

# AGM: Chairman's Address – Roger Sharp

Welcome to the Webjet FY19 Annual General Meeting. I'll briefly recap on the 2019 financial year then pass on to our Managing Director John Guscic for a more fulsome commentary on FY19 and the outlook for the business.

## Financial Performance

In FY19 Webjet continued to deliver strong increases across all key metrics.

Customers made 5.5 million travel bookings with us across the globe during the year, generating nearly \$4bn in TTV. Revenues were \$366.4m, Continuing EBITDA was \$124.6m and net profit after tax was \$81.3m before acquisition amortisation. Continuing earnings per share were 63.3 cps (before AA), up 31% on the prior year, and your company paid a full-year dividend of 22 cents per share, up 10% over the previous year. We are proud of these results.

In just over 6 years since it was first launched, through a mix of organic growth and acquisitions, WebBeds has now become the company's largest business. In FY19 it accounted for approximately 56% of Group TTV, 50% of Group revenue and 48% of Group EBITDA (before corporate costs). This business is scaling well and has both a global footprint and an intrinsic value that is recognised by a legion of customers, suppliers and partners.

In FY19, the Webjet OTA accounted for approximately 36% of Group TTV, 41% of Group revenue and 43% of Group EBITDA (before corporate costs). The business performed admirably in some of the toughest consumer headwinds it has ever faced, continuing to grow at around two times the Australian travel market.

Our Online Republic business was impacted during the year by the Christchurch incident in March. As we look to drive more profitable growth in that business, we are delighted to welcome Lindsay Cowley as CEO.

As ever, these results reflect the strategic and operational focus of your management team and board as we continue to navigate through a competitive and sometimes volatile global travel industry.

## Thomas Cook

After balance date Thomas Cook, a major customer of our WebBeds business, collapsed. This is likely to cost us around \$44m in receivables that we will not recover, and a \$7m dent in our EBITDA expectations for FY20. We were of course dismayed by this development. We had been working closely with Thomas Cook and note that right until a few days before its demise, the Chinese conglomerate Fosun was set to recapitalise the business in a very public restructuring. Unfortunately, that didn't eventuate.

This time last year and again in the Company's 2019 annual report I remarked that Webjet maintains a conservative balance sheet so that we are both relatively insulated against unforeseen conditions, and have the capacity to pursue new opportunities as they come along. This approach combines well with the leadership team's relentless focus on cash conversion, and in light of the Thomas Cook collapse, was clearly the right approach.

In preparing my address I traced back to 2012, when we announced the establishment of Lots of Hotels, our first WebBeds business. This start-up, based in Dubai, required somewhat of an act of faith on your Board's part. Yet in just over 6 years since it started trading, WebBeds has transitioned from start-up to a global business, delivering \$2.2bn in TTV and \$67.3m of EBITDA in 2019. We are confident that the best is yet to come.

Rarely in corporate life is growth like this linear or without risk. Clearly the Thomas Cook collapse was unexpected but we remain undeterred and believe that buying the 3,000 hotel contracts from Thomas Cook was the right strategy and it has provided a major cornerstone of our B2B business.

## Governance

Our governance and focus on Corporate Social Responsibility continues to evolve.

The Company implemented a new Corporate Social Responsibility Statement during the year that can be seen on our investor website – [www.webjetlimited.com](http://www.webjetlimited.com).

We have also starting work on the Company's first Sustainability Report. Sustainability encompasses a variety of factors including diversity, data security and the environment. All of these themes are central to both our thinking at Webjet, and to our sustainability as a business. I'll spend a few minutes covering them.

**Diversity:** Webjet is not just geographically diverse; its people are incredibly diverse. Our workforce comprises more than 50 different nationalities and we are proud that 53% of all global employees at Webjet, 30% of the senior management team and a third of our Directors are women. We recently joined the 30% Club whose target is to ensure greater female representation in the board room.

**Data security:** This year we significantly enhanced our systems and processes to keep our customers' data safe and secure. We live in an environment where incursions in the online world are a daily event. During the year, and since, we have upgraded security protocols, retained specialist experts, recruited and trained our people extensively. It's an ongoing process that reflects the reality of modern business, which is that you must be prepared.

**Environmental impact:** The environment and climate change are important topics both as a business and for our customers. We have implemented environmentally sustainable practises throughout our business. We also recognise that travellers are increasingly seeking ways to minimise their carbon footprint. While we don't operate the equipment that creates a carbon footprint, it is within our power to give our customers the tools to make the best choices, so we are adding carbon offsets to the products we sell to consumers. Buying an offset will provide our customers the option of paying a little extra on their trip to take remedial steps.

## Acknowledgments

A year ago at last year's AGM I thanked the broader Webjet team on behalf of your Board – our developers who write code, our digital marketers, our brand experts, our customer service teams, our hotel team, our finance teams - wherever you are, in Australia, in New Zealand, in Asia, in the Middle East, in Africa, in the Americas and in Europe. Together you're the heartbeat of Webjet.

The Board is repeating the message this year because we want to acknowledge the efforts of every single one of our 2,100 team members across the world who contributed to a great FY19 result and who are all part of this exciting journey. It could not happen without them.

The year was of course once again ably led by John Guscic and the talented senior leadership team at Webjet. I'd also like to make a personal acknowledgment to my fellow directors, who more often than not have spent evenings, weekends and often holidays on conference calls working through our expansion plans and acquisitions. This business doesn't grow by accident: it has a very live and dynamic culture and even though we are a substantially larger company today than even five years ago, we don't see the culture, the growth rate or the pace changing.

I'll now pass over to John, who will present on Webjet's strong financial performance in FY19, and the outlook for FY20.

**Roger Sharp**

20 November 2019