



serko

Serko Limited

Results Presentation for the Year Ended 31 March 2018

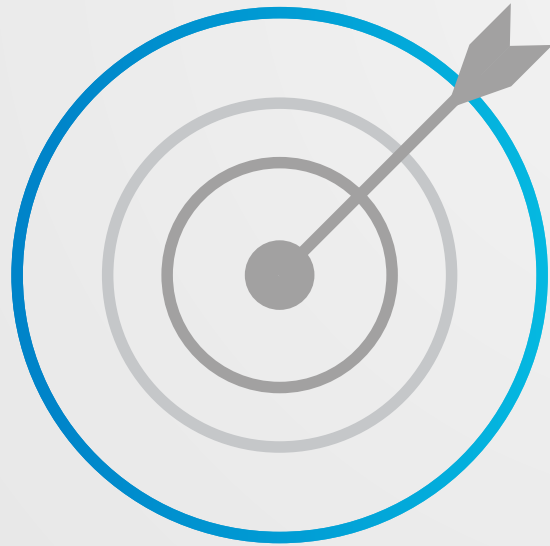
INTRODUCTION



Darrin Grafton



Susan Putt

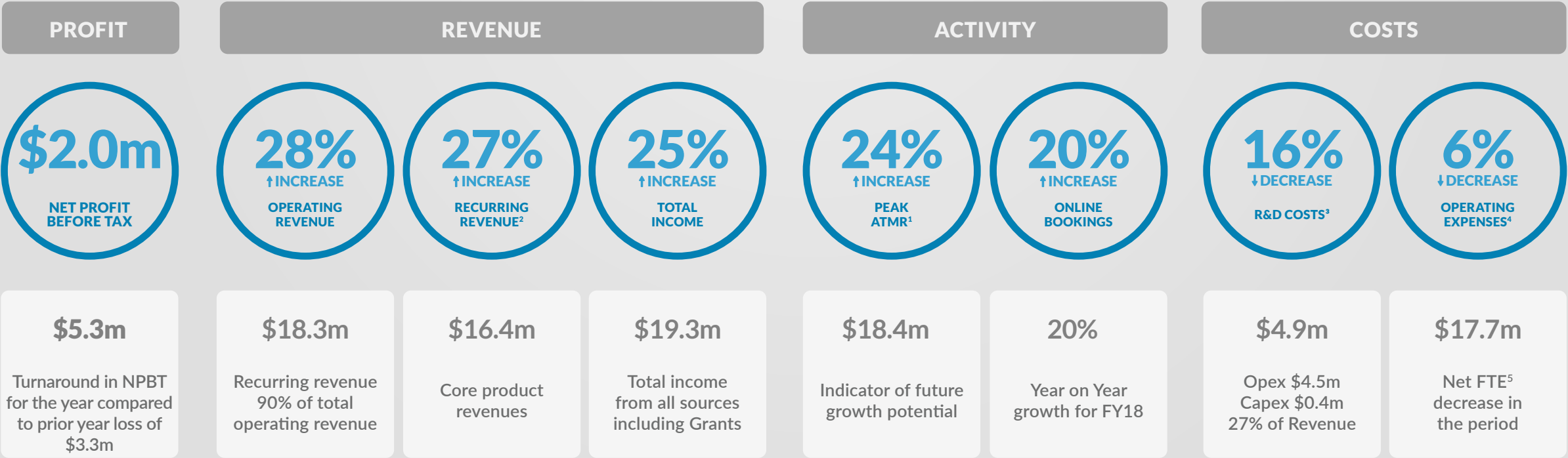


AGENDA

- Financial Results
- Strategic Overview
- Outlook

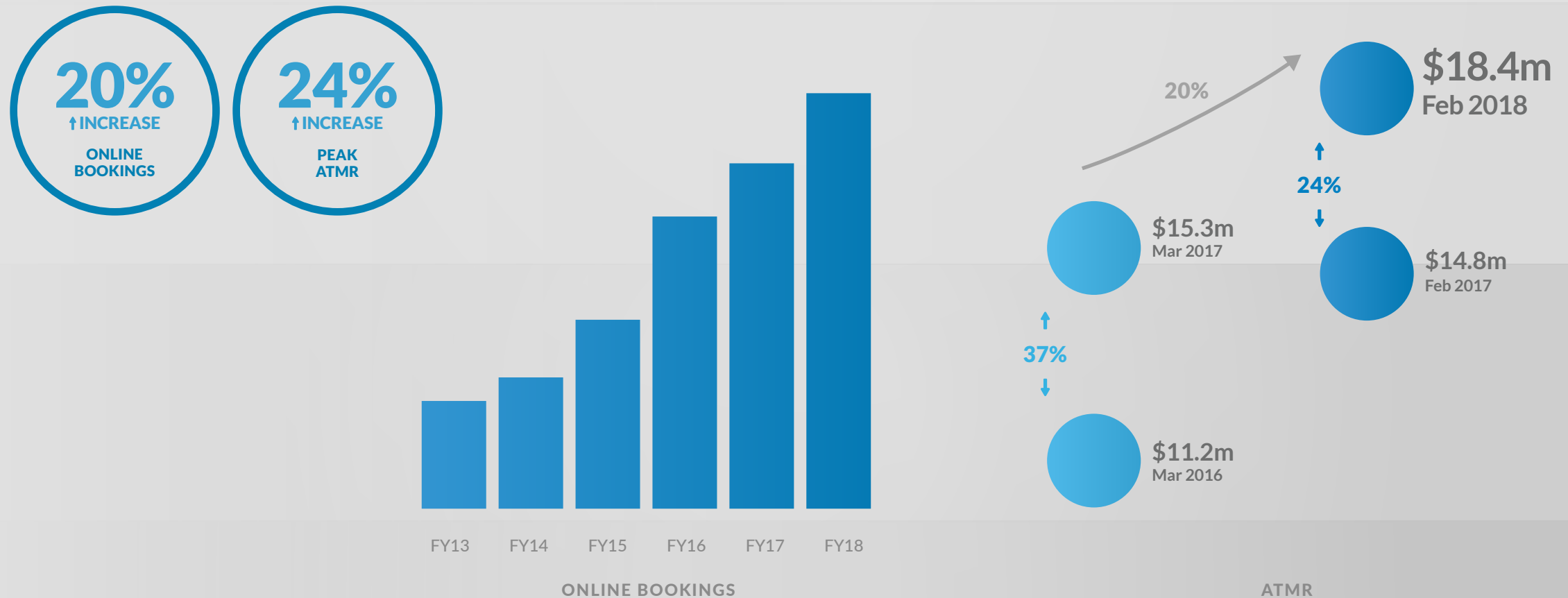
STRONG IMPROVEMENT IN ALL KEY MEASURES

PERFORMANCE DASHBOARD (FY18 VS FY17)

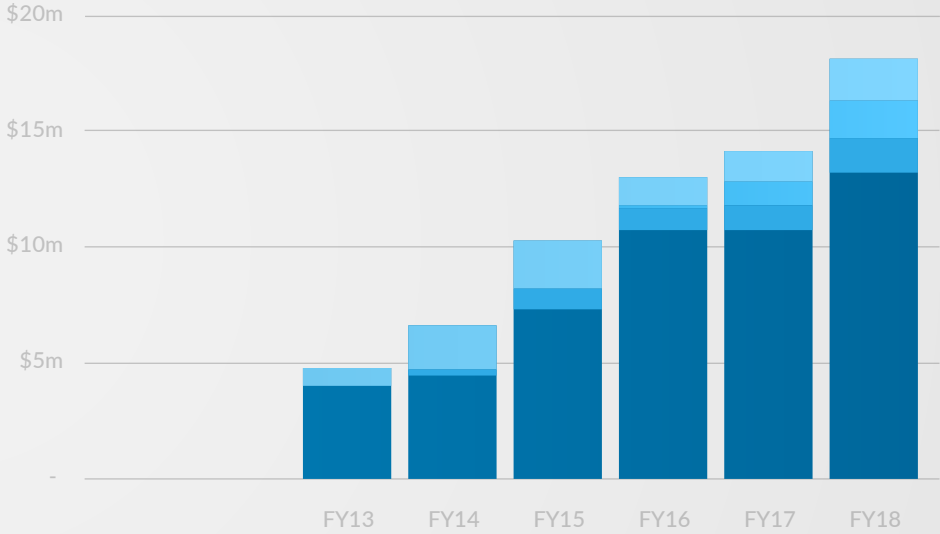


Notes 1 – 5: Refer to Appendix for Definitions
Annualised Transactional Monthly Revenue (ATMR) of \$18.4m is as at Feb 2018 and represents peak for the period whereas March 2018 is seasonally affected by Easter holidays. % increase calculated against Feb 2017 of \$14.8m

ATMR RISES INLINE WITH STRONG TRANSACTION GROWTH



REVENUE GROWTH ACROSS ALL CATEGORIES



- Travel platform
- Expense platform
- Supplier commissions & other
- Services

Year ended 31 March	2018	2017	change	
	\$000	\$000	\$000	%
Travel platform booking revenue	13,283	10,808	2,475	23%
Expense platform revenue	1,539	1,287	414	37%
Supplier commissions revenue	1,125	751	537	72%
Other revenue	334	238	96	40%
Recurring Product Revenue	16,443	12,921	3,522	27%
Percentage of total revenue	90%	91%		
Services revenue	1,835	1,356	479	35%
Total Revenue	18,279	14,277	4,002	28%

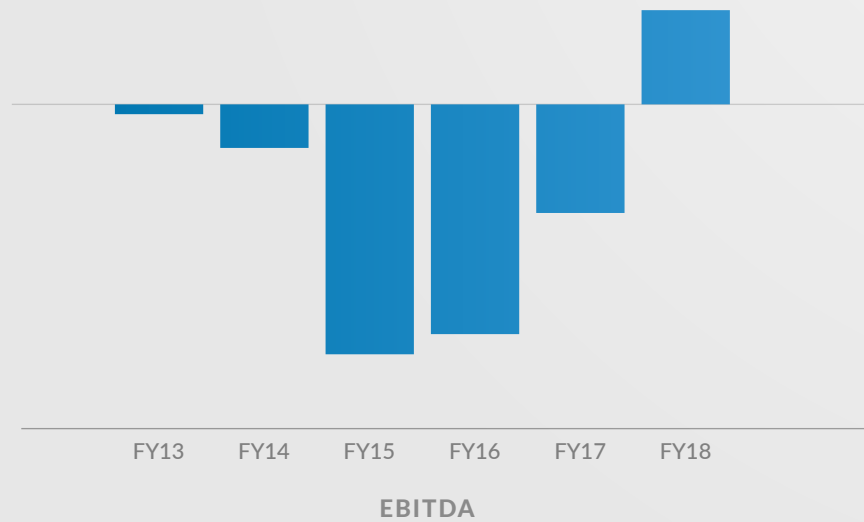
ECONOMIES OF SCALE



Year ended 31 March	2018	2017	change	
	\$'000	\$'000	\$'000	%
Remuneration and benefit expenses	11,667	12,285	(618)	-5%
Selling and marketing expenses	1,258	1,658	(400)	-24%
Administration expenses	3,692	3,880	(188)	-5%
Other expenses	1,067	940	127	13%
Total operating expenses	17,684	18,763	(1,118)	-6%
Percentage of operating revenue	97%	131%		-34%

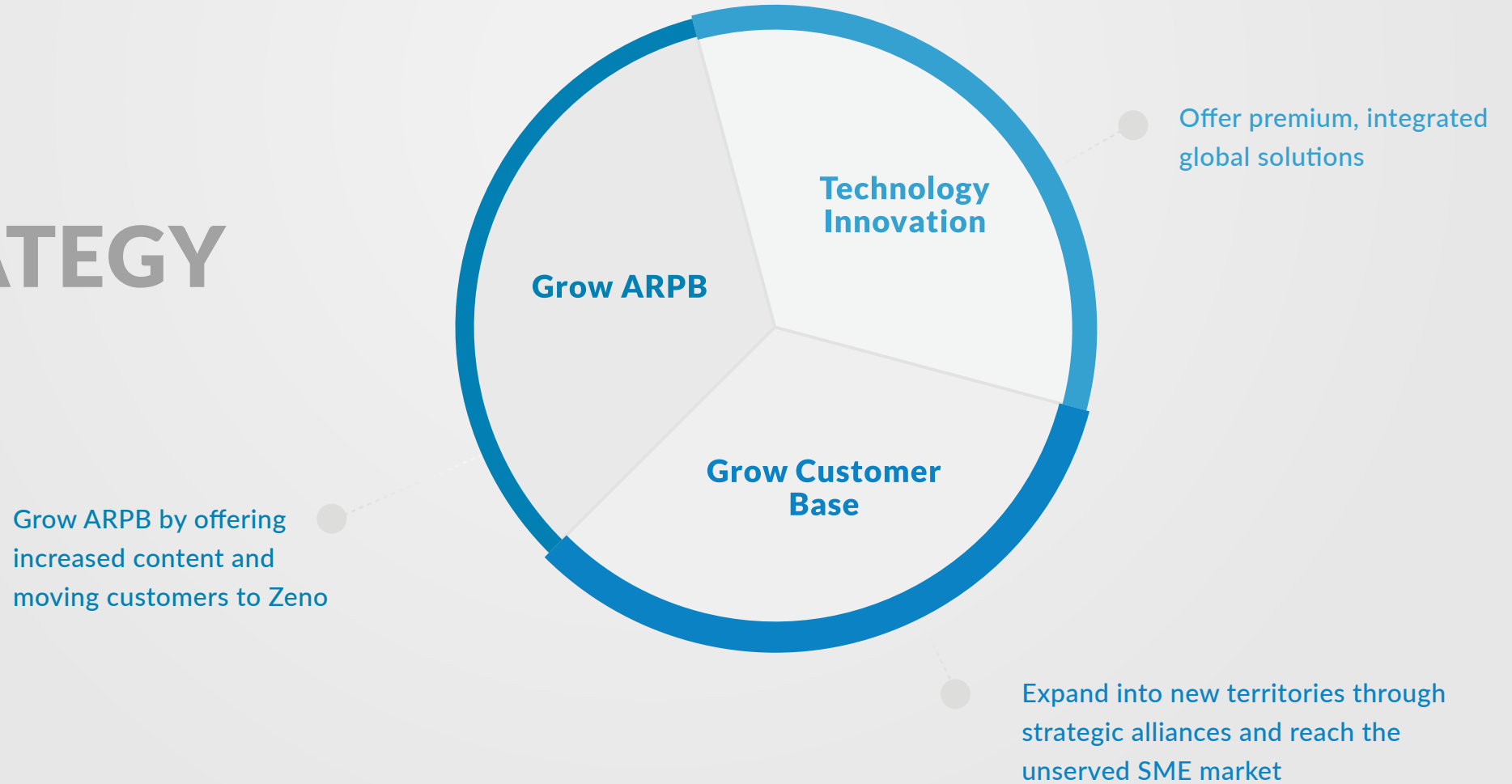
Total Research and Development (R&D) cost (including amounts capitalised)	4,906	5,836	(930)	-16%
Percentage of operating revenue	27%	41%		
(-) Capitalised product development costs	(383)	(780)	397	51%
Percentage R&D Costs	8%	13%		
Research costs (excluding amortisation of amounts previously capitalised)	4,523	5,056	(533)	-11%
(-) Government grants	(956)	(1,073)	117	11%
(+) Amortisation of capitalised development costs	412	450	(38)	-8%
Net product development costs	3,979	4,433	(454)	-10%
Percentage R&D Costs	22%	31%		

MAIDEN PROFIT



Year ended 31 March	2018	2017	change	
	\$'000	\$'000	\$'000	%
Revenue	18,279	14,277	4,002	28%
Other income	994	1,092	(98)	-9%
Total income	19,273	15,369	3,904	25%
Operating expenses	(17,684)	(18,763)	1,079	6%
Percentage of operating revenue	-97%	-131%		
Net finance income	414	88	326	370%
Net profit (loss) before tax	2,003	(3,306)	5,309	161%
Percentage of revenue	11%	-23%		
Income tax expense	(171)	(144)	(27)	-19%
Net profit (loss)	1,832	(3,450)	5,282	153%
Add back: income tax expense	171	144	27	19%
Deduct: net finance income	(414)	(88)	(326)	-370%
Add back: depreciation and amortisation	597	858	(261)	-30%
EBITDA profit/(loss)	2,186	(2,536)	4,722	186%
EBITDA margin	12%	-177%		


OUR STRATEGY








zeno

Zeno is Serko's next generation travel and expense management application, using intelligent technology, predictive workflows which addresses a global travel marketplace



zeno


Who's travelling?

Suggest options for  Fly  Stay  Transfer  Drive








DEPARTING
San Diego
ARRIVING
Sydney

 **TUE., 1 MAY**
 7:00 AM





PICKUP FROM
Sydney Airport
DROP-OFF AT
Sydney Airport


 **Tue., 1 May**
 PICK-UP 7:00 am
 **Fri., 22 Feb.**
 DROP-OFF 2:00 pm





HOTEL IN
Sydney

 **TUE., 1 MAY**
 CHECK-IN 2PM

297 NIGHTS



DEPARTING
Sydney
ARRIVING
San Diego

 **FRI., 22 FEB.**
 2:00 PM

TECHNOLOGY INNOVATION





GROW CUSTOMER BASE

GROW **ARPB**



HOTELS

CARS

RAIL

SEAT SELECT

MEALS

DINING

OTHER

SERKO EXPENSE

SERKO MOBILE

ZENO



BASE
BOOKING FEE

OUTLOOK FY19



GROWTH IN OPERATING REVENUE EXPECTED TO BE IN 15% - 30% RANGE



FEBRUARY ATMR WAS \$18.4M



ASX LISTING PLANNED FOR 25 JUNE*

* Subject to ASX approval



QUESTIONS

Our | **PURPOSE**

Our purpose is to transform the way businesses manage travel and expenses. We do this by helping companies drive down the cost of their travel program using smart technology, and making the process of booking and managing travel and reconciling expenses a positive experience for their people.

www.serko.com for more information



Innovative online travel and expense solutions

\$6b

Used by over 6000 companies with more than \$6b travel per year



Employs over 100 people worldwide and listed on the NZX Main Board



zeno

Zeno is Serko's next generation travel management application, using intelligent technology, predictive workflows and a global travel marketplace

serko
online

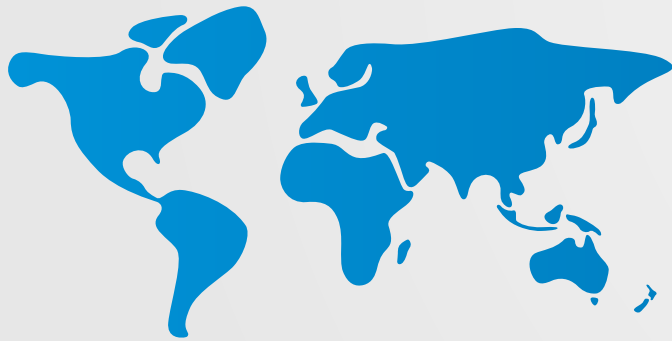
Serko Online is an end-to-end online booking tool for corporates to book and manage airlines, hotels, rental cars and airport transfers.

serko
expense

Serko Expense is an online expense management solution that enables the capture and processing of corporate card and out of pocket claims

serko
mobile

Serko Mobile is a purpose-built mobile app for making, changing and managing flight and hotel bookings and travel expenses.



OUR CUSTOMERS

The majority of Serko's revenue comes from Travel Management Companies (TMCs) who provide our solution to their corporate customers.



HOW SERKO MAKES MONEY

Corporate traveller
makes a booking via
Serko Online/Zeno

\$ Booking and other fees

Serko charges the TMCs a fee per booking (which varies based on volume). There is also a mobile subscription fee for the Serko Mobile app.

Corporate books hotel
or taxi via Serko
Online/Zeno

\$ Supplier commission

Serko also generates revenue through commissions on hotels, rental cars, airport transfers and other travel providers that are booked through its platform.

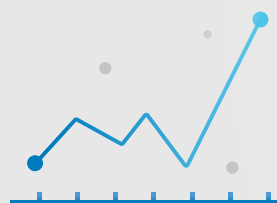
Traveller downloads and
uses Serko Mobile

\$ Mobile subscription

Traveller submits
receipts using Serko
Expense/Zeno

\$ Monthly user fee

Serko Expense customers pay a fee based on the number of active users each month directly to Serko.



HISTORIC METRICS

Selected Operational Metrics

	FY18	FY17	FY16	FY15	FY14	FY13
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total Revenue Growth (%)	28%	9%	27%	55%	39%	27%
Revenue Growth – Serko Online(%)	23%	8%	49%	62%	12%	41%
Operating Costs (excl depreciation & amortisation) (% change)	-5%	-10%	13%	105%	62%	35%
No of transactions (indexed, where FY13=100)	390	326	275	179	123	100
Transaction Growth	20%	18%	54%	45%	23%	35%
Product Recurring revenue as % total revenue	90%	91%	91%	80%	71%	84%
Employees (number at end of year)	106	108	127	133	87	47
Average Revenue per FTE (NZ\$'000)	170	122	101	94	100	119
Research & Development Costs - Expense and Capex (NZ \$'000)	4,906	5,836	6,268	5,762	3,387	2,340
Annualised Transactional Monthly Revenue (ATMR (NZ \$m)	18.4	15.1	11.2	-	-	-

DEFINITIONS

- 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.
- ARPB (Average Revenue Per Booking) is a non-GAAP measure.
- Recurring product revenue (a non-GAAP measure) is the recurring revenue derived from transactions and usage of Serko products by contracted customers. It excludes revenues from customised software development.
- R&D (Research & Development) costs is a non-GAAP measure representing the internal and external costs related to R&D both expensed and capitalised.
- Operating Costs is a non-GAAP measure which excludes costs relating to taxation, interest, depreciation, and amortisation charges
- EBITDA is a non-GAAP measure representing Earnings Before the deduction of costs relating to Interest, Taxation, Depreciation and Amortisation.
- FTE = Full time equivalent employee

DISCLAIMER

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 Annual Report, 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.
- 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.