The Jetset Travelworld Group

JETSET TRAVELWORLD ANNOUNCES RESULTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

HIGHLIGHTS

- Adjusted EBITDAI[(1)] of $25.3 million
- Program of cost reduction and efficiency initiatives implemented with operating costs lower than 1H FY12 by 10.3%
- Development of long term strategic options well advanced
- Adjusted Profit before tax[(1)] of $18.0 million
- Profit after tax attributable to members of Jetset Travelworld Limited of $8.6 million
- Interim dividend of 1 cent per share
- Basic earnings per share of 1.97 cents per share

Summary of Results

The results for the half year ended 31 December 2012 are summarised as follows:

	31-Dec-12	31-Dec-11	
	$ million	**$ million**	**% Change**
Total transaction value (TTV)	2,495.6	2,814.1	-11.3%
Revenue	171.0	187.5	-8.8%
Adjusted EBITDAI [(1)]	25.3	25.1	0.8%
Adjusted Profit before tax [(1)]	18.0	18.9	-4.9%
Profit before tax	14.9	16.5	-9.5%
Profit after tax attributable to members	8.6	11.2	-22.9%
	Cents per share	**Cents per share**	**% Change**
Basic earnings per share	1.97	2.55	-22.7%
Diluted earnings per share	1.94	2.54	-23.6%
Interim dividend per share	1.00	1.10	-9.1%

(1) Adjusted EBITDAI represents earnings before interest expense, taxes, share based payments, depreciation, amortisation and impairment. Adjusted EBITDAI 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. Adjusted EBITDAI and Adjusted Profit before tax, exclude other significant or unusual items of income or expense.

Jetset Travelworld Limited (ASX: JET) today announced its results for the half year ended 31 December 2012.

JET Chief Executive Officer Rob Gurney said, “In the past six months, the Group has been focused on three key activities:

1. Conducting extensive review of all elements of the business;
2. Developing strategic options to deliver top line growth; and
3. Reducing unit cost and generating productivity efficiencies.

“It is clear from this detailed review that JET has a key role to play in the growing and dynamic travel industry and we remain focused on transforming the business to build new capabilities and better leverage the existing assets to establish a platform for long term success.

“The results for the half year ended 31 December 2012 were in line with expectations and reflect a continued focus by the Group on margin improvement, cost reduction and efficiency measures in a market that is experiencing a decline in average selling prices. Activity in the Retail segment across the key air market has been strong with an increase in the number of domestic air transactions of 5% and international air transactions of 6%.

“The 11% decline in TTV to $2.5 billion primarily reflects the impact of the average fare decline in the Retail and Wholesale segments as well as a significant reduction in government spending on travel in the Travel Management segment. Against this backdrop of price deflation and a reduction in activity in the Travel Management segment, the Group has remained focused on revenue margin improvement and the revenue to TTV margin increased from 6.7% to 6.9% in the first half.

“In June 2012, we announced that the Group had completed a review of business operations and that there would be a reduction of approximately 110 positions across the Group with 60% of those positions attributable to the Travel Management segment. The restructure has been accelerated and further cost reduction initiatives have been implemented in the Retail segment in the first half of FY13. The outcome of these initiatives is that operating costs have decreased by over 10% in the first half”, he said.

Segment Performance

Retail Segment

In the six month period ended 31 December 2012, the Retail segment TTV decreased by 9.3% to $1.8 billion. Adjusted EBITDAI decreased by 2.6% to $32.4 million.

It was particularly pleasing that the Retail segment improved its revenue margin from 5.1% in 1H12 to 5.4% in 1H13 and reduced costs by 5.8%

The number of franchisees, members and affiliates that are represented in the Retail segment has remained stable during the period with over 1,900 travel agents transacting with the Group across Australia and New Zealand.

Wholesale Segment

TTV attributable to the Wholesale segment decreased by 14.1% to $377.3 million for the six months ended 31 December 2012 and Adjusted EBITDAI decreased by 4.5% to $5.5 million.

The margin of revenue to TTV for the Wholesale segment for the six month period to 31 December 2012 increased to 13.7% compared to 13.2% for the prior period reflecting the outcome of disciplined margin management, brand rationalisation and the integration of operations. Operating costs decreased by 12% reflecting a continued focus on productivity improvement.

Travel Management Segment

TTV attributable to the Travel Management segment decreased by 18.6% to $305.8 million for the six months ended 31 December 2012 with the Travel Management segment incurring an Adjusted EBITDAI loss of $1.8 million (prior corresponding period loss of $732,000).

The significant reduction in TTV is attributable to QBT and reflects a decline in trading volumes transacted through the accounts held with the government agencies trading under the terms of the Whole of Australian Government travel management agreement.

As a result of the decline in government travel spend the implementation of the restructuring initiatives announced in June 2012 has been accelerated resulting in a reduction in operating costs in the Travel Management segment of 14.7% in the first half.

Liquidity and Funding

Total cash on hand at 31 December 2012 was $168.7 million which consisted of client funds of $154.0 million and general cash of $14.7 million.

The Group reported a net cash outflow from operating activities in the six months to 31 December 2012 of $45.4 million. This outflow is in line with seasonal trends and includes the payment of redundancy costs in the period that were provided for in June 2012. The increase in the cash outflow compared to the prior corresponding period is due to an additional fortnightly payment to IATA for air tickets settlement in December 2012 compared to December 2011.

At 31 December 2012, the Group had access to total finance facilities (including letter of credit facilities) of $80.8 million with $42.3 million utilised and remaining headroom available of $38.5 million.

Dividend

For the six months to 31 December 2012 the Company generated a profit after tax of $8.6m. In accordance with the dividend policy, the Board has determined that the Company will pay an ordinary dividend totalling 1 cent per share fully franked on Tuesday, 2 April 2013 to shareholders entered on the share register at close of business on Tuesday, 19 March 2013.

Outlook

Mr Gurney said that "the Group is well advanced on finalising the plan for a program of major business transformation and substantial progress has been made over the past six months. Transformational strategic options have been developed and key stakeholder engagement is well advanced.

"The assessment of the strategic options available to JET has been thorough and comprehensive and has covered all of the key operating segments of Retail, Wholesale and Travel Management. An in-depth study has been prepared including international benchmarking and an assessment of global and local industry trends. This study has been supported by consumer research and wide-ranging stakeholder engagement which is critical to the successful implementation of the strategic initiatives given JET's franchise delivery model and supplier relationships.

"The strategic focus is for JET to grow and maintain a strong position in the rapidly evolving travel industry by:

1. better leveraging the scale of the Group
2. developing deep consumer insight
3. building digital and multichannel capability
4. continuing to provide a compelling offer for franchisees and suppliers; and
5. continuing to deliver productivity improvements

"We will continue to thoroughly test the strategic options and initiatives with key stakeholders through personal engagement with franchisees and major suppliers. Whilst a number of cost reduction initiatives will continue to be pursued, the significant transformational initiatives are still in their infancy and the full cost and timing of implementation is being developed. However, the extent of the transformation envisaged is expected to deliver long-term benefits in the dynamic and growing travel market.

"Market conditions in January and February 2013 have been consistent with the first half of the year. We remain focused on cost reduction and implementing efficiency improvement measures whilst at the same time progressing the strategic review options. We will continue to keep the market informed as the strategic plan implementation progresses."

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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, Readyrooms.com.au and QBT.