

interimreport2017



lastminute.comgroup

 lastminute.comgroup

lastminute.com

 bravofly

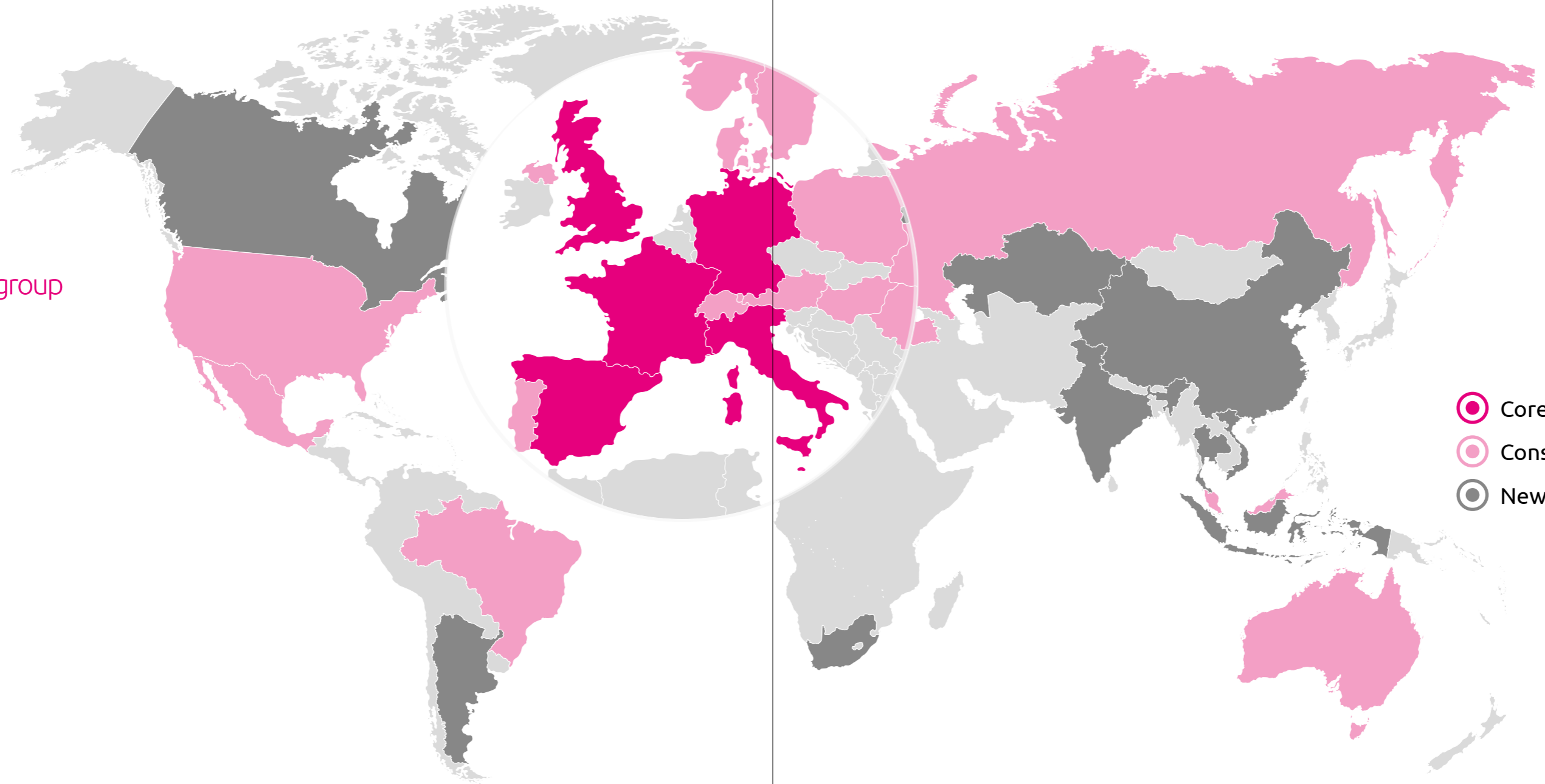
 rumbo




 volagratis

Jetcost

 travelpeople  
ENGAGING AUDIENCES

 wayn



-  Core markets
-  Consolidated markets
-  New markets



around 10 million  
passengers handled  
per year



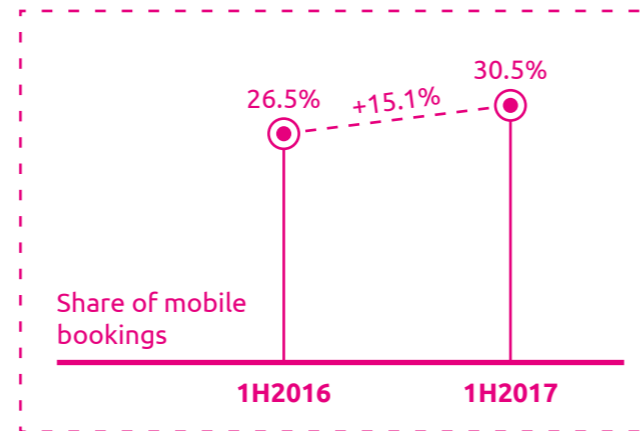
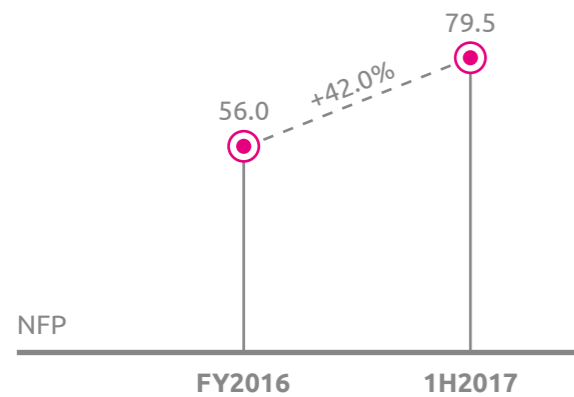
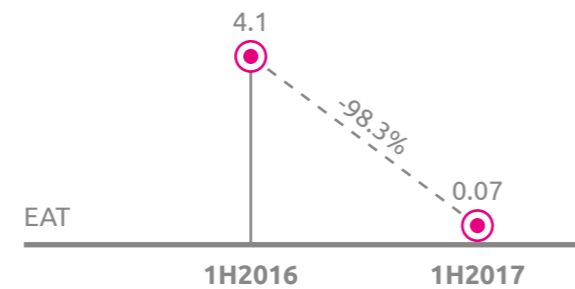
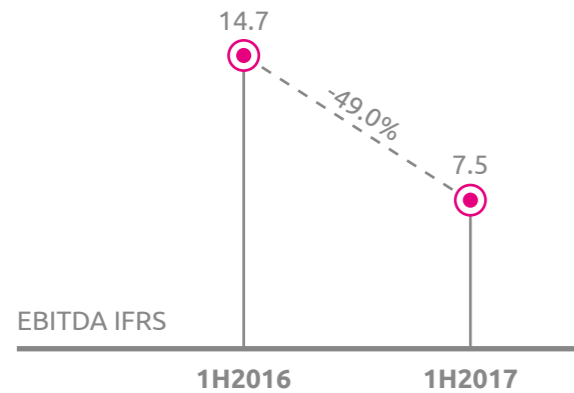
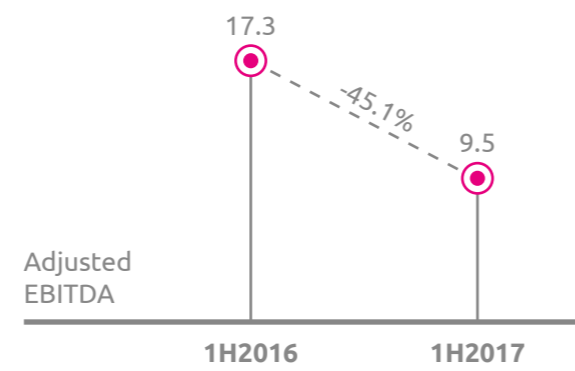
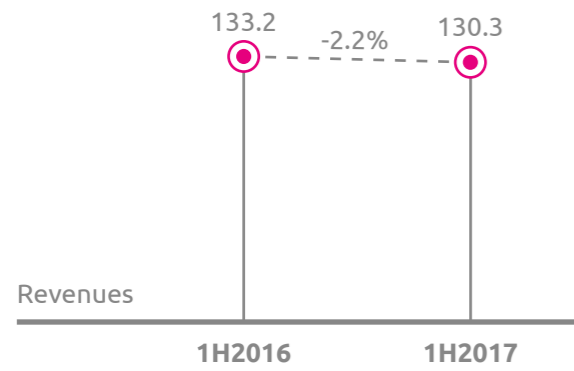
offering and services  
available in 40 countries  
and 17 languages



1200 people  
across 12 countries

# 1H2017 Financial information at a glance

(in € million)



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**We aim to be the relevant and most inspiring travel company committed to enriching the life of travellers**





## Scenario and Trends

In today's travel market **becoming relevant** is the key challenge... Interacting with travellers along the whole **customer journey** will allow us to **capture customer needs** and consistently respond to them







## CEO's Letter

Dear stakeholders,

I'm pleased to say that the Group is running in the right direction to achieve its mission.

We operate in a very complex, competitive and fast-moving environment. We must therefore be flexible, resilient and bold in the decisions we take to successfully deliver our initiatives. We are still working on reshaping the whole organisation to become fully customer centric instead of platform-driven.

Personalisation is the keyword to provide users with a "best-in-class" inspire-shop-buy proposition. Tailored content based on individual consumer needs are prime triggers for engagement and loyalty. The more we customise our user experience, the more opportunity we'll have to create an emotional connection with our customers.

It's true that bookings are becoming more commoditised and prices more uniform for stand-alone products. What matters is to differentiate and provide a balanced combination of bundled products, services and content. Our strategic view is to embrace the whole travel experience and provide travellers with a streamlined and comprehensive solution for their journey.

Our investment in Dynamic Packaging technology is well established, based on the strong belief that sooner or later this would become the most attractive proposition for our business. As a result, we're positioned ahead of most of our competitors and achieving great returns. Dynamic Packages are growing double digits across all countries and today they represent the most successful category within the OTA business. In the UK it's our leading product sold ahead of our historical Flights business.

As part of our strategic development we are enhancing our Tour Operator capabilities. In France, where we sell the highest number of Tour Operator packages, we are up +20% on revenue and are increasing our margins (at gross profit level) by 50%.

Even if agency fees on flights are struggling to stay at the same levels as seen before, we see potential improvements thanks to our ongoing product development plans which

will drive an increase in conversion rate. In addition, the up-selling of ancillary products will contribute to maintain good margins. Here we've already seen a significant increase in attach-rates and economical contribution.

Jetcost, our Metasearch business, continues to gain momentum achieving +32% YoY despite it being hard to expect further improvements following a +91% revenue increase in 2016.

Having seen year on year improvements for all KPIs in the most strategic business areas, the Group decided to significantly increase its offline marketing investments. We launched TV advertising in Italy, Spain and France for Volagratis.com, Rumbo.com and lastminute.com respectively. That decision resulted in to triple non-performance marketing expenses that impacted the Group P&L bottom line. We believe these kind of investments will have positive returns in brand awareness and improvements in direct traffic.

In parallel, we continued to grow our talent base through an attentive hiring process aimed at attracting senior professionals in data science, technology, new media and marketing areas. Our people represent a key factor to our success, ensuring the long term sustainability of our business model in the long-run.

**Fabio Cannavale**  
CEO

# Our journey

**BUY**

OTA

Flight centric

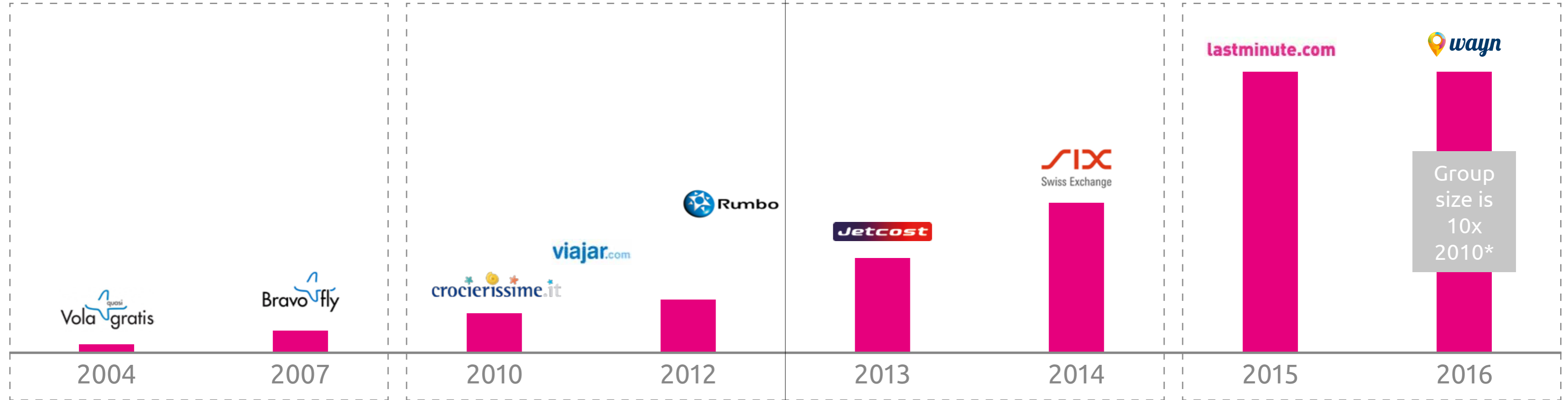
**SHOP + BUY**

OTA/META

**INSPIRE + SHOP + BUY + ENJOY**

Travel & Media

Diversified proposition



\*based on Revenue

A portrait of Marco Corradino, a middle-aged man with a shaved head, wearing a dark blue pinstriped suit jacket over a dark blue button-down shirt. He is looking directly at the camera with a neutral expression. The background is a plain, light-colored wall.

## COO's Letter

Providing tailored experiences and compelling content are key to our evolution in the long term, while the integration of OTA-Meta and marketplace improvements represent the short-term reality.

Personalisation will drive our brands towards travel planning and purchase. Our interface will change according to the customer's needs rather than product type. The boundary between OTA and Meta will disappear and it will become a necessity to blend media into this evolved model in order to better engage our audiences.

We are working hard to implement additional meta search engines (e.g. accommodations) into our Meta business. This will allow us to leverage synergies with our OTA business and further monetise each vertical and guarantee a stream of profitable traffic.

Our OTA marketplace is evolving into becoming an "Experience Vendor" mainly offering customised experiences, directly connected with media, where compelling content is key in driving customer choice and marketplace assortment.

To create exclusive and personalised travel experiences, we are looking at alternative accommodation capabilities to extend our range of products and enter into other segments. This will be supported by a diversified portfolio of products and services provided along the whole customer journey.

We continue to find new ways of engage our customers by launching initiatives associated with travel such as food, sport and music events and experiences. At the same time, we are making significant improvements in the support we provide by implementing self-care features across all our websites, apps, and devices. This will guarantee an enhanced quality in customer interaction at all levels.

We are not focusing on standardised, commoditised standalone goods, on the contrary, using data insights and analysis, we are positioning ourselves to be more appealing and inspiring by developing our capability to mix and blend different product elements to be provided to our customers through a frictionless user experience.

The acquisition of lastminute.com was a turning point. The integration between two different companies was the first

very complex but successful exercise of blending. Platforms, cultures, and attitudes had to be consistently merged to evolve from small-mid, vertically-focused OTA to a mid-large Travel and Media Group. We now feature a comprehensive brand architecture and a very distinguished and differentiated value proposition.

Today non-transactional business represents around 26% of the total Group revenue and, within the OTA area, Travel & Leisure increased to around 47% on total OTA revenue with Dynamic Packages smashing the market particularly in UK.

We've totally restructured our performance marketing area and are now working at higher ROI but recognise we still have significant room for further improvement. As a consequence, we are reducing the relative spending per booking. On the Metasearch side, we are pushing to sustain the topline growth in order to gain size and market share against our competitors. Thanks to the excellent job of our Jetcost team, we are managing to do all of that as well as preserving high profitability.

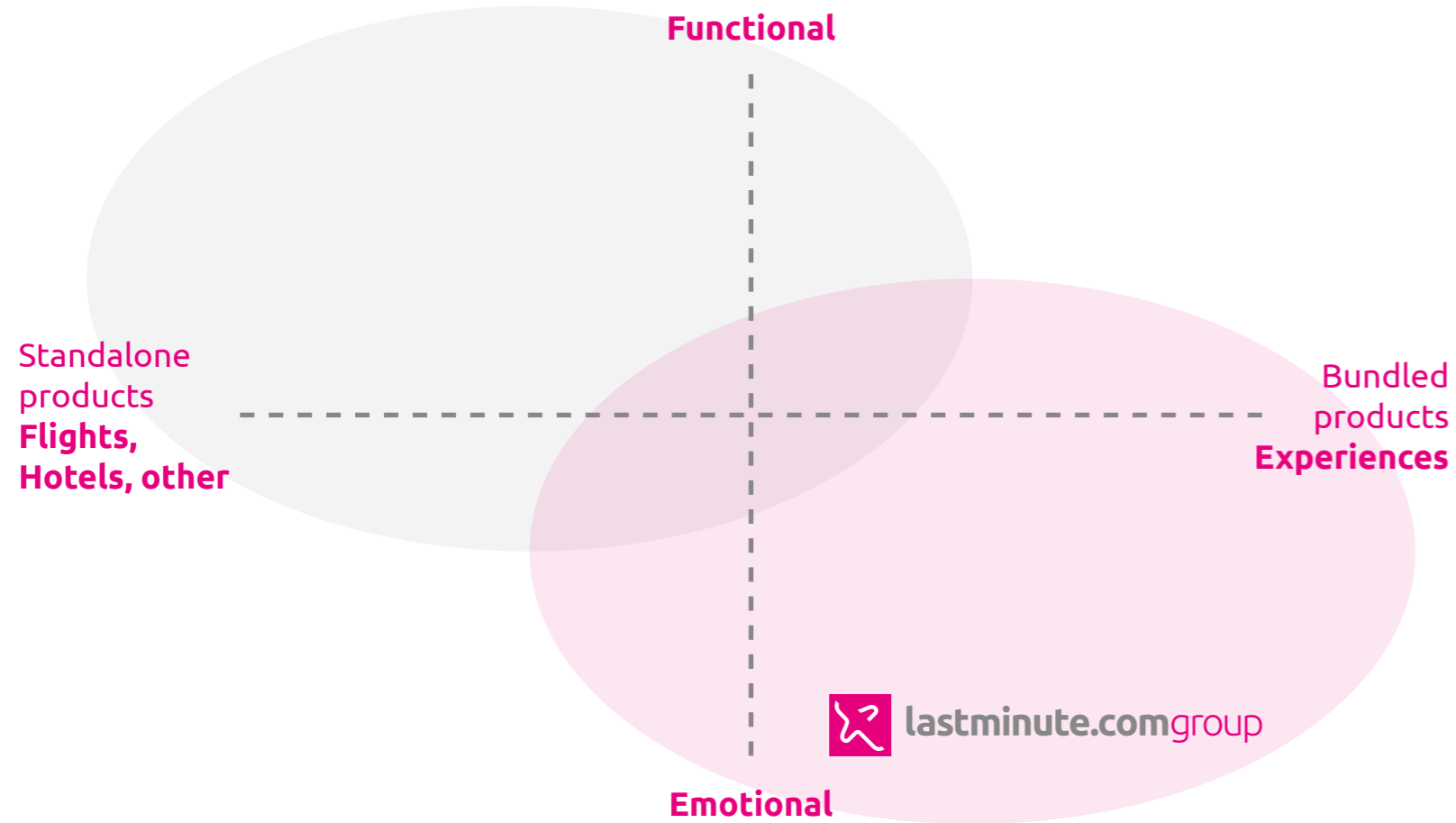
I want to thank all our people, who on a daily basis, demonstrate a very strong commitment to our long-term vision and make a huge effort to continuously deliver great results.

**Marco Corradino**  
COO

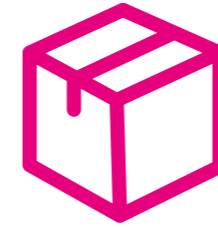


## How we position ourselves

Most brands focus on being **functional**



We focus on being **emotional**



### Product

Emotionally engage audiences through a **multi-product and services** value proposition

### Content

Emotionally engage audiences with **relevant content** delivered across the whole customer journey



### Sales

Implement the **most effective model** optimising balance between transactional and non-transactional revenues (OTA-Meta-Media)

## What we are doing to support the vision

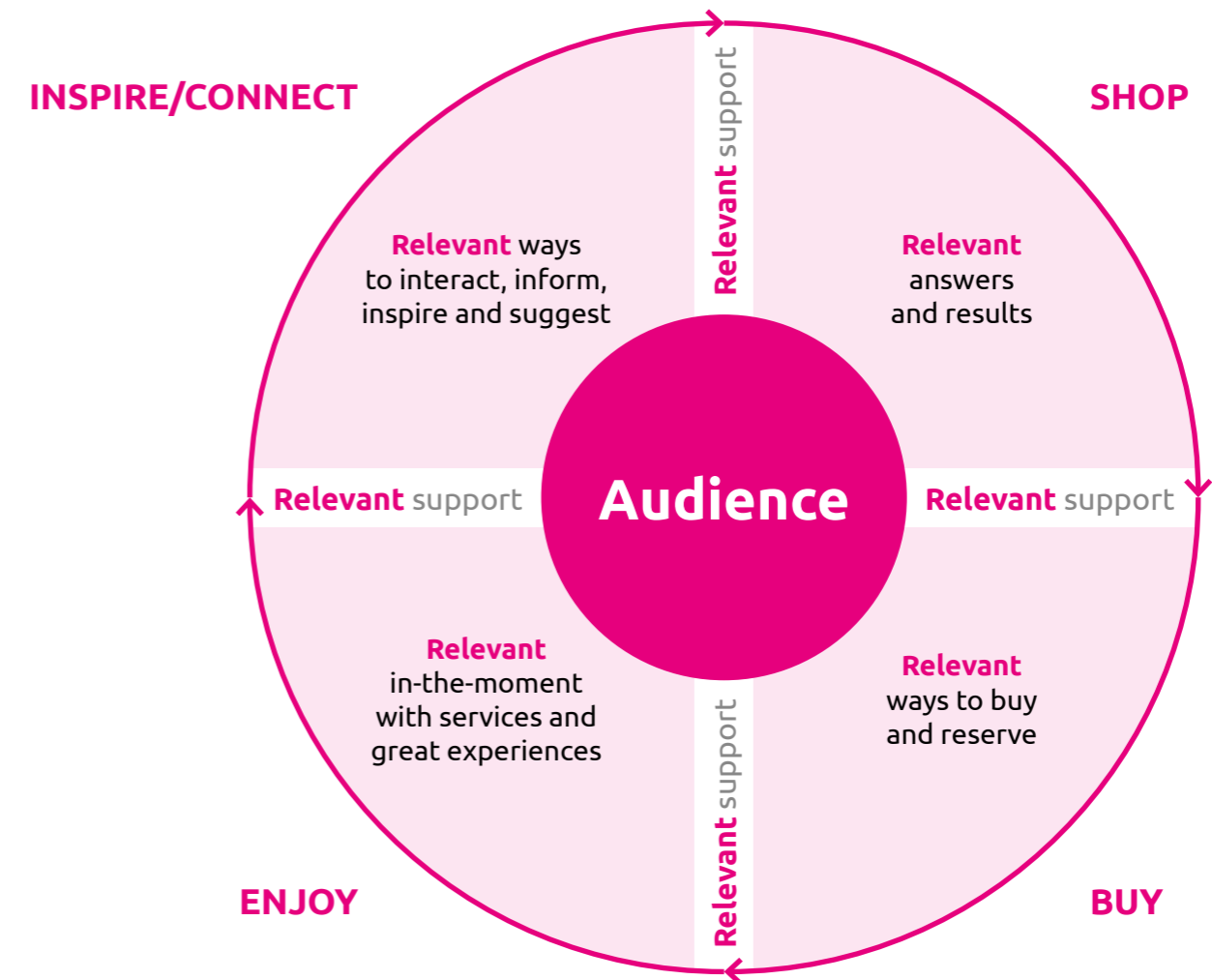


**Strategic Growth Path** - tailored experiences and compelling/relevant content are key to our long-term evolution, while Meta-OTA integration and marketplace improvements represent the baseline

LMN is committed to **maximising access to travel products** through a “Marketplace” approach with superior consumer focus. **Personalisation** will drive the evolution of our brands for travel planning and purchase.

### **Consolidate LMN market share through OTA-Meta synergies.**

Scaling across **travel experiences** towards exclusive and personalised product and services, leveraging sophisticated data management capabilities.





## What we are doing to support the vision

Personalisation as a key success factor. To own and manage the whole “end-to-end experience” of the travellers is crucial

Brand equity, reputation and customer perception are key to loyalty and engagement

Data science, marketing technology and new media capabilities are essential assets to fulfill the mission

1

Consistent reorganisation of the Company has been realised **focusing on customers** and their lifecycle instead of being platform-driven.

2

Offline marketing investments **to build awareness** increased significantly in Italy, Spain and France. Ongoing plan of product and service improvements to guarantee **best-in-class user experience** and enhance conversion.

3

Continuous hiring of **talented people** that can make the difference at all levels.

# How things are going



Strategic OTA products  
double digit growth...  
**Dynamic Packages** are the future



Meta business  
**keeps growing strongly**

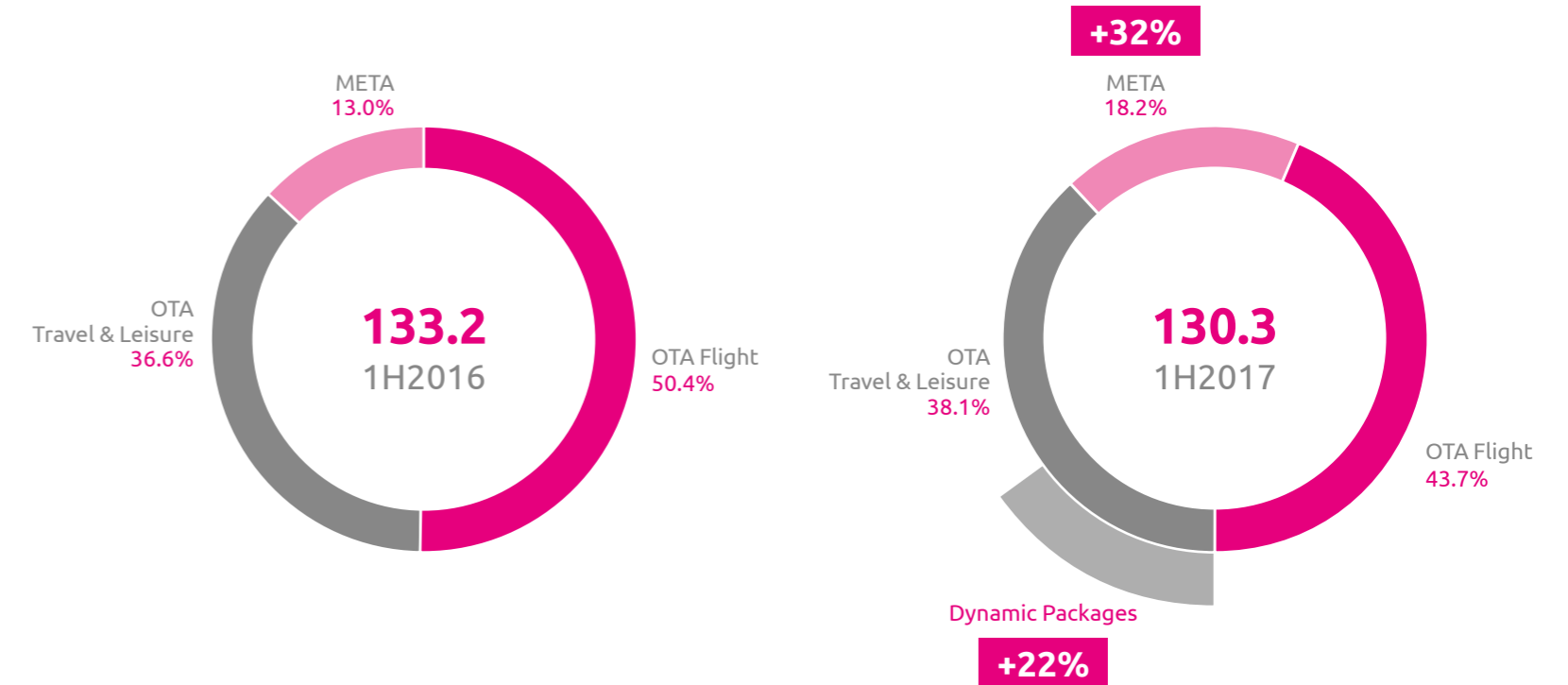
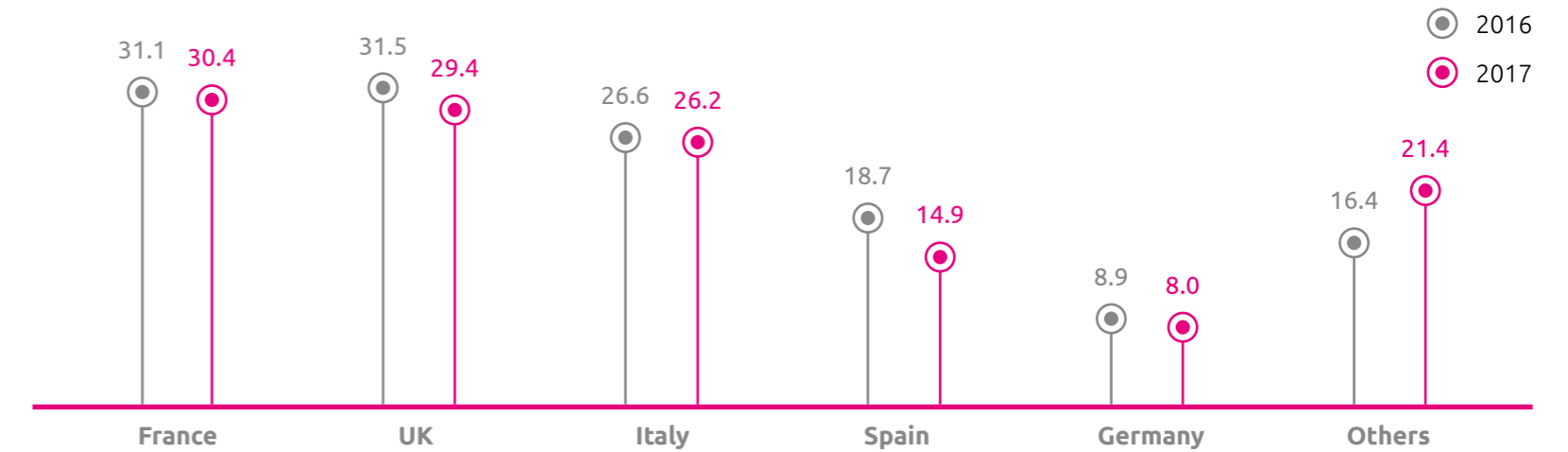


Multi-brand strategy  
working effectively with **solid positioning** in UK, France and Italy



Media found its way  
to **smash the market**

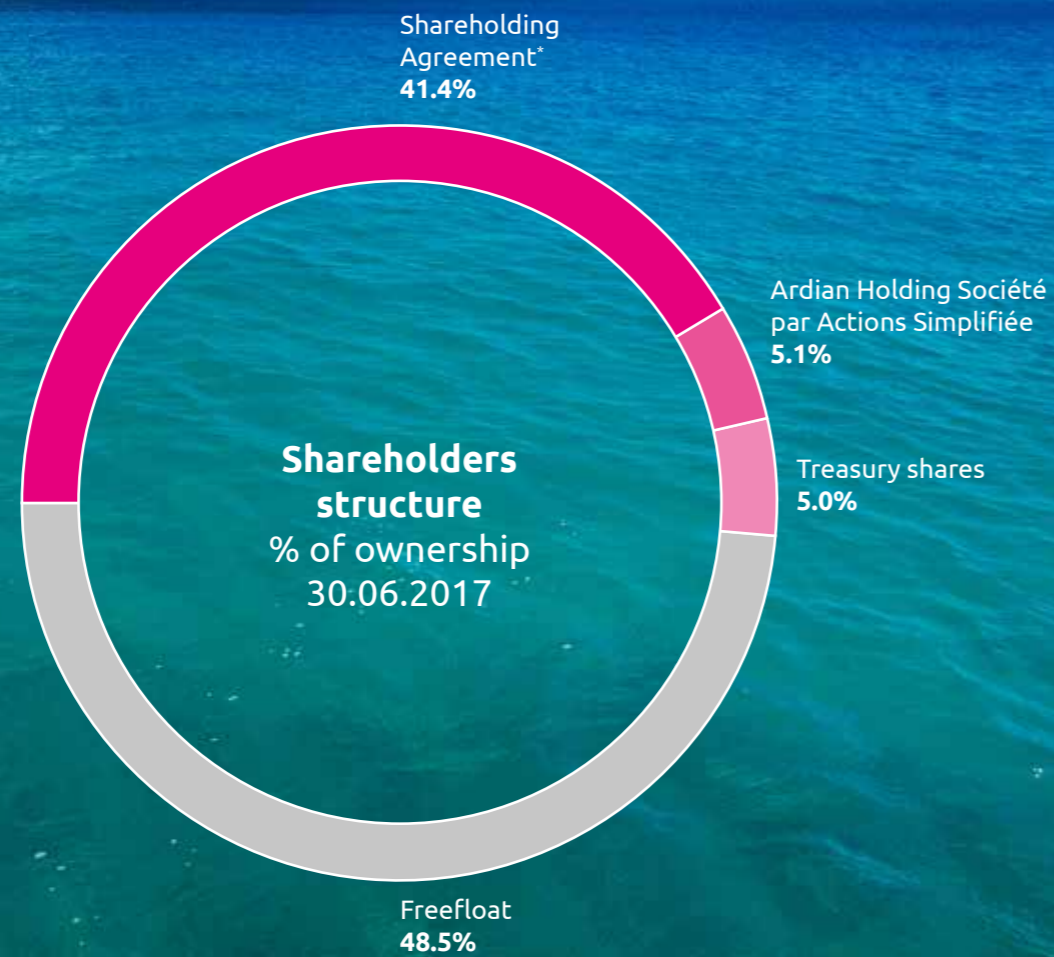
# A balanced geographic and business mix



Footnote: data in €M



# Shareholders structure



**Footnote:** lastminute.com N.V. is a publicly traded company listed under the ticker symbol LMN on SIX Swiss Exchange  
\* The shareholding agreement comprises 3 entities. The main member is Freesailors Cooperatief UA that holds 35% of the total issued capital

# Board of Directors

## Executive Directors



**Fabio Cannavale**  
Executive Director, CEO



**Marco Corradino**  
Executive Director, COO

## Non-executive Directors



**Ottonel Popesco**  
Non-executive Chairman  
of the Board of Directors



**Julia Bron**  
Non-executive Director



**Anna Gatti**  
Non-executive Director



**Roberto Italia**  
Non-executive Director



**Anna Zanardi Cappon**  
Non-executive Director



# Consolidated interim financial statements 30 June 2017

## Consolidated statement of profit or loss and other comprehensive income

in '000 EUR (for the six months ended 30 June)	Notes	2017	2016
Revenues	7	130,275	133,199
Marketing costs	8	(56,661)	(55,089)
Personnel costs	8	(31,423)	(25,185)
Other operating costs	8	(34,671)	(38,220)
Amortization and depreciation		(6,050)	(5,558)
Impairment		(27)	
<b>Operating Profit / (Loss)</b>		<b>1,443</b>	<b>9,147</b>
Finance income	8	1,939	61
Finance costs	8	(1,556)	(3,540)
Share of result of equity-accounted investees		(27)	(37)
<b>Profit / (Loss) before income tax</b>		<b>1,799</b>	<b>5,631</b>
Income tax	9	(1,727)	(1,481)
<b>Profit / (Loss) for the period</b>		<b>72</b>	<b>4,150</b>
- thereof attributable to the Shareholders of LASTMINUTE.COM N.V.	10	516	4,133
- thereof attributable to non-controlling interest		(444)	17
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that will never be reclassified to profit or loss			
Remeasurements of the Employee benefits liability		(100)	(125)
Related tax		25	24
<b>Items that will never be reclassified to profit or loss</b>		<b>(75)</b>	<b>(101)</b>
<b>Items that are or may be reclassified to profit or loss</b>			
Foreign currency translation differences		(71)	941
<b>Items that are or may be reclassified to profit or loss</b>		<b>(71)</b>	<b>941</b>
<b>Total other comprehensive income for the period, net of tax</b>		<b>(146)</b>	<b>840</b>
<b>Total comprehensive income</b>		<b>(74)</b>	<b>4,990</b>
- thereof attributable to the Shareholders of LASTMINUTE.COM N.V.		370	4,973
- thereof attributable to non-controlling interest		(444)	17
<b>EARNINGS PER SHARE</b>			
Basic earnings per share (in EURO)	10	0.04	0.30
Diluted earnings per share (in EURO)	10	0.04	0.29



## Consolidated balance sheet

in '000 EUR	Notes	30 Jun 2017	31 Dec 2016
<b>NON CURRENT ASSETS</b>			
Property plant and equipment	14	3,057	3,593
Intangible assets	14	142,505	142,238
Goodwill		56,372	56,399
Non current financial assets	13	1,247	1,184
Investment in equity accounted investees	14	931	238
Deferred tax assets	14	7,240	7,477
<b>TOTAL NON CURRENT ASSETS</b>		<b>211,352</b>	<b>211,129</b>
<b>CURRENT ASSETS</b>			
Inventories		9	9
Current financial assets	13	2,411	2,210
Current tax assets	14	1,349	3,390
Trade and other receivables	14	64,115	49,749
Cash and cash equivalents	13	79,820	60,245
<b>TOTAL CURRENT ASSETS</b>		<b>147,704</b>	<b>115,603</b>
<b>TOTAL ASSETS</b>		<b>359,056</b>	<b>326,732</b>
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	12	146	146
Capital reserves	12	127,751	127,751
Translation reserve	12	983	1,054
Treasury share reserve	12	(16,891)	(12,364)
Retained earnings	12	26,415	25,714
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF LASTMINUTE.COM N.V.</b>		<b>138,404</b>	<b>142,301</b>
Non-controlling interest		2,192	2,604
<b>TOTAL EQUITY</b>		<b>140,596</b>	<b>144,905</b>
<b>NON CURRENT LIABILITIES</b>			
Non current provisions	14	-	820
Employee benefits liabilities		5,668	5,052
Deferred tax liabilities		26,054	25,911
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>31,722</b>	<b>31,783</b>

→

in '000 EUR	Notes	30 Jun 2017	31 Dec 2016
<b>CURRENT LIABILITIES</b>			
Current provisions		957	878
Short Term Financial Liabilities	14	4,006	7,680
Current tax liabilities	14	1,303	1,477
Trade and other payables	14	180,472	140,009
<b>TOTAL CURRENT LIABILITIES</b>		<b>186,738</b>	<b>150,044</b>
<b>TOTAL LIABILITIES</b>		<b>218,460</b>	<b>181,827</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>359,056</b>	<b>326,732</b>

## Consolidated statement of changes in equity

in '000 EUR	Notes	Share capital	Capital Reserves	Translation Reserve	Treasury Share Reserve	Retained Earnings	Equity attributable to Shareholders of LASTMINUTE.COM N.V.	Non-controlling interest	TOTAL EQUITY
<b>Balance at 1 January 2017</b>		<b>146</b>	<b>127,751</b>	<b>1,054</b>	<b>(12,364)</b>	<b>25,714</b>	<b>142,301</b>	<b>2,604</b>	<b>144,905</b>
Result for the period		-	-	-	-	516	516	(444)	72
Other comprehensive income									
- Remeasurements of the Employee benefits liability (net of tax)		-	-	-	-	(75)	(75)	-	(75)
- Foreign currency translation differences	12	-	-	(71)	-	-	(71)	-	(71)
<b>Total other comprehensive income net of tax</b>		<b>-</b>	<b>-</b>	<b>(71)</b>	<b>-</b>	<b>(75)</b>	<b>(146)</b>	<b>-</b>	<b>(146)</b>
<b>Total comprehensive income net of tax</b>		<b>-</b>	<b>-</b>	<b>(71)</b>	<b>-</b>	<b>441</b>	<b>370</b>	<b>(444)</b>	<b>(74)</b>
Transactions with shareholders									
- Share-buy back plan	12	-	-	-	(4,527)	-	(4,527)	-	(4,527)
- Acquisition/loss of control of subsidiaries with non-controlling interest	5	-	-	-	-	260	260	32	292
<b>Total transactions with shareholders</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,527)</b>	<b>260</b>	<b>(4,267)</b>	<b>32</b>	<b>(4,235)</b>
<b>Balance at 30 June 2017</b>		<b>146</b>	<b>127,751</b>	<b>983</b>	<b>(16,891)</b>	<b>26,415</b>	<b>138,404</b>	<b>2,192</b>	<b>140,596</b>

in '000 EUR	Notes	Share capital	Capital Reserves	Translation Reserve	Treasury Share Reserve	Retained Earnings	Equity attributable to Shareholders of LASTMINUTE.COM N.V.	Non-controlling interest	TOTAL EQUITY
<b>Balance at 1 January 2016</b>		<b>146</b>	<b>127,751</b>	<b>401</b>	<b>(8,838)</b>	<b>21,363</b>	<b>140,823</b>	<b>(36)</b>	<b>140,786</b>
Result for the period		-	-	-	-	4,133	4,133	17	4,150
Other comprehensive income									
- Remeasurements of the Employee benefits liability (net of tax)		-	-	-	-	(101)	(101)	-	(101)
- Foreign currency translation differences	12	-	-	941	-	-	941	-	941
<b>Total other comprehensive income net of tax</b>		<b>-</b>	<b>-</b>	<b>941</b>	<b>-</b>	<b>(101)</b>	<b>840</b>	<b>-</b>	<b>840</b>
<b>Total comprehensive income net of tax</b>		<b>-</b>	<b>-</b>	<b>941</b>	<b>-</b>	<b>4,032</b>	<b>4,973</b>	<b>17</b>	<b>4,990</b>
Transactions with shareholders									
- Share-buy back plan	12	-	-	-	(2,081)	-	(2,081)	-	(2,081)
- Acquisition/loss of control of subsidiaries with non-controlling interest	5	-	-	-	-	(392)	(392)	392	(0)
<b>Total transactions with shareholders</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,081)</b>	<b>(392)</b>	<b>(2,473)</b>	<b>392</b>	<b>(2,081)</b>
<b>Balance at 30 June 2016</b>		<b>146</b>	<b>127,751</b>	<b>1,342</b>	<b>(10,919)</b>	<b>25,003</b>	<b>143,323</b>	<b>372</b>	<b>143,695</b>

## Consolidated cash flow statement

in '000 EUR (for the six months ended 30 June)	Notes	2017	2016
<b>Cash flow from operating activities</b>			
<b>Profit / (Loss) for the period</b>		<b>72</b>	<b>4,150</b>
Adjustments for:			
- Amortization and depreciation		6,050	5,558
- Impairment losses on intangible assets		27	-
- Net finance result	8	(383)	3,479
- Income tax expense	9	1,727	1,481
- Share of result of equity-accounted investees		27	37
Change in trade and other receivables	14	(14,366)	(10,139)
Change in inventories		-	15
Change in trade and other payables	14	40,463	12,555
Change in provisions	14	(741)	(2,681)
Change in employee benefit liability		516	297
Interest paid		70	-
Income tax (paid)/received		(1,109)	(3,174)
<b>Net cash from operating activities</b>		<b>32,353</b>	<b>11,578</b>
<b>Cash flow from investing activities</b>			
Interest received		-	6
Purchase of property, plant and equipment	14	(256)	(638)
Purchase of intangible assets	14	(5,526)	(4,947)
(Acquisition)/Proceeds of subsidiaries, net of cash acquired	5	100	-
Proceed from sales, acquisition and incorporation of equity accounted investees	5	1,650	-
(Acquisition) / Proceeds of financial assets	13	(264)	124
<b>Net cash (used in)/from investing activities</b>		<b>(4,296)</b>	<b>(5,455)</b>
<b>Cash flow from financing activities</b>			
Repayments of borrowings	14	(3,674)	-
Share Buy back plan	12	(4,527)	(2,081)
<b>Net cash (used in)/from financing activities</b>		<b>(8,201)</b>	<b>(2,081)</b>
<b>Net increase in cash and cash equivalents</b>		<b>19,856</b>	<b>4,042</b>
Cash and cash equivalents at 1 January	13	60,245	65,559
Effects of currency translation on cash and cash equivalents		(281)	(1,067)
Cash and cash equivalents at 30 June	13	79,820	68,534





# Notes to the consolidated financial statements

## Note 1 - General Information

Lastminute.com N.V. (hereinafter referred to as the “Company”) is a company domiciled in the Netherlands and inscribed in the Netherlands Chamber of Commerce. The address of the Company’s registered office is Prins Bernhardplein 200, 1097 JB Amsterdam. The consolidated interim financial statements of the Company as at and for the half-year ended 30 June 2017 include the Company and its subsidiaries (together referred to as “Lastminute.com Group”, the “Group” or “LMN” and individually as “Group entities”). The Group is an online travel player providing consumers with online tools and technologies that allow them to easily search for, compare and book flights, vacation packages and cruises, hotel accommodations, car rentals and other travel products and services.

The consolidated interim financial statements were approved for issue by the Board of Directors on 10 August 2017.

## Note 2 - Significant Accounting Policies

The accounting policies applied are consistent with those described in the consolidated financial statements for the year ended 31 December 2016. During the first half of the year there have been no new endorsed standards which may have impact on the consolidated financial statements.

The Group has foreign operations, consolidated as follows:

- (i) the assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Euro at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Euro at the average exchange rates for the period.
- (ii) Foreign currency differences are recognised in Other Comprehensive Income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interests.

### Basis of preparation

The consolidated interim financial statements for the half-year ended 30 June 2017 have been prepared in accordance with *International Accounting Standard (“IAS”) 34 – Interim Financial Reporting*. The Group has applied the option of publishing condensed consolidated interim financial statements. These consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2016 which were prepared in accordance with International Financial Reporting Standards (“IFRS”) as endorsed by the European Union (EU).

The consolidated interim financial statements have been presented in thousand of Euros and all amounts (including totals and subtotals) have been rounded according to normal commercial practice. Thus, an addition of the amounts presented can result in rounding differences.

The consolidated interim financial statements have been prepared on the historical cost basis, except for financial instruments at fair value through profit or loss, which are measured at fair value and the employee benefits liability, measured at the fair value of plan assets less the present value of the defined benefit obligation.

### Use of judgments and estimates

The significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2016.



### Note 3 - Seasonality

In terms of profit and loss performance, the business of the Group does not have wide seasonality swings. Historically, revenues in the first half of the year represented about 45-50% of the total year amount vs. 50-55% in the second half. Within quarters, the second and third quarters are typically the strongest within the year. In terms of cash generation, our business shows significant higher seasonality swings, generating more cash in the months in which more travel products are booked and therefore in the first half of the year. This is particularly true for hotels, as hotels are typically paid after the guest's check-out date.

### Note 4 - Financial Instruments

#### Financial Instruments

The following table shows the Group's financial instruments arranged according to the categories defined in IAS 39:

in '000 EUR	30 Jun 2017	31 Dec 2016
Current financial assets (Investments)	33	33
<b>Total financial assets at fair value through profit or loss</b>	<b>33</b>	<b>33</b>
Non-current financial assets	1,247	1,184
Current financial assets (Short-term deposits)	2,378	2,177
Trade and other receivables *	61,911	47,475
Cash and cash equivalents (excl. cash on hand)	79,691	60,229
<b>Total loans and receivables</b>	<b>145,227</b>	<b>111,066</b>
Short & Long term financial liabilities	4,006	7,680
Trade and other payables *	180,076	134,611
<b>Total Financial liabilities measured at amortized cost</b>	<b>184,082</b>	<b>142,291</b>

\* "Trade and other receivables/payables" do not include credit/debit VAT position at 30 June and at 31 December

The carrying amounts of the above listed loans and receivables including cash and cash equivalents as well as of the financial liabilities measured at amortized cost approximate the estimated fair value of these financial instruments.

#### Measurement of fair values

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

**Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the carrying amount of financial assets and liabilities measured at fair value, including their levels in the fair value hierarchy:

in '000 EUR	Fair value			
30 June 2017	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investments funds	33	-	-	<b>33</b>

in '000 EUR	Fair value			
31 December 2016	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investment funds	33	-	-	<b>33</b>

As of 30 June 2017, the Group held investment funds for the amount of EUR 33 thousand at fair value through profit or loss: their fair value was determined based on traded prices in an active market.

There were no transfers among the Fair Value Levels during the period.

There were no changes in valuation techniques during the period.

### Note 5 - Business Acquisition

#### Financial year 2017

#### Urbannext SA - loss of control

On 8 June 2017 the Group reduced its stake in Urbannext SA, a company which operates a shared-use mobility aggregator app, from 80% to 25%. The gain resulting from its stake's decreased was EUR 1,266 thousand. The reduction followed an investment agreement signed between Telepass S.p.A., an Italian leader company operates in highway's toll payment services, and Bravonext S.A. a Swiss company of lastminute.com group. After the loss of control, the Group derecognised the Non- controlling interests portion with a positive effect on Group's equity of EUR 231 thousand and recognised the investment in associate at its fair value. As of 30 June 2017 the Group has consequently accounted for its Urbannext SA interest using the equity method.

#### Prezzi Benzina Srl - sale of shares

On 27 June 2017 the Group sold all its stakes in Prezzi Benzina Srl (50.1%), a company based in Italy, operating with an online platform comparing prices of petrol stations. As a result of the loss of control and the consequently deconsolidation of Prezzi Benzina Srl, the Group recognised a gain of 40 thousand. After the loss of control, the Group derecognised the Non-controlling interests portion with a positive effect on Group's equity of EUR 29 thousand.

#### Acquisition of Wayn - follow up

As of 30 June 2017 the assessment made by the Group showed no accrual was needed.

#### Financial year 2016

#### Acquisition of Wayn

On 5 September 2016 the Group acquired WAYN 'Where Are You Now?' a social travel network. The acquisition which fall within the group's strategic "innovation budget" will further boost the ability to engage a young and captive audience with the addition of WAYN's 20 million registered members and 2 million monthly unique visitors. The social travel network helps B2B partners reach millions of European travellers through the Group's network of leading online brands, which include lastminute.com, Rumbo, Volagratis, Bravofly and Jetcost.

As of the date of approval of these financial statements the purchase price allocation has not been completed yet as the projections of WAYN's business cannot be reliably estimated at the current reporting date. In accordance with IFRS 3, the allocation process will be completed within a period not exceeding one year from the acquisition date. As of 31 December 2016 and as of 30 June 2017, the excess of the purchase consideration over the provisional fair values of net assets acquired has been recognised as per the table below and subject to change following the completion of the purchase price allocation.



in '000 EUR	5 Sept 2016
Cash	1,275
<b>Total consideration paid in cash</b>	<b>1,275</b>
Customer list	1,043
Property plants and equipments	43
Trademarks	233
Deferred tax liabilities	(209)
<b>Fair value of total identifiable net asset acquired</b>	<b>1,110</b>
Goodwill	165
<b>Total consideration</b>	<b>1,275</b>

The Group effectively gained control over Wayn business on 5 September 2016 and consolidated it from that date. The Group's transaction costs relating to the Wayn acquisition are not material to the consolidated financial statements.

Goodwill not yet allocated is mainly attributable to the assembled workforce, the Group and management's ability to generate future income and growth through the recognition of their trademarks and the opportunity for the Group to expand its footprint in new markets. It will not be deductible for tax purposes.

In 2016 the Group signed an incentive plan jointly with acquisition deal made with the former Wayn co-founders: the plan will cover next two years for the maximum amount payable of GBP 3 million. The amount payable to the former co-founders will be calculated on certain quantitative targets.

As of 31 December 2016 the assessment made by the Group showed that the likelihood of paying the contingent liability is remote. Hence no accrual was needed.

## Note 6 - Segment Information

As defined by IFRS 8, an operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are regularly reviewed at the entity's chief operating decision maker;
- for which discrete financial information is available.

Management is determining operating segments based on the information reviewed by the Group CEO.

The Group has defined the following operating segments:

- OTA ("Online Travel Agency"), which represents the core and traditional business of the Group.
- Meta-search, which includes the business generated in our websites focused on directing traffic, in exchange for a commission, to the sites of OTAs and airlines and other direct providers.

The Group CEO assesses the performance of the operating segments based on a measure of Adjusted EBITDA:

in '000 EUR (For the six months ended 30 June)	2017			2016		
	OTA	Metasearch	Total	OTA	Metasearch	Total
<b>Consolidated Revenues</b>	<b>106,579</b>	<b>23,696</b>	<b>130,275</b>	<b>115,326</b>	<b>17,873</b>	<b>133,199</b>
Total Revenues	108,032	27,899	135,931	115,629	22,913	138,542
Intersegment Revenues	(1,453)	(4,203)	(5,656)	(303)	(5,040)	(5,343)
<b>Consolidated EBITDA Adjusted*</b>	<b>3,688</b>	<b>5,772</b>	<b>9,460</b>	<b>11,793</b>	<b>5,472</b>	<b>17,265</b>
Litigation, restructuring and other costs/income incidental to operating activities			(2,169)			(2,560)
Depreciation and Amortization			(5,848)			(5,558)
<b>Profit before Interest and Income Tax</b>			<b>1,443</b>			<b>9,147</b>

\* The Group defines "Adjusted Ebitda" as Ebitda (Profit before interest and income tax plus depreciation and amortization) adjusted for the effects of stock option plans and income and costs considered by management as incidental to operating activities, such as those related to acquisitions, litigations and restructuring.

## Note 7 - Revenues

In the first six months of 2017, total revenues decreased by EUR 2,924 thousand, or -2.2% to EUR 130,275 thousand from EUR 133,199 thousand in the same period of 2016. This decrease is primarily due to: i) a strongest competitiveness of the business on the Spanish market ii) the depreciation of the GBP against the EUR. Such effect has accounted in the comparison with the first six months of 2016 for nearly negative EUR 2 million at topline level.

A significant indicator for the Group is represented by Gross Travel Value ("GTV") defined as the value of the travel products purchased by the Group's clients using the Group's platforms, including agency fees, insurance, cruises and gross of any discounts and cancellations. Gross Travel Value amounted respectively to EUR 1,015 million in the first half of 2017 compared with EUR 1,071 million for the same period of 2016.

### Revenues by products

The table below shows Revenues by product for the first six months of 2017 and 2016:

in '000 EUR (for the six months ended 30 June)	2017	% of the total	2016	% of the total
Flight	72,966	56.0%	81,919	61.5%
Non Flight	57,309	44.0%	51,280	38.5%
<b>Total</b>	<b>130,275</b>	<b>100.0%</b>	<b>133,199</b>	<b>100.0%</b>

### Flight revenue

In the first half of 2017, the Group's flight revenues decreased by EUR 8,953 thousand, or -10.9%, to EUR 72,966 thousand from EUR 81,919 thousand in the same period of 2016. This decrease is mainly due to the contraction in the Spanish and French market where the business is strongly affected by regulations and competitive dynamics.

### Non-flight revenue

In the first half of 2017, the Group's non-flight revenues increased by EUR 6,029 thousand, or 11.8%, to EUR 57,309 thousand from EUR 51,280 thousand in the same period of 2016. This increase is primarily due to the

growth trend of dynamic packages and tour operators. These products are consolidating their strength in the OTA segment thanks to the good performance of Group's brands especially in UK and France.

#### Geographical Information

The Group categorizes its geographical markets by the countries for which its websites are localized through language and other elements. Because websites in a specific language can be accessed from any location, users outside a country can also use these websites. Products are not delivered to physical addresses, and the locations of users' ISPs and of the banks issuing customer's credit cards do not identify users' locations with certainty. Therefore a split of revenues based on customers' location is not available. However, Group management believes that the majority of customers booking through the Italian, UK, Spanish and French websites are located, respectively, in Italy, UK, Spain and France.

The table below shows Revenues from different countries based on website languages for the first six months of 2017 and 2016:

in '000 EUR (for the six months ended 30 June)	2017	% of the total	2016	% of the total
Italy	26,193	20.1%	26,643	20.0%
Spain	14,912	11.4%	18,747	14.1%
UK	29,361	22.5%	31,532	23.7%
France	30,353	23.3%	31,118	23.4%
Germany	8,015	6.2%	8,855	6.6%
Netherlands	223	0.2%	214	0.2%
Others	21,218	16.3%	16,090	12.0%
<b>Total</b>	<b>130,275</b>	<b>100.0%</b>	<b>133,199</b>	<b>100.0%</b>

In the first half of 2017, lastminute.com Group recorded a slight decrease in most of the core countries except Italy where the positioning of Volagratis brand is still strong.

French and Spanish markets have been affected by regulations and competitive dynamics, whilst in UK market the contraction recorded during the first months of 2017 is partially recovering thanks to recent good performance of dynamic packages and lifestyle business.

Growth outside the core markets has been also strong, especially in US and in the Scandinavian countries. The positive results have been achieved despite the strong competition in the Group's OTA activities for its core markets: the Group has been able to respond efficiently to the higher competition for traffic and pressure on pricing, in particular in the paid marketing channels.

#### Note 8 - Other Costs

##### Marketing costs

Marketing costs increased by EUR 1,572 thousand (+2,9%) from EUR 55,089 thousand in the first half-year 2016 to EUR 56,661 thousand in the first half-year 2017. Marketing costs as percentage of revenues increased in 2017 compared to 2016 (43,5% vs 41,4%). This increase is primarily due to the launch of offline brand initiatives including TV spots launched in Italy, Spain and France. Other investments were made in the customer area to improve support to travelers before, during and after their holiday experience.

##### Personnel costs

Personnel costs increased by EUR 6,238 thousand (+24,8%) from EUR 25,185 thousand in the first half-year 2016 to EUR 31,423 thousand in the first half-year 2017. The strong increase of personnel costs is due to the hiring of many senior professionals which started in 2016 and salary increase in Switzerland to comply with local labor laws. Personnel costs as absolute percentage of revenues decreased in 2017 compared to 2016 (24.1% vs 18.9%).

#### Other operating costs

Other operating costs decreased by EUR 3,549 thousand (-9.3%) from EUR 38,220 thousand in the first half-year 2016 to EUR 34,671 thousand in the first half-year 2017.

Such decrease can be mainly referred to to: i) a specific strategy of the Group focused on spending review in particular of overhead costs ii) benefit of the synergies created after the integration of lastminute.com entities in 2016.

#### Net Financial costs

The net financial result boosted by EUR 3,862 thousand (+111%) from EUR -3,479 thousand in the first half-year 2016 to EUR 383 thousand in the first half-year 2017 mainly due to: i) the reduction of the stake in Urbannext SA and the sold of all stakes of Prezzi Benzina Srl resulting in EUR 1,306 thousand of gain, for more details see note 5 - Business acquisition; ii) the negative effect of 2016 due to the loss of bank accounts value held in British pound which have been most affected by the exit of the UK from the UE ("Brexit").

#### Foreign exchange impact

The Group's exposure to movements in foreign currencies affecting its results, as expressed in Euro.

Below a table summarising the key figures:

Exchange rates against the Euro	30 Jun 2017	Average to 30 June 2017	30 Jun 2016	Average to 30 June 2016
1 CHF	1.09	1.08	1.09	1.10
1 GBP	0.88	0.86	0.83	0.78
1 INR	73.74	71.18	74.96	75.00
1 USD	1.14	1.08	1.11	1.12

In the first half of 2017, compared to the first half of 2016, the Euro was stronger against a number of currencies, in particular the British Pound (GBP) and the USD. The depreciation of the GBP after UK, in particular after the UK election uncertainty of June, has led to a negative impact in the Consolidated profit and loss of about EUR 0.9 million (2016: EUR 1.5 million).

#### Note 9 - Taxes

Tax expenses are recognized based on management's best estimate of the weighted-average annual income tax rate expected for the full financial year multiplied by the pre-tax income of the interim reporting period.

The Group's interim consolidated income taxes charge amounted to EUR 1,727 thousand at 30 June 2017, compared with EUR 1,481 thousand at the end of June 2016 with an increase of Euro 246 thousand mainly due to the effect of change in tax rates on deferred taxes in UK.

#### Note 10 - Earnings per Share

##### Basic earnings per share

The table below shows basic earnings per share for the first half of 2017 and 2016:

in '000 EUR (for the six months ended 30 June)	2017	2016
Profit/ (Loss) for the period attributable to the shareholders of LASTMINUTE.COM NV (in EURO/000)	516	4,133
Weighted-average number of shares outstanding during the period (in thousand)	13,792	13,985
<b>Basic earnings / (loss) per share (in EUR)</b>	<b>0.04</b>	<b>0.30</b>



## Note 11 - Share-based payment arrangements

### Diluted earnings per share

The table below shows diluted earnings per share for the first half of 2017 and 2016:

in '000 EUR (for the six months ended 30 June)	2017	2016
Profit/ (Loss) for the period attributable to the shareholders of LASTMINUTE.COM NV (in EURO/000)	516	4,133
Weighted-average number of shares outstanding during the period (in thousand)	13,830	14,057
<b>Diluted earnings / (loss) per share (in EUR)</b>	<b>0.04</b>	<b>0.29</b>

The denominator used in the above computation has been calculated in the following way:

Number of shares (for the six months ended 30 June)	2017	2016
Weighted-average number of shares (Basic)	14,623	13,985
Effect of share options in issue	38	72
<b>Weighted-average number of shares (Diluted)</b>	<b>14,661</b>	<b>14,057</b>

### Employee share option plan

In the first half-year of both 2017 and 2016 the expense recognized as personnel costs for the amount of share option plan is nil.

The number of outstanding options under the existing option plan is as follows:

in thousand of options	2017 (in thousand of options)	Weighted average exercise price 2017 (EUR)	2016 (in thousand of options)	Weighted average exercise price 2016 (EUR)
<b>Reconciliation of outstanding share options</b>				
Oustanding at 1 January	198	11.64	622	9.17
<b>Oustanding at 30 June</b>	<b>198</b>	<b>11.64</b>	<b>622</b>	<b>9.17</b>
<b>Exercisable at 30 June</b>	<b>198</b>	<b>11.64</b>	<b>581</b>	<b>8.56</b>

The weighted-average contractual life of the options outstanding at 30 June 2017 was 0.71 years (30 June 2016: 0.89).

In the second half 2016 the Group repurchased 268 vested options. The re-purchase price amounted to the difference between the share market price and the exercise price of the respective options (EUR 8.02 on average). In addition, in the second half 2016, 154 thousand vested options had been exercised with an exercise price of EUR 8.02 on average.

No movements have been recorded during the first half of 2017.

### Cash settled share-based plan

On 26 March 2015, the Group established a cash-settled share-based payment arrangement. Directors and selected key employees were offered the opportunity to participate. Further information of the terms of the plan can be found in the Group's 2016 year end consolidated financial statements.

As at 30 June 2017, the total amount of the participants' initial contribution to the limited partnership entity was equal to EUR 1,884 thousand (year end 2016: EUR 1,826 thousand), while the amount of financed by the Group to limited partners amounted to EUR 1,064 thousand (year end 2016: EUR 1,028 thousand).

The liability value was assessed taking into consideration the fair value of the underlying shares considering

## Note 12 - Shareholders' Equity

the vesting period of 4 years and other conditions, as well as the required interest payable on the company's portion of the contribution. The Group re-measures the liability at each subsequent reporting date in order to be consistent with the IFRS. The Group performed a discounted cash flow model for the valuation of the scheme. Being the shares purchased under the terms of the plan exclusively lastminute.com shares, the overall value of the Group divided by the number of such shares can clearly represent the present value of the investment plan. Key assumptions used in the assessment are based on the management's best estimates over a 5 years business plan, a WACC of 10.5% and perpetual growth rate of 1.7%.

No amount was recorded as expense for the period, given that there was no variation in the liability from the value of the initial contribution.

Treasury shares acquired in the period, and held by the Group to hedge its potential obligation arising from the new cash-settled share-based payment arrangement amount to around 1,291 thousand for a total investment of around EUR 16,891 thousand.

The table below shows Equity as of 30 June 2017, and 31 December 2016:

Share capital and reserves	30 Jun 2017	31 Dec 2016
Share capital	146	146
Capital reserves	127,751	127,751
Translation reserve	983	1,054
Treasury share reserve	(16,891)	(12,364)
Retained earnings	26,415	25,714
<b>Equity attributable to Shareholders of LASTMINUTE.COM N.V.</b>	<b>138,404</b>	<b>142,301</b>
Non-controlling interest	2,192	2,604
<b>Total equity</b>	<b>140,596</b>	<b>144,905</b>

### Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the Group's subsidiaries with functional currencies different from the presentation currency (EUR).

### Treasury share reserve

The reserve for the Group's treasury share comprises the cost of the shares held by the lastminute.com Group. As of 30 June 2017, the Group held 1,291 thousand shares for the total value of EUR 16,891 thousand (948 thousand shares as of 31 December 2016 for at total value of EUR 12,364); during the first half of 2017 the Group bought treasury shares for a total of 343 thousand for the total value of EUR 4,527 thousand. The Group did not perform any selling of treasury shares in the period.

On 13 August 2014, the Group announced officially a share buy-back plan to purchase bearer shares of lastminute.com N.V. for a maximum amount of EUR 10 million. Such maximum amount has been increased up to EUR 18 million through resolution taken by the Board of Directors on 16 June 2015. This maximum amount could be increased from time to time upon resolution by the Board of Directors, but shall keep under the maximum buyback volume limit of 9,390 bearer shares per day in accordance with art. 55b para. 1 lit c SESTO.

The bearer shares repurchased are to be used for Group's employee stock option 2011–2013 plans, the current employee stock based long term incentive plan and/or to finance acquisitions. The Group's bearer shares are listed in the main standard of SIX Swiss Exchange AG; no separate trading line has been opened for the share buy-back. The share buy-back started on 17 September 2014 and will end no later than 4 November 2017.

The Annual General Meeting of lastminute.com N.V. of 28 April 2017 approved a new share buyback program of a maximum of 10 % of the current share capital. The share buyback will end on 26 April 2019 at the latest and

the maximum buyback volume amounts to EUR 18 million. The execution of the share buyback depends on the market conditions. The share buyback was exempted from the provisions on public takeover offers provided for in section 6.1 of the Circular no. 1 of the Swiss Takeover Board dated 27 June 2013 (status as of 1 January 2016) and refers to a maximum of 1,153,372 bearer shares, equivalent to a maximum of 7.89 % of the current share capital and voting rights (the current share capital amounts to EUR 146,226.31, divided into 14,622,631 bearer shares, each with a nominal value of EUR 0.01).

The share buyback started on 3 May 2017 and end on 26 April 2019 at the latest. lastminute.com N.V. (respectively Sealine Investments L.P.) is not obliged to repurchase its own bearer shares at any time; it will act as a buyer according to market conditions. lastminute.com N.V. reserves the right to terminate the share buyback early.

#### Retained Earnings

Retained earnings as of 30 June 2017 amounted to EUR 26,415 thousand (31 December 2016: EUR 25,714 thousand) and contain the profit relating to the current period and previous years accumulated net profits generated by the Group and not distributed to shareholders as well as amounts booked in relation to the remeasurements of the employee benefits liabilities and share-based payments.

#### Dividends

During the first half of 2017 and 2016 no dividends were paid by the Group.

#### Capital management

The capital managed by the Company consists of the consolidated equity. The Group's goal is to maintain a strong capital base so as to sustain future development of the business and to maximize long-term shareholder value.

The table below represents the net financial position for the Group as of 30 June 2017 and 31 December 2016:

in '000 EUR	30 Jun 2017	31 Dec 2016
Current financial assets	2,411	2,210
Cash and cash equivalents	79,820	60,245
Short Term Financial Liabilities	(4,006)	(7,680)
<b>Net Financial Position within 12 months</b>	<b>78,225</b>	<b>54,775</b>
Non current financial assets	1,247	1,184
<b>Net Financial Position over 12 months</b>	<b>1,247</b>	<b>1,184</b>
<b>Total Net Financial Position</b>	<b>79,472</b>	<b>55,959</b>

The Net Financial Position for the Group was respectively EUR 79,472 thousand at 30 June 2017 and EUR 55,959 thousand at 31 December 2016.

The Net Financial Position boosted during the first six months of 2017 due to the positive effect of net working capital that is strongly affected by the seasonality of the business. For further information please refer to the Consolidated Cash flow statement and the comment on Group's trade position included in the Note 14.

### Note 13 - Net Financial Position

### Note 14 - Balance Sheet

In the first six months of the year compared with year-end 2016, Intangible Assets increased by EUR 271 thousand (+0.2%) from EUR 142,238 thousand to EUR 142,509 thousand. The additions of the period, mainly represented by internal development costs have been mostly compensated by the amortisation throughout the first six months of the year.

Property plant and equipments decreased by EUR 536 thousand (-14.9%) mainly due to depreciation of the period.

Investment in equity accounted investees increased from EUR 238 thousand to EUR 931 thousand as a consequence of the step down in the investment held in Urbannext SA. This company has been fully consolidated as of 31 December and accounted as equity-accounted investment as of 30 June 2017. For further information please refer to Note 5.

Deferred tax assets decreased by EUR 237 thousand from EUR 7,477 thousand to EUR 7,240 thousand mainly due to the effect of the conversion from GBP to EUR of the deferred taxes assets booked in UK over the 2015 losses carried forward.

For further information about the movements in Financial Assets (current and non-current) and Cash and cash equivalents please refer to the Consolidated Cash Flow Statement for the six months ended 30 June 2017 and Note 13.

Current tax assets dropped by EUR 2,041 thousand (-60.2%) comparing to last year. In the first half-year of 2016 the Group received two significant reimbursements for higher income taxes paid the year before in France and in Spain. No such big reimbursements have been collected in 2017.

The Group's trade position, which is the net amount of trade and other receivables and trade and other payables, decreased by EUR 26,097 thousand (-28.9%) from EUR -90,260 thousand as of 31 December 2016 to EUR -116,357 thousand as of 30 June 2017 mainly due to the following factors:

- increase of credit lines payables for EUR 13 million thanks to a renegotiation of Group's credit line/different mix of prepaid and credit cards;
- increase of trade payables for EUR 13 million impacted by a mix of seasonality and a different mix of sold product, in 2017 is more focused on hotel and DP compared to 2016.

Non current provisions decreased by the total amount of EUR 820 thousand (-100%). During the first half year 2017 the Group released its provisions related to tax risks.

Short term financial liabilities decreased by EUR 3,674 thousand from EUR 7,680 thousand to EUR 4,006 thousand. The reduction is related to the closing of a part of the short term loan granted by a primary bank of the Group opened in 2016. This liability has no impact on the net financial position.

No subsequent events occurred since 30 June 2017, which would change the financial position of the Group or which would require additional disclosures in these consolidated interim financial statements.

### Note 15 - Subsequent Events



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