



helloworld
TRAVEL LIMITED

HELLOWORLD TRAVEL LIMITED
AND CONTROLLED ENTITIES

1H FY23

HALF YEAR ENDED 31 DECEMBER 2022

ANDREW BURNES, AO – CEO
MICHAEL SMITH – 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). TTV does not represent revenue in accordance with Australian Accounting Standards and is not subject to auditor review. TTV represents the price at which travel products and services have been sold across the Group, as agent 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, Taxation, Depreciation and Amortisation (EBITDA) is a financial measure which is not prescribed by Australian Accounting and is not subject to auditor review.

Underlying EBITDA represents EBITDA excluding significant items and is a financial measure which is not prescribed by Australian Accounting Standards but is the measure used by the Chief Executive Officer (CEO) and the Board to assess the financial performance of the Group and segments and is not subject to auditor review.

A reconciliation of Underlying EBITDA to profit/(loss) before income tax is provided in Note 5: Segment Information of the Consolidated Interim Financial Statements.

Unless otherwise stated, prior year comparatives are based on continuing operations and exclude the corporate travel management division which was divested on 31 March 2022.



Helloworld's operations

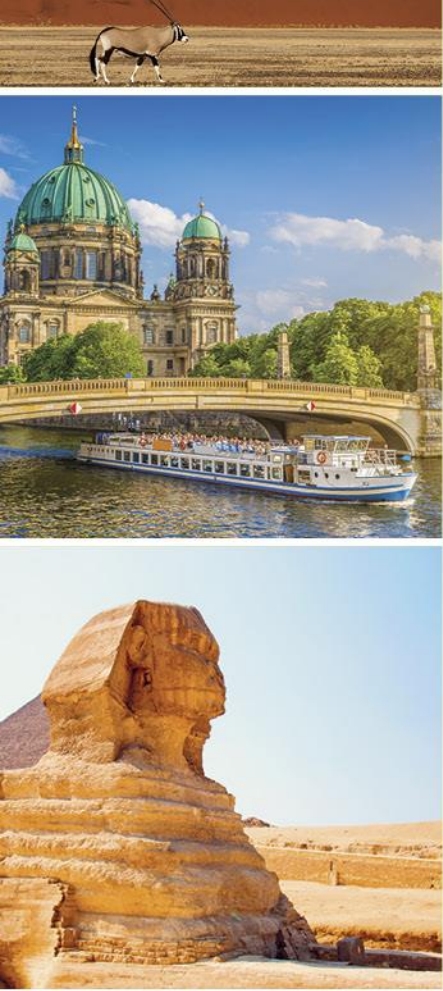
- Retail and corporate travel agency franchise and buying group networks
- International and domestic leisure travel wholesaling
- Inbound tour operating in AU, NZ, and FJ
- Air ticket consolidation
- Online B2C travel
- Luxury tour operating in AU and international
- Major event freight services, logistics and warehousing Australia wide



Highlights from 1H FY23

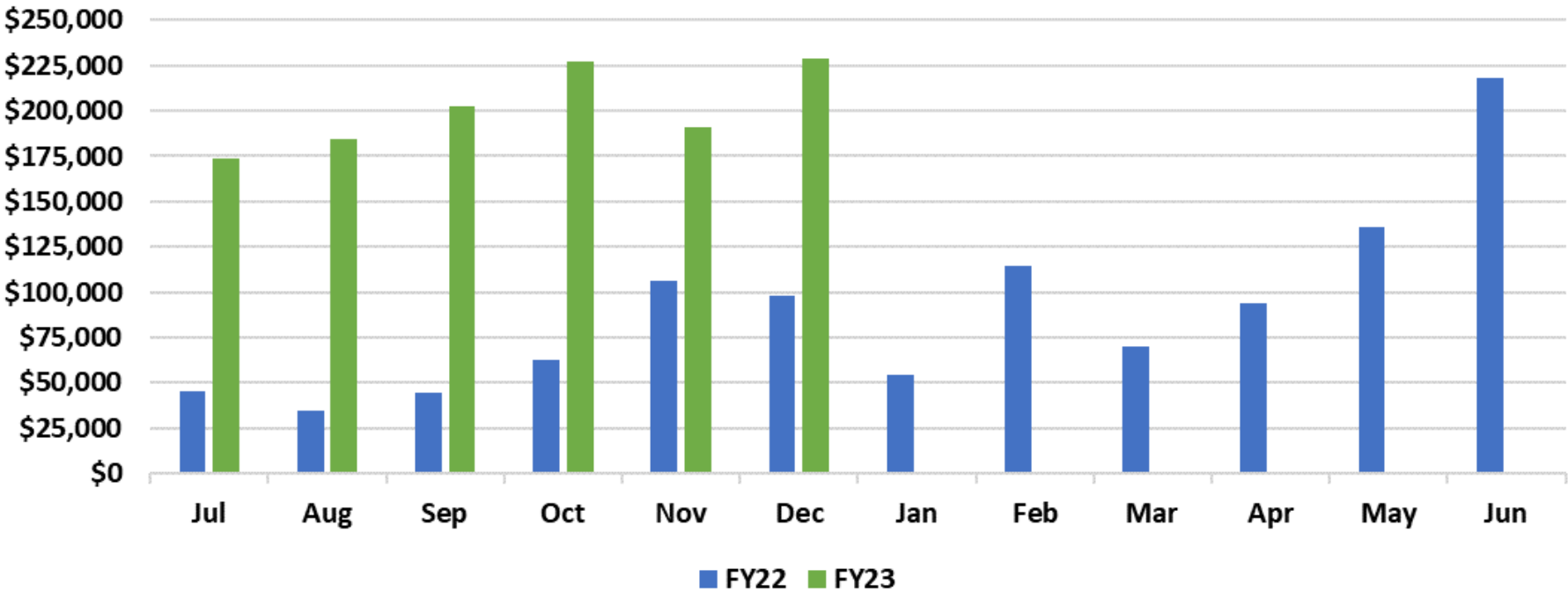
- Group TTV from continuing operations of \$1.21 billion, up \$817 million on pcp. Strong growth in TTV across all segments.
- Total revenue and other income of \$73.2 million, up 151% on pcp.
- Half year underlying EBITDA of \$15.6 million.
- Statutory profit after tax of \$1.6 million, up \$16.8 million on pcp.
- Dividend declared of 2.0 cents per share, fully franked.
- Underlying EBITDA guidance upgraded from \$22-\$26 million to \$28-\$32 million for the 2023 financial year.
- Recruited and launched an integrated retail/wholesale sales team to drive growth in preferred supplier sales and support our agent networks.
- Continued to deliver enhancements in Resworld, Helloworld's exclusive mid-office system.
- Ongoing development of Helloworld's wholesale and ticketing systems.
- Capital investment in new specialist trailers, vehicles and depot.





TTV increased 209% to \$1.21 billion

Total Transaction Value (TTV) for continuing operations (\$000's)



Group results

	1H FY23 \$000s	1H FY22 \$000s	Change %
Total Transaction Value (TTV)	1,208,068	390,468	209.4%
Revenue from contracts with customers	71,295	25,765	176.7%
Revenue margin %	5.9%	6.6%	
Other income	1,880	3,413	-44.9%
Total revenue and other income	73,175	29,178	150.8%
Employee benefit expenses	(26,441)	(22,657)	16.7%
Selling & marketing expenses	(17,381)	(3,337)	420.9%
Comms & technology expenses	(3,972)	(3,728)	6.5%
Other expenses	(13,491)	(7,117)	89.6%
Share of profit/(loss) of associates	820	(85)	
Underlying EBITDA profit/(loss)	15,630	(7,699)	
Underlying EBITDA margin %	21.4%	(26.4%)	
EBITDA profit/(loss)	12,710	(7,746)	
EBITDA margin %	17.4%	(26.5%)	
Depreciation and amortisation	(9,377)	(11,762)	-20.3%
Finance expense	(380)	(1,688)	-77.5%
Profit/(loss) before income tax from continuing operations	2,953	(21,196)	
Profit/(loss) after income tax from continuing operations	1,600	(15,170)	
Profit from discontinued operations	-	1,127	
Profit/(loss) after tax for the period	1,600	(14,043)	
Basic earning/(loss) per share (cents) from continuing operations	0.9	(9.7)	

1H FY23 notes

- (1) Half year underlying EBITDA of \$15.6 million.
- (2) TTV growth from continuing operations of 209%.
- (3) The higher margin in FY22 is attributable to COVID-19 related call centre operations revenue. Revenue margin does not include other income.
- (4) Cost base growth reflects business recovery and a growing freight business, with focused cost control continuing.
- (5) Reduction in RoU assets and full amortisation of certain intangible assets has driven the reduction in D&A.
- (6) Discontinued operations represents the corporate travel business that was sold to CTM on 31 March 2022.



Cash flow

	1H FY23 \$000s	1H FY22 \$000s
Continuing operations	(19,056)	(25,216)
Discontinued operations	-	(848)
Net cash used in operating activities	(19,056)	(26,064)
Transfers into cash deposits	(2,000)	-
Payments for intangibles	(684)	(1,929)
Payments for property, plant and equipment	(1,734)	(573)
Proceeds from disposal of property, plant and equipment	41	133
Dividends received from equity instruments	95	-
Sub total – continuing operations	(4,282)	(2,369)
Discontinued operations	-	(152)
Net cash used in investing activities	(4,282)	(2,521)
Dividends paid to company shareholders	(15,405)	-
Principal elements of lease payments	(2,042)	(3,873)
Repayment of borrowings	-	(10,000)
Sub total – continuing operations	(17,447)	(13,873)
Discontinued operations	-	(438)
Net cash used in financing activities	(17,447)	(14,311)
Net increase/(decrease) in cash and cash equivalents	(40,785)	(42,896)

1H FY23 notes

- (1) Cash movements are impacted by seasonality, supplier payment timing (including IATA) and build up of working capital during recovery.
- (2) Helloworld has \$28m in term deposits, at an average rate of 3.56% pa.
- (3) Dividend paid during the half of 10 cents/share, with a further 2.0 cent/share dividend declared for the 1H FY23.
- (4) Strong liquidity position with significant cash reserves, ASX listed CTD shares and no borrowings.



Strong demand for travel continues

- Strong demand as travellers returned to domestic and international destinations following the removal of border restrictions across most countries.
- Staff availability and supply chain issues have restricted supply of some travel products and services.
- The demand for the services of travel agents continues to exceed agent availability. Travellers understand the value of a professional travel agent more and more.
- Leisure air ticket volumes (domestic and international) in AU and NZ averaged 65-75% of 2019 levels during 1H FY23.
- In AU, agency booking volumes back to 2019 levels (67%) and OTA volumes at 31%.
- In NZ, agency booking volumes now at 77% (up 5% on 2019) and OTA volumes down 5% to 19%.
- From a TTV perspective, lower volume offset by higher ticket pricing. Availability is increasing and prices are expected to stabilise throughout CY23.
- Helloworld's wholesale and destination management (inbound) businesses saw strong growth during the period as product offerings continue to become available and leisure travel demand grows.



Outlook for 2H FY23

- Underlying EBITDA expected to be \$28-\$32 million for FY23 full year, subject to no materially adverse impacts on our business and the continued recovery in leisure travel demand in Australia and New Zealand.
- Strong demand for inbound travel into ANZ has seen the destination management business return to pre-covid levels with opportunities for growth with the China market re-opening.
- With continued support, Helloworld's retail networks will continue to recover and grow.
- Helloworld will continue to invest in its digital strategy and enhance its offerings to agent networks.
- Investment in technology, people and infrastructure remains a key area of focus.
- Strong balance sheet provides opportunities for Helloworld to capitalise on the growing leisure travel market.



Network members

Helloworld's agent networks continue to positively respond to the growing travel demand



2,045 at 31 December 2022 | 2,396 31 March 2020

- Retail agencies in Helloworld's networks have responded well to the demand for travel and have welcomed eager customers looking to work with their local and trusted travel professional.
- Staff resourcing is an industry challenge. The Helloworld Travel Academy, launched in July 2022, is providing training to over 200 new consultants entering the industry in Australia. The New Zealand launch is due March, 2023.
- Travel Consultants have been added to the Australian Apprenticeship Priority List to help address the skills shortage. Employer Incentive Support will now cover a number of traineeships in travel.

Driving growth through technology

- Helloworld continues to invest in the development and enhancement of its proprietary mid-office system for retail agency networks in Australia and New Zealand, Resworld. Now rolled out to over 500 consultants in 160+ agencies. Our vision for Resworld is to become the premier mid-office system for travel agents globally.
- Additional enhancements to Resworld are planned for the near term to further support our agents including: links to key preferred suppliers, fully integrated payment platforms and additional enhanced reporting capability.
- Helloworld's B2B technology solutions also include:
 - 'Mango' – booking system for Viva Holidays and Go Holidays domestic and international products
 - 'Ready Rooms' – accommodation search and booking system
 - 'SmartTickets' – airfare distribution and ticketing services consolidation system.



RESWORLD
Powered by **helloworld**
TRAVEL

Mango

smart tickets

ReadyRooms

Business focus

Integrated Account Management Team

- A new Account Management Team was recently implemented (November 2022) to better and more efficiently service retail agency customers of our wholesale and Air Tickets services.
- The team will support:
 - Agents who interact with the Helloworld Group brands including Air Tickets and the Wholesale business of Viva Holidays, ReadyRooms and CruiseCo
 - Preferred partner relationships within the Helloworld networks
 - Agents with training, new offers and opportunities for growth.
- Speed to market will be improved as key offerings receive focused attention, driving value for the agents, supplier partners and Helloworld.





Segment results - Australia

	1H FY23 \$m	1H FY22 \$m	Change %
Total Transaction Value (TTV)	1,017.7	347.0	193.3%
Revenue and other income	53.4	23.0	132.4%
Revenue margin % ⁽¹⁾	5.1%	5.8%	
Underlying EBITDA profit/(loss)	12.1	(5.9)	
Underlying EBITDA margin %	22.7%	(25.7%)	

⁽¹⁾ Revenue margin does not include other income

- TTV increase was driven by removal of travel restrictions across most global destinations and all states and territories.
- Growth has been constrained due to reduced capacity of airlines and tour operators, which is partially the result of resource availability.
- Revenue growth occurred in all business lines.
- Agent network steadfastly resilient and largely intact.
- The higher revenue margin in FY22 attributable to COVID-19 related call centre operations revenue.



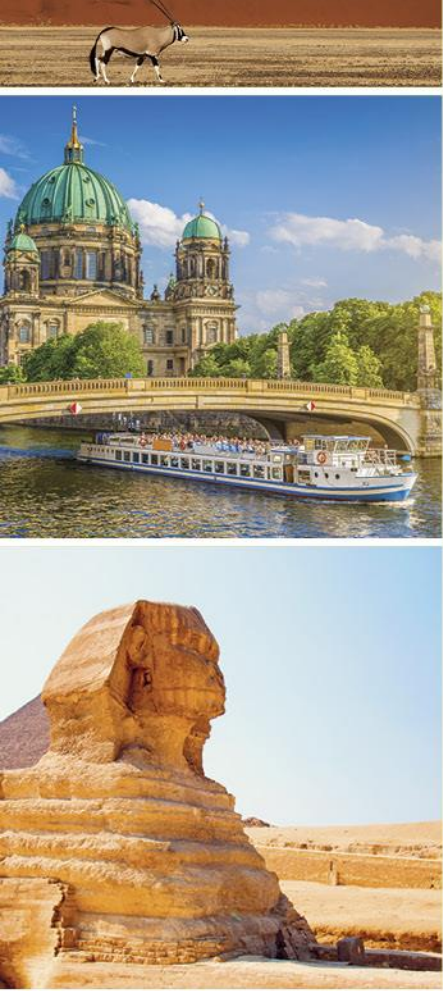
Segment results - New Zealand

	1H FY23 \$m	1H FY22 \$m	Change %
Total Transaction Value (TTV)	177.8	38.7	358.7%
Revenue and other income	8.8	1.5	481.1%
Revenue margin % ⁽¹⁾	4.8%	2.2%	
Underlying EBITDA profit/(loss)	2.3	(1.4)	
Underlying EBITDA margin %	26.1%	(91.3%)	

⁽¹⁾ Revenue margin does not include other income

- TTV and revenue both increased in the period, following the reopening of NZ borders to tourists in August 2022.
- Growth has been constrained due to reduced capacity of airlines and tour operators, which is partially the result of resource availability.
- Growth is expected to continue, Resworld NZ and Ready Rooms NZ will drive benefits for the agent network.
- Despite the challenging economic environment, demand for travel remains strong.





Segment results – Fiji

	1H FY23 \$m	1H FY22 \$m	Change %
Total Transaction Value (TTV)	3.1	0.1	2,231.5%
Revenue and other income	1.6	0.1	2,045.3%
Revenue margin % ⁽¹⁾	51.5%	56.9%	
Underlying EBITDA profit/(loss)	0.4	(0.1)	
Underlying EBITDA margin %	25.1%	(180.0%)	

⁽¹⁾ Revenue margin does not include other income

- Fiji operations have experienced strong growth since re-opening borders in late 2021.
- TTF and ATS are both well positioned for sustained growth.
- New operations centre in Nadi provides strong support for a number of Group wide functions.

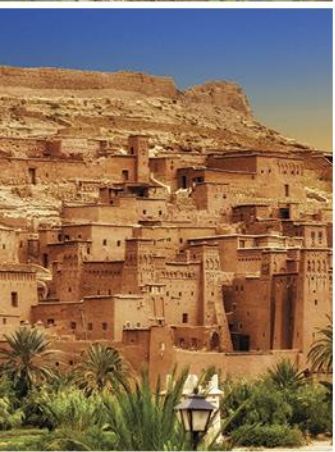


Segment results - Transport, Logistics and Warehousing

	1H FY23 \$m	1H FY22 \$m	Change %
Gross revenues	9.4	4.6	105.5%
Underlying EBITDA profit/(loss)	0.8	(0.3)	
<i>Underlying EBITDA margin %</i>	<i>9.0%</i>	<i>(6.0%)</i>	

- Entertainment Logistix is Australia's largest provider of specialist transport and logistics services to the entertainment industry.
- Gross revenue increased as a result of the return of major events and acts to Australia.
- Capital investment in new premises (including new warehousing business), trailers and prime movers.
- Growth is expected to continue as Entertainment Logistix continues to develop and enhance its service offerings.





Appendix

Company background information

A\$1.34
Share price
at 31 December 2022

155.0 mill.
Shares on issue

A\$207.7 mill.
Market capitalisation
at 31 December 2022

A\$83.8 mill. Cash
A\$0.0 Debt

Board and Management Team

Non-Executive Director and Chairman - Garry Hounsell

Garry was appointed to the Board as Chairman on 4 October 2016 and has extensive director experience on a wide range of highly successful Boards including Qantas, Treasury Wines, Dulux and Myer.

CEO & Managing Director - Andrew Burnes, AO

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

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

Cinzia 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 25 years and HLO since 2016.

Non-Executive Director – Robert Dalton

Robert was appointed to the Board as an Independent Non-executive Director and Chair of the Audit & Risk Committee on 9 November 2021. Robert has over 30 years accounting, advisory and leadership experience.

Non-Executive Director – Hon Martin Pakula

Martin was appointed to the Board as an Independent Non-executive Director on 30 November 2022 following his retirement as an MP and Minister in the Victorian Government, where he served as Tourism Minister amongst several other portfolios.

Non-Executive Director – Leanne Coddington

Leanne was appointed to the Board as an Independent Non-executive Director on 1 February 2023 following a long career with Tourism and Events Queensland including 9 years as CEO.

Chief Financial Officer – Michael Smith

Michael was appointed as the CFO in May 2022. Michael was previously the CFO and CEO of Amplifon Australia. Prior to this Mike was the CFO at Adacel Technologies and a senior manager at PwC.

Group Company Secretary – Sylvie Moser

Sylvie joined Helloworld Travel in January 2021 as Company Secretary and was appointed Group Company Secretary in April 2022. Sylvie has several years experience in CFO and company secretarial roles.



Substantial Shareholders at 31 December 2022

Burnes Group & Associates	40,911,832	26.4%
Spyros and Irene Alysandratos	20,630,306	13.3%
FIL Limited	14,475,534	9.3%
Total Top 10 (as at 31 Dec 2022)	103,172,551	66.6%
Total Top 10 (as at 31 Dec 2021)	106,556,928	68.7%

