

CASE STUDY



COMPANY SPOTLIGHT

eDreams ODIGEO



Market capitalisation at time of purchase €217m	Market capitalisation at time of sale €320m	Industry Sector Online Travel
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eDREAMS ODIGEO (BME: EDR)

eDreams Odigeo is a leading global online travel agency (OTA), headquartered in Spain. The company operates multiple consumer-facing brands including eDreams, Opodo, GO Voyages, and Travellink, as well as the metasearch engine Liligo. eDreams has pivoted from a transactional OTA model to a subscription-based travel platform through its Prime program, a strategic shift that underpins its current growth.

WHY DID WE INVEST?

- Following a troubled IPO in 2014 and a sharp share price decline, the stock traded at depressed valuation levels in 2015–2016, offering an attractive entry point for value-focused investors seeking turnaround potential.
- eDreams Odigeo was among the top 3 global flight-centric online travel agencies by volume, offering wide geographic diversification and strong brand recognition in key European markets. The company benefited from the secular shift toward online travel booking.
- By late 2015, eDreams was implementing a strategic turnaround under new management. This included a focus on improving user experience, reducing dependency on Google (via app/loyalty adoption), and streamlining operations.
- Strong momentum in mobile app adoption indicated improving customer engagement and conversion rates, setting a foundation for future recurring revenue strategies.
- As cost-saving initiatives and strategic reorientation took hold, adjusted EBITDA margins began to improve. This suggested significant operating leverage given the fixed-cost nature of the platform.
- Despite modest net profits, eDreams consistently generated solid operating cash flow due to its working capital model (collecting funds from customers before paying airlines).

ENTRY PRICE

- Began initially purchasing shares in December 2015 at €2.08 and continued to purchase over time with an average purchase price of €2.49.

*Past performance is not indicative of future performance. This is general information only and should not be construed or relied upon as legal, financial or professional advice. Accordingly, the recipient should seek independent professional advice as to the risk, financial, taxation and other implications of investing.

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eDreams ODIGEO S.A. (BME:EDR) - Share Pricing



Source: S&P Capital IQ

WHY DID WE SELL – Full valuation realised

- The travel industry faced severe disruption with the onset of COVID-19 in early 2020. This introduced material near-term uncertainty regarding booking volumes, refunds, and liquidity.
- Although eDreams had made meaningful operational progress, upside was limited due to a potential reset in travel demand and investor sentiment.
- With our valuation thesis largely realised and downside risk from pandemic headwinds increasing, we exited the position in May 2020.

INVESTMENT OUTCOME

- Began initially purchasing shares in December 2015 at €2.08 and continued to purchase over time with an average purchase price of €2.49.
- Sold at an average sale price of €3.13 with the last sale in May 2020.
- Gain of 26% on our investment over the period, equating to a money weighted IRR of approximately 9.7%.

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