
Technology sector report



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Travel Tech sector update

The pandemic impacted the travel and tourism sector more than almost any other industry. However, with COVID mitigation efforts largely behind us, we believe that the industry is poised for a strong recovery as consumers and businesses alike are experiencing the strong desire to resume travel.

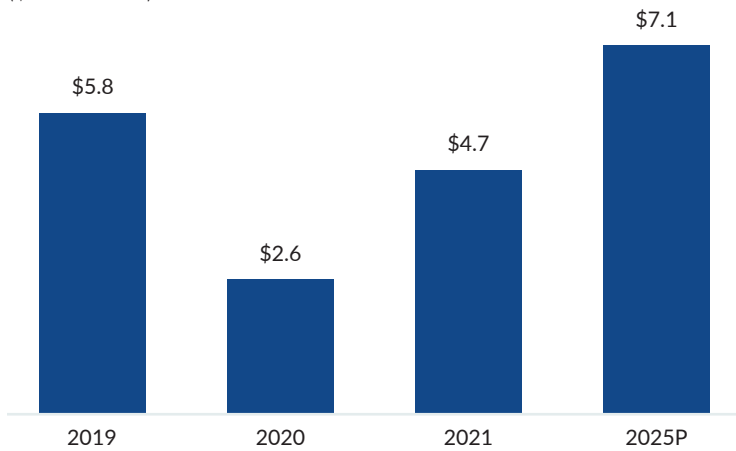
Current State of the Industry

Since 1980, the number of international arrivals skyrocketed from 277 million to nearly 1.5 billion in 2019. However, in 2020, the COVID-19 pandemic impact brought the industry to a halt as pandemic led restrictions have limited business and consumer travel alike.

In 2021 the industry gradually started to recover as global travel restrictions started to subside. International tourist arrivals (overnight visitors) experienced a 4% increase of 15 million international tourist arrivals totaling 415 million in 2021 compared to 400 million in 2020. However, the increase equates to ~1 billion fewer international arrivals compared to pre-pandemic levels in 2019, keeping 2021 levels at levels last seen in the late 1980s. Europe and the Americas recorded the strongest results in 2021 compared to 2020 but still both are 62% below pre-pandemic levels. Asia and the Pacific arrivals were below 94% when compared to pre-pandemic values as many destinations remained closed for non-essential travel.

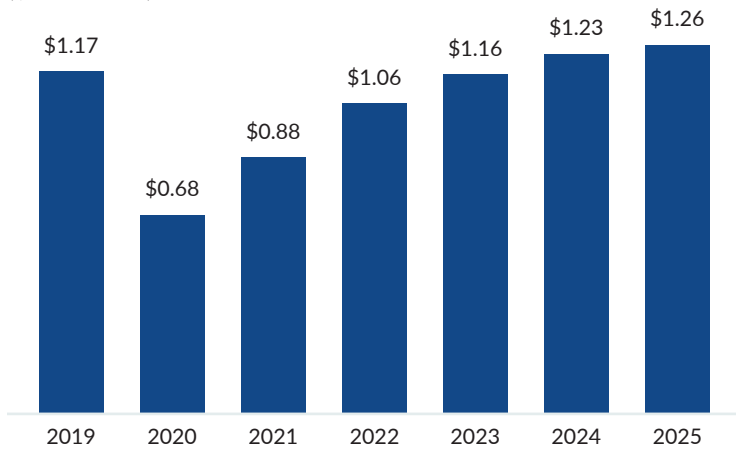
Despite lower travel levels compared to 2019, international arrivals continued to pick up the momentum that started in 2021 throughout the beginning of 2022 as the month of January registered 18 million more visitors than January 2021, a 130% percent increase. In April 2022 travel spending exceeded 2019 levels for the first time since the start of the pandemic. Despite rising inflation and interest rates, supply chain concerns, and geopolitical tension due to the war in Ukraine, we believe this trend will continue throughout 2022 and beyond as international pandemic-travel related restrictions continue to be lifted, the return of business travel continues to increase, and consumer travel continues to increase due to pent-up demand from deprived travel in 2020 and 2021.

CHART 1: GLOBAL TRAVEL MARKET SIZE U.S. 2019–2025P
(\$ in trillions)



Sources: Trip.com, Business Wire.

CHART 2: U.S. TRAVEL MARKET SIZE 2019–2025P
(\$ in trillions)



Sources: Trip.com, Business Wire.



Notable sector trends and patterns



Pent-up demand

As global travel restrictions started to subside in 2021 and into 2022, pent-up demand to travel has led to increased revenue tourism. Consumer travelers have felt the impact of being locked down over the past two years and are eager to make up for lost travel time.

In post pandemic traveling, people are ready to spend more money on trips; the average price for trips booked by Americans in Oct 21 to Dec 21 period, is \$776 million, compared to \$588 million globally, suggesting Americans are spending significantly more on travel than the rest of the world. Flexible or remote work or learning arrangements that became the “new normal” during the COVID-19 pandemic have largely remained in place, leading to travelers staying longer at a destination. Current data suggest that if bookings keep ascending at their current trajectory, there will be 1.5 billion more passengers flying across the world this year than did in 2021, including 365 million more people from the U.S., Canada, and Mexico. Data further suggest that 20% of U.S. residents are planning domestic travel in the summer months and 12% have international trips planned.

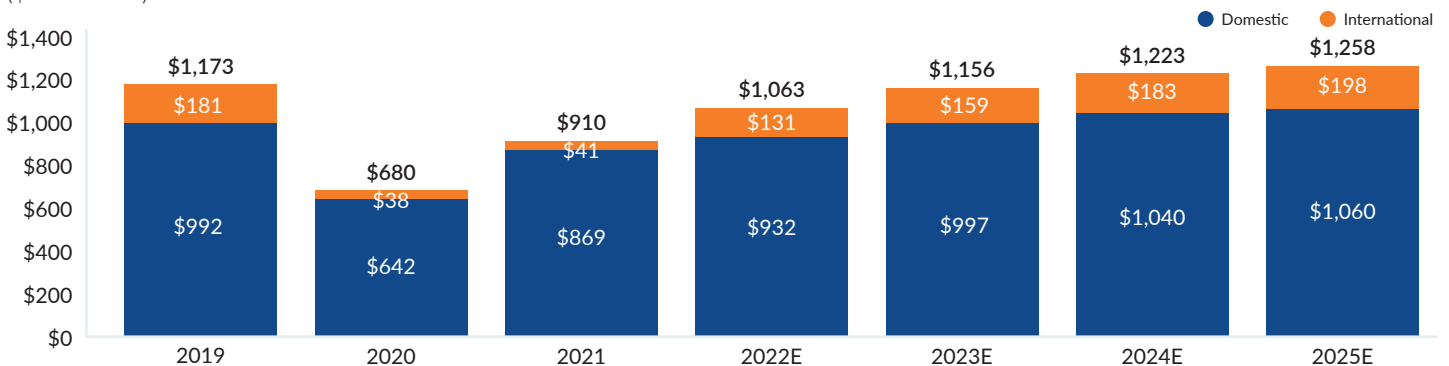


COVID-19 sector impact

While the entire travel industry was hit hard by the pandemic, some segments within the sector were affected more than others. Airlines, cruises, and international travel were hit particularly hard during the crisis; however, outdoor activities (e.g., skiing) and domestic trips experienced less of a negative impact compared to the rest of the industry as consumers continue to place an emphasis on social distancing and COVID safety precautions. In 2020 the cruise travel market size fell by 88%, from \$27.4 billion to \$3.3 billion. The ski travel market size, in comparison, only declined 22% in 2020 (\$3.46 billion vs. \$2.71 billion)

CHART 3: TRAVEL EXPENDITURES 2019–2025E

(\$ in billions)



Sources: U.S. Travel Association.



Shift to domestic travel vs. international travel

Despite a return to a more normal state, the prospect of travel and types of trips has changed for many. While COVID-19 imposed restrictions have broadly been rolled back across the globe, restrictions still vary greatly on a country-by-country basis, limiting the ability for consumers to effectively plan international vacations. Further, the lingering effects of COVID-19 have changed the way consumers view international travel in the short term. Different countries have different vaccination requirements and consumers have the increased desire to feel safe and secure while traveling. Travelers are limiting COVID-19 exposure by creating more tailored trips to meet their needs, aligned with traditional trends typically associated with higher-end luxury travel. Overall, short-term consumer travel preferences have shifted to shorter distance domestic trips. Data shows that bookings based on short and medium-haul trips have surpassed pre-pandemic levels by more than 25%, while long range international trips are just below 2019 levels. In April 2022 consumers paid an average of \$358 for U.S. domestic trips, which represents a 41% year-over-year increase. We expect the favorable trend towards domestic trips to continue in the short-term throughout 2022 and into 2023.



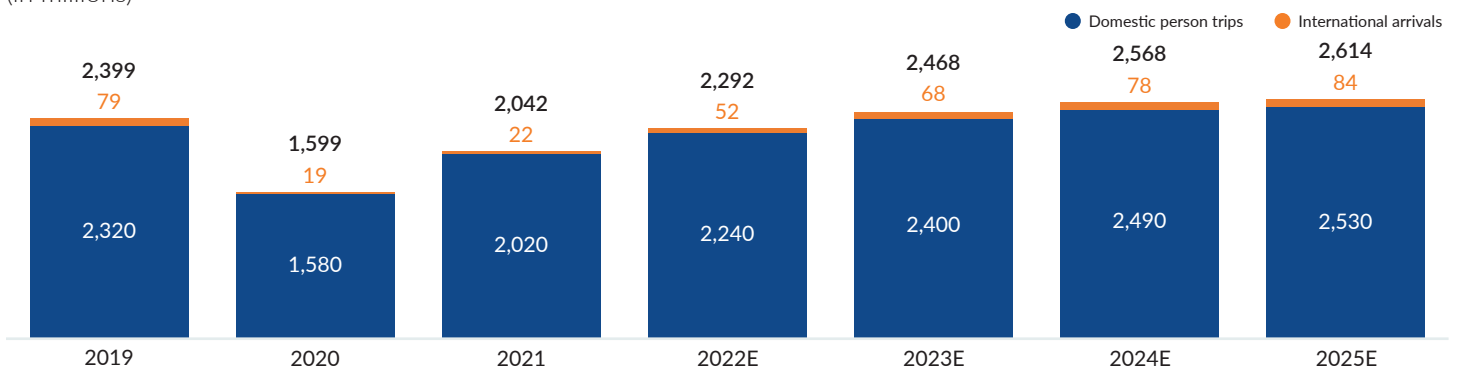
Travel booking preferences

Technology has revolutionized the overall travel industry over the past decade leading to an increase in the percentage of services conducted online from 21.5% in 2016 to an expected 30.8% in 2022. A shift in demand of travel-assisted booking agents have increased as travelers want the confidence and assurance of “hassle free” travel and to maximize their personal return of investment of their travel spend and time required to book trips. For example, corporate travel-tech provider Deem, Inc. developed Etta, a consumer-focused booking app that allows travelers to view the cleaning protocols for hotels they’re staying at, analyze destination safety scores, and view current and historical COVID-19 caseloads. AI chatbots and intelligent chatbots have become popular in the travel industry as consumers are able to book trips, choose between hotels and flights, resolve issues, etc. in a timely manner.

With social distancing and health & hygiene protocols likely to remain in place for the foreseeable future, touchless service delivery and investments in digital bookings and concierge technologies could be a bridge to accelerated recovery throughout the remainder of 2022 and beyond.

CHART 4: U.S. DOMESTIC TRIPS VS. INTERNATIONAL ARRIVALS 2019–2025E

(in millions)

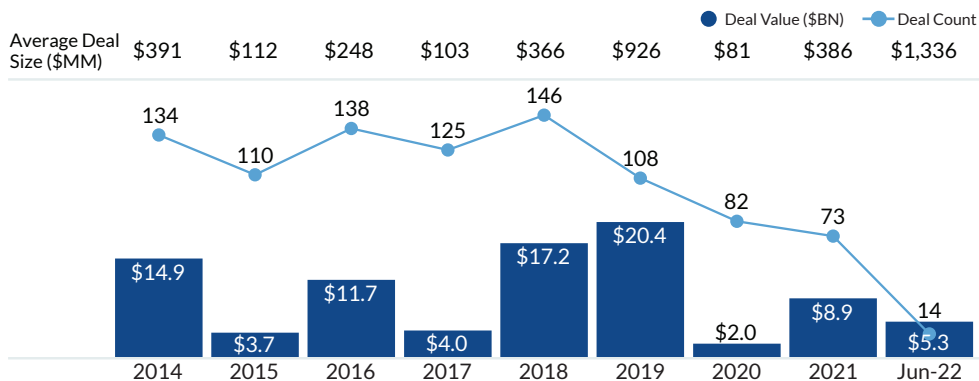


Sources: Trip.com, Business Wire.

Overview of M&A activity

Compared to a record-breaking year in 2021, overall M&A activity has slowed in 2022 as concern continues to mount regarding the global macroeconomic environment. However, Mesirow believes that consumer demand and innovation in the travel-tech sector will continue to make the segment an attractive investment. In our view, pent-up consumer demand will help mitigate the negative effects felt by the broader economy. As demand continues to remain high and consumer preferences place more emphasis on the quality of their travel experience throughout the entire trip lifecycle (booking through the end of the trip), companies in the travel-technology subsector will be forced to evolve with technology to capture consumer attention, whether that be through organic innovation or pursuing M&A. Recent M&A activity in the sub-sector supports this idea. Mesirow believes that going forward, companies will increasingly pursue M&A as a viable mode to improve technical capabilities and gain access to new markets. As the industry continues to evolve, Mesirow is well-positioned to help advise travel technology companies considering a transaction or securing capital funding from variety of strategic and financial investors.

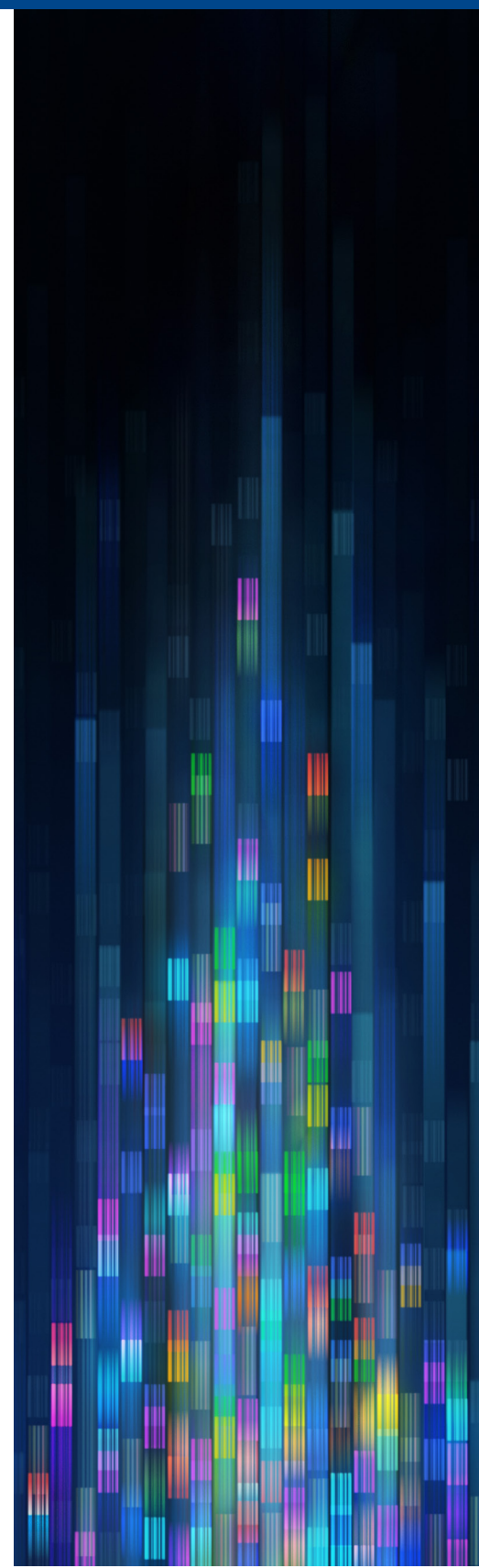
CHART 5: U.S. DEAL ACTIVITY 2014–YTD JUNE 2022

















Sources: S&P Capital IQ, Press Sources..

Concluding thoughts

Industry trends indicate that consumers have the strong desire to make up for lost travel time in 2020 resulting from the COVID-19 pandemic. However, the pandemic will have a long-lasting impact on consumer travel preferences. We believe that as consumers continue to place a larger emphasis on a high-quality booking experience, B2B2C companies who can increasingly provide a consumer-focused, hands-on experience will achieve superior results in the long-term.



M&A Transactions in the travel and tourism industry

Date	Acquirer	Target	Commentary
June-22	 despegar	 viajanet	<ul style="list-style-type: none"> Operator of an online travel platform that offers flights, hotels, cruises and vacation packages throughout Brazil and Latin America Acquisition enables Viajanet to leverage Despegar's technology platform to enhance conversion rates and performance marketing capabilities Enterprise value: \$15 million
May-22	 QANTAS	 TripADeal	<ul style="list-style-type: none"> An online travel agency that offers bucket list tours, cruises and resort escape. Specializes in points-based traveling Acquisition enables frequent flyers under the airline's loyalty division to use their points for any TripADeal holiday package
May-22	 MGM RESORTS	 THE COSMOPOLITAN OF LAS VEGAS	<ul style="list-style-type: none"> An online travel agency that offers bucket list tours, cruises and resort escape. Specializes in points-based traveling Acquisition enables frequent flyers under the airline's loyalty division to use their points for any TripADeal holiday package
Mar-22	 home to go	 e-domizil	<ul style="list-style-type: none"> Operator of an online holiday accommodation platform Offers ski holidays, ski huts, fishing vacations, family holidays, cottages, houseboats and other such holiday themes, enabling its customers to find and book a holiday home online Enterprise value: \$44 million
Mar-22 Feb-22	 TripActions	 Comtravo  resia	<ul style="list-style-type: none"> Comtravo: operator of a travel agency company intended to offer tailor made trips around the world Enterprise value: \$68 million Resia: operator of an online travel management platform designed to make business travel booking feasible and simple
Feb-22	 THAYER VENTURES	 INSPIRATO	<ul style="list-style-type: none"> Operator a luxury travel subscription company Owns approximately 425 private luxury vacation homes available exclusively to subscribers Network of 420 luxury hotel and resort partners worldwide Enterprise value: \$176 million, indicative of 4.69x revenue
Jan-22	 TGG THE GORES GROUP	 Sonder	<ul style="list-style-type: none"> Provides hospitality services through tech-enabled services Offers several accommodation options ranging from spacious rooms to fully-equipped suites and apartments In addition to trip accommodations, Sonder operates an app that gives guests self-service features, simple check-in, 24/7 on-the-ground support, amenities and services Enterprise value: \$450 million
Dec-21	 LIVETO BE HAPPY	 Canary Travel	<ul style="list-style-type: none"> Operates as a leisure travel agency Provides vacation packages, destination trips and cruise services, among others Acquisition enables LiveToBeHappy to expand its current travel and entertainment offering by providing consumers with convenient travel services
Nov-21	 BOOKING HOLDINGS	 etraveli group	<ul style="list-style-type: none"> A global flight booking provider operating through 20+ brands Operates consumer brands like Gotogate, Mytrip, Flightnetwork; as well as has global partnerships with Google Flights, Skyscanner, Booking.com providing book and fulfilment services of flights & related products Enterprise value: \$1,900 million

Sources: Pitchbook, Company Website & Filings, SP CapitalIQ, Press. | Mesirov did not represent any of the acquirers or targets in connection with the transactions noted on this page and is not currently representing any of the listed acquirers or targets.

M&A Transactions in the travel and tourism industry (*continued*)

Date	Acquirer	Target	Commentary
Aug-21	 HYATT	 APPLE LEISURE GROUP	<ul style="list-style-type: none"> • A resort brand-management, travel and hospitality group which connects over 88,000 travel agents with travel suppliers • The company's hotel portfolio consists of over 33,000 rooms operating in 10 countries • Acquisition enables Hyatt group to expand its global brand presence in luxury leisure travel market • Enterprise value of \$2,700 million, indicative of 2.25x revenue and 16.1x EBITDA
Jul-21	 Internova	 IN THE KNOW	<ul style="list-style-type: none"> • Operates as a travel and lifestyle consulting agency • Provides booking travel services to consumer travelers and corporate & entertainment clients • Acquisition enables Internova Travel Group to build brand and reinforce its position as one of the world's preeminent sellers of premium travel
Jul-21	 Brookfield	 'SELENTA' GROUP	<ul style="list-style-type: none"> • Engages in providing hospitality services and has over 2,200 rooms across four properties • Acquisition enables Brookfield to expand its presence across Spain and to enter lodging market • Enterprise value: \$523 million
May-21	 GLOBALX	 FLÜGY	<ul style="list-style-type: none"> • Provides online travel platform for booking flights • Also provides remote and exotic travel destinations and crowdsource group charter flights information • Acquisition enables GLocalX to diversify the revenue streams and increase demand for A320 aircraft
May-21	 GLOBAL BUSINESS TRAVEL	 EGENCIA	<ul style="list-style-type: none"> • A digital travel management platform • Egencia would strengthen GBT's complementary technology, enterprise capabilities and content offering comprehensive technology solutions across every segment of business travel • Enterprise value: \$750 million, indicative of 5.0x EBITDA including synergies
Apr-21	 NORDIC VISITOR	 ICELAND TRAVEL	<ul style="list-style-type: none"> • A travel company, tour operator and destination management company • Provides services to agents and other businesses (B2B), including a range of services for travelers worldwide such as incentive, conferences, luxury and leisure trips • Enterprise value: \$9 million
Nov-20	 VICUS GROUP	 GERMAN VALUES PROPERTY GROUP	<ul style="list-style-type: none"> • Operates travel and flight portals for the mediation of package and last-minute trips, hotel & flight offers and various ancillary travel services • Enterprise value of \$17 million, indicative of 4.91x revenue and 35.1x EBITDA
Sep-20	 ctm	 travel and transport	<ul style="list-style-type: none"> • A U.S. travel management company with large scale operations across the globe • Strong cultural alignment is a strategic driver of the acquisition alongside adding significant presence to CTM's North American operations • Enterprise value of \$210 million, indicative of 1.02x revenue
Aug-20	 FLIGHT CENTRE	 WhereTo	<ul style="list-style-type: none"> • An enterprise travel platform and technology company that simplifies business travel planning for corporations • The acquisition provides access to an advanced digital platform that allows FLT to combine customer data and expertise to create a traveller experience that accentuates the blended service model that FLT offer corporate clients • Enterprise value: \$9 million
May-20	 Trip.com	 Travix	<ul style="list-style-type: none"> • A global online travel company operating in 39 countries with offices in Dubai, India, Singapore, the Netherlands, the U.K. and the U.S. • Serves over 5 million passengers annually • Operates through 5 brands and an extensive portfolio of 43 websites
Dec-19	 ctm	 octp	<ul style="list-style-type: none"> • A provider of travel services to both the university and corporate sectors in the U.S. • Acquisition enables CTM to forge a strong service proposition towards the university & education sector simultaneously, contributing towards company's future growth in North America • Enterprise value: \$18 million

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Dedicated advisor to the technology sector

Mesirow Investment Banking is consistently focused on elevating the experience for our clients. With extensive sector-specific expertise and deep long-standing relationships, our dedicated technology team has a proven track record of completing highly tailored and successful transactions. Our highest priority is helping individuals and organizations achieve their financial and strategic goals.

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