

FLIGHT CENTRE TRAVEL GROUP™

STATEMENT TO AUSTRALIAN SECURITIES EXCHANGE – April 28, 2025

Flight Centre Travel Group Amends FY25 Profit Guidance and Announces \$200m On-market Share Buy-back

FLIGHT Centre Travel Group (FLT) today amended its 2025 fiscal year (FY25) profit guidance and announced an on-market share buy-back of up to \$200million.

The company has also strengthened actions – related to costs, productivity and margin – to address short-term results volatility brought about by uncertain (cyclical) trading conditions, including the recent changes to United States trade and entry policies.

While FLT remains on track to deliver record total transaction value (TTV), the prospect of this current uncertainty continuing into FLT's busiest trading months (May-June) means the company is now unlikely to deliver the 14-26.5% year-on-year growth needed to achieve its initial FY25 target of a \$365million-\$405million underlying profit before tax (UPBT).

FLT was tracking towards the low to mid-point of this range when it released first half (1H) results but now expects its FY25 UPBT will be between \$300million and \$335million, with the mid-point broadly in line with the \$320million FY24 UPBT.

Second quarter (2Q) earnings momentum reported at the half year flowed through to early 3Q results before US policy changes began to impact business and consumer confidence and corporate and leisure sales in March. Early April trading results point to ongoing uncertainty, which looks likely to slow FLT's growth in the heavily weighted May-June period.

The recent US developments have exacerbated the volatile trading conditions experienced throughout the year, leading to lower-than-expected TTV growth in core brands and impacting super over-rides, overall margins and operating leverage in these larger brands given most TTV growth has occurred in lower margin businesses.

Despite inconsistent trading conditions, FLT's global leisure business is again on track to exceed pre-pandemic profitability levels, while the corporate business generally continues to trade solidly in most regions, again securing a solid pipeline of new accounts globally while major productivity initiatives are underway to boost future profits.

Stronger overall results are expected in FY26 and beyond as trading conditions stabilise and as the strategies that are already in place gain momentum.

In addition to cyclical challenges, FY25 results have been impacted by underperformance in some areas and regions and upfront investments that are expected to deliver material future returns, as outlined later in this announcement.

While FLT will not achieve its initial FY25 profit target, it continues to:

- Generate solid monthly profits
- Maintain a strong balance sheet and liquidity position with increasing cash reserves and access to undrawn debt facilities; and
- Have a positive medium to long-term outlook in a resilient sector

Accordingly, and in line with its capital management policy, the company has announced its intention to buy-back ordinary shares, in addition to continuing to pay dividends and proactively assessing options to manage its outstanding Convertible Notes (CNs).

Taking into account FLT's expected operating and cash flow requirements and its strong liquidity, the Board has approved an up to \$200million on-market ordinary share buy-back, starting on or about May 12 and to be completed within 12 months of this announcement, as detailed at the end of this announcement and in the Appendix 3C lodged today.

Actions in place to address short-term results volatility, under-performing businesses

In response to the impacts cyclical factors are currently having on trading results, FLT will:

- Fast-track various initiatives within its newly created Global Business Services (GBS) division to reduce its circa \$20million per month cost base
- Continue with productivity improvements and fulltime employee (FTE) reductions, predominantly in non-customer-facing areas. The corporate business is on track to achieve its targeted 5% FTE reduction by year-end, while a recruitment freeze is in place in other businesses
- Target a 15-20% capital expenditure reduction for FY26; and
- Work with suppliers to capitalise on new opportunities flowing from short-term travel pattern changes and temporary airline capacity shifts away from US destinations

Within the GBS division, FLT's Fusion initiative is underway to reduce costs, boost efficiency and scalability and improve the employee experience. Early focus areas include a new Enterprise Technology Services operating model, a new Human Resources Information System (HRIS) and a Business Process Outsourcing optimisation strategy.

FLT also continues to focus on turnaround opportunities in underperforming businesses,

The company is currently reviewing StudentUniverse (SU), a business that is trading below pre-pandemic levels and which is now expected to lose up to \$10million during FY25, after initially expecting a result close to breakeven. This review will be completed by June 30.

Within the loss-making Canada leisure business, FLT is investigating expansion opportunities in the independent agency and agent sector, a category with strong growth potential in that market. This strategy is in place in the US, where the Envoyage business is growing strongly off a small base, with TTV up circa 60% over the nine months to March 31.

In Asia, the company expects a return to sustainable profitability from FY26, after a challenging FY25 related predominantly to an internal system change that led to invoicing delays for some clients. While this issue has been rectified, the business has taken up higher provisions given money may not be collected before the end of FY25.

FLT has also invested heavily during the 2H to ensure that technology, infrastructure, resourcing and processes are appropriate for a region of Asia's size and complexity.

Investing for the future

In addition, the company has invested in strategic initiatives that are expected to unlock a new era of more profitable growth including:

- Corporate's Productive Operations initiative, its ongoing investment in innovative technology and systems and Corporate Traveller's Northern Hemisphere rapid growth plan, which has delivered accelerated 2H TTV growth in the US – a trend that is expected to continue – and increased UK account wins during the 2H
- Leisure's investment in the rapidly growing cruise sector, Flight Centre Business Travel's UK reintroduction and growth in the independent sector, which now generates about 20% of leisure TTV but at a low margin as it gains scale; and
- Deployment of Artificial Intelligence (AI) initiatives and tools group-wide to enhance the customer experience and boost productivity.

FLT will also invest circa \$25million this year in TP Connects, its airfare aggregation business in Dubai, to introduce a broader range of capabilities and functionality that will decrease the business's reliance on third-party systems and help it secure additional external revenue from airlines and other travel companies.

Comments from managing director Graham Turner

"While FY25 has been a turbulent year, our fundamentals are strong and we are well placed to deliver more rapid growth and enhanced shareholder returns next year and into the future as the trading cycle stabilises.

“In the corporate sector, we are again performing reasonably well, given the challenging conditions and aside from the operational issues that are impacting FY25 results in Asia.

“Our corporate business is now materially larger than it was pre-COVID, its offerings are resonating strongly with customers and productivity gains of 15-20% are expected between FY24 and FY26 if the business achieves its targets. In addition, the account pipeline is strong, given FCM alone has already secured new contracted accounts with projected annual spends of more than \$1billion during FY25.

“Our leisure business has emerged from the pandemic as a more profitable and productive operation, with a more diverse brand stable and a more cost-effective growth model. In Flight Centre brand, we are seeing strong growth in components per booking (attachment) and basket size this year, while emerging brands like Travel Money, Scott Dunn and Ignite (MyHolidays) are generally performing well.

“Group-wide, we are maintaining cost discipline and implementing strategies to boost productivity and enhance the customer experience. Importantly, we are also maintaining a very strong balance sheet, which allows us to:

- Invest in key growth drivers
- Acquire businesses if attractive opportunities arise; or
- Undertake further capital management initiatives

“The \$200million buy-back we have just announced underlines both our belief in the strength of our business and our commitment to enhancing shareholder returns.”

Differences between statutory PBT and UPBT

FLT has based its guidance on UPBT, in line with its established practice, and has excluded various items from statutory PBT. As announced previously, 1H exclusions were:

- Accounting for CNs (non-cash amortisation and gain/loss on buy-back and remeasurement)
- Costs and losses associated with under-performing, non-continuing businesses
- Various one-off Productive Operations expenses; and
- Costs associated with the HRIS’s development and other minor restructuring costs

Full year exclusions are expected to be consistent with 1H exclusions. Costs associated with the GBS Fusion initiatives’ implementation, costs incurred in initiatives geared towards increasing customer loyalty and SU’s operating losses will also be excluded.

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On-market share buy-back

The buy-back is subject to prevailing share price and market conditions, will be executed at FLT's discretion and will otherwise be undertaken in accordance with the terms specified in the Appendix 3C released today (April 28, 2025).

The buy-back will be conducted in the ordinary course of trading over the next 12 months, in addition to FLT managing its outstanding CNs and maintaining its existing capital management policy.

The final amount of the buy-back and the exact timing of any trades made from time to time will depend on a number of factors including market conditions, FLT's prevailing share price, its future capital requirements and consideration of any unforeseen developments or circumstances that may arise in the course of the buy-back.

Accordingly, there is no assurance that FLT will buy back any or all of the \$200million worth of shares contemplated. FLT reserves the right to suspend or terminate the buy-back at any time (having regard to the previously mentioned factors and shareholders' best interests).

The buy-back will reduce the number of FLT shares on issue, help drive earnings per share (EPS) growth and offset potential dilution associated with the CNs.

Flight Centre Travel Group Limited's board has authorised this announcement.