



ASX:FLT FY19 HALF YEAR RESULT

21 FEBRUARY 2019



TODAY'S PRESENTERS



**ADAM
CAMPBELL**

Chief Financial Officer



**DEAN
SMITH**

President – The Americas



**GRAHAM
TURNER**

Chief Executive Officer



**MELANIE
WATERS-RYAN**

Chief Operating Officer

TODAY'S AGENDA

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RESULTS & HIGHLIGHTS

Adam Campbell, Dean Smith

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SEGMENT RESULTS

Graham Turner, Melanie Waters-Ryan, Dean Smith

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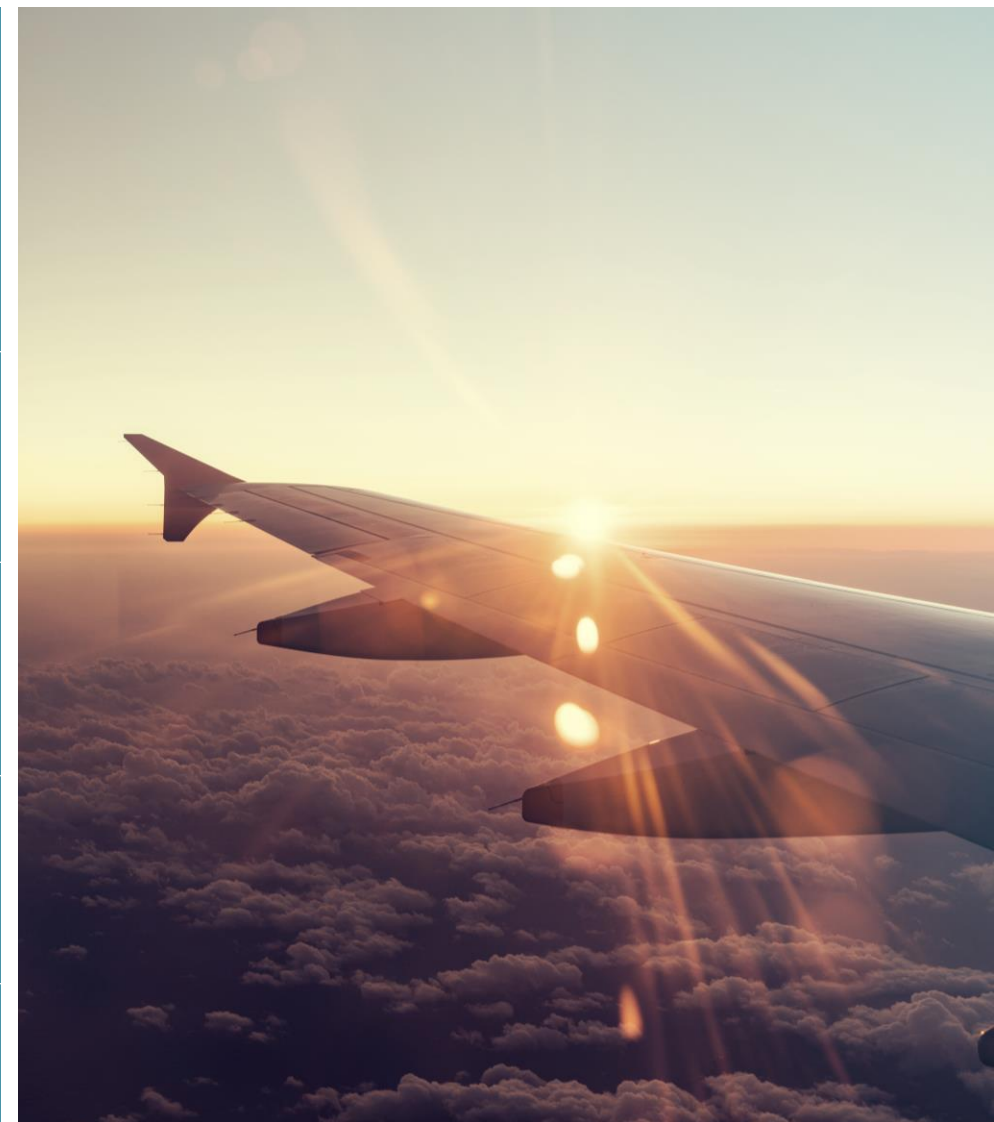
STRATEGY & TRANSFORMATION

Melanie Waters-Ryan

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OUTLOOK

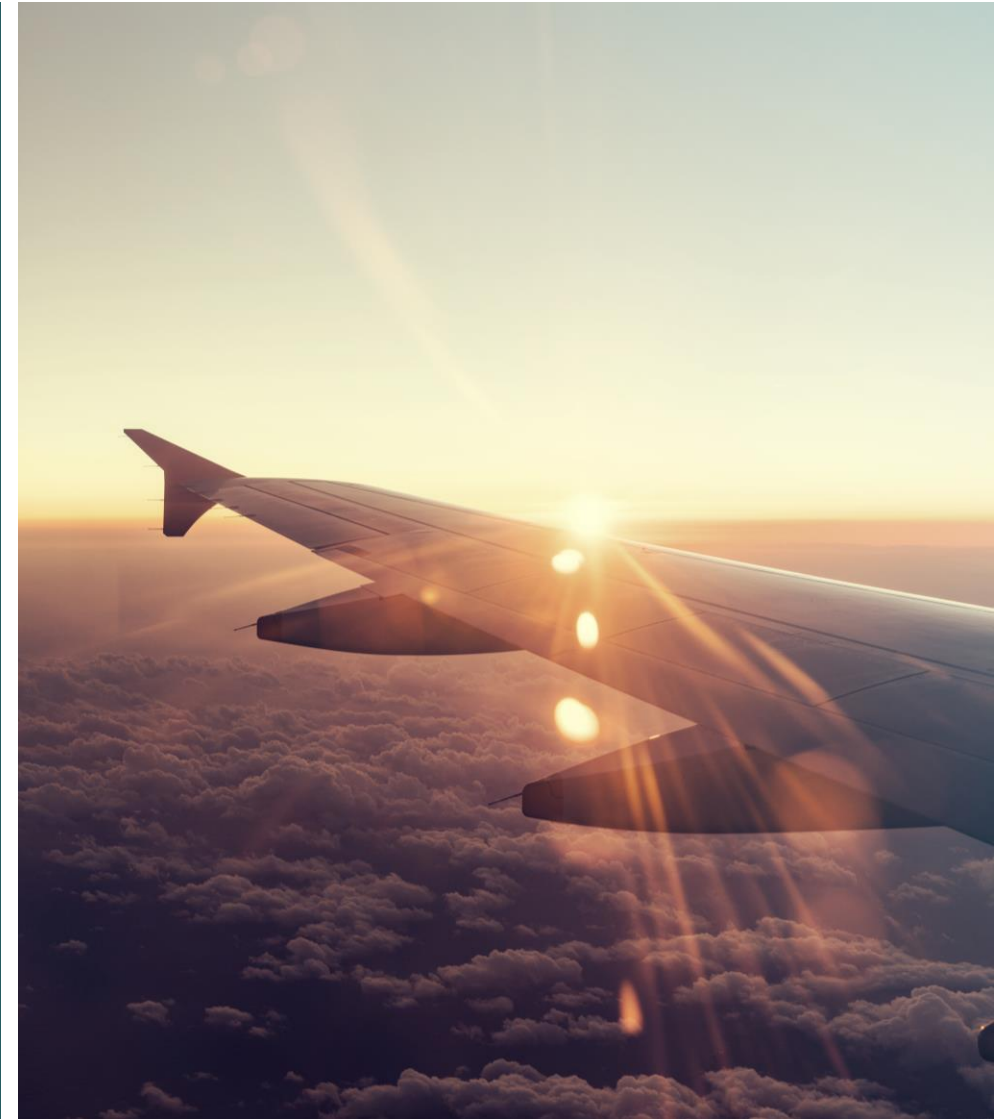
Graham Turner





RESULTS & HIGHLIGHTS

Adam Campbell
Dean Smith



RESULT OVERVIEW: DIVERSITY A STRENGTH

Strong corporate results globally

Australian company is now truly global

Record contributions from overseas

USA and Canada continuing and sustainable performances

Disappointing leisure results in Australia

RESULT OVERVIEW: FINANCIAL PERFORMANCE

Record TTV
of \$11.16b

- Exceeded previous sales milestone (FY18 1H) by circa \$1b
- 10% year on year growth

Underlying
profit of
\$140.4m

- Within the targeted 1H range (\$140m-\$150m)
- 1% growth on underlying FY18 result

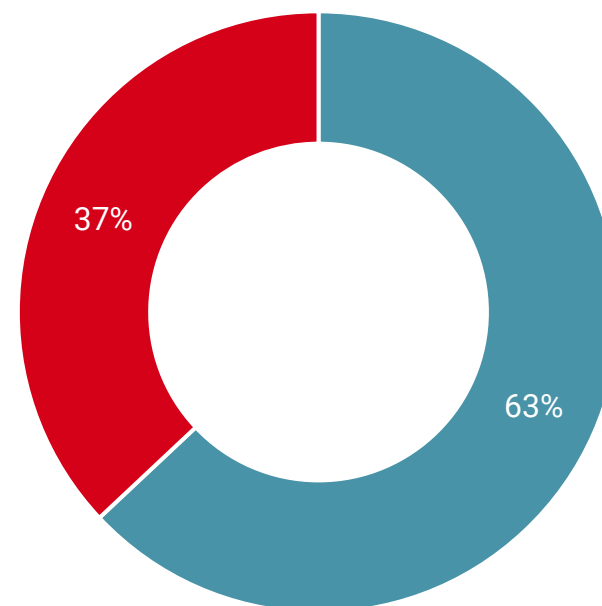
Record
shareholder
returns

- 60 cents per share fully franked interim dividend
- Additional \$1.49 per share fully franked special dividend announced today

RESULTS DRIVERS: CORPORATE TRAVEL

- Strong growth in Australia and overseas
- FLT consolidating its position as a top 4 player globally
- Executing key strategies – FCM “Truly Global”, Corporate Traveller SME domination
- Ongoing investment in systems and tech platform – Claire, Sam, Savi, CT.GO
- High retention rates, complemented by new account wins – circa \$600m in business won for FCM globally during 1H
- 1H corporate TTV up 16% globally to \$4.2b = 37% of group TTV during the period

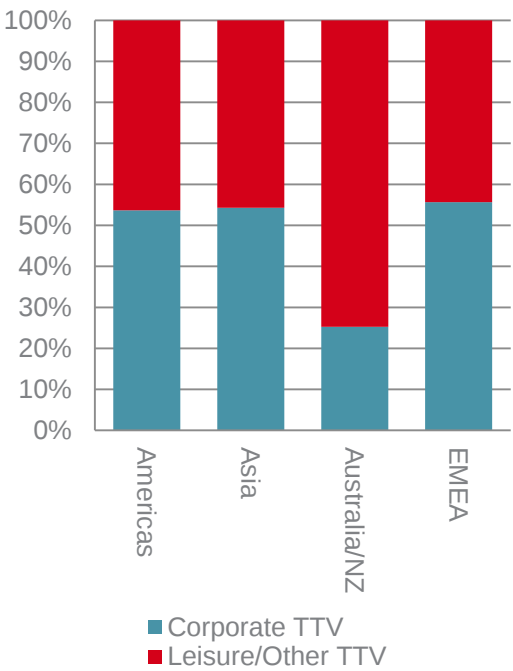
TTV by business type



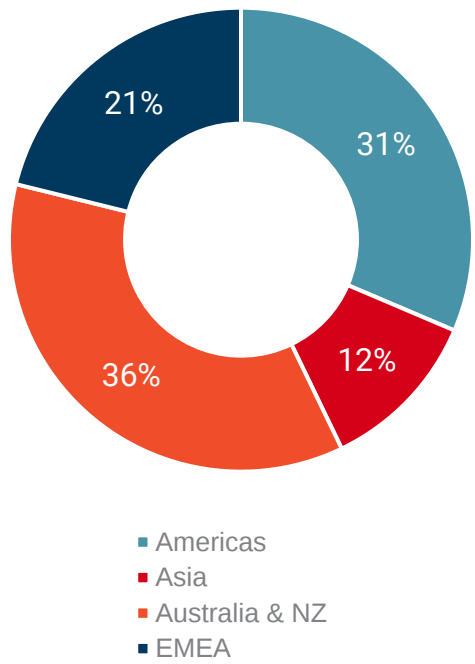
■ Leisure & Other ■ Corporate

GAINING MOMENTUM IN WORLD'S LARGEST MARKETS

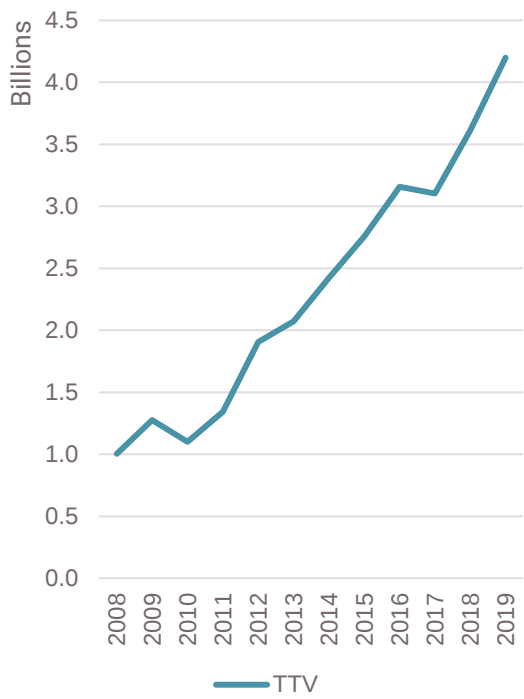
1H TTV: Corporate now FLT's major business sector in most key markets



Corporate TTV Contributions



Strong TTV growth trajectory



A COMPELLING CORPORATE GROWTH STORY



An organic growth model

- Investing in sales and marketing and delivering value to customers
- Growing through winning and retaining customers – no large scale acquisitions
- Some small acquisitions historically to complement organic growth and gain a footprint in key markets – Nordics, Casto



Tailored for customers

- Distinct brands with distinct offerings designed specifically for different customer types
- SME – Corporate Traveller
- TMS (National, Multi National) - FCM
- SSME – Flight Centre Business Travel (included in leisure results)



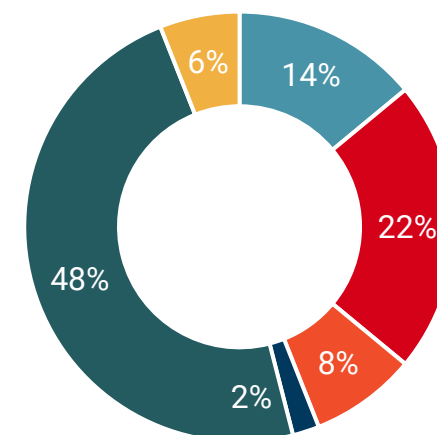
Global success

- A proven model that has been deployed in 20+ countries throughout the world
- All countries profitable (excluding FCM Germany start-up) and with strong future growth prospects
- Highly productive and highly scalable

RESULTS DRIVERS: MATERIAL CONTRIBUTION FROM INTERNATIONAL BUSINESSES

- Record breaking 1H contribution – 71% increase in combined profits from overseas leisure and corporate businesses
- Strong growth in the Americas and Asia – profits have almost quadrupled year-on-year
- Solid profit growth in EMEA
- Record TTV in all geographic segments – 52% of TTV generated outside Australia

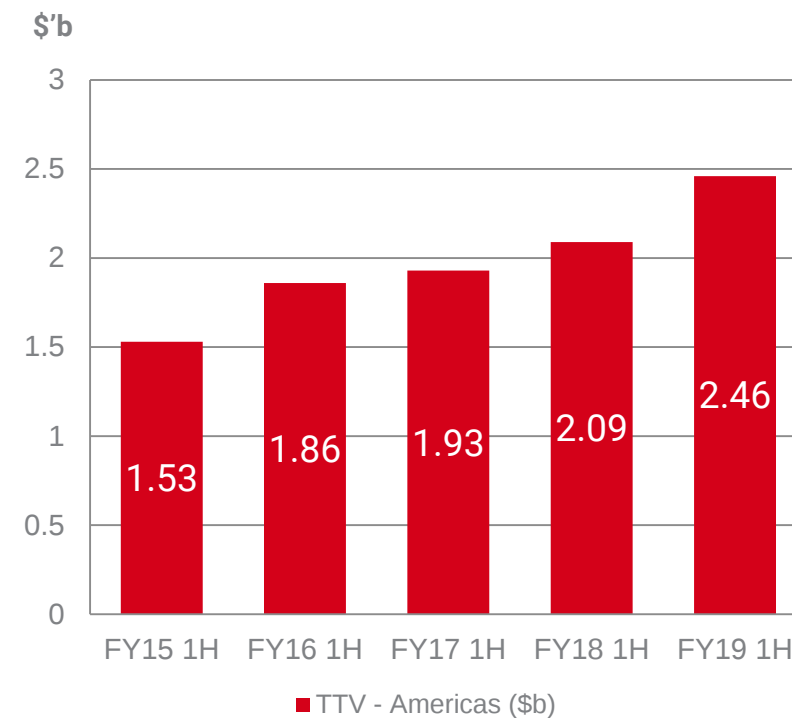
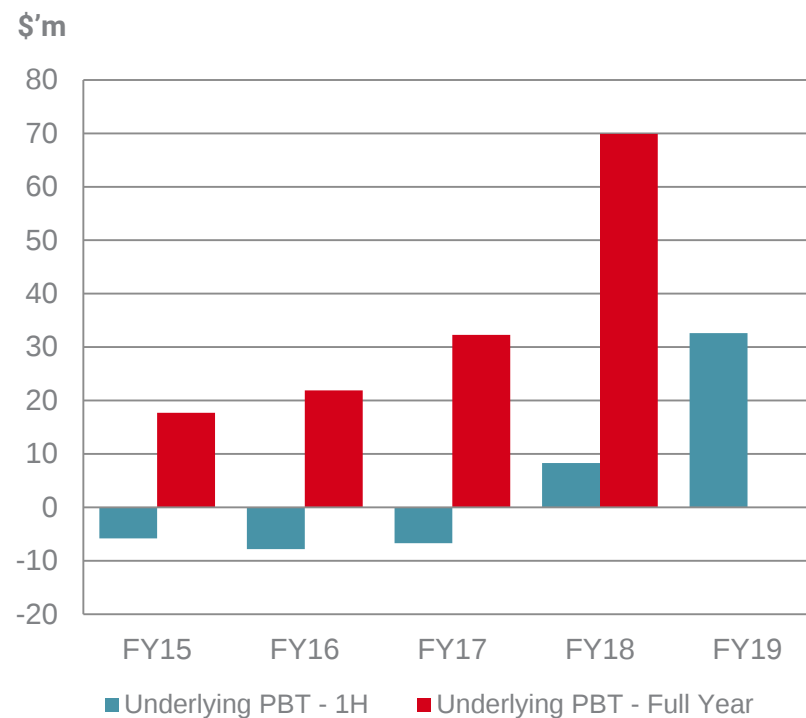
Globalisation - Businesses Outside Australia Generated 52% of 1H TTV



EMEA segment	Americas Segment
Asia Segment	Other Segment
Australia	New Zealand

AMERICAS NOW AN EARNINGS & TTV POWERHOUSE

Americas businesses generated 23% of FLT's underlying 1H PBT (PCP: 6%) and 22% of FLT's 1H TTV



AUSTRALIAN LEISURE

Results snapshot

- Modest TTV increase – growth driven by OTAs, specialist businesses, home-based (Travel Partners) and Travel Money
- Increased same store sales but with smaller network following circa 90 closures during FY18 2H
- Disappointing overall profit result – accounts for most of the PBT decline in Australia/NZ segment during 1H
- Flight Centre brand store network under performing

Contributing factors

- Significant change/disruption during past 2 years – investment in systems, security, network and people
- New wage model (circa \$5m 1H impact) and rapid upstaffing adding to costs during the period
- Network changes – shop closures, Rebrand and Grow strategy impacting TTV growth and product mix
- Decreased gross margin – lower attachment rates, consultant discounting
- Slower growth in outbound travel, low consumer confidence, soft retail sales overall at end of 1H

Strategies in place to improve results

- Long-term transformation program underway
- Short-term initiatives now in place to stabilise Flight Centre brand results during 2H – cost reduction, revenue growth, network planning – amid ongoing volatility
- Outlined in Strategy & Transformation and Outlook sections

PROFIT & LOSS

AUD \$'m	1H FY19	1H FY18	Mvmt %
	(restated AASB15)		
Group TTV	11,155	10,154	9.9%
Revenue	1,462	1,360	7.4%
Other income	20	13	50.4%
Share of JV/Associates	2	1	27.6%
Employee benefits	(758)	(718)	5.7%
Marketing expense	(95)	(101)	(6.5%)
Rent expense	(81)	(81)	0.2%
Tour operations	(93)	(58)	60.4%
D&A	(41)	(39)	6.1%
Finance costs	(11)	(11)	(4.2%)
Impairment	(24)	-	(100.0%)
Other expenses	(253)	(228)	11.1%
PBT	127	139	(8.6%)
Underlying PBT	140	139	0.7%
EPS (cents)	84.1	101.3	(17.0%)
Underlying EPS (cents)	100.1	101.2	(1.0%)
Sales teams	2,821	2,911	(3.1%)
Margins			
Underlying Revenue Margin	12.98%	13.38%	(40 bps)
Underlying Net Margin	1.26%	1.37%	(11 bps)
Underlying Cost Margin	(11.08%)	(11.58%)	50 bps

TTV

- Record TTV across all geographic segments – largely corporate-driven
- 22 years of TTV growth in 23 years since listing

Costs

- Circa \$60m increase (\$32m in constant currency) in underlying costs globally (excluding touring cost of sales)
- EBA in Australia, upstaffing and strong Americas results contributing to employee benefits expense increase
- Decreased marketing spend with higher ROI, predominantly in the Americas
- Tour operating spend increase reflects consolidation of Buffalo Tours DMC

Profit

- Circa \$13m difference between actual and underlying PBT
- Olympus impairment (\$23.8m) partially offset by positive \$3m AASB 15 transition adjustment plus positive \$8m revenue alignment in global product business

Margins

- Decreased revenue margin, as expected given ongoing business mix changes (strong growth in lower margin sectors) and lower gross margins in Australian leisure
- Continued reduction in underlying cost margin (excluding touring cost of sales) as a result of cost containment initiatives and improved productivity
- 11bps decrease in underlying net margin during business engineering phase of transformation

BALANCE SHEET

AUD \$'m

1H FY19

1H FY18

Mvmt %

(restated AASB15)

Cash & cash equivalents	906	1,011	(10%)
Financial assets	186	203	(8%)
Trade & other receivables	460	442	4%
Contract assets	332	287	16%
Other current assets	124	105	18%
Current assets	2,008	2,047	(2%)
PPE	247	250	(1%)
Intangibles	625	561	11%
Other non-current assets	123	142	(13%)
Non-current assets	995	953	4%
Total assets	3,002	3,000	0%
Trade payables & other liabilities	1,172	1,196	(2%)
Deferred revenue	64	62	3%
Borrowings	35	91	(62%)
Provisions	52	45	16%
Current liabilities	1,323	1,394	(5%)
Trade payables & other liabilities	77	87	(11%)
Deferred revenue	52	62	(16%)
Provisions	44	37	20%
Non-current liabilities	173	186	(7%)
Total liabilities	1,496	1,580	(5%)
Net assets	1,506	1,420	6%
General cash	284	361	(22%)
General investments	110	107	3%
Client cash	623	649	(4%)
Client investments	76	96	(21%)
Total cash & investments	1,092	1,213	(10%)
Positive net debt	358	377	(5%)

1H Analysis

Assets

- Lower cash balance – reflects softer than usual Australian leisure results and timing factors (BSP payment cycle to airlines)
- Cash balance also impacted by higher tax instalments paid as a result of record Americas profits
- Contract assets largely represented by volume incentive receivables - FLT currently tracking well against targets
- Goodwill/Intangible asset increase driven by FLT's control of the Buffalo DMC (\$26m), Umapped acquisition (\$7m) and FX revaluation of US goodwill balance (\$22m) as well as ongoing investment in key IT projects

Liabilities

- Trade payables decreased mainly due to timing of Corporate BSP payments
- Lower borrowings – maturity of repurchase agreements that were held at December 17

Cash Position

- \$394m in company cash and company investments at Dec 18 and \$35m in borrowings
- Leading to \$358m positive net debt position

CASH FLOW

AUD \$'m 1H FY19 1H FY18 Mvmt %

Operating activities			
Operating activities before interest and tax	(129)	(51)	151%
Net interest and tax paid	(67)	(52)	30%
Cash flow from operating activities	(196)	(103)	91%
Investing activities			
Acquisitions	(33)	(67)	(52%)
Purchases of PPE and intangibles	(51)	(43)	19%
Net purchases of financial assets	20	(1)	(3084%)
Other investing cash flows	1	4	(84%)
Cash flow from investing activities	(63)	(107)	(41%)
Financing activities			
Financing activities before dividends	(5)	32	(116%)
Dividends paid	(108)	(95)	14%
Cash flow from financing activities	(113)	(63)	81%
Increase/(decrease) in cash held	(372)	(273)	36%
FX impact	4	1	227%
Cash and cash equivalents	905	1,010	(10%)
	As at Dec 18	As at Dec 17	
General cash (excl. Investments)	284	361	(22%)
Client cash	623	649	(4%)
Bank overdraft	(1)	(1)	48%
Total cash	905	1,010	(10%)

1H Analysis

- Operating cash outflow recorded in line with FLT's normal seasonality
- Cash accumulates during peak booking periods (2H) and is paid to suppliers after peak travel seasons (following 1H) – large inflow now underway
- Timing of airline payment cycle (BSP) major driver of year-on-year shift during 1H
- Strong results in Americas segment have increased tax instalments paid
- Unmapped acquisition \$7.5m completed in September 2018 and purchase of non-controlling interest of Buffalo Tours \$25.1m
- Long-term investments matured in the period increasing cash flows from investing activities

CAPITAL MANAGEMENT



\$1.49
per share
special
dividend
declared

- Comprehensive balance sheet review undertaken (as flagged at AGM) in conjunction with independent advisors (Luminis Partners)
- Surplus capital of \$150m identified for distribution to shareholders
- Range of options considered for returning surplus funds and franking credits
- Overarching objective to create value for all shareholder groups (diverse register), while also considering market conditions and outlook
- Fully franked special dividend an attractive option given its speed, simplicity and certainty plus ability to release franking credit balance
- Board will continue to actively consider future capital management initiatives, subject to trading conditions and anticipated business needs

CASH MANAGEMENT

1H Operating Cash outflow

- \$196m outflow - \$93m higher than 1H FY18
- Retail and Corporate BSP payments increase \$81m, mainly due to cut-off timing
- Tax instalments increased in USA and Canada

General Cash

- In the 2018 calendar year, General Cash reduced from \$361m to \$284m, mainly driven by:
 - Corporate BSP timing \$20m
 - Repaid \$59m of short-term borrowings

Seasonal 2H inflow underway

- At January 2019, YTD operating cash inflow of \$21m and General Cash of \$357m



SEGMENT RESULTS

Graham Turner

Dean Smith

Melanie Waters-Ryan

Adam Campbell

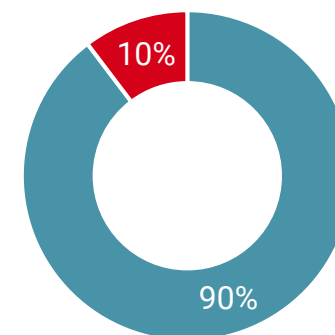


SEGMENT RESULTS: ANZ

AUD \$'m	1H FY19	1H FY18 (restated AASB15)	Mvmt %
TTV	5,982	5,891	2%
Revenue	747	765	(2%)
Other income	4	7	(52%)
Expenses	(677)	(668)	1%
PBT pre royalty	74	104	(29%)
PBT (underlying)¹	73	106	(31%)
Total staff	10,218	10,084	1%
TTV / total staff (\$'000)	585	584	0%
Margins			
Revenue Margin	12.48%	12.99%	(51 bps)
Cost Margin	(11.32%)	(11.34%)	(2 bps)
Net Margin	1.24%	1.77%	(53 bps)

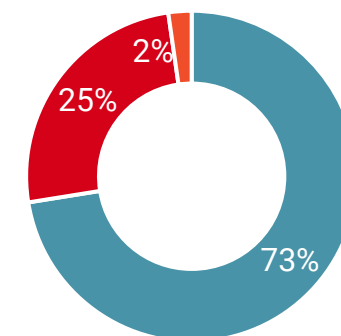
¹ Underlying excludes AASB15 adjustment of \$0.9m

TTV Breakdown



■ Australia ■ New Zealand

Business Mix (TTV)



■ Leisure (inc Travel Money)
■ Corporate
■ Other

1H TRADING OVERVIEW: ANZ

ACHIEVEMENTS & RESULTS DRIVERS

Strong corporate results during period of leisure transformation

Record TTV

- 2% growth to circa \$6b
- Solid growth in NZ
- Record TTV in Australia but marginal growth on PCP

\$73m Underlying PBT

- Down compared to PCP
- Profit decrease predominantly attributable to Australian leisure business

Australia

- Corporate business performing well – record TTV and profit despite collapse of major client (circa \$2m impact)
- Modest increase in overall leisure TTV – driven largely by OTAs, specialist Flight Centre brand businesses, Travel Money and Travel Partners
- Increased same store sales but off a smaller base

- Disappointing profit results in Flight Centre brand – costs, gross margin decrease, soft TTV results
- Investment in new staff (upstaffing) yet to deliver benefits
- Impacted by EBA, lower margins and slowdown in retail spending late in 2H

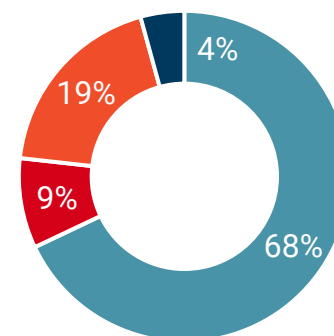
New Zealand

- 9% TTV growth
- Strong profit growth during seasonally softer trading period
- Corporate businesses performing well
- Solid contributions from Travel Managers and Executive Travel (FY18 acquisitions)

SEGMENT RESULTS: EMEA

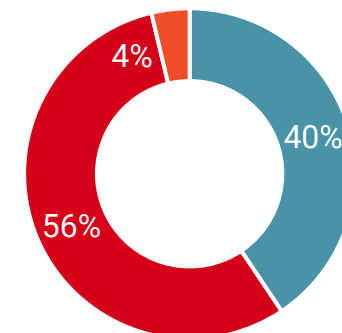
AUD \$'m	1H FY19	1H FY18 (restated AASB15)	Mvmt %
TTV	1,595	1,421	12%
Revenue	211	194	9%
Other income	6	4	29%
Share of JVs / associates	1	-	100%
Expenses	(179)	(163)	10%
PBT pre royalty	39	35	13%
Total staff	3,042	3,253	(6%)
TTV / total staff (\$'000)	524	437	20%
Margins			
Revenue Margin	13.24%	13.67%	(43 bps)
Cost Margin	(11.22%)	(11.47%)	25 bps
Net Margin	2.46%	2.45%	1 bps

TTV Breakdown



■ UK ■ Europe
■ South Africa ■ UAE

Business Mix (TTV)



■ Leisure ■ Corporate ■ Other

1H TRADING OVERVIEW: EMEA

ACHIEVEMENTS & RESULTS DRIVERS

Investment in the customer experience, product ranges & productivity delivering scalable growth

Record TTV & Profit

- TTV up 12% to \$1.6b – circa 15% of group TTV
- Record results in all countries, apart from Nordics (acquired FY18)
- 13% PBT pre royalty (18% post royalty) growth across the region
- Growth being achieved with fewer consultants – ongoing productivity focus

UK & Europe

- UK TTV topped \$1b – 3rd country to achieve this milestone during a 1H
- Strong contributions from UK corporate businesses – FCM TTV up 30+%
- Healthy profit contribution from Corporate Traveller UK
- Improved retail margins – reflects shift to tailor-made long haul specialisation
- Journeys and Escapes product ranges proving popular

- Ireland businesses now breakeven – corporate profit offsetting modest leisure losses
- Developing foundations for future growth on Continental Europe
- Investment in FCM Germany start-up
- Results adversely impacted by UK credit card legislation change in FY18

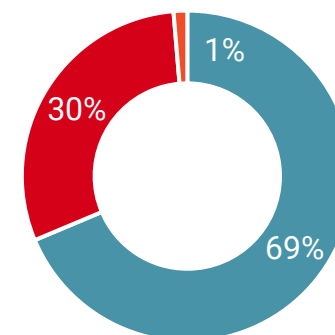
Middle East & Africa

- UAE business growing strongly off small base – benefitting from corporate focus following FY18 leisure closure
- 33% TTV growth and PBT more than doubled
- Strong contribution from FCM business in South Africa and FCA (Flight Centre Associates) independent agent model

SEGMENT RESULTS: AMERICAS

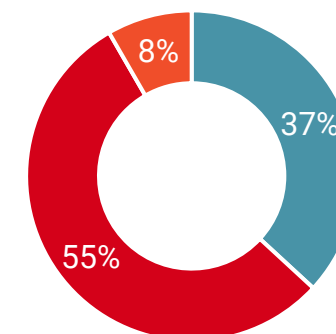
AUD \$'m	1H FY19	1H FY18 (restated AASB15)	Mvmt %
TTV	2,456	2,088	18%
Total revenue	291	247	17%
Other income	6	4	66%
Share of JVs / associates	(1)	(1)	(46%)
Expenses	(264)	(242)	9%
PBT	33	8	292%
Total staff	3,510	3,553	(1%)
TTV / total staff (\$'000)	700	588	19%
Margins			
Revenue Margin	11.83%	11.85%	(2 bps)
Cost Margin	(10.75%)	(11.59%)	84 bps
Net Margin	1.33%	0.40%	93 bps

TTV Breakdown



■ USA ■ Canada ■ LATAM

Business Mix (TTV)



■ Leisure & Online
■ Corporate
■ Wholesale & Other

1H TRADING OVERVIEW: AMERICAS

ACHIEVEMENTS & RESULTS DRIVERS

A material
contributor to
Group earnings

Record TTV & Profit

- TTV up 18% to almost \$2.5b
- 23% USA growth – all organic
- Circa 300% profit growth across segment
- USA profit up almost 800%

USA

- Growth across all sectors – corporate, leisure and wholesale
- Corporate businesses again performing strongly
- West Coast corporate footprint strengthened via recent Casto acquisition (Silicon Valley-based)
- Further turnaround in leisure and wholesale results during seasonally softer trading period
- Liberty leisure business on track for modest profit after break-even FY18 result
- Record 1H for StudentUniverse

Canada

- 9% TTV growth
- PBT up 34% to \$9m
- Improvement across 3 key divisions – corporate, leisure and LDV
- Corporate businesses driving TTV growth
- Solid growth in Flight Centre Independent retail businesses

Mexico

- Small corporate business performing to expectations

STRONG FUTURE PROSPECTS: AMERICAS

SUCCESS DRIVERS

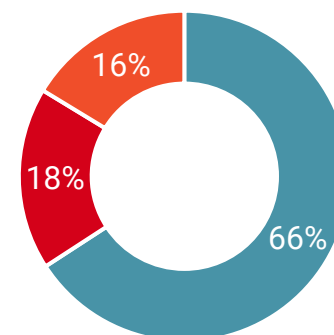
Delivering
sustainable
growth

- Compelling offering for corporate customers – strong sales team winning new accounts and helping to retain clients
- World class marketing operation with addition of CMO and market team in both corporate and leisure
- Productivity focus across all brands - continued upgrade of digital capability with RedConnect, SoftTrip (wholesale groups) and P1 (Microsoft Dynamics) in corporate
- Workforce Planning and Network
- Growth in new models – independent performing well (250+ independent agents now in place in USA)

SEGMENT RESULTS: ASIA

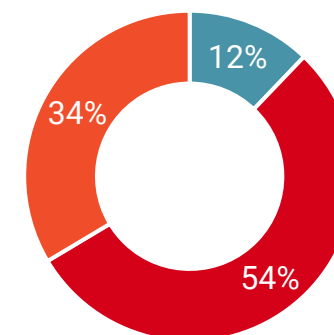
AUD \$'m	1H FY19	1H FY18 (restated AASB15)	Mvmt %
TTV	885	637	39%
Revenue	46	44	5%
Other income	1	-	100%
Expenses	(43)	(43)	-
PBT	4	1	277%
Total staff	1,794	1,974	(9%)
TTV / total staff (\$'000)	493	323	53%
Margins			
Revenue Margin	5.20%	6.88%	(168 bps)
Cost Margin	(4.86%)	(6.75%)	189 bps
Net Margin	0.43%	0.16%	27 bps

TTV Breakdown



- India
- China
- Singapore & Malaysia

Business Mix (TTV)



- Leisure & Other
- Corporate
- FX

1H TRADING OVERVIEW: ASIA

ACHIEVEMENTS & RESULTS DRIVERS

Gaining momentum in an important global market

Record TTV & Profit

- TTV up almost 40% across the region – India up 59%
- All countries profitable
- Circa \$4 million PBT – up almost 300%

India

- Strong TTV growth – 1H TTV topped \$500m and on track to top \$1b during FY19
- Now FLT's 6th largest country by TTV
- Record TTV across all key segments – corporate, leisure/wholesale and FX
- FX business growing strongly – circa 50% of TTV
- Solid profit improvement
- Expanded footprint – 6 new cities via ownership or franchise

Rest of Asia

- Benefiting from corporate focus, following leisure rationalisation during FY18
- Profit increase from small base in China
- FCM business driving Singapore improvement
- \$100m in new business won

OTHER SEGMENT

AUD \$'m	1H FY19	1H FY18 (restated AASB15)	Mvmt %
TTV	238	117	104%
Revenue	167	110	52%
Other income	3	(2)	(212%)
Share of JVs / associates	2	2	9%
Expenses	(194)	(119)	64%
PBT	(22)	(9)	146%
PBT (underlying)¹	(8)	(11)	(22%)
Margins			
Revenue Margin	70.26%	93.99%	(2,373 bps)
Cost Margin	(81.51%)	(101.71%)	2,020 bps
Net Margin	(9.37%)	(7.78%)	(159 bps)

¹ Underlying excludes one-off gain for Global Product revenue alignment of \$8.2m, AASB15 adjustment gain of \$1.6m and Olympus impairment of \$23.8m

Segment Structure

- Includes FLT's Global areas, along with Travel Experiences Network (TEN) businesses
- Underlying TEN profit
- PBT movement reflects Olympus impairment and global technology costs, partially offset by touring network growth, additional ownership of Buffalo DMC and product revenue recognition change

Touring Network

- Solid start to FY19 – Topdeck performing well and on track for best result in 3 years
- New Asia product range for Back-Roads Touring

DMCs

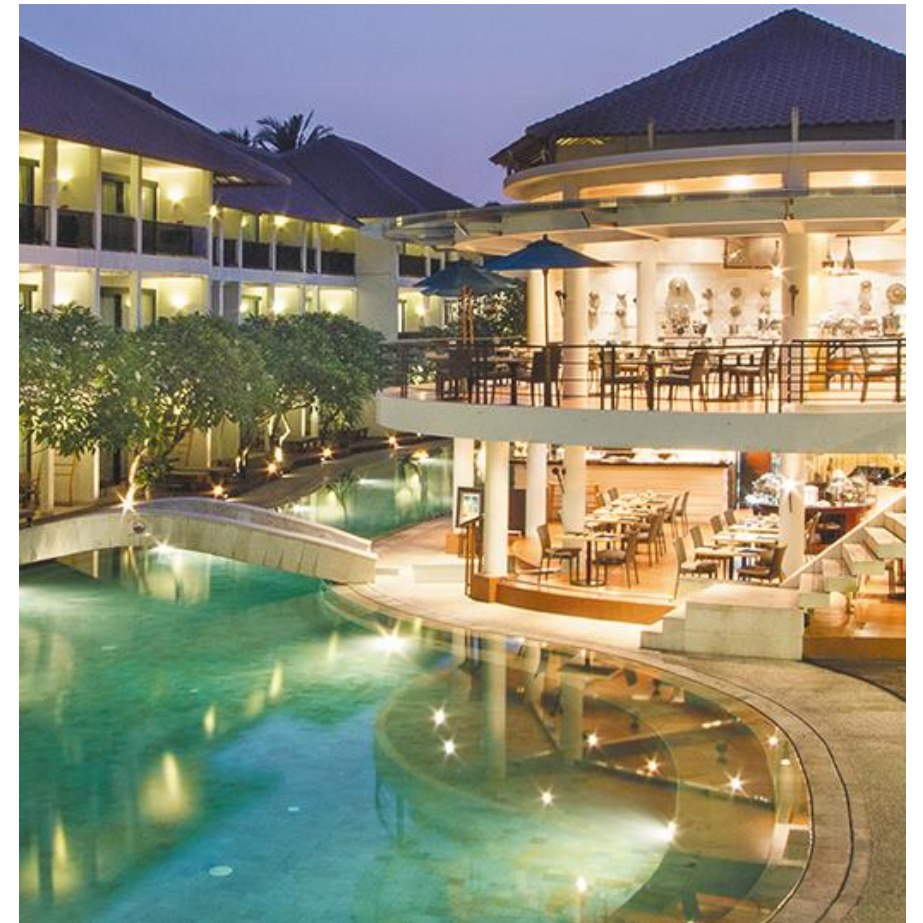
- Building and diversifying the Buffalo business in Asia
- Investment in B2B sales, new markets and new product lines
- Ongoing operational issues within Olympus and loss of 2 key clients leading to recognition of impairment charge

BHMA (Hotels)

- Portfolio of 23 properties - more than 1500 rooms available for sale each night
- Expansion in key destinations (Phuket and Bali since acquisition)
- Camakila lease secured during 1H

BEDDING DOWN HOTEL EXPANSION

Through BHMA, FLT has signed a 10-year lease agreement for the four-star Camakila Resort in Bali





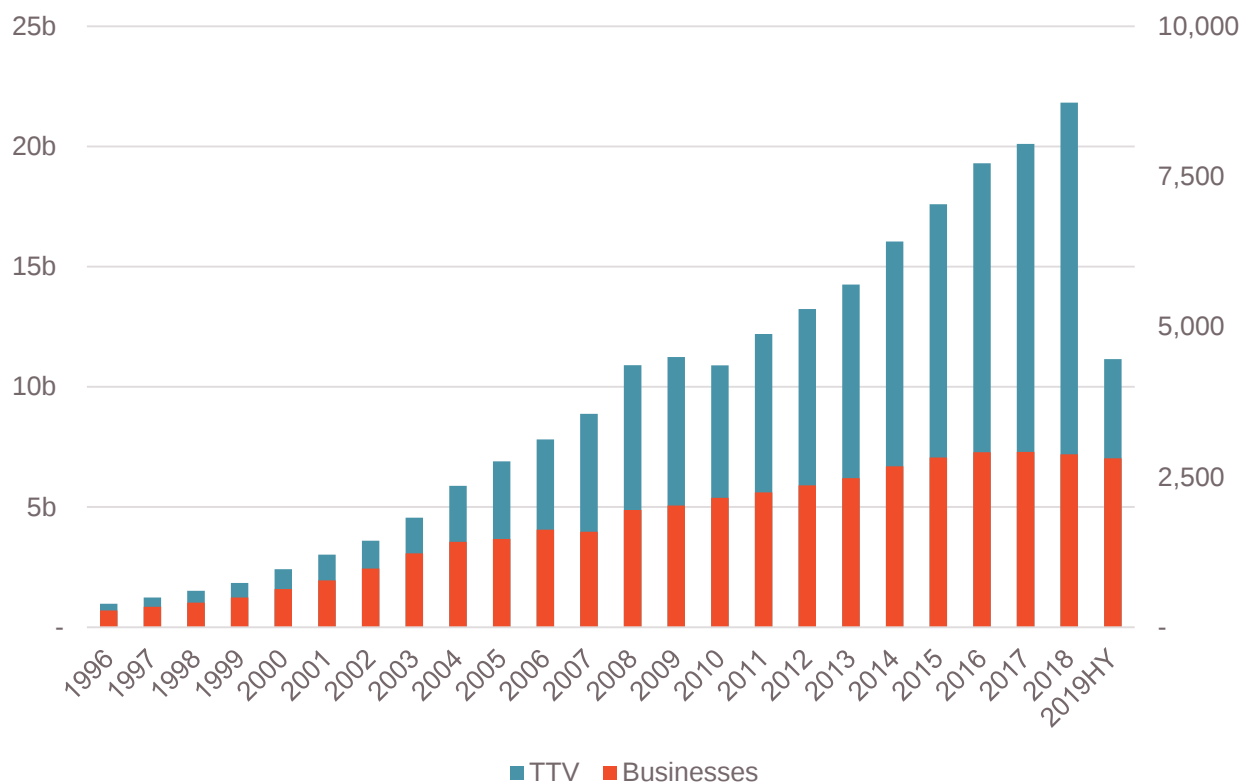
STRATEGY & TRANSFORMATION

Melanie Waters-Ryan



a growth company

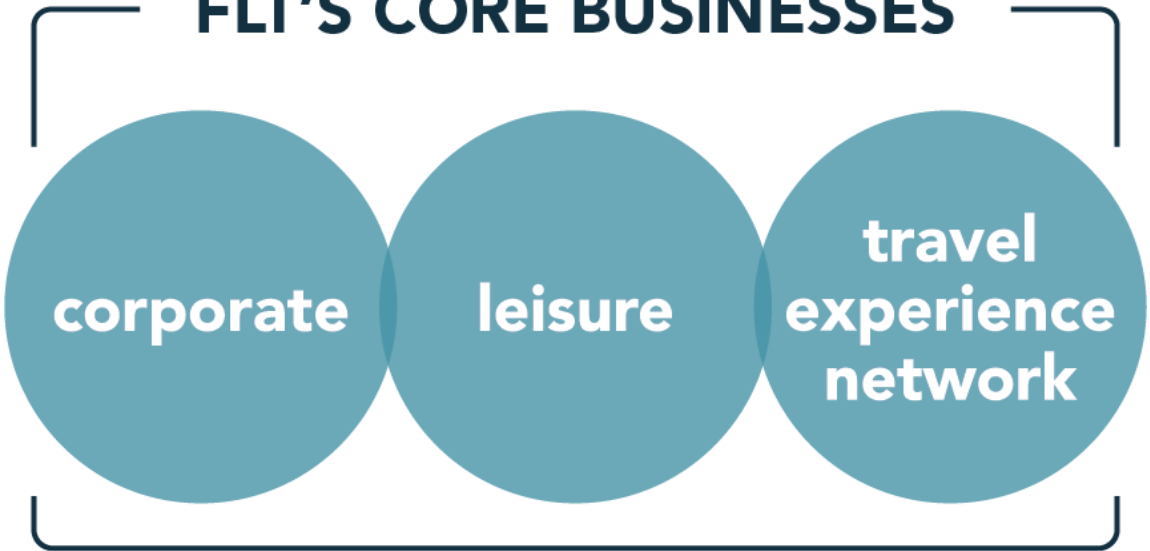
A STRONG HISTORY OF GROWTH



- Global force in travel
- Top four global TMC
- Top leisure travel company – market leader in Australia, NZ and South Africa
- Leisure / Corporate businesses in 22 countries
- Total Corporate presence in 90+ countries (including partner network)

a diverse company

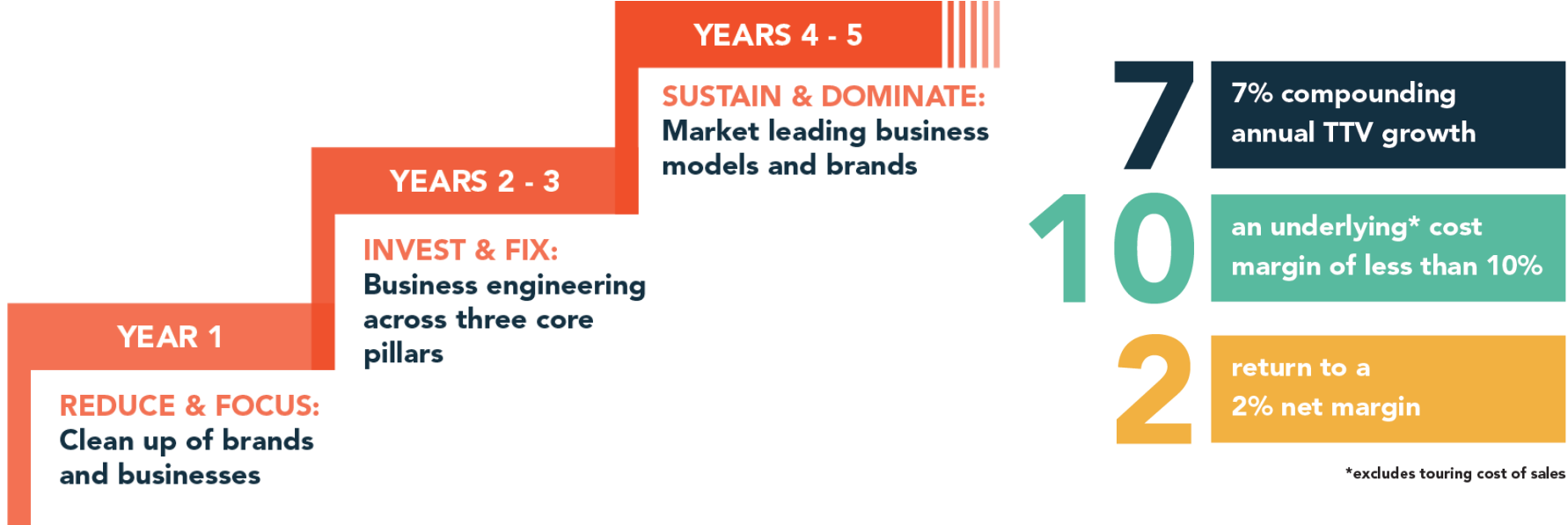
FLT'S CORE BUSINESSES



OUR PURPOSE

**TO OPEN UP
THE WORLD
FOR THOSE
WHO WANT
TO SEE**

a change company a stronger future.



TRANSFORMATION THEMES



1.

Digital
Commerce
Growth



2.

Invest in
Growth
Brands &
Business
Models



3.

Globalise
Land



4.

Globalise
Air



5.

Control
Costs &
Improve
Efficiency



6.

Globalise
IT



7.

Aligned
Acquisition
Strategy

YEARS 2-3 TRANSFORMATION OBJECTIVES

Brands

- Famous and distinctive brands
 - Corporate
 - Leisure
 - At Destination
- Quality and consistent customer experience

Models

- Productivity and efficiency
- Scalable growth – sustainable revenue and cost

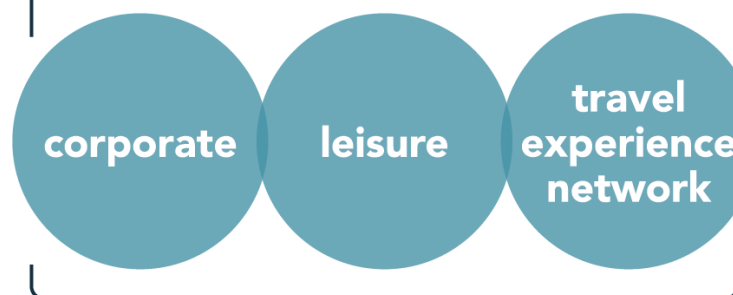
YEARS 2 - 3

INVEST & FIX:
Business engineering
across three core
pillars

SUSTAIN & DEFEND:
Market leading
models and brands

ACQUIRE & FOCUS:
Acquisition of brands
and businesses

FLT'S CORE BUSINESSES



FLT CORPORATE

Brand	Model	Key strategies
	TMC / Global	- Organic Growth - Super investment in Sales and Marketing - One FCM - Standardising and Globalising - Investing in Platforms
 	SME / Local	- Sales Excellence - Investment in Technology and digitisation - Product Development
   	Niche	Niche brands and/or specialisations to provide additional customer benefits and retention

CORPORATE TRANSFORMATION INITIATIVES

1

Globalising key functions for increased capability and reduced cost
eg. Global Implementation Centre of Excellence

2

Digital and technical investment

3

Financial solutions eg. integrated expense management and payment options

4

Expansion of corporate product vertical

5

Workforce of the future

CORPORATE TECHNOLOGY



FLT LEISURE

Mass

FLIGHT CENTRE®

LIBERTY TRAVEL
CONNECTING PEOPLE AND PLACES

book your way
byojet
.com.au

Aunt Betty
.com.au

GOGO
VACATIONS

AU
NZ
RSA

- Market leader
- Growth in new models
- Vertical expansion
- Digitisation

Premium

TRAVEL
ASSOCIATES

TRAVEL
PARTNERS

Laurier Du Vallon
TRAVEL AND DISCOVERY

UK
USA
CAN
ASIA

- Specialist
- Unmanaged small business FCBT
- Vertical niche
- Digitisation

Youth

Student Flights
NEVER STOP TRAVELLING

StudentUniverse

LEISURE TRANSFORMATION INITIATIVES

FCB 2.0

- **Membership** - Personalised offers, closed user group rates
- **Products & Pricing** - New use of data for pricing and packaging of offers
- **Self Service** - Mobile apps, new websites, eCommerce, modifying bookings
- **Sales Technologies** - Lead generation, lead management, CRM
- **Modern Marketing** - Automation, data for segmentation, retargeting.

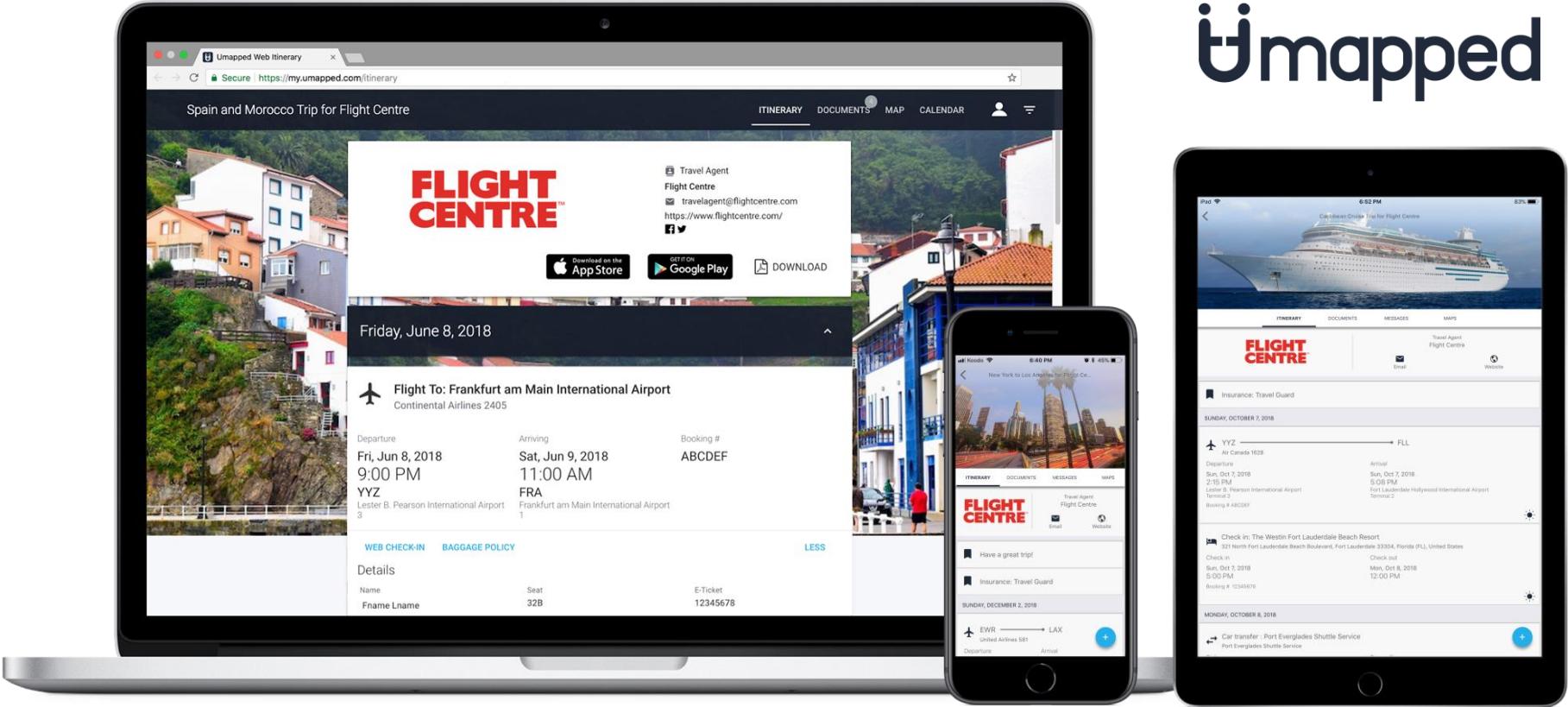
New models

- Independent contractor and affiliate
- Host to referral agent model
- Online
- Flash sale / voucher
- Youth and social

Productivity & People

- Specialisation
- Flexibility and retention
- Cost out and efficiency

LEISURE TECHNOLOGY: UMAPPED POWERING TRIP MANAGEMENT



TRAVEL EXPERIENCE NETWORK

Touring

Topdeck

Back-Roads
TOURING CO.

- Digitisation
- Product development
- Social engagement

Destination Management

Buffalo
tours | Discover Your Asia

OLYMPUS TOURS

- Global brand
- Global platform
- Global sales team

Hotels

B H M A
HOTELS AND RESORTS

X2
CROSS TO

X2
CROSS TO
VIBE

AWAY
RESORTS & VILLAS

- Product pivot
- Pipeline

PRODUCT TRANSFORMATION INITIATIVES

1

Globalisation of procurement and distribution

2

Vertical integration beyond vertical expansion

3

Air product and distribution (NDC)

4

Pricing and yield management – globally powered, locally deployed



OUTLOOK

Graham Turner



FY19 GUIDANCE

Currently tracking towards bottom of targeted range (underlying PBT between \$390m - \$420m)

Ongoing volatility in Australian Leisure business early in 2H ahead of busiest trading months

Continuing to monitor volatility in Australia along with overseas growth to assess how Group results are tracking relative to earnings guidance

OUTLOOK

a **change** company a **stronger future.**



Corporate

- Good pipeline of account wins
- Already strong division bolstered by recent additions – Casto, Sam, Claire



Overseas businesses

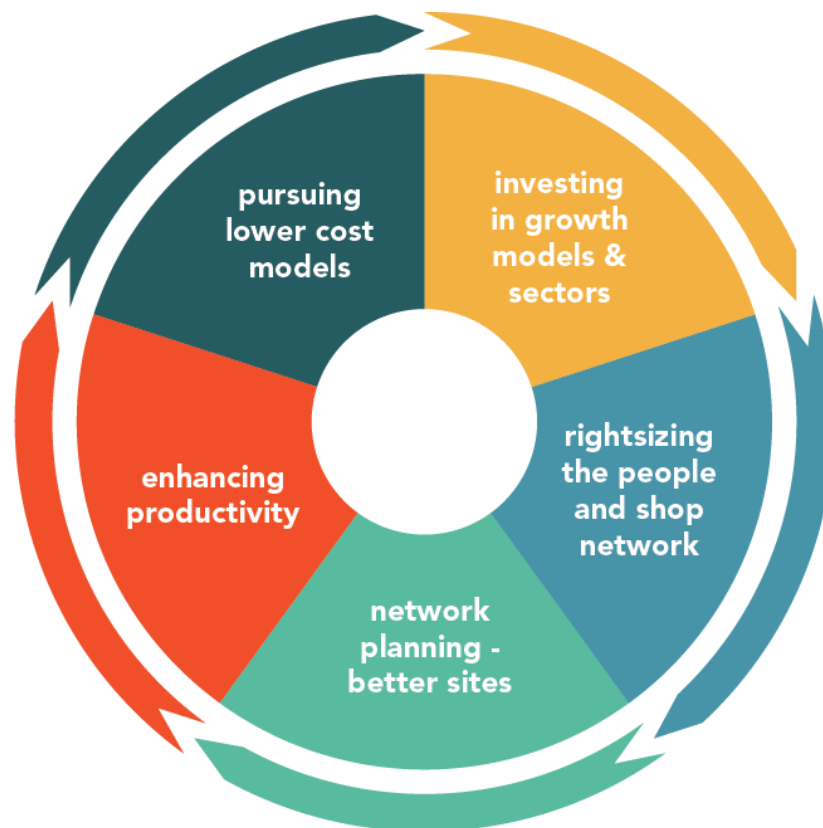
- Continued improvement expected
- Solid trajectory in key countries and sectors



Australia

- New plans in place to improve leisure results in short term
- Complementing FCB 2.0 and other long term strategies

AUSTRALIAN LEISURE IMPROVEMENT STRATEGIES



ADDRESSING THE CHALLENGES

Growth

- Expansion in growth models and sectors
- Specialist businesses
- Online / home-based / flash sale

Network

- Ongoing closure / relocation program for underperforming or poorly located shops
- Slowdown in recruitment after largest ever 1H to reflect current market conditions

Costs

- Ongoing focus on reducing head office overheads
- Offshoring, outsourcing, robotics

Productivity & Margins

- Attachment, quotes on all products, packages
- Sales of FLT family products
- Centralised pricing
- Proactive and targeted performance improvement plans to help consultants achieve targets



APPENDICES



FIVE-YEAR RESULT SUMMARY

	December 2018	December 2017 (restated AASB15)	December 2016	December 2015	December 2014
TTV	\$11,155m	\$10,154m	\$9,343m	\$9,182m	\$8,138m
Revenue margin	13.1%	13.4%	14.0%	13.7%	13.6%
EBITDA	\$167.3m	\$177.5m	\$143.8m	\$188.0m	\$164.0m
PBT	\$127.4m	\$139.4m	\$109.2m	\$156.9m	\$141.0m
PBT underlying	\$140.4m	\$139.4m	\$113.2m	\$145.9m	\$141.0m
NPAT	\$85.0m	\$102.3m	\$74.4m	\$116.7m	\$100.3m
EPS	84.1c	101.3c	73.7c	115.7c	99.7c
DPS	60.0c	60.0c	45.0c	60.0c	55.0c
ROE	5.6%	7.2%	5.6%	9.1%	8.8%
Cap-ex	\$50.7m	\$42.8m	\$65.7m	\$58.2m	\$39.5m
Selling staff	14,691	14,755	15,082	14,747	13,941
General cash	\$283.6m	\$361.5m	\$346.9m	\$429.8m	\$429.4m
Client cash	\$622.6m	\$649.4m	\$662.7m	\$612.2m	\$611.3m
Cash and cash equivalents	\$906.1m	\$1,010.9m	\$1,009.6m	\$1,042.0m	\$1,040.7m
Investments	\$186.1m	\$202.6m	\$197.5m	\$104.5m	\$62.0m
Cash and investments	\$1,092.2m	\$1,213.5m	\$1,207.1m	\$1,146.5m	\$1,102.7m

FLT'S TOP 10 GLOBAL BRANDS BY TTV

1. Flight Centre (Leisure)
2. FCM Travel Solutions (Corporate)
3. Corporate Traveller (Corporate)
4. Travel Money (FX)
5. Travel Associates (Leisure)
6. India (FX)
7. Liberty (Leisure)
8. BYOjet/Aunt Betty (Leisure – online travel agency)
9. StudentUniverse (Leisure – online travel agency)
10. Stage and Screen (Corporate)

1

FLIGHT CENTRE®

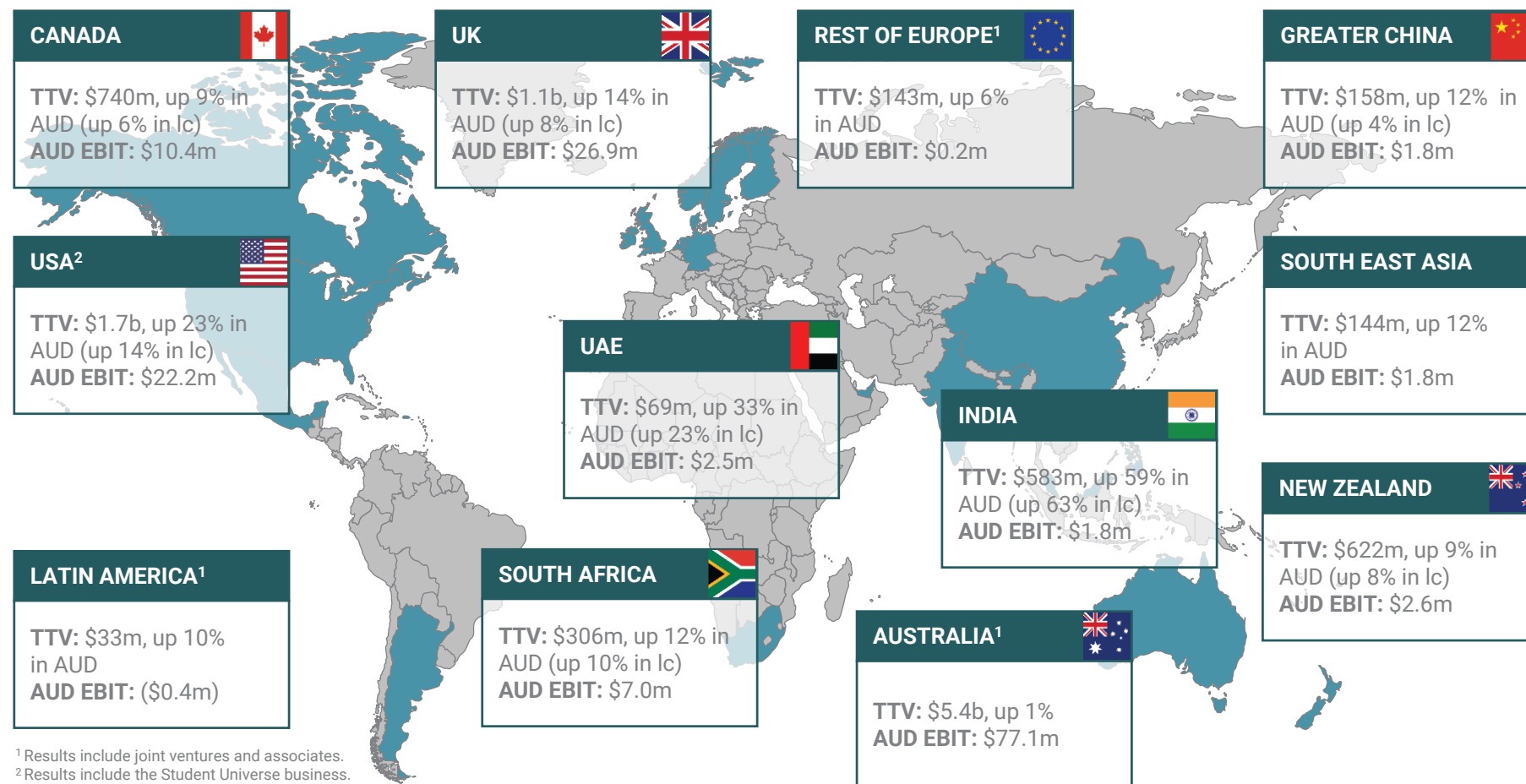
2

**FCM TRAVEL
SOLUTIONS™**

3


**CORPORATE
TRAVELLER™**

RESULTS BY COUNTRY / REGION



OUR CSR PROGRAM: SHARING OUR PROGRESS



- 10 years of community giving in Australia equalling \$12.5m
- No Hungry Holidays Campaign in North America
- Global partnership with SolarBuddy – 11,000 lights to children in energy poverty



- Customer education via 5 Tips to Responsible travel – ambassadors to Travel Expos
- Active program working with suppliers to improve animal welfare in tourism
- Supplier review audits continue



- Establishing Reconciliation Action Plan working group
- Womenwise expands globally, including Asia and UAE
- Keynote inspiration – Julia Gillard, Layne Beachley and Lisa Wilkinson
- Continued expansion of flexible work offerings



- Active waste reduction program – eliminated 20,000 single use coffee cups in four months from Head Office alone
- Procurement 'green-switch' initiatives in place