ASX Announcement

19 February 2020

Results for announcement to the market

Half Year ended 31 December 2019

In accordance with ASX Listing Rule 4.2A, the documents which follow are for immediate release to the market:

- Half Year Report for the half year ended 31 December 2019 (Appendix 4D)
- Directors' Report and Interim Financial Report for the half year ended 31 December 2019

The information contained in this release should be read in conjunction with the Company's most recent Annual Financial Report.

Anne Tucker
Company Secretary

Contact details

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Appendix 4D

Corporate Travel Management Limited (CTD)

ABN 17 131 207 611

for the half year ended 31 December 2019

The following information sets out the requirements of Appendix 4D with the stipulated information either provided here or cross referenced to the 2020 Interim Financial Report.

Reporting period

Current reporting period:	Half year ended 31 December 2019
Previous reporting period:	Half year ended 31 December 2018

Results for announcement to the market

	Dec 2019 $'000	Dec 2018 $'000	Change $'000	Change %
Total transaction value (TTV)[1]	3,310,220	2,951,494	358,726	12%
Revenue	222,174	210,193	11,981	6%
Total revenue and other income	222,290	212,200	10,090	5%
Profit before tax	46,356	52,496	(6,140)	(12)%
Profit from ordinary activities after tax	35,070	40,639	(5,569)	(14)%
Net profit for the period attributable to members	32,913	38,861	(5,948)	(15)%
Basic EPS (cents)	30.3	36.0	(5.7)	(16)%
Diluted EPS (cents)[2]	30.3	35.8	(5.5)	(15)%

[1] TTV, which is unaudited, represents the amount at which travel products and services have been transacted across the consolidated entity's operations whilst acting as agents for airlines and other service providers, along with other revenue streams. TTV does not represent revenue in accordance with Australian Accounting Standards. TTV is stated net of GST.
[2] Diluted EPS is calculated based on total shares on issue adjusted for shares from unvested share appreciation rights.

Dividend

	Amount per Share Cents	Franking %
30 June 2020		
Interim dividend[3]	18.0	50%
30 June 2019		
Interim dividend	18.0	100%
Final dividend[4]	22.0	50%

[3] The record date for determining the interim dividend of 18.0 cents per share is 6 March 2020, with the dividend payable on 14 April 2020.
[4] The final dividend for the financial year ended 30 June 2019 of 22.0 cents per share was paid on 3 October 2019.

Tangible assets per security

	Dec 2019 $'000	Dec 2018 $'000
Tangible asset backing per ordinary share	3.98	3.26

Net tangible assets per security

	Dec 2019 $	Dec 2018 $
Net tangible asset backing per ordinary share	0.86	0.52

Control gained over entities

Refer to note 4 of the 2020 Interim Financial Report for details of entities for which control has been gained during the period. There are no associates and joint ventures.

Acquisition subsequent to period end

The Group acquired 100% of the shares of Corporate Travel Planners, Inc ("CTP") with effect from 1 January 2020. CTP is a significant provider of travel services to both the university and corporate sector in the USA, based in San Antonio, Texas.

Compliance statement

The Interim Financial Report is based on accounts which have been reviewed by the auditor of Corporate Travel Management Limited. There have been no matters of disagreement and a report of the auditor's review appears in the half-year financial report.

The report should be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by CTD in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001* and the *ASX Listing Rules*.

Corporate Travel Management Limited

ABN 17 131 207 611

31 December 2019

Interim Financial Report

Corporate Travel Management Limited

ABN 17 131 207 611

Registered Office:
Level 24, 307 Queen Street
Brisbane Queensland 4000

Interim Financial Report – 31 December 2019

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Directors' Report

The Directors present their report, together with the interim financial report of Corporate Travel Management Limited and its controlled subsidiaries ("CTM" or "the Group"), for the half year ended 31 December 2019.

Directors

The following persons were Directors of Corporate Travel Management Limited during the financial period and until the date of this report for the entire period unless otherwise stated:

- Ewen Crouch AM (Chairman).
- Jamie Pherous (Managing Director).
- Greg Moynihan (Independent Non-Executive Director).
- Laura Ruffles (Executive Director).
- Admiral Robert J. Natter, U.S. Navy (Ret.) (Independent Non-Executive Director).
- Sophie Mitchell (Independent Non-Executive Director, appointed 2 September 2019).
- Jon Brett (Independent Non-Executive Director, appointed 31 January 2020).
- Stephen Lonie (Independent Non-Executive Director, resigned 6 November 2019).

Review of operations

Group overview

The Group continued to engage in its principal activity, being the provision of travel services, the results of which are disclosed in the following financial statements.

Group financial performance

CTM's key financial metrics are summarised in the following table:

	Dec 2019 $'000	Dec 2018 $'000	Change %
Total Transaction Value (TTV) (unaudited)	3,310,220	2,951,494	12%
Revenue	222,174	210,193	6%
Total revenue and other income	222,290	212,200	5%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	64,905	63,220	3%
Acquisition/one-off/non-recurring costs	3,620	1,418	155%
Underlying EBITDA (adjusted for acquisition/one-off/non-recurring costs)[1]	68,525	64,638	6%
Impact of AASB 16 *Leases* on Underlying EBITDA	(4,066)	-	0%
Underlying EBITDA excluding the impact of AASB 16 *Leases*	64,459	64,638	0%
Statutory net profit after tax (NPAT):	35,070	40,639	(14)%
NPAT - attributable to owners of CTM	32,913	38,861	(15)%
Acquisition/one-off/non-recurring costs (tax effected)	2,788	905	208%
Underlying NPAT - attributable to owners of CTM	35,701	39,766	(10)%
Amortisation of client intangibles (tax effected)	2,475	2,825	(12)%
Underlying NPAT - attributable to owners (excluding acquisition amortisation)	38,176	42,591	(10)%
Impact of AASB 16 *Leases* on Underlying NPAT - attributable to owners	835	-	0%
Underlying NPAT - attributable to owners excluding the impact of AASB 16 *Leases*	39,011	42,591	(8)%

[1] Management assess the performance of the business based on a measure of Underlying EBITDA. This measurement basis excludes the effects of the costs of acquisitions, acquisition related adjustments, and other non-recurring items during the year. Refer note 1 – Segment reporting and revenue reporting.

Financial performance

For the period, Underlying EBITDA excluding the impact of AASB 16 was flat at $64.5 million (2018: $64.6 million) with the reconciliation to profit before income tax from continuing operations set out in note 1 of the financial statements. On a constant currency basis, Underlying EBITDA fell by 3% to $62.4 million. Despite this, TTV grew 12% reflecting that in uncertain times, the business has demonstrated its resilience by continuing to deliver positive results.

The net profit after tax attributable to the owners of CTM for the financial period amounted to $32.9 million (2018: $38.9 million). Despite continuing strong wins and client retention, the macro-economic effect of Brexit, Hong Kong demonstrations and the trade wars in Asia negatively impacted client activity.

Review of operations (continued)

Total Transaction Value (TTV) (unaudited)

TTV represents the amount at which travel products and services have been transacted across the Group's operations whilst acting as agents for airlines and other service providers. TTV does not represent revenue in accordance with Australian Accounting Standards and is not subject to audit. TTV is stated net of GST. TTV is utilised by management as a key travel industry metric.

	Dec 2019 $'000	Dec 2018 $'000
TTV net of GST (unaudited)	3,310,220	2,951,494

The Group maintained strong growth in TTV (unaudited). The Group continues to grow market share particularly in regions where the CTM SMART Technology suite has been implemented.

The Company continues to pay dividends within its stated dividend policy range (refer note 2), with the Board approving payment of an interim dividend of 18.0 cents per share which will be 50% franked (December 2018 interim dividend: 18.0 cents, 100% franked). This dividend is flat on the preceding period.

Review of underlying operations

Constant currency
Due to a significant portion of the Group's operations being outside Australia, the Group is exposed to currency exchange rate translation risk, as the Group's offshore earnings fluctuate when reported in Australian dollars.

The Group's regional results for the half year financial period have also been provided on a constant currency basis in the following table, with the TTV, revenue, and EBITDA for the regions converted at the average rate for the December 2018 half year period, to remove the impact of foreign exchange movements in assessing the Group's performance against the prior period. The constant currency comparatives are not compliant with Australian Accounting Standards.

The key financial results excluding the impact of AASB 16 by region are summarised in the following table:

	CTM Consolidated			Australia & New Zealand			North America			Asia			Europe			Other		
	Dec 19 $'m	Dec 18 $'m		Dec 19 $'m	Dec 18 $'m		Dec 19 $'m	Dec 18 $'m		Dec 19 $'m	Dec 18 $'m		Dec 19 $'m	Dec 18 $'m		Dec 19 $'m	Dec 18 $'m	
Reported AUD																		
TTV	3,310.2	2,951.5	12%	686.5	649.6	6%	758.5	689.9	10%	1,299.8	1,070.5	21%	565.4	541.5	4%	-	-	
Revenue	222.2	210.2	6%	61.7	58.3	6%	69.8	70.2	(1%)	43.0	38.3	12%	47.7	43.3	10%	-	0.1	
Underlying EBITDA	64.5	64.6	0%	24.4	22.3	9%	14.4	17.9	(20%)	13.2	12.5	6%	19.4	16.8	15%	(6.9)	(4.9)	41%
Underlying EBITDA as % of Revenue	29.0%	30.7%		39.5%	38.3%		20.6%	25.5%		30.7%	32.6%		40.7%	38.8%				
Constant Currency*																		
TTV	3,179.7	2,951.5	8%	685.8	649.6	6%	716.2	689.9	4%	1,226.8	1,070.5	15%	550.9	541.5	2%	-	-	
Revenue	214.9	210.2	2%	61.6	58.3	6%	66.0	70.2	(6%)	41.0	38.3	7%	46.3	43.3	7%	-	0.1	
Underlying EBITDA	62.4	64.6	(3%)	24.4	22.3	9%	13.6	17.9	(24%)	12.5	12.5	0%	18.8	16.8	12%	(6.9)	(4.9)	41%
Underlying EBITDA as % of Revenue	29.0%	30.7%		39.6%	38.3%		20.6%	25.5%		30.5%	32.6%		40.6%	38.8%				

** Constant currency reflects December 2018 as previously reported. December 2019 represents local currency converted at average foreign currency rates for the half year ended 31 December 2018.*

Australia and New Zealand ("ANZ")
Revenue rose by 6% to $61.7 million for the half year ended 31 December 2019. This revenue has translated strongly through to Underlying EBITDA, which rose by 9% to $24.4 million. With an underlying margin of 39.5%, the region continues to perform consistently, growing market share through high retention rates and new client wins. ANZ continues to be a significant contributor to the Group's profit.

North America
Revenue fell by 1% to $69.8 million for the half year ended 31 December 2019. The Underlying EBITDA also fell by 20% to $14.4 million. The Underlying EBITDA margin declined from 25.5% to 20.6% in the half. Continued penetration of CTM's technology solutions (SMART and Lightning) have impacted margins as customers continue to select CTM's online offering. However, extended implementation times have resulted in higher cost base.

Directors' Report (continued)

Review of operations (continued)

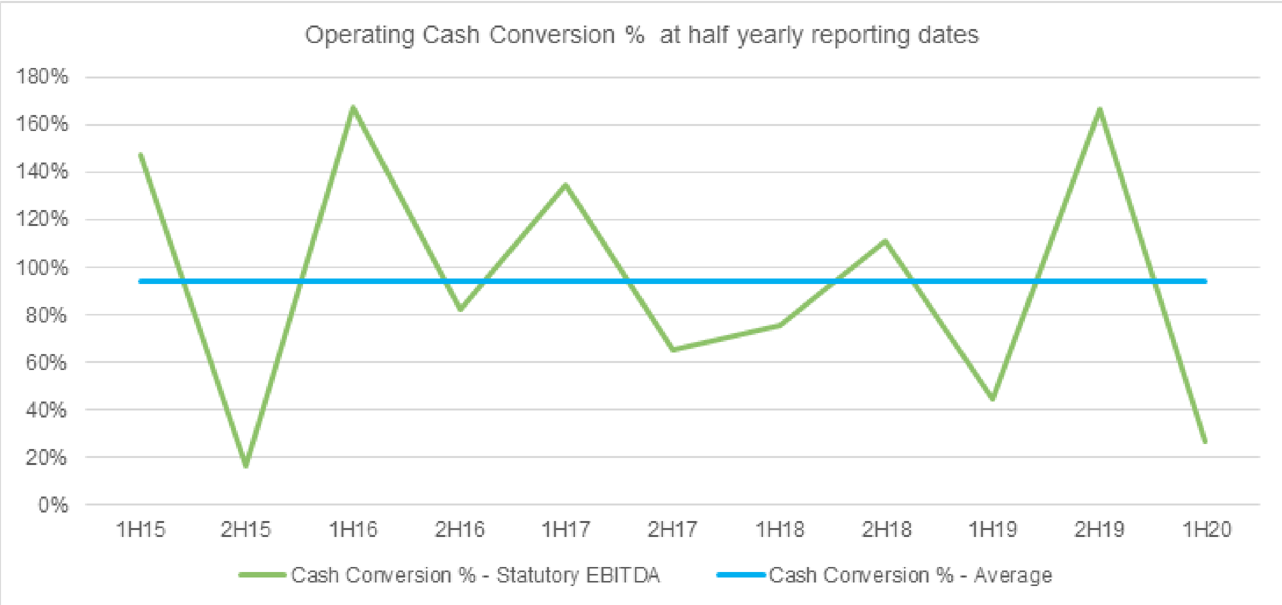
Review of underlying operations (continued)

Asia
Revenue rose by 12% to $43.0 million for the half year ended 31 December 2019 while Underlying EBITDA grew by 6% to $13.2 million. This demonstrates the strong performance and resilience of the underlying business given the challenging macro-economic environment experienced through demonstrations and the US-China trade war. The Lotus acquisition, executed in October 2018, has been fully integrated. Three extra months of contribution from Lotus have supported a pleasing outcome in Asia. Activity recovered somewhat in the latter months of the period, although remained below historic experience. Revenue and yield management have been key to the delivery of the result, and remain a focus for management.

Europe
Revenue rose by 10% to $47.7 million for the half year ended 31 December 2019. Underlying EBITDA rose 15% in the region to $19.4 million while the EBITDA margin rose from 38.8% to 40.7%. Additionally, the region's diverse client mix has helped it achieve a strong result in a very uncertain market. Continued market share gains have ensured a strong result in the period.

Financing and working capital

The timing of the fixed supplier payment cycle relative to reporting dates has historically resulted in short-term fluctuations in reported operating cash flow, with those impacts present in the period ended 31 December 2019. The operating cash flow conversion for the half year ended 31 December 2019 was 27%. For the next period to 30 June 2020, we expect timing of payments to be favourable to cash conversion. Cash conversion over the last 5 years has averaged 94% and is demonstrated in the following graph:



The operating cash conversion rate is calculated as net operating cashflows excluding interest, finance costs and income tax paid divided by EBITDA, excluding the impact of AASB 16 *Leases*.

CTM continues to maintain a strong financial position, with net current assets of $115.4 million and total equity of $607.9 million. As at 31 December 2019, borrowings totalled $21.6 million (December 2018: $61.0 million), representing a gross debt to equity ratio of 4%.

Review of operations (continued)

Adoption of AASB 16 Leases

The new leasing standard, AASB 16, became effective on 1 July 2019. The elements of the Income Statement affected by the new standard are noted below:

	Pre AASB 16 Dec 2019 $'000	Impact of AASB 16 Dec 2019 $'000	Dec 2019 $'000	Dec 2018 $'000
Total revenue and other income	**222,290**	**-**	**222,290**	**212,200**
Interest income	(205)	-	(205)	(111)
Other operating expenses	(154,147)	-	(154,147)	(141,396)
Occupancy	(7,099)	4,066	(3,033)	(7,473)
EBITDA	**60,839**	**4,066**	**64,905**	**63,220**
Interest income	205	-	205	111
Finance costs	(2,126)	(902)	(3,028)	(1,269)
Depreciation and amortisation	(11,287)	(4,439)	(15,726)	(9,566)
Profit before income tax	**47,631**	**(1,275)**	**46,356**	**52,496**
Income tax expense	(11,546)	260	(11,286)	(11,857)
Profit for the period	**36,085**	**(1,015)**	**35,070**	**40,639**

	Pre AASB 16 Dec 2019	Impact of AASB 16 Dec 2019	Dec 2019	Dec 2018
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company				
- Basic (cents per share)	31.0	(0.7)	30.3	36.0
- Diluted (cents per share)	31.0	(0.7)	30.3	35.8

Events since the end of the financial period

Other than the following items, there have been no matters or circumstances not otherwise dealt with in this report, that will significantly affect the operations of the Group, the results of those operations, or the state or affairs of the Group in subsequent financial periods.

The Group acquired 100% of the shares of Corporate Travel Planners, Inc ("CTP") with effect from 1 January 2020. CTP is a significant provider of travel services to both the university and corporate sector in the USA, based in San Antonio, Texas.

Initial consideration of $25,692,000 (USD $18,000,000) was payable through a mixture of cash and Corporate Travel Management Ltd shares in accordance with the purchase agreement. A further deferred consideration payment of up to $25,692,000 (USD $18,000,000) may also be payable depending upon the achievement of growth targets.

Auditor's independence declaration

A copy of the auditors' independence declaration, as required under section 307C of the Corporations Act 2001, is appended to this Directors' Report.

Rounding of amounts

The Group is of a kind referred to in Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the rounding of amounts in Financial and Directors' Reports. Amounts in the Consolidated Interim Financial Statements and the Directors' Report have been rounded to the nearest thousand dollars unless otherwise stated.

This report is made in accordance with a resolution of the Directors.

Mr Ewen Crouch AM Chairman	Mr Jamie Pherous Managing Director

Brisbane, 19 February 2020

Auditor's Independence Declaration

As lead auditor for the review of Corporate Travel Management Limited for the half-year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Corporate Travel Management Limited and the entities it controlled during the period.

Michael Crowe
Partner
PricewaterhouseCoopers

Brisbane
19 February 2020

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Consolidated Statement of Comprehensive Income

For the half year ended 31 December 2019

	Note	Dec 2019 $'000	Dec 2018 $'000
Revenue	1	222,174	210,193
Other income		116	2,007
Total revenue and other income		**222,290**	**212,200**
Operating expenses			
Employee benefits		(119,179)	(110,166)
Occupancy		(3,033)	(7,473)
Depreciation and amortisation		(15,726)	(9,566)
Information technology and telecommunications		(20,621)	(18,642)
Travel and entertainment		(2,658)	(2,922)
Administrative and general		(11,689)	(9,666)
Total operating expenses		**(172,906)**	**(158,435)**
Finance costs		(3,028)	(1,269)
Profit before income tax		**46,356**	**52,496**
Income tax expense	3	(11,286)	(11,857)
Profit for the period		**35,070**	**40,639**
Profit attributable to:			
Owners of Corporate Travel Management Limited		32,913	38,861
Non-controlling interests		2,157	1,778
		35,070	**40,639**
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		6,673	17,097
Changes in the fair value of cash flow hedges		-	(447)
Other comprehensive income for the period, net of tax		**6,673**	**16,650**
Total comprehensive income for the period		**41,743**	**57,289**
Total comprehensive income for the period attributable to:			
Owners of Corporate Travel Management Limited		39,297	54,430
Non-controlling interests		2,446	2,859
		41,743	**57,289**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company			
- Basic (cents per share)		30.3	36.0
- Diluted (cents per share)		30.3	35.8

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 December 2019

	Note	Dec 2019 $'000	Jun 2019 $'000
ASSETS			
Current assets			
Cash and cash equivalents		86,330	138,791
Trade and other receivables	6	266,793	328,771
Other assets		11,693	10,576
Total current assets		**364,816**	**478,138**
Non-current assets			
Plant and equipment		13,199	13,328
Right-of-use assets	13	50,880	-
Intangible assets	5	514,109	506,690
Deferred tax assets		3,970	5,693
Total non-current assets		**582,158**	**525,711**
TOTAL ASSETS		**946,974**	**1,003,849**
LIABILITIES			
Current liabilities			
Trade and other payables	7	213,302	316,753
Borrowings	8	9	19,205
Lease liabilities	13	8,580	-
Income tax payable		2,039	5,971
Financial liabilities	10	263	-
Provisions		25,204	25,905
Total current liabilities		**249,397**	**367,834**
Non-current liabilities			
Trade and other payables	7	1,912	4,158
Borrowings	8	21,618	20,085
Lease liabilities	13	48,288	-
Provisions		3,195	4,488
Deferred tax liabilities		14,667	14,802
Total non-current liabilities		**89,680**	**43,533**
TOTAL LIABILITIES		**339,077**	**411,367**
NET ASSETS		**607,897**	**592,482**
EQUITY			
Contributed equity	9	372,815	364,368
Reserves		27,088	27,001
Retained earnings		184,443	177,190
Capital and reserves attributed to owners of the company		**584,346**	**568,559**
Non-controlling interests		23,551	23,923
TOTAL EQUITY		**607,897**	**592,482**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the half year ended 31 December 2019

	Note	Contributed Equity $'000	Retained Earnings $'000	Reserves $'000	Total $'000	Non-Controlling Interests $'000	Total Equity $'000
Balance at 30 June 2018		**301,747**	**133,218**	**19,369**	**454,334**	**17,158**	**471,492**
Profit for the half year		-	38,861	-	38,861	1,778	40,639
Other comprehensive income (net of tax)		-	-	15,569	15,569	1,081	16,650
Total comprehensive income for the half year		**-**	**38,861**	**15,569**	**54,430**	**2,859**	**57,289**
Transactions with owners in their capacity as owners:							
Shares issued (net of transaction costs)		62,627	-	-	62,627	-	62,627
Dividends paid		-	(22,734)	-	(22,734)	(3,008)	(25,742)
Share-based payments		-	-	(12,943)	(12,943)	-	(12,943)
Non-controlling interests acquisition of subsidiary		-	-	-	-	5,692	5,692
		62,627	**(22,734)**	**(12,943)**	**26,950**	**2,684**	**29,634**
Balance at 31 December 2018		**364,374**	**149,345**	**21,995**	**535,714**	**22,701**	**558,415**
Balance at 30 June 2019		**364,368**	**177,190**	**27,001**	**568,559**	**23,923**	**592,482**
Change in accounting policy		-	(1,707)	-	(1,707)	(315)	(2,022)
Restated equity at 1 July 2019		**364,368**	**175,483**	**27,001**	**566,852**	**23,608**	**590,460**
Profit for the half year		-	32,913	-	32,913	2,157	35,070
Other comprehensive income (net of tax)		-	-	6,384	6,384	289	6,673
Total comprehensive income for the half year		**-**	**32,913**	**6,384**	**39,297**	**2,446**	**41,743**
Transactions with owners in their capacity as owners:							
Shares issued (net of transaction costs)	9	8,447	-	-	8,447	-	8,447
Dividends paid	2	-	(23,953)	-	(23,953)	(2,503)	(26,456)
Share-based payments		-	-	(6,297)	(6,297)	-	(6,297)
		8,447	**(23,953)**	**(6,297)**	**(21,803)**	**(2,503)**	**(24,306)**
Balance at 31 December 2019		**372,815**	**184,443**	**27,088**	**584,346**	**23,551**	**607,897**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the half year ended 31 December 2019

	Note	Dec 2019 $'000	Dec 2018 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of consumption tax)		291,096	287,198
Payments to suppliers and employees (inclusive of consumption tax)		(270,949)	(258,526)
Transaction costs relating to acquisitions		(43)	(426)
Interest received		205	111
Finance costs		(1,777)	(1,116)
Income tax paid		(12,407)	(13,117)
Net cash flows from operating activities		**6,125**	**14,124**
Cash flows from investing activities			
Payments for plant and equipment		(1,755)	(1,662)
Payments for intangibles	5	(10,926)	(8,292)
Purchase of controlled entities, deferred consideration	4	(700)	(15,835)
Payments relating to purchase of controlled entities, net of cash acquired		-	(30,733)
Net cash flows from investing activities		**(13,381)**	**(56,522)**
Cash flows from financing activities			
Proceeds from issue of new shares	9	-	40,016
Share issue transaction costs	9	-	(795)
Proceeds from borrowings		104,845	111,234
Repayments of borrowings		(122,631)	(97,955)
Principal elements of lease payments		(3,288)	-
Release of secured deposits		917	2,219
Dividends paid to company's shareholders	2	(23,953)	(22,734)
Dividends paid to non-controlling interests in subsidiaries	2	(2,503)	(3,008)
Net cash flows from financing activities		**(46,613)**	**28,977**
Net increase/(decrease) in cash and cash equivalents		(53,869)	(13,421)
Effects of exchange rate changes on cash and cash equivalents		1,408	3,334
Cash and cash equivalents at beginning of year		138,791	84,297
Cash and cash equivalents at end of half year		**86,330**	**74,210**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

Basis of preparation

This condensed consolidated interim financial report for the half year reporting period ended 31 December 2019 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated interim financial report does not include all the notes normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2019 and any public announcements made by Corporate Travel Management Limited ('CTM' or 'the Group') during the interim reporting period, in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those policies of the previous financial year and corresponding interim period, except as set out in note 13 – Changes in accounting policies.

Significant changes in the current reporting period

The financial position and performance of the Group was affected by the following events and transactions during the six months to 31 December 2019:

- The Group adopted the new accounting standard AASB 16 *Leases* effective from 1 July 2019. The impact of the new accounting standard has been detailed in note 13 – Changes in accounting policies.

- On 7 August 2019, the Group executed a new GBP £125,000,000 ($234,082,000) multi-currency revolving syndicated facility for a term of 3 years. Refer note 8 – Borrowings and contingent liabilities.

Notes to the Consolidated Financial Statements: Performance

1. Segment reporting and revenue reporting

(a) Description of segments

The operating segments are based on the reports reviewed by the group of key senior managers who assess performance and determine resource allocation.

The Chief Operating Decision Makers ("CODM") are the Managing Director Jamie Pherous (MD), Global Chief Financial Officer Neale O'Connell (CFO), and Global Chief Operating Officer Laura Ruffles (COO).

The CODM consider, organise and manage the business from a geographic perspective. The CODM have identified four operating segments being Travel Services Australia and New Zealand, Travel Services North America, Travel Services Asia, and Travel Services Europe. There are currently no non-reportable segments.

(b) Segment information provided to the Chief Operating Decision Makers

The CODM assess the performance of the operating segments based on a measure of Underlying EBITDA. This measurement basis excludes the effects of the costs of acquisitions, acquisition related adjustments, and other non-recurring items during the period.

The segment information provided to the CODM for the reportable segments for the half year ended 31 December 2019 is as follows:

	Travel services	Travel services	Travel services	Travel services		
December 2019	**Australia and New Zealand $'000**	**North America $'000**	**Asia $'000**	**Europe $'000**	**Other* $'000**	**Total $'000**
Transactional revenue	51,018	60,972	28,728	42,917	-	183,635
Volume based incentive revenue	10,540	8,518	14,211	4,146	-	37,415
Other revenue	187	282	56	599	-	1,124
Total revenue from external parties	**61,745**	**69,772**	**42,995**	**47,662**	**-**	**222,174**
Underlying EBITDA	**26,082**	**15,161**	**14,212**	**19,962**	**(6,892)**	**68,525**
Total segment assets	**151,169**	**290,763**	**234,175**	**253,946**	**16,921**	**946,974**
Total segment liabilities	**67,117**	**52,606**	**122,065**	**69,905**	**27,384**	**339,077**

	Travel services	Travel services	Travel services	Travel services		
December 2018	**Australia and New Zealand $'000**	**North America $'000**	**Asia $'000**	**Europe $'000**	**Other* $'000**	**Total $'000**
Transactional revenue	49,189	60,037	22,162	37,415	-	168,803
Volume based incentive revenue	9,013	9,262	16,142	5,243	-	39,660
Other revenue	131	918	33	648	-	1,730
Total revenue from external parties	**58,333**	**70,217**	**38,337**	**43,306**	**-**	**210,193**
Underlying EBITDA	**22,311**	**17,921**	**12,454**	**16,796**	**(4,844)**	**64,638**
As at 30 June 2019						
Total segment assets	**142,367**	**285,996**	**295,202**	**267,386**	**12,898**	**1,003,849**
Total segment liabilities	**59,859**	**42,300**	**167,485**	**96,983**	**44,740**	**411,367**

* The other segment represents the cost of the Group's support service, created to support the operating segments.

1. Segment reporting and revenue reporting (continued)

(c) Other segment information

(i) Underlying EBITDA

The reconciliation of Underlying EBITDA to operating profit before income tax is provided as follows:

	Dec 2019 $'000	Dec 2018 $'000
Underlying EBITDA	68,525	64,638
Interest income	205	111
Finance costs	(3,028)	(1,269)
Depreciation	(6,317)	(1,451)
Amortisation	(9,409)	(8,115)
One off items:		
US legal settlement provision	(3,093)	-
Acquisition and other costs	(527)	(1,418)
Net profit before income tax from continuing operations	**46,356**	**52,496**

2. Dividends paid and proposed

	Dec 2019 $'000	Dec 2018 $'000
Dividends provided for or paid during the half year ended 31 December 2019	23,953	22,734
Dividends provided for or paid to non-controlling interests during the half year ended 31 December 2019	2,503	3,008

3. Income tax expense

Income tax expense is recognised based on management's estimate of the effective income tax rate expected for the six months ended 31 December 2019. The estimated tax rate used for the six months ended 31 December 2019 was 24% (31 December 2018: 23%).

The impact for the full financial year may differ from these provisional amounts, due to additional analysis, changes in interpretations, assumptions made, global profit mix, and additional regulatory guidance that may be issued.

4. Business combinations

No business combinations occurred in the period ended 31 December 2019.

Prior period business combinations

During the half year ended 31 December 2019, the first deferred consideration instalment of $700,000 in relation to the Platinum Travel business combination was paid.

Summary of consideration paid for acquisitions made in prior periods	Platinum $'000
Cash paid	700
Total consideration paid for acquisitions made in prior periods	**700**

5. Intangible assets

	Client contracts and relationships $'000	Software $'000	Goodwill $'000	Other Intangible assets $'000	Total $'000
Half year ended 31 December 2019					
Cost	63,819	63,723	459,090	4,929	591,561
Accumulated amortisation	(47,358)	(28,530)	-	(1,564)	(77,452)
	16,461	**35,193**	**459,090**	**3,365**	**514,109**
Opening net book amount at 1 July 2019	19,256	30,314	453,522	3,598	506,690
Additions	-	10,926	-	-	10,926
Amortisation charge	(3,043)	(6,124)	-	(242)	(9,409)
Foreign exchange differences	248	77	5,568	9	5,902
Closing as at 31 December 2019	**16,461**	**35,193**	**459,090**	**3,365**	**514,109**

6. Trade and other receivables

	Dec 2019 $'000	Jun 2019 $'000
Current		
Trade receivables (i)	23,864	25,882
Client receivables (i)	200,635	253,942
Contract assets	31,845	31,035
	256,344	**310,859**
Deposits (ii)	7,935	16,574
Other receivables	2,514	1,338
Total trade and other receivables	**266,793**	**328,771**

(i) Trade receivables and client receivables are non-interest bearing and are generally on terms ranging from 7 to 30 days.
(ii) Deposits balance represents to advance deposits to suppliers and deposits made on behalf of clients for travel which will occur at a future date.

7. Trade and other payables

	Dec 2019 $'000	Jun 2019 $'000
Current		
Trade payables (i)	17,108	13,373
Client payables (i)	158,765	267,424
Other payables and accruals	36,729	35,256
Acquisition payable (ii)	-	700
Contingent consideration payable (iii)	700	-
Total current trade and other payables	**213,302**	**316,753**
Non-current		
Other payables and accruals	-	1,573
Contingent consideration payable (iii)	1,912	2,585
Total non-current trade and other payables	**1,912**	**4,158**

(i) Trade payables and client payables are non-interest bearing and are normally settled on terms ranging from 7 to 30 days.
(ii) The reduction in acquisition payable reflects the payments made for the Platinum Travel acquisition during the half year ended 31 December 2019.
(iii) The contingent consideration payable relates to the Platinum Travel business combination which remains contingent on the achievement of specific performance hurdles.

8. Borrowings and contingent liabilities

Borrowings

In August 2019, the Group entered into a new loan facility for general corporate purposes, refinancing and replacing its existing facility. The total capacity under the facility is GBP £125,000,000 (AUD $234,082,000) at 31 December 2019. The facility is repayable on 31 August 2022.

The loan is a multi-currency revolving syndicated facility which is carried at amortised cost. Total costs of $4,392,000 were incurred in establishing the facility. These establishment costs have been capitalised within borrowings and will be amortised over the life of the facility.

A breakdown of the Group's borrowing facilities as at 31 December 2019 is as follows:

	Details	Facility Limit $'000	Maturity	Dec 2019 $'000	Jun 2019 $'000
Bank loans	Syndicated multi-currency facility	234,082	Aug - 22	25,341	-
Bank loans	Syndicated multi-currency facility	133,000	Aug - 20	-	39,277
Finance leases	Finance leases	NA	Aug - 21	9	13
Total borrowings				**25,350**	**39,290**

	Dec 2019 $'000	Jun 2019 $'000
Current borrowings	9	19,205
Non-current borrowings	25,341	20,085
Total borrowings	**25,350**	**39,290**

8. Borrowings and contingent liabilities (continued)

As at 31 December 2019, the contractual obligations of the Group's non-derivative financial liabilities were as follows:

Contractual maturities of financial liabilities At 31 December 2019	Less than 6 months $'000	6 - 12 months $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying Amount (assets)/ liabilities $'000
Contingent consideration (note 7)	-	700	700	1,400	-	2,800	2,612
Borrowings	306	322	639	25,765	-	27,032	21,627
Lease liabilities (note 13)	5,138	5,105	9,693	24,783	19,148	63,867	56,868
Total non-derivative financial liabilities	**5,444**	**6,127**	**11,032**	**51,948**	**19,148**	**93,699**	**81,107**

Contractual maturities of financial liabilities At 30 June 2019	Less than 6 months $'000	6 - 12 months $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying Amount (assets)/ liabilities $'000
Contingent consideration (note 7)	-	-	700	2,100	-	2,800	2,585
Borrowings	796	796	39,578	-	-	41,170	39,290
Lease liabilities (note 13)	-	-	-	-	-	-	-
Total non-derivative financial liabilities	**796**	**796**	**40,278**	**2,100**	**-**	**43,970**	**41,875**

Liquidity and Contingent Liabilities

Following the bank debt refinancing in August 2019, the Group has an expanded capacity for banking facilities to support growth in ongoing operations. Balance date capacity and utilisation were as follows:

	Bank Loans		Bank Guarantees		Credit Cards	
	Dec 2019 $'000	Jun 2019 $'000	Dec 2019 $'000	Jun 2019 $'000	Dec 2019 $'000	Jun 2019 $'000
Used	25,341	39,290	91,776	123,021	51,148	45,432
Unused	208,741	93,710	24,136	16,203	80,856	112,235
Total facilities	**234,082**	**133,000**	**115,912**	**139,224**	**132,004**	**157,667**

Bank guarantees are provided as security to vendors and service providers, and in accordance with International Air Transport Association (IATA) regulations. Credit card liabilities are recorded in Trade and other payables.

The Group has remained within its banking covenants throughout the period.

9. Contributed equity

(a) Contributed equity

Ordinary shares entitle the holder to receive dividends as declared and, in the event of winding up the Group, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

On a show of hands, every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Group does not have a limited amount of authorised capital.

Movement in ordinary share capital		**Number of shares**	**$'000**
Opening balance as at 1 July 2019		**108,491,948**	**364,368**
Shares issued: share appreciation rights issue.	21 August 2019	386,762	8,447
Total shares issued		**386,762**	**8,447**
At 31 December 2019		**108,878,710**	**372,815**

10. Fair value measurement

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 31 December 2019 on a recurring basis:

Financial liabilities at fair value through profit or loss (FVPL)	**Level 1**	**Level 2**	**Level 3**	**Total**
At 31 December 2019	**$'000**	**$'000**	**$'000**	**$'000**
Contingent consideration	-	-	2,612	**2,612**
Hedging derivatives – foreign currency forwards	-	263	-	**263**
Total financial liabilities	**-**	**263**	**2,612**	**2,875**

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted marked price used for financial assets and liabilities held by the Group is the closing bid or ask price as appropriate. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over–the–counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Notes to the Consolidated Financial Statements: Other items

11. Events occurring after the reporting period

Other than the following items, there have been no matters or circumstances not otherwise dealt with in this report, that will significantly affect the operations of the Group, the results of those operations, or the state or affairs of the Group in subsequent financial periods.

The Group acquired 100% of the shares of Corporate Travel Planners, Inc ("CTP") with effect from 1 January 2020. CTP is a significant provider of travel services to both the university and corporate sector in the USA, based in San Antonio, Texas.

Initial consideration of $25,692,000 (USD $18,000,000) was paid through a mixture of cash and Corporate Travel Management Ltd shares in accordance with the purchase agreement. A further deferred consideration payment of up to $25,692,000 (USD $18,000,000) may also be payable depending upon the achievement of growth targets.

12. Related party transactions

Transactions with other related parties

Directors of the Group hold other directorships as detailed in the Directors' Report of the Group's annual report for the year ended 30 June 2019 or as detailed on CTM's website (www.travelctm.com). Where any of these related entities are clients of the Group, the arrangements are on arm's length terms.

Transactions with key management personnel

During the half year ended 31 December 2019, a deferred consideration balance of $0.7 million was paid to Greg McCarthy (CEO Australia and New Zealand) in relation to the Platinum Travel acquisition.

13. Changes in accounting policies

This note explains the impact of the adoption of new accounting policies being AASB 16 *Leases* (AASB 16) and AASB Interpretation 23 *Uncertainty over Income Tax Treatments* on the Group's financial statements and discloses the new accounting policies that have been applied from 1 July 2019, where they are different to those applied in prior periods.

The Group has adopted AASB 16 using the modified retrospective approach from 1 July 2019 but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019.

AASB 16 Leases – Impact of adoption

(a) Adjustments recognised on adoption of AASB 16

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 3.26%.

	$'000
Operating lease commitments disclosed as at 30 June 2019	39,947
Discounted using the lessee's average incremental borrowing rate of 3.26% at the date of initial application	(6,136)
(Less): short-term leases recognised on a straight line basis as an expense	(597)
(Less): low-value leases recognised on a straight line basis as expense	(1,182)
Add/(less): adjustments as a result of a different treatment of extension and termination options	23,691
Lease liability recognised as at 1 July 2019	**55,723**
Of which are:	
Current lease liabilities	7,761
Non-current lease liabilities	47,962
Lease liability recognised as at 1 July 2019	**55,723**

The associated right-of-use assets for property leases were measured on a modified retrospective basis as if the new rules had always been applied with the incremental borrowing rate at 1 July 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

13. Changes in accounting policies (continued)

(a) Adjustments recognised on adoption of AASB 16 (continued)

The recognised right-of-use assets relate to the following types of assets:

	$'000
Buildings	50,893
Total right-of-use assets recognised as at 1 July 2019	**50,893**

The change in accounting policy affected the following items in the balance sheet on 1 July 2019:

	$'000
Right-of use assets	Increase by $50,893
Deferred tax assets	Increase by $12,510
Lease liabilities	Increase by $55,723
Deferred tax liabilities	Increase by $11,350
Trade and other payables	Decrease by $1,649
Retained earnings	Decrease by $2,022

(i) Impact on segment disclosures and earnings per share

Underlying EBITDA, segment assets and segment liabilities for December 2019 all increased as a result of the change in accounting policy. The following segments were affected by the change in policy:

December 2019	Australia and New Zealand $'000	North America $'000	Asia $'000	Europe $'000	Total $'000
Underlying EBITDA	1,686	799	983	598	4,066
Total segment assets	17,671	8,007	19,999	5,203	50,880
Total segment liabilities	19,980	8,842	22,461	5,585	56,868

Earnings per share decreased by 0.7c for the six months to 31 December 2019 as a result of the adoption of AASB 16.

(ii) Practical expedients applied

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single incremental borrowing rate to a portfolio of leases with reasonably similar characteristics,
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases,
- the use of incremental borrowing rate at 1 July 2019,
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

(b) The Group's leasing activities and how these are accounted for

The Group's leases relate primarily to property leases. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Prior to 1 July 2019, leases of property, plant and equipment were classified as operating leases. Payments (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

13. Changes in accounting policies (continued)

(b) The Group's leasing activities and how these are accounted for (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds over a similar term secured by a similar asset. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable; and
- variable lease payments that are based on an index or a rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date less any lease incentives received; and
- any initial direct costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are those assets with an initial value less than $10,000.

Extension and termination options

Extension and termination options are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

AASB Interpretation 23 *Uncertainty over Income Tax Treatments* – Impact of adoption

The adoption of AASB Interpretation 23 does not have a material impact on the Group's consolidated financial statements.

Directors' Declaration

In the Directors' opinion:

(a) The financial statements and notes set out on pages 9 to 23 are in accordance with the Corporations Act 2001, including:

- (i) Complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (ii) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half year ended on that date.

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Mr Ewen Crouch AM Chairman	Mr Jamie Pherous Managing Director

Brisbane, 19 February 2020

Independent auditor's review report to the members of Corporate Travel Management Limited

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Corporate Travel Management Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected other explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Corporate Travel Management Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Corporate Travel Management Limited is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date;

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

Michael Crowe
Partner

Brisbane
19 February 2020