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# Macquarie Conference Presentation

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**FLIGHT CENTRE**  
TRAVEL GROUP™

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# Section 1: Trading Update



# FY23 Trading Update

Further positive steps on path to full recovery

## Recovering Well – Guidance Amended

- Tracking comfortably within guidance range ahead of key May/June period
- Guidance narrowed (low end of range removed) & range updated to include Scott Dunn acquisition
- Now targeting \$270m-\$290m underlying EBITDA (previously \$250m-\$280m excluding Scott Dunn)

## Strong Sales Momentum

- Travel demand holding up strongly
- Post COVID record TTV in March 2023 – 6% above March 2019 result
- \$1b+ TTV contributions from both the leisure & corporate businesses for 1st time ever in a month

## Underlying Profit Margin Improving

- Underlying cost margin now at historic low – reflects permanent & structural cost base changes early in pandemic + growth in lower cost, highly scalable models
- Revenue margin consistent with 1H – impacted by rapid growth in lower revenue margin businesses as expected & as flagged previously
- Impact expected to be offset by cost margin reductions & other margin improvement strategies
- Supplier margins generally steady across all sectors – overall margins expected to grow as conditions normalise

## Corporate Business Outperforming

- TTV for 10 months to April 30 2023 in line with record FY19 full year result with 2 months to come
- Strong pipeline of future TTV as new & recent wins are onboarded & start to trade
- Operating cost leverage starting to be seen and will increase over 4Q23 and 1H24

## Leisure Recovery Accelerating

- Generated 47% of Group TTV during 3Q23
- TTV up 280% for nine months to March 31 compared to corresponding period in FY22
- Exceeded pre-COVID TTV levels in Australia in March 2023

## Stronger Balance Sheet

- \$200m increase in cash & investments during 3Q23 – now over \$1.3b & liquidity improvement of c.\$90m
- Continued investment in key growth drivers
- Capital management review underway with focus on medium-term shareholder returns

# Targeting 2% underlying PBT margin for FY25

## Key assumptions & drivers

- Group-wide target expected to be achieved via a combination of revenue margin & cost margin improvement
- Assumes business & channel mix does not materially vary from current expectations
- Corporate & leisure segments globally will be above the group-wide target, with the Other segment partially offsetting these operating business margins
- Various leisure & corporate business/channels with PBT margin above 2% (Corporate Traveller, FCM, Flight Centre shop network, Ignite, Travel Associates, Scott Dunn) will also be partially offset by lower-margin businesses at 2% or below (Independents; Student Universe; FCB on-line; BYO Jet; Travel Money).
- Travel Services will also operate above 2% PBT margin
- Potential positive impact flowing from proactive cash & debt management in near-term
- Ongoing objective is to deliver sustainable, long-term growth – FLT does not intend to sacrifice future prosperity by slowing growth in profitable but lower margin businesses in order to hit short-term margin target



# Balance Sheet

## Strengthening the Balance Sheet

- Ongoing recovery in revenue & EBITDA supporting cash flow & cash generation - cash at March 31 increased to \$1.3b
- Short-medium term focus on managing debt levels – bank borrowings & convertible bonds
- Bank debt facility refinanced in April; extended for further 12 months to February 2025
- No changes to covenants which re-commence from 30 June 2023
- \$1.1b gross tax losses to be utilised against future profits

## Continued Investment in Key Growth Drivers

- Ongoing upstaffing in leisure to meet current & anticipated future demand – recruiting c.100 consultants per month
- Technology; a core component of both leisure & corporate offerings & will see ongoing investment
- Marketing requirements muted given current demand levels but expected to increase over medium term
- M&A not required to feed top-line growth but will continue to be utilised for strategic channel or geographic growth

## Shareholder Returns

- Review of broader capital management being undertaken to consider most appropriate approach to increasing shareholder value over the medium-term



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## Section 2: Leisure Update



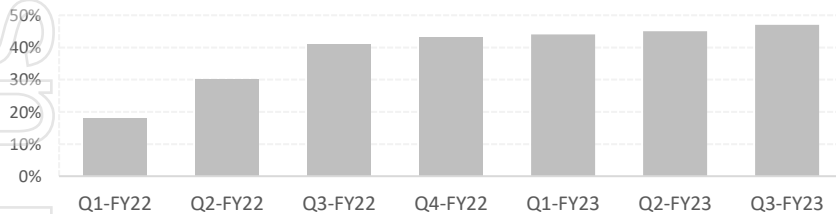
# Leisure Trading Update

## Renaissance of the travel agent continues

### ✓ Recovery Gaining Momentum

- Diverse stable of mass market, luxury, complementary & independent brands catering to a broad customer mix & now recovering solidly
- Continued sales momentum – monthly TTV topped \$1b in March for 1st time since before the pandemic & now contributing almost half of group TTV
- TTV up 280% year-on-year during nine months to March 31 2023
- March TTV above pre-COVID levels in Australia - outpacing recovery in outbound travel & in airline capacity
- Focus on profitable recovery in Northern Hemisphere from a smaller bricks & mortar footprint – Northern Hemisphere TTV not expected to return to pre-COVID levels in the short-term

Leisure TTV as % of Group TTV



### ✓ Achieving Strategic Objectives

- Differentiating & growing Flight Centre brand
- Rapid expansion in growth categories
- Accelerating complementary models
- Productivity holding at near record levels, with a renewed focus on driving higher productivity & revenue margin across the specialist businesses
- Early progress in revenue margin recovery strategy – increased components per booking within Flight Centre brand
- Captain's Package now being attached to c.70% of Flight Centre brand in-store bookings in Australia

**CAPTAIN'S PACKAGE**  
EXCLUSIVE TO INSTORE AND PHONE BOOKINGS

	CAPTAIN'S ESSENTIALS \$19	CAPTAIN'S VALUE \$49	CAPTAIN'S PLUS \$99
<b>Waive Flight Centre's Change Fee</b> Up to \$150 per booking in savings. Supplier fees may apply.	✘	✔	✔
<b>Waive Flight Centre's Cancellation Fee</b> Up to \$350 per booking in savings. Supplier fees may apply.	✘	✔	✔
<b>24/7 Priority Assistance</b> Reach a priority phone number to reach our team when you need them.	✘	✔	✔
<b>Price Drop Protection*</b> See us travel again on your flight and we'll give you the difference in a Flight Centre voucher.	✘	✔ \$50	Unlimited
<b>Lost Baggage Tracking Service</b> If your checked-in luggage is not found after 96 hours, you get another \$500.	\$500 PER BAG PER YEAR	\$1000 PER BAG PER YEAR	\$1000 PER BAG PER YEAR
<b>Travel Insurance Discount</b> We'll give you a discount off the cost of your Cover-More policy.	5% DISCOUNT	10% DISCOUNT	10% DISCOUNT
<b>Family Bonus</b> When you book purchases a Captain's Package, 1 child (12 years & under) is included.	✘	✔	✔

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# Leisure Trading Update

## Investment in new growth models paying dividends

- Now capturing c.40% of leisure TTV via online, independent & luxury brands (c.20% pre-COVID)
- Independents continuing to see strong top line growth - in March 2023 trading at 205% up on the corresponding pre-COVID period
- Online leisure TTV for FY23 well on track to top record FY19 result of c.\$1.3b
- Developing a luxury collection built around Travel Associates & Scott Dunn – combined revenue & profit contributions likely to significantly exceed TTV contribution
- Travel Associates delivering strong net margin, with TTV in March 2023 at ~120% of pre-COVID levels with 60% of the consultants
- Employee based models expected to contribute c.70% of Leisure TTV in FY23 compared to c.85% in FY19





# Scott Dunn Update

## Integration progressing well

- Acquisition aligned with FLT's clearly articulated strategy to grow in the global Luxury travel market
- Operates in a high margin market segment with resilient characteristics that is expected to continue to grow
- Scott Dunn acquisition positions FLT to target a range of customer needs through its various brands - from mass market to curated packages
- High revenue & PBT margin business, with a high value and loyal customer base
- Integration progressing as planned, with benefits being realised as Scott Dunn leverages FLT's strength & capabilities
- Accelerating Scott Dunn's growth in the US market, with Scott Dunn leveraging FLT's US office space to establish an East Coast presence in early FY24



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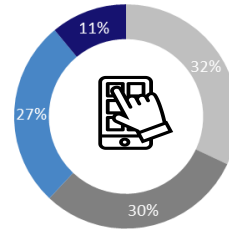
## Section 3: Corporate Update



# Corporate Trading Update

## Grow to Win strategy successfully executed

Corporate TTV Contribution (YTD Mar-23)  
by Region



■ Americas ■ ANZ ■ EMEA ■ Asia

- ✓ TTV to comfortably surpass record FY19 result with average client spend tracking at just 70-75% of pre-COVID levels
- ✓ Record monthly transactions & TTV in March 2023
- ✓ Strong organic market-share growth
  - High customer retention rates + large volume of new account wins in both large market (FCM) and SME (Corporate Traveller)
  - FCM on track to secure new accounts with projected annual spends of c.\$2b during FY23
- ✓ Investment in proprietary, differentiated tech a key success driver
  - 95% of Corporate Traveller USA wins now being implemented via Melon platform
  - "Tech" cited as major reason why most new clients chose FCM
- ✓ FCM Next Generation Service Hub model operating in Asia & Europe – utilising the latest technology to deliver consistent customer experience & enhance productivity
- ✓ Investing in key NYC SME market – new corporate office now open to fast-track growth in world's largest corporate market

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# Corporate Update

## Focus on achieving scale benefits

- Corporate Traveller recovering strongly & now approaching pre-COVID monthly profitability levels
- Focus on 3 key performance metrics across corporate division:
  1. Transaction volumes
  2. Income per transaction
  3. Cost per transaction
- Improvement in these metrics expected (particularly in FCM) heading into FY24 & leading to more meaningful profit margin recovery during FY25
- Significant pre-investment already undertaken within FCM business to win, implement & service a materially larger volume of business (current activity + new account pipeline)
- Now fully staffed for the medium term – c.1000 staff added to global workforce since July 2022
- Productivity gains expected as new staff (industry newcomers) gain experience, as travel returns to normal & through system enhancements
- Ready to benefit from account wins early in pandemic – high profile accounts now implemented & entering 2nd & 3rd years

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## Section 4: Other



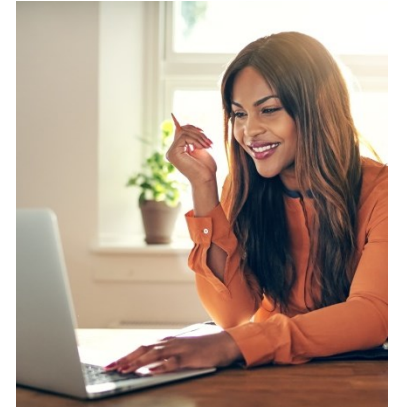
# Other Segment

c.\$50m-\$55m EBITDA loss expected in FY23

1

## Travel Services (c.\$1m 1H23 EBITDA loss)

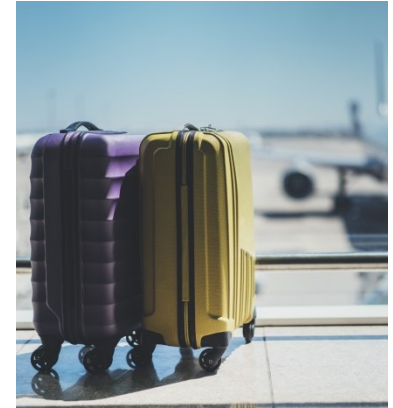
- Discova – destination management business
- BackRoads, Topdeck - touring
- Cross Hotels & resorts – hotel management



2

## TP Connects (c.\$4m 1H23 EBITDA loss)

- Investment in content – airfare aggregation



3

## Other Businesses (c.\$4m 1H23 EBITDA loss)

- Pedal Group profit share
- Wholesale FX (India)
- GOGO (Wholesale business)
- Avmin (air charter)

4

## Global Head Office Teams (c.\$19m 1H23 EBITDA loss)

*Other segment also includes interest and amortisation of convertible bonds (\$50m p.a.) at a PBT level (excluded for EBITDA)*



# Supply Update

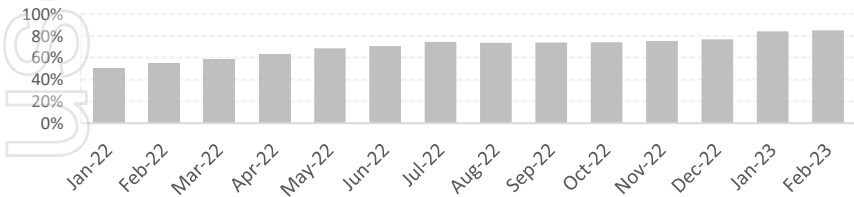
## Environment gradually normalising

- International air capacity gradually increasing - tracking at 82% of pre-COVID levels in Australia in April 2023
- Steady recovery in air traffic globally - RPKs back above 80% of pre-COVID levels from January 2023
- Recent capacity increase announcements in Australia from United Airlines & Korean - increasing services
- Chinese carriers now back in Australia – capacity recently extended beyond October
- Supply margins generally stable – cruise, touring & hotel margins consistent with pre-COVID levels
- Air contract structures starting to normalise – growth targets & tiers again being factored into contracts
- Proactively working with airline partners to surface best content for customers regardless of channel (traditional GDS or NDC)



Consistent recovery in air traffic globally with strong build-up early in CY23

Global Air Traffic RPKs as % of pre-COVID



Source: IATA Revenue Passenger Kilometer (RPK) data



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# Airfare Pricing Outlook

- Average fares to most international destinations ex Australia peaked late in CY22
- Average fares have generally remained above pre-COVID levels but have tended to decrease early in CY23, with the exception of fares to Europe
- Positive recent signs with heavily reduced discount fares offered as capacity/competition has started to increase
- Sydney-London return sale fares currently available from sub \$1,500
- Similar price to \$1,408 sale fare advertised 10 years ago (April 2013)

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**ECONOMY FLIGHTS ON SALE**

KUALA LUMPUR			TOKYO			LONDON		
RETURN FROM		PER PERSON	RETURN FROM		PER PERSON	RETURN FROM		PER PERSON
	\$	754		\$	1011		\$	1463



END OF PRESENTATION: QUESTIONS?