



helloworld  
TRAVEL LIMITED

INVESTOR PRESENTATION

FY21

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This document includes the presentation of results on a statutory basis as well as non-statutory information. All financial results are presented in AUD unless otherwise stated and rounded to millions. Data used for calculating percentage movements has been rounded to thousands.

### Key non-statutory financial metrics

**Total Transaction Value (TTV - unaudited):** represents the price at which travel products and services have been sold across the Group, as agents for various airlines and other service providers, plus revenue from other sources. The Group's revenue is therefore derived from TTV. TTV does not represent revenue in accordance with Australian Accounting Standards. TTV does not represent Group cash inflows as some transactions are settled directly between the customer and the supplier. TTV excludes refunds that have been reported in the Group's management accounts in the 12 month period ended 30 June 2021.

**Underlying Earnings before Interest, Taxation, Depreciation and Amortisation (Underlying EBITDA):** is a financial measure which is not prescribed by Australian Accounting Standards but is the measure used by the Board to assess the financial performance of the Group and operating segments.

Underlying EBITDA represents earnings before interest expense, tax, depreciation and amortisation, adjusted to include depreciation on right of use assets and interest expense on lease liabilities and make good provisions arising from the application of AASB 16 and exclude large non-recurring items (refer page 5 of the Preliminary Final Report for further information). Underlying EBITDA is a financial measure which is not prescribed by Australian Accounting Standards but is the measure used by the Board to assess the financial performance of the Group and operating segments.

A reconciliation of Underlying EBITDA to profit before income tax expense is provided on page 5 of the preliminary financial statements.

**Information in this presentation is derived from the unaudited Annual Financial Report. The presentation contains disclosures which are extracted or derived from the Annual Financial Report which is currently being audited.**



## Our travel operations

- Retail and business travel agency networks
- Corporate travel management
- Leisure travel wholesaling
- Inbound tour operating
- Air Ticket consolidation
- Online B2C
- Tour operating
- Event freight services



## A year of extraordinary challenges

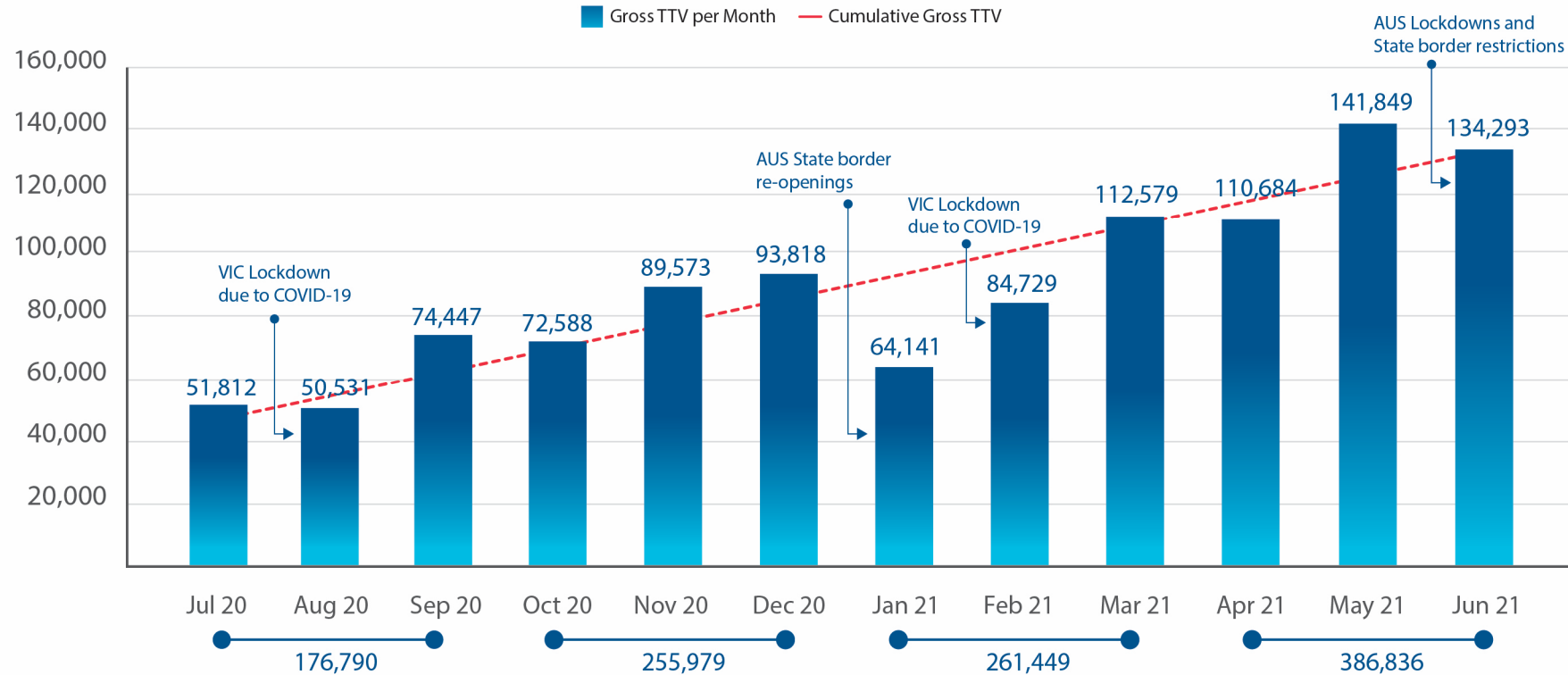
- The global travel industry has been an industry of growth, delivering significant economic benefits to those directly and indirectly engaged in it. The total size of the industry in 2019 was estimated at US\$2.9 trillion. In 2020 this shrunk to US\$1.5 trillion in 2020 and is forecast to reach US\$1.7 trillion in 2021, still a long way short of 2019 levels.
- In FY21, HLO achieved \$1.08 billion in total transaction values with revenues and other income of \$94.2 million. This was 68% below FY20 results and 85% below FY19 TTV and revenues.
- With very tight cost management across all of our business divisions HLO has been able to keep losses to a minimum throughout the period and achieve a normalised EBITDA loss of \$14.1m, at the lower end of our guidance, for the 12 months ending 30 June 2021.
- The June quarter saw TTV reach \$387 million, HLO's best quarter for the year and the normalised EBITDA loss came in at \$3.2m for the quarter.
- Retail agencies in HLO's networks have shown extraordinary resilience, assisted by Federal and State Government grants in Australia and New Zealand (see page 10 for further details)



## Performance highlights

- TTV was approximately 15% of pre-COVID levels over much of the year, rising to 25% in Q4.
- Losses kept to a minimum.
- Continued improvements to technology suite resulting in improved customer outcomes, cost reductions and enhanced capability.
- Massive refund and travel credit operation completed over the last 17 months in Australia and New Zealand.
- HLO's corporate business has shown strong recovery during periods of open domestic borders, returning to near normal levels, including some businesses exceeding pre-COVID monthly records, we expect this to again increase from November 2021 onwards.
- Forward bookings are continuing despite the current lockdowns with domestic bookings lead time over 180 days, up from circa 90 days pre-COVID. International bookings are coming in for calendar year 2022 and beyond and inbound clients are booking as well for calendar year 2022 travel.

## Total Transaction Value (TTV)



## FY21 Group Results (Underlying)

	FY21 \$m	FY20 \$m	Change \$
Total Transaction Value (TTV)	1,081	5,006	(3,925)
Total Revenue and other income <sup>(1)</sup>	94.2	294.9	(200.7)
<b>Revenue margin % <sup>(2)</sup></b>	<b>6.6%</b>	<b>5.6%</b>	<b>+100 bps</b>
Employee benefits expense <sup>(3)</sup>	(80.7)	(133.0)	52.3
Selling & Marketing expenses	(5.1)	(64.0)	58.9
Technology & Comms costs	(12.0)	(18.4)	6.4
Other expenses	(10.5)	(35.5)	25.0
<b>Underlying EBITDA</b>	<b>(14.1)</b>	<b>44.0</b>	<b>58.1</b>
Underlying EBITDA % of revenue	(20%)	16%	-360 bps
Depreciation & Amortisation	(21.2)	(23.9)	2.7
Redundancies & other one-off expenses	(11.3)	(18.1)	6.8
Impairment to non-current assets	(0.4)	(67.9)	67.5
<b>Loss after income tax</b>	<b>(35.9)</b>	<b>(70.0)</b>	<b>34.1</b>
Underlying basic earnings per share (cents)	(17.4)	9.7	(27.1)

### FY21 NOTES

- (1) Other income includes government wage subsidy support of \$23.0m including Australia of \$21.9m and New Zealand A\$1.1m
- (2) Revenue margin does not include government wage subsidies
- (3) Annualised employee benefits expense post year end now at \$53.0m
- (4) TTV declined 78%
- (5) Revenue declined 68%
- (6) Underlying EBITDA declined by 132%
- (7) Loss after tax improved by 45%

## Cash Flow

\$'m	FY21	FY20
<b>Net cash used in operating activities</b>	<b>(13.5)</b>	<b>(41.4)</b>
Payments for intangibles	(6.4)	(16.6)
Payments for property, plant and equipment	(2.8)	(2.9)
Payments for acquisition of controlled entities, net of cash acquired	0.2	(21.8)
Payments for disposal of controlled entities, net of cash disposed	(2.1)	(1.2)
Proceeds from disposal of property, plant and equipment	0.04	0.1
Dividends from associates	-	0.1
<b>Net cash used in investing activities</b>	<b>(11.1)</b>	<b>(42.3)</b>
Proceeds from share issue, net of costs	48.7	-
Proceeds from / (prepayments) of borrowings	(20.0)	44.0
Proceeds from loan funded LTIP repayments	-	2.3
Dividends paid to company shareholders	-	(26.4)
Loans provided to related parties for equity accounted investments	-	(0.1)
Payments for shares acquired by employee share trust	-	(0.7)
Principal elements of lease payments	(7.0)	(7.8)
<b>Net cash from financing activities</b>	<b>21.7</b>	<b>11.4</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2.9)</b>	<b>(72.3)</b>

- Cash burn minimised with costs under tight control
- Monthly net operating cash outflows maintained at circa \$1.2m
- Equity raise (net \$48.7m) during FY21 has extended liquidity runway
- Maintained strong liquidity despite restructuring costs
- No dividends paid or declared for FY21.



## Travel poised for rapid return in FY22

- From mid-December 2021, Qantas is planning to commence flights between Australia and Fiji, Singapore, the United States, Japan, United Kingdom and Canada.\*
- Pent up demand for domestic and international leisure, VFR\*\* and corporate travel is at extraordinary levels
- Vaccination rates over 80%, rapid testing, digital certificates, advanced contact tracing and mutually agreed travel and border protocols will allow domestic borders to re-open later this year and international flights and cruises to recommence by years end.
- Australians & New Zealanders are already permitted to enter a growing list of countries around the world without quarantine including the UK, the EU, Switzerland, Maldives, the UAE, the US, Canada and Singapore.
- Since 20 March last year, Australian and New Zealand citizens cannot depart without permission or without quarantining for 14 days on return, however as soon as that changes, there are already a growing number of available options.

\* Source Qantas release 26 August 2021

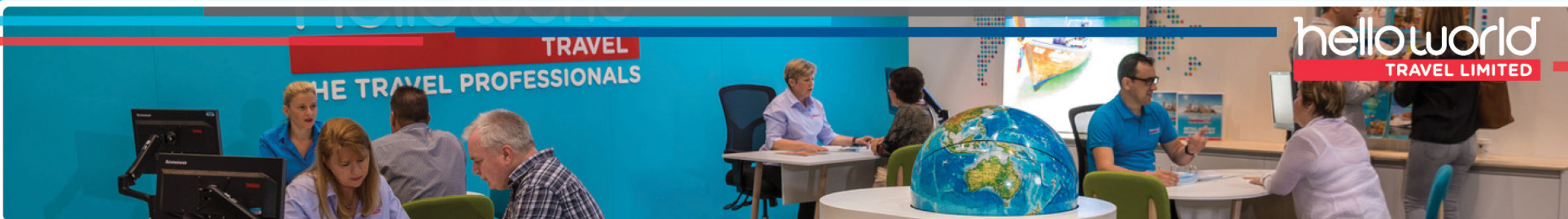
\*\* Visiting family and relatives



With vaccinations continuing to roll out across Australia, we are getting ready to reunite our customers with their family, friends, colleagues and favourite destinations around the globe.

Based on the current vaccination projection rates and the Australian Government's plan for reopening borders, we are preparing for Qantas and Jetstar international flights to resume as follows:

- From mid-December 2021, between Australia and **Fiji, Singapore, the United States, Japan, United Kingdom** and **Canada**.\*
- From mid-December 2021, between Australia and **New Zealand** in line with the anticipated restart of the trans-Tasman travel bubble.\*
- From mid-February 2022, between Australia and **Hong Kong**.\*
- From April 2022 onwards, between Australia and cities including **Bali, Jakarta, Manila, Bangkok, Phuket, Ho Chi Minh City** and **Johannesburg**.\*



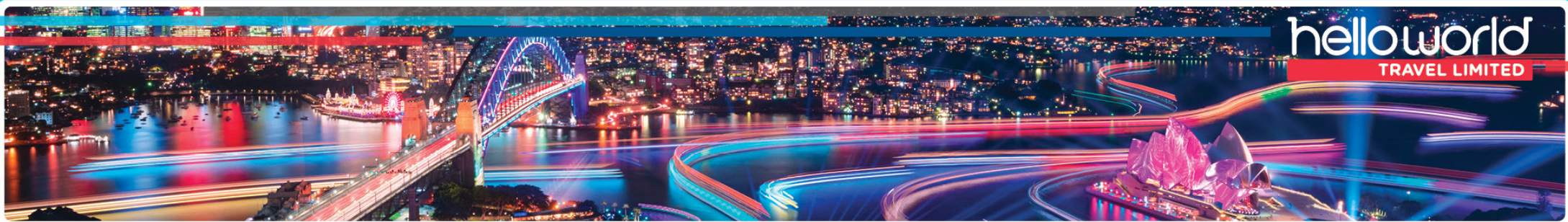
## Network members

HLO agent networks showing steadfast resilience and maintain a strong presence for expected travel demand



2,224 at 30 JUNE 2021 | 2,496 at 30 JUNE 2020

- The HLO agent network has shown steadfast resilience throughout FY21
- The networks in Australia and New Zealand remain largely intact as at the end of June. The multiple tranches of the \$238m Consumer Travel Support Program together with State Government assistance has assisted agents across Australia while in New Zealand agents have benefited from the \$47.2 million Consumer Travel Reimbursement Scheme.
- A number of agents have chosen to close their businesses over recent months, to consolidate outlets or to “hibernate” until travel demand returns. This has been achieved in an orderly and professional manner and agents have met their legal and financial obligations.



## Best of breed technology solutions

- HLO has reduced its operational capacities in line with COVID-19 impacts we have continued throughout FY21 to invest in further development of our core technologies.
- In HLO's corporate division, we continue to work with our GDS and portal partners and have rolled out a new analytics portal in March 2021 and new capabilities to take advantage of NDC developments
- ResWorld, HLO's retail mid-office system, continues to become the go to mid-office system for retail agency networks in Australia and New Zealand. It is now rolled out in nearly 50 per cent of our Branded network in Australia and is being rolled across 100 per cent of our Branded network in New Zealand this year while the corporate version is in beta testing with rollout due in October 2021.
- In wholesale, we are moving to a new platform, "Mango", our own front-end portal operating off Tourplan NX and this will be rolled out across our wholesale operations in October 2021, providing greater functionality, ease of loading and a wider array of product for all retail agents throughout Australia and New Zealand.
- HLO's Cruise Division has rolled out a uniform version of Odyssey
- We continue to invest in our SmartTickets technologies including handling NDC requirements (Smart NDC) that many carriers have begun or will be implementing in the next couple of years
- Our ReadyRooms platform will re-launch late September based upon the Athena system developed by our dedicated team in Athens and we intend to re-launch Skiddoo again with an updated platform in November, 2021.



## Outlook

- Australia is on the pathway to achieve a vaccination rate of 80 per cent by end November 2021.
- It is expected that State borders will be largely re-opened by Christmas and international borders should begin to open up in December 2021.
- In the meantime, HLO will continue to run its business as efficiently as possible through a disciplined approach to cost management while maintaining service levels to our corporate, wholesale and retail agency customers throughout Australia and New Zealand.
- With our long track record in domestic travel in Australia and New Zealand, open borders between the States and trans-Tasman is sufficient to generate break even TTV levels across our business.
- As international borders re-open and cruising both in Australian / New Zealand waters and then beyond comes back we expect to see very positive trading conditions evolve throughout 2022 and beyond.
- This will be greatly helped by the resilience of our retail travel agency networks who have made it through so far and will come out the other side of this pandemic stronger than ever.
- Guidance for FY22 is not able to be provided at present due to uncertainty around the lifting of State and Federal Government mobility.



### HLO and our network agents are well placed for recovery

- expansive leisure and business travel networks with steadfast resilience
- best of breed technology solutions
- cashed- up consumers
- demand for professional travel services



## Performance summary

<p>Ongoing impact of COVID-19</p>	<ul style="list-style-type: none"> <li>• Since March 2020 domestic and global travel restrictions in place in all source markets</li> <li>• Government imposed travel restrictions have shut down all international and much domestic travel in Australia and New Zealand</li> <li>• TTV was circa 15% of pre-COVID levels over the course of FY20, rising to 25% in Q4.</li> <li>• Most international travel restrictions expected to last until early 2022, with largely open domestic borders from late 2021</li> </ul>
<p>Cost saving initiatives implemented and locked in</p>	<ul style="list-style-type: none"> <li>• Monthly net operating cash outflows maintained at circa \$1.2 million (excluding one-off costs)</li> <li>• Significant reduction in HLO's underlying cost base coupled with a healthy balance sheet continues to provide a long liquidity runway</li> <li>• Consolidated physical office footprint, exited surplus lease capacity</li> <li>• Reduced or eliminated a wide range of discretionary variable expenditures.</li> <li>• Workforce reductions of approximately 60%</li> <li>• Improvements to technology landscape resulting in cost reductions and enhanced capability</li> </ul>
<p>Trading update and outlook</p>	<ul style="list-style-type: none"> <li>• HLO well positioned for a return to travel across FY22</li> <li>• A diversified business mix of domestic and international leisure travel, corporate travel, wholesale travel and inbound.</li> <li>• HLO's corporate business has shown strong recovery during periods of open domestic borders, returning to near normal levels, including some businesses exceeding pre-covid monthly records, we expect this to increase from November onwards.</li> <li>• Forward bookings are continuing despite the current lockdowns with domestic bookings average lead time over 150 days. Strong forward bookings from Q3 calendar 2022 for international travel and inbound group and FIT travel.</li> </ul>

## Business focus

### HLO Corporate Travel Businesses

- HLO's corporate travel businesses comprise QBT, AOT Hotels, TravelEdge, Show Travel, Show Freight, APX (NZ) and Atlas Travel (NZ). On a year-to-date basis, Australian operations are running at 67% of prior year TTV and 51% of revenue, while NZ TTV and revenue is running at 29% and 30% respectively of prior year levels.
- Business volumes continue to improve, with QBT recording TTV for June at 315% compared to FY20 and AOT Hotels up 40% up on prior year.
- Show Group's TTV is now at just under 50% of prior year volumes driven by film and television show production.

### Airline Partnership renewals

- HLO renewed its partnership with Qantas with a new three year commercial agreement in FY21 to sell the national carriers flights. This contract, which carries through until June 30 2023, provides commercial certainty for HLO and its agency networks and allows the business to take the lead with opportunities to sell Qantas products.
- HLO has also renewed commercial agreements with its other major carrier partners for FY22.



## Business focus

### HLO Leisure Wholesale Businesses

- CruiseCo acquisition in FY21 – the cruise wholesaling specialist is now fully integrated with HLO's existing cruise wholesale business, Seven Ocean Cruising. Enabling creation of new offerings and improved experiences for agents and consumers.
- Cruise demand - despite the limited number of available cruise products, we have seen strong bookings for future cruise travel, with HLO well placed to capitalise on the demand as cruise recommences in 2022.
- HLO's wholesale businesses domestic focus has delivered both intra and inter-state travel over the last eighteen months with interstate bookings at record levels.
- Viva, Sunlover and Go Holidays are moving to a new and more efficient portal from October, 2021 which will deliver a superior booking experience for agents, a wider range of product and over \$2.5m per annum in technology and other savings to the business.

**VIVA**  
HOLIDAYS

sunlover  
HOLIDAYS

  
cruiseeco

  
GO  
HOLIDAYS!

## Reconciliation of Underlying EBITDA

	FY21 \$m	FY20 \$m
<b>Underlying EBITDA</b>	<b>(14.1)</b>	<b>44.0</b>
Impairment of non-current assets	(0.4)	(67.1)
Restructuring expense	(5.6)	(6.9)
COVID-19 Related Retention Benefit Plan	(2.2)	-
Loss allowance	(1.8)	(7.1)
Disposal and modification of leases	(0.3)	-
Bargain purchase on ITM acquisition	0.2	
Other provisions	(2.5)	(2.6)
Trading losses relating to U.S Wholesale division	-	(2.3)
Business acquisition and other expenses	(0.1)	(2.2)
Other items	-	(1.0)
Fair value adjustment on contingent consideration receivable	(0.2)	(0.9)
Payments relating to Tempo Holidays and Bentours collapse	-	(0.7)
Fair value adjustment on redemption liability	1.2	3.6
Gain on disposal of the U.S. Wholesale Division	(0.1)	1.1
<b>Total significant items</b>	<b>(11.7)</b>	<b>(86.0)</b>
Depreciation of property, plant and equipment	(3.9)	(6.0)
Amortisation of intangible assets	(17.2)	(17.9)
Finance expense on borrowings	(2.6)	(3.0)
<b>Loss before income tax</b>	<b>(49.5)</b>	<b>(68.9)</b>

- COVID-19 has caused unprecedented impacts to travel and tourism as a result of border closures, mandatory quarantine periods and restrictions on domestic and international travel.
- The Group's statutory result includes a number of one-off charges as summarised here.
- Lower Finance expenses reflecting lower debt due to the prepayment of \$20 million of Facility A in October 2020.



## Segment Results - Australia

	FY21	FY20	Change
	\$m	\$m	%
Total Transaction Value (TTV)	962.5	4,275.5	(77.5)
Revenue and Other Income	86.4	239.8	(153.4)
Revenue margin %	6.6%	5.4%	+130 bps
Underlying EBITDA	(7.1)	39.5	-
Underlying EBITDA margin %	(11.1%)	17.2%	-

- Strong growth in TTV compared to quarter-on-quarter with stable borders.
- Corporate travel business showed strong rebound in months where domestic borders were open. AOT Hotels was up 40% on FY2020 despite the extended lockdowns and challenging border restrictions.
- Agent network remains largely intact.
- Gross margin increased from 5.4% in FY20 to 6.6% in FY21 which reflects high yielding non-travel related call-centre revenue.



## Segment Results – New Zealand

	FY21	FY20	Change
	\$m	\$m	%
Total Transaction Value (TTV)	118.5	688.9	(82.8)
Revenue and Other Income	7.8	47.3	(83.5)
Gross margin %	5.7%	6.5%	-90 bps
Underlying EBITDA	(6.3)	4.5	(240.0)
Underlying EBITDA margin %	(94.0%)	10.1%	-

- Cook Islands reopening and Trans-Tasman bubble generated increases in TTV when operating.
- Restructuring completed at the start of the year.



## Segment Results – Rest of the World

	FY21	FY20	Change
	\$m	\$m	%
Total Transaction Value (TTV)	-	41.5	-
Revenue	0.1	7.8	-
Gross margin %	-	18.7%	-
Underlying EBITDA	(0.7)	21	-
Underlying EBITDA margin %	-	0.3%	-

- HLO's Fiji operations remain largely dormant during the year to border restrictions.
- Personnel in Fiji continue to provide database and other support functions
- TTF and ATS are both well positioned for border re-openings with connections to staff being maintained throughout the period including assistance payments for staff stood down.

## Liquidity and funding

Liquidity	Jun-21 \$m	Jun-20 \$m	Change \$m
Total cash	131.0	131.9	(0.9)
Drawn debt	(81.0)	(101.0)	(20.0)
Net cash	50.0	30.9	20.0

Funding	Jun-21 \$m	Jun-20 \$m	Change \$m
Funding facility	119.0	119.0	0.0
Used facility	(87.4)	(112.5)	23.7
Unused facility	31.6	6.5	23.7

	Expiry	Total facilities	Drawn facilities \$m
Facility A	Mar-23	40.0	19.5
Facility B	Mar-23	30.0	17.5
Facility C	Mar-23	20.0	15.0
Facility D	Sep-22	29.0	29.0
<b>Borrowings on balance sheet</b>			<b>81.0</b>

- As at 30 June 2021, HLO's loan facilities were extended by Westpac, with Facility D expiring in September 2022 and Facility A, B & C expiring in March 2023.
- As at 30 June 2021, the Group had unused facilities of \$31.6 million (2020: \$6.5 million).
- HLO's liquidity position was enhanced as a result of the \$50.0m Equity Raising during FY21. There remains sufficient liquidity to provide for operating and capital expenditure through to the end of 2022 or longer.
- During the year HLO prepaid \$20.0 million relating to Facility A which can be redrawn if required with Westpac's consent.
- Facilities used at 30 June 2021 of \$87.4 million (June 2020: \$112.5 million) include bank guarantees and letters of credit on issue totalling \$6.4 million (June 2020: \$11.5 million). In addition, HLO's property consolidation has resulted in further reductions in bank guarantees since 30 June.
- In June 2021, HLO renegotiated its debt covenants with its lender, Westpac Banking Corporation, continuing the waiver on EBITDA covenants until June 2022 and maintaining a liquidity covenant from 30 June of \$55 million, reducing by \$5 million in the December and March 22 quarters.



# Appendix

## Company background information

**A\$1.67**  
Share Price at  
30 June 2021

**155.0M**  
Shares on issue

**A\$258.9 M**  
Market Cap at  
30 June 2021

**A\$131.0 M Cash**  
**A\$81.0 M Debt**

### Board and Management Team

#### Non-Executive Director and Chairman - Garry Hounsell

Garry was appointed to the Board as Chairman on 4 October 2016 and has extensive director experience on a wide range of highly successful Boards including Qantas, Treasury Wines, Dulux and Myer.

#### CEO & Managing Director - Andrew Burnes, AO

Andrew was appointed CEO and Managing Director on 1 February 2016. He founded The Australian Outback Travel Company (which became The AOT Group) in 1987 and merged this business with Helloworld Travel in 2016.

#### Executive Director & Group General Manager – Wholesale & Inbound - Cinzia Burnes

Cinzia was appointed on 1 February 2016 and brings extensive sector and management experience to the board, having played a pivotal role in growing The AOT Group for over 25 years and HLO since 2016.

#### Non-Executive Director - Michael Ferraro

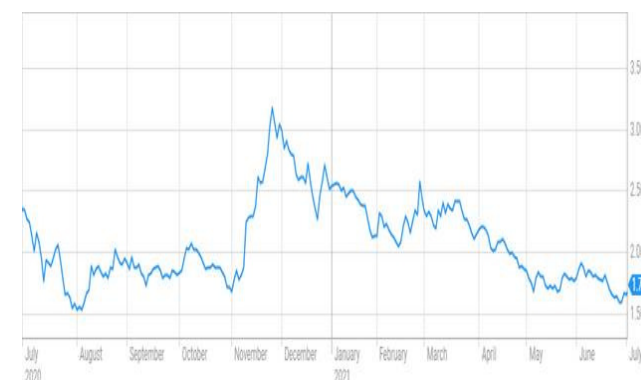
Mike is the CEO and Managing Director of Alumina Limited, having been appointed on 1 June 2017. He was previously a Non Executive Director of Alumina and has held senior positions with various corporate and legal firms in Australia.

#### Non-Executive Director - Andrew Finch

Andrew is General Counsel and Group Executive, Office of the CEO and Group Company Secretary at Qantas Airways Limited.

#### CFO / Group Company Secretary – David Hall

David joined Helloworld Travel in December 2019 having spent the previous three years as the CFO of the Australian Pacific Airports Corporation. He was previously CEO of Jetstar Australia and CFO of Jetstar International.



### Substantial Shareholders at 30 June 2021

Burnes Group & Associates	42,203,953	27.2%
Spyros and Irene Alysandratos	20,630,306	13.3%
Q H Tours Limited	19,223,454	12.4%
FIL Limited	14,475,534	9.3%

**Total Top 10 (as at 30 Jun 2021) 111,015,751 71.6%**

**Total Top 10 (as at 30 Jun 2020) 96,828,752 79.3%**

