



STATEMENT TO AUSTRALIAN SECURITIES EXCHANGE – April 4, 2018

UPDATE ON ACCC TEST CASE

THE ACCC's long-running competition law test case against the Flight Centre Travel Group (FLT) is a step closer to resolution, following the release of updated penalty details today.

In a judgment delivered this morning, the Full Federal Court imposed total penalties of \$12.5million on FLT in relation to the test case, which the ACCC initiated in 2012.

During the past six years, the case has been argued in three courts, with FLT losing the initial judgment, winning unanimously on appeal and then losing a subsequent appeal by the ACCC to the High Court.

FLT was initially fined \$11million, after the ACCC won an initial Federal Court judgment against the company in 2013.

This was refunded to the company after FLT's successful appeal in July 2015 in the Full Court of the Federal Court of Australia.

As a result of the High Court's judgment in the ACCC's favour on December 14 2016, FLT and the ACCC returned to court in May 2017 for a Full Federal Court penalty hearing, which led to today's decision.

In its judgment, the Full Federal Court unanimously rejected submissions that FLT had intentionally breached the law, saying "We reject the ACCC's submission that there was a deliberate contravention of the Act".

FLT managing director Graham Turner said the company was currently examining today's judgment and would consider whether there were grounds for seeking leave to appeal against the latest penalty judgment.

"This was a complex test case as evidenced by the contrasting judgments during the past six years," Mr Turner said

"Flight Centre at all relevant times believed that it was acting lawfully and that its conduct did not contravene the Trade Practices Act, given that its interactions took place within the context of commercial negotiations as to agency arrangements with its principals.

"It is pleasing that the court also accepted this point in its decision.

"The company respects the court's ultimate decision and will continue to adhere to the policies and practices that it put in place when the ACCC's possible concerns first became evident.

"As we said when the ACCC initiated this test case, for more than 30 years Flight Centre has sought to deliver cheaper airfares to the travelling public.

"The company is not in the business of attempting to make airfares more expensive.

"In fact, Flight Centre often suggests to airlines that they lower prices to stimulate demand.

"As an agent that provides considerable free advice and help to the travelling public, and extensive marketing for airlines, FLT asks for appropriate commissions from suppliers and also reasonable access to all deals that they release to the market.

"This is a logical and natural business request for an agent to make to ensure the customers it serves on behalf of airlines are not disadvantaged."

Today's penalty will not affect FLT's market guidance for FY18 of an underlying profit before tax of between \$360m and \$385m. The penalty will, however, be included in FLT's statutory results for the year.

ENDS Media & investor enquiries to haydn_long@flightcentre.com, +61 418750454