

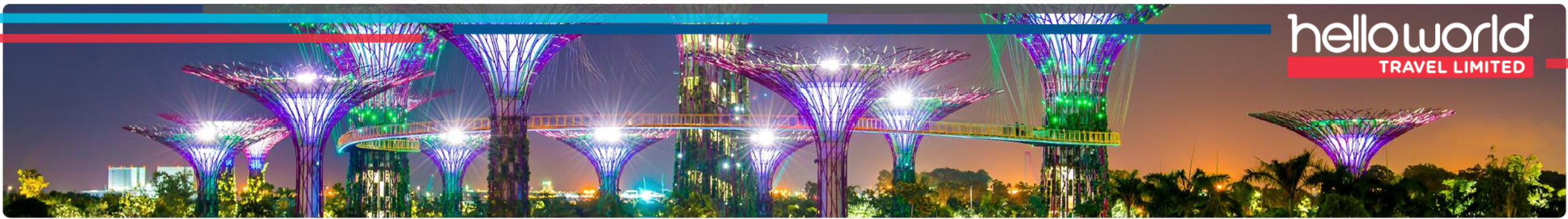


HELLOWORLD TRAVEL LIMITED

# INVESTOR PRESENTATION

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

ANDREW BURNES AO – CEO  
DAVID HALL – 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 Vale (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 half year to exclude all AASB16 *Leases* associated expenses.

A reconciliation of EBITDA to Loss before income tax expense is provided in Note 5: operating segments of the Consolidated Interim Financial Statements.





# 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



## Key Highlights

- Half year statutory loss after tax of \$14.0 million.
- Revenue growth due to relaxation of border controls and stringent cost control minimised losses in the half with an EBITDA loss of \$5.2 million.
- In HY22, HLO achieved \$694.3 million in total transaction value driven by progressive release of border controls from October to December in key Australian eastern seaboard states.
- Relaxation of domestic and international border controls in the latter part of the half delivered a notable increase in bookings.
- Revenue increased 45.2% due to the substantial increase in domestic travel in quarter two (October to December 2021).
- Retail agencies in HLO's networks remain steadfastly resilient with strong presence for expected growth in travel demand.
- On 7 February, PM Scott Morrison announced Australia would open its borders to international tourists from 21 February 2022.
- New Zealand PM Jacinda Arden has announced a staged re-opening of NZ borders from late February.
- HLO well placed to handle significant TTV and revenue growth. Greater economies of scale across existing overhead base with many cost reductions hard coded into operating environment.
- HLO should achieve break-even position or slightly better in June quarter, returning to modest profitability through out FY23.



## CTM transaction

- On 15 December 2021, Helloworld announced that it had entered into a binding agreement to divest its corporate and entertainment travel business in Australia and New Zealand to ASX listed entity, Corporate Travel Management (ASX:CTD) for an enterprise value of A\$175 million comprising cash of A\$100 million and A\$75 million in CTM shares.
- Expected to complete by end of March 2022.
- Transaction will strengthen our Balance Sheet and allow focus on network, air ticketing, wholesale and inbound growth across Australia, New Zealand and Fiji.
- Approximately 270 Australian and New Zealand personnel will join CTM.



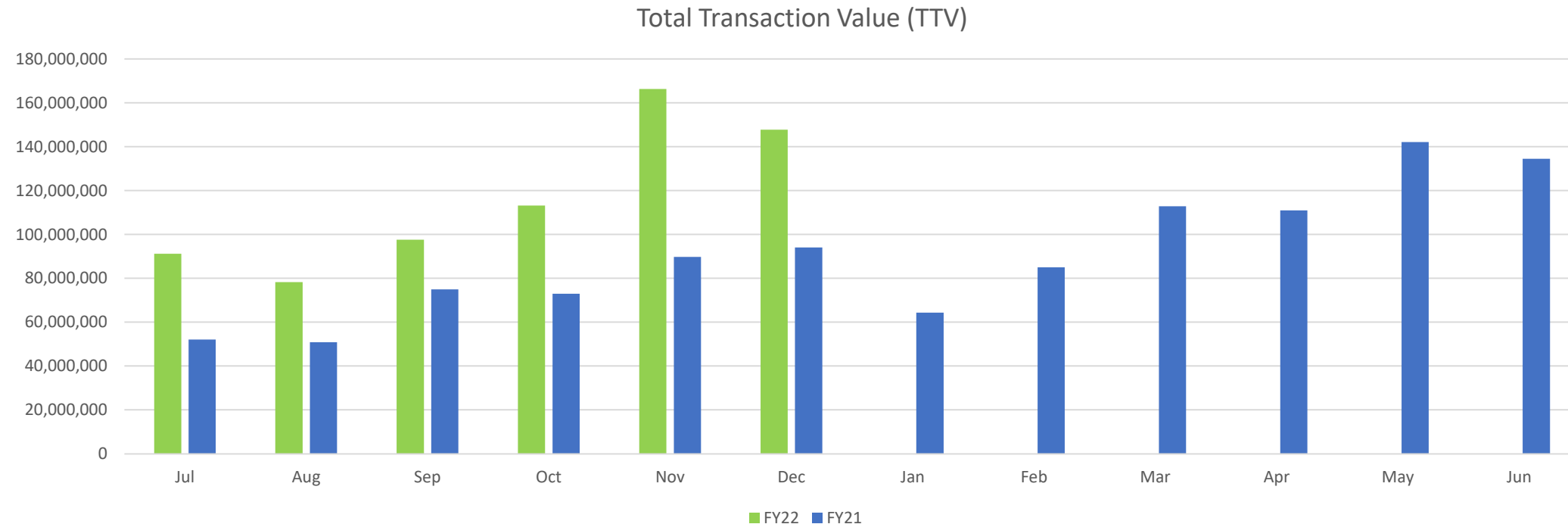


## Performance highlights

- TTV grew 60.4% on the same period last year.
- Tight cost controls kept losses to a minimum.
- Continued improvements to technology suite resulting in improved customer outcomes, cost reductions and enhanced capabilities.
- Major refund and travel credit operation undertaken over the last 20 months in Australia and New Zealand.
- Influx of international outbound leisure bookings for travel from April 2022 onwards and for inbound bookings to Australia from March onwards. HLO holds significant forward bookings for the latter part of 2022 and throughout 2023.



## TTV increased 60.4% to \$694.3 million in 1H22



- Quarter 1 impacted by the almost total lockdown across Australia from July to September.
- Quarter 2 growth driven by progressive release of border controls from October to December.

# HY22 Group Results (31 December 2021)

	HY22 Dec 21 (\$'m)	HY21 Dec 20 (\$'m)	Change (\$)
Total Transaction Value (TTV) <sup>(1)</sup>	694.3	432.9	261.4
Revenue <sup>(2)</sup>	40.3	27.8	12.5
Other Income <sup>(3)</sup>	5.8	19.7	(13.9)
Total Revenue and other income	46.1	47.5	(1.4)
<b>Revenue margin % <sup>(4)</sup></b>	<b>5.8%</b>	<b>6.4%</b>	
Employee benefits expense <sup>(5)</sup>	(33.8)	(39.6)	5.8
Selling, Marketing & Advertising expenses <sup>(6)</sup>	(3.3)	(1.5)	(1.8)
Technology & Comms costs	(5.9)	(6.3)	0.4
Occupancy	(1.5)	(1.7)	0.2
Other expenses <sup>(7)</sup>	(6.8)	(4.2)	(2.6)
Total Overheads	(51.3)	(53.3)	2.0
<b>EBITDA</b>	<b>(5.2)</b>	<b>(5.8)</b>	<b>0.6</b>
<b>EBITDA % of revenue <sup>(8)</sup></b>	<b>(12.8)%</b>	<b>(20.9)%</b>	
Depreciation & Amortisation	(12.7)	(13.7)	1.0
Financing expenses	(1.7)	(2.0)	0.3
<b>Loss before income tax</b>	<b>(19.6)</b>	<b>(21.5)</b>	<b>1.9</b>
<b>Loss after income tax</b>	<b>(14.0)</b>	<b>(15.1)</b>	<b>1.1</b>
<i>Basic loss per share (cents)</i>	<i>(9.0)</i>	<i>(9.8)</i>	<i>0.8</i>

## HY22 NOTES

- (1) TTV growth 60.4%.
- (2) Revenues grew 45.2%.
- (3) Other income includes government wage subsidy support of \$3.5m including Australia of \$2.8m and New Zealand A\$0.7m.
- (4) Revenue margin does not include government wage subsidies. Slight decline in margin due to reduction in non-travel revenues.
- (5) Employee expenses reflect fewer FTEs and contrasts with \$73.9 million in HY20 (December 19).
- (6) Increase in Selling and marketing offset by higher Income from marketing activities.
- (7) Increase on Other expenses reflects ramp up of freight activities.
- (8) EBITDA margin improved due to stringent cost control with many costs savings hard coded into operating environment.



# HY22 Cash Flow (31 December 2021)

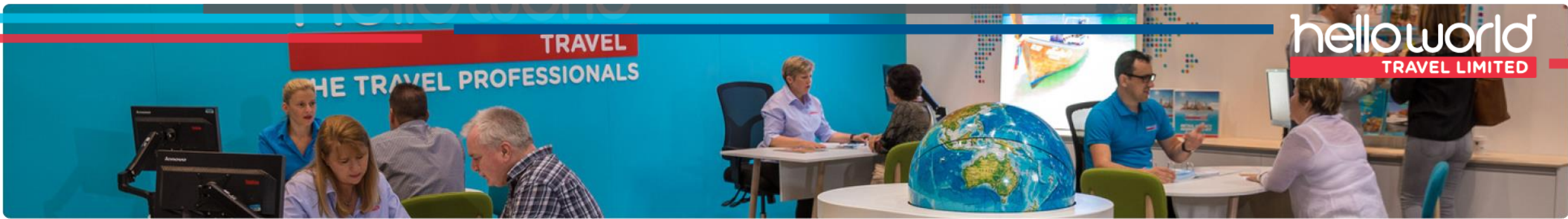
	HY22 Dec 21 (\$'m)	HY21 Dec 20 (\$'m)
<b>Net cash used in operating activities</b>	<b>(26.1)</b>	<b>(8.9)</b>
Payments for intangibles (capitalised items)	(2.1)	(3.0)
Payments for property, plant and equipment	(0.6)	-
Payments for disposal of controlled entities, net of cash disposed	-	(2.2)
Proceeds from disposal of property, plant and equipment	0.1	-
Net cash acquired from acquisitions	-	0.1
<b>Net cash used in investing activities</b>	<b>(2.5)</b>	<b>(5.1)</b>
Proceeds from share issue, net of costs	-	48.2
Prepayment of borrowings	(10.0)	(20.0)
Repayment of lease liabilities	(4.3)	(3.1)
<b>Net cash from financing activities</b>	<b>(14.3)</b>	<b>25.2</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(42.9)</b>	<b>11.1</b>

- Monthly net operating cash outflows maintained at circa \$1.5m.
- Net operating cash outflow also reflects reduction in client cash (refunds and supplier payments), timing of overhead payments and payment of employee entitlements.
- Equity raise (net \$48.2m) during HY21 has extended liquidity runway.
- No dividends paid or declared for HY22.
- HLO maintains a sufficient level of operating cash to maintain operations and continue to benefit from the recovery of the travel and tourism market and to see that through to full recovery.
- Cash proceeds of \$100m expected in 2H22 upon completion of CTM transaction.

## Travel poised for rapid return in CY22

- Australia's international borders will reopen to international tourists from today (21 February 2022).
- New Zealand borders to commence re-opening from late February 2022 through to August 2022.
- WA border to re-open from 3 March 2022.
- Across both Australia and New Zealand agents are reporting higher volumes of both enquiries and new bookings.
- Increased business into our Fijian operations with Fiji open since December 2021.
- Expecting second half of FY22 to continue to improve particularly in Australia where all but one of the State borders are now open.
- HLO through its inbound subsidiaries is the largest Inbound Tour Operator in Australia and New Zealand. We are expecting significant demand from international markets commencing in Q4 FY22.





## Network members

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



2,168 at 31 DECEMBER 2021 | 2,274 31 DECEMBER 2020

- Retail agencies in HLO's networks have remained steadfastly resilient with a strong presence on both sides of the Tasman as travel demand improves.
- Vast majority of agents have remained open servicing their leisure and corporate customers and are ready for the recovery in travel as cross border restrictions come to an end.
- A number of agents have chosen to close their businesses during the pandemic or to consolidate outlets while others continue to "hibernate" their businesses until booking levels recover.



## Best of breed technology solutions

- HLO has reduced its operational capacities in line with COVID-19 impacts however we have continued to invest in further development of our core technologies throughout HY22.
- 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 July, 2022.
- In wholesale, we have moved to a new platform, "Mango", our own front-end portal operating off Tourplan NX and this was rolled out across our wholesale operations from 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 Odysseus.
- HLO continues 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 in March 2022 based upon the Athena system developed by our dedicated team in Athens and we intend to re-launch Skiddoo again with an updated platform.



## HLO well placed to handle significant TTV and revenue growth while achieving greater economies of scale

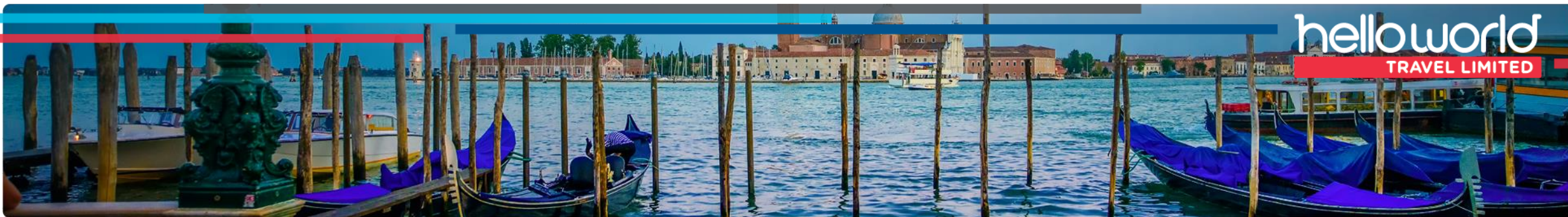
- Forecasts not provided since the onset of COVID-19 in February 2020 due to the uncertainties around the opening and closure of domestic and international borders.
- Opening of Australia's International borders on 21 February 2022 and the planned opening of New Zealand borders from late February 2022 onwards has had a positive impact in terms of consumer confidence and bookings for both outbound and inbound travel in our key source markets.
- Across both Australia and New Zealand, Agents are reporting an increased volume of enquiries and bookings although there is still a long way to go until agencies can return to profitability.
- Starting to see increased business into our Fijian operations.
- Second half of FY22 expected to continue to improve particularly in Australia where all State borders will be open by March and where both inbound and outbound international travel is now possible for the first time since March 2020.
- HLO holds significant forward bookings for the latter part of 2022 and throughout 2023.
- It is impossible to predict at this stage with an acceptable degree of accuracy what our outcomes are likely to be however, things are certainly improving and if demand continues to grow on its current trajectories, Helloworld should achieve a break-even position or slightly better in the June quarter and return to modest profitability throughout FY23.



### 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.
- high demand for complex upmarket travel arrangements.





## 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 15 December 2021, Helloworld announced that it had entered into a binding agreement to divest its corporate and entertainment travel business in Australia and New Zealand to ASX listed entity, Corporate Travel Management (ASX:CTD) for an enterprise value of A\$175 million. Subject to the completion of a number of substantive actions by Helloworld, including certain conditions precedent being met, completion is expected to occur during the first quarter of calendar 2022 year. The sale will be recognised in Helloworld's results for the second half of FY22.





## Business focus

### 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 partners for FY22.
- HLO has renewed its commercial partnership with major cruise lines and tour operators for FY23.



## 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 recommence.
- 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 have moved to a new and more efficient portal from October, 2021 which has delivered 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.



## Segment Results - Australia

	HY22 Dec '21 \$m	HY21 Dec '20 \$m	Change %
Total Transaction Value (TTV)	638.5	378.6	68.6
Revenue	38.0	24.8	53.2
Revenue margin %	6.0	6.5	
EBITDA	(3.7)	(2.4)	54.2
EBITDA margin %	(9.7)	(9.7)	

- TTV was up 68.6% driven by the progressive release of State Border controls.
- Revenues up 53.2% specifically in our retail operations TTV was up 177%.
- Revenue margin decrease reflects a decline in higher yielding non-travel related call-centre revenue.
- Wholesale and inbound revenue was up 125.6% year on year for the half but down 86.4% from 2019.
- Agent network steadfastly resilient and largely intact.
- Revenue margin decreased reflecting a decline in high yielding non-travel related call-centre revenue.





## Segment Results – New Zealand

	HY22 Dec '21 \$m	HY21 Dec '20 \$m	Change %
Total Transaction Value (TTV)	55.8	54.3	2.8
Revenue	2.2	2.9	(24.1)
<i>Revenue margin %</i>	3.9	5.3	
EBITDA	(1.4)	(3.0)	56.7
<i>EBITDA margin %</i>	(59.1)	(103.5)	

- TTV rose 2.8% on the comparative half and was down 89% on 1H20.
- Restructuring on the NZ operations was completed during HY21 which reduced future operating costs and overheads.
- With international borders in New Zealand remaining closed with the exception of the Cook Islands (at various times) the first halves of both the FY21 and FY22 years look very similar.



## Segment Results – Rest of the World

	HY22 Dec '21 \$m	HY21 Dec '20 \$m	Change %
Total Transaction Value (TTV)	-	-	-
Revenue and Other Income	-	-	-
Revenue margin %	-	-	-
EBITDA	(0.1)	(0.4)	-
EBITDA margin %	-	-	-

- Starting to see increased business into our Fijian operations but the impact on the first half was negligible.
- Personnel in Fiji continue to provide database and other support functions.
- TTF and ATS are both well positioned to benefit from border openings with Australia, the US and other key source markets.

## Liquidity and funding

Liquidity	Dec-21 \$m	Jun-21 \$m	Change \$m
Total cash	87.6	131.0	(43.4 )
Drawn debt	(71.0)	(81.0)	10.0
Net cash	16.6	50.0	(33.4)

Funding	Dec-21 \$m	Jun-21 \$m	Change \$m
Funding facility	119.0	119.0	-
Used facility	(76.4)	(87.4)	11.0
Unused facility	42.6	31.6	11.0

	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	Mar-23	29.0	19.0
<b>Borrowings on Balance Sheet</b>			<b>71.0</b>

- At 31 December 2021, the Group's cash balance was \$87.6 million.
- Facilities aligned to March 2023.
- During the current half a pre-payment of \$10 million was made against Facility D, reducing overall borrowings and increasing facility headroom.
- Minimum cash balance covenant down from \$55 million to \$30 million.
- At 31 December 2021, the Group had external borrowings of \$71.0 million with available headroom on its debt facilities of \$42.6 million (June 2021: \$31.6 million, December 2020: \$30.2 million).
- Helloworld maintains a sufficient level of operating cash and positive net current assets, supported by a secured long-term debt facility with Westpac.
- Subsequent to December 2021 period-end, \$7.5 million in previously paid company tax was refunded by the Australian Taxation Office under the loss carry back provisions relating to the FY20 and FY21 tax years.





# Appendix

## Company background information

**A\$2.51**  
Share Price at  
31 December 2021

**155.0M**  
Shares on issue

**A\$389.1M**  
Market Cap at  
31 December 2021

**A\$87.6M Cash**  
**A\$71.0M 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 - Andrew Finch

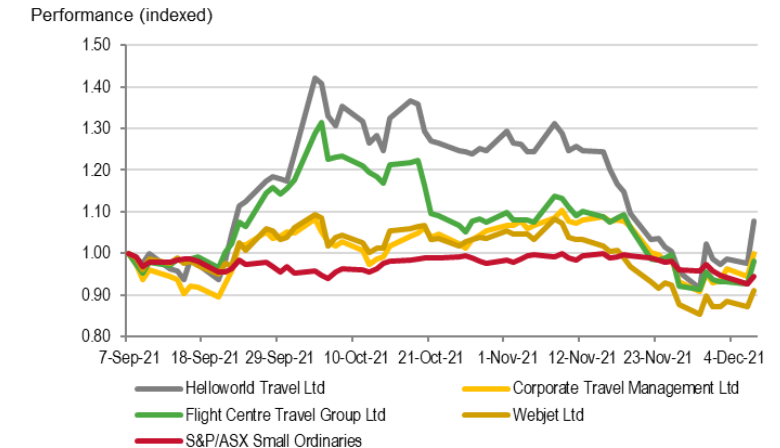
Andrew is General Counsel and Group Executive, Office of the CEO and Group Company Secretary at Qantas Airways Limited.

#### Non-Executive Director – Robert Dalton

Robert was appointed to the Board as an 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.

#### 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 (including International operations) and New Zealand.



### Substantial Shareholders at 31 December 2021

Burnes Group & Associates	41,524,730	26.8%
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 31 Dec 2021) 106,556,928 68.7%**

**Total Top 10 (as at 31 Dec 2020) 118,742,405 76.5%**

