FLIGHT CENTRE™
TRAVEL GROUP

2015 FIRST HALF RESULTS

PRESENTATION 24 FEBRUARY 2015

PRESENTATION OVERVIEW

1.	Introduction	-	Haydn Long
2.	The numbers	-	Andrew Flannery
3.	The business	-	Graham Turner
4.	The strategies	-	Melanie Waters-Ryan
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INTRODUCTION

- First half result in line with revised guidance
  - Underpinned by record global sales and record offshore profits
- Continuing to build for the future
  - Significant investment in sales network, product range and people
- Balance sheet strengthened
  - Further cash growth and lower debt. Ready to capitalise on opportunities
- Guidance maintained
  - No change to FY15 target – aiming for accelerated 2H growth

THE NUMBERS

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FIRST HALF RESULT OVERVIEW

- 8.8% TTV growth to $8.1b – has almost doubled in 8 years
- 4.6% revenue growth to $1.1b – soft commission growth but over-ride and super over-ride earnings maintained
- $141million actual (statutory) PBT – includes $3.4m Top Deck contribution
- $100.3m actual NPAT
- Underlying PBT and NPAT (excluding Top Deck) 5.9% and 6.8% down on PCP

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MARGINS & COSTS

- 13.6% income margin – down on PCP, above longer term average
- Year-on-year movement linked to lower gross margins (front-end commissions) in Australia and Canada
- 1.7% net margin
- Cost growth – new wage structures, ongoing business investment
- Looking for savings – support staff redeployed to sales roles – and efficiencies
- Invested 1.15% of TTV in sales & marketing

CASH & CASH FLOW

- General cash up 6.8% to circa $429.4m – almost doubled in 5 years
- Borrowings lowered to $31.9m – expensive India debt ($19m) retired
- Stronger positive net debt position – almost $400m at Dec 31
- $68.1m operating cash outflow during 1H – PCP $124.5m outflow
- Cash flow improvement largely brought about by timing of airline BSP payments

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SHAREHOLDER RETURNS

- Actual EPS of 99.7c (PCP: 110.3c)
- Fully franked 55c per share interim dividend – in line with FY2014
- 55.2% of actual NPAT returned to shareholders

NETWORK GROWTH

- 4% shop/business growth to 2759 – Just below targeted range (5-7%)
- Expansion milestones
  - 300th shop/business opened in USA
  - 250th shop opened in Canada
  - 100th shop opened in Asia/Middle East region
- New hyperstores in Australia (Darwin), USA (LA & Philadelphia), India (Delhi and Mumbai) and Abu Dhabi
- Hong Kong hyperstore set to open during Q4

YTD RESULTS SUMMARY

$' million	Dec 2014	Dec 2013	%
TTV	**$8.1b**	**$7.5b**	**8.8%**
Revenue	**$1,103m**	**$1,054m**	**4.6%**
Income margin	13.6%	14.1%	(50bps)
Net margin (underlying)	1.7%	2.0%	(30bps)
Underlying*** Profit Before Tax	$137.6m	$146.3m	(5.9%)
Statutory*** Profit Before Tax	$141.0m	$155.0m	(9.0%)
Underlying Net Profit After Tax	$97.6m	$104.7m	(6.8%)
Statutory Net Profit After Tax	$100.3m	$110.8m	(9.5%)
Effective tax rate	28.9%	28.5%	
Dividends			
Interim Dividend	55.0c	55.0c	-

*** Statutory PBT at Dec 2014 included a $3.4m profit contribution from Top Deck (acquired 1H). This has not been included in underlying results for 14/15. Statutory PBT at Dec 2013 included a one-off $8.7m gain within the Flight Centre Global Product (FCGP) business.

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THE BUSINESS

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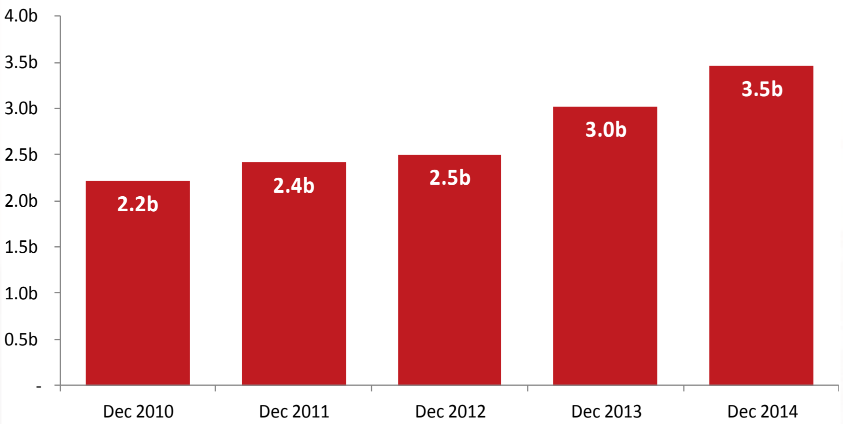
OPERATIONAL HIGHLIGHTS

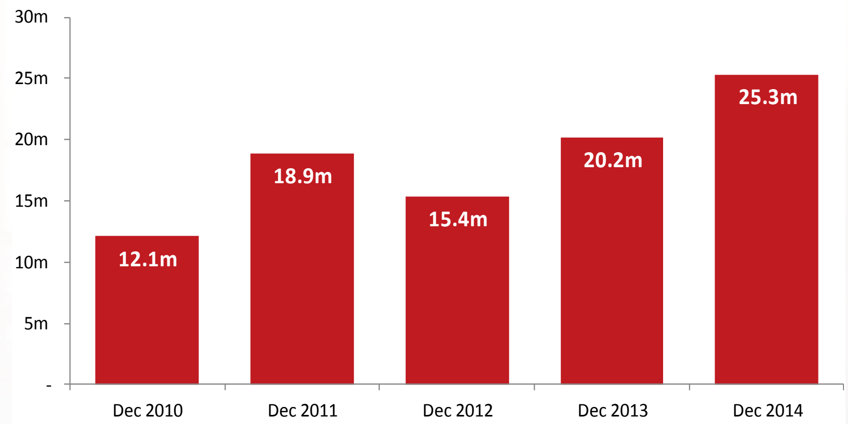
- Record sales in all 10 countries/regions in local currency
- Record EBIT in UK, South Africa, Singapore and Greater China
- Best 1H result in USA since Liberty and GOGO acquisition
- Combined overseas EBIT up 25% to $25.3m
- Overseas growth partially offsets 10% EBIT decline in Australia

GAINING SCALE OVERSEAS

Overseas 1H TTV



Overseas 1H EBIT



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AUSTRALIA

- Leisure and corporate travel sales up – 5% overall TTV growth
- Corporate TTV topped $1.1b and profits in line with PCP
- Record amount of new corporate business won – improved strike rate in winning national and multi national accounts
- Unique products launched and proving popular – SmartFLY
- Opportunity to fast-track corporate growth

AUSTRALIA

- Bottom-line leisure results lower than initially expected and impacted by:
  - Lower gross margins (consultants lowering commissions to convert sales)
  - Costs and investments (wages, shop fit-out and projects)
  - Subdued sales growth following FY14 downturn (lower productivity)
- Improvement opportunities
  - Vertical integration/product development opportunities to boost margins
  - Cost savings to offset front-end wage increases
  - Market-share growth through better and more targeted marketing

STAR PERFORMERS

- Bikes
  - Pedal Group JV generated $29.3m in sales, up 24.5%
  - Almost $1.7million in EBIT (up 12%)

99Bikes.com.au NUMBER 1 ON PRICE

- Travel Money
  - $2.6million in 1H EBIT, now one of FLT's fastest growing businesses
  - Expanding network of standalone & implanted shops (subsidising rent)
  - Presence in Australia & NZ, set to open in USA & India (FY16)

TRAVEL MONEY OZ™

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STAR PERFORMERS

- Flight Centre Business Travel
  - Mixes business (small corporate accounts) with leisure
  - EBIT up 15% and circa $130m in turnover in Australia alone
- Stage & Screen and Campus Travel
  - 20%+ EBIT growth from corporate niche brands

UK

- FLT's largest profit contributor after Australia.
- 1H EBIT of $19.8m – 23.5% CAGR over past 5 years
- $320k EBIT contribution from Ireland acquisition (Travelplan)
- TTV up 17% in local currency and could top GBP1b during FY15
- Focus on becoming a “Travel Experience Company” – new Journeys and Escapes products launched
- GBP1m in Journeys sales in 1st month

USA

- TTV exceeded $AUD1billion (FLT's 2nd largest region by sales)
- Significant reduction in 1H losses and profitable by Jan 31, 2015
- Strong 2H profits expected – seasonally stronger period for Liberty & GOGO
- On track to surpass full year target of $USD17m-$USD18m EBIT (circa 50% growth)
- Record corporate profits, sales likely to top $AUD1b during FY15
- Corporate to open in Austin and Raleigh during 2H (20-city presence)

USA

- Expanding Liberty's footprint ahead of peak 2H booking period
- New LA & Philadelphia (pictured below) hyperstores
- Pennsylvania & New Jersey megastores
- EuroGuru program helping to grow sales in 12m passenger-per-year European travel sector & poised for expansion

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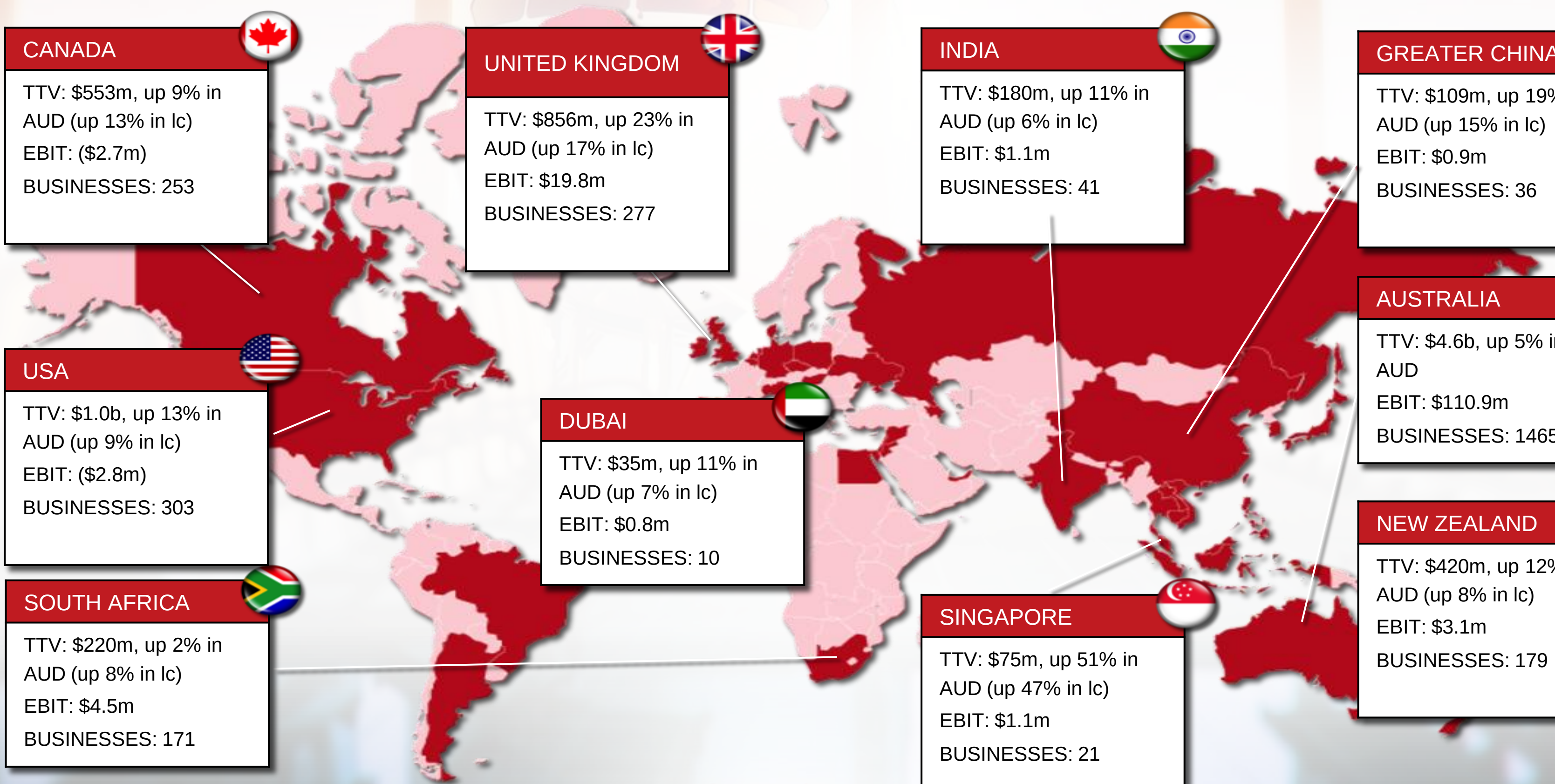
REST OF THE WORLD SEGMENT

- Strong performance in Singapore, Greater China and South Africa
  - Record sales and profits. Singapore TTV up 47% in local currency
- Solid sales growth in NZ but lower profits
  - Investing in people (new wage structure) and network (shop refurbs)
- Steady growth in India and Dubai
  - Profits down on PCP but sales increasing and bright 2H prospects
- Canada – a W.I.P but some positive signs
  - Strong sales growth (TTV up 13% in local currency)
  - Expansion into 4 new provinces during past 18 months
  - Shifting leisure travel focus – mirroring UK and USA strategies

RESULTS BY COUNTRY



CANADA
TTV: $553m, up 9% in AUD (up 13% in lc)

EBIT: ($2.7m)

BUSINESSES: 253

UNITED KINGDOM
TTV: $856m, up 23% in AUD (up 17% in lc)

EBIT: $19.8m

BUSINESSES: 277

INDIA
TTV: $180m, up 11% in AUD (up 6% in lc)

EBIT: $1.1m

BUSINESSES: 41

GREATER CHINA
TTV: $109m, up 19% in AUD (up 15% in lc)

EBIT: $0.9m

BUSINESSES: 36

AUSTRALIA
TTV: $4.6b, up 5% in AUD

EBIT: $110.9m

BUSINESSES: 1465

USA
TTV: $1.0b, up 13% in AUD (up 9% in lc)

EBIT: ($2.8m)

BUSINESSES: 303

DUBAI
TTV: $35m, up 11% in AUD (up 7% in lc)

EBIT: $0.8m

BUSINESSES: 10

NEW ZEALAND
TTV: $420m, up 12% in AUD (up 8% in lc)

EBIT: $3.1m

BUSINESSES: 179

SOUTH AFRICA
TTV: $220m, up 2% in AUD (up 8% in lc)

EBIT: $4.5m

BUSINESSES: 171

SINGAPORE
TTV: $75m, up 51% in AUD (up 47% in lc)

EBIT: $1.1m

BUSINESSES: 21

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THE STRATEGIES

Our Killer Theme

Brand and specialisation:	Unique Product:	Experts, not Agents:	Redefining the Shop:	Blended Access:	Information is Power:	A Sales and Marketing Machine:
Evolving our brands to truly specialise in specific areas of travel and have clear customer value propositions (CVPs)	Making, combining and sourcing exclusive FLT products and services, rather than simply just selling suppliers' products. "Our product – not just someone else's"	Ensuring each brand's people are experts in understanding the brand's speciality and that they in turn are backed by "travel gurus", who are readily available if additional expertise is required	Ensuring corporate, wholesale and retail spaces reflect that FLT's people are retailers first and foremost, not office workers	Ensuring FLT's brands are always available to customers. They can touch, browse and buy FLT's products when and how they want – online, offline, shop, email, chat, phone or SMS	Profiles Patterns Predictions	More Agile Personalised Relevant

TRAVEL GROUP

TRAVEL AGENT TO TRAVEL RETAILER

TRAVEL PROVIDERS → FLIGHT CENTRE™ TRAVEL GROUP → THE CUSTOMER

1) BRAND & SPECIALISATION

What do we **have** that's special?

What do we **know** that's special?

What do we **do** that's special?

Escape Travel
CORPORATE TRAVELLER Bring an expert on board
cruiseabout
cievents
stageandscreen TRAVEL SERVICES
FCm TRAVEL SOLUTIONS
Student Flights
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TRAVEL ASSOCIATES

1) BRAND & SPECIALISATION

The CVP is not
a set of marketing statements

It is a clear statement of what a brand business
has and does that the customer values

2) OUR OWN PRODUCT

We have great products from our partners BUT …

We need to start manufacturing
and promoting our own products
(Hard and Soft)

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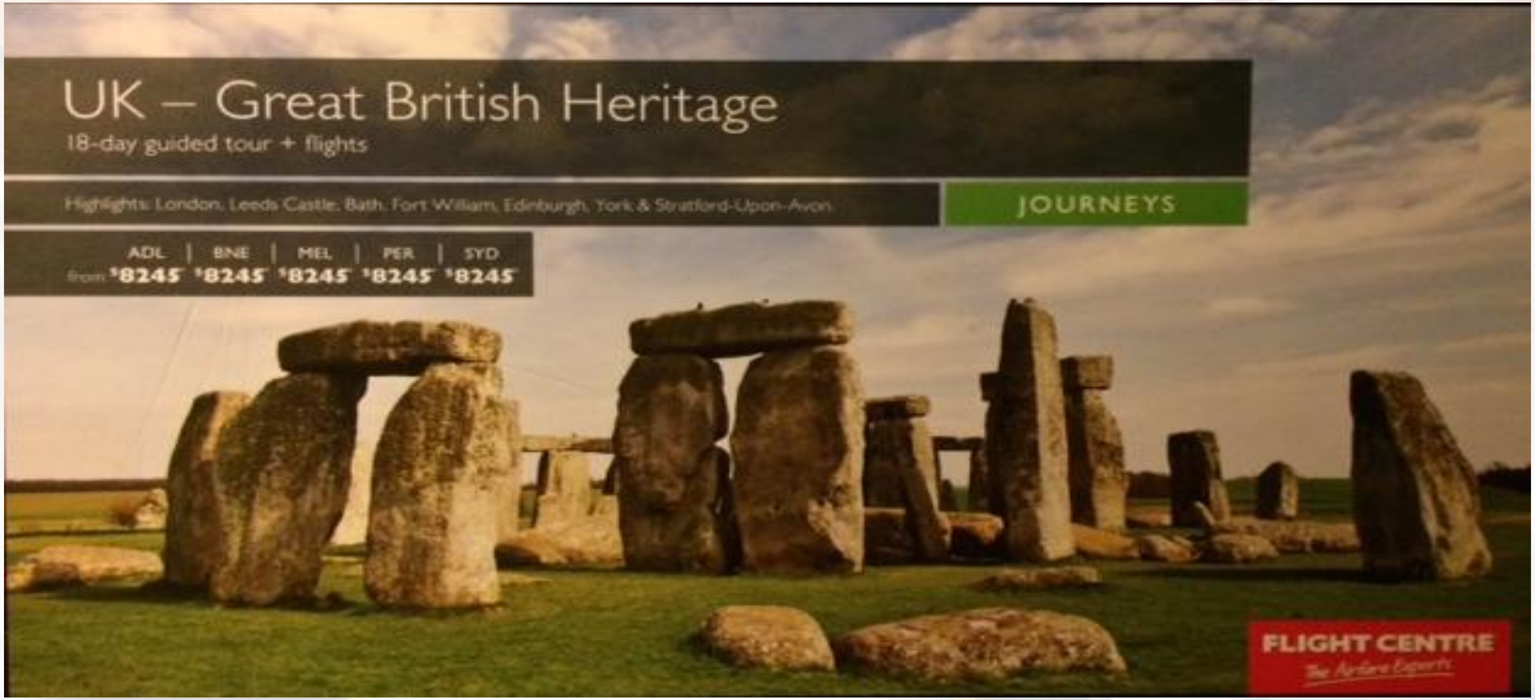
UNIQUE PRODUCT – JOURNEYS



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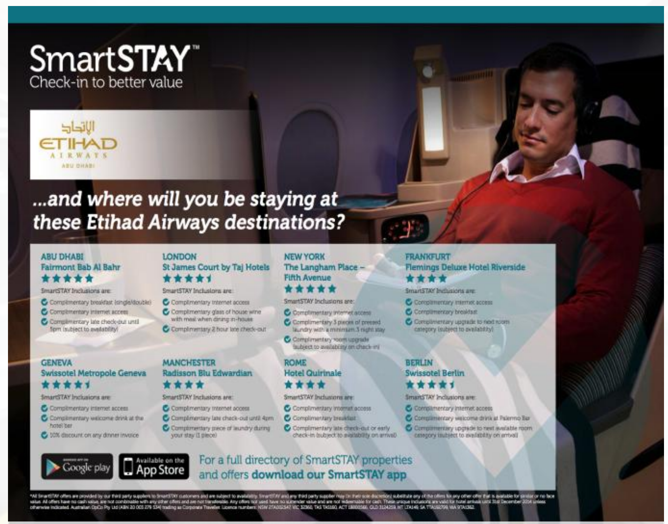
UNIQUE PRODUCT – SmartSTAY



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3) EXPERTS NOT AGENTS

Our sales people need to be experts in their brand's specialised products

HOLIDAY EXPERTS

VACATION EXPERTS

CRUISE EXPERTS

AIR EXPERTS

SME EXPERTS

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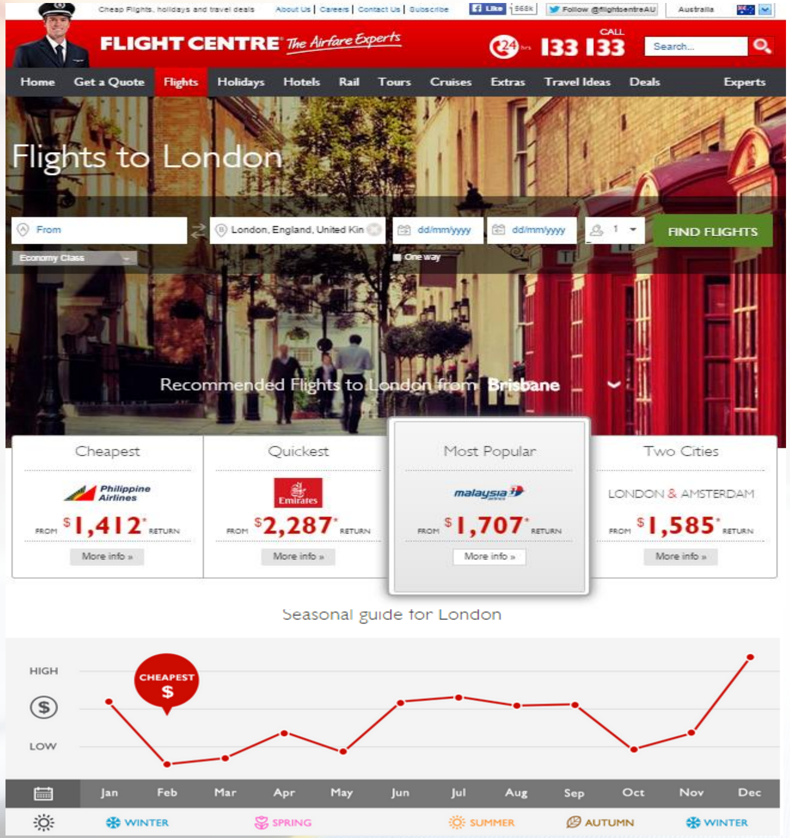
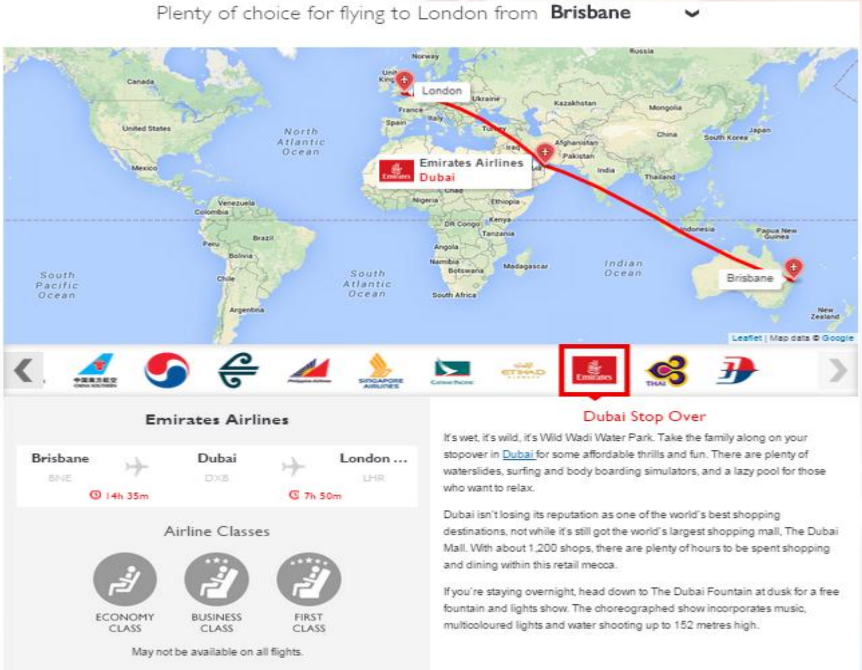
SHOWCASING AIRFARE EXPERTISE – LONDON





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4) OUR SHOPS NEED TO BE A SHOP

- A place we display our wares
- A place where customers can touch and browse our products
- A place where no long counter creates a barrier between the customers and our sales experts
- A place that needs to have zones to reflect the different product ranges we have
- A place where different customer interactions happen

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NEW SHOP DESIGN – FC CHERMSIDE

NEW SHOP DESIGN – ET Ballina

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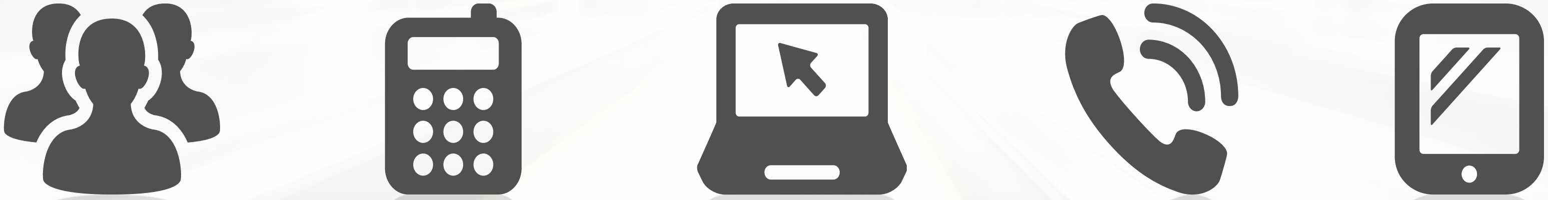
5) BLENDED ACCESS

Our business is always open

when and how you want



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OUR LEISURE BRANDS

Shops & Websites

Need to enable our leisure customers to access their brand around the clock

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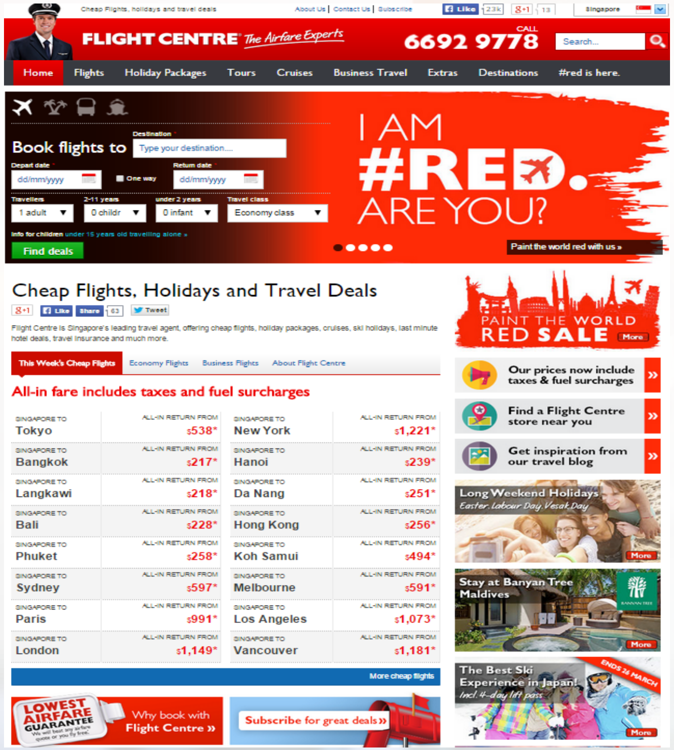
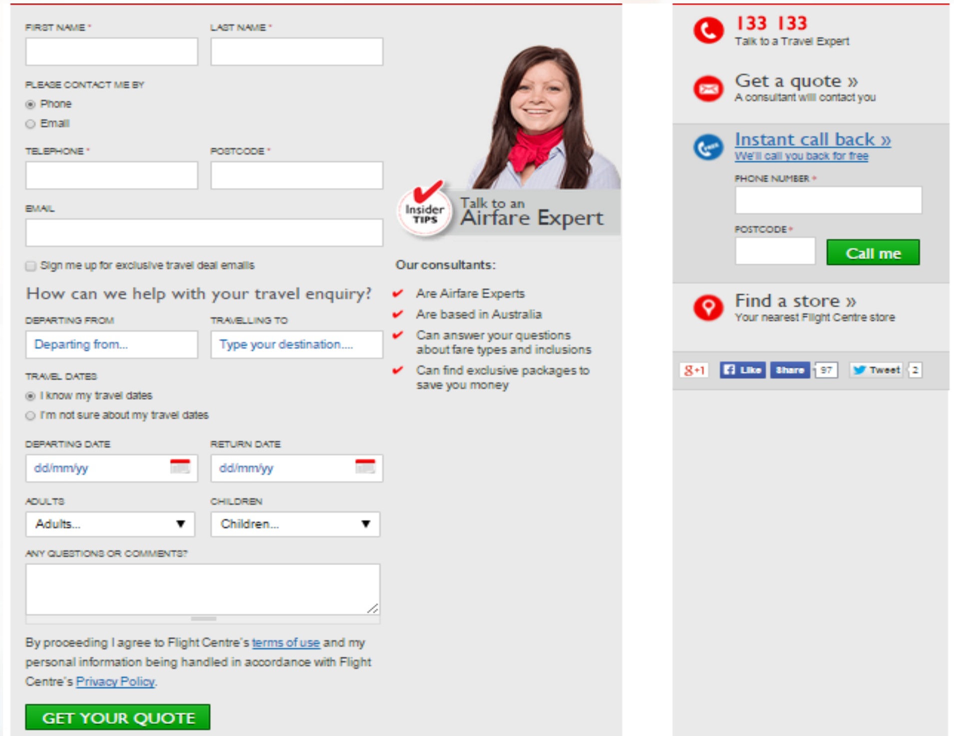
NEW SINGAPORE WEBSITE





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6) INFORMATION IS POWER

PROFILES

PATTERNS

PREDICTIONS

TARGETED DIRECT MAIL

BUDGET CONSCIOUS

LEADING LIFESTYLES

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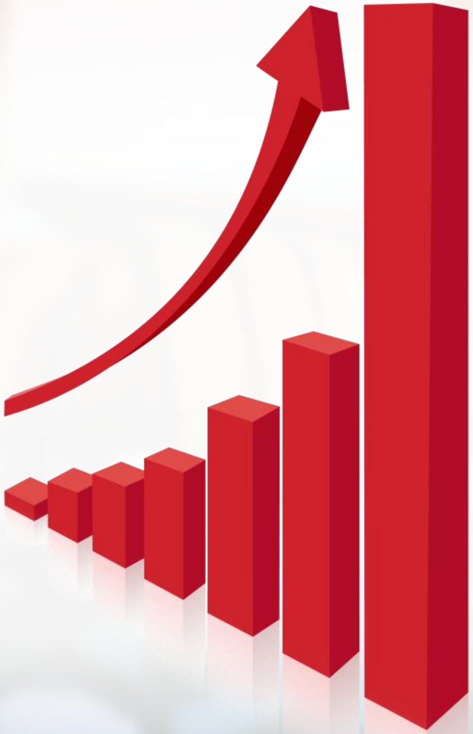
7) BECOMING A WORLD CLASS SALES & MARKETING MACHINE



- Generate more volume in enquiry and leads
- Acquisition and retention
- Targeted and personalised
- Better marketing in the on and offline world

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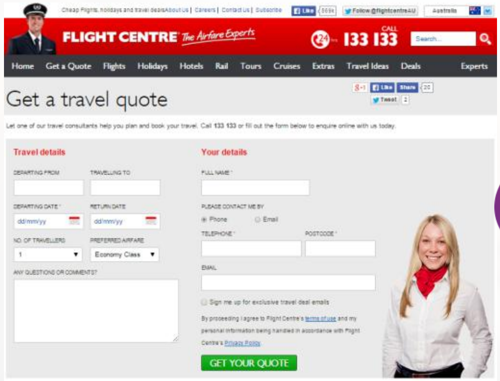
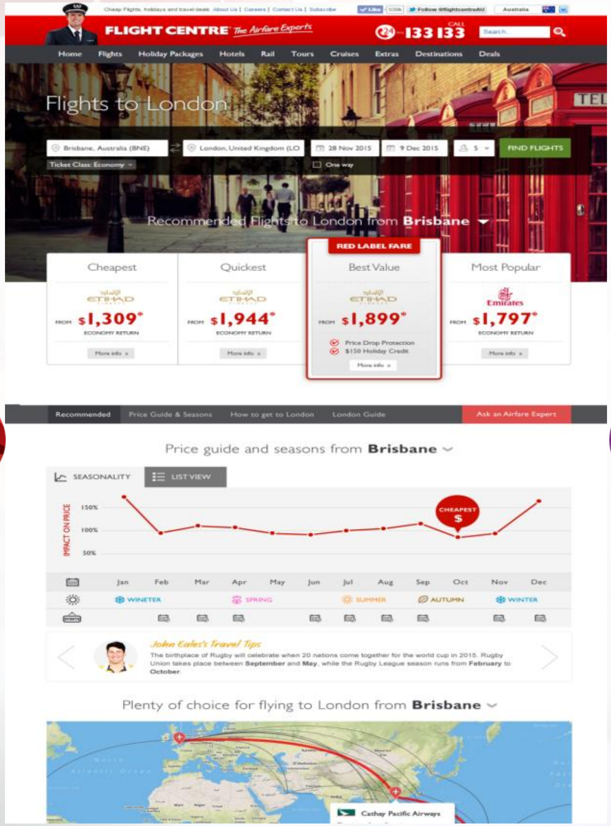
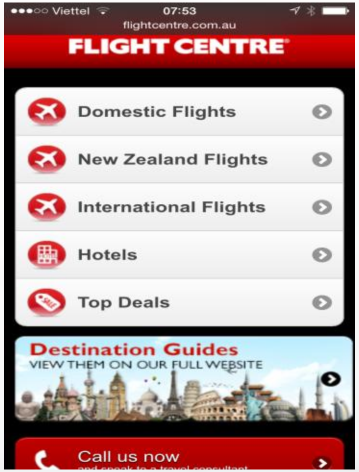
BASIC ENQUIRY TO RICH CONTENT







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NEW LOOK PRESS ADS

JOURNEYS

Escapes & Getaways

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THE FUTURE

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2014/15 GUIDANCE

- Targeting $360m-$390m underlying PBT (excluding any significant unforseen items that may occur)
- Guidance also excludes Top Deck profits
- Top of the range represents 4% growth on FY14 record underlying PBT – bottom of the range represents a 4% decline
- Expecting strong contributions from overseas, particularly UK & USA

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MARKET CONDITIONS

- Some ongoing volatility in Australia
- Impossible to predict timeframe for recovery, but some positive signs
  - Good customer enquiry in key leisure brands
  - Solid Travel Expo results
  - Record account wins in corporate travel
  - Market-share growth in some areas – NYC pricing model
  - Airfare discounting on key international routes
- Starting to track against weaker trading period – opportunity to grow sales and profits more rapidly
- Healthy capacity and competition, leading to cheap fares

OPPORTUNITIES

- Continued growth in overseas profits during seasonally stronger 2H
- Fast-track corporate growth in Australia
- Enhanced leisure travel productivity
- Flight Centre's Widest Choice of Airfares – if it flies, we've got it!
- Ongoing focus on Killer Theme and mini themes
- Cheap fares to stimulate demand – Golden Era For Travel

GROWING THE NETWORK

- Focus on organic growth
- Exporting brands within the FLT network – Campus Travel, Travel Money, Stage & Screen
- New geographies likely – Netherlands and Dublin leisure businesses planned as an extension of UK business
- Some strategic acquisitions possible to fill gaps in the network

QUESTIONS?

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APPENDICES

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STATUTORY v UNDERLYING PBT

$' million	Dec 2014	Dec 2013	%
Statutory Profit Before Tax	**$141.0m**	**$155.0m**	**(9.0%)**
Top Deck contribution	($3.4m)	-	-
One-off gain within FCGP business	-	($8.7m)	-
Underlying Profit Before Tax	**$137.6m**	**$146.3m**	**(5.9%)**

- $3.4m profit contribution from Top Deck (acquired 1H).
- One-off $8.7m gain within the Flight Centre Global Product (FCGP) business

FIVE-YEAR GROWTH TRAJECTORY

	Dec 14	Dec 13	Dec 12	Dec 11	Dec 10
TTV	**$8,138m**	**$7,480m**	**$6,593m**	**$6,181m**	**$5,668m**
Income margin	13.6%	14.1%	13.9%	13.9%	14.0%
EBITDA	$164.0m	$179.3m	$148.9m	$137.5m	$121.3 m
PBT	$141.0m	$155.0m	$129.5m	$119.7m	$101.1m
NPAT	**$100.3m**	**$110.8m**	**$91.8m**	**$81.6m**	**$70.5m**
EPS	99.7c	110.3c	91.7c	81.6c	70.6c
DPS	55.0c	55.0c	46.0c	41.0c	36.0c
ROE	8.8%	10.3%	10.4%	10.5%	9.9%
Cap-ex	$39.5m	$28.2m	$28.4m	$27.4m	$24.2m
Selling staff	13,853	13,096	12,317	11,866	10,973
General cash	$429.4m	$401.9m	$319.5m	$316.9m	$249.9m
Client cash	$611.3m	$594.4m	$453.9m	$429.8m	$406.2m
Cash and cash equivalents	**$1,040.7m**	**$996.3m**	**$773.4m**	**$746.7m**	**$656.1m**
Investments	$62.0m	$32.2m	$55.1m	$53.7m	$74.8m
Cash and investments	**$1,102.7m**	**$1028.5m**	**$828.5m**	**$800.4m**	**$730.9m**

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CORPORATE SOCIAL RESPONSIBILITY

1. Job creation: About 1200 new jobs created during 2013/14
2. Employee earnings: FLT paid about $1billion in salaries and wages
3. Health and financial well-being: On average, one health/financial consult conducted on every staff member
4. Gender diversity: Almost half of FLTs leaders are women
5. Workplace flexibility: 18% of Australian workforce now works from home or under casual/part-time arrangements

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CORPORATE SOCIAL RESPONSIBILITY

6 Noble Selling Purpose: Initiated during 2013/14 and rolled out globally in July 2014

7 Community assistance: Flight Centre Foundation donated more than $1m in Australia alone

8 Staff contribution: Volunteer leave program introduced - 1300 hours volunteered

9 Supply chain: 2013/14 TTV = more than $300m in sales for suppliers every week

10 Shareholder returns: $20,000 investment at float = $1m holding at July 31, 2014. Additional $240,000 in dividends returned per share

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