

**ASX Code: WEB    Price: \$7.24    12 Mth Target Price: \$7.90    Rating: Buy**

## Business Summary

Webjet Limited (WEB) is a digital travel business spanning both the global consumer markets (B2C) and the wholesale markets (B2B). The operations include online sale of travel products, including flight tickets and hotel rooms. The company also has ancillary products such as holiday packages, hotels, car hire and travel insurance. The company has presence in Australia, New Zealand, Europe, Asia-Pacific and Americas, Middle East & Africa (AMEA).

**Webjet:** Webjet is an online travel agency in Australia and New Zealand that delivers innovative travel shopping solutions for consumers. It distributes flights, hotels, holiday packages, travel insurance and hire cars.

**Online Republic** One Republic brand is an e-commerce group based in New Zealand whose offers include car hires, motorhome rentals, and cruise holiday deals via the e-commerce space, which complements Webjets value proposition.

**WebBeds:** WebBeds acts as an online intermediary between hotels and travel provider clients. WebBeds provides fast, easy access to global hotel room inventory to more than 20,000 clients comprising retail travel agents, corporate travel agents, wholesalers, tour operators and OTAs. WebBeds offer rooms at more than 250,000 hotels around the world. Their brands include B2B platforms worldwide including: JacTravel, Sunhotels, Lots of Hotels, Totalstay, Destinations of the World, FIT Ruums & Umrah Holidays International.

## Latest Research

### Cyclical or Structural?

Looking forward as pricing and re-opening comps become more difficult, investors will have to decide the difference between what's been a cyclical tailwind vs structural market share growth. Our back of the envelope suggests material growth above the market, which we expect to continue and offset slowing cyclical factors. While we see upside risk from 1.) Long haul travel continuing to grow/recover 2.) The potential for B2B to pre-pay rooms at higher margin; and 3.) Deliver operating leverage off investments in the 1H24. Subsequently we remain Buy rated, however we watch cautiously for any mean reversion in the hotel prices that hasn't become apparent yet.

For more information see research 23 Nov 2023.

## Snapshot

Date	16 January 2024
Market Cap.	\$2,799m
Shares on issue	386.6m
12 Month High	\$7.99
12 Month Low	\$5.92

## Rating

Rating	Buy
12 Mth Target Price	\$7.90
Capital Gain	9.7%
Gross Yield	1.5%
Implied Total Return	11.2%

## Investment Fundamentals

FYE 31 Mar		2023A	2024F	2025F	2026F
Profit	\$m	70.0	124.0	146.0	171.0
Profit (norm)*	\$m	70.0	124.0	146.0	171.0
EPS*	¢	18.0	32.0	38.0	44.0
EPS Growth	%	0.0	77.8	18.8	15.8
P/E*	x	40.0	22.5	18.9	16.4
P/E Relative	%	0.0	0.0	0.0	0.0
DPS	¢	0.0	0.0	11.0	13.0
Yield	%	0.0	0.0	1.5	1.8
Franking	%	0.0	0.0	0.0	0.0

\* Adjusted for goodwill and unusual items

Source: Based on Citi estimates

## Share Price Chart



## Total Return on \$10,000 Investment



**Important Disclaimer** - This may affect your legal rights: Because this document has been prepared without consideration of any specific client's financial situation, particular needs and investment objectives, a Bell Potter Securities Limited investment adviser (or the financial services licensee, or the proper authority of such licensee, who has provided you with this report by arrangement with Bell Potter Securities Limited) should be consulted before any investment decision is made. While this document is based on the information from sources which are considered reliable, Bell Potter Securities Limited, its directors, employees and consultants do not represent, warrant or guarantee, expressly or impliedly, that the information contained in this document is complete or accurate. Nor does Bell Potter Securities Limited accept any responsibility to inform you of any matter that subsequently comes to its notice, which may affect any of the information contained in this document. This document is a private communication to clients and is not intended for public circulation or for the use of any third party, without the prior approval of Bell Potter Securities Limited. This is general investment advice only and does not constitute advice to any person.

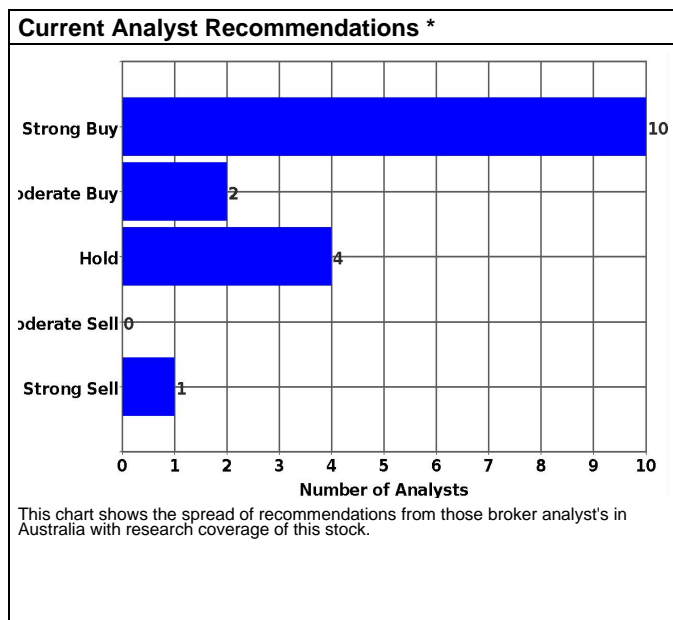
**Disclosure of Interest:** Bell Potter Securities Limited receives commission from dealing in securities and its authorised representatives, or introducers of business, may directly share in this commission. Bell Potter Securities and its associates may hold shares in the companies recommended.

Profit & Loss (\$M)					
	2019A	2020A	2021A	2022A	2023A
<b>Sales Revenue</b>	<b>366</b>	<b>266</b>	<b>38</b>	<b>138</b>	<b>364</b>
Total Revenue ex. Int.	367	267	39	139	364
<b>EBITDA</b>	<b>126</b>	<b>-34</b>	<b>-128</b>	<b>-19</b>	<b>127</b>
Depreciation & Amort.	-36	-52	-33	-43	-69
Goodwill Amortisation	--	--	--	--	--
EBIT	90	-86	-161	-63	59
Net Interest	-13	-17	-15	-19	-22
Profit Before Tax	76	-103	-176	-82	37
Income Tax	-14	15	21	20	-4
Outside Equity Int.	--	--	--	--	--
<b>Profit after Tax</b>	<b>62</b>	<b>-87</b>	<b>-155</b>	<b>-62</b>	<b>33</b>
Significant Items after Tax	-2	-56	-1	-23	-18
<b>Reported Profit after Tax</b>	<b>60</b>	<b>-144</b>	<b>-157</b>	<b>-85</b>	<b>14</b>
Preferred Dividends	--	--	--	--	--

Cash Flow (\$M)					
	2019A	2020A	2021A	2022A	2023A
Receipts from Customers	--	--	--	--	--
Funds from Operations	--	--	--	--	--
<b>Net Operating Cashflow</b>	<b>46</b>	<b>-251</b>	<b>-32</b>	<b>72</b>	<b>176</b>
Capex	-33	-30	-14	-21	-2
Acquisitions & Investments	-210	-6	--	-27	-32
Sale of Invest. & Subsid.	--	--	--	--	--
<b>Net Investing Cashflow</b>	<b>-242</b>	<b>-34</b>	<b>-14</b>	<b>-48</b>	<b>-34</b>
Proceeds from Issues	160	334	-2	5	5
Dividends Paid	-26	-18	--	-12	--
<b>Net Financing Cashflow</b>	<b>225</b>	<b>292</b>	<b>102</b>	<b>154</b>	<b>-84</b>
Net Increase Cash	28	7	55	177	59
Cash at Beginning	191	211	210	261	434
Exchange Rate Adjust.	-8	-9	-4	-4	21
<b>Cash at End</b>	<b>211</b>	<b>210</b>	<b>261</b>	<b>434</b>	<b>514</b>

Ratios and Substantial Shareholders						
	2019A	2020A	2021A	2022A	2023A	
<b>Profitability Ratios</b>						
EBITDA Margin	%	34.31	-12.89	-331.95	-13.99	34.92
EBIT Margin	%	24.48	-32.28	-418.70	-45.36	16.09
Net Profit Margin	%	16.89	-32.81	-403.38	-45.00	8.95
Return on Equity	%	9.61	-10.84	-34.11	-8.32	3.91
Return on Assets	%	4.68	-6.22	-16.35	-3.42	3.30
<b>Debt/Safety Ratios</b>						
Net Debt/Equity	%	-0.85	-1.42	0.15	-15.78	-32.79
Interest Cover	x	6.69	-5.14	-10.68	-3.23	2.70
<b>Top 5 Substantial Shareholders</b>						
Carol Australia Holdings Pty Limited					10.7%	
Mitsubishi UFJ Financial Group, Inc					10.7%	
Commonwealth Bank of Australia and its related bodies corporate					5.5%	
Superannuation and Investments HoldCo Pty Ltd and its related bodies					5.5%	
Comet Asia Holdings II Pte Ltd					5.5%	

Balance Sheet (\$M)					
	2019A	2020A	2021A	2022A	2023A
Cash & Equivalent	211	210	261	434	514
Receivables	362	66	38	111	177
Inventories	--	--	--	--	--
Other Current Assets	6	8	5	9	28
<b>Current Assets</b>	<b>580</b>	<b>284</b>	<b>304</b>	<b>554</b>	<b>719</b>
Prop. Plant & Equipment	23	32	23	21	18
Intangibles	907	870	802	766	802
Other Non-Current Assets	6	10	7	11	28
<b>Non-Current Assets</b>	<b>942</b>	<b>931</b>	<b>876</b>	<b>865</b>	<b>869</b>
Total Assets	1,522	1,216	1,180	1,419	1,588
Interest Bearing Debt	206	198	262	316	240
Other Liabilities	672	212	311	357	514
<b>Total Liabilities</b>	<b>878</b>	<b>410</b>	<b>573</b>	<b>673</b>	<b>754</b>
Net Assets	644	805	607	746	834
Share Capital	511	847	847	1,038	1,050
Reserves	-3	-10	-52	-18	40
Retained Earnings	136	-32	-188	-273	-256
Outside Equity Int.	--	--	--	--	--
<b>Total Shareholders Equity</b>	<b>644</b>	<b>805</b>	<b>607</b>	<b>746</b>	<b>834</b>



Principals & Directors	
<b>Principals</b>	
Company Secretary	Ms Ella Zhao Ms Meaghan Simpson Mr Tony Ristevski
<b>Directors</b>	
	Mr Roger Keith Sharp(Non-Executive Director,Non-Executive Chairman)
	Mr John Gusic(Managing Director)
	Mr Donald Ian Clarke(Non-Executive Director,Non-Executive Deputy Chairman)
	Mr Brad John Holman(Non-Executive Director)
	Ms Denise Patricia McComish(Non-Executive Director)
	Ms Katrina Barry(Non-Executive Director)

To access further Research or for information regarding our recommendations and ratings please see [www.bellpotter.com.au](http://www.bellpotter.com.au)

© 2024 Morningstar, Inc. All rights reserved. Neither Morningstar, its affiliates, nor the content providers guarantee the data or content contained herein to be accurate, complete or timely nor will they have any liability for its use or distribution. This report or data has been prepared for clients of Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or New Zealand wholesale clients of Morningstar Research Ltd, subsidiaries of Morningstar, Inc. Any general advice has been provided without reference to your financial objectives, situation or needs. For more information refer to our Financial Services Guide at [www.morningstar.com.au/sfsg.pdf](http://www.morningstar.com.au/sfsg.pdf). You should consider the advice in light of these matters and if applicable, the relevant Product Disclosure Statement before making any decision to invest. Morningstar's publications, ratings and products should be viewed as an additional investment resource, not as your sole source of information. Morningstar's full research reports are the source of any Morningstar Ratings and are available from Morningstar or your adviser. Past performance does not necessarily indicate a financial product's future performance. To obtain advice tailored to your situation, contact a financial adviser. Some material is copyright and published under licence from ASX Operations Pty Ltd ACN 004 523 782.