



ABOUT

# Despegar to Acquire Best Day Travel Group





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# Best Day Travel Group Key Highlights



A leading Travel Agency in Mexico,  
# 2 in brand awareness in Mexico, after Despegar <sup>1</sup>



Mexico as Travel Market and Destination  
~75% of 2019F Revenues from Mexico



Four Complementary Business Units with 70% of Online Sales  
B2C + In Destination Services + White Labels + B2B Hotel Wholesale.



Product Mix Aligned with Despegar's Strategy  
Non Air Products accounted for 95% of 2019F revenues



Successful Track Record and Strong Business Position  
\$140 million in revenues and \$8 million in EBITDA for 2019F<sup>2</sup>

<sup>1</sup>Source: Despegar Market Insights Brand Tracking. Unbranded Research On General Population Conducted Through Outsourced Online Panels. Sep- 2019

<sup>2</sup> 2019 Proforma Unaudited forecast

# Best Day Operates Four Complementary Business Units

**B2C**  
Focus  
2/3  
of revenues

## Cross-platform Travel Agency

- Online channel in Mexico, Argentina, USA, Colombia, Brazil and Chile
- Call Center own operated
- Asset Light Offline channel with approx. 200 Kiosks in MX

## In-destination services for Best Day and other customers

- Presence in Mexico & Dominican Republic
- Absolut leaders in selling activities in Cancun / Riviera Maya
- Partnerships with more than 140 travel companies (USA & CAN mainly)

## White labels for major travel vendors and Strategic Partnership

- Customizes and manages the online platform and booking systems of its partners
- More than 70 partnerships with key players in the market (airlines, hotels, retails stores, banks)

## Hotel Wholesaler Aggregator

- Leader in Mexico, Top 3 in Latam
- +20 years experience



**B2B**  
1/3  
of revenues

# Mexico: The Leading LatAm Tourism Market and Seventh International Destination Worldwide

## México

## Description

## BestDay

### Market

- LatAm largest travel market: 1.6x Brazil, 3.7x Argentina and 4.9x Colombia <sup>1</sup>
- 8 of the Top 10 destinations booked by Mexicans were domestic <sup>2</sup>

- Hotel and Other Travel Products focus, accounting for ~95% of revenues

### Destinatio n

- 7th most visited country by international tourists in 2018, and the only LatAm country among the Top 18<sup>3</sup> worldwide
- Attractive growth in inbound international passenger traffic across Mexican airports: CAGR 2016-2019 = 5.7% <sup>4</sup>
- US citizens represented 55% of international arrivals, Canadians 12%, Europeans 13% and Latin Americans 16% <sup>5</sup>
- Over 80 airlines worldwide fly to Cancun Airport <sup>6</sup>

- Business built around the Mayan Riviera (35% of sales)
- Destinations services allow presence throughout the customer journey
- Agreements with key North American and Canadian players

1. Euromonitor 2019 Data. Source Euromonitor 2. Source: Despegar Internal Information (2018) 3. Source: World Tourism Organization - International Tourism Highlights, 2019 Edition

4. Other two being LA and NY. Jan-Nov. 2019 Source: <https://www.datatur.sectur.gob.mx/SitePages/TrasnAerea.aspx> 5. All international arrivals to MX Jan-Nov. 2019 Source: <https://www.datatur.sectur.gob.mx/SitePages/Visitantes%20por%20Nacionalidad.aspx>

6. According to Carlos Trueba, Cancun Airport's Director. Source: <https://www.reportur.com/mexico/2019/06/13/aeropuerto-cancun-primero-latino-operar-83-aerolineas/>

# Strategic Fit

## ✓ Geographical footprint

Considerable increase of Despegar's presence in key market **Mexico** adding the #2 player in brand awareness among travel agencies

## ✓ Unique Core Competencies

70% of sales online and 95% of Revenues from Hotels, Packages and Other travel Products

### New Capabilities

- Enhancing our value proposition to customers with **In Destination Services**
- Expanding on our **B2B business** by stepping up on both Partners and Products.

## ✓ Potential Synergies

Enhance **B2C vertical** profitability by leveraging on Despegar's operational expertise and superior IT product, Marketing expertise and *Regional* travel content.

# Expected Top and Bottomline Synergies from Integration



## Regional Footprint

- Leading OTA in the region
- Operations across 20 markets

- Strengthen Mexico as a destination with focus on inbound travel

*"All around" player in MX*

## Operational Leverage

- Best in class fraud & errors strategy
- Payment methods
- Low cost delivery model

- In-house Call Centers with deep industry know-how (different languages).

*Significant Operational Leverage*

## B2C Value Proposition

- Best in Class UX Experience in the OTA space
- Customer centric approach throughout the whole travel journey

- Leader in Destination Services (Cancun, Riviera Maya & other)
- MX - Offering different distribution channels for customers

*Complete Cross Platform Strategy in MX*

## Commercial

- Broadest Inventory across the region
- Connectivity Agreements with Major International Players (CTRIP, EXPE)

- Hotel Wholesale Services
- Commercial Agreements with leading companies

*Scale to Strengthen Relationships w/ Partners<sup>1</sup>*

## Marketing

- Efficient Customer Acquisition & Retention
- High performance Marketing Investment
- Highest brand awareness in LatAm

- #2 in brand awareness among travel agencies in Mexico

*Efficient reach to a larger audience*

# Transaction Structure, Valuation Multiples and Timeline

## Enterprise Value <sup>1</sup> & Stake Acquired

136 mUSD  
100% ownership stake

## Valuation Multiples (over 2019E) <sup>2</sup>

EV/Revenues: 0.97x  
EV/EBITDA: 17x

## Payment Structure <sup>3</sup>

1st Payment - 65% @ Closing  
2nd Payment - 6.3% @ 24 months after Closing  
3rd Payment - 28.7% @ 36 months after Closing

## Board and Key Executives

Continuity of the CEO and Key Executives  
Current Board President will continue as Member of the Board of Best Day

## Expected Closing

Closing expected during 1H20, subject to customary conditions, including approval of relevant antitrust authorities

1: Purchase price will be a result of adjusting Enterprise Value by Net Indebtedness and Target level of Working Capital

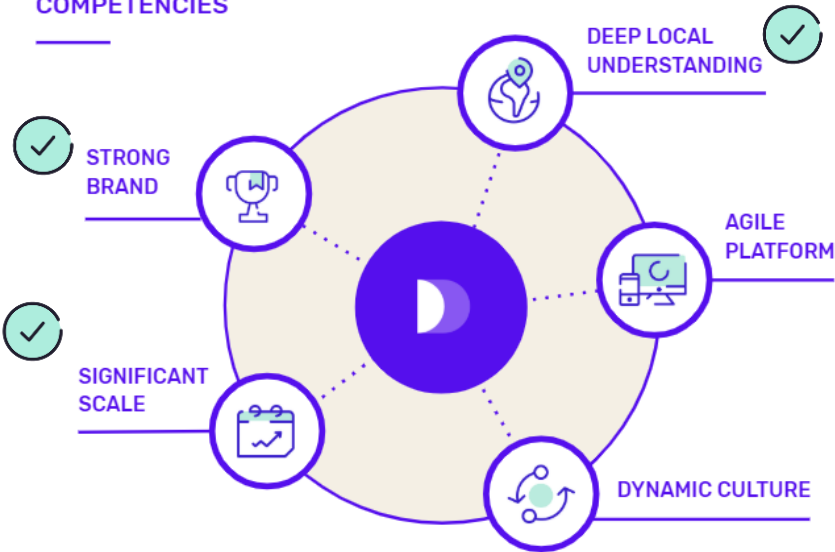
2: 2019 estimated figures (Proforma unaudited)

3: 3<sup>rd</sup> Payment will have upside or downside adjustment based on future Target/ DESP performance, for approximately up to +/- 10% of Enterprise Value



# BestDay Acquisition Adds to Our Competencies and Further Strengthens Our Competitive Levers

## DISTINCTIVE COMPETENCIES



## COMPETITIVE LEVERS

- Win-Win Value Proposition for Customers and Partners
- Efficient Customer Acquisition & Retention
- Best-in-Class Digital Product
- Rapid Adaptation to Local Markets
- Low-Cost Delivery Model Uniquely Suited for LatAm
- Strong Financial Position to Capture Growth and Lead Consolidation



Strong Brand  
High Brand Recognition in Mexico

Deep Local Understanding  
35 years of Experience with unique insight into Mexico as destination

Significant Scale  
Consolidates over 6m customers annually

Win-Win Value Proposition  
Increases inventory in higher value add products, while introducing In Destination Services business



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# Q&A



# THANK YOU!

## CONTACT



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