



ASX Announcement

21 August 2019

Corporate Travel Management delivers resilient earnings growth across all regions for FY19

For the year ended 30 June 2019, Corporate Travel Management (CTM, ASX:CTD) has again delivered solid earnings growth across all its operating regions.

Compared to the prior corresponding period, key financial highlights include:

- Total transaction value (TTV) increased by 30% to \$6.46 billion, driven by market share gains in all operating regions which include US, Europe, AU/NZ and Asia
- Underlying earnings before interest, tax, depreciation and amortisation (EBITDA) rose 20% to \$150.1 million, the top end of guidance
- Statutory net profit after tax (NPAT) attributable to owners of CTM increased 12% to \$86.2million
- CTM declared a final, partially franked, dividend of 22c, taking the full year payment to 40c, up 11%
- Reported operating cash flow conversion rate of 113% benefited from the timing of payment cycles against the reporting period

Overview and highlights

CTM Managing Director Jamie Pherous said: “This result demonstrates the strength of our strategic approach and the resilience of the company’s operating model. We have stayed the course on our long-term vision and maintained focus on sustainably expanding our global operations, driving organic growth and leveraging our technology platforms.”

“The company has grown in every year since listing in 2010.”

“We are now moving into the third phase of our strategy which is to optimise our position in each market and further strengthen our technology innovation to drive a leadership position in global corporate travel,” Mr Pherous added.

CTM’s client value proposition was once again the catalyst for strong performance with organic growth representing a 16% increase on the FY18 baseline of \$125.4 million. CTM will continue to seek selective opportunities for M&A where it represents strong value and aligns with the Group’s strategic goals.

The company’s cash conversion, on a rolling 10-year average, continued to track at around 100%. This year operating cash conversion was 113%.

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Regional performance

CTM provides detailed region-by-region analysis in its investor presentation released to the ASX along with this announcement today. While the company experienced some slowdown in activity from ongoing uncertainty over Brexit negotiations, tensions from the China-US trade war and the demonstrations in Hong Kong, CTM expanded market share and increased underlying EBITDA across all regions during the year.

	CTM Consolidated		Australia & New Zealand		North America		Asia		Europe		Global o/head	
	Jun-19	Change on P.C.P	Jun-19	Change on P.C.P	Jun-19	Change on P.C.P	Jun-19	Change on P.C.P	Jun-19	Change on P.C.P	Jun-19	Change on P.C.P
AUD	\$m		\$m		\$m		\$m		\$m		\$m	
TTV	6,457.5	30%	1,335.5	16%	1,459.1	12%	2,519.0	70%	1,143.9	13%	-	-
Revenue	446.7	20%	121.7	12%	149.3	18%	80.4	49%	95.3	17%	-	-
Underlying EBITDA	150.1	20%	51.5	17%	43.5	15%	24.7	27%	40.9	20%	(10.5)	3%
EBITDA/Revenue Margin	33.6%		42.3%		29.1%		30.7%		42.9%			

*The above table is a summary of the region-by-region analysis provided in the investor presentation.

This result is underpinned by CTM's strategy to build and operate customised technology hubs across its operating regions. This has allowed the company to significantly grow market share and increase productivity of its staff, with revenue per FTE up 30% on a cumulative basis since 2016.

Mr Pherous said: "Our customers come to us with complex briefs, often involving several jurisdictions, and they like CTM's capacity to quickly customise solutions and deliver value-added services."

Dividends

The Board declared a 22c dividend for the half, taking the full year dividend to 40c, up 11% for the year. The dividend, franked by 50%, will be payable on 3rd October 2019.

Outlook

The company has provided full year FY20 guidance for underlying EBITDA of between \$165.0 million and \$175.0 million (excluding the impact of the new accounting standard AASB16).

Including the impact of AASB16, would result in an increase of approximately \$10 million to the underlying EBITDA line but have almost no impact on reported NPAT.

Mr Pherous said: "We recognise the volatility in the global market, and we have stress-tested our forward trading activity accordingly. The lower end of our guidance assumes there is a continuation of the current trading environment as a result of Brexit, the US-China trade tensions and the demonstrations in Hong Kong through to the end of the calendar year."

"An earlier resolution to any or all of these events will likely result in increased confidence and client activity above our low-end assumptions," he said.

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About Corporate Travel Management (CTM)

About CTM Corporate Travel Management Pty Ltd (CTM) (ASX:CTD) is a global provider of innovative and cost-effective travel solutions spanning corporate, events, leisure, loyalty and wholesale travel. Our proven business strategy combines personalised service excellence with market-leading technology to deliver a return on investment to our customers.

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