



ASX ANNOUNCEMENT

Melbourne, 30 August 2022

Return to profitability in Q4

Helloworld Travel Limited (ASX: HLO) has today released its audited financial results and annual report for the year ended 30 June 2022; including Appendix 4E and an investor presentation.

Full Year Highlights

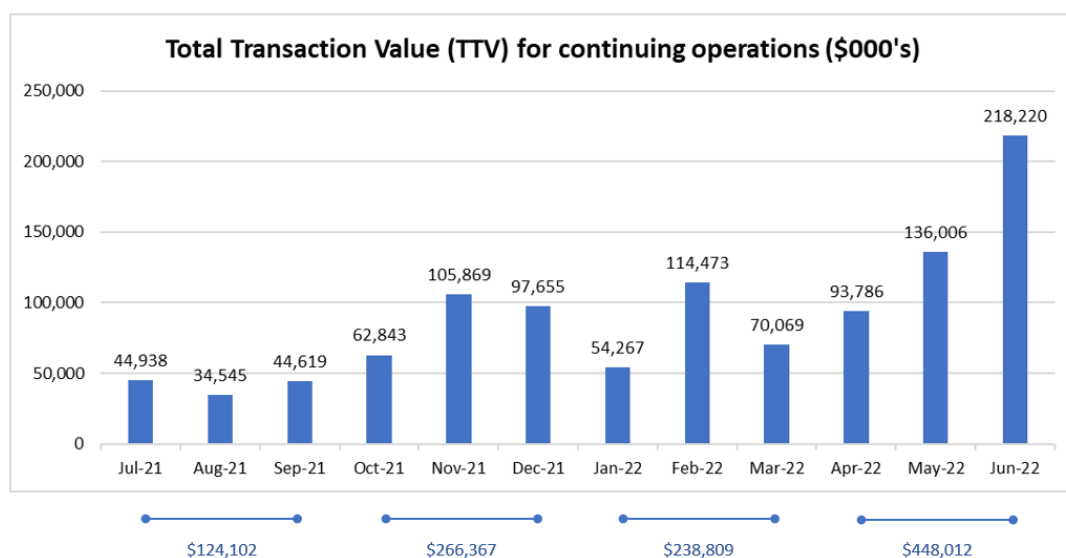
- Full year statutory profit after tax of \$90 million.
- Dividend declared of 10 cents per share, fully franked, to be paid on 23 September 2022.
- Q4 2022 returned to operational profitability on the back of a solid June.
- Strong balance sheet with \$89.1 million of unrestricted cash and 3.5 million Corporate Travel Management shares (ASX code: CTD) and no bank debt.
- Divested the corporate travel management business to CTD, effective 31 March 2022, resulting in a post-tax gain on sale of \$117.5 million.
- Group TTV from continuing operations was \$1,077 million, up 140% on the prior year.
- Full year EBITDA loss from continuing operations of \$10.6 million, compared to a \$24.5 million EBITDA loss in the prior year.
- Successfully on-boarded approximately 150 new and returning staff since the reopening of Australia's international borders.
- Delivered enhanced technologies including the release of the "Mango" and "Ready Rooms" trade booking platforms.
- Doubled the number of agents utilising Helloworld's exclusive Resworld mid-office platform.
- Initial guidance for FY23 EBITDA profit of \$22-\$26 million subject to no materially adverse impacts on our business and the continued recovery from the pandemic.

Summary of Results

	For the year ended 30 June 2022 (\$000's)	For the year ended 30 June 2021 (\$000's)	Change (\$000's)	Change %
Total Transaction Value (TTV)	1,077,289	448,833	628,456	140.0
Revenue and other income	69,270	57,498	11,772	20.5
Expenses	(79,828)	(81,217)	1,389	1.7
Equity accounted losses	(73)	(783)	710	90.7
EBITDA loss	(10,631)	(24,502)	13,871	56.6
EBITDA margin %	-15.3%	-42.6%		
Depreciation and amortisation	(22,747)	(26,225)	3,478	13.3
Impairment expense	0	(426)	426	100.0
Finance expense	(2,721)	(3,575)	854	23.9
Loss before income tax from continuing operations	(36,099)	(54,728)	18,629	34.0
Income tax benefit	7,314	15,176	(7,862)	(51.8)
Loss after income tax from continuing operations	(28,785)	(39,552)	10,767	27.2
EBITDA profit from discontinued operations (9 months)	3,593	8,294	(4,701)	(56.7)
Profit after tax from discontinued operations (9 months)	1,099	3,667	(2,568)	(70.0)
Gain on disposal of discontinued operations	117,532	0	117,532	-
Profit/(loss) after tax for the year	89,846	(35,885)	125,731	-
Profit/(loss) attributable to the owners of Helloworld Travel Limited	90,527	(35,496)	126,023	-

Total Transaction Value (TTV): does not represent revenue in accordance with Australian Accounting Standards and is not subject to auditor review. TTV 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 the Group cash inflows as some transactions are settled directly between the customer and the supplier.

Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA): 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 and it is not subject to auditor review.



A tale of four quarters

Helloworld generated \$1.077 billion in TTV for all operations in FY22, up 140% on FY21. We entered FY22 having achieved our best quarter of the previous year, with all Australian borders open and an active trans-tasman bubble.

However, quarter one was almost immediately impacted by the subsequent outbreaks of COVID-19 and countrywide lockdowns across Australia and New Zealand.

The second quarter brought to an end an extended period of international border closures, allowing Australians to travel overseas. At the end of the second quarter, we announced the sale of our corporate travel management division to Corporate Travel Management Limited (ASX: CTD) for \$175 million. At completion date, being 31 March 2022, total consideration was valued to \$184.8 million (excluding working capital adjustments). Fiji also reopened its borders, welcoming international tourists for the first time since early 2020.

The third quarter saw continued growth with the removal of the WA border restrictions, reuniting Australia once again. Further, Australia opened its borders to international visitors. TTV and revenue increased accordingly, as confidence returned to the sector and consumers began preparing for their long-awaited leisure travel, at home and abroad. At the close of quarter 3 we passed the baton of our corporate travel business to CTM confident that our customers would continue to enjoy the level of service they had come to expect from Helloworld as 270 of our dedicated team transferred with the business.

The final quarter of the year saw significant growth in our leisure business, achieving TTV from continuing operations for the quarter equivalent to that achieved for the whole of FY21. The quarter returned to operational profitability on the back of a solid June. The start of the northern hemisphere summer, the first easter out of lockdown and relaxation of restrictions across the country has seen forward bookings across all divisions grow.

Our Agent Network

Despite a hugely challenging two years our networks have proven to be extremely resilient, while some multi-store agencies have consolidated and others have moved to home-based agents or broker models, our customers have continued to be supported by their travel professionals. The challenging and continuously changing environment that travellers now face has shown the benefit that comes from your local travel agent's knowledge and service. This cannot be matched through online booking engines.

During the course of the year, we have added a substantial number of agents to our Resworld platform and delivered a number of enhancements to better support our members. We are also working with our supplier partners to renegotiate new deals for the coming years as the Group continues to demonstrate the strong desire of our customers to work with their local travel professional.

Helloworld's network member status as at end June 2022 was:

	June 2022	December 2021	June 2021
Australia and New Zealand	2,064	2,168	2,224

Outlook

- EBITDA profit expected to be \$22-\$26 million for FY23, subject to no materially adverse impacts on our business and the continued recovery from the pandemic.
- Helloworld's retail networks have stabilised and we will continue to invest in supporting new and existing franchisees to return to shop fronts.
- Completion of the sale of the corporate travel management division has strengthened the balance sheet and allowed a renewed focus toward the growing leisure travel market.
- Based on retail, wholesale and inbound booking intakes across the first six months of 2022 we expect strong incoming tourism over the Southern hemisphere summer.

Comments from Andrew Burnes, AO, Helloworld Travel Chief Executive Officer and Managing Director

"The last two years have been the most difficult for our industry, but despite this, our business stands ready for a strong rebound. We have a strong balance sheet, with no borrowing, cash reserves and substantial liquid assets. Our network of agencies has proven to be resilient and robust, despite the impact of COVID-19.

We are looking forward to the year ahead and reconnecting with our customers and suppliers, in addition to delivering enhanced service offerings for our customers.

We also thank our staff, network agencies, suppliers, and other partners for their continuing support."

This announcement has been approved by the Board.

Andrew Burnes. AO
Chief Executive Officer

About Helloworld Travel Limited

Helloworld Travel Limited (ASX: HLO) is a leading Australian & New Zealand travel distribution company, comprising retail travel networks, air ticket consolidation, wholesale travel services, destination management services (inbound) and freight and coach operations.

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