



corporate travel
management

HALF YEAR RESULTS 2014

Disclaimer

This document is not a prospectus under Australian law and does not constitute an offer, invitation or recommendation to subscribe for or purchase any security or financial product and neither this document nor anything contained in it shall form the basis of any contract or commitment. It has not been lodged with the Australian Securities and Investments Commission (ASIC) and is given to the recipient for information purposes only, pursuant to section 734(9) of the Corporations Act.

This document is not, and should not be construed as a recommendation by Corporate Travel Management Limited or any of their respective directors, employees, officers and advisers. Nothing in this document constitutes legal, tax or other advice. The information in this document does not take into account your investment objectives, financial situation or particular needs. Before making an investment decision, you should consider whether an investment in Corporate Travel Management Limited is appropriate in light of your particular investment needs, objectives and financial circumstances and consider obtaining professional securities advice. In all cases you should conduct your own investigations and analysis of the financial condition, assets and liabilities and business affairs of Corporate Travel Management Limited and its business, and the contents of this document.

No representation or warranty, express or implied, is made as to the fairness, accuracy or completeness of the information, opinions and conclusions contained in this document by any person. To the maximum extent permitted by law, Corporate Travel Management Limited, their related bodies corporate (as that term is defined in the Corporations Act) and the officers, directors, employees and agents of those entities do not accept any responsibility and disclaim all liability including, without limitation, any liability arising from fault or negligence on the part of any person, for any loss arising from the use of this document or its contents or otherwise arising in connection with it.

This document is confidential and has been given to you solely for your information and may not be reproduced or distributed to any other person except those within your organisation.

The distribution of this document in jurisdictions outside Australia may be restricted by law and you should observe any such restrictions. This document (or any copy thereof) may not be transmitted in the United States or distributed, directly or indirectly, in the United States or to any US persons, and does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States, and is not available to persons in the United States or to US persons.

Agenda

- **Key Financial Highlights**

- Acquisition Update
- FY14 Technology
- FY14 Initiatives
- Trading Update



Group Result Highlights

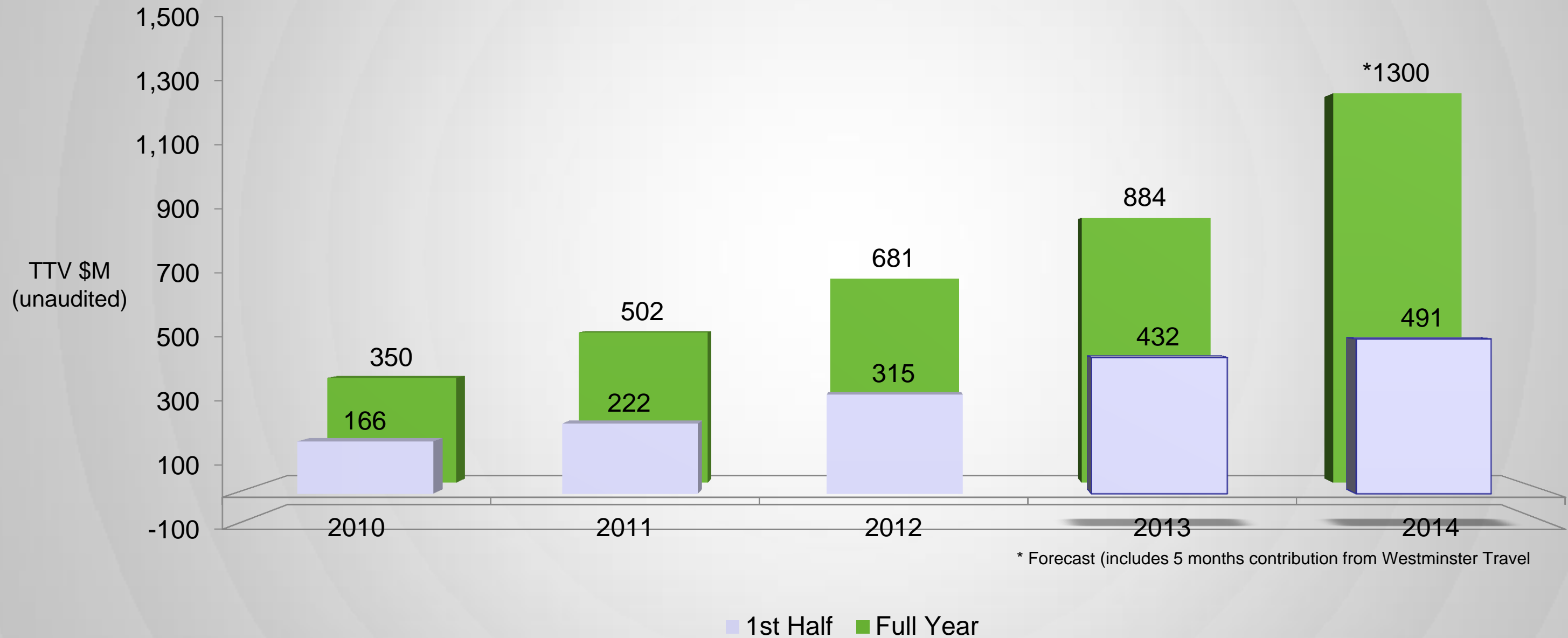
- ✓ Underlying EBITDA up 28% to \$10.4m, excluding \$1.1m one- off acquisition costs
- ✓ Strong Client Wins & Retention across Group
- ✓ ANZ – experienced tough trading conditions in pre and post federal election. Record new business wins in first half which sets momentum moving forward
- ✓ North America - continued growth as a result of strong organic growth and leveraging scalability. North American EBITDA up 75% on a like for like basis
- ✓ Strong operating cash flow
- ✓ Continued investment in client-facing technology and internal business tools, which strengthens CTM competitive advantage
- ✓ Half year dividend up 13% to 4.5 cents fully franked.(4.5c payable 11 April 2014)

TTV (unaudited)	↑ 14%
Revenue	↑ 15%
Underlying EBITDA*	↑ 28%
Underlying NPAT*	↑ 30%
Underlying EPS	↑ 24%
Dividend (interim 4.5c)	↑13%
Return on Equity (ROE)	12%

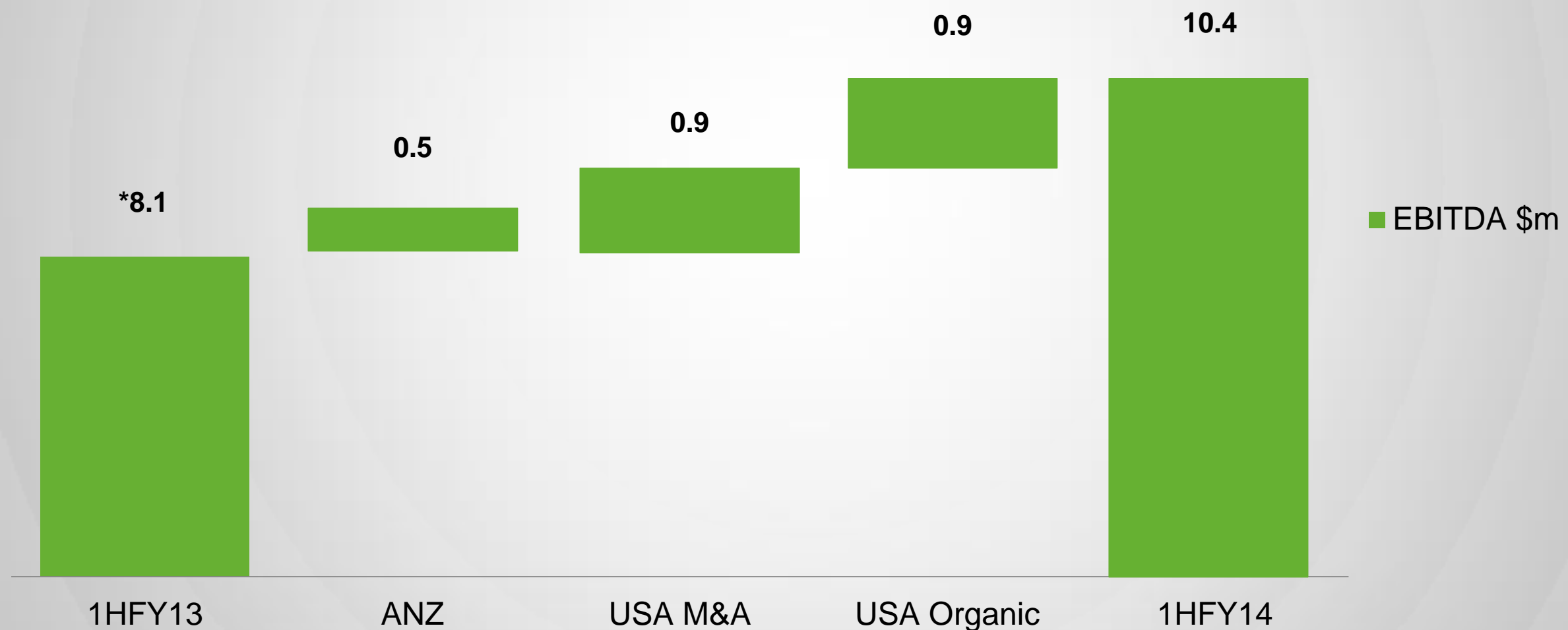
Note: Growth against restated p.c.p taking account of voluntary change in accounting policy for recognition of pay direct commissions.

* When backing out change to p.c.p reported numbers for voluntary change in accounting policy, underlying EBITDA and NPAT growth for the group are 13% and 14% respectively

Sales Growth by FY Half



EBITDA Summary



* Restated for voluntary change in accounting policy in recognition of pay direct commissions

Profit and Loss - ANZ

Underlying EBITDA up 6% on p.c.p:

- ✓ Margin improvement due to productivity execution without compromising client satisfaction or staff engagement
- ✓ Continued tough economic conditions
- ✓ Real organic growth 1H +7%, offset by combined -12% decline in activity and Average Ticket Price (ATP)
- ✓ ATP and client activity declined leading into election but has since steadied in CY14

Accelerating market share - Expecting stronger 2H and strong FY15:

- ✓ ANZ 1H wins exceed full year FY13. Wins are continuing in 2H FY14
- ✓ Much of wins not yet transacted. Will see some flow through to 2H, but full effect into FY15 irrespective of economy
- ✓ Retention expected to remain at historical average 97%
- ✓ Remain highly leveraged to economic recovery

	\$AUD	ANZ	
	1H2014	1H2013^	% Change
TTV	353m	371m	-5%
Revenue	33.1m	34.7m	-5%
Yield % of TTV	9.4%	9.4%	
EBITDA*	8.3m	7.8m	+6%
% of Revenue	25.1%	22.5%	
^ Restated for voluntary change in accounting policy on recognition of pay direct commission			
* Underlying adjusted for \$1.1m acquisition costs in 1H2014			

Profit and Loss – North America

- ✓ Strong 1H result like for like EBITDA up 75% on p.c.p due to strong organic growth and leveraging scale
- ✓ Business process integration on track for completion June 2014
- ✓ Stronger 2H expected due to seasonality and momentum of new wins not yet transacted
- ✓ Good momentum into FY15 as economies of scale kick-in
- ✓ Continue to actively look at further accretive acquisitions into FY15, potential to be funded from cash flow

\$AUD	North America		
	1H2014	*1H2013	% Change
TTV	138m	114m	+21%
Revenue	10m	7.9m	+27%
Yield % of TTV	7.2%	6.9%	
EBITDA*	2.1m	1.2m	+75%
% of Revenue	21%	14%	
*Includes TravelCorp P&L pre-acquisition			

Comparative Statutory FY14 Profit and Loss

- ✓ Underlying EBITDA margins have improved slightly as a result of:
 - Improvement of 1H margin in ANZ, despite tough economic conditions
 - Improved performance in North America (although at lower margin to ANZ which is having a greater impact on Group margin due to increased contribution)
- ✓ Increased amortisation due to accounting treatment on M&A activity
- ✓ Expect full year effective tax rate for Group to be circa 29% with acquisition of Westminster Travel
- ✓ Underlying costs after tax up \$0.9m relate to one-off M&A acquisition costs
- ✓ Reported results reflect voluntary change in accounting policy regarding recognition of Pay Direct Commissions (PDC)

	1H2014	% change	*1H2013
TTV (unaudited)	490.7		431.1
Revenue	43.3	15%	37.6
Other Income			
Operating Expenses	(34.0)		(29.5)
EBITDA	9.3	15%	8.1
Depreciation	(0.6)		(0.8)
Amortisation	(0.7)		(0.1)
EBIT	8.0		7.2
Net interest income/(expense)	0		(0.2)
NPBT	8.0	14%	7.0
Tax	(2.4)		(2.0)
NPAT statutory	5.6	12%	5.0
Reconciliation to underlying NPAT:			
One off acquisition costs (tax effect)	0.9		-
NPAT Underlying	6.5	30%	5.0
Voluntary change in accounting policy			0.7
NPAT v 1HFY13 reported	6.5	14%	5.7

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

Group Balance Sheet (\$m)

- ✓ Minimal debt (\$370k) at balance date
- ✓ Strong working capital position as reflected in the cash flow statement
- ✓ Receivables have fallen from June 2013 due to collection of overrides and improved other receivables collection
- ✓ Intangibles largely goodwill and acquisitions
- ✓ Liabilities includes \$11.8 m of deferred consideration on R&A and TravelCorp acquisition (\$6.5m in current payables and \$5.3m in non-current liabilities) assumed full earn-out is paid

	Dec 13 \$m	*June 13 \$m
Cash	9.8	13.5
Receivables and other	20.0	23.9
Total current assets	29.8	37.4
PP&E	2.9	3.2
Intangibles	76.4	75.7
Total assets	109.1	116.3
Payables	23.1	26.0
Interest bearing liabilities	0.4	3.2
Other current liabilities	4.4	2.4
Total current liabilities	27.9	31.6
Non current liabilities	8.0	15.0
Total liabilities	35.9	46.6
Net assets	73.2	69.7

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

Cash Flow Summary (\$m)

- ✓ Operating cash flow has been positively impacted by improved supplier management and a positive contribution by North American operations
- ✓ Other investing cash flows relate to North American acquisitions, with a further \$11.8m to be paid over a combination of August 2014 and August 2015
- ✓ Interim dividend for FY14 of 4.5 cents per share payable 11th April 2014 (fully franked)
- ✓ Reduction in tax paid due to change in instalment rate
- ✓ Reduced capital expenditure, as previously noted, due largely to completion of Perth and Brisbane Office fit outs in p.c.p
- ✓ 2014 Capex investment to be circa \$2m
- ✓ Further capital raising and M&A costs in 2H of circa \$3.2m, funded through capital raising proceeds

	6 mths FY13 \$m	*6 mths FY12 \$m
EBITDA	9.3	8.1
Change in working capital	0.1	1.9
Income tax paid	(1.6)	(3.4)
Interest	(0.3)	(0.2)
Cash flows from operating activities	7.5	6.4
Capital expenditure	(0.9)	(1.8)
Other investing cash flows	(2.3)	(8.1)
Cash flow from investing activities	(3.2)	(9.9)
Dividends paid	(5.1)	(4.5)
Net (repayment)/drawing of borrowings	(3.0)	3.1
Cash flow from financing activities	(8.1)	(1.4)
Net increase/(decrease) in cash	(3.8)	(4.9)

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

Agenda

- Key Financial Highlights
- **Acquisition Update**
- FY14 Technology
- FY14 Initiatives
- Trading Update



Key Financial Commitments – M&A

R&A Travel

- Outstanding earn-out up to USD\$1.6m (this reflects top tier and is expected to be achieved)
- Payment due 31 August 2014

TravelCorp

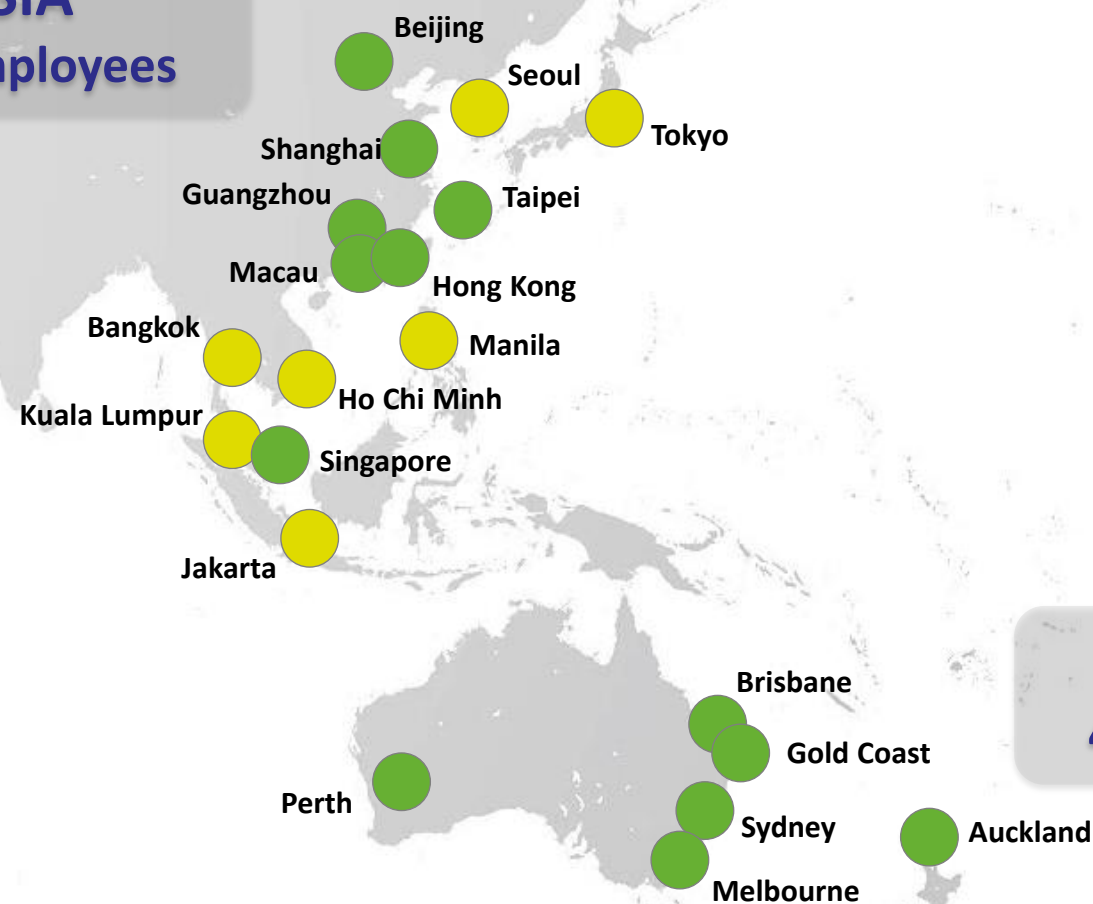
- Outstanding earn out of up to USD\$9.4m
- Payment due combination of August 2014 and August 2015, subject to future profit performance
- Payment is to be a mix of cash and shares

Westminster Travel

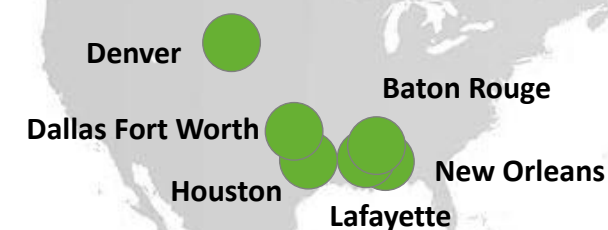
- HKD\$354m (AUD\$48.9m) purchase consideration for 75.1% of Westminster Travel paid on 29th January 2014. Representing 7x PBT FY13
- No additional payment to be made
- Loan to Vendors of HKD\$117m made on 29 January 2014, term of 6 months, loan is securitised over 24.9% shareholding of Vendors

CTM Footprint

ASIA 700 Employees



NORTH AMERICA 200 Employees



ANZ 450 Employees



corporate travel
management

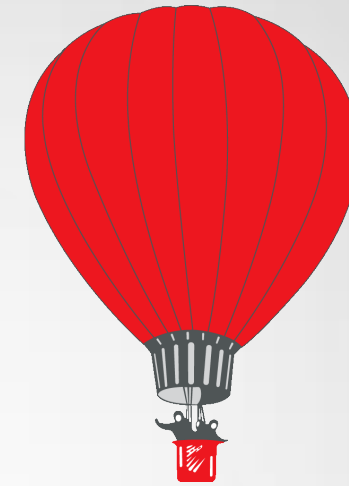
Unique regional value proposition
Operating out of 26 cities in 15 countries
Over 1350 employees

Powerhouse in Asia Pac region underpinned by uniform culture and 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)

Asia Update

WESTMINSTER
— Travel Ltd. —
西敏旅行社



Completed acquisition of 75.1% of Westminster Travel on 29th January 2014:

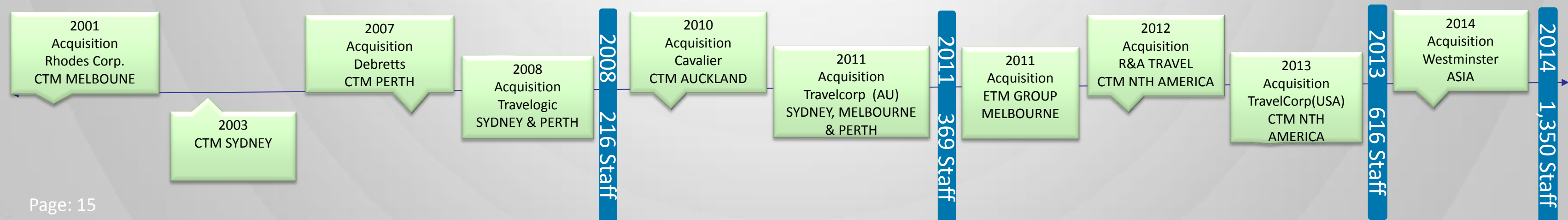
- Strong Management Team in place with skin in the game
- Already working together on a number of regional tenders and global initiative planning for FY15
- Sold interest in HRG joint venture back to HRG (joint venture contributed loss in FY13)
- Management Accounts show Asia on track
- Do not expect any surprises

Merger and Acquisition Discipline

CTM's acquisition strategy has remained consistent across 8 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



Agenda

- Key Financial Highlights
- Acquisition Update
- **FY14 Technology**
- FY14 Initiatives
- Trading Update



FY14 Technology

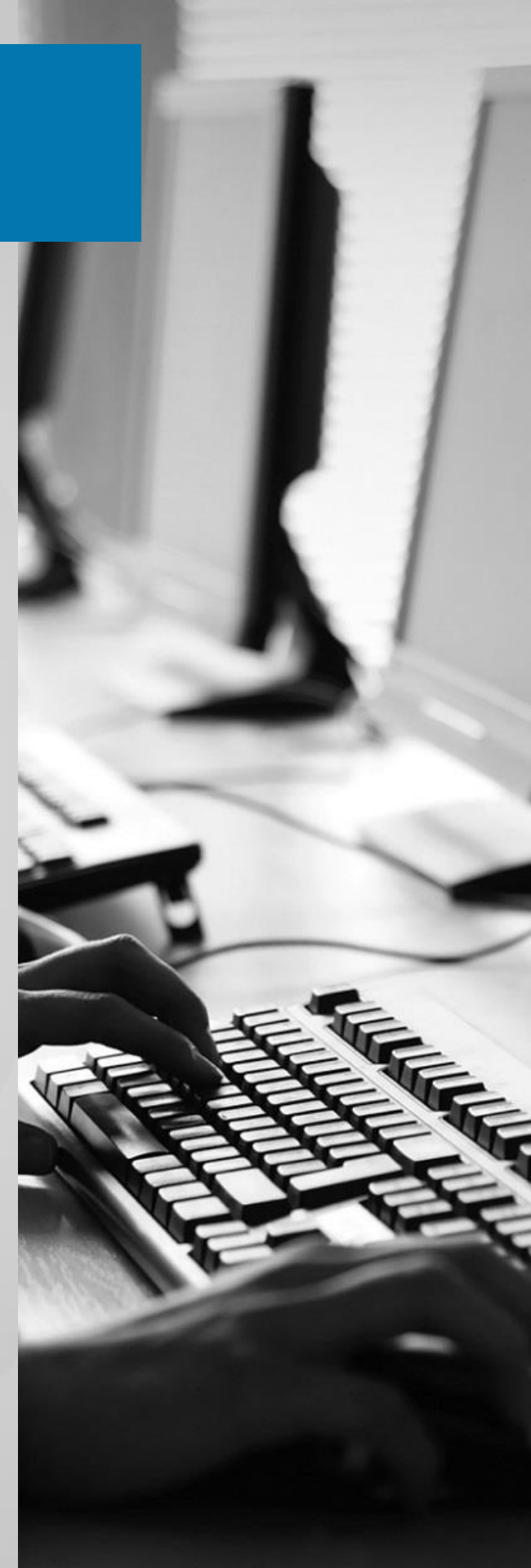
- CTM Business Intelligence - *global rollout*
- Portal X 'Next Gen' – *the technology centrepiece*
- Hotel Reviews – *agnostic and exclusive to CTM*
- Taxi Share – *tapping into the untapped*
- Risk Alerts – *enhanced duty of care*
- Traveller Mapping – *interactive and visual*
- Pre-Trip Approval –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



Continued investment in client-facing CTM Technology

Agenda

- Key Financial Highlights
- Acquisition Update
- FY14 Technology
- **FY14 Initiatives**
- Trading Update



FY14 Initiatives

Market
Leading
Client
Innovation

Record New
Client Wins
in 1HFY14

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 (ANZ/USA/Asia)
Allure- high-end leisure brand (ANZ/USA)
Sales team expansion (ANZ /USA)
Continual enhancement of ROI through BI tool in all ctm countries

ACQUISITION
Strategic goals
Leverage USA scale for organic and profit growth
Bed down Westminster acquisition (Asia)- key focus on staff engagement & client retention
Continue to look at additional accretive acquisitions in line with 5 year plan

REVENUE PER FTE
Strategic goals
Extend productivity project to USA
Create time to service & eliminate non productive workflow
Enhance client service and experience

Vision
FY14 STRATEGY

STAFF AND CLIENT SATISFACTION
Strategic goals
Continued high client service
Continued staff engagement
Feedback to innovation process for continuous improvement

USA EBITDA up 75%
Global footprint
boosted by Westminster
Acquisition

Improved EBITDA
margins whilst
maintaining high
client and staff
satisfaction

Agenda

- Key Financial Highlights
- Acquisition Update
- FY14 Technology
- FY14 Initiatives
- **Trading Update**



Trading Update and Guidance

FY14 underlying EBITDA guidance reiterated at \$27m-\$28m

- Assumes 5 months contribution from the 75.1% share of Westminster Travel
- ANZ and North America continue to trade in line with previous guidance

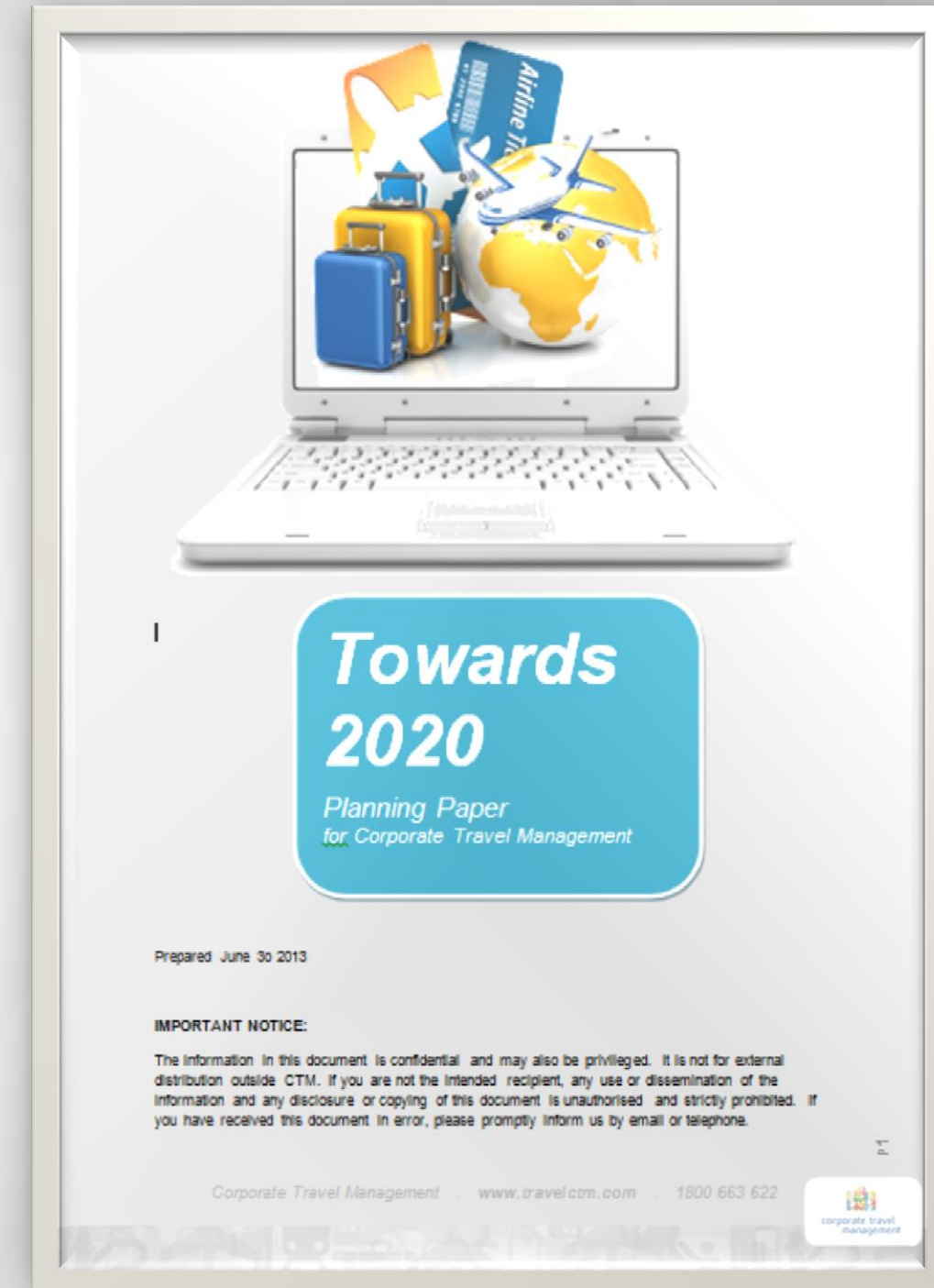
Trading Update

- ANZ – 1H client wins exceed total of FY13 wins
- Expecting stronger 2H14 due to new client wins not yet trading and lower 2H13 comparatives
 - Continue to build market share at an accelerated rate; and
 - Remain well placed to leverage from economic recovery
- North America - Performing well with strong new client wins, integration going to plan
 - Expecting stronger 2H due to new client wins not yet trading and USA seasonal skew to 2H
- ASIA – performing to expectations as per management accounts

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
- ✓ 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 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 off-shore**



Questions?