

## INFORMATION

Zurich, 7 March 2011

### *Kuoni announces agreement to acquire Gullivers Travel Associates to become one of the leading global providers of online destination management services*

**Kuoni has today unveiled plans to substantially expand its position in online destination management services by announcing an agreement to acquire Gullivers Travel Associates (GTA) for an enterprise value of USD 705 million (CHF 654 million<sup>(1)</sup>) from Travelport.**

#### **Highlights:**

- A major step in achieving Kuoni's long-term strategic objective to be a broad-based, asset-light global travel service provider.
- GTA is one of the world's leaders in the fast-growing online travel services market and operates in 26 cities with almost 12 million hotel nights booked in 2010. Its key areas of focus are hotel reservations, coach services, transfers, sightseeing and destination services to group and independent travellers.
- In 2010, GTA reported total transaction value (TTV) of USD 1'887million (CHF 1'966 million<sup>(2)</sup>), 18% up over the previous year, net revenue of USD 294 million (CHF 306 million<sup>(2)</sup>), +10% and Adjusted EBITDA<sup>(3)</sup> of USD 84 million (CHF 88 million<sup>(2)</sup>) +42%.
- GTA is strategically highly complementary with Kuoni's traditional tour operations. In addition, GTA fits well with Kuoni Destination Management business (KDM). GTA's strength in the growing area of online business-to-business travel services matches KDM's capabilities in the leisure group travel business. GTA has a strong footprint in the fast-growing Asian market.
- GTA, in particular through its consumer website Octopus, will further strengthen Kuoni's existing online consumer activities.
- GTA has a number of powerful brands which will continue to be developed following the planned transaction. It also benefits from a highly skilled and valuable work force. Substantial synergies are expected to be achieved over time, primarily from purchasing benefits and the removal of duplicate IT and other infrastructure.
- The enterprise value of USD 705 million represents a pre-synergy transaction multiple of 8.4x 2010 Adjusted EBITDA<sup>(3)</sup>. The acquisition will be financed by a combination of available cash resources, new long-term debt facilities and equity which shall be raised by way of a discounted rights offering.

- **The transaction is subject to Travelport lenders' consent and Kuoni shareholders approving the proposed authorization of the Board of Directors for the capital increase at the Annual General Meeting of 20 April 2011. It is expected that completion and payment of the purchase price will take place 5 May 2011 with economic effect from the close of business on 30 April 2011.**

"In acquiring GTA, Kuoni is investing in one of the fastest-growing business segments within the tourism industry," says Peter Rothwell, CEO of the Kuoni Group. "This acquisition, together with our own proven, growing and successful online destination management activities of Kuoni Connect, will transform us into one of the leading global providers of online destination management services". Rothwell continues, "In line with our asset-light strategy, the combination of GTA and Kuoni will create a better balanced Group, providing additional strength in the growing area of business-to-business online services and enlarging Kuoni's Destination Management leisure group business. GTA has a skilled and valuable workforce that will be invaluable as the business continues to develop."

GTA was established in London in 1975 and is 100% controlled by Travelport. GTA operates worldwide under various brands, maintaining online travel booking portals for tour operators, travel agents, third-party online travel agencies (OTAs) and other travel wholesalers. GTA also serves consumers directly through its Octopus travel site. Overall, it offers some 35'000 hotels in over 130 countries and in 29 different languages.

GTA has an asset-light, highly scalable and diversified business model which fits very well with Kuoni's strategic priorities. The facilities provided by GTA are bought-in by more than 27'000 service providers (hotels in particular), whose products and services are then offered for booking on corresponding number of internet platforms. Almost 12 million hotel nights were booked via GTA in 2010, and the company's online services currently register over 7'000 bookings a day. The company operates in 26 cities and employs some 2'400 personnel around the world, and has in addition to Europe a particularly strong customer base in the Asia/Pacific, Middle East and North American markets.

In 2010, GTA reported total transaction value (TTV) of USD 1'887 million (CHF 1'966 million<sup>(2)</sup>), 18% up over the previous year, net revenue of USD 294 million (CHF 306 million), +10% and Adjusted EBITDA<sup>(3)</sup> of USD 84 million (CHF 88 million) +42%.

The proposed acquisition of GTA represents a step change for Kuoni which will multiply its own growing online destination management volume and its business-to-business activities in the leisure group travel field. For suppliers, this provides access to additional demand and the quality and service enhancements that the new expanded operations will offer for customers.

Note:

(1) current rate CHF/USD: 0.9280

(2) Average rate 2010 CHF/USD: 1.0420

(3) Refers to Adjusted EBITDA of USD 84 million as disclosed by Travelport and defined as EBITDA adjusted to exclude the impact of purchase accounting, impairment of goodwill and intangibles assets, expenses incurred in conjunction with Travelport's separation from Cendant, expenses incurred to acquire and integrate Travelport's portfolio of businesses, costs associated with Travelport's restructuring efforts, non-cash equity-based compensation and other adjustments made to exclude expenses management views as outside the normal course of operations

(4) Kuoni and Hugentobler-Foundation: 6.25% of share capital / 25% voting rights

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“In Kuoni Connect, we already operate a successful online hotel booking platform” adds Rolf Schafroth, Executive Senior Vice President Destinations. “With the acquisition of Gullivers Travel Associates, we will achieve one of the leading positions in the global internet-based business-to-business travel services and leisure group travel markets that will help us and our service providers to generate growth. At the same time, the successful GTA brands will benefit from all the existing expertise and the services offered by the other destination management units within the Kuoni Group.”

The combination is expected to generate substantial synergies over time, primarily from purchasing benefits and the removal of duplicate IT and other infrastructure. GTA has a number of powerful brands which will continue to be developed following the planned transaction. It also benefits from a highly skilled and valuable work force. Upon completion of the transaction in May 2011 GTA’s President & CEO Ken Esterow will move out of his role with GTA. Rolf Schafroth, Executive Vice-President Destinations, at Kuoni will then take over responsibility for GTA.

The purchase price to pay by Kuoni to acquire GTA amounts to USD 720 million (CHF 668 million<sup>(1)</sup>) and includes USD 15 million (CHF 14 million<sup>(1)</sup>) of net cash. This represents an enterprise value of USD 705 million (CHF 654 million<sup>(1)</sup>) and a pre-synergy transaction multiple of 8.4x 2010 Adjusted EBITDA<sup>(3)</sup>. The final purchase price and enterprise value are still subject to potential adjustments.

To finance the transaction, Kuoni has secured committed credit facilities of CHF 600 million (USD 647 million<sup>(1)</sup>) in total. The remainder will be funded from the group’s own liquid assets. In order to refinance part of the acquisition debt and provide Kuoni with an appropriate capital structure for continued above-market growth, the Board of Directors of Kuoni Travel Holding Ltd. will be asking the company’s shareholders at the Annual General Meeting of 20 April 2011 to approve amendments to the Articles of Incorporation in view of authorizing the Board of Directors to increase the share capital by way of a discounted rights offering with target proceeds of approximately CHF 250 million (USD 269 million<sup>(1)</sup>). The Kuoni and Hugentobler-Foundation<sup>(4)</sup> has irrevocably committed to vote in favor of such amendments to the Articles of Incorporation of Kuoni Holding Travel Ltd. as proposed by the Board of Directors.

The transaction is subject to Travelport lenders’ consent and Kuoni shareholders approving the proposed authorization of the Board of Directors for the capital increase at the Annual General Meeting of 20 April 2011. It is expected that completion and payment of the purchase price will take place 5 May 2011 with economic effect from the close of business on 30 April 2011.

Kuoni will be announcing its full year results for 2010 on Tuesday 22nd March and the acquisition is not expected to lead to a change in the company’s distribution policy for 2010 and onwards.

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**Information for analysts and media representatives:**

Kuoni will be holding the following telephone conferences today (7 March) on its planned acquisition of Gullivers Travel Associates (GTA) with the participation of Kuoni's Peter Rothwell, CEO, Peter Meier, CFO and, Rolf Schafroth, Executive Vice-President Division Destinations.

The related investor presentation can be downloaded at  
<http://www.kuoni.com/EN/News/Pages/Communication.aspx>

**Telephone conference for registered analysts (in English)**

**08:00 CET: dial-up numbers:**

+41 (0)91 610 56 00 (Europe)

+44 (0)203 059 58 62 (UK)

**Telephone conference for media representatives (in English)**

**10:00 CET: dial-up numbers:**

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