



STATEMENT TO AUSTRALIAN SECURITIES EXCHANGE - December 16, 2015

**FLIGHT CENTRE TRAVEL GROUP EYES US ACQUISITION TO FAST-TRACK
GROWTH IN KEY ONLINE AND YOUTH TRAVEL SECTORS**

Key details

- FLT has offered to acquire Travelonomy Limited, the Irish incorporated unlisted holding company of the US-based StudentUniverse.com group of companies (SU)
- FLT's offer is recommended by Travelonomy's board and subject to acceptance by shareholders holding at least 90% of Travelonomy's issued shares
- Market leading business with strong proprietary platform, websites and mobile apps
- Will bring new online and digital marketing expertise to FLT and a key addition to company's global youth travel division
- SU currently generates more than \$US250million in TTV annually - opportunities for further growth within FLT
- Existing SU management team to continue to run the business

THE Flight Centre Travel Group (FLT) has announced plans to significantly boost its presence in both the online and student and youth travel sectors.

The company announced today that it had made an offer to acquire the StudentUniverse.com group of companies (SU), a move that would fast-track FLT's growth in these two key travel sectors.

SU has a strong technology platform and is a leading online travel booking service dedicated to the student and youth sector.

The Boston-based business offers its targeted demographic exclusive deals, including specially negotiated student airfares, and experiences via its websites and mobile apps.

SU's strengths include:

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- Its proprietary online and mobile travel technology, including a student/youth verification engine that allows eligible customers to buy restricted student and youth travel products online
- Its advanced digital marketing capabilities; and
- A comprehensive mobile suite that includes responsive sites, as well as the world's first flight-booking apps with student and youth airfares

Acquisition rationale

FLT managing director Graham Turner said the proposed acquisition would enhance FLT's stable of youth-focussed businesses, which included the Student Flights leisure travel brand, tour operator Top Deck and the gapyear.com social networking website, while also boosting the company's online capabilities.

"This represents a unique opportunity to secure a profitable travel technology company with proven e-commerce solutions and a highly experienced and talented leadership team that has built a strong brand presence," Mr Turner said.

"SU is now a market leader in a rapidly growing sector, which is estimated to be worth in excess of \$US180 billion annually, and we see solid future growth potential for it, both within its existing markets and globally.

"We believe it will be a great addition to FLT as the company continues to expand its presence in youth and student travel and as the company continues to develop stronger online capabilities, both within its existing businesses as part of the blended travel offering and in new areas.

"Further online enhancements are on the way.

"For example, we are currently working with the major low cost carriers in Australia to make more of their fares and ancillary products available on flightcentre.com.au from early next calendar year (2016).

"We are also looking to develop or acquire other online businesses to ensure we continue to meet the needs of travellers who prefer to book via the web."

Potential benefits associated with the acquisition in the short to medium-term include:

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- Improving SU's product range and margins by giving the business access to FLT's broader range of youth orientated land and air products
- Increasing attachment and accommodation sales by adding FLT's vast global hotel inventory to the SU website and apps
- Cost savings by consolidating spending in some areas in the USA, where FLT's presence already includes 324 shops and businesses
- Fast-tracking SU's growth in the UK by establishing close ties with FLT's UK business; and
- The ability to provide a broader range of services, including corporate travel solutions, to SU's business-to-business customers

In the longer term, FLT intends to draw on SU's expertise in technology and digital marketing to enhance the company's operations in the USA and elsewhere in the world.

Deal structure

Under the terms of the offer, which has been communicated to Travelonomy's shareholders today, FLT will pay \$US28million for 100% of SU.

The deal also allows for additional payments to Travelonomy's shareholders if SU achieves certain profit milestones during the 2016 calendar year.

For the proposed transaction to become unconditional, FLT requires shareholders who hold at least 90% of Travelonomy's issued shares to accept the offer within the next 17 days.

The company is confident it will surpass this 90% acceptance level in the coming days and will use the statutory squeeze out procedure under Irish law to acquire shares from any remaining Travelonomy shareholders on the same terms as shares acquired from those shareholders who accepted the offer.

FLT plans to use company cash to fund the acquisition, which is expected to be accretive to the company's earnings during 2015/16.

About SU

SU employs 160 people and is the number one student travel brand in all search engines in the USA.

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The business is expected to generate more than \$US250million in TTV during the 2015 calendar year.

Through negotiations with a network of global partners, SU offers exclusive pricing and terms on flights, hotels and tours. Its Travel Services division handles client requests for groups and custom itineraries.

SU has an online sales presence in Canada and a team in the United Kingdom, plus support operations in the Philippines, but generates the bulk of its sales in flights booked from its home market service in the United States.

Some 22 million students live in the USA, plus an additional 1million international students, which makes the US student sector comparable in size to the entire Australian market. If FLT successfully completes the acquisition, SU CEO Atle Skalleberg and his management team will continue to run the business and will report to Dean Smith, FLT's president in the Americas.

“This will be an amazing collaboration that will bring us the unique opportunity to access a global team with an established track record while maintaining our autonomy and allowing us to continue to flourish with our existing team and structure,” Mr Skalleberg said.

“We will keep our solid travel-tech foundation and will build upon it by tapping into a worldwide player with phenomenal partnerships and the potential to further dominate this market.”

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About Flight Centre Travel Group

FCTG now has about 2800 shops and businesses in Australia, the United Kingdom, the United States, Canada, Mexico, South Africa, New Zealand, Singapore, mainland China, Hong Kong, India, Ireland and the United Arab Emirates.

After starting as a leisure travel agency, the company is now also one of the world's largest corporate travel managers through a network of specialist brands that includes FCm, Corporate Traveller, cievents, Campus Travel and Stage & Screen.

About StudentUniverse

StudentUniverse is a world leading travel booking service for students and youth. Through negotiations with a network of global partners, StudentUniverse offers exclusive pricing and terms on flights, hotels and tours. Its Travel Services division handles client requests for groups and custom itineraries.

StudentUniverse launched in 2000 and is headquartered in Boston with offices in London, Toronto, New York and the Philippines. StudentUniverse believes that travel is essential to a modern education. Millions of students use the service every year. For updates on [StudentUniverse](#), follow our corporate [Twitter](#) and [blog](#).

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