



Market Announcement

New Travelex Group

25 March 2022

Travelex

worldwide
money

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Business Update

Market and Trading Update

Market Update

- The impact of the Omicron variant dissipated quickly with most governments having now eased travel restrictions and introduced endemic policies of living with the virus. The UK has led with a return to 'frictionless' travel in March.
- Recovery trajectories are now rapidly accelerating in the UK, Europe, Australia, Middle East and Brazil as consumers act on significant pent up demand for travel, driving positive trading results for the group in these markets.
- Restrictions remain tight in Hong Kong and China while Japan and New Zealand have lagged behind other recovering markets, but some recovery is now evident.
- The Ukraine crisis is being carefully monitored. To date, there is no indication that the crisis will have a material impact on group revenues or wider consumer confidence around international travel.

Trading Update

- 2022 trading has started positively for the group. February revenues hit 61% of 2019 levels, up from 48% in January as any temporary instability from Omicron reversed and recovery trajectories have accelerated beyond levels seen in Q4 2021.
- Continuing the trend from 2021, the business has generated positive EBITDA at the trading level, before Central & Shared Overheads, despite the delays in Asia and the arrival of the Omicron variant and is rapidly recovering to be breakeven in Q2 2022.
- February YTD EBITDA is £4.4m ahead of the annual operating plan published in December, with costs being tightly controlled and only being reintroduced where the link to revenue recovery is clear.
- Revenues are expected to hit 64% of 2019 levels in March and EBITDA for 2022 Q1 is expected to be ahead of budget.

Competitive Landscape & Financial Outlook

Competitive

- The UK business successfully retained and re-signed key outsourcing contracts with Tesco and Sainsburys in the quarter which provide a cornerstone for the successful UK Outsourcing business.
- Additionally, the UK business has successfully secured additional airport operations to provide FX services in London Stansted, Edinburgh and East Midlands while five other additional airport contracts are in the process of being signed.
- Wholesale opportunities continue to be assessed, particularly in Asia Pacific, with movements in banks increasingly exiting FX services and China and Hong Kong capitalising on market movements.

Financial Outlook

- In light of performance to date and the encouraging revenue recovery trends in recent months, the Group expects its EBITDA contribution for 2022 to be in line with previous guidance of £16.5m¹ published in December 2021.
- £35m of additional New Money Notes were issued in January 2022 as planned and the proceeds have since been deployed across the business to fund working capital needs for the rapid return of international travel.
- **In line with the December 2021 guidance, a further £35m funding is required to drive additional working capital investment ahead of the peak summer trading months from June. Further details of this fifth tap are set out on pages 9 and 10.**

(1) 2022 EBITDA Forecast of £16.5m (previously £20m) reflects a re-translation from 2021 Budget FX rates to 2022 Budget FX rates.

Revenue Recovery Trends

Retail Net Revenue - % of 2019



- **Middle East & Turkey** and **Brazil** have both performed extremely strongly throughout the pandemic, and in March both regions have now returned to pre pandemic revenue levels.
- **UK Retail and Outsourcing** revenue recoveries accelerated to 51% in February, up from 41% in Q4 2021 and at March are tracking at 56%, as the UK becomes the first country to drop all travel restrictions.
- Revenue recovery in **Europe** has returned to growth after some temporary instability due to Omicron impacting the Netherlands business. The extension of the Schiphol Airport contract as the sole FX provider underpins recovery growth into 2022.
- Recovery in **Australia** has accelerated since its borders reopened to international visitors and is surpassing budget expectations in Q1 2022.
- **Asia** still has the lowest level of recovery due to tight border restrictions and zero Covid policies in Hong Kong and China. Singapore, Malaysia and Japan are recovering at a faster rate.

(1) To aid comparatives, actuals for 2019 have been adjusted for permanently closed stores and the loss of the Istanbul Airport contract and the UK Government's legislation to remove the VAT business so revenue is presented on a like for like basis.

2022 Trading Update

February YTD Trading

- Total year to date revenues of £39.3m are in line with the annual operating plan with strong performance in Middle East, Brazil and Australia offsetting the impact of ongoing travel restrictions in Asia and the temporary impact of Omicron in Europe.
- February YTD EBITDA is £4.4m ahead of the budget with costs being tightly controlled and only being reintroduced where a link to revenue recovery is clear.
- In addition to the strong performances in most global Retail and Outsourcing businesses, the **Brazil Bank** continues to benefit from a strong performance across mass payments, and with crypto brokers.
- **UK Wholesale** continues to recover at a more gradual rate. However, logistical challenges are slowly easing and trading has restarted with a number of large customers in key trading jurisdictions in early 2022.
- Central Costs remain tightly controlled but with continued investments in cyber capability and remediating legacy IT issues.

March Trading

- Based on actual to date performance in March, revenues are expected to reach 64% of 2019 levels, ahead of the annual operating plan in the month, representing continued growth in recovery on February 2022.
- With the revenue upside, EBITDA in the month is forecast to be above the annual operating plan, driving further upside for Q1 2022 as a whole.

Liquidity Management

- Cash continues to be tightly managed, with particular focus on the optimisation of working capital to support the rapid return of volumes towards peak trading.

£m	2022 Revenue			Revenue as % of 2019			
	Feb YTD Act	Feb YTD Bud	Var	2021 Q3	2021 Q4	Jan 22 Actual	Feb 22 Actual
UK	10.5	11.0	(0.5)	24%	41%	41%	51%
Asia	0.9	1.7	(0.8)	6%	12%	12%	10%
ANZ	1.8	1.1	0.6	5%	8%	15%	21%
Europe	3.8	5.2	(1.4)	32%	41%	47%	54%
Middle East	7.7	7.6	0.1	59%	86%	76%	94%
Brazil	3.1	2.5	0.6	64%	91%	85%	110%
Retail & Outsourcing	27.7	29.2	(1.4)	26%	40%	41%	50%
UK	1.3	1.5	(0.2)	16%	29%	28%	35%
Asia	0.5	0.8	(0.3)	7%	19%	21%	23%
Brazil	7.3	6.3	1.0	181%	197%	263%	289%
Nigeria	0.2	0.3	(0.2)	11%	2%	0%	25%
Wholesale	9.3	9.0	0.3	56%	76%	85%	96%
Other Trading	2.2	1.7	0.5	148%	85%	107%	616%
Total Revenue	39.3	40.0	(0.7)	30%	45%	48%	61%

£m	2022 EBITDA		
	Feb YTD Act	Feb YTD Bud	Var
UK	2.0	0.4	1.6
Asia	(1.3)	(1.7)	0.4
ANZ	(0.5)	(1.9)	1.4
Europe	(0.4)	(0.4)	(0.1)
Middle East	1.0	1.1	(0.1)
Brazil	0.4	0.2	0.2
Retail & Outsourcing	1.2	(2.3)	3.5
UK	0.3	0.2	0.1
Asia	(0.4)	(0.3)	(0.2)
Brazil	1.1	0.9	0.2
Nigeria	(0.1)	0.0	(0.1)
Wholesale	0.8	0.8	(0.0)
Other Trading	1.8	1.4	0.4
Total Geo Overheads	(2.2)	(2.3)	0.1
Trading Total	1.7	(2.4)	4.0
Central Costs	(8.0)	(8.3)	0.3
Total EBITDA	(6.3)	(10.7)	4.4

(1) To aid comparatives, actuals for 2019 have been adjusted for permanently closed stores and the loss of the CBN (Nigeria) and Istanbul Airport contracts, the UK Government's legislation to remove the VAT business and other material store closures so revenue is presented on a like for like basis.

(2) 2022 Actuals and 2019 restated revenues are presented on a 2022 budget FX basis.

Fifth Tap Terms & Timetable

Proposed Terms of the Fifth Tap Issuance

Additional New Money Notes (“NMNs”)	<ul style="list-style-type: none">▪ Aggregate principal amount: £35m (net cash amount) of additional NMNs (senior secured, passu with existing NMNs)▪ Cashless Issuance Premium: 12.5% (subject to adjustment)▪ Denomination: GBP▪ Economic terms: same as existing NMNs
Subscription	<ul style="list-style-type: none">▪ All existing holders of NMNs to be given the opportunity to participate on a pro rata basis with respect to their holdings of NMNs▪ Over subscription permitted. Final allocations to be determined by issuer of NMNs based on allocations requested and pro rata holdings of existing NMN holders▪ Commitment evidenced through subscription agreement (in substantially the same form as that used for previous taps)
Backstop Arrangements	<ul style="list-style-type: none">▪ None
Shares	<ul style="list-style-type: none">▪ Shares in Travelex Topco Limited to be issued on a stapled basis as additional new money shares in accordance with the shareholders’ agreement relating to Travelex Topco Limited
Travelex Topco Limited: deadline for audited accounts and Board composition	<ul style="list-style-type: none">▪ Travelex Topco Limited is also seeking shareholder and noteholder consent to extend the current delivery date for the audited 2021 accounts included in its existing notes documentation and shareholders’ agreement, with the new delivery date for these accounts being 30 September 2022.▪ Travelex Topco Limited is also seeking shareholder consent to amend the board composition provisions in its shareholders’ agreement and articles of association, which includes specifying that the board of Travelex Topco Limited shall consist of a maximum of eight directors.

Expected Key Dates relating to the Financing

Expected Key Dates

- 25 March 2022: launch of fifth tap; publication of cleansing deck; launch of NMN holders and shareholder consent process to extend the delivery date of the 2021 audited financial accounts
- 29 March 2022:
 - Deadline for indications of subscription amounts from existing NMN holders
 - Record Date determining holders' entitlement to participate in the fifth tap. Beneficial holders are required to provide evidence of holdings of NMNs as of this date (which can take the form of a custodian screenshot or similar) or confirmation of no change
- 1 April 2022: deadline for NMN consent process; finalisation of subscription allocations; deadline for shareholder consents (if threshold not already reached before then)
- 5 April 2022: signing of subscription agreement
- 6-8 April 2022: funding of subscription amounts into escrow
- 11 April 2022: issuance of fifth tap issue of additional NMNs