Flight Centre Limited

2009 Full Year Results

25 August 2009

Presentation by

Graham Turner – Managing Director

Andrew Flannery – Chief Financial Officer

2009 Highlights

FLIGHT CENTRE LIMITED

PROFIT

Reasonable results in challenging conditions – $99.8m trading profit, $40.4m actual

Actual affected by impairment, write-downs, US trading losses and expenses

SALES

TTV up but boosted by full year of Liberty and GoGo results

2Q and 3Q slowdown in underlying sales, volumes recovering but at low yields

MARGIN

Income margin increased in comparison to record 2007/08

COSTS CONTAINED

Cost control and conservative cap-ex management led to strong 2H cash result

Leaner structure, wages contracting with revenue, freeze on support staff numbers – sales staff now 82% of workforce

BALANCE SHEET STRENGHTHENED

Improved net debt position

General cash $161m at 30 June, borrowings down to $128m

2009 results

RESULTS IN BRIEF	FULL YEAR RESULTS		
	JUNE 2009	JUNE 2008 (Restated)	Variance %
$' million			
TTV	**$11,240**	**$10,880**	**3.3%**
Gross Profit	**$1,516**	**$1,452**	**4.4%**
EBITDA	$88.5	$231.4	(61.8%)
EBIT	$28.7	$187.4	(84.7%)
Profit Before Tax (actual)	$40.4	$201.0	(79.9%)
Profit After Tax (actual)	**$38.2**	**$134.8**	**(71.7%)**
Effective tax rate (FLT utilised historic US tax losses during 2008/09, which led to a one-off reduction in effective tax rate)	5.5%	32.9%	
Dividends			
Interim Dividend	9.0 c	37.5 c	
Final Dividend	N/A	48.5 c	

Recent growth performance

	JUNE 2009	JUNE 2008 (restated)	JUNE 2007 (^ex abnormal)	JUNE 2006
TTV	**$11,240 m**	**$10,880 m**	**$8,880 m**	**$7,810 m**
Income margin	13.5%	13.3%	13.0%	12.9%
EBITDA	$88.5 m	$231.4 m	$175.0 m	$147.6 m
PBT	$40.4 m	$201.0 m	$151.6 m	$120.0 m
NPAT	**$38.2 m**	**$134.8 m**	**$103.5 m**	**$79.9 m**
EPS	38.3 c	138.0 c	109.6 c	84.6 c
DPS	9.0 c	86.0 c	66.0 c	52.0 c
ROE	6.2%	22.3%	21.3%	19.4%
Cap-ex	$70.4 m	$70.2 m	$46.3 m	$45.6 m
Building acquisitions	$10.4 m	$42.7 m	-	-
Selling staff	9,469	10,419	8,200	6,644
General cash	$160.9 m	$160.5 m	$165.4 m	$93.6 m
Client cash	$531.8 m	$578.1 m	$303.8 m	$200.3 m
Cash and cash equivalents	**$692.7 m**	**$738.6 m**	**$469.2 m**	**$293.9 m**
Available-for-sale investments & other financial assets	$93.4 m	$246.5 m	$166.6 m	$185.1 m
Cash and investments	**$786.1 m**	**$985.1 m**	**$635.8 m**	**$479.0 m**

^ Abnormal item relates to the sale of FLT's Brisbane CBD global headquarters. FLT recognised a $22.4 million gain on sale before tax

Balance sheet and cash flows

FLIGHT CENTRE LIMITED

BALANCE SHEET	Strengthened, despite challenging market conditions
GENERAL CASH	$161m at 30 June Strong growth during second half (up from $125m at 31 December)
STRONGER CASH FLOWS	Large operating inflow during 2H, after large 1H outflow Reflects business's seasonality and focus on cost control
REDUCED DEBT	Debt down to $128m ($161m at 30 June 2008 and $190m at 31 December) Reduction driven by property loan repayments
INVESTMENT PORTFOLIO	Global investment portfolio approached $800m at 30 June 2009 Cash weighting increased as part of more conservative treasury policy

Investment portfolio

INVESTMENT PORTFOLIO	REPORTING PERIOD		
	JUNE 2009	DEC 2008	JUNE 2008 (Restated)
$' million			
Total investment portfolio	**$786**	**$660**	**$985**
Cash	88%	68%	75%
Fixed and floating rate notes	10%	24%	19%
Corporate collateralised debt obligations (CDOs)	2%	3%	2%
Asset or mortgage-backed securities & hybrids	<1%	<1%	<1%
US Equities	-	5%	3%

Operational overview

MARKET CONDITIONS	Sales volumes stabilised during 4Q, after 2Q and 3Q slowdown Cheap airfares and travel deals starting to stimulate demand
CUSTOMER ENQUIRY	Healthy throughout 2008/09 and strong in July 09 Liberty enquiry per consultant now in line with Australian business Marketing budget maintained to create market share opportunities
LEISURE TRAVEL	Some sectors performing well – youth, adventure and online Modest growth in overall shop numbers – focus on specialist areas
CORPORATE TRAVEL	Large growth in BDM numbers globally to win new accounts New account wins partially offsetting effects of client downtrading
WHOLESALE	Continued expansion – Infinity, GoGo, Explore and Escape Holidays Direct contracting model now in place (Global Product Powerhouse)
GEOGRAPHIC RESULTS	Most major regions profitable over full year Losses in North America and Asia-Middle East only

Global review

FLIGHT CENTRE LIMITED

AUSTRALIA

- TTV $5.9b (down 7%), 1046 businesses
- 1000th business opened
- Flight Centre judged Australia's 14th most valuable brand at $630m (Source: Interbrand)
- Nationwide Cruiseabout network created
- Promising results from recruitment marketing and cycle JVs – 99 Bikes same store sales up 35%

NEW ZEALAND

- TTV $565.9m, down 15% (down 8% in local currency), 156 businesses
- Reasonable finish to 2008/09
- Specialist business travel and round-the-world shops launched, along with external wholesale brand, Escape Holidays

SOUTH AFRICA

- TTV $405.7m, down 7% (up 4% in local currency), 152 businesses
- Brand diversity – Travel Associates network growing alongside Flight Centre and Student Flights
- 16 new BDMs employed to win leisure and corporate business
- New leadership structure implemented, now linked to UK

Global review

CANADA

- TTV $695.4m, up 4% (up 6% in local currency), 184 businesses
- New brands introduced – Employment Office and Stage & Screen
- Infinity rebranded GoGo and now targeting external agency groups
- Reasonable corporate profit, leisure results adversely affected by swine flu concerns

USA

- TTV $2.3b (acquired during 2007/08), 222 businesses
- Key FLT systems now introduced
- Annualized $USD30m in expenses removed
- New revenue streams – Liberty Business Travel and discountcruises.com
- Wholesale expansion – GoGo profitable and key element in global product strategy
- 4Q breakeven after $62m in losses, impairment and expenses earlier in year

Global review

UNITED KINGDOM

- TTV $1.1b, down 8% (down 9% in local currency), 209 businesses
- Strong growth in BDM numbers
- New leisure travel service created for existing corporate clients
- Employment Office launched
- Boutique coach touring business acquired – Back Roads Touring

ASIA AND MIDDLE EAST

- TTV $424.5m, 26 businesses
- Corporate businesses affected by global financial crisis
- BDM numbers doubled in Greater China, encouraging July results
- India results deconsolidated

Strategic priorities – 09/10

Flight Centre Limited

GROWTH	Increase market share in core, specialist travel and new businesses Focus on increasing same store sales, supplemented by modest shop growth
CUSTOMER RETENTION	Build customer loyalty to increase repeat business and maximise marketing investment return
IMPROVED MARGINS	Increase range and available margin for all business units through enhanced global land and air product buying system
US IMPROVEMENT	Achieve a break-even result or small profit during 2009/10 Focusing on BDM numbers, enquiry and conversion, product breadth and depth, costs
CASH GENERATION	Improve cash position to ensure FLT has flexibility to pursue opportunities, respond to market condition improvements and ability to use cash to fund future initiatives

Outlook – 09/10

MARKET CONDITIONS	Some positive momentum from 4Q, particularly in US Encouraging early trading results in 09/10
DEMAND	Volumes recovering – cheap airfares and holidays stimulating demand
CONTRACTS	Reasonable agency contracts in place with major suppliers, including Qantas
SALES NETWORK	Network ready to capitalise, following investments made in 08/09 Sales conversion program initiated globally, shop of future roll-out completed BDMs recruited, trained and winning new business
US BUSINESS	Further improvement expected as market recovers, benefits from new initiatives flow through
PROFIT	Initially targeting pre-tax profit between $125m and $135m Strategies in place to ensure cash builds and greater shareholder value is created

Capital management

CASH FOCUS

- Continuing focus on cash, cost containment and balance sheet strength
- Aim to improve net debt position
- Controlled capital expenditure program – significantly reduced from prior years

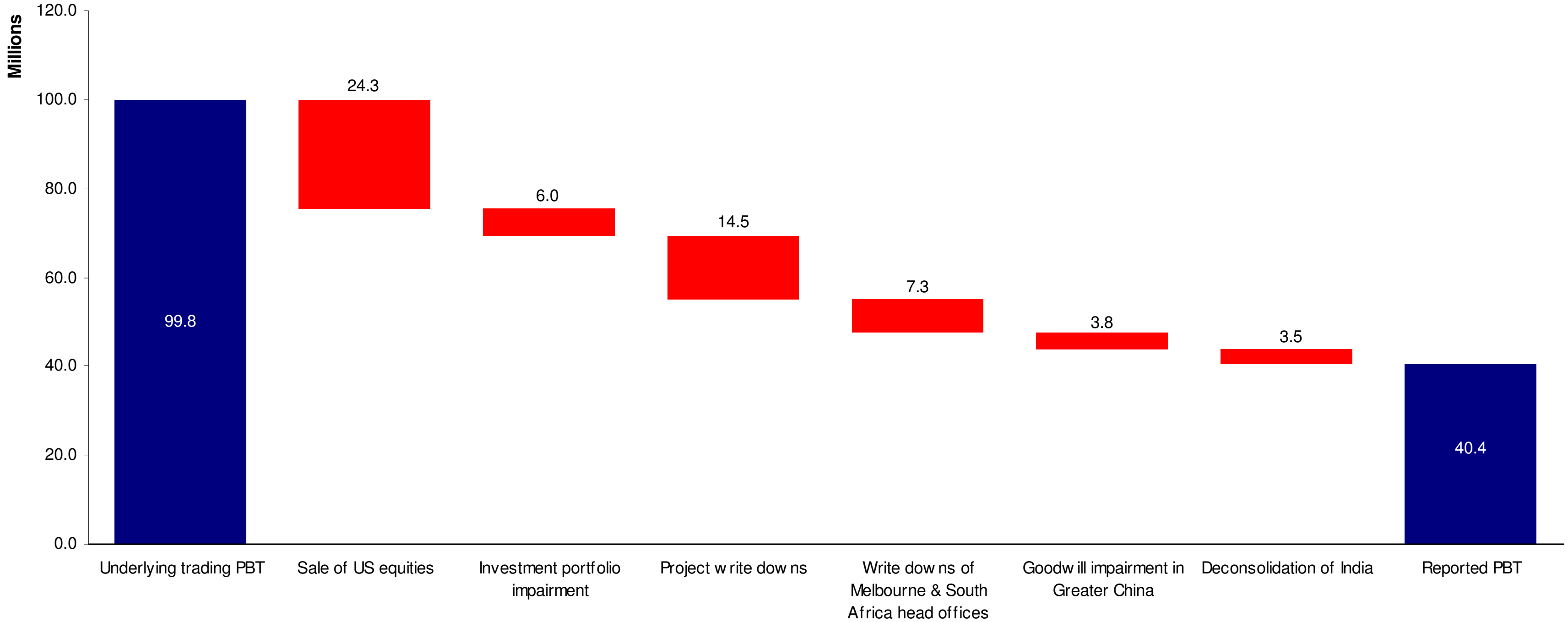
DIVIDEND POLICY

- FLT maintaining a conservative short-term approach in improving but still uncertain global trading climate
- As announced previously, no final dividend for 2008/09
- Policy of returning 50-60% of NPAT to shareholders expected to be restored as soon as it is reasonable to do so

End of presentation

Questions

2009 PBT reconciliation



- **Trading results in line with expectations globally and broke even in the United States leisure business during the fourth quarter**
- **Underlying PBT affected by $59.4m in non-recurring impairment and asset write-downs resulting in an actual pre-tax result of $40.4m**