

# MACQUARIE AUSTRALIA CONFERENCE

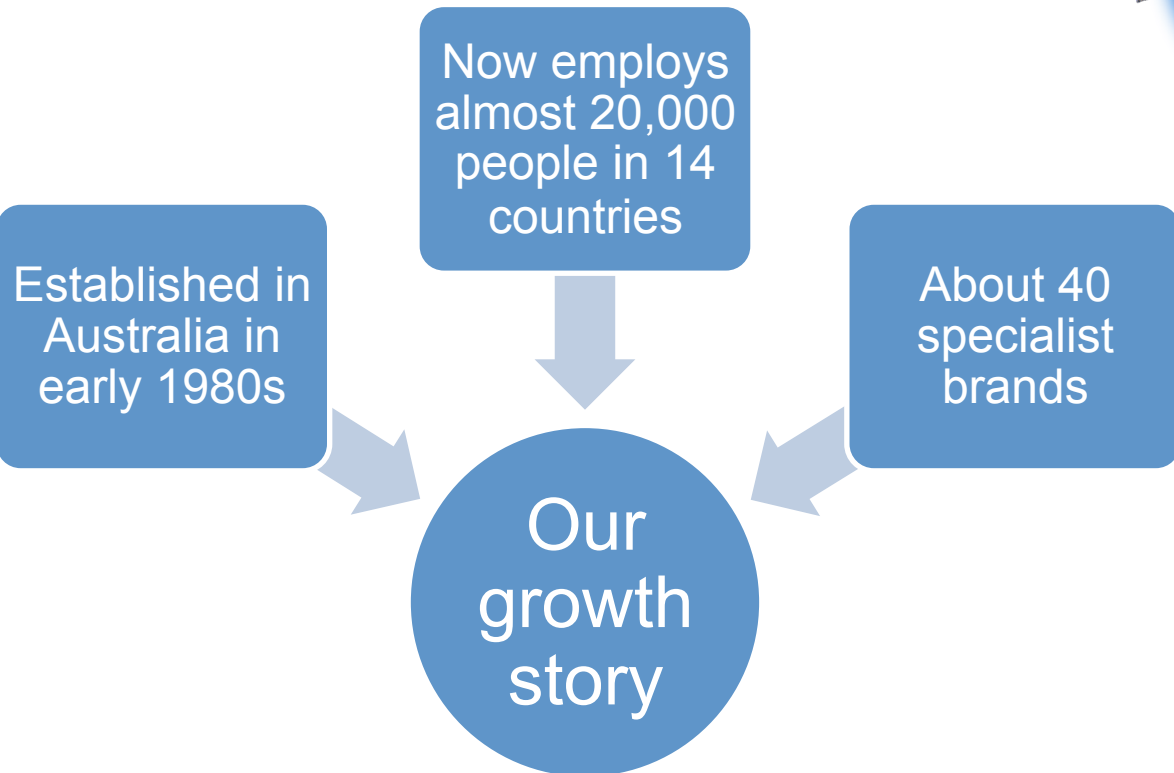
May 6, 2016



Presentation by Adam Campbell, CFO



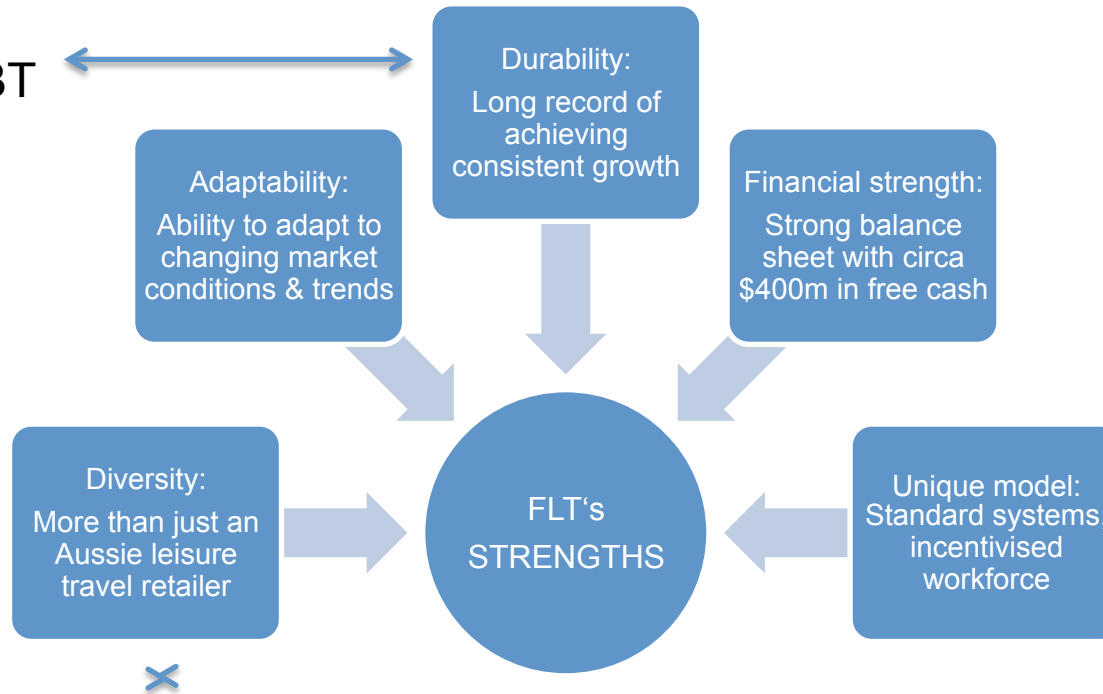
# FLT: AN OVERVIEW



# FLT: KEYS TO SUCCESS



Circa 16%  
CAGR in PBT  
& TTV over  
20 years  
since listing



# GEOGRAPHIC DIVERSITY



47% of 1H TTV  
was generated  
outside of Australia

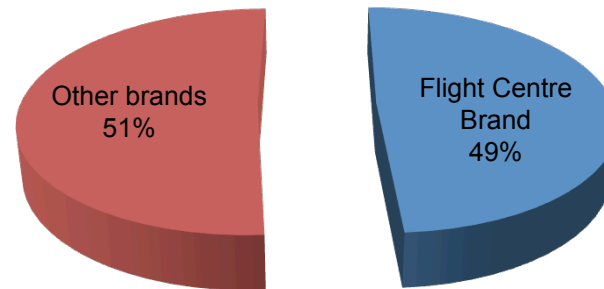


■ Australia ■ EMEA ■ Americas ■ Asia ■ NZ

# BRAND DIVERSITY



## FY15 Turnover - Australia



Flight Centre Brand now generates about half of Australian turnover, compared to:

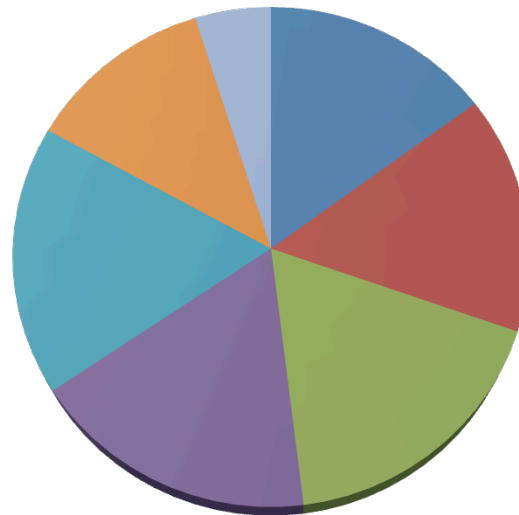
- 64% in FY10; and
- 69% in FY05

# DIVERSITY: SPECIALIST BRANDS



## Age of Outbound Travellers

FLT uses specialist leisure brands to target the key age groups & demographics. For example, Student Flights provides specialist services, products & advice to the large student/backpacker sector

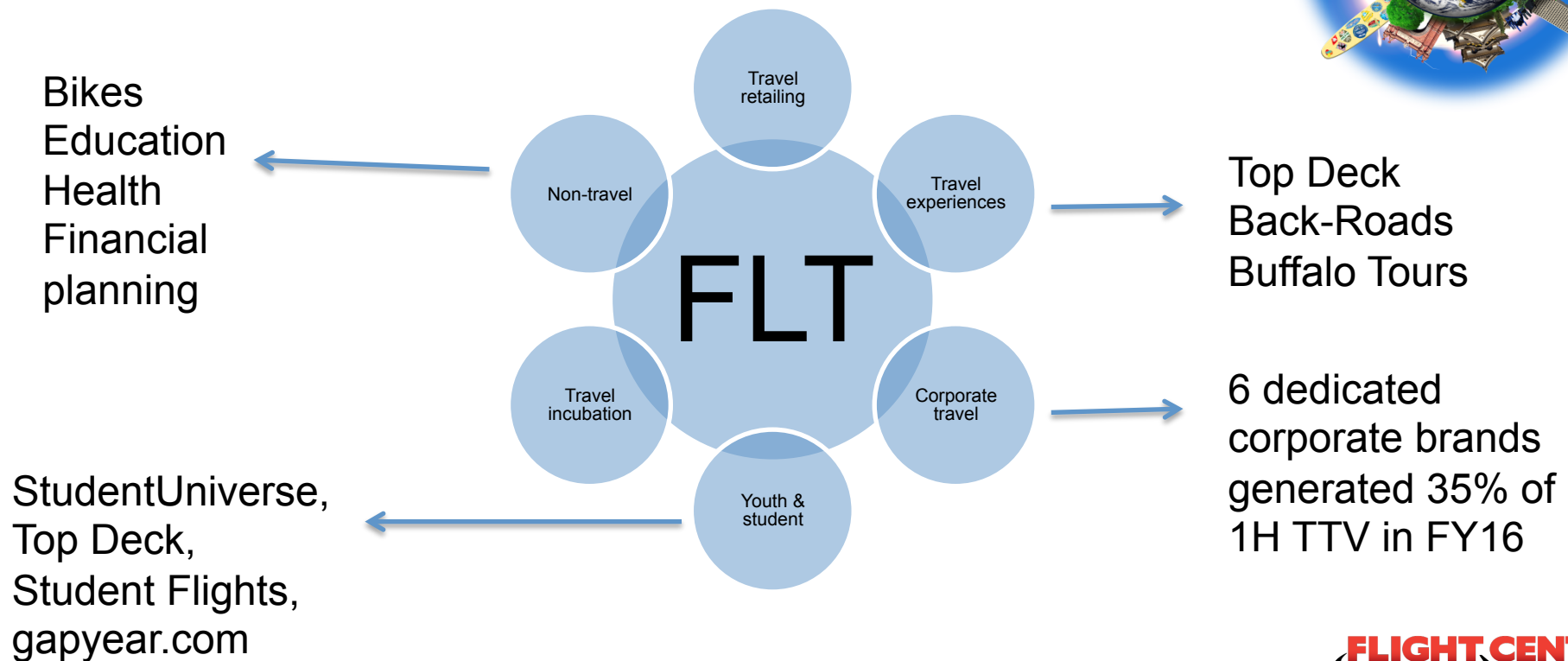


- Under-19
- 20-29
- 30-39
- 40-49
- 50-59
- 60-69
- 70+

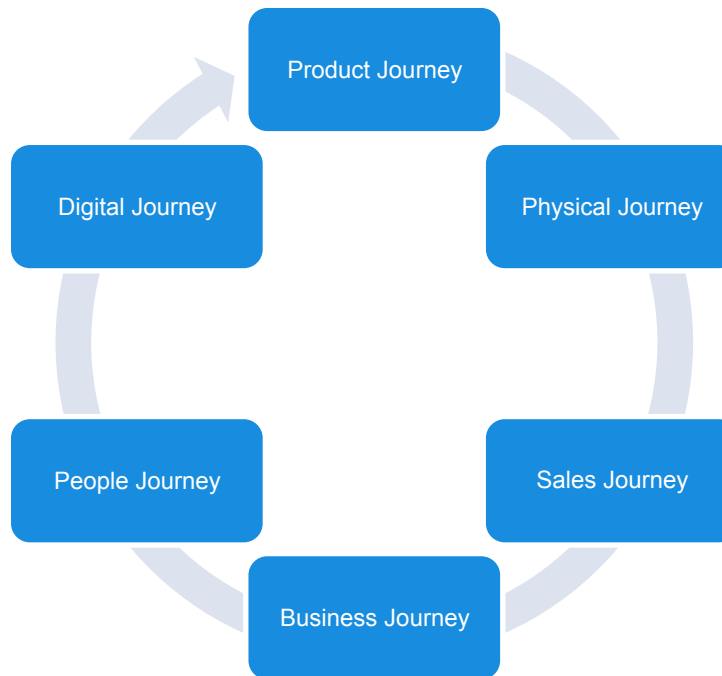
**48% of Australian travellers who take off overseas are aged under-40**

Source: Australian Bureau of Statistics 2014/15 Short-Term Outbound Departures

# LONG-TERM GROWTH PLAN: 6 KEY PATHS



# FLT TODAY: STRATEGIC JOURNEYS





# PERSON 2 PERSON RETAILING

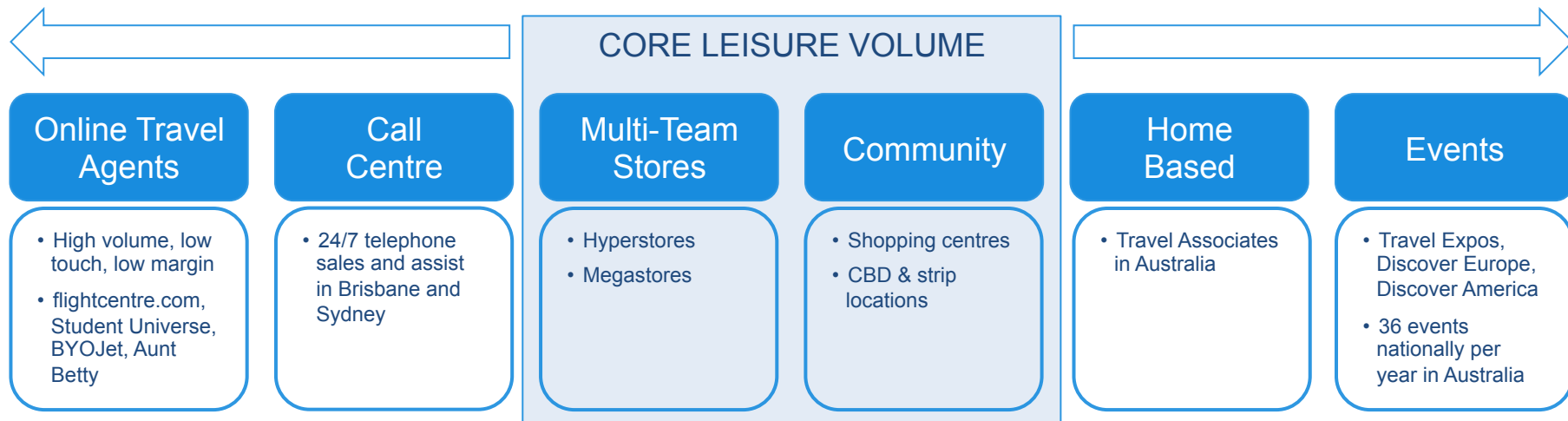


In all countries, FLT generates most of its leisure sales via its shops – obvious growth opportunities exist in channels that sit on the fringes of the “P2P Index”

Low touch/  
low cost  
models

Higher touch  
offerings

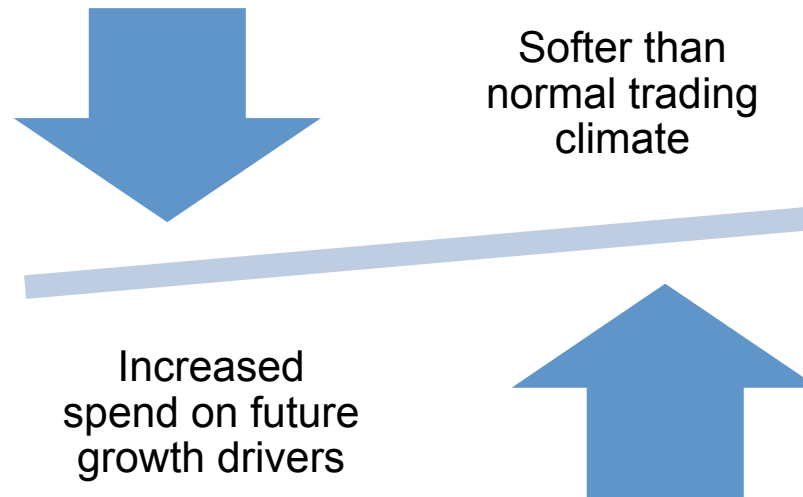
# PERSON 2 PERSON INDEX



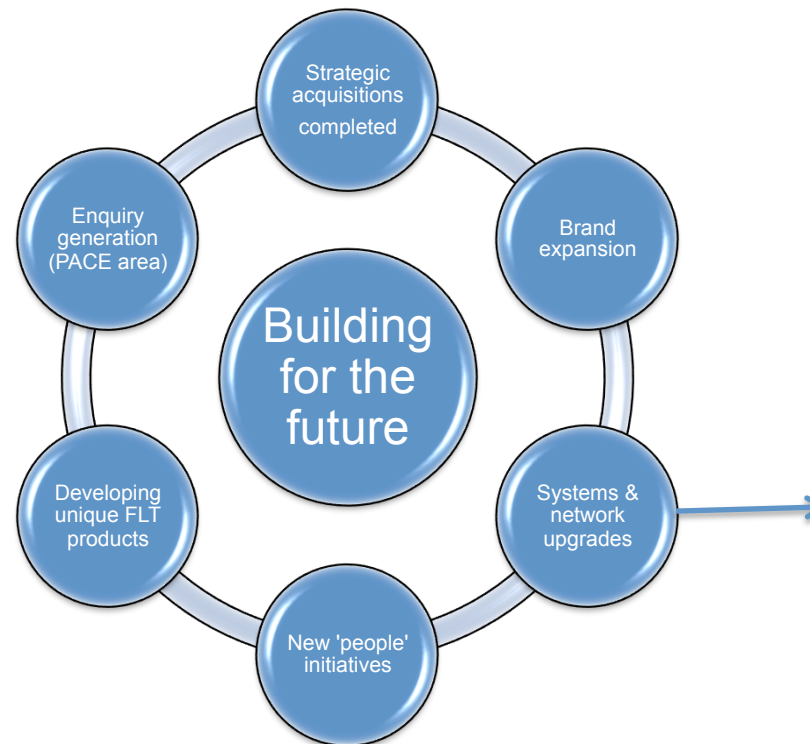
# FY16: INVESTING FOR GROWTH



In a challenging trading climate that has impacted short-term results, FLT has maintained its commitment to investing in its longer term growth strategies



# FY16: STRATEGIC INVESTMENTS



Circa \$110m investment in cap-ex during FY16, leading to \$9m increase in D&A expense this year

# STRATEGIC INVESTMENTS: ACQUISITIONS

Developing a broader geographic footprint & cementing FLT's position as one of world's largest corporate travel managers



FCM Mexico

FCM Malaysia

FCM Holland

cievents Hong Kong

Further corporate acquisitions likely to complement FLT's organic growth in the sector

# STRATEGIC INVESTMENTS: ACQUISITIONS

Developing a stronger online presence in Australia & overseas through acquisitions & by enhancing existing sites

## StudentUniverse.com

- Industry-leading online booking platform for students
- Global expansion opportunities & ability to leverage SU's digital expertise

## BYOjet.com

- Low cost airfare specialist
- Potential roll-out in other FLT countries



SU & BYO are growing strongly & together should deliver in excess of \$AU500m in TTV during FY17

# STRATEGIC INVESTMENTS: BRANDS



## New brands developed

- Aunt Betty – “virtual travel agent” – set for launch early in FY17

## Existing brands exported

- Travel Money, Campus Travel, Stage & Screen, cievents, FCBT
- Ireland leisure travel business set for FY17 launch

# COMING SOON: AUNT BETTY



Cheap Flights | Book online x

www.auntbetty.com.au

Apps Suggested Sites Flight Deck www.asx.com.au/da... M ec M RE: Fwd: - haydn\_lo... Other bookmarks

**Aunt Betty**  
com.au

1300 019 677  
Part of the Flight Centre Travel Group

**NO BOOKING OR CREDIT CARD FEES!**

NADA NONE ZERO FREE  
H27IZ NO FEES

fly stay

From Departure 1 Adult (12-)

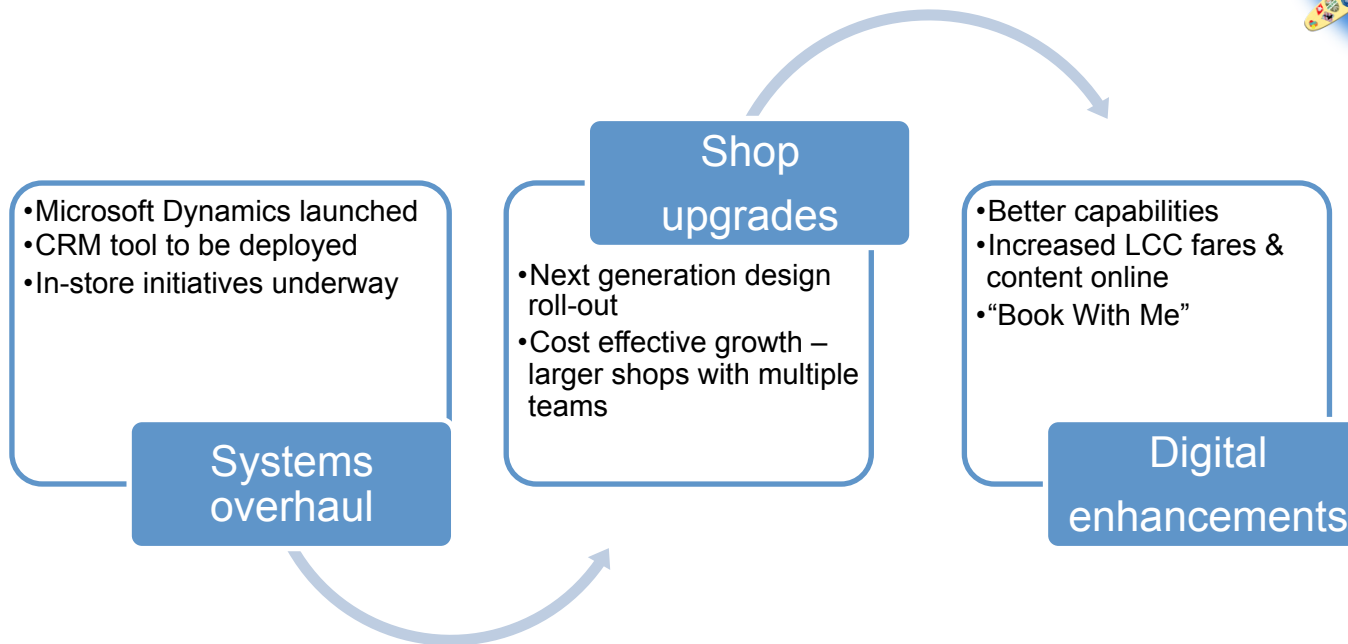
Destination Returning 0 Children (0-11)

One Way

Windows taskbar: 9:24 AM 5/05/2016



# STRATEGIC INVESTMENTS: NETWORK



# BOOK WITH ME: PERSONALISED URLs



**FLIGHT CENTRE** BOOKING WITH **Rob Swanson** 1300 456 654

Wishlist 0 Manage Bookings Account

Home Get a Quote Flights Holidays Hotels Rail Tours Cruises Extras Destinations Deals

Stores - Brisbane - Edward Street Store

Japan is one of the most amazing, beautiful, and friendly countries in the world. From majestic Mount Fuji to bustling Tokyo, Japan is a high-tech world mixed with the politeness and respect of their past.

**Rob Swanson**  
5 YEARS | 11 COUNTRIES | 36 CITIES  
LEAVE A MESSAGE

Book with Rob by using the booking form below it will automatically select Rob as your personal consultant. Rob will keep in touch with you in case you need any support or have any questions.

34 Edward Street, Brisbane  
1300 456 654  
Open Now until 5:30 pm

Book your flight online with Rob

FIND FLIGHTS

Economy One Way

My past trips

TRIP WANT THIS TRIP? YES

TRIP WANT THIS TRIP? YES

Consultants' personalised URLs can be sent to friends, family & customers – online bookings with a person-to-person touch

# STRATEGIC INVESTMENTS: PEOPLE



New wage  
structures  
introduced

Workplace  
flexibility initiatives  
to be launched

# STRATEGIC INVESTMENTS: PRODUCTS



Investing in unique products a key element in FLT's "Product Journey"

Recent additions include Journeys, Escapes, International Airfare Packages (IAPs)  
Travel Money set to launch Key To The World digital travel wallet

Offering a broader range of LCC fares & products as part of commitment to offering widest choice of airfares

# UNIQUE PRODUCTS: IAPs

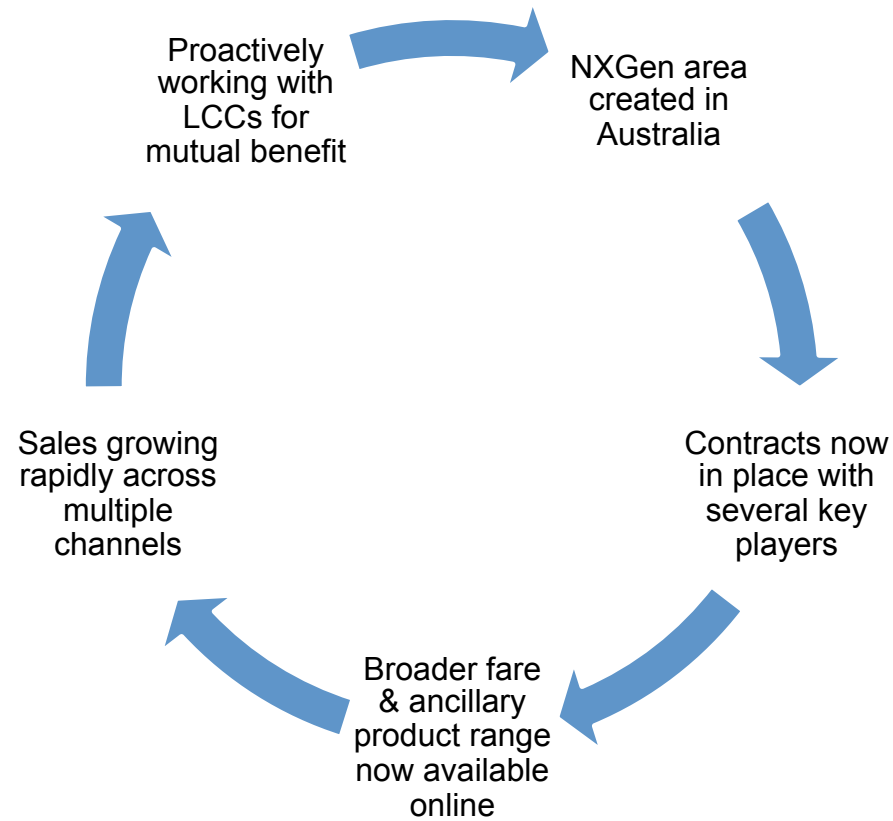


When you book with Flight Centre you're never on your own.  
Choose the right International Airfare Package for your needs.

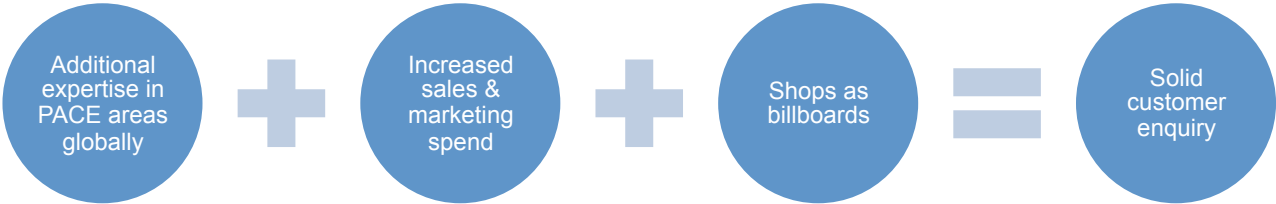
PER PERSON	CAPTAIN'S BASIC \$39	CAPTAIN'S ESSENTIALS \$59	CAPTAIN'S ULTIMATE \$99
	ALL DESTINATIONS	ALL DESTINATIONS	LONG HAUL ONLY
24/7 Customer Care	✓	✓	✓
Visa and Passport Check	✓	✓	✓
Transferable Deposit	✓	✓	✓
Price Drop Protection™	✗	✓	✓
Next Business Day Refund	✗	✓	✓
Accommodation Discount	✗	✗	✓ \$150*
Fee if you have to change your airfare	\$50*	\$50*	\$50*
Fee if you have to cancel your airfare	\$180*	\$180*	NO FEE*

**\*Definitions**  
**Long Haul:** Airfares to the Americas, South Africa, Europe, Middle East and the UK.  
**24/7 Customer Care:** Australian based Customer Care call centre accessible 24 hours a day 7 days a week from anywhere in the world.  
**Next Business Day Refund:** If for any reason you have to cancel your trip, Flight Centre will refund the applicable fare by the next business day if your cancellation is processed before noon.  
**Accommodation Discount:** Travellers must use discount through Infinity Holidays for local arrangements at the destination. It will exclude \$500 maximum spend on.

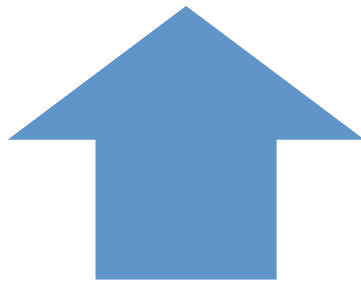
# LOW COST CARRIERS



# STRATEGIC INVESTMENTS: ENQUIRY



# FY16 GUIDANCE: A QUICK RECAP



Targeting 4-8% growth in underlying PBT (excluding ACCC refund, possible impairment)



Targeted growth range not a formality given investments made to drive longer term returns & uncertain trading conditions heading into key May-June booking periods



# FY16: THE STORY SO FAR



## Opportunities

All countries/regions profitable YTD apart from Singapore

All countries/regions tracking towards record TTV (in LC) at end of 3rd quarter

## Challenges

Low yields affecting TTV growth

Long-term Investments slowing profit growth, as flagged at 1H

May-June a key booking period globally



# TRADING CONDITIONS: AUSTRALIA



Soft consumer environment – flat corporate market (growth coming through market-share) & cautious leisure customers

Election & budget uncertainty may affect demand during Q4

Virgin & Qantas responding to uncertainty by cutting domestic capacity

Outbound travel market growing but at a slower than normal rate (3-4% YTD)

Low airfare yields slowing TTV growth but stimulating demand

International airfare price war underway

# AIRFARE PRICE WARS: LONDON CALLING



“Headline” return fares to London from Sydney are the cheapest in recent memory and are currently:

- 36% cheaper than 10 years ago
- 27% cheaper than 3 years ago

\$1675  
(May 2006)



\$1473  
(May 2015)



\$1079  
(May 2016)

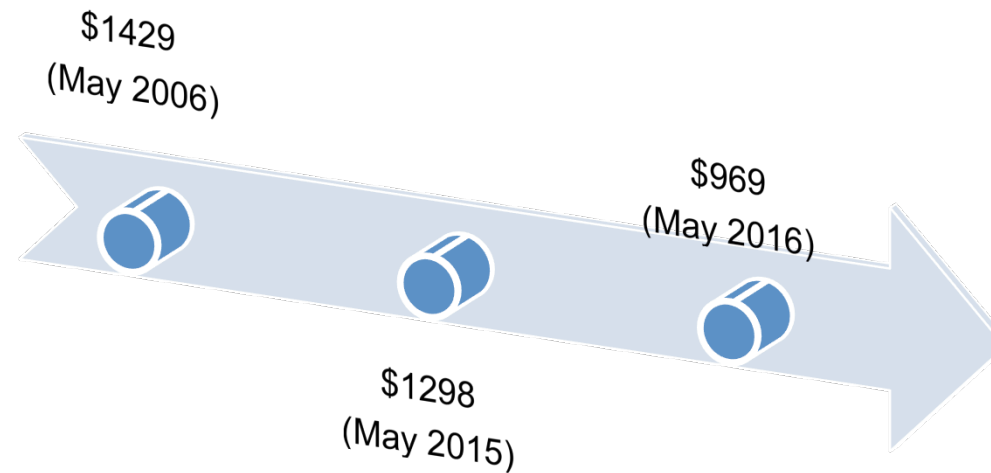


Similar to the price of a return fare to Bangkok 10 years ago

# AIRFARE PRICE WARS: NYC FOR SUB \$1000



This week's "headline" return fare from Sydney to New York was 32% cheaper than 10 years ago



# QUESTIONS

