



1 May 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 ASX Release: Trading Update for the March Quarter 2020.

David Hall
Chief Financial Officer
Helloworld Travel Limited
Ph: +61 3 9867 9600

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

Melbourne, 1 May 2020

TRADING UPDATE – MARCH QUARTER 2020

Helloworld Travel Limited (ASX: HLO) is pleased to provide the following trading update.

Recent trading results and liquidity position

- HLO's TTV for the March quarter (based on unaudited management accounts) fell 17.6% to \$1.28bn compared with the same period last year, with most of the decline occurring in March.
- EBITDA for the quarter was \$2.0m, a significant decline on the same period last year. January and February were both profitable months, however March saw a 58% drop in TTV and a 57% drop in revenues.
- On a YTD basis to end March, TTV was up 2.8% to \$4.84bn and on a like for like basis, down 1.0% to \$4.61bn. The small decline on a like for like basis was mainly due to a decline in inbound and domestic leisure business in Australia during the March quarter due to bushfires over summer and as a result of the emerging COVID-19 crisis in February and, more significantly, March.
- At the end of April 2020, HLO had total cash of \$150m¹ including the drawdown of \$10m of existing debt facilities, the receipt of prior year tax refunds and recoupment of current year tax instalments. HLO has further undrawn headroom under current debt facilities².
- Over the last two months, HLO's nett cash operating costs have been progressively reduced to approximately \$2.0m per month including non-discretionary capital expenditure after taking into consideration JobKeeper allowance and Wage Subsidy in New Zealand as well as revised office rental terms and revisions to other contractual arrangements with commercial partners. Helloworld extends its thanks to those landlords and partners who have provided financial relief over the coming months.

1. Includes restricted cash of approximately \$100m. This is made up of cash held in trust for IATA ticketing travel arrangements, monies paid to the business by customers prior to being paid to product and service suppliers or monies refunded to the business for products and services unable to be provided at this time and awaiting refund to customers.

2. The facilities have extended maturity and are due to expire between April 2021 and May 2022.

Impact of COVID-19 and HLO's cost saving initiatives

- HLO's TTV has been dramatically impacted by COVID-19 across all business units and we expect revenues from travel sales and operations to remain at around 5% of previous levels until at least September.
- HLO responded quickly to the evolving COVID-19 crisis, reducing personnel numbers by 75% at the beginning of April.
- Since the introduction of JobKeeper in Australia, the Company has been able to re-engage with employees and as at today, HLO has over 560 personnel working in the business in Australia, New Zealand and elsewhere, many on reduced hours.
- Nett salary costs have been reduced from an average \$12m per month to \$1.0m nett of Government allowances. As previously announced, this includes HLO's two Executive Directors agreeing to reduce their salaries to zero since late March.
- HLO has over 1,050 personnel stood down around the world.
- As stated above, HLO has reduced all discretionary variable expenditure to zero and has been fortunate to receive significant rent reductions from our landlords and cost reductions from other suppliers.
- In total, HLO's cost saving initiatives are expected to reduce nett monthly operating expenditure, including the benefit of Government allowances and other operations, from \$23m pcm to approximately \$2m pcm (excluding non-cash charges) from mid-April onwards.
- Total one-off cash redundancy costs of \$0.42m were incurred in March with further smaller amounts expected to be incurred in the June quarter.
- HLO notes that Virgin Australia has now gone into Voluntary Administration. Virgin owes HLO approximately \$3.7m in override and marketing income at 31 March and we are awaiting further details as to the recoverability of that amount in due course from the Administrators.

Impact of Government support on HLO and our networks

- HLO has applied for the JobKeeper allowance for over 1,000 personnel in Australia.
- In New Zealand, HLO has received the Wage Subsidy allowance for our 290 personnel and is passing this payment on fully to those who are eligible to receive it.
- HLO's agency networks in Australia and New Zealand have been able to access the JobKeeper (AU) and Wage Subsidy (NZ) allowance schemes together with a wide range of other assistance for SME businesses from the Australian Commonwealth and State Governments and the New Zealand Government.

Outlook

- HLO paid its 9c per share half-year dividend to shareholders in full and on-time in March.
- HLO is planning for revenues of no greater than 5% of previous levels for a six-month period between April 2020 and September 2020.
- HLO expects to see the re-opening of the domestic travel market by September 2020 and of the trans-Tasman markets in October or November 2020.
- HLO does not expect mid to long haul international outbound travel in the corporate or leisure markets to resume with any material volume until 2021 and a full return to past levels will be conditional upon a vaccine or cure for COVID-19 having been developed and widely distributed.
- Based on current expectations, HLO will incur cash losses of \$1.5m - \$2.0m per month for the next six months, moving to a break-even position in Q2 FY21 and towards a small profit in the second half of FY21.
- HLO has sufficient liquidity to maintain operations for a period of 12 months or longer and is not intending to undertake a capital raising at this point in time.
- HLO and members of our agency networks in Australia and New Zealand are processing tens of thousands of refunds for travel booked with our supplier partners. Helloworld and its member agencies are charging the agreed cancellation fees at the time of the original booking.
- HLO notes that many suppliers, including airlines, cruise operators, tour operators and other providers have unilaterally changed their cancellation conditions and are offering future travel credits rather than cash refunds. Many customers are agreeable to accepting credits for future travel, particularly on the basis that any applicable cancellation fees are fully waived, however we are working with suppliers on behalf of our customers who are seeking a cash refund where such a refund was a term of the original booking.

- ENDS -



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

INVESTOR CONTACT:

David Hall

Chief Financial Officer

Helloworld Travel Limited

+ 61 3 9867 9600

david.hall@helloworld.com.au