



Statement to Australian Securities Exchange – 13 August 2014

HELLOWORLD TRADING UPDATE

Helloworld Limited (ASX: HLO) today provided a trading update for the year ended 30 June 2014 (FY14) and details regarding a non-cash impairment of intangible assets.

Based on unaudited trading results for the year ended 30 June 2014 (FY14), the Company confirms that it expects Adjusted EBITDAI¹ to be in the range of \$40 million to \$41 million, a result that is within the range of previously stated market guidance. The Adjusted EBITDAI¹ outcome excludes costs associated with the implementation of *helloworld* and other non-recurring items.

As foreshadowed in the market update released to the ASX on 26 June 2014, the preparation of the full year results includes an assessment of the carrying value of intangible assets to ensure that the balances are appropriately supported.

This assessment is now complete and, based on the unaudited trading results, HLO expects to incur a \$59.5 million non-cash impairment of goodwill attributable to the Retail Segment. The Retail Segment remains profitable and, based on the unaudited trading results, has generated Adjusted EBITDAI¹ of \$50.5 million in FY14.

As previously disclosed, following the implementation of the *helloworld* retail strategy, the Group's retail network, measured by number of locations in Australia and New Zealand, compared to the number as at December 2013 has reduced by approximately 7%. This reduction, combined with the enhanced agent incentive structure and a commitment to growing the *helloworld* brand through an increased investment in marketing, is expected to result in a reduction in Adjusted EBITDAI¹ in the next financial year of between \$5 million to \$10 million, subject to trading conditions.

With the implementation of *helloworld* largely complete, there will be a significant reduction in implementation costs, impairment charges and other non-recurring items in the financial year ending 30 June 2015 (FY15). As a consequence, and subject to trading conditions, Profit before Tax is expected to improve significantly in FY15.

HLO CEO Elizabeth Gaines commented that "we have considered it prudent to effect this non-cash impairment and are confident that the strength of the balance sheet, together with the focused, consolidated *helloworld* network, provides a strong platform for future growth in a multichannel environment."

HLO will provide further analysis on the result for FY14 when it releases its audited accounts on 27 August 2014.

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¹ Adjusted EBITDAI represents earnings before interest expense, taxes, share based payments, depreciation, amortisation and impairment. Adjusted EBITDAI is the primary measure used by the Board to assess the financial performance of the Group and operating segments. Adjusted EBITDAI excludes other significant or unusual items of income or expense.

About HLO:

- Helloworld Limited (ASX: HLO) is a leading Australia based travel distribution company, comprising retail travel businesses, air ticket consolidation, wholesale, corporate and online operations. This includes *helloworld*, Australia's largest network of franchised travel agents, and *helloworld.com.au*.
- *helloworld* is a nationwide network of independently owned and operated stores, offering Australian travellers unparalleled convenience, industry-leading service and the best value, tailor-made holidays.
- *helloworld* was awarded Australia's Best Travel Agency Group (100 outlets or more) at the 2014 National Travel Industry Awards.
- *helloworld* has been creating lasting travel memories for more than 40 years through the Harvey World Travel, Jetset Travel, Travelworld and Travelscene American Express brands.

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