SiteMinder

ASX ANNOUNCEMENT

August 23, 2023

SiteMinder delivers 30.5% revenue growth, driving step change improvements in EBITDA and unit economics

SiteMinder Limited (ASX:SDR) ("SiteMinder" or "the Group") has today released its results for the 12 months ended 30 June 2023 (FY23). SiteMinder in FY23 accelerated its growth of customers and delivered high revenue growth, while concurrently improving its profitability and unit economics, demonstrating the scalability of the business.

FY23 performance highlights

All growth rates are year-on-year (y/y), cc is constant currency

- **Total revenue increased 30.5% or 27.3% (cc,organic) to $151.4m, comprising:**
    - Subscription revenue, which grew 15.9% (cc,organic) in FY23. Growth accelerated each quarter with Q4 growth reaching 18.2% (cc,organic).
    - Transactional revenues, which grew 61.2% (cc, organic) in FY23. The number of transaction products subscribed by customers increased 53% to 19.9k products.
    - Strong growth (cc) across all regions. Revenue grew 25.2% in the Americas, 24.9% in EMEA, and 33.4% in APAC in FY23.
- **Annualised recurring revenue (ARR) increased 33.5%** or 24.1% (cc,organic) to $173.1m. Subscription products contributed 60% of incremental ARR dollars in FY23 compared to 29% in the previous year.
- **Underlying subscription gross margin improved** by 158bps to 83.1% in FY23 and reached 84.1% in H2. **Underlying transaction gross margin improved** by 219bps to 34.8% in FY23 and reached 35.7% in H2.
- **Underlying EBITDA improved** from ($14.6)m in H1 to ($7.4)m in H2, bringing the FY23 total to ($21.9)m. The benefits of operating leverage and the cost management program announced in January 2023 contributed to the improvement.
- **Underlying net loss was ($45.1)m** reflecting investments in go-to-market capacity and product development, which were in-part offset by the cost management program
- **Reported net loss was ($49.3)m**, inclusive of costs related to the acquisition of GuestJoy, restructuring costs, and pre-IPO commitments.
- **Underlying free cash outflow was ($34.0)m**, representing 22.5% of revenue. Cash usage reduced through the year from ($10.1)m in Q1 to ($5.3)m in Q4.
- **LTV/CAC improved to 4.1x in FY23 and 4.8x in H2FY23**. CAC improved from $6,386 in FY22 to $5,469 in FY23, driven by operating leverage. CAC for H2FY23 was $4,890.

SiteMinder

- **Global customer property count increased 12.7% to 39.1k** with 15.2% growth in the Americas, 11.0% in EMEA, and 13.7% in APAC. Organic net property additions increased from 1.6k in H1 to 2.5k in H2, with acceleration in EMEA, reflecting the investments made in the go-to-market engine.

- **Available funds were $83.6m** consisting of $53.4m of cash and funds on deposit, and $30.2m of undrawn debt facilities.

- **Growth and profitability guidance reiterated**. SiteMinder's growth guidance is unchanged and continues to target organic revenue growth of 30% in the medium term. The Company expects to be underlying EBITDA profitable and underlying free cash flow positive for H2FY24.

"Following a period of unprecedented disruption, in FY23 we accelerated our subscriber growth and reprioritised our investments with significant improvements in profitability and unit economics. We delivered on the major initiatives we set out to do and importantly, embarked on a new journey to drive the convergence of key revenue generating capabilities for hoteliers - automated revenue optimisation, intelligence and distribution. Through the Smart Platform strategy, SiteMinder is leading the industry in driving the convergence of these capabilities and, in doing so, will deliver next generation solutions for hoteliers of all sizes and levels of expertise." says Sankar Narayan, CEO & Managing Director at SiteMinder.

"I want to express my gratitude to the SiteMinder team for the tremendous work they have done and continue to do, and for the support from the more than 39,100 hoteliers we serve everyday. We are very proud of the results that we delivered this past financial year. Our conviction has never been greater, and neither have the opportunities that await us. It is for this reason that we have refocused resources to allow both our business and our customers to grow at scale well into the future."

Reinvigorated growth engine delivering strong performance across all business areas

SiteMinder delivered another strong period of growth with revenue growing 30.5% or 27.3% y/y (cc,organic) to $151.4m in FY23. This was a well rounded performance with all parts of the business growing strongly.

The company's subscription business led the performance, contributing 60% of incremental ARR dollars and 46% of incremental revenue in FY23. Subscription revenues grew 15.9% (cc,organic), reflecting accelerating subscriber growth as the investments made in the Group's go-to-market capacity and capabilities are delivering positive results.

Transaction revenues continued to grow strongly despite cycling robust comparables related to the extended Northern Hemisphere summer travel season last year. Transaction revenues grew 61.2% (cc,organic) with the number of products adopted by SiteMinder's subscriber base increasing 53% to 19.9k. This is a reflection of SiteMinder's value proposition and the effectiveness of its go-to-market strategy. 40% of new hotels joining SiteMinder now take up at least one transaction product.

All regions delivered revenue growth in excess of 20% (cc) during FY23. APAC outperformed with 33.4% y/y (cc) revenue growth, reflecting the delayed easing of COVID-related travel restrictions in a number of key Asian markets.

Delivering value accretive growth - step improvement in H2FY23 EBITDA and unit economics

The acceleration of the business has positioned SiteMinder to generate value accretive growth through operating leverage and scale. During FY23, SiteMinder's underlying subscription and transactions gross margins expanded by 158bps and 219bps respectively and improved into H2. Underlying EBITDA improved from ($14.6)m in H1 to ($7.4m) in H2.

The impacts of operating leverage and scale were further aided by the cost management program announced in January 2023, and efforts led by SiteMinder's teams to optimise business processes and expenditures. Of note is the ongoing work to drive automation in sales, onboarding, and support, freeing up resources to be redirected towards initiatives that will deliver the most value to customers.

These efforts are central to SiteMinder's drive to keep improving its strong unit economics by simultaneously growing the lifetime value (LTV) of its customers, and prudently managing the cost of customer acquisition (CAC) in a manner that balances near term financial outcomes with sustained strong organic growth. On this front, SiteMinder performed well with LTV increasing 9.7% in FY23 to a record $22,312, CAC improving by 14% to $5,469, and the key LTV/CAC metric making a step change improvement from 3.2x to 4.1x.

SiteMinder exited FY23 with even stronger unit economics with LTV/CAC for the second half reaching 4.8x. This sets the business up to sustain strong organic growth and become underlying EBITDA profitable and underlying free cash flow positive for H2FY24.

Delivering even more value to independent hoteliers around the world

As part of its efforts to deliver even more value to its customers, SiteMinder completed the acquisition of GuestJoy and delivered enhancements to its existing portfolio. The acquisition of GuestJoy, a leading guest messaging and upselling platform, was completed in September 2022 and significant progress has been made to integrate it into SiteMinder's technology and commercial ecosystem. Sold as a subscription add-on, GuestJoy has been well received by SiteMinder's customers.

Progress continues to be made on SiteMinder's digital strategy with the rollout of Little Hotelier Basics (LHB) expanded to Spain and South Africa. Since its launch in English-speaking markets in June 2022, LHB has accounted for 30% of new Little Hotelier subscribers in those markets.

Enhancements continue to be made to the transactional products to increase their addressable market and efficacy. Of note is SiteMinder Pay, which now supports Apple Pay and Google Pay.

During the year, SiteMinder continued the execution of its Smart Platform strategy. The strategy sees SiteMinder lead the industry in driving the convergence of key revenue generating capabilities: automated revenue optimisation, intelligence, and distribution. These capabilities largely operate independently of each other in today's hotel technology stack; a reality that is delivering sub-optimal outcomes for even the more sophisticated operators. By bringing them together the SiteMinder way, with a focus on ease of use, reliability, and automation, the Smart Platform will be a truly innovative solution delivering a unique and powerful value proposition to hoteliers of all sizes and experience.

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 Bangalore, Bangkok, Barcelona, Berlin, Dallas, Galway, London and Manila, generated more than 100 million reservations worth over A$60 billion in revenue for hotels in the last 12 months. For more information, visit siteminder.com.

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Definitions

Annualised recurring revenue (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.

Monthly average revenue per user (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.

Lifetime value (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.

Customer acquisition cost (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.

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

EBITDA is calculated by adding interest, tax, depreciation and amortization expenses to net income. Underlying EBITDA features adjustments to exclude non-recurring items. SiteMinder includes stock based compensation in its calculation of EBITDA and underlying EBITDA.

Free cash flow is the sum of cash flows from operating and investing activities. Underlying free cash flow features adjustments to exclude non-recurring items.is the sum of underlying operating cash flow and underlying investment cash flows.