

Q1 Trading Update and increase in Earnings Guidance

24 October 2019

Helloworld Travel Limited (ASX: HLO) has today provided a business update for the first quarter ended 30 September 2019.

Financial Results

The first quarter had a strong start to the year. Key highlights were as follows:

- TTV for the quarter ended 30 September 2019 was \$1.878 billion up 10.4% compared with the same period last year and up 9.2% excluding the impact of business acquisitions and disposals. Compared to Q1 FY18 (\$1.626bn), the FY20 first quarter TTV has grown 15.5% over the last two year period.
- Strong growth in our Australian retail network performance of 7.0% on a ticketed basis, growth in our Flights Systems B2C business of 92% and growth in our Australian wholesale businesses (including Viva Holidays, Ready Rooms, SevenOceans Cruising and Asia Escape Holidays) of 5.7%. Australian Inbound declined 9.7% due mainly to a decline in UK and Asian OTA business.
- Our Australian corporate travel management TTV grew 14.3%, including the impact of the Show Group Travel acquisition but with no impact from the TravelEdge acquisition that was completed on 30 September 2019.
- New Zealand TTV was up 31.1% for the quarter, including a 58.8% increase in retail network TTV on a ticketed basis and a 1.5% increase in corporate travel management business.
- Wholesale TTV in New Zealand fell 14.2% mainly due to the elimination of unprofitable contracts, the net outcome of which was a 5.0% increase in EBITDA for that business.
- Unaudited EBITDA for the quarter was \$24.7 million, up 7.7% on the previous corresponding period and at an EBITDA to revenue margin of 24.6% compared to 24.4% for the same period last year. Both periods exclude the impact of the new lease accounting standard.

Andrew Burnes, Helloworld Travel CEO and Managing Director commented: “We are very pleased with the results for Q1 FY20 and are tracking according to our forecasts. While there has been some softening in inbound demand, our businesses in retail, wholesale and corporate have continued to attract both repeat and new customers and the professional travel services provided by our 2400+ retail network members on both sides of the Tasman is helping drive growth.”

Other Developments

- ResWorld goes live. The ResWorld mid-office solution for retail agents is now live in 18 agencies in Australia and being rolled-out across another 40 agents during the second quarter. This system provides a unique tailor-made mid-office solution to Helloworld Travel network agencies and will enhance both yield and productivity across our agency networks for many years to come.

- The Thomas Cook collapse had no impact on Helloworld Travel and we expect to incur net costs in relation to the collapse of Tempo Holidays and Bentours of under \$1.0 million. Helloworld Travel and its network members have ensured that no customers were out of pocket as a result of the collapse and while some customers had to pay again for accommodation in the first few days following the collapse, they have either been or will be reimbursed on return to Australia.
- Helloworld Travel declared and paid a record 20.5 cents per share fully-franked dividend for the FY19 year, its highest ever and up from 18.0 cents per share for FY18 and 14 cents per share for FY17.
- Helloworld Travel completed the acquisition of TravelEdge on 30 September 2019 and now has annualised corporate TTV of over \$1.6 billion, making Helloworld Travel’s corporate division the second largest corporate travel business in Australia and New Zealand.

Mr Burnes said “Our trans-Tasman corporate, wholesale and retail businesses are going very well and not subject to exposure to other source markets. Given the state of both economies and the recent uplift in the International Monetary Fund growth forecasts for Australia, we are very comfortable with our position in the market and our focus on Australia and New Zealand. We have the scale to continue to deliver great outcomes for our customers and profitability for our shareholders.”

Outlook

Helloworld Travel previously released EBITDA guidance on 17 September 2019 for the FY20 year of \$83 million to \$87 million, subject to no material change in trading conditions. Following on from the completion of the TravelEdge acquisition, HLO today announces an increase in that EBITDA guidance to \$86 million to \$90 million, again subject to no material change in trading conditions over the remainder of the financial year. This excludes the impact of the new lease accounting standard.

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About Helloworld Travel Limited

- Helloworld Travel Limited (ASX: HLO) is a leading Australian & New Zealand travel distribution company, comprising retail travel networks, corporate travel management services, destination management services (inbound), air ticket consolidation, wholesale travel services, and online operations.
- HLO has over 2,200 staff located in Australia, New Zealand, Fiji, the USA, Asia, India and UK/Europe and over 2,400 members of its travel agency networks in Australia and New Zealand.
- Helloworld Travel is the proud naming rights partner of Volleyball Australia and the *Helloworld Travel Volleyroos* men’s and women’s national teams.

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