Chairman's Address 2012 Annual General Meeting, by Peter Morahan

The year to June 30, 2012 was, of course, another memorable period for our company.

Financial results again exceeded market expectations and further steps were taken – both strategically and operationally – to launch our brands and businesses into the future.

Our audited financial results were released two months ago and have been summarised in the accompanying table.

While I don't intend to discuss these results in detail, I will highlight some key achievements that may not be immediately obvious.

Total transaction value has now more than tripled during the past decade and has exceeded prior year 16 times in our 17 years as a public company.

Profit before tax has exceeded the prior year result 15 times in the past 17 years and has increased almost 50% over the past two years.

Net profit after tax (NPAT) eclipsed $200million for the first time last year – five years after FLT achieved its first $100million NPAT and 10 years after the $50million milestone was achieved.

Combined overseas earnings before interest and tax surpassed $60million and was almost double the contribution from just two years ago.

All 10 countries were profitable at EBIT level for the second consecutive year, with six – Australia, the United Kingdom, the United States, Singapore, Greater China and Dubai – generating record results.

Income margin was up slightly, while net margin again increased and was only 30 basis points below our record highs of 2000 and 2002.

Our solid trading results led to record earnings per share and improved shareholder returns.

Dividend payments totalling $112million or $1.12 per share were declared, meaning the company returned 56% of net profit after tax to shareholders.

This included:

- A $0.41 per share fully franked interim dividend and;
- A $0.71 per share fully franked final dividend.

The $1.12 per share return was 11% higher than FLT's previous record full year return to shareholders – $1.01 per share (including a special dividend) in 2004.

Company cash increased during 2011/12 and moderate debt levels were maintained.

As announced previously, the company is considering reducing its debt in the short-term.

By adopting this strategy, FLT can potentially:

- Capitalise on the Australian dollar's current strength by reducing or removing $USD60million in borrowings that relate to the Liberty acquisition; and
- Reduce interest expense by repaying about $AUD30million in overdrafts and loans that relate to FLT's corporate businesses in China, Hong Kong and India

While we are naturally proud of our past financial achievements, our focus is very much on the future and on building a business that can deliver sustainable long-term results.

Importantly, FLT's financial achievements during 2011/12 corresponded with significant ongoing investment in the business's foundations.

Strategic plans have been put in place and projects have been initiated to drive future returns.

Generally, these projects focus on customer service and enhancing in-store productivity.

These initiatives are outlined in detail in our annual report and you will hear more about some of them in Graham Turner's address today.

Before touching on 2012/13, I'd like to briefly highlight an area that we don't often discuss – our success in winning industry and workplace awards.

We have been particularly successful in this regard during the past 12 months, both in Australia and overseas.

For example, in Australia, FLT won major leisure, corporate and wholesale honours at the 2012 National Travel industry Awards.

FCm has dominated its category at the World Travel Awards and was judged the World's Leading Travel Management Company at the 2011 awards last November.

Looking ahead to 2012/13, FLT will target further sales network, TTV and profit growth.

Achieving these goals will not be a formality.

Conditions are volatile in some markets, leisure consumers are generally cautious and new challenges will inevitably arise as the year unfolds.

FLT is, however, well placed to weather any storms.

The company has:

- A diverse stable of brands and businesses that can shield it from the impacts of a downturn in any one travel sector. FLT is one of the few travel companies that has large leisure and corporate travel businesses, as well as a significant presence in the Australian domestic and outbound sectors
- A strong balance sheet, with positive net debt. This is a rarity for a travel business and means the company can capitalise on opportunities when they arise
- Plans in place to enhance operations and grow the business into the future; and
- Outstanding people at all levels, guided by a highly experienced and capable management team

As you will know, we also plan to bolster the Board.

Later this morning, you will be asked to approve John Eales' recent appointment as a non-executive director.

John has a broad range of skills and has established a successful corporate career with a diverse group of businesses during the past decade.

His experience, knowledge, outstanding people skills and leadership qualities will be great assets to the FLT board and to the company as a whole.

Already, he has had a positive impact – both with our people and at board level.

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