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Operational update and equity raising

6 April 2020



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This Presentation has been prepared by Flight Centre Travel Group Limited (ACN 003 377 188) (**FLT, Company**) and is dated 6 April 2020. This Presentation has been prepared in connection with the Company's proposed fully underwritten¹ equity raising (**Offer**) of new fully paid ordinary shares (**New Shares**) in FLT, comprising:

- A placement of New Shares to institutional and sophisticated investors (**Placement**) under section 708A of the Corporations Act
- A pro rata non-renounceable accelerated entitlement offer to certain eligible shareholders of the Company (**Entitlement Offer**).
- The Entitlement Offer is being made to:
 - eligible institutional shareholders of FLT (**Institutional Entitlement Offer**); and
 - eligible retail shareholders of FLT (**Retail Entitlement Offer**),under section 708AA of the Corporations Act 2001 (Cth) (**Corporations Act**) (as modified by the Australian Securities and Investments Commission Corporations (**ASIC**) (Non-Traditional Rights Issues) Instrument 2016/84).

Summary information

This Presentation contains summary information about FLT and its subsidiaries (**Group**) and their respective activities which are current as at the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete nor does it contain all information which a prospective investor may require in evaluating a possible investment in the Company or that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act.

This Presentation should be read in conjunction with FLT's other periodic and continuous disclosure information lodged with the ASX, which are available at www.asx.com.au.

Market and industry data

Certain market and industry data used in connection with this Presentation may have been obtained from research, surveys or studies conducted by third parties, including industry or general publications. None of FLT, its representatives or advisers have independently verified any such market or industry data provided by third parties or industry or general publications.

Not an offer

This Presentation is for information purposes only and is not a prospectus, disclosure document, product disclosure statement or other offering document under Australian law or any other law (and will not be lodged with ASIC). This Presentation is not and should not be considered an offer or an invitation to acquire entitlements or New Shares or any other financial products. The Retail Entitlement Offer will be made on the basis of the information contained in the retail offer booklet to be prepared for eligible retail shareholders in Australia and New Zealand (**Retail Offer Booklet**), and made available following its lodgement with ASX. Any eligible retail shareholder in Australia or New Zealand who wishes to participate in the Retail Entitlement Offer should consider the Retail Offer Booklet before deciding whether to apply for New Shares under the Retail Entitlement Offer. Anyone who wishes to apply for New Shares under the Retail Entitlement Offer will need to apply in accordance with the instructions contained in the Retail Offer Booklet and the entitlement and acceptance form.

This Presentation does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or any other jurisdiction in which such an offer would be illegal. The securities referred to in this Presentation have not been, and will not be, registered under the US Securities Act of 1933 (the **US Securities Act**) or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, directly or indirectly, in the United States unless the securities have been registered under the US Securities Act (which FLT has no obligation to do or procure) or are offered or sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable U.S. state securities laws. This Presentation may not be distributed or released in the United States.

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Not financial product advice

This Presentation does not constitute financial product or investment advice or any recommendation to acquire New Shares or accounting, legal or tax advice.

Each recipient of this Presentation should make its own enquiries and investigations regarding all information in this Presentation including but not limited to the assumptions, uncertainties and contingencies which may affect future operations of the Group and the impact that different future outcomes might have on the Group. Information in this Presentation is not intended to be relied upon as advice to investors or potential investors and has been prepared without taking account of any person's individual investment objectives, financial situation or particular needs. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own investment objectives, financial situation and needs and seek legal, accounting and taxation advice appropriate to their jurisdiction. FLT is not licensed to provide financial product advice in respect of the New Shares. Cooling off rights do not apply to the acquisition of New Shares under the Offer.

Note: 1. Excluding the founder commitments under the institutional component of the Entitlement Offer and the circumstances described on slide 45 of this Presentation under the heading "Shortfall". Refer to paragraph 2.2 of the Key Risks in this Presentation for a description of the terms and conditions of the underwriting arrangements. Assumes that an additional 229,466 FLT shares are issued prior to the record date for the Entitlement Offer pursuant to the exercise of awards that have vested under FLT's Long Term Retention Plan, noting that the actual number of FLT shares that are issued may be less than this number depending on whether the participants exercise their vested awards in time.

Important information and disclaimer (cont.)



Investment risk

An investment in New Shares is subject to known and unknown risks, some of which are beyond the control of the Group, including possible delays in repayment and loss of principal and income invested. The Company does not guarantee any particular rate of return or the performance of the Group, nor does it guarantee the repayment of capital from the Company or any particular tax treatment. Persons should have regard to the risk factors outlined in Appendix A of this Presentation.

Financial data

All dollar values are in Australian dollars (A\$ or AUD) unless otherwise stated.

This Presentation includes certain historical financial information as at 31 December 2019, being:

- the historical consolidated balance sheet as at 31 December 2019 (the **Historical Financial Information**); and
- the pro forma consolidated balance sheet as at 31 December 2019 assuming completion of the Offer (net of transaction costs) (the **Pro Forma Historical Financial Information**).

The Historical Financial Information, and the Pro Forma Historical Financial Information are collectively referred to as Financial Information. The Financial Information has been included in this Presentation in relation to the Offer and should not be used for any other purpose. This Presentation includes certain unaudited historical financial information extracted from the Group's monthly management reporting as at 29 February 2020 (the **Other Financial Information**).

The Financial Information and the Other Financial Information is intended to present readers with information to assist them in understanding the underlying historical financial position of the FLT Group.

The Directors of FLT (the **Directors**) are responsible for the preparation and presentation of the Financial Information and the Other Financial Information.

The Historical Financial Information was derived from the interim consolidated financial statements of FLT for the six months ended 31 December 2019, which were reviewed by Ernst & Young in accordance with Australian Auditing Standards, and on which an unqualified limited assurance conclusion was issued. The Historical Financial Information has been prepared using the recognition and measurement requirements of Australian Accounting Standards (AAS). The Historical Financial Information provided in this Presentation is for illustrative purposes only and is not represented as being indicative of the Company's views on its future financial condition and/or performance.

The Pro Forma Historical Financial Information has been derived from the historical consolidated balance sheet as at 31 December 2019, and adjusted for pro forma adjustments relating to the Offer less transaction costs as if they had occurred as at 31 December 2019. The Pro Forma Historical Financial Information has been prepared by the Company in accordance with the measurement and recognition requirements of AAS other than it includes adjustments which have been prepared in a manner consistent with AAS that reflect the impact of certain transactions as if they had occurred as at 31 December 2019.

The Financial Information is presented in an abbreviated form insofar as it does not include all the presentation and disclosures, statements or comparative information as required by AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

Investors should also note that the pro forma historical balance sheet is for illustrative purposes only.

Recipients of this Presentation should also be aware that the financial data in this Presentation includes certain measures not recognised under AAS or International Financial Reporting Standards (IFRS) ("non-IFRS financial information") as allowed under ASIC Regulatory Guide 230: "Disclosing non-IFRS financial information". These non-IFRS financial measures do not have a prescribed definition under AAS or IFRS and therefore may not be directly comparable to similarly titled measures presented by other entities. These should not be construed as an indication of, or an alternative to, corresponding financial measures determined in accordance with AAS or IFRS. Although we believe these non-IFRS financial measures provide useful information for measuring the financial performance and condition of the business, readers are cautioned not to place undue reliance on any non-IFRS financial measures included in this Presentation. These measures include:

- EBITDA, which is profit before income tax, interest, depreciation and amortisation;
- TTV, which is total transaction value, representing the price at which travel products and services have been sold across FLT's various operations, both as an agent for various airlines and other service providers and as a principal, plus revenue and other income from other sources;
- net working capital, which represent working capital assets (excluding cash) net of working capital liabilities. The analysis of working capital assets and working capital liabilities is set out on page 24; and

The Company believes this non-IFRS financial information provides, and these non-GAAP financial measures provide, useful information to users in measuring the financial performance and conditions of the Group.

Important information and disclaimer (cont.)



Going concern basis of preparation

The Group has experienced severe disruptions to its business as a result of the impacts of the COVID-19 pandemic.

The Financial Information has been prepared on a going concern basis, which contemplates continuity of the Company's normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

As set out in the significant risks in Appendix A, there is material uncertainty whether the Company will continue as a going concern. The ability of the Group to meet its working capital requirements so as to settle its liabilities as and when they fall due is dependent upon its ability to raise sufficient capital through the Offer contemplated in this Presentation. The Directors of the Company believe that the funds raised together with the appropriate operating measures will be sufficient to provide the necessary working capital beyond the next 12 months.

Should the Offer not proceed, the Company will undertake further cost reduction initiatives and/or consider additional capital options.

Should the Company be unable to raise sufficient capital and reduce its cost base as contemplated in this Presentation, there is a material uncertainty whether the Company will be able to continue as going concern and therefore whether it will be able to meet its commitments as and when they become due and payable and realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the historical balance sheet.

The historical consolidated balance sheet does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Company not continue as going concerns.

Effect of rounding

A number of figures, amounts, percentages, estimates and calculations of value in this Presentation are subject to the effect of rounding.

Forward-looking statements and forecasts

This Presentation contains certain "forward-looking statements" that are based on management's beliefs, assumptions and expectations and on information currently available to management. Forward-looking statements can generally be identified by the use of forward-looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target", "outlook", "guidance" and other similar expressions within the meaning of securities laws of applicable jurisdictions. Such forward-looking statements include statements regarding the timetable, conduct and outcome of the Offer and the use of proceeds thereof, statements about the plans, objectives and strategies of the management of FLT, statements about the industry and the markets in which FLT operates and statements about the future performance of the FLT businesses. Indications of, and guidance or outlook on, future earnings or financial position or performance, future earnings and distributions are also forward-looking statements.

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Important information and disclaimer (cont.)



You are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the outbreak of COVID-19. Any such statements, opinions and estimates in this Presentation speak only as of the date hereof and are based on assumptions and contingencies subject to change without notice, as are statements about market and industry trends, projections, guidance and estimates. Forward-looking statements are provided as a general guide only. The forward-looking statements contained in this Presentation are not indications, guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of the Group, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Forward-looking statements may also assume the success of the Company's business strategies. The success of any of these strategies is subject to uncertainties and contingencies beyond the Company's control, and no assurance can be given that any of the strategies will be effective or that the anticipated benefits from the strategies will be realised in the period for which the forward looking statements may have been prepared or otherwise. Refer to the key risks in Appendix A of this Presentation for a non-exhaustive summary of certain key business, offer and general risk factors that may affect the Group.

There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements, including (without limitation) the risks and uncertainties associated with the ongoing impacts of COVID-19, the Australian and global economic environment and capital market conditions and other risk factors set out in this Presentation. Investors should consider the forward-looking statements contained in this Presentation in light of those risks and disclosures. The forward-looking statements are based on information available to the Company as at the date of this Presentation.

No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including the Company or any of its advisers). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this Presentation will actually occur. Actual operations, results, performance, production targets or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Except as required by law or regulation (including the ASX Listing Rules), the Company disclaims any obligation or undertaking to update forward-looking statements in this Presentation to reflect any changes in expectations in relation to any forward-looking statement or change in events, circumstances or conditions on which any statement is based.

Past performance

This Presentation contains a pro forma historical consolidated balance sheet. Past performance and pro forma historical financial information given in this Presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of the Group's views on its future financial performance or condition. Investors should note that past performance, including past share price performance, of FLT cannot be relied upon as an indicator of (and provides no guidance as to) future performance of the Group including future share price performance. The historical financial information contained in this Presentation is, or is based on, information that has previously been released to the market.

The information in this Presentation has been obtained from or based on sources believed by FLT to be reliable.

Disclaimer

Neither the underwriters (**Underwriters**), nor any of their or FLT's respective advisers nor any of their respective affiliates or related bodies corporate, nor any of their respective directors, officers, partners, employees or agents (together, the **Beneficiaries**), have authorised, permitted or caused the issue, submission, dispatch or provision of this Presentation and, except to the extent referred to in this Presentation, none of them makes or purports to make any statement in this Presentation and there is no statement in this Presentation which is based on any statement by any of them.

To the maximum extent permitted by law, FLT, each Underwriter and their respective advisers, and each of their respective Beneficiaries exclude and disclaim all responsibility and liability, including, without limitation, for negligence or for any expenses, losses, damages or costs incurred by you as a result of the information in this Presentation being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

To the maximum extent permitted by law, the Company, the Underwriters and their respective advisers, and each of their respective Beneficiaries make no representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of information in this Presentation and, with regards to each Underwriter, it and its advisers, and each of their respective Beneficiaries take no responsibility for any part of this Presentation or the Offer.

Each Underwriter and its advisers, and each of their respective Beneficiaries make no recommendations as to whether you or your related parties should participate in the Offer nor do they make any representations or warranties to you concerning the Offer. You represent, warrant and agree that you have not relied on any statements made by the Underwriters, their advisers, or any of their respective Beneficiaries in relation to the Offer. You further expressly disclaim that you are in a fiduciary relationship with any of FLT, the Underwriters or their advisers or any of their respective Beneficiaries.

You acknowledge and agree that determination and eligibility of investors for the purposes of the Offer is determined by reference to a number of matters, including legal and regulatory requirements and the discretion of FLT and the Underwriters. You further acknowledge and agree that FLT and the Underwriters and their respective Beneficiaries exclude and expressly disclaim any duty or liability (including for negligence) in respect of the exercise of that discretion, to the maximum extent permitted by law.

The Underwriters may have interests in the securities of the FLT, including by providing investment banking services to FLT. Further, the Underwriters may act as market maker or buy or sell those securities or associated derivatives as principal or agent. The Underwriters may receive fees for acting in their capacity as a lead manager and underwriter to the Offer.

Statements made in this Presentation are made only as at the date of this Presentation. None of the Underwriters, nor any of their or FLT's respective advisers nor any of their respective Beneficiaries have any obligation to update statements in this Presentation. The information in this Presentation remains subject to change without notice. FLT reserves the right to withdraw the Offer or vary the timetable for the Offer without notice.

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Executive summary



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Impact of COVID-19	<ul style="list-style-type: none"> — Governments globally have recommended that citizens do not travel at this time — Many governments have imposed travel restrictions on non-citizens entering, or citizens leaving their countries — Flight Centre has seen total transaction value (TTV) tracking at ~20-30% of normal levels in March 2020 — Further declines in TTV are expected in coming weeks as travel restrictions continue
Cost saving initiatives	<ul style="list-style-type: none"> — Flight Centre is targeting total annualised cost reduction of more than \$1.9bn¹ <ul style="list-style-type: none"> — Closure of more than 50% of leisure shops globally, including more than 40% of Australian leisure outlets — Significantly reducing occupancy costs across the remaining leisure shop network — Initially ~6,000 support and sales roles stood down temporarily or, in some instances, made redundant — Immediate pause in sales and marketing media spend — Elimination of all other non-essential capital expenditure (e.g. IT)
Trading update and outlook	<ul style="list-style-type: none"> — Very low revenue environment likely to continue in the short term — Flight Centre continues to generate revenue (intra-state and intra-region travel (e.g. mine sites), longer term leisure bookings, government clients / essential services and aircraft charters) — The cost saving, balance sheet and liquidity initiatives announced today expected to ensure: <ul style="list-style-type: none"> — Flight Centre can trade through the current period of uncertainty and disruption across the global travel industry; — Continue to deliver high quality travel services to customers as market conditions improve
Balance sheet and liquidity initiatives	<ul style="list-style-type: none"> — Total of \$200m in additional bilateral term facilities provided by existing banking syndicate² — ~\$700m fully underwritten³ equity raising (Equity Raising or Offer): <ul style="list-style-type: none"> — ~\$282m institutional placement (Placement) — ~\$419m 1 for 1.74 accelerated pro rata non-renounceable entitlement offer (Entitlement Offer), including: <ul style="list-style-type: none"> — institutional entitlement offer (Institutional Entitlement Offer) to raise ~\$280m; and — retail entitlement offer (Retail Entitlement offer) to raise ~\$138m, — The Offer will be conducted at \$7.20 per New Share (Offer Price), representing a: <ul style="list-style-type: none"> — 27.3% discount to the last traded price of \$9.91 on 19 March 2020 — 16.1% discount to TERP⁴ of \$8.582

Notes: 1. Compared to operating cost base between July 2019 and February 2020 of ~\$227m per month. 2. Subject to the satisfaction of certain conditions. 3. Excluding the founder commitments under the institutional component of the Entitlement Offer and the circumstances described on slide 45 of this Presentation under the heading "Shortfall". Refer to paragraph 2.2 of the Key Risks in this Presentation for a description of the terms and conditions of the underwriting arrangements. Assumes that an additional 229,466 FLT shares are issued prior to the record date for the Entitlement Offer pursuant to the exercise of awards that have vested under FLT's Long Term Retention Plan, noting that the actual number of FLT shares that are issued may be less than this number depending on whether the participants exercise their vested awards in time. 4. Theoretical ex-rights price (**TERP**) includes the shares issued under the Placement, Institutional Entitlement Offer and the Retail Entitlement Offer. TERP is the theoretical price at which Shares should trade immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Shares trade on ASX immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to the closing price of FLT's Shares as traded on ASX on 19 March 2020, being the last trading day prior to the announcement of the Entitlement Offer.

A comprehensive package

Flight Centre has implemented a comprehensive package of initiatives to ensure it has the balance sheet flexibility and liquidity to trade through a prolonged period of disruption to the travel industry

1) Cost reduction and cash preservation

- Annualised cost reduction of +\$1.9bn¹
 - **Network:** Immediate and rolling closure of more than 50% of leisure shops globally and ongoing lease negotiations
 - **Workforce:** Initially ~6,000 support and sales staff stood down temporarily (in some instances, made redundant) from a workforce of 20,000
 - **Sales and marketing:** media expenditure paused (\$18m reduction per month)
 - **Capex:** Elimination of all other non-essential capital expenditure
- Anticipated run-rate monthly operating cash costs of ~\$65m
 - Implemented by end July 2020
 - One-off implementation costs of ~\$210m²

2) Comprehensive lender support

- Banking group support, including:
 - Additional facilities:
 - \$200m of new commitments
 - Bilateral term facilities (364 day)
 - Covenant relief:
 - Waiver of operating leverage, fixed charge coverage and shareholder funds covenant testing at June 2020 and December 2020
 - Waiver of Material Adverse Effect clause as it relates to COVID-19
 - Waivers apply to existing and new facilities
 - Total facilities of \$450m
 - Subject to \$350m minimum liquidity covenant

3) Balance sheet flexibility and liquidity

- Fully underwritten³ ~\$700m Equity Raising, comprising:
 - ~\$282m Institutional Placement
 - ~\$419m Entitlement Offer
- Dividend:
 - \$40m retained via cancellation of 1H20 dividend
 - No future dividends to be paid while current bank facilities in place without banks' consent
- Exploring possible sale of Melbourne head office site (~\$60m)

Notes:

1. Compared to operating cost base between July 2019 and February 2020 of ~\$227m per month.

2. Excludes non-cash PPE write-offs.

3. Excluding the founder commitments under the institutional component of the Entitlement Offer and the circumstances described on slide 45 of this Presentation under the heading "Shortfall". Refer to paragraph 2.2 of the Key Risks in this Presentation for a description of the terms and conditions of the underwriting arrangements. Assumes that an additional 229,466 FLT shares are issued prior to the record date for the Entitlement Offer pursuant to the exercise of awards that have vested under FLT's Long Term Retention Plan, noting that the actual number of FLT shares that are issued may be less than this number depending on whether the participants exercise their vested awards in time.

Flight Centre

**A leading global travel
and tourism company**

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Flight Centre is a leading global travel and tourism company



Flight Centre remains a leading global travel and tourism company; with strong brand recognition and customer loyalty across our Corporate, Leisure and Online platforms, we are positioned to take advantage of the recovery in travel and leisure markets globally

Strong brand

- Leading global travel business; strong recognition and customer loyalty across Corporate, Leisure and Online
- Flight Centre brand recognised as the highest awareness and consideration in the leisure travel market in Australia
- Two-brand approach in Corporate sector penetrates SME / travel management company sectors

Scale travel player

- Leading presence in key markets; Australia, NZ & South Africa
- Top five corporate travel management company globally

Diversified revenue streams

- **Corporate:** Multi brand strategy with a leading technology offering
- **Leisure:** Multi brand strategy with a loyal customer base

Global footprint

- More than half of TTV now generated offshore
- Operations in 23 countries globally
- Leisure shop network in six countries globally

Management team

- Strong and experienced management team
- 180 years of combined experience at Flight Centre
- Track record of delivering TTV, revenue and earnings growth

Positioned to take advantage of the recovery in travel and leisure market globally

Well positioned to benefit from a recovery in travel and tourism

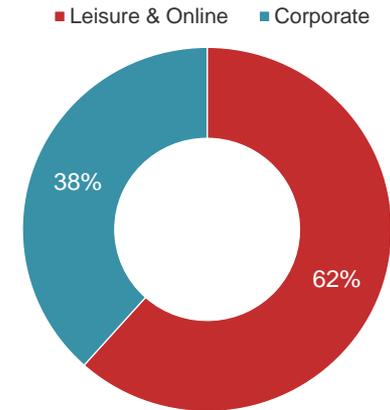


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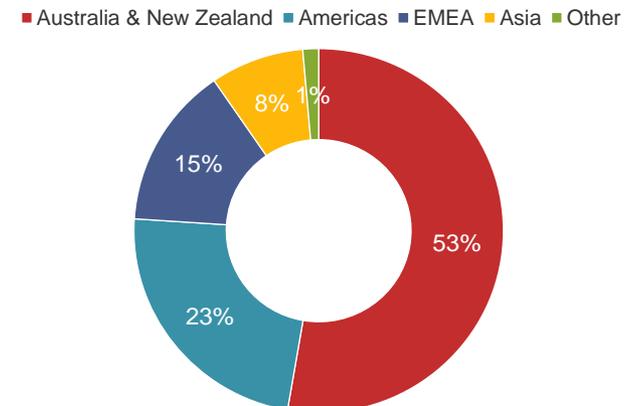
Flight Centre is well positioned to benefit from recovering travel and tourism

- Flight Centre has a 30+ year history of delivering high quality travel services to customers
- In this time, it has transitioned from a leisure travel agency business to a full service leisure and corporate travel company:
 - Consistently delivered revenue, earnings and TTV growth
 - Operating across 23 geographies
 - 20,000 employees globally
- Flight Centre remains an attractive investment proposition:
 - Flight Centre brand recognised as the highest awareness and consideration in the leisure travel market in Australia
 - Revenue diversified by pillar and geography
 - Strong management team with a track record of delivering TTV, revenue and earnings growth, including following periods of travel and tourism sector disruption
 - Recovery periods post downturns have produced FLT's strongest growth
- Corporate and domestic travel is expected to lead the recovery:
 - Flight Centre is well positioned to take advantage of this
 - Top 5 global travel management company operating in over 100 countries
- Flight Centre is positioned to benefit from market consolidation, as customers place more trust in strong brands and businesses

Global TTV by Pillar – FY19¹



Global TTV by Region – FY19



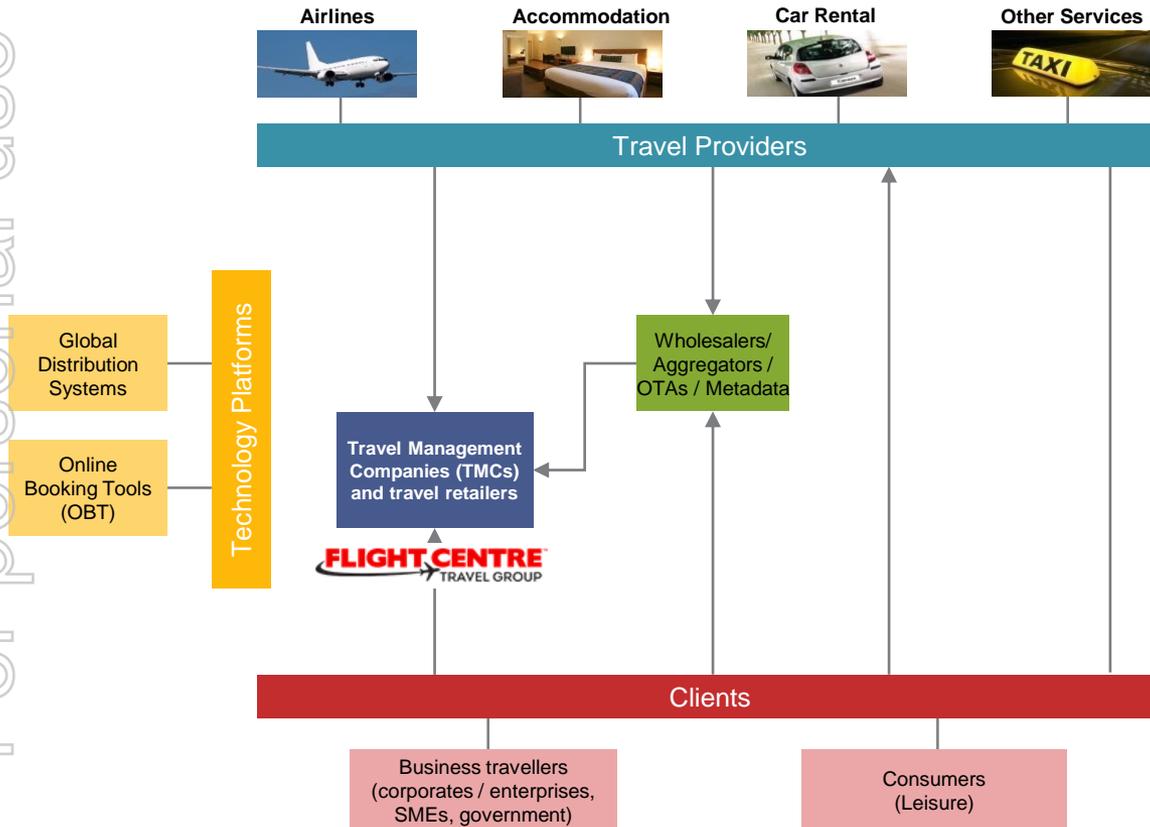
Note: 1. Excludes other segment and other/support & wholesale.

Flight Centre plays a critical role in the travel management industry



Flight Centre plays a critical role as an intermediary between the travel provider and customer

Travel management industry value chain



For travel providers

- Speaking with an agent provides opportunity to "upsell," driving margin expansion
- High yielding business with a wider distribution network and travel providers
- Leisure intermediary brands like Flight Centre, offer major marketing avenues and vastly expanded reach

For travel clients

- **Convenience:** available to help customers make informed decisions via multiple channels
- **Service:** Knowledge and know-how providing a more personalized service than travel providers
- **Scope:** helps customer to make comparisons – a knowledgeable travel agent will help clients find the ideal vacation for them while saving time
- **Choice:** Wider choice of products
- **Booking:** The booking of travel, both leisure and corporate is still a highly outsourced activity
- **Time:** saving time
- **Access:** to additional benefits and products

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Business strengths

Flight Centre is a recognised global travel business with strong brand recognition and customer loyalty across its Corporate, Leisure and Online platforms

Corporate

- Unique approach – only large travel management company with two brands (Corporate Traveller and FCM Travel Solutions) delivering scalable, organic growth
- Winning blend of technology and people in large market (FCM Travel Solutions) and SME (Corporate Traveller)
- Global reach – one of few travel management companies capable of winning and managing large enterprise, global accounts (first US\$1bn travel management contract won in January 2020)
- Wide choice of air and land content, globally negotiated and distributed, online and offline
- Strong growth prospects – well placed to capitalise in a large, highly fragmented & growing global sector (US\$1.5 trillion addressable market)¹
- Continuing to win business – accounts with annualised spend of circa \$250m won in March 2020 globally

Leisure

- Flight Centre's largest business sector by TTV
- Leading market-share in Australia, NZ and South Africa
- Smaller and more specialised offerings in the UK, USA and Canada
- Omni / multi-channel offerings
- Growing share through new and emerging models, including B2B
- Transformation underway and opportunity to accelerate

Online

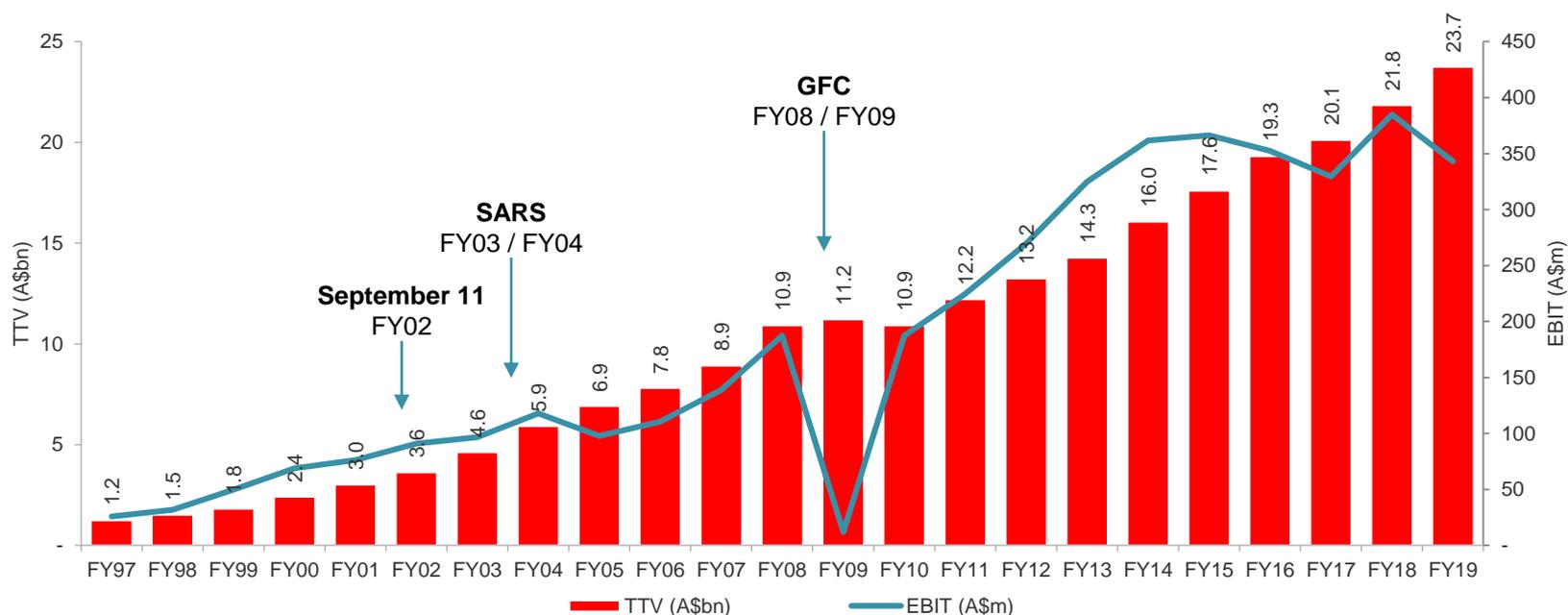
- Emerging stable of online travel agencies (OTAs) and retail branded sites
- StudentUniverse, BYOjet, Aunt Betty and flightcentre.com
- \$880m in 1H20 TTV in leisure e-commerce sales
- Strong enquiry generator for leisure network

History of growth and profitability



Flight Centre has a track record of delivering consistent total transaction value and earnings growth

- **Total Transaction Value:** TTV CAGR of 14.4% from FY97 to FY19
- **Earnings :** EBIT CAGR of 12.5% from FY97 to FY19
- **Recovery:** Rapid earnings growth following a number of global travel and tourism shocks (September 11, SARS and the GFC)
 - TTV CAGR of 10.2% between FY10 and FY14 post the GFC
 - Following SARS outbreak Flight Centre benefitted from an industry wide uptick in short-term resident departures in Australia
 - Positive mix shift generally experienced following previous downturns over the last 20 years, driving margin improvement



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Experienced management team



Strong management team with a long history in the business



Graham "Skroo" Turner
Global Managing Director
and CEO

- Co-founder with 39 years of experience at Flight Centre
- Nearly 50 years experience in the travel industry



Melanie Waters-Ryan
Chief Executive Officer
of Leisure

- 33 years at Flight Centre
- Held senior management roles during major global travel and tourism shocks
- Group COO for 8 years



Chris Galanty
Chief Executive Officer
of Corporate

- 23 years at Flight Centre
- Successfully guided the UK business through GFC and Brexit
- Formerly head of Flight Centre's EMEA business



Adam Campbell
Chief Financial
Officer

- 14 years at Flight Centre in Australian and global roles
- 5 years as CFO
- 25 years senior finance experience



Dean Smith
President of
America Leisure

- 24 years with Flight Centre
- Broad experience across the leisure and wholesale sectors
- Oversaw the Americas business emergence from the GFC to become a key earnings contributor



Steve Norris
Managing Director
EMEA

- 18 years with Flight Centre
- Vast experience in leisure and corporate travel sectors
- Appointed EMEA MD in January 2020



James Kavanagh
Managing Director
Australia

- 23 years industry experience, including 16 years at Flight Centre
- Strong background in corporate travel
- International experience



Charlene Leiss
Managing Director
The Americas

- 24 years industry experience, including 13 years at Flight Centre and 11 years at Garber Travel (acquired by FLT)
- Strong corporate sales and BDM background
- Has overseen strong corporate growth in the USA and Americas

Strong culture, with many long-standing members of the team who have assisted in navigating previous travel and tourism shocks

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Business update, cost saving initiatives and outlook

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Impact of COVID-19

The COVID-19 pandemic and associated containment initiatives have caused unprecedented disruption to the tourism and travel industries

Government restrictions	<ul style="list-style-type: none">— Governments globally have recommended that citizens do not travel at this time— Many governments have imposed travel restrictions on non-citizens entering, or citizens leaving their countries— Flight Centre has seen total transaction value (TTV) tracking at ~20-30% of normal levels in March 2020— Further declines in TTV are expected in coming weeks as travel restrictions continue
Leisure	<ul style="list-style-type: none">— Leisure customers are cautious around:<ul style="list-style-type: none">— Strict isolation policies when entering their destination and upon returning to Australia— Infection risk both during travel and at their destination— Flow on effects of unemployment and lower consumer confidence are likely to also impact future demand
Corporate	<ul style="list-style-type: none">— Major corporate travellers have significantly restricted travel in many cases banning all non-essential (and in some cases all) travel by their employees— Flight Centre continues to generate revenue – essential services, charters, intra-state (e.g. mine sites) and intra-region travel— Continuing to win business – accounts with annualised spends of circa \$250 million won globally in March 2020— Positioned to benefit from account wins and strong retention when conditions recover and restrictions are lifted
Working capital	<ul style="list-style-type: none">— Flight Centre’s working capital position is expected to at least partially unwind:<ul style="list-style-type: none">— Reduction in near-term demand for travel— May be further impacted to the extent counterparties do not comply with their obligations— Flight Centre Leisure refund policy:<ul style="list-style-type: none">— Provides customer refunds when refunds received from suppliers— Credit notes are offered as an alternative to refunds— Refunded international airfare cancellations incur a \$300 cancellation charge in Australia¹— Flight Centre Corporate refund policy unchanged

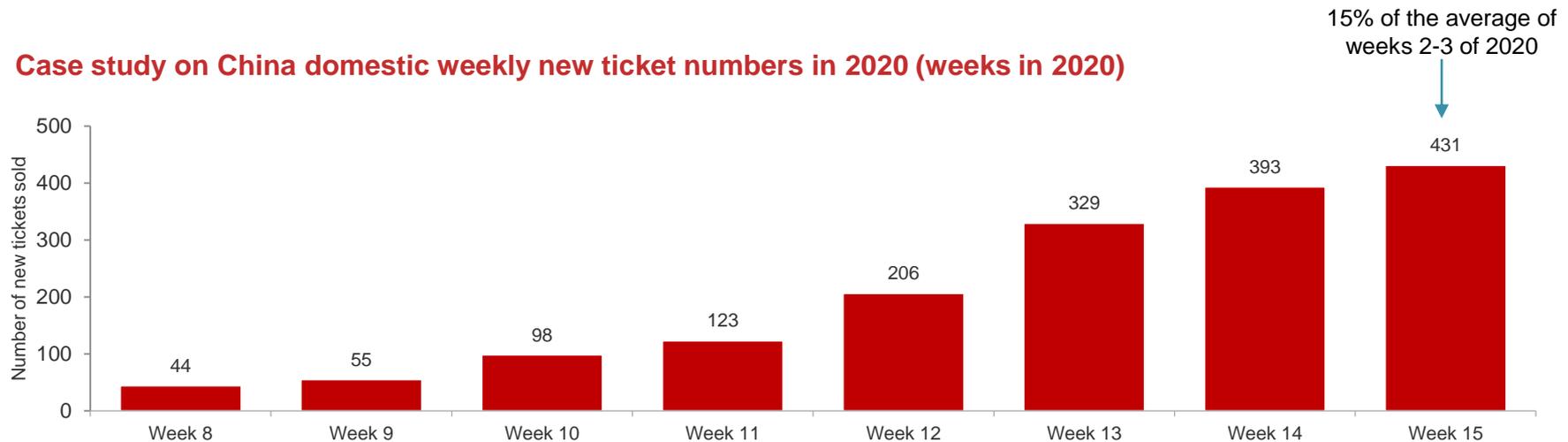
Note: 1. Intended to cover commission otherwise earned.

Ongoing revenue generation

Despite COVID-19, Flight Centre is adapting and continues to generate revenue

- **Long term leisure:** Longer term leisure bookings still being made – travellers looking through an extended booking window
- **Intra-state:** Intra-state and intra-region travel, plus land bookings (hotels, limousines and cars)
- **Repatriation:** Repatriating stranded travellers
- **Essential services:** Catering to essential services – activity currently in mining sector
- **Government:** administering hotel isolation program (NSW) and helping with staffing and operation of call centres
- **Charters:** Aircraft charters – meeting demand flowing from loss of scheduled services, increased capacity to meet social distancing requirements
- **Greenshoots:** starting to appear in Flight Centre's China business through travel demand (Corporate) – see case study below

Case study on China domestic weekly new ticket numbers in 2020 (weeks in 2020)



Cash preservation actions

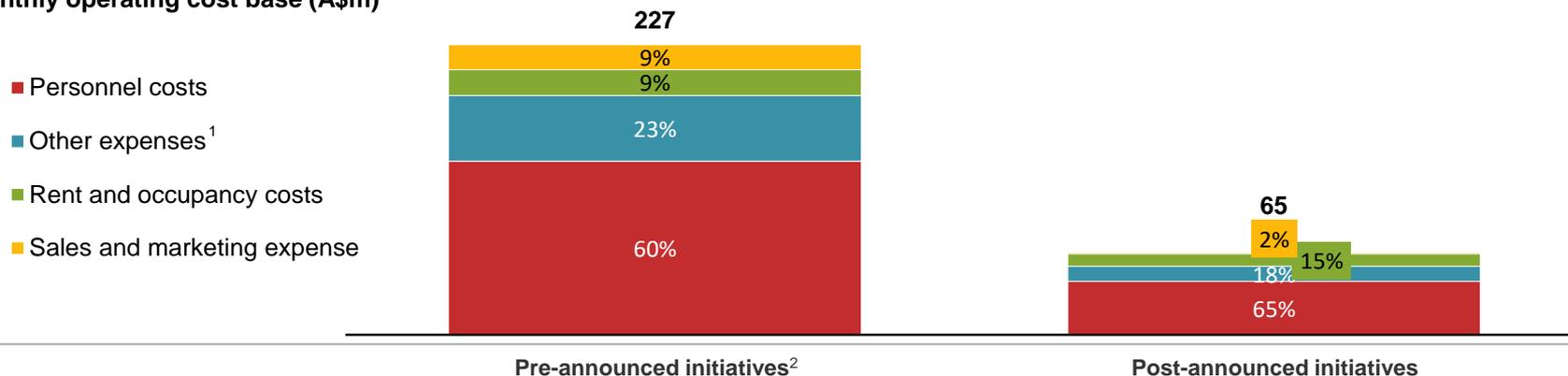
Management has moved to dramatically reduce costs, targeting more than \$1.9bn¹ savings annually

Store footprint	<ul style="list-style-type: none"> — Closure of more than 50% of global leisure shops, including more than 40% of Australian leisure shops — Flight Centre has moved to significantly reduce occupancy costs of the remaining retail network, by renegotiating rental agreements with landlords — Discussions to date have been positive as Flight Centre has pursued cost savings including rent-free periods and more flexible trading hours
Workforce	<ul style="list-style-type: none"> — Made the difficult decision to temporarily reduce its ~20,000 person global workforce, initially with ~6,000 support and sales roles globally either stood down temporarily or, in some instances, made redundant <ul style="list-style-type: none"> — This includes ~3,800 individuals in Australian support and sales roles who will be temporarily stood down — Further reductions in future — Flexible working arrangements and transition from full-time to part-time — Initiatives to encourage employees taking leave — Recruitment freeze — The impact of the JobKeeper initiative will be considered in future workforce decisions
Operating costs	<ul style="list-style-type: none"> — Expected run-rate monthly net operating cash outflow of ~\$65m² — Sales and marketing media spend paused (saving ~\$18m per month)
Working capital	<ul style="list-style-type: none"> — Flight Centre's working capital position is expected to at least partially unwind as a result of the reduction in near-term demand for travel and may be further impacted to the extent counterparties do not comply with their obligations
Capital expenditure	<ul style="list-style-type: none"> — Discretionary IT projects paused — All other non-essential capital expenditure will be deferred
One off costs	<ul style="list-style-type: none"> — One-off cash costs to implement cost saving initiatives of ~\$210m³ <ul style="list-style-type: none"> — The one-off costs include an amount for redundancies, which may be able to be mitigated as a result of the JobKeeper initiative — Additional net operating cash losses expected during transition of ~\$155m⁴

Operating cost base

Flight Centre's cost base is being substantially reduced, with further opportunities to aggressively cut costs in an extended downturn

Monthly operating cost base (A\$m)



	Pre-announced initiatives ²	Post-announced initiatives
Timing		By end July 2020
One-off costs to achieve (A\$m)		\$210m ³
Australia stores (#)	944	516
Global (ex Australia stores) (#)	593	222
% reduction in rent and occupancy		52%
% reduction in personnel costs		69%
Sales and marketing (A\$m per month)	19.4	1.3

Notes:

1. Other expenses includes: technology, consulting and entertainment and communication and IT
2. Average monthly cost base between July 2019 and February 2020
3. Excludes non-cash PPE write-offs.

Government support

Along with others in the travel and leisure industry, Flight Centre continues to actively engage with governments globally on various initiatives

- Flight Centre welcomes the various policy packages that governments throughout the world are delivering to help businesses retain as many workers as possible and overcome the extraordinary trading conditions currently faced
- We continue to engage proactively with governments in all regions that we operate
- In Australia, Flight Centre continues to proactively engage with state and federal governments to discuss various support mechanisms that would help the company preserve jobs
- Specific initiatives announced to date include:
 - Significant wage subsidies to support Flight Centre retain essential employees in Australia, Finland, France, Germany, Ireland, the Netherlands, Sweden, Switzerland and the United Kingdom
 - Reduced or delayed tax payments, specific financial support and/or government loans available in Australia, China, France, Germany, Hong Kong, Ireland, the Netherlands, Sweden and the United Kingdom
 - Significant government benefits for employees stood down in Australia, China, Denmark, Finland, France, Norway, Switzerland and the United Kingdom
- Flight Centre welcomes the Australian Government's JobKeeper initiative. The impact of the initiative is still being assessed, however the company believes it will receive material support, both in terms of payments and an ability to retain more staff

Trading update and outlook

- The combination of cost saving and capital raising initiatives Flight Centre announced today will ensure Flight Centre can:
 - trade through the current period of uncertainty and disruption across the global travel industry;
 - continue delivering high quality travel services to customers as market conditions improve; and
 - take advantage of opportunities as the travel and tourism industry recovers
- Flight Centre has performed a bottom up analysis of cash flow saving initiatives:
 - Reduction in costs by more than \$1.9bn on an annualised basis driven by:
 - **Network:** Immediate and rolling closure of more than 50% of leisure shops globally (800 in total) and ongoing lease negotiations
 - **Workforce:** ~6,000 support and sales roles initially stood down temporarily (in some instances, made redundant) from a workforce of 20,000
 - **Sales and marketing:** media expenditure paused (\$18m per month)
 - **Capex:** elimination of all other non-essential capital expenditure
 - Post implementation of cost saving initiatives, expected to be completed by end July 2020, monthly cash operating costs and capital expenditure is expected to be ~\$65m
- After taking into account the cost saving and capital raising initiatives, Flight Centre has total available liquidity of \$2,269 million as at 29 February 2020, prior to any unwind of working capital, one off-costs to implement cost saving initiatives or additional net operating cash losses expected during the transition period (see page 24)

Capital structure and liquidity

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Liquidity buffer

Liquidity position

As at 29 February 2020	\$m
Cash and investments (pre-offer) ¹	1,290
Minimum headroom under existing facilities	100
Additional headroom from bank facility expansion	200
Net proceeds from the equity raising	679
Total available liquidity as at 29 February 2020	2,269

The above table excludes the proceeds of sale from the Melbourne property and the \$350m minimum liquidity covenant

Working capital position

As at 29 February 2020	\$m
Working capital assets (excl. cash and investments)	1,124
Working capital liabilities (excl. client creditors)	792
Client creditor liability	1,018

- Flight Centre's working capital position is expected to at least partially unwind as a result of the reduction in near-term demand for travel and may be further impacted to the extent counterparties do not comply with their obligations
- Flight Centre provides leisure customer refunds when received from suppliers, or alternatively credit notes are offered / refunded international airfare cancellations charged \$300 in Australia²

Cost saving initiatives

	\$m
One-off cash costs to implement cost saving initiatives ³	~210
Expected run-rate monthly net operating cash outflow ⁴	~65
Additional net operating cash losses expected during transition ⁵	~155

Working capital assets (excl. cash and investments)

As at 29 February 2020	\$m
Retail and corporate debtors	543
Trade and other receivables	69
Override debtors	330
Accrued revenue	66
Prepayments	56
Other	60
Working capital assets (excl. cash)	1,124

Working capital liabilities (excl. client creditors)

As at 29 February 2020	\$m
Trade creditors	294
Accrued expenses	313
Employee benefits provision	112
Deferred revenue	66
Other	7
Working capital liabilities (excl. client creditors)	792

Represents client cash held before payment to suppliers included in total available liquidity as at 29 February 2020

Notes: All figures presented are unaudited management accounts as at 29 February 2020. 1. Includes client cash and client investments of \$887m. Cash and investments balances per general ledger. 2. Intended to cover commission otherwise earned on international airfares. 3. Excludes non-cash PPE write-offs. 4. Management estimate of operating cash outflows while COVID-19 market disruption cost saving initiatives are required, before any impact of the Australian Government's JobKeeper program. 5. Management's estimate of aggregate net operating cash losses to be incurred during transition period whilst cost saving initiatives are implemented, incremental to ~\$65m run-rate operating cash outflow per month and ~\$210m one-off cash costs to implement.

Pro forma balance sheet



A\$m	31 December 2019 Unaudited ¹	Impact of equity raising ²	31 December 2019 Unaudited pro forma
Assets			
Cash	837.7	679.0	1,516.7
Other current & non current assets	2,864.1	6.3	2,870.4
Total assets	3,701.8	685.3	4,387.1
Total liabilities			
	2,293.9	-	2,293.9
Net assets	1,407.9	685.3	2,093.2
Equity			
Share capital	397.3	685.3	1,082.6
Retained earnings and reserves	1,010.4	-	1,010.4
Non-controlling interests	0.2	-	0.2
Total Equity	1,407.9	685.3	2,093.2

Notes:1. Extracted from the 31 December 2019 half year accounts which were subject to review. Note 2. Proforma Adjustments: \$700m equity raise, transactions costs of \$21m with \$6.3m Deferred Tax Asset

Details of the offer

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Details of the offer

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Offer structure	<ul style="list-style-type: none"> — ~\$700m fully underwritten¹ equity raising (Equity Raising or Offer): <ul style="list-style-type: none"> — ~\$282m institutional placement (Placement) — ~\$419m 1 for 1.74 accelerated pro rata non-renounceable entitlement offer (Entitlement Offer), consisting of: <ul style="list-style-type: none"> — institutional entitlement offer (Institutional Entitlement Offer) expected to raise ~\$280m; and — retail entitlement offer (Retail Entitlement offer²) expected to raise ~\$138m — Approximately 97.2 million new fully paid ordinary shares in Flight Centre (New Shares) to be issued under the Equity Raising, representing approximately 96.1% of existing Flight Centre shares on issue
Offer price	<ul style="list-style-type: none"> — All shares under the Placement and Entitlement Offer will be issued at a fixed price of \$7.20 per New Share (Offer Price) — The Offer Price represents: <ul style="list-style-type: none"> — 27.3% discount to the last traded price of \$9.91 on 19 March 2020 — 16.1% discount to TERP³ of \$8.582
Institutional Entitlement Offer and Placement	<ul style="list-style-type: none"> — The Placement and Institutional Entitlement Offer will be conducted by way of a bookbuild process on Monday, 6 April 2020 — Entitlements under the Institutional Entitlement Offer that are not taken up and entitlements of ineligible institutional shareholders and ineligible retail shareholders under the Entitlement Offer will be offered for sale in the bookbuild
Retail Entitlement Offer	<ul style="list-style-type: none"> — The Retail Entitlement Offer will open on Wednesday, 15 April 2020 and close on Friday, 1 May 2020
Ranking	<ul style="list-style-type: none"> — New shares issued under the Equity Raising will rank equally in all respects with Flight Centre’s existing ordinary shares
Founder intentions	<ul style="list-style-type: none"> — The founders intend to subscribe for ~\$25m of New Shares in aggregate
Underwriters	<ul style="list-style-type: none"> — Macquarie Capital (Australia) Limited and UBS AG, Australia Branch are joint lead managers and underwriters to the Equity Raising — The Placement and the Entitlement Offer are underwritten (except for founder commitments under the Institutional Entitlement Offer and the circumstances described on slide 45 under “Shortfall”) representing proceeds of ~\$700m (including founder commitments)
Use of funds	<ul style="list-style-type: none"> — Proceeds of the Offer will be used to ensure Flight Centre has the balance sheet flexibility and liquidity to manage the business through a prolonged period of disruption to the global travel industry

Notes: 1. Excluding the founder commitments under the institutional component of the Entitlement Offer and the circumstances described on slide 45 of this Presentation under the heading “Shortfall”. Refer to paragraph 2.2 of the Key Risks in this Presentation for a description of the terms and conditions of the underwriting arrangements. Assumes that an additional 229,466 FLT shares are issued prior to the record date for the Entitlement Offer pursuant to the exercise of awards that have vested under FLT’s Long Term Retention Plan, noting that the actual number of FLT shares that are issued may be less than this number depending on whether the participants exercise their vested awards in time. 2. The Retail Entitlement Offer is only available to eligible retail shareholders with a registered address in Australia or New Zealand on the Record Date – see the Retail Offer Booklet for further details on eligibility once available. 3. Theoretical ex-rights price (**TERP**) includes the shares issued under the Placement, Institutional Entitlement Offer and the Retail Entitlement Offer. TERP is the theoretical price at which Shares should trade immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Shares trade on ASX immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to the closing price of FLT’s Shares as traded on ASX on 19 March 2020, being the last trading day prior to the announcement of the Entitlement Offer.

Offer timetable

Event	Date
Announcement of Offer, Institutional Entitlement Offer and Placement opens	Monday, 6 April 2020
Institutional Entitlement Offer and Placement closes	Monday, 6 April 2020
Suspension is lifted and trading resumes on an “ex-entitlement” basis	Tuesday, 7 April 2020
Record date for the Entitlement Offer (7:00pm Sydney time)	Wednesday, 8 April 2020
Retail Entitlement Offer opens and Retail Entitlement Offer Booklet despatched	Wednesday, 15 April 2020
Settlement of new shares issued under the Institutional Entitlement Offer and the Placement	Thursday, 16 April 2020
Allotment and normal trading of New Shares issued under the Institutional Entitlement Offer and the Placement	Friday, 17 April 2020
Retail Entitlement Offer closes (5:00pm Sydney time)	Friday, 1 May 2020
Settlement of Retail Entitlement Offer	Thursday, 7 May 2020
Allotment of New Shares issued under the Retail Entitlement Offer	Friday, 8 May 2020
Normal trading of New Shares issued under the Retail Entitlement Offer	Monday, 11 May 2020
Despatch of holding statements in respect of New Shares issued under the Retail Entitlement Offer	Wednesday, 13 May 2020

All dates and times are indicative and FLT reserves the right to amend any or all of these events, dates and times subject to the Corporations Act 2001 (Cth), ASX Listing Rules and other applicable laws. All times and dates are in reference to Sydney, Australia time.

Appendix A: Key risks

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Key risks

INTRODUCTION

This section describes the key business risks of investing in FLT together with the risks relating to participation in the Offer which may affect the value of FLT shares and its ability to operate as a going concern. It does not describe all the risks of an investment. Before investing in the Company, you should be aware that an investment in FLT has a number of risks, some of which are specific to FLT and some of which relate to listed securities generally, and many of which are beyond the control of FLT.

Investors should consult their own professional, financial, legal and tax advisers about those risks and the suitability of investing in light of their particular circumstances. Investors should also consider publicly available information on FLT (including information available on the ASX website) before making an investment decision.

The risks are categorised as follows:

1. Key business risks
2. Offer and general risks

References to “FLT”, “the Company” or “the Group” in the key risks section of this Presentation include FLT and its related bodies corporate (as defined in the Corporations Act 2001 (Cth)), where the context requires.

Key risks (cont.)

1. KEY BUSINESS RISKS

1.1 Travel industry disruption and the impact of COVID-19

The Company's operating and financial performance is dependent on the health of the travel industry generally. A decline in the domestic and/or international travel industry, whether as a result of a particular event (such as a war, terrorist attack, outbreak of disease epidemic/pandemic or a natural disaster, such as earthquakes and volcanic ash clouds), economic conditions (such as a decrease in consumer and business demand), or any other factors would have a material adverse effect on the Company's operating and financial performance.

The events relating to COVID-19 have recently resulted in unprecedented restrictions on domestic and international travel, major reductions in airline capacity and general disruption to the tourism industry. These restrictions have been imposed by domestic and international governments and regulatory authorities, and/or implemented as a matter of best practice during a health crisis. These developments have resulted in declining demand for international and domestic travel and tourism services (including hotels, accommodation and tourism activities) and an increase in travel cancellation rates, which has had a very significant short term impact and is expected to have a very significant medium term impact on the Company's business and operations and in particular, the demand for its services. There is continued uncertainty as to the duration of and further impact of COVID-19 including (but not limited to) in relation to government, regulatory or health authority actions, work stoppages, lockdowns, quarantines, travel restrictions and the impact on the Australian and global economy. There is a risk that if the spread of COVID-19 continues, and/or the actions taken to combat COVID-19 persist, FLT's operational and financial performance could deteriorate further. There is no certainty that demand for FLT's services will normalise to a level existing prior to the impact of COVID-19 (or how long such normalisation could take), even once the domestic and international travel restrictions are lifted.

Key risks (cont.)

1.2 General economic conditions

The Company's operating and financial performance is influenced by a variety of general economic and business conditions in Australia and overseas. A prolonged deterioration in general economic conditions, including a decrease in consumer and business demand, would likely have a material adverse effect on the Company's business or financial condition (or both). This risk is heightened in the current uncertain economic environment.

In light of recent Australian and Global macroeconomic events, including but not limited to the global impact of COVID-19, it is likely that Australia will experience an economic downturn of uncertain severity and duration which would affect discretionary spending on travel and leisure and the operating and financial performance of the Group.

Furthermore, the containment measures implemented in response to COVID-19 are expected to result in significant and prolonged dislocation to economies globally, including in many of the markets in which FLT operates. It is anticipated that many of the markets in which FLT operates will have economic downturns of uncertain severity and duration, which could affect (a) the desire of people to travel in those markets; and (b) spending on travel and leisure in those markets, which would in turn impact on the operating and financial performance of the Group.

There are also other changes in the macroeconomic environment which are also beyond the control of FLT and may be exacerbated in an economic recession or downturn. These include, but are not limited to:

- changes in inflation, interest rates and foreign currency exchange rates;
- changes in employment levels and labour costs, which will affect the cost structure of the Group;
- changes in aggregate investment and economic output; and
- other changes in economic conditions which may affect the revenue or costs of the Group.

Due to the impact of COVID-19, many of these factors are in a state of change, and may have an adverse impact on the financial position and prospects of the Group in the future. If market conditions continue to deteriorate, FLT may need to take additional measures in order to respond and there is a risk of future impairment of the carrying value of the Company's assets.

Key risks (cont.)

1.3 Supplier risk

The Company's business activities and financial performance are reliant on suitable contractual arrangements being negotiated with major airlines, global distribution system providers, and other suppliers of goods and services. The Company's supply chain consists of a complex series of travel providers and intermediaries, including a clearing system operated by the International Air Transport Association. There are a variety of credit risks inherent in this supply chain which are particularly heightened in the current economic environment. A dispute, or a breakdown in the relationship, between the Company and its suppliers, a failure to reach a suitable arrangement with a particular supplier, or the failure of a supplier to pay or otherwise satisfy its contractual obligations (including as a result of insolvency, financial stress or the impacts of COVID-19), could have an adverse effect on the reputation and/or the financial performance of the Company. The recent Australian and Global macroeconomic events described in paragraph 1.2 may also have an adverse impact on the financial position of the Group's suppliers, which may impact their ability to carry on business with the Company.

To the extent suppliers, partners or counterparties (such as international airlines, whose operations have been completely or substantially suspended) are facing financial stress, they may seek to change the terms upon which they engage with, cease or significantly reduce engagement with the Company (including through the reduced supply of inventory), or in extreme cases, may not pay their debts as and when they fall due. Such circumstances may impact upon the operations and financial performance of FLT.

1.4 Customer risk

Recent developments in international and domestic travel restrictions as a result of COVID-19 have resulted in a significant disruption to customer bookings and travel plans. As a result of the unprecedented travel restrictions, the Company has experienced a significant increase in the number of customer requests for travel cancellations and refunds. The high volume of cancellation and refund requests during the COVID-19 crisis has placed significant strain on the Group's resources and its refunds policies and procedures in general in responding to and processing customer requests for refunds and the return of customer monies, which may have an adverse impact on FLT's operational and financial performance. Customers may also seek a chargeback (or reversal) for certain types of card purchases. Any such actions may place significant strain on the Group's resources which may have an adverse impact on FLT's operational and financial performance. See also paragraph 1.5 regarding the risks associated with the Company's working capital requirements.

Uncertainty in relation to the future of the travel industry may also have detrimental effect on the confidence of customers in the ability of the Group to recover from this disruption to the industry and continue to operate in future. The Group's cancellation and refunds policies and procedures and/or the imposition of cancellation fees or charges by the Group during the COVID-19 crisis may also expose the Group to regulatory scrutiny or other action, media attention, consumer actions and/or cause reputational damage to the Group. See also paragraph 1.11 regarding regulatory risk, paragraph 1.24 regarding litigation risk, and paragraph 1.20 regarding diminution of customer satisfaction and loyalty.

Key risks (cont.)

1.5 Working capital requirements

The Company's business model includes payment terms relating to the pre-payment by customers for travel and tourism related services and the maintenance of large corporate credit balances, and related payment terms between the Company and its suppliers. To the extent these terms of payment and supply change, customers seek refunds (particularly in the current environment), customers seek chargebacks/reversals, receivables are uncollectable fully or partly, contract assets on balance sheet are unrecoverable or counterparties do not act consistently with supply terms, FLT may need to obtain additional working capital financing. In addition, transactional banking facilities, including credit card processing facilities, operated by the Company may be withdrawn by the banks or other providers, or the terms and conditions of those facilities may be materially amended, which may have an adverse impact on FLT's operational and financial performance. The Company's working capital position may be further impacted to the extent the current economic environment increases the risk of counterparties not complying with their obligations. The continued decline in sales as a result of COVID-19 and ongoing expenses associated with operating the business will also continue to place significant pressure on the Company's level of working capital. To the extent FLT does not have sufficient liquidity to manage its working capital cycle, FLT will not be able to continue operating its business in the ordinary course. See also slide 4 regarding going concern basis of preparation of financial information included in this Presentation.

Slide 24 of this Presentation sets out an illustrative liquidity buffer based on a combination of FLT's initiatives, including the equity injection contemplated under the Offer, extension of FLT's debt facilities headroom and FLT's most up-to-date estimates of its working capital position. These estimates have been impossible to predict with accuracy due to the shut-down of business operations arising from COVID-19, particularly in some of the geographic areas in which FLT operates. While FLT has provided the illustrative liquidity position using all information currently available to it, there can be no assurance that this illustration will capture or predict all of the actions which may be taken by customers, suppliers and debtors of the Group that impact its working capital requirements.

1.6 Cost reduction

The cost reduction initiatives outlined in this Presentation have been based on cost-saving initiatives already undertaken by FLT, together with a number of assumptions made with respect to the Company's ability to achieve these cost-saving targets, one-off-costs associated with realisation of those cost savings and legal advice in respect to the Company's rights with respect to its employees, landlords, customers and suppliers. Inability to meet these cost-saving targets may impact upon the Company's operations and financial performance. There is a risk that these assumptions are not correct, such that the cost-saving initiatives are not as effective as currently anticipated by management, or the one-off costs required to implement these cost reduction initiatives are larger than anticipated.

Slides 19 and 20 of this Presentation set out significant cash preservation actions to be implemented by FLT and illustrate the projected impact of those actions on FLT's operating cost base. These actions include changes to the store footprint, employee cost base, operating and capital expenditure plans. This Presentation sets out initiatives contemplated at launch of the Offer, however Flight Centre may require more aggressive initiatives in the case of an extended downturn. Given the dynamic nature of the current environment, there can be no assurance that these initiatives and other cost-out efforts can or will be achieved as or to the extent envisaged by FLT.

Key risks (cont.)

1.7 Financing risk

The Company has obtained waivers for its operating leverage, fixed charges coverage and shareholder funds covenants for the period ending 30 June 2020 and 31 December 2020. To the extent that the Company's operational or financial position does not improve or deteriorates further, there is no assurance that it will be able to obtain further financial accommodation or relief from covenant testing from its financiers in the future. In such circumstances, financiers may require that their loans be repaid immediately, which may have a material adverse effect on the Company's future financial performance and position. Further, any additional deterioration in the economic or business environment may impact the Company and this may also result in financiers requiring their loans to be repaid.

In addition, as part of the liquidity measures undertaken by the Company, it has obtained commitments, subject to the satisfaction of certain conditions, for new 364 day facilities totalling \$200 million with the Company's existing financiers. Although it is envisaged that this will assist the Company in surviving the current economic challenges, there can be no assurance that the Company will be able to extend, repay or refinance the facilities in whole or in part at maturity.

The Company will be subject to an additional covenant on its level of liquidity. If this is breached, financiers may require their loans to be repaid immediately, which may have a material adverse effect on the Company's future financial performance and position.

1.8 Human resources risk

The Company is dependent upon the experience of its Directors, key senior management and staff generally. The loss of any key personnel (i.e. by death, total or permanent disablement or resignation), as well as high staff turnover could cause disruption to the conduct of the Company's business in the short term and negatively affect the Company's operating and financial performance.

The workforce rationalisation being undertaken as outlined in this Presentation could also cause significant disruption to operations and impact on the Company's ability to retain high quality staff, operate its business in the ordinary course, effectively manage operational risks and/or take advantage of a recovery in the sector when the travel restrictions cease. In addition, while the actions taken by the Company to preserve cash and the Company's survival are believed by the Directors to have been appropriate and consistent with those taken across the industry, the area of labour relations is often the subject of dispute and possible legal and industrial relations challenge.

In addition, any outbreak of COVID-19 within the Company's workforce or disruption caused to operations as a result of the Company's remote working arrangements could have an adverse effect on the operating and financial performance of the Group.

Recent controversy in Australia and abroad on the subject of award and minimum conditions payments (including wages and overtime) also raises risks for the Group as with a large number of employers in Australia and overseas. While the Group has processes in place to ensure compliance with applicable labour laws, the overlap of workplace agreements, awards and industrial relations rules can give rise to risks of breaches having occurred in the countries in which the Group operates.

1.9 Growth strategy execution and business model disruption

The Company may not be able to execute effectively the strategies for its current and future acquired businesses. Future growth strategies which target expansion of existing business could expose FLT to additional or unforeseen costs, which may strain financial or management resources. There is also a risk of disruption to the Company's business models and/or those of its suppliers due to factors that are outside the control of FLT. Such disruption could adversely impact the Company's reputation and financial performance. The severe disruption to the Australian and global economy, and specifically the travel and tourism sectors is likely to impact upon the Company's ability to drive its growth agenda in the short and medium term.

Key risks (cont.)

1.10 Acquisition and investment risk

From time to time, the Company evaluates acquisition and divestment opportunities. Any past or future acquisitions or disposals would cause a change in the sources of the Company's earnings and result in variability of earnings over time. Integration of new businesses may be costly and occupy management's time. The financial performance of investments and the economic conditions they operate within may result in investment impairment should the recoverable amount of the investment fall below its carrying value.

1.11 Regulatory risk

Regulatory action against the Group under legislation and government policy may adversely affect the Group. For example, as a retailer of travel and travel-related products, the Group engages in extensive promotional and other advertising activities, conducts a foreign currency exchange business and processes its employees' and customers' personal information/data. Further, the Group's various cancellations and refunds policies and procedures and/or the imposition of cancellation fees or charges during the COVID-19 crisis may also expose it to regulatory scrutiny or action. Any media attention, regulatory scrutiny or other action taken against the Group members in any of the countries in which it operates may have adverse effects on the reputation of the Group or on its operating and financial performance. Similarly, a variation in law or regulation requiring the Company or any of its other businesses to hold or treat customer deposits differently to the way in which these are currently managed may have financial implications for the Group.

A variation in legislation and government policy may also affect the Group and the business environment in which it operates. Legislative changes could directly and indirectly alter consumer demand for and consumer attitudes towards international or domestic travel. In particular, anti-money laundering, anti-bribery and corruption, counter-terrorism financing, and sanctions compliance have been the subject of significant regulatory change and enforcement in recent years.

The Group's business activities and operations are located in jurisdictions in both the developed and developing world with varying degrees of political and judicial stability, including some countries with a relatively high inherent risk with regard to money laundering, bribery, corruption and terrorism-financing. This, for example, exposes the Group to the risk of unauthorised payments or offers of payments to or by employees, agents or distributors that could be in violation of applicable anti-corruption laws. Some of these risks are also inherited from businesses or entities acquired as part of past acquisitions which may not have been detected as part of the due diligence process at the time. Risks also include possible delays or disruptions resulting from a refusal to, or disruptions resulting from a refusal to, make so-called facilitation payments or any other form of benefit inconsistent with the Group's policy or applicable laws.

A failure to operate effective and fully compliant programs to combat money laundering, bribery, corruption and terrorist financing or to ensure compliance with economic sanctions or where breaches (whether involving the Group's related bodies corporate or employees) are only detected following an acquisition of a business or entity, could have serious legal and reputational consequences for the Group and its employees. Consequences can include fines, criminal and civil penalties, civil claims, reputational harm, consumer class actions and limitations on doing business in certain jurisdictions.

Key risks (cont.)

1.12 Climate change

Transitioning to a lower-carbon economy may entail extensive policy, legal, technology and market changes to address mitigation and adaptation requirements related to climate change. Physical risks resulting from climate change can be event driven or longer term shifts in climate patterns and may have financial implications for the Company, such as indirect impacts from supply chain disruption and travel patterns and habits of customers. There is uncertainty about how the Company's customers will respond to the effects of climate change (and therefore on possible changes in customer demand).

1.13 Business systems risk

The Company relies on the performance, reliability and availability of its information technology, communication and other business systems. Any damage to, or failure of, the Company's key systems may result in disruptions to the Company's business (especially its online services). Any failures of, or malicious attacks on, the Company's business systems or any compromise to the security of data (including any personal information / data) held by the Company may similarly impact both the Company's business and its reputation. Financial penalties for data breaches can be significant, which if levied on FLT could have an adverse effect on the reputation and the financial performance of the Company. The workforce rationalisation being undertaken by the Company, as well as the disruption caused to operations as a result of COVID-19, and the Company's remote working arrangements may also affect its information technology, communications and other business systems.

1.14 Financial risk

Access to capital is a fundamental requirement to achieve the Company's business objectives and to meet its financial obligations when they fall due. The inability to maintain a strong balance sheet or to secure new capital or credit facilities (from time to time) on favourable terms could impact upon the Company's operational and financial performance and the ability to meet its ongoing liquidity needs.

There is no guarantee that equity or debt funding will be available to FLT on favourable terms or at all or that, when an existing facility expires or is otherwise terminated (e.g. due to an event of default), FLT will be able to refinance that debt facility on reasonable terms.

As a borrower of capital, the Company is exposed to fluctuations in interest rates which may increase the cost of servicing the Company's debt. Developments in global financial markets, such as the impact of COVID-19, may adversely affected the liquidity of global credit markets and the Company's access to those markets. This may have a material adverse effect on the Company's future financial performance and position.

1.15 Taxation risks

A change to the current taxation regime in Australia or overseas, including changes in interpretation or application of the law by courts or taxation authorities, may affect FLT or its shareholders. Tax liabilities are the responsibility of each individual shareholder.

Key risks (cont.)

1.16 Currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from currency exposures on future cash flows. The Company actively measures these exposures and has measures in place to manage some of that exposure. However, notwithstanding those measures, the movement of foreign exchange rates could still have an adverse effect on the Company's operating and financial performance. See also paragraph 1.2 regarding the risks in relation to the current economic environment.

The Company consolidates results of overseas businesses into Group results and the performance of overseas businesses in Australian dollars when reported in Group financial statements may vary due to the movement of foreign exchange rates. This could have an adverse effect on the Company's financial performance.

Furthermore, due to the nature of the Company as an international tourism business, changes to foreign exchange rates impact upon the underlying demand for travel and tourism services. The movement of foreign exchange rates are beyond the Company's control, and could still have an adverse effect on the Company's operating and financial performance.

1.17 Investment risks

The Company invests funds it receives in the course of conducting its business. The value of those investments or the return on them may rise or fall as a result of circumstances beyond the Company's control, including general economic conditions in Australia or overseas. Risks associated with returns on investments are particularly acute during periods of elevated global financial market volatility, such as those experienced post the outbreak of the global COVID-19 pandemic. The Company only invests funds with selected counterparties, under a Board-approved Treasury Policy, but the risk of counterparty default is heightened during periods of global financial market volatility, which could lead to the loss of funds invested.

1.18 Insurance

FLT maintains insurance cover that is consistent with standard industry practice, including workers compensation, business interruption, property damage, public liability and product liability, cyber, directors and officers and professional indemnity insurance. However, no assurance can be given that such insurance will be available in the future on commercially reasonable terms or that any cover will be adequate and available to cover all or any future claims.

1.19 Political, economic and social instability

The Company has operations in 23 countries and sells travel products in over 95 countries worldwide. The ability of the Company to sell travel products in those countries is uncertain. Regional, political, economic or social instability (including as a result of COVID-19) could negatively impact sales or the payment for sales.

Key risks (cont.)

1.20 Diminution of customer satisfaction and loyalty

The Company's business model is significantly dependant on customer satisfaction and loyalty. The operational and financial challenges associated with COVID-19, the associated impact on the travel and tourism industry and FLT's response to these challenges, could impact upon customer satisfaction and loyalty, the reputation of the Group and its ability to attract customers in future. A loss of customer satisfaction or loyalty may also materialise as a result of changing community expectations, activism in relation to particular travel destinations or activities which are booked through the Group, and in the event that the Group's employees fail to comply with approved customer service and pricing policies in relation to the pricing, terms and conditions offered to customers. Any diminution in customer satisfaction and customer loyalty or the Group's reputation may have an adverse impact on the operating and financial performance and position of FLT.

See also paragraph 1.4 and 1.11 in relation to the risks associated with an increase in customer refunds.

1.21 Change in consumer preferences

FLT is exposed to changes within the specific travel markets in which FLT operates, whether as a result of changes in or to key markets, changes in product availability, as well as changes in consumer travel trends and sentiment towards travel in general. Consequently, a failure by the Company to predict or respond to any such changes could adversely impact the Company's future operating and financial performance.

1.22 Leisure shop closure

FLT's leisure shop network has been an important part of its growth as a business throughout its corporate history. The significant reduction in the size of the leisure shop network may negatively influence FLT's brand and ability to generate sales and sales growth.

1.23 Accounting standards may change

Accounting standards may change. This may affect the reported earnings of FLT and its financial position from time to time. The Company has previously and will continue to assess and disclose, when known, the impact of adopting new accounting standards in its periodic financial reporting.

1.24 Risk of litigation, claims and disputes

The Group may be subject to litigation, class actions (including consumer / customer class actions, securities / shareholder class actions, and employee class actions), and other claims and disputes in the course of its business in each of the jurisdictions it operates, including employment disputes, contractual disputes, indemnity claims, consumer actions, claims for infringement by the Group of others' intellectual property rights, occupational and personal claims, regulatory enforcement actions (see also paragraphs 1.4 regarding customer risk, 1.8 regarding human resources risk and 1.11 regarding regulatory risks) and claims in relation to creative content. The Group's business activities and operations are located in various countries around the world. There are risks that a business operated by the Group or its employees might engage in conduct that is inconsistent with the Group's Code of Conduct, consumer, trade or other regulations that apply in its various jurisdictions, or agreements with its suppliers or customers. Any litigation, class actions, claims or disputes, including the costs of settling claims and operational impacts, could materially adversely affect the Group's business, operating and financial performance.

Key risks (cont.)

2. OFFER AND GENERAL RISKS

2.1 Investment in equity capital and COVID-19

There are general risks associated with investments in equity capital. The trading price of FLT's ordinary shares on ASX may fluctuate with movements in equity capital markets in Australia and internationally. This may result in the market price for the New Shares being less or more than the Offer Price.

Generally applicable factors which may affect the market price of FLT's ordinary shares include:

- the impact of COVID-19, including on health of workforce, the industry, customers, supply chains and travel restrictions;
- general movements in Australian and international stock markets, including market volatility;
- investor sentiment and the risk of contagion;
- Australian and international economic conditions and outlook, including changes in interest rates, the rate of inflation, exchange rates, commodity prices, employment levels and consumer demand;
- changes in Australian and foreign government regulation and fiscal, monetary and regulatory policies;
- loss of key personnel and delays in replacement;
- announcement of new technologies;
- geo-political instability, including international hostilities, acts of terrorism, the response to COVID-19 and travel restrictions;
- natural disasters, extreme weather events and catastrophes, whether in global, regional or local scale;
- epidemics and pandemics such as COVID-19;
- operating results of the Group that may vary from expectations of securities analysts and investors;
- changes in market valuations of other travel companies; and
- future issues of FLT equity securities.

The share prices for many listed companies have in recent times been subject to wide fluctuations and volatility, which in many cases may reflect a diverse range of non-company specific influences referred to above, including the general state of the economy, the response to COVID-19, investor uncertainty, geo-political instability, and global hostilities and tensions. In particular, the events relating to COVID-19 have recently resulted in significant market falls and volatility both in Australia and overseas, including in the prices of securities trading on the ASX.

Key risks (cont.)

There is continued uncertainty as to the further impact of COVID-19 on the Australian economy and share markets including in relation to governmental action, work stoppages, university and school stoppages, lockdowns, quarantines, travel restrictions and the impact on the Australian economy and equity and debt capital markets. Any of these events and resulting fluctuations may materially adversely impact the market price of FLT's ordinary shares. It is also possible that new risks may emerge as a result of domestic or foreign markets experiencing extreme stress, or existing risks (including the impacts of COVID-19) may evolve in ways that are not currently foreseeable. The equity capital markets have in the past and may in the future be subject to significant volatility.

No assurances can be given that the New Shares will trade at or above the Offer Price. None of FLT, its Board, the Underwriters, or any other person guarantees the market performance of the New Shares.

Furthermore, following the cancellation of the dividend declared in respect to the period ending 31 December 2019, there can be no assurance that investors will receive dividends in the future. Any distributions prior to Feb 2022 will be with banks' consent.

2.2 Equity raising risk

Macquarie Capital (Australia) Limited (ABN 79 123 199 548) ("**MCAL**") and UBS AG, Australia Branch (ABN 47 088 129 613) ("**UBS**", together with MCAL, the "**Underwriters**") will be acting as underwriters, joint lead managers and bookrunners to the Offer. FLT entered into an underwriting agreement with the Underwriters in respect of the Offer on 4 April 2020 (which was subsequently amended on 6 April 2020) ("**Underwriting Agreement**").

Key terms of Underwriting Agreement

Each Underwriter's obligations under the Underwriting Agreement, including to underwrite the Offer (other than with respect to the pre-commitments of the founding shareholders), and manage the Offer, are conditional on certain matters, including the timely delivery of due diligence process materials, ASX and ASIC granting the applicable waivers and modifications, the execution of pre-commitment letters by the founding shareholders (and those letters not being terminated), and that certain debt facilities and related commitments and waivers (refer to Slide 8) remain in place.

Key risks (cont.)

If certain conditions are not satisfied or certain events occur, the Underwriters may terminate the Underwriting Agreement. Termination of the Underwriting Agreement by both Underwriters would have an adverse impact on the total amount of proceeds that could be raised under the Offer. The events which may trigger termination of the Underwriting Agreement include (but are not limited to) the following:

- the S&P/ASX 200 Index closes at a level that is 12.5% or more below the level at market close on the Business Day immediately preceding the date of the Underwriting Agreement (3 April 2020):
 - on the opening date of the Institutional Offer (i.e. (6 April 2020); or
 - on the Business Day that is the Business Day immediately prior to the Institutional Settlement Date (i.e. 15 April 2020);
 - on two consecutive Business Days during the period from the date of entry into the Underwriting Agreement (4 April 2020) until the Retail Settlement Date (7 May 2020); or
 - on the Business Day that is the Business Day immediately prior to the Retail Settlement Date (6 May 2020).
- in the reasonable opinion of an Underwriter, the Offer materials contain (whether by omission or otherwise) any statement which is false, misleading or deceptive in a material respect or they otherwise do not comply with the Corporations Act or any other applicable law in a material respect;
- in the reasonable opinion of an Underwriter, any material statement or estimate in any Offer materials which relates to a future matter is or becomes incapable of being met;
- any cleansing notice lodged with ASX is or becomes defective, or any amendment or update to a cleansing notice is issued or is required to be issued under the Corporations Act and, in each case, the defective cleansing notice or amendment or update to a cleansing notice is adverse from the point of view of an investor;
- ASIC applies for an order under certain provisions of the Corporations Act in respect of the Offer or the Offer materials or ASIC commences certain actions or investigations against FLT or its directors or officers in relation to the Offer or the Offer materials;
- FLT is prevented from allotting and issuing the New Shares in accordance with the Underwriting Agreement;
- ASX makes any official statement to any person, or indicates to FLT or an Underwriter that it will not grant permission for the official quotation of the shares being issued under the Offer, or the approval for the official quotation is subsequently withdrawn, qualified (other than by customary conditions) or withheld by ASX;
- FLT ceases to be admitted to the official list of ASX or FLT's shares are suspended from trading on, or cease to be quoted on, ASX (excluding a trading halt or suspension contemplated by the Underwriting Agreement in order to conduct the Institutional Entitlement Offer);
- there are certain delays in the timetable for the Offer;
- any member of the FLT group becomes insolvent or there is an act or omission which is likely to result in a Group member becoming insolvent;
- FLT withdraws the Offer;
- FLT fails to deliver a certificate when required to under the Underwriting Agreement;

Key risks (cont.)

- a director of FLT:
 - is charged with an indictable offence or any regulatory body commences any public action against the director or announces that it intends to take any such action; or
 - is disqualified from managing a corporation under certain provisions of the Corporations Act;
- a change in the directors or senior management of FLT is announced or occurs;
- civil or criminal proceedings are brought against FLT or its directors or officers in relation to any fraudulent, misleading or deceptive conduct by or on behalf of FLT (whether or not in connection with the Offer);
- the Underwriters form the view (acting reasonably) that the results of the due diligence investigations are misleading or deceptive (or likely to mislead or deceive) whether by omission or otherwise;
- in relation to the debt facilities:
 - FLT breaches, or defaults under, any provision, undertaking, covenant or ratio of any material financing arrangement which has a material adverse effect on FLT; and
 - an event of default, potential event of default, review event which gives a lender or financier the right to accelerate or require repayment of the debt or financing or other similar event occurs under or in respect of any material financing arrangement;
- there is an event or occurrence which makes it illegal, or commercially impossible for the Underwriters to satisfy a material obligation under the Underwriting Agreement, or to market, promote or settle the Offer (including, without limitation, any acts, statute, order, rule, regulation, directive or request of any government or government agency, orders of any courts, lockdowns, lock-outs, forced closures, restrictions on mobility, or interruptions or restrictions in transportation which has this impact);
- a representation or warranty made or given by FLT under the Underwriting Agreement proves to be, has been or becomes, untrue or incorrect;
- FLT fails to comply with its obligations under the Underwriting Agreement;
- a statement in any confirmation certificate to the Underwriters from FLT is false, misleading, inaccurate, untrue or incorrect;
- there is an adverse change in the assets or liabilities, financial position or performance, profits or losses or prospects of FLT or the FLT group, including any adverse change in the assets or liabilities, financial position or performance, profits or losses or prospects of FLT or the FLT group from those disclosed to ASX in accordance with the ASX Listing Rules prior to the date of the Underwriting Agreement or in the ASX materials;
- a law or any new regulation is made or a new policy is adopted or official announcement is made that a law or new regulation will be introduced in Australia or any State or Territory of Australia or the United States other than any other than any law, regulation or policy which has been publicly announced by the Government of the Commonwealth of Australia or any State or Territory of Australia or the United States, or certain government agencies in Australia or the United States prior to entry into the Underwriting Agreement;

Key risks (cont.)

- in respect of any one or more of Australia, New Zealand, the United Kingdom, the United States, any member state of the European Union or the People's Republic of China:
 - hostilities not existing at the date of Underwriting Agreement commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not);
 - a state of emergency is declared (other than as already declared prior to entry into the Underwriting Agreement); or
 - a significant terrorist attack is perpetrated; or
- any of the following occurs:
 - a general moratorium on commercial banking activities in Australia, Hong Kong, the United States or the United Kingdom is declared by the relevant central banking authority in those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries;
 - trading in all securities quoted or listed on ASX, the London Stock Exchange, the New York Stock Exchange or the Hong Kong Stock Exchange is suspended or limited in a material respect for 1 day (or a substantial part of 1 day) on which that exchange is open for trading, or a Level 3 "market-wide circuit breaker" is implemented by the New York Stock Exchange upon a 20% decrease against the prior day's closing price of the S&P 500 Index only; or
 - any adverse change or disruption to the existing financial markets or political or economic conditions in Australia, Hong Kong, the United States or the United Kingdom, or any adverse change, or development involving a prospective adverse change, in any of those conditions or markets.

The ability of an Underwriter to terminate the Underwriting Agreement in respect of some events will depend on whether, in the reasonable opinion of the Underwriter, the event:

- a) has had or is likely to have, a material adverse effect on the success of the Offer, the ability of the Underwriter to market or promote the Offer, the willingness of persons to apply for, or settle obligations to subscribe for, New Shares under the Offer or the price or likely price at which the New Shares are likely to trade on ASX; or
- b) has given, or is likely to give, rise to a contravention by the Underwriter or its affiliates of, or the Underwriter or its affiliates being involved in a contravention of, any applicable law, or a liability for the Underwriter or its affiliate.

For the purposes of the Underwriting Agreement, the effect of any matter, fact, event, circumstance, act, omission or otherwise (an **Event**) on any of the matters referred to in paragraph (a) will be determined by assessing or considering (without limitation) the likely effect of the Event on a decision of an investor to invest in the New Shares as if that decision to invest was made after the occurrence of that Event and not by considering only the number and extent of valid applications received before the occurrence of that Event.

Key risks (cont.)

In the event that:

- a) FLT withdraws the Offer (other than as a result of both Underwriters terminating the Underwriting Agreement); or
- b) both Underwriters terminate the Underwriting Agreement as a result of FLT failing to perform or observe any of its obligations under the Underwriting Agreement that are within its control,

then subject to the calculation provisions for the agreed fee provisions in the Underwriting Agreement, each Underwriter will be entitled to the full percentage fee payable to the Underwriter under the Underwriting Agreement in respect of the institutional component of the Offer (with that percentage being applied to the gross proceeds of the alternative offer(s)) if at any time within 2 months of that withdrawal or termination, FLT (or any member of the Group) directly or indirectly reaches financial close or other completion on any offering of securities (or enters into an agreement which later reaches financial close or other completion).

For details of other fees payable to the Underwriters, see the Appendix 3B released to ASX on 6 April 2020.

The Company also gives certain representations, warranties and undertakings to the Underwriter and an indemnity to the Underwriter and its affiliates subject to certain carve-outs.

Shortfall

The Underwriting Agreement provides that an Underwriter will not be issued any shares that would either cause it to (i) notify the Treasurer under the Foreign Acquisitions and Takeovers Act 1975 (Cth), (ii) breach published Foreign Investment Review Board policy or (iii) breach the 20% takeover threshold contained in Chapter 6 of the Corporations Act 2001 (Cth). The issue size is approximately 97.2 million shares or 96.1% of the existing shares on issue. If an Underwriter is required to take up shares on issue which would otherwise cause it to breach or notify under these provisions then, for the purposes of ASIC Report 612 (March 2019), (i) it will still fund its respective proportion of the underwritten proceeds in accordance with and subject to the terms of the underwriting agreement by the completion date, (ii) the number of excess shortfall shares would be up to its respective proportion of the number of shares to be issued under the Offer pursuant to the terms of the Underwriting Agreement less the number of shares that have been pre-committed or sub-underwritten and the number of shares that the Underwriter is able to take up without causing it to breach or notify under these provisions when aggregated with plus any additional interests the Underwriter and its affiliates hold at the relevant settlement dates other than through its underwriting commitment; and (iii) it would enter into an arrangement for any excess shortfall shares to be issued to it, or to third party investors, after close of the offer at the same price as the Offer price. No material impact on control is expected to arise as a consequence of these arrangements or from any shareholder taking up their entitlement under the Entitlement Offer where there is an excess shortfall.

The directors of FLT reserve the right to issue any shortfall (including any excess shortfall) under the Offer at their discretion. Any excess shortfall may, subject to the terms of the Underwriting Agreement, be allocated to the Underwriters or to third party investors as directed by the Underwriters. The basis of allocation of any other shortfall will be determined by the directors of FLT at their discretion, taking into account whether investors are existing shareholders, FLT's register and any potential control impacts.

Key risks (cont.)

2.3 Risks of dilution

Shareholders who do not participate in the Placement for a pro rata share, and/or do not take up all of their entitlements under the Entitlement Offer, will have their percentage security holding in FLT diluted. Investors may also have their investment diluted by future capital raisings by FLT. FLT may issue new securities in the future to finance acquisitions or pay down debt which may, under certain circumstances, dilute the value of an investor's interest.

Appendix B: International offer restrictions

For personal use only

International offer restrictions



This document does not constitute an offer of New Shares of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of New Shares only in the Provinces of British Columbia, Ontario and Quebec (the **Provinces**) and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such New Shares. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – *Prospectus Exemptions*, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Shares or the offering of New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the New Shares outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the New Shares.

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

International offer restrictions (cont.)

Statutory rights of action for damages and rescission

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the New Shares purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against the Company if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the Company. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against the Company, provided that (a) the Company will not be liable if it proves that the purchaser purchased the New Shares with knowledge of the misrepresentation; (b) in an action for damages, the Company is not liable for all or any portion of the damages that the Company proves does not represent the depreciation in value of the New Shares as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the New Shares were offered.

Section 138 of the *Securities Act (Ontario)* provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

Certain Canadian income tax considerations. Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Shares as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language of documents in Canada. Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

International offer restrictions (cont.)



Germany

This document has not been, and will not be, registered with or approved by any securities regulator in Germany. Accordingly, this document may not be made available, nor may the New Shares be offered for sale, in Germany except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "Prospectus Regulation").

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of New Shares in Germany is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the **FMC Act**).

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

International offer restrictions (cont.)

Other than in the Entitlement Offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act (and, if an eligible investor, have provided the necessary certification).

Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in the Norwegian Securities Trading Act of 29 June 2007 no.75 (Section 10-6) and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) of Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

International offer restrictions (cont.)

Switzerland

The offering of the New Shares in Switzerland is exempt from requirement to prepare and publish a prospectus under the Swiss Financial Services Act (**FinSA**) because such offering is made to professional clients within the meaning of the FinSA only and the New Shares will not be admitted to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. This document does not constitute a prospectus pursuant to the FinSA, art. 652a, or art. 752 of the Swiss Code of Obligations (in its version applicable during the transitory period after entering into force of FinSA on January 1, 2020) or a listing prospectus within the meaning of art. 27 et seq. of the SIX Listing Rules (in their version enacted on January 1, 2020, and to be applied during the transitory period), and no such prospectus has been or will be prepared for or in connection with the offering of the New Shares.

United Arab Emirates

Neither this document nor the New Shares have been approved or passed on in any way by the Emirates Securities and Commodities Authority (**ESCA**) or any other governmental authority in the United Arab Emirates. The Company has not received authorisation from the ESCA or any other governmental authority to market or sell the New Shares within the United Arab Emirates. This document does not constitute, and may not be used for the purpose of, an offer of securities in the United Arab Emirates. No services relating to the New Shares, including the receipt of applications, may be rendered within the United Arab Emirates.

No offer or invitation to subscribe for New Shares is valid, or permitted from any person, in the Abu Dhabi Global Market or the Dubai International Financial Centre.

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the New Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

International offer restrictions (cont.)



In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

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