FLIGHT CENTRE TRAVEL GROUP™

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Chairman's Address – Gary Smith

On behalf of the Board of Directors, I welcome you to Flight Centre Travel Group's 2024 Annual General Meeting.

Today in my address, I'll reflect on our key achievements during the 2024 fiscal year, before inviting Skroo to address the meeting in relation to our early FY25 trading and outlook.

As outlined in our annual report, the 12 months to June 30, 2024 – our 29th year as a listed entity – was another very significant period for your company as we:

- Delivered strong financial results in an improved, but still volatile trading climate
- Strengthened our balance sheet by repaying debt and buying-back convertible notes
- Returned $62million to shareholders via the fully franked dividends that were paid during the year; and
- Developed stronger foundations for the future through our ongoing investment in key growth drivers – including our people, our network and the experience we deliver to our valued customers through our diverse global brand stable

Our financial results are covered in detail in the annual report and highlighted here.

While I won't talk to them in detail, I would like to draw your attention to a few key points.

Firstly, we delivered record total transaction value (TTV) of $23.74billion. This was just above FY19 and a circa $1.8billion (or 8%) year-on-year improvement.

This new TTV milestone was achieved with a lower number of staff compared to FY19 and a lower cost base, highlighting both:

- The strong productivity gains we have delivered; and
- Our success in growing our network of highly scalable models, including our online and independent agent and agency businesses in the leisure sector

Secondly, we achieved a material profit recovery, with a 131% underlying profit before tax (PBT) increase to $320million and a 212% statutory PBT increase to $220million.

Thirdly, our underlying profit margin increased by 72 basis points to 1.35%. This improvement was driven predominantly by a 100-basis point revenue margin uplift and fairly stable cost margin, as we made solid progress towards the 2% underlying PBT margin target that Skroo will talk about later.

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Fourthly, we delivered a record $421million operating cash inflow, which allowed us to invest in the business, increase shareholder returns and undertake significant capital management initiatives.

We also finished the year with a very strong balance sheet with more than $1.1billion in cash and investments and materially lower debt levels.

<u>New capital management policy in place</u>
At the start of FY24, we unveiled a new capital management policy designed to create shareholder value in the short and long-term.

Under this policy, we intend to allocate 50-60% of net profit after tax (NPAT) to dividends and/or capital management initiatives, subject of course to our anticipated needs at the time.

Based on the FY24 interim dividend and the FY24 final dividend, which was paid last month, we returned $88million – or 38% of underlying NPAT to shareholders.

In total, we invested almost $450million in capital management initiatives during FY24 as we:

- Used $300million to repay bank debt and overdrafts
- Took proactive steps to increase future earnings per share by investing $84million to buy back and retire convertible notes ($75million face value); and
- Returned $62million to our shareholders via the FY23 final dividend, which was paid early in the 2024 fiscal year, and the FY24 interim dividend that we paid in April 2024

In addition, we recently bought back notes with a $60million face value and restructured our debt facilities by:

- Decreasing our traditional loan facilities (SFA) from $350million to $200million. These funds are currently undrawn and provide us with flexibility and the ability to capitalise on opportunities, including M&A and liability management, that may arise; and
- Introducing a new $200million, on-balance sheet committed Receivables Financing facility. This two-year facility is secured by our corporate client debtor book and provides cheaper funding than the SFA without the usual financial covenants, while also diversifying the group's funding sources and access to capital

From an operational perspective, both our leisure and corporate businesses generally performed strongly during FY24, as illustrated on this slide.

Underlying leisure PBT more than doubled to $188million, while underlying corporate PBT increased by 44% to $211million.

Both businesses are now substantially more productive than they were pre-pandemic.

As you can see here, leisure productivity has more than doubled during the past five years, largely as a result of system enhancements and the growth in highly scalable, labour-light models like online and Envoyage, our independent agency business.

Corporate productivity has also increased solidly but more significant benefits should be realised after our Productive Operations Project initiatives have been fully implemented.

We were generally pleased with our financial results, however the past year has certainly been challenging, testing the resilience of our industry and our people.

As the travel sector continued its post-pandemic recovery and evolution, we faced several market challenges across the globe including general economic uncertainty, which impacted discretionary spending, geopolitical unrest and ongoing industry adjustments, which have contributed to significant pricing volatility post-pandemic.

Our people

Facing this uncertainty and these challenges, our team of dedicated people has demonstrated remarkable adaptability and commitment to their customers, suppliers and to Flight Centre Travel Group.

Our people remain our greatest asset. Their unwavering dedication to providing exceptional service, while navigating the complexities of today's travel landscape, is to be commended.

We are committed to providing our people with a vibrant and satisfying workplace and aim to foster a dynamic and inclusive culture, where people can succeed and grow.

The board actively helps to drive continuous improvement in this critical area.

As part of this process in FY24, we initiated our first truly global engagement survey in partnership with Great Places to Work (GPTW). About 65% of our people participated in the research, which led to FLT receiving GPTW certification in more than 20 countries.

Thanks in no small part to our people, our company and our brands also won numerous awards and accolades during the year, including major honours for our corporate and leisure businesses at the annual World Travel Awards.

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Travel Associates was this month judged Australia's most outstanding travel agency at the National Travel Industry Awards, while Flight Centre brand was recently recognised as Australia's most trusted travel agent (Source: Roy Morgan Risk Report). Last week, FCM was recognised as a Customer Champion by the Australian Financial Review.

ESG – Environment, Social & Governance

In addition to investing in the key areas of ESG during FY24, we released our second Sustainability Report to highlight our achievements and also outline the targets that we are working towards in various key areas.

Within the environmental area, Flight Centre brand's (FCB) Planting for the Planet program proved a great success.

This program, which customers can access via FCB's Captain's Pack, comfortably exceeded its 2024 goal of funding the planting of one million trees in various locations. In July, I had the privilege of witnessing the benefits of this program first-hand in Morocco, where these trees are supporting more sustainable livelihoods for struggling farming families.

From a social perspective, we continue to engage our employees in our community work. Two key programs are in place in Australia – workplace giving and giving grants.

In relation to governance around ESG, we continue to prepare for our first report on Climate Related Disclosures under the AASB (Australian Accounting Standards Board) Sustainability Reporting Standard-Setting Framework. During FY24, we published information in our sustainability report aligning broadly with expected requirements.

Digital transformation, AI and cybersecurity

Another area that we have invested significantly in is our digital transformation.

To accelerate this transformation, we are investing in a host of new technologies, enhancing our customer facing platforms and investing in our data analytics capabilities.

In corporate, we introduced the proprietary Melon and FCM platforms during the pandemic and have continued to invest in these products to incorporate new features.

More than 90% of our new Corporate Traveller customers in the Northern Hemisphere are using Melon, while all FCM customers globally have now migrated to the FCM Platform.

In leisure, our digital capability and mobility investments are geared towards capturing a greater share of wallet, driving customer personalization and supporting sales growth.

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We have significantly expanded our online capabilities, particularly our product ranges, to include new features such as the ability to book flights from "anywhere to anywhere" on flightcentre.com, which is proving to be a popular addition.

We are also leveraging machine learning, AI and natural language processing to enhance our consultants' effectiveness in highlighting options for customers and to improve conversion.

In relation to AI, a number of programs are in place within our corporate and leisure businesses aiming to improve our efficiency and to augment the services that we provide, as you can see on these slides.

Our use of AI is subject to guardrails and governed by an internal AI Governance Board, which includes a director, Kirsty Rankin, and various key executives. This board has created policies and frameworks to guide our responsible use of this technology.

Cybersecurity and data protection are other key areas of focus and continuous uplift and our commitment to responding to evolving risks has resulted in increasing investment. Our programs are driven by our dedicated in-house teams and bolstered by top-tier external experts as and if required.

Conclusion

Looking ahead, while we acknowledge the current challenging market dynamics, we remain confident in our strategic direction and our ability to create long-term shareholder value.

Our focus continues to be on:

- Strengthening our global presence – already this year, we have acquired Cruise Club UK to fast-track growth of Ignite's MyCruise business in the UK
- Enhancing digital capabilities to boost productivity and enhance the customer experience, as you have just heard
- Improving operational efficiency through initiatives like corporate Productive Operations and the creation of a Global Business Services area
- Supporting our valued workforce; and
- Delivering exceptional customer service and customer experience

In closing, I would like to take this opportunity to thank our shareholders for your continued support, our customers for their loyalty, and most importantly, our people for their tireless efforts and dedication to their customers and to the company.

I now invite Skroo to address the meeting.

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This announcement has been authorised by Flight Centre Travel Group Limited's Board.

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