



Market Release

20 November 2014

Serko FY15 Interim Results Announcement

On track to achieve full-year financial forecasts

- Total revenue growth of 50%¹
- On line transaction based revenue up 36%^{1,2}
- On line transactions increase by 32%¹
- Serko Mobile in pilot phase
- Strong pipeline of new business commitments for FY16
- Accelerating headcount plans to support additional growth

Serko Limited (NZX:SKO) today announced its results for the six months to 30 September 2014. Revenue and losses for the period were \$4.7 million and (\$3.6 million) respectively and are in line with expectations. Cash held at 30 September 2014 was \$8.3 million.

During the period Serko experienced growth in online bookings in line with expectations. Online transactions grew by 32% compared to the same period in FY14. Monthly run-rate growth, which is a comparison of transactions for a month against the same month last year, is accelerating and reached 59% in September 2014.

Serko Chief Executive Officer Darrin Grafton said “Serko is currently on-track to achieve the financial forecast for the 12 months to March 2015 included in the prospective financial information (PFI) contained in the Prospectus.³

“We continue to build a strong pipeline of committed new business through existing and new Travel Agent⁴ resellers. Engaged and motivated Travel Agents are key to Serko’s long-term growth in Australasia and the rest of the world.

“A partnership between Serko’s online expense management platform, Incharge, and Discover Group (Diners) was announced in July and will help to drive the growth of that product line. Work to integrate Serko Online, the online booking platform, and Incharge

¹ Comparing the six months ended 30 September 2014 to the six months ended 30 September 2013

² Excluding usage based revenue from Serko Incharge, an expense management application

³ Registered on 26 May 2014

⁴ Also known as Travel Management Companies or TMCs

continues behind the scenes and we look forward to seeing more integrated offerings announced in the near future.

“Operationally, we have made good progress scaling up the business since the Initial Public Offering (IPO). Total employees in Serko’s offices worldwide were 118 at the end of the period, with another 13 new starters contracted to join. Growth has been focused predominantly in our Sales, Operations and Technology teams. Serko was awarded a further Research and Development grant worth up to \$4.2 million over three years in October 2014 and we will use the funds to help boost our innovation and delivery capabilities.

“Serko Mobile, our flagship new product, has commenced commercial trial, with a full commercial launch planned for February 2015. The product has already garnered significant interest from overseas markets, with nuTravel, a leading US travel technology provider, signing a three year reseller deal for the technology.

“We remain convinced that mobile is right at the core of our industry transformation strategy and plan to continue substantial investment in this space.

“At a macro level, the global market for travel technology remains strong and is experiencing a level of consolidation. The acquisition of our main competitor Concur by SAP in October 2014 is a clear demonstration of the value inherent in the market.

“It’s also appropriate to refer to the Ebola outbreaks in the context of the risk it could present to the travel industry in our region and to Serko’s business. At this stage we have not detected or been made aware of any material impacts to corporate travel in the Australasia and South East Asian markets. However, we are closely monitoring the situation with our Travel Agent partners.”

Outlook:

In respect of Serko’s outlook, Mr Grafton said: “In our Investment Statement, we also provided forecasts for the six months to September 2015. Based on our current pipeline of business alone, the outlook for this period looks promising. However, as we highlighted at the Annual Meeting in August the timing of new contract implementation delivered from our sales pipeline is dependent on client and reseller readiness to on-board, which makes it difficult for Serko to forecast revenue growth with precision. In other words, we are confident that we have secured the business but we cannot be certain of the exact timing of the transition of that business to our platform.

“In addition, Serko is now actively involved in a number of significant discussions concerning our mass movement “Groups” technology. These involve major global companies in the Mining, Energy & Resources sector in Australia and also the US. Our unique patented technology offers a compelling business case to these businesses. To date Serko has secured numerous clients in the Australian mining sector, but the potential to extend this product to new markets such as North America represents significant future growth potential for Serko.

“Moreover, we are seeing interest in our online and mobile technology from Travel Agents in the US market.

“These two developments indicate that there is an opportunity to grow the business in the US. This may result in deployment of resources to North America in addition to Asia and we are currently considering how best to undertake such an expansion of the company’s footprint.

“We also expect to sign additional mobile reseller or ‘white-label’ agreements in the future.

“In light of the above, we have made a decision to accelerate elements of our headcount plans to support these additional growth opportunities.

“The second half of this financial year promises to be an exciting and pivotal period for Serko and we believe we are positively positioned to continue to grow strongly into the future.”

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For more information contact:

Tim Bluett, Chief Financial Officer, Serko

+64 9 309 4754

Investor.relations@serko.com

About Serko

Serko is Australasia’s leading online travel booking and expense management company for businesses and is listed on the New Zealand Stock Exchange Main Board (NZX:SKO). Headquartered in Auckland, New Zealand and with offices in Sydney Australia, Xi’an City China and Gurgaon, India, Serko currently employs 118 people worldwide.

Serko Online is an integrated Online Booking Tool (OBT) used by administrators and travellers to book flights, accommodation and car hire from the broadest possible set of travel providers. The OBT ensures that travel bookings comply with corporate travel management policy without limiting the users choice of travel provider.

Visit www.serko.com for more information. Serko’s interim results are available for downloading from Serko’s website at <http://www.serko.com/investor-centre/>.