



STATEMENT TO AUSTRALIAN SECURITIES EXCHANGE – 20 October 2021

## A\$400M CONVERTIBLE NOTES OFFERING TO REPAY DEBT AND FUND GROWTH

The Flight Centre Travel Group Limited (“FLT”) has today launched an offering of A\$400 million senior unsecured convertible notes due 2028, which are convertible into fully paid ordinary shares in Flight Centre (“**Ordinary Shares**”) (the “**Notes**”) (the “**Offering**”).

The offering will allow FLT to:

- Retire short-term debt, specifically the GBP115 million Bank of England’s COVID-19 Corporate Financing Facility (“**CCFF**”);
- Take advantage of current interest rates to secure low-cost fixed rate funding; and
- Capitalise on growth opportunities globally as leisure and corporate travel markets continue to rapidly re-open.

FLT managing director Graham Turner said:

“This is a continuation of our proactive capital management strategy that provides the balance sheet strength to fund our growth plans in a cost-efficient manner to capitalise on the recovery in travel demand we are now starting to see.”

“The convertible bond substantially enhances our capital position and extends Flight Centre’s debt maturity profile, with the funds raised used to repay the CCFF, which is due to expire in March 2022, and drive future growth opportunities in both corporate and leisure travel at a time when competitors are unable to invest in their offerings.”

“While we were comfortable with our liquidity position previously, this gives us additional flexibility and capacity to invest in the recovery and create further shareholder value as vaccination programs gain momentum worldwide, restrictions are lifted and demand takes off.”

“Total transaction value is recovering, and we see FLT returning to monthly profitability within FY22 in both its leisure and corporate divisions.”

As a result of the Offering, total liquidity at 30 September 2021 on a pro-forma basis increases to approximately A\$1.0 billion, with total cash and investments increasing to approximately A\$1.4 billion, after repayment of the CCFF facility of GBP115 million in March 2022. Sales in September 2021 were 27% of normal levels, with net operating cash outflow of approximately A\$40 million for the month.

### Notes Offering

The Offering is being marketed to eligible investors with the final terms of the Notes to be determined via a book-build process expected to be completed prior to market open tomorrow. A summary of the key terms of the Notes is set out in Appendix A of this announcement.

FLT intends to use the net proceeds from the Offering to repay the CCFF on maturity in March 2022 and to fund growth opportunities.

FLT will apply for the Notes to be listed on the Official List of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). Conversion of the Notes will be physically settled by the issuance of new Ordinary Shares.

UBG AG, Australia Branch and Merrill Lynch Equities (Australia) Limited are acting as Joint Bookrunners on the Offering.

#### Further Information

In connection with the Offering, to facilitate some or all of the hedging activity that may be executed in relation to the Notes:

- UBS AG, Australia Branch ("**UBS**") intends to sell up to 5 million Ordinary Shares (the "**Delta Placement**"), and the manner of conducting the Delta Placement will be determined by UBS in consultation with FLT. UBS and FLT have agreed that the sale of Ordinary Shares under the Delta Placement will be conducted at a price of A\$21.00, representing a 3.0% discount to the closing price of the Ordinary Shares on 20 October 2021. The Delta Placement price will be used as the Reference Share Price to determine the Initial Conversion Price of the Notes. UBS or its affiliates may acquire Ordinary Shares under the Delta Placement; and
- the co-founders of FLT ("**Stock Lenders**"):
  - (1) have extended the term of the stock lending arrangements that were entered into at the time the convertible notes were issued in November 2020 (the "**Existing Notes**") in respect of 15 million Ordinary Shares (further details of which are set out in the announcement released to the ASX by FLT on Tuesday, 19 October 2021); and
  - (2) have indicated their intention to enter into stock lending arrangements with UBS Securities Australia Limited in respect of 5 million Ordinary Shares,

(each of the borrowers, the "**Stock Borrowers**"). Pursuant to these agreements, the Stock Lenders will lend an aggregate of 20 million Ordinary Shares to the Stock Borrowers on the Stock Lenders' expectation that they will be on-lent to holders of the Existing Notes and the Notes. The Stock Borrowers will be required to return the borrowed Ordinary Shares within 1 year pursuant to the terms of the agreements ("**Stock Borrow Facilities**"). The Stock Lenders will retain the right to vote on up to 10 million Ordinary Shares (being 50% of the stock lent under the Stock Borrow Facilities) via a contractual right to recall sufficient equivalent securities from the Stock Borrowers over voting periods.<sup>1</sup>

<sup>1</sup> The transactions associated with the Delta Placement and Stock Borrow Facility may, together with other Ordinary Shares acquired by UBS or its affiliates in connection with its ordinary course sales and trading, principal investing and other activities, result in UBS or its affiliates disclosing a substantial holding and earning fees.

## Appendix A:

### Key terms of the Notes (subject to the detailed terms and conditions of the Notes)

Issuer	Flight Centre Travel Group Limited ("FLT")
Issue Size	A\$400 million
Ranking	Direct, unsubordinated, unconditional and unsecured
Term of Notes	7 years
Coupon / Yield	0.625 – 1.625% p.a., on a semi-annual basis
Conversion Premium	30.0% over the Reference Share Price (as determined under the Delta Placement)
Conversion Right	At any time on or after 41 business days after issuance to 5 business days prior to the final maturity date of the Notes, investors may exercise a right to convert Notes into Ordinary Shares.
Investor Put Date	1 May 2026 (4.5 years)
Reference Share Price	The clearing price of the Delta Placement
Stock Borrow Facility	<p>The co-founders of FLT (the "Stock Lenders"):</p> <p>1) have extended the term of the stock lending arrangements that were entered into at the time the convertible notes were issued in November 2020 in respect of 15 million Ordinary Shares (further details of which are set out in the announcement released to the ASX by FLT on Tuesday, 19 October 2021); and</p> <p>2) have indicated their intention to enter into stock lending arrangements with UBS Securities Australia Limited in respect of 5 million Ordinary Shares,</p> <p>(each of the borrowers, the "Stock Borrowers").</p> <p>Pursuant to these agreements, the Stock Lenders will lend an aggregate of 20 million Ordinary Shares to the Stock Borrowers on the Stock Lenders' expectation that they will be on-lent to holders of the Existing Notes and the Notes. The Stock Borrowers will be required to return the borrowed Ordinary Shares within 1 year pursuant to the terms of the agreements ("Stock Borrow Facilities"). The Stock Lenders will retain the right to vote on up to 10 million Ordinary Shares (being 50% of the stock lent under the Stock Borrow Facilities) via a contractual right to recall sufficient equivalent securities from the Stock Borrowers over voting periods.</p>

Settlement	<p>Where a holder is entitled to convert their Notes into Ordinary Shares, the conversion of the Notes will be physically settled by the issuance of new Ordinary Shares.</p> <p>The number of Ordinary Shares issued on exercise of the Conversion Right will be determined by dividing the principal amount of the Notes to be converted by the applicable conversion price.</p>
Conversion Price Adjustment	<p>Standard anti-dilutive adjustments including adjustment for all dividends paid by FLT.</p> <p>Upon a change of control of FLT, the conversion price will be reduced in accordance with the terms of the Notes. The extent to which the conversion price is reduced following a change of control is variable, dependent on the time period between the change of control and the final maturity date of the Notes, in accordance with the terms and conditions of the Notes.</p>
Listing	SGX-ST
Selling Restrictions	Reg S (Cat 1) only
MiFID II professionals/ECPs-only/No PRIIPs KID	Manufacturer target market (MiFID II product governance) is expected to be eligible counterparties and professional clients only (all distribution channels). No PRIIPs key information document (KID) has been prepared as not available to retail in EEA or UK.
UK MiFIR professionals/ECPs-only/No PRIIPs KID	Manufacturer target market (UK MiFIR product governance) is expected to be eligible counterparties and professional clients only (all distribution channels). No PRIIPs key information document (KID) has been prepared as not available to retail in the United Kingdom.

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*The information contained in this announcement is not for distribution, directly or indirectly, in or into the United States. This announcement does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States. The Ordinary Shares and the Notes mentioned herein have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States except pursuant to registration or an exemption from the registration requirements of the Securities Act. No public offering of the Ordinary Shares or the Notes will be made in the United States.*

*This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

*This announcement has been approved by the CFO of Flight Centre Travel Group Limited.*

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