



2019 Investor Presentation

helloworld
TRAVEL LIMITED

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Michael Burnett CFO



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This document includes the presentation of results on a statutory basis as well as non-statutory information. All financial results are presented in AUD unless otherwise stated and rounded to millions. Data used for calculating percentage movements has been rounded to thousands.

Key non-statutory financial metrics

Total Transaction Value (TTV) - does not represent revenue in accordance with Australian Accounting Standards. TTV represents the price at which travel products and services have been sold across the Group, as agents for various airlines and other service providers, plus revenue from other sources. The Group’s revenue is, therefore, derived from TTV. TTV does not represent the Group cash inflows as some transactions are settled directly between the customer and the supplier.

Earnings before interest expense, tax, depreciation and amortisation (EBITDA) - is a financial measure which is not prescribed by Australian Accounting Standards but is one of the key measures used by the Board to assess the financial performance of the Group and operating segments.



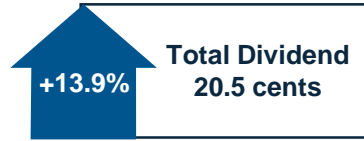
AGENDA

1. OVERVIEW
2. FINANCIAL PERFORMANCE
3. STRATEGY & OUTLOOK
4. APPENDIX





FY19 Key Metrics



- TTV and revenue growth from retail network expansion and business acquisitions.
- Focus on driving profitable TTV.
- Significant improvement in EBITDA and NPAT from:
 - growing TTV at strong margins;
 - greater brand awareness;
 - business expansion activity; and
 - ongoing cost control.
- Continued investment in our brand, technology solutions, products and people to drive growth in our business and networks.
- Rewarding shareholders with higher dividends.





Growth in member networks and numbers



2,447 at 30 JUNE 2019 | 2,223 at 30 JUNE 2018

- Building a network of high calibre and high achieving leisure and corporate agent members.
- A unique and diverse value proposition for each agent network.
- Providing members with improved product offerings and creating better business efficiencies through providing enhanced technology solutions.
- Improving brand recognition.





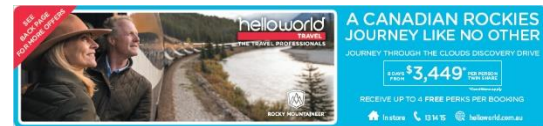
Business Highlights

RETAIL EXPANSION

- Retail network grew to 2,447, an increase of 224 members led by:
 - NZ network expansion will add annualised TTV of \$300m mainly from enlarged associate member growth including agents Barlow Travel, Gilpin Travel, Atlas Corporate Travel and NZ Travel Brokers.
 - 30 new Helloworld branded retail agencies opened across Australia and NZ.
- Strong growth in our Helloworld Business Travel, Magellan Travel, My Travel Group and MTA networks.

INCREASED RETAIL BRAND PRESENCE

- Accelerating Helloworld Travel brand presence through investment in consumer marketing, advertising and sponsorship. Key initiatives included:
 - Helloworld TV show launched, showcasing the brand and holiday destinations;
 - first in market platinum media partnership with News Corporation; and
 - strategic partnership with United Petroleum for a national Easter promotion.
- Growing Helloworld Travel brand recognition:
 - Australia - prompted brand awareness up to 71% (from 60%) and unprompted at 31% (from 22%) over the past two years.
 - NZ - prompted awareness is up to 68% (from 25%) and unprompted awareness at 26% (from 9%) over the past three years.





Business Highlights

WHOLESALE / INBOUND

- Strong sales results from enhanced ReadyRooms platform rolled out across Australia & New Zealand.
- Extensive product range across brands.
- Qantas Holidays brand to be transitioned to Viva Holidays.
- Increased alignment between the Australia and NZ wholesale divisions has delivered improved results for GO Holidays.
- Cruise remains a significant driver to TTV for the wholesale division in both Australia and NZ. In Australia, The Cruise Team brand has been consolidated into Seven Oceans with the launch of a new booking system, making it one of the largest cruise wholesalers in market.
- Increased rewards for network agents booking in-house products.
- Asia Escape Holidays benefiting from the full integration into HLO business.
- The Inbound division continues to deliver good margins. Investments in technology innovation will ensure we embrace the dynamic nature of the intermediary landscape.





Business Highlights

CORPORATE WINS

- Significant new accounts won by HLO corporate business.
- QBT appointed sole provider of travel management services for the SA Government.
- Two year extension for providing travel management services to the Whole of Australian Government.
- Reappointment of APX for five years to the panel that provides travel management services to New Zealand All of Government.
- Show Group proving a valuable addition to HLO, with both travel and freight businesses performing well in the second half of FY19.
- Inspire Travel Management appointed provider of travel management services for Australia Post. Significant opportunities to capture travel spend from major corporate commitments to group procurement from indigenous businesses.





Business Highlights

TECHNOLOGY INVESTMENT

- New ResWorld retail mid-office platform for retail networks launched.
- Launch of Helloworld Travel Business Insights dashboard technology.
- Air Tickets system two year upgrade project completed.
- Relaunch of wholesale agent ReadyRooms platform and new cruise platform.
- Enhanced corporate interface and improved mobile booking solutions.
- Deployment of Amadeus 'Cytric' platform for QBT customers.



2018/2019 TRAVEL INDUSTRY AWARD WINNERS

Australia

- **Magellan Travel** – Best non-branded travel agency group;
- Air Tickets** – Best agency support service;
- Qantas Holidays & Viva! Holidays** – Best wholesaler – Australian product;
- Show Group** – Veronika Panzic - Best Travel Consultant Corporate;
- Plus** many awards to our network members.

New Zealand

- **Helloworld Travel** – Best travel agency brand;
- GO Holidays** – Best wholesale brand; and
- The Travel Brokers** – Best broker brand.





Business Expansion

During 2018 and 2019 HLO made a number of strategic business acquisitions to complement the Group’s existing operations and expand future product offerings to an increased network of agents, suppliers and customers.

Full year impact of these acquisitions resulted in an FY19 revenue increase of \$30.8m and EBITDA increase of \$4.8m, with further benefits to flow into FY20.

On 30 June 2019, HLO disposed of its Insider Journeys business. The business was not considered core to Helloworld Travel’s future strategy.



Timeline of acquisitions & disposals





FINANCIAL PERFORMANCE



FY19 Results

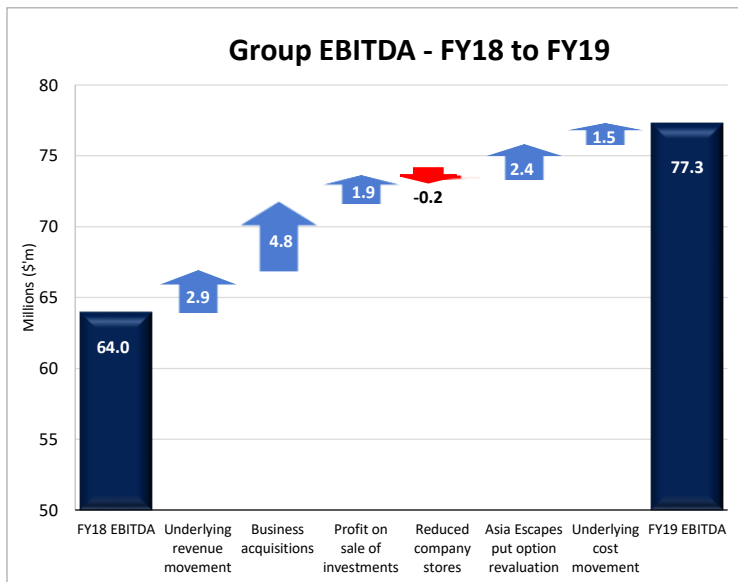
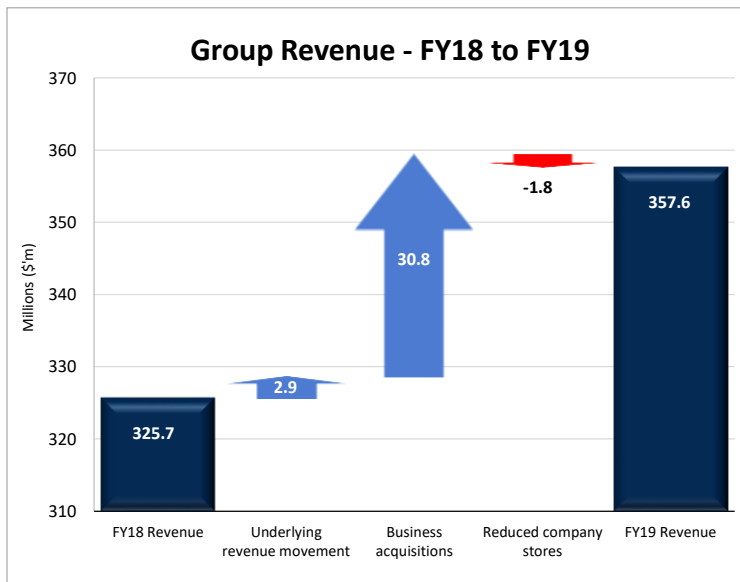
	FY19 \$m	FY18 \$m	Change %
Total Transaction Value (TTV)	6,511.3	5,966.8	9.1%
Revenue	357.6	325.7	9.8%
Gross margin %	5.5%	5.5%	-
Operating expenses	(283.7)	(263.3)	7.7%
Profit on disposal of investments	2.0	0.1	1348%
Equity accounted profits	1.4	1.5	(4.8%)
EBITDA	77.3	64.0	20.8%
EBITDA % of revenue	21.6%	19.7%	9.6%
Profit before tax	54.5	45.0	21.0%
Net profit after tax	38.2	30.8	23.8%
Basic earnings per share (cents)	31.5	26.1	20.7%
Diluted earnings per share (cents)	30.9	25.9	19.3%
Total dividend declared per share (cents)	20.5	18.0	13.9%

- TTV and revenue benefiting from business expansion, including Magellan Travel, Asia Escape Holidays, Flight Systems, Show Group and Williment Travel, combined with strong performance from the retail division.
- Margin focus on profitable TTV streams and improved outcomes.
- Increase in operating expenses reflects cost base of business acquisitions. Otherwise operating costs decreased.
- Improved EBITDA driven by revenue growth in Australia and New Zealand and an ongoing focus on productivity initiatives, resulting in significant EBITDA margin improvement.





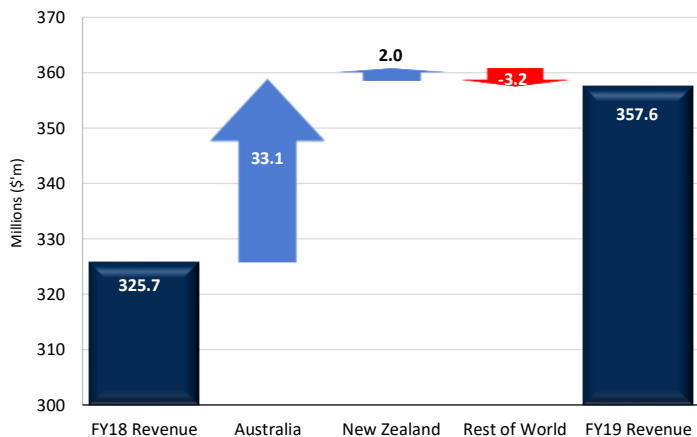
Group Revenue and EBITDA



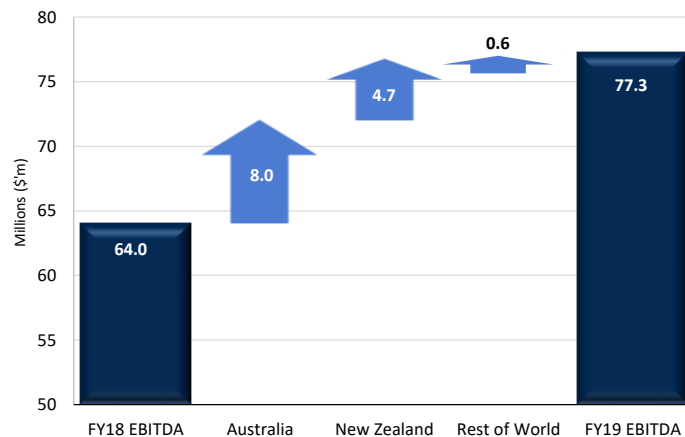


Group Revenue and EBITDA – by segment

Group Revenue - FY18 to FY19

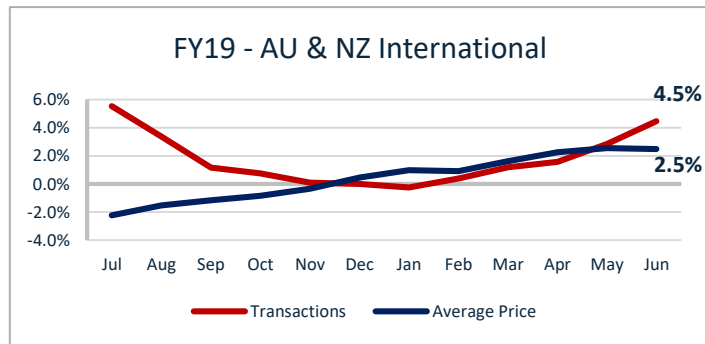
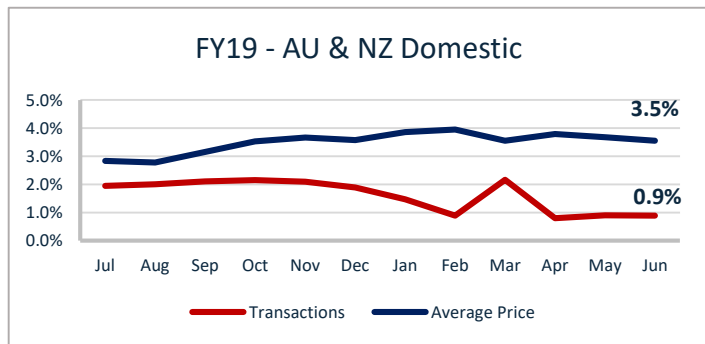


Group EBITDA - FY18 to FY19





Air Ticketing – transactions and price trends



- Transactions volumes continue to perform strongly in both corporate and leisure sectors (FY19: 0.9%, FY18: 1.7%).
- Continued stable domestic air capacity has resulted in reasonable growth in average fares.

- Strong transactions volumes in the second half of FY19 driven by network expansion and contracting initiatives have driven international air sales. (FY19: 4.5%, FY18: 7.8%).
- Following stabilisation towards the end of FY18, average fares increased by 2.5% by year end.

Note: Trend based on 12 month rolling average adjusted for the impact of International OTAs and network movements (eg Magellan Travel) to ensure like for like comparison.





Australia Overview

	FY19 \$m	FY18 \$m	Change %
Total Transaction Value (TTV)	5,574.1	5,066.3	10.0%
Revenue	282.8	249.7	13.2%
Gross margin %	5.1%	4.9%	4.1%
Operating expenses	(219.2)	(194.4)	12.8%
Profit on disposal of investments	0.0	0.1	(85.6%)
Equity accounted profits	1.4	1.5	(4.8%)
EBITDA	65.0	56.9	14.1%
EBITDA margin	23.0%	22.8%	0.9%

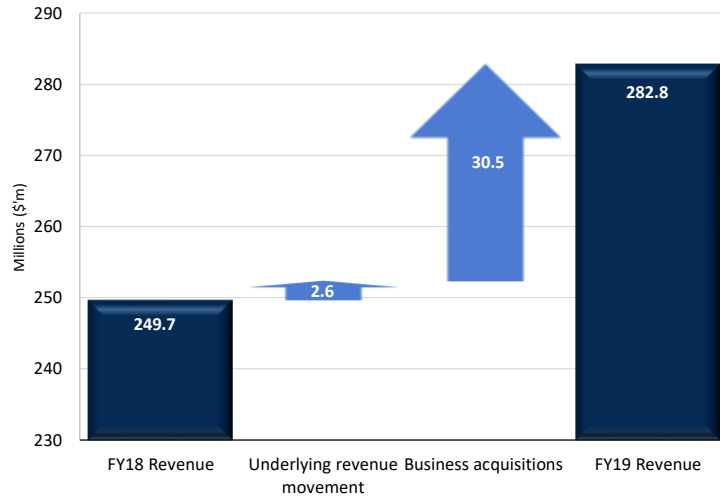
- TTV increase from enlarged business and corporate growth.
- Revenue growth driven by business acquisitions and improved contracting outcomes.
- Gross margin increase from improved contracting outcomes, focus on profitable revenue streams and increased retail network sales through preferred suppliers.
- Operating costs increase driven by business acquisitions cost base, mix of selling expenses and increased marketing investment.
- Focused on underlying cost control through new business initiatives and ongoing investment in systems to drive efficiencies.



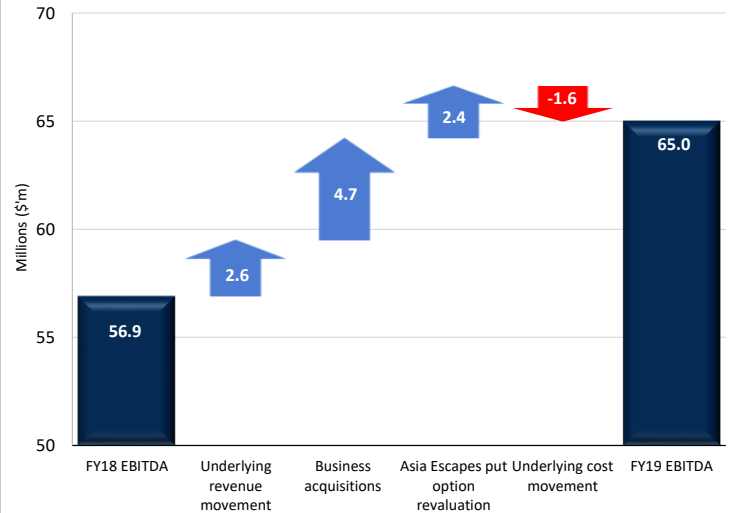


Australia Revenue and EBITDA

Australia Revenue - FY18 to FY19



Australia EBITDA - FY18 to FY19



Note: Cost movement due to the mix of selling expenses and increased investment in marketing, partially offset by productivity initiatives.





New Zealand Overview

	FY19 \$m	FY18 \$m	Change %
Total Transaction Value (TTV)	851.9	803.7	6.0%
Revenue	59.2	57.2	3.5%
Gross margin %	6.9%	7.1%	(2.8%)
Operating expenses	(47.6)	(50.3)	(5.3%)
EBITDA	11.6	6.9	68.1%
EBITDA margin	19.6%	12.1%	62.0%

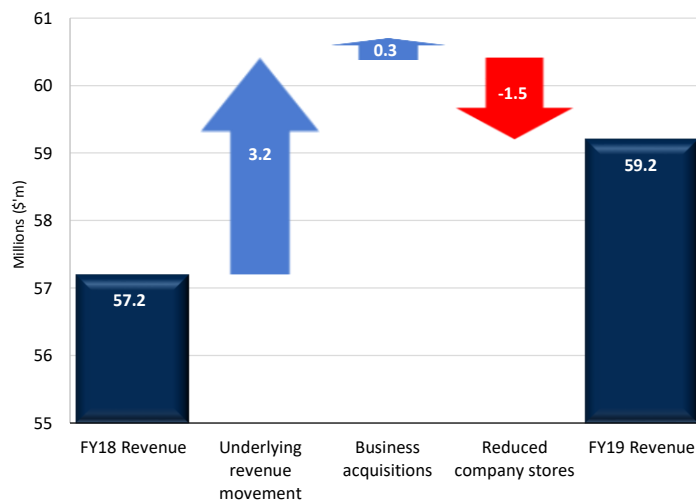
- TTV growth from expanded retail network in second half of FY19.
- Revenue increase from higher retail sales partially offset by reduced company owned stores and reduced volumes from wholesale and APX with a focus on profitable margin.
- Significant improvement in EBITDA from revenue growth and strong focus on cost control and efficiency initiatives, led by centralisation and rationalisation of key functions.



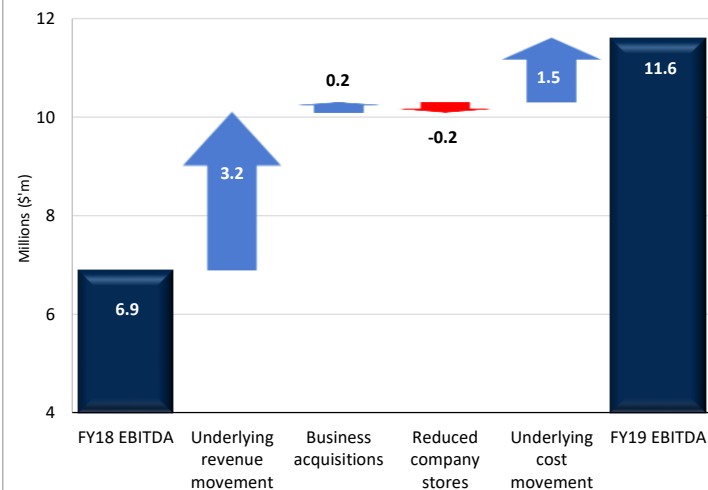


New Zealand Revenue and EBITDA

New Zealand Revenue - FY18 to FY19



New Zealand EBITDA - FY18 to FY19





Rest of World (ROW) Overview

	FY19 \$m	FY18 \$m	Change %
Total Transaction Value (TTV)	85.2	96.8	(11.9%)
Revenue	15.6	18.8	(16.9%)
Gross margin %	18.3%	19.4%	(5.7%)
Operating expenses	(16.8)	(18.6)	(9.4%)
Profit on disposal of investments	2.0	0.0	-
EBITDA	0.8	0.2	286.2%
EBITDA margin	4.8%	1.0%	380.0%

- Lower TTV and revenue from challenging market conditions for Insider Journeys and wholesale USA.
- Operating expenses were lower due to restructured operations of Insider Journeys and wholesale USA as part of an ongoing focus on productivity efficiencies and cost control.
- EBITDA improvement reflects profit on the sale of the Insider Journeys business (sold in June 2019).





EBITDA to NPAT

	FY19 \$m	FY18 \$m	Change %
EBITDA	77.3	64.0	20.8%
Depreciation & amortisation	(20.4)	(17.3)	17.9%
Finance costs	(2.4)	(1.7)	43.3%
Net profit before tax	54.5	45.0	21.0%
Income tax expense	(16.3)	(14.2)	15.1%
Net profit after tax	38.2	30.8	23.8%

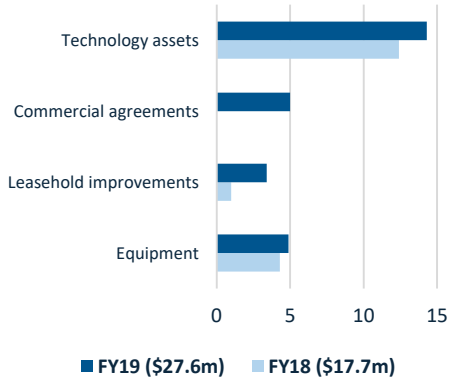
- Increased amortisation relates to increased capital investment to support business growth initiatives and amortisation of intangible assets acquired from acquisitions.
- Interest expense reflects additional debt levels from funding of business acquisitions and business expansion.
- Effective tax rate of 30.0% (FY18: 31.5%).



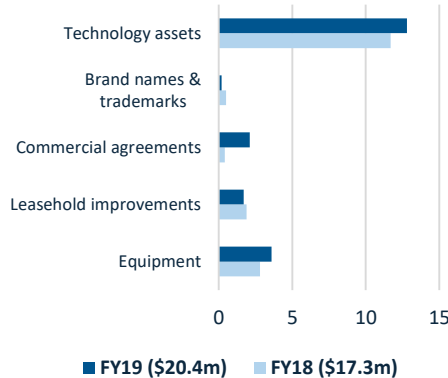


Capital spend and D&A

Capital Expenditure



Depreciation and Amortisation



- Increased investment in technology including ResWorld, Air Tickets booking system, Readyrooms upgrade and deployment of Amadeus Cytric product in QBT.
- Commercial agreements entered into to accelerate the expansion of the retail network.
- Leasehold improvements growth led by new office premises development.





Liquidity and funding

Liquidity	FY19 \$m	FY18 \$m	FY17 \$m
Total cash	204.8	203.5	198.1
Drawn debt	(57.0)	(42.1)	(20.8)
Net cash	147.8	161.4	177.3

Funding	FY19 \$m	FY18 \$m	FY17 \$m
Funding facility	90.0	60.0	60.0
Used facility	(69.0)	(52.2)	(31.6)
Unused facility	21.0	7.8	28.4

- Overall strong and stable cash position.
- Secured long term debt facilities in place.
- Cash and debt facilities being used to fund acquisitions, technology investments.





Cash conversion

	FY19	FY18	Change
	\$m	\$m	\$m
EBITDA	77.3	64.0	13.3
Non cash items	(3.8)	0.8	(4.6)
Working capital movement	(13.2)	(13.3)	0.1
Finance costs paid	(2.2)	(1.7)	(0.5)
Income tax paid	(17.6)	(7.8)	(9.8)
Operating cash flow	40.5	42.0	(1.5)

- Operating cash flow movement due to:
 - Increase in non-cash items from profit on sale of Insider Journeys and redemption liability fair value remeasurement.
 - Negative working capital movement due to higher accrued override commissions payable at 30 June 2019 as a result of better performance on current contracts that are paid post year end.
 - Increase in tax paid in current year including final payments of prior year increased profits and subsequent higher tax instalments in current year.





STRATEGY AND OUTLOOK



Strategy and Initiatives

	TECHNOLOGY & INNOVATION	PRODUCT & REVENUE MAXIMISATION	BRAND AWARENESS & CUSTOMER ACQUISITION	PROCESS EFFICIENCIES
Retail	<p>ResWorld application very well received</p> <p>White label websites & apps</p>	<p>Increasing network uptake of preferred product</p> <p>Increase fare content giving agents competitive advantage</p> <p>Adding low cost carriers</p>	<p>Training and development</p> <p>Network activity in AU & NZ</p>	<p>Integration of Air Tickets business and investment in technology</p> <p>Continued focus on centres of excellence</p>
Wholesale & Inbound	<p>New Cruise Platform</p> <p>Direct supplier links via API's</p> <p>Consolidation of systems and processes</p>	<p>Breadth of product</p> <p>Product expansion</p> <p>Impulse buying packages</p> <p>ReadyRooms relaunch</p>	<p>Branding and marketing (News Corp, TV Show)</p> <p>Impulse buying initiatives for agents</p> <p>Focus on upselling</p>	<p>Improve data to drive outcomes - reporting function consolidation</p> <p>Rationalisation of tasks across the Group</p>
Corporate	<p>Roll-out of Cytric to WoAG</p> <p>Enhanced user interface</p> <p>New mobile booking solutions</p>	<p>Customer service focus</p> <p>Outcomes based account management</p> <p>Further collaboration with other HLO divisions</p>	<p>Leverage all corporate customer bases</p> <p>Launch GO C&I in AU</p> <p>Trans Tasman value proposition</p>	<p>Business integration projects</p> <p>Brand consolidation</p> <p>Continued investment in process automation</p>





Conclusion – Outlook

- Business continues to deliver growth. Agency services remain in high demand by customers in leisure and corporate markets.
- FY20 started well and we are in line with our expectations including:
 - July 19 TTV up 7.1% on prior year.
 - July 19 revenue up 7.9% on prior year.
 - 2,463 agent members as at 31 July 19 (2,447 as at 30 June 19).
- Ongoing investment in technology, platforms and brands with continued focus on growing our business and productivity gains.
- Further trading updates will be provided at the November 2019 Annual General Meeting, with the FY20 result expected to benefit from:
 - Realisation of strong contract performance as travellers depart.
 - Network expansion in both AU and NZ.
 - Full year impact of FY19 acquisitions.
 - Continued cost rationalisation.
- Helloworld Travel is positioned for sustainable long term growth, with benefits to our customers, agents, suppliers and shareholders.





APPENDIX

Company background information

A\$5.07
Share Price at
30 June 2019

124.7M
Shares Issued

A\$632.0 M
Market Cap at
30 June 2019

A\$204.8 M Cash
A\$56.4 M Debt

Board & Management Team

Non-Executive Director and Chairman - Garry Hounsell

Mr Hounsell was appointed to the Board as Chairman on 4 October 2016. In addition to his extensive experience on a wide range of highly successful boards, Mr Hounsell was formerly Senior Partner of Ernst & Young.

CEO & Managing Director - Andrew James Burnes

Mr Burnes was appointed CEO and Managing Director on 1 February 2016. He founded The Australian Outback Travel Company (The AOT Group) in 1987 and merged this business with Helloworld Travel in 2016.

Non-Executive Director - Michael Peter Ferraro

Mr Ferraro is currently the CEO and Managing Director of Alumina Limited, having been appointed on 1 June 2017. He was previously a Non Executive Director of Alumina.

Non-Executive Director - Andrew John Finch

Mr Finch is General Counsel and Group Executive, Office of CEO at Qantas.

Executive Director & Group General Manager – Wholesale & Inbound - Cinzia Burnes

Mrs Burnes was appointed on 1 February 2016 and brings extensive sector and management experience to the board, having played a pivotal role in growing The AOT Group for over 26 years.

CFO / Company Secretary - Michael Robert James Burnett

Mr Burnett joined Helloworld Travel in April 2016 from the Transurban Group where he had been the CFO in North America.



Shareholders

Mr A J Burnes & Mrs C Burnes	39,138,650	31.3%
Mr & Mrs Spyros Alysandratos	22,068,997	17.5%
Qantas	19,223,454	15.4%

Total Top 10 **100,812,223** **80.9%**
(as at 30 Jun 2019)

Total Top 10 **103,898,553** **83.4%**
(as at 30 Jun 2018)

OUR BUSINESS

- Retail networks
- Corporate
- Wholesale
- Inbound
- Online
- Ticket Consolidation
- Tour Operating



Revenue recognition summary

	RETAIL	WHOLESALE	INBOUND	CORPORATE
TRANSACTION & SERVICE FEES	Air Tickets • On ticketing	On departure	N/A	On ticketing
AT SOURCE COMMISSIONS	Air Tickets • On ticketing	On departure	On departure	On ticketing
OVERRIDES	On departure	On departure	On departure	On departure

Revenue reconciliation

Under AASB15, wholesale businesses have moved from ticketed to departed revenue recognition. Below tables provide a reconciliation of the movement between the FY18 reported to the FY18 restated revenue and EBITDA.

Revenue (\$m's)	1H18	1H19	FY18
FY18 Revenue Reported	164.9	162.0	326.9
Wholesale Australia	2.5	(3.5)	(1.0)
Wholesale New Zealand	1.9	(1.9)	0.0
Wholesale USA	(0.1)	(0.1)	(0.2)
TOTAL AASB Adjustment	4.3	(5.5)	(1.2)
FY18 Revenue Restated	169.2	156.5	325.7

EBITDA (\$m's)	1H18	1H19	FY18
FY18 EBITDA Reported	35.5	29.7	65.2
Wholesale Australia	2.5	(3.5)	(1.0)
Wholesale New Zealand	1.9	(1.9)	0.0
Wholesale USA	(0.1)	(0.1)	(0.2)
TOTAL AASB Adjustment	4.3	(5.5)	(1.2)
FY18 EBITDA Restated	39.8	24.2	64.0

Yearly trend analysis

The table below provides relevant Group performance information for key financial measures over the last five financial years:

	2015	2016	2017	2018 ⁽¹⁾	2019
	\$m's	\$m's	\$m's	\$m's	\$m's
TTV	4,696.2	5,088.0	5,872.3	5,966.8	6,511.3
Revenue	279.2	300.5	326.8	325.7	357.6
EBITDA (excluding impairment FY15)	24.1	25.3	55.2	64.0	77.3
Net profit / (loss) after income tax expense	(201.1)	1.7	21.6	30.8	38.2
EBITDA margin (%)	8.6%	8.4%	16.9%	19.7%	21.6%
Basic earnings per share (cents)	(274.0)	1.9	18.8	26.1	31.5
Total dividends declared per share (cents)	-	2.0	14.0	18.0	20.5

(1) Restated based on change of revenue recognition under AASB15 of wholesale businesses from ticket issue to date departed.





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