

An aerial view of an airplane wing extending from the bottom right towards the center of the frame. The sky is a vibrant mix of orange, yellow, and blue, indicating a sunset or sunrise. The wing's surface is highly reflective, mirroring the colors of the sky. In the background, dark silhouettes of hills or mountains are visible against the bright horizon. On the left side of the image, there is a large, abstract graphic element consisting of a red triangle pointing downwards and a black shape that curves around the bottom left corner.

Travelex Results Presentation

for the year ended 31 December 2018

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Section 1: Key Highlights

Year ended 31 December 2018 – key highlights

Financial and Operational Highlights

- Core Group Revenue (excl. disposed operation) up 5% to £825.9m, at constant exchange rate (CER)
- Core Group EBITDA (excl. disposed operation) £11.4m ahead of prior year at £79.8m (CER)
- Revenue growth at CER driven by ME&T (up 22%), JANZ (10%), Brazil (up 9%) and NAM (up 7%)
- Travelex is a network company of the Finabl group, the global platform for cross-border payments and foreign exchange
- Finabl continues to evaluate the option of a public listing
- We are not expecting any material impact from Brexit. Our operational readiness plans are in place

Financial Summary (excl. disposed operation)

£m, year ended 31 December

	2017	2018	Change	2018 CER ²	Change
Core Group Revenue ^{1,4}	786.1	802.0	2%	825.9	5%
Core Group EBITDA ^{1,3,4}	68.4	74.2	5.8	79.8	11.4

\$m, year ended 31 December

	2017	2018	Change
Core Group Revenue ^{1,4}	1,023.1	1,067.4	4%
Core Group EBITDA ^{1,3,4}	89.0	98.8	9.8

Net debt
£m

Gross debt

Free cash

Net debt

	31 Dec 2017	31 Dec 2018
Gross debt	(336.9)	(342.2)
Free cash	76.3	87.6
Net debt	(260.6)	(254.6)

1. Core Group metrics include 100% of Revenue and EBITDA from Joint Ventures and Travelex's French business which was sold to UAE Exchange Limited, a company of which Dr Shetty is also a shareholder. The French business remains in the Core Group results for management discussion and analysis purposes but is excluded from the Group's statutory results

2. Results at constant exchange rates (CER) are Core Group metrics retranslated at the average rates for the equivalent period in 2017

3. EBITDA is presented before exceptional items and non-underlying adjustments

4. Core Group excluding disposed operation metrics exclude the results of Supercard which was terminated on 18 April 2017



Section 2: Financial Performance

Group Revenue and EBITDA Summary for year ended 31 December 2018

£m, year ended 31 December

Core Group Revenue (excl. disposed operation) ^{1,4}

Trading EBITDA contribution

Central & Shared Costs (excl. Bonus)

Bonus

Core Group EBITDA (excl. disposed operation) ^{1,3,4}

Disposals (Supercard)

Core Group EBITDA (incl. disposed operation) ^{1,3,4}

	FY				
	2017	2018	Var	2018 CER ²	Var
Core Group Revenue (excl. disposed operation) ^{1,4}	786.1	802.0	2%	825.9	5%
Trading EBITDA contribution	123.2	131.5	8.3	137.6	14.4
Central & Shared Costs (excl. Bonus)	(49.0)	(50.3)	(1.3)	(50.8)	(1.8)
Bonus	(5.8)	(7.0)	(1.2)	(7.0)	(1.2)
Core Group EBITDA (excl. disposed operation) ^{1,3,4}	68.4	74.2	5.8	79.8	11.4
Disposals (Supercard)	(0.2)	-	0.2	-	0.2
Core Group EBITDA (incl. disposed operation) ^{1,3,4}	68.2	74.2	6.0	79.8	11.6

1. Core Group metrics include 100% of Revenue and EBITDA from Joint Ventures and Travelex's French business which was sold to UAE Exchange Limited, a company of which Dr Shetty is also a shareholder. The French business remains in the Core Group results for management discussion and analysis purposes but is excluded from the Group's statutory results

2. Results at CER are Core Group metrics retranslated at the average rates for the equivalent period in 2017

3. EBITDA is presented before exceptional items and non-underlying adjustments

4. Core Group excluding disposed operation metrics exclude the results of Supercard, which was terminated on 18 April 2017

Year ended 31 December 2018 – revenue performance by Trading Area

£m, year ended ended 31 December

	2017	2018	Change %	2018 CER	Change %
UK & Africa	274.1	285.1	4%	285.2	4%
JANZ	128.3	135.8	6%	141.7	10%
ME&T	63.9	71.0	11%	78.1	22%
Europe	117.8	120.1	2%	118.9	1%
NAM	84.9	88.9	5%	90.9	7%
Brazil	59.9	55.8	(7%)	65.3	9%
Asia	57.2	45.3	(21%)	45.8	(20%)
Core Group Revenue	786.1	802.0	2%	825.9	5%

Core Group Revenue increased 2% on prior year (up 5% to £825.9m CER) driven by:

- UK & Africa – 4% growth (4% CER growth) – growth in banknote supply to rest of Africa, fulfilment of Nigeria banknotes and bureau de change orders, Supermarkets, and UK Retail FX walk-up and ATM performance, partially offset by lower demand from UK outsourcing clients
- JANZ – 6% growth (10% CER growth) – due to outsourcing and retail growth across the region
- ME&T – 11% growth (22% CER growth) – strong trading across UAE, Turkey and Qatar
- Europe – 2% growth (1% 2017 CER growth) – growth in France, Germany and Switzerland has been offset by the impact of the Group exiting certain Italian airport stores upon the expiry of contracts. The Group continues to operate ATMs at these airports.
- NAM – 5% growth (7% CER growth) – growth driven by retail optimisation initiatives
- Brazil – 7% decline (9% CER growth) – CER growth driven by payments, digital payments and retail
- Asia – 21% decline (20% CER decline) – due to change in contract terms at Hong Kong airport, partially offset by growth in Singapore, China and Malaysia. Excluding the impact of the Hong Kong contract terms change, Asia grew at 14% CER

Year ended 31 December 2018 – performance by segment

<i>£m, year ended 31 December</i>	2017	2018	Var	2018 CER ²	Var
Revenue					
Foreign Exchange Solutions ¹	616.3	617.9	0%	639.1	4%
B2B and Payment Solutions	169.8	184.1	8%	186.8	10%
Core Group Revenue	786.1	802.0	2%	825.9	5%
EBITDA					
Foreign Exchange Solutions	66.0	70.9	4.9	76.3	10.3
B2B and Payment Solutions	57.2	60.6	3.4	61.4	4.2
Trading EBITDA Contribution	123.2	131.5	8.3	137.7	14.5
EBITDA margin					
Foreign Exchange Solutions	10.7%	11.5%			
B2B and Payment Solutions	33.7%	32.9%			
Trading EBITDA Contribution	15.7%	16.4%			

Foreign Exchange Solutions¹

- 4% revenue growth (CER)
- 8% like-for-like revenue growth driven by strong performance in the ME&T (22%), NAM (9%) and ANZ (5%) partially offset by softer performance in UK (3%)
- Continued strong performance in ATM (9% revenue growth CER) and Online (6% revenue growth CER) channels
- EBITDA margin of 11.5% slightly ahead of last year

B2B and Payment solutions

- 10% revenue growth (CER) principally driven by new contract wins in Australia and Japan and growth in banknote supply to the rest of Africa and increases in Nigeria bureau de change orders
- EBITDA margin slightly behind last year

Free cash flow statement (attributable operations)

Free cash flow from attributable operations			Commentary
<i>£m, year ended 31 December</i>	2017	2018	
Core Group EBITDA	68.2	74.2	<p>Net free cash inflow from attributable operations:</p> <ul style="list-style-type: none"> • Dividend paid to non-controlling interest principally related to ME&T operations • Utilisation of provisions and bonus accruals includes £4.8m related to onerous contracts • The outflow from the increase in cash inventory from year end is mainly due to trading requirements, and movements due to wholesale banknote orders • Other movements in working capital primarily relate to wholesale banknote orders, which are generally settled within 1-2 days of order completion <p>One off items:</p> <ul style="list-style-type: none"> • One-off items include non-underlying costs relating primarily to corporate project costs and historic payments relating to the 2015 sale of the Group
Less: Unconsolidated JVs and disposal of France	(5.7)	(9.9)	
Dividends received from joint ventures	1.7	2.6	
Dividends paid to non-controlling interest	(3.9)	(4.4)	
Utilisation of provisions and bonus accruals	(8.0)	(10.7)	
Net free cash flow from attributable operating activities (before inventory & working capital)	52.3	51.8	
Movements in cash inventory (cash in tills & vaults)	15.1	(9.6)	
Other movements in working capital	(8.1)	45.9	
Cash impact of movements in inventory & working capital	7.0	36.3	
Net free cash outflow from one-off items	(11.0)	(10.5)	
Net free cash flow from attributable operations	48.3	77.6	

Free cash flow statement (investing and financing)

Free cash flow from investing and financing activities			Commentary	
<i>£m, year ended 31 December</i>	2017	2018		
Net free cash flow from attributable operations	48.3	77.6	Investing activities: <ul style="list-style-type: none"> Expansionary & Maintenance capex includes c.£4m relating to two major projects <ul style="list-style-type: none"> Financial Crime Programme to implement a new anti-money laundering (AML) solution to ensure smart and cost effective AML operations and a positive customer experience Rollout of replacement ledger in the Middle East 	
Taxation paid	(21.5)	(12.3)		
Expansionary & Maintenance capex	(32.2)	(30.7)	<ul style="list-style-type: none"> 2017 Net free cash outflow from investment in subsidiaries related to the acquisition of the controlling interest in the existing JV in South Africa and 100% acquisition of Global Money Remittance in Singapore Other net investing activities primarily relate to the sale and purchase of Brazil government bonds which are held for short periods and a residual gain related to the sale of global payments business in 2011 	
Net cash outflow from investments in subsidiaries	(3.1)	-		
Other net investing activities	1.7	2.9		
Net free cash used in investing activities	(33.6)	(27.8)		
Interest paid on secured bonds, RCF and other bank loans	(32.7)	(28.8)		
Loan from shareholder	38.1	14.4		
Wholesale banknote business acquisition	-	(7.6)		
Investment in Payments Platform	-	(6.2)		
Bond redemption fee & fees incurred due to bond refinancing	(10.5)	-		
Redemption of bonds	(38.9)	-		
Drawdown of RCF and utilisation of overdraft	25.0	-	Financing Activities: <ul style="list-style-type: none"> Loan from shareholder reflects the additional loan received to fund the acquisition of assets from United Overseas Bank and to fund investment in Payments Platform 	
Capital element of finance lease payments	(0.1)	-		
Net free cash used in financing activities	(19.1)	(28.2)		
Exchange (loss)/gain on free cash	(3.9)	2.0		
Net (decrease)/increase in free cash	(29.8)	11.3		
Free cash at the beginning of the period	106.1	76.3		
Free cash at the end of the period	76.3	87.6		

Free cash, net debt & liquidity

Free cash £m	31 Dec 2017	31 Dec 2018
Cash and cash equivalents	530.3	550.2
Ring-fenced cash and term deposits	(40.0)	(41.1)
Bank loans and overdraft	(1.6)	(7.8)
Prepaid debit card floats	(193.9)	(185.6)
Banknotes prepayments	(37.4)	(40.4)
Net cash classified as held for sale	-	1.3
Unrestricted cash	257.4	276.6
Cash in tills, vaults and transit	(166.1)	(174.0)
Management estimate of regulatory cash	(15.0)	(15.0)
Free cash	76.3	87.6

Net debt £m	31 Dec 2017	31 Dec 2018
Fixed rate senior notes	(311.8)	(317.2)
Drawn RCF and utilised overdraft	(25.0)	(25.0)
Other loans	(0.1)	-
Gross debt	(336.9)	(342.2)
Free cash	76.3	87.6
Net debt	(260.6)	(254.6)

Commentary

- Cash and cash equivalents includes restricted amounts such as banknote prepayments and prepaid debit card float balances
- Free cash adjusts unrestricted cash for amounts being used as working capital (cash in tills, vaults and transit) and a consistent management estimate of cash required locally for regulatory purposes
- Revolving credit facility used to provide liquidity to meet operating cash needs. As at 31 December 2018, the facility had £25.0m drawn down, and £13.6m had been utilised as guarantees.

Section 3: Conclusions

Section 4: Further Information

Reconciliation from Core Group to Statutory (Revenue & EBITDA)

Reconciliation to Statutory Revenue¹

£m, year ended 31 December

	2017	2018
Core Group Revenue	786.4	802.0
Joint Venture adjustment for equity accounting	(23.4)	(26.6)
Travellers' Cheques	1.8	1.8
French business ownership adjustment	(46.2)	(48.7)
Revenue within Central & Shared Costs	1.0	1.0
Statutory Revenue	719.6	729.5

Reconciliation to Statutory and Adjusted EBITDA¹

Underlying EBITDA (per the consolidated financial statements)	59.9	63.6
Joint Venture adjustment for equity accounting ²	6.6	7.6
French business ownership adjustment	(0.9)	2.3
Travellers' Cheques	2.6	0.7
Core Group EBITDA (100% of JVs and France)³	68.2	74.2
Adjustment for proportion of Non-Consolidated JVs	(3.3)	(3.7)
French business ownership adjustment	0.9	(2.3)
Adjusted EBITDA⁴	65.8	68.2

¹ Historical FX rates used are actual average rates for each period

² Net of recharges

³ Core Group EBITDA consists of EBITDA adjusted to include 100% of the EBITDA of our joint ventures, share-based payment incentive charges, and Banque Travelex SAS which was disposed of in 2015 but is continued to be managed by the Group, and excludes EBITDA attributable to our Travellers' Cheques business, which does not form part of the Restricted Group.

⁴ Adjusted EBITDA consists of Core Group EBITDA adjusted for the share of non-consolidated joint ventures that are not attributable to the Group and excludes the EBITDA of Banque Travelex SAS, which was disposed of in January 2015 to UAE Exchange Limited in connection with the sale of the Group.

Reconciliation of Free Cash flow to Statutory measure

Reconciliation of free cash flow from attributable operations to applicable statutory measure

£m, year ended 31 December

	2017	2018
Net free cash flow from attributable operations	48.3	77.6
Cash outflow relating to investment in Payments Platform*	-	(6.2)
Dividends paid to non-controlling interest	3.9	4.4
Dividends received from Joint Ventures	(1.7)	(2.6)
Movement in cash held in tills, vaults and transit	(15.1)	9.6
Movement in banknotes prepayments	28.7	3.7
Movement in cash and deposits held for the Travellers' Cheques business	(4.5)	0.4
Movement in prepaid card float deposits	12.6	(20.7)
Cash flow from operating activities (statutory measure)	72.2	66.2

*Presented as financing activities for management purposes

FX Rate Summary

	Average FX rate for the period 31 December 2017	Average FX rate for the period 31 December 2018	% Movement	FX rate as at 31 December 2017	FX rate as at 31 December 2018	% Movement
EUR	1.14	1.13	(1%)	1.13	1.11	(2%)
USD	1.30	1.33	2%	1.35	1.27	(6%)
JPY	145.51	146.70	1%	152.33	139.55	(8%)
AUD	1.69	1.79	6%	1.73	1.81	5%
BRL	4.17	4.88	17%	4.48	4.93	10%
TRY	4.74	6.44	36%	5.12	6.76	32%