STATEMENT TO AUSTRALIAN SECURITIES EXCHANGE - December 18, 2014

FLIGHT CENTRE AMENDS FULL YEAR PROFIT GUIDANCE

THE Flight Centre Travel Group (FLT) today amended its profit growth target for 2014/15.

While several countries, including the large United Kingdom and United States businesses, are on track to achieve record results during the year to June 30, 2015, trading conditions in Australia remain challenging following the leisure travel spending slowdown late in 2013/14.

This slowdown has led to lower than normal leisure sales growth in Australia during the five months to November 30, 2014 and slightly lower margins, as FLT's sales people have reduced commissions to lower overall ticket prices and stimulate demand.

Within this subdued trading environment, FLT has altered front-end pay structures and continued to expand its network, which has led to increased wage, occupancy and sales and marketing costs in relation to the previous corresponding period.

As a result, bottom-line results in the Australian leisure business, which is comfortably FLT's largest operation, are currently lower than initially expected, which will make it difficult for the company to achieve its initial target of a full year underlying profit before tax (PBT) of $395million-$405million (5-8% growth).

The company now believes underlying PBT for 2014/15 will be between $360million and $390million. The top of this range represents 4% growth on the record $376.5million underlying result achieved during 2013/14, while the bottom represents a 4% decline.

Underlying first half PBT is expected to be between $136million and $142million, compared to the $146.3million first half result last year.

"While we expect solid contributions from our overseas businesses - which in profit terms have consistently grown at 20-30% per annum in recent years - the growth outlook for the larger Australian business is currently unclear," managing director Graham Turner said.

"This means it is difficult to provide more specific guidance at this relatively early stage of the year.

Flight Centre Travel Group Limited ABN 25 003 377 188
Level 2, 545 Queen Street, Brisbane QLD 4000 AUSTRALIA

"When we set our full year growth targets in August, we expected the uncertainty surrounding Australia's Federal Budget would have abated as the first half drew to a close and consumer confidence and spending would have started to rebound.

"Unfortunately, we are yet to see tangible signs of a full recovery and the overall leisure travel market in Australia continues to be flat year-on-year.

"In this flat environment, total transaction value (TTV) in our Australian leisure business is up about 2%, which is significantly lower than the compound annual growth rate in the order of 10% that we have achieved over the past five years.

"Australian leisure sales growth this year is also significantly lower than the company's overall TTV growth rate of 7% up until the end of November.

"The Australian corporate travel market has been relatively stable and we are generally seeing good growth in the corporate travel sector globally.

"On a positive note for the leisure business, we continue to see healthy customer enquiry in Australia and attractive holiday offers, particularly internationally, with the International Air Transport Association last week flagging a 5% drop in global airfare prices.

"While it is impossible to predict a timeframe for recovery, we expect stronger demand as the financial year progresses and as travellers start to take advantage of these cheap fares.

"We also hope to achieve accelerated profit growth during the fourth quarter, which was a relatively weaker trading period during 2013/14."

While the Australian outbound market has slowed in recent months, FLT does not believe this has been caused by the Australian dollar's recent falls given that the roots can be traced back to the decline in consumer confidence late in 2013/14 and the subsequent slowdown in in-store sales.

Historically, FLT has not seen significant shifts in travel patterns as a result of the Australian dollar's fluctuations as travellers typically adjust "at destination" spending by upgrading or downgrading plans.

This year, the company's leisure sales from Australia to the USA have increased and the rate of growth has exceeded the overall ticket growth rate in Australia, meaning the USA has increased its share of the outbound leisure market.

Elsewhere in the business, FLT is currently benefiting from the weaker dollar, as overseas profits translate at a higher rate and via the foreign exchange margin it typically earns on wholesale sales. In contrast, the company incurred foreign exchange losses last year.

Improved results from the company's international businesses are also partially offsetting the leisure travel slowdown's impacts in Australia.

FLT's UK business, the company's second largest profit generator globally, has started the year solidly in both leisure and corporate travel.

New products are being developed for leisure customers, including an unique range of tailor-made long haul holidays - the Journeys range - that will be launched in the UK next month.

The leisure business is also set to expand into Ireland, via a Dublin hyperstore within the next year.

In the USA, FLT is on track to deliver its fifth consecutive full year profit.

The company currently expects a significant reduction in losses during the first half, which is the seasonally slower trading period for both the leisure and wholesale businesses, and strong second half profits.

Overall, FLT expects US earnings before interest and tax (EBIT) in the order of $USD17million-$18million, about 50% growth on last year's result.

In the USA, the corporate travel business has again been the major profit driver and is on track to deliver more than $AUD1billion in TTV this year, making it just the third business to achieve this milestone and the first outside Australia.

The business's geographic footprint continues to expand in both leisure and corporate travel.

A new hyperstore, the USA's third, opened this week in Philadelphia and the fourth is due to open in Los Angeles early in the second half. Smaller stores, housing three to four sales teams, are also due to open in Pennsylvania and New Jersey this month and next.

The rapidly expanding corporate business will open in Austin, Texas during the third quarter and in Raleigh, North Carolina during the fourth quarter, giving it a presence in 20 cities.

In terms of sales network growth, FLT continues to target 5-7% expansion globally.

While growth will predominantly be organic, further strategic acquisitions and joint ventures are likely following the recent additions of:

- Youth touring business Topdeck Travel
- Dublin-based corporate travel business Travelplan Corporate; and
- The Buffalo Tours destination management company

Buffalo Tours is now providing transfers and organising "at destination" day-trips and activities for FLT's customers in Thailand, Cambodia, Laos and Vietnam.

The joint venture is set to expand into other key markets within Asia, including Bali, Hong Kong, China, Singapore and Malaysia, during the fourth quarter.

FLT continues to maintain a strong company cash balance, which will allow it to capitalise on opportunities that will arise during the second half and in the longer term.

At December 31, 2014 FLT expects to have about $370million in company cash and modest debt.

The company recently used cash to acquire Topdeck during the first half and to lower debt and overall interest expense by retiring about $AUD19million in borrowings related to the India corporate travel business.

FLT will release half year accounts on Tuesday, February 24, 2015.

ENDS Media and investor enquiries to Haydn Long 0418 750454

Conference Call

FLT will host an investor call at 11am Queensland time today. Details are as follows:

Time: 11am QLD (noon NSW, Victoria)

Phone number: 1800 123296

Conference ID: 56528087