

# Im holding 1H2021 Results

IR Call - 04.08.21

[imgroup.lastminute.com](http://imgroup.lastminute.com)

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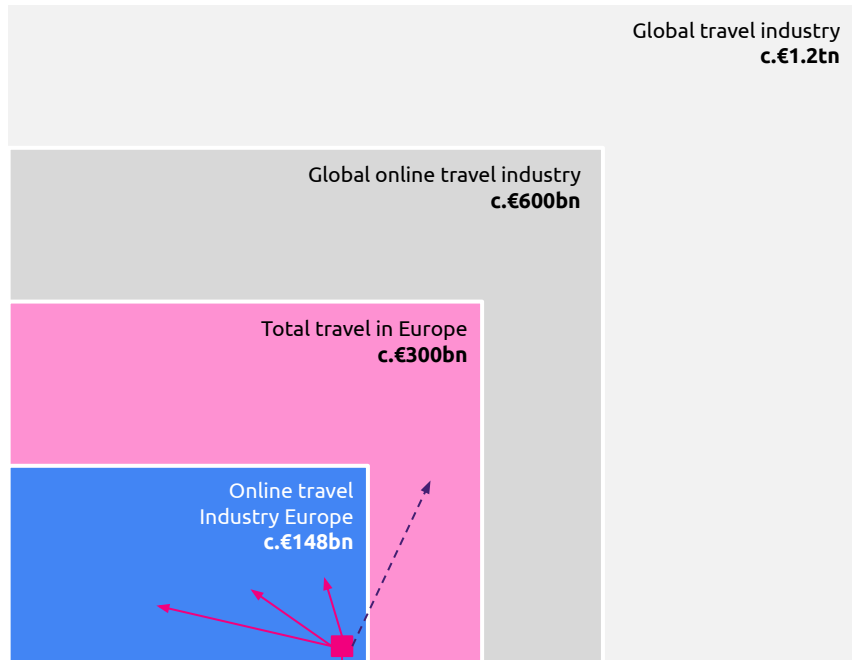
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# Key takeouts and context

# Uniquely positioned to better ride the recovery

- ✓ COVID19 has led to **structural changes** in the travel industry, **speeding up digital adoption** and customer interaction via online channels
- ✓ Im group, thanks to its **technology-driven DNA** and its **leadership position in the holiday sector**, is best fit to ride favorable dynamics in a **€300bn European travel market**
- ✓ **Fully licensed and bonded to sell dynamic holiday packages with proper customer protection** in the five main EU countries and other nine markets
- ✓ Clear competitive advantages, reduced cost base and lean organization - further optimized during the crisis - will generate **improved results compared to pre-COVID and traction for sustainable and fast-paced growth in the long run**
- ✓ **A new managerial reporting structure** has been adopted to simplify the reading of the Company's numbers
- ✓ **A reinforced Board of Directors** will support the Company's next evolution phase in the new normal

# Im group is addressing a gigantic, fast-growing, very fragmented market with potential to capture new customers from the offline space

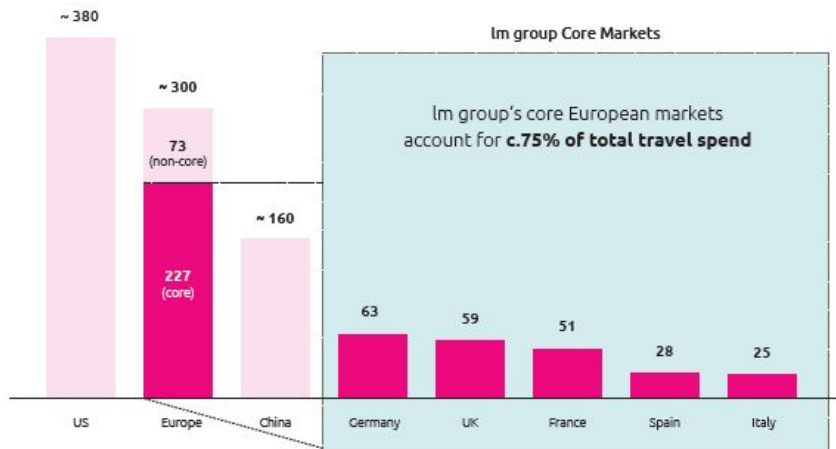


- Travel & Tourism was one of the fastest growing sectors in the last decade, accounting for one in four new jobs created worldwide over the last five years
- Digitisation and innovation offer tremendous upside for Travel & Tourism's growth with online penetration continuing to progress with around 50% of EU bookings made online prior to COVID and accelerated pace registered during the pandemic
- The market in EU is still very fragmented with top10 players counting for less than 20% combined share, thus resulting in ample consolidation opportunities and further potential for increasing share of voice

Huge opportunity to further gain market-share confirming pre-covid overperformance\*

# Featuring a leading position in the biggest EU Countries showing great potential upside due to accelerated shift to online

Travel market spend pre-covid (€bn)

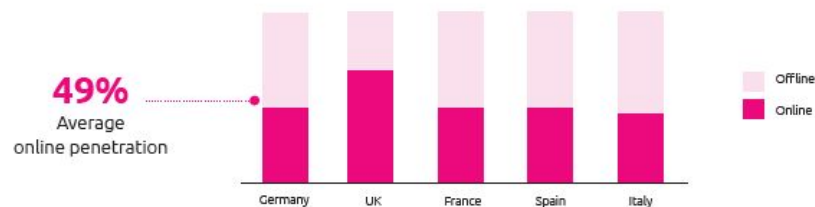


- European travel markets, in which lm group operates, are the largest ones
- Across lm OTA's core markets c.50% of spend is online having increased by c.8% since 2014
- Online penetration is forecast to further increase boosted by COVID consequences

Source: Elaboration on European Online Travel Overview (Phocuswright).

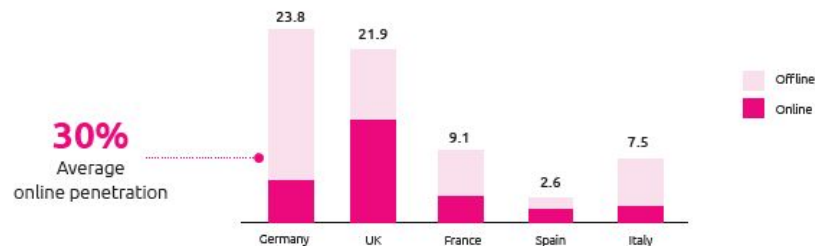
## Significant headroom in further transition to online

Online / offline share of Total Travel spend



## Low online share in holiday packages represents an upside opportunity

Online / offline share of Holiday packages spend and size of the respective markets

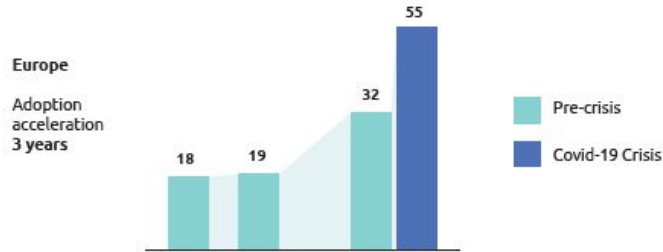


# Consumers are embracing digital more than ever

## What has happened already

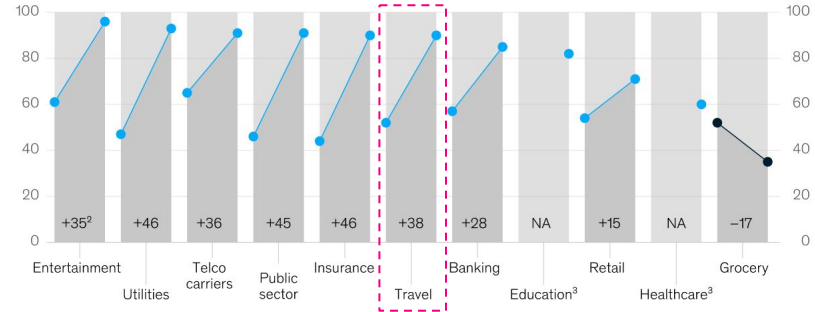
The COVID-19 crisis has **accelerated the digitization** of customer interactions by **several years**

Average share of customer interactions that are digital, %



Digital adoption grew in Europe and the United States in the six months prior to April 2021

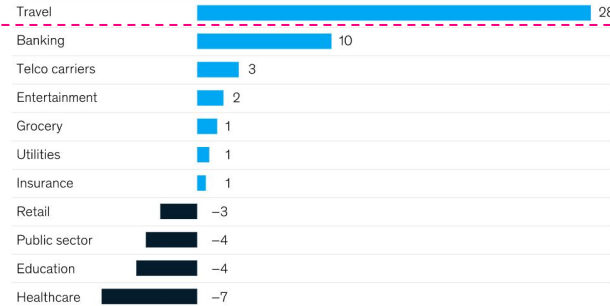
Digital adoption<sup>1</sup> by industry in Europe and US, %



## What will happen next

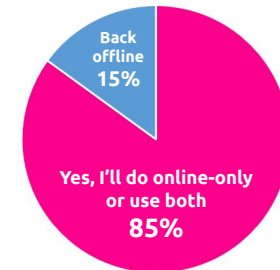
In most industries, Consumers say they will use **digital channels more often** once the COVID-19 pandemic ends with **travel at the top**

Frequency of expected use after the COVID-19 pandemic ends,<sup>1</sup> percentage-point change



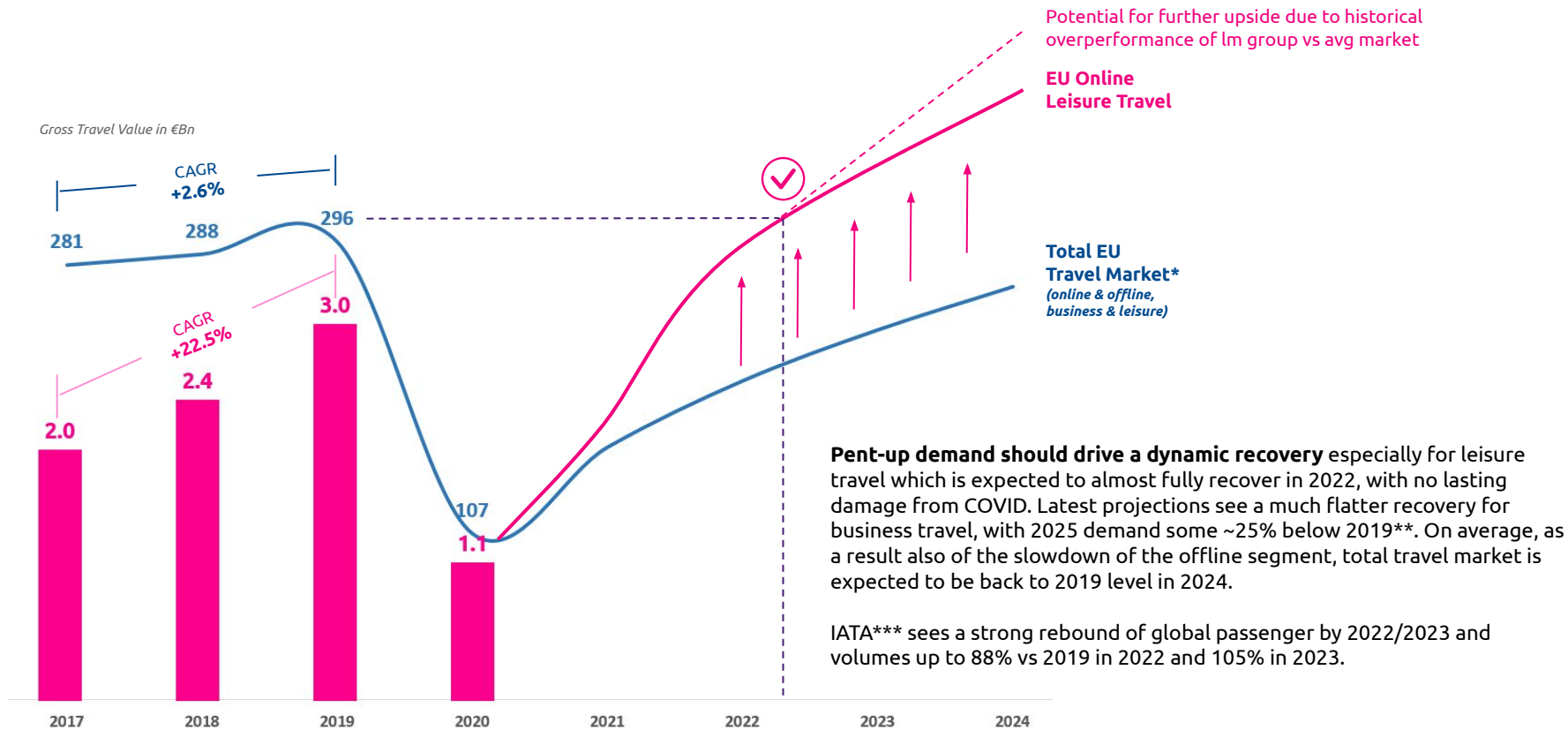
Consumers switching to digital, thanks to crisis

Will you use digital channels more long-term or switch back to offline?



\*source:  
<https://www.mckinsey.com/business-functions/mckinsey-digital/our-insights/whats-next-for-digital-consumers>  
<https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/how-covid-19-has-pushed-companies-over-the-technology-tipping-point-and-transformed-business-forever>  
[https://www.kameleon.com/sites/default/files/kam/Global\\_InfoGraphics\\_Consumer\\_Survey.pdf](https://www.kameleon.com/sites/default/files/kam/Global_InfoGraphics_Consumer_Survey.pdf)

# lm group has strong focus on the largest segment expected to rebound faster, with potential to outperform the whole market



\*source: PCWI EU 20-24

\*\* Stifel Aviation & Travel - European Travel Research, July 2021

\*\*\* IATA - April 2021 estimations



# Best-of-breed technology to make holidays relevant, affordable and easy to book

## We do all for you in real-time

We search for the best combination of flight+hotel from a virtually unlimited inventory of solutions and we propose travel-related services from our wide portfolio of ancillary products.

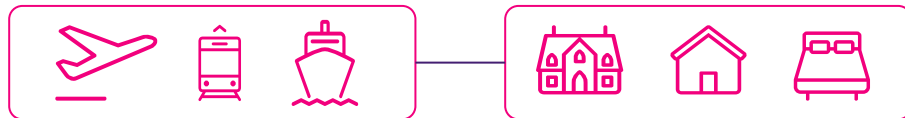
The customer can easily bundle everything together to create the most relevant dynamic holiday package.

Ancillary services can also be added post-booking and during travel experience.

## Technology advantage

- Proprietary Dynamic Packaging platform combines products in real time on every customer search, in contrast to almost all other Dynamic Packaging specialists which use caches built in advance
- Significant share of directly sourced inventory at typically preferential rates is a further element of advantage
- Distribution via own websites and B2B / white label (e.g. Booking.com, Holidaypirates, Kiwi, Melia, Palladium, PlayaSol and a further growing number of partners) provides compelling evidence that the technology platform is best-in-class
- Stochastic pricing model boosting flight sales performance and up/cross sell of a wide variety of relevant travel services

Transportation and accommodation solutions

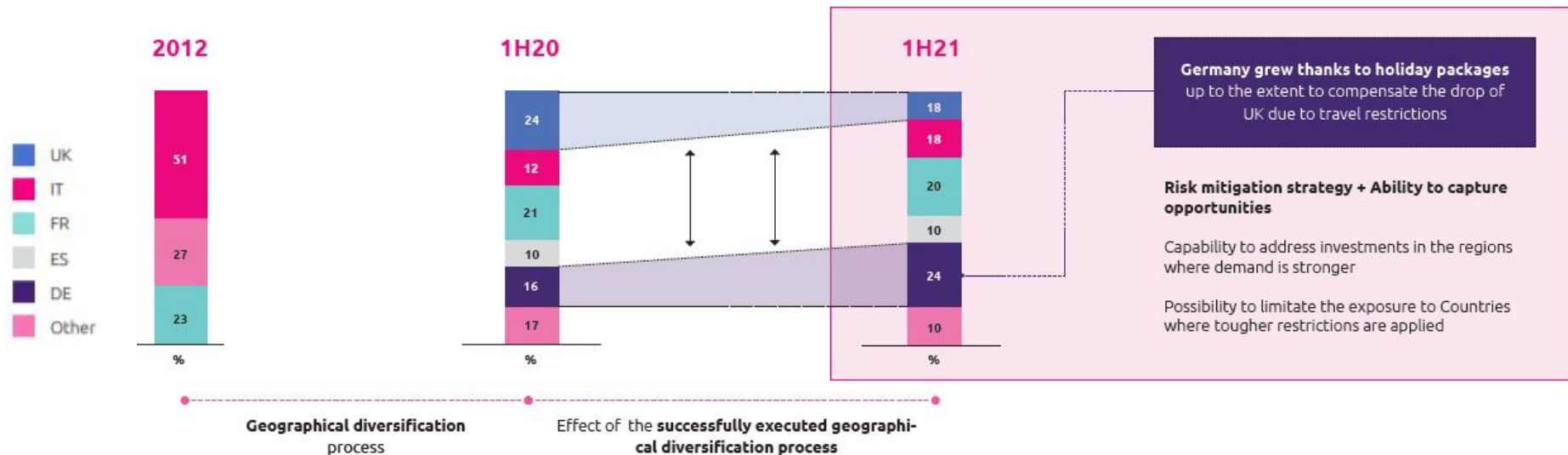


Value added services



Your Holiday

# A well balanced geographical footprint, backed by full licencing and bonding in the main EU countries, will support our recovery and growth plans going forward



## Regulatory advantage

Fully licensed and bonded to sell holiday packages with proper customer protection in the five main EU countries, and in other nine markets including Australia.



# Economics and Financials

## From 'Business EBITDA' to 'Adjusted EBITDA'

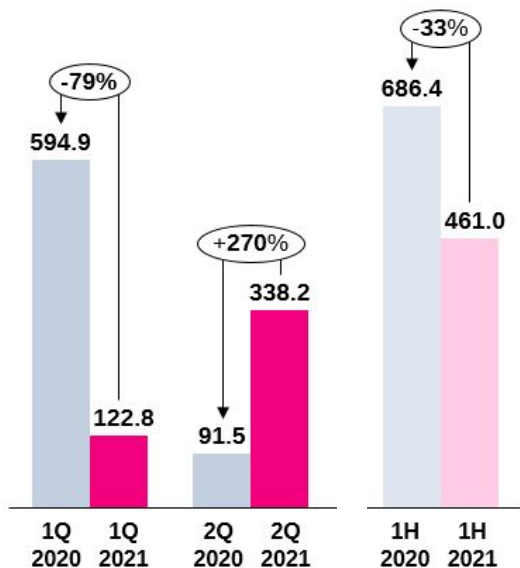
- To better represent the overall group business performance, we will now shift our focus **from 'Business EBITDA' to 'Adjusted EBITDA'**
- **Key changes:**
  - **Revenues and Margins generated from bookings made through the usage of vouchers** issued during Covid-19 to be included in revenues and PMC. (approx 3.7mln€ margins in 1H 2021)
  - **'Adjusted EBITDA'** will now include corporate costs, EBITDA of the Cruise business, and eventual other ventures (approx 2.7mln€ costs in 1H 2021)
  - **Bad Debt vs clients**, not dependant on Covid-19, will be included in the 'Adjusted EBITDA' (none in 1H 2021)
- **All the other effects arising from Covid-19** (e.g. cancellations, vouchers misredemption etc.) will be consistently monitored below the 'Adjusted EBITDA' within the 'IFRS EBITDA'.

# Q2 2021 shows significant improvement vs Q2 2020 and Q1 2021

H1 2021 down vs H1 2020 up to Gross Profit due to strong pre-COVID performance in Jan and Feb 2020

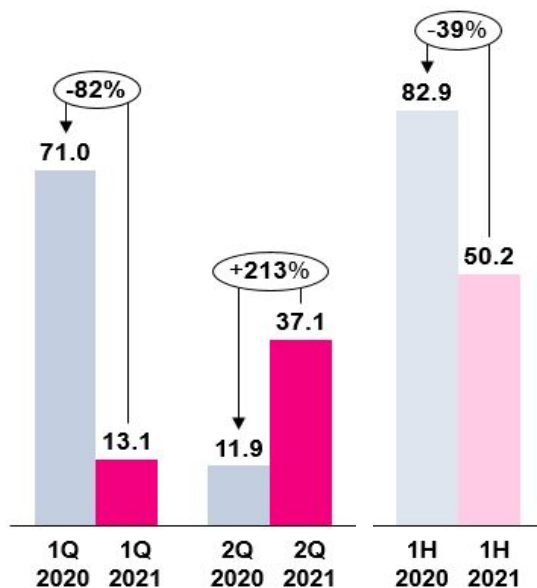
## GTV

-33% vs 1H 2020 driven by lower bookings offset by higher average booking value (ABV)



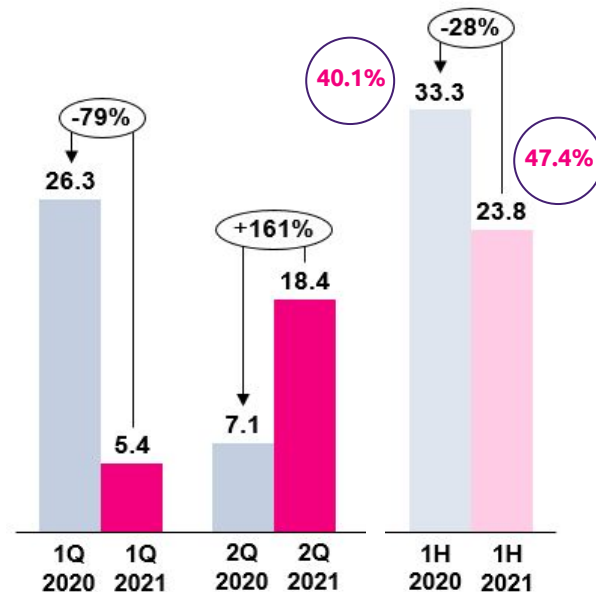
## Revenues

-39% vs LY in line with GTV. Q2 '21 3x Q2 '20



## Gross Profit

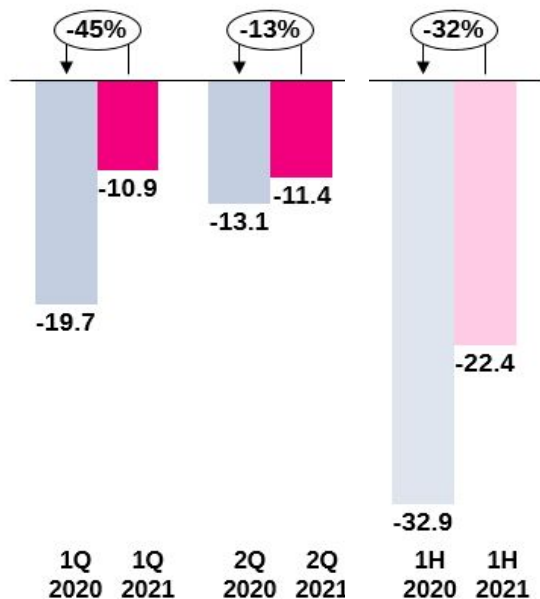
Gross margin resulted 700bps higher than in 2020 thanks to more efficient pricing strategy and better contribution from direct channel



# EBITDA and Net Income vs 2020: steeply rising thanks to lower cost base, upsell effects from voucher usage and deconsolidation of Destination Italia

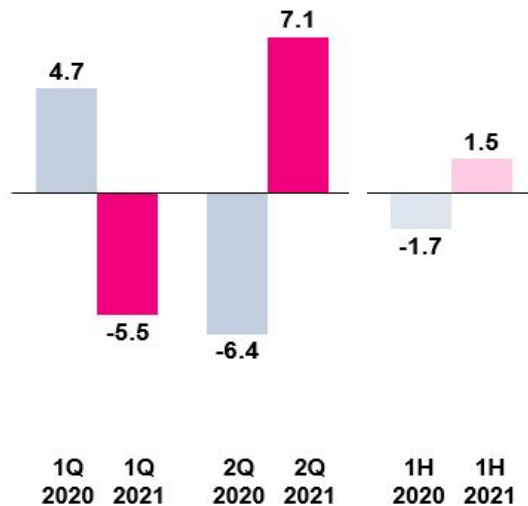
## Fixed Costs

Cost Reduction Program generated €10M savings vs 1H2020 more than offsetting the gap at Gross Profit level



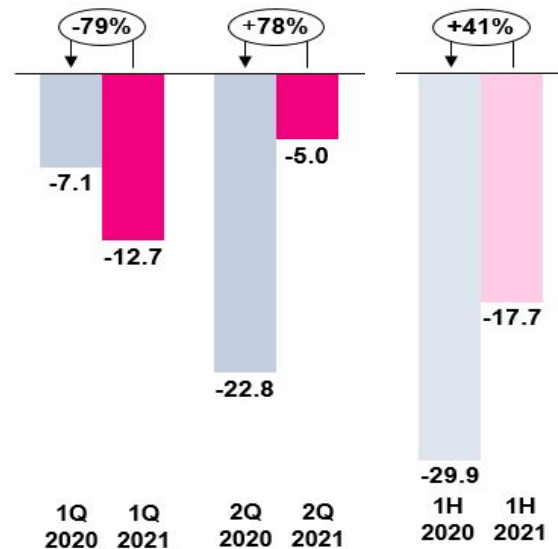
## EBITDA Adjusted

Strong recovery driven by cost reduction program (including Government subsidies) and Destination Italia deconsolidation

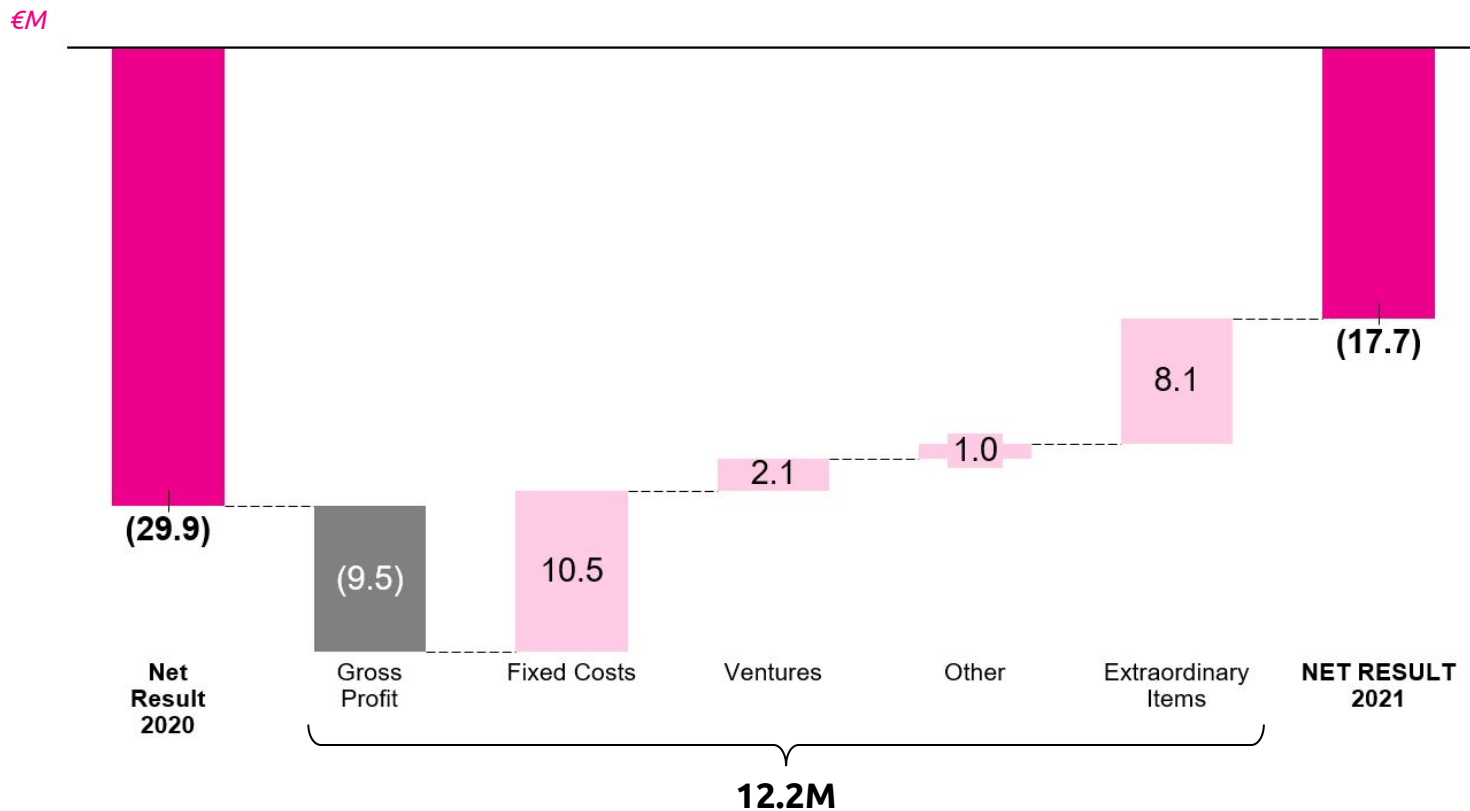


## Net Result

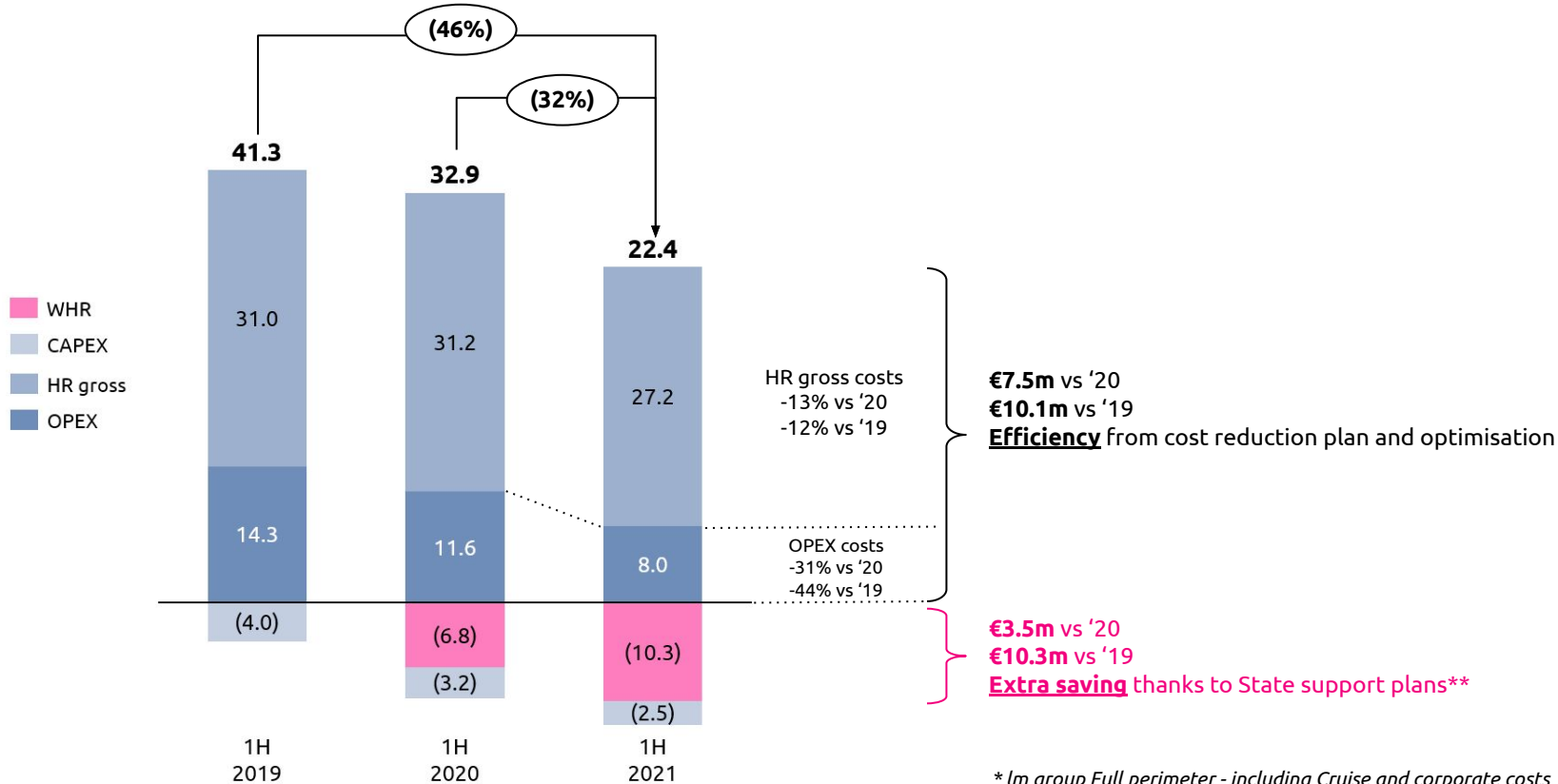
Lower impacts from CX and D&A resulted into €9M incremental improvement



# €12M lower Net Loss vs 1H2020 thanks to cost reduction program and smaller impact from cancellations



# Cost reduction program made the machine more efficient. State support plans generated further savings.

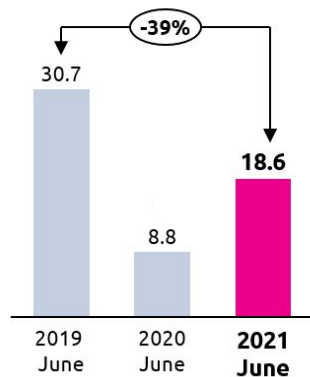


\* Im group Full perimeter - including Cruise and corporate costs  
 \*\* WHR mechanisms: Governments aids

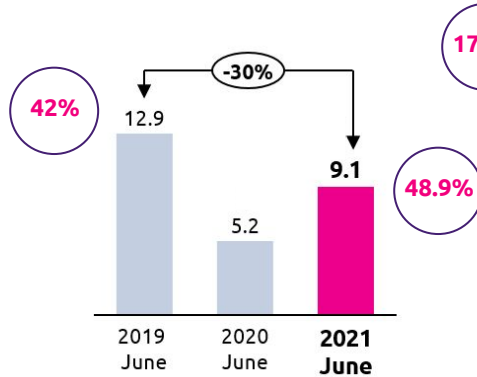


# Through sharpened focus on highly-profitable business and thanks to a lighter cost base, June Net Result is in line with 2019, despite lower volumes

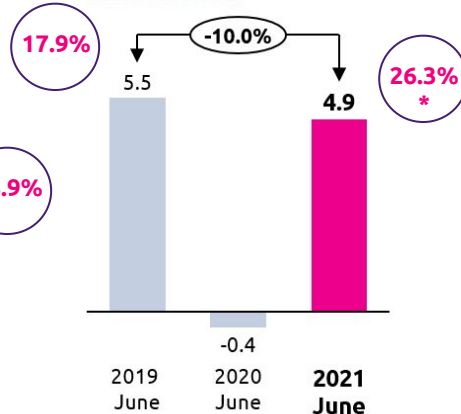
## Revenues



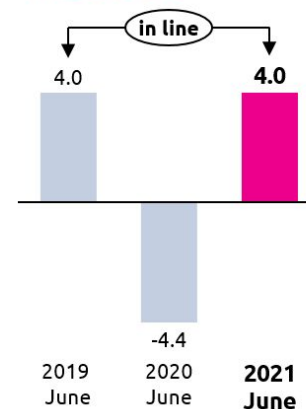
## Gross Profit



## EBITDA Adj



## Net Result



Significant growth registered in June compared to June 2020. However, Revenue are still well below 2019 figures.

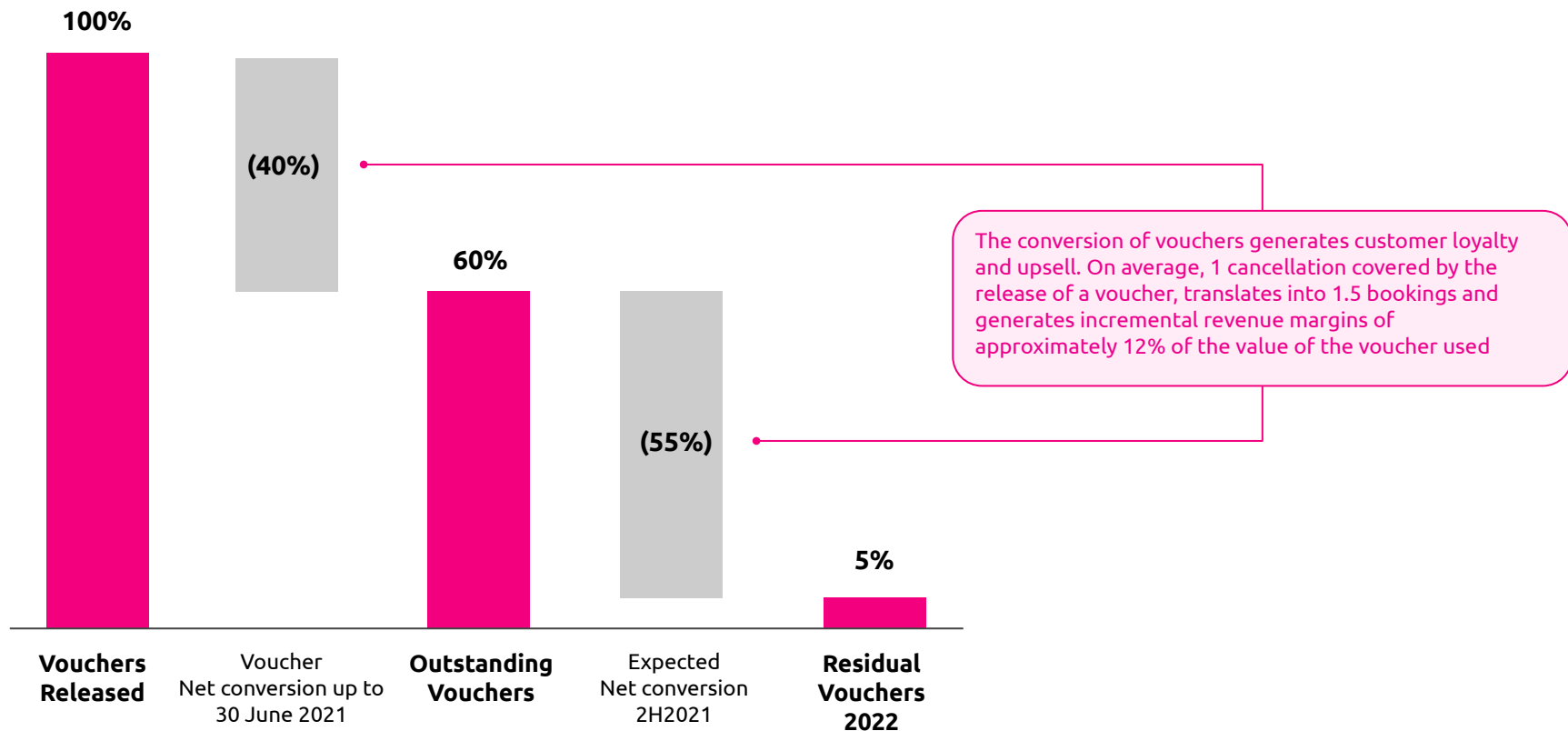
Gross Margin went up to 49% vs 42% in 2019, thanks to higher weight of holiday packages product, contributing to reduce the gap vs 2019.

Cost reduction plan brought to a considerable saving at HR and OPEX level. Upsell effect from vouchers conversion and the deconsolidation of DI generated further upside.

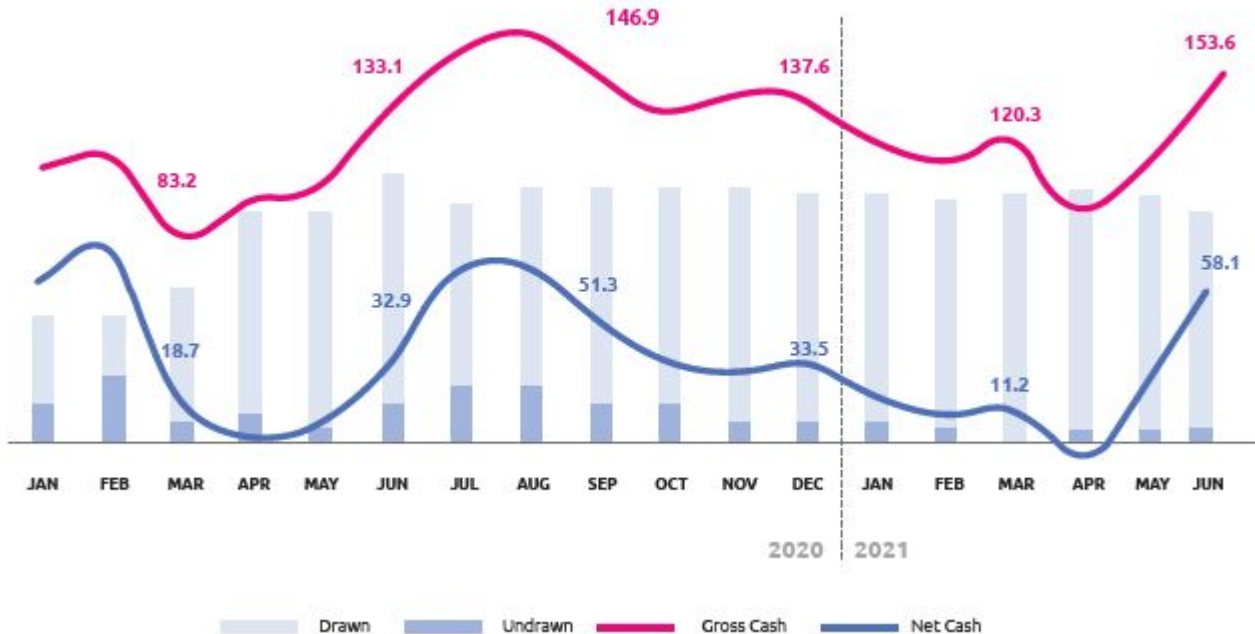
The impact of lower D&A and Tax brought to widen the gap with 2020 and entirely fill it vs 2019

\* including Government subsidies ("WHR"). 19% excluding upside effect of WHR

# 40% of vouchers released have been already converted, generating incremental bookings and additional revenues



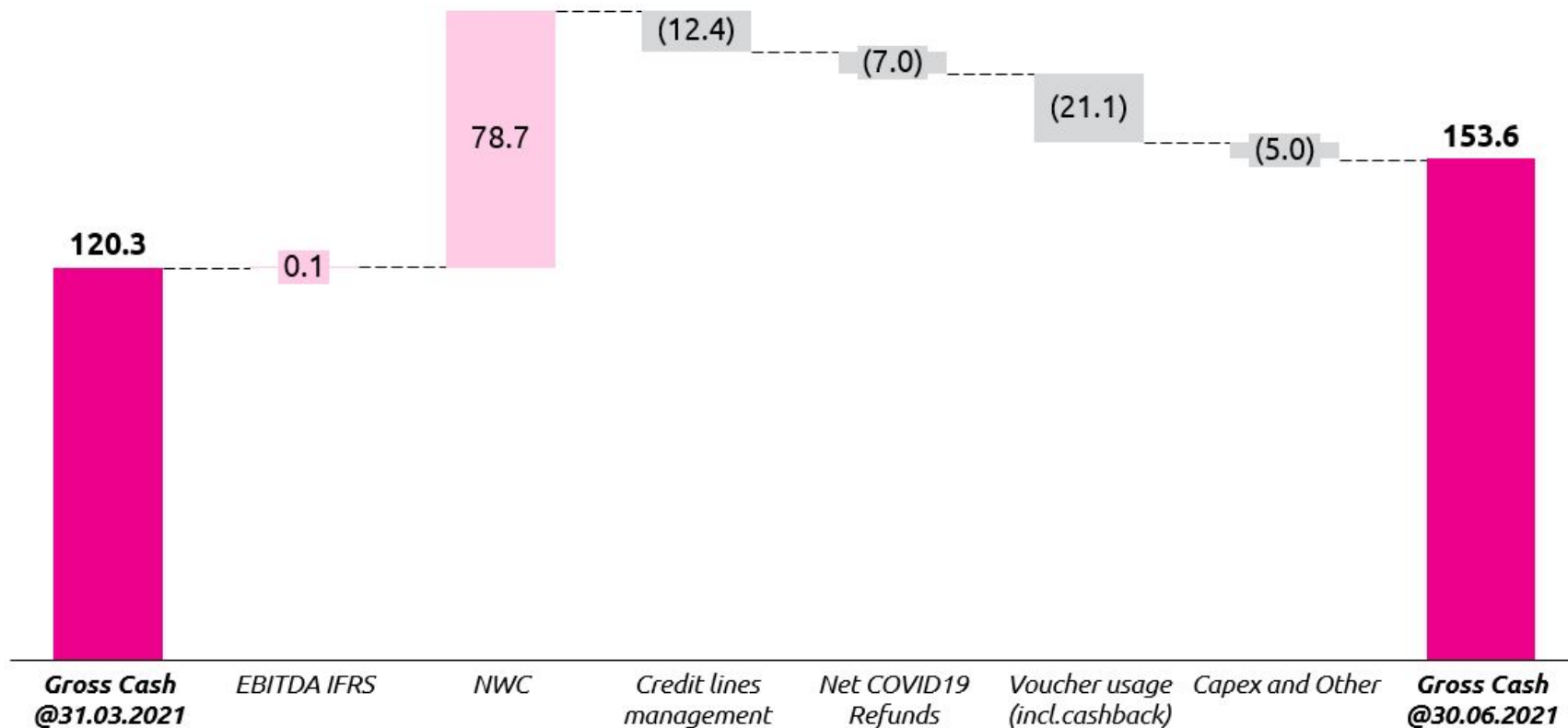
# More than €150M gross cash as a result of quick rollout of the Group's cash protection program and attentive financial strategy



- ✓ Cash-generating business with structural cash-advance inflow
- ✓ Solid gross cash position - on avg above €100M throughout the crisis - largely sufficient to support business requirements and new potential investments
- ✓ All credit lines have comfortable repayment schemes not impacting at all business requirements
- ✓ Cash-out effect from vouchers usage is compensated by margins generated by upsell

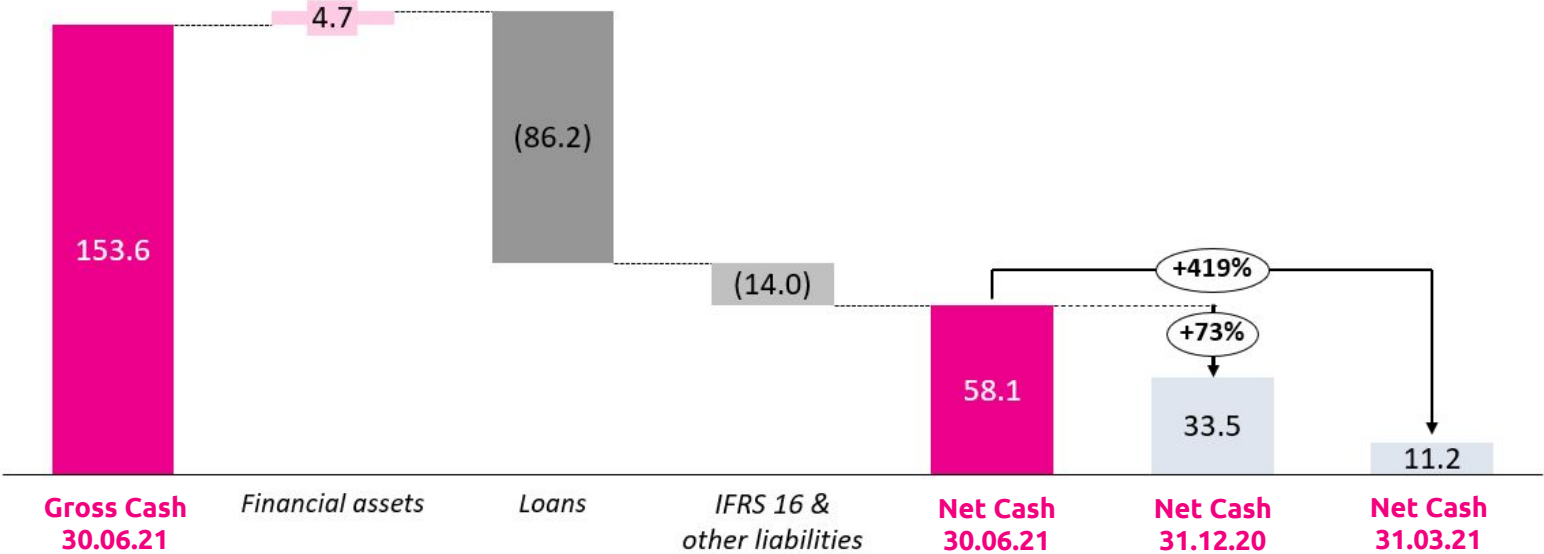
# Great contribution from positive NWC dynamics that more than offset the effects of vouchers usage and reimbursements to banks and customers

in €m



# Net Cash stood at €58.1m, significantly higher than 2020 EOY and very close to 2019 pre-COVID €65.1M

in €m



# Backup

# 1H2020 restatement and comparison with 1H2021 - Simplified P&L

Simplified P&L Structure	restated		restatements	non restated	
	1H 2021	1H 2020		1H 2020	
REVENUES*	50.2	82.9	(1.3)	84.2	Expected non redemption of non Covid related vouchers
GROSS PROFIT	23.8	33.3		34.7	
Fixed Costs (inc. Corporate)	(22.4)	(32.9)		(32.9)	
Ventures		(2.1)		(2.1)	
Other	0.1				
EBITDA Adjusted	1.5	(1.7)		(0.3)	
PY Adjustments	1.7	0.1		0.1	
Extraordinary Items	(10.6)	(18.7)	(5.9)	(12.9)	Margin generated from vouchers utilization (3.7M) Expected misredemption of Covid related vouchers (5.5M) Cost of Covid related cancellations refunded through vouchers 3.3M
EBITDA IFRS	(7.4)	(20.3)		(13.1)	
D&A	(8.1)	(10.7)		(10.7)	
EBIT IFRS	(15.6)	(31.0)		(23.8)	
Finance net	(2.0)	1.3		1.3	
Tax	(0.2)	(0.2)		(0.2)	
Net Result	(17.7)	(29.9)		(22.7)	

\*includes Rebookings and Cruise

# Thanks

[investor.relations@lastminute.com](mailto:investor.relations@lastminute.com)