



Flight Centre Limited

2011 Half Year Results

21 February 2011

Presentation by

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2011 first half – operational overview



RECORD PROFIT	➔	1H PBT exceeded \$100m for first time PBT and NPAT up 37% and 38% respectively on 2009/10
TTV GROWTH	➔	TTV up 12% to \$5.7b Strong increases in Australia and most other markets
SALES FORCE	➔	13% increase in consultant numbers year-on-year (excluding India) Shop numbers up 6% (excluding India)
BRAND EXPANSION	➔	gapyear.com and Garber acquired New brands – discountcruises.com, hotcaribbeand deals.com Existing brands exported to new geographies – Cruiseabout, Student Flights, RTW
GROWING GLOBALLY	➔	36 brands in 11 countries, up from 14 brands five years ago FCm corporate travel network extends to additional 62 countries
MARKET CONDITIONS	➔	Improved results in all geographies Corporate travel recovery well under way globally Leisure results reasonable but not yet reaching highs of seasonally stronger 2H 10

2011 first half – financial overview



SHAREHOLDER RETURNS



Record first half EPS – 70.6c
38% lift in interim dividend to 36c per share fully franked

CASH FLOW



Operating cash flow in line with expectations and normal seasonal trading patterns
Large inflow expected during 2H as cash accumulates during peak booking seasons

INVESTMENT PORTFOLIO



\$796m global cash and investment portfolio at December 31, 2010, up 10%
97% cash, 3% hybrid products and corporate CDOs

POSITIVE NET DEBT



Almost \$250m in general cash at December 31, \$166m in debt – \$84m positive net debt
Debt includes \$63m in short-term borrowings relating to BOS unsecured note program

COSTS



Wages, advertising and rent remain major expense items – new front-end wage model
Cap-ex in line with expectations

INTEREST



Most of FLT's cash is held in Australia
Interest income rebounding, as expected, given higher rates and cash balances

2011 first half - results



RESULTS IN BRIEF	HALF YEAR RESULTS		
	December 2010	December 2009	Variance %
\$' million			
TTV	\$5,668	\$5,056	12.1%
Gross Profit	\$791.6	\$722.8	9.5%
EBITDA	\$121.3	\$100.5	20.7%
EBIT	\$97.5	\$73.9	31.9%
Profit Before Tax	\$101.1	\$73.6	37.4%
Profit After Tax	\$70.5	\$51.1	38.0%
Effective tax rate	30.3%	30.6%	
Dividends			
Interim Dividend	36.0 c	26.0 c	

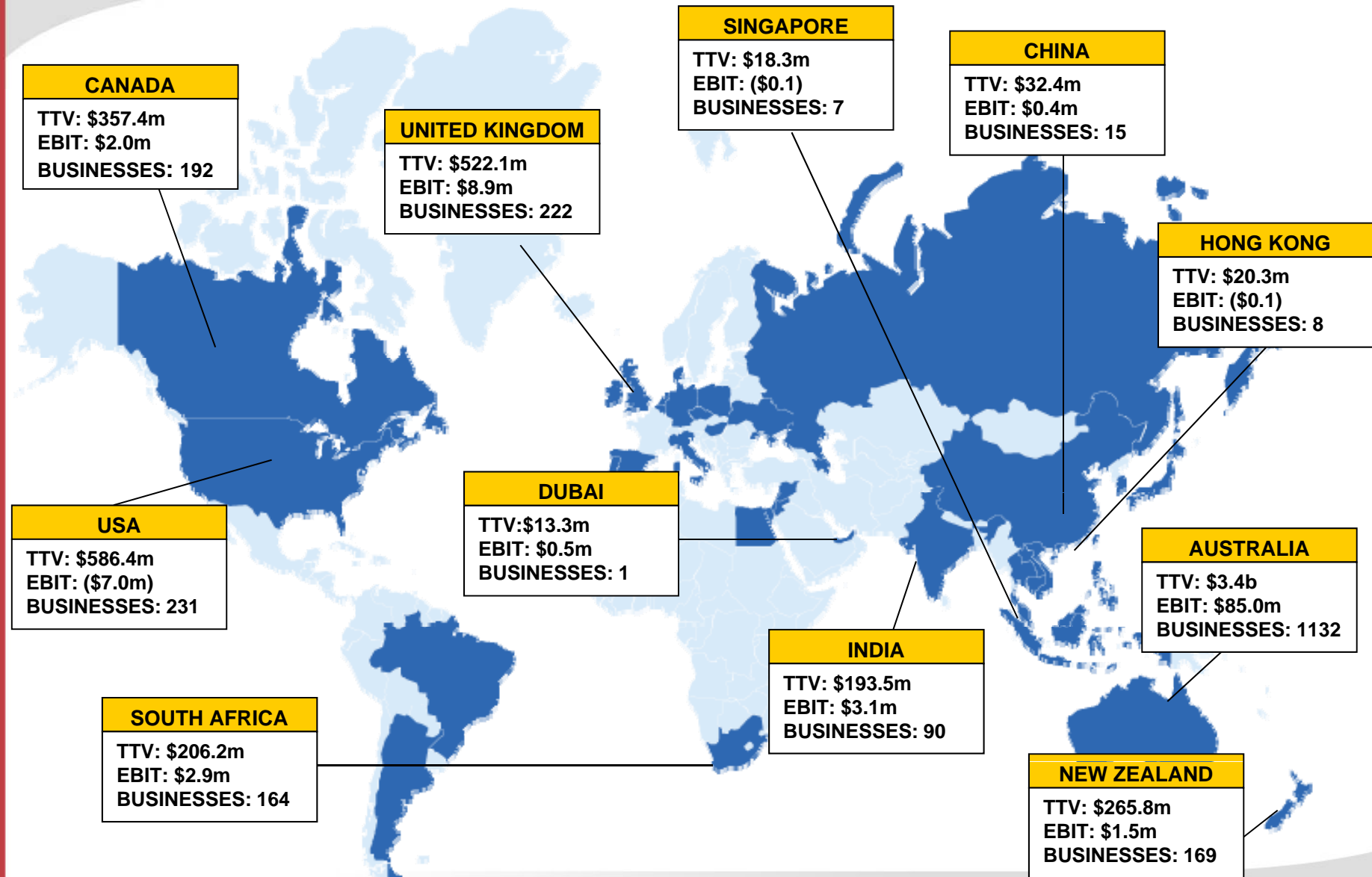
Five-year result summary



	December 2010	December 2009	December 2008	December 2007	December 2006 [★] (ex abnormal)
TTV	\$5,668 m	\$5,056 m	\$5,788 m	\$4,800 m	\$4,100 m
Income margin	14.0%	14.3%	13.3%	13.4%	12.6%
EBITDA	\$121.3 m	\$100.5 m	\$53.2 m	\$105.2 m	\$63.0 m
PBT	\$101.1 m	\$73.6 m	\$34.2 m	\$90.9 m	\$53.0 m
NPAT	\$70.5 m	\$51.1 m	\$26.1 m	\$61.2 m	\$35.4 m
EPS	70.6 c	51.3 c	26.2 c	64.0 c	37.5 c
DPS	36.0 c	26.0 c	9.0 c	37.5 c	20.0 c
ROE	9.9%	8.0%	4.2%	10.2%	8.1%
Capital expenditure	\$24.4 m	\$8.6 m	\$42.2 m	\$39.3 m	\$14.6 m
Building acquisitions	\$0.6 m	-	\$12.4 m	\$10.6 m	-
Selling staff	10,702	8,911**	10,324	8,333	7,649
General cash	\$249.9 m	\$230.0 m	\$124.9 m	\$190.2 m	\$139.6 m
Client cash	\$471.3 m	\$398.6 m	\$332.4 m	\$303.1 m	\$165.9 m
Cash and cash equivalents	\$721.2 m	\$628.6 m	\$457.3 m	\$493.3 m	\$305.5 m
Available-for-sale investments & other financial assets	\$74.8 m	\$97.8 m	\$202.4 m	\$138.6 m	\$176.8 m
Cash and investments	\$796.0 m	\$726.4 m	\$659.7 m	\$631.9 m	\$482.3 m

★ Abnormal related to FLT's gain on the sale of a Brisbane office property **India was excluded from Dec 09 results

2011 first half – results by country



2011 first half – geographic highlights



AUSTRALIA

TTV up 14%

Record 1H EBIT – leisure and corporate businesses both performed well

Leisure customers cautious and value focussed

Good TTV growth in emerging businesses

Significant fundraiser launched following QLD floods – expected to donate more than \$3m

UNITED KINGDOM

TTV up 8% in AUD (up 23% in local currency)

Good sales growth

Record 1H EBIT and on track for best full year result

Leisure and corporate businesses both ahead of expectations

Hyperstore growth strategy working well

NEW ZEALAND

TTV up 2% in AUD (up 5% in local currency)

Moderate EBIT increase in challenging market

Retail diversity – Flight Centre, Cruiseabout, Student Flights, intrepid and RTW all operating

Corporate results improving

2011 first half – geographic highlights



USA

TTV down 19% in AUD (down 12% in local currency)

Moderate reduction in trading losses, ahead of peak booking seasons

TTV comparisons affected by FX impact, system changes

FCm profitable and expanding – Garber acquired, new NYC and Washington offices

New Liberty shops – 6th Avenue and New Jersey – and new staff in place

CANADA

TTV up 12% in AUD (up 15% in local currency)

Record 1H EBIT

Strong corporate travel profit

Leisure business currently ahead of budget and some positive signs – good enquiry and expo results

SOUTH AFRICA

TTV up 2% in AUD (up 3% in local currency)

Healthy EBIT growth

Good corporate growth from small base

Travel Expo program introduced, discountcruises.com set for launch

2011 first half – geographic highlights



INDIA	➔	<p>Business reconsolidated during 2H 09/10</p> <p>Corporate performing in line with expectations</p> <p>Leisure results approaching breakeven (6 shops)</p>
DUBAI	➔	<p>TTV up 31% in AUD (up 40% in local currency)</p> <p>Continued strong results from emerging corporate business</p>
CHINA	➔	<p>TTV up 36% in AUD (up 44% in local currency)</p> <p>Good results – first positive EBIT contribution since business was formed (2004)</p>
HONG KONG	➔	<p>TTV up 27% in AUD (up 37% in local currency)</p> <p>Leisure business making healthy contribution – targeting ex-pat communities and now generating up to 20% of TTV</p>
SINGAPORE	➔	<p>TTV up 217% in AUD (up 222% in local currency)</p> <p>Corporate business on track to breakeven by year-end</p>

Diversity – 36 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 Vacations
Escape Holidays
Ticket Centre

Online

quickbeds.com
flightcenter.com
roundtheworldexperts.co.uk
discountcruises.com
baliholidaypackages.com.au
myadventurestore.com
itchyfeet.co.nz
hotcaribbeand deals.com
ontour.co.uk
travelthere.com.au

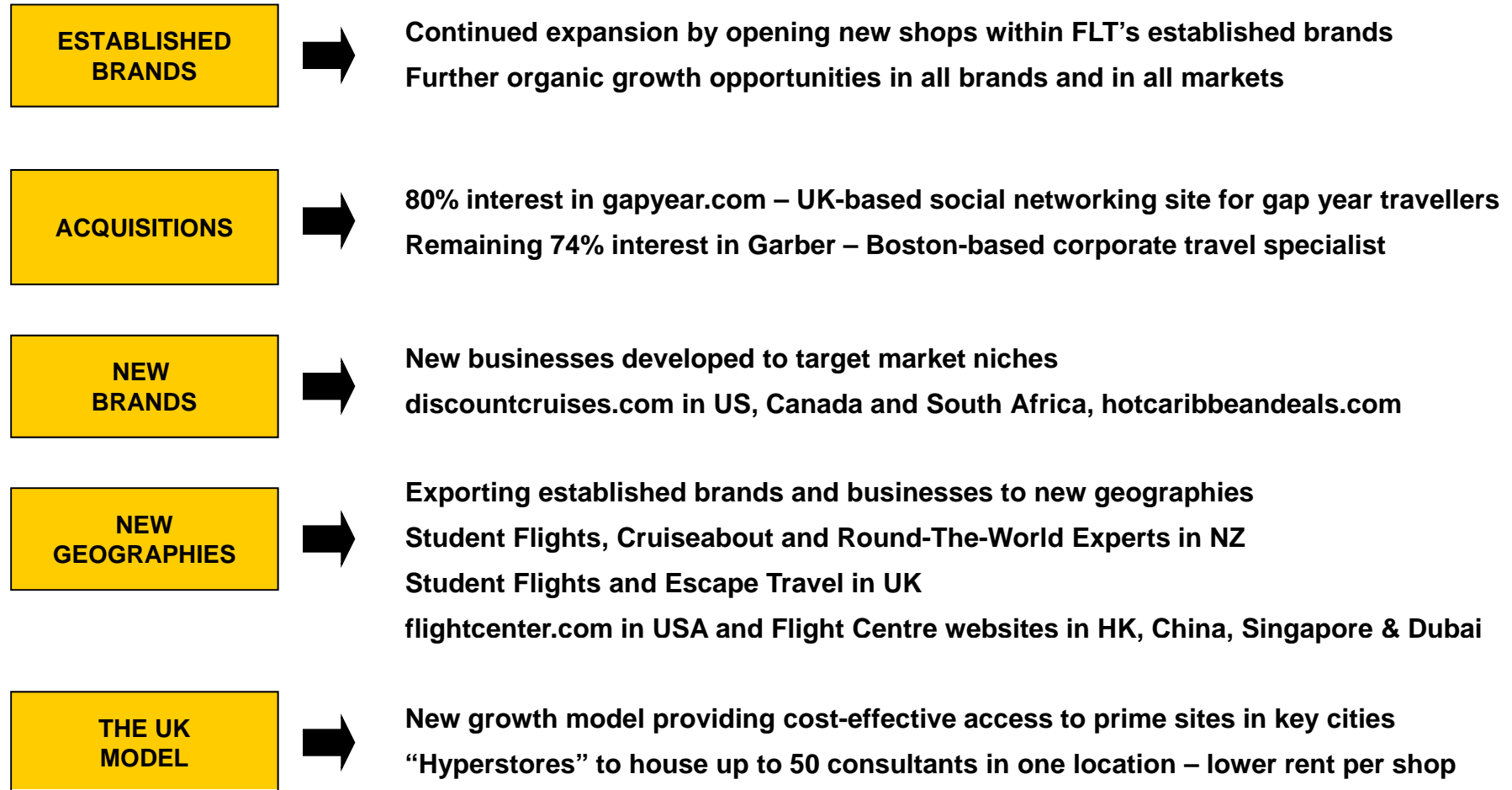
Joint Ventures

Intrepid Retail
Employment Office
99 Bikes
Advance Traders Australia
Backroads Touring
gapyear.com

Other

Healthwise
Moneywise
Travel Money

2011 first half – global expansion



Hyperstores – key features



KEY FEATURES

- Can house up to 50 consultants
- Cost-effective access to prime retail sites
- Lower rent obligation per person
- Flight Centre teams in prime walk-in locations
- Corporate and direct teams in other spaces
- Prominent locations:
 - Oxford Street
 - Kensington High Street
 - Oxford City
- Good profit record – breakeven in infancy

Pedal Group – solid growth



JV cycle business generated almost \$250,000 in EBITDA and \$11.5m in sales

77% compound annual growth rate (CAGR) in sales over first three half years

Both businesses operate under the FLT business model

Retailer 99 Bikes and wholesaler Advance Traders Australia (ATA) poised for further expansion

Seven 99 Bikes shops now in south east Queensland and set for continued growth in Queensland and interstate

ATA 2nd largest Merida distributor globally during 2010 and looking to expand range



FLT's niche brands – growing strongly



Travel Money

Currency Exchange

€ \$ ¥ £



Achieved a 51% CAGR in TTV in Australia over the past four first halves


cruiseabout



Recorded a 75% CAGR in TTV in Australia over the past four first halves

 RoundtheWorld
Experts



Delivered a 74% CAGR in TTV in the UK over the past five first halves

FCM
TRAVEL
SOLUTIONS



Start-up Dubai operation has delivered a 63% CAGR in TTV over the past three first halves

2011 – outlook



SOLID FOUNDATIONS



Strong first half growth and reasonable January results
2H 2009/10 stronger period – not expecting to maintain current profit growth rate

PROFIT GUIDANCE



Broad range outlined previously – \$220m-\$240million
No need to change guidance at this time

LEISURE TRAVEL



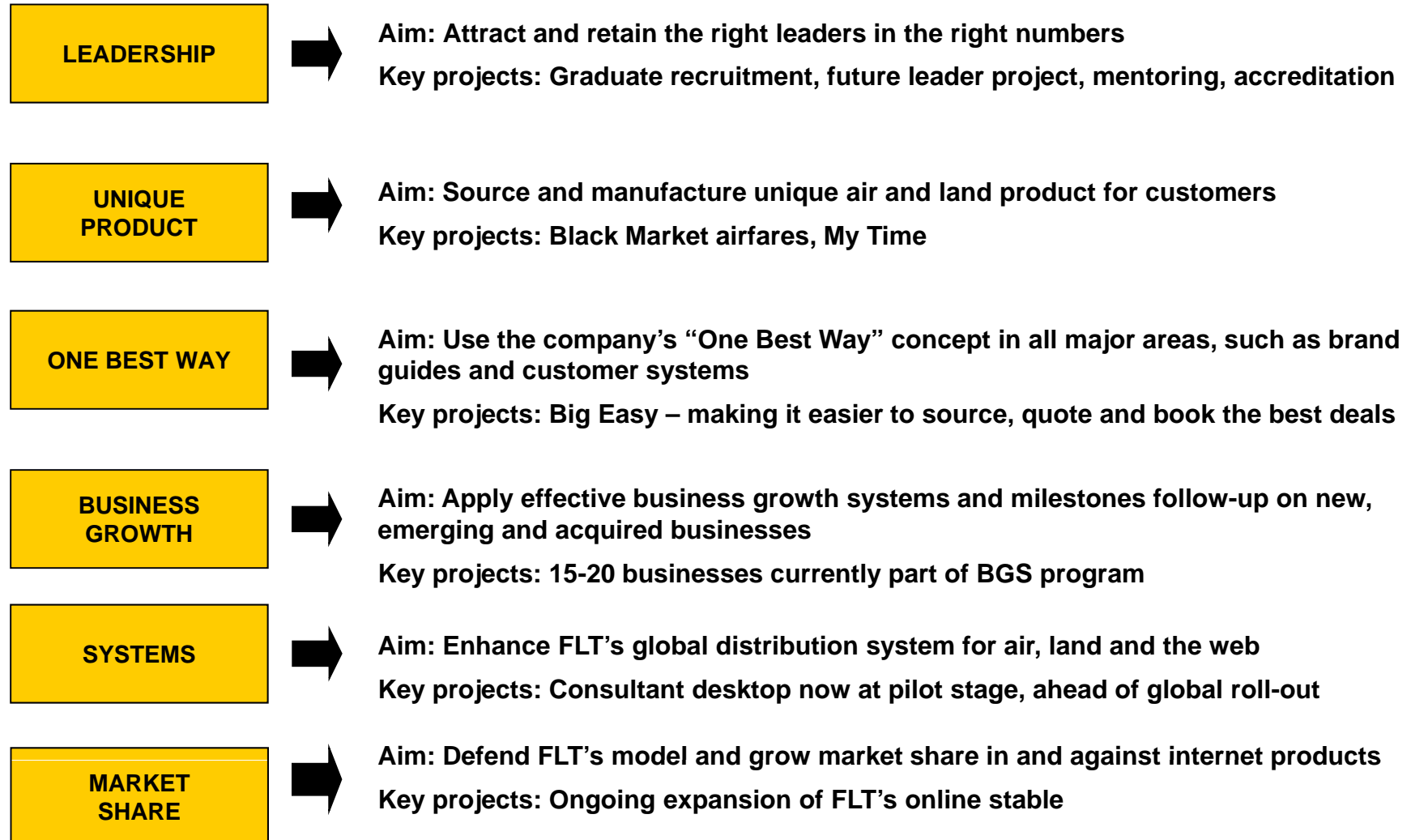
Reasonable profit and enquiry levels so far – some customer caution
Consumer confidence not yet matching 4Q 2009/10

CORPORATE TRAVEL



Sector performing well after slow recovery during 2009/10
Further healthy growth likely

2011 – strategic priorities (Argenti)



2011 – Australia outlook



DOMESTIC TOURISM



Committed to working with tourism bodies, suppliers to stimulate Australian market
Local tourism market currently experiencing some of the challenges retailers in other sectors have reported

INTERNATIONAL TRAVEL



Some sluggishness but solid ongoing growth prospects
Cheap fares, low unemployment, high Aussie dollar

FUEL SURCHARGES



Court rulings mean that airlines now pay some commission, but surcharges remain
Compulsory surcharges should be included in base price and rise or fall with oil prices

CORPORATE TRAVEL



Sector performing well after slow recovery during 2009/10
Further healthy growth likely

WORLD EVENTS



Unrest in Cairo, floods and cyclones in Australia have affected tourism sector
Impact on FLT not material – travellers typically amend or postpone, not cancel

AIRFARE PRICES



International fares remain well below 2008/09 1H highs
Some recent increases to airline base prices or fuel surcharges

2011 – USA outlook



PROFIT TARGET	➔	Continuing to target positive full year EBIT contribution Compares to \$2.3m loss (normalised) during 2009/10
TTV	➔	System changes mean sales now recognised when travel documents issued 2H will be stronger sales period – heading in to summer vacation season
LEISURE TRAVEL	➔	Liberty business ready for peak booking season New shops open, record enquiry in January and new selling staff recruited and in place
WHOLESALE	➔	FLT's Calypso platform now in place – some disruption while transition was underway Liberty/GOGO product available to FLT's customers worldwide and selling well
CORPORATE TRAVEL	➔	Good start to year and on track for record result during 2010/11 Expansion – Garber, new offices in NYC and Washington
FORWARD BOOKINGS	➔	2H traditionally seasonally stronger than 1H Forward bookings currently tracking ahead of PCP

End of presentation



Questions

Appendix 1: Additional Segment Information (Unaudited)

Half year ended 31 December 2010 (A\$m)



	Group	Australia	UK	USA	Rest of World	Other Segment ⁽¹⁾
TTV	\$5,668	\$3,391	\$522	\$586	\$1,107	\$62
Gross Profit ⁽²⁾	\$795	\$440	\$72	\$83	\$139	\$61
Statutory EBITDA	\$121	\$100	\$11	(\$2)	\$15	(\$3)
Deprec'n & Amortisation	(\$24)	(\$11)	(\$2)	(\$5)	(\$5)	(\$1)
Statutory EBIT	\$97	\$89	\$9	(\$7)	\$10	(\$4)
Interest Income	\$19	\$ -	\$ -	\$ -	\$3	\$16
BOS Interest Expense	(\$11)	(\$9)	(\$1)	\$ -	\$ -	(\$1)
Other Interest Expense	(\$4)	\$ -	\$ -	(\$2)	(\$2)	\$ -
Net Profit before tax (Pre Royalty)	\$101	\$80	\$8	(\$9)	\$11	\$11
Royalty	\$ -	\$5	(\$3)	\$ -	(\$2)	\$ -
Net Profit before tax (Post Royalty)	\$101	\$85	\$5	(\$9)	\$9	\$11

1. Other segments includes support businesses based in Brisbane but support the global network.
2. In accordance with accounting standards segment gross profit represents management's view in contrast to statutory gross profit.
3. To reconcile the above to the half year financial report: Rest of the World + Other Segments = All other segments per Note 13.

Appendix 1: Additional Segment Information (Unaudited)

Year ended 30 June 2010 (A\$m)



	Group	Australia	UK	USA ⁽³⁾	Rest of World	Other Segment ⁽¹⁾
TTV	\$10,894	\$6,407	\$991	\$1,537	\$1,867	\$92
Gross Profit ⁽²⁾	\$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. Other segments includes support businesses based in Brisbane but support the global network.
2. In accordance with accounting standards segment gross profit represents management's view in contrast to statutory gross profit.
3. June 2010 TTV has been restated to correct a US TTV recognition misstatement and has no impact on prior year profit or gross profit.

Appendix 2: Additional Segment Information (Unaudited)

Half year ended 31 December 2009 (A\$m)



	Group	Australia	UK ⁽⁵⁾	USA ⁽⁴⁾	Rest of World	Other Segments ⁽¹⁾
TTV	\$5,055	\$2,978	\$482	\$727	\$838	\$30
Gross Profit ⁽²⁾	\$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. Other segments includes support businesses based in Brisbane but support the global network.
2. In accordance with accounting standards segment gross profit represents managements view in contrast to statutory gross profit.
3. To reconcile the above to the half year financial report: Rest of the World + Other Segments = All other segments per Note 13.
4. December 2009 TTV has been restated to correct a US TTV recognition misstatement and has no impact on prior year profit or gross profit.
5. December 2009 United Kingdom segment revenue has been restated to exclude the principal adjustment to align with information provided to the board of directors and executive team. This has no impact on prior year profit or gross profit.