

An aerial view of an airplane wing against a sunset sky. The sun is low on the horizon, casting a warm orange and yellow glow. The wing is in the foreground, and the horizon line is visible in the distance. A red and black graphic element is on the left side of the image.

Travelex Results Presentation

for the 9 months ended 30 September
2018

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Section 1: Key Highlights

Nine months ended 30 September 2018 – key highlights

Financial and Operational Highlights

- Core Group Revenue (excl. disposed operation) up 5% to £630.6m, at constant exchange rate (CER)
- Core Group EBITDA (excl. disposed operation) £10.4m ahead of prior year at £66.4m (CER)
- Revenue growth at CER driven by ME&T (up 24%), JANZ (up 13%), Brazil (up 9%) and NAM (up 8%)
- Transfer of assets from United Overseas Bank to the Group was completed in Q3, strengthening our banknote global supply chain
- Trading since 30 September has continued to meet management's expectations
- We do not expect any material operational or regulatory impact from Brexit. We continue to closely monitor currency exposures as Brexit events develop
- Shareholders progressing plans to move Travelex's ownership structure under a holdco ("Finablr")
 - Shareholders continue to consider and evaluate a range of strategic options, including public listing of the Finablr group
 - No definitive decision has been taken with respect to any specific course of action at this stage

Financial Summary (excl. disposed operation)

<i>£m, nine months ended 30 Sep 2018</i>	2017	2018	Change	2018 CER ²	Change
Core Group Revenue ^{1,4}	599.7	606.1	1%	630.6	5%
Core Group EBITDA ^{1,3,4}	56.0	60.4	4.4	66.4	10.4

<i>\$m, nine months ended 30 Sep 2018</i>	2017	2018	Change
Core Group Revenue ^{1,4}	\$772.0	\$817.9	6%
Core Group EBITDA ^{1,3,4}	\$72.1	\$81.5	\$9.4

	31 Dec 2017	30 Sep 2018
Net debt <i>£m</i>		
Gross debt	(336.9)	(349.7)
Free cash	76.3	76.1
Net debt	(260.6)	(273.6)

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 9 months ended 30 September 2018

£m, nine months ended 30 Sep 2018

Core Group Revenue (excl. disposed operation) ^{1,4}
Trading EBITDA contribution
Central & Shared Costs
Core Group EBITDA (excl. disposed operation) ^{1,3,4}

9 months				
2017	2018	Var	2018 CER ²	Var
599.7	606.1	1%	630.6	5%
102.3	109.6	7.3	116.0	13.7
(46.3)	(49.2)	(2.9)	(49.6)	(3.3)
56.0	60.4	4.4	66.4	10.4

£m, quarter ended 30 Sep 2018

Core Group Revenue (excl. disposed operation) ¹
Trading EBITDA contribution
Central & Shared Costs
Core Group EBITDA (excl. disposed operation) ^{1,3}

Q3				
2017	2018	Var	2018 CER ²	Var
226.1	231.4	2%	239.9	6%
51.2	55.8	4.6	58.0	6.8
(15.4)	(19.1)	(3.7)	(19.2)	(3.8)
35.8	36.7	0.9	38.8	3.0

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

9 months ended 30 September 2018 – revenue performance by Trading Area

£m, nine months ended 30 Sep 2018

	2017	2018	Change %	2018 CER	Change %
UK & Africa	212.9	217.3	2%	217.7	2%
JANZ	94.8	101.2	7%	107.4	13%
ME&T	47.6	52.6	11%	59.1	24%
Europe	90.8	91.5	1%	90.5	(0%)
NAM	66.7	68.7	3%	72.0	8%
Brazil	45.3	41.5	(8%)	49.6	9%
Asia	41.6	33.3	(20%)	34.3	(18%)
Core Group Revenue	599.7	606.1	1%	630.6	5%

Core Group Revenue flat on prior year (up 5% to £630.6m CER) driven by:

- UK & Africa – 2% growth (2% CER growth) – driven by fulfilment of Nigeria banknotes and bureau de change orders, Supermarkets, and banknote supply to the rest of Africa, partially offset by lower demand from UK outsourcing clients
- JANZ – 7% growth (13% CER growth) – due to outsourcing and retail growth across the region
- ME&T – 11% growth (24% CER growth) – strong trading across UAE and Turkey
- Europe – 1% growth (flat on 2017 CER) – 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 at these locations. The Group continues to operate ATMs at these airports.
- NAM – 3% growth (8% CER growth) – CER growth driven by retail optimisation initiatives
- Brazil – 8% decline (9% CER growth) – CER growth driven by payments, digital payments and retail
- Asia – 20% decline (18% 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 23% CER

9 months ended 30 September 2018 – performance by segment

<i>£m, nine months ended 30 Sep 2018</i>	2017	2018	Var	2018 CER	Var
Retail	454.9	458.2	1%	472.3	4%
<i>Outsourcing</i>	60.3	63.0	4%	64.8	7%
<i>Wholesale</i>	39.2	43.4	11%	43.9	12%
Currency Solutions	99.5	106.4	7%	108.7	9%
Brazil	45.3	41.5	(8%)	49.6	9%
Core Group Revenue	599.7	606.1	1%	630.6	5%
EBITDA					
Retail	53.8	60.5	6.7	65.3	11.5
<i>Outsourcing</i>	25.6	25.8	0.2	26.4	0.8
<i>Wholesale</i>	17.3	19.8	2.5	20.1	2.8
Currency Solutions	42.9	45.6	2.7	46.5	3.6
Brazil	5.6	3.5	(2.1)	4.2	(1.4)
Trading EBITDA Contribution¹	102.3	109.6	7.3	116.0	13.7
EBITDA margin					
Retail	12%	13%			
<i>Outsourcing</i>	42%	41%			
<i>Wholesale</i>	44%	46%			
Currency Solutions	43%	43%			
Brazil	12%	8%			
Trading EBITDA Contribution	17%	18%			

Retail

- 4% retail revenue growth (CER)
- 6% like-for-like retail revenue growth driven by strong performance in the ME&T (24%), NAM (10%) and ANZ (7%) partially offset by softer performance in UK (1%)
- Continued strong performance in ATM (9% revenue growth CER) and Online (6% revenue growth CER) channels
- EBITDA margin of 13% slightly ahead of prior year

Currency Solutions

Outsourcing

- Growth in revenue (7% CER) principally driven by new contract wins in Australia
- EBITDA margin of 41%, slightly behind prior year due to customer mix

Wholesale

- 12% revenue growth (CER) and £2.8m EBITDA growth (CER) driven by increases in Nigeria bureau de change orders and growth in banknote supply to the rest of Africa
- EBITDA margin of 46%, improved from prior year

Free cash flow statement (attributable operations)

Free cash flow from attributable operations			Commentary
<i>£m, nine months ended 30 September</i>	2017	2018	Net free cash inflow from attributable operations:
Core Group EBITDA ¹	55.7	60.4	• Dividends received from joint ventures principally related to our operations in Qatar and Malaysia
Less: Unconsolidated JVs and disposal of France	(4.1)	(6.7)	• Dividend paid to non-controlling interest principally related to ME&T operations
Dividends received from joint ventures	-	2.6	• Utilisation of provisions and accruals includes £4.2m related to onerous contracts
Dividends paid to non-controlling interest	(3.2)	(3.7)	• The outflow from the increase in cash inventory from year end is mainly due to trading requirements for the summer peak trading period and movements due to wholesale banknote orders
Utilisation of provisions and accruals	(11.2)	(9.7)	• Other movements in working capital primarily relate to wholesale banknote orders, which are generally settled within 1-2 days of order completion
Net free cash flow from attributable operating activities (before inventory & working capital)	37.2	42.9	One off items:
Movements in cash inventory (cash in tills & vaults)	(19.8)	(35.3)	• One-off items include non-underlying costs relating primarily to corporate project redundancy and project costs and historic payments relating to the 2015 sale of the Group
Other movements in working capital	(2.7)	31.5	
Cash impact of movements in inventory & working capital	(22.5)	(3.8)	
Net free cash outflow from one-off items	(10.3)	(8.8)	
Net free cash flow from attributable operations	4.4	30.3	

1. Core Group EBITDA includes the results of Supercard which was terminated on 18 April 2017

Free cash flow statement (investing and financing)

Free cash flow from investing and financing activities		
<i>£m, nine months ended 30 September</i>	2017	2018
Net free cash flow from attributable operations	4.4	30.3
Taxation paid	(18.7)	(7.7)
Expansionary & Maintenance capex	(23.7)	(19.8)
Net cash outflow from investments in subsidiaries	(3.1)	-
Other net investing activities	8.3	3.2
Net free cash used in investing activities	(18.5)	(16.6)
Interest paid on secured bonds, RCF and other bank loans	(17.3)	(15.6)
Loan from shareholder	38.1	5.7
Wholesale banknote business acquisition	-	(3.8)
Redemption of bonds	(38.9)	-
Bond redemption fee & fees incurred due to bond refinancing	(10.2)	-
Drawdown of RCF and utilisation of overdraft	39.9	10.7
Capital element of finance lease payments	(0.1)	-
Net free cash used in financing activities	11.5	(3.0)
Exchange loss on free cash	(2.9)	(3.2)
Net decrease in free cash	(24.2)	(0.2)
Free cash at the beginning of the period	106.1	76.3
Free cash at the end of the period	81.9	76.1

Commentary

Investing activities:

- Expansionary & Maintenance capex includes c.£4m relating to two major projects
 - 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
- 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.

Financing Activities:

- Loan from shareholder reflects the additional loan received to fund the acquisition of assets from United Overseas Bank (U.O.B). A further drawdown of \$2.5m (£1.9m) was made in Q3 2018 to fund the second payment to U.O.B made in October.

Free cash, net debt & liquidity

Free cash £m	31 Dec 2017	30 Sep 2018
Cash and cash equivalents	530.3	573.0
Ring-fenced cash and term deposits	(40.0)	(40.1)
Bank loans and overdraft	(1.6)	(6.1)
Prepaid debit card floats	(193.9)	(193.8)
Banknotes prepayments	(37.4)	(45.0)
Unrestricted cash	257.4	288.0
Cash in tills, vaults and transit	(166.1)	(196.9)
Management estimate of regulatory cash	(15.0)	(15.0)
Free cash	76.3	76.1

Net debt £m	31 Dec 2017	30 Sep 2018
Fixed rate senior notes	(311.8)	(313.9)
Drawn RCF and utilised overdraft	(25.0)	(35.8)
Other loans	(0.1)	-
Gross debt	(336.9)	(349.7)
Free cash	76.3	76.1
Net debt	(260.6)	(273.6)

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 30 September 2018, the facility had £35.8m drawn down, and £6.5m 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, nine months ended 30 September

	2017	2018
Core Group Revenue	599.9	606.1
Joint Venture adjustment for equity accounting	(17.6)	(19.9)
Travellers' Cheques	1.5	1.4
French business ownership adjustment	(35.5)	(37.0)
Revenue within Central & Shared Costs	0.7	0.7
Statutory Revenue	549.0	551.3

Reconciliation to Statutory and Adjusted EBITDA¹

Underlying EBITDA (per the consolidated financial statements)	52.3	54.3
Joint Venture adjustment for equity accounting ²	5.0	5.8
French business ownership adjustment	(0.9)	0.9
Travellers' Cheques	(0.7)	(0.6)
Core Group EBITDA (100% of JVs and France)³	55.7	60.4
Adjustment for proportion of Non-Consolidated JVs	(2.5)	(3.0)
French business ownership adjustment	0.9	(0.9)
Adjusted EBITDA⁴	54.1	56.5

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. Also includes the results of Supercard which was terminated on 18 April 2017

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, nine months ended 30 September

	2017	2018
Net free cash flow from attributable operations	4.4	30.3
Dividends paid to non-controlling interest	3.2	3.7
Dividends received from Joint Ventures	-	(2.6)
Movement in cash held in tills, vaults and transit	19.8	35.3
Movement in banknotes prepayments	(2.9)	7.6
Movement in cash and deposits held for the Travellers' Cheques business	(3.9)	(1.2)
Movement in prepaid card float deposits	22.6	(6.6)
Cash flow from operating activities (statutory measure)	43.2	66.5

FX Rate Summary

	Average FX rate for the period 30 September 2017	Average FX rate for the period 30 September 2018	% Movement	FX rate as at 31 December 2017	FX rate as at 30 September 2018	% Movement
EUR	1.15	1.13	(2%)	1.13	1.12	(1%)
USD	1.28	1.35	5%	1.35	1.30	(4%)
JPY	142.92	147.98	4%	152.33	148.06	(3%)
AUD	1.67	1.79	7%	1.73	1.80	4%
BRL	4.08	4.89	20%	4.48	5.21	16%
TRY	4.59	6.30	37%	5.12	7.84	53%