



## **ASX ANNOUNCEMENT**

**WEDNESDAY 21 FEBRUARY 2024**

### ***Demand for travel remains buoyant***

Helloworld Travel Limited (ASX: HLO) today released its interim financial results for the half year ended 31 December 2023 including the consolidated interim financial report, Appendix 4D and an investor presentation.

#### **Half Year Financial Highlights**

- Underlying EBITDA \$34.0 million compared to \$15.6 million in the prior corresponding period (pcp) (+117.7%).
- Total Transaction Values (TTV) of \$2.20 billion (pcp: \$1.21 billion); an increase of \$994 million (+82.3%).
- Total revenue increased to \$112.3 million (pcp: \$73.2 million); growth of \$39.1 million (+53.4%).
- Profit after tax of \$16.0 million compared to \$1.6 million in the pcp, an increase of \$14.4 million (+902.9%).
- Earnings per share of 10.1 cents, up from 0.9 cents in the pcp, an increase of 9.2 cents (+1022.2%).
- Final dividend of 5 cents per share, fully franked (payment date: 22 March 2024).
- Strong liquidity position with significant cash reserves, shares in ASX listed Corporate Travel Management (ASX code: CTD), and no bank debt.
- Helloworld confirms its guidance to achieve an underlying EBITDA of \$64-\$72 million for FY24, subject to no material adverse change in operating conditions.

#### **Half Year Business Highlights**

- Integration of Express Travel Group (ETG) now finalised, efficiencies achieved across both businesses with integration of technologies and core functions.
- 30.3% Underlying EBITDA to Revenue margin for the half year with improving efficiencies and high productivity.
- Strong demand for leisure travel continues in Australia and New Zealand, and the need for travel agent services both leisure and corporate continues to expand. The value of a travel agent as a trusted advisor and travel manager is well understood by travellers.

## **HLO Retail**

- Helloworld's retail businesses are performing strongly due to high demand for travel and the high demand for a travel professional to undertake planning, booking and travel management aspects.
- We continue to invest in supporting our networks with marketing, superior commercial outcomes, extensive agent training and on-going systems developments.
- The Helloworld Travel Academy (launched in July 2022) has now had almost 400 consultants currently undertaking or having completed training in Australia and New Zealand. This number will continue to grow and bolster resources for our agents.
- Helloworld's retail business customers comprise over 2,400 members of travel agency and broker networks throughout Australia and New Zealand.
- Increased airline and cruise capacity will continue into FY24 and beyond in response to ongoing strong traveller demand, both in Australia and globally.

## **HLO Wholesale**

- Viva Holidays celebrates 50 years of operation and received the National Tourism Industry Award (NTIA) for the Most Outstanding Wholesaler in 2023.
- Ongoing development and enhancement to our HLO B2B technology solutions 'Mango' (a booking system used by Viva Holidays in Australia and Go Holidays in NZ) and 'Ready Rooms' (an accommodation search and booking system).
- Cruise continues to be a key driver of TTV and revenue with more and more cruise lines coming to Australia and New Zealand, as well as investing heavily in marketing activities for their overseas voyages.

## **HLO Inbound**

- International visitor arrivals to Australia and New Zealand continue to grow and are expected to remain strong, led by the UK and USA markets.

## **Transport, Logistics & Warehousing**

- Entertainment Logistix is Australia's largest provider of specialist transport and logistics services to the entertainment industry.
- The Entertainment Logistix fleet has grown to over 140 vehicles.
- Average first half. Continued capital investment in fleet and warehouse infrastructure with strong revenue growth forecast in 2H FY24.

## **Consolidation**

- Air Tickets is performing well with a strong mix of high travel demand and high fares.
- Capacity for air travel is expected to grow and fares should level out with demand remaining strong.

## Summary of Results

	For the year ended 31 Dec 2023 (\$000)	For the year ended 31 Dec 2022 (\$000)	Change (\$000)	Change %
Total Transaction Value (TTV) <sup>(1)</sup>	\$2,202,079	\$1,208,068	\$994,011	82.3%
Revenue and other income	\$112,260	\$73,175	\$39,085	53.4%
Revenue margin % <sup>(2)</sup>	4.9%	5.9%	(1.0%)	
Expenses	(\$81,352)	(\$61,285)	(\$20,067)	(32.7%)
Equity accounted profit	\$1,802	\$820	\$982	119.8%
Underlying EBITDA <sup>(3)</sup>	\$34,024	\$15,630	\$18,394	117.7%
Underlying EBITDA margin % <sup>(4)</sup>	30.3%	21.4%	8.9%	
EBITDA <sup>(5)</sup>	\$32,710	\$12,710	\$20,000	157.4%
EBITDA margin % <sup>(6)</sup>	29.1%	17.4%	11.7%	
Depreciation and amortisation	(\$8,539)	(\$9,377)	\$838	8.9%
Interest expense	(\$583)	(\$380)	(\$203)	(53.4%)
Profit before income tax	\$23,588	\$2,953	\$20,635	698.8%
Income tax expense	(\$7,541)	(\$1,353)	(\$6,188)	(457.4%)
Profit after income tax	\$16,047	\$1,600	\$14,447	902.9%
Profit after tax attributable to Helloworld Travel Limited shareholders	\$16,012	\$1,357	\$14,655	1080.0%

	For the year ended 31 Dec 2023 (cents)	For the year ended 31 Dec 2022 (cents)	Change (cents)	Change %
Basic earnings per share	10.1	0.9	9.2	1022.2%
Diluted earnings per share	10.1	0.9	9.2	1022.2%
Interim dividend per share	5.0	2.0	3.0	150.0%

(1) Total Transaction Value (TTV) does not represent revenue in accordance with Australian Accounting Standards and is not subject to audit or 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, predominantly 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 has been calculated as Revenue from contracts with customers as a percentage of TTV.

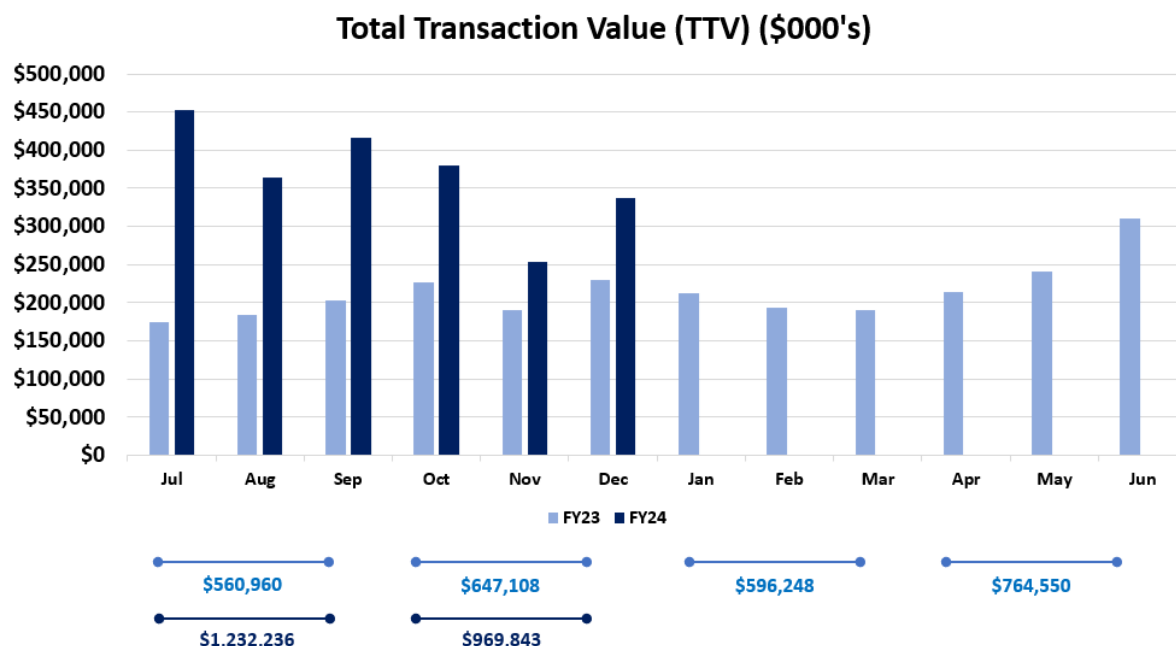
(3) Underlying EBITDA represents EBITDA excluding significant items. Underlying EBITDA is a financial measure which is not prescribed by Australian Accounting Standards but is the measure used by the Chief Executive Officer (CEO) and the Board to assess the financial performance of the Group and operating segments and is not subject to audit or review. A reconciliation of Underlying EBITDA to profit before income tax expense is provided in note 3: Segment Information of the Consolidated Interim Financial Statements.

(4) Underlying EBITDA margin has been calculated as Underlying EBITDA as a percentage of Total revenue.

(5) 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 or review.

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

## TTV increased 82% to \$2.2 billion in 1H24



### Overview of results

Helloworld's TTV increased by 82.3% to \$2,202.1 million for the six months ended 31 December 2023 compared to the prior corresponding period (pcp). This reflects the strong demand from the travelling public, Helloworld's strong product offering and the ongoing professionalism of our agent and broker networks.

Following a strong TTV result, total revenue and other income for the first half of FY24 was \$112.3 million, a \$39.1 million (or 53.4%) increase on the pcp. Revenue from contracts with customers increased by \$36.9 million, or 51.7%, to \$108.2 million. The revenue margin (being revenue from contracts with customers as a percentage of TTV) for the period was 4.9%, compared to 5.9% in the pcp. The lower revenue margin for the Group in the first half of FY24 is attributable to the acquisition of Express Travel Group which operates at a lower revenue margin, and lower Entertainment Logistix revenues in the first half.

Underlying EBITDA and EBITDA for the six-month period was \$34.0 million and \$32.7 million respectively, up 117.7% and 157.4% respectively on the pcp. The earnings improvement is a direct result of the Express Travel Group acquisition, ongoing revenue growth, and a continuing focus on cost control.

Net profit before tax was \$23.6 million for the six months, compared to a \$3.0 million profit in the pcp. Net profit after tax was \$16.0 million in the current period, compared to a \$1.6 million profit in the pcp.

## Outlook

- Helloworld reaffirms guidance to achieve underlying EBITDA of \$64-\$72 million for FY24, subject to no material adverse change in operating conditions.
- The business has no external borrowings and strong liquidity. All recent acquisitions have been funded from internal resources.
- International and domestic travel has returned and growth in demand for leisure travel will continue as travellers book more complex travel with longer lead times and higher average per person spend. This will continue to fuel the importance and value of the trusted advisor in making leisure travel arrangements.
- In 2024 we will see an increase in air capacity and lower fares in general as well as an increase in Cruise operations with more capacity in Australia, New Zealand and globally.
- Helloworld will continue to grow our workforce to meet increased demand with continued investment in people, technology and infrastructure.

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

*“These half year results are a demonstration of the strong demand for leisure travel that is continuing in Australia and New Zealand. The need for professional travel services continues to expand and is more important than ever. The value of a travel agent as your ‘trusted advisor’ is understood by travellers and our networks are ideally suited to continue to service that growing need.*

*The year ahead is looking very positive for continued travel growth, driven by increased capacity from airlines and cruise operators globally, and the superb service from our travel agents and brokers throughout Australia and New Zealand.”*

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 2,400 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

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