

STATEMENT TO AUSTRALIAN SECURITIES EXCHANGE – May 4, 2020

FLIGHT CENTRE TRAVEL GROUP TRACKING TOWARDS TARGETS

**Key Points**

- Currently tracking towards target of \$65million per month cost base, with lower one-off implementation costs than originally expected
- Total transaction value (TTV) at 5-10% of normal levels in April, while heavy restrictions and lockdowns are in place
- Continuing to win new corporate accounts during shutdown period
- Recent change to coronavirus refund and cancellation fee policy in Australian and New Zealand leisure businesses to deliver better outcomes for customers
- Notwithstanding this policy change, net positive cash impact expected from Melbourne head office sale, lower than expected one-off implementation costs and additional government support initiatives now being realised

THE Flight Centre Travel Group (FLT) continues to progress towards the cost reduction strategies and financial targets that it announced to the market on April 6, 2020.

FLT is making significant progress in reducing its global cost base towards the \$65million per month target by the end of July 2020 and now expects that the cost reductions will be implemented with less than the \$210million in one-off costs that it originally anticipated.

While heavy travel restrictions remain in place globally, the company also continues to generate some sales, with TTV tracking at approximately 5-10% of normal levels in April.

“There has been some ongoing activity in most countries and we are seeing a slight uptick in bookings in countries like China as travel and trading restrictions ease,” FLT managing director Graham Turner said.

“Importantly for the future, we continue to win and implement new corporate accounts that will help drive TTV growth when conditions recover and normalise.

“The timeframe for this recovery remains unclear, but we anticipate an increase in activity in countries like Australia as soon as interstate borders reopen, which we expect will happen in the coming months.

“Given that domestic travel represents roughly half of the leisure tickets that we normally issue in Australia and the overwhelming majority of our corporate volume, we are well placed

to play a positive role in the recovery and are keen to work closely with local tourism bodies, airlines and other suppliers in the coming months.

“We also believe that Virgin Australia will play an important role in this recovery and we look forward to continuing to work closely with it and its management team.”

On Saturday, FLT updated its coronavirus refund and cancellation fee policy to deliver more options and better outcomes to its customers.

The changes followed discussions with customers and regulators and included a waiver of FLT’s usual cancellation fees when third party suppliers have cancelled their services because of the virus. The company also announced an additional credit of up to \$200 per person for customers who elect to leave funds on file for future bookings, providing additional options for customers whose travel plans have been disrupted.

Notwithstanding the change to FLT’s refund and cancellation fee policy, FLT expects a net positive cash impact from developments since April, 6 2020 which include:

- The likely sale of its Melbourne head office property (St Kilda Road) in the very near future
- The lower than expected one-off costs that are being incurred; and
- Additional government support initiatives in Australia and in other countries

These government initiatives include:

- Wage subsidies flowing from Australia’s Jobkeeper program and other similar initiatives that provide cash flow support and will help preserve jobs for the future and provide invaluable assistance to people who are temporarily stood-down; and
- Government backed loans: FLT has received a €4.5million government loan in France and has been advised that it is eligible for a government-backed loan facility in the UK should it wish to pursue it

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