

Presentation by Graham Turner Bell Potter ELC

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FLT: A diverse global business

Leisure Travel

- Large businesses with high market-share in Australia, NZ & South Africa
- Specialised offerings in USA, Canada, UK & Mexico
- Strong omni-channel presence – shops, e-com, call centres, B2B
- Mass market, premium & youth-focused brands + Travel Money
- FLT's largest division by TTV pre-COVID (circa 60%)

Corporate Travel

- FLT firmly entrenched as one of the world's largest corporate travel managers
- Strong organic growth profile – high customer retention rates + large pipeline of new account wins
- Unique approach – 2 specialist brands (FCM & Corporate Traveller) with compelling customer offerings
- Generated circa 40% of FLT's pre-COVID TTV but poised to grow, given trajectory & larger geographic footprint

Supply & Other

- Air & non-air supply – internal & external, Bedbank, GPN
- Hotels & DMCs (Cross Hotels & Resorts, Discova)
- Tour & charter operations – Top Deck, Back-Roads, Avmin Charters

FLT: Equity investment in Pedal Group JV



OUR PURPOSE

**"TO ENRICH MIND, BODY, EARTH OR SOUL,
WITH THE FREEDOM OF RIDING"**

Mind - Self Development, Personal Development
Body - Ride to Work, Green Team
Earth - Solar, Recycling & Area Environmental champion
Soul - Earn to Give & Second hand bike donation program

- 1million km's ridden to work
- Green Team (March) 50 sites solar and solar batteries
- All stores recycling soft plastics and rubber
- 20% reduction per store in general waste
- Pedal Upcycle all states - Sep & Mar
- Annual 'Purpose Video'
- \$750k donated to charities through ETG with engagement & program with ownership

OUR VISION

**"TO BE THE WORLD'S MOST
APPROACHABLE BIKE SHOPS"**

Vision Priorities

- Attraction and Recruitment diversity. Inclusive culture
- Our people in our advertising, used in all mediums
- 99 Delivery, Same day delivery and fast warranty / returns

Vision Goals

- Increase recruitment attraction to 50% women
- WMABS imagery progressive deployment (Website, EDM's, Customer comm's & store fronts)
- 15 Vans, 99 Delivery in place nationally and 80% warranty claims instant fulfillment

Overview

- 99 Bikes (retail network) + ATA (wholesaler)
- FLT owns circa 47% of JV
- Performing strongly – \$54m profit before tax for FY21, up from \$18m during FY20
- Group sales increased to \$333m (FY20: \$200m)
- Large focus on e-bikes – popular, big-ticket items
- NZ expansion – 6 shops + 2 more set to open (Auckland, Rotorua)
- High level of employee ownership

FLT: Weathering the COVID Challenge

FY19: Pre-COVID Prosperity

- \$23.7b in TTV pre-COVID
- \$343.1m underlying PBT
- Circa [\$2.xb] global cost base
- 14,346 sales staff globally

FY21: On The Road to Recovery

- \$3.9b in TTV
- \$507.1m underlying loss before tax
- Circa \$1b underlying global cost base
- 5,464 sales staff retained

Achieving Strategic Goals in Subdued Climate

- Initial focus on lowering costs to sustainable levels in low revenue environment & extending the liquidity runway
- Maintaining key assets & investing in key growth drivers to win market-share
- Several brands/businesses now back in profit or approaching breakeven – South Africa profitable in August 2021
- Delivered consistent revenue growth during the year, despite volatile conditions

FLT: FY21 recap

01	Recovery gaining momentum – particularly in USA & corporate sector	<ul style="list-style-type: none">• Sales revenue increasing month-on-month – record COVID-period result in June 2021• Rapid leisure & corporate recovery in USA late in Q4-21• Corporate transaction numbers (tickets) at c.50% of pre-COVID levels (TTV circa 40%)
02	Trading conditions generally improving during FY21	<ul style="list-style-type: none">• Vaccination programs gaining momentum globally• Travel restrictions being relaxed/removed in key markets outside ANZ• Experiencing strong & immediate rebounds after restrictions are lifted
03	Investing to win market-share	<ul style="list-style-type: none">• Multi-million dollar pandemic-period investments in platforms, products & people to capitalise on market-share opportunities• Headlined by game-changing new FCM & Corporate Traveller platforms• Enhanced omni-channel leisure offerings to complement streamlined shop networks
04	Successfully executing key corporate & leisure strategies	<ul style="list-style-type: none">• Corporate business “Growing to Win” – circa 100% client retention in FCM + \$US1.4bn pipeline of new accounts won (circa 70% to trade in EMEA & Americas)• Increasing leisure market-share &/or profitability in key markets
05	Ready to capitalise on major travel industry lift off	<ul style="list-style-type: none">• Targeting a return to leisure & corporate profitability as conditions improve• Significant upside for leisure businesses as travel resumes• Heavy earnings leverage to markets with positive short-term outlooks – EMEA, Americas• Lengthy liquidity runway in place

FLT: Lengthy liquidity runway (June 2021)

Liquidity position

As at 30 June 2021	\$m	
Cash and investments	1,356	
Working capital assets (excl. cash and investments)	533	<i>a</i>
Working capital liabilities (excl. client creditors)	(532)	<i>b</i>
Client creditor liability	(416)	<i>c</i>
Total liquidity	941	

Banks have \$562m minimum cash liquidity covenant, including CCFF borrowings of \$212m which mature in March 2022. No other covenants until Dec 2022

Need to get KP to update this table to say "Client Cash is included in the minimum cash liquidity covenant"

Notes:

- All figures presented are 30 June 2021.
- Retail and corporate debtors and override debtors are shown gross of provision for doubtful debts of \$35m and \$31m respectively.
- Cash and investments includes client cash of \$331m, average client cash balance throughout the year was \$389m. Client cash did not fall below \$300m at any time during the financial year.

a) Working capital assets (excl. cash and investments)

As at 30 June 2021	\$m
Retail and corporate debtors	288
Trade and other receivables	26
Override debtors	63
Accrued revenue	18
Prepayments	21
Other	117
Working capital assets (excl. cash)	533

b) Working capital liabilities (excl. client creditors)

As at 30 June 2021	\$m
Trade creditors	276
Accrued expenses	117
Revenue constraint	16
Employee benefits provision	80
Deferred revenue	39
Other	4
Working capital liabilities (excl. client creditors)	532

c) Represents client funds owed to suppliers included in total available liquidity as at 30 June 2021

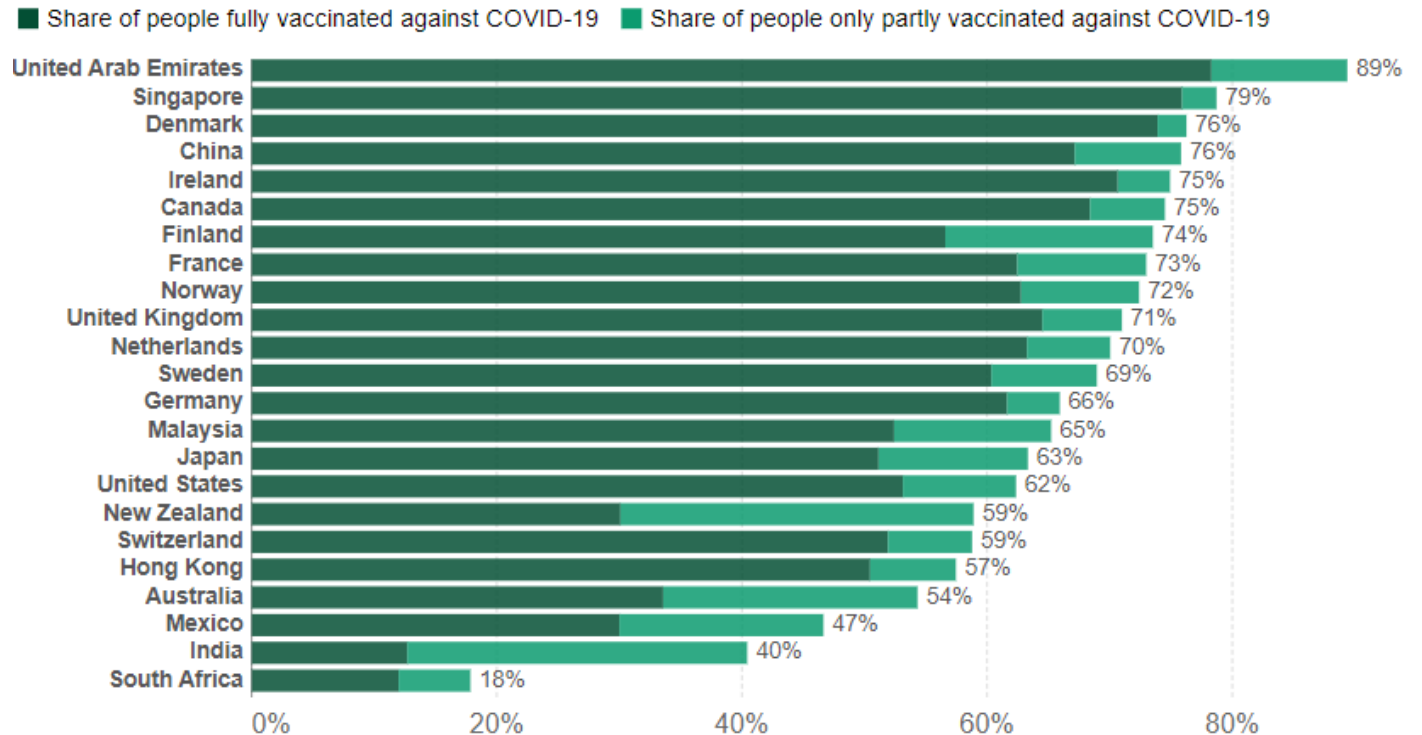
FY22: Vaccination programs gaining momentum

- More than 60% of eligible people now fully or partially vaccinated in most of FLT's key markets
- Australia currently on track to reach 70% (aged 16 and over) fully vaccinated by October 31 & 80% by mid-late November (Source: The Guardian)
- Early success allowing more international routes to reopen

Share of people vaccinated against COVID-19, Sep 12, 2021

Alternative definitions of a full vaccination, e.g. having been infected with SARS-CoV-2 and having 1 dose of a 2-dose protocol, are ignored to maximize comparability between countries.

Our World
in Data



Source: Official data collated by Our World in Data. This data is only available for countries which report the breakdown of doses administered by first and second doses in absolute numbers.
CC BY

FY22: International travel starting to take-off

Restrictions being relaxed/removed

- Various international routes now open/opening as world starts to live with the virus
- USA-UK/Europe/Canada (all currently one-way “bubbles”), intra-Europe, Canada-UK (Sept 7), Germany/Brunei-Singapore (Sept 8)
- Trans-Atlantic travel resuming - vaccinated US travellers able to travel to UK & to various locations on the continent
- Awaiting reciprocal rights for UK travellers to enter USA
- Re-opening set to deliver material benefit: - US-UK route alone represents about 6% of historical USA TTV & circa 25% of FLT’s UK air TTV
- Fiji (a top-10 destination for Australian travellers pre-COVID) planning to welcome fully vaccinated travellers from November
- Outbound travel options available ex South Africa – contributing to business’s recent return to profitability

FY22: Expectations for Australian recovery

Light at the end of the lockdown tunnel

- Widespread lockdowns impacting short-term domestic travel plans in both leisure & corporate
- More positive outlook - politicians flagging relaxations once vaccination thresholds are reached
- Expecting some international travel to resume late in FY22 1H – airlines restoring services & ramping up capacity
- Quarantine-free travel to countries with high vaccination rates – UK, USA, Fiji, Japan, New Zealand (all top-10 destinations for Australian travellers)
- Broader use of home quarantine to replace hotel quarantine programs – trial underway now in South Australia
- Will reduce risk & remove one of the major impediments to travel – customers' fears of being forced into expensive hotel quarantine
- Vaccination passports & systems being developed for the post-COVID world

FY22: Travel more complex in the short-term

Customers ready to take-off but extra help required in a more complex world

Passports & Paperwork



Some of the paperwork required for Graham Turner's recent UK trip

Added complexity plays to FLT's strengths – reinforces value of leisure agents & corporate travel managers

Differing government policies & requirements in place

Additional paperwork required – more than just the humble passport

Vaccination passports, PCR tests, government approvals

Home or hotel quarantine requirements

Focus on duty of care in corporate travel

FY22: Recent developments

Strategic expansion – corporate business to enter key Japanese market (4th largest in world) in January 2022, via JV with NSF Engagement Corporation

Melon corporate SME platform to be deployed in USA, Canada & UK this month

New FCM platform deployed in China & in beta testing elsewhere

Jetmax OTAs (BYOjet & Aunt Betty) to enter US market from next month through new agreement with Google Flights agreement

Questions?

