

FLIGHT CENTRE LTD (FLT)

23 AUGUST 2018

RESULTS	Full Year 2018	Full Year 2017	CHANGE
Total Transaction Value (\$m)	21,826.0	20,109.0	+9%
Revenue (\$m)	2,950.0	2,770.0	+6.5%
Bloomberg Consensus (\$m)	2,860.0	-	-
Underlying Profit (\$m)	384.7	329.5	+16.8%
Net Profit after Tax (NPAT) (\$m)	264.2	230.8	+14.5%
Bloomberg Consensus (\$m)	277.2	-	-
Final Dividend (\$)	1.07	0.94	+13.8%

Flight Centre (FLT) profits at top end of guidance but below consensus

- Australia's largest travel agent **Flight Centre Travel Group Ltd (FLT)** posted a 16.8% lift in underlying earnings to a record \$384.7 million, which was at the top end of the company's own guidance (\$360-\$385 million) while its bottom line fell a little short of Bloomberg consensus. The result was boosted by strong growth across its international markets including Europe and the Americas together with cost cutting measures.
- **Total Transaction Value (TTV)** – which measures the dollar value of all plane tickets, hotels, tours and cruises booked over the year – rose by a solid 9% to \$21.8 billion. FLT's revenue rose by a more modest 6.5% but was ahead of Bloomberg consensus. Its corporate travel businesses have grown in importance, with TTV surging by 16% to \$7.7 billion. Corporate travel generated 35% of the group's TTV, compared to 31% five year ago.
- Geographically, FLT said it has had only reasonable growth of 3% in TTV in core market of **Australia** which it acknowledged was 'softer than normal' due to significant disruption and transformational costs. Changes to its computerised network system/Global Distribution System (GDS) locally together with network changes impacted growth according to the company.
- Its international markets are continuing to grow in significance, with almost half total sales coming from outside Australia. **Americas and European** operations over the past two years more than doubled combined earnings and now account for 40% of underlying earnings (15% just five years ago). Nine countries posted record profit including the US, Canada, Mexico, the UK, Netherlands, South Africa, UAE, Singapore and Malaysia.
- FLT has declared a **\$1.07 per share fully franked final dividend** which is payable on 12 October 2018.
- **FLT shares** fell following its annual results however, are still up by close to 50% so far this calendar year and once taking into account its cash position has no debt on its books.
- **Looking ahead**, FLT said it expects further profit and TTV growth over FY19 but will provide more specific market guidance at its AGM in October.

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