



Acquisition of 50% of MTA and Capital Raising

21 October 2016

Key attributes:

- Agreement to acquire 50.0% of Mobile Travel Holdings Pty Ltd and its subsidiaries (MTA) for cash consideration of \$14.0 million¹
- MTA is a leading home based travel consultancy business in Australia. Existing shareholders and management of MTA will continue to be involved in the business
- FY16 total transaction value of \$168.9 million and EBITDA of \$3.3 million
- Approximately \$30.0 million fully underwritten placement to institutional investors at a floor price of \$4.25 per share. Final price to be determined via a bookbuild

HLO today announced that it has entered into an agreement to acquire 50.0% of MTA for \$14.0 million.

HLO also announced the launch of a fully underwritten institutional placement (Placement) of approximately 7.0 million shares with a bookbuild floor price of \$4.25 (to raise approximately \$30.0 million) to fund the MTA acquisition and pay down existing HLO debt and costs.

MTA provides a home based travel consultancy service with approximately 350 members throughout Australia. MTA is a 100% Australian owned family business. The leisure and corporate travel agency focused business has been licensed since 1991. MTA is also a current corporate member of Helloworld.

The existing shareholders in MTA will continue their involvement in the business as 50.0% owners following the acquisition. In addition, the existing MTA management team will remain in place and will continue to run the business.

HLO CEO, Mr Andrew Burnes said, "Established over 25 years ago, MTA is Australia's leading home based travel consultancy business and provides Helloworld with a significant footprint into a sector that we expect to see high growth in the short-medium term."

The transaction is expected to complete on or about 30 November 2016 and is subject to customary conditions.

HLO will also have an option to acquire the remaining 50.0% of MTA in 5 years' time at a multiple of 7x historical EBITDA.

¹ Acquisition of 50.0% for \$14 million (enterprise value of the business is \$28 million)



Overview of MTA

MTA is a home based travel consultancy service provided by franchised mobile travel consultants throughout Australia. MTA brings experienced mobile travel consultants direct to customers – wherever that customer may be.

MTA has approximately 350 members nationally which are backed by 24/7 access to live airline, hotel, tour and package reservation systems anywhere, anytime and 24/7 head office airline ticketing. MTA will have access to the HLO group's buying power and product range and gives HLO access to a rapidly expanding market.

In FY16, MTA had total transaction value of \$168.9 million (up from \$153.9 million in FY15), Gross Profit of \$8.5 million (up from \$7.4 million in FY15) and EBITDA of \$3.3 million (up from \$2.6 million in FY15) representing 24.6% growth in EBITDA. MTA's budgeted EBITDA for FY17 is \$3.8 million.

Strategic rationale

The Board of HLO believes that the acquisition of MTA is highly attractive for a number of reasons.

These include:

- Provides HLO with more reach and expands network;
- Gives HLO a significant footprint in a sector that is experiencing accelerated growth both in Australia and globally; and
- Adds economies of scale, operating leverage and cross promotion of products.

HLO will acquire 50.0% of the shares in MTA for a cash purchase price of \$14.0 million, representing a forward EV/FY17 EBITDA multiple of 7.3x, together with an option to acquire the remaining 50.0% in five years' time at a multiple of 7x historical EBITDA.

The purchase price is to be funded as follows:

- Placement of approximately 7.0 million shares with a bookbuild at a floor price of \$4.25 per share (to raise approximately \$30.0 million). The final Placement price may be higher than, but not lower than, \$4.25 per share
- Funds raised that are not used to fund the purchase price for the acquisition will be used to reduce existing HLO debt and fund the costs of the transaction

The transaction is expected to have a neutral contribution on FY17 earnings. As a result of the acquisition, HLO has narrowed its FY17 EBITDA guidance to a range of \$47.0 million to \$51.0 million. A trading update will be given at the AGM.

Ord Minnett Limited is the sole lead manager and underwriter for the Placement. Further details of the Placement are contained in the investor presentation.

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About Helloworld Limited

- Helloworld Limited (ASX: HLO) is a leading Australian based travel distribution company, comprising retail travel businesses, destination management services (inbound) air ticket consolidation, wholesale, corporate and online operations. This includes “*helloworld*”, Australia’s largest network of franchised travel agencies together with our Corporate, Associate and Affiliate networks, our wholesale & DMC businesses including Qantas Holidays, Go Holidays in New Zealand, AOT Inbound, ATS Pacific, QBT, Sunlover Holidays and Insider Journeys and our corporate businesses QBT and APX
- “*helloworld*” is a nationwide network of independently owned and operated retail travel agencies offering Australian and New Zealand travellers outstanding service, and the best value, tailor-made leisure and corporate travel experiences
- HLO has over 1900 staff located in Australia, New Zealand, Fiji, the USA, South East Asia, India and UK/Europe
- Helloworld is the proud major sponsor of Volleyball Australia and the ***helloworld* Volleyroos** men’s and women’s national teams
- Helloworld is proud to be the major sponsor of Basketball Australia and the ***helloworld* Boomers**
- Helloworld is the Official Travel Partner and a Gold Sponsor of Carlton Football Club
- Helloworld is a major sponsor of the National Basketball League (NBL)

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