STATEMENT TO AUSTRALIAN SECURITIES EXCHANGE – February 24, 2015

FLIGHT CENTRE TRAVEL GROUP RELEASES FIRST HALF ACCOUNTS

Result summary

	31 Dec 2014	31 Dec 2013	**Growth**
Sales & Margin			
TTV	$8.138b	$ 7.48b	**8.8%**
Revenue	$1.103b	$ 1.054b	**4.6%**
Income Margin	13.6%	14.1%	**(50bps)**
Net Margin (underlying)	1.7%	2%	**(30bps)**
Profit			
Underlying* Profit Before Tax	$137.6m	$146.3m	**(5.9%)**
Actual Profit Before Tax	$141m	$155.0m	**(9%)**
Underlying Net Profit After Tax	$97.6m	$104.7m	**(6.8%)**
Actual Net Profit After Tax	$100.3m	$110.8m	**(9.5%)**
Dividends			
Interim Dividend	55.0c	55.0c	**0%**

* Actual PBT for 2014/15 included a $3.4m contribution from the acquired Top Deck tour business. Actual PBT for 2013/14 included an $8.7m non-recurring gain related to the Flight Centre Global product business. As illustrated above, underlying results for both 2014/15 and 2013/14 exclude these contributions and gains

Flight Centre Travel Group Limited ABN 25 003 377 188
Level 2, 545 Queen Street, Brisbane QLD 4000 AUSTRALIA

Result highlights

- Record sales
  - New milestones established globally and in each of FLT's 10 geographic regions

- Strong profit contributions from overseas growth markets
  - Record profits in UK, Greater China, Singapore and South Africa
  - Best first half result in USA since 2008 Liberty/GOGO acquisition

- Subdued trading environment, costs and investments affecting Australian business
  - Sales up but Australian business unable to top record 2013/14 profit contribution
  - Downturn in consumer confidence (leisure) corresponding with increased investment

- Network expansion
  - 4% shop growth globally (just below targeted range)
  - New hyperstores now open in India, Australia, USA and Abu Dhabi
  - Investment in Top Deck and Buffalo Tours JVs

- Shareholder returns
  - Fully franked 55c-per-share interim dividend declared - in line with PCP

- Strategic evolution underway
  - Ongoing focus on travel agent to travel retailer evolution
  - Investing in people, product and multi channel network

- Full year guidance maintained
  - $360m-$390m underlying PBT target
  - Opportunity for accelerated 2H growth and some early signs of recovery in Australia
  - Golden Era For Travel: Cheap fares available and likely to stimulate demand

- Targeting new opportunities
  - Aggressively promoting Flight Centre's Widest Choice of Airfares
  - Further acquisitions likely
  - Possible new markets - Netherlands and Dublin (leisure) - during 2015/16

Result overview

THE Flight Centre Travel Group (FLT) today released first half results for 2014/15.

Record global sales and strong earnings growth overseas helped FLT achieve a $141million profit before tax (PBT) for the six months to December 31 2014.

The $141million result consisted of:

- A $137.6million PBT from FLT's underlying business; and
- A $3.4million contribution from Top Deck, which was acquired in August 2014

Underlying PBT was in line with FLT's revised expectations but lower than the record PBT achieved during the previous corresponding period (PCP), when the large Australian leisure business delivered stronger profits in superior trading conditions. Prior year results (actual and underlying) have been listed in the table on page one.

Net profit after tax (NPAT) was $100.3million including Top Deck or $97.6million at an underlying level, compared to $110.8million and $104.7million respectively during the PCP. This led to first half earnings per share (actual) of 99.7cents (PCP: 110.3cents).

Total transaction value (TTV) increased 8.8% to a record $8.1billion, while revenue increased 4.6% to $1.1billion.

This slower than normal revenue growth, which was largely brought about by lower gross margins in Australia and Canada, saw income margin dip to 13.6%. This was slightly above FLT's longer term average for the first half (13.54%) but lower than during the PCP (14.1%).

Shop and business numbers increased 4% to 2759 during the 12 months to December 31 2014, with almost half - 47% - of FLT's global network now located outside of Australia.

This financial year, new hyperstores have opened in the United States (Los Angeles and Philadelphia), India (Delhi and Mumbai), Australia (Darwin) and Abu Dhabi.

The Abu Dhabi store, in the Yas Mall, and the LA hyperstore both opened last week, while Hong Kong's first hyperstore is due to open during the fourth quarter.

In addition to expanding organically, FLT invested in the Top Deck and Buffalo Tours joint ventures (JVs).

The Buffalo Tours destination management JV now organises "in-destination" transfers, day-trips and activities for FLT's customers in Thailand, Cambodia and Laos and will expand into Bali, Hong Kong, China, Singapore and Malaysia during the fourth quarter.

Buffalo Tours gives FLT a new revenue stream and its product range is a key element in its strategy of owning more of the product it sells. The Buffalo Tours' range will be distributed via wholesaler Infinity Holidays and in-destination via hotel representatives and tour desks.

Cash, cash flow and dividends

FLT's global cash and investment portfolio topped $1billion at December 31 2014 and included $429.4million in company cash (PCP: $401.9million).

Debt was $31.9million (PCP: $44.6million) at the end of the period, after FLT lowered its overall interest expense by retiring $19million in borrowings in India.

The company finished the half with a $397.5million positive net debt position, compared to $357.3million one year ago.

Cash flow followed its traditional, seasonal pattern, with the company recording a $68.1million operating cash outflow during the first half (2013/14: $124.5million outflow).

This lower outflow was largely brought about by the normal airline payment cycle's (BSP) timing at the end of both the 2013/14 fiscal year and the 2014/15 first half.

In simple terms, the timing of the BSP cycle meant FLT:

- Had, at December 31 2014, a larger accumulation of funds due to be paid to airlines early in the second half than it did a year earlier; and
- Transferred funds for fewer trading days during this year's first half than it transferred during the PCP because of the June payment cycles' timing

FLT typically records a moderate first half operating cash outflow, followed by a large second half inflow, as client cash accumulates during the peak second half booking periods for payment to suppliers after peak travel periods during the following first half.

FLT's directors today declared a fully franked $0.55 per share interim dividend to be paid on April 16, 2015 (Record date for shareholders: March 27, 2015).

This was in line with the 2013/14 interim dividend and represented a 55.2% return of actual NPAT to shareholders.

Operational review

While the Australian business achieved record sales and generated the bulk of FLTs profit, earnings before interest and tax (EBIT) declined 10% compared to its strong result during the PCP.

Combined EBIT from FLT's international businesses increased 25% to a record $25.3million to partially offset this decline.

"Four businesses - the United Kingdom, South Africa (local currency), Singapore and Greater China - delivered record first half EBIT, while the USA achieved its best first half result since we acquired the Liberty and GOGO businesses in 2008," managing director Graham Turner said.

"In sales terms, each of our 10 operations achieved record results.

"Importantly, significant investments were made to improve our offerings across all channels, enhance our product range and the service we ultimately deliver to our customers."

The UK was again the company's largest profit generator outside Australia, with the corporate businesses in particular performing strongly.

FLT UK's first half EBIT has now increased from $AUD6.9million at December 2009 to $AUD19.8million at December 2014, a 23.5% compound annual growth rate.

Travelplan, the Dublin-based corporate business that FLT acquired during 2013/14, contributed $AUD320,000 in EBIT to the UK result and generated $AUD22.8million in TTV.

In local currency, UK TTV increased 17% and, given its current trajectory, the business could potentially surpass GBP1billion in sales during 2014/15.

New product ranges have been developed as part of a strategy to become a Travel Experience company with unique ability to design and manage the in-destination experience for customers.

New products include:

- Escapes - city-break style holiday packages designed by Flight Centre; and
- Journeys (launched Jan. 2015) - experiences that are tailor-made by FLT's experts in destination and in the UK, utilising the best guides, transfer companies and tour operators to ensure customers experience each destination in the best way possible

FLT is developing and trialling similar product ranges elsewhere in the world.

In sales terms, Flight Centre USA was again FLT's second largest operation, generating just over $AUD1billion in TTV during the six months to December 31 2014.

Based on its current momentum, the business should top its full year target of EBIT between $USD17million and $USD18million. A result within this range would represent about 50% growth on the 2013/14 full year result ($USD11.7million EBIT).

The US corporate travel business generated another record profit and should surpass $AUD1billion in TTV this year, consolidating its position as FLT's largest overseas business.

Expansion into Austin (Texas) and Raleigh (North Carolina) has been earmarked for the second half, which would give the business a 20-city presence within the world's largest corporate travel market.

The Liberty leisure business is also expanding ahead of its peak sales period, with the Philadelphia and LA hyperstores now open and large shops, housing three to four sales teams, opening recently in Pennsylvania and New Jersey.

EuroGuru, a program initiated to increase Liberty's share of the large European travel market, has started to gain traction, prompting a broader roll-out from next month.

US government figures show that almost 12 million Americans travelled to Europe during the 2014 calendar year. This makes the US-Europe sector about 30% larger than the entire Australian outbound travel market.

In Australia, leisure and corporate travel sales increased in a subdued trading environment, leading to 5% overall TTV growth.

Corporate profits were generally in line with the PCP, but leisure profits and sales were lower than initially expected.

Contributing factors included:

- Lower margins, as consultants have chosen to reduce commissions they would normally earn to lower ticket prices and stimulate sales among cautious consumers
- Softer overall demand, a legacy of the downturn late in 2013/14, leading to lower productivity. First half leisure TTV in Australia increased 2.1%, compared to the 6.6% compound annual growth rate achieved during the past five years; and
- Increased investment. This slowdown in demand corresponded with the front-end wage increase that was flagged last year, the introduction of new Flight Centre and Escape Travel shop designs and a marketing re-alignment to create broader Product, Advertising, Customer Experience and Sales (PACES) areas

Various strategies have been implemented to offset these factors.

To improve margins, FLT will look for further vertical integration and product development opportunities, following its success in these areas in recent years.

To stimulate demand, grow TTV and increase market-share, FLT aims to market its offers more effectively and proactively engage with travellers throughout their customer journeys.

To offset the investments in new wage structures and other important areas, FLT continues to review costs and has already redeployed some support staff to front-end sales roles.

"Our challenge is to enhance productivity in our leisure businesses, as we are successfully doing in corporate travel," Mr Turner said.

"In simple terms, our priorities are to:

- Generate more, good enquiry, via the enhancements we are making now
- Narrow the consultant's role so he or she can focus on selling more
- Finetune our product strategies so our consultants can sell more easily; and
- Develop websites that really support our bricks and mortar businesses."

While overall profits were lower than anticipated, several businesses grew strongly including FX retailer Travel Money Oz, which contributed about $2.6million in EBIT and has become one of the company's fastest growing businesses, and corporate brands Stage & Screen and Campus Travel, both of which increased EBIT more than 20%.

Flight Centre Business Travel, a business that has been designed to cater for both leisure customers and small corporate clients, recorded 15% EBIT growth in Australia and turned over $130million during the first half.

In addition, FLT's five corporate travel brands turned over more than $1.1billion during the period, consolidating the company's position as Australia's largest business travel retailer.

First half highlights for the Australian corporate business included:

- A record amount of new business won and an improved strike rate in securing prominent national and multi-national accounts
- The launch of new and unique products, including SmartFLY, that have proven popular with customers, along with the 4th Dimension consultancy business
- An office overhaul to create "corporate travel hubs of the future", highlighting each brand's customer value propositions, products and merchandising; and
- Strong brand awareness campaigns, including outdoor advertising programs for Corporate Traveller, that have contributed to the pipeline of new account wins

The lower Australian dollar has not led to any discernible changes in FLT's product mix in Australia, with the split between international and domestic tickets steady year-on-year.

International yields (airfare prices) were also generally in line with last year, with FLT's average international fare up during the first quarter but down during the second.

Competition between international airlines servicing Australia remains strong. Capacity has generally been maintained, as some carriers have increased services (including Etihad and Hawaiian) to offset other carriers' reductions (Virgin Atlantic and Garuda).

Elsewhere in the world:

- South Africa, Greater China and Singapore delivered record sales and profits, as outlined previously. TTV in Singapore increased 47% in local currency
- Sales increased in NZ, but profits were down compared to the PCP. Contributing factors included a new front-end wage structure and an increased shop refurbishment spend as part of a store network upgrade; and
- FLT's India and the United Arab Emirates businesses grew steadily in sales terms, while securing a good pipeline of new account wins

Sales increased strongly in Canada, as the business benefitted from its expansion into four new provinces in the past 12-18 months (Manitoba, Newfoundland, Quebec, Saskatchewan).

While profits have not yet returned to pre 2014 levels, FLT has started to see signs of improvement from the leisure business, which has shifted its focus from commoditised, charter-style products to mid-long haul travel, mirroring the successful UK strategy.

The company is also working with hotels in Mexico and the Caribbean to develop alternative products to the charter packages that dominate Canada's leisure travel market.

Outside the travel sector, cycle JV Pedal Group generated 24.5% sales growth to $29.3million. EBIT increased 12% to almost $1.7million and has now almost tripled during the past two years.

Growth strategies

FLT's strategic priority, or Killer Theme, is to evolve from a leisure and corporate travel agent into a best-in-world travel retailer.

This evolution is built around seven mini themes that apply to all businesses globally:

1. Having world class brands that are special
2. Manufacturing exclusive FLT products, not just selling suppliers' product
3. Being experts, not agents
4. Working from branded business spaces, not offices
5. Offering blended access so customers can touch, browse and buy FLT's products when and how they want – online, offline, shop, email, chat, phone or SMS
6. Information as power - profiles, patterns and predictions; and
7. Creating a sales and marketing machine

The company made significant strategic advances during the first half, as outlined below:

Mini Theme	Achievement/Milestone
Exclusive products	• SmartFLY added to corporate product suite • City Concierge available in London and New York • Journeys and Escapes ranges brought to market • Student Flights travel insurance launched, with tailored benefits -"festival and gig cover", rent cover • Equity investment in Top Deck and Buffalo Tours creates opportunities to manufacture unique product • Working with LCCs in some markets - "block buying" to create unique packages and regain marketshare
Experts, not agents	• Ongoing investment in staff training to ensure consultants are experts in their brands' specialties • Flight Centre's Widest Choice of Airfares • Web content enhanced to provide more valuable information to customers - London and Bali examples
Branded spaces, not offices	• New shop designs for Liberty, Travel Money and Australia's largest leisure brands - Flight Centre and Escape Travel • Corporate travel hubs developed
Blended access	• All sales channels enhanced • New in-store features • More megastores and hyperstores • Responsive websites and booking engines launched • Live "Chat" will soon be available around-the-clock on flightcentre.com.au • Flight Centre Singapore website now transactable • Humanising online transactions to create a blended experience - You are never on your own

Information, sales and marketing	• Changing the way FLT plans to market, buys media and talks to customers • New PACES and customer intelligence areas • Targeted direct mail, new-look press ads

While FLT has not yet achieved its longer term goal of seamlessly blending on and offline operations, it has added a human element to online transactions in both Australia and Singapore, where consultants proactively contact online customers to offer assistance.

"This service is free and reinforces to our online customers that they are never on their own when they book with Flight Centre," Mr Turner said.

"The Australian team already has a great track record in helping online customers in the areas where they often struggle, specifically seat selection, frequent flyer details, passports or visas and meals."

Outlook – 2014/15

In terms of 2014/15 guidance, FLT continues to target an underlying PBT between $360million and $390million.

The top of this range represents 4% growth on the record $376.5million underlying result achieved during 2013/14, while the bottom represents a 4% decline.

While several countries, including the large UK and USA businesses - are on track to achieve record full year results, trading conditions in Australia are recovering slowly after the leisure travel slowdown late in 2013/14.

FLT cannot predict a recovery timeframe, but is seeing some positive signs including:

- Good customer enquiry within its key leisure brands heading into the second half, which is traditionally a stronger sales period
- Solid sales results at the recent round of Travel Expos throughout Australia
- Record account wins in corporate travel
- Market-share growth in some sectors. For example, FLT has tactically lowered its margins on New York accommodation and has seen strong sales growth; and
- A new round of airfare discounting, which typically stimulates demand in a low consumer confidence environment, particularly on key international routes

This month, FLT offered return Qantas, Virgin and Air New Zealand fares to Los Angeles for below $1000 at its travel expos, the lowest levels seen for several years. A sub $900 return fare was offered from Brisbane last weekend,

FLT believes international airfares will remain highly affordable, a view supported by the International Air Travel Association (IATA). IATA recently predicted a 5% decline in global airfares during 2015.

"The outlook in Australia is unclear, but we anticipate some recovery as the year progresses and as travellers start to take advantage of the cheap international flights we are seeing in this golden era for travel," Mr Turner said.

"We are now heading into what is normally a peak booking period and there is a chance to achieve accelerated growth, given the fourth quarter last year was a comparatively weaker trading period in Australia.

"In terms of customer enquiry, our shops are generally as busy as ever.

"The challenge is to improve conversion, at a time when consumers are typically cautious, and grow TTV, at a time when international fares are very low.

"In corporate travel, we see good growth opportunities in Australia, both in the short and long-term, and will be looking to expand our sales force.

"Importantly, we have a strong and diverse network and a strong balance sheet that will allow us to capitalise on opportunities that will arise."

Within the flagship Flight Centre brand in Australia, the company will highlight the unrivalled array of airfare options that its expert consultants can offer to and create for customers.

Flight Centre's Widest Choice of Airfares includes:

- Published fares that are available generally via the Global Distribution System - this is typically the inventory that online and bricks and mortar travel agents draw from
- Private fares that have been negotiated exclusively for Flight Centre customers; and
- Constructed fares that have been designed by the company's top airfare experts to offer routing possibilities that customers may not have known existed

"Our message to travellers is that if it flies, we've got it," Mr Turner said.

"For example, when it comes to London our customers can choose from the 38 preferred carriers, 65 non preferred carriers and the six low cost carriers that we deal with daily.

"Each carrier can offer dozens of options - the cheapest Qantas fare alone allows travellers to transit or stopover in some 35 different cities - and the range of choice is virtually unlimited when you consider options like combining two or more airlines' fares."

FLT welcomes the recent moves by Virgin Australia, Qantas and other airlines to eliminate fuel surcharges and, in some instances, reduce fares.

This will create cleaner, more transparent fare structures for all travellers and will benefit members of the various airline loyalty programs, as members are sometimes required to pay the surcharge and tax component of fares.

Some FLT business travel customers may also benefit, as corporate discounts may now apply to overall ticket prices, rather than just base fares (excluding taxes and surcharges).

The company does not expect any significant impact on its earnings as a result of this return to traditional fare structures, as agreements are already in place with most airlines.

FLT aims to grow its global sales network by 5-7% organically during 2014/15, as it expands its footprint within its existing markets and exports brands to new geographies.

For example, Flight Centre USA has announced plans to launch Campus Travel on July 1 and Travel Money has been earmarked for a 2015/16 launch in both India and the USA.

Flight Centre UK has also announced plans to open a leisure business in Ireland during 2015/16 and could expand into the Netherlands, either organically or via acquisitions.

In addition to growing organically, FLT expects to pursue further strategic acquisitions and will target businesses that can be bolted on to FLT's operations for horizontal growth or standalone opportunities that allow the company to grow vertically.

"Generally, we will look for small businesses that fill gaps within our network, which will allow us to increase our overall market-share and create shareholder value," Mr Turner said.

As announced previously, Top Deck's profit contribution has not been included in FLT's full year guidance. As Top Deck was acquired after its peak trading period (July and August), FLT does not anticipate a significant contribution from the business during the second half.

ENDS Media & investor enquiries to Haydn Long 0418 750454 (haydn_long@flightcentre.com)

Dial-in Details: A conference call for analysts and investors will be held at 9.30am today Queensland time. Phone (02) 80385221 or 1800 123296. Conference ID 90450607