SiteMinder

ASX ANNOUNCEMENT

August 23, 2022

SiteMinder reaccelerates in FY22. Acquires GuestJoy.

SiteMinder Limited (ASX:SDR) ("SiteMinder" or "the Group") has today released its results for the 12 months ended 30 June 2022 (FY22). SiteMinder's performance over FY22 demonstrated continued reacceleration in the business.

FY22 Performance Highlights
(All growth rates are y/y)

- **Annualised recurring revenue (ARR) increased 25.3% (cc) to $129.7m,** which is 27% (cc) higher than the pre-COVID ARR at 30 June 2019
- **Total revenue increased 15.1% (15.0% in constant currency (cc)) to $116.0m**:
  - Revenue grew 27% in the Americas, 21% in EMEA, and 0.4% y/y (cc) in APAC in FY22. Momentum accelerated in all regions in H2.
  - Subscription revenue grew 3.4% (cc) in FY22, and 9.7% (cc) in Q4FY22.
  - Transactional revenues grew 72.3% (cc) in FY22, and 86.3% (cc) in Q4FY22. The number of **transaction products** subscribed by customers **increased 51% y/y** to 13k products in FY22.
  - The acceleration in growth reflects contributions from new products launched in the last 3 years, and the recovery of global travel.
- **Global property count increased 7% to 34.7k** with 14% growth in the Americas, 9% in EMEA, and 1% in APAC.
- **Monthly average revenue per user (ARPU) grew 13.2% (cc) to $291 in FY22**. ARPU in Q4FY22 was $313.
- **LTV/CAC increased to 3.2x in FY22** vs 2.1x in FY21. LTV/CAC was 3.9x in 4QFY22. LTV in Q4FY22 was 30% above pre-COVID (Q4FY19) levels.
- **Underlying free cash outflow was $(35.0)m**, representing 30% of revenue
- **Available Liquidity of $117.7m** consisting of $26.6m of cash and cash equivalents, $62.1m of funds on deposit, and $29m of undrawn debt facilities
- **Underlying net loss was $(40.7)m** due to investments in go-to-market capacity to reaccelerate the business
- **Reported net loss was $(110.4)m** reflecting IPO costs, and cost of revaluation of embedded derivatives on preference shares while a private company

“The most pleasing aspect of our FY22 performance has been the team’s successful execution of our ambitious new initiatives, laying the foundations for SiteMinder to scale and sustain high organic growth. Our product and other initiatives, including the acquisition of GuestJoy, enhances our growth opportunities with additional services to existing customers as well as expanding into new customer segments. With the lifetime value of our customers in Q4FY22 30% above pre-COVID levels, despite global travel still recovering, our initiatives are boosting customer and shareholder value.

Our leading multilingual commerce platform and unrivalled global go-to-market capability, provides us confidence to reiterate our growth guidance and in addition communicate our expectation to become free cash flow neutral by Q4FY24 on a quarterly basis. I want to again thank all our staff, partners and customers for the resilience and the ingenuity shown over the last couple of years.” says Sankar Narayan, CEO & Managing Director at SiteMinder.

Delivering even more value to our customers. Signs agreement to acquire GuestJoy.

SiteMinder today announced it has signed a Share Purchase Agreement to acquire GuestJoy, a highly rated[1] suite of customer relationship management tools that helps hoteliers automate and digitise their guest communication, drive upsell revenues, and strengthen direct guest acquisition.

Founded by Alar Ülem and Annika Ülem in 2014, GuestJoy has gained a strong reputation in the industry for its ease of use and for delivering high ROI for its subscribers. GuestJoy’s customer base is today focused in the UK, Ireland and the Baltics, and prior to COVID was almost doubling in size every year. As a pre-existing SiteMinder Partner, GuestJoy is already integrated into the SiteMinder ecosystem, allowing SiteMinder to deliver a fully integrated user experience following a short transition period.

The transaction consideration consists of an initial payment of €3.25m, and a further €1.75m subject to the completion of specified performance milestones within 24 months. The transaction will be 100% equity funded via the issuance of additional shares.

Completion of the transaction is expected during H1FY23. GuestJoy is not expected to have a material impact on SiteMinder’s financial performance in FY23.

SiteMinder plans to offer GuestJoy as an additional module in its subscription offering. GuestJoy will help strengthen the capabilities of the platform which will aid new business acquisition, and reduce churn.

[1] Hotel Tech report

Momentum continues to build

SiteMinder is pleased to start the new financial year with an improving macro environment in travel. COVID related restrictions continue to recede, and there is significant pent-up demand for travel with Asia still in the early stages of re-opening and Chinese tourists yet to participate in the recovery. SiteMinder's strategic roadmap not only positions it to benefit from this supportive environment but to leverage the tailwinds and deliver strong organic growth.

The acquisition of GuestJoy provides further impetus to SiteMinder's strategy of doing more with its customers and growing their lifetime value (LTV). SiteMinder's customer's LTV exited FY22 at $24,370 in Q4FY22, which is 30% above the pre-COVID level (Q4FY19) despite travel activity yet to fully recover, and serves as further evidence of successful execution. SiteMinder is focused on deepening its engagement with its customers as they look to grow their revenues and minimize costs to accelerate their business in the post-COVID world.

SiteMinder's strategy of growing customer LTV is multifaceted. In addition to driving adoption, there is significant value to be gained from increasing the efficacy of its products. Notably, SiteMinder's Demand Plus product doubled the bookings it delivered for the average customer in H2FY22 compared to H2FY19 through the expanded coverage of meta search channels, and improvements to the bidding engine. SiteMinder's transaction products are still early in their life-cycle, and the group has in-place development road-maps to enhance their contribution to growth and profitability for years to come.

SiteMinder also enters FY23 looking to accelerate property growth. Net property growth improved towards the end of FY22, and SiteMinder is looking to sustain this momentum through its next generation Platform and self-serve digital acquisition as they elevate the user experience and improve the group's multi-channel go-to-market capability.

SiteMinder is very well served by its global teams, allowing the company to recruit talent on a global basis and offset the labour challenges that are pronounced in specific markets. In continuation with the global theme, SiteMinder will insource its Manila team by January 2023, providing it with greater flexibility in aligning company culture and supporting multiple business functions.

Improving unit economics

SiteMinder is focused on delivering growth that is value accretive and will drive strong long term margins. The ratio of LTV to customer acquisition cost (CAC) underpins the Group's investment decisions, and it looks to achieve LTV/CAC expansion by growing LTV through product attachment, and lowering CAC through economies of scale. In FY22 the Group's LTV/CAC improved from 2.1x to 3.2x, and exited the year at 3.9x in Q4FY22.

CAC in FY22 remained elevated at $6,386 as the Group was impacted by COVID-19 disruptions for much of the year, and it invested in its go-to-market capacity to support future growth including the launch and scaling of its self-serve digital acquisition channel.

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The Group’s CAC is expected to reduce as it gains scale and market conditions improve consistently around the world.

SiteMinder Reiterates Growth Guidance and Provides Free Cash Flow Guidance

SiteMinder is targeting pre-COVID-19 revenue growth rates (31% from FY17-FY19) in the future but realisation of this target will depend on many factors outside of SiteMinder’s control, including the substantial abatement of COVID-19 related influences on the accommodation and travel industry.

SiteMinder, with a substantive global opportunity and market leadership, continues to invest in its go-to-market capacity, and expand the platform with a strong focus on unit economics.

SiteMinder expects to become free cash flow neutral by Q4FY24 on a quarterly basis as it reaches the necessary scale to self-fund its organic growth plans, subject to the continued recovery of travel and other factors outside the SiteMinder’s control.

Strong financial position

Underlying free cash outflow was $35m in FY22 representing 30% of revenue. This was driven by the rebuilding of the Go to Market (GTM) capacity in FY22 following the COVID driven reductions in March 2020, new product initiatives including the Platform launch in Q4FY22, and the scaling of the self-serve digital acquisition channel. These investments are laying the foundations for growth, improved unit economics, as evidenced in Q4FY22, and for SiteMinder to become free cash flow positive with high organic growth in the future.

SiteMinder remains well capitalised, with $117.7m of available liquidity consisting of $26.6m of cash and cash equivalents, $62.1m of funds on deposit, and $29m of undrawn debt facilities.

This ASX announcement was authorised by SiteMinder’s Board of Directors.

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About SiteMinder

SiteMinder Limited (ASX:SDR) is the world's leading open hotel commerce platform, ranked among technology pioneers for opening up every hotel's access to online commerce. It's this central role that has earned SiteMinder the trust of tens of thousands of hotels, across 150 countries, to sell, market, manage and grow their business. The global company, headquartered in Sydney with offices in Bangkok, Berlin, Dallas, Galway, London and Manila, generated more than 100 million reservations worth over US$35 billion in revenue for hotels in the last year prior to the start of the pandemic. For more information, visit siteminder.com.

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Definitions

ARR is the prior month's recurring subscription revenue multiplied by 12 and the prior quarter's transaction revenue from subscriber customers (assuming any promotions have ended) multiplied by four. ARR provides a 12-month calculation of revenue at a point in time, assuming other factors such as subscriber numbers, transaction volumes, pricing and foreign exchange remain unchanged. Readers should note that ARR does not represent the Group's actual results, is not a financial forecast and should not be used in isolation as a forward-looking indicator of revenue.

ARPU is calculated by using monthly recurring revenue and dividing it by the number of properties for each respective month. The monthly ARPU is presented as the average of the last 12 months.

LTV/CAC is the ratio between Lifetime Value (LTV) and Cost of Acquiring Customer (CAC).

LTV is calculated by taking the monthly average ARPU over the last 12 months, multiplied by the gross margin percentage, divided by Monthly Revenue Churn. This is then annualised by multiplying by 12.

CAC is calculated by the total sales, marketing and onboarding expenses over a period, less set-up fees charged in the period, divided by the number of new billed properties in the period. Figures are on a rolling average, depending on the period covered i.e. six months for half-year or 12 months for full-year.

Underlying Free Cash Flow is the sum of underlying operating cash flow and underlying investment cash flows.