



Travelex Results Presentation

for the 9 months ended 30 September
2019

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Section 1: Key Highlights

9 months ended 30 September 2019 – key highlights

Financial and Operational Highlights

- Core Group Revenue (excl. disposed operations) up 1% to £607.7m, at constant exchange rate (CER)
- Core Group EBITDA (excl. disposed operations) £0.4m ahead of prior year at £61.3m, at CER
- Free cash balance of £108.6m as at 30 September 2019. Net debt of £256.5m
- Successful launch of seamless and secure cross-border payments in partnership with Samsung Pay in the US market in October

Financial Summary (excl. disposed operation)

<i>£m, nine months ended 30 September</i>					
	2018	2019	Change	2019 CER ²	Change
Core Group Revenue ^{1,4}	600.7	615.9	3%	607.7	1%
Core Group EBITDA ^{1,3,4}	60.9	62.7	1.8	61.3	0.4

	31 Dec 2018	30 Sep 2019
Net debt <i>£m</i>		
Gross debt	(342.2)	(365.1)
Free cash	87.6	108.6
Net debt	(254.6)	(256.5)

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 Finablr PLC 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 2018

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

4. Core Group excluding disposed operation metrics exclude the results of Travelex Africa Foreign Exchange Proprietary Limited which was disposed of on 1 January 2019

Section 2: Financial Performance

Group Revenue and EBITDA Summary ended 30 September 2019

£m,

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

Trading EBITDA contribution ⁵

Central & Shared Costs (excl. Bonus) ⁵

Bonus

Central & Shared Costs

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

Disposals (FX Africa)

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

9m 2019					
2018	2019	Var	2019 CER ²	Var	
600.7	615.9	3%	607.7	1%	
104.4	108.2	3.8	106.7	2.3	
(37.8)	(41.4)	(3.6)	(41.3)	(3.5)	
(5.7)	(4.1)	1.6	(4.1)	1.6	
(43.5)	(45.5)	(2.0)	(45.4)	(1.9)	
60.9	62.7	1.8	61.3	0.4	
(0.5)	-	0.5	-	0.5	
60.4	62.7	2.3	61.3	0.9	

£m,

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

Trading EBITDA contribution ⁵

Central & Shared Costs (excl. Bonus) ⁵

Bonus

Central & Shared Costs

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

Disposals (FX Africa)

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

Q3 2019					
2018	2019	Var	2019 CER ²	Var	
230.3	234.4	2%	228.5	(1%)	
53.7	52.4	(1.3)	51.0	(2.7)	
(13.1)	(14.0)	(0.9)	(13.8)	(0.7)	
(3.8)	(2.0)	1.8	(2.0)	1.8	
(16.9)	(16.0)	0.9	(15.8)	1.1	
36.8	36.4	(0.4)	35.2	(1.6)	
(0.1)	-	0.1	-	0.1	
36.7	36.4	(0.3)	35.2	(1.5)	

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 Finablr PLC 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 2018

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

4. Core Group excluding disposed operation metrics exclude the results of Travelex Africa Foreign Exchange Proprietary Limited which was disposed of on 1 January 2019

5. Certain costs stated within central and shared under 2018 reporting, have been restated to trading costs to reflect the underlying nature of these costs

9 months ended 30 September 2019 – revenue performance by Trading Area

£m,	2018	2019	Change %	2019 CER	Change %
UK & Africa	211.9	220.2	4%	219.3	3%
ANZ	77.7	74.0	(5%)	75.1	(3%)
ME&T	52.6	50.9	(3%)	49.0	(7%)
Europe	91.5	91.1	(0%)	91.2	(0%)
NAM	68.7	72.1	5%	68.1	(1%)
Brazil	41.5	42.5	2%	43.1	4%
Asia	56.8	65.1	15%	61.9	9%
Core Group Revenue	600.7	615.9	3%	607.7	1%

Core Group Revenue increased 3% on prior year (up 1% to £607.7m CER) driven by:

- UK & Africa – 4% growth (3% CER growth) – growth in Africa with increase in banknote supply and bureau de change activity, improvement across Supermarkets and UK retail, partially offset by lower demand from UK outsourcing clients
- ANZ – 5% decline (3% CER decline) – driven by softer retail performance
- ME & T – 3% decline (7% CER decline) – driven by the group exiting Istanbul Atatürk Airport in April 2019. Excluding Turkey, ME revenue grew by 13% (7% CER growth), driven by growth in the UAE and Qatar
- Europe – flat year on year – growth driven by new airport contracts in Germany and ATM roll outs in Italy, offset by expiry of group's VAT contract at Paris airports (the group continues to provide FX walk-up and ATMs in Paris under a separate contract)
- NAM – 5% growth (1% CER decline) – driven by softer retail performance
- Brazil – 2% growth (4% CER growth) – driven by payments growth
- Asia – 15% growth (9% CER growth) – growth driven by wholesale banknotes across the region and retail performance in Malaysia and Japan

Free cash flow statement (attributable operations)

Free cash flow from attributable operations			Commentary
<i>£m, nine months ended 30 September</i>	2018	2019	
Core Group EBITDA	60.4	62.7	<p>Net free cash inflow from attributable operations:</p> <ul style="list-style-type: none"> • Dividend paid to non-controlling interest primarily related to ME&T operations • Dividends received from Qatar joint venture • The outflow in cash inventory is mainly due to movement in underlying stock and 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 due to a UK vault relocation and other project costs
Less: Unconsolidated JVs and disposal of France	(6.7)	(9.3)	
Dividends paid to non-controlling interest	(3.7)	(4.1)	
Dividends received from joint ventures	2.6	1.4	
Utilisation of provisions and bonus accruals	(9.7)	(10.0)	
Net free cash flow from attributable operating activities (before inventory & working capital)	42.9	40.7	
Movements in cash inventory (cash in tills & vaults)	(35.3)	(103.7)	
Other movements in working capital	31.5	89.6	
Cash impact of movements in inventory & working capital	(3.8)	(14.1)	
Net free cash outflow from one-off items	(8.8)	(4.5)	
Net free cash flow from attributable operations	30.3	22.1	

Free cash flow statement (investing and financing)

Free cash flow from investing and financing activities			Commentary
<i>£m, nine months ended 30 September</i>	2018	2019	Investing activities:
Net free cash flow from attributable operations	30.3	22.1	• Expansionary & Maintenance capex includes c.£7.8m relating to:
Taxation paid	(7.7)	(10.3)	<ul style="list-style-type: none"> ○ Financial Crime Programme to further implement the new anti-money laundering (AML) solution to ensure smart and cost effective AML operations and a positive customer experience ○ ATM Re-Platform ○ Rollout of replacement ledger in selected countries
Expansionary & Maintenance capex	(19.8)	(19.0)	
Other net investing activities	3.2	15.4	
Net free cash used in investing activities	(16.6)	(3.6)	• Other net investing activities mainly include the transaction related to the sale of the convertible ordinary class B shares in Visa Inc
Interest paid on secured bonds, RCF and other bank loans	(15.6)	(17.9)	Financing Activities:
Loan from shareholder	5.7	5.9	• Travelex continues to benefit from shareholder support with strategic investment in the digital payments platform
Wholesale banknote business acquisition	(3.8)	-	
Reimbursement on investment in Payments Platform	-	5.5	
Investment in Payments Platform	-	(9.2)	
Drawdown of RCF and utilisation of overdraft	10.7	26.5	
Net free cash used in financing activities	(3.0)	10.8	
Exchange (loss)/gain on free cash	(3.2)	2.0	
Net (decrease)/increase in free cash	(0.2)	21.0	
Free cash at the beginning of the period	76.3	87.6	
Free cash at the end of the period	76.1	108.6	

Free cash, net debt & liquidity

Free cash £m	31 Dec 2018	30 Sep 2019
Cash and cash equivalents	550.2	678.7
Ring-fenced cash and term deposits	(41.1)	(38.7)
Bank loans and overdraft	(7.8)	(7.1)
Prepaid debit card floats	(185.6)	(186.7)
Banknotes prepayments	(40.4)	(44.5)
Net cash classified as held for sale	1.3	-
Unrestricted cash	276.6	401.7
Cash in tills, vaults and transit	(174.0)	(278.1)
Management estimate of regulatory cash	(15.0)	(15.0)
Free cash	87.6	108.6

Net debt £m	31 Dec 2018	30 Sep 2019
Fixed rate senior notes	(317.2)	(313.5)
Drawn RCF and utilised overdraft	(25.0)	(51.6)
Gross debt	(342.2)	(365.1)
Free cash	87.6	108.6
Net debt	(254.6)	(256.5)

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 2019, the facility had £51.6m drawn down, and £9.5m had been utilised as guarantees.

Section 3: Further Information

Reconciliation from Core Group to Statutory (Revenue & EBITDA)

Reconciliation to Statutory Revenue¹

£m, nine months ended 30 September

	2018	2019
Core Group Revenue⁵	606.1	615.9
Joint Venture adjustment for equity accounting	(19.9)	(19.2)
Travellers' Cheques	1.4	1.1
French business ownership adjustment	(37.0)	(31.2)
Revenue within Central & Shared Costs	0.7	-
Statutory Revenue	551.3	566.6

Reconciliation to Statutory and Adjusted EBITDA¹

Underlying EBITDA (per the consolidated financial statements)	54.3	133.7
Joint Venture adjustment for equity accounting ²	5.8	7.1
French business ownership adjustment	0.9	2.2
IFRS 16 adjustments	-	(79.9)
Travellers' Cheques	(0.6)	(0.4)
Core Group EBITDA (100% of JVs and France)³	60.4	62.7
Adjustment for proportion of Non-Consolidated JVs	(3.0)	(3.5)
French business ownership adjustment	(0.9)	(2.2)
Adjusted EBITDA⁴	56.5	57.0

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.

5 2018 figure includes £5.4m relating to disposed operations.

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

	2018	2019
Net free cash flow from attributable operations	30.3	22.1
Cash outflow relating to investment in Payments Platform	-	(4.0)
Reimbursement on investment in Payments Platform	-	5.5
Dividends paid to non-controlling interest	3.7	4.1
Dividends received from joint ventures	(2.6)	(1.4)
Movement in cash held in tills, vaults and transit	35.3	103.7
Movement in banknotes prepayments	7.6	4.1
Movement in cash and deposits held for the Travellers' Cheques business	(1.2)	(2.4)
Movement in prepaid card float deposits	(6.6)	(5.1)
Movement in the capital element of finance lease payments (IFRS 16)	-	82.4
Income from subleasing (IFRS 16)	-	(1.1)
Cash flow from operating activities (statutory measure)	66.5	207.9

FX Rate Summary

	Average FX rate for the period 30 Septemeber 2018	Average FX rate for the period 30 September 2019	% Movement	FX rate as at 31 December 2018	FX rate as at 30 September 2019	% Movement
EUR	1.13	1.14	1%	1.11	1.13	2%
USD	1.36	1.28	(6%)	1.27	1.23	(3%)
JPY	148.16	139.81	(6%)	139.55	133.15	(5%)
AUD	1.78	1.82	2%	1.81	1.83	1%
BRL	4.83	4.93	2%	4.94	5.13	4%
TRY	6.05	7.20	19%	6.76	6.96	3%