CHAIRMAN'S ADDRESS – FLT 2013 ANNUAL GENERAL MEETING

In this forum, I will reflect on some of the key achievements of 2012/13 before inviting our managing director, Graham "Skroo" Turner, to talk in more detail about our individual operations' performance and to share some insights into our outlook for 2013/14.

2012/13

The 2012/13 fiscal year was by all measures another memorable period for your company.

Record results and shareholder returns were delivered, a number of major business improvement projects were launched or gained traction and we continued to invest in the business by expanding our network and developing our systems.

The group's financial results for 2012/13 have by now been well documented and have been summarised in the accompanying table.

While I don't intend to discuss these results in detail, I will highlight three key achievements that may not be immediately obvious.

Firstly, total transaction value (TTV) continued to grow and should break through the $15billion barrier this year if FLT achieves its growth target.

Secondly, profit before tax (PBT) surpassed $300million for the first time and ultimately finished just short of $350million.

Thirdly, all ten countries were profitable for the third consecutive year, with five contributing record earnings before interest and tax.

Sales increased in both leisure and corporate travel and both on and offline.

This, along with the continued growth in off-shore earnings, highlights one of the Flight Centre Group's great strengths – its diversity.

The company's balance sheet is another area of strength.

General funds – or company cash – increased during the year to just under $434million.

Debt decreased to $46million after the company repaid a $USD60million loan, giving the group a $387million positive net debt position at year-end.

Delivering sustained growth and shareholder returns

These achievements highlight the Flight Centre Group's strength, but also underline another factor that has been integral to the company's success – our people's appetite to improve year-on-year and to develop robust businesses that deliver sustainable earnings.

The group has now delivered 16 year-on-year PBT increases in its 18 years as a public company, despite the many external challenges that have arisen during this period.

Our key stakeholders, particularly our shareholders, are benefitting from this success.

Earnings per share, dividends and our share price were all at record levels during 2012/13.

The combined interim and final dividends for the year were $1.37 per share – up 22% on 2012/13 and almost double the return of just three years ago.

Our share price more than doubled and finished the year just under $40, making the company the fifth best performing top 200 stock during the year.

This share price growth contributed to the Flight Centre Group's elevation into the S&P ASX Top 100 during 2012/13 and has continued into 2013/14, with our shares currently trading above $50, which is another record.

Once again, the company was recognised in major awards.

Accolades included:

- FCm Travel Solutions being judged the World's Leading Travel Management Company at the World Travel Awards for the second consecutive year

- The company winning major retail, corporate and wholesale honours at this year's National Travel Industry Awards in Australia; and

- Flight Centre being judged the Best Medium Sized Company to Work For in South Africa, as well as The Best Company to Work For in the Tourism sector

Building for the future

While current year performance will always be important, building for the long-term is critical.

Each year, we invest significantly in business expansion, development of our people and leaders and in strategic initiatives that enhance our customer offering.

The 2012/13 financial year was no exception.

We opened our 2500th shop globally in July 2013 and continued to export brands and businesses to new geographies.

The first Flight Centre shop opened in Dubai, while the hyperstore concept was exported from the United Kingdom to the United States and Australia.

Key business improvement initiatives gained traction, including Blended Travel and Travel Agent to Travel Retailer.

We worked closely with suppliers to develop unique products and invested significantly in IT and e-commerce to ensure we could seamlessly deliver these products to market.

As a result, international flights can now be booked on Flight Centre brand's Australia, US and South Africa websites and similar capabilities will soon be available in Asia, New Zealand, the UK and the Liberty Travel site in the USA.

Succession planning and board structure

Looking ahead, the company starts the new financial year with growth targets in place and with clear strategies to improve top and bottom-line results.

While challenges will inevitably arise, we are well placed to weather any storms.

A strong and experienced senior management team is in place and the next generation of leaders has been identified and brought through the ranks, as part of a dedicated succession strategy that the board has taken a keen interest in.

In relation to the board, I would like to recognise the contributions of Peter Barrow, a founding non-executive director of our company who retired last month.

Throughout his 18-year tenure, Peter was an outstanding contributor and provided invaluable guidance and strategic oversight.

While Peter will be missed, we welcome Rob Baker to the board. Rob has been appointed an independent non-executive director, subject to shareholder approval today.

He has a strong financial and leadership background, plus an in-depth knowledge of our business and the travel industry, and will be a great asset in the years ahead.

Flight Centre has a relatively young and dynamic board with a wealth of experience and a deep understanding of the company.

While it is important that we maintain stability at board level, it is equally important that we introduce new ideas and fresh perspectives from time to time.

After six years as chairman, I intend to step aside during the course of the year to make way for a new director and chairman.

Over the coming months, I intend to finalise an appropriate timeframe to ensure a smooth and well managed succession from within the ranks of the existing board.

Before handing over to Skroo, I'd like to briefly address two items on today's agenda:

- Firstly, the proposal to change our name from Flight Centre Limited to Flight Centre Travel Group Limited; and

- Secondly, the proposed increase to the company's Directors' Remuneration Facility

As you may have read, we believe the new name is in the company's best interests and reinforces the depth of its business, a strength that is sometimes overlooked.

Our company now has more than 30 brands, in addition to the iconic Flight Centre brand.

Last year, more than 30% of global sales came from corporate travel and almost half of sales in Australia came from corporate or niche leisure brands.

In relation to the Directors' Remuneration Facility, the company proposes to increase the facility, which is effectively the pool that is used to pay non-executive directors, to $850,000.

If approved, this will be the first increase in the facility since 2008 and only the third since we listed 18 years ago.

It will not affect directors' pay for this year, as fees are set and are in line with last year.

The proposed increase is, however, sensible because it will allow the board to move quickly to appoint an additional director if it determines that additional expertise is required moving forward or for a short period while the transition to a new chairman takes place.

Finally, two quick thank-you messages:

- Firstly, to you – our valued shareholders – for your ongoing support; and
- Secondly, to our people – you are the heart of our business and our greatest asset

ENDS Media and investor enquiries to Haydn Long 0418 750454