



# 2023 Earnings Conference Call

August 17, 2023

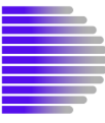




## DISCLAIMER

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.

We operate in a competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this presentation. In particular, the COVID-19 pandemic, and governments' extraordinary measures to limit the spread of the virus, are disrupting the global economy and the travel industry, and consequently adversely affecting our business, results of operation and cash flows and, as conditions are uncertain and changing rapidly, it is difficult to predict the full extent of the impact that the pandemic will have or when travel will resume to pre-pandemic levels.. The words "believe," "may," "should," "aim," "estimate," "continue," "anticipate," "intend," "will," "expect" and similar words are intended to identify forward-looking statements. Forward-looking statements include information concerning our possible or assumed future results of operations, business strategies, capital expenditures, financing plans, competitive position, industry environment, potential growth opportunities, the effects of future regulation and the effects of competition. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly or to revise any forward-looking statements after the date of this presentation because of new information, future events or other factors, except as required by law. In light of the risks and uncertainties described above, the future events and circumstances discussed in this presentation might not occur or come into existence and forward-looking statements are thus not guarantees of future performance. Considering these limitations, you should not make any investment decision in reliance on forward-looking statements contained in this presentation. This presentation includes industry, market and competitive position data and forecasts that we have derived from independent consultant reports, publicly available information, industry publications, official government information, other third-party sources and our internal data and estimates. Independent consultant reports, industry publications and other published sources generally indicate that the information contained therein was obtained from sources believed to be reliable. The inclusion of market estimations in this presentation is based upon information obtained from third-party sources and our understanding of industry conditions. Although we believe that this information is reliable, the information has not been independently verified by us. Trademarks and service marks appearing in this presentation are the property of their respective holders. This presentation includes preliminary financial information which is subject to year-end audit and adjustment.



## Record Quarter on Demand Recovery, Improving Revenue Mix and Operating Leverage

1.

Improving revenue mix coupled with increasing ASPs drove revenues +23% YoY to a quarterly record of \$165.5 M

2.

Excluding one-time items, total operating expenses decreased 18 bps YoY as a percentage of GBs

3.

Adjusted EBITDA excluding one time impacts increased 71% YoY to \$20.2 M

4.

Koin trending toward EBITDA breakeven at -\$0.6 M EBITDA

5.




Deepening omnichannel strategy with AI applications and offline penetration



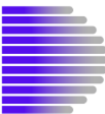
2Q'23  
Executive  
Summary



# Key Focus Areas Drive Sustained Improvement in Profitability and Diversification of Revenue Streams

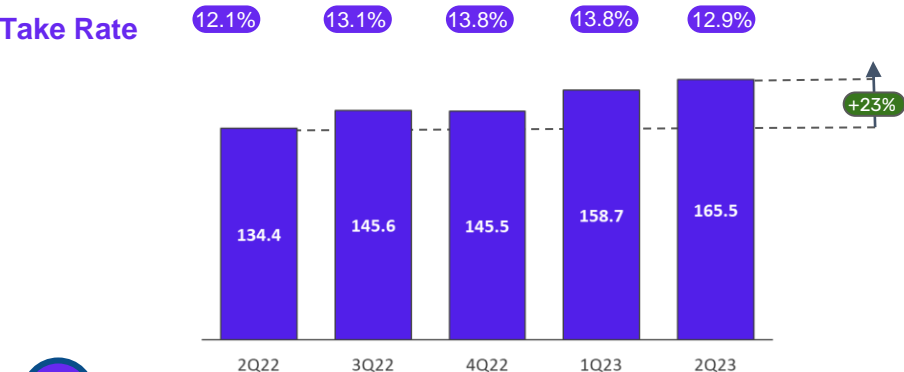
	Focus Areas	Objectives	2Q19	2Q22	2Q23
	Revenue Diversification	Packages (% of GB)	20%	27%	33%
		GB weight MEX + BRA	54%	55%	60%
	Multichannel	B2B <sup>1</sup> as % of total GB	6%	9%	15%
		App share of online B2C (% transactions)	24.5%	34.4%	37.8% <sup>2</sup>
	Customer Focus	# of Loyalty Members (M)	0.0	5.7	16.9
		% of point redemptions	0%	4%	8%
		NPS post Trip	68.3%	63.9%	67.5%

(1) Includes B2B and B2B2C services (2) Includes VF and Viajanet Apps launched in Q4 2022



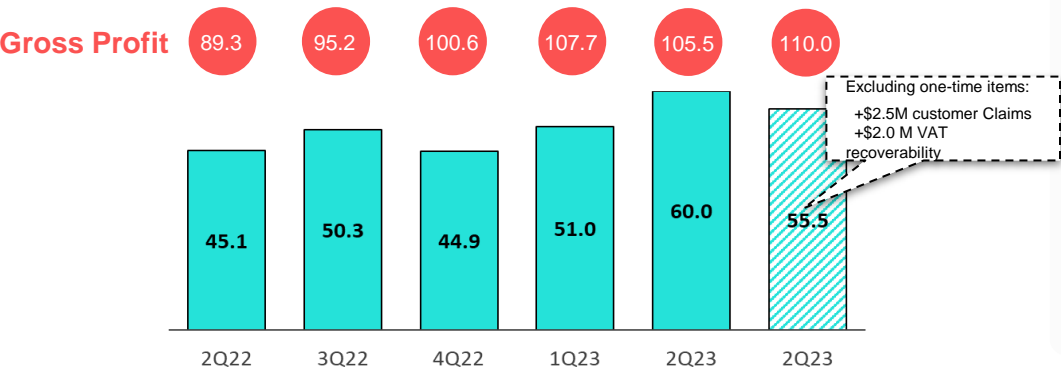
# Strong Take Rate in a Recovering Market Led to Record Revenues and Gross Profit in 2Q23

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



- **Revenues +23% YoY** to \$165.5 M, a record quarterly high
- **Strong Take Rate** at **12.9%**, with **sustained focus on profit-taking** in Mexico, Chile and Argentina

## 2 Cost of Revenue (\$ M) vs Gross Profit

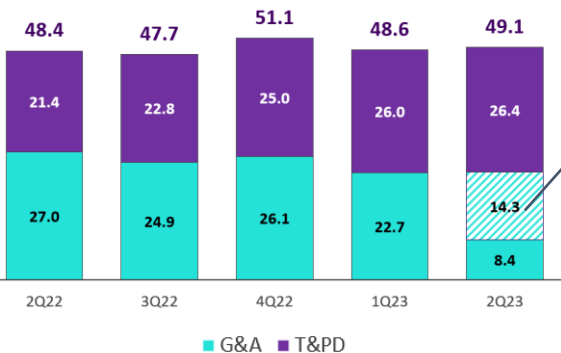


- **As reported CoR +33% YoY**, partly due to one-time expenses. Excluding these costs, CoR would have increased 23% YoY
- Excluding **one-time costs**, **Gross Profit + 23% YoY**, reaching **\$110.0M**

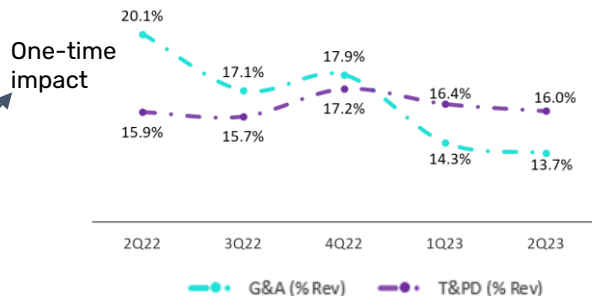


# Cost Discipline Builds Additional Operating Leverage as Revenues Expand

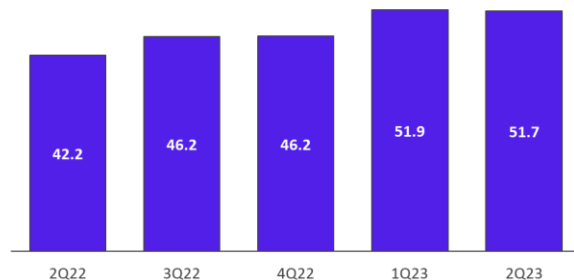
## 1 G&A + T&PD (\$M)



## 2 G&A + T&PD (%Rev)



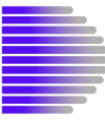
## 3 Sales & Marketing (\$M)



- **Fixed costs +1% YoY, when including one-time items**, mainly due to increase in T&PD expenses related to **expanding developer team** as well as to **FX and inflation**

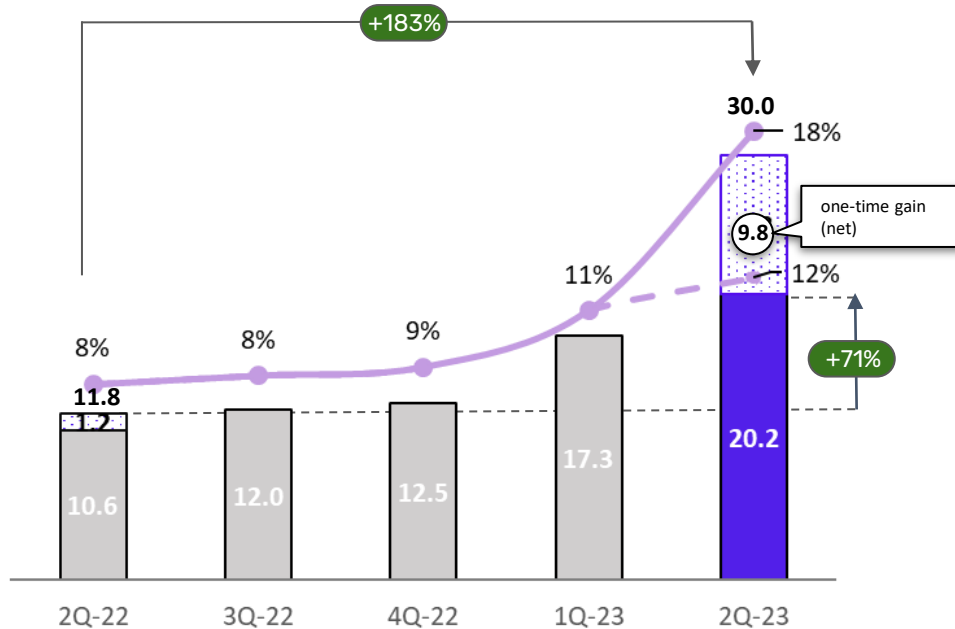
- As **% of Revenues, G&A -640 bps YoY** excluding one-time items, **while T&PD +5 bps**
- As **% of Revenues, G&A -15 percentage points YoY** including one-time items

- **S&M expenses +22% YoY** due to investments in high margin offline sales channels as well as **growth investments in Brazil**
- **S&M expenses flat QoQ**



# Demand Recovery, Improving Revenue Mix and Operating Leverage Across the Region Led to Strong Profit Levels

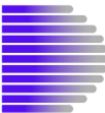
## 1 Quarterly Adj. EBITDA Evolution (% vs \$M)



—●— Adj. EBITDA as a % of Revenue    ■ Adj. EBITDA in \$ million

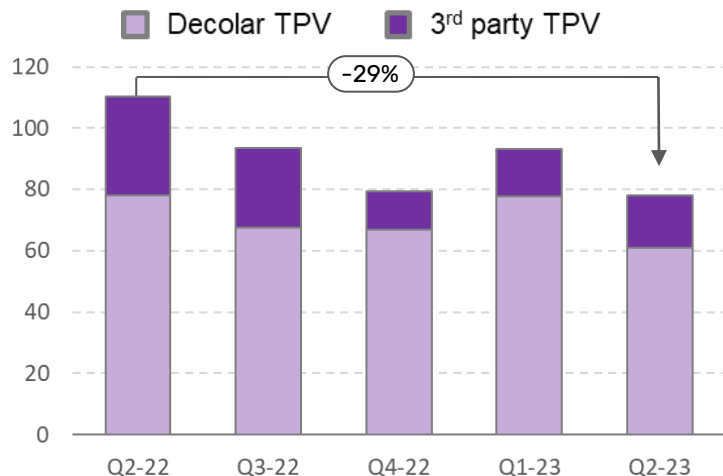
## Profit Margin Expansion

- **Excluding one-time items**, Adj. EBITDA +71% YoY to \$20.2 M and reaching 12% margin
- **Strongest 2Q Adj. EBITDA** since IPO
- **Reported Adj. EBITDA +183% YoY to \$30.0 M**, on operating leverage and improving revenue mix
- **Reported Adj. EBITDA margin +1022 bps** YoY to 18%, highest since 2018



# Koin trending toward EBITDA breakeven at -\$0.6 M EBITDA

## 1 Monthly TPV Evolution (R\$ M)



## 2 Take Rate vs Expected Losses (R\$ M)



### Koin Evolution to Date

- **TPV contracts 29% YoY** in line with prudent approach to loan origination as Brazilian credit market remains challenging
- Take Rate vs Expected Losses **spread continues to increase**
- **2Q23 EBITDA** loss of -\$0.6 M, improving \$1.9 M QoQ and \$3.9 M YoY





# Strengthening our Technology Moat Through Generative AI



## Efficiency Gains

Our Developer teams are assessing ways to apply AI to optimize and automate code writing, aiming to increase overall IT Team efficiency



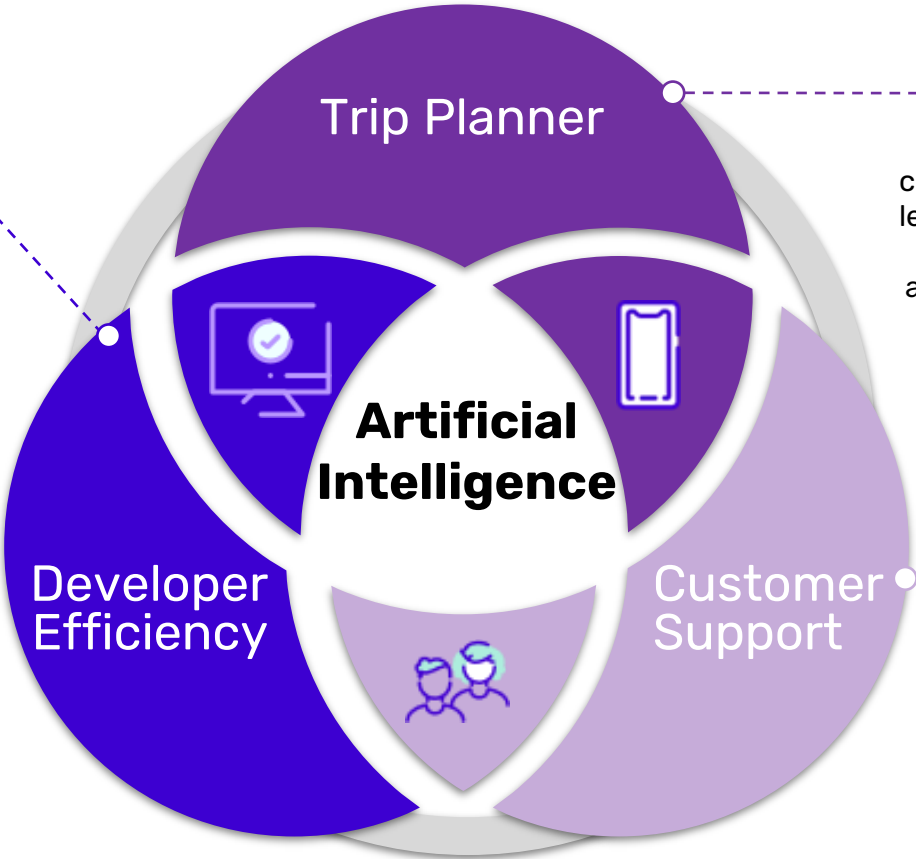
## AI Chat Functionality

Leveraging our large customer database in combination with machine learning models, we aim to launch a Beta version of an AI Trip planner in 3Q'23



## Customer Care

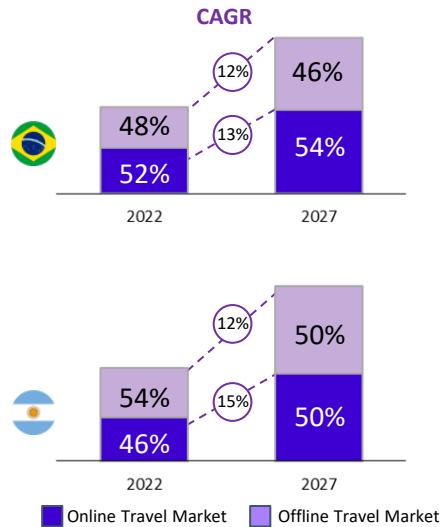
Employing AI we are improving query resolution, reducing resolution times and increasing customer satisfaction





# Deploying Proven, Asset-Light Offline Strategy in Brazil and Argentina to Further Expand Margin while Substantially Increasing Market Penetration

## Offline Bookings % of Total Market<sup>(1)</sup>



### Brazil Rollout Strategy

- Initial Phase **10 Stores** by year-end
- Timing Openings to **begin Nov'23**
- Locations São Paulo, Campinas, Rio de Janeiro, Belo Horizonte
- Store Types **1 Flagship + 9 Standard** Stores

### Argentina Rollout Strategy

- Initial Phase **5 Stores** by year-end
- Timing Openings to **begin Nov'23**
- Location **Buenos Aires**
- Store Types **1 Flagship + Standard** Stores + Booths

(1) Source: Euromonitor



# 2Q23 Summary: Accelerating Performance and on Track to Meet 2023 Guidance



## Strong Demand Recovery

- Travel demand continues recovering, particularly in Brazil and Chile



## Consistently Strong Take Rate Drives Revenue

- 12.9% Take Rate
- Revenue +23% YoY to \$165.5 M



## \$20.2 million Adjusted EBITDA

- Highest 2Q EBITDA since IPO
- Driven by operating leverage and improving revenue mix



## Koin EBITDA -\$0.6M

- Koin continues improving and remains on track to reach EBITDA breakeven in 2H23



## Looking Ahead

- Continuing recovery trend observed year to date



## On track to Meet FY'23 Guidance

- Revenue: \$640 M - \$700 M
- EBITDA: \$80 M - \$100 M

# Q&A

2023 Earnings  
Conference Call



# THANK YOU!

## CONTACT

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# Appendix



# Trends in Key Financial & Operating Metrics

(in thousands U.S. dollars, unless otherwise stated)

	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23
<b>FINANCIAL RESULTS</b>								
Total Revenue	\$83,368	\$124,556	\$112,414	\$134,421	\$145,596	\$145,542	\$158,707	\$165,524
Cost of revenue	37,953	53,765	42,558	45,149	50,305	44,897	51,027	60,000
Gross profit	45,415	70,791	69,856	89,272	95,291	100,645	107,680	105,524
Operating expenses								
Selling and marketing	26,138	34,582	30,517	42,214	46,174	46,245	51,892	51,695
General and administrative	22,162	18,689	23,523	27,037	24,873	26,092	22,672	8,396
Technology and product development	19,432	19,508	20,735	21,407	22,834	25,015	25,971	26,448
Total operating expenses	67,732	72,779	74,775	90,658	93,881	97,352	100,535	86,539
Gain / (loss) from equity investments	(29)	343	117	16	(105)	(192)	113	(285)
Operating (loss) / income	(22,346)	(1,645)	(4,802)	(1,370)	1,305	3,101	7,258	18,700
Financial result, net	(3,254)	(3,809)	(7,023)	(10,529)	(15,359)	(12,543)	(12,595)	(3,948)
Loss before income taxes	(25,600)	(5,454)	(11,825)	(11,899)	(14,054)	(9,442)	(5,337)	14,752
Income tax (benefit) / expenses	(1,654)	7,545	19,093	1,266	(4,767)	5,717	(4,640)	(13,251)
Net loss	(23,946)	(12,999)	(30,918)	(13,165)	(9,287)	(15,159)	(697)	28,003
Net loss attributable to non controlling interest	\$273	\$526						
Net loss attributable to Despegar.com, Corp	(23,673)	(12,473)	(30,918)	(13,165)	(9,287)	(15,159)	(697)	28,003
Total Adjusted EBITDA	(\$10,346)	\$9,002	\$6,787	\$10,594	\$12,015	\$12,525	\$17,272	\$29,957

# Trends in Key Financial & Operating Metrics

(in thousands U.S. dollars and thousand transactions, unless otherwise stated)

KEY METRICS	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23
Operational								
Gross bookings	\$656,957	\$957,041	\$799,499	\$1,113,568	\$1,104,608	\$1,053,429	\$1,151,241	\$1,286,976
- YoY growth	297%	138%	117%	128%	68%	10%	44%	16%
TPV Financial Services	7,555	17,279	20,293	22,472	17,830	15,092	17,959	16,733
- YoY growth	416%	226%	572%	778%	136%	(13%)	(12%)	(26%)
Number of transactions	1,827	2,257	1,955	2,193	2,208	1,959	2,062	2,204
- YoY growth	207%	79%	61%	70%	21%	(13%)	5%	0%
Air	999	1,277	1,015	1,129	1,122	1,027	975	1,041
- YoY growth	155%	88%	55%	77%	12%	(20%)	(4%)	(8%)
Packages, Hotels & Other Travel Products	827	1,021	940	1,033	1,063	925	1,076	1,154
- YoY growth	307%	76%	64%	49%	29%	(9%)	14%	12%
Revenue per transaction	\$45.7	\$54.2	\$57.5	\$61.3	\$65.9	\$74.3	\$77.0	\$75.1
- YoY growth	131%	28%	36%	29%	44%	37%	34%	23%
Air	\$32.0	\$48.7	\$43.7	\$47.2	\$52.0	\$59.5	\$58.5	\$58.5
- YoY growth	102%	74%	71%	45%	62%	22%	34%	24%
Packages, Hotels & Other Travel Products	\$61.3	\$75.4	\$68.0	\$76.2	\$79.7	\$84.3	\$98.0	\$98.0
- YoY growth	125%	28%	11%	27%	30%	12%	44%	29%
ASPs	\$360	\$417	\$411	\$511	\$503	\$539	\$558	\$585
- YoY growth	30%	31%	37%	39%	40%	29%	36%	14%



# Unaudited Consolidated Balance Sheets

(in thousands U.S. dollars)

	As of June 30, 2023	As of March 31, 2023
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	218,535	205,143
Restricted cash and cash equivalents	24,434	22,015
Accounts receivable, net of allowances	211,787	170,672
Loan receivables, net	16,911	18,057
Related party receivable	12,092	9,277
Other current assets and prepaid expenses	47,346	40,993
<b>Total current assets</b>	<b>531,105</b>	<b>466,157</b>
Non-current assets		
Other assets and prepaid expenses	81,752	76,798
Loan receivables, net	974	857
Restricted cash	965	864
Lease right-of-use assets	18,912	19,820
Property and equipment net	14,848	15,959
Intangible assets net	97,461	94,083
Goodwill	154,125	147,216
<b>Total non-current assets</b>	<b>369,037</b>	<b>355,597</b>
<b>TOTAL ASSETS</b>	<b>900,142</b>	<b>821,754</b>

	As of June 30, 2023	As of March 31, 2023
<b>LIABILITIES AND SHAREHOLDERS' DEFICIT</b>		
Current liabilities		
Accounts payable and accrued expenses	54,715	60,087
Travel suppliers payable	375,143	314,714
Related party payable	59,791	42,226
Short-term debt	27,984	21,392
Deferred Revenue	29,057	26,001
Other liabilities	92,235	110,763
Contingent liabilities	12,020	9,488
Lease Liabilities	5,075	5,506
<b>Total current liabilities</b>	<b>656,020</b>	<b>590,177</b>
Non-current liabilities		
Other liabilities	15,991	17,786
Contingent liabilities	15,300	30,786
Long term debt	2,734	3,433
Lease liabilities	14,811	15,252
Related party liability	125,000	125,000
<b>Total non-current liabilities</b>	<b>173,836</b>	<b>192,257</b>
<b>TOTAL LIABILITIES</b>	<b>829,856</b>	<b>782,434</b>
Series A non-convertible preferred shares	127,594	120,582
Series B convertible preferred shares	46,700	46,700
<b>Mezzanine Equity</b>	<b>174,294</b>	<b>167,282</b>
<b>SHAREHOLDERS' DEFICIT</b>		
Common stock	288,240	287,844
Additional paid-in capital	310,218	317,526
Other reserves	(728)	(728)
Accumulated other comprehensive loss	(7,458)	(10,318)
Accumulated losses	(616,013)	(644,019)
Treasury Stock	(78,267)	(78,267)
<b>Total Shareholders' Deficit Attributable to Despegar.com Corp</b>	<b>(104,008)</b>	<b>(127,962)</b>
<b>TOTAL LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' DEFICIT</b>	<b>900,142</b>	<b>821,754</b>