

## Market Release

24 October 2019

# Booking.com Agreement and Investment, and Capital Raise

## Serko announces an expanded agreement with Booking.com

### Serko announces a capital raising to accelerate its global expansion, in which Booking Holdings will be a cornerstone investor

Serko Limited (NZX/ASX:SKO) ("**Serko**"), a leader in online travel booking and expense management for business, today announced:

- It is raising up to NZ\$45 million of new capital to accelerate the global rollout of Serko Zeno and expand marketplace content;
- Booking Holdings Inc. (NASDAQ: BKNG) ("**Holdings**") will cornerstone the capital raising (via a wholly owned subsidiary of Holdings), resulting in an approximately 4.7% shareholding in Serko; and
- Booking.com B.V. ("**Booking.com**") and Serko have signed commitments to expand their existing agreement so that Booking.com can offer and promote Serko Zeno to its business traveller customers and to enable the integration of new Booking.com content onto Serko Zeno.

## Capital Raising

Serko is undertaking an underwritten NZ\$56 million placement, comprised of:

- A primary placement of NZ\$40 million newly issued ordinary shares, of which Holdings will be a cornerstone investor with a NZ\$17.5 million investment; and
- A secondary sale of existing shares by a limited number of Serko employees and two directors (Darrin Grafton and Simon Botherway) of NZ\$16 million.

Holdings' allocation will not be underwritten.

In addition, Serko will offer up to NZ\$5 million of newly issued ordinary shares to Serko's eligible existing shareholders resident in New Zealand and Australia under a non-underwritten Share Purchase Plan.

The funds raised in the capital raising will be used to:

- Accelerate the provisioning of Serko Zeno into North America and continental Europe;
- Deliver expanded content channels across the global travel management company (“TMC”) reseller community; and
- Increase the scale of the company to deliver and support its growing customer base and future opportunities, as a result of increased demand and to support projected expansion arising from the Booking.com agreement.

#### *Placement*

The placement will be underwritten by Deutsche Craigs Limited<sup>1</sup> and will be conducted today through a bookbuild in which institutional and other select investors in New Zealand, Australia, Hong Kong, United Kingdom and Singapore will be invited to participate by Deutsche Craigs Limited.

The secondary sale of existing shares by a limited number of Serko employees and two Serko directors, Simon Botherway (Chair, Independent Director) and Darrin Grafton (CEO and Executive Director), creates an opportunity to further increase the liquidity in Serko’s shares and provides some Serko team members with the opportunity (for the first time since the IPO in June 2014) to realise some value to meet personal commitments. Mr Botherway’s sell-down represents less than 50% of his current holding. Mr Grafton’s sell-down represents approximately 13% of his current holding. Both Mr Botherway and Mr Grafton remain fully committed to Serko.

Mr Botherway and Mr Grafton (and interests associated with them) have entered into an escrow deed with Serko, under which they are restricted from selling or otherwise disposing of their remaining holding for a 12-month period from the date of the settlement of the secondary sale, unless the Board of Serko approves such action or certain exceptions apply.

The placement has been underwritten at NZ\$4.04 per share.

#### *Share Purchase Plan*

Serko intends to offer the SPP to eligible existing Serko shareholders resident in New Zealand and Australia, enabling them to subscribe for up to NZ\$15,000 of new Serko shares at the lower of the placement price or the five-day VWAP during the last five days of the SPP offer period. The SPP will be capped at NZ\$5 million. Serko assesses that the SPP will cater for a high majority of Serko’s non institutional shareholders, enabling them to participate and potentially increase their relative percentage holdings in Serko.

The final terms of the SPP are expected to be announced in more detail on 31 October 2019.

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<sup>1</sup> Deutsche Craigs Limited is a wholly owned subsidiary of Craigs Investment Partners Limited. The role of the underwriter may be performed by Deutsche Craigs Limited or Craigs Investment Partners Limited (as the NZX Participant firm) and those entities shall have the rights and benefits of the underwriter.

The new shares to be issued under both the placement and Share Purchase Plan will rank equally in all respects with Serko's existing ordinary shares from allotment.

Key dates relating to the placement and Share Purchase Plan are set out in the Appendix to this announcement.

A copy of the notice of offer of same class financial products and investor presentation accompany this announcement.

Serko is being advised by Deutsche Craigs Limited and Cameron Partners Limited (New Zealand global alliance partner of Rothschild & Co.).

### **Agreement with Booking.com**

Concurrent with Holdings' cornerstone investment in Serko, Booking.com has signed commitments to expand its existing agreement with Serko so that Booking.com can offer and promote Serko Zeno to its business traveller customers.

Serko expects the expanded agreement with Booking.com to result in significant benefits for Serko's customers and TMC partners by broadening and improving 'whole of journey' content, accelerating the global rollout of Serko Zeno, and increasing commissions to the travel management company reseller community.

Darrin Grafton (CEO of Serko) welcomed Booking.com's expanded agreement to further empower the Travel Management community and drive the adoption of Serko's market-leading technology with end-to-end journey content. Mr Grafton said: "Partnering with Booking.com introduces additional content to advance our aspiration of achieving the 'Unified Traveller Experience' which will assist corporate travellers with simplicity and compliance while making our resellers more profitable. It is fantastic to partner with Booking.com, the world leader in online travel and related services. The Serko and Booking.com agreement will accelerate our journey toward our vision of seamless corporate travel and expanding our growth outside of Australasia."

Ripsy Bandourian, VP of Partnerships at Booking.com said: "We are excited to be expanding our agreement with Serko, as our vision about making Business Travel frictionless for both travellers and travel managers alike is very much aligned with Serko's, and we're looking forward to working together in bringing this solution to customers and partners outside of Australasia".

The expanded agreement is not expected to have a material impact on Serko's revenues in the current financial year to 31 March 2020, due to the phased development work required and a performance-based rollout plan for Booking.com's global business traveller customers. If achieved, as anticipated, during the 2020 calendar year, the expanded agreement is expected to result in a material uplift in Serko's revenue (via increased Average Revenue Per Booking ("ARPB") and transaction booking revenue)

in the 2021 financial year and beyond; and is expected to assist Serko in achieving its medium-term aspirational target of NZ\$100 million of annualised run-rate revenue.

Additional investor rights have been agreed with Holdings in connection with Booking.com's entry into the enhanced agreement. Further details of these rights and the terms of the agreement with Holdings are included in the investor presentation filed concurrently with this announcement.

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**About Booking Holdings**

[Booking Holdings](#) (NASDAQ: BKNG) is the world leader in online travel and related services, provided to customers and partners in over 230 countries and territories through six primary brands [Booking.com](#), [KAYAK](#), [priceline.com](#), [agoda.com](#), [Rentalcars.com](#) and [OpenTable](#). The mission of Booking Holdings is to help people experience the world. For more information, visit [www.bookingholdings.com](http://www.bookingholdings.com).

Booking Holdings' current market capitalisation is US\$83 billion.

## Appendix – Key Dates for Capital Raising

<b>Placement</b>	
Conduct underwritten placement	Thursday, 24 October 2019
Trading halt on NZX and ASX	Thursday, 24 October 2019
Announce completion and resume trading	Friday, 25 October 2019
Settlement on the ASX	Tuesday, 29 October 2019
Settlement on the NZX	Wednesday, 30 October 2019
Allotment and trading of shares on NZX and ASX	Wednesday, 30 October 2019
<b>Share Purchase Plan</b>	
Share Purchase Plan Record Date	Wednesday, 23 October 2019
Share Purchase Plan Offer Opens	Thursday, 31 October 2019
Share Purchase Plan Offer Closes	Friday, 15 November 2019
Settlement on the ASX	Tuesday, 19 November 2019
Settlement on the NZX	Wednesday, 20 November 2019
Allotment and trading of shares on NZX and ASX	Wednesday, 20 November 2019