



# Flight Centre Limited

## 2011 Full Year Results

August 23, 2011

Presentation by

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# 2011 – operational highlights



## RECORD RESULTS



Best sales and PBT performance in FLT's 30 year history  
Underlying PBT higher than expected and 2% above FLT's market guidance

## IMPROVING GLOBALLY



EBIT profits in all 10 countries for first time  
Record profits in Australia, Canada, India and Dubai  
Inaugural profits in USA, Greater China and Singapore

## CONTINUED EXPANSION



7.5% growth in shops and businesses during year – 2,243 at June 30  
49% now located outside Australia  
Organic growth bolstered by gapyear.com and Garber acquisitions

## LEISURE TRAVEL



Solid growth in ticket numbers globally – fares still low by historic standards  
Best results in Australia and Canada – relatively stable economic conditions  
Small but expanding presence in Asia

## CORPORATE TRAVEL



Strong results globally – FLT now one of world's largest corporate travel managers  
Benefiting from continued expansion and recovery in the sector  
Corporate generating 25-30% of global TTV

## MARKET CONDITIONS



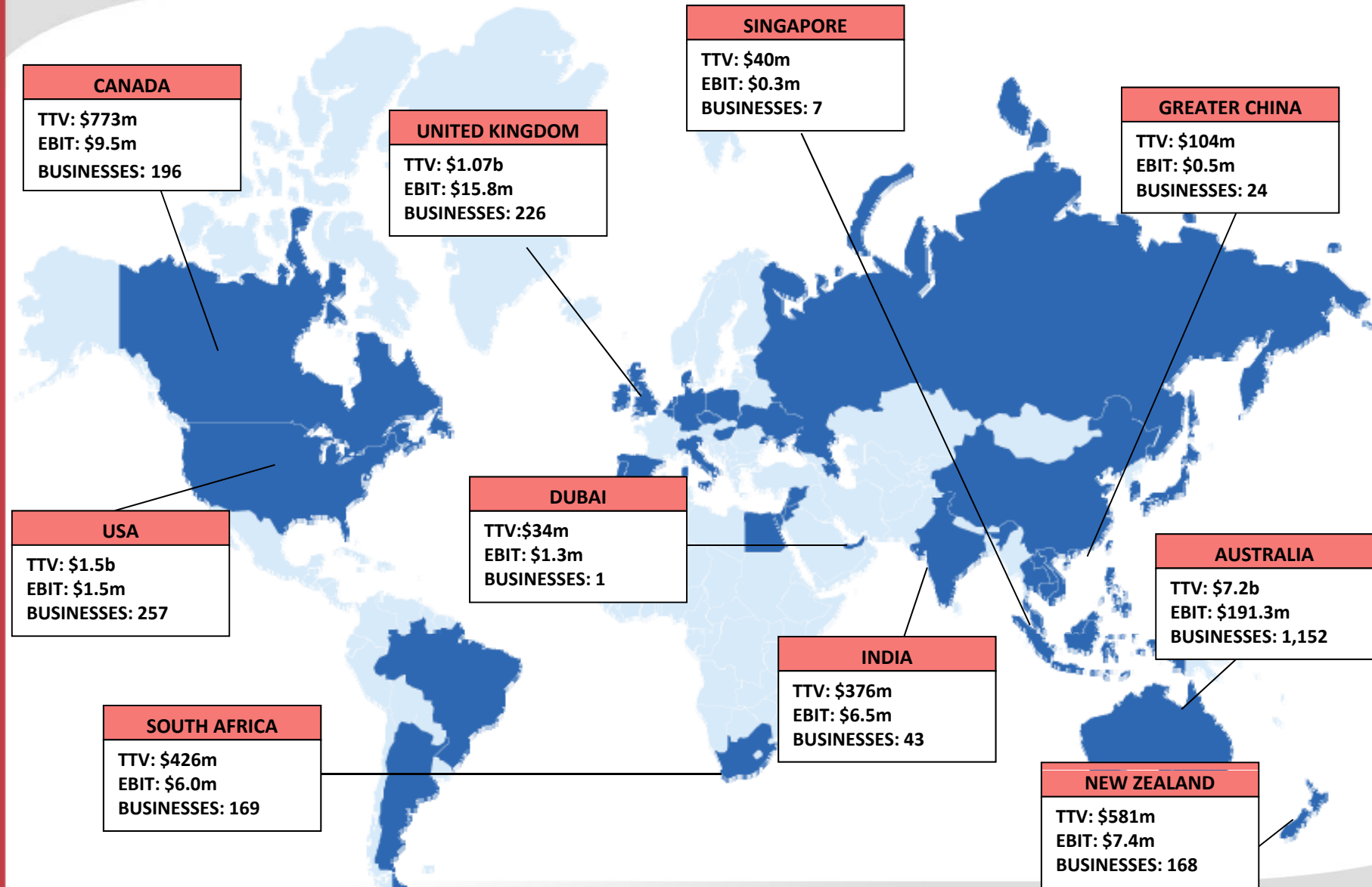
Good trading performance given uncertainty in some markets and impact of world events – floods, cyclones, earthquakes, tsunami and ash cloud

# 2011 – key financial statistics



<b>TTV</b>	Reached \$12.2billion (up 12%) – averaged more than \$1billion-per-month for first time High dollar impacted translation of overseas results – about 17% growth if overall results translated at same rates as 2009/10
<b>PROFIT</b>	\$245.2million underlying PBT is 19.6% higher than PCP Actual PBT of \$213.1m is 6% higher than previous record (2007/08), despite \$32.1million in abnormal expenses (one-off donations and goodwill impairment) during 2010/11
<b>MARGINS</b>	Net margins increasing – driven by corporate growth and ongoing cost control Income margin in line with expectations at 13.8%
<b>CASH</b>	General cash has quadrupled during past five years and now at record levels – \$376.8million Part of \$1billion global cash and investment portfolio at June 30 Strong operating cashflow - \$162.9million inflow over the full year
<b>DEBT</b>	Moderate debt levels maintained – Liberty acquisition, BOS and corporate debtors \$209million positive net debt position at June 30
<b>DIVIDENDS</b>	\$84million returned to shareholders – 36c per share interim and 48c per share final dividend

# 2011– results by country



# 2011 – geographic highlights



COUNTRY	REVIEW
Australia	<p>TTV up 12% in FLT's most mature business</p> <p>Record EBIT result</p> <p>Strong corporate travel performance</p> <p>Healthy demand for international travel – driven by cheap airfares and a strong dollar – offsetting ongoing weakness in domestic travel sector</p>
United Kingdom	<p>TTV up 8% in AUD (up 20% in local currency)</p> <p>Strongest overseas profit contributor despite challenging local conditions</p> <p>Good growth in consultant numbers (up 18%) and shops</p> <p>Business likely to benefit as new staff gain experience and productivity improves</p>
United States	<p>TTV down 3% in AUD (up 2% in local currency)</p> <p>First EBIT profit since launching in USA in 1999</p> <p>Strong performance in corporate travel and further growth prospects</p> <p>Good enquiry in Liberty leisure business – conversion remains a focus</p> <p>GOGO wholesale business recovering after disruptions caused by system change</p>

# 2011 – geographic highlights



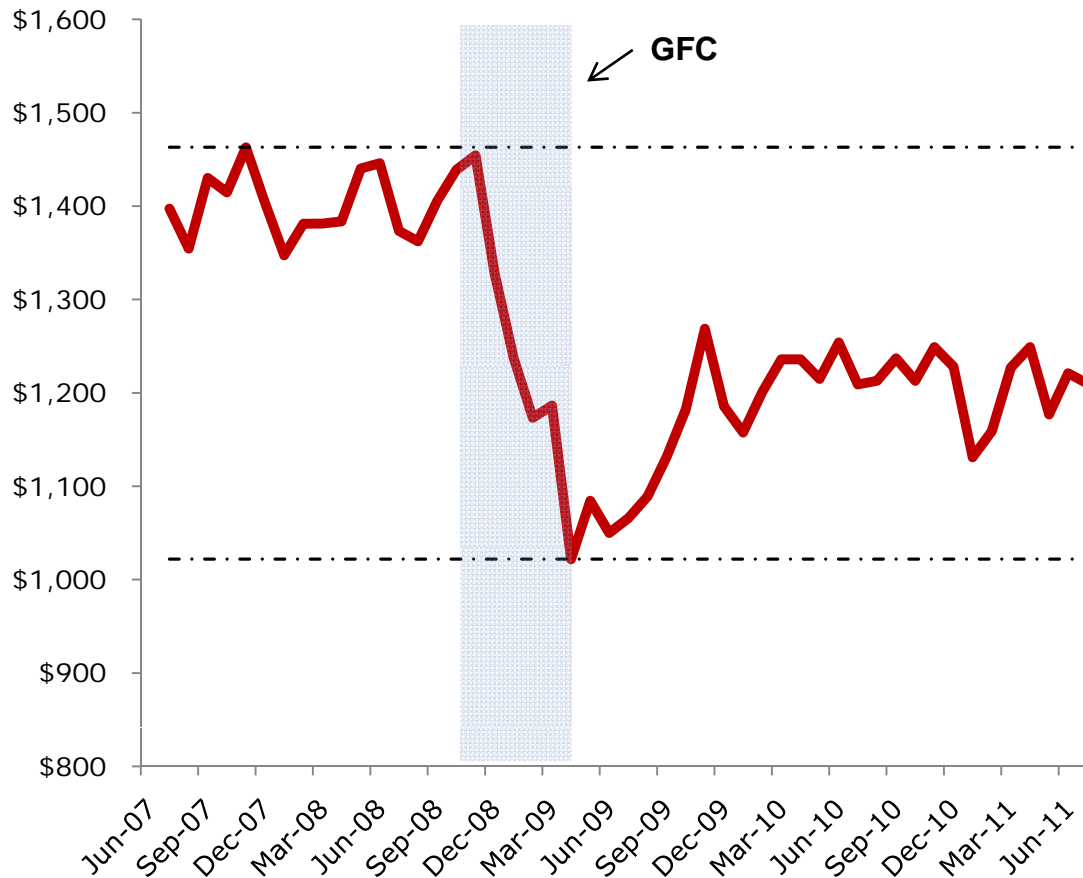
COUNTRY	REVIEW
New Zealand	<p>TTV up 2% in AUD (up 6% in local currency)</p> <p>Results affected by Christchurch earthquakes</p> <p>17 shops located in and around the city – 10% of total NZ business</p> <p>6 shops severely damaged and unlikely to reopen – all sales staff safe and relocated</p> <p>Good corporate travel profit growth from relatively small base</p>
Canada	<p>TTV up 10% in AUD (up 17% in local currency)</p> <p>Record EBIT – up 22% year on year</p> <p>Retail and corporate businesses performing strongly</p>
South Africa	<p>TTV up 9% in AUD (up 13% in local currency)</p> <p>EBIT increased solidly year-on-year</p> <p>Good corporate growth from a small base</p>

# 2011 – geographic highlights



COUNTRY	REVIEW
India	<p>Good performance in first full year under FLT's control</p> <p>Results exceeded expectations and solid growth prospects</p> <p>8 leisure shops now open, in addition to strong corporate travel presence</p>
Greater China	<p>TTV up 18% in AUD (up 29% in local currency)</p> <p>First EBIT profit since business was formed in 2004</p> <p>Good corporate travel results</p> <p>Promising leisure performance – generating up to 20% of TTV in Hong Kong</p>
Dubai	<p>TTV up 48% in AUD (up 67% in local currency)</p> <p>Strong performance from start-up corporate business</p> <p>Profit and sales increasing strongly</p>
Singapore	<p>TTV up 150% in AUD (up 159% in local currency)</p> <p>Inaugural EBIT profit</p> <p>First Flight Centre-branded leisure shop in Asia opened in May 2011</p>

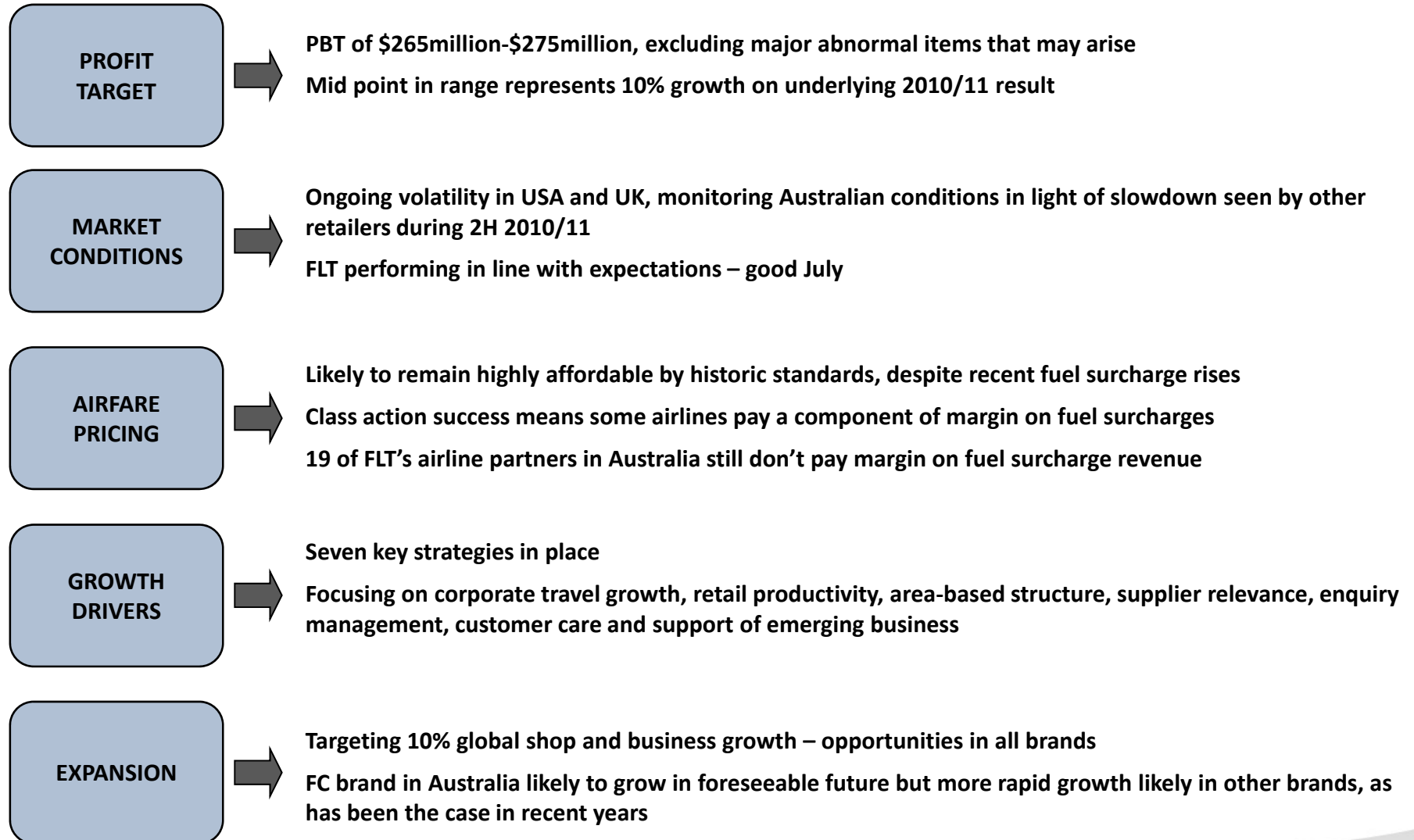
# FLT average international yield (Australia)



OVERVIEW
<ul style="list-style-type: none"> <li>▪ Average fares have increased modestly since the end of the GFC</li> <li>▪ Fares remain well below 2007/08 highs</li> <li>▪ No clear trends - fare increases on some routes and decreases on others (reflects competition)</li> <li>▪ Average fares during 2H 11 cheaper than average fares during 2H 10 – affects TTV growth rates</li> </ul>



# 2012 – outlook



# 2012 – Australian growth opportunities



SHOPS – 30 JUNE 2011



 = 111

 = 29

 = 55


 = 23

 = 30

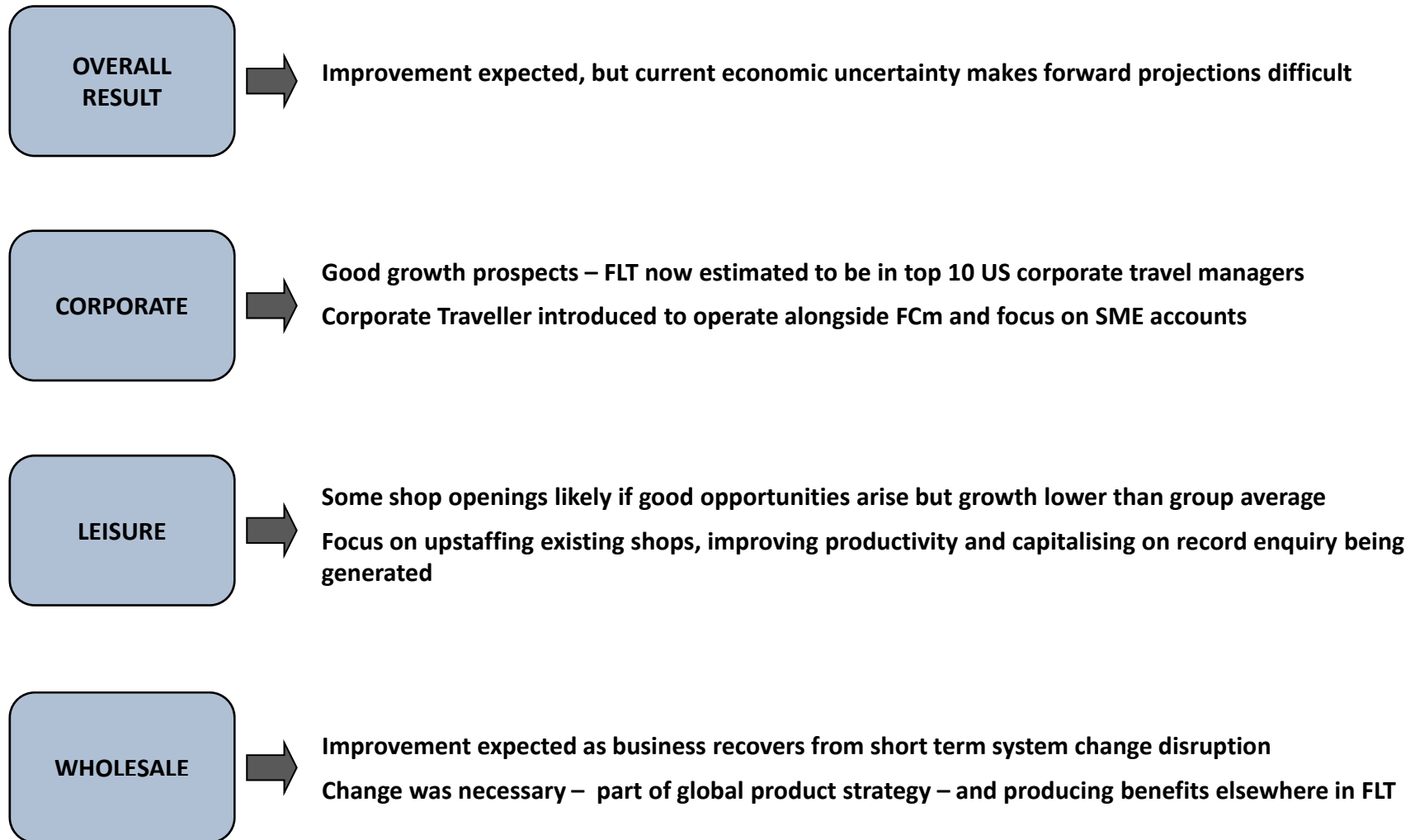
 = 75

 = 18

 = 6

 = 15

# 2012 – USA outlook



# Liberty – key achievements to date



## LOWER COST BASE



Annualised \$US30million in costs removed  
Achieved through structural streamlining, closure of poorly located shops, IT synergies

## SYSTEMS OVERHAUL



Key FLT systems now in place  
Includes Calypso (wholesale platform), Client, SUN

## PRODUCT SYNERGIES



A key rationale for acquisition  
FLT shops globally now selling directly contracted Americas product secured by Liberty  
Liberty and GOGO now selling FLT's global wholesale product to US customers

## CULTURAL CHANGE



FLT philosophies and workplace structures introduced  
Small team structure, areas, reward and recognition, sales-based incentive model

## MARKETING FACELIFT



Marketing systems reviewed and overhauled  
New focus on ROI – enquiry measured and now on par with most FLT businesses  
New websites – Flight Center, Liberty, discountcruises

## RETURN TO PROFITS



Profit results not yet at levels expected prior to acquisition in Feb 2008  
Significant year-on-year improvement so far and inaugural profit recorded during 2010/11

# 2012 – new initiatives



## RECENT AND UPCOMING ENHANCEMENTS

- **Flight Centre Global Product (FCGP)**
- **Universal Desktop**
- **travelthere.com**
- **myTime and other unique products**

# FCGP – direct contracting wholesale



## KEY FEATURES

- **Now supports 12 wholesale businesses in six countries**
- **Consolidates backend wholesale functions including:**
  - ✓ **Product procurement (fully inclusive tours, car hire and the FCm Corporate Hotel Program)**
  - ✓ **Supplier management**
  - ✓ **Database and inventory load and management**
  - ✓ **Centralised finance and supplier payments**
  - ✓ **Foreign exchange and treasury management; and**
  - ✓ **IT and system management, development and support**
- **Now includes more than 20,000 suppliers and products globally**
- **Asia expansion planned during 2011/12**
- **Margin and interest revenue benefits**

# Universal Desktop – in-store benefits



The solution

## Travelport Universal Desktop™

Optimising the travel experience



**Workflow:**  
Shop  
Profile  
Book  
PNR  
Quality Control  
Report

Direct Connect  
Multi source content

User experience  
Workflow intelligence

Travelport

- | KEY FEATURES   |
|--|
| <ul style="list-style-type: none"><li>▪ Secured as part of GDS deal</li><li>▪ Enhances FLT's ability to distribute airfares globally</li><li>▪ Provides travel consultants with a faster and simpler research and booking tool</li><li>▪ To be rolled out globally</li><li>▪ Australian launch underway now, starting in Queensland</li><li>▪ Will operate alongside FLT's legacy systems during launch phase to ensure minimal disruption</li></ul> |

# travelthere.com – transactional website



## Flight search results [modify search](#)

**Save time, save money!**

**No booking fee**  
when you book a hotel or car hire with your flights

**Filter results**

**Max Stops**  
[\(Show all\)](#)

Non Stop  
 1 Stop  
 2+ Stops

**Airline**  
[\(Show all\)](#)

- [British Airways](#)
- [Cathay Pacific](#)
- [Emirates](#)
- [Etihad Airways](#)
- [Malaysia Airlines](#)
- [Singapore Airlines](#)
- [V Australia](#)
- [Virgin Atlantic Airways](#)
- [Multiple Airlines](#)

**Price**  
[\(Show all\)](#)

**Search results for**  
 Sydney, NSW, Australia - (SYD) To  
 London, Great Britain - (LHR)  
 Monday, 19 September 2011 - Tuesday, 4 October 2011  
 1 Adult, Roundtrip, Service class Economy

Displaying 1 - 6 of 9 results [View more airlines](#)

Airline	V Australia	Multiple Airlines	Emirates	Etihad Airways	Singapore Airlines	Cathay Pacific
Non Stop						
1 Stop	<a href="#">\$2,054.64</a>	<a href="#">\$2,054.64</a>	<a href="#">\$2,205.72</a>	<a href="#">\$2,214.64</a>	<a href="#">\$2,278.72</a>	<a href="#">\$2,341.84</a>
2+ Stops						

Displaying 1 - 10 of 54 results [+ Show full details](#) Page < 1 2 3 4 5 >

Airline	Depart:	Arrive:	Duration:	Total price
Multiple Airlines	Sydney (SYD)	9:50PM	1:15PM	24Hr 25Min
Number of Stops: 1 Stops: Depart: Mon (19/09/11) Arrive: Tue (20/09/11)				Total package price from <b>\$2,054.64</b> Includes taxes & charges <a href="#">See price per passenger</a> <a href="#">Select flight</a>
V Australia	London (LHR)	9:10AM	7:10PM	



# travelthere.com – transactional website



## KEY FEATURES

- **FLT's first fully transactional international flight booking website in Australia**
- **Dynamic packaging capabilities**
- **International flights, plus more than 50,000 hotels, hire cars and activities available**
- **Site initially acquired in 2004**
- **Redeveloped to test online booking functions and other initiatives, prior to use on higher profile sites**

# myTime – an unique value-add



**my time**  
An Exclusive Vacation, Just For YOU  
Just for the My Time logo for is used properties, with each time is come

It's My Time to receive...

- up to 40% discount on most activities and upgrading
- free upgrades upon availability
- preferred seating and reservations at on-site restaurants
- my own private check-in desk
- personalized sun beds, just for me
- my own concierge desk and a personal welcome from the Chief Concierge
- up to \$100 in floor and Spa Credits
- free spa treatments valued up to \$300
- a welcome gift from the hotel, waiting on my pillow
- special room fees and weekends to spend 10% alone

On this vacation, it's ALL ABOUT ME!  
It's My Time!



My Time is more than just a vacation, it's an Experience,  
designed with YOU in mind... at no additional cost!

**GOGO**  
Available Exclusively Through VACATIONS

For a complete list of participating partners & inclusions, contact your local travel agent or visit [www.gogoworldwidevacations.com](http://www.gogoworldwidevacations.com)

## KEY FEATURES

- Developed in USA and launched in Feb 2011
- Rewards travellers when they book holidays from FLT
- Bonuses currently available at selected properties in Mexico, the Caribbean, the Dominican Republic and Aruba
- To be expanded to South East Asia and Pacific during 2011/12
- Bonuses can include:
  - ✓ Exclusive priority reception areas
  - ✓ Onsite discounts and upgrades
  - ✓ Arrival and departure gifts
  - ✓ Access to dedicated destination representatives
  - ✓ Direct-to-resort coach transfers
  - ✓ Welcome receptions; and
  - ✓ Exclusive tours, activities and discounts

**End of presentation**



**Questions**

# Appendices



- 1. 2011 results in full**
- 2. Five-year results summary**
- 3. Additional segment information – year ended 30 June 2011**
- 4. Additional segment information – year ended 30 June 2010**
- 5. Reconciliation of management and statutory EBIT**

## Appendix 1: 2011 results



RESULTS IN BRIEF	FULL YEAR RESULTS		
	JUNE 2011	JUNE 2010	Variance %
\$' million			
<b>TTV</b>	<b>\$12,200m</b>	<b>\$10,894m</b>	<b>12.0%</b>
<b>Gross Profit</b>	<b>\$1,678m</b>	<b>\$1,553m</b>	<b>8.1%</b>
Income margin	13.8%	14.3%	(0.5)bps
Net margin (underlying)	2.0%	1.9%	0.1bps
<b>Underlying Profit Before Tax (before abnormals)</b>	<b>\$245.2m</b>	<b>\$205.1m</b>	<b>19.6%</b>
Abnormal items*	\$32.1m	\$6.6m	-
<b>Actual Profit Before Tax (after abnormals)</b>	<b>\$213.1m</b>	<b>\$198.5m</b>	<b>7.4 %</b>
Underlying Net Profit After Tax	\$170.7m	\$143.9m	18.6%
<b>Net Profit After Tax (actual)</b>	<b>\$139.8m</b>	<b>\$139.9m</b>	<b>(0.1 %)</b>
Effective tax rate	34.4%	29.5%	
<b>Dividends</b>			
Interim Dividend	36.0c	26.0c	
Final Dividend	48.0c	44.0c	

\* 2011 abnormal items: \$27.9m Liberty Travel Group impairment and \$4.2m one-off donations

\* 2010 abnormal items: Non-recurring items in USA \$6.0m and impairment of South Africa head office property \$0.6m

## Appendix 2: Five-year result summary



	JUNE 2011	JUNE 2010	JUNE 2009	JUNE 2008 (restated)	JUNE 2007 <sup>★</sup> (ex abnormal)
<b>TTV</b>	<b>\$12,200m</b>	<b>\$10,894m</b>	<b>\$11,242m</b>	<b>\$10,880m</b>	<b>\$8,880m</b>
Income margin	13.8%	14.3%	13.6%	13.3%	13.0%
EBITDA	\$256.9m	\$257.3m	\$86.3m	\$231.4m	\$175.0m
PBT	\$213.1m	\$198.5m	\$40.4m	\$201.0m	\$151.6m
<b>NPAT</b>	<b>\$139.8m</b>	<b>\$139.9m</b>	<b>\$38.2m</b>	<b>\$134.8m</b>	<b>\$103.5m</b>
EPS	140.0c	140.3c	38.3c	138.0c	109.6c
DPS	84.0c	70.0c	9.0c	86.0c	66.0c
ROE	18.9%	19.7%	6.2%	22.3%	21.3%
Cap-ex	\$47.1m	\$20.5m	\$70.4m	\$70.2m	\$46.3m
Building acquisitions	\$0.6m	-	\$10.4m	\$42.7m	-
Selling staff	11,460	10,267 <sup>^</sup>	9,469	10,419	8,200
General cash	\$376.8m	\$322.3m	\$160.9m	\$160.5m	\$165.4m
Client cash	\$598.2m	\$581.0m	\$531.8m	\$578.1m	\$303.8m
<b>Cash and cash equivalents</b>	<b>\$975.0m</b>	<b>\$903.3m</b>	<b>\$692.7m</b>	<b>\$738.6m</b>	<b>\$469.2m</b>
Available-for-sale investments & other financial assets	\$64.9m	\$96.2m	\$93.4m	\$246.5m	\$166.6m
<b>Cash and investments</b>	<b>\$1,039.9m</b>	<b>\$999.5m</b>	<b>\$786.1m</b>	<b>\$985.1m</b>	<b>\$635.8m</b>

★ Abnormal in 2007 relates to FLT's gain on the sale of its Brisbane head office property

^ June 2010 selling staff numbers restated to include India

## Appendix 3: Additional Segment Information (Unaudited) Year ended 30 June 2011 (A\$m)



	GROUP	AUSTRALIA	UK	USA	REST OF WORLD	OTHER SEGMENT <sup>1</sup>
TTV	\$12,200	\$7,172	\$1,074	\$1,492	\$2,335	\$127
Gross Profit <sup>(2)</sup>	\$1,678	\$925	\$146	\$188	\$293	\$126
Statutory EBITDA	\$257	\$234	\$22	\$(17)	\$48	\$(30)
Depreciation & Amortisation	\$(50)	\$(25)	\$(4)	\$(9)	\$(10)	\$(2)
Statutory EBIT	\$207	\$209	\$18	\$(26)	\$38	\$(32)
Interest Income	\$40	\$1	\$-	\$-	\$1	\$38
BOS Interest Expense	\$(27)	\$(21)	\$(2)	\$-	\$(2)	\$(2)
Other Interest Expense	\$(7)	\$(2)	\$-	\$(2)	\$(2)	\$(1)
Net Profit before tax (Pre Royalty)	\$213	\$187	\$16	\$(28)	\$35	\$3
Royalty	\$-	\$18	\$(7)	\$-	\$(11)	\$-
Net Profit before tax (Post Royalty)	\$213	\$205	\$9	\$(28)	\$24	\$3

1. Other segments includes Brisbane-based support businesses that 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 full year financial report: Rest of the World + Other Segments = All other segments per Note 31.

## Appendix 4: Additional Segment Information (Unaudited) Year ended 30 June 2010 (A\$m)



	GROUP	AUSTRALIA <sup>4</sup>	UK	USA	REST OF WORLD <sup>3</sup>	OTHER SEGMENT <sup>1, 4</sup>
TTV	\$10,894	\$6,407	\$991	\$1,537	\$1,867	\$92
Gross Profit <sup>(2)</sup>	\$1,563	\$863	\$142	\$208	\$263	\$87
Statutory EBITDA	\$257	\$217	\$24	\$4	\$33	\$(21)
Depreciation & Amortisation	(\$54)	(\$24)	(\$4)	(\$12)	(\$10)	(\$4)
Statutory EBIT	\$203	\$193	\$20	(\$8)	\$23	\$(25)
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	\$173	\$20	(\$12)	\$24	\$(6)
Royalty	\$ -	\$25	(\$12)	\$ -	(\$13)	\$ -
Net Profit before tax (Post Royalty)	\$199	\$198	\$8	(\$12)	\$11	\$(6)

1. Other segments includes Brisbane-based support businesses that 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. This has no impact on prior year profit or gross profit
4. Australia segment (EBITDA, EBIT and PBT) adjusted for royalty previously disclosed in Other Segment



## Appendix 5: Reconciliation of management and statutory EBIT Year ended 30 June 2011 (A\$m)



	GROUP
<b>ADJUSTED EBIT</b>	<b>\$224.7</b>
Interest expense	\$(7.4)
Interest revenue	\$28.2
Deferred consideration	\$0.1
Net foreign exchange (losses) / gains on intercompany loan	\$(3.8)
Profit of revaluation of investment	\$0.7
Impairment charge	\$(27.9)
Other non material items	\$(1.5)
<b>PROFIT BEFORE INCOME TAX</b>	<b>\$213.1</b>
Interest income	\$(40.1)
Interest expense	\$34.0
Deferred consideration	\$(0.1)
<b>STATUTORY EBIT</b>	<b>\$206.9</b>