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ASX RELEASE

**Corporate Travel Management reports record 1HFY16 profit,
Reaffirms FY2016 profit guidance at top of range**

1HFY16 Results Highlights:

Total Transaction Value (TTV) (unaudited)	\$1,722.7m	Up 54%
Revenue and other income	\$119.7m	Up 43%
Underlying EBITDA¹	\$28.0m*	Up 38%
Underlying NPAT²	\$14.9m*	Up 36%
Statutory NPAT	\$17.3m	Up 75%
Statutory Earnings per share (EPS)	17.8 cents per share	Up 68%
Dividend Payable	9.0 cents fully franked	Up 50%

FY16 Guidance – Underlying EBITDA reiterated at the top end of guidance, at \$68m

* Underlying EBITDA and NPAT is before one-off net revenue items after tax of \$2.4m being acquisition costs of \$0.1m and earn-out consideration write back of \$2.5m. Statutory EBITDA \$30.4m.

¹ EBITDA (Earnings Before Interest Depreciation and Amortisation).

² NPAT (Net Profit After Tax)

Corporate Travel Management (CTM, ASX Code:CTD), today announced its first half-year profit for FY2016.

Managing Director Jamie Pherous said: “We are extremely pleased with the result given the continued tough business conditions. All regions have grown and achieved record profit results. Organic growth represents 73% of total TTV, 54% of revenue and 80% of underlying EBITDA growth during the period. Cash generation from operations was also at record levels.”

“CTM achieved an underlying EBITDA of \$28.0m for the half, representing 38% growth on the previous corresponding period. We achieved EPS growth of 68%, reflecting the success the company is having in growing the business whilst integrating and harmonising acquisitions into the Group.”



Key highlights for the half:

CTM Group overview:

- Strong cash flow position with record cash conversion across the group.
- Top line growth. Approximately \$450m of organic TTV transactional growth for the half. Organic growth represents 73% of total TTV, 54% of revenue and 80% of underlying EBITDA growth during the period. This achievement demonstrates CTM is not dependent on acquisitions to deliver growth.
- CTM is involved in a number of multi-regional tenders across the network which would not have been possible without the growing global coverage.
- CTM now has a presence in 82 cities in 53 countries. Much of the Global footprint is now complete.
- A decline in effective tax rate, the full year to be circa 25%, due to greater profits derived in lower tax jurisdictions (e.g. Asia and UK).
- The Group continues its investment in CTM's SMART client-facing technology, strengthening CTM's client-facing tools and value proposition. This technology is being progressively rolled out to CTM's clients across the globe.
- We continue to leverage our technology suite, creating new segments and growth areas for the group.
- Continued high client satisfaction and staff engagement from internal and external surveys.
- CTM continues its acquisition integration success. All acquisitions are contributing positively to the Group, demonstrating our ability and focus to integrate newly acquired businesses and grow market share utilising CTM's proven systems and processes.
- A seamless transition of Montrose Travel, who became part of the group 1 January 2016.

Regional highlights:

ANZ Region:

- 12% EBITDA growth for the half.
- Delivered organic growth despite decline in client activity and CTM client specific slowdowns relating to oil and gas, mining.
- Record EBITDA margin achieved due to scalability and continued productivity improvements.
- ANZ has won a record value of new clients in the half and remains well positioned for FY17 and a recovery in corporate activity



Asia:

- 87% TTV Growth, primarily through wholesale and corporate growth.
- Whilst revenue grew by 33%, EBITDA has grown by 67%, driven by internal automation, scale and leveraging the customer technology suite.

“The growth in our more established markets of ANZ and Asia was very satisfying given the tough reported economic conditions throughout these regions. Most pleasing was the combined organic growth through new clients wins, translating into record EBITDA margins by leveraging scalability and internal automation to better service our clients. This occurred despite a slight reduction in revenue margins due to winning larger clients and greater on-line adoption. This is a testament to the CTM business model, and is a precursor for the longer term upsides we can aspire to achieve in North America and Europe. As these new markets mature over time they can enjoy the benefits that come with scale by applying the CTM business acumen, particularly around winning market share.”

Europe:

- 29% TTV growth resulting in a record TTV for the region, underpinned by new client wins. Europe has been instrumental in leading new global business across the group.
- Continued focus upon building a sustainable organisational structure that supports long term growth.
- Early signs of productivity gains in CY16 through the commencement of internal innovation and automation process.
- Expect stronger second half due to new business momentum and seasonality.
- Expect full year performance to be in line with expectations.

North America:

- Key focus upon completing integration across the business, in order to create a scalable platform for above market sustainable growth over the long term.
- Encouraging key outcomes into CY16; significantly larger sales pipelines, improved supplier contracts and leveraging scale across the business. None of these outcomes could occur without our focus upon integration.
- TTV up 20% of which approximately 7.5% was organic despite an annualised \$45m decline in client base related directly and indirectly to Oil and Gas.
- Expect a stronger second half, but well positioned to leverage the scale of the business as we grow closer to TTV\$1bn+.
- Acquired Montrose Travel, California on 1 January 2016. Montrose did not contribute to the first half results but we expect an AUD\$4m EBITDA contribution in the second half of the year.

The CTM Board has declared an interim fully franked dividend of 9.0 cents per share, to be paid on 8th April 2016 to shareholders on the register at 8th March 2016.



corporate travel management

Mr Pherous reinforced the strategy for the remainder of FY16 is to continue to focus upon the five core strategies outlined at the AGM in October 2015:

- Focus upon winning market share by combining “local” client service and experience with industry leading technology development, to support strong organic growth. Growth strategies apply in every region across local, regional and global segments.
- Continue to innovate our customer technology suite to enhance our value proposition in corporate and create new opportunities in the B2B segments.
- A continuous focus on internal innovation and automation, which is now also rolling out in our European and North American operations.
- Leveraging our scale for the benefit of our clients and shareholders. This is a continuous process that is expected to create incremental gains over time.
- Maintaining a core culture and structure that empowers staff to make agile decisions, and continuously enhance CTM's high client-service standards and staff engagement

FY16 Guidance

CTM has reiterated full year underlying EBITDA Guidance at the top of the range, being \$68m. This represents approximately 67% EBITDA growth compared to FY15.

CTM will be conducting a Webinar at 9am (Sydney time) on Friday 26th February 2016, to discuss the half year results. To participate in the webinar, please follow this link:

[Conference Call/Webinar Details](#)

About CTM

CTM is an award-winning provider of innovative and cost-effective travel management solutions to the corporate market. Its proven business strategy combines personalised service excellence with client-facing technology solutions to deliver a return on investment to clients.

Headquartered in Australia, the company employs over 2,000 FTE staff globally and services clients across 82 cities in 53 countries globally, including owned operations across Australia, Asia, North America, Europe and New Zealand.

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