



2014 FULL YEAR RESULTS

PRESENTATION 27 AUGUST, 2014

PRESENTATION OVERVIEW

- Introduction - Haydn Long
- Financial highlights and result drivers - Andrew Flannery
- Global review - Graham Turner
- Strategic update - Melanie Waters-Ryan
- The future - Graham Turner
- Questions
- Appendices

INTRODUCTION

- **Growth Record Extended**
 - New sales and underlying profit milestones established
- **Balance Sheet Strengthened**
 - Record cash reserves, strong positive net debt position
- **Ongoing Expansion & Investment**
 - Global network growth, key projects and strategies in place
- **Focus on 2014/15 & Beyond**
 - Growth targets in place for FY15
 - Positive longer term outlook – dawn of a Golden Era of Travel

FINANCIAL HIGHLIGHTS & RESULT DRIVERS

2013/14 RESULT OVERVIEW

- 12.6% TTV growth to \$16b = \$1.7b year-on-year increase without significant acquisitions
- 13% revenue growth to \$2.2b
- 9.7% underlying PBT growth to \$376.5m
- 9.8% underlying NPAT growth to \$263.6m
- Statutory PBT and NPAT impacted by positive and negative non-recurring items

IMPACT OF NON-RECURRING ITEMS

\$' million	JUNE 2014	JUNE 2013	%
Statutory Profit Before Tax	\$323.8m	\$349.2m	(7.3%)
Write-downs to goodwill & brand names	\$61.3m	-	-
ACCC Fine	\$11.0m	-	-
One-off gain within FCGP business	(\$19.6m)	-	-
Building revaluation (prior year)	-	(\$6.1m)	-
Underlying Profit Before Tax	\$376.5m	\$343.1m	9.7%

- \$61.3m non-cash goodwill and brand names write-downs (announced July 2014)
- \$11m in fines (ACCC competition law test case)
- \$19.6m gain within Flight Centre Global Product business

MARGINS & COSTS

- 14% income margin – up slightly
- 2.35% net margin – down slightly, as expected
- Invested 1.1% of TTV in sales & marketing – higher than FY14 but in line with normal spend
- Rent and wage costs generally in line with expectations, given network growth
- Despite record underlying PBT, KMP earnings down 13% – lower growth rate achieved (9.7%) than during FY13 (18.2%)

CASH & CASH FLOW

- General cash up 10% to circa \$476m – almost tripled in six years
- Just \$44.9m in debt – down almost \$120m in six years
- \$431.2m positive net debt position (FY2013: \$387.6m)
- \$227.1m operating cash inflow over full year
- Year-on-year cash flow movement brought about by timing factors (BSP) and tax-related changes (monthly instalments)

IMPROVED SHAREHOLDER RETURNS

- Underlying EPS of \$2.62
- Fully franked \$0.97 per share final dividend
- Total dividends for FY14 up 11% to a record \$1.52 per share
- 58% of underlying NPAT (74% of statutory NPAT) returned to shareholders

2013/14 RESULTS SUMMARY

\$' million	JUNE 2014	JUNE 2013	%
TTV	\$16.0b	\$14.3b	12.6%
Revenue	\$2.2b	\$2.0b	13.0%
Income margin	14.0%	13.9%	10bps
Net margin (underlying)	2.35%	2.41%	(6bps)
Underlying Profit Before Tax	\$376.5m	\$343.1m	9.7%
Non-recurring Items (see slide 6)	(\$52.7m)	\$6.1m	-
Statutory Profit Before Tax	\$323.8m	\$349.2m	(7.3%)
Underlying Net Profit After Tax	\$263.6m	\$240.0m	9.8%
Statutory Net Profit After Tax	\$206.9m	\$246.1m	(15.9%)
Effective tax rate	36.1%	29.5%	
Dividends			
Interim Dividend	55.0c	46.0c	19.6%
Final Dividend	97.0c	91.0c	6.6%

GLOBAL REVIEW

OPERATIONAL HIGHLIGHTS

- All countries profitable for 4th consecutive year
- Record EBIT in Australia, UK, USA, NZ, South Africa, Singapore and Greater China
- Record TTV in each country in local currency
- 2500th shop and business opened July 2013 – about 1200 new jobs created
- Overseas businesses contributed \$90.2m to group EBIT, up 21% and has almost tripled over the past four years



AUSTRALIA



- Sales and profits up in both leisure and corporate travel
- Leisure results generally stronger, but profit growth slowed after Federal Budget
- Queen Street Mall hyperstore profitable every month since opening
- Hyperstore planned for Darwin during 1H15 and looking at sites in other major cities
- Corporate EBIT growth outpaced TTV growth – cost reduction



UK



- FLT's largest profit contributor after Australia
- EBIT up 24% to \$39.8m – solid leisure and corporate growth
- Network includes:
 - Standalone (boutique) shops; and
 - Flagship locations housing two or more teams
- Nine hyperstores now in place, including four in London
- Regional hyperstores in Aberdeen, Leeds, Bristol, Oxford & Manchester
- Acquired corporate business in Ireland performed in line with expectations



USA



- TTV exceeded \$AUD2billion (2nd largest region by sales)
- EBIT up 16% to \$12.7m – 4th consecutive year of profit
- Corporate business generated 44% of total US sales and on track to surpass \$1b in TTV during FY15
- Corporate Traveller opened in Atlanta & Miami (now 17 cities)
- Orange County and Silicon Valley offices planned for FY15
- Leisure expansion – Flight Center, new hyperstore in Boston
- Hyperstores earmarked for Philadelphia and LA during FY15



REST OF THE WORLD SEGMENT

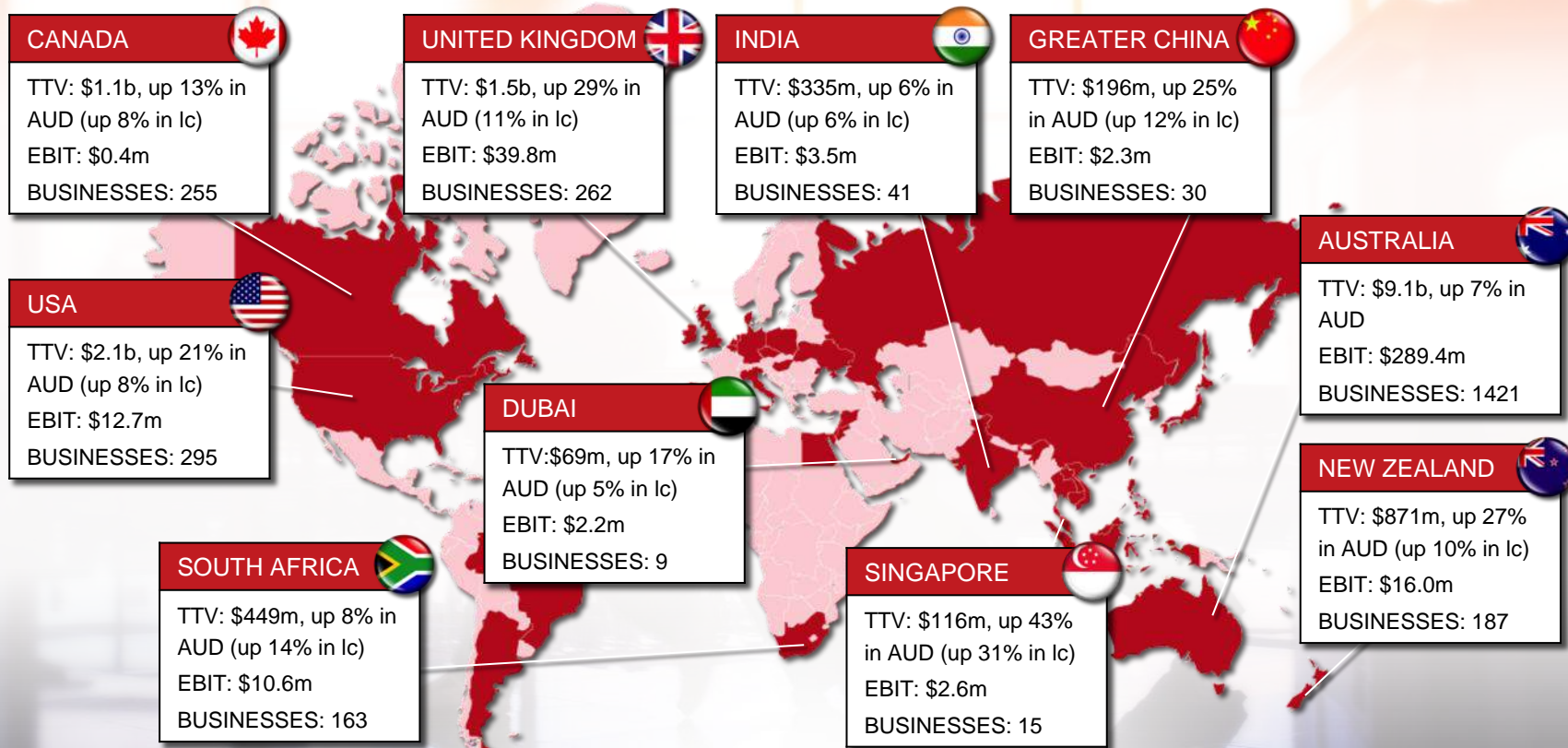


- Strong performance in NZ and South Africa
 - NZ EBIT exceeded 2003 record, TTV finished just below \$NZD1b
- Record results from emerging China & Singapore businesses
 - Leisure profits in Hong Kong and Singapore
- Good top-line growth in Canada, but profit well below expectations
 - TTV topped \$C1b for the first time
 - Leisure losses – productivity & product improvement needed
- India in line with the prior year – \$13m write-down incurred
- UAE EBIT slightly down. Abu Dhabi leisure store set to open 1H15

BIKES

- Pedal Group JV generated \$45.6m in sales, up 26%, and almost \$2.1million in EBIT
- Retailer 99 Bikes growing and performing well – now has 17 shops, plus web-store
- Three additional shops planned for 2014/15
- Wholesaler ATA imported more than 45,000 bikes
- Bicycle Centre licensee network created – 16 in place at year-end

2013/14 RESULT BY COUNTRY





STRATEGIC UPDATE TRAVEL AGENT TO RETAILER

Our Killer Theme

TRAVEL
AGENT

> WORLD-CLASS
RETAILER OF TRAVEL

Brand and specialisation:

Evolving our brands to truly specialise in specific areas of travel and have clear customer value propositions (CVPs)

Unique Product:

Making, combining and sourcing exclusive FLT products and services, rather than simply just selling suppliers' products.
"Our product – not just someone else's"

Experts, not Agents:

Ensuring each brand's people are experts in understanding the brand's speciality and that they in turn are backed by "travel gurus", who are readily available if additional expertise is required

Redefining the Shop:

Ensuring corporate, wholesale and retail spaces reflect that FLT's people are retailers first and foremost, not office workers

Blended Access:

Ensuring FLT's brands are always available to customers. They can touch, browse and buy FLT's products when and how they want – online, offline, shop, email, chat, phone or SMS

Information is Power:

Profiles
Patterns
Predictions

A Sales and Marketing Machine:

More
Agile
Personalised
Relevant

TRAVEL AGENT TO TRAVEL RETAILER

TRAVEL
PROVIDERS



THE
CUSTOMER

1) BRAND & SPECIALISATION

What do we **have** that's **special**?

What do we **know** that's **special**?

What do we **do** that's **special**?

**Escape
Travel**

**CORPORATE
TRAVELLER**
Bring an expert on board

 **cruisedabout.**

cievents.

stageandscreen
TRAVEL SERVICES

FC^m
**TRAVEL
SOLUTIONS**

**Student
Flights**

FLIGHT CENTRE
TRAVEL GROUP

TRAVEL
ASSOCIATES

BRAND & SPECIALISATION

The CVP is not
a set of marketing statements

It is a clear statement of what a brand business
has and does that the customer values

**Escape
Travel**

**CORPORATE
TRAVELLER**
Bring an expert on board

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TRAVEL SERVICES

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2) OUR OWN PRODUCT

We have great products from our partners BUT ...

We need to start manufacturing
and promoting our own products
(Hard and Soft)

UNIQUE PRODUCT – FCB RED LABEL



FLIGHT CENTRE®

The Airfare Experts

LOWEST AIRFARE GUARANTEE

We will beat any airfare quote on you fly free.

The Captain's

Red Label Fares

with **Price Drop Protection™**

So much more than your average airfare.

Red Label Fares come with:

- ✔ **Price Drop Protection** – if the price becomes cheaper we'll credit you the difference
- ✔ **Unique to Flight Centre**
- ✔ **\$50 Multi-Currency Cash Passport***

Flying Virgin Australia

Los Angeles

from

\$2256*

One way Premium Economy & one way in Economy Class.

BONUS \$200 booking credit to use towards accommodation, car hire, day trips & transfers.

[illegible]

FLIGHT CENTRETM
TRAVEL GROUP

UNIQUE PRODUCTS - CORPORATE SMART STAY

SmartSTAY™
Check-in to better value



"...and where will you be staying in Hong Kong?"

<p>Harbour Plaza Metropolis ★★★★</p> <p>SmartSTAY includes are:</p> <ul style="list-style-type: none"> Complimentary breakfast for one person Complimentary key check-out until 1pm Complimentary airport transfer (subject to availability on check-in) 	<p>The Park Lane Hong Kong ★★★★</p> <p>SmartSTAY includes are:</p> <ul style="list-style-type: none"> Complimentary breakfast for one person Complimentary key check-out until 1pm Complimentary airport transfer (subject to availability on check-in) 	<p>The Langham Place ★★★★</p> <p>SmartSTAY includes are:</p> <ul style="list-style-type: none"> Complimentary breakfast for one person Complimentary key check-out until 1pm Complimentary airport transfer (subject to availability on check-in)
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For a full directory of SmartSTAY properties and offers download our SmartSTAY app

SmartSTAY™
Check-in to better value

ETIHAD AIRWAYS
Miles matter

...and where will you be staying at these Etihad Airways destinations?

<p>ABU DHABI Fairmont Bab Al Bahr ★★★★★</p> <p>SmartSTAY includes are:</p> <ul style="list-style-type: none"> Complimentary breakfast for one person Complimentary key check-out until 1pm Complimentary airport transfer (subject to availability on check-in) 	<p>LONDON St James Court by Taj Hotels ★★★★★</p> <p>SmartSTAY includes are:</p> <ul style="list-style-type: none"> Complimentary breakfast for one person Complimentary key check-out until 1pm Complimentary airport transfer (subject to availability on check-in) 	<p>NEW YORK The Langham Place - Fifth Avenue ★★★★★</p> <p>SmartSTAY includes are:</p> <ul style="list-style-type: none"> Complimentary breakfast for one person Complimentary key check-out until 1pm Complimentary airport transfer (subject to availability on check-in) 	<p>FRANKFURT Hilton Garden Inn Frankfurt City Centre ★★★★★</p> <p>SmartSTAY includes are:</p> <ul style="list-style-type: none"> Complimentary breakfast for one person Complimentary key check-out until 1pm Complimentary airport transfer (subject to availability on check-in)
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For a full directory of SmartSTAY properties and offers download our SmartSTAY app

SmartSTAY™
Check-in to better value

The smarter way to book your accommodation.

SmartSTAY™ features

- Three value added inclusions
- Valid year round
- On our flexible corporate rates
- At no extra cost!

SmartSTAY™ benefits

- Increased savings
- Greater productivity
- Enhanced travel experience

Download the App Now!



3) EXPERTS NOT AGENTS

Our sales people need to be experts in their brand's specialised products

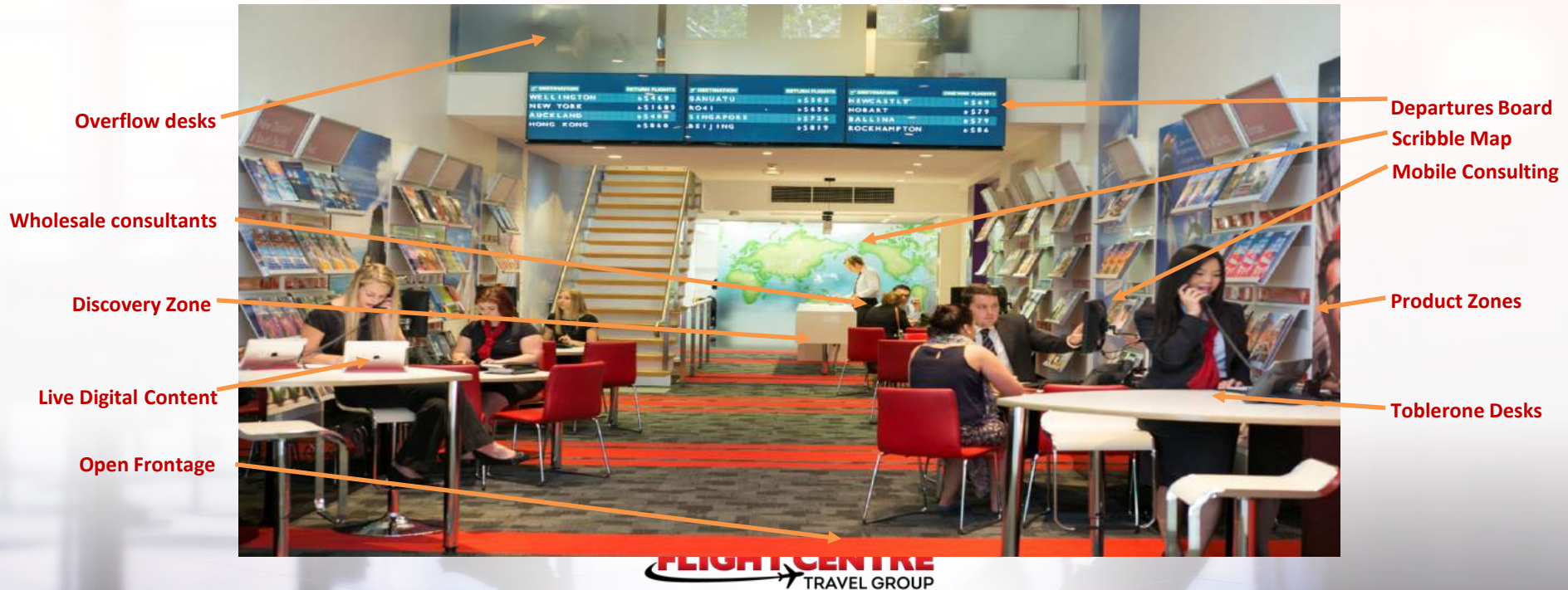


4) OUR SHOPS NEED TO BE A SHOP



- A place we display our wares
- A place where customers can touch and browse our products
- A place where a counter no longer creates a barrier between the customers and our sales experts
- A place that needs to have zones to reflect the different product ranges we have
- A place where different customer interactions happen

NEW DESIGN FEATURES

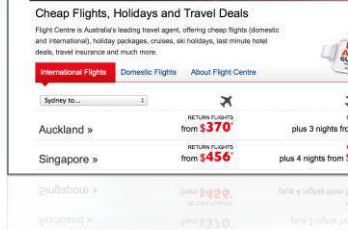


5) BLENDED ACCESS

Our business is always open
when and how you want



OUR LEISURE BRANDS



Shops & Websites

Need to enable our leisure customers to access their brand around the clock

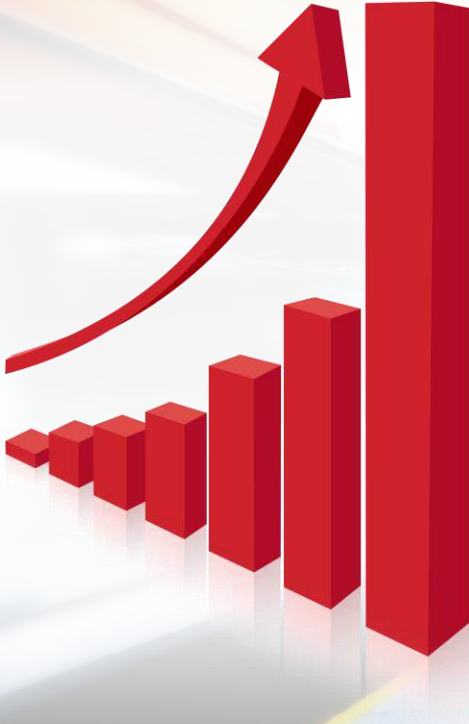
6) INFORMATION IS POWER

PROFILES

PATTERNS

PREDICTIONS

7) BECOMING A WORLD CLASS SALES & MARKETING MACHINE



- Generate more volume in enquiry and leads
- Acquisition and retention
- Targeted and personalised
- Better marketing in the on and offline world

A MARKETING MACHINE

Flight Centre's Annual Cruise SALE

✓ Fly FREE offers
✓ BONUS onboard credit
✓ EARLY booking bonuses
✓ UPGRADES on cabins

Alaska
14 nights
\$1495

Barrier Reef Discovery
7 nights
\$669

Magnificent Europe
14 nights
\$6595

Romantic Rhine
7 nights
\$1825

Auckland to Sydney
14-night cruise
\$1299

Grand European Tour
14-night cruise
\$5795

New Zealand
12 nights
\$1299

South Pacific
8 nights
\$899

Why cruise?

- ✓ Unbeatable value
- ✓ Meals included
- ✓ Entertainment included
- ✓ Variety of activities
- ✓ Variety of destinations
- ✓ Value for money

Australia & New Zealand

South Pacific

Europe

Asia

The Americas

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- ✓ We are here for you 24-hours.
- ✓ Compare fares to match your travel plans.
- ✓ Get practical advice on airfare options to suit your budget.

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Sea & City Seeker \$2875

Bright Lights & Beaches \$2899

Metropolis Seeker \$2925

Safari, Summits & Sea \$2925

Big City Shopper \$2935

Urban Style Traveller \$2959

Alps to the Andes \$3135

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EARLYBIRD EUROPE 2014

FLIGHT CENTRE
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Best of Spain & Portugal 15 days

SAVE \$396
\$3529

Includes 14 nights premium accommodation, many meals including breakfast daily, tour director & travel by luxury coach with more luggage. Highlights include Madrid, Toledo, Salamanca, Porto, Coimbra, Lisbon, Seville, Costa del Sol, Valencia & Barcelona.

Britain and Ireland Discovery 22 days

Includes 21 nights premium accommodation, many meals including breakfast daily, tour director & travel by luxury coach with more luggage. Highlights include Stratford, York, Edinburgh, Inverness, York, Isle of Skye, Glasgow, Londonderry, Ship Harbour, Limerick, Killybeg, Waterford, Dublin, Chester, Cardiff, Exeter & Southampton.

French Elegance 19 days

Includes 18 nights premium accommodation, many meals including breakfast daily, tour director & travel by luxury coach with more luggage. Highlights include Paris, Normandy, Reims, St. Malo, Loire Valley, La Rochelle, Bordeaux, Dordogne Valley, Vichy, Dijon, Strasbourg & Champagne Country.

Highlights of Europe 14 days

Includes 13 nights premium accommodation, many meals, tour director, travel by luxury coach with more luggage & Eurostar from London to Brussels. Highlights include Brussels, Heidelberg, Munich, Salzburg, Venice, Rome, Florence.

Treasures of Italy 11 days

Includes 10 nights premium accommodation, many meals including breakfast daily, tour director & travel by luxury coach with more luggage. Highlights include Rome, Isle of Capri, Florence, Santa Margherita Ligure, Italian Lakes & Venice.

INSIGHT VACATIONS

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131 600



OUR NOBLE SALES PURPOSE
“WE CARE ABOUT DELIVERING
AMAZING TRAVEL EXPERIENCES”

A blurred, high-angle view of an airport terminal. In the foreground, a person is seen from behind, looking out towards a large window. The terminal has a modern design with large windows and a red decorative band with circular patterns. The overall atmosphere is bright and airy, suggesting a sunny day.

THE FUTURE

2014/15 GUIDANCE

- Targeting \$395m-\$405m underlying PBT (excluding significant unforeseen items)
- Represents 5-8% growth on FY14 record underlying PBT
- PBT will have doubled between June 30, 2010 and June 30, 2015
- Targeting 1H PBT broadly in line with PCP and accelerated 2H profit growth, given comparatively weaker results during 2H of 2013/14

MARKET CONDITIONS

- Some ongoing volatility in Australian leisure
- Impossible to predict timeframe for recovery
- Short-term downturns are often followed by healthy uplifts in demand
 - cheap airfares a powerful demand driver
- Cheapest advertised fares to top 10 international destination currently 3.5% cheaper than last year
- Largest falls in airfare prices have been on flights to Asia and Europe

GROWTH OPPORTUNITIES

- Ongoing focus on Killer Theme and mini themes
- Renewed focus on the customer and FLT's NSP
- Cheap international fares to stimulate demand in Australia
- Ongoing focus on corporate travel and niche leisure in UK (premium and long-haul flights, tailor-made holidays)
- US corporate a strong growth prospect
- US leisure and wholesale improvement strategies also in place

EUROGURU PROGRAM

- US leisure initiative to increase share of Europe sales – \$40b-a-year travel sector (larger than Australian outbound market)
- Europe flight and travel enquiries now channeled to accredited 'EuroGurus' in Manhattan
- Already delivering benefits
- Europe sales outpacing sales to other locations
- Stores with EuroGurus growing sales faster than “guru-less” stores

THE GOLDEN ERA OF *Travel*

THE GOLDEN ERA OF *Travel*

Cheaper fares - Flight prices becoming more affordable

More Choice - Broader selection of offerings

Greater Comfort - Service, seats, food & entertainment

Less Flying Time - Faster, more direct & more reliable

THE GOLDEN ERA OF *Travel*

Low cost carriers make travel affordable



Traditional carriers responding – travellers the winners

THE GOLDEN ERA OF *Travel*



\$1,170.00* = 85 Weeks pay of average worker



\$1,800.00* = 6 Weeks pay of average worker



\$1,359.00* = Less than one week's salary

THE GOLDEN ERA OF *Travel*

Relative cost of a flight from Sydney to London
based on today's average wage

1947	1980	2014
\$130,000.00	\$9,000.00	\$1,800.00

Much lower than price should be if
increased in line with inflation

EXPANSION PLANS

- 5-7% network growth target (organic expansion)
- Complemented by strategic acquisitions
- Vertical integration focus – capital-light businesses
- Escape Travel franchise model to complement ET's organic growth
- Seven new franchises in place since model was reintroduced



QUESTIONS?

APPENDICES

CAPITAL MANAGEMENT POSITION

- Plan to retain sufficient company cash to cover 3 months' operating expenses
- June 30 balance in line with plan, but traditionally decreases during 1H (dividends, tax instalments and normal, seasonal operating cash outflow)
- Some cash likely to be used to fund future acquisitions
- Dividend policy maintained – aiming to return 50-60% of NPAT to shareholders

FIVE-YEAR RESULT SUMMARY

	JUNE 2014	JUNE 2013	JUNE 2012	JUNE 2011	JUNE 2010
TTV	\$16,049m	\$14,259m	\$13,238m	\$12,200m	\$10,894m
Income margin	14.0%	13.9%	13.8%	13.8%	14.3%
EBITDA	\$378.4m	\$395.2m	\$330.7m	\$256.9m	\$257.3m
PBT	\$323.8m	\$349.2m	\$290.4m	\$213.1m	\$198.5m
NPAT	\$206.9m	\$246.1m	\$200.1m	\$139.8m	\$139.9m
EPS	205.8c	245.6c	200.1c	140.0c	140.3c
DPS	152.0c	137.0c	112.0c	84.0c	70.0c
ROE	18.8%	24.0%	23.3%	18.9%	19.7%
Cap-ex	\$55.4m	\$51.4m	\$55.5m	\$47.1m	\$20.5m
Building acquisitions	-	-	\$0.1m	\$0.6m	-
Selling staff	13,575	12,701	12,130	11,460	10,267 [^]
General cash	\$476.0m	\$433.8m	\$400.8m	\$376.8m	\$322.3m
Client cash	\$785.6m	\$793.2m	\$631.7m	\$513.6m*	\$504.4m*
Cash and cash equivalents	\$1,261.6m	\$1,227.0m	\$1,032.5m	\$890.4m	\$826.7m
Investments	\$41.2m	\$36.8m	\$59.9m	\$64.9m	\$96.2m
Cash and investments	\$1,302.8m	\$1,263.8m	\$1,092.4m	\$955.3m	\$922.9m

* Client cash has been restated to reflect equal and offsetting overstatement of client cash and creditors. No real cash impact, no impact at a net current asset or net asset level and no income statement impact

[^] June 2010 selling staff numbers restated to include India

CORPORATE SOCIAL RESPONSIBILITY

1

Job creation: About 1200 new jobs created during 2013/14

2

Employee earnings: FLT paid about \$1billion in salaries and wages

3

Health and financial well-being: On average, one health/financial consult conducted on every staff member

4

Gender diversity: Almost half of FLT's leaders are women

5

Workplace flexibility: 18% of Australian workforce now works from home or under casual/part-time arrangements

CORPORATE SOCIAL RESPONSIBILITY

6

Noble Selling Purpose: Initiated during 2013/14 and rolled out globally in July 2014

7

Community assistance: Flight Centre Foundation donated more than \$1m in Australia alone

8

Staff contribution: Volunteer leave program introduced - 1300 hours volunteered

9

Supply chain: 2013/14 TTV = more than \$300m in sales for suppliers every week

10

Shareholder returns: \$20,000 investment at float = \$1m holding at July 31, 2014.
Additional \$240,000 in dividends returned per share