

Travelex Financing Plc

Statement regarding Q1 impact of cyber-attack and Covid-19

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Travelex Financing PLC
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Following the cyber-attack that affected its business from 31 December 2019, Travelex announces that it has successfully restored all its customer-facing systems in a phased and controlled programme.

The decision to immediately take the Travelex systems offline at the time of the attack contained the spread of the malware and protected the integrity of customer and partner data. The Business Continuity Plan was initiated promptly, as a result of which the majority of the business remained operational and was able to continue trading in spite of the precautionary shutdown.

Certain financial reporting tools were unavailable for part of January, as a result of which the publication of Travelex's FY19 results is now expected to be from mid-April.

Covid-19

The outbreak of Covid-19 is an incremental negative for Travelex's business given broad exposure to airports and travel flows. VAT and related services will also be negatively impacted. While China and other Asian in-country revenue account for approximately 10% of Travelex revenues, other markets closely linked to Asian outbound travel are also experiencing headwinds.

Estimated Q1 financial impact

As a result of the above factors, based on current information, Travelex estimates that there will be a reduction of Underlying EBITDA in Q1 2020 compared to the equivalent period of 2019 of approximately £25 million on a like-for-like basis, mostly attributable to the malware. Travelex has a cyber-insurance policy in place which we currently expect to off-set a material proportion of this EBITDA reduction in addition to covering the direct costs of recovery. However, the timing of EBITDA recognition and receipt of the insurance recovery is yet to be determined.

At present, Travelex does not expect the cyber-attack to have any material impact on trading during our peak periods in Q2 and Q3 2020 which contribute a large proportion of Travelex's annual EBITDA. Travelex's current expectation is that the results for the FY20 would reflect the benefit of the cyber-insurance policy and cost actions taken by the business.

The extent of Covid-19 and the period for which it continues cannot be predicted at this time. Whilst there are current indications of sharp declines in air passenger numbers, the impact on global travel during the remainder of 2020 and on Travelex full year performance is uncertain.

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