The Jetset Travelworld Group

JETSET TRAVELWORLD ANNOUNCES RESULTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

MERGED GROUP DELIVERS STRONG FIRST HALF RESULT

HIGHLIGHTS

- Profit before tax increased by 157% to $16.5 million
- Profit after tax attributable to members of Jetset Travelworld Limited (JTL) increased by 738% to $11.2 million
- Earnings per share increased by 522% to 2.55 cents
- An Interim Dividend of 1.1 cents per share, fully franked, will be paid on 2 April 2012. No Interim Dividend was paid in the prior year
- Cash balance at 31 December 2011 of $177.9 million
- Half-year results in the current period reflect 6 months of consolidated trading for all businesses post-merger
- Implementation of the merger of Jetset Travelworld and Stella Travel Services is now complete with merger synergies realised in accordance with expectations

Summary of Results

The results for the six month period ended 31 December 2011 are summarised as follows:

	31-Dec-11	*31-Dec-10(1)*	
	$ million	**$ million**	**Increase**
Total transaction value (TTV)	2,814.1	2,213.6	27.1%
Revenue	187.5	151.9	23.4%
Adjusted EBITDAI (2)	25.1	17.8	41.1%
Profit before tax	16.5	6.4	156.7%
Profit after tax attributable to members	11.2	1.3	738.2%
	Cents per share	**Cents per share**	**Increase**
Earnings per share	2.55	0.41	522.1%
Dividends per share	1.10	-	N/A

(1) Represents the results of Stella Travel Services Holdings Pty Ltd (STS) only for the period from 1 July 2010 to 30 September 2010 and the consolidated results for STS and JTL for the period from 1 October 2010 to 31 December 2010.
(2) Earnings before interest expense, taxes, share based payments, depreciation, amortisation and impairment. Adjusted EBITDAI excludes other significant or unusual items of income or expense and is the primary measure used by management and the Group's chief decision making bodies to assess the financial performance of the Group and operating segments.

Jetset Travelworld Limited (ASX: JET) today announced its half-year results for the six months ended 31 December 2011.

JET Chief Executive Officer Peter Lacaze said, "this is a pleasing result for the first half of the year with the Company delivering a profit before tax of $16.5 million, an increase of $10.1 million or 157% compared to the first half last year.

"During this period the average selling prices for international air product were lower than the same period last year resulting in continued strength in the outbound travel market. The Australian dollar experienced volatility hitting highs above US$1.10 in late July, dropping below US$0.95 at the start of October and then finishing the calendar year above parity. Another notable event in the Australian travel market during the six month period was the industrial action affecting the Australian national carrier, Qantas resulting in the temporary grounding of the Qantas fleet on 29 October 2011.

"The result for the first half reflects the on-going benefits of the merger of Jetset Travelworld and Stella Travel Services which completed on 30 September 2010.

"The merged Group has created a solid foundation for future growth with a lower operating cost base which is key to navigating through changeable industry conditions", he said.

Pro-forma Result

The merger of JTL and Stella Travel Services Holdings Pty Ltd (STS) occurred on 30 September 2010. Accordingly, the statutory results for the six month period ended 31 December 2010 represents the results of STS only for the period from 1 July 2010 to 30 September 2010 and the consolidated results for STS and JTL for the period from 1 October 2010 to 31 December 2010.

Comparative financial pro-forma information prepared as if the merger occurred on 1 July 2010 is only available at a consolidated Group level to profit before tax and segment information is not available on a pro-forma basis. For these reasons, the analysis and commentary on this half-year result is primarily focused on the statutory performance of the merged Group.

On a consolidated pro-forma basis, Profit before tax increased by $14.4 million (687%) to $16.5 million. TTV decreased by 1% over the six month period largely due to the reduction in average selling prices for international air product. Revenue decreased by 3% with this reduction offset by lower Operating Expenses. Expenses were lower than the prior period by $7.8 million (5%) reflecting the benefit of the merger cost synergies. Adjusted EBITDAI increased by 7% to $25.1 million.

Segment Performance

Retail Segment

In the six month period ended 31 December 2011, the Retail segment increased TTV by 18% to $2 billion and Adjusted EBITDAI increased by 49% to $33.3 million. This performance is largely attributable to the continued growth in outbound travel.

Recently published statistics for the Australian market highlight that in the 2011 calendar year there was a 10% surge in outbound departures to 7.8 million overseas trips or nearly one in three Australians travelling abroad, more than double the levels a decade ago.

Included in the Retail segment results is JTL's online trading subsidiary, Best Flights. During the six month period ended 31 December 2011, the number of transactions booked on Best Flights increased by 20% with the number of cruise bookings transacted on Best Cruises increasing by 17% during the period.

Wholesale Segment

TTV attributable to the Wholesale segment increased by 55% to $439.5 million for the six months ended 31 December 2011 and Adjusted EBITDAI increased by 12% to $5.7 million.

The margin of revenue to TTV for the Wholesale segment for the six month period to 31 December 2011 was 13.2% compared to 15.4% for the prior period. This margin decrease is largely attributable to reduced selling prices in a highly competitive market.

Included in the Wholesale segment is JTL's wholly owned subsidiary Qantas Holidays. In the period prior to the grounding of the Qantas fleet on 29 October 2011 and the subsequent full reinstatement of services, the Wholesale operation experienced a relatively short term reduction in sales volumes for the Qantas Holidays brand due to customer concerns regarding the potential impact of industrial action on their holiday plans. This impact is contained to the first half results and is not expected to have an ongoing impact on Qantas Holidays volumes.

Travel Management Segment

TTV attributable to the Travel Management segment increased by 61% to $375.7 million for the six months ended 31 December 2011 with the Travel Management segment incurring an Adjusted EBITDAI loss of $732,000 (prior period profit of $372,000).

JTL's Travel Management segment includes the operations of QBT. During the six month period to 31 December 2011, QBT underwent a significant transition of its transacting system, Amadeus. This transition was a key merger implementation project and the system was successfully migrated from the previous operating environment hosted by Qantas Airways to a standalone environment hosted by JTL's technology infrastructure. The implementation process went according to plan however the migration of the operating system was a significant event for QBT and its management team.

The six month period to 31 December 2011 also includes the impact of trading under the terms of the Whole of Australian Government (WoAG) travel management arrangements. QBT successfully won and retained a significant amount of government agency travel management business and the revised terms of the WoAG arrangements are reflected in the result for QBT with the new trading terms applicable from 1 July 2011. In line with the WoAG objectives, QBT has seen a noticeable shift in the amount of government agency business that is conducted online with the online channel representing a lower transaction cost to the Commonwealth government under the terms of the agreed arrangements.

Consistent with Qantas Holidays, the operations of QBT also experienced a short term impact from the Qantas Airways industrial action and grounding of the fleet on 29 October 2011. The operational impact of dealing with the grounding and providing the high degree of care and service to our customers for which QBT is renowned resulted in some short term costs being incurred during the period immediately surrounding the grounding of the Qantas fleet.

Liquidity and Funding

For the six month period ended 31 December 2011, the Group had a net cash outflow from operating activities of $27.2 million ($881,000 outflow in the prior corresponding period). The outflow in the prior period is not comparable due to the merger occurring part way through the prior corresponding period. The operating cash outflow in the current period primarily reflects the seasonal outflow in client funds during the period, particularly in the Wholesale operations and is in accordance with expectations for this time of the year.

During the six month period ended 31 December 2011, the Group invested $12.1 million in property, plant and equipment. This investment reflects the completion of the major information technology and property projects associated with the merger implementation activities as well as an investment in maintenance capital expenditure. The investment activities of the Group were weighted to the first half of this financial year with lower levels of investment planned for the second half.

At 31 December 2011, the Group had access to total finance facilities (including letter of credit facilities) of $80.7 million with $48.1 million utilised and remaining headroom available of $32.6 million.

Total cash on hand at 31 December 2011 was $177.9 million which consisted of client funds of $163.9 million and general cash of $14.0 million.

Merger Update

The shareholder escrow period for QH Tours Limited, Europe Voyager NV and UBS Australia Holdings Limited expired on 31 December 2011 with no warranty claims arising during the fifteen month period from completion of the merger on 30 September 2010 to 31 December 2011.

Dividend

The Company will pay an interim dividend of 1.1 cents per share fully franked on Monday 2 April 2012 to shareholders entered on the share register at close of business on Monday 19 March 2012.

Outlook

Mr Lacaze said that “trading conditions were strong in the first quarter of this financial year however demand weakened in the second quarter and it was during this period that the Qantas fleet grounding occurred. Against this backdrop, the results for the first half demonstrate the benefits of the enlarged Group, particularly the cost synergies that have been derived from the merger.

“Consumer markets remain uncertain due to a variety of economic circumstances. It is difficult to predict the outlook for demand trends due to the volatility in economic conditions however, absent any significant disruptions to the travel industry, we expect the outbound and domestic travel market will continue to grow. Demand for inbound travel to Australia is expected to be flat.

“This market growth, coupled with the benefits of the merger related cost synergies results in Jetset Travelworld being well positioned for improved financial performance in the statutory results for the full year ending 30 June 2012”, he said.

ENDS

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About The Jetset Travelworld Group:

The Jetset Travelworld Group is one of the leading integrated travel companies in Australia and New Zealand. The Group operates a number of leading businesses in the retail, online, corporate, wholesale and inbound travel distribution market with operations in Australia, New Zealand, Asia, Fiji, the United States, South Africa and the United Kingdom.

The Company’s brands include Travelscene American Express, Harvey World Travel, Jetset, Travelworld, BestFlights.com.au, Qantas Holidays, Viva! Holidays and QBT.