



ASX Announcement

21 August 2024

FY24 Results Presentation

Attached is Corporate Travel Management Limited's 2024 full year results presentation for the year ended 30 June 2024.

Authorised for release by the Board.

Contact details

Media enquiries: Alasdair Jeffrey – Rowland – Alasdair.Jeffrey@rowland.com.au / +61 404 926 768

Investor enquiries: Allison Dodd – allison.dodd@travelctm.com / +61 7 3210 3354

AUSTRALIA | NEW ZEALAND | NORTH AMERICA | ASIA | EUROPE

Corporate Travel Management Limited | ACN: 131 207 611

Level 9, 180 Ann Street, Brisbane QLD 4000 | GPO Box 2584, Brisbane QLD 4001

Telephone: +61 7 3329 7400 | Free call: 1300 663 662 | travelctm.com.au



Corporate Travel Management

Full Year Results 2024

21
AUGUST
2024

Jamie Pherous
Managing
Director

James Spence
Global Chief
Financial Officer

Eleanor Noonan
Global Chief
Operating Officer



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FY24 Highlights

FY24 Group overview - AUD(\$m)

Consolidated CTM¹

FY24 Revenue
up **↑9%**

EBITDA up **21%** to
\$201.7m

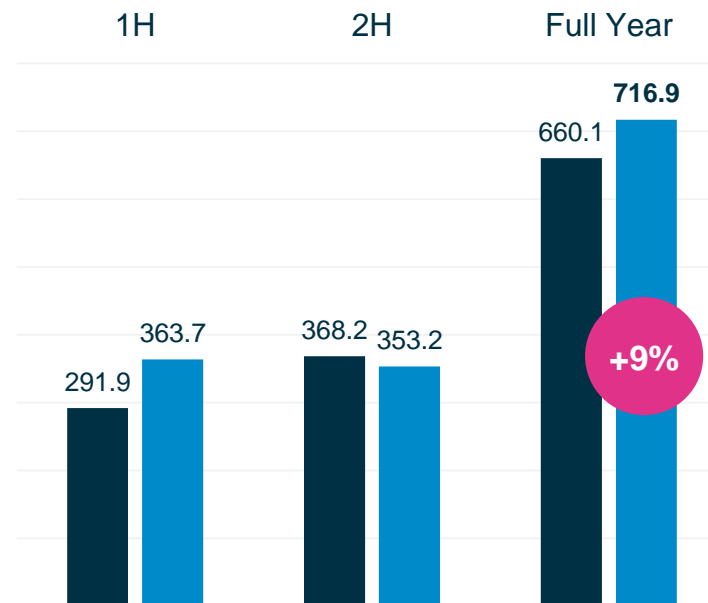
FY24 underperformance specific to:

1H issues previously flagged at 1H results:

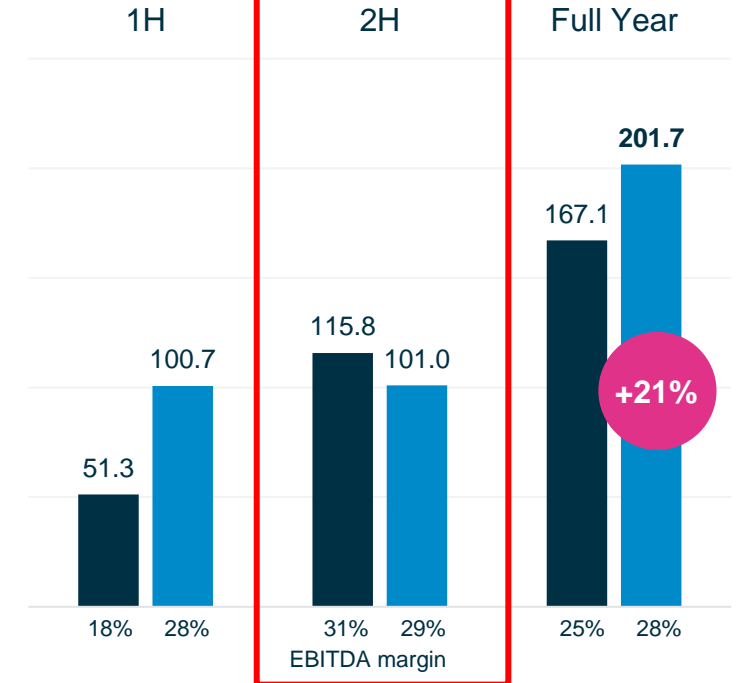
- Macro 2Q impacts to NA (no impact in 2H)
- Europe Bridging accommodation contract materially below forecast due to changes in government policy

2H: One-off war related humanitarian projects tapered off faster in EU than expected late 2H (corporate & govt.)

Revenue



EBITDA



FY23 ● FY24 ●

FY24 Europe overview – AUD(\$m)

Europe



One-off project underperformance impacted group results in FY24

2H EBITDA DOWN ↓ **48%**

Record FY24 financial metrics

REVENUE UP

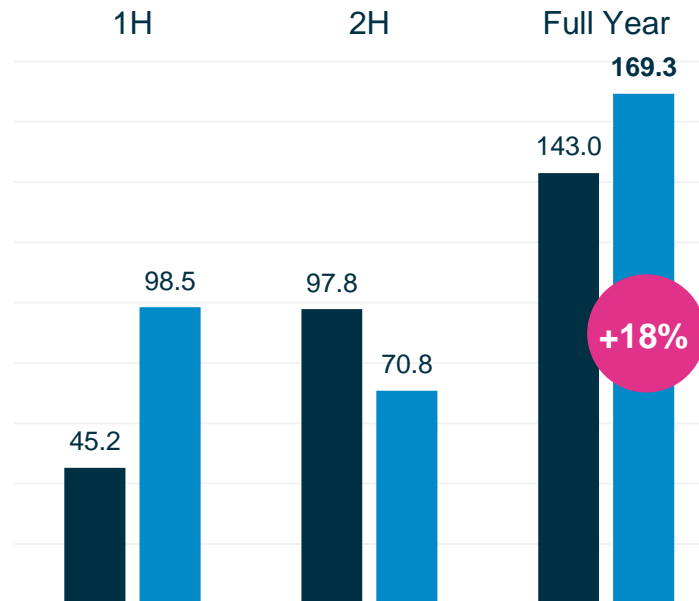
↑ **18%**

EBITDA UP

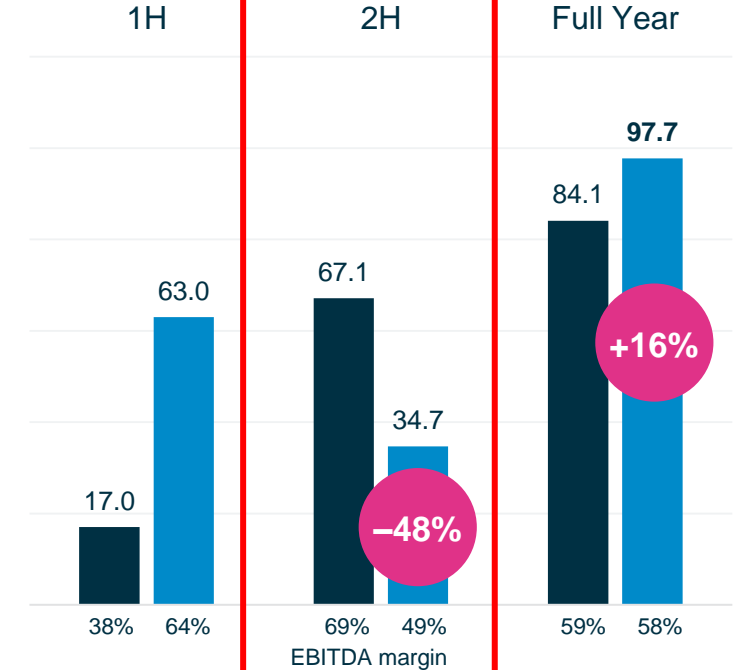
↑ **16%**

- Full year result included one-off projects (war related humanitarian work), both Government and Corporate

Revenue



EBITDA



FY23 ● ● FY24

FY24 Rest of World overview - AUD(\$m)

Rest of World (NA, ANZ, Asia)



Rest of World (ex. Europe)
Strong momentum for FY25



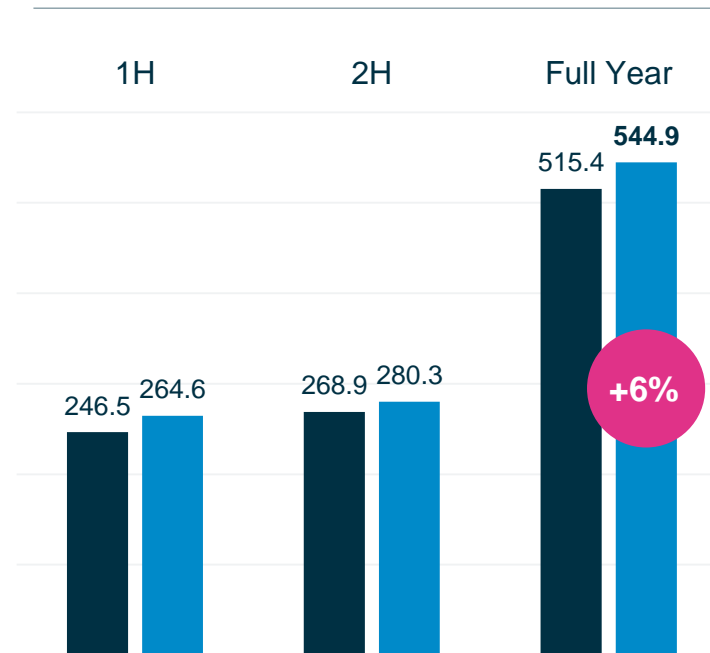
**Turnaround led by NA
and ANZ**

- 2H EBITDA up **↑ 29%**
- 2H EBITDA margin **21% to 27%**
vs p.c.p. (slides 10-11)

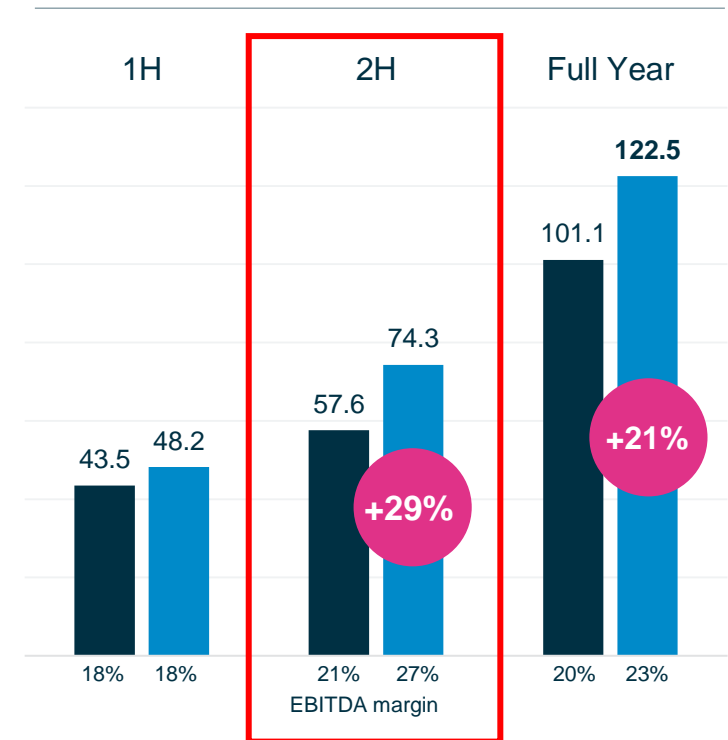
Full Year EBITDA
up **↑ 21%**

EBITDA margin from
20% to 23%

Revenue



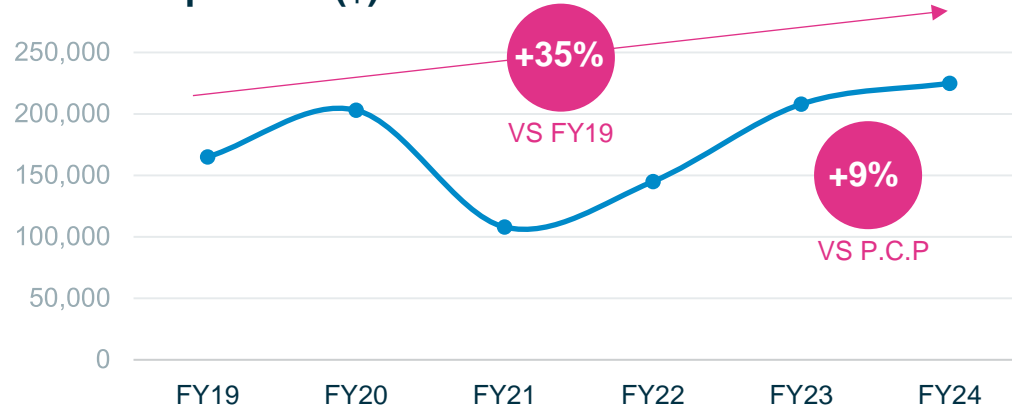
EBITDA



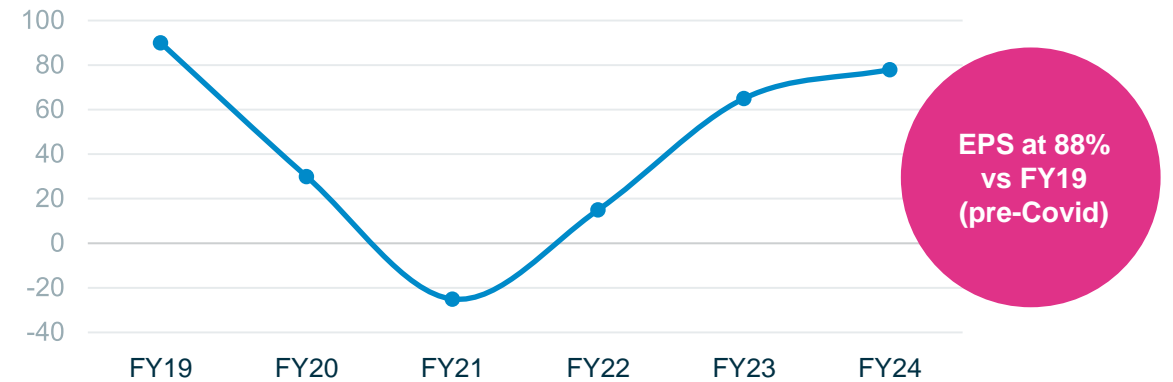
FY23 ● ● FY24

FY24 Scorecard – the metrics

Revenue per FTE (\$)



Underlying EPS (cents/share)¹



CASH CONVERSION

89%

Delivering cash profits

INCREMENTAL
REVENUE
CONVERSION TO EBITDA

61%

Operating leverage

CLIENT RETENTION

97%

Stable customer base

CLIENT WINS²

\$970m

Growth momentum



FY24 Regional Overview

ANZ – AUD(\$m)

Highlights



**Significant 2H turnaround
v 1H as expected**

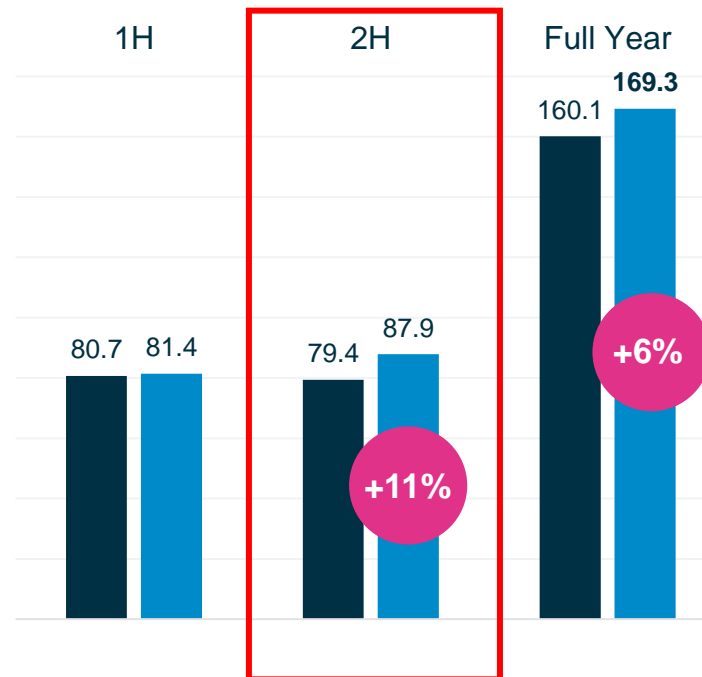
↑11% 2H revenue
growth vs p.c.p.

- Sleep Space benefits
- Client wins, customers returning to CTM

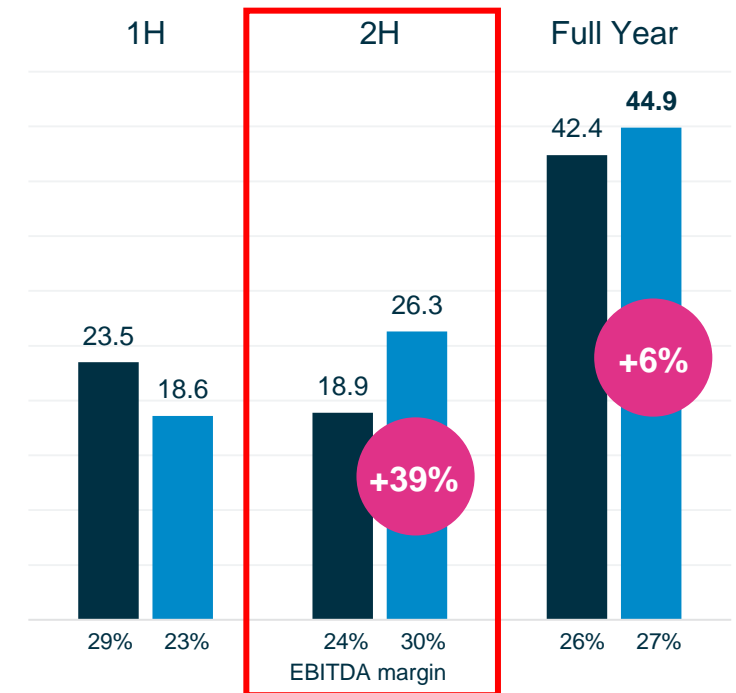
2H EBITDA Margin uplift vs p.c.p.
↑39% **24% → 30%**

- Synergy benefits realised from HLO corporate acquisition
- Strong automation gains

Revenue



EBITDA



FY23 ● FY24

North America – AUD(\$m)

Highlights



Significant 2H turnaround

- Customer activity rebound after 2Q
- Organisational restructure to optimise performance
- Faster on-boarding of new customers
- Focus on profitable accounts and automation execution
- **2H transactions +17%, EBITDA +39%, margin uplift vs p.c.p. 18% → 24%**

Turnaround accelerated into 4Q24

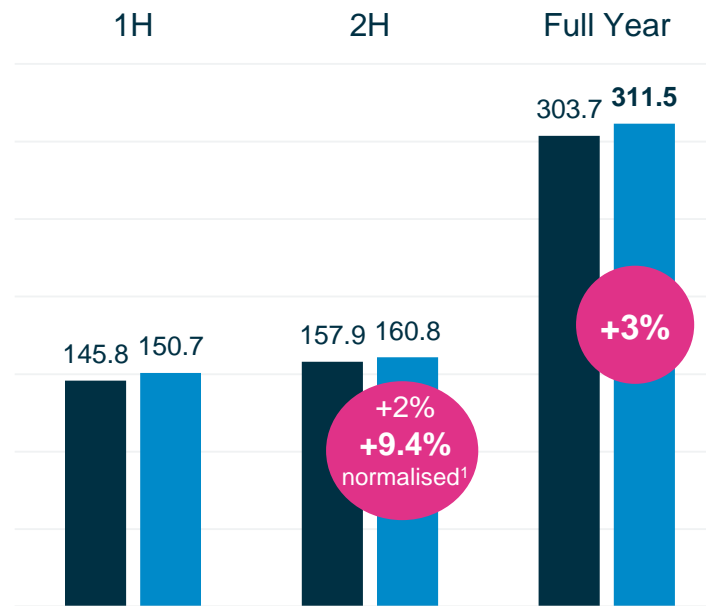
\$210m
annualised new
customer starts

4Q transactions up **21%**,
4Q EBITDA **\$21m**, up **46%**
vs the p.c.p.

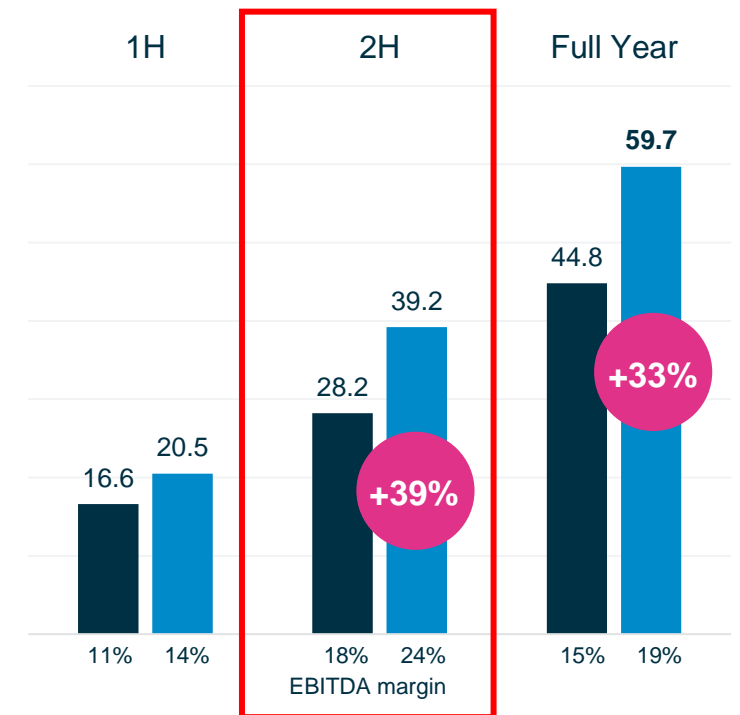
2H revenue lagging activity:

- One off industry-wide distribution cuts¹, primarily American Airlines (AA) c\$12m revenue impact. AA has since changed strategy back to support Corporate agency distribution in FY25
- Hotels accounted for on a cash basis, receipts lag activity growth

Revenue



EBITDA



FY23 ● FY24

Europe – AUD(\$m)

Highlights

One-off project revenue
rapid taper late 2H



Full Year Revenue
up **↑18%**

EBITDA up **16%** to
\$97.7m

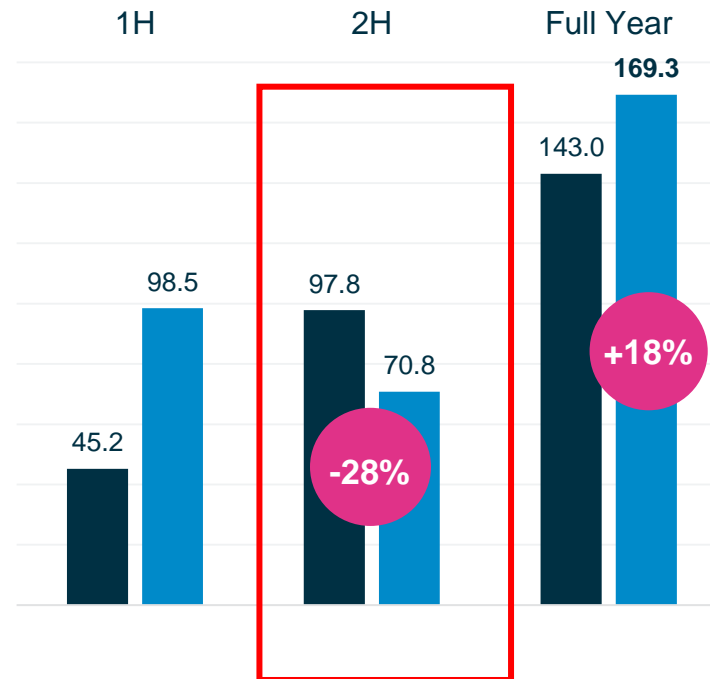
2H EBITDA down
↓48%

as one-off projects
tapered off

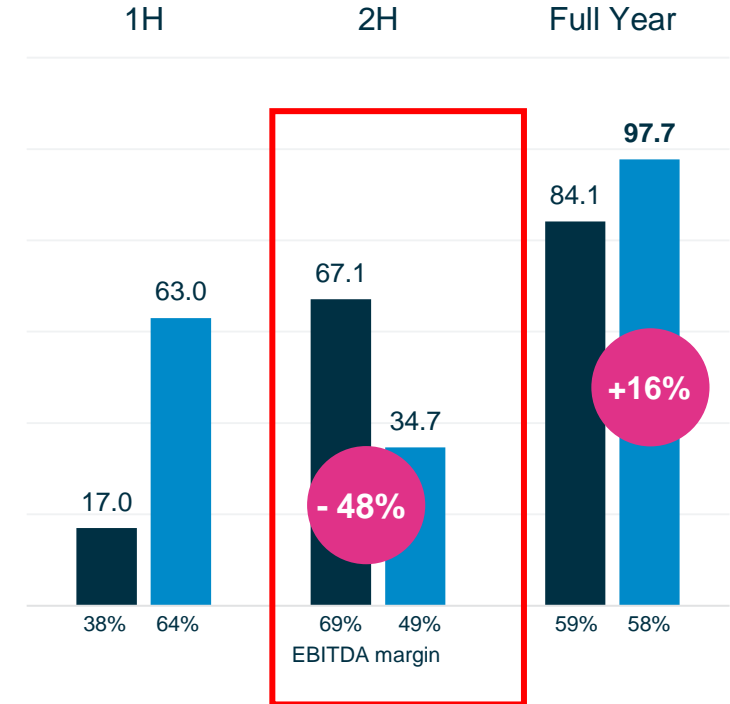


Underlying BAU business
performing well
See slide 13

Revenue



EBITDA



FY23 ● FY24

Europe underlying business performing well

Summary



FY23 and FY24 significantly impacted by one-off project work (corp. & govt)

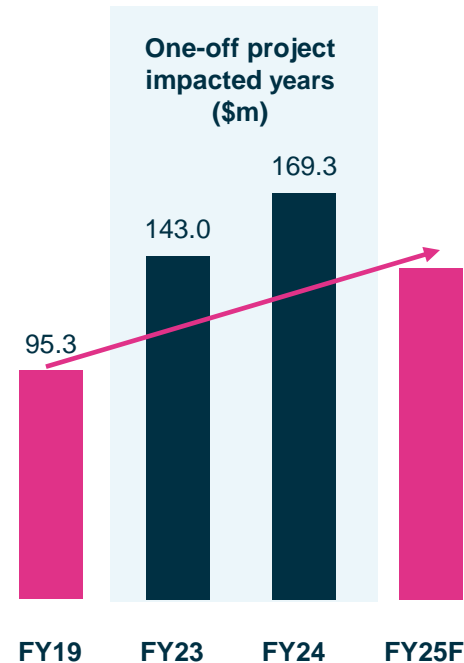
FY25F assumes no Bridging vessel extension, no war-related humanitarian project work (BAU year similar to FY19)



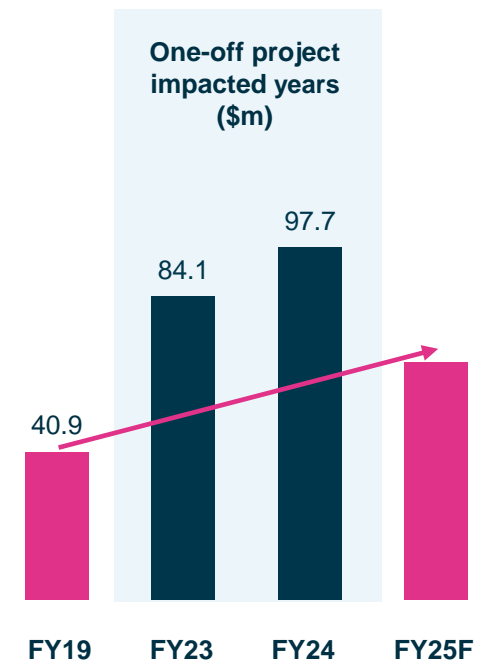
FY25F substantially above FY19 in both revenue and EBITDA

- New BAU customer wins driving revenue growth
- High online penetration of CTM technology driving margin
- **EBITDA 150%+ of FY19** when stripping out COVID and humanitarian project work, against backdrop of c80% market recovery

Revenue



EBITDA



Asia – AUD(\$m)

Highlights

Revenue +24% **EBITDA +29%**

led by continued strong growth in Corporate

2H- Greater China slower recovery post COVID

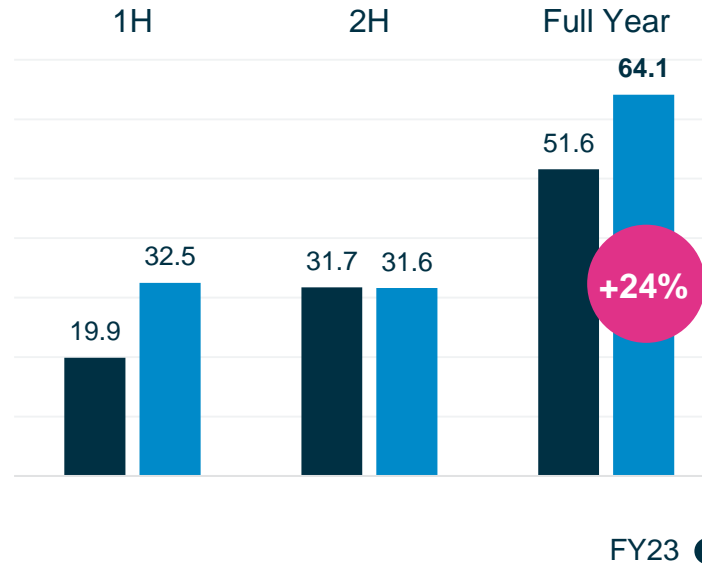
- Slower China 2H outbound airline capacity recovery than expected impacting wholesale segment
- 21% ticket deflation impacted 2H overrides and revenue
- Partially offset by 11% 2H transaction growth in corporate

Building geographic diversity of revenue streams

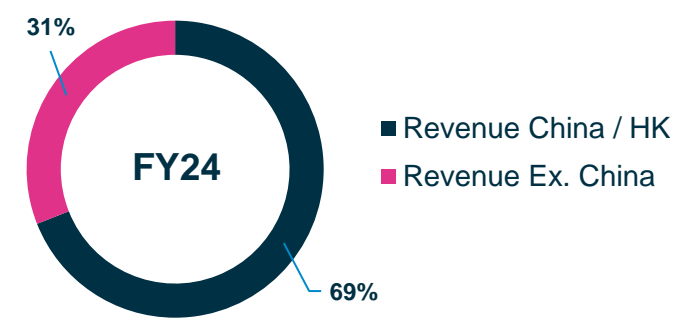
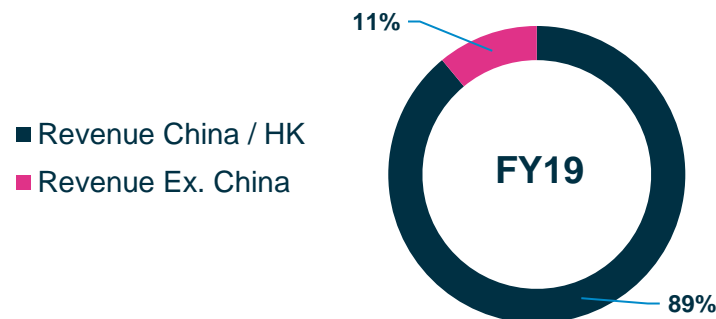
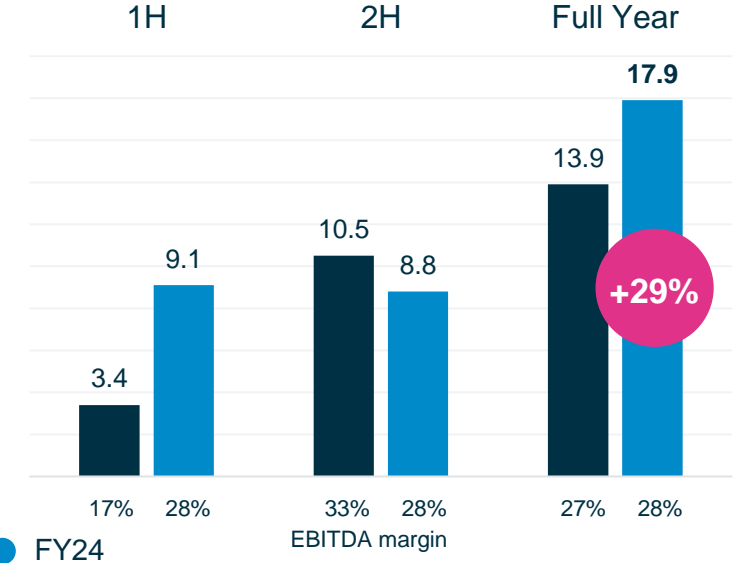
- Strong growth **ex greater China** now **31% of regional revenue** vs **11% pre-Covid**

Asia is the only region with a seasonal 1H skew.
Asia represents <10% of Group EBITDA

Revenue



EBITDA





Financial Overview

James Spence, Global CFO

FY24 Group financial highlights

Reported AUD(\$m)	FY24	FY23	%
Revenue and other income	716.9	660.1	↑ 9%
Underlying EBITDA ¹	201.7	167.1	↑ 21%
Underlying PBT ^{1,2}	156.7	124.8	↑ 26%
Effective tax rate	26.4%	24.6%	↑ 1.8ppt
Underlying NPAT attributable to owners of CTM ³	113.3	92.5	↑ 22%
Statutory NPAT attributable to owners of CTM	84.5	77.6	↑ 9%
Underlying EPS ³ , cents basic	77.7c	63.3c	↑ 23%
Statutory EPS, cents basic	57.9c	53.1c	↑ 9%
Dividend unfranked (interim + final)	29c	28c	↑ 4%

¹ Excluding pre-tax non-recurring costs of \$22.8m. (FY23: \$4.1m)

² Excluding pre-tax client amortisation, a non-cash item of \$15.1m (FY23: \$14.6m) and building impairment \$1.5m

³ Excluding post-tax non-recurring costs of \$16.6m (FY23: 2.8m), client relationship amortisation, a non-cash item of \$11.1m (FY23: \$10.8m) and building impairment \$1.1m

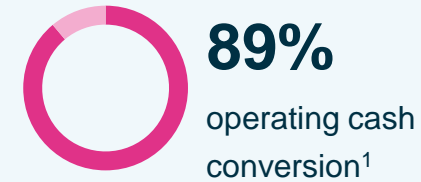
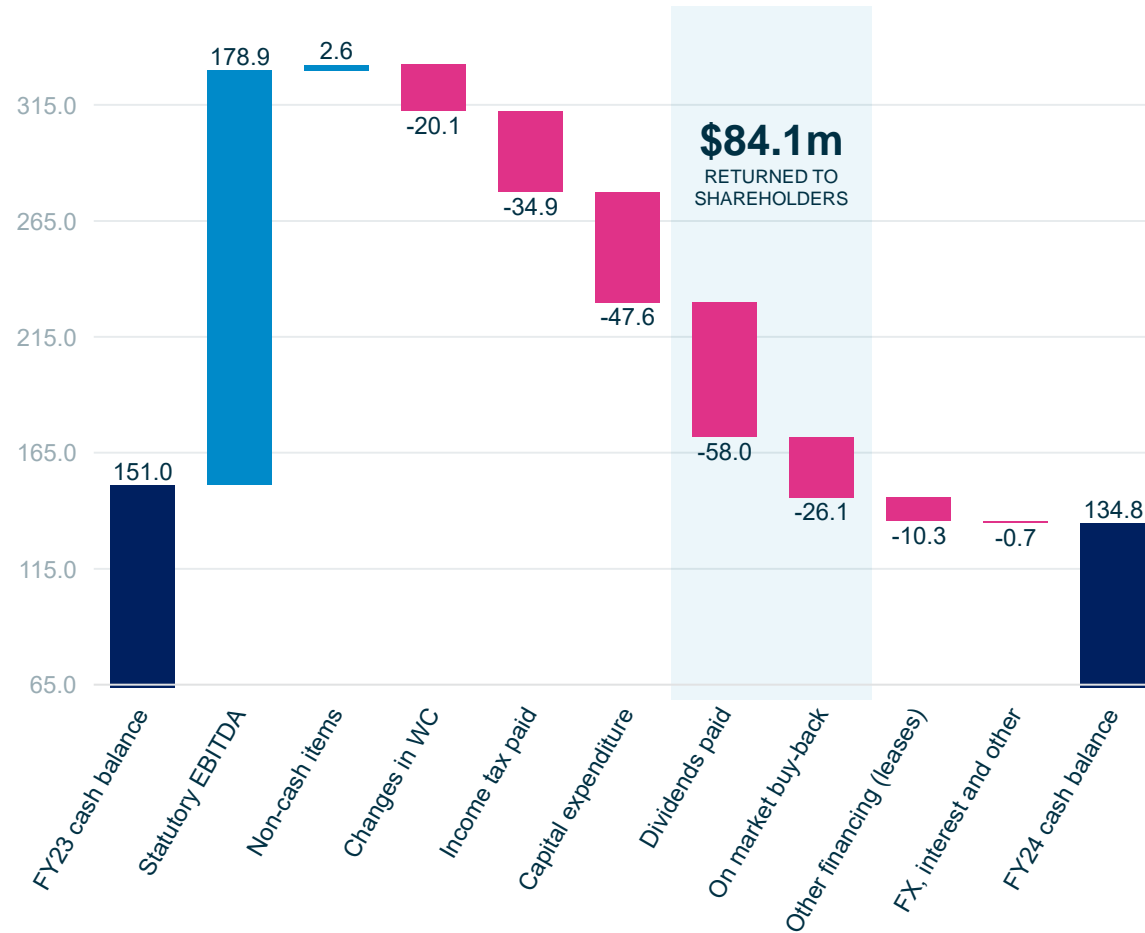
⁴ These balances originated during COVID-19 closures and subsequent rapid mobilisation of large-scale projects. We experienced exceptional COVID challenges including closed offices, staff scaling and continuity issues (client and CTM), which are not expected to recur. The provision relates to balances which arose prior to 30th June 2023.

Non-Recurring cost (AUD\$m) pre-tax	FY24
Project Atlas	10.5
Integration / System consolidation	5.4
Bad & doubtful debts (Legacy debt provision) ⁴	6.9
Total non-recurring costs FY24, pre-tax	22.8
Project Atlas non-recurring costs in FY25	~7.0

Reconciliation - underlying NPAT to Statutory NPAT (AUD\$m)	FY24	FY23	%
Underlying NPAT	113.3	92.5	↑ 22.5%
Less: Client relationship amortisation ³	(11.1)	(10.8)	n.m.
Less: Non-recurring items ³	(16.6)	(2.8)	n.m.
Less: Building Impairment ³	(1.1)	(1.3)	n.m.
Statutory NPAT, attributable to owners of CTD	84.5	77.6	↑ 8.9%

Cash flow summary

CTM YTD June 24 Cash movement (AUD\$m)



~\$84m

returned to shareholders in the form of dividends and share buybacks

Capex
~\$48m

invested in future growth (\$43m technology, \$5m PP&E)

~\$9m uplift

vs FY23 primarily enhancements to proprietary technology; **Lightning**, **Sleep Space** and **Scout/Automation**. Already achieving strong ROI



Continued investment in core CTM products;

- FY25 capex expected to be inline with FY24
- Undertaking review of capex plans to ensure optimising ROI over the long term

Capital Management and Balance Sheet

\$68.3m of distributions to shareholders relating to FY24



Dividends

- A total of \$42.2 million returned to shareholders (\$24.8m interim / \$17.4m final)
- FY24 payout ratio of 50% of NPAT paid in line with policy



Retaining funding flexibility / optionality

- Cash balance **\$134.8m**
- No debt**
- \$100m unused debt facility (matures in July 2025)



Share buyback

- Buyback program **reset to up to \$100m** and extended through to June 2025
- This is in addition to the \$26.1m already purchased (1.7m shares ~1.2% of shares outstanding at avg. \$15.55/share)
- Subject to Board discretion and market conditions
- Reflects strong cash generation and confidence in medium-term outlook versus current share price weakness

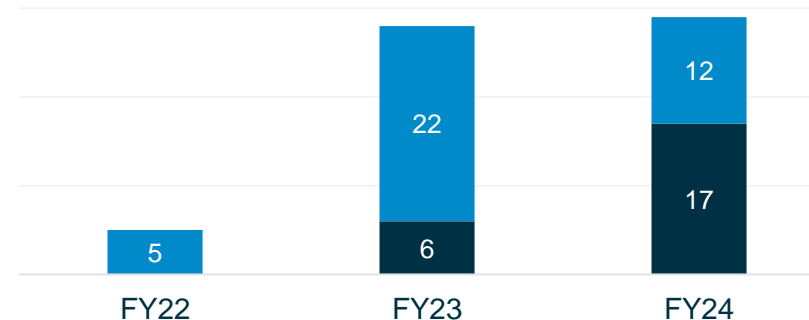
Dividends (cps)

■ Final ■ Interim

5cps / 234% of NPAT

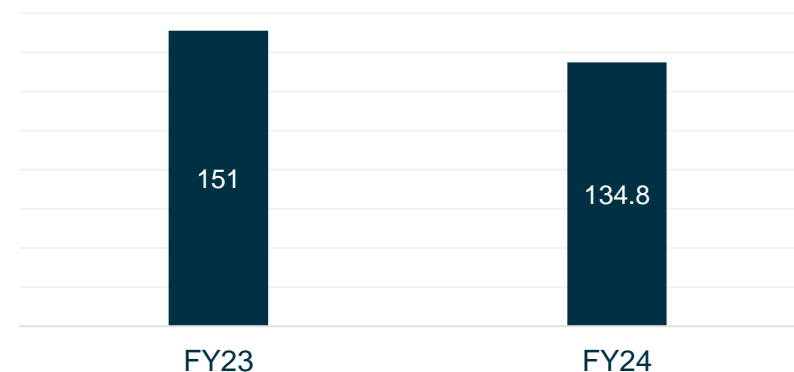
28cps / 53% of NPAT

29cps / 50% of NPAT



Net Cash Balance (A\$m)

■ Cash ■ Debt





Growth Drivers

Eleanor Noonan, Global COO

Strategic and Operational Planning



Revenue Drivers: Customer-Facing Tech Investment



FY23 ● FY24

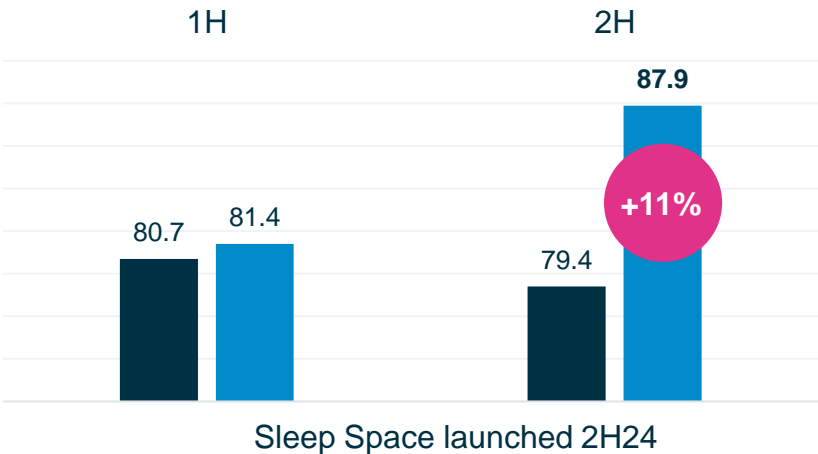
Strength in Project Execution

NEW PRODUCT	• Sleep Space, CTM's proprietary hotel content engine
LAUNCH	• Successfully launched in ANZ February 2024
IMPACT	• Contributor to sequential 2H revenue growth (+11%)
SCALING	• Development underway in all markets • Tailored plans for each region through FY25

Confidence and Potential

ANZ	• Positive impact and strong proven performance
GLOBAL REGIONS	• Preliminary research indicates strong potential
REVENUE GROWTH EXPECTATIONS	• Key contributor to revenue growth in CY25+

Revenue



CTM Sleep Space was a positive contributor to strong revenue acceleration in ANZ in 2H

Cost Management Drivers

Strength in Project Execution

Focus: Projects that enhance EBITDA margins

9% FY24 revenue growth
without workforce growth

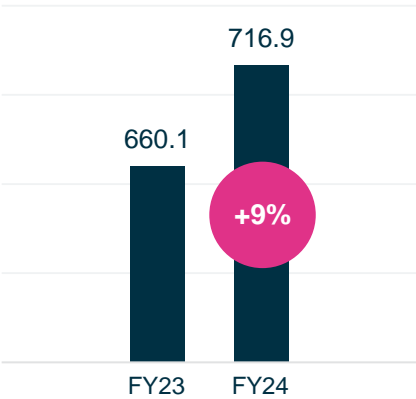
Project Scout

OBJECTIVE	<ul style="list-style-type: none">Uses automation, machine learning and AI to improve service delivery
PERFORMANCE	<ul style="list-style-type: none">Continues to perform well, measured by high adoption rates
MARKET LAUNCH	<ul style="list-style-type: none">Initially launched in ANZ, launched other markets 4Q24, key investment in FY25
OUTCOMES	<ul style="list-style-type: none">9% revenue growth vs p.c.p., with 0.4% decline in global workforce.In launch market of ANZ, improved client NPS scores by 45 points, despite workforce decline of 3.3%
CURRENT STATUS	<ul style="list-style-type: none">Meeting expectations for customer usage globally

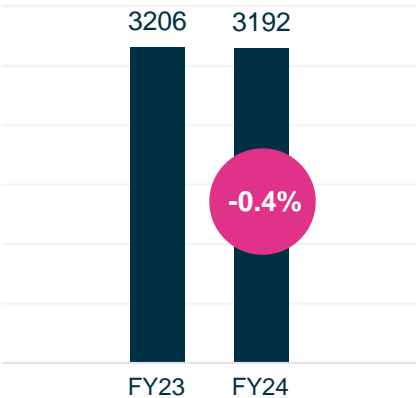
Project Atlas

OBJECTIVE	<ul style="list-style-type: none">Enhance back-end processes through standardisation and automation
IMPACT	<ul style="list-style-type: none">FY25 savings \$10m p.a., growing to \$20m p.a. by FY29
SET UP COSTS	<ul style="list-style-type: none">Non-recurring costs FY24- \$10.5m, FY25 \$7m
COMPLETION	<ul style="list-style-type: none">On-track for project completion by September 2024

Revenue



Total FTE





FY25 Target Metrics

FY25 Target metrics

AUD(\$m)	FY24	FY25 Target ¹
Rest of world (ANZ, NA, Asia)		
Revenue	544.9	~+10%
EBITDA Margin	23%	~27.5%
Europe		
Revenue	169.3	~(-18%)
EBITDA Margin	58%	~49%
Less: Group Costs	(18.6)	~(23.0)
Consolidated		
Revenue & Other Income ²	716.9 ²	
EBITDA Margin	28%	

Key assumptions supporting target metrics

Rest of World (Ex Europe) - 2H24 momentum into FY25:

- Accelerating revenue growth and EBITDA margins throughout FY25 - execution of key initiatives (customer wins, Sleep Space, automation)
- Led by North America

Europe

- Cycling off very strong comps from one-off project work in FY24
- FY25 assumes no Bridging vessel extension, no war-related humanitarian work
- EBITDA margins return to long term BAU levels, high online uptake resulting in Group's highest margins

Group costs

- Increase in costs assumes bonus accruals at normal performance levels

1H/2H profit skew

- Expecting seasonal 65% 2H EBITDA skew due to progressive roll-out of revenue and automation projects into 2H25
- Group 1H25 EBITDA expected to be lower than the p.c.p. because of the non-recurring project work in Europe
- 1H revenue growth and margin metrics to be below / 2H metrics above FY25 full target¹ metrics in line with normal seasonality expectations

Summary



Missed guidance in FY24

- One-off project underperformance and softer 2Q macro in NA, led to the miss



The underlying business is performing well and executing to plan, with 2H turnaround in largest markets of NA and ANZ

- 2H24 turnarounds NA and ANZ, both recording **+39%** increase in 2H EBITDA, **600bps** margin expansion vs the p.c.p.. Momentum continuing in July
- EU underlying business EBITDA forecast to be **150%>** of pre-Covid FY19 EBITDA, when stripping out project work
- Achieving key metrics: wins, retention, revenue/FTE up **35%** vs FY19, conversion of incremental revenue to EBITDA at **61%**
- Proprietary technology the key driver to delivering strong EBITDA margin growth



Buy-back extended, reflecting strong balance sheet and confidence in medium term outlook

- Focus on providing shareholder returns through capital management
- Strong cash generation, no debt, providing cash management optionality (dividends, share buy-backs, potential M&A)



FY25 is a reset year as we cycle off project work

- Rest of World expectations represent significant growth over FY24 (revenue **~+10%**, EBITDA margin expansion from **23%** to **~27.5%**)
- Cycling off a very strong 1H24 in EU now one-off project work has been completed, masking underlying business performance for EU and the Group
- Management team focused upon key initiatives that will drive sustainable revenue growth and margin expansion into FY25 and beyond
- Management expects to give an activity update at the CTM AGM 31 October 2024

Glossary

AI	Artificial intelligence
BAU	Business As Usual
bps	Basis points (1% = 100bps)
Client SLAs	Client Service Level Agreements
CTM regions	ANZ - Australia and New Zealand, NA - North America, EU - UK and Europe, Asia - Asia
EBITDA	Earnings before Interest, Tax , Depreciation, Amortisation
EPS	Earnings per share
FTE	Full time equivalent employee
NPAT	Net Profit after tax
PBT	Profit before tax and client acquisition amortisation
p.c.p.	Previous corresponding period
RoW	Rest of World regions; ANZ, NA, Asia excluding Europe
ROI	Return on Investment
TTV	Total transaction value, an unaudited amount
Underlying	Excludes one-off acquisition, integration costs, other non-recurring items, and client amortisation
Y.T.D.	Year to Date



Appendix

Comparative statutory balance sheet

AUD(\$m)	JUN 24	JUN 23
Cash	134.8	151.0
Receivables	412.4	464.5
Other current assets	11.8	11.6
Total current assets	559.0	627.1
Right-of-use assets	35.8	34.5
Intangible assets	1,007.8	1,009.6
Other non-current assets	40.5	51.6
Total assets	1,643.1	1,722.8
Payables	373.2	443.4
Other current liabilities	43.7	56.9
Total current liabilities	416.9	500.3
Borrowings	—	—
Other non-current liabilities	35.5	34.9
Total liabilities	452.4	535.2
Net assets	1,190.7	1,187.6





ctm

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