



STATEMENT TO AUSTRALIAN SECURITIES EXCHANGE - August 27, 2014

FLIGHT CENTRE TRAVEL GROUP EXTENDS RELATIONSHIP WITH TOPDECK TOURS

THE Flight Centre Travel Group (FLT) has increased its presence in the tour operating sector by investing in United Kingdom-based Topdeck Tours.

The travel retailer has today agreed to add a 90% holding in Topdeck to its long-standing 67% interest in Back-Roads Touring, another UK-based coach tour operator.

Topdeck managing director James Nathan, FLT's partner in the Back-Roads business, will hold the remaining 10% interest in Topdeck and will continue to oversee both businesses.

FLT chief operating officer Melanie Waters-Ryan said the investment would deliver benefits to both FLT and Topdeck in the short and long-term.

"From a Flight Centre perspective, we are investing in an iconic and profitable business that we know well," Mrs Waters-Ryan said.

"This investment gives us a new revenue stream, thereby enhancing our diversity, and creates opportunities to develop differentiated products for customers, in line with our strategy of manufacturing and launching unique product.

"There will, of course, also be synergies between Topdeck and Back-Roads.

"We are pleased to extend our relationship with James and look forward to working together to grow this business, which was effectively the predecessor to Flight Centre."

Both Topdeck and Back-Roads will continue as standalone businesses, with the current senior leadership structure to remain in place.

"This investment cements the long-standing relationship between our two companies and is a logical progression," Mr Nathan said.

"FLT's founders created Topdeck and were integral to its early success, before returning to the business in 2003 and contributing to its more recent growth and development.

"I see this relationship as a continuation of the template we have successfully established with Back-Roads Touring, which is flourishing as a standalone enterprise.

"It also provides a strong platform to continue Topdeck's success as the business comes off what has been a record season in Europe."

The deal values Topdeck at a minimum of GBP21.84million. An additional contingent payment of up to GBP4.16million may also be required, based on the business's results during the year to October 31, 2014.

FLT will use cash to fund its investment, which will represent 90% of the total consideration.

The price is consistent with the valuation range set out in the independent valuation performed by PwC.

Topdeck specialises in overland trips for "18 to 30 somethings" and offers a broad range of journeys across Europe, Australia, New Zealand, North America, Northern Africa and the Middle East.

The business generated more than GBP43million in sales during 2013 and about GBP4million in earnings before interest tax depreciation and amortisation.

FLT's investment in Topdeck marks a return to the company's roots.

Flight Centre founder Graham "Skroo" Turner and friend Geoff "Spy" Lomas, two Queensland vets who were working in the UK, started Topdeck in 1973 when they bought an ageing London double-decker bus and began operating overland coach tours.

Nine years later, Mr Turner and his partners launched Flight Centre as Australia's first airfare discounter, after seeing the success of similar businesses in the UK.

Mr Turner ran Flight Centre alongside Topdeck until the mid 1980s when he sold his interest in the coach touring operation and focused on the travel agency business.

He bought back in to Topdeck in 2003, along with fellow FLT founders Bill James, Geoff Harris and Chris Greive. Prior to FLT's investment, Mr Turner held a 4% interest in Topdeck.

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