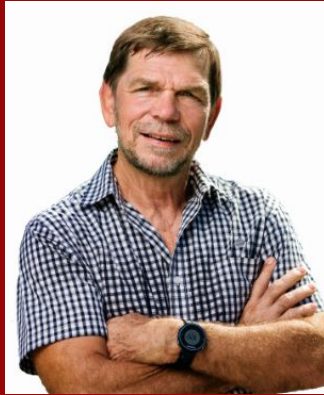


# FLT: Half Year Results Presentation (FY21)

February 25, 2021

# Today's presentation



Graham Turner

- Global MD / CEO
- Introduction and Outlook
- (Sections 1 and 5)



Adam Campbell

- CFO
- Financial Results
- (Section 2)



Chris Galanty

- Corporate - CEO
- Corporate Update
- (Section 3)



Melanie Waters-Ryan

- Leisure - CEO
- Leisure Update
- (Section 4)

# Weathering the unprecedented COVID-19 challenge

**Cost base lowered to sustainable level** – circa \$1.9b (almost 70%) reduction in annualised costs during past 12 months

**Continued revenue generation in pre-vaccination, domestic-only world** – December revenue at its highest point since travel restrictions were introduced globally in March 2020 (although well below historic levels)

**Achieved month-on-month reductions in net operating cash outflow** during 1H – \$30m in December 2020

**Extended liquidity runway** – \$1.2b+ in liquidity at Dec 31, 2020

# Well placed for the recovery phase

Now a **leaner & more efficient** organisation, with a **lengthy liquidity runway** & headed by a **highly experienced management team**

**Key assets retained and enhanced** during pandemic, including brand equity & key people

**Diversity & strength** – large scale leisure & corporate offerings, with a mix of new & legacy models. Legacy models being enhanced – “tech backed by people”

**Able to benefit from short-haul travel recovery** – significant exposure to domestic/regional travel in most key businesses

**Maintaining & growing leisure market-share** through highly accessible leisure shop networks, supported by omni-channel offerings with strong future growth products (winning models) (See Appendix 5)

**Game changing offerings and strong organic growth potential in corporate** during the 2H & beyond – high customer retention & large pipeline of new account wins flowing from very strong RFP activity globally



# Positive signs starting to emerge

01

Pent-up demand

- Most customers keen to travel when they can
- Strong & immediate rebounds in both leisure & corporate travel when restrictions are eased/lifted
- Heavy domestic weightings

02

Some smaller businesses now profitable

- UAE corporate business profitable since Q2
- Ignite (Australia) now profitable
- 99 Bikes & Avmin trading at record levels

03

Possibility of accelerated 2H TTV recovery in corporate

- Flagship new accounts now implemented & trading
- Benefits to be seen across all regions, but EMEA & Americas in particular

04

Blueprint unveiled for UK "one-way road to freedom"

- Boris Johnson this week flagged UK lockdown phased exit plan - may pave the way for domestic travel to resume in April, international in May
- UK contributed almost 10% of pre-COVID TTV

05

Vaccination programs underway

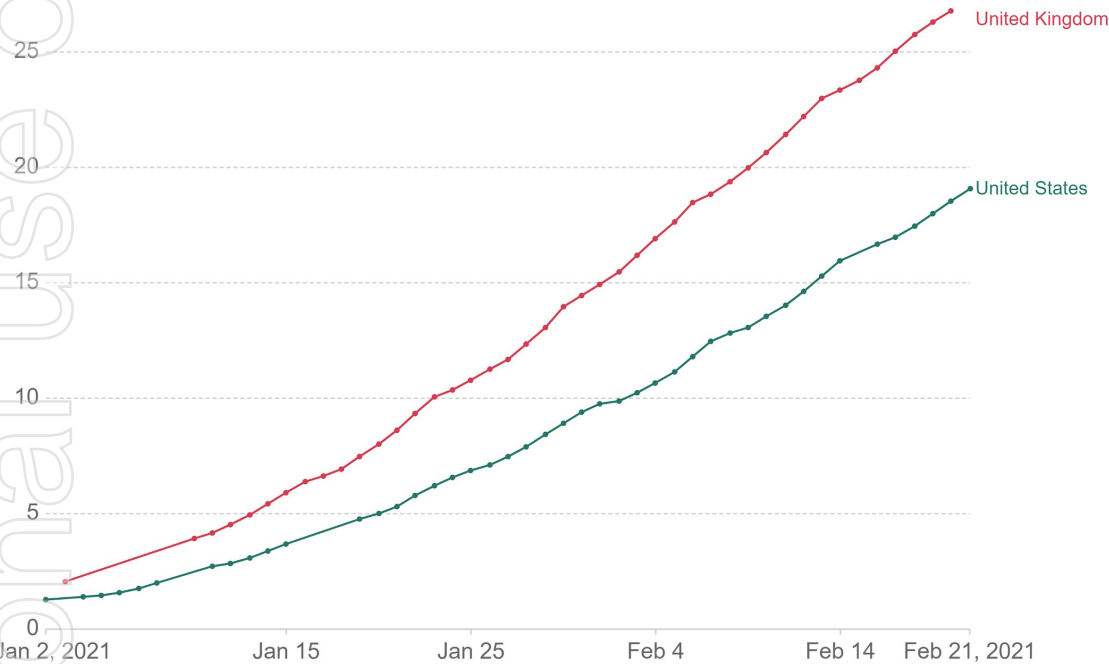
- Starting to gain momentum globally
- Infection rates falling in key markets that materially drive group earnings
- Delivering a road to near-term recovery

# Vaccination programs gaining momentum

## Well underway in FLT's key US & UK markets

**Cumulative COVID-19 vaccination doses administered per 100 people**  
This is counted as a single dose, and may not equal the total number of people vaccinated, depending on the specific dose regime (e.g. people receive multiple doses).

Our World  
in Data



Source: Official data collated by Our World in Data – Last updated 22 February, 10:20 (London time)

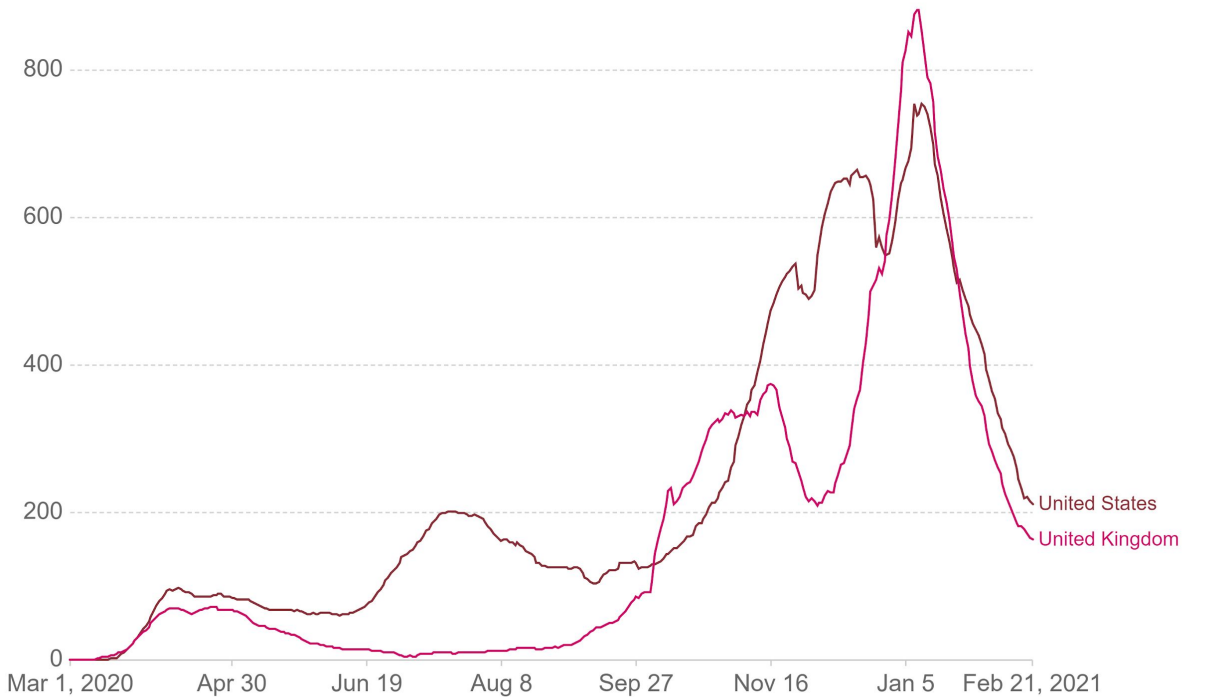
CC BY

## Early signs of success

### Daily new confirmed COVID-19 cases per million people

Shown is the rolling 7-day average. The number of confirmed cases is lower than the number of actual cases; the main reason for that is limited testing.

Our World  
in Data



Source: Johns Hopkins University CSSE COVID-19 Data – Last updated 22 February, 09:03 (London time)

CC BY

# The road to recovery

## FY21 Q3

### Vaccination programs gaining momentum

Underway in most countries & at an advanced stage in FLT's key US & UK markets

More Americans have now received at least 1 dose than have tested positive for the virus (Source: Bloomberg)

Initial focus generally on protecting vulnerable groups - a high percentage now immunised in several countries

## FY21 Q4

### Eventually paving way for a return to a degree of normality

McKinsey has predicted both the UK & USA could reach this stage during Q4

Australia targeting 13m vaccinations by mid-year

## FY22 Q1/Q2

### Culminating in herd immunity

Large portion of the population is protected

According to McKinsey, this could happen in the UK & USA during the FY22 Q1 or Q2

Australia could be fully vaccinated by end of October

# Other key drivers on the road to recovery

## Permanent domestic border re-openings

Potential material impact, given domestic business's size in Australia

Heavy domestic weighting in corporate

Regular openings/closing causing customer uncertainty

## International travel corridors

Likely to precede full international border reopenings

Low-risk & critical countries/corridors

Subject to protocols - testing, health passports to play a critical role. FLT at forefront of new passport programs

Key factor in Australian leisure business returning to profit

## Broader border reopenings

After vulnerable communities/health care workers are vaccinated, risk decreases & the world returns to a degree of normality



# 1H: Result overview

**\$1.5b in TTV**

- 12% of PCP & gradually recovering during 1H
- Corporate tracking at 17% of prior year levels globally in H1 (18% in January)
- 7% in leisure YTD (8% in January), which is subject to heavier restrictions

**10.4% revenue margin**

- Overall revenue margin reduced from 12.5% in H1 FY20 - reflects heavier domestic & corporate travel weightings
- Corporate revenue margin stable YTD
- As expected, leisure impacted by heavy domestic weighting and increased on-line volumes
- Margin expected to increase as international travel returns

**\$247m underlying loss  
(\$317m statutory loss)**

- Improvement during FY21 driven by cost reductions & revenue improvement
- Statutory loss includes COVID one-off costs offset by gain on sale of Melbourne Head Office

# 1H: Result overview

## Cost control

- Continued discipline in low revenue environment
- Further reductions delivered post July after achieving initial COVID-period target

## Lower cash outflows

- Month-on-month improvements
- December operating cash outflows down to \$30m from \$43m in July 2020

## Lengthy liquidity runway

- Well placed for the future - able to weather a prolonged downturn if required or accelerate key investments/capitalise on opportunities during the recovery phase
- Bolstered during 1H by convertible note issue, debt restructure & Melbourne office sale

# Lengthy liquidity runway

## Liquidity position

As at 31 December 2020	\$m	
Cash and investments	1,680	
Working capital assets (excl. cash and investments)	489	<b>a</b>
Working capital liabilities (excl. client creditors)	(515)	<b>b</b>
Client creditor liability	(438)	<b>c</b>
<b>Total liquidity</b>	<b>1,216</b>	

### Notes:

- Retail and corporate debtors and override debtors are shown gross of provision for doubtful debts of \$34m and \$33m respectively.
- Cash and investments includes client cash of \$360m.
- Following a market update from the Bank of England ("BoE") in relation to the CCFF, Issuers are required to satisfy a review by the BoE to allow further issuance of Notes. FCUK has commenced that review process and expects this to be completed in March 2021. This may impact the ability of FCUK to issue additional Notes (including the ability to extend the existing GBP65m maturing March 2021 for a further 12 months and access any additional liquidity).
- The \$350m three year secured syndicated debt facility was signed on 22 February 2021 and, subject to the satisfaction of usual conditions precedent will refinance FLT's existing bilateral debt facility agreements totalling \$450m with \$100m to be repaid in March 2021.

## a) Working capital assets (excl. cash and investments)

As at 31 December 2020	\$m
Retail and corporate debtors	244
Trade and other receivables	29
Override debtors	67
Accrued revenue	12
Prepayments	21
Other	116
<b>Working capital assets (excl. cash)</b>	<b>489</b>

## b) Working capital liabilities (excl. client creditors)

As at 31 December 2020	\$m
Trade creditors	194
Accrued expenses	136
Revenue constraint	57
Employee benefits provision	76
Deferred revenue	47
Other	5
<b>Working capital liabilities (excl. client creditors)</b>	<b>515</b>

**c) Represents client cash held before payment to suppliers included in total available liquidity as at 31 December 2020**

# 1H: Investing in key growth drivers

\$20.9m 1H cap-ex

Heavy technology weighting – leisure & corporate tech spend maintained at pre-COVID levels

Expecting strong ROI - bringing new & differentiated products to market, making travel safer & easier, enhancing productivity

Major investments in new corporate SME (Melon), leisure (Helio) and e-com (SOAR) platforms (all being deployed now in various forms)

Other enhancements – data, NDC, COVID/duty of care, UX, security



# One-Off cash costs & cash outflow

One-Off Cash Costs	\$m
Cash Costs Paid FY20	19
Cash Costs Paid 1H 21	158
<b>Cash Costs Paid To Date</b>	<b>177</b>
Cash Costs To Be Paid (Est) to complete accrued at 31 Dec*	47
Cash Costs To Be Paid (Est) to complete not accrued at 31 Dec*	3
<b>Total Cash Costs Estimate</b>	<b>227</b>

Net Cash Outflow (\$m)	Dec 20
<b>Hibernation Operational Costs</b>	<b>(71)</b>
Capex	(2)
<b>Hibernation Cash Costs</b>	<b>(73)</b>
Variable Costs	(3)
<b>Total Cash Outflow</b>	<b>(76)</b>
<b>Cash Revenue</b>	<b>32</b>
<b>Net Operating Cash Run Rate</b>	<b>(44)</b>
BAU Subsidies	14
<b>Current Net Operating Cash Outflow</b>	<b>(30)</b>

\* At 31 December 2020 \$47m of the \$50m cash costs to be paid have been accrued/provided for and are included in working capital liabilities, with the remaining \$3m in costs to be incurred in H2 2021

# 1H: Profit & loss

AUD \$'m	1H FY21	1H FY20	Mvmt
<b>Group TTV</b>	<b>1,533</b>	<b>12,399</b>	<b>(10,866)</b>
Operating revenue	160	1,546	(1,386)
<b>Total revenue</b>	<b>160</b>	<b>1,546</b>	<b>(1,386)</b>
FV gain on change in control	-	(3)	3
Other income	218	15	203
Share of JV/Associates	9	(4)	13
Employee benefits	(459)	(821)	361
Marketing expense	(9)	(113)	104
Tour & hotel operations	(1)	(98)	97
D&A	(83)	(113)	30
Finance costs	(14)	(21)	7
Impairment	(23)	(46)	23
Other expenses	(115)	(303)	188
<b>PBT</b>	<b>(317)</b>	<b>39</b>	<b>(356)</b>
<b>Underlying PBT</b>	<b>(247)</b>	<b>103</b>	<b>(350)</b>
EPS (cents)	(117.2)	18.7	(135.9)
<b>Margins</b>			
Revenue Margin	10.4%	12.5%	(205 bps)
Underlying Cost Margin	(39.2%)	(11.8%)	(2,741 bps)
Underlying PBT Margin	(16.1%)	0.8%	(1,695 bps)

## 1H Analysis

- Other income includes government support of \$178m, the majority of which has been offset by employee costs for stood down or furloughed employees. The net benefit of JobKeeper in Australia was \$73m.
- Cost reduction strategies implemented since March 2020 reflected in overall decreased expenses
- Employee benefits as a result of staff reductions are down \$530m or 64% excluding redundancies and stand down JobKeeper payments
- Underlying loss (before tax) \$247m
- Underlying PBT differs to statutory PBT due to:
  - \$90m COVID-19 one off costs
  - \$33m gain on sale of Melbourne head office property
  - \$13m loss on disposal of head office and store assets

# 1H: Underlying cost base

AUD \$'m	1H FY21 Expenses	1H FY21 One Off & underlying costs	1H FY21 Comp. Expense	1H FY20 Underlying Expenses	Mvmt %
Employee benefits	(459)	(165)	(294)	(822)	(64%)
Marketing expense	(9)	-	(9)	(113)	(92%)
Tour & hotel operations	(1)	-	(1)	(98)	(99%)
Amortisation & depreciation	(83)	-	(83)	(113)	(27%)
Finance costs	(14)	-	(14)	(21)	(33%)
Impairment	(23)	(23)	-	-	-
Other expenses	(115)	(12)	(103)	(294)	(65%)
<b>Total</b>	<b>(704)</b>	<b>(200)</b>	<b>(504)</b>	<b>(1,461)</b>	<b>(66%)</b>

## 1H Analysis

- Cost reduction strategies implemented since March 2020 reflected in overall decreased expenses
- Employee benefits have reduced by \$528m or 64% excluding redundancies (\$67m) and JobKeeper payments received on behalf of stood-down employees (\$98m).

# 1H: Balance sheet

AUD \$'m	Dec-20	Jun-20	Mvmt
Cash & cash equivalents	1,670	1,867	(197)
Financial assets	10	8	2
Trade & other receivables	240	320	(80)
Contract assets	47	97	(50)
Other current assets	136	146	(10)
<b>Current assets</b>	<b>2,103</b>	<b>2,438</b>	<b>(335)</b>
PPE	114	153	(39)
Intangibles	724	762	(38)
Other non-current assets	584	646	(62)
<b>Non-current assets</b>	<b>1,422</b>	<b>1,561</b>	<b>(139)</b>
<b>Total assets</b>	<b>3,525</b>	<b>3,999</b>	<b>(474)</b>
Trade payables & other liabilities	896	1,344	(448)
Contract liabilities	104	236	(132)
Borrowings	324	212	112
Provisions	47	65	(18)
<b>Current liabilities</b>	<b>1,371</b>	<b>1,857</b>	<b>(486)</b>
Lease liabilities	317	392	(75)
Contract liabilities	36	41	(5)
Borrowings	250	251	(1)
Convertible note	340	-	340
Provisions & other liabilities	46	65	(19)
<b>Non-current liabilities</b>	<b>989</b>	<b>749</b>	<b>240</b>
<b>Total liabilities</b>	<b>2,360</b>	<b>2,606</b>	<b>(246)</b>
<b>Net assets</b>	<b>1,165</b>	<b>1,393</b>	<b>(228)</b>
Cash	1,592	1,780	(188)
Restricted Cash	77	88	(11)
Investments	10	8	2
<b>Total cash &amp; investments</b>	<b>1,680</b>	<b>1,876</b>	<b>(197)</b>
<b>Positive net debt</b>	<b>1,029</b>	<b>1,325</b>	<b>(296)</b>

## 1H Analysis

- \$1.7b cash at 31 Dec (\$77m restricted)
- Trade and other receivables include corporate debtors (\$115m), government subsidies (\$33m) and refunds due from suppliers (\$22m)
- Working capital unwind is in line with expectations
- Movement in contract liabilities reflects the decrease in provision for revenue constraint since June



# 1H: Cash flow statement

AUD \$'m	1H FY21	1H FY20	Mvmt
<b>Operating activities</b>			
Operating activities before interest and tax	(667)	(77)	(590)
Net interest and tax paid	7	(59)	66
<b>Cash inflow from operating activities</b>	<b>(660)</b>	<b>(136)</b>	<b>(524)</b>
<b>Investing activities</b>			
Acquisitions	(1)	(19)	18
Proceeds from sale of St Kilda building	62	-	62
Purchases of PPE and intangibles	(21)	(60)	39
Net proceeds from sale of financial assets	(2)	15	(17)
Other investing cash flows	1	-	2
<b>Cash flow from investing activities</b>	<b>39</b>	<b>(64)</b>	<b>104</b>
<b>Financing activities</b>			
Financing activities before dividends	426	(42)	468
Dividends paid	-	(99)	99
<b>Cash flow from financing activities</b>	<b>426</b>	<b>(141)</b>	<b>567</b>
<b>Increase/(decrease) in cash held</b>	<b>(195)</b>	<b>(341)</b>	<b>146</b>
FX impact	(1)	5	(6)
<b>Cash and cash equivalents</b>	<b>1,670</b>	<b>836</b>	<b>834</b>
	<b>As at</b>	<b>As at</b>	
	<b>December 20</b>	<b>June 20</b>	
Cash	1,593	1,779	(186)
Restricted cash	77	88	(11)
Overdraft	-	(2)	2
<b>Total cash</b>	<b>1,670</b>	<b>1,865</b>	<b>(195)</b>

## 1H Analysis

- Operating cash flows include government subsidies of \$191m
- Sale and leaseback of Melbourne head office property improved cash flows from investing activities by \$62m
- \$400m raised from issue of convertible notes, and \$117m raised from Bank of England COVID-19 financing facility
- \$51m paid in principal repayments on lease liabilities (\$73m in the prior half)

# 1H: Segment results

## Business segments

AUD \$'m	LEISURE		CORPORATE		OTHER	
	HY21	HY20	HY21	HY20	HY21	HY20
<b>TTV</b>	<b>501</b>	6,619	<b>823</b>	5,149	<b>209</b>	631
<b>Revenue</b>	<b>54</b>	987	<b>89</b>	519	<b>17</b>	40
<b>PBT</b>	<b>(251)</b>	(68)	<b>(81)</b>	129	<b>15</b>	(22)
<b>PBT (underlying)</b>	<b>(172)</b>	(11)	<b>(67)</b>	134	<b>(8)</b>	(20)

## Margins

Revenue Margin	<b>11%</b>	15%	<b>11%</b>	10%	<b>8%</b>	6%
PBT Margin	<b>(50%)</b>	(1%)	<b>(10%)</b>	3%	<b>7%</b>	(3%)

# 1H: Segment results

## Geographic segments

AUD \$'m	ANZ		AMERICAS		EMEA		ASIA		OTHER	
	HY21	HY20	HY21	HY20	HY21	HY20	HY21	HY20	HY21	HY20
<b>TTV</b>	<b>749</b>	6,318	<b>307</b>	2,827	<b>222</b>	1,916	<b>239</b>	1,187	<b>16</b>	150
<b>Revenue</b>	<b>65</b>	769	<b>50</b>	332	<b>32</b>	249	<b>7</b>	49	<b>6</b>	147
<b>PBT</b>	<b>(144)</b>	47	<b>(84)</b>	22	<b>(35)</b>	45	<b>(11)</b>	3	<b>(43)</b>	(78)
<b>PBT (underlying)</b>	<b>(101)</b>	56	<b>(61)</b>	24	<b>(37)</b>	46	<b>(10)</b>	3	<b>(39)</b>	(26)
<b>Margins</b>										
Revenue Margin	<b>9%</b>	12%	<b>16%</b>	12%	<b>14%</b>	13%	<b>3%</b>	4%	<b>38%</b>	98%
PBT Margin	<b>(19%)</b>	1%	<b>(27%)</b>	1%	<b>(16%)</b>	2%	<b>(5%)</b>	0%	<b>(269%)</b>	(52%)



**Corporate - CEO**  
Chris Galanty



# Corporate: 1H update & highlights

## Achieving Strategic Objectives

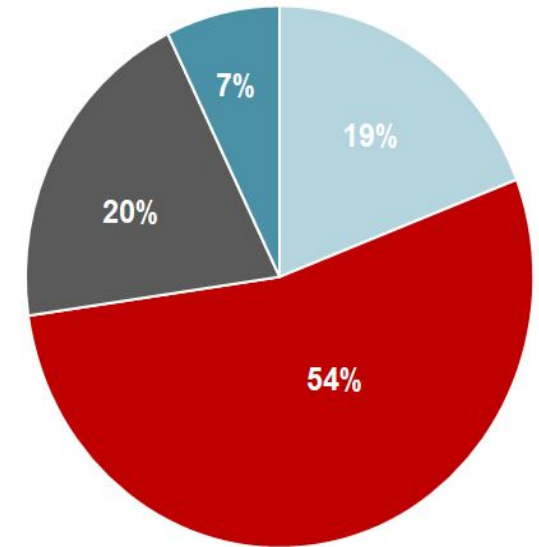
- Continued development of two market leading brands - Corporate Traveller (start-ups & SMEs) & FCM (MNC sector)
- Continued significant investment during 1H in platforms, systems & data
- Growing to win
  - Strong organic growth profile in contracting market
  - High customer retention rates + record pipeline of new accounts won

## Ready to Capitalise

- Clear pattern - customers travelling when they are able to
- Prospects of accelerated 2H recovery
  - Large & high profile accounts onboarded & now trading during 2H
  - Vaccination programs gaining momentum in Americas & EMEA (circa 60% of corporate TTV pre-COVID)
- Game changing new SME platform (melon) being deployed

HY21 Corporate TTV Contribution

■ Americas ■ Australia/NZ ■ EMEA ■ India & Other



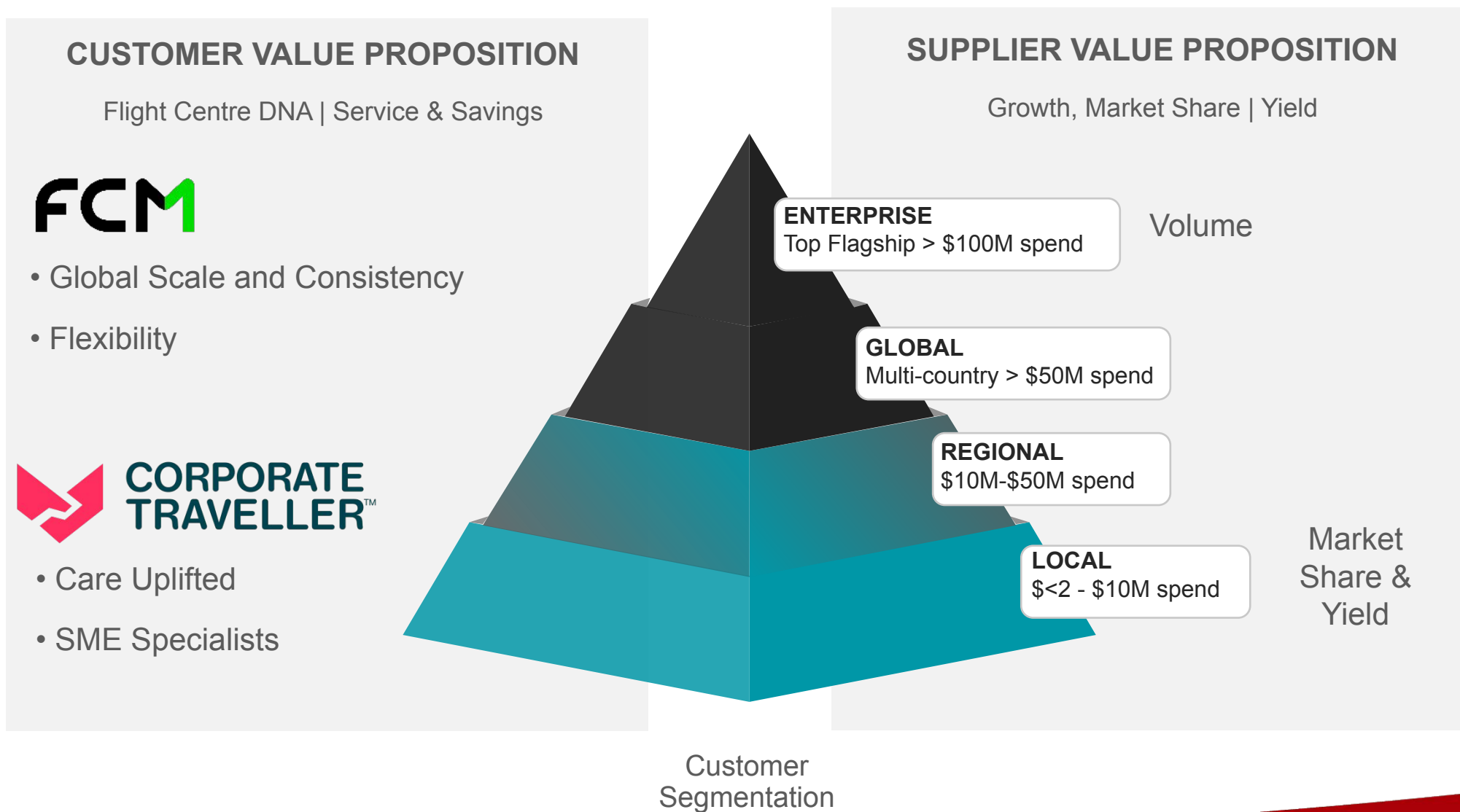
TTV & revenue tracking at 17% of prior year during 1H

More rapid growth in Australia (circa 30%) but at low margin

# Corporate: Key priorities

- 1 Win and retain customers to grow market-share
- 2 Successful launch of Melon in Corporate Traveller and deploy the brand's business model shift in all markets
- 3 Continued progression of FCM Truly Global business plan, including development of FCM's new platform.
- 4 Investment in data science capability to enable more customer-centric decision making and improve commercial returns
- 5 Increase productivity gains through deployment of robotics and AI technology platform
- 6 Improve travel content supply, aggregation and pricing to generate customer savings and improved commercial returns

# Corporate: A two-sided model



# Corporate: Global, with focus on core markets



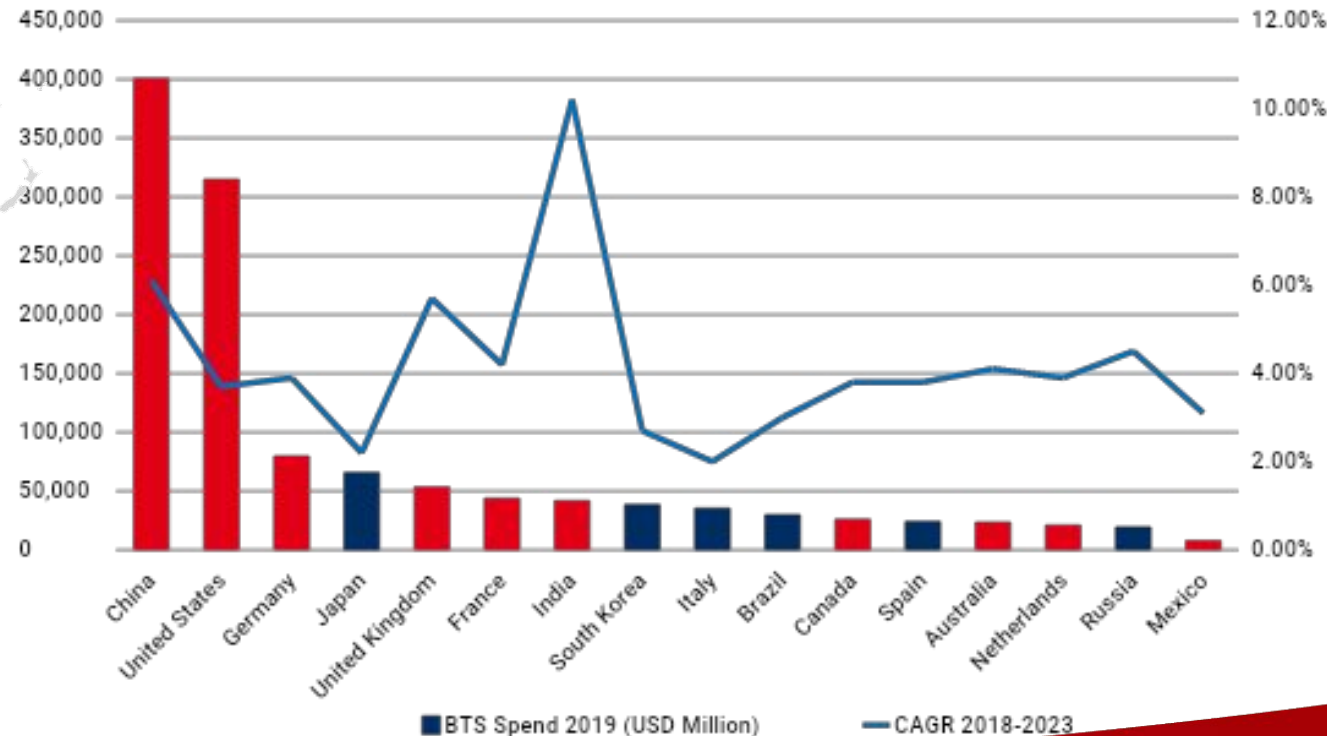
100  
MARKETS

23  
EQUITY

10  
CORE MARKETS OUT OF THE GLOBAL  
TOP 16

**We have scale, investing in depth**

- Fully integrated countries
  - Implementation
  - Consistency
  - Customer Experience
- Same customer technology deployed
- Core offering in key travel markets



# FCM SALES UPDATE

Wins YTD | \$691m

Pipeline | \$800m+

## Recent Key Wins |

Spotify, Mars (re-win), LyondellBasell, Infineon Technologies, Nationwide

Lyondellbasell



KPMG



Foreign,  
Commonwealth  
& Development Office

Infineon



Spotify

Tupperware



Nationwide  
is on your side

## SALES PIPELINE

LEAD GENERATION | \$25BN

PROPOSAL | \$1.4BN

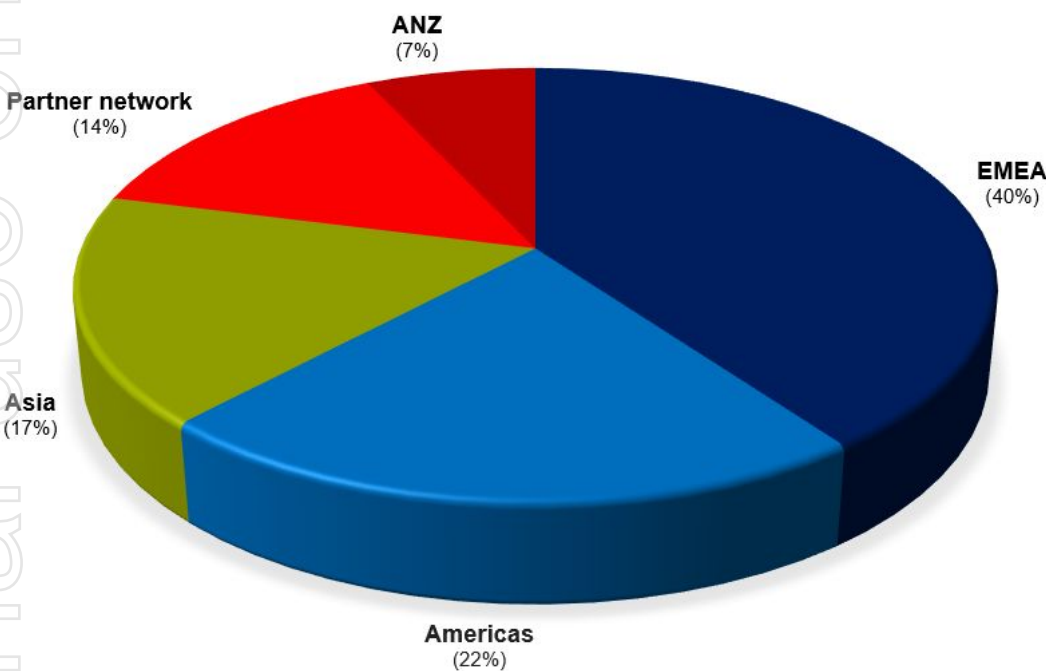
SHORLISTED | \$819M

FINAL NEGOTIATIONS | \$558M

# New wins in diversified industries and geographies

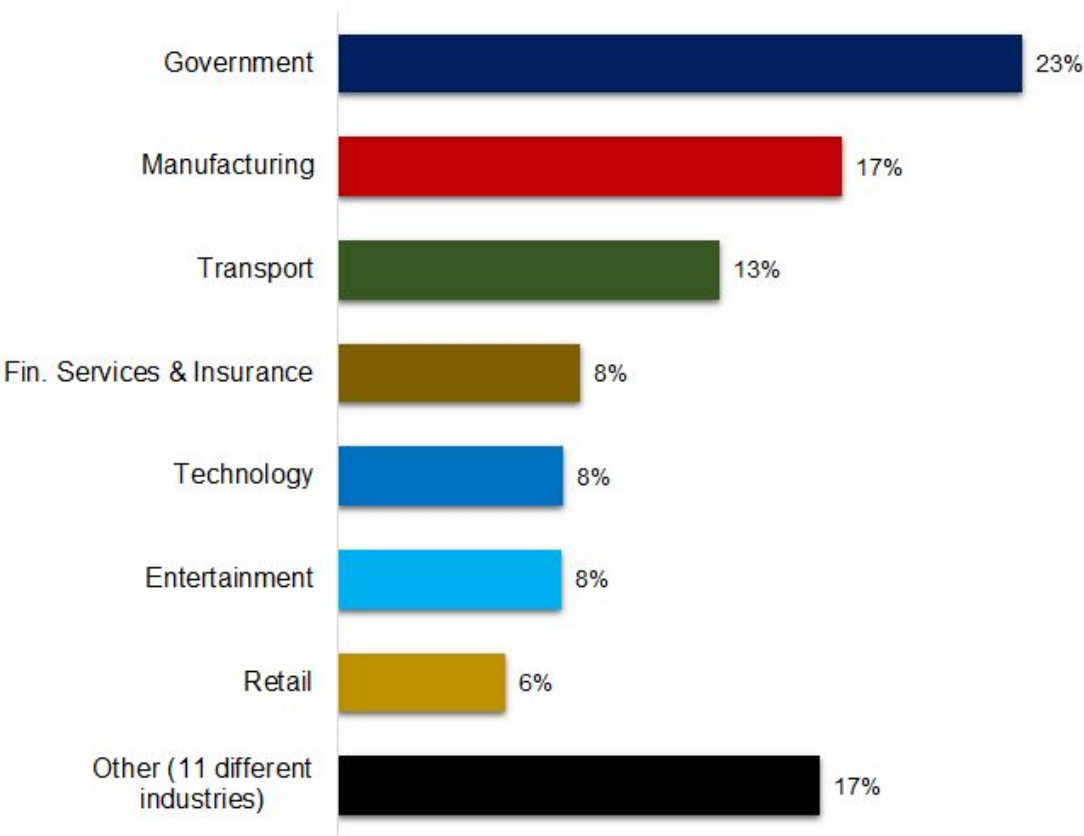
## Geographic Diversity

60%+ of the new accounts won will transact in the key Americas & EMEA markets



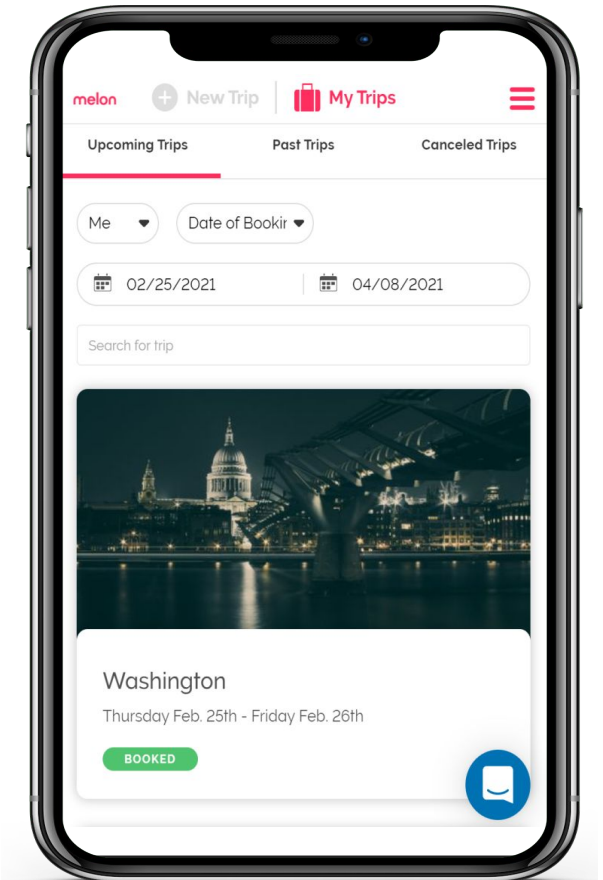
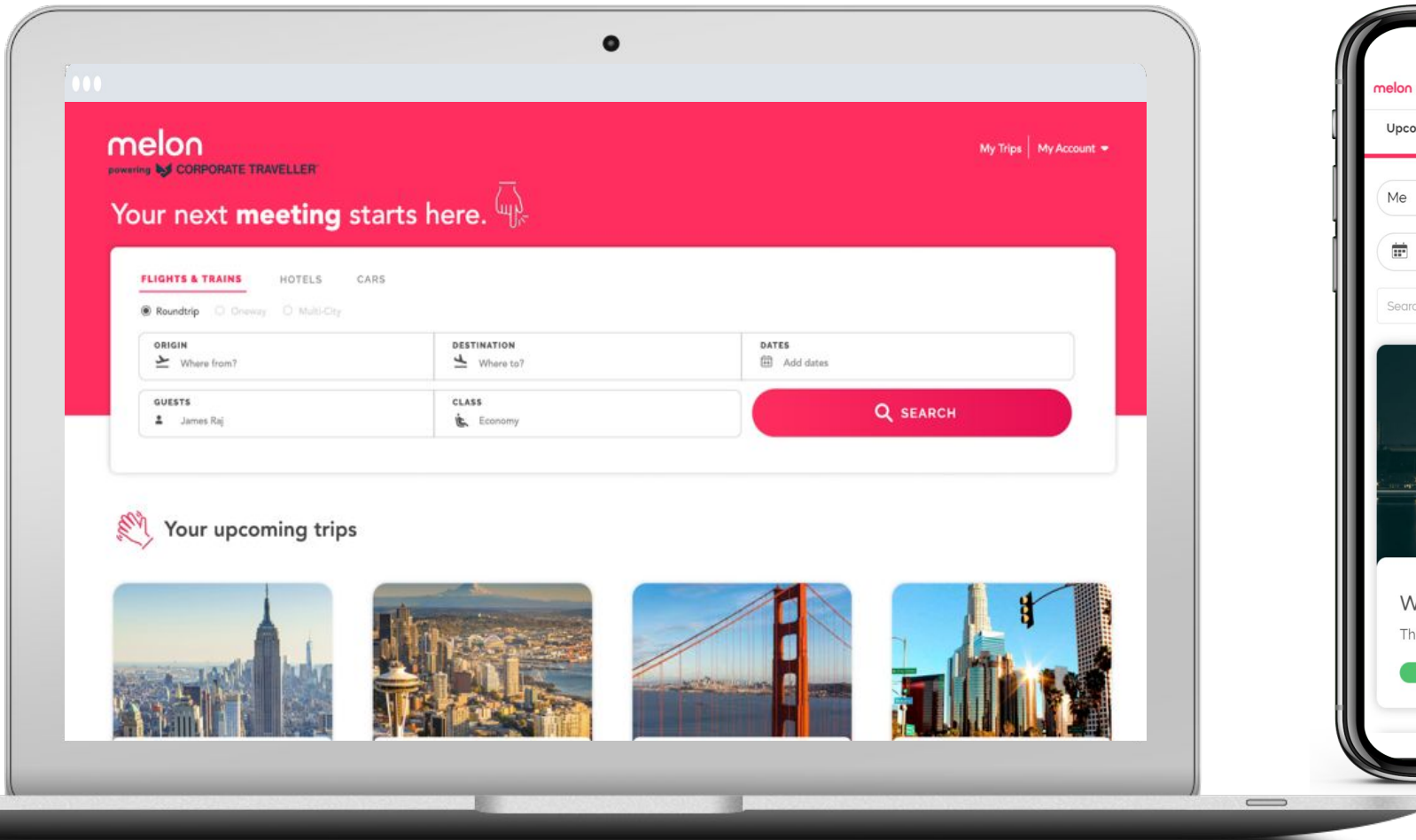
## Industry Diversity

Broad base of industry sectors skewed towards government, manufacturing, transportation and financial services.



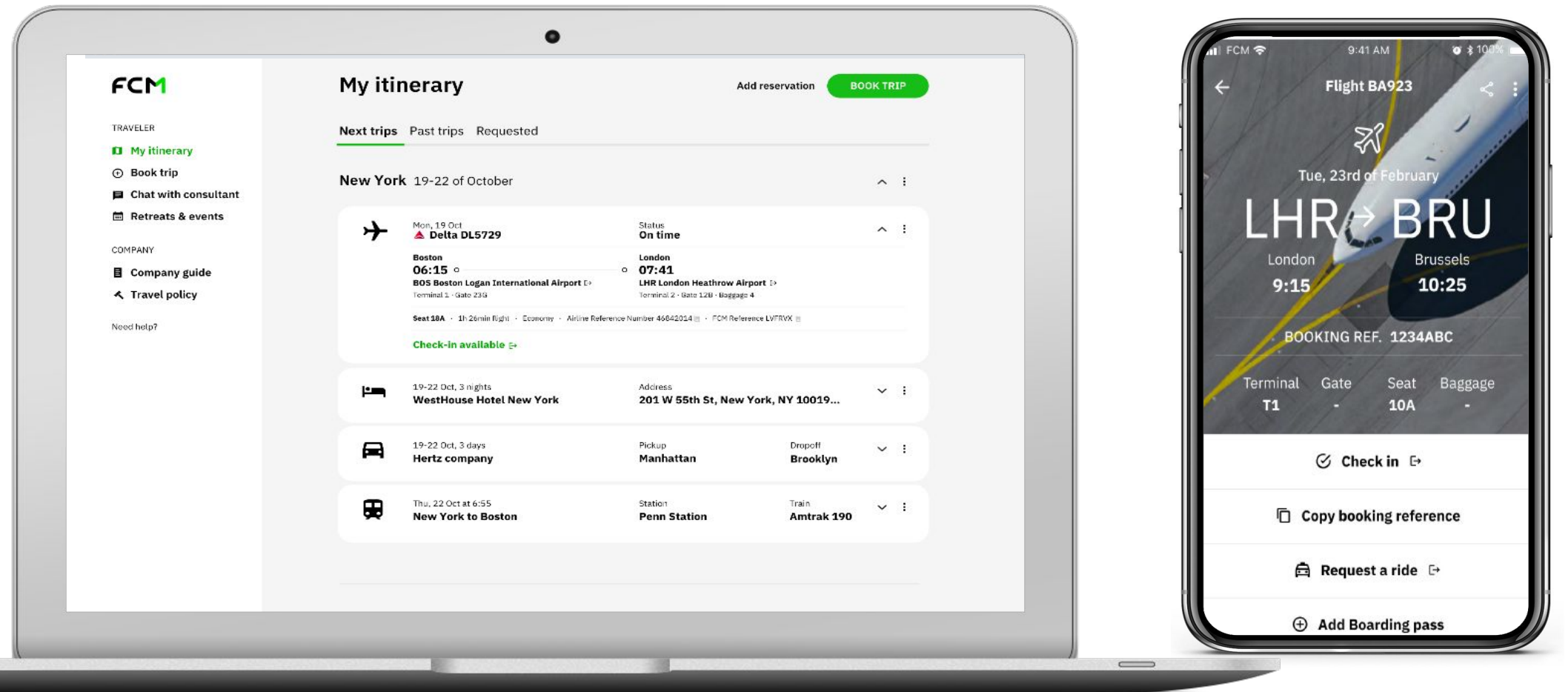


# Corporate: SME OBT





# Corporate: FCM platform



# Two brands built on a single core

## CORPORATE BRANDS

The two key brands that represent FCTG globally



**CORPORATE TRAVELLER™**

Corporate Traveller is the TMC that's fanatical about SMEs and delivers Care Uplifted through the power of our people and technology



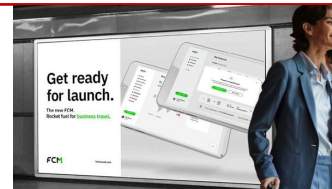
FCM is The Alternative TMC for Multi-National Corporates. The flexibility of its offering is based around customer requirements

## PRODUCT

The platforms that form the customer experience

**melon**

Melon is Corporate Traveller's proprietary technology that is built with the SME customer in mind



### THE FCM PLATFORM

FCM's new platform offers customers the best in market-leading technology, all seamlessly integrated into one place; giving you the ultimate choice to plug-and-play, your way.

## SALES AND MARKETING MACHINE

Driving forward the acquisition and retention of customers

**ACQUISITION**



**CORPORATE TRAVELLER™**

**RETENTION**



**GROWTH**

## INTELLIGENCE LAYER

Data Science, Robotics, Pricing & Analytics



**CGAP**

CGAP aims to standardise the automation capability for both brands, globally

### INTELLIGENT DATA PLATFORM

IDP is the platform which delivers consistent, timely and accurate financial and reservation data to our corporate customers



WhereTo technology underpins melon's booking capability



**LIGHTHOUSE™**

Lighthouse is FCTG's iteration of Salesforce which powers sales and marketing

**D S P**

The Data Science Platform will drive decision making and customer insights

## CONTENT AND SUPPLY

Enabling the simple find, book and service on content whilst maintaining a revenue stream



**CORPORATE LAND & AIR**



## PEOPLE AND CULTURE

The most fundamental building block to each brand's success

**OWNERSHIP**



**IRREVERENCE**



**EGALITARIANISM**



# **Facebook News has left Australia. Can we go too?**

**Leisure - CEO**

Melanie Waters-Ryan

# Leisure: 1H overview

## Achieving Strategic Objectives within Uncertainty

- Limited revenue generation opportunities since restrictions were applied
- Greatly reduced sustainable cost base, while maintaining key assets/models:
  - Shop network reach - 95% of Australian Flight Centre customers live within 5km of the shop they most recently traded with (after network reductions)
  - Focused investment in future growth drivers & global capability (i.e. platforms, brand/marketing)
- Early signs that strategies are gaining momentum - holding or gaining market share with rapid rebounds after restrictions are lifted:
  - Domestic sales in Australia exceeded prior year levels within 2 days of Queensland announcing in November plans to reopen its borders with NSW and Victoria from December (see *Appendix 4*)
  - Record daily online domestic volumes on flightcentre.com.au when borders were open
  - Models driving growth/earlier recovery (SU, Ignite, Travel Junction, GoGo - solid forward bookings for US-based wholesale business)
  - Ignite call centre in Australia, the first leisure business globally to return to profitability (Jan 2021) - driven by domestic sales and 2022 cruise bookings

# Leisure: Global footprint

## CANADA

**Models:** Shops, Online, IC, Premium  
**Brands:** FCB, FC.com, FC Associates, LDV, Student Universe

## USA

**Models:** Hubs, IC, Online  
**Brands:** Liberty, Independent by Liberty, Student Universe / GoGo

## UNITED KINGDOM

**Models:** Shops  
**Brands:** FCB, Student Universe

## INDIA

**Models:** Shops  
**Brands:** Travel Tours Group

## NEW ZEALAND

**Models:** Shops, Online, IC  
**Brands:** FCB, FCB.com, TA, FC Brokers, TMG

## SOUTH AFRICA

**Models:** Shops, Online, IC  
**Brands:** FCB, FCB.com, FC Associates, Travel Associates

## AUSTRALIA

**Models:** Shops, SBT, Online, Premium, IC  
**Brands:** FCB, FCBT, FCB.com, Student Universe, TA, Travel Partners, My Brands, BYOJet

# Leisure: Global portfolio

		<b>B2B</b> <b>Home of the Travel Entrepreneur</b>	
<p>The go-to multi-channel mass travel retailer with irresistible deals and savvy, personal service.</p>	<p>The most distinctive premium/ luxury boutique travel brand in market with superior service and expertise.</p>	<p>The leading network and product proposition for member and mobile travel professionals.</p>	<p><b>Complementary yet independent</b> travel brands accelerating to be the # 1 in segment in region/globally.</p>
<p>Flight Centre and Liberty Travel - from <i>Daggy to Savvy</i> with a modernised brand, improved range of designed deals, new models and connected technology.</p>	<p>Travel Associates and / or LDV famous as both a premium customer and premium advisor employer brand, offering true premium and luxury travel product and expertise.</p>	<p>#HOTTE - offering the leading blend of content, technology and business culture for member and mobile agents.</p>	<p>SU #1 Global Student and Youth Brand  MY My Brands achieving #1 in category  BYO Low price / low cost OTA  TM Travel Money</p>
<p><b>Global Leisure Core Business Platform</b>  Brand, Product, Technology &amp; Culture</p>			



# Leisure: Core business platform

## BRANDS & CUSTOMER

Two key brands and Customer Experience targets



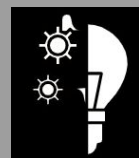
Flight Centre is the go to multi channel retailer with irresistible deals and savvy personal service accessible to our travellers however, wherever, whenever they want.



Travel Associates and our premium travel advisers famous for providing 7 star service and unique products for frequent, discerning and luxury travellers.

## PRODUCT AND MARKETING

Product design and curation



Continuous Cycle of Branded Design and taking to market of Irresistible Deals and services

SWIPE UP TO SUBSCRIBE  
FOR TRAVEL NEWS



## MODELS

4 operating models

Shop Network



Call Centres



Independent and Affiliates



E-Commerce



## INTELLIGENCE LAYER

Data Science, Robotics, Pricing & Analytics



Source Control Engine



Pricing Management System



Contract Yield Management System



Low Fare Search Logic



Optimisation Logic



Configuration and Data Management

## CONTENT AND SUPPLY

Multi source content integrated into a multi channel distribution platform – Ecommerce and Consultant commerce enabled



GLOBAL  
LAND & AIR



## PEOPLE AND CULTURE

The most fundamental building block to each brand's success

OWNERSHIP



IRREVERENCE



EGALITARIANISM





# Leisure: Flight Centre Brand

Flight Centre is the go to **multi channel retailer** with **irresistible deals** and **savvy personal service** accessible to our travellers however, wherever, whenever they want.



## Rejuvenated and modernised consistent FC Brand

- Brand refresh
- Visually distinctive codes
- Broader appeal
- Trend setter and the voice of travel
- Globally managed
- Disruptively consistent



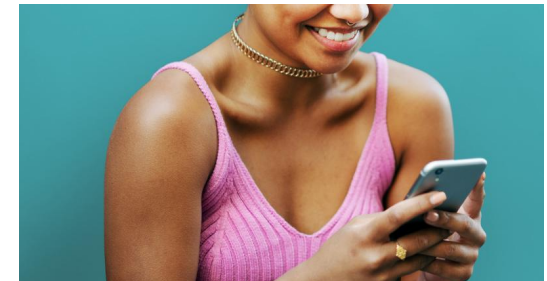
## Customer Driven

- Customer global insights
- Customer multi segmentation designed products & journeys
- Customer ease of business
- Customer quality metrics



## Irresistible Deals

- Product Design House
- Curated packaged product
- Science of Irresistibility
- LAG Range
- Helio one system access
- Always online



## Winning Millennial Offer

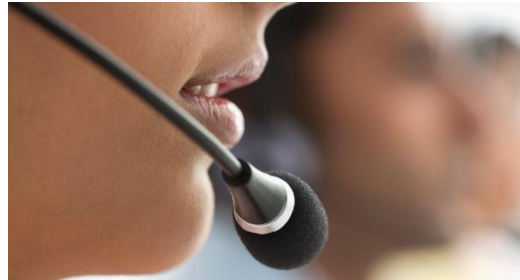
- Products that appeal to <40s
- Marketing that attracts
- Mobile first
- Strong social presence
- Differentiated customer journey

# Operating strategy: Four models



## Network of world-class Shops

- Right network – size and spread
- Appealing /attractive brand billboards
- Product showrooms
- Hub, sometimes IC work place



## World-class Sales Centre

- Irresistible deal driven
- Specialised consultants
- Call centre model
- New customer acquisition



## Independent Contractor

- Career path and flexibility model
- Lead distribution and overflow
- Borderless culture to include



## Self Service / E-Commerce

- Customer first capability
- Leading air engine
- Ancillaries
- Online Packages
- My account

# Flight Centre: Online strategy

Shift customer perception that FCB is a **multi channel travel market place**

– always every channel, always a choice, always marketed. To drive strong eCommerce growth for FCB with a broad offering across air and holidays (irresistible deals).



## Improve travel content available

- Air plus ancillaries (Seats, bags, extras)
- Irresistible holiday deals
- *Our Experience* as content
- Payment marketplace



## Best-in-class online & app

- Extended self service and DIY
- Customer recognition
- Promos
- My account – personal & business
- Connected channels for customer

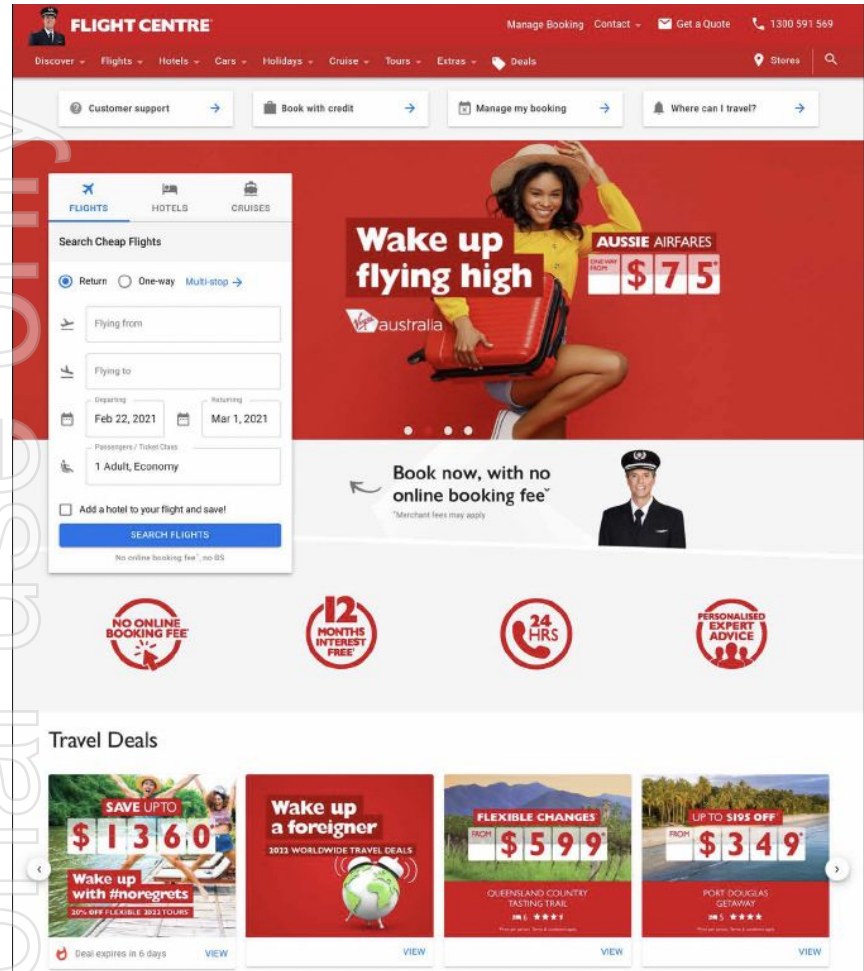


## Online & offline pricing strategy

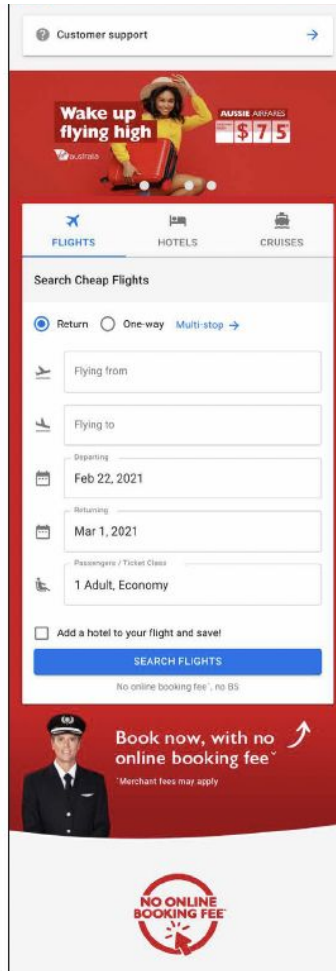
- Pricing and revenue management
- Multi channel management
- Lowest fees
- Flight Club Flash Deals



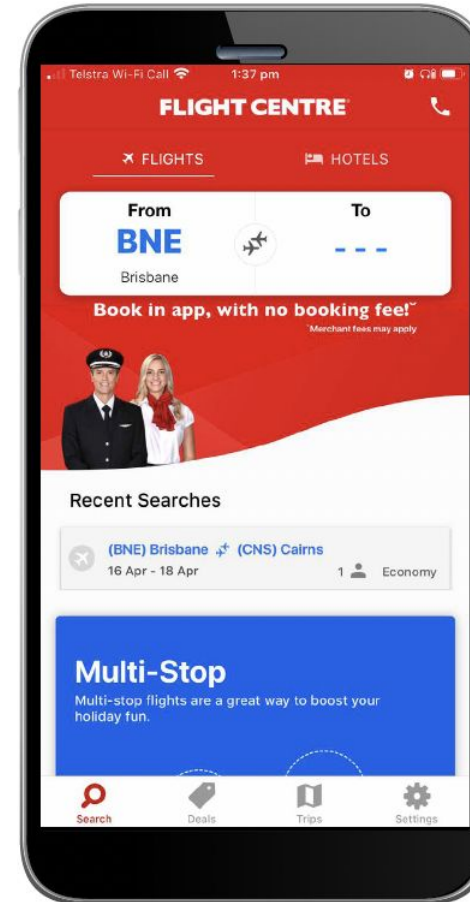
# Flight Centre: Online strategy



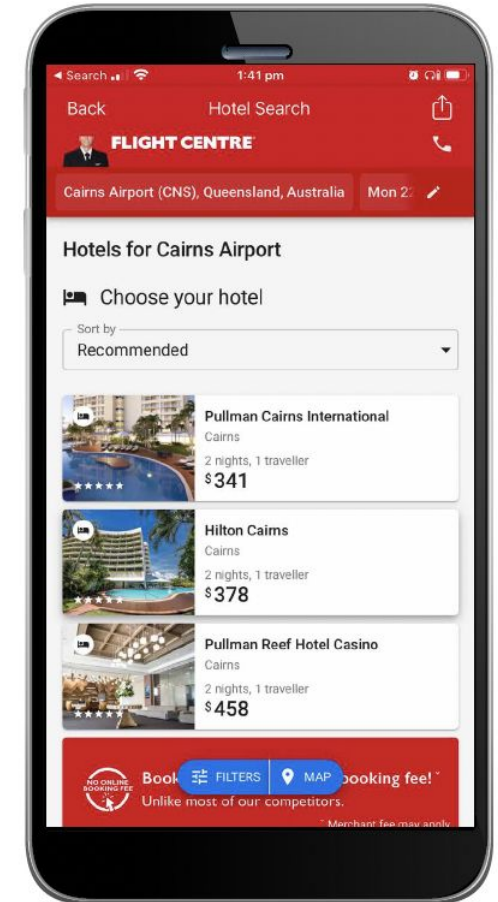
HOMEPAGE – DESKTOP



HOMEPAGE – MOBILE



APP – SEARCH AIRFARES



APP – SEARCH HOTELS

# Leisure: Premium strategy

Travel Associates and our premium travel advisers famous for providing **7 star service** and **unique products** for frequent, discerning and luxury travellers.



## Largest network of premium and luxury travel advisers

- Internal / external aspirational employer brand
- BDM / head hunting acquisition
- @Home with TA flexibility
- M and A –programmatic pipeline of acquisition



## Unique product for frequent and premium travellers

- Virtuoso partnership
- Secret Sojourns (Products exclusive to Travel Associates)
- DMC direct (Discova) and bespoke designed (insider access)
- Real luxury



## Brand & marketing

- Luxury branding and awareness
- Customer acquisition via advisors
- Premium brands collaboration
- Employer branding



## Winning boutique model including @ Home with TA

- Boutique business featuring the Associate names above the door often in lifestyle locations
- Additionally @Home with TA for both individuals and teams
- Affiliate model

# Leisure: B2B strategy

Grow an **independent and affiliated network** of agents and agencies (*the largest in Australia, New Zealand and South Africa*) **offering the widest and best range of travel and technology products**, delivering solid capabilities and financial returns to members in all its leisure markets.



## Market leading Tech platform (TEX)

- Excels over our competitors
- Includes GDS, Ticketing, Wholesale, support, OBTs, Mid-Office systems, data, reporting, marketing and education
- TEX - Business in a box



## Widest range of content

- Content supplied to member and mobile agents, leveraging FCTG's procurement strength, product range, payment solutions and other services
- NDC Capability



## Growth Model

- Grow members and share of their sales via BDMs and AMs
- Hosted and / or referral model
- Across all P-P brands
- M and A – Programmatic pipeline of acquisition



## Culture & Entrepreneurialism

- An extension of our family village tribe culture to members and simple owner operator entrepreneurial systems



41



**FLIGHT CENTRE**  
INDEPENDENT





# Complementary and independent brands

Complementary yet independent travel brands accelerating to be the **number one** in region / global.



Student Universe

- Solid levels of pre covid TTV
- Margin accretion via new ancillaries
- Opportunity with STA exit
- Strong supplier support



Ignite / My Brands

- Pivot to domestic and cruise
- Profitable January
- Selling cruise strongly for 2022
- Platform upgrade to enable offers to sell across FCB



BYOjet (JetMax)

- Lower sales (international skew usually)
- Improving fare search capability
- Leveraging IP



Travel Money

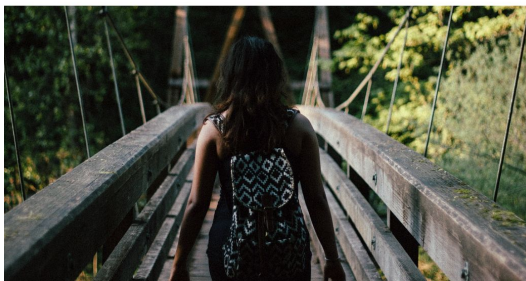
- Hibernation / mothball
- Digital transformation
- Click and collect development



ersonal use only

CEO / MD  
Graham Turner

# FY21: Other businesses



## In-Destination

- Discova destination management company in hibernation in Asia but operating in Americas (tracking at 50% of pre-COVID TTV) & winning new accounts
- Hotels - most properties trading, focus on domestic markets, given absence of international travel
- Topdeck and Back-Roads touring businesses both in hibernation



## 99 Bikes

- Continuing to trade strongly - 1H sales more than doubled & PBT result \$25m (1H20: \$5m)
- Ongoing expansion - 9 new shops to open during FY21 to a total of 58 shops
- Now operating in New Zealand (from July 2)



## Avmin

- Sales up circa 50% during FY21 1H
- Increased charter activity - NRL in Australia, film/TV productions, additional mining charters (social distancing requirements)
- Now organising home quarantine services for VIPs



## The Travel Junction

- Externally-focussed bedbank start-up performing well & tracking at pre-COVID levels

# FY21: Outlook

**Stable cost base – fixed costs now tracking below \$70m per month** – but ongoing uncertainty around exact revenue recovery timeframe given changing domestic & international border policies

**Lack of clarity means it is impossible to provide FY21 guidance**

**Expecting domestic travel recovery in near-term** as soon as border policies stabilise - permanent reopenings bringing an end to uncertainty

**Possible resumption of low risk international travel during CY21 2H (FY22 1H)** – paving the way for return to profitability



# FY21: 2H trends & market dynamics

**January results generally in line with expectations, given increased volatility** (Australian domestic border openings/closures & temporary UK travel corridor closures)

**Customers** now responding to uncertainty by **booking closer to departure & seeking flexible options + expert advice** – shift towards large, secure & well known brands

**Long-term relationships secured with key suppliers** – multi-year agreements in place. Attractive global deals also being locked in for extended periods

**Market consolidation expected** – M&A, business closures – as support winds down before governments allow travel to resume

**Positive signs emerging** – widespread vaccination roll-outs, UK “one-way road to freedom”, rapid rebounds in demand when restrictions ease, market-share gains, large corporate accounts onboarded, new products being deployed in leisure & corporate

# POST-PANDEMIC TRAVEL WILL BE ANYTHING BUT NORMAL

As the world continues to battle the Covid-19 pandemic, FLT's corporate brands are embracing several emerging technology trends to prepare customers for what travel will look like in a post-pandemic world





# Trends We're Watching

## Technologies that FLT is investing in for a post-pandemic travel world

We continue to play an active role in the industry by championing and investing in emerging technology solutions to promote a safe return to travel globally. **The following are three trends we're actively working on that address this problem throughout multiple phases of the travel experience:**



### Duty of Care

Providing the right information to the traveler as the right time in their travel journey.



### Enhanced Testing

Embracing the reality of enhanced testing playing a critical role in enabling safe global travel.



### Health Passports

Innovation in providing verifiable results as part of travel, while adhering to data privacy laws.

# EMERGING TECH: HEALTH PASSPORTS

Momentum is building for “Health Passports” to provide a means for quarantine-free travel. FCTG continues to innovate in this space as industry standards begin to emerge, while respecting global data security & privacy laws.



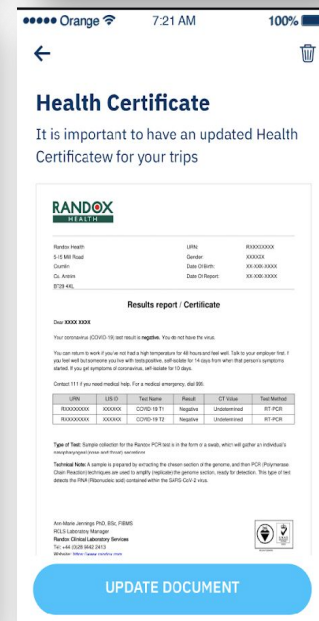
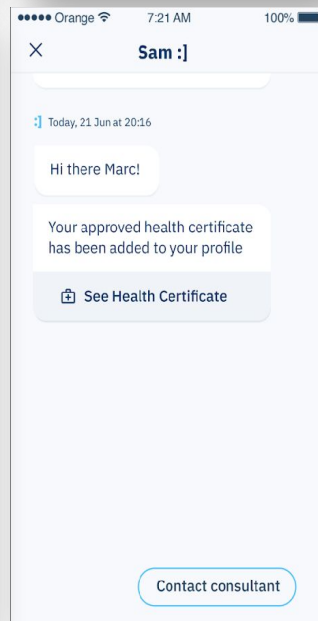
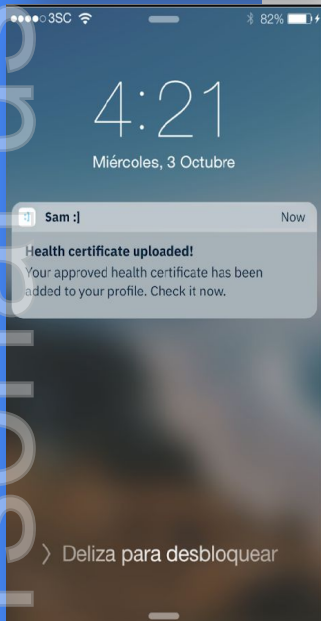
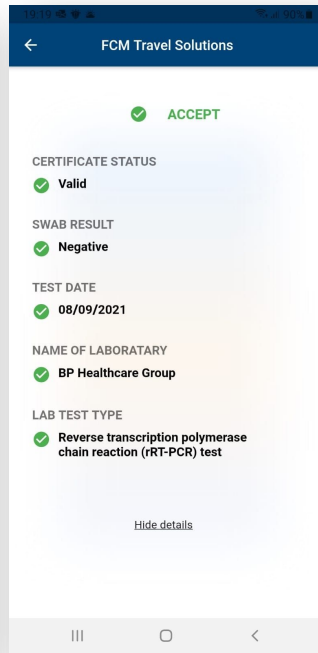
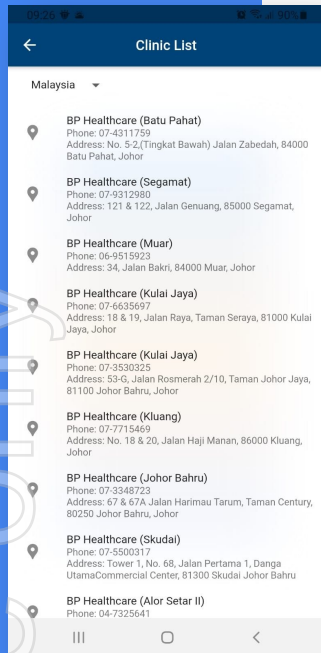
## FCM Digital Health Wallet

In conjunction with the Singapore Government and Singapore Airlines, this mobile app lets a traveler find an approved testing clinic and then schedule a Covid-19 test. Results are provided back to the app via a QR-code, which can be used at departure to prove that the traveler is Covid-19 negative.



## Document Upload in Sam :]

A more generic solution, our award-winning Sam :] mobile app has been updated to allow travelers to store digital documents within their trip, which could be used for negative test results, or proof of vaccination.



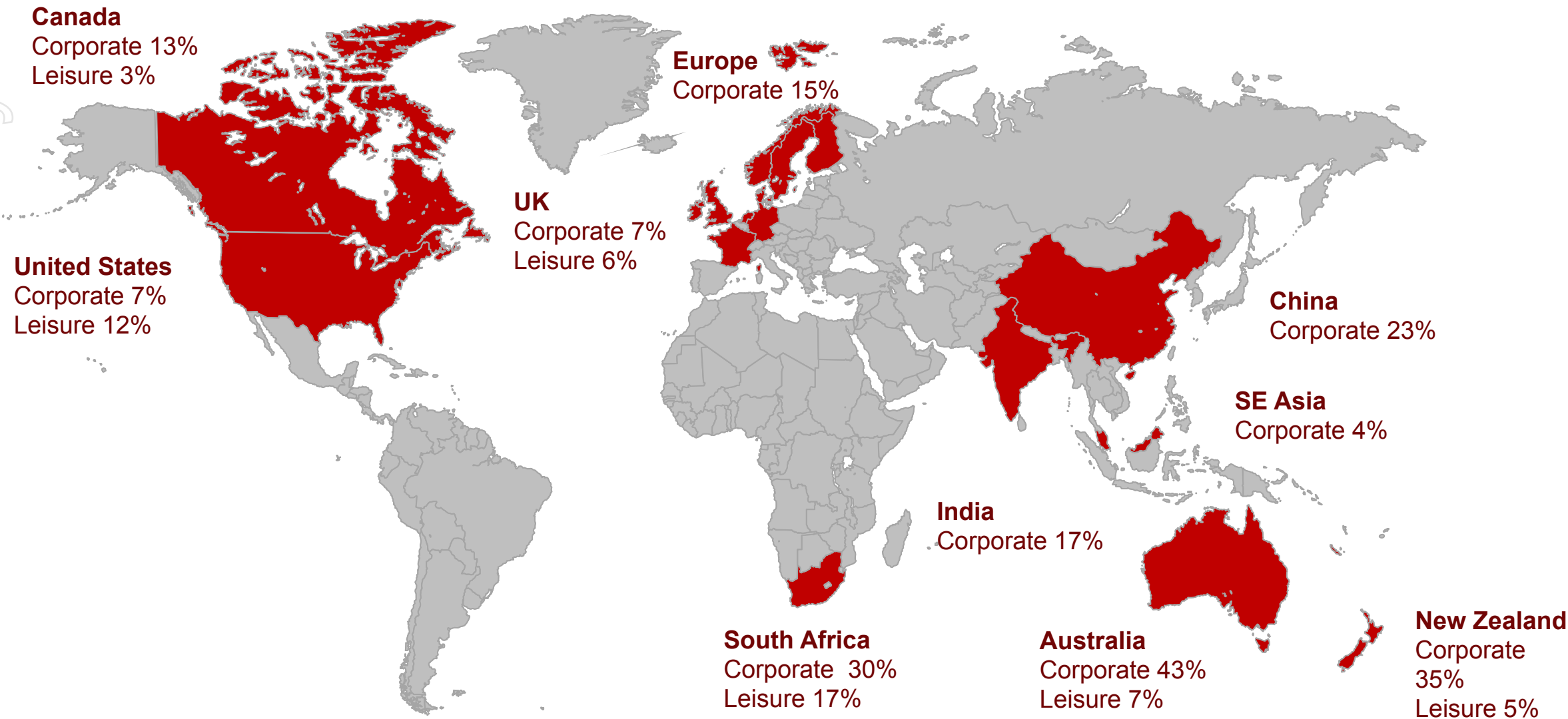
# Appendices



# Appendix 1: Global Activity (Jan 21)

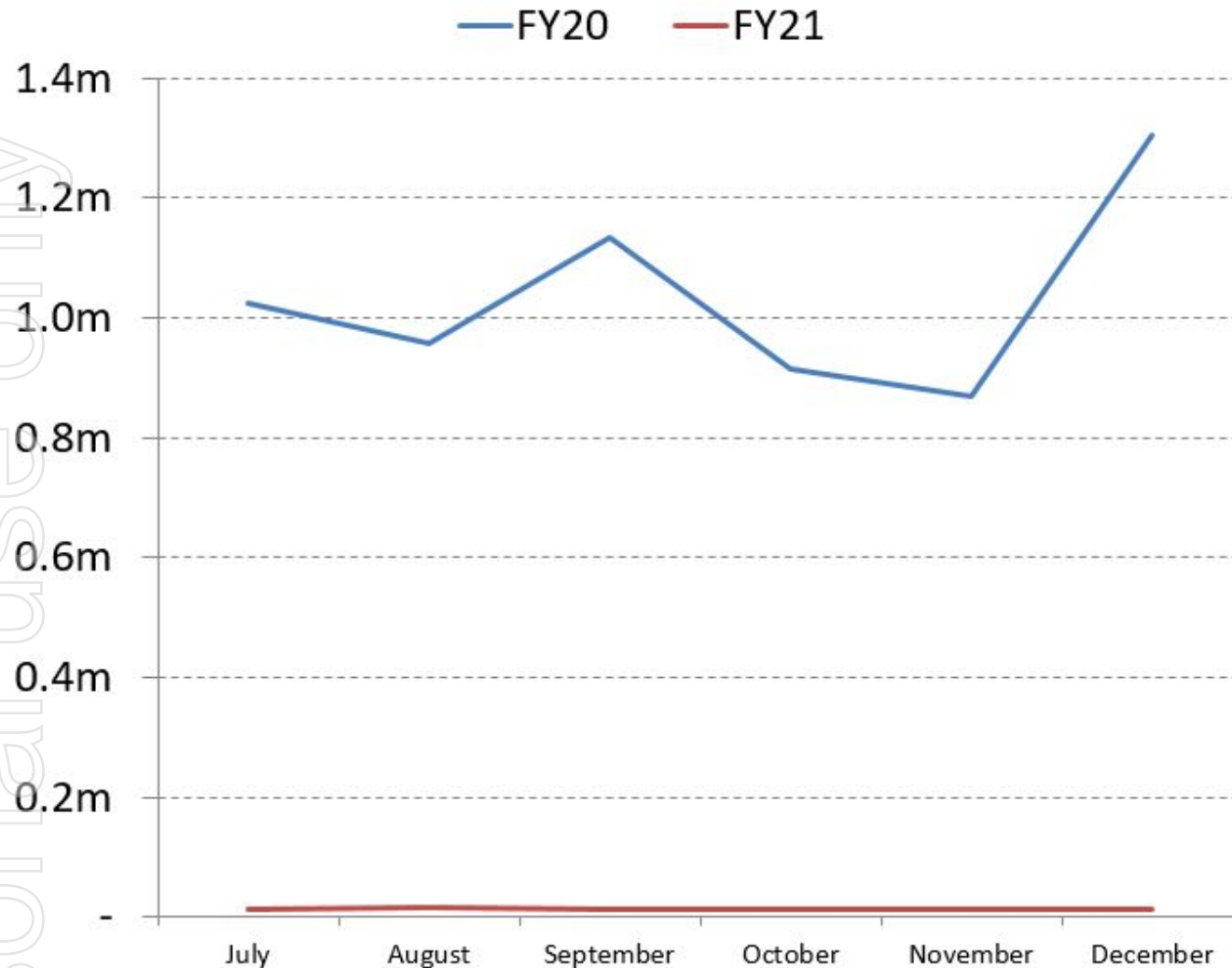
Tracking at 13% of pre-COVID global gross TTV (Corporate 20% Leisure 9%)

Personal use only



Note: Jan Gross TTV Value (excl Refunds) vs Jan 2020

# Appendix 2: International travel grounded



(Source: Australian Bureau of Statistics)

## Key Highlights

- 98.6% decrease in Australian short-term resident departures during the FY21 1H
- Just 86,000 departures during the 6 months
- FLT issued 35,000 international tickets in Australia during the same period (a lead indicator of outbound departures)



# Appendix 3: Results summary

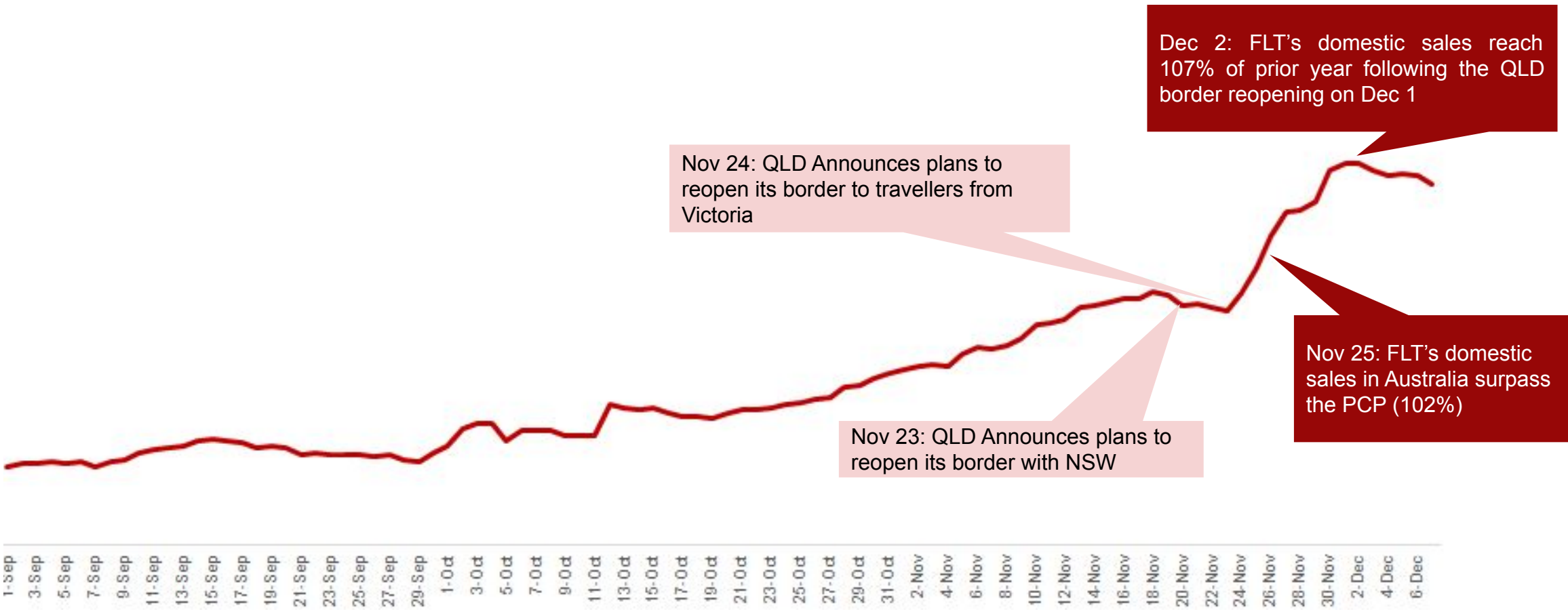
5-YEAR SUMMARY					
	HY21	HY20	HY19	HY18	HY17
<b>TTV</b>	<b>\$1,533m</b>	<b>\$12,399m</b>	<b>\$11,155m</b>	<b>\$10,154m</b>	<b>\$9,343m</b>
Income margin	10.4%	12.5%	13.1%	13.4%	14.0%
PBT	\$(317.3m)	\$38.8m	\$127.4m	\$139.4m	\$109.2m
PBT (underlying)	\$(247.2m)	\$102.7m	\$140.4m	\$139.4m	\$113.2m
<b>NPAT</b>	<b>\$(233.5m)</b>	<b>\$22.1m</b>	<b>\$85.0m</b>	<b>\$102.3m</b>	<b>\$74.4m</b>
EPS	(117.2c)	18.7c	84.1c	101.3c	73.7c
DPS	(117.2c)	18.6c	60.0c	60.0c	45.0c
ROE	(20.0%)	1.6%	5.6%	7.2%	5.6%
Capex	\$20.9m	\$59.5m	\$50.7m	\$42.8m	\$65.7m
Selling staff	4,268	14,682	14,691	14,755	15,082
Cash at bank and on hand <sup>1</sup>	\$1,592.5m	-	-	-	-
Restricted cash <sup>1</sup>	\$77.2m	-	-	-	-
General cash	-	\$186.8m	\$283.6m	\$361.5m	\$346.9m
Client cash	-	\$651.0m	\$622.6m	\$649.4m	\$662.7m
<b>Cash and cash equivalents</b>	<b>\$1,669.7m</b>	<b>\$837.7m</b>	<b>\$906.1m</b>	<b>\$1,010.9m</b>	<b>\$1,009.6m</b>
Financial Asset Investments	\$10.3m	\$100.3m	\$186.1m	\$202.6m	\$197.5m
<b>Cash and investments</b>	<b>\$1,680.0m</b>	<b>\$938.1m</b>	<b>\$1,092.2m</b>	<b>\$1,213.5m</b>	<b>\$1,207.1m</b>

<sup>1</sup> Change in presentation during the year ended 30 June 2020 to reflect funds held by the Group that are restricted for use.



# Appendix 4: Rapid rebounds post border reopenings

Australia - Booking Count (7 Day moving Avg)



# Appendix 5: Market-share gains

## Key Highlights

- The flagship Flight Centre leisure brand in Australia has increased its share of total GDS segments from 15-16% in November/December 2019 to 16-18% in the same period of 2020.
- As expected, given the domestic-only trading environment, flightcentre.com.au capturing a greater share of total leisure bookings, but shop network delivering almost 3 x online volume.

