



## **ASX Announcement**

18 August 2021

## **FY21 Results Presentation**

Attached is Corporate Travel Management Limited's full year results presentation for the year ended 30 June 2021.

Authorised for release by the Board.

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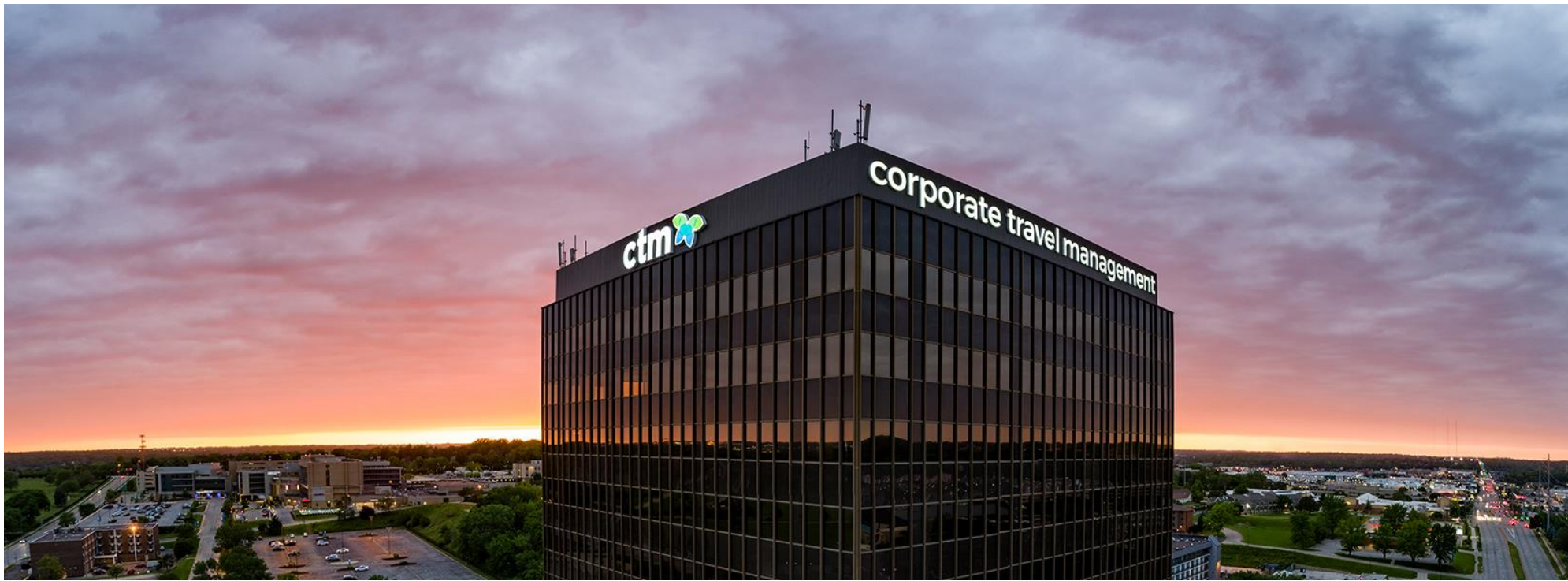
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# Corporate Travel Management

## Full Year 2021 Results “Recovery Underway”

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

North America regional HQ



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## FY21 Highlights





# CTM highlights.

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## 1. Rapid return to positive underlying EBITDA in 2H21

- North America (NA), Europe (EU), ANZ regions all profitable in 4Q21, with NA momentum strong, continuing post year-end
- Targeting return to dividends in CY22

## 2. CTM is most exposed to regions with strongest recovery momentum/advanced vaccine roll-out

- Proforma 2019 Group revenue was 72% for NA and EU, 4Q21: ~80%

## 3. Environment conducive to CTM market share gains

- CTM's value proposition of expert service, proprietary technology, ROI is more relevant in complex recovery environment
- Client wins due to enhanced reputation in this environment, as evidenced in revenue recovery rates

## 4. Balance sheet remains strong

- Sufficient cash to comfortably manage recovery; zero debt, \$99m cash, voluntarily reduced credit facility.

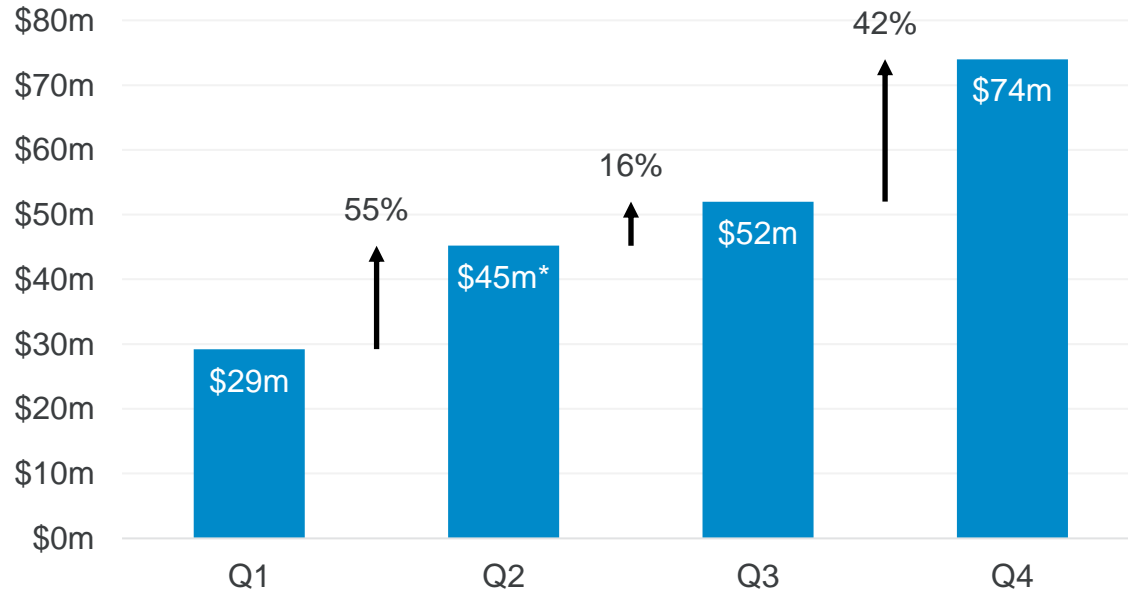
## 5. CTM is a much larger business post-COVID

- Estimated to be 4<sup>th</sup> largest global travel manager in the world
- On a CY19 proforma basis, revenue and underlying EBITDA +57%\*
- Material post-recovery EPS-accretion through acquisitions executed, synergies, and improved efficiency

\* FX AUD1.00= USD0.75, GBP0.55. HKD6.00

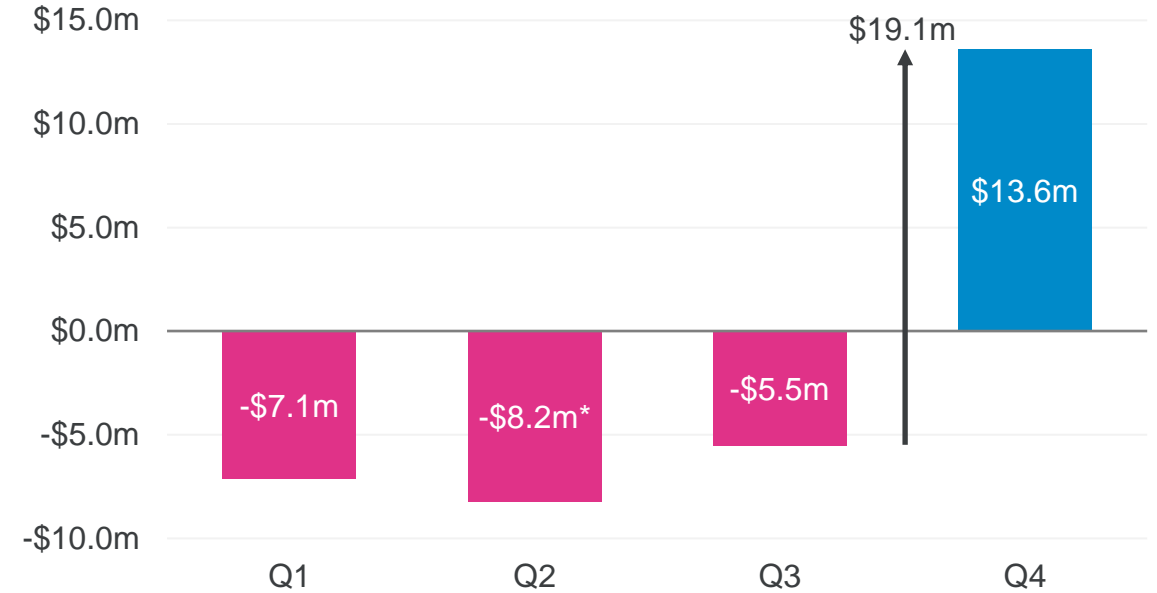
# Rapid return to underlying profitability in 4Q21

FY21 Revenue and other income  
(A\$m)



- 4Q21 annualised revenue recovered to over 41% of proforma CY2019 (3Q21: 29%)
- Majority exposure to regions with most recovery momentum NA and EU

FY21 Underlying EBITDA  
(A\$m)

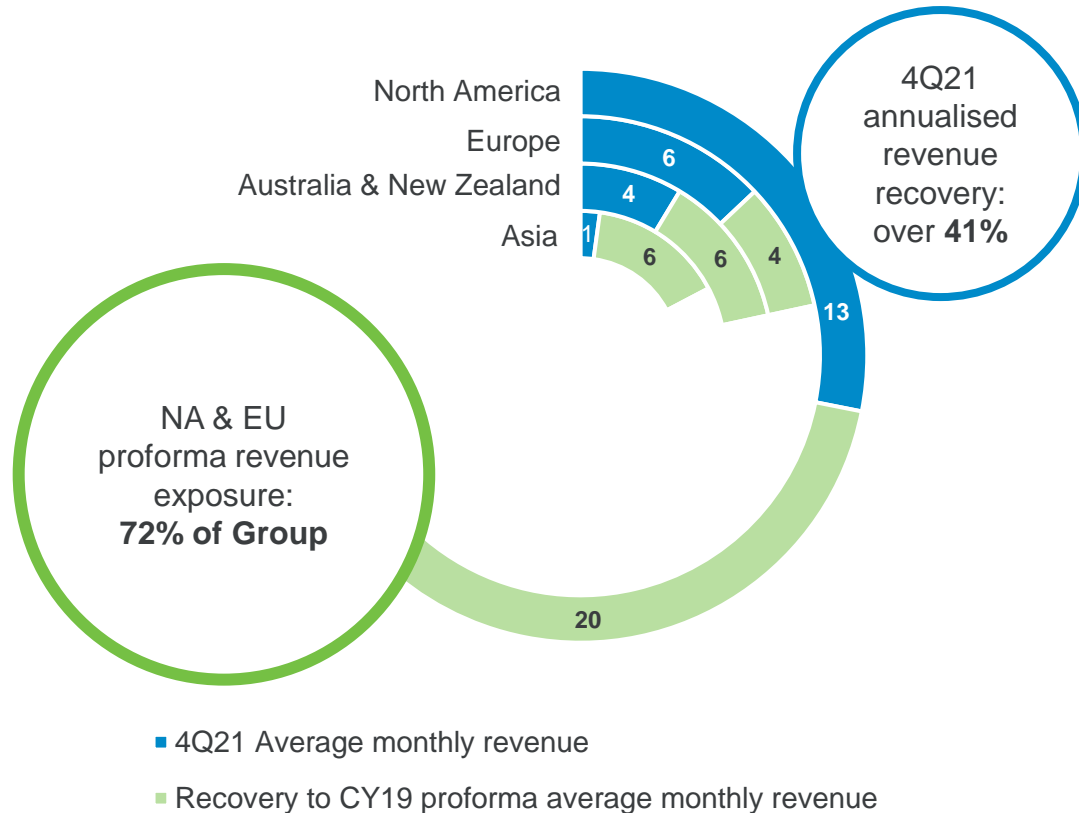


- EBITDA recovered strongly in 4Q21, driven by NA & EU
- NA strong in 4Q21; activity, synergies and model delivering

\* Acquired Travel and Transport 30 Oct 2020 and inherited A\$6m loss per quarter through its combination

# FY22: Exposed to regions with most recovery momentum

## Proforma 2019 Group Monthly Revenue (A\$60m\*)



### Overweight exposure to NA and EU:

- 72% of proforma 2019 revenue derived from NA and EU regions, 4Q21: ~80%
- CTM's largest regions also recovering the fastest

### Top 5 catalysts for FY22 incremental revenue:

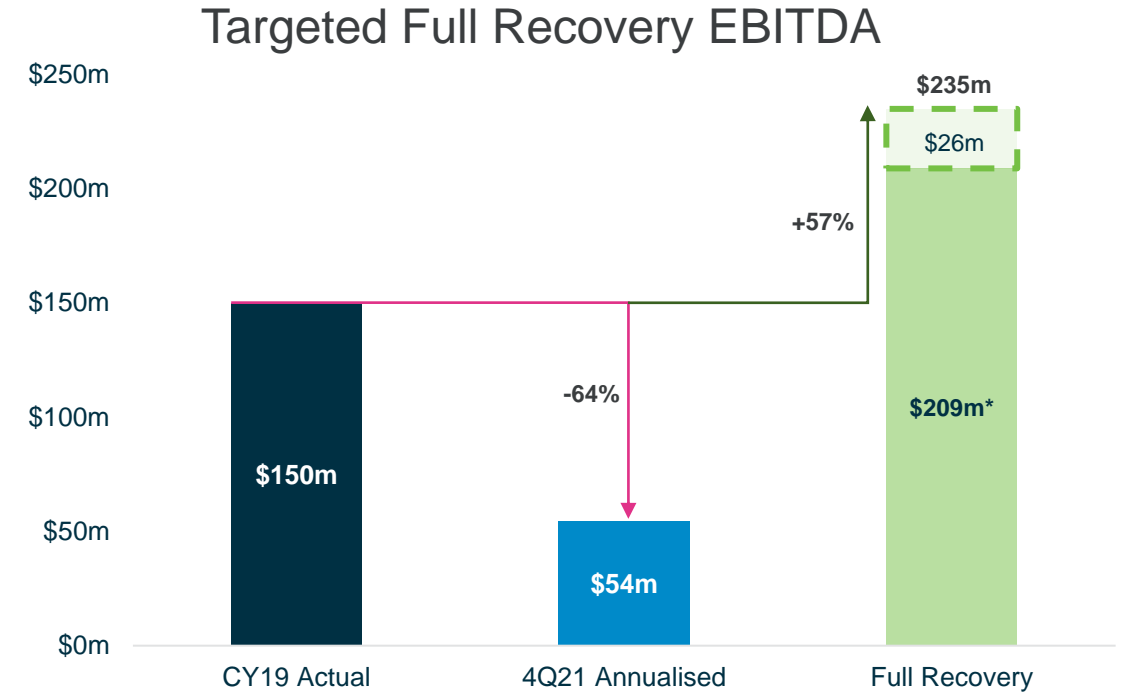
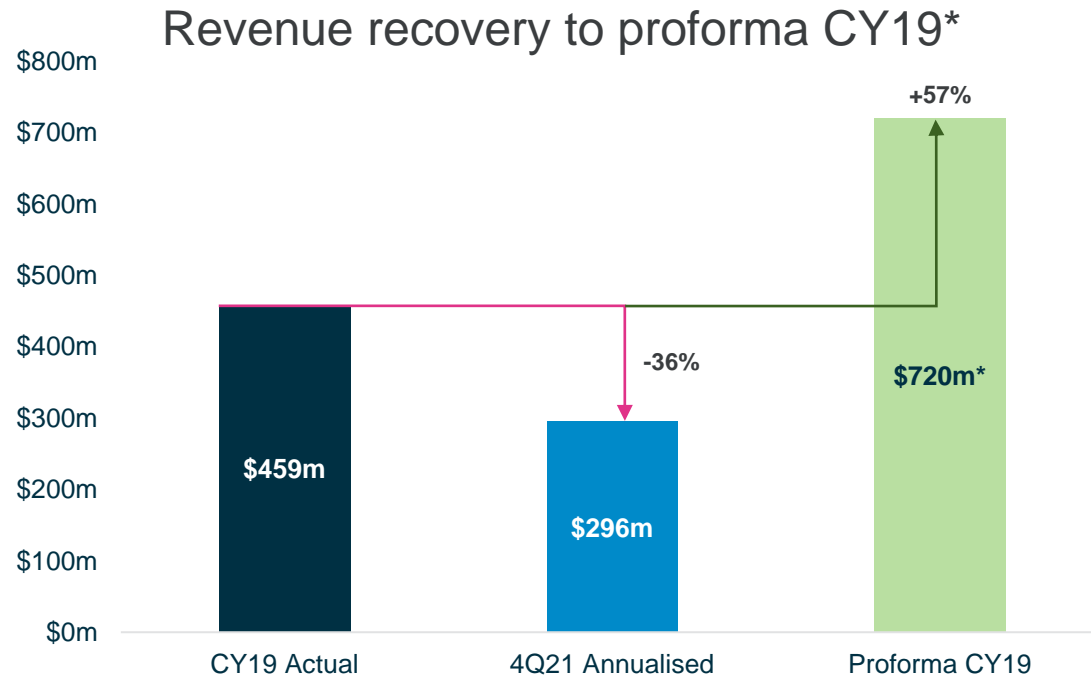
1. US domestic
2. UK domestic
3. Transatlantic travel
4. Intra-Europe travel
5. AU domestic (return to pre-lockdown activity)

**The top 4 are all expected to be underway in 1H22, and the top 5 represent approximately 80% of proforma CY19 revenue**

\* CTM acquired Travel & Transport 30 Oct 2020. Revenue is proforma combination using FX AUD1.00=USD0.75, HKD6.00, GBP0.55



# The trajectory - a significantly larger business post-COVID.



## Full revenue recovery expectations on EBITDA:

- A much bigger business because of transformational acquisition execution
- **CTM expects to return to FY19 EBITDA/revenue margins**, despite Travel & Transport combination margin dilution, due to a combination of cost-out, automation, and synergy realisation
- **CTM organic growth** offsetting any realistic COVID-19 structural impact in unrestricted markets. China +113%, NZ +163% of pre-COVID total TTV in July 21

\* CTM acquired Travel & Transport 30 Oct 2020. Revenue & EBITDA are proforma combination including synergies using FX AUD1.00=USD0.75, HKD6.00, GBP0.55



## Regional Performance



# Group overview.

(AUD\$m)	FY20	1H21	3Q21	4Q21	2H21	FY21	YoY Change
TTV	4,561.8	403.8	384.1	821.5	1,205.6	1,609.4	(65%)
Revenue and other income	349.9	74.2	52.2	74.1	126.3	200.5	(43%)
Underlying EBITDA	74.4 <sup>1</sup>	(15.3) <sup>2</sup>	(5.5)	13.6	8.1	(7.2)	(110%)
EBITDA / Rev & Oth Inc Margin	21.3%	(20.6%)	(10.5%)	18.4%	6.4%	(3.6%)	

## FY21

- **4Q21 rapid recovery** led by NA and EU
- **Strong liquidity** - no debt, \$99m cash on hand at 30 June 21
- **Voluntarily reduced unused credit facility**, from £100m to £60m (A\$110.6m) – sufficient cash to comfortably manage recovery
- Global head office costs were \$9.0m in FY21

## July update

- Momentum continuing post year-end
- **July** delivered a record revenue result post-COVID, despite seasonal vacation period in NA and EU

<sup>1</sup> Includes AASB 16 Leases

<sup>2</sup> Adjusted by \$0.4m for entities divested in 2H21

# North America.

(AUD\$m)	FY20	1H21	3Q21	4Q21	2H21	FY21	YoY Change
TTV	1,146.3	181.5	190.3	383.7	574.0	755.5	(34%)
Revenue and other income	134.3	29.4	26.9	39.7	66.6	96.0	(29%)
Underlying EBITDA	14.7 <sup>1</sup>	(8.8) <sup>2</sup>	(7.0)	5.1	(1.9)	(10.7)	(173%)
EBITDA / Rev & Oth Inc Margin	10.9%	(29.9%)	(26.0%)	12.8%	(2.9%)	(11.1%)	

## FY21

- **Rapid return to positive underlying EBITDA in 4Q21**
- Travel & Transport acquisition provides CTM with high exposure to rapid NA travel recovery
- Return to profitability accelerated by quick turnaround and synergy realisation of T&T post acquisition

## Outlook

- **Momentum continuing**, revenue stronger in July defying typical seasonal vacation slowdown
- July **domestic** revenue >60% proforma domestic CY19
- **NA is leading client wins across CTM**. A strong sign
- Expect a greater than normal 2H seasonal skew as companies return to offices post summer vacation
- Transatlantic - expect this lucrative segment to open in 1H22 and then contribute meaningfully in 2H22

<sup>1</sup> Includes AASB16 Leases

<sup>2</sup> Adjusted by \$0.3m for entities divested in 2H21

# Europe.

(AUD\$m)	FY20	1H21	3Q21	4Q21	2H21	FY21	YoY Change
TTV	933.2	77.8	60.5	249.0	309.5	387.3	(58%)
Revenue and other income	77.8	13.3	10.1	18.6	28.7	42.0	(46%)
Underlying EBITDA	26.7 <sup>1</sup>	(2.2)	2.6	9.7	12.3	10.1	(62%)
EBITDA / Rev & Oth Inc Margin	34.3%	(16.5%)	25.7%	52.2%	42.9%	24.0%	

## FY21

- **4Q21 revenue recovered to 62% of pre-COVID**
- Large success winning a mix of project, ongoing essential travel, and logistics clients. Projects are high volume, low margin using CTM tech
- Client wins only possible with both CTM proprietary tech and global expertise in cross border travel and logistics
- UK domestic travel not material in FY21 given 2H21 UK lockdown

## Outlook

- **Momentum continuing. UK domestic travel recovering quickly**, a large incremental contributor
- Expect domestic recovery to accelerate as companies return to offices post summer vacation in September, offsetting expected decline in project work as economy opens
- Transatlantic and intra-Europe – expecting these lucrative segments to open in 1H22, then contribute meaningfully in 2H22

<sup>1</sup> Includes AASB16 Leases

(AUD\$m)	FY20	1H21	3Q21	4Q21	2H21	FY21	YoY Change
TTV	958.8	155.3	127.2	160.3	287.5	442.8	(54%)
Revenue and other income	81.3	18.1	11.7	12.2	23.9	42.0	(48%)
Underlying EBITDA	32.8 <sup>1</sup>	3.0	2.8	1.9	4.7	7.7	(77%)
EBITDA / Rev & Oth Inc Margin	40.3%	16.6%	23.9%	15.6%	19.7%	18.3%	

## FY21

- **Profitable throughout FY21 despite rolling border closures**
- 4Q21 impacted by State border closures, no government assistance, re-employment for recovery underway that has been interrupted
- Business activity resilient - 4Q21 revenue recovery 40% pre-COVID

## Outlook

- Constant lock-downs limiting recovery. Expect a challenging 1H22 with limited east coast interstate travel
- Regional resilience – June & July small positive EBITDA
- Structural recovery and growth fundamentals remain strong e.g. NZ activity remained above 150% versus pre-COVID throughout 2H21
- Significant domestic recovery delayed until Sydney travel corridor opens to the rest of the country.

<sup>1</sup> Includes AASB16 Leases



# Asia.

(AUD\$m)	FY20	1H21	3Q21	4Q21	2H21	FY21	YoY Change
TTV	1,523.5	(10.8)	6.1	28.5	34.7	23.9	(98%)
Revenue and other income	53.2	12.1	3.3	3.5	6.8	18.9	(64%)
Underlying EBITDA	6.9 <sup>1</sup>	(3.6)	(1.4)	(0.4)	(1.8)	(5.4)	(178%)
EBITDA / Rev & Oth Inc Margin	13.0%	(29.8%)	(42.4%)	(11.4%)	(26.5%)	(28.6%)	

## FY21

- Trading environment remained challenging due to reliance on international travel. 4Q21 revenue 17% of pre-COVID
- Government support removed at end of 3Q21, further cost-out undertaken in March and April
- Consistent increases in activity, off very low base

## Outlook

- Region expected to remain marginally loss-making until travel bubbles open
- Winning business from competitors; competitor closures accelerating

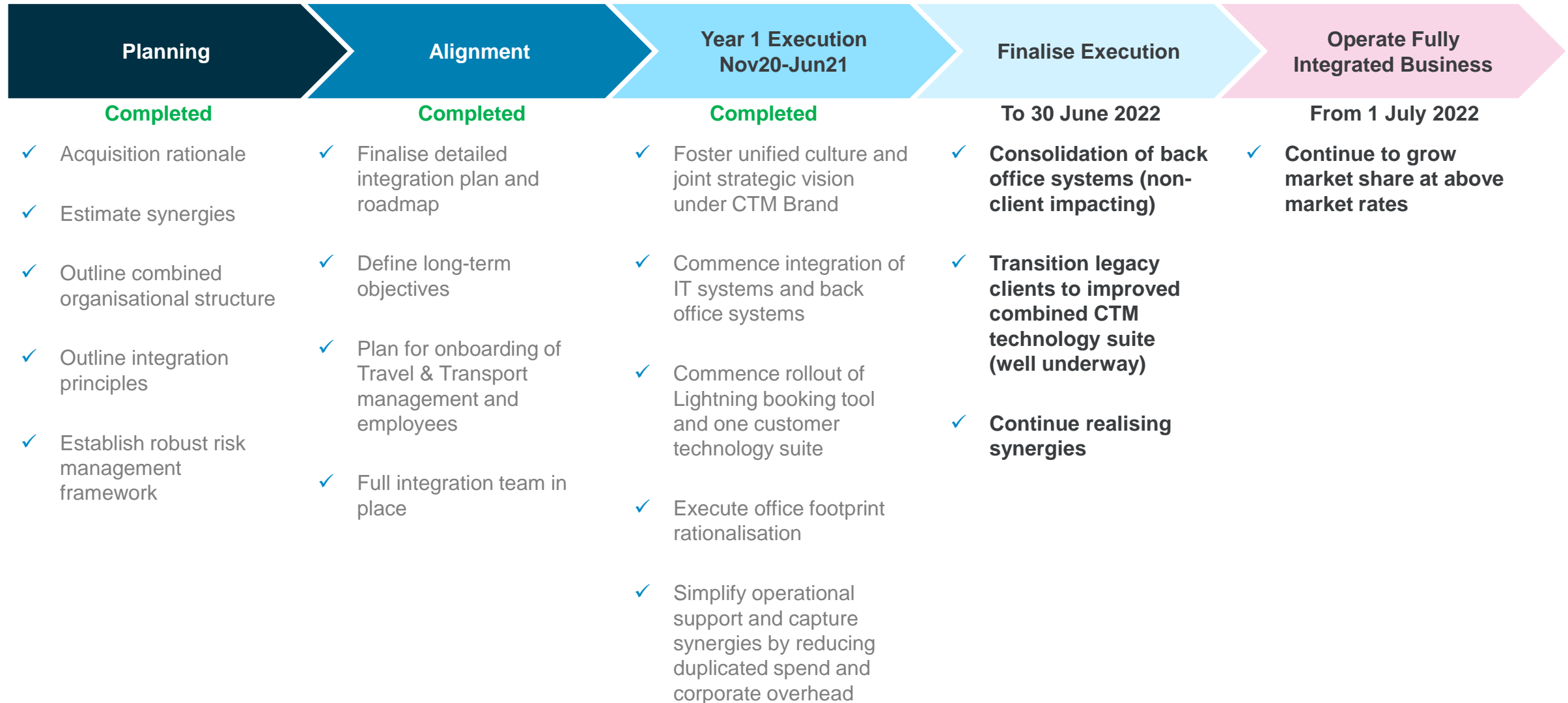
<sup>1</sup> Includes AASB16 Leases



## Acquisition Update



# Travel & Transport high level integration







## Group Financial Summary



# Profit and loss.

\$AUD(m)	FY21	FY20	%Δ
TTV	1,609.4	4,561.8	(65%)
Revenue and other income	200.5	349.9	(43%)
<b>Underlying EBITDA<sup>1</sup></b>	<b>(7.2)</b>	<b>74.4</b>	(110%)
Underlying PBT <sup>2</sup>	(43.6)	39.2	(211%)
<b>Underlying NPAT<sup>2</sup></b>	<b>(32.3)</b>	<b>28.4</b>	(213%)
<i>Less: Non-recurring items<sup>3</sup></i>	(18.3)	(33.8)	(46%)
<i>Less: Client relationship amortisation<sup>3</sup></i>	(6.1)	(5.2)	(17%)
<i>Less: Discontinued Operations<sup>3</sup></i>	(1.2)	-	
Statutory NPAT	(57.8)	(10.6)	(445%)

- FY21 was a year of two distinct halves due to improved earnings performance, and following the T&T acquisition

	1H21	2H21	%Δ
Revenue	\$74.2m	\$126.3m	70%
Underlying EBITDA <sup>1</sup>	(\$15.3m)	\$8.1m	153%

- FY21 Depreciation & Amortisation: \$40.9m
  - Depreciation: \$14.1m
  - Software amortisation: \$17.6m
  - Client relationships & other: \$9.1m
- FY22 D&A expectations: \$41.5m
  - Depreciation: \$13.8m
  - Software amortisation: \$20.1m
  - Client relationships & other: \$7.6m
- Government grants \$18.4m in FY21 – mirrored in staff costs. Materially finalised in March 2021
- Effective tax rate 24.80% (FY20: 9.61%)

<sup>1</sup> Excluding pre-tax non-recurring costs of \$23.1m (FY20: \$10.6m). Includes AAAB 16 Leases

<sup>2</sup> Excluding pre-tax non-recurring costs of \$24.0m (FY20: \$44.7m) and client relationships amortisation of \$8.0m (FY20: \$6.3m)

<sup>3</sup> Post-tax

# Non-recurring items.

\$AUD(m)	1H21	2H21	FY21
<b>Items in Underlying EBITDA</b>			
Acquisition costs	(6.6)	(0.6)	<b>(7.2)</b>
Integration costs	(4.5)	(7.0)	<b>(11.5)</b>
COVID-19 impact	-	(2.5)	<b>(2.5)</b>
Other	(0.6)	(1.3)	<b>(1.9)</b>
<b>Items in Underlying PBT</b>			
ROU Impairment (Integration)	-	(0.9)	<b>(0.9)</b>
<b>Total non-recurring items</b>	<b>(11.7)</b>	<b>(12.3)</b>	<b>(24.0)</b>
Tax	2.9	2.8	5.7
<b>Post tax non-recurring items</b>	<b>(8.8)</b>	<b>(9.5)</b>	<b>(18.3)</b>

- Acquisition-related costs represent 82% of non-recurring items
- \$19.6m **Acquisition** and **Integration** costs relate to Travel & Transport acquisition
  - Expect additional \$6m integration costs to complete integration in FY22.
  - CTM expects additional integration work to create greater synergies beyond initial expectations
  - Slower progress on complex back-office (non-client facing) consolidation requiring collaboration due to work from home government mandates
- **COVID-19 impact** primarily redundancy costs in Asia. Government support removed without travel recovery



# Comparative statutory balance sheet.

\$AUD(m)	Jun 21	Jun 20
Cash	99.0	92.8
Receivables	175.4	64.5
Other current assets	16.3	16.5
<b>Total current assets</b>	<b>290.7</b>	<b>173.8</b>
Right-of-use assets	40.5	46.8
Intangible assets	756.9	524.5
Other non-current assets	47.6	18.4
<b>Total assets</b>	<b>1,135.7</b>	<b>763.5</b>
Payables	204.7	100.5
Other current liabilities	27.4	42.5
<b>Total current liabilities</b>	<b>232.1</b>	<b>143.0</b>
Borrowings	-	-
Other non-current liabilities	52.2	62.4
<b>Total liabilities</b>	<b>284.3</b>	<b>205.4</b>
<b>Net assets</b>	<b>851.5</b>	<b>558.1</b>

- **Cash has increased** by \$6.2m from the p.c.p to \$99.0m
- Increased receivables and payables a function of increased client activity into 30 June 2021
- Increase in intangibles driven primarily by Travel & Transport acquisition
- **Zero debt**
  - Unused committed facility reduced from GBP100m to GBP60m (A\$110.6m)
  - Sufficient cash to comfortably manage recovery
  - Delivers immediate financial savings
- **Bank guarantees** have fallen from \$54.3m to \$19.6m in FY21
  - Activities undertaken late in FY21 will ensure bank guarantees unlikely to return to historic levels

# Cash flow summary.

\$AUD(m)	FY21	FY20
EBITDA statutory	(31.1)	63.8
Non-cash items	1.1	(24.4)
<b>Change in working capital</b>	<b>(33.3)</b>	<b>65.6</b>
Income tax paid	6.0	(21.2)
Net interest	(3.2)	(4.6)
<b>Cash flows from operating activities</b>	<b>(60.4)</b>	<b>79.2</b>
Capital expenditure	(15.2)	(22.2)
Acquisition/divestment cash flows	(273.3)	(23.5)
Other investing cash flows	(0.9)	-
<b>Cash flows from investing activities</b>	<b>(289.4)</b>	<b>(45.7)</b>
Net (repayment)/drawing of borrowings	-	(46.4)
Dividends paid	-	(26.5)
Proceeds from issue of shares (net of transactional costs)	368.7	-
Other financing cash flows	(9.6)	(1.7)
<b>Cash flows from financing activities</b>	<b>359.1</b>	<b>(74.6)</b>
FX movements on cash balances	(3.1)	(4.9)
<b>Increase/(decrease) in cash</b>	<b>6.2</b>	<b>(46.0)</b>

- Operating cash flow conversion primarily impacted by a combination of:
  - Timing of supplier payments around balance sheet date
  - Rapid travel recovery primarily led by high-quality invoice term clients, creating a short-term re-wind
- Expect the re-wind will flatten over time to return to long-term cash conversion experience
- Investing cash flows primarily Travel & Transport acquisition in 1H21
- **No debt** utilised during the year
- Capex investment approximately \$20m in FY22 to maintain software leadership



## FY22 Outlook



# FY22 Outlook.

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## Guidance and activity update:

- Given uncertainty of government decisions on border restrictions and travel supply, CTM is not in a position to offer FY22 profit guidance
- Targeting return to dividend payments in CY22

## FY22 Key Expectations:

1. **1Q22 expect continuing positive underlying EBITDA**, noting 1Q is typically softest quarter (northern hemisphere summer vacation)
  - **July revenue a record post-COVID**, a positive sign despite seasonal vacation period in NA and EU
2. **2Q22 expect building underlying EBITDA** as NA and UK/Europe return to offices after summer vacation in September
3. **2H22 expect a stronger than normal seasonal profit skew** (historical 2H skew 67%)

## Rationale for higher 2H skew:

- NA and UK **domestic** to recover rapidly post summer vacation as clients return to offices in September, meaningful 2H22 contribution
- Lucrative Transatlantic, and intra-Europe travel expected to open in 1H22, meaningful contribution in 2H22
- Vaccinations to allow for a more predictable and sustainably strong AU domestic environment in 2H22

## Acquisition opportunities

- We are continuing to assess opportunities that support global strategy



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