Webjet Limited

ASX release FY22

Webjet Limited returns to profit in 2H22; Delivers positive cash flow
Strong start to FY23 with all businesses profitable in April with indications of a further strong uplift in May.

- **Group profitable in 2H22; delivering positive cash flow -** FY22 $4million/month average cash surplus.
- **WebBeds profitable in 2H22** driven by North American and European markets. Costs down 31% compared to pre-pandemic levels and on track to be 20% more cost efficient when back at scale.
- **Webjet OTA profitable for FY22** notwithstanding border closures in 1H22 and Omicron impact in 2H22.
- **GoSee rebrand underway** to deliver greater efficiencies, enhance customer experience and improve underlying performance.
- **Investing in innovative technology to differentiate our offering and build out our core capabilities.** Locktrip in FY21, Trip Ninja in 1H22 and ROOMDEX in 2H22
- **Strong start to FY23 with all businesses profitable in April with indications of a further strong uplift in May**. As at May 2022, WebBeds Total Transaction Value (TTV) was ahead of May 2019, Webjet OTA bookings are tracking at c.80% of pre-pandemic levels and GoSee TTV is tracking at c.75% of pre-pandemic levels.
- **Significant growth opportunities in all businesses** as global travel markets reopen.

19 May 2022: Webjet Limited (**Webjet** or the **Company**, ASX:WEB) today announced its financial results for FY22.

FY22 saw the business turn around, delivering a profitable 2H22 driven by WebBeds and Webjet OTA. As revenues start to return, costs are materially lower than they were pre-pandemic, reflecting the significant efficiencies coming through, particularly in the WebBeds business. TTV and Revenue were up materially compared to the 12 months to 31 March 2021 (up 262% and 466% respectively) while Expenses were only up 7%. FY22 Underlying EBITDA loss of $15 million reflected a $103 million improvement compared to the 12 months to 31 March 2021. WebBeds was profitable for 2H22 driven by the North American and European markets. Webjet OTA was profitable for the whole year despite extensive lockdowns and border closures in 1H22, and the impact of the Omicron outbreak in 2H22. GoSee (formerly Online Republic) continued to be impacted by State and International border closures for most of the year.

Commenting on the result, Webjet's Managing Director John Guscic said:

> "FY22 was a year of recovery. We are now cash flow positive, our two largest businesses returned to profitability and we are seeing markets rebound strongly as travel restrictions continue to ease. WebBeds returned to profitability in the second half. Our investment in North America is paying off with booking volumes for that business now already more than double what they were pre-pandemic, and all the work undertaken to drive efficiencies saw costs remain significantly below pre-pandemic levels. Webjet OTA was profitable for the full year despite widespread lockdowns, border closures and the impact of Omicron from December. Domestic bookings spiked as borders opened, reflecting Webjet OTA's strength in servicing the domestic leisure market, however international bookings have been subdued with airline capacity still well below pre-pandemic levels. Profitability for GoSee is highly linked to Australian and New Zealand international border openings and that business continued to be impacted by border closures for the majority of FY22, although we saw Cars TTV exceed pre-pandemic levels in March driven by domestic markets.

The year has also been one of incredible and unprecedented industry challenges consequent upon the chaotic changes in travel plans and restrictions which have put all travel industry service levels under enormous stress. We acknowledge the special cooperation of our global industry partners as we endeavour to minimise disruption. And we are particularly thankful for the flexibility and understanding of all our customers as Webjet continues to add extra resources and processes to cater for markets that are now rebounding strongly."

GROUP PERFORMANCE

The table below shows results for Webjet's Statutory Result and Underlying Operations (1) for the FY22 and FY21 period.

	Statutory Result		Underlying Operations (1)	
Webjet Group	FY22 12 months to Mar-22	FY21 9 months to Mar-21	FY22 12 months to Mar-22	FY21 9 months to Mar-21
TTV	$1,638m	$453m	$1,638m	$453m
Revenue (2)	$138.0m	$38.5m	$138.0m	$38.5m
Operating expenses	($153.0m)	($94.8m)	($153.0m)	($94.8m)
Non-operating expenses	($18.2m)	($69.0m)	-	-
Share based payment expenses	($9.6m)	($4.1m)	-	-
EBITDA	($42.8m)	($129.4m)	($15.0m)	($56.3m)
Depreciation and amortisation	($25.4m)	($18.2m)	($25.4m)	($18.2m)
Acquisition amorisation (AA) (3)	($18.0m)	($15.1m)	-	-
Net interest costs	($18.7m)	($14.9m)	($7.1m)	($9.3m)
Income tax benefit	$19.9m	$21.0m	$9.1m	$16.3m
NPAT (before AA)	($67.0m)	($141.5m)	n/a	n/a
NPAT	($85.0m)	($156.6m)	($38.4m)	($67.5m)
EPS (before AA)	(17.7 cents)	(41.8 cents)	n/a	n/a
EPS	(22.4 cents)	(46.2 cents)	(10.1 cents)	(19.9 cents)
Effective Tax Rate (excl AA)	22.9%	12.9%	n/a	n/a
Effective Tax Rate	19.0%	11.8%	19.2%	19.5%

1) Underlying Operations –excludes non-operating expenses, Share Based Payment expenses, Acquisition Amortisation and Convertible Notes interest. FY21 comparative restated to reflect the same
2) Excludes interest income
3) Acquisition Amortisation -includes charges relating to amortisation of intangibles acquired through acquisition

Statutory Result includes $18.2 million non-operating expenses, of which $14 million relate to the write-off of the Online Republic brand, and $8.8 million for ERP implementation costs, which are critical to driving further efficiencies in the WebBeds business.

Group FY22 results show the 12 months to 31 March 2022 while FY21 results show the 9 months to 31 March 2021 (reflecting the move to the new March year end in that period). It is therefore not useful to provide a comparative discussion of overall Group performance between the two periods.

CAPITAL POSITION

- *Working capital continues to improve*: cash surplus of $4 million per month (FY21: $5.5 million per month average cash burn)
- *Cash position remains strong*: $434 million cash as at 31 March 2022.
- Payment of deferred FY20 interim dividend and investments in Locktrip[1], Trip Ninja and ROOMDEX were made during the year.

[1] Completion April 2021.

OUTLOOK

Webjet is intent on capitalising on travel recovery and we see significant growth potential in all our businesses as travel markets reopen.

Commenting on the outlook, John Guscic said

> "The demand for travel after two years of massive restrictions as the world grappled with the global pandemic is showing the resilience, flexibility and the essential nature of travel in everyone's lives. The quest for exploration, the desire for adventure, and the longing to see friends and families has never been higher.
>
> In addition to the strong signs of demand we see demonstrated through our daily customer search activity, we are also seeing demonstrable indicators of confidence in the recovery from our supply partners as they invest in capacity for the future. For example, Qantas, Virgin and Rex have all placed orders for new aircraft, and Bonza has announced its launch into the Australian domestic market. We are also seeing major hotel and resort rebound with over US$68 billion in global hotel investment in CY2021[2], and an anticipated 2,805 hotels with 428,037 new rooms to open in 2022[3]. We continue to observe the progressive restoration of travel patterns as domestic and international borders open.
>
> Trading continues to improve on the back of increased demand and opening borders. First quarter trading for the Group is currently tracking well ahead of 4Q22 at Bookings, TTV, Revenue and EBITDA levels. April was our most profitable month since the pandemic began with all of our businesses delivering profits. May's profitability is expected to significantly exceed that of April.
>
> WebBeds TTV volumes for May 2022 are tracking above pre-pandemic period. Fourteen of the Top 25 markets are now trading at or above pre-pandemic booking volumes, although some markets continue to have meaningful restrictions, particularly in Asia Pacific. Our focus on driving efficiencies means that as at May, WebBeds is back at pre-pandemic booking volumes and costs are more than 20% lower than pre-pandemic levels, despite global wage pressures.
>
> We have seen strong bookings momentum for Webjet OTA as Omicron settles and international tourism recommences with total Bookings for May tracking at c.80% of pre-pandemic levels. Webjet continues to extend its lead as the #1 Online Travel Agent in AU/NZ and we are excited by the growth opportunities we see in international flights and in particular by what Trip Ninja technology will allow us to offer in that space.
>
> The reopening of international borders has also seen GoSee TTV increase, with May TTV tracking at c.75% of pre-pandemic levels. We are intent on transforming GoSee by bringing a more focused, growth-oriented strategy.
>
> During the year we took advantage of attractive market conditions to acquire 100% of Trip Ninja and 49% of ROOMDEX. We believe strategic investments in complementary adjacent businesses that help build out our core capabilities will be an important part of our strategy going forward. Not only will they increase user satisfaction, these solutions will drive additional relevancy with our customers and partners.
>
> Based on current bookings trajectory the Group remains on track of be back at pre-pandemic bookings volumes by 2H23 – October 2022 to March 2023. We believe there are significant growth opportunities in all our businesses and are excited for what the future holds."

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[2] https://www.jll.com.sg/content/dam/jll-com/documents/pdf/research/global/global-hotel-investment-outlook-2022.pdf
[3] https://lodgingeconometrics.com/at-year-end-2021-global-hotel-construction-pipeline-counts-essentially-even-year-over-year/

Commenting on dividends, Chair Roger Sharp said:

> "While Webjet has significant cash reserves, we continue to watch cash, cash flow and debtor risk very closely. We are starting to see strong cash inflows as major travel markets open again, and the Company is back to being cash flow positive. We paid the deferred FY20 interim dividend during the year however given the inherent uncertainty that still remains, we have not declared a dividend for FY22."

The Company is not providing any FY23 earnings guidance. As markets continue to recover, pre-pandemic seasonal earnings patterns for WebBeds, Webjet OTA and GoSee are expected to return. The Company's AGM is scheduled to be held on 31 August 2022.

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

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BUSINESS UNIT PERFORMANCE

WebBeds

Bookings, TTV and Revenue are increasing as more markets open. 2H22 Bookings were up 35% compared to 1H22, while TTV was up 53% and Revenue was up 63%. FY22 Booking volumes were 60% of pre-Covid levels. FY22 Expenses were down 31% compared to pre-Covid levels and down 6% (1) compared to the previous comparable period despite higher staff costs in FY22. TTV margins continue to improve driven by the increasing contribution from Europe during 2H22. All regions were profitable for 2H22 except Asia-Pacific as several large markets remained closed to international tourism.

	12 months ending 31-March			12 months ending	
WebBeds	1H22	2H22	FY22	31-Mar-21 (FY21)	31-Dec-19 (CY19)
Bookings ('000s)	1,086	1,464	**2,551**	749	4,274
Average Booking Value	$401	$454	**$432**	$277	$605
TTV	$436m	$665m	**$1,101m**	$207m	$2,588m
Revenue	$32.6m	$53.0m	**$85.6m**	$6.0m	$226.9m
Expenses	$43.0m	$47.2m	**$90.2m**	$96.0m	$130.6m
EBITDA	($10.4m)	$5.8m	**($4.6m)**	($90.0m)	$96.3m
TTV / Revenue Margin	7.5%	8.0%	**7.8%**	2.9%	8.8%
EBITDA Margin	n/a	11.0%	**n/a**	n/a	42.4%

The comparative unaudited FY21 period shows the 12 months ending 31 March 2021 and CY19 shows the 12 months ending 31 December 2019 (i.e., pre-Covid)

1) FY21 expenses include staff salaries at 80% from April to October 2020.

Webjet OTA

FY22 Bookings were up 79% and TTV was up 86% compared to the previous comparable period. FY22 Bookings were 42% of pre-Covid levels - 1H22 was impacted by lockdowns and border closures and 2H22 by the impact of the Omicron outbreak. FY22 TTV margins compared to pre-Covid levels reflect the loss of overrides and commissions payable on international travel. FY22 Expenses were down 64% compared to pre-Covid levels reflecting the highly scalable cost base - approximately 80% of Expenses are variable and able to be scaled in line with demand.

	12 months ending 31-March			12 months ending	
Webjet OTA	1H22	2H22	FY22	31-Mar-21 (FY21)	31-Dec-19 (CY19)
Bookings ('000s)	296	366	**662**	370	1,575
Average Booking Value	$620	$669	**$647**	$621	$890
TTV	$184m	$245m	**$428m**	$230m	$1,402m
Revenue	$18.2m	$23.7m	**$41.9m**	$15.5m	$151.1m
Expenses	$14.5m	$17.9m	**$32.5m**	$21.9m	$89.7m
EBITDA	$3.6m	$5.8m	**$9.4m**	($6.3m)	$61.5m
TTV / Revenue Margin	9.9%	9.7%	**9.8%**	6.8%	10.8%
EBITDA Margin	20.1%	24.4%	**22.5%**	n/a	40.7%

The comparative unaudited FY21 period shows the 12 months ending 31 March 2021 and CY19 shows the 12 months ending 31 December 2019 (i.e., pre-Covid)

GoSee (formerly Online Republic)

FY22 Bookings and TTV were up 121% and 575% respectively compared to the previous comparable period. FY22 Bookings were 41% of pre-Covid levels as State and international border closures were in place for most of the year. Cars saw demand increase as borders opens, returning to pre-pandemic TTV levels in March 2022 led by Australian and New Zealand domestic markets. Motorhomes continued to be impacted by lack of inbound tourism into its largest markets of Australia and New Zealand. FY22 Expenses were down 25% compared to pre-Covid levels. FY22 costs compared to the previous comparable period reflect higher staff costs including staff returning to full salaries and investing to transform the business.

	12 months ending 31-March			12 months ending	
GoSee	**1H22**	**2H22**	**FY22**	**31-Mar-21 (FY21)**	**31-Dec-19 (CY19)**
Bookings ('000s)	66	142	**208**	94	508
Average Booking Value	$659	$458	**$522**	$175	$608
TTV	$43m	$65m	**$108m**	$16m	$309m
Revenue	$4.6m	$6.0m	**$10.5m**	$2.9m	$30.8m
Expenses	$6.2m	$7.4m	**$13.6m**	$11.4m	$18.2m
EBITDA	($1.6m)	($1.4m)	**($3.0m)**	($8.4m)	$12.7m
TTV / Revenue Margin	10.6%	9.1%	**9.7%**	17.8%	10.0%
EBITDA Margin	n/a	n/a	**n/a**	n/a	41.1%

The comparative unaudited FY21 period shows the 12 months ending 31 March 2021 and CY19 shows the 12 months ending 31 December 2019 (i.e., pre-Covid)

1) FY21 expenses include staff salaries at 80% from April to October 2020.

Pre-Covid Business Unit Seasonality (1)

	% of Pre COVID level based on 31 March year end							CY19 (2) ($m)
	Q1 Apr to June	Q2 July to Sept	1H Apr to Sept	Q3 Oct to Dec	Q4 Jan to Mar	2H Oct to Mar	FY Apr to Mar	
Webjet OTA								
TTV	24%	27%	51%	24%	25%	49%	100%	**1,401.6**
EBITDA	31%	23%	54%	23%	23%	46%	100%	**61.5**
GoSee								
TTV	23%	26%	49%	25%	26%	51%	100%	**308.8**
EBITDA	24%	27%	51%	26%	23%	49%	100%	**12.7**
WebBeds								
TTV	25%	33%	58%	23%	19%	42%	100%	**2,587.5**
EBITDA	35%	38%	73%	19%	8%	27%	100%	**96.3**
Group EBITDA	33%	33%	66%	21%	13%	34%	100%	**157.8**

1) As set out in 28 April 2021 ASX release –Webjet Limited FY21 Results Briefing
2) CY19 EBITDA restated to exclude Share Based Payment Expense

One of the key commercial drivers stated for the change in year end to 31 March was the growing significance of WebBeds to the group's earnings, which are skewed to the Northern Hemisphere summer period. The table above shows pre-Covid TTV and EBITDA seasonality for each of the business units.