



11 March 2020

The Manager
Markets Announcement Office
ASX Limited
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

Please find attached the Helloworld Travel Limited Update on Coronavirus Impacts ASX and Media Release.

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Helloworld Travel Limited
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Authorised for release by Helloworld Travel Limited's Board of Directors.



ASX & MEDIA RELEASE

HELLOWORLD TRAVEL UPDATE ON CORONAVIRUS IMPACTS

Melbourne, 11th March, 2020

Helloworld Travel released its half-yearly results on 24th February, 2020 including a re-confirmation of our EBITDA guidance for the full year, albeit at the lower end.

Since that time, the spread of coronavirus into Europe and North America over the past two weeks as well and the spread through Asia has continued and on Monday Italy closed its borders.

Yesterday morning DFAT announced that:

“Australians, particularly those with underlying health concerns should reconsider taking an overseas cruise at this time due to COVID-19. If in doubt, consult a medical professional before travelling. “

This followed similar advice from the US State Department yesterday.

These developments over the past fortnight have resulted in declining forward international travel demand and we have seen airlines including Qantas, Air New Zealand, Singapore Airlines, British Airways and Lufthansa, amongst others, reducing international capacity for the coming six months while Qantas and Jetstar have announced domestic capacity reductions of 5 per cent until September 2020.

Domestic travel demand in the corporate travel market has held up so far and we have seen an increase in demand for domestic leisure travel, which is a welcome sign given the negative impacts of the bushfires and of coronavirus on inbound visitor arrivals.

Financial Outcomes & Guidance Suspension

Helloworld is taking decisive action to reduce the adverse outcomes of coronavirus on travel demand, including increasing its domestic leisure offerings, promoting destinations still regarded as safe to travel to and cutting costs across the business. Given the obvious uncertainties in domestic and international leisure and corporate travel, it is not possible to quantify the size of the impact on our earnings for the remainder of the financial year and therefore not possible to provide meaningful guidance at this time.

Helloworld is in a strong position, with low debt levels, an extended debt maturity profile, significant cash reserves and undrawn facilities. Helloworld's principal costs are variable and we are reducing our discretionary expenditures in all parts of the business.

In addition to cutting discretionary expenditures, a number of cost reduction measures are being implemented including:

For the remainder of the financial year:

- Helloworld's Chairman & non-executive Directors will take no fees;
- Helloworld's CEO & Managing Director will take a 30 per cent salary cut;
- Helloworld's Executive Management Team will take a 25 per cent salary cut.

In addition:

- All non-essential recruitment has been halted;
- Helloworld employees are being asked to take paid or unpaid leave;
- All discretionary expenditures are being reduced or eliminated.

CEO Commentary

Announcing these changes, Helloworld CEO Andrew Burnes said: "Over the last two weeks we've seen a steady decline in bookings in some parts of our business, particularly cruise, inbound to Australia, wholesale to Asia and Europe and in corporate international travel.

"At the same time we've seen cancellations increase in these areas and we anticipate lower demand to continue in to Q1 and possibly Q2 FY21 so we are taking action now to reduce our costs to sustainable levels based upon what we are seeing in the market in Australia and New Zealand at present.

"Helloworld is a strong business with a solid balance sheet, low debt levels and a mix of business, some of which are being impacted and some of which are not. We're in a good position to see this through but like so many businesses in tourism and other industries we need to take steps to right size our operations for the journey ahead.

"Who knows how long this will go on but it will eventually get better and the world will recover and we want to ensure we are well positioned when that happens to meet the leisure and corporate travel demands of our customers in Australia, New Zealand and around the world."

Advice for Customers

Travel agents in our six Australian and four New Zealand networks are contacting all customers impacted by changes to airlines, cruise companies and other providers as well as to changes in destination accessibility and on updates to DFAT, CDC, WHO and other travel advisories.

Many airlines and other operators are offering more relaxed conditions in relation to changes, postponements and cancellations and agents are being updated daily on the latest terms and conditions. All customers are being updated as these changes come through to ensure they are aware of their options.

About Helloworld Travel Limited

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

HLO has over 2,000 staff located in Australia, New Zealand, Fiji, the USA, Asia, India and UK/Europe and at 31 December 2019 had 2,496 members of its travel agency networks in Australia and New Zealand.

Helloworld Travel is the proud naming rights partner of Volleyball Australia and the Helloworld Travel Volleyroos men's and women's national teams.

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