



helloworld  
TRAVEL  
2018 ANNUAL GENERAL MEETING

2018 Annual General Meeting of  
Helloworld Travel Limited

15 November 2018



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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)** - 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.

**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.





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TRAVEL

## 2018 ANNUAL GENERAL MEETING

Mr Garry Hounsell  
Chairman



- FY18 a strong year for the Group
- Continue to consolidate gains from synergies and cost out initiatives
- Retail brand recognition focus delivering greater awareness
- Acquisition of new businesses:
  - Magellan Travel network
  - Asia Escapes
  - Flight Systems
- Improved remuneration model for retail agents rolled out
- Developing and rolling out enhanced technologies across all business divisions
- Industry recognition at the 2018 Australian Federation of Travel Agent awards





# Chairman – Looking ahead



- HLO is well placed to continue our success in delivering to our stakeholders
- Focus on profitable revenue streams and greater efficiencies
- Execution of opportunities to drive further positive results with strategies in place to maximise the potential and value of the business
- Helloworld Travel is well positioned for sustainable long-term growth through both organic growth and acquisition
- Thank you to our network members, suppliers and other industry partners, our staff, our shareholders and to the travelling public for their support.

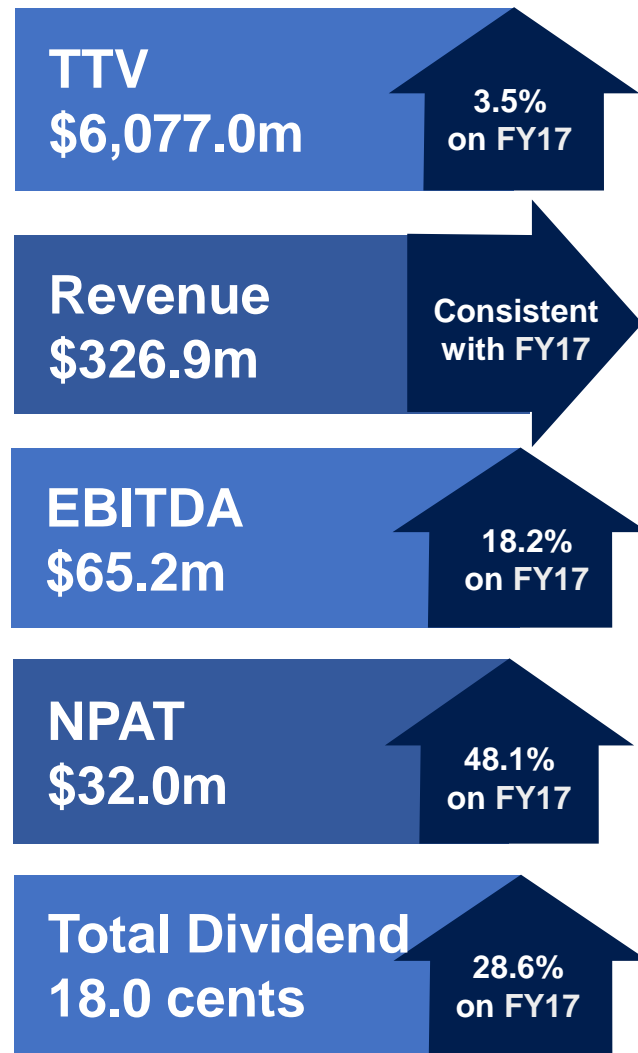




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Mr Andrew Burnes  
CEO & Managing Director

# FY18 Financial Results Overview



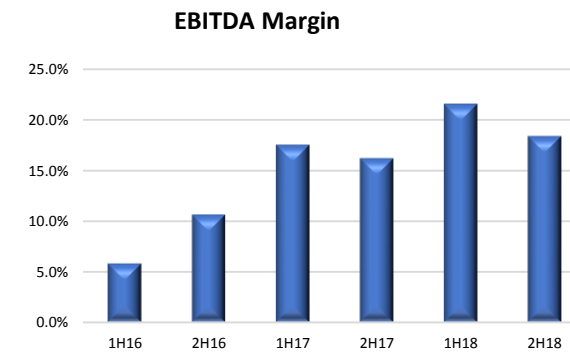
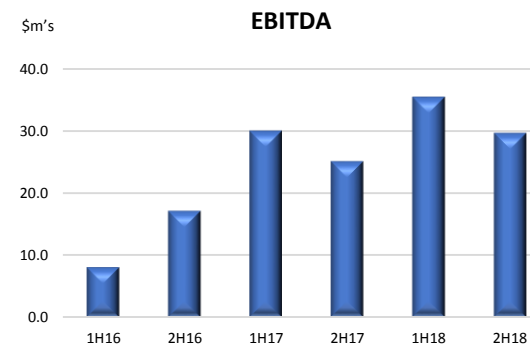
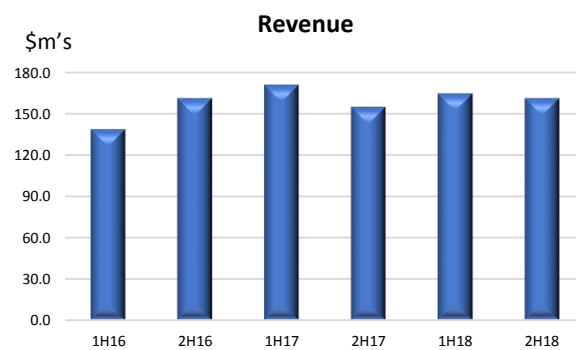
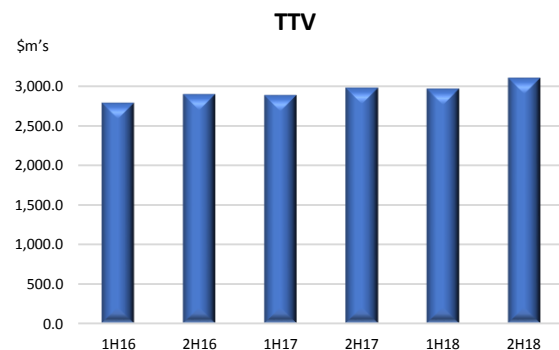
- **\$6.1 billion TTV achieved** led by strong air sales volume growth and business acquisitions undertaken in the second half of FY18.
- **Reported revenue was in line with FY17** with the impact of disposed operations and restructure of Insider Journeys business partially offsetting business acquisitions. Excluding these factors, **underlying revenue increased by \$1.6m or 0.5%** reflecting improved contracting outcomes across air, land, cruise and ancillary products, supported by transaction growth partially offset by lower international airfares.
- **Significant profitability growth in both EBITDA and NPAT:**
  - Focus on profitable revenue streams.
  - Right size cost base through cost reduction and productivity initiatives.
  - Flow through benefit from implemented prior year merger synergies and cost reduction program to current year cost base.
- **Retail member network growth to 2,223 members:**
  - Magellan Travel Group acquisition
  - Branded member expansion
  - Strong My Travel Group and MTA member growth
- **Marketing initiatives improving brand recognition and value proposition to our members and agents.**
- **Rewarding shareholders with higher dividends**



# Key financials – half yearly trend

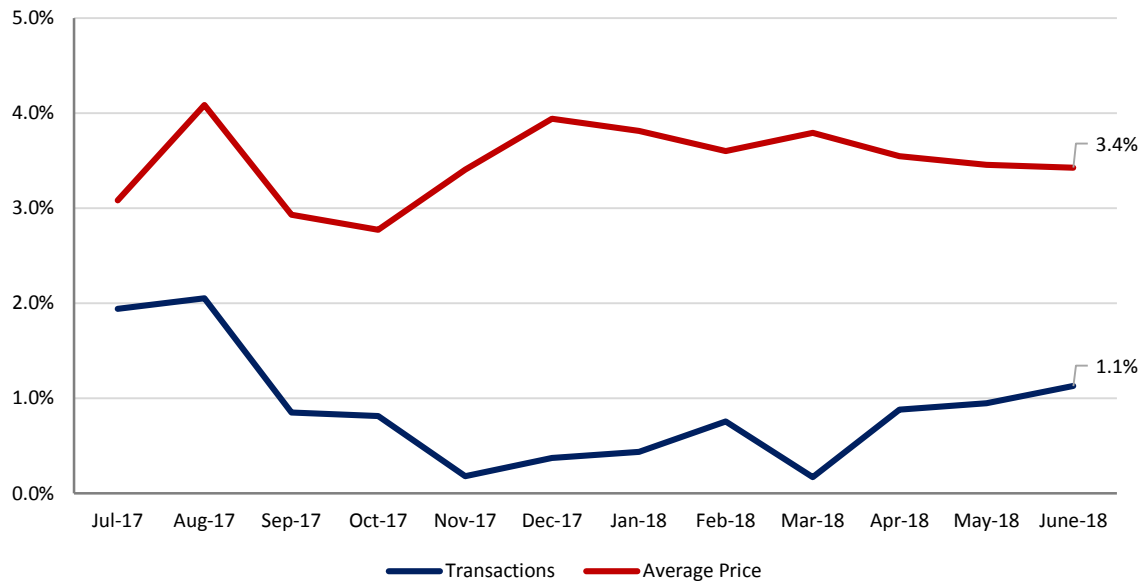
	1H16	2H16	1H17	2H17	1H18	2H18
	\$m	\$m	\$m	\$m	\$m	\$m
Total Transaction Value (TTV)	2,792.3	2,902.0	2,890.1	2,982.2	2,967.9	3,109.1
Revenue	139.0	161.5	171.4	155.4	165.1	161.8
Gross margin %	5.0%	5.6%	5.9%	5.2%	5.6%	5.2%
Operating Expenses	(130.9)	(144.3)	(141.5)	(131.1)	(130.5)	(132.7)
Equity Accounted Profits	0.0	0.0	0.1	0.8	0.9	0.6
EBITDA	8.1	17.2	30.1	25.2	35.5	29.7
EBITDA % of revenue	5.8%	10.7%	17.5%	16.2%	21.5%	18.4%
Profit before tax	(1.0)	4.5	18.7	12.4	26.0	20.2
Net profit after tax	(1.7)	3.4	12.9	8.7	18.1	13.9
Basic earnings per share (cents)	(0.4)	2.3	11.5	7.3	15.4	11.7
Dividend (cents per share)	0.0	2.0	6.0	8.0	7.0	11.0

- Key TTV, EBITDA and EBITDA margin metrics improving each half year compared with corresponding period.
- Seasonality of business trading results in higher profit derived in first half of year.
- Reducing costs to resize the cost base.
- Continual growth in EPS and dividends to our shareholders.



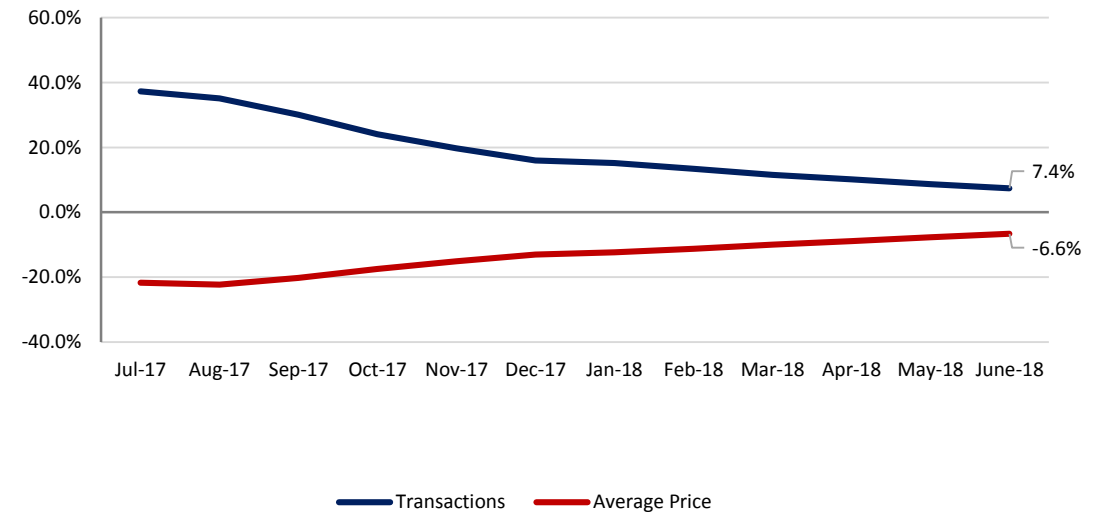
# Air Ticketing – transactions and price trends

Cumulative YoY growth variance – Domestic Fares AU



- Higher transactions growth at the start of FY18, following softer conditions in the first half of the prior year.
- For the full year, 1.1% transaction volume growth and 3.4% increase in average airfares.

Cumulative YoY growth variance – International Fares AU



- Significant international volumes generated in first half of FY18 due to discounted airfares.
- For the full year, 7.4% transaction volume growth and 6.6% decrease in average airfares.

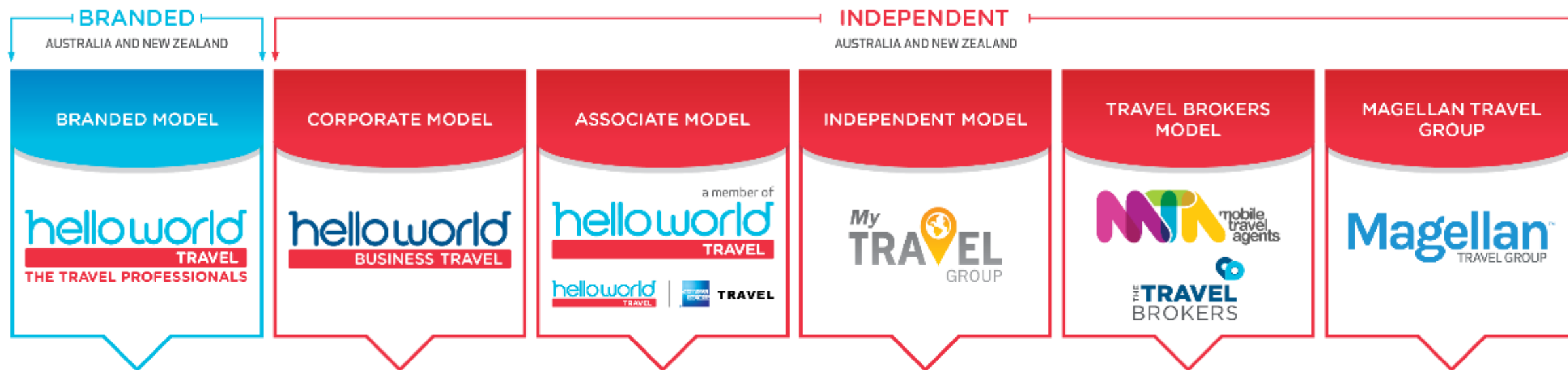


# Revenue Recognition Summary



	RETAIL	WHOLESALE	INBOUND	CORPORATE
<b>Transaction &amp; Service Fees</b>	Air Tickets - On ticketing	FY18 - Ticketing  FY19 - Departure of Travel (FY18 will be restated)	N/A	On ticketing
<b>At Source Commissions</b>	Air Tickets - On ticketing	FY18 - Ticketing  FY19 - Departure of Travel (FY18 will be restated)	Departure of Travel	On ticketing
<b>Overrides</b>	Departure of Travel	Departure of Travel	Departure of Travel	Departure of Travel

# Growth in member networks and numbers



TOTAL = JUN18: 2,223 JUN17: 2,015

Helloworld Travel's retail network has grown to 2,223 members across Australia and New Zealand, an increase of 208 since 30 June 2017, led by the:

- expansion of the My Travel Group network through continued improvement in brand recognition and support network;
- growth in the Helloworld branded footprint in New Zealand, reflecting increasing brand support and brand awareness;
- growth in home based agents in Australia via the MTA network; and
- introduction of a new sixth retail network in Australia via the acquisition of the Magellan Travel Group.





## Business Focus



### Technology & Innovation

- ResWorld retail system rollout Q3
- Agent Microsites & Apps rollout
- Flight Systems website upgrade
- ReadyRooms content enhancement
- Inbound systems development
- Roll-out of Amadeus Cytric platform at QBT
- Enhanced Air Tickets capabilities



### Business Improvements

- Enhanced value for member Agents – technology, commercials, brand
- Aligned retail Clicks and Mortar strategy
- Focus on profitable volumes
- Margin Improvements
  - Revenue Margin
  - Targeted EBITDA / Revenue of 25% by FY2020



## Business Focus



### Retail Brand Awareness

- Up from 22% unprompted 12 months ago to 30% today
- Up from 60% prompted 12 months ago to 71% today
- Helloworld TV Show – Channel 9
- News Corporation 3 year Platinum Partnership
- Revised HLO brand rolled out across 580 agencies. NZ rollout in Q3 FY19.



### Efficiencies & Data capture

- System Consolidation and Technologies driving better productivity for HLO and agents
- Internal process refinement and Centralisation
- Data driven analysis driving advertising, marketing & growth strategies & delivering better customer service outcomes
- Focus on client transparency



# Trading update Q1 FY19



- Q1 has started well and we are performing in line with our expectations.
- TTV was \$1.7bn for the quarter and overall revenue margin increased 0.2% to 5.5%.
- Revenues were \$94.0m for the period, slightly above expectations and up \$8.2m on the same time last year.
- All segments recorded EBITDA improvements compared with the prior year.
- EBITDA for the quarter was \$23.0m, again slightly ahead of expectations and \$2.2m ahead of the corresponding period in FY18, which takes into account seasonal factors.
- EBITDA to revenue margin was 24.4% for the quarter and we are on track to achieve our full year target of 22.5%.
- Air TTV in Q1 was up 7.0% on the prior year with growth in both leisure and corporate sales volumes.
- Over \$50m in new accounts won by our Corporate Travel businesses so far in FY19.
- We reconfirm our full-year EBITDA guidance of \$76.0 to \$80.0m\*

\* The guidance is subject to no material and unexpected deterioration in operating conditions or material unforeseen adverse events.

# Outlook and business focus



- A strong business performance in FY18 was delivered with growth in TTV, EBITDA and net profit after tax, leading to increased returns to our shareholders and improved outcomes for all key stakeholders.
- FY19 is performing in accordance with our forecasts.
- Key technology developments in FY19 include the roll out of ResWorld to our retail networks, upgrade to our Air Tickets system and rolling out the Amadeus “Cytric” product in our QBT & APX businesses.
- New agent acquisition is continuing with 12 new fully branded and 10 new associate agencies opening/joining since 1<sup>st</sup> July in Australia and New Zealand.
- New customer acquisition is continuing in our Corporate Travel businesses.
- Retail brand recognition improving from 22% unprompted 12 months ago to 30% today and from 60% prompted to 71% prompted over the same period.







# Adoption of Remuneration Report



## Resolution 1

“Approve the Remuneration Report for the year ended 30 June 2018, as set out in the 2018 Annual Report.”









## Proxy Votes

	Number	%
For	66,566,452	99.93
Against	21,250	0.03
Open-Usable	32,472	0.04
Abstain/Excluded	39,873,138	N/A



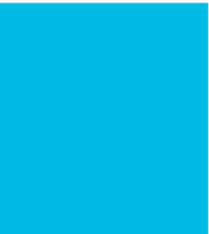
## Election of Garry Hounsell

### Resolution 2.1

“That Garry Hounsell, who retires by rotation in accordance with the Company’s Constitution and the ASX Listing Rules and, being eligible, is elected as a director of HLO.”



# Election of Directors



Questions?







## Proxy Votes

	Number	%
For	106,354,208	99.96
Against	15,646	0.01
Open-Usable	31,372	0.03
Abstain/Excluded	92,086	N/A





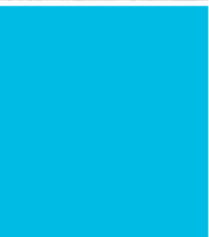
## Election of Cinzia Burnes

### Resolution 2.2

“That Cinzia Burnes, who retires by rotation in accordance with the Company’s Constitution and the ASX Listing Rules and, being eligible, is elected as a director of HLO.”



# Election of Directors



Questions?







## Proxy Votes

	Number	%
For	104,702,899	98.50
Against	1,561,280	1.47
Open-Usable	31,372	0.03
Abstain/Excluded	197,761	N/A













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Thank-you

