

# FLT: Macquarie Conference Presentation

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# Delivering consistent sales growth

- **Record COVID-period sales revenue in March** after more subdued Jan, Feb
- Significant uplift globally from end of FY21 Q3
  - **March sales revenue comfortably higher than previous COVID-period record**
  - **March turnover more than \$100million higher than February** (up 32.7% month-on-month) – taking gross quarterly TTV back above \$1b for 1<sup>st</sup> time post COVID
  - Currently **expecting further growth in April**
- **Australian corporate & leisure businesses, US leisure contributing strongly to recent improvement** – Liberty leisure business (USA) profitable in March & April (strong demand for core Mexico/Caribbean products). **US corporate business also recovering strongly in April** – schools now operating in-person, clients returning to offices
- **Recovery continuing despite heavy restrictions in key markets** - UK travel corridors closed (effective Jan.18 but subject to upcoming review), ongoing domestic border uncertainty in Australia
- **Loss of \$5m-\$7m per month JobKeeper wage subsidy** in Australia during Q4 (overseas government programs have generally been extended) but **likely to be recouped if state governments keep borders open**

# Maintaining a stable & sustainable cost base

- **Achieving cost targets:** Fixed costs continuing to track at circa \$70m per month
- **Variable costs increasing slightly:** In line with expectations – driven by increased incentive payments to staff, given sales growth
- **Investing in major technology initiatives in both corporate & leisure:** Significant ongoing spend on key products and projects that will drive productivity gains, customer experience & future returns
- **New corporate platforms** (Melon and FCM), **online leisure booking tool** (SOAR), **global leisure sales platform** (Helio)

# Lengthy liquidity runway in place

- **Strong position maintained:** Circa \$1.5b in cash at end of Q3, with circa \$1.1b in total liquidity
- **Additional funding secured:** Liquidity bolstered by additional GBP50m UK debt facility (short-term & low interest) taken on in March 2021
- **Improved debt structure:** \$100m in short-term bank debt repaid during FY21 2H following \$400m convertible note issue (November 2020)
- **Monthly operating cash outflows steady during Q3:** \$30m-\$40m outflows per month with heavy restrictions still in place (preventing more rapid revenue growth) & reduced JobKeeper subsidies

# Trading generally in line with expectations

- **Continuing to target a return to profitability (PBT) during FY22** on a month-to-month basis in both corporate & leisure, given stable cost base & gradual, but consistent, revenue growth
- **Currently expecting FY21 2H underlying losses to be broadly in line with 1H losses**
  - 2H sales revenue gains largely offset by Q3 JobKeeper subsidy decrease & Q4 removal
  - Modest recovery to date in key UK market (normally material contributor to group results), Canada, India (currently experiencing further outbreaks) & South-east Asia (heavily reliant on outbound travel)
- **Key near-term recovery drivers – domestic borders staying open & more international corridors/travel bubbles starting**
- **Trans Atlantic corridors tipped to open early FY22** – North American business to deploy Project London to deliver up-to-the-minute travel guidance, health wallet & testing support & the best product in the air to London
- **Pent-up demand** – seeing solid & immediate rebounds in leisure & corporate sales when restrictions are lifted



# The pathway to recovery

**Corporate business tracking at 29% of historic TTV\* at end of Q3 & poised for market-share growth**

- Recovery to date driven by essential services clients – government, mining, health – but most companies starting to travel when they can
- Australia recovering more rapidly than global corporate business but at a lower than normal revenue margin
- Strong pipeline of account wins globally – Americas (FLT's largest corporate business pre-COVID) & EMEA businesses in particular set to benefit as activity recovers
- Historical sales leveraged to domestic/regional travel globally – likely to return to profit ahead of leisure business (targeting 50% of pre-COVID TTV by Dec. 31, assuming vaccines continue to prove effective & border stability)

**Global leisure TTV tracking at 14% of historic levels\* at end of Q3**

- Generally recovering slower than corporate – tighter restrictions in place for “discretionary” travel, higher cost base & more heavily weighted towards international travel historically
- Significant uplift opportunities as travel corridors/bubbles open & as restrictions ease for vaccinated travellers
- Encouraging signs in Australia & USA – Liberty using Canada-based consultants to cope with high demand

*\*March TTV comparisons are based on FY19 (pre-COVID)*

# Positive signs: Travel bubbles starting to open

## Recent Examples

April 19	Trans-Tasman bubble reopened - possible expansion to other Asia-Pac markets in next few months
May 17	Possible resumption of some non-essential international travel from UK (UK travel corridor closures to be reviewed early this month)
May 17	NZ-Cook Islands travel bubble to begin
May 23	Israel to welcome vaccinated travellers
May 26	Singapore-Hong Kong bubble set to open
June	The European Union has announced plans to reopen to travellers who are vaccinated or from countries with low COVID infection rates – in time for peak summer season

# Positive signs: Vaccination roll-out

**1b+ doses administered worldwide** – 1<sup>st</sup> 100m took 61 days, 10th 100m took 5 days (Source: Bloomberg)

**Gaining momentum in markets that are material to FLT** – possibility of rapid near-term recovery, given progress in USA & UK & brighter outlook for Trans Atlantic & other international travel

**243m doses administered in USA & more than 30% of population (103m people) now fully vaccinated** – large corporate clients now providing on-site vaccination services to employees

**50m doses administered in UK & more than 20% of population (circa 15m people) now fully vaccinated**

**Projected to reach 75% (fully vaccinated) in both countries within 3 months** – leading to a return to normalcy & anticipated resumption of travel

**New developments in Australia** – plans to fast-track vaccination programs (required to ensure country & its businesses are not left behind) & possible **home quarantine option** for vaccinated travellers during CY21 2H (recently flagged by Prime Minister Scott Morrison)



# Business update: Corporate

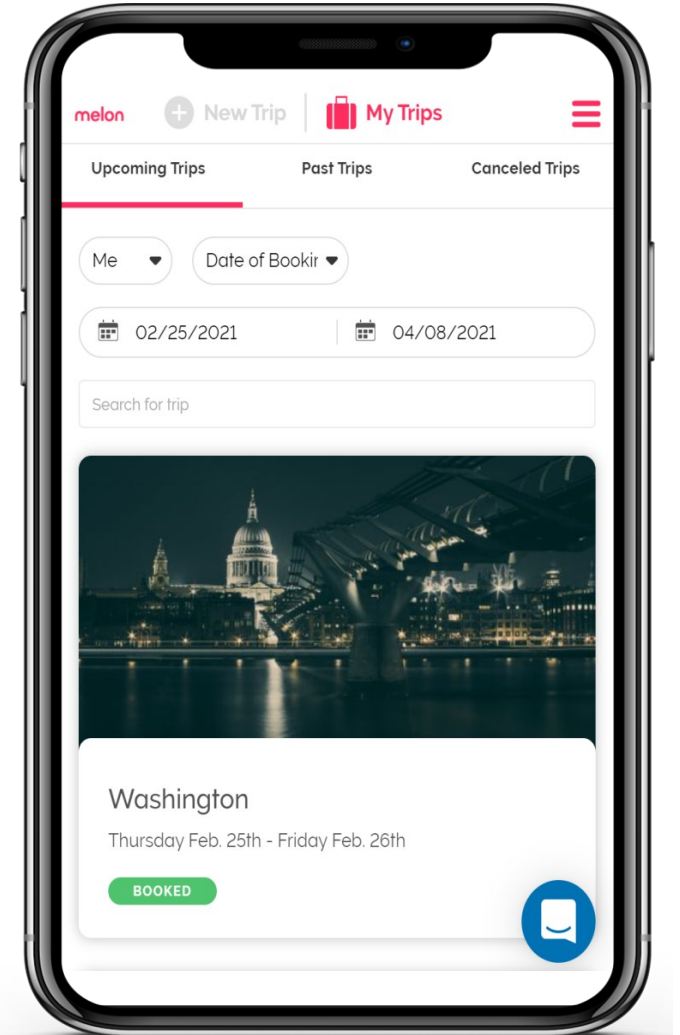
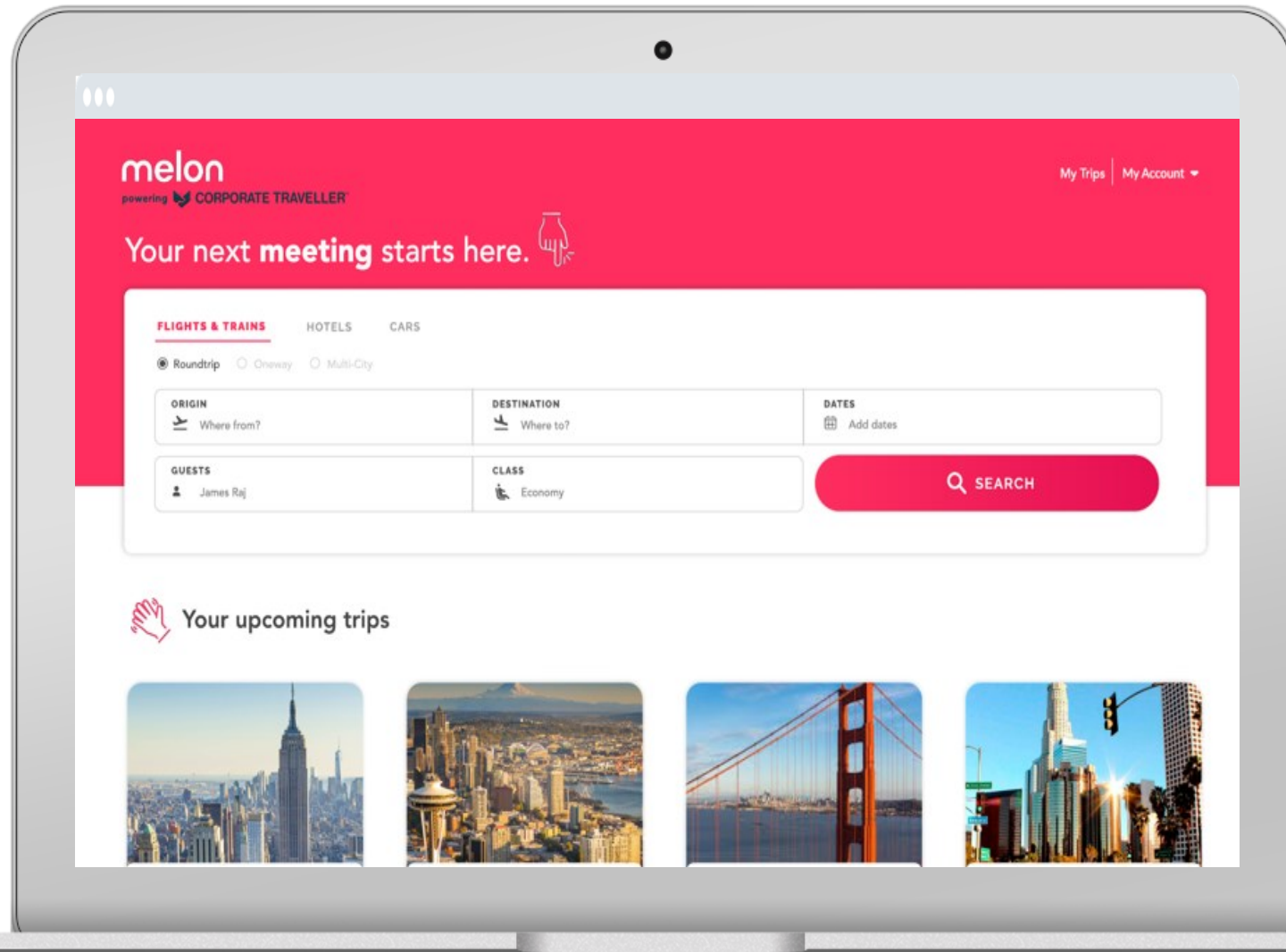
## Achieving Strategic Objectives

- Continued development of two market leading brands - Corporate Traveller (start-ups & SMEs) & FCM (MNC sector)
- Significant investment in platforms, systems & data – tech cap-ex held at pre-COVID levels to deliver tailored & innovative new products to customers & increase market-share during down cycle
- Strong organic growth profile in market that was estimated at \$US1.5t pre-COVID
  - High customer retention rates + record pipeline of new accounts won (now in excess of \$1b in annual pre-COVID spend for FCM alone during FY21)

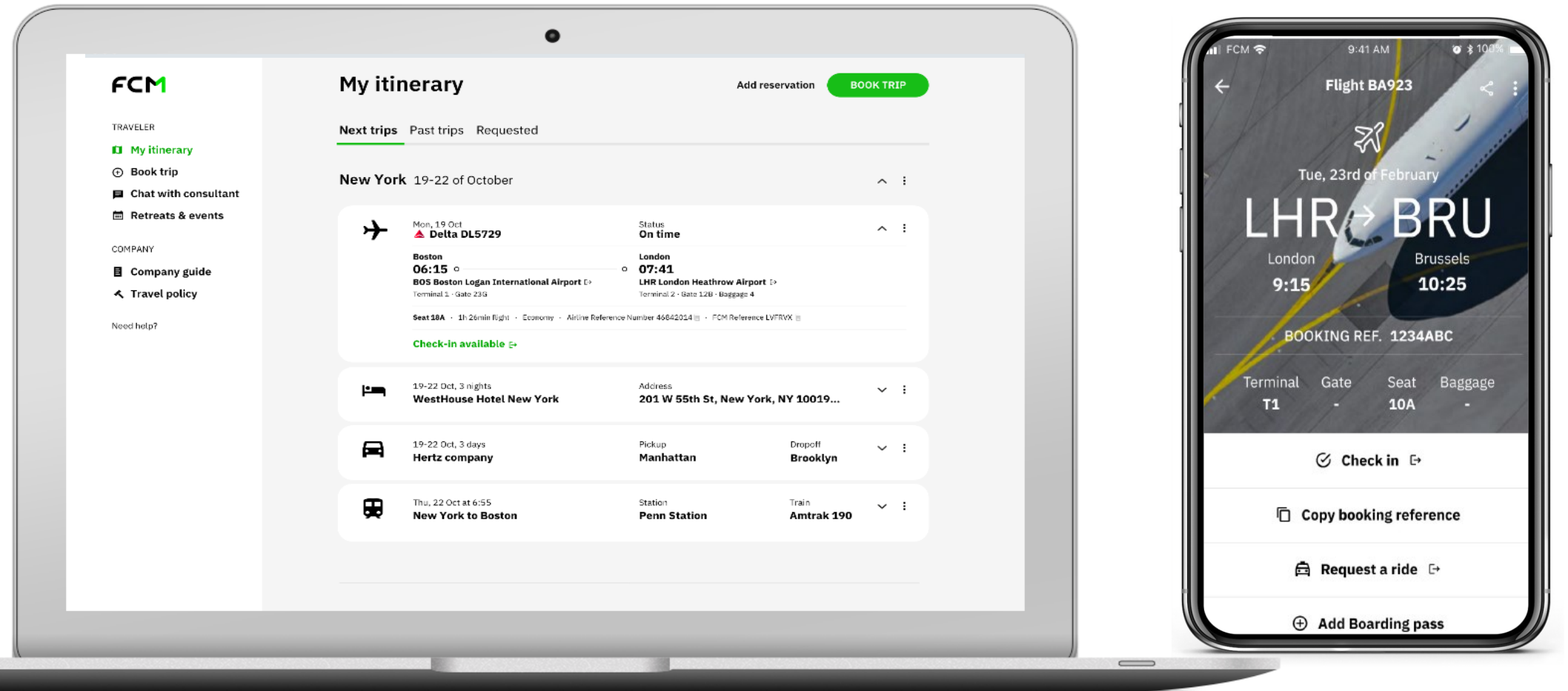
## Strong Future Growth Prospects

- Clear pattern emerging - customers travelling when they are able to (circa 90% of FCM customers in Australia have travelled)
- Large & high profile accounts onboarded & now trading – poised to continue strong market-share growth trajectory as travel recovery gains momentum
- Wins heavily weighting towards Americas & EMEA – circa 60% of corporate TTV pre-COVID & well advanced in vaccination program deployment
- Game changing new SME platform (Melon) being deployed, along with new FCM platform

# Corporate: Melon



# Corporate: FCM platform



# Business update: Leisure

## Ongoing Business Transformation

- Transformation program initiated pre-COVID & fast-tracked during pandemic
- Initial focus on operational effectiveness within core leisure business
- Now expanding into new models and focused on emerging & future trends – fast tracking growth of winning models to complement the strong, core, agency model

## Network Update

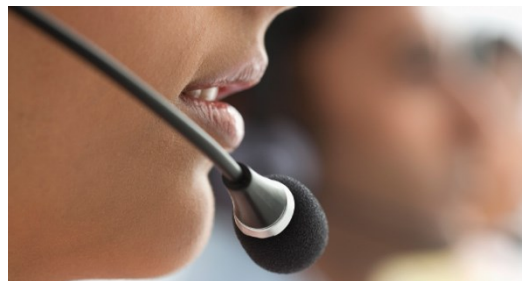
- 3-5-year plan to close surplus shops expanded, fast-tracked and completed over 12-18 months
- Network accessibility maintained – 95% of Flight Centre customers in Australia live within 5kms of a shop
- Enhanced multi-channel offerings operating alongside smaller but stronger & more productive shop network – online (recovering rapidly in domestic-only environment), new call centre model, independent contractors/travel entrepreneurs

# Leisure: Four models



## Network of world-class Shops

- Right network – size and spread
- Appealing /attractive brand billboards
- Product showrooms



## World-class Sales Centre

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



## Independent Contractor

- Career path and flexibility model
- Access to market leading tech platforms & wide content range

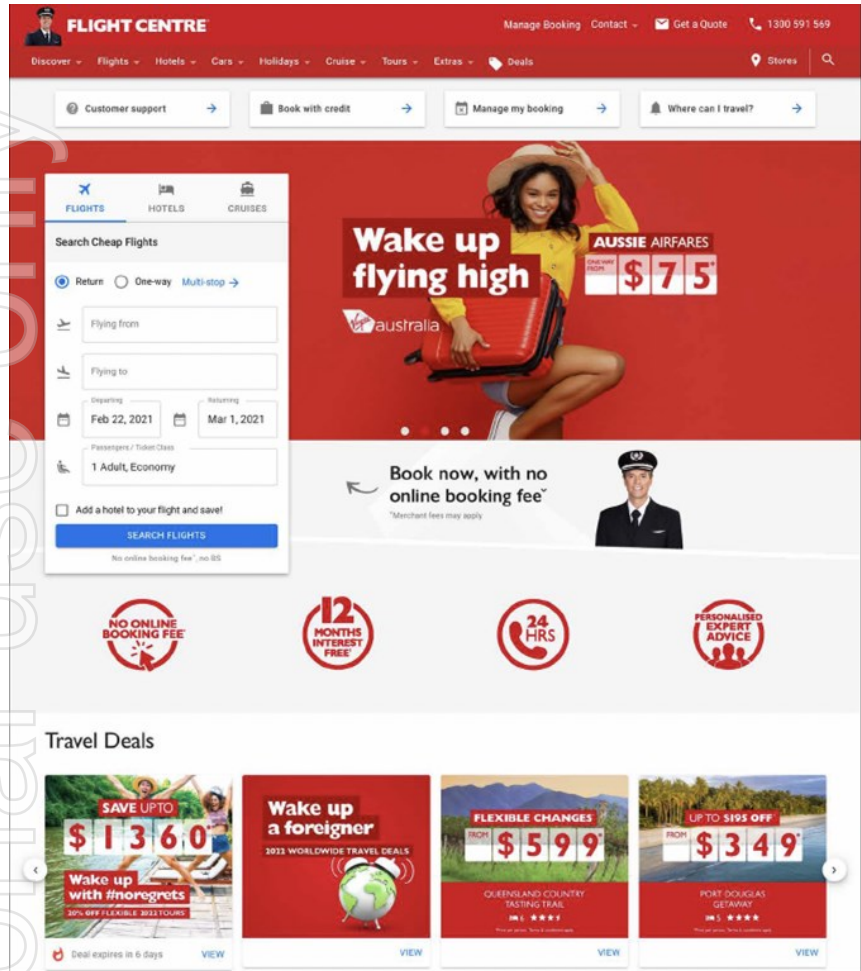


## Self Service / E-Commerce

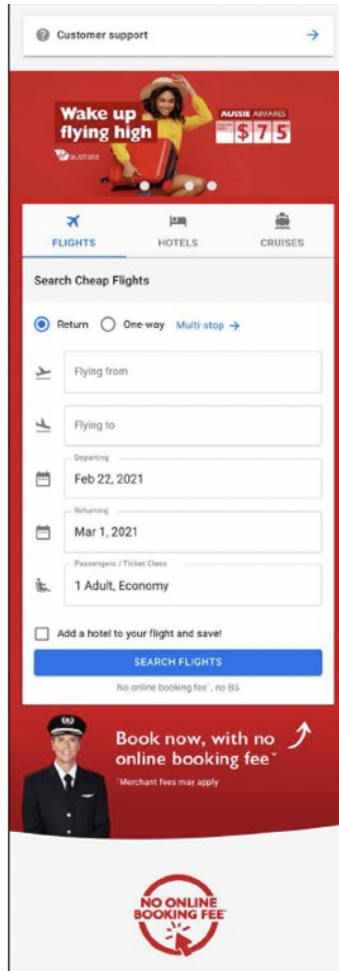
- Customer first capability
- Leading air engine
- Ancillaries
- Online Packages
- My account



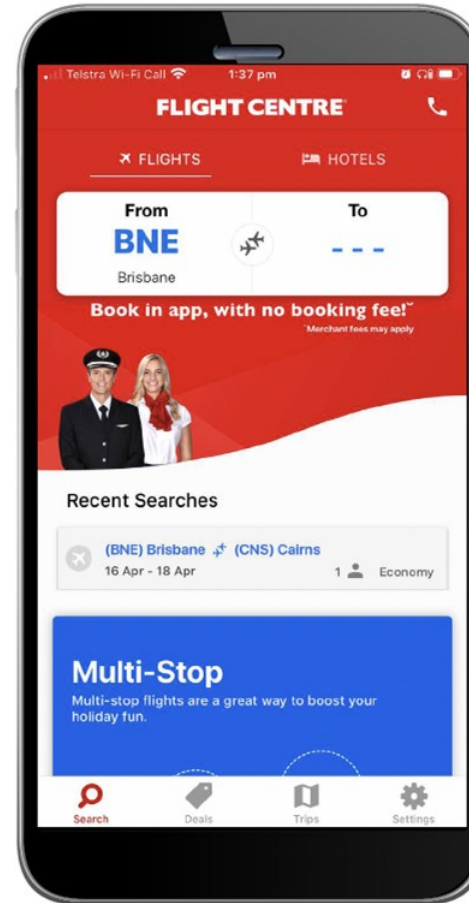
# flightcentre.com.au: Now generating 30% of sales



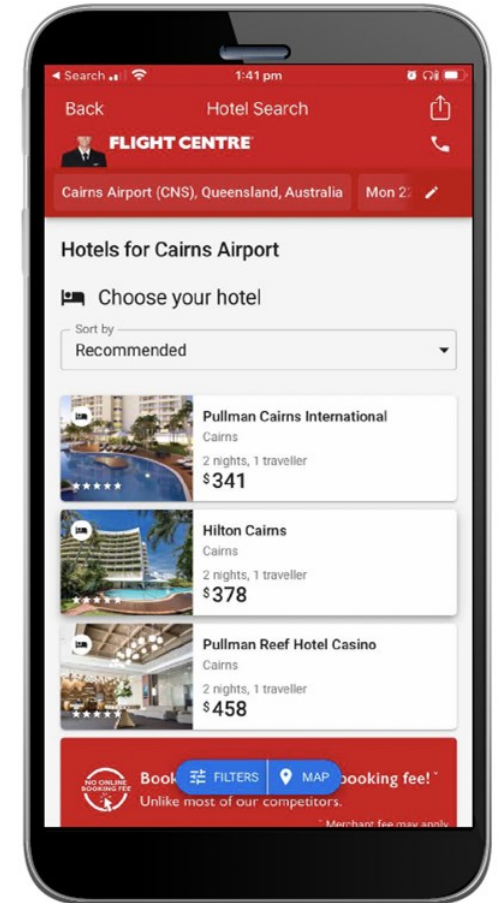
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