



helloworld

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2015 Full Year  
Results



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Elizabeth Gaines  
CEO

# 2015 Full Year Review

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- Total Transaction Value (TTV) of \$4.7 billion
- Adjusted EBITDAI<sup>(1)</sup> of \$27.5 million
- Operating Revenue of \$279.2 million
- Loss before tax of \$198.4 million (inc \$205.3 million non-cash goodwill impairment)
- Adjusted Profit before tax<sup>(2)</sup> of \$6.9 million, a significant improvement on FY14 loss of \$1.7 million
- Positive momentum continues

(1) Adjusted EBITDAI is earnings before interest expense, tax, share-based payments, defined benefit expense, depreciation, amortisation and impairment adjusted for significant and/or unusual items of revenue or expense. Adjusted EBITDAI 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 Adjusted EBITDAI to Loss before tax is contained in the Appendix to this announcement.

(2) Adjusted Profit before tax represents Profit before tax and impairment

# Key Achievements

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High calibre bricks and mortar network performed in line with prior year on a like for like basis



75% of agent and agency award winners at 2015 NTIA Awards were *helloworld* member agents



Increased profitability of Travel Management segment

- QBT appointed sole provider of travel management services to Australian Govt



Tripling of prompted brand awareness



Strong growth in [helloworld.com.au](http://helloworld.com.au) (Hotel and Air TTV up 245% and 95% respectively in 2H15)



Rebrand of Travel Indochina to Insider Journeys (winner NTIA 2015 Best Specialty Wholesaler)

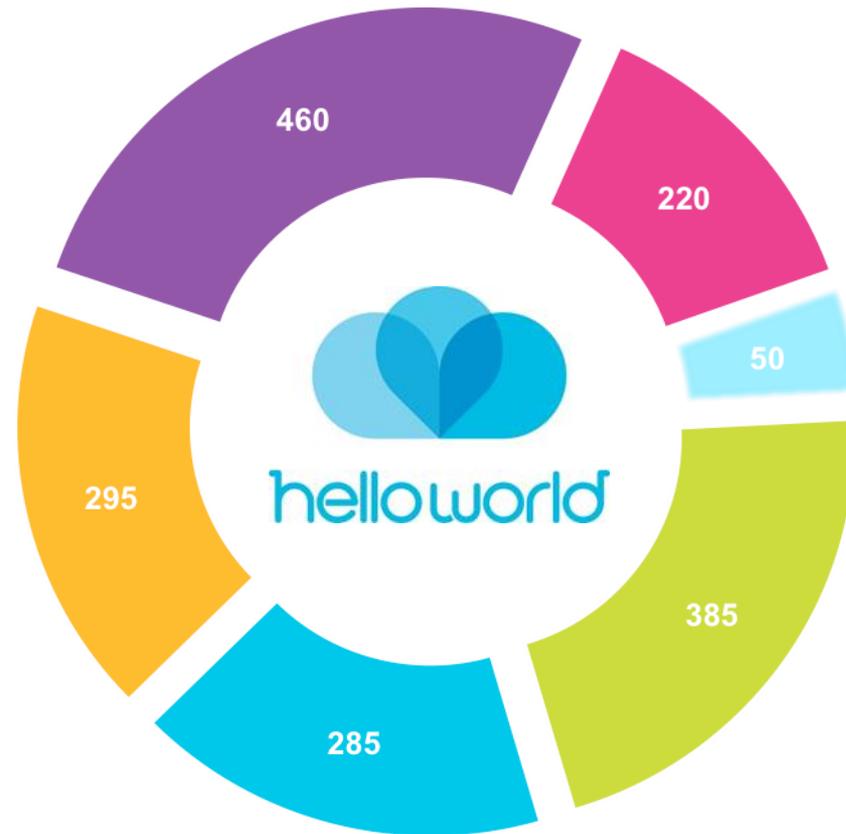
# Retail network delivering

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- Stabilised network of approx 1,700 high-calibre, high performing agents across ANZ
- TTV of \$3.4 billion (down 4% on FY14)
  - On a like for like basis, network TTV in line with FY14
- Adjusted EBITDAI of \$31.9 million (37% decrease)
  - Due to agent incentives, marketing and investment in helloworld.com.au
  - Reflects full year impact of the 8% reduction in agent numbers following the *helloworld* transformation
- Revenue of \$151.9 million (5% decrease)
- Operating costs of \$120 million (9% increase) due to improved agent incentives, brand marketing and investment in helloworld.com.au
- 75% of Agent and Agency Winners at 2015 NTIA are *helloworld* members

# A bricks and mortar network of high-calibre agents...

- helloworld Associate/  
Corporate
- helloworld Branded
- helloworld Affiliate
- Concorde Agency Network
- New Zealand
- Other Brands(1)



# Travel Management Segment continues to improve

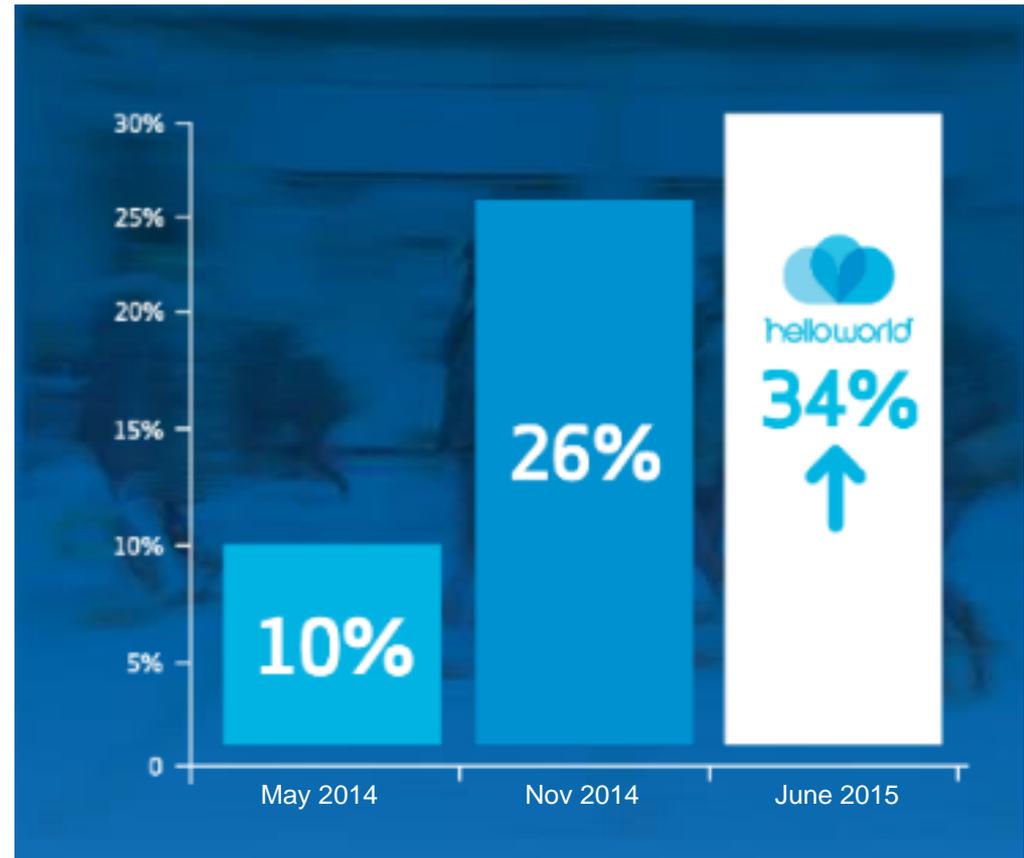
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- The appointment of QBT as the sole provider of travel management services to WoAG<sup>(1)</sup> demonstrates ability to deliver large, complex corporate travel management with innovative technology - a strong base for future growth
- QBT has successfully transitioned all of the Australian Government Agencies to the new structure as at 1 July 2015
- Total segment Adjusted EBITDAI of \$5.3 million (up \$4.7 million on FY14)
- TTV of \$600 million, up 6% driven by QBT appointment of WoAG
- Operating expenses down \$1.1 million (3%) due to restructuring and productivity improvements

(1) Whole of Australian Government (WoAG). QBT, a wholly owned subsidiary of HLO, was appointed the sole provider of travel management services to WoAG from 1 July 2015 for an initial 4 year period.

# Brand Awareness has tripled in 12 months

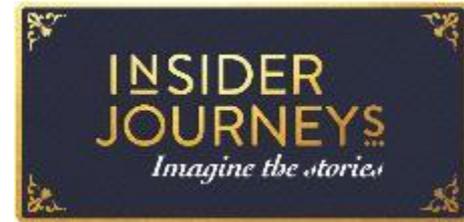
- Prompted brand awareness has increased to 34% at June 2015
- Survey based on 1,200 pre-qualified respondents who
  - intend to travel within the next 12 months
  - are the key decision makers in the travel process
  - Aged 25 years or older



# Product Aligned with Agents' & Consumers' Needs

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- Consolidated supply and support of vital higher margin product
- Focus on tailored solutions across all demographics through close relationships with suppliers
- Insider Journeys embraces this important channel – success reflected in 2015 NTIA Best Speciality Wholesaler Award
- Our joint venture with Cover-More is delivering benefit and exclusive product



# Training to promote customer service excellence

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- Network-wide engagement of *hello* You training:
  - Profiling our agents as Experts in Everywhere
  - Delivering on our vision – Creating the Future of Travel with each journey
- Further building our network of high-calibre agents
  - Overwhelmingly positive sentiment from our Owners, Managers and frontline consultants attending recent *helloworld* conferences



# Omni-channel strategy on track to optimise future growth

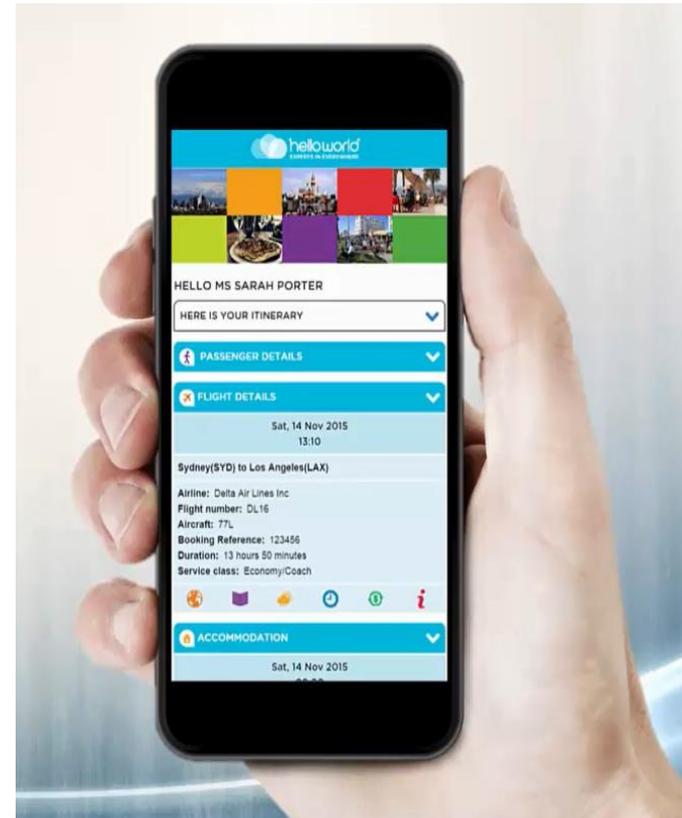
- Omni-channel strategy driving productivity and profitability
- Sustained investment in building helloworld.com.au:
  - Hotel and Air TTV up 245% and 95% respectively in 2H15
  - Broader product options and enriched consumer experience
  - Award winning implementation across mobile, tablet and desktop devices
  - FY15 result reflects investment of \$4.2 million to grow from ground up



# Technology to drive advantage

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- Developing world-class proprietary technology to drive agent productivity, efficiencies, relationships and margins
- Agent Automated Itinerary Solutions delivered
- Global first – *helloworld for business* / Qantas NDC pilot
- Point of Sale system being developed with focus on streamlining front, mid and back-office processes to optimise effectiveness and customer experience



# Outlook

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- Focus on delivering through momentum of *helloworld's* growing brand presence, top line growth and increased profitability
- Future-proofing our agents and business through technology, training, product and profile supported by omni-channel strategy to capture forecast total tourism spend (ex inbound) of \$128 billion
- Additional synergies from NZ transition across staffing, branding and technology
- Strong balance sheet, positive net cash position and \$60.8 million headroom in debt facilities, stable network of high-performing agents, growing strategic presence and positioned for long-term sustainable growth
- Anticipating substantial growth on FY15 Adjusted Profit before tax of \$6.9 million



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Jenny Macdonald  
CFO

# Full Year Result

	FY15 \$m	FY14 \$m	Change %
Total Transaction Value (TTV)	4,696.2	4,861.0	(3%)
Revenue	279.2	291.7	(4%)
Adjusted EBITDAI <sup>(1)</sup>	27.5	40.6	(32%)
Loss before tax	(198.4)	(61.2)	224%
Loss after tax attributable to members	(201.1)	(63.3)	218%
Basic loss per share	(45.66) cents	(14.38) cents	218%
Diluted loss per share	(45.66) cents	(14.38) cents	218%

## No dividend declared

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# Retail Segment

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	FY15 \$m	FY14 \$m	Change %
Total Transaction Value (TTV)	3,429.1	3,586.5	(4%)
Revenue	151.9	160.7	(5%)
Operating expenses	(120.0)	(110.1)	9%
Adjusted EBITDAI	31.9	50.5	(37%)

- Retail transformation complete in Australia
- Reduction of 8% in the network compared to prior year (full year impact)
- Increase in operating costs attributable to the completion of the transformation, enhanced agent incentives and brand investment
- Investment in helloworld.com.au has impacted Adjusted EBITDAI by \$4.2m

# Wholesale Segment

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	FY15 \$m	FY14 \$m	Change %
Total Transaction Value (TTV)	667.1	708.2	(6%)
Revenue	82.3	88.6	(7%)
Operating expenses	(69.1)	(76.2)	(9%)
Adjusted EBITDAI	13.1	12.4	6%

- Adjusted EBITDAI increased by \$0.7m (6%)
- Revenue margin remained stable from prior year at 12.3% (prior year excluding ATS Inbound business)
- Operating costs decreased by \$7.1m (9%) due to a continued focus on cost management and productivity improvement

# Travel Management Segment

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	FY15 \$m	FY14 \$m	Change %
Total Transaction Value (TTV)	600.0	566.3	6%
Revenue	41.1	37.5	10%
Operating expenses	(35.9)	(37.0)	(3%)
Adjusted EBITDAI	5.3	0.5	923%

- Strong TTV and Revenue growth of 6% and 10% respectively
- QBT appointed as sole provider of travel management services to the Whole of Australian Government
- Restructuring and productivity improvements resulted in operating costs reducing by 3%

# Balance Sheet

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	FY15 \$m	FY14 \$m
Cash	176.1	184.3
Other current assets	106.9	105.6
Intangible assets	161.4	360.5
Other non-current assets	26.7	32.9
Current liabilities	(266.0)	(279.8)
Non-current liabilities	(27.6)	(26.5)
Equity	177.5	377.0

# Liquidity and Funding

	FY15 \$m	FY14 \$m
Total Facility available	96.0	96.4
Drawn Debt	(24.9)	(25.3)
Multi-option Facilities (incl. bank guarantees)	(10.3)	(9.9)
<b>Headroom</b>	<b>60.8</b>	<b>61.2</b>
Company cash	27.4	28.5
Client cash	148.7	155.8
<b>Total cash</b>	<b>176.1</b>	<b>184.3</b>

- Operating cash inflow for FY15 of \$4.7m has increased \$35.5m from FY14 (outflow of \$30.8m). The improvement is due to a reduction of transformation costs and improved working capital management
- Financing facilities are in place until 2019



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Appendices

# Reconciliation of Adjusted EBITDAI to Loss Before Tax

	FY15 \$m	FY14 \$m
Adjusted EBITDAI <sup>(1)</sup>	27.5	40.6
Profit/(Loss) on disposal of investments	0.3	(5.6)
Business transformation costs	(2.1)	(15.8)
Share based payments and defined benefit expense	(0.8)	(0.1)
Costs relating to GST matter	(0.6)	(2.7)
Former CEO resignation costs	(0.2)	(0.6)
EBITDAI	24.1	15.7
Depreciation and amortisation	(13.9)	(14.0)
Impairment of goodwill	(205.3)	(59.5)
Finance costs	(3.2)	(3.4)
Loss before income tax	(198.4)	(61.2)

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Thank You