

ASX ANNOUNCEMENT

Melbourne, 24 March 2022

Presentation to the Ord Minnett Leisure, Tourism & Gaming Conference

Helloworld Travel Limited (ASX:HLO) is today presenting at the Ord Minnett Leisure, Tourism and Gaming Conference.

As part of the conference, CEO and Managing Director Andrew Burnes AO, will talk to the attached presentation which provides an overview of the company's activities, including:

- A recap of the first half results;
- Major milestones in calendar year 2022 so far; and
- Current outlook.

This announcement has been authorised for release by the Helloworld Travel Limited's Board of Directors.

- ENDS -

About Helloworld Travel Limited

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

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ORD MINNETT

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TRAVEL LIMITED

HELLOWORLD TRAVEL LIMITED

CEO PRESENTATION

ORDS LEISURE, TOURISM & GAMING CONFERENCE

THURSDAY 24 MARCH 2022

ANDREW BURNES AO
CEO and Managing Director



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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). 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 released 21 February 2022.



Our travel operations

- Retail and business travel agency networks (AU/NZ)
- Leisure travel wholesaling (AU/NZ)
- Inbound tour operating (AU,NZ/FJ)
- Air Ticket consolidation (AU/NZ)
- Online B2C (AU/NZ)
- Tour operating (AU)
- Entertainment and event logistics (AU)

NOTE: HLO's corporate travel management division is being sold to CTM effective 31 March 2022.



Key highlights of First Half results

- 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.
- Half year statutory loss after tax of \$14.0 million.
- In 1H22, HLO achieved \$694.3 million in total transaction value (“TTV”) up 60.4% on 1H21. This was driven by the progressive easing of border controls from October to December in key Australian eastern seaboard states.
- Revenues increased 45.2% due to the substantial increase in domestic travel in Q2 (October to December 2021).
- Overheads were reduced by 3.8% over the half in a high revenue growth environment. The productivity and cost-reduction measures undertaken during the last two years continue to contribute to loss minimisation.
- Retail agencies in HLO’s networks remain steadfastly resilient with strong presence for the expected growth in travel demand in 2022 and 2023.
- Continued improvements to HLO’s technology suite resulting in improved customer outcomes, cost reductions and enhanced capabilities.



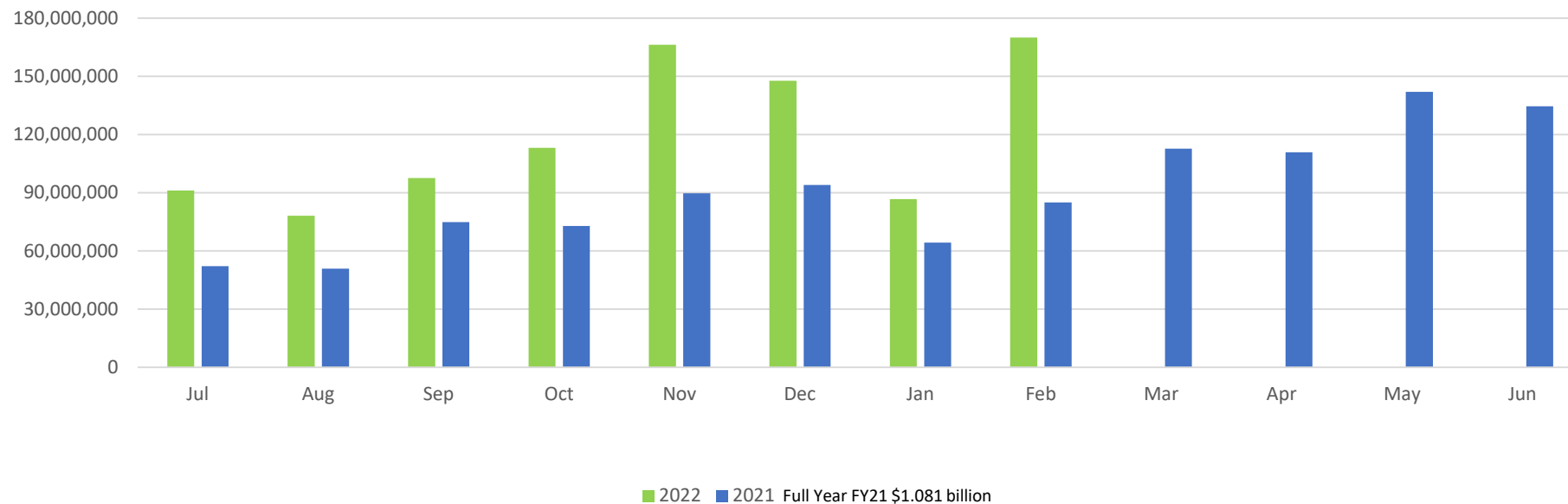
So far in calendar 2022 . . .

- All Australian State borders now re-opened.
- On 7 February, Australian PM Scott Morrison announced Australia would open its borders to international tourists from 21 February 2022.
- On 15 March, Federal Government announced it was lifting the ban on international cruise ships arriving and departing from Australian ports from 17 April.
- New Zealand PM Jacinda Arden has announced Australian visitors can enter NZ from 13 April and other international visitors from 2 May without need to quarantine.
- Influx of international outbound leisure bookings for travel from April 2022 onwards. Inbound bookings to Australia have started to come through in significant volumes since March 2022 for travel in Q4 CY22.
- On 20 March the Federal Government announced a Round 3 of funding under the Travel Agents Consumer Support Program totalling \$75 million to support travel agency businesses across Australia.
- On 22 March the Federal Government announced a \$60 million marketing package to help drive international tourists back to Australia.
- From 12 April, New Zealand will welcome tourists from Australia without the need for isolation, provided they are fully vaccinated.
- In February 2022, HLO recorded the highest TTV since COVID-19 began at \$170 million.
- Weekly air bookings are now running at circa 60% of pre-COVID-19 volumes and continuing to climb. YTD total air sales (new bookings) up 125% on last year at circa \$550 million.



YTD TTV to end February increased 62.8% to \$951 million

Total Transaction Value (TTV)



- 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.
- Quarter 3 outlook stronger with record pandemic-impacted TTV in February 2022 of \$170 million (32% of pre-COVID).

Cruising again from 17 April 2022

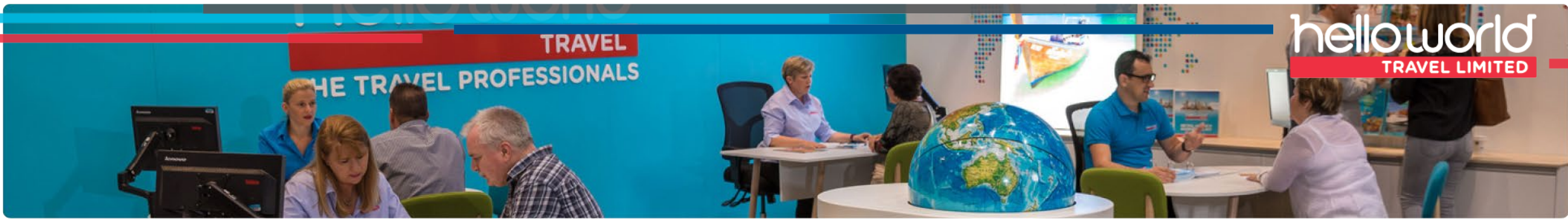
- Pre COVID, cruise sales made up a third or more of most HLO network agents' leisure sales.
- In FY19, total cruise sales across HLO businesses in Australia were over \$1 billion throughout cruise wholesale business and our retail networks.
- Cruise sales also drive complimentary air sales and other touring sales purchased in conjunction with cruises.
- With cruising re-opening HLO expects this to have a material difference to our TTV in FY23 and beyond.
- Agents are already holding significant forward bookings for cruises in FY23 and FY24.



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.
- On 3 March, the ACCC advised that it will not oppose CTM's proposed acquisition of HLO's corporate and entertainment travel businesses.
- 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.





Network members

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



2,168 at 31 DECEMBER 2021 | 2,274 at 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 in market technology solutions

- HLO has reduced 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 out 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 in 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 completed the rollout of a uniform version of Odyssey.
- 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 this month 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.
- Complete opening of Australia's International borders on 21 February 2022 and the planned phased 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, travel agents are reporting an increased volume of enquiries and bookings.
- Business into our Fijian operations continues to grow.
- Second half of FY22 expected to continue to improve particularly in Australia where all State borders are now open 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 in market technology solutions;
- cashed-up consumers;
- high demand for complex upmarket travel arrangements.



Questions



Appendix

HY22 Group Results (31 December 2021)

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



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 cruises 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
<i>Revenue margin %</i>	6.0	6.5	
EBITDA	(3.7)	(2.4)	54.2
<i>EBITDA margin %</i>	(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.



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
Borrowings on Balance Sheet			71.0

- 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.