



Level 2, 509 St.Kilda Road
Melbourne, Victoria, 3004
Australia

Telephone: +61 3 9820 9214
Facsimile: +61 3 9820 9258
Email: webjet@webjet.com.au
ASX code: WEB

26 August 2016,

VOTING MATTERS

Dear shareholder

As at 30 June 2016 your company had a market capital value of approximately \$700 million.

Over the last three years your company's value has increased from approximately \$320 million to \$700 million at 30 June 2016 and has further increased to over \$850 million at today's date.

Since 30 June we have announced a significant expansion of our international WebBeds B2B operations by entering into a significant strategic sourcing partnership with Thomas Cook.

Our Annual Report available on the ASX site and on Webjet.com.au details a number of compelling metrics which indicate exceptional performance in what is generally regarded as a subdued international travel market specifically:

- EBITDA from 2013 to 2016 has increased by three times to \$36.6 million
- Total transaction values have virtually doubled
- Gross assets have increased from \$48 million to \$186 million
- We have increased this year's Final Dividend from 7.25 cents (half year) to eight cents, an increase of 10%.

During this same period Webjet has expanded from its Australian and New Zealand base to major operations in eight countries. It has transformed from essentially a single Australasian market to a global B2C and B2B business which has outperformed many international competitors with its core flights business in 2016 continuing to outperform the market by more than five times with international bookings continuing to demonstrate superior growth.

[These exceptional results over a sustained period are not an accident.](#)

[They are a product of consistent strategic planning and an outstanding management group and a highly committed and involved board of Directors.](#)

The combination of these resources is one of the key drivers and assets of your company.

At the forthcoming Annual General Meeting on Wednesday 23 November 2016 shareholders are asked to vote on some very important resolutions.

Voting matters.

We need your support, your **For** vote, to ensure that we have the best management and Board continuity that has been so fundamental in delivering year after year of profit growth.

We are asking you to vote **FOR** on four major resolutions.

Resolution 1 is to re-elect Roger Sharp an independent non-executive director who under our constitution retires by rotation and offers himself for re-election. Roger's biography is contained in the attached explanatory memorandum and as Webjet has internationalised its operations he brings a unique knowledge of the industry, international digital marketing with a background of very senior merchant banking experience.

Resolution 2 is the re-election of Shelley Roberts independent non-executive director. Shelley's details are also contained in the explanatory memorandum. Shelley is part of the ongoing board succession planning which this year sees the retirement of one of our founding directors, Steven Scheuer.

Resolution 3 is to ratify the issue of 2.76m placement shares used to acquire Online Republic. The equity was issued under Directors authority and we are now asking shareholder to reset the placement authority to a full 15% to ensure we have appropriate equity resources in the event of a further acquisition.

Resolution 4 adoption of the Remuneration Report.

Your **For** vote for the adoption of our remuneration report, although non-binding, is critically important to ensure continuity of management and our ability to attract and retain executives and Board members at appropriate and competitive levels of international remuneration.

At last year's Annual General Meeting we experienced a high No vote from proxy advisors even though the attendees at the Annual General Meeting unanimously endorsed the report.

Clearly we did not provide a suitable level of disclosure and communication of the policies and structure of our remuneration. During the course of the year the remuneration committee added a further independent non-executive director (Brad Holman) and in conjunction with the full Board undertook an extensive analysis of remuneration structures to ensure that there are meaningful performance based elements which are closely aligned to shareholders returns.

This process also included consultation with major stakeholders and major proxy advisors.

The result of this work is set out in very great detail on Pages 9 – 30 of the Remuneration Report which is included in the Annual Report.

Key points of interest are:

- Webjet's Board fees from 2014 to the year ended 2016 June 30 have increased by only 3% against the background of the exceptional metrics set out in this letter.
- The Board and Directors Committees met over 27 times during this year which saw the major acquisition of Online Republic and the very significant preparatory work for the Thomas Cook project.
- The total remuneration package as disclosed in Table 4 in the Remuneration Report shows no increase in the Managing Director's salary compared to last year because the short term incentive for the managing

director (STI) results from the achievement of substantially increased and achieved EBITDA targets. Simply put, the hurdles were increased.

- Key management personnel position salaries have been externally benchmarked with total remuneration largely dependent on increased company EBITDA and therefore aligned with shareholder interests.

I have indicated the importance of your **For** vote.

Resolution 5 is the Spill Meeting

If Webjet receives a 25% or greater against vote on the remuneration report, we are required to put a further resolution to the Annual General Meeting which would be to resolve to call a meeting within 90 days to consider and if thought appropriate to at that time spill the current Board and appoint new Directors.

Such a step would require a further meeting and carry with it the risk of a significant destabilisation of your company's Board, its continuity and its succession planning.

We ask that you consider the implications of that step very seriously and to vote **Against** resolution 5.

In the interim if you require additional clarification may I suggest that in the first instance you review:

- Annual Report which also includes substantial information on Corporate Governance
- Investor presentation pack which provides greater detail on the operating units of Webjet

I also extend to you the invitation to email me personally at david.clarke@webjet.com.au if I can assist you further in your consideration and deliberations.

I extend to you a most cordial invitation to attend your company's AGM which will be held at the Webjet office Level 2, 509 St Kilda Road on 23 November 2016. For voting details please refer to the Notice of Annual General Meeting and Explanatory Statement.



David Clarke
Chairman