corporate travel management

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Half Year Results 2012

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Agenda

- Group Performance Highlights
- etm Acquisition
- Financial Performance
- Key Initiatives
- Looking Forward FY12 and beyond

Group Performance – 1st Half Highlights

• TTV	$315.9m	+ 42% p.c.p
• Fee & other revenue	$29.34m	+ 43% p.c.p
• **EBITDA**	**$7.30m**	**+ 45% p.c.p**
• NPAT	$4.66m	+ 41% p.c.p
• **Underlying NPAT**	**$4.79m**	**+ 41% p.c.p**

- **Interim dividend of 3 cents payable 18 April 2012**

Summary:

- Strong organic growth (win and retention), despite economy.
- Margin maintained with investment in support and product initiatives.
- Higher effective tax rate and amortisation on acquisitions affect NPAT % growth.

Group Performance – CTM Highlights

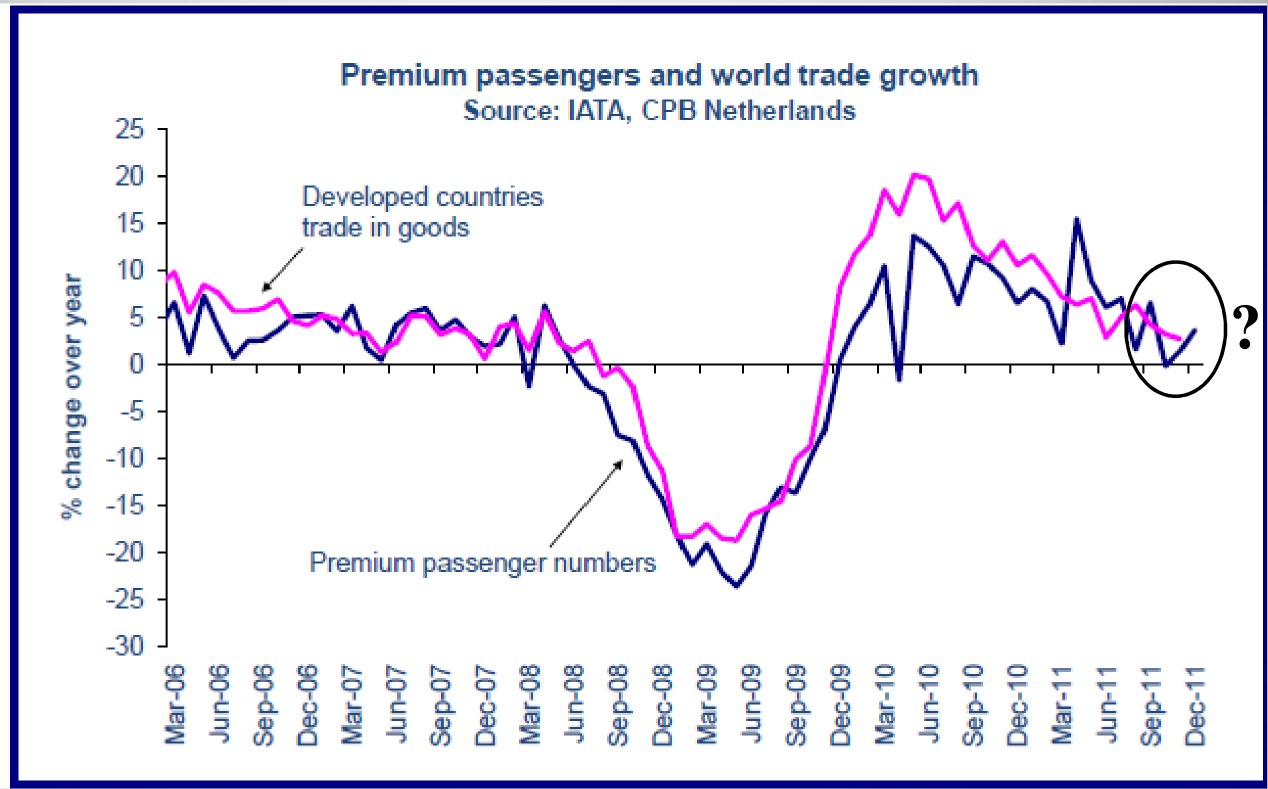
Executing on Key Drivers of the Business we can control:

- **Organic growth** - record new client wins combined with strong retention. Large portion of business won starts to transact in 2HFY12.
- **Client profit contribution –** profitability sustained despite large investment in client facing technologies and internal productivity. Expect returns in FY13.
- **Uncontrollable -** slight softening in client activity since October 11.

Summary:

- Model is resilient in tougher economic conditions.
- Momentum in organic growth plus scalability sets up solid FY12 result.
- Combination of ongoing organic growth, full 12 months contribution from etm acquisition and investment in productivity sets up for solid FY13.

Current Client Activity



- Experienced slight softening in activity since Oct11 in line with economy.
- Reinforces the fact that economic activity is a driver but not the main driver of the model.

* 2010 dip was the volcanic ash cloud.

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etm Acquisition

- Settled on 3 Oct 2011 for initial consideration of $8.5m of which minimum $3.1m due April – Aug 12.
- 3 month contribution to 1H2012 financials. **Full contribution in 2HFY12.**
- Additional potential cash earn out of maximum $4.1m, payable 31 August 12.

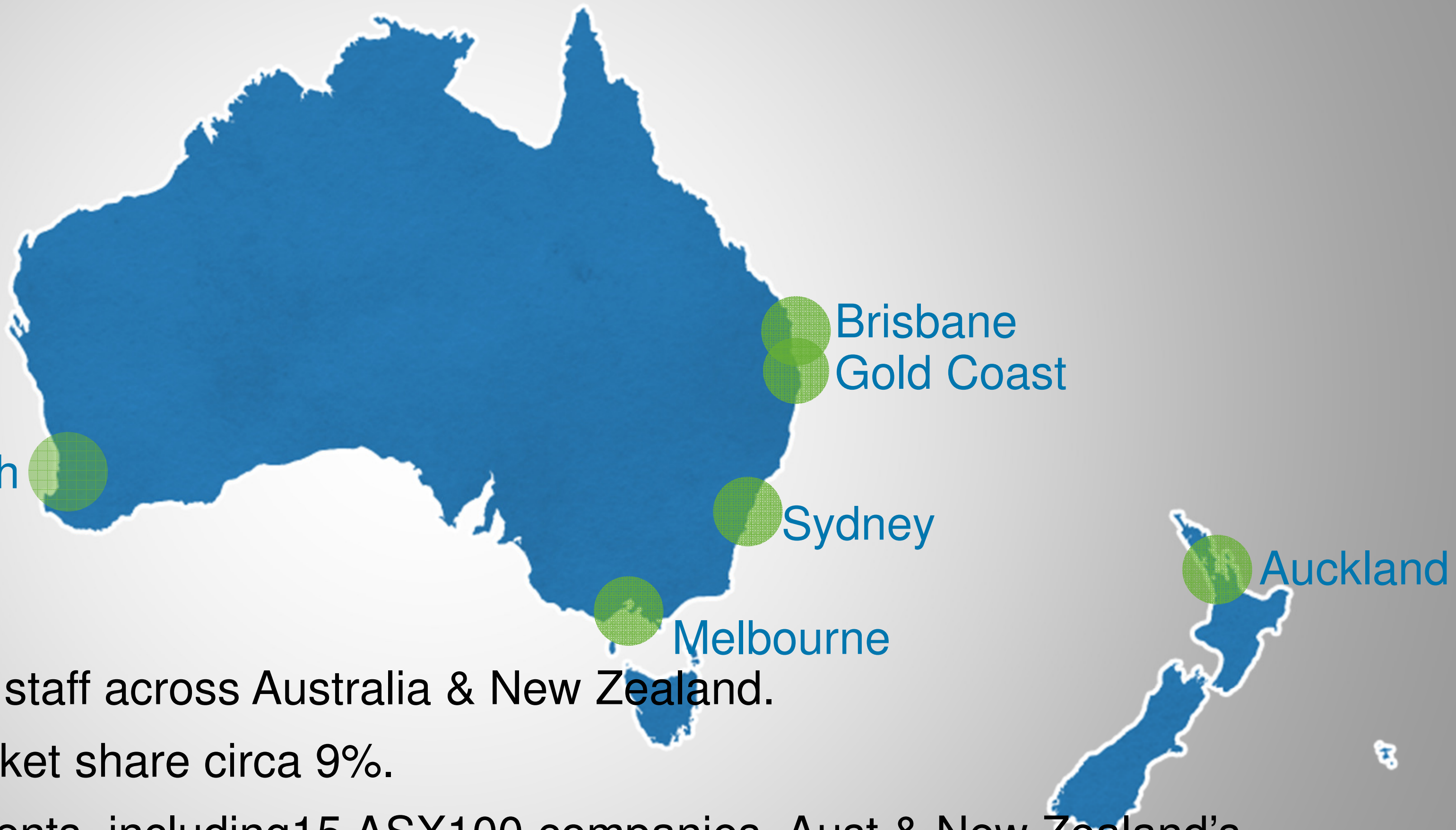
Highlights

- Integration successfully completed and on track.
- Executing all synergies & leveraging CTM support services.
- Continued cross-selling success, especially MICE pipeline.

Summary

- Our most successful integration to date.
- Client activity softer than expected.
- Maximum earn-out unlikely to be achieved based on performance to date.

CTM Profile Post - etm



- Over 500 FTE staff across Australia & New Zealand.
- Corporate market share circa 9%.
- Approx 650 clients, including15 ASX100 companies, Aust & New Zealand’s largest private companies.
- Diversification. No client represents more than 5% of EBITDA.

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Comparative 1HFY12 Profit and Loss

	6 mths ended Dec 2011 $'000	% of Income	6 mths ended Dec 2010 $'000	% of Income
TTV	315,881		222,338	
Travel & other Income	29,340		20,467	
Yield % of TTV	9.28%		9.21%	
Operating Expenses	(22,036)	75%	(15,421)	75%
EBITDA	7,304	25%	5,046	25%
Depreciation	(420)		(328)	
Amortisation	(172)		(18)	
EBIT	6,712		4,700	
Net interest income/expense	125		(67)	
NPBT	6,837	23%	4,633	23%
Tax	(2,179)		(1,326)	
NPAT statutory	4,658	16%	3,307	16%
Add: one-off After Tax Share Issue Costs as per prospectus			88	
One off acquisition costs for etm	92			
Tax effect of Travelcorp intangible's relating to FY2011	36			
NPAT Underlying	4,786	16%	3,395	17%

Half Year Profit and Loss Highlights

- **TTV** - 42% up on p.c.p – reflects strong new business performance and six month contribution from Travelcorp and three month contribution from etm.
- **EBITDA –** 45% up on p.c.p. Profit contribution (EBITDA margin 25%) in line with prior corresponding period despite increased investment in support and product initiatives, which provides scalability moving forward.
- **Operating expenses** – stable as a % of income. Further investment in product and support, will yield long term benefits.
- **Depreciation and Amortisation** – higher charge compared to p.c.p. due to increased amortisation charge on intangibles $172k current period versus $18k in prior corresponding period, pursuant to acquisitions and increased capital expenditure.
- **Interest** – Decline due to elimination of debt.
- **Tax** – tax charge 31.8% versus 28.8% p.c.p due to one off charge re: Travelcorp intangibles and an under provision from 2011.
- **NPAT -** when adjusted for additional tax and amortisation on intangibles is 17.6% as a % of income. (16% p.c.p.).

Balance Sheet Summary ($m)

- Minimal debt.
- Intangibles largely goodwill on acquisitions.
- Net current liability position due to recording of $7.2m deferred and contingent consideration on etm at maximum earn-out.

As at 31 December 2011	$m
Cash	7.2
Receivables and other	18.1
Total current assets	**25.3**
PP&E	2.1
Intangibles	42.6
Total assets	**70.0**
Payables	22.9
Other current	4.0
Total current liabilities	**26.9**
Non current liabilities	1.8
Total liabilities	**28.7**
Net assets	**41.3**

Cash Flow Summary ($m)

	6 months to Dec 2011	6 months to Dec 2010
EBITDA	**7.3**	**5.0**
Change in working capital	(2.6)	(0.4)
Income tax paid	(1.9)	(0.6)
Cash flows from operating activities	**2.8**	**4.0**
Capital expenditure	(1.6)	(0.1)
Other investing cash flows	(6.7)	(0.8)
Cash flow from investing activities	**(8.3)**	**(0.9)**
New equity/borrowing	0.0	18.5
Dividends paid	(3.6)	(0.8)
Repayment of borrowings	0.3	(1.9)
Other	0.3	0
Cash flow from financing activities	**(3.0)**	**15.8**
Net increase/(decrease) in cash	(8.5)	18.9

- Strong operating cash flow.
- Growing TTV means larger supplier payment accruals (-ve W.C.)
- Other investment cash flows relate to etm acquisition, funded through cash reserves and working capital.
- Final dividend for FY11 of 5 cents per share paid – October 2011.
- Interim dividend of 3 cents payable in April 2012.
- Higher capital expenditure due to further product investment, fit-out of new Melbourne office.

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Business Drivers for FY12

People

❖ Continue to attract, develop and retain the best team who will support our growth plans.

❖ CTM is the "easiest place" to work.

❖ Continue to measure our team satisfaction and listen to their ideas on improving our workplaces.

Clients

❖ Win new clients.

❖ Retain current clients.

❖ Grow current client revenue through new products and services.

Profit Contribution

❖ Revenue growth (clients).

❖ More time to service (people).

❖ Best practice profit margins.

Innovation (product & process)

❖ Client facing solutions.

❖ Productivity tools for our people.

Investing now- benefits in future.

Innovation -Product & Process update

Client-facing highlights:

- Wotif booking engine development partnership - deliver unique offering to corporate market.
- Business Intelligence Reporting
  - best in market tools for clients.

Summary

- Both support client objectives and future organic growth.
- Investing now – results expected throughout FY13.

Innovation & Process – our people

1. “Zen” project

- technology as an enabler to eliminate routine tasks in consultant process.
- create better service proposition and improved productivity.

2. Business Intelligence CTM

- empower leaders including middle management to make better decisions.
- retain agility.

Summary:

Investment throughout FY12 with impacts on productivity expected in FY13.

Key Initiatives FY2012

- **Key Focus Over Next 6 Months:**
  - Organic growth (new client wins & retention) to set up FY2013.
  - Innovation – execute and deliver client-facing products & tools in a staged process throughout calendar 2012.
  - Implement the automation and productivity initiatives to create more time for our people to deliver highly personalised expertise.
  - Continue to explore future acquisition opportunities.

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Looking Forward

Reaffirm FY12 guidance 30% - 40% EBITDA growth on p.c.p.

- Uncertainty in economic activity may continue through to June12.

Key drivers protecting the downside:

- New client wins continue to be a stand out. New clients won not yet transacting in 1HFY12.
- Conscious that innovative investment is the driver to organic growth in future years.
  - Investment in new client products continues.
  - Investment in internal productivity measures to ensure scalable profit contribution without compromising service.
- Continue to consider acquisition opportunities.

Guidance:

- FY12 on track to deliver solid result despite economic conditions.
- Execution provides opportunity to set up a strong FY13.
- Board full year fully franked dividend policy to payout approx 50% of net profit after tax.

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