



# Presentation to Morgans Queensland Conference

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**FLIGHT CENTRE**  
TRAVEL GROUP™

# FLT: Overview

About the business ...

- 01** Diversified business with four key business divisions operating in four key geographic divisions (ANZ, EMEA, Americas & Asia)
- 02** Highly experienced senior leadership team (Taskforce) – Taskforce members have generally progressed through FLT’s ranks
- 03** Strong corporate culture, with emphasis on our people
- 04** Established recipe for success (SMaC)
- 05** Compelling customer offerings driving ongoing organic growth
- 06** Healthy financial position – able to capitalise on opportunities
- 07** Long-term focus – sustainable shareholder value creation, while also targeting significant profit margin rebound to 10-year high in near-term

# Diversified global business with four key divisions

## CORPORATE



- A top-four global TMC with presence in circa 100 countries (equity & licensees)
- Dual brand strategy – tailored offerings for SMEs (Corporate Traveller) & large market customers (FCM)
- Strong organic growth profile – growing TTV by retaining customers & winning large volume of new accounts
- Generated circa 50% of FLT's FY23 TTV

## LEISURE



- Transformed leisure business with structurally lower cost base and scalable online & offline offerings
- 4 pillars - mass market, luxury, independent, complementary
- Generated circa 45% of FLT's FY23 TTV

## SUPPLY



- Procuring and delivering widest range of product/content for leisure, corporate and B2B (independent) customers in increasingly fragmented market.
- Small network of in-destination businesses specializing in destination management (Discova), touring (Topdeck and Back-Roads ) and hotel management (Cross)

## GLOBAL BUSINESS SERVICES

- Currently establishing a centralised global division, which will include a number of key support functions including technology, finance and people & culture
- Potential synergies and cost benefits

# Highly experienced leadership team in place

220 years of combined travel industry experience with circa 20 years average tenure within FLT



**Adam Campbell**  
Chief financial officer



**James Kavanagh**  
CEO - Leisure



**Skroo**  
Chief executive officer



**Charlene Leiss**  
MD - Americas



**Steve Norris**  
MD - EMEA



**Chris Galanty**  
CEO – Corporate



**Greg Parker**  
CEO - Supply



**Lincoln Turvey**  
Chief people & culture officer



**Bertrand Sallet**  
MD - Asia

# Strong corporate culture

Clear company purpose – “To sustainably open up the world for those who want to see”

## CORE VALUES OF IRREVERENCE, OWNERSHIP & EGALITARIANISM

10 key philosophies (Appendix I) built around:

**1** OUR PEOPLE

**2** OUR CUSTOMERS & SUPPLIERS

**3** FAMILY, VILLAGE, TRIBE

**4** TAKING RESPONSIBILITY

**5** EGALITARIANISM & IRREVERENCE

**6** OWNERSHIP & ENTREPRENEURISM

**7** OUTCOME-BASED INCENTIVES

**8** ONE BEST WAY

**9** SIMPLE & LEAN STRUCTURE

**10** PROFIT

# Established recipe for success (SMaC)

## OUR PEOPLE & CULTURE

A positive and productive people culture in leadership, empowerment and ownership. We are experts in Travel, Bikes, Events, Education and Recruitment & Training. Our people are the right people with the right expertise & attitude. Incentives based on rewarding the outcomes we want, not behaviour changes.

## OUR PRODUCT & SERVICES

A great range of quality product & service mainly in travel & travel-related services. Famous global brands & successful business models. As well as other people's product made specially for us, we also make our own in all the fields we operate in.

## FAMOUS BRANDS

All brands are mass or specialised, have their own clear positioning & differentiation with clear CVPs & SMaCs. All brands & businesses are a high performing sales & marketing machine - both brand-to-customer & brand-to-travel adviser.

## CUSTOMERS & SUPPLIERS

Satisfied & repeat customers & very supportive suppliers we treat as crucial. FCTG customers & suppliers have blended access - customers and suppliers can access us which way they want - online & offline. Information & data is power & we use it to get close to the customer, our suppliers & consultants.

## MARGINS & PROFIT

Healthy product & service margins, as well as a fair profit & well rewarded/incentivised people is a key part of our SMaC. Our shops & offices (as well as work from home) are all customer and travel advisor friendly working spaces with the latest tech and mobiles, laptops, screens, capability.

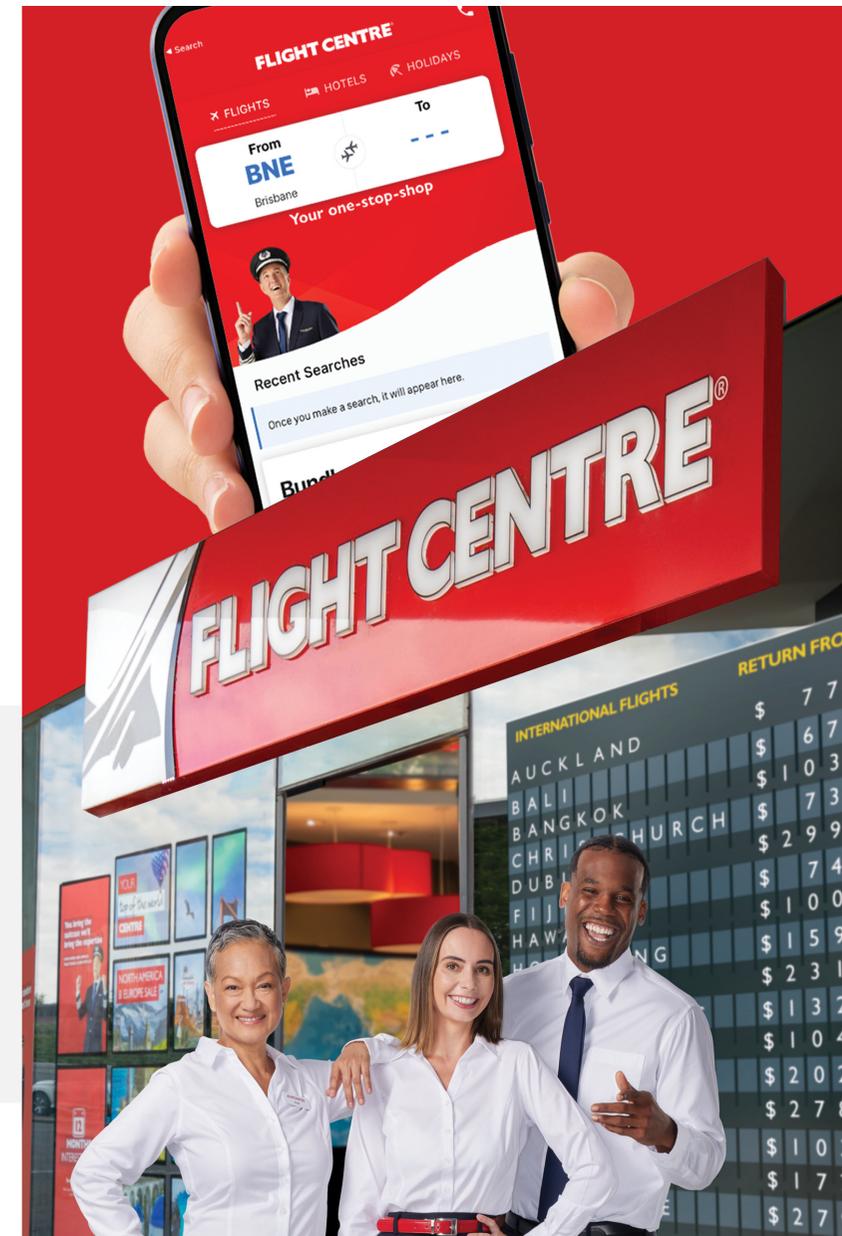
# Compelling customer offerings

Driving organic growth in both the leisure & corporate travel sectors

- 40+ year history of delivering value to customers
- Blending people & technology in both leisure & corporate sectors to deliver customers a differentiated service that can be customised to their personal needs - low touch, high touch and blended solutions
- Offering broadest range of content in increasingly fragmented market

## FLT Customer Value Propositions

- Famous, respected and on-point brands that look good, stand out and mean something to the consumer
- Relevant, powerful and effective advertising programs
- Clear, well understood and differentiated positioning
- Relevant and exciting product ranges
- Expert, capable business and people leaders



# Healthy financial position

Well placed to capitalise on opportunities during post-COVID recovery

- Circa \$1.4b in cash and investments at June 30, 2023
- Cash flow patterns now back to normal seasonal patterns – modest 1H operating cash outflows, followed by stronger 2H inflows (as experienced during FY23)
- Year-on-year movement can be heavily influenced by timing of airline payments (BSP) – differing payment dates & cycles globally
- Capital allocation framework in place to maximise shareholder returns & long-term growth, while retaining a conservative structure
- 50-60% of NPAT to be returned to shareholders as dividends and/or used to buy-back ordinary shares or convertible notes from this year
- In addition:
  - Fully franked 18 cents per share FY23 final dividend paid yesterday
  - Opportunistic on-market buy-back of FY27 convertible notes just initiated (Notes with \$75m face value bought back)
  - Will consider M&A opportunities to fast-track growth in key sectors (such as Scott Dunn), gain new expertise and/or technology, but with a primary focus on organic growth

# Focus on shareholder value creation

Investing in key long-term growth drivers, while also targeting significant profit margin uplift in near-term

- Cost base structurally lower after changes made during the pandemic but includes significant investment in people, product and technology to deliver greater efficiencies and drive future returns
- Playing the long game – pursuing strategies that will deliver sustainable longer-term growth – while also targeting a significant short-term profit margin rebound to 2% for FY25
- Aspirational target set during the pandemic has not been achieved by FLT since FY15
- Steady early progress with strong momentum from FY23 2H (particularly in leisure) – further recovery expected to be driven by combination of revenue margin improvement & cost margin reductions from current levels
- *Key assumptions:*
  - Business & channel mix does not materially vary from current expectations - FLT will not sacrifice future prosperity by slowing profitable growth in businesses that have strong future prospects, but sub 2% PBT margins currently, in order to achieve short-term margin target
  - Corporate & leisure segments deliver 2%+ PBT margin, with FLT's Other segment partially offsetting these operating business margins
- Potential positive impact from proactive cash & debt management in near-term, as part of FLT's new capital management policy

# FY24: Outlook (as outlined in FLT's FY23 results)

## Further recovery expected

### Trading Update

- Performing in line with expectations in early FY24 trading
- Strong TTV & profit growth to date, v weaker trading climate early in FY23
- Guidance & more detailed commentary expected to be provided at AGM on November 15

### Current expectations for FY24:

- Further improvements in industry dynamics – capacity increases
- Record TTV flowing from geographical diverse brand stable in market that is gradually recovering
- Profit margin improvement – driven by gradual revenue margin recovery & ongoing cost margin discipline

### Leisure:

- Transformed business already tracking at or near pre-pandemic TTV levels in key Southern Hemisphere markets (Australia & South Africa) & targeting improved profitability from smaller TTV base in Northern Hemisphere
- Strong TTV & profit run-rate into FY24 - elevated sales & earnings during 2H

### Corporate:

- Productivity & efficiency uplift expected in rapidly growing global business
- Strong TTV pipeline with circa \$750m in new FCM accounts implemented during FY23 2H & now trading – July 2023 TTV up more than 20% on PCP

### Travel Services:

- Modest profit expected from tour, hotel management & destination management businesses during FY24 (results included in "Other" segment)

**Full industry recovery expected in CY24 & passenger numbers set to double by 2040 (3.4% CAGR) [Source: IATA Global Outlook for Air Transport - June 2023]**

	Recovery year	CAGR (2019 - 2040)	Additional passengers by 2040, millions
Africa	2024	3,4%	155,72
Asia Pacific	2024	4,6%	2 554,41
Europe	2024	2,1%	665,81
Middle East	2024	3,7%	276,03
North America	2023	2,2%	564,98
Latin America & Caribbean	2023	2,9%	313,47
World	2024	3,4%	3 940,80

Sources: IATA Sustainability and Economics, Tourism Economics (March 2023 release)

A dark, atmospheric photograph of a beach at dusk. In the foreground, a blue wooden lounge chair with a colorful striped fabric is positioned on the sand. A large, light-colored woven hat with a dark band is draped over the back of the chair. The background shows the ocean with gentle waves and distant, silhouetted hills under a dark sky. The overall mood is calm and serene.

# END OF PRESENTATION

QUESTIONS?

# Appendix 1: FLT's Philosophies

## OUR PEOPLE

**01** We care about our colleagues' health and wellbeing, their personal and professional development, and their financial security. We believe that work should be challenging and fun for everyone and through work we contribute to our community.

## OUR CUSTOMERS & SUPPLIERS

**02** We recognise that our customers and suppliers always have a choice. We care about personally understanding their travel needs and delivering great travel experiences to them. This is provided with honesty, integrity and a very positive attitude. This service is the key to our company's success. The main measure of whether we really are personally providing our customers and suppliers with a great experience, with amazing products and a very caring service is they will return and again.

## THE FAMILY-VILLAGE-TRIBE

**03** We believe our people have the right to belong to a Team (family), a Village, an Area (tribe) and Nation or Country, that will provide them with an exciting future and a supportive community at work. They also be able to see a clear pathway to achieving their professional career goals. Promotion and transfers from within will always be our first choice.

## TAKING RESPONSIBILITY

**04** We take full responsibility for our own successes or failures. We do not externalise. We accept that we have total ownership, responsibility and accountability but not always control. As a company we recognise and celebrate our individual and collective successes.

## EGALITARIANISM & IRREVERENCE

**05** In our company, we believe that each individual should have equal privileges and rights. In all our countries and all our businesses there should be no 'them and us'. We have an irreverent culture of taking our business seriously but not ourselves.

# Appendix 1: FLT's Philosophies (cont.)

## OWNERSHIP & ENTREPRENEURISM

**06** We believe each individual in our company should have the opportunity to share in the company's success through outcome-based incentives, profit share, BOS (franchises) and Employee and Leadership Share Schemes. It is important that business leaders and business team members see the business they run as their business.

## OUTCOME BASED INCENTIVES

**07** Incentives are based on measurable and reliable outcome-based quantitative KPIs. We believe that 'what gets rewarded, gets done'. A reward is earned by producing the needed quantitative outcome. If the right outcomes are rewarded and achieved, our company and our people will prosper.

## ONE BEST WAY

**08** In our business there is always 'one best way' to operate (Locally, globally and regionally). These are standard systems employed universally until a better way is shown which then becomes the 'one best way system'. We value common sense (which is not very common) over conventional wisdom.

## SIMPLE & LEAN STRUCTURE

**09** Our structure is simple, lean, flat and transparent, with accessible leaders at all levels. Our business model is being one of the world's best and biggest small business operators. There is a maximum of 4 and sometimes 5 layers. 1. Team, (village) 2. Tribe or Area. 3. Nation or Country 4. Region or Division and 5. Taskforce and Board. The village is an unfunded, self-help support group that forms an integral part of the local teams (3-7). • Family (Teams – min 3, max 8 members) • Villages (min 3, max 8 teams). • Tribe (Areas – min 12, max 30 teams). • Nations/Brands/Countries (min 8, max 20 areas). • Regions and Divisions • Board and Taskforce.

## PROFIT

**10** A fair margin resulting in an significant business profit is the key measure of whether we really are providing our customers with a great travel experience, including amazing product and a very caring service – an experience they need to genuinely value and will pay us for.