

Annual General Meeting Flight Centre Travel Group

ASX: FLT | November 7, 2019

FLIGHT
CENTRE
TRAVEL GROUP™



AGENDA

Today's Schedule

Chairman's Address – Gary Smith

MD's Address – Graham Turner

Resolutions

General Questions

Polling

Refreshments

Results & Highlights: New TTV Milestone Established

Record
TTV of
\$23.7b

Exceeded record FY19 result by 8.8% or almost \$2billion

Growth achieved with fewer sales staff - further productivity gains

Record TTV in all countries apart from Nordics

23rd year of TTV growth in 24 years since listing

Results & Highlights: Profit

\$343.1m
underlying
PBT

Within amended guidance range (\$335m-\$360m) but below initial target & record FY18 result

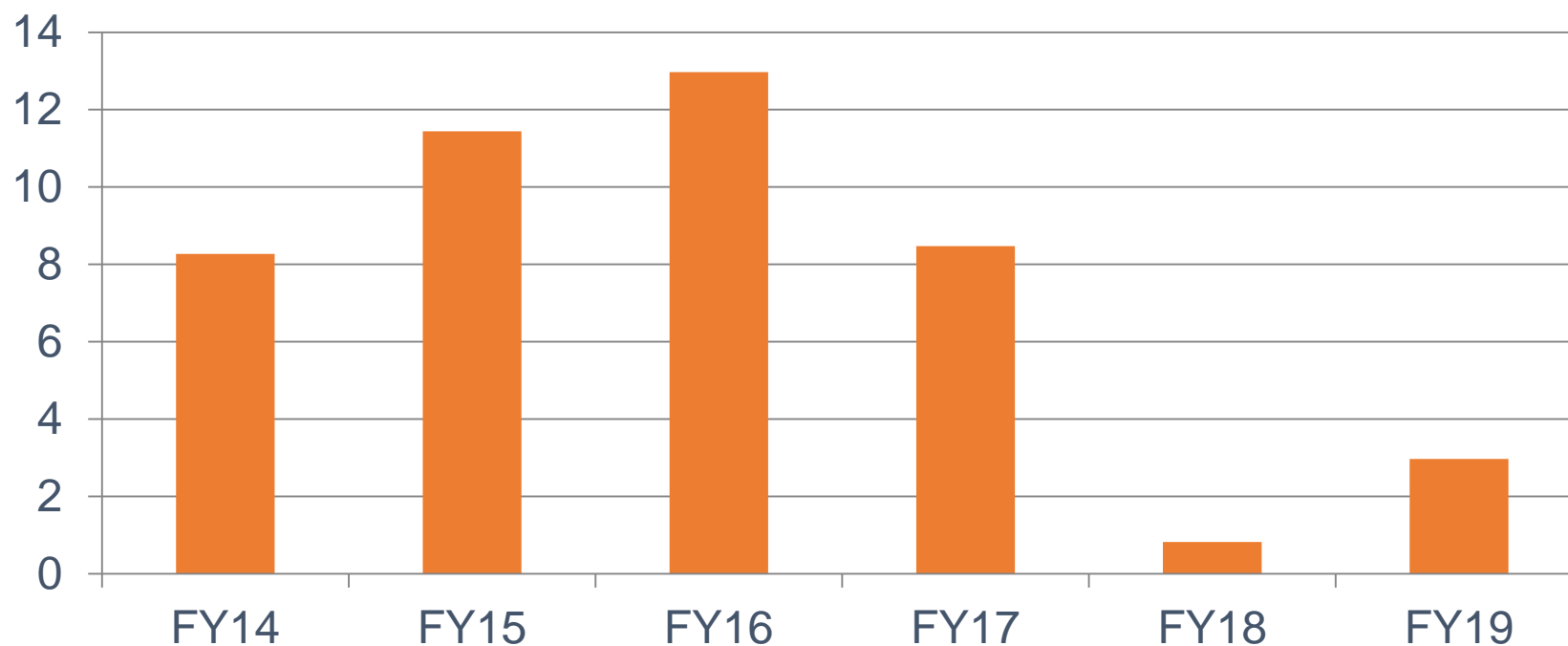
Actual (statutory) PBT slightly higher than underlying PBT at \$343.5m (FY18: \$364.3m)

Underlying results adjusted to exclude impacts of non-recurring losses & gains

Adjustments outlined in annual report & in full year result announcement in August

Results & Highlights: Cost Growth Slowing

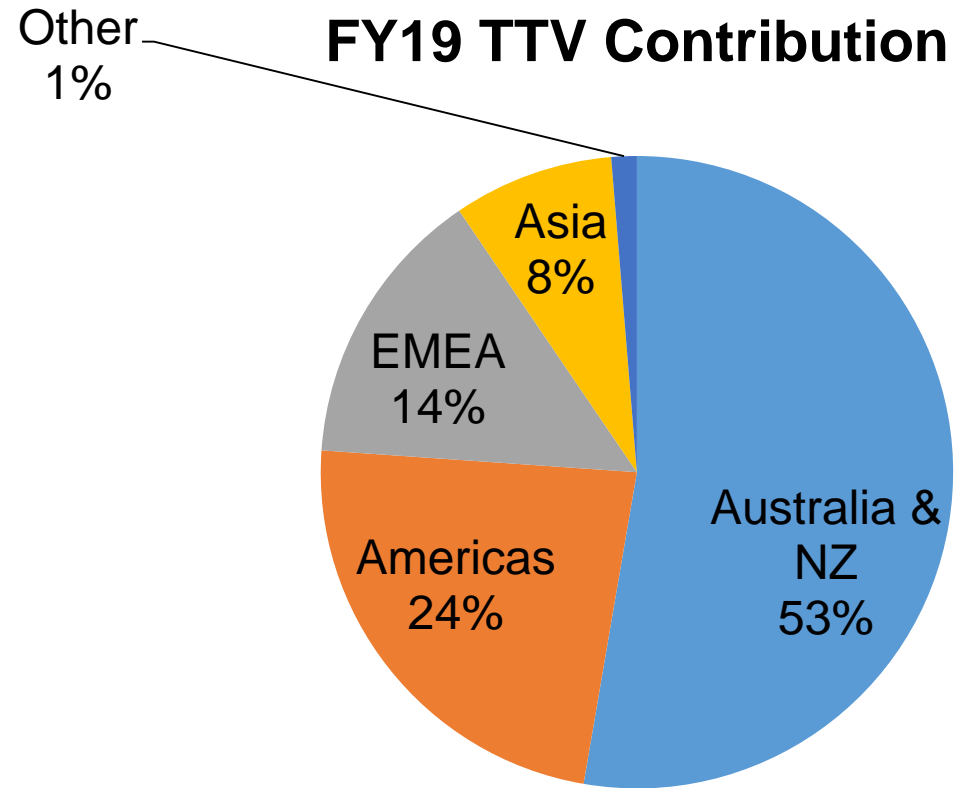
Underlying* Cost
Growth
(% in constant
currency)



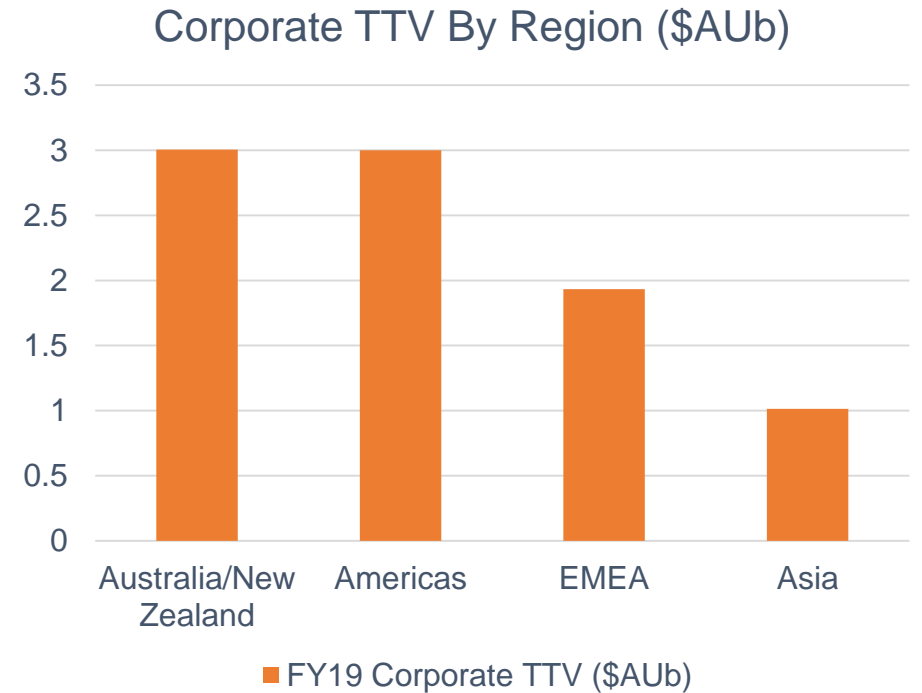
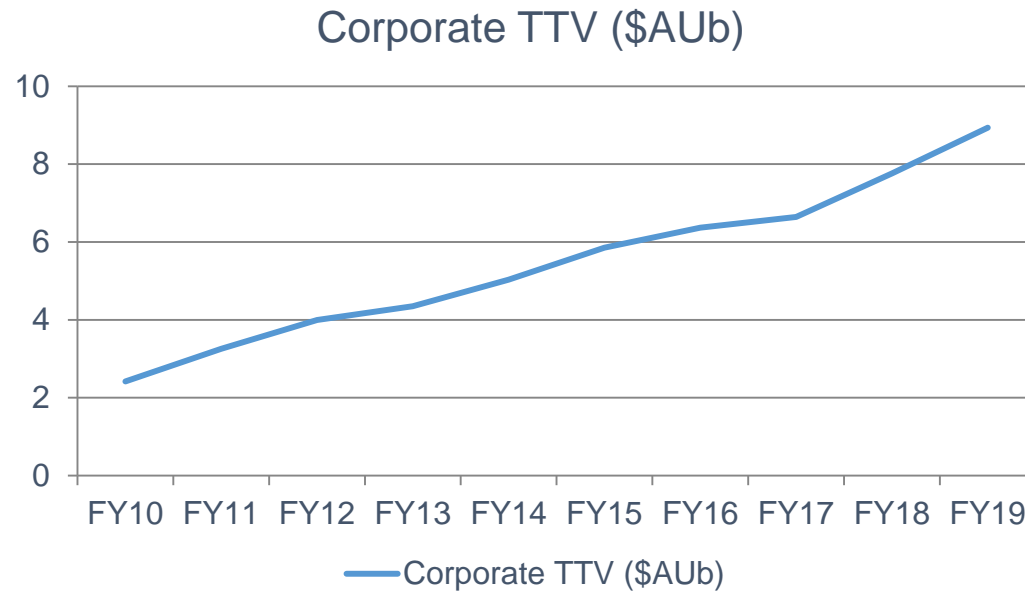
*Excludes touring cost of sales

Results & Highlights: Globalisation

More than half of
FLT's TTV was
generated
overseas



Results & Highlights: Corporate Growth



Diversity a Strength: Globalisation

International
businesses
driving
growth

Profit & TTV weighted towards international businesses for 1st time

Reflects strong growth overseas & soft Australian leisure results in challenging trading cycle

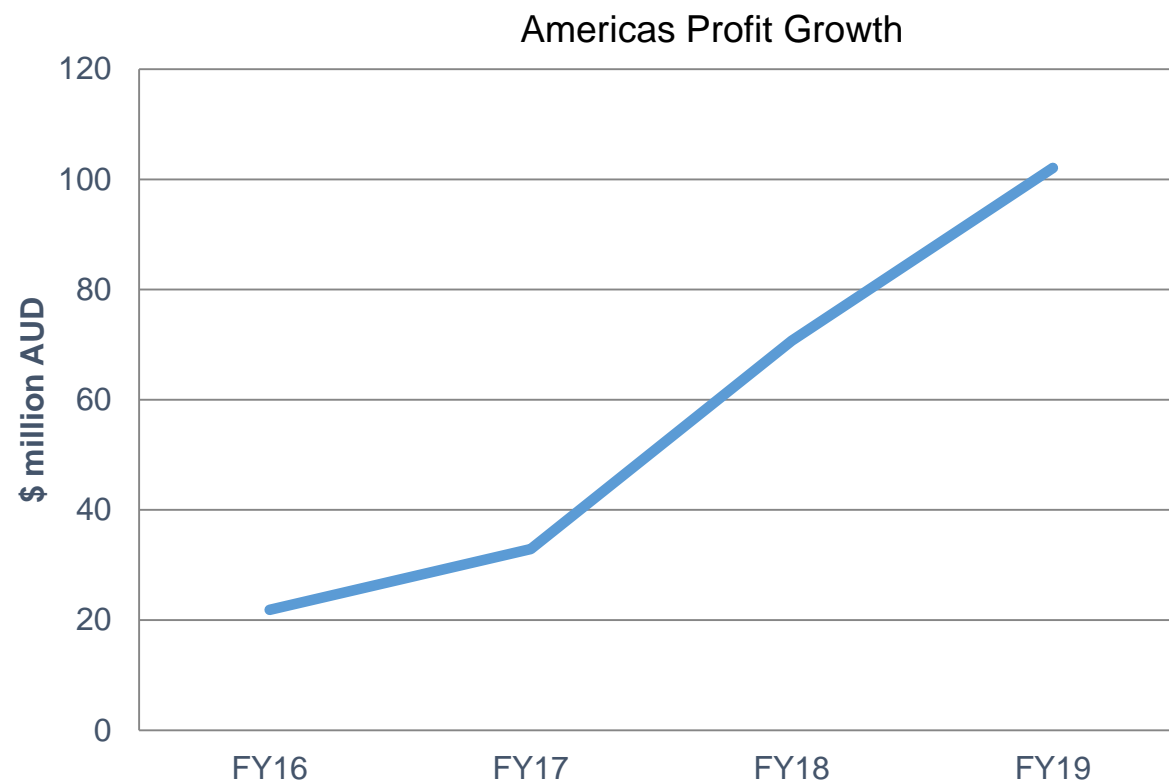
Record TTV in all regions

Record profit in USA, Canada, UK, Ireland, UAE, South Africa, Netherlands, NZ and China/Hong Kong

Americas now a \$100m-per-year profit engine

Diversity a Strength: Americas Now An Earnings Powerhouse

Underlying earnings in the Americas topped \$100m & have increased almost 5-fold since FY16



Diversity a Strength: Corporate

Continued
out-
performance

15.2% TTV growth globally to record \$8.9b

Corporate brands generated 37.7% of group TTV

Scalable organic growth through Corporate Traveller (SME) & FCM (TMS) brands

Investment in systems & products to bolster world class offerings & delivering new consumer-grade solutions to customers

Expansion in key global markets – Germany (start-up), France, Switzerland (3Mundi acquisition), USA west coast (Casto)

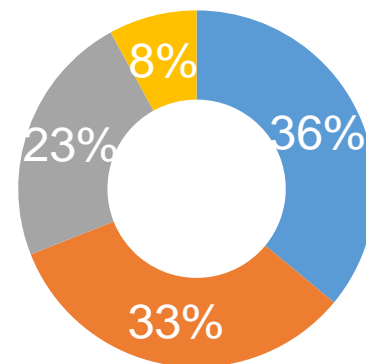
Significant presence across 4 key regions, delivering consistent growth & strong future prospects

Diversity a Strength: Strong pipeline of account wins

\$1.3b+ globally
of new business
(TTV) won by
FCM alone
during FY19 &
circa \$2b across
corporate
division

% of New FCM TTV Won by Region

■ Americas ■ EMEA ■ Asia ■ ANZ



Leisure: 3 Pillars, 2 Paths

MASS

FLIGHT CENTRE[®]

LIBERTY TRAVEL
CONNECTING PEOPLE AND PLACES

BYOjet *Aunt Betty*
Book your own .com.au

GOGO
VACATIONS

- AU
- NZ
- RSA
- Market leader and Specialist
- Growth in new models
- Vertical expansion
- Digitisation

PREMIUM

TRAVEL
ASSOCIATES

TRAVEL
PARTNERS


Laurier Du Vallon
TRAVEL AND DISCOVERY

- UK
- USA
- CAN
- ASIA
- Specialist
- Unmanaged small business FCBT
- Vertical specialist
- Digitisation

YOUTH

Universal Traveller

 StudentUniverse

FLIGHT CENTRE

EXCLUSIVES

HAND-PICKED HOLIDAYS AT AMAZING PRICES

LIMITED TIME ONLY!

BEAUTIFUL CHINA TOUR

AIRFARES + 9 NIGHTS + EXCLUSIVES



EXPERIENCE CHINA IN 11 DAYS

Discover the beauty of China's rich culture, ancient history, delicate cuisine and modern architecture with this once in a lifetime bucket list experience. Walk the Great Wall of China, explore the mysterious Tiananmen Square, indulge in the hustle and bustle of Shanghai plus much more!

PACKAGE INCLUDES

- A total of 9 nights accommodation in Beijing, Wuxi, Suzhou, Hangzhou & Shanghai
- Return full service economy airfares incl. checked luggage
- Start your morning with delicious breakfast daily at each hotel on your tour

PLUS FLIGHT CENTRE EXCLUSIVES

- BONUS experience China's high-speed bullet train
- BONUS receive round trip airport & hotel transfers
- BONUS enjoy air-conditioned coach transport^
- BONUS all sightseeing & entrance fees throughout guided tours
- BONUS English-speaking tour guides on sightseeing activities

ITINERARY: BEIJING – WUXI – SUZHOU – HANGZHOU – SHANGHAI

VALUED AT \$1599 **SAVE UP TO 43%**

Airfares + 9 Nights + Exclusives

from **\$899***

TRAVEL Select Dates: 26 Feb – 19 Nov 19.



PACKAGE INCLUDES

- A total of 9 nights accommodation in Beijing, Wuxi, Suzhou, Hangzhou & Shanghai
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TTG: A Longer Term Growth Driver

	BRANDS	PROFILE	KEY FOCUS AREAS
Global Touring		<ul style="list-style-type: none"> • Small group touring • Youth of tomorrow focussed 	<ul style="list-style-type: none"> • Back-Roads Touring market is the 55+ • Topdeck targets 18 – 30s
Global DMC		<ul style="list-style-type: none"> • Global B2B experiences brand • Transfers, in country experiences • On ground support 	<ul style="list-style-type: none"> • The brand behind our partner's brands • Target the B2B tour & FIT operators • Value extension via in-destination sales
Global Hotels		<ul style="list-style-type: none"> • Cross – 5 Star luxury brand • Lumen – 3.5 - 4 star brand • Away – 3.5 – 4.4 star resort brand 	<ul style="list-style-type: none"> • Cross: Luxury, experience seeker • Lumen: Reflag hotels • Away: Value sun seekers
Global Bedbanks / Travelbank		<ul style="list-style-type: none"> • Global B2B boutique brand 	<ul style="list-style-type: none"> • Curated / specialised geographic product range • Full range of product - hotels • Service / customer orientated focus

Global Technology Transformation Program Initiated

PROGRAM OBJECTIVES

- 01** Total visibility into all current projects, spends & outcomes
- 02** A rationalised roadmap in line with business priorities
- 03** Identification of further required investment to match future strategy
- 04** Implement a new, revised IT organisation & processes
- 05** M&A strategy for technology & digital capability if required

Company-wide 5-phase IT review underway with US-based travel tech consultancy Hudson Crossing to deliver meaningful change & enhance IT & digital platforms

Record Dividend Payments To Shareholders

\$310.2m

in funds returned
to shareholders

\$ per share special dividend
(declared Feb 2019)

1.49

\$3.07

per share in fully
franked dividends returned
to shareholders

0.98

\$ per share final dividend
(declared August 2019)

0.60

\$ per share interim dividend
(declared Feb 2019)



FY20: Update

YTD Trading

Challenging conditions during 4 months to Oct 31 – continuation of FY19 2H

Mainly impacting bottom-line results

Not yet capitalising on strong Q1 TTV growth – above 7% target & at record levels across all 4 geographic segments

11.4% Q1 TTV growth achieved

FY20: Continued Out-Performance In Corporate

18% Q1
TTV
growth &
now on
track to
become a
\$10b
business
during
FY20

- 27.6% TTV growth across the Americas (29.5% growth in USA)
- 36.2% EMEA growth – bolstered by 3Mundi acquisition
- 11.6% growth in Asia
- Australia/NZ TTV up 1.7% in mature market

FY20: Leisure Growth in Subdued Trading Climate

4.5%
Q1 TTV
growth
globally

5.7% growth in Australia, despite subdued trading conditions

Growth driven by new & emerging businesses

Gaining scale & delivering meaningful TTV but not significant profit contributors yet

Ready-made packages, home-based (independent contractor) & online

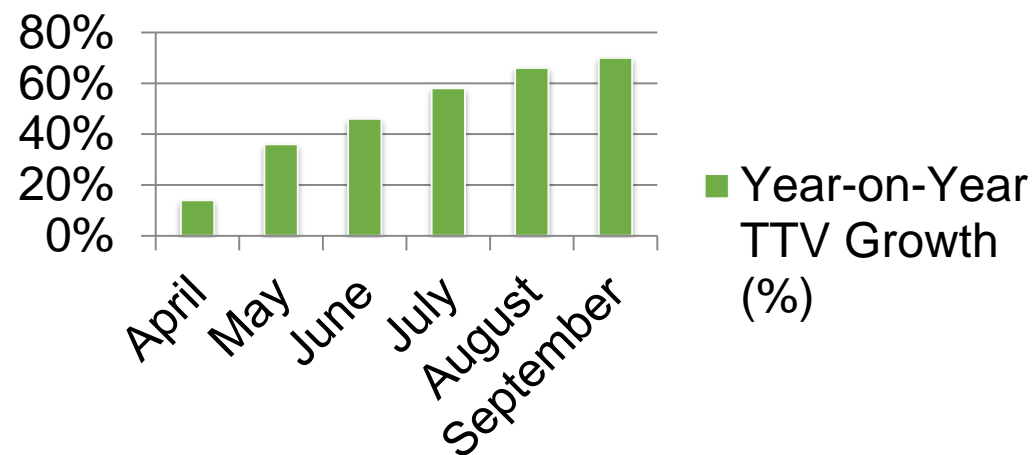
Flight Centre brand TTV flat in Australia

FY20: Strong Online Leisure Growth In Australia

Q1 TTV Growth

- Jetmax (BYOjet & Aunt Betty) up 140% to \$135m
- flightcentre.com.au up 65% to \$120m

Rapid growth on flightcentre.com.au since online booking fees were removed – predominantly new customers



FY20: 1H Challenges

Not Yet Capitalising On Strong Top-line Growth

Tracking against a much stronger trading cycle in Australia

Safety concerns in Dominican Republic affecting North American leisure business (circa \$US5m full year hit expected)

UK business performing well – record profit in October 2019 – but being adversely affected by Brexit uncertainty

Unrest in Hong Kong impacting Greater China business

Underperformance in some areas (in-destination businesses)

FY20: 1H Challenges

Timing Factors Also Impacting Results

Additional wage cost step-up in Australia during FY20 Q1 (EBA adopted at start of FY19 Q2)

Consultancy costs linked to projects initiated late in FY19

Upside development expenses (incurred from FY19 Q4)

\$11.5m adverse interest impact over full year – lower yields, lower cash balance (special dividend payment), higher repayments (debt facilities)

FY20: Guidance

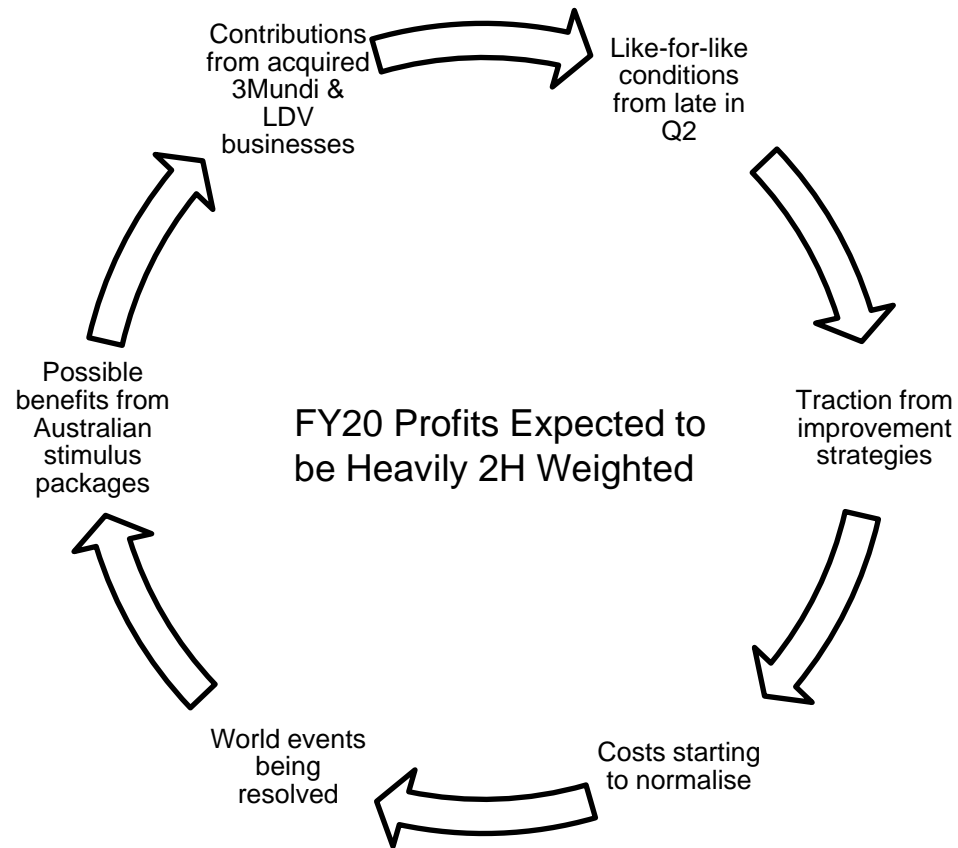
First Half

- Underlying PBT will be below \$140.4m FY19 result, as announced previously
- Reflects challenging 1st 4 months
- Stabilisation anticipated late in 2Q
- Nov-Dec likely to provide a more meaningful insight into Australian results
- Underlying FY20 1H Result currently expected to be between \$90m and \$110m

Full Year

- Year-on-year profit growth expected during seasonally busier 2H
- Targeting an underlying PBT between \$310m & \$350m
- Top of guidance = 2% growth on FY19
- Upside costs (circa \$10m) & Bentours/Tempo collapse expenses (\$5.5m-\$7m) to be excluded from underlying results
- Further strong growth from Americas corporate business (now FLT's largest) & in EMEA (\$100m+ profit)

FY20: 2H Growth Drivers



FY20: Corporate Strategies

1) Hyper investment in sales & marketing

2) Investment in technology

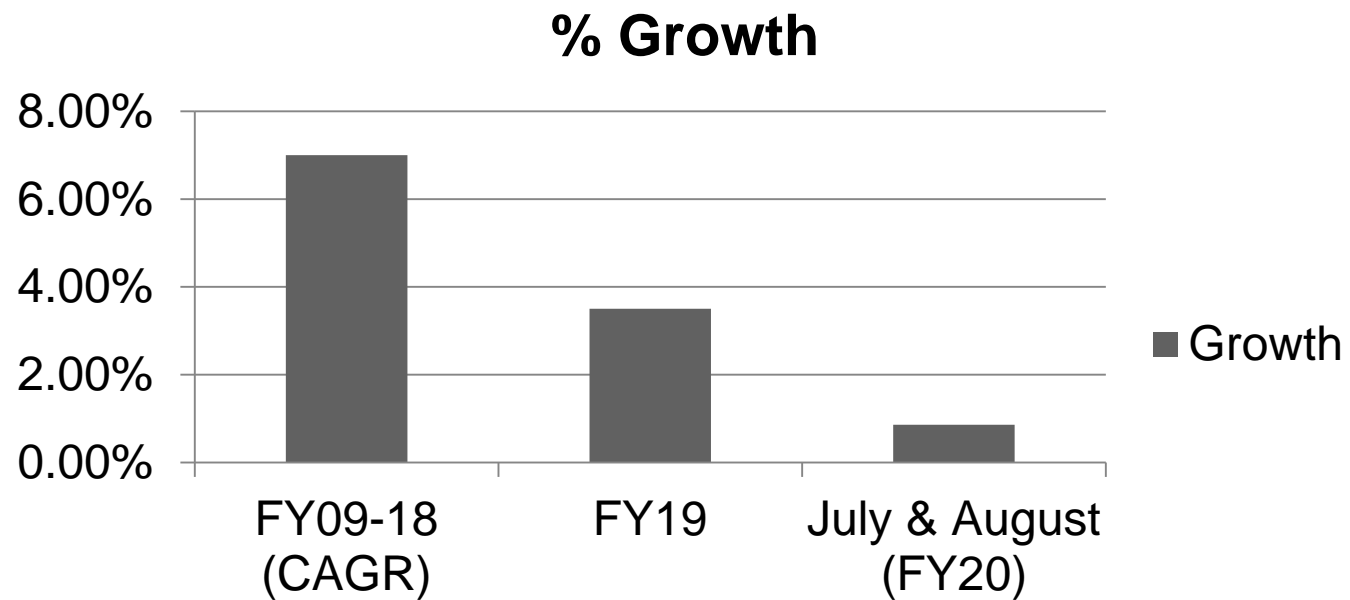
3) Our people

4) Cost reduction & efficiency gains

5) Market leading & unique products

6) Further geographic expansion

FY20: Slower growth in Australian outbound travel



FY20: Leisure Strategies

1) Customer systems & centricity

2) Digitisation (online/offline)

3) Product & pricing

4) Modern marketing

5) Network

6) Model shift

FY20: Leisure Strategies

Stream 1

- Operational efficiency focus
- Consultant productivity, marketing, managed network reduction, costs, REM, simplification
- Improving current results & creating better deployment capability

Stream 2

- Mid to longer term focus
- Identifying opportunities within a shifting market & challenging current models
- Further investment & acceleration of successful newer models

FY20: Overview

In Summary

Challenging start to FY20 in profit terms but record TTV achieved

TTV growth being fuelled by corporate businesses – rapidly gaining market-share and poised to become a \$10b global business this year

New & emerging leisure businesses in Australia also gaining traction & outpacing overall market growth

Strategies in place to address challenges & are expected to gain traction as year progresses – 2 leisure work streams in Australia focusing on operational efficiency & model shifts

Profit likely to be heavily 2H-weighted & will be well below prior year at the half

Some stabilisation expected during Q2 & growth during seasonally busier 2H

Expecting \$90m-\$110m underlying 1H PBT & \$310m-\$350m FY20 result



Resolution 1: Re-election of Gary Smith

The number of proxies received for the resolution ... is:

For:	68,042,360	(84.91%)
Against:	11,940,711	(14.9%)
Open:	151,765	(0.19%)
Abstain:	138,075	



Resolution 2: Adoption of the Remuneration Report

The number of proxies received for the resolution ... is:

For:	62,839,338	(96.76%)
Against:	1,947,932	(3.00%)
Open:	156,085	(0.24%)
Abstain:	112,556	

End of Presentation Questions?

