
| FINANCIAL LOSS | -6.3 | -10% | -7.0 | -12.3 | -14% | -14.3 |
| INCOME TAX | -1.3 | N.A | -3.3 | 4.7 | N.A | -6.1 |
| **NET INCOME** | **-20.7** | **N.A** | **9.9** | **-45.2** | **N.A** | **11.5** |
| **ADJUSTED NET INCOME** | **-19.3** | **N.A** | **11.1** | **-42.8** | **N.A** | **20.1** |

*(*) Definitions of Non-GAAP measures on page 23-25*

*(**) FY20 Variable and Fixed costs have been restated to reflect a reclassification of €2.9 million.*

*Source: Condensed consolidated interim financial statements, unaudited*

## Highlights **2Q FY21**

1. **Revenue Margin** decreased by 75% mainly due to the volume effect (62% decrease in Bookings) and lower RM/Booking, driven by lower average basket value of Bookings due to COVID-19, which results in lower classic revenue from customers and lower revenue from providers.
2. **Variable costs** decreased by 75%, mainly due to the adaptability of our business model to the new mix of Bookings made by customers during COVID-19.
3. **Fixed costs** decreased by 31% driven by a decrease in personnel costs (temporary employment reduction) as well as IT and external fees IT savings.
4. **Adjusted items** in line with same period of last year.
5. **D&A and impairment** increased by 29%, relating to the increase of the capitalized software finalized in March 2020.
6. **Financial loss** decreased by 10% mainly due to the foreign exchange differences (the FX fluctuations), partially offset by the increase in interest expenses related to the use of the SSRCF and the new Government sponsored loan due 2023.
7. **The income tax expense** amounts to €1.3 million in 2Q FY21, which compares with an expense of €3.3 million in 2Q FY20, due to lower taxable profits, the write-off of certain deferred tax assets relating to tax losses carried forward in the UK, no movement of the provision for income tax risks, and the no recognition of a deferred tax asset for part of the 2Q FY21 tax losses.

# 3 CASH FLOW STATEMENT

| (IN EUROS MILLION) | 2Q FY21 | 2Q FY20 | 6M FY21 | 6M FY20 |
|---|---|---|---|---|
| **ADJUSTED EBITDA (*)** | **-2.1** | **29.1** | **-16.8** | **57.2** |
| ADJUSTED ITEMS | -1.5 | -1.5 | -2.4 | -10.2 |
| NON CASH ITEMS | -3.3 | -2.7 | -17.2 | 5.0 |
| CHANGE IN WORKING CAPITAL | -1.8 | -49.9 | 19.8 | -74.4 |
| INCOME TAX PAID | -5.1 | -0.9 | -5.1 | -5.6 |
| **CASH FLOW FROM OPERATING ACTIVITIES** | **-13.9** | **-25.9** | **-21.8** | **-28.0** |
| **CASH FLOW FROM INVESTING ACTIVITIES** | **-4.4** | **-6.9** | **-8.8** | **-14.1** |
| **CASH FLOW BEFORE FINANCING** | **-18.3** | **-32.8** | **-30.6** | **-42.1** |
| ACQUISITION OF TREASURY SHARES | 0.0 | 0.1 | 0.0 | -0.1 |
| OTHER DEBT ISSUANCE/ (REPAYMENT) | -40.2 | -0.8 | -40.8 | -1.7 |
| FINANCIAL EXPENSES (NET) | -12.9 | -12.2 | -14.1 | -12.9 |
| **CASH FLOW FROM FINANCING** | **-53.2** | **-12.9** | **-54.9** | **-14.6** |
| **NET INCREASE / (DECREASE) IN CASH** | **-71.4** | **-45.7** | **-85.4** | **-56.7** |
| **CASH (NET OF BANK OVERDRAFTS)** | **0.5** | **91.4** | **0.5** | **91.4** |

*(*) Definitions of Non-GAAP measures on page 23-25*

*Source: Condensed consolidated interim financial statements, unaudited*

## Highlights **2Q FY21**

1. **Net cash from operating activities improved by €12 million. mainly reflecting:**

   Working capital outflow of €1.8 million due to acceleration of reimbursements to customers by €40 million vs inflows received from airlines, partially mitigated by higher volumes in September vs June.

   Income tax paid increased by €4.2 million, from €0.9 million to €5.1 million mainly due the fact that there were no income tax payments on taxable profits and we had an advance payment of income in respect of the administrative procedure against the Portuguese tax authorities. There was no income tax payment on taxable profits.

   Decrease in Adj. EBITDA by €31.2 million following the decrease in Bookings.

   Worse non-cash items: items accrued but not yet paid, decreased by €0.6 million mainly due to the variation of provisions.

2. **We have decreased cash used for investments** by €2.5 million from €6.9 million to €4.4 million due to the implementation of cost-saving measures to minimize the temporary impact of COVID-19.

3. **Cash used in financing increased** by€40.3 million, from €12.9 million to €53.2 million, mainly as a result of the repayment of €54.5 million of the SSRCF, offset by the drawdown of the new €15 million Government sponsored loan.

Results highlights

Current trading & strategy update

2Q FY21 results update

# 4. Closing remarks

Appendix



# 4 IN SUMMARY

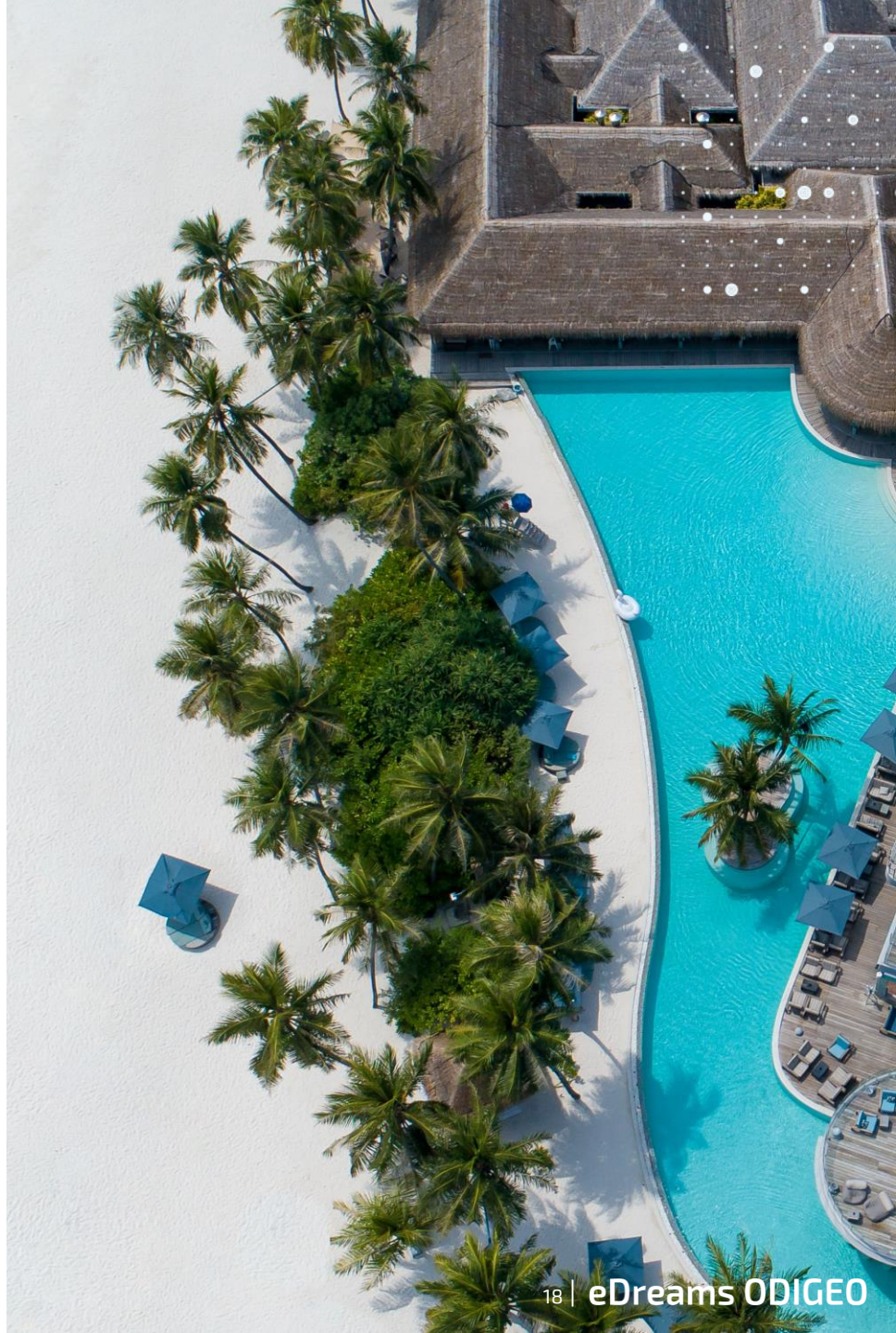
Our business **is strong and we are positioning to be a winner from the crisis.**

We have a good liquidity position. Our **liquidity position of €117 million** at the **end of October**, **no short term financial debt payments** and our Senior Notes, new Government Sponsored loan and bank facilities are due in 2023.

**Prime subscription program is growing well.** Even in poor market conditions we have added 100k new subscribers just in the quarter and 26% of our Bookings are Prime.

Our **business** remains **financially strong**. We maintain marginal profit positive and we have **kept our teams intact and motivated** so we build for the future and address current needs.

eDreams ODIGEO is **agile and nimble**, which allows to **adapt quickly** as necessary. We **continue to lead** through product development and innovation, such as Prime, to lead the **transformation of the travel industry**.



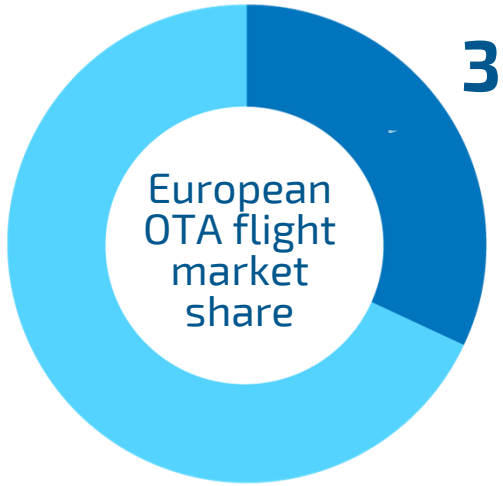
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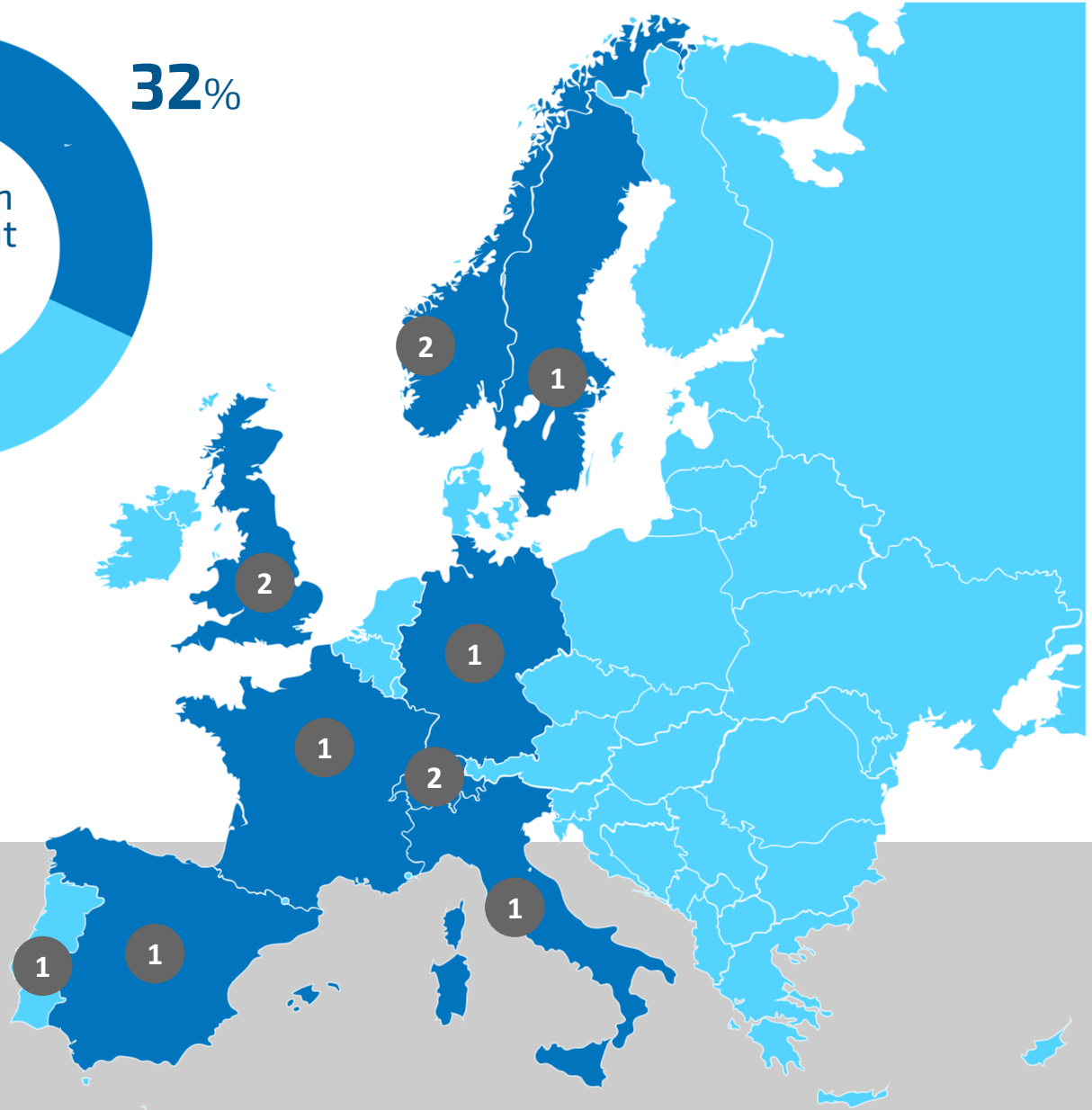
# #1 **Winner** in **Europe**

**Pioneer** in travel subscription

**Significant revenue** diversification

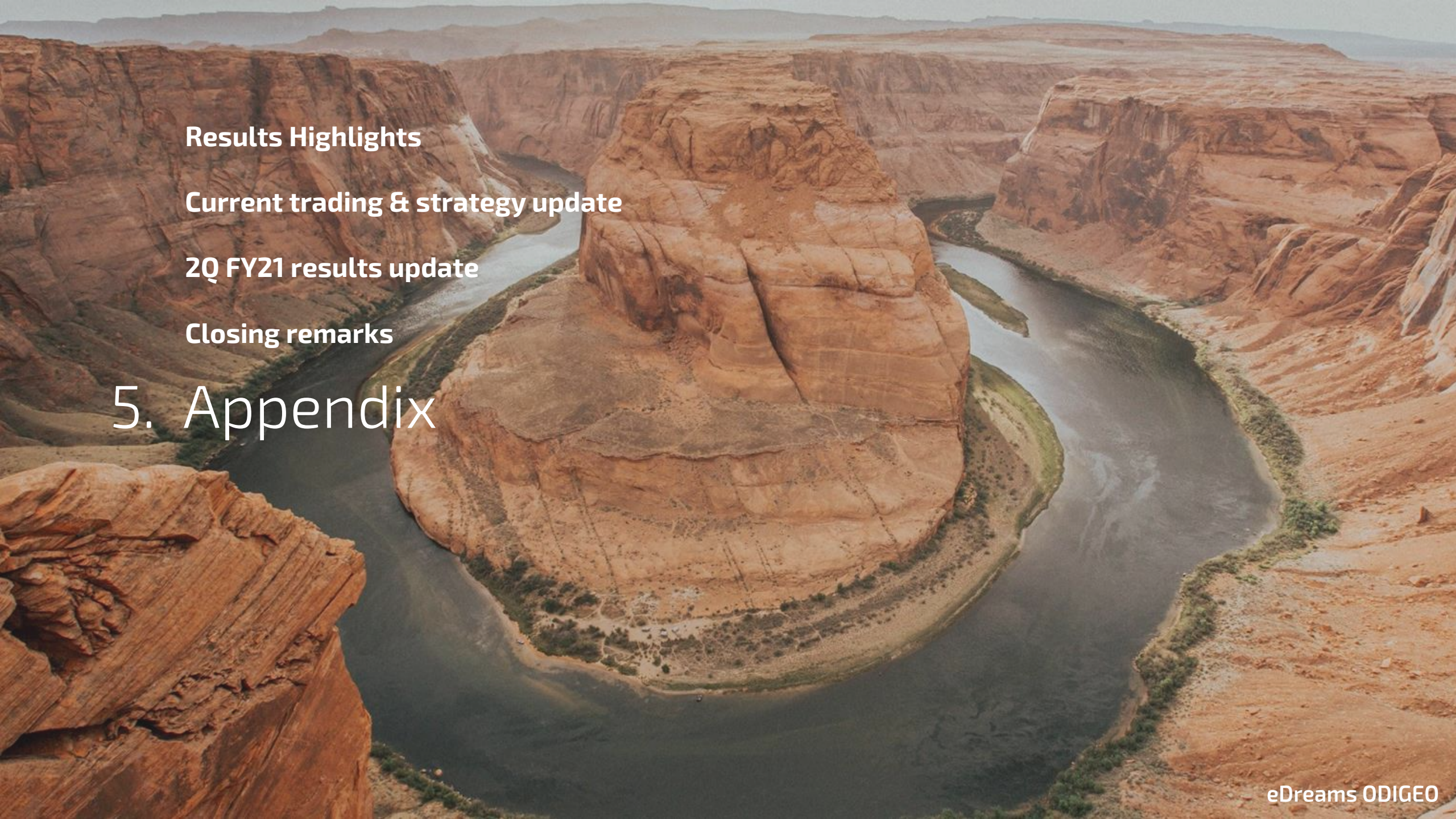
**World** leading **capabilities**




## Why eDreams ODIGEO?

*Source: Internal analysis; Amadeus bookings data; Phocuswright European Travel Overview 2019*



Results Highlights

Current trading & strategy update

2Q FY21 results update

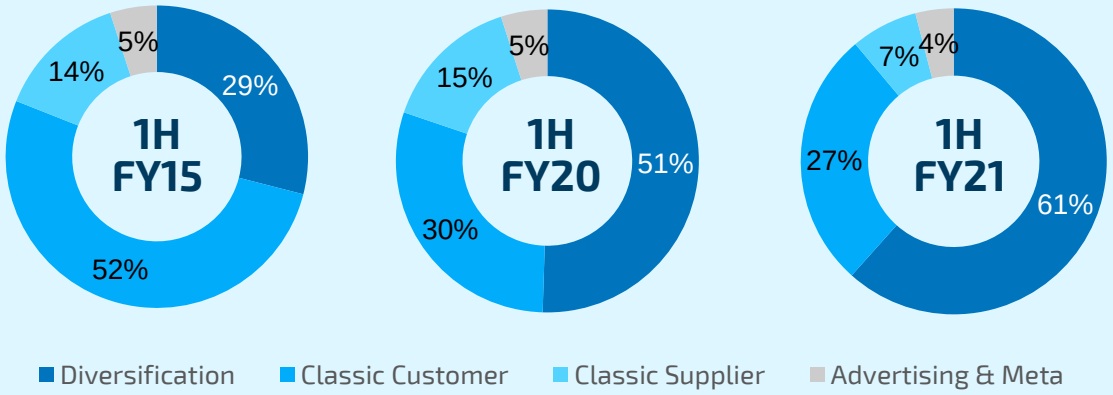
Closing remarks

# 5. Appendix

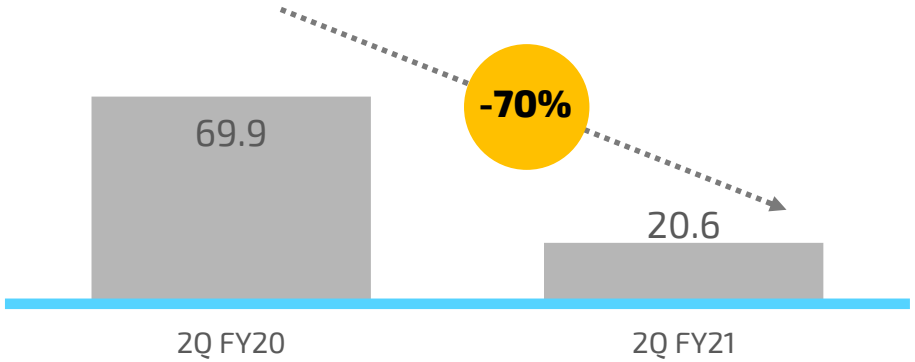
# 5 DIVERSIFICATION REVENUE IS MORE RESILIENT THAN CLASSIC CUSTOMER REVENUE

## REVENUE MARGIN (IN € MILLION)

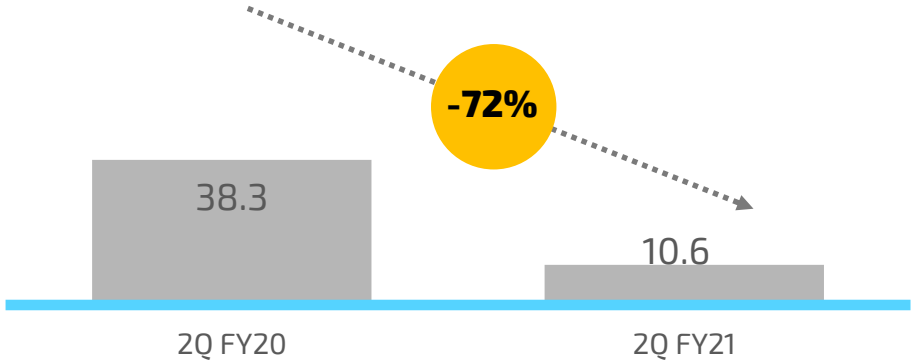
| (IN EUROS MILLION) | 2Q FY21 | Var FY21 vs FY20 | 2Q FY20 |
|---|---|---|---|
| DIVERSIFICATION | 20.6 | -70% | 69.9 |
| CLASSIC CUSTOMER | 10.6 | -72% | 38.3 |
| CLASSIC SUPPLIER | 1.7 | -93% | 24.8 |
| ADVERTISING & META | 1.5 | -78% | 6.6 |
| **TOTAL** | **34.4** | **-75%** | **139.7** |




## DIVERSIFICATION




## CLASSIC CUSTOMER

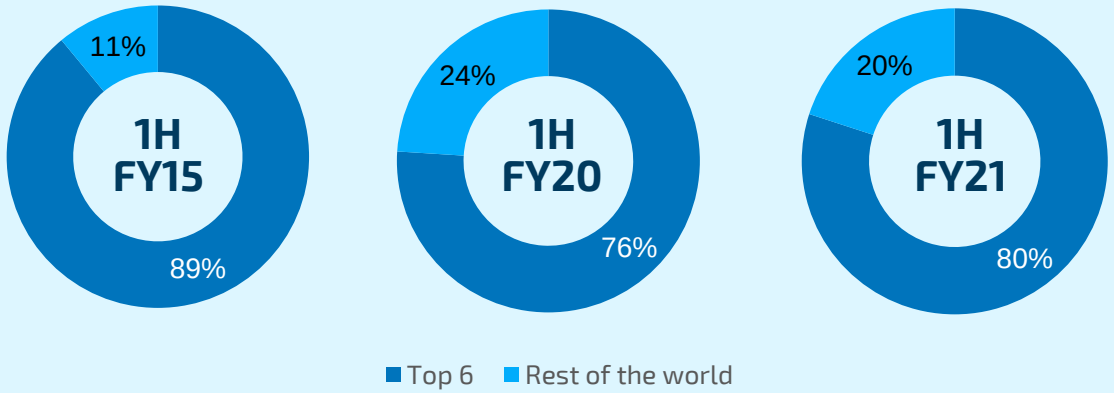



(*) Definitions of Non-GAAP measures on page 23-25

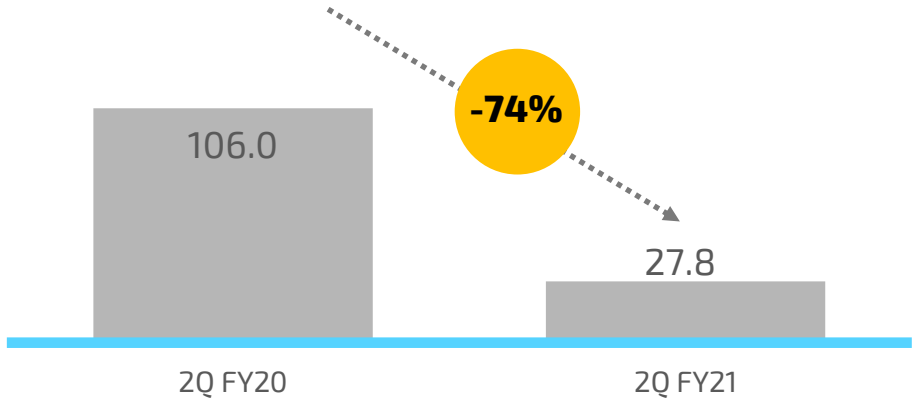
# 5 REVENUE DIVERSIFICATION BY GEOGRAPHY REMAINS STABLE

## REVENUE MARGIN (IN € MILLION)

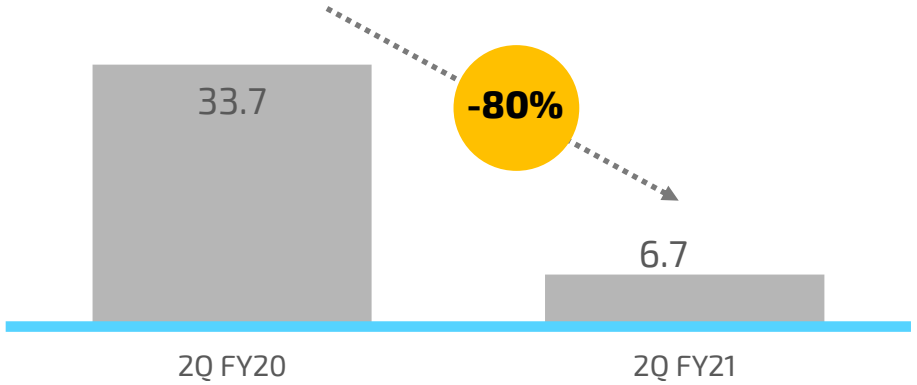
| (IN EUROS MILLION) | 2Q FY21 | Var FY21 vs FY20 | 2Q FY20 |
|---|---|---|---|
| FRANCE | 11.8 | -67% | 36.1 |
| SPAIN + ITALY | 6.4 | -78% | 29.5 |
| GERMANY, NORDICS & UK | 9.6 | -76% | 40.5 |
| **TOP 6** | **27.8** | **-74%** | **106.0** |
| **REST OF THE WORLD** | **6.7** | **-80%** | **33.7** |
| **TOTAL** | **34.4** | **-75%** | **139.7** |




## TOP 6




## REST OF THE WORLD




(*) Definitions of Non-GAAP measures on page 23-25

# 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. Adjusted 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".