

## Spain's eDreams Odigeo skids on market debut

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Travel group eDreams Odigeo, Go Voyages, Opodo and eDreams founder Javier Perez-Tenessa speaks during a press conference in Madrid on April 8, 2014 after ringing the bell in the Madrid stock exchange's main hall

Spanish online travel group eDreams Odigeo's share price tumbled as it listed on the Madrid stock exchange Tuesday, a worrying sign for the richest new entry to the market in nearly three years.

Javier Perez-Tenessa, founder of the group which includes Go Voyages,

Opodo and eDreams, rang the bell in the Madrid stock exchange's main hall to mark the start of trade in its stock.

But the stock closed down 3.82 percent at 9.81 euros after shedding just over 6.0 percent at the start of trading.

By comparison the Ibex-35 index of most traded Spanish shares closed down 1.19 percent.

The sound of the bell announcing a new listing has barely been heard since summer 2011 when banking group Bankia arrived on the market, one year before it required a 20-billion-euro state rescue to avoid financial collapse.

During two years of recession, from which Spain emerged gingerly in mid-2013, the [stock market](#) lured hardly any new players.

That changed only in the past few weeks, with two more modest listings of real estate firms Hispania and Lar Espana Real.

Meanwhile, the Madrid stock market has gained some strength: on Friday it hit the highest level since May 2011.

On listing, eDreams Odigeo becomes the largest listed e-business in Europe in terms of profits. In its float, shares were priced at 10.25 euros each, valuing the company at 1.1 billion euros (\$1.5 billion).

The firm's enterprise value—which is calculated by adding its market capitalisation, its debt and other liabilities—is of 1.5 billion euros.

eDreams Odigeo's main shareholders, Permira and Ardian (ex-Axa Private Equity), will together hold about 50 percent of the capital.

## **'Radical change'**

The company floated 35 percent of its shares for 433 million euros.

Almost all buyers of shares were foreigners, Perez-Tenessa told reporters. Nearly half came from Britain, with significant buyers also from France, Germany, Spain and the United States.

"In the sector of on-line sales of trips, which is totally dominated by four American firms and a Chinese company, now we are there, its a radical change," he added.

It is a remarkable performance for a business that started from zero 14 years ago and is now the world number one in online air ticket sales, he said, thanks to the 2011 merger of Go Voyages, eDreams and Opodo.

The group, which employs more than 1,500 people including 650 in Spain and 320 in France and also includes sites Liligo and Travellink, boasts more than 14 million customers in 42 countries.

"The group's strategy is to consolidate its world number-one position in online air ticket sales, while increasing revenue from other products via partnerships with specialists in their fields," Odigeo said, alluding to businesses such as hotel and rental car reservations.

At the end of 2013, Odigeo reported 7.3 million reservations in the first nine months of its business year, with revenue up five percent to 3.26 billion euros.

The group says its listing should allow further expansion and it has declared that it is ready to snap up interesting opportunities as they arise.

At more than a billion euros, the group is highly valued, said Thibaut de

Smedt, associate director at investment banker Bryan, Garnier & Co.

"But that is not surprising because there is a premium in being the leader," he said.

"Odigeo has done a good job integrating the different brands and it is a benchmark in the European market," he added, predicting that the online travel [market](#) would undergo some consolidation with smaller players finding it hard to survive.

In a business with high marketing costs and small margins, especially in air [ticket sales](#), "very few players make a profit", Smedt said.

Odigeo rival Rumbo Bravofly is set to list on April 16 in Zurich, with a value of about 600 million euros.

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