



helloworld
TRAVEL LIMITED

HELLOWORLD TRAVEL LIMITED
AND CONTROLLED ENTITIES

FY22

YEAR ENDED 30 JUNE 2022

ANDREW BURNES, AO – CEO
MICHAEL SMITH – CFO



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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). 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 agent 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.

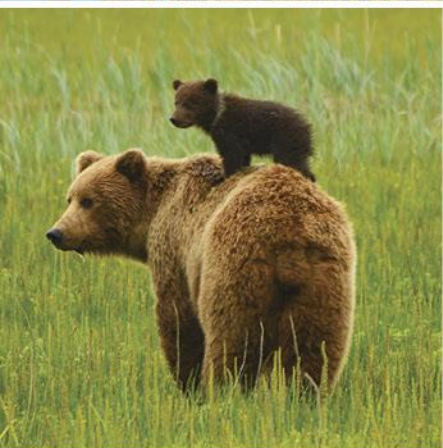
Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) is a financial measure which is not prescribed by Australian Accounting Standards but is a measure used by the Board to assess the financial performance of the Group and operating segments. EBITDA has been amended in this year to exclude all AASB16 *Leases* associated expenses.

A reconciliation of EBITDA to loss before income tax expense is provided in Note 2.4: Segment information from continuing operations of the Consolidated Financial Statements.

Unless otherwise stated, prior year comparatives are based on continuing operations and exclude the corporate travel management division which was divested on 31 March 2022.

Our travel operations

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





Highlights from FY22

- Full year statutory profit after tax of \$90 million.
- Dividend declared of 10 cents per share, fully franked, to be paid 23 September 2022.
- Return to operational profitability in Q4 2022.
- Strong balance sheet with \$89.1 million of unrestricted cash, 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.



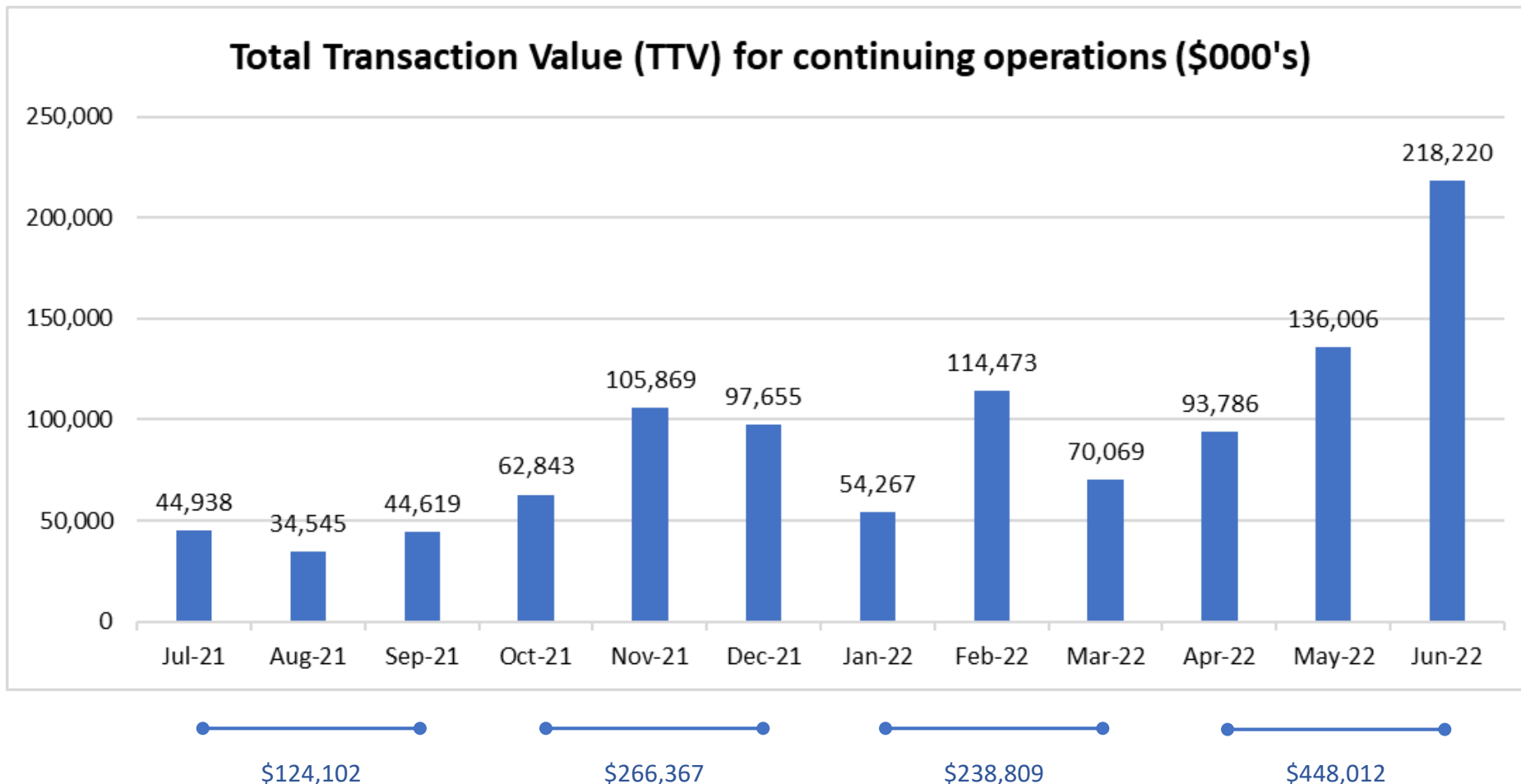


Performance highlights

- TTV on continuing operations was approximately 20% of pre-COVID levels for the year, moving up to 30% of 2019 levels in Q4.
- Statutory profit after tax of \$90 million.
- EBITDA loss from continuing operations of \$10.6 million (compared to a \$24.5m EBITDA loss in FY21).
- Return to operational profitability in Q4 2022.
- Delivery of the “Mango” and “Ready Rooms” trade booking portals and continued improvements to technology suite resulting in improved customer outcomes, cost reductions and enhanced capability.
- At the end of the second quarter, announced the sale of the corporate and entertainment travel management division to CTM (ASX: CTD) for \$100 million cash and \$75 million in shares. At completion date, being 31 March 2022, total consideration was valued to \$184.8 million.



TTV increased 140% YoY to \$1,077 million





Group results

	FY22 \$000'S	FY21 \$000'S	Change %
Total Transaction Value (TTV)	1,077,289	448,833	140.0
Revenue from contracts with customers	63,534	39,659	60.2
Revenue margin %	5.9%	8.8%	
Other income	5,736	17,839	-67.8
Total revenue and other income	69,270	57,498	20.5
Employee benefit expenses	(45,683)	(57,731)	20.9
Selling & marketing expenses	(10,909)	(5,088)	-114.4
Comms & technology expenses	(6,883)	(7,721)	10.9
Other expenses	(16,426)	(11,460)	-43.3
EBITDA loss	(10,631)	(24,502)	56.6
EBITDA margin %	-15.3%	-42.6%	
Depreciation and amortisation	(22,747)	(26,225)	13.3
Impairment expense	0	(426)	100.0
Finance expense	(2,721)	(3,575)	23.9
Loss before income tax from continuing operations	(36,099)	(54,728)	34.0
Loss after income tax from continuing operations	(28,785)	(39,552)	27.2
EBITDA profit from discontinued operations (9 months)	3,593	8,294	-56.7
Profit after tax from discontinued operations (9 months)	1,099	3,667	-70.0
Gain on disposal of discontinued operations, net of tax	117,532	0	-
Profit/(loss) after tax for the year	89,846	(35,885)	-
Basic earning per share (cents) from continuing operations	(18.1)	(25.7)	29.6

FY22 notes

- (1) TTV growth from continuing operations of 140%.
- (2) Revenue margin impacted by reduced call centre operations revenue in FY22 (which is excluded from TTV).
- (3) Revenue margin does not include other income.
- (4) Other income includes grants and wage subsidies (FY22: \$3.6m, FY21: \$15.2m).
- (5) Stringent cost control continues to be a focus.
- (6) Gain on disposal of corporate travel management business to CTM of \$117.5m post tax.

Cash flow

	FY22 \$000's	FY21 \$000's
Continuing operations	5,523	(18,470)
Discontinued operations	3,897	4,931
Net cash from/(used in) operating activities	9,420	(13,539)
Payments for intangibles	(3,522)	(5,834)
Payments for property, plant and equipment	(344)	(2,834)
Payments for acquisition of controlled entities, net of cash acquired	-	175
Payments for disposal of controlled entities, net of cash disposed	-	(2,122)
Proceeds from disposal of property, plant and equipment	133	13
Proceeds from sale of Corporate business, net of costs	98,977	-
Sub total – continuing operations	95,244	(10,602)
Discontinued operations	(214)	(504)
Net cash from/(used in) investing activities	95,030	(11,106)
Proceeds from share issue, net of costs	-	48,733
Repayment of borrowings	(81,000)	(20,000)
Principal elements of lease payments	(5,562)	(6,156)
Sub total – continuing operations	(86,562)	22,577
Discontinued operations	(669)	(840)
Net cash from/(used in) financing activities	(87,231)	21,737
Net increase/(decrease) in cash and cash equivalents	17,219	(2,908)

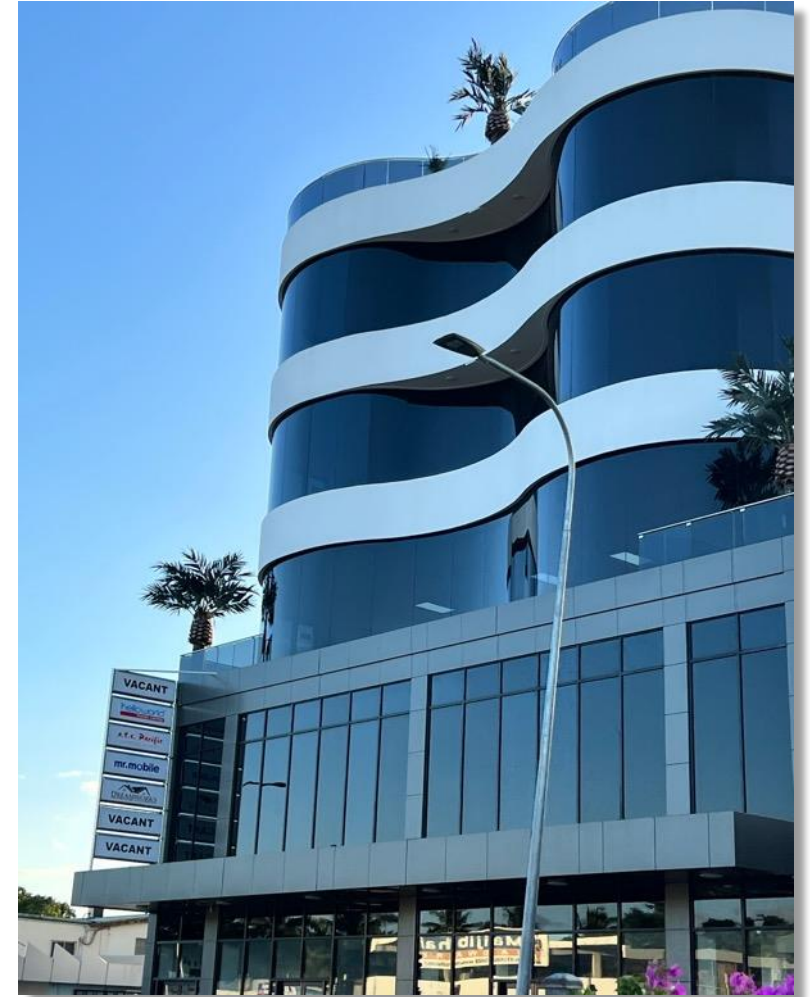
FY22 notes

- (1) Tax refund received in Australia during FY22 for \$7.7m relating to carry back tax losses.
- (2) Cash proceeds (net of costs) from divestment of corporate travel management business totalled \$99m in FY22.
- (3) Full repayment of bank debt (\$81.0m).
- (4) No dividend paid during FY22; however a 10 cent, fully franked, dividend has been declared.
- (5) Strong liquidity position with significant cash reserves, ASX listed CTD shares and no borrowings.



Travel recovered strongly in Q4

- During Q2 of FY22, fully vaccinated Australians commenced travelling overseas again.
- Australia welcomed international tourists in Q3 of FY22 and the Western Australian border restriction was removed.
- New Zealand borders opened to Australians in April 2022 and have subsequently opened to all tourists on 1 August 2022.
- Despite a challenging macro economic environment and reduced consumer confidence, travel is continuing to be an important part of the family budget.
- Travel agents are reporting strong demand from the travelling public.
- Expecting the first half of FY23 to continue to improve particularly as international tourists seek to enjoy the southern hemisphere summer and customers look to travel overseas to reconnect with the world.
- Helloworld, through its inbound subsidiaries, is the largest Inbound Tour Operator in Australia and New Zealand.





Outlook for FY23

- We forecast a return to profitability in FY23, following a profit in Q4 of FY22.
- 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.
- Based on booking levels across the first six months of CY22 we expect strong incoming tourism to both Australia and New Zealand over the southern hemisphere summer.
- Helloworld's retail networks have stabilised and we will continue to invest in supporting new and existing Franchisees to return to shop fronts.
- Our recently launched Helloworld Academy will support the networks in onboarding new travel professionals.
- Helloworld will continue to invest in its digital strategy and enhance its offerings to customers and agent networks.



Network members

Helloworld's agent networks show steadfast resilience and maintain a strong presence for expected travel demand



2,396 31 March 2020 | 2,064 at 30 June 2022 | (-14%)

- Retail agencies in Helloworld's networks have got through the pandemic with a strong presence and have responded well to the increased demand for travel.
- Helloworld is supporting agencies returning to shopfronts and is strategically supporting the opening of new franchise locations in underserved areas.



Delivering new technology solutions

- Wholesale delivered its new platform “Mango”, our own front-end portal that operates off Tourplan NX. Mango was 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.
- Our Ready Rooms business also welcomed its new purpose-built platform that went live in March 2022, delivering a strong competitor in the online wholesale room booking market.
- ResWorld, Helloworld’s retail mid-office system, continues to become the go-to mid-office system for retail agency networks in Australia and New Zealand. Now rolled out to over 350 consultants in 150 agencies.
- Helloworld’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. This capability now enables over 96% of tickets to be processed automatically.





Business focus

Helloworld's Leisure Wholesale Businesses

- Viva and Go Holidays booking portal, Mango, went live in late 2021, delivering enhanced operability and a superior range of products and experiences.
- ReadyRooms relaunched to our agents in March 2022 on its new platform and continues to enhance its product offering as more suppliers directly connect, enabling outstanding rates and content to our agent partners.
- CruiseCo, the cruise wholesaling specialist, is expecting a strong summer. Cruising is expected to embark in scale in September 2022, with new year bookings expected to commence from as early as October 2022.
- Strong demand for travel has taken off and confidence is returning as customers book further in advance.





Business focus

Air Tickets – Ticket Consolidation

- Air Ticket consolidation business volumes are beginning to meet and exceed the pre COVID-19 levels.
- Superior technology investment enables over 96% of tickets to be issued automatically.
- Over 10,000 tickets a day currently issued by Air Tickets via Helloworld’s purpose built Smart Tickets system.
- Continued investment geared toward improving automation and investing in new NDC.
- The consolidation business is driven through fees and override commissions that have not been impacted by the publicised reductions to front end commissions.





Segment results - Australia

Continuing operations	FY22 \$m	FY21 \$m	Change %
Total Transaction Value (TTV)	960.3	373.6	157%
Revenue and other income	62.3	53.5	16%
Revenue margin % ⁽¹⁾	6.0%	9.9%	
EBITDA loss	(8.1)	(18.1)	55%
EBITDA margin %	(12.9%)	(33.7%)	

⁽¹⁾ Revenue margin does not include other income

- TTV increase was driven by the progressive release of state border restrictions and international borders reopening.
- Revenue growth occurred in all business lines, in particular Retail.
- Agent network resilient and largely intact.
- Non-TTV revenue from call centre operations finished in February 2022; which impacted revenue margin.
- The corporate travel management division was sold 31 March 2022.

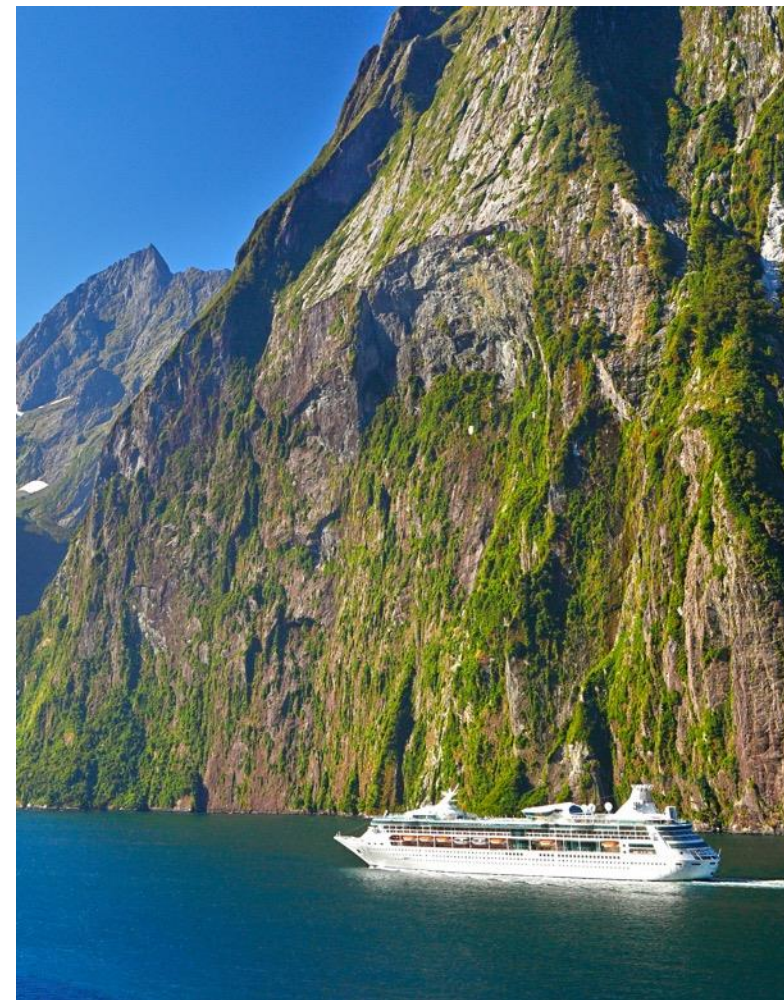


Segment results – New Zealand

Continuing operations	FY22 \$m	FY21 \$m	Change %
Total Transaction Value (TTV)	115.3	75.2	53%
Revenue and other income	6.0	3.9	57%
Revenue margin % ⁽¹⁾	4.3%	3.4%	
EBITDA loss	(2.6)	(5.9)	56%
EBITDA margin %	(43.4%)	(153.6%)	

⁽¹⁾ Revenue margin does not include other income

- TTV and revenue both increased in FY22 despite significant lockdowns and border restrictions.
- The trans-tasman bubble and reopening of the Cook Islands supported growth. Tourists were welcomed back to NZ on 1 August 2022, which is expected to deliver strong growth in FY23.
- The corporate travel management businesses, APX and Atlas, were sold effective 31 March 2022.



Segment results – Rest of World

Continuing operations	FY22 \$m	FY21 \$m	Change %
Total Transaction Value (TTV)	1.7	0.0	na
Revenue and other income	1.0	0.1	na
Revenue margin % ⁽¹⁾	na	na	na
EBITDA loss	0.0	(0.5)	na
EBITDA margin %	na	na	na

⁽¹⁾ Revenue margin does not include other income

- Starting to see increased business into our Fijian operations, with airlines increasing capacity.
- Personnel in Fiji continue to provide support and additional support functions are being added.
- TTF and ATS are both well positioned for sustained growth.





Appendix

Company background information

A\$1.69
Share price
at 30 June 2022

155.0 mill.
Shares on issue

A\$262.0 mill.
Market capitalisation
at 30 June 2022

A\$122.5 mill. Cash
A\$0.0 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 Helloworld Travel since 2016.

Non-Executive Director - Andrew Finch

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

Non-Executive Director - Robert Dalton

Robert was appointed to the Board as Independent Non-executive director and Chair of the Audit & Risk Committee on 9 November 2021. Robert has over 30 years accounting, advisory and leadership experience.

Chief Financial Officer - Michael Smith

Michael was appointed CFO in May 2022. Michael was previously the CFO and CEO of Amplifon Australia. Prior to this Mike was the CFO at Adacel Technologies and a senior manager at PwC.

Group Company Secretary - Sylvie Moser

Sylvie joined Helloworld Travel in January 2021 as Company Secretary and was appointed Group Company Secretary in April 2022. Sylvie has several years experience in CFO and company secretarial roles.



Substantial Shareholders at 30 June 2022

Burnes Group & Associates	40,911,832	26.4%
Spyros and Irene Alysandratos	20,630,306	13.3%
QH Tours Limited	19,223,454	12.4%
FIL Limited	14,475,534	9.3%
Total Top 10 (as at 30 Jun 2022)	108,222,150	69.8%
Total Top 10 (as at 30 Jun 2021)	115,526,808	71.9%

