

31 August 2021

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

Dear Sir/Madam,

Helloworld Travel Limited Results Announcement for the full year ended 30 June 2021

Further to the Company's announcement to the market today on the financial results for the full year ended 30 June 2021, please find attached the ASX Results Announcement.

Yours faithfully,



David Hall
Chief Financial Officer
Helloworld Travel Limited
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ASX ANNOUNCEMENT

Melbourne, 31 August 2021

Countdown to Re-opening

Helloworld Travel Limited (ASX:HLO) today released preliminary un-audited results for the year ended 30 June 2021 including Appendix 4E, Preliminary Final Report and Investor presentation.

The Company will release audited accounts within the week. Both the Company and its auditors, EY do not expect any material difference to the results released today and the audited financial statements to be released within the week.

Citing the challenges of lockdowns in both Melbourne and Sydney over the last 8 weeks, Helloworld CEO Andrew Burnes said every effort had been made to finalise the accounts by 31 August but with teams from both HLO and EY locked down and working from home since July in Sydney and early August in Melbourne the audit was not quite complete.

Full Year Highlights

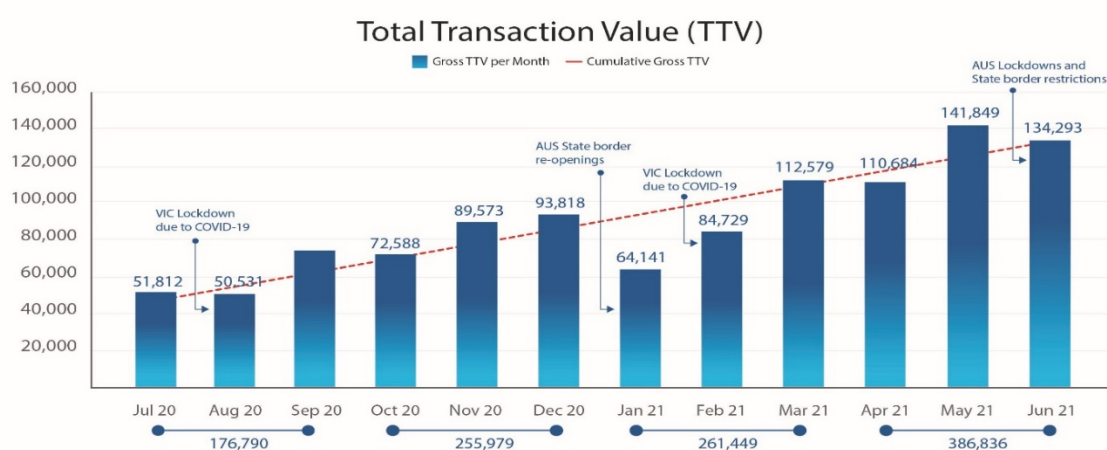
- FY21 Statutory Loss after Tax of \$35.9 million.
- Underlying earnings before interest, tax, depreciation and amortisation (Underlying EBITDA) losses in the June quarter limited to \$3.2 million despite no contribution from Job Keeper.
- Strong demand for corporate and leisure travel during periods of open interstate and trans-Tasman borders, reflecting pent-up demand. May 2021 recorded the best TTV result since COVID-19 first occurred (\$141.8 million), compared to an average monthly TTV of \$540+ million in FY19.
- \$131.0 million cash balance at 30 June 2021 with an additional \$31.6 million of headroom on existing debt facilities.
- FY21 Underlying EBITDA loss of \$14.1 million; at the low end of the range indicated in the Quarter 3 trading update (\$14.0 - \$16.0 million).
- FY21 Underlying Loss Before Tax of \$37.8 million after one-off costs of \$11.7 million.
- Guidance for FY22 not able to be provided at present due to uncertainty around the lifting of State and Federal Government border restrictions and travel bans.
- The \$50.0 million equity raising in August 2020 has created an extended liquidity runway beyond end calendar 2022.
- Cash burn minimised, revenue slowly returning, costs under tight control and short-term net operating cash outflows tightly managed.
- Australia Total Transaction Value (TTV) of \$962.5 million, total Revenue and Other income of \$86.3 million and underlying EBITDA loss of \$7.1 million.
- New Zealand TTV of A\$118.5 million, total Revenue and Other income of revenue of A\$7.8 million and underlying EBITDA loss of A\$6.3 million.
- HLO's retail networks in Australia and New Zealand showing steadfast resilience with our support, with the travel agent network totaling 2,224 down from 2,496 in the prior year.
- Delta variant, lockdowns and vaccine rollout now the dominant factors as we countdown to re-opening.

Financial Summary

SUMMARY OF RESULTS

	For the year ended 30 June 2021 \$000's	For the year ended 30 June 2020 \$000's	Change \$000's	Change %
Total Transaction Value (TTV)	1,081,054	5,005,961	(3,924,907)	(78.4)
Revenue and other Income	94,173	294,879	(200,706)	(68.1)
Underlying operating expenses	(107,445)	(254,367)	146,922	57.8
Equity accounted profits/(loss)	(790)	1,246	(2,036)	(163.4)
Add back trading losses relating to U.S Wholesale Division	-	2,284	(2,284)	-
Underlying EBITDA	(14,062)	44,042	(58,104)	(131.9)
Significant non-recurring items	(11,247)	(18,026)	6,779	86.9
Impairment non-current assets	(426)	(67,947)	67,521	99.4
Depreciation and amortisation expense	(21,180)	(23,919)	2,739	11.5
Finance expense on borrowings	(2,575)	(3,029)	454	15.0
Underlying Profit/(Loss) before income tax expense	(37,817)	17,094	(54,911)	(323.7)
Loss before income tax	(49,490)	(68,879)	19,389	28.1
Loss after income tax	(35,885)	(69,985)	34,100	48.7
Loss after tax attributable to members	(35,496)	(69,874)	34,378	49.2
Revenue margin %	6.6%	5.6%	0.9%	16.0
Underlying EBITDA margin %	(19.8%)	15.6%	(35.57%)	(228.0)

- 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.
- Underlying Earnings before Interest, Taxation, Depreciation and Amortisation (Underlying EBITDA):** represents earnings before interest expense, tax, depreciation and amortisation, adjusted to include depreciation on right of use assets and interest expense on lease liabilities and make good provisions arising from the application of AASB 16 and exclude large non-recurring items. Underlying EBITDA is a financial measure which is not prescribed by Australian Accounting Standards but is the measure used by the Board to assess the financial performance of the Group and operating segments and it is not subject to auditor review.



Losses kept to a minimum

In FY21, HLO generated over \$1.081 billion in Total Transaction Value (TTV) with total revenue and other income of \$94.2 million, including Government wage subsidies of \$23 million, comprising Australia \$21.9 million and New Zealand A\$1.1 million. With very tight cost management across all of our business divisions HLO was able to minimise losses.

One-off items including restructuring costs of just under \$12 million, depreciation and amortisation just over \$21 million and interest costs of circa \$3 million, impacted the statutory net loss before tax of \$49.5 million.

HLO's fourth quarter was the best trading period throughout FY21. It showed with all State and Territory borders open and the New Zealand bubble in place, TTV's could reach circa \$150-170 million a month, which on an annualised basis would generate circa \$1.8 - \$2.0 billion for a full year.

The FY21 results compare to the \$73.5 million Underlying EBITDA and \$50.8 million Underlying Profit before tax achieved in FY19, pre COVID-19 on a base of \$6.5 billion total TTV.

HLO has historically experienced growth in terms of TTV, customers and profitability with a great team, highly skilled consultants and best of breed technology solutions. It has therefore been challenging watching our sales volumes, revenues and profitability fall by 85 per cent due to circumstances beyond our control. However, our team has done an extraordinary job maintaining morale and maintaining our presence with minimal costs while our travel agency network members have shown incredible resilience and done an outstanding job returning billions of dollars in cancelled bookings.

In the FY21 period, the first quarter was particularly tough, with TTV in July and August of circa \$50 million a month compared to \$540+ million a month during the same period in FY19. Total TTV for the quarter was \$177 million.

In the second quarter, trading improved, although TTV was still below a \$100 million a month and for the full quarter we achieved \$256 million in TTV. With lockdown slowly receding after the Christmas/January closures, TTV increased across the March quarter and March was our best month for the year to date, reaching \$112 million with quarterly TTV of \$261million.

April and May showed considerable improvement, with corporate and leisure travellers taking to the skies and roads as borders opened. Our June quarter was the best for the year with TTV of \$387 million, bringing our total TTV for the year to \$1.081 billion.

Refunds and credits

Throughout FY21 an enormous amount of work went into recovering monies from airlines, cruise companies, tour operators and others to refund via our agency networks to customers across Australia and New Zealand.

Normally these refund processes are automated however most airlines turned off their automated processes resulting in a laborious manual refund process for every ticket which caused significant delays in refunding monies back to customers. Throughout the year, our ticket consolidation business Air Tickets refunded or passed on airline flight credits for over 450,000 tickets worth over \$600 million.

We also managed over \$150 million in cruise and wholesale refunds and credits back to our agency networks and on to consumers while HLO network agents handled hundreds of millions of dollars of refunds and credits and re-bookings, many of which are scheduled not to travel in 2022 and 2023.

Our People

The work force across Australia, New Zealand, Fiji and India reduced by approximately by 44% in FY21, from 1,578 to 885, with the remaining personnel working reduced hours or placed on stand-down.

This compares to 31 December 2019 when HLO had 2,150 personnel.

At the end of FY21 HLO had 595 FTE working in Australia, 88 working in New Zealand and 43 predominately in Mumbai, Nadi and Athens. These numbers have reduced further as a consequence of the current lock-downs in Australia and New Zealand.

Across our business divisions HLO has maintained an outstanding network of leaders and business development personnel who are working on our post-COVID-19 strategies for 2022 and beyond.

Cost Reduction Achievements

Since March 2020, HLO has focussed on reducing costs without sacrificing service levels. This has included:

- lowering occupancy costs through renegotiations with landlords, resulting in a material reduction from prior year occupancy costs;
- taking the difficult, yet necessary steps to reduce our headcount by 60%; and
- eliminating a wide range of additional discretionary variable expenditures throughout the business.

The focus remains on cost reductions due to significant lockdowns in Australia and New Zealand.

Cash and Liquidity Runway

At 30 June 2021, HLO had a cash balance of \$131.0 million with an additional \$31.6 million of headroom on existing facilities.

HLO extended its banking facility expiry dates on Facilities A, B and C to March 2023 and has agreed certain covenant suspensions and amendments with HLO's financier, Westpac and we are thankful for their continued and on-going support throughout this period.

HLO's \$50.0 million equity raising in August 2020 has created an extended liquidity runway beyond end calendar 2022.

Continued Technology Investments

HLO continues to invest in new and existing technology platforms across the business, driving our Corporate, Wholesale, Ticketing and Retail offerings to customers to ensure growth and productivity drivers are in place as we emerge from the COVID-19 period.

With a significantly reduced workforce as a result of COVID-19, recovery will be contingent on having best of breed technology solutions to deliver maximum productivity throughout the business and we are well positioned to achieve this as Australia and New Zealand emerge out the other side of this pandemic.

HLO's Retail Networks in Australia and New Zealand

HLO's agency networks have shown extraordinary perseverance throughout the last eighteen months. The network status at end June 2021 is set out below

Australia	March 2020	December 2020	June 2021
Helloworld Branded & Associate Networks	502	430 agencies + 52 agencies home based	417 agencies + 71 agencies home based
Magellan Travel	121	105	84
Helloworld Business Travel	63	63	59
My Travel Group	777 Inc. approx. 140 home based	568 +205 agencies home based	539 +213 agencies home based
MTA (<i>all home based</i>)	432	438	454
Total Australia	1,895 1323 agencies +572 home based agencies	1,861 1,166 agencies + 695 home based agencies	1,837 1,099 agencies + 738 home based agencies

New Zealand	March 2020	December 2020	June 2021
Helloworld Branded & Associate Networks	82	60 + 10 agencies home based	47 + 18 agencies home based
My Travel Group	128	107	88
Travel Brokers	291	236 *all home based	234 *all home based
Total NZ	501 210 agencies + 291 home based agencies	413 167 agencies + 246 home based agencies	387 135 agencies + 252 home-based agencies

Total	2,396	2,274	2,224
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- Over the last 12 months, some multi-agency owners have consolidated some of their outlets while other agencies have scaled down their businesses until such time as international travel resumes and are operating from home.
- It should be noted that almost all the agencies who have chosen to cease trading altogether have done so in an orderly and professional manner and in accordance with their legal and financial obligations and they continue to manage, retrieve and distribute their clients refunds and any other outstanding customer entitlements such as future travel credits.

Outlook Commentary

- Australia is on the pathway to achieve a vaccination rate of 80 per cent by end November 2021 and it has been agreed by National Cabinet based on modelling by the Doherty Institute that once we reach these levels, the need for state-wide lockdowns will be substantially reduced. This needs to be supported by continued TTIQ (test, trace, isolate, quarantine) measures and those who have been vaccinated need to be allowed to travel overseas again at some point in 2022 to countries where vaccination rates are similar and infections under control.
- It is expected that State borders will be largely re-opened by Christmas and international borders should begin to open up in the first half of 2022.
- In the meantime, HLO will continue to run its business as efficiently as possible through a disciplined approach to cost management while maintaining service levels to our corporate, wholesale and retail agency customers throughout Australia and New Zealand.
- With our long track record in domestic travel in Australia and New Zealand, open borders between the States and trans-Tasman is sufficient to generate break even TTV levels across our business.
- As international borders re-open and cruising both in Australian / New Zealand waters and then beyond comes back we expect to see very positive trading conditions evolve throughout 2022 and beyond.
- This will be greatly helped by the resilience of our retail travel agency networks who have made it through so far and will come out the other side of this pandemic stronger than ever.

Comment from Andrew Burnes, Helloworld Travel CEO & Managing Director

“It has been a very difficult time for our industry but after 18 months of being largely shut down, there is finally some light at the end of the tunnel as Australians and New Zealanders embrace vaccination as the pathway out of this pandemic. It is now abundantly clear that fatality rates amongst those who are vaccinated, even with one jab, are minimal and the effect of the virus is greatly diminished.

With rapid testing, herd immunity and the extraordinary desire of the human race to explore, travel will once again become one of the most in demand experiences in the years ahead and travel agents will rebound across both sides of the Tasman. Travel professionals across HLO’s agency and broker networks located across the breadth and depth of Australia and New Zealand will be at the forefront of organising and managing travel for their customers and our corporate, wholesale and inbound businesses will rebound as well.

Captain James Cook wrote in 1770 “*I had ambition not only to go farther than any man had been before, I had ambition to go as far as a man could go*”. For many of us that is currently 5 kilometres but with determination and resolve, we will get out of this situation and once again set forth over land, sea and air to explore the four corners of our great planet.”

- 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 & 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.

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