

16 July 2020

The Manager  
Markets Announcement Office  
ASX Limited  
Level 4, 20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam,

Please find attached the Helloworld Travel Limited "\$50.0 million Underwritten Equity Raising to Enhance Liquidity" ASX Announcement.

Yours faithfully,



David Hall  
**Chief Financial Officer**  
**Helloworld Travel Limited**  
**Ph: +61 3 9867 9600**

Authorised for release by Helloworld Travel Limited's Board of Directors.

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Melbourne, 16 July 2020

ASX ANNOUNCEMENT

\$50.0 MILLION UNDERWRITTEN EQUITY RAISING TO ENHANCE LIQUIDITY

- ~\$50.0 million fully underwritten equity raising to bolster balance sheet and provide liquidity to help manage the prolonged period of disruption to the global travel industry
- Strong liquidity position, with ~\$187.1 million cash and facilities post equity raising<sup>1</sup>
- Travel restrictions in place and expected to persist through 2020 and into 2021
- Net cash operating costs reduced from ~\$23.0 million to ~\$2.0 million per month<sup>2</sup>
- Discretionary expenditure reduced to near nil from April 2020
- Helloworld well placed to capitalise on the disruption to the global travel industry by identifying, and having the financial flexibility, to continue to gain market share and drive sustainable cost efficiencies.

Helloworld Travel Limited (**Helloworld** or **Company**) (ASX: HLO) is pleased to announce that it has launched a fully underwritten ~\$50.0 million Equity Raising (**Equity Raising**) to increase the Company's balance sheet flexibility and to provide liquidity to help it manage the prolonged period of disruption to the global travel industry.

**Operational Update and Outlook**

Further to the Company's March trading update, travel restrictions remain in place and are expected to last through the remainder of 2020 and into 2021. As a result, the Company expects TTV to remain at ~10–12% of previous levels until September 2020 and then progressively increase as State borders and potential trans-Tasman travel bubbles open.

The Company's diversified businesses, which include a mix of domestic and international leisure travel, corporate travel and wholesale travel operations, are positioned to benefit from a recovery in 2021 and 2022. The Company is already seeing an increase in domestic air and land bookings, aligned to planned capacity increases by the domestic carriers. The Company's corporate business which comprises 70% domestic TTV, is increasing week by week as borders restrictions have eased.

Following completion of the Equity Raising, the Company will have sufficient liquidity for operating and capital expenditure through to the end of 2022 assuming ongoing disruption.

<sup>1</sup> Includes client cash of approximately \$60.0 million

<sup>2</sup> Net of Job Keeper in Australia and Wage Subsidy in New Zealand

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## **Update on Cost Saving Initiatives Implemented**

Helloworld moved quickly to reduce costs to seek to preserve liquidity and can sustain the business over a prolonged period of disruption to global travel.

Net cash operating costs progressively reduced to ~\$2.0 million per month (net of Job Keeper in Australia and Wage Subsidy in New Zealand) from late March 2020 and discretionary variable expenditure reduced to near nil from April 2020. Material cost reductions, including those from landlords and suppliers, will be sustained over the balance of 2020.

The Company has closed its offices in Manila and Mumbai. We have also divested our US wholesale operation. The Company is assisting the retail travel agents and brokers in our networks in Australia and New Zealand to manage their way through this challenging period until demand returns including suspending all franchise and marketing fees from 1 April 2020 to 31 March 2021 and we are working with the retail networks to promote available destinations with a wide range of domestic products now in market. To date, approximately 5% of franchisees have elected to close.

## **Update on Liquidity Position**

Helloworld's liquidity position will be enhanced following completion of the Equity Raising with sufficient liquidity to provide for operating and capital expenditure through to the end of 2022 assuming ongoing disruption to the international travel markets.

Cash continues to be collected from debtors and Helloworld has not experienced material debtor defaults, though some amounts are being collected slower than historical levels. Amounts owed by Virgin Australia will continue to be assessed for recoverability. The net working capital position remains robust, complemented by pro forma available liquidity and an extended debt maturity profile.

Helloworld expects to report impairments of intangible assets and restructuring related provisions as a consequence of COVID-19 in our FY20 results.

## **Equity Raising**

Helloworld has today announced a fully underwritten Equity Raising of ~\$50.0 million comprising an Institutional Placement and an Entitlement Offer.

The Placement and Entitlement Offer will result in the issue of 30.303 million new fully paid ordinary shares in Helloworld (**New Shares**), representing approximately 24.3% of existing Helloworld shares on issue. Each New Share issued under the Placement and the Entitlement Offer will rank equally with existing shares on issue.

## **Placement**

The ~\$27.1 million Placement is fully underwritten and will be offered to institutional investors at \$1.65 per share, representing a 16% discount to the last traded price of \$1.965 on Wednesday, 15 July 2020. The Placement is being conducted today, Thursday, 16 July 2020.

## The Entitlement Offer

The Entitlement Offer of ~\$22.9 million will consist of a 1-for-9 accelerated pro-rata non renounceable entitlement offer, including:

- a fully underwritten institutional entitlement offer to raise ~\$17.5 million (**Institutional Entitlement Offer**); and
- a fully underwritten retail entitlement offer to raise ~\$5.4 million (**Retail Entitlement Offer**).

Under the Entitlement Offer, eligible shareholders are invited to subscribe for 1 Helloworld share for every 9 shares they hold as at 7:00pm (Melbourne Time) on Monday, 20 July 2020 (the Record Date). Fractional entitlements will be rounded up to the nearest whole share. All New Shares in the Entitlement Offer will be issued at a price of \$1.65 per New Share which represents:

- a 16% discount to the last close price of \$1.965 on Wednesday, 15 July 2020; and
- a 13% discount to the theoretical ex-rights price (TERP)<sup>3</sup> of \$1.90.

Entitlements cannot be traded on the ASX or transferred. Eligible shareholders who do not take up their entitlements under the Entitlement Offer in full or in part, will not receive any value in respect to those Entitlements not taken up.

Ord Minnett Limited is acting as Sole Lead Manager, Bookrunner and Underwriter to the Equity Raising. The Placement and Entitlement Offer are fully underwritten.

Helloworld's shares will remain in a trading halt pending completion of the Placement and the Institutional Entitlement Offer.

### Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer, which is being conducted today, Thursday, 16 July 2020. Eligible institutional shareholders can choose to take up all, part or none of their entitlements under the Entitlement Offer.

Entitlements not taken up by institutional shareholders cannot be traded on market or transferred. Entitlements not taken up by eligible institutional shareholders, and institutional entitlements that would otherwise have been offered to ineligible institutional shareholders, will be offered to new and existing institutional shareholders concurrently with the Institutional Entitlement Offer.

### Retail Entitlement Offer

Eligible retail shareholders with a registered address in Australia or New Zealand will be invited to participate in the Retail Entitlement Offer. The Retail Entitlement Offer will open on Thursday, 23 July 2020 and closes at 5:00pm (Melbourne time) on August, 3 July 2020. Eligible retail shareholders who take up their entitlement in full can also apply for additional shares in excess of their entitlement up to a maximum of 100% of their entitlement under a 'top up' facility.

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<sup>3</sup> Theoretical ex-rights price (TERP) includes the shares issued under the Placement, Institutional Entitlement Offer and the Retail Entitlement Offer. TERP is the theoretical price at which Shares should trade immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Shares trade on ASX immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to the closing price of Helloworld's Shares as traded on ASX on Wednesday, 15 July 2020, being the last trading day prior to the announcement of the Entitlement Offer.

Further details about the Retail Entitlement Offer will be set out in the retail offer booklet, which Helloworld expects to lodge with the ASX and despatch on Thursday, 23 July 2020.

### Major Shareholder Participation

Entities associated with Andrew Burnes and Cinzia Burnes have indicated their intention to subscribe for \$5.0 million of New Shares under the Entitlement Offer in aggregate which represents ~70% of their pro rata entitlement.

QH Tours Limited (a subsidiary of Qantas Airways Limited) has indicated their intention not to participate in the Offer.

Entities associated with Spiros Alysandratos and Irene Alysandratos have indicated they will consider their participation upon receipt of the Offer documentation.

### Equity Raising Timetable<sup>4</sup>

Event	Date (2020)
Equity Raising announcement and Placement and Institutional Entitlement Offer opens	Thursday, 16 July
Placement and Institutional Entitlement Offer closes	Thursday, 16 July
Trading in Helloworld shares resumes on an ex-entitlement basis	Friday, 17 July
Record date for determining entitlement for the Entitlement Offer	7:00pm, Monday, 20 July
Despatch of Retail Offer Booklet and Retail Entitlement Offer opens	Thursday, 23 July
Settlement of Placement and Institutional Entitlement Offer	Friday, 24 July
Allotment of New Shares issued under the Placement and Institutional Entitlement Offer	Monday, 27 July
Normal trading of New Shares issued under the Placement and Institutional Entitlement Offer	Tuesday, 28 July
Retail Entitlement Offer closing date	5:00pm, Monday, 3 August
Settlement of Retail Entitlement Offer	Friday, 7 August
Allotment of New Shares issued under the Retail Entitlement Offer	Monday, 10 August
Normal trading of New Shares issued under the Retail Entitlement Offer	Tuesday, 11 August
Despatch of holding statements	Wednesday, 12 August

Helloworld's CEO and Managing Director, Andrew Burnes said:

*"This equity raising will provide Helloworld with the balance sheet liquidity and flexibility to maintain its operating and capital expenditures well into 2022.*

*With a strong track record of growth and having grown EBITDA from \$25.3 million in FY2016 to \$77.3 million in FY2019, Helloworld is highly confident that once activity in the travel sector starts to normalise, it will be well positioned to generate increased levels of TTV and EBITDA in the years ahead."*

<sup>4</sup> All dates and times are indicative and Helloworld reserves the right to amend any or all of these events, dates and times subject to the *Corporations Act 2001* (Cth), ASX Listing Rules and other applicable laws. All times and dates are in reference to Melbourne, Australia time.

## Additional Details

Further details of the Offer are set out in the Investor Presentation provided to the ASX today (Investor Presentation). It contains important information including key risks and foreign selling restrictions with respect to the Placement and the Entitlement Offer.

### INVESTOR CONTACT:

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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.*

## FURTHER INFORMATION

Helloworld Travel Limited is being advised by Ord Minnett Limited as Sole Lead Manager, Bookrunner and Underwriter to the Equity Raising. MinterEllison is acting as Legal Adviser to HLO in relation to the Equity Raising.

## IMPORTANT NOTICES

This announcement has been authorised by the Board of Helloworld Travel Limited (**HLO**).

This announcement has been prepared for publication in Australia and may not be released or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The new shares to be offered and sold in the Equity Raising have not been, and will not be, registered under the US Securities Act of 1933 (the **US Securities Act**) or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, directly or indirectly, in the United States unless they are offered and sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

## ALLOCATION POLICY – INSTITUTIONAL ENTITLEMENT OFFER

In respect of the Institutional Entitlement Offer, HLO will attempt to allocate shares to its existing institutional shareholders in accordance with their pro-rata entitlements. To the extent that the applications received do not amount in value to the target amount of proceeds under the Institutional Entitlement Offer, eligible institutional shareholders will be permitted to apply for more than their entitlement. HLO may also in those circumstances offer shares to new institutional shareholders.

## FORWARD LOOKING STATEMENTS

This announcement contains certain "forward-looking statements" including but not limited to projections, that are based on management's beliefs, assumptions and expectations and on information currently available to management. Forward-looking statements can generally be identified by the use of forward-looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target", "outlook", "guidance" and other similar expressions within the meaning of securities

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laws of applicable jurisdictions. Such forward-looking statements include statements regarding the timetable, conduct and outcome of the Equity Raising and the use of proceeds thereof, statements about the plans, objectives and strategies of the management of HLO, statements about the industry and the markets in which HLO operates and statements about the future performance of the HLO businesses. Indications of, and guidance or outlook on, future earnings or financial position or performance, future earnings and distributions are also forward-looking statements.

You should note the current economic climate and the significant volatility, uncertainty and disruption to equity and capital markets caused by the outbreak of COVID-19. Any forward looking statements, opinions and estimates in this announcement speak only as of the date hereof and are based on assumptions and contingencies subject to change without notice, as are statements about market and industry trends, projections, guidance and estimates. This includes statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements are provided as a general guide only. The forward-looking statements contained in this announcement are not indications, guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of HLO and its subsidiaries, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Forward-looking statements may also assume the success of the HLO's business strategies. The success of any of these strategies is subject to uncertainties and contingencies beyond the HLO's control, and no assurance can be given that any of the strategies will be effective or that the anticipated benefits from the strategies will be realised in the period for which the forward looking statements may have been prepared or otherwise. Refer to the key risks in Appendix A of the Investor Presentation for a non-exhaustive summary of certain key business, offer and general risk factors that may affect HLO and its subsidiaries.

There can be no assurance that actual outcomes will not differ materially from these forward- looking statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements, including (without limitation) the risks and uncertainties associated with the ongoing impacts of COVID-19, the Australian and global economic environment and capital market conditions and other risk factors set out in the Investor Presentation. Investors should consider the forward-looking statements contained in this announcement in light of those risks and disclosures. The forward-looking statements are based on information available to HLO as at the date of this announcement.

No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including HLO or any of its advisers). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. Actual operations, results, performance, production targets or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Except as required by law or regulation (including the ASX Listing Rules), none of HLO, its representatives or advisers undertakes any obligation to provide any additional or updated information in respect of any statements made, whether as a result of a change in expectations or assumptions, conditions, new information, future events or results or otherwise.