

PSTO

Q&A about the transaction

30 April 2018



Investor Q&A Virtual Call

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Context of the offer (1)

- **Please discuss the medium and long term strategy and the capital allocation of LMN and whether the PSTO has any impact on it**
 - The PSTO has no impact on the medium and long term strategy of LMN
 - The management is still committed to grow the business and has long term vision to continue to invest in our core strengths in order to offer differentiated, life enriching and value-add services to our customers like dynamic or highly tailored packages
- **Please discuss why you have decided to launch a PSTO**
 - Management and board of LMN believe the stock is undervalued
 - Based on current valuation, we believe to use liquidity to buyback some shares is a meaningful capital allocation
 - The PSTO will be an important liquidity event to many shareholders. The stock is not very liquid and trading volume are pretty thin (less than 0.3x of the market capitalisation was turned over in the last 12 months). It is therefore challenging for investors with a substantial position to sell it without materially impacting the share price
 - Consequently a PSTO is beneficial for existing shareholders as they can sell a large amount of shares at an attractive price and for continuing shareholders as the EPS will increase in the long run
 - We think the reaction on the stock price following the announcement made on August 10th 2017 in regard to the appointment of a special committee to evaluate the feasibility of a self-tender offer and the announcement made on December 15th 2017 in regard to LMN's intention to launch a tender offer a fixed price of 16.0 per share are signals that market had a positive view on the PSTO
- **Is the PSTO a first step before a de-listing of LMN?**
 - Management and board of LMN have no such plan. The PSTO was decided because, the management and the board believe the stock price did not reflect the true value and fundamentals of the company
 - We believe the capital allocated to the PSTO is in the interest of all parties and will create shareholder value

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Context of the offer (2)

- **Please discuss the intentions of the significant shareholders with regard to the offer**
 - Freesailors Cooperatief U.A. (Fabio Cannavale and Marco Corradino), Micheli Associati S.r.l. (Francesco Micheli) and Francesco Signoretti entered into a new agreement valid until 27 April 2020 and together own 43.71% of the voting rights
 - Francesco Signoretti informed LMN that he considers to tender 200'000 to 250'000 of his LMN shares in the course of the offer
 - Freesailors Cooperatief U.A. and Micheli Associati S.r.l. have decided not to participate in the PSTO
 - Ardian Holding who owns 5.33% of the voting right has decided not to tender its shares
 - Apart from this, LMN is not aware of any shareholder's intention with regard to the offer

- **Please discuss what LMN will do with its treasury shares**
 - As of December 31st 2017, LMN, held a total of 1'293'907 Treasury Shares
 - The extraordinary shareholders' meeting resolved that 765'017 of the Treasury Shares shall be cancelled, those shares were cancelled on January 30th 2018
 - The remaining 528'890 treasury shares which will be used for LMN group's employee stock based long term incentive plan

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Process and approvals (1)

- **Can you please discuss if an ad-hoc special committee had to be appointed to appraise the merits of the offer**
 - The Board of Directors of LMN has established and installed, in its meeting of 9 August 2017, a special committee to appraise the possibility and the feasibility of a PSTO by LMN on its own shares. The special committee has deemed such transaction to be appropriate and in the best interest of its shareholders
 - The Board of Directors resolved that such special committee is composed of three non-executive directors, being Mr. Ottonel Popesco, Mr. Roberto Italia and Ms. Anna Gatti
 - Board members, Fabio Cannavale and Marco Corrdino, who hold a significant stake in LMN through Freesailors Cooperatief U.A. did not participate in the discussion and decision-making of the board of directors and abstained from voting in matters relating to the PSTO

- **Can you please discuss if an Review Body had to be appointed to appraise the merits of the offer**
 - Ernst & Young (“EY”) has been appointed by LMN to act as Review Body of the PSTO
 - The main mission of EY was to review and confirm that (i) LMN has sufficient funds to complete the PSTO, (ii) the best price rule has been respected until 9 April 2018 and (iii) they have not encountered any fact that infers (a) the recipients of the PSTO have not been treated equally, (b) the prospectus is not complete, accurate (c) nor in accordance with provision with the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading

- **Please discuss the formal approval by the shareholders of LMN**
 - On 21 September 2017, an extraordinary shareholders' meeting of LMN authorized the Board of Directors to acquire, through a PSTO, up to 33 1/3% of LMN share capital for a price not less than the nominal value and not greater than the on-exchange closing price of the lastminute Share on SIX the last trading day prior to the publication of the offer plus a premium of 20%
 - Additionally, the shareholders resolved that LMN's issued share capital shall be reduced, in a first step through the cancellation of 765'017 of the existing treasury shares, and in a second step through the cancellation of the shares acquired pursuant to the offer

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Process and approvals (2)

- **Please discuss the approval process of the Swiss Takeover Board (“TOB”)**
 - On 9 April 2018, the TOB has issued the following decision in relation to the PSTO
 - The PSTO by LMN complies with the legal provisions on public tender offers
 - The reduction of the offer period to 10 trading days is approved
 - The offeror granted an exemption from the obligation to grant an additional acceptance period
 - LMN and the person acting in concert with LMN are granted an exemption from the best price rule after the expiration of the offer period
 - This decision was published on the website of the TOB on the day of the publication of the offer prospectus (10 April 2018)

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Terms of the PSTO (1/2)

▪ Can you please discuss the key terms of the PSTO:

- LMN offers CHF 16.0 net in cash for each of its bearer shares with nominal value of EUR 0.01 each
- The offer period will run from 25 April 2018 until 9 May 2018, 4 pm Central European Time
- LMN reserves the right to extend the period once or several times to a maximum of 40 trading days
- An extension of the offer period beyond 40 trading days would require the prior consent of the TOB
- LMN is launching a PSTO to acquire 2'193'395 corresponding to 15.83% of its share capital
- If more than 2'193'395 shares are tendered, LMN will reduce the number of shares accepted pro rata to 2'193'395 shares
- All the shares tendered will be cancelled

▪ When will the selling shareholders will be paid?

- Unless the offer period is extended, the shares tendered by selling shareholders will be settled to custodians on 23 May 2018

▪ Until when can shareholders tender shares of LMN?

- The offer period ends on 9 May 2018 at 4pm CET
- However, shareholders will need to consider the deadlines set by their depositary banks which are usually earlier (up to 1 or 2 trading days) than the official end of the offer period
- No assurance can be given as to how an individual depositary bank will treat shares acquired close to 9 May with respect to its ability to tender those shares to the tender offer

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Terms of the PSTO (2/2)

■ Please discuss the premium offered

- The offer price implies a premium of 4.86% to the volume-weighted average price of all on-exchange transactions in LMN executed on SIX during the last 60 trading days prior to 10 April 2018
- The offer price implies a premium of 7.74% to the on-exchange closing price of the LMN share on SIX on 9 April 2018, which amounted to CHF 14.85
- The offer price implies a premium of 30.6% to the on-exchange closing price of the LMN share on SIX on August 10th 2017, i.e. the date the intention to do a PSTO was first announced, which amounted to CHF 12.25
- The offer price implies a premium of 12.3% to the on-exchange closing price of the LMN share on SIX on December 14th 2017, i.e. the intention of LMN to do a PSTO was confirmed, which amounted to CHF 14.25
- We also note that the offer price compares favourably with the highest price of LMN shares in 2016 (14.45) and 2017 (15.5)

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Impact on capital structure

- **Please discuss the impact of the PSTO on your financial metrics, i.e. the pro forma capital structure**
 - Following the completion of the PSTO, assuming 2'193'395 shares are tendered, the net financial position will decrease to ~EUR 30 million
 - The balance sheet equity will be reduced from EUR 133 million to roughly EUR ~104 million
 - We believe the financial leverage to remain moderate in light of fact that LMN (i) will still have a net cash position and (ii) is expected to generate solid cash flow



THANKS

