STATEMENT TO AUSTRALIAN SECURITIES EXCHANGE - July 5, 2017

FLIGHT CENTRE TRAVEL GROUP ON TRACK TO ACHIEVE TOP

OF TARGETED RANGE AFTER SOLID SECOND HALF RECOVERY

THE Flight Centre Travel Group (FLT) today updated its 2017 fiscal year (FY17) guidance.

FLT expects to achieve an underlying* profit before tax (PBT) between $325million and $330million for the 12 months to June 30, 2017, after achieving record full year sales and solid second half profit growth.

FY17 total transaction value (TTV) is expected to top $20billion, in line with the company's expectations and comfortably above the $19.3billion result achieved during the previous corresponding period (PCP), despite significant airfare price deflation in several key markets.

Underlying second half PBT is expected to surpass the PCP's result by 2.5%-4.9%, leading to an underlying full year PBT:

- At the top of FLT's revised FY17 guidance ($300million-$330million); and
- Within the range that FLT targeted ($320million-$355million) when it initially released its FY17 guidance. FLT subsequently amended this guidance after challenging first half trading conditions slowed top and bottom-line growth during the period

Managing director Graham Turner said the company's second half profit growth had been underpinned by strong results in:

- North America, with the USA business now on track for a record profit and the Canada business set to record significant year-on-year improvement; and
- Europe, the Middle East and Africa (EMEA). Despite the ongoing political uncertainty in the UK, FLT's UK operation will deliver another record profit in local currency, although the significant falls in the British pound's value during the past year will adversely affect translation into Australian dollars

Mr Turner said results in New Zealand and Australia had improved during the second half, with the NZ business also set to contribute a record full year profit and the Australian business starting to benefit from the strong sales volumes it has continued to generate.

Flight Centre Travel Group Limited ABN 25 003 377 188
275 Grey Street, South Brisbane QLD 4101 AUSTRALIA

He said average international airfare prices in Australia, which were 7% down during the first half as a result of widespread discounting that took off during the second half of FY16, were now closer in line with the PCP, leading to stronger revenue and TTV growth late in the year.

"While we always aim to improve on the prior year result, our achievements during the second half reflect a solid recovery after a challenging first half, which saw a combination of internal and external factors affect results," Mr Turner said.

"To improve performance globally, we have focussed on factors that are within our control, specifically:

- Generating strong sales volumes to offset falls in international airfare prices. In Australia and in some other markets, international ticket sales growth has comfortably outpaced the growth in outbound travel
- Enhancing productivity, which has been a key global strategy during the past year
- Containing and, where possible, reducing costs; and
- Generally, making it easier for customers to interact and transact with our brands and people across all channels. Growing our online capabilities and sales has been a priority and we have successfully achieved this goal, with StudentUniverse, byojet and flight centre.com.au making solid contributions to another record global sales result

"We have also continued to invest in key initiatives and strategies that will strengthen our core divisions - leisure travel, corporate travel and in-destination travel experiences - and help us deliver profitable growth over the long-term.

"While our in-destination offerings, which currently include our tour operating businesses and the Buffalo Tours destination management company (DMC), are small in comparison to our large leisure and corporate travel offerings, we see strong future growth opportunities and expect to strengthen this area during FY18.

"Opportunities include developing a global DMC offering and expanding into hotel management in some key markets globally.

"In these and others areas, we can leverage the strength of our global distribution network, which sends millions of travellers away for holidays or for corporate travel every year."

Businesses that were acquired during the year have made a modest contribution to FY17 profit, with FLTs established brands and businesses delivering almost all of the company's bottom-line result.

FLT recorded a $113million underlying first half PBT, compared to a $146.3million underlying PBT during the PCP.

The factors that significantly affected FLT's first half results included:

- Unprecedented airfare discounting in Australia, the United States, India and Singapore
- Currency fluctuations, particularly the weaker British pound, which significantly affected overseas result translation into Australian dollars and led to unrealised losses on forward exchange contracts in parts of the business
- Economic and political uncertainly early in the half, which contributed to soft July trading results globally; and
- Underperformance in some emerging countries and businesses, including Asia, the Middle East and the UK-based touring businesses, which together recorded a $12.5million reduction in first half PBT

Strategies have since been implemented to improve results within these businesses.

The company has also announced a new business transformation initiative to fast-track revenue growth and reduce costs globally.

This focus on costs has already led to some changes within the business, including streamlined support structures in Australia and in Asia. As a result, a number of mid to high-level roles have been made redundant.

Chief operating officer Melanie Waters-Ryan, who has also served as the leader of FLT's Australian business, is heading FLT's business transformation program full-time, with Mr Turner now overseeing the company's Australian leadership team.

FLT will release audited FY17 accounts on August 24 2017 and will provide more details on its strategies for FY18 at that time.

ENDS: Media & investor enquiries to Haydn Long 0418 750454, haydn_long@flightcentre.com

*As disclosed during the first half, underlying FY17 results do not include the one-off $4.1million loss FLT incurred on exiting its Employment Office investment. FLT's underlying PBT for FY16 was $352.4million