



corporate travel  
management

Acquisition of Chambers Travel, UK

and

Diplomat Travel, Washington DC USA

2 for 35 Renounceable Underwritten Entitlement

Offer to raise \$45.5 million

December 2014

Celebrating 20 Years ♦ 1994 → 2014

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# Highlights

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## European acquisition completes strategic global footprint USA acquisition expands presence to east coast USA

Corporate Travel Management Limited (“CTM” or “the Company”, ASX Code CTD) has agreed to make two acquisitions:

- **Chambers Travel UK/Europe (CT) for GBP23.6m (AUD43.7m)**, being GBP18.6m (AUD34.4m) cash consideration, GBP5.00m in CTD stock. Maximum consideration over three years is GBP39.0m (AUD72.2m)
  - The acquisition price over a three year earn-out reflects approximately 7x EBITDA (UK corporate tax rate is 20%)
- **Diplomat Travel, Washington DC area, USA (DT) for USD7.58m (AUD8.9m)**, being USD6.06m (AUD7.1m) cash consideration, USD1.52m in CTD stock. Maximum consideration is USD9.5m (AUD11.2m)
  - The maximum acquisition price based upon full earn-out over 12 months reflects approximately 4.25x EBITDA
- Both acquisitions have earn-out incentives that CTM will pay in a mixture of CTD stock and cash, funded through future cash flow
- Chris Thelen (CT) will be employed as European CEO for a minimum three-year period

# Highlights

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## Strategic Rationale

- CT completes CTM's key global market coverage and establishes a strong base in the UK and key European markets
- DT is a high end expert travel company with niches in the NGO, Government, Defence and Security industries which complement CTM's current government and marine/offshore niches in the USA

CTM will now have operations across 46 cities in 23 countries across all key global markets including ANZ, Asia, USA and UK/Europe. This will allow CTM to effectively compete on a global scale for the regional and global corporate travel segments, worth an estimated USD200bn

## EPS accretive in FY15

- EPS accretive in FY15 based on 6 months contribution, subject to any acquisition accounting adjustments

# Highlights

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## Funding

- The acquisitions will be funded through an underwritten 2 for 35 Renounceable Entitlement Offer at \$8.80 per share to raise \$45.5 million
- The offer price reflects a 10.1% discount to the theoretical ex-rights price (TERP) of \$9.78 and a discount of 10.6% to the closing price of \$9.84 on Monday 1st December 2014
- Jamie Pherous, CTM Managing Director, will be a significant participant in the Offer but is not in a position to take up his full entitlement
- All eligible Non-executive Directors eligible to participate in the Offer of CTM will take up their entitlements in full

## Trading Update

- FY15 Guidance increased to underlying EBITDA to be above \$45.0m based upon:
  - CT and DT contribution for 6 month period (Jan-Jun15) of approximately \$4.0m
  - CTM group initial guidance to be above \$41.0m, which will be refined after 1HFY15 results

# Agenda:

- **Overview: Chambers Travel/Diplomat Travel**
- **Strategic rationale**
- **Combined group financial overview**
- **Entitlement offer details**
- **Appendix**

- CT is an award winning 26 year old leading travel management company headquartered in London with approximately 220 employees
- CT has expected sales volume for the year ended 31 March 2015 of approximately GBP135m
- CT has offices in eight European countries including England, Scotland, France, Germany, Switzerland, The Netherlands, Czech Republic and Sweden
- Pan-European solution includes servicing clients in 10 European languages, a key competitive advantage
- Excellent record at winning global and regional business in their own right. Over 60% of their clients are regional and global segmented clients bringing a huge advantage to the CTM group
- Well known to CTM - worked with CT for a decade including successfully winning and networking clients, resulting in immediate integration impact
- 2013, 2014 and a finalist in 2015 for Best Travel Agency in the UK
- Highly capable CT senior management team collectively boasts 150 years of experience in the travel industry
- Skin in the Game – Chris Thelen and senior management will own significant CTD stock
- Website: [www.chamberstravel.com](http://www.chamberstravel.com)



## Chambers Travel Group

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Chris Thelen, CEO

Chris joined Chambers as Commercial Director in 1999 after a number of senior roles in the corporate travel industry. Chris had an entrepreneurial approach and led a strong pattern of growth for the company. After five years Chris led a management buyout to become the majority shareholder and then CEO of Chambers.

Chris' vision was to build an independent TMC across the UK and Europe while strengthening the company's offering by employing high caliber staff and implementing industry leading technology.

Chris has successfully led the company to having a truly European offering and secured global partnerships to deliver the best service to Chambers clients.



Debbie Carling, COO

Debbie started at Chambers in February 2012 as a consultant before becoming permanent in October 2013 as COO.

Debbie leads both internal and external projects and manages commercial/strategic relationships with partners and suppliers. Debbie is responsible for day to day commercial running of the business including margin and productivity.

Prior to that Debbie worked at Britannic Travel/FCM as Executive General Manager which was sold to Flight Centre.



Pam Bridger, CFO

Pam joined the Travel Industry in 1989 as Financial Director of Britannic Travel Ltd, a Privately Owned UK Travel Agent. The Company was sold to Flight Centre in March 2003. In 2008, Pam was promoted to CFO and Director of the Flight Centre UK Subsidiaries.

Pam joined Chambers as a Consultant in August 2011 and was instrumental in setting up the European subsidiaries.





- DT is a 52 years old leading Travel Management company in the Washington DC/Virginia area servicing corporate clients in the North East USA
- Total sales volume for the year ended 31 December 2014 is expected to be USD45m
- DT expands CTM's USA coverage to the East Coast of the USA. CTM will now cover all time zones in the USA and operate out of 18 cities across 8 states
- High expertise and experience in the Government, NGO, and Security and Defence industry segments of the corporate travel market
- Highly capable DT senior management team collectively boasts 100 years of experience in the travel industry
- Provides excellent base for East Coast USA presence – currently servicing north east USA
- Skin in the Game - the major shareholder will own significant CTD stock
- Website: [www.diplomatravel.com](http://www.diplomatravel.com)

## **DENISE S GUIDA**

### **PRESIDENT / OWNER DIPLOMAT TRAVEL SERVICES**



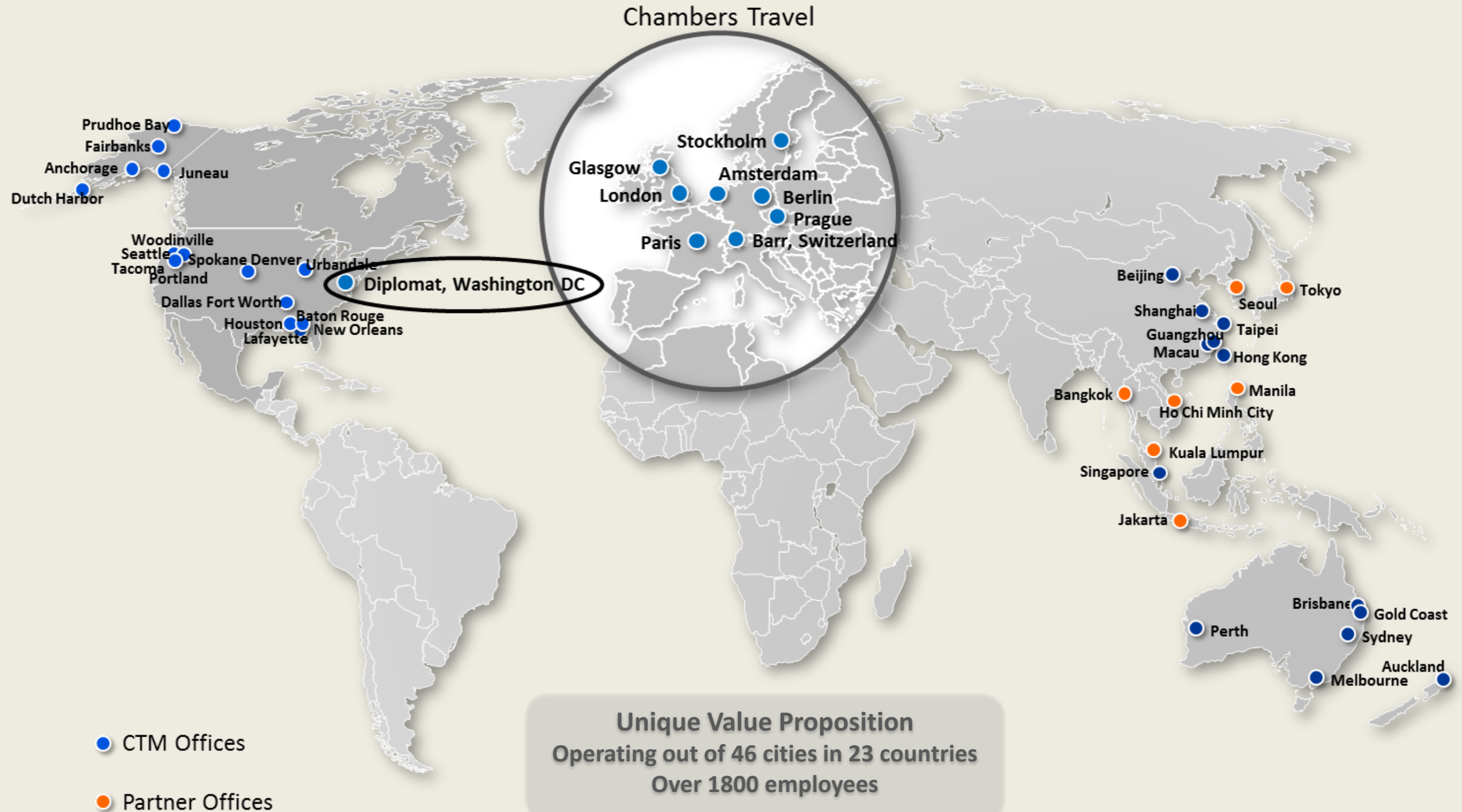
Born and raised In Australia, Denise had the typical Aussie desire to see the world. In the early 1970's she left for a two year exploration that turned into 40 plus years of adventure but, always, with travel as its centerpiece.

Due to her love of travel, Denise joined Mark Moseley Travel in 1983. During her 10 years there she developed a significant leisure and group/ incentive department. Denise ultimately managed the agency.

In 1993 Denise bought Diplomat Travel and two years later purchased Mark Moseley Travel. Her hands on approach from many years as an agent has enhanced her abilities as an owner to apply common sense and detail to the personalised product Diplomat delivers to its clients. She is also a key player in sales and client education on travel in general and the Concur online booking system.

Diplomat has grown from a small, local agency to a key player in the Washington D.C. area and two of every three airline tickets purchased are for international travel. The staff at Diplomat have an average of 28 years retail travel experience and tenure at Diplomat of 15.58 years each. Empowerment and education coupled with opportunity to excel professionally and share in the monetary benefits of superior knowledge, service, and work satisfaction has been her goal at Diplomat.

# CTM Footprint



# Agenda:

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# Merger and Acquisition Discipline

CTM's acquisition strategy has remained consistent across all acquisitions:

- Strong discipline in selection criteria – looking for the “1 in 100”
- Alignment - “Skin in the game” for leaders and/or senior management
- Focus on financial and people due diligence for cultural match
- Robust transition process concentrating on enhancing people, systems and revenue growth
- Focus on EPS accretive acquisitions

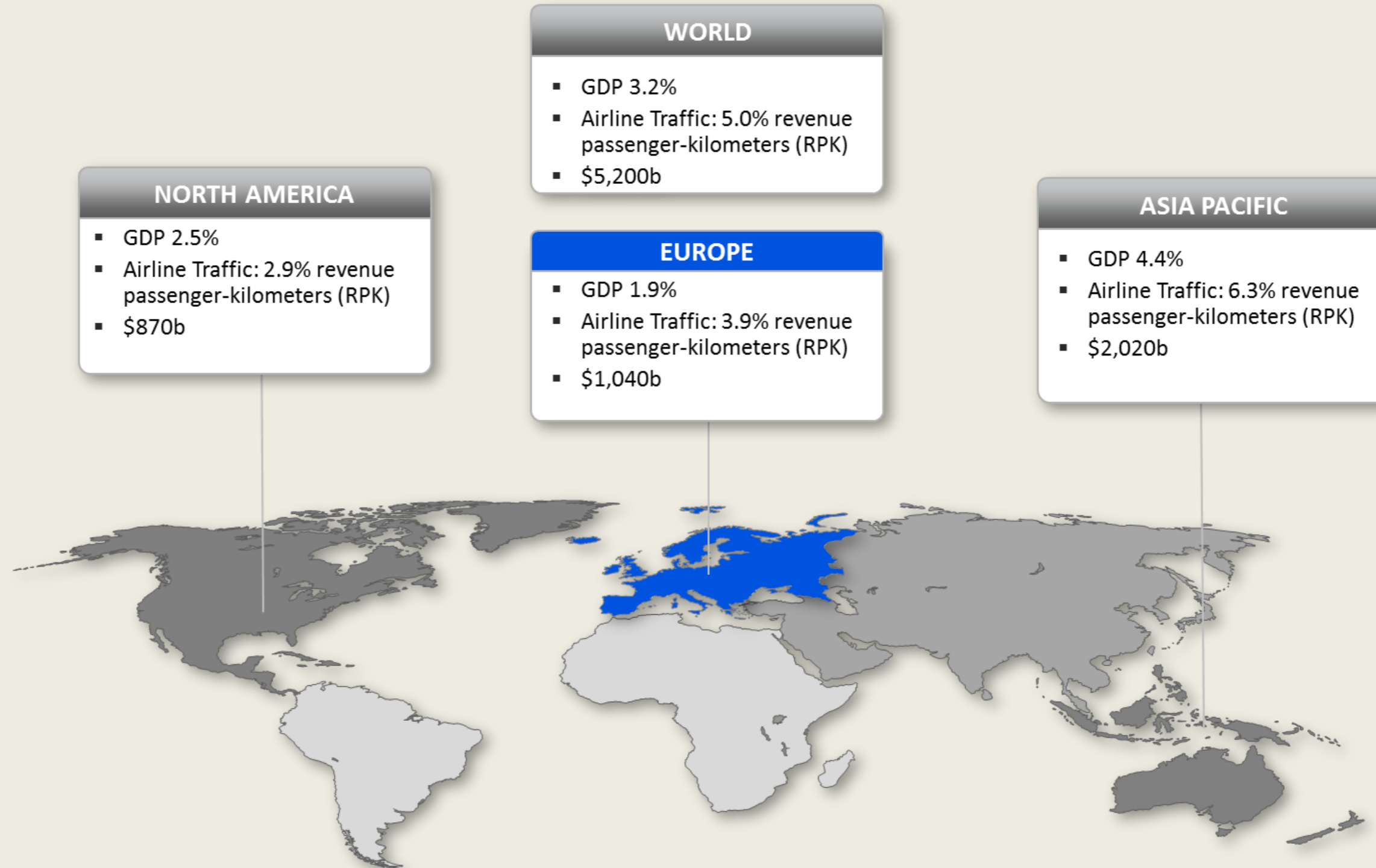


➔ Creates better business acumen and discipline in team for better results

# Strategic Rationale – Chambers Travel

<b>UK/Europe</b>	<ul style="list-style-type: none"><li>• Establishes an immediate and mature scalable presence in eight countries in Europe – the last key region in CTM’s global strategy</li><li>• CTM becomes a genuine global player and can genuinely compete in the global/regional sector, estimated at USD200bn</li><li>• Pan-European solution allows CTM to service clients in 10 European languages</li></ul>
<b>Clients</b>	<ul style="list-style-type: none"><li>• Our clients demand presence in UK and European markets</li><li>• Opportunity to target regional/global based clients in all CTM regions</li><li>• Pool of potential new clients grows significantly</li><li>• CT and CTM have successfully worked together on global bids for a decade, and 60% of CT clients are global clients</li></ul>
<b>Cross-Sell</b>	<ul style="list-style-type: none"><li>• Client cross-service opportunities providing an opportunity for market share and revenue growth in all regions (Asia, ANZ, USA, Europe)</li></ul>
<b>Technology</b>	<ul style="list-style-type: none"><li>• Business improvement opportunities for both groups through sharing of best practice systems and technology innovations</li></ul>
<b>EPS Accretive</b>	<ul style="list-style-type: none"><li>• EPS accretive in FY15 based on 6 months contribution</li></ul>
<b>Key Market</b>	<ul style="list-style-type: none"><li>• UK/Europe, with the USA is a key originating global travel market. Over 50% of large clients in this segment serviced in the USA want to be serviced in UK/Europe and vice versa</li><li>• Significant step up in opportunity</li></ul>
<b>Ownership</b>	<ul style="list-style-type: none"><li>• Principal Chris Thelen and key executives have CTD stock and ‘skin in the game’</li></ul>

# Europe Market Relative Size





## Strategic Alignment – Chambers Travel

	CHAMBERS	CTM
Client service and people focused culture as reflected by high client and staff retention rates	✓	✓
Focus on improving client-facing solutions through in-house developed operating platforms	✓	✓
Industry recognition – multi-award winning travel agency	✓	✓
Proven ability to win global and regional clients in their own right	✓	✓
Growth aspirations in both local, national and regional client segments	✓	✓
Passionate and experienced management team	✓	✓
Ability to network business between both companies	✓	✓
Diversity – no client represents more than 5% profit for each business	✓	✓

# Strategic Rationale – Diplomat Travel

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## USA Scale

- Establishes an immediate and mature presence in the East Coast of the USA, creating coverage in all time zones in the mainland USA
- CTM will now operate out of 18 cities across 8 states

## Clients

- Access to the lucrative Washington DC market place
- Builds upon our strengths and servicing to the Government, NGO and offshore/marine segments

## Expertise

- DT travel staff are highly experienced and passionate towards travel. They bring a high touch proposition to senior executives of large key clients

## Technology

- Business improvement opportunities for both groups through sharing of best practice systems and technology innovations

## EPS Accretive

- EPS accretive in FY15 based on 6 months contribution

## Ownership

- Principal Denise Guida owns CTD stock and 'skin in the game'

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## Proforma FY14 Group Result

	CTM AUD \$m <sup>a</sup>	Chambers <sup>b</sup>	Diplomat <sup>b</sup>	Pro-forma Group Total AUD \$m
TTV (unaudited)	1384.0	212.8	53.9	1650.7
Revenue	110.5	25.7	3.9	140.1
EBITDA (unadjusted)	27.1	3.0	2.6	32.7
EBITDA (underlying)	28.9	3.0	2.6	34.5
NPBT (statutory)	23.0	2.7	2.5	28.2
NPAT (statutory <sup>c</sup> )	17.3	2.2	1.4	20.9

<sup>a</sup> Audited 30 June 2014 Financial statements

<sup>b</sup> Unaudited 12 month results to 30 June 2014

<sup>c</sup> Attributed to equity holders

Footnote: Exchange Rates : Exchange Rates AUD1.00 = GBP 0.54p, USD 0.85c

## Pro Forma Balance Sheet

	CTM <sup>a</sup> AUDm	Chambers <sup>b</sup> AUDm	Diplomat <sup>b</sup> AUDm	Funding	Pro-forma Group Total AUDm
Cash	32.0	7.4	3.4	0.9	43.6
Receivables and other	103.3	12.7	0.0	9.2	125.2
<b>Total Current Assets</b>	<b>135.3</b>	<b>20.1</b>	<b>3.4</b>	<b>10.1</b>	<b>168.8</b>
PP&E	3.4	0.2	-	-	3.6
Intangibles	109.1	-	-	74.0	183.2
<b>Total Assets</b>	<b>247.8</b>	<b>20.3</b>	<b>3.4</b>	<b>84.1</b>	<b>355.6</b>
Payables	94.1	9.6	0.2	-	104.0
Other current	10.9	2.2	1.2	12.0	26.3
<b>Total Current liabilities</b>	<b>105.0</b>	<b>11.9</b>	<b>1.4</b>	<b>-</b>	<b>130.3</b>
Non Current liabilities	9.8	1.0	-	18.8	29.6
<b>Total Liabilities</b>	<b>114.8</b>	<b>12.9</b>	<b>1.4</b>	<b>30.8</b>	<b>159.9</b>
<b>Net Assets</b>	<b>133.0</b>	<b>7.4</b>	<b>2.0</b>	<b>53.3</b>	<b>195.6</b>

<sup>a</sup> Audited 30 June 2014 Financial statements

<sup>b</sup> Unaudited Balance Sheet as at 30 June 2014

Footnote: Exchange Rates AUD1.00 = GBP 0.54p, USD 0.85c

# Trading Update and Guidance

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## Upgraded Guidance:

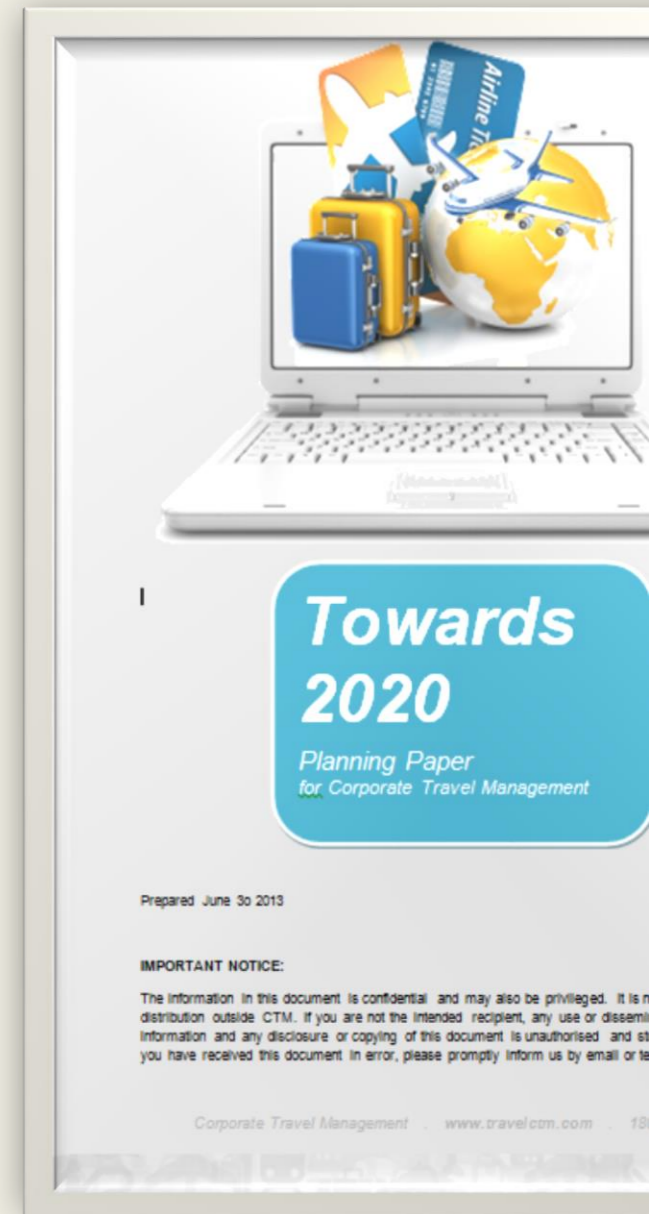
- FY15 underlying EBITDA Guidance **expected to be above \$45.0m** (previous upgrade October 2014 above \$41.0m)
- Assumes six months contribution of \$4.0m from Chambers Travel and Diplomat Travel
- Guidance assumes no economic shocks, continuation of acquisition integration success
- Any future acquisitions will be in addition to this Guidance
- Guidance range will be refined after release of 1H FY15 results in late February 2015.

# Strategy

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## Aspirations:

- ✓ To be in every major region (**ANZ, North America, Asia, Europe**) with potential for emerging markets where suitable
- ✓ Win market share via local client growth in all operations and regions
- ✓ By working with our clients, continuing to develop new technology, client facing solutions and business models that evolve with their changing needs
- ✓ To be renowned as the best travel company in every region in which CTM operates by retaining CTM's highly differentiated service model, high staff engagement and empowerment, underpinned by technology solutions that deliver return on Investment to our clients
- ✓ Target the regional and global client segment via our client friendly multi-regional solution



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# Entitlement Offer Details

## Fully Underwritten Renounceable Entitlement Offer

Entitlement Offer Ratio	2 for 35
Amount Raised	\$45.5 million

## Capital Structure

Current Issued Capital	90,517,621 shares
New Shares Issued	5,172,435 shares
Post Entitlement Offer Capital Structure*	95,690,056 shares

## Offer Price Metrics

Offer Price	\$8.80
TERP**	\$9.78
Offer Price discount to TERP	10.1%

\* Post Entitlement offer and issue of shares as script component of acquisitions will be 96,945,454 (subject to rounding), assuming AUD 1.00=GBP 0.54p, USD 0.85c

\*\* Theoretical ex-rights price

# Offer Timetable

Event	Date
Announcement of the Entitlement Offer	3 December 2014
Mailing of the Entitlement Offer details	4 December 2014
Ex-date and Rights trading commences	5 December 2014
Record Date for Entitlement Offer (7.00pm AEDT)	9 December 2014
Information Booklet and Entitlement & Acceptance Form dispatched	11 December 2014
Entitlement Offer opens	11 December 2014
Rights trading ends (4.00pm AEDT)	15 December 2014
Closing date for acceptances under Entitlement Offer (5.00pm AEDT)	22 December 2014
Company notifies ASX of under subscriptions	29 December 2014
Allotment of New Shares under the Entitlement Offer	31 December 2014
Despatch of holding statements for New Shares issued under the Entitlement Offer	2 January 2015
Normal ASX trading for New Shares issued under the Entitlement Offer commences	2 January 2015

*This timetable is indicative only and subject to change. The Directors may vary these dates, in consultation with the Underwriter, subject to the Listing Rules. The last day for extension of the Closing Date is 17th December 2014. An extension of the Closing Date will delay the anticipated date for issue of the New Shares.*

*The Directors also reserve the right not to proceed with the whole or part of the Entitlement Offer any time prior to issue of the New Shares. In that event, the relevant Application Monies (without interest) will be returned in full to Applicants.*

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# Risks

Acquisition of CT and DT entities	<ul style="list-style-type: none"> <li>• Subject to the satisfaction of limited conditions</li> <li>• Historical liabilities and partial reliance on information provided by vendors</li> <li>• Integration risk and actual results may differ from expectations</li> </ul>
Economic	<ul style="list-style-type: none"> <li>• Specific (corporate and leisure travel), or general</li> </ul>
Information technology	<ul style="list-style-type: none"> <li>• Reliance on non-proprietary IT licences and potential cost increases</li> </ul>
Competition	<ul style="list-style-type: none"> <li>• Growing through internet based travel providers (including UK/Europe)</li> </ul>
Client relationships	<ul style="list-style-type: none"> <li>• Reduced demand or termination by key clients</li> </ul>
Supplier relationships	<ul style="list-style-type: none"> <li>• Loss of key suppliers</li> <li>• Changes to commission rates</li> </ul>
Hostilities, terrorism and other external events	<ul style="list-style-type: none"> <li>• General or specific travel locations</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Ability to retain key staff (including with CT and DT)</li> <li>• Increases in recruitment and remuneration costs</li> </ul>
Future growth	<ul style="list-style-type: none"> <li>• Identification and execution of future merger and acquisition opportunities</li> <li>• Capital and funding requirements</li> <li>• Changes in regulation of travel industry</li> <li>• Post completion integration</li> </ul>
Intellectual property	<ul style="list-style-type: none"> <li>• Ability to develop and protect</li> </ul>
New Jurisdiction	<ul style="list-style-type: none"> <li>• New operating and regulatory environment for CTM in UK/Europe</li> </ul>