



## **ASX Announcement**

27 October 2022

### **Corporate Travel Management Managing Director AGM Presentation and Trading Update**

Corporate Travel Management (CTM, ASX:CTD) will today present the attached presentation and trading update at its Annual General Meeting. A copy of the Managing Director's presentation is attached.

Authorised for release by Shelley Sorrenson, Company Secretary.

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## FY22 Highlights

# CTM FY22 highlights

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## Successfully converting activity recovery into revenue and PBT

- **FY22:** TTV \$5.1bn, revenue \$389m, underlying: EBITDA \$59.8m, PBT \$22.3m, NPAT \$17.5m
- **4Q22:** TTV \$1.8bn, revenue \$141m, underlying: EBITDA \$35.7m, PBT \$25.5m, NPAT \$20.5m

## Strong 4Q22 momentum

### Starting run rate for FY23 (4Q22 annualised):

- **Revenue \$563m; underlying: EBITDA \$143m, PBT \$102m**
- June revenue materially higher than April
- 4Q22: 14% productivity gains

## Financial Strength

- **\$127m corporate cash, zero debt**, positive PBT, strong cash flow, adequate working capital
- **Reinstated dividends:** 5c final dividend (unfranked) paid with future intention to pay 50% of NPAT

## Recovering faster than market - winning share

- Strong market share gains as evidenced by **revenue recovery** @ 69.5% in 4Q22
- Value proposition, global scale, financial strength all highly relevant to clients – **97% client retention**
- Enhancing proprietary automation and RPA tools to enhance service expertise in FY23

## A 75% larger business that is expected to deliver record EPS on full recovery

- Full recovery to deliver revenue \$810m, underlying EBITDA \$265m, up c75% on FY19 (pre-COVID)
- Capital raised during COVID has enabled highly accretive acquisitions, full recovery expected to deliver 30%+ EPS growth on FY19 EPS (pre-COVID)





## Trading Update



# Trading update: General market insights

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Observation	Outcome
1. <b>Removal of travel impediments drives rapid recovery in corporate activity</b>	<ul style="list-style-type: none"><li>• Experiencing rapid recovery when COVID related impediments removed</li></ul>
2. <b>Airline reliability and airport experience impacting corporate activity recovery</b>	<ul style="list-style-type: none"><li>• Where airline reliability and airport congestion is near normal, corporate travel activity now above pre-COVID pro-forma levels (FY19)</li><li>• Where airport congestion and airline unreliability exists, recovery temporarily stalls until resolved</li></ul>
3. <b>Corporate travel demand remains strong. Inadequate airline capacity persists</b>	<ul style="list-style-type: none"><li>• Supply unable to keep up with corporate demand. Airline capacity constraints holding back faster recovery</li><li>• Average booking completion time higher than pre-COVID due to higher airline disruption management, finding available seats, clearing waitlists, creative trip planning.</li><li>• Both issues progressively resolving week by week as global network rebuilds</li></ul>
4. <b>No noticeable impact of economic conditions upon activity</b>	<ul style="list-style-type: none"><li>• September revenue recovery at 75% of pro-forma pre-COVID</li><li>• ANZ and EU regions, Singapore already above pre-COVID pro-forma trading levels in September despite greatly reduced capacity, reinforcing strong market share gains through COVID period</li><li>• Further revenue recovery, some regions significant, across October v September</li></ul>

# Regional trading update: FY23 year-to-date

Region	September activity <sup>1</sup>	October month-to-date <sup>2</sup>	Update
EU	101%	↑	<ul style="list-style-type: none"> <li>Still to come: international, domestic UK and UK government as people return to work</li> <li>Heathrow airport announced lifting capacity to 100% (from 80%) end of October</li> </ul>
ANZ	116%	↑	<ul style="list-style-type: none"> <li>Revenue recovery to 85% in September as international recovery increases</li> <li>Upside to come: BNE-SYD-MEL triangle capacity constraints c70%, international supply c45% of pre-Covid, HLO synergies</li> </ul>
Asia	51%	↑↑	<ul style="list-style-type: none"> <li>Pre-Covid, HKG/SIN represented 90% of Asia revenue: <ul style="list-style-type: none"> <li>September: Singapore trading &gt;100% pre-Covid pro-forma FY19 levels</li> <li>HKG: removal of hotel quarantine 27 September; rapid recovery only limited by supply.</li> <li>HKG recovery &gt;3x Cathay Pacific Airline capacity recovery- a market share gain signal</li> </ul> </li> </ul>
NA	70%	Steady	<ul style="list-style-type: none"> <li>Activity post-vacation back to peaks of April/May despite small decline in average ticket value</li> <li>Slower than expected post-vacation September recovery vs RoW. Airline disruption/poor airport experience lingers, impacting demand for short duration travel</li> <li>Expect activity to accelerate with greater airline reliability, consistent with all other CTM regions</li> <li>80% revenue recovery a stepped change to regional profitability as we soak up excess workforce capacity employed in May, leverage integration and scale benefits</li> </ul>

<sup>1</sup> Activity vs proforma pre-COVID 2019 (FY19)

<sup>2</sup> Activity growth vs September 2022

# Group trading update: outlook

Group	Update
<b>Activity summary</b>	<ul style="list-style-type: none"> <li>• No noticeable impact from economic conditions</li> <li>• Consistent theme: demand for corporate travel exceeding supply, travel rebounds rapidly with travel impediment removal &amp; reliability in airline and airport experience</li> <li>• Further material recovery levers: supply constraints, client recovery, synergy &amp; scale benefits, organic growth</li> <li>• Two regions already surpassed pro-forma FY19 despite constraints, reinforcing CTM market share gains</li> </ul>
<b>Workforce recovery</b>	<ul style="list-style-type: none"> <li>• Staff count (FTE) at 30 September: 2956 (+102 since 30 June, predominantly ANZ region)</li> <li>• Workforce build out now largely complete in all CTM regions ex HKG</li> <li>• Graduate academy being rolled out in all regions due to success in ANZ region</li> </ul>
<b>Financial metrics</b>	<p><b>Revenue and FY23 profit skew:</b></p> <ul style="list-style-type: none"> <li>• 1Q typically the slowest profit quarter due to seasonality of northern hemisphere vacation (Jul-Aug)</li> <li>• September TTV c\$0.8bn, an all-time CTM record</li> <li>• September revenue recovery 75%, October tracking higher than September</li> <li>• Consensus requires c80% revenue recovery across FY23</li> <li>• CTM expects a similar 1H profit skew to FY22, c30%/70%, on-track</li> </ul>
<b>Market share gains</b>	<p><b>Continues at an accelerated rate:</b></p> <ul style="list-style-type: none"> <li>• Client wins at all-time record levels through to mid-October - surpassed CTM's largest ever full FY result</li> <li>• Client retention remains &gt;97%</li> </ul>
<b>Balance sheet strength, scale</b>	<ul style="list-style-type: none"> <li>• Zero debt, significant cash holdings building since 30 June 2022 consistent with 1Q23 profit generation</li> <li>• CTM is already a much larger business than pre-COVID (FY19)</li> <li>• Expecting to be 75% larger than FY19 at full recovery</li> </ul>



# FY23-24 Assumptions

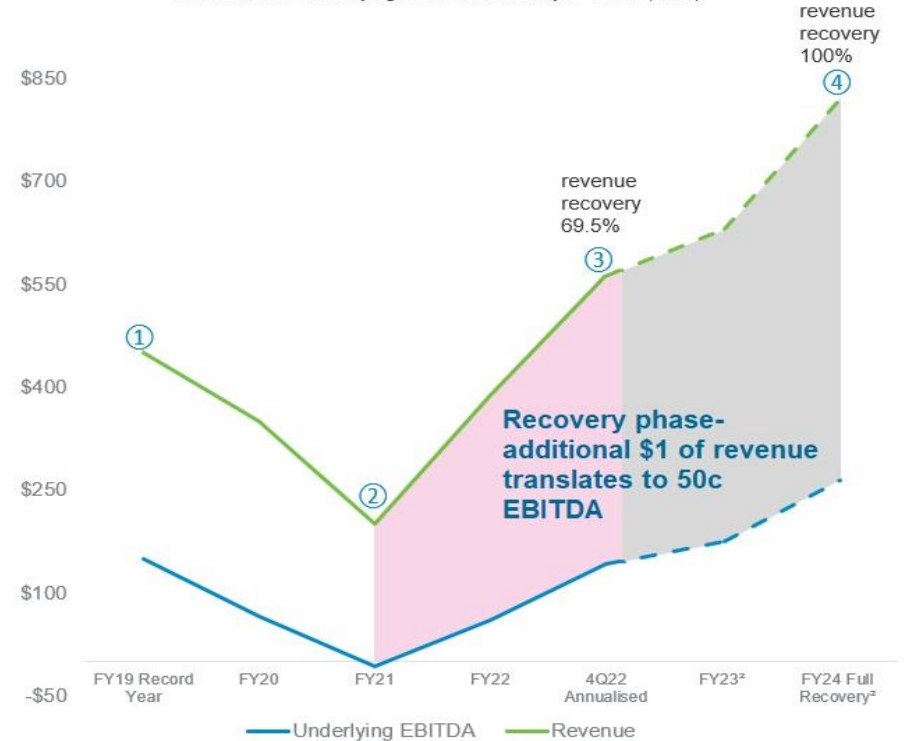
## FY23 Assumptions:

- Starting point is underlying EBIDA \$143m (4Q22 run-rate)
- Targeting c80% revenue recovery in FY23
- FY23 expected to remain choppy:
  - Supply constraints/airport congestion lingers, notably USA
  - Greater China largely closed (Asia full recovery contributes ~\$25m EBITDA)
  - Expect both issues to resolve progressively during FY23
- No further impact on activity from economic conditions than currently experiencing
- COVID remains endemic

## FY24 – full recovery (underlying EBITDA \$265m on \$810m revenue) if:

- Greater China to open borders with no travel impediments by June 2023
- Supply constraints/airport congestion resolved in all CTM markets by June 2023

Revenue and underlying EBITDA recovery to FY24 (A\$m)



- ① **FY19-** Record CTM Revenue and EBITDA (pre-COVID)
- ② **Recovery phase begins.** Every additional \$1 revenue translating into 50c of EBITDA
- ③ **Current position -** 4Q22 annualised revenue recovered to 69.5% of FY24 target
- ④ **FY24:** Full recovery expectations: revenue \$810m, underlying EBITDA \$265m, 50% incremental EBITDA margin

² FY23/24 Forecast