

# The Jetset Travelworld Group 2012 Half Year Results



# Peter Lacaze

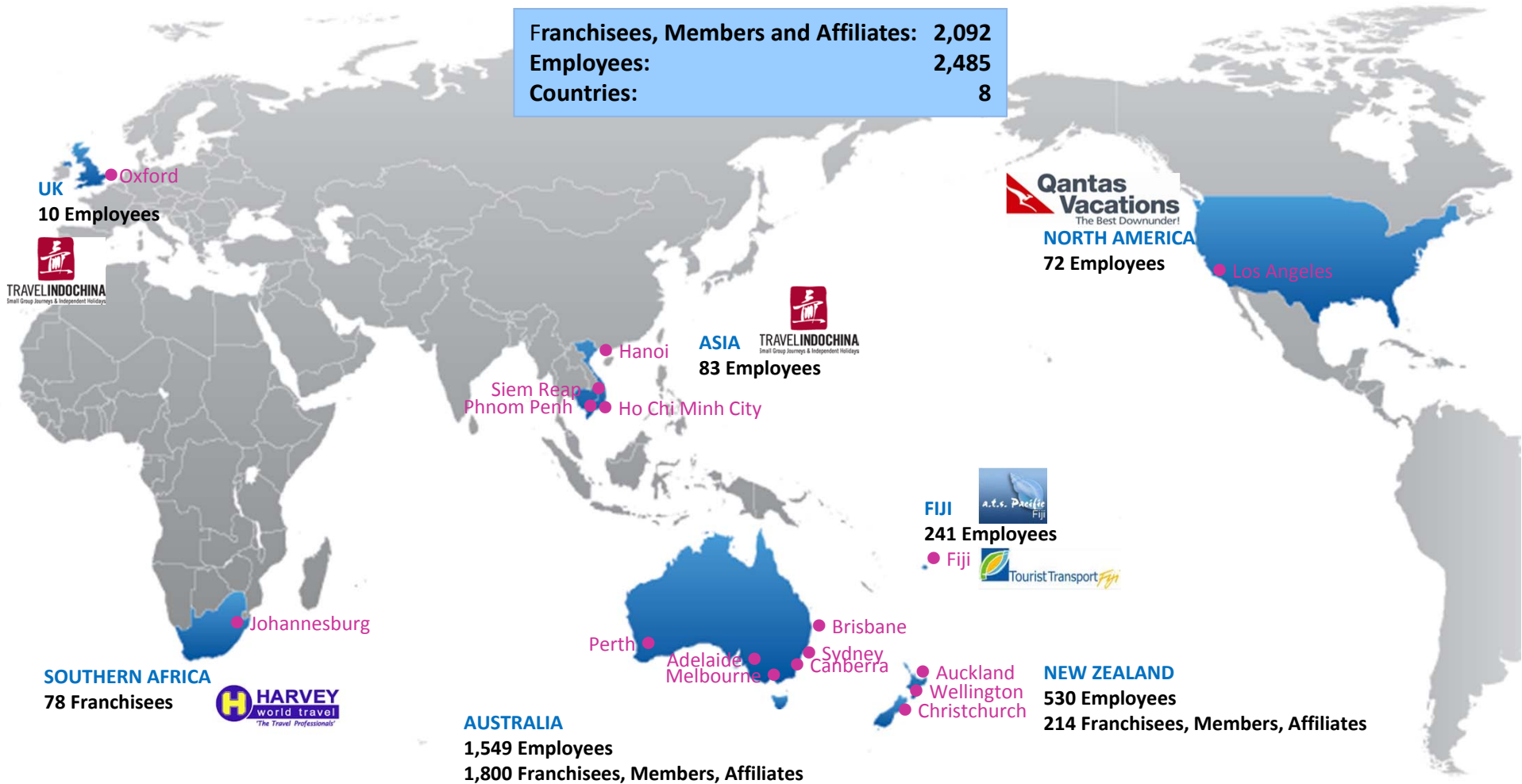
## Chief Executive Officer

# Highlights

- Profit before tax increased 157% to \$16.5 million
- Profit after tax attributable to members of Jetset Travelworld Limited (JTL) increased 738% to \$11.2 million
- Earnings per share of 2.55c increased 522%
- An interim dividend of 1.1 cents per share, fully franked, will be paid on 2 April 2012. No interim dividend was paid in the prior year
- Half-year results in the current period reflect 6 months of consolidated trading for all businesses post-merger
- Implementation of the merger of Jetset Travelworld and Stella Travel Services is now complete with merger synergies realised in accordance with expectations

# Business Profile

Franchisees, Members and Affiliates: 2,092  
 Employees: 2,485  
 Countries: 8



# Brand and Business Overview

Retail	Wholesale	Travel Management
            	               	   

## Merger Update

- IT separation project completed on time and within budget
- All other merger integration projects completed – now “business as usual”
- Continued stability in retail network numbers
- Merger cost synergies have been realised
- Escrow period for major shareholders expired on 31 December 2011 with no warranty claims during the escrow period

## Business Combination Pro-forma Results – 1H

	1H12 \$m	1H11 <sup>(1)</sup> \$m	Change %
Total Transaction Value (TTV)	2,814.1	2,844.2	-1%
Revenue	187.5	193.5	-3%
Operating expenses	(162.4)	(170.2)	-5%
Adjusted EBITDAI <sup>(2)</sup>	25.1	23.3	+7%
Profit before tax	16.5	2.1	+687%

➤ TTV result reflects lower international selling prices. Revenue decrease reflects competitive pricing in Wholesale and Qantas industrial action

➤ Operating expenses and Adjusted EBITDAI results reflect merger synergy benefits and active cost management

(1) Pro-forma results for 1H11 are presented as if the merger of JTG and STS had occurred on 1 July 2010 i.e. with 6 months of trading for each business included in the period. This pro-forma information is derived from note 10 (Business acquisitions) to the Interim Financial Statements/Appendix 4D.

(2) Earnings before interest expense, taxes, share based payments, depreciation, amortisation and impairment. Adjusted EBITDAI excludes other significant or unusual items of income or expense.

# Elizabeth Gaines

Chief Financial Officer



## Half-year Result

	1H12 \$m	1H11 <sup>(1)</sup> \$m	Change %
Total Transaction Value (TTV)	2,814.1	2,213.6	+27%
Revenue	187.5	151.9	+23%
Adjusted EBITDAI <sup>(2)</sup>	25.1	17.8	+41%
Profit before tax	16.5	6.4	+157%
Profit after tax attributable to members	11.2	1.3	+738%

	1H12 Cents	1H11 <sup>(1)</sup> Cents	Change %
Earnings per share	2.55	0.14	+522%
Dividends per share	1.10	-	N/A

(1) Represents the results of Stella Travel Services (STS) only for the period from 1 July 2010 to 30 September 2010 and the consolidated results for STS and JTL for the period from 1 October 2010 to 31 December 2010.

(2) Earnings before interest expense, taxes, share based payments, depreciation, amortisation and impairment. Adjusted EBITDAI excludes other significant or unusual items of income or expense.

## Retail Segment

	1H12 \$m	1H11 <sup>(1)</sup> \$m	Change %
Total Transaction Value (TTV)	1,998.9	1,696.9	+18%
Revenue	101.8	87.8	+16%
Operating expenses	(68.4)	(65.4)	+5%
Adjusted EBITDAI	33.3	22.4	+49%

➤ Retail Segment performance driven by a 10% surge in outbound departures during calendar year 2011

➤ The number of transactions booked on Best Flights increased by 20% during the six months with a 17% increase in transactions booked on Best Cruises

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## Wholesale Segment

	1H12 \$m	1H11 <sup>(1)</sup> \$m	Change %
Total Transaction Value (TTV)	439.5	283.5	+55%
Revenue	58.1	43.6	+33%
Operating expenses	(52.4)	(38.5)	+36%
Adjusted EBITDAI	5.7	5.1	+12%

➤ Margin of Revenue to TTV for the Wholesale Segment was 13.2% compared to 15.4% for the prior period as a result of reduced selling prices in a highly competitive Wholesale market

➤ Qantas Holidays was impacted by the grounding of the Qantas fleet on 29 October 2011. This is a short-term impact contained to the first-half

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## Travel Management Segment

	1H12 \$m	1H11 <sup>(1)</sup> \$m	Change %
Total Transaction Value (TTV)	375.7	233.2	+61%
Revenue	24.7	16.8	+47%
Operating expenses	(25.4)	(16.4)	+55%
Adjusted EBITDAI	(0.7)	0.4	-

- QBT underwent a significant transition of its Amadeus transacting system during the half
- Trading under the terms of the Whole of Australian Government agreement commenced on 1 July 2011
- QBT was impacted by the Qantas Airways industrial action and grounding of the fleet. This caused some short-term cost increases for QBT as it managed the impact on its customers

(1) Represents the results of Stella Travel Services (STS) only for the period from 1 July 2010 to 30 September 2010 and the consolidated results for STS and JTL for the period from 1 October 2010 to 31 December 2010.

## Balance Sheet

	Dec-11 \$m	June-11 \$m
Cash	177.9	221.5
Debtors	115.8	133.4
Intangible assets <sup>(1)</sup>	428.6	427.7
Other non-current assets	38.1	30.5
Current Liabilities	(283.7)	(347.3)
Non-current Liabilities	(43.9)	(29.2)
Equity	432.8	436.6

**(1) Intangible assets consists of:**

Goodwill	255.4	255.7
Franchise systems	97.4	97.4
Brand names	62.6	62.9
Trademarks	4.8	5.1
Computer software	8.4	6.6
<b>Total Intangible Assets</b>	<b>428.6</b>	<b>427.7</b>

## Liquidity and Funding

	Dec-11 \$m	Dec-10 \$m	Jun-11 \$m
Total Facility available	80.7	80.9	81.4
Drawn Debt	(28.6)	(34.5)	(25.2)
Multi-option Facilities (including bank guarantees)	(19.5)	(12.4)	(14.7)
<b>Headroom</b>	<b>32.6</b>	<b>34.0</b>	<b>41.5</b>
General cash	14.0	32.2	36.6
Client cash	163.9	143.7	184.9
<b>Total cash</b>	<b>177.9</b>	<b>175.9</b>	<b>221.5</b>

- The Facilities are non-amortising and repayable on 30 September 2015
- The half-year to December is a period of outflow in client cash balances
- Capital investment in FY12 is weighted to the first half

# Outlook

- **Solid first half which benefited from merger cost synergies**
- **Demand is difficult to predict due to economic volatility. Absent any significant industry disruptions, the domestic and outbound travel market in Australia is expected to continue to grow**
- **Market growth, coupled with the full benefits of the merger related cost synergies results in Jetset Travelworld being well positioned for improved financial performance in the statutory results for the full year ending 30 June 2012**