



helloworld

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2014 Full Year  
Results



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Elizabeth Gaines  
CEO

# 2014 Full Year Review

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- Announcement and implementation of *helloworld*
- Awarded 2014 Best Travel Agency Group (100 outlets or more) by AFTA
- Total Transaction Value (TTV) of \$4.9 billion
- Adjusted EBITDAI <sup>(1)</sup> of \$40.6 million
- Loss before tax of \$61.2 million, includes the non-cash impairment of goodwill, loss on disposal of the Inbound business and cost of business transformation
- Continued focus on cost reduction and efficiency initiatives resulting in operating costs lower than FY13 by 10%
- Basic loss per share of 14.38 cents per share
- Announced today an on-market share buy-back program of up to 2.5% of share capital

(1) Adjusted EBITDAI is earnings before interest expense, tax, share-based payments, 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)/Profit before tax is contained in the Appendix to this announcement.

# Key milestones

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Launch of the *helloworld* brand to the Australian consumer



Launch of helloworld.com.au



Three retail models with strong value propositions for each



Close to 1,000 stores signed to the *helloworld* retail models



Joined Australian Federation of Travel Agents (AFTA) Travel Accreditation Scheme (ATAS)

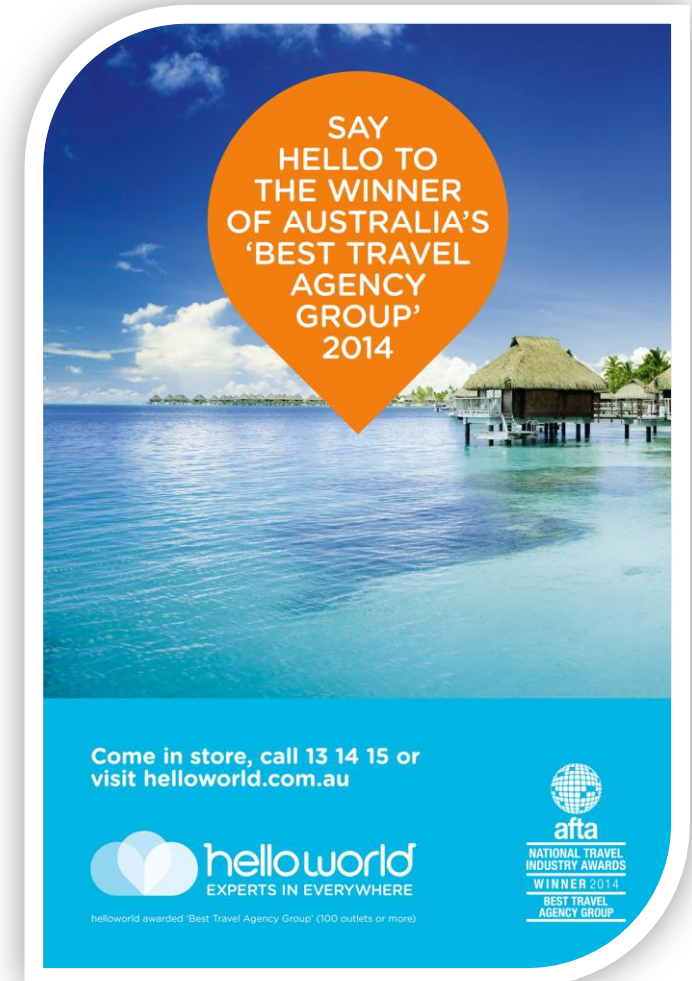


Transformation in Australia complete

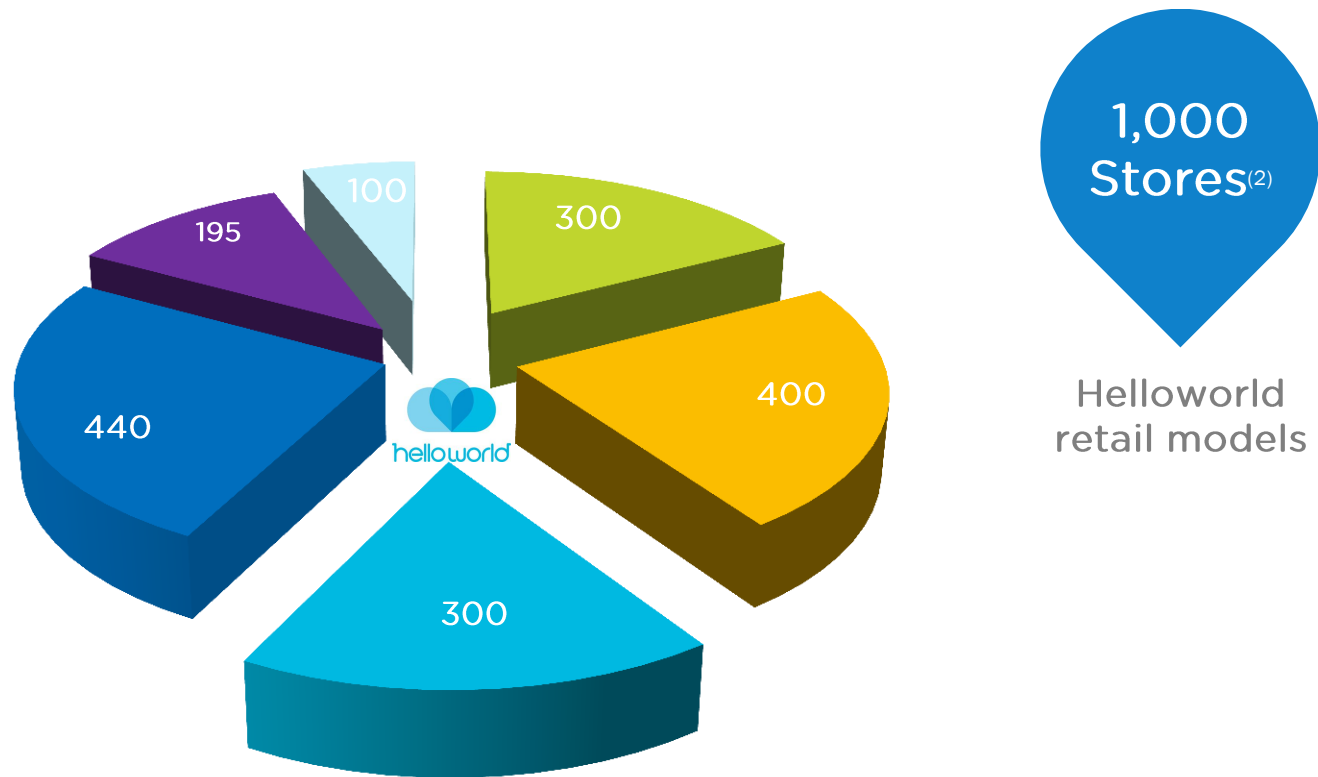
# 2014 Australia's Best Travel Agency Group

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- 7 helloworld network members won awards at the Australian Federation of Travel Agents (AFTA) National Awards in July 2014.
- helloworld Air Tickets again awarded Best Agency Support Service
- Recognition of the helloworld network of expert travel agents and franchise model value proposition



# helloworld network

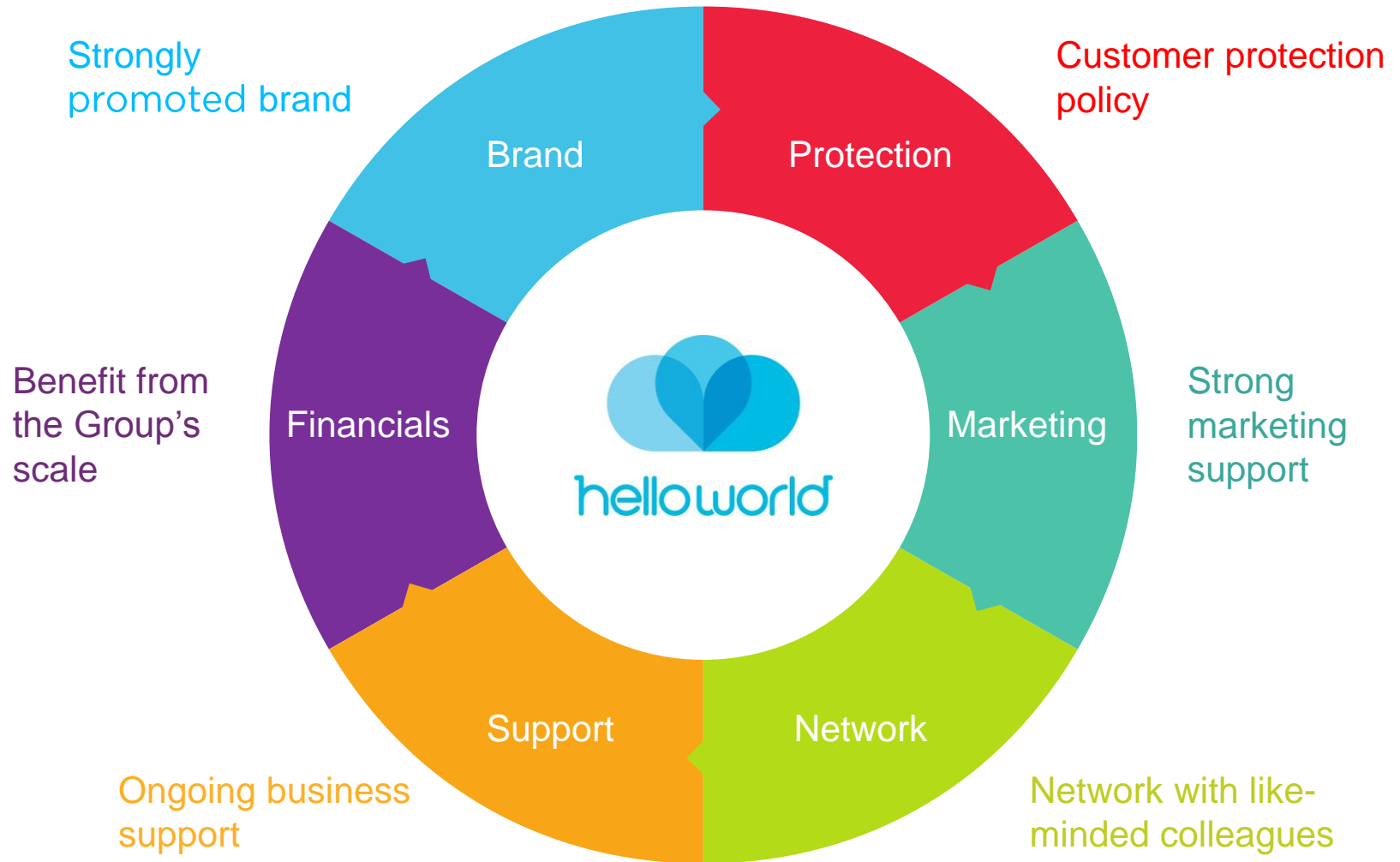


(1) Other Brands include Harvey World Travel (excluding South Africa), Jetset, Travelworld, Travelscene and Travelscene American Express.

(2) Close to 1,000 stores signed to the *helloworld* retail model including 300 *helloworld* Branded locations, close to 400 *helloworld* brand-carrying Associate locations and 300 *helloworld* Affiliate locations.

# Value proposition

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# helloworld store transformation

before



now

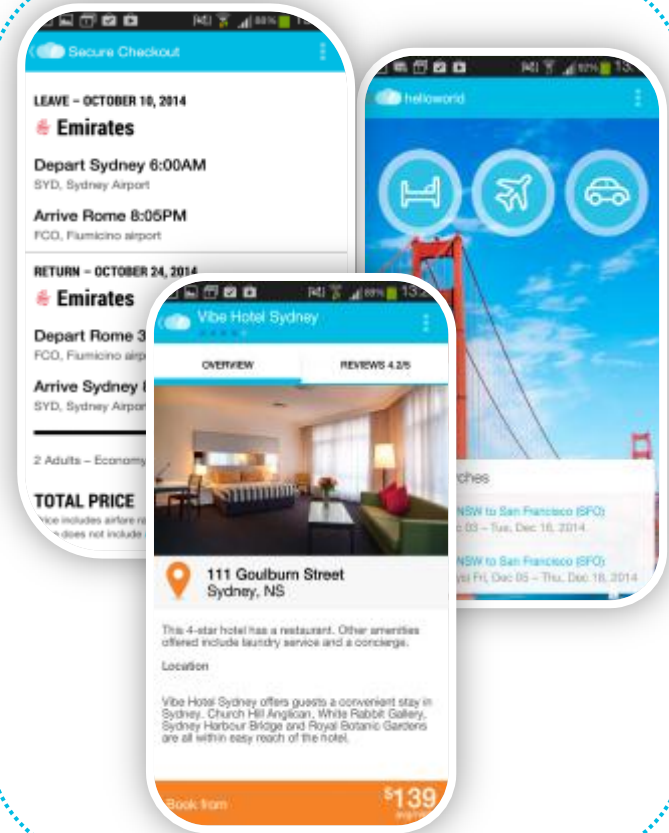




# hello mobile app

- helloworld.com.au launched November 2013
- Mobile and tablet optimised websites launched
- Android app launched 12 August 2014
- Development of multichannel functionality, such as “Agent Finder” locator

12  
August



# Outlook

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- The focus for FY15 is to:
  -  Grow the *helloworld* brand presence in the Australian market
  -  Drive TTV growth within the retail network via our product offering and enhanced customer experience
  -  Grow and develop helloworld.com.au
  -  Leverage the strong platform for growth
- FY15 Profit before tax expected to improve significantly with a reduction in transformation costs, impairment charges and other non-recurring items.
- FY15 EBITDAI tracking in line with previous EBITDAI guidance, with an expected reduction of between \$5 million to \$10 million compared to FY14.



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Jenny Macdonald  
CFO

# Full Year Result

	FY14 \$m	FY13 <sup>(1)</sup> \$m	Change %
Total Transaction Value (TTV)	4,861.0	5,177.4	-6%
Revenue	291.7	332.8	-12%
Adjusted EBITDAI <sup>(2)</sup>	40.6	54.1	-25%
(Loss)/profit before tax	(61.2)	26.7	-329%
(Loss)/profit after tax	(63.3)	16.2	-492%
Basic (loss)/earnings per share	(14.38) cents	3.68 cents	-491%
Diluted (loss)/earnings per share	(14.38) cents	3.63 cents	-496%
Interim dividend per share	-	1.0	-100%
Final dividend per share	-	0.5	-100%

(1) Financial year ended June 2013 has been restated as a result of relevant accounting policy changes.

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# Retail Segment

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	FY14 \$m	FY13 \$m	Change %
Total Transaction Value (TTV)	3,586.5	3,766.1	-5%
Revenue	160.7	183.0	-12%
Operating expenses	(110.1)	(115.4)	-5%
Adjusted EBITDAI	50.5	67.6	-25%

- Retail segment has undergone comprehensive change.
- Reduction of 7% in the network compared to December 2013.
- Strong platform for future growth, supported by a consolidated brand.
- Operating costs decreased by 5% reflecting a continued focus on cost management.

# Wholesale Segment

	FY14 \$m	FY13 \$m	Change %
Total Transaction Value (TTV)	708.2	799.3	-11%
Revenue	88.6	104.7	-15%
Operating expenses	(76.2)	(91.1)	-16%
Adjusted EBITDAI	12.4	13.6	-9%

Wholesale includes trading for the ATS Inbound business until the disposal on 30 September 2013. Excluding the Inbound business:

- Adjusted EBITDAI increased by \$0.7m (6%).
- Revenue margin decreased marginally from 12.4% to 12.3% reflecting growth in lower margin cruise volumes and the mix of business between online and offline channels.
- Operating costs decreased by 6% due to a continued focus on productivity improvement and operational efficiencies.



# Travel Management Segment

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	FY14 \$m	FY13 \$m	Change %
Total Transaction Value (TTV)	566.3	612.1	-7%
Revenue	37.5	39.7	-5%
Operating expenses	(37.0)	(42.2)	-12%
Adjusted EBITDAI	0.5	(2.5)	120%

- Travel management traded profitably in FY14 with revenue margin increasing from 6.5% to 6.6%
- Benefit of the restructuring and productivity initiatives resulted in operating costs reducing by 12%.

# Balance Sheet

	Jun-14 \$m	Jun-13 <sup>(1)</sup> \$m
Cash	184.3	234.9
Other current assets	105.6	116.0
Intangible assets	360.5	419.9
Other non-current assets	32.9	34.3
Current Liabilities	(279.8)	(337.2)
Non-current Liabilities	(26.5)	(26.0)
Equity	377.0	441.9
<b>Total Intangible Assets</b>	<b>360.5</b>	<b>419.9</b>
Goodwill	236.5	301.9
Franchise systems	97.4	97.4
Brand names and trademarks	4.8	6.7
Software, website and other	21.8	13.9

(1) Financial year ended June 2013 has been restated as a result of relevant accounting policy changes.

# Liquidity and Funding

	Jun-14 \$m	Jun-13 \$m
Total Facility available	96.4	81.8
Drawn Debt	(25.3)	(25.3)
Multi-option Facilities (incl. bank guarantees)	(9.9)	(10.0)
<b>Headroom</b>	<b>61.2</b>	<b>46.5</b>
General cash	28.5	34.5
Client cash	155.8	200.5
<b>Total cash</b>	<b>184.3</b>	<b>234.9</b>

- Operating cash outflow for FY14 of \$30.8m is due to an additional airline payment (IATA settlement) in June and the payment of transformation costs.
- During FY14 the non-amortising available facilities of \$81.4m were extended until April 2019 and an additional amortising facility of \$15.0m was obtained.



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Appendices

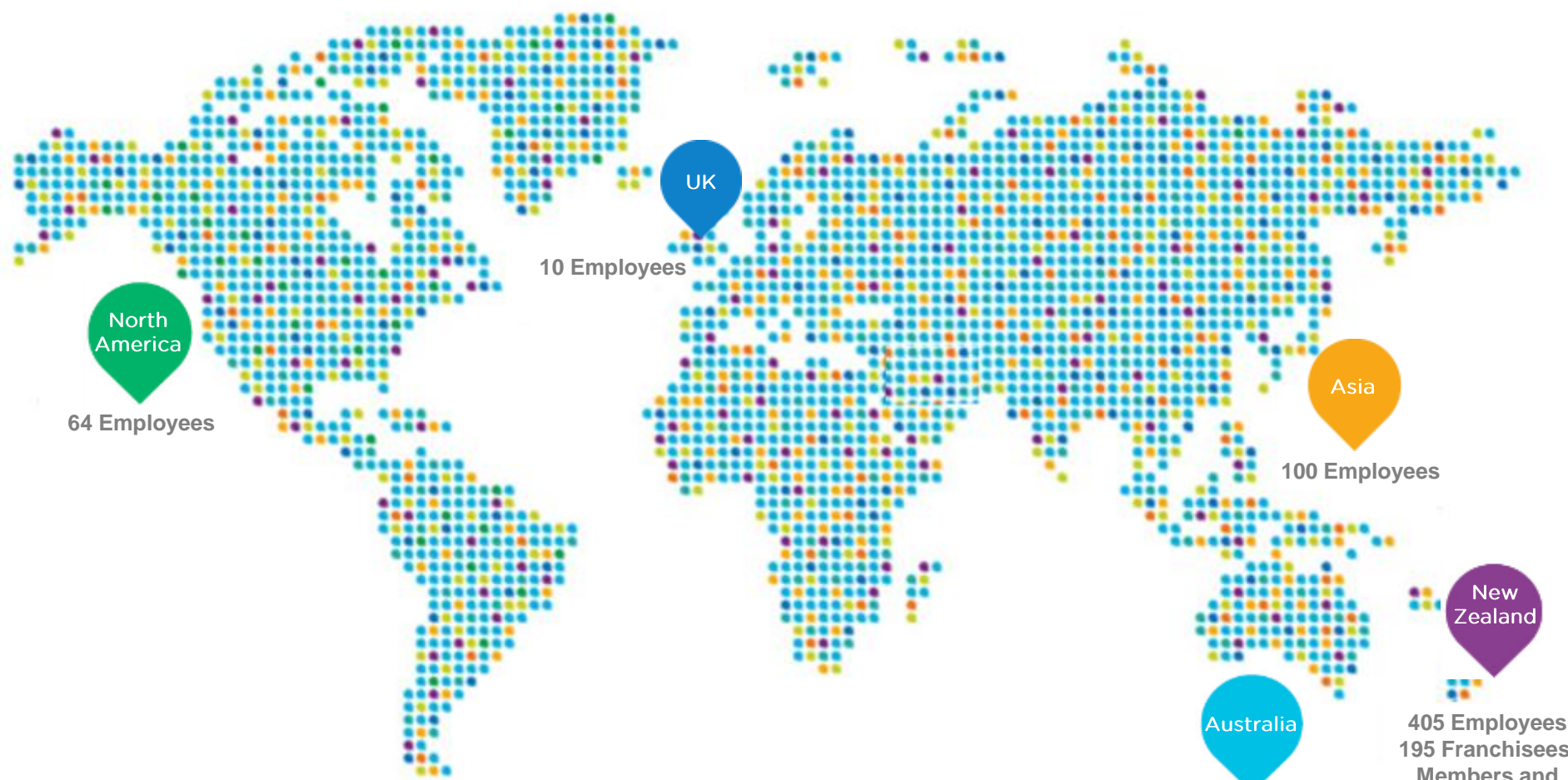
## Reconciliation of Adjusted EBITDAI to (Loss)/Profit Before Tax

	FY14 \$m	FY13 <sup>(1)</sup> \$m
<b>Adjusted EBITDAI <sup>(2)</sup></b>	<b>40.6</b>	<b>54.1</b>
Loss on disposal of investments	(5.5)	-
Business transformation costs	(15.8)	(10.8)
Share based payments	(0.1)	(0.6)
Costs relating to GST matter	(2.7)	-
Legal costs relating to disposal of investments	(0.1)	-
VAT settlement	-	(0.6)
Fair Value loss on Investment Property	-	(0.2)
CEO resignation/retirement costs	(0.6)	(0.8)
<b>EBTIDAI</b>	<b>15.7</b>	<b>41.1</b>
Depreciation and amortisation	(14.0)	(10.8)
Non-cash goodwill impairment	(59.5)	-
Finance costs	(3.4)	(3.6)
<b>(Loss)/Profit before income tax</b>	<b>(61.2)</b>	<b>26.7</b>

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# Helloworld Limited Business Profile



Helloworld Limited	Jun-14	Jun-13
Employees	1,469	2,038
Franchisees, Members and Affiliates	1,735	1,904





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Thank You