

ASX release FY21

AGILE, ENERGISED AND READY TO GO
TRANSFORMING THE BUSINESS FOR TRAVEL RECOVERY

Webjet OTA profitability continues to improve; WebBeds reducing costs and ready for markets to open;
Capital strength to invest in our business

- ***FY21 reflects the continued impact of Covid-19 on the global travel industry and the move to the new 31 March year end.*** Cost reduction initiatives underway in all businesses are expected to deliver 20% lower costs across the Group once the business returns to scale.
- ***Webjet OTA profitability continues to improve*** – underscoring brand strength as the #1 OTA and scalability of the business model. Market share continues to increase. 2H21 EBITDA margin back above 30%.
- ***WebBeds is committed to emerging as the #1 global B2B provider*** - taking advantage of new revenue opportunities and transformation initiatives on track to reduce costs by at least 20% when back at scale. Now targeting 8/3/5 ⁽¹⁾.
- ***Capital strength to invest in our business*** - Significant cash reserves (\$431 million pro forma cash on hand ⁽²⁾) and all term debt maturity now extended to November 2023, delivering significant runway.
- ***As markets reopen, businesses are rebounding quickly*** – as at April 2021, Webjet OTA Australian domestic bookings were 95% compared to April 2019 levels; WebBeds USA TTV was at 83% of April 2019 levels; and Online Republic bookings were 48% of April 2019 levels.

19 May 2021: Webjet Limited (**Webjet** or the **Company**, ASX:WEB) today announced its FY21 financial result, reflecting the new 31 March year end.

FY21 continued to reflect the impact of Covid-19 on the global travel industry with all businesses reporting significant falls in Total Transaction Value (TTV), Revenue and EBITDA compared to the previous year. The focus continues to be on managing costs and cash burn, as well as proactively strengthening the balance sheet with the \$250 million Convertible Notes offering in April 2021. Both Webjet OTA and Online Republic saw bookings pick up during 2H21 as domestic markets opened. EBITDA for Webjet OTA continued to improve in 2H21 driven by the significant increase in bookings as State borders reopened and the ability to leverage a highly scalable cost base. Online Republic saw improved performance in Australia and New Zealand however key international markets remained impacted. TTV in the WebBeds business improved in some regions as domestic markets reopened, however large-scale restrictions remained in place in most regions, particularly throughout Europe. WebBeds' key focus has been on Transformation initiatives to reduce costs to further cement WebBeds as the clear lowest cost global B2B provider, and prepare the business for when markets reopen.

Commenting on the result, Managing Director John Guscic said:

“We are hopeful that vaccine rollouts will allow travel markets to reopen and continue to do everything we can to make sure we are optimally positioned to capture the significant global B2B market opportunity and accelerate bookings growth in our B2C businesses. We know there is strong demand for travel – we’ve seen that with the performance of Webjet OTA, with Australian domestic bookings reaching 95% of pre-

Covid bookings in April. Webjet OTA has always had a key strength in servicing the domestic leisure market and our ability to scale costs in line with demand meant it was profitable as soon as borders opened. The Australian and New Zealand domestic borders remaining opened also meant we saw Online Republic return to profitability in April and believe there is considerable scope for that business as global leisure markets reopen. While WebBeds continues to be impacted in most regions, we know that once borders do open, our businesses rebound. We're already seeing that in North America. The US is among the first to reopen and WebBeds is already at 83% of pre-Covid TTV in that market. WebBeds is committed to emerging from Covid as the #1 global B2B provider and we are confident our transformation initiatives will materially reduce costs across the business. As such, we have increased WebBeds' profitability target to 8/3/5⁽¹⁾ once the business is back at scale."

GROUP PERFORMANCE

The table below shows results for Webjet's Statutory Result and Underlying Operations ⁽³⁾ for the FY20 and FY21 periods.

Webjet Group	Statutory Result		Underlying Operations ⁽³⁾	
	FY21 (9 mths)	FY20 (12 mths)	FY21 (9 mths)	FY20 (12 mths)
TTV	\$453m	\$3,021m	\$453m	\$3,021m
Revenue	\$38.5m	\$266.1m	\$38.5m	\$266.1m
Expenses	\$163.8m	\$356.2m	\$94.8m	\$238.5m
EBITDA ⁽⁴⁾	(\$125.3m)	(\$90.1m)	(\$56.3m)	\$27.6m
EBITDA Margin	n/a	n/a	n/a	10.4%
Tax (Benefit)/Expense	(\$21.0m)	(\$15.3m)	(\$19.8m)	\$1.1m
NPAT (before AA) ⁽⁵⁾	(\$141.5m)	(\$119.0m)	(\$73.7m)	(\$17.7m)
NPAT	(\$156.6m)	(\$143.6m)	(\$88.8m)	(\$42.3m)
EPS (before AA)	(41.8 cents)	(68.1 cents)	(21.7 cents)	(10.1 cents)
EPS	(46.2 cents)	(82.1 cents)	(26.2 cents)	(24.2 cents)
Effective Tax Rate (excl AA)	12.9%	11.4%	21.2%	(6.6%)

The Statutory Result includes \$69.0 million non-operating expenses of which \$55.5 million relates to the fair value change in the €100million Convertible Notes (comprising \$22.3 million intrinsic value change due to share price movement and \$33.2 million incentive fee to convert the Notes to equity).

As FY20 results show the 12 month period to 30 June 2020 while FY21 results show the 9 months to 31 March 2021, it is not useful to provide a comparative discussion of overall Group performance between the reporting periods.

STRONG CAPITAL POSITION

- *Pro forma cash* - \$431 million, reflecting net proceeds from the \$250 million Convertible Notes offering completed in April 2021. The Notes allowed Webjet to proactively derisk the refinancing of existing debt and have a materially lower cash interest cost than previous financial arrangements.
- *FY21 average monthly cash burn* - \$5.5 million. Cost saving initiatives across all businesses helped absorb the impact of staff returning to 100% during the year.
- *Debt maturity extended to November 2023* - maturity for all remaining term debt has now been extended to November 2023, providing significant flexibility to manage the recovery.

With significant cash reserves and runway, and no debt commitment until late 2023, Webjet has the capital strength to survive any protracted recovery period as well as invest in the business to pursue leadership.

OUTLOOK

There is strong pent-up demand for travel, particularly leisure travel and all businesses are well positioned to capture it. Webjet has been focused on transforming all its businesses to be ready to capitalise when global travel returns.

- Webjet's global footprint remains intact and all businesses are highly leveraged to domestic and international leisure markets
- The structural shift from offline to online continues to accelerate with all businesses positioned to capture demand
- Webjet's capital strength provides financial and strategic flexibility
- Strategies are in place to pursue leadership in all our businesses
 - WebBeds – become the global #1 B2B provider
 - Webjet OTA – increase our market share leadership
 - Online Republic – improve underlying performance

Commenting on the outlook, John Guscic said

"While we wait for markets to open, we have not stood still. We have taken the opportunity to transform our business to be ready for the recovery. We have looked at ways to be more agile, lean and efficient across the entire business - from service and quality, to operating and marketing, to capital strength, and management restructuring. We have created a global platform that will reduce costs at scale by at least 20% and provide the structural support to focus on those markets that will rebuild fastest, where competitors are weakest, and we can target the #1 position. We see a world of opportunity. We know people cannot wait to travel – to reunite with families and loved ones, to embark on adventures and to explore the world. Webjet has significant cash reserves, we have a team that's always been agile and hungry to win, and we are ready to go."

Commenting on the dividend, Chair Roger Sharp said:

"We are hopeful that vaccine programs underway globally will allow travel markets to progressively reopen however we note that the recovery has been pushed out in a number of markets. Given the travel environment remains inherently uncertain, despite our financial position, we have not declared a dividend for FY21 and will revisit payment of the deferred interim FY20 dividend following 1H22 results later this year."

The company's AGM is scheduled to be held on 31 August 2021.

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. Some domestic markets reopened however large-scale restrictions remained in place in most regions, particularly throughout Europe. Costs were down 42% compared to the prior corresponding period for the 9 months to 31 March 2021, reflecting headcount and overhead reductions. TTV margins are expected to return to pre-Covid-19 levels once border restrictions ease and cancellations normalise. FY21 TTV margins reflect the higher portion of bookings coming through in lower margin regions, as well as the impact of cancellations due to the ongoing uncertainty.

WebBeds	9 months ending 31-March			12 months ending	
	1H21 (6 mths)	2H21 (3 mths)	FY21	31-Mar-20	31-Mar-21
Bookings ('000s)	442	252	694	4,210	749
TTV	\$132m	\$66m	\$198m	\$2,507m	\$207m
Revenue	\$8.0m	\$4.8m	\$12.8m	\$223.2m	\$6.0m
Expenses	\$40.4m	\$19.3m	\$59.7m	\$130.0m	\$96.0m
EBITDA	(\$32.4m)	(\$14.5m)	(\$46.9m)	\$93.2m	(\$90.0m)
TTV / Revenue Margin	6.1%	7.3%	6.5%	8.9%	2.9%
EBITDA Margin	n/a	n/a	n/a	41.8%	n/a

Webjet OTA

Webjet OTA saw improved profitability during the period, driven by domestic border openings. Bookings increased as borders opened and combined with the lower cost base, resulted in improved EBITDA in 2H21. Costs were down 74% over the prior corresponding period for the 9 months to 31 March 2021. Significant cost savings came through reduction in costs tied to TTV (such as marketing) which were then able to be scaled in line with demand. FY21 TTV margins reflect the loss of overrides and commission typically earned on international bookings.

Webjet OTA	9 months ending 31-March			12 months ending	
	1H21 (6 mths)	2H21 (3 mths)	FY21	31-Mar-20	31-Mar-21
Bookings ('000s)	183	164	347	1,483	370
TTV	\$119m	\$99m	\$218m	\$1,307m	\$230m
Revenue	\$11.4m	\$9.6m	\$21.0m	\$136.4m	\$15.5m
Expenses	\$10.3m	\$6.6m	\$16.9m	\$84.3m	\$21.9m
EBITDA	\$1.1m	\$3.0m	\$4.1m	\$52.1m	(\$6.3m)
TTV / Revenue Margin	9.6%	9.6%	9.6%	10.4%	6.8%
EBITDA Margin	9.7%	30.9%	19.3%	38.2%	n/a

Online Republic

Bookings and TTV improved in 2H21 as Australian and New Zealand domestic markets reopened, however ongoing lockdowns in a number of international markets impacted Cars, and Motorhomes continued to be impacted by the loss of inbound tourism into New Zealand, its largest market. Costs were down 43% compared to the prior corresponding period for the 9 months to 31 March 2021, coming primarily from headcount reductions, contract renegotiations and reduced marketing spend. FY21 TTV margins reflect the ongoing impact of refunds, with refunds started to wind back during 2H21.

Online Republic	9 months ending 31-March			12 months ending	
	1H21 (6 mths)	2H21 (3 mths)	FY21	31-Mar-20	31-Mar-21
Bookings ('000s)	51	41	92	457	94
TTV	\$16m	\$21m	\$37m	\$272m	\$16m
Revenue	\$3.2m	\$1.5m	\$4.7m	\$28.2m	\$2.9m
Expenses	\$5.3m	\$2.5m	\$7.8m	\$18.2m	\$11.4m
EBITDA	(\$2.1m)	(\$1.0m)	(\$3.1m)	\$10.0m	(\$8.4m)
TTV / Revenue Margin	19.5%	7.0%	12.5%	10.3%	17.8%
EBITDA Margin	n/a	n/a	n/a	35.5%	n/a

Change of year end

Prior to Covid-19, WebBeds was the Company's largest business unit, delivering a significant proportion of its EBITDA contribution during the northern hemisphere summer months. Moving the year end to 31 March will allow the new 1H period (April to September) to capture the strongest contribution of WebBeds to overall Group results and provide greater certainty of year end performance at the time of reporting 1H results. This reporting window also brings Webjet in line with our northern hemisphere travel peers.

(1) 8/3/5 – 8% Revenue/TTV and 3% Costs/TTV will deliver 5% EBITDA/TTV at scale

(2) Pro forma includes net proceeds of A\$250 million Convertible Notes completed in April 2021

(3) Underlying Operations excludes \$69.0 million of non-operating expenses of which \$55.5 million relates to the fair value change in the €100 million Convertible Notes

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

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