



STATEMENT TO AUSTRALIAN SECURITIES EXCHANGE – October 30, 2012

FLIGHT CENTRE REAFFIRMS FULL YEAR PROFIT TARGET

FLIGHT Centre Limited (FLT) is on track to achieve its profit growth target for 2012/13.

Speaking at the company's annual general meeting in Brisbane today, FLT managing director Graham Turner said preliminary figures for the four months to October suggested that the company was performing in line with its 5-8% annual growth target.

If this trend continued for the full year, FLT would achieve a profit before tax (PBT) between \$305million and \$315million, compared to the record \$290.4m PBT achieved last year.

"While it is still early days in 2012/13, first quarter trading results and October projections indicate that we are currently tracking in line with the full year target," Mr Turner said.

"Overall results were reasonable in July and August, but below our expectations in September. Early indications suggest that we have regained some momentum in October.

"Generally speaking, we are experiencing similar trends to 2011/12, with the corporate business growing at a faster rate than the leisure business in most countries."

Mr Turner said economic conditions remained uncertain globally.

Despite this uncertainty, cheap international airfares continued to stimulate Australia's outbound travel market and further growth was expected in FLT's second and third largest businesses, the USA and UK, following their record contributions during 2011/12.

Both businesses were using a hyperstore model to expand their footprints, rather than the traditional standalone store model, with the first US hyperstore opening in Manhattan's Madison Avenue on October 1.

"When fully staffed, this high profile store will house a flagship Liberty retail travel shop, plus Travel Associates, Corporate Traveller, FCm, Stage & Screen and events sales teams.

"In all, 55 people can work from this location – 35 are now in place – at a lower rent per person than we normally face if we open a standalone shop in a prime retail location.

"While new Liberty leisure shops will open when opportunities arise, growth will be more rapid in corporate travel in the USA. This year, new travel centres are set to open in Houston, San Diego and Philadelphia, which will give the business a presence in 14 cities.

"Our overall goal is for an EBIT result between \$10million and \$15million in the USA, with first half losses likely to be followed by profits during the seasonally stronger second half.

"In the UK, both the leisure and the corporate businesses continue to perform well. The business is on track to achieve its target of GBP1billion in TTV by 2014 and is now aiming for almost GBP1.5billion by 2017."

Mr Turner also outlined the company's strategic goals, which included accelerating corporate travel growth and improving efficiency within its retail travel businesses globally.

Ultimately, FLT planned to create a world-first blended travel model for leisure customers.

"Rather than being a specialist on or offline travel agency, FLT plans to marry the two to create a new business category – a blended travel agency.

"Blended travel will combine the on and offline models' best features and will offer customers instant and deep access to FLT's products in the ways and at the times that suit their needs.

"Effectively, FLT will be seamlessly 24/7 for customers through its unique blend of:

- Web offerings – including fully transactional sites
- Extended shop hours
- Call centres
- Mobile phone services; and
- After-hours sales teams.

"Customers will also be able to switch between sales channels. For example, starting a booking with an expert consultant in-store and completing it online at home.

"This bricks and clicks interplay will set FLT apart from other travel businesses globally."

Also at today's AGM, the company said it would consider taking advantage of current conditions by removing some debt. At June 30, FLT had more than \$400million in general cash, compared to \$161million three years ago, and \$107million in borrowings.

Mr Turner said the company, which had twice issued special dividends, would also consider amending its dividend pay-out ratio in the future to return surplus funds to shareholders.

“There is ... flexibility within our existing dividend policy, which is currently our preferred option because we believe it will create greater longer-term shareholder value.

“Last year’s dividend pay-out ratio was the highest since before the GFC and the 71 cents per share final dividend represented a 60% return of second half NPAT to shareholders.

“Based on our June 30 closing price, last year’s combined interim and final dividends delivered a 6% dividend yield to shareholders.”

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