

Acquisitions helping to build CTM's global footprint:

Redfern Travel, UK Andrew Jones Travel, Australia

Corporate Travel Management

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 more than 2,200 FTE staff globally and services clients in 53 countries.

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Agenda:

- New Strategic Acquisitions
- Strategic Rationale
- Funding Highlights
- Updated Guidance
- Entitlement Offer Detail



The Two Acquisitions

Corporate Travel Management Limited (“CTM” or “the Company”, ASX Code CTD) is pleased to announce two new strategic acquisitions that will be effective 1 February 2017*:

Redfern Travel, UK:

- Redfern is a significant provider of travel services to both the government and corporate sectors in the UK, based in Bradford, northern England.
- Initial consideration is GBP40.0m (AUD69.0m**) representing approximately 4.5x FY17 forecast EBITDA (twelve months ending March 2017), with consideration consisting of approximately 20% CTD stock and 80% cash.
- Maximum total consideration is capped at GBP50.0m (AUD86.2m**), subject to achievement of profit hurdles, and represents an effective 4x FY18 forecast EBITDA multiple.

Andrew Jones Travel, Tasmania:

- Andrew Jones Travel is a major Tasmanian travel business servicing the corporate, government and sporting markets, based in Hobart.
- Total consideration is \$5.625m, which represents approximately a 4.5x FY16 EBITDA, with consideration being \$1.0m CTD stock and \$4.625m cash.

* Subject to limited conditions precedent that are to the benefit of CTM, including obtaining certain consents and no material adverse effects between contract signing and completion.

** Exchange rates AUD1.00= GBP 0.58p.



- Redfern is a leading UK Travel Management Company (TMC), specialising in delivering on-line travel services, through a fully automated and integrated proprietary travel system, headquartered in Bradford, UK.
- Redfern's historical TTV growth is 13% CAGR over the last three years.
- Redfern's key competitive advantage is its proprietary, highly automated, end-to-end integrated system, which is Redfern's compelling asset, as it transacts over 95% of all transactions on-line, creating highly scalable revenue per employee.
- Redfern will bring a highly experienced management team into the CTM family, and they will own CTD stock.
- Redfern's business base is 100% corporate travel, with a high concentration in the UK government sector and low exposure to Brexit affected industries.
- Redfern's forecast TTV for the 12 month period ending March 2017 is approximately GBP310m, with expected EBITDA of GBP9.0m, based on 110 FTE staff.
- Website: www.redfern-travel.com.

Key Management



Mark Bowers brings thirty years travel and business experience to his role as CEO for Redfern Travel, including senior management and Board positions in travel management companies, trade associations and airlines. Mark has steered Redfern through a period of rapid growth for the past 9 years, applying his extensive knowledge and experience in managing service quality and delivery for a variety of corporate clients including government organisations.



Finance Director **Vicki Pollard**, is dynamic and commercially focused, with a record of achievement across a range of disciplines including financial management, business planning and analysis, business improvement, change management, project evaluation and project management. Vicki joined Redfern in 2014, after 7 years at drydensfairfax; a high volume transactional SME operating in a regulated environment supplying Government and FTSE 100 customers.



Business Development Director **Kate Wimpney**, joined Redfern at the end of 2011. Kate currently oversees both the client retention and new business functions at Redfern.



- Andrew Jones Travel (AJT) is recognised as the leading TMC in Tasmania, with over 30 years' experience in this market.
- AJT will bring its long standing leadership team into the CTM family, and Vendors will own CTD stock.
- The Tasmanian corporate market is particularly leveraged to expansion in key environmental industries including aquaculture, food and wine, that are now exporting into the expanding Asian markets.
- AJT also services three of the largest Australian Sporting Bodies and Tasmanian Government departments, which provides CTM with further leverage to grow into these important specialised market segments.
- AJT operates on the same core systems as CTM (reservations, on-line and back office), allowing for a relatively seamless integration and quick synergy opportunities.
- AJT's FY16 full year financials are TTV of \$43m and EBITDA of \$1.25m, based on 43 FTE staff.
- Website: www.ajtravel.com.au

Key Management

Andrew Jones
T R A V E L



Andrew Jones, Founder, commenced work at Thomas Cook Travel in Hobart . At the age of 25 years, he opened Andrew Jones Travel as a sole trader. The business has now grown to be Tasmania's and one of Australia's most successful Travel Agencies, employing over 40 staff and managing the travel of many of Tasmania's most successful businesses, Government Departments and also some of Australia's highest profile sporting organisations.



Nathan Darke, General Manager, started his travel career in 1999 joining Andrew Jones Travel whilst still completing his Advanced Diploma in Travel and Tourism. As the business grew, Nathan assumed the role of General Manager, overseeing the expansion of both the leisure and corporate business, and, subsequently, became a Director at Andrew Jones Travel.

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Strategic Rationale - Redfern Travel (Redfern)

CTM considers Redfern to be a major strategic acquisition because it delivers the following key benefits to the CTM family:

- **Leverage UK/Europe scale:** The Redfern acquisition will create a business unit with consolidated annualised TTV of GBP500m-GBP550m, making CTM a top seven TMC in the UK, and enabling CTM to better leverage buying power and absorb overhead costs.
- **Improve automation and scalability of CTM Europe:** Redfern has proprietary, fully integrated, end-to-end, automated systems that allows Redfern to operate in a highly productive manner, particularly in the significant domestic rail travel sector. CTM can leverage this automated process across the rest of CTM Europe.
- **Accelerate market share growth through new client wins/retention in high volume on-line segment:** Redfern has over 95% of all bookings on-line, which gives CTM Europe greater opportunity to win more market share in the UK, and complements CTM's existing European solutions centre.
- **A specialised niche in Government sector:** Redfern has a major focus on UK government business, with 98% of its government client transactions processed on-line through its core platform, delivering a highly efficient, low cost solution, which complements CTM's already well established full service Government offering in Europe.
- **Low exposure to typical Brexit affected industries:** Redfern has immaterial exposure to finance/property and construction clients, which may have greater exposure to any adverse Brexit impacts.
- **Highly accretive:** The Redfern acquisition price represents a 4.5x EBITDA multiple on forecast FY17 (12 months ending March 2017) earnings in GBP currency. UK corporate tax is currently 20% and is reducing to 17% by FY20.
- **Alignment:** Senior executives will hold CTD stock.

Strategic Rationale – Andrew Jones Travel

CTM's motivation to acquire the Andrew Jones Travel (AJT) business is based on the following key elements:

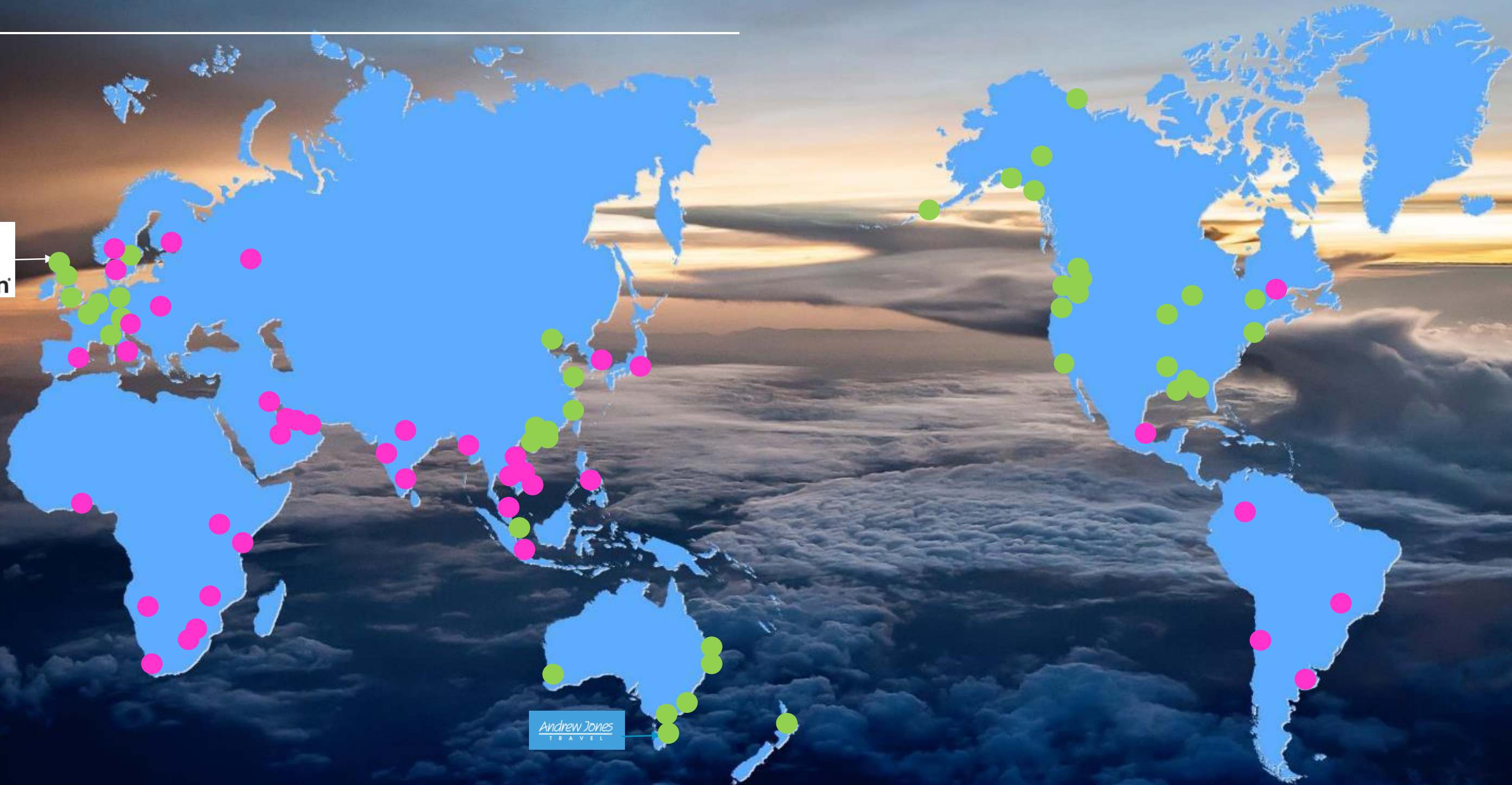
- **Geographic coverage:** AJT is widely regarded as the best TMC in Tasmania, with exposure to the growing industrial market focused on export orientated agribusinesses and will easily integrate into the current Australian CTM network, cementing CTM as the second largest TMC in Australia.
- **Government and Sporting Niche:** In addition to its high profile Tasmanian corporate clients, AJT manages travel for three of the six leading Australian sporting bodies, and Tasmanian Government Departments. CTM considers that it can leverage CTM's technology to expand further into these important travel segments.
- **Operating on the same systems:** AJT and CTM Australia use the same reservation systems, core on-line booking systems and back office systems. Integration is expected to be relatively seamless and synergies are expected to be realised quickly.
- **Highly Accretive:** The AJT acquisition price represents a 4.5x EBITDA multiple on FY16 results, with immediate synergies available to CTM.
- **Alignment:** Senior executives will own CTD stock.

M & A Discipline

In keeping with CTM’s strong M&A discipline, both acquisitions fit its strict criteria:

	Redfern	Andrew Jones Travel
Strong Market Reputation/ Market Leader	✓	✓
Excellent Management Teams with CTD Stock	✓	✓
High Historical Client and Staff Retention	✓	✓
Builds Scale, Geographic Footprint, Build upon Niche	✓	✓
Highly EPS Accretive	✓	✓

CTM Global Footprint



- CTM office
- Partner office

The addressable Global Market size is estimated to be USD1.4 trillion, growing at USD40bn p.a.
CTM represents less than 1% of this market and operates out of 53 countries, employing over 2200 FTE

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Funding Highlights

- The acquisitions of Redfern and AJT will be fully funded through an underwritten 1 for 21 Renounceable Entitlement Offer at \$15.00 per share to raise \$71.085 million.
- The offer price per share reflects a 6.4% discount to the theoretical ex-rights price (TERP) of \$16.03, a discount of 6.7% to the closing price of \$16.08 on Monday 12 December 2016, a discount of 9.9% to the 5 day VWAP* of \$16.65, and a discount of 12.5% to the 10 day VWAP of \$17.15.
- All Non-executive Directors eligible to participate in the Offer of CTM will take up their entitlements in full.
- Founder, and Managing Director, Jamie Pherous, Global COO, Laura Ruffles and Global CFO, Steve Fleming, will participate in the entitlement offer to the extent possible.

*VWAP means Volume Weighted Average Price

Proforma Balance Sheet

	CTM ¹ AUDm	Redfern ² AUDm	Andrew Jones Travel ¹ AUDm	Funding	Pro-forma Group Total AUDm
Cash	81.2		1.8	9.1	92.1
Receivables and other	173.0	40.5	0.8		214.3
Total Current Assets	254.2	40.5	2.6	9.1	306.4
PP&E	5.4	1.2	0.3		9.3
Intangibles	308.1		0.3	83.8	392.2
Total Assets	570.1	41.7	3.2	92.9	707.9
Payables	202.7	34.1	0.6		237.4
Other current liabilities	34.6	1.8	0.3		36.7
Total Current liabilities	237.3	35.9	0.9		274.1
Non Current liabilities	61.2		0.1	17.2	78.6
Total Liabilities	295.5	35.9	1.0	17.2	352.7
Net Assets	271.6	5.8	2.2	75.6	355.2

¹ Audited 30 June 2016 Financial statements

² Unaudited 30 June 2016 Financial statements

Footnote: Exchange Rates AUD1.00 = GBP 0.58p

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Guidance Update

Previous guidance issued at the CTM AGM held on 27th October 2016 reiterated an EBITDA range of \$85m-\$90m for the year ending 30 June 2017.

As a result of both performance to date and the projected impact of these acquisitions, CTM's updated FY17 underlying EBITDA guidance is \$92m-\$97m, representing 33%-41% growth on FY16 EBITDA, noting that:

- Redfern and AJT are expected to contribute approximately \$7.0m for the 5-month period (Feb17 - Jun17).
- On an annualised forecast basis, Redfern and AJT would contribute approximately \$17.0m EBITDA to CTM.

Updated Guidance accounts for CTM's performance year to date and also assumes that:

- Client activity and FX remain steady at current levels.
- Acquisitions and integrations perform as forecast.
- There are no unforeseen major disruptions to the global business travel industry.

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Entitlement Offer Detail

Fully Underwritten Renounceable Entitlement Offer		
Entitlement Offer Ratio	1 for 21	
Amount Raised	\$71.085 million	
Capital Structure		
Current Issued Capital	99,519,478 shares	
New Shares Issued Under Entitlement Offer	4,739,023 shares	
New Shares Issued as Consideration for the Acquisitions	<u>986,208 shares</u>	
Post Entitlement Offer Capital Structure*	105,244,709 shares	
Offer Price Metrics	Share Price	Discount
Offer Price	\$15.00	
TERP**	\$16.03	6.4%
5 Day VWAP***	\$16.65	9.9%
10 Day VWAP***	\$17.15	12.5%

* Subject to rounding and assumes AUD 1.00=GBP 0.58p.

** Theoretical ex-rights price TERP is the theoretical price at which shares should trade immediately after the ex-date for the Entitlement Offer assuming 100% take-up of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which shares trade immediately after the ex-date for the Offer will depend on many factors and may not be equal to the TERP.

*** Volume Weighted Average Price

Key Dates of Offer

Event	Date
Announcement of the Entitlement Offer	Wednesday, 14 December 2016
Mailing of the Entitlement Offer details	Thursday, 15 December 2016
Ex-date and Rights trading commences	Friday, 16 December 2016
Record Date for Entitlement Offer (7.00pm AEDT)	Monday, 19 December 2016
Information Booklet and Entitlement & Acceptance Form dispatched	Thursday, 22 December 2016
Entitlement Offer opens	Thursday, 22 December 2016
Rights trading ends (4.00pm AEDT)	Tuesday, 10 January 2017
Closing date for acceptances under Entitlement Offer (5.00pm AEDT)	Tuesday, 17 January 2017
Company notifies ASX of under subscriptions	Friday, 20 January 2017
Allotment of New Shares under the Entitlement Offer	Tuesday, 24 January 2017
Dispatch of holding statements for New Shares issued under the Entitlement Offer	Wednesday, 25 January 2017
Normal ASX trading for New Shares issued under the Entitlement Offer commences	Wednesday, 25 January 2017

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 Thursday, 12 January 2017. 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.

CTM Corporate and Transaction Risk Profile

Acquisition of Redfern and Andrew Jones Travel	<ul style="list-style-type: none"> • Subject to the satisfaction of limited conditions precedent, including no material adverse changes between contract signing and ownership date (1 Feb17) and obtaining certain consents to the change of control. • Partial reliance on information provided by vendors. • Integration risk and actual results may differ from expectations.
Economic	<ul style="list-style-type: none"> • Specific (corporate and leisure travel), or general.
Information technology	<ul style="list-style-type: none"> • Reliance on proprietary IT licences and potential cost increases.
Competition	<ul style="list-style-type: none"> • Growing through internet based travel providers
Client relationships	<ul style="list-style-type: none"> • Reduced demand or termination by key clients. • Redfern and AJT's client concentration in the government and government related sector.
Supplier relationships	<ul style="list-style-type: none"> • Loss of key suppliers. • Changes to commission rates.
Hostilities, terrorism and other external events	<ul style="list-style-type: none"> • General or specific travel locations.
Employees	<ul style="list-style-type: none"> • Ability to retain key staff . • Increases in recruitment and remuneration costs.
Future growth	<ul style="list-style-type: none"> • Identification and execution of future merger and acquisition opportunities. • Capital and funding requirements. • Changes in regulation of travel industry. • Post completion integration.
Intellectual property	<ul style="list-style-type: none"> • Ability to develop and protect.

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