

20 November 2015

## **Helloworld and AOT Group agree to merge to form diversified travel business**

Helloworld Limited (ASX:HLO) today announces that it has agreed to merge its business with AOT Group Limited (AOT) to create a single travel company that is larger, stronger and more competitive (Transaction).

AOT is a leading, privately owned, travel services provider with operations in Australia and globally, operating in the inbound, government and wholesale sectors of the travel industry. It is a growing and profitable business, generating revenue of \$55.8 million and underlying EBITDA of \$14.3 million in FY15.

AOT brings significant strength in inbound and wholesale travel management and accommodation program management and will bolster HLO's existing retail, wholesale and government travel businesses.

The Transaction will be structured as the acquisition of AOT (on a cash free, debt free basis) by HLO, with the consideration being 218.7 million HLO shares<sup>1</sup> and \$25 million in cash. In combination with their existing 10.3% shareholding in HLO, the vendors of AOT will hold 40.0% of the fully diluted HLO share capital at Completion. As a result of the Transaction, the shareholdings of HLO's other existing substantial shareholders will be diluted by approximately 33.2%. This will impact the shareholdings of other substantial shareholders as follows: Qantas reducing to 19.3%, Europe Voyager to 15.6%, Sintack to 13.4% and UBS to 4.6%.

The cash consideration for the Transaction will be funded through HLO's existing undrawn debt facilities.

The Transaction is expected to be earnings per share accretive to HLO and will deliver material operating synergies. Further details will be provided in a Notice of Meeting and Explanatory Memorandum (Notice of Meeting), including an Independent Expert's Report, which is expected to be despatched to shareholders in December. The Notice of Meeting will also propose a resolution consolidating HLO's issued shares on a one for six basis, reducing HLO's total shares on issue to 109.8 million.

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<sup>1</sup> This is based on HLO's current issued share capital. Following the one for six consolidation of capital outlined in this announcement (which will be conditional on, but take effect immediately prior to completion of the acquisition of AOT), the number of the HLO shares that will be issued to the vendors of AOT will be 36.45 million.

The Transaction has been documented in a Merger Implementation Agreement (MIA) that has been executed by the relevant parties and is conditional on the approval of HLO shareholders at an Extraordinary General Meeting (EGM), expected to be held in January 2016.

Qantas has confirmed to the HLO Board that, in the absence of a superior proposal, it intends to vote in favour of the resolutions to be put to shareholders at the EGM to approve the Transaction (EGM Resolutions).

Europe Voyager (owned by funds advised by CVC Capital Partners) has confirmed to the HLO Board that, in the absence of a superior proposal; subject to the independent expert appointed by HLO concluding that the Transaction is in the best interests of non-associated HLO shareholders; and the EGM being held no later than 31 March 2016, it intends to vote all shares held or controlled by it at the date of the EGM in favour of the EGM Resolutions.

Qantas and Europe Voyager collectively hold in excess of 50% of HLO shares on issue.

With effect from completion of the Transaction, Andrew Burnes, co-founder and Chief Executive Officer of AOT, will assume the role of Chief Executive Officer and Managing Director of HLO. Cinzia Burnes, co-founder of AOT and the Chief Operating Officer of AOT will also be appointed as an Executive Director.

From completion of the Transaction, the Board of HLO will be reconstituted to comprise, in addition to Andrew and Cinzia Burnes, an independent non-executive Chairman, an independent non-executive Director (who will chair the audit committee) and a nominee of each of HLO's other major shareholders, being Qantas (initially Rob Marcolina), Sintack (initially Peter Spathis) and Europe Voyager (initially Andrew Cummins).

To facilitate the implementation of the governance structure contained in the MIA, Jane McKellar has withdrawn her nomination for election to the HLO Board at the AGM to be held later today.

The resignation of Elizabeth Gaines, currently CEO of HLO, was announced in June. As a result of today's announcement, the current search for Elizabeth's replacement has been placed on hold and Elizabeth will resign from the Board upon completion of the AGM. Pending completion of the Transaction, Jenny Macdonald will be HLO's acting Chief Executive. Preparation for the Transaction will be overseen by an integration committee comprising representatives of both HLO and AOT.

Brett Johnson and James Millar will retire from the Board of HLO with effect from the close of the Company's EGM approving the Transaction. As a result, and to facilitate the transition period until the appointment of the new Independent

Chairman, Rob Marcolina will assume the role of acting Non-Executive Chairman following today's AGM.

The Transaction is expected to complete in late January following the EGM.

Helloworld is being advised by Fort Street Advisers, Minter Ellison and EY.

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### About AOT

Established in 1987, by Andrew and Cinzia Burnes, AOT is comprised of three operating divisions:

- Inbound destination management services: offers inbound travel management services for international travellers to Australia, New Zealand, Fiji and the South Pacific;
- Domestic and outbound wholesale leisure distribution: provider of leisure products in Australia, New Zealand and the South Pacific; and
- Accommodation Program Management (Government Services division): AOT is Accommodation Program Manager for the Australian Government.

### About HLO:

- Helloworld Limited (ASX: HLO) is a leading Australia based travel distribution company, comprising retail travel businesses, air ticket consolidation, wholesale, corporate and online operations. This includes *helloworld*, Australia's largest network of franchised travel agents, and *helloworld.com.au*.
- *helloworld* is a nationwide network of independently owned and operated stores, offering Australian travellers unparalleled convenience, industry-leading service and the best value, tailor-made holidays.
- *helloworld* was awarded Australia's Best Travel Agency Group (100 outlets or more) at the 2014 National Travel Industry Awards.
- *helloworld* has been creating lasting travel memories for more than 40 years through the Harvey World Travel, Jetset Travel, Travelworld and Travelscene American Express brands.



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