Flight Centre Limited

Deutsche Bank Briefing

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2010 – the story so far

PROFIT	Strong growth – actual pre-tax profit likely to be $190million-$200million Range represents 90%-100% growth on normalised 08/09 result
SALES	Good volumes – ticket numbers at record levels with cheap fares stimulating demand TTV likely to be slightly down on 08/09 because of lower fares, India deconsolidation
AIRLINE YIELDS	Average airfare prices up modestly on 2H 08/09 but still 10-15% cheaper than 07/08 Some international fares comparable to 08/09
MARGINS	Continued healthy margins – 13.9% at half year, up from 12.9% five years ago Direct contracting model, commissions and fixed margin air contracts contributing
CASH	Up to $1billion in company and client cash likely at June 30, 2010 Large operating cash inflow expected – 2H inflow will exceed 1H outflow
GEOGRAPHIC RESULTS	All established regions profitable – Australia, UK, NZ, Canada and South Africa Reduced losses in USA and Asia

2010 – segmental performance

AUSTRALIA	Strong performance in leisure and corporate travel On track for record full year profit
UNITED KINGDOM	Pleasing results – FLT's largest profit contributor outside of Australia On track to surpass 2008/09 despite economic turmoil, ash clouds, aviation strikes
NORTH AMERICA	Decreased US losses – corporate and wholesale now profitable, leisure improving Canada well placed for strong profit growth
OTHER REGIONS	Healthy profit growth from small base in NZ South Africa profitable and improving Results improving in emerging Asia and Middle East corporate businesses

2010 – recent highlights

LOWEST AIRFARE GUARANTEE	Powerful new customer promise introduced Highlights FC brand's commitment to beating airline, web and travel agency prices
LIBERTY EXPANSION	First new Liberty shop opened in USA in more than two years Two more set to open by June 30
CORPORATE SALES	FCm Travel Solutions appointed to Federal Government travel panel Opportunity to compete for key accounts
BUSINESS TRAVEL	Corporate Traveller brand reintroduced Focussing on SME accounts
SINGAPORE ACQUISITION	Small corporate business – Air Services International – acquired in Singapore Doubles FCm's presence in the country
INDIA	Remaining 44% interest in FCm India acquired from former JV partner FLT now has 100% ownership of the business

Outlook

FLIGHT CENTRE LIMITED

2009/10	Expected result will be FLT's second strongest full year profit Result achieved despite low airfare yields, lower than normal interest earnings and slower corporate travel recovery
IMPAIRMENT	No assets currently impaired Monitoring US current and forecast performance – any adjustment will be non-cash
MARKET CONDITIONS	Some impact from ash cloud, BA strikes and recent world events – effects not material No evidence yet of slowdown in demand in Australia
2010/11	Too early to set definitive profit and sales growth targets for next year Solid foundations – brand and geographic diversity, strong balance sheet Opportunities to grow specialist leisure areas, continued corporate travel recovery, modest growth in airfare yields and further improvement in overseas economies
THE WEB	Growth opportunities in three areas 1) Extension of bricks and mortar 2) Direct model 3) Transactional sites
IMPROVEMENT STRATEGIES	Key "Argenti" strategies now in place

Strategic priorities

INDIA & THE USA	**Improve the return on FLT's investment in these emerging countries**
ONE BEST WAY	**Ensure the company's "One Best Way" operating culture is in place in all brands and businesses**
LEADERSHIP	**Attract and retain more of the right leaders**
SALES	**Procure and retain customers across the business**
PRODUCT	**Further development of global land and air product buying and distribution systems**
NICHE EXPANSION	**Selection and incubation of emerging bricks and mortar and online businesses**

The Aussie dollar

GLOBAL DIVERSITY	FLT's customers travel globally The company's fortunes are not linked to any one international currency
IMPACT OF FLUCTUATIONS	Normal exchange rate shifts do not typically lead to fundamental travel pattern shifts Travellers adjust plans – upgrade or downgrade accom, longer or shorter stays
HISTORICAL HIGHS	Dollar trading well against most currencies, particularly GBP and Euro Still above historical US exchange rates – typically 65-75c since float
PRICE THE KEY DRIVER	Overall affordability is important – airfare prices a key consideration Largest spikes in ticketing volume to USA have coincided with price wars Exchange rate was about 70c when volumes soared in 2009
COMPELLING USA AIRFARE OFFERS	New fare war underway on Pacific route and likely to stimulate demand FC recently advertising return Sydney-LA for $871

End of presentation

Questions