



# corporate travel management

## FULL YEAR RESULTS 2014

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# Agenda

- **Key Financial Highlights**

- Acquisition Update

- FY15 Technology

- FY15 Initiatives

- Trading Update



# Group Result Highlights

- ✓ **Underlying EBITDA up 42% to \$27.8m**, excluding \$1.9m one-off acquisition costs, reflecting 75.1% contribution from Westminster Asia.
- ✓ Result towards top of CTM's guidance range (\$27-\$28m). Which assumed 75.1% contribution from Westminster Asia
- ✓ Underlying EBITDA of \$28.9m reflects 100% contribution from Asia pre-minority interest which will be how CTM report EBITDA moving forward
- ✓ Organic profit growth in all regions
- ✓ Record client wins and retention across CTM Group
- ✓ Strong balance sheet with no debt
- ✓ Continued investment in client-facing technology and internal business tools, which strengthens CTM competitive advantage
- ✓ Full year dividend up 14% to 12 cents fully franked (7.5c payable 10 October 2014)

	\$m	
TTV (unaudited)	1,384	↑ 57%
Revenue and other income	110.5	↑ 42%
Underlying EBITDA^	28.9	↑ 47%
Underlying NPAT* Attributable to owners of CTD	17.3	↑ 41%
Statutory NPAT	15.8	↑ 40%
Statutory EPS	19.0c	↑ 28%
Dividend (Full Year 12.0c)	7.5c	↑ 14%

Note: Growth is measured against restated p.c.p taking account of voluntary change in accounting policy for recognition of pay direct commissions.

^ Underlying EBITDA reflects 100% contribution pre minority interest which will be how CTM will report EBITDA going forward. Underlying excludes one-off acquisition costs of \$1.9m

\* Underlying NPAT is before one-off acquisition costs after tax of \$1.5m and net of 24.9% minority interest in Westminster Asia.



# EBITDA Growth Summary

Group underlying EBITDA grew from \$19.6m to \$28.9m



<sup>^</sup> Restated for voluntary change in accounting policy on recognition of Pay Direct Commission (PDC)

<sup>\*</sup> Westminster shown @100% (pre minority interest). At 75.1% contribution is \$3.7m. Westminster contributed 5 months only. Expect full 12 month contribution in FY15

# Award Winning

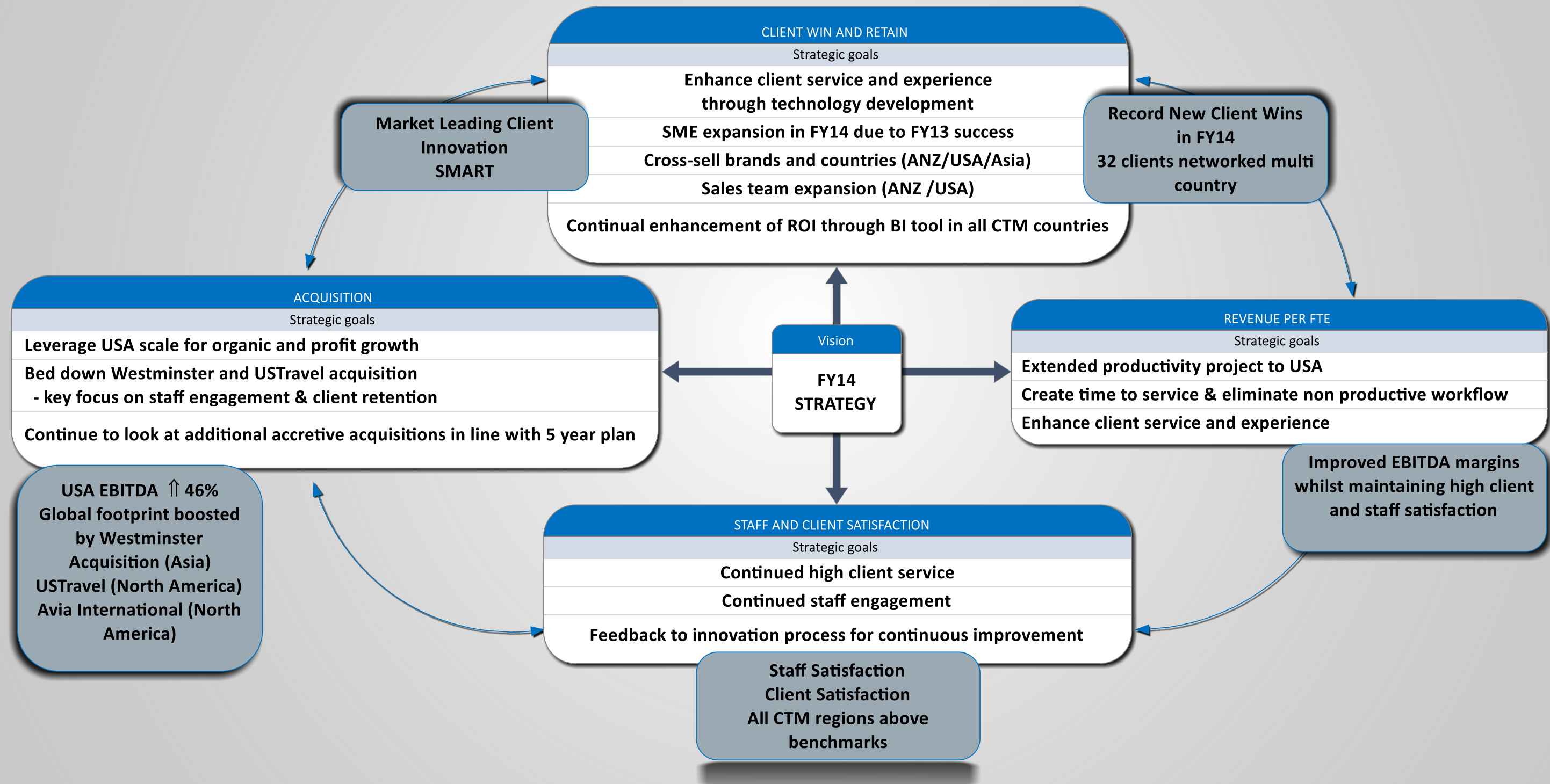
**2014 Best National Travel  
Management Company**  
9 of the last 11 years



**2013 BEST TRAVEL AGENCY  
HONG KONG WINNER**  
4 of the last 6 years



# Executing on FY14 Initiatives



# CTM Footprint

For personal use only

**ASIA**  
700 Employees

Beijing  
Seoul  
Tokyo  
Shanghai  
Guangzhou  
Taipei  
Macau  
Hong Kong  
Bangkok  
Kuala Lumpur  
Singapore  
Jakarta  
Manila  
Ho Chi Minh

**NORTH AMERICA**  
370 Employees

Prudhoe Bay  
Fairbanks  
Anchorage  
Juneau  
Dutch Harbor  
Seattle  
Tacoma  
Portland  
Woodinville  
Spokane  
Denver  
Urbandale  
Dallas Fort Worth  
Houston  
Baton Rouge  
New Orleans  
Lafayette

**ANZ**  
450 Employees

Brisbane  
Gold Coast  
Sydney  
Melbourne  
Perth  
Auckland

**Unique regional value proposition**  
Operating out of 37 cities in 15 countries  
Over 1500 employees

Forecast FY15 TTV \$2bn-\$2.2bn.

**Powerhouse in Asia Pac region underpinned by uniform values:**

- Highly personalised service to match local culture
- Best in market/region technology that enhances client experience and adds value
- Demonstrating Return on Investment (ROI)



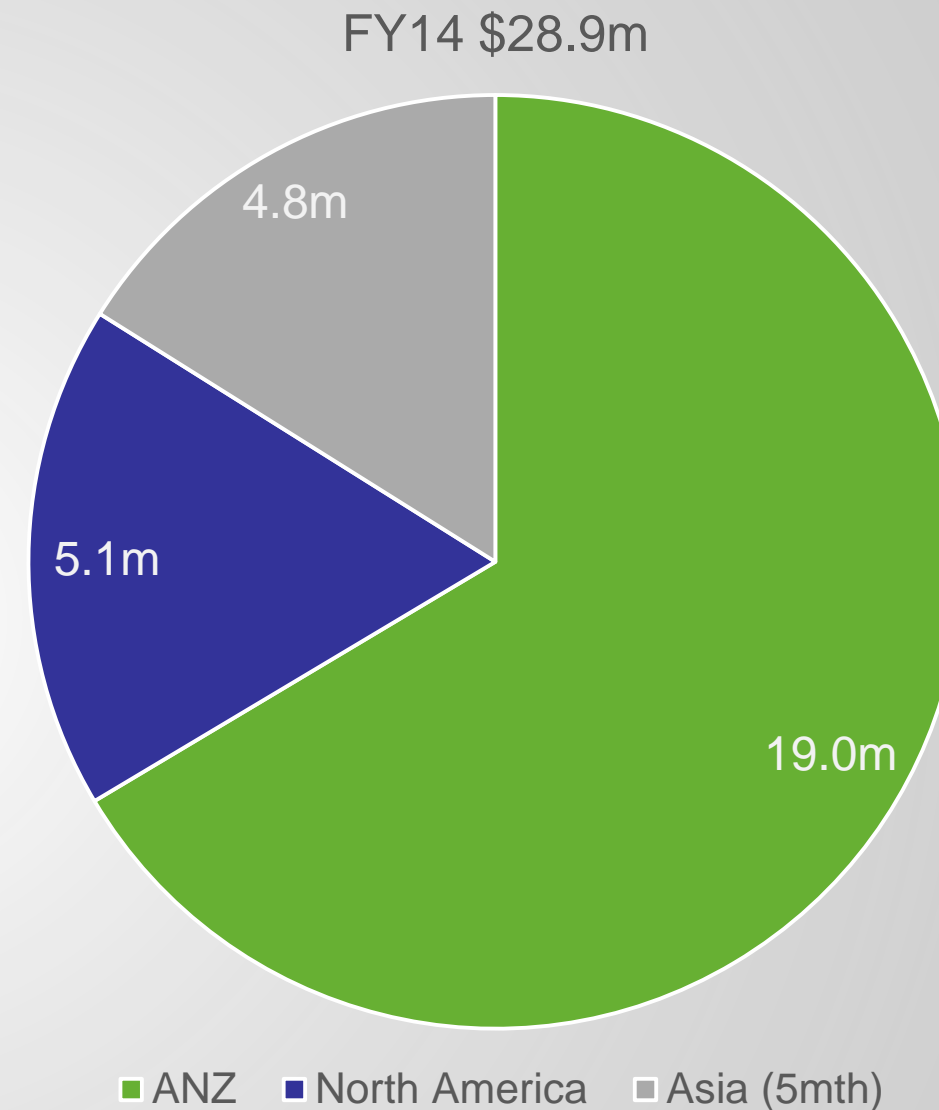
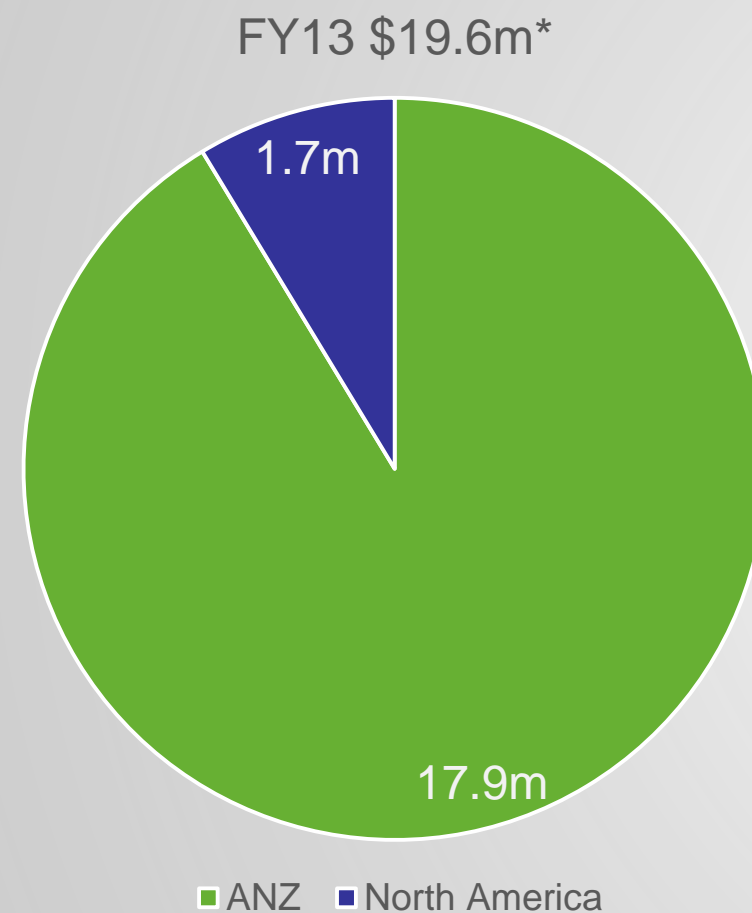
CTM Offices



Partner Offices



# EBITDA Contribution by Region



Building diversity through offshore expansion - 34% of FY14 EBITDA offshore.  
Offshore profit contribution expected to be greater in FY15.

\* Restated for voluntary change in accounting policy on recognition of pay direct commission

## Underlying EBITDA up 6.1% on p.c.p:

- ✓ Strong momentum in 2H EBITDA of \$10.7m (1H \$8.3m), despite patchy 2H economy due to strong client wins and retention
- ✓ Margin improvement due to productivity execution without compromising client satisfaction or staff engagement
- ✓ Underlying organic growth +12%, offset by combined -12% decline in activity and Average Ticket Price(ATP), particularly due to domestic aviation price war

## Accelerating market share - Expecting strong FY15:

- ✓ Full effect of ANZ FY14 record client wins flow into FY15 with wins continuing
- ✓ Retention expected to remain at historical average of 97%
- ✓ ATP and client activity have steadied in recent months. CTM remains highly leveraged to economic recovery.

\$AUD	ANZ		
	FY2014	FY2013	% Change
TTV (unaudited)	715.7m	718.5m	(0.4%)
Revenue and other Income	68.7	67.2m	2.2%
Yield % of TTV	9.5%	9.3%	
EBITDA*	19.0m	17.9m^	6.1%
% of Revenue	27.6%	26.6%	
^ Restated for voluntary change in accounting policy on recognition of pay direct commission			
* Net of one-off acquisition costs			

# North America

- ✓ On comparison, assuming CTD ownership for the same period in FY13, **EBITDA up 45.7% on p.c.p** due to strong organic growth and synergies from business process integration
- ✓ CTM now in 17 cities across 7 states, with good momentum into FY15 as economies of scale kick-in
- ✓ No contribution in FY14 from USTravel (acquired 1 July 14) and Avia International (acquired 1 September 14). Contribution in FY15 projected at circa \$1.8m
- ✓ Continue to actively look at further accretive acquisitions into FY15, potential to be funded from cash flow
- ✓ USA economic activity at long term growth trends, translating into client activity growth

\$AUD	North America		
	FY2014	^FY2013	% Change
TTV (unaudited)	306.4m	268.0m	14.3%
Revenue and other income	22.9m	18.5m	23.8%
Yield % of TTV	7.4%	6.9%	
<b>EBITDA</b>	<b>5.1m</b>	<b>3.5m</b>	<b>45.7%</b>
% of Revenue	22.4%	18.9%	
^ On comparison assuming CTD ownership for the same period in FY13. Includes TravelCorp P&L pre-acquisition			

# Asia

- ✓ Westminster FY14 contribution is 5 months only, with a full year contribution in FY15
- ✓ Yield % of TTV declined due to greater contribution of lower yielding wholesale business, which operates on a much lower yield than corporate/leisure/events business
- ✓ FY15 focus on continued scalable organic growth
- ✓ Working on a number of regional tenders, with early success
- ✓ Integration proceeding as planned

\$AUD	Asia		
	FY2014*^	FY2013*	% Change
TTV (unaudited)	361.7m	319.0m	13.4%
Revenue	20.2m	19.1m	5.7%
Yield % of TTV	5.6%	6.0%	
EBITDA*^	4.8m	4.2m	14.3%
% of Revenue	23.8%	22.0%	

\* Result Represents 5 month's result from date of acquisition 29 Jan 2014 to 30 June 2014. FY2013 comparative is 31 Jan 2013 to 30 June 2013

^ Westminster shown @ 100% (pre minority interest of 24.9%)



# Comparative Statutory FY14 Profit and Loss

✓ Underlying EBITDA margins have improved slightly as a result of improvement of margin in ANZ and North America, despite tough economic conditions, and impact of lower margin wholesale business in Asia

✓ Increased amortisation and depreciation due to M&A activity

✓ Expect full year effective tax rate for Group to be circa 27% with acquisition of Westminster Travel in FY15

✓ Comparative results in FY13 reflect voluntary change in accounting policy regarding recognition of Pay Direct Commissions (PDC) \$1.4m pre tax \$1m NPAT

\$AUD (m)	FY2014	% change	FY2013^
TTV (unaudited)	1,384	56 %	884
<b>Revenue and Other Income</b>	<b>110.5</b>		<b>77.6</b>
Operating Expenses	(83.4)		(59.0)
<b>EBITDA - statutory</b>	<b>27.1</b>	<b>49%</b>	<b>18.6</b>
Depreciation	(1.5)		(1.1)
Amortisation	(2.1)		(1.0)
EBIT	23.5		16.5
Net interest income/(expense)	(0.5)		(0.5)
NPBT	23.0		16.0
Tax	(6.4)		(4.7)
NPAT statutory	16.6		11.3
<b>NPAT statutory – attributable to owners of CTD</b>	<b>15.8</b>	<b>40%</b>	<b>11.3</b>
<b>Reconciliation to underlying NPAT:</b>			
One off acquisition costs (tax effect)	1.5		1.0
<b>NPAT Underlying – attributable to owners of CTD</b>	<b>17.3</b>	<b>41%</b>	<b>12.3</b>

^ Restated for voluntary change in accounting policy for Paid direct commissions (PDC)

# Group Balance Sheet (\$m)

- ✓ No debt
- ✓ Receivables and payables have increased from June 2013 due to acquisition of Asia. The higher balances are due to the wholesale ticketing business in Hong Kong.
- ✓ Asia has historically had little or no bad debts on receivable balance
- ✓ Intangibles are largely goodwill and acquisitions. Increase year on year reflects the Westminster acquisition.
- ✓ Liabilities includes AUD\$11.5m of deferred consideration on R&A and TravelCorp acquisition (\$8.2m in current payables and \$3.3m in non-current liabilities) assumed full earn-out is paid

\$AUD (m)	June 14 \$m	June 13 \$m
Cash	32.0	13.5
Receivables and other	103.3	23.6
Total current assets	135.3	37.1
PP&E	3.4	3.2
Intangibles	109.1	75.7
<b>Total assets</b>	<b>247.8</b>	<b>116.0</b>
Payables	94.1	26.0
Other current liabilities	10.9	5.7
Total current liabilities	105.0	31.7
Non current liabilities	9.8	15.2
<b>Total liabilities</b>	<b>114.8</b>	<b>46.9</b>
<b>Net assets</b>	<b>133.0</b>	<b>69.1</b>

\* Restated for voluntary change in accounting policy for Paid direct commission (PDC)

# Cash Flow Summary (\$m)

- ✓ The group is debt free at 30 June 2014.
- ✓ Change in working capital is due to a one-off combination of the Asian balance sheet which has large client receivables due to the wholesale ticketing operations, and weekly airline payment falling on the last day of the month in FY14.
- ✓ Westminster remains self-funding. CTM has not injected capital since taking control and does not expect to.
- ✓ Major increase in equity base due to Asia and USA acquisitions
- ✓ Other investing cash flows, net of cash acquired, relate to the Asian and North American acquisitions, with a further \$8.0m cash to be paid over a combination of August 2014 and August 2015
- ✓ Reduction in tax paid due to change in instalment rate. Asia pay tax once per year (November)
- ✓ 2015 Capex investment expected to be circa \$3m

\$ AUD (m)	FY14 \$m	FY13 \$m
EBITDA	<b>27.1</b>	<b>18.6*</b>
Change in working capital	(10.3)	3.1
Income tax paid	(4.8)	(5.2)
Interest	(0.2)	(0.5)
<b>Cash flows from operating activities</b>	<b>11.8</b>	<b>16.0</b>
Capital expenditure	(2.1)	(3.5)
Other investing cash flows	(27.5)	(15.9)
<b>Cash flow from investing activities</b>	<b>(29.6)</b>	<b>(19.4)</b>
New equity/borrowings	51.0	9.8
Dividends paid	(9.1)	(7.5)
Net (repayment)/drawing of borrowings	(3.8)	2.4
<b>Cash flow from financing activities</b>	<b>38.1</b>	<b>4.7</b>
<b>Net increase/(decrease) in cash</b>	<b>20.3</b>	<b>1.3</b>

\*Restated for voluntary change in accounting policy for Paid direct commissions (PDC)



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- FY15 Initiatives
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# Merger and Acquisition Discipline

CTM's acquisition strategy has remained consistent across all acquisitions:

- Strong discipline in selection criteria – looking for the “1 in 100”
- Alignment - “Skin in the game” for leaders and/or senior management
- Focus on financial and people due diligence for cultural match
- Robust transition process concentrating on enhancing people, systems and revenue growth
- Focus on EPS accretive acquisitions

➔ Creates better business acumen and discipline in team for better results



# North America Acquisition Update

## **USTRavel:**

- Acquisition completed 1 July 2014 @ 5x Dec13 NPBT USD\$1.05m
- Extends North American footprint to the Pacific North West region
- Integration currently underway, focusing on business processes and maximising synergies

## **Avia International:**

- Acquisition to be completed 1 September 2014 @5.5x Dec13 NPBT USD\$750k
- Bolsters presence in one of the largest travel markets in the USA (Houston), the centre of the US energy industry.

## **Future Acquisitions**

- Continue to consider further EPS accretive acquisitions
- One CTM brand by 1HF 2015 for USTRavel and Avia
- Sales and marketing investment to support scalable organic growth across 17 cities, in 7 states

# Asia Update

Completed acquisition of 75.1% of Westminster Travel on 29<sup>th</sup> January 2014:

- Strong Management Team in place with skin in the game
- Key focus upon Corporate organic growth
- Already won and working on a number of regional tenders
- Five months contribution in FY14 of \$4.8m was ahead of expected performance.
- Westminster awarded Best Agency in Asia four of last six years, and again a finalist in 2014.

# Key Financial Commitments – M&A

## Summary:

- FY15 commitments approximately USD17m (approximately \$13m cash/ \$4m CTD shares)
- Maximum payable in FY16 (assuming full earn-out targets reached), approx. USD11m (\$5.5m cash, CTD shares)
- Expected to be fully funded from operating cash flow and short term debt funding

## R&A Travel

- Earn-out of USD\$1.5m to be paid 31 August 2014 (which reflects top tier, cash and CTD shares)

## TravelCorp

- USD\$6.2m to be paid 31 August 2014 (cash and CTD shares)
- Further USD\$3.3m to be paid 31 August 2015 (cash and CTD shares)

## USTRavel

- USD\$5.25m initial consideration paid on 1 July 2014 (cash and CTD shares)
- Earn-out of up to USD\$2.75m to be paid 31 August 2015. Full earn-out is assumed

## Avia International

- Initial consideration of USD\$4.1m to be paid on 1 September 2014 (cash and CTD shares)
- Earn-out of up to USD\$4.9m to be paid on 30 November 2015. Full earn-out is assumed



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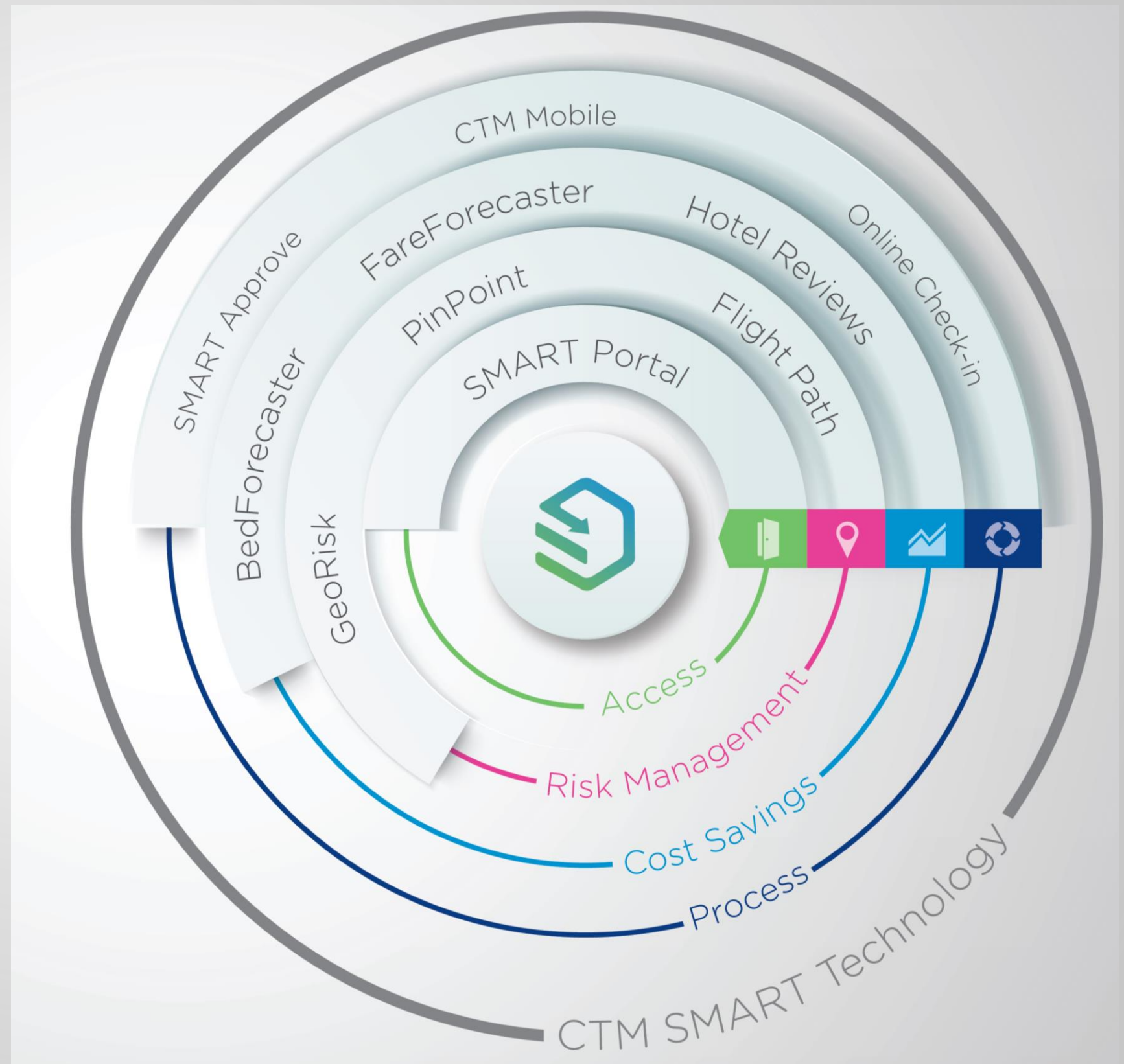
# FY15 Technology

CTM's industry-leading SMART technology is customer focused to:

- Reduce client operating costs
- Manage the safety of their travellers
- Maximise user experience
- Maximise the effectiveness of their travel programs.

SMART technology progressively being rolled out across the entire CTM client network. As at 30 June 2014:

- Over 200 clients using SMART technology
- More developments being released throughout FY15
- Agile development framework allows continuous development and releases, localised customisation

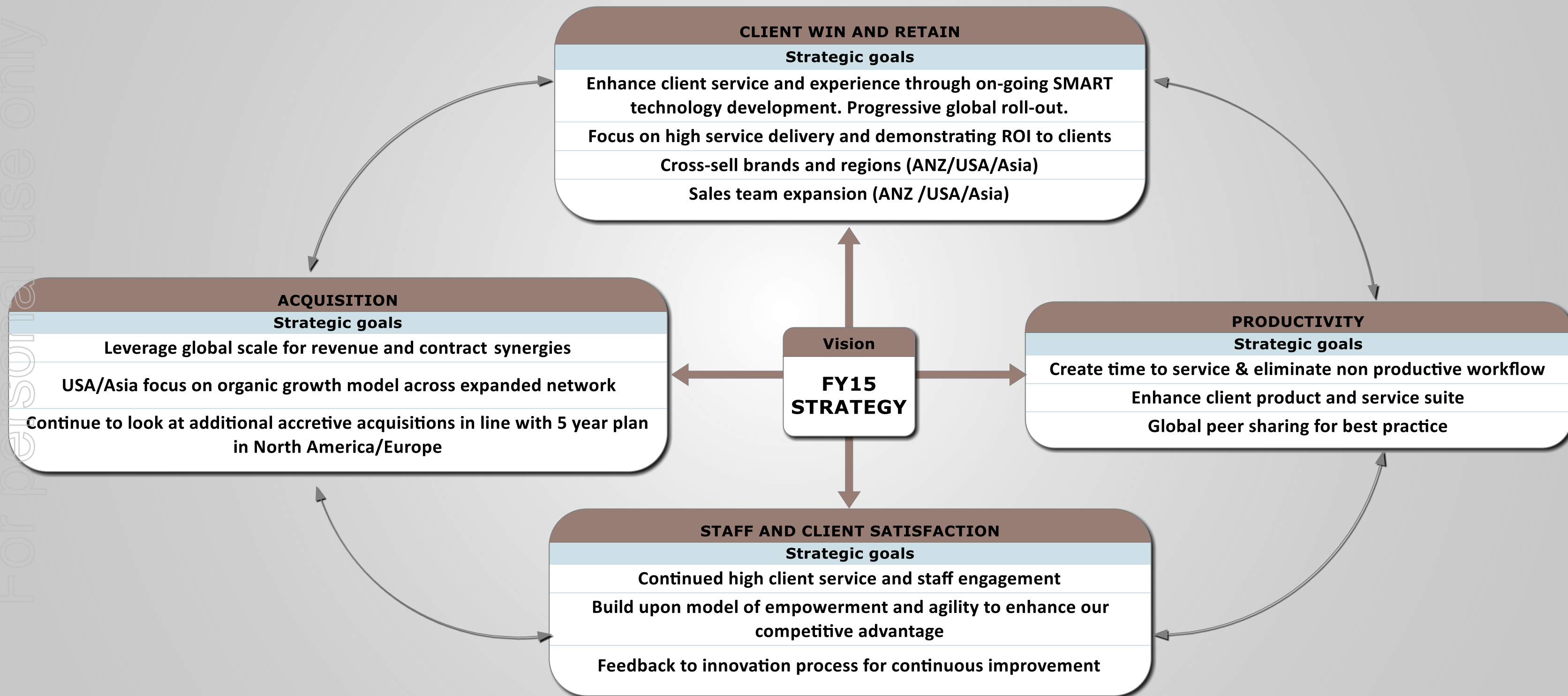


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# FY15 Initiatives





# Agenda

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- **Trading Update**



# Trading Update and Guidance

## **FY15 underlying EBITDA guidance at \$38m-\$41m (circa 32-42% on p.c.p.)**

- Guidance reflects 100% contribution from Asia (CTM owns 75.1%)
- Underlying FY15 EPS growth expected to be **approximately 20%-30%** after minority interests
- Any unannounced acquisitions will be in addition to this guidance

## **Trading Update:**

### **ANZ**

- Strong momentum from record new client wins, despite economic conditions
- Activity remains steady and CTM remain well placed to leverage from economic recovery

### **North America**

- Performing well with strong new client wins. US economic recovery continuing
- Integration of USTravel and Avia International tracking to plan

### **Asia**

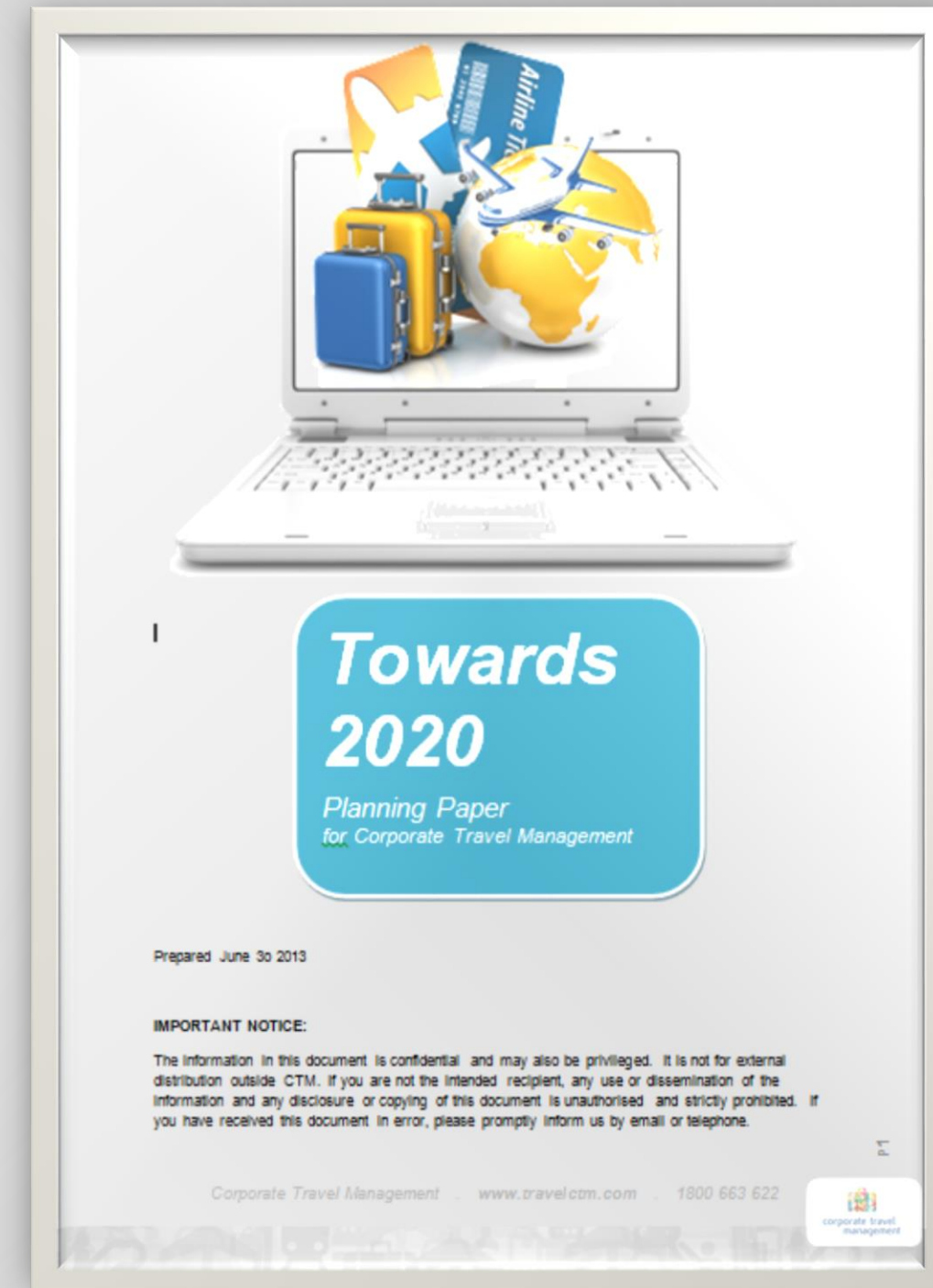
- Performing to expectations with a full 12 month contribution in FY15

**M&A** - CTM continues to focus on EPS accretive acquisition opportunities in Europe and North America

# 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 (**ANZ, North America, Asia, Europe**) with potential for emerging markets where suitable
- ✓ Local organic growth in all operations and regions
- ✓ 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 travel company in every region in which CTM operates 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 offshore**



Thank you.  
Any Questions?