SiteMinder

**ASX ANNOUNCEMENT**
February 27, 2024

# SiteMinder delivers improved profitability, continued strong growth, new partnerships

SiteMinder Limited (ASX:SDR) ("SiteMinder", "the Company" or "the Group") has today released its results for the six months ended 31 December 2023 (H1FY24). The results show SiteMinder sustained strong growth over H1FY24 and made continued progress towards achieving profitability for H2FY24 while leading a transformation within the global hotel industry through a new mission, investment in innovative new products and new partnerships for Channels Plus.

**H1FY24 performance highlights**

*All growth rates are year-on-year (y/y) unless otherwise stated, cc is constant currency*

- **Total revenue increased 27.9% or 22.4% (cc,organic) to $91.7m, comprising:**
  - Subscription revenue, which grew 18.5% (cc,organic) – an increase from H2FY23.
  - Transactional revenues, which grew 30.5% (cc,organic). Growth was impacted by abnormal seasonality in the prior year (CY22). The number of transaction products increased 36% to 22.5k products, with strong uptake from larger properties with higher room count and gross booking value.
  - Strong and consistent growth (cc) across all regions.

  With the abnormal level of travel activity in the prior year (CY22), due to post-Covid reopenings, comparisons to pre-Covid trading periods are more indicative of business momentum. In H1FY24, revenue was 56% (cc) higher than the corresponding pre-Covid trading period (H1FY20), compared to a 52% (cc) increase in H2FY23 (vs H2FY19).

- **Annualised recurring revenue (ARR) increased 27.2% or 22.9% (cc,organic)** to $182.5m.
- **Underlying gross margin improved** by 69bps y/y to 67.4%, driven by stronger subscription margin. **Underlying subscription gross margin improved** by 306bps y/y to 85.0%, driven by scale and operating leverage. Transaction gross margin was stable.
- **Underlying EBITDA improved** from ($14.6)m in H1FY23 to ($1.2)m. The benefits of operating leverage and the cost management program announced in January 2023 contributed to the improvement.
- **Underlying net loss improved from ($24.7)m in H1FY23 to ($13.8)m**.
- **Reported net loss improved from ($25.5)m in H1FY23 to ($14.9)m**. Reported net loss included costs related to restructuring and the establishment of the replacement credit facility.
- **Underlying free cash outflow was ($8.7)m**, which represented (9.5)% of revenue and compared favourably to (28.2)% in H1FY23. In Q2FY24, it was (7.0)% of revenue. **Operating cash flow turned positive in H1FY24.**

- **LTV/CAC improved from 3.6x in H1FY23 to 5.3x**. CAC improved from $5,941 in H1FY23 to $4,814, driven by operating leverage. LTV improved from $21,172 in H1FY23 to $25,394, driven primarily by ARPU and gross margin expansion.

- **Net organic additions increased 56% from 1.6k in H1FY23 to 2.5k**. Global customer property count increased 13.7% y/y to 41.6k with strong growth across all regions. H1FY24 was impacted by 0.2k of churn from the closure of Covid quarantine properties in Asia.

- **Available funds were $71.5m** consisting of $42.2m of cash and funds on deposit, and $29.4m of undrawn debt facilities.

- **Good progress was made on Smart Platform**, with new products in development to leverage AI and SiteMinder's industry-leading data assets backed by more than 115m reservations per year. Phased delivery of new products will begin mid calendar year 2024. Channels Plus has had a strong start in securing **partners** with signings that include **Agoda and Hopper**.

- **Growth and profitability guidance reiterated**. SiteMinder's growth guidance is unchanged and continues to target organic revenue growth of 30% in the medium term. The Company maintains its expectation to be underlying EBITDA profitable and underlying free cash flow positive for H2FY24.

"SiteMinder delivered another strong performance in the past half-year. Our performance demonstrates both the scalability of our business model and the attractive financial profile that our business is well positioned to deliver in the future," says Sankar Narayan, CEO and Managing Director at SiteMinder. "Not only did we deliver improvement across all key profitability and unit economic metrics; we simultaneously sustained strong growth and pursued our new mission of making sophisticated revenue management accessible to every hotel in the world, through development of innovative new products and partnerships with industry leaders. These partnerships, which we are pleased to announce today, stand as strong endorsements of our market-leading platform and the transformation that we are uniquely positioned to lead for hotels everywhere."

**Strong progress on revenue platform including partnerships**

During H1FY24, SiteMinder shared plans to deliver two new transformational products from the middle of calendar year 2024. These products, Channels Plus and Dynamic Revenue Plus, will redefine how hoteliers approach revenue management by leveraging AI and SiteMinder's industry-leading data assets to automate and optimise commercial decisions around pricing, distribution channel activation, and inventory allocation. For Channels Plus, SiteMinder today announces it has signed agreements with some of the travel industry's renowned brands, including Agoda, Hopper, Travel Counsellors, BookMe, HostelHop and Luxtay.

"The announcement of our newly-established partnerships are testament to the revenue capabilities that exist within SiteMinder's platform and our enviable position to completely transform revenue management for the world's hoteliers," says Narayan. "The strength of brands such as Agoda and Hopper, as well as the diversity of all partners in terms of geographical and end-market coverage, highlights the broad appeal of the streamlined distribution that Channels Plus will provide."

Separately, significant enhancements are on the way to expand the accessibility and usage of SiteMinder's payment solution and Demand Plus. Little Hotelier customers can now enjoy the benefits of auto-pay, a capability that will automate the processing of milestone payments, help reduce manual processes and improve working capital for small properties. Over the next 12 months, the coverage of SiteMinder's payment solution will be extended to a number of markets, and support for physical payments will be rolled out. For Demand Plus, a new product will be launched to cater to the needs of larger hotels.

**Delivering strong near term growth and long-term value generation opportunities**

SiteMinder sustained strong and resilient growth in H1FY24 with revenues growing 27.9% or 22.4% y/y (cc,organic) to $91.7m. The company's subscription business grew 18.5% (cc,organic) as it leveraged the measured investments made in the go-to-market engine. Growth in the transaction business was impacted by the cycling of abnormal seasonality in the previous corresponding period resulting from the post-Covid travel recovery.

Importantly, the growth being generated was of high economic value with the onboarding of larger properties across both subscription and transaction products, and improvements to already strong upsell conversion rates on new properties. These outcomes speak to the performance of SiteMinder's products, and the growing recognition of SiteMinder's excellence in executing revenue management strategies.

"The strength of SiteMinder's revenue management capabilities is evidenced by the strong growth in the number and value of reservations managed by SiteMinder. These exceeded 115m and $70 billion, respectively, and they are indicative of SiteMinder's medium-term revenue opportunity as we look to deliver our next-generation platform this calendar year," says Narayan.

**Continued improvement in profitability and unit economics.**

The sustained strong momentum of the business has positioned SiteMinder to generate value accretive growth through operating leverage and scale. In H1FY24, underlying gross margin increased 69bps y/y to reach 67.4%, with subscription gross margin expanding 306bps y/y to reach an all time high of 85.0%. Underlying EBITDA improved from ($14.6)m in H1FY23 to ($1.2)m in H1FY24.

SiteMinder continued to improve its strong unit economics by simultaneously growing the lifetime value (LTV) of its customers, and prudently managing the cost of customer acquisition (CAC) in a manner that balances near term financial outcomes with sustained strong organic growth. During H1FY24, LTV increased 19.9% y/y to a record $25,394, while CAC improved by 19.0% y/y to $4,814. The key LTV/CAC metric improved from 3.6x in H1FY23 to 5.3x in H1FY24.

SiteMinder continues to optimise business processes and expenditures to drive continued improvement in key profitability and unit economics metrics. Key initiatives include the ongoing work to drive automation in sales, onboarding and support, freeing up resources to be redirected towards initiatives that will deliver the most value to customers. This sets the business up to sustain strong organic growth and become underlying EBITDA profitable and underlying free cash flow positive for H2FY24.

This ASX announcement was authorised by SiteMinder's Board of Directors.

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## About SiteMinder

SiteMinder Limited (ASX:SDR) is the name behind SiteMinder, the only software platform that unlocks the full revenue potential of hotels, and Little Hotelier, an all-in-one hotel management software that makes the lives of small accommodation providers easier. The global company is headquartered in Sydney with offices in Bangalore, Bangkok, Barcelona, Berlin, Dallas, Galway, London and Manila. Through its technology and the largest partner ecosystem in the global hotel industry, SiteMinder generates more than 115 million reservations worth over $70 billion in revenue for its hotel customers each year. For more information, visit siteminder.com.

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**Definitions**

**Annualised recurring revenue (ARR)** is the prior month's recurring subscription revenue multiplied by 12 and the prior quarter's transaction revenue from subscriber customers multiplied by four (assuming any promotions have ended). ARR provides a 12-month calculation of revenue at a point in time, assuming other factors such as subscriber numbers, transaction volumes, pricing and foreign exchange remain unchanged. ARR does not represent the Group's actual results, is not a financial forecast and should not be used in isolation as a forward-looking indicator of revenue.

**Customer acquisition cost (CAC)** is calculated by the total sales, marketing and onboarding expenses over a period, less set-up fees charged in the period, divided by the number of new billed properties in the period. Figures are on a rolling average, depending on the period covered i.e. 6 months for half-year or 12 months for full-year.

**EBITDA** is calculated by adding interest, tax, depreciation and amortisation expenses to net income. Underlying EBITDA features adjustments to exclude non-recurring items. SiteMinder includes stock based compensation in its calculation of EBITDA and underlying EBITDA.

**Free cash flow** is the sum of cash flows from operating and investing activities. Underlying free cash flow features adjustments to exclude non-recurring items.

**Lifetime value (LTV)** is the recurring (subscription + transactional) gross margin expected from a property over the lifetime of that property. It is calculated by taking the monthly average ARPU over the trading period, multiplied by the gross margin percentage, divided by Monthly Revenue Churn. Figures are on a rolling average, depending on the period covered i.e. 6 months for half-year or 12 months for full-year.

**LTV/CAC** is the ratio between Lifetime Value (LTV) and Cost of Acquiring Customer (CAC).

**Monthly average revenue per user (ARPU)** is calculated by using monthly recurring revenue and dividing it by the number of properties for each respective month. The monthly ARPU is presented as the average of the last 6 months for half year or 12 months for full year.