

An aerial view of an airplane wing against a sunset sky. The sun is low on the horizon, casting a warm glow over the clouds and the wing. The wing's surface is detailed with various panels and rivets. The sky transitions from a deep blue on the left to a bright orange and yellow near the sun. The wing extends from the bottom right towards the center of the frame.

Travelex Results Presentation

for the half year ended 30 June 2018

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Section 1: Key Highlights

Half year ended 30 June 2018 – key highlights

Financial and Operational Highlights

- Core Group Revenue (excl. disposed operation) up 5% to £390.7m, at constant exchange rate (CER)
- Core Group EBITDA (excl. disposed operation) £6.4m ahead of prior year at £26.6m (CER)
- Revenue growth at CER driven by ME&T (up 21%), Brazil (up 13%), JANZ (up 16%) and NAM (up 7%)
- Continuing strategic focus on investing to build our international money transfer capabilities
- Trading through the peak summer period has continued to meet management’s expectations
 - Full year reported EBITDA is expected to remain ahead of 2017 results
- 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 a 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, half year ended 30 June 2018</i>	2017	2018	Change	2018 CER ²	Change
Core Group Revenue ^{1,4}	373.6	374.7	-	390.7	5%
Core Group EBITDA ^{1,3,4}	20.2	23.7	3.5	26.6	6.4

<i>\$m, half year ended 30 June</i>	2017	2018	Change
Core Group Revenue ^{1,4}	\$475.5	\$514.0	8%
Core Group EBITDA ^{1,3,4}	\$25.7	\$32.5	6.8

	31 Dec 2017	30 June 2018
Net debt <i>£m</i>		
Gross debt	(336.9)	(373.3)
Free cash	76.3	83.1
Net debt	(260.6)	(290.2)

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 half year and quarter

£m, half year ended 30 June 2018

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

Trading EBITDA contribution

Central & Shared Costs

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

6 months				
2017	2018	Var	2018 CER ²	Var
373.6	374.7	-	390.7	5%
51.1	53.8	2.7	57.0	5.9
(30.9)	(30.1)	0.8	(30.4)	0.5
20.2	23.7	3.5	26.6	6.4

£m, quarter ended 30 June 2018

Core Group Revenue ^{1,4}

Trading EBITDA contribution

Central & Shared Costs

Core Group EBITDA ^{1,3,4}

Q2				
2017	2018	Var	2018 CER ²	Var
201.3	203.5	1%	209.8	4%
33.4	37.8	4.4	39.4	6.0
(15.8)	(15.3)	0.5	(15.4)	0.4
17.6	22.5	4.9	24.0	6.4

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

Half year ended 30 June 2018 – revenue performance by Trading Area

£m, half year ended 30 June 2018

	2017	2018	Change %	2018 CER	Change %
UK & Africa	129.4	129.9	-	130.3	1%
JANZ	58.8	64.0	9%	68.1	16%
ME&T	29.7	32.5	9%	36.0	21%
Europe	55.6	55.7	-	54.6	(2%)
NAM	42.5	42.3	-	45.5	7%
Brazil	29.3	28.3	(3%)	33.1	13%
Asia	28.3	22.0	(22%)	23.1	(18%)
Core Group Revenue	373.6	374.7	-	390.7	5%

Core Group Revenue flat on prior year (up 5% to £390.7m CER) driven by:

- UK & Africa – flat on 2017 (1% CER growth) – driven by fulfilment of Nigeria banknotes and bureau de change orders, Supermarkets, and banknote supply to the rest of Africa and Europe, partially offset by lower demand from UK retail and outsourcing clients
- JANZ – 9% growth (16% CER growth) – due to growth of outsourcing and retail growth across the region
- ME&T – 9% growth (21% CER growth) – strong trading across UAE and Turkey
- Europe – flat on 2017 (2% CER decline) – due to challenging trading in the Netherlands and 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 – flat on 2017 (7% CER growth) – CER growth driven by retail optimisation initiatives
- Brazil – 3% decline (13% CER growth) – CER growth driven by payments, digital payments and retail
- Asia – 22% decline (18% CER decline) – due to change in contract terms at Hong Kong airport, partially offset by growth in Singapore and China

Half year ended 30 June – performance by segment

<i>£m, half year ended 30 June 2018</i>	2017	2018	Var	2018 CER	Var
Retail	284.1	281.4	(1%)	290.7	2%
<i>Outsourcing</i>	37.3	39.2	5%	40.4	8%
<i>Wholesale</i>	22.9	25.8	13%	26.5	16%
Currency Solutions	60.2	65.0	8%	66.9	11%
Brazil	29.3	28.3	(3%)	33.1	13%
Core Group Revenue	373.6	374.7	-	390.7	5%
EBITDA					
Retail	23.5	24.7	1.2	26.6	3.1
<i>Outsourcing</i>	15.4	15.5	0.1	15.9	0.5
<i>Wholesale</i>	9.0	11.1	2.1	11.5	2.5
Currency Solutions	24.4	26.6	2.2	27.4	3.0
Brazil	3.2	2.5	(0.7)	3.0	(0.2)
Trading EBITDA Contribution	51.1	53.8	2.7	57.0	5.9
EBITDA margin					
Retail	8%	9%			
<i>Outsourcing</i>	41%	40%			
<i>Wholesale</i>	39%	43%			
Currency Solutions	41%	41%			
Brazil	11%	9%			
Trading EBITDA Contribution	14%	14%			

Retail

- 2% retail revenue growth (CER)
- 5% like-for-like retail revenue growth driven by strong performance in the ME&T (21%), NAM (9%) and ANZ (8%) partially offset by adverse performance in the UK (-3%)
- Continued strong performance in the Online channel with 13% revenue growth (CER)
- EBITDA margin of 9% slightly ahead of prior year

Currency Solutions

Outsourcing

- Growth in revenue (8% CER) principally driven by new contract wins in Australia
- EBITDA margin of 40%, slightly behind prior year due to customer mix

Wholesale

- 16% revenue growth (CER) and £2.5m EBITDA growth (CER) driven by increases in Nigeria bureau de change orders, growth in banknote supply to the rest of Africa and supply of new customers through Hong Kong wholesale
- EBITDA margin of 43%, improved from prior year

Free cash flow statement (attributable operations)

Free cash flow from attributable operations			Commentary
<i>£m, half year ended 30 June</i>	2017	2018	
Core Group EBITDA	19.7	23.7	<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 accruals includes £3.8m related to onerous contracts • The outflow from the increase in cash inventory from year end is mainly due to trading requirements, ahead of the summer peak trading period 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 redundancy costs and historic payments relating to the 2015 sale of the Group
Less: Unconsolidated JVs and disposal of France	(1.9)	(2.8)	
Dividends paid to non-controlling interest	(2.5)	(3.1)	
Utilisation of provisions and accruals	(6.5)	(7.5)	
Net free cash flow from attributable operating activities (before inventory & working capital)	8.8	10.3	
Movements in cash inventory (cash in tills & vaults)	(37.7)	(38.4)	
Other movements in working capital	17.7	37.8	
Cash impact of movements in inventory & working capital	(20.0)	(0.6)	
Net free cash outflow from one-off items	(7.9)	(8.6)	
Net free cash flow from attributable operations	(19.1)	1.1	

Free cash flow statement (investing and financing)

Free cash flow from investing and financing activities			Commentary
<i>£m, half year ended 30 June</i>	2017	2018	
Net free cash flow from attributable operations	(19.1)	1.1	Investing activities: <ul style="list-style-type: none"> Expansionary & Maintenance capex includes c.£3m 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	(15.9)	(3.8)	
Expansionary & Maintenance capex	(14.2)	(12.7)	<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
Net cash outflow from investment in subsidiaries	(1.8)	-	
Other net investing activities	(4.5)	1.3	<ul style="list-style-type: none"> Other net investing activities primarily relate to the sale and purchase of Brazil government bonds which are held for short periods
Net free cash used in investing activities	(20.5)	(11.4)	
Interest paid on secured bonds, RCF and other bank loans	(15.9)	(13.8)	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
Loan from shareholder	38.1	3.8	
Wholesale banknote business acquisition	-	(3.8)	
Redemption of bonds	(38.9)	-	
Bond redemption fee & fees incurred due to bond refinancing	(8.4)	-	
Drawdown of RCF and utilisation of overdraft	50.0	37.1	
Capital element of finance lease payments	(0.1)	-	
Net free cash used in financing activities	24.8	23.3	
Exchange loss on free cash	(1.9)	(2.4)	
Net (decrease)/increase in free cash	(32.6)	6.8	
Free cash at the beginning of the period	106.1	76.3	
Free cash at the end of the period	73.5	83.1	

Free cash, net debt & liquidity

Free cash <i>£m</i>	31 Dec 2017	30 June 2018
Cash and cash equivalents	530.3	603.2
Ring-fenced cash and term deposits	(40.0)	(40.6)
Bank loans and overdraft	(1.6)	(8.2)
Prepaid debit card floats	(193.9)	(214.0)
Banknotes prepayments	(37.4)	(41.7)
Unrestricted cash	257.4	298.7
Cash in tills, vaults and transit	(166.1)	(200.6)
Management estimate of regulatory cash	(15.0)	(15.0)
Free cash	76.3	83.1

Net debt <i>£m</i>	31 Dec 2017	30 June 2018
Fixed rate senior notes	(311.8)	(311.2)
Drawn RCF and utilised overdraft	(25.0)	(62.1)
Other loans	(0.1)	-
Gross debt	(336.9)	(373.3)
Free cash	76.3	83.1
Net debt	(260.6)	(290.2)

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 June 2018, the facility had £62.1m drawn down, and £15.0m had been utilised as guarantees. Increase from year end mainly due to stock requirements ahead of summer peak trading period

Section 3: Conclusions

Section 4: Further Information

Finablr – Proposed New Holding Company

Finablr

- Primary shareholder Dr Shetty announced intention to create a new holding company in April 2018
- Travelex is part of the Finablr network of companies:
 - These category-leading financial services brands meet the needs of consumers through deep regulatory know-how, relentless focus on technological innovation and a global network of retail stores, business partners and digital channels
 - Other brands include UAE Exchange, Xpress Money, Remit2India and Unimoni
 - Global network and customer reach that is amongst the largest in the industry
 - Greater opportunities to share knowledge and expertise across the network brands
 - Invests, acquires, incubates and accelerates fintech companies developing financial products and services to empower customers' lives
 - Seamless global payments platform for companies operating in the new economy

Travelex

- Travelex already work closely with our shareholders - Finablr strategy aligned with existing focus on innovation:
 - Growing International Payments & Remittance
 - Investment in other digital platform products
- Finablr will provide strategic direction and oversight:
 - No plans to merge
 - Travelex will retain its current leadership structure
 - Finablr will not have an operational role in the running of Travelex
- Travelex ownership structure will change in time:
 - Subject to regulatory approvals, Travelex's ownership structure will move to being held under the Finablr holdco
 - Updates on status with our regular quarterly announcements

Reconciliation from Core Group to Statutory (Revenue & EBITDA)

Reconciliation to Statutory Revenue¹

£m, half year ended 30 June

	2017	2018
Core Group Revenue	373.8	374.7
Joint Venture adjustment for equity accounting	(11.5)	(12.2)
Travellers' Cheques	1.0	0.9
French business ownership adjustment	(21.9)	(22.6)
Revenue within Central & Shared Costs	0.5	0.5
Statutory Revenue	341.9	341.3

Reconciliation to Statutory and Adjusted EBITDA¹

Underlying EBITDA (per the consolidated financial statements)	18.1	21.2
Joint Venture adjustment for equity accounting ²	3.1	3.4
French business ownership adjustment	(1.2)	(0.6)
Travellers' Cheques	(0.3)	(0.3)
Core Group EBITDA (100% of JVs and France)³	19.7	23.7
Adjustment for proportion of Non-Consolidated JVs	(1.6)	(1.6)
French business ownership adjustment	1.2	0.6
Adjusted EBITDA⁴	19.3	22.7

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, half year ended 30 June

	2017	2018
Net free cash flow from attributable operations	(19.1)	1.1
Dividends paid to non-controlling interest	2.5	3.1
Movement in cash held in tills, vaults and transit	37.7	38.4
Movement in banknotes prepayments	248.4	4.3
Movement in cash and deposits held for the Travellers' Cheques business	(3.0)	(0.2)
Movement in prepaid card float deposits	41.4	15.6
Cash flow from operating activities (statutory measure)	307.9	62.3

FX Rate Summary

	Average FX rate for the period 30 June 2017	Average FX rate for the period 30 June 2018	% Movement	FX rate as at 31 December 2017	FX rate as at 30 June 2018	% Movement
EUR	1.16	1.14	(2%)	1.13	1.13	-
USD	1.27	1.37	8%	1.35	1.32	(2%)
JPY	142.18	148.81	5%	152.33	146.18	(4%)
AUD	1.68	1.79	7%	1.73	1.79	3%
BRL	4.07	4.75	17%	4.48	5.08	13%
TRY	4.59	5.64	23%	5.12	6.05	18%