

## **Travelex Holdings Limited**

### **Summary mid-year update for the six months ended 30 June 2008**

The Directors of Travelex Holdings Limited present their summary mid-year update for the company and its subsidiaries ('the Group') for the six months ended 30 June 2008. The information contained in this summary is extracted from the unaudited management accounts which exclude any statutory year end adjustments and include the year to date performance of the Ruesch acquisition in both the current and comparative periods.

#### **Group overview**

During the first half of the year the Group generated revenue growth of 11% compared to the same period last year, with each of our three divisions continuing to grow. Careful control over costs led to strong profit growth, with EBITDA <sup>(1)</sup> 17% ahead of last year. We also continued to convert profits strongly into cash and operate within our covenants.

#### **Global Business Payments**

Our Global Business Payments division generated revenue growth of 9% and EBITDA growth of 10% in the period. The United Kingdom and Americas experienced weaker demand, though Europe, Middle East and Africa (EMEA) and Asia continued to generate good growth. The Ruesch integration programme continued to exceed our expectations and substantial progress has been made in the development of a strong sales proposition and customer facing GlobalPay software. In the current market conditions we are carefully controlling the exposure to our clients to minimise defaults.

#### **Retail**

The Retail division generated revenue growth of 10%, though like-for-like growth (on shops open throughout the whole of the current and comparative periods) was higher. EBITDA growth in the period was 22%. In the United Kingdom we have declined a small number of contract renewals where we would have been unable to make an economic return. In line with our plans, we have made good progress in implementing our foreign currency ATM strategy, and our shops at Heathrow Terminal Five have been well received. Americas has continued to generate strong revenue and profit growth and the rollout to off-airport retail malls has commenced. Japan performed well and in China we have been granted a licence to sell foreign exchange in Beijing, one of the first companies to be granted such a licence. The profitability of EMEA continues to grow strongly and in Holland we are capitalising on strong demand for our money transfer services.

(1) EBITDA is earnings from continuing operations before interest, tax, depreciation, amortisation and exceptional items.

## **Outsourcing**

The Outsourcing division generated revenue and EBITDA growth of 13% in the period. Whilst demand for cash from our United Kingdom banking clients came under competitive pressure, we continued to roll out our supermarkets business rapidly, generating good growth. Demand from our wholesale banknote customers in EMEA continued to grow very strongly, as did demand for our 'Cash Passport' prepaid cards, particularly in Asia Pacific, and the business consolidated and developed its position as a significant contributor to Group profits. The division continued the development of its 'Currency Select' Dynamic Currency Conversion offering with the acquisition of Pulse and the business successfully executed its largest implementation to date on 1,000 ATMs in the region.

## **Discontinued activities**

In January the Group ceased issuing travellers' cheques and has been successfully winding down the business which, in future, will simply honour outstanding cheques. The Outsourcing division has successfully developed its 'Cash Passport' prepaid card as an attractive alternative travel product.

## **Outlook**

Market conditions were more challenging in the second quarter than the first, particularly in the United Kingdom and the Americas, and this trend has continued into the second half of the year. In response to this, the Group has acted promptly to minimise payroll costs, which account for a majority of the non-rental cost base, and recruitment is being carefully controlled. Our ability to service our clients has not been impacted by the 'credit crunch' and we are well positioned to take advantage of the opportunities available in the current environment.