

# Macquarie Conference

Presentation by Adam Campbell, CFO

May 8, 2024

**FLIGHT CENTRE**  
TRAVEL GROUP™



# The FLT Story

## A Diverse Global Business

- ✓ 4 key divisions in 4 regions

## Proven track record of sales growth in a resilient sector

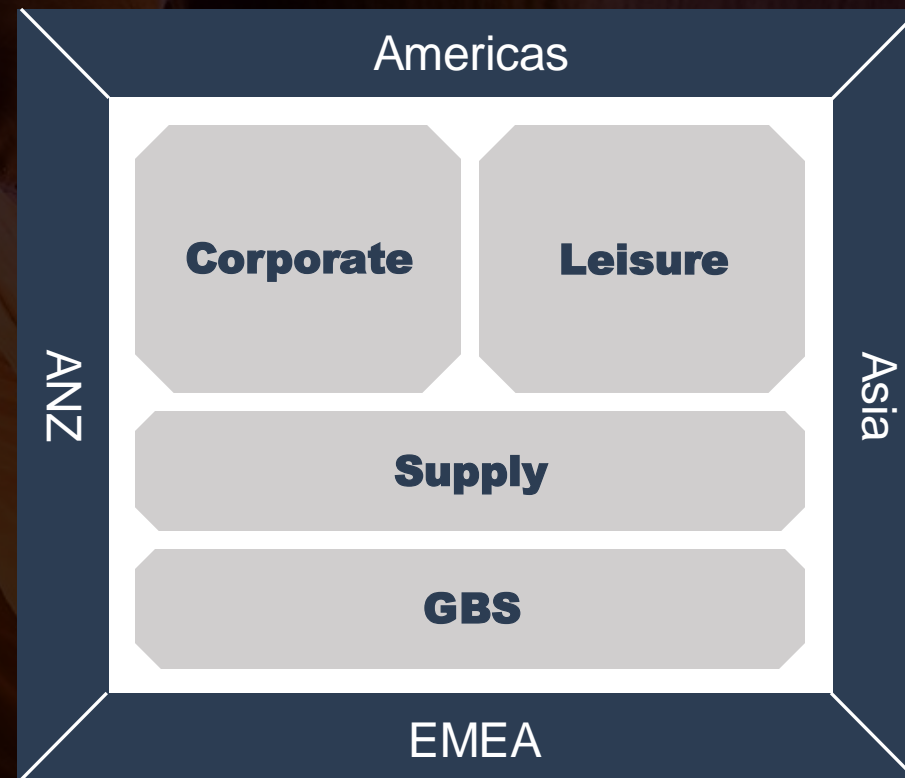
- ✓ TTV has exceeded prior year 25 times in 29 years as a listed entity (includes 2 "misses" during COVID)
- ✓ Large repeat customer base – recurring leisure & corporate revenue
- ✓ Leisure business leveraged to outbound travel – a market that grew at a 5.9% CAGR over 40 years pre-COVID (Source: ABS short-term resident departures)

## Re-emerging from the pandemic in a stronger position

- ✓ A more efficient & more productive business with building blocks in place to deliver stronger returns
- ✓ Strong cash generation - \$200m+ increase in cash & investments during Q3 - & circa \$1b in tax losses available to utilise
- ✓ Solidifying the balance sheet - \$280m debt & overdraft reduction during 1H + \$84m CN buy-back (\$75m face value)

## Prioritising sustainable shareholder value creation

- ✓ Investing in key long-term growth drivers
  - Systems & tech to enhance productivity & customer experience
  - Sales network (on & offline channels & people)
  - Product & service offerings



## FY24

# Trading Update

### On track to deliver record full year sales

- FY24 TTV expected to surpass \$23.7b FY19 result
- Solid achievement given:
  - Widespread business closures since FY19 - circa 60% reduction in leisure bricks & mortar shops during pandemic
  - Recent network changes, including the GoGo & India FX business closures (combined FY19 TTV of almost \$1.3b)
- Year-on-year growth impacted by decreasing airfare prices (slide 4) - which FLT views as a very positive development

### Profit guidance reaffirmed – strong year-on-year growth expected

- Trading broadly in line with expectations & continuing to target underlying PBT between \$300m & \$340m for FY24 with seasonally busiest trading months to come
- Mid-point in targeted profit range represents 200% year-on-year growth (FY23: \$106m)

### Improved margins – underlying Q3 PBT margin up 60bps v FY23 Q3

- Revenue & cost margins both tracking well ahead of PCP & set for further improvement as market recovery continues & as key strategies gain traction, delivering operating leverage
- Supplier margins generally stable or increasing across all categories (air, hotels, cruise, tours, car hire) although air margins still below pre-COVID levels following commission reductions in Australia & NZ
- New travel insurance contract in place for global leisure business with Europ Assistance from late this calendar year
- Q3 underlying PBT margin above 2% for the quarter in leisure & corporate @ 1.7% - ahead of significant benefits being realised from the Productive Operations initiative

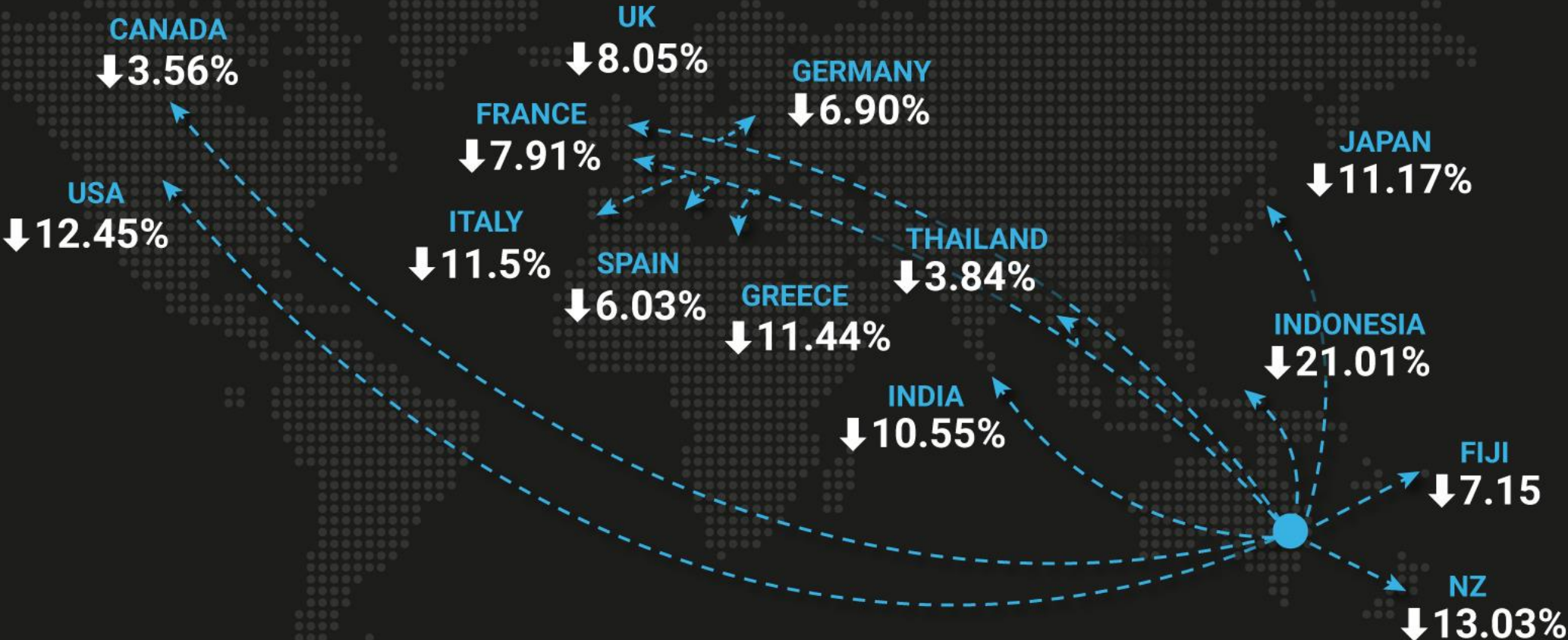
### Positive market trends emerging

- Outbound capacity tracking at 95% of pre-COVID levels in Australia in April 2024
- International airfare prices now falling in Australia (but still above pre-COVID levels) & expected to stimulate further demand, particularly in leisure
- Big Red Sale (global Flight Centre brand sale) underway this week to highlight new deals



# Airfares finally starting to fall

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12.8% decrease in the price of the average international airfare sold in Australia during the FY24 Q3 v FY23 Q3

FY24

# Focus on delivering a 2% underlying PBT margin

1

## TARGET IN PLACE FOR FY25

- Last achieved by FLT in FY15
- All brands & businesses working towards specific targets, with leisure & corporate segments both aiming for circa 2.5%
- Leisure back above 2% in Q3 trading, corporate circa 1.7%
- Working to reduce losses in "Other" segment (see slide 6)

2

## KEY IMPROVEMENT DRIVERS

- Revenue margin recovery – better supplier margins, strategic & Business As Usual initiatives (components/attachment, ancillaries, new revenue streams & services);
- Further cost margin improvement – driven by productivity gains, efficiency & operating leverage & closure/turnaround of loss-making businesses (slide 7)

3

## BUILDING FOR THE FUTURE

- Aiming to deliver sustainable margin as business grows & evolves
- FLT will not risk future prosperity by:
  - Sacrificing its non-financial assets – people, customers & supply chain
  - Abandoning strategic investments that are operating with sub optimal margins while they scale up or start-up; or
  - Slowing growth in profitable, but lower margin businesses with solid future growth prospects

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FY24

# Overview: FLT's "Other" segment

## Broadly grouped into two areas

- ✓ Operating businesses
- ✓ Head office costs

## Operating businesses

- ✓ Increased investment during FY24 in TP Connects airfare aggregation business to deliver:
  - Better access to airline NDC content for FLT's leisure & corporate businesses (benefits captured in leisure & corporate segments) - new agreement in place with Qantas relating to airfares sold via the airline's QDP NDC channel; and
  - New revenue streams from airlines using TP Connects to bring their NDC offerings to market – 15 airlines now connected & a number of other coming on board, including Ryanair & Qatar Airways
- ✓ GoGo wholesale businesses now closed (losses excluded from underlying FY24 results as outlined at half year), TTJ rebranded (now Infinity)
- ✓ Discova Asia DMC profitable, Americas business currently being reviewed
- ✓ Hotels, touring & air charter (Avmin) businesses on track for modest full year profits
- ✓ Modest full year profit also expected from bike JV (Pedal) after stock-related losses during FY23 2H

## Head office

- ✓ Expenses that aren't allocated to the leisure or corporate businesses
- ✓ Includes interest income & expense

## Pillars - Underlying PBT

	Restated H1 2023 \$m	H1 2024 \$m
<b>Other Pillar</b>	<b>(46.7)</b>	<b>(46.8)</b>
<b>Operating Businesses</b>	<b>(12.1)</b>	<b>(13.7)</b>
TP Connects	(4.8)	(10.3)
Avmin	1.1	0.3
DMC	(2.3)	(2.9)
Hotels	0.1	(0.5)
Touring	(1.9)	2.5
TTJ (Infinity)	(0.2)	(2.9)
Pedal	0.5	0.1
US - GOGO	(4.6)	-
<b>Head Office Costs</b>	<b>(34.6)</b>	<b>(33.1)</b>

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FY24

# Continuing to review under-performing businesses

## GoGo

- ✓ US wholesale business now closed, as announced at half year
- ✓ \$7.3m trading loss incurred during FY24 1H (FY23: \$7.6m full year loss)
- ✓ Full year losses & closure costs to be excluded from underlying FY24 results (as outlined previously)

## India wholesale FX

- ✓ Low margin business closed at June 30, 2023
- ✓ Circa \$500,000 underlying loss incurred during FY23 (\$360m in TTV)

## Discova Americas

- ✓ Mexico-based Destination Management Company currently under review
- ✓ \$3.1m 1H trading loss (FY23: \$1.4m full year loss)
- ✓ Review to be completed by June 30, with costs associated with any outcome to be excluded from underlying FY24 results (consistent with treatment of other businesses)

## StudentUniverse

- ✓ Online student travel marketplace now part of FLT's Jetmax online travel agency group
- ✓ Exploring synergies between StudentUniverse, BYOJet & Aunt Betty
- ✓ \$4.6m 1H loss (FY23: \$6.9m loss), with profit expected in FY25 after changes are implemented
- ✓ Non-cash goodwill impairment likely to be recorded at full year & excluded from underlying FY24 results



## CORPORATE

# Continuing to outperform

### Outpacing sector recovery

- ✓ Corporate business on track for another record full year result despite global sector only recovering to circa 75% of pre-COVID levels
- ✓ Now a materially larger business than pre-COVID - TTV for 9 months to March 31, 2024 already exceeds FY19 full year result of \$8.9b

### Growing to win – market-share gains driven by proven organic growth model

- ✓ Very high customer retention rates & large pipeline of new account wins in SME & large market sectors – uptick in RFP activity following recent industry consolidation

### Strong returns on investment in unique dual brand approach

- ✓ FCM – the alternative to the traditional Travel Management Companies & now (post recent consolidation) one of only three TMCs with a truly global footprint & proven track record of servicing large multi-national & enterprise-level accounts
- ✓ Corporate Traveller – tailored & compelling offering for SMEs/start-ups. Typically winning managed & unmanaged accounts with annual spends between \$US200,000 and \$US2million in highly fragmented market

### Starting to achieve scale benefits

- ✓ Improvement in key performance metrics – volume growth, with improved revenue per transaction & lower costs per transaction
- ✓ Delivering record TTV with fewer staff – gradual FTE reductions over past year
- ✓ Mass adoption of proprietary platforms – FCM Platform fully deployed globally within next few months, more than 90% of new customers now using Melon SME platform in Northern Hemisphere
- ✓ Productive Operations strategy now in full swing with various initiatives deployed (slide 9) - more significant benefits expected in FY25

### New revenue streams & growth opportunities

- ✓ Ancillary revenue increasing (8% of 1H corporate revenue globally) - consultancy, payments, software subscriptions
- ✓ Fast-tracking growth in large US market through new regional structure for Corporate Traveller – 3 key centres in New York, LA & Chicago
- ✓ Horizon 2 (emerging) businesses – FCM Meetings & Events, Stage & Screen, Asia

# Productive Operations



01

## Digitisation & Standardisation of Operations

### New mid & back-office platform deployed

- Dynamics now live in 9 countries
- Netherlands, Hong Kong, Singapore, Malaysia, Germany & Nordics

### Enquiry Management - Agent Workspace

- AI features deployed to classify cases & redirect
- Leading to increased productivity & better customer experience
- 1100 FCM Agents now live across 3 regions



02

## Enable Self Service Capabilities

### FCM Platform Enhancements

- New features deployed May 1
- Changes / cancellations online (currently 8% of agent enquiry)
- Visa Processing online (new revenue stream)
- Knowledge Hub (customer self-service help centre) from 1 June to manage enquiry & deflect support cases



03

## Content access & distribution

### Content Aggregators

Hotel Source – accommodation aggregation source now available to our travel managers & being introduced into our Online Booking Tools to drive attachment & margin

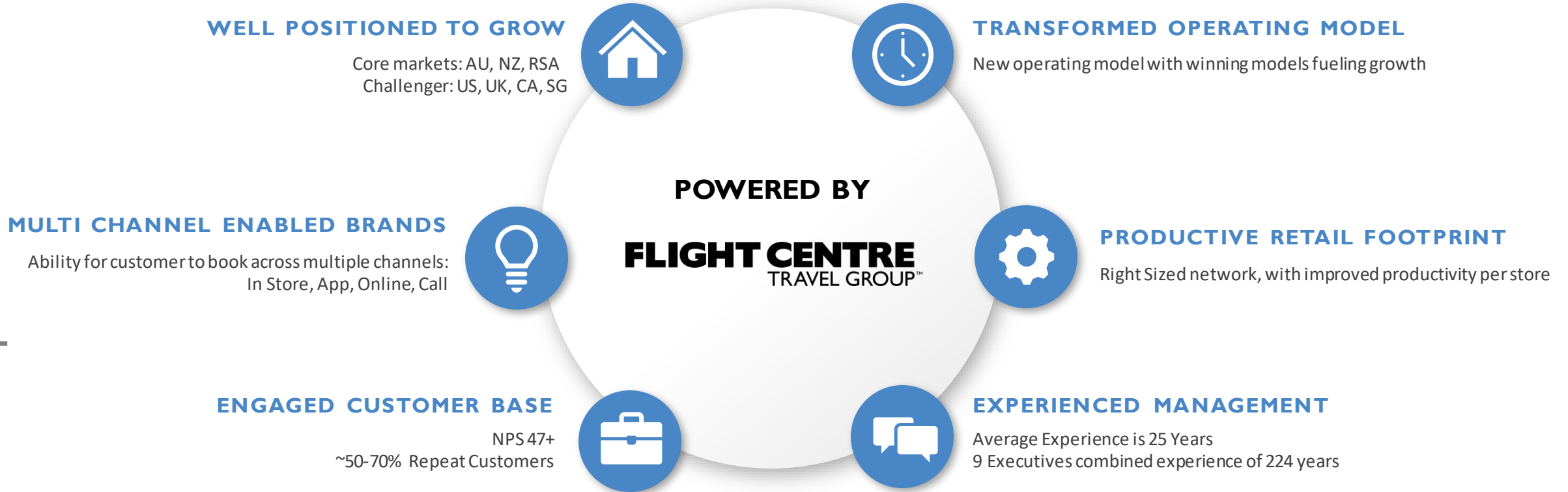
TP Connects – airfare aggregation

*Building a single global operating system that drives every activity through the right channel, lowering costs & growing income while delighting customers through personal service & automation of low & no-value activities*

LEISURE

# Positioned to Grow

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## LEISURE

# Successfully executing key strategies

### More efficient

- ✓ Transformed business with materially lower cost base (fewer shops, people & systems)
- ✓ New growth blueprint built around winning models that are growing rapidly & highly scalable – luxury, independent & complementary pillars all growing TTV at 20%+ YTD & together capturing circa 45% of global leisure TTV

### More productive

- ✓ Maintaining high productivity levels with increased sales per person & store
- ✓ TTV in Australia now back above FY19 levels in monthly trading with less than half of the traditional bricks & mortar shop network
- ✓ More components/products per booking, more models producing sales at lower costs

### More profitable

- ✓ Strong trajectory
  - Underlying PBT for first three quarters more than double PCP
  - Tracking close to FY19 full year result after nine months with peak Q4 trading period to come
- ✓ Underlying net margin above 2% for FY24 Q3
- ✓ Revenue margin increasing through better supplier margins & strategic initiatives – Flight Centre brand now averaging 2.8 components per booking (up from 2.6 in December 2023)

### Delivering an enhanced customer experience

- ✓ Better omni-channel capabilities in Flight Centre brand
- ✓ Strong staff retention. Leading to better customer service & higher NPS

# Tapping into new revenue streams

## INITIATIVES UNDERWAY ACROSS ALL FOUR LEISURE CATEGORIES

### Mass Market



- Significant expansion in products available online
- NDC airfares, Flight Centre Holidays packages, cruise bookings (Australia, NZ, Canada), "Anywhere to Anywhere" flights, digital gift cards coming soon

### Luxury



- Scott Dunn now open in New York (Bryant Park)
- Gives the business US east & west coast growth platforms

### Specialist



- 1st Cruiseabout shop opened in Perth last week – specialising in fly-cruise packages
- StudentUniverse now part of Jetmax OTA division
- Ignite (MyHolidays) business performing well & earmarked for international expansion
- MyTours offering growing solidly off small base

### Independents



- Envoyage brand officially launched
- Unifies FLT's stable of organically grown & acquired brands in rapidly growing global sector that now generates 15% of FLT's leisure TTV

B2C

B2B

# MyTours offering taking off

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- ✓ Highly affordable tour packages with bonus inclusions
- ✓ Headline deal - \$990 package to China, including flights, nine-nights' accommodation, touring & other bonuses

FLIGHT CENTRE EXCLUSIVES

**YOUR**  
great wall of deals  
**CENTRE**

**EARLY BIRD CHINA TOURS ON SALE**  
**SAVE UP TO \$4000\***



**VALUED AT \$2490\***

**FROM \$990\*** PER PERSON

**10 DAY CHINA EXPRESS**  
Your 10 day fly & guided tour holiday

**WHY YOU'LL LOVE IT**

- ✓ International flights to Beijing, returning from Shanghai
- ✓ 9 Nights in hand-selected accommodation, breakfast daily and 2 lunches
- ✓ Private deluxe coach, English-speaking local tour guides and unique sightseeing
- ✓ Visit the iconic Great Wall of China with a picnic-style lunch
- ✓ Bullet Train from Beijing to Wuji accompanied by your guide
- ✓ Discover the Temple of Heaven, a UNESCO World Heritage Site
- ✓ Stay in ancient Wuji, known as the land of fish and rice
- ✓ Stroll through the glorious gardens and charming canals of Suzhou
- ✓ Set sail on a serene cruise along the enchanting West Lake
- ✓ Taste Longjing Green Tea at an authentic tea village in Hangzhou
- ✓ Explore Shanghai Museum and the historic Bund district

**Low deposit from \$299\***

Departs 04 SEP 24 - 25 MAR 26 Deal MT-1603



**VALUED AT \$3790\***

**FROM \$1790\*** PER PERSON

**13 DAY 3 ICONS OF CHINA**  
Your 13 day fly & guided tour holiday

**WHY YOU'LL LOVE IT**

- ✓ International flights to Chengdu, returning from Shanghai
- ✓ 12 Nights in hand-selected accommodation and 15 meals
- ✓ Private deluxe coach, English-speaking tour guides and 3 bullet trains
- ✓ Encounter China's adorable giant pandas in Chengdu
- ✓ Marvel at Xian's Terracotta Army and magnificent City Wall
- ✓ Discover the impressive Forbidden City and Temple of Heaven
- ✓ Indulge in Beijing's most famous dish - Peking duck
- ✓ Visit the iconic Great Wall of China and stay in ancient Wuji

**Low deposit from \$299\***

Departs 20 OCT 24 - 22 MAR 26 Deal MT-1604





**VALUED AT \$4690\***

**FROM \$2690\*** PER PERSON

**20 DAY BEST OF CHINA TOUR**  
Your 20 day fly & guided tour holiday

**WHY YOU'LL LOVE IT**

- ✓ International flights to Beijing, returning from Xian
- ✓ 15 Nights in hand-selected hotels, 29 meals and 3 bullet trains
- ✓ 4 Night Yangtze River Cruise including select shore excursions
- ✓ Private deluxe coach, English-speaking tour leader and local guides
- ✓ Discover Beijing's Tiananmen Square and Forbidden City
- ✓ Marvel at China's iconic Great Wall, Terracotta Army and giant pandas
- ✓ Wander through the canals and gardens of Wuxi and Suzhou
- ✓ Cruise Hangzhou's West Lake and see the sacred Lingyin Temple

**Low deposit from \$499\***

Departs 15 OCT 24 - 14 OCT 25 Deal MT-1606



**FLIGHT CENTRE**  
Experience our experience

APP | STORE | ONLINE | 1300 722 826



\*FROM \$990: Travel restrictions & conditions apply. Prices & fares are correct as of 28 March 2024 and subject to change without notice. See our website for full details. Prices are per person into China (airfare included) and are subject to availability. Flight Taxes Apply. Payment made by credit card will incur a surcharge. Conditions for any apply unless otherwise stated. Excludes Airport & Travel Insurance. See website.

\*FROM \$1790: Flight Centre Excludes passport & visa packages offered by Flight Holidays Pty Ltd & a subsidiary of Flight Centre Group. IATA Accreditation No. 01316146. Flight Centre Travel Group Limited (ABN 25 003 377 188) trading as Flight Centre. IATA Accreditation No. 016622.

**SUPPLY**

# Key Focus Areas

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**AUTHENTIC & STRATEGIC PARTNER RELATIONSHIPS**



**INDUSTRY LEADING CONTENT, CONTRACTS & COMMERCIAL RETURNS**



**SUSTAINABLE & ADDITIONAL MARGIN FOR OUR SELLING BRANDS & SUPPLY**



**INVESTMENT IN OUR PEOPLE, TECH & OPERATIONS TO SURFACE & SUPPORT OUR DESIRED RANGES**



**GROWTH IN OUR TARGETED MIX OF CONTENT & SUPPLIER VOLUME**



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**FY24: GBS**

# **New Global Business Services Division in Place**

**Key service provider across finance, technology, security, risk & people & culture to the Group (including Leisure, Corporate & Supply) that:**

- Delivers transparency of structure & costs
- Delivers cost & productivity efficiencies
- Invests in developing enterprise-wide expertise that enhances the Group's core capabilities & helps create competitive advantage
- Helps ensure governance & risk management requirements are met by the Group's businesses
- Encompasses some 1400 people globally



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THANK YOU

**FLIGHT CENTRE**  
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