

eDreams ODIGEO: Third Quarter Results to December 31st 2016

Solid financial performance for first nine months leads to rise in full year guidance

Barcelona, 28 February, 2017 – eDreams ODIGEO (www.edreamsodigeo.com), the largest flight retailer in Europe and one of the world's leading online travel companies, today reported its results for the nine months ended December 31st 2016.

9M RESULTS HIGHLIGHTS

- Solid growth in bookings (+9%), revenue margin (+5%) and Adjusted EBITDA (+18%);
- Adjusted net income of €19.4 million, representing a 78% increase;
- Solid cash flow with cash position of €77 million (up 18%);
- Solid performance in all Core markets: bookings (+11%) and revenue margin (+8%);
- Revenue diversification strategy in non-flight products: bookings (+7%) and revenue margin (+11%);
- Strategic initiatives continue to boost performance;
- Further investment in the business to build scale, be more agile, improve business model, and create a better customer experience;
- Increased transparency with new KPIs introduced to measure operational performance;
- Acquired budgetplaces.com, a leading hotel bookings site, in line with acquisition strategy;
- Full year guidance raised; bookings: 11.2-11.5 million (5-8% growth year-on-year), revenue margin €465-475 million (0-2% growth year-on-year); Adjusted EBITDA €105-107 million (10-12% growth year-on-year).

Dana Dunne, CEO of eDreams ODIGEO said:

“We have had a good nine months of the financial year to date with continued growth in bookings, revenue margin and Adjusted EBITDA. The strategic initiatives that we put in place continue to drive this performance. In addition we have invested and continue to invest to strengthen our long term competitiveness, growth and customer proposition. In particular, we are focusing our continued investment around the customer, including the further differentiation of our offer and the speed with which we can respond to and lead consumer trends. As we have said previously, this investment of some top line growth in the short term, will, over the long term, deliver a more compelling and competitive customer proposition and robust, high quality revenue growth. As a result of these initiatives, we have revised up our expectations towards the upper end of the guidance we provided at the start of the year.”

Business Overview

eDreams ODIGEO delivered a solid financial performance in the first 9 months of FY2017. The strategy announced in 2015 continues to drive improvements in the business, and is delivering positive growth rates in bookings and revenue margin, up 9% and 5% respectively. Adjusted EBITDA growth rates continue to be very strong, growing by 18% in the first nine months as a result of growth in bookings and revenue margin combined with a 10% reduction in variable cost per booking.

Our revenue diversification strategy continues to have a positive impact on our business, with growth in our flight related ancillaries and non-flight products. Bookings in non-flight businesses were up 7% and revenue margin up 11% driven by growth in dynamic packages, hotels and cars, development of our metasearch business, and partially offset by a decrease in our packaged tours business.

In our flight business, good progress in delivering our strategic initiatives has boosted performance and is positioning us well for long term growth. We continue to make the planned investments in our business to build scale, become more agile, improve the business model, and create a better customer experience.

Our Core markets performed strongly with bookings up 11% and revenue margin up 8%, driven by strategic initiatives, our diversification strategy and our continued investment.

The first nine months also saw strong profit growth. Adjusted net income was up significantly to €19.4 million, representing a 78% increase year-on-year.

In October 2016 the Group successfully refinanced its debt, with a full repayment of 2018 Notes and 2019 Notes, and the issuance of 2021 Notes. It increased the Super Senior Revolver Credit Facility from €130 million to €147 million, and switched its new debt to a single maintenance covenant of 6.0x Gross Leverage Ratio, with the terms also improving to allow for efficient repurchases of up to 10% of principal per year. We have successfully reduced our covenant ratio from 5.0x in December 2015 to 4.0x in December 2016, which gives up ample headroom vs our Gross Leverage covenant ratio. In addition, our Net Leverage Ratio was down from 4.3x in December 2015 to 3.3x in December 2016.

In the first nine months of FY2017 the Group reported a very solid cash flow performance with a cash position of €77 million (up 18% year-on-year). Cash flow from operations went from €-4.7 million to €41.7 million, and cash flow before financing from €-28.1 million to €27.6 million, as a result of improvements in EBITDA, working capital and capex. Overall the Group delivered a very strong cash flow performance.

The financial performance for the first nine months demonstrates that the shift in our business model is delivering positive results. We continue to drive more revenues outside of flight tickets which have higher margin and generate more cash for the business. Overall we consider this a solid set of results and in line with where we would expect to be following the start of our transformation in June 2015.

Summary Income Statement

(in € million)	3M Dec FY2016	3M Dec FY2017	Var	9M Dec FY2016	9M Dec FY2017	Var
Revenue Margin	103.1	108.7	5%	333.9	349.7	5%
Adjusted EBITDA	19.7	21.7	10%	64.1	75.9	18%
Non-recurring items	-1.6	-2.7	65%	-7.1	-6.9	-3%
EBITDA	18.1	19.0	5%	57.0	69.0	21%
EBIT	13.5	14.6	8%	42.9	54.4	27%
Net income	1.6	-14.9	NM	6.5	-3.0	NM
Adjusted net income	2.5	3.0	19%	10.9	19.4	78%

Business review by geography

Our Core markets (France, Italy, Spain) delivered a solid growth in bookings and revenue margin in the first nine months of FY2017. Core markets bookings reached 4.4 million, up 11% year-on-year, as a result of our strategic initiatives, diversification strategy and continued investment.

Revenue margin in our Core segment for the first nine months of FY2017 also experienced solid growth rates, up 8% year-on-year, to €196.7 million. While revenue margin per booking fell 3%, the Group delivered 8% growth in revenue margin as a result of our continued investment in the business.

Expansion markets experienced solid growth rates, up 7% year-on-year, in the first nine months of the year, driven by the strategic initiatives and investments made in our business and revenue diversification.

Expansion markets revenue margin was up 1% year-on-year for the first nine months to €152.9 million. The performance was driven by booking growth, negative foreign exchange impact, in particular the depreciation of the pound vs the euro, and revenue margin per booking.

Business review by business line

Progress in strategic initiatives have boosted our performance and position us well for longer term growth. In the first nine months of FY2017 we delivered solid growth rates in flight bookings, up 9% year-on-year. We continue to make investments in order to build scale, become more agile, improve the business model, and create a better customer experience.

Revenue margin performance in our flight business experienced growth rates of 3%, reaching €274.3 million for the first nine months of FY2017. Revenue margin growth was driven by growth in bookings, which were up 9% year-on-year. Revenue margin per booking for flight products was down 5%, as a result of channel mix re-alignment and price re-orientation, which also produced reduction in cost per booking and increase in

profitability per booking, and the negative impact of the foreign exchange, already explained. This negative impact was partially offset by the positive impact from our revenue diversification strategy, which included flight related ancillaries, which delivered solid results.

Bookings trend in our Non-flight business improved as a result of our diversification strategy, up 7% in the first nine months of FY2017, and an increase of 17% for the 3 months to December for FY2017. The growth was driven by car rentals, hotels and dynamic packages, and was partially offset by a planned decrease in our packaged tours business.

Non-flight revenue margin grew for the fifth consecutive quarter. The growth was primarily driven by growth in car rentals, hotels and dynamic packages, and by the development of metasearch. Revenue growth was partly offset due to the decline in packaged tours. For the first nine months of FY2017 these businesses grew revenue margin by 11%.

Outlook

The focus for the rest of FY2017 will be investing for the long term sustainability of the business. We will invest to reinforce our delivery of sustainable profit growth, and drive results in the longer term, including adapting our revenue model to respond to changing customer needs and developing off-line advertising, which we do not expect to generate revenue immediately.

As a result of the Q3 performance, we have raised our annual targets for FY2017. All M&A transactions taking place in FY2017 have been reflected in the guidance:

	Initial Guidance (June 2016)	Revised Guidance (February 2017)
Bookings (million)	In excess of 10.7 million	11.2-11.5 million 5-8% growth year-on-year
Revenue Margin (in € million)	In excess of €463 million	€465-475 million 0-2% growth year-on-year
Adjusted EBITDA (in € million)	€103-107 million 8-12% growth year-on-year	€105-107 million 10-12% growth year-on-year

Over the longer term, and as we execute the next phase of our transformation, we will continue to grow adjusted EBITDA with a long-term target of €125-140 million EBITDA by 2020.

***NOTE:**

Core markets: Spain, Italy, and France

Expansion markets: All except the Core markets

About eDreams ODIGEO

eDreams ODIGEO is one of the world's largest online travel companies and one of the largest European e-commerce businesses. Under its four leading online travel agency brands – eDreams, GO Voyages, Opodo, Travellink, and the metasearch engine Liligo – it offers the best deals in regular and charter flights, low-cost airlines, hotels, cruises, car rental, dynamic packages, holiday packages and travel insurance to make travel easier, more accessible, and better value for the more than 17 million customers it serves worldwide. With a presence in 44 markets, eDreams ODIGEO is listed in the Spanish Stock Market.