



Investor Presentation

by Adam Campbell (CFO)



Macquarie Australia Conference

FY17: THE STORY SO FAR

\$300m-\$330m
underlying PBT
target

TTV expected to
top \$20b for 1st
time (circa 4%
growth) – another
record sales year

On track to
achieve FY17
targets but some
ongoing
uncertainty – FX
fluctuations &
airfare pricing

Targeting \$1b in
online leisure TTV

- Nine of FLT's 10 countries/regions delivered record 1H TTV in local currency
- Three – Europe, South Africa & Mainland China – delivered record 1H profit

FY17 HIGHLIGHTS (1H)



Increased market-share – international ticket sales growth (up 10% in Australia) outpacing outbound travel growth

Enhanced productivity – TTV per person increasing in most countries (key global strategy)

Investment in transformation initiatives to ensure FLT is as successful over the next 20 years as it has been in the past 20

Continued balance sheet strength – strong positive net debt position

New revenue streams delivered – new markets, sectors & products

MANUFACTURED PRODUCT SALES INCREASING

Manufactured leisure products on track to deliver more than \$500m in TTV in Australia alone during FY17

From Start-Ups to Multi Million Dollar Product Ranges

Includes Captain's Packages, Journeys, Escapes, Black Market Flights, Get Luxe, Tailor-Made & others

Unique offerings for FLT customers

Does not include constructed airfares, other wholesale packages, TTV from in-destination businesses

FY17 CHALLENGES

Internal Factors

Cost growth
outpacing revenue
growth in low fare
environment

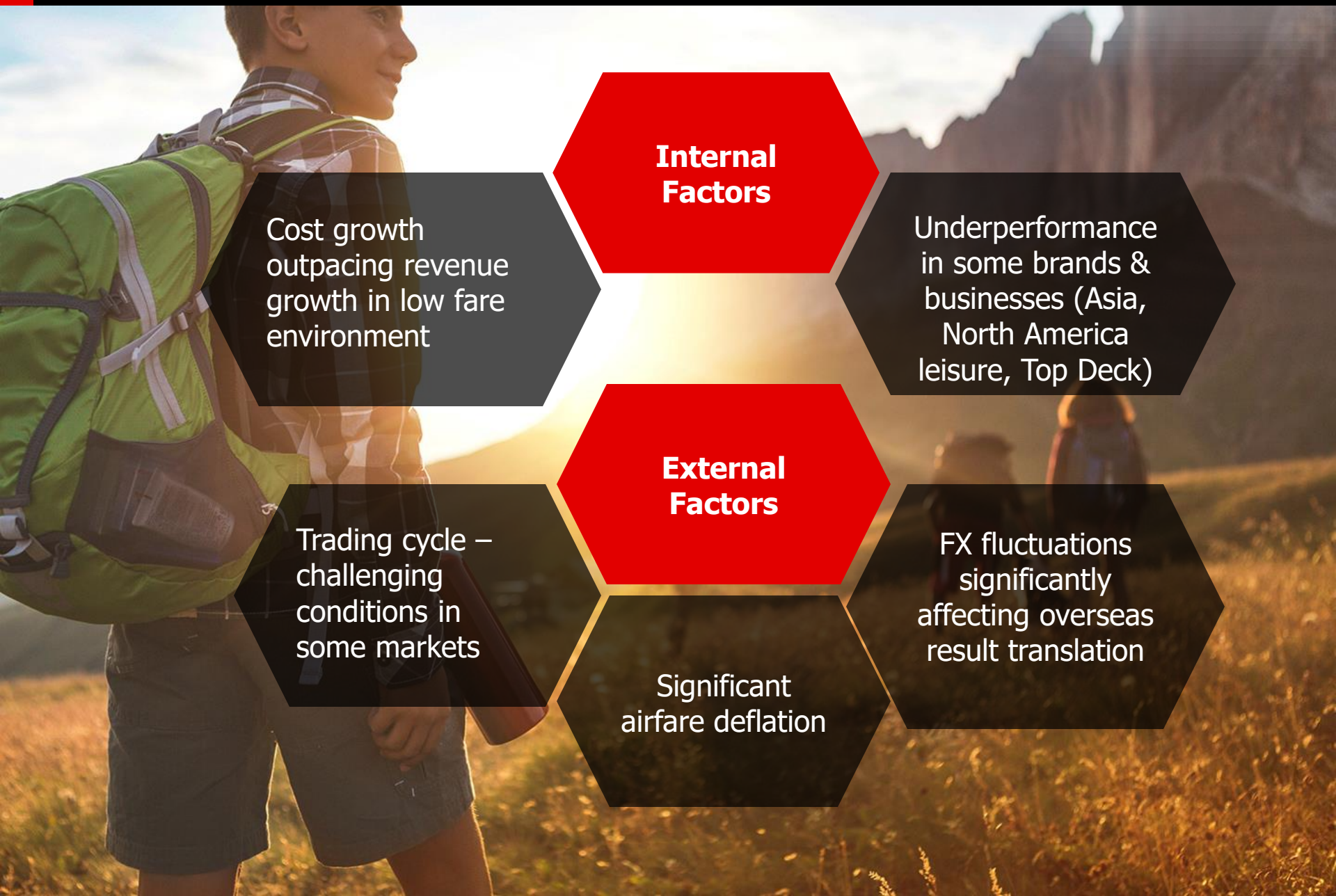
Underperformance
in some brands &
businesses (Asia,
North America
leisure, Top Deck)

External Factors

Trading cycle –
challenging
conditions in
some markets

FX fluctuations
significantly
affecting overseas
result translation

Significant
airfare deflation



AIRFARE PRICING

Deflationary Environment

Significant deflation in some key markets – including Australia & USA – since 2H FY16

Unprecedented & prolonged discounting from most carriers (not LCC-driven)

Impacting Revenue

7% decline in average international prices in Australia during 1H

Stimulating demand but leading to slower than normal revenue & TTV growth

Brighter Outlook

Average fares in Australia now at similar levels to PCP, in line with FLT's expectations

Opportunity for more rapid TTV & revenue growth as 2H progresses

SHORT-TERM GROWTH DRIVERS (FY18)

Operational Improvement

Benefits Flowing From Cost Control Initiatives

Ongoing Productivity Gains Globally

Better Trading Cycle

Normal airfare price shifts between periods, exchange rate stability

Overall Market Growth

Growth

Sensible & Cost-Effective Network Expansion

Small Contribution From Recent Acquisitions

Stronger Contributions

Top Deck Europe
Australian Corporate
Asia

MEDIUM-TERM GROWTH DRIVERS (FY18 – FY20)

Creation of a new Business Transformation Team under Melanie Waters-Ryan (COO)



Ongoing Growth Strategies

TRANSFORMATION TEAM PRIORITIES

Identify & deploy cost reduction strategies

Grow digital commerce sales

Recommend additional investment requirements in growth models & brands

Grow the Travel Experience Network

Strategic review of underperforming brands & businesses

Globalise Technology

Aligned acquisition strategy

More comprehensive details on this team's progress & objectives will be provided at the full year in August

CHANGES ALREADY TAKING PLACE

Loss-making
Student Flights
NZ & RSA
offerings
absorbed into
FCB

GOGO wholesale
business (USA)
downsized during
1H

New Asia
structure –
Singapore,
Malaysia &
Greater China

**Transformation
program in
infancy but
management-
driven changes
already in place**

Streamlined
finance
structures ahead
of Dynamics
roll-out

Slow down in
leisure travel
growth in some
countries in
response to
subdued market
conditions

Travel Money USA

CORE GROWTH OPPORTUNITIES

Leisure Travel
Retailing

In-Destination
Travel
Experiences

3 Key Areas

Corporate
Travel

**5 Key
Geographies**

EMEA
Americas
Australia & NZ
Asia
In-Destination
(Global)

LEISURE TRAVEL RETAILING



Brands that
are easy to
transact &
interact with

All leisure
brands likely
to be
profitable in
Australia
during FY17

Delivering
specialised
expertise &
unique
products

**FLT's Largest
Business
Sector**

Targeted &
cost effective
growth
planned along
the P2P Index

Omni-channel
& blended
offerings

Proactively
targeting high
growth sectors
- adventure,
youth, river
cruise

LEISURE TRAVEL: THE P2P INDEX

Dominating The Leisure Travel Landscape

OTA

- High volume, low touch
- Flightcentre, StudentUniverse, BYOJet, Aunt Betty.

Contact Centres

- 24/7 telephone sales & assist
- Teams currently based in Brisbane & Sydney

Flagship Stores

- **Hyper stores**
- **Megastores**

Community

- **Shopping centres**
- **CBD and strip locations**

Home Based

- Model expanding globally

Events

- FLT's 13th Month

Growing network of specialist “direct” businesses – FCBT, Cruise, Groups, First & Business

LEISURE TRAVEL: PUSHING TO THE EDGES

Strong growth potential (from small base) in channels at the fringes of the P2P Index

Contact Centres

Sales & service businesses in head office locations

24/7 Customer Assistance, Web Chat, After Hours Sales

Flexible staffing requirements

Home-Based Agents

Cost-effective model that is growing strongly globally

FLT turning over circa \$160m in Australia alone

Expos & Events

Nationwide program in place

Discover the Americas, World Travel & Cruise, Travel Expo

Attracted almost 1% of Australian population during FY17

LEISURE TRAVEL: DIGITAL COMMERCE



FLT

ONLINE
COMPLETION

- ✓Transaction volume growing fast
- ✓Leisure targets \$1B in FY17
- ✓Corporate adoption of online 40%+

ONLINE
ORIGINATION

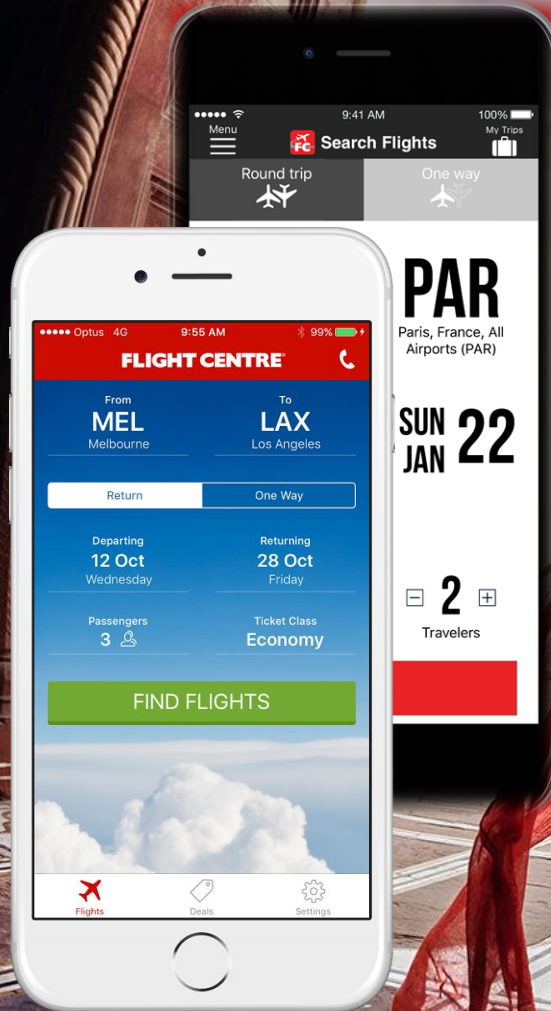
- ✓Sign of healthy value proposition
- ✓Already multi-billion dollar entities
- ✓Complex purchases are more valuable

LEISURE TRAVEL: ENHANCED DIGITAL PRESENCE

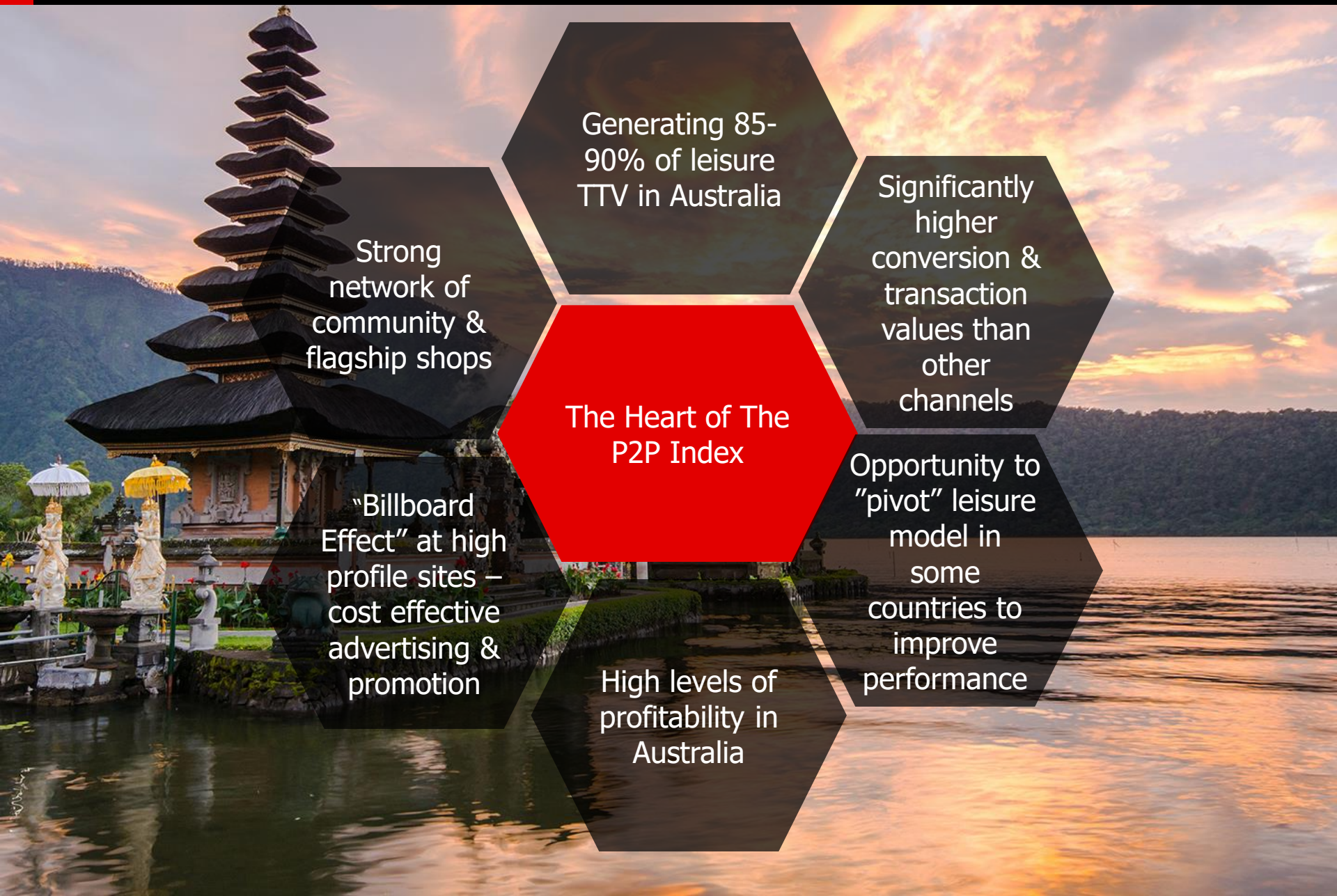
NATIVE APPS

StudentUniverse
seeing strong YoY
growth in mobile
bookings

New apps deployed
for FC Australia and
FC USA



LEISURE: FLT'S SHOP NETWORK



Generating 85-90% of leisure TTV in Australia

Significantly higher conversion & transaction values than other channels

The Heart of The P2P Index

Strong network of community & flagship shops

"Billboard Effect" at high profile sites – cost effective advertising & promotion

Opportunity to "pivot" leisure model in some countries to improve performance

High levels of profitability in Australia

LEISURE: GROWTH OUTLOOK

Ongoing Network Enhancements

Up-staffing in some brands & locations without increasing footprint

Relocation program – shifting shops to better sites

Some pivoting or rationalisation in loss-making overseas businesses

Differing Growth Profiles

Tailored growth plans for each brand in Australia & overseas

Emerging brands typically growing more rapidly, but generating less TTV/team

Modest growth planned for more mature Flight Centre Brand in Australia

FCB growth focused on flagships in major & super-regional shopping centres

No plans for widespread shop closures in Australia, given high levels of profitability

CORPORATE TRAVEL

Entering
important new
geographies

Now
generating
about one-
third of FLT's
global TTV

Award
winning &
innovative
offerings

Recent
acquisitions in
the Americas,
Asia and
Continental
Europe

Ongoing
enhancements
to already
strong
product suite

Consolidating
position as
one of the
world's largest
travel
managers

Investments
in platforms &
Artificial
Intelligence
Tools (Sam &
Claire)

IN-DESTINATION TRAVEL EXPERIENCES

FLT's 3rd Key
Business Pillar

Includes Buffalo
Destination
Management
Company & tour
operators (Top
Deck & Back-
Roads)

Future Expansion
Opportunities –
hotel
management,
global DMC
network

Greater share of
wallet, greater
control over
product offering,
unique customer
offers



RECENT ACQUISITIONS (FY16 & FY17)

Generally targeting & investing in smaller businesses with solid growth potential

New Corporate Markets

- Nordics & Germany
- Mexico
- Netherlands
- Malaysia
- Maya (cievents HK)

Online & E-commerce

- StudentUniverse
- BYOjet
- Bibam* (Argentina)

In-destination

- Buffalo Tours

Other

- Avmin
- Ignite*
- Sunny (China)
- Travel Tours (India)#

*FLT has minority interests in both Bibam & Ignite

Part of the Travel Tours acquisition is also yet-to-complete



QUESTIONS?

FLIGHT CENTRE
TRAVEL GROUP