



28 August 2023

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 ASX Release: Results announcement for the financial year ended 30 June 2023.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Sylvie Moser".

Sylvie Moser
Group Company Secretary
Helloworld Travel Limited
Ph: +61 3 9867 9600

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

For personal use only



ASX ANNOUNCEMENT

Melbourne, 28 August 2023

The 'rise of the trusted advisor' drives earnings growth

Helloworld Travel Limited (ASX: HLO) has today released its audited financial results and annual report for the year ended 30 June 2023; including Appendix 4E and an investor presentation.

Full Year Highlights

- Underlying EBITDA of \$44.1 million; compared to a \$10.6 million underlying EBITDA loss in the prior year.
- Total Transaction Value (TTV) of \$2.57 billion (FY22: \$1.08 billion); representing a \$1.49 billion or 138.5% increase.
- Total revenue increased to \$165.9 million (FY22: \$69.3 million), being growth of \$96.6 million or 139.5%.
- Profit/(loss) after income tax from continuing operations of \$19.2 million (FY22: \$28.8 million loss).
- Continued investment in our proprietary mid-office system (ResWorld) and other B2B technology solutions (Mango, ReadyRooms and Smart Tickets).
- Announced the acquisition of the Australiareiser Group, Phil Hoffmann and Express Travel Group.
- Earnings per share from continuing operations of 12.4 cents (FY22: 18.1 cents loss).
- Final dividend of 6 cents, fully franked (payment date: 22 September 2023), which follows a 2 cents interim dividend that was paid on 23 March 2023.
- Strong liquidity position with significant cash reserves, shares in ASX listed Corporate Travel Management (ASX code: CTD), and no bank debt.
- Underlying EBITDA guidance of \$64-\$72 million for FY24, subject to no materially adverse impacts on our business. This includes contributions from our recent acquisitions.

For personal use only

Summary of Results

	For the year ended 30 June 2023 (\$000)	For the year ended 30 June 2022 (\$000)	Change (\$000)	Change %
Total Transaction Value (TTV) ⁽¹⁾	2,568,866	1,077,289	1,491,577	138.5%
Revenue and other income	165,914	69,270	96,644	139.5%
Revenue margin % ⁽²⁾	6.3%	5.9%		
Expenses	(128,112)	(79,828)	(48,284)	60.5%
Equity accounted profit/(loss)	1,981	(73)	2,054	
Underlying EBITDA profit/(loss) ⁽⁴⁾	44,119	(10,631)	54,750	
Underlying EBITDA margin % ⁽⁶⁾	26.6%	(15.3%)		
EBITDA profit/(loss) ⁽³⁾	39,783	(10,631)	50,414	
EBITDA margin % ⁽⁵⁾	24.0%	(15.3%)		
Depreciation and amortisation	(18,023)	(22,747)	4,724	-20.8%
Interest expense	(703)	(2,721)	2,018	-74.2%
Profit/(loss) before income tax from continuing operations	21,057	(36,099)	57,156	
Income tax benefit/(expense)	(1,872)	7,314	(9,186)	
Profit/(loss) after income tax from continuing operations	19,185	(28,785)	47,970	
Profit/(loss) after income tax from discontinued operations	(1,822)	118,631	(120,453)	
Profit/(loss) after tax for the year	17,363	89,846	(72,483)	-80.7%
Profit/(loss) attributable to the owners of Helloworld Travel Limited	17,375	90,527	(73,152)	-80.8%

	For the year ended 30 June 2023 (cents)	For the year ended 30 June 2022 (cents)	Change (cents)	Change %
Basic earnings/(loss) per share				
Continuing operations	12.4	(18.1)	30.5	
Discontinued operations	(1.2)	76.5	(77.7)	
Diluted earnings/(loss) per share				
Continuing operations	12.4	(18.1)	30.5	
Discontinued operations	(1.2)	76.5	(77.7)	
Interim dividend per share	2.0	-	2.0	
Final dividend per share	6.0	10.0	(4.0)	

(1) Total Transaction Value (TTV) does not represent revenue in accordance with Australian Accounting Standards and is not subject to audit. 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.

(2) Revenue margin does not include interest income and other income.

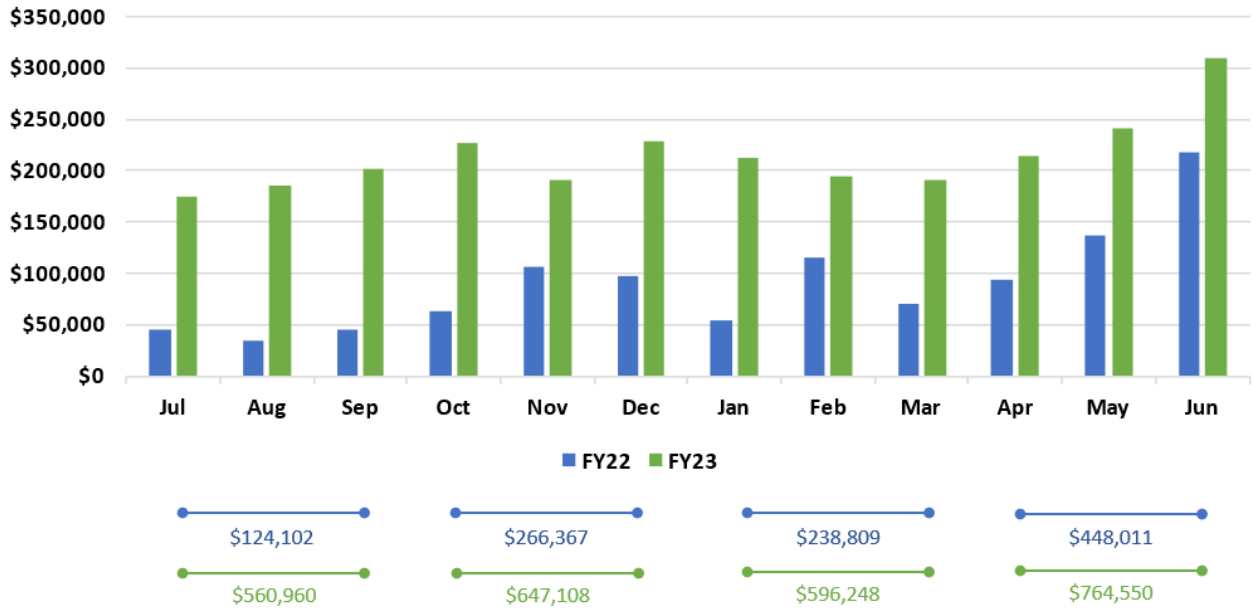
(3) Earnings Before Interest Expense, Taxation, Depreciation and Amortisation (EBITDA) is a financial measure which is not prescribed by Australian Accounting Standards and is not subject to audit.

(4) Underlying EBITDA represents EBITDA excluding significant items. Underlying EBITDA 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 operating segments and is not subject to audit. A reconciliation of Underlying EBITDA to profit before income tax expense is provided in note 2.3: Segment Information.

(5) EBITDA margin has been calculated as EBITDA as a percentage of total revenue.

(6) Underlying EBITDA margin has been calculated as Underlying EBITDA as a percentage of total revenue.

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



Strong demand from travellers, the removal of border restrictions and increasing supply and capacity; along our resilient retail network, expanding product portfolio and leading proprietary systems, underpinned Helloworld’s strong result in FY23.

The post pandemic recovery has seen more travellers than ever benefiting from using their local travel professional, with most agents across our networks reporting FY23 as a very busy year. Consumers have realised, because of the pandemic, the importance of having a trusted professional to support them with their travel experiences, a benefit that doesn’t always come with online or high churn travel retailers.

Helloworld generated \$2.57 billion in TTV from all operations in FY23, up 138% on FY22 (on a continuing operations basis). We entered FY23 with several international borders still closed, but with their reopening we have seen continued growth, subject to normal seasonality, throughout the year. As travel recommenced, travellers visiting friends and relatives was the predominant reason for travel; however, over time the prominence of leisure-based travel has steadily increased. Booking volumes are expected to continue to improve as capacity returns to normal and Asia fully reopens.

Revenue and other income increased to \$165.9 million up from \$69.3 million in FY22, an increase of 139.5%. The revenue margin for the year finished at 6.3%, up from 5.9% in the prior year, due to improved commission margin.

Underlying EBITDA for the year was \$44.1 million, compared to a loss of \$10.6 million in FY22. This result was at the high end of the revised guidance provided to the market at the beginning of August 2023. The result reflects strong demand from the travelling public, a continued focus on cost control, ongoing investment in systems and technology, and the commitment and loyalty of our staff, agents and brokers, and our suppliers and partners.

Net profit before tax from continuing operations was \$21.1 million, compared with a \$36.1 million loss in the prior year. Net profit after tax from continuing operations was \$19.2 million, compared with a \$28.8 million loss in the prior year.

Profit after tax for the year was \$17.4 million compared to \$89.8 million in the prior year. The impact of profit/(loss) from discontinued operations after tax was a loss of \$1.8 million in the current year and a \$118.6 million profit in the prior year. Discontinued operations relate to Helloworld's divestment of its corporate travel management business.

Retail

The demand for the services of our agent and broker network members continues to exceed supply, and our members continue to adapt to this challenge. To help grow personnel numbers, Helloworld launched the Helloworld Travel Academy in Australia in May 2022 and at the end of FY23 over 325 trainees had completed the course or are currently enrolled. The academy was launched in New Zealand in March 2023.

As the industry has emerged from the pandemic, confidence is returning, and we have welcomed several new members to our networks. There has never been a better time to be in a travel related business as demand continues to outstrip supply.

New branding has been launched for our Magellan network and we recently re-signed our Commercial Purchasing Agreement for a further 5 years with Travellers Choice, a network of 115 agencies in Australia.

Ticket volumes continue to increase as carriers return to Australia and New Zealand and number of flights grows. TTV for flights is near pre-pandemic levels, with lower volumes are being offset by higher ticket pricing. Growth in ticket numbers into FY24 will be supported by the later opening of Asian markets.

Wholesale and Inbound

The wholesale and destination management (inbound) businesses saw strong growth during the year, with growth exceeding 130% on prior year. Growth is expected to continue in the wholesale business across Australia and New Zealand in FY24 as we have our first full year without border restrictions. The destination management business experienced substantial growth on last year as international visitors enjoyed their first southern hemisphere summer in the region since 2019.

During the year, the wholesale business released several upgrades to its Ready Rooms and Mango trade booking platforms to enhance the user experience and build product offerings.

Transport, Logistics and Warehousing

The transport, logistics and warehousing segment saw strong growth in revenues in FY23 as major concerts returned to our shores. During the year, we grew our fleet, enhanced our warehousing service offering, moved into our new headquarters in Revesby, Western Sydney, and continued to build on our strong customer relationships as the premier entertainment logistics provider in Australia.

In FY23, Helloworld purchased a further 15% of the Entertainment Logistix business. Helloworld now owns 85% of the business and the remaining 15% is owned by our partner, David Fox.

Acquisitions

On 5 April 2023, Helloworld completed the acquisition of 34% of Australiareiser Group, the largest specialist travel wholesaler from Scandinavia to Australia, New Zealand, and the South Pacific. The consideration for this acquisition represents an FY23 EBITDA multiple of

approximately five times forecast earnings. Further, the Australiareiser Group will be the launch customer for Helloworld's mid-office system, ResWorld, in Europe.

On 11 August 2023, Helloworld completed the acquisition of 100% of Express Travel Group. Express Travel Group operates an air ticket consolidation business, retail travel networks and cruise and package wholesaling in Australia and New Zealand, with a national support network and offices in Melbourne, Sydney, and Auckland. The consideration for this acquisition represents a normalised FY23 EBITDA multiple of approximately seven times.

On 25 August 2023, Helloworld completed the acquisition of a 40% stake in Phil Hoffmann Travel, one of the best known travel agent groups in South Australia, with nine locations across greater Adelaide. Phil Hoffmann Travel has been an Associate Member of Helloworld since 2014. The consideration for this acquisition represents an FY23 EBITDA multiple of approximately six times forecast earnings.

Outlook

- Underlying EBITDA guidance of \$64-\$72 million for FY24, subject to no materially adverse impacts on our business. This includes contributions from our recent acquisitions.
- Continued growth in travel volumes expected during FY24, with FY25 to return to at least FY19 levels (assuming increased airline capacity).
- The proportion of people travelling for leisure is expected to increase as visiting friends & relatives travel (VFR) reduces, more in line with long-term trends.
- Further reopening of the Asian markets will present ongoing growth opportunities for Helloworld's inbound division.
- In Q4 FY24 we will be launching our new luxury offering including an expanded Ultimate Journeys range and an exclusive range of premium hotels with tailored special offerings for our key networks.
- Investment in our people, technology, and infrastructure remains a key area of focus.

Comments from Andrew Burnes, AO, Helloworld Travel Chief Executive Officer and Managing Director

"Following the most challenging time in the travel industry, Helloworld has gone from strength to strength, delivering multiple profit upgrades and continuing to support our network members and customers.

Helloworld made several acquisitions during FY23 which will continue to support our growth into the future, and we have utilised our strong liquidity position to minimise dilution. Throughout the pandemic Helloworld invested in technology and is continuing to invest to support our stakeholders and drive process improvement. This investment, together with our dedicated Helloworld team, network members, suppliers, and partners, will enable ongoing improvement to Helloworld's profitability.

We are looking forward to the year ahead."

This announcement has been approved by the Board.

Andrew Burnes, AO
Chief Executive Officer and Managing Director

About Helloworld Travel Limited

- Helloworld Travel Limited (ASX: HLO) is a leading Australian & New Zealand travel distribution company, comprising retail leisure travel and business travel networks, travel broker networks, destination management services (inbound), air ticket consolidation, tourism transport operations, wholesale travel services, online operations, and event-based freight operations, all supported by world class proprietary and non-proprietary distribution systems.
- HLO has over 750 staff located in Australia, New Zealand, Fiji and Greece, and 2,460 members of its travel agency and broker networks in Australia and New Zealand.
- Helloworld Travel is a proud sponsor of the School of St Jude in Tanzania.



INVESTOR CONTACT:

Mike Smith
Chief Financial Officer
Helloworld Travel Limited
+ 61 3 9867 9600
mike.smith@helloworld.com.au

- ENDS -

For personal use only