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2014 Half Year Results


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Rob Gurney CEO

2014 Half Year Review

- Total Transaction Value (TTV) of $2.52 billion
- Adjusted EBITDAI [1] of $19.0 million
- Loss before tax of $3.9 million, includes the loss on disposal of the Inbound business and cost of strategic implementation
- Continued focus on cost reduction and efficiency initiatives resulting in operating costs lower than H1 FY13 by 9%
- Basic loss per share of 1.06 cents per share
- Positive momentum in the implementation of the helloworld transformation strategy

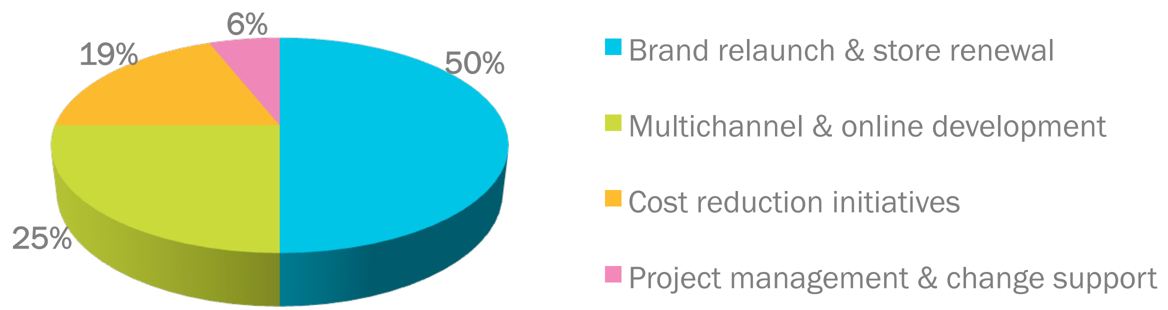
(1) Earnings before interest expense, taxes, share based payments, depreciation, amortisation and impairment (EBITDAI). Adjusted EBITDAI excludes other significant or unusual items of income or expense. A reconciliation of Adjusted EBITDAI to Profit before Tax is included in the Appendices.

helloworld implementation update

- Key milestones achieved include:
  - Launch of new consumer brand, helloworld
  - Over 675 stores signed to the helloworld retail models with a strong pipeline of additional locations
  - Strategic Alliance with Orbitz Worldwide Inc executed and **helloworld.com.au** launched
  - Store refresh program underway across Australia
  - Inaugural helloworld Owners-Managers Conference in Melbourne
  - Brand licensing agreement with American Express Global Business Travel executed
  - Sale of Inbound business to AOT Group
  - Jetstet Travelworld Limited changed its name to Helloworld Limited

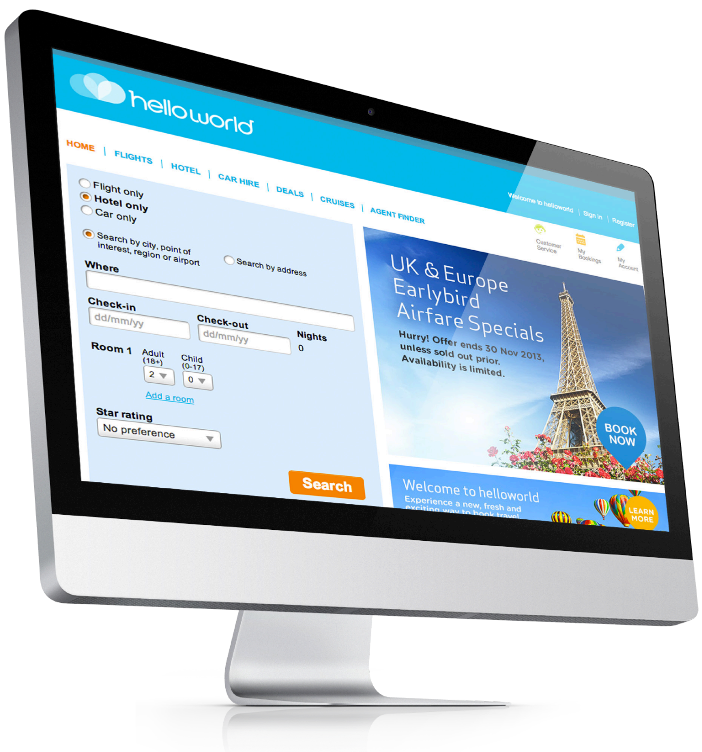
helloworld implementation update (cont.)

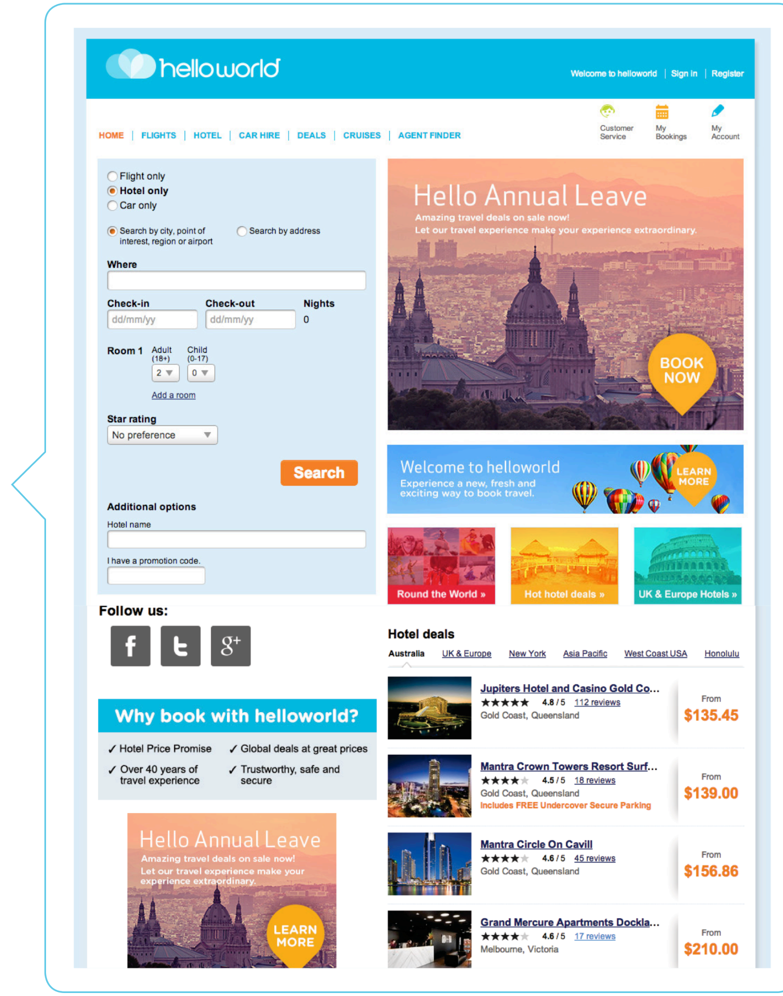
- Franchisee and members engagement progressing well. Store re-branding commenced in October and will continue throughout FY14
- helloworld branded stores and helloworld.com.au commenced operations in Quarter 2 of FY14 followed by a full consumer launch in Quarter 3
- helloworld implementation costs expected to be in the range of $35 - $40 million, funded from existing cash reserves and debt facilities
- Implementation expected to be completed by 31 December 2014
- Implementation investment allocated across:



helloworld Concept Store

Launch of helloworld.com.au





helloworld Owners & Managers Conference

- Over 950 delegates attended the conference held in Melbourne, November 2013
- Theme of the conference was *'Inspiration, Transformation, Celebration'*

Outlook

- FY14 will represent a period of investment in the implementation of the helloworld brand and growing our digital business
- FY14 trading results currently tracking in line with previous EBITDAI guidance of $40-$45 million (excluding the costs associated with helloworld implementation and the disposal of the Inbound business)
- Implementation costs in the range of $7-$9 million expected to be incurred in the second half of FY14.
- Business transformation expected to drive improved profitability from FY15 onwards by capturing market growth and increased market share

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Elizabeth Gaines COO & CFO

Half Year Result

	HY14 $m	HY13 $m	Change %
Total Transaction Value (TTV)	2,524.9	2,495.6	1%
Revenue	151.5	171.0	-11%
Adjusted EBITDAI [(1)]	19.0	25.3	-25%
(Loss)/profit before tax	(3.9)	14.9	-126%
(Loss)/profit after tax	(4.7)	8.6	-154%
Basic earnings/(loss) per share	(1.06) cents	1.97 cents	-154%
Diluted earnings/(loss) per share	(1.05) cents	1.94 cents	-154%
Interim dividend per share	-	1.00 cent	-100%

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Retail Segment

	HY14 $m	HY13 $m	Change %
Total Transaction Value (TTV)	1,861.8	1,812.5	3%
Revenue	86.9	96.9	-10%
Operating expenses	(58.3)	(64.5)	-10%
Adjusted EBITDAI	28.5	32.4	-12%

- Revenue to TTV margin decreased from 5.3% to 4.7% reflecting lower average air selling prices
- Operating costs decreased by 10% reflecting a continued focus on cost management

Wholesale Segment

	HY14 $m	HY13 $m	Change %
Total Transaction Value (TTV)	380.1	377.3	1%
Revenue	43.8	51.5	-15%
Operating expenses	(41.8)	(46.0)	-9%
Adjusted EBITDAI	2.1	5.5	-62%

- Wholesale includes trading for the ATS Inbound business until the disposal on 30 September 2013. Excluding Inbound business, Wholesale TTV increased by 7% and Revenue decreased by 8%
- Revenue margin decreased from 13.7% to 11.5% reflecting growth in lower margin cruise volumes and the mix of business between online and offline channels
- Operating costs decreased by 9% due to a continued focus on productivity improvement and operational efficiencies

Travel Management Segment

	HY14 $m	HY13 $m	Change %
Total Transaction Value (TTV)	283.0	305.8	-7%
Revenue	18.1	19.9	-9%
Operating expenses	19.4	21.7	-11%
Adjusted EBITDAI	(1.4)	(1.8)	26%

- Travel Management TTV impacted by reduced corporate customer volumes
- A focus on pricing initiatives minimised the impact of lower TTV volumes, with the revenue margin decreasing by 0.1% from 6.5% to 6.4%
- Benefit of the restructuring initiatives implemented throughout FY13 resulted in operating costs reducing by 11%

Balance Sheet

	Dec-13 $m	Jun-13 $m
Cash	172.4	234.9
Other current assets	97.8	116.0
Intangible assets	418.8	419.9
Other non-current assets	31.8	34.3
Current Liabilities	(256.2)	(337.2)
Non-current Liabilities	(27.5)	(26.0)
Equity	437.0	441.9

Liquidity and Funding

	Dec-13 $m	Jun-13 $m
Total Facility available	82.5	81.8
Drawn Debt	(25.9)	(25.3)
Multi-option Facilities (including bank guarantees)	(10.3)	(10.0)
Headroom	**46.3**	**46.5**
General cash	33.6	34.5
Client cash	138.7	200.4
Total cash	**172.4**	**234.9**

- Operating cash outflow for HY14 of $53.6m is in line with seasonal trends and includes the payment of strategic implementation costs funded from existing cash reserves

Appendices

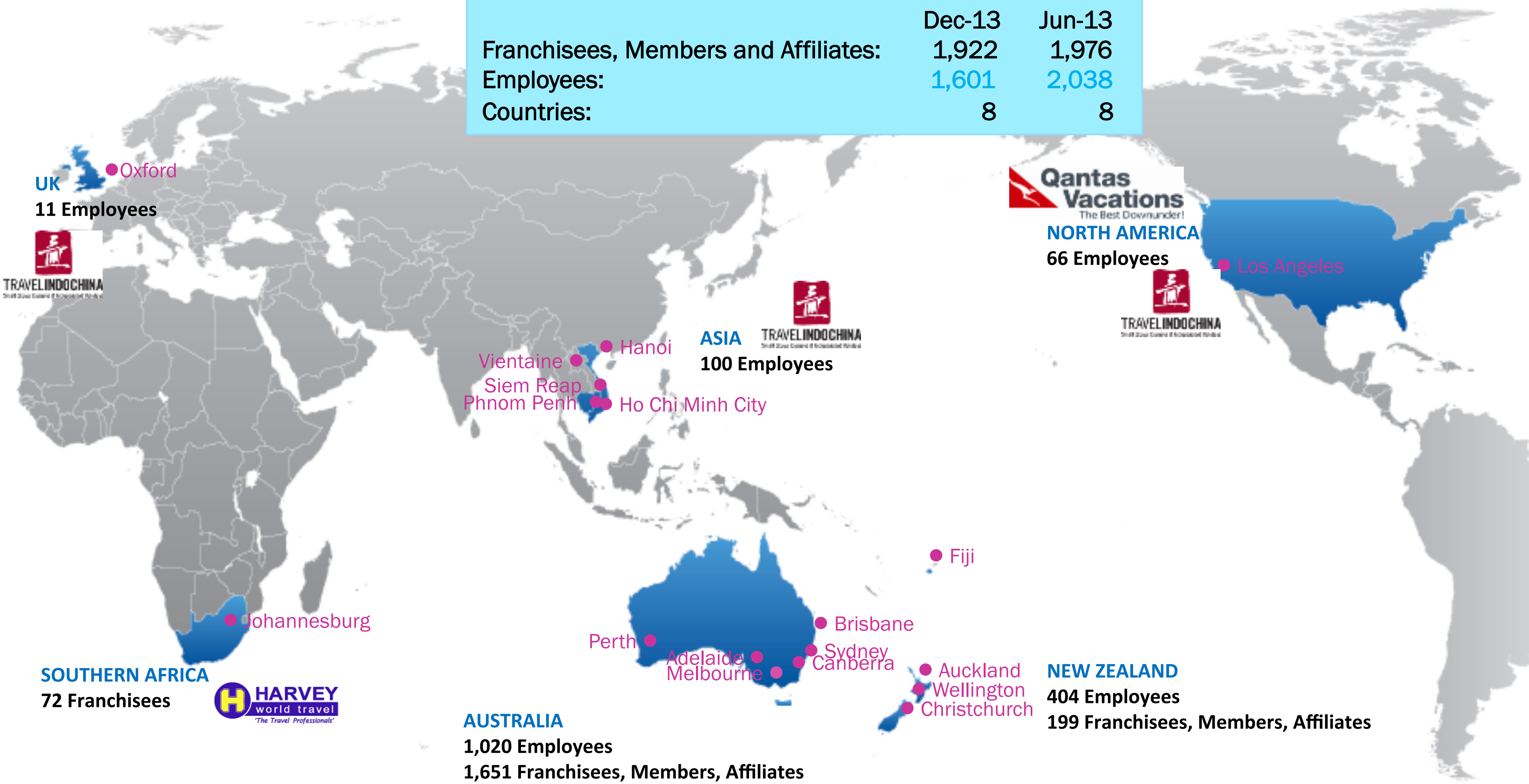
Reconciliation of Adjusted EBITDAI to (Loss)/Profit Before Tax

	HY14 $m	HY13 $m
Adjusted EBITDAI	**19.0**	**25.3**
Preliminary loss on disposal of investments	(5.4)	-
Strategic review costs	(9.1)	(2.3)
Share based payments	(0.9)	(0.4)
Legal costs relating to GST matter	(0.2)	-
Legal costs relating to disposal of investments	(0.1)	-
CEO retirement costs	-	(0.8)
EBTIDAI	**3.3**	**21.8**
Depreciation and amortisation	(5.3)	(5.0)
Finance costs	(1.8)	(1.8)
(Loss)/Profit before income tax	**(3.9)**	**14.9**

Earnings before interest expense, taxation, depreciation, amortisation, impairment and share-based payments (EBITDAI) is adjusted for significant or unusual items of income or expense as detailed in Note 3(c) to the Interim Financial Report. Adjusted EBITDAI is a financial measure which is not prescribed by Australian Accounting Standards but is the measure used by the Board to assess the performance of the operating segments. Adjusted EBITDAI has not been specifically reviewed in accordance with Australian Auditing Standards but has been extracted from Note 3 of the Interim Financial Report.

Business Profile

	Dec-13	Jun-13
Franchisees, Members and Affiliates:	1,922	1,976
Employees:	1,601	2,038
Countries:	8	8



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