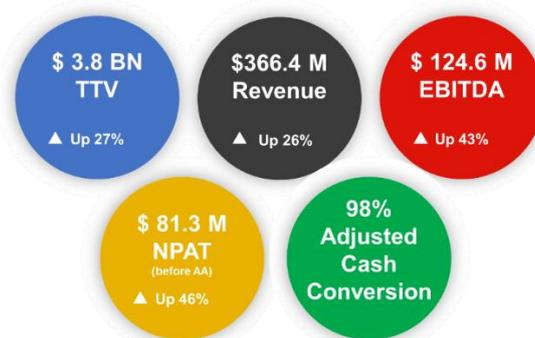




Significant profitable growth
Record performance across all metrics
\$3.8BN TTV (up 27%), \$124.6M EBITDA (up 43%), \$81.3M NPAT (before AA) (up 46%)

Webjet Limited today announced its financial results for the 12 months ending 30 June 2019.



Webjet Limited delivered a 43% increase in EBITDA (earnings before interest, tax, depreciation and amortisation) to \$124.6 million. Revenue grew 26% to \$366.4 million and net profit after tax (NPAT) was up 46% to \$81.3 million (before acquisition amortisation (AA)). The company also announced a fully franked final dividend of 13.5 cents per share, bringing the total dividend for the year to 22 cents, an increase of 10%.

Following the acquisitions of both JacTravel and Destinations of the World (DOTW), the Company's WebBeds business is now the largest business across bookings, TTV and EBITDA. WebBeds TTV was \$2.2 billion, up 59% over FY18 and EBITDA was \$67.3 million, up 148%, with strong growth coming through in all regions.

The Webjet Online Travel Agency (OTA) continues to outperform with flight bookings growing around twice the underlying market. Despite a tough domestic market in FY19, both TTV and EBITDA margins improved, increasing to 10.9% and 40.4% respectively.

KEY FINANCIAL HIGHLIGHTS

- \$3.8 billion Total Transaction Value (TTV) – up 27%
- \$366.4 million revenue – up 26%
- \$124.6 million EBITDA – up 43%
- 34.0% EBITDA margin – up 398 bps
- \$81.3 million NPAT (before AA) – up 46%
- 63.3 cents EPS (before AA) – up 31%
- Full year fully franked dividend of 22 cents – up 10%

Note: All financial results shown are for Continuing Operations

Commenting on the result, Managing Director John Guscic said:

“FY19 was an outstanding year of profitable growth for Webjet – transacting \$3.8 billion in TTV and delivering another record profit for our underlying business.

It was a phenomenal year for our WebBeds business – in just over 6 years since launching our start up in the Middle East, our global business is now delivering over \$2 billion in TTV. We continue to gain share and consolidate our position as the #2 global B2B player and our increased size and scale is allowing us to focus on pursuing more profitable growth, resulting in higher TTV and EBITDA margins coming through in all regions. Our results demonstrate that the investments we have made ahead of the curve to be well placed to pursue growth are now paying off in terms of increased bookings, TTV and EBITDA.

The Webjet OTA brand continues to strengthen and gain share as the #1 OTA in the market. While the domestic travel market was tough, impacted by the Federal election as well as slowing economic conditions, our commitment to delivering value to both customers as well as our airline and other partners saw TTV margins continue to improve while increased scale and a tight focus on managing costs helped maintain EBITDA margins above 40%. Our Online Republic strategy to target more profitable bookings improved TTV margins but the business was impacted by the Christchurch incident in March 2019 which temporarily reduced demand for travel in New Zealand. We estimate the incident resulted in a more than \$1 million EBITDA impact to the business.”

The table below shows results for Webjet Limited’s continuing operations and the statutory result:

FY19 vs FY18	Statutory Result		Continuing Operations ⁽¹⁾	
	(includes one-offs)		(excludes one-offs)	
TTV	\$3,831m	↑ 27%	\$3,831m	↑ 27%
Revenue ⁽²⁾	\$366.4m	↑ 26%	\$366.4m	↑ 26%
EBITDA	\$123.1m	↑ 43%	\$124.6m	↑ 43%
EBITDA Margin	33.6%	↑ 395bps	34.0%	↑ 398bps
NPAT (before AA) ⁽³⁾	\$79.3m	↑ 47%	\$81.3m	↑ 46%
NPAT	\$60.3m	↑ 45%	\$62.3m	↑ 44%
EPS (before AA)	61.8 cents	↑ 32%	63.3 cents	↑ 31%
EPS	47.0 cents	↑ 30%	48.6 cents	↑ 30%

BUSINESS UNIT PERFORMANCE

WebBeds

FY19 saw higher TTV and EBITDA margins in all regions. Despite difficult conditions in Europe and the Middle East, the business delivered strong results in both markets by focusing on selling directly contracted inventory and increasing margins. The Americas delivered substantial EBITDA driven by

Note: All financial results shown are for Continuing Operations

- (1) **Continuing Operations** - FY19 excludes acquisition and integration costs (\$15.2M), reduction in earnout liability (\$18.5M) and debt establishment costs of \$0.5M associated with DOTW acquisition, and software write-off of \$4.9M. FY18 excludes acquisition costs of \$1.1M and debt establishment costs of \$0.6M associated with JacTravel acquisition.
- (2) **Revenue** - is shown net of costs of sale as principal (i.e. on agency basis)
- (3) **Acquisition Amortisation** - includes charges relating to amortisation of intangibles acquired through acquisition

strong bookings growth in North America. Asia Pacific remains the world’s fastest growing B2B region and the investment in the region over the last 2 years is starting to pay off with a strong turnaround in profitability in 2H19.

Scale efficiencies are starting to come through in each region and the successful integration of DOTW into the WebBeds regional structure just 6 weeks after acquisition delivered cost synergies ahead of plan.

The WebBeds FY19 EBITDA result is after expensing \$1.4 million in the launch of Umrah Holidays International, the first truly online B2B provider of travel services for religious pilgrims. Adjusting for acquisitions, organic EBITDA was up 30% over FY18, assisted by synergies coming through.

WebBeds		
Bookings ('000s)	3,444	↑ 51%
TTV	2,154 million	↑ 59%
Revenue ⁽⁴⁾	184.5 million	↑ 62%
EBITDA	67.3 million	↑ 148%
TTV / Revenue Margin ⁽⁵⁾	8.6%	↑ 15bps
TTV / Revenue Margin (excl TC)	9.4%	↑ 23bps
EBITDA Margin	36.4%	↑ 1,261bps
<i>Organic EBITDA</i> ⁽⁶⁾	78.4 million	↑ 30%

Commenting on outlook for WebBeds for FY20 and beyond, John Guscic said:

“We continue to see significant opportunities for profitable growth across all regions. We are the #2 global player and yet still have less than 4% market share of the global B2B hotels market. As well as driving organic growth, we remain on the lookout for attractive acquisition opportunities to supplement our existing businesses. Following the successful integrations of both JacTravel and DOTW, we have a framework for extracting synergies which can be used for future acquisitions.

As we continue to gain scale in all markets, by FY22 we believe we can deliver an “8/4/4” profitability target in the WebBeds business - 8% revenue/TTV and 4% costs/TTV to deliver 4% EBITDA/TTV. This equates to a 50% EBITDA margin target. We expect costs to continue to grow at a lower rate than revenue driven by the optimisation of technology platforms and the ongoing impact of Rezchain, our industry leading blockchain solution.”

Webjet OTA

Webjet OTA continued to gain market share with flight bookings growing around twice that of the underlying market. TTV margins continue to increase due to sales of higher margins products across both flight and ancillary products, while scale benefits and a strong focus on managing costs increased EBITDA margin to 40.4%.

Note: All financial results shown are for Continuing Operations

(4) Revenue is shown net of costs of sale as principal (i.e. on agency basis)

(5) TTV/ Revenue Margin includes Thomas Cook TTV for which no revenue is earned

(6) Organic EBITDA assumes full 12 months ownership of both JacTravel and DOTW across both years

Webjet OTA		
Bookings ('000s)	1,565	↑ 1%
TTV	1,378 million	↑ 2%
Revenue ⁽⁷⁾	150.5 million	↑ 3%
EBITDA	60.8 million	↑ 4%
TTV / Revenue Margin	10.9%	↑ 10bps
EBITDA Margin	40.4%	↑ 5bps

Online Republic

The strategy to target more profitable bookings with higher TTV margins and lower acquisition costs improved TTV margins however the March 2019 Christchurch incident reduced demand for travel in New Zealand and Motorhomes in particular was severely impacted. Cars performed well, driven largely by international growth while Cruise continued to underperform in line with ongoing capacity constraints.

Online Republic		
Bookings ('000s)	496	↓ 1%
TTV	299 million	↓ 4%
Revenue	31.4 million	↓ 0%
EBITDA	12.5 million	↓ 6%
TTV / Revenue Margin	10.5%	↑ 41bps
EBITDA Margin	40.0%	↓ 217bps

Commenting on outlook for the B2C businesses for FY20 and beyond, John Guscic said:

“The Webjet OTA is now 50% of the entire OTA flights market in Australia and accounts for over 5% of all domestic flight and 4% of international flight bookings. While FY19 was a challenging market we continue to refine our offering and see above market growth opportunities across both flights and our range of ancillary products.

Consistent with our FY19 strategy, we continue to focus on higher TTV margins and lower acquisition costs in Online Republic. We have also made two recent senior leadership appointments aimed at driving profitable growth across the businesses and in particular improving performance in the Cruise business.”

CASH CONVERSION

In line with the 95%-110% target, Webjet Limited’s underlying cash conversion was 98%, reflecting continued improvements in working capital management.

Note: All financial results shown are for Continuing Operations
 (7) Revenue is shown net of costs of sale as principal (i.e. on agency basis)

CAPEX

Capital expenditure (CAPEX) for FY19 increased 17% over the prior corresponding period. Underlying CAPEX⁽⁸⁾ was down 4%. CAPEX spend continues to decline relative to EBITDA.

DIVIDEND

The fully franked final dividend of 13.5 cents, brings the total dividend to 22 cents, an increase of 10% over FY18.

In commenting on the dividend, Webjet Limited's Chairman Roger Sharp said:

“We have increased our final dividend to 13.5 cents per share, payable on 10 October 2019, bringing the total dividend for FY19 to 22 cents. Going forward, we expect dividend increases to be lower than EPS growth in order to retain cash for future growth opportunities.”

FY20 TRADING AND OUTLOOK

Commenting on outlook for FY20, John Guscic said:

“The first 6 weeks of trading have shown a strong start to FY20. WebBeds TTV is up over 50% compared to the prior corresponding period, Webjet OTA TTV is up 9% and Online Republic TTV is up 4%. As well as driving organic growth in all our businesses, we have a strong pipeline of acquisition opportunities. We will be providing a guidance range at our AGM on 20 November 2019.”

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(8) Assuming full year ownership of JacTravel in FY18 and excluding DOTW