Annual General Meeting
Flight Centre Travel Group

ASX: FLT I November 5, 2020

Today's Schedule

Chairman's Address - Gary Smith

MD's Address - Graham Turner

Resolutions

General Questions

Polling

Operational Update

FY20: Overview

Most challenging year in FLT's history	▪ Limited revenue generation opportunities since widespread travel restrictions were applied in March 2020 to slow COVID-19's spread ▪ Significant full year loss - incurred entirely since March ▪ Global leisure and global corporate businesses both profitable to Feb 29, 2020 ▪ Wide-ranging impacts on all stakeholder groups
Tough, decisive and proactive phase 1 response	▪ Plans developed and implemented in March-April to lower costs by circa 70% and preserve cash in a zero/very low revenue environment ▪ More than $1b in cash and liquidity also secured to extend runway ▪ Accessing government support programs, where available, to extend liquidity runway & preserve jobs
Platform in place to capitalise on future rebound	▪ Short-term objectives successfully achieved - positioned to weather a prolonged downturn ▪ Limited visibility around timeframes for widespread government restrictions to be lifted ▪ Ongoing focus on costs, cash and revenue, while maintaining FLT's core non-financial assets

FY20: Agents To The Rescue of Stranded Travellers

Customers queue outside Sydney International Airport Flight Centre shop as consultants help travellers beat the border closures

Source: KARRYON

KARRYON
Published by Matt Leedham · March 20 ·

CLOSING BORDERS: "After opening the doors at 6am and witnessing a rush of the likes only the Boxing Day sales could beat, extra team members were quickly drafted in including those on their day off to deal with the seemingly never-ending line." #togetherintravel

KARRYON.COM.AU
Flight Centre Agents Rush To Rescue The World At Sydney Airport
A massive shout out to the team at Flight Centre Sydney International Airport who came to ...

92,563
People Reached

16,931
Engagements

Boost Post

926

153 Comments 260 Shares

Like Comment Share

Most Relevant

FY20: Financial Results

Losses incurred after solid start to year	▪ $510m underlying loss before tax during FY20 (FY19: $343.1m PBT) ▪ $849m actual (statutory) FY20 result (FY19: $343.5m PBT) including circa $340m in one-offs (mainly non-cash) ▪ $102.7m underlying 1H PBT achieved and tracking near $150m during 8 months to Feb 29, 2020 ▪ Losses incurred in March and throughout Q4
TTV heavily impacted by COVID-19 restrictions	▪ $15.3b result achieved during FY20 (FY19: $23.7b) ▪ Down 35.5% year-on-year after being up 11.2% at December 31, 2019 ▪ Limited revenue generation opportunities while heavy domestic and international travel restrictions were in place globally

FY20: Impact of COVID-19 on Trading Patterns

Eight Months to Feb 29 Solid start to the year	March 2020 Governments act to slow virus's spread	FY20 Q4 Detailed response plan implemented
▪ Circa $150m underlying PBT achieved ▪ 1H TTV up 11.2% (strongest growth since FY16) and further monthly records in January and February 2020	▪ Full border closures implemented, along with heavy restrictions on movement ▪ Domestic and international travel effectively halted ▪ FY20 YTD profits erased in one month	▪ Cash and liquidity runway extended - $900m raised via $700m capital raising + $200m debt facility increase – as FLT moved to cut costs ▪ Significant losses incurred in low revenue environment during transition to lower cost base

Cash Preservation Actions

$1.9b in annualised savings delivered

Workforce	▪ Temporary reductions to reflect low revenue trading climate ▪ Two thirds of global workforce stood down or positions made redundant ▪ Possibility of further workforce reductions if heavy travel restrictions are maintained and government support is removed ▪ Flexible working arrangements and transition from full-time to part-time ▪ Initiatives to encourage employees taking leave ▪ Recruitment freeze ▪ Executive and board pay reductions during FY20 Q4 and FY21 Q1. ▪ Senior execs to forgo all short-term incentives during FY21
Store footprint	▪ Announced plans to close more than 50% of global leisure shops ▪ Rental agreements renegotiated throughout remaining leisure network to reduce occupancy costs (rent-free periods and deferrals)
Other operating costs	▪ ~$15m per month sales and marketing spend paused to preserve cash while customers are effectively unable to travel ▪ Significant reductions in all other discretionary spend
Capital expenditure	▪ Non-essential cap-ex deferred to reduce spend ▪ Continued investment in key leisure and corporate travel projects and critical IT system upgrades
One-off costs	▪ Circa $103m in COVID-related cash one-offs incurred during FY20, with a revised estimate of $165m for initiatives to reduce the net operating cash run rate to $65m (original one off cash cost estimate estimate was $210m) ▪ Circa $130m in transition costs incurred to reach COVID-19 cash flow target (below $155m target)

FY20: Operational Highlights

Solid TTV growth pre-COVID	▪ TTV up 11.2% during 1H ▪ Continued at record levels in both January and February - before heavy travel restrictions were applied
Gaining corporate market-share	▪ 17% 1H TTV growth globally - circa 24% growth in Americas ▪ 16.1% 1H CAGR achieved during the past decade ▪ Organic growth driven - successfully winning and retaining accounts
“Soaring” leisure e-commerce sales	▪ Circa $1.2billion in online leisure TTV during FY20 ▪ Rapid growth in flightcentre.com, StudentUniverse and Jetmax (BYOjet and Aunt Betty) ▪ Soar booking platform being enhanced
Acquisitions to on-board new models & enhance tech platform	▪ Ignite - ready made package and flash sale leisure models ▪ TP Connects - part of FLT’s proactive response to changing airline distribution models (NDC) ▪ Whereto - giving FLT full control of SME corporate customer booking experience
99 Bikes/Pedal Group	▪ Pedal Group almost quadrupled its profit, generating a $17.8million PBT in FY20 ▪ Expanding leisure and wholesale presence in Australia and now New Zealand
Avmin	▪ Airline charter business recorded 26% revenue growth during FY20 ▪ Growth driven by sports charters, particularly in Australia, mining sector, VIP travel, movie production.

Operational Highlights: New Global Leadership Team

Strong management group with a long history in the business

Graham "Skroo" Turner
Global Managing Director and CEO

- 39 years at Flight Centre
- Co-founder of Flight Centre, with nearly 50 years experience in the travel industry

Melanie Waters-Ryan
Leisure Chief Executive Officer

- 33 years at Flight Centre
- Held senior management roles during major global travel and tourism shocks during past 20 years
- Group COO for 8 years

Chris Galanty
Corporate Chief Executive Officer

- 23 years at Flight Centre
- Successfully guided the UK business through GFC and Brexit
- Formerly head of Flight Centre's EMEA business

Adam Campbell
Chief Financial Officer

- 14 years at Flight Centre in Australian and global roles
- 5 years as CFO
- 25 years senior finance experience

Steve Norris
Managing Director EMEA

- 18 years with Flight Centre
- Vast experience in leisure and corporate travel sectors
- Appointed EMEA MD in January 2020

James Kavanagh
Managing Director Australia

- 23 years industry experience, including 16 years at Flight Centre
- Strong background in corporate travel
- International experience

Charlene Leiss
Managing Director The Americas

- 24 years industry experience, including 13 years at Flight Centre and 11 years at Garber Travel (acquired by FLT)
- Strong corporate sales and BDM background
- Has overseen strong corporate growth in the USA and Americas

Strong culture, with many long-standing members of the team who have assisted in navigating previous travel and tourism shocks

In Summary

Weathering challenging trading conditions	▪ Continued COVID-related uncertainty early in FY21 ▪ FLT is well equipped to meet short-term challenges and prosper in longer term
Building on a solid financial backbone	▪ Significantly lower global cost base ▪ Extended liquidity runway ▪ Able to overcome a prolonged downturn and capitalise on opportunities
Retaining and enhancing key assets	▪ Maintaining a highly accessible network of brands, models and businesses + people ▪ Providing a strong platform for future growth

Outlook

Graham Turner

Lengthy liquidity runway (September)

Liquidity positions

As at 30 September 2020	$m	
Cash and investments	1,691	
Working capital assets (excl. cash and investments)	527	*a*
Working capital liabilities (excl. client creditors)	(629)	*b*
Client creditor liability	(560)	*c*
Total liquidity	**1,029**	

Key Points

- Excludes $350m minimum liquidity covenant
- Working capital unwind has been orderly and as expected to date with stability expected as some trading revenue remains

Notes:
- *All figures presented are unaudited management accounts as at 30 September 2020.*
- *Retail and corporate debtors and override debtors are shown gross of provision for doubtful debts of $43m and $30m respectively.*
- *Cash and investment includes client cash of $462m.*
- *Following a market update from the Bank of England ("BoE") in relation to the CCFF, Issuers are required to satisfy a review by the BoE to allow further Issuance of Notes. This may impact the ability of FCUK to issue additional Notes (including the ability to extend the existing GBP65m maturing March 2021 for a further 12 months and access any additional liquidity). If the review is satisfied, we expect FCUK could issue Notes to a maximum of GBP300m under the CCFF.*

a) Working capital assets (excl. cash and investments)

As at 30 September 2020	$m
Retail and corporate debtors	258
Trade and other receivables	43
Override debtors	77
Accrued revenue	8
Prepayments	24
Other	117
Working capital assets (excl. cash)	**527**

b) Working capital liabilities (excl. client creditors)

As at 30 September 2020	$m
Trade creditors	201
Accrued expenses	166
Revenue constraint	105
Employee benefits provision	97
Deferred revenue	54
Other	6
Working capital liabilities (excl. client creditors)	**629**

c) Represents client funds owed to suppliers included in total available liquidity as at 30 September 2020

Net Operating Cash Outflow

Underlying Net Operating Cash Run Rate (excludes Refunds and Once-Off Costs)

	September 20
Hibernation Operational Costs*	**(71)**
Capex	(4)
Hibernation Cash Costs	**(75)**
Variable Costs	(3)
Total Operating Cash Outflow	**(78)**
Cash Revenue	**25**
Net Operating Cash Run Rate	**(53)**
BAU Subsidies**	13
Current Net Operating Cash Outflow	**(40)**

Notes:
All figures presented are unaudited management accounts as at 30 September 2020.
** Hibernation Operational Costs have been reduced by >6 months rental deferrals/rent free periods*
*** Subsidies relating to FTE who are not stood down, including AU JobKeeper. FLT's liquidity calculations (slide 13) do not include the future JobKeeper subsidy that the company expects to receive for retained employees in Australia. The net benefit of this program is expected to be $40million-$50million (based on current staffing levels) for retained employees from October 2020 to March 2021.*

One-Offs Cash Costs & Hibernation Cash Costs - Jan 21

One-Off Cash Costs	$m
Original Initiatives to $65ncrr ($210m estimate)	165
Additional Cost Reduction Initiatives	60
Total Cash Costs Estimate	**225**
Cash Costs Paid FY20	19
Cash Costs Paid YTD Sep 21	65
Cash Costs Paid To Date	**84**
Cash Costs To Be Paid (Est) to complete*	141
Total Cash Costs Estimate	**225**

Hibernation Cash Costs ($m)	Sep 20	Jan 21
Hibernation Operational Costs	**(71)**	**(71)**
End of rent free/deferrals		(2)
Additional Cost Reduction Initiatives		9
Reinvested		(5)
Capex**	(4)	(2)
Hibernation Cash Costs	**(75)**	**(71)**

Notes: All figures presented are unaudited management accounts as at 30 September 2020.
** At 30 September 2020 $70m of the $141m cash costs to be paid have been accrued/provided for and are included in working capital liabilities*
*** Avg expected monthly capex spend from January 21 to June 21*

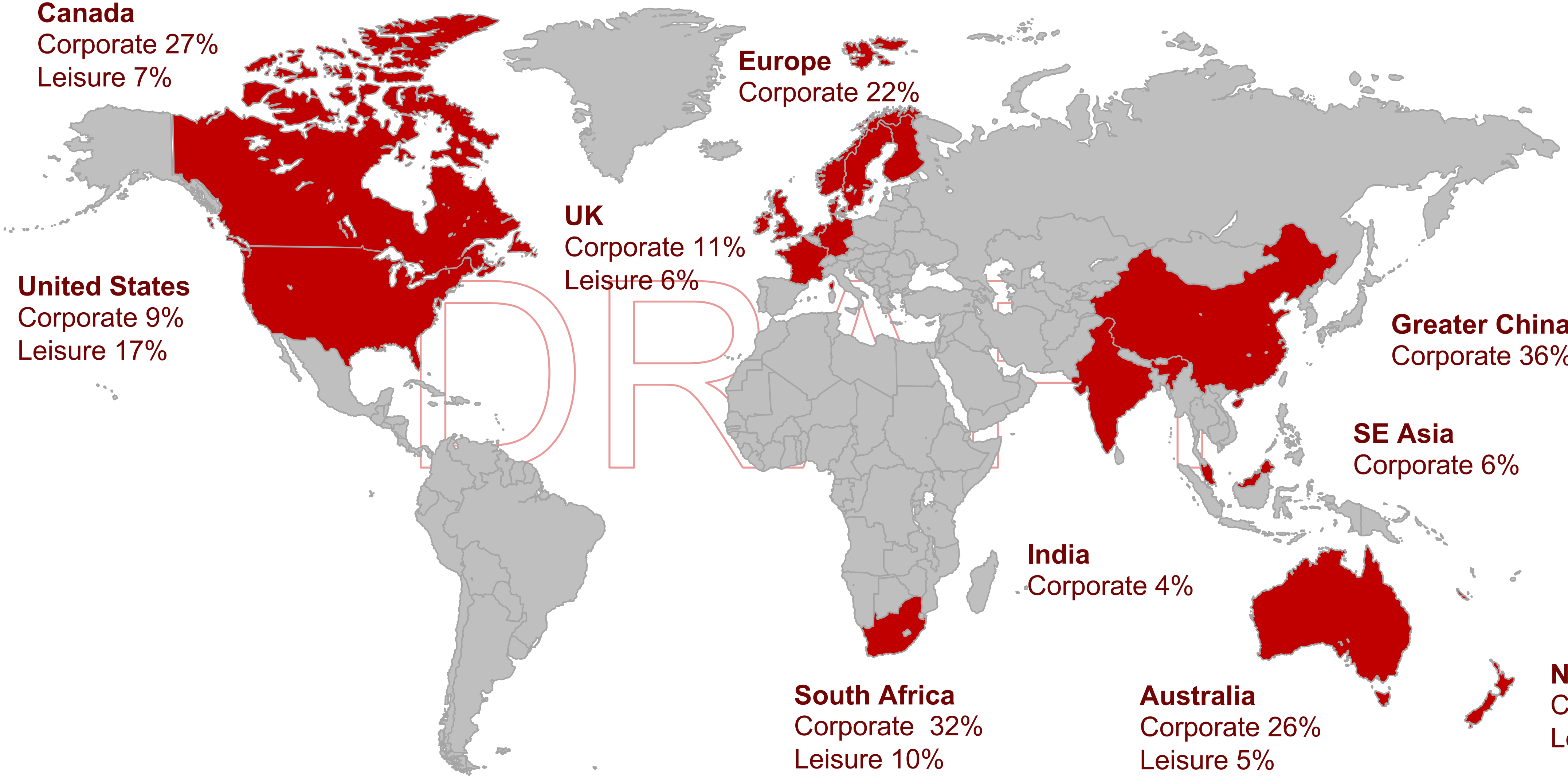
Key Points

- The original one-off cash cost estimate was $210m for initiatives that would reduce the net operating cash run rate to $65m per month
- The revised estimate for these initiatives is a total one-off cash cost of $165m ($45m below initial estimates)
- Additional cost savings of ~$9m per month are currently being targeted with an estimated one-off cash cost of ~$60m
- These savings will be used to offset costs returning as rent free periods end, to reinvest in key elements of the company’s recovery strategies and to further reduce monthly cash burn
- The reinvestment initiatives include leisure ecommerce platforms, wage top ups and further investment in corporate technology

Trading Update: Global Activity - September 2020

Sales gradually increasing and tracking at +12% of pre-COVID levels globally

Group 12%
Corporate 18%
Leisure 8%



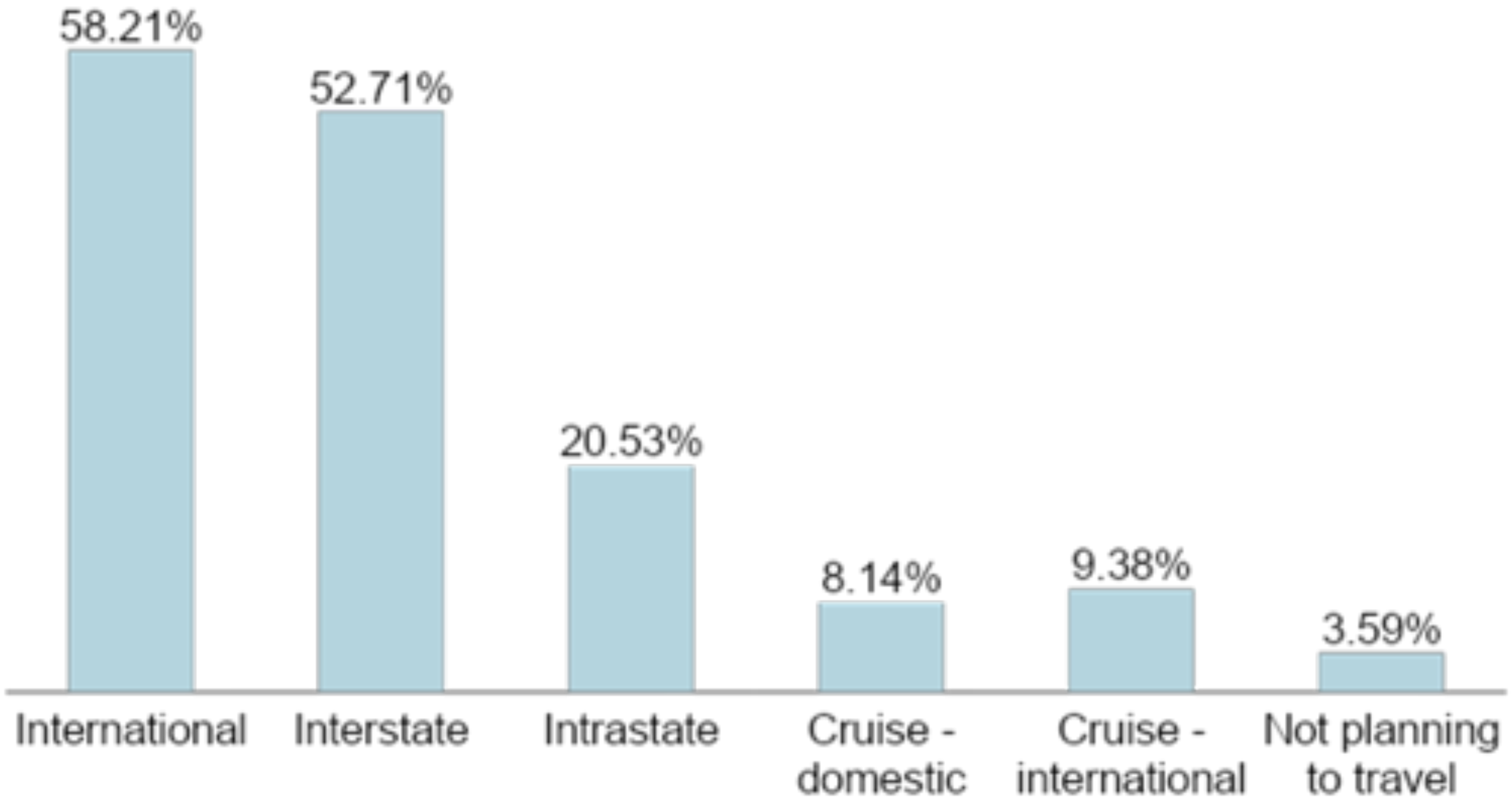
DRAFT

Notes: All figures presented are unaudited management accounts as at 30 September 2020.

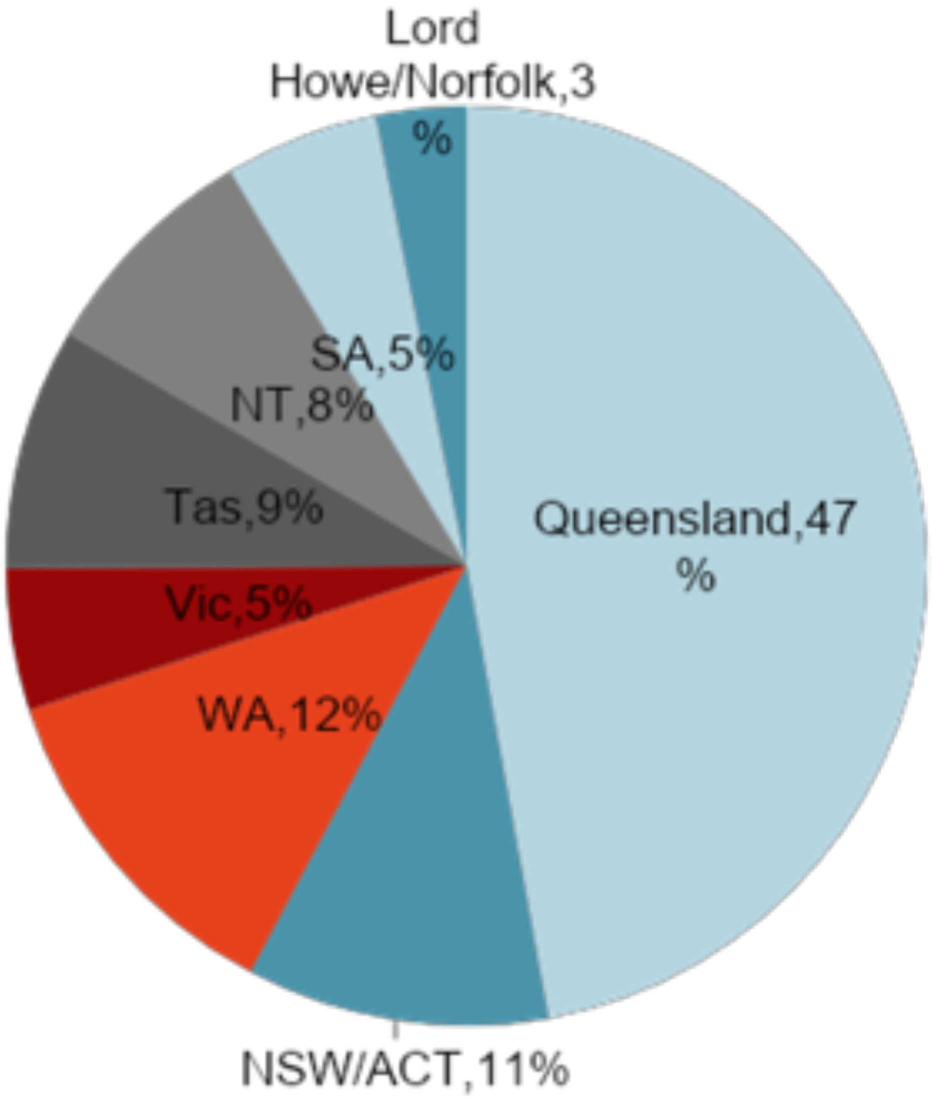
FY21: Outlook

FY21 guidance deferred	▪ Limited visibility around government objectives and timeframes for border restriction to be lifted ▪ Too early and too much ongoing uncertainty to provide market guidance
Domestic travel focus	▪ Local travel – corporate and leisure – likely to make up a larger proportion of TTV and revenue in near-term ▪ Heavy domestic/regional weighting in corporate travel (circa 60% of TTV globally pre-COVID) and on flightcentre.com.au ▪ 25-30% of pre-COVID leisure TTV ▪ New product lines – Home-grown Holidays, Ignite ready-made packages
Corporate business likely to return to profit first	▪ Low fixed costs and high productivity – heavily automated ▪ Stronger ongoing demand – driven by essential services – and heavier domestic weighting ▪ Strong pipeline of new accounts feeding in, including large government and government-related accounts ▪ Targeting a return to profitability globally late in FY21
Slower leisure rebound expected	▪ Heavier international travel weighting than corporate business - not currently expected to return to profitability until early FY22 ▪ Overseas travel not expected to fully rebound for several years, but some opportunities in near-term ▪ More meaningful domestic border openings in Australia and elsewhere ▪ Travel bubbles/corridors/bilateral agreements ▪ Re-opening plans being developed to address health concerns – rapid antigen testing, US cruise trials ▪ Significant pent-up demand

Customer Sentiment: Once restrictions are lifted, which travel type are you considering booking in the next 12 months?



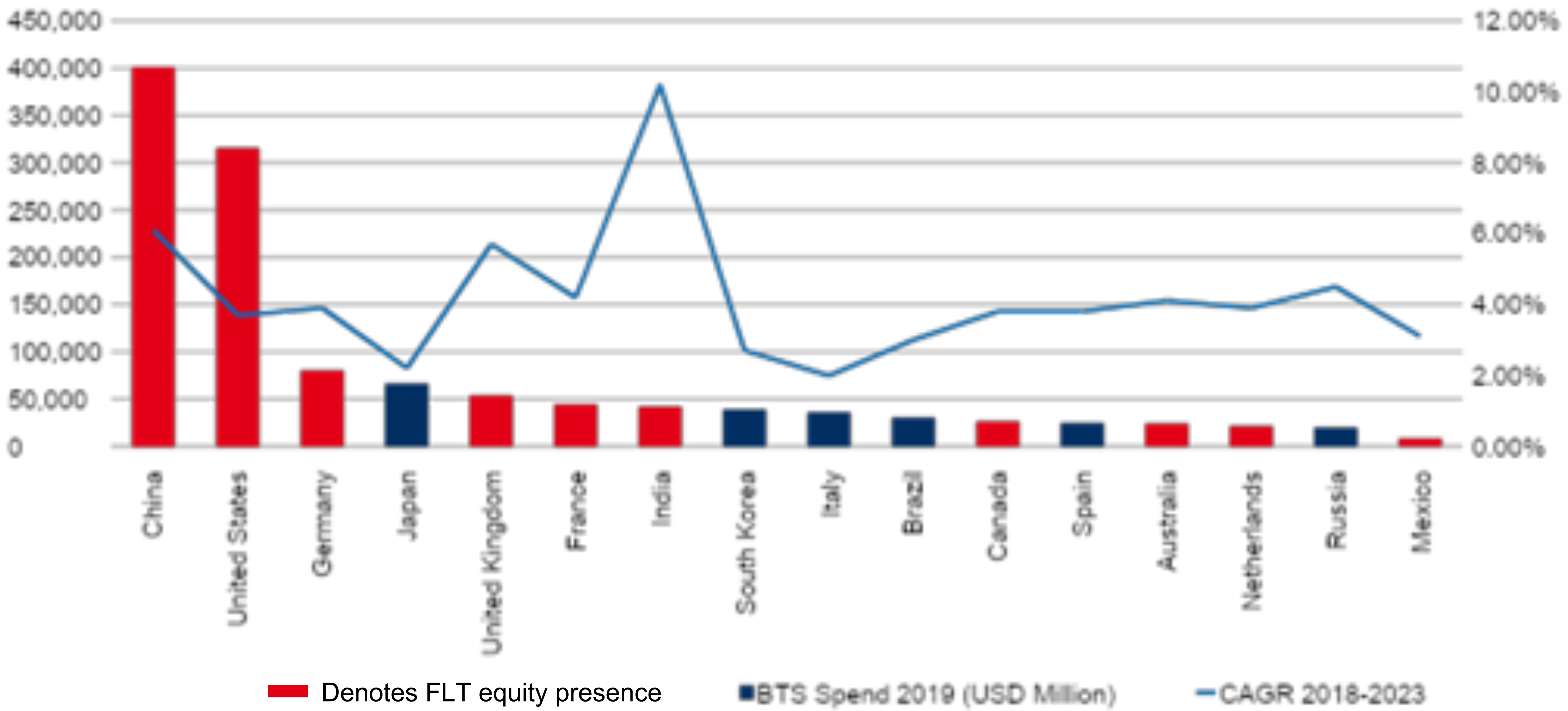
Customer Sentiment: Which Australian destination would you like to visit next?



Strategic Update: Corporate

Growing to win	▪ Ongoing market-share focus ▪ Organic growth - successfully retaining customers and winning new accounts ▪ More than $US500m in new accounts (pre-COVID spend) already secured during FY21 for FCM alone
Creating a compelling customer offering	▪ Customer-centric DNA - providing customers with flexibility and agility ▪ Innovative and disruptive technology ▪ State-of-the-art data and reporting - including new COVID dashboards and safety products (heightened duty of care) ▪ People and team-based “glocal” service model
Drawing on a truly global presence	▪ Company-owned businesses in 23 countries, including 10 of the top-16 markets ▪ FCM partner network in 70-80 other countries
Further investment while competitors hibernate	▪ Continued investment in critical activity - product research and development ▪ Implementing new accounts. ▪ Focus on account management - understanding customers’ changing needs hierarchies ▪ Enhancing our leading corporate technology suite ▪ WhereTo acquisition delivering game changing new SME platform

Pre-COVID: A $US1.5tn Global Corporate Travel Market



Source: GBTA & Rockport Analytics

COVID-19 Response: Positioning for Recovery

INVESTING IN CUSTOMERS
Continued customer wins and implementation Excellence in customer relationships State of the Market customer research Redefined supplier partners as customers
INVESTING IN TECHNOLOGY
Acquired full control of customer booking experience for those customers using the WhereTo tool Acceleration of content control with TPConnects partnership Advancement of customer facing technology
INVESTING IN PRODUCTIVITY
Investment in consistent global automation processes Deployment of multiple projects expedited in low transaction environment Implementation of global data project

Leisure Strategic Update: Transformation program fast-tracked

GLOBAL LEISURE: 2-SPEED TRANSFORMATION FOCUS

SPEED 1

Spanning core leisure business & focussing on operational effectiveness

- Operational improvements identified
- Plan being executed with flagship Flight Centre brand
- Network optimisation, costs, marketing effectiveness & productivity

Speed 1 fast tracked in response to COVID-19, now moving to Speed 2

SPEED 2

Pivots & new models in Leisure focused on emerging & future trends where value in market is shifting

- Fast tracking growth of winning models & new opportunities
- North America & Australia focussed

Leisure Strategic Update: Rejuvenation and modernisation

Rejuvenate Flight Centre Brand

Flight Centre in Australia, New Zealand and South Africa aims to be one of the most famous travel retail brands, with leading market share and the #1 customer choice for travellers.

Flight Centre in the Americas and UK aims to be famous as a brand servicing specialist segments of SME business travel, premium, groups and international vacations.

1	2	3	4
Strong, rejuvenated and consistent global Flight Centre brand that appeals to existing customers *and* a millennial audience	**The journey from the lowest airfares guaranteed to a house of irresistible deals**	**Introduction and acceleration of a central sales centre model**	**Network of world class personal travel service providers**
BRAND	**PRODUCT**	**MODEL**	**MODEL**

Leisure Strategic Update: FCB digital commerce

ANZ	South Africa	Canada
Continuous investment in flight capability, introduction of packages and new deals.	Upgrading to proprietary OBT. Well positioned in the market.	Investments in app, packaging offers, talent and tech to grow e-commerce business.

FY20: $321M TTV

Improved Supply Chain Management: Content, Design, Distribution, P&RM

Globalised Technology Products

Consultant Commerce	Customer Relationship	Websites	E-commerce
Consultant Booking Engine	Lead Management Systems	UX/UI Upgrades	Proprietary OBT
New Payment Technologies	CRM Improvements	Mobile investments	Flight upgrades
Customer Profile Upgrades	Customer Data Upgrades	Speed improvements	Continued app investments
Omnichannel Experiences			New packaging engine

Leisure Strategic Update: E-Commerce portfolio

Opportunity to leverage highly successful operating models and technology.

Jetmax	StudentUniverse
Low-cost OTA operating in 5 countries. Delivers a wide range of low-cost options in an easy to use self service platform.	One of the world's leading OTAs for youth/students. Membership model with CUG rates and verification model. Supplier friendly access to closed user groups with clear CVP. Unique e-commerce solutions with world-class OTA features.
FY20: $365M TTV	FY20: $312M TTV

Improved Supply Chain Management: Procurement, Distribution

Shared Technology and Operations Platform

Leisure Strategic Update

B2B Growth

FLT aims to become the home of the Travel Entrepreneur through a leading commercial, product and technical offering

1

Attractive commercial offering to grow and retain members, coupled with a targeted acquisition strategy.

COMMERCIAL & SALES MODEL

2

Widest range of content supplied to member and mobile agents, leveraging FLT's procurement strength, product range and payment solutions & other offerings.

PRODUCT

3

Market leading technology platform enabling travel entrepreneurs to book, service, market, manage and develop their own travel business.

TECHNOLOGY

Leisure Strategic Update

Premium/luxury

A leading network of premium advisors famous for providing
7-star service and unique products for discerning & luxury travellers.

1

Aims to become the largest network of premium advisors and boutique agencies recognised and selected for bespoke and trusted service standard.

BRAND

2

Unique product and a move to a more luxury offering and partnerships – Insider Access.

PRODUCT

3

Drive growth through career path progression within FLT and a targeted employee-based external acquisition strategy.

GROWTH MODEL

Resolution 1: Re-elect John Eales

The number of proxies received for the resolution … is:

For:	88,287,512	(87.99%)
Against:	11,569,966	(11.53%)
Open:	481,038	(0.48%)
Abstain:	382,057	

Resolution 2: Adopt Remuneration Report

The number of proxies received for the resolution … is:

For:	81,274,249	(97.17%)
Against:	1,902,509	(2.27%)
Open:	471,889	(0.56%)
Abstain:	358,955	

Resolution 3: Refresh Placement Capacity

The number of proxies received for the resolution … is:

For:	83,769,808	(98.20%)
Against:	1,044,024	(1.22%)
Open:	489,661	(0.58%)
Abstain:	13,316,608	

End of Presentation

General Questions?