Flight Centre Limited

2006 Half Year Results

23 February 2006

Our Brands

FLIGHT CENTRE LIMITED

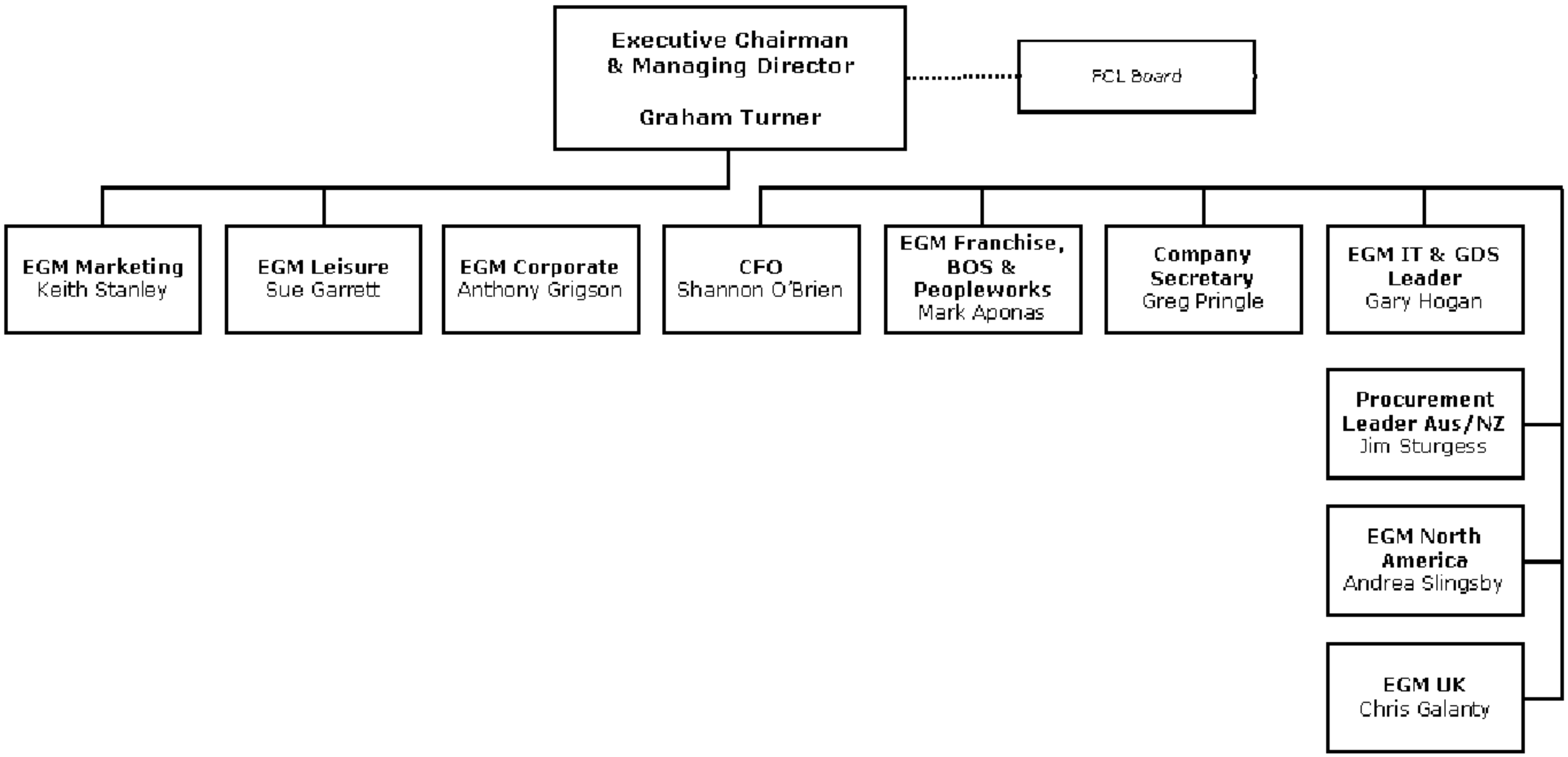
Leisure

Corporate Travel Brands

Leisure Online Brands

flightcentre.com • escapetravel.com.au • studentflights.com.au • quickbeds.com.au • travelthere.com.au

Executive Team



2006 Half Year Results

	Dec YTD 2005	Dec YTD 2004*	Variance
TTV	$ 3.7 b	$ 3.2 b	14%
Revenue	$472 m	$419 m	13%
Net Profit (Before Tax)	$ 49.8 m	$51.9 m	(4)%
EBITDA	$63.0 m	$63.6 m	(1)%
EBIT	$44.9 m	$ 47.7 m	(6)%
NPAT	$ 33.6 m	$ 36.4 m	(8)%
Interim Dividend	20c /share	22.5/share	(11)%

*2004 adjusted for IFRS

Half Year Historical Performance

	Dec 2005	Dec 2004*	Dec 2003	Dec 2002
TTV (bil)	3.7	3.2	2.7	2.1
% increase on LY	14%	19%	27%	37%
Income Margin	12.9%	13.0%	12.9%	13.2%
PBT (mil)	49.8	51.9	56.1	47.0
NPAT(mil)	33.6	36.4	34.1	31.1
% increase on LY	(8)%	6.7%	9.7%	49%
EBITDA	63.0	63.6	66.9	55.8
Capex (mil)	19.3	31.2	37.8	21.9
EPS	35.6 c	38.6 c	36.5 c	35.3 c
DPS	20c	22.5 c	20.5 c	18.5
Cash (including Investments) (mil)	384.1	414.8	344.3	248.4
ROE	17.5%	22.4%	19.0%	26.3%
Selling Staff	5,824	5,439	4,695	3,845
Shops (includes complementary)	1,536	1,465	1,348	1,128

*2004/2003/2002 adjusted for IFRS

Financial Overview

- TTV increased by 14% to $3.7b
- PBT of $49.8m, down 4%. Affected by
  - -one-off $4m gain relating to over-ride revenue
  - -$10m losses in RewardPass
  - -$1.8m loss due to Air Paradise collapse
  - -Increase in non-commissionable revenue e.g. fuel surcharges
- $26.8m second quarter PBT, in line with adjusted 04 (excluding one-off)
- Income margin 12.9% - improvement during 2nd quarter, but down on previous corresponding half year
- Capital expenditure down – project rationalisation

Shop Numbers by Brand

	Opening Balance	Growth	Closing Balance
Flight Centre	915	**52**	967
Travel Associates	14	**1**	15
Escape Travel	49	**6**	55
Student Flights	43	**8**	51
Retail Sub-total	1021	**67**	1088
FCm Travel Solutions	177	**4**	181
Wholesale/complementary	279	**(14)**	265
Intravel	2	**0**	2
Total	**1,479**	**57**	**1,536**

Wholesale/complementary includes vertically integrated businesses complementary to travel (eg Wholesale, Infinity, Ticket Centre)

Shop Numbers by Country

FLIGHT CENTRE LIMITED

	Australia	NZ	Canada	US	UK	South Africa	Hong Kong	China	Total
Flight Centre	544	108	118	15	92	90			**967**
Travel Associates	15								**15**
Escape Travel	55								**55**
Student Flights	51								**51**
FCm Travel Solutions	76	14	9	5	56	8	5	8	**181**
Wholesale/complementary	139	38	17	8	22	30	9	2	**265**
Intravel	2								**2**
Total	**882**	**160**	**144**	**28**	**170**	**128**	**14**	**10**	**1,536**

Australia

First Half 2006

<u>Corporate</u>

Growth and reasonable profit contribution

<u>Leisure Online</u>

flightcentre.com.au Australia's top agency website with increased marketshare

<u>Leisure</u>

Improved "front-end" trading performance but overall profit down:

Costs of Reward Pass Program, Air Paradise

Continued pressure on over-ride earnings

Wage cost pressure

Increase in non commissionable fuel surcharges

NZ & South Africa

New Zealand

TTV growth 11%

Profit below expectations

Shop openings 3

South Africa

TTV growth 7%

Strong profit growth in leisure and corporate

Shop openings 3

United Kingdom

First Half 2006

Leisure results "flatlining"

Leisure shop openings 13

Corporate shop openings 3

Strong corporate profit growth in SME market

North America

USA

TTV down 3.2%

Leisure losses reduced

Strong profit growth in corporate SME market

Canada

TTV growth 18.3%

Shop openings 3

Improved performance in leisure & corporate

Asia

India

Contributed 4% to FCL's TTV

Strong performance

Regional expansion opportunities

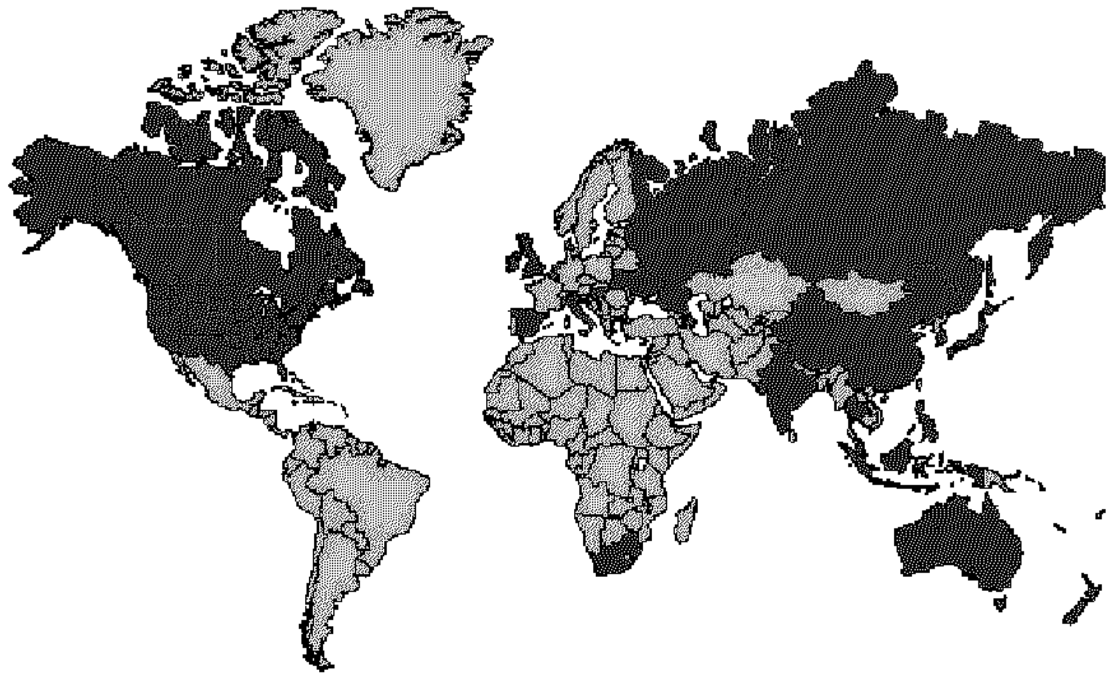
Hong Kong and China

TTV growth 15.2%

Reduction in losses

Corporate business openings 4

FCm Travel Solutions



In little more than 18 months, the FCm Travel Solutions network has been extended to some 30 countries

Growth Opportunities

FLIGHT CENTRE LIMITED

- Continued expansion of the Infinity Holidays wholesale business
- International development of the FCm Travel Solutions network
- Growth in South Africa, North America and the UK
- Expansion of the Flight Centre leisure travel brand in international markets
- Expansion in the emerging Indian and Chinese travel markets
- Expansion of niche leisure brands Escape Travel (franchising), Travel Associates and Student Flights in Australia and New Zealand

Internet

- An opportunity for FCL
- Generates enquiry
- Information for customers
- Contributes to over-rides
- Challenge is to generate profits on-line

Guidance 2006

- Tracking close to full year TTV growth target of 12-15%
- Second half is traditionally the company's busiest period
- Too early to provide definitive guidance as to the likely full year result
- Disappointed if not reasonably close to last year's IFRS adjusted PBT $115.6m

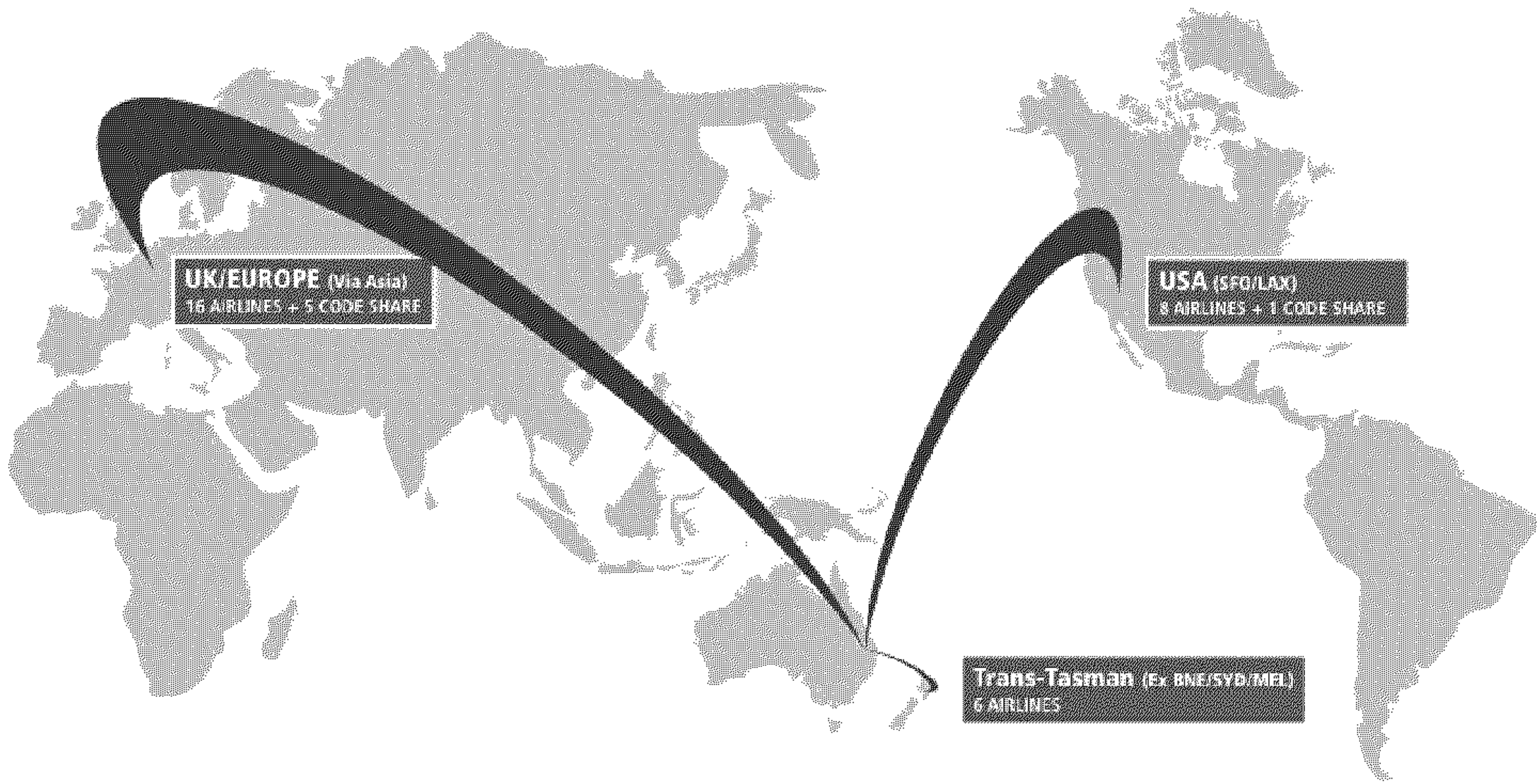
Outlook

- Bright outlook for international travel
- Competition on most international routes
- Airlines substantially increasing capacity
- Opportunity to work with Suppliers

Passenger Forecast 2005-09

ROUTE	Forecast Avg Annual Growth Rate
Total International	5.6%
North Atlantic	5.3%
Trans Pacific	5.8%
Europe-Asia Pac	5.9%
Europe-Mid East	6.6%
Europe-Africa	5.7%
Within Asia Pac	6.8%
North America-Latin America/Caribbean	4.6%
Within Europe	5.1%
Within Latin America/Caribbean	4.2%
Middle East-Asia Pac	6.7%

Outbound Competition



End of presentation

Questions?

Appendices

TTV

Cash and Investments

Depreciation & Amortisation

IFRS

TTV ($000)

Half Year 05	TTV Dec 05	Variance %	TTV Dec 04	*Shops Dec 05
Australia	2,305	11.2%	2,072	882
New Zealand	323	11.0%	291	160
UK	446	-0.4%	447	170
RSA	181	6.9%	170	128
USA	29	-3.2%	30	28
Canada	225	18.3%	190	144
China & Hong Kong	25	15.2%	22	24
Other	154		6	
Total	**3,687**	**14%**	**3,228**	**1,536**

Growth expectations going forward will be provided by TTV growth and not shops or selling staff

* Shops include wholesale/complementary businesses ie vertically integrated businesses complementary to travel

Cash & Investments

	Dec 05 A$m	Dec 04 A$m	% Var
Company Cash	64.7	29.1	122%
Client Cash	174.0	174.1	0%
Investments	145.4	211.7	-31%
Total	**384.1**	**414.9**	**-7%**

Notes

Dec 04 Investment comparison adjusted for IFRS
Cash assets not affected by IFRS adjustments
Company Cash increase is due to reallocation of monies from investments

Depreciation & Amortisation

	Dec 05 A$m	Dec 04 A$m	% Var
Depreciation	17.8	15.6	14%
Amortisation			
Goodwill	0	0.0	
Other Intangibles	0.3	0.4	-7%

Notes

Goodwill & software licenses (incl in other intangibles) no longer amortised under IFRS

IFRS Effects on Equity

FLIGHT CENTRE LIMITED

	Ref	Jun-05 $'000	Dec-04 $'000	Jun-04 $'000
Total equity under AGAAP		**387,409**	**376,340**	**424,235**
Derecognition of revalued software licences	b	(14,138)	(15,159)	(16,181)
Adjustment to fair value of business combination	c	(445)	-	-
Provision for decommissioning costs	d	(1,163)	(1,082)	(957)
Impairment under AASB 136	e	(5,238)	(3,577)	(3,577)
Amortisation of goodwill	g	9,888	4,989	-
Derecognition of research costs	h	(5,699)	(5,446)	(5,397)
Correction of reporting under AGAAP	i	(4,692)	(4,462)	(4,070)
Tax effect of adjustments		8,562	8,717	8,250
		(12,925)	(16,020)	(21,932)
Total equity under AIFRS		**374,484**	**360,320**	**402,303**

IFRS Effects on Profit

	Ref	Jun-05 $'000	Dec-04 $'000
Profit before tax under AGAAP		**106,955**	**46,471**
Adjustment to fair value of business combination	c	(445)	-
Provision for decommissioning costs	d	(206)	(126)
Impairment under AASB 136	e	(1,928)	-
Employee share plan costs	f	(57)	(57)
Amortisation of goodwill	g	9,888	4,989
Derecognition of research costs	h	(1,217)	(692)
Amortisation on derecognised assets	h	3,225	1,712
Correction of reporting under AGAAP	i	(622)	(391)
		8,638	5,435
Profit before tax under AIFRS		**115,593**	**51,906**