2015 FULL YEAR RESULTS

PRESENTATION 27 AUGUST 2015

FLIGHT CENTRE TRAVEL GROUP

PRESENTATION OVERVIEW

- Introduction *by Haydn Long*
- Financial Highlights and Result Drivers *by Andrew Flannery*
- Global Overview *by Graham Turner*
- Strategic Update *by Melanie Waters-Ryan*
- Outlook *by Graham Turner*
- Questions
- Appendices

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INTRODUCTION

- Record Sales
  - New TTV milestones achieved in all 10 countries
- Dip in Underlying Profits
  - Statutory profits at record levels, but underlying results down about 3%
- Offshore Earnings Growth
  - Combined overseas EBIT topped $100million for first time
- Building for the Future
  - Global network growth, investment in people and in key strategies
- Balance Sheet Strengthened
  - $100m improvement in already strong positive net debt position

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FINANCIAL HIGHLIGHTS

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RESULT OVERVIEW

- 9.7% TTV growth to $17.6b = $1.55b annual growth
- 19th year-on-year TTV increase in 20 years since ASX listing
- 6.8% revenue growth to $2.4b
- Record statutory profits – PBT up 13.1% and NPAT up 24%
- Underlying profits slightly below FY14 records

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IMPACT OF ADJUSTED ITEMS

$' million	JUNE 2015	JUNE 2014	%
Statutory Profit Before Tax	**$366.3m**	**$323.8m**	**13.1%**
Topdeck Tours	($2.6m)	-	-
Write-downs to goodwill & brand names	-	$61.3m	-
ACCC Fine	-	$11.0m	-
One-off gain within FCGP business	-	($19.6m)	-
Underlying Profit Before Tax	**$363.7m**	**$376.5m**	**(3.4%)**

Current Year

- $2.6m contribution from Topdeck Tours (acquired August 2014).

Prior Year

- $61.3m non-cash goodwill and brand names write-downs
- $11m in ACCC fines (appeal upheld)
- $19.6m gain within the Global Product business

MARGIN AND COSTS

- 13.6% income margin – lower than prior year but above longer term average
- 2.07% underlying net margin (PCP: 2.35%)
- Invested about 1% of TTV in sales & marketing
- Rent costs up as expected given network growth
- Increased wage costs – new front-end wage system introduced but lower earnings for KMP

CASH AND CASHFLOW

- General cash up 18.6% to record $564.7m – 23% CAGR since GFC
- $1.45b global cash and investment portfolio
- Only $32.8m in debt – down from $178.1m in 2010
- $531.9m positive net debt position at year-end (equates to 15% of FLT's current market cap)
- $362.5m operating cash inflow over full year (FY14: $227.1m)
- Timing of airline payments (BSP cycle) typically major cause of cash flow swings

FLT'S CASH GENERATION TRAJECTORY

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GROWTH AND CAPEX

- 6.3% increase in sales staff globally
- 5.5% shop and business growth to 2,825
- More rapid expansion in emerging regions and high growth sectors – FX, cruise
- $80m investment in capex during FY15
- Will increase to circa $120m during FY16 – increase reflects roll-out of new shop designs, head office moves and spend on key IT projects

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FY16 CAPEX BREAKDOWN

- Shops
  - Up to $70m on shop refurbishments and new store fit-outs
  - Roll out of new shop design across network
- Head office moves
  - $20m spend on upcoming head office moves and fit-outs in Australia, the USA and Singapore.
- IT hardware and software
  - $30m investment includes roll-out of Microsoft Dynamics as the company's new mid and back-office finance platform

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SHAREHOLDER RETURNS

- Underlying EPS of $2.54 (FY14: $2.62)
- Fully franked $0.97 per share final dividend declared
- Brings total dividends for FY15 to $1.52 per share – in line with FY14
- $153m return to shareholders – 60% of underlying NPAT
- 4.9% dividend yield (fully franked) based on current share price

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2014/2015 RESULTS SUMMARY

$' million	JUNE 2015	JUNE 2014	%
TTV	**$17.6b**	**$16.0b**	**9.7%**
Revenue	**$2.4b**	**$2.2b**	**6.8%**
Income margin	13.6%	14.0%	40bps
Net margin (underlying)	2.07%	2.35%	(28bps)
Underlying Profit Before Tax	**$363.7m**	**$376.5m**	**(3.4%)**
Adjusted Items	$2.6m	($52.7m)	-
Statutory Profit Before Tax	$366.3m	$323.8m	13.1%
Underlying Net Profit After Tax	**$254.8m**	**$263.6m**	**(3.3%)**
Statutory Net Profit After Tax	$256.6m	$206.9m	24.0%
Effective tax rate	30.0%	36.1%	
Dividends			
Interim Dividend	55.0c	55.0c	-
Final Dividend	97.0c	97.0c	-

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GLOBAL OVERVIEW

OPERATIONAL HIGHLIGHTS

- Record TTV in all 10 countries/regions and every month during FY15
- Combined overseas EBIT reached a record $103.2m
- EBIT milestones in UK, USA, South Africa and Singapore
- Strong corporate travel growth – turnover up 16.3% globally to $5.7b without significant acquisitions
- FLT has now achieved a 16.5% CAGR in TTV and a 16.9% CAGR in PBT during past 20 years

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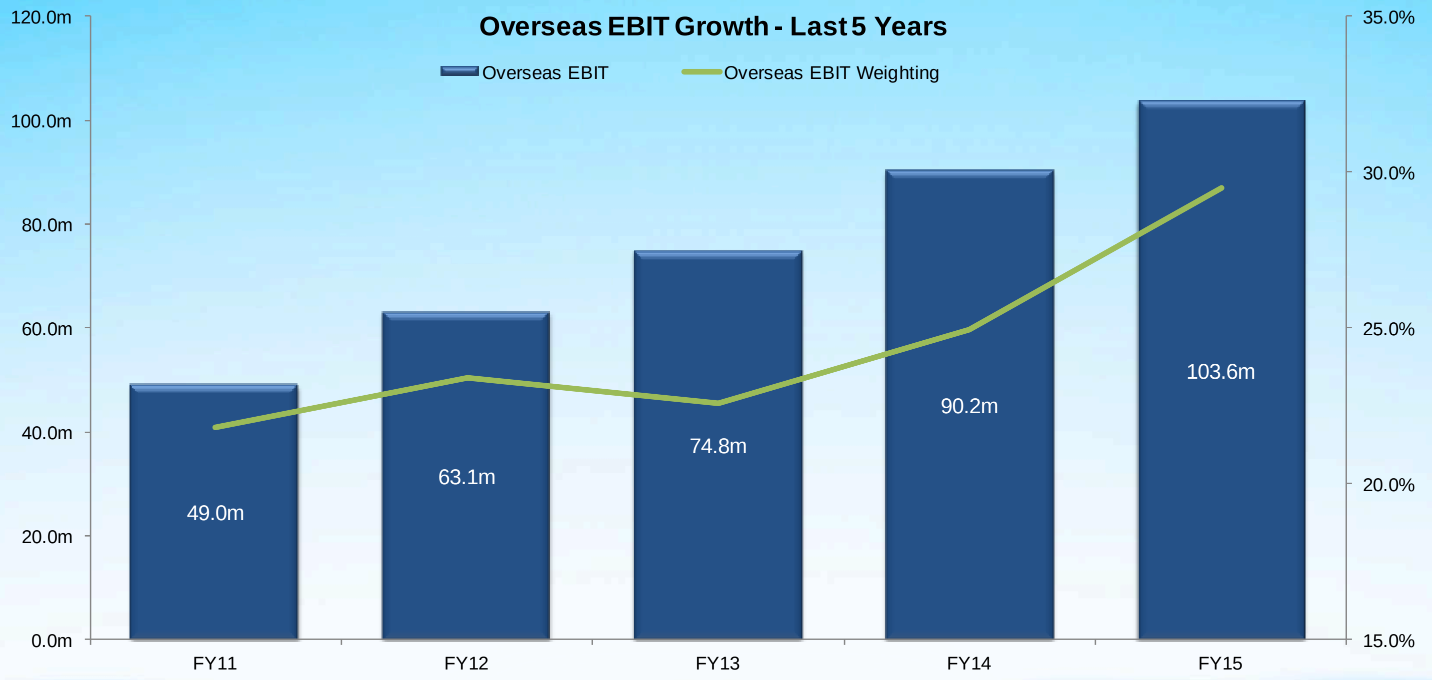
INTERNATIONAL EARNINGS GROWTH



AUSTRALIA

- Record TTV of $9.6b, despite soft trading conditions
- Diversity – 10 individual brands turned over more than $100m
- EBIT exceeded $250m for third consecutive year - down compared to FY14 but broadly in line with FY13
- Affected by cost growth (front-end wage change, investments) and margin volatility during1H
- Slower overall market growth – outbound travel up 2.9% (FY14: 7%)
- Expo and Event program performing well – turnover topped $300m and attracted almost 200,000 people

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AUSTRALIA (Leisure)

- Record TTV but modest growth on FY14
- Lower gross margins linked to consultant discounting to stimulate demand among cautious customers during 1H
- Has now stabilised in most brands – Flight Centre brand has returned to historic levels
- Travel Money performing strongly and growing rapidly – now FLT's 5th largest business in Australia by sales
- Niche domination - Cruiseabout, Student Flights and TMOZ now largest businesses of their kind in Australia

AUSTRALIA (FCB)

- Generally performing well in key sectors – ocean and river cruising, complex and premium air, packages, touring
- Opportunity to grow in some low or no margin areas that haven't been priorities – LCCs, domestic point-to-point flights etc
- Next generation shop design rolled out
- Developing and launching new products – Widest Choice of Airfares, Escapes, Journeys
- Unique International Airfare Packages gaining traction and driving margin recovery – about 40% attachment after five months
- Blended enhancements – "You're never on your own when you book with us"

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AUSTRALIA (Corporate)

- Record turnover of $2.3b from corporate brands (excludes FCBT)
- Record wins in FCm – high profile new additions to customer base
- System and product enhancements – RapidBook (sector's fastest OBT)
- Expansion of Corporate Traveller "Smart Suite"
- Stage & Screen performing strongly – wins include SANZAR, Cricket Australia and Football Federation of Australia
- Campus Travel now handling 20 of 43 universities in Australia
- cievents growing steadily and expanding overseas

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UK & IRELAND

- Record EBIT of $AUD49.5m
- TTV topped GBP1b for 1st time
- Strong corporate performance – highlighted by account wins
- New leisure product ranges launched – Journeys, Escapes
- Travel Concierges and Travel Butlers to enhance the holiday experience
- New hyperstores to open in FY16 in Dublin (Dawson Street) and Chester

USA

- Record EBIT of $21.4m
- TTV topped $AUD2.5b, up 18%
- Continued strong corporate performance in world's largest business travel market
- Corporate turnover increased 30% in AUD to $1.2b
- New offices opened in Austin and Silicon Valley – Raleigh and Minneapolis planned for FY16
- Campus Travel launched July 1, 2015

USA (continued)

- New hyperstores opened in LA and Philadelphia
- Chicago hyperstore and Manhattan megastore planned for FY16
- Travel Money FX business to be launched
- Aiming to grow European sales – EuroGURU, EUROBreaks, Escapes, Journeys
- GOGO Travel Agents First and GOGO Care campaigns launched to help drive wholesale sales to external agency groups

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CANADA & MEXICO

- Now part of broader "Americas" business
- Koch Overseas acquisition (Mexico City) formally completed July 2015
- Provides FLT with platform for further corporate growth throughout the Americas
- Losses in Canada during FY15
- New leadership team in place and strategies implemented to improve performance, particularly in leisure travel

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NEW ZEALAND & SOUTH AFRICA

- Record results achieved in South Africa
- Unique product ranges launched in leisure travel
- Corporate now generating about 30% of turnover
- Record TTV in NZ
- Blended model enhanced – local 24/7 service, new booking engine, responsive websites, consultant allocation model

INDUASIA

- Region includes India, Dubai (UAE), Greater China and Singapore
- Generated $AUD870m of TTV during FY15
- Record Singapore results – FLT's fastest growing country by TTV
- Greater China business expanding – new brands, shops and websites plus landmark domestic ticketing licence obtained

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INDUASIA (continued)

- India expansion – new corporate businesses in Noida and Vadodora
- FX business launched
- Promising results from new leisure hyperstores in Mumbai and New Delhi
- Sixth consecutive full year profit in UAE – new leisure shops in Yas Mall (Abu Dhabi) and Dubai

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DIVERSITY OF REVENUE STREAMS

- Corporate: Generated 33.6% of group turnover during 2014/15
- Accommodation: 4.5million room nights sold by Australian business alone during FY15
- Tour operations: Back-Roads, Top Deck and Buffalo will go close to $200m in turnover this year
- Bikes: Pedal Group JV generated about $56m in sales and $3.2m in EBIT during FY15
- Emerging leisure brands: Student Flights, Cruiseabout and Travel Money now largest businesses of their kind in Australia (about $1.2b in combined turnover during FY15)

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2014/2015 RESULTS BY COUNTRY

CANADA
TTV: $1.2b, up 10% in AUD (up 9% in lc)

EBIT: ($3.9m)

BUSINESSES: 245

UK & IRELAND
TTV: $1.9b, up 24% in AUD (17% in lc)

EBIT: $49.5m

BUSINESSES: 279

INDIA
TTV: $386m, up 15% in AUD (up 6% in lc)

EBIT: $3.5m

BUSINESSES: 45

GREATER CHINA
TTV: $232m, up 18% in AUD (up 9% in lc)

EBIT: $2.3m

BUSINESSES: 40

AUSTRALIA
TTV: $9.6b, up 4% in AUD

EBIT: $256.7m

BUSINESSES: 1511

USA
TTV: $2.5b, up 18% in AUD (up 6% in lc)

EBIT: $21.4m

BUSINESSES: 314

DUBAI
TTV:$85m, up 23% in AUD (up 11% in lc)

EBIT: $1.7m

BUSINESSES: 14

NEW ZEALAND
TTV: $883m, up 7% in AUD (up 5% in lc)

EBIT: $15.1m

BUSINESSES: 179

SOUTH AFRICA
TTV: $473m, up 5% in AUD (up 5% in lc)

EBIT: $11.3m

BUSINESSES: 172

SINGAPORE
TTV: $167m, up 44% in AUD (up 36% in lc)

EBIT: $2.8m

BUSINESSES: 23

STRATEGIC UPDATE

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STRATEGIC UPDATE

DESTINATION

JOURNEY

WHERE WE ARE AT

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OUR JOURNEY FROM TRAVEL AGENT TO

Person to Person

WORLD'S BEST RETAILER

Travel Experience

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OUR JOURNEY FROM TRAVEL AGENT TO

World's Best Person to Person Travel Experience Retailer

GOLDEN ERA OF TRAVEL





THE GOLDEN ERA OF *Travel*





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BRAND AND SPECIALISATION

CORPORATE BRANDS

LEISURE / WHOLESALE

FAMOUS SPECIALISED BRANDS

CLEAR THOUGHT LEADERS IN THE SPECIALISED SEGMENT

CVP
INNOVATIVE
DIFFERENT
MIND SHARE

MANUFACTURED PRODUCT

TRAVEL
SERVICE
TECHNICAL

RED LABEL
WATERTIGHT
DEALS
PACK N RELAX

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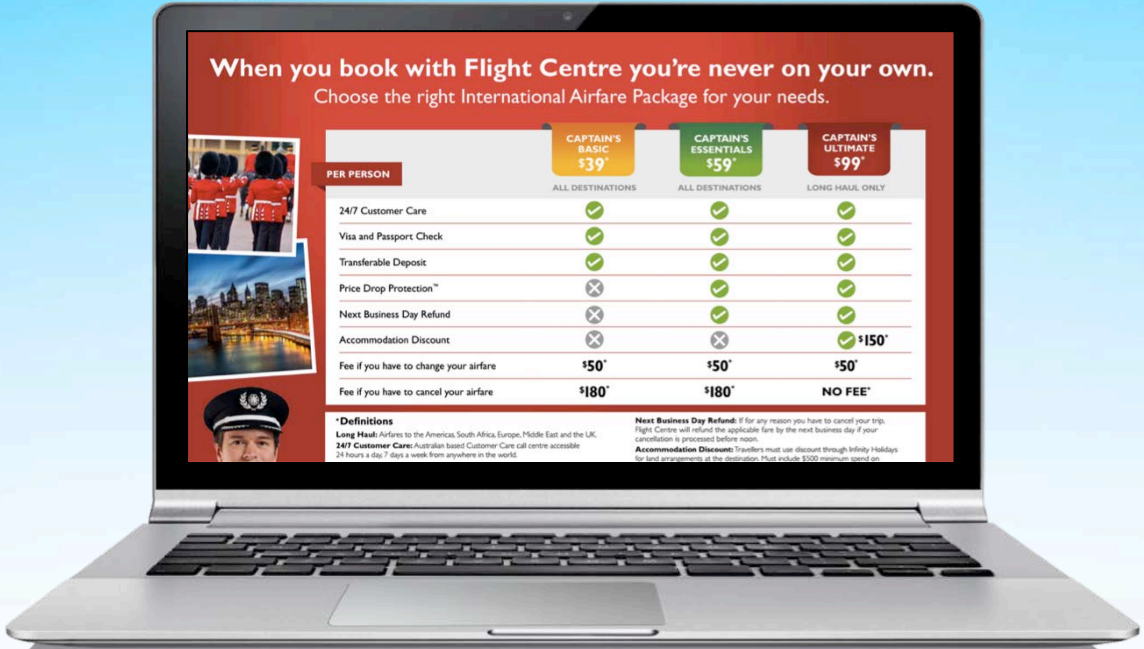
THE CAPTAIN'S AIRFARE PACKAGE



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BRAND PRODUCT RANGES

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ESCAPES RANGE

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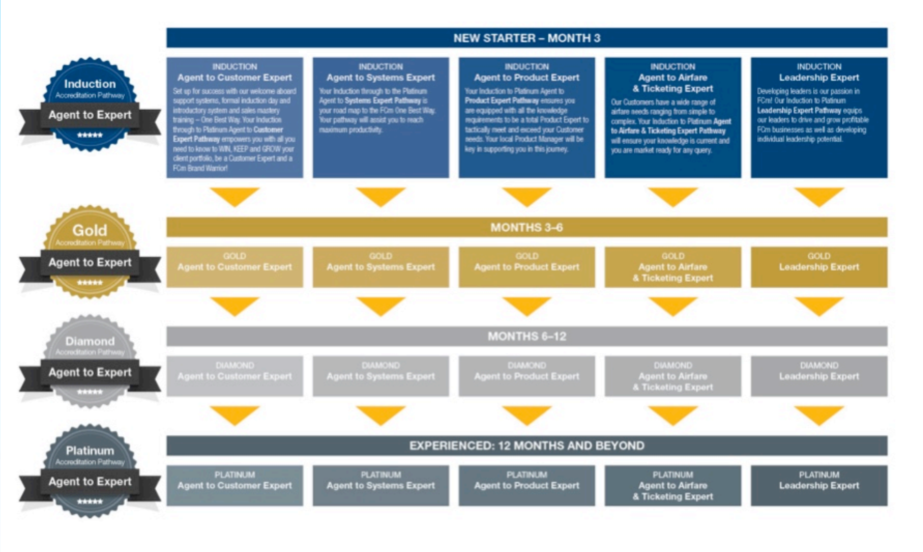
EXPERTS NOT AGENTS

RECOGNISED EXPERTS



BRAND ACCREDITED TRAINING

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BRANDED BUSINESS

A CUSTOMER SPACE

A TRAVEL
EXPERIENCE SPACE

A SALES SPACE

NEW FCB SHOP
OF THE FUTURE

ESCAPE TRAVEL LIBRARY

CORPORATE HUBS


GIFTS'N'STYLE
CURRENCY EXCHANGE
TRAVEL
MONEY Oz
FLIGHT CENTRE
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TERNATIONAL FLIGHTS
RETURN FROM
UCKLAND
$341
$783
$1084
$1236
$817
ONG KONG
$699
OHANNESBURG
$1415
$929
AS VEGAS
$1279
$929
$1468
$535
ORT VILA
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$535
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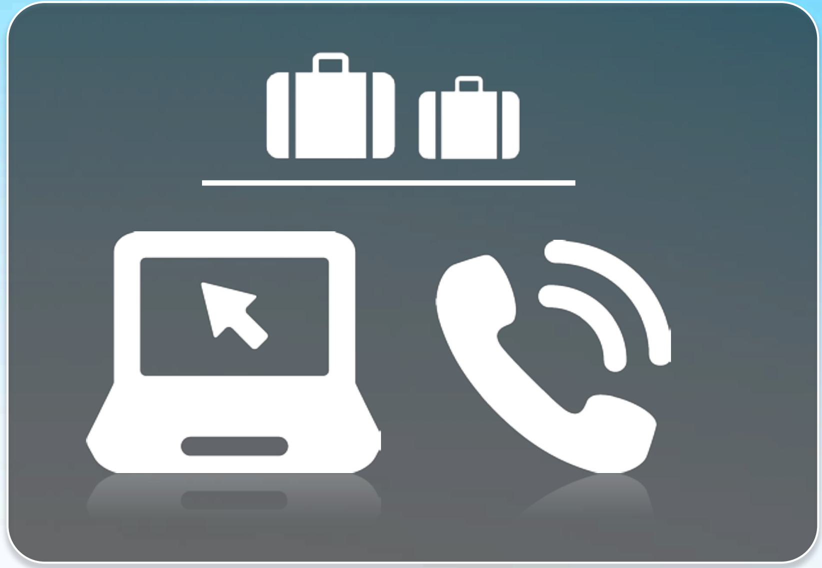
BLENDED TRAVEL



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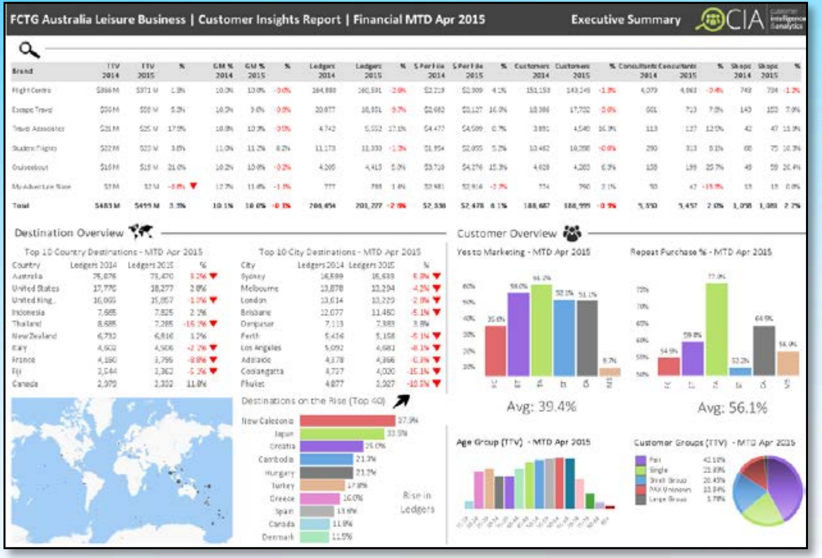
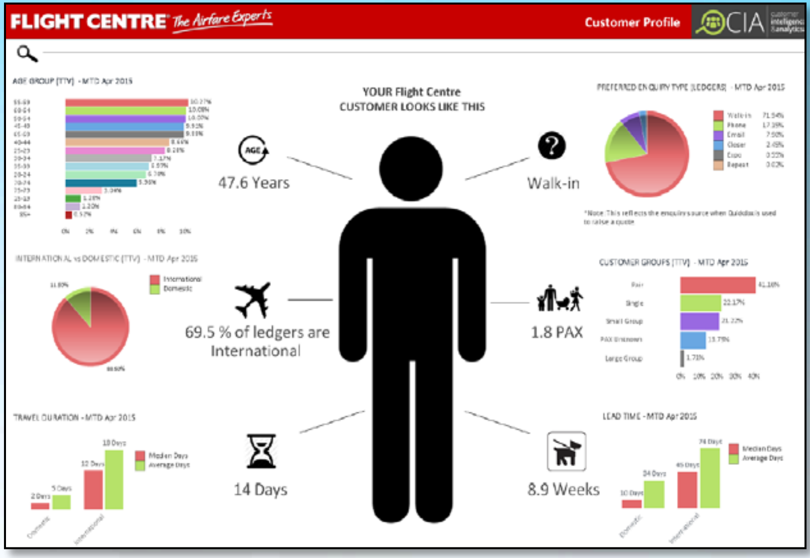
INFORMATION IS POWER





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SALES AND MARKETING MACHINE

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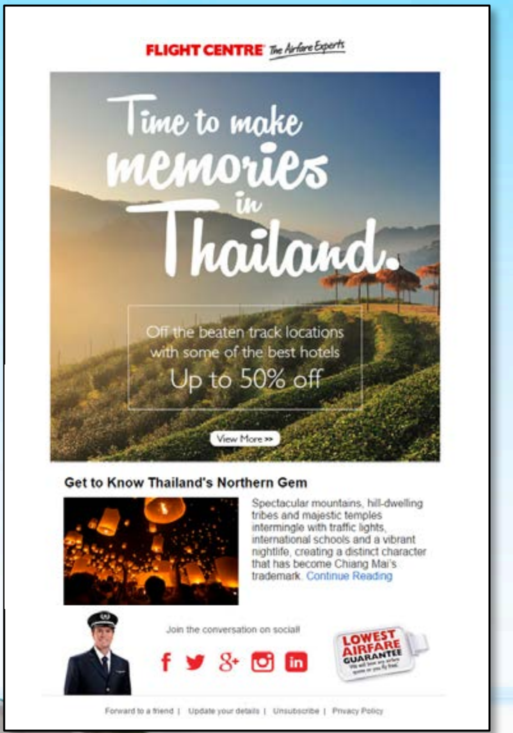
SALES AND MARKETING MACHINE



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OUR JOURNEY

1 OUR PRODUCT JOURNEY

2 OUR SHOP JOURNEY

3 OUR SALES JOURNEY

4 OUR BUSINESS JOURNEY

5 OUR PEOPLE JOURNEY

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WINNING THE MIND SHARE BATTLE

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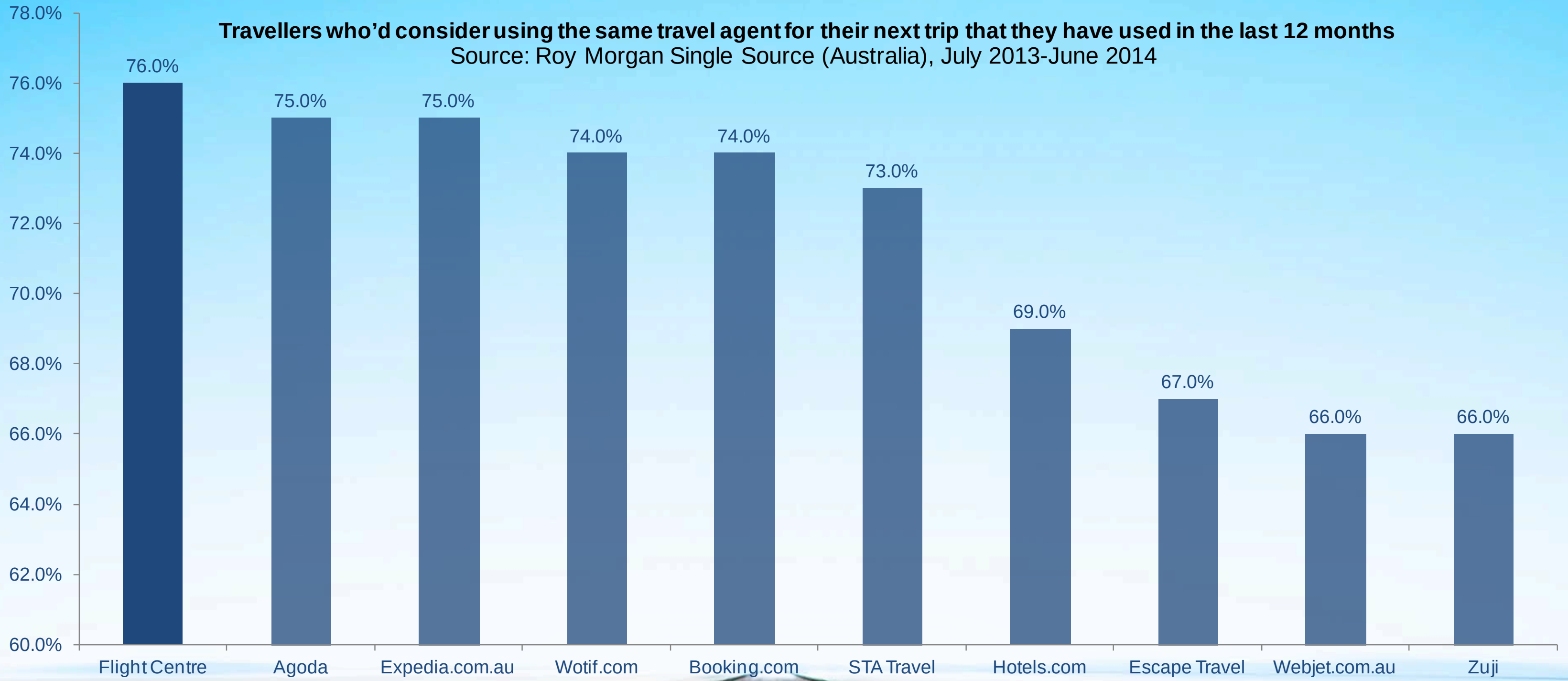
... AND PLEASE COME AGAIN



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OUTLOOK

2015/16 GUIDANCE

- Solid global growth prospects
- $380m - $395m underlying PBT target
- Excludes significant unforseen items and $11m gain (ACCC test case)
- Targeted range represents 4%- 8% growth on statutory FY15 result
- Currently tracking in line with this range

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MARKET CONDITIONS

- Reasonable conditions globally
- Subdued consumer confidence in Australia but positive momentum in leisure travel – good enquiry, margin recovery, sales growth
- No step change in costs in Australia this year following last year's wage change
- Corporate businesses generally performing well globally

GROWTH DRIVERS

- Australian profit and sales growth
- Greater contributions from off-shore as businesses gain scale
- Market growth – “Golden Era of Travel”
- Full year contribution from Top Deck (acquired after peak profit period in FY15) and Koch
- Network expansion – targeting 6-8% growth globally

FLT'S EXPANSION BLUEPRINT

- 6%-8% growth will see more than 1000 new jobs created globally
- Brands in emerging countries and in sectors that are growing rapidly will exceed this growth rate
- New hyperstores to open in Australia, UK, USA and Asia
- Exporting brands to new geographies – FCB to Ireland, cievents, Campus Travel, Stage & Screen, Travel Money

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ACQUISITION & ONLINE OPPORTUNITIES

- Pursuing further M&A opportunities
- Targeting businesses that operate in new sectors, enhance scale or offer low cost models in growth areas
- Opportunity to grow online presence – blended travel and standalone businesses (where financially viable)

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QUESTIONS?

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Five-Year Growth Trajectory

	JUNE 2015	JUNE 2014	JUNE 2013	JUNE 2012	JUNE 2011
TTV	**$17,598m**	**$16,049m**	**$14,259m**	**$13,238m**	**$12,200m**
Income margin	13.6%	14.0%	13.9%	13.8%	13.8%
EBITDA	$417.0m	$378.4m	$395.2m	$330.7m	$256.9m
PBT	$366.3m	$323.8m	$349.2m	$290.4m	$213.1m
NPAT	**$256.6m**	**$206.9m**	**$246.1m**	**$200.1m**	**$139.8m**
EPS	254.7c	205.8c	245.6c	200.1c	140.0c
DPS	152.0c	152.0c	137.0c	112.0c	84.0c
ROE	20.2%	18.8%	24.0%	23.3%	18.9%
Capex	$89.6m	$58.0m	$53.5m	$55.5m	$47.1m
Selling staff	14,433	13,575	12,701	12,130	11,460
General cash	$564.7m	$476.0m	$433.8m	$400.8m	$376.8m
Client cash	$813.3m	$785.6m	$793.2m	$631.7m	$513.6m
Cash and cash equivalents	**$1,378.0m**	**$1,261.6m**	**$1,227.0m**	**$1,032.5m**	**$890.4m**
Investments	$75.7m	$41.2m	$36.8m	$59.9m	$64.9m
Cash and investments	**$1,453.7m**	**$1,302.8m**	**$1,263.8m**	**$1,092.4m**	**$955.3m**