



STATEMENT TO AUSTRALIAN SECURITIES EXCHANGE – June 15, 2014

## NEW FLIGHT CENTRE DESTINATION MANAGEMENT JV SET TO TAKE OFF

THE Flight Centre Travel Group (FLT) today announced plans to create a destination management company (DMC) in partnership with Vietnam's largest privately-owned travel and hospitality group.

FLT and the Thien Minh Group (TMG) have agreed to work together in a joint venture to expand TMG's Buffalo Tours destination management business throughout Asia.

The joint venture DMC will be based in Singapore and will offer a range of tours, excursions, transfers and other "at destination" services at key locations throughout the region.

Products will be available to customers via FLT's sales channels, directly and through third-party wholesalers.

Specifically, the JV will:

- Operate and expand the existing Buffalo Tours businesses in Thailand, Laos, Cambodia and Myanmar. These businesses are aligned to the larger Buffalo Tours business in Vietnam, which is not part of the new venture but will remain FLT's DMC partner in the country
- Progressively launch new Buffalo Tours businesses in Indonesia, Malaysia, Singapore, Hong Kong, China and Japan, thereby giving the business a comprehensive Asian footprint; and
- Become FLT's DMC partner in all of the chosen markets. FLT previously had arrangements with a number of local DMCs

The agreement is subject to certain conditions being met and is expected to see the Thailand, Laos, Cambodia and Myanmar businesses formally transferred into the JV late in the first half of the 2014/15 financial year.

While Buffalo Tours Vietnam is not included in the new venture, FLT and TMG will extend their existing relationship in the country. FLT will work to grow sales for Buffalo Tours in Vietnam and, in return, will receive a share of the profits generated.



FLT managing director Graham Turner said the company's expansion into destination management was a logical progression.

"Destination management is a natural extension of our travel business and is an area that we have been interested in for some time," he said.

"By expanding our relationship with Buffalo Tours and by taking equity ownership in this new venture, we gain the immediate benefits of:

- Working with an experienced partner with a proven track record as a DMC
- Access to a new revenue stream – we are effectively gaining a larger share of wallet by bringing business that was previously transacted externally in-house; and
- Greater control over the product offering for our customers

"In the longer term, there is also opportunity to expand the Buffalo Tours product range and, given that the model is replicable, grow the business organically.

"This move is aligned with both our acquisition strategy of expanding vertically into capital-light travel industry sectors and our aim of owning more of the product we sell, rather than always being an agent or middleman."

Buffalo Tours CEO and founder Tran Trong Kien said the new partnership was an exciting milestone for the company.

"Established 20 years ago, TMG is Vietnam's largest privately-owned travel and hospitality group, with a vision to become a leading player in Asia," he said.

"This partnership will significantly boost the group's expansion pace through Buffalo Tours.

"With a presence in major destinations in Asia, Buffalo Tours will be able to offer comprehensive DMC services for Asian travel to our existing and new wholesale clients, with greater purchasing advantages.

"We will continue to focus on leading the way in creating extraordinary travel experiences for our end-customers through investments in service quality, product innovation and responsible tourism."



Both FLT and TMG will initially contribute \$USD1.5million in capital, with FLT holding a 49% interest in the JV, and will have three representatives each on the JV board.

Within FLT, the JV business will report to Nick Lucock, the executive general manager of the company's land division.

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