corporate travel management

*travel**ctm**.com*

HALF YEAR RESULTS 2013

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Agenda

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

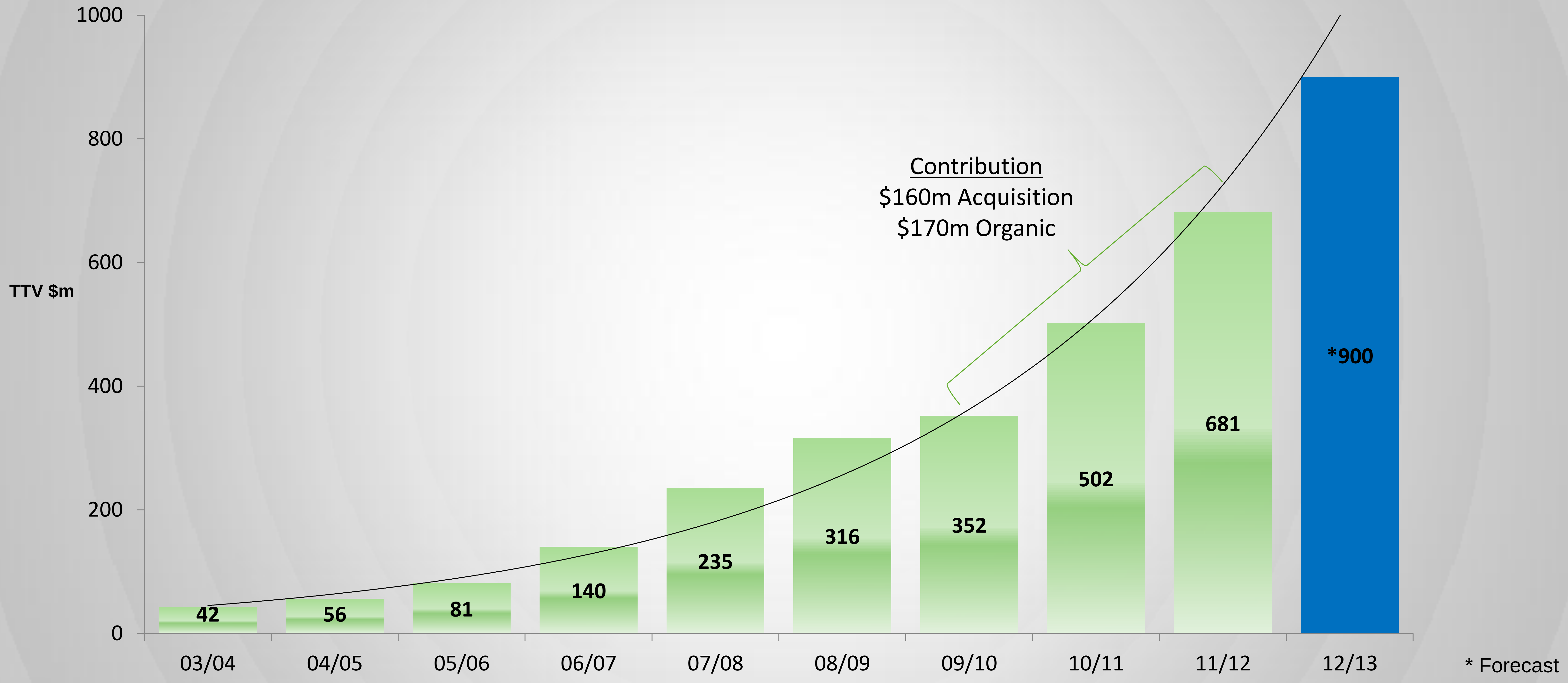
Group Results

	1H 2013	1H 2012	Change on PCP (%)
*TTV $m (unaudited)	431.086	315.881	+36.5%
Revenue $m	38.742	29.496	+31.3%
***EBITDA $m**	**9.225**	**7.304**	**+26.3%**
NPAT $m (statutory)	**5.714**	**4.658**	**+22.7%**
Dividend (Interim)	4 cents	3 cents	+33.3%
EPS	7.6 cents	6.5 cents	+17%
ROE	17%	17%	-

- ✓ *EBITDA up 26.3% on p.c.p
- ✓ EBITDA margins reflects USA combination
- ✓ A&NZ EBITDA margins higher than p.c.p. due to revenue per FTE execution.
- ✓ A&NZ Yield remains steady.
- ✓ NPAT up 22.7% (higher depreciation from office fit outs, and amortisation due to acquisitions as flagged)
- ✓ Interim dividend up 33% to 4 cents fully franked supports future confidence in business

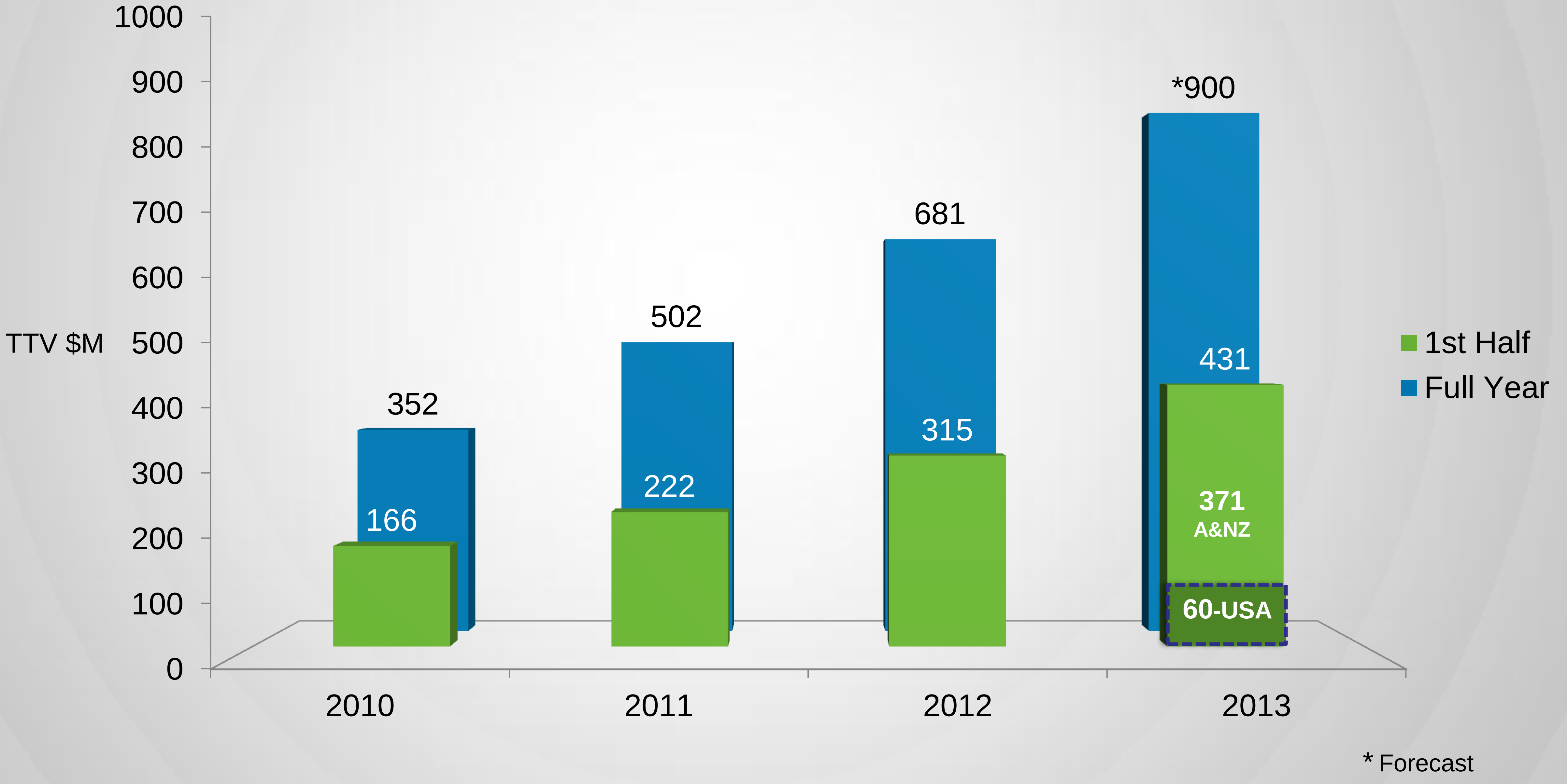
*EBITDA and TTV are non IFRS financial measures and are defined in the interim financial report.

Decade of Outperforming Growth



- Grown TTV every year since being founded in 1994
- Last six years compound growth rate: 40%+ per annum

Sales Growth by FY Half



Group Performance – 1H13 Highlights

Financial	1H13 EBITDA $9.2m v 1H12 $7.3m (26.3% growth)
Growth	• Record new client wins, combined with strong retention for CTM Group, particularly USA • Winning market share from a mix of Global TMC's and boutique operators • USA expect greater contribution in 2H
Profit Contribution	• A&NZ revenue per FTE success without compromising service • More gains to come in 2H from project being in full swing • USA revenue per FTE project underway
Economic Activity	• Activity remains flat • No economic 'free kicks' in the 1st half or the immediate future • Remain leveraged to economic recovery

Staff and Client Satisfaction

Based on an independent VIBE survey completed in November 2012, 89% of CTM employees are engaged or highly engaged working at CTM Australia and New Zealand

Based on a survey of CTM'S Top Australian accounts, CTM achieved a 98% Client Satisfaction

Comparative 1HFY13 Profit and Loss

	6 mths ended Dec 2012 $'000	% of Income	6 mths ended Dec 2011 $'000	% of Income
TTV (unaudited)	431,086		315,881	
Travel & other Income	38,686		29,340	
Yield % of TTV	8.98%		9.28%	
Operating Expenses	(29,461)	76%	(22,036)	75%
EBITDA	**9,225**	**24%**	**7,304**	**25%**
Depreciation	(778)		(420)	
Amortisation	(147)		(172)	
EBIT	8,300		6,712	
Net interest income (expense)	(174)		125	
NPBT	8,126	21%	6,837	23%
Tax	(2,412)		(2,179)	
NPAT statutory	**5,714**	**15%**	**4,658**	**16%**
Earnings per share	7.6 cents		6.5 cents	

Half Year Profit and Loss Highlights

- TTV (unaudited) – 36.5% up on p.c.p – reflects strong new business performance and six month contribution from USA
- EBITDA – 26.3% up on p.c.p. Profit contribution (EBITDA margin 24%) slightly lower to corresponding period, as a result of the lower yielding USA business. Excluding USA, the profit contribution is higher than the p.c.p (25.6% 2012 versus 24.7% 2011) due largely to revenue per FTE gains
- NPAT Growth of 22.7% compared to the half year ended 31 December 2011. Excluding the contribution from the R&A Travel business in the USA, the underlying growth was 17.5%
- Operating expenses – increased slightly as a % of income. Again this is reflective of the USA acquisition. A&NZ in isolation has improved on the p.c.p
- Depreciation and Amortisation – higher charge compared to p.c.p due office fit-out over past 18 months. We expect 2014 capital expenditure to reduce compared to current levels
- Interest – Acquisitions have been partly funded by debt

Group Balance Sheet ($m)

- Cash reserves and a small amount of debt used to fund USA acquisition and etm earn-out
- Debtors have fallen from June 12 due to overrides and improved receivables collection, despite business growth
- Intangibles largely goodwill on acquisitions
- Assumed full earn-out on USA acquisition resulting in $4.1m of deferred and contingent consideration included in payables balance. The June 12 balance included $4.5m of deferred consideration on etm acquisition
- Improved working capital position as reflected in the cash flow statement

	Dec 12 $m	June 12 $m
Cash	7.3	12.2
Receivables and other	21.4	26.1
Total current assets	**28.7**	**38.3**
PP&E	3.2	2.6
Intangibles	52.5	42.7
Total assets	**84.4**	**83.6**
Payables	17.6	22.9
Interest bearing liabilities	4.0	0.8
Other current liabilities	3.3	4.0
Total current liabilities	**24.9**	**27.7**
Non current liabilities	5.0	2.9
Total liabilities	**29.9**	**30.6**
Net assets	**54.5**	**53.0**

Group Cash Flow ($m)

	6 months to Dec 2012	6 months to Dec 2011
EBITDA	**9.2**	**7.3**
Change in working capital	0.6	(2.6)
Income tax paid	(3.4)	(1.9)
Cash flows from operating activities	**6.4**	**2.8**
Capital expenditure	(1.8)	(1.6)
Other investing cash flows	(8.1)	(6.7)
Cash flow from investing activities	**(9.9)**	**(8.3)**
Dividends paid	(4.5)	(3.6)
Net borrowings	3.1	0.3
Other	-	0.3
Cash flow from financing activities	**(1.4)**	**(3.0)**
Net increase/(decrease) in cash	(4.9)	(8.5)

- Strong operating cash flow. Good improvement compared to p.c.p
- Other investment cash flows relate to USA acquisition and etm earn-out, funded through cash reserves, working capital and a small amount of debt
- Final dividend for FY12 of 6 cents per share paid – October 2012
- Interim dividend of 4 cents payable on 11 April 2013
- Higher capital expenditure due to further product investment, fit-out of new Perth office and renovations in Brisbane office, as previously flagged, to support expansion

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Merger and Acquisition Update

7 successful acquisitions and integrations to date including off-shore. Common themes across all targets:

- Strong discipline in selection criteria – looking for the “1 in 100”
- Alignment - “Skin in the game” for leader and/or senior Management
- Weighted focus on financial and people due diligence for cultural match
- Robust transition process that enhances effectiveness of people & systems
- Focus on scalability with integration of key business functions
- Highly EPS accretive

= creating better business acumen and discipline in team for better results

USA – Case study

polk corporate travel management

- Acquired Colorado based R&A Travel on 2 July 2012 for US$9.5m, including $5.4m of initial consideration (cash and scrip), and up to $4.1m of contingent consideration
- Strategic rationale - improved service for Australian-based accounts with travel originating from the USA, access to multi-national travel management tenders controlled from the USA, and a low cost base to explore broader penetration into the USA
- Acquisition risks managed - strong alignment of culture and values, benefits of key management holding CTM shares and stretch earn-out targets
- Business integration assisted by "shadow support" provided by senior CTM executive to support and empower local management team

Results:

- Organic growth ahead of expectations - clients responding well to CTM's value proposition
- Increased profitability - CTM's business disciplines and systems
- Other North American acquisitions opportunities being explored using CTM's acquisition discipline and selection criteria to take advantage of economic green shoots in USA and strong $A

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CTM Mobile

Travellers are connected wherever they are;

- View flight and hotel bookings
- Flight delay alerts
- Seat maps
- Gate change alerts
- Alternative flight search
- Driving directions
- Currency converter
- Risk notifications
- Cost savings messages

All booking information available 24/7

All your travel in your pocket, all the time

u-book ticketbank

- Real-time access to use credits on hold
- The ability to take charge of your credits on hold with data at your fingertips
- Increase use of credits on hold by travellers
- Minimise wastage and reduce costs = demonstrated ROI

u-approve
pre-trip approval

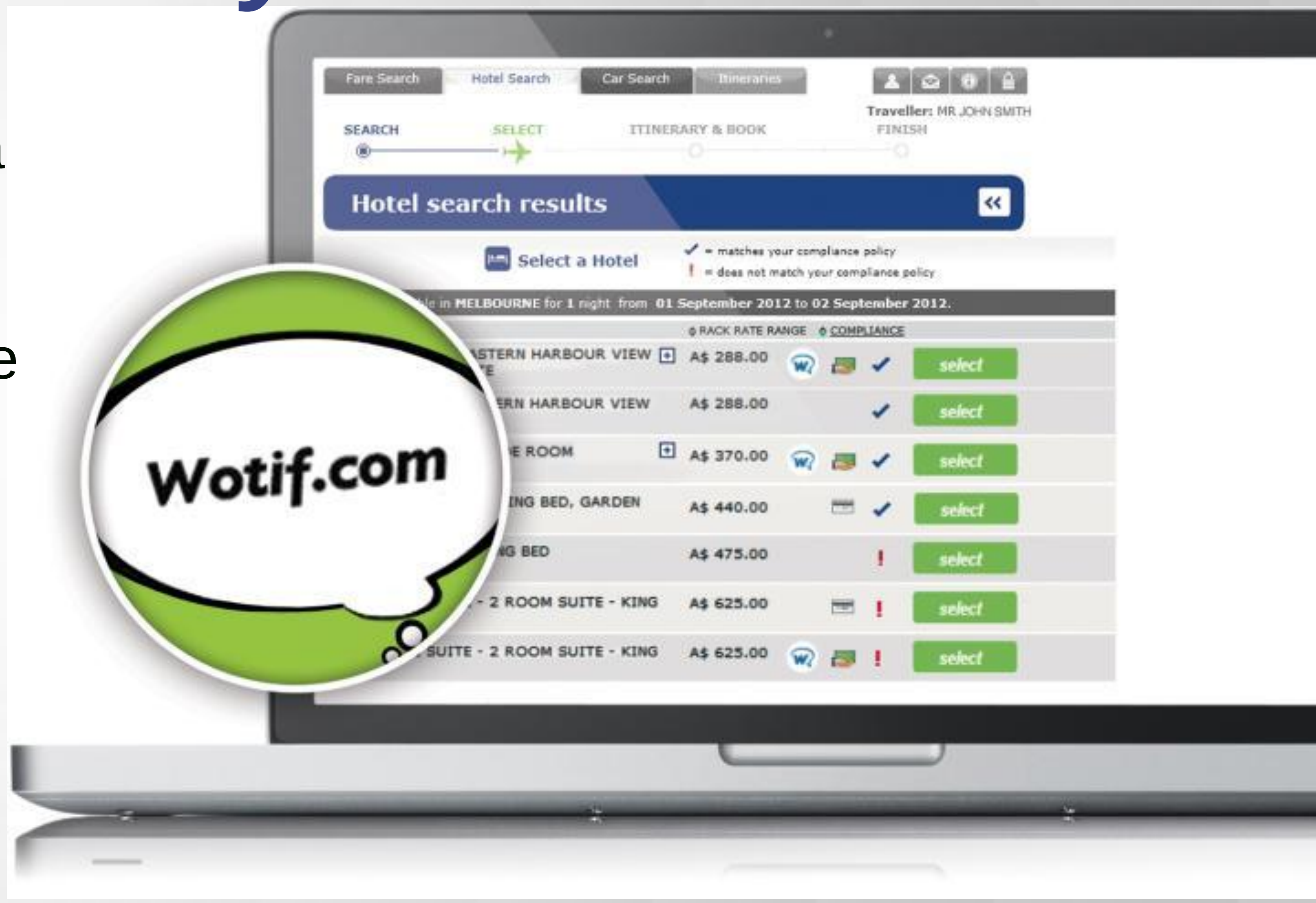
- A streamlined travel request process for arrangers - no more emails or forms
- The power to avoid unauthorised travel bookings
- The ability to approve or deny travel requests in a convenient manner
- 100% accessibility - you only need an internet connection
- Pre-filled information, meaning travelers do not need to remember the details of their cost center, department and approval staff

Business Intelligence

- 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
- Currently rolling out across the USA

u-book

Wotif hotel inventory



- Largest property inventory in Australia and New Zealand
- Remote locations now available online
- Live inventory fully integrated with u-book online booking tool
- More competitive rates
- Maximise clients policy compliance
- Detailed reporting – all bookings feed into CTM’s Business Intelligence software

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Executing FY13 Initiatives

CLIENT WIN AND RETAIN

- ✓ Greater range of innovative client products & services
- ✓ Rigour around Sales Strategy
- ✓ Cross-sell across CTM, USA & MICE
- ✓ SME offering
- ✓ Use BI tool to offer enhanced ROI

ACQUISITION

- ✓ Bed down USA
- ✓ Continue to explore future acquisitions

STRATEGY

REVENUE PER FTE

- ✓ Productivity project well advanced
- ✓ Creates time to service, eliminates non productive workflow
- ✓ Enhances client service and experience

STAFF AND CLIENT SATISFACTION

- ✓ Survey results linked to business plans
- ✓ Aligned to KPIs
- ✓ Feedback to innovation process for continuous improvement

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Profit Guidance

Upgrade FY13 guidance to 20%-25% EBITDA growth on p.c.p. (**circa $21m-$22m EBITDA**)

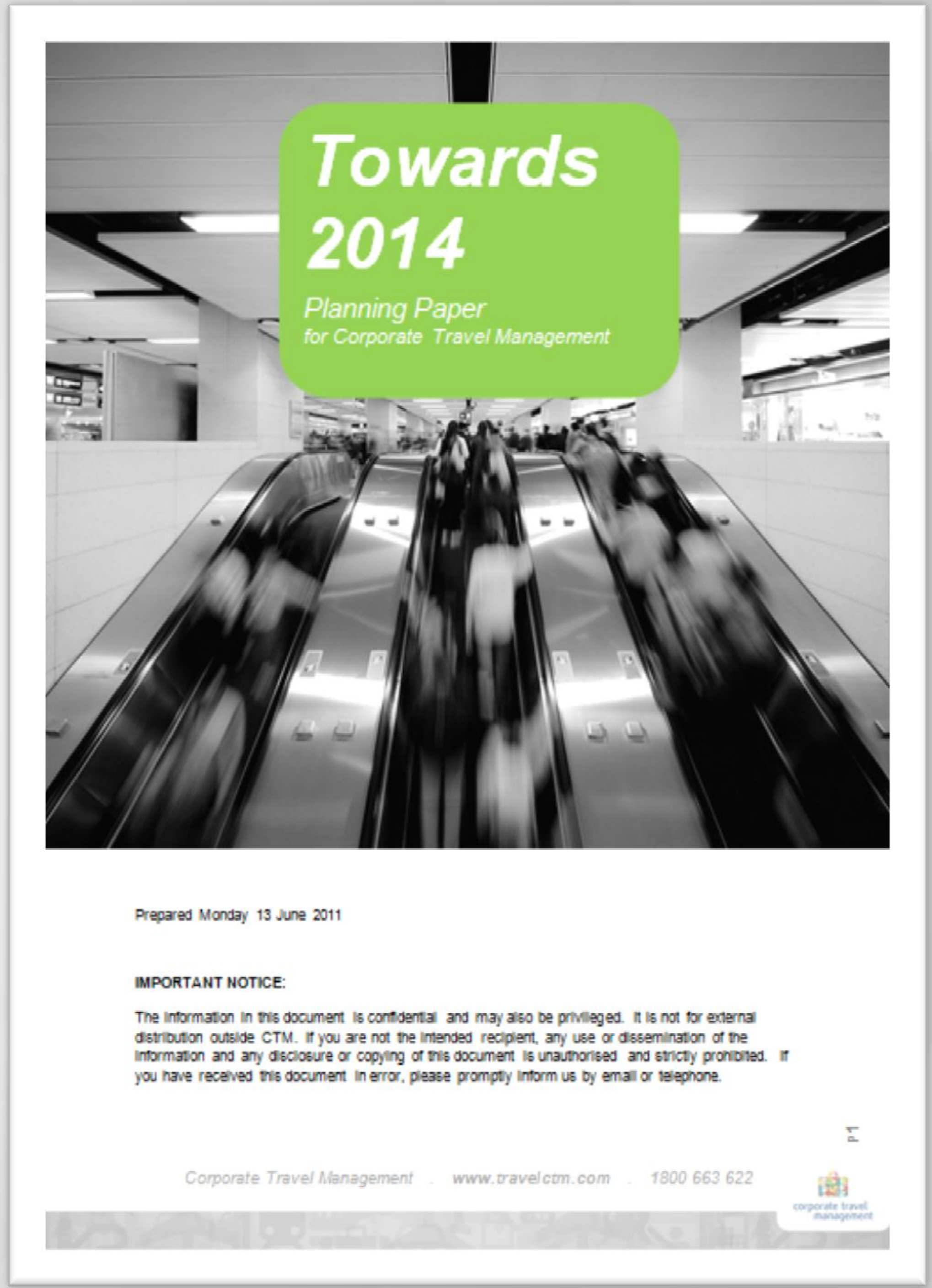
Key drivers affecting FY13 performance:

- No erosion in the broader economy
- Continue to win and retain business with new products developed, underpinned by high service and engagement, in what is still a lack lustre economy (A&NZ)
- Revenue per FTE – further opportunity through supplier automation
- USA scalability program translates into higher profits

Further acquisition opportunities coming to fruition (not included in guidance)

FY14 and Beyond

- 5 year forward planning for A&NZ to ensure it continues to be a “fortress” of high growth and high profitability that underpins global expansion strategy
- USA - replicate Australian model through combination of further accretive acquisitions & organic growth
- Accelerate the cross-sell of clients and up-skill our team
- Capital management program that supports business growth
- Continue to investigate acquisition opportunities in other regions that support our grand plan to have a regional presence in Asia and Europe in additional to A&NZ and the USA
- To be the best TMC in every region we operate by retaining CTM’s highly differentiated service model and high staff engagement


Towards 2014

Planning Paper
for Corporate Travel Management

Prepared Monday 13 June 2011

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