

WEBJET RECORD PROFIT

MAJOR TURNAROUND IN ZUJI AND LOTS OF HOTELS

Webjet Limited today announced its results for the year ended 30 June 2014

- **TTV up 9.4%** to \$967 million
- **Revenue up 31.9%** to \$98.6 million
- **TTV revenue margin up 20.0%** (from 8.5% to 10.2%)
- **EBITDA up 89.3%** to \$23.3 million
- **NPAT up 195%** to 19.1 million
- **Final dividend of 7.25 cents – total year 13.5 cents**

Year Ended 30 June 2014 \$m	FY14 vs Reported FY13			FY14 vs Normalized FY13		
	FY14	FY13		FY14	FY13 (1)	
TTV	967	884	9.4%	967	778	24.3%
Revenue	98.6	74.8	31.9%	98.6	66.5	48.3%
Costs	75.3	62.5	20.6%	75.3	45.0	28.6%
EBITDA	23.3	12.3	89.3%	23.3	21.6	8.1%
Depreciation and Amortisation	(2.8)	(2.0)	40.1%	(2.8)	(1.9)	45.1%
EBIT	20.5	10.3	114.4%	20.5	19.6	13.3%
Interest	0.6	1.2	(47.6%)	0.6	1.2	(47.9%)
Associates	(0.0)	(0.1)	(17.2%)	(0.0)	(0.1)	(17.2%)
EBT	21.1	11.4	84.2%	21.1	20.8	1.5%
Tax Expense	(2.0)	(5.0)	(60.6%)	(2.0)	(6.4)	(69.5%)
NPAT	19.1	6.5	195.0%	19.1	14.4	33.0%
EPS (cents)						
- Basic	24.24	8.74	177.3%	24.24	19.22	26.1%
- Diluted	24.18	8.66	179.3%	24.18	19.03	27.0%
Margins						
Revenue Margin	10.2%	8.5%		10.2%	8.6%	
EBITDA Margin	23.6%	16.5%		23.6%	32.4%	
Marketing % TTV	2.1%	1.8%		2.1%	2.0%	
NPAT	19.4%	8.7%		19.4%	21.6%	
Effective Tax rate	9.3%	43.3%		9.3%	30.8%	

(1) Result adjusted for the impact of one-off costs: Start-up costs for Lots of Hotels business of \$2.3m, Zuji acquisition and transition cost of \$5.4m, and initial loss for Zuji of \$1.6m

Webjet delivered a record result, despite a flat market in the core Australian business, due to the \$8 million EBITDA turnaround in the Zuji business, which delivered around a \$2M EBITDA contribution. The Lots of Hotels (LOH) business continued its impressive growth trajectory reporting \$0.5 million EBITDA in the second half.

Total transaction value (TTV) increased 9.4% during the year¹. Total revenues were \$98.6million, up 31.9% over the previous corresponding period, due to the increased contribution from both the Zuji and the LOH businesses. A continued focus on pursuing higher margins across all businesses resulted in the TTV margin increasing 20.0% to 10.2%.

Reported EBITDA for the year was \$23.3 million, ahead of market guidance of \$21.5 million given in November 2013. This represents an 8.1% increase over the normalised results for the same period last year - and 89.3% above the reported FY13 EBITDA (which included the impact of various one-off items relating to the launch of LOH and the acquisition of Zuji.) The EBITDA increase is largely due to the turnaround performance of Zuji.

Reported Net Profit After Tax (NPAT) for the year was \$19.1 million, a 33% increase over the normalised NPAT for the previous corresponding period. Utilisation of Zuji carry forward tax losses and other previously unrecognized overseas tax losses reduced the effective tax rate to 9.3%. Going forward, the effective tax rate is expected to be around 20-25%.

Webjet Limited's Managing Director, John Guscic, said:

"The overall result was driven largely by the turnaround performance of the Zuji business, which in turn was due to the successful extraction of various cost synergies identified at the time of acquisition. The LOH business continues to perform ahead of expectations - with TTV run rates, margins and EBITDA contribution all up significantly over the past 12 months. The core Webjet business experienced an essentially flat result, in line with the general domestic travel market. Our ongoing focus on pursuing higher margin business streams continued to grow our non-air revenues, with the packages business in particular showing good traction."

B2C BUSINESSES – ONLINE CONSUMER TRAVEL MARKET

Webjet - Australian and New Zealand B2C businesses

The core Australian Webjet market remained essentially flat, in line with the overall domestic travel market. A continued focus on targeting higher margin business streams, new product launches and leveraging Webjet's strong brand awareness through targeted marketing campaigns helped delivered an increase in TTV margin. In contrast to the flat Australian market, the New Zealand business reported a strong second half driven by increased international sales.

Key achievements during the year included:

- Remaining the No 1 OTA brand as measured by Hitwise and further extended the marketshare leadership – brand awareness reinforced through targeted TV and tactical marketing campaigns
- Focus on improving customer experience resulted in a series of usability enhancements - mobile site development delivered better user experience for flights and new mobile optimised car and hotel sites
- Ongoing focus on pursuing higher margin business streams continued to improve TTV margin - up 2.2% compared to the previous corresponding period
- Packages business continues to grow - currently sitting on an annualised TTV run-rate of \$30 million (up 127% compared to the previous corresponding period)

¹. TTV for the second half reflected the non-consolidation of the Webjet US business following the sale of 35% stake in December 2013.

- New product launches including Webjet Exclusives and Webjet Cruise (launched in June and August 2014 respectively) - Webjet Exclusives has already reported strong bookings in its first full month of operation
- Successful completion of the Cloud computing migration

Zuji – Asian focused B2C business

The unprofitable business streams in place on acquisition have been eliminated and a focus on targeting bottom line profit rather than superficial TTV of unprofitable components resulted in more sustainable TTV margins. A concentrated effort on extracting the various cost synergies helped deliver an \$8 million EBITDA turnaround driving Zuji's EBITDA contribution of around \$2 million. Additional revenue synergies are expected to come through during the next 12 months.

Key achievements during the year included:

- Retaining market leading positions in Singapore and Hong Kong Markets
- Major quality improvement program resulted in an expanded customer service function
- Successful extraction of costs synergies reduced operating costs by more than 30%
- Launch of Chinese language site in Hong Kong
- Extended the partnership with Virgin Australia Airlines to provide their packaged holidays site, Virgin Australia Holidays for a further 3 years

The key focus for the coming year will be to pursue organic growth through the introduction of new products, increasing market share in the existing Zuji markets, as well as pursuing new opportunities arising from increased online travel market penetration and increasing low cost carrier content across Asia.

B2B BUSINESSES – PROVIDING HOTEL ROOMS TO PARTNERS VIA THE ONLINE CHANNEL

Lots of Hotels (LOH)

During the year, the LOH business expanded into 10 new markets bringing the total markets in which it operates to 20. The LOH business currently offers its various travel agent partners a portfolio of over 100,000 hotels - 1200 of which are uniquely contracted and currently account for around 20% of revenues. LOH plans to expand into a further 10 markets by December 2014, further solidifying its unique position in the Middle East and African markets.

The current annualised TTV run rate of around \$80 million represents a 100% increase since the previous corresponding period. TTV margin increased 55.8% in the 2H14 to 6.7% and this is expected to increase to over 8% within the next 12 months. LOH generated EBITDA of \$0.5 million in the second half, resulting in a break even position for the full year.

Sun Hotels

The company recently announced it had entered a binding Heads of Agreement to acquire SunHotels Group effective from 1 July 2014. SunHotels is an online hotel provider specialising in the provision of hotels and transfers in European resort destinations selling into the Scandinavian and UK markets.

SunHotels provides an immediate extension of product sourcing and distribution opportunities for the company's B2B business. As well as operating a scalable technology platform, SunHotels offers over 40,000 unique hotels, including 6,000 that are directly contracted.

The two B2B businesses will share inventory, thereby expanding inventory offers within their respective markets and enhancing margin opportunities. The Company believes the SunHotels business offers considerable opportunities to exploit new markets within Europe.

Settlement is expected to occur at the end of August 2014.

John Guscic said:

"The acquisition of SunHotels is the second step in our global B2B ambitions. We see synergistic opportunities between SunHotels and our existing LOH business including sharing inventory, a technology platform and customer service.

The acquisition of an established, successful and profitable business like SunHotels provides immediate scale to our B2B business and accelerates the already attractive growth demonstrated by the LOH business started just 16 months ago."

DIVIDEND AND CAPITAL MANAGEMENT

- Webjet generated cash and equivalents of \$21.6m, which was used to pay dividends, tax, investments and a reduction in trade creditors and other payables primarily associated with the completion of the Zuji acquisition. Details are set out in the consolidated cash flow statement in the FY14 Annual report.
- The company continues to have a strong balance sheet. As at 30 June 2014, the cash balance was \$51.8 million, including \$18.8 million in client funds.
- The acquisition of SunHotels will be financed through a Eurodebt facility.
- The board has declared a fully franked final dividend of 7.25 cents, bringing the total dividend for FY14 to 13.5 cents, an increase of 0.5 cents over the previous corresponding period.

OUTLOOK

As per last year, guidance regarding FY15 will be provided at the Annual General Meeting on 26 November 2014.

July's TTV and EBITDA performance is ahead of last year.