

Roomscanner's Acquisition of Flighthunt

For Immediate Release

In light of the recent news about Roomscanner's proposed acquisition of Flighthunt, below are some of our initial thoughts on the deal:

- Roomscanner announced this week that it has entered into an agreement to acquire Flighthunt for \$1.3 billion (€1.1 billion). Should the deal obtain regulatory approval, it will be a first-of-its-kind effort to fully integrate an existing online travel agent (OTA) specializing in hotel bookings with a metasearch site (MSS) for flights. OTAs for hotel bookings allow consumers to search for, compare and book accommodation, all on the same platform. MSS for flights aggregate and compare flight options and airfares, but do not offer booking capabilities, instead channeling consumers to airlines, OTAs or other travel service providers offering the best fares. MSS are gaining momentum as they allow users to easily find with one click the best travel options and fares among those of several OTAs and travel service providers, whereas OTAs only compare travel options and fares of their partners and not of their competing OTAs which may have the best deals. Given the increasing success of MSS, OTAs are making their entry into this market, to regain momentum.
- Flighthunt, a European company based in Denmark is the industry leader in the European and North American flights MSS sector. In less than eight years, it has established its own inventory through cooperation with more than 550 airlines and several OTAs around the globe. In Europe, it is the market leader in a number of countries, such as Denmark and Germany. In North America, it holds a leading position in the West Coast and Northeast. Its global competitors are Gatecompare and Cabinfare.
- The MSS space is gaining momentum. Many OTAs specializing in hotel bookings are entering or considering to enter the flights MSS sector by means of acquisitions, partnerships, or vertical integration, with a view to creating integrated platforms which could be a one-stop-shop for users.
- Flighthunt's success is attributable to its large inventory thanks to the cooperation with most airlines and several OTAs, and its unique sorting algorithm, which provides the best results. These are the main features that have made Flighthunt the first go-to platform where to easily and quickly find the best deals. Roomscanner has seized this opportunity for growth.
- The acquisition price represents a premium over Flighthunt's enterprise valuation, which is estimated to be around \$1.1 billion (approximately €943 million). The deal presents a tremendous opportunity for Roomscanner to expand its product and service offerings and quality of results to its unparalleled

user base at global level, including in the US and Europe. While Roomscanner has experimented in flights MSS with its recent Planescanner beta release, which is still being tested, the Flighthunt acquisition demonstrates a clear desire to become the dominant player in the market. With Flighthunt's superior technology and strong brand loyalty, a rapid expansion of its users and partnerships bases, as well as international footprint appear inevitable.

- The acquisition of Flighthunt, which is strong in metasearch for flights, will allow Roomscanner to expand their product offerings, in line with the most recent market trend. As declared by Roomscanner's CEO, John Baldwin, in his latest statement, the combination of Roomscanner's and Flighthunt's product portfolios, experience, user base, partnerships, and technology is the first step towards creating a unique one-stop-shop for users of both hotels and flights, to better satisfy travelers' demands. One could not exclude that the future entity will further expand in the future to new travel products and services. Flighthunt will also complement Roomscanner's positioning at a global scale, and help Roomscanner expand into a number of geographic markets such as Asia, as well as some parts of the North American and European markets, where Roomscanner has faced an uphill battle.
- For Roomscanner the move signals a strong desire to monetize their existing user base through an increased product and service portfolio. Whether Roomscanner will attempt to integrate Flighthunt into Roomscanner or continue to operate Flighthunt as a standalone brand (and what that means for Roomscanner) remains to be seen, especially in light of the differences in business models and sorting algorithms of the two platforms.