

serko

Serko Limited

ASX Small and Mid Cap Conference, 6 September 2018

CEO PRESENTATION



Darrin Grafton
Chief Executive Officer



PRESENTATION OUTLINE

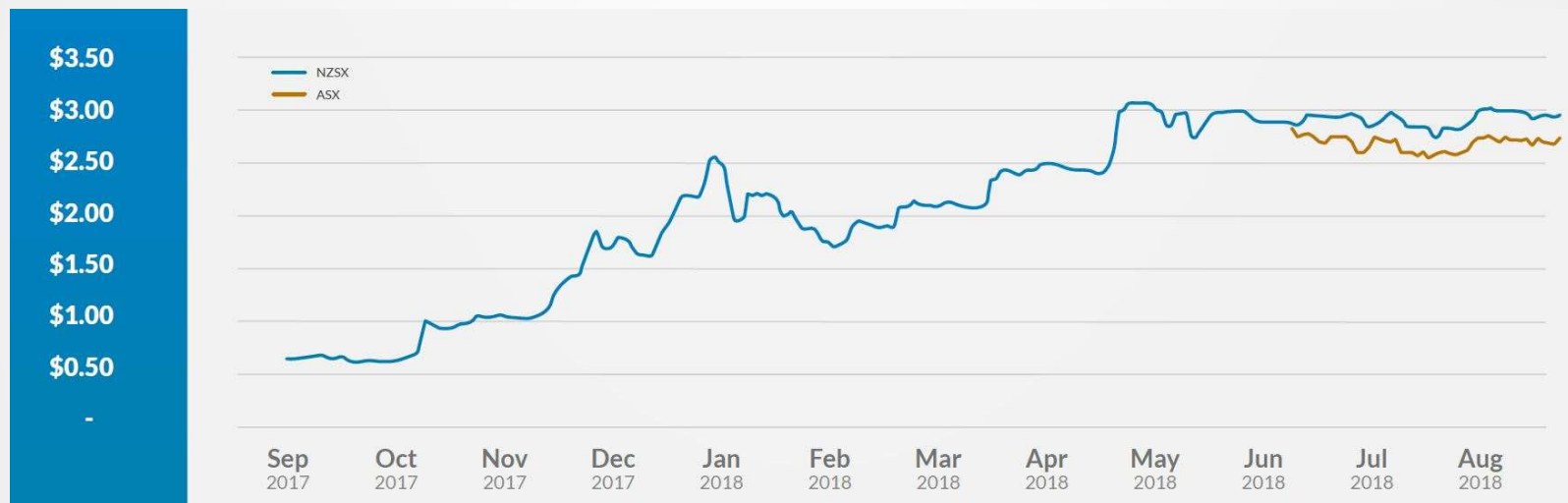
- About Serko
- Strategy Overview
- FY18 Results Overview
- Investment Proposition Summary

ABOUT SERKO

- Serko provides innovative cloud based corporate travel and expense technology solutions.
- Our purpose is to transform the way businesses manage travel and expenses.
- Founded in 2007 by myself, Darrin Grafton and my fellow co-founder, Robert Shaw.
- Listed on the New Zealand stock exchange in June 2014
- Listed as a Foreign Exempt Listing on the Australian Securities Exchange – June 2018. Serko trades under the ticker 'SKO'.
- Serko is headquartered in New Zealand and employs more than 140 people worldwide including offices in Australia, United States and China and India.

For further information refer to Serko's website www.serko.com and its 2018 Annual Report which can be found under Investor Centre.

SKO – NZX top performing stock for 2018



From \$1.10 at IPO (June 2014) to a low 25c (April 2017) to NZX top performing stock for 2018

Serko is a leading supplier of technology solutions for Travel Management Companies (TMCs) in Australasia and is now expanding into Northern Hemisphere markets with signed global supply arrangements.



OUR CUSTOMERS

The majority of Serko's revenue comes from Travel Management Companies (TMCs) who provide our solution to their corporate customers.

Our Products



zeno

Zeno is Serko's next generation travel management application, using intelligent technology, predictive workflows and a global travel marketplace

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online

Serko Online is an online booking tool for corporates to book and manage airlines, hotels, rental cars and airport transfers

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expense

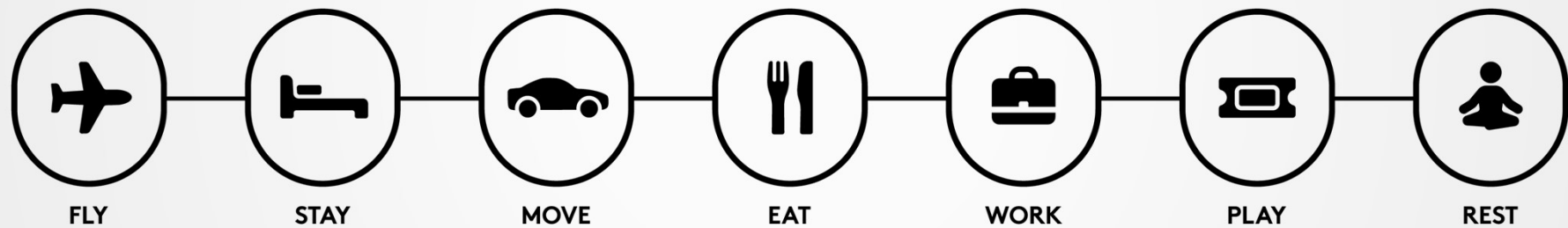
Serko Expense is an online expense management solution that enables the capture and processing of corporate card and out of pocket claims

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mobile

Serko Mobile is a purpose-built mobile app for making flight and hotel bookings and managing travel expenses

THE CONNECTED TRAVELLER

Zeno is a single application to manage travel across every phase of the journey



COMMERCIAL MODEL

Recurring revenue split

Year ended 31 March **2018**

\$'000

Travel platform booking revenue	13,283
Expense platform revenue	1,539
Supplier commissions revenue	1,125
Other revenue	334
<hr/>	
Recurring Product Revenue	16,443
Percentage of total revenue	90%
Services revenue	1,835
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Total Revenue	\$18,279

Corporate traveller
makes a booking via
Serko Online/Zeno

\$

Booking and other fees

Traveller submits
receipts using Serko
Expense/Zeno

\$

Monthly user fee

Traveller books hotel
or taxi

\$

Supplier commission

Traveller downloads
and uses Serko Mobile

\$

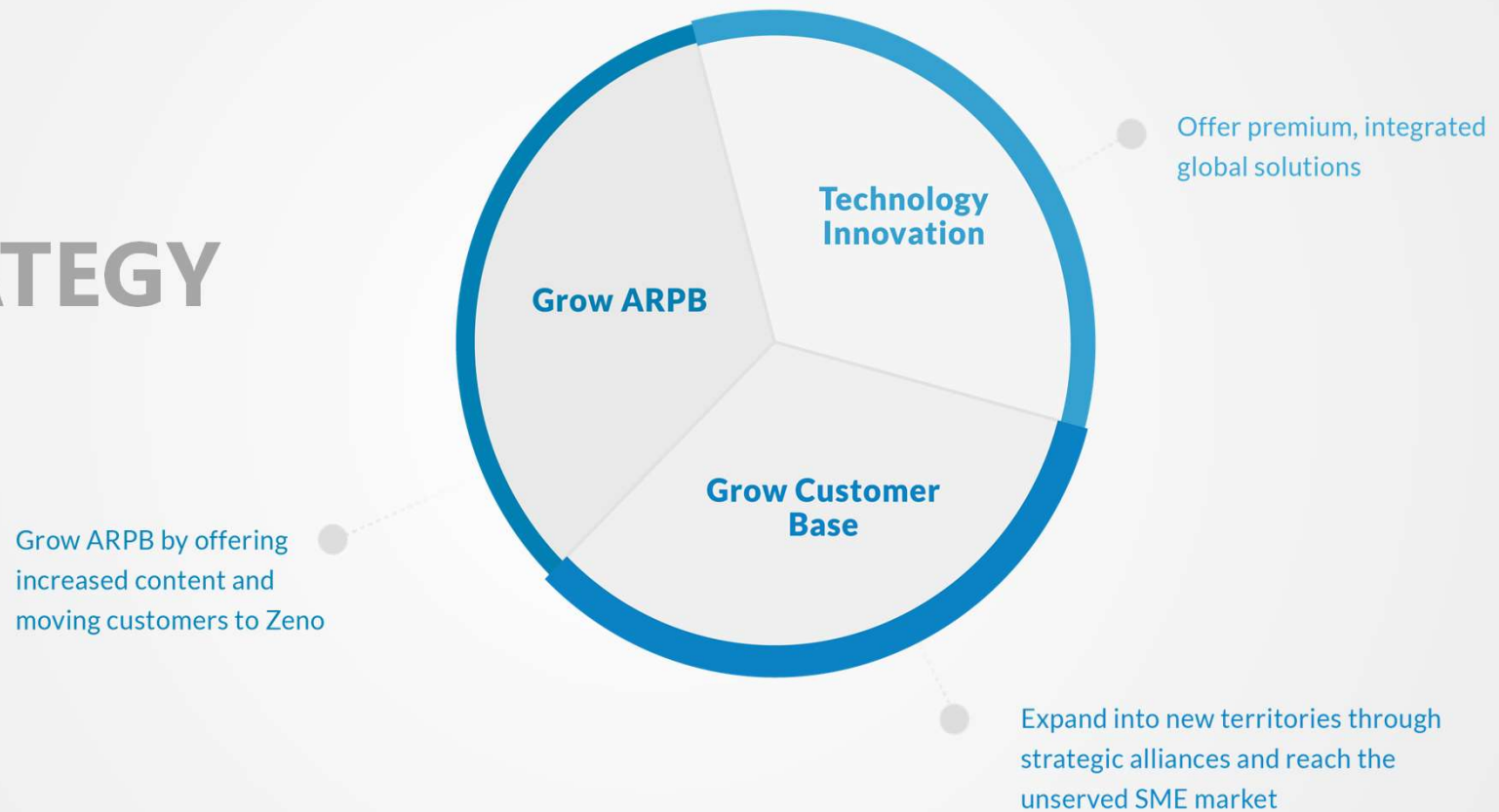
Mobile subscription

Additional Services

\$

Services Revenue

OUR STRATEGY



ARPB : Average Revenue Per Booking is a non-GAAP measure.



GROWTH PATHWAYS

- Serko is still gaining domestic volume through new TMCs as well as new corporates coming on to existing TMCs
- Targeting run forward bookings of 5 million by 31 March 2019
- International growth opportunities are very significant
- Activating these opportunities this year
- Building to double volumes and increase revenues to \$100M

STRONG TRACK RECORD OF GROWTH

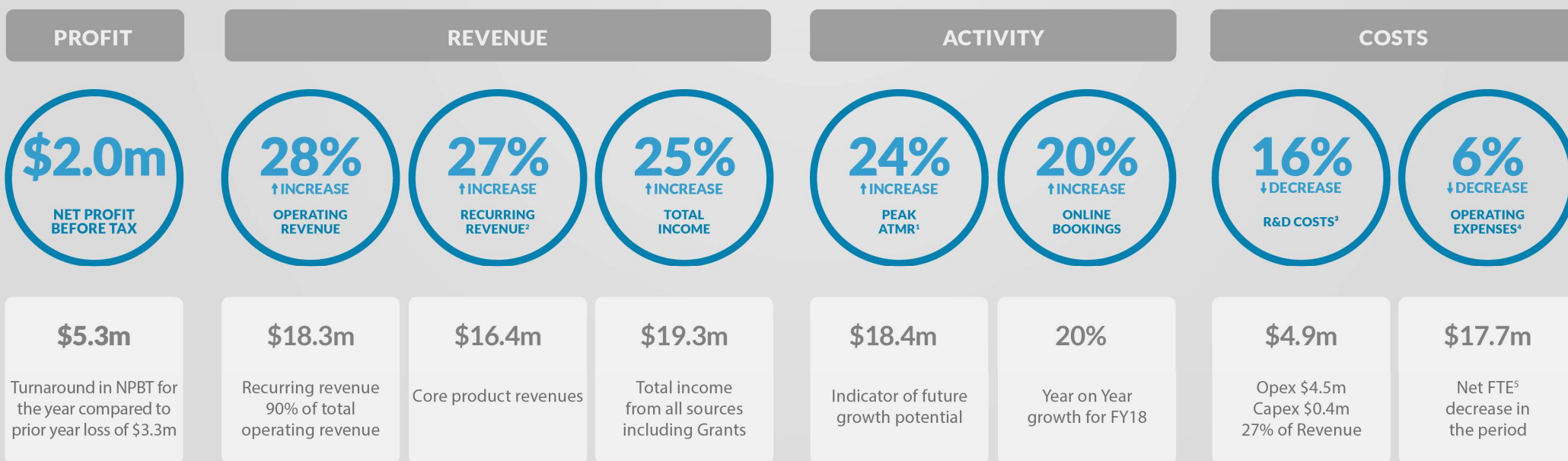
Selected Operational Metrics	FY13	FY14	FY15	FY16	FY17	FY18
Total revenue growth (%)	27%	39%	55%	27%	9%	28%
Revenue growth – Serko Online (%)	41%	12%	62%	49%	8%	23%
Operating costs (excl depreciation & amortisation) (% change)	35%	62%	105%	13%	(10%)	(5%)
No of transactions (indexed, where FY13=100)	100	123	179	275	326	390
Transaction growth (%)	35%	23%	45%	54%	18%	20%
Recurring product revenue as % total revenue	84%	71%	80%	93%	91%	90%
Employees (number at end of year)	47	87	133	127	108	106
Average revenue per FTE (NZ\$000)	119	100	94	101	122	170
Research & development costs - expense and capex (NZ\$000)	2,340	3,387	5,762	6,268	5,836	4,906
Annualised transactional monthly revenue (ATMR) (NZ\$m)	*	*	*	11.2	15.3	18.4

* indicates not previous measured or reported.

STRONG IMPROVEMENT IN ALL KEY MEASURES

PERFORMANCE DASHBOARD

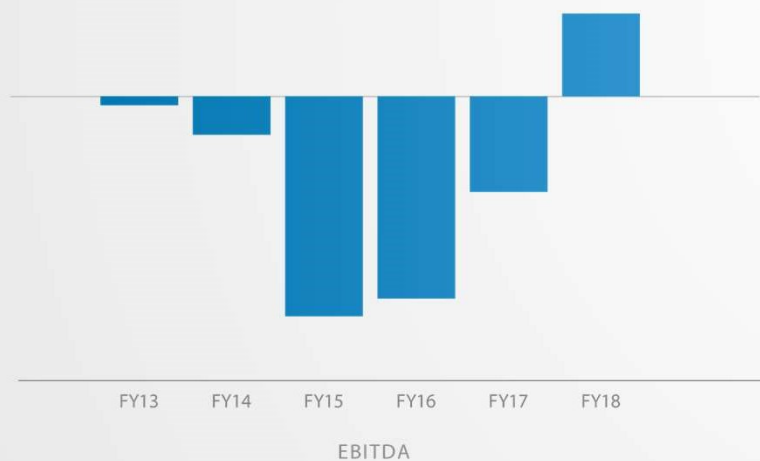
(FY18 VS FY17)



Notes 1 – 5: Refer to Appendix for Definitions

Annualised Transactional Monthly Revenue (ATMR) of \$18.4m is as at Feb 2018 and represents peak for the period whereas March 2018 is seasonally affected by Easter holidays. % increase calculated against Feb 2017 of \$14.8m

MAIDEN PROFIT



Year ended 31 March

	2018	2017	change	
	\$000	\$000	\$000	%
Revenue	18,279	14,277	4,002	28%
Other income	994	1,092	(98)	-9%
Total income	19,273	15,369	3,904	25%
Operating expenses	(17,684)	(18,763)	1,079	6%
Percentage of operating revenue	-97%	-131%		
Net finance income	414	88	326	370%
Net profit (loss) before tax	2,003	(3,306)	5,309	161%
Percentage of operating revenue	11%	-23%		
Income tax expense	(171)	(144)	(27)	-19%
Net profit (loss)	1,832	(3,450)	5,282	153%
Add back: income tax expense	171	144	27	19%
Deduct: net finance income	(414)	(88)	(326)	-370%
Add back: depreciation and amortisation	597	858	(261)	-30%
EBITDA profit/(loss)	2,186	(2,536)	4,722	186%
EBITDA margin	12%	-18%		

OUTLOOK FY19



**GROWTH IN OPERATING REVENUE EXPECTED
TO BE IN 20-30% RANGE**



**FY19 EBITDA PROFIT EXPECTED TO BE IN
LINE WITH FY18**



SUMMARY

- SaaS based business with high recurring revenue which can achieve economies of scale and good profit margins
- Successful in its home markets of Australia and New Zealand
- Large opportunity to expand into new territories
- Serko has had strong growth and remains focused on continued revenue growth

DEFINITIONS

- ATMR (Annualised Transactional Monthly Revenue) is a non-GAAP measure. Serko uses this as a useful indicator of recurring revenues from Serko products. It is calculated by annualising the combination travel and expense platform monthly revenues for the most recent non-seasonal month. The travel platform revenue is annualised by taking the monthly online booking transactions divided by the number of weekdays for that month multiplied by the average year to date ARPB and multiplied by 260 days. The expense platform revenue is based on the monthly revenue from active users multiplied by 12 months.
- ARPB (Average Revenue Per Booking) is a non-GAAP measure. Serko uses this as a useful indicator of the combined value from transactional booking fees and the supplier commissions earned from the travel platform. It is calculated by taking total travel platform booking revenue and supplier commission revenue divided by the total number of bookings.
- Recurring product revenue (a non-GAAP measure) is the recurring revenue derived from transactions and usage of Serko products by contracted customers. It excludes revenues from customised software development.
- R&D (Research & Development) costs is a non-GAAP measure representing the internal and external costs related to R&D both expensed and capitalised.
- Operating Costs is a non-GAAP measure which excludes costs relating to taxation, interest, depreciation, and amortisation charges.
- EBITDA is a non-GAAP measure representing Earnings Before the deduction of costs relating to Interest, Taxation, Depreciation and Amortisation.
- FTE = Full time equivalent employee .

IMPORTANT NOTE

This presentation is given on behalf of Serko Limited. Information in this presentation:

- is for general information purposes only, and is not an offer or invitation for subscription, purchase, or recommendation of securities in Serko Limited;
- should be read in conjunction with, and is subject to, Serko's Annual Report, market releases and information published on Serko's website (www.serko.com);
- includes forward-looking statements about Serko and the environment in which Serko operates, which are subject to uncertainties and contingencies outside of Serko's control – Serko's actual results or performance may differ materially from these statements;
- includes statements relating to past performance, which should not be regarded as a reliable indicator of future performance; and may contain information from third-parties believed to be reliable; however, no representations or warranties are made as to the accuracy or completeness of such information.
- Non-GAAP financial information does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities. The non-GAAP financial information included in this release has not been subject to review by the auditors. Non-GAAP measures are used by management to monitor the business and are useful to provide investors to access business performance.

All information in this presentation is current at the date of this presentation, unless otherwise stated. All currency amounts are in NZ dollars unless stated otherwise.