Powerful global growth
Record 1H performance
$1.9 BN TTV; $58.0M EBITDA; $38.3M NPAT (before AA)

Webjet Limited today announced its financial results for the first half of FY19.

The company delivered a record first half performance with a 42% increase in EBITDA (earnings before interest, tax, depreciation and amortisation) to $58.0 million. Revenue grew 33% to $175.3 million and net profit after tax (NPAT) was up 61% to $38.3 million (before acquisition amortisation (AA)).

The first half also saw the highly successful WebBeds business emerge for the first time as the company's largest business unit as measured by EBITDA. WebBeds's EBITDA more than doubled year-on year, from $12.8 million in 1H18 to $30.1 million in 1H19. This was driven by strong growth in the key European and Middle East markets, with meaningful EBITDA delivered from the Americas.

The company announced a fully franked interim dividend of 8.5 cents per share, and reconfirmed guidance saying it was on track to deliver EBITDA (excluding one-offs) for FY19 of at least $120 million.

KEY FINANCIAL HIGHLIGHTS

- $1.9 billion (TTV) – up 29%
- $175.3 million revenue – up 33%
- $58.0 million EBITDA – up 42%
- 33.1% EBITDA margin – up 201bps
- $38.3 million NPAT (before AA) – up 61%
- $31.8 million NPAT – up 59%
- 31.5 cents earnings per share (EPS) – up 48%
- 8.5 cents fully franked interim dividend

Commenting on the result, Managing Director John Guscic said:

> "This was another outstanding result for our business. Our WebBeds business continues to consolidate its position as the #2 global B2B player and is now delivering significant EBITDA growth. Following the acquisitions of JacTravel and more recently Destinations of the World (DOTW), our increased global size and scale means we have been able to shift our focus from growing market share to pursuing more profitable growth. As a result, we saw increased TTV and EBITDA margins in all regions. The Webjet OTA continues to gain share despite a slowing domestic flights market and our strategy to focus on profitable bookings in Online Republic saw improved TTV and EBITDA margins."

Note: All financial results shown are for Continuing Operations

The table below shows results for Webjet Limited's continuing operations, underlying performance and the statutory result:

1H19 vs 1H18	Statutory Result		Continuing Operations (1)		Underlying Performance (2)	
	(includes DOTW and one-offs)		(includes DOTW and excludes one-offs)		(excludes DOTW and one-offs)	
TTV	$1,867m	↑ 29%	$1,867m	↑ 29%	$1,790m	↑ 24%
Revenue (3)	$175.3m	↑ 33%	$175.3m	↑ 33%	$168.4m	↑ 28%
EBITDA	$51.8m	↑ 30%	$58.0m	↑ 42%	$56.0m	↑ 37%
EBITDA Margin	29.6%	↓ 76bps	33.1%	↑ 201bps	33.3%	↑ 221bps
NPAT (before AA) (4)	$31.6m	↑ 42%	$38.3m	↑ 61%	$37.5m	↑ 57%
NPAT	$25.2m	↑ 37%	$31.8m	↑ 59%	$31.0m	↑ 55%
EPS (before AA)	26.0 cents	↑ 31%	31.5 cents	↑ 48%	31.6 cents	↑ 48%
EPS	20.7 cents	↑ 26%	26.2 cents	↑ 47%	26.1 cents	↑ 46%

BUSINESS UNIT PERFORMANCE

WebBeds

The first half of FY19 continued to see significant growth in all regions for WebBeds. Europe (its largest B2B market) saw strong organic growth despite uncertainty surrounding Brexit and the record hot 2018 European summer reducing demand for beach inventory.

WebBeds is now the market leader in Middle East and Africa (MEA) and the Americas is delivering meaningful EBITDA. Asia-Pacific continues to demonstrate significant growth across both customers and direct contracts. The DOTW integration is underway and tracking ahead of plan.

WebBeds - B2B Hotels		
Continuing Operations *(5)*		
Bookings ('000s)	1,579	↑ 50%
TTV	1,036 million	↑ 65%
Revenue (6)	85.1 million	↑ 72%
EBITDA	30.1 million	↑ 136%
TTV / Revenue Margin (7)	8.2%	↑ 35bps
TTV / Revenue Margin (excl TC)	9.2%	↑ 76bps
EBITDA Margin	35.4%	↑ 956bps
Organic Performance (on a like for like basis) *(8)*		
TTV	959 million	↑ 21%
EBITDA	28.2 million	↑ 24%

Note: All financial results shown are for Continuing Operations

(1) **Continuing Operations** - 1H19 excludes acquisition costs of $6.2M and debt establishment costs of $0.5M associated with DOTW acquisition. 1H18 excludes acquisition costs of $1.0M and debt establishment costs of $0.5M associated with JacTravel acquisition.

(2) **Underlying Performance** - 1H19 excludes 6 weeks of DOTW and acquisition costs of $6.2M and debt establishment costs of $0.5M associated with DOTW acquisition. 1H18 excludes acquisition costs of $1.0M and debt establishment costs of $0.5M associated with JacTravel acquisition.

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

(4) **Acquisition Amortisation** - includes charges relating to amortisation of intangibles acquired through acquisition

(5) Includes 6 weeks of DOTW

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

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

(8) Organic performance includes proforma 1H18 JacTravel contribution and excludes 1H19 DOTW contribution

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

> "We continue to believe there are considerable global growth opportunities for WebBeds, particularly in the Asia-Pacific region. Even though we are not yet at scale in all markets, we are already close to our '8/5/3' target (8% revenue/TTV margin and 5% costs/TTV to drive 3% EBITDA/TTV). We are an industry leader in the development of blockchain technology and as we continue to extend our global reach and leverage RezChain to further tighten costs, we believe WebBeds will be able to deliver an '8/4/4' target by FY22."

Webjet OTA

Webjet OTA continued to grow market share with flight bookings growing at approximately 3 times the market. The OTA's increased size and scale continued to deliver value to both airlines and other partners and TTV margins improved across both flights and ancillary products. EBITDA margins remained above 38%.

Webjet OTA		
Bookings ('000s)	785	↑ 4%
TTV	684 million	↑ 7%
Revenue [(9)]	74.1 million	↑ 12%
EBITDA	28.5 million	↑ 11%
TTV / Revenue Margin	10.8%	↑ 52bps
EBITDA Margin	38.4%	↓ 36bps

Online Republic

Online Republic's improved 1H19 result reflects the business unit's strategy to focus on profitable bookings. Bookings and TTV fell in line with expectations while TTV margins increased. Lower acquisition costs coupled with a lower operating cost structure resulted in improved EBITDA margins. Motorhomes was again the standout performer while Cruise continued to underperform in line with the significant reduction in capacity supply.

Online Republic		
Bookings ('000s)	241	↓ 1%
TTV	147 million	↓ 5%
Revenue [(9)]	16.2 million	↑ 8%
EBITDA	6.9 million	↑ 14%
TTV / Revenue Margin	11.0%	↑ 134bps
EBITDA Margin	42.6%	↑ 197bps

Note: All financial results shown are for Continuing Operations

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

CASH CONVERSION
Webjet Limited's underlying cash conversion was 95% reflecting improved working capital management. The company expects underlying FY19 cash conversion to be within its 95-110% target.

CAPEX
Capital expenditure (CAPEX) increased 8% over the prior corresponding period. On a pro-forma basis, CAPEX was down 5%.

DIVIDEND
The fully franked interim dividend was increased from 8 cents to 8.5 cents.

OUTLOOK
Webjet Limited reconfirms FY19 guidance and remains on track to deliver at least $120 million EBITDA (excluding one-offs associated with the acquisition of DOTW).

John Guscic
Managing Director

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