

Cinven and CPPIB reach agreement to acquire Hotelbeds Group

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- European private equity firm Cinven and Canada Pension Plan Investment Board (CPPIB) today announce an agreement to acquire Hotelbeds Group.
- Hotelbeds' highly experienced management team, led by Joan Vilà, CEO, to remain at the helm of the business.
- Cinven and CPPIB to partner with the management team to strongly position the business for fast growth together with its industry partners.

London, UK and Toronto, CANADA (April 28, 2016) -- European private equity firm Cinven and Canada Pension Plan Investment Board ('CPPIB') today announce an agreement to acquire Hotelbeds Group ('Hotelbeds' or the 'Company'), the global provider of travel services based in Spain, from Tui Group for a total enterprise value of €1.165 billion.

Hotelbeds is the largest independent business-to-business ('B2B') bedbank globally, offering hotel rooms to the travel industry from its inventory of 75,000 hotels in over 180 countries to its customer base across more than 120 source markets. In addition to hotel accommodation, the Company provides transfers, excursions and tours, meetings and events, visa processing outsourcing and cruise handling services. Hotelbeds' main clients are tour operators, travel agencies, corporate clients and consumers.

The Bedbank business, which generates the majority of the Company's profitability, has demonstrated double digit volume growth in both its hotel portfolio and room nights over the past five years. Headquartered in Palma de Mallorca, the Group was established in 2001 and employs 6,150 people worldwide.

Cinven and CPPIB believe Hotelbeds is an attractive investment opportunity on the basis of:

- Strong financial performance with double digit total transaction value ("TTV") growth in the Bedbank business over the last five years;
- Strong underlying market growth supported by an expected increase in global hotel bookings;
- Hotelbeds' highly experienced, proven management team, led by Joan Vilà, CEO, with an outstanding track record of driving organic growth in both its hotel supply and customer base;
- Market consolidation opportunities in Europe, Middle East, Asia and the Americas given market fragmentation and potential for further margin improvement through economies of scale;
- Opportunity to improve bedbank distribution via travel agents and tour operators - particularly in emerging economies - via investment in its sales and contracting team, as well as investment in R&D and IT systems to improve customer efficiencies and services.

Cinven has a strong track record in the travel technology business, following its successful investment in Amadeus, the leading provider of advanced technology solutions for the global travel industry, which invested more than €1 billion in R&D and doubled EBITDA during Cinven's ownership, generating a return of 7 times.

Commenting on this transaction, Jorge Quemada, Partner at Cinven, said:

"Hotelbeds Group is a strongly performing business with the largest accommodation distribution network within the overall B2B bedbank market offering broad client reach globally. We believe

there are considerable growth opportunities through further investment in IT – as we did successfully with another global business based in Spain, Amadeus; growth in Asia and other markets – supported by our Hong Kong-based portfolio team; and market consolidation as the wholesale accommodation market remains highly fragmented.”

“Hotelbeds is run by a highly experienced and skilled management team, led by CEO, Joan Vilà, whom we are looking forward to working with, along with our partner, CPPIB.”

Shane Feeney, Managing Director, Head of Direct Private Equity, CPPIB, said:

“Hotelbeds is a unique opportunity to invest in the leading operator within the hotel accommodation distribution market, an industry which has strong long-term prospects that will support continued growth. Backing a best-in-class management team, with an exceptional track record of organic growth that we will support in driving industry consolidation in the coming years, provides a terrific opportunity for CPPIB.”

“We look forward to working with our long-standing partner Cinven, and Hotelbeds’ strong management team to continue to grow and build further value for the business.”

Chris Good, Senior Principal at Cinven, added:

“Hotelbeds has demonstrated exceptional growth and built an outstanding market position as a result of its market-leading proprietary technology and strong customer and supplier relationships. Its focus on diversifying into new market segments is proving highly successful and generating impressive growth rates in all of its new ventures.”

“This investment perfectly illustrates how the Cinven team has been able to combine its sector and regional team capabilities working across our Business Services and TMT teams, along with our German and Iberian colleagues, to identify and execute this transaction.”

Joan Vilà, CEO of Hotelbeds Group, commented:

“We are excited about Cinven and CPPIB’s investment in Hotelbeds which will enable us to continue improving the quality and range of services we provide to customers as a financially solid, independent and scalable bedbank operator.”

“The Bedbank segment continues to grow fast and with the backing of Cinven and CPPIB we will be well placed to invest more strongly than ever in technology, innovation and distribution. We look forward with anticipation to supporting the growth of our trade partners in this next stage of our development.”

The transaction is subject to customary approval from the relevant regulatory authorities.

Advisors on the transaction included: Bain & Co. (commercial); Freshfields (legal); Lazard, Morgan Stanley, HSBC and PwC (M&A); Deloitte (tax); PwC (financial, labour and IT)

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