

corporate travel management

travel**ctm**.com

Annual General Meeting

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JAMIE PHEROUS, MANAGING DIRECTOR



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CTM Profile

What we do:

BNE

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Professional corporate travel services provider since 1994.

Core value proposition:

- **Personalised service model**
- **Best in market technology**
- **Client benefit measured by ROI**
 - 616 FTE staff (448-ANZ, 168-USA)

AKI

- Approx. 1000 clients, including multi-national and large private companies
- Diversification, no client represents more than 4% of EBITDA
- USA enormous market estimated over \$240b+, CTM is growing rapidly operating in 6 cities
- Australia Corporate market share estimated circa 9.5%





Execution of FY13 Initiatives

		CLIENT WIN AND RETAIN				
			GOAL		RESULT	
					Significant client wins and retention across Group	
		Cross-sell across ctm cour and brands	countries 16 clients cross-sold across ctm gro		sold across ctm group	р
+		SME offering		1 New Account e	every week	
AC	CQUISITION			1		
GOAL		RESULT			GOAL	
Complete R&A Travel acquisition	-	ganic and profit growth like" profit up 96%)		Strategy		
Continue to explore future acquisitions	USA expa	nsion Travelcorp May13		FY13	Productivity project	H
				•		

STAFF AND CLIENT SATISFACTION				
GOAL	RESULT			
Survey results linked to business plan	Client satisfaction 98% Staff engagement 89%			
Awards for excellence FY13	ctm Best Corporate agency (8 of 10 yrs) etm Best Event agency (3 of 3 yrs)			





REVENUE PER FTE

RESULT

Higher ANZ EBITDA margin without compromising high client service



Group Result

 \checkmark

- Underlying EBITDA up 20% on p.c.p
- Organic EBITDA 'like for like' ANZ up 10.3%, USA up 96% on p.c.p.
- Improved EBITDA margins across theGroup due to execution of key drivers.ANZ FY13 28.3% , FY12 26.7%
- The improved EBITDA margin has not
 flowed through to NPAT line due to higher
 interest expense (\$800K) and higher
 amortization (\$700K) charge increases
 largely resulting from M&A activity
- Full year dividend up 16.7% to 10.5 cents fully franked.(6.5c payable Oct13)

 ^ Underlying excludes \$1m one-off acquisition costs FY13 and \$500k fair value accounting credit on acquisitions FY12
 # revenue excludes interest income

TTV \$m 883.8 (unaudited) Revenue \$m# 78.8 EBITDA \$m 20.0 (unadjusted) EBITDA \$m 21.0 (underlying)[^] NPAT \$m 12.4 (statutory) NPAT \$m 13.1 (underlying)[^] Dividend **10.5 cents** Underlying 17.3 cents EPS

FY2013

FY2012	Change on PCP (%)	
681.3	+29.7%	
65.3	+21%	
17.9	+12%	
17.5	+20.0%	
11.8	+5%	
11.3	+16%	
9 cents	+16.7%	
15.6 cents	+11%	

Key Financial Indicators ANZ and USA

- Maintenance of ANZ yield, despite economic • softening and domestic price war amongst airlines
- Increase ANZ EBITDA margin through productivity ۲ gains and leveraging support costs
- USA EBITDA margin improvement through ulletimplementation of CTM business systems and disciplines
- US is an enormous market (\$240b+) and CTM is ulletgrowing rapidly

\$AUD	AUS/NZ		USA	
	2013	2012	2013	2012^
TTV	718.5m	681.3m	165.3m	110.0m
Revenue	68.1m	65.6m	10.7m	6.6m
Yield % of TTV	9.5%	9.6%	6.5%	6.0%
EBITDA*	19.3m	17.5m	1.7m	0.7m #
% of Revenue	28.3%	26.7%	15.6%	10.6%
*Underlying ^ R &A Travel P&L pre-acquisition # includes CTM senior manager in prior year cost base for comparative purposes				



USA Case Study R&A Travel – Organic Growth and Margins

FY13 - Execution of M&A Objectives:

•	Significant Organic Growth – cross-sell/sales rigour	AUD \$'000	FY12
•	Increased profitability - CTM's business systems and disciplines		
	Retained key staff and clients	TTV	
	2H continued improvement in margin - strong momentum for FY14	(unaudited)	\$11
F١	(14- Continued Organic Growth and Margins:		_
	Combined USA business (inc Travelcorp USA) TTV\$300m+ on run rates	EBITDA	0.7
	Focus upon M&A transition discipline		_
	Expectations of continued organic growth:	EBITDA	0.6
	Larger sales team spread across 6 cities	Margin on TTV	
	Building value proposition and cross-sell strategy	*Includes CTM Senior Mana	ger in pri
•	Expect continued improvement in EBITDA margins		

- Scale to deliver stronger buying power, better leverage of support costs and synergies (CY14)
- Building acumen across broader management team

2- R&A	FY13- R&A	2HFY13- R&A	
L0.0m	\$149.0m (+35%)	\$89.0m	
73m*	\$1.5m (+100%)	\$1.2m	
66%	1.01%	1.35%	

or year cost base for comparative purposes

Travelcorp USA

- Acquired Travelcorp May 2013, FY12 TTV USD120m NPBT USD1.9m •
- Travelcorp operates in 6 cities in Texas and Louisiana with 80 staff

Strategic rationale:

- Strategic Alignment Travelcorp meets CTM's strict acquisition criteria •
- Geographic Strategy Texas and Louisiana are high growth regions that prefer local service solutions ullet
- Scale Travelcorp will add to CTM's US buying power, leverage our support service skills and client facing solutions in North America

Focus next 6 months:

- Focus on staff and client retention
- Leverage buying power, and any systems or process that adds value to clients and staff ۲
- Trading to expectations

travelcorp ctm

FY14 Initiatives

	CLIENT WIN AND RETAIN			
	Strategic goals			
	Enhance client service and experience through technology development			
	SME expansion due to FY13 success			
	Cross-sell brands and countries			
	Allure- high-end leisure brand (Aust/USA)			
	Sales team expansion (Aust /USA)			
	Continual enhancement of ROI through BI tool in all ctm countries			
	▲			
ACQUISITION				
trategic goals	Vision			
rganic and profi	t growth			
uisition (USA)	FY14 STRATEGY Extend production			
ional EPS accret	tive acquisitions in Enhance client			

Leverage USA scale for organic and profit growth Bed down Travelcorp acquisition (USA) Continue to look at additional EPS accretive acquisitions in line with 5 year plan

Strategic goals
Continued high client service
Continued staff or goggement

Continued staff engagement

Feedback to innovation process for continuous improvement



REVENUE PER FTE

Strategic goals

ity project to USA

ervice & eliminate non productive workflow

Enhance client service and experience



FY14 Technology

FY14 presents continued investment in client-facing CTM Technology.

- CTM Business Intelligence global rollout.
- Portal X 'Next Gen' *the technology centrepiece*.
- Hotel Reviews agnostic and exclusive to CTM.
- Taxi Share *tapping into the untapped*.
- Risk Alerts enhanced duty of care.
- Traveller Mapping *interactive and visual*.
- Pre-Trip Approval Customised & dynamic.
- Fare Forecaster *Reducing booking times.*
- Bed Tracker Boosting travel insight & reducing cost.





Trading Update and Guidance

FY14 guidance 15% - 20% underlying EBITDA growth on p.c.p. (circa \$24m-\$25m EBITDA)

- Subject to no further erosion in the broader economy •
- Currently trading at top end of EBITDA range •
- Any future acquisitions will be in addition to the guidance •



September Quarter Trading Update

- Group TTV for Q1 of **\$266.3m**, up 19% •
- ANZ Q1 record new client wins. Majority commence trading Q2/Q3 •
 - Continue to build market share •
 - Remain well placed to leverage from economic recovery •
 - Underlying ANZ growth impacted by: •
 - Year on year fall in average ticket prices ٠
 - Continuation of softer client activity from Q4 FY13 (still to see ٠ momentum post election)
- USA performing well with strong new client wins.
 - Travelcorp transition going to plan. •

5 Year Plan

Aspirations:

- 5 year forward planning for ANZ, to ensure it continues to be a "fortress" of continued growth and high profitability that underpins global expansion strategy
- To be in every major region (Asia, Europe, North America, ANZ) with potential for emerging markets where suitable
- To organically grow in all operations and win regional and global clients via a client friendly multi-regional solution
- 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 TMC in every region we operate by retaining CTM's highly differentiated service model and high staff engagement, underpinned by technology solutions that add client value
- To ultimately be a truly global company where substantial profit is derived off-shore



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