

Market Release

25 February 2020

Market Update Based on Current Trading Conditions

Serko Limited (NZX/ASX:SKO), a leader in online travel booking and expense management for business, is today providing a market update on factors affecting its FY20 revenue performance.

Serko has been monitoring Australasian travel booking trends closely in light of coronavirus (also known as Covid-19). Transactions year-to-date have continued to increase over the prior period, however, over the past week we have seen a drop-off in bookings which Serko is attributing to travel decline due to coronavirus. While we continue to monitor these trends, we expect softer transaction numbers to continue as corporate customers change their travel policies to limit unnecessary travel.

These events have subdued otherwise solid growth in the Australasian market from total new business and the transition of existing customers from Serko Online to Zeno. As at mid-February, Serko has had an increase of approximately 584 total new corporate customers year-to-date, up approximately 257 customers from the first half of the financial year. As at mid-February, Zeno transactions represented approximately 25% of online booking transactions, up from 15% in October 2019.

North American transactions have commenced, following the transition of several Travel Management Companies from pilot phase to onboarding of their first corporate customers. However, revenue numbers from this market are not expected to be significant for this financial year as Serko ensures Zeno is appropriately tailored to the North American market's requirements.

Serko's May 2019 announcement for its FY19 results provided guidance for total operating revenue growth of between 20% and 40% for the year ended 31 March 2020. Serko now expects the forecast revenue growth for the full year to 31 March 2020 to be at or about the low end of guidance.

Serko continues to apply significant resources towards investing in long-term strategic initiatives - including the North American roll-out, NDC¹, complex international faring, and the development of the Booking.com platform. These strategic initiatives are expected to result in mid- to long-term recurring revenue. Development work to support these initiatives is being prioritised over non-recurring, short-term services revenue.

There remains a number of factors that could positively and negatively affect Serko's revenue for the remainder of the financial year ending 31 March 2020 and Serko will provide a further market update should its current assumptions change materially.

Serko is due to announce its final results for the current FY20 year in May 2020.

For and on behalf of Serko Limited

Susan Putt
Chief Financial Officer

Ends

¹ New Distribution Capability



For investor relations queries please contact:

Susan Putt

Chief Financial Officer

Serko +64 9 309 4754 or +64 21 388 009

investor.relations@serko.com