



# 4Q18 Results Presentation



February 2019

# Important Notice

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Some of the statements contained herein are based on our management's current assumptions and estimates, which may result in material differences regarding future results, performance and events. These forward-looking statements include future results, which may be influenced by past results and investments. Actual results, performance and events may differ substantially from those expressed or implied in these forward-looking statements due to a variety of factors, such as general economic conditions in Brazil and other countries; interest and exchange rate levels, future renegotiations or prepayment of obligations or credits denominated in foreign currency, legal and regulatory changes and general competitive factors (whether global, regional, or domestic).

# Agenda

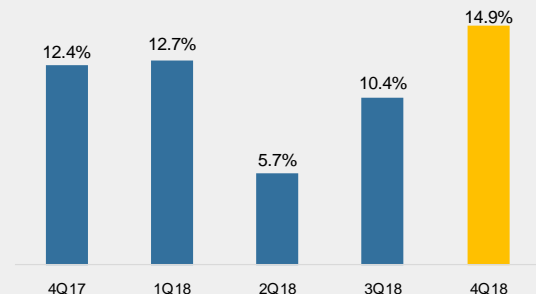
**1** Recent Events

2 4Q18 Results

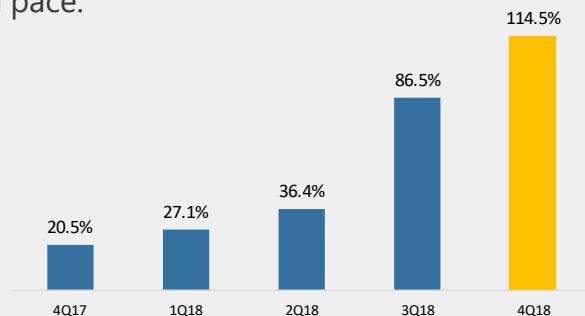
3 Q&A

## CVC Corp Results

- Bookings<sup>1</sup>: **+33.7%** in 4Q18 vs. 4Q17, **+14.9% Pro Forma** (+17.4% ex-Argentina), **with strong recovery in the end of the year**



- Online posted strong growth of **114.5%** on 4Q18, maintaining the acceleration pace:



- Net Revenue: **+32.4% (+13.4% PF)**, with practically stable take-rate of **11.9%**<sup>2</sup> (-0.1 p.p)
- Adjusted Net Income: **+17.5%**
- Cash Generation of **R\$ 51.4 mm** on the 4T (3<sup>rd</sup> consecutive quarter)
- ROIC improvement of 2.6 points, reaching **23.2%**

## CVC Corp

- CEO:** On January 2, 2019 Mr. Luiz Fernando Fogaça took office as the new CEO and Mr. Luiz Falco as the new Chairman
- New Board of Directors:** Election of new members, strengthening the digital and innovation competencies
- Esferatur:** Unrestricted approval by antitrust authority CADE in early February
- Ola Transatlântica:** Operation concluded in December 2018
- Evaluation of the **synergies** of the 3 new Business Units will be finished in March
- Digital:** Notify, SV App and new SV's hotel platform
- Brand Recognition:** CVC again recognized as one of the 25 most-valuable brands in Brazil (19th position)



<sup>1</sup> It considers the month of December in Ola and the full quarter in Grupo Bibam

<sup>2</sup> Without Argentina

# 2019 Sales Conventions

RexturAdvance



CVC

Experimento



Trend



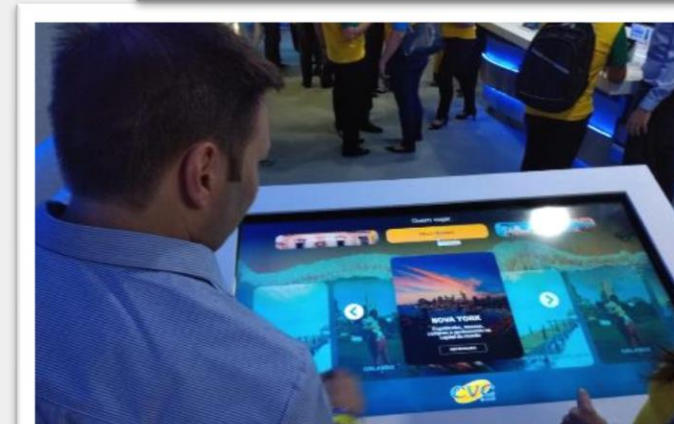
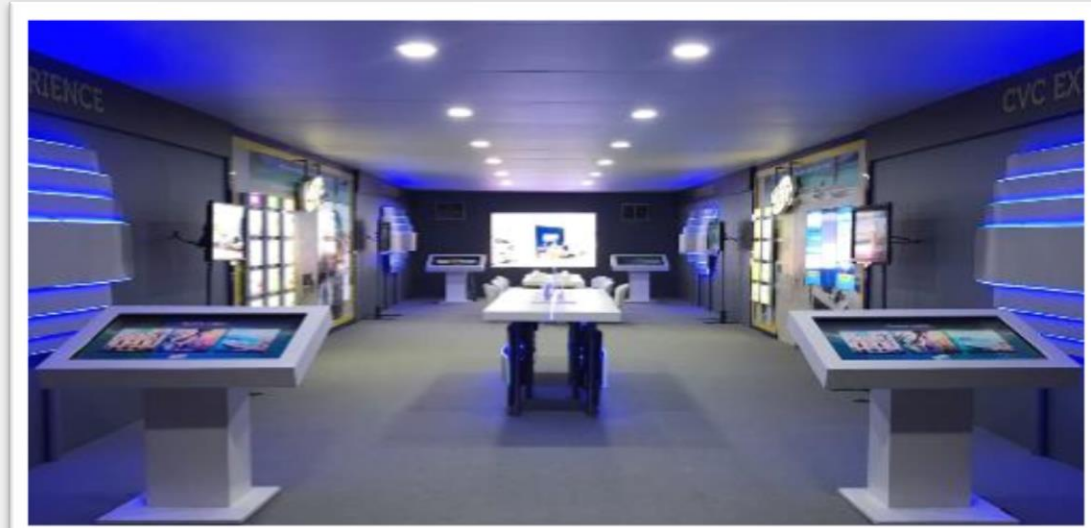
## 1<sup>st</sup> “Google Blast” Campaign

- Customized digital activation in large scale (simultaneously in several platforms) performed on short notice
- Visits to stores: +87% growth between the weeks (with Google Blast activated)
- Day with highest number of accesses at CVC.com (including Black Friday)

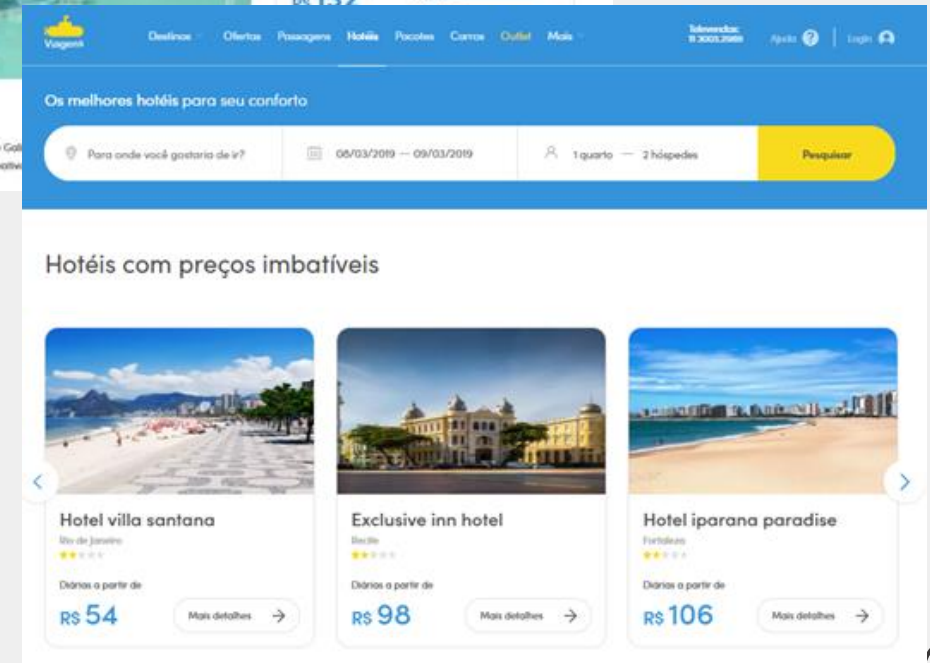
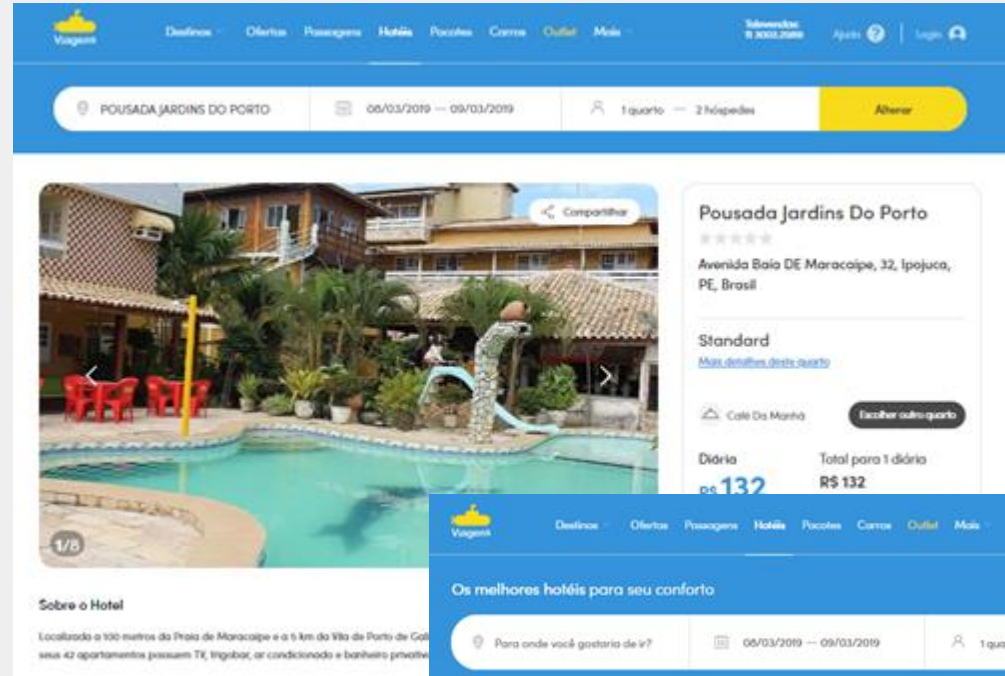
### Blast CVC



## New Technologies and functionalities



# New Submarino Viagens App and Hotel Platform



# People and Culture

**Leaders Meeting**



**Breakfast with the CEO**




**Inaugural class of the In-Company MBA**



- ✓ Team Building with CVC Corp executives
- ✓ Lectures about Digitalization

# Agenda

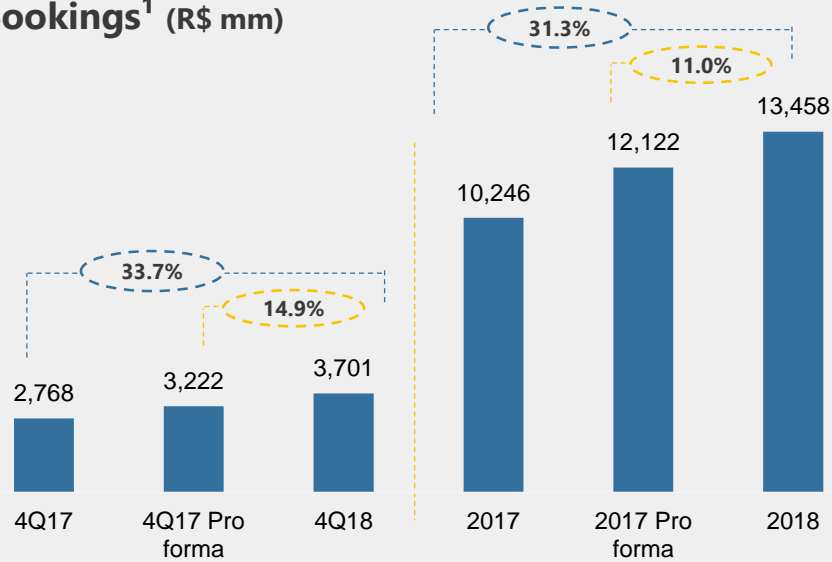
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- A horizontal bar at the top of the slide, divided into four segments of different colors: dark blue, yellow, light blue, and grey.
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  - 2 4Q18 Results
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# CVC Corp Result

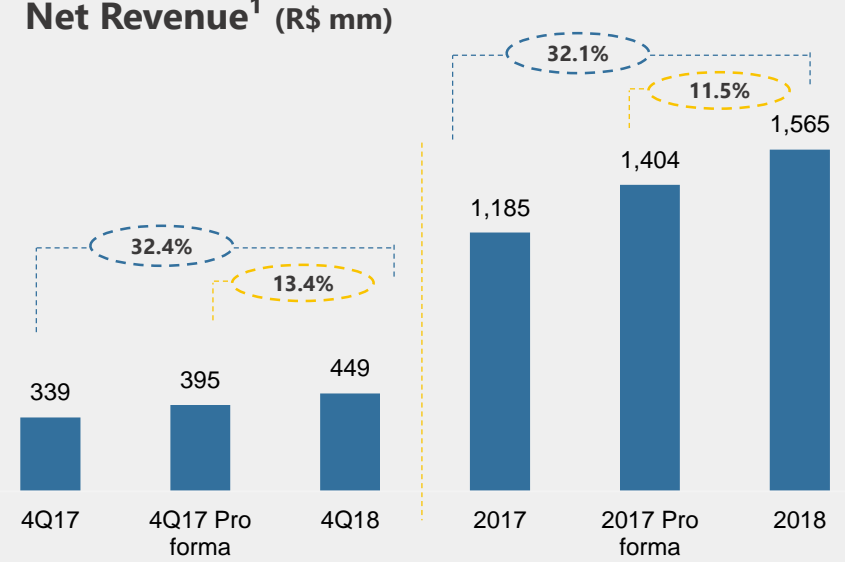
CVC Corp grew its main indicators in 4Q18



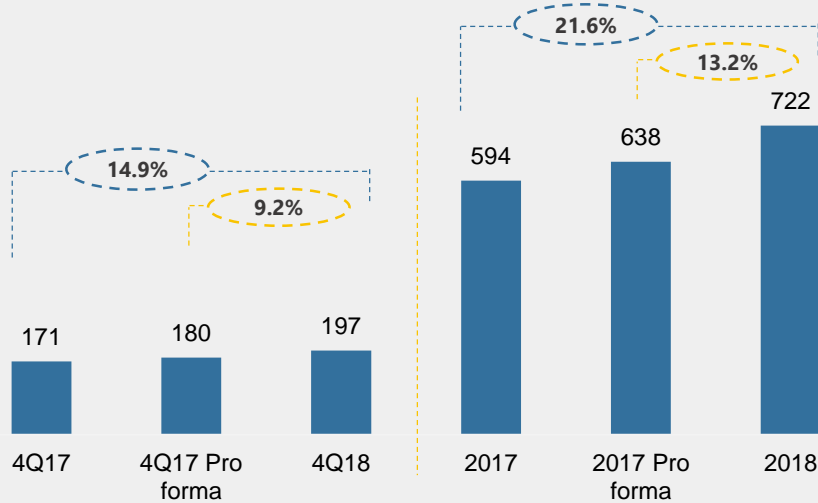
**Bookings<sup>1</sup> (R\$ mm)**



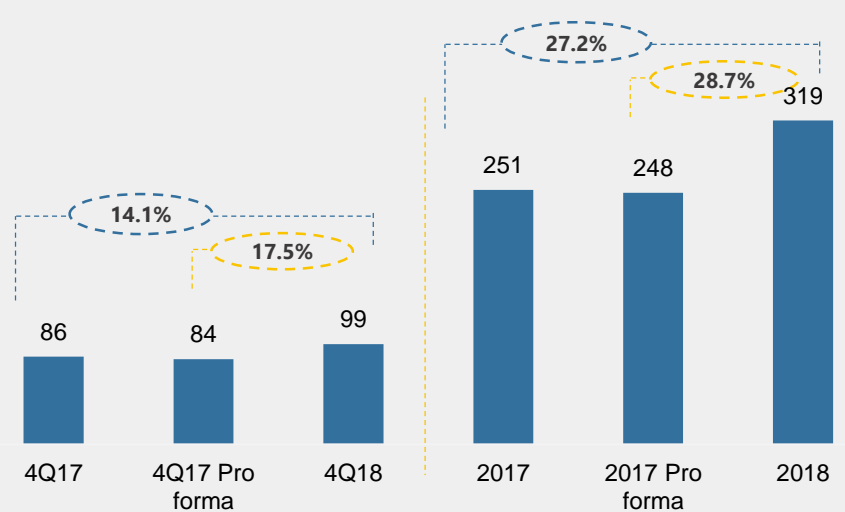
**Net Revenue<sup>1</sup> (R\$ mm)**



**Adjusted EBITDA<sup>1</sup> (R\$ mm)**



**Adjusted Net Income<sup>1</sup> (R\$ mm)**



<sup>1</sup> Includes Bibam Group's figures for the full quarter and Ola's figures for December

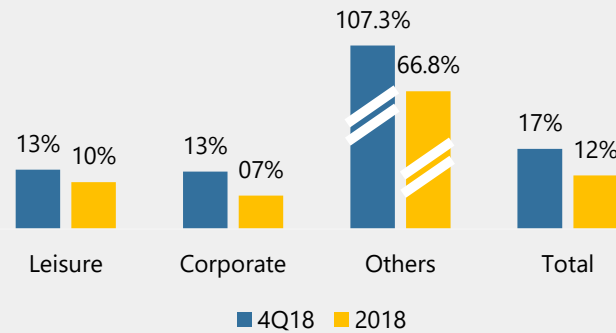
# Bookings

Growth in all segments, especially the Online channel

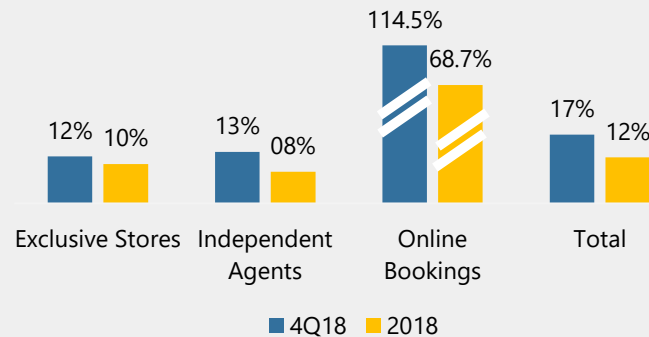
## Bookings (vs 4Q17<sup>1</sup>)

- Bookings: 17.4% growth (excluding the figures for Argentina)

- **Bookings by segment**

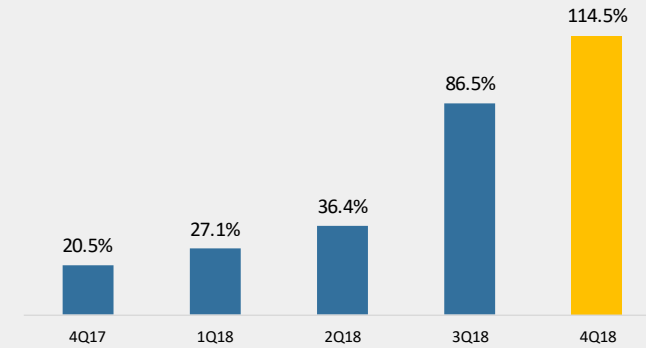


- **Bookings per channel**



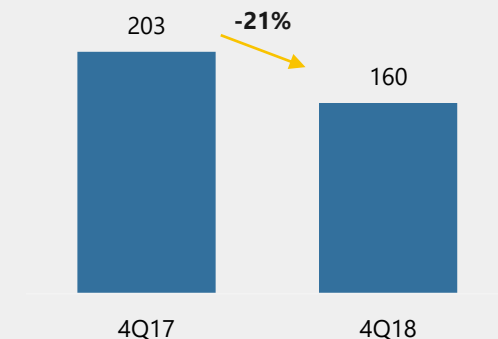
## Online Channel

- Growth of 114.5% in 4Q18, again driven by Submarino Viagens' excellent performance and CVC.com's significant growth in the quarter (2018: **+70%**)



## Argentina's Business Units

- Drop in Bookings in R\$ in the quarter (nearly 20%) due to the country's economic instability. Both BUs outperformed the country's tourism market (-40% in the quarter)

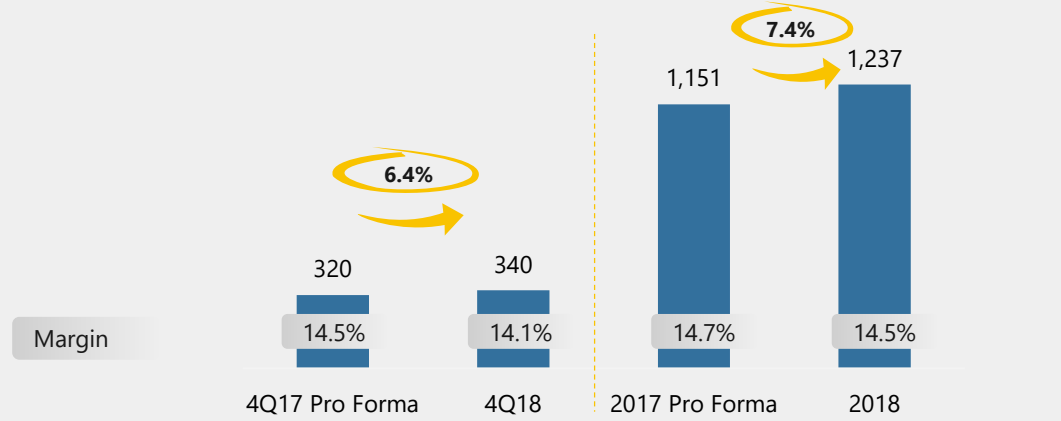


<sup>1</sup> Excludes the month of December at Ola Transatlántica and the quarter at Bibam Group

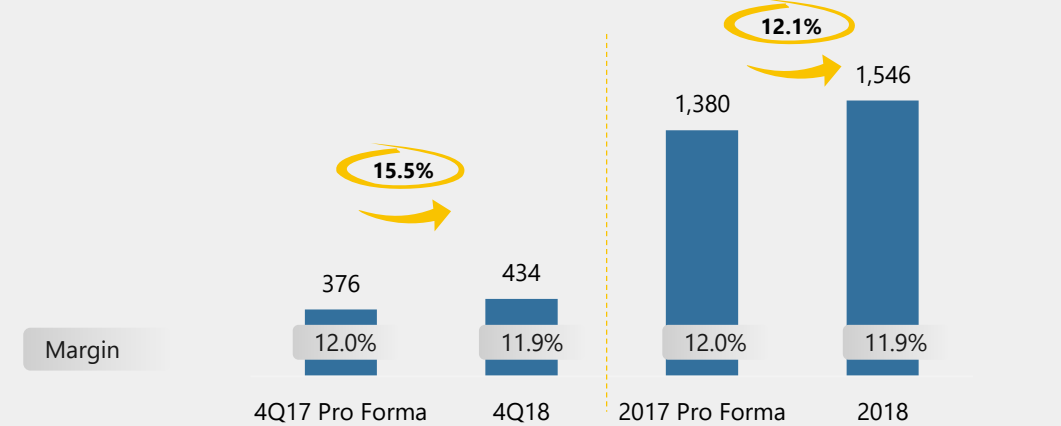
# Net Revenue

Improved mix in Submarino Viagens and margin stability in RexturAdvance

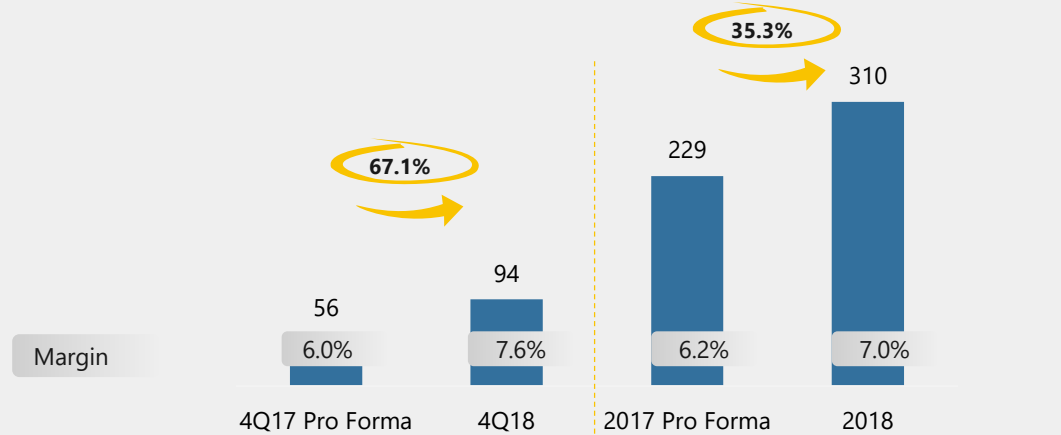
## Net Revenue based on Boardings<sup>1</sup> (R\$ mm)



## CVC Corp Net Revenue<sup>3</sup> (R\$ mm)



## Net Revenue based on Bookings<sup>2</sup> (R\$ mm)



- Net Revenue of R\$ **434** million (Ex-Argentina), +**15.5%** (or R\$ 58 million) in 4Q18. In 2018, growth hit **12.1%**, reaching R\$ **1,546** million

- CVC Corp Take-rate of **11.9%**:
  - Better product mix in Submarino Viagens
  - Stability of RexturAdvance margin
  - Trend and Visual synergies
  - International mix (foreign exchange stability)

(1) Based on Boardings: CVC, Experimento, Trend, Visual and Ola Transatlática

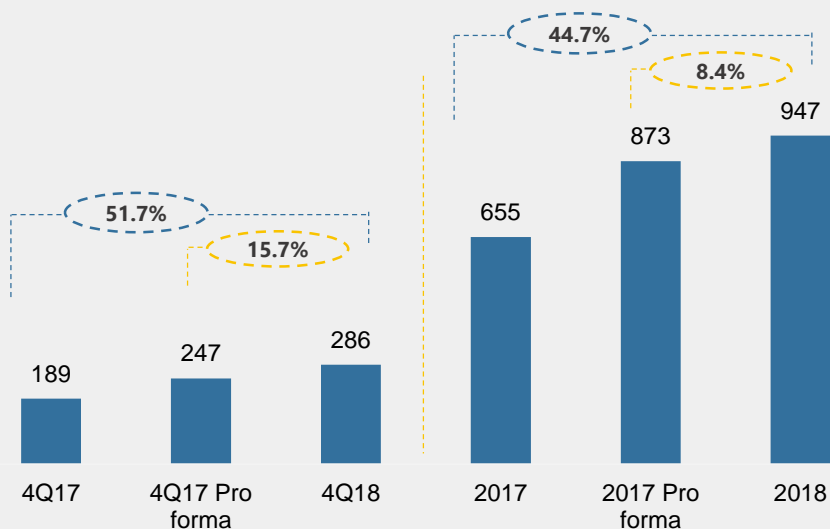
(2) Based on Bookings: RexturAdvance, Submarino Viagens and Bibam Group

(3) Ex-Argentina

# Operating Expenses

Decline of 3.4% in General and Administrative Expenses

## Recurring Operating Expenses (R\$ mm)



## Breakdown (R\$ mm)

CVC corp	4Q18	vs 4Q17 Pro Forma	vs 4Q17	2018	vs 2017 Pro Forma	vs 2017
<b>Operating Expenses</b>	<b>308.8</b>	<b>17.3%</b>	<b>52.8%</b>	<b>1,020.6</b>	<b>10.6%</b>	<b>46.6%</b>
(-) Non-Recurring Items <sup>1</sup>	22.5	41.2%	67.7%	73.4	49.1%	76.1%
<b>Recurring Operating Expenses</b>	<b>286.4</b>	<b>15.7%</b>	<b>51.7%</b>	<b>947.2</b>	<b>8.4%</b>	<b>44.7%</b>
Selling	81.5	45.2%	55.9%	268.5	30.5%	39.6%
General and administrative	152.1	-3.4%	38.1%	511.9	-6.0%	34.7%
Depreciation and Amortization	23.7	11.3%	75.6%	71.9	11.6%	77.0%
Other operating expenses	18.5	874.9%	245.6%	52.9	229.3%	175.4%
Equity Equivalence <sup>2</sup>	-0.1	n/a	n/a	-0.5	n/a	n/a
PPA Amortization	10.7	0.0%	42.9%	42.6	0.0%	90.4%

- Growth of recurring operating expenses in 4Q18, was due to the increase in spending on marketing mainly in the online business division (below the strong growth of bookings in this segment), to a rise in provision for civil contingencies and the increase in Allowance for Doubtful Accounts given the increased share of sales financed by Company-sourced credit, which rose from 5% to 9% of CVC Leisure bookings (delinquency rate remains stable)
- The non-recurring items related to the ILP Plan for the CEO and CFO rose 41.2% in 4Q18 due to an updated stock price and the taxes levied on such growth
- General and administrative expenses in 4Q18 fell 3.4% due to synergies

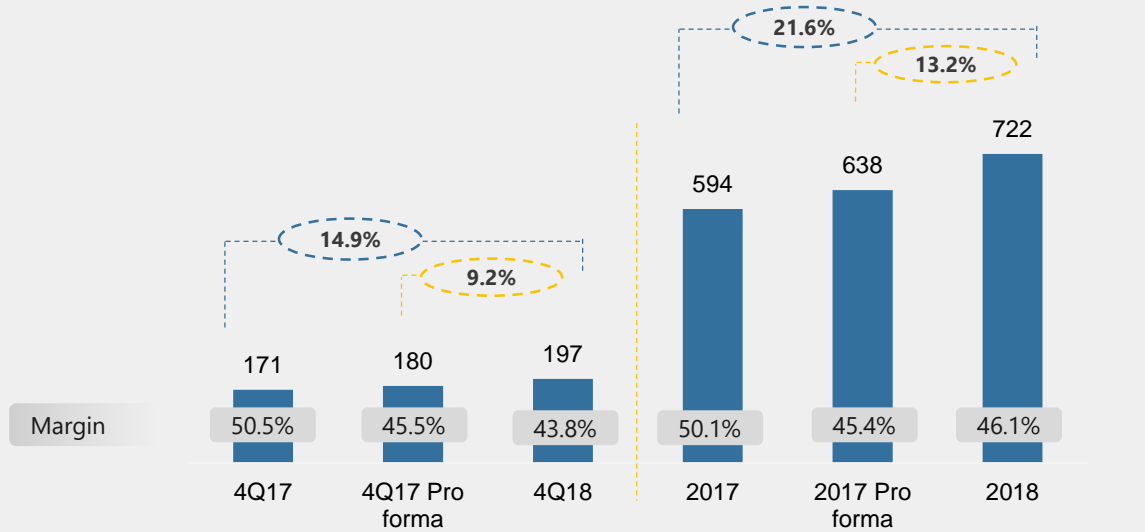
(1) Non-recurring items, in accordance with the new criteria adopted as of 2Q17 which only considers the compensation of the CEO and VPs higher than the new compensation plan of CVC Corp, amortization of the franchisee contracts (up to 2022) and the operations in Rio de Janeiro (ending in 2018).

# EBITDA

Adjusted EBITDA grew: +14.9% vs. 4Q17 (Pro Forma: + 9.2%)



## CVC Corp Adjusted EBITDA<sup>1</sup> (R\$ mm)



## Adjusted EBITDA Reconciliation<sup>1</sup> (R\$ mm)

	4Q18	vs 4Q17 Pro Forma	vs 4Q17	2018	vs 2017 Pro Forma	vs 2017
<b>EBITDA</b>	174.1	6.1%	8.7%	658.6	11.9%	17.4%
(+) Extraordinary Remuneration <sup>2</sup>	22.5	41.0%	105.1%	63.0	28.1%	94.6%
<b>Adjusted EBITDA</b>	196.5	9.2%	14.9%	721.6	13.2%	21.6%
Margin <sup>3</sup>	43.8%	-1.7 p.p.	-6.7 p.p.	46.1%	0.7 p.p.	-4.0 p.p.

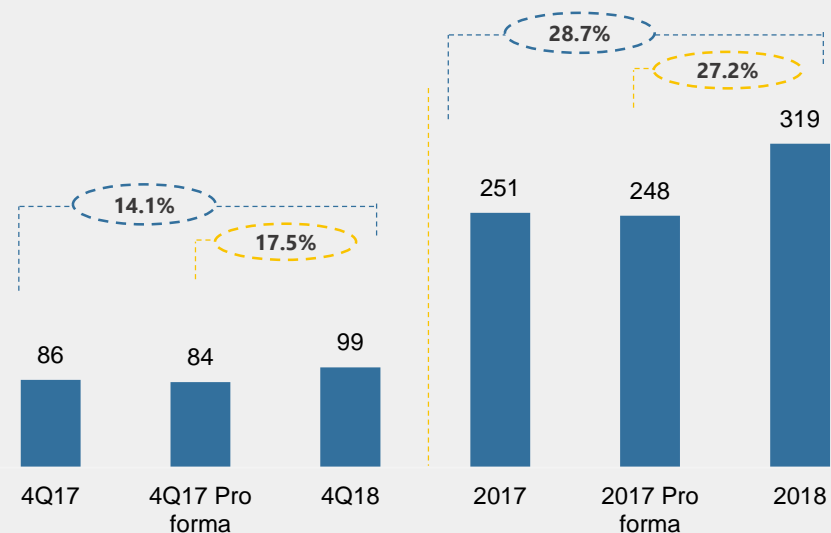
- CVC Corp Adjusted EBITDA was R\$ 196.5 million in 4Q18, representing growth of 14.9% vs. 4Q17. In the Pro Forma comparison, growth was 9.2%
- The growth in 2018 was 21.6% vs. 4Q17 and 13.2% vs. 4Q17 Pro Forma with 0.7 p.p. expansion in EBITDA margin

(1) Adjusted EBITDA considers the new non-recurring expenses criteria  
 (2) Value that exceeds the value proposed by Mercer  
 (3) Adjusted EBITDA as % of Net Revenues

# Net Income

Growth of 14.1% in 4Q18 (Pro Forma: +17.5%)

## CVC Corp Adjusted Net Income (R\$ mm)



## Adjusted Net Income Reconciliation (R\$ mm)

CVC Corp	4Q18	vs 4Q17 Pro Forma	vs 4Q17	2018	vs 2017 Pro Forma	vs 2017
<b>Net income</b>	<b>76.8</b>	<b>10.5%</b>	<b>-2.8%</b>	<b>264.5</b>	<b>30.5%</b>	<b>11.4%</b>
(-) Minority Stake	-5.2	-51.0%	n/a	-5.7	-6.0%	-142.4%
<b>Net income to shareholders</b>	<b>82.1</b>	<b>13.8%</b>	<b>3.6%</b>	<b>270.3</b>	<b>29.9%</b>	<b>20.7%</b>
(+) Extraordinary Remuneration <sup>1</sup>	14.8	42.0%	164.9%	41.8	29.0%	115.2%
(+) Franchisee agreement amortization	1.7	6.1%	32.1%	6.6	8.0%	15.9%
(+) Others <sup>2</sup>	-0.1	-69.8%	-140.1%	0.0	-102.5%	-101.6%
<b>Adjusted Net Income</b>	<b>98.5</b>	<b>17.5%</b>	<b>14.1%</b>	<b>318.7</b>	<b>28.7%</b>	<b>27.2%</b>
Adjusted Net Income Margin <sup>3</sup>	22.0%	0.8 p.p.	-3.5 p.p.	20.4%	2.7 p.p.	-0.8 p.p.

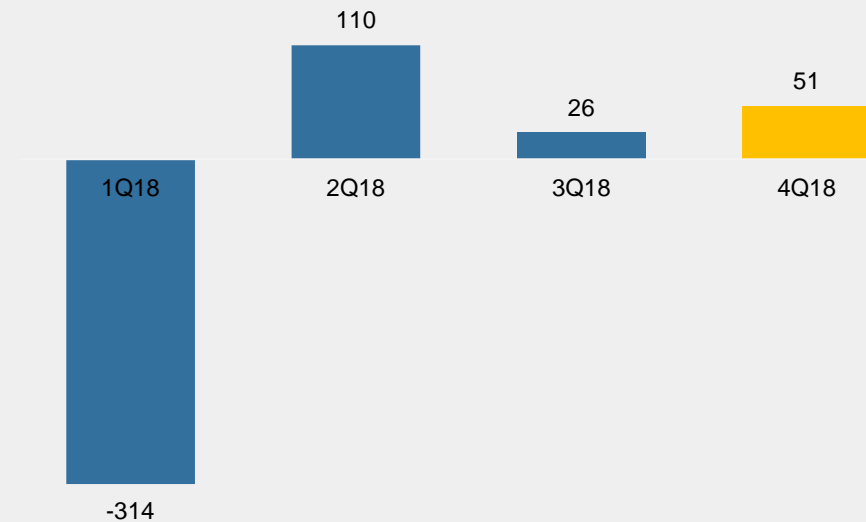
- CVC Corp Adjusted Net Income totaled R\$ 98.5 million in 4Q18, +14.1% versus 4Q17 (Pro Forma: +17.5%)
- In 2018, Pro Forma growth of Adjusted Net Income was 28.7%

(1) Value that exceeds the value proposed by Mercer, net of taxes  
 (2) Stores in Rio: Net income of stores acquired in Rio de Janeiro in 4Q16  
 (3) Adjusted Net Income over Net Revenue

# Cash Flow

Cash generation net of capex of R\$ 51.4 million in 4Q18

## Operating Cash Flow (R\$ mm)



## Operating Cash Flow Reconciliation (R\$ mm)

CVC corp	4Q18	4Q17	2018	2017
<b>Net Income</b>	<b>76.6</b>	<b>79.0</b>	<b>264.5</b>	<b>237.4</b>
Deferred tax	14.1	(24.1)	109.5	(20.9)
Interests	37.2	21.2	107.0	76.3
Depreciation & amortization	33.1	21.2	105.5	63.2
Others Adjustments	26.7	21.2	118.3	65.5
Income tax adjust (methodology) <sup>1</sup>	(34.2)	-	(121.4)	-
<b>NI Adjusted by cash itens</b>	<b>153.5</b>	<b>118.5</b>	<b>583.4</b>	<b>421.5</b>
<b>Change in Working Capital</b>	<b>(61.7)</b>	<b>(99.8)</b>	<b>(592.1)</b>	<b>(188.7)</b>
<b>Operational Cash Flow</b>	<b>91.8</b>	<b>18.6</b>	<b>(8.7)</b>	<b>232.9</b>
Capex	(40.4)	(15.6)	(118.1)	(60.3)
<b>Operational Cash Flow net of Capex</b>	<b>51.4</b>	<b>3.0</b>	<b>(126.7)</b>	<b>172.6</b>

- In 4Q18, CVC Corp generated R\$ **153.5 million** in Net Cash Income (Net income plus non-cash items)
- Cash generation of R\$ **51.4 million**

# Working Capital and ROIC

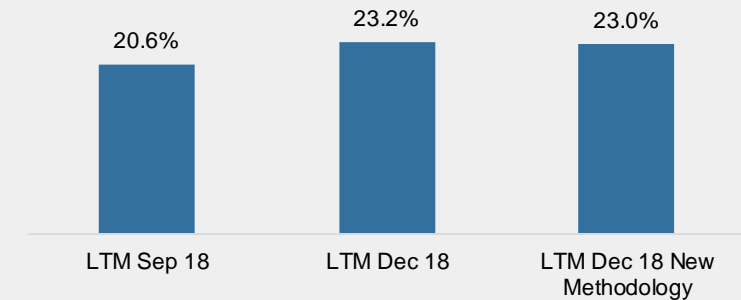
CVC Corp ROIC remained above 20%, growing about 2.6 p.p. compared to September

## Working Capital Variation (R\$ mm)

CVC corp	4Q18	4Q17	2018	2017
Accounts receivable	17.2	(6.0)	(538.0)	(263.3)
Suppliers / Advance to suppliers	1.3	(35.1)	(219.1)	(76.5)
Advanced of travel agreements	(137.4)	(75.2)	210.1	143.9
Prepaid expenses	(33.6)	34.7	(41.2)	31.1
Other (net)	90.9	(18.1)	(3.9)	(23.8)
<b>Change in Working Capital <sup>1</sup></b>	<b>(61.7)</b>	<b>(99.8)</b>	<b>(592.1)</b>	<b>(188.7)</b>

- Improvement in Working Capital vs 4Q17
- As explained in 3Q18, cash consumption in 2018 is a result of:
  - Company's organic growth
  - Adaptation of acquirees working capital
  - Deposit in Court
  - Reduction in ratio of cash sales (from 21% to about 18% at CVC Leisure)

## ROIC

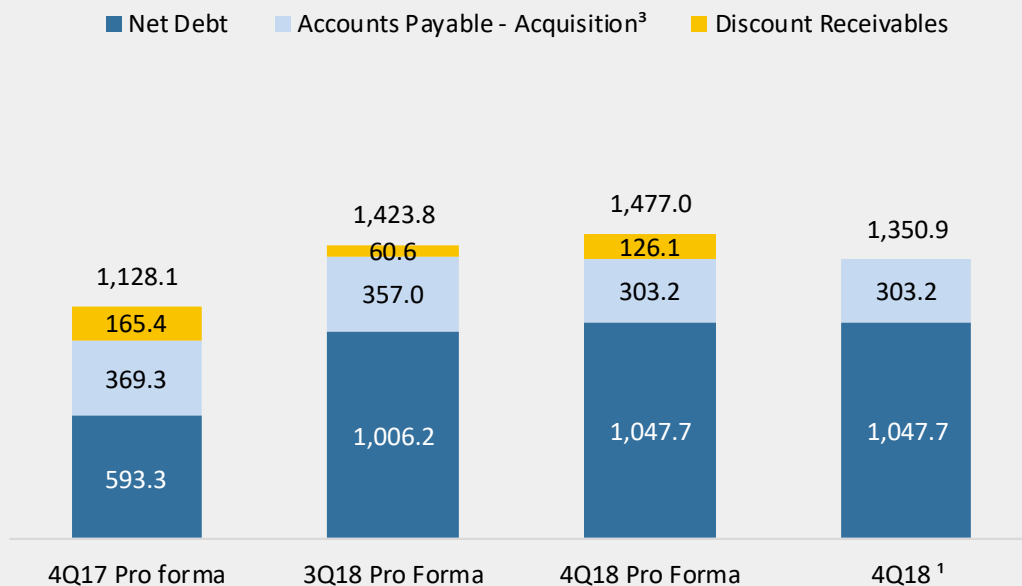


- Return on Investment Capital remained above 20% in the last 12 months ended December 31 and improved 2.6 p.p. compared to the September result, reaching **23.2%**
- New methodology: (i) revenue from the anticipation to suppliers (operational) and (ii) bank slips expenses, (iii) the effective income tax rate due to the benefit of goodwill from acquisitions

# Indebtedness

Leverage slightly below the 3Q18

## Net Debt (R\$ mm)




**Leverage<sup>2</sup>:**      **1.90x**      **2.04x**      **2.01x**      **1.83x**

## Net Debt

- Net debt balance in 4Q18 and 4Q17 were R\$ 1,047.7 million and R\$ 593.3 million, respectively. Including acquisitions-related debt, CVC Corp net debt was R\$ 1,350.9 million on December 31, 2018, representing 1.83x leverage.
- Also considering factored receivables (without recourse), net debt was R\$ 1,477.0 million in 4Q18 and R\$ 1,128.1 million in 4Q17, representing respectively 1.90x and 2.01x EBITDA accumulated in the last 12 months ended in December 2018 and 2017.
- Accounts Payable of acquisition were reduced even with Ola's debt acquisition, due to the acquisition of the remaining stake of 10% in Trend

(1) Excludes factored receivables  
 (2) Net Debt / Adjusted EBITDA  
 (3) It considers Trend's retention of debt guarantee as explained in the footnote nº 4 of the explanatory note nº 22 of the Financial Statement

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