



STATEMENT TO AUSTRALIAN SECURITIES EXCHANGE - August 4, 2017

FLIGHT CENTRE TRAVEL GROUP ADDS MOBILE

AGENCY GROUP TO AUSTRALIAN LEISURE NETWORK

THE Flight Centre Travel Group (FLT) has strengthened its Australian business by expanding into a fast growing sector of the leisure travel market.

FLT today announced that it had agreed to add Travel Partners, a Sydney-based business with a strong sales force of home-based or mobile travel agents, to its omni-channel distribution network.

The agreement, which is subject to some conditions, comes just days after FLT announced a similar agreement to acquire New Zealand's Travel Managers Group and is in line with the company's strategic aim of developing its leisure network across six key channels globally.

These key channels are:

- Online - FLT's online leisure brands are growing strongly and generated in the order of \$1billion in online total transaction value (TTV) globally during the 2017 fiscal year (FY17)
- 24/7 contact centres
- Community shops
- Larger footprint flagship stores in prime shopping centre and CBD locations
- Home-based or mobile agency models; and
- Expos and events

Acquisition Rationale

FLT managing director Graham Turner said the Travel Partners acquisition would provide the company with a low risk and low cost entry to Australia's home-based agency sector.

"Travel Partners is an established business with a proven operational model in this sector and a strong and expanding network of travel experts and member agencies," he said.

"We look forward to working with the Travel Partners team to help grow the business and to expand in this home-based sector, which is growing rapidly globally.

"In addition to delivering established revenue streams to FLT, our recent home-based acquisitions are expected to provide numerous benefits including:

- Access to a new talent pool of highly experienced travel experts. This includes former FLT employees who left the company to pursue home-based opportunities that weren't previously available
- Greater flexibility and new career opportunities for our sales people, which should improve staff retention
- Added convenience and choice for customers, which is line with our strategy of making it easy for customers to buy from and interact with our brands
- Greater efficiencies, as the home-based or broker model has a lower cost base than a traditional shop; and
- New distribution channels for our manufactured products, which includes a rapidly expanding range of unique airfares, packages and in-destination offerings."

About Travel Partners

Travel Partners was founded by Jeff Hakim and generated about \$70million in TTV during its 2017 financial year.

The business includes a network of independently contracted home-based consultants or mobile agents, third party agencies (member agencies) and shops or "direct*" businesses in Sydney (Kent Street and Padstow), Newcastle and Taree.

Mr Hakim and his team will continue to run the business from its Kent Street base.

Acquisition Details

FLT has agreed to acquire 100% of the business and will use company cash to fund the acquisition, which is expected to formally settle during the first half of FY18 after the conditions are met.

The acquisition price is confidential and is not material to FLT.

In addition to an upfront payment, the deal includes additional performance-related payments that Mr Hakim will be entitled to if the business achieves future growth targets.

M&A Strategy

FLT has completed a number of small acquisitions since the start of FY17 to bolster its presence in its three core sectors of leisure travel, corporate travel and in-destination travel experiences. A summary of the FY17 acquisitions has been included in the table below.

Ignite (49% interest)	Sunny	Buffalo Tours (58.5%)	Travel Tours	Nordics & Germany	3Mundi (25%)	Bibam (24.1%)
<ul style="list-style-type: none"> Emerging travel business specialising in the development & distribution of innovative leisure market models including exclusively curated holiday packages, travel vouchers and rewards programs 	<ul style="list-style-type: none"> Small Shenzhen-based travel agency that is licensed to sell outbound travel to Chinese nationals Will allow FLT to expand its presence in key market sectors on Mainland China 	<ul style="list-style-type: none"> Asia-based destination management company FLT formerly owned 49% of a JV business with Vietnam's Thien Minh Group (TMG). Buffalo Tours Vietnam business added to JV, with FLT increasing its equity 	<ul style="list-style-type: none"> Bengaluru-based (Bangalore) travel group with interests in foreign exchange, the MICE sector and in leisure, corporate and wholesale travel Strengthened and diversified FLT's India business 	<ul style="list-style-type: none"> Corporate travel businesses in five key European countries Gave FLT company-owned businesses in Sweden, Denmark, Norway, Finland & Germany 	<ul style="list-style-type: none"> Travel & technology company with corporate travel operations in France & Switzerland, plus technology hub in Spain 	<ul style="list-style-type: none"> Argentina-based travel & technology group with a strong presence in the on and offline leisure, corporate and wholesale sectors Owns & operates the Biblos brand & fast growing e-commerce player Avatrip.com FCM licensee in Argentina

Since the start of FY18, the company has added five more acquisitions to its global network to gain a presence in new sectors, to enter important new markets and to increase its overall market-share.

The FY18 additions include:

- Hotel management company BHMA, a small but rapidly expanding Thailand-based company, which will become a key part of the in-destination travel experiences network (TEN)
- Mexico-based destination management company Olympus Tours, another key addition to the TEN
- New Zealand corporate business Executive Travel and the Travel Managers Group broker and franchise network
- Quebec City-based travel company Les Voyages Laurier du Vallon (LDV), which operates a network of high-end leisure, corporate and Meetings, Incentives, Conferences and Events (MICE) businesses; and
- Travel Partners

While the company will continue to evaluate any M&A opportunities that arise, FLT does not expect any significant further activity in the short to medium term as it focuses on integrating the new businesses and realising the strategic objectives.

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*The Kent Street business is a head office based "direct" team that services corporate customers, predominantly via phone or email