



# 2024 Earnings Conference Call

Aug 15, 2024

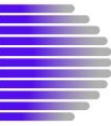




# DISCLAIMER

This presentation includes forward-looking statements. We have based these forward-looking statements largely on our current beliefs, expectations and projections about future events and financial trends affecting our business and our market. Some of the factors, risks and uncertainties that might materially affect the forward-looking statements contained herein and may make an investment in our securities speculative or risky include, but are not limited to, the following: the ongoing COVID-19 pandemic is disrupting the global economy and the travel industry, and consequently adversely affecting our business, results of operations and cash flows, and it is difficult to predict the full extent of the impact that the pandemic will have on our Company; we are subject to the risks generally associated with doing business in Latin America and risks associated with our business concentration within this region; general declines or disruptions in the travel industry may adversely affect our business and results of operations; our business and results of operations may be adversely affected by macroeconomic conditions; we are exposed to fluctuations in currency exchange rates; if we are unable to maintain or increase consumer traffic to our sites and our conversion rates, our business and results of operations may be harmed; our business could be negatively affected by changes in search engine algorithms and dynamics or other traffic-generating arrangements; we operate in a highly competitive and evolving market, and pressure from existing and new companies, as well as consolidation within the industry, may adversely affect our business and results of operations; if we are unable to maintain existing, and establish new, arrangements with travel suppliers, our business may be adversely affected; we rely on the value of our brands, and any failure to maintain or enhance consumer awareness of our brands could adversely affect our business and results of operations; we rely on information technology, including third-party technology, to operate our business and maintain our competitiveness, and any failure to adapt to technological developments or industry trends, including third-party technology, could adversely affect our business; we are subject to payments-related fraud risk; any system interruption, security breaches or lack of sufficient redundancy in our information systems may harm our business; our ability to attract, train and retain executives and other qualified employees, particularly highly-skilled IT professionals, is critical to our business and future growth; our business depends on the availability of credit cards and financing options for consumers; internet regulation in the countries where we operate is scarce, and several legal issues related to the internet are uncertain; acquisitions could present risks and disrupt our ongoing business; we may not be able to consummate acquisitions or other strategic opportunities in the future; we are a foreign private issuer under U.S. securities regulations and, as a result, we will not be subject to U.S. proxy rules and will be subject to Exchange Act reporting obligations that, to some extent, are more lenient and less frequent than those of a U.S. issuer; and the strategic interests of our significant shareholders may, from time to time, differ from and conflict with our interests and the interests of our other shareholders.

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# Continuous Margin Expansion on Robust Business Fundamentals Drive 2024 Results

## 2Q Executive Summary

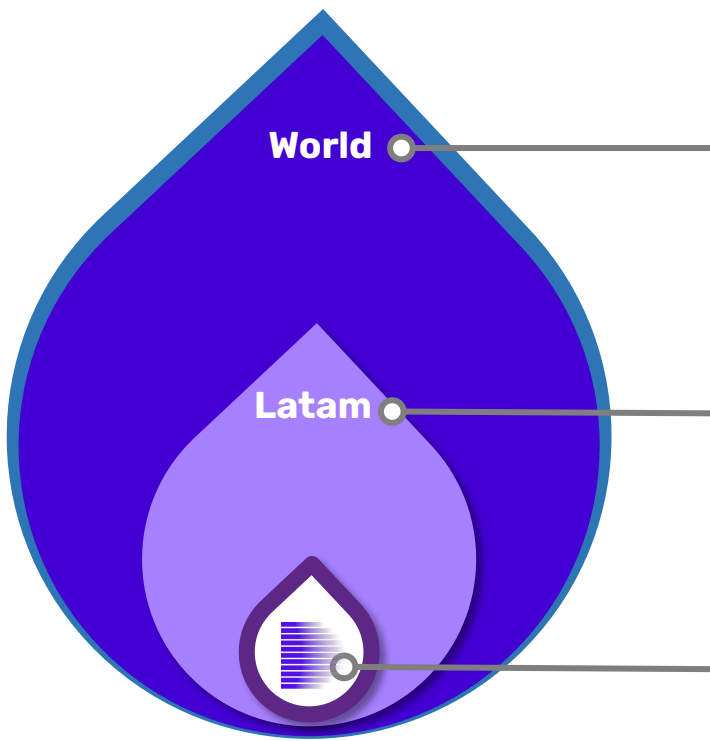
1. Improving revenue mix through strong package sales led to robust 13.8% Take Rate driving revenues +12% YoY to \$185 M
2. Adj. EBITDA climbed +22% YoY to \$37 M, despite growth investments in Selling & Marketing, delivering a 19.8% Adj. EBITDA margin and Adj. Net Income of \$30.2 M (+397% YoY)
3. Robust growth trends in B2B and White Label segments, with new partnerships providing accelerating growth potential
4. Updates to SOFIA, our AI Trip Planner, further refines customer journey while B2B opportunities leveraged by AI enter an exploratory phase
5. Total cash<sup>(1)</sup> of \$204 M, providing flexibility to drive organic growth and make select acquisitions


*(1) Cash & Cash Equivalents as of end of period Q2 2024 includes USD 2.6k of Cash & Cash Equivalents related to a business classified as held for sale.*

# Substantial Near and Long-term Market Opportunities Can Sustain Despegar's Strong Growth Trajectory



## Significant Market Opportunities



**\$2.2T<sup>(1)</sup>** 

**Global Market**  
Greenfield opportunity to grow B2B/B2B2C product in market expanding 9% CAGR<sup>1</sup> until 2028

**\$166B<sup>(1)</sup>** 

**Current Potential Market**  
Highly fragmented; Expected to grow low double digits

**>\$1.3B 2Q24** 

**Strong Growth**  
B2B grew GB 43% YoY during 2Q with White Label expanding 7% YoY

**B2B2C**  
**8%** ~80 White Label partners across Banking/ Retail/ Travel space

**B2B**  
**9%** Connected ~15K offline Agencies

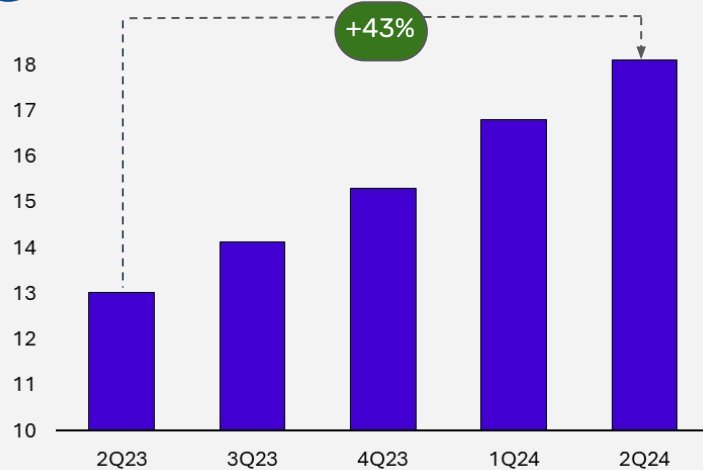
**B2C**  
**83%** Generated across LATAM, with majority in Brazil and Mexico

(1) Source: Euromonitor

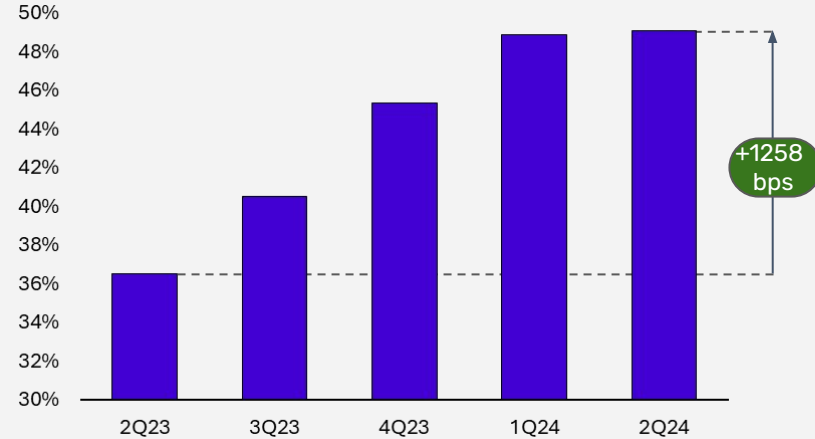


# Driving Organic Traffic Expands our Position as the Market Leader in the Region

## 1 Installed base (# of mobile devices)






## 2 App-based transactions (% of total)



- **DESP's app** maintains top position among **most popular** travel apps in **LatAm**
- **Installed base** up +43% YoY to **~18 million** mobile devices
- **App-based transactions** reached all-time high of **49.1% (+1258 bps YoY)**



# Key Focus Areas Continue to Drive Improving Revenue Mix while Diversifying Revenue Streams

	Focus Areas	Objectives	2Q19	2Q23	2Q24
	<b>Revenue Diversification</b>	Packages (% of GB)	20%	33%	35%
		GB weight MEX + BRA	54%	60%	66%
	<b>Multichannel</b>	B2B <sup>1</sup> as % of total GB	5.7%	15.0%	17.8%
		App share of online B2C <sup>2</sup> (% transactions)	26.5%	36.5%	49.1%
	<b>Customer Focus</b>	# of Loyalty Members (M)	0.0	16.9	27.9
		% of point redemptions <sup>2</sup>	0.0%	8.7%	14.4%
		NPS post Trip	68.3%	69.6%	72.6%

(1) Includes B2B and B2B2C services.

(2) 2019: DI; 2022 & 2023: D + BD + VF + VN (excl. VN Passagens).



# White Label Portfolio Expands Through the Addition of Three Meaningful Relations



Leading financial institution in Chile

**+1 million Clients** in Chile



**+1,300 Point** of Sales throughout Mexico

Targeting **C & D type customers** which represent 66% of LATAM families



First **super app** client

Among **fastest growing apps** in Latin America

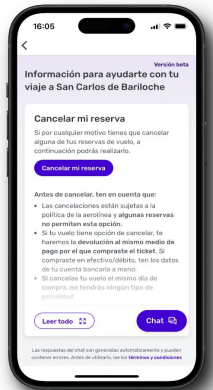


# Significant Upgrade to SOFIA Including New Booking Features and Improved Design

## After-sales integration



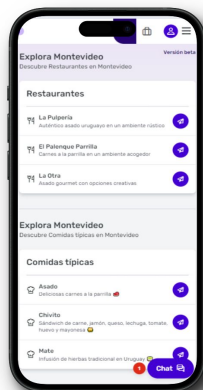
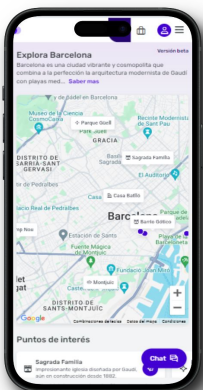
- Capability to answer **after-sales questions**, using content from our **contextualized FAQs** while leveraging **multiple services** to compose a **personalized answer**



## Pre-in-trip features



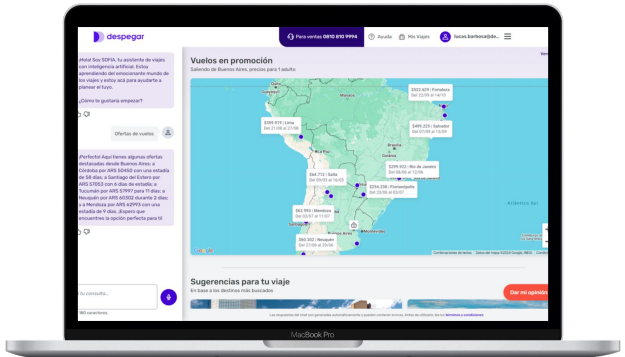
- **Inspirational features** for dreaming, anticipating and experiencing
- Map with **POIs, restaurants, events, gastronomy, weather** (powered by ChatGPT)



## Map with flight offers



- **Flights offers from user origin** - currently available only for searches with open dates
- **Visualization on map**, leveraging connection with Google Maps API

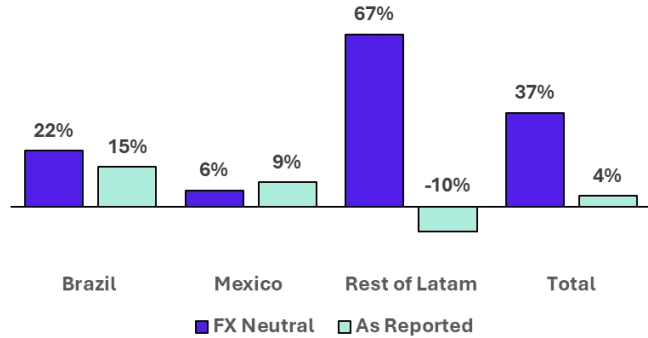




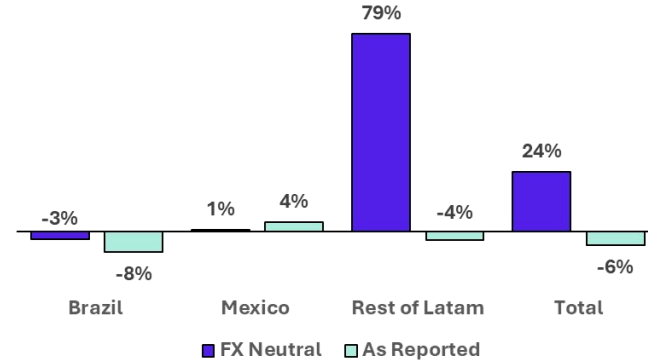


# Business Continues to Perform Strongly Despite Temporary Flood Related and FX Headwinds

## 1 Gross Bookings (YoY %Growth)



## 2 Average Selling Price (YoY %Growth)



### Brazil

- **Strong commercial execution** combined with **healthy demand trends** drove **growth in hotel** and **domestic flight** sales, despite floods in Rio Grande do Sul

### México

- Growth primarily driven by an improving revenue mix, particularly due to an increase in **higher-margin package sales** and our focus on improving our market share in **domestic Air travel**

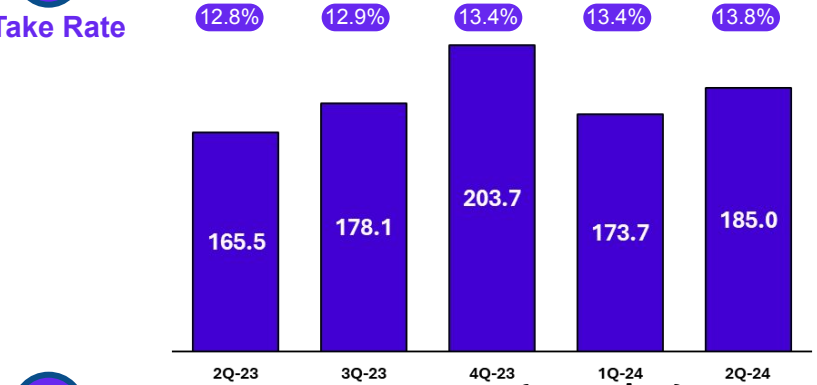
### Rest of Latam

- As Reported Gross Bookings declined due to expected **FX pressures** that affected ASP in Argentina and Chile, while constant currency growth remains very robust at +67% YoY



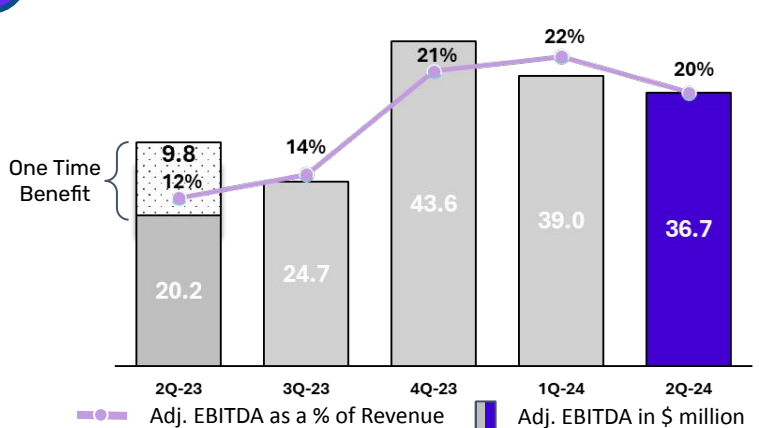
# Accelerating Revenue Growth in Combination with Operating Leverage Drive Strong Adj. EBITDA Expansion

## 1 Revenue (\$ M) vs Take Rate (%)

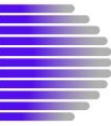


- Revenues up **+12% YoY** to \$185.0 M, despite higher than expected FX headwinds
- Strong **Take Rate** at **13.8%**, reflecting **focus on package sales** and **profitable growth**

## 2 Adj. EBITDA Evolution (% vs \$M)

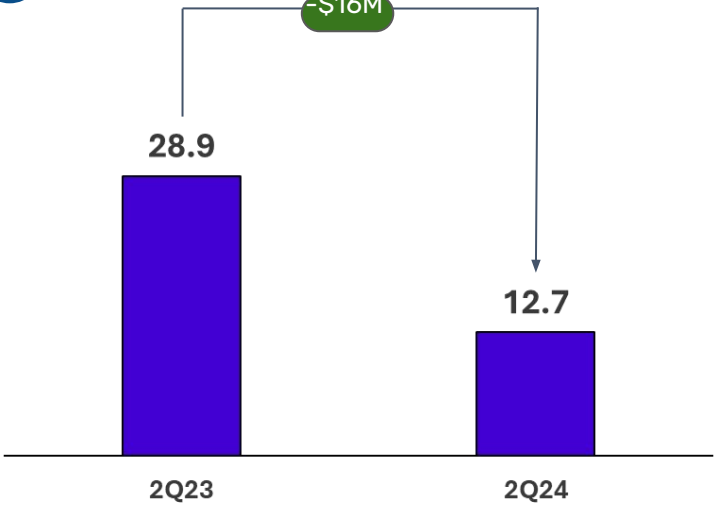


- **Adj. EBITDA +22% YoY to \$36.7 M**, despite growth investments in Selling & Marketing
- Excluding 2Q23 one time benefit, **Adj. EBITDA grew 82% YoY**.
- **Adj. EBITDA Margin +173 bps** YoY to 20%

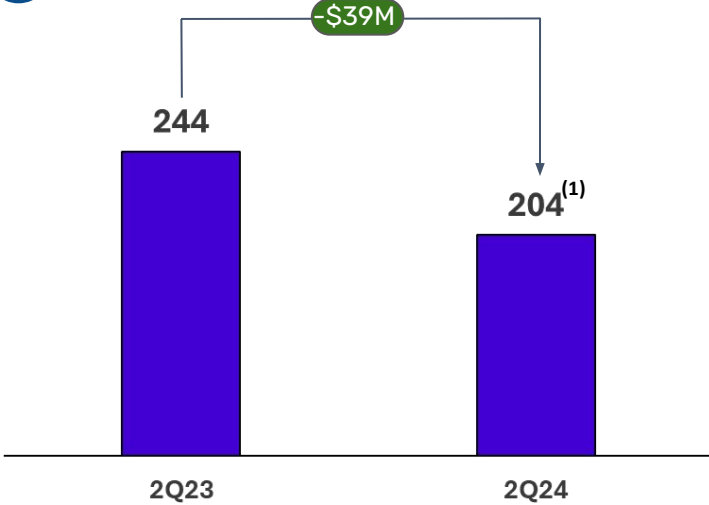


# Despegar Maintains Solid Cash Position of \$204 million despite transitory working capital effects

## 1 Operating Cash Flow



## 2 Cash & Cash Equivalents



- **Operating cash flow decreased -\$16M YoY**, mostly due to transitory changes in working capital
- **Cash and Cash Equivalents decreased -\$39M YoY**, mostly due to transitory changes in working capital, dividend payments to Series A Preferred Shareholders and factoring expenses

(1) Cash & Cash Equivalents as of end of period Q2 2024 includes USD 2.6k of Cash & Cash Equivalents related to a business classified as held for sale.



## Full Year 2024 Financial Guidance

### Revenues

Adjusting to at least  
**\$760 million**  
implying at least **+8%**  
YoY growth

### Adj. EBITDA

Raising to at least **\$160 million**, implying at least  
**+39% YoY** growth



# 2024 Summary: Strong Results Lead to Profitable Quarter for Despegar



## Strong Commercial Execution

- Top line growth accelerates sequentially as solid growth trends underpin the business



## Consistently Strong Take Rate Drives Revenue

- 13.8% Take rate
- Revenue up 12% YoY to \$185 M



## \$37 million Adjusted EBITDA

- Strong Adj. EBITDA margin of 19.8% despite investments in growth
- Driven by operating leverage and growing package sales



## Cash \$204 M

- Solid cash position provides flexibility to increase capital efficiency



## Leading through innovation

- Continuous improvements drive customer engagement with SOFIA as we prepare for B2B opportunities



## Updated FY24 EBITDA Guidance

- Revenue at least \$760 M (+8%)
- Adj. EBITDA now at least \$160 M (+39%)

# Q&A

## 2024 Earnings Conference Call



# THANK YOU!

## CONTACT



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