



## **ASX Announcement**

13 March 2020

### **CTM Suspends FY20 Earnings Guidance**

**Corporate Travel Management (CTM, ASX:CTD) advises that it has today suspended guidance for FY20 due to increased uncertainty surrounding the duration and severity of Covid-19.**

CTM provided revised FY20 guidance on 19 February 2020, which was based on several assumptions around the severity and duration of Covid-19 and CTM's experience with past events and their impact on the corporate travel market. This assessment was based on what was known at the time of providing the revised guidance, including the unknown impact from actions of governments to effectively close borders and suspend travel to and from China.

The impact currently being experienced is more severe than our previous assumptions, primarily due to two factors:

- Further actions from governments to effectively close numerous borders and suspend travel to and from countries and regions, including further travel restrictions announced yesterday from mainland Europe (excluding the UK) to the USA
- Decisions by corporates to ban or limit travel with the flow-on erosion in client activity across all regions

The significant uncertainty makes it difficult to reliably predict future activity. As a result, CTM has suspended FY20 guidance.

CTM highlights a number of important factors around its underlying business and its mitigation of the Covid-19 impacts:

#### **Travel Restrictions**

The material decline in our client's travel activity, related to client-led travel restrictions and actions from governments to close borders, is of unknown duration. Whilst the timeframe for a return to normal levels of activity is unknown, we do expect current activity levels to recover in time.

#### **Client win and retain**

CTM continues to retain clients at consistently high levels and, since 1H20 results, continues to win clients. Most pleasing is the continued success in additional new client wins in North America.

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## **Domestic / International Transaction Split**

CTM has a high percentage of domestic transactions as follows (as at 31 December 2019):

- ANZ: approximately 65% of total transaction value (TTV)
- USA: approximately 70% of TTV
- Europe: approximately 70% of TTV is travel within the UK

However, in Asia, TTV is predominantly international in nature.

## **Cost containment**

CTM has actioned several plans to manage costs against the reduced corporate travel activity, including staff leave, shorter working weeks on proportionate pay and leave without pay, which apply across the executive team and all of our staff. Additional measures include a freeze on all non-essential recruitment, reduction of all discretionary expenditure and delaying non-client facing project work.

Non-executive directors and the Managing Director will take a 20% reduction in their fees and fixed remuneration respectively for the remainder of this financial year.

CTM has the capacity to implement further measures should the situation require.

## **High levels of automated transactions**

CTM is highly leveraged to client activity recovery, given its high levels of automated transactions, using its own client facing technology platforms.

## **Strong balance sheet and cash flow**

The Group has entered this period with positive net cash and a committed debt facility that is not due to expire until August 2022. This strong balance sheet position enables us to withstand a prolonged period of reduced activity.

## **Interim Dividend**

The Board has confirmed that the company will pay the 18c interim dividend payable on 14 April 2020.

Authorised for release by the Board.

## **Contact details**

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