



## ASX ANNOUNCEMENT

Melbourne, 20 February 2023

### HELLOWORLD DECEMBER 2022 FIRST HALF RESULTS

#### Profit guidance upgrade as a result of strong first half performance

Helloworld Travel Limited (ASX: HLO) today released its interim financial results for the half year ended 31 December 2022 including the consolidated interim financial report, Appendix 4D and an investor presentation.

#### Half-Year Highlights

- Group TTV for continuing operations of \$1.21 billion, up 209% on the prior corresponding period (pcp).
- Half year underlying EBITDA of \$15.6 million.
- Dividend declared of 2.0 cents per share, fully franked, to be paid on 23 March 2023.
- Underlying EBITDA guidance upgraded to \$28 - \$32 million for the 2023 financial year.
- Strong balance sheet with 3.5 million CTD shares and no bank debt.
- Total revenue and other income of \$73.2 million, up 151% on pcp.
- Statutory profit after tax of \$1.6 million.
- TTV from continuing operations up significantly on pcp:
  - Australian up from \$347.0 million to \$1,017.7 million (or 194%) on pcp.
  - New Zealand up from \$38.8 million to \$177.8 million (or 359%) on pcp.
  - Fijian operations 22.3 times higher than pcp.
  - Transport, Logistics and Warehousing gross revenue up 106% on pcp, following a return of large entertainment related events.
- Implemented an integrated sales team nationally to drive growth in preferred supplier sales and to support our agent networks.
- Continued to deliver enhancements in Resworld, Helloworld's proprietary mid-office system.
- Ongoing development of Helloworld's wholesale and ticketing systems.
- Capital investment in new specialist trailers, vehicles and depot.
- TTV for the month of January 2023 was \$211.9 million, up 290% on pcp.

## Summary of Results

	1H 2023 \$000's	1H 2022 \$000's	Change \$000's	Change %
TTV <sup>(1)</sup> from continuing operations	1,208,068	390,468	817,600	209.4%
Revenue and other income from continuing operations	73,175	29,178	43,997	150.8%
Revenue margin % <sup>(2)</sup>	5.9%	6.6%		
Underlying EBITDA <sup>(4)</sup> from continuing operations	15,630	(7,699)	23,329	
Underlying EBITDA margin %	21.4%	(26.4%)		
EBITDA <sup>(3)</sup> from continuing operations	12,710	(7,746)	20,456	
EBITDA margin %	17.4%	(26.5%)		
Profit/(loss) before income tax from continuing operations	2,953	(21,196)	24,149	
Profit/(loss) after income tax from continuing operations	1,600	(15,170)	16,770	
Profit after income tax from discontinued operations	-	1,127	(1,127)	
Profit/(loss) after income tax	1,600	(14,043)	15,643	

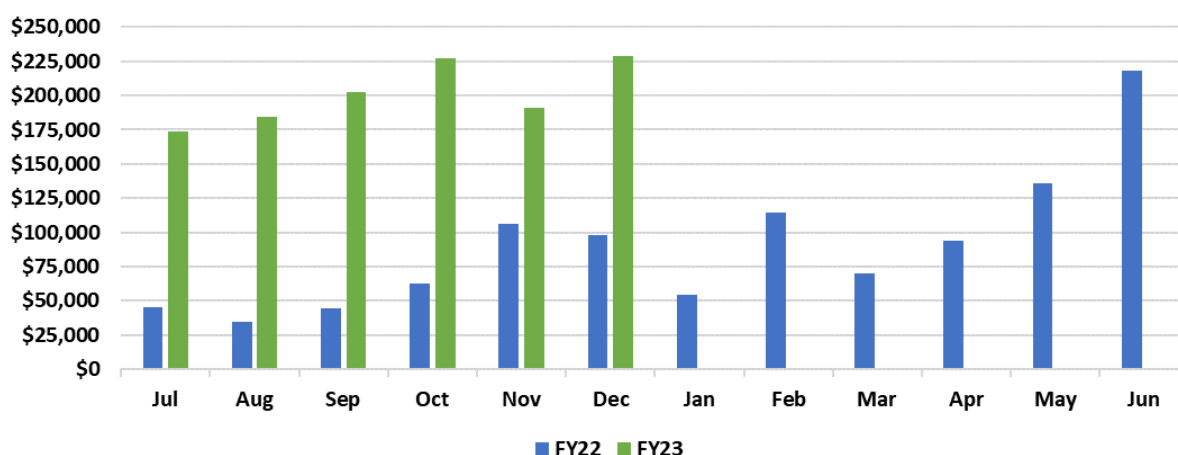
(1) Total Transaction Value (TTV): does not represent revenue in accordance with Australian Accounting Standards and is not subject to auditor review. TTV represents the price at which travel products and services have been sold across the Group, as agents for various airlines and other service providers, 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 other income.

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

(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 it is not subject to auditor review.

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



## **Helloworld's strong recovery reflected in financial results**

Helloworld's TTV from continuing operations increased by 209.4% to \$1,208 million for the six months ended 31 December 2022 compared to the prior corresponding period (pcp). This reflects the strong demand from the travelling public, domestic and international borders returning to normal, Helloworld's strong product offering and the incredible efforts of our agency networks to service their customer base. Booking volumes are expected to continue to increase as prices normalise and capacity returns with airlines and tour operators continuing to on-board further resources to meet demand.

Following a strong TTV result, total revenue and other income from continuing operations for the first half of FY23 was \$73.2 million, a \$44.0 million (or 150.8%) increase on the pcp. Revenue from contracts with customers increased by \$45.5 million, or 176.7%, to \$71.3 million. The revenue margin for the period was 5.9%, compared to 6.6% in the pcp. The higher margin in FY22 is attributable to COVID-19 related call centre operations revenue (which is excluded from TTV).

Underlying EBITDA and EBITDA from continuing operations for the six-month period was \$15.6 million and \$12.7 million respectively, compared to losses in the prior corresponding period. The earnings improvement is a direct result of growing revenues, focused cost control during a period of business recovery, and Helloworld's continued investment in technology, while maintaining strong service to our customers.

Net profit before tax from continuing operations was \$3.0 million for the six months, compared to a \$21.2 million loss in the pcp. In addition to the improvement in trading performance year-on-year, the current period result incorporates a \$2.4 million reduction in depreciation and amortisation expense. This is a result of a reduction in right of use assets and full amortisation of certain intangible assets. Further, finance expenses also reduced following the repayment of cash debt facilities in March 2022.

Net profit after tax from continuing operations was \$1.6 million in the current period, compared to a \$15.2 million loss in the pcp.

### **Retail**

The demand for the services of our network agents by those wishing to travel continues to outstrip agent availability. Those wishing to book travel with an agent understand the value and importance of working with a travel professional.

We note the resilience of our agent networks and the dedication of the owners, managers and consultants who continue to support their customers day in and day out. Many consultants who left the industry are seeking to return as the travel industry continues to recover.

Helloworld agents made a return to the TV screens, radios and pages across Australia with our first brand campaign since the pandemic. This strategic campaign further supported our agent networks. Our agent network also continues to benefit from our ongoing enhancements to our mid-office system, Resworld, and technology improvements to our wholesale and air consolidation systems.

The Helloworld Travel Academy has over 200 students, and it continues to support the agent network with training and onboarding new travel professionals.

Helloworld's network member status as at end December 2022 was:

	<b>December 2022</b>	<b>March 2020</b>
Australia and New Zealand	2,045	2,396

Across the industry, leisure air ticket volumes (domestic and international) in AU and NZ averaged 65-75% of 2019 levels during 1H FY23. Agency booking volumes in AU are back to 2019 levels (67%) and OTA volumes are at 31%, while in NZ, agency booking volumes are now at 77% (up 5% on 2019) and OTA volumes are down 5% to 19%. From a TTV perspective, lower volume is being offset by higher ticket pricing. Availability is increasing and prices are expected to stabilise throughout CY23.

### **Wholesale and Inbound**

The wholesale and destination management (inbound) businesses saw strong growth during the period as product offerings continue to become available and more leisure travel takes place. This growth is expected to continue into the foreseeable future. With domestic and international borders now returning to a level of normality, including New Zealand which only opened its international borders to tourists in August 2022, international travellers have shown a desire to visit for the southern hemisphere summer. Similarly, Australians and New Zealanders are displaying a renewed passion for international travel and to explore domestically.

Helloworld has also consolidated its sales teams to deliver improved outcomes to agents and supplier partners, with the team now responsible for wholesale, air consolidation and preferred supplier growth. This enhanced team will be out across the country to support our agent partners to grow their business and revenues.

### **Transport, Logistics and Warehousing**

The transport, logistics and warehousing segment saw strong growth in revenues as we grew our fleet and solidified our position as the largest specialist entertainment industry logistics provider in Australia. Gross revenues increased by 106% compared to the pcp. Helloworld will continue to invest in this business with over 20 additional vehicles and trailers on boarded in the last 6 months and additional investment planned to meet the demand of our customers.

### **Outlook**

- Following on from our half-year results and a review of forward bookings, underlying EBITDA is now forecast to be \$28-\$32 million for FY23, subject to no materially adverse impacts on our business and the continued recovery from the pandemic.
- Our pipeline of bookings continues to grow strongly as confidence levels amongst the travelling public return to pre-COVID-19 levels.
- Helloworld's network members continue to expand, with a number of new locations now opened and due to open in the coming 12 months. Members are experiencing their busiest times as consumers seek to engage with a trusted travel professional for their long-awaited travel.
- Helloworld continues to invest in Resworld (our inhouse developed, proprietary, mid-office system), adding new functionality and building usage across the network.

- ENDS -

This announcement has been approved by the Board.

Andrew Burnes. AO  
Chief Executive Officer

***About Helloworld Travel Limited***

*Helloworld Travel Limited (ASX: HLO) is a leading Australian and New Zealand travel distribution company, comprising retail travel networks, air ticket consolidation, wholesale travel services, destination management services (inbound), and freight and coach operations.*

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