RECORD PROFIT
NPAT UP 146%
NPAT (CONTINUING OPERATIONS) UP 58%

Webjet Limited today announced results for the full year to 30 June 2017. Adopting our auditor's accounting treatment for the Thomas Cook agreement, the table below shows statutory unaudited results and results reflecting continuing operations (excluding Zuji and one-offs). The table also shows underlying performance, recognising Thomas Cook revenue for continuing operations:

	Statutory Result				Continuing Operations (1) (2)				Underlying Performance (Inc TC) (1) (2)			
	FY17	FY16	Incr / (Decr)		FY17	FY16	Incr / (Decr)		FY17	FY16	Incr / (Decr)	
	$m	$m	$m	%	$m	$m	$m	%	$m	$m	$m	%
TTV	2,043	1,630	413	25.3%	1,950	1,437	513	35.7%	1,950	1,437	513	35.7%
Revenue	234.9	154.5	80.3	52.0%	188.8	137.6	51.2	37.2%	199.8	137.6	62.2	45.2%
EBITDA	69.9	36.6	33.2	90.7%	51.0	36.3	14.6	40.3%	62.5	36.3	26.2	72.0%
EBIT	61.7	30.6	31.0	101.4%	44.1	30.3	13.8	45.4%	52.4	30.3	22.1	72.9%
PBT	61.6	30.1	31.5	104.6%	44.0	29.8	14.2	47.6%	51.8	29.8	22.0	73.8%
NPAT	52.4	21.3	31.2	146.6%	33.1	21.0	12.2	58.0%	40.9	21.0	19.9	95.2%
EPS (cents)												
- Basic	53.8	26.2	27.6	105.5%	34.0	26.2	7.8	29.8%	42.2	26.2	16.0	61.3%
- Diluted	52.9	25.8	27.1	105.1%	33.4	25.8	7.6	29.6%	41.5	25.8	15.7	61.0%
Margins												
Revenue Margin	11.5%	9.5%	21.3%		9.7%	9.6%	1.1%		10.2%	9.6%	7.0%	
EBITDA Margin	29.8%	23.7%	25.5%		27.0%	26.4%	2.2%		31.3%	26.4%	18.4%	
Marketing % TTV	1.7%	1.8%	(7.5%)		1.5%	1.8%	(16.1%)		1.5%	1.8%	(16.1%)	
Marketing % Revenue	14.5%	19.0%	(23.8%)		14.7%	19.2%	(23.5%)		13.9%	19.2%	(27.6%)	
Effective Tax Rate	14.9%	29.4%	(49.3%)		24.8%	29.7%	(16.7%)		21.0%	29.7%	(29.2%)	

(1) Continuing operations exclude Zuji, proceeds from sale of Zuji and one-off adjustments including change in accounting treatment for Exclusives now acting as principal, termination of car hire contract, performance rights and related incentives
(2) For comparative purposes, FY17 revenue excludes $16.2 million revenue attributed to Webjet Exclusives now acting as principal

Key highlights during the year were:

- The ongoing growth of the Webjet OTA business with flight bookings growing at more than 6 times the underlying market
- The completed integration of Online Republic resulting in a 25% EBITDA improvement during the year
- $28.0 million gain on sale of Zuji allowing us to focus on the higher growth B2B opportunities in the Asian market
- Building out global coverage of our WebBeds B2B business with the strategic sourcing partnership with Thomas Cook and the launch of FIT Ruums into the Asian market
- After year end, the acquisition of JacTravel makes WebBeds the #2 player in the global B2B market and the #2 player in the important European market

Commenting on the board's decision to adopt our auditor's accounting treatment for the Thomas Cook agreement, Webjet Ltd's Chairman Roger Sharp said

"On 28 July 2017 Webjet advised the ASX of a disagreement with its auditor relating to the technical accounting treatment of its agreement with Thomas Cook. This matter would ordinarily have been resolved during completion of the FY17 audit. However, at the time BDO notified Webjet of its change in approach, Webjet was close to signing a binding agreement to acquire JacTravel. The circumstances provided Webjet and BDO with insufficient time to reconcile their positions prior to Webjet announcing the JacTravel acquisition, hence the Webjet Board of Directors felt compelled to disclose the disagreement to ensure that the market was fully informed before launching its recent capital raising (which was heavily subscribed).

Since then Webjet has worked closely with its advisors and with ASIC to resolve the most appropriate way to account for this transaction. Webjet has decided to adopt BDO's treatment on grounds that Webjet's leadership team is better engaged in focusing on executing its growth strategy and integrating JacTravel without the distraction of a protracted debate over a technical accounting matter that has no bearing on future cash flows or the economics of the Thomas Cook agreement (and indeed, which will only apply for a transitional period through June 2019).

Given the resources dedicated and time required to work through this issue there was insufficient time to obtain a full audit sign-off prior to 31 August and therefore the results we are releasing today are unaudited. We understand the numbers contained herein and in the accompanying Appendix 4E will receive an unqualified audit opinion. The Annual Report will follow in due course."

Commenting on the result, John Guscic, Webjet Ltd's Managing Director said

"I am delighted with the outstanding performance from both our B2C and WebBeds B2B divisions during the year. The continual market share growth that the Webjet OTA continues to deliver is a credit to the team in its ability to be agile and responsive to market needs. Online Republic is meeting our high expectations and we continue to be delighted with the purchase and the valuable contribution of the management team.

The B2B business had a phenomenal year. Bookings growth in all markets demonstrates the importance of building a global business able to deliver deep inventory at attractive prices to a wide range of customers. If not for the technical accounting dispute, we would be reporting $11.9 million EBITDA from B2B, even after expensing more than $3 million associated with the launch of Fit Ruums."

B2C – LEADING ONLINE CONSUMER TRAVEL BRANDS

Continuing operations for the B2C business reported significant growth driven by market share gains by Webjet OTA and the first full year contribution of Online Republic.

- Bookings 1.85 million, up 43.6%
- TTV $1.5 billion, up 34.5%
- Revenue $151.2 million, up 41.8%
- EBITDA $58.1 million, up 50.3%

Webjet

Webjet bookings were up 11.4% to 1.40 million and TTV was up 15.3% to $1.14 billion. We continue to gain market share in both domestic and international flight markets, with flights bookings up 12.7%, more than 6 times the underlying market growth. Packages bookings were up 38.2%, while hotels bookings fell 21.1%, in line with our strategic decision to focus on flights and Packages and no longer actively promote stand alone B2C hotel offerings.

Webjet EBITDA was up 14.3% to $43.1 million. Enhanced product offerings in Packages, Exclusives and Ancillary product ranges are all playing a role in driving growth. A focus on user experience, superior customer service, merchandising content for carriers and broadened payment options are driving increased visitation and conversion. As a result, Revenue/ TTV margins increased notwithstanding the loss of $5 million in credit card surcharge revenue.

Online Republic

Online Republic is now fully integrated and meeting acquisition projections after the first full year of ownership. Bookings were up 28% to 446,000 and TTV was up 22% to $267 million (based on pre-acquisition numbers) with strong performance from both Cars and Motorhomes. We also successfully completed the transition of the Webjet OTA car hire business to the Online Republic platform and performance is exceeding expectations. Cruise bookings had marginal growth of 3% due to challenging weather events in 2H17 which impacted sales, although we have seen demand pick up since May 2017.

Zuji

In November 2016, we sold the Zuji business to Uriel Holdings Limited, a Hong Kong based travel technology company for $56.0 million, which represented a $28.0 million gain on sale.

B2B WEBBEDS – DIGITAL PROVISION OF HOTEL ROOMS TO GLOBAL PARTNERS

As a result of adopting BDO's treatment, the fixed management fee received by Sunhotels during the transition period will not be recorded as revenue. In addition, all costs incurred by Sunhotels in preparation for taking over the majority of Thomas Cook's complimentary hotel business volume will be expensed during the year. This adjustment has a direct flow-through impact on the statutory reported revenue and EBITDA result for the WebBeds B2B business.

Statutory results for WebBeds B2B business reflect the impact of this accounting treatment:

- Bookings 726,000, up 49.4%
- TTV $482 million, up 39.5%
- Revenue $37.6 million, up 21.3%
- EBITDA $0.4 million, down 89.7% - which is after expensing $3.8 million costs associated with the launch of FIT Ruums and significant operating costs associated with the delivery of our obligations under the Thomas Cook agreement

Underlying performance which recognises Thomas Cook revenue for the continuing operations was as follows:

- Bookings 726,000, up 49.4%
- TTV $482 million, up 39.5%
- Revenue $48.7 million, up 56.9%
- EBITDA $11.9 million, up 247.7%, after expensing $3.8 million costs associated with the launch of FIT Ruums

Lots of Hotels

Lots of Hotels (LOH) benefited from the turnaround in economic conditions in the Middle East. Bookings were up 70.4% to 283,000, compared to market growth estimates of around 5%. Bookings in 2H17 grew 99%. TTV grew 34.3% to $217 million, reflecting overall lower average booking values (ABV) in the North American market and a fall in ABV in the Middle East. After a slow start due to longer than anticipated connection times for customers, LOH in North America is now gaining traction and we expect it to make an EBITDA contribution in FY18.

SunHotels

The Sunhotels business also reported strong growth. Bookings were up 22.5% compared to estimated market growth of around 3%. TTV grew 33.5% to $245 million. The business gained strong momentum in several important markets including retail markets in the UK, France and Switzerland, while Germany and Italy are now in the top 6 source markets.

The Thomas Cook partnership was announced in August 2016 and is proceeding on track with 800 of the 3,000 acquired direct contracts now available through the Sunhotels platform. During the transition phase while Thomas Cook restructures its back-end processes and integrates its systems with Sunhotels, we will recognise no management fee revenue. During the year, we hired 60 people to work on the Thomas Cook integration, adding to the 10 people we hired in FY16 to manage the transition. As a result, we acquired additional premises in SunHotels' head office in Palma, Spain.

From June 2019, Sunhotels will receive a percentage of TTV sold which offers significant revenue and EBITDA potential from FY20 onwards.

Fit Ruums

During the year, we invested $3.8 million in the launch of FIT Ruums, our entry strategy into the fast growing Asian B2B market. Key costs included hiring 48 staff and opening 10 representative offices in the region. By leveraging the WebBeds global inventory offering, Fit Ruums already has an annualised TTV run rate of over $90 million in just 8 months.

STRONG CASH POSITION

The company reported net increase in cash during the year of $61.9 million, compared to an increase of $40 million in FY16. As at 30 June 2017, our cash and equivalents sat at $178.1 million. Having completed the JacTravel acquisition in which we used around $45 million of cash, we continue to have a strong balance sheet with significant cash reserves to pursue attractive growth opportunities.

OUTLOOK

Commenting on the outlook, Mr Guscic said

> "Going forward, our strategy is to grow market share in each of the markets in which we operate. To do so means we need to grow faster than the underlying market. Average booking values in both B2B and B2C markets are driven by market conditions over which we have little control and therefore TTV growth targets are a limited metric by which to exclusively measure performance. We believe bookings growth is a more meaningful metric to measure our performance and is driven by providing outstanding service, offering superior technology, highly effective sales and marketing teams and having competitively priced inventory – all of which are key focuses for our businesses.

We believe we are well positioned for ongoing bookings growth as the B2C market continues to shift online and we continue to focus on improving visitations and conversions. We expect our global WebBeds business to benefit from the network effect from increasing global inventory offerings. Together with our low cost, multi-supply aggregation strategy model, we believe we can continue to offer the greatest breadth and depth of inventory at competitive prices to our B2B customers.

Over the past 3 years, the company has reported total bookings CAGR of 36% and organic bookings CAGR of 26%, highlighting our ability to deliver strong organic growth. Going forward into FY18, we are targeting 3 year bookings growth targets that reflect our strategy to grow share. These are:

- 3 year B2C bookings growth target - more than 3 times the underlying market growth rate
- 3 year B2B bookings growth target - more than 5 times the underlying market growth rate"

DIVIDEND

In commenting on the final dividend, Mr Sharp said

"We have chosen to increase our final dividend by 25% to 10 cents due to the strong improvement in core earnings in FY17, the strong earnings outlook for FY18 and to emphasise that the Thomas Cook technical accounting issue has no impact on future cash flows. Webjet remains firmly of the view that the Thomas Cook agreement will deliver significant long-term value, regardless of accounting treatment."

Roger Sharp
Chairman

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