



**1H18 EBITDA \$41 million for continuing operations - up 63%
Webjet OTA and WebBeds B2B driving growth**

Webjet Limited today announced results for the 6 months to 31 December 2017.

Highlights for Continuing Operations:

- Total Transaction Value (TTV) \$1,443 million - up 55%
- Total Revenue \$359.8 million – up 290%
- Total Revenue (excluding revenue as principal) \$131.9 million - up 52%
- EBITDA \$41.0 million – up 63%
- NPAT (before acquisition amortisation) \$23.8 million – up 45%
- NPAT \$20.0 million – up 25%

Key highlights during the period were:

- The ongoing growth of the Webjet OTA business with flight bookings continuing to outperform the market by more than 4 times and strong growth coming through in higher margin ancillary products
- WebBeds is currently the fastest growing B2B player in the world, significantly outperforming market growth rates in all regions and continuing to gain share. Excluding JacTravel, EBITDA for the existing B2B businesses grew more than 380% compared to the prior corresponding period (PCP)
- Integration of JacTravel is progressing to plan with most of the acquired 7,000 incremental direct contracts now available on WebBeds

Commenting on the result, John Guscic, Webjet Limited’s Managing Director said:

“The Webjet OTA continues to outperform the market and ongoing investment in our technology platform is driving improved visitations and conversions. We are also seeing the impact of significant growth in various higher margin ancillary products leading to TTV margin improvements.

For the Online Republic business, strong performance from Cars and Motorhomes was offset by a difficult market for Cruise, as well as the impact of the introduction of Netflix tax during the period.

The WebBeds B2B business continues to go from strength to strength. Each business reported strong bookings and TTV growth and we are significantly outperforming market growth in all regions. The integration of JacTravel is going to plan, with most of the acquired contracts now available on the system. JacTravel inventory has been a key part of our growth strategy, helping reduce reliance on third party inventory. Direct contracts now account for around 50% of all WebBeds bookings.

We continue to see significant opportunities in the B2B market. The Asian market is the fastest growing B2B region in the world and we want to reach scale as quickly as possible. This means we are investing further in Asia during this financial year, with expected investment of \$3.4 million for the year. We expect Asia to be profitable from FY19 and beyond.”

B2C – LEADING ONLINE CONSUMER TRAVEL BRANDS

Webjet

- Bookings 754,000 - up 12.3% over PCP
- TTV \$642 million - up 21.8%
- Revenue \$66.3 million – up 32.0%
- EBITDA \$25.7 million – up 26.0%

We continue to outperform the market in both domestic and international flight markets, with flight bookings up 11% compared to PCP, more than 4 times the underlying market growth. Packages booking growth was 86.4% reflecting strong growth in both dynamic packages and Exclusives offerings.

Revenue growth was driven by higher margin ancillary products with non-flight revenues accounting for 27% of total revenues during the period. TTV margins increased in line with higher margin ancillary products.

EBITDA grew 26%. EBITDA margin was impacted by the loss of credit card surcharges compared to PCP. Adjusting for the credit card surcharge, EBITDA margins remained flat.

Online Republic

- Bookings 243,000 – up 18.1% over PCP
- TTV \$154 million - up 11.3%
- Revenue \$14.9 million – up 4.1%
- EBITDA \$6.1 million – down 15.5%

Cars and Motorhomes grew in excess of their underlying markets but Cruise underperformed due to a difficult market environment. EBITDA was also impacted by the introduction of Netflix tax and adverse currency movements during the period. Excluding Netflix tax and currency movements, EBITDA would have been flat.

B2B WEBBEDS – DIGITAL PROVISION OF HOTEL ROOMS TO GLOBAL PARTNERS

- TTV \$629 million - up 168.0% over PCP
- Revenue \$49.4 million – up 170.5%
- EBITDA \$12.8 million – up 1377.9%
 - Excluding JacTravel, EBITDA \$4.2 million – up 380%

Lots of Hotels (LOH)

- Bookings up 66.2%
- TTV up 33.0%

Greater proportion of higher margin supply sources with increased sales through direct contracts and international hotel chains. Strong traction continues for LOH Americas with TTV and Bookings all growing. The Americas region became profitable during the period.

Sunhotels

- Bookings up 28.8% - compared to market growth of around 2%
- TTV up 39.0%

Continuing to see market share growth in key European source markets including Germany, Spain and France.

Thomas Cook partnership

Continues to proceed on track with 2,400 of the more than 3,000 contracts acquired from Thomas Cook now available through WebBeds. TTV starting to come through with \$44 million TTV transacted with Thomas Cook during the period. During the transition phase (ending May 2019), WebBeds will recognise no revenue for any TTV received from Thomas Cook however all contracts acquired from Thomas Cook sold elsewhere on the WebBeds global network are at full margin.

FIT Ruums

- Bookings up 7083%
- TTV \$50 million - up 9912%

In order to achieve scale as quickly as possible in Asia, we invested a further \$2.3 million in FIT Ruums during the period. Key investments include opening new offices and expanding sales and direct contracting staff.

JacTravel

- Bookings 447,000
- TTV \$232 million
- EBITDA \$8.6 million

The integration is progressing well and JacTravel performed in line with our business acquisition plan. The majority of JacTravel's 7,000 incremental direct contracts are now available on WebBeds. As the acquisition was completed in September 2017, we missed the impact of July and August trading, the 2 key months for European travel. Assuming we had acquired JacTravel on 1 July 2017, JacTravel's pro forma EBITDA contribution for the period would have been \$19 million.

Blockchain update

Rezchain, Webjet's blockchain initiative continues to progress. Now in its 4th iteration, it has been operating within various WebBeds businesses since March 2017 and has dramatically reduced account reconciliation issues, allowing us to scale quickly while reducing overheads and reducing customer friction at check in. Commenting on its progress, John Guscic said:

"We believe blockchain technology has significant application within the B2B travel industry world, helping minimise account reconciliation issues, improving customer service and reducing costs. On 16 February 2018 we announced the roll out of Phase 1 testing with 4 significant external partners - Thomas Cook, Dida Travel, Mitra Global and Far East Hospitality. During 2H18 they will implement Rezchain within their own businesses and their

feedback will be invaluable in helping us progress commercialisation of the technology more broadly within the travel industry.”

FINANCIAL RESULTS

The table below shows statutory results, as well as results for the continuing operations (excluding proceeds from the sale of Zuji and other one-offs):

	Statutory Result				Continuing Operations ⁽²⁾			
	1H18	1H17	Change		1H18	1H17	Change	
	\$m	\$m	\$m	%	\$m	\$m	\$m	%
TTV	1,443	1,025	418	41%	1,443	932	511	55%
Revenue	131.9	119.2	12.7	11%	131.9	86.7	45.2	52%
Revenue as Principal ⁽³⁾	227.9	5.6	222.3	nm	227.9	5.6	222.3	nm
Total Revenue	359.8	124.8	235.0	188%	359.8	92.3	267.5	290%
EBITDA	40.0	44.4	(4.4)	(10%)	41.0	25.2	15.8	63%
EBIT (before AA)	33.6	40.2	(6.5)	(16%)	34.6	22.3	12.3	55%
PBT (before AA)	30.7	39.1	(8.4)	(22%)	32.3	21.3	11.0	52%
NPAT (before AA)	22.3	36.0	(13.7)	(38%)	23.8	16.4	7.4	45%
Acquisition Amortisation (AA) ⁽⁴⁾	(3.9)	(0.5)	(3.3)	633%	(3.9)	(0.5)	(3.3)	633%
NPAT	18.4	35.5	(17.1)	(48%)	20.0	15.9	4.0	25%
EPS (cents)								
- Basic	16.5	36.6	(20.1)	(55%)	17.8	16.4	1.4	9%
- Diluted	16.3	36.0	(19.7)	(55%)	17.7	16.2	1.5	9%
Margins								
Revenue Margin	9.1%	11.6%		(2%)	9.1%	9.3%		(0%)
EBITDA Margin	30.3%	37.2%		(7%)	31.1%	29.0%		2%
Marketing % TTV	1.3%	1.6%		(0%)	1.3%	1.6%		(0%)
Marketing % Revenue	14.4%	14.0%		0%	14.4%	17.3%		(3%)
Effective Tax Rate (excl AA)	27.4%	8.0%		19%	26.1%	22.7%		3%
Effective Tax Rate	31.4%	8.1%		23%	29.7%	23.3%		6%

Notes:

- (1) **1H17 restatement**—1H17 results have been restated to reflect the accounting treatment adopted in respect of Thomas Cook agreement for FY17. Impact is \$5.3 million reduction in Revenue and EBITDA and \$1.4 million reduction in amortisation
- (2) **Continuing operations** - 1H18 excludes \$1.0M costs associated with acquisition of JacTravel. 1H17 excludes Zuji, proceeds from sale of Zuji and one-off adjustments including change in accounting treatment for Exclusives acting as principal, termination of car hire contract, performance rights and related incentives
- (3) **Revenue as principal** - JacTravel acts as principal in its wholesale relationship between its customers and suppliers. As a result, revenue is equal to TTV. Based on supplier and customer contractual terms, during the current reporting period Exclusives acted as principal and agent. For clarity, revenue associated with both JacTravel and Exclusives acting as principal has been separated out. For consistency, revenue as principal has been removed from margin analysis
- (4) **Acquisition amortisation** - includes charges relating to amortisation of intangibles acquired through acquisition

JacTravel Acquisition

The JacTravel acquisition was funded by the proceeds of a \$164 million accelerated non-renounceable entitlement offer issuing 16.4 million shares at \$10.00 per share, plus \$100 million in debt funding and \$74 million from existing cash reserves. The business combination of JacTravel results in a \$426 million increase in the Group's intangible assets.

Cash Conversion

The operating cash flow showed a seasonally impacted outflow of \$3.9 million which was \$3.6 million higher than the prior comparison period. Excluding the JacTravel acquisition the operating cash flow was a \$6.2 million inflow for the reporting period. This represents a 20% cash conversion ratio (1H17 -1%). The full year cash conversion will increase to 80% to 95%. In the following year (FY19), with a full year of earnings and cash generation from JacTravel, the cash conversion will return to the 90% to 110% range.

DIVIDEND

An interim dividend of 8.0 cents has been declared.

OUTLOOK

January 2018 bookings are up in all businesses and we expect trading for 2H18 to be stronger than 1H18. We remain on track to deliver full year EBITDA of more than \$80 million inclusive of \$1 million costs in relation to the JacTravel acquisition.



John Guscic
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