

Webjet Limited 2024 Extraordinary General Meeting Transcript

Tuesday, 17 September 2024, 9am AEST

Start of Transcript

Roger Sharp: Well, good morning, ladies and gentlemen. It's now 9:00 o'clock Melbourne time, and I'd like to extend a warm welcome to you to Webjet Limited's Extraordinary General Meeting, hot on the back of our AGM only three weeks ago. My name is Roger Sharp, Chair of Webjet Limited, and I'll be chairing today's meeting.

I'd like to begin by acknowledging the Traditional Owners and Custodians of the land on which we meet today, the Bunurong People of the South-Eastern Kulin Nation.

Our Company Secretary confirms that a quorum is present. No other items of business have been notified. Therefore, we'll work to the agenda published with the Notice of Meeting.

I now formally declare the meeting open.

Today's meeting has been convened as a hybrid meeting, and I thank you all for taking the time to join either in our offices in Melbourne or online. Directors had a bit of a bet on how many people would turn up so soon after the AGM and it's really delightful to see such a full house, so thanks, thanks very much for attending. For those attending in person, could you please switch off your mobile phones, photographic equipment and recording devices.

I'll now introduce my fellow directors who are present.

To my right, Deputy Chair, Don Clarke.

I think on Zoom, I can't see John, but I believe John is beaming in well after midnight. John, are you with us? I'm sure John's there.

Remuneration and Nomination Committee Chair and Non-Exec Director, Brad Holman, to my left.

Audit Committee Chair and Non-Executive Director Denise McComish, who is also here by Zoom or Teams. Denise?

Denise McComish: Hi, Roger.

Roger Sharp: There we go, one out of two is not bad. Thank you.

I'd like to introduce senior members of the management team who are also present today. As ever, there are too many to call out individually, but I do want to acknowledge our Chief Financial Officer and Company Secretary Tony Ristevski to my right, our Global Chief Operating Officer Shelley Beasley, and our Webjet B2C CEO Katrina Barry, who until recently would've been sitting up here, improving our gender diversity.

Today's meeting has been convened for shareholders to consider and vote upon the proposed demerger of Webjet B2C from Webjet Limited. I'll start by making some introductory remarks about the proposed demerger in my Chair's address. We'll then move to the formal business as set out in the Notice of Meeting.

Now a few procedures and protocols. All share and proxy holders will have been given an opportunity to ask questions or make comments today. For shareholders and their representatives attending in person today, please raise your red attendee card when called to do so, and you may speak once you've been acknowledged by the Chair of the meeting. So normally you've got a blue card, but now we can all say we've got a red card, for those of you who like sports analogies.

For those attending online, you may submit questions or comments from now until the close of the meeting using the online platform. To ask a question verbally, please follow the instructions below the broadcast window on the virtual meeting platform and the moderator will facilitate your participation at the appropriate time. To ask a question in writing, please press the 'Q&A' icon on your screen, select the topic your question relates to, type your question in the question box, then press the send button. Written questions can be submitted online at any time during the meeting and will be addressed at the appropriate time. I'd encourage shareholders who are attending online to submit questions or comments as early as possible. Due to time constraints, there is a possibility we will run out of time. If we do, we'll endeavour to answer your questions via email.

I'll take questions first from those attending in person and then those online. Online questions may be moderated or amalgamated if we receive a number on the same topic, and we do reserve the right to limit the number of questions from any shareholder or proxyholder if this denies the opportunity to others present to get their questions in.

Resolutions 1 and 3 before you today are ordinary resolutions and will be passed by a simple majority. Resolution 2 is a special resolution and will be passed by at least 75% of the votes cast by shareholders entitled to vote on this resolution being in favour. It's a quirk of fate that to change our name requires a special resolution, but to change our business fundamentally, an ordinary resolution.

The voting restrictions are included in the 'notes' section in the Notice of Meeting. Voting will be held by way of a poll on all items. I appoint Nigel Bulling from our share registry, Computershare Investor

Services, as the Returning Officer. To provide you with enough time, I'll shortly open the poll. Voting will remain open until I declare the poll closed at the end of the meeting.

For share and proxy holders attending in person, you would've been issued a red attendee card with instructions on the reverse side. If there's anyone attending in person who believes they're entitled to vote but hasn't received a red card, please make your way to the registration desk just outside. By completing the voting paper, you are deemed to have voted in accordance with those instructions. In respect of any open votes a proxyholder may be entitled to cast, you need to mark a box beside the motion to indicate how you wish to cast your open votes. Shareholders and attorneys of shareholders need to mark a box beside the motion to indicate how you wish to cast your votes. Once you've completed the voting paper, please print your name at the bottom of the paper and sign it. One of the Computershare team will collect your completed voting paper at the appropriate time.

For share and proxy holders who are attending online, the vote icon will appear at the top of the screen on the virtual meeting platform. Selecting this icon will bring up the resolutions and present you with voting options. To cast your vote, simply select one of the options. A tick will appear to confirm receipt of your vote. You can change your vote up until the close of voting. To do so, select 'Click here to change your vote'.

Now if we have technical difficulties during the meeting, I do have the discretion to determine whether and how the meeting should proceed. If we need to do this, I'll have regard to the number of shareholders impacted and the extent to which participation in the business of the meeting is affected. If you experience any difficulties, please go to www.computershare.com.au/virtualmeetingguide or contact Computershare on 03 9415 4024.

I now declare voting open on all resolutions, and I'll give you a warning before closing voting at the end of the meeting.

During the formal business of the meeting, we will display the proxy votes received on screen before voting by poll is conducted, and you'll note that we did file with ASX last night after the close of trading a summary of votes as received at the end of yesterday.

I'll just now make some comments on the demerger proposal.

As you're aware, today's meeting has been convened for shareholders to consider and vote on the proposed demerger of Webjet B2C from Webjet Limited. If approved, the demerger will form two independent ASX-listed companies with leadership positions in their respective industries and with their own distinct operating profiles, strategies and growth opportunities. These will be:

- the existing listed company, which will be renamed WEB Travel Group and will own WebBeds, the global B2B travel distribution business;
- and secondly, the soon-to-be-listed spin-off, to be known as Webjet Group Limited, will comprise our B2C businesses, namely Webjet OTA, GoSee and TripNinja.

Now, during the preparations for this demerger, we very quickly learned that we were dealing with word soup when we tried to define these businesses. So, for the purposes of simplicity today, I'm going to refer to the existing listed company as 'Webjet Limited' and the soon-to-be-listed spin-off as 'Webjet B2C' for the remainder of my address today.

The Board's decision to propose the demerger reflects an assessment of the attractive but divergent growth opportunities available to both businesses, and it followed an extensive strategic review which considered various structural alternatives including a sale to a third party and an initial public offering.

On balance, it's the Board's view that separating these businesses into standalone entities with independent boards, independent management teams and capital structures will best position each business to pursue their independent strategic priorities and growth agendas, and we believe that this in turn will best enhance value for Webjet Limited shareholders.

A few words on Webjet B2C. Webjet OTA is an iconic brand that still reflects the ethos of its founder, David Clarke, when he launched it 26 years ago. As the number one OTA in Australia and New Zealand, Webjet has driven the digitisation of travel for more than two decades, with a laser focus on driving consistent profitable growth. Webjet B2C is well-positioned to succeed as a standalone business, with a strong Board, an executive team that's worked together for many years and a strong balance sheet with an expected \$80 to \$100 million of cash. The business is in good hands under the stewardship of Don Clarke and Katrina Barry, alongside Brad Holman and Shelley Beasley, all of whom know the business intimately given their positions on the Webjet Limited Board and of course the management team, with extensive experience in the travel sector.

For more than two decades, Webjet B2C has capably dealt with every obstacle that's come its way, and we expect that as an independent entity, Webjet B2C will continue to do just that to demonstrate its hallmark resilience in facing challenges and to seek out new opportunities with agility and hunger. Apparently that was a Star Trek line, actually. Webjet B2C does not expect to pay a dividend in respect of FY25, but it does anticipate paying dividends in FY26 and in subsequent years. The Webjet B2C Board will provide further details with the release of FY25 results in May 2025.

On to Webjet Limited. Post-demerger, Webjet Limited will be a pure-play global B2B travel business. Its WebBeds business is already one of the largest global players in the wholesale travel market, with over 50,000 travel buyers across 140 source markets booking 17 million room nights across 500,000

worldwide hotels in FY24. WebBeds has a highly compelling product proposition within an increasingly complex travel ecosystem, and it continues to benefit from flywheel effects as its network of travel buyers and suppliers expands.

\$10 billion in TTV is our North Star, and we're executing against that goal. We have a clear understanding of the organic growth pathway. We have the flexibility to engage in selective M&A to accelerate this journey.

Webjet Limited will maintain its conservative balance sheet and strong net cash position after the demerger. The existing \$250 million convertible note due in April 2026 will remain with the Company and in accordance with the note's terms, the conversion price will be adjusted downwards based on a formula referencing the Webjet Limited share price in the 10 trading days to 20 September and the Webjet B2C share price in the five trading days from 23 September. Webjet Limited is likely to continue to pursue capital management strategies post-demerger to lessen the potentially dilutive impact of the note conversion. We will next consider our dividend policy at maturity in April 2026.

If the demerger is approved today, shareholders will retain their existing shareholding in Webjet Limited and eligible shareholders will receive one Webjet B2C share for every one Webjet Limited share they hold on the Record Date, which is at 7:00pm on Tuesday the 24th of September. We expect Webjet B2C to start trading on ASX on 23 September on a conditional and deferred settlement basis.

The Webjet Limited Board unanimously considers the demerger to be in the best interests of Webjet Limited shareholders. We're confident that both Webjet Limited and Webjet B2C will be set up for success as independent ASX-listed companies, and we encourage you to vote in favour of the resolutions today.

To conclude, I'd like to thank the Webjet B2C Board and management team for their contribution to Webjet Limited. I would like to wish them well as they pursue Webjet B2C's future as an independent ASX-listed company, subject of course to receiving approval today. I'd also like to express my thanks to our shareholders for their ongoing and continued support.

I'll now invite share and proxy holders attending in person to ask questions on my address but not relating to the formal business of the meeting. Please raise your red attendee card if you'd like to make a comment or ask a question. Let us know which organisation you represent if you do.

I'll now move to the formal business of the meeting. The Notice of Meeting and Explanatory Statement were made available to shareholders on the 16th of August 2024 in compliance with the Company's constitution, and I propose to take them as read unless there are any objections.

We'll now move to Resolution 1. Now, I warn you these are long and wordy resolutions, but it is such an important matter that I'm determined to read them in their entirety, so bear with me.

Resolution 1 is to consider and, if thought fit, pass the following resolution as an ordinary resolution that:

(a) for the purposes of section 256[C](1) of the Corporations Act, the Company's share capital be reduced on the Implementation Date by the Capital Reduction Amount, with such amount being applied equally against each Webjet Share on issue on the Demerger Record Date and the reduction, together with the Demerger Dividend, being effected and satisfied by distributing in-specie the Webjet B2C Shares to Eligible Shareholders (and the Sale Agent in respect of Ineligible Shareholders and Selling Shareholders); and

(b) the Demerger of Webjet Group Limited from the Company as described in the Demerger Booklet and all relevant agreements and arrangements entered into by Webjet Group Limited and the Company and all their respective related bodies corporate to give effect to the Demerger are approved for all [purposes].

I now draw your attention to the proxy votes for Resolution 1 as shown on the screen. Are there questions from the room, please? And if you do have a question, could you raise your red card and identify yourself?

Carolyn, any questions online?

Carolyn Mole: A Mr Roberto Salvatore. He says, 'How does one hold their share in Webjet only?'

Roger Sharp: Which Webjet?

Carolyn Mole: It just came up as Webjet.

Roger Sharp: I mentioned the word salad. Well, look, I think after the split, clearly people are free, shareholders are free to retain both, sell one, sell both. They'll both be hopefully relatively liquid and listed on ASX, so the choice is yours.

Thank you. I now put the motion to vote as an ordinary resolution. Please lodge your vote for Resolution 1.

We now move to Resolution 2, which is to consider and, if thought fit, pass the following resolution as a special resolution:

That, subject to and conditional upon Resolution 1 being passed and for the purposes of section 157(1)(a) of the Corporations Act and all other purposes, the Company change its name from 'Webjet Limited' to 'Web Travel Group Limited'.

The proxy votes received on Resolution 2 are now being shown on the screen behind me. Are there any questions on this resolution from the room, please?

Carolyn, any questions online?

I now put the motion to vote as a special resolution. Please lodge your vote for Resolution 2.

We now move to the final resolution for today, which is to consider and, if thought fit, pass the following resolution as an ordinary resolution:

That, subject to and conditional upon Resolution 1 being passed and for the purposes of ASX Listing Rule 10.14 and all other purposes, the grant of Webjet Rights to Mr John Guscic (or his nominee) under the Webjet Long Term Incentive Plan as described in the Explanatory Statement is approved.

A little background – at Webjet's recent Annual General Meeting held here on the 29th of August, shareholders approved the grant of 362,812 performance rights to John. If the demerger proceeds, it's proposed the grant of performance rights approved at the AGM be replaced with an alternative grant of performance rights to be calculated by dividing John's LTI maximum opportunity amount by the 20-day VWAP – volume weighted average price – of Webjet shares commencing on 1 October 2024, being the first trading day of Webjet shares following demerger implementation.

The votes received on Resolution 3 are now shown on the screen. Are there any [questions] on this resolution from share or proxy holders in the room today, please?

Carolyn, nothing online? Thank you.

I now put the motion to a vote as an ordinary resolution. Please lodge your vote for Resolution 3.

Do any share or proxy holders have any final questions or comments on the resolutions to be voted on today which haven't been addressed?

Anything online, Carolyn?

Alright, that concludes our discussion on the items of business. In a couple of minutes, I will close voting. Please ensure you've cast your vote on all three resolutions. I'll now pause to allow you time to finalise your vote.

And while we're waiting, Ella, thank you for your note. We note that John Guscic is indeed online. He just wasn't able to unmute quickly enough. Wouldn't be the same without John.

John Guscic: I'm here, Roger.

Roger Sharp: Welcome, John. What time is it where you are?

John Guscic: 1:22am.

Roger Sharp: There's a committed person for you.

Alright, thank you. As all voting appears to now have been completed, I now declare the poll closed and formally charge Nigel Bulling as returning officer to count the votes.

Ladies and gentlemen, that concludes our proceedings today. Once the votes have been counted, the results of the poll will be released to the ASX later today and available at our website at webjetlimited.com.

Thank you for your attending. And before declaring the meeting closed, I'd just like to offer congratulations and best wishes to our colleagues and friends at Webjet B2C, Don and Katrina in particular. We'll watch with great interest. I now declare the meeting closed. Thank you.

End of Transcript