



serko

Annual Results Presentation
For 12 Months Ended 31 March 2016

Important notice



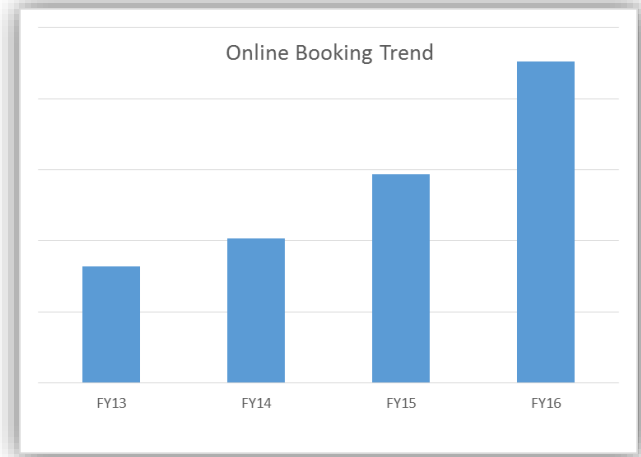
This presentation is given on behalf of Serko Limited. Information in this presentation:

- Is for general information purposes only, and is not an offer or invitation for subscription, purchase, or recommendation of securities in Serko Limited;*
- Should be read in conjunction with, and is subject to, Serko's latest and prior Annual Reports and Half Year Reports, market releases, and information published on Serko's website (www.serko.com);*
- Includes forward-looking statements about Serko and the environment in which Serko operates, which are subject to uncertainties and contingencies outside of Serko's control – Serko's actual results or performance may differ materially from these statements;*
- Includes statements relating to past performance, which should not be regarded as a reliable indicator of future performance; and*
- May contain information from third parties believed to be reliable; however, no representations or warranties are made as to the accuracy or completeness of such information.*

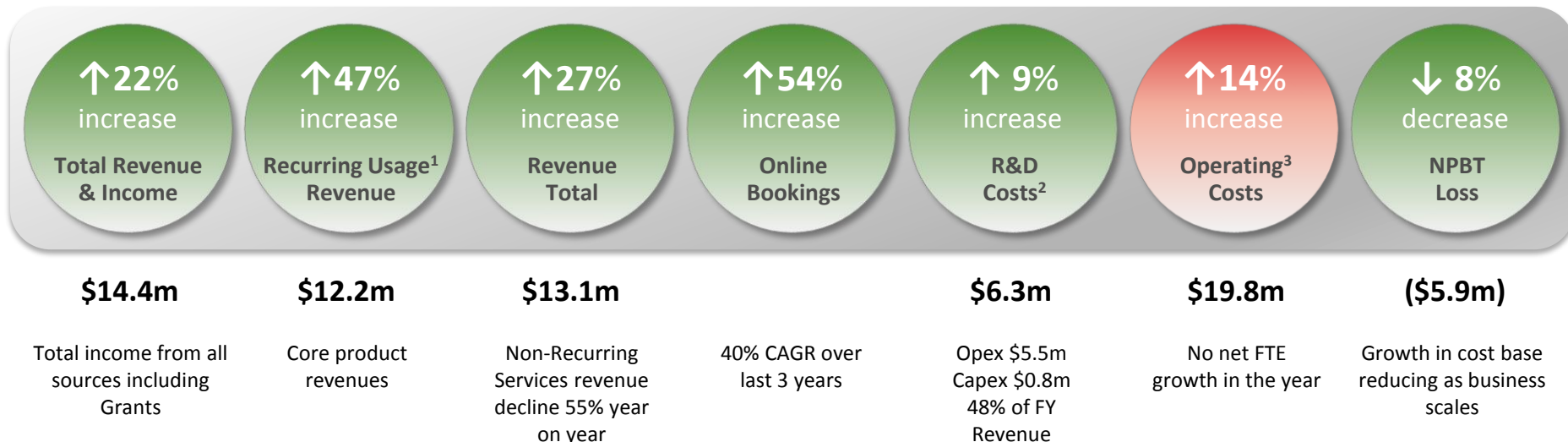
All information in this presentation is current at the date of this presentation, unless otherwise stated. All currency amounts are in NZ dollars unless stated otherwise.

FY16 Highlights

- 54% Year on Year growth in transaction volume
- Net operating loss reduced
- Doubled Serko Incharge growth rate from FY15
- New revenue flowing from supply-side agreements
- Completed acquisition and integration of Arnold
- Investment in new SME opportunity 'serko.travel'
- Successful \$8.1m capital raise



Performance dashboard (FY16 vs FY15)



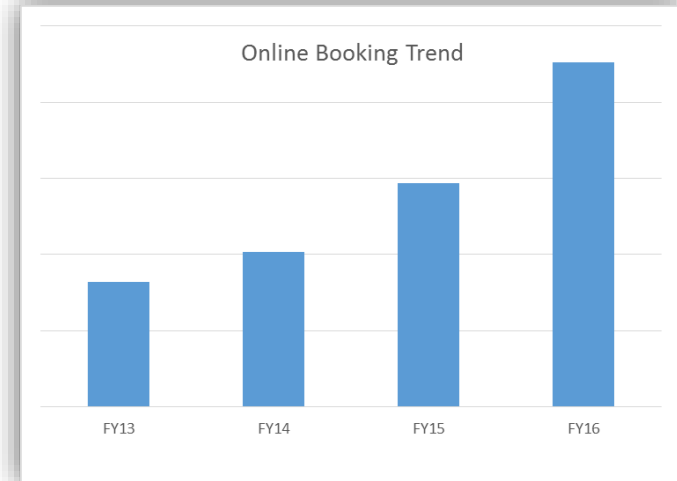
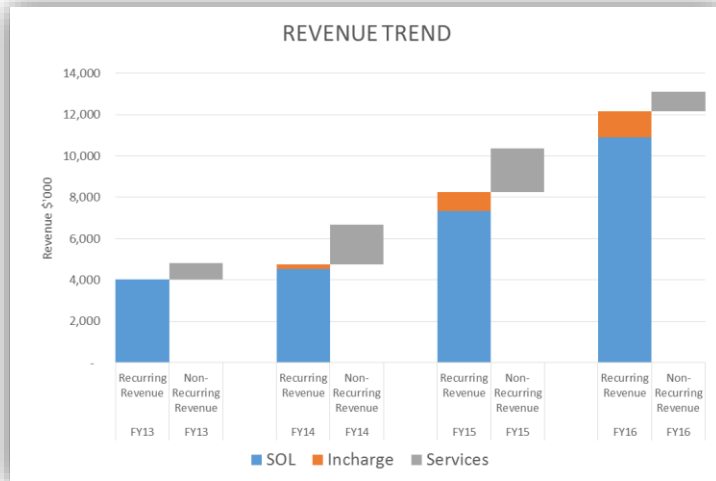
1. Recurring product revenue is the recurring revenue derived from transactions and usage of Serko products by contracted customers. It excludes revenues from customised software development.

2. R&D (Research & Development) costs is a non-GAAP measure representing the internal and external costs related to R&D

3. Operating Costs is a non-GAAP measure which excludes costs relating to taxation, interest, depreciation and amortisation. Depreciation, amortisation and impairment charges totalled \$952k in FY16 and \$458k in FY15

Performance trends

- Recurring usage/product revenues have increased by 47% in the period (FY16 vs FY15), driven by a corresponding 54% increase in Online Bookings and 37% growth in expense management usage
- Recurring usage revenues now represent over 93% of total revenue compared to 80% in FY15.



Operational metrics



Selected Operational Metrics	FY16	FY15	FY14	FY13
Total Revenue Growth (%)	27%	55%	39%	27%
Revenue Growth – Online Booking Services (%)	49%	62%	12%	41%
No of transactions (indexed, where FY13=100)	275	179	123	100
Transaction Growth	54%	45%	23%	35%
Product/Recurring revenue as % total revenue	93%	80%	71%	84%
Operating Costs (excluding depreciation & amortisation) growth (%)	14%	105%	62%	35%
Employees (number at end of year)	127	133	87	47
Average Revenue per FTE (NZ\$'000)	101	94	100	119
Research & Development Costs - Expense and Capex (NZ \$000)	6,268	5,762	3,387	2,340

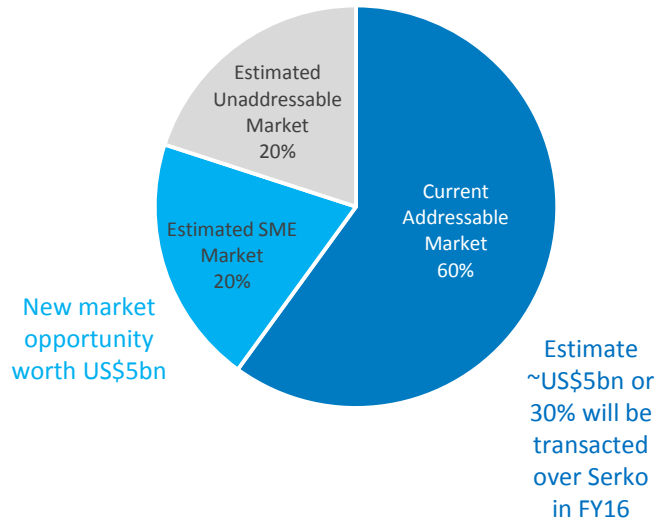
FY16 Financial summary

NZD \$'000	FY16 Act audited	FY15 Act audited	Change %
Serko Online	10,916	7,342	49%
Serko Incharge	1,252	911	37%
Services	954	2,109	-55%
Operating Revenue	13,122	10,361	27%
Other Income	1,296	1,413	-8%
TOTAL INCOME	14,418	11,774	22%
Operating Expenses (Exc D&A) ³	(19,784)	(17,324)	14%
EBITDA (loss) ¹	(5,366)	(5,550)	3%
Net Loss Before Tax	(5,943)	(6,433)	8%
Working Capital ²	7,830	5,748	

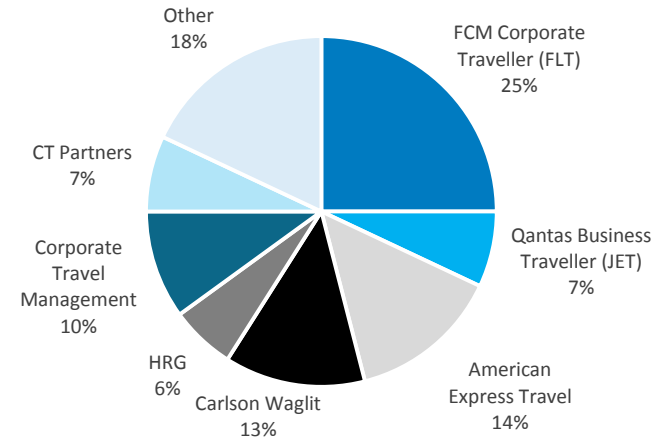
1. EBITDAs is a non-GAAP measure representing Earnings Before the deduction of costs relating to Interest, Taxation, Depreciation and Amortisation, and Impairment
2. Working Capital is defined as net current assets. Current assets (including cash) less current liabilities.
3. Operating Expenses are presented in this table excluding depreciation, amortisation and impairment charges ("D&A") in order to reconcile with the EBITDA loss. Depreciation, amortisation and impairment charges totalled \$952k in FY16 and \$458k in FY15.

Australasian corporate travel market

Australasian Corporate Travel Market Total Transaction Value (TTV) ~US\$25bn



Market Share by major TMC*



Serko has reseller agreements with all the above TMCs and over 40 in total, giving Serko access to over 90% of the corporate market.

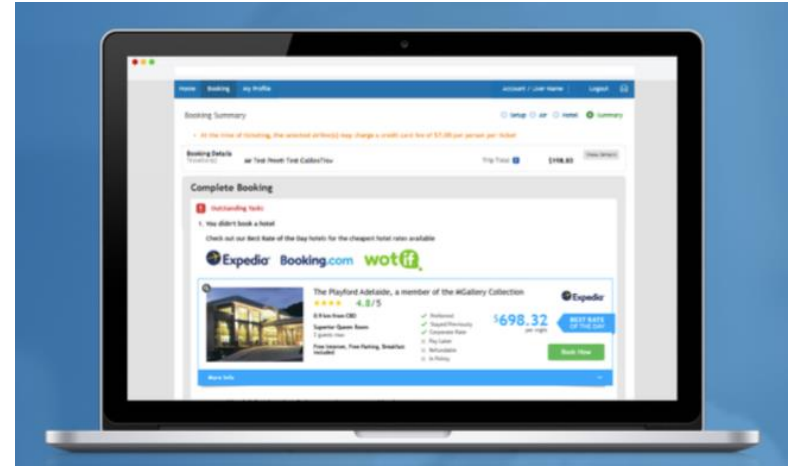
5 key strategic industry themes

1. New Health and Safety legislation in NZ focusing interest on travel processes
2. Increasing importance of technology as core driver of value in travel market
3. 'Mobile First' approach to technology across the spectrum of enterprise applications
4. Shift towards traveller centric travel booking and the birth of the 'empowered traveller'
5. Market consolidation in travel industry as scale becomes more and more important



Best Rate of the Day – supply side revenues

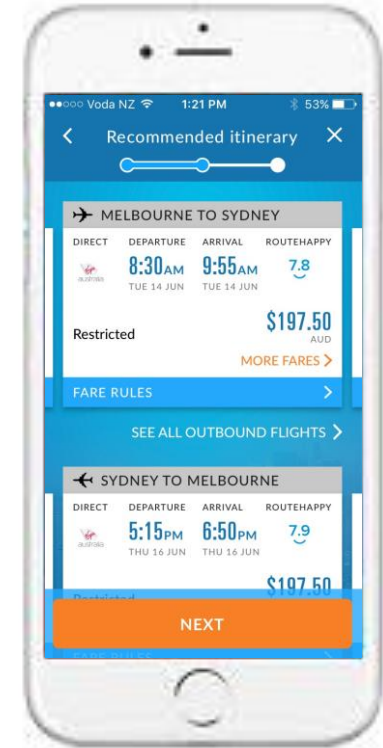
- Supply-Side content deals activated by most TMC partners
- Slow to start but gaining momentum as end users influence TMCs
- Key driver for increasing Average Revenue Per Booking
- BROTD brings content to life inside product – Trivago style experience
- Transfers gaining traction, but new markets take time to build



**BEST RATE
OF THE DAY**

Travel booking goes mobile

- 'Mobile first' is the brave new world we live in
- Travellers want to be able to self-book, but to this point haven't had the right tool
- Booking via Serko Mobile will launch in July and will sit alongside the desktop
- New 'Predictive workflow' to speed up response
- Quicker and easier than using leisure sites
- Complies with all corporate policies
- Available to SME customers first, then corporate



- Major new initiative for Serko
 - Targeting 1-150 employees in NZ & AU
- USD \$5bn market opportunity
- Free to book and change online
- Marketing partnership with Xero
- Support partnership with 2 large TMCs
- Shared supply-side revenue model
- 'Networked' buying consortium
- Pre-launch phase now – www.serko.travel



- Commercialisation of new products:
 - Real progress on Supply Side revenue, supply side will make a meaningful contribution in FY17
- Revenues:
 - Serko Enterprise opportunities will focus both transactional and new product initiatives.
 - Major strategic deals being worked will facilitate faster growth
 - Serko Expense growth expected to maintain growth as TMCs start driving new business
- Serko.travel is a key new market launch, although revenue timing will take time to formalise we expect this to contribute to our FY17 numbers.
- The company maintains its goal of reaching cash-flow breakeven from February 2017 in the last 2 months of FY17
- We expect to move to profitability in FY18



serko

serko.com

Online travel booking and
expense management for business