



# corporate travel management

*travel**ctm**.com*

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# Agenda

- Group Performance Highlights
- Financial Performance
- Acquisition Update
- Brand and Product Innovation
- Key Initiatives
- Looking Forward



# Group Results

	FY2012	FY2011	Change on PCP (%)
TTV \$m (unaudited)	681.300	502.341	+36%
Revenue \$m	65.277	46.465	+40%
EBITDA \$m (unadjusted)	17.966	12.331	+46%
EBITDA \$m (underlying)^	17.513	12.661*	+38%
NPAT \$m (statutory)	11.798	8.268	+43%
NPAT \$m (underlying)^	11.333	8.560	+32%
Dividend	9 cents	5 cents	+80%
EPS	16.3 cents	13.5 cents	+21%
ROE	40%	32%	+25%

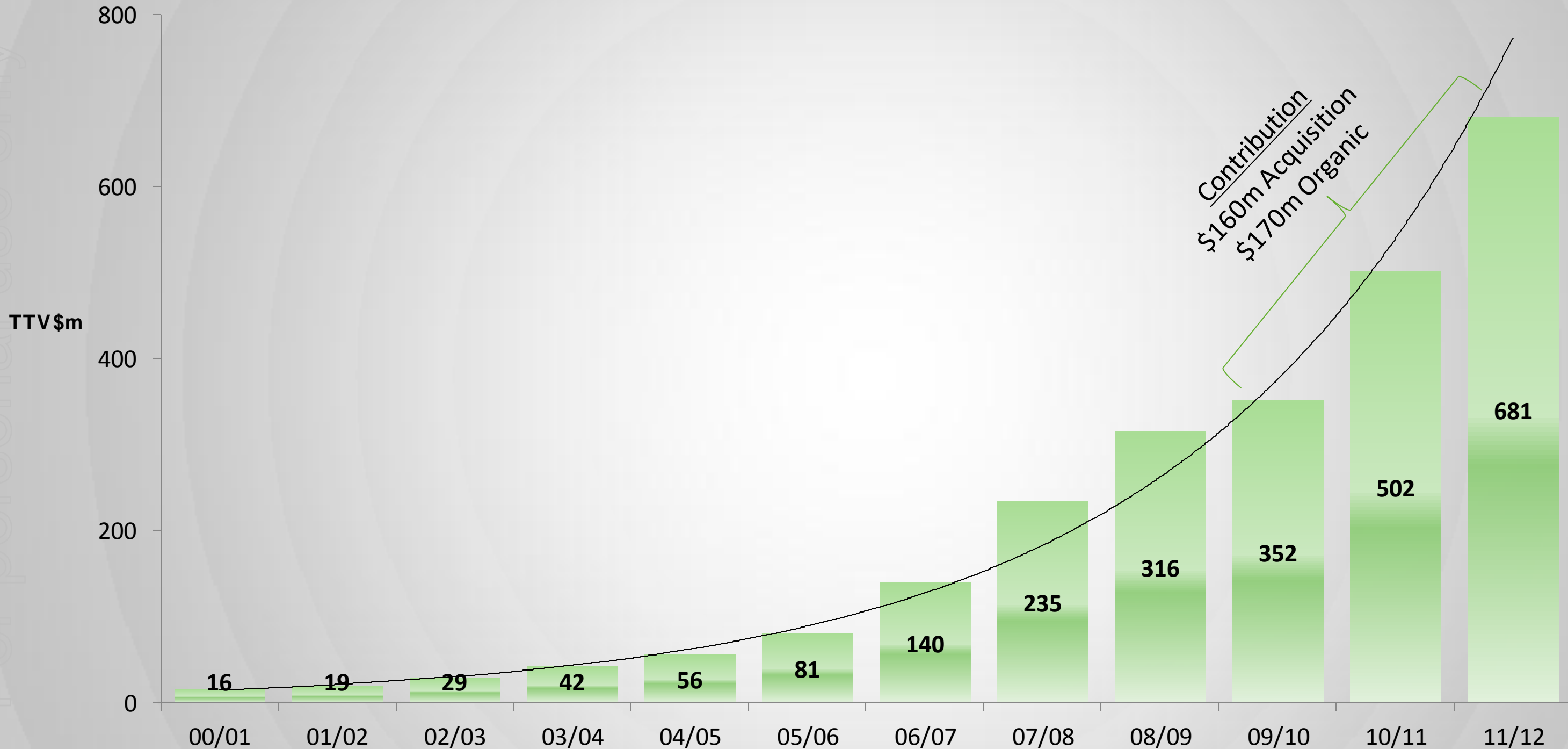
- ✓ EBITDA up 38% on p.c.p
- ✓ EBITDA margins consistent
- ✓ TTV up 36% converted to a 40% increase in revenue
- ✓ Underlying NPAT up 32% (higher amortisation/depn from acquisitions)
- ✓ Full year dividend up 80% to 9 cents fully franked.(6c payable Oct12)

^ underlying excludes one-off acquisition costs & fair value accounting on acquisitions

\* Restated with interest below EBITDA line



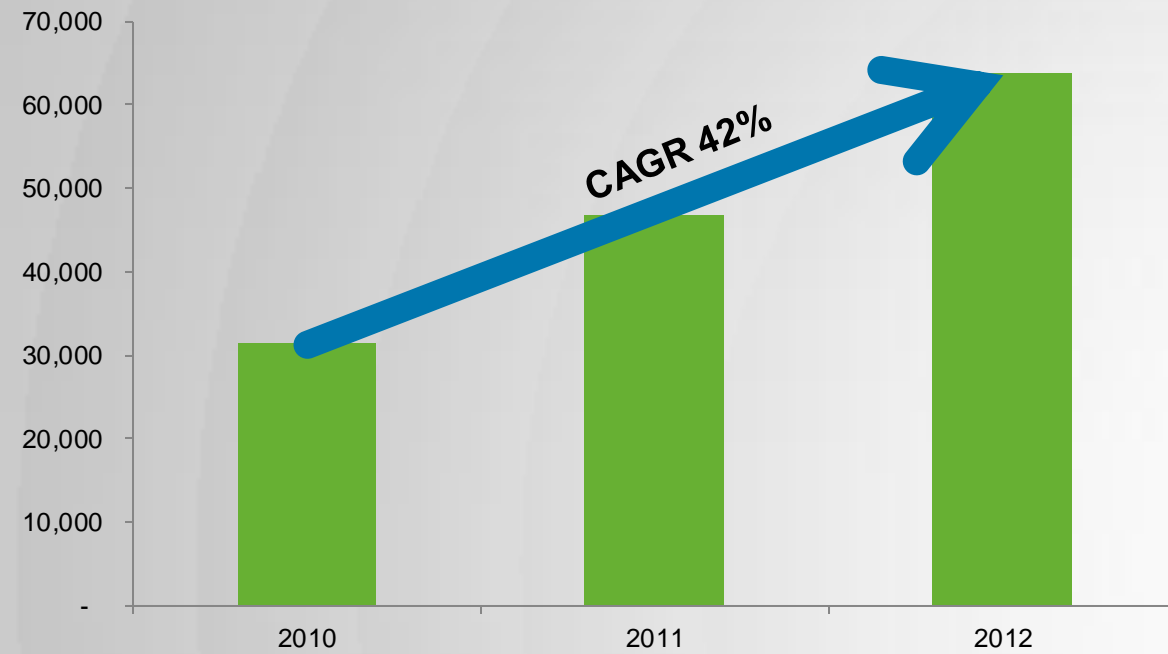
# 12 Years of Outperforming Sales Growth



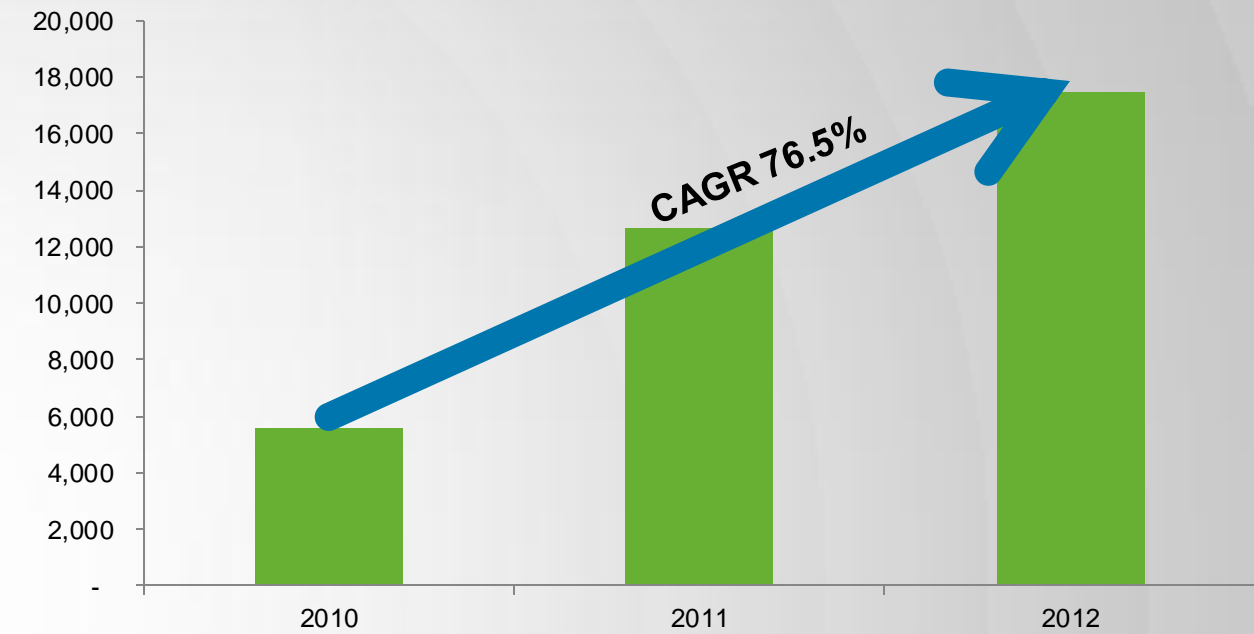
- Growth in every year of operation, even throughout the GFC
- Last six years compound growth rate: 40%+ per annum

# Lead Indicators since IPO Dec'10

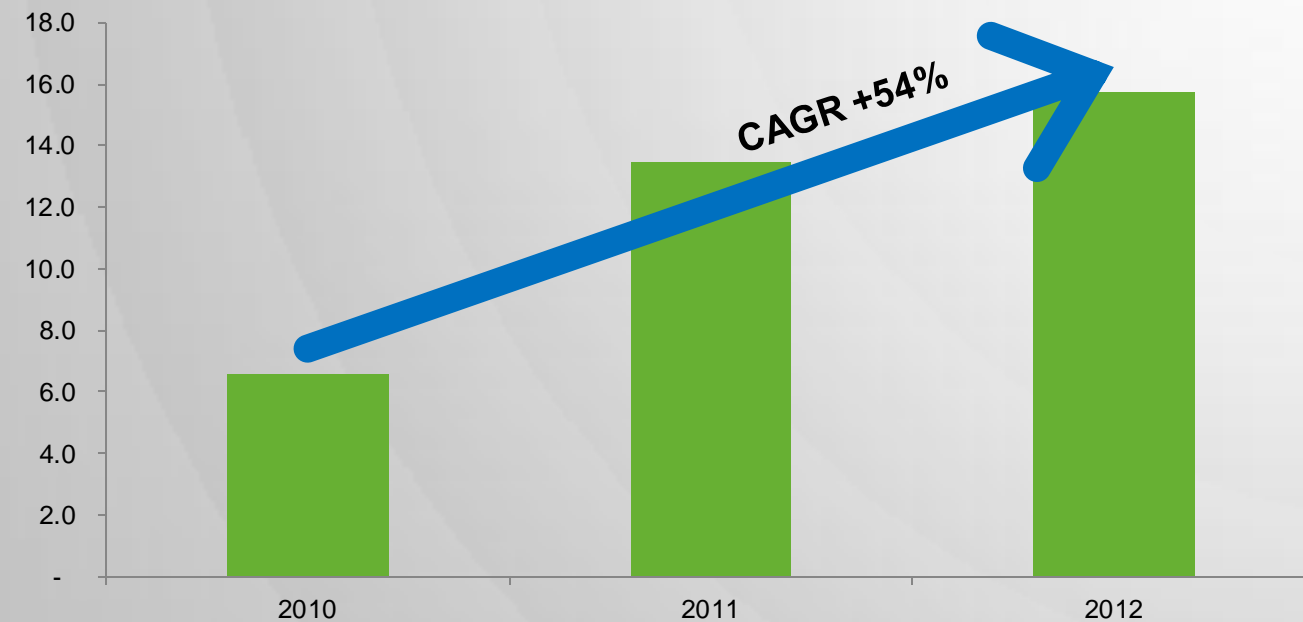
Revenue \$'000



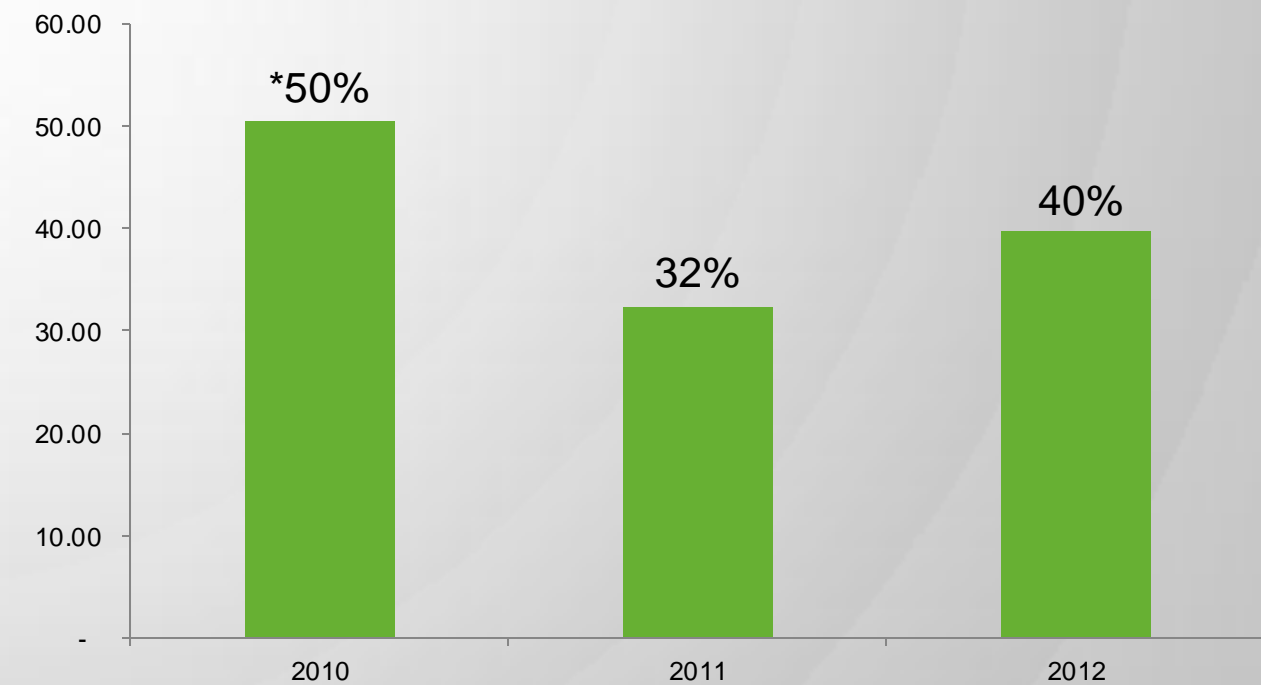
EBITDA \$'000



EPS



ROE



\* In FY2010 CTM was a private company for 5.5 months

# Group Performance – 2HFY12 Highlights

## Financial

- 2HFY12 underlying EBITDA \$10.2m v 1HFY12 \$7.3m
- Skewed to 2H due to supplier payments/new clients

## Growth

- Record new client wins combined with strong retention
- Winning market share from a mix of Global TMC's and boutique operators
- Successful M&A contribution from etm

## Profit Contribution

- Profitability sustained despite large investment in client facing technologies and internal productivity initiatives
- Expect returns in FY13

## Economic Activity

- Experienced softening in client activity in 2HFY12
- Activity has since steadied

# CTM Profile

## Who We Are

Professional Services provider of Corporate Travel with focus on:

- Personalised Service
- Innovative Technology that adds value
- Underpinned by demonstrated ROI to client
- Established 18 years
- Offices in Sydney, Melbourne, Brisbane, Gold Coast, Perth, New Zealand, USA (July12)
- 590 FTE staff including USA
- \*9% Australian market share
- Approx. 900 clients including 15 ASX100 companies
- No client represents more than 4% EBITDA

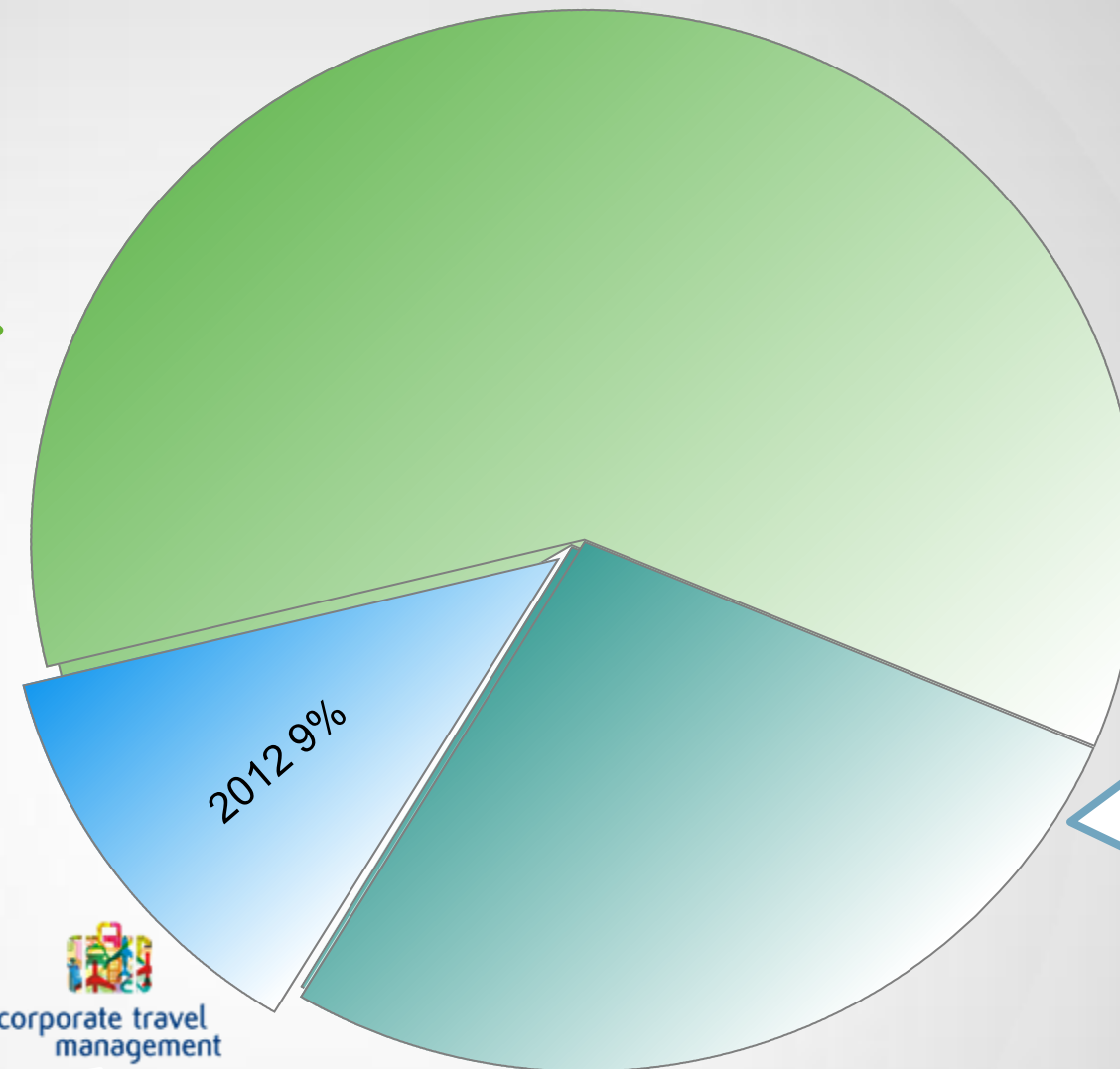
\* Estimate on total market size.



# Winning Market Share

## Global TMCs

- Call centre mentality
- Reactive. Harder to tailor to client needs (no local decision making)
- Technology not always market compatible
- **Scalable with growth?**
- **High expertise in strategy delivery and client cost saving initiatives**



## Boutique TMCs

- **Highly personalised service**
- **Adaptable to client needs**
- Technology = major barrier
- Low scalability/difficult to grow with quality control.
- Low expertise in strategy, delivery

## Corporate Travel Management

- Highly personalised service
- Adaptable to client needs through local ownership and decision making
  - Innovative technology suited to Australia, NZ and U.S. market
  - Scalable with growth
- High expertise in strategy delivery and client cost saving initiatives (ROI)

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# Comparative Statutory FY12 Profit and Loss

	June 2012 \$'000	% of Income	June 2011 \$'000	% of Income
TTV (unaudited)	681,300		502,341	
Travel & Other Revenue	65,277		46,965	
Yield % of TTV	9.6%		9.2%	
Other Income	683		-	
Operating Expenses	(47,994)	72%	(33,803)	73%
Other Expenses	-		(331)	
<b>EBITDA</b>	<b>17,966</b>	<b>28%</b>	<b>12,331</b>	<b>27%</b>
Depreciation	(1,056)		(648)	
Amortisation	(344)		(209)	
EBIT	16,566		11,474	
Net interest income/expense	214		201	
<b>NPBT</b>	<b>16,780</b>	<b>26%</b>	<b>11,675</b>	<b>25%</b>
Tax	(4,982)		(3,407)	
<b>NPAT statutory</b>	<b>11,798</b>	<b>18%</b>	<b>8,268</b>	<b>18%</b>
<b>Reconciliation to underlying NPAT:</b>				
Business combination accounting adjustment re etm acquisition	(683)			
Business combination accounting adjustment re Travelcorp acquisition			199	
One off acquisition costs	218			
After tax share issues costs			92	
<b>NPAT Underlying</b>	<b>11,333</b>		<b>8,559</b>	<b>18%</b>

# Balance Sheet Summary (\$m)

- Minimal debt
- Intangibles largely goodwill on acquisitions
- Net tangible assets of \$10.3m, up \$1.1m
- Receivables and payables are higher due to:
  - Increased size of business
  - Larger supplier payments due post year end

	As at 30 June 2012 \$m	As at 30 June 2011 \$m
Cash	12.2	15.7
Receivables and other	26.1	12.7
Total current assets	38.3	28.4
PP&E	2.6	1.3
Intangibles	42.7	29.0
<b>Total assets</b>	<b>83.6</b>	<b>58.7</b>
Payables	22.9	15.7
Other current	4.8	3.2
Total current liabilities	27.7	18.9
Non current liabilities	2.9	1.6
<b>Total liabilities</b>	<b>30.6</b>	<b>20.5</b>
<b>Net assets</b>	<b>53.0</b>	<b>38.2</b>



# Cash Flow Summary (\$m)

	12 months to Jun 2012	12 months to Jun 2011
EBITDA	<b>18.0</b>	<b>12.4</b>
Change in working capital	(7.5)	(0.3)
Income tax paid	(3.0)	0.1
<b>Cash flows from operating activities</b>	<b>7.5</b>	<b>12.2</b>
Capital expenditure	(2.8)	(0.6)
Other investing cash flows	(9.5)	(10.8)
<b>Cash flow from investing activities</b>	<b>(12.3)</b>	<b>(11.4)</b>
New equity/borrowing	6.7	18.5
Dividends paid	(5.8)	(0.8)
Net repayment of borrowings	(0.4)	(4.6)
<b>Cash flow from financing activities</b>	<b>1.3</b>	<b>13.1</b>
Net increase/(decrease) in cash	(3.5)	13.9

- Operating cash flow impacted by tax payments and larger supplier payment accruals (timing issue)
- Growing TTV means larger supplier payment accruals (-ve W.C.)
- Other investment cash flows relate to etm acquisition and USA deposit. A further \$9.0m to be paid post year end by 31 August
- Final dividend for FY12 of 6 cents per share payable October 2012 (fully franked)
- Higher capital expenditure due to further product investment, fit-out of new Melbourne office
- 2013 similar capex investment. (circa \$2.5-\$3.0m)



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# etm Update

- Another successful acquisition
- Integration complete and transacted settled
- Strong performance by Events (MICE) including cross-sell into CTM accounts
- etm awarded Best Events Company 2012 AFTA Awards



# USA Update

- **100%** - staff and client retention
- **Transition on track** – business plan agreed
- Committed a senior CTM manager to USA
- **Encouraged** by early opportunities:
  - Won more business in 1<sup>st</sup> two months than any previous full year
  - Cross-sell – Australian-based accounts which have significant travel spend originating from the USA
  - Alignment - 9 key management engaged, all hold CTM shares
- Other North American acquisition opportunities being explored using CTM's same acquisition discipline and selection criteria

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# Brand Innovation



- Unique offering tailored for industry nuances



# Product Innovation

## Business Intelligence Reporting

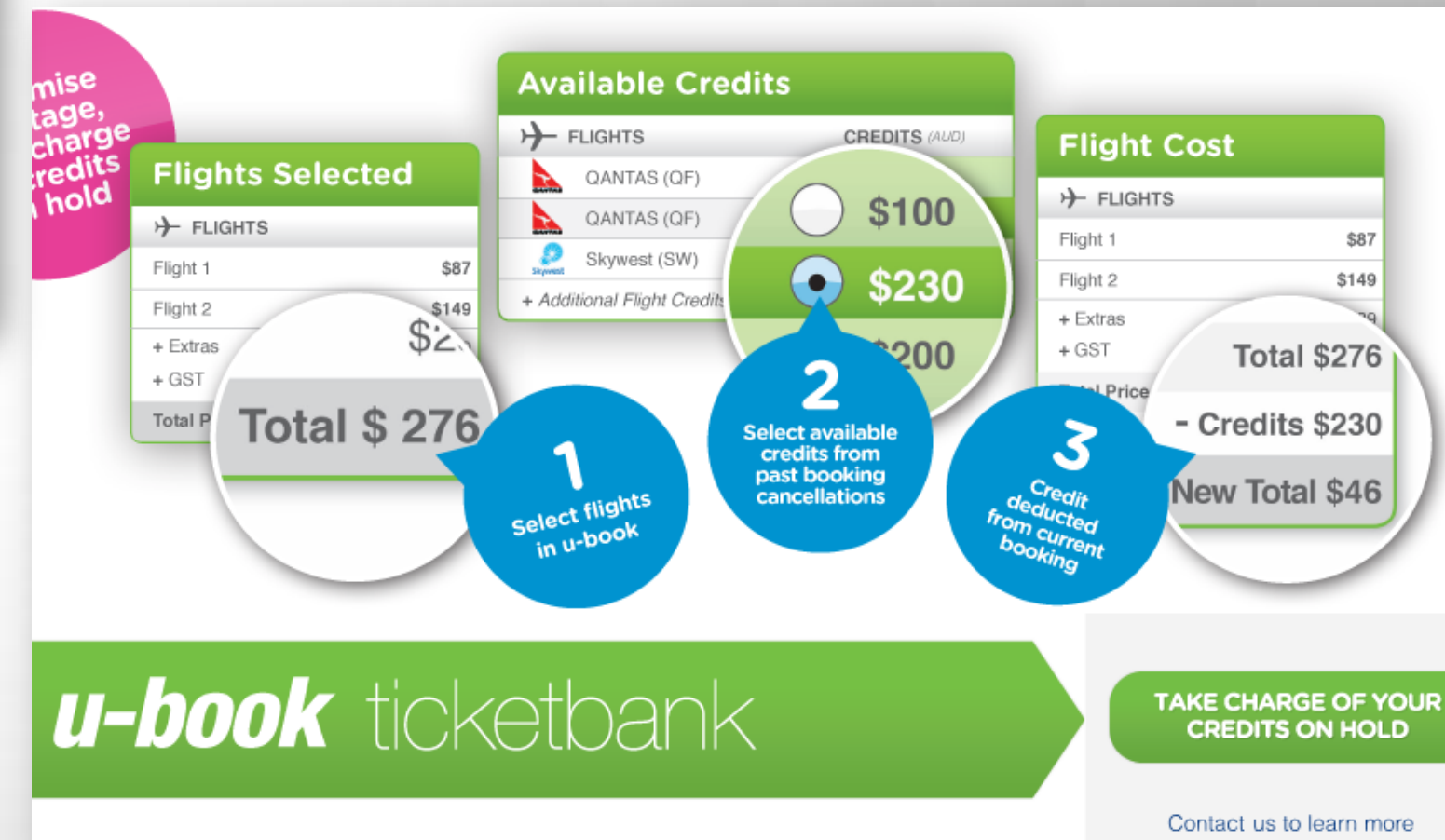
- Best in market diagnostic tools for clients, developed with our clients
- Ability to deliver consolidated reporting and cost reduction strategy consistently across clients in Australia/NZ/USA. Rolling out across the CTM group throughout 1QFY13



## Wotif booking engine development partnership

- Deliver unique integrated offering to corporate market
- 2QFY13 release

# U-approve and Ticketbank



- Innovation that support client objectives and future organic growth
- Rolling out across Australia through 1HFY13

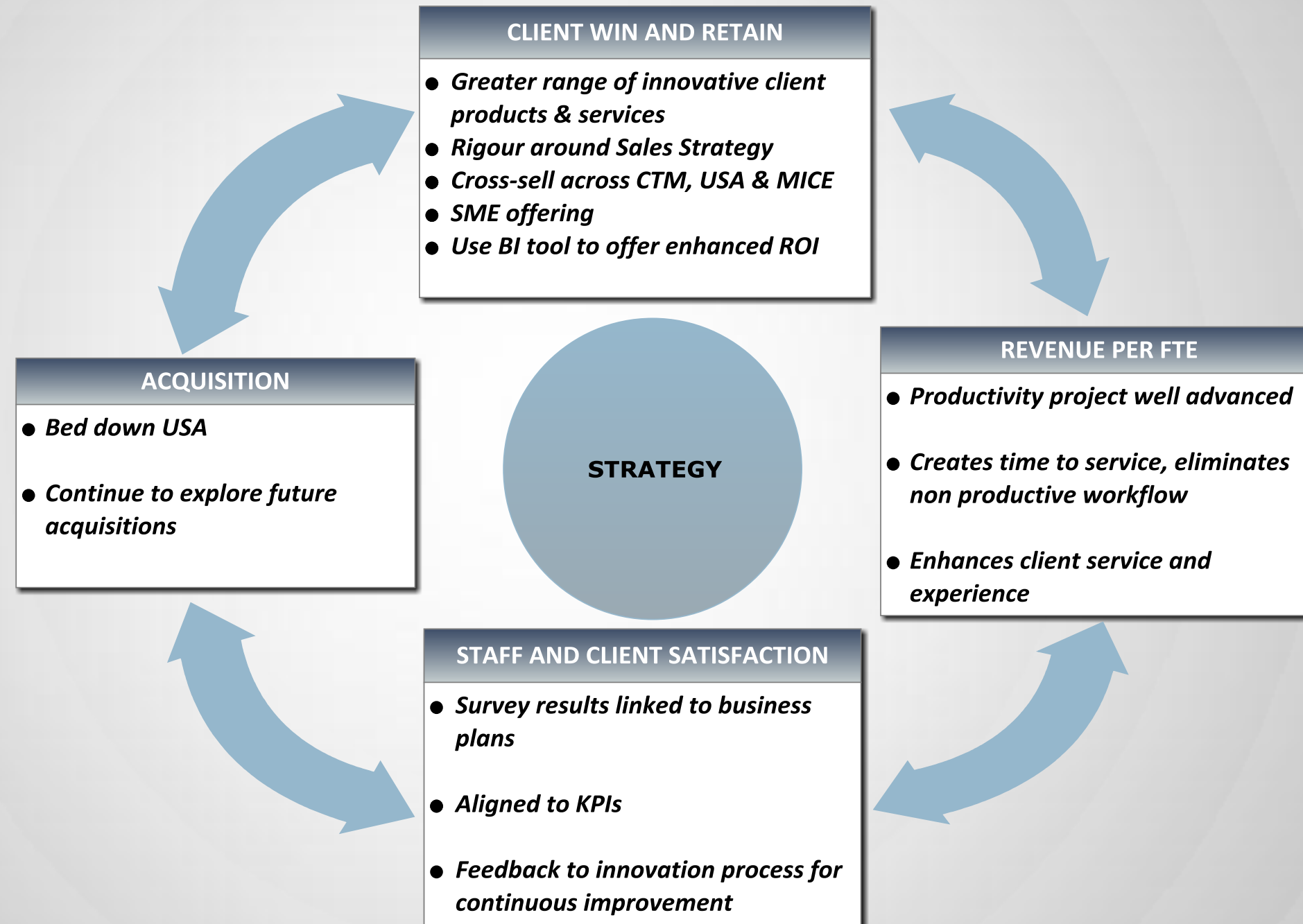
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# Key Initiatives into FY13



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# Looking Forward

**FY13 guidance 15% - 20% underlying EBITDA growth on p.c.p. (circa \$20m-\$21m EBITDA)**

- Subject to no further erosion in the broader economy
- Dividend policy remains at 50-60% of NPAT

## **Key drivers affecting FY13 performance:**

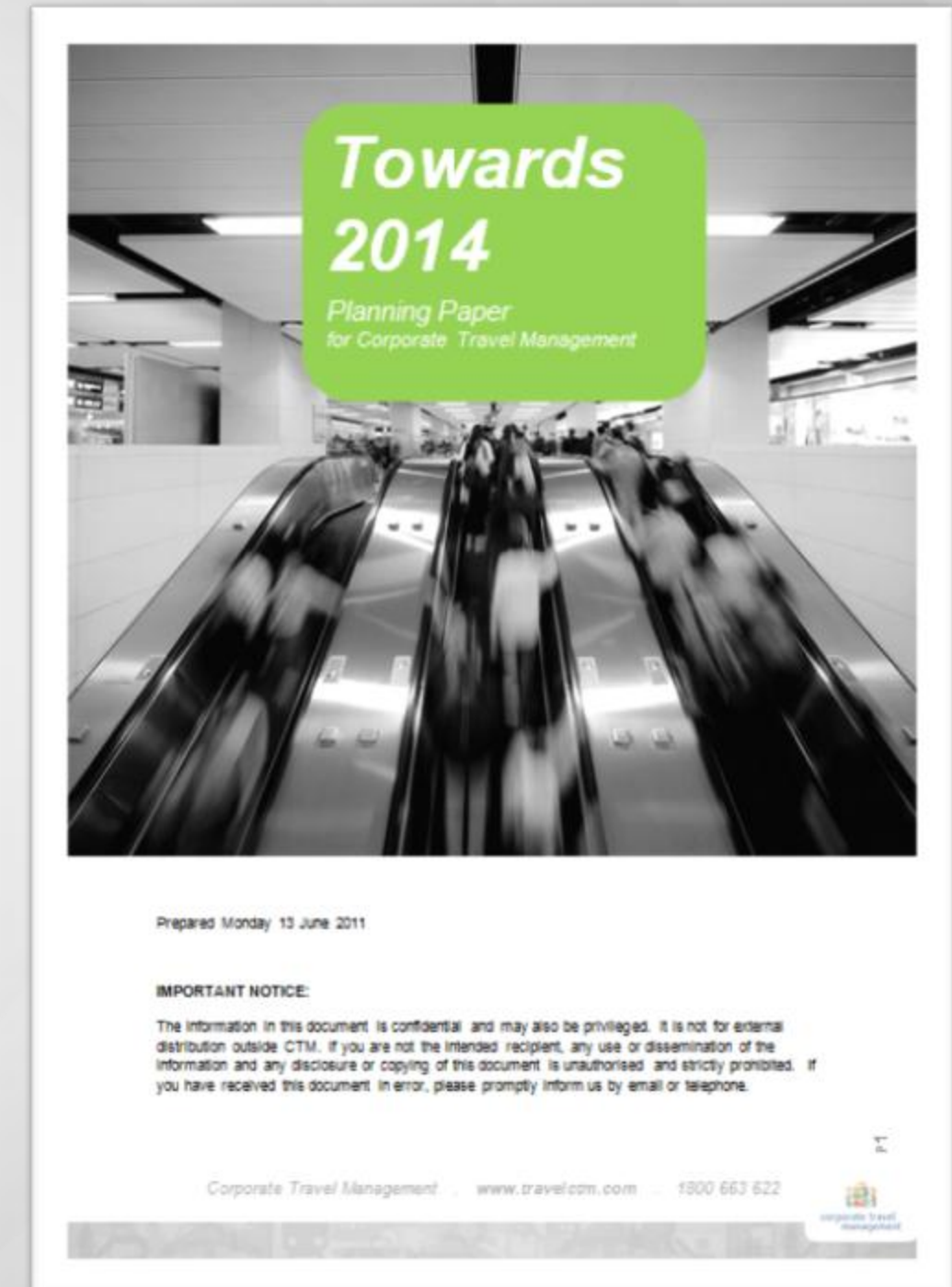
- Continue to listen to clients and improve service delivery and product development
- Product innovation is timely, translates into new client wins and retention
- Productivity project execution translating into improved client service and revenue per FTE
- Execution of USA objectives and client cross sell strategy – good early signs
- Softening experienced in client activity in 2HFY12 has since steadied

## **July-Aug12 trading update:**

- Trading is **at the top of the EBITDA forecast growth range** despite tough and uncertain economic conditions

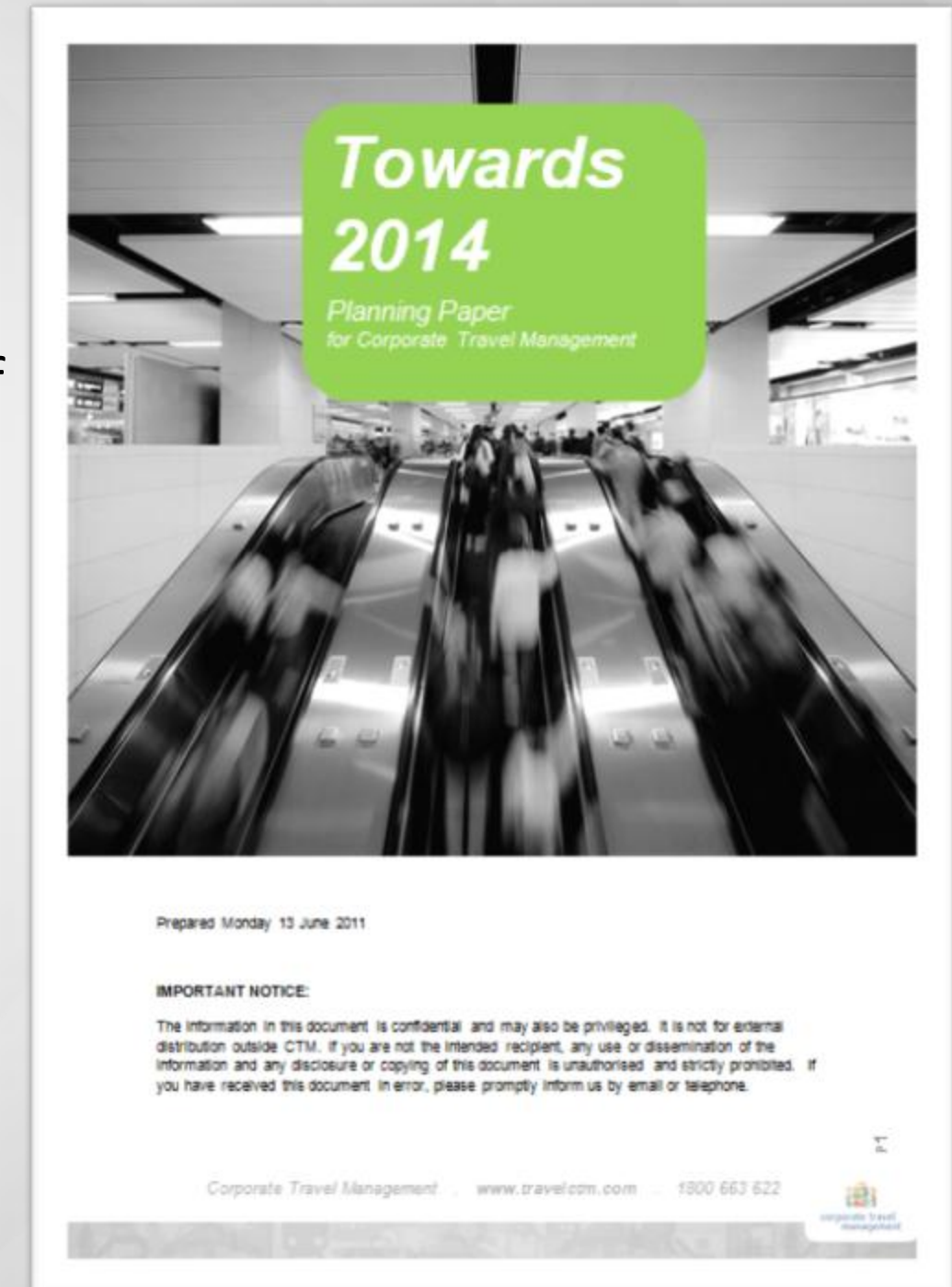
# 5 Year Plan.

- Milestones to December 2014:
  - Regional presence in Aust, NZ, USA, Asia & Europe
  - Focus on cross-selling clients
  - Leverage best practice innovation process across group
  - Aggressive internal organic growth targets whilst retaining CTM's highly differentiated service model
  - Rewarding shareholders through strong EPS growth and dividends over next 5 years



# 5 Year Plan.

- Next phase:
  - Increasingly targeting global and regional clients
  - USA – replicate Australian model through combination of further accretive acquisitions & organic growth
  - Capital management program that supports business growth
  - Aspire to be the alternative to global TMC's, on a global scale and be the best TMC in every region we operate
  - Continuation of aggressive internal organic growth targets whilst retaining CTM's highly differentiated service model





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