



ASX Announcement

16 February 2022

Half Year Results Presentation

Attached is a copy of Corporate Travel Management's Limited Half Year Results Presentation for the half year ended 31 December 2021.

Authorised for release by the Board.

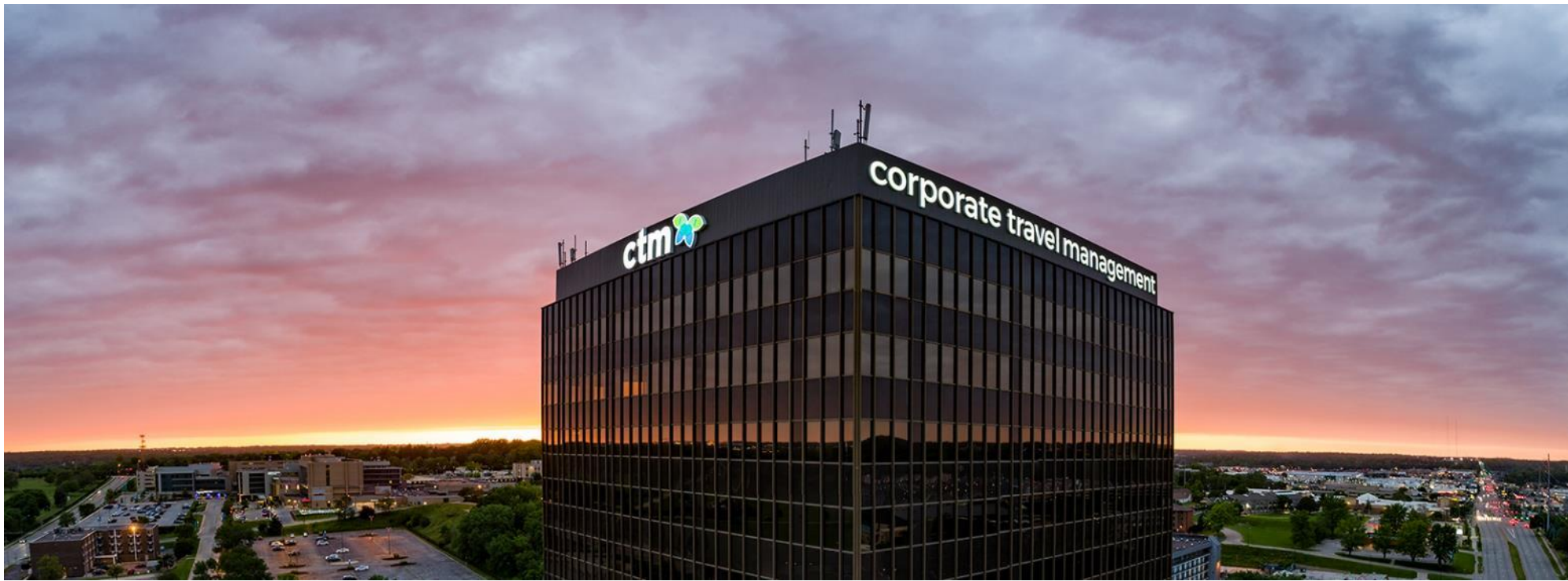
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Corporate Travel Management

1H22 Results Presentation

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CTM 1H22 highlights

1. Underlying EBITDA \$18.2m (1H21: -\$15.2m) despite Delta and Omicron COVID strain impacts

- North America (NA), Europe (EU), ANZ regions all recorded positive underlying EBITDA in 1H22, with regional standouts:
 - North America revenue now higher than 1H20 (pre-COVID)
 - Europe EBITDA higher than 1H20 (pre-COVID)
- Underlying Net Loss after Tax of \$0.4m (1H21: -\$26.6m)

2. Environment conducive to CTM market share gains

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

3. Balance sheet remains strong, with no debt and sufficient cash to manage through to full recovery

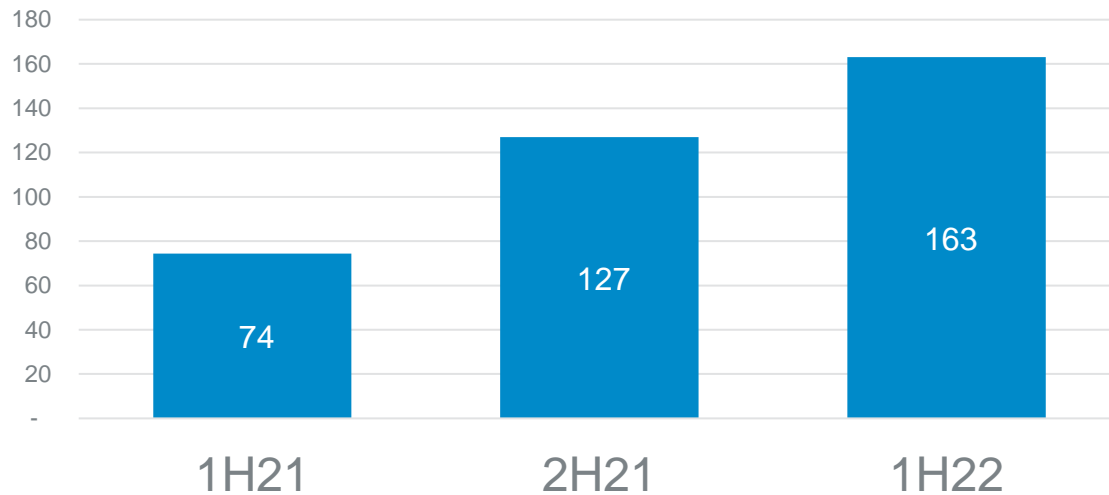
4. CTM is a much larger business post-COVID

- Estimated to be 4th largest global corporate travel manager in the world
- Revenue expected to be \$810m (+76%¹) and underlying EBITDA at \$265m (+77%¹) on a full recovery
- Material post-recovery EPS-accretion through acquisitions executed, synergies, and improved efficiency

1. Pro forma for the acquisition of Travel & Transport, Inc. and Helloworld Corporate. Revenue & EBITDA are pro forma combination including synergies at full recovery using FX AUD1.00=USD0.75, HKD6.00, GBP0.55. Does not include organic growth since 2019

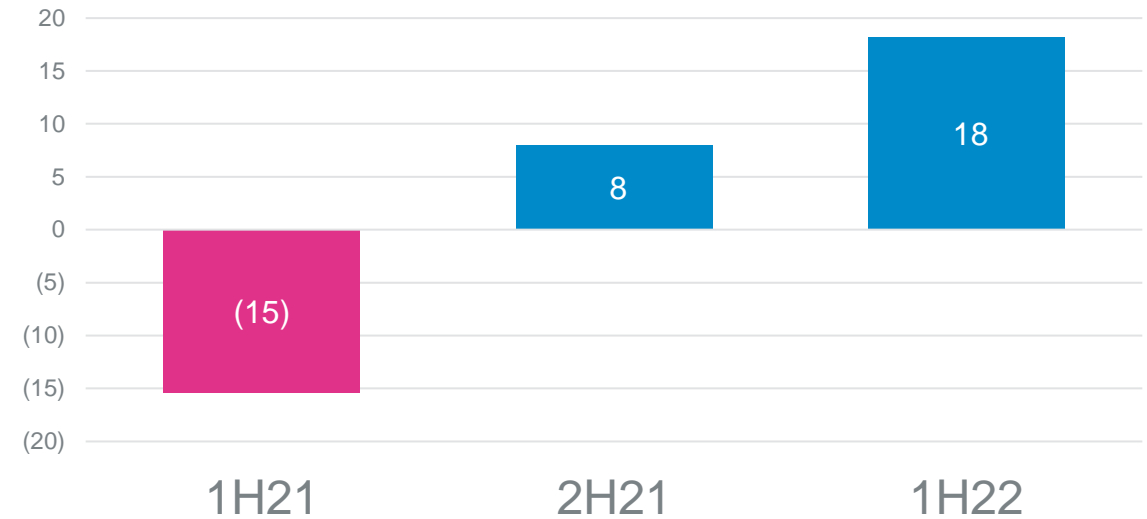
1H22 interrupted by COVID variants, momentum continues

Revenue and Other Income (\$Am)



- 1H22 revenue and other income up 120% on the p.c.p.
- Recovery momentum impacted in 1H22 by Delta, then Omicron COVID variants
- Expect significant ramp up in activity in regions where travel impediments are removed or negligible

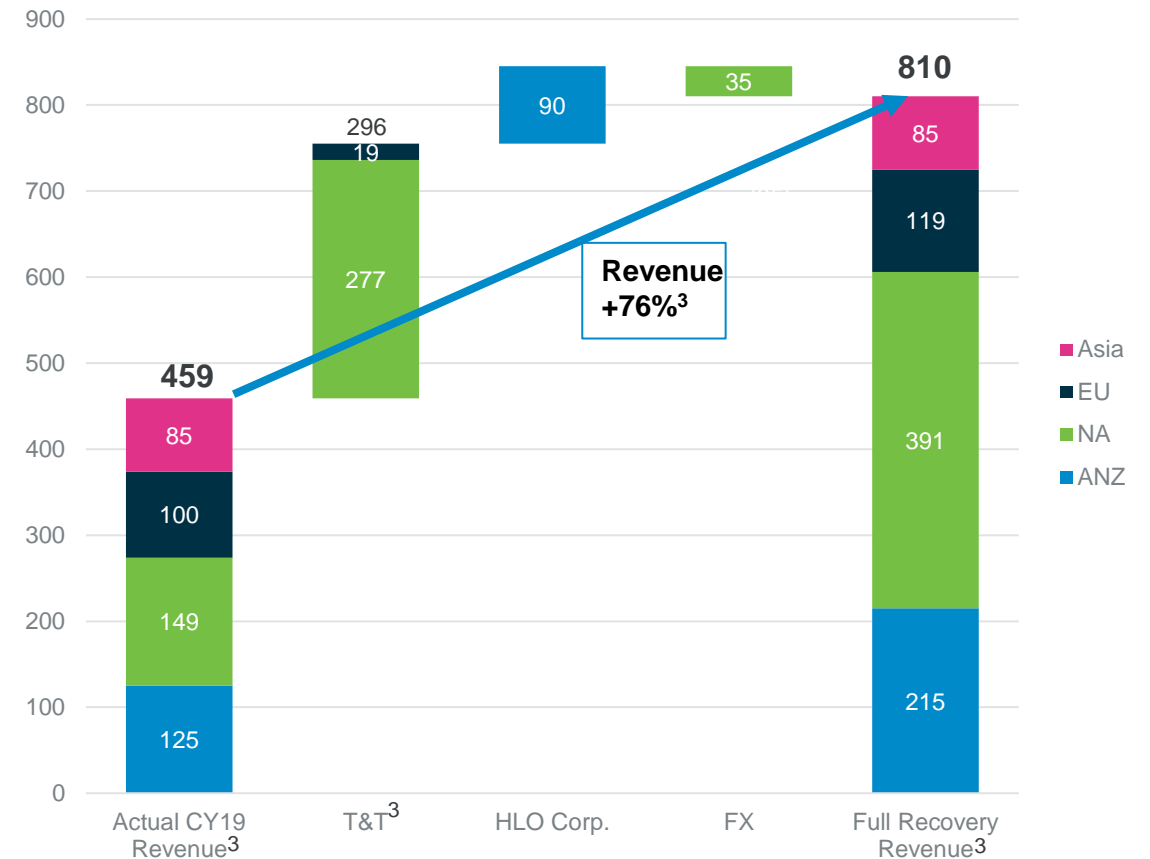
Underlying EBITDA (A\$m)



- Invested in staff in anticipation of recovery (additional ~\$2m cost per month)
- Any uplift in activity/revenue to flow directly to profits as excess capacity utilised
- 2H traditionally a stronger seasonal half in client activity

CTM has transformed via acquisition during COVID period

- **CTM has transformed its global footprint during the COVID downturn through significant transactions**
 - **Travel & Transport** acquisition in October 2020, significantly increasing exposure to large, fragmented North American market
 - **Tramada Software** in October 2020, opportunity to leverage ANZ industry-standard software across the world in a SaaS model, in addition to own use
 - **Helloworld Corporate** acquisition for \$175m, expected to close in 3Q22 subject to regulatory approvals and contractual requirements
- **HLO Corporate** FY19 pro forma EBITDA of \$22m¹, 1Q22 EBITDA² of \$1.6m
- Expecting \$8m of synergies upon full recovery
- **Strong strategic rationale**
 - Builds on CTM's core capability
 - Adds attractive new verticals – entertainment, conferences & events
 - Complementary new client base
 - Material synergies identified



1. pro forma EBITDA includes normalisations and excludes costs which are one-off in nature. Assumes FY19 average FX of 1 AUD = 1.04 NZD
2. Unaudited
3. FX assumed AUD1.00= USD0.75, GBP0.55, HKD6.00



Regional Performance



Group overview

(AUD\$m)				Pre-COVID	
	1H22	1H21	p.c.p. change	1H20	Pre-COVID Change
TTV	2,083.1	403.8	416%	3,310.2	(37%)
Revenue and other income	163.0	74.2	120%	222.3	(27%)
Underlying EBITDA	18.2	(15.2) ¹		64.5	(72%)
EBITDA / Rev & Oth Inc Margin	11.2%			29.0%	

1H22

- Revenue & other income up 120% on the p.c.p. despite impacts of Delta then Omicron COVID variants
- **Cost discipline maintained** in all regions
- **Excess staff capacity held** throughout the half to ensure continuity of service in recovery (~\$2m per month)
- Result included Group overhead of \$7.0m (1H21:\$ 3.7m, 1H20: \$6.9m). Maintaining pre-pandemic levels despite substantial acquisitions

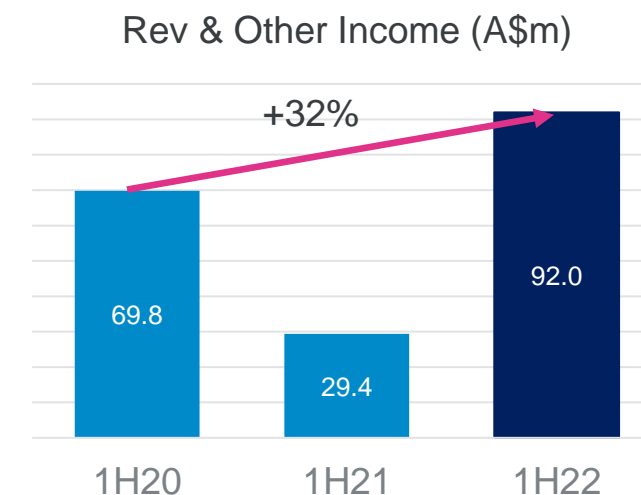
Current update

- Omicron reduced travel activity Nov-Jan
- **February: Rapid recovery signs** in CTM's largest regions of EU (notably UK) and North America, as travel impediments are withdrawn
- Well positioned to leverage activity recovery through investment in staff capacity, speed of integration in NA

1. Adjusted by \$0.4m for entities divested in 2H21

North America

(AUD\$m)	1H22	1H21	p.c.p. change	Pre-COVID	
				1H20	Pre-COVID Change
TTV	949.0	181.5	423%	758.5	25%
Revenue and other income	92.0	29.4	213%	69.8	32%
Underlying EBITDA	6.0	(8.6) ¹		14.4	(58%)
EBITDA / Rev & Oth Inc Margin	6.5%			20.6%	



1H22

- **Revenue & other income up 213% on the p.c.p.**
- **Revenue now 32% higher than pre-COVID levels**, a testament to successful M&A strategy during COVID
- Excess capacity maintained through the half to protect people, client service and to enable rapid recovery
- **NA is leading client wins across CTM.** A strong sign of support for CTM's service proposition and technology offering

Outlook

- From February, no domestic travel impediments. International impediments expected to be minimal in 4Q22
- **Experiencing rapid recovery** through February that is compounding week on week. Last week was the first trading day in excess of USD10m, a key milestone to recovery
- Accelerating client wins in 2H22, plus integration completion bodes well for NA to be the key region in the group in profit contribution, client wins.

1. Adjusted by \$0.4m for entities divested in 2H21

North America Spotlight

Expecting early return to pre-pandemic profitability, through 3 key drivers.

1. Increased penetration of Lightning Online Booking Tool

- Creates efficiency gains, frees up travel advisors to service complex itineraries
- Solid traction - blue chip US and global clients are being won and implemented on Lightning

2. Benefits of Integration

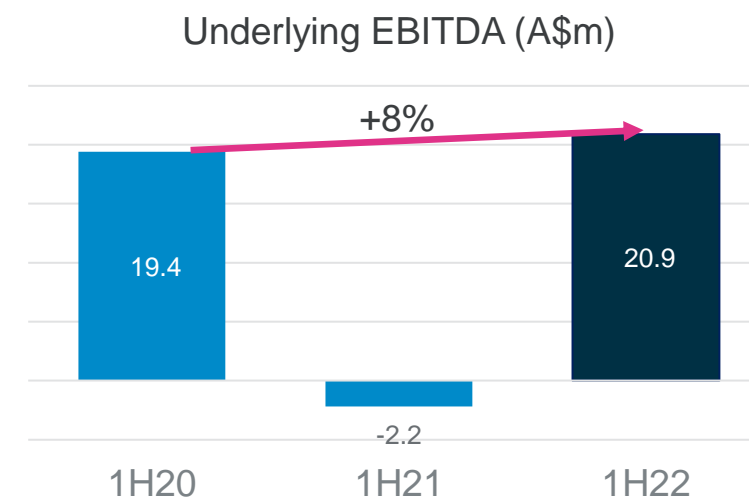
- “One client system” integration to complete by June 2022, bringing significant efficiency benefits beyond initial expectations, on full recovery
- Unlocks further automation in proprietary agent tools and booking efficiency improvements
- Creates time and better productivity, allowing advisors to be truly consultative and more valuable to our clients in the recovery (our strength)

3. Market share gains driven by superior technology, service and investment in sales

- Using financial advantage to continually invest in enhancing client and agent solutions
- Client wins running at highest levels in NA history
- Dedicated team established to focus on global client segment. 3 global clients worth over USD\$80m in annual TTV already won in 2Q22 attributed to this specialist team

Europe

(AUD\$m)				Pre-COVID	
	1H22	1H21	p.c.p. change	1H20	Pre-COVID Change
TTV	806.5	77.8	937%	565.4	43%
Revenue and other income	43.8	13.3	229%	47.7	(8%)
Underlying EBITDA	20.9	(2.2)		19.4	8%
EBITDA / Rev & Oth Inc Margin	47.7%	(16.5%)		40.7%	



1H22

- Revenue & other income up 229% on the p.c.p.
- Despite disruption from Delta and Omicron, **record 1H profit for EU region** due to strong client wins, COVID projects
- Record annualised EBITDA on just 74% of pro forma FY19 revenue, a testament to the CTM business model and execution
- UK domestic travel not material in 1H22 given UK lockdowns in the half

Outlook

- Whilst Omicron reduced activity Nov-Jan, UK domestic travel recovering quickly, a large incremental contributor
- UK leading the way in eliminating all travel impediments domestic and international – the strongest recovery forward indicator
- UK government contract extension to 2025 underpins long term strength in the region

(AUD\$m)				Pre-COVID	
	1H22	1H21	p.c.p. change	1H20	Pre-COVID Change
TTV	238.6	155.3	54%	686.5	(65%)
Revenue and other income	21.1	18.1	17%	61.8	(66%)
Underlying EBITDA	0.9	3.0	(70%)	24.4	
EBITDA / Rev & Oth Inc Margin	4.3%	16.6%		39.5%	

1H22

- Resilient performance given ANZ essentially in lockdown throughout the entire 1H, with little government assistance
- 34% revenue & other income recovery versus FY19 despite border closures due to essential travel clients
- Maintained excess staff for eventual recovery

Outlook

- International and domestic travel impediments being removed quickly
- Highly leveraged to activity recovery given high online domestic mix, excess workforce capacity
- Recovery trajectory expected to be rapid with removal of travel impediments (NA and EU will be a good forward guide to timing of ANZ recovery)

Asia

(AUD\$m)				Pre-COVID	
	1H22	1H21	p.c.p. change	1H20	Pre-COVID Change
TTV	89.0	(10.8)		1,299.8	(93%)
Revenue and other income	6.0	12.2	(51%)	43.0	(86%)
Underlying EBITDA	(2.6)	(3.6)	28%	13.2	
EBITDA / Rev & Oth Inc Margin				30.7%	

1H22

- Trading environment remained challenging due to reliance on international travel. Revenue & other income at 14% of FY19 levels
- Government support was minimal in 1H22 versus 1H21 despite worsening lockdown conditions
- Strong cost control given the operating environment

Outlook

- Region expected to remain marginally loss-making until travel opens
- Continue to win business from competitors; competitor closures accelerating, increasing market share position upon recovery
- Cost control to remain in place until restrictions ease



Technology and Sustainability Update



CTM Technology- enhancing client experience in complex environment

3 Key initiatives:

1. Global segment focus

- Global travel manager portal improving visibility of staff on a global basis
- Global view of travel spend
- Combined with high service creates a powerful value proposition versus call centre model for Global clients

2. Enhancing user experience

- Machine learning improving client productivity on Lightning OBT
- Delivering the most relevant content to customers to reduce time to book, enhance user experience

3. Personalisation and automation

- CTM Advisor - proprietary automation tool enabling a deeper client understanding and more effective servicing in a complex environment



CTM Technology enables Sustainable Travel Programs

- **CTM Climate+ Program**

- Demonstrating the impact of travel decisions to inspire change to make the best decision for the environment
- Amplified impact of CTM's technology across our client base

- **Technology enables informed client decisions at POS**

- View carbon emissions per segment in Lightning
- Filter and sort travel options by carbon emissions
- Book travel within defined carbon budgets

- **CTM Data Hub: Company-wide impact reporting**

- Granular visibility of travel program's carbon footprint

- **Offset carbon impact**

- Offset itinerary's carbon emissions at time of booking in Lightning
- Supporting from a range of global sustainability projects





Group Financial Summary



Profit and loss

\$AUD(m)	1H22	1H21	%Δ
TTV	2,083.1	403.8	416%
Revenue and other income	163.0	74.2	120%
Underlying EBITDA¹	18.2	(15.2)	
Underlying NPAT²	(0.4)	(26.6)	
<i>Less: Non-recurring items³</i>	(6.6)	(8.8)	
<i>Less: Client relationship amortisation³</i>	(3.0)	(1.6)	
<i>Less: Discontinued Operations³</i>	-	(0.4)	
Statutory NPAT	(10.0)	(37.4)	73%

- 1H22 began with strong momentum, but was interrupted by the impact of COVID-variants, delaying return to offices and therefore business travel
- 1H22 Depreciation & Amortisation: \$21.5m
 - Depreciation: \$7.2m
 - Software amortisation: \$10.4m
 - Client relationships & other: \$4.0m
- FY22 D&A expectations: \$41.5m with full year of T&T post-acquisition impact
 - Depreciation: \$13.8m
 - Software amortisation: \$20.1m
 - Client relationships & other: \$7.6m
- Effective tax rate 17.6% (FY21: 24.8%)

1. Excluding pre-tax non-recurring costs of \$7.7m (1H21: \$11.7m).

2. Excluding post-tax non-recurring costs of \$6.6m (1H21: \$8.8m) and client relationships amortisation of \$3.0m (1H21: \$1.6m)

3. Post-tax

Non-recurring items

\$AUD(m)	1H22
EBITDA non-recurring	
Acquisition costs	(2.9)
Integration costs	(5.1)
COVID-19 bad debt recovery	0.3
Total non-recurring items	(7.7)
Tax	1.1
Post tax non-recurring items	(6.6)

- **Acquisition** costs relate to costs incurred in the acquisition of Helloworld's corporate and entertainment business
- **Integration** costs relate to the Travel & Transport acquisition
 - Expect all client facing integration to be completed in 2H22 as previously indicated

Comparative statutory balance sheet

\$AUD(m)	Dec 21	Jun 21
Cash	193.2	99.0
Receivables	164.1	175.4
Other current assets	12.3	16.3
Total current assets	369.6	290.7
Right-of-use assets	37.4	40.5
Intangible assets	770.0	756.9
Other non-current assets	58.2	47.6
Total assets	1,235.2	1,135.7
Payables	224.2	204.7
Other current liabilities	27.6	27.4
Total current liabilities	251.8	232.1
Borrowings	-	-
Other non-current liabilities	42.9	52.2
Total liabilities	294.7	284.3
Net assets	940.5	851.5

- **Strong financial position with sufficient cash to comfortably manage and reinvest for the recovery**
 - **Cash has increased** by \$94.2m from the p.c.p. to \$193.2m, including \$75m raised for HLO acquisition held at 31 Dec
 - **Zero debt** drawn
 - Unused facility in process of being refinanced for LT contingency only to be completed 2H22
- Increase in intangibles driven by FX rates
- Receivables and payables driven by client activity
- **Bank guarantees** have fallen from \$19.6m to \$14.8m in 1H22
 - IATA's GoGlobal accreditation achieved late in 1H22 will ensure bank guarantees will not return to historic levels, even in the larger business

Cash flow summary

\$AUD(m)	1H22	1H21
EBITDA statutory	10.5	(27.4)
Non-cash items	3.3	4.8
Change in working capital	26.6	(14.8)
Income tax paid	(1.2)	(1.5)
Net interest	(1.1)	(1.6)
Cash flows from operating activities	38.1	(40.5)
Capital expenditure	(10.6)	(7.1)
Acquisition/divestment cash flows	(0.6)	(276.1)
Other investing cash flows	-	-
Cash flows from investing activities	(11.2)	(283.2)
Net (repayment)/drawing of borrowings	-	-
Dividends paid	-	-
Proceeds from issue of shares (net of transactional costs)	73.8	368.9
Other financing cash flows	(4.5)	(4.5)
Cash flows from financing activities	69.3	364.4
FX movements on cash balances	(2.0)	(8.9)
Increase/(decrease) in cash	96.2	40.7

- Operating cash flow strong due to a combination of:
 - Collection of invoiced amounts from 4Q21
 - Cash held at balance date awaiting client direction resulting in a positive cashflow of \$20m
- **Cash flow conversion** fundamentals have not changed materially, expecting return to long-term cash conversion metrics at full recovery
- **No debt** utilised during the year
- Capex investment of \$12.5m in 2H22, including
 - Software investment maintained to ensure leadership
 - a hardware refresh in North America of \$2.2m



Group Financial Summary



FY22 Outlook

Given uncertainty of short-term trading environment, CTM is not able to offer FY22 profit guidance

2H22 Key Expectations:

1. **COVID to switch from pandemic to endemic in most developed countries** due to high vaccination rates and removal of impediments
2. **Feb-Mar underlying EBITDA building** as NA, UK/Europe, then ANZ return to offices after Omicron subsides. Experiencing rapid recovery in NA and UK through February m.t.d.
3. **4Q22 material step up in activity as governments relax travel impediments**
4. **2H22 expect a stronger than normal seasonal profit skew** (historical 2H skew 67%)

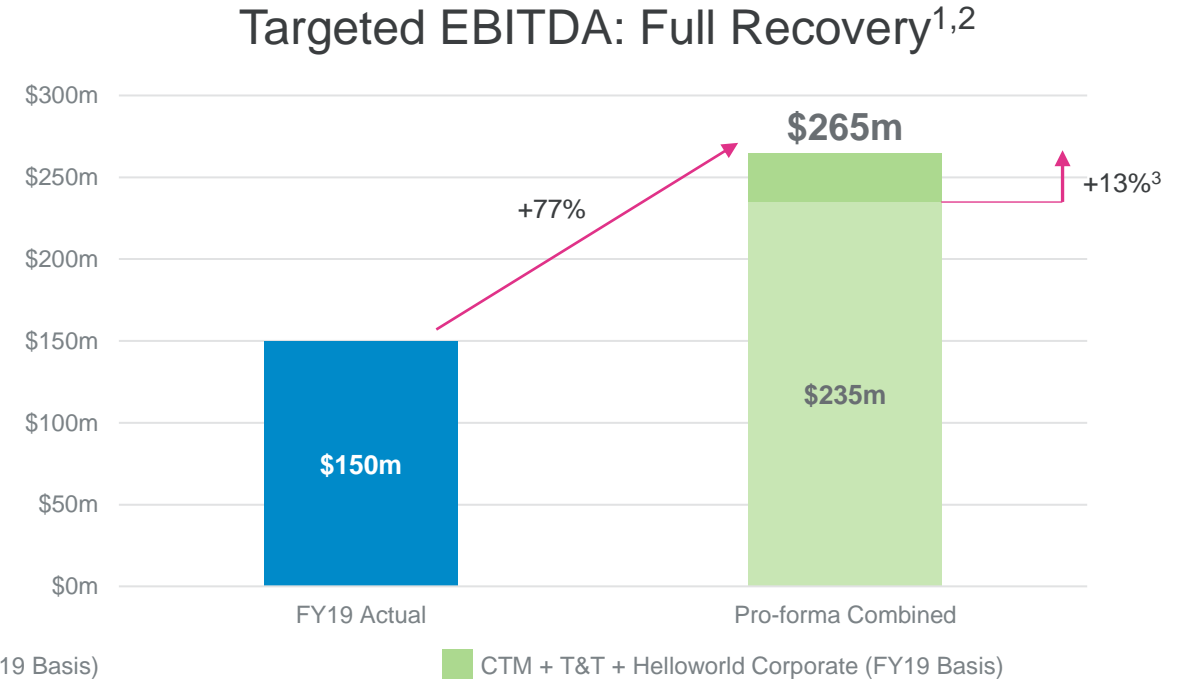
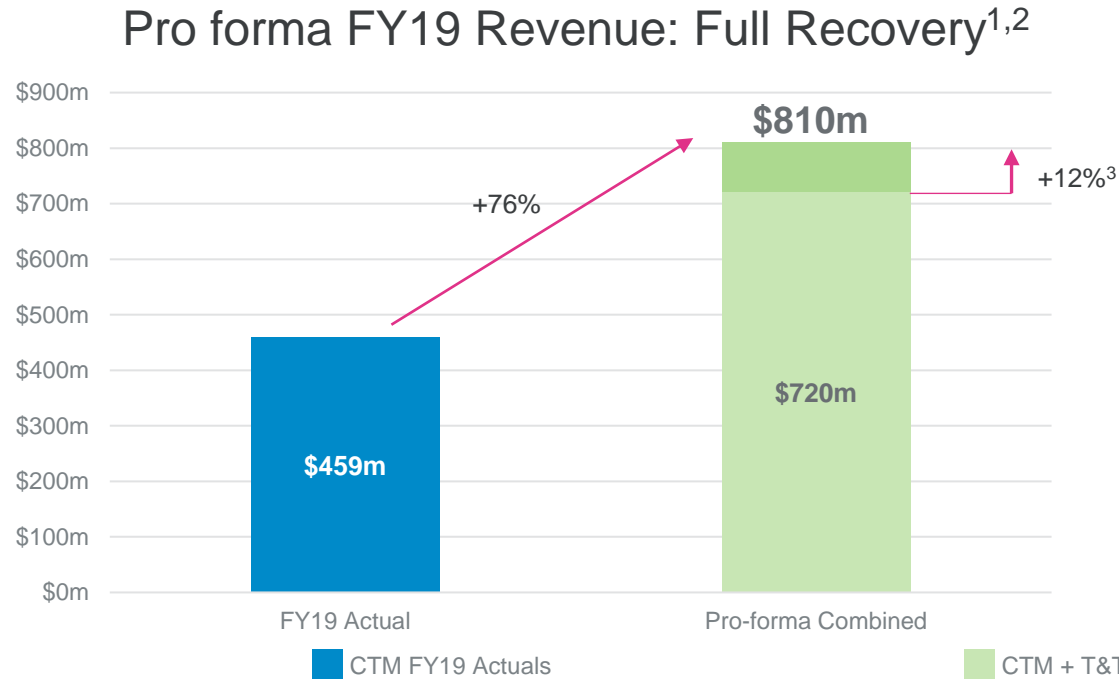
Medium-term challenges being addressed

- Focus on measures to improve productivity of staff to limit impact of inflation and potential resource shortages near full recovery
- Matching of staff numbers to activity levels with some contingency will continue to ensure balance between service and cost where recovery is not linear

COVID cycle acquisitions create a much larger business (c77% larger) on full recovery, targeting EBITDA \$265m

- Key acquisitions of Travel & Transport, Tramada and Helloworld through the COVID cycle creating a transformational change
- Continue to assess acquisition opportunities that support global strategy to create more levers of organic growth in the long-term

CTM: Significantly Larger Business Post COVID-19



Full revenue recovery expectations- revenue +76%^{1,2}, underlying EBITDA +77%^{1,2} to \$265m:

- Key acquisitions of Travel & Transport, Tramada and Helloworld Corporate through the COVID cycle creating a transformational change
- **North American and European combined revenues already exceeding CTM pre-Covid levels**, reinforcing the recovery trajectory targets enabled by transformational acquisitions
- Organic growth since the impact of COVID-19 (3Q20) **not included in the above projections**

1. FY19 financial information is considered to best represent the performance of both CTM and Helloworld Corporate prior to the impacts associated with COVID-19

2. Pro forma for the acquisition of Travel & Transport, Inc. and Helloworld Corporate. Revenue & EBITDA are pro forma combination including synergies at full recovery using FX AUD1.00=USD0.75, HKD6.00, GBP0.55. Does not include organic growth since 2019

3. Helloworld Corporate acquisition impact



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