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ASX RELEASE

Corporate Travel Management reports record 1HFY17 profit,  
Trading at top end of FY2017 profit guidance, or \$97m

**1HFY17 Results Highlights:**

Total Transaction Value (TTV) (unaudited)	\$1,870m	Up 9%
Revenue and other income	\$150.5m	Up 26%
Statutory NPAT	\$22.1m	Up 28%
Statutory EPS <sup>3</sup> , cents basic	22.1 cents per share	Up 24%
Underlying EBITDA <sup>1</sup>	\$40.4m*	Up 45%
Underlying NPAT <sup>2</sup> , excluding acquisition ammortisation	\$27.3m**	Up 55%
Underlying EPS, cents basic	27.3** cents per share	Up 51%
Dividend Payable	12.0 cents fully franked	Up 33%

FY17 Guidance – Trading at top end of underlying EBITDA guidance, or \$97m

\* Underlying EBITDA is before one-off net revenue items and acquisition costs. Statutory EBITDA \$40.1m.

\*\* Underlying NPAT and Underlying EPS excludes non-cash amortisation relating to acquisition accounting

<sup>1</sup> EBITDA (Earnings Before Interest Depreciation and Amortisation). EBITDA is not an IFRS measurement.

<sup>2</sup> NPAT (Net Profit After Tax)

<sup>3</sup> EPS (Earnings Per Share)

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

Managing Director Jamie Pherous said: “Strong organic growth underpinned CTM’s EBITDA performance, with underlying organic profit growth up 29% for the period when excluding acquisitions.

CTM is winning market share in all jurisdictions because of CTM SMART technology and CTM’s global network, whilst CTM’s extremely high client retention rates are primarily through delivering high standards of personalised service and demonstrating ROI.

TTV can be a misleading indicator in CTM’s business, as TTV for the half was affected significantly by steep ticket price declines, especially Asia, and negative FX movements to the Australian dollar. What is particularly pleasing is that despite these impacts, CTM’s business model continues to provide earnings certainty. We have said all along that transactional volume growth, not ticket prices is the driver of revenue at CTM. Lowering ticket prices is an excellent outcome for our clients that we proactively position.

Because CTM is winning market share, transaction volumes rose significantly, which is reflected in the 26% gain in revenues. The excellent revenue translation to EBITDA (+45%) is a function of continued automation and seamless integration between our client and internal tools that enable CTM to better service, and add greater value to our clients.

Cash generation from operations continued at record levels.”

“CTM achieved an underlying EBITDA of \$40.4m for the half, representing 45% growth on the previous corresponding period. CTM achieved underlying EPS growth of 51% (excluding amortisation from acquisition accounting), 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.
- Record client wins across all regions including Loyalty.
- Successfully building a global business. CTM's top two regions in percentage growth being in the world's largest developed markets of North America and Europe, with North America now the largest contributor in both revenue and profit to the Group.
- CTM now has a presence in 82 cities in 53 countries. The global footprint in primary markets is now complete. Over 65% of profits are derived offshore and this is expected to increase over time.
- The Group continues its investment in, and rollout of CTM's SMART client-facing technology, strengthening CTM's client-facing tools and value proposition across the globe.
- SMART technology is now available to clients globally.
- CTM continues 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, with all acquisitions contributing positively to the Group, demonstrating management's ability and focus to integrate newly acquired businesses and grow market share utilising CTM's proven systems and processes.

Regional highlights:

ANZ Region:

- 23% EBITDA growth for the half, primarily from record new client wins utilising CTMs SMART technology.
- Record EBITDA margin achieved due to increasing scale and continued productivity improvements.
- ANZ remains well positioned for CY17 and remains highly leveraged to economic recovery.
- Acquired Andrew Jones (AJT) Travel 1 February, 201, with the AJT acquisition contribution in 2H, not expected to be material.

#### Asia:

- Underlying EBITDA down 14% on the p.c.p., however when including gain on business disposal and the impact of constant currency, EBITDA is flat on the p.c.p.
- CTM previously flagged Chinese oversupply drove Asian ticket prices down approximately 16%, which had a direct negative impact on supplier revenues, specific to CTM's wholesale business.
- Underlying business performed well with transactions up approximately 10%, and productivity gains led to sound profit outcome in a challenging half.
- CTM took the opportunity to sell and close non-core legacy businesses to focus on strategic areas of corporate, B2B, B2C, utilising technology solutions, and booked a \$0.9m gain on disposal on package business, which is excluded from underlying EBITDA.

#### Europe:

- Underlying EBITDA up 41% despite significant GBP/AUD depreciation, and on a constant currency basis, EBITDA was up 78%.
- This result was underpinned by new client wins, with Europe continuing to be instrumental in leading new global business across the Group.
- Excellent EBITDA margin improvement a function of internal productivity gains.
- Management expects a stronger second half due to new business momentum and seasonality.
- CTM acquired Redfern Travel on 1 February, 2017, which will add a 5 month contribution in 2H, noting Redfern made no contribution in 1HFY17.
- Redfern brings scale and an excellent cultural fit, and both Management teams are already working closely together to maximise opportunities.
- CTM expects to be 6th biggest TMC in the U.K. on a pro-forma basis, and a strategically important geography for CTM moving forward.

#### North America:

- Underlying EBITDA up 254% for the half, with underlying organic growth representing 54% on the p.c.p., which is an excellent half given currency depreciation.
- CTM is building a highly competent management team that is executing on all fronts; winning market share, productivity, scale, M&A execution, integration and Loyalty growth.
- Continued client wins expected to translate into a strong full year result.
- North America is now CTM's biggest profit contributor to the Group, and remains highly leveraged to a USA led economic recovery.

The CTM Board has declared an interim fully franked dividend of 12.0 cents per share, to be paid on 12 April 2017 to shareholders on the register at 9 March 2017.

Mr Pherous reinforced CTM's overall direction for the remainder of FY17 is to continue to focus upon its five core strategies outlined at the AGM in October 2016:

- 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 and B2C segments.
- A continuous focus on internal innovation and automation.
- Leveraging CTM's scale for the benefit of our clients and shareholders, which 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

#### FY17 Guidance

- CTM's original guidance was underlying EBITDA of \$85-92m.
- Post Redfern and Andrew Jones Travel acquisitions effective 1st February 2017, underlying EBITDA guidance was adjusted up \$7m to be in the range of \$92-\$97m, to account for the 5 month acquisition contribution to 2HFY17.
- CTM continues to win market share at an accelerating rate into 2HFY17.
- Expecting strong 2H and good momentum into FY18.

**As a result, CTM advises it is trading at the top end of underlying EBITDA guidance of \$97.0m for FY17, (+40.6% on the p.c.p.)**

The key assumptions used in the preparation of this revised guidance are:

- AUD does not materially strengthen further against USD, GBP;
- Smooth transition of the new acquisitions in Europe and ANZ regions; and
- Any future M&A will be in addition to the above guidance.

*CTM will be conducting a Webinar at 9:30am (Sydney time) on Friday 24th February 2017, 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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