



FY17 RESULTS PRESENTATION

YEAR ENDED 31 MARCH 2017

23 May 2017 – Serko's 10 year anniversary

IMPORTANT NOTICE



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- Non-GAAP financial information does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities. The non-GAAP financial information included in this release has not been subject to review by the auditors. Non-GAAP measures are used by management to monitor the business and are useful to provide investors to access business performance

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.

FY17 RESULTS PRESENTATION AGENDA



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- FY17 Highlights
- Financial Update
- FY18 Focus & Outlook
- Q&A
- Appendix
 - About Serko
 - Definitions

Darrin Grafton

CHIEF EXECUTIVE OFFICER



Susan Putt

CHIEF FINANCIAL OFFICER



FY 17 HIGHLIGHTS



10 Year Anniversary



serko expense

serko arnold



2007 – Established by Founders Darrin Grafton & Bob Shaw

2013 – Acquired Serko Expense (formerly Incharge)

2014 – Serko IPO

2015 – Acquired Arnold Travel Technology

2016 - \$8.1 million additional capital raise

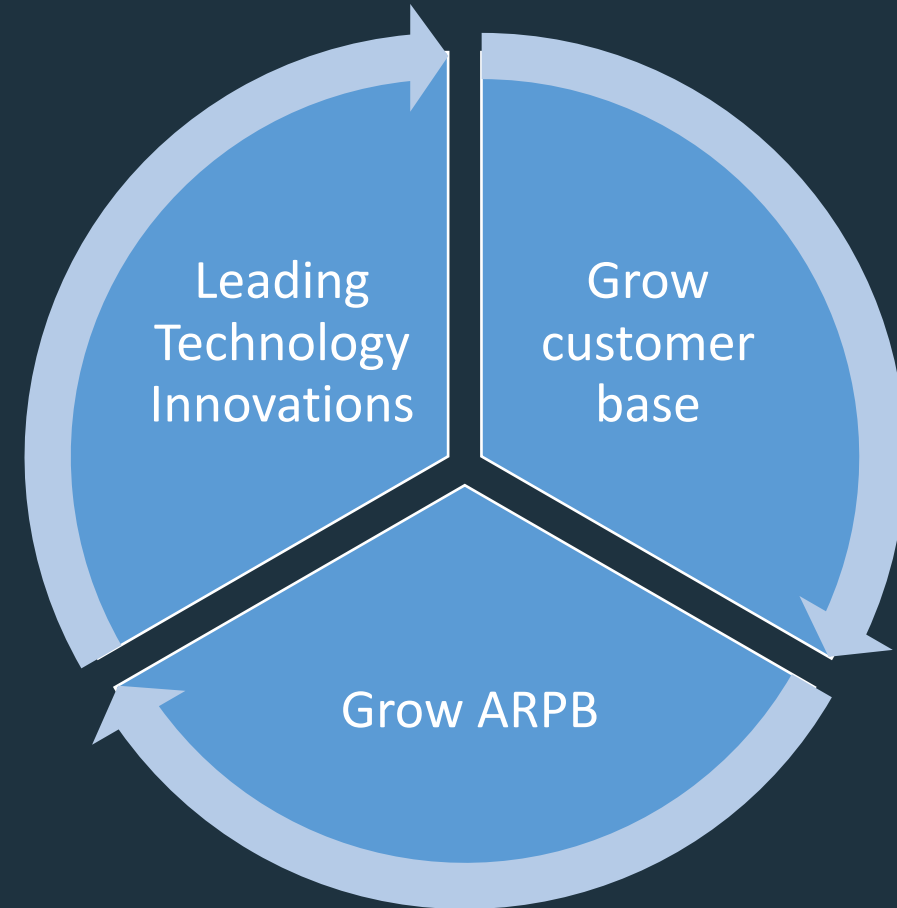
2017 – Finalist Hi-Tech Company of the Year (5 years running)

FY 17 STRATEGY



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Our **purpose** remains
to **transform the way
businesses manage
travel and expenses**,
enabling stress-free travel so team-
members can always be at their most
productive, and **delivering
tangible benefits** to the
organisations that use the Serko line
of products



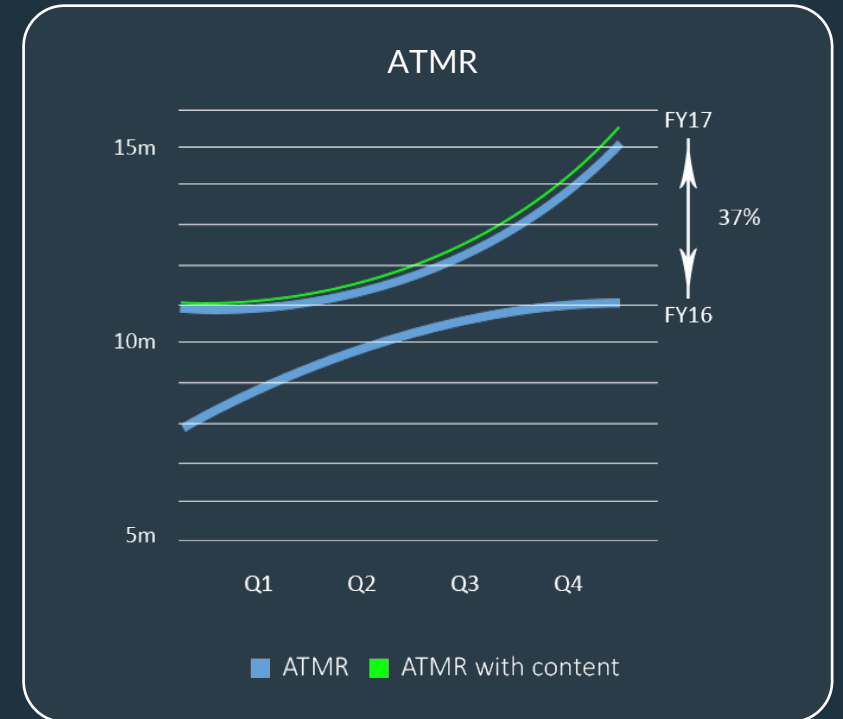
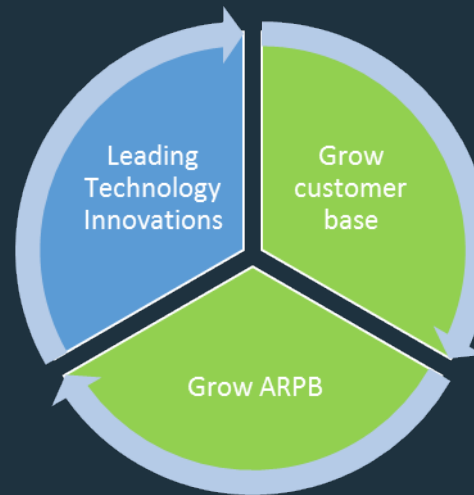
GROW CUSTOMER BASE AND ARPB



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37% increase in ATMR

\$15.3m FY17 ATMR vs
\$11.2m FY16 ATMR (Actual
FY17 Recurring Revenue was
\$12.9m)



Non GAAP Measures:

ATMR = Annualised Transactional Monthly Revenue - Serko uses this as useful indicator of future recurring revenues from Serko products.

Calculated as ARPB * March bookings (annualised) adjusted for constant currency basis for prior year comparison

ARPB = Average Revenue per Booking

GROW CUSTOMER BASE



> **50%** of corporate travel in Australasia booked through Serko¹

18% increase in bookings

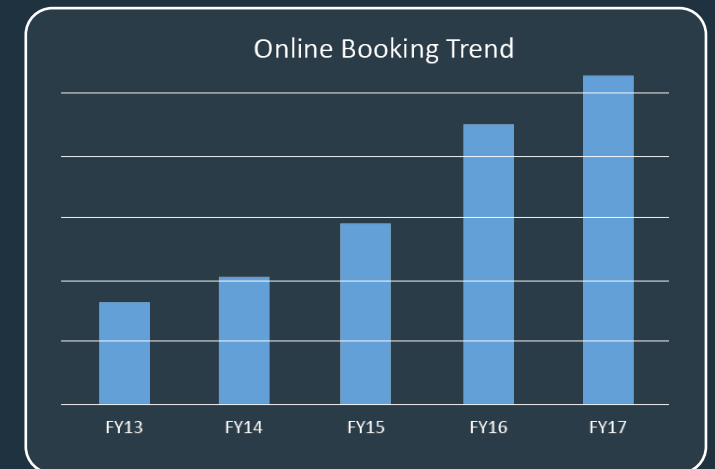
- Established strategic relationship with Sabre
- Signed new TMC² agreements with Helloworld & Magellan



for businesses going places

1200 serko.travel signups

- New serko.travel to address \$15 billion SME travel spend
- Added distribution partnerships for serko.travel



1. Source: GBTA (Global Business Travel Association)
2. TMC (Travel Management Company)

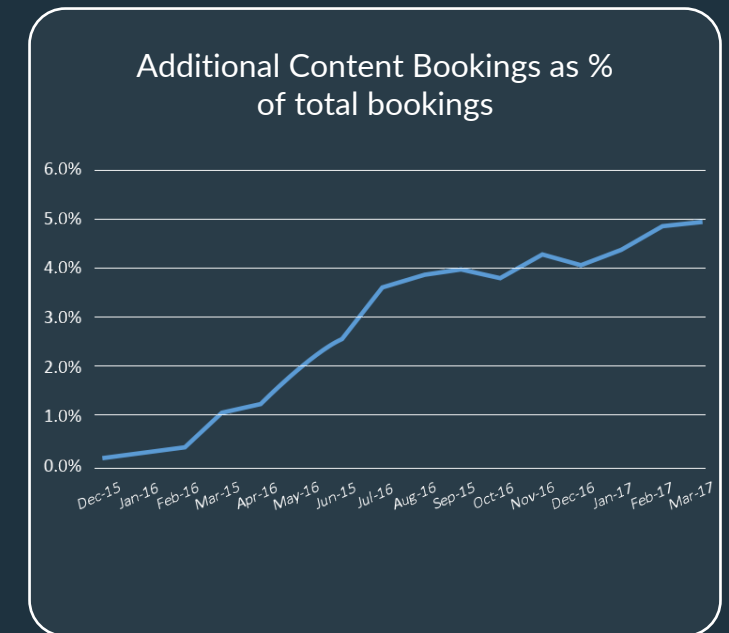
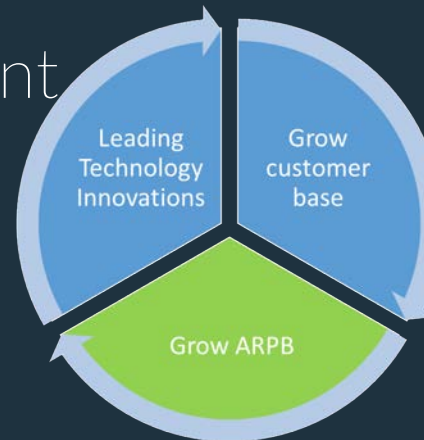
GROW ARPB THROUGH \$ PER BOOKING

5% attachment and growing



7% ARPB increase due to content introduced in FY16

- Continuing to add content
 - HRS
 - Hotel Hub
 - Transportation options
 - Traveller services

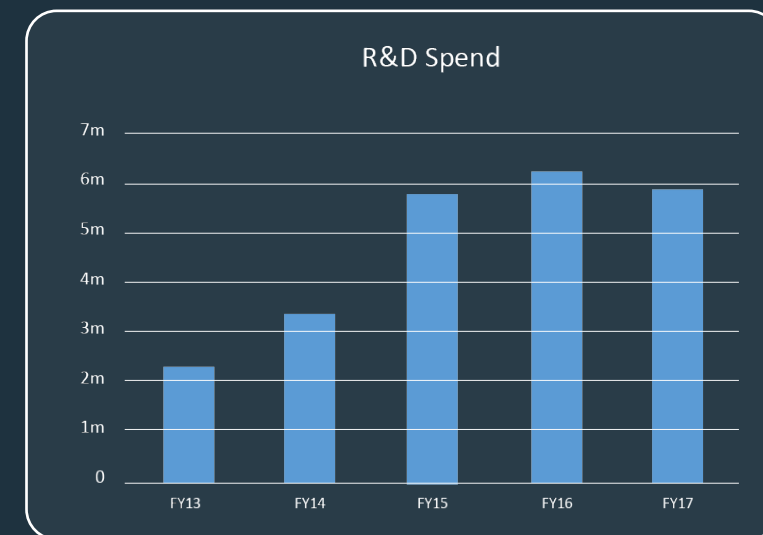


INVESTMENT IN INNOVATION

\$5.8m

R&D¹ investment in FY17 vs \$6.3m FY16

- Major technology releases including:
 - Predictive mobile booking experience
 - Expense submission via Mobile App with smart receipt reader
 - serko.travel
 - Virtual credit card payments through Conferma
- Serko Zeno
 - New premium online booking tool to be launched in FY18
- Platform foundations improved for further global expansion



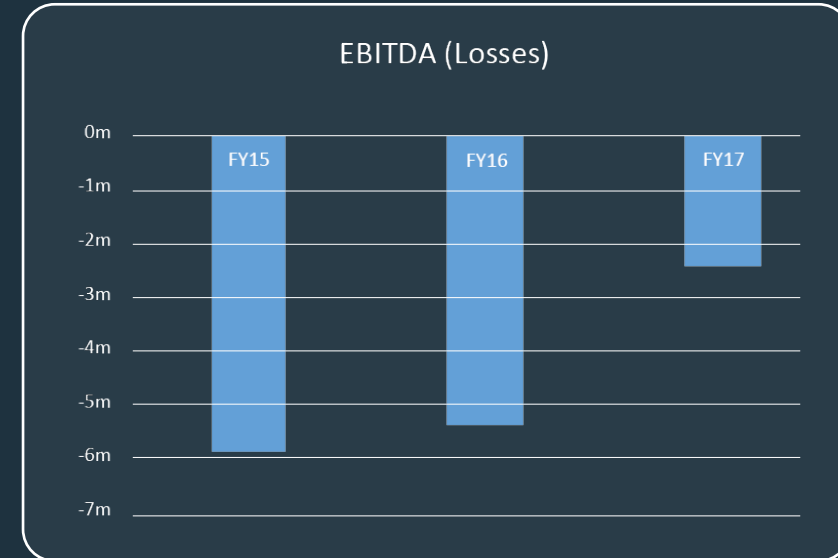
1. R&D (Research & Development) cost is a non-GAAP measure representing the internal and external costs related to R&D.

ON TRACK TO GENERATE PROFIT

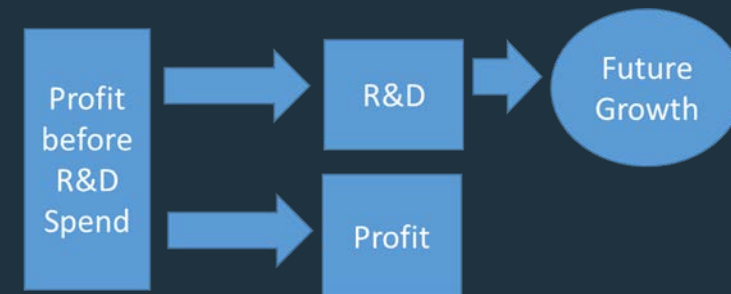
44% decrease in Net Losses Before Tax to \$3.3m for FY17; 53% EBITDA₁ loss decrease to \$2.5m

\$4.5m Cash Reserves at end of year
Target \$3m-\$4m

9% increase in Revenue and 10% decrease in Operating Costs



Balanced growth investment for sustainability



REVENUE GROWTH AND COST CONTROL



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Performance dashboard (FY17 vs FY16)



1. ATMR (Annualised Transactional Monthly Revenue) is a non-GAAP measure. Serko uses this as useful indicator of recurring revenues from Serko products based on the monthly transactions from the most recent month (March 17).
2. 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.
3. R&D (Research & Development) costs is a non-GAAP measure representing the internal and external costs related to R&D
4. Operating Costs is a non-GAAP measure which excludes costs relating to taxation, interest, depreciation, amortisation and impairment charges
5. FTE = Full time equivalent employee

RECURRING REVENUE GROWTH

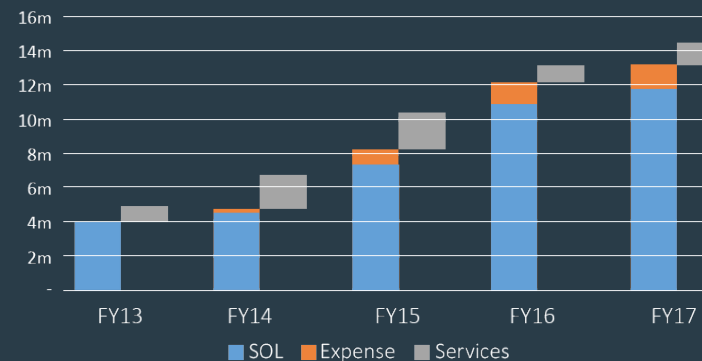
> **90%** Recurring Revenues compared to total Operating Revenue for FY16 & FY17

9% uplift through 18% rise in online booking transactions and 21% growth in expense management usage

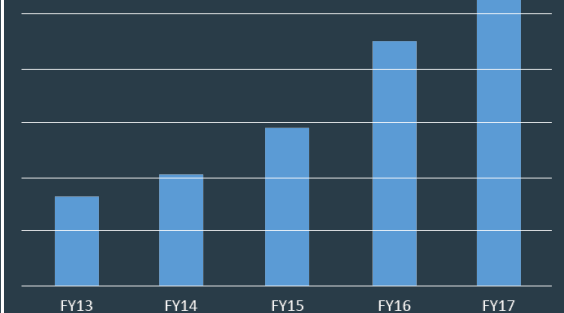
- Revenue growth masked by strong New Zealand dollar in FY17 and strong contribution in FY16 of customers paying contracted shortfalls after not meeting contracted minimum volumes
- FY18 forecast net AUD receipts 100% hedged at 31 March 17

NZD \$'000	FY17	FY16	Increase
Serko Online	11,796	10,919	8%
Serko Expense	1,125	981	15%
Recurring Revenue	12,921	11,900	9%
Services	1,356	1,222	11%
Operating Revenue	14,277	13,122	9%

RECURRING VS NON-RECURRING REVENUE TREND

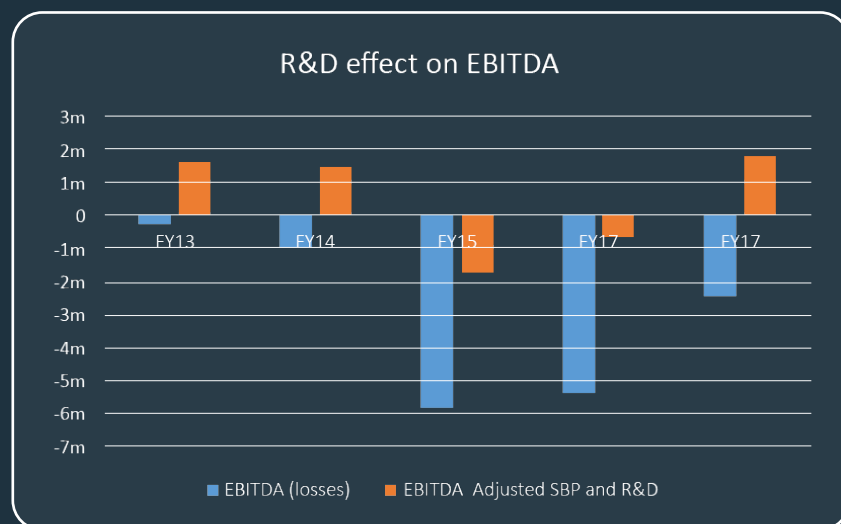


Online Booking Trend



DECREASING EBITDA LOSSES

- Serko is emerging into profitability as we benefit from the scalability of our platform, while controlling Operating Costs and R&D



NZD \$'000	FY17	FY16	CHANGE %
Operating Revenue	14,277	13,122	9%
Other Income	1,092	1,296	-16%
TOTAL INCOME	15,369	14,418	7%
Operating Expenses (including D&A)	18,763	20,735	-10%
Net Finance Income	88	374	-76%
NET LOSS BEFORE TAX	(3,306)	(5,943)	-44%

Reconciliation to EBITDA

Add back (deduct):

Depreciation and Amortisation	858	952	-10%
Net Finance Income	(88)	(374)	-76%

EBITDA (loss) REPORTED	(2,536)	(5,365)	-53%
Share based payments (SBP)	133	517	-74%

EBITDA (excluding SBP)	(2,403)	(4,848)	-50%
Research & Development (Expensed)	5,056	5,514	-8%
Grant income relating to R&D	(1,073)	(1,296)	-17%

EBITDA (excluding SBP and R&D)	1,580	(630)	351%
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Notes to non-GAAP measures

- EBITDA is a non-GAAP measure representing Earnings Before the deduction of costs relating to Interest, Taxation, Depreciation and Amortisation, and Impairment
- Share based payments are a non cash expenditure
- Research and Development includes all reasonable expenditure associated with R&D activities that does not give rise to an intangible asset. R&D expenses include employee & contractor remuneration related to these activities. (NZIAS 38)

ACHIEVING HALF-ON-HALF IMPROVEMENT TARGETS

	Achieved	FY17 – 2H	FY17 – 1H	FY16 – 2H	FY16 – 1H
Total Revenue	✓	\$7.3m	\$7.0m	\$6.7m	\$6.4m
Operating Expenses	✓	\$9.0m	\$9.7m	\$10.1m	\$10.6m
NPBT (Loss)	✓	(\$1.3m)	(\$2.1m)	(\$2.6m)	(\$3.3m)
EBITDA ₁ (Loss)	✓	(\$0.7m)	(\$1.8m)	(\$2.2m)	(\$3.1m)
Net cash outflows (excluding capital issue FY16)	✓	(\$0.3m)	(\$2.3m)	(\$3.0m)	(\$2.2m)

1. EBITDA is a non-GAAP measure representing Earnings Before the deduction of costs relating to Interest, Taxation, Depreciation and Amortisation and Impairment

FOCUS FOR FY18

- [Serko Zeno](#) - Premium travel online booking tool technology
 - Predictive booking tools
 - Supplier Hub with visual imagery consistent with retail branding of our key content providers
 - Expense integration
 - New ways of booking travel including Artificial Intelligence
- [Serko.travel](#) - Accessing untapped SME market through partnerships
- [ARPB](#) growth - Increasing hotel content providers and introducing wider transportation options, and other travel related service providers
- Global growth partners



OUTLOOK



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- Serko expects to achieve profit in FY18
 - On track with April positive NPBT and EBITDA
 - Growing ATMR
- Cash flow breakeven over year
 - Expect net outflows in 1H 2018 due to prepayments and FY17 remuneration payments however expect positive net cash outflow in 2H to outflow 1H





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SHAREHOLDER QUESTIONS

ABOUT SERKO

Background information on Serko

ABOUT SERKO —

Cloud-based travel and expense solution providers



WORLD SPEND ON BUSINESS TRAVEL IN 2015 = US\$1.2TN

AU + NZ

\$21.8bn Enterprise

\$15bn SME

- Serko tracking to 50% of Enterprise transactions of the addressable market
- serko.travel for SME launched July 2017

Asia incl. India

\$494bn Enterprise

\$370bn SME

- Serko leveraging AU/NZ TMCs in Asia and India

Northern Hemisphere

\$298bn Enterprise

\$240bn SME

- Open for Serko to expand

SERKO – BEST OF BREED DIGITAL TRAVEL AND EXPENSE TECHNOLOGY PLATFORMS

Enterprise Level – sold via TMC¹ Partner



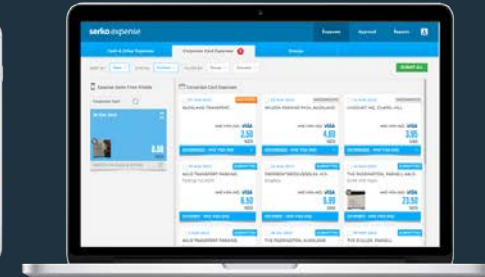
Serko Online



Serko Mobile



Serko Expense



Global Content Integration Framework

GDS¹

Airlines

Hotels

Taxis

Car Hire

Duty of Care

Other OBT²s

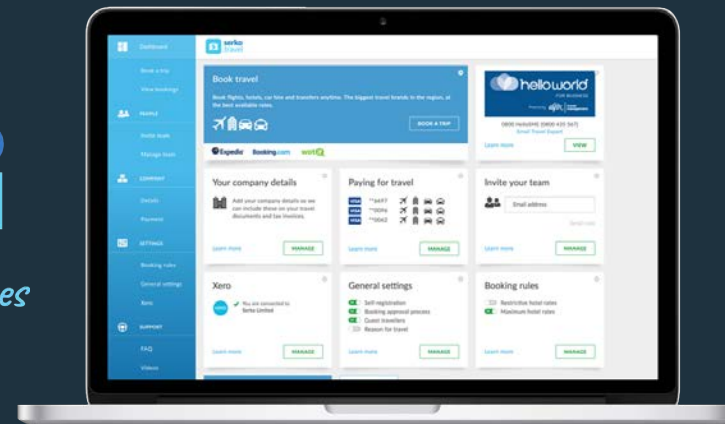
¹Global Distribution System ²Online Booking Tool

SME² – Self onboarding option sold direct



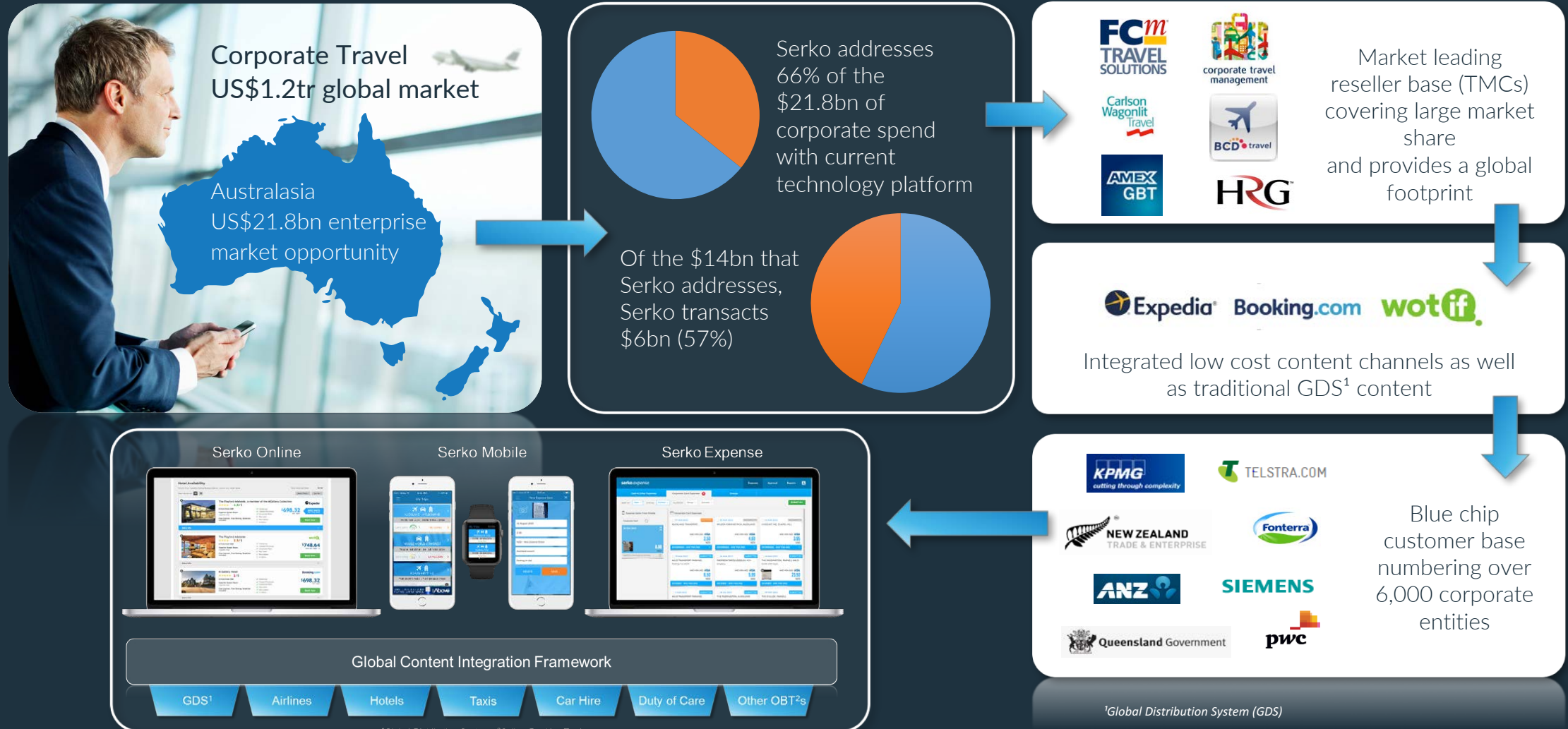
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for businesses going places



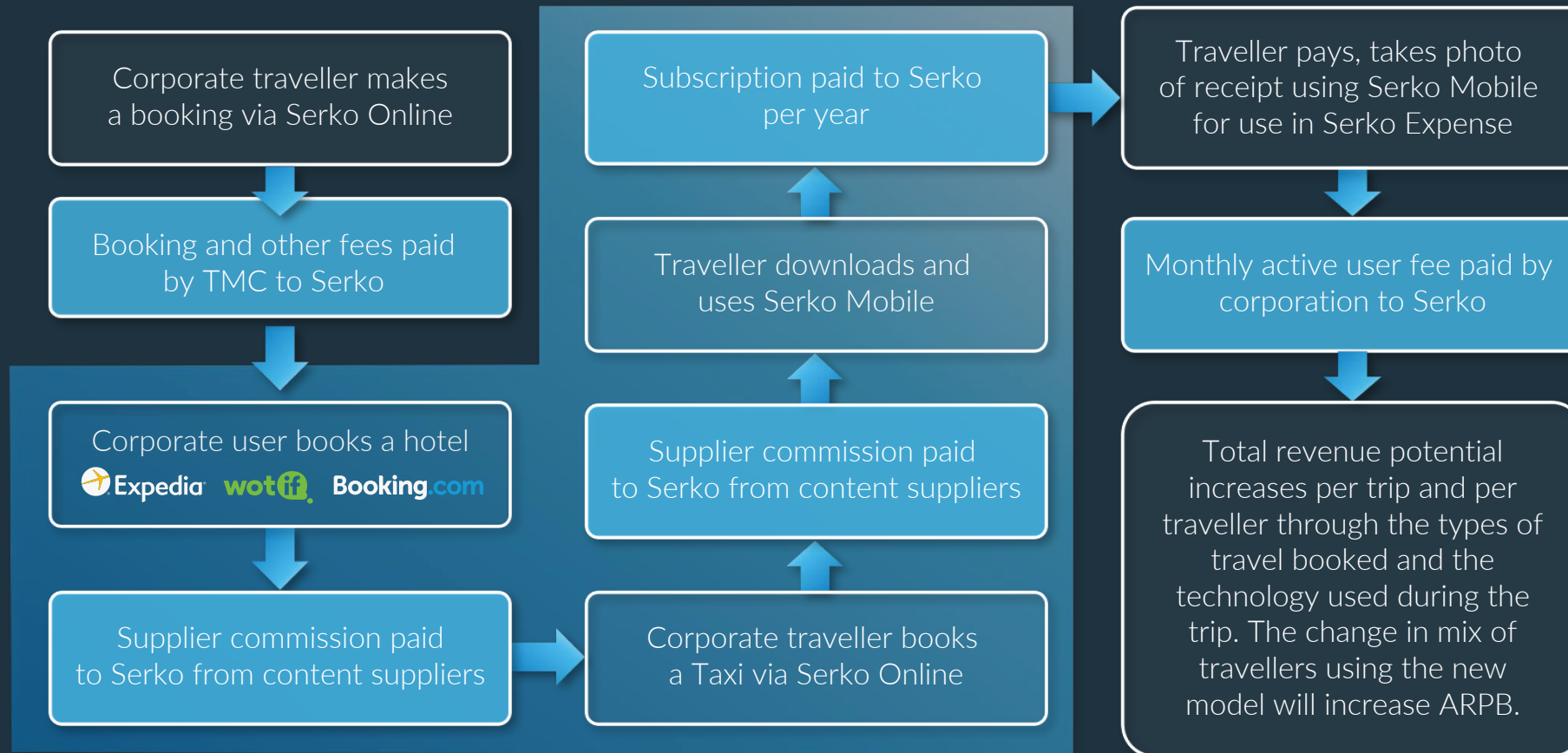
1. TMC -Travel Management Company Online Booking Tool
2. SME – Small and Medium Enterprises

SERKO – PARTNERS TMCS TO DELIVER ENTERPRISE LEVEL SOLUTIONS TO BLUE CHIP CORPORATES



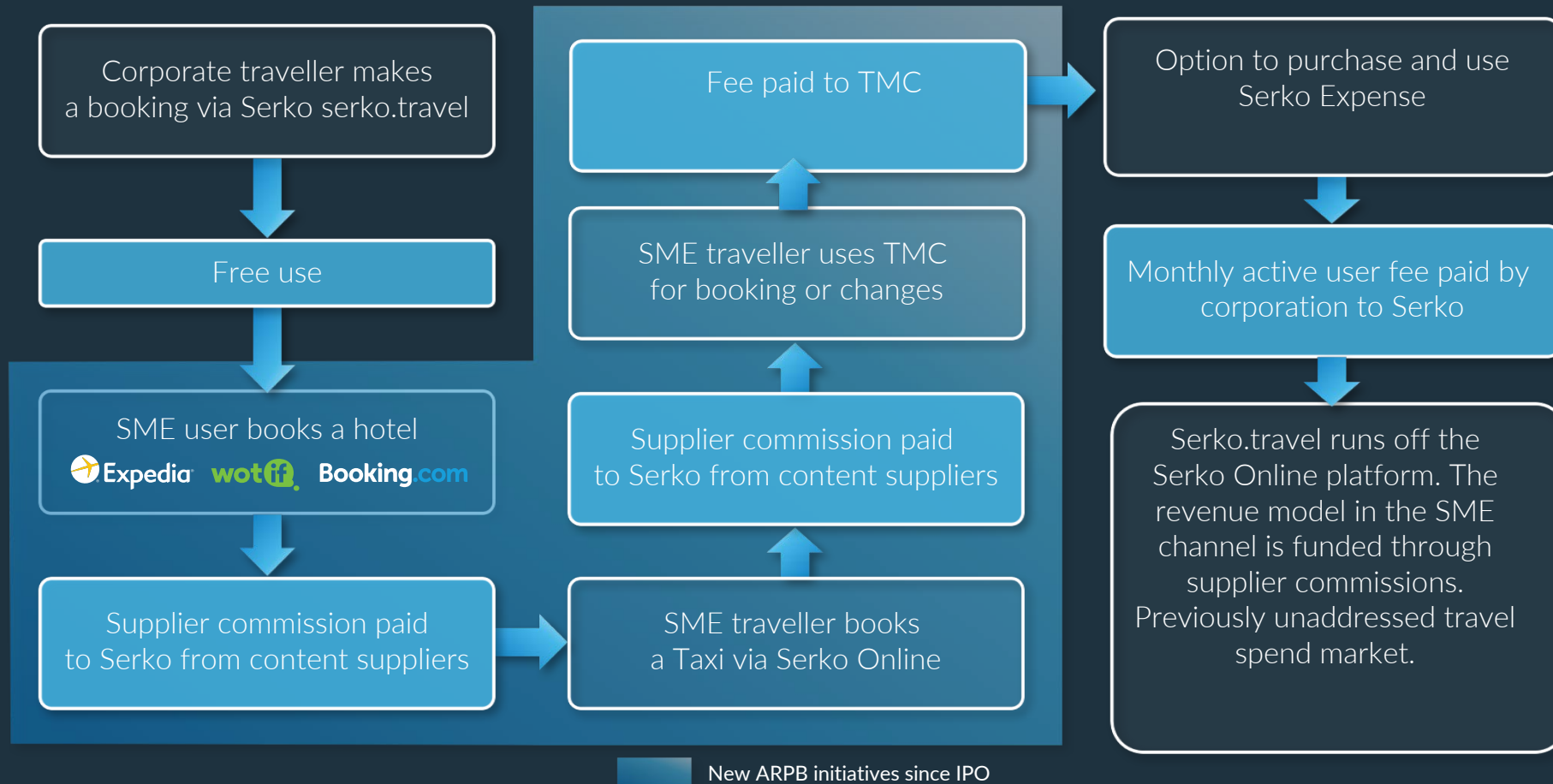
¹Global Distribution System (GDS)

CASCADING LAYERS OF REVENUE IN THE ENTERPRISE MARKET



■ New ARPB initiatives since IPO

SERKO.TRAVEL – SUPPLIER BASED COMMISSION MODEL



ENTERPRISE GO-TO-MARKET PARTNERSHIPS



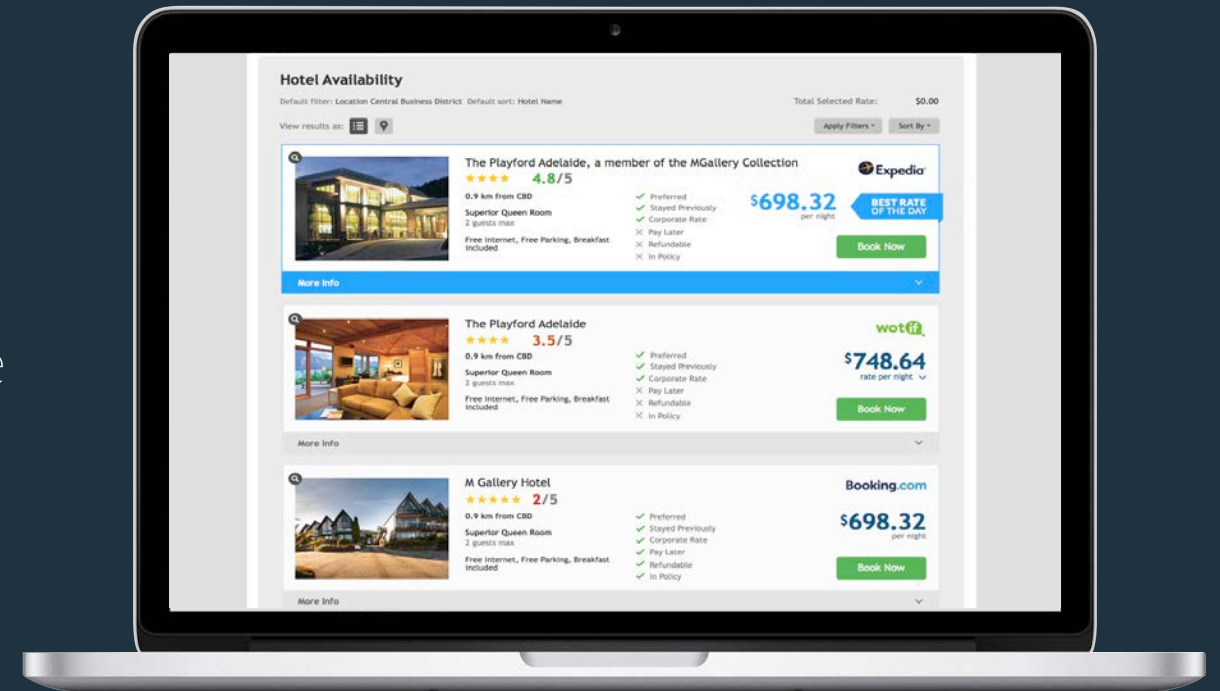
- Serko sells Serko Online through Travel Management Companies (TMC)s
- Reseller base gives Serko access to 90%* of corporate travel spend in Australia and New Zealand
- TMCs refer their clients to Serko for Expense management
- New Zealand and Australia reseller relationships being actively leveraged across Asia / India

*Source: Bell Potter Securities Research 2014

TRANSFORMING CORPORATE TRAVEL

Serko Online

- Used by travel arrangers/travellers
- Door-to-door experience
- Book and change flights, hotel, taxi
- Preferred supplier promotion
- Powerful policy management engine
- Access to 'leisure' providers
- Integrated approvals workflow
- Unique Mass Booking capability

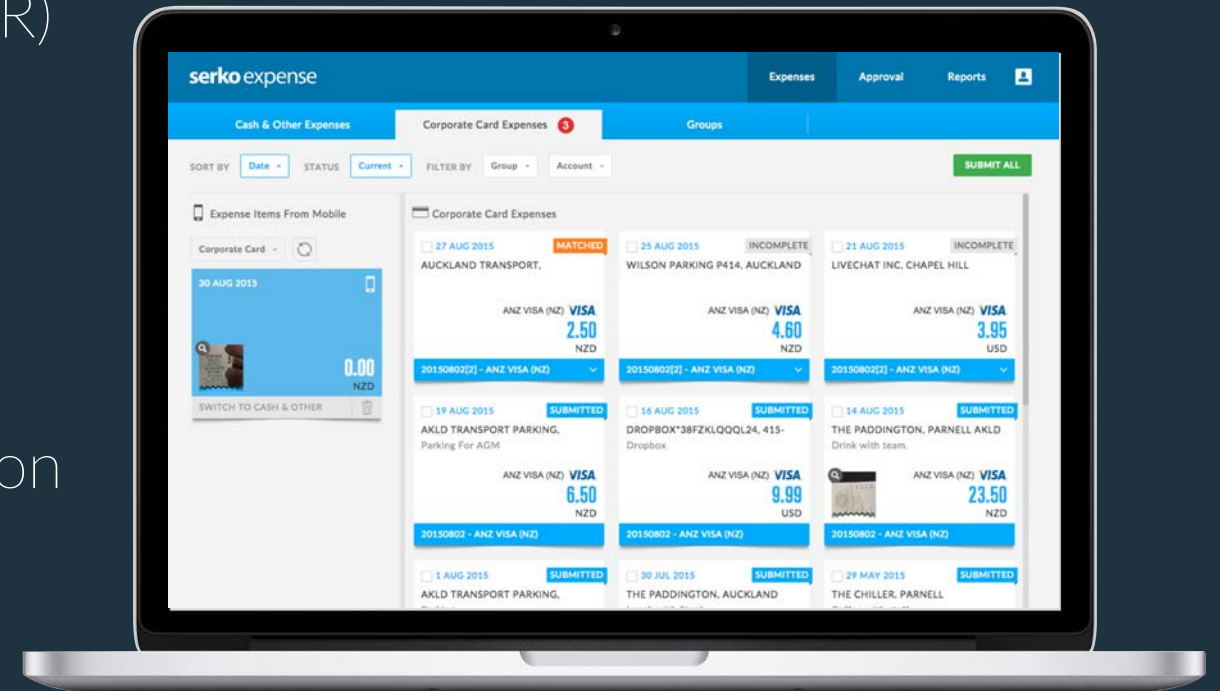


TRANSFORMING CORPORATE EXPENSE



Serko Expense

- Create, edit and submit expenses on desktop and mobile
- Cloud-based receipt translation (OCR)
- View corporate card transactions
- Cloud-based matching of receipts
- Grouping of expenses & review
- Extensive reporting capability
- Rapid data exporting / ERP integration
- Tight integration with Serko Online

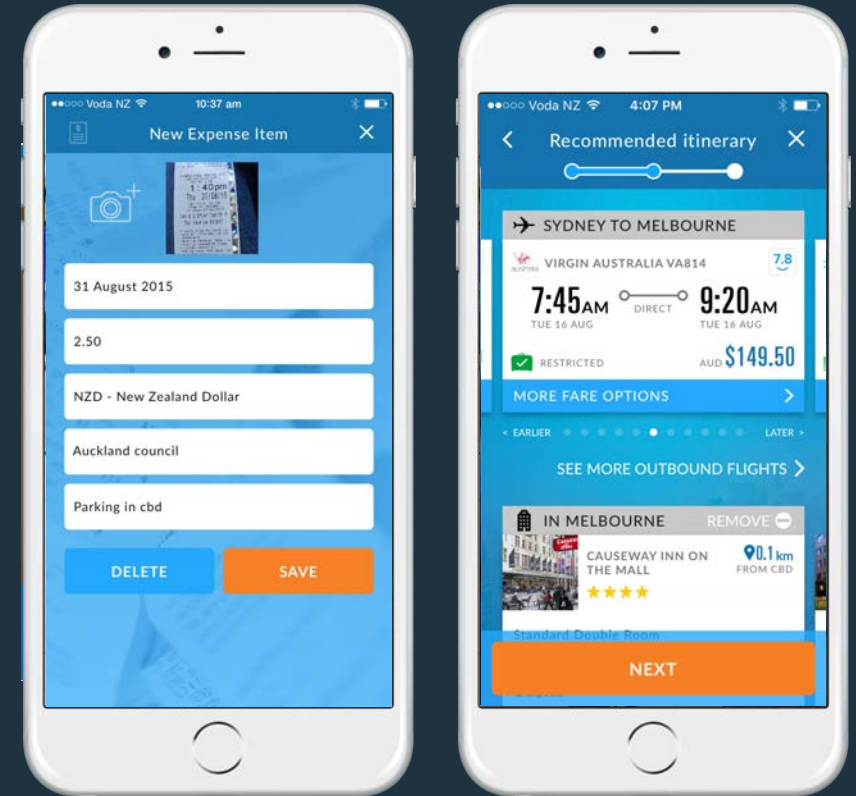


MAKING BUSINESS TRAVEL MOBILE



Serko Mobile

- Serko Mobile launched May 2015
- Unique integrated travel and expense
- Ability to book & change
- Full acquittal via mobile
- Powerful Travel Concierge
- Free to download with premium upsell
- White labels* for Flight Centre Travel group and others



*White labels are a rebranded version of Serko Online, Expense and Mobile to customer specifications

SME GO-TO-MARKET PARTNERSHIPS



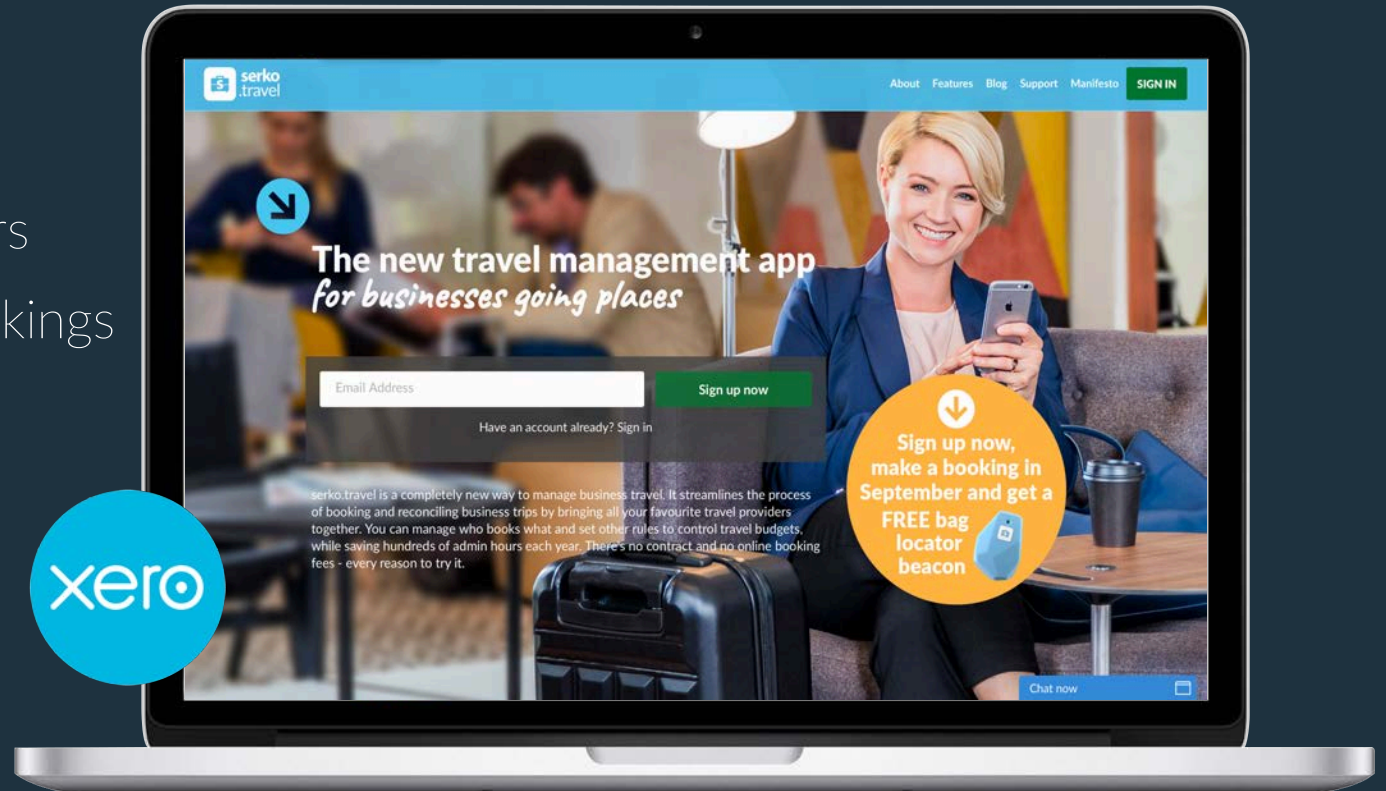
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- Serko sells serko.travel direct to SME customers
- Serko partners companies with active SME relationships like Xero and 2degrees
- Currently actively leveraging partnerships across Australia, New Zealand, Asia and India

SERKO.TRAVEL - A REVOLUTION IN SMALL BUSINESS TRAVEL



- Secure self-registration online
- Access via desktop and mobile app
- Choice of 3 TMCs
- Ability to add rules for travel bookers
- Free¹ to make & change online bookings
- GDS Air & Car, API Hotels & Taxi
- Premium offline services
- Integration with Xero



¹ Free booking - changes are free within airlines rules for change times online, TMC use is user pays

DEFINITIONS



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- FY17 (Financial Year 2017) 1H (First half) 2H (Second Half)
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 - EBITDA – Earnings before Interest, Tax, Depreciation and Amortisation
 - ARPB – Average Revenue per Booking
 - ATMR – Annualised Transactional Monthly Revenue
 - R&D – Research and Development
- GAAP measures
 - Profit = NPBT
 - NPBT – Net Profit Before Tax
 - D& A - Depreciation and Amortisation



THANK YOU