



**HELLOWORLD LIMITED (ASX: HLO)
2014 ANNUAL GENERAL MEETING
21 NOVEMBER 2014**

**Chairman's Address
By Brett Johnson**

Good morning ladies and gentlemen and welcome to the 2014 Annual General Meeting of Helloworld Limited.

I'd very much like to thank Tom Dery for the six years he served as Chairman of Helloworld. Tom was appointed Chairman shortly after the acquisition by the Company in 2008 of the Qantas Holidays and QBT businesses. He was pivotal in the successful merger with Stella Travel Services in 2010 and Chaired the company during its successful transformation into Helloworld.

Tom made a huge contribution to the Helloworld Group and I hope my tenure will be as successful.

I'd also like to note that the Board appointed Elizabeth Gaines as Chief Executive Officer and Managing Director in March 2014.

Elizabeth, as Chief Operating Officer and Chief Financial Officer was a critical part of the development of the Helloworld transformation strategy and, since taking over as CEO has worked closely with our staff, franchisees, suppliers and customers to ensure the Transformation is successful and will result in a material increase in shareholder value over the next few years.

As a result of the Transformation process, we now have a core group of approximately 1,000 branded, associate and affiliated travel agents in Australia operating under the three helloworld retail models and we are in a position to be a strong competitor in the highly profitable Australian travel sector.

Following Tom Dery's retirement, the Board reviewed the skill set of the existing directors and determined that Helloworld would benefit from the appointment of an additional non-executive director who has significant experience in retail and digital marketing, brand management and executive management. We have undertaken a comprehensive search with the help of an external board recruitment adviser and expect to be in a position to make an announcement in the near future.



In August 2014, Helloworld also announced an on-market share buy-back program of up to 2.5% of the Company's share capital. The Board considered that it was appropriate to establish a buy-back program to give the Company flexibility to repurchase shares on an opportunistic basis, particularly in times of market or share price volatility. The on-market share buy-back program does not limit Helloworld's future expansion plans and the Company remains fully committed to its growth strategy.

I will now ask Elizabeth to make some comments on the Fiscal 2014 financial results and update you on how we are seeing the trading environment to this point in 2015.



CEO's Address
By Elizabeth Gaines

2014 Year in Review

The financial year ended 30 June 2014 was one of transformation for Helloworld Limited. We have transformed our business and put in place solid foundations on which to transform our future.

The July 2013 launch of helloworld was powered by the determination to deliver a real alternative to agents, to suppliers and to customers. We introduced three *helloworld* retail models, with strong value propositions for each and now have close to 1,000 stores signed across these models.

Helloworld joined the Australian Federation of Travel Agents (AFTA) Travel Accreditation Scheme (ATAS), which commenced operation on 1 July 2014. We are confident that the introduction of ATAS will provide an accreditation scheme which defines reputable travel professionals and accommodates the changing needs of our customers.

Helloworld's Customer Protection Policy, backed by our unique insurance policy, provides customers transacting with our network of Branded and Associate *helloworld* agents with the peace of mind previously afforded by the Travel Compensation Fund. The strong industry standard of ATAS, combined with Helloworld's customer protection, is a competitive strength.

Following the successful implementation of the *helloworld* brand and digital offering, our goal remains an absolute focus on consolidating our position as the best travel agency group in Australia.

Our sustained investment in marketing activity has already delivered a significant presence. *helloworld* integrated campaigns feature in all states across TV, metro and regional press, billboards, digital, search engine marketing and social media. This benefits our agents, customers and suppliers.

For the year ended 30 June 2014, Helloworld recorded Total Transaction Value (TTV) of \$4.9 billion, Revenue of \$292 million and an Adjusted EBITDAI of \$40.6 million.

Consistent with market guidance, the result was 25% lower than the corresponding period last year and reflects the impact of the transition to helloworld. The size of 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%.

The loss before tax of \$61.2 million includes the \$59.5m non cash impairment of goodwill and other exceptional items including the implementation costs of \$15.8



million associated with the Company's transformation plan, the loss on the disposal of the Inbound business of \$5.5 million and costs of \$2.7 million arising from the Federal Court decision in the GST court case. The Group recorded a profit before tax of \$22.4 million excluding the impact of these non-recurring items.

In July 2014, *helloworld* was awarded the highly coveted 'Best Travel Agency Group (100 outlets or more)' at the AFTA National Travel Industry Awards (NTIA). In addition, seven of our members and franchisees received awards at the event and Helloworld's Air Tickets business again won the award for 'Best Agency Support Service'.

To be recognised as Australia's Best Travel Agency Group after only one year, is a significant achievement and a strong validation of the strength of helloworld's network of expert travel agents and the helloworld franchise model value proposition.

In July 2013, we invited existing and new franchisees and members to join helloworld under one of three retail models, the helloworld branded model, the helloworld associate model and the helloworld affiliate model.

By 30 June 2014, helloworld comprised a network in excess of 1,700 locations across Australia and New Zealand, including 300 helloworld branded locations, close to 400 helloworld brand-carrying Associate locations, 300 helloworld Affiliate locations, 440 long standing Affiliates operating under the Concorde Agency Network, 195 agents operating in New Zealand and approximately 100 locations that remained operating under the Harvey World Travel, Travelscene, Jetset and Travelworld brands.

The focused, consolidated helloworld network will provide a strong platform for future growth in a multichannel environment.

Helloworld has now substantially completed the store refresh program and 26 locations have been refitted as Ambassador stores, featuring new branding, design, layout, interiors and furniture with additional Ambassador stores in the pipeline.

The response to the store refresh from franchisees, members and consumers has been overwhelmingly positive and the brand's momentum continues to build nationwide.

Helloworld has developed a substantial, nationwide visual footprint through both helloworld Branded and brand-carrying Associate locations. Combined with integrated marketing campaigns and a strong digital component through helloworld.com.au, we offer the ultimate flexibility and convenience to our customers.

Helloworld launched its digital offering, helloworld.com.au in November 2013. This included mobile and tablet optimised websites and multichannel functionality, such as the 'Agent Finder' locator, which allows consumers to locate their nearest helloworld travel agent online.



In August we also launched the helloworld.com.au Android mobile app and the iPhone app followed shortly thereafter, launching in September 2014.

Feedback on helloworld.com.au and the associated mobile apps has been extremely positive. The iPhone app was recently featured in '2014's Best Travel Apps' in the App Store and in October 2014 the Business Spectator publication declared helloworld.com.au's mobile apps as a 'Top 5 must-have travel app'.

We are committed to growing our digital offering and capitalising on opportunities in the multi-channel environment.

Trading Update

Following the successful implementation of the helloworld brand and digital offering, HLO expects to participate fully in the forecast growth in travel in Australia. Growth will be achieved through targeted consumer marketing and campaigns aimed at driving increased customer traffic to our network of franchisees and members supported by a strong digital offering.

Research published by Roy Morgan in August 2014 found that in the year to June 2014, almost half (47%) of those Australians travelling overseas booked through a conventional travel agent, while 16% used an online travel agency. This suggests that bricks and mortar travel agents remain a favoured option for Australian international travellers, offering a personalised and experienced level of service which is valued by Australian consumers.

Trading results for the four month period ended 31 October 2014 have been in line with expectations. It is particularly pleasing that, on a like-for-like basis, TTV for the Australian Retail franchise network for the four months to 31 October 2014 has grown by 3% when compared to the same period in the prior year.

While it is still early in the financial year and it is difficult to predict the outcome of the trading conditions for the remainder of FY15 the indications are that the Group is tracking within the previously advised guidance, with an expected reduction in EBITDAI of between \$5 million to \$10 million compared to FY14. This forecast result reflects the financial impact of the decrease in network numbers combined with the enhanced agent incentive structure and a commitment to growing the helloworld brand through an increased investment in marketing.

The focused, consolidated helloworld network is providing a strong platform for future growth in a multichannel environment. Consistent with previous guidance, with the transformation of helloworld in Australia complete and subject to trading conditions for the remainder of the financial year, profit before tax is expected to improve significantly in FY15, reflecting a reduction in implementation costs, impairment charges and other non-recurring items.

ENDS

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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.

