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HELLOWORLD ANNOUNCES RESULTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

Business positioned for future growth

HIGHLIGHTS

- Total Transaction Value (TTV) of $2.43 billion
- EBITDA of $8.1 million
- Loss before tax of $1.0 million
- Basic loss per share of 0.38 cents per share
- Business positioned for future growth:
    - Strong growth in the Travel Management segment
    - Launch of *helloworld* retail brand in New Zealand
    - Continued cost containment with operating expenses flat against prior period
- Successful merger with AOT Group
    - Creates integrated travel distribution business
    - Offers broader range of products and services
    - Increased scale and earnings

SUMMARY OF RESULTS

The results for the half year ended 31 December 2015 (1H16) are summarised as follows:

	31-Dec-15	31-Dec-14	
	$ million	**$ million**	**% Change**
Total transaction value (TTV) (1)	**2,431.0**	2,307.5	5.4%
Revenue	**139.0**	139.5	(0.4%)
EBITDA (2)	**8.1**	8.4	(3.2%)
Loss before tax	**(1.0)**	(0.2)	(409.0%)
Loss after tax attributable to members	**(1.7)**	(0.7)	(124.6%)
	Cents per share	**Cents per share**	**% Change**
Basic loss per share	**(0.38)**	(0.17)	(123.5%)
Diluted loss per share	**(0.38)**	(0.17)	(123.5%)

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

(2) EBITDA is earnings before interest expense, tax, depreciation and amortisation. 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.

“This is an exciting period for Helloworld and one which will see the Company continue to evolve, grow and generate returns for our shareholders, for our agents and for our stakeholders,” Chief Executive Officer and Managing Director, Andrew Burnes said.

“Post-merger, Helloworld is a company with a very strong business at the heart of the Group. We have continued to build on delivering value for our retail franchise and member agents and for the travelling public. Our inbound, tour operating and corporate businesses continue to perform well. We now have over 2,000 full-time personnel located in Australia, New Zealand, the South Pacific, Asia, India, Europe and North America with a focused and experienced management team.”

“The focus on growing TTV and margin while continuing to deliver exemplary service and support is beginning to pay off. Our focus on cost control is reflected in our operating costs remaining stable for 1H16 at $130.9 million compared to the prior comparative period of $131.1 million despite servicing the new and larger Whole of Australia Government contract and incurring merger costs.”

For the half year ended 31 December 2015 (1H16), the Group’s EBITDA of $8.1 million represented a decline of $0.3 million when compared to the prior comparative period result of $8.4 million.

“The Group’s underlying model – our network of high-calibre agents – is strong. The markets in which we operate offer excellent long-term growth prospects. Our core businesses, retail, wholesale, inbound and travel management, are solid, and our entire business has a renewed focus on growth and margin.”

The unaudited 1H16 EBITDA for the newly acquired AOT Group is $11.2 million (excludes a one-off revenue item of $1.8 million), up 24% on the prior comparative period. Including the one-off item 1H16 EBITDA is $13.0 million.

“These strong results of the newly acquired AOT Group support our view that it is trading consistently with the FY16 forecast as outlined in the Independent Expert’s Report of December 18, 2015[1],” Mr Burnes said.

“The completed merger means expanded scale, enhanced offerings, broader distribution, better technologies, and long-term stability for the enlarged group. It delivers the benefits of vertical integration, greater financial strength, a strong management team and a results-driven business platform.”

“Our immediate focus is on embedding the foundations for Helloworld’s long-term growth by maintaining our financial strength, and providing our network with the products, tools and technology they need to better serve their customers. Cost containment will also continue to be a focus - we have already identified expected synergies of $7.6 million per annum to be achieved by 30 June 2017 with approximately $2 million of associated costs.”

[1] See Independent Expert’s Report p.51 by Grant Thornton Corporate Finance Pty Ltd dated 18 December 2015 included in Helloworld's Notice of General Meeting and Explanatory Memorandum dated 18 December 2015. Note the qualifications and assumptions in that report relating to forecast financial information.

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Segment Performance

Retail Segment

The Retail segment generated TTV of $1.75 billion for the half year ended 31 December 2015. Competitive pressures in the marketplace contributed to the 2% decrease in revenue for the period to $78.9 million. The Retail segment generated EBITDA of $18.2 million (before shared services costs) which is an increase of $1.9 million or 12% on the prior corresponding period of $16.3 million.

"For the half year there has been stabilisation of the number of agents in Australia and New Zealand and we have succeeded in our goal of creating a network of high-calibre agencies, including many of the industry's leading corporate and retail travel agents. In addition, the Helloworld brand rollout into New Zealand is further strengthening our brand presence and generating synergies for the Group on both sides of the Tasman," Mr. Burnes stated.

Travel Management Segment

The Travel Management segment traded profitability in 1H16, with an EBITDA of $3.5 million representing a substantial improvement of 94% on the prior comparative period of $1.8 million.

TTV attributable to the Travel Management segment for the half year ended 31 December 2015 was $369.9 million, representing a 31% improvement over the prior comparative period attributable mainly to the growth in the Whole of Australian Government (WoAG) contract for 142 federal government agencies. Revenue increased by $4.5 million (24%) compared to the prior comparative period.

Operating expenses in the Travel Management segment increased by $2.8 million (16%) during 1H16 to $20.0 million however the increase in expenses was lower than the increase in revenue as a result of improved efficiencies. This has been achieved while maintaining excellent service levels.

Wholesale Segment

EBITDA for the Wholesale segment for 1H16 was break-even representing a decrease of $3.5 million from the prior comparative period.

The Wholesale segment generated TTV of $309.6 million, an increase of 3% on 1H15, however revenue decreased from $38.3 million to $35.1 million (8%) reflecting competitive market pressures. Operating costs increased by $0.2 million (1%) to $35 million.

Liquidity and Funding

Helloworld's balance sheet remains strong with a positive net cash position and $58.3 million headroom in debt facilities.

The total cash on hand at 31 December 2015 was $140.1 million consisting of client funds of $119.4 million and general cash of $20.7 million.

The Group reported a net cash outflow from operating activities for the current period of $30.6 million which represents an improvement of $12.5 million from the prior comparative period. This was achieved due to a reduction of transformation costs and improved working capital management.

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At 31 December 2015, the Group had access to total finance facilities (including letter of credit facilities) of $95.5 million with $37.2 million utilised and remaining headroom available of $58.3 million. Financing facilities are in place until April 2019.

Dividend

In accordance with the dividend policy, the Board has determined that the Company will not pay an interim dividend.

Outlook

Helloworld is still in the process of embedding the merged entity and expects to be able to provide the market with more substantive guidance on completion of that process. Helloworld believes that the enlarged Group should benefit from expanded scale, enhanced offerings and additional stability and that it delivers the benefits of vertical integration, greater financial strength, a strong management team and a results-driven business platform.

While challenging market conditions are expected to continue, the newly acquired inbound business is expected to grow. This business is already experiencing significant growth as a result of increased demand from Asian travellers to Australia. Greater brand awareness is expected to continue, and a renewed commitment to our retail franchise, associate and affiliate agents will include the development of compelling brand propositions and products as a priority for the retail team.

Further one-off costs of $2.1 million relating to the acquisition and the finalisation of the merger are expected to be incurred prior to the end of the current financial year.

About HLO:

About Helloworld Limited

- Helloworld Limited (ASX: HLO) is a leading Australian based travel distribution company, comprising retail travel businesses, destination management services (inbound) air ticket consolidation, wholesale, corporate and online operations. This includes "*helloworld*", Australia's largest network of franchised travel agents, as well as our Corporate, Associate and Affiliate networks, Qantas Holidays, Go Holidays in New Zealand, AOT Inbound, ATS Pacific, QBT, Sunlover Holidays and Insider Journeys
- *"helloworld"* is a nationwide network of independently owned and operated retail travel agencies offering Australian and New Zealand travellers outstanding service, and the best value, tailor-made leisure and corporate travel experiences
- HLO has over 2000 staff located in Australia, New Zealand, Fiji, the USA, South East Asia, India and UK/Europe

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