



FY15 Full Year Results

22nd May 2015



serko

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All information in this presentation is current at the date of this presentation, and all currency amounts are in NZ dollars, unless otherwise stated.

This presentation should be read in conjunction with other market releases made by Serko.



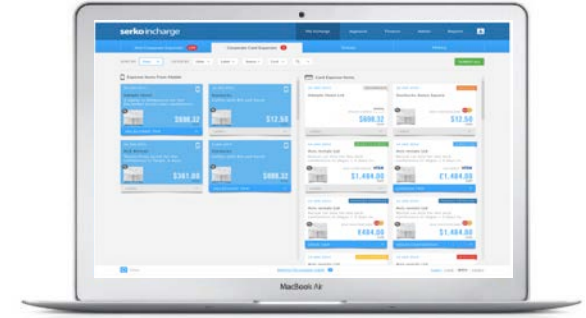
1. **FY15 Results Overview** Darrin Grafton, CEO
2. **FY15 Financial Highlights** Tim Bluett, CFO
3. **Strategy and Outlook** Darrin Grafton, CEO



FY15 A platform for growth



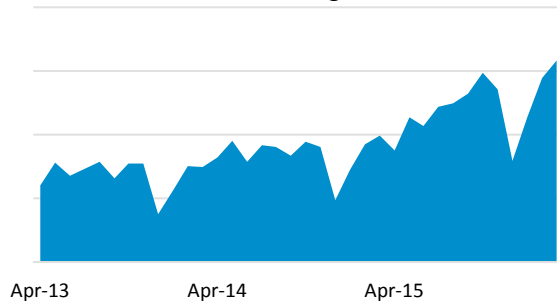
- IPO in June 2014 raised \$10.5m (net) after repayment of all debt
- Steady growth in transactions throughout the year
 - 2H15 growth rate of 57% vs 2H14
- Invested \$5.7m in R&D to drive new product innovation
 - Serko Mobile (including white label versions for large TMCs)
 - Serko Incharge redesign with Serko Mobile integration
 - Alternative (non-GDS) content supplier integration
- Increased employees to 133 (from 87)
 - Doubled the size of sales team
 - Expanded development and delivery teams
- Intellectual Property - NFC patent in the USA, Mass Booking
- Formed a wholly owned subsidiary in India



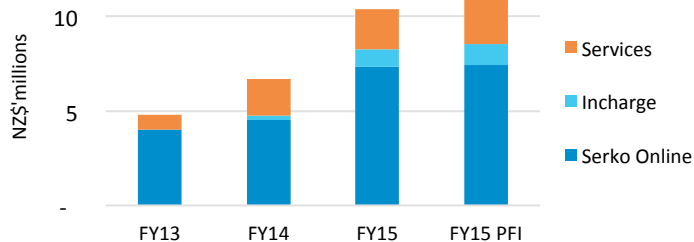
FY15 Highlights



Online Bookings Trend



Revenue Mix



- Total revenue \$10.4m
 - Up 55% from previous year
 - 5.8% below PFI of \$11.0m
- Transaction numbers grew by 44% from previous year
 - H1 Growth 32%
 - H2 Growth 57%
- Net Loss before tax \$6.4m increased in line with expectations and PFI
- Cash reserves \$4.5m with strong working capital



FY15 Summary Income Statement



NZD \$'000	FY15 Act unaudited	FY14 Act audited	FY15 PFI
Operating Revenue	10,361	6,683	11,002
Other Income	1,413	895	1,089
Operating Expenses	(17,324)	(8,745)	(17,676)
EBITDA	(5,550)	(1,167)	(5,584)
Depreciation and Amortisation	(458)	(127)	(352)
EBIT (Pre IPO Costs)	(6,008)	(1,294)	(5,937)
IPO Costs	(483)		(478)
EBIT	(6,491)	(1,294)	(6,414)
Net Finance Income	57	(431)	79
Net Loss Before Tax	(6,433)	(1,725)	(6,335)
Tax	(114)	(16)	(217)
Net Loss After Tax	(6,547)	(1,742)	(6,552)

- Full year revenue increased 55% to \$10.4m vs previous year
 - Serko Online Revenue up 62% to \$7.3m
 - Incharge Revenue up 14% to \$0.9m
 - Billable Service Revenues up 9% to \$2.1m
- Operating expenses increased 98% to \$17.3m vs previous year
 - Salaries/Remuneration \$12.1m
 - Employees 133 increase of 46 in the year
- \$0.5m IPO costs in line with PFI
- Research & Development Expenditure \$5.7m
 - Internal (opex) \$5.1m
 - External (capex) \$0.6m
- Net Loss before tax \$6.4m compared to \$1.7m prior year, in line with expectations.
- Adverse AUD/NZD exchange rate movements



Cash and Working Capital

NZD \$'000	FY15 Act unaudited	FY14 Act audited	FY15 PFI
Cash at Bank	4,487	250	4,987
Trade Receivables	2,711	1,851	
Prepayments	353	200	
Other Loans/Receivables	354	302	
Current Assets	3,418	2,352	2,672
Trade and Other Payables	1,843	1,562	1,788
Loans and Overdrafts	314	5,508	0
Current Liabilities	2,157	7,070	1,788
Net Working Capital	5,748	(4,468)	5,871

- Strong cash & working capital with reserves of \$4.5m
- Receivables at 31 March 15 include:
 - Trade receivables \$2.7m includes accrued earned revenue to be invoiced in April \$0.7m
 - Prepayments \$0.4 million

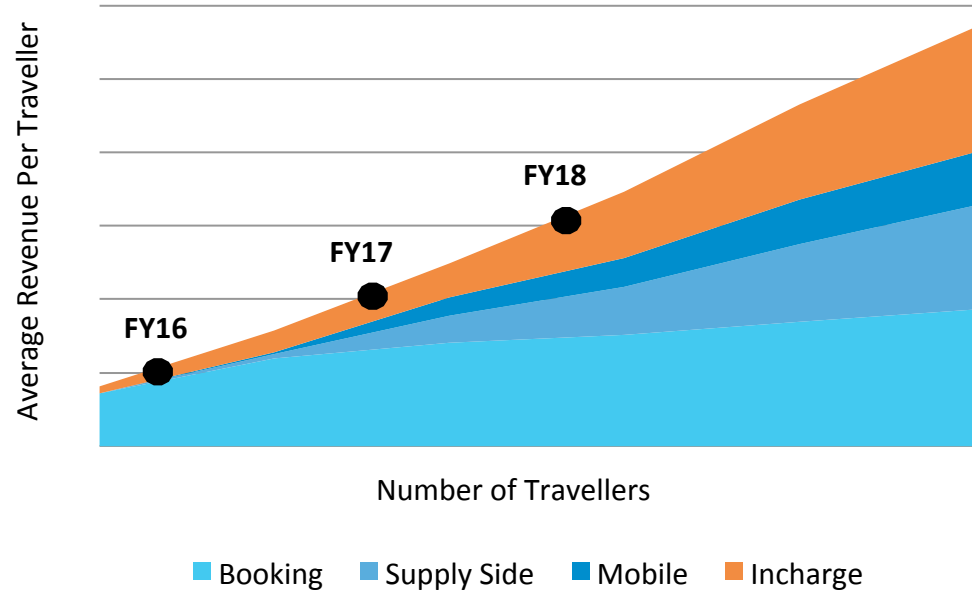
Serko's strategy for growth



- Aggressively grow base of actual and potential travellers
 - Organic growth through home Australasian market into adjoining Asian markets working closely with travel agencies, complemented by careful M&A execution – eg Arnold Travel Technology (May 2015)
- Evolve business model from booking fees to blended revenue model
 - Grow and leverage Serko Online relationships to sell-in Incharge
 - Focus on supply-side relationships such as Expedia and AirNZ Taxi
 - Access additional sources of revenue such as traveller's personal wallet
- Maintain leadership in Product and Technology Innovation
 - Serko Mobile
 - Serko Incharge
 - Mass Booking
 - Patented technology – including NFC for Mobile Payments
- Continue to invest in content integration to increase supplier choice

Revenue growth by user volume

- 2 million traveller profiles today
 - 500K added by Arnold
- ARPT of \$5 - \$10
- Line of sight to ~\$25 ARPT

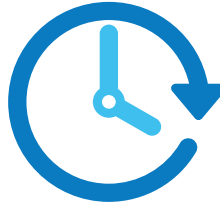


FY16 Revenue timing

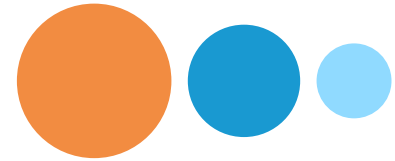
- Three key timing factors will impact forecast run rate in the first half of FY16
- Serko Mobile and Incharge revenue sources are expected to contribute strongly in the second half of FY16



Serko Mobile
launching later
than expected



Incharge revenue delay
related to timing of new
product availability



Decreasing customised
work order revenue to
focus on high-growth
services

FY16 Looking forward



- Build on historical investment to:
 - Increase range of revenue-generating products offered to customers
 - Capture more value across the end to end corporate travel process
 - Grow Incharge product leveraging existing Serko Online reseller relationships
 - Continue to add value to Serko Online resellers through increased productivity and margin
- Continue to acquire new corporate customers to increase size of addressable traveller base
 - Capitalise on existing travel agency relationships in AU and add new resellers across Asia
 - Potential to acquire other businesses that are aligned with our growth strategy
- The acquisition of Arnold Travel Technology from Expedia Group adds to our customer base and accelerates our transaction growth by over 20% compared to current run rate.
- Forecasting revenues of between \$16m and \$18m NZD for full year FY16
 - First half FY16 revenue expected to be in the range of \$7.5 m to \$8 compared to PFI of \$8.3m
- The company is on track to move into profitability in the first half of FY17





Appendices

FY15 Actual Result broadly in line with PFI



- Revenue \$0.6m less than PFI
 - Serko Online \$0.1m – mainly FX impacts
 - Incharge \$0.2m – delayed new customer implementations
 - Services \$0.3m – customer orders delayed to FY16
- Other income \$0.3m higher than PFI (R&D grants)
- Operating Costs \$0.4m lower than PFI
 - Operating costs \$0.5m lower than PFI
 - Depreciation & Amortisation \$0.1m increase
- FX losses \$0.2m (vs PFI at AUD/NZD 0.93)
- Net loss before tax in line with PFI at \$6.4m



Operational Metrics



Selected Operational Metrics	FY15 PFI	FY15	FY14	FY13
Total Revenue Growth (%)	65%	55%	39%	27%
Revenue Growth – Serko Online (%)	65%	62%	12%	41%
No of transactions (indexed, where FY13=100)	212	179	123	100
Services revenue as % total revenue	22%	20%	29%	16%
Employees (number at end of year)	138	133	87	47
Average Revenue per FTE (NZ\$'000)	98	94	100	119
Research & Development Costs - Expense and Capex (NZ \$000)	5,236	5,762	3,387	2,340

* Expensed and capitalised



Smart, simple and easy to use



Product	Key Benefits
Serko Online Cloud-based travel booking platform	<ul style="list-style-type: none">• Saves time and reduces the cost of travel• Speed and flexibility – reduces admin time• Implements corporate travel policies• Manages the complexity of group bookings• Traveller profiles captured• Captures unused tickets
Serko Incharge Cloud-based, travel expense management system	<ul style="list-style-type: none">• Faster expense reconciliation and reimbursement• Cost savings with less wastage• Improves visibility and accountability at every stage in the expense management process
Serko Mobile Mobile travel technology for corporate travellers	<ul style="list-style-type: none">• Serko Online and Serko Incharge features• Native Android and iOS applications• Travel alerts and travel content meaning fewer missed flights• Changes able to be made post-ticketing (mid-trip)
Serko Platform Interface to travel content providers	<ul style="list-style-type: none">• Open Application Programme Interface (“API”) for third-party software products to integrate with Serko• Fast, scalable and agile



How Serko makes money – emerging opportunities



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Travel Agents pay per booking
for Serko Online bookings

Organisations pay per active
user month for Serko Incharge

Travellers pay for Premium
Functionality for Serko Mobile

Travel suppliers pay
commission for bookings

Hotel providers pay per-room
night commission

Advertisers pay for access
to Serko Mobile users

Travel Agents pay for
software customisation

- Existing streams
- Emerging streams



Key driver of corporate value



more users=



The more users that Serko has in its database the more opportunity it has to increase revenue

more than
2 million
registered users

Today, Serko has the opportunity to sell services to more than 2 million registered users

added
~500,000
users to the base

Recent acquisition of Arnold Travel Technology added ~500,000 users to the base

\$5-\$10
ARPT

ARPT (average revenue per traveller) today

increase
ARPT
to ~\$25

Opportunity to increase ARPT towards ~\$25 over time through content aggregation, sale of ancillary services, mobile & expense subscriptions.



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Online travel booking and
expense management for business