

Webjet Limited is a digital travel business spanning both wholesale markets (through B2B) and consumer (through B2C).

Hotels

B
B2B
B2C
B

WebBeds is the world's #2 and fastest growing accommodation supplier to the wholesale travel industry.

Global coverage – reporting into 3 regions:

- Europe
- Americas, Middle East & Africa (AMEA)
- Asia Pacific

Travel

Webjet is the #1 Online Travel Agency (OTA) in Australia and New Zealand.

Online Republic is a market leading specialist in the provision of rental car and motorhome bookings.

Dear Shareholder

The global COVID-19 pandemic has caused unprecedented disruption to the travel industry. Webjet's record FY20 first half result (TTV up 25% to \$2.3 billion, revenue up 24% to \$217.8 million and underlying EBITDA up 43% to \$86.3 million) quickly became a memory as borders were closed from March, and the gains of the first half were erased.



Roger Sharp
Chairman
Webjet Limited

Full year FY20 TTV was down 21% on the prior year at \$3.0 billion, revenue was down 27% to \$266.1 million and EBITDA for underlying operations was down 80% to \$26.4 million.

To give a sense of the magnitude of the impact COVID-19 has had on our business, for the 12 months to December 2019, the Company had reported underlying EBITDA of \$155.5 million.

By year end, most of the global travel industry was on life support. In the face of this existential threat your company acted quickly to rethink its strategy, restructure and recapitalise. We are acutely aware of the destruction in shareholder value across the industry globally, and we are determined to lead the way when the recovery comes.

Your Company's Response to the Pandemic

When the scale of the impact of COVID-19 became clear, your board and management team acted quickly to rethink all facets of the company's business. This accelerated process involved a review of our strategy as a company, our people, our technology, our operating costs, our investments and our balance sheet. As it was unclear how long the crisis would last, we decided to focus on the matters that we could control.

Strategy

While these are dark times for the travel industry, our strategy is our guiding light. We are determined to emerge leaner, faster, hungrier and more focused on our customers than ever before. Our aim is to win market share and be more profitable, and strategies are underway in each business to be best placed to compete as soon as travel markets reopen.

WebBeds' transformation strategy is aimed at it emerging as the #1 global B2B player.

Webjet OTA's strategy is to leverage its brand strength and prepare for a domestic-led tourism recovery while we wait for international markets to progressively re-open.

Online Republic's strategy is to improve its underlying performance through sharpening its product offering and enhancing its processes.

Restructuring

Having confirmed our strategy, we quickly embarked on an urgent restructuring aimed at significantly reducing the company's costs, leaving the fabric of the business intact so that it can capitalise on the upturn when it eventuates.

A range of initiatives quickly reduced costs by c.50%¹, from a mixture of 515 job reductions, four-day working weeks and pay cuts, as well as reductions in other operating expenditure. The Webjet Exclusives and Online Republic Cruise businesses were closed.

1. Q4 average monthly operating expense (excluding write-down of deposits, commissions and overrides in WebBeds) and CAPEX/Interest/Tax expenses compared to 1H20.

Strong capital position as at 30 June 2020

Cash on hand⁽¹⁾

\$207.6m

↑ \$25.4m

Total liquidity⁽²⁾

\$349.6m

↑ \$81.6m

Debt maturity

Extended to
November 2022

Recapitalisation

Having taken quick steps to recapitalise, Webjet has entered FY21 in a strong financial position, with \$207.6 million of cash, \$186.9 million of debt and extended senior debt maturity.

In April 2020 we completed a \$346 million institutional placement and accelerated pro-rata, non-renounceable entitlement offer. Shortly after balance date we followed with a €100 million (A\$163 million) Notes⁽³⁾ offering.

The proceeds from the placement and entitlement offer materially strengthened the company's balance sheet and supported the unwind of negative working capital and reduction of B2B debtor exposure. \$50 million of the Notes proceeds were applied to repaying existing term debt.

We worked proactively with our bankers to extend the maturity of our remaining term debt, which is now due in November 2022. Banking covenant waivers have also been obtained.

Given the ongoing market uncertainty, we have deferred payment of the FY20 interim dividend until 16 April 2021.

Recovery

The recovery is expected to be gradual and episodic. While the demand for travel is expected to be minimal for some months, there are increasing signs of significant pent-up demand. Our strategies are focused on ensuring we are there to capture this demand and provide great service to our customers and partners.

A focus on strong governance and risk management practices have never been more important than in the current environment. Our key focus during this time has been on ensuring the company survives and that our staff are safe. Social and environmental sustainability issues are important to the board and we will continue to expand our reporting in this area going forward.

Tribute

Your board and management have worked tirelessly to respond decisively to the pandemic. I would like to pay tribute to my fellow directors, to Managing Director John Guscic, CFO Tony Ristevski, Chief Commercial Officer Shelley Beasley and the entire Webjet team. We are saddened to have parted company with some team members and are grateful to others who have graciously accepted four day working weeks, pay cuts and a range of other measures essential to our survival. Their dedication and willingness to go the extra mile is the reason we know we will navigate this difficult time successfully.

Finally, thank you to our shareholders for supporting Webjet through our restructuring. And a warm welcome to the more than 50,000 new shareholders who have joined our register. We appreciate the trust you have placed in us.

Yours sincerely,



Roger Sharp
Chairman Webjet Limited

1. Net of client funds as at 30 June 2020.

2. Cash and cash equivalents plus undrawn credit facilities.

3. Issuance of cash settled notes based on \$4.09 conversion price at a coupon of 2.5% for a 7 year term.

FY20 was an incredibly challenging year for Webjet Limited.



John Guscic
Managing Director
Webjet Limited

Following on from the outstanding profitable growth in FY19, Webjet went on to report a record first half underlying earnings in 1H20, driven by the international WebBeds strategy.

However like all travel companies around the world, the COVID-19 pandemic had a devastating impact on our business in the second half of the year. Government-imposed travel restrictions, domestic and international border closures and health concerns led to a material fall in TTV and bookings in all our businesses, resulting in nominal revenues since mid-March 2020. We focused on mitigating the impact as best we could through significant cost-reduction initiatives and strengthening the balance sheet through capital raisings. As we continue to navigate the challenging operating environment caused by COVID-19, we are heading into FY21 with a strong capital position offering the Company significant financial and strategic flexibility.

WebBeds is taking the opportunity to transform its offering to emerge as the leading B2B player

Prior to COVID-19, WebBeds was the fastest growing B2B player in the world and had cemented itself as the clear #2 global player. Increased scale in all regions had expanded TTV and EBITDA margins and the business was tracking ahead of its FY22 "8/4/4" profitability target.⁽¹⁾ The collapse of Thomas Cook in September 2019 was a key disappointment but our strong cash position and balance sheet meant this had little impact on our liquidity at the time. For the 12 months to 31 December 2019, WebBeds had grown to be the largest business unit in the Company, reporting more than \$96 million EBITDA, over 60% of total Group EBITDA.

Most regions outside of China saw strong TTV and Bookings growth for the first 8 weeks of calendar year 2020 however from mid-March 2020, there was a material escalation of booking cancellations and significant reduction in overall booking activity in all regions. In an effort to offset the significant decline in revenues, the team turned their focus to reducing operating costs as quickly as possible, reducing underlying Q4 costs by 28% compared to the average pre-COVID.⁽²⁾ With limited sales or contracting activity, teams quickly pivoted to supporting customers through expanded business intelligence reporting and improving the supply and distribution of domestic hotel inventory so as to be best placed when markets start to open up. Teams also used the time to optimise XML connections for our top clients.

Having spent 3 years building up the best team in the B2B industry, while we wait for COVID-19 to pass we are taking the opportunity to materially transform the WebBeds business. By rethinking how we do business and refining our processes and technology platforms, our Transformation Strategy is aimed at ensuring WebBeds emerges as the leading B2B player serving the global travel industry.

1. 8% Revenue/TTV and 4% Costs/TTV to deliver 4% EBITDA/TTV.
2. Q4 average monthly operating expense (excluding write-down of deposits, commissions and overrides in WebBeds) compared to pre-COVID average for 12 months ending 31 December 2019.

Webjet OTA is preparing for a domestic led tourism industry

The Webjet OTA delivered a resilient result in 1H20. In a challenging environment with soft domestic travel conditions, the business maintained TTV and EBITDA margins, highlighting the strength of the Webjet brand as the #1 OTA in the market.

The business continued to report strong TTV and bookings until mid-March 2020, before a significant fall in line with the closure of Australian borders. Like the WebBeds business, the team focused on cutting costs as quickly as possible. Given the significant proportion of variable costs in the business, we were able to reduce underlying Q4 costs by 78% compared to the average pre-COVID-19.⁽¹⁾ We also decided to close Webjet Exclusives – our packaged tour business – given it is not clear when international markets will again open up for Australian travellers.

Following the announcement of travel restrictions and border closures, our customer service centres were inundated with an unprecedented number of enquiries, booking changes and cancellation requests. The team worked tirelessly to manage the extraordinary volume and implemented significant changes to the website platform to facilitate and improve the customer support experience.

The team is focused on being well prepared for an expected domestic focused tourism industry in FY21. Domestic leisure markets are expected to be the first to open up and the Webjet OTA is well placed to take advantage given 85% of Webjet OTA flight bookings are domestic and its strong focus on serving the leisure market.

Online Republic is focused on improving underlying performance

Prior to COVID-19, Cars and Motorhomes were performing well and a turnaround strategy to return Cruise to profitability was underway. Like our other businesses, Online Republic was hard hit by COVID-19, reporting nominal bookings from March 2020. Cost reduction initiatives were implemented, reducing Q4 underlying costs by 23% compared to the average pre-COVID-19.⁽¹⁾ The Cruise business had been underperforming for some time and in light of the well-documented issues associated with cruise travel given the pandemic, we felt it appropriate to close that business. The new management team put in place last year are now focused on reviewing offerings to drive growth and streamlining processes to improve efficiencies.

Outlook

While we cannot predict with certainty when our major markets will open up again, we do know that the travel sector is resilient and we expect that in time demand will return.

Our WebBeds and B2C businesses provide critical distribution channels for the travel industry. While our focus on driving profitable growth has been impacted by the pandemic, we are focused on ensuring we are well placed to build on our positions once travel markets return. With domestic leisure markets expected to be the first to open up, all our businesses are ideally suited to take advantage.

Looking to FY21 and beyond, the competitive landscape is expected to change dramatically as a result of the pandemic, particularly in the B2B space where many competitors will face severe financial pressures. While our primary focus is on ensuring we are able to weather an extended period of recovery, our strengthened balance sheet provides the ability to take advantage of any attractive acquisition opportunities that may arise.

Our people

Our employees have always shown strong commitment and a preparedness to be agile, innovative and creative. Since the onset of the COVID-19 crisis, I have been consistently impressed with the passion, determination and creativity displayed by our teams globally to keep our business moving forward and continue to deliver with the highest level of quality.

While we face many challenges as we collectively respond to the impact of COVID-19 globally, it is truly exceptional to see the efforts our teams will go to in order to support our customers, supply partners and each other. There are many examples of team members going above and beyond. In fact, all the photos in this Annual Report have been supplied by our staff.

I would therefore like to thank all our employees for their commitment and dedication through this unprecedented and trying time. It is noted and thoroughly appreciated.

Finally I would like to thank our customers and supply partners who have shown immense resilience, collaboration and partnership during these difficult times. We are privileged to work with you.



John Guscic
Managing Director Webjet Limited

1. Q4 average monthly operating expense (excluding write-down of deposits, commissions and overrides in WebBeds) compared to pre-COVID average for 12 months ending 31 December 2019.

Operating Review

The Statutory Result includes various one off items. Underlying Operations excludes these items in order to demonstrate the performance of the underlying business.

	FY20 vs FY19 ⁽¹⁾				Statutory Result				Underlying Operations ⁽²⁾			
	1H20	2H20	FY20	Change (FY20 vs FY19)	1H20	2H20	FY20	Change (FY20 vs FY19)	1H20	2H20	FY20	Change (FY20 vs FY19)
TTV	\$2,334m	\$687m	\$3,021m	(21%)	\$2,334m	\$687m	\$3,021m	(21%)	\$2,334m	\$687m	\$3,021m	(21%)
Revenue	\$217.8m	\$48.3m	\$266.1m	(27%)	\$217.8m	\$48.3m	\$266.1m	(27%)	\$217.8m	\$48.3m	\$266.1m	(27%)
EBITDA	\$46.4m	(\$137.7m)	(\$91.3m)	(171%)	\$86.2m	(\$59.8m)	\$26.4m	(80%)	\$86.2m	(\$59.8m)	\$26.4m	(80%)
EBITDA Margin	21.3%	n/a	n/a	nm	39.6%	n/a	9.9%	nm	39.6%	n/a	9.9%	nm
Tax Expense/(Benefit)	\$3.1m	(\$18.4m)	(\$15.3m)	(207%)	\$8.7m	(\$7.6m)	\$1.1m	(92%)	\$8.7m	(\$7.6m)	\$1.1m	(92%)
NPAT (before AA)⁽³⁾	\$20.9m	(\$139.8m)	(\$119.0m)	(250%)	\$55.1m	(\$72.8m)	(\$17.7m)	(122%)	\$55.1m	(\$72.8m)	(\$17.7m)	(122%)
NPAT	\$9.0m	(\$152.5m)	(\$143.5m)	(338%)	\$43.2m	(\$85.5m)	(\$42.3m)	(168%)	\$43.2m	(\$85.5m)	(\$42.3m)	(168%)
EPS (before AA)			(68.1c)	(210%)			(10.1c)	(116%)			(10.1c)	(116%)
EPS			(82.1c)	(275%)			(24.2c)	(150%)			(24.2c)	(150%)
Effective Tax Rate (excluding AA)			11.4%	(394bps)			(6.6%)	nm			(6.6%)	nm

FY20 results highlight the material impact of COVID-19 during 2H20

The Company reported a record 1H20 driven by the performance of the WebBeds business. For the Underlying Operations, TTV was up 25% over 1H19 to \$2.3 billion, revenue was up 24% to \$217.8 million and EBITDA was up 43% to \$86.2 million. 2H20 was impacted by the COVID-19 pandemic which resulted in nominal revenues in all businesses from mid-March 2020. As a result, TTV for the year was \$3.02 billion, down 21% compared to FY19, revenues were \$266.1 million (down 27%) and EBITDA was \$26.4 million (down 80%). In an effort to mitigate the impact of COVID-19, the company instigated a range of cost reduction measures in March and April 2020. These initiatives helped reduce costs by c.50% compared to 1H20⁽⁴⁾. FY20 NPAT (before AA) was (\$17.7 million), down 122% while NPAT was (\$42.3 million), down 168%.

Strengthening the Balance Sheet

To help mitigate the impact of COVID-19, proceeds from the \$346 million equity raising in April 2020 were used to strengthen the balance sheet and support the unwind of negative working capital and reduction of B2B debtor exposure. During 2H20, B2B debtor exposure risk was significantly reduced with net exposure falling from \$102 to \$117 million (as at 30 March 2020) to less than \$15 million (as at 30 June 2020).

As a result of the cost reduction measures and strengthened balance sheet, as at 30 June 2020 key cash and liquidity measures were:

Cash on hand ⁽⁵⁾	\$207.6 million	up \$25.4 million
Liquidity ⁽⁶⁾	\$349.6 million	up \$81.6 million

Post balance sheet date, the company completed a €100 million (\$163 million) Notes offering in July 2020. Proceeds were used to repay \$50 million of the Company's existing term debt and extend remaining term debt maturity into late 2022, as well as being available for ongoing capital management and possible acquisition opportunities.

Dividend

In February 2020, the Company declared a 1H20 interim dividend of 9 cents fully franked (1H19: 8.5 cents). Following the onset of COVID-19, payment of the interim dividend which was due to be paid in April 2020 was initially deferred until October 2020. In light of ongoing market uncertainty, payment has been further deferred to April 2021. No final dividend was declared for FY20.

All financial results are for Underlying Operations

1. FY19 comparative restated for AASB16.
2. Underlying Operations – FY20 EBITDA excludes one-off items totalling \$117.7 million.
3. Acquisition Amortisation – includes charges relating to amortisation of intangibles acquired through acquisition.
4. Q4 average monthly operating expense (excluding write-down of deposits, commissions and overrides in WebBeds) and CAPEX/Interest/Tax expense compared to 1H20.
5. Net of Client Funds.
6. Cash and cash equivalents plus undrawn credit facilities.

WebBeds B2B Hotel business	1H20	2H20	FY20	FY19⁽¹⁾	Change	CY19⁽¹⁾
Bookings ('000s)	2,410	808	3,217	3,444	(7%)	4,274
TTV	\$1,470m	\$395m	\$1,865m	\$2,154m	(13%)	\$2,588m
Revenue	\$127.5m	\$26.4m	\$153.9m	\$184.5m	(17%)	\$226.9m
EBITDA	\$57.3m	(\$42.0m)	\$15.3m	\$70.6m	(78%)	\$96.3m
Revenue margin	8.7%	6.7%	8.3%	8.6%	(32bps)	8.8%
EBITDA margin	45.0%	n/a	10.0%	38.3%	nm	42.4%

As at 1H20, increased scale had improved margins and significant EBITDA growth was coming through in all regions. The FY20 result highlights the impact of COVID-19 during 2H20 reflecting the nominal bookings, TTV and revenues reported since mid-March 2020. All regions focused on reducing costs as quickly as possible. Q4 operating costs fell 28% compared to the pre-COVID-19 average⁽²⁾. Main savings were headcount reductions, remaining staff moving to 4 day working weeks, removal of incentives and elimination of travel costs. 2H20 EBITDA includes the write down of deposits, commission and overrides.

WebBeds Asia Pacific

As at 1H20, bookings and TTV had increased 142% and 108% respectively compared to 1H19. Significant growth was coming through in key markets of India, Japan and China and EBITDA was \$8.2 million (1H19: \$(0.1 million)). China markets were impacted by COVID-19 from January 2020 and other Asia Pacific markets soon followed. FY20 Bookings and TTV grew 28% and 11% respectively over FY19, reflecting the significant growth coming through in 1H20. Asia-Pacific reported an EBITDA loss of \$5.2 million for FY20, down 178% compared to FY19.

WebBeds Europe

As at 1H20, bookings and TTV had increased 2% and 10% respectively compared to 1H19. 1H20 EBITDA was \$30.4 million, up 54%, driven by changing customer mix, increased sales through higher margin supply sources, strong cost management and DOTW synergies coming through. Europe showed strong booking growth at the start of 2H20 before a material slowdown in March 2020. FY20 bookings and TTV were down 34% and 29% respectively compared to FY19. FY20 EBITDA fell 50% to \$18.9 million.

WebBeds AMEA

As at 1H20, bookings and TTV were up 78% and 67% respectively and EBITDA was up 57% to \$18.9 million, reflecting DOTW synergies and organic growth coming through. FY20 results reflects the material impact of COVID-19 in 2H20. FY20 bookings were up 7% compared to FY19 and TTV was down 2%. FY20 EBITDA was \$1.8 million, down 93% compared to FY19.

Webjet OTA	1H20	2H20	FY20	FY19⁽¹⁾	Change	CY19⁽¹⁾
Bookings ('000s)	795	330	1,125	1,565	(28%)	1,575
TTV	\$708m	\$269m	\$976m	\$1,378m	(29%)	\$1,402m
Revenue	\$74.8m	\$18.6m	\$93.3m	\$150.5m	(38%)	\$151.1m
EBITDA	\$28.8m	(\$6.2m)	\$22.6m	\$61.4m	(63%)	\$61.5m
Revenue margin	10.6%	6.9%	9.6%	10.9%	(136bps)	10.8%
EBITDA margin	38.6%	n/a	24.2%	40.8%	nm	40.7%

As at 1H20, the Australian travel market was challenging with reduced capacity, weaker consumer sentiment and the summer 2019/2020 bushfire crisis all impacting demand for travel. However the strength of the Webjet OTA's brand helped maintain margins and EBITDA remained constant compared to 1H19. Bookings, TTV and revenue continued until mid-March 2020 then nominal revenues were reported for the remainder of 2H20 in line with Australian and international border closures. FY20 EBITDA was \$22.6 million, down 63% compared to FY19. Q4 costs were down 78% compared to the pre-COVID-19 average⁽²⁾. The main cost savings related to the reduction in costs tied to TTV (ie marketing spend and other volume related expenses) as well as redundancies, staff moving to 4 day working weeks and removal of incentives.

Online Republic	1H20	2H20	FY20	FY19⁽¹⁾	Change	CY19⁽¹⁾
Bookings ('000s)	253	86	339	496	(32%)	508
TTV	\$156m	\$24m	\$180m	\$299m	(40%)	\$309m
Revenue	\$15.6m	\$3.4m	\$18.9m	\$31.4m	(40%)	\$30.8m
EBITDA	\$6.6m	(\$4.9m)	\$1.7m	\$13.3m	(87%)	\$12.7m
Revenue margin	10.0%	14.2%	10.5%	10.5%	3bps	10.0%
EBITDA margin	42.4%	n/a	9.0%	42.5%	nm	41.1%

As at 1H20, Cars and Motorhomes had performed well with Bookings and TTV up compared to 1H19, and a plan to return Cruise to profitability was underway. TTV and revenue continued to come through until March 2020 before nominal revenues for the remainder of 2H20 due to the impact of COVID-19. 2H20 TTV margins were impacted by cancellations. Cost reduction initiatives reduced Q4 costs by 23% compared to the pre-COVID-19 average⁽²⁾. The main savings were due to headcount reductions, staff moving to 4 day working weeks reduced marketing spend and removal of incentives.

Corporate costs	1H20	2H20	FY20	FY19⁽¹⁾	Change	CY19⁽¹⁾
B2B EBITDA	\$57.3m	(\$42.0m)	\$15.3m	\$70.6m	(78%)	\$96.3m
B2C EBITDA⁽³⁾	\$35.4m	(\$11.1m)	\$24.3m	\$74.8m	(68%)	\$74.1m
Corporate costs	(\$6.5m)	(\$6.7m)	(\$13.2m)	(\$15.9m)	(17%)	(\$15.0m)
Total EBITDA	\$86.2m	(\$59.9m)	\$26.4m	\$129.5m	(80%)	\$155.5m

FY20 corporate costs were down 17% compared to FY18. The Foreign Exchange (FX) program successfully reduced FX costs, reporting \$1.1 million gain for the year (FY19: \$2.2 million loss). 2H20 Corporate costs reflected salary reductions effective from 1 April 2020 for the board, Managing Director and Executive team (salaries down 20%, 60% and 20% respectively). This was largely offset by a material increase in D&O premiums.

1. FY19 and CY19 comparative restated for AASB16.

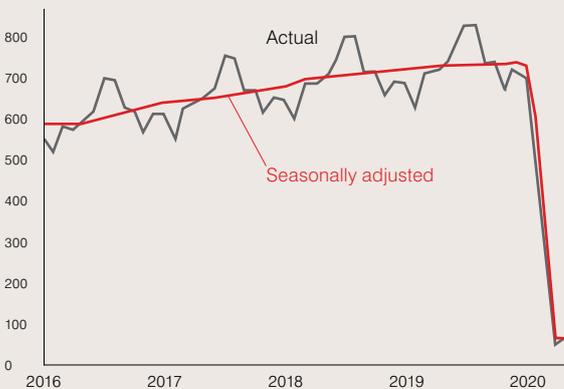
2. Q4 average monthly underlying operating expenses (excluding write down of deposits, commissions and overrides in WebBeds) compared to pre-COVID-19 average for 12 months ending 31 December 2019.

3. B2C is Webjet OTA and Online Republic.

Record 1H performance

Prior to COVID-19, Webjet has experienced significant growth in TTV, revenue and EBITDA.

Air passenger volumes
Industry RPK's (billion per month)



Sources: IATA Economics, IATA Monthly Statistics

COVID-19 Travel Regulations Map
As at May 2020



Source: IATA

■ Totally Restrictive ■ Partially Restrictive ■ Not Restrictive
■ Latest updates currently under review

COVID-19 has had a devastating effect on the global travel industry, impacting Webjet in all our businesses due to the wide reaching travel restrictions in place around the world.



Looking forward into FY21 and beyond.

While the global travel industry has been severely impacted by the COVID-19 pandemic, we believe that travel is resilient and that Webjet is well placed to capture the pick-up in travel activity as travel conditions start to normalise.

While we wait for travel markets to open up, we are taking this opportunity to refresh and retool so as to be ready to emerge in a strong competitive position and build on our market leading positions in the global B2B and Australian and New Zealand B2C markets.

Travel is resilient

While we do not have certainty on when the current period of restricted travel and traveller uncertainty will end, consistent with past viral outbreaks and disruptions to travel, we believe there will be considerable pent-up demand and in time expect travel to return to long term growth levels.

Webjet is well placed to capture the pick-up in travel activity

Our businesses provide a critical distribution channel for the global travel industry and we expect them to play an increasingly important role connecting clients and customers in a recovering travel sector. When travel activity begins to normalise, it is expected to occur at various points in time and in different regions due to differences in timing and severity of each region's COVID-19 experience. With a truly global footprint in terms of geography and client base, Webjet is well placed to capture the pick-up in travel momentum as domestic and international borders reopen around the world.

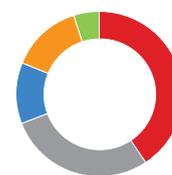
We expect significant changes in the competitive landscape

The severe financial pressure on travel industry players due to COVID-19 means there will likely be significant changes in the competitive landscape once COVID-19 passes. Having strengthened our balance sheet, Webjet is well placed to take advantage of attractive opportunities that may arise to gain market share.

Strategies are underway in all businesses to recover and build on market leading positions

Prior to the arrival of COVID-19, Webjet had experienced significant growth and we are focused on retaining our leadership positions in the WebBeds and B2C businesses as the world recovers. Strategies are underway in all our businesses to prepare and evolve our offerings so as to be ready when travel conditions start to normalise. Further details on these strategies are set out on the following pages.

FY19 PF TTV by source geography⁽¹⁾



- 41% B2C (Aus/NZ)
- 29% Europe
- 12% APAC
- 14% MEA
- 5% Americas

FY19A TTV by client



- 44% B2C Travellers
- 19% Retail travel agents
- 11% Wholesalers
- 11% Corporate travel agents
- 10% OTAs
- 5% Tour operators
- 1% Super Apps

1. Proforma inclusive of Destinations of the World acquisition.

WebBeds Transformation Strategy

As at 1H20, WebBeds was the fastest growing and 2nd largest B2B provider in the world and our “8/4/4” profitability target⁽¹⁾ was tracking ahead of plan. Investment in building scale in all regions was delivering strong EBITDA growth and directly contracted hotel inventory continued to drive efficiencies and increase TTV margins.

COVID-19 has impacted WebBeds in all regions due to the travel restrictions in place in most of the world.

The WebBeds Transformation Strategy is focused on redefining our business model and refining our processes to emerge from COVID-19 as the leading B2B player serving the global travel industry.

WebBeds

While we wait for global travel markets to open up again, we are taking this opportunity to materially transform the WebBeds business so as to be optimally positioned to capture customer demand when the rebound begins.

WebBeds Transformation Strategy

Rethinking how we do business

WebBeds has always sought to disrupt the bedbank industry – providing a full global inventory offering at a lower cost. We are committed to delivering a differentiated product and adding value to our partners globally and this is an opportunity to review our business model and product lines by looking at what we sell and how we sell it. Having been at the forefront of innovation, we are looking for opportunities to further separate ourselves from the rest of the industry.

Streamlining Technology

The evolution of WebBeds has allowed us to offer a number of excellent technology platforms to our partners. A key goal of our business is to be the easiest partner to do business with and we have already introduced innovations such as WebConnect to simplify hotel connections without impacting customer connections. We are now ramping up our goal of simplification and ease by taking the best elements of our existing platforms to create a new technology offering to deliver the most robust, efficient and flexible solution to our supply partners and customers.

Increased leverage of data analytics and automation

Our multi-supply aggregation strategy model provides WebBeds with access to more data than any other industry player in the world. We are leveraging this to deliver improved customer service, enhanced profitability and greater competitiveness through Artificial Intelligence (AI), robotics and data-driven decision making. We are also looking at opportunities to better support and help drive better outcomes for our partners. We introduced *WebBeds Destination Index* during the year to share market insights with our hotel partners and are looking to expand this further.

Sharpened focus on cost reduction opportunities

WebBeds is already the lowest cost global B2B provider – the entire WebBeds offering is designed to minimise costs. Aligning financial and customer service operational functions will be the next phase in further reducing costs. We are also looking for other ways to improve efficiencies and effectiveness by simplifying processes across the business. Continuing to lower our cost base will provide opportunity for improved profitability once travel markets return.

Refinement of risk management processes

Managing trading and credit risk has always been a priority – we regularly review our customer base and remove lower quality customers from our portfolio. During FY20, we significantly reduced long term debtors. We are further tightening our credit processes and limits to minimise trading risk exposure should COVID-19 events occur in the future.

1. 8% Revenue/TTV and 4% Costs/TTV to deliver 4% EBITDA/TTV.

B2C recovery strategies

Our B2C businesses have also been significantly impacted by the COVID-19 pandemic following the closure of Australian and New Zealand borders and the various travel restrictions in place around the world.

As we head into FY21, domestic leisure markets are expected to be the first to open up and the Webjet OTA and Online Republic's Cars and Motorhomes businesses are well placed to benefit from the expected uptick from domestic led tourism in Australia and New Zealand.

Both businesses are pursuing strategies in order to emerge with the strongest customer offering to meet the needs of an evolving travel landscape.

Webjet OTA

- Strong brand presence
- #1 online travel agent in Australia and New Zealand
- 50% of the entire OTA flights market
- More than 5% of the domestic flights market
- Predominately serves the leisure market
- Structural shift from offline to online is accelerating

1H20 Flight Bookings

- 85% Domestic
- 15% International



Webjet OTA is leveraging its brand strength as the #1 OTA. In a rapidly changing environment, our ongoing focus on offering the greatest convenience and choice in online travel has never been more important.

Maintaining relevance with our customer base

- Our loyal customer base is hugely important to us. While traditional marketing spend has been minimised, we are focused on maintaining relevance to our customers through cost efficient, targeted marketing strategies. During the periods when travel was not possible, the Webjet OTA's 2.5 million+ customer database received regular email campaigns providing inspiration and excitement for the days when they could travel again. As borders began to open up in June 2020, this transitioned to highlighting domestic deals to help stimulate demand.

Delivering technical changes and advancements necessary to compete in a rapidly changing world

- COVID-19 has brought many changes to the way we travel – flight schedules have been reduced, credits are becoming prevalent, and government, airlines and airports around the world are imposing a range of requirements. As a result, travellers need to be able to fully understand the travel products they purchase in a way they never needed to before – including flexibility, refundability and their responsibilities when purchasing and using those products. We are in the process of implementing technical changes to our systems to enable customers to more effectively interact with Webjet in relation to their travel needs.

Continuing to be a “partner of choice”

- As Australian and New Zealand domestic markets start to open up, we are reviewing our product and service offerings in order to drive revenue growth and ensure we are best placed to stimulate and capture customer demand. In recent years, Webjet OTA TTV margins have in part been driven by investing in partnerships to ensure the best content is available to our customers. We are continuing this investment, working with our airline and other travel partners and supporting local tourism operators to help stimulate demand in a rapidly changing environment.

Online Republic

- #1 global online motorhomes rental site
- #2 online car rental site in Australia and New Zealand
- Primarily a leisure business – 100% of Motorhomes and – more than 80% of Cars are booked for leisure purposes

1H20 Bookings

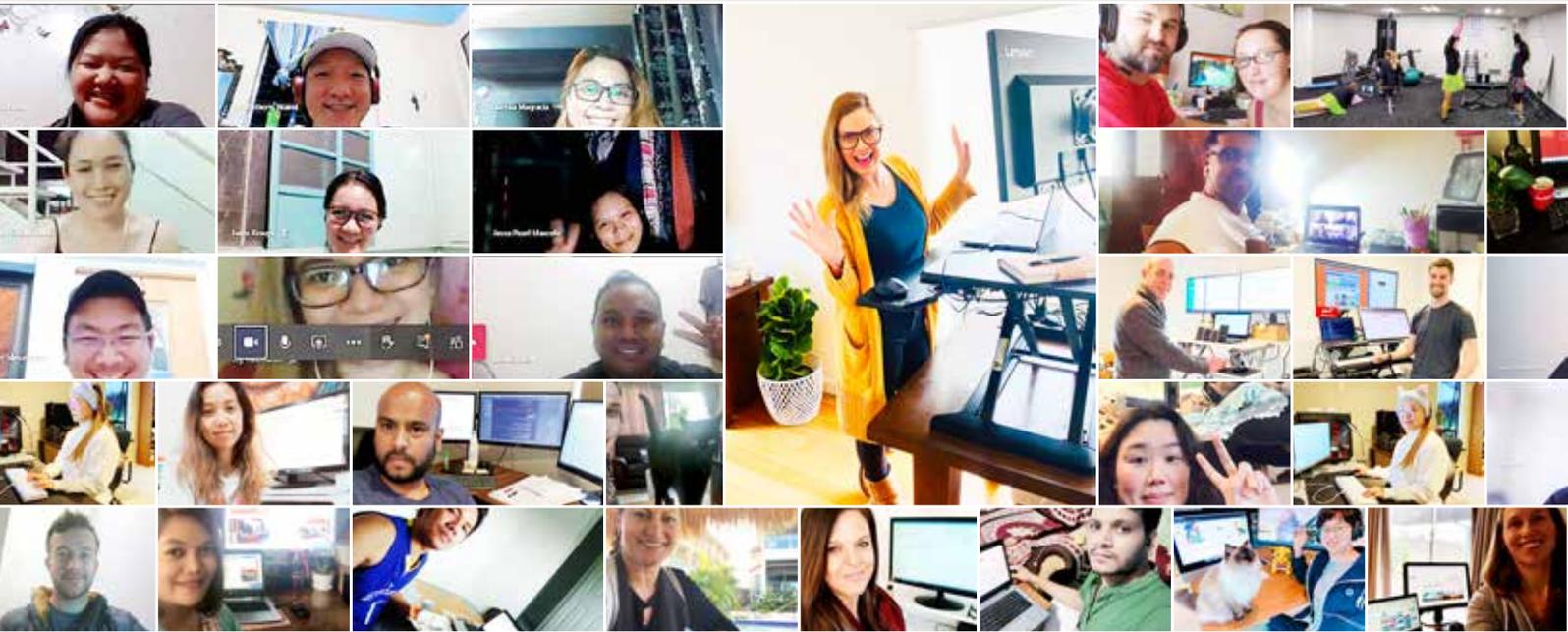
- 70% Domestic
- 30% International



Online Republic is reviewing its product offering and streamlining processes to improve underlying performance.

- **Reviewing offering across Cars and Motorhomes to drive growth** – working with partners and supporting local tourism operators to help stimulate demand
- **Streamlining processes to deliver greater efficiencies** – including improving technology stack processes, moving to a single CRM and increased focus on automation
- **Maintaining relevance with customers** – providing inspiration and stimulating demand through cost efficient targeted marketing strategies while minimising traditional marketing spend
- **Delivering technical enhancements to improve the customer experience** – implementing a range of technical changes to enable customers to understand flexibility and refundability of products purchased

Our people have played a key role in responding to the impact of COVID-19 on our business.



In the face of an unprecedented global crisis, our people have gone above and beyond – showing enormous agility in adapting to a new environment and determination and commitment to keep the business moving forward.

Agility in adapting to a new environment

Webjet employees globally have done their part to adapt to a changing world. Following government-imposed lockdown measures, staff in almost 30 office locations around the world were supported in moving their operations from office to working from home. In less than 2 weeks, all roles had moved to working from home with minimal impact on customers, clients and suppliers.

“Our largest B2B call centres of Manila and Romania were moved to be operational from home within 24 hours in Manila and two weeks in Romania, with limited disruption to our customers. This was an unprecedented scenario and Site Management, IT, HR and Administration teams across both sites worked relentlessly – providing assistance in getting work equipment to take home, issuing health and safety notices and guidelines on COVID-19 and working from home, keeping in touch daily through virtual calls with teams to be sure everyone stayed healthy, safe, motivated and engaged as a member of the WebBeds team in this time.”

WebBeds Office Manager Romania and Site Director Manila

“Our Customer Service heads basically lived in the office during March – working through the nights as the Philippines and India call centres were shut down due to government restrictions limiting movements of their population into the CBD. They worked around the clock to mobilize offshore teams to work remotely, when no remote working had ever been done before – and were able to get messaging back online within 48 hours.”

CEO Webjet OTA

“Within 6 days, our brand new Infrastructure manager had enabled 160 New Zealand based staff and offshore call centres in Romania, Manila and Shenzhen to work from home for the first time in our company’s history.”

CEO Online Republic

IT and Operations teams helped employees source the necessary equipment and systems to enable them to work effectively from home and technology introduced during the year helped teams stay connected. Security processes and protocols were upgraded to protect the business in the new working environment.

Staff in all 50+ locations were kept regularly updated on COVID-19 related changes.

Determination and commitment to keep the business moving forward

Our China WebBeds team was the first to have their activities impacted by the COVID-19 outbreak. Within days, every role on the team learned to multi-task with teams stepping in to help other teams and every spare minute was put to use. This attitude and determination to remain relevant and contribute was soon replicated in every business across every region within the Company.

Our B2C and WebBeds customer service centres were overwhelmed following unprecedented cancellations of flights, hotels, tours and holidays. The teams worked tirelessly to try and get customers home when borders closed, seek refunds and credits when travel was unable to be completed, and reaccommodate customers on new journeys when the one they wanted to take was no longer operational. In return, the support from our customers was overwhelming – team members received many gifts and words of thanks from travellers all over the world who were grateful for the extraordinary dedication of our teams.



Webjet staff working from home during lockdown

As travel markets closed, our WebBeds Commercial and Customer Service Teams proactively focused on putting time to good use. WebBeds APAC pivoted to providing business intelligence to their partners – undertaking market dynamics research to help gauge those markets best placed to rebound. WebBeds Europe and AMEA used the time to optimise XML connections for their top clients. WebBeds Global Operations teams proactively reached out to top customers to help better manage and track cancellations of future bookings. Contracting, sales and marketing teams in all regions shifted their focus to increasing supply and distribution of domestic products so as to be best placed when domestic travel markets reopened.

Our people are our key priority

We have faced many challenges as we collectively respond to the impacts of COVID-19 globally. It is truly exceptional to see the efforts our teams have gone to in order to support our customers, our supply partners and each other.

“Our Commercial Support Teams made good use of the down time, streamlining processes and procedures, revisiting tasks that had been put on the backburner and going to great lengths to find ways to add value to the business. The team continued to work together through close engagement, daily catch ups, weekly tracking and online activities to keep spirits up such as quizzes, success story sharing and team games.”

CEO WebBeds AMEA

Teams have been working harder than ever despite most employees moving to reduced working weeks or taking substantial pay cuts. Where possible, we have helped affected staff access government financial support and provided financial and other assistance to enable staff to work from home.

Despite the challenging times, there have been many examples of our people reaching out to stay connected and help others:

“Despite the difficult time for everyone, the Jakarta team raised funds to support the security officers and cleaner who work in our Jakarta Office who had been put on furlough by their employer – raising money to help the workers celebrate the Eid-mubarak festivity celebrations.”

Regional Head Customer Service, APAC

Our people are our greatest asset

They continue to be highly committed to the Company and everyone has focused on doing their part to navigate through uncertainty to keep the business moving forward and continuing to deliver to the highest level. COVID-19 has had enormous impact on our staff and our immediate focus remains on their safety, health and well-being. As we ready ourselves for travel markets reopening, we remain focused on ensuring we have the right structures in place to retain, motivate and engage our teams all around the world.

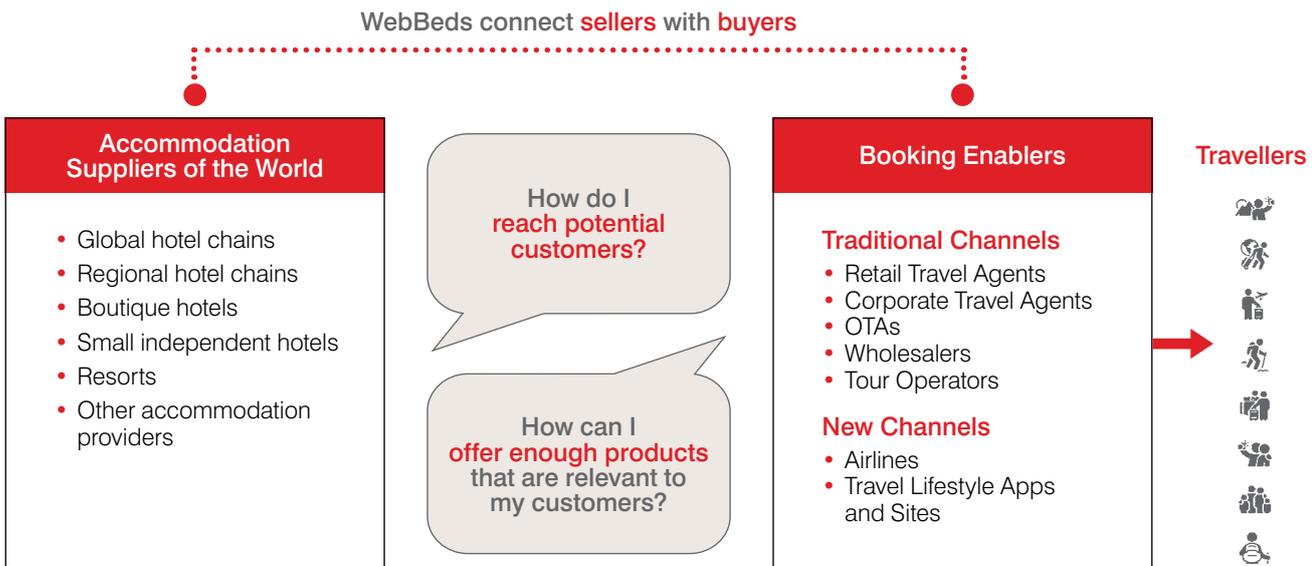
The importance of bedbanks.

WebBeds provides a critical distribution channel for the travel industry.

The global accommodation market is huge, complex and highly fragmented – approximately 80% of global hotels are independent and global hotel chains are not present in many destinations.



As a bedbank, WebBeds provides a critical distribution channel by connecting sellers (global accommodation suppliers) with buyers (booking enablers).



WebBeds – our business model.

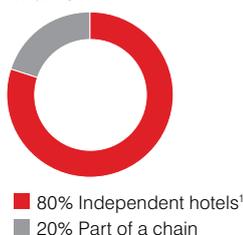
WebBeds provides a global B2B marketplace connecting hotels with booking enabler customers – providing hotel partners with an important source of distribution while helping customers access a full suite of global hotel room inventory.

Hotel partners

Who are our hotels partners?

- **30,000+** key hotels, directly contracted (the majority of which are independent)
- **60+** leading hotel chains
- 3rd party providers including **75+** global and specialist wholesalers worldwide
- The **three largest travel companies** in the world by market capitalisation supply to WebBeds

Global accommodation market



What does WebBeds offer its hotel partners?

- **Global reach** – we sell to around 200 destinations globally through customers in more than 145 markets
- Quick and **easy distribution**
- **Transparency and predictability** to help in the management of their occupancy rates and profitability
- **Diversification** of their demand sources



200 destinations globally through customers in more than 145 markets



WebBeds is the 1st bedbank to share our knowledge with the industry: WebBeds Destination Index



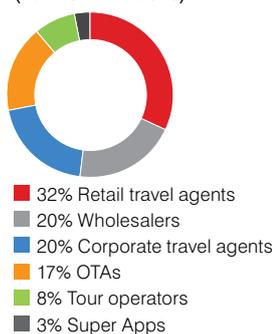
bedbank bookings are typically higher ABV, longer lead time and lower cancellation rates than direct to consumer booking channels

Customers

Who are our customers?

- **Over 44,000+** travel provider customers worldwide – including the **five largest travel companies** by market capitalisation globally
- **Broad customer profile** across all categories

WebBeds customer profile (as at 31 Dec 2019)



What does WebBeds offers its customers

- Quick and **easy access** to a full suite of global inventory
- Highly **competitive** inventory pricing
- Market leading **technology**
- **Dedicated** local sales and supplier support team structure



Over 350,000 hotels
30,000+ directly contracted hotels
Connections with 60+ leading hotel chains



1 booking every 8 seconds



50+ offices globally
1,550 staff worldwide

1. Source: STR Global and Company estimates based on all hotels offering rooms for sale.

WebBeds – global presence: regional strength.

Selling to 200 destination countries through clients in more than 145 source markets worldwide.



WebBeds Asia Pacific

Regional Player Rank #2

WebBeds Asia Pacific has customers and hotel contracts in 20 markets in the region.

As at 1H20, Asia Pacific was on track to be the region with the highest booking volume. Significant TTV growth was coming through in some of the largest Asia Pacific economies – China, India and Japan – as well as strong growth from new key clients. China markets were impacted by COVID-19 from January 2020 with other markets following in March.

Prior to COVID-19, Asia Pacific was the fastest growing B2B region in the world and it is expected to continue to be an important B2B market once travel conditions return.

WebBeds Europe

Regional Player Rank #2

WebBeds Europe has customers and hotel contracts in more than 100 markets around the world.

As at 1H20, strong TTV and EBITDA growth was coming through driven by a changing customer mix and increased sales through higher margin supply sources. A number of key markets delivered above average TTV growth including UK, Germany, Spain, France and Russia. Key destinations reporting double digit TTV growth included Italy, Greece, Turkey, UAE, Thailand, Croatia and Egypt. Booking and TTV growth continued until February 2020, before a material slowdown from March 2020 due to COVID-19.

Prior to COVID-19, WebBeds Europe continued to gain share as the #2 player in the region. As travel conditions return, Europe is expected to continue to be an important B2B region given the significant proportion of independent hotels.

WebBeds AMEA

Regional Player Rank – MEA #1

WebBeds AMEA has customers and hotel contracts in 37 markets in the Middle East & Africa and in 17 markets across the Americas.

Middle East & Africa

As at 1H20, market share continued to improve through organic growth.

Americas

As at 1H20, North America reported strong TTV and bookings growth driven by increased API connections with high volume customers and continued investment in Latin America saw improved performance coming through.

Middle East & Africa and the Americas

Both regions saw significant decline in booking activity due to COVID-19 in 2H20.

As travel conditions return, we are focused on maintaining WebBeds' market leading position in Middle East & Africa, as well as continuing to gain share in the Americas through continued expansion of the distribution network and footprint across the region.

WebBeds – at the forefront of innovation.

WebBeds has been at the forefront of innovation in the bedbank industry – launching Lots of Hotels in February 2013 with the aim of disrupting the industry with a low cost model offering the greatest breadth and depth of hotel inventory.

Since then, we have been committed to offering a differentiated product to our customers and hotel supply partners.



Rezchain – February 2016

Rezchain is the **first workable blockchain in the travel industry**. We built it to address a significant problem across the hotel industry where around 5% of all hotel bookings are disputed in some way due to data mismatches.

Operating across all WebBeds platforms since 2019 (following the integration of the DOTW platform), Rezchain continues to drive efficiencies and improve customer experience across WebBeds and has played a key role in moving closer to our “8/4/4” profitability target⁽¹⁾ by helping reduce costs. Following significant internal trials, Rezchain was launched to the public in November 2019. The onset of COVID-19 has seen a pause in the Rezchain rollout as we focus on the operational aspect of recovery. Sales efforts are expected to resume in FY21.

Umrah Holidays International – February 2019

Launched in February 2019, Umrah Holidays international was the **first truly online B2B provider of travel services for religious pilgrims**, a market estimated to be around US\$10 billion TTV. The Kingdom of Saudi Arabia’s vision to welcome 30 million religious visitors a year by 2030 provides an opportunity to leverage the WebBeds global distribution network and strong partnership with hotels in the Kingdom of Saudi Arabia to offer a range of religious travel service packages.

In FY20, we continued to build out capabilities in the region including enhancing our platform, negotiating new supply contracts and developing appropriate marketing materials for post COVID-19 travel. Umrah Holidays International is currently one of only 3 approved suppliers on MAQAM – the government approved distribution platform – and is well placed to capture pent up demand once travel is again permitted.

WebBeds Destination Index – November 2019

Our multi-supply aggregation strategy – whereby we source hotel inventory from directly contracted key hotels as well as through 75+ global and specialist wholesalers worldwide – provides WebBeds with access to more data than any other industry player in the world. This data enables insights into market performance and market trends and **WebBeds is the first bedbank to share its knowledge** with the industry through its innovative WebBeds Destination Index product.

Launched in Hong Kong in November 2019, WebBeds Destination Index is a barometer that tracks trends in weekly hotel bookings. WebBeds Destination Index measures a wide range of key performance indicators including number of bookings, total transaction value, room nights, average daily rate and more, against a 52-week average. By aggregating this data, the WebBeds Destination Index creates an overall Market Index that individual hotels can reference and benchmark.

1. 8% Revenue/TTV and 4% Costs/TTV to deliver 4% EBITDA/TTV.



Webjet is the # 1 OTA in Australia and New Zealand offering our customers the greatest convenience and choice when selecting their online travel needs.

As at 1H20, Webjet bookings accounted for:

50%

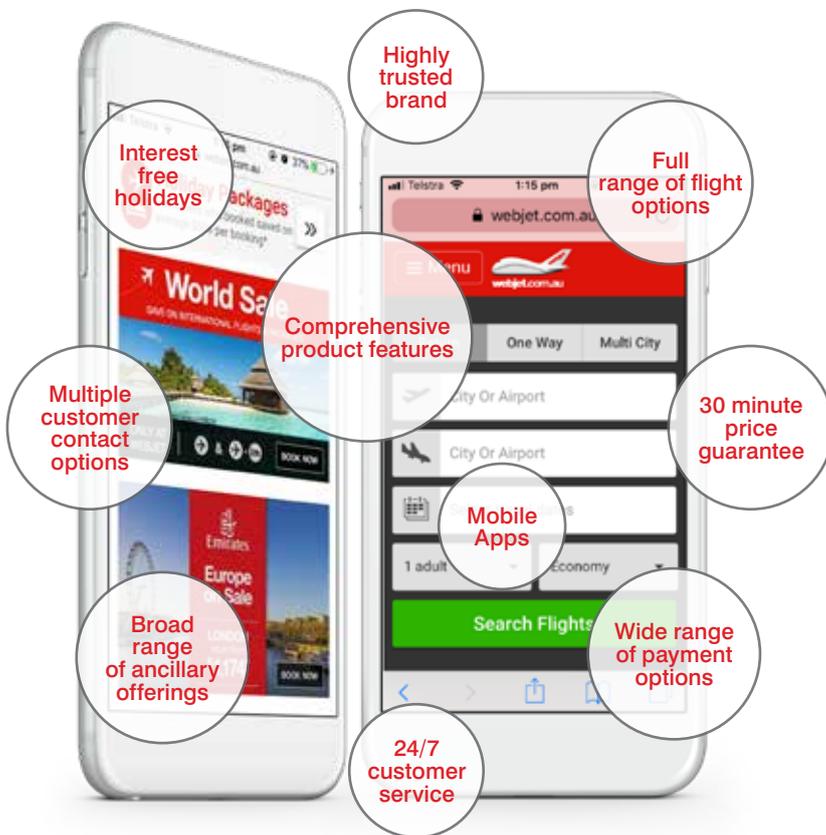
of the entire OTA flights market in Australia and New Zealand

5%+

of all domestic flight bookings

~4%

of all international flight bookings



Webjet OTA offers a broad range of ancillary products



Holiday packages – that let customers create their own packages



Travel insurance – backed by Cover-More



Over 500,000 **Hotels** worldwide



Cars – 180 global car rental partnerships with pick-ups in over 50,000 locations globally



Motorhomes – 450+ individual motorhome rental companies in 38 countries



Gift cards – Webjet eGift cards can be purchased online and Gift Cards are available from over 1,000 retailers around Australia

During the year, we continued to deliver ongoing enhancements across the Webjet OTA platform.

Enhancements

- **Carbon offsets** now available for flight bookings
- **AfterPay** added as a payment type
- Expansion of **Webjet Gift Card** distribution network in physical outlets and digital portals
- **Apple Pay** and **Google Pay** integrated to mobile Apps for AU/NZ
- **Mix'n'Match** flights added to dynamic packages, lowering trip prices and increasing choice
- Further **enhanced ancillary options** for LCC carriers
- Integrated **dynamic seat selection** for Qantas and Velocity Frequent Flyers based on passenger status
- **Streamlined matrix flight displays** for one-way centric international flight markets

Partnerships

- Coding to **Travelport's new NDC API** 'TripServices' progressing well
- Testing underway with **Qantas' NDC flight content** through TripServices
- New **partnership for Travel Insurance** signed with Cover-More
- Major push with **Australian tourism bodies** to drive domestic tourism post Bush Fires during 2019/2020 summer
- Partnering with **Australian Tourism Bodies** to drive domestic tourism following the easing of COVID-19 travel restrictions

Post COVID-19 system enhancements

The arrival of COVID-19 has brought many changes to the way we travel and we have implemented a range of enhancements to our systems to allow customers to more effectively and efficiently interact with us in relation to their travel needs.

- Improving **self-serve airline credit redemption** to speed up the experience for customers
- **COVID-19 Support Page** frequently updated with evolving airline/supplier policies to help customers understand their options
- Improved **Customer Service Messaging** for cancellation and booking changes
- **Automation of refund processes** to speed up refund payments for customers
- Developing further **flexible payment options** for hotels
- Providing detailed information about **Hotel Sanitisation** at an individual property level
- Merchandising the **refundability & flexibility of travel products**, now a key driver for customer purchasing decisions

Customer service

We have always taken pride in delivering exceptional customer service and Webjet OTA has consistently ranked #1 in industry wide customer service benchmarking studies. COVID-19 had a significant impact on our customer service centres due to the unprecedented increase in queries combined with severely impacted staffing levels due to government-imposed travel restrictions in countries where our call centres were located. During the peak months of March to June 2020, customer service queries increased to unprecedented levels and our teams worked tirelessly to address queries as quickly as possible.

We acknowledge that the onset of COVID-19 impacted our service delivery standards. We are currently reviewing our existing business continuity plans in order to be well prepared for any similar future event.



Online Republic is a global digital travel group specialising in online car rental and motorhome bookings.

2020



Webjet staff photos



Online Motorhomes

Motorhomes Republic is the #1 global online motorhome rental site offering consumers the ability to book a motorhome from any of over 450 suppliers across 38 countries.

Operating in 8 languages and a vast array of currencies, the business is focused on targeting growth in the global "independent traveller" segment.

As at 1H20, Motorhomes continued to demonstrate strong booking, TTV and revenue growth driven by continued success in Northern Hemisphere markets which represented the greatest volume of bookings. New Zealand was the #1 destination.



Online Car Rentals

Airport Rentals is a global car rental site, ranking #2 in Australia and New Zealand with a strong affiliate program. It also provides the car hire white label website for the Webjet OTA.

Airport Rentals has contracts with all major global suppliers globally with pick-ups in over 50,000 locations in more than 200 countries. The Airport Rentals website is supported in 10 languages.

As at 1H20, Cars continued to see strong booking, TTV and revenue growth as well as increased mobile booking conversions. Australia remained the major booking destination.



Post COVID-19

Both Motorhomes and Cars bookings fell significantly following the arrival of COVID-19. Since then, the key focus has been on reducing operating costs while waiting for travel markets to reopen.

Similar to the Webjet OTA business, Cars and Motorhomes are preparing for a domestic led tourism industry given the relaxing of COVID-19 travel restrictions within Australia and New Zealand in June 2020.

The Cruise business has been underperforming for some time and coupled with issues associated with cruise travel given COVID-19, that business was wound up in April 2020.



Webjet staff holiday photos



Consumer



Wholesale

WebBeds

www.webjetlimited.com