

1H17

RESULTS UPDATE



John Guscic
Managing Director

23 February 2017



1H17 Highlights

B2C HIGHLIGHTS

- **Webjet** continues to outperform the market by more than 5 times
- **Online Republic** integration complete; delivering growth
- **Zuji** sale completed - \$26.8 million gain

B2B WEBBEDS HIGHLIGHTS

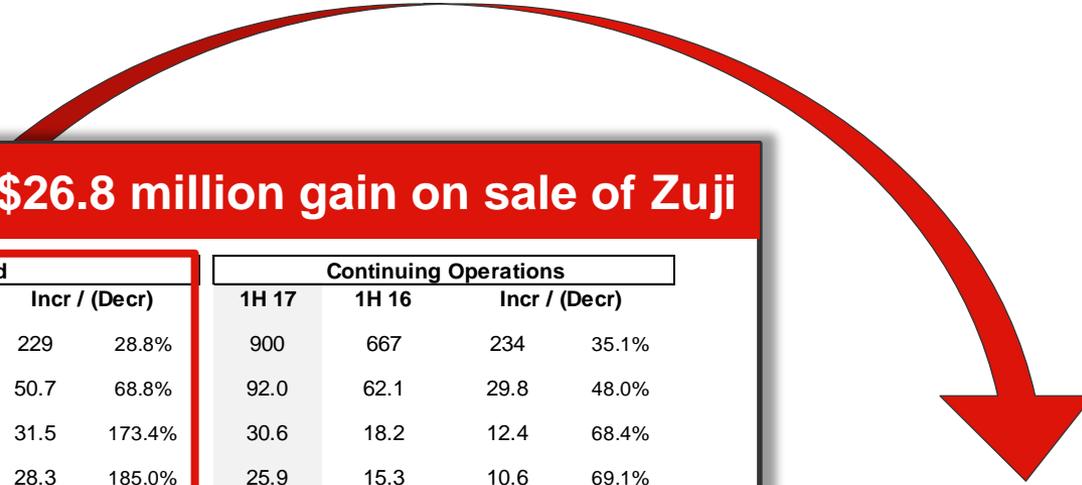
- Benefits of FY16 investment starting to flow through
- **LOH** continues to grow market share; US delivering TTV
- **Sunhotels** strong growth in substantial new markets; Thomas Cook alliance on track
- **FIT Ruums** launched November 2016; tracking ahead of expectations

	Reported	Continuing Operations
TTV	\$ 1,025m <i>Up 28.8%</i>	\$ 900m <i>Up 35.1%</i>
EBITDA	\$ 49.7m <i>Up 173.4%</i>	\$ 30.6m <i>Up 68.4%</i>
PBT	\$ 42.5m <i>Up 174.0%</i>	\$ 24.8m <i>Up 59.8%</i>
NPAT	\$ 39.4m <i>Up 268.7%</i>	\$ 20.0m <i>Up 86.9%</i>

1H17 Highlights - Reported Results

Reported results include \$26.8 million gain on sale of Zuji

\$ millions	Reported				Continuing Operations			
	1H 17	1H 16	Incr / (Decr)	%	1H 17	1H 16	Incr / (Decr)	%
TTV	1,025	796	229	28.8%	900	667	234	35.1%
Revenue	124.5	73.8	50.7	68.8%	92.0	62.1	29.8	48.0%
EBITDA	49.7	18.2	31.5	173.4%	30.6	18.2	12.4	68.4%
EBIT	43.6	15.3	28.3	185.0%	25.9	15.3	10.6	69.1%
PBT	42.5	15.5	27.0	174.0%	24.8	15.5	9.3	59.8%
NPAT	39.4	10.7	28.7	268.7%	20.0	10.7	9.3	86.9%
EPS (cents)								
- Basic	40.7	13.2	27.4	207.7%	20.6	13.2	7.4	56.0%
- Diluted	40.0	13.2	26.8	203.3%	20.3	13.2	7.1	53.7%
Margins								
Revenue margin % tv	12.2%	9.3%	2.9%		10.2%	9.3%	0.9%	
EBITDA margin % revenue	39.9%	24.6%	15.3%		33.3%	29.2%	4.0%	
Effective tax rate % profit	7.3%	31.1%	23.8%		19.5%	31.1%	(11.6%)	



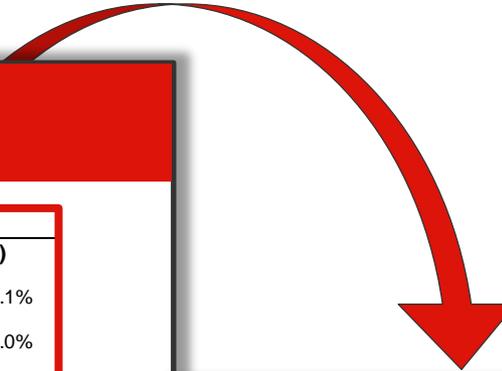
↑ 28.8%	↑ 68.8%
TTV	Revenue
↑ 34.6%	↑ 173.4%
Costs	EBITDA
↑ 174.0%	↑ 268.7%
PBT	NPAT

Note: 1H16 effective tax rate impacted by \$0.84 million provision relating to prior period.
Excluding this provision, effective tax rate was 25.7%

1H17 Highlights – Continuing Operations

B2C outperforms market; B2B growth initiatives delivering

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Effective tax rate % profit	7.3%	31.1%	23.8%		19.5%	31.1%	(11.6%)	



↑ 35.1%	↑ 48.0%
TTV	Revenue
↑ 39.6%	↑ 68.4%
Costs	EBITDA
↑ 59.8%	↑ 86.9%
PBT	NPAT

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B2C



Continuing to outperform the market by more than 5 times



Integration complete, delivering growth

B2B



Continues to grow market share; US delivering TTV



Strong growth underway in substantial new markets; Thomas Cook alliance on track



Launched Nov 2016; tracking ahead of expectations

Segment Summary

	1H 17	1H 16	Inc. / (Dec.)	
	\$m	\$m	\$m	%
TTV				
- Webjet	535	480	55	11.5%
- Online Republic	131	0	131	n/a
- Sunhotels	124	93	31	33.0%
- LOH	110	94	16	17.3%
- FIT Ruums	1	0	1	n/a
Continuing Operations	900	667	234	35.1%
Zuji	124	129	(5)	(3.6%)
Total TTV	1,025	796	229	28.8%
Segment TTV				
B2C	666	480	186	38.8%
B2B	235	187	48	25.4%
Zuji	124	129	(5)	(3.6%)
Revenue				
B2C	68.4	44.8	23.6	52.6%
B2B	23.6	17.3	6.3	36.3%
Zuji	11.2	11.6	(0.4)	(3.8%)
EBITDA				
B2C	27.5	17.5	10.0	57.4%
B2B	6.2	3.3	2.9	87.2%
Corporate	(3.1)	(2.6)	(0.5)	18.7%
Zuji	0.2	n/a	n/a	n/a
EBITDA Margin %				
B2C	40.3%	24.0%	16.3%	67.9%
B2B	26.2%	28.0%	(1.8%)	(6.5%)
Zuji	1.6%	n/a	n/a	n/a
MARGINS - Continuing Operations (Excludes Zuji)				
Revenue % TTV	10.2%	9.3%	0.9%	
EBITDA Margin	36.7%	33.5%	3.2%	
Marketing % TTV	1.7%	1.6%	0.0%	
Marketing % Revenue	16.3%	17.6%	(1.3%)	
Effective Tax Rate	19.5%	31.1%	(11.6%)	

Note: 1H16 effective tax rate impacted by \$0.84 million provision relating to prior period. Excluding this provision, effective tax rate was 25.7%

Group TTV ⁽¹⁾ up 35.1%

↑ 38.8%

B2C TTV

Webjet TTV ↑ 11.5%

Online Republic TTV ↑ 15.6%⁽²⁾

↑ 25.4%

B2B TTV

LOH TTV ↑ 17.3%

Sunhotels TTV ↑ 33.0%

Group EBITDA ⁽¹⁾ up 68.4%

↑ 57.4%

B2C EBITDA

Webjet EBITDA up more than 16% year-on-year; Online Republic contributed \$7.2 million

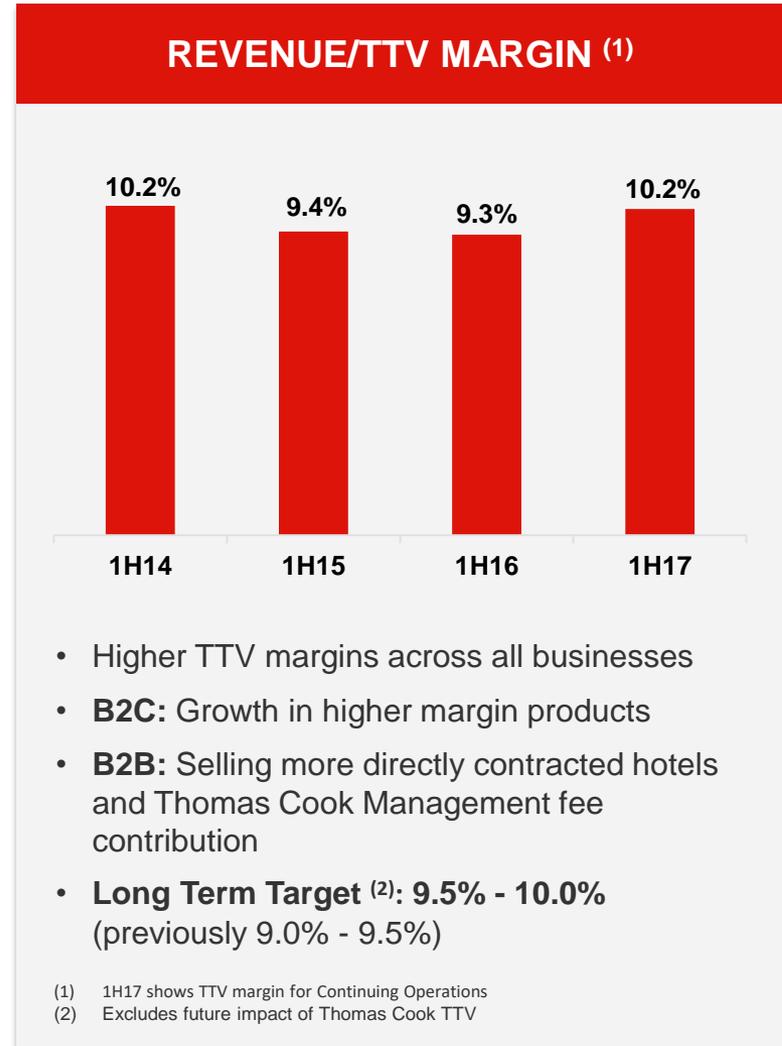
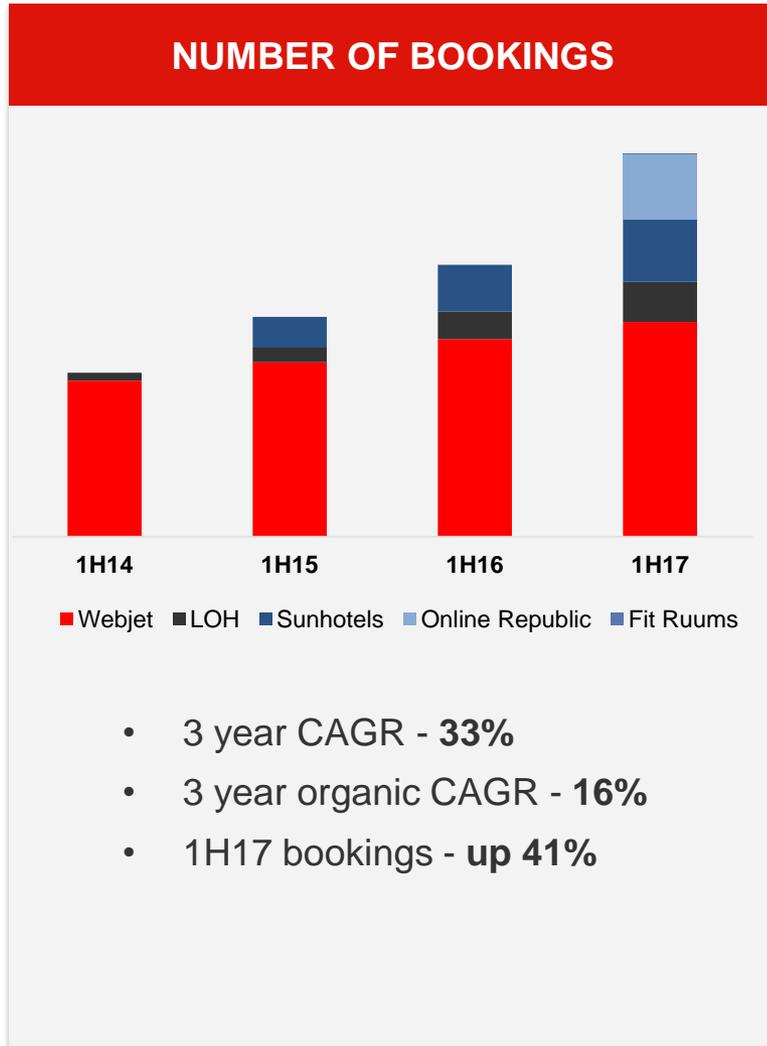
↑ 87.2%

B2B EBITDA

FY16 investment delivering EBITDA growth

(1) Continuing operations. Excludes ZUJI
(2) Pre-acquisition

Strong Organic Growth; TTV Margins Increasing



Strong Balance Sheet

\$m	Dec-16	Jun-16	Dec-15	Dec / Jun	Dec / Dec
				Change	Change
Cash	95.0	116.2	69.6	(21.3)	25.4
Other current assets	150.2	90.2	54.5	60.0	95.7
Non-current assets	178.5	171.6	89.3	6.9	89.2
Total Assets	423.6	378.0	213.4	45.7	210.2
Current liabilities	160.9	197.1	93.5	(36.2)	67.4
Non-current liabilities	50.4	29.2	31.4	21.2	19.0
Equity	212.3	151.7	88.5	60.6	123.8

Cash Balance

- \$95.0 million as at 31 December 2016, includes \$22 million of client funds
- \$116.2 million as at 30 June 2016, includes \$22 million of client funds
- \$69.6 million as at 31 December 2015, includes \$12 million of client funds

Other current assets includes \$53 million Zuji sale receivable (\$47 million received January 2017 and \$6.0 million Completion Statement February 2017)

Working Capital (B2B)

- WebBeds **49%** TTV growth (1H17 versus 2H16), and timing of payments/receivable cycle, led to a \$20.4 million increase in net receivables (Trade Receivables less Trade Payables)

Investment Supporting Growth

Summary Cash Flow	1H 17	2H 16	1H 16
	\$m	\$m	\$m
Cash flow from Operating Activities	(1.4)	40.6	6.0
Zuji Completion Cash (1)	6.0		
Adjusted Cash from Operations	4.6	40.6	6.0
Cash flow from Investing Activities	(39.3)	(63.3)	(4.2)
Cash flow from Financing Activities	20.9	71.1	(7.8)
Net Cash Flow	(13.8)	48.4	(6.0)
Cash generated from operations <u>before Tax</u> (2)	6.2	33.4	15.5
Zuji Completion Cash	6.0		
Adjusted Cash from operations before Tax	12.2	33.4	15.5
Profit before Tax (excluding One Off Items)	25.0	14.6	15.5
Three period average "Cash from Operations vs PBT"		100.0%	
Three period average "Adjusted Operating Cash vs PBT"		110.9%	

(1) Surplus cash held by Zuji, subsequently received through a Completion Statement Adjustment
 (2) Adjusted to eliminate the impact of Client Funds movements

- Strong cash conversion from operations - **100%** average over last three periods; **110.9%** including Zuji Completion Cash
- Operating cash flow impacted by seasonality of B2B TTV growth and timing of the payment/receipts cycle (\$20.4 million increase in net receivables)
- Investing cash flow includes GBP 21 million payment to Thomas Cook for supply agreement
- Financing cash flow includes Online Republic \$27.2 million new share issue

Ongoing Capital Investment

	1H17	1H16	2H16	FY16	1H17 vs 1H16	
B2B	2.0	1.6	2.0	3.6	A\$ 0.4m	Up 24.7%
B2C	3.2	2.6	2.8	5.4	A\$ 0.6m	Up 22.1%
TOTAL	5.2	4.2	4.8	9.0	A\$ 1.0m	Up 23.1%

TTV from Continuing Operations up 35%

CAPEX

- FY17 CAPEX expected to be \$ 10.5 million

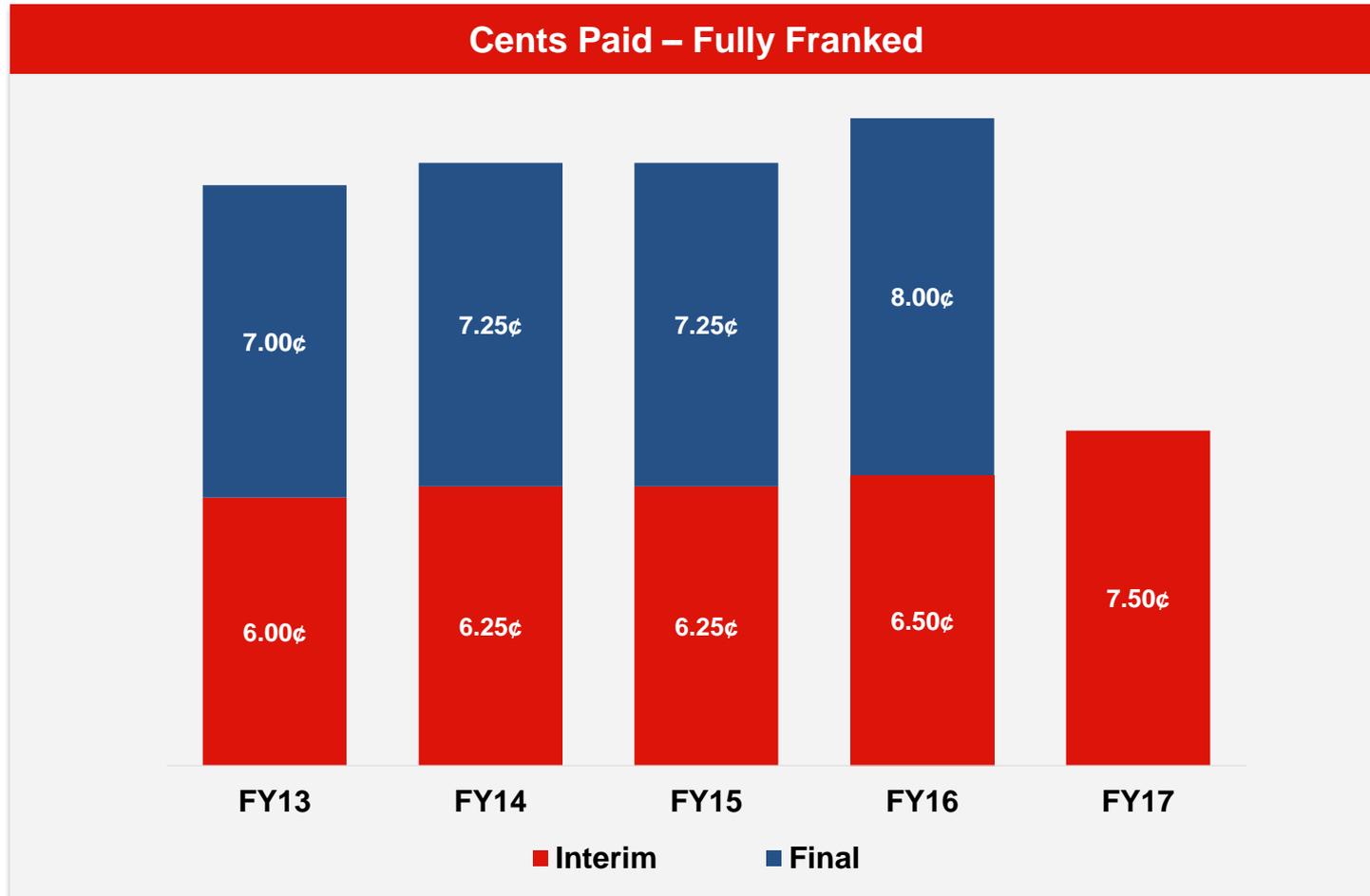
B2B (CAPEX)

- Enhanced cache and scaling functionality
- Infrastructure upgrades for increased capacity
- Increased third party connectivity

B2C (CAPEX)

- Improved ancillary, payment and packaging capabilities
- Supported credit card regulation changes
- New features on Android and iOS app
- New features/product lines such as Online Republic Cars, Route Happy

Fully Franked Interim Dividend of 7.5 Cents – Up 15%

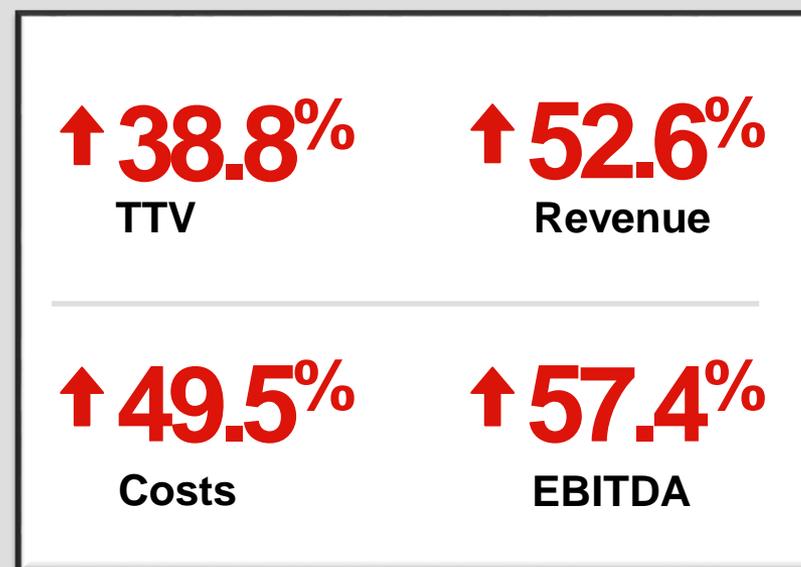


B2C TRAVEL

Online travel agency

B2C Summary (Continuing Operations ⁽¹⁾)

A\$	1H16	1H17	Change
TTV	\$480m	\$666m	\$186m
Revenue	\$44.8m	\$68.4m	\$23.6m
Costs	<u>\$27.3m</u>	<u>\$40.9m</u>	<u>\$13.5m</u>
EBITDA	<u>\$17.5m</u>	<u>\$27.5m</u>	<u>\$10.0m</u>



(1) Excludes Zuji



B2C Travel



Australia
New Zealand



New Zealand

B2B WebBeds



Middle East
Africa
North America



Europe



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Strong Growth Continues

Business performance remains strong

- TTV up 11.5% year on year; continue to see record TTV each month
- Bookings up 10% year-on-year; domestic bookings slowed in Q1 but picked up again in Q2
- 1H17 EBITDA of \$20.4 million, up more than 16% year-on-year ⁽¹⁾

Margins remained constant notwithstanding loss of credit card surcharge

- TTV margins remained constant – growth across all higher margin products
- Changes to credit card surcharge expected to have \$5 million impact over 12 months
 - \$2 million in 1H17; \$3 million in 2H17

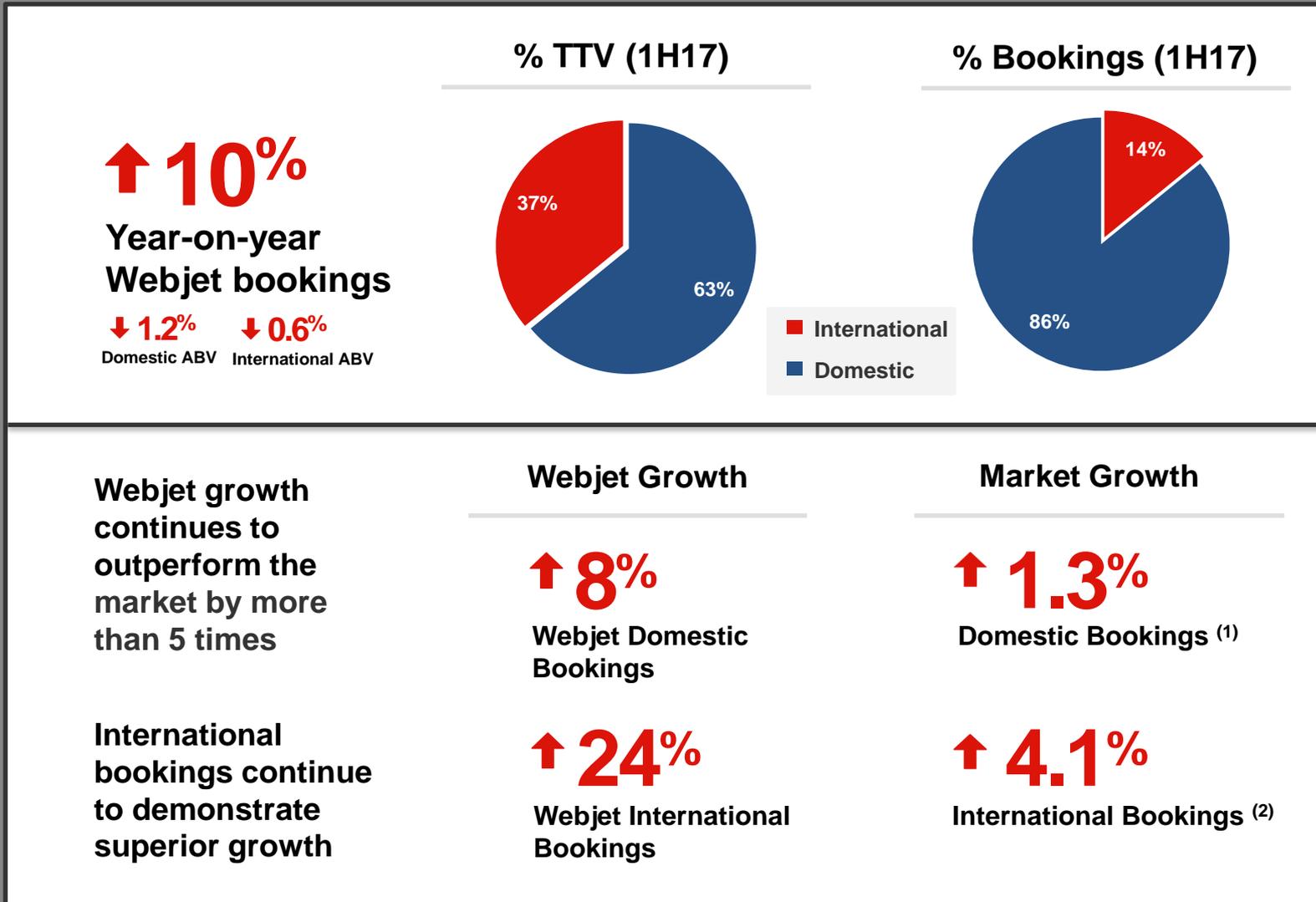
Bookings continue to shift online

- Bookings growth continues to outperform the market by more than 5 times
- Continuing to gain share; visitations and conversions continue to improve
- Mobile and international bookings continue to be key drivers of growth

Webjet	1H16	1H17
TTV	\$ 480m	\$ 535m
Growth		11.5%
EBITDA ⁽¹⁾	\$17.5m	\$ 20.4m
Growth		>16%

(1) 1H16 includes Zuji; 1H17 does not include Zuji

Bookings Continue to Move Online



(1) Domestic Passenger numbers growth – 5 months to 30 November 2016. Source BITRE

(2) International passenger numbers growth (Australian resident short term departures) – 6 months to 31 December 2016. Source ABS

Higher Margin Revenue Streams Growing

Packages

- Webjet packages TTV growing at more than 65% year on year

Exclusives

- Exclusives has shifted its market position to focus on Tours; no longer included in Packages
- Exclusives TTV declined year on year as a result of changes to revenue recognition accounting standards⁽¹⁾

Ancillary Products

- Travel insurance and car hire TTV continue to grow - up more than 35% year-on-year
- Cruise operated through Online Republic

(1) Impact associated with shift in supplier contract arrangements for Webjet Exclusives. Now engaging as principal and not as agent - requires revenue to be recognised at time of check in rather than at time of booking.



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Australia
New Zealand



New Zealand

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Middle East
Africa
North America



Europe



Asia



Online Republic Delivering Growth

Business meeting acquisition expectations

- Integration completed
- TTV up 15.6% year on year; EBITDA contribution of \$ 7.2 million, up 27.3% year on year
- Motorhomes, cruise and car hire businesses all growing in excess of the underlying market

Highlights

- No.1 global TrustPilot* ranking for rental cars
- Release of new and significantly enhanced airportrentals.com web template, which is generating higher conversion rates

Early termination of Webjet existing car hire agreement

- All car hire content is now supplied by Online Republic
- Provides immediate synergistic benefit of higher revenues; 18 month payback period

Online Republic	1H16 ⁽¹⁾	1H17
TTV	\$114m	\$ 131m
<i>Growth</i>		15.6%
EBITDA	\$5.6m*	\$ 7.2m
<i>Growth</i>		27.3%

(1) Pre-acquisition

*TrustPilot is a global review community that ranks products and services.



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Australia
New Zealand



New Zealand

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Sale of ZUJI Completed

- Zuji was sold to Uriel Aviation Holding Ltd, a Hong Kong based travel technology business in November 2016
- Sale completed effective 31 December 2016
- Purchase price of \$56 million ⁽¹⁾ represented a \$26.8 million gain over the purchase price of US\$25 million
- Webjet is currently operating Zuji Australia under license

Zuji	1H16	1H17
TTV	\$ 129m	\$ 124m
Revenue	\$ 11.6m	\$ 11.2m
EBITDA	n/a	\$ 0.2m

(1) \$9.0 million was received in November 2016; \$47.0 million was received in January 2017. Zuji completion statement \$6.0 million surplus cash was received in February 2017.

B2B WebBeds

Digital provision of hotel rooms to global partners

The B2B Market Opportunity

Europe	Asia	Middle East/Africa	The Americas
			
Market Size			
\$20 Billion	\$18 Billion	\$3 Billion	\$15 Billion
Highly Experienced Management Team			
Over 100 years B2B experience for the Sunhotels team	Over 100 years B2B experience for the FIT Ruums team	Over 100 years B2B experience for the LOH team	Over 50 years B2B experience for the LOH Americas team

The B2B Journey to Date

Mix of organic start up and acquisition

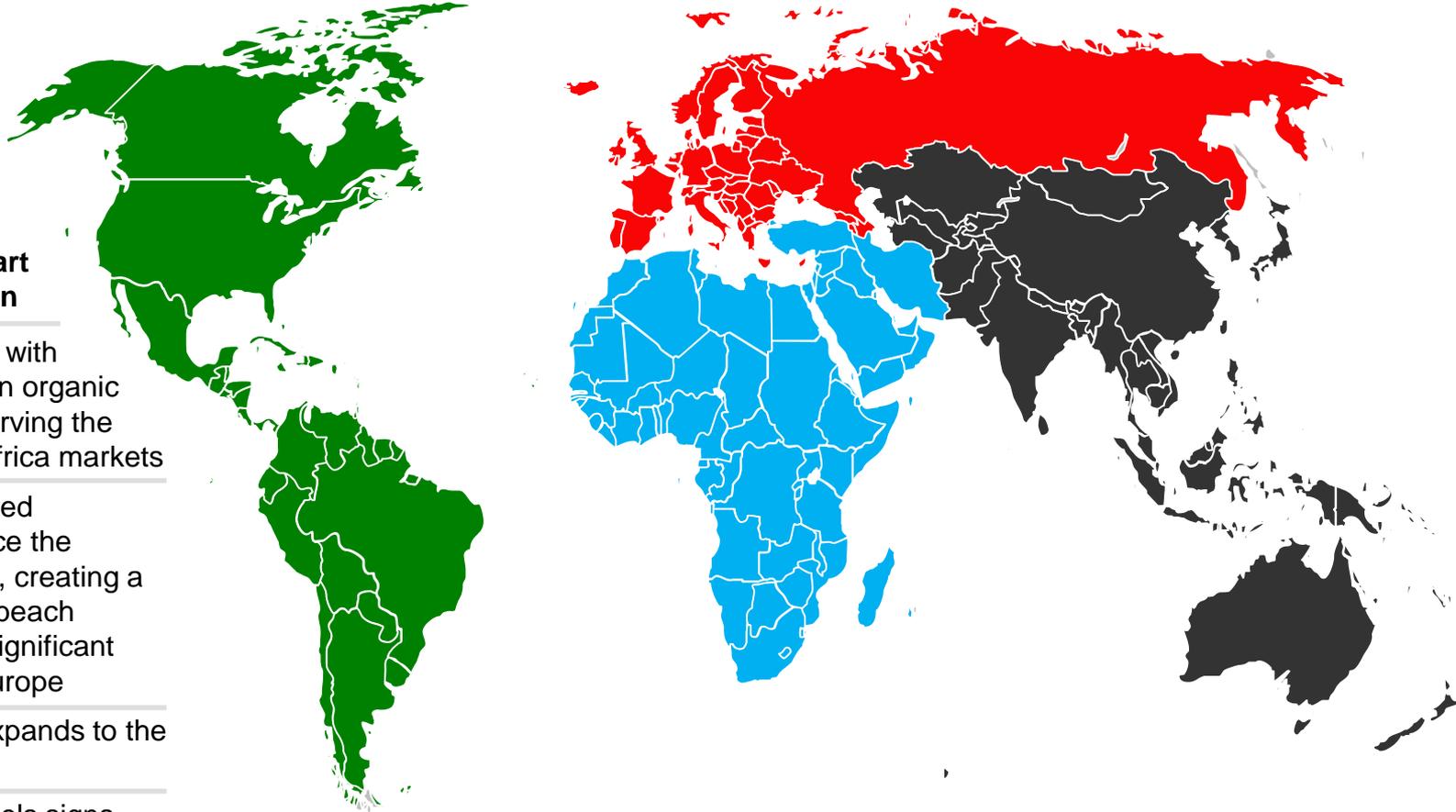
Feb 2013: Started with LOH in Dubai as an organic start up, initially serving the Middle East and Africa markets

Jul 2014: Purchased Sunhotels to service the European markets, creating a unique position in beach destinations with significant room to grow in Europe

Nov 2015: LOH expands to the Americas

Aug 2016: Sunhotels signs agreement with Thomas Cook

Nov 2016: Launched FIT Ruums as an organic start up to serve the Asia markets



B2B Summary

A\$	1H16	1H17	Change
TTV	\$187m	\$235m	\$48m
Revenue	\$17.3m	\$23.6m	\$6.3m
Costs	<u>\$14.0m</u>	<u>\$17.4m</u>	<u>\$3.4m</u>
EBITDA	<u>\$3.3m</u>	<u>\$6.2m</u>	<u>\$2.9m</u>

↑ 25.4%
TTV

↑ 36.3%
Revenue

↑ 24.3%
Costs

↑ 87.2%
EBITDA



B2C Travel



Australia
New Zealand



New Zealand

B2B WebBeds



Middle East
Africa
North America



Europe



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Delivering Strong Market Share Growth

Delivering growth in a difficult market

- TTV up 17.3% year on year
 - Up 23% in base currency

Impressive bookings growth

- Market showing signs of improvement; 1H17 bookings up 44% year on year
- Gaining market share – narrowing the gap with the top 2 players

EBITDA growth coming through

- Benefit of investment made in FY16 coming through

LOH North America

- TTV now coming through; expect meaningful TTV and EBITDA contribution in FY18

LOH	1H16	1H17
TTV	\$ 94m	\$ 110m
<i>Growth</i>		17.3%

B2B	1H16	1H17
EBITDA	\$ 3.3m	\$ 6.2m
<i>Growth</i>		87.2%

Growth Profile

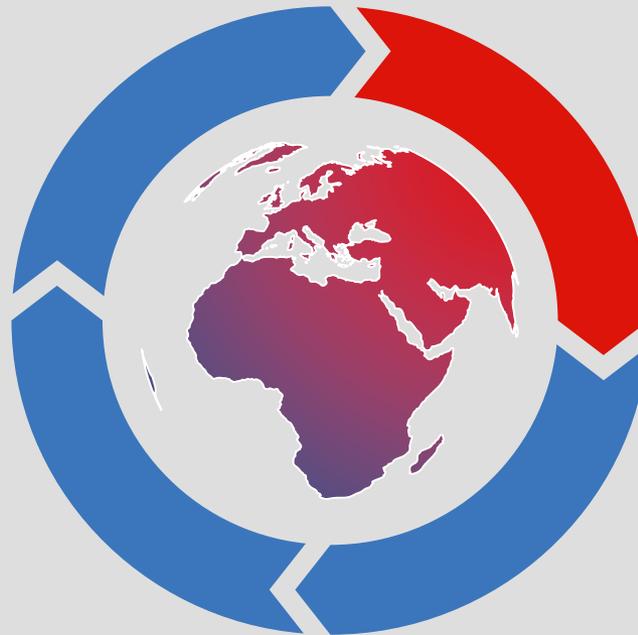
Growth destinations benefiting from Sunhotels inventory

Major Source Markets

- › **Saudi Arabia**
- › **United Arab Emirates**
- › **Qatar**
- › **South Africa**
- › **Americas**

Top Growth Source Markets⁽¹⁾

- › **Americas +3700%**
- › **Qatar +75%**
- › **South Africa +61%**
- › **Lebanon +40%**
- › **Bahrain +23%**



Major Destinations

- › **United Arab Emirates**
- › **United Kingdom**
- › **USA**
- › **Saudi Arabia**
- › **France**

Top Growth Destinations⁽¹⁾

- › **USA +130%**
- › **Thailand +72%**
- › **Spain +71%**
- › **United Kingdom +59%**
- › **Egypt +40%**

¹Figures represent year on year TTV growth for 1H17



B2C Travel



Australia
New Zealand



New Zealand

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Middle East
Africa
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FY17 Investment Delivering Growth

Delivering strong TTV growth

- TTV up 33% year on year
 - Up 40% in base currency
- TTV margins increased year on year; impact of higher proportion of directly contracted hotels and Thomas Cook management fee
- Strong EBITDA growth coming through – seeing benefit of FY16 investment
- Gaining momentum in several substantial new markets, with the UK surpassing Sweden as the largest source market

Strong bookings momentum continues

- 1H17 bookings up 35% year on year; strong bookings for summer 2017 already coming through

Thomas Cook Alliance on track and on schedule

- IT and business integration underway
- First acquired contracts will be available through WebBeds system as planned in 2H17
- Expect substantial TTV impact to start to flow through in FY18

Sunhotels	1H16	1H17
TTV	\$ 93m	\$ 124m
Growth		33.0%

B2B	1H16	1H17
EBITDA	\$ 3.3m	\$ 6.2m
Growth		87.2%

Growth Profile

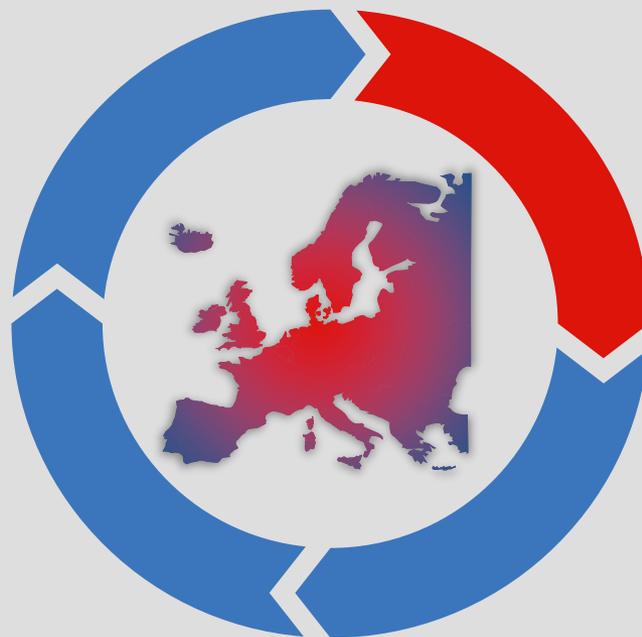
Extended market leading position in Nordics; market expansion coming through in key markets

Major Source Markets

- › **United Kingdom**
- › **Sweden**
- › **Norway**
- › **Spain**
- › **Denmark**

Top Growth Source Markets⁽¹⁾

- › **Portugal +509%**
- › **France +225%**
- › **Spain +98%**
- › **Netherlands +85%**
- › **Switzerland +58%**



Major Destinations

- › **Spain**
- › **Greece**
- › **USA**
- › **Italy**
- › **United Kingdom**

Top Growth Destinations⁽¹⁾

- › **USA +73%**
- › **Cyprus +68%**
- › **Poland +57%**
- › **Spain +52%**
- › **UAE +45%**

¹Figures represent year on year TTV growth for 1H17



B2C Travel



Australia
New Zealand



New Zealand

B2B WebBeds



Middle East
Africa
North America



Europe



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Asian B2B Entry Strategy Launched November 2016

Next step in our B2B growth strategy

- Asian market represents second largest global B2B market
- FIT Ruums launched 23 November 2016

Tracking ahead of expectations

- Currently operating in South Korea, Taiwan, Hong Kong, Singapore and Indonesia; new markets planned for 2H17
- DIDA trading partnership announced November 2016; already contributing TTV
- Tracking ahead of LOH at same stage of start-up operations; annualised TTV run rate more than \$10 million

FITRuums	1H16	1H17
TTV	n/a	\$ 1m
<i>Growth</i>		<i>n/a</i>

B2B	1H16	1H17
EBITDA	\$ 3.3m	\$ 6.2m
<i>Growth</i>		<i>87.2%</i>

Blockchain

Background

- Multiple intermediaries in the distribution of hotel rooms to consumers
- Each intermediary has a discrete booking/reservations system and set of practices
- No common booking reference or ID and no validation that the information held about a booking is the same in each system
- Data mismatches occur in about 5% of all bookings

Issues

- Data mismatches including price, currency and status of a booking
- Mismatches found months after the booking was originally made and usually after the guest has travelled
- Companies incur increased accounts receivable and payable costs to try to reconcile differences
- Financial loss occurs if the intermediary cannot claim any mismatch amount from their own customer or suppliers - and it is a poor experience

Solution

- Bring forward - to the time of booking - notification of any discrepancy in data stored by each party
- Allows action to be taken to mitigate any loss and reduces the time spent on AP/AR reconciliations
- Transparency regarding “breakage”

Blockchain – Key Activities to Date

July – Sept 2016

- Initial proof of concept focused on data matching process and the first evolution of Smart Contracts

Oct – Dec 2016

- Redeployed Blockchain on Microsoft Ethereum platform
- Developed and deployed consortium of nodes
- Designed notification process

Jan 2017 - Ongoing

- Deploying real time user dashboards and reporting
- Enhancing stability and scalability
- Enabling sensitive data to be utilised without compromising privacy

2H17 YTD

2H17 YTD – Strong Performance Across All Businesses

5 year CAGR tracking ahead of plan

B2C

- Webjet bookings currently growing at **more than 14%**
- Online Republic bookings currently growing at **more than 24%**
- We continue to track ahead of our 5 year CAGR EBITDA target of 10%+ for our B2C business

B2B

- WebBeds bookings currently growing at **more than 35%**
- Our WebBeds business is now of scale to start delivering EBITDA growth; benefits of FY16 investment starting to flow through
- We continue to track ahead of our 5 year CAGR EBITDA target of 30% for our B2B business

FY17 GUIDANCE

FY17 - Guidance Upgrade

Increasing FY17 guidance to \$80 million EBITDA

Based on strong performance across all businesses for FY17 YTD, we are increasing FY17 EBITDA guidance to **\$80 million**:

- **\$61.1 million EBITDA for the continuing businesses** – Webjet, Online Republic, Lots of Hotels, Sunhotels (including the Thomas Cook Alliance) and FIT Ruums (including all operating costs for the launch of FIT Ruums)
 - Up from \$57 million (\$60 million less \$3 million investment associated with launch of FIT Ruums)
 - We expect B2B EBITDA to exceed \$11 million (after expensing all operating costs associated with launch of FIT Ruums)
- **\$26.8 million gain on sale** of Zuji
- **Less one-off deductions:**
 - **\$5.5 million** cost associated with an accounting change regarding revenue recognition due to a shift in supplier contracting arrangements for Webjet Exclusives (now acting as Principal)
 - **\$2.5 million** associated with early termination of Webjet's existing car hire supplier agreement and the granting of non-recurring performance rights to FIT Ruums key management personnel

FY17



webjet limited

THANK YOU

February 2017

