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# ACQUISITION OF ONLINE REPUBLIC AND CAPITAL RAISING



**John Guscic**  
Managing Director

**Michael Sheehy**  
Chief Financial Officer

6 June 2016

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- Eligible institutional shareholders of Webjet ("Institutional Entitlement Offer"); and
- Eligible retail shareholders of Webjet ("Retail Entitlement Offer"),

under section 708AA of the Corporations Act 2001 (Cth) ("Corporations Act"), as notionally modified by the Australian Securities and Investments Commission ("ASIC") Legislative Instrument 2016/84 (together, the "Entitlement Offer").

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Investors should note that this presentation includes unaudited financial information for Online Republic that has been prepared by Online Republic management (for the historic period ending 31 March 2016) and has been adjusted by Webjet management based on their due diligence. Pro-forma adjustments have been made in order to exclude one-off transaction costs associated with the Entitlement Offer and Acquisition. Investors should note that this information has not been audited and is based on management estimates and not on financial statements prepared in accordance with applicable statutory requirements. Accordingly, investors should treat this information with appropriate caution.

Financial information in relation to the assets to be acquired pursuant to the Acquisition has been derived from unaudited financial statements and other unaudited financial information made available by Online Republic in connection with the Acquisition. Such financial information does not purport to comply with Article 3-05 of Regulation S-X of the rules and regulations of the US Securities and Exchange Commission. In addition, the pro forma financial information for Webjet following the acquisition of Online Republic is provided for illustrative purposes only and does not purport to comply with Article 11 of Regulation S-X. Investors should also note that Webjet's results are reported under Australian International Financial Reporting Standard ("AIFRS").

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# Summary key messages

- 1 Acquisition of Online Republic, a market leading B2C business based in New Zealand with over NZ\$200 million in total transaction value
- 2 Leverages Webjet's core capabilities into the attractive online car rental, motorhome and cruise segments
- 3 Acquisition price of 7.0x FY16 pro-forma EBITDA<sup>(1)</sup> and estimated to be double-digit EPS accretive in FY16 on a pro-forma basis<sup>(2)</sup>, before synergies
- 4 Senior management of Online Republic to be retained, with vendors to receive Webjet shares for 22% of the purchase price
- 5 Online Republic's earnings growth expected to be consistent with Webjet's B2C EBITDA CAGR target, enhanced over time with the benefit of Webjet's distribution and synergies

(1) Based on pro-forma EBITDA for the 12 months to 31 March 2016, as set out in the unaudited Online Republic management accounts, adjusted by Webjet based on their due diligence

(2) Based on the 12 months to 30 June 2016 for Webjet and the 12 months to 31 March 2016 for Online Republic. Calculation before amortisation of intangibles related to the acquisition and one-off transaction costs



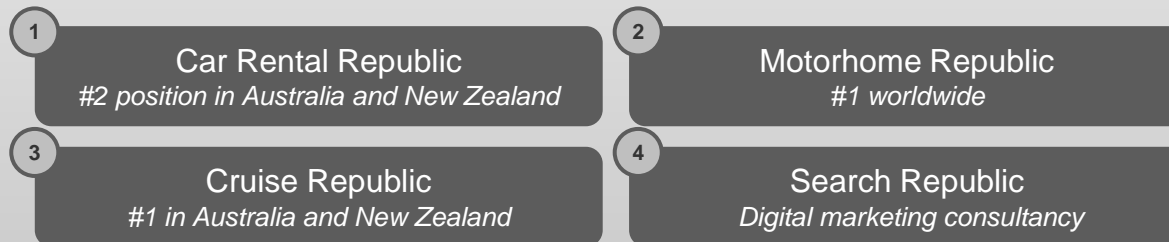
# Transaction overview

## Acquisition of Online Republic



## Strategic rationale for acquisition

- Webjet has entered into a binding agreement to acquire Online Republic for NZ\$85 million, implying 7.0x pro-forma FY16 EBITDA<sup>(1)</sup>
- Online Republic is a global travel e-commerce group operating four key divisions<sup>(2)</sup>



- Online Republic generates annual total transaction value in excess of NZ\$200 million and EBITDA of NZ\$12 million<sup>(1)</sup>
- Acquisition is estimated to be double-digit EPS accretive in FY16 on a pro-forma basis<sup>(3)</sup>, before synergies

- Online Republic is a market leader in the attractive online car, motorhome and cruise segments
- Highly complementary to Webjet's existing portfolio, leveraging core capabilities into new travel and leisure segments
- Opportunity to accelerate Online Republic's growth globally
- Further strengthens Webjet's OTA leadership in Australasia

(1) Based on pro-forma EBITDA for the 12 months to 31 March 2016, as set out in the unaudited Online Republic management accounts, adjusted by Webjet based on their due diligence  
(2) Online Republic management estimates based on booking numbers for OTAs that operate only online  
(3) Based on the 12 months to 30 June 2016 for Webjet and the 12 months to 31 March 2016 for Online Republic. Calculation before amortisation of intangibles related to the acquisition and one-off transaction costs

# Transaction overview (cont'd)

## Acquisition terms

- Purchase price of NZ\$85 million (approximately A\$79 million<sup>(1)</sup>)
- Customary post completion adjustments
- Represents 7.0x pro-forma FY16 EBITDA<sup>(2)</sup>

## Funding

- ~A\$17 million of new Webjet shares issued to the vendors
  - 22% of purchase price, demonstrating alignment of interests of vendors and Webjet
- ~A\$72 million accelerated non-renounceable entitlement offer
  - ~A\$8 million net cash from entitlement offer to fund future opportunities

## Expected financial impact

- Estimated double-digit EPS accretion in FY16 on a pro-forma basis<sup>(3)</sup>, before synergies
- Equity funding intended to ensure continued balance sheet strength and capacity to pursue further opportunities

## Other

- ~A\$8 million in cash consideration is to be held in escrow for 8 months post completion to satisfy any warranty claims
- Vendor share placement to be escrowed for 15 months (also available for warranty claims)<sup>(4)</sup>
- Acquisition is unconditional with completion expected to occur on Tuesday 21 June 2016
- Existing senior management of Online Republic to remain in place, including Vaughan Magnusson as CEO, founder Mike Ballantyne as a brand and digital adviser and other members of the senior management team in their current roles

(1) Purchase price FX conversion assumes 1 June 2016 spot NZD:AUD of 0.93

(2) Based on pro-forma EBITDA for the 12 months to 31 March 2016, as set out in the unaudited Online Republic management accounts, adjusted by Webjet based on their due diligence

(3) Based on the 12 months to 30 June 2016 for Webjet and the 12 months to 31 March 2016 for Online Republic. Calculation before amortisation of intangibles related to the acquisition and one-off transaction costs

(4) Subject to early release to allow a compulsory acquisition following a takeover offer or pursuant to a court ordered scheme of arrangement



# Overview of Online Republic

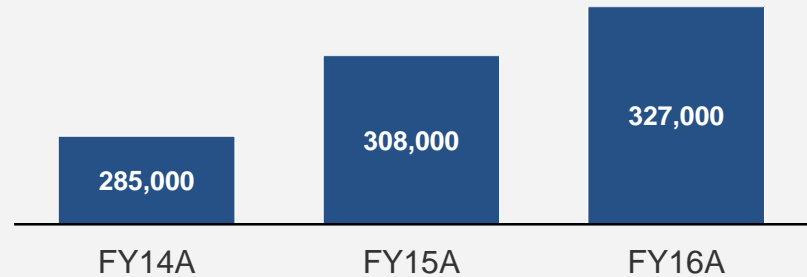


- Global travel e-commerce group operating four key divisions:

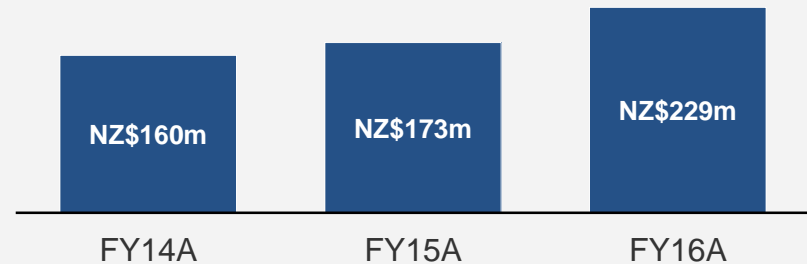


- Co-founded in 2004 by Mike Ballantyne and his late brother Paul Ballantyne
- Headquartered in Auckland
- Employs 140 staff across New Zealand, Australia, China and the Philippines
- Proprietary in-house technology development

## Growth in bookings<sup>(1)</sup>



## Growth in TTV<sup>(1), (2)</sup>



(1) 31 March financial year end, based on unaudited Online Republic management accounts, adjusted by Webjet based on their due diligence

(2) TTV is total transaction value, a measure of the value of transactions processed via Online Republic's websites





# Overview of Online Republic (cont'd)



## Leadership positions in attractive online leisure segments

#2 in Car Rental – Aus/NZ<sup>(1)</sup>

**Airport** rentals.com

**NZ\$83m**

TTV p.a. (2016<sup>(2)</sup>)

- #2 online rental car booker in Australia and New Zealand<sup>(1)</sup>
- Established 2004
- Contracted with all major suppliers (globally)
- 266,000 bookings last year
- Supported in 7 languages

#1 in Motorhomes – worldwide<sup>(1)</sup>

**Motorhome Republic**

**NZ\$57m**

TTV p.a. (2016<sup>(2)</sup>)

- #1 online motorhome agent worldwide<sup>(1)</sup>
- Established 2006
- Contracted with all major suppliers (globally)
- 26,000+ bookings last year
- Strong affiliate partners
- Growing presence in North American and European markets
- Australasia forms backbone by source and destination
- Supported in 8 languages

#1 in Cruise- Aus/NZ<sup>(1)</sup>

**Cruise Sale Finder**.com.au

**NZ\$87m**

TTV p.a. (2016<sup>(2)</sup>)

- Australia and New Zealand's leading online cruise agency<sup>(1)</sup>
- Established 2008
- Cruise Republic is licensed to sell cruises to Australian and NZ residents for global cruise destinations
- 28,000 bookings last year
- 35% of purchasers were repeat bookers in 2015

Search Republic

**Search Republic** The Science of Search.

**NZ\$1 m**

Revenue p.a. (2016<sup>(2)</sup>)

- High-end digital marketing consultancy, specialising in search engine optimisation, website optimisation and analytics
- Established 2013
- Achieved excellent results for a wide range of clients including Online Republic brands, a major bank, and a number of retailers and e-commerce players

(1) Online Republic management estimates based on booking numbers for OTAs that operate only online

(2) 31 March financial year end, based on unaudited Online Republic management accounts, adjusted by Webjet based on their due diligence



# Strategic rationale for acquisition

The transaction will strengthen Webjet's position as Australasia's leading OTA

1

## Online Republic is a market leader in the attractive online car, motorhome and cruise segments

- Leadership positions in car rental, motorhome and cruise
- Solid financial performance derived from strong underlying bookings and TTV growth

2

## Highly complementary to Webjet's existing portfolio, leveraging core capabilities into new travel and leisure segments

- Expands product offering in car rental and cruise segments
- Enables Webjet to enter the high growth motorhome rental market
- New segments to enhance yield and margin profile

3

## Opportunity to accelerate Online Republic's growth globally

- Utilises Webjet's marketing and branding expertise to drive improved consumer branding
- Opportunity to drive market share gains across segments with Webjet's significant scale
- Development of a common B2B agency management portal across all categories
- Expands Online Republic's global distribution through Webjet's B2B travel agency based distribution network

4

## Further strengthens Webjet's OTA leadership in Australasia

- Broadens Webjet's product offering to align with traveller activity



# Webjet's intentions for Online Republic

Online Republic's brands will remain independent within the broader Webjet Group

## Integration

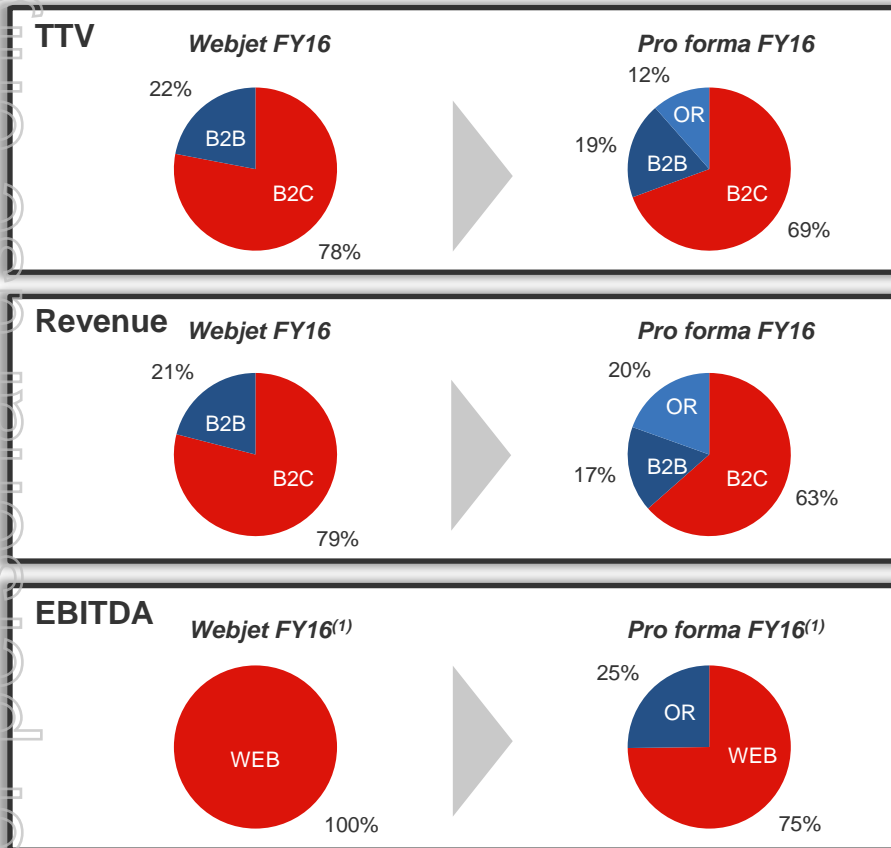
- Webjet has an existing commercial partnership with Online Republic in the cruise segment reducing integration risk
- Online Republic brands will continue to function under the same brand and existing management within the expanded Webjet Group
- Fulfilment systems and websites will continue to be managed and developed by Online Republic
- Leverage shared IT infrastructure
- Migration to Webjet's core financial system

## Operational impact

- Webjet plans to focus on several key areas of Online Republic's business in order to capitalise on and grow the combined group's market and customer base, including:
  - utilising Webjet's existing relationships, scale and expertise to drive increased turnover for each of the Online Republic brands
  - cross-selling Online Republic's product portfolio to Webjet's customer base
  - using Webjet's marketing expertise to build-out each of Online Republic's brands across Australasia

# Illustrative financial impact

The acquisition will enhance and diversify Webjet's existing product offering



- Broader TTV exposure to reflect traveler profile
- Online Republic revenue growth expected to be enhanced over time with the benefit of Webjet's platform
- Expanded product range with a higher average TTV and EBITDA margin than Webjet's existing business
- Acquisition estimated to deliver double-digit EPS accretion in FY16 on a pro-forma basis<sup>(2)</sup>, before synergies
- Net cash position retained to provide Webjet with funding flexibility to pursue attractive growth opportunities

(1) Webjet EBITDA based on FY16 guidance of A\$33.5m; Online Republic financials based on 31 March financial year end, as set out in the unaudited Online Republic management accounts, adjusted by Webjet based on their due diligence. Online Republic financials have been converted from NZD to AUD at the average FY16 FX rate of 0.92

(2) Based on the 12 months to 30 June 2016 for Webjet and the 12 months to 31 March 2016 for Online Republic. Calculation before amortisation of intangibles related to the acquisition and one-off transaction costs



# Funding the acquisition

	Entitlement Offer	Vendor Share Placement
Structure and size	<ul style="list-style-type: none"> <li>Fully underwritten 1 for 6.25 accelerated non-renounceable Entitlement Offer to raise ~A\$72 million</li> <li>Comprises Institutional Entitlement Offer and Retail Entitlement Offer<sup>(1)</sup></li> <li>Oversubscription facility for retail shareholders</li> </ul>	<ul style="list-style-type: none"> <li>~A\$17 million share placement to Online Republic vendors<sup>(4)</sup></li> <li>Approximately 2.8 million new shares</li> <li>Escrowed for 15 months<sup>(6)</sup></li> </ul>
Offer price	<ul style="list-style-type: none"> <li>Entitlement Offer issue price of A\$5.60 per new share                             <ul style="list-style-type: none"> <li>– 10% discount to the TERP<sup>(2)</sup> of A\$6.21 on 3 June 2016</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Issued at the TERP<sup>(2)</sup> of A\$6.21 on 3 June 2016</li> </ul>
Ranking	<ul style="list-style-type: none"> <li>New shares will rank equally with existing Webjet shares</li> </ul>	
Other	<ul style="list-style-type: none"> <li>CEO John Guscic intends to take up his entitlement and also exercise vested executive options over Webjet shares by 30 June 2016, subject to finalisation of funding arrangements</li> </ul>	

Sources of funds	A\$m <sup>(4),(5)</sup>	Uses of funds	A\$m <sup>(4),(5)</sup>
Entitlement Offer	A\$72.5m	Acquisition of Online Republic <sup>(3)</sup>	A\$79.3m
Vendor Share Placement	A\$17.1m	Funds available for other growth opportunities	A\$7.7m
		Transaction costs	A\$2.5m
<b>Total sources</b>	<b>A\$89.6m</b>	<b>Total uses</b>	<b>A\$89.6m</b>

(1) Retail shareholders must read the Retail Information Booklet which contains full information on the Retail Entitlement Offer and application process

(2) The TERP is a theoretical price at which WEB shares trade immediately after the ex-date for the Entitlement Offer and prior to the Vendor Share Placement. TERP is calculated by reference to WEB's closing price of A\$6.31 on 3 June 2016

(3) The purchase price is subject to post completion adjustment for working capital and net debt as at 1 June 2016

(4) Purchase price FX conversion assumes 1 June 2016 spot NZD:AUD of 0.93

(5) Numbers in the sources and uses table are subject to the effects of rounding

(6) 0.2 million new shares will not be subject to escrow. The balance are escrowed and are subject to early release to allow a compulsory acquisition following a takeover offer or pursuant to a court ordered scheme of arrangement



# Entitlement Offer timetable<sup>(1),(2)</sup>

Dates and times are subject to change without notice	Date (2016)
Trading halt and announcement of acquisition and Entitlement Offer	Monday 6 June
Institutional Entitlement Offer and Institutional Bookbuild opens	Monday 6 June (10:00am)
Institutional Entitlement Offer and Bookbuild closes	Tuesday 7 June
Trading halt lifted and announcement of results of Institutional Entitlement Offer	Wednesday 8 June
Record date under the Entitlement Offer	Wednesday 8 June (7:00pm)
Retail offer booklet despatched and Retail Entitlement Offer opens	Tuesday 14 June
Institutional Settlement Date	Wednesday 15 June
Institutional Allotment and Trading Date	Thursday 16 June
Settlement of Vendor Share Placement	Tuesday 21 June
Retail Entitlement Offer closes	Friday 24 June
Retail Allotment Date	Friday 1 July
Retail Trading Date	Monday 4 July

(1) The above timetable is indicative and subject to variation. Webjet reserves the right to alter the timetable at its absolute discretion and without notice, subject to ASX Listing Rules and Corporations Act 2001 (Cth) and other applicable law

(2) All dates and times refer to AEST



# Trading update

- Continued bookings growth and market share gains in both digital retail (B2C) and digital wholesale (B2B) divisions
- TTV growth has continued at around 28% p.a., consistent with the growth achieved in 1H16
- Performance consistent with our expectations

B2C

- We continue to track ahead of our 5 year EBITDA CAGR target of 10%+ for our B2C business
- Online Republic growth expected to be consistent with our B2C EBITDA CAGR target

B2B

- We continue to track ahead of our 5 year EBITDA CAGR target of 30% for our B2B business
  - additional investment in B2B starting to flow through

# Strategic update and conclusion

B2C

- The value and service proposition of Webjet's B2C platform is being validated with continued strong TTV growth
- Continued investment in our platform, systems and device capabilities to protect our leadership position
- Online Republic provides an additional exciting growth opportunity to leverage our B2C core capabilities

B2B

- Continuing to invest in our B2B business and grow scale given the significant global market opportunity
- We are in discussions on a potential distribution opportunity which may over the medium term significantly increase our B2B scale. There is no certainty an agreement will be reached and we will keep the market appropriately informed

Group

- Enhanced financial flexibility to pursue a number of potential opportunities globally





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# APPENDIX A

## ONLINE REPUBLIC HISTORIC INCOME STATEMENT

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# Online Republic historic income statement

NZ\$m; Mar year end <sup>(1)</sup>	2014	2015	2016 <sup>(2)</sup>
<b>TTV</b>			
Cars	66.7	71.9	83.3
Motorhomes	32.1	33.3	57.4
Cruises	60.8	66.7	87.4
Search Republic	0.7	0.8	1.1
<b>Total Turnover</b>	<b>160.3</b>	<b>172.7</b>	<b>229.2</b>
<b>Revenue</b>			
Cars	17.9	18.0	20.6
Motorhomes	5.6	7.2	11.0
Cruises	5.9	6.0	7.8
Search Republic	0.7	0.8	1.1
<b>Total Revenue</b>	<b>30.1</b>	<b>32.0</b>	<b>40.5</b>
<b>Expenses</b>	<b>(22.7)</b>	<b>(25.5)</b>	<b>(28.3)</b>
<b>EBITDA</b>	<b>7.4</b>	<b>6.5</b>	<b>12.1</b>
<b>EBIT</b>	<b>7.1</b>	<b>5.9</b>	<b>11.3</b>

(1) Based on the unaudited Online Republic management accounts, adjusted by Webjet based on their due diligence

(2) FY16 based on unaudited pro-forma Online Republic financials



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# APPENDIX B

## GLOSSARY

# Glossary of terms

A\$	Australian dollar	EV	Enterprise value
AEST	Australian Eastern Standard time	IFRS	International Financial Reporting Standards
B2B	Business-to-business	NPAT	Net profit after tax
B2C	Business-to-consumer	NZ\$	New Zealand dollar
CAGR	Cumulative annual growth rate	Online Republic or Online Republic Group	Online Republic Limited and its sibling and subsidiary entities
EBIT	Earnings before interest and tax	OTA	Online travel agent
EBITDA	Earnings before interest, tax, depreciation and amortisation	SEO	Search engine optimisation
EPS	Earnings per share	TTV	Total transaction value

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# APPENDIX C

## KEY RISKS AND SELLING RESTRICTIONS

# Key risks

## 1. Operational risks

This section discusses some of the risks associated with an investment in Webjet. Webjet's business is subject to a number of risk factors both specific to its business and of a general nature which may impact on its future performance and forecasts. Before subscribing for Webjet shares, prospective investors should carefully consider and evaluate Webjet and its business and whether the shares are suitable to acquire having regard to their own investment objectives and financial circumstances and taking into consideration the material risk factors, as set out below. The risk factors set out below are not exhaustive. Prospective investors should consider publicly available information on Webjet, examine the full content of this presentation and consult their financial or other advisers before making an investment decision.

### Competition

Given Webjet operates in a predominately online environment, it is facing significantly increased competition from existing and/or new sites and business models and the introduction of further new mobile booking apps is considered to be a risk to Webjet's market share. The fast release nature of new online technologies and development of apps could impact Webjet.

If Webjet's competitors or potential competitors become more effective, or if new competitors enter the market and Webjet is unable to appropriately respond to or counter these actions, the Company's financial performance or operating margins could be adversely affected.

Competition has also grown through internet based travel providers and metasearch businesses. In the B2B space, there could be increased competition from OTAs. This competition may adversely impact the Company's financial performance and its ability to execute its growth strategy.

If the actions of competitors or potential competitors become more effective, or if new competitors enter the market and Webjet is unable to counter these actions, the Company's financial performance or operating margins could be adversely affected or Webjet may be unable to compete successfully.

### Market risk

Webjet is exposed to changes in consumer sentiment towards Webjet itself, travel in general and across key markets. Consequently, a failure by Webjet to predict or respond to any such changes could adversely impact Webjet's future financial performance.

### Technology risk

Webjet relies heavily on information technology systems. Key systems are operated under licences and the Company's costs may increase. Licences may be terminated or not renewed. The suppliers may be subject to events, such as insolvency or technical failures, leading to temporary or permanent loss of services and systems.

Webjet makes a significant time and cost investment in its information technology and sales systems to deliver cost savings in its processes and operations to achieve increases in efficiencies. The information systems are not proprietary systems. Should these IT systems not be further developed and implemented or upgraded by suppliers when anticipated, it may negatively impact the Company's performance potential and competitive position.

An interruption, loss of or delay of the Company's internet or communication facilities or transaction processing facilities, loss or corruption of data, failure of backup and restoration procedures (including as a result of a cyber attack, malicious damage to Webjet's IT systems or fraudulent use of Webjet's data or information or breach of privacy of consumer data) or failure of back up and disaster recovery systems and plans may impact the Company's short term financial position and may have a longer term impact on client and supplier satisfaction.

In addition, any pricing ticketing errors may result in Webjet making additional payments to suppliers under Webjet's seat price guarantee.

### People risk

If not managed effectively, Webjet's ability to attract and retain key talent in its management and operational staff could have a negative effect on its reputation and performance.



# Key risks (cont'd)

## 1. Operational risks (cont'd)

### Online booking market

Webjet and Online Republic are exposed to the significant influence of Google in both search results and as a key element in the online marketing space. Notwithstanding Webjet and Online Republic's significant brand awareness and depth of product, they continue to bid aggressively for key search terms in Google in order to defend their current positions. Changes to any element in the online booking market, including changes imposed by Google, may cause Webjet and/or Online Republic's marketing costs to materially increase, which could adversely impact financial performance and position.

### Foreign exchange risk

A shift in the value of the Australia dollar, particularly against the US dollar, can impact domestic consumer spending and in turn, impact the domestic and international travel markets. Despite Webjet's strong position in online flights and accommodation, Webjet is unable to accurately predict the lead-in time or flow-on effect of any movement in the Australian dollar and impact on consumer spending.

As such, fluctuations in a number of exchange rates, including the Australian dollar / US dollar exchange rate, may adversely have a negative effect upon the financial performance and position of Webjet.

### Security

As with all e-commerce businesses, Webjet is heavily reliant on the security of its websites and associated payment systems to ensure that customers are confident of transactions online. Breaches of security could impact customer satisfaction and confidence in Webjet and could impact the financial performance of Webjet and/or its share price.

### Maintenance of professional reputation and brand name

The success of Webjet is heavily reliant on its reputation and branding. Unforeseen issues or events which place Webjet's reputation at risk may impact on its future growth and profitability, its ability to compete successfully and result in adverse effects on its future business plans.

### Supplier relationships

A key element of Webjet's business model is the strength of the relationships it has established with its suppliers. The retention of these existing suppliers and the sourcing of new suppliers is a key factor that underpins Webjet's business model. The flight-centric nature of the B2C businesses makes the relationships with key airlines of particular importance. In addition, a key selling point for consumers is Webjet's ability to provide consumers with tickets for all major airlines on its search and booking engine. Loss of any major airline as a supplier may significantly diminish the attractiveness of Webjet's search and booking engine to consumers and thereby reduce Webjet's sales.

In many cases, Webjet's suppliers (including airlines and hotels) are also direct competitors to Webjet's business. These suppliers may develop ways to direct consumer traffic to their websites and other sales points. A change in the relationship with Webjet's suppliers may adversely impact on the financial performance and position of Webjet.

Any change in commission rates payable could significantly impact margins. The quantum, compositions and proportion of commissions and incentives from airlines, hotel providers and other suppliers may change over time, impacting Webjet's business model and profitability, if it is unable to adapt.

### Diminution of customer satisfaction and loyalty

The business of Webjet is a customer service business and is therefore dependent on customer satisfaction and loyalty. Any diminution in customer sentiment towards Webjet may have an adverse impact on the financial performance and position of Webjet.



# Key risks (cont'd)

## 1. Operational risks (cont'd)

### Hostilities, terrorism and other external events

Webjet may be adversely impacted by international hostilities or war, acts of terrorism, epidemics or outbreaks of disease, political or social instability, natural disasters and weather effects. These events may impact upon travel to specific locations or be of generalised effect. These events may also impact airline, accommodation and other travel sales, which may have an adverse impact on Webjet's operating and financial performance and more immediate impact upon its share price.

### Government policies and regulation

Unfavourable changes to government regulation or legislation, regulatory requirements or policies/procedures including relating to consumer credit laws, the registration, operations and licensing of travel agents, consumer financing, banking policy in relation to credit cards, regulation of trade practices, competition, general consumer laws and taxation may adversely affect Webjet's business model and profitability. Webjet is also subject to the regulatory requirements of the Corporations Act, the ASX Listing Rules, ASIC and the Australian Competition and Consumer Commission and Reserve Bank of Australia policies. Changes to any such legislation, rules and regulatory requirements, or to other policies and procedures of government or other regulatory authorities, may affect Webjet, its business operations and/or financial performance or have other unforeseen implications.

### Intellectual property

Webjet's ability to leverage its innovation and expertise depends upon its ability to protect its intellectual property and any improvements to it. Intellectual property that is important to Webjet includes, but is not limited to, trade marks, domain names, its website, business names and logos. Such intellectual property may not be capable of being legally protected. It may be the subject of unauthorised disclosure or unlawfully infringed, or Webjet may incur substantial costs in asserting or defending its intellectual property rights.

### Tourism industry

Webjet's operating and financial performance is dependent on the health of the tourism industry generally. A decline in the domestic and international tourism industry, whether as a result of a particular event (such as a terrorist attack, outbreak of disease or a natural disaster, such as earthquakes and volcanic ash clouds) or economic conditions (such as a decrease in consumer and business demand), would have a material adverse effect on Webjet's operating and financial performance.

## 2. Acquisition risks

### Funding risk

The acquisition is being funded by a fully underwritten pro-rata accelerated non-renounceable entitlement offer of new shares in Webjet. The Underwriting Agreement is subject to customary termination events and if the Underwriting Agreement was to be terminated in accordance with these terms there is a risk that Webjet may not raise sufficient funds from the capital raising to complete the acquisition. If this occurs Webjet will consider other funding options or may otherwise be in breach of the relevant agreements. Webjet may seek to obtain funding by issuing additional shares or borrowing money. Any additional equity financing may be dilutive to shareholders and any debt financing, if available, may involve restrictive covenants, which may limit Webjet's operations and business strategy.

### Analysis of acquisition opportunities

Webjet has undertaken financial, business and other analysis on Online Republic Group in order to determine its attractiveness to Webjet and whether to acquire it. It is possible that despite such analysis and the best estimate assumptions made by Webjet, the conclusions drawn are inaccurate or are not realised. To the extent that the actual results achieved by the product acquisitions are different than those indicated by Webjet's analysis, there is a risk that the profitability and future earnings of the operations of Webjet may be materially different from the profitability and earnings expected as reflected in this presentation.



webjet limited



# Key risks (cont'd)

## 2. Acquisition risks (cont'd)

### Reliance on information provided

Webjet has prepared (and made assumptions in the preparation of) the financial information relating to acquisition of Online Republic Group included in this presentation in reliance on financial information and other information provided by Online Republic Group. If any of the data or information relied upon by Webjet in its due diligence process and its preparation of this presentation proves to be incomplete, incorrect, inaccurate or misleading, there is a risk that the actual financial position and performance of Webjet may be materially different to the financial position and performance expected by Webjet. Investors should also note that there is no assurance that the due diligence conducted was conclusive and that all material issues and risks in respect of the acquisition have been identified. Therefore, there is a risk that unforeseen issues and risks may arise, which may also have a material impact on Webjet.

### Integration risk

The acquisition involves the integration of the Online Republic's business, which has previously operated independently to Webjet. As a result, there is a risk that the integration of Online Republic's may be more complex than currently anticipated, encounters unexpected challenges or issues (including maintaining the current culture and entrepreneurialism of the Online Republic business) and takes longer than expected, diverts management attention or does not deliver the expected benefits and this may affect Webjet's operating and financial performance.

### Acquired liabilities

Webjet may become directly or indirectly liable for future liabilities that have been incurred in the past which were not identified during its due diligence or which are greater than expected, and for which the representation, warranties and indemnities) negotiated by Webjet in its agreement to acquire Online Republic turn out to be inadequate in the circumstances. Such liability may adversely affect the financial performance or position of Webjet post acquisition.

## 3. General risks

### Share price fluctuations

As with any entity with ordinary shares listed on the ASX, the market price of Webjet shares will fluctuate due to various factors, many of which are non-specific to Webjet, including recommendations by brokers and analysts, Australia and international general economic conditions, inflation rates, interest rates, changes in government, fiscal, monetary and regulatory policies, global geo-political events and hostilities and acts of terrorism, and investor perceptions. Fluctuations such as these may adversely affect the market price of Webjet.

### Economic Risks

Webjet is exposed to economic factors in the ordinary course of business. Factors such as changes in fiscal, monetary and regulatory policies can adversely impact Webjet's earnings. Businesses such as Webjet that borrow money are potentially exposed to adverse interest rate movements that may affect the cost of borrowing, which in turn would impact on earnings and increase the financial risk inherent in those businesses.

### Taxation

Future changes in Australian taxation laws, including changes in interpretation or application of the law by the courts or taxation authorities in Australia or other jurisdictions in which Webjet operates, may affect taxation treatment of an investment in Webjet shares, or the holding and disposal of those shares. Further, changes in tax law, or changes in the way tax law is expected to be interpreted, in the various jurisdictions in which Webjet operates, may impact the future tax liabilities of Webjet.

### Change in accounting policy

Webjet is subject to the usual business risk that there may be changes in accounting policies which impact Webjet.

### Dividends

The payment of any future dividends will be at the discretion of the Board and will depend, amongst other things, on the performance and financial circumstances of the Company at the relevant time. There can be no guarantee as to the likelihood, timing, franking or quantum of future dividends from Webjet.



# Foreign selling restrictions

This document does not constitute an offer of New Shares in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

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The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

## New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of Webjet with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the FMC Act and the Securities Act (Overseas Companies) Exemption Notice 2013.

Other than in the Entitlement Offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

## Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).



# Foreign selling restrictions (cont'd)

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This document has been given to you on the basis that you are (i) an existing holder of Webjet's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

## United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

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