

Chairman's AGM Address

The 12 months to June 30 2021 was another incredibly challenging period as governments globally ramped up their efforts to mitigate the health impacts of COVID-19.

These efforts led to most of the international travel restrictions that were adopted late in FY20 being extended throughout FY21, along with curbs on other everyday activities.

In Australia, we also encountered a year of domestic travel upheaval, as states attempted to ringfence the inevitable COVID outbreaks by:

- · Locking down citizens and, in some cases, regions; and
- Frequently closing and re-opening their borders thereby creating a complex and constantly changing travel environment.

Within this uncertain environment, our overall recovery trajectory was broadly in line with expectations, although we did not initially anticipate the rolling shutdowns and border closures that we encountered in various parts of the world and particularly in Australia.

Highlights

Our key operational achievements for FY21 have been summarised on this slide.

In essence, our recovery gained momentum as the year progressed, particularly in the United States and in the corporate sector, culminating in record COVID-period revenue in June 2021.

Momentum has continued, with FY22 first quarter gross TTV exceeding gross TTV for the FY21 fourth quarter, which would normally be a seasonally slower trading period.

Trading conditions generally improved as:

- Vaccination programs gained momentum globally; and as
- Travel restrictions were relaxed or removed in various markets. When this happened,
 we typically experienced strong and immediate rebounds in demand

We were, however, adversely impacted late in FY21 – and in to FY22 – by the reintroduction of heavy travel restrictions in both Australia and New Zealand.



While cost control remained a key focus during FY21, we balanced this against our objective of investing to win market-share. I'll talk about this in more detail shortly.

In both the corporate and leisure sectors, we successfully executed our key strategies. I'll also expand on this a little later.

As part of our proactive capital management strategy, we refinanced our bank debt and secured extended covenant relief, in addition to securing a \$AU400m convertible bond to extend our maturity profile.

Overall, we are ready to capitalise on a major industry-wide lift-off when travel resumes in a meaningful way – which is now starting to happen in many parts of the world.

Result Overview

Our FY21 financial results have been summarised on this slide.

As you can see, we recorded a \$507.1million underlying loss before tax for the year, in line with both the FY20 result and FY21 market guidance.

FY21 TTV finished at \$3.95billion, with revenue of \$395.9million.

By way of comparison, this was about 26% of our FY20 TTV and about 17% of our record FY19 result, which was of course achieved pre-COVID.

Overall, the global corporate businesses contributed \$2.2billion in TTV, 55% of the group's sales – up from 37% pre-COVID.

The slower recovery in leisure travel to date reflects:

- Leisure travel's heavier international weightings corporate is weighted more heavily towards domestic travel, which has been subject to fewer restrictions; and
- The leisure division's overall weighting towards the heavily locked down Southern
 Hemisphere markets of Australia and New Zealand

Globally, revenue typically increased month-on-month throughout FY21, with this revenue growth offsetting the JobKeeper subsidy reduction in Australia at the end of the second quarter and the program's removal at the end of the third quarter.



Our ability to maintain a global revenue growth trajectory throughout FY21 – despite regular border disruptions in Australia and other parts of the world, plus the loss of JobKeeper – again underlines our business's diversity, which we consider to be one of its great strengths.

For example, our US businesses performed strongly in Q4 to offset the inevitable slowdown we experienced in the ANZ region when border restrictions were re-applied.

Monthly TTV increased at a 22.6% compounding rate in the US during the second half, with the Liberty leisure and GOGO wholesale businesses returning to profitability late in the year.

You can see this TTV escalation in the Americas on this slide, as well as the ANZ slowdown after lockdowns were reintroduced.

While not included in US results, we also saw a strong recovery from our Discova destination management company in the Americas.

In his upcoming address, Skroo will provide more colour around the growing number of our businesses that are now at or approaching profitability.

Outside of travel, the Pedal Group cycle business – consisting of retailer 99 Bikes and wholesaler ATA – performed strongly with profit before tax tripling to \$54million and group sales increasing 66.5% to \$333million. This trend has continued into FY22.

FLT owns roughly 47% of this business, which expanded into New Zealand during FY21 and now has six shops throughout the country in addition to the 60 shops in Australia.

Company-wide, monthly recurring costs were typically \$70million to \$75million and increased after FLT welcomed back some "stood-down" staff in Australia when JobKeeper ended. Variable costs, mainly incentive payments to sales staff, typically represented an additional 15% of revenue.

Operating cash outflows during the 2H were between \$30million and \$40million per month and by year-end were mainly being incurred in Australia/New Zealand and in FLT's Global support area, as has again been the case early in FY22.

Our liquidity position at September 30, 2021 has been illustrated on this slide.

As you can see, we currently have \$1.2billion in cash and investments, including debt facilities, and a circa \$800million liquidity position.



This is a conservative view of our liquidity because it allows for a complete unwind of both working capital and client cash. Throughout the pandemic, client cash has remained above \$300million at all times.

We continue to adopt a proactive capital management strategy.

During the past 18 months, we have refinanced our bank debt and issued a \$400million convertible bond to extend our maturity profile and strengthen our balance sheet.

We felt that the bond was preferable to a capital raising or increasing bank debt given

- Relatively low ongoing costs
- The absence of covenants
- No immediate dilution of our shareholder base; and
- It would be delivered at a premium, rather than a discount, to our share price

Our ongoing strength in this area provides a solid platform for our company to capitalise on the expected rapid recovery of international and domestic travel as borders re-open.

Continued significant investment in key growth drivers

In our initial response to the COVID crisis, we focussed on cost control and liquidity before shifting our attention to growth as conditions stabilised.

At a time when many competitors were forced to either hibernate or pare back their expenditure on business-critical functions, we continued to invest in initiatives that will enhance our customer offerings and drive future growth in shareholder value.

For example, we enhanced our already strong technology platforms and have recently delivered new platforms for customers of our extremely successful FCM and Corporate Traveller brands, along with other initiatives that have been outlined in Chris Galanty's and Melanie Waters-Ryan's annual report columns.

Development of Melon, our new digital platform for our Corporate Traveller SME customers, was made possible by our acquisition of the San Francisco-based technology business Whereto early in the pandemic.

We have also invested in our global FCM corporate travel footprint.



Early in FY22, we announced plans to launch FCM in Japan, the world's fourth largest corporate market, via a joint venture (JV) with Tokyo-based NSF Engagement Corporation.

Japan is, of course, a key corporate market because of its size and importance within the global economy as a business hub for multi-national companies.

As Skroo said at the time, this will: "... enhance our ability to win new local, regional and multi-national accounts, while also gaining greater control over and enhancing the service we provide to our existing customers with operations in Japan".

Within our in-destination area, the Cross Hotels & Resorts hotel management business has also expanded into Japan through a master franchise agreement with Tokyo-based AB Accommo Company Limited.

The agreement will eventually see seven properties trading under Cross's Away and Cross Vibe brands, with the inaugural property, Away Okinawa Kouri Island Resort, now open and pictured on this slide.

Achieving strategic objectives in leisure and corporate sectors

While the recovery trajectory within our businesses globally is tied to the prevailing travel restrictions, we are generally achieving our corporate and leisure strategic objectives within a constrained trading environment.

In corporate travel, we are winning and implementing large volumes of new business, while continuing to retain almost 100% of our customers in the FCM business thanks to our very compelling client offerings which fuel our proven organic growth model.

We have also transformed Corporate Traveller through the new Melon platform, which has just been launched in the Northern Hemisphere.

In leisure, we are diversifying our offerings by investing in a broader range of channels to support our smaller – but still highly accessible – shop network and to give customers additional options to access our services.

At this relatively early stage, the evidence suggests we are maintaining or increasing leisure market-share across these channels in key locations like Australia and South Africa, while preparing to benefit from the pent-up demand for travel.



As you will hear shortly, we are experiencing a strong leisure recovery in South Africa, which underlines this pent-up demand, and are starting to see very positive signs in Australia.

We are also working hard to attract new customers through our multi-channel offerings and expect to see market share gains as a result of industry consolidation.

Looking ahead, we believe we are ready and well-placed to capitalise on what shapes as a major rebound when international and domestic borders reopen fully.

From a financial perspective, we have a lengthy liquidity position, which has been key to weathering the COVID challenge while maintaining our key assets.

Our business and geographic diversity will underpin our resilience during FY22 and beyond.

While Australia-New Zealand remains our largest region by sales, generating about half of our pre-COVID TTV, our profits are now significantly leveraged to larger overseas markets like the Americas and Europe, Middle East and Africa (EMEA).

These markets have already reopened to varying degrees and were key drivers of the TTV growth we delivered during the FY22 first quarter, while Australia was heavily locked down.

We also see considerable upside globally in leisure travel now that discretionary travel is starting to resume.

Crucially, we have also maintained a strong workforce of expert travel advisors, whose skills will be more relevant than ever in a more complex travel environment post COVID.

People are, of course, our most valuable asset and we continue to work hard in challenging conditions to retain a highly skilled team to guide us through to the recovery phase.

Our people – in front-end sales roles, within our support ranks and at executive level – have skills that readily translate to other sectors that are less affected or are recovering more rapidly, which underlines the importance of our retention programs.

Another benefit flowing from these programs, which are built on share rights, is that virtually all of our people will be shareholders in our company, in line with our philosophy of encouraging everyone to have genuine ownership and creating an even stronger alignment between our people's and our investors' interests.



Before handing over to Skroo, I'd like to provide you with additional detail around three important areas.

Firstly, Board Size and Structure.

We currently operate with a relatively small board, consisting of five people.

During FY20, we took preliminary steps to add an additional non-executive director to incorporate new thinking, new areas of expertise and to allow us to better manage our business and geographic diversity, but these plans were placed on hold with the onset of the pandemic.

We now plan to reinitiate this search, with a view to adding an additional female director to our ranks and to take our board size to six.

Secondly, ESG and Sustainability

We have also enhanced our ESG (environment, social and governance) focus.

ESG is very important to us, our people, our customers and other stakeholders and we are committed to building on our credentials in this area moving forward.

During FY21, we released our first sustainability report after an internal stocktake of the many programs we offered globally across our various operations.

Since then, we have formed an internal group – with senior leadership representation – to further embed ESG considerations in our business and with a view to setting our strategies and targets for the future.

The third area that I'd like to discuss is the constitutional amendment, which you will shortly be asked to vote on.

As is always the case, we have engaged with various proxy advisors and special interest groups ahead of today's meeting.

During these interactions, some stakeholders have asked for further detail around the proposed amendment, which will – if adopted – allow for virtual meetings.



In bringing forward this resolution, our intention is not to break with tradition – we strongly believe in the value of physical meetings and we will continue to hold face-to-face or hybrid events wherever possible.

This amendment is effectively a precaution that will – subject to the passing of legislative amendments currently before parliament – allow our meetings to proceed if an unforeseen crisis arises in the future and governments do not provide the regulatory relief they are providing now to allow important meetings to proceed in extraordinary circumstances.

Conclusion & handover to Skroo

Thank-you once again for your ongoing support of our company and our people during what has been a very challenging period.

We look forward to seeing you – face-to-face – at our AGM next year and updating you on our continued recovery as FY22 progresses.

I now invite Skroo to address today's meeting.