



## Market Release

28 October 2024

# SERKO TARGETS FURTHER GROWTH, WILL ACQUIRE SABRE'S GETTHERE

## TOTAL INCOME ASPIRATION

New total income aspiration of \$250m for FY30, reflecting Serko's current growth trajectory and the assessment of the size of the opportunities ahead.

## NORTH AMERICAN EXPANSION

Partnership with travel technology leader Sabre<sup>1</sup>, and acquisition of Sabre's GetThere, rapidly increases Serko's North American presence to become the #2 online booking tool provider<sup>2</sup>

- Serko to acquire Sabre's business travel management solution GetThere for \$US12m
- Sabre and Serko to co-develop and co-invest to bring new capabilities to the industry
- Partnership incentivises Sabre co-selling Serko solutions with revenue share and up to \$US12.75m in performance bonuses for the first two years.

## PRODUCT & TECHNOLOGY INVESTMENT

Targeted investment to deliver innovation and global scale and maximise the opportunities presented by a changing travel market – with development of an open platform that seamlessly integrates diverse content and services with built-in data and AI capabilities.

Serko Limited (NZX&ASX: SKO) ("Serko") today announced plans to expand its existing business in North America, including through a long-term partnership with global travel software and technology provider Sabre Corporation (NASDAQ: SABR) ("Sabre"). As part of the partnership, Serko will acquire Sabre's business travel management solution, GetThere, becoming the #2 online booking tool provider in North America.

The ownership of the GetThere business will be transferred to Serko upon close, including the GetThere solution and intellectual property, the substantial expertise and deep domain knowledge of the GetThere team members joining Serko in the United States, Australia, United Kingdom and India, as well as a valuable customer base. Serko will continue to operate and sell under the GetThere and Zeno brands.

Serko co-founder and CEO, Darrin Grafton, said: "The size of the opportunity in North America is significant and today's announcement sets out the most compelling path to deliver long-term value for shareholders, partners and customers.

<sup>1</sup> Subject to close of acquisition

<sup>2</sup> By volume. Based on management estimates.

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“We enter into this next phase of our growth in a strong position, with sound financials, a track record of successful growth through partnerships, and increased efficiency and capability.

“For some time, we have been closely considering how we scale in North America, expanding our existing operations in a \$NZ400 billion<sup>3</sup> business travel market. This partnership and acquisition is a logical step for Serko, with targeted growth in the US managed travel market strengthening our position as a leader in business travel technology.

“We are delighted to enter this long-term partnership with Sabre to support both companies’ success. The GetThere team, with their extensive travel technology expertise and market knowledge, will be highly complementary to our existing North American operations. The announcement follows extensive engagement with Sabre and the GetThere business, including detailed due diligence.

“In addition, today we are announcing an acceleration of investments in Serko’s products and technology, which will benefit all channels, partners and customers.”

### **Serko-Sabre partnership to support both companies’ success**

- Five-year initial term commencing upon the closing of the GetThere acquisition
- Co-development and co-investment plans
- Co-selling and co-marketing of Serko’s solutions utilising Sabre’s North American sales team
  - Revenue share for new customer acquisitions achieved as a result of co-selling
  - Up to \$US12.75m in performance bonuses payable in cash or shares.

The long-term partnership between Serko and Sabre is designed to accelerate innovation in managed travel by bringing together both companies’ unique and complementary expertise and resources. The partnership also defines a joint approach to commercial, sales and marketing initiatives to help facilitate growth in North America and beyond.

Additionally, through its partnership with Sabre, Serko will utilise the Sabre and Google co-innovation framework to further explore and develop new advancements and solutions for the corporate travel space.

The performance bonus payments strongly align Sabre incentives for selling and marketing Serko products to outcomes which drive long-term value for Serko and its shareholders. The performance payments of up to \$US12.75m will be made on Sabre achieving contracted annual revenue on a ~1:1 ratio from co-selling in the first two calendar years.

Mr Grafton said: “As part of the agreement, Serko and Sabre have announced plans to co-develop and co-invest to bring new capabilities to the industry – all with the goal of empowering and delivering greater value to travel management companies, business travel buyers, and, ultimately, business travellers.”

Sabre Travel Solutions Chief Product and Technology Officer, Garry Wiseman, said: “This collaboration supports Sabre’s strategy to be the most valued platform technology provider for the travel industry while building upon our continued focus in the corporate travel space.”

### **Acquisition of GetThere rapidly increases Serko’s market presence**

- Acquisition of the GetThere business for \$US12m is expected to occur on or about 6 January 2025 (Eastern Daylight Time)
- \$US10m cash payable at close with a further \$US2 million payable in cash or shares in late 2025
- Multi-year transitional hosting services agreement
- Twelve-month transitional services agreement.

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<sup>3</sup> GBTA Business Travel Index Outlook (2024) on total transaction value basis, less in-destination spend for the US market only.

The acquisition of GetThere provides Serko with a broadened, blue-chip customer base with incentivised selling by Sabre's North American sales team under the partnership.

Mr Grafton said: "We warmly welcome the GetThere team to Serko. GetThere has a highly regarded team with substantial knowledge and expertise on both global travel and the North American market. We look forward to working with the team to enhance the value we provide to partners and customers."

The transaction will include a multi-year transitional hosting services agreement and 12-month transitional services agreement to help ensure the smooth transition of the GetThere business operations to Serko.

### **Product and technology acceleration to support growth plans**

Serko will accelerate investment in its product and technology to support Serko's growth plans and remain at the forefront of business travel. Development of an open platform that seamlessly integrates diverse content and services with built-in data and AI capabilities.

This will allow Serko to support growth plans globally, benefitting partners and customers.

Mr Grafton said: "Accelerating the evolution of our product and technology will allow us to maximise the opportunities available to us in our chosen markets, while also positioning us to respond to increasing demands for automation, data and AI tools and an increasing blurring between traditional travel segments such as managed and unmanaged."

Accelerated product and technology investments are anticipated to be approximately \$NZ40 million over the next four years.

### **Investing to maximise the North American opportunity**

Serko's aspiration of \$250 million in total income by FY30 reflects Serko's current growth trajectory and our assessment of the size of the opportunities ahead.

Funding for North American expansion together with the increased product and technology investments will be sourced from existing cash balances and operating income. Serko has structured investment levels to maximise the opportunity, as well as retaining flexibility and appropriate cash reserves.

The acquisition of GetThere, in combination with the Sabre partnership and product and technology investment, is expected to be one of the key drivers of Serko's long-term revenue growth. However, the acquisition is currently earnings dilutive with additional information available in the investor presentation.

Serko expects to incur transaction costs relating to the Sabre partnership and the acquisition of GetThere of approximately \$NZ3 million. One-off integration costs associated with the acquisition are also anticipated to be \$NZ3 million, spread across FY25 and FY26.

### **Interim results FY25**

Serko has today separately released its unaudited results for the six months to 30 September 2024.

*Authorised for release by the Board of Serko*

## FURTHER INFORMATION

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All conversions of US dollars to New Zealand dollars in this release have been made using a rate of one New Zealand dollar = \$USD 0.6077.

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# Building a globally-competitive business at scale

North American expansion

Investing to maximise the growth opportunity

Investor presentation - 28 October 2024

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# Important notice

- This presentation has been prepared by Serko Limited ("Serko"). All information is current at the date of this presentation, unless stated otherwise. All currency amounts are in NZ dollars unless stated otherwise.
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# Outline of today's announcement

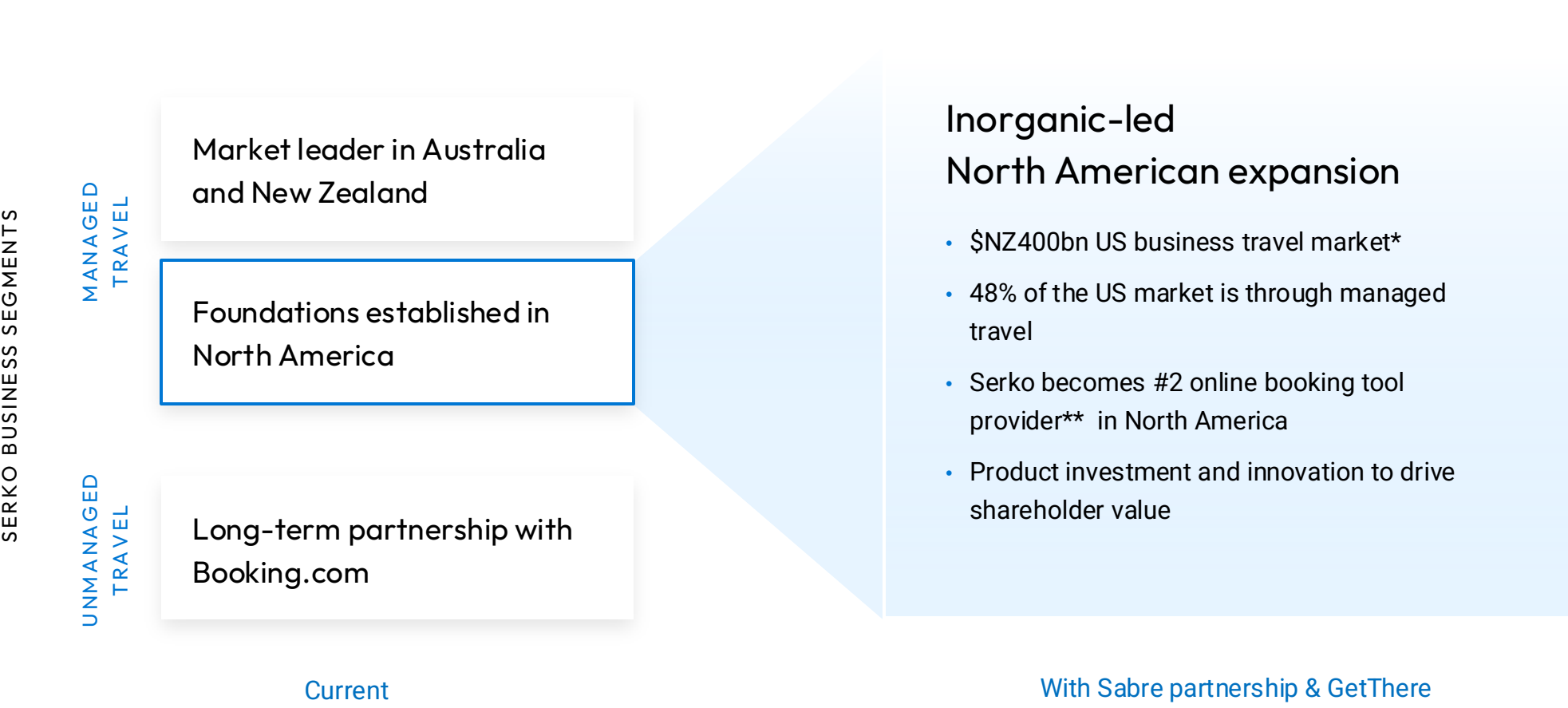
Focus unchanged	To be a globally-competitive business at scale
Total income aspiration	FY30 total income of \$NZ250 million
North America expansion	Accelerating growth with Sabre partnership and acquisition of Sabre's GetThere
Product & technology	Targeted investment to deliver innovation and global scale

# North American expansion





# North America is a key part of our growth plans

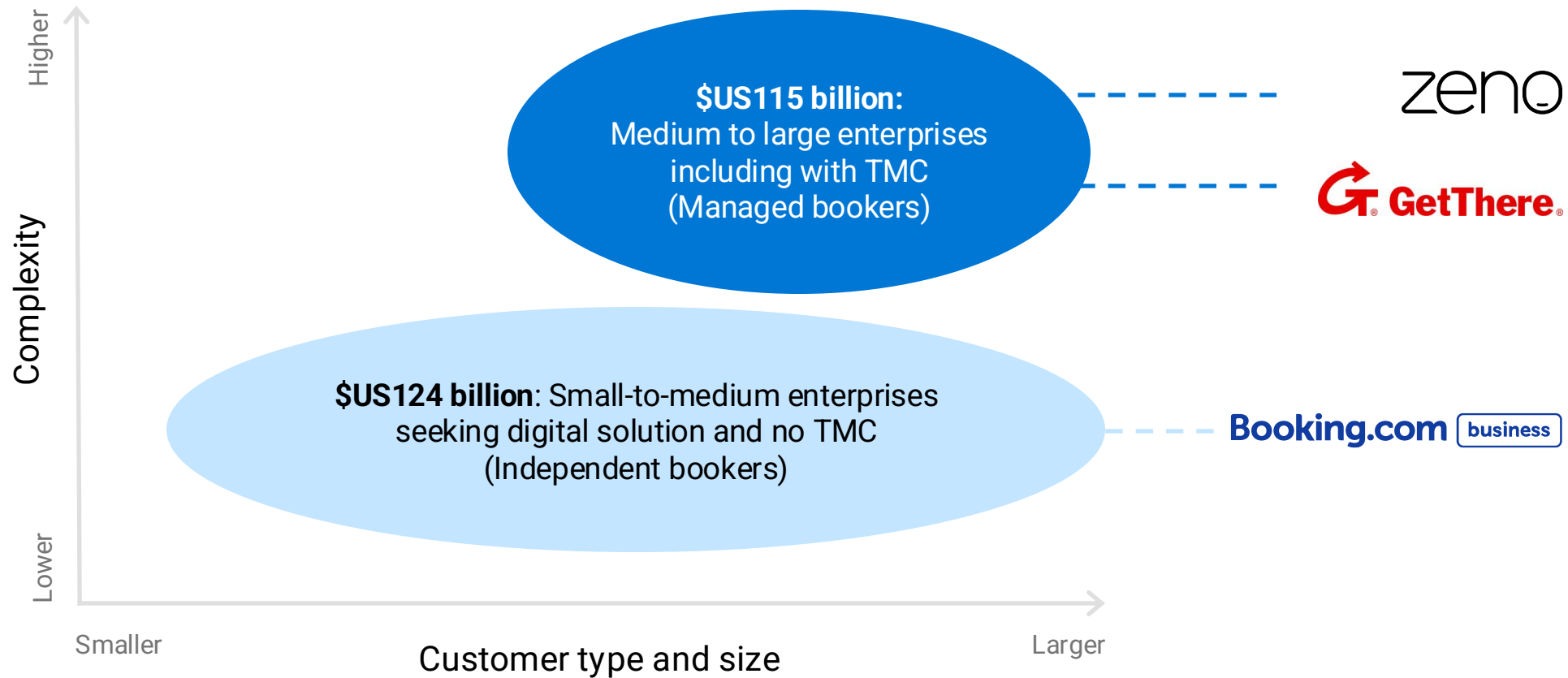


\* GBTA Business Travel Index Outlook (2024)  
\*\* By volume. Based on management estimates.

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# Target markets in US aligned to Serko offerings

The US is a NZ\$400 billion (US\$239 billion) business travel market\*\*



\* Market segmentation is based on management estimates.

\*\* GBTA Business Travel Index Outlook (2024) on total transaction value basis, less in-destination spend.

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# Serko is uniquely placed to succeed in the US market

Serko has anticipated US and global industry trends

- Demand for a connected trip for frictionless travel
- Automation, data and AI to drive efficiency and personalisation
- Partner/customer demand for global delivery
- Blurring between managed and unmanaged travel

Serko is building and deploying dynamic solutions at scale across both managed and unmanaged travel

Unified travel experiences

Data and AI-driven insights and efficiency

Consumer-grade traveller experiences

# Partnership to deliver new capabilities to the industry

## **Sabre**

- Global US-headquartered technology company (NASDAQ:SABR)
- 6,000+ employees
- One of the largest GDS providers for air bookings
- Track record of innovation
- Multi-year partnership with Google to deliver modern travel retailing experience

### **Partnership objectives**

Strategic co-development and co-investment plans to bring new capabilities to the industry

Joint approach to commercial, sales and marketing initiatives to facilitate growth in North America and beyond

### **Priority initiatives to minimize friction for travellers and increase efficiency for TMCs/customers**

- Streamlining processes beyond shop, book and manage to reduce friction in disruptions, payments and expense reconciliations
- Utilising Sabre and Google's co-innovation framework to further explore and develop new advancements and solutions for the corporate travel space

# And support both Sabre and Serko's success

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## Five-year partnership with Sabre

- Commences upon closing of the GetThere acquisition
  - Co-development and co-investment plans to bring new capabilities to the industry
  - Co-selling and co-marketing of Serko's solutions utilising Sabre's North American sales team:
    - Revenue share and performance bonus payments strongly align Sabre incentives for selling and marketing Serko products to outcomes which drive long-term value for Serko and its shareholders
    - Sabre is incentivised to co-sell in the first two calendar years with performance payments of up to \$US12.75m on Sabre achieving contracted annual revenue on a ~1:1 ratio
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# GetThere acquisition boosts US market presence

## Overview

- Serko will acquire online booking tool GetThere
- Sabre will continue to sell GetThere and co-sell Serko's flagship platform Zeno
- Detailed due diligence completed and implementation plan in place

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## Acquisition of GetThere

- Acquisition of GetThere subject to satisfaction of customary conditions, with closing expected to occur on or about 6 January 2025 (Eastern Daylight Time)
- \$US10m cash payable at close with a further \$US2m payable in cash or shares in late 2025
- Includes GetThere solution, brand and intellectual property and the substantial expertise and domain knowledge of team members and valuable blue-chip customer base

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## Transitional Agreements

- Multi-year transitional hosting services agreement and 12-month transitional services agreement to help ensure the smooth transition of the GetThere business operations to Serko
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# And materially strengthens our competitive position



- Supports some of the world's largest business travel programmes including blue-chip US-based companies
- ~75 employees joining Serko based predominantly in Texas and Bengaluru, India

## Diversified, valuable customer base

### Trip volume contribution by industry

Travel Management *	22%
Government	18%
Professional Services	13%
IT Services	11%
Retail	8%
Mining, Resources, Energy & Manufacturing	5%
Technology	5%
Finance, Insurance & Banking services	5%
Healthcare	4%
Media & Telecommunications	3%
Other	5%

### Brett Dowling

Currently GM & Head of Product at GetThere. With Sabre since 2018. Will join as Vice President, GetThere, reporting to Serko's Chief Revenue Officer.



### Sanjeeb Patel

Currently Director Software Engineering at GetThere. With Sabre since 2019. Will join as Vice President, Software Engineering reporting to Serko's Chief Technology Officer.



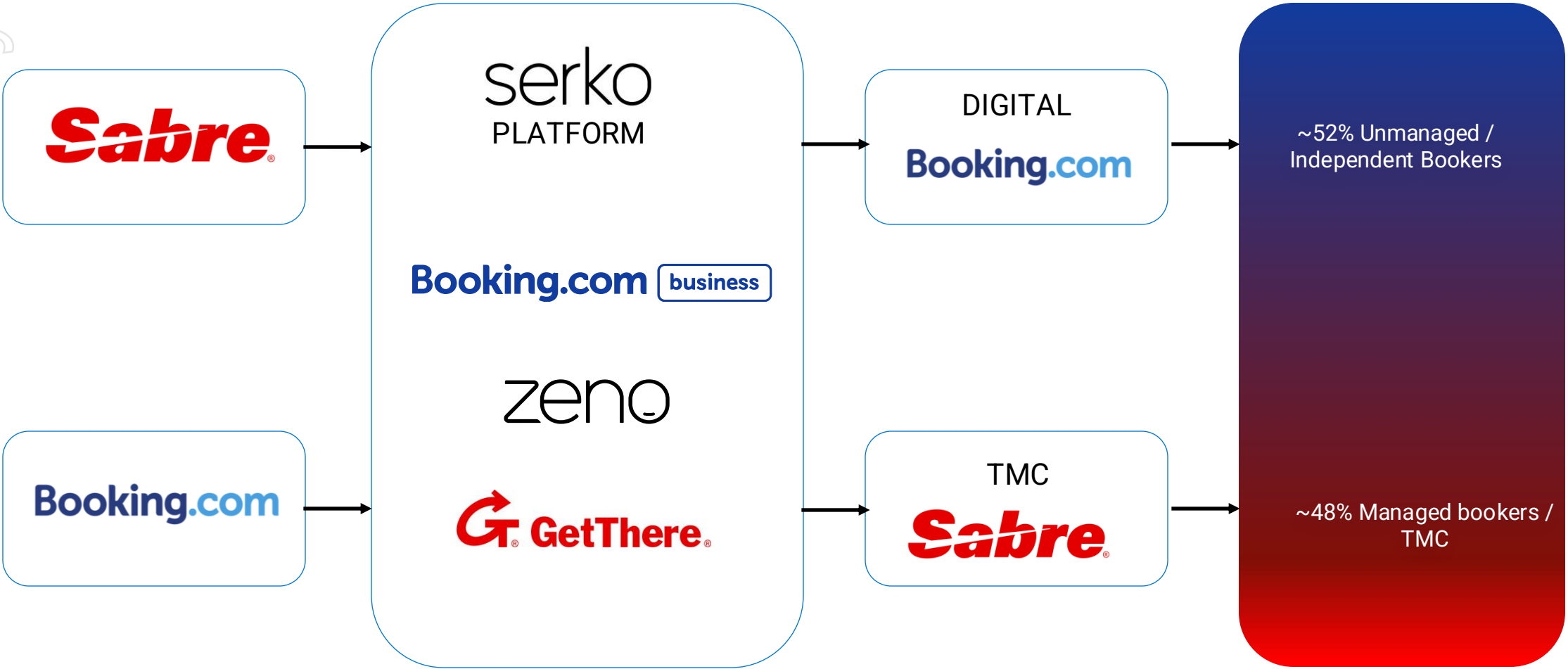
# Strategic partnerships and channels to market



CONTENT PARTNERS

CHANNEL PARTNERS

SMALL TO MEDIUM SIZED BUSINESSES



GLOBAL ENTERPRISE / MULTI-NATIONAL COMPANIES

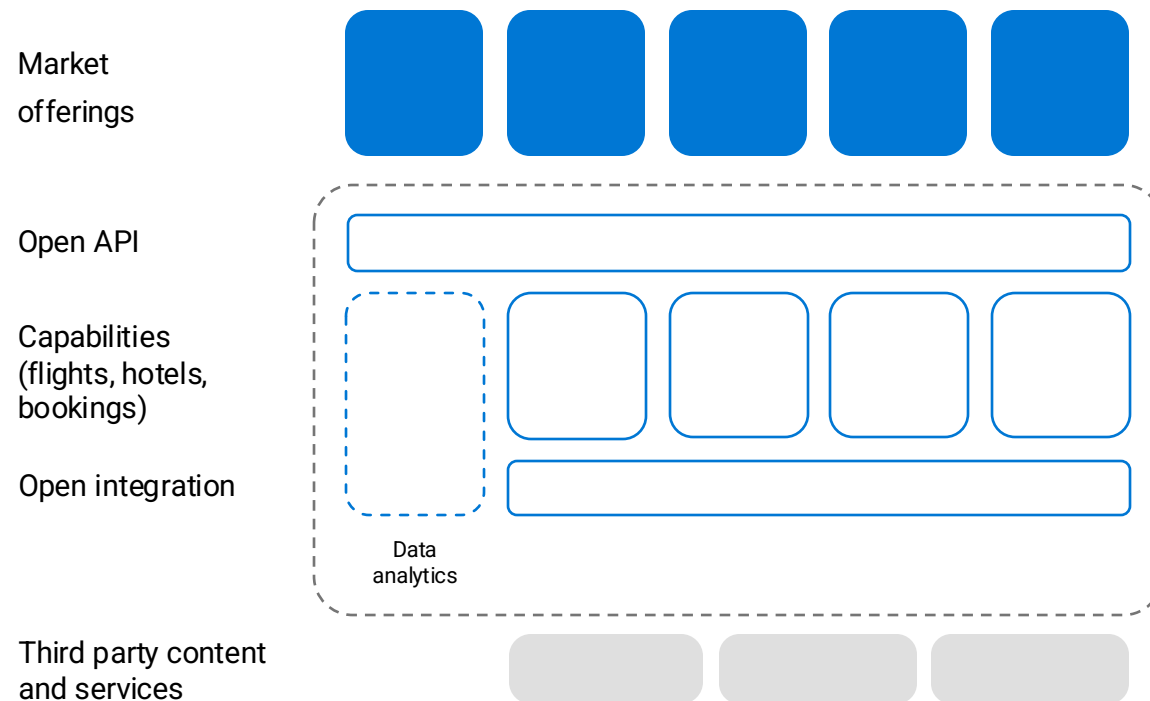
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**Investing to maximise  
the growth opportunity**

# Technology to drive innovation, growth and scale

Setting the pace in developing industry-leading solutions



## Key benefits of product and technology evolution

- Transforming business travel with a comprehensive, cloud native, open platform that seamlessly integrates diverse content and services
- Built-in data and AI capabilities to enhance every aspect of the traveller's journey
- Functionality built once and efficiently deployed into multiple market offerings
- Ease of third-party integrations for differentiated customer experience and revenue opportunities
- Faster and more efficient onboarding to new partners and customers

# Investing to maximise the growth opportunity

The Sabre partnership and GetThere acquisition puts Serko in a strong position to scale its technology solution to a bigger market and deliver long-term value for shareholders, partners and customers.

Investment levels are structured to maximise the opportunity, as well as retaining flexibility and appropriate cash reserves.

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Total income aspiration	FY30 total income aspiration of \$NZ250 million, reflecting the long-term growth opportunities in front of Serko.
Product and technology acceleration	Accelerated product and technology investment to deliver benefits to customers and partners globally are anticipated to be approximately \$NZ40 million over the next four years.
Funding	Funding for North American expansion together with product and technology investments sourced from existing cash balance and operating income.

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<p>Transaction and implementation costs</p>	<p>Serko expects to incur transaction costs relating to the Sabre partnership and the acquisition of GetThere of approximately \$NZ3 million</p> <p>One-off integration costs associated with the acquisition including IT equipment, setting up offices in US and India, staff, integration with vendor and third-party applications and financial and legal controls are also anticipated to be \$NZ3 million, spread across FY25 and FY26.</p>
<p>GetThere acquisition</p>	<p>Gross annual revenue for the GetThere business for the 12 months from acquisition is estimated to be \$NZ18 million from the existing customer base. The acquired business was integrated within Sabre and does not include support functions. Serko intends to make additional investments to drive revenue growth, including additional sales and marketing resources. Combining the costs of the acquired business and these additional costs Serko anticipates total annual spend for GetThere within Serko to be approximately \$NZ36 million in the first year, with the resulting contribution being earnings dilutive. Serko will maintain its focus on generating operational leverage through scaling revenue while ensuring efficient spend.</p>
<p>Payment of deferred payment and performance bonus</p>	<p>Performance payments of up to \$US12.75m (\$NZ21 million) will be made on Sabre achieving contracted annual revenue on a ~1:1 ratio from co-selling in the first two years. Payment for the \$US2 million (\$NZ3 million) deferred payment and up to \$US12.75 million (\$NZ21 million) performance bonus can be made by cash or shares subject to Serko discretion and cash balance conditions.</p> <p>Any shares issued would occur following the release of financial results for the period ending 30 September 2025 (for the \$US2 million deferred payment) or for the periods ending 31 March 2026 and 2027 (for the 2025 and 2026 performance bonus payments), based on the volume weighted average price over the 5 trading days following the results announcement.</p> <p>If Serko elects to issue shares the issuance would be grossed up by multiple of 1.05 for potential block trade discount and issued pursuant to NZX Listing Rule 4.5.</p>

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**Thank you**

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