



24 February 2021

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

Dear Sir/Madam,

Helloworld Travel Limited Investor Presentation for the half year ended 31 December 2020

Further to the Company's announcement to the market today on the financial results for the half year ended 31 December 2020, please find attached the Investor Presentation.

Yours faithfully,

A handwritten signature in black ink, appearing to be "David Hall", with a large, stylized loop at the beginning.

David Hall

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

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

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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 - unaudited): 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. TTV does not represent revenue in accordance with Australian Accounting Standards. TTV does not represent Group cash inflows as some transactions are settled directly between the customer and the supplier. TTV excludes refunds that have been reported in the Group's management accounts in the six month period ended 31 December 2020.

Underlying Earnings before Interest, Taxation, Depreciation and Amortisation (Underlying 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.

Underlying EBITDA represents earnings before interest expense, tax, depreciation and amortisation, adjusted to include depreciation on right of use assets and interest expense on lease liabilities and make good provisions arising from the application of AASB 16 and exclude large non-recurring items (refer note 5(c) in the Half-Year Report for further information). Underlying 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.

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



Our business

- Retail and corporate travel agency networks
- Corporate travel management
- Leisure travel wholesaling
- Inbound tour operating
- Online B2C
- Air Ticket consolidation
- Tour operating
- Event freight services





Surviving a global calamity

- On March 19 and 20 2020, the Australian & New Zealand Governments announced the closure of their international borders to everyone except returning citizens and residents and banned their citizens leaving. Effective 19 February 2021, those bans remain in place and are expected to remain so for most of 2021.
- Throughout 2020 Australian States began imposing selective border closures, effectively shutting down most interstate travel for many months
- Nothing could have prepared a business for the seismic erosion of international and domestic travel demand this has caused and the onset of COVID-19 has had a devastating impact on many businesses around the world but none more so than those businesses in travel, tourism and hospitality.
- Helloworld Travel has sought to reduce the impacts of these events by reducing its costs across the board, accessing available Government assistance and working with its agency networks and customers.
- The result for 1H20 has been a fall in TTV of 87.8% and revenues of 85.2%, resulting in an underlying EBITDA loss of \$6.5m and a loss after tax of \$15.1m.



Finding the pathway forward

- Over the last four years, HLO has made a number of strategic business acquisitions to complement the Group's existing operations and expand future product offerings to an increased network of agents, suppliers and customers.
- On 30 June 2020, HLO disposed of its USA Wholesale operations. The business was not considered core to Helloworld Travel's future strategy.
- On 23 November 2020, HLO acquired CruiseCo expanding HLO's wholesale cruise offering in Australia and New Zealand. HLO believes there will be a rapid recovery in cruise bookings in 2022 and beyond and is well positioned to capture much of this demand through our retail networks and cruise wholesale operations.
- Helloworld has spent the last 9 months downsizing our business to cater for the reduced demand while ensuring we maintain all core services and position the business to expand in line with demand as the COVID-19 pandemic is brought under control.
- HLO's TTV for 1H20 was \$432.9m including \$93.8m in December, the best month for the half and HLO recorded a small underlying EBITDA profit in the month of December 2020.

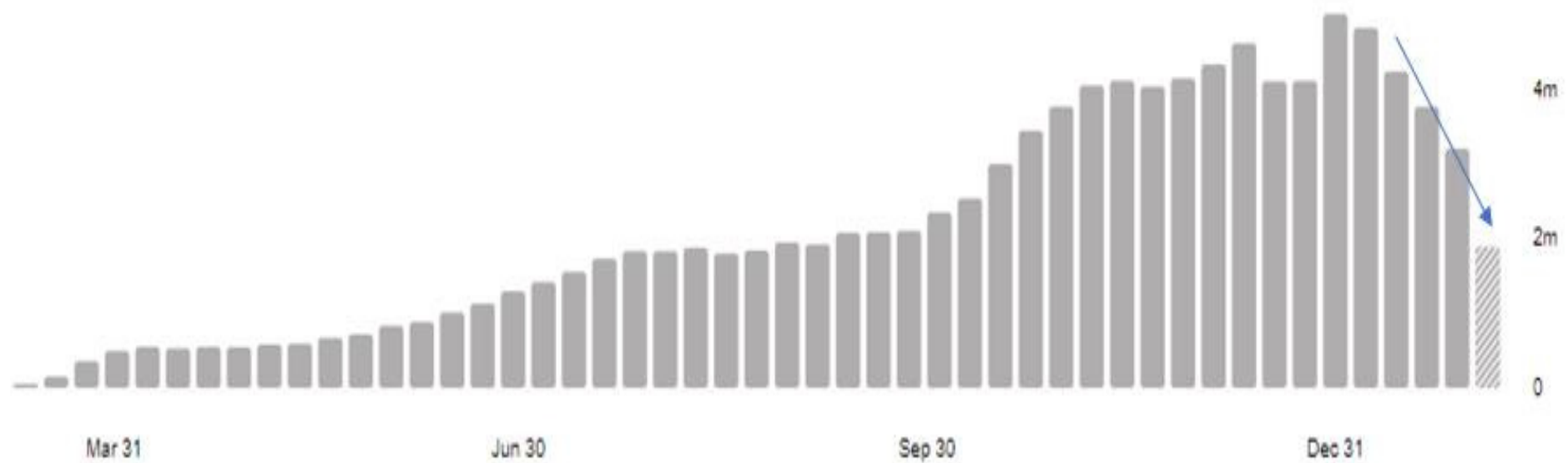


There is light down the tunnel

- Slides 7 & 8 show how things are improving in terms of both infection rates both globally and specifically in the UK.
- There is now a widespread expectation that in the UK, Europe and North America in particular, infection rates will continue to fall as vaccines are rolled out in increasing numbers.
- While demand for international from HLO's key markets of Australia and New Zealand is dependent on international travel resuming, there are signs of significant improvements in demand for travel within AU & NZ and also on a trans-Tasman basis when a proper quarantine free bubble can commence.



Global Weekly Infection Levels





Covid-19 cases in the UK

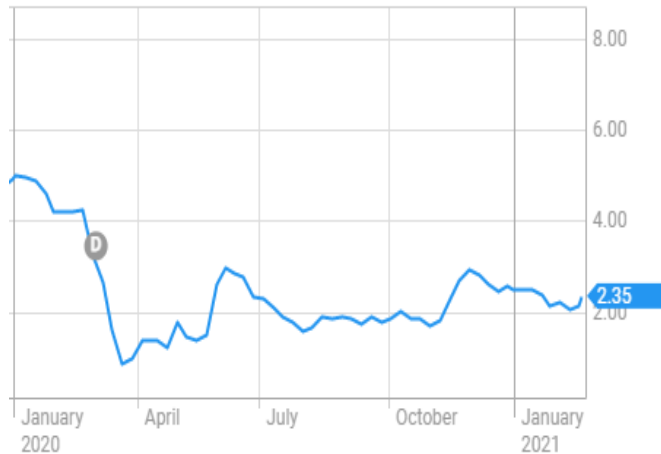
New daily reported cases and 7-day rolling average



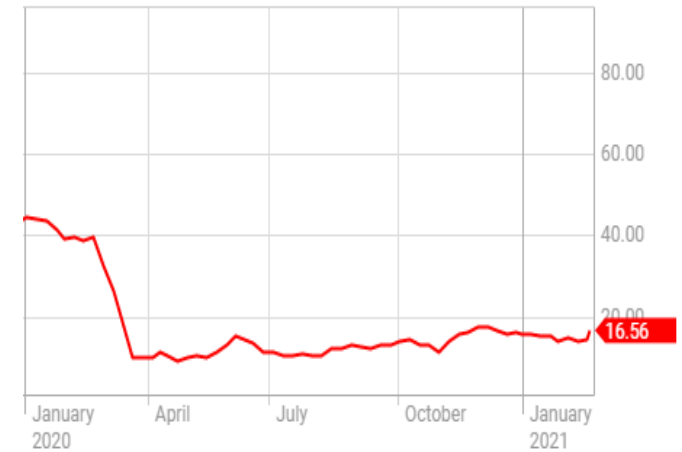


Share price – 12 month period

Helloworld Travel Limited



Flight Centre



WEBJET



Corporate Travel Management





Business focus

HLO Corporate Businesses

- HLO's corporate businesses comprise QBT, TravelEdge, Show Travel and APX (NZ). On a year to date basis, Australian operations are running at 42% of prior year TTV and 28% of revenue, while NZ TTV and revenue is running at 29% and 30% of prior year levels.
- Business volumes continue to improve, with QBT recording TTV for December at 80% compared to same month last year.
- Show Group's TTV is now up to 40% of prior year volumes driven by film & television show production. Show also has several large scale tours booked for the second half of the year.



Airline Partnership renewals

- HLO renewed its partnership with Qantas with a new three year commercial agreement 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 carrier partners.





Business focus

HLO Leisure Travel Wholesale Businesses

- CruiseCo acquisition – the cruise wholesaling specialist aligns with HLO strategy of expanding its cruise offering in Australia and New Zealand and is complimentary to HLO's existing cruise wholesale business, Seven Ocean cruising.
- Cruise demand - despite a limited number of available cruise products, we have seen strong bookings for future cruise travel, with HLO well placed to capitalise on the demand.
- HLO's wholesale businesses domestic focus has delivered both intra and inter-state travel over the last six months with interstate bookings now at record levels with the greater certainty around border closures in Australia.





Business focus

Investments in technology for future opportunities

HLO has continued to invest in our technology platforms to maximise the opportunities for our agents, our supplier partners, and most importantly for our end-user customers.

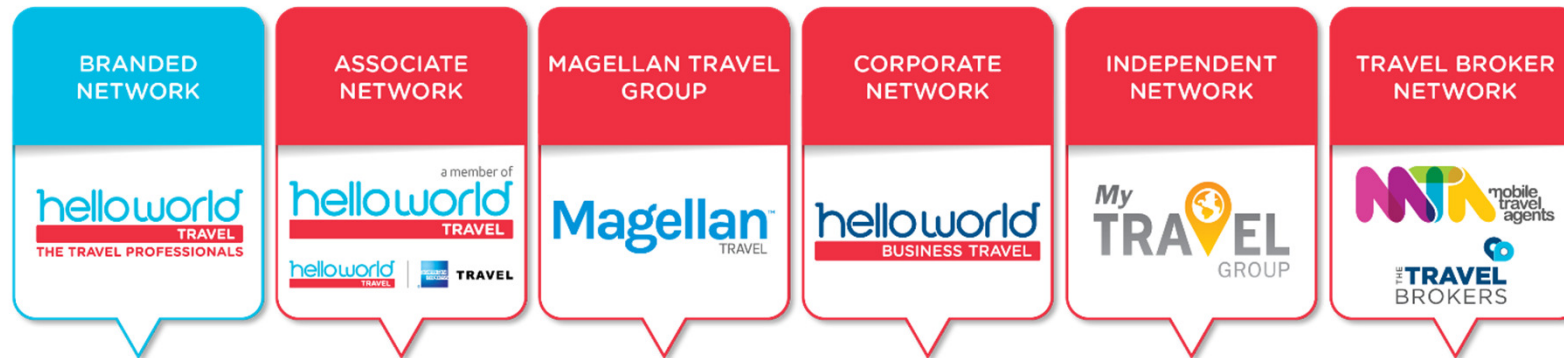
- ResWorld is our internally developed mid-office system, available exclusively to HLO network members. Currently operating in over 100 agencies in Australia, we will continue to roll out this platform across 2021 and 2022 and will launch the program in New Zealand in March 2021 and the Corporate program in July 2021.
- Further enhancements are being made to our ReadyRooms booking engine with the launch of the “Athena” system due in July 2021 together with further enhancements to other ground and flight booking systems throughout the wholesale operation.
- We continue to invest in our SmartTickets technologies including handling NDC requirements that many carriers have begun or will be implementing in the next couple of years.
- Our corporate operations are developing new portal functionalities to deliver even better state of the art corporate travel solutions while our new Tableau BI tool will launch in March and provide customers with even greater insights into their corporate booking patterns, spend and other detailed analysis.





Travel Agency members

Unrivalled portfolio of leading travel agency networks



2,274 at 31 DECEMBER 2020 | 2,496 at 30 JUNE 2020

- HLO has been assisting our retail travel agents and travel brokers to manage their way through this period until demand returns. This has included suspending all franchise and marketing fees in AU & NZ from 1 April 2020 to 30 June 2021 and we are working with our networks to promote available destinations with a wide range of domestic products now in market and a range of international products for 2022 coming on stream.
- HLO's retail networks in Australia and New Zealand remain largely intact as at the end of December. The \$128 million Consumer Travel Support Program, announced in December, has assisted agents across Australia while in New Zealand agents have benefited from the \$47.2 million Consumer Travel Reimbursement Scheme.
- A number of agents have chosen to close their businesses over recent months, consolidate outlets while others have indicated they intend to "hibernate" until travel demand returns. This has all been achieved in an orderly and professional manner and in accordance with their legal and financial obligations.



FY20 Group results (underlying)

	1H21 \$m	1H20 \$m	Change %
Total Transaction Value (TTV)	432.9	3,559.9	(87.8%)
Revenue	29.6	200.0	(85.2%)
Revenue margin %	6.8%	5.6%	
Underlying EBITDA	(6.5)	48.6	(113%)
Underlying EBITDA % of revenue	22.0%	24.3%	
Profit/(loss) before tax	(21.5)	32.9	(166%)
Basic earnings per share (cents)	(9.8)	18.2	(154%)
Interim dividend declared per share (cents)	-	9.0	(100%)

Impact of COVID-19 on travel operations - travel restrictions continue to severe impact on the business with TTV and revenue at ~15% of the same period last year.

The December quarter saw some positive momentum with increased booking activity as domestic travel restrictions start to ease.

Revenue margin - improved from 5.6% to 6.8% due partly to non-travel related revenues.

Monthly net operating cash outflows lowered to better than \$2 million (excluding one-off costs) since April 20

- Lowered occupancy costs
- Reduced or eliminated a wide range of discretionary variable expenditures.
- Workforce reductions

Underlying EBITDA - losses in line with expectations of circa \$1.0m-\$1.5m per month.



Reconciliation of underlying EBITDA

	1H21 \$m	1H20 \$m
Underlying EBITDA	(6.5)	48.6
Restructuring costs	(3.5)	-
COVID-19 related retention benefit plan	(0.1)	-
Loss adjustment relating to the US Wholesale Division disposal accounting	(0.2)	-
Fair value adjustment on contingent consideration receivable	(0.2)	-
Trading losses relating to U.S Wholesale division	-	(0.6)
Business acquisition related expenses	-	(1.2)
Payments relating to Tempo Holidays and Bentours collapse	-	(0.6)
Total significant items	(4.0)	(2.4)
Depreciation of property, plant and equipment	(1.9)	(2.9)
Amortisation of intangible assets	(7.6)	(8.9)
Finance expense on borrowings	(1.5)	(1.5)
Profit/(loss) before income tax expense	(21.5)	32.9

One-off charges

The Group's statutory PBT result includes a number of one-off charges, most significantly are the costs associated with the restructuring of the business as a response to the COVID-19 crisis and the costs associated with the introduction of the retention employee benefit plan. The one-off charges are summarised here.

D&A and finance expense

Decreased depreciation and amortisation reflects the lower rate capitalisation of assets since March 2020.

Finance expense is in line with last year with the flow from increased debt held, partially offset by lower interest rates.



Australia

	1H21 \$m	1H20 \$m	Change %
Total Transaction Value (TTV)	378.6	3,020.1	(87.5%)
Revenue	26.0	162.5	(84.0%)
Revenue margin %	6.9%	5.4%	
Underlying EBITDA	(3.1)	42.3	(107%)
Underlying EBITDA margin %	(11.8%)	26.0%	

- TTV running at 10-15% of p.c.p adversely impacted COVID-19 however we are seeing an upward trend towards the end of 1H21 as domestic border restrictions ease and corporate travel increases. Leisure travel TTV has been slower to come back.
- Gross margin increased from 5.4% in 1H20 to 6.9% in 1H21 which reflects positive impact of the non-TTV correlated call centre revenue and increase of income related to ticketing cancellations and refunds.
- Underlying EBITDA losses of \$3.1m is in line with expectations and have been mitigated to some extent by the rapid cost out initiatives implemented from April 2020.



New Zealand

	1H21 \$m	1H20 \$m	Change %
Total Transaction Value (TTV)	54.3	512.8	(89.4%)
Revenue	3.4	32.3	(89.3%)
Revenue margin %	6.3%	6.3%	
Underlying EBITDA	(3.1)	6.0	(152%)
Underlying EBITDA margin %	(89.9%)	18.6%	

- TTV running at circa 10% of p.c.p mostly following the same trend as the Australian market with corporate travel achieving 29% of p.c.p.
- The revenue margin of 6.3% has been maintained in line with the p.c.p.
- Restructuring the NZ operations were completed in early 1H21, extending the Group's liquidity runway.



Rest of the World

	1H21 \$m	1H20 \$m	Change %
Total Transaction Value (TTV)	0.0	27.0	(100%)
Revenue	0.1	5.2	(97.6%)
Revenue margin %	0.0%	19.3%	
Underlying EBITDA	(0.3)	0.3	(201%)
Underlying EBITDA margin %	(272%)	6.5%	

- The U.S Wholesale Division was sold 30 June 2020. The ROW segment represents the results of the Fiji inbound businesses.
- Trading losses relating to U.S Wholesale Division are excluded from the 1H20 underlying EBITDA.



Liquidity and funding

Liquidity	Dec-20 \$m	Jun-20 \$m	Change \$m
Total cash	142.7	131.9	10.8
Drawn debt	(81.0)	(101.0)	20.0
Net cash	61.7	30.9	30.8

Funding	Dec-20 \$m	Jun-20 \$m	Change \$m
Funding facility	119.0	119.0	0.0
Used facility	(88.8)	(112.5)	23.7
Unused facility	30.2	6.5	23.7

	Expiry	Total facilities	Drawn facilities \$m
Facility A	May-22	40.0	19.5
Facility B	May-22	30.0	17.5
Facility C	Apr-22	20.0	15.0
Facility D	Sep-22	29.0	29.0
Borrowings on balance sheet		119.0	81.0

- As at 30 June 2020, the expiration of the Westpac Banking Corporation (Westpac) loan facilities was extended, with the earliest scheduled expiry occurring in April 2022. As at 31 December 2020, the Group had unused facilities of \$30.2 million (2019: \$6.5 million).
- HLO's liquidity position was enhanced as a result of the \$50.0m Equity Raising. There remains sufficient liquidity to provide for operating and capital expenditure through to the end of 2022 or longer.
- HLO repaid \$20.0 million relating to facility A which can be redrawn if required with Westpac's consent.
- Facilities used at 31 December 2020 of \$88.8 million (June 2020: \$112.5 million) includes bank guarantees and letters of credit on issue totalling \$7.8 million (June 2020: \$11.5 million).
- In October 2020, HLO renegotiated its debt covenants with its lender, Westpac Banking Corporation to reduce its minimum cash balance covenant from 01 January 2021 to \$40 million (from \$50 million) increasing the headroom and flexibility in cashflows.



Cash Flow

\$000's	1H21	1H20
Net cash used in operating activities	(8,942)	(45,432)
Payments for intangibles	(3,000)	(11,346)
Payments for property, plant and equipment	(26)	(1,865)
Payments for acquisition of controlled entities, net of cash acquired	-	(20,325)
Payments for disposal of controlled entities, net of cash disposed	(2,241)	-
Net cash acquired from acquisitions	175	-
Proceeds from disposal of intangibles	-	257
Proceeds from disposal of property, plant and equipment	-	58
Dividends from associates	-	54
Net cash used in investing activities	(5,092)	(33,167)
Proceeds from share issue, net of costs	48,235	-
Proceeds from / (prepayments) of borrowings	(20,000)	34,000
Proceeds from loan funded LTIP repayments	-	2,301
Dividends paid to company shareholders	-	(15,292)
Loans repaid from related parties for equity accounted investments	-	119
Payments for shares acquired by employee share trust	-	(671)
Principal elements of lease payments	(3,057)	(4,206)
Net cash from financing activities	25,178	16,251
Net increase/(decrease) in cash and cash equivalents	11,144	(62,348)

- Decline in 1H21 operating cash flow driven by COVID-19 and resultant unwind of working capital, partially offset by reduction in income taxes paid.
- No interim dividend for FY21.



Outlook

- Restructuring to enable the business to provide key deliverables to customers and to expand as required when international borders begin to open up
- Continued investment in our product and service offerings across all divisions of the business
- Medium term (12-18 months), pent up demand for travel is extremely strong and when this pandemic is over we anticipate demand for travel will ramp up rapidly, with significant growth in 2022, 2023 and 2024.
- Developments in vaccines, herd immunity, faster testing and other initiatives will see a resumption in airline and cruise travel towards the end of 2021 / early 2022 and a return of international travel to Australia
- Demand for travel services from both retail leisure agents and corporate travel management companies will soar in world were professional and personalised travel advise and management will be critical to travelers' sense of security and comfort.
- Based on current expectations, HLO will continue to incur cash losses of approximately \$1.0 - \$1.5 million per month for the next six months, moving to a modest profit in 1H22 and improving in 2H22.
- HLO has sufficient liquidity to maintain operations until the end of 2022 or longer based on current liquidity levels and cash burn rate.



Appendix



Company background information

A\$2.52
Share Price at
31 Dec 2020

155.2M
Shares Issued

A\$391.0 M
Market Cap at
31 December 2020

A\$142.7 M Cash
A\$81.0 M Debt

Board and Management Team

Non-Executive Director and Chairman - Garry Hounsell

Mr Hounsell was appointed to the Board as Chairman on 4 October 2016. In addition to his extensive experience on a wide range of highly successful boards.

CEO & Managing Director - Andrew Burnes

Mr Burnes was appointed CEO and Managing Director on 1 February 2016. He founded The Australian Outback Travel Company (The AOT Group) in 1987 and merged this business with Helloworld Travel in 2016.

Non-Executive Director - Michael Ferraro

Mr Ferraro is currently the CEO and Managing Director of Alumina Limited, having been appointed on 1 June 2017. He was previously a Non Executive Director of Alumina.

Non-Executive Director - Andrew Finch

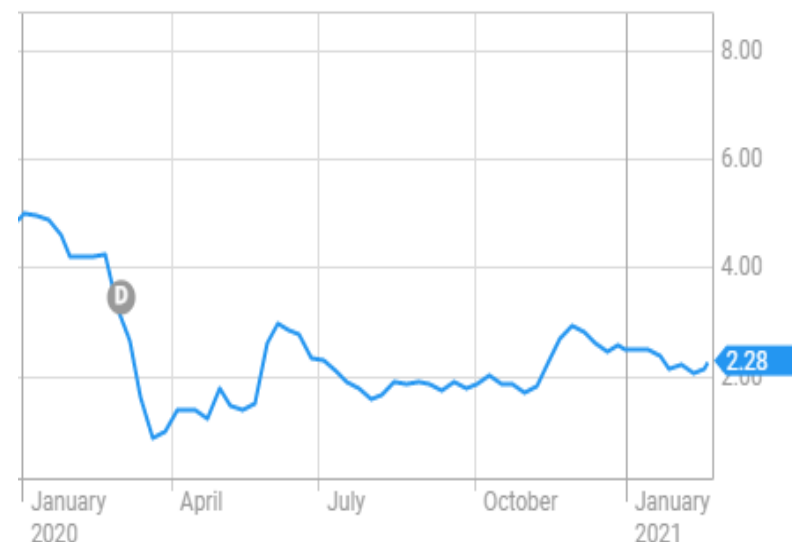
Mr Finch is General Counsel and Group Executive, Office of CEO at Qantas.

Executive Director & Group General Manager – Wholesale & Inbound - Cinzia Burnes

Mrs Burnes 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 26 years.

CFO / Company Secretary – David Hall

Mr Hall joined Helloworld Travel in December 2019 having spent the previous three years as the CFO of the Australian Pacific Airports Corporation.



Shareholders at December 31st

Mr A. & Mrs C. Burnes	39,123,650	25.2%
Mr S. & Mrs I. Alysandratos	20,396,973	13.1%
Qantas Airways Limited	19,223,454	12.4%
Total Top 10 (as at 31 Dec 2020)	118,742,405	76.5%
Total Top 10 (as at 31 Dec 2019)	96,828,752	83.4%

