

STATEMENT TO AUSTRALIAN SECURITIES EXCHANGE – 10 November, 2020

A\$400M CONVERTIBLE NOTES OFFERING AND BANK DEBT REFINANCING

The Flight Centre Travel Group Limited (“**Flight Centre**” or “**FLT**”) announced it has today launched an offering of A\$400 million senior unsecured convertible notes due 2027, which are convertible into fully paid ordinary shares in Flight Centre (“**Ordinary Shares**”) (the “**Notes**”) (the “**Offering**”).

FLT has also entered into commitment letters with its existing bank lenders for the refinancing of its existing debt facilities, conditional on the completion of the Offering (“**Bank Debt Refinancing**”).

Graham Turner, Managing Director of Flight Centre said:

“The capital management initiatives we are taking today substantially enhance our funding position with longer tenor, extended covenant relief and greater liquidity.

“While trading conditions continue to improve, we continue to reduce our cost base and we remain prepared for almost all scenarios including a prolonged downturn.

“We are seeing gradual improvement in revenue trends albeit from a modest level and importantly, we continue to win key customers in our corporate business notwithstanding the difficult conditions.

“The recent easing of lock-down restrictions in Australia, our largest market, gives us confidence of further improvement in the near term. While we remain cautious given the environment in the Northern Hemisphere, we welcome the recent news of Pfizer’s positive COVID-19 vaccination trial data and look forward to further developments, given their potential to fast-track the recovery in travel activity.”

As a result of the Offering, total liquidity at 30 September 2020 on a pro-forma basis increases to A\$1.3 billion, with total cash and cash equivalents increasing to A\$2.0 billion. Sales in September 2020 were 12% of normal levels, with net operating cash outflow of A\$40 million for the month.

Notes Offering

The Offering is being marketed to eligible investors with the final terms of the Notes to be determined via a book-build process expected to be completed prior to market open tomorrow. A summary of the key terms of the Notes is set-out in Appendix A of this announcement.

FLT intends to use the net proceeds from the Offering to repay A\$100 million of FLT’s existing debt, with the remaining proceeds applied to further strengthen FLT’s liquidity position.

FLT will apply for the Notes to be listed on the Official List of the Singapore Exchange Securities Trading Limited (“SGX-ST”). Conversion of the Notes will be physically settled by the issuance of new Ordinary Shares.

Goldman Sachs International and Merrill Lynch Equities (Australia) Limited are acting as Joint Bookrunners on the Offering.

Bank Debt Refinancing

FLT has signed a commitment letter with its existing bank lenders to refinance its existing bilateral facility agreements with a new A\$350 million, three-year syndicated debt facility. As part of the refinancing, the banks will waive FLT's compliance with its existing operating leverage ratio, fixed charges ratio and shareholder funds ratio covenants until 31 December 2022, at which point covenants will be calculated based on the six month period from 1 July 2022 to 31 December 2022.

FLT will be required to maintain a cash to total borrowings ratio of greater than or equal to 1:1 (with total borrowings to exclude the Notes) until the full covenant testing resumes.

The bank debt refinancing is subject to conditions including preparation of full documentation and the settlement of the Offering.

Further Information

In connection with the Offering, to facilitate some or all of the hedging activity that may be executed in relation to the Notes:

- Goldman Sachs Australia Pty Ltd ("**Goldman Sachs**") intends to sell 4.9m – 8.3m ordinary FLT shares (the "**Delta Placement**") to facilitate some or all of the hedging activity that may be executed in relation to the Notes; the manner of conducting the Delta Placement will be determined by Goldman Sachs, in consultation with FLT. Goldman Sachs and FLT have agreed that the sale of ordinary shares under the Delta Placement will be conducted at a price of \$15.00 – \$15.30. The delta placement price will be used as the Reference Share Price to determine the Initial Conversion Price of the Notes. Goldman Sachs or its affiliates may acquire shares under the Delta Placement; and
- the co-founders of FLT ("**Stock Lenders**") intend to enter into a stock lending agreement with an affiliate of Goldman Sachs (the "**Stock Borrower**") pursuant to which the Stock Lenders will lend a certain number of Ordinary Shares to the Stock Borrower, and the Stock Borrower will be required to return the borrowed Ordinary Shares to the Stock Lenders pursuant to the terms of the agreement ("**Stock Borrow Facility**").¹

¹ The transactions associated with the Delta Placement and Stock Borrow Facility may, together with other shares in FLT acquired by Goldman Sachs or its affiliates in connection with its ordinary course sales and trading, principal investing and other activities, result in the Goldman Sachs or its affiliates disclosing a substantial holding and earning fees.

Appendix A:
Key terms of the Notes

Issuer	Flight Centre Travel Group Limited
Issue Size	A\$400 million
Ranking	Direct, unsubordinated, unconditional and unsecured
Term of Notes	7 years
Coupon / Yield	2.25 – 3.00% p.a., on a semi-annual basis
Conversion Premium	Expected to be in the range of 30.0 – 35.0% over the Reference Share Price (as determined under the Delta Placement)
Conversion Right	At any time on or after 41 business days after issuance investors may exercise a right to convert Notes into FLT Ordinary Shares.
Investor Put Date	17 November 2024 (4 years)
Reference Share Price	The clearing price of the Delta Placement
Stock Borrow Facility	The Stock Lenders intend to enter into a stock lending agreement with the Stock Borrower over 15 million Ordinary Shares. The Stock Borrow Facility has a term of one year.
Settlement	<p>Where a holder is entitled to convert their Notes into Ordinary Shares, the conversion of the Notes will be physically settled by the issuance of new Ordinary Shares.</p> <p>The number of Ordinary Shares issued on exercise of the conversion right will be determined by dividing the principal amount of the Notes to be converted by the applicable conversion price</p>
Conversion Price	Standard anti-dilutive adjustments including adjustment for all

Adjustment	<p>dividends paid by FLT.</p> <p>Upon a change of control of FLT, the conversion price will be reduced in accordance with the terms of the Notes. The extent to which the conversion price is reduced following a change of control is variable, dependent on the time period between the change of control and the final maturity date of the Notes.</p>
Listing	SGX-ST
Selling Restrictions	Reg S (Cat 1) only
MiFID II professionals/ECPs-only/No PRIIPs KID	Manufacturer target market (MiFID II product governance) is expected to be eligible counterparties and professional clients only (all distribution channels). No PRIIPs key information document (KID) has been prepared as not available to retail in EEA or UK

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The information contained in this announcement is not for distribution, directly or indirectly, in or into the United States. This announcement does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States. The Ordinary Shares and the Notes mentioned herein have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States except pursuant to registration or an exemption from the registration requirements of the Securities Act. No public offering of the Ordinary Shares or the Notes will be made in the United States.

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

This announcement has been approved by the Board of Flight Centre

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