



Flight Centre Limited
2010 Annual General Meeting

October 28, 2010

Address by
Peter Morahan – chairman
Graham Turner – managing director

2010 – an overview



PROFIT



**Strong performance – actual PBT and NPAT up 392% and 267% respectively
Profit has increased year-on-year in 13 of FLT's 15 years as a public company**

SALES



**Ticket sales at record levels
TTV would have been up 5% if international results translated at same rate as 08/09**

INCOME MARGIN



**Increased to 14.1% – driven by direct contracting wholesale, fixed margin contracts
Likely to reduce slightly as air yields increase, inclusion of Indian corporate business**

SHAREHOLDER RETURNS



**Record EPS – up 266% on 08/09
\$70million returned to shareholders via interim and final dividends
Share price up 92% – fourth best performed ASX 200 stock during 09/10**

MARKET CONDITIONS



**Global trading conditions stabilised after volatility of 2H 08/09
Strong results despite effects of cheap fares, low interest yields, slower recovery in some countries and travel sectors, world events – ash cloud, strikes, unrest**

2010 – financial highlights



BALANCE SHEET STRENGTH



General cash doubled to \$322m –stronger positive net debt position \$144m
Moderate debt – year-on-year movement reflects increased BOS participation and India

CASH FLOW



Strong operating cash flow – \$243m inflow over full year
Cash accumulated during 2H, as expected, for payment to suppliers during 1H 10/11

INVESTMENT PORTFOLIO



\$1b in funds globally at 30 June – 97% is cash, fixed and floating rate products
Lower yields during 1H led to \$10m reduction in interest income

COSTS



Reasonable success in containing costs
New shop wage system introduced
Good return on marketing spend – increased enquiry globally

2010 results



RESULTS IN BRIEF	FULL YEAR RESULTS		
	JUNE 2010	JUNE 2009	Variance %
\$' million			
TTV	\$11,019 m	\$11,242 m	(2.0)%
Gross Profit	\$1,553 m	\$1,527 m	1.7%
EBITDA	\$257.3 m	\$86.3 m	198.1%
EBIT	\$203.5 m	\$26.6 m	665.0%
Profit Before Tax (actual)	\$198.5 m	\$40.4 m	391.5%
Profit After Tax (actual)	\$139.9 m	\$38.2 m	266.5%
Effective tax rate	29.5%	5.5% [★]	
Dividends			
Interim Dividend	26.0 c	9.0 c	
Final Dividend	44.0 c	N/A	

★ FLT's 2008/09 effective tax rate was abnormally low after the company recognised some US tax losses

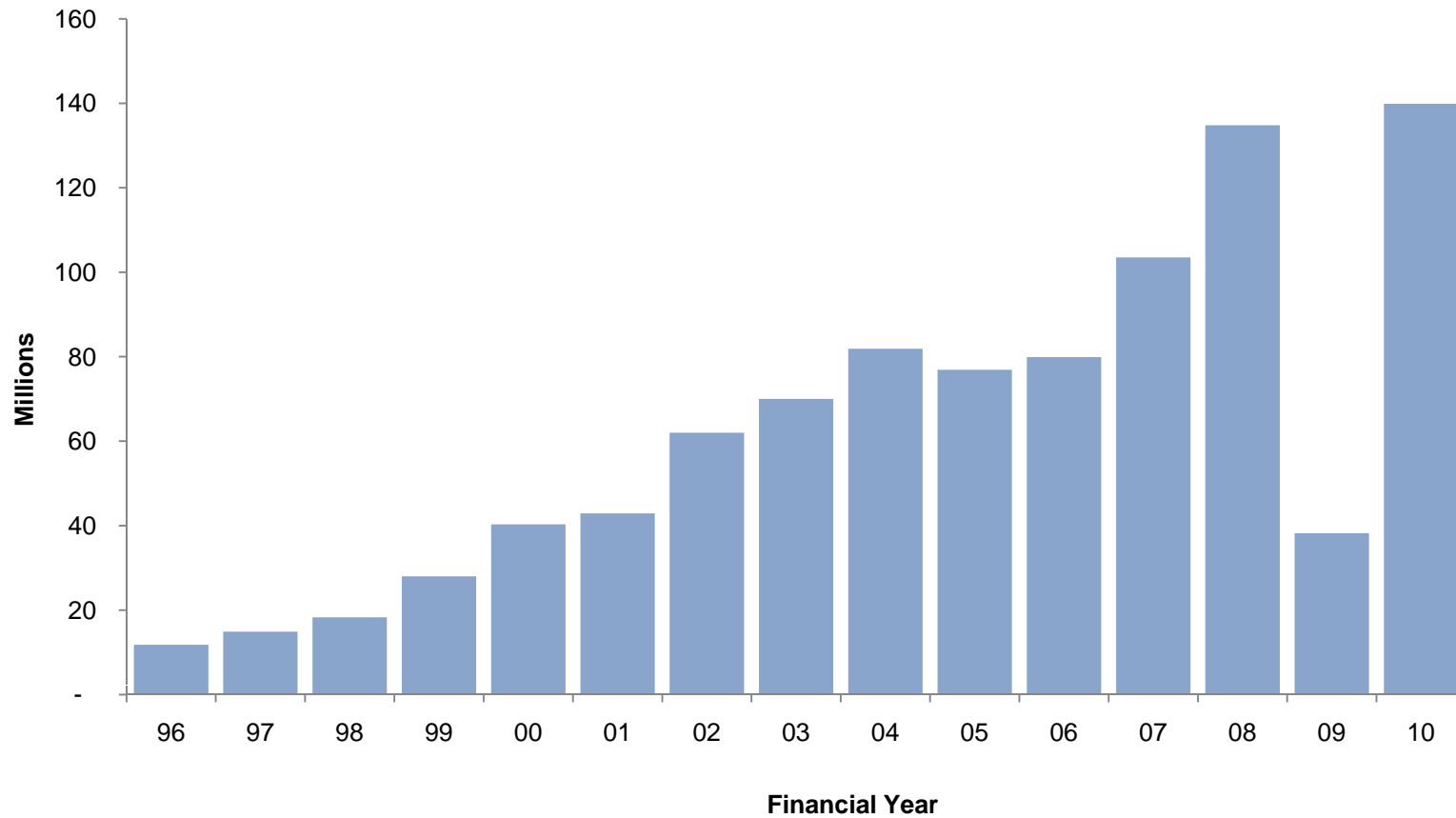
Five-year result summary



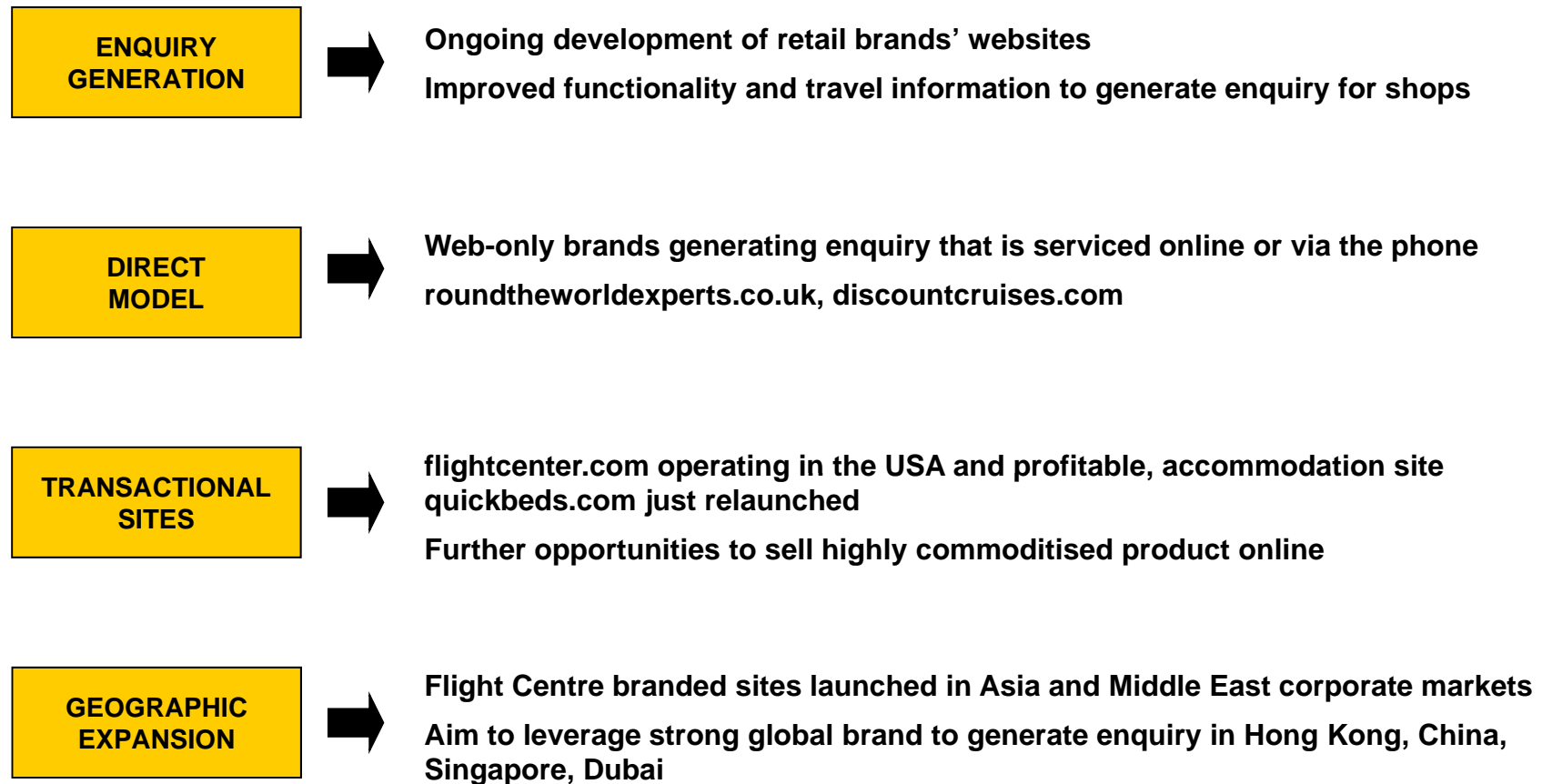
	JUNE 2010	JUNE 2009	JUNE 2008 (restated)	JUNE 2007 [★] (ex abnormal)	JUNE 2006
TTV	\$11,019 m	\$11,242 m	\$10,880 m	\$8,880 m	\$7,810 m
Income margin	14.1%	13.6%	13.3%	13.0%	12.9%
EBITDA	\$257.3m	\$86.3 m	\$231.4 m	\$175.0 m	\$147.6 m
PBT	\$198.5 m	\$40.4 m	\$201.0 m	\$151.6 m	\$120.0 m
NPAT	\$139.9 m	\$38.2 m	\$134.8 m	\$103.5 m	\$79.9 m
EPS	140.3 c	38.3 c	138.0 c	109.6 c	84.6 c
DPS	70.0c	9.0 c	86.0 c	66.0 c	52.0 c
ROE	19.7%	6.2%	22.3%	21.3%	19.4%
Cap-ex	\$20.5m	\$70.4 m	\$70.2 m	\$46.3 m	\$45.6 m
Building acquisitions	-	\$10.4 m	\$42.7 m	-	-
Selling staff	9,602	9,469	10,419	8,200	6,644
General cash	\$322.3 m	\$160.9 m	\$160.5 m	\$165.4 m	\$93.6 m
Client cash	\$581.0 m	\$531.8 m	\$578.1 m	\$303.8 m	\$200.3 m
Cash and cash equivalents	\$903.3 m	\$692.7 m	\$738.6 m	\$469.2 m	\$293.9 m
Available-for-sale investments & other financial assets	\$96.2 m	\$93.4 m	\$246.5 m	\$166.6 m	\$185.1 m
Cash and investments	\$999.5 m	\$786.1 m	\$985.1 m	\$635.8 m	\$479.0 m

[★] Abnormal relates to FLT's gain on the sale of its Brisbane head office property.

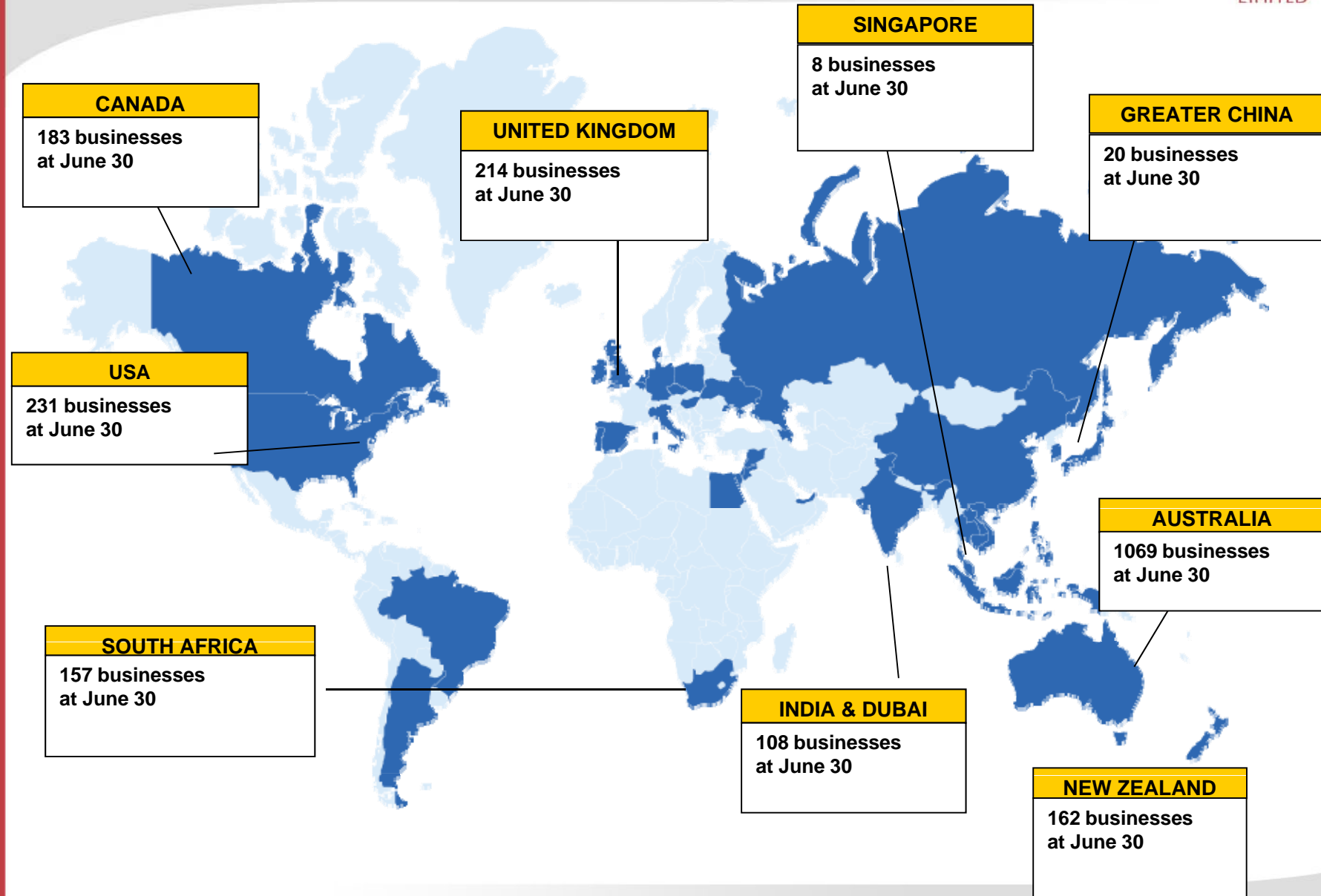
FLT's historical NPAT



The web – further growth prospects



Diversity – 13000 people, 11 countries



Diversity – more than 30 brands



Leisure

Flight Centre
Liberty Travel
Escape Travel
Student Flights
Travel Associates
Cruiseabout
Flight Shops

Corporate

FCm Travel Solutions
Corporate Traveller
CiEvents
Stage & Screen
Campus Travel

Wholesale

Infinity
Explore
GoGo Worldwide Holidays
Escape Holidays
Ticket Centre

Online

quickbeds.com
flightcenter.com
roundtheworldexperts.co.uk
discountcruises.com
baliholidaypackages.com.au
myadventurestore.com
itchyfeet.co.nz
gapyear.com

Joint Ventures

Intrepid Retail
Employment Office
99 Bikes
Advance Traders Australia
Backroads Touring

Other

Healthwise
Moneywise
Travel Money

2011 – Outlook

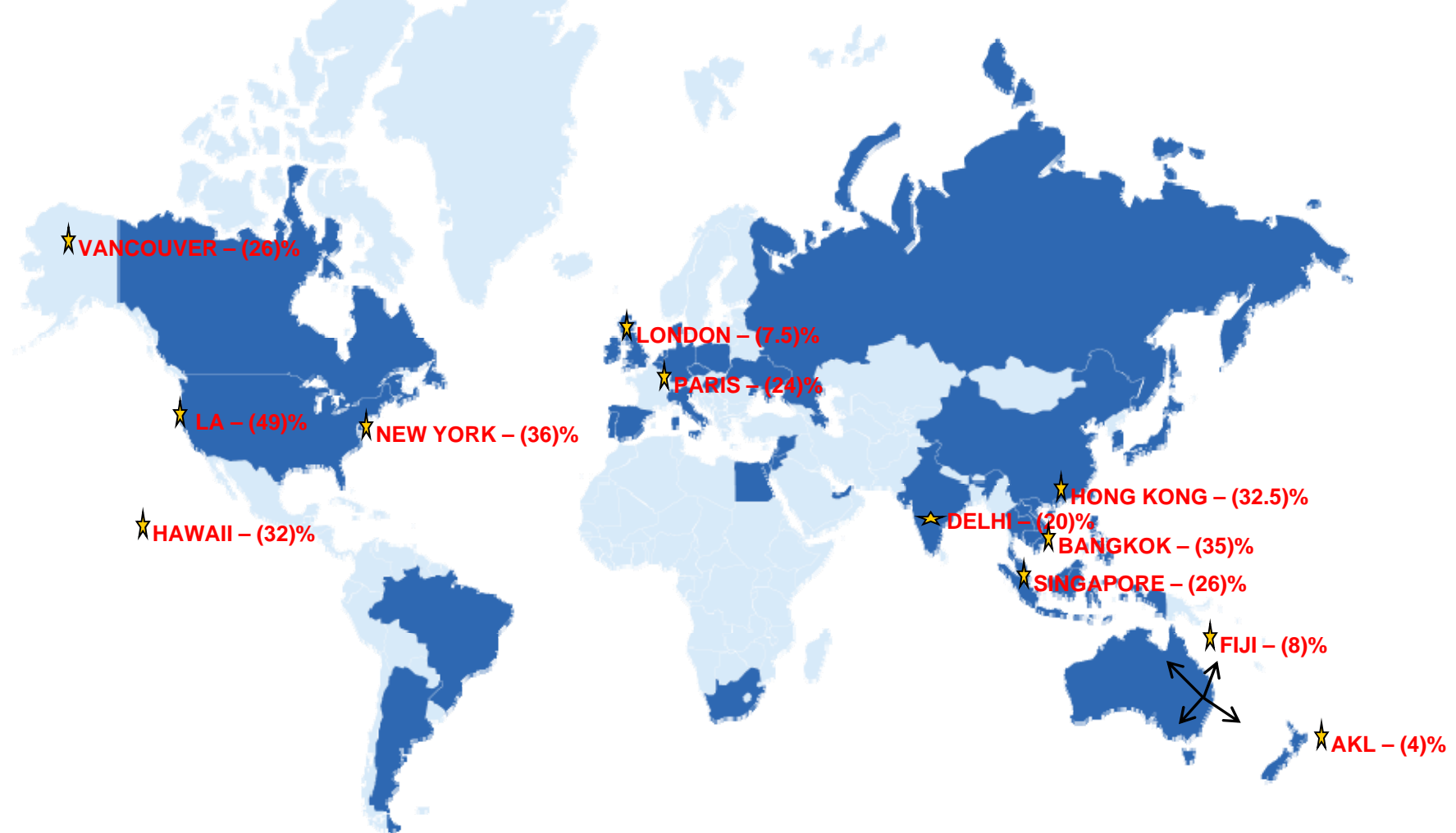


FIRST QUARTER	➔	Record profit for the period – up 15% on previous best (2008/09) Stronger growth achieved in comparison to relatively weak PCP
OUTLOOK	➔	Currently performing in line with budgetary expectations On track to achieve guidance of \$220m-\$240m PBT
MARKET CONDITIONS	➔	Strong corporate results, moderate slowdown in leisure in comparison to 2H 09/10 Strongest performances from UK and Australia businesses
USA	➔	Further reduction in 1Q losses – targeting \$5m-\$10m full year EBIT Seasonality means 1H loss likely, followed by 2H profit
AUSTRALIAN DOLLAR	➔	A positive for outbound travel but generally a secondary consideration after airfares Affecting overseas result translation – UK sales up 24% in GBP but 8% in AUD
AIRFARE PRICES	➔	Increasing modestly on some routes but still well down on historical highs Return LA fares still close to half 2008 prices

Falling airfare prices – 2010 v 2008



DECREASE IN ADVERTISED INTERNATIONAL AIRFARES FROM BRISBANE
OCTOBER 2008 v OCTOBER 2010



2011 – growth opportunities



TTV	➔	Shop and business growth returning to normal Expected to stimulate top line sales
AIRFARE YIELDS	➔	International airfare prices likely to increase modestly if economic recovery continues
CORPORATE TRAVEL	➔	Recovery in corporate market lagged leisure market recovery Business travel sector now rebounding solidly
INDIA	➔	FCm India now 100% owned and controlled by Flight Centre Positive full year EBIT contribution expected
USA	➔	Further turnaround in US results expected, following improvement during 2009/10
INTEREST INCOME	➔	Higher interest yields in Australia and higher cash balances likely to lead to higher interest income compared to PCP

2011 – strategic priorities



End of presentation



Questions

Appendix 1: Additional Segment Information (Unaudited)

Financial Year 2010 (A\$m)



	Group	Australia	UK	USA	Rest of World	Other Segment ⁽²⁾
TTV	\$11,019	\$6,407	\$991	\$1,662	\$1,867	\$92
Gross Profit ⁽¹⁾	\$1,563	\$863	\$142	\$208	\$263	\$87
Statutory EBITDA	\$257	\$192	\$24	\$4	\$33	\$4
Deprec'n & Amortisation	(\$54)	(\$24)	(\$4)	(\$12)	(\$10)	(\$4)
Statutory EBIT	\$203	\$168	\$20	(\$8)	\$23	\$-
Interest Income	\$27	\$-	\$-	\$-	\$4	\$23
BOS Interest Expense	(\$24)	(\$20)	\$-	\$-	(\$2)	(\$2)
Other Interest Expense	(\$7)	\$-	\$-	(\$4)	(\$1)	(\$2)
Net Profit before tax (Pre Royalty)	\$199	\$148	\$20	(\$12)	\$24	\$19
Royalty	\$-	\$25	(\$12)	\$-	(\$13)	\$-
Net Profit before tax (Post Royalty)	\$199	\$173	\$8	(\$12)	\$11	\$19

1. Gross profit includes all group external revenue less cost of travel provided as principle in the UK
2. Other segments includes support businesses based in Brisbane but support the global network.
3. To reconcile the above to the annual report: Rest of World + Other Segments = All other segments per Note 31
4. For comparison with the previous year's annual report combine Australia and Other Segments to compare with Australia.

Appendix 2: Additional Segment Information (Unaudited)

Half Year 2010 (A\$m)



	Group	Australia	UK	USA	Rest of World	Other Segments
TTV	\$5,201	\$2,978	\$482	\$873	\$838	\$30
Gross Profit ⁽¹⁾	\$722	\$409	\$69	\$99	\$116	\$29
Statutory EBITDA	\$101	\$90	\$9	(\$5)	\$8	(\$1)
Deprec'n & Amortisation	(\$27)	(\$12)	(\$2)	(\$6)	(\$5)	(\$2)
Statutory EBIT	\$74	\$78	\$7	(\$11)	\$3	(\$3)
Interest Income	\$12	\$-	\$-	\$-	\$2	\$10
BOS Interest Expense	(\$9)	(\$8)	\$-	\$-	(\$1)	\$-
Other Interest Expense	(\$3)	\$-	\$-	(\$2)	\$-	(\$1)
Net Profit before tax (Pre Royalty)	\$74	\$71	\$7	(\$12)	\$4	\$4
Royalty	\$-	\$7	(\$6)	\$-	(\$1)	\$-
Net Profit before tax (Post Royalty)	\$74	\$78	\$1	(\$12)	\$3	\$4

1. Gross profit includes all group external revenue less cost of travel provided as principle in the UK