

Letter to Our People, Customers and Shareholders

From Flight Centre Travel Group Managing Director Graham “Skroo” Turner

I write to update you on our response to the coronavirus and the unprecedented restrictions that are in place to slow its spread. While we support and understand short-term containment efforts that prioritise public health and safety, the escalating government-imposed restrictions are significantly impacting us and all travel and tourism businesses.

In some countries and locations, we have been forced to temporarily close some of our businesses because of restrictions on non-essential services, while borders are now generally shut to most travellers. This means that we cannot currently open some of our shops and that we are effectively unable to offer you many of our products – particularly international airfares – if you plan to take-off in the near-term.

Our people can, of course, still help you if you are travelling late in the year and are able to help you change your current arrangements.

At this extremely challenging time, I would like to take this opportunity to thank-you for your support and patience while this situation has unfolded and evolved over the past few weeks. I would also like to thank our wonderful people throughout the world who have worked tirelessly to help the millions of travellers who have been affected by these never-before-seen and never imagined circumstances.

Our Response

Given that current government policies mean we are temporarily unable to operate in anything like a normal manner, we need to quickly adjust to this extraordinary situation we are dealing with right now.

In making any changes, we will be extremely conscious of the impact on all stakeholders – including our people, our customers and our shareholders. We will seek solutions that minimise the effects on any one group and that will help us successfully overcome this short-term challenge and thrive into the future.

I stress that we are committed to ensuring that any changes we make do not adversely impact our leisure and corporate customers. We remain committed to looking after you – both during this difficult period and beyond – and will continue to

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be available to you through our shops (where permitted) and websites, via social media and through our mobile capabilities during this time of social distancing.

Our priorities are to service our customers in ways that comply with public health requirements, while we reduce costs, preserve cash and maintain our unique culture.

To lower costs, our senior leadership team (Task Force) will give up 50% of their salaries.

Before international and domestic travel restrictions were heightened in Australia, we flagged plans to bring forward the scheduled closures of some 100 leisure shops throughout the country and, in recent days, we have warned of inevitable job losses throughout the industry and within our company. Unfortunately, this is happening now in some businesses around the world as a direct result of the restrictions that have led to the stoppage of the vast proportion of work that our people previously carried out.

Losing people will always be our last resort and it is a decision that we will never take lightly. We will work hard to find suitable support and alternatives for anyone who may be displaced.

Today, we have made another difficult decision by cancelling the \$40.1million interim dividend payment that was due to be paid to shareholders next month, a strategy that various other companies have also adopted to maintain liquidity and protect long-term shareholder value.

Our Next Steps

As you may be aware, late last week we asked the Australian Securities Exchange (ASX) to temporarily halt trading in our shares. This trading halt followed Qantas's announcement that it would stand-down 20,000 people, while further reducing capacity, and it allowed us to gauge the impacts of this and other recent developments.

Today, we have requested a short-term suspension of trading in our shares while we finalise our strategies ahead of a more detailed ASX announcement in the near-term and following the further restrictions that were applied over the weekend.

Please note that these ASX requests relate solely to share trading and have no impact on our leisure and corporate travel operations. Where possible and subject to government restrictions, our people will be available to you and I know they will do whatever they can to assist at this very difficult time.

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As a company, we will continue to pursue options that will help preserve jobs for the long-term.

Last week, we announced that we would hold further discussions with landlords, suppliers, vendors, investors and banks on ways to manage the financial impact of a precipitous drop in travel activity in the near-term.

We have also engaged with the Federal Government to discuss broader assistance packages, in light of the support being made available to airlines in Australia and, in some cases overseas, to companies and employees that have been significantly impacted. We have been heartened by recent government announcements, particularly in the United Kingdom where the government has outlined 80% wage subsidies for affected workers.

Our management and our people throughout the world are determined to ensure the business overcomes the significant challenges that it currently faces and, with the support of our stakeholders, is ready to prosper when conditions eventually normalise.

Thank-you once again.



Skroo

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