



And so to bed...

Company/ASX Code	Webjet/ WEB
AGM date	20 November 2019
Time and location	11am at 2/509 St Kilda Rd Melbourne
Registry	Computershare
Webcast	Yes
Poll or show of hands	Poll on all items
Monitor	Mike Robey assisted by Jason Cole
Pre AGM Meeting?	Yes, with Chair Roger Sharpe as well as Chair of the Remuneration Committee, Don Clarke

Item 1	Consideration of accounts and reports
ASA Vote	No vote required

Governance and culture

Webjet has an ambitious global agenda and a capable team of Key Management Personnel (KMP), with a truly multicultural workforce, distributed across the areas in which it operates, including the Middle East, which is a new growth opportunity for them. They have grown from a vanilla online travel agency company into a global force in wholesale hotel beds, with growing direct links to a widening geographical base of hotels, thus squeezing out middlemen in this part of their business. They are regular open communicators of progress or other major events and are well governed.

Financial performance including dividends and shareholder returns

Webjet had a stellar year with all financial indicators showing healthy increases; Revenue was \$366m up 26%, Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA \$124.6m up 43%), earnings per share (EPS) 48c up 31% and dividends 22c up from 20c. Share price has been like a rollercoaster this year, as various geopolitical tensions alter the pattern of and destinations of travel, however the volume of travel has been buoyant.

The main contributor to their success is now the WebBeds business, which started in 2013 as a small operation in Dubai and now constitutes about half of the revenue and profit of the business. The recent expansion of this wholesale beds business footprint into the Middle East, by the acquisition of the profitable Destinations of the World (based in Dubai) has cemented this growth part of the business into the #2 hotel bed wholesaler in the world.

Key events such as restructures, acquisitions, buy backs and capital raisings

1. Webjet conducted a retail entitlement offer of 1 share for every 9 shares held, at a discount of around 10% to market price at the time. This was the retail component of a two-part offer, with institutional investors offered the same deal. Retail investors were

permitted to apply for up to 50% over their entitlement in the event of a shortfall in applications. The only retail-unfriendly aspect was the fact that these rights were non-renounceable, so retail investors who didn't have the cash to participate had their share value diluted. Take up by retail shareholders was approximately 60% and a substantial number of retail shareholders took up the 50% top-up option. 97% of the eligible Institutional shareholders took up the offer, on the same terms as the retail shareholders. We will raise the issue of the non-renounceability at the AGM.

2. Webjet acquired a Middle East based B2B travel company called Destinations of the World (DOTW) for A\$240m in order to broaden and complement its existing destination portfolio for the WebBeds business. The increase in group TTV revenue as a result (Total Transaction Value or gross transaction price of bookings) was \$819m and hotel relationships grew from 23,000 to 28,000. The capital raising in point 1 above was to fund this acquisition.

Key Board or senior management changes

Director Mr Rajiv Ramanathan resigned midway through the year to pursue other opportunities. All other KMP and Directors remained unchanged.

ASA focus issues

Webjet has a Board of 6, two of whom are women and all of whom have healthy shareholdings in the company. The MD/CEO is one of the largest individual shareholders in Webjet with around 7m shares, or 5.2% and actually underwrote a portion of the capital raising mentioned above. Although there is no strict policy about Director shareholdings, there is clear strong support from the Directors, all of whom increased their shareholdings during the year.

See note above on the capital raising, which did not fully comply with the ASA guidelines.

Summary

(As at FYE)	2019	2018	2017	2016	2015
NPAT (\$m)	60.3	41.5	52.4	21.3	17.5
UPAT (\$m)	62.3	43.2	33.1	21.3	17.5
Share price (\$)	13.60	13.45	12.18	6.99	2.99
Dividend (cents)	22.0	20.0	17.5	14.5	13.5
TSR (%)	3.6	12.3	77	148	28
EPS (cents)	48.0	36.0	53.8	26.2	22.0
CEO total remuneration, actual (\$m)	2.086	1.441	1.601	1.535	1.535

For 2019, the CEO's total actual remuneration was **23.7 times** the Australian Full time Adult Average Weekly Total Earnings (based on November 2018 data from the Australian Bureau of Statistics).

Item 2	Adoption of Remuneration Report
ASA Vote	For

	Target \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	0.926	52.0	0.926	42.2
STI - Cash	0.324	18.4	0.760	34.6
STI - Equity	0	0	0	0
LTI	0.510	29.6	0.510	23.2
Total	1.76	100	2.196	100

Summary of ASA Position

One point to note in light of the Hayne report is that one of the articulated requirements of the chosen remuneration structure was: *to promote the desired behaviours, culture and ethics across the Company, particularly in the context of excellence and customer service.*

With regards to the CEO's remuneration, the fixed remuneration is just under \$1m and there are some target and maximum opportunity amounts defined but there is no table of actual remuneration that has been defined for the CEO or other KMP. The salary split at maximum is 36% Fixed, 30% Short Term Incentive (STI) and 34% Long Term Incentive (LTI).

Fixed salary was frozen for 3 years from 2016 and will be rebased in FY2020. The MD's fixed component will increase substantially in 2020 owing to the substantial increase (roughly double) in the scale of the business in the past three years. The LTI comprises options (granted in 2017) of up to 1m each year, vesting on 30 Sep 2018, 2019 and 2020.

The exercise price is \$12.50, \$14.00 and \$16.00 respectively. Half of the options each year (500,000) vest upon reaching a total shareholder return (TSR) growth hurdle and the other half (500K) vest on reaching an EBITDA growth hurdle. Should TSR be negative the TSR growth component lapses. The comparator group is the S&P/ASX200 and if Webjet achieves the S&P/ASX200 median growth, vesting commences of 250,000, with linear increase to 500,000 at the stretch, which for TSR is the top 25% of the S&P/ASX200 and with EBITDA is 120% of the S&P/ASX200 average.

In 2019, the CEO achieved 73% of the EBITDA maximum and 100% of the TSR maximum. At the time of this report, the second tranche of options due to vest on 30 September 2019 had passed with the exercise price well above the market price, \$14.00 versus \$10.91. The Board all received substantial pay increases, owing to the increase in size of the business, however they fall within the benchmark bands we have received for similar sized businesses.

Item 3	Re-election of Ms Shelley Roberts as a Director
ASA Vote	For

Summary of ASA Position

Ms Roberts was first appointed Director in 2016 and has a long history in the aviation and travel industry, having come up through the budget airline ranks to Director of Aviation services at Sydney Airport. She has a CV well suited to Webjet and is a member of the Australian Chartered Accountants. We see her as a good asset for Webjet and support her re-election. She has in 3 years already accrued well over a year's worth in Director fees in Webjet shares.

The individual involved in the preparation of this voting intention has a shareholding in this company.

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