# 1H16
# RESULTS UPDATE

webjet limited

**John Guscic**
Managing Director

18 February 2016

webjet.com.au zuji sunhotels. lotsofhotels

# 1H16 highlights

## Strong growth in B2C continues; B2B growth investment underway

| Half Year Ended 31 December | 1H FY16 $m | 1H FY15 $m | Inc. / (Dec.) $m |
|---|---|---|---|
| **TTV** | 796 | 620 | 176 |
| **Revenue** | 73.8 | 58.2 | 15.6 |
| **Costs** | 55.6 | 43.7 | 11.9 |
| **EBITDA** | 18.2 | 14.4 | 3.7 |
| Depr & Amortisation | (2.9) | (2.2) | (0.7) |
| Interest | 0.2 | (0.1) | 0.4 |
| Associates | (0.0) | (0.0) | 0.0 |
| **PBT** | 15.5 | 12.1 | 3.4 |
| Tax Expense | (4.8) | (3.0) | (1.9) |
| **NPAT** | 10.7 | 9.1 | 1.6 |
| **EPS (cents)** | | | |
| - Basic | 13.2 | 11.5 | 1.7 |
| - Diluted | 13.2 | 11.5 | 1.7 |

↑ 28.3% TTV

↑ 26.8% Revenue

↑ 27.1% Costs

↑ 25.9% EBITDA

↑ 28.4% PBT

↑ 17.2% NPAT

**B2C**

webjet.com.au — 21 months of consecutive record TTV

zuji — Competitive environment improving

**B2B**

lotsofhotels — Gaining market share; LOH North America launched

sunhotels — FY17 growth investment as planned

# Segment summary

| | 1H FY16 $m | 1H FY15 $m | Inc. / (Dec.) $m | Inc. / (Dec.) % |
|---|---|---|---|---|
| **Segment TTV** | | | | |
| B2C | 608 | 497 | 110.8 | 22.3% |
| Sunhotels | 94 | 77 | 17.2 | 22.4% |
| LOH | 94 | 46 | 47.6 | 103.3% |
| **Revenue** | | | | |
| B2C | 56.5 | 46.4 | 10.1 | 21.8% |
| Sunhotels | 9.1 | 7.4 | 1.6 | 21.6% |
| LOH | 8.3 | 4.4 | 3.9 | 89.6% |
| **EBITDA** | | | | |
| B2C | 14.9 | 11.1 | 3.7 | 33.6% |
| Sunhotels | 1.4 | 1.8 | (0.4) | (20.9%) |
| LOH | 1.9 | 1.5 | 0.4 | 24.8% |
| **MARGINS** | | | | |
| Revenue % TTV | 9.3% | 9.4% | (0.1%) | |
| EBITDA Margin | 24.6% | 24.8% | (0.2%) | |
| Marketing % TTV | 1.6% | 1.8% | (0.2%) | |
| Marketing % Revenue | 17.6% | 19.0% | (1.4%) | |
| Effective Tax rate | 31.1% | 24.6% | 6.6% | |

**1H16 effective tax rate** was impacted by $0.84 million tax provision relating to the prior period. Excluding this provision, effective tax rate for 1H16 was 25.7%. FY16 tax rate expected to be around 29%.

## Group TTV up 28.3%

↑ **22.3%**
**B2C TTV**

**Webjet TTV** ↑ **20.1%**
**Zuji TTV** ↑ **30.9%**

↑ **52.7%**
**B2B TTV**

**LOH TTV** ↑ **103.3%**
**Sunhotels TTV** ↑ **22.4%**

## Group EBITDA up 25.9%

↑ **33.6%**
**B2C EBITDA**

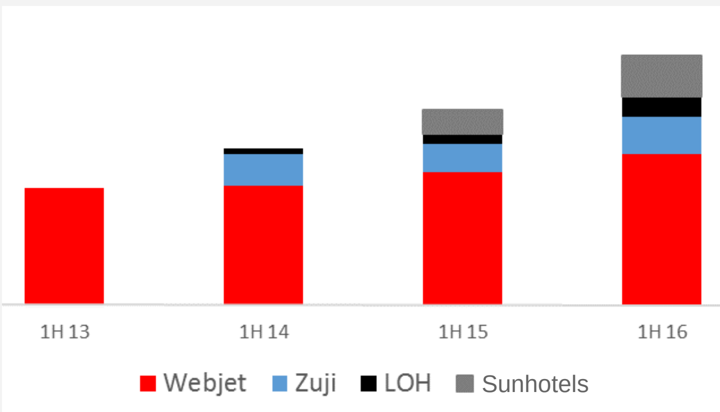
EBITDA for both Webjet and ZUJI increased year-on-year

**Flat**
**B2B EBITDA**

In line with expectations due to additional investment in B2B businesses

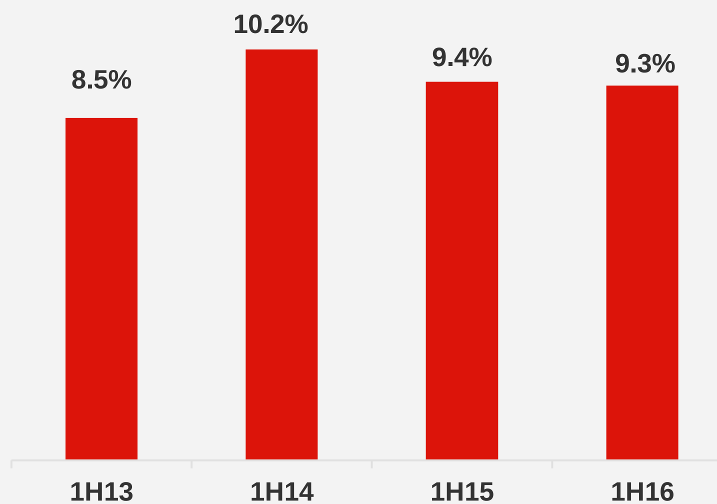
# Organic growth rate doubles; TTV margins on target

## NUMBER OF BOOKINGS




- 3 year CAGR - **29%**
- 3 year organic CAGR - **14%**
- 1H16 bookings - **up 28%**

## REVENUE/TTV MARGIN




- Margin remains in **target 9.0-9.5% range**

# Strong balance sheet

| $m | Dec-15 | Jun-15 | Dec-14 | Dec / Jun Change | Dec / Dec Change |
|---|---|---|---|---|---|
| Cash | 69.6 | 76.2 | 57.5 | (6.7) | 12.0 |
| Other current assets | 54.5 | 41.5 | 38.0 | 13.0 | 16.5 |
| Non-current assets | 89.3 | 85.1 | 83.5 | 4.2 | 5.8 |
| **Total Assets** | **213.4** | **202.8** | **179.1** | **10.6** | **34.3** |
| Curent Liabilities | 93.5 | 87.6 | 67.4 | 5.9 | 26.0 |
| Non-Current Liabilities | 31.4 | 32.8 | 35.9 | (1.4) | (4.5) |
| **Equity** | **88.5** | **82.5** | **75.8** | **6.1** | **12.7** |

**Cash Balance**

- $69.6 million as at 31 Dec 2015, includes $12m of client funds
- $76.2 million as at 30 June 2015, includes $18m of client funds
- $57.5 million as at 31 Dec 2014, includes $15m of client funds

**Current Ratio (Current Assets / Current Liabilities)**

- B2B growth led to $16.0 million increase in receivables and $4.8 million increase in payables

**Capacity for Further Acquisitions**

# Ongoing capital investment

| | 1H 16 | 1H 15 | 2H 15 | FY15 | 1H16 vs 1H15 | |
|---|---|---|---|---|---|---|
| **B2B** | A$ 1.6 | A$ 0.8m | A$ 1.3m | A$ 2.1m | A$ 0.8m | Up 101.1% |
| **B2C** | A$ 2.6 | A$ 2.4m | A$ 3.0m | A$ 5.4m | A$ 0.2m | Up 9.1 % |
| **Total** | **A$ 4.2** | **A$ 3.2m** | **A$ 4.3m** | **A$ 7.5m** | **A$ 1.0m** | **Up 32.1%** |

**CAPEX**

- FY16 CAPEX expected to be $8.5 million

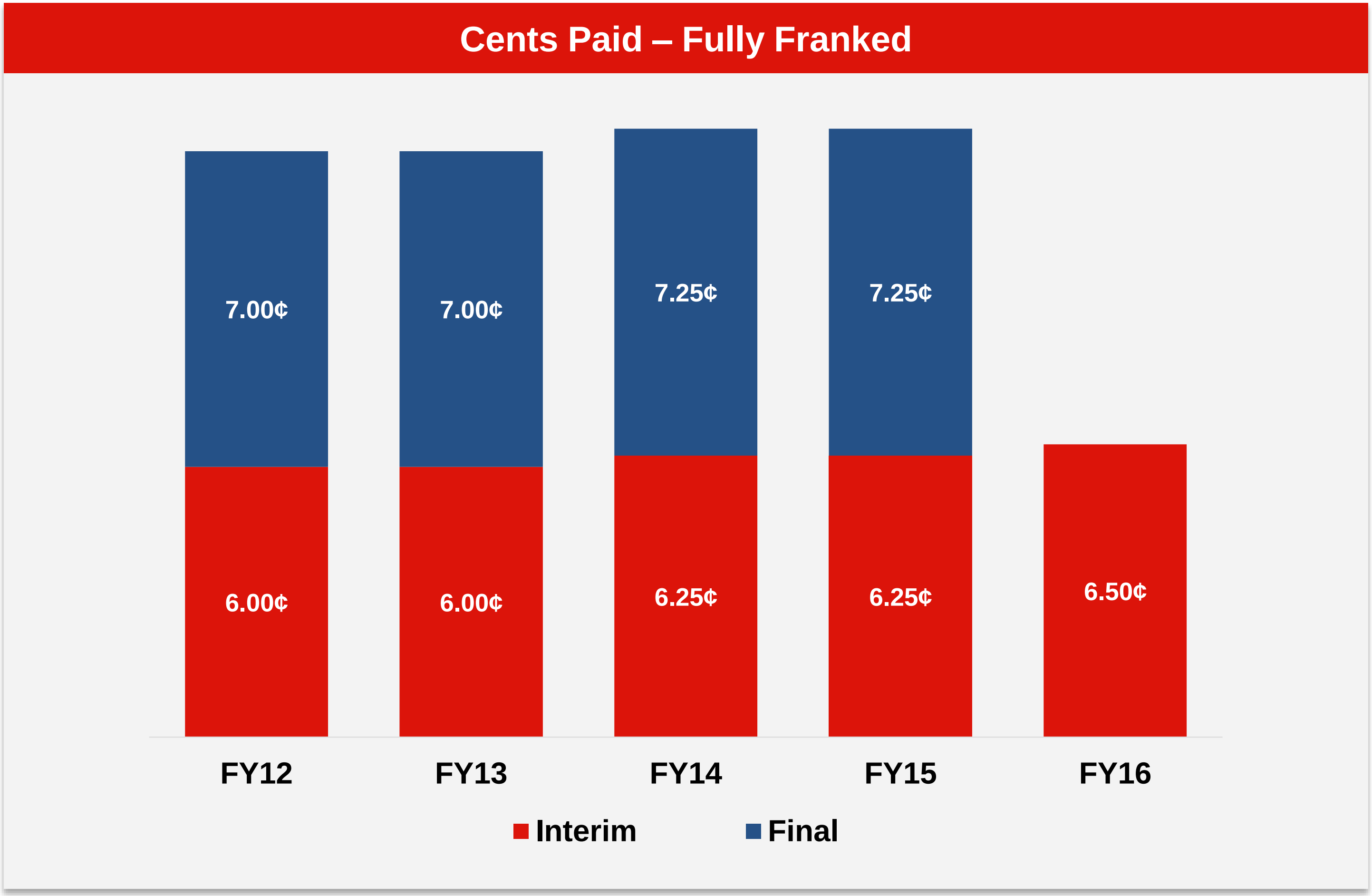
**B2B (CAPEX)**

- New website and point of sale
- Infrastructure upgrades for increased capacity
- Increased third party connectivity

**B2C (CAPEX)**

- Improved dynamic packaging capabilities
- International shopping search and selection processes
- New features on Android and iOS apps
- Enhanced mobile site

# Fully franked interim dividend increased to 6.50 cents



# B2C TRAVEL

Online travel agency

# B2C summary

| | 1H FY16 | 1H FY15 | Inc. / (Dec.) |
|---|---|---|---|
| | $m | $m | $m |
| **TTV** | 608 | 497 | 111 |
| **Revenue** | 56.5 | 46.4 | 10.1 |
| **Costs** | 41.6 | 35.3 | 6.3 |
| **EBITDA** | **14.9** | **11.1** | **3.7** |

↑ **22.3%** TTV

↑ **21.8%** Revenue

↑ **18.0%** Costs

↑ **33.6%** EBITDA

- Due to shared operating costs within the B2C businesses and commercially sensitive relationships impacting the Asian market, we will no longer provide separate EBITDA breakdowns for the B2C businesses.

webjet limited

**B2C TRAVEL**

webjet

**Australia**
**New Zealand**

zuji

Australia
Singapore
Hong Kong

**B2B TRAVEL**

lots of hotels

Middle East
Africa
North America

sunhotels.

Europe

# 1H16 highlights

**Business performance remains strong**

- TTV grew 20.1%
- TTV margins remained constant
- B2C EBITDA grew 33.6%

**Continue to see record TTV each month**

- As of 31 January 2016, Webjet has seen 21 months of consecutive record TTV growth

**Ongoing acceleration of bookings shifting online**

- Bookings continue to outperform the market by more than 5 fold
- International bookings continue to demonstrate superior growth

| Webjet | 1H15 | 1H16 |
|---|---|---|
| TTV | $ 398m | $ 479m |
| *Growth* | | *20.1%* |
| | | |

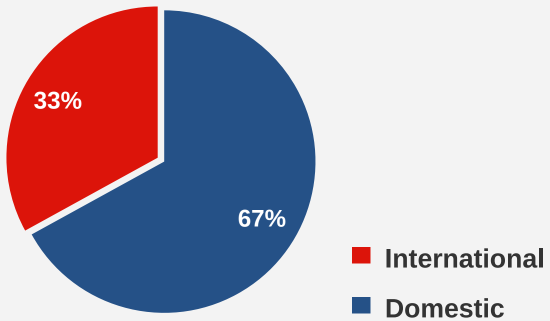
| B2C | 1H15 | 1H16 |
|---|---|---|
| EBITDA[1] | $ 11.1m | $ 14.9m |
| *Growth* | | *33.6%* |
| | | |

[1] Due to shared operating costs within the B2C businesses and commercially sensitive relationships impacting the Asian market, we will no longer provide separate EBITDA breakdowns for the B2C businesses

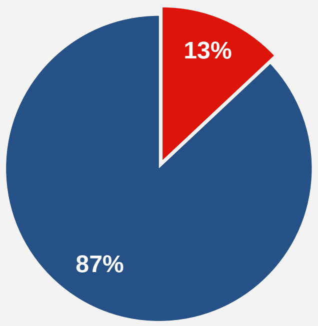
# Bookings continue to move online

↑15%
Year-on-year Webjet bookings

## % TTV (1H16)




## % Bookings (1H16)




Webjet continues to significantly outperform the market

## Webjet Growth

↑14%
Webjet Domestic Bookings

↑24%
Webjet International Bookings

## Market Growth (1)

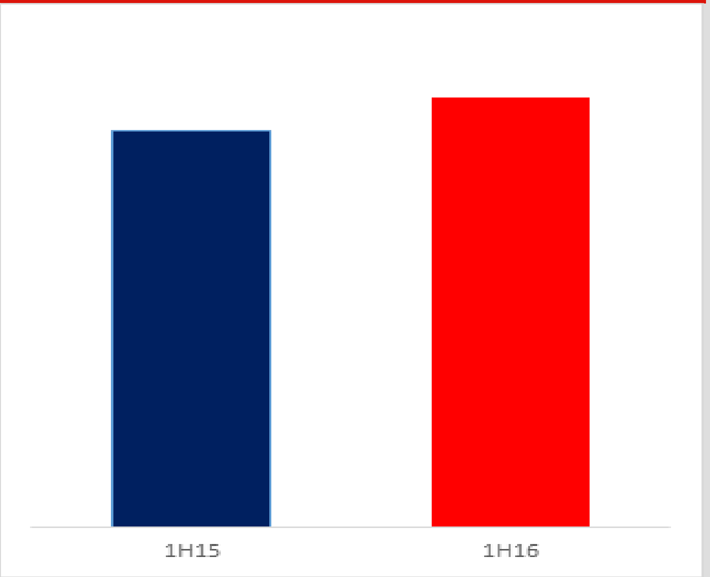
↑0.6%
Domestic Bookings

↑5.2%
International Bookings

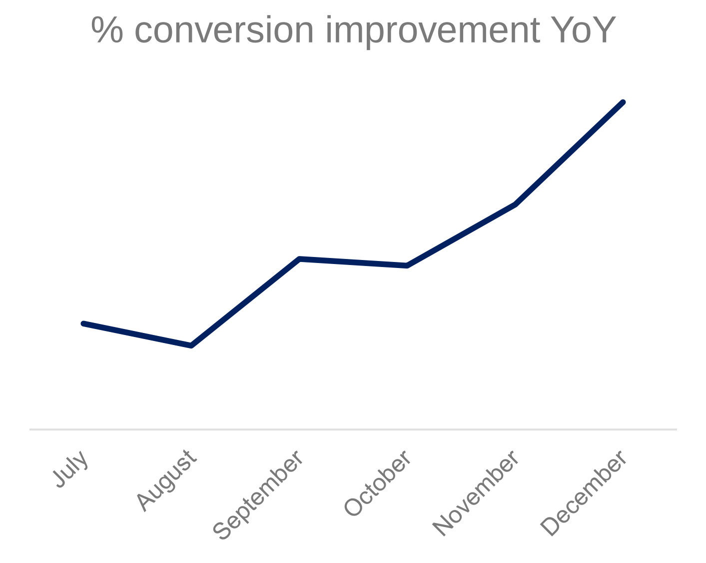
(1) Passenger numbers growth - five months to 30 Nov 2015. Source: BITRE.

# Website visitors growing; conversion improving

## Visitation Growth 8% YoY

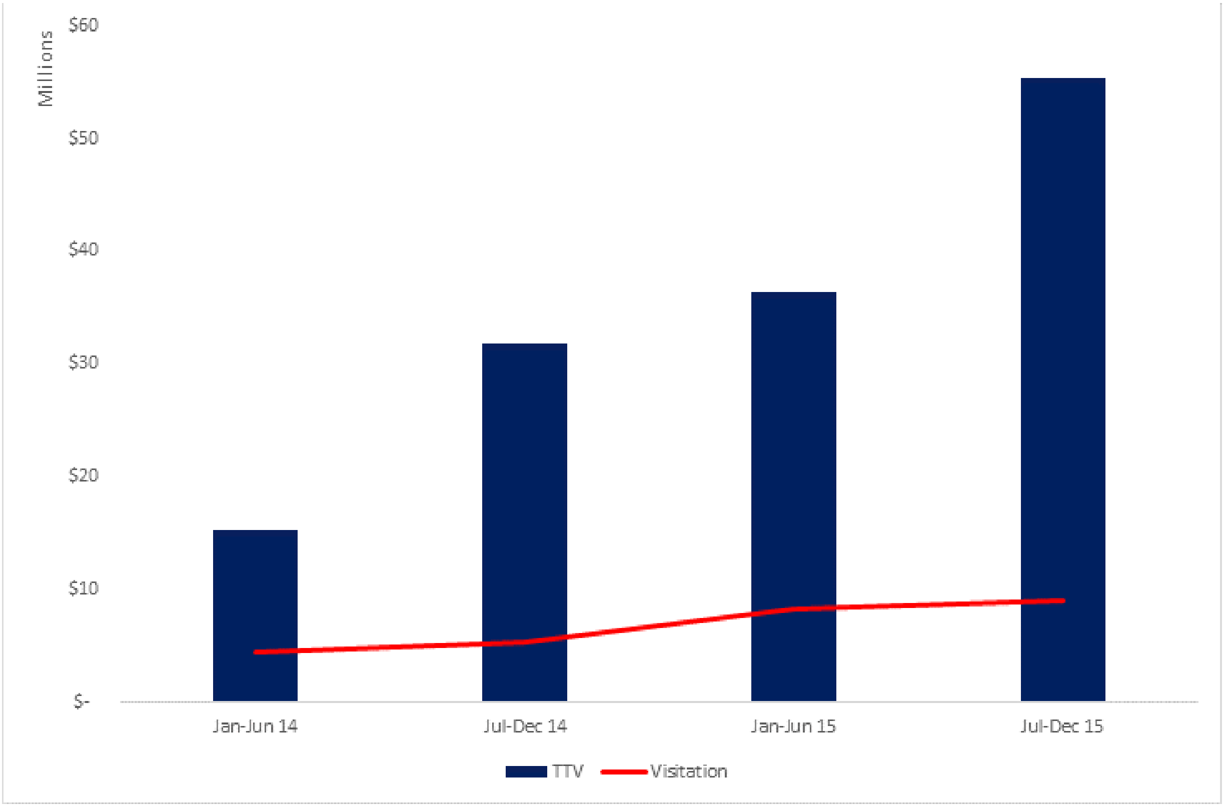



## Ongoing Conversion Improvement



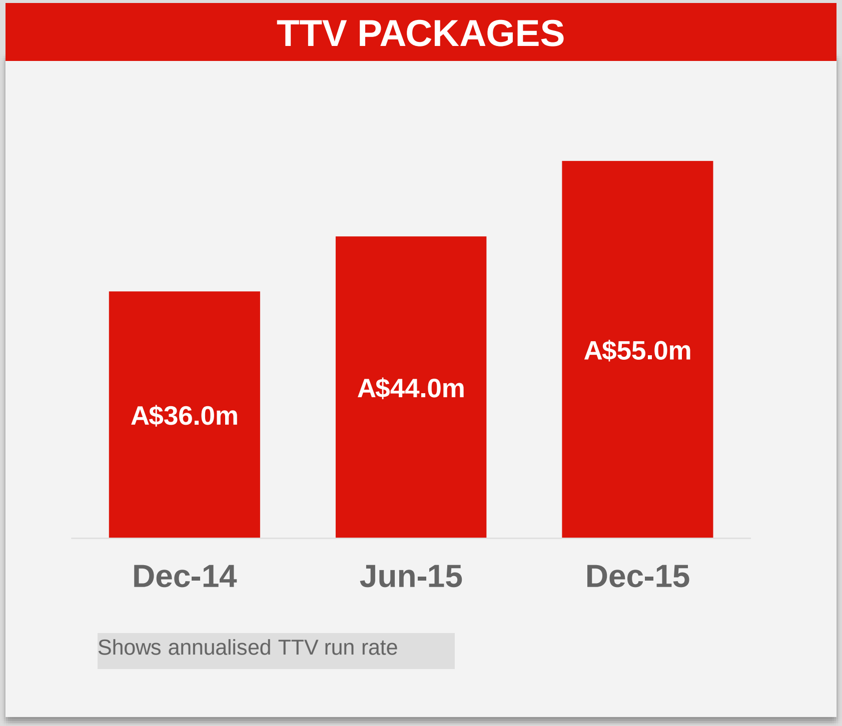
# Mobile visitation growing, TTV growing faster

## Mobile & App Visitation vs TTV Growth




Mobile & App Visitation and TTV excludes Tablet.

# Higher margin revenue streams also growing




## Packages

- Annualised TTV run rate $55 million, up 53% year-on-year
- Exclusives break even in 1H16

## Other

- Travel insurance and car hire TTV continue to grow - up 30% year-on-year
- Cruise annualised TTV run rate now more than $8 million - up 184% year-on-year

## Hotels

- Annualised TTV run rate of $38 million, down 6% year-on-year

webjet limited

**B2C TRAVEL**

webjet

Australia
New Zealand

zuji

**Australia**
**Singapore**
**Hong Kong**

**B2B TRAVEL**

lots of hotels

Middle East
Africa
North America

sunhotels.

Europe

# Organic growth coming through

## Business growing but margins remain under pressure

- Bookings up 34% year-on-year
- TTV up 30.9%
  - Strong organic growth in both Hong Kong and Singapore
  - Zuji Asia up 39.2%
- Competitive environment continues to improve
- Business remains profitable

| ZUJI | 1H15 | 1H16 |
|---|---|---|
| TTV | $98.6 m | $129 m |
| *Growth* | | *30.9%* |
| ZUJI AU | $34.3 m | $39.5 m |
| *Growth* | | *15.3%* |
| ZUJI Asia | $64.3 m | $89.5 m |
| *Growth* | | *39.2%* |

| B2C | 1H15 | 1H16 |
|---|---|---|
| EBITDA[1] | $ 11.1m | $ 14.9m |
| *Growth* | | *33.6%* |
| | | |

[1]Due to shared operating costs within the B2C businesses and commercially sensitive relationships impacting the Asian market, we will no longer provide separate EBITDA breakdowns for the B2C businesses

# Key highlights

## ZUJI Hong Kong

### Ongoing increase of Air content

- Includes additional LCC content
- New consolidator relationship established

### Platform improvements

- Enhanced site design has seen significant improvement in conversions

### App enhancements

- Additional content added, including cars

### External recognition

- *Hong Kong's Most favourite OTA* (Weekend Weekly Magazine) for 2nd time

## ZUJI Singapore

### New partnerships

- Established multiple new affiliate relationships to drive significant air volume increases

### Platform improvements

- Enhanced site design has seen significant improvement in conversions

### App enhancements

- Additional content added, including cars

## ZUJI Australia

### Improved content

- Improved ancillary cross-sell
- Car hire added to apps

### Platform improvements

- Responsive hotels site launched

### Targeted digital marketing

- Resulted in significant growth in TTV and bookings

# B2B TRAVEL

Digital provision of hotel rooms to global partners

# B2B summary

| | 1H FY16 | 1H FY15 | Inc. / (Dec.) |
| --- | --- | --- | --- |
| | $m | $m | $m |
| **TTV** | 188 | 123 | 65 |
| **Revenue** | 17.3 | 11.8 | 5.5 |
| **Costs** | 14.0 | 8.5 | 5.5 |
| **EBITDA** | **3.3** | **3.3** | (0.0) |

↑ 52.7%
TTV

↑ 46.7%
Revenue

↑ 64.9%
Costs

Flat
EBITDA

webjet limited

## B2C TRAVEL

Australia
New Zealand

Australia
Singapore
Hong Kong

## B2B TRAVEL

**Middle East**
**Africa**
**North America**

Europe

# Winning market share

**LOH strong growth trajectory continues**

- TTV up 103.3% year-on-year
  - Up 64% in base currency (USD)
- TTV margin at 8.8%
- EBITDA up 25% year-on-year

**Winning market share in key markets**

- Cementing our position as #3 player in Middle East and Africa market
- Strong growth in key markets with several new markets starting to gain traction

**EBITDA in line with expectations**

- 1H16 EBITDA impacted by cost investment to take advantage of FY17 growth opportunities
- Costs include $3.5 million spent on increasing employees (FTE's up 47% year-on-year); significant improvement in inventory offering; launch of LOH North America

| LOTS OF HOTELS | 1H15 | 1H16 |
|---|---|---|
| TTV | $46 m | $94 m |
| Revenue | $4.4m | $8.3m |
| Costs | $2.9m | $6.4m |
| EBITDA | $1.5m | $1.9m |
| *TTV margin* | *9.4%* | *8.8%* |

# Improving our inventory offering

## TTV margin expected to remain above 8%

| | Multi-supply aggregation | Direct contracting in key cities | Global chain dynamic inventory agreements | Total supply offering |
|---|---|---|---|---|
| 1H15 | • 10 third party partners integrated | • 1,200 agreements in place | • 2 chains online<br>• Deals completed with 11 hotel chains | • **12 external suppliers**<br>• **1,200 directly contracted properties** |
| 1H16 | • 22 third party partners integrated | • 7,500 agreements in place (through LOH and SunHotels) | • 9 chains online<br>• Deal completed with 12 hotel chains | • **31 external suppliers**<br>• **7,500 directly contracted properties** |

# Broader distribution

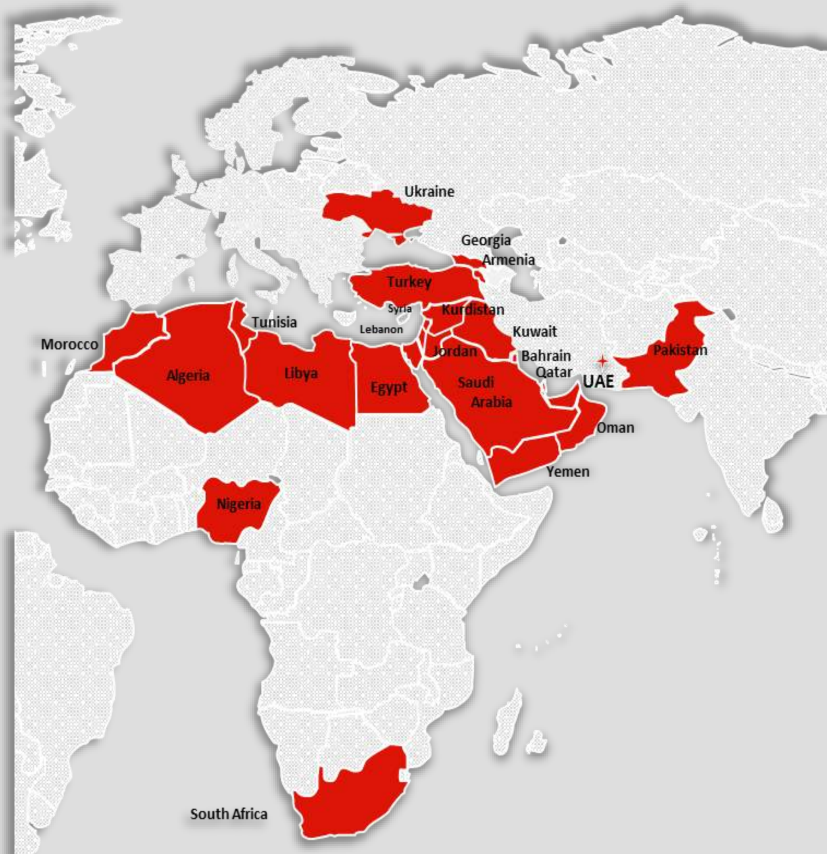
Strategy

**Cementing our position as #3 player in Middle East and Africa market**

- **Expanding customer base**: Becoming more embedded with existing customer base; new customers growing
- **Expanding inventory offering**: Unique cost model allows LOH to offer more inventory at lower prices than competitors

**Well positioned for delivering EBITDA growth in FY16 and beyond**

- **Growth opportunities:** Considerable opportunities in existing markets
- **Increased salesforce by more than 75%** year on year: continue to grow salesforce to take advantage of growth opportunities




**Operating – 26 markets**

| | | | | |
|---|---|---|---|---|
| UAE | Libya | Lebanon | Algeria | Kurdistan |
| KSA | Kuwait | Syria | Morocco | Georgia |
| Qatar | Bahrain | Egypt | Nigeria | Armenia |
| Oman | Pakistan | Tunisia | Yemen | Ukraine |
| Iraq | Jordan | Turkey | USA | HKG |
| S. Africa | | | | |

# LOH North America launched

Strategy

## North America Market Entry

**Opportunity to replicate success of LOH in North American market**

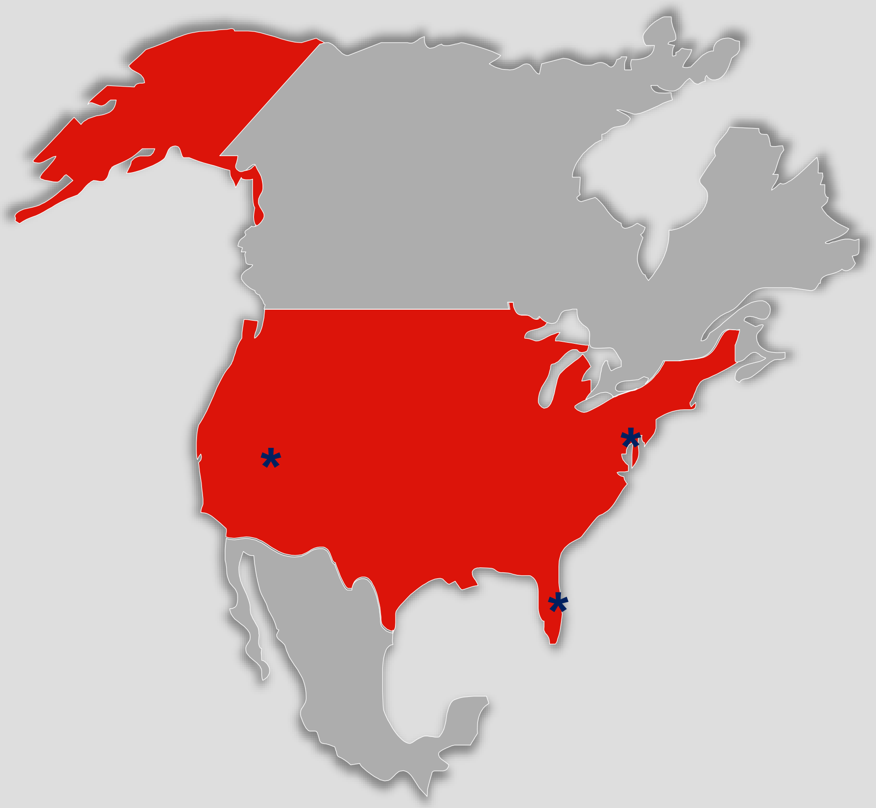
- **Geographically fragmented market:** Large wholesale market potential
- **Multi-supply aggregation model:** Target wholesalers in key cities with unique supply model offering more inventory at lower prices
- **Direct inventory:** Increase direct sourcing in key US markets
- **Experienced team:** Start-up headed by senior executive with 20+ years B2B experience; 6 new team members now on board

**$1 million investment underway:**

- First clients signed in December 2015; TTV expected in 2H16

## Key Source Markets

**New York - Las Vegas - Orlando**



webjet limited

## B2C TRAVEL

webjet

Australia
New Zealand

zuji

Australia
Singapore
Hong Kong

## B2B TRAVEL

lots of hotels

Middle East
Africa
North America

sunhotels.

**Europe**

# Business growth coming through

**TTV and revenue growth coming through**

- TTV up 22.4% year-on-year
  - Up 17% in base currency (EUR)
- TTV margins at 9.6%
- EBITDA down 21%

**EBITDA in line with expectations**

- 1H16 EBITDA impacted by cost investment to take advantage of FY17 growth opportunities
- Costs include $2m spent on increasing directly contracted inventory and expanding sales force

**Bookings growth already coming through**

- 1Q16 bookings up 10% year-on-year
- 2Q16 bookings up 25% year-on-year
- Expect 2H16 bookings to increase by 40% year-on-year

| Sunhotels | 1H15 | 1H16 |
|---|---|---|
| TTV | $ 77 m | $ 94 m |
| Revenue | $7.4m | $9.1m |
| Costs | $5.6m | $ 7.6m |
| EBITDA | $1.8m | $1.4m |
| TTV margin | 9.7% | 9.6% |

# Growth investment underway

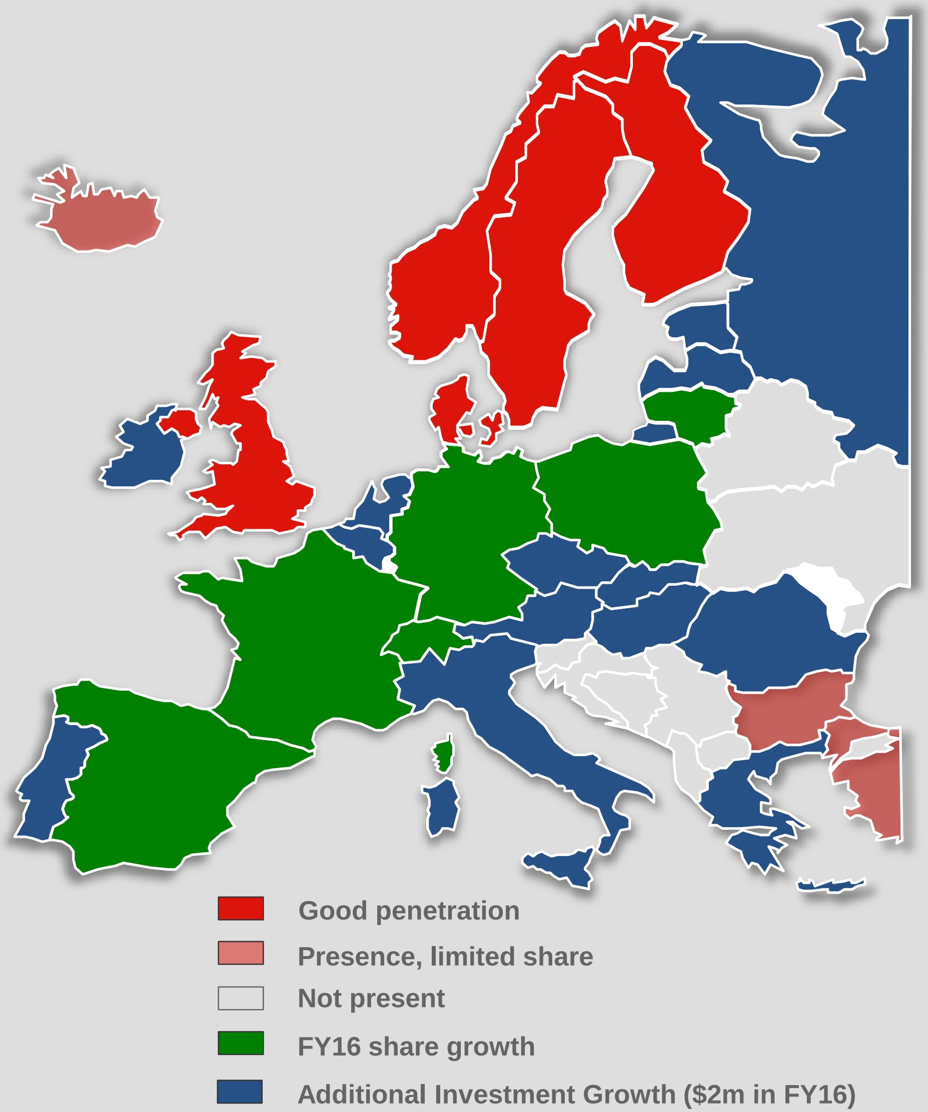
Strategy

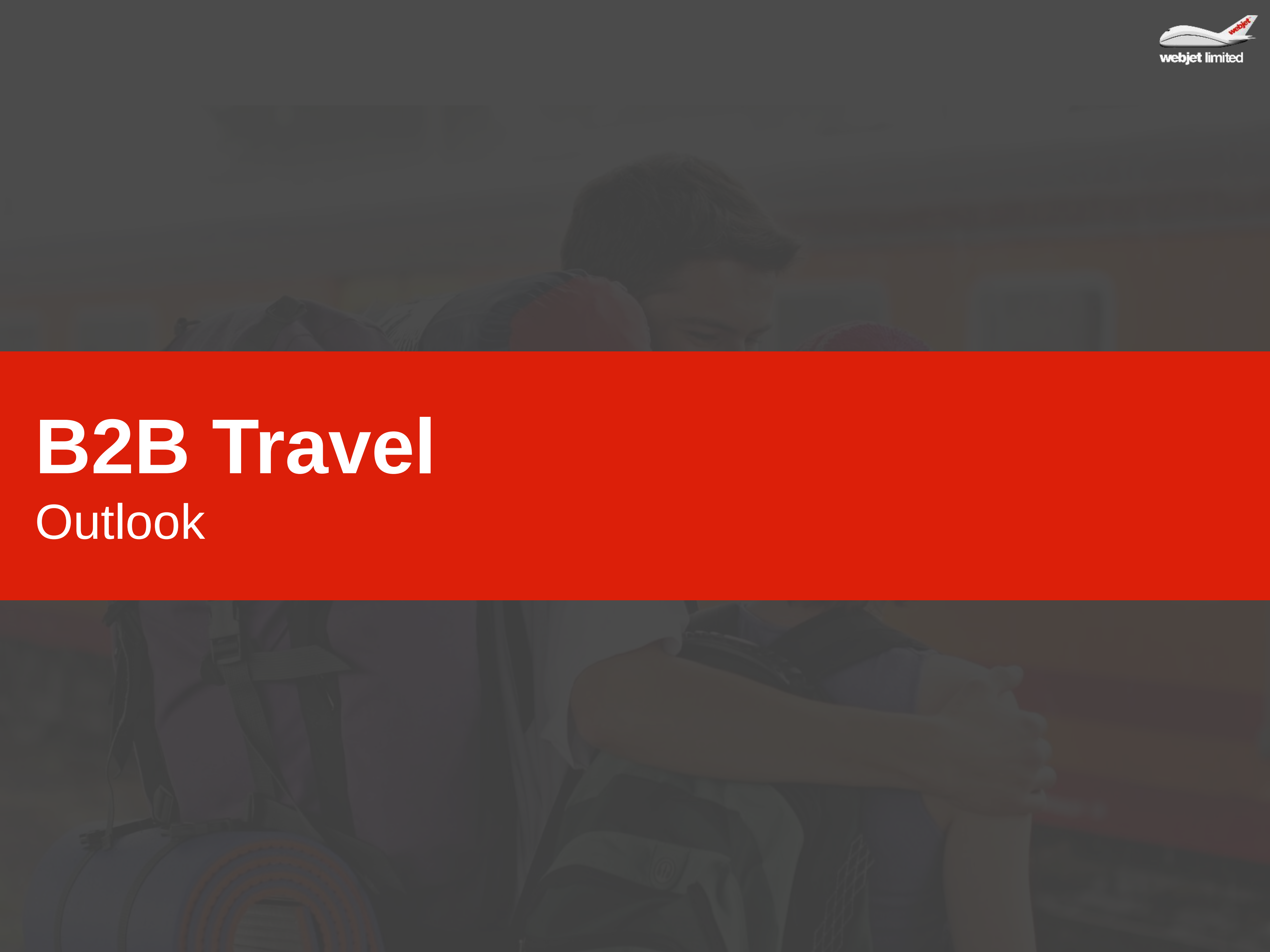
**Attractive growth opportunities in European market**

- **Increased salesforce:** Grown by 55% since acquisition; all key senior hires now in place
- **Market expansion:**
  - Deeper penetration of already penetrated markets: UK, Spain, Germany
  - Further penetrate markets with existing clients: Italy, Israel, Turkey, Greece, Russia, Romania, Portugal, Poland
  - Increase retail customer base in France, Switzerland, Netherlands, Belgium
  - Primary focus on leisure market; looking into business market for UK, Nordics, France
- **Inventory :** Opportunities to cross-sell unified inventory pool across all B2B brands

**$2 million investment underway**

- **Directly contracted inventory:** Increase in up to 12 key European markets
- **Expand offering:** Experienced salesforce to offer broader inventory range in both existing and key new markets

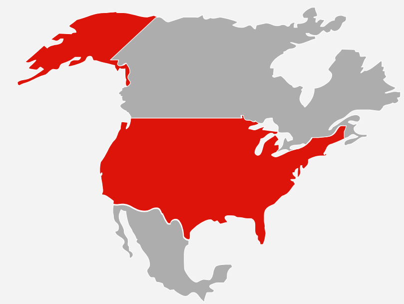




# B2B Travel

## Outlook

# The B2B market opportunity

| Middle East and Africa | Europe | US |
|---|---|---|
|  |  |  |

**Market size**

| | | |
|---|---|---|
| **$3 Billion** | **$20 Billion** | **$15 Billion** |

**Highly experienced management team**

| | | |
|---|---|---|
| **Over 100 years** B2B experience for the LOH team | **Over 100 years** B2B experience for the SunHotels team | **Over 50 years** B2B experience for the LOH North America start up team |

# B2B EBITDA targeted to double in FY17

## Outlook for B2B

B2B

- B2B acquisition strategy has been successful; integration complete and strong platform for growth
- Our planned investment growth strategy is currently underway and already delivering tangible results
- Expected investment in FY16 of $3 million: $12 million incremental operating costs will deliver $9 million incremental revenues

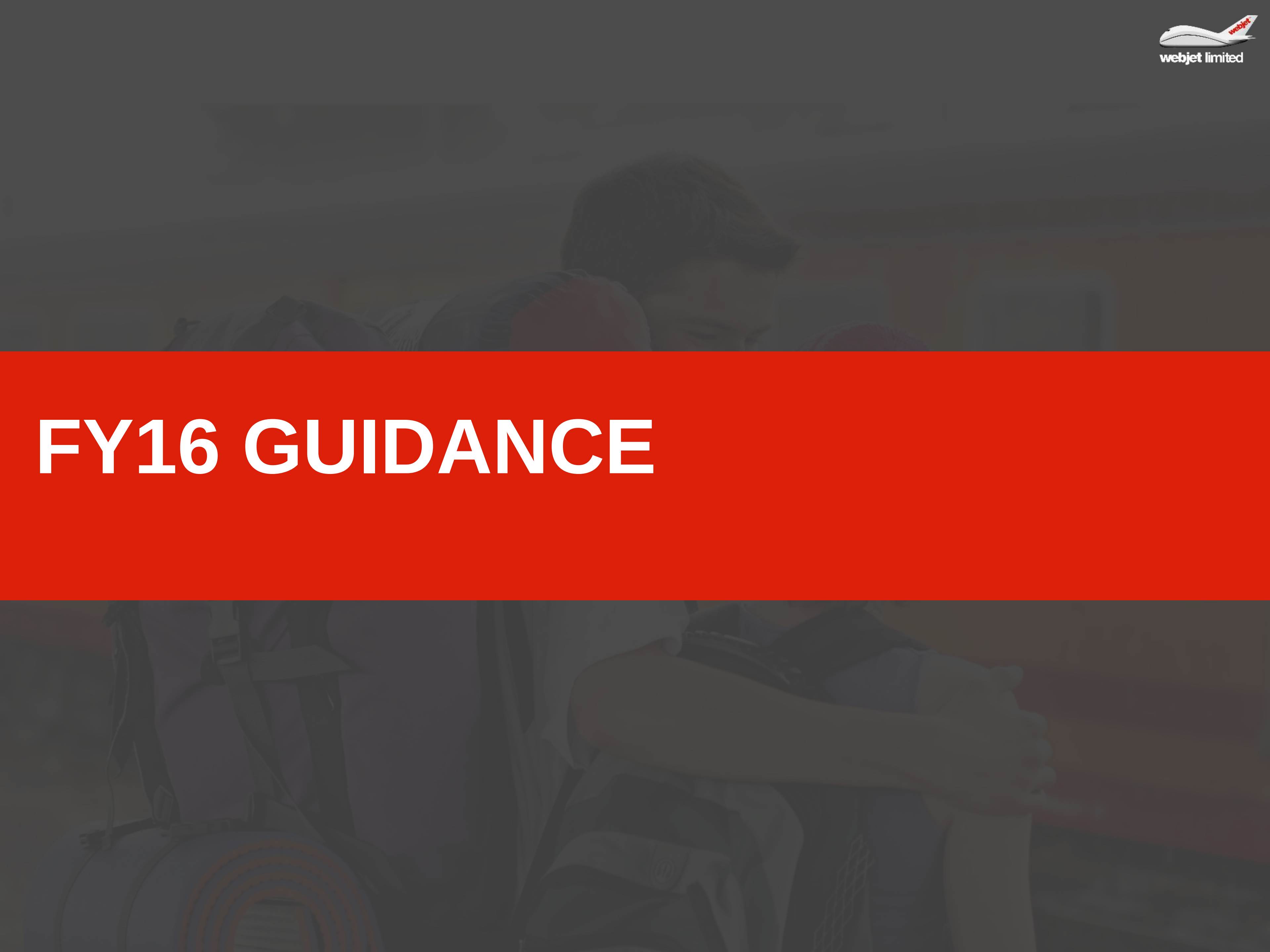
B2B TTV

- **B2B TTV to exceed $700 million by FY18**
  - From a zero base in February 2013, we are already achieving an annualised TTV run rate of $375 million
  - We expect FY15 TTV to grow organically by more than $500 million by FY18 - FY15 TTV $228m; Target FY18 TTV $728 million

B2B EBITDA

- **B2B EBITDA targeted to double in FY17**
  - We expect B2B EBITDA to be around $5.5 million in FY16
  - We are targeting B2B EBITDA of $11 million in FY17

# FY16 GUIDANCE



# FY16 Guidance confirmed

## Outlook for FY16

EBITDA

- TTV growth at the beginning of 2H16 has continued at more than 30% and although this implies an acceleration it is too early to change market guidance of **$33.5 million** EBITDA.

B2C

- We continue to track ahead of our 5 year CAGR EBITDA target of 10%+ for our B2C business.

B2B

- We continue to track ahead of our 5 year CAGR EBITDA target of 30% for our B2B business.

# THANK YOU

February 2016