

22 October 2020

Market Announcements Office
Australian Securities Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir

Chairman address and Managing Director presentation

Attached is the Chairman address to be delivered by Roger Sharp – Chairman, and the Managing Director presentation to be provided by John Guscic – Managing Director, at the Webjet Limited Annual General Meeting.

The address and presentation will be webcast live at [Webjet AGM meeting](#) from 5pm (AEDT) today and will be archived on the Webjet Limited website for viewing.

This announcement was authorised for release by the Chairman.

For more information:

Carolyn Mole, Head of Investor Relations
carolyn.mole@webjet.com.au

22 October 2020

Chairman's address

Good afternoon ladies and gentlemen it is now just after 5.00pm Melbourne time, and I would like to extend a warm welcome to you to the Webjet Annual General Meeting for 2020. My name is Roger Sharp, and I will chair today's meeting.

Our Company Secretary Tony Ristevski confirms that a quorum is present and that no other items of business have been notified, therefore we will work to the agenda published with the Notice of Meeting.

I now formally declare the meeting open.

Today's meeting is being held online via the Lumi platform in response to Government restrictions and the potential health risks associated with the ongoing COVID-19 pandemic. This allows shareholders, proxies and guests to attend the meeting virtually. All attendees can watch a live webcast of the meeting. In addition, shareholders and proxies have the ability to ask questions and submit votes.

The Notice of Meeting and Explanatory Statement were despatched to shareholders on 18 September 2020 in compliance with the Company's constitution, and I propose to take them as read.

Introductions

Before we get underway, I would like to introduce my fellow directors: Deputy Chairman, Don Clarke; Lead independent Director, Brad Holman; Managing Director, John Guscic; Non-Executive Director and Audit Committee Chair Toni Korsanos and Non-Executive Director Shelley Roberts.

I would also like to take this opportunity to introduce the senior members of the management team who are present today. There are too many to call out individually however I do wish to acknowledge our Chief Financial Officer Tony Ristevski and our chief Commercial Officer Shelley Beasley.

I'd also like to acknowledge the presence of our audit partner from Deloitte, Stephen Roche.

Today's meeting is being webcast to the wider investment community.

Financial Results

On 19 February 2020 Webjet announced a record FY20 first half result and provided full year guidance of \$162-172m of EBITDA. At the time, when COVID-19 was emerging from Asia, the travel industry's previous experience with SARS and MERS pointed to a six-month recovery period. However, clearly that proved not to be the case.

Our first half record profits quickly became a memory as borders were closed from March, and the gains of the first half were erased. Full year FY20 TTV was down 21% on the prior year at \$3.0 billion, revenue was down 27% to \$266.1 million and EBITDA for underlying operations was down 80% to \$26.4 million.

By year end, most of the global travel industry was on life support, and Webjet was losing money. In the face of this existential threat your company acted quickly to rethink its strategy, restructure and recapitalise.

Your Company's Response to the Pandemic

Our response involved a review of our strategy as a company, our people, our technology, our operating costs, our investments and our balance sheet. It was quickly becoming unclear how long the crisis would last, so we decided to focus on the matters that we could control.

We determined that we would recapitalise early to remove all financial uncertainty from the business, so we could focus on emerging leaner, faster, hungrier and more focused on our customers than ever before. This would require some strategic thinking, and in a hurry.

Strategy

Before recapitalising we revisited our strategy as a company to make sure we could emerge from this crisis stronger. Strategies were put in place to win market share and be more profitable in all of our businesses so that we are well-placed to compete as soon as travel markets reopen.

WebBeds' transformation strategy is aimed at it emerging as the #1 global B2B player. Webjet OTA's strategy is to leverage its brand strength and prepare for a domestic-led tourism recovery while we wait for international markets to progressively re-open. Online Republic's strategy is to improve its underlying performance through sharpening its product offering and enhancing its processes.

Restructuring

Having confirmed our strategy, we quickly embarked on an urgent restructuring aimed at significantly reducing the company's costs, leaving the fabric of the business intact so that it could capitalise on the upturn when it eventuates. A range of initiatives quickly reduced costs by around 50%, from a mixture of job reductions, four-day working weeks and pay cuts, as well as reductions in other operating expenditure. The Webjet Exclusives and Online Republic cruise businesses were closed.

Having rethought our strategy and taken cost out, the next step was clearly to recapitalise the business.

Recapitalisation

In April 2020 we completed a \$346 million institutional placement and accelerated pro-rata, non-renounceable entitlement offer. In a volatile and highly environment, this was not a straight-forward process. Shortly after balance date we followed with a €100 million (A\$163 million) Notes offering.

The proceeds from the placement and entitlement offer materially strengthened the company's balance sheet and supported the unwind of negative working capital and reduction of B2B debtor exposure. \$50 million of the Notes proceeds were applied to repaying existing term debt. We worked proactively with our bankers to extend the maturity of our remaining term debt, which is now due in November 2022. Banking covenant waivers have also been obtained.

As a consequence, Webjet entered FY21 in a strong financial position, with adequate cash reserves for at least two years of difficult trading, as well as an extended senior debt maturity.

Customer Service

I would like to focus for a moment on customer service within our Webjet OTA. This business was founded on the philosophy that we would offer our customers convenience, choice and great service.

It is a source of regret to us that this pandemic has affected our ability to consistently provide the level of service we have prided ourselves in for more than 20 years. That is now resolving itself, with over 30,000 refunds in process or delivered from our airline partners, and some of our 100,000 customers with flight credits now beginning to redeem their credits for new trips around Australia.

We continue to work with airlines and other providers to secure refunds and obtain satisfactory outcomes for our customers. Rest assured this remains a key priority for our Customer Service teams.

Recovery

Let's turn to the recovery. At the time of the half year result, it was almost inconceivable that we would end up in the current situation. It is fair to say that this is nothing like other pandemics that the industry has experienced, and will likely require widespread availability of vaccines for travel as we knew it to resume.

On that note, we do believe there is a reasonable probability that safe and effective vaccines and other pandemic management strategies will start to become available in the near future. However, the speed and efficacy of those processes being rolled out will vary greatly, market by market.

At Webjet we believe that people will resume their travel patterns as soon as conditions permit. We see considerable pent-up demand building for the travel services and products that we sell. We see this especially in the leisure sector, which will come out of the gates strongly. This recovery will be decidedly non-linear and will initially emerge where either there are vaccines, or in safe corridors.

The strategies I've already spoken about are focused on ensuring we are there to capture demand as it emerges, and provide great service to our customers and partners.

Governance

I'll now move to governance. With the global travel industry arguably being the worst-affected industry globally by the COVID-19 pandemic, a focus on strong governance and risk management practices have never been more important.

Our key focus during this difficult time has been to ensure the company survives and that our staff are safe. We remain conscious of and committed to meeting our contemporary governance responsibilities and we will continue to expand our focus and reporting on them as the pandemic resolves itself.

The company's policies can be easily accessed at the governance pages of our investor website and include policies on governance, corporate social responsibility and sustainability.

At Webjet we are proud to run an inclusive and diverse meritocracy that cares about its people and its customers, and understands its environmental and social responsibilities.

We recognise the importance of operating in an environmentally responsible manner and that our customers want to be able to make sustainable choices. To that end we recently introduced carbon offsets to the Webjet OTA – a unique value proposition that enables our customers to choose to travel with multiple suppliers but to link their purchase with a carbon offset across the entire journey.

Executive Remuneration

I would like to focus now on the subject of Executive Remuneration. During calendar 2020 we quickly effected reductions in our overheads, which has required us to reduce both headcount and salaries. As a consequence, our people have made quite significant sacrifices. Our employees either took 20% pay cuts or moved to four day weeks. Our Managing Director voluntarily took a 60% pay cut. Your directors took a voluntary 20% reduction in their directors' fees. All equity incentives and FY20 STIs were cancelled.

It is in that context that your board today seeks shareholder approval to introduce new Long-Term Incentive Plans for our senior leadership team and for our Managing Director.

It is timely for us to remind shareholders just how scarce real talent is in this environment. The pandemic has unleashed a full-scale global digital transformation, and that means that tech companies everywhere are engaged in a war for talent. We have that talent, it is in demand, and we need to protect it.

Your board is acutely aware that there have been substantial "against" votes on Resolution 7, which is the resolution to approve the proposed award of options for our Managing Director, John Guscic, under the Company's Long Term Incentive Plan. Since consulting with proxy advisors and negotiating the terms with John, the share price has risen materially, to the extent that some commentators believe these options are in the money and that there is therefore somehow a transfer of wealth from the company to John. I wish to make a couple of critical observations in relation to this perception.

Firstly, your board cannot plan for volatility in the share price when we negotiate such arrangements, nor indeed as we govern your company. We simply use the facts available to us at the time and at all times seek to do the right thing by our stakeholders.

And secondly, these are not “free” shares. They need to be bought for cash, and while we are doing all we can to deliver growth for our shareholders, there is no guarantee that the exercise price will be in the money at the time John is entitled to exercise them. These are supremely volatile times for our industry, and it is not possible to predict with any certainty what the share price will be when these options are able to be exercised. Would anyone have thought only nine months ago when the share price was in the \$14 range that we would be raising capital at \$1.70?

Given these factors, and the importance of retaining key talent to ensure we are best placed to compete when travel markets return, we believe the circumstances warrant a “FOR” vote rather than an “AGAINST” vote in respect of Resolution 7.

Tributes

To wrap up, I’d like to pay tribute to the stakeholders who have been supporting this business during what is without question the toughest period in its 21 year life.

Firstly, your board and management have worked tirelessly to respond decisively to the pandemic. I would like to pay tribute to my fellow Non-Executive Directors Don Clarke, Brad Holman, Toni Korsanos and Shelley Roberts. And to John Guscic, Tony Ristevski, Shelley Beasley and the entire Webjet team.

We are saddened to have parted company with some team members and are grateful to others who have graciously accepted four day working weeks, pay cuts and a range of other measures essential to our survival. Their dedication and willingness to go the extra mile is the reason we know we will navigate this difficult time successfully.

I’d particularly like to call out the efforts of our front line customer service staff. Our team has gone above and beyond to solve customer’ problems this year and there are many unsung heroes within our business who managed to get customers home just as borders were closing, and have gone to bat with our suppliers to secure refunds and credits.

Life is not easy when you are dealing with customers in a pandemic, so to all of our front line team members who have kept their composure in the most difficult of circumstances, I would like to record the board’s profound appreciation.

Finally, thank you to our shareholders for supporting Webjet through our restructuring. And a warm welcome to the more than 50,000 new shareholders who have joined our register. We appreciate the trust you have placed in us.

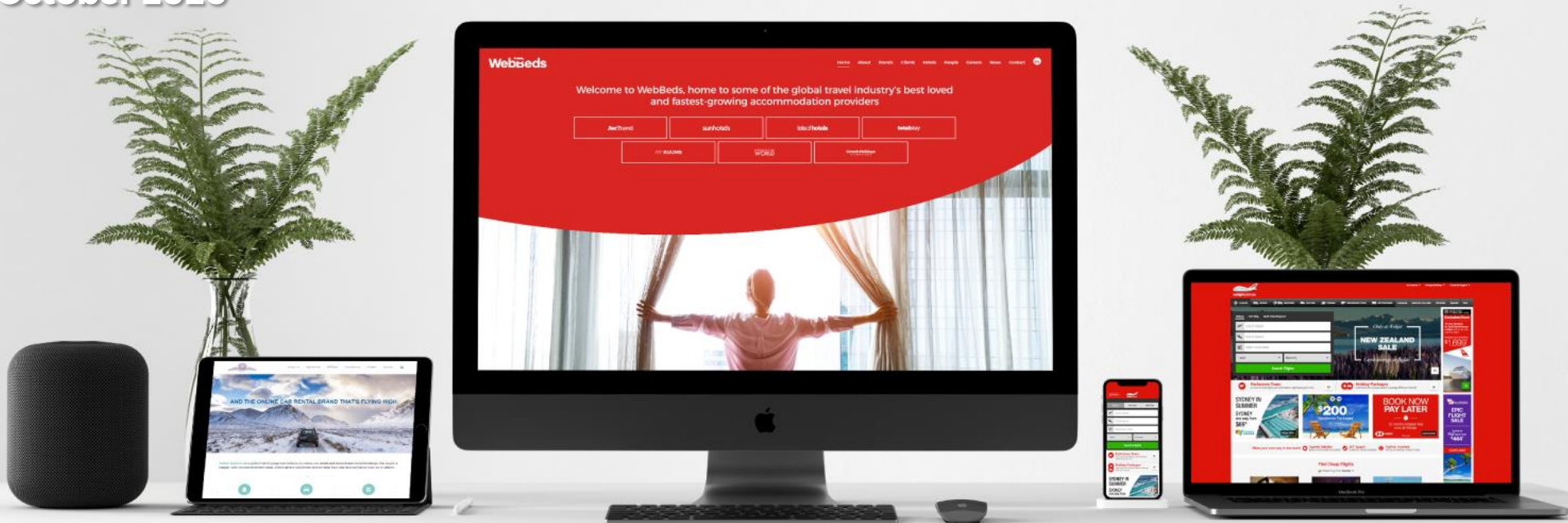
I’ll now hand over to John for his Managing Director’s address.

ENDS

Webjet Limited

22 October 2020

Managing Director's Presentation FY20 AGM.



WebBeds



Record 1H: 2H impacted by COVID-19

FY20 in Review

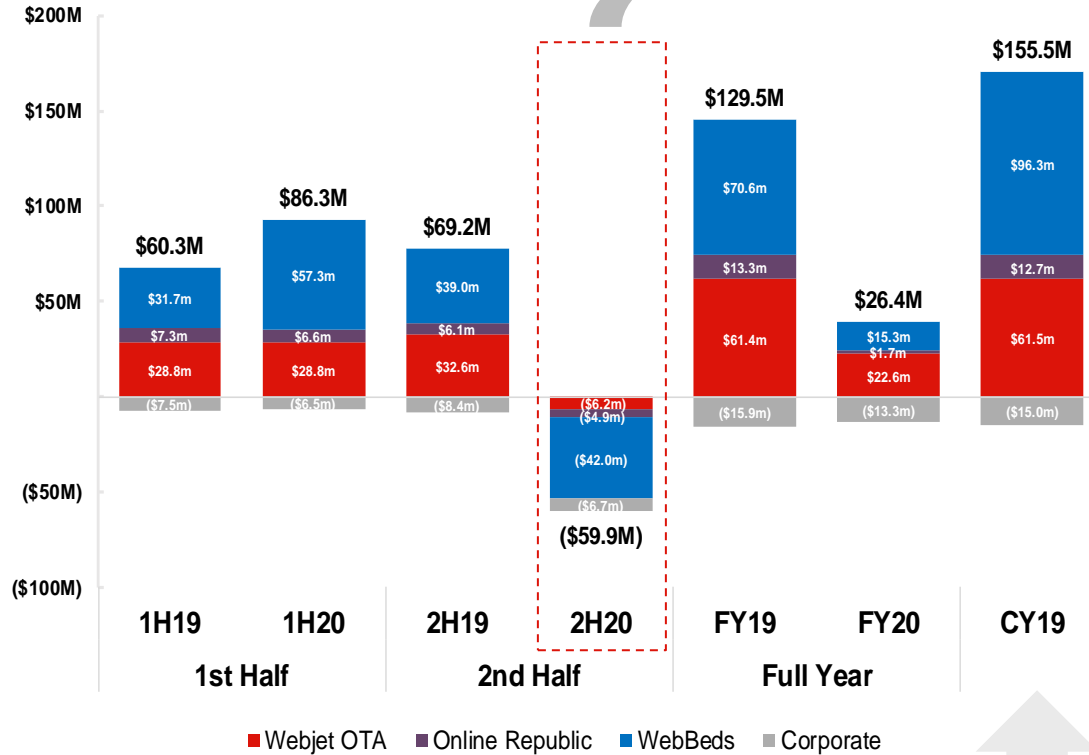
- **Record 1H20 EBITDA of \$86.3 million driven by WebBeds**
 - WebBeds cemented as fastest growing and clear #2 global B2B player and “8/4/4 profitability target” tracking ahead of plan; strong performance by Webjet OTA
- **2H20 impacted by COVID-19 Pandemic**
 - COVID-19 resulted in unprecedented disruption to global travel industry with government imposed travel restrictions, domestic and international border closures and health concerns
 - Webjet businesses significantly impacted in all regions - massive cancellations beginning with China from January 2020, then accelerating for all regions from March
 - Nominal revenues since mid-March; number of one-off charges
- **Range of measures implemented to mitigate impact of COVID-19**
 - Cost reductions - range of business initiatives reducing costs by c. 50%⁽¹⁾
 - Strengthened balance sheet - \$346 million Equity Raising (1 April 2020); €100 million (A\$163 million) Notes Offering (1 July 2020)
- **Starting FY21 with strong capital position** offering significant financial and strategic flexibility

Note: All financials are for Underlying Operations (unless otherwise stated) and all comparisons are over the prior corresponding period (pcp)

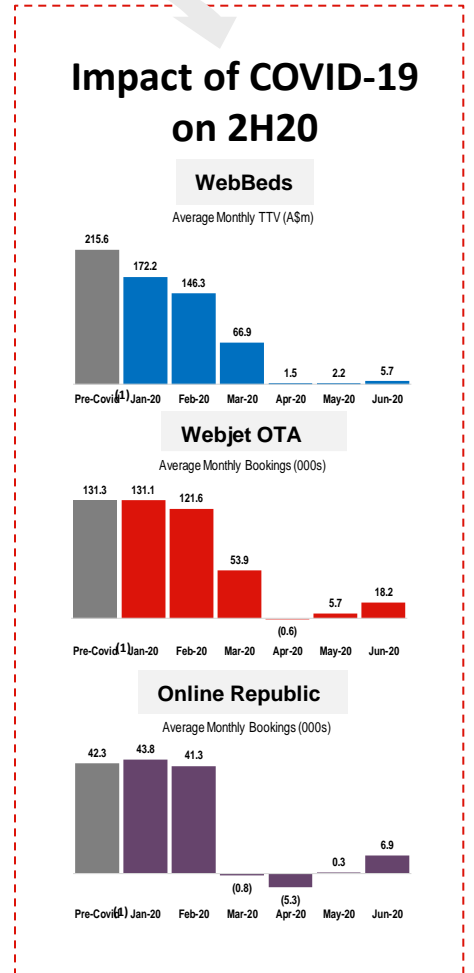
1) Q420 average monthly operating expense (excluding write down of deposits, commissions and overrides in WebBeds) and CAPEX/Interest/Tax expenses compared to 1H20

FY20 in Review - Impact of COVID-19

Significant fall in booking activity from mid-March 2020



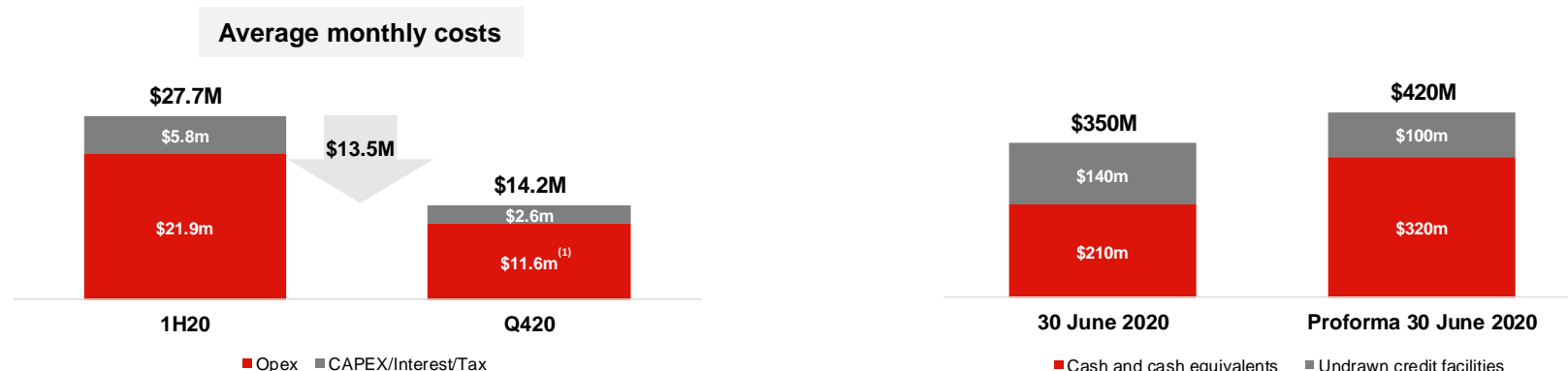
Record earnings for CY19
\$155.5 million
(WebBeds delivered > 60%)



1) Pre-Covid average based on 12 months ending 31 December 2019

Significant cost reductions and fortified Balance Sheet

FY20 in Review - Measures to mitigate impact of COVID-19



c.50% reduction of costs in Q420 ⁽¹⁾

- **Employee related costs**
 - Reduction of Board and executive remuneration; 4 day working weeks for majority of remaining staff
 - Total workforce reduction of 515 (22%); headcount freeze
- **Operating expenses and other costs**
 - Renegotiations of operational and technology contracts
 - Essential CAPEX spend only; ERP project rescoped; freeze on all non-essential spend
 - Material decline in expenses tied to TTV; materially reduced marketing spend
- **Other**
 - Closure of Webjet Exclusives and Online Republic Cruise
 - Deferral of 1H20 dividend payment

Measure to increase liquidity

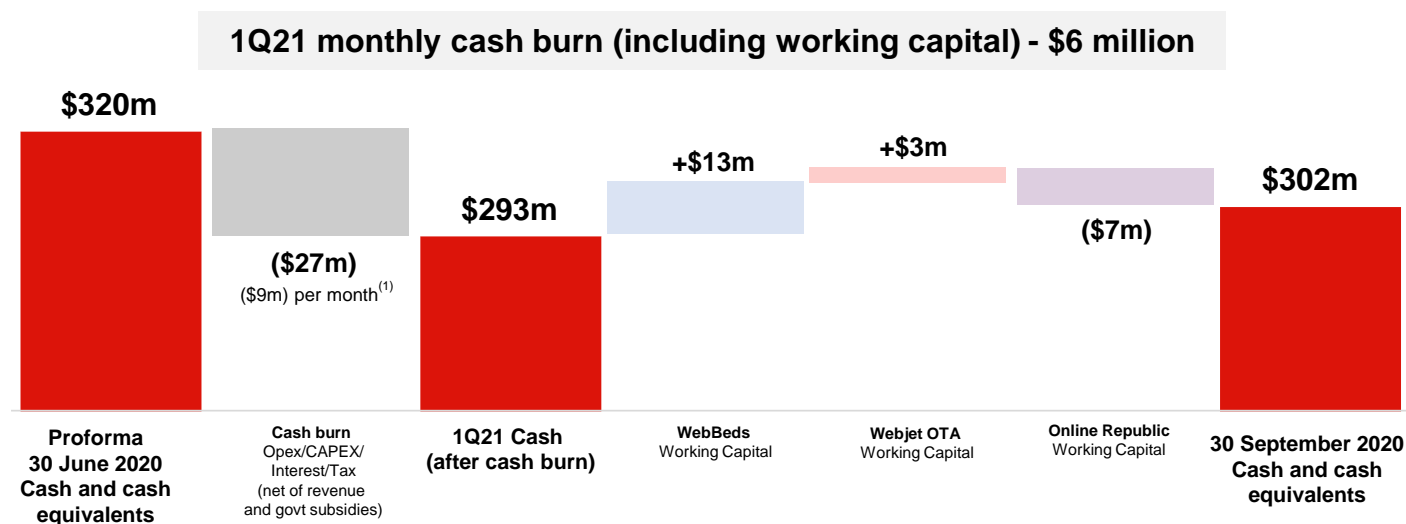
- **\$346 million Equity Raising – 1 April 2020**
 - Strengthen balance sheet and support unwind of negative working capital/ reduce B2B debtor exposure
- **€100 million (A\$163 million) Notes offering – 1 July 2020**
 - Repaid \$50 million of existing term debt while extending remaining term debt maturity into late 2022
- **Debt maturity extended to November 2022**
 - \$130 million now due November 2022, providing 2+ years to refinance
 - Banking waivers extended to June 2021 and modified test ⁽²⁾ to June 2022
 - Credit facilities rebalanced to reflect increase in euro funding

1) Q420 average monthly operating expense (excluding write down of deposits, commissions and overrides in WebBeds) and CAPEX/Interest/Tax expenses compared to 1H20.

2) Test to be done at 30 September 2021, 31 December 2021, 31 March 2022 and 30 June 2022 but on the basis of annualising the EBITDA for the period commencing 1 July 2021

Current cash burn lower than expected

1Q21 - Liquidity position better than forecast



- **Monthly cash burn (excluding working capital) less than expected**
 - \$9 million/month compared to \$10.5 million at FY20⁽¹⁾; savings due to ongoing review of costs and staff attrition
- **Additional cost savings identified**
- **TTV growth now delivering positive working capital**
 - WebBeds - 1Q21 TTV growth compared to lows of Q420 starting to produce positive working capital (\$7 million) and aged debt collections (\$6 million)
 - Webjet OTA – positive working capital as domestic leisure markets start to re-open
 - Online Republic – 1Q21 negative working capital due to unwind of Cruise; unwind expected to be completed by Oct 20

¹⁾ Compared with 1Q21E monthly cash burn of \$10.5m per slide 7 of the FY20 Results Investor Presentation

A blurred background image of a modern office meeting. Several people in business attire are seated around a large white conference table, looking towards a large screen at the front of the room. The room is brightly lit with recessed ceiling lights.

Webjet Limited

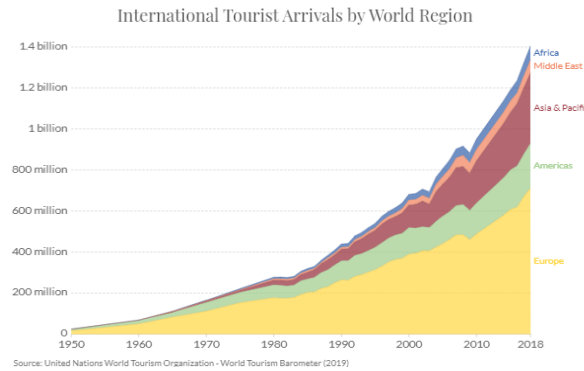
Group Update.

FY21 Outlook.

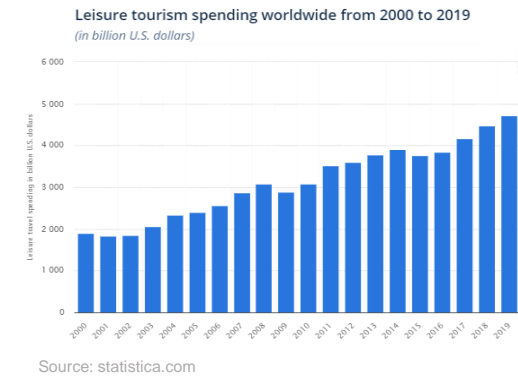
Travel is fundamental to an interconnected global society.

Outlook – Travel

Over time, the demand for travel continues to grow ...

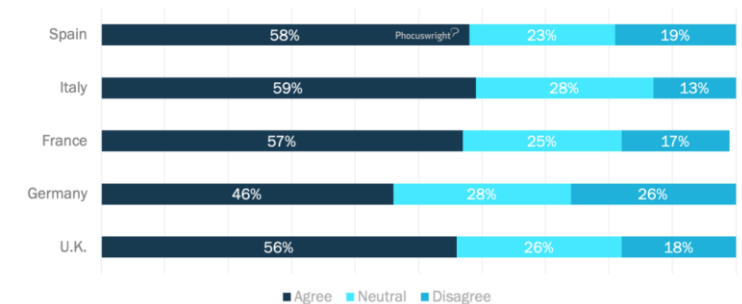


... spend on leisure tourism continues to increase ...



... and travel continues to be seen as an integral part of life

Travel is an Integral Part of Life



Leisure travel has historically recovered faster post recession than business travel ⁽¹⁾

Leisure Travel expected to lead the rebound

Hilton Adds Resort Amenities to Business Hotels After Months of Leisure-Led Travel

Cameron Sperance, Skift- Oct 12, 2020 12:05 am



"Historically business travel has been more volatile and slower to recover than leisure travel after economic downturns and other disruptions to travel patterns." ⁽¹⁾

Forget Business Travelers, U.S. Airlines Now Battle Over Vacationers

Brian Sumers, Skift- Sep 09, 2020 3:45 pm

1) McKinsey and Company "For corporate travel, a long recovery ahead." Travel, Logistics & Transport Infrastructure Practice. August 2020.

We expect to see significant travel activity once restrictions are eased

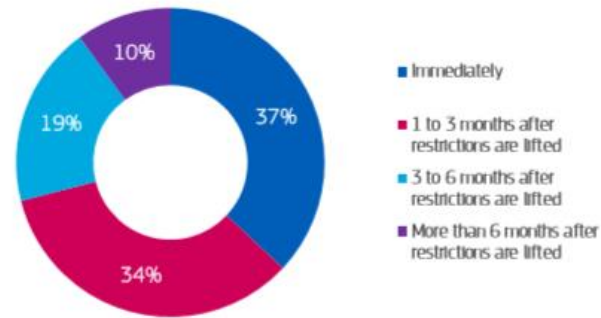
There is significant pent up demand...

Leisure Travelers exhibit a strong desire and confidence in their financial means to travel



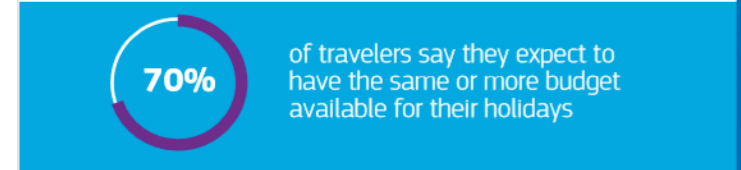
Question: How long are you considering to wait, once the travel restrictions are lifted, to start planning your next trip?

Respondents n=5,785



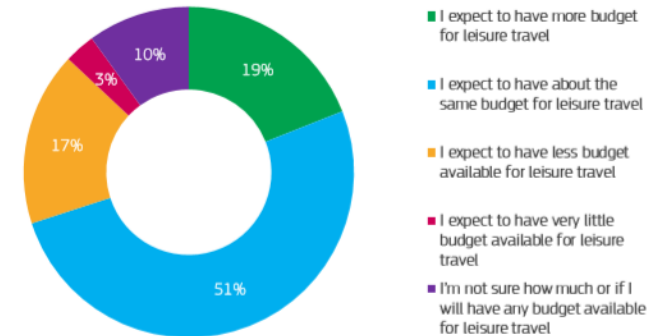
The majority of travelers in our survey intend to go relatively soon after restrictions are lifted.

AMADEUS



Question: Which statement most accurately REFLECTS YOUR SITUATION THIS TIME?

Respondents n=5,189



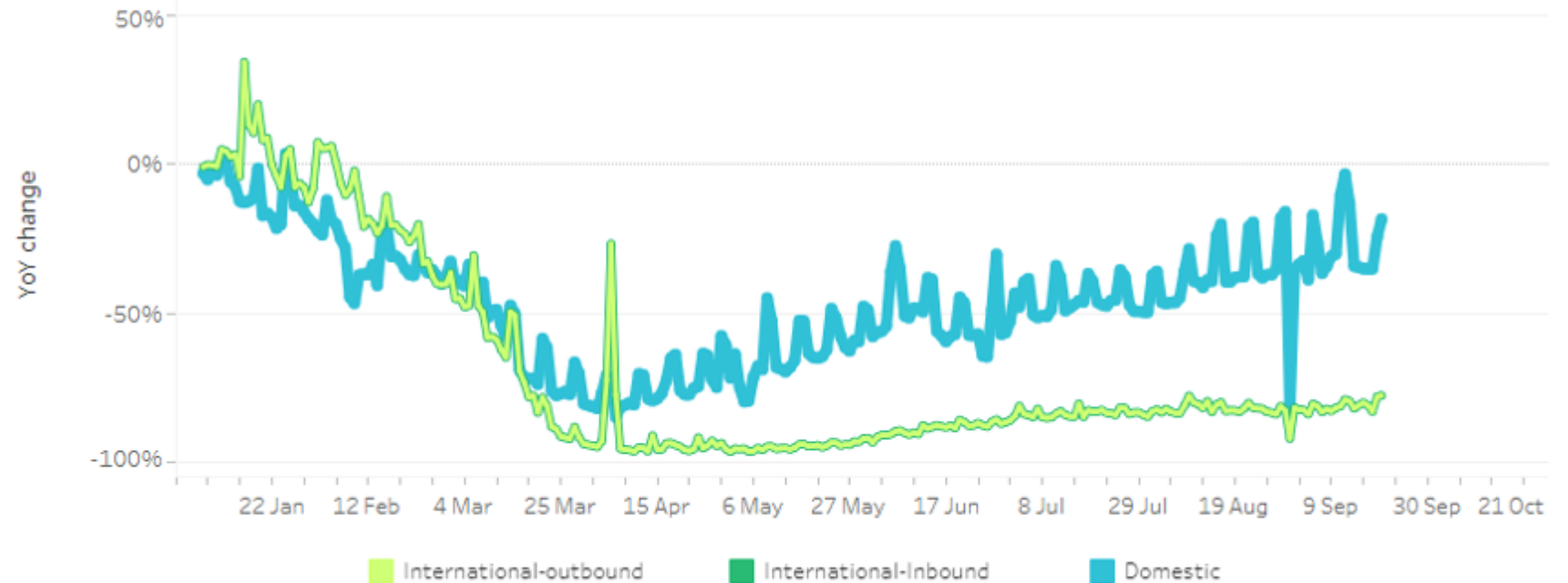
Just over half of our respondents (51%) tell us they expect to have the same budget available for leisure travel. While 1 in 5 of CheckMyTrip users claim they expect to have more travel budget on hand.

1) Source: Amadeus "Destination X: Where to Next. What Leisure Travellers want in a COVID-19 world." September 2020

Webjet has strong exposure to global domestic leisure markets

Domestic trips are key drivers in the leisure recovery

YoY Domestic/International Trends in Tickets for All countries

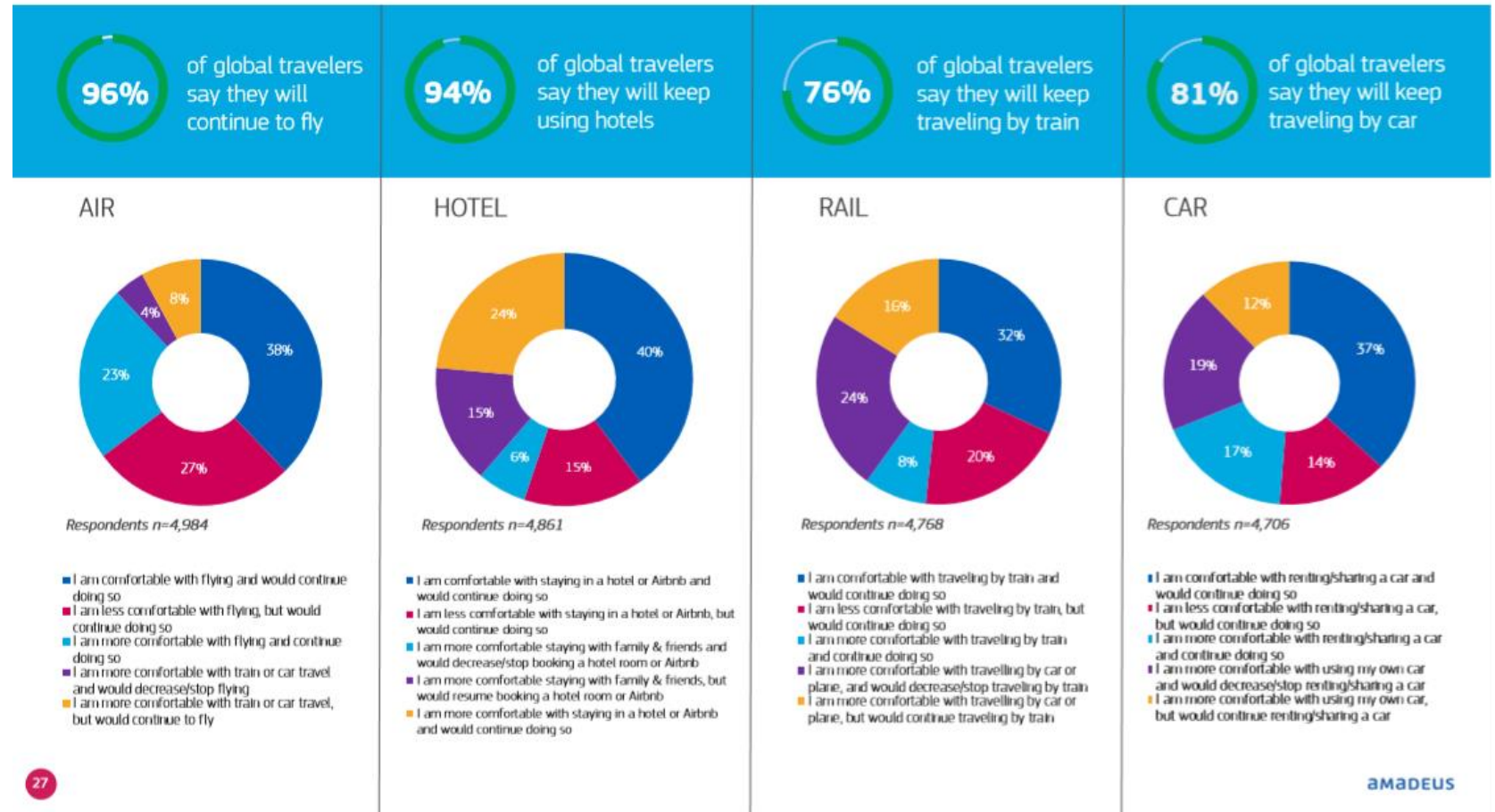


1) Source: BCG Travel Recovery Insights Portal. <https://public.tableau.com/profile/the.boston.consulting.group#1/vizhome/BCGTravelRecoveryInsightsPortal/PortalHome?publish=yes>

Consumer confidence remains strong in our key flights and hotel markets

Consumer confidence remains strong

Question: What are your feelings at THIS TIME about continuing to fly, stay in hotels, taking the train and rental/sharing a car?



1) Source: Amadeus "Destination X: Where to Next. What Leisure Travellers want in a COVID-19 world." September 2020

Webjet is well placed to capture demand for travel.

Outlook – Demand to return to long term growth levels

Webjet is a global travel business and well-placed to capture the pick up in travel activity

- Provides a **critical, cost effective distribution channel** for the travel industry,
- Diverse geographic and customer mix provides **strong exposure to global domestic leisure markets**
- **Global footprint and highly diverse customer base** ensures Webjet can capture demand wherever it is available

Structural shift from offline to online is accelerating, with all businesses positioned to capture demand

- Webjet OTA is the **#1 OTA in AU/NZ**, with significant brand strength and superior technology offerings
- Online Republic is **#1 globally online in Motorhomes and significant presence in Cars**, with broad content and strong online marketing capabilities
- WebBeds **sells hotel inventory to the top 5 online travel companies globally**

Consolidation and rationalization will occur globally

- Severe financial pressure on smaller players and the industry will **likely see a significant change in the competitive landscape** once COVID-19 passes
- Our strengthened balance sheet and capital position provides **financial and strategic flexibility to take advantage of attractive opportunities** to gain market share

WebBeds

Global infrastructure remains in place to capitalise on growth as travel markets re-open.

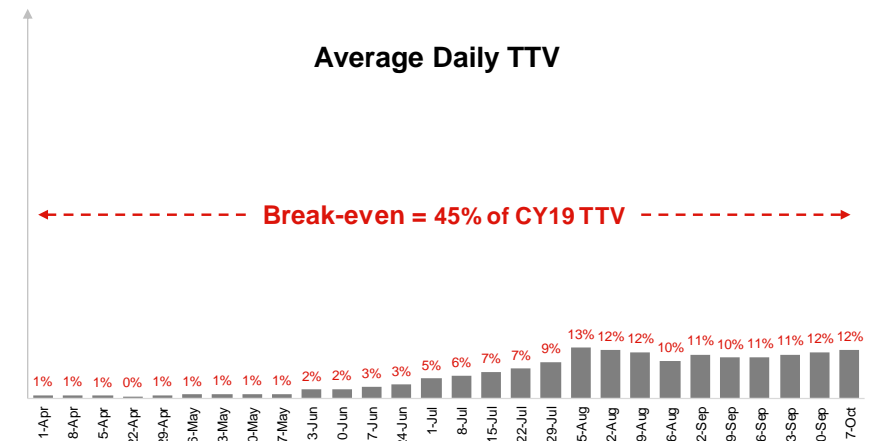
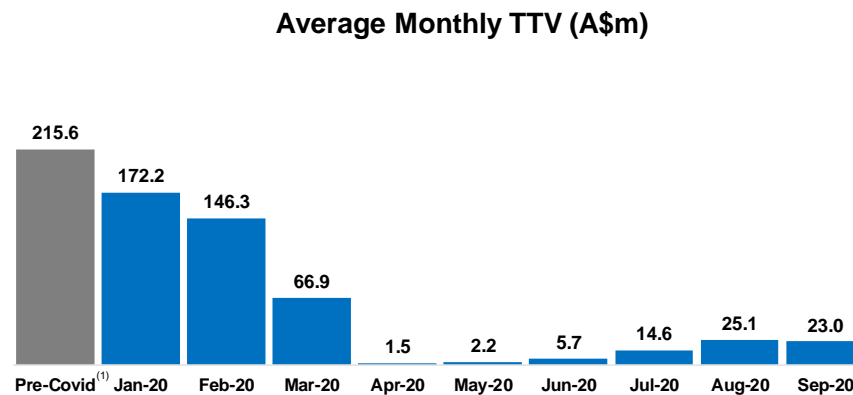
WebBeds – Diversified customer base and geographic mix

Strategic objective to become the #1 global B2B player

Transformation Strategy underway:

- **Rethinking** how we do business
- Streamlining **technology**
- Increased leverage of **data analytics and automation**
- Sharpened focus on **cost reduction** opportunities
- Refinement of **risk management** processes

WebBeds - TTV growth as markets re-open

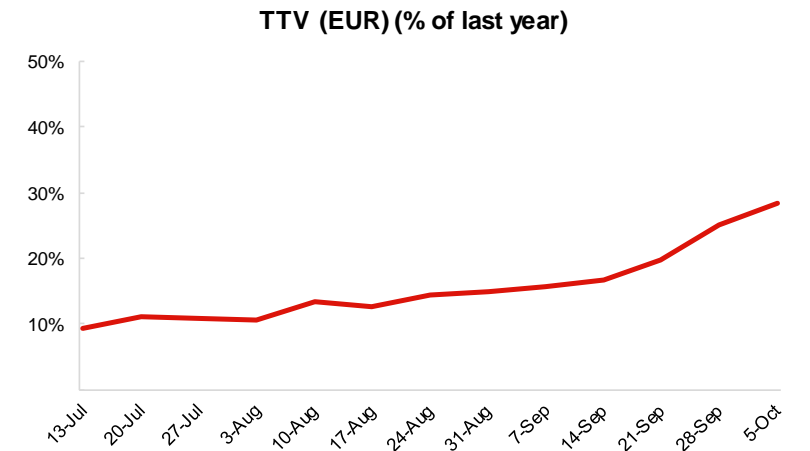
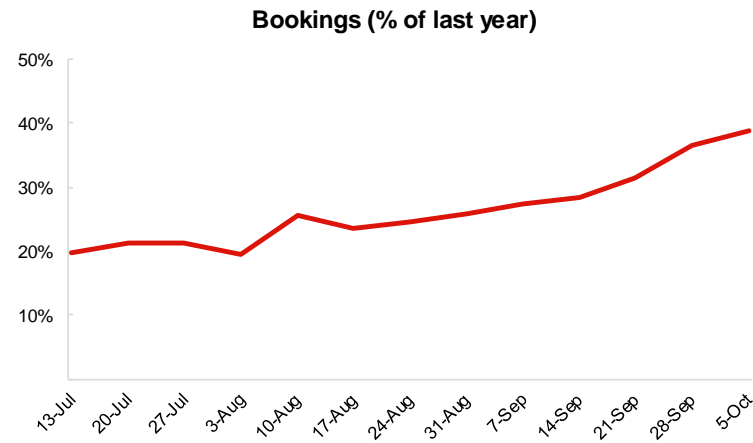


1) Pre-Covid average based on 12 months ending 31 December 2019

APAC expected to lead recovery

Green shoots of recovery through domestic sales

APAC - 1Q21 saw bookings and TTV almost double



- Number of **domestic markets starting to rebound**
- **Increased acquisition of domestic content** and addition of secondary cities
- **Key initiatives** such as vouchers, joint promotions, enhanced marketing
- **Technical optimisation**



webjet.com.au

Travel recovery will be domestic driven.

Significant opportunity to increase market share

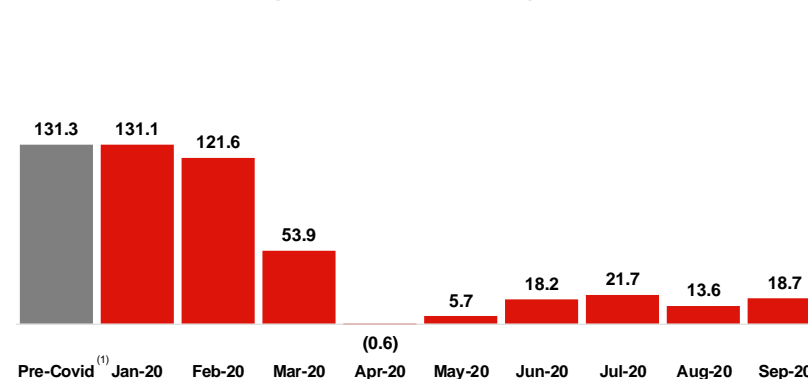
Webjet OTA – bookings growth as domestic markets reopen

Webjet OTA is well placed to benefit from the expected domestic led tourism industry in FY21

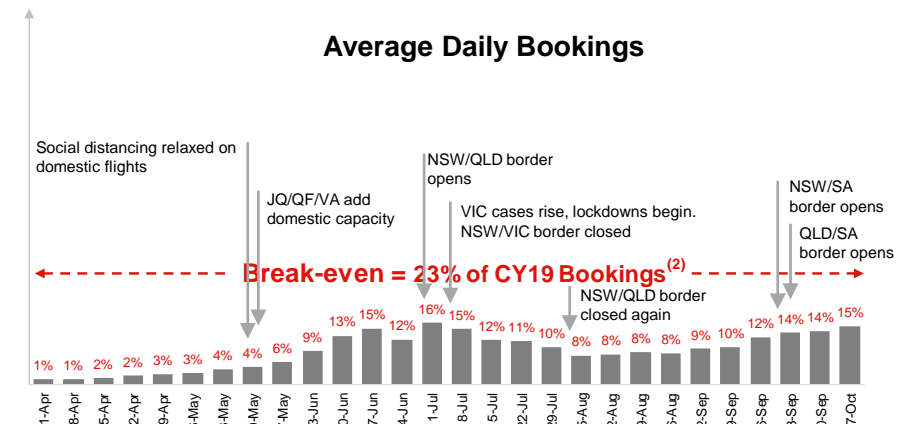
- **Strong brand** presence
- **50% of the entire OTA flights market**; more than 5% of the domestic flights market
- **85% of flight bookings are domestic** - predominately serves the leisure market
- **Strong international demand once borders re-open**
- **Structural shift from offline to online** is accelerating

Significant increase in bookings as markets reopen with only limited marketing spend

Average Monthly Bookings (000s)



Average Daily Bookings



1) Pre-Covid average based on 12 months ending 31 December 2019
 2) Break-even calculation assumes all bookings are domestic flight bookings



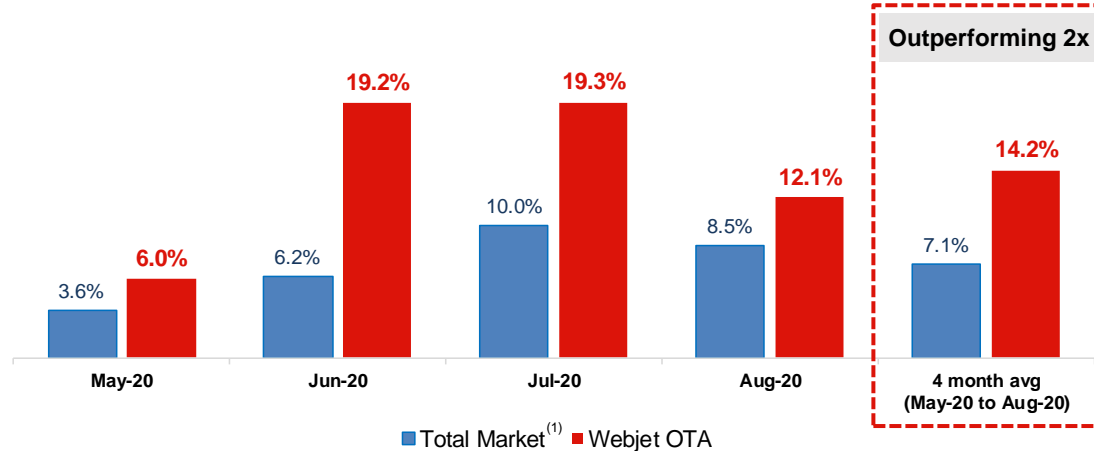
webjet.com.au

Outperforming the market since May

Well positioned as domestic leisure markets start to reopen.

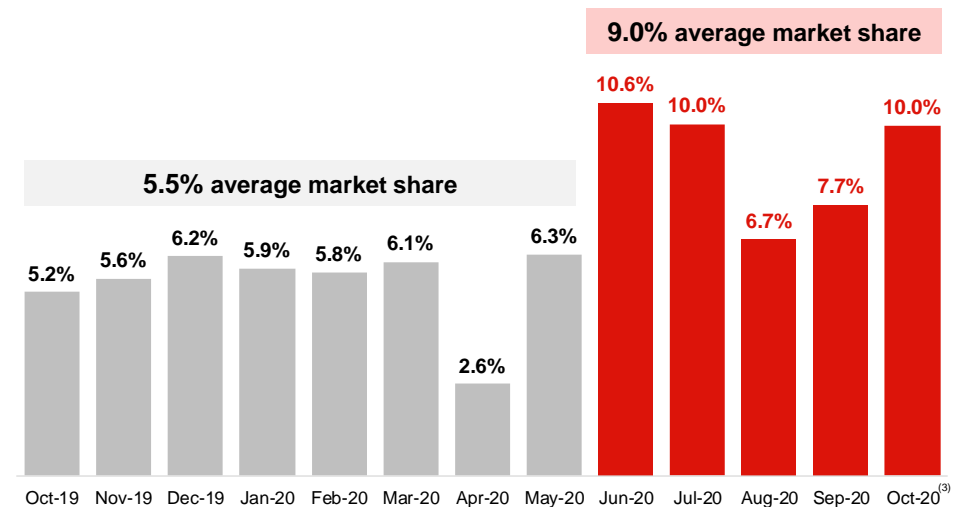
Webjet OTA – outperforming the market

Domestic bookings performance (% of last year)



Domestic bookings performance **2x** the market

Webjet share across all GDS bookings – Travel Agency Offline & Online⁽²⁾



Share of bookings increasing as leisure markets start to reopen

- Shift from offline to online is accelerating due to decreased presence of physical stores
- Our “mix and match” offering is well suited to constantly changing and reduced airline schedules

1) Total Market shows IATA total Australia domestic RPKs
 2) GDS bookings do not include Low Cost Carriers
 3) As at 12 October 2020



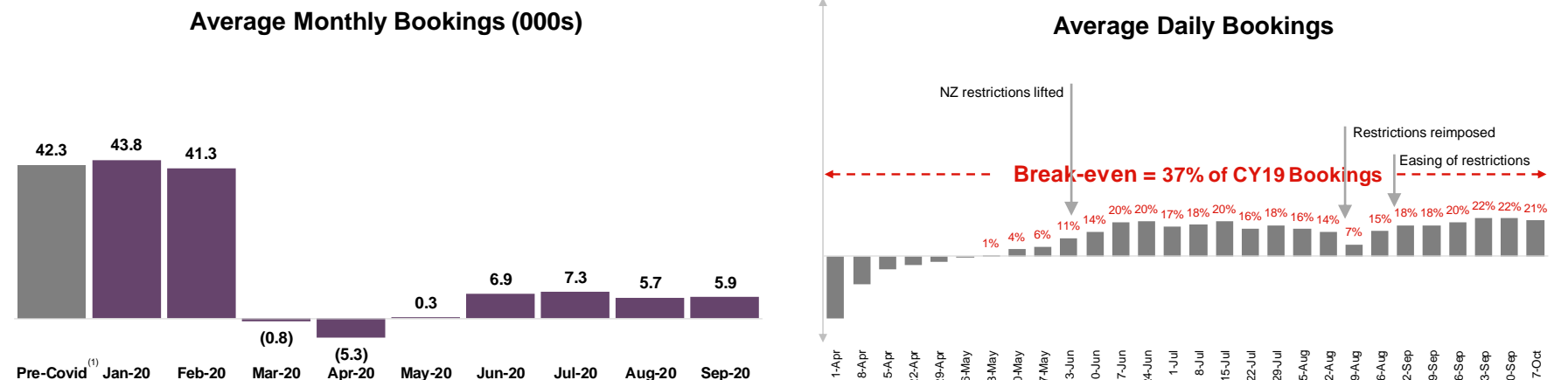
Online Republic – global domestic leisure exposure

Well placed to benefit from domestic focused tourism around the world.

Online Republic has strong exposure to global domestic leisure markets

- **Significant exposure to leisure markets** – 100% of Motorhomes and more than 80% of Cars are booked for leisure purposes
- Substantial domestic **Cars and Motorhomes inventory in key markets**– Australia, New Zealand, US and Europe
- Cars - **Short lead time bookings** aligned with domestic travel booking patterns
- Motorhomes - **targeting global travellers** looking for domestic holiday alternatives

Bookings growth as global domestic markets start to reopen



1) Pre-Covid average based on 12 months ending 31 December 2019



Capital strength through to 2022

Focus on market share growth globally

FY21 – Outlook

FY21 YTD

- Global travel industry continues to be under pressure – second waves, ongoing border closures; uncertainty regarding timing of vaccine
- Ongoing focus on managing costs – cash burn lower than forecast
- Positive working capital starting to come through as markets reopen
- Strong capital position through to 2022 provides strategic and financial flexibility

Webjet is a global travel business and well placed to benefit as domestic leisure markets open up

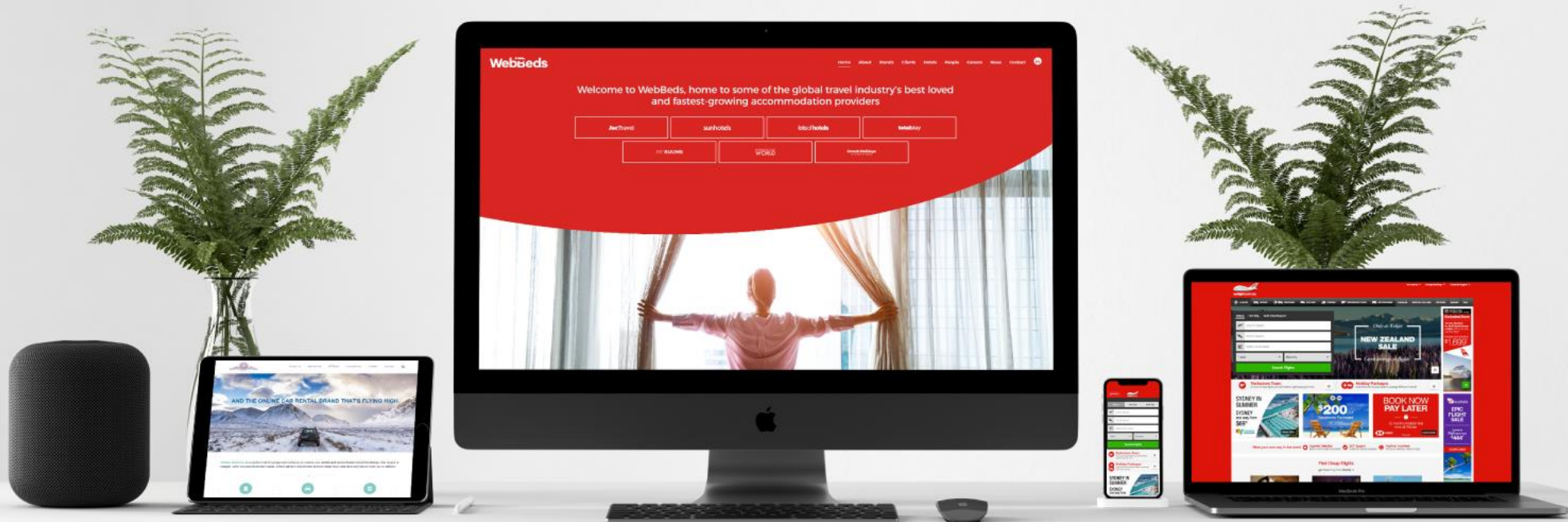
- Leisure travel expected to lead the rebound - after essential worker travel, domestic leisure markets are expected to be the first to open up
 - **75% of WebBeds bookings are intra-regional** and customer mix provides strong exposure to leisure markets
 - **85% of Webjet OTA flight bookings are domestic** and predominately serves the leisure market
 - **Online Republic is primarily a leisure business** - 100% of Motorhomes and more than 80% of Cars are booked for leisure purposes. Both offer strong domestic opportunity

Pursuing leadership in WebBeds and B2C businesses

- **WebBeds** – become the global #1 B2B player
- **Webjet OTA** – increase our market share leadership
- **Online Republic** – improve underlying performance

Webjet Limited

Thank You.



WebBeds



A blurred background image of a modern office meeting. Several people in business attire are seated around a table, looking towards a large screen displaying a presentation. The scene is brightly lit with overhead lights.

Webjet Limited

FY20 Performance Update

Appendix.

Pro forma 31 March year end – Statutory Result⁽¹⁾

	FY20			FY19		
	1H20	2H20	FY20	1H19 ⁽²⁾	2H19 ⁽²⁾	FY19 ⁽²⁾
	Apr19- Sep19	Oct19- Mar20	Apr19- Mar20	Apr18- Sep18	Oct18- Mar19	Apr18- Mar19
TTV	2,388	1,697	4,086	1,852	1,766	3,618
Revenue ⁽³⁾	227.7	160.0	387.7	171.4	172.1	343.5
Underlying EBITDA	103.3	35.8	139.2	62.3	48.2	110.5
Non-operating Expenses	(38.4)	(15.9)	(54.3)	(0.1)	(8.7)	(8.8)
Statutory EBITDA	64.9	19.9	84.9	62.2	39.5	101.7
Depreciation & Amortisation	(13.1)	(13.5)	(26.7)	(7.5)	(10.6)	(18.2)
Acquisition Amortisation (AA) ⁽⁴⁾	(12.1)	(12.3)	(24.3)	(6.4)	(10.0)	(16.4)
EBIT	39.8	(5.9)	33.9	48.3	18.9	67.2
Interest (Net)	(9.9)	(7.4)	(17.4)	(3.0)	(4.6)	(7.6)
PBT	29.8	(13.3)	16.5	45.3	14.3	59.6
Tax Expense	(5.8)	(0.7)	(6.5)	(9.2)	(4.9)	(14.1)
NPAT (before AA)	36.1	(1.8)	34.4	42.5	19.4	61.8
NPAT	24.1	(14.1)	10.0	36.1	9.4	45.5

1) Unaudited

2) FY19 restated for AASB16

3) Revenue - includes Other income, but excludes Interest income (reported on a net basis below)

4) Acquisition Amortisation - includes charges relating to amortisation of intangibles acquired through acquisition

Pro forma 31 March year end – Segment Summary⁽¹⁾

Underlying Operations ⁽²⁾	1H20	2H20	FY20	1H19 ⁽³⁾	2H19 ⁽³⁾	FY19 ⁽³⁾
	Apr19-Sep19	Oct19-Mar20	Apr19-Mar20	Apr18-Sep18	Oct18-Mar19	Apr18-Mar19
Bookings (000s)						
Webjet OTA	809	674	1,483	804	775	1,579
Online Republic	255	203	457	243	251	494
B2C	1,064	876	1,941	1,047	1,026	2,073
APAC	700	684	1,384	255	422	677
Europe	935	586	1,521	823	744	1,567
AMEA	707	585	1,291	359	457	817
Umrah Holidays	1	13	14	n/a	n/a	n/a
B2B	2,343	1,868	4,210	1,437	1,623	3,060
Total Bookings	3,407	2,744	6,151	2,484	2,649	5,133
TTV						
Webjet OTA	717	589	1,307	720	678	1,399
Online Republic	151	122	272	135	156	291
B2C	868	711	1,579	856	834	1,690
APAC	312	274	586	136	197	333
Europe	736	382	1,118	605	450	1,055
AMEA	472	326	798	256	284	540
Umrah Holidays	1	5	6	n/a	n/a	n/a
B2B	1,521	986	2,507	996	932	1,928
Total TTV	2,388	1,697	4,086	1,852	1,766	3,618
Revenue						
Webjet OTA	76.5	59.8	136.4	78.9	75.3	154.2
Online Republic	15.3	12.8	28.2	15.6	16.3	31.9
B2C	91.9	72.7	164.5	94.5	91.6	186.1
B2B	135.8	87.4	223.2	76.9	80.5	157.4
Total Revenue	227.7	160.0	387.7	171.4	172.1	343.5
Underlying EBITDA						
Webjet OTA	33.4	18.6	52.1	32.9	29.1	62.0
Online Republic	6.4	3.6	10.0	6.3	7.2	13.5
B2C	39.8	22.2	62.0	39.2	36.2	75.5
APAC	11.6	1.7	13.3	0.8	(0.8)	(0.1)
Europe	38.2	12.4	50.6	21.5	8.8	30.3
AMEA	23.4	6.1	29.5	9.2	10.1	19.2
Umrah Holidays	(0.0)	(0.1)	(0.1)	n/a	n/a	n/a
B2B	73.1	20.1	93.2	31.5	18.1	49.5
Corporate	(9.6)	(6.5)	(16.1)	(8.4)	(6.1)	(14.4)
Total Underlying EBITDA	103.3	35.8	139.2	62.3	48.2	110.5

1) Unaudited
2) Underlying Operations – excludes one-off items
3) FY19 EBITDA restated for AASB16

Rationale

- Supports our ongoing focus on maintaining a strong balance sheet as we continue to navigate the challenging operating environment caused by COVID-19.
- Diversify Webjet's funding sources and increase our financial and strategic flexibility
- Strengthen capital position enabling the Company to execute its strategy and take advantage of opportunities as they arise

Convertible Notes

Back ground and accounting considerations

Key Commercial terms

- €100 million (A\$163m) cash settled notes issued in July 2020
- References to 39.7 million WEB shares
- 7 year term, 2.5% semi-annual coupon (recurring cash obligation to service note)
- Listed on Singapore stock exchange

Changes proposed

- Replace cash settlement feature with physical settlement (i.e. settlement by issue of 39.7 million WEB shares)
- No change to economic risks for the Holder or Issuer

Accounting Complexity

- Accounting standards don't align to underlying cash position
- Standards require the notes to be bifurcated into a debt and derivative component at the time of unconditional settlement (ie 9th July 2020)
- The derivative component is required to be fair valued each reporting period which is based on the share price at reporting date vs the share price at unconditional settlement (which was \$3.16)
- This will result in a non cash fair value adjustment to the P&L
- The debt component is required to be returned to the par value of the note which is based on the effective interest rate (EIR)
- The EIR is higher than the cash coupon rate and expensed through the P&L as non cash item

Accounting over lifecycle of the Note

Notes:

- (1) At **initial recognition**, the €100 million / A\$163 million bond is split between a **Debt** component and a **Derivative Liability** component. Estimated split is approx. 80% debt and 20% derivative (to be finalised during audit)
- (2) **Subsequent measurement** at each half year:
 - the debt portion is recognised at amortised cost (i.e. interest accrual method) with interest expense recognised profit or loss, and
 - the derivative component at Fair value, with changes in fair value recognised in the profit or loss.
- (3) **Changes in share price result in P&L volatility**
An increase in share price will increase the derivative liability value resulting in a fair value loss, and vice versa. Initial fair valuation analysis using the issue date share price of \$3.16 as the peg for every **\$0.10** change in share price the fair value of the derivative liability changes by **€0.04**
- (4) **Amortisation**
The Debt liability is amortised from the initial recognition value (80%) to par value (100%) using the effective interest rate (EIR) method. Initial estimates are that the EIR of the Bond will be **circa 10%**.
- (5) **At maturity (assume equity settlement)**
If change occurs, Bond is equity settled. There will be no cash outlay arising from the Debt liability or the derivative liability. Upon conversion or at maturity, the debt and derivative liability values are de-recognised via share capital to reflect new shares issued.

Initial recognition	NOTE	=	DEBT LIABILITY	+	EMBEDDED DERIVATIVE
	€100m / \$163m		€80m / \$130m		€20m / \$33m
Subsequent measurement			at Amortised cost		at Fair value through profit or loss (FVTPL)
	↑ 10c in share price		no adjustment		Dr. Fair value loss €1.7m / \$2.8m ^(b) Cr. Derivative Liability €1.7m / \$2.8m ^(b)
	↓ 10c in share price		no adjustment		Dr. Derivative Liability €1.7m / \$2.8m ^(b) Cr. Fair value gain €1.7m / \$2.8m ^(b)
Half-yearly accounting			Dr. Interest - coupon 2.5% pa x €100m Dr. Interest - EIR ~7.5% pa x €80m / \$130m ^(c) Cr. Bank 2.5% pa x €100m Cr. Debt liability ~7.5% pa x €80m / \$130m ^(c)		no adjustment
	Amortisation over life of the Note				
At Maturity	Issue 39.7m shares to settle debt and extinguish derivative liability		Dr. Debt liability € 100 m Cr. Share capital € 100 m		Dr. Derivative liability FV + ∑ (fair value changes) Cr. Share capital FV + ∑ (fair value changes)

(a) Euro amounts translated at the closing exchange rate on balance sheet date
 (b) Fair value changes are based on movements in share price from the issue date (\$3.16), less opening fair value of the derivative
 (c) EIR circa 10%. Non-cash interest calculated based on the opening debt liability balance at the beginning of the period, and capitalised against value of the debt liability. At maturity, Debt liability should equal €100m / AUD equivalent

OUTCOME: irrespective of change in share price / exchange rates, 39.7m WEB shares will be issued on settlement / maturity.