

lm holding closes 2020 with a solid cash position and sells the loss-making business of Destination Italia

A pool of investors expressed an interest for a minority stake in Freesailor, the investment vehicle controlling lastminute.com N.V.

Amsterdam / Chiasso, 9 February 2021 – lm holding, a European leader in the online travel and leisure industry, today releases the preliminary, unaudited full-year results 2020, communicates the sale of Destination Italia and the intention to adopt a new Incentive Plan for key employees and Executive Directors.

At the time of the release of this document, the Company was informed that a pool of Investors entered into a negotiation with the shareholders of Freesailors - the vehicle 100% invested in LMN and whose the majority stake is owned by Fabio Cannavale - for the purchasing of a minority stake of such a vehicle. According to information received on the potential transaction the controlling structure of lastminute.com N.V. will not change.

Preliminary, unaudited full-year results 2020 in € million

	FY2020	FY2019	Change yoy %
Gross Travel Value*	1,059.7	2,881.2	-63.2%
Core Business Revenues*	128.9	337.8	-61.8%
Core Business EBITDA*	2.3	71.2	-96.8%
Net result** <i>RANGE</i>	(60-65)	23.9	NA
	FY2020	1H2020	Change %
Cash available**	137.6	133.1	+3.4%
Net financial position**	33.4	32.9	+1.5%

*Data refers to lm group perimeter excluding Venture Initiatives and Cruise business

**Data refers to the entire lm holding perimeter

The Net Result will be definitively reported on the 26th March 2021 when the Group will release its FY2020 Full Financial Statements. Indeed some extraordinary items, including - but not limited to - the treatment under IFRS rules of cancellations costs and vouchers misredemption - are still under evaluation

with the Auditors. The Company, however, decided to provide the market with the most likely estimation as of today by indicating a range of potential loss.

In the wake of the 2019 performance, January 2020 started breaking another record with the highest number of bookings ever made in the Group history in one month (531,000 bookings, +22% vs January 2019). That clearly demonstrated the Group's ability to address the needs of the travellers in the online space, thanks to a successful value proposition that was the key to gain market share and to increase profitability from 2017 to 2019.

From February, the world has changed. The outbreak of COVID-19 took a heavy toll on the global travel industry pushing the Group to focus primarily on strengthening its financial position, entirely securing the business and its assets and ensuring the safety of employees. In the meantime, it was necessary to rapidly turn the way of working from a booking engine into a cancellation machine.

All this, significantly impacted the 2020 performance at all levels, across all geographies and all products. Worth to say that, in the context of the greatest economic crisis of the modern world, the very lean and flexible business model of lm group helped offset such a tremendous impact.

The main issue to be managed throughout the year was the refunding to customers that were forced to renounce their trips. Since the suppliers, primarily the airlines, awfully delayed the reimbursements, customers were bearing the risk of not being paid back timely. In order to mitigate the uncertainty, the Group launched the so called "Everyone Loves Vouchers" campaign ("ELV") that gave to its customers the opportunity to have ready in their hands the value of the ticket cancelled, to be used then for future travel options.

As a result of the positive outcomes of the Company's Cash Protection Programme and an improved operating performance in the 2H2020, the Group closed the year with a sound cash position of +€137.6M. The Cost Reduction Program adopted in March 2020, brought to a saving of €36M vs 2019, higher than the €30M target communicated in the 1Q2020 Press Release. A portion of this saving will extend its positive effect in 2021 and in the future.

January 2021 started in continuity with the last quarter 2020 performance, still at a low pace. The Group expects to see the first signs of rebound by the second quarter as a result of the progressive rollout of the vaccination campaign. Thanks to the positive impact deriving from the climate conditions of the spring and summer seasons and the herd immunity to be potentially achieved between the third and the fourth quarter 2021, the scenario will then stabilize.

Fabio Cannavale, lm holding CEO, commented: "We have experienced the worst health and economic crisis that all of us remember. Despite all the difficulties and

challenges we have faced in the course of the year, lm group has been capable of reacting quickly and effectively, not only securing its assets and the business continuity but also taking care of all its employees around Europe. Thanks to the comprehensive reorganization process started in 2016 and culminated with the great 2019 performance, our very efficient machine, the scalable and flexible infrastructure, enabled the group to navigate the waves of the pandemic properly. We can look at the future with optimism, thanks to the robustness of our balance-sheet and conscious that our organization is well equipped to serve our customers even in a different context like the post-covid world. Based on the current conditions, and provided that we foresee a rebound in the course of the 2Q2021, at this stage we would not expect to follow up with a capital injection going forward.”

Marco Corradino, lm Group CEO, said: “2020 was probably the most difficult year ever for the travel and tourism industry. It was a year of hard challenges, but we learned many lessons. We have built a very efficient machine, capable of quickly turning into a cancellation engine as a consequence of the C-19 outbreak. Once the crisis seemed to be under-control in the late spring, we started reinvesting and we managed the rebound effectively. Then, after the summer, when a second pandemic wave appeared to be the most likely scenario, on the contrary we decided to significantly limitate the marketing spend, to avoid potential issues arising from a second cancellation wave.”

Andrea Bertoli, Managing Director OTA, added: “From October until now, around 50% of European scheduled flights were cancelled in the few days prior to departure. This means that it was, and still is, not the right moment to push the throttle. We manage tons of data and run sophisticated algorithms that fuel our decision making process enabling us to constantly and rapidly change our strategy. Our capability of effectively managing the business even in such a fluid and difficult context is the result of a three year plan of transformation successfully executed. We look at the future with optimism backed by solid assets and strengths. Our sound financial structure allows the Group to have cash-in-hands to invest and actively play a role of potential consolidator in the field. The diversified business model and geographical reach will be key to focus on products and countries where the rebound will come first. Our leading dynamic holidays packages technology will provide our customers with the most comprehensive catalogue of immediately-bookable travel options, built in real time as soon as a destination will reopen for leisure travel.”

Sales of Destination Italia

Destination Italia (the “Company”) will not be consolidated any longer in the financial statements of lm holding as a result of the sale of the majority of its stakes to a newco established by the Management Team.

Destination Italia is a joint venture born in conjunction with Banca Intesa aimed at boosting the incoming tourism to Italy. Launched in 2016 after the acquisition of Gartour it was managed independently from the lm group strategy as a Venture Initiative. Unfortunately, in the course of the years, it did not generate the expected results (€3M loss per year on average). In order to favour the possible relaunch of the initiative, lm holding decided then to sell the majority of its stakes (63,6%) to a newco constituted by the Management team; consequently, lm group holds today 24,9% of the Company.

The Group is now working on the write-off of the related assets and will report it into the 2020 Year end figures.

Incentive Plan

On February 9, 2021, the Group Board of Directors resolved in favour of an incentive plan (the “Incentive Plan”) addressed to key employees and Executives Directors.

Under the Plan, a maximum of 750.000 options could be assigned to key employees and Executive Directors. The options will vest at the end of a 3 years period subject to the following conditions:

- i) 152,000 options subject to continued service;
- ii) 258,000 subject to continued service and a share price equal or higher than CHF 40;
- iii) 340,000 options subject to continued service and a share price equal or higher than CHF 60.

Detailed terms and conditions of the Incentive Plan, including the mechanism to finance it (e.g. buy-back of owned shares or a dedicated capital increase) will be proposed by the Company’s Selection Appointment and Remuneration Committee and brought for approval at the Board of Directors to be held, according to the Company’s financial calendar, on 25 March 2021. All relevant details will be fully described in the Shareholder Circular, expected to be released on 26March 2021, related to the Company’s Annual General Meeting of Shareholders to be held on the 22 June 2021.

The purpose and the structure of the Incentive Plan is to commit key employees on a long-term basis and to focus management on the delivery of strategic and financial goals. It will have the benefit of generating long-term company value and align management and shareholder interests.

Financial calendar

26th March 2021
21st May 2021

FY2020 Financial Statements
1Q2021 Trading Update

22th June 2021
4th August 2021
12th November 2021

Annual General Meeting of Shareholders
1H2021 Financial Statements
3Q2021 Trading Update

About [lm holding](#)

lm holding is among the worldwide leaders in the online travel industry and operates a portfolio of well-known brands such as [lastminute.com](#), [Volagratis](#), [Rumbo](#), [weq.de](#), [Bravofly](#), [Jetcost](#) and [Hotelscan](#). The Group's mission is to be the most relevant and inspiring travel company, committed to enriching the lives of travellers. Every month, the Group touches 60 million users across all its websites and mobile apps (in 17 languages and 40 countries) that search for and book their travel and leisure experiences with us. More than 1,200 people enjoy working with us and contribute to providing our audience with a comprehensive and inspiring offering of travel related products and services. lastminute.com N.V. is a publicly traded company listed under the ticker symbol LMN on SIX Swiss Exchange.

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