



Flight Centre Limited
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Presentation by
Andrew Flannery – chief financial officer

FLT: An overview



OUR NETWORK



More than 2400 shops and businesses
Sales force growing 6-8% annually

OUR PEOPLE



Workforce now includes more than 15,000 people
80% are in sales roles – low cost business model

OUR COUNTRIES



Company-owned businesses in 10 countries
FCm corporate travel management network (started by FLT in 2004) in 75 other countries

OUR BRANDS



More than 30 brands
Includes retail, corporate, online and wholesale travel, travel-related, services and bikes

2012: Result overview



TTV:	↑	Up 8.5% to \$13.2b – has exceeded prior year 16 times in 17 years since listing
PBT:	↑	\$290.4m – has exceeded prior year 15 times in past 17 years
NPAT:	↑	Surpassed \$200m for 1 st time, 5 years after \$100m milestone and 10 years after passing \$50m for 1 st time
INCOME MARGIN:	↑	Up slightly and equal second best result since FLT began recording income margin
NET MARGIN:	↑	Equal best result since 2002 and only 30bps below record high (2000 and 2002)
OVERSEAS RESULTS:	↑	Combined overseas EBIT topped \$60m and has almost doubled in past two years
CASH:	↑	\$400m in general cash at 30 June – has increased almost 150% in past three years without raising capital
DIVIDENDS:	↑	Combined 2011/12 return 11% higher than previous record (\$1.01 including a special dividend in 2004)

FLT: Hedge fund myths



FIVE COMMON MISCONCEPTIONS

1. FLT is a traditional retail travel agency ✘
2. The company will continue to rely heavily on Australia ✘
3. Earnings are volatile and are linked to the Australian dollar ✘
4. The business will suffer as travel migrates online ✘
5. Because of market differences, FLT won't be successful in the USA ✘

FLT: Continued evolution



EXPANDING CORPORATE TRAVEL PRESENCE

- FLT is one of the few large travel companies that has significant corporate and leisure travel businesses
- Corporate travel presence extends 20 years
- Now one of the world's largest corporate travel managers and winning share globally
- Corporate generates about \$4b in TTV annually – about 35% of group TTV
- About \$2billion comes from Australia, making FLT easily the country's largest corporate travel manager
- Five key brands – FCm, Corporate Traveller, cievents, Stage & Screen and Campus Travel
- Award winning offerings:
 - FCm judged World's Leading Travel Management Company for 2011 (World Travel Awards)
 - Europe's leading TMC for past three years (awarded last week)
 - Leading TMC in North, South and Central America (last month)
 - Leading TMC in Middle East (April 2012)
 - Asia's Leading Travel Management Company 2011 (2012 winner to be announced later this month)
 - Australasia's Leading Business Travel Agent 2011 (2012 winner to be announced later this month)
 - Both Corporate Traveller and FCm won top honours at 2012 National Travel Industry Awards in Australia
- Corporate Traveller is SME focussed (often unmanaged business) – similar to retail travel model
- FCm focuses on TMS accounts – a high volume but low margin sector

FLT: Continued evolution



DECREASING RELIANCE ON AUSTRALIA

- Overseas businesses are making an increasingly valuable contribution
- Together, offshore businesses contributed more than \$60m in EBIT during 2011/12
- All 10 countries profitable for 2nd consecutive year
- UK and USA are 2nd and 3rd largest profit generators – ongoing growth opportunities in these large markets
- UK working towards being a GBP1b company by 2014 (currently GBP750m in TTV)
- Australia, UK and USA likely to power the business for foreseeable future
- Good share in Canada, NZ and South Africa – but all relatively small markets
- China, Hong Kong, Dubai and Singapore initially service centres for corporate clients – but all now performing well
- India business starting to recover after challenging 2011/12

FLT: Continued evolution



THE DOLLAR AND EARNINGS VOLATILITY

- FLT has always seen itself as a growth company
- TTV has exceeded prior year 16 times in 17 years since listing, PBT up 15 times in 17 years (GFC and 2005 were exceptions)
- Generally able to achieve good results throughout the business cycle, despite 9/11, Gulf Wars, SARS, airline collapse, natural disasters
- Diversity a key factor in FLT's success – geographic spread, 30+ brands, large Australian domestic business
- Record results achieved at a high AUD but also when \$1AUD = US60c-70c
- Movements in the Aussie dollar compared to the US dollar do not tend to materially change travel patterns
- Changes may lead to changes in holiday style – travellers upgrading or downgrading plans
- USD exchange rate is irrelevant for most Australians travelling overseas
- Cheap airfares, overall value and consumer confidence are major drivers of outbound travel

FLT: Continued evolution



DEVELOPING ONLINE

- Most online travel transactions are simple point-to-point (domestic) flights and last-minute accommodation
- Relatively low online penetration in corporate – complex arrangements, frequently changing itineraries
- FLT is expanding online – more brands and more functionality, including booking engines
- Also using web to promote fares that cannot be booked online, plus unique manufactured offerings
- Examples include myTime (VIP bonuses), Black Market Flights, Double Dip and Triple Dip flights
- flightcentre.com.au now a true “web shop” offering:
 - Flights to more than 2700 destinations worldwide
 - More than 100000 hotels globally from a number of suppliers
 - More than 30000 cruise itineraries
 - More than 4000 coach and tour options
 - Rental cars at more than 8000 locations; and
 - Information for planning and dreaming

FLT: Continued evolution



DEVELOPING ONLINE – BLENDED TRAVEL

- **FLT is creating a new business category – a blended travel agency**
- **Will combine the on and offline models' best features to offer customers instant and deep access to FLT's products in ways and at times that suit their needs**
- **Seamlessly 24/7 for customers through unique blend of web offerings, extended shop hours, call centres, mobile phone services and more after-hours sales teams**
- **Customers able to start a transaction in-store and finish it online at home**
- **Ability to allocate expert human search engines (in-store consultants) to web bookings to create a compelling customer offer**

FLT: Continued evolution



THE USA

- **FLT's combined US business lost \$60million during 2008/09**
- **Three years later was the company's third largest profit contributor**
- **Generated \$9.9m in EBIT during 2011/12 – double initial target**
- **Steady year-on-year improvement throughout the business since acquisition**
- **Corporate travel business has been major profit driver but Liberty leisure and wholesale also profitable during 2011/12**
- **Significant opportunity to expand US corporate travel presence in other cities**
- **SME offering proving compelling for clients**
- **1st US hyperstore opened in Manhattan on 1 October**
- **NYC store has 15 “mobile” Liberty consultants, FCm teams and a host of new sales features**
- **Hyperstore model is the blueprint for future geographic expansion in USA**

End of presentation



Questions