Zuji profitable and on track

- Profitable on a monthly basis since July 2013.
- Zuji technology transformation to the Webjet transaction platform and Cloud computing, largely complete. Hong Kong to be finalised before 31 December. Chinese language site in early 2014.
- Zuji Australia unprofitable business streams eliminated. Emphasis on bottom line profit, not superficial TTV of unprofitable components.
- Major brand and strategic development commencing at the half year.
- All business development and marketing opportunities focus on repeat business and long term customer relationships. No brand dilution through affiliates.
- Zuji service centre operations have been extended from essentially business hours, to 24/7, as part of a major quality improvement program.
- Zuji is profitable after incurring overlapping IT and service centre costs of approximately $1 million*.

*All overlapping costs will be eliminated by 31 December.

Lots of Hotels ahead of plan

- Profitable.
- Current run rate greater than $50 million TTV per annum.
- Growth trajectory set to continue.
- Major direct contracts completed.
- Significant strategic discussions and opportunities identified.
- Market footprint:
  - Twelve operational markets
  - A further eight scheduled before 30 June 2014
  - These markets include:
    - UAE, Saudi Arabia, Qatar, Kuwait, Oman, Bahrain, Egypt, Libya, Turkey, Jordan, Lebanon, Nigeria, Algeria, South Africa, Morocco, Yemen, Ukraine, Tanzania, Uganda and Iraq.
    - Unique Middle East and Africa market coverage.

Core business headroom

- Australian market has for the last year been essentially flat (see published airline data).
- Tentative signs of growing consumer confidence and business stability post election.
- Major packaging market headroom (potentially as big as WEB's flight business):
  - Historically captured by bricks and mortar
  - Not the natural market of airlines
  - Logical extension of aggregation of air and hotel supply with underlying sophisticated technology
  - Special opportunity for Zuji brand
    - Leveraging from established customer packaging base in Asia
  - Package migration to online already under way in North America and Europe
  - Webjet packaging technology complete. Ready to roll.

Webjet continues to invest for the future

- In recognition of clearly identified strategic development opportunities Webjet has and will continue in the current financial year to accelerate OPEX in two key areas:
  - Advertising and marketing
  - Technology
- Advertising and marketing
  - Webjet has sustained its strategic expenditure on market development.
  - It is intended that this thrust will continue and possibly accelerate during the current financial year.
  - This will include:
    - Core Australian market
    - Zuji in Australia
    - Zuji in Asia
    - The marketing will be directed straight to the consumer as part of the continuing long term brand developments
    - The costs of this additional marketing thrust have been included in our current guidance forecasts. It is estimated at approximately an additional $2 million
    - We will not boost short term profits at the expense of the future

Technology

In a similar context at both a CAPEX and OPEX level, Webjet has undertaken significant technology investments and transformations.

These include:

- Transition to Cloud computing for scalability and economy of operation and security of operation internationally
- Substantial upgrades of international service centre operations and associated technology.
- Dynamic packaging technology
- Sophisticated alternative shopping algorithms

These components are now largely complete with CAPEX mostly absorbed in the half year to December with an anticipated substantial reduction in the second half.

The service centre centralisation and upgrading costs have been absorbed in the half year to 31 December at an OPEX level and should provide substantial future economy of scale and quality.

Profit Guidance

We currently estimate an EBITDA profit for the full year to 30 June 2014 of $21.5 million which approximates to the normalised result for the year ending 30 June 2013.

This is after absorbing the development and transformation costs set out in these slides of approximately $3 million.