

## ASX Release

29 January 2020

### WEBJET SEEKS TO CLARIFY INACCURACIES IN ANALYST REPORT

Following the publication of an analyst report on 28 January 2020, numerous investors have contacted Webjet Limited and sought clarification as to how Webjet Limited's OTA division (Webjet OTA) acquires traffic and the impact of Google Flights on that traffic acquisition.

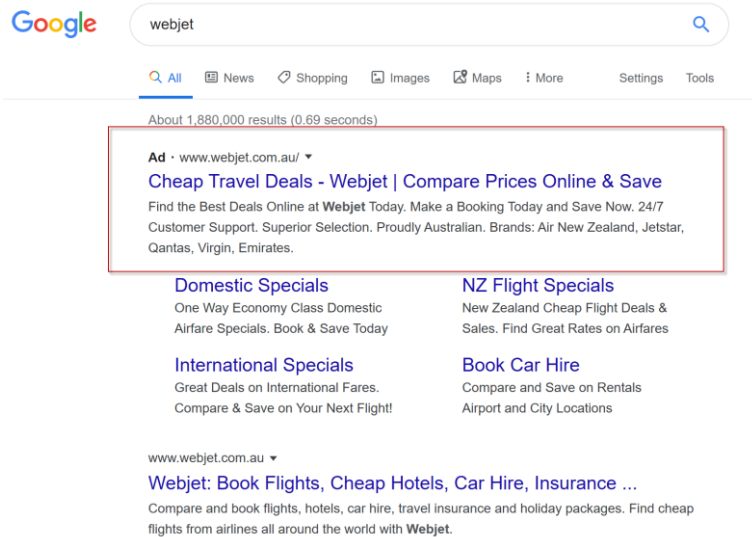
The information below provides the requested clarity and seeks to correct certain factual inaccuracies included in the report. The Company was not consulted on the report by the author prior to its publication.

- 1) The data stating that 65% of Webjet OTAs traffic comes from search engines at a low cost is incorrect and does not reflect the source channel mix or shopping intent of the Webjet OTA's customer base.
- 2) Regardless of source, traffic alone is not a proxy for Webjet OTAs's bookings or earnings growth, and it has never been presented as such by the company. Conversion, booking channel, and attachment rate of ancillary products (as examples) all play a role in bookings and earnings growth, and traffic (and its cost to acquire), as a singular data point, is not the primary predictor of future performance.
- 3) Google's intentions, as interpreted in the report, do not present a material threat to the current traffic or bookings volumes due to the fact that the vast majority of bookings are generated through channels where the Webjet brand is the focus for the search, not destination, carrier or other flight related search term.

To provide further detail:

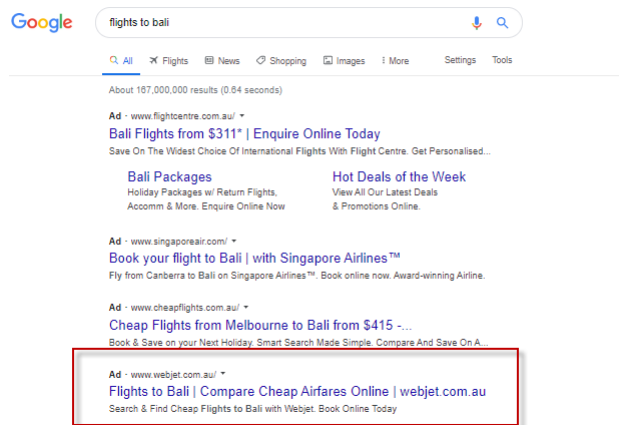
Neither 65% of Webjet OTA's traffic or bookings come from search engines at low cost. A detailed breakdown of all of Webjet OTAs' booking sources are provided below:

- a. Approximately **33%** of Webjet OTAs bookings are derived through **direct channels**, such as typing the webjet URL (webjet.com.au) into a browser address bar, email marketing, Webjet Apps, and other direct channels. For these bookings, customers have specifically chosen to work with Webjet, due to the strength of the brand. This is not impacted by any proposed behaviour by Google in the analyst's report.
- b. A **further 27%** of Webjet OTAs bookings are derived through **Paid Brand** search. This occurs when the customer types "Webjet" or similar iteration in a search box and a Paid Brand ad for Webjet displays. Again, the customer is searching directly for Webjet and choosing Webjet when looking to make a travel decision. It is highly common now for Google to be used as a navigation tool (instead of typing in a URL), hence the high proportion of Webjet brand searches. An example is provided below.



There is a fee paid to Google for displaying this ad. No “Google Flights” result is returned, as it is not relevant to the customer’s specific search, so no impact to this traffic source as a result of Google Flights.

- c. **Paid non-brand search** accounts for approximately 18% of the bookings generated. An example is demonstrated below where a customer searches for “flights to bali” and a number of Paid responses are provided at the top of the results set. The Webjet OTA result is highlighted in red.



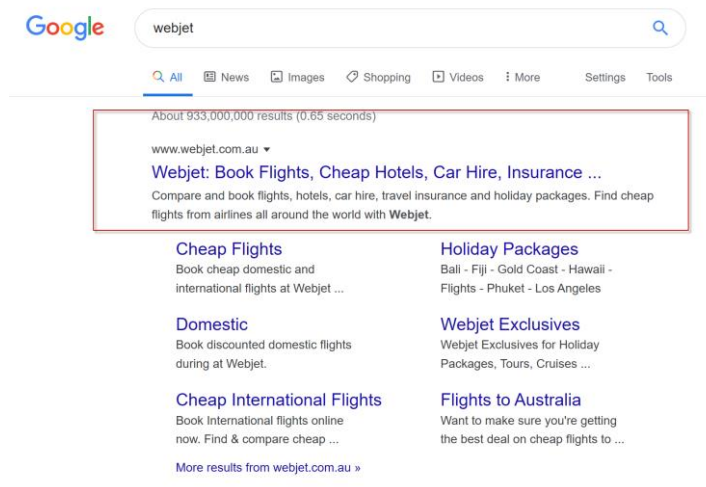
Webjet currently participates in this paid activity and the costs are included in our current marketing spend.

78+% of Webjet’s bookings as outlined above are not impacted by behaviour described in the analyst’s report, as they are either acquired through Paid advertising or a direct result of Brand marketing.

- d. The **remaining 22%** of Webjet OTA’s “organic” or “free” bookings are split into two categories – Organic Brand, and Organic non-brand.

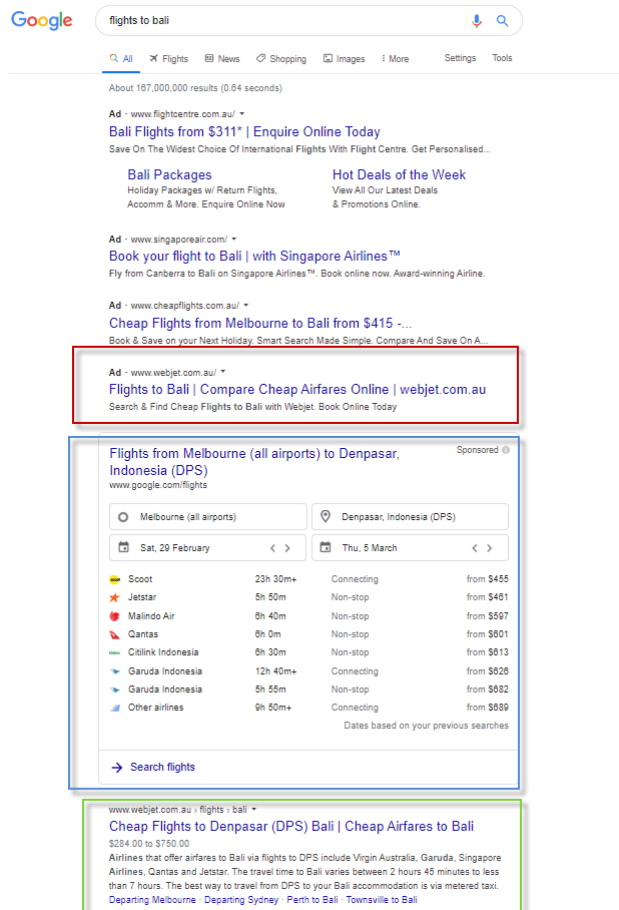
Unlike some of its peers, the vast majority of Webjet’s organic traffic relates to Brand (“Webjet”) as opposed to destination, property, carrier or some other non-brand term. These organic results are not pushed down, as the report states, as there is no Google generated content (ie Google Flights) that matches to the customer’s request (which is Webjet).

**Organic Brand accounts** for approximately **65% of the 22% (or 14% in total)** and occurs when a customer types “Webjet” or a similar iteration into the search box and receives an organic result, as seen below. As with the Paid Brand search result, no Google Flights is present because it is not relevant to the search.



The **final 8%** of bookings are delivered by **Organic non-brand results**, example below highlighted in the green box. This is a result that displays when a customer’s search term matches the content that is available on a website and the website does not pay to have it displayed because the Google algorithm rates it as relevant.

In the example selected, the customer is looking for “flights to bali.”



As Google currently operates, Paid results will come first in a customer's search, followed by Google Flights, and lastly organic results are displayed. This is the competitive situation that currently exists, and Webjet OTA captures 8% of its bookings from the Organic non-brand category, not the 65% that the report implies. Unfortunately, the analysts research has relied on web-based tools which do not have access to first party data and therefore have questionable accuracy.

From mid-February 2020, Google has announced that there will be significant changes to the presentation of the Google Flights module. They advised that it will no longer insert the Google flights module as the second offering, just below Paid Results and above "Free/organic" links. It has stated that "free/organic" links, like the Webjet one in green above, could appear above the Google Flights module, depending on relevancy and convenience.

Webjet OTA welcomes the announced changes, as the significant investment that it has undertaken in building out the Webjet brand should bode well.

It has been a 20-year focus to ensure that when travellers in Australia and New Zealand consider travel, they think of Webjet. This has been achieved through significant investment in an offline, brand-oriented marketing strategy that has delivered an optimal mix of customer acquisition channels as outlined above.

The company trusts this clarifies any misperceptions generated by the report.

For further information, please contact:

Carolyn Mole on (03) 9828 9754 or [carolyn.mole@webjet.com.au](mailto:carolyn.mole@webjet.com.au)