



STATEMENT TO AUSTRALIAN SECURITIES EXCHANGE - August 2, 2017

FLIGHT CENTRE TRAVEL GROUP STRENGTHENS NORTH

AMERICA PRESENCE WITH CANADA ACQUISITION

THE Flight Centre Travel Group (FLT) has strengthened its North America presence.

The company, which is set to report record profit and sales in North America for the 2017 fiscal year, has today bolstered its Americas division by acquiring leading Quebec City-based travel company Les Voyages Laurier du Vallon (LDV).

LDV generates about \$C100million in total transaction value (TTV) and about \$C9.4million in revenue from its network of leisure, corporate and Meetings, Incentives, Conferences and Events (MICE) businesses.

The acquisition will significantly strengthen FLT's presence in Quebec, which is Canada's second largest province and a market where FLT was previously under-represented, partly as a result of challenges posed by complying with local guidelines relating to use of the French language.

Acquisition Rationale

FLT managing director Graham Turner said the acquisition would fast-track the company's growth in another key global location.

"Quebec is a large and attractive market for FLT, but our ability to expand and grow market-share in this province has, until now, been constrained," he said.

"By working with LDV, we will be able to leverage the business's local expertise, experience and linguistic capabilities to grow our presence in Canada's second largest market, which is a major corporate hub and home to a large and active leisure travel population.

"There are also opportunities to capitalise on other synergies and to help grow LDV by drawing on FLT's:

- Corporate product suite
- Proven marketing expertise
- Global supplier relationships; and

- Rapidly expanding range of unique airfares, packages and in-destination offerings, which can be distributed through the LDV network."

About LDV

LDV was established in 1963 and has become one of the largest independent travel agencies in Quebec province.

The privately owned business, which has six locations in Quebec City and one location in Montreal, currently employs about 100 people across its three core business units.

These business units include:

- A five-shop luxury leisure travel business that draws on the expertise of a highly experienced consultant network. The leisure business, which is similar to FLT's Travel Associates offering in Australia, generates about half of LDV's TTV
- A strong corporate business that operates out of Quebec City and Montreal and generates about 40% of group TTV; and
- An emerging MICE business

The businesses will continue to trade as LDV, to capitalise on the brand's strong presence in Quebec.

Current LDV general manager Nicolas Racine will continue to run the business and will become part of FLT's senior leadership group in Canada. He will report to FLT's president in Canada, John Beauvais.

FLT's broader Americas division, which is now the company's second largest business by sales (behind Australia), is headed by Dean Smith and includes:

- Flight Centre USA
- The FLT Canada business, which will now have a strong presence across eight provinces (British Columbia, Alberta, Ontario, Nova Scotia, Manitoba, Saskatchewan, Newfoundland and Quebec); and
- A small corporate travel operation in Mexico, which FLT acquired early in FY16

In addition, the company recently secured a 24.1% interest in Bibam, an Argentina-based travel and technology group with a strong presence in the on and offline leisure, corporate and wholesale sectors.

Another recent acquisition, Mexico-based destination management company Olympus, is closely aligned to but not part of FLT's Americas division*.

The Olympus acquisition, which was announced on July 7, also formally completed today and has strengthened FLT's rapidly expanding in-destination travel experiences network.

The Travel Experiences Network is the company's third core business pillar, alongside its extensive leisure and corporate travel operations, and now includes:

- The Top Deck and Back-Roads touring businesses
- The Buffalo Tours and Olympus Tours DMCs, which together generate in the order of \$US100million in revenue annually. Services include transfers, excursions and day-trips, arrangements for meetings and incentive groups and land arrangements for cruises and other tour groups; and
- Hotel management business BHMA, which currently operates 14 properties in Thailand and has another 19 signed properties under development and due to open in Thailand and Vietnam

Acquisition Details

FLT will initially acquire 75% of LDV and will use company cash to fund the deal. A rolling put and call option is in place over the remaining 25% and can be exercised after July 31 2019.

The acquisition price has not been disclosed but is in line with FLT's normal transaction multiples for strategic market-entry acquisitions.

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*The Olympus DMC is part of FLT's rapidly expanding in-destination travel experiences network and, accordingly, will sit within the "Global" segment in FLT's accounts