ASX release

Powered for Travel Recovery
Webjet OTA returns to profitability; On track to reduce Group costs by at least 20%

- 1H21 results reflect the continued impact of COVID-19 on the global travel industry. Significant cost reduction initiatives in all businesses are creating leverage for when travel markets reopen. These are expected to deliver 20% lower costs across the Webjet Group when the business returns to scale.

Underlying Operations(1)	1H20	2H20	1H21	1H21 vs 1H20
TTV	$2,334m	$687m	**$267m**	⬇ 89%
Revenue	$217.8m	$48.3m	**$22.6m**	⬇ 90%
Expenses	$130.5m	$108.0m	**$62.7m**	⬇ 52%
EBITDA(2)	$87.3m	($59.7m)	**($40.1m)**	⬇ 146%

- Webjet OTA returned to profitability as domestic borders started to reopen, driven by its strength in servicing the domestic leisure market, as well as leveraging its highly variable cost base.

- As most regions continued to be impacted by ongoing travel restrictions and lockdowns, WebBeds has focused on its Transformation Strategy, designed to emerge as the #1 global B2B player. Initiatives are on track to deliver at least 20% greater cost efficiencies when at scale.

- Webjet continues to maintain a strong cash position providing flexibility to withstand a protracted market recovery should it extend into 2022
  - Monthly cash burn down to $4.8 million; closing cash balance - $283 million.
  - Remaining B2B debtor risk now mitigated
  - Bank waivers extended through to 31 March 2022

- Webjet's global footprint with a diverse customer base allows for demand to be captured when and where borders open.

17 February 2021: Webjet Limited (**Webjet** or the **Company**, ASX:WEB) today announced its financial results for the first half of FY21.

1H21 continues to reflect the impact of the COVID-19 pandemic on the global travel industry with all businesses reporting a significant fall in Total Transaction Value (TTV), Revenue and EBITDA compared to 1H20. The focus continues to be on managing cash burn and cost reduction initiatives, as well as leveraging domestic leisure market opportunities. Given its strong focus on domestic leisure markets and ability to leverage a highly variable cost base, Webjet OTA returned to profitability during the period as domestic borders started to reopen. Online Republic benefited from domestic leisure markets reopening in Australia and New Zealand, although key international markets continue to be impacted. WebBeds saw improved TTV performance during the period however ongoing restrictions continue to impact travel activity in most regions. Transformation Strategy initiatives underway have delivered a step change in the cost base, cementing WebBeds as the lowest cost global B2B provider.

Commenting on the result, Managing Director John Guscic said:

> "These results reflect the devastating impact COVID-19 continues to have on the global travel industry. We remain focused on maintaining our strong capital position. Cost savings initiated across all businesses helped reduce cash burn, while allowing us to return staff to full time work. The performance of Webjet OTA reflects the team's unwavering commitment to offer the greatest convenience and choice to our leisure customers. We saw significant organic bookings traffic as soon as domestic borders opened and we continue to take market share, growing at twice the market since May. WebBeds saw ongoing restrictions impact all regions. While we wait for those travel markets to reopen, our focus has been on executing the WebBeds' Transformation Strategy which has already delivered a step change in the cost base, and WebBeds is on track to be at least 20% more cost efficient when at scale."

GROUP PERFORMANCE

The table below shows results for Webjet Limited's Statutory Result and Underlying operations.

1H21	Statutory Result		Underlying Operations [1]	
TTV	$267m	⬇ 89%	$267m	⬇ 89%
Revenue	$22.6m	⬇ 90%	$22.6m	⬇ 90%
Expenses	$135.0m	⬇ 21%	$62.7m	⬇ 52%
EBITDA[2]	($112.4m)	⬇ 337%	($40.1m)	⬇ 146%
EBITDA Margin	n/a	⬇ nm	n/a	⬇ nm
Tax (Benefit)/Expense	($12.9m)	⬇ nm	($12.3m)	⬇ nm
NPAT (before AA) [3]	($122.0m)	⬇ 685%	($50.4m)	⬇ 191%
NPAT	($132.2m)	⬇ nm	($60.5m)	⬇ 240%
EPS (before AA)	(36.0 cents)	⬇ 334%	(14.9 cents)	⬇ 137%
EPS	(39.0 cents)	⬇ 688%	(17.9 cents)	⬇ 156%
Effective Tax Rate (excl AA)	9.6%	⬇ nm	19.6%	⬇ nm

The Statutory Result includes $74.3 million in non-cash items, including $59.1 million relating to the fair value change in the Convertible Note, in line with the estimate provided in October 2020.

Strong capital position

- *Monthly cash burn down* - cash burn (after working capital inflows) is now $4.8 million per month (1Q21: $6 million). Costs savings in all businesses helped absorb the impact of staff returning to 100%.
- *Mitigation of B2B debtor risk* – all remaining debtors over 180 days have now been written off, reflecting the last of debtor exposure adversely impacted by COVID-19. All other debtors are now governed by tighter credit policies introduced in 2H20.
- *Debt covenant waivers extended through to 31 March 2022* - providing flexibility to withstand a protracted market recovery should it extend into 2022.

OUTLOOK

Webjet is focused on capitalising on travel recovery. Domestic and leisure travel markets are expected to lead the travel industry recovery and the Company's global footprint and diverse customer base allows for demand to be captured when and where the borders reopen, while also leveraging the structural shift from offline to online.

Webjet OTA – 85% of Webjet OTA flight bookings are domestic and as the #1 OTA in Australia and New Zealand, it predominantly serves the leisure market. Webjet OTA has significant brand strength and superior technology offerings and is focused on increasing its market share leadership as domestic leisure markets reopen and physical stores decline.

WebBeds - with a market footprint of 200 destination countries worldwide, a supplier base of more than 350,000 hotels and a distribution network of more than 44,000 customers, WebBeds has a broad and diverse geographic footprint allowing it to capitalise on domestic and leisure travel markets. WebBeds is a valued part of the supply chain and sells inventory to the top 5 online travel companies globally.

Online Republic - has significant exposure to global leisure markets, broad content across Cars and Motorhomes inventory and strong online marketing capabilities.

Delivering efficiencies - Transformation programs currently underway in all businesses are expected to deliver 20% lower costs across the entire Webjet Group when at scale.

Trading for the rest of FY21 is expected to be in line with 1H21. Commenting on the outlook, John Guscic said:

> "The demand for travel - and in particular leisure travel - remains high. We believe people will want to travel as soon as they are able to and we are doing everything we can to ensure Webjet is there to capture demand when it happens. Our B2C and WebBeds businesses play a critical role in travel recovery and we are determined to emerge with stronger market shares and profitability. The Webjet OTA result underscores the strength of the brand and scalability of the business and as markets reopen, we expect to continue to take market share. WebBeds is committed to emerging as the #1 global B2B player. Its global infrastructure and footprint remains at full strength and we are transforming the business to be more efficient in procuring and selling inventory, and servicing our customers. We are hopeful that global vaccine rollouts will enable travel to return to historical levels and our strong capital position provides flexibility to weather any protracted market recovery."

DIVIDEND

Commenting on the dividend, Chairman Roger Sharp said:

> "Given the uncertainties inherent in the current travel environment, Webjet is not providing earnings guidance for FY21, and has not declared an interim FY21 dividend. Further, the Company has deferred payment of its FY20 interim dividend payment, which was due to be paid on 16 April 2021. It will be reviewed again following 1H22 results later this year."

FY21 results will be announced on 19 May 2021, reflecting the new 31 March year end.

This announcement has been approved for release to the ASX by the Board of Directors.

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ADDITIONAL INFORMATION

BUSINESS UNIT PERFORMANCE

WebBeds

All regions saw ongoing travel restrictions and lockdowns impact Bookings and TTV in 1H21. Some domestic markets reopened however large-scale travel restrictions remained in most regions. Ongoing focus on cost reductions resulted in 42% decrease in 1H21 costs compared to 1H20, with key savings from further headcount reductions and overheads. The Transformation Strategy is helping deliver a step change in the cost base, with WebBeds on track to be at least 20% more efficient at scale. TTV/Revenue margins were impacted by increased cancellations due to ongoing uncertainty, particularly in Asia-Pacific and Middle East & Africa. TTV/Revenue margins are expected to return to pre-COVID-19 levels once cancellations normalise.

A$	1H20	2H20	1H21	1H21 vs 1H20
Bookings ('000s)	2,410	808	**442**	⬇ 82%
TTV	$1,470m	$395m	**$132m**	⬇ 91%
Revenue	$127.5m	$26.4m	**$8.0m**	⬇ 94%
Expenses	$70.1m	$68.4m	**$40.4m**	⬇ 42%
EBITDA	$57.3m	($42.0m)	**($32.4m)**	⬇ 157%
TTV / Revenue Margin	8.7%	6.7%	**6.1%**	⬇ 259bps
EBITDA Margin	45.0%	n/a	**n/a**	⬇ nm

Note: 2H20 Expenses included $12.6 million one-off items including non-refundable cancellations and write down of deposits, commission and overrides.

Webjet OTA

Webjet OTA returned to profitability in 1H21 driven by domestic border reopenings later in 1H21. Bookings increased as soon as borders opened and the highly variable cost base delivered an immediate uplift in profitability. Costs were down 78% compared to 1H20. Significant costs savings were due to reduction in costs tied to TTV such as marketing spend and other volume related expenses. As markets reopen, marketing costs are able to be scaled in line with demand.

A$	1H20	2H20	1H21	1H21 vs 1H20
Bookings ('000s)	795	330	**183**	⬇ 77%
TTV	$708m	$269m	**$119m**	⬇ 83%
Revenue	$74.8m	$18.6m	**$11.4m**	⬇ 85%
Expenses	$45.9m	$24.8m	**$10.3m**	⬇ 78%
EBITDA	$28.8m	($6.2m)	**$1.1m**	⬇ 96%
TTV / Revenue Margin	10.6%	6.9%	**9.6%**	⬇ 95bps
EBITDA Margin	38.6%	n/a	**9.7%**	⬇ nm

Online Republic

Online Republic saw bookings improve during the period as domestic borders reopened in Australia and New Zealand. Motorhomes continued to be impacted by the loss of inbound tourism into New Zealand and Cars was impacted by lockdowns in key markets including UK and Germany. Closure of Cruise was completed during the period. Costs were down 41% compared to 1H20 with key cost savings coming from headcount reduction, contract renegotiations and reduced marketing spend. TTV/Revenue margins reflect inflow of refunds as well as a greater proportion of higher margin Motorhome bookings. TTV/Revenue margins are expected to return to pre-COVID-19 levels once refunds normalise.

A$	1H20	2H20	1H21	1H21 vs 1H20
Bookings ('000s)	253	86	**51**	⬇ 80%
TTV	$156m	$24m	**$16m**	⬇ 90%
Revenue	$15.6m	$3.4m	**$3.2m**	⬇ 80%
Expenses	$9.0m	$8.3m	**$5.3m**	⬇ 41%
EBITDA	$6.6m	($4.9m)	**($2.1m)**	⬇ 132%
TTV / Revenue Margin	10.0%	14.2%	**19.5%**	⬆ nm
EBITDA Margin	42.4%	n/a	**n/a**	⬇ nm

(1) Underlying Operations – excludes non-operating expenses totalling $72.3 million, including $59.1 million relating to the fair value change in the Convertible Note, in line with the estimate provided in October 2020

(2) EBITDA excludes Share Based Payment (SBP) Expense

(3) Acquisition Amortisation – includes charges relating to amortisation of intangibles acquired through acquisition