

An aerial view of a city skyline, likely New York City, with a network of white lines and dots overlaid on the buildings. The sky is blue with some clouds. A red vertical bar is on the left side of the image.

**Webjet Limited**

**Managing Director AGM Update**

**John Guscic**

## FY19 Key Financial Highlights - Group

**FY19**  
**Ongoing Record**  
**Performance <sup>(1)</sup>**  
**Demonstrating**  
**Profitable Global**  
**Growth.**

**\$3.8 BN**  
**TTV**

**Up 27%**

**\$366.4 M**  
**Revenue <sup>(2)</sup>**

**Up 26%**

**\$124.6 M**  
**EBITDA**

**Up 43%**

**\$81.3 M**  
**NPAT**  
**(before AA<sup>3</sup>)**

**Up 46%**

**98%**  
**Adjusted**  
**Cash**  
**Conversion <sup>(4)</sup>**

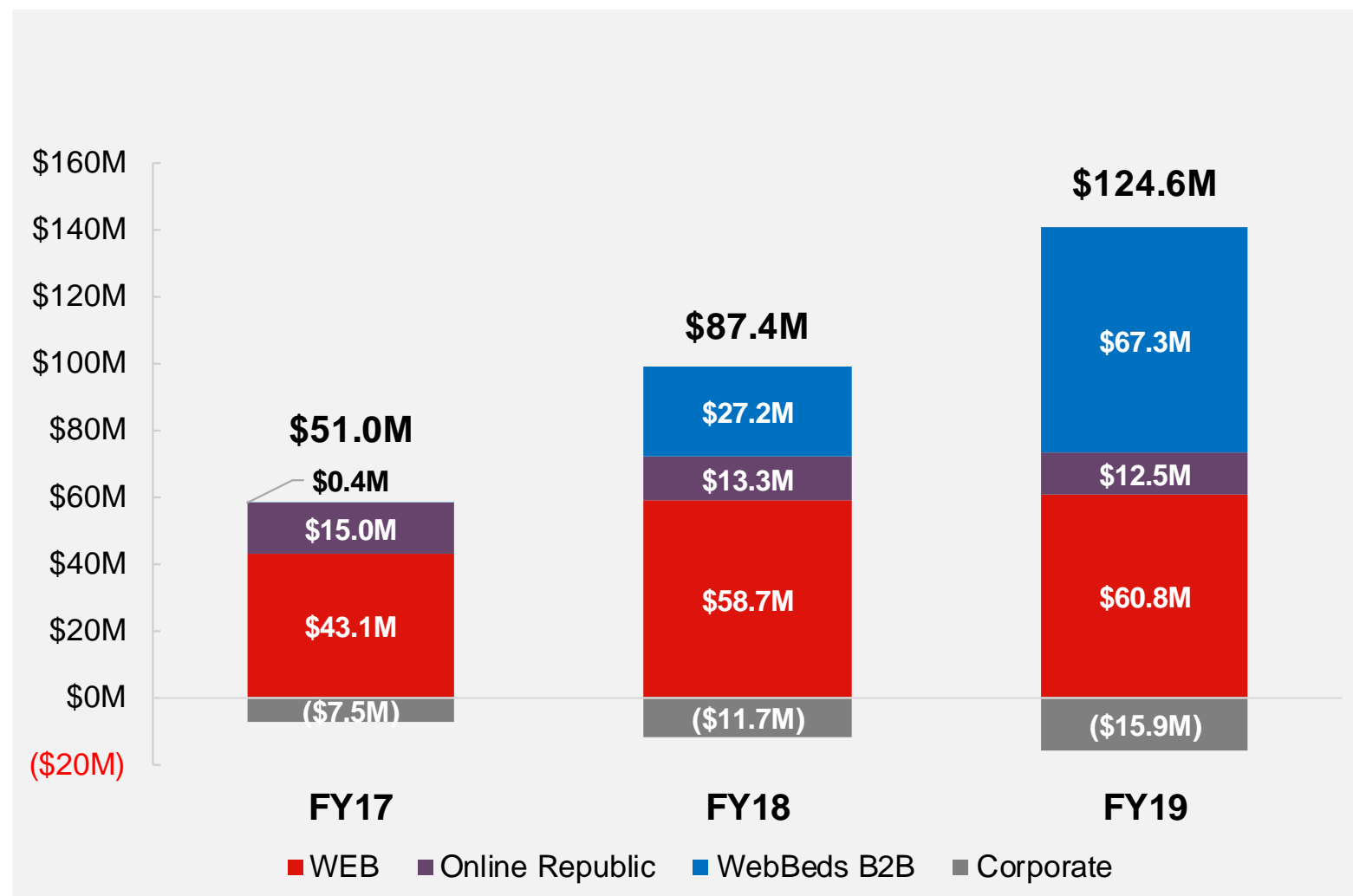
- 1) Shows results for FY19 Continuing Operations - refer to Appendix for full description
- 2) Excludes Revenue as Principal
- 3) Acquisition Amortisation
- 4) Refer to page 28 of FY19 Investor Presentation for calculation

## EBITDA

more than doubled in 2 years.

WebBeds is now the largest business by EBITDA.<sup>(1)</sup>

## FY19 Key Highlights - Group EBITDA



1) EBITDA is for Continuing Operations - refer to Appendix for full description

# WebBeds

Increased scale allowing focus on more profitable growth.

## FY19 Key Highlights - WebBeds

A\$	FY19	FY18	Change
Bookings ('000s)	3,444	2,277	↑ 51%
TTV	2,154 million	1,354 million	↑ 59%
Revenue <sup>(1)</sup>	184.5 million	114.0 million	↑ 62%
EBITDA	67.3 million	27.2 million	↑ 148%
TTV / Revenue Margin <sup>(2)</sup>	8.6%	8.4%	↑ 15bps
TTV / Revenue Margin (excl TC)	9.4%	9.2%	↑ 23bps
EBITDA Margin	36.4%	23.8%	↑ 1,261bps
Organic EBITDA <sup>(3)</sup>	78.4 million	60.2 million	↑ 30%

- 1) Revenue is shown net of costs of sale as principal (i.e. on agency basis)
- 2) TTV/ Revenue Margin includes Thomas Cook TTV for which no revenue was recognised until 1 June 2019
- 3) FY18 Organic EBITDA includes \$10.3M for JacTravel (1 July 2017 to 31 August 2017) plus \$22.7M for DOTW (full 12 months). FY19 Organic EBITDA includes \$11.1M for DOTW (1 July 2018 to 21 Nov 2018).

TC = Thomas Cook

- TTV and EBITDA margins **continue to improve in all regions**
- **Direct contracts** now account for over 55% of sales
- **Profitable growth accelerating** – organic EBITDA growth up 24% in 1H; up 34% 2H (over pcp), assisted by synergies
- **Efficiencies coming through** – each incremental \$100 of TTV delivering \$5 EBITDA
- **Europe** – delivered outstanding EBITDA in a difficult market environment
- **AMEA** – Middle East growing despite difficult market; Americas delivering substantial EBITDA
- **Asia-Pacific** - FY17 and FY18 investments now delivering EBITDA
- **Umrah Holidays International** - launched in February 2019 to target a significant new market opportunity
- **Successful integration of DOTW** – cost synergies ahead of plan; revenue synergies tracking to plan

### Impact of **Thomas Cook** entering Compulsory Liquidation

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- On 23 September 2019, Thomas Cook, a customer of our WebBeds business, entered compulsory liquidation
- As at 23 September 2019, Thomas Cook owed Webjet Limited approximately EUR 27 million in outstanding receivables. The impairment of any unpaid receivables will be treated as a one-off expense to the income statement. There will be no material adverse impact on Webjet's liquidity as any write-off will be absorbed by existing cash reserves (\$211.4 million as at 30 June 2019) and undrawn facilities
- There will be no impact on the more than 3,000 hotel contracts Webjet acquired from Thomas Cook in August 2016, which are wholly owned by WebBeds and available for sale to all WebBeds customers



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**Driving margin improvement in a difficult market.**

## FY19 Key Highlights - Webjet OTA

A\$	FY19	FY18	Change
Bookings ('000s)	1,565	1,549	↑ 1%
TTV	1,378 million	1,345 million	↑ 2%
Revenue	150.5 million	145.6 million	↑ 3%
EBITDA	60.8 million	58.7 million	↑ 4%
TTV / Revenue Margin	10.9%	10.8%	↑ 10bps
EBITDA Margin	40.4%	40.3%	↑ 5bps

- **2H19 travel market** significantly impacted by the Federal election, a slower than expected post-election rebound and slowing economic conditions
- **TTV margins up 10bps**
  - Brand strength driving increased sales of higher margin products across both flights and ancillary products
- **EBITDA margins up 5bps**
  - Scale benefits and ongoing focus on managing costs
- **Continues to gain share** – outperforming the market by around 2 times. Webjet is now 50% of the entire OTA flight market, more than 5% of the domestic flight market and 4% of the international flight market



**Strategy to focus on profitable bookings improved TTV margins but 2H19 impacted by Christchurch incident.**

## FY19 Key Highlights - Online Republic

A\$	FY19	FY18	Change
Bookings ('000s)	496	501	↓ 1%
TTV	299 million	313 million	↓ 4%
Revenue	31.4 million	31.5 million	↓ 0%
EBITDA	12.5 million	13.3 million	↓ 6%
TTV / Revenue Margin	10.5%	10.1%	↑ 41bps
EBITDA Margin	40.0%	42.1%	↓ 217bps

- **Improved TTV margins reflect strategy** to focus on higher margin, profitable bookings
- **Following the Christchurch incident in March 2019**, demand for travel in New Zealand fell and Motorhomes in particular was severely impacted. We estimate the event had a more than \$1 million EBITDA impact on 2H19 results
- **Cars did well** during the year but Cruise continued to underperform
- **New senior management appointments**
  - New CEO Lindsay Cowley brings relevant global and business transformation experience
  - General Manager Cruise appointed to address market challenges

**Webjet Limited**

**B2B Market Update**

# WebBeds

**WebBeds**





# WebBeds

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**Bedbanks** are an important part of the global travel market.

## WebBeds is a leading global industry player and we expect it to continue to outperform

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- WebBeds provides a **critical distribution channel** for our hotel supply partners and booking enabler customers
- **Travel is resilient** - Trade wars, natural disasters and slowing economies have very little impact on our overall business, instead we see shifts in destinations and/or duration
- **Travel is growing** - Travel is fast becoming an essential, with travel growth consistently exceeding global GDP growth
- Travel businesses requiring hotel room distribution capabilities **continue to increase**
- **WebBeds is well positioned** to fulfil the distribution needs of these businesses

# WebBeds

Bedbanks provide a global B2B marketplace that connect **sellers** to **buyers**.

## What is a Bedbank?

A complex global ecosystem of travel distribution.

WebBeds connect **sellers** with **buyers**

### Accommodation Suppliers of the World



And a wide range of independent hotels

How do I reach potential customers?

How can I offer enough products that are relevant to my customers?

### Booking Enablers

#### Traditional Channels

- Retail Travel Agents
- Corporate Travel Agents
- OTA's
- Wholesalers
- Tour Operators

#### New channels

- Airlines
- Travel Lifestyle Apps and Sites

### Travellers

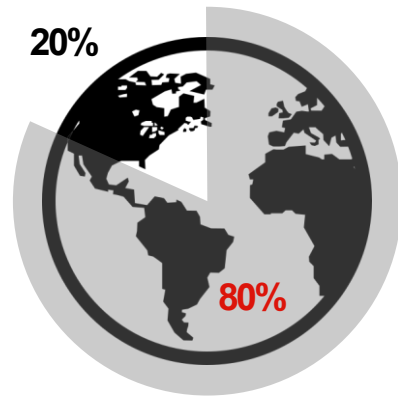


# WebBeds

**Why hotels work with bedbanks.**

**We provide a critical distribution channel.**

The **global** accommodation market is huge and highly fragmented



- **80% Independent hotels** <sup>(1)</sup>
- **20% Part of a chain**

**Independent hotels will likely:**

- Have limited direct booking capabilities
- Be less able (or willing) to invest in a global sales and distribution team

**Bedbanks therefore provide a critical distribution channel:**

- Global reach and scope
- Independence and transparency
- Cost effectiveness
- Service quality and efficiency
- Bookings with higher ABV, longer lead times & lower cancellation rates

(1) Source: STR Global and Company estimates based on all hotels offering rooms for sale.  
-STR Global data only counts properties with more than 10 rooms <https://str.com/>  
-Company estimates include properties with less than 10 rooms

# WebBeds

Why booking enablers **work with bedbanks.**

## We provide a **critical distribution channel.**

The **global B2B** accommodation market is huge and highly fragmented - worth **more than US\$50 billion** in TTV.

### Bedbanks customer pool:

Any business that offers their customers the ability to make accommodation bookings:

- ✓ **Traditional channels:** OTAs, Corporate Agents, Retail Travel Agents, Tour operators and other wholesalers.
- ✓ **New channels:** Airlines, Travel Lifestyle Apps & Sites

### Customers need:

- Access to inventory
- Cost efficiency
- Reliable technology

### **Bedbanks** therefore provide a **critical distribution channel:**

- Global reach and scope
- Independence and transparency
- Cost effectiveness
- Service quality and efficiency

# WebBeds

## The global travel market.

## Travel is resilient...

### Latest example: China

#### YoY room night growth:

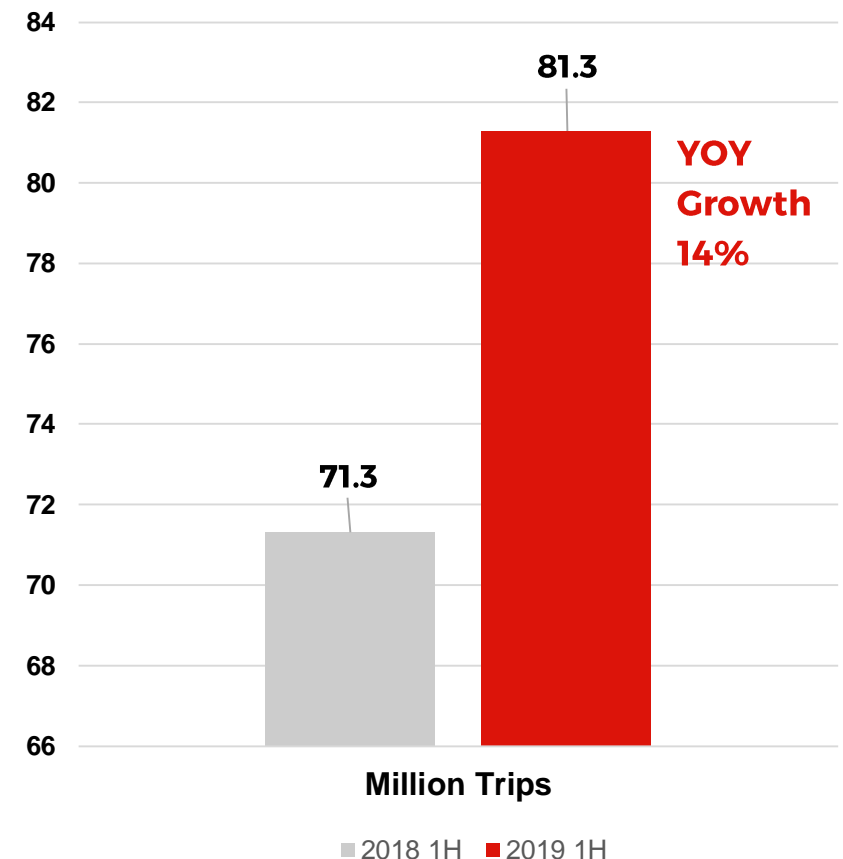
- 85% of China outbound travellers visited Asia Pacific
- Declines to Hong Kong, Taiwan (top 5 destinations) – but still 14% growth YOY

Total international tourism arrival numbers has been **steadily increasing over the last 20+ years** (in billions).

Travel growth consistently **exceeds global GDP growth**

Trade wars, natural disasters and slowing economies have **very little impact** on our business

### China Outbound Travellers



# WebBeds

## The global travel market.

## Travel is growing...

### Investment into next wave already begun, with more people expected to travel

**India plans to open 100 airports in five years**  
*In order to revive economic growth, India is planning to open 100 additional airports by 2024.*

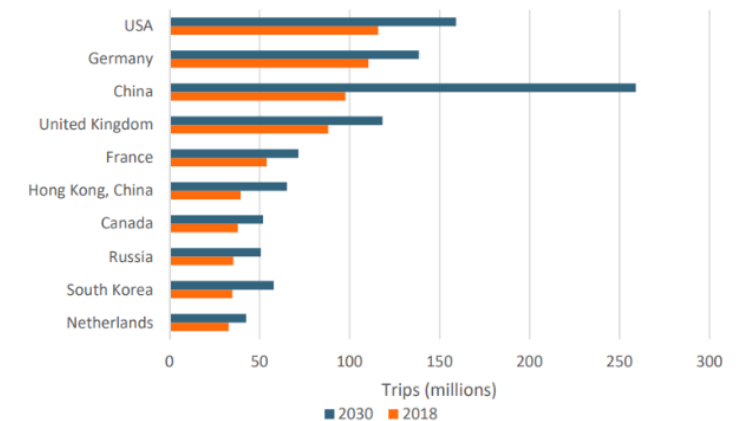
**Jakarta to get new airport as Indonesia pumps billions into expansion amid travel boom**  
 • State-owned airport operator will conclude a feasibility study for a greenfield facility in the archipelago's capital this year  
 • Indonesia

**Beijing is building hundreds of airports as millions of Chinese take to the skies**  
 he world

**JLL projects 2019 global hotel investment volume will total \$67.0 billion**

### Where travellers will come from...\*

Top 10 Outbound Source Markets 2018–2030

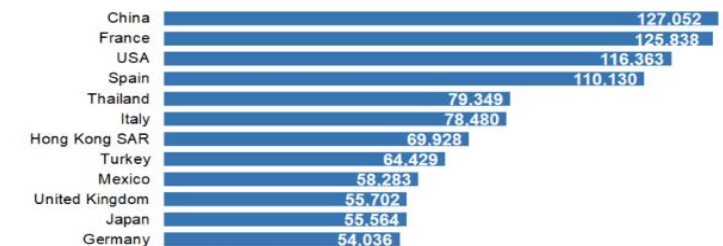


### WebBeds is well positioned to capture the upswing

- **Sales teams** are in markets where next wave of travellers are coming from
- **Hotel contracting and sourcing teams** are in key destinations where travelers will be going

### Where travellers will be going...\*

These will be the world's biggest tourist destinations in 2030  
 Number of estimated arrivals in 000s, based on the Megatrends Shaping the Future of Travel report



Source: Euromonitor International

China will overtake France to become the biggest tourist destination by 2030

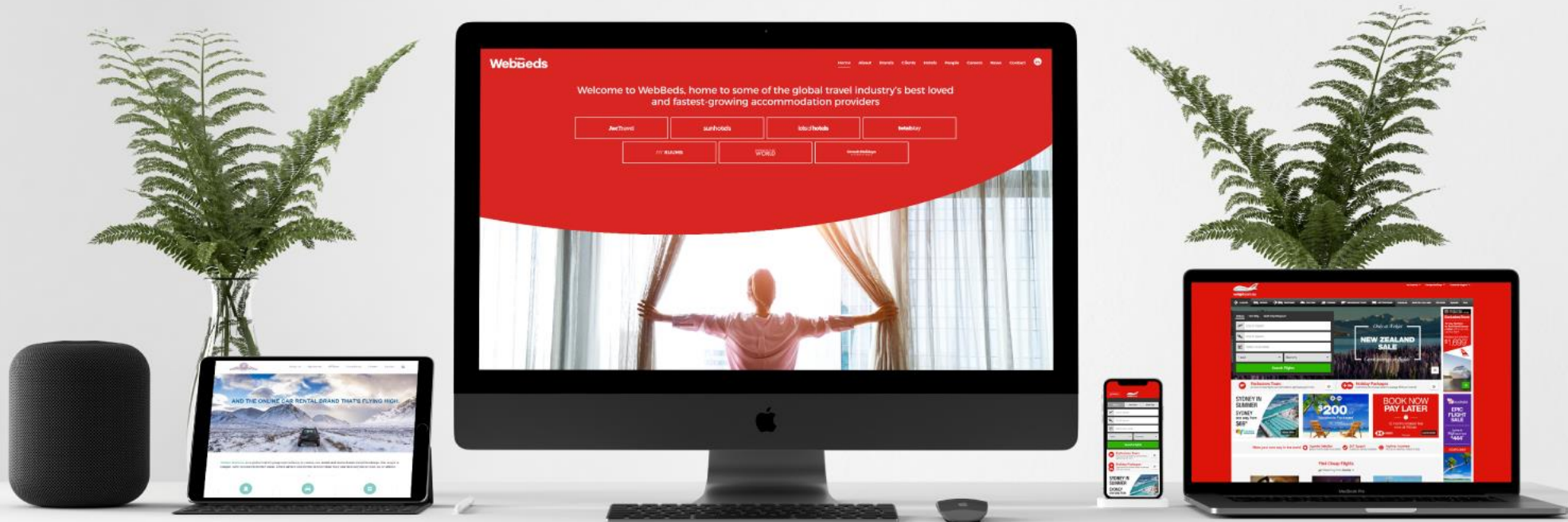
Image: Euromonitor International

\* Source: Euromonitor International

**Webjet Limited**

**FY20**

# Outlook & Guidance



**Webbeds**



# WebBeds

**WebBeds is a leading global industry player and we expect it to continue to outperform.**

## FY20 Outlook – WebBeds

- WebBeds<sup>(1)</sup> continues to grow TTV, revenue and EBITDA in all regions
  - **Europe** – largest market by TTV and continues to grow
  - **Asia-Pacific** – seeing significant growth and on track to deliver the most bookings by region just 3.5 years after launching
  - **Americas** – deeper penetration with key customers is driving strong bookings growth
  - **Middle East & Africa (MEA)** - continues to take share as the #1 player
- We continue to see significant improvement in EBITDA margins and remain on track to deliver our profitability target of “8/4/4” <sup>(2)</sup> by FY22
- Rezchain (our industry leading blockchain solution) continues to deliver efficiencies and is helping to reduce costs
- On 4 November 2019, we launched Rezchain as a commercial product to the travel industry. We already have a pipeline of potential customers

(1) Excludes Thomas Cook prior and current year contribution

(2) 8% revenue/TTV and 4% costs/TTV to drive 4% EBITDA/TTV





[webjet.com.au](http://webjet.com.au)

**Flight market  
challenging  
but we expect  
Webjet OTA  
to outperform  
the market.**

## **B2C Market Update – Webjet OTA**

### **The flight market continues to be challenging**

- FY20 YTD continues to be a challenging travel market with the overall flight market growing at around 1% over pcp
  - Domestic flight market is down, driven by reduced capacity and weaker consumer travel sentiment
  - International flight market is moderately up

### **We expect Webjet OTA to continue to outperform the market**

- Webjet OTA continues to outperform the market with above market bookings growth
- Since inception, Webjet has focused on building a brand and delivering superior customer service
- Brand marketing is our primary driver of customer acquisition, supplemented with limited third party acquisition channels
- We continue to deliver enhancements and increased personalisation to our offerings
  - Apple Pay/Android Pay added to Webjet Apps
  - Mix'n'Match airlines on dynamic packages; Bundle'n'Save for car hire
  - Enhanced the “Change my booking” to improve customer experience



**Ongoing strategy to increase TTV margins and we expect FY20 EBITDA to be in line with FY19.**

## **B2C Market Update – Online Republic**

**We expect Online Republic FY20 EBITDA to be in line with FY19**

- We continue to focus on our strategy to increase TTV margins and reduce acquisition costs
- We have hired a new leadership team and are restructuring the business to help deliver a scalable global platform and drive greater efficiencies across all 3 divisions
- Cars and Motorhomes are both performing well, and continue to grow
- Cruise continues to be impacted by reduced capacity and loss of share. We have initiated a turnaround strategy and are evaluating technology and product enhancements to drive growth. We continue to assess the performance of this business
- 1H20 EBITDA expected to be less than 1H19 due to restructuring costs. FY20 EBITDA expected to be in line with FY19

## EBITDA guidance FY20 and 1H20.

### FY20 Guidance – Webjet Limited

**FY20 underlying EBITDA between \$157 and \$167 million<sup>(1,2)</sup>;  
1H20 EBITDA of at least \$80 million**

- **We expect FY20 underlying EBITDA<sup>(2)</sup> to be:**
  - \$157 to \$167 million<sup>(1)</sup>, an increase of approximately 26-34% over FY19
  - Represents approximately 16-23% organic EBITDA growth
- **We expect 1H20 EBITDA to be at least \$80 million, up from \$58 million in 1H19**
- **1H20 EBITDA expected to be driven by:**
  - Continued strong momentum from WebBeds with at least 25% organic EBITDA growth, with improved EBITDA margin
  - 1-5% EBITDA growth from Webjet OTA
  - 1H20 EBITDA for Online Republic expected to be less than 1H19 due to restructuring costs. FY20 expected to be in line with FY19
- **Corporate costs expected to grow 5-10%**
- **On track to significantly reduce Receivables over 180 days**
  - \$42.5 million as at 30 June 2019; \$25 million as at 31 October 2019
  - Expected to continue to improve over the remainder of FY20
- **FY20 operating cash conversion<sup>(3)</sup> expected to be in line with 95-110% target**

1) FY20 underlying EBITDA guidance range is \$162-\$172 million following application of AASB 16 Leases

2) Underlying EBITDA excludes one off revenues and costs

3) Based on Statutory EBITDA



**Webjet** Limited

**Thank you.**



**Webjet** Limited

2019 Webjet Limited AGM

# Appendix.

## Change in presentation of Cashflow Statement

In the FY19 financial statements, we moved from a direct method to indirect method with respect to presentation of the cashflow statement. Both indirect and direct methods are accepted under International and Australian accounting standards.

To assist shareholders who prefer the direct method for cashflow statement, we have set out cashflows from operating activities using the direct method.

Webjet considers the indirect method the more appropriate way to present cashflows for its business due to WebBeds customers and suppliers who use the Annual Report being more accustomed to the indirect method. Changing the cashflow presentation to an indirect method makes the cashflow statement more relevant, understandable and comparable to other similar businesses in the industry, which is important in facilitating the negotiation of customer and supplier terms.

### Net cash flows from operating activities (using direct method) <sup>1</sup>

	2019	2018
	\$m	\$m
Receipts from customers	2,228.9	1,380.0
Payments to suppliers and employees	(2,158.4)	(1,247.5)
Net finance cost and investment income paid	(12.5)	(5.1)
Income tax paid	(12.3)	(6.6)
<b>Net cash flows from operating activities</b>	<b>45.7</b>	<b>120.8</b>

### Additional disclosure required in the Notes to the financial statement <sup>1</sup>:

	2019	2018
	\$m	\$m
Profit for the period	60.3	41.5
Adjusted for:		
Depreciation	36.0	22.0
Share based payments expense	1.8	1.3
Change in operating assets and liabilities:		
(Increase)/decrease in trade debtors and other receivables	(12.7)	(44.8)
(Decrease)/increase in trade payables and accruals	(41.8)	90.3
(Increase)/decrease in deferred tax and income tax payable	2.1	10.5
<b>Net cash flows from operating activities</b>	<b>45.7</b>	<b>120.8</b>

(1) This information is unaudited

## Description of Continuing Operations

Statutory Result	Continuing Operations
<ul style="list-style-type: none"> <li>FY19 includes 7 months of DOTW, acquisition and integration costs (\$15.2M), reduction in earnout liability (\$18.5M) and debt establishment costs of \$0.5M associated with DOTW acquisition, and software write-off of \$4.9M</li> <li>FY18 includes 10 months of JacTravel, acquisition costs of \$1.1M and debt establishment costs of \$0.6M associated with JacTravel acquisition</li> </ul>	<ul style="list-style-type: none"> <li>FY19 excludes acquisition and integration costs (\$15.2M), reduction in earnout liability (\$18.5M) and debt establishment costs of \$0.5M associated with DOTW acquisition, and software write-off of \$4.9M</li> <li>FY18 excludes acquisition costs of \$1.1M and debt establishment costs of \$0.6M associated with JacTravel acquisition</li> </ul>