



## ASX Announcement

20 March 2020

### CTM Market Update

**Corporate Travel Management (CTM, ASX:CTD) has today outlined further actions taken in response to the rapidly changing landscape as a result of COVID-19.**

- **No current need to raise equity due to strong liquidity position**
- **High proportion of the cost base is variable and targeting a cost reduction of at least \$10 million per month effective from the end of March**
- **Interim dividend deferred until October 2020**

CTM is experiencing a significant impact to its business following the introduction of additional government-imposed restrictions on international travel and major reductions in domestic capacity. Considering this, CTM has implemented further comprehensive cost reduction actions which, when combined with CTM's strong liquidity position, will enable CTM to withstand an extended period of reduced activity.

#### **Strong liquidity position**

CTM's liquidity position remains strong and we have no current need to raise equity.

CTM is in a net cash position which means its operating cash exceeds its drawn debt, as at today. CTM has a committed debt facility of \$250 million, which matures in August 2022. In combination with the cost measures detailed below, the Group's liquidity places CTM in a strong position to withstand sustained and significant reductions in activity as a result of these unprecedented conditions.

#### **Travel activity**

While the recent introduction of further government-imposed restrictions on international travel and reduction to domestic capacity have significantly impacted CTM's business, many of CTM's clients across all of its regions are continuing to travel, albeit at low levels. Over half of CTM's global TTV is domestic in nature, representing travel within a country's borders. When projecting travel activity levels going forward to stress test cashflows, CTM modelled that there will be no international travel around the world and that domestic activity will reduce in line with the current capacity cuts announced by airlines in the jurisdictions in which we operate. The modelling assumed this would continue for a six month period.

#### **Material cost base reduction while retaining ability to scale up**

Given CTM's business is focussed on the corporate market, with no retail footprint and a high use of technology to deliver our services, a high proportion of CTM's cost base is variable. In addition to the cost containment measures outlined in CTM's ASX release dated 13 March 2020, CTM has commenced a round of cost reductions of at least \$10 million per month, effective from the end of March 2020. Further adjustments to the cost base will be considered

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based on conditions. Importantly, CTM's operating model enables it to retain the capacity to quickly scale up when travel activity recovers.

Regrettably, these actions include some redundancies and the support, understanding and loyalty of our staff is testament to the culture of CTM.

### **Interim Dividend**

Given the current extraordinary circumstances and uncertainty over recovery timeframes globally, CTM believes it is prudent to defer payment of the interim dividend of 18 cents (\$19.62 million) announced on 19 February 2020 until 2 October 2020. CTM will review the decision closer to this time.

Authorised for release by the Board.

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