

HELLOWORLD TRAVEL LIMITED RESULTS ANNOUNCEMENT



YEAR ENDING 30 JUNE 2024

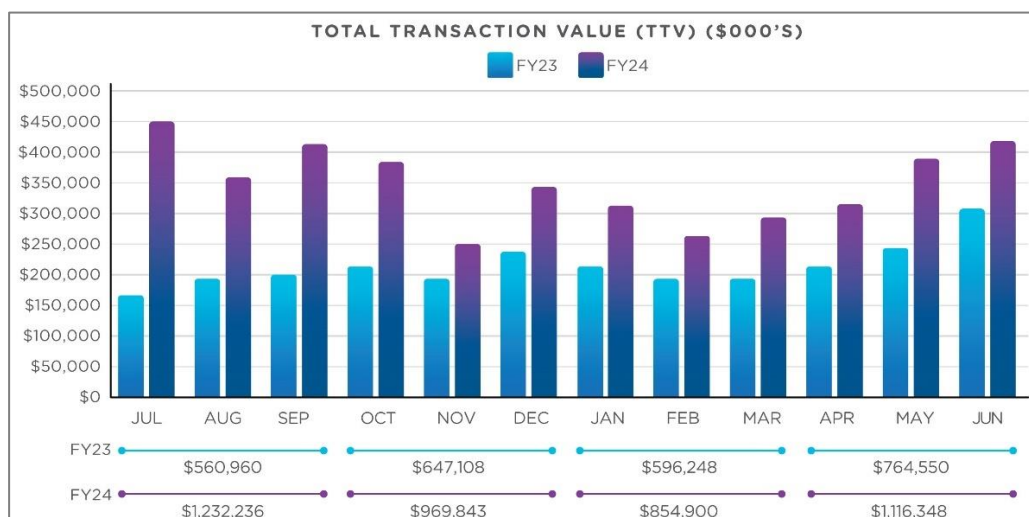


Melbourne, 27 August 2024

Helloworld Travel Limited ('ASX: HLO', 'Helloworld', the 'Company' or the 'Group') has today released its audited financial results and annual report for the year ended 30 June 2024 (FY24); including Appendix 4E and an investor presentation.

Full Year FY24 Highlights

- Total Transactional Value (TTV) increased to \$4.2 billion, up 62.5% or \$1.6 billion on the prior year.
- Revenue growth of 37.5% year-on-year to \$228.2 million in FY24.
- Full year underlying EBITDA of \$67.5 million, an increase of \$23.3 million or 52.9% on the prior year.
- Underlying EBITDA margin increased from 26.6% in FY23 to 30.0% in FY24 as the Group benefits from its focus on profitable revenue streams, cost control and improved productivity.
- Net profit after tax increased to \$30.7 million, up 60.2% or \$11.5 million year-on-year.
- Basic earnings of 19.2 cents per share, an increase of 6.8 cents per share or 54.8% compared with the prior year.
- Final dividend of 6.0 cents per share, fully franked (payment date: 19 September 2024), bringing the total declared dividends for FY24 to 11.0 cents per share, an increase of 37.5% compared with the prior year and reflecting a full year dividend yield of 4.9% (based on the closing share price of \$2.23 on 24 August 2024).
- All geographic segments were profitable with Australia and New Zealand reporting strong growth in underlying EBITDA compared with the prior year.
- Increased investment in the development of enhanced technology solutions, network expansion and marketing initiatives continues to drive improved profitability.
- Total agency and broker numbers across Australia and New Zealand now number over 2,700 including over 530 franchisees, over 1,500 agencies in our buying groups and over 650 members of our broker business networks.
- Strong balance sheet, following full year cash generation of \$63.5 million, zero bank debt and 1.4 million in CTM shares as at 30 June 2024.





Summary of Results

	For the year ended 30 June 2024 (\$000)	For the year ended 30 June 2023 (\$000)	Change (\$000)	Change %
Total Transaction Value (TTV) ⁽¹⁾	4,173,327	2,568,866	1,604,461	62.5%
Revenue and other income	228,208	165,914	62,294	37.5%
Revenue margin % ⁽²⁾	5.2%	6.3%	-1.1%	
Expenses	(172,258)	(128,112)	(44,146)	34.5%
Equity accounted profit	4,857	1,981	2,876	145.2%
Underlying EBITDA ⁽⁴⁾	67,462	44,119	23,343	52.9%
Underlying EBITDA margin % ⁽⁶⁾	30.0%	26.6%	3.4%	
EBITDA ⁽³⁾	60,807	39,783	21,024	52.8%
EBITDA margin % ⁽⁵⁾	26.6%	24.0%	2.6%	
Depreciation and amortisation	(18,798)	(18,023)	(775)	4.3%
Interest expense	(1,217)	(703)	(514)	73.1%
Profit before income tax from continuing operations	40,792	21,057	19,735	93.7%
Income tax expense	(10,063)	(1,872)	(8,191)	437.6%
Profit after income tax from continuing operations	30,729	19,185	11,544	60.2%
Loss after income tax from discontinued operations	-	(1,822)	1,822	(100.0%)
Profit after tax for the year	30,729	17,363	13,366	77.0%
Profit attributable to the owners of Helloworld Travel Limited	30,604	17,375	13,229	76.1%

	For the year ended 30 June 2024 (cents)	For the year ended 30 June 2023 (cents)	Change (cents)	Change %
Basic earnings/(loss) per share				
Continuing operations	19.2	12.4	6.8	54.8%
Discontinued operations	-	(1.2)	1.2	(100.0%)
Diluted earnings/(loss) per share				
Continuing operations	19.2	12.4	6.8	54.8%
Discontinued operations	-	(1.2)	1.2	(100.0%)
Interim dividend per share	5.0	2.0	3.0	150.0%
Final dividend per share	6.0	6.0	-	-

(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, derived from TTV. TTV does not represent the Group cash inflows as some transactions are settled directly between customer and supplier.

(2) Revenue margin has been calculated as revenue from contracts with customers as a percentage of TTV. The calculation does not include interest income and other income.

(3) 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.

(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 is not subject to audit or review. A reconciliation of Underlying EBITDA to profit before income tax expense is provided in note 2.3: Segment Information.

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

(6) Underlying EBITDA margin has been calculated as Underlying EBITDA as a percentage of total revenue excluding significant items.



Results overview

Helloworld Travel recorded strong growth in Total Transaction Value (TTV), revenue, underlying EBITDA and net profit after income tax during the financial year FY24. The result was driven by a continued focus on profitable revenue streams, cost control and improved productivity, and the successful acquisition and integration of Express Travel Group (ETG). While focused on delivering this result, the Company further invested in its brands, products, technology and people to ensure the Group is well positioned to deliver sustainable long-term growth.

TTV grew by 62.5% to \$4.2 billion, up from \$2.6 billion in the prior corresponding period (pcp). Both the Australian and New Zealand geographic segments benefited from the ETG acquisition and grew TTV by 60.6% and 79.4% respectively.

Revenue grew by 37.5% to \$228.2 million, up from \$165.9 million (pcp). The revenue margin decrease from 6.3% (pcp) to 5.2% was attributable to the ETG acquisition which operates at a lower revenue margin, and lower Entertainment Logistix revenue.

FY24 operating costs increased compared with the prior year following the ETG acquisition and as the Group continued to invest in both short and long term growth initiatives (including resuming marketing campaigns in Australia and New Zealand). Importantly, cost control and delivering improved productivity are embedded into the day-to-day activities of the business and continue to remain a focus.

In FY24, the share of profits from equity accounted investments increased 145.2% to \$4.9 million. This was driven from strong results by MTA (50% owned by Helloworld) and Phil Hoffmann Travel (40% owned by Helloworld, effective August 2023).

The Entertainment Logistix business, Australia's largest provider of specialist transport and logistics services to the entertainment industry reported full year revenues of \$17.1 million (down from \$24.2 million pcp) and underlying EBITDA of \$1.2 million.

Helloworld delivered underlying EBITDA of \$67.5 million, up \$23.3 million or 52.9% (pcp) and the underlying EBITDA margin improved from 26.6% in FY23 to 30.0% in the current year. Net profit after tax also increased to \$30.7 million, up 60.2% and \$11.5 million year-on-year. As a result, basic earnings per share grew by 54.8% to 19.2 cents. The Board declared a final dividend of 6.0 cents per share, fully franked to shareholders, bringing the total dividends declared to 11.0 cents per share for the current year.

Demand for travel professionals

The services of a travel advisor have never been more highly valued or in demand.

Due to the geographic location of Australia and New Zealand, it is common for international leisure travel to have increased complexity and include multiple destinations and multiple experiences. The bottom line is that people want to travel, they want the services of a professional to make sure it is done right, and they want to have the back up of a travel professional if anything goes wrong along the way.

Helloworld's network of agents and brokers across Australia and New Zealand is extensive, with a significant footprint representing our retail offerings that expands well beyond the capital cities. The Company's bricks and mortar agents thrive in regional areas, suburban shopping centres, traditional strip malls and large-scale shopping centres.

Additionally, the Company's vast mobile agent and broker members reach across any geographic location and have loyal customers who return to them time after time. Helloworld is well placed to meet the needs of this ever-increasing demand for travel advisors and professionals.

Across our agency and broker networks, there are over 10,000 travel advisors delivering professional advice and service across Australia and New Zealand, the biggest group of travel professionals in Australia and New Zealand.

From Broken Hill to Blacktown, Colac to Camperdown, Grey Lynn to Gore and everywhere in between there is a member of the Helloworld retail and broker networks to meet and exceed the service demands of travellers.



Technology

Throughout FY24 Helloworld continued to invest in technology and innovation across its proprietary systems, to improve overall network functionality, operational efficiency and productivity. This investment includes the Company's in-house retail mid-office solution, Resworld. Resworld is currently deployed in over 170 agencies across Australia and New Zealand with 800 registered users and we expect this to more than double over the next 12-18 months.

Helloworld's Air Tickets booking system remains at the forefront of ticketing and consolidation offerings with additional enhancements to the SmartSuite of technologies including SmartNDC and SmartRefunds.

The Company's wholesale hotel solution, ReadyRooms, is also seeing ongoing growth in users and currently features over 300,000 hotels, activities and transfers, providing travel agents with a cutting-edge booking portal.

Liquidity and funding

As at 30 June 2024, the Group held cash of \$161.9 million (30 June 2023: \$160.9 million) and has no bank debt.

The Group holds 1.4 million shares in ASX listed Corporate Travel Management (ASX: CTD) at 30 June 2024.

During the year, \$63.5 million of operating cash was generated with strong cash generation in the second half (2H is seasonally higher than 1H).

Helloworld Travel maintains a strong balance sheet that supports future business expansion and initiatives, while returning surplus cash funds to shareholders.

Dividend

The Board has resolved that the Company will pay a fully franked final dividend of 6.0 cents per share. The dividend is to be paid on 19 September 2024 with a record date of 6 September 2024. This brings the total dividends declared, fully franked, for the current year to 11.0 cents per share compared with 8.0 cent per share in the prior year, an increase of 37.5%.

Outlook

At the end of FY24 travel numbers in and out of Australia are at 90-100% of FY19 levels, and just slightly lower in New Zealand at 85-95% of FY19 levels.

The outlook for Helloworld is positive. The Company's diversified business model allows it to remain focused on growing TTV at profitable margins while carefully controlling costs.

Helloworld Management is looking forward to continuing the successful journey for the Company in the years ahead.

Comment from Andrew Burnes, AO, Helloworld Travel Chief Executive Officer and Managing Director

"The demand and importance of professional travel advisors continues to go from strength-to-strength in a market that values the expert services of a professional to enhance travel arrangements and holiday experiences.

Helloworld is committed to the long-term future of travel agents and brokers and can see first-hand that the demand for these services shows no signs of lessening.

We are looking forward to continuing the successful journey for the business in the years ahead."

This announcement has been approved by the Board.

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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.

Helloworld businesses have over 900 staff located in Australia, New Zealand, Fiji and Greece, and over 2,700 members in 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.



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