

ASX release
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WEBJET WITHDRAWS FY20 EARNINGS GUIDANCE

Due to the continued uncertainty of the duration and scale of Covid-19, Webjet Limited (Webjet) has today withdrawn the FY20 EBITDA guidance it issued to the market on 19 February 2020.

With Covid-19 spreading broadly to countries outside of China, there has been a material escalation in cancellation rates of near-term travel and a reduction in overall travel booking activity. While forward bookings beyond three months remain in line with previous expectations, cancellations are now occurring at short notice prior to travel and therefore reducing visibility on future earnings. As a result, there is insufficient insight into future performance to maintain earnings guidance at this time.

Webjet is taking careful steps to mitigate the impact of Covid-19 including the implementation of a company-wide cost reduction programme to minimise operating expenditure, which is expected to result in A\$10 million in savings for the remainder of FY20. Other initiatives are being implemented to ensure the company retains its strategic and competitive advantage when conditions normalise.

As part of the cost reduction programme, Managing Director John Guscic and the Board of Directors have voluntarily agreed to reduce their salary and directors fees by 20% with immediate effect until conditions return to normal. The Managing Director has also agreed to forgo any bonus that would have been achieved in FY20.

John Guscic said: “With Covid-19 placing downward pressure on bookings, we are focused on mitigating the short-term impact to earnings but importantly, we remain intent on retaining our leadership positions in our global WebBeds business and Australian Webjet OTA.

Webjet has a strong balance sheet and low net debt levels, ensuring we are well placed to weather this event. In the immediate term, we have taken steps to ensure we maintain this strength through cost reductions and have the flexibility in our operating model to allow us to implement further changes should the situation require.

Our momentum prior to Covid-19 was well ahead of the market and we are preparing ourselves to take advantage of what is likely to be a faster-growing market when broad-based travel returns globally.”

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