



Annual General Meeting

October 31, 2013

Today's agenda



2013 ANNUAL GENERAL MEETING

- **Chairman's address – Peter Morahan**
- **Managing director's address – Graham Turner**
- **Items of business**
 - **Item 1: Re-election of director – Gary Smith**
 - **Item 2: Election of director – Robert Baker**
 - **Item 3: Adoption of Remuneration Report**
 - **Item 4: Increase in Directors' Remuneration Facility**
 - **Item 5: Change of company name**
- **Other business**

Chairman's address: 2013 result summary



RESULTS IN BRIEF	JUNE 2013	JUNE 2012	Variance %
\$' million			
TTV	\$14.3b	\$13.2b	7.7%
Total Revenue	\$1,986m	\$1,827m	8.7%
Income margin	13.9%	13.8%	10bps
Net margin (underlying)	2.4%	2.2%	20bps
Profit Before Tax (actual)	\$349.2m	\$290.4m	20.3%
Abnormal items*	\$6.1m	-	-
Profit Before Tax (underlying)	\$343.1m	\$290.4m	18.2%
Net Profit After Tax (actual)	\$246.1m	\$200.1m	23.0%
Net Profit After Tax (underlying)	\$240.0m	\$200.1m	20.0%
Effective tax rate	29.5%	31.1%	
Dividends			
Interim Dividend	46.0c	41.0c	12.2%
Final Dividend	91.0c	71.0c	28.2%

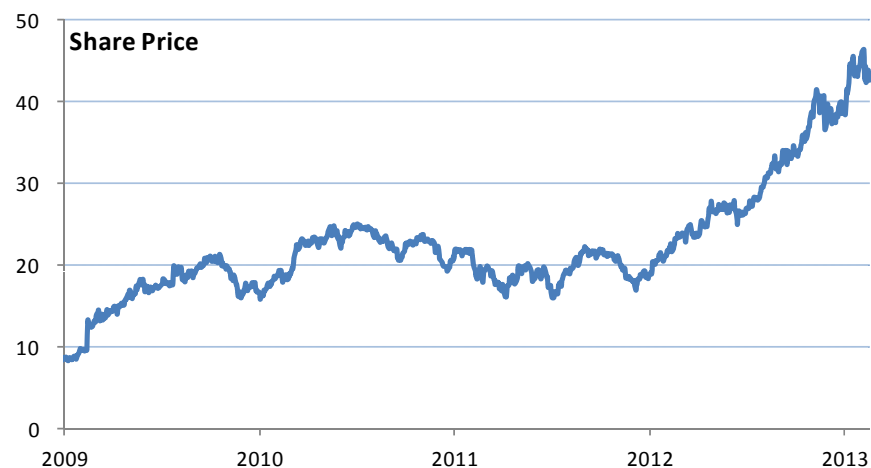
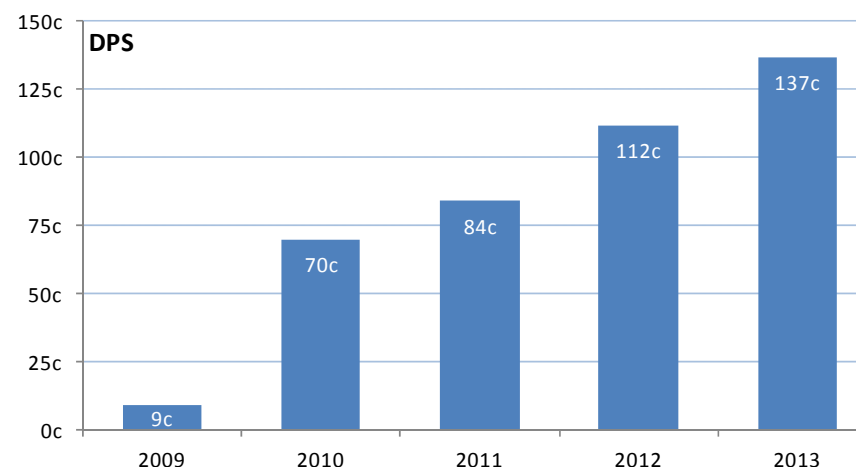
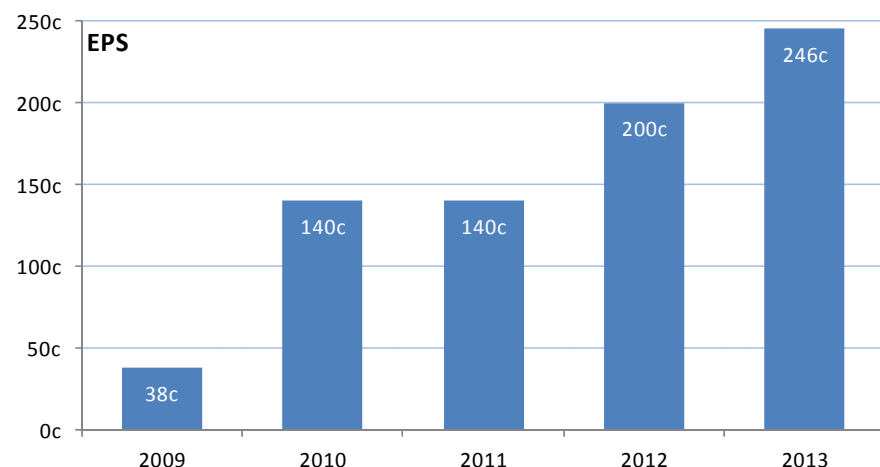
* 2013 abnormal item: \$6.1 in non-cash gains relating to FLT's head office properties

Chairman's address: Balance sheet strength



- ❑ **\$1.26b global cash and investment portfolio at June 30, 2013**
- ❑ **Includes \$433.8m in general funds (company cash) – up from \$400.8m at June 12 and \$160.9m at June 09**
- ❑ **Debt lowered to \$46.2m after \$USD60m loan repaid (Liberty acquisition)**
- ❑ **Strong positive net debt position of \$387.6m at year-end**

Chairman's address: Solid shareholder returns



- ❑ Record EPS of \$2.46, up 23%
- ❑ Record DPS of \$1.37, up 22.3%
- ❑ Share price at record levels – FLT included in Top 100 and MSCI

Chairman's address: Building for the future



NETWORK EXPANSION



5% growth during 2012/13
2500th shop/business opened in July 2013

EXPORTING BRANDS



First Flight Centre shop opened in Dubai
Hyperstore model exported from UK to Australia and USA

STRATEGIC INITIATIVES



Key projects underway and gaining traction
Travel agent to travel retailer, blended travel

PRODUCT DEVELOPMENT



Working with suppliers to develop new products
Unique product lines brought to market and proving popular

SYSTEM ENHANCEMENT



Enhanced IT and e-commerce platforms
International flight booking capability added to leisure travel websites

Chairman's address: Better online capability



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Review flight

VA 7473
Virgin Australia
Operated by Etihad Airways

EY 11
Etihad Airways

17h 40m

1 stop

3h 0m

8h 0m

28h 40m

Brisbane (BNE)
11:55
Fri, 15 Nov 13

Abu Dhabi (AUH)

London (LHR)
06:35
Sat, 16 Nov 13

EY 18
Etihad Airways

VA 7470
Virgin Australia
Operated by Etihad Airways

6h 50m

3h 15m

1 stop

17h 15m

27h 20m

London (LHR)
20:20
Sat, 30 Nov 13

Abu Dhabi (AUH)

Brisbane (BNE)
09:40
Mon, 2 Dec 13

[+ show details](#)

Cost Breakdown

1 x Adults	AUD \$1 494.65
Booking fee ?	AUD \$28.00
Merchant fee ?	<i>select payment type</i>
†SUBTOTAL	AUD \$1 522.65



Send to travel expert >>

Want to tailor this itinerary?
Prefer to pay offline?

OR

Book online >>

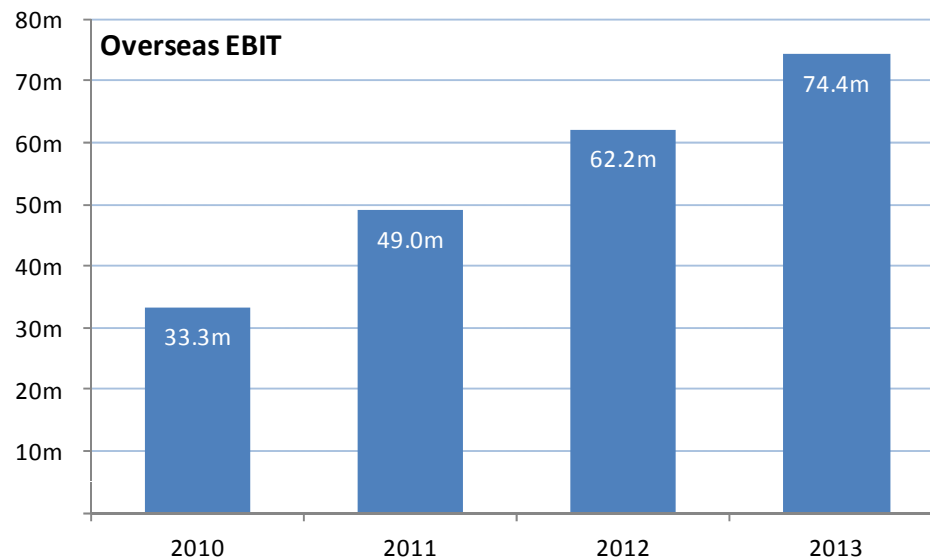
Book & pay online.
Charges will apply ?



MD's address: Diversified earnings

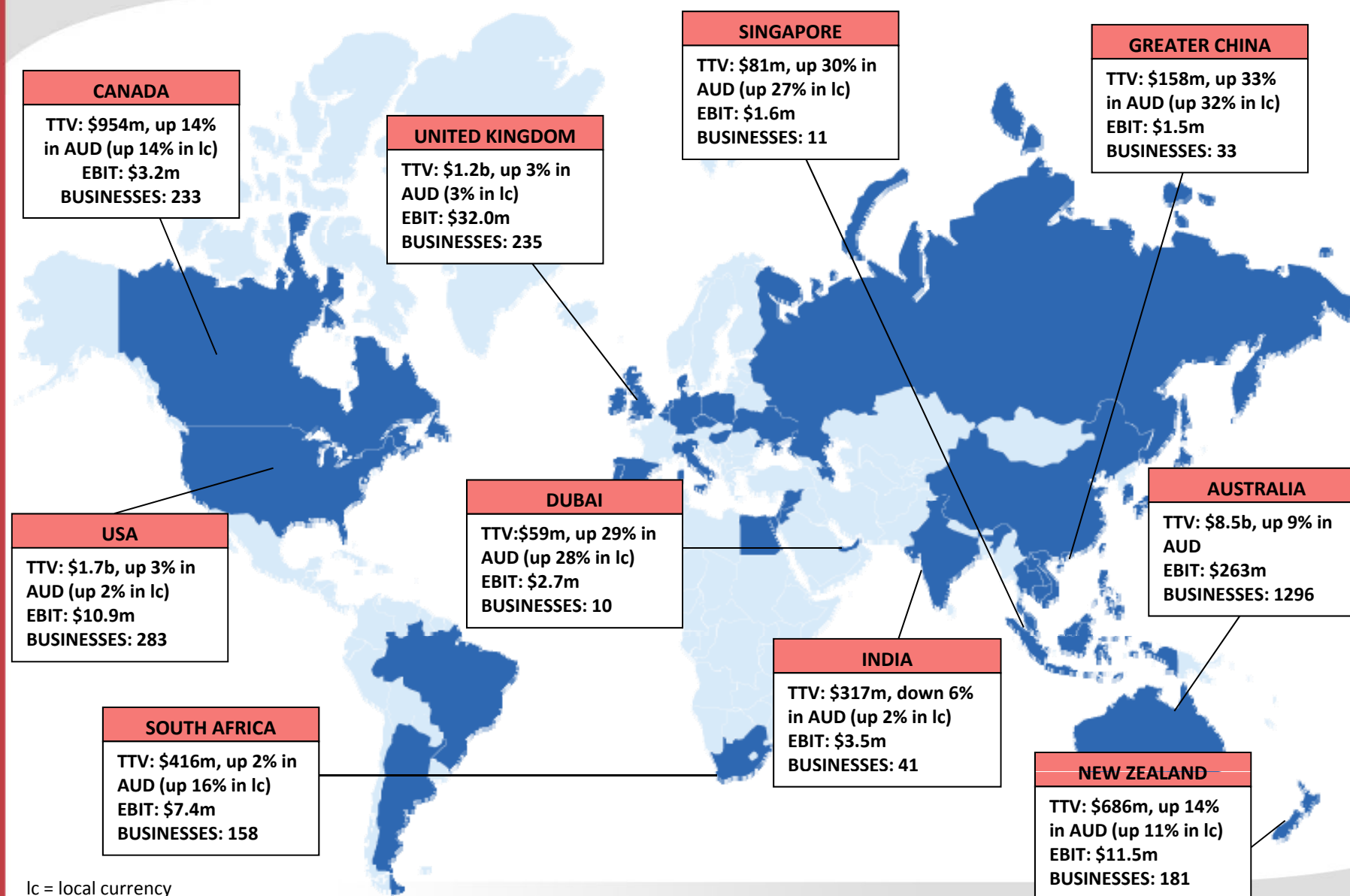


- ❑ Record EBIT in Australia, UK, USA, Greater China and Singapore
- ❑ Combined overseas EBIT up 20% to circa \$75million
- ❑ Mixing business with leisure – sales growing in both sectors
- ❑ Global corporate brands generated 31% of group turnover (2009: 23%). Does not include corporate business that is transacted in FLT's leisure shops



Overseas EBIT has grown at a CAGR of 31% since 2010

MD's address: 2012/13 results by country



MD's address: Travel agent to travel retailer



Our killer theme: Travel agent to travel retailer

The Flight Centre Travel Group is transitioning from a travel agency to a world class retailer of travel products to leisure and corporate customers

Being a world class retailer means we are the brand/business people identify with and go to

It is very different to being an agent, a middle man, a dealer of someone else's product

MD's address: Travel agent to travel retailer



- ❑ **FLT's killer theme is aligned to company's longer term strategic "foci" and built around seven mini-themes:**
 - 1. Brand and specialisation – brands with clear customer value propositions that mean something and are relevant to customers**
 - 2. Unique product for all brands – ours, not always someone else's**
 - 3. Being true experts, not purely travel agents, in our specialist areas**
 - 4. Redefining the shop – a place where customers engage with the brand**
 - 5. Offering blended access for customers so they can transact and enquire when and how they want**
 - 6. Using information to deliver the right product to the right customer at the right time**
 - 7. Developing a sales and marketing machine**

MD's address: 2013/14 guidance



- ☐ Initially targeting \$370m-\$385m PBT, assuming stable trading conditions and excluding any significant unforeseen items
- ☐ Also excludes possible goodwill impairment (USA and/or India)
- ☐ Target represents 8-12% growth on underlying 2012/13 PBT
- ☐ Promising start – currently tracking comfortably within targeted range
- ☐ Premature to extrapolate current PBT growth rate over full year
- ☐ Comparatives become more difficult as year progresses – 2H is traditionally stronger
- ☐ Other possible adjustments (IT write-downs) in lead-up to and during half and full year audit and review process

MD's address: 2013/14 first quarter update



- ❑ Australia, UK and NZ comfortably ahead of last year, South Africa up solidly in local currency
- ❑ Improved North America results – Canada and USA ahead of last year, driven largely by corporate results
- ❑ Asia and Middle East businesses generally performing well – India profitable but remains a challenge
- ❑ Currency fluctuations not affecting Australian outbound travel patterns (as expected)
- ❑ Australian leisure business performing well
- ❑ Flagship Flight Centre brand growing and new initiatives in place – online expansion, Red Label fares, larger 24/7 sales force, specialist growth, hyperstores, new TV ad campaigns

MD's address: New Queen Street hyperstore

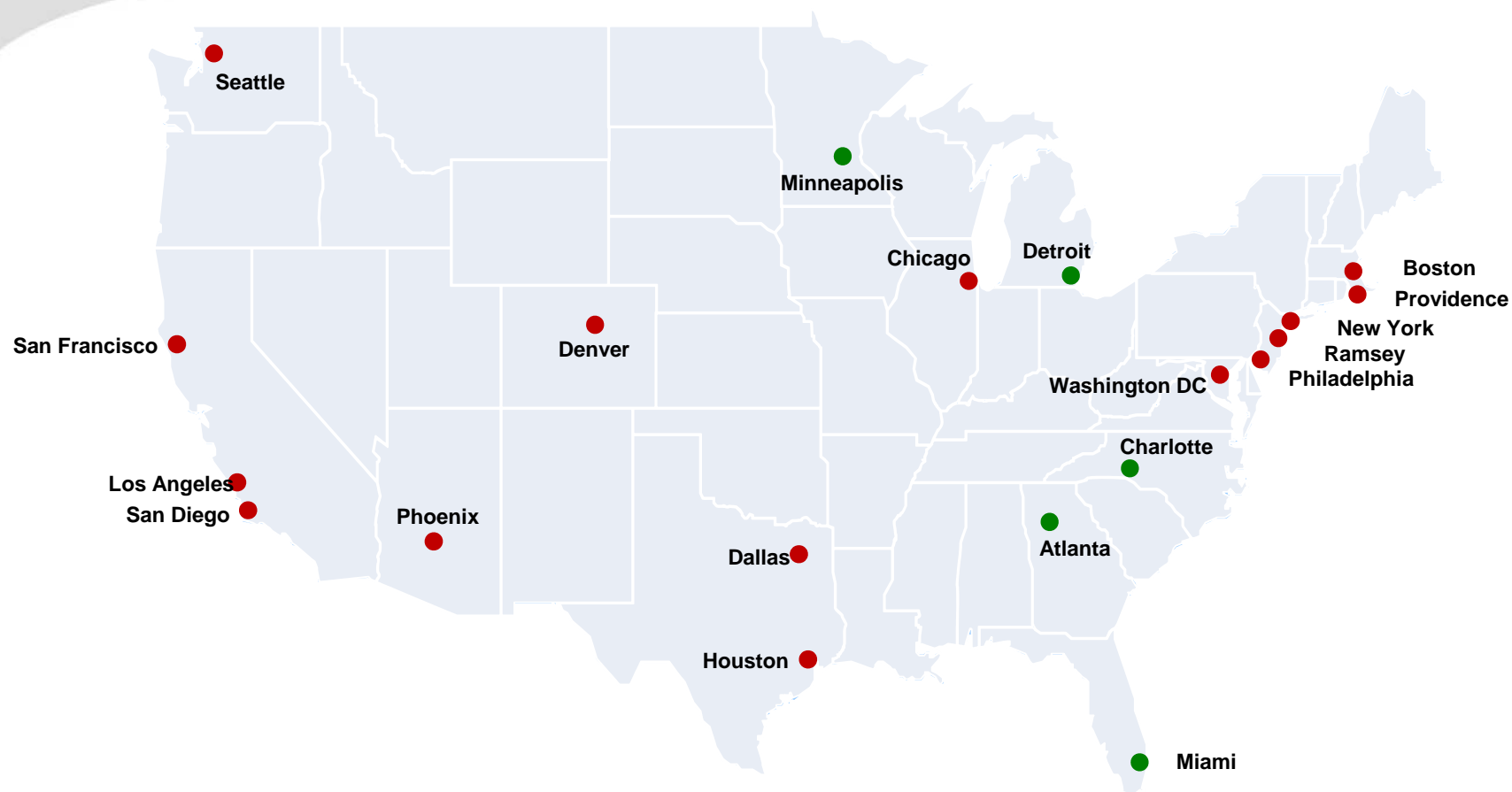


MD's address: 2013/14 expansion plans



- ☐ Targeting 8-10% network growth globally
- ☐ Corporate BDM numbers to grow more rapidly
- ☐ Predominantly organic growth but some strategic acquisitions possible
- ☐ Acquisitions likely to be capital-light businesses that can be vertically integrated – destination management companies, hotel management, tour operators
- ☐ Escape Travel franchise model re-introduced in Australia to complement organic growth
- ☐ New UK hyperstores planned for Victoria (London), Bristol, Leeds and possibly Aberdeen
- ☐ USA poised for largest year of growth since Liberty-GOGO acquisition in 2009 – new hyperstores planned for Boston and Philadelphia, corporate business to expand into two new cities

MD's address: FLT's USA corporate footprint



Location of Existing Corporate Businesses

Short-term expansion targets

MD's address: Capital management



- ☐ **Company cash increasing**
- ☐ **Board intends to maintain healthy cash balances to:**
 - ✓ **Allow the company to capitalise on opportunities that will arise; and**
 - ✓ **Buffer the company against any economic downturns – plan to maintain sufficient cash to cover 3 months' operating expenses**
- ☐ **Directors also conscious of need to return surplus funds to shareholders when possible**
- ☐ **Current preference is to alter dividend pay-out ratios from time to time**
- ☐ **Higher dividend yield may create greater long-term shareholder value**

Item 1: Re-election of director



To consider and, if thought fit, pass the following ordinary resolution:

“That Mr Gary Smith, a non-executive director retiring in accordance with Section 47 of FLT’s constitution, being eligible, be re-elected as an FLT non-executive director.”

Proxies

The number of proxies received for the resolution to re-elect Gary Smith is:

- ***For:*** ***79,185,814 (99.19%)***
- ***Against:*** ***459,002 (0.58%)***
- ***Open:*** ***181,484 (0.23%)***
- ***Abstain:*** ***101,210***

Item 2: Election of director



To consider and, if thought fit, pass the following ordinary resolution:

“That Mr Robert Baker, appointed in accordance with Section 46(d) of FLT’s constitution, being eligible, be elected as an FLT non-executive director.”

Proxies

The number of proxies received for the resolution to elect Robert Baker is:

- ***For:*** ***79,423,325 (99.27%)***
- ***Against:*** ***400,380 (0.5%)***
- ***Open:*** ***182,953 (0.23%)***
- ***Abstain:*** ***100,852***

Item 3: Remuneration Report



To consider and, if thought fit, pass the following ordinary resolution:

“That the Remuneration Report ... for the financial year ended 30 June 2013 be adopted.”

Proxies

The number of proxies received for the resolution is:

- ***For:*** ***63,840,522 (98.7%)***
- ***Against:*** ***633,766 (1.03%)***
- ***Open:*** ***176,482 (0.27%)***
- ***Abstain:*** ***211,740***

Item 4: Directors' Remuneration Facility



To consider and, if thought fit, pass the following ordinary resolution:

“That ... the Directors' Remuneration Facility be increased by \$200,000, from \$650,000 to \$850,000 per annum (including superannuation).”

Proxies

The number of proxies received for the resolution is:

- ***For:*** **64,286,480 (99.41%)**
- ***Against:*** **255,156 (0.39%)**
- ***Open:*** **35,326 (0.05%)**
- ***Abstain:*** **167,858**

Item 5: Change of Company Name



To consider and, if thought fit, pass the following special resolution:

“That ... the company change its name from Flight Centre Limited to Flight Centre Travel Group Limited and the company’s constitution be amended to reflect the change of name”

Proxies

The number of proxies received for the resolution is:

- ***For:*** ***79,725,866 (99.65%)***
- ***Against:*** ***96,386 (0.12%)***
- ***Open:*** ***181,663 (0.23%)***
- ***Abstain:*** ***103,595***

Questions