



## ASX Announcement

21 April 2021

### CTM Returning to Profitability

Corporate Travel Management (CTM) (ASX:CTD) today presented a market update at the UBS investor conference in Sydney. A copy of CTM's presentation is attached.

#### Key Highlights

**1. CTM returning to profit.**

CTM broke-even in March and expects positive underlying EBITDA in 4QFY21. This will be led by the UK/EU and ANZ regions of the business.

- Strong domestic demand in the ANZ region with total client activity climbing to 85% of FY19 booking levels as of last week.
- New Zealand continues to be a standout and, as of last week, was trading at above 160% of FY19 booking levels.
- Despite lockdowns in the UK and Europe, significant essential travel client wins in this region continue to contribute profitability to the group.
- US experiencing positive signs of activity recovery.

**2. CTM geography is best leveraged to a domestic recovery.**

- ~70% of pro-forma FY19 revenue is generated from the US and the UK.
- These regions have the most advanced vaccination rollouts and are on track for all people over 18 years of age to be vaccinated by northern hemisphere summer (June/July). The speed of rollouts supports expectations of rapid return to corporate domestic travel and meaningful levels of pan-European and trans-Atlantic travel after the northern hemisphere summer vacation.

**3. Strong balance sheet.**

- CTM has net cash of approximately \$105m on 31 March with no debt and an undrawn line of credit (£100m).
- CTM remains well positioned for industry consolidation that may occur.

**4. CTM's value proposition is enhanced in a post-COVID world.**

- CTM's highly valued delivery mix of expert service, technology and ROI is more relevant in a complex post-COVID environment.
- Consequently, CTM continues to win significant new clients.

**5. CTM will be a much larger business post-COVID.**

- The Travel and Transport US acquisition is well progressed with all synergies on track as expected.
- As a result of this transaction, CTM revenues are +64% and underlying EBITDA is +44% versus FY19 on a pro-forma FY19 basis.

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Mr Pherous commented on the need for corporate confidence in both border openings and vaccine rollouts as key factors in achieving sustainable economic recovery and the resumption of global trade.

“It is very clear from both customer feedback and client activity that businesses are keen to get back on the road. Corporate travel and company success are highly correlated - the ability to connect face-to-face supports businesses to grow at speed, improve supply chain and productivity gains, and for companies and their employees to align on strategy in ways that virtual environments simply cannot match.

“Now that both the US and UK markets are well advanced in their vaccination programs, with adults ‘at risk’ and over 50s largely vaccinated, travel restrictions are on the verge of being relaxed. This will allow businesses in these regions to gain a competitive advantage on the rest of the world in economic trade and recovery, and we expect that recovery to accelerate further by June/July based on the majority of all adults being vaccinated.”

In relation to Australia and New Zealand, Mr Pherous said, “Whilst national and state governments have done an incredible job at managing the virus and fine-tuned their tracking and tracing capabilities, there is a real risk that Australian and New Zealand companies get left behind in the global recovery if we cannot participate and compete with the rest of the world.”

Mr Pherous spoke about three key drivers that will continue economic momentum in this region.

1. Borders must remain open to restore confidence and maintain economic momentum. Tracking and tracing capability is now at a very high standard, and governments must work together and use their expertise and resources to contain inevitable breakouts without closing borders and damaging confidence.
2. The vaccination rollout must be the priority for government, with a sense of urgency to vaccinate the entire population over 50, those ‘at risk’, and particularly frontline workers. This approach will limit further outbreaks and protect the most vulnerable, allowing life to return to normal and for Australia to return to global commerce.
3. Government must establish and clearly communicate a framework for re-opening international trade including clear metrics, benchmarks and timelines. This will enable corporate Australia to plan with confidence.

Authorised for release by the Board.

-ENDS-

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# Corporate Travel Management

## UBS Emerging Companies Conference.

**Date:** Wednesday 21 April 2021

**Presenters:**

Jamie Pherous, Managing Director,  
Cale Bennett, Global CFO

[www.travelctm.com](http://www.travelctm.com)



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# Agenda.

Returning to profit

Trading update

Value proposition

Post-COVID CTM

Questions



# | Returning to profit.



# Strong execution continues

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## 1. CTM returning to profit

- Expecting 4Q21 positive underlying EBITDA

## 2. Leveraged to recovery

- Approx. 70% of pro-forma CY19 revenue from regions most advanced in vaccine rollout (US, UK)
- CY19 ~60% revenue from domestic travel. Domestic demand strong in ANZ and NA. UK opening May-June

## 3. Strong balance sheet

- A\$104.8m cash, no debt
- Undrawn line of credit (GBP100m)

## 4. Value proposition is enhanced in recovery

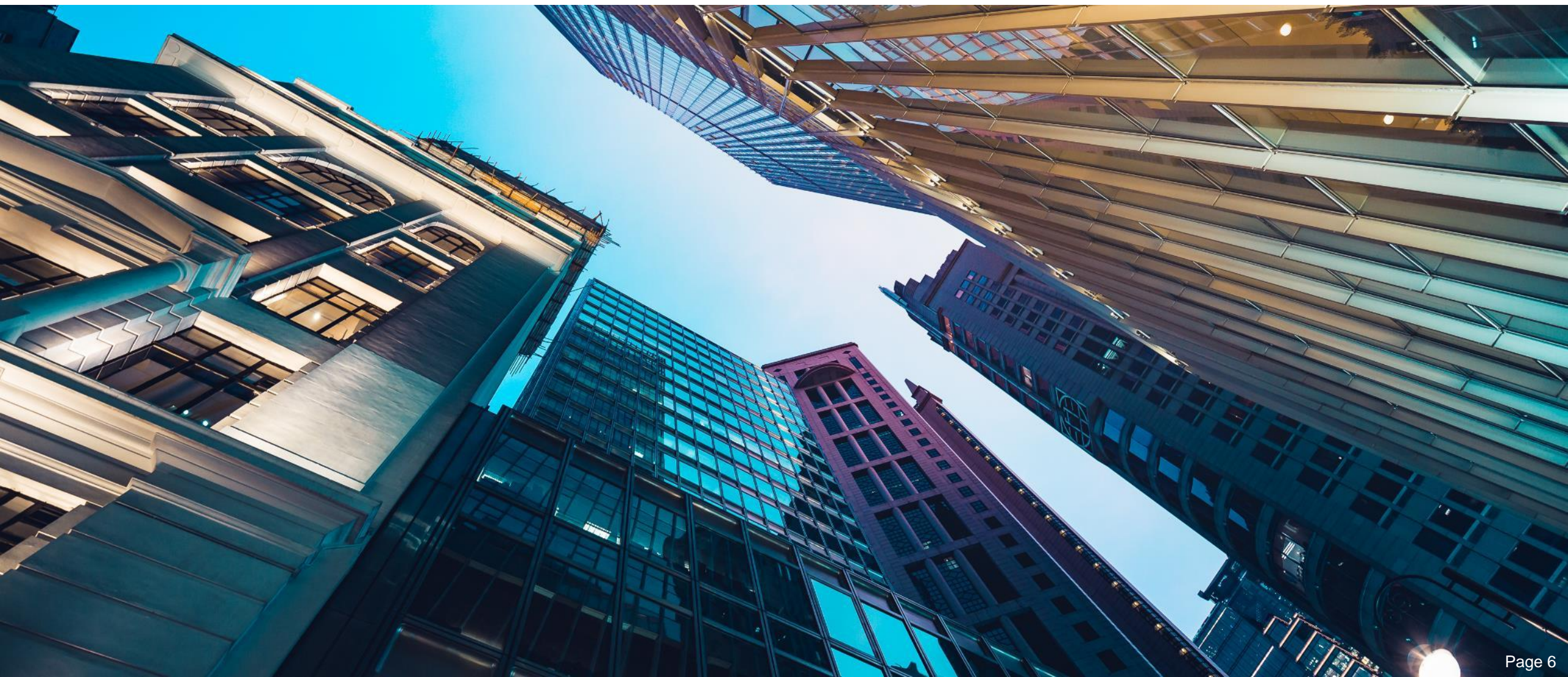
- Tech, Service, ROI more important than ever
- Complex recovery environment, particularly international
- Winning clients as a result

## 5. CTM is a much larger business post-COVID

- CTM has strengthened its position as a leading corporate travel manager globally based on CY19 TTV
- On a FY19 pro-forma basis, revenue +64% and underlying EBITDA +44% vs pre-COVID



# | Trading Update.



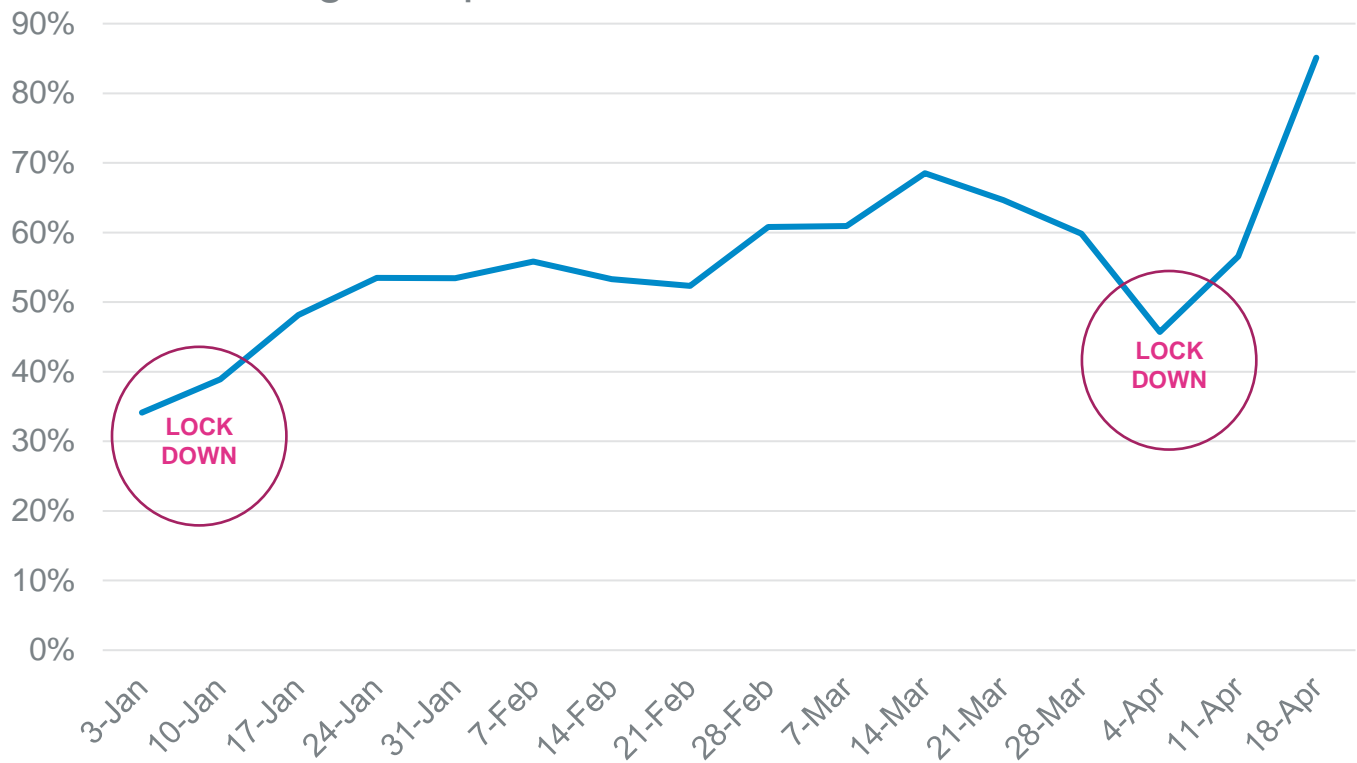


# Financial recovery continuing with increasing momentum

Criteria	1H21	3Q21
1. Underlying EBITDA	<p><b>1H21 loss \$15.7m</b> (2 month T&amp;T loss contribution)</p> <p><b>January 21 loss \$2.8m</b> including T&amp;T</p>	<p><b>3Q21 loss \$4.9m</b>, EBITDA <b>improving MoM</b> with activity momentum and record client wins in <b>all</b> regions</p> <p><b>March</b> break-even</p> <p><b>Expect 4Q21 Group profitability:</b>  ANZ &amp; EU – continued sustainable profitability  Asia – further reduction in losses, cost out March 21  NA - positive signs of activity recovery</p>
2. Revenue	<p><b>1H21 revenue \$74.2m</b> (Net \$60.5m of Govt. assistance)</p> <p><b>Group revenue to accelerate in 2H</b> due to significant client wins transacting immediately.</p>	<p><b>3Q21 revenue \$52.4m</b>, with <b>March 21 over \$20m</b></p> <p><b>All regions</b> improved activity, client wins, diverse revenue drivers.</p> <p>Positive momentum in all regions, despite macro environment.</p>
3. Cash	<p><b>Net cash 31 Dec 20: \$119m</b></p> <p><b>Net cash 15 February 21: \$115m</b></p>	<p><b>Net cash \$104.8m at 31 March 21</b></p> <p>Small loss for the quarter, integration costs, capex and working capital drove movement in 3Q.</p>

# ANZ – Significant client activity recovery

ANZ Booking Comparison % FY 19 vs FY 21

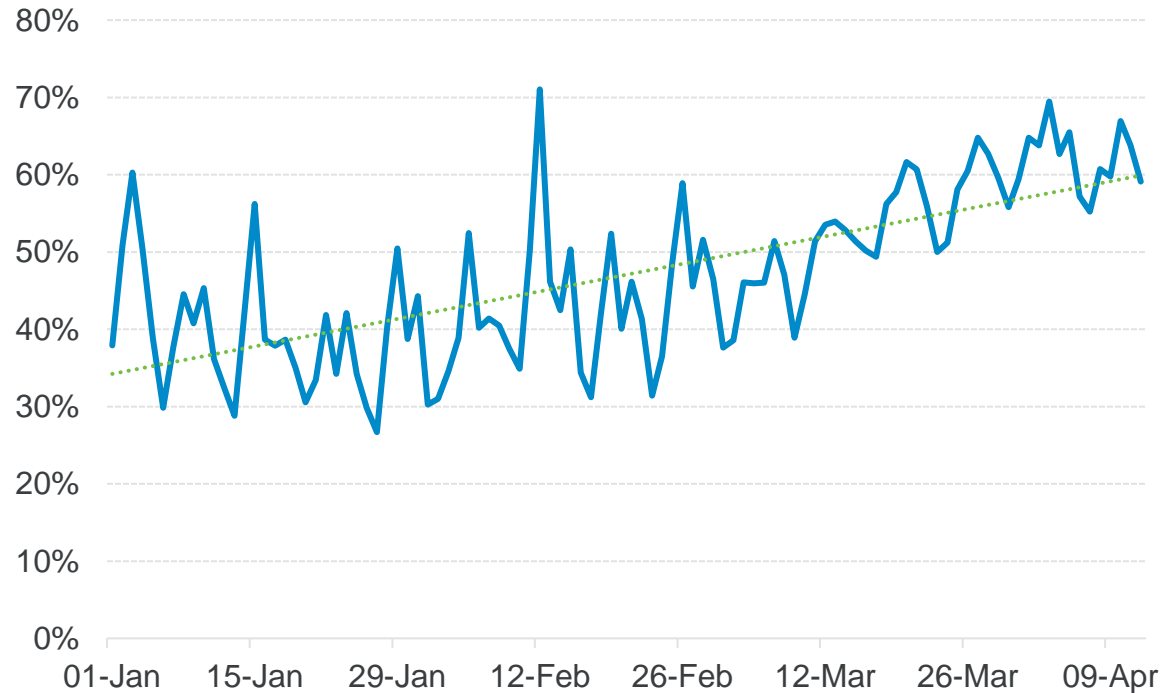


As of week commencing 12 April 2021;

- ANZ over 85% of total bookings vs 2019 (incl. dom&int)
- NZ over 160% of total bookings vs 2019 (incl. dom&int)
- ~75% of ANZ clients travelled in March vs 57% in Dec 20
- CTM tracking materially ahead of market due to organic growth/essential travel clients
- Border lockdowns have impact on confidence and broader economy

# US - the recovery from the impact of COVID-19 is underway

North America TSA % 2021 v 2019



- US is CTM's largest market (56% of FY19 pro-forma revenue), with most rapid vaccination rollout
- Key vaccination milestones
  - 17 June - 70% of population (herd immunity)
  - 02 July - 78% all 18+ vaccinated
  - 25 July - 90% of the population vaccinated
- US recovery is currently leisure driven with corporate improving
- With a fully vaccinated adult population and return to office we expect a rapid corporate recovery from September (post summer vacation), consistent with airline commentary



# UK/EUR – expect rapid recovery post Nth Hemisphere summer

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- Continuous client wins in the essential travel segment making the region CTM's most successful.
- Region continues to be profitable despite lockdown
- UK well advanced in vaccine rollout
  - 18 April – 62.5% of +18 vaccinated
  - 21 June – expect all +18 vaccinated, UK to fully open
- Expect rapid recovery in domestic, then intra-Europe and transatlantic travel post EUR summer
  - CTM has a material domestic UK business (rail, hotel), using CTM technology at >95% online rates.

# Strong demand driving supply on domestic routes in ANZ and US



4Q21: "expecting 90% of normal domestic capacity"



"Business travel has rebounded to 90% of pre-downturn"



"all planes in service by May"

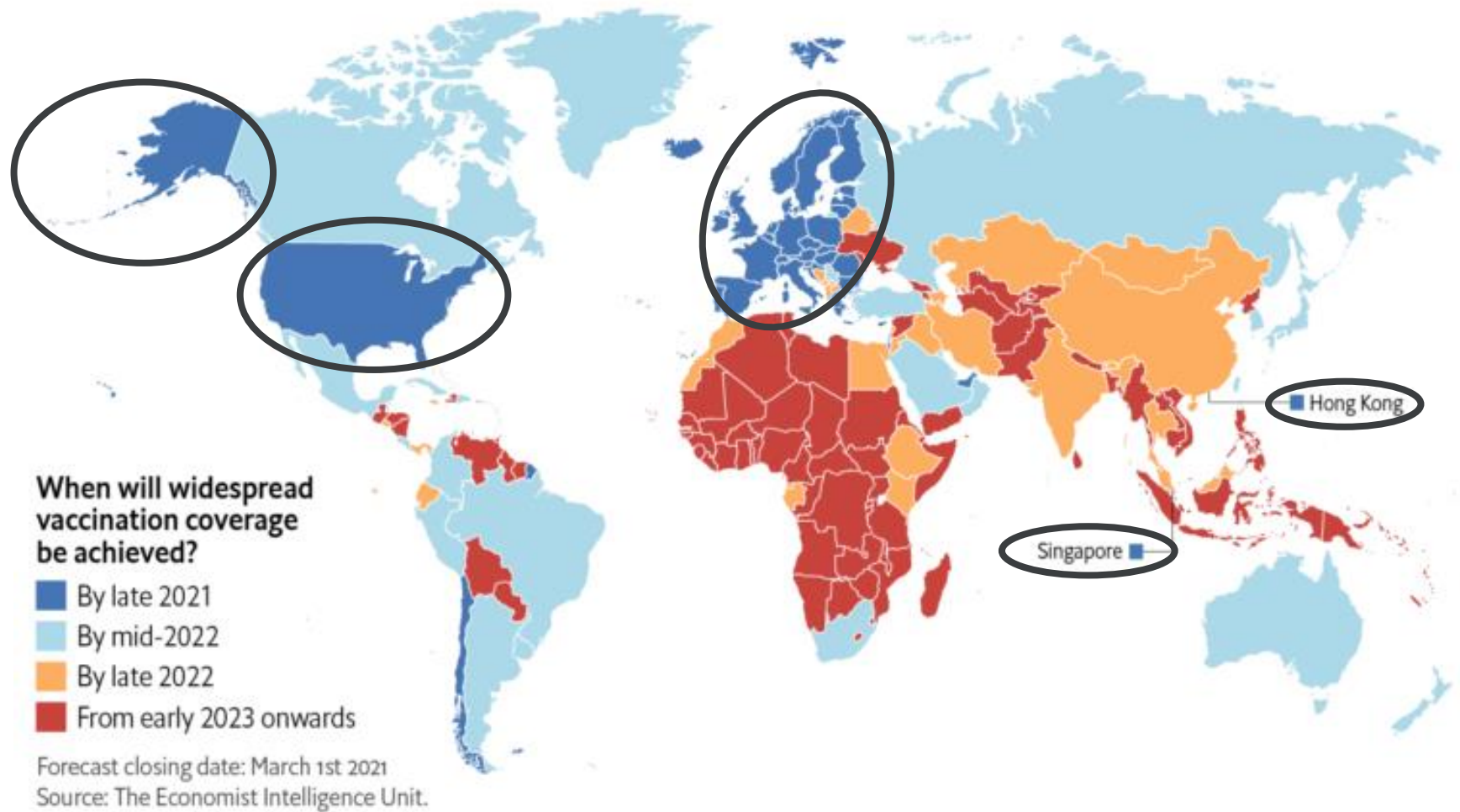


"At the end of Mar-2021, group capacity reached 23% of pre-COVID levels"

## Confidence driving demand

- Vaccine rollout momentum remains in Northern Hemisphere
  - Vaccine rollouts in US and UK remain on track to have **all adults vaccinated by Northern Hemisphere summer**
  - UK businesses now returning to offices, expect domestic recovery to begin
- Stability in domestic borders in Australia important for confidence
  - NZ travel bubble encouraging – trans Tasman represented almost 10% of international TTV in ANZ in CY19
- Travel volumes remain low in Asia although they are improving MoM
  - Asia restructure executed in March due to slower recovery, 155 people
- International recovery will be led by Northern Hemisphere
  - International travel out of Australia is not representative of Northern Hemisphere experience

# CTM's business is focussed on regions which are vaccinating fastest



- UK and US expected widespread coverage by mid-2021. Represents approx. 70% of pro-forma 2019 revenue
- Singapore, Hong Kong & continental Europe represents approx. 10% of pro-forma 2019 revenue. Expect coverage by late 2021



# | Value proposition.



# Core value proposition more valuable to customers than before

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- Service, technology, and ROI have shown to be indispensable to customers who have travelled during the pandemic
  - **Service levels** consciously protected. Complex operating environment during recovery
  - **Technology** continues to be built in-region to capture local nuances and enable agile development
  - **ROI** demonstrable via data-driven approach to enable improved behaviour

This has resulted in **record client wins**.



# | Post-COVID CTM.

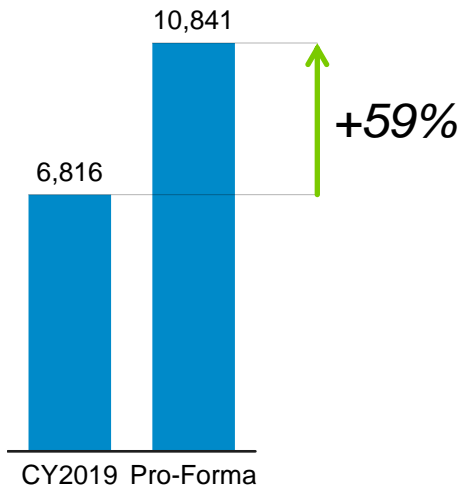




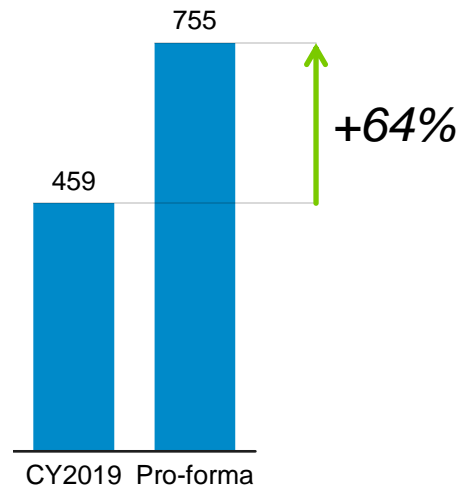
# CTM is a significantly larger business post COVID-19

- **Travel & Transport acquisition executed**, CY19 TTV of USD\$2.8bn (AUD\$4.0bn)<sup>1</sup>
  - **Materially increases the size of CTM's North American business**, and offers a highly complementary industry and geographical fit
  - Management team continues to impress, with integration progressing to expectation
- CTM has strengthened its position as a **leading corporate travel manager globally** (pro-forma CY19 TTV)

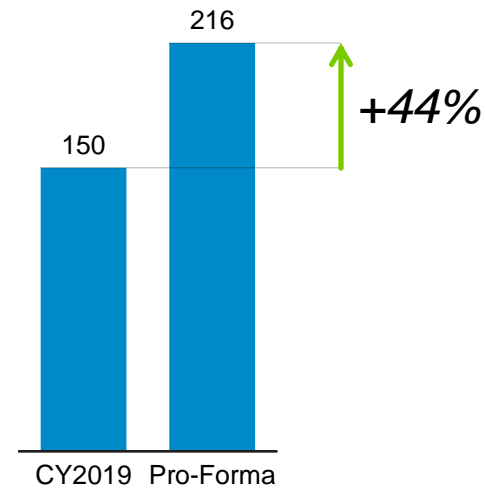
TTV (A\$m)



Revenue (A\$m)



Underlying EBITDA (A\$m)



1. Assumes CY19 average of FX 1 AUD = 0.70 USD  
• Revenue excludes other income. PF CTM Group includes Group segment.  
• TTV is unaudited.  
• Pro-forma EBITDA includes normalisations for T&T's ESOP ownership structure, the full-year impact of actioned non COVID-19 related strategic initiatives and costs which are one-off in nature.  
• Synergies included in North America Pro-Forma.  
• Includes AUD\$13m of corporate costs in EBITDA.

# | Questions.

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# References

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## Page 9

- North America TSA % 2021 v 2019 (Ref: <https://www.tsa.gov/coronavirus>)
- New York Times 19/04 – vaccination milestones (Ref: [Covid-19 Vaccine Rollout: County and State Tracker - The New York Times \(nytimes.com\)](https://www.nytimes.com/2021/04/19/covid-19/vaccine-rollout-county-state-tracker/))

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- Europe vaccination statistics (Ref: <https://coronavirus.data.gov.uk/>)

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- Qantas: 15 April 2021 Market Update (Ref: <https://investor.qantas.com/investors/?page=asx-announcements>)
- Air New Zealand: 31 March 2021 Article (Ref: <https://simpleflying.com/air-new-zealand-domestic-business-travel/>)
- American Airlines: “all planes in service by May” – 27 March 2021 Article (Ref: <https://onemileatatime.com/american-airlines-ungrounding-planes/>)
- Singapore Airlines: (Ref: <https://centreforaviation.com/news/singapore-airlines-group-capacity-reaches-23-of-pre-covid-levels-in-mar-2021-1063337>)

## Page 12

- Widespread vaccination coverage expected by late 2021 in US, Europe, and Hong Kong – 1 March 2021 The Economist Intelligence Unit (<https://www.eiu.com/n/eiu-latest-vaccine-rollout-forecasts/>)



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